RESERVE BANK OF INDIA

BULLETIN

DECEMBER 2021

VOLUME LXXV NUMBER 12

The Reserve Bank of India Bulletin is issued monthly by the Department of Economic and Policy Research, Reserve Bank of India, under the direction of the Editorial Committee.
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GOVERNOR'S STATEMENT

*Governor's Statement**

Shaktikanta Das

As I make this statement, I look back at the traumatising experience with two waves of an existence-defining pandemic. Virtually every aspect of human life has been drastically altered. Yet, what has been achieved on this troubled journey has been no less extraordinary. We are now better prepared to deal with the invisible enemy, COVID-19, which keeps threatening the entire world from time to time and even more recently.

The Indian economy has literally hauled itself out of one of the deepest contractions in the first quarter of 2020-21 to a position in which the GDP has expanded by 13.7 per cent in the first half of 2021-22, in alignment with our projection. In several sectors of the economy, pre-pandemic levels of output have been crossed. Inflation is broadly aligned with the target of 4 per cent, barring short-lived spikes. External financing requirements are very modest and strong buffers should withstand any global spillovers. Public finances have been strengthened by buoyant tax revenues. The Central and State Governments and the Reserve Bank of India (RBI) mobilised policy actions on an unprecedented scale and scope to bring about this outcome. Equally, the selfless and tireless efforts of our unsung warriors among municipal and local bodies; healthcare, police and administrative personnel; philanthropic entities; and civil society are praiseworthy. They remind us of a quote from Mahatma Gandhi: "The best way to find yourself is to lose yourself in the service of others"[1]. I think this pandemic truly brought India together and could just be the moment of India's arrival as a global growth driver.

* Governor's Statement - December 8, 2021.

[1] Leider, R. (2015). The power of purpose: Find meaning, live longer, better, p. 35.

Let me now turn to the deliberations of the Monetary Policy Committee (MPC) which met on 6th, 7th and 8th December, 2021. Based on an assessment of the macroeconomic situation and outlook, the MPC voted unanimously to maintain status quo with regard to the policy repo rate and by a majority of 5 to 1 to retain the accommodative policy stance. Consequently, the policy repo rate remains unchanged at 4 per cent, and the stance remains accommodative as long as necessary to revive and sustain growth on a durable basis and continue to mitigate the impact of COVID-19 on the economy, while ensuring that inflation remains within the target going forward. The marginal standing facility (MSF) rate and the bank rate remain unchanged at 4.25 per cent. The reverse repo rate also remains unchanged at 3.35 per cent.

I would now like to dwell briefly on the MPC's rationale for maintaining status quo on the policy rate and the stance. Noting that economic activity is broadly evolving in line with its assessment in October, the MPC was of the view that the sharp and sustained reduction in new COVID-19 infections and the rise in vaccination coverage are contributing to consumer confidence and business optimism. The prospects for economic activity are steadily improving, including for contact-intensive services that were hit hard by the pandemic. The MPC noted the supply side measures taken by the government to contain food prices as also the calibrated reductions in central excise duties and state VAT (value added taxes) on petrol and diesel. Crude oil prices have also softened since end-November. These would alleviate, to an extent, the domestic cost-push build-up.

The recovery of aggregate demand hinges on private investment, which is still lagging. The MPC regarded the accentuation of headwinds emanating from global developments as the main risk to the domestic outlook, which is now somewhat clouded by the Omicron variant of COVID-19. Moreover, given the slack in the economy and the ongoing catching-up of activity, especially of private consumption, which is still below its pre-pandemic levels, continued policy support is warranted for a durable and broad-based recovery. Against this backdrop, the MPC decided to retain the prevailing repo rate at 4 per cent and continue with the accommodative stance.

Assessment of Growth and Inflation

Growth

The NSO's release on November 30, 2021 confirmed that the recovery of the Indian economy is gaining traction, with real GDP growth at 8.4 per cent, year-on-year (y-o-y), for Q2:2021-22 subsequent to 20.1 per cent in the preceding quarter. All components of GDP registered y-o-y growth, with exports and imports strongly surpassing their pre-COVID levels.

Incoming information indicates that consumption demand has been improving, with pent-up demand getting reinforced by the festive season. Rural demand is exhibiting resilience and farm employment is picking up with the robust performance of agriculture and allied activities, supported by a strong start to rabi sowing, continuing direct transfers under the PM-Kisan scheme and extension of free foodgrains under the Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) till March 2022. Urban demand has also shown signs of strengthening, with spending on travel and tourism surging in the last few months. Other indicators like railway freight traffic, port cargo, GST receipts, toll collections, petroleum consumption and air passenger traffic have also picked up in October/November. The recent reductions in excise duty and state VAT on petrol and diesel should support consumption demand by increasing purchasing power. Government consumption is also picking up from August, providing support to aggregate demand.

Enabling conditions for a revival of investment activity are also falling into place. The production of capital goods remained above the pre-pandemic level for the third month in a row during September, while imports of capital goods increased by double digits during October for the eighth consecutive month. The Central Government's relaxation of additional market borrowings by states equivalent to 0.5 per cent of gross state domestic product (GSDP) subject to certain capex related milestones and the decision to front-load tax devolution are likely to bolster capital outlays of the states. The government's focus on capex should crowd in private investment, which has remained in a prolonged state of muted activity. Further, there has been significant deleveraging of corporate balance sheets amidst congenial monetary and financial conditions engendered by the Reserve Bank's liquidity measures.

Overall, the recovery that had been interrupted by the second wave of the pandemic is regaining traction, but it is not yet strong enough to be self-sustaining and durable. This underscores the vital importance of continued policy support.

Downside risks to the outlook have risen with the emergence of Omicron and renewed surges of COVID-19 infections in a number of countries. Besides, notwithstanding some recent corrections, headwinds continue to be posed by elevated international energy and commodity prices, potential volatility in global financial markets due to a faster normalisation of monetary policy in advanced economies, and prolonged global supply bottlenecks. Considering all these factors, the projection for real GDP growth is retained at 9.5 per cent in 2021-22 consisting of 6.6 per cent in Q3 and 6.0 per cent in Q4 of 2021-22. Real GDP growth is projected at 17.2 per cent for Q1:2022-23 and at 7.8 per cent for Q2:2022-23.

Inflation

Headline CPI inflation ticked up in October to 4.5 per cent from 4.3 per cent in September, after falling sharply between June and September. This uptick mainly reflected a spike in vegetable prices due to unseasonal rains in some parts of the country.

Hardening international energy prices have kept domestic LPG and kerosene prices elevated for nearly three quarters, edging up fuel inflation to 14.3 per cent in October. The persistence of high core inflation (*i.e.*, CPI inflation excluding food and fuel) since June 2020 is an area of policy concern in view of input cost pressures that could rapidly be transmitted to retail inflation as demand strengthens. In this context, the reduction of excise duty and VAT on petrol and diesel will bring about a durable reduction in inflation by way of direct effects as well as indirect effects operating through fuel and transportation costs.

The inflation trajectory is, therefore, likely to be in line with our earlier projections, and price pressures may persist in the immediate term. Vegetable prices are expected to see a seasonal correction with winter arrivals in view of bright prospects for the rabi crop. Supply side interventions by the Government have limited the fallout of continuing high international edible oil prices on domestic prices. Though crude oil prices have seen some correction in the recent period, a durable containment of price pressures would hinge on strong global supply responses to match the pick-up in demand as pandemic restrictions ease. Cost-push pressures continue to impinge on core inflation, though their pass-through may remain muted due to the slack in the economy. Over the rest of the year, inflation prints are likely to be somewhat higher as base effects turn adverse; however, it is expected that headline inflation will peak in Q4:2021-22 and soften thereafter. Taking into consideration all these factors, CPI inflation is projected at 5.3 per cent for 2021-22: 5.1 per cent in Q3; 5.7 per cent in Q4 of 2021-22, with risks broadly balanced. CPI inflation is then expected to ease to 5.0 per cent in Q1:2022-23 and stay at 5.0 per cent in Q2:2022-23.

Our monetary policy stance is primarily attuned to the evolving domestic inflation and growth dynamics. Yet, imminent shifts in monetary policy settings by systemically important global central banks are bringing about fresh challenges for domestic macro-financial stability in the form of spillovers. In such a scenario, domestic macro-fundamentals need to be resilient, with appropriate policy stances and actions, and strong buffers. In this context, a well-entrenched nominal anchor provided by the flexible inflation targeting framework has imparted credibility and flexibility to monetary policy to effectively address growth concerns during the pandemic. In the current situation, it is important to keep inflation aligned with the target while focusing on a robust growth recovery. Simultaneously, the Reserve Bank remains cognisant of the need to ensure that financial conditions are rebalanced in a systematic, calibrated and well-telegraphed manner while preventing build-up of financial stability risks. Price stability remains the cardinal principle for monetary policy as it fosters growth and stability. Our motto is to ensure a soft landing that is well timed.

Liquidity and Financial Market Conditions

The global context is evolving rapidly. Appearance of the Omicron variant has added to the complexity of the situation even as several economies are still battling the virus while others continue to deal with the lingering scars of COVID-19. As economies reopened, the spurt in catch-up demand has met with choked supply chains, shortage of key inputs and tightening labour markets. Combined with high energy and commodity prices, this has ignited long-dormant inflation in a number of countries, even before output has returned to pre-pandemic levels. Several central banks in both advanced and emerging market economies have begun unwinding from crisis-time policies as warranted by their own growth-inflation dynamics. Now, with fears of further restrictions on travel and activity, there is considerable uncertainty at this moment on how the growth-inflation dynamics will pan out in the immediate months. The financial conditions are turning increasingly volatile as a consequence.

The Reserve Bank has maintained ample surplus liquidity in the banking system to nurture the nascent growth impulses and support a durable economic recovery. This has facilitated swifter and more complete monetary policy transmission and the orderly conduct of the market borrowing programme of the Government. The Reserve Bank will continue to manage liquidity in a manner that is conducive to entrenching the recovery and fostering macroeconomic and financial stability.

In our endeavour to restore the revised liquidity management framework instituted in February 2020, the Reserve Bank has been rebalancing the liquidity surplus by shifting it out of the fixed rate overnight reverse repo window into the variable rate reverse repo (VRRR) auctions of longer maturity. The objective is to re-establish the 14-day VRRR auction as the main liquidity management operation. This rebalancing followed a pre-announced glide path whereby VRRR auction amount was progressively enhanced to ₹6.0 lakh crore by December 3. In response to this increase, overnight collateralised money market rates have mildly firmed up in recent times. By and large, the rebalancing of liquidity has proceeded in a timely and non-disruptive manner as planned. It is also fulfilling its objective of strengthening the Reserve Bank's control over the liquidity overhang which, in turn, reinforces the ability of the Reserve Bank to normalise liquidity conditions when warranted.

The Reserve Bank will continue to rebalance liquidity conditions in a non-disruptive manner while maintaining adequate liquidity to meet the needs of the productive sectors of the economy. With this objective, it is now proposed to enhance the 14-day VRRR auction amounts on a fortnightly basis in the following manner: ₹6.5 lakh crore on December 17; and further to ₹7.5 lakh crore on December 31. Consequently, from January 2022 onwards, liquidity absorption will be undertaken mainly through the auction route.

As announced earlier, the RBI has been conducting fine-tuning operations from time to time to manage unanticipated and one-off liquidity flows so that systemic liquidity conditions evolve in a balanced and evenly distributed manner. The RBI has also been conducting 28-day VRRR auctions. Going forward, the main operation of 14-day VRRRs will continue to be complemented by longer term VRRRs, the size and maturities of which will be decided on the basis of continuous assessment of the evolving liquidity conditions. The Reserve Bank also retains the flexibility to conduct fine-tuning operations of varying amounts/maturities as and when required. As I have repeatedly stressed in my statements and speeches, the endeavour of the Reserve Bank is to put in place an effective liquidity management framework that is consistent with an economy emerging out of the pandemic and having a nascent but strengthening recovery. The Reserve Bank also stands committed to undertake Operation Twists (OT) and regular open market operations (OMOs) as may be required for effective monetary transmission and anchoring of interest rate expectations in line with the evolving macroeconomic and financial conditions.

As a step towards rebalancing the liquidity surplus, it has now been decided to provide one more option to banks to prepay the outstanding amount of funds availed under the Targeted Long-Term Repo Operations (TLTRO 1.0 and 2.0) announced on 27th March and 17th April, 2020. It may be noted that banks have already prepaid ₹37,348 crore in November 2020, which constituted about one-third of ₹1,12,900 crore availed under the scheme.

The on-tap liquidity windows of ₹50,000 crore for ramping up COVID-related healthcare infrastructure and services and ₹15,000 crore for certain contact-intensive sectors will continue till their terminal date *i.e.*, March 31, 2022.

Further, given that the usage of the MSF window has been rare due to surplus liquidity conditions, we propose to return to the normal dispensation under the MSF. Consequently, banks will be able to dip up to 2 per cent of net demand and time liabilities (NDTL) instead of 3 per cent for overnight borrowing under the MSF from January 1, 2022. This dispensation which was provided at the beginning of the pandemic had boosted market confidence at a crucial time.

Let me reiterate that we remain committed to our stance in support of our overarching priority at this juncture to broaden the growth impulses while preserving monetary and financial stability. We will also continue to encourage adequate flow of credit to all productive sectors of the economy.

Additional Measures

Based on our continuing assessment, certain additional measures are also being announced today. The details of these measures are set out in the statement on developmental and regulatory policies (Part-B) of the Monetary Policy Statement. The additional measures are as follows:

Infusion of Capital in Overseas Branches and Subsidiaries of Banks and Retention/Repatriation/ Transfer of Profits by these entities

At present, banks incorporated in India can infuse capital in their overseas branches and subsidiaries; retain profits in these centres; and repatriate/ transfer profits therefrom with prior approval of the RBI. With a view to providing operational flexibility to banks, it has been decided that banks need not seek prior approval of the RBI if they meet the regulatory capital requirements.

Discussion Paper on Review of Prudential Norms for Investment Portfolio of Banks

The extant prudential norms on classification and valuation of investment portfolio by scheduled commercial banks are largely based on a framework introduced in October 2000. In view of the significant developments since then in domestic financial markets and global standards/best practices in this area, a need has been felt to review and update these norms following a consultative process. In this direction, a Discussion Paper will be placed shortly on the RBI's website for comments.

Discussion Paper on Charges in Payment Systems

Concerted efforts by all stakeholders have led to a significant increase in digital payments in recent years. There have, however, been some concerns on the reasonableness of various charges incurred by customers for digital payments through credit cards, debit cards, prepaid payment instruments (cards and wallets), Unified Payments Interface (UPI) and the like. It is proposed to release a discussion paper on various charges in the payment system to have a holistic view of the issues involved and possible approaches to mitigating the concerns so as to make digital transactions more affordable.

UPI: Simplification, Deepening and Enhancement of Limits

UPI is the single largest retail payment system in the country in terms of volume of transactions, indicating its wide acceptance, particularly for small value payments. In order to further deepen digital payments and make them more inclusive, ease transactions for consumers, facilitate greater participation of retail customers in various segments of financial markets and enhance the capacity of service providers, it is proposed to (i) launch UPI-based payment products for feature phone users, leveraging on innovative products from the RBI's Regulatory Sandbox on Retail Payments; (ii) make the process flow for small value transactions simpler through a mechanism of 'on-device' wallet in UPI applications; and (iii) enhance the transaction limit for payments through UPI for the Retail Direct Scheme for investment in G-secs and Initial Public Offering (IPO) applications from ₹2 lakh to ₹5 lakh.

External Commercial Borrowing (ECB)/Trade Credit (TC) – Transition from LIBOR to Alternative Reference Rate (ARR)

At present, interest rates on ECB and trade credits are benchmarked to LIBOR or any other interbank rate applicable to the currency of borrowing. As we transition away from LIBOR, guidelines enabling use of any widely accepted interbank rate or alternative reference rate (ARR) for such transactions are being issued separately.

Concluding Remarks

Globally, economies are opening up and activity levels are reaching pre-pandemic levels. At the same time, the recurrence of COVID-19 waves in many parts of the world including the appearance of the Omicron variant, stubborn inflation and headwinds from continuing supply bottlenecks cast a shadow on the outlook. Given the evolving growth-inflation dynamics across countries, monetary policy is also reaching an inflection point, keeping financial markets edgy.

The Indian economy is relatively well-positioned on the path of recovery, but it cannot be immune to global spillovers or to possible surges of infections from new mutations including the Omicron variant. Hence, fortifying our macroeconomic fundamentals, making our financial markets and institutions resilient and sound, and putting in place credible and consistent policies will assume the highest priority in these uncertain times.

Managing a durable, strong and inclusive recovery is our mission. We need to be persevering, patient and persistent in our efforts. We also need to be aware, alert and agile to the new realities confronting us. Our efforts over the past one year and nine months have given us the confidence and a head start to face the challenges that lie ahead. To quote Nelson Mandela, "Part of being optimistic is keeping one's head pointed toward the sun, one's feet moving forward"[2]. Our journey ahead is clearer now and our mission is cut out. Let us work together towards a strong, stable and vibrant economy, inspired by the words of Mahatma Gandhi: "My success lies in my continuous, humble, truthful striving. I know the path. It is straight and narrow. It is like the edge of a sword. I rejoice to walk on it. .... he who strives never perishes. I have implicit faith in that promise...."[3].

Thank you. Stay safe. Stay well. Namaskar.

[2] Mandela, N. (1995). Long walk to freedom: the autobiography of Nelson Mandela.

[3] The Collected Works of Mahatma Gandhi (CWMG), Vol. 35, p. 374-375.

MONETARY POLICY STATEMENT FOR 2021-22

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

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

On the basis of an assessment of the current and evolving macroeconomic situation, the Monetary Policy Committee (MPC) at its meeting today (December 8, 2021) decided to:

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

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

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

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

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

Assessment

Global Economy

2. Since the MPC's meeting during October 6-8, 2021, surges of infections across geographies, emergence of the Omicron variant, the persistence of supply chain disruptions and elevated energy and commodity prices continue to weigh on global economic activity. Global merchandise trade is slowing after a sharp rebound from the pandemic due to the disruptions in port services and turnaround time, elevated freight rates and the global shortage of semiconductor chips, which could dampen future manufacturing output and trade. The composite global purchasing managers' index (PMI), however, improved to a four-month high in November, with services continuing to perform better than manufacturing for eight consecutive months.

3. Commodity prices remain elevated across the board, though there has been some softening since late October and further drop towards end-November following uncertainties from the new COVID-19 variant, among others. Headline inflation in several advanced economies (AEs) and emerging market economies (EMEs) has soared, prompting a number of central banks to continue tightening and others to bring forward policy normalisation. With the US Federal Reserve commencing tapering of its monthly asset purchases and the possibility of faster taper, renewed bouts of volatility and heightened uncertainties have unsettled global financial markets. Bond yields which had risen in most countries, responding to inflation and monetary policy actions, eased from the last week of November. The US dollar has been trading higher in recent weeks against both AE and EME currencies.

Domestic Economy

4. On the domestic front, data released by the National Statistical Office (NSO) on November 30, 2021 showed that real gross domestic product (GDP) expanded by 8.4 per cent year-on-year (y-o-y) in Q2:2021-22, following a growth of 20.1 per cent during Q1:2021-22. With the recovery gaining momentum, all constituents of aggregate demand entered the expansion zone, with exports and imports markedly exceeding their pre-COVID-19 levels. On the supply

* Released on December 8, 2021.

side, real gross value added (GVA) increased by 8.5 per cent y-o-y during Q2:2021-22.

5. Available data for Q3:2021-22 indicate that the momentum of economic activity is gaining further traction, aided by expanding vaccination coverage, the rapid subsiding of new infections and release of pent-up demand. Rural demand exhibited resilience – tractor sales improved in October over the same month of 2019 (pre-pandemic level), while motorcycle sales are slowly inching towards their pre-pandemic levels. Continued direct transfers under PM Kisan scheme are supporting rural demand. The demand for work under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) moderated in November from a year ago, suggesting a pickup in farm labour demand. Supported by favourable soil moisture content and good reservoir storage levels, rabi sowing was 6.1 per cent higher than a year ago as on December 3, 2021.

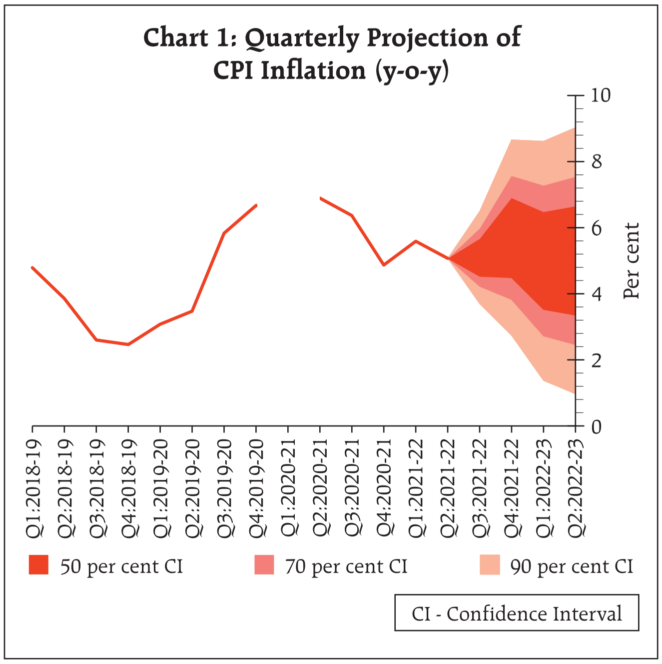
6. Urban demand and contact-intensive services activities are rebounding on improving consumer optimism, supported by festival demand. High-frequency indicators such as electricity demand, railway freight traffic, port cargo, toll collections, and petroleum consumption registered robust growth in October/November over the corresponding months of 2019. Automobile sales, steel consumption and air passenger traffic still remained below 2019 levels even though they gained momentum in October as supply side shortages eased. Investment activity is exhibiting modest signs of improvement – production of capital goods remained above pre-pandemic levels for the third month in a row during September, while import of capital goods in October rose at double-digit pace over its level two years ago. Prints of manufacturing and services PMIs for November 2021 suggested continued improvement in economic activity. Exports grew in November for the ninth month in a row, along with a surge in non-oil non-gold imports on the back of reviving domestic demand.

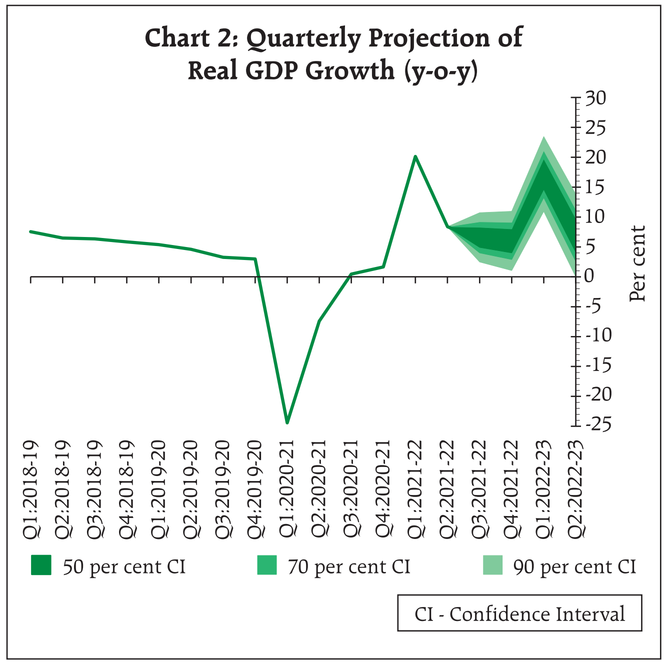
7. Headline CPI inflation, which has been on a downward trajectory since June 2021, edged up to 4.5 per cent in October from 4.3 per cent in September on account of a spike in vegetable prices – due to crop damage from heavy rainfalls in October in several states, and fuel inflation – driven up by international prices of liquefied petroleum gas and kerosene. In fact, fuel inflation at 14.3 per cent in October surged to an all-time high. Core inflation or CPI inflation excluding food and fuel remained elevated at 5.9 per cent during September-October with continuing upside pressures stemming from clothing and footwear, health, and transportation and communication sub-groups.

8. Liquidity conditions remained in large surplus, with daily absorptions through the fixed rate reverse repo and the variable rate reverse repo (VRRR) operations under the liquidity adjustment facility (LAF) averaging ₹8.6 lakh crore in October-November. Reserve money (adjusted for the first-round impact of the change in the cash reserve ratio) expanded by 7.9 per cent (y-o-y) on December 3, 2021. Money supply (M3) and bank credit by commercial banks grew y-o-y by 9.5 per cent and 7.0 per cent respectively, as on November 19, 2021. India's foreign exchange reserves increased by US$ 58.9 billion in 2021-22 (up to December 3, 2021) to US$ 635.9 billion.

Outlook

9. The inflation trajectory, going forward, will be conditioned by a number of factors. The flare-up in vegetables prices due to heavy rains in October and November is likely to reverse with the winter arrivals. Rabi sowing is progressing well and is set to exceed last year's acreage. Recent pro-active supply side interventions by the Government continue to restrain the pass-through of elevated international edible oil prices to domestic retail inflation. Crude prices have seen a significant correction in recent period. Cost-push pressures from high industrial raw material prices, transportation costs, and global logistics and





supply chain bottlenecks continue to impinge on core inflation. The slack in the economy is muting the pass-through of rising input costs to output prices. Taking into consideration all these factors, CPI inflation is projected at 5.3 per cent for 2021-22; 5.1 per cent in Q3; 5.7 per cent in Q4:2021-22, with risks broadly balanced. CPI inflation for Q1:2022-23 is projected at 5.0 per cent and for Q2 at 5.0 per cent (Chart 1).

10. The recovery in domestic economic activity is turning increasingly broad-based, with the expanding vaccination coverage, slump in fresh COVID-19 cases and rapid normalisation of mobility. Rural demand is expected to remain resilient. The spurt in contact-intensive activities and pent-up demand will continue to bolster urban demand. The government's infrastructure push, the widening of the performance-linked incentive scheme, structural reforms, recovering capacity utilisation and benign liquidity and financial conditions provide conducive conditions for private investment demand. The Reserve Bank's surveys point to improving business outlook and consumer confidence. On the other hand, volatile commodity prices, persisting global supply disruptions, new mutations of the virus and financial market volatility pose downside risks to the outlook. Taking all these factors into consideration and assuming no resurgence in COVID-19 infections in India, the projection for real GDP growth is retained at 9.5 per cent in 2021-22 consisting of 6.6 per cent in Q3; and 6.0 per cent in Q4:2021-22. Real GDP growth is projected at 17.2 per cent for Q1:2022-23 and at 7.8 per cent for Q2 (Chart 2).

11. The impact of the recent spike in vegetables prices on food inflation prints is expected to dissipate as the usual softening of prices in the winter sets in. The partial roll back of Central excise and State Value Added Taxes (VAT) on petrol and diesel in November have eased retail selling prices and will have second round effects over a period of time. Crude oil has seen some correction but remains volatile. Core inflation will need to be closely monitored and held in check. For a sustained lowering of core inflation, continuing the normalisation of excise duties and VATs alongside measures to address other input cost pressures assume critical importance, more so as demand improves. The domestic recovery is gaining traction, but activity is

just about catching up with pre-pandemic levels and will have to be assiduously nurtured by conducive policy settings till it takes root and becomes self-sustaining. In particular, private investment has to lead the revival of the economy, along with the strong impetus being provided by exports. Private consumption, despite strong recovery in Q2:2021-22, remains below its pre-pandemic level and demand for contact-intensive services could potentially face headwinds if authorities take pre-emptive steps to contain the fallout of Omicron. Downside risks remain significant rendering the outlook highly uncertain, especially on account of global spillovers, the potential resurgence in COVID-19 infections with new mutations, persisting shortages and bottlenecks and the widening divergences in policy actions and stances across the world as inflationary pressures persist. A tightening of global financial conditions poses risks to global economic activity and to India's prospects as well. Against this backdrop, the MPC has judged that the ongoing domestic recovery needs sustained policy support to make it more broad-based. Considering it appropriate to wait for growth signals to become solidly entrenched while remaining watchful on inflation dynamics, the MPC decided to keep the policy repo rate unchanged at 4 per cent and to continue with an accommodative stance as long as necessary to revive and sustain growth on a durable basis and continue to mitigate the impact of COVID-19 on the economy, while ensuring that inflation remains within the target going forward.

12. All members of the MPC – Dr. Shashanka Bhide, Dr. Ashima Goyal, Prof. Jayanth R. Varma, Dr. Mridul K. Saggar, Dr. Michael Debabrata Patra and Shri Shaktikanta Das – unanimously voted to keep the policy repo rate unchanged at 4.0 per cent.

13. All members, namely, Dr. Shashanka Bhide, Dr. Ashima Goyal, Dr. Mridul K. Saggar, Dr. Michael Debabrata Patra and Shri Shaktikanta Das, except Prof. Jayanth R. Varma, voted to continue with the accommodative stance as long as necessary to revive and sustain growth on a durable basis and continue to mitigate the impact of COVID-19 on the economy, while ensuring that inflation remains within the target going forward. Prof. Jayanth R. Varma expressed reservations on this part of the resolution.

14. The minutes of the MPC's meeting will be published on December 22, 2021.

15. The next meeting of the MPC is scheduled during February 7-9, 2022.

STATEMENT ON DEVELOPMENTAL AND REGULATORY POLICIES

Statement on Developmental and Regulatory Policies

Statement on Developmental and Regulatory Policies

This Statement sets out various developmental and regulatory policy measures relating to (i) regulation and supervision; (ii) financial markets; and (ii) payment and settlement systems.

I. Regulation and Supervision

1. Infusion of Capital in Overseas Branches and Subsidiaries of Banks and Retention/Repatriation/ Transfer of Profits by these entities

Banks incorporated in India currently seek prior approval of RBI for infusing capital in their overseas branches and subsidiaries as well as for retention and repatriation/transfer of profits from these centres. On a review, and with a view to provide operational flexibility to banks, it has been decided that banks meeting the regulatory capital requirements may, with the approval of their Boards, infuse capital in their overseas branches and subsidiaries; retain profits in these centres; and repatriate/transfer profits therefrom, without prior approval of RBI, subject to post facto reporting. The instructions in this regard are being issued separately.

2. Discussion Paper on Review of Prudential Norms for Investment Portfolio of Banks

Extant regulatory instructions on classification and valuation of investment portfolio by scheduled commercial banks are largely based on a framework introduced in October 2000 drawing upon the then prevailing global standards and best practices. In view of the subsequent significant developments in the global standards on classification, measurement and valuation of investments, the linkages with the capital adequacy framework as well as progress in the domestic financial markets, there is a need to review and update these norms. As a step in this direction, a Discussion Paper covering all relevant aspects will be placed shortly on the RBI's website for comments.

II. Financial Markets

3. External Commercial Borrowing (ECB)/Trade Credit (TC) - Transition from LIBOR to Alternative Reference Rate (ARR)

Currently, the benchmark rate for Foreign Currency (FCY) External Commercial Borrowings (ECB)/Trade Credit (TC) is specified as 6-months LIBOR rate or any other 6-month interbank interest rate applicable to the currency of borrowing. In view of the imminent discontinuance of LIBOR, any widely accepted interbank rate or alternative reference rate (ARR) applicable to the currency of borrowing may be used as a benchmark, post discontinuation. To take into account differences in credit risk and term premia between LIBOR and the ARRs, for new foreign currency ECBs and TCs, it is proposed to revise the all-in-cost ceiling from 450 bps to 500 bps and from 250 bps to 300 bps, respectively, over the ARRs. To enable transition of existing ECBs and TCs linked to LIBOR, it is proposed to revise the all-in-cost ceiling from 450 bps to 550 bps and from 250 bps to 350 bps respectively, over the ARRs.

III. Payment and Settlement Systems

4. Discussion Paper on Charges in Payment Systems

Significant increase in acceptance infrastructure for digital payments has been achieved in recent years through concerted efforts of all stakeholders. Entities involved in providing digital payment services incur costs, which are generally recovered from the merchant or the customer or is borne by one or more of the participants. While there are both advantages and disadvantages of customers bearing these charges, they should be reasonable and should not become a deterrent in the adoption of digital payments. To take a comprehensive view of the issues involved, it is proposed to issue a discussion paper which will cover all aspects related to charges involved in various channels of digital payments such as credit cards, debit cards, prepaid payment instruments (cards and wallets), UPI, etc. The paper will also seek feedback on issues related to convenience fee, surcharging, etc., and the measures required to make digital transactions affordable to users and economically remunerative to the providers. The paper will be released in a month's time.

5. UPI for Feature Phone Users

India has a large mobile phone consumer base of about 118 crore mobile users (TRAI, October 2021)[1] of which about 74 crore (Statista, July 2021) have smart phones indicating that there is a significant number of feature phone users in the country[2]. Feature phone users have limited access to innovative payment products. Although feature phones have NUUP (National Unified USSD Platform) as an option for availing basic payment services using the short code of *99#, the same has not picked up. To deepen financial penetration, it is important to bring feature phone users into the mainstream digital payments. In the first cohort of RBI Regulatory Sandbox, some innovators had successfully demonstrated their solutions for feature phone payments, under the theme of 'Retail Payments'. These products, coupled with other complementary solutions, will facilitate UPI-based digital payment solutions on feature phones to promote wider digitisation. It is proposed to launch a UPI-based payment product for feature phone users. Further details will be announced shortly.

6. Simplification of Process Flow for Small Value Transactions over UPI

UPI is the single largest retail payment system in the country in terms of volume of transactions (14 crore transactions per day, October 2021)[3]. One of the initial objectives of UPI was to replace cash for low value transactions. Transaction data analysis shows that 50 per cent transactions through UPI were below ₹200, indicating its success. These low value transactions, however, utilise significant system capacity and resources, at times leading to customer inconvenience due to transaction failures because of issues related to connectivity. It is, therefore, proposed to offer a simpler process flow by enabling small value transactions through an "On-device" wallet in UPI app which will conserve banks' system resources, without any change in the transaction experience for the user.

7. Increase in UPI Transaction Limit for Specified Categories

Reserve Bank has been making efforts to facilitate greater participation of retail customers in financial markets, e.g. investment in the G-secs segment through the recent launch of Retail Direct Scheme, where UPI, in addition to other options such as internet banking, can be used to make payments for participating in both the primary and secondary markets. Over time, UPI has also become a popular payment option for Initial Public Offerings (IPOs) since its availability from January 01, 2019[4]. It is reported that IPO applications of ₹2 to ₹5 lakh constitute approximately 10 per cent of subscription applications. The transaction limit in the UPI system was enhanced from ₹1 lakh to ₹2 lakh in March 2020. To further encourage the use of UPI by retail investors, it is proposed to enhance the transaction limit for payments through UPI for Retail Direct Scheme and IPO applications from ₹2 lakh to ₹5 lakh. Separate instructions to NPCI will be issued shortly.

1 *https://trai.gov.in/sites/default/files/PR_No.45of2021_0.pdf*

2 *https://www.statista.com/statistics/467163/forecast-of-smartphone-users-in-india/*

3 *https://rbidocs.rbi.org.in/rdocs/content/docs/PSDDP04062020.xlsx*

4 *https://www.sebi.gov.in/sebi_data/commondocs/mar-2019/useofunifiedpaymentinterfacefaq_p.pdf*

SPEECHES

*Contours of Economic Recovery**

Shaktikanta Das

I am happy to be back at the State Bank of India Banking & Economics Conclave. I thank the Chairman, SBI and the organisers of this event for having invited me to address this august gathering. The theme of this year's conclave 'Contours of Economic Recovery in Post-Covid World' is both well-timed and relevant. Well-timed because, after all the trials and tribulations, we might just be knocking at the door of the post-COVID world. Relevant because a crisis of this magnitude will not only reshape the economy but also the contours of economic recovery. In our lifetimes and even in future generations, we would hopefully not reckon with a bigger crisis than COVID-19. So, in the spirit of never letting a crisis go to waste, we have to learn from the pandemic experience to build a stronger and resilient economy. In my remarks today, I propose to touch upon the theme of the conclave.

Vast swathes of the global economy were held hostage by COVID-19 over the last two years. To save humanity as well as the economies from the clutches of the virus, speedier and equitable access to vaccines remained the only hope. India's remarkable progress on this front is a shining example of our scientific capabilities and tech-enabled public delivery. With a scale of vaccine production, which is among the highest in the world, India is poised to lead the fight against COVID-19. It is a moment to pay our tribute to everyone who has made this possible. Improved vaccination and reduced infections have materially reduced extreme health outcomes like hospitalisation and mortality. This has boosted consumer confidence. With additional boost coming from the festival fervour and pent-up demand, numerous high-frequency indicators suggest that economic recovery is taking hold.

* Inaugural Address by Shri Shaktikanta Das, Governor, Reserve Bank of India - Delivered at the 8th SBI Banking & Economics Conclave November 16, 2021, Mumbai.

A Quest for Sustained Growth

While it is heartening to note that the economy is gradually getting back on its feet after a devastating second wave, recovery has progressed in an uneven manner. Contact-intensive services are still to regain the lost capacity despite rapid improvement in the recent period. The Q1:2021-22 data on GDP revealed that there still exists significant gap in both private consumption and investment, relative to their pre-pandemic levels in 2019-20. So, while the economy is picking up pace, it is yet to cover a lot of ground before it gets broad-based and entrenched. This points to the need for sustained impetus so that growth could return to, or better still, exceed the pre-pandemic trend.

I firmly believe that India has the potential to grow at a reasonably high pace in the post-pandemic scenario. Several factors are stacked in India's favour. First, India as an emerging market and developing economy has significant potential to catch up with the rest of the world supported by favourable demographics, improving skill base and strong domestic demand. Second, the Government is providing necessary support – especially through capital expenditure and reforms in various sectors like infrastructure, manufacturing and telecom, apart from other institutional changes to boost productivity, ease supply constraints and improve business environment. Third, the pandemic has opened new opportunities of growth in digital and green technology and also on account of resetting of global supply chains that could be advantageous to India. Fourth, exports have been a bright spot during the recent months and are likely to benefit further from global economic recovery. In the presence of such enabling conditions and supportive policies, I have no doubt that we have a unique opportunity to step up growth as we emerge from the pandemic. Let me dwell further on some of these issues.

Private Consumption – Backbone of Growth

Contributing the largest share of aggregate demand (around 56 per cent of GDP), private consumption is critical for inclusive, durable and balanced growth of our country. Daily wage earners and workers at the lower rungs of the society have incurred significant losses of income and employment during the pandemic that will take time to repair. The International Monetary Fund (IMF) estimates that less than 70 per cent of emerging economies will be able to achieve 2019 employment levels even by end of 2022. In India, demand for work under MGNREGA[1] remains about 10 million higher than pre-COVID levels, suggesting that the recovery in informal sector has still to cover a distance. A minimum tenure of contract for semi-skilled labour, especially in infrastructure sector and linked to duration of projects may perhaps induce employment certainty and consumption. Small businesses have also been hit harder and would require support to recover and achieve their full employment potential.

There are signs that consumption demand triggered by the festive season is making a strong comeback. This would encourage firms to expand capacity and boost employment and investment amidst congenial financial conditions. The recent cut in excise duty on petrol and diesel by the Central Government and in value-added tax (VAT) by several State Governments will augment purchasing power of people, which in turn, will create space for additional consumption. Are we at the cusp of a virtuous feedback loop where increased demand impulses will move in lockstep with commensurate supply response and ensure sustained growth of the economy? There are reasons to be optimistic on this front.

Reviving Investment

Reinvigorating private investment is crucial to realise India's growth potential. Various policy measures have been taken to support investment. These include cut in corporate taxes, taxation reforms, introduction of Performance Linked Incentive (PLI) Scheme for 13 major sectors, enhanced focus on infrastructure development and asset monetisation by the government, initiatives by the government under the Atma Nirbhar programme and proactive liquidity measures by the RBI. Encouragingly, some improvement in investment activity has been observed in the recent period. Leading indicators of investment like production and Import of capital goods are higher than pre-pandemic level in September 2021. Early results of firms in Q2:2021-22 suggest robust sales and resilient profitability despite input cost pressures. Such trends could provide impetus to capacity expansion by the corporate sector in the coming quarters.

The pandemic has catalysed far reaching changes in the systems of production, management and governance. The crisis underscored that technology could bridge the resource gap to a large extent and is a key enabler of inclusive growth. Emerging technologies such as artificial intelligence, robotics, the Internet of Things (IoT) autonomous vehicles, 3-D printing, nanotechnology, biotechnology, energy storage and developments in material science have touched all aspects of our daily lives. The future belongs to data-driven smart manufacturing and businesses need to gear up to make the right investments sooner than later. Investment in knowledge and skill upgradation holds the key to transforming the manufacturing sector. Close coordination between industry and the education system is required to revolutionise the industrial sector. Overall, the right mix of investment in physical and human capital can usher in an era of sustained growth.

The investment outlook is bolstered by the entry of next generation firms, or the Start-ups. India has emerged as one of the top performers in the Start-up landscape, which is a reflection of the

[1] The Mahatma Gandhi National Rural Employment Guarantee Act, 2005.

immense potential for innovation and dynamic entrepreneurship. A large proportion of the investment flowing into tech Start-ups has been in response to the post-pandemic spurt in demand for internet-based services across various sectors such as food delivery, education and health. Policy emphasis on Start-up development through exemption of angel tax and improved governance measures have also supported this sector.

International experience suggests that GDP growth can significantly improve if scarce resources are reallocated to the dynamic sectors of the economy. While agriculture and construction together account for nearly 56 per cent of the total employment in India, their contribution to GDP is about 25 per cent. Thus, a large segment of the workforce is stuck in lower productivity areas constraining our growth potential.

Further, with stronger balance sheets, the organised corporate sector is well-placed to make new investments in emerging areas. As demand recovers, I am sanguine about corporate sector playing a major role in turning the investment cycle that will facilitate absorption of surplus liquidity for productive investment.

In this background, it is incumbent upon a competitive and efficient financial system to identify high productive sectors and reallocate resources to harness the growth opportunities. Banks, in particular, should be investment ready when the investment cycle picks up.

Critical Role of Public Expenditure

The COVID-19 pandemic has reinforced the need to spend on physical and social infrastructure including education, health, innovation and digitisation which are not only welfare-enhancing, but also growth-inducing. Further, good quality public expenditure helps crowding-in private investment and alleviating critical supply constraints. This can also ease inflationary pressures.

How can we make public spending more effective in addressing growth and welfare concerns? First, to build a strong and resilient economy, growth-boosting elements of public spending must be preserved and cultivated. The current drive towards an investment-led recovery with policy thrust on capital expenditure can get a further boost if we develop certain measurable parameters for the quality of public expenditure. The formal weaving of quality targets into fiscal consolidation paths of the central and state governments will make the fiscal policy more efficient, effective and humane. Such an approach can infuse pro-cyclicality bias by assuring a steady provision of quality public goods. Second, significant variation is observed in spending behaviour across states, with some fiscally prudent states despite their low debt-GSDP ratios, hesitating to spend up to their full potential despite infrastructure gaps. Fiscally strong states could indeed lead the expenditure drive in critical areas of public infrastructure. This would boost not only their own potential growth prospects, but can also kick-start an all-India investment cycle with positive spill over to other states. Third, periodic reviews followed by phasing out or rationalisation of existing schemes based on their actual outcomes can lead to more efficient allocation of limited resources. Every new scheme launched should have a sunset date linked to outcomes.

Boosting Exports

India is set to achieve the milestone of US$400 billion annual exports driven by robust external demand for Indian products like engineering goods, petroleum products, drugs and pharmaceuticals, chemicals and agriculture products. Out of the top ten export partner countries, India's share has increased in eight countries during April-August 2021 over the same period last year. Notwithstanding this, there remains significant export opportunities in several emerging areas. First, India has a natural advantage in the agriculture sector. Apart from traditional export items like cereals, sugar and cotton, agricultural exports can be diversified into new areas to take advantage of shifting consumer preferences and environmental concerns. Second, climate change concerns have pivoted the automobile sector towards electric vehicles (EV). EV sales are increasing at a brisk pace. This has ramped up the demand for metals like lithium and cobalt which are used in batteries, far in excess of their reserves. Therefore, it is of strategic importance to build a robust ecosystem for recycling and producing EV batteries with newer materials through various incentives not only to ensure adequate domestic supply but also to take advantage of the huge export potential in this area. Third, significant export opportunities exist in space and defence sectors for launch vehicles, cost-effective launch of satellites, aerospace and defence goods and services where public-private partnership can yield rich dividends.

The Role of the Financial Sector

The edifice of growth and development in modern societies is built on the foundation of a vibrant, resilient and well-functioning financial sector. I would now reflect on the strengths and challenges in our financial sector as we emerge from the pandemic.

Building Buffers for the Future

Banks have weathered the COVID-19 shock better than expected. As per the early trends, the GNPA and Capital Adequacy ratios of SCBs have further improved in September 2021 from their levels in June 2021. Banks have also been prudent in raising capital. Profitability metrics of several banks are also at highest levels in several years. The improved parameters partly reflect regulatory relief provided to banks during COVID-19 as well as fiscal guarantees and financial support given by the Government. Going forward, there are risks and challenges which require serious introspection and action on the part of the banking system.

First, the COVID-19 episode provides a real-life experience to take a fresh look at certain aspects of existing prudential and regulatory norms for financial entities regulated by RBI. Certain concerns have re-emerged from the crisis which warrant our attention. Most importantly, we are faced with the question of capital and provisioning buffers of banks, their adequacy and resultant usability during a crisis. I would thus strongly urge the banks to focus and further improve their capital management processes with a forward-looking, scientific and prudent approach. The key point is to envisage the capacity for loss absorption as an ongoing responsibility of the lending institutions. It is expected that banks will exhibit prudent risk-taking behaviour and use their capital efficiently.

Second, good governance is a necessary condition for having well-functioning, strong and resilient financial institutions. Banks have the privilege of raising deposits from the public, which also puts the onus on them to conduct their business in a very responsible manner. The Board of Directors carry the responsibility of being guardians of the trust that depositors have reposed in a bank. A bank's responsibility towards depositors should, therefore, be weighed against its responsibility towards shareholders of the bank. To ensure good governance, the Reserve Bank has high expectations from the oversight role of the Board, its composition, Directors' skill profile, strong risk and compliance structure and processes, more transparency and a robust mechanism of balancing various stakeholder interests. Thus, business priorities need to be complemented with responsible governance and ethical actions.

Third, banks should ensure that their business models and business strategies are conscious choices, following a robust strategic discussion in the Board, instead of being driven by mechanical 'follow the market' approach. In their endeavour to grow, banks should avoid herd mentality and look for differentiated business strategies. At the RBI, we have started taking a closer look on the business models and strategies of banks. Certain banks had followed the high risk and high return business strategy, with a skewed priority for serving only the interest of their investors. The active role of the Board, especially in challenging the proposals of the management, thus becomes critical. This will contribute towards a more diligent and balanced approach to decision making.

Fourth, another major challenge would be in dealing with the stressed borrowers impacted by COVID-19. During the two waves of COVID-19, the Reserve Bank announced Resolution Framework 1.0 and 2.0 to provide relief to the borrowers and banks. While the resolution in respect of large borrower accounts restructured under Resolution Framework 1.0 was to be implemented by June 30, 2021, they have time till September 30, 2022 to achieve the operational parameters. On the other hand, resolutions invoked under Resolution Framework 2.0 before September 30, 2021 in respect of individuals, MSMEs and other small businesses, have to be implemented by December 31, 2021. As the support measures start unwinding, some of these restructured accounts might face solvency issues over the coming quarters. Prudence would warrant proactive recognition of such non-viable firms for pragmatic resolution measures.

Fifth, it may not be an overstatement to say that financial services industry today is in the midst of a 'technological invasion'. The ongoing digitalisation of finance has led to positive disruptions on many fronts. Needless to say, the Reserve Bank has been actively fostering innovation in this cross-fertilised space by envisaging mechanisms like regulatory sandbox for fintechs, co-lending models, account aggregators, etc. We would expect lending institutions to leverage upon these mechanisms to enhance the overall customer experience, product customisation, adoption of alternative credit appraisal methodologies, monitoring measures, among others. A word of caution is in order: globally, the 'phygital' revolution has played out into several collaborative models between banks, NBFCs and fintech players such as incubation, capital investment, co-creation, distribution and integration. While lenders are free to explore any of these models, the regulatory expectation is that the eventual tie-up decision should be as per their own commercial wisdom in terms of their internal policies subject to extant regulatory guardrails. They should also ensure that compliance requirements in terms of regulations such as the Banking Regulation Act, the Information Technology Act, outsourcing guidelines, fair practice codes, etc. are met for data security, data privacy and redress of grievances. Further, sufficient safeguards in contracts with fintech and bigtech entities should also be ensured. Therefore, as we take this journey of innovation forward, it must be recognised that the risks ultimately lie in the books of banks and NBFCs and hence the collaboration should be appropriately strategised.

Sixth, lenders should never lose sight of their raison d'etre - the customer. As you are aware, under the Integrated Ombudsman Scheme, and even under the earlier Ombudsman Schemes, only the complaints pending beyond 30 days with the Regulated Entities (including banks) are dealt with by the RBI Ombudsman. Thirty days is a very reasonable period for resolution of customer complaints. I would urge the banks to pay particular attention and take measures, as necessary, to revamp/strengthen their grievance redress mechanisms and minimise the escalation of grievances to the RBI ombudsman in the interest of the customers. Banks should also ensure fair treatment of customers and avoid mis-selling through proper sensitisation of staff and direct selling agents. The product sold to the customer should be suitable and appropriate for his/her risk profile.

Conclusion

As we tread ahead on the growth path after the pandemic, India's rightful place in the global economy will be built on a sound, stable and resilient financial system. Banks and NBFCs, being the power engines of our economy, must undergo continual metamorphosis to accelerate this transformational journey. I wish to see the senior bankers here as the 'change agents' in their respective institutions to catalyse this whole transformation.

My best wishes for productive and meaningful deliberations ahead!

Thank you. Stay well. Namaskar!

*Growth and Development in the BRICS Economies**

Michael Debabrata Patra

BRICS: FROM ACRONYM TO GLOBAL ECONOMIC POWERHOUSE[1]

Professor Pami Dua, Director, Delhi School of Economics, Prof. Yogesh Singh, Vice Chancellor, University of Delhi, Prof. Sanghamitra Bandyopadhyay, Director, Indian Statistical Institute, Delhi Centre, Prof. Chetan Ghate, Indian Statistical Institute, distinguished invitees and conference participants, I am honoured to be invited to deliver the inaugural keynote address for the conference on 'Growth and Development in the BRICS Economies' jointly organised by the Delhi School of Economics and the Indian Statistical Institute, Delhi Centre. The conference is timely and topical in view of India taking over the presidency of BRICS in 2021. The discussions in the conference and the signed papers to be presented will surely shine light on how the BRICS economies chart their course through the pandemic and into a post-pandemic future. My address is loosely divided into two parts, although I might be moving back and forth to tease out the inter-linkages. The first part will deal with the state of the BRICS economies and the immediate challenges that they face. This will be followed by an overview of the challenges confronting India, in view of the current BRICS presidency.

* Keynote address delivered by Michael Debabrata Patra, Deputy Governor, Reserve Bank of India in the conference on 'Growth and Development in the BRICS Economies' organised by the Delhi School of Economics (DSE) and Indian Statistical Institute (ISI), Delhi.

1 Delhi School of Economics (DSE) and Indian Statistical Institute (ISI), Delhi under the aegis of the BRICS Network University Initiative, on November 12, 2021. Valuable comments from Mohua Roy, Sitikantha Pattanaik, Smita Sharma, Asish Thomas George, Harendra Behera, Ajesh P., Sharthak Gulati, Kunal Priyadarshi and Durgesh Pawar, and editorial help from Vineet Kumar Srivastava and Samir Ranjan Behera are gratefully acknowledged.

BRICS IN THE GLOBAL ECONOMY

The acronym BRIC is traced back to 2001 and widely attributed to Jim O'Neill, then Chairman of Goldman Sachs Asset Management, but apparently there is some dispute about its origin. Be that as it may, the first formal meeting of BRIC, i.e. Brazil, Russia, India and China, represented by their Leaders took place in Yekaterinburg, Russia in 2009. South Africa joined in 2010 and completed the BRICS. Together, the BRICS account for more than 40 per cent of the world's population, a quarter of global GDP, a quarter of global direct foreign investment and close to a fifth of world trade. It is in this context that the BRICS are being regarded as an emerging global powerhouse.

The BRICS encompass a wide diversity as well as distinct similarities. They include the most populous nations as well as relatively sparsely lived ones, with different demographic profiles, especially in terms of population ageing, life expectancy and share of dependents. They also vary quite widely in terms of their financial development, with the proportion of adults owning bank accounts being taken as a measure of financial inclusion. The BRICS also share many common features - broadly similar stages of development; accelerating growth in a sustainable manner as a development strategy; emphasis on inclusivity and digitisation; and investing into climate resilience. It is with these characteristics that BRICS have come together to contribute to the development and prosperity of human societies all over the world and thereby to the global common good.

The International Monetary Fund (IMF) projects global GDP to turn around from an unprecedented decline of 3.1 per cent in 2020 and expand by 5.9 per cent in 2021. The BRICS are expected to be the most important engine of global recovery, contributing 42 per cent of global growth in 2021, which is more than the combined share of the next three growth drivers (the US; the Euro area; the UK). The BRICS are also a formidable force in world trade, accounting for about 16 per cent of world merchandise and services trade by value. They comprise both commodity exporters and importers, with country specialisations across a range of manufactures and services. Intra-BRICS trade is expanding robustly and has exhibited a degree of pandemic proofing - illustratively, India's trade with BRICS partners has risen to USD 113.3 billion in the pandemic financial year 2020-21 (April-March), up from USD 110 billion in the pre-pandemic year of 2019-20. In 2021-22 so far, all the BRICS nations are posting robust export performances.

The BRICS nations are financially open economies and preferred habitats for capital flows. In recent years, they have also experienced sudden stops and reversals accentuated by portfolio flows. By contrast, all of them are also recipients of relatively stable foreign direct investment (FDI). In 2020, there was a retrenchment of capital flows across emerging market economies (EMEs). Among the BRICS, only India and South Africa were spared from net outflows. In 2021 so far, net capital flows continued to favour India and Brazil. In contrast to the situation at the time of the 2013 taper tantrum, the BRICS appear to be well fortified on the external front. Currently, the BRICS collectively hold 33 per cent of global foreign exchange reserves, with China, India and Russia among the top ten reserve holders of the world. Reserve adequacy measured by prospective import cover ranges between 7 and 19 months. China and Russia typically run current account surpluses, and hence the focus of financial markets is usually on BRICS current account deficit economies – Brazil, India and South Africa. India moved into modest current account surpluses in 2020 and 2021 so far, but this may not last in view of rising import demand.

BRICS IN A MULTILATERAL ROLE

The BRICS have been staunch champions of multilateralism, voting unanimously for quota and governance reforms at the IMF to make it more representative of global economic realities, especially the rising profile of EMEs. Together, they hold 14.8 per cent of the IMF's quota resources that total SDR 476.4 billion and 14 per cent of voting power. In the World Bank, they have increased their share in the institution's capital to 14.1 per cent, with a share of 13.4 per cent in voting power. Confronted with an impasse in future quota reform amidst a hostile and volatile international environment, the BRICS have turned creditors to the IMF to supplement its quota resources. The collective share of BRICS in the IMF's new arrangements to borrow (NAB) is 16 per cent of a total of SDR 361 billion. Besides, each BRICS nation has signed bilateral borrowing arrangements (BBA) with the IMF cumulating to a share of 17 per cent of a total of SDR 135 billion. In addition, the BRICS have put in place swap lines under a contingent reserve arrangement or CRA amounting to USD 100 billion, which matches their combined share in IMF quotas and is counted as a part of the global financial safety net (GFSN).

The BRICS were impacted severely by the pandemic, with multiple waves of infections which continue to take their toll. In terms of total infections, three BRICS, viz. India, Brazil and Russia are among the top five affected nations in the world. In terms of seven days rolling averages, new infections have eased in all BRICS countries barring Russia, contained by the scale and speed of vaccination drives. In terms of vaccinations, however, there are wide divergences ranging between three quarters of the population being fully vaccinated in China and only a fifth in South Africa. Full vaccination is an immediate challenge for all the BRICS. Among the leading exporters of vaccines, China, Russia and India figure prominently. In the case of India, vaccine exports were temporarily halted when domestic infections surged. As infections came down, India has resumed exports of vaccines from October, including under the QUAD initiative. Under the QUAD initiative of producing at least 1 billion doses of vaccines for the Indo-Pacific region by the end of 2022, the vaccines will be produced in India with the US financing capacity expansion, Japan providing concessional loans to India and Australia giving last mile delivery support. In a strong expression of commitment to the QUAD initiative, India financed 50 per cent of the first consignment of 1 million doses in October.

MACROECONOMIC DEVELOPMENTS AND POLICY RESPONSES

As a consequence of the differentials in infections and vaccination as well as differences in monetary and fiscal policy support, the BRICS are faced with divergences in macroeconomic conditions. While China's recovery has been quick and strong, the other BRICS are moving into positive growth territory since Q2:2021. Wider differences characterise inflation outcomes. While Brazil and Russia – both commodity exporters – are experiencing inflation rates much above target and tolerance levels, China has kept retail inflation low despite high producer price inflation. In South Africa, inflation is within the target range. In India, inflation breached the upper tolerance band in May, but strong supply side measures in the form of augmented access to imports and buffer stocks as well as measures to incentivise productivity have yielded results, bringing down inflation close to target in September and October 2021.

There is considerable similarity among the BRICS in terms of their monetary policy frameworks. Four of them have adopted inflation targeting. The numerical targets range around four per cent and all of them have tolerance bands barring Russia which aims to keep inflation close to four per cent. South Africa does not have a point target - it follows an inflation target range of 3 to 6 per cent. China has not adopted inflation targeting but keeps inflation low and stable below 3 per cent. All of them responded to the pandemic with large rate cuts and reserve requirement reductions. More recently, Brazil and Russia have completed the normalisation of policy accommodation and Brazil is into orthodox tightening. India, China and South Africa continue to maintain accommodative monetary policy stances.

Another common feature among BRICS has been their pandemic response in the form of large fiscal stimuli and additional spending and/or tax revenue forgone. As a consequence, fiscal positions in terms of the gross fiscal deficit/GDP ratio worsened through the pandemic. Russia was running a fiscal surplus ahead of the pandemic and hence there was fiscal headroom which could be used during the pandemic with the least stress on the fiscal accounts. Accordingly, fiscal risks have risen sharply with debt-GDP ratios in the range of 66 (China) – 99 (Brazil) per cent of GDP. As I mentioned earlier, Russia is an outlier, with its debt-GDP ratio below 20 per cent of GDP.

Medium term challenges for the BRICS arise in the context of climate risks and emission commitments which may engender energy shortages, technology gaps and hence pose risks to medium term growth and inflation, especially for countries with large total emissions. A more immediate challenge stems from elevated commodity prices for net importers like India although they confer terms of trade (ToT) gains for net exporters like Brazil and Russia. For all the BRICS, rising food prices on account of natural calamities and demand-supply imbalances caused by the pandemic involve elevated inflation risks.

Within the BRICS, per capita income levels differ widely. Studies conducted in CAFRAL, the Reserve Bank of India's centre of excellence, show that per capita income is a significant determinant of credit ratings across all three external rating agencies (S&P; Moody's; Fitch). All the BRICS are vulnerable to the middle-income trap, which refers to a situation in which they could fail to transition to a high-income economy due to rising costs and declining competitiveness. Investment and innovation are the two key ingredients for moving a middle-income economy into a high-income economy, and it is necessary to understand the macroeconomic factors that influence each of them in our economies.

MILESTONES AND DELIVERABLES

Since the BRICS came into existence in 2009-10, significant milestones have been passed in their journey together.

- The **New Development Bank (NDB)** started functioning in 2015 and has approved about 80 projects in its member countries involving a portfolio of USD 30 billion in areas such as transport, water and sanitation, clean energy, digital infrastructure, social infrastructure and urban developments. Since September 2021, the NDB is approving new members (Uruguay; the UAE; Bangladesh). The NDB has set a target of USD 10 billion for COVID-related support of which more than USD 7 billion has already been disbursed.
- The **Contingent Reserve Arrangement or CRA** is a mechanism with a total corpus of USD 100 billion to provide short-term swap support during balance of payment crises. The swaps have a delinked portion of 30 per cent which can be extended as emergency liquidity support and a linked portion of 70 per cent, which is contingent upon the requesting country(s) having an IMF programme in place.
- The **BRICS Strategic Economic Partnership 2021-2025** provides a roadmap for economic co-operation among the member countries, with a focus on trade and investment, the digital economy and sustainable development.
- **BRISC or BRICS Information Security Channel** is a recent initiative started during Russia's presidency in 2020, with a focus on information exchange on cyber security and cyber related incidents.
- The **BRICS Taskforce on public private partnership (PPP) and Infrastructure** is another initiative to establish a forum to discuss various aspects related to co-operation in infrastructure. In 2021, the focus is on social infrastructure (health, education).
- **BRICS Payments Task Force (BPTF)** is a central bank initiative to promote co-operation in payments system, including proposal on cross-border payments.
- **BRICS Business Council** has been created as a platform to promote and strengthen business, trade and investment ties amongst the business communities of the BRICS and ensure that there is regular dialogue between them and the governments of the BRICS countries.
- The **BRICS Women's Business Alliance (WBA)** aims at promoting women's entrepreneurship in the BRICS countries.
- The **BRICS Academic Forum (BAF)** is a platform for deliberations and discussions among the leading academic institutions of BRICS countries, seeking ideas and solutions on numerous social, environmental and educational issues.
- The **BRICS Think Tanks Council (BTTC)** was initiated in 2013 to enhance cooperation in research and capacity building, among academic communities of BRICS countries.
- **BRICS Energy Research Cooperation Platform** promotes energy-based sustainable development, sharing of advanced energy

technologies, expansion of cooperation on educational programmes, exchange of statistical data and plans on the development of national energy systems, and information on best practices and regulatory frameworks in the energy sector. The platform also aims at creating synergies in BRICS energy co-operation across various platforms.

- The **BRICS Environmentally Sound Technology (BEST) Platform**, launched in 2015, aims to facilitate accumulation and exchange of experience/information on best available practices and environmentally friendly ("green") technologies to achieve the United Nation's Sustainable Development Goals (SDGs).
- **The Report on Digital Financial Inclusion** puts together initiatives, innovations and reforms undertaken in the BRICS countries in the area of financial inclusion by leveraging digital technology tools. The Report also maps these efforts against the G-20 High-Level Policy Guidelines on digital financial inclusion.

Under India's presidency, six projects have already been taken forward to completion:

- The **e-booklet on Information Security Regulations and the Compendium of BRICS Best Practices on Information Security Risks** cover information security regulations and best practices across BRICS jurisdictions, with the objective of strengthening cyber incidents management systems.
- The **CRA Evaluation Report** covers all the issues and recommendations arising from this year's CRA test run as well as past test runs conducted since 2018.
- The first **BRICS Collaborative Study 'COVID-19: Headwinds and Tailwinds for Balance of Payments of BRICS'** highlights the severe economic disruptions caused by the pandemic globally and in the BRICS economies, resulting in sharp current account adjustments as well as volatility in capital flows.
- The **BRICS Economic Bulletin** for 2021 is on the theme **'Navigating the Ongoing Pandemic: The BRICS Experience of Resilience and Recovery'**. It covers divergent economic recoveries, inflation risks, fiscal stress, external sector performance, and financial sector vulnerabilities.
- In 2021, the test run of the IMF-linked portion of the CRA was conducted for the first time. Modalities of co-operation with the IMF are being finalized.
- Among the deliverables over the rest of the year, the **BRICS Bond Fund (BBF)**, which is a joint initiative of BRICS central banks with a view to developing local bond markets in member countries, is now close to completion.
- BRICS Finance Ministers and Central Bank Governors (FMCBG) adopted a '**BRICS Statement on Global Economic Outlook and Responding to COVID-19 Crisis**' in August 2021. The Finance Ministers and Central Bank Governors agreed to continue efforts to strengthen BRICS cooperation towards achieving strong, sustainable, balanced and inclusive economic growth in a post-pandemic world and welcomed the sharing of policy experiences by BRICS countries on their domestic economic responses to the pandemic.
- The **MSME Roundtable 2021** has helped enhance BRICS cooperation with a view to development of MSMEs integrating them

into global value chains.

- In 2021, **BRICS Agreement on Cooperation and Mutual Administrative Assistance in Customs Matters** was finalised.

CHALLENGES CONFRONTING THE CHAIR

Let me now turn to the challenges facing India in its year of the BRICS presidency.

GDP growth is widely used as an indicator of economic progress of a country. If one looks back over the last 75 years, Bai-Perron structural break point tests reveal that India's growth trajectory has gone through three phases. Up to the end of the 1970s, India averaged trend GDP growth of 3.5 per cent – the so called Hindu rate of growth – which has been associated with inward-looking policies adopted over that period. Trend growth picked up to 5.5 per cent during 1980–2002 as liberalisation and opening up occurred. Thereafter, GDP growth rose to an average of close to 7 per cent over the period 2003-20 till the pandemic arrived. In 2020-21, GDP declined by 7.3 per cent, among the deepest contractions worldwide in that year.

What are the growth drivers in India? It turns out that India's growth is led by households - private consumption expenditure - though its share in GDP has come down from above 75 per cent in 1960s to about 55 per cent in recent years. There have been phases of export-led and investment-led growth, which could not be sustained, but they did provide turning points in the growth path.

The KLEMS[2] database, so assiduously built up by the Delhi School of Economics for the Reserve Bank of India, reveals that capital accumulation is the largest contributor – about 60 per cent - to India's growth. Therefore, the investment rate (total investment/GDP) is regarded as the most important lever of growth in India. A striking feature is that our growth is home grown - investment is financed primarily by domestic savings, with capital inflows from abroad playing only a supplemental role. Another noteworthy feature is that the saving rate has started slowing down after the global financial crisis (GFC). Eventually, this pulled down the investment rate from 2012-13. Reversing this trend is critical to achieve higher growth.

The current account deficit (CAD) in the BoP (X-M) determines how much of net capital inflows into the country can be absorbed or used for growth. Our experience has been that India can sustain a current account deficit of 2.5-3.0 per cent without getting into an external sector crisis. In fact, in a telling reminder of this fact, a record increase in gold imports took the current account deficit above this Plimsoll line to historically high levels during 2011-13. India faced the taper tantrum and was labelled as among the fragile five[3].

After an impressive average export growth of around 20 per cent in the 2000s which also coincided with a pick-up in openness of the economy to trade and finance and a rise in the trend growth of GDP, export growth dropped from 2015 onwards. Rising trade protectionism took its toll, and this period is also associated with GDP growth deceleration. The robust recovery in world trade in 2021 so far has brought with it a renewed sense of optimism about exports acting again as an engine of growth. India's exports are progressing fast towards the annual target of USD 400 billion set for 2021-22. In H1:2021-22, the actual export level was already half of the target. Measures such as production-linked incentive (PLI) scheme are expected to boost exports[4]. Financial openness is also

[2] KLEMS stands for capital, labour, energy, materials and services. It is based on a growth accounting framework.

[3] Brazil, India, Indonesia, South Africa, and Turkey.

[4] In order to boost domestic manufacturing and cut down on import bills, the union government in March 2020 introduced a PLI scheme that aims to give companies incentives on incremental sales from products manufactured in domestic units.

improving, consistent with trade openness - India bucked the global trend and recorded highest-ever inward FDI to the tune of USD 82 billion in 2020-21.

India has a bank-led financing system and, therefore, bank credit growth is a bellwether indicator of the financing challenges to growth. In recent years – since 2017 - there has been a slowdown in bank credit, especially to industry. This is largely attributable to the stress in banks' balance sheet due to a large overhang of non-performing assets (NPAs), traced to the credit boom in mid-2000s. Global overcapacity and the slowing down of the economy led to a turning of the investment cycle, project delays and cost overruns. Bank defaults increased, and stressed banks became reluctant to take new lending risks. Furthermore, in the aftermath of the GFC, banks were allowed to restructure assets and treat them as 'standard' advances but with additional provisions. Withdrawal of regulatory forbearance on restructuring of advances from April 2015 and a subsequent asset quality review (AQR) led to more realistic recognition of gross NPAs (GNPAs). After reaching a peak of 11.5 per cent in March 2018 the GNPA ratio has been declining, mainly due to resolution of stressed assets under the insolvency and bankruptcy code (IBC) process and the Reserve Bank's revised framework for resolution of stressed assets. Before the onset of COVID-19, the GNPA ratio banks in India stood at 8.3 per cent at end-March 2020. It fell further to 7.5 per cent by the end of March 2021, showing that banks used the pandemic period to improve recoveries and write off intractable loans while making higher provisions in their balance sheets. With banks in a risk averse mode, non-banking sources (both domestic and foreign) are contributing as much or even more in recent years to the flow of resources to India's commercial sector.

The agglutination of supply disruptions, the health crisis, an unparalleled mass migration and a hostile global environment has caused a considerable loss of output - over a tenth of annual GDP of a normal year. With a growth of 9.5 per cent in 2021-22 (according to the Reserve Bank of India's projections), India's GDP would be a shade above its level in 2019-20. Recovering this lost output may take several years – this I will regard as the second most important challenge. Earlier in the context of the BRICS, I had pointed out that speedy vaccination of the entire population is the most important challenge.

The Quarterly Employment Survey (QES) of April 2021 of the Labour Bureau, covering 9 sectors and 85 per cent of organised sector employment, shows that between March 21, 2020 and July 1, 2020, i.e. the lockdown period, all sectors suffered a decline in the number of employees. Only 34 per cent of units could function during March 25, 2020 to June 30, 2020, with the exception of the health and financial sectors. As regards wage loss, the impact on the organised sector was soft as 80.7 per cent of employees received full wages and only 2.7 per cent went without wages. Putting people back to work, reskilling them to respond to the changing environment and enhancing their productivity is the third challenge. Out of 132 countries, India is ranked at 100 in terms of labour productivity.

India's population at 1.38 billion is the world's youngest at 28.4 years, but ageing will close the demographic dividend by 2045. By 2027, India will be the most populous country in the world (1.47 Billion), according to the United Nations World Population Prospects. This structure of the population can be best represented by the age dependency ratio - the ratio of the dependent population (0-14 years and 65+ years) to total working-age population: a lower value of the ratio implies a more productive population. India's age dependency ratio has been declining and is likely to decline further till 2025 after which it may remain stagnant till 2040 and increase thereafter. A comparison of India's working-age population as a ratio of the total population or WAP ratio shows that India stands at an advantageous position - India's WAP ratio will increase till 2045 even as it is declining elsewhere in the world. Making the most of this demographic dividend is fourth major challenge facing the Indian economy.

India was one of the fragile five countries in 2013 as external sector viability deteriorated during the taper tantrum. Relative to macroeconomic configurations in 2013, India is better positioned currently as its macroeconomic fundamentals have improved significantly and external sector indicators point to the availability of enough cushions to manage external shocks. I present this strength as a challenge because the international environment is turning hostile, with geopolitical tensions, the long-lasting scars of COVID and the inevitability of climate change. Furthermore, countries all over the world are contemplating shifting their policy stances away from a pandemic mode to a more normal one. This will involve global spillovers to which India cannot be immune. Hence external sector viability is critical.

India is currently one of the fastest-growing major economies in the world. In purchasing power parity (PPP) terms, India is the third largest economy in the world. Projections show that by 2040 India will be the second largest economy in the world. This, in my view, is the final challenge - preparing, with the BRICS, to be a global economic powerhouse.

Thank you.

ARTICLES

*State of the Economy**

The global economy remains hostage to heightened uncertainty with Omicron sparking fresh containment measures. The Indian economy bounced back strongly in Q2:2021-22, with GDP surpassing its pre-pandemic levels, and inflation broadly aligning with the target. A host of incoming high frequency indicators are looking upbeat and consumer confidence is gradually returning. Aggregate demand conditions point to sustained recovery, albeit, with some signs of sequential moderation. On the supply front, farm sector situation remains strong with impressive progress of Rabi sowing, while the manufacturing and services record strong improvement on strengthening demand conditions and surge in new business.

Introduction

The global economy remains hostage to heightened uncertainty. In the wake of surging infections, supply chain snags, logistic disruptions and inflation touching multi-year highs in several economies, the new strain of COVID-19 — Omicron, B.1.1.529 – is sparking fresh waves of containment measures and travel restrictions. These developments have tempered the momentum of global growth and trade, even as mounting inflation risks have brought forward policy normalisation timelines in several countries.

In spite of these global headwinds, the Indian economy bounced back strongly in Q2:2021-22, with GDP surpassing its pre-pandemic levels, and inflation broadly aligning with the target, barring some short-lived spikes. Recognising that it is necessary to revive and sustain growth on a durable basis, the Monetary Policy Committee (MPC) decided to pause and persevere with an accommodative policy stance.

A host of incoming high frequency indicators are looking upbeat. With the tapering of infections, the active caseload plunged below 90,000 on December 14, its lowest level since end-May 2020. The inoculation rate has gathered steam, with average jabs given per day climbing to over 75 lakh in December, higher than the average of 55 lakh a month ago. The milestone of 1 crore doses administered in a single day was passed for the sixth time on December 4. On top of this, India exported close to 20 lakh COVID-19 vaccines to low and middle-income countries during November, with four-fifths being under the COVAX facility.

Consumer confidence is gradually returning, as captured in the November 2021 round of the Reserve Bank's consumer confidence survey (CCS). The overall outlook remains optimistic on the general economic situation, the employment scenario and household income. For the year ahead, consumers are buoyed by sentiments on income and employment. Mobility indicators have inched up. In the job market, hiring activity has surged, led primarily by the telecom and internet services. Construction sector activity has gathered pace backed by a spurt in cement production and demand for residential units gaining momentum.

Revenue collections under the goods and services tax (GST) in November was the second highest ever although e-way bill issuances moderated somewhat pointing to moderation in GST collections in the month ahead. E-way bills generation has picked up again in December (upto December 12) posting sharp growth (month-on-month). On the other hand, toll collections remained resilient in November. With activity picking up, India's power consumption continues to recover for the second month in a row. Coal stock at power plants has risen to nine days, assuaging concerns on supply shortages. The progress of ongoing *rabi* sowing remains impressive, having covered almost half of the annual average acreage. The headline manufacturing purchasing managers' index (PMI) notched the strongest improvement in the past ten

* This article has been prepared by Kunal Priyadarshi, Madhuresh Kumar, Shashidhar M. Lokare, Sarthak Gulati, Rajeev Jain, Vineet Kumar Srivastava, Barkha Gupta, Priyanka Sachdeva, Abhinandan Borad, John V. Guria, Manu Sharma, Prashant Kumar, Rishabh Kumar, Rigzen Yangdol, Saksham Sood, Avnish Kumar, Sakshi Awasthy, Asish Thomas George, Deba Prasad Rath and Samir Ranjan Behera. Views expressed in this article are those of the authors and do not necessarily represent the views of the Reserve Bank of India.

months on strengthening demand conditions and prudent marketing strategies. The headline services PMI continued to gain momentum reflecting a surge in new business. Supported by strengthening macroeconomic fundamentals, India is setting out on a path of durable growth.

Set against this backdrop, the remainder of the article is structured into four sections. Section II captures the rapidly evolving developments in the global economy. An assessment of domestic macroeconomic conditions is presented in Section III. Section IV reviews financial conditions in India, while the last Section concludes the article.

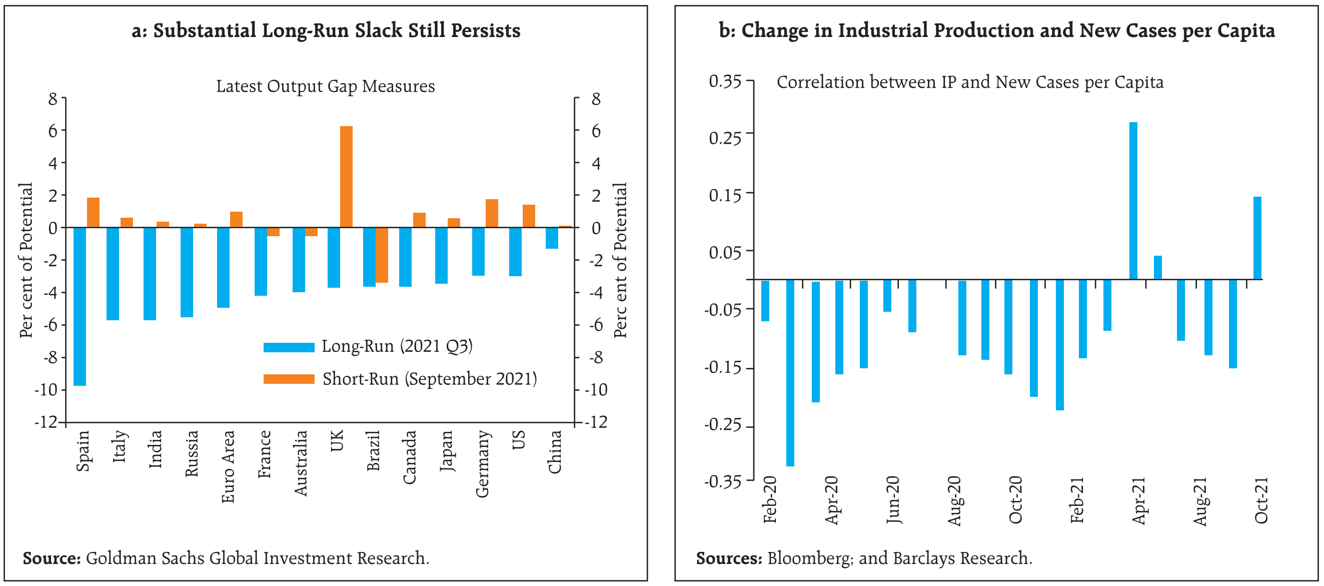
II. Global Setting

The global economy is besieged by heightened uncertainty in the wake of the high positivity rate of the Omicron variant. Snarling supply chains and logistics disruptions continue to constrain manufacturing lines and trade, besides stoking inflation risks. With pandemic scars still healing, output gaps reveal substantial slack almost everywhere (Chart 1).

With several central banks contemplating faster normalisation of monetary policy, financial market volatility has intensified. Risks to the global recovery remain tilted to the downside more so for developing economies, which continue to bear the brunt of pandemic because of slow and uneven inoculation rates (Chart 2). The vaccination rate is significantly lower in African countries, with only 10 per cent of their population (accounting for 16.7 per cent of the global population) receiving at least one dose.

In its December 1, 2021 Economic Outlook, the Organisation for Economic Co-operation and Development (OECD) has scaled down the global growth forecast for 2021 by 0.1 percentage point to 5.6 per cent from its earlier projection made in September (Table 1). Growth projections for major economies have been revised down, reflecting the slowing of momentum due to persistent supply chain gridlocks, rising input costs and large labour shortages, despite employment and hours worked remaining below pre-pandemic level. As flagged by the OECD, most advanced economies (AEs) are poised to return to their pre-pandemic path by 2023, but only a handful of emerging market economies (EMEs) might attain full recovery by that period. Low-income countries are likely to fall short of their pre-pandemic output.

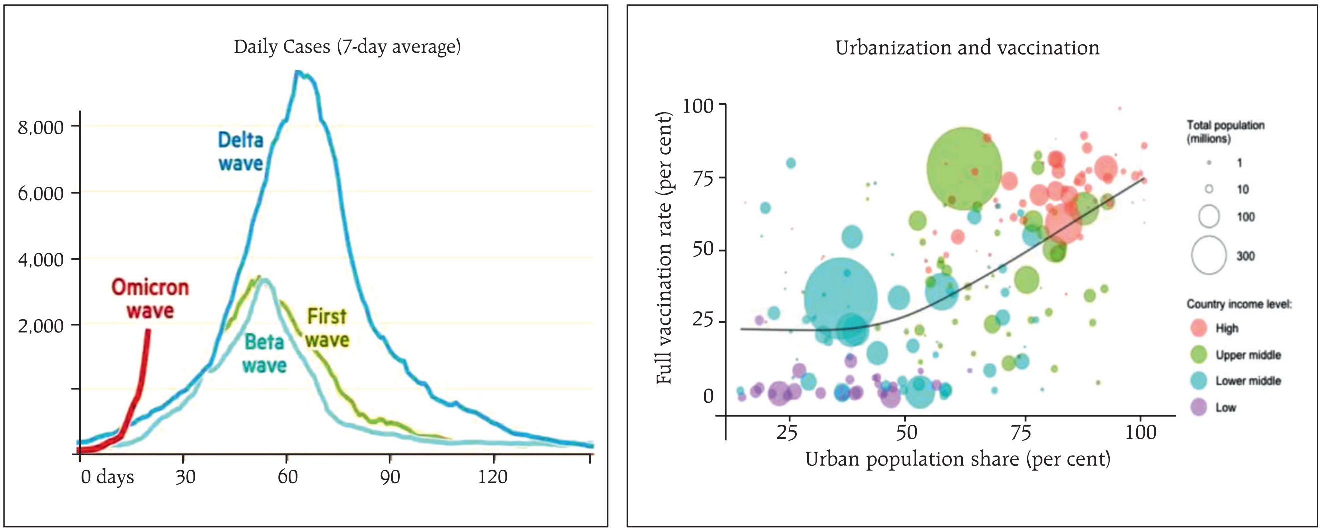
Chart 1: Global Economic Drag



Source: Goldman Sachs Global Investment Research.

Sources: Bloomberg; and Barclays Research.

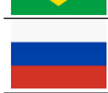
Chart 2: Rising COVID Cases due to "Omicron Wave" and Unequal Vaccination



Sources: FT.com; and Pandem-ic.com.

Table 1: GDP Growth Projections – Select AEs and EMEs

(Per cent)

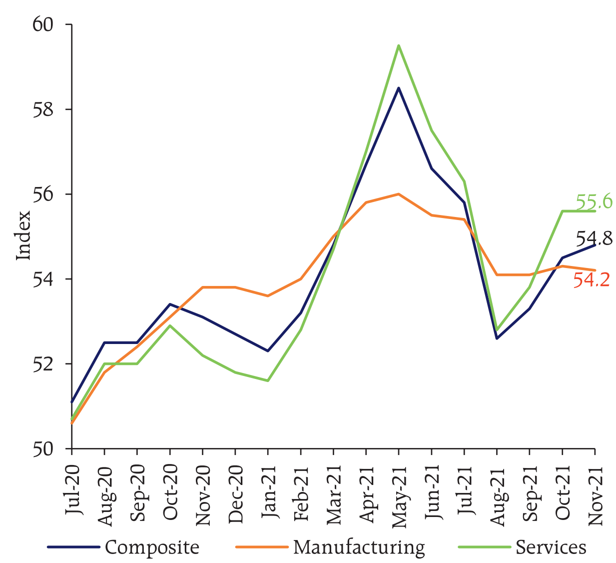
Country		2021		2022	
		Sep-2021	Dec-2021	Sep-2021	Dec-2021
	World	5.7	5.6	4.5	4.5
Advanced Economies					
	US	6.0	5.6	3.9	3.7
	UK	6.7	6.9	5.2	4.7
	Euro area	5.3	5.2	4.6	4.3
	Japan	2.5	1.8	2.1	3.4
Emerging Market Economies					
	Brazil	5.2	5.0	2.3	1.4
	Russia	2.7	4.3	3.4	2.7
	**India**	**9.7**	**9.4**	**7.9**	**8.1**
	China	8.5	8.1	5.8	5.1
	South Africa	4.6	5.2	2.5	1.9

Source: OECD.

For India's GDP growth, there is a downward revision of 0.3 percentage points to 9.4 per cent for 2021, even as the projection for 2022 has been revised up by 0.2 percentage points to 8.1 per cent.

Turning to more recent high frequency indicators, the global composite purchasing managers' index (PMI) accelerated to a four-month high in November, with sustained growth in the services sector outweighing

Chart 3: Global PMIs



Source: IHS Markit.

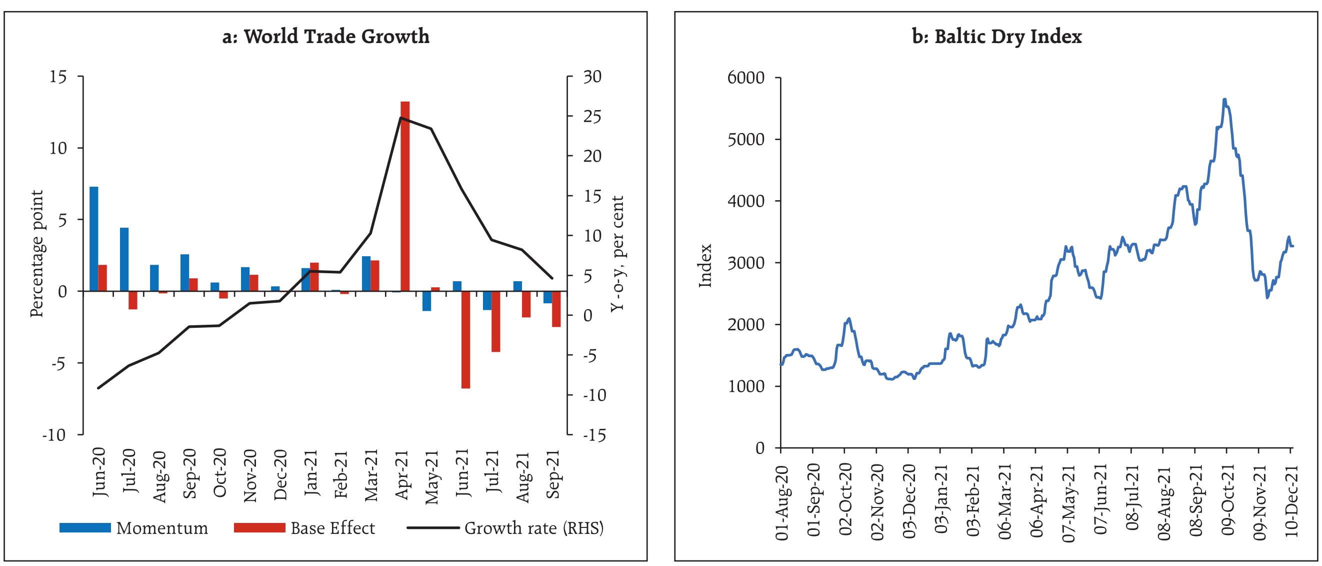
moderation in the manufacturing sector (Chart 3). Global manufacturing PMI, though in expansion zone for 17 months, was pulled down by persistent supply chain disruptions. The services PMI, on the other hand, remained steady at its three-month high reached in October, with robust growth in financial and business services counterweighing weakness in consumer services.

The latest reading of the Goods Trade Barometer released by the World Trade Organization (WTO) on November 15 at 99.5, points to slowing trade growth. Disruptions in critical sectors led to a broad-based loss in momentum for global goods trade, with all component indices of the barometer weakening. Merchandise trade volume growth decelerated on y-o-y basis for the fifth consecutive month in September on an unfavourable base effect (Chart 4a). Accordingly, the world goods trade volume growth declined by 1.1 per cent in Q3 (q-o-q), primarily reflecting slowdown in China's trade. As per the United Nations Conference on Trade and Development (UNCTAD)'s November Global Trade Update, the quarterly growth in value of global goods trade, though positive, slowed to 0.7 per cent in Q3:2021, while services trade expanded by 2.5 per cent. In Q4, goods trade growth (q-o-q) is projected to be negligible, while services trade is expected to recover slowly, but likely to stay below the pre-pandemic level. Notwithstanding the recent slowdown, the UNCTAD projects the value of global trade in goods and services to increase by 23 per cent in 2021, reaching a level of US$28 trillion.

After slipping by more than 50 per cent from its early October peak, the Baltic Dry Index – a measure of shipping charges for dry bulk commodities – showed some reversal since mid-November as prices hardened across all vessel segments following the rebound in coal flows (Chart 4b). Supply chain bottlenecks have showed some signs of easing in the last few weeks, with US ports making progress in working down the logjam of container ships. Nonetheless, the number of ships anchored offshore and waiting to unload at the ports are still hovering around record levels.

The Bloomberg Commodity Price Index, which was treading a seven-year high, plummeted in the last week of November followed by some reversal in December so far (Chart 5a). Crude oil prices pulled back by more than 10 per cent on November 26, 2021 – the biggest one day fall since April 2020 –

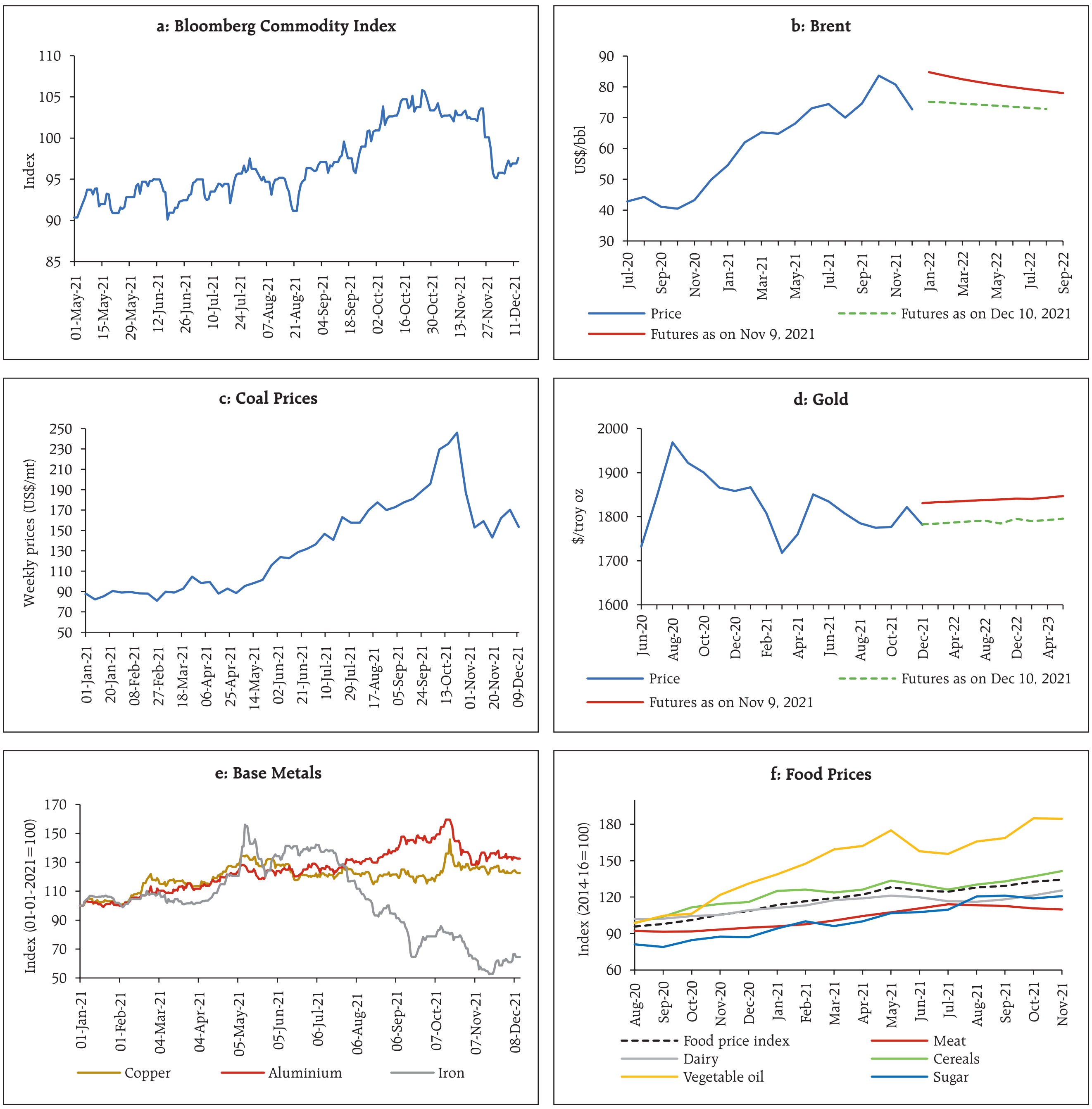
Chart 4: World Trade and Shipping Costs



Sources: CPB Netherlands; and Bloomberg.

ending November with an overall decline of almost 17 per cent. With OPEC *plus* sticking to its plan of releasing 4,00,000 barrels per day in its December 02, 2021 meeting, crude prices extended losses into early December before registering some gains thereafter (Chart 5b). Among other fuels, prices of coal and natural gas have also edged down from recent highs as supplies improved and seasonal demand eased somewhat (Chart 5c). Gold prices exhibited seesaw movements, with early November gains getting erased in the latter part of the month on a strong US dollar and expectations of rate hikes being brought forward

Chart 5. Commodity and Food Prices



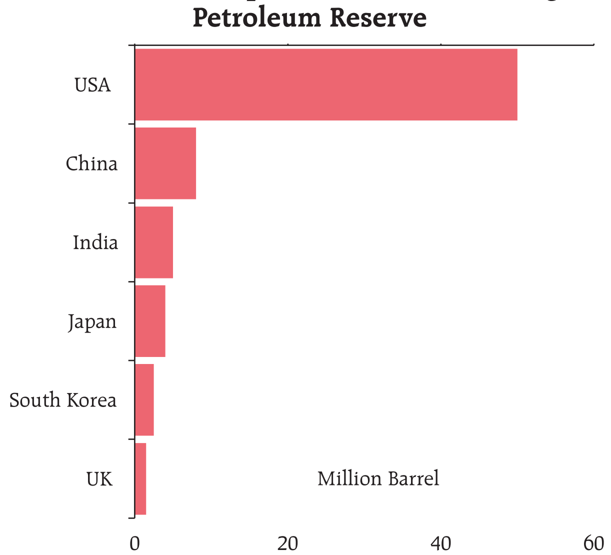
Sources: Bloomberg; World Bank Pink Sheet; and FAO.

(Chart 5d). Base metal prices have been trading low, following China's slowdown as well as on account of the strong US dollar. Concerns over the new variant added further to the downside in recent weeks (Chart 5e). The food price index, released by the Food and Agriculture Organization of the United Nations, maintained its uptrend in November on demand-supply imbalances, climbing for the fourth successive month to its highest level since June 2011. Mounting cereal prices, primarily decade high wheat prices, dairy and sugar prices led this increase (Chart 5f).

During November, the US, India and the UK among others, announced the release of strategic petroleum reserves, expected to be around 70 million barrels[1] (Chart 6).

Inflation risks seem to be getting more embedded, with headline prints for most economies ratcheting up to their highest levels in more than a decade. According to the OECD's latest projections, annual consumer price inflation for OECD economies is likely to end 2021 at around 5 per cent, followed by a decline to 3.5 per cent in 2022. Headline Inflation in the Euro area has soared to a 30-year high of 4.9 per cent in November amidst elevated energy costs and supply pressures (Chart 7a). In the US, consumer price inflation surged to 6.8 per cent in November – highest since June 1982 – on high energy and food prices resulting from strong consumer demand and supply disruptions. Inflation in the UK jumped to 4.2 per cent in October – highest since December 2011 – after easing in September, primarily led by a spike in housing and utilities costs followed by transport costs. Among major BRICS economies, inflation in Russia edged up further to 8.4 per cent in November, while in Brazil, it hit 18-year high of 10.74 per cent for the same month. In China, consumer prices have started picking with the inflation rate rising for the second consecutive month in November to its highest level since August 2020. Rising food prices on seasonal demand and persistent supply disruptions led to the pick up (Chart 7b).

Chart 6: Total Expected Release of Strategic Petroleum Reserve



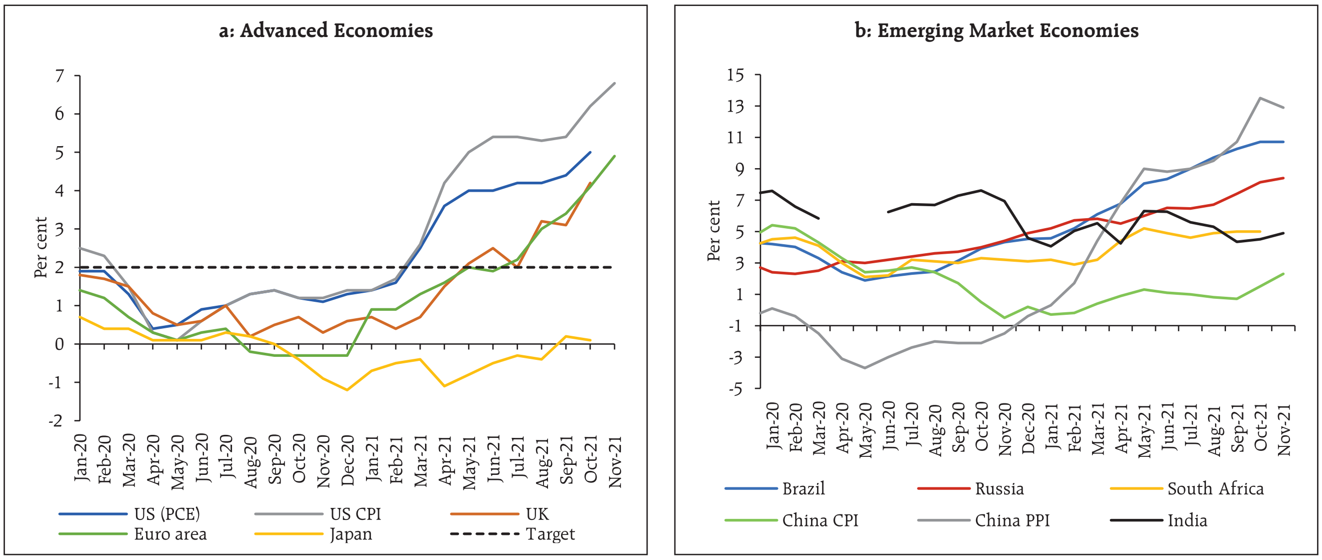
Sources: Bloomberg; and Reuters.

Financial markets continued to teeter with heightened uncertainty revolving around the new virus strain and the Fed's pivot[2] to faster tapering. Equity markets across AEs ended November in the red as rapid swings in sentiments led to sharp sell-offs; however, some reversal has been witnessed so far in December, with most indices paring November losses (Chart 8a). After scaling fresh peaks in early November, the US S&P index tumbled in the last week before recovering again in December. Moving in tandem with their AE counterparts, stock markets in EMEs shed gains, with the MSCI emerging market index clocking negative returns in November. With markets tipping into risk-off mode in November, the US 10-year bond yield eased, while shorter-term yields hardened on inflation worries, flattening the yield curve further (Chart 8b). The US dollar surged

[1] This is as per the Bloomberg estimates.

[2] The Federal Reserve's chair Jerome Powell in his congressional testimony on November 30, 2021 struck a hawkish tone by signaling a quicker withdrawal of asset purchase programme as inflationary risks are very high and also suggested that it is probably time to retire the word 'transitory' when describing inflation.

Chart 7: Inflation

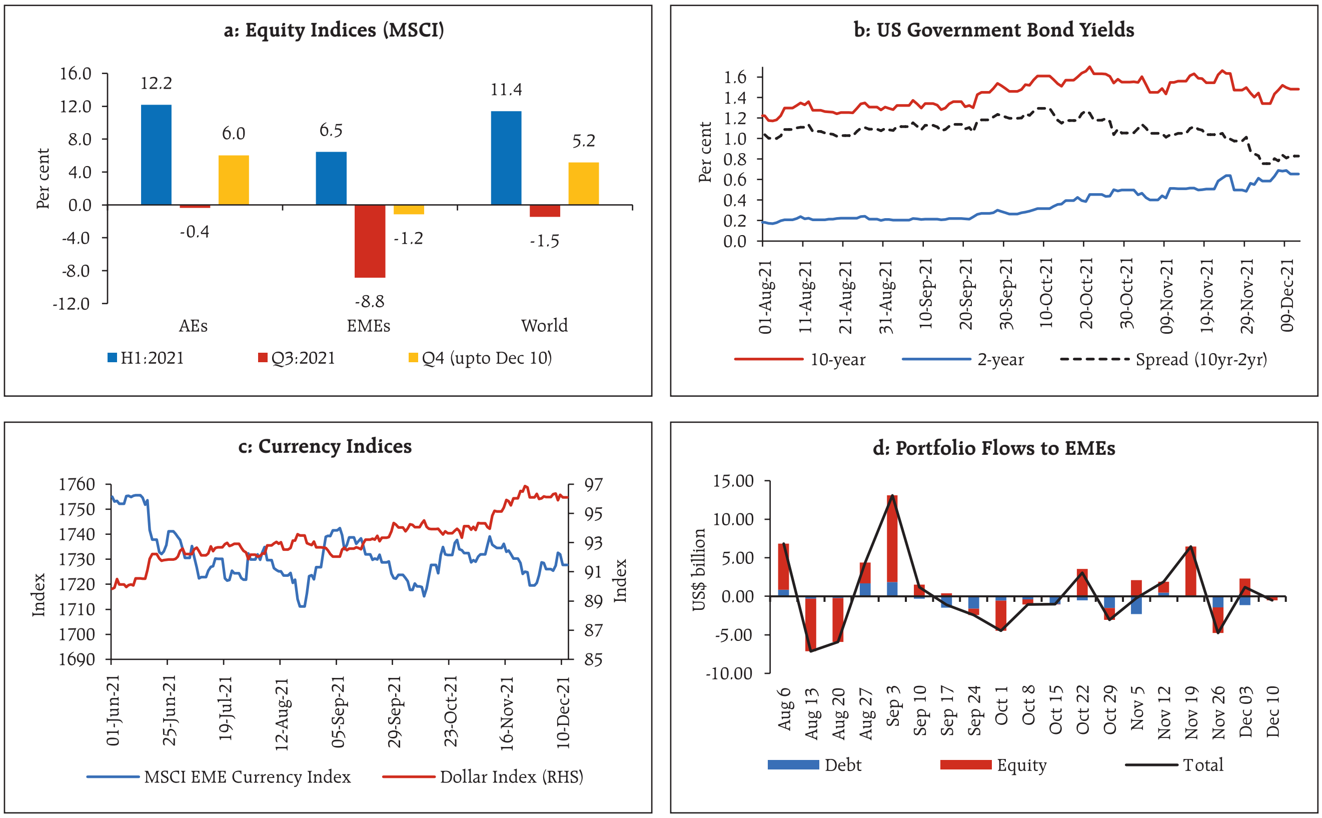


Source: Bloomberg.

amidst a flurry of strong economic data, while the Fed's shift in stance strengthened the rally further (Chart 8c). Concomitantly, most EME currencies depreciated in November, with net portfolio outflows exacerbating the downtrend. However, in December so far retrenchment in outflows led to some reversal (Chart 8d).

Monetary policy actions have diverged, with several economies accelerating their move towards policy normalisation. A few others continued to wait and watch amidst heightened uncertainty. The Fed indicated the possibility of a quicker withdrawal of monetary stimulus. In its November meeting, the Sveriges Riksbank kept its policy rate unchanged but announced the end of its net asset purchase programme by December 31, 2021. The Central Bank of Iceland raised its rate by 50 basis points (bps) in November, its fourth rate hike of 2021, while the Reserve Bank of New Zealand effected its second consecutive rate hike of 25 bps (Chart 9). After a pause in its October meeting, the Bank of Korea, hiked its policy rate by 25 bps as inflation continued to overshoot the target, while the Norges Bank paused in November after its first rate hike in September. The European Central Bank, on the other hand, maintained *status quo*. Most EME central banks have continued with policy tightening in Q4, with South Africa being the recent addition to the group as it raised its rate by 25 bps in November – its first hike in the last three years. Brazil effected its seventh rate hike for the year in December by 150 bps – the second consecutive hike of such scale – taking the total cumulative increase in 2021 to 725 bps. Among other EMEs, Mexico and Peru effected their fourth and fifth rate hikes, respectively, by magnitudes of 25 bps and 50 bps, respectively. A few other major EMEs, including Indonesia and Thailand, maintained *status quo*. Turkey, on the other hand, reduced its rate further in November by 100 bps following a reduction of 200 bps in October and 100 bps in September, thereby taking the total cumulative change for 2021 to (-)200 bps. In its December meeting, the People's Bank of China lowered the reserve requirement for major commercial banks by 50 bps, effective December 15, releasing 1.2 trillion yuan (approximately US$188 billion) of long-term liquidity to support the economy.

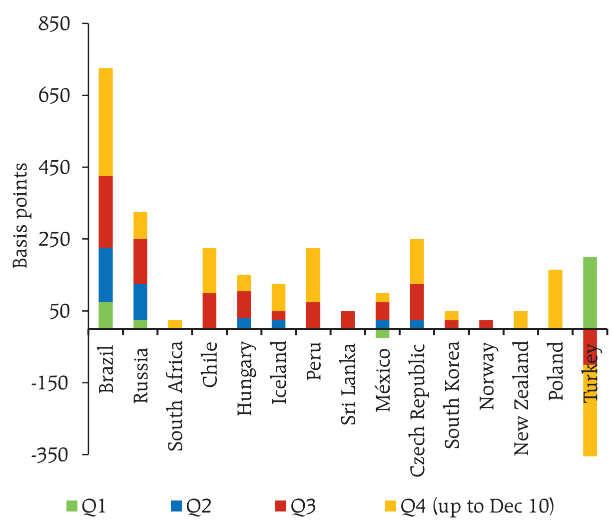
Chart 8: Financial Markets



Sources: Bloomberg; and IIF.

The global economic outlook remains somewhat less sanguine, skewing the risks to the recovery to the downside. With inflation continuing to rule at multi-year highs for most economies, countries' headroom for policy manoeuvre is getting compressed. The implications for overall financial stability are likely to be adverse.

Chart 9: Rate Actions of Central Banks of Select Countries in 2021



Source: Central bank websites.

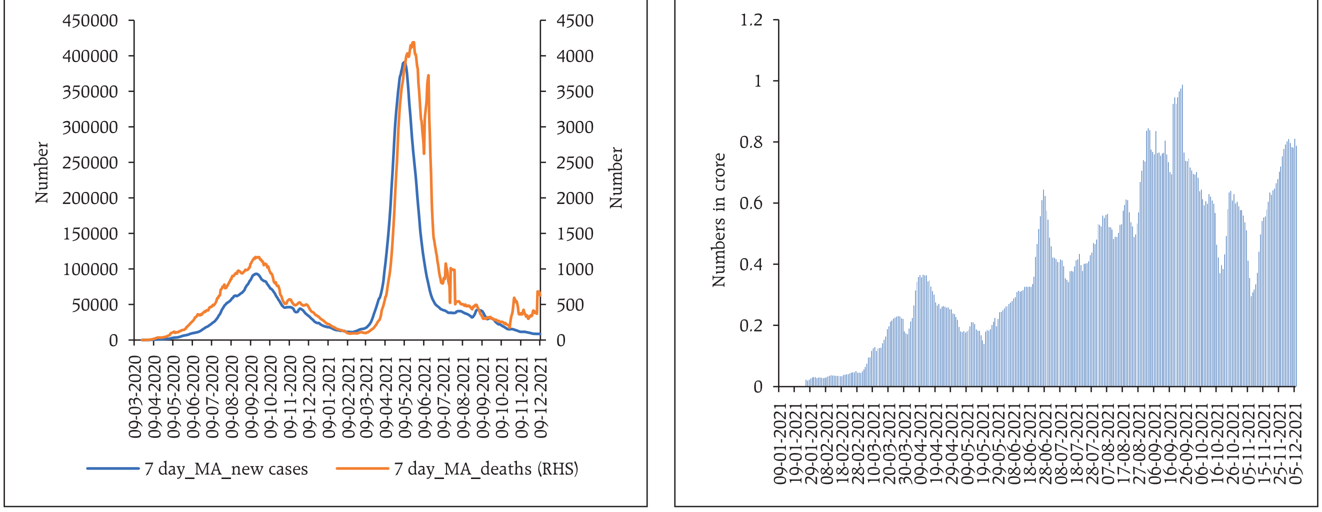
III. Domestic Developments

For the Indian economy, the recovery is spearheaded by an uptick in private investment alongside a turnaround in bank credit offtake and high capex from the government sector (Centre and States). In conjunction, the employment situation has brightened. The outlook remains upbeat, though concerns revolving around the spread of the new Omicron variant are surfacing.

The 7-day moving average of daily Covid-19 cases plummeted below 9000 by the close of November. After a blip during the festive season in the early part

Chart 10: COVID-19 Cases and Vaccinations

Chart 10a: COVID-19 Daily Cases and Deaths 7-Day MA **Chart 10b: 7-day Moving Average of Daily Vaccinations**



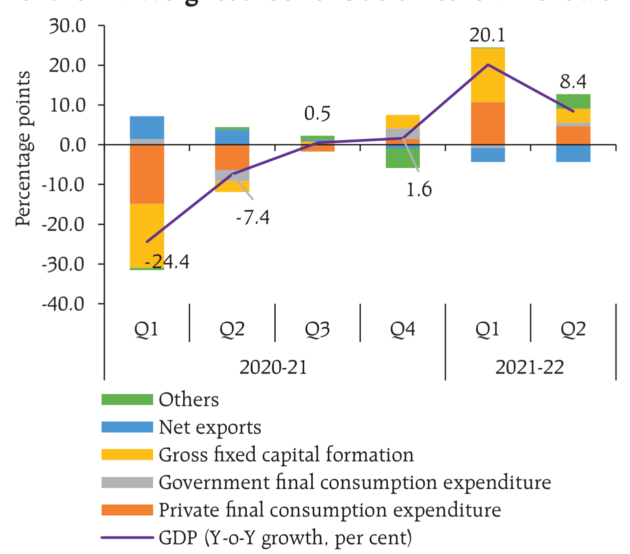
Source: Ministry of Health and Family Welfare (MoH&FW).

of November, the inoculation has gathered pace, with the 7-day moving average of vaccinations touching 80 lakhs per day by end November and crossing the 1-crore mark for the sixth time on December 4, 2021 (Chart 10a and 10b).

As per the National Statistical Office (NSO), November 30, 2021 release, India's real GDP bounced back strongly in Q2:2021-22, hitting a growth of 8.4 per cent over a favourable base and exceeding the Reserve Bank's estimates of 7.9 per cent. The GDP level surpassed that of Q2:2019-20 by 0.3 per cent. The recovery in aggregate demand remained broad-based, and in particular the government final consumption expenditure (GFCE), gross fixed capital formation (GFCF) and exports (Chart 11). Private final consumption expenditure (PFCE) posted an uptick on a y-o-y basis due to a faster resumption of contact-intensive services and restoration of consumer confidence but still remained below 2019-20 levels. India's exports continued to register an impressive recovery, emerging as a key driver of the higher growth trajectory.

Mobility continued to surge, sustaining the festive season spurt, with Google and Apple mobility indices surpassing levels recorded a year ago. The Google mobility index for mobility around parks, grocery and pharmacy, transit stations and workplaces reached

Chart 11: Weighted Contribution to GDP Growth

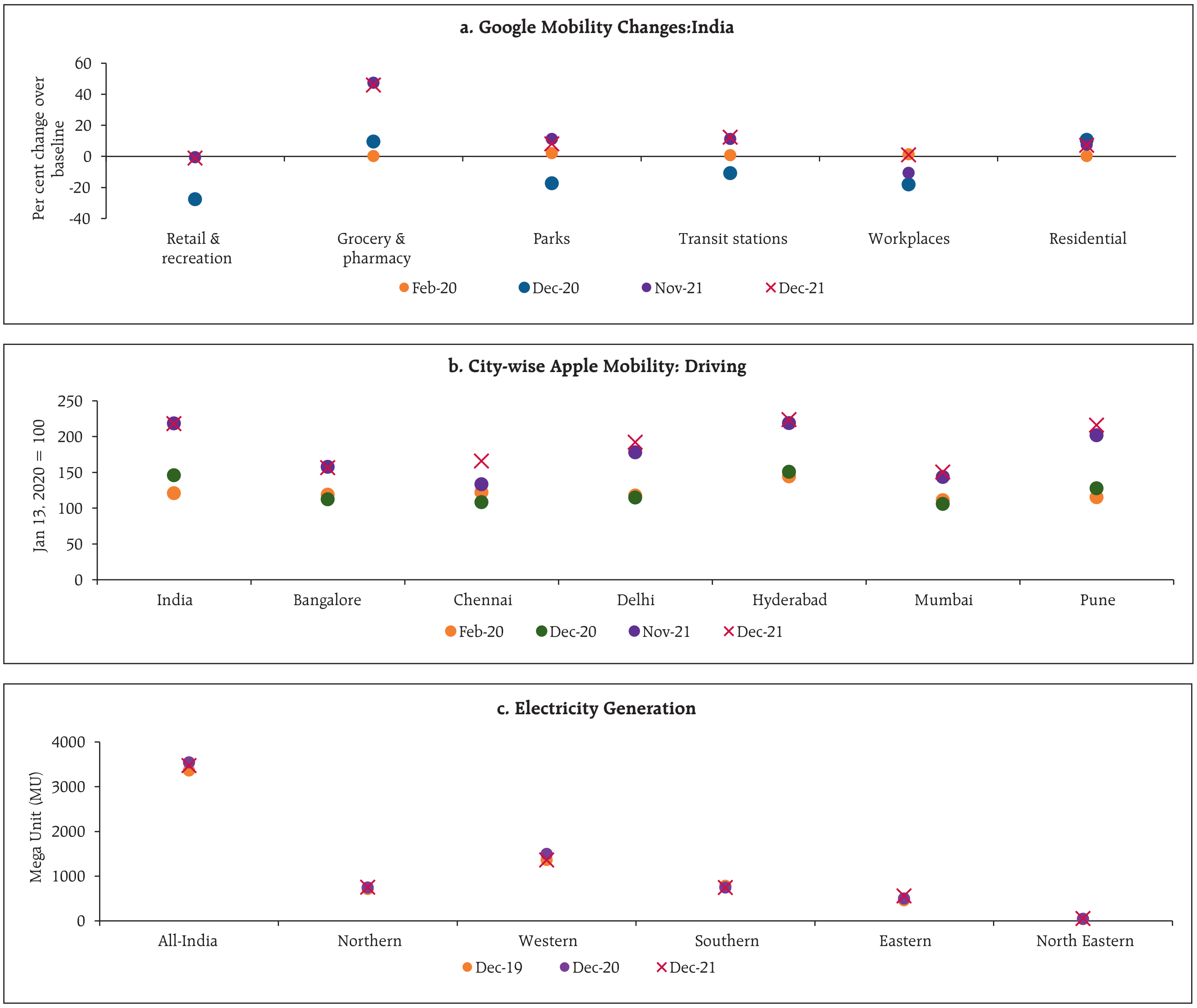


Source: NSO.

pre-pandemic levels, while the Apple mobility index remained elevated across all major cities (Chart 12a and 12b). The weekly Nomura India business resumption index (NIBRI)[3] recorded an uptick of 15.8 per cent during the week ended December 12, 2021 over pre-pandemic levels. Electricity generation picked up in the first week of December, surpassing pre-pandemic levels (Chart 12c).

The National Family Health Survey, 2019-21 (NFHS-5)[4] and the Annual Status of Education[5] (ASER) [Rural] 2021 were released in November 2021. The NFHS shows an increase in the sex ratio of the total

Chart 12: Impact of Second Wave of COVID-19 on Economic Activity



Sources: Google; CEIC; and POSOCO.

3 The NIBRI comprises Google mobility indices, driving mobility from Apple, power demand and the labour force participation rate.

4 The International Institute for Population Sciences, Mumbai was the nodal agency to conduct NFHS-5 using four survey schedules for Household, Woman, Man, and Biomarker which were canvassed in local languages using Computer Assisted Personal Interviewing (CAPI).

5 The ASER is a citizen-led household survey facilitated by Pratham, a Non-Government Organisation and carried out each year by volunteers from partner organisations like colleges, universities, non-profit organisations, and teacher training institutes, among others.

population to more than 1 (*viz.* 1020 women per 1000 men) for the first time since its inception, mainly in rural India. The Total Fertility Rate (TFR) has come down below the replacement level (2.1) to 2.0. Moreover, the survey reveals that the younger population (under-15) has dipped to 26.5 per cent during 2019-21 from 28.6 per cent in 2015-16, corroborating a demographic shift in the country. On the other hand, the ASER 2021 showed a shift in school enrolments from private to the government sector in rural India. Reflecting the transition to virtual modes of education in the pandemic, access to mobile phones among households of enrolled children accelerated from 36.5 per cent in 2018 to 61.8 per cent and 67.6 per cent in 2020 and 2021, respectively.

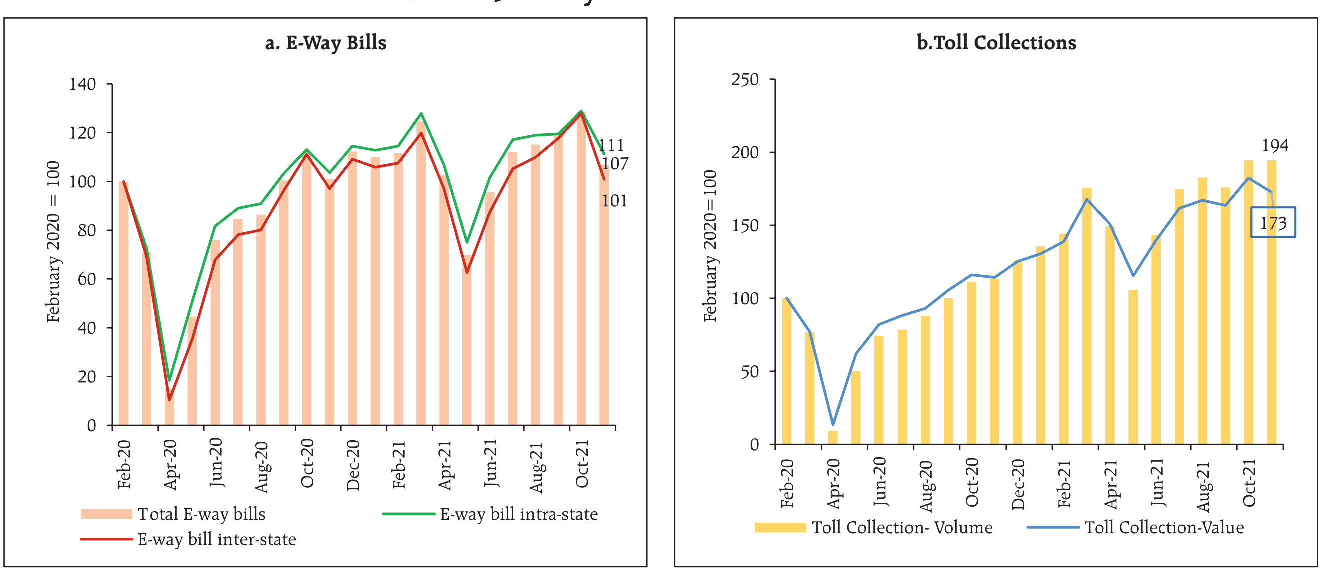
Aggregate Demand

Indicators of aggregate demand point to sustained recovery across spheres, but with signs of sequential moderation. Even as E-way bills generation remained above pre-pandemic levels (Chart 13a), there was some sequential dip in November on account of festive season fatigue in the first half of November. E-way bills generation has picked up again in December (up to December 12) posting sharp m-o-m growth. On the other hand, toll collections remained resilient with 71.5 per cent y-o-y growth in November 2021 (Chart 13b).

The end of the festive season reflected in moderation in growth momentum of petroleum consumption, led by decline in diesel even as petrol consumption remained above pre pandemic levels and aviation turbine fuel recorded a steady pick-up in November 2021 (Chart 14a).

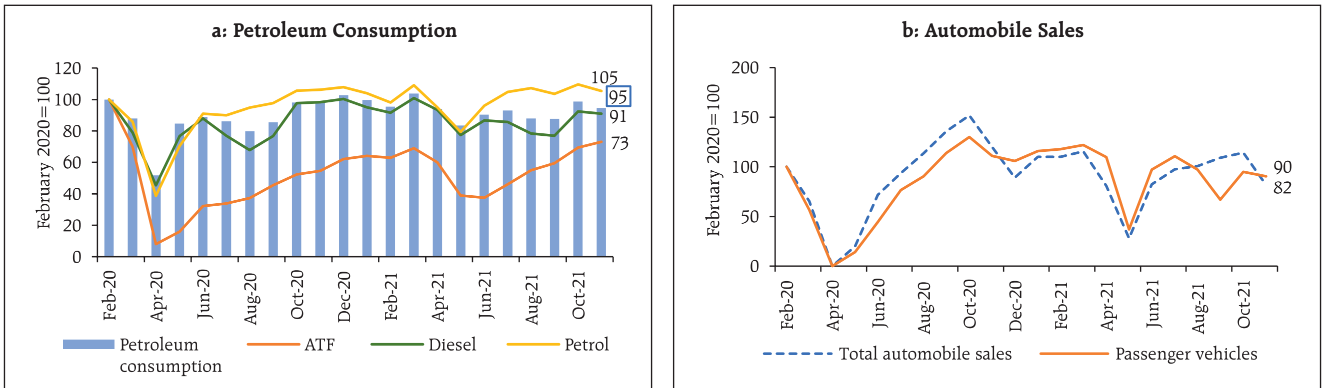
Global supply chain and logistics disruptions continued to weigh heavily on the domestic automobile sector. The supply bottlenecks thwarted festive season sales of motor vehicles. Even so, vehicle registrations picked up led by non-transport vehicles (Chart 14c). Rural demand moderated with domestic sales of tractors registering a contraction by 22.5 per cent y-o-y in November. As per industry leaders, the decline in demand was attributed to a high base effect and delayed harvest of *Kharif* crops owing to late monsoons. Sales of two wheelers, three wheelers and motorcycles declined y-o-y and on a sequential basis, owing to a lackluster rural demand (Chart 14d).

Chart 13: E-way Bills and Toll Collections



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

Chart 14: Transport Sector Indicators



Sources: Petroleum Planning & Analysis Cell; and Authors' own calculations.

Sources: SIAM; and Authors' own calculations.

Sources: Vahan Dashboard; and Authors' own calculations.

Sources: SIAM; and TMA; and Authors' own calculations.

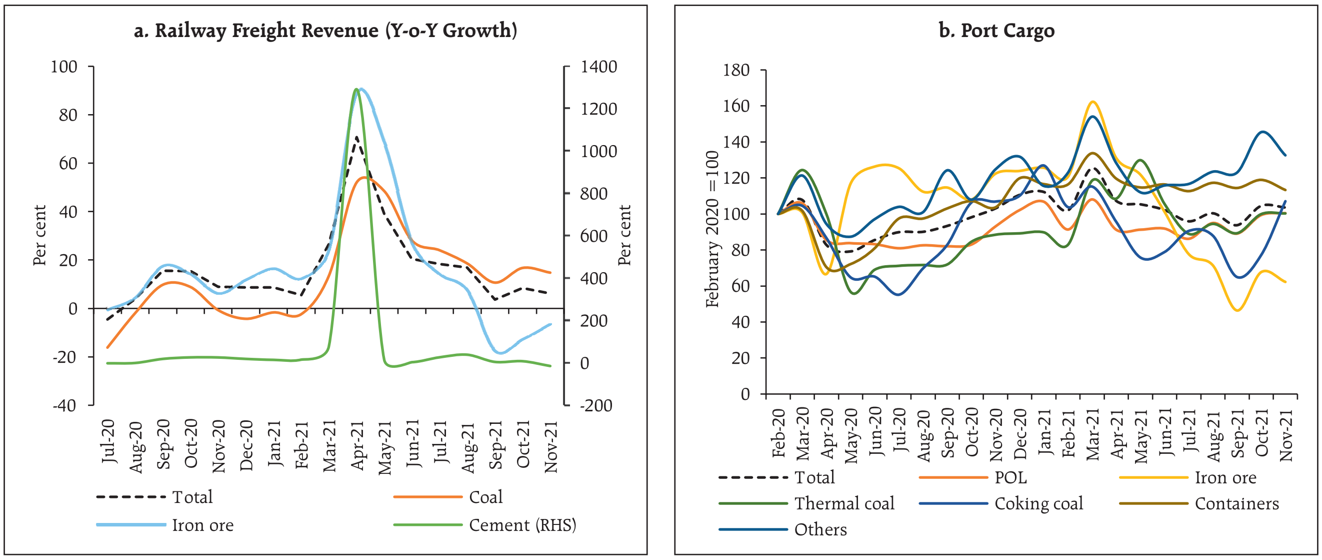
Within two wheelers, the electric segment continued to record a robust performance, increasing by 233.3 per cent y-o-y in November 2021 as online retailers turned to electric two wheelers for logistical operations and last mile deliveries.

Railways freight traffic registered a growth of 6.1 per cent y-o-y over a 9.0 per cent growth a year ago (Chart 15a). As shipping hurdles and container shortages worsened globally, port traffic growth moderated in November (Chart 15b). The moderation was led by a decline in shipment of iron-ore even as coking coal shipments increased. With as many as 101 projects identified under the PM *Gati Shakti Yojana*, port connectivity is expected to receive a boost, with a target of increasing cargo capacity at Indian ports by 37.2 per cent by 2024-25.

Construction sector activity strengthened as cement production hit double digit y-o-y growth in October for the fourth consecutive month. Steel consumption moderated, mainly on account of lower demand from the automobile sector. Both cement production and steel consumption recorded growth over pre-pandemic levels (Chart 16). Demand for cement is likely to remain strong in the upcoming quarters due to the government's push for infrastructure projects. Though the cement industry causes anthropogenic CO_2 emissions, recent developments in green technologies, particularly related to reverse calcination, offer exciting opportunities for India (Box).

In the aviation space, both passenger and cargo traffic have been on the pick-up mode since

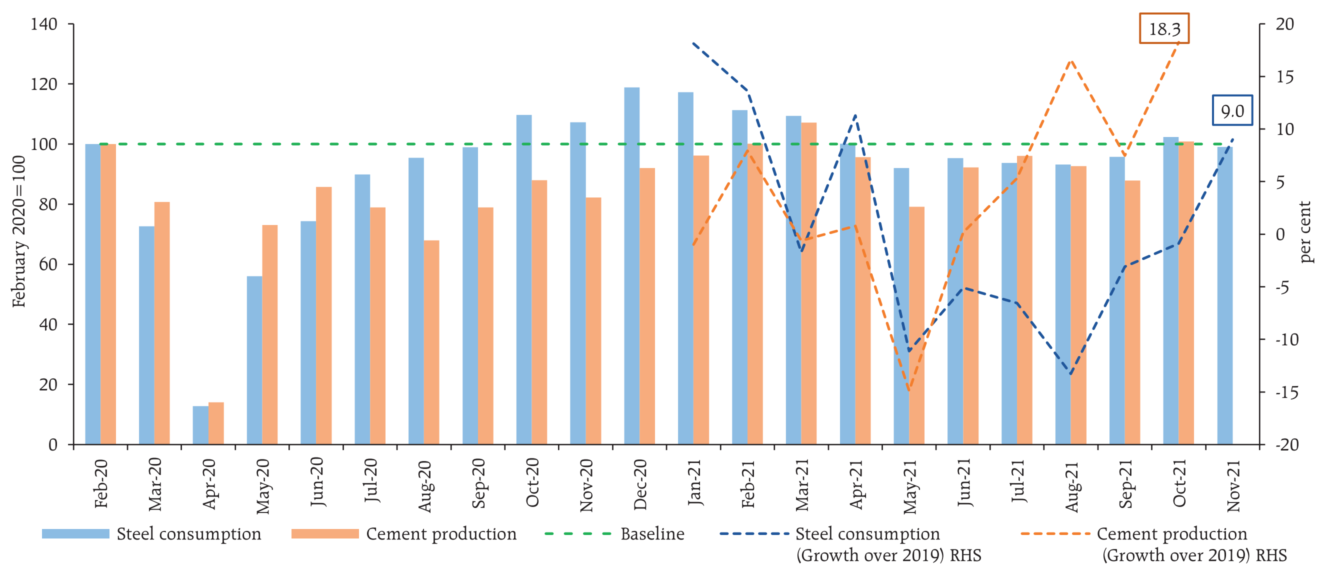
Chart 15: Railway and Port Traffic



Source: Indian Ports Association.

August 2021, with both international and domestic cargo freight normalising in November 2021. Passenger traffic has been gathering steam on the back of festive season travel. However, new travel guidelines coming in the wake of Omicron might derail the nascent growth. In the first ten days of December, daily domestic airport footfalls[6] averaged 7.1 lakh per day – an uptick by 12.1 per cent over the corresponding period in November. International airport footfalls also improved by 24.7 per cent sequentially, while the

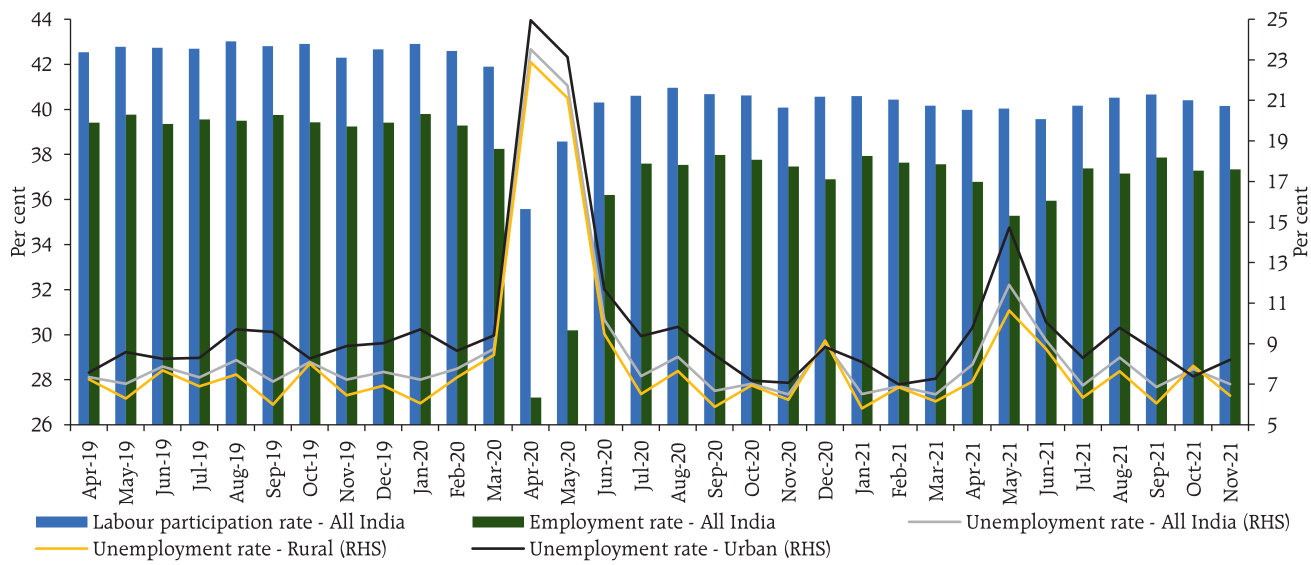
Chart 16: Construction Sector Indicators



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

[6] Includes both departing and arriving passengers.

Chart 17: Employment, Unemployment and Labour Participation Rates



Source: CMIE.

cargo segment recorded growth of 23.3 and 18.3 per cent for domestic and international cargo, respectively.

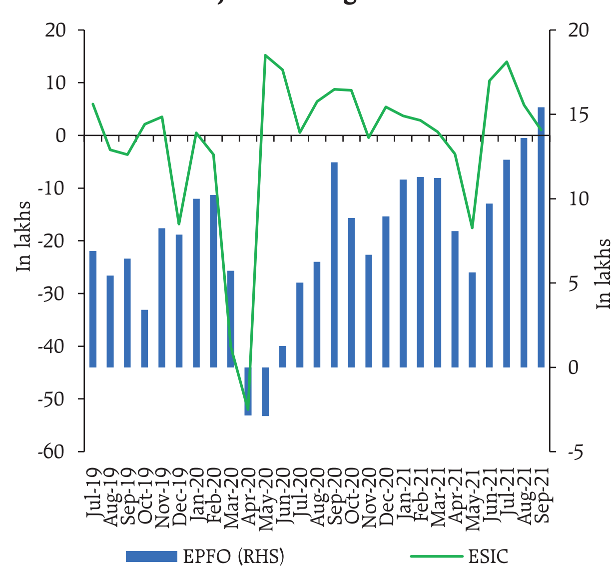
As per the household survey of the Centre for Monitoring Indian Economy (CMIE), the labour participation rate fell marginally from 40.4 in October 2021 to 40.2 in November after touching a 12-month high of 40.66 in September. The unemployment rate fell in November by 80 basis points to 7 per cent. The fall in unemployment rate was led by a 1.5 percentage points fall in rural unemployment (Chart 17).

Organised sector labour market data, as captured by the Employees' Provident Fund Organisation (EPFO) and the Employees' State Insurance Corporation (ESIC), present a mixed picture with net ESIC subscriber additions moderating against a continued increase in net subscribers under the EPFO. As per the latest available data, the number of subscribers exiting their current jobs fell from 6.43 lakh in August 2021 to 3.31 lakh in September 2021. This is similar to what was observed in January-March 2021 when the economy was showing strong recovery (Chart 18).

As per the CMIE's employment statistics, the labour market moved closer to the pre-pandemic level, with the number of workers employed in October-November approaching the levels seen in 2019 (Chart 19).

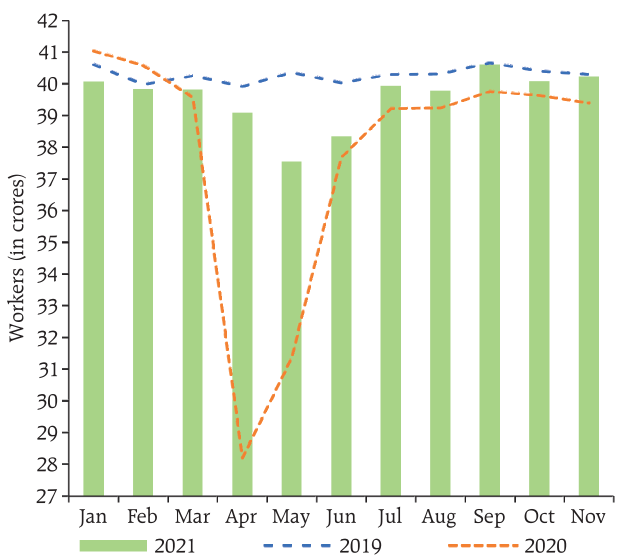
The employment segment of the PMI suggests both manufacturing and services sector jobs expanded marginally in November 2021. While the manufacturing sector employment reverted to

Chart 18: Jobs in Organised Sector



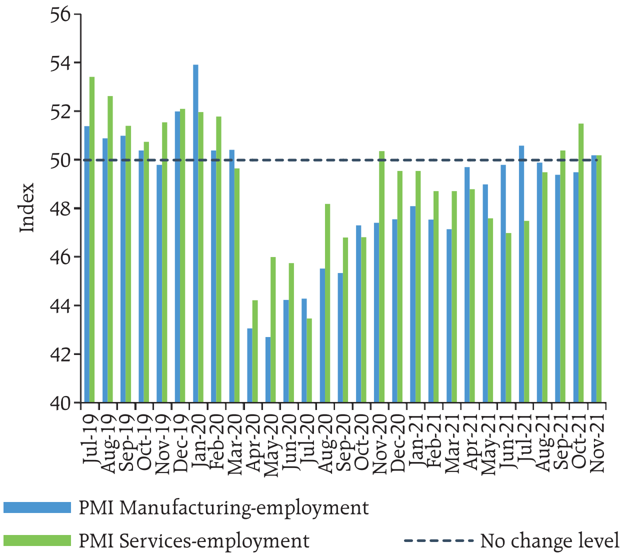
Sources: MoL&E; and CMIE.

Chart 19: Number of Workers in Employment



Source: CMIE.

Chart 20: PMI Employment Indices



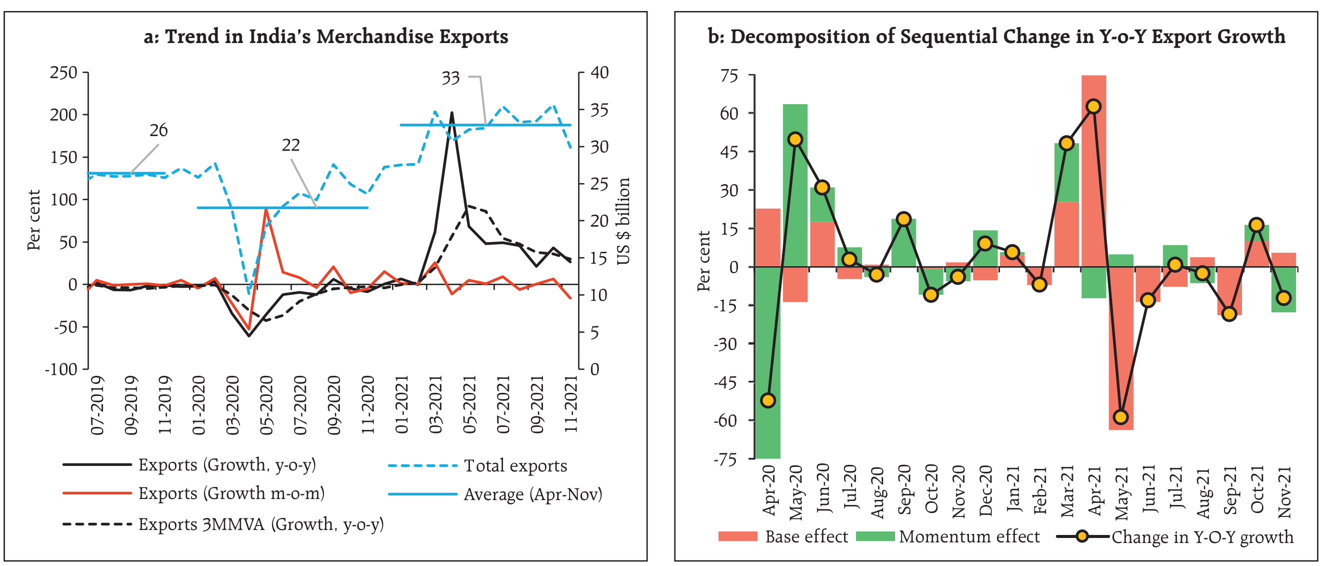
Source: IHS Markit.

expansion after three months, the services sector employment expansion moderated from last month (Chart 20).

External demand for India's merchandise trade remained robust, with exports clocking a growth of 16.6 per cent (US$ 30.0 billion) in November 2021 over pre-pandemic levels. There was, however, a sequential deceleration due to the persisting global supply chain bottlenecks, elevated shipping rates and global shipping container shortages (Chart 21a and 21b).

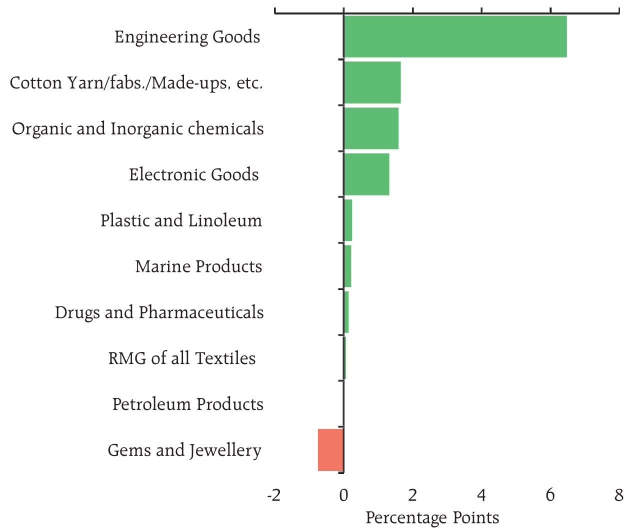
Merchandise export growth stemmed from higher exports of engineering goods, cotton yarn, fabrics, handloom products, chemicals and electronics (Chart 22). Engineering goods exports stayed above

Chart 21: India's Merchandise Exports – November 2021



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

Chart 22: Relative Contribution to Export Growth (November 2021 over November 2019)



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

US$ 8 billion mark for the ninth consecutive month in November 2021, supported by significant investment in power projects for infrastructure development. The Engineering Export Promotion Council (EEPC) expects that enhancing cost competitiveness through lower logistic costs and improved business environment could further boost these exports.

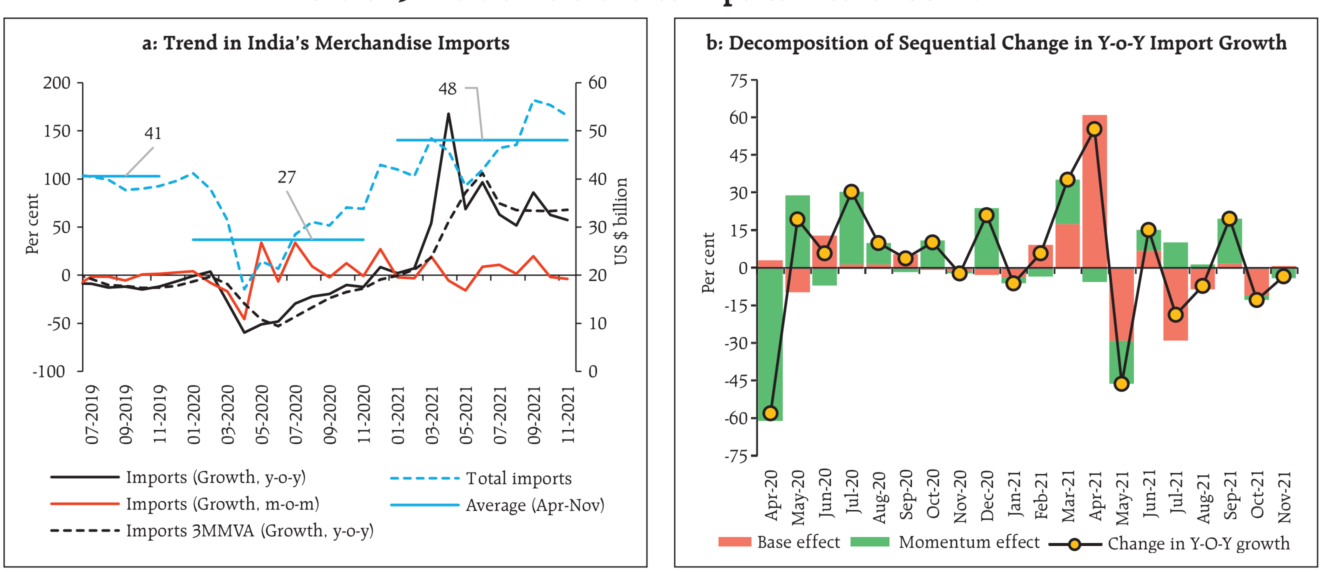
India is also fast emerging as the world's space hub for cost-effective launch of satellites. The space sector may see brightened future growth prospects, with private sector entities readying to produce launch vehicles and promote commercial launch programmes through leveraging on the infrastructure put in place by the Indian Space Research Organisation (ISRO). An active public-private partnership may push up exports of hardware segments like launch vehicles for the space industry.

India's merchandise imports remained above the US$ 50 billion mark for the third consecutive month, reflecting the strong underlying momentum in domestic economic activity (Chart 23a and 23b).

Robust imports were driven by higher demand for petroleum products, coal, electronic products and gold (Chart 24). Moreover, nine out of ten major commodity groups comprising more than 70 per cent of imports recorded an expansion over the pre-pandemic levels, mirroring the broad-based demand uptick.

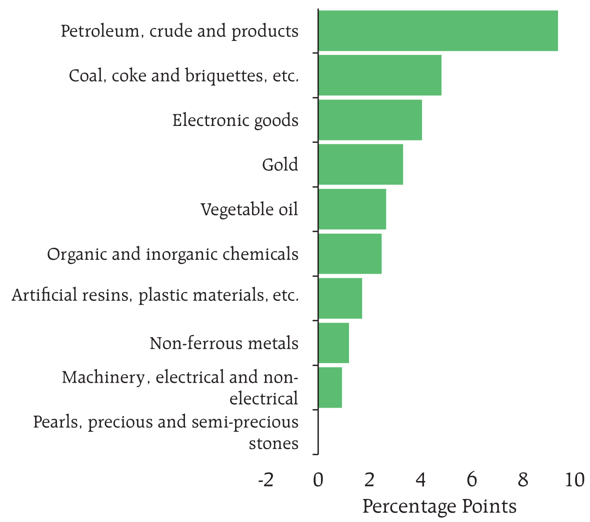
Imports of coal, coke and briquettes more than doubled from pre-pandemic level and gained

Chart 23: India's Merchandise Imports – November 2021



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

Chart 24: Relative Contribution -Imports (November 2021 over November 2019)



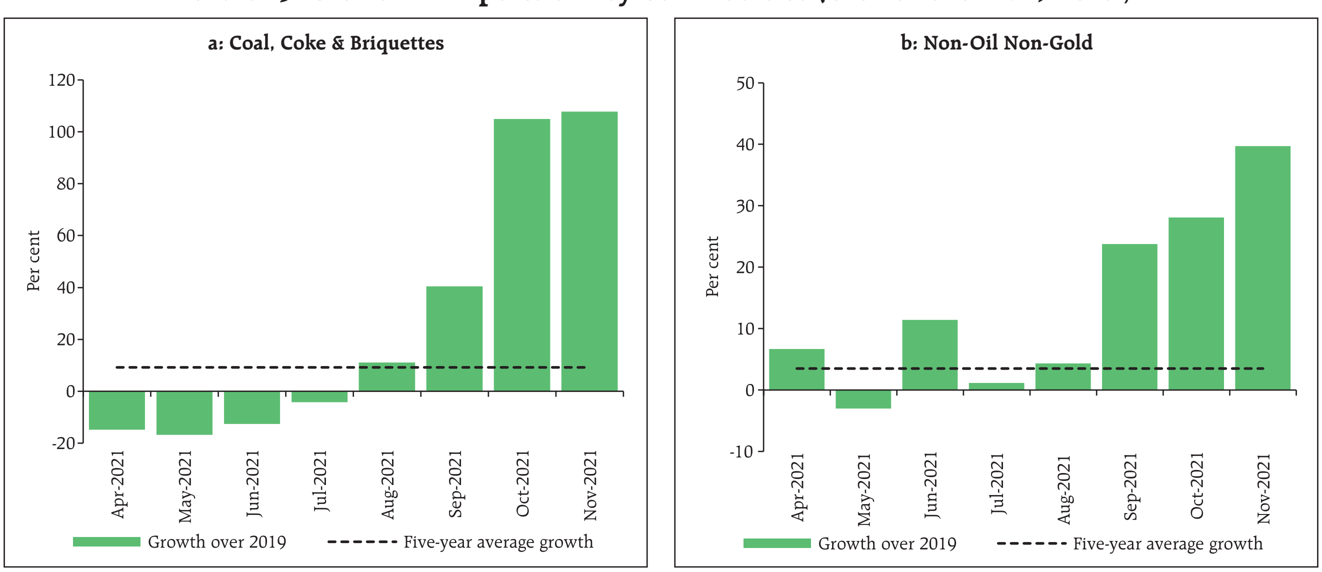
Sources: PIB; DGCI&S; and Authors' own calculations.

strong momentum during November, improving stock positions of thermal power plants (Chart 25a). Overall, non-oil non-gold imports manifested strong growth for the sixth consecutive month in November over pre-pandemic levels (Chart 25b). To reduce dependency on fossil sources like coal, the policy push for electric vehicles through schemes such as Faster Adoption and Manufacturing of Hybrid and Electric vehicles (FAME) would further push demand of rare earth elements (REE). The trade deficit stood at a record high of US$ 22.9 billion during November 2021 on account of the sharper expansion in imports than exports.

The fiscal position of the Union government continued to be bolstered by net tax revenue touching an all-time high of 68.1 per cent of budget estimates (BE) and the gross fiscal deficit recording an all-time low of 36.3 per cent of BE during April-October (Chart 26). On the expenditure front, capital expenditure surged by 28.3 per cent while revenue expenditure expanded by 7.5 per cent over 2020-21. The growth in capital expenditure was spearheaded by the Ministry of Road Transport and Highways, which exhausted 68.2 per cent of its budgeted capital expenditure. As per cent of BE, however, both revenue and capital expenditure during April-October 2021 stayed below the level of preceding years.

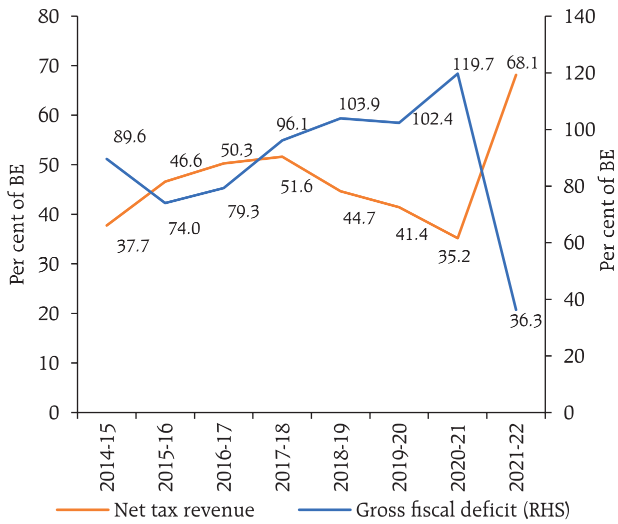
Total GST collections hit a growth of 25.3 per cent y-o-y in November, crossing ₹1.3 lakh crore mark for

Chart 25: Growth in Imports of Key Commodities (Growth over 2019 Level)



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

Chart 26: Fiscal Position of the Union Government during April-October

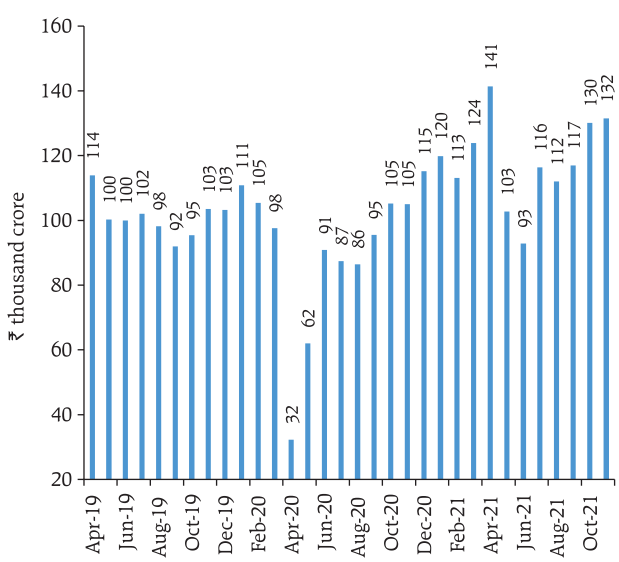


Source: Controller General of Accounts (CGA).

the second consecutive month in a row (Chart 27). GST revenue collection in November was the second highest since the introduction of GST.

On December 3, 2021, the Union government proposed a second Supplementary Demand for Grants (SDG-2) in the Parliament, which involves a net cash outgo of ₹2.99 lakh crore. Of this, ₹2.33 lakh crore is for revenue expenditure and ₹0.66 lakh crore is

Chart 27: GST Collections



Source: Press Information Bureau.

Table 2: Cash Outgo Proposed by SDG (Dec 03, 2021)

(Amount in ₹ crore)

Ministry/ Department	Purpose	Revenue	Capital	Total
Ministry of Chemicals and Fertlizers	Fertiliser Subsidy	58,430		58,430
Department of Food and Public Distribution	Food Subsidy	49,805		49,805
Ministry of Civil Aviation	Equity infusion in Air India *etc.*	2,135	64,685	66,820
Ministry of Finance	Export Incentives/ Remissions	53,123		53,123
Ministry of Housing and Urban Affairs	Pradhan Mantri Awas Yojana – Urban	14,102		14,102
Ministry of Rural Development	Mahatma Gandhi National Rural Employment Guarantee Scheme	22,039		22,039
Others		33,774	1,150	34,924
Total Cash Outgo		**2,33,408**	**65,835**	**2,99,243**

for capital expenditure (Table 2)[7]. The spurt in total expenditure proposed by the first and second SDGs amounts to ₹3.23 lakh crore, which will be partially offset by higher than budgeted tax and non-tax revenues.

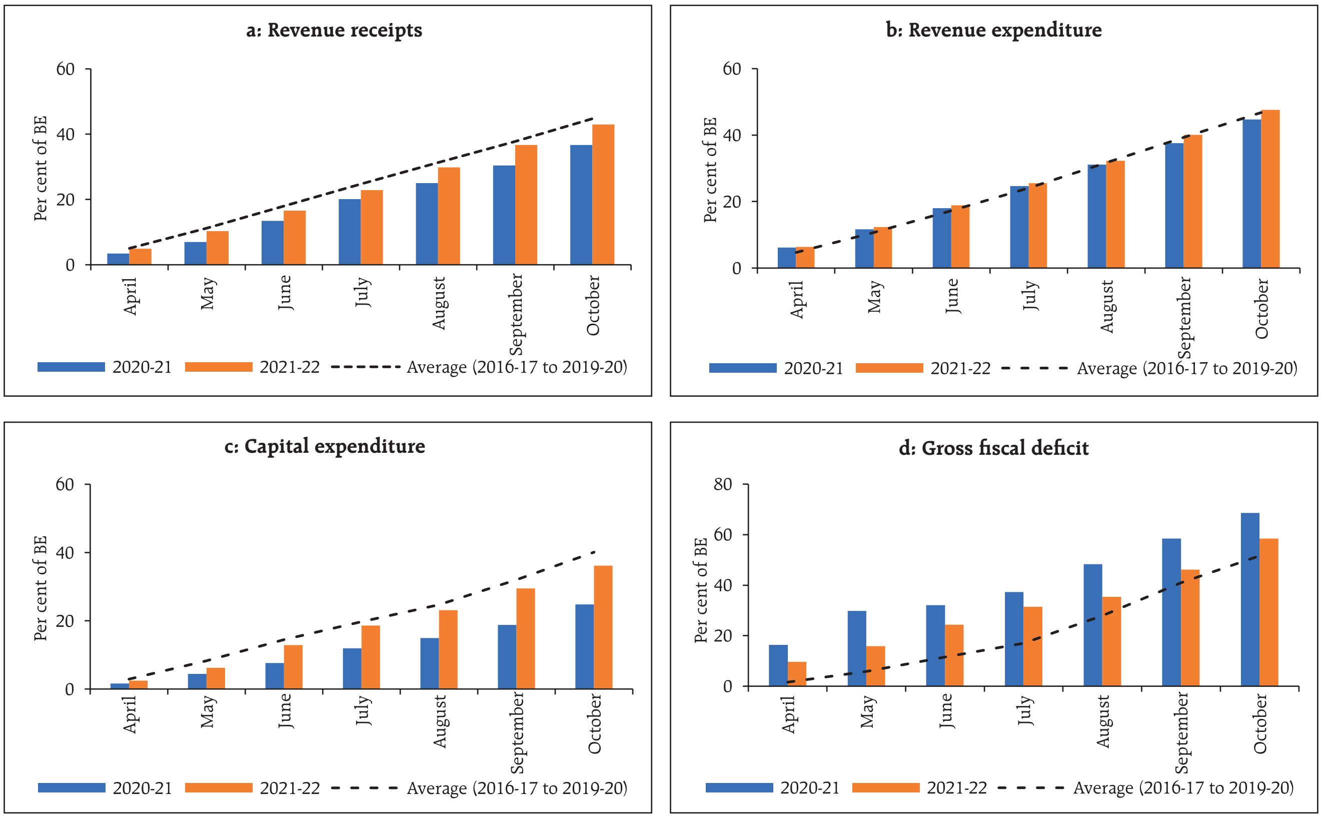
In April-October 2021, both total receipts and total expenditure in 2021-22 as a per cent of budget estimates for states have largely reverted to pre-pandemic levels. Consequently, fiscal pressure has eased somewhat, boding well for expenditure plans for the rest of the year without causing undue fiscal slippage or stress. Furthermore, States' resources in November 2021 got an additional lift of ₹47,541 crores through release of two installments[8] of tax devolution to step up investment, infrastructure, and growth.

Going forward, revenue expenditure (less of interest payments and subsidies) of the general

[7] This is in addition to the first batch of Supplementary Demand for Grants (July 2021), which involved a net cash outgo of ₹23,675 crore.

[8] https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1774224

Chart 28: States Fiscal Position



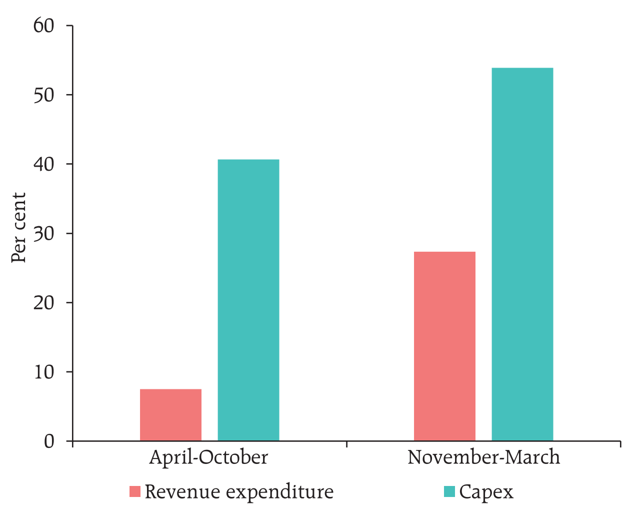
Note: Data pertains to 18 states that account for 68.5 per cent of all states revenue receipts and revenue expenditure in 2021-22BE.
Source: Comptroller and Auditor General of India (CAG).

government (Centre *plus* 18 States) during November-March 2021-22 is expected to grow by 27 per cent, after accounting for expenditure proposals contained in the SDG-2 and assuming States will meet their budgeted targets. Similarly, capital expenditure is expected to grow by 54 per cent during November-March (Chart 29). The higher revenue expenditure growth, a proxy of government final consumption expenditure, is expected to support economic recovery, while robust capex could crowd in private investment and improve medium-term growth prospects.

Aggregate Supply

The farm sector situation remains strong supported adequately by comfortable reservoir positions (Chart 30a). The availability of major fertilisers was higher than the requirement in November (Chart 30b). The progress of *Rabi* sowing is well on track: the area sown so far at 513.3 lakh hectares remains higher by 1.9 per cent than the corresponding period

Chart 29: General Government Expenditure Growth in 2021-22



Source: CGA; CAG; and Authors' own calculations a year ago (Chart 30c). Notably the sowing of rapeseed and mustard, the major Rabi oilseed, has recorded a coverage of 114.3 per cent of full season normal reflecting farmers' improved price expectations. In addition to this, the lower sowing of foodgrains could also have been triggered by the delayed harvesting of standing Kharif crops due to excessive unseasonal rains in many parts of the country. Sowing of all major crop groups barring coarse cereals has recorded increase over the previous year.

Robust sowing activity may be contributing to the reduction in demand for work under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) [Chart 30d].

Paddy procurement for the current Kharif marketing season (KMS) [commencing from October 01, 2021] has progressed smoothly, with purchase of over 34.6 million tonnes up to December 12, 2021 as against 37.3 million tonnes a year ago. About 2.9 million farmers have benefitted from the ongoing KMS procurement operations with an outflow of ₹67,825 crores under the minimum support price (MSP) scheme. Buffer stocks of rice and wheat stood well above the quarterly norms (4.4 and 1.8 times, respectively) by end-November.

In the industrial sector, the headline manufacturing PMI improved to 57.6 in November from 55.9 a month ago, pointing to the strongest revival in overall operating conditions since February 2021. Improvement in output and new orders drove firms to scale up production and deploy more inputs. PMI services remained in expansion at 58.1 propelled by increase in new orders. The

Chart 30: Rural Economy

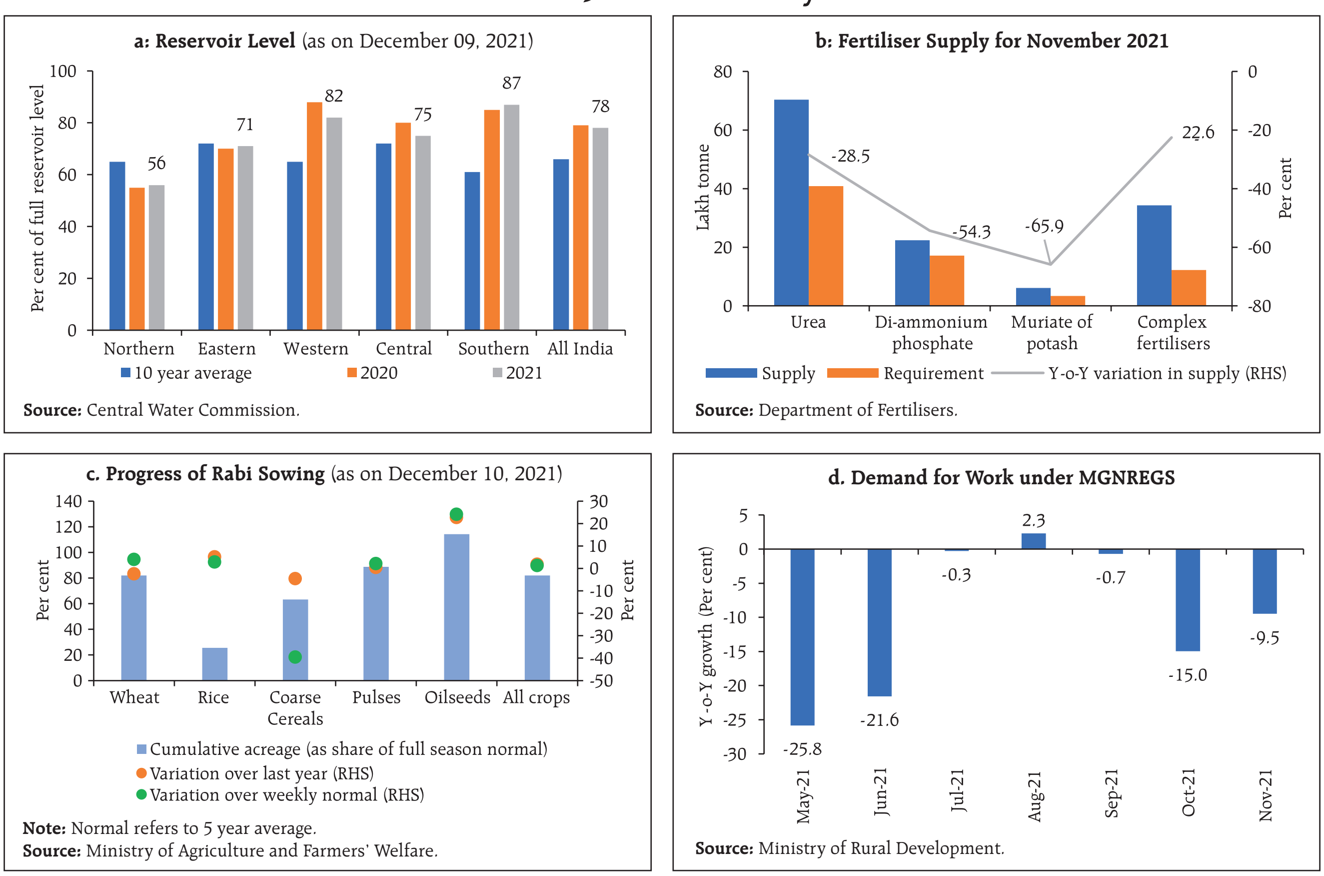
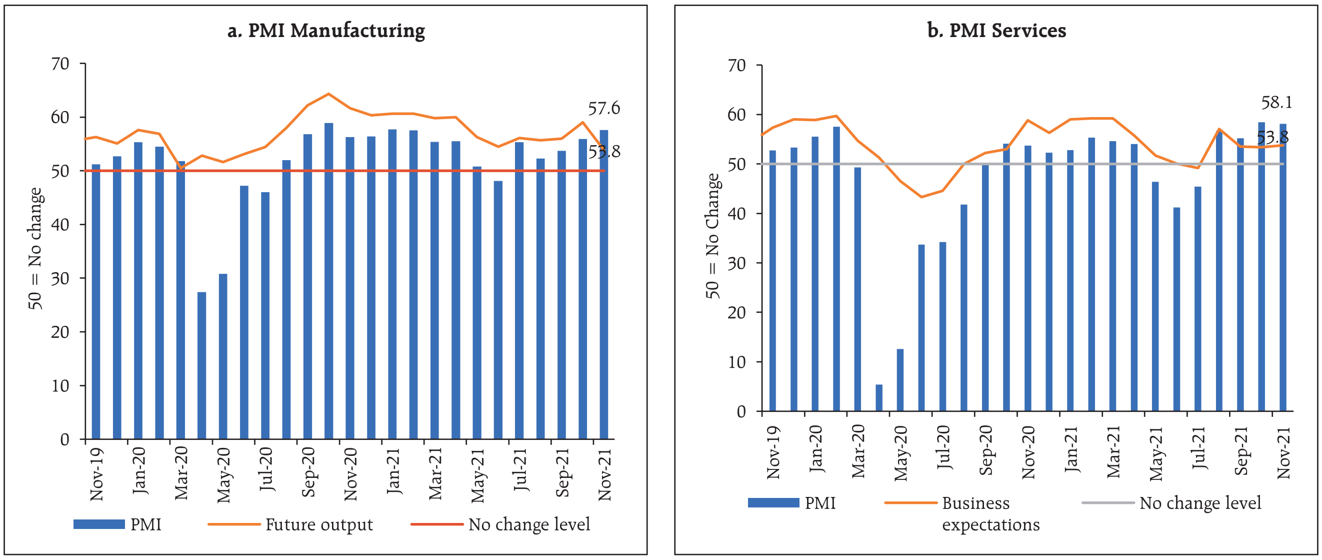


Chart 31: Purchasing Managers' Index



Source: IHS Markit.

business expectations index (BEI) for services continued to expand for the fourth successive month in November (Chart 31).

The services sector exhibited strong growth as mirrored by improvement in trade, hotels, transport communication and GST e-way bills (Table 3).

Table 3: High Frequency Indicators- Services

	High Frequency Indicators- Services Growth (y-o-y, per cent)						Growth over 2019				
Sector	**Indicator**	**Jul-21**	**Aug-21**	**Sep-21**	**Oct-21**	**Nov-21**	**Jul 21/ Jul 19**	**Aug 21/ Aug 19**	**Sep 21/ Sep 19**	**Oct 21/ Oct 20**	**Nov 21/ Nov 19**
Urban Demand	Passenger Vehicles Sales	44.7	7.6	-41.2	-27.1	-18.6	39.1	22.8	-25.6	-16.7	-14.8
Rural Demand	Two Wheelers Sales	-2.1	-14.6	-17.4	-24.9	-34.4	-17.1	-12.1	-7.7	-12.3	-25.5
	Three Wheelers Sales	40.5	59.7	53.8	19.1	-6.6	-67.9	-60.5	-56.0	-52.6	-59.7
	Tractor Sales	3.3	-17.0	-14.8	0.4	-22.5	43.1	45.0	9.3	8.2	17.2
Trade, hotels, transport, communication	Commercial Vehicles Sales	24.5					0.6				
	Railway Freight Traffic	18.4	16.9	3.6	8.4	6.1	13.0	21.5	19.7	25.1	15.6
	Port Cargo Traffic	6.7	11.5	0.5	6.3	-0.2	-7.2	-0.1	-1.4	5.3	2.7
	International Air Cargo Traffic	41.3	35.7	10.1	6.7		-17.2	-13.1	-11.8	-10.0	
	Domestic Air Passenger Traffic	31.5	25.8	18.1	23.8		-8.0	-5.5	2.0	8.4	
	International Air Passenger Traffic	140.7	132.6	76.5	68.7		-58.1	-43.8	-38.4	-27.0	
	GST E-way Bills (Total)	45.9	119.2	155.9	162.9		-86.1	-77.5	-68.9	-61.0	
	GST E-way Bills (Intra State)	32.7	33.3	18.3	14.5	5.9	23.0	28.6	29.6	39.0	14.5
	GST E-way Bills (Inter State)	31.6	30.8	15.6	14.1	7.3	26.5	32.7	33.0	40.7	17.6
	Tourist Arrivals	34.4	37.2	22.3	15.1	3.9	17.9	22.9	25.0	36.7	10.1
Construction	Steel Consumption	4.2	-2.2	-3.2	-6.8	-8.0	-6.6	-13.3	-3.1	-0.9	9.0
	Cement Production	21.7	36.4	11.3	14.6		5.3	16.6	7.5	18.3	
PMI Index	Manufacturing	55.3	52.3	53.7	55.9	57.6					
	Services	45.4	56.7	55.2	58.4	58.1					

Sources: CMIE; CEIC data; IHS Markit; SIAM; Airports Authority of India and Joint Plant Committee.

Inflation

As per the data released by the NSO on December 13, 2021, headline CPI inflation for the month of November 2021 was 4.9 per cent (y-o-y) registering an increase of 43 bps from 4.5 per cent in the month of October (Chart 32a). Price momentum (month-on-month change in prices in the current month) of around 70 bps was partially offset by favourable base effects of around 30 bps.

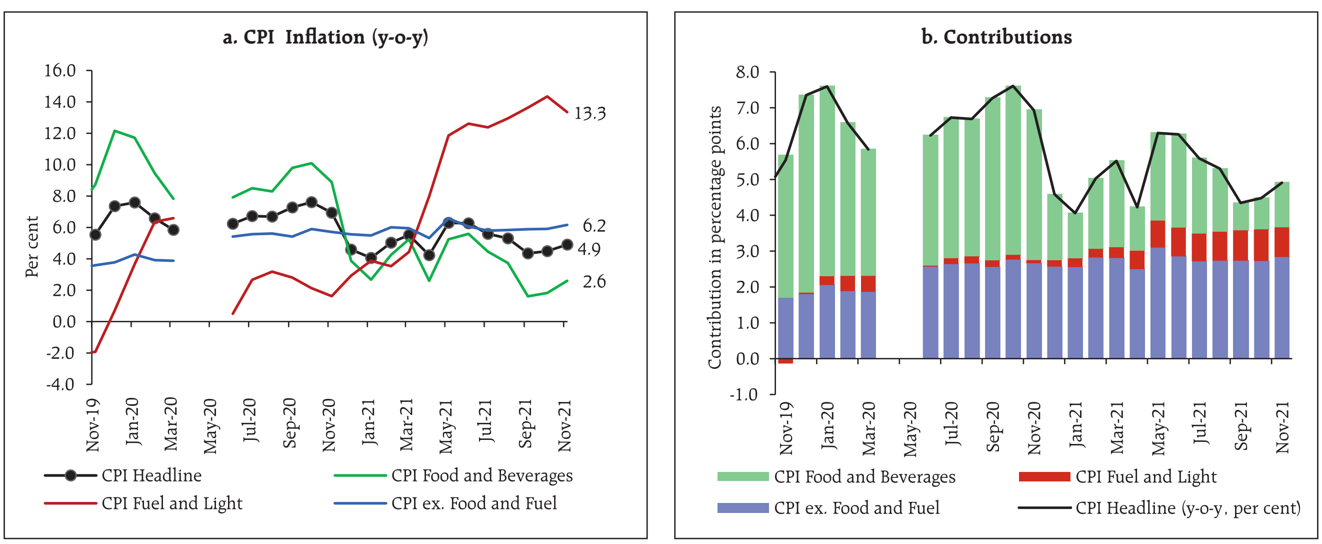
Among constituents, food and beverages inflation increased to 2.6 per cent in November from 1.8 per cent in October, driven primarily by the continuing elevation in vegetables prices. Cereals, milk, fruits and sugar and confectionery also contributed to the increase in food inflation. On the other hand, inflation in respect of edible-oils, meat and fish, pulses, non-alcoholic beverages, prepared meals and spices registered a softening. CPI food (with a weight of 45.86 per cent in the CPI basket) contributed 25 per cent of headline inflation in November (Chart 32b).

Fuel inflation moderated from the all-time high of 14.3 per cent (in the 2012=100 base year series) in October to 13.3 per cent in November (Chart 32a), primarily on account of electricity prices sinking into deflation even as LPG and kerosene prices remained at highly elevated levels. CPI fuel (weight of 6.84 per cent in the CPI basket) contributed 17 per cent of headline inflation in November (Chart 32b).

CPI inflation excluding food and fuel[9] or core inflation edged up to 6.2 per cent in November from 5.9 per cent in October (Chart 32a) on the back of a pick-up in inflation in clothing and footwear, household goods and services, recreation and amusement, housing, and personal care and effects sub-groups. Inflation in transport and communication and health sub-groups remained elevated.

High frequency food price data from the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs) for December so far (December 1-13, 2021) point to some softening of price pressures. Cereal price momentum appears to be

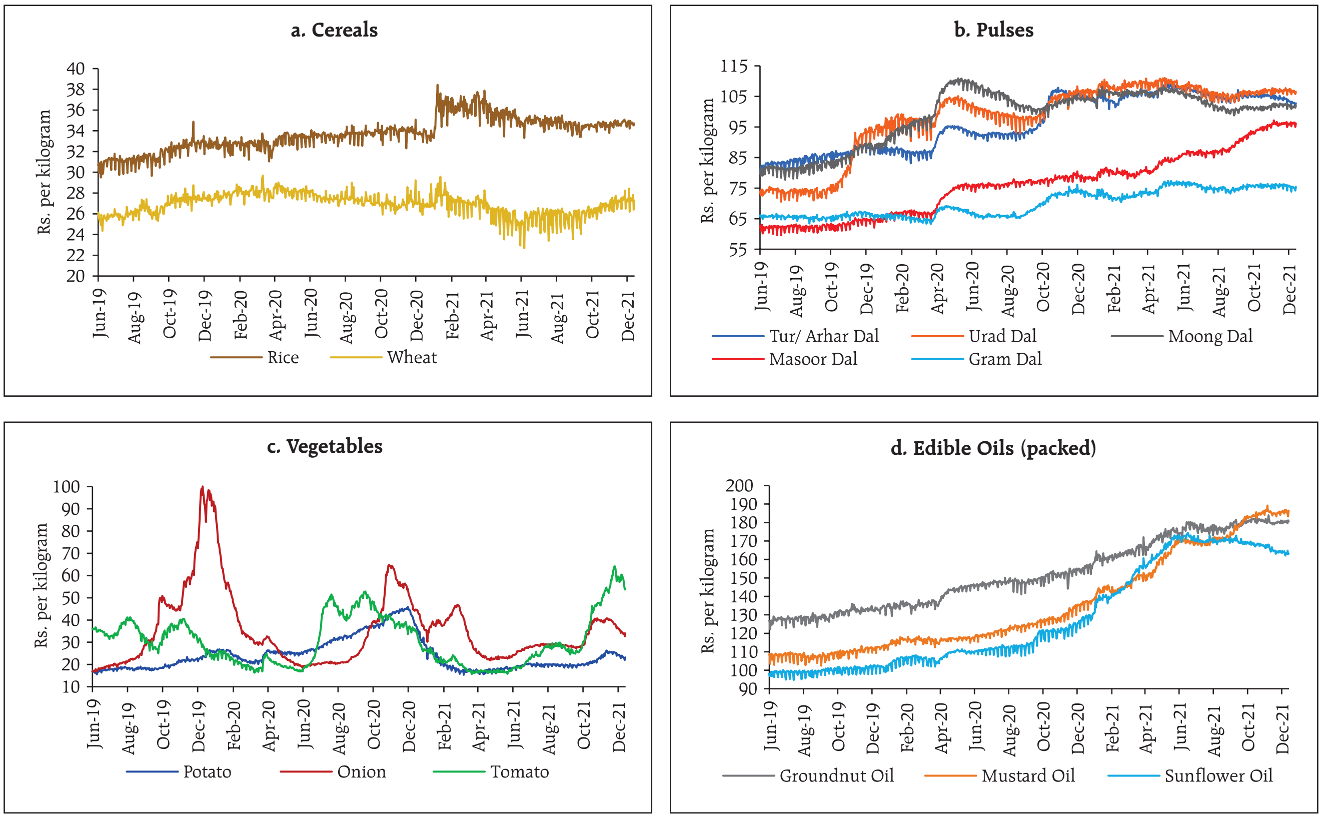
Chart 32: CPI Inflation



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.

[9] CPI excluding food and fuel is worked out by eliminating the groups 'food and beverages' and 'fuel and light' from the headline CPI

Chart 33: DCA Essential Commodity Prices



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

decelerating. Pulses prices have also registered some softening. Under edible oils, prices of groundnut oil and mustard oil remained steady, and sunflower oil prices declined further. Among key vegetables, in December so far, tomatoes, onions and potatoes have registered price declines from end-November levels (Chart 33).

In the first half of December, retail selling prices of petrol and diesel in the four major metros remained largely unchanged, barring for the reduction of ₹8.56 per liter in petrol pump prices in Delhi on December 2, 2021 due to a cut in the VAT rate. LPG prices have remained steady since October 2021 while kerosene prices registered a decline in the first half of December (Table 4).

Input costs pressures, as reflected in the PMIs, persisted in November across manufacturing and services. Selling price increases remained muted in manufacturing, while services sector registered price increases higher than the long-run average.

Table 4: Petroleum Product Prices

Item	Unit	Domestic Prices			Month-over-month (per cent)	
		Dec-20	Nov-21	Dec-21^	Nov-21	Dec-21
Petrol	₹/litre	86.27	105.57	103.03	-0.7	-2.4
Diesel	₹/litre	77.59	91.69	90.51	-6.4	-1.3
Kerosene (subsidised)	₹/litre	23.21	39.51	38.68	14.3	-2.1
LPG (non-subsidised)	₹/cylinder	704.63*	910.13	910.13	0.0	0.0

*: As on December 15, 2020. ^: For the period December 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.

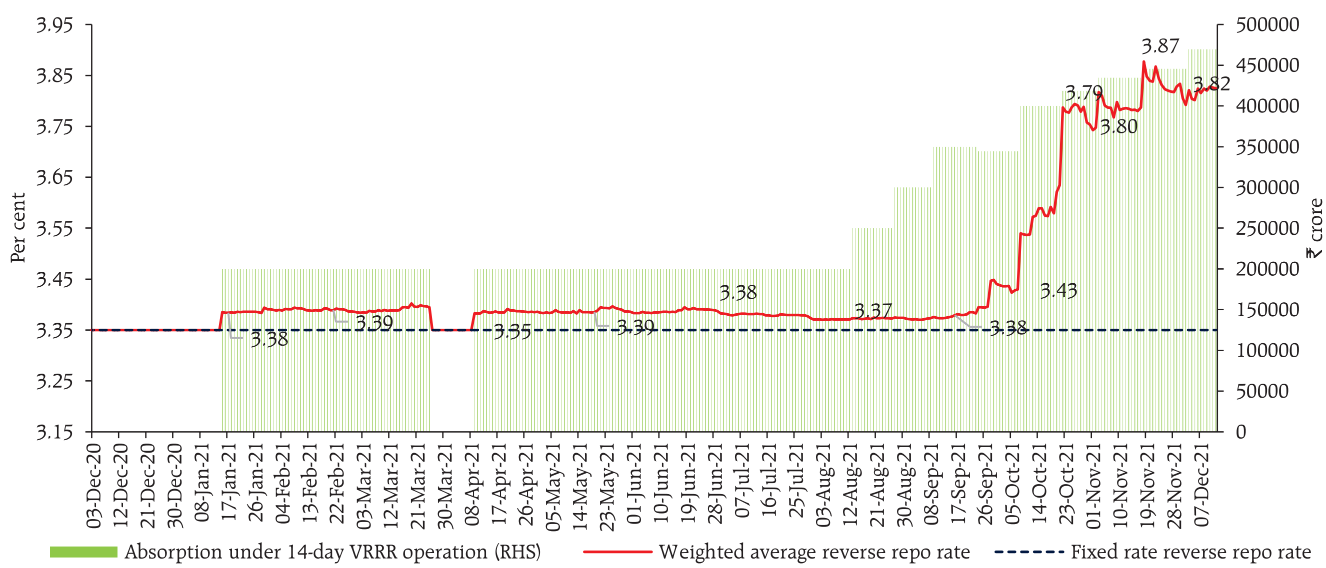
IV. Financial Conditions

The Reserve Bank announced various liquidity related measures in the monetary policy statement of December 8, 2021. The amount absorbed under the 14-day variable rate reverse repo (VRRR) auctions stands enhanced to ₹6.5 lakh crore on December 17; and further to ₹7.5 lakh crore on December 31. From January 2022 onwards, liquidity absorption would be undertaken mainly through the auction route. With this rebalancing of liquidity surplus from the fixed rate overnight reverse repo window to the VRRR auctions, it is sought to re-establish the 14-day VRRR auction as the main liquidity management instrument. As a step towards rebalancing the liquidity surplus, it has now been decided to provide one more option to banks to prepay the outstanding amount of funds availed under the Targeted Long-Term Repo Operations (TLTRO 1.0 and 2.0) announced on March 27 and April 17, 2020. Moreover, given that banks took limited recourse to the marginal standing facility (MSF) window in the post-pandemic period due to surplus liquidity conditions, the normal dispensation of allowing banks to dip up to 2 per cent of their net demand and time liabilities (NDTL) has been reinstated (instead of 3 per cent) for overnight borrowing under the MSF from January 1, 2022.

Overall financial conditions stayed buoyant as the system remained inundated with liquidity. The average daily absorption under the liquidity adjustment facility (LAF) increased from ₹8.5 lakh crore in the second half of November to ₹9.5 lakh crore during December 2021 so far (up to December 13). Of this, the amount absorbed under the fixed rate reverse repo dipped, averaging ₹2.0 lakh crore. Cut off rates under the auctions have reached 3.99 per cent, taking the weighted average rate of total absorption under the LAF to 3.82 per cent (Chart 34).

Rates in the overnight money market segment – the weighted average call rate (WACR), the tri-party repo rate and the market repo rate – gravitated towards the lower bound of the corridor, following a brief period of hardening. Tri-party repo dominated

Chart 34: VRRR Auctions and Weighted Average Reverse Repo rate



Source: RBI and staff calculations.

the activity in the overnight segment, accounting for nearly 75 per cent of overall money market volumes in November.

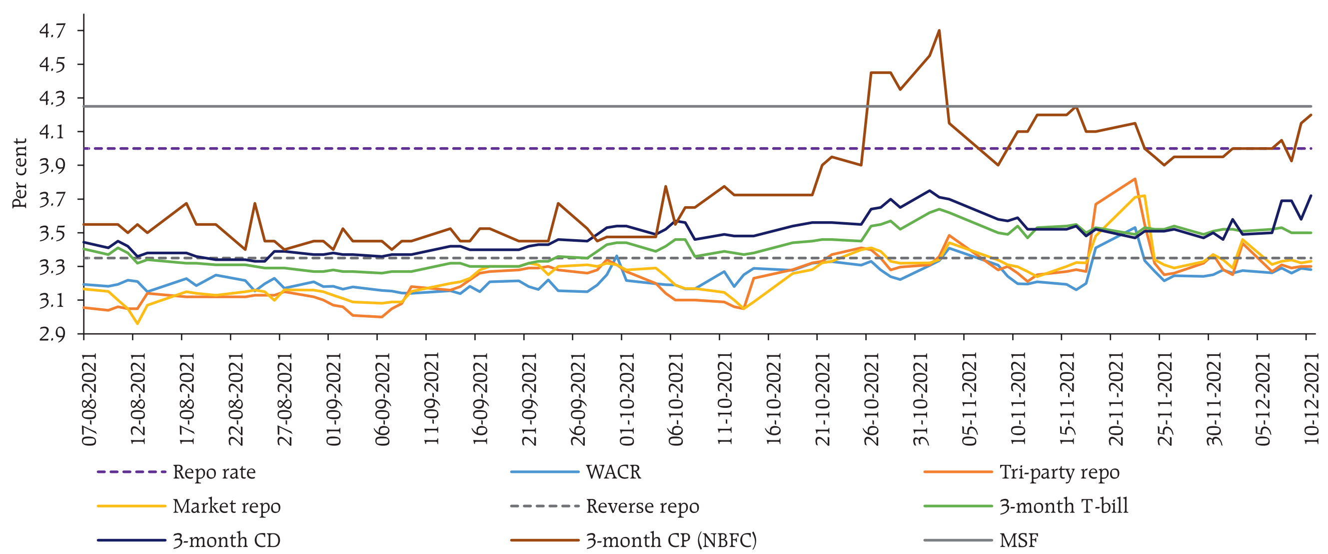
In the term segment, *viz.*, 3-month T-bill, certificates of deposit (CDs) and commercial paper - NBFCs (CP-NBFCs), rates continued to hover higher reflecting repriced monetary policy expectations at the short end of the curve since the October policy, reinforced by hawkish Fed policy minutes. Their respective spreads over the reverse repo rate were 16 bps, 19 bps and 69 bps, respectively, during the latter part of November and up to early December (Chart 35). Primary issuances in the CP market remained buoyant at ₹2.9 lakh crore in November as compared to ₹1.1 lakh crore in October 2021.

Overnight indexed swap (OIS) rates registered a broad-based decline across the curve on November 26 as risk-off sentiment gripped markets following reports over emergence of the Omicron variant. The decline was led by the 5-year OIS rate, which closed at 5.38 per cent, while the 1-year OIS rate closed at 4.29 per cent on November 26, 2021. The decline generally continued thereafter with marginal hardening for 3 months and 6 months rates (Chart 36).

At the short end of the curve, G-sec yields exhibited a hardening bias while yields for longer maturities generally declined (Chart 37a), flattening the yield curve. The 10-year G-sec yield closed at 6.39 per cent on December 7, hardening from 6.37 per cent earlier. Mirroring G-sec yields, corporate bond yields too hardened for short tenors – yields on AAA rated 1-year and 3-year bonds increased by 15 bps and 26 bps, respectively, during the second half of November 2021 and early December (Chart 37b).

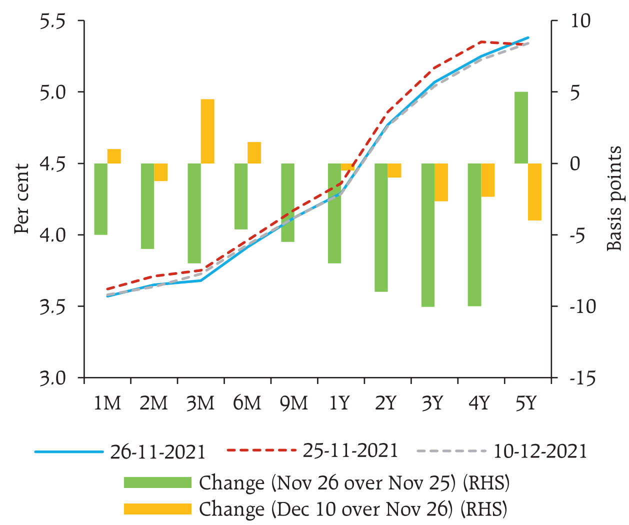
The overall monetary and credit conditions stayed in sync with the normalising macroeconomic conditions. Reserve money (RM) excluding the first-round impact of the cash reserve ratio (CRR) restoration expanded by 7.9 per cent (y-o-y) as on December 3, 2021 (19.3 per cent a year ago), with currency in circulation – its largest component – growing at a similar pace (21.9 per cent a year ago) and implying

Chart 35: Policy Corridor and Money Market Rates



Sources: Bloomberg; and RBI.

Chart 36: Movement in OIS Rates

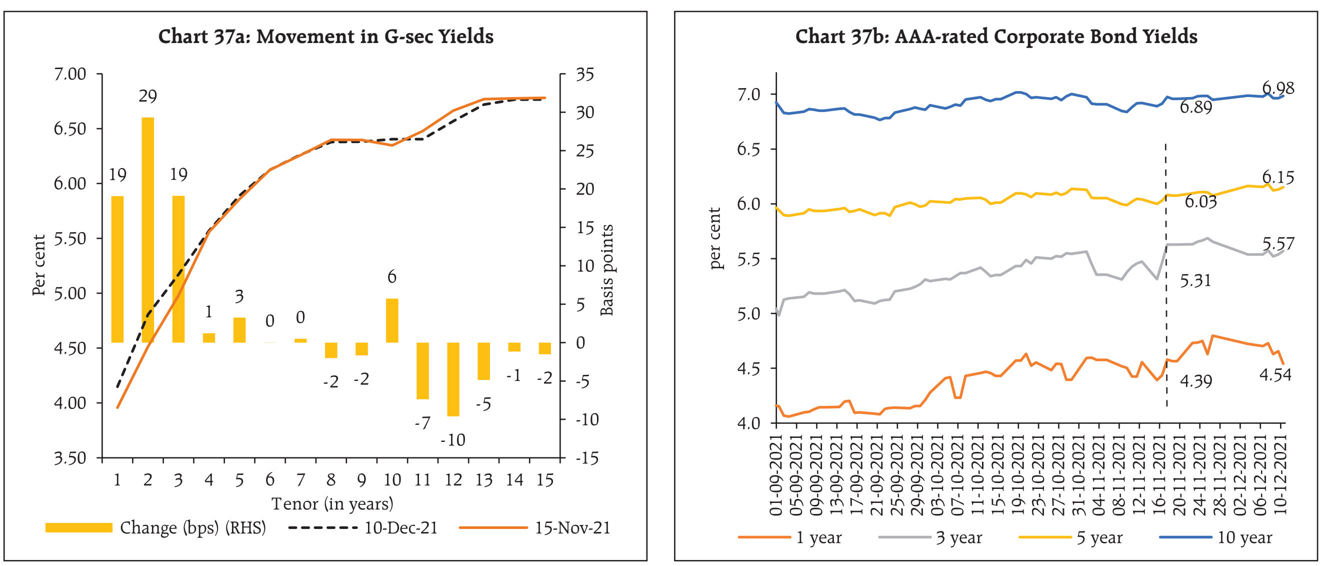


Source: Bloomberg.

a substantial decline in propensity to hold cash (Chart 38). On the other hand, money supply (M3) grew at 9.5 per cent as on November 19, 2021 (12.5 per cent a year ago) on the back of robust deposit growth of 9.8 per cent. The growth in scheduled commercial banks' (SCBs') credit to the commercial sector accelerated to 7.0 per cent on November 19, 2021 (5.8 per cent a year ago).

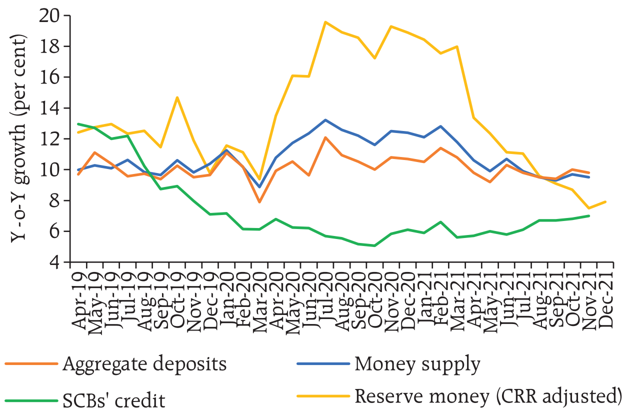
Large surplus liquidity continues to facilitate monetary transmission in the credit market. The one-year median marginal cost of funds-based lending rate (MCLR) of SCBs softened cumulatively by 105 bps through March 2020 to November 2021. Across bank groups, public and private sector banks exhibited similar pass-through with respect to the 1-year MCLR. The median term deposit rate on fresh deposits dipped by 154 bps during the same period. The reduction in the overall cost of funds prompted SCBs to reduce their weighted average lending rate (WALR) on outstanding rupee loans. In addition, the increase in the share of external benchmark-linked loans in total outstanding floating rate loans from 9.4 per cent in March 2020 to 32 per cent in June 2021 also contributed to faster

Chart 37: Movement in Bond Yields



Source: Bloomberg and FIMMDA.

Chart 38: Monetary and Credit Aggregates



Note: 1. Data pertain to last reporting Friday of every month for money supply, aggregate deposits and SCBs' credit; and last Friday of every month for reserve money.
2. For December, however, reserve money data as on December 3, 2021 are included.

Source: RBI.

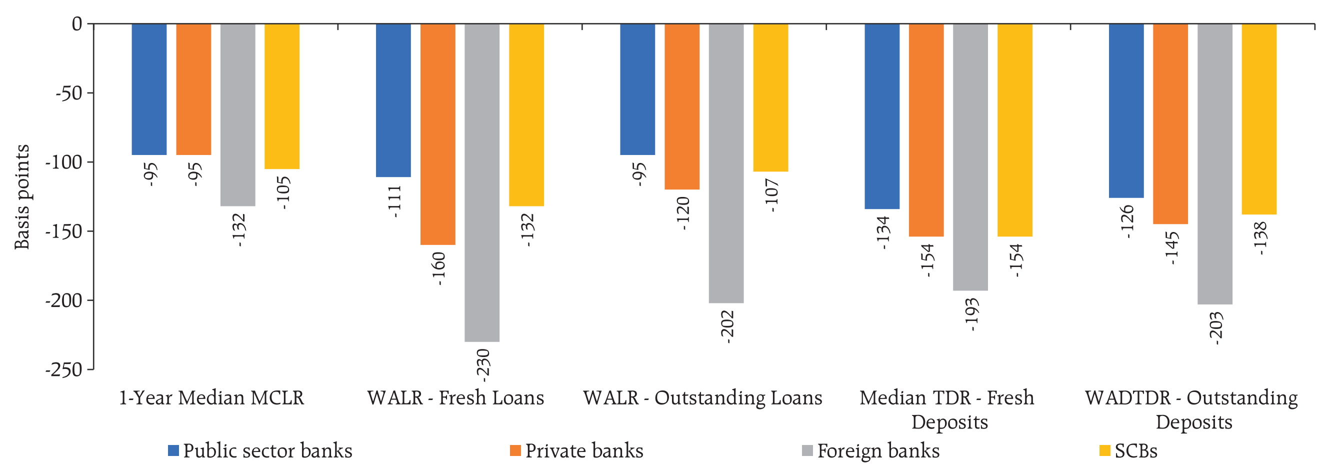
transmission in case of WALR on outstanding loans[10]. Since March 2020, the WALR on outstanding loans for SCBs declined by 107 bps (Chart 39).

There has been a moderation in term deposit rates across all tenors, with the maximum pass-through visible for shorter tenor deposits of up to 1 year maturity (181 bps) and the least for longer tenor deposits of maturity above 3 years (107 bps). Across domestic banks, private banks exhibit a higher pass-through to term deposit rates on account of robust deposit mobilisation as compared to their public sector counterparts (Chart 40).

Interest rates on small saving instruments (SSIs), which are higher than the requisite formula-based rates, will be reviewed on December 31, 2021. The existing rates of interest for SSIs were higher by 42-168 bps than the formula-based rates in Q4:2021-22[11].

Equity markets commenced November 2021 on a positive note, following positive macroeconomic data releases (Chart 41). Sharp downswings became pronounced towards the close of the month, triggered

Chart 39: Bank Group-wise Transmission to Lending and Deposit Rates (March 2020 to November 2021)



Note: Latest data on WALRs and WADTDR pertain to October 2021.
WALR: Weighted average lending rate; WADTDR: Weighted average domestic term deposit rate.
MCLR: Marginal cost of funds-based lending rate; TDR: Term deposit rate.

Source: RBI.

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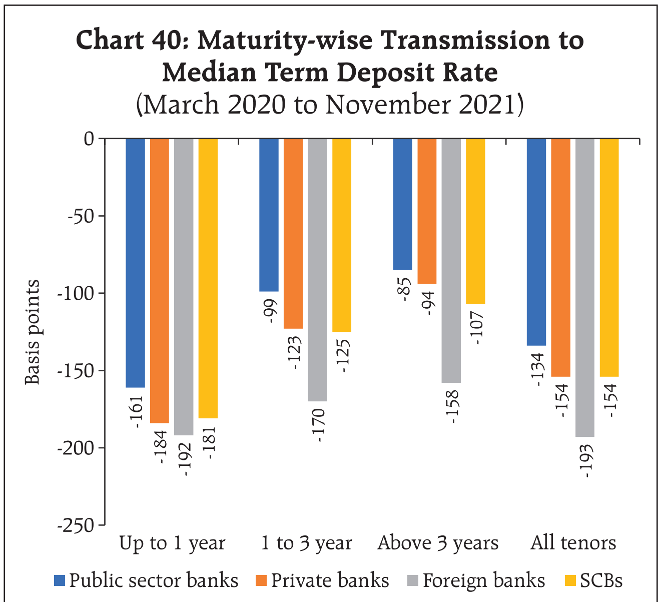
[10] Monetary Policy Report, RBI, October 2021.

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



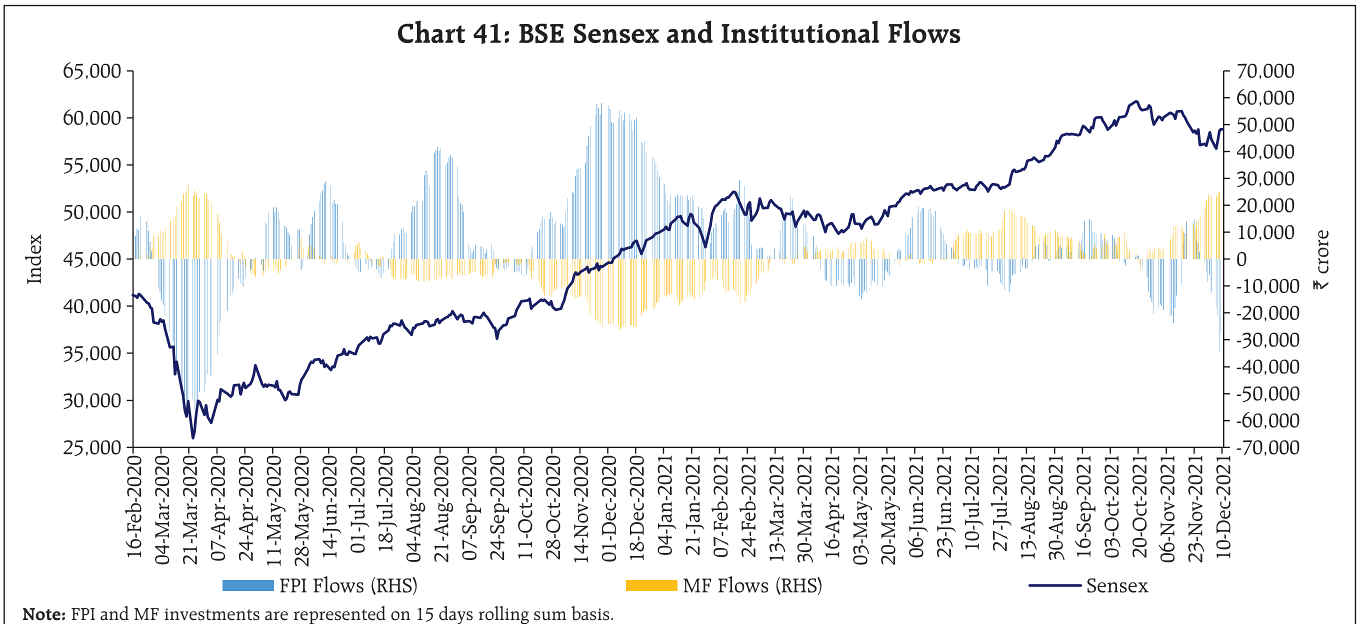
Sources: RBI; and RBI staff estimates.

by Omicron. Overall, the BSE Sensex declined by 3.8 per cent during November 2021.

In the month of December 2021 (up to December 10), the BSE Sensex rebounded by 3 per cent as investors took cues from strong Q2:2021-22 GDP data, robust GST collections and expansion in manufacturing and services PMI for November 2021. The market sentiment was also buoyed by positive cues from global markets coupled with the Reserve Bank's announcement to keep the policy repo rate unchanged and continue with the accommodative stance in its fifth bi-monthly monetary policy statement for 2021-22.

A comparison of the tapering announcement by the Fed this time around with the previous such episode in 2013 shows that equity, bond and currency markets in EMEs have exhibited greater resilience so far than in 2013 (Chart 42a, 42b and 42c).

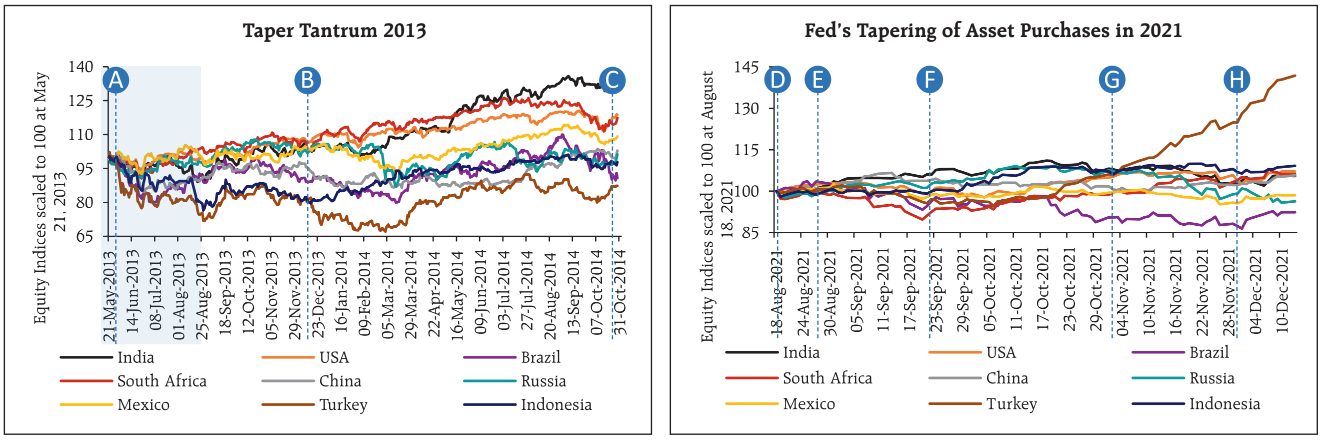
Furthermore, in the immediate aftermath of the taper tantrum in 2013, India experienced portfolio outflows aggregating to ₹79,375 crore from capital markets, including ₹19,165 crore from equity markets and ₹60,210 crore from debt markets during May 23-August 30, 2013 (Chart 43). The latest announcement of reduction in asset purchases on November 3, 2021 by the Fed did not have much



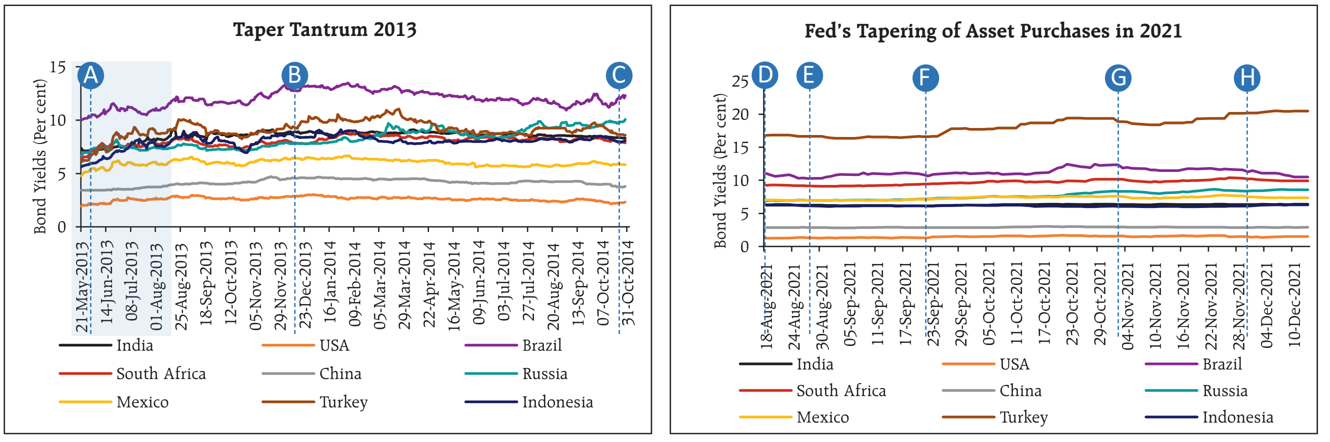
Note: FPI and MF investments are represented on 15 days rolling sum basis.
Sources: Bloomberg; National Securities Depository Limited (NSDL); and SEBI.

Chart 42: Impact of Tapering on Financial Markets

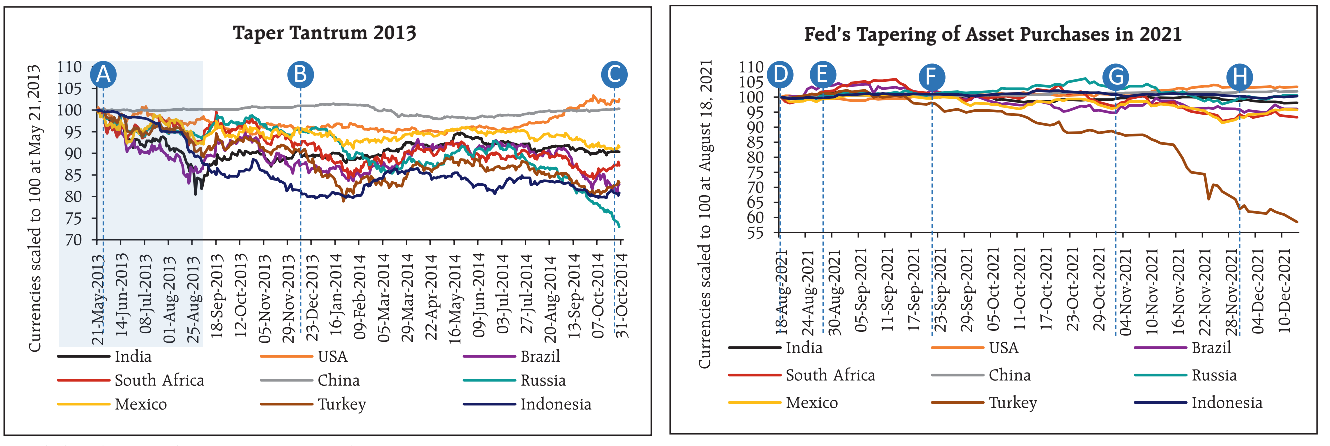
a. Equity Market



b. Bond Markets

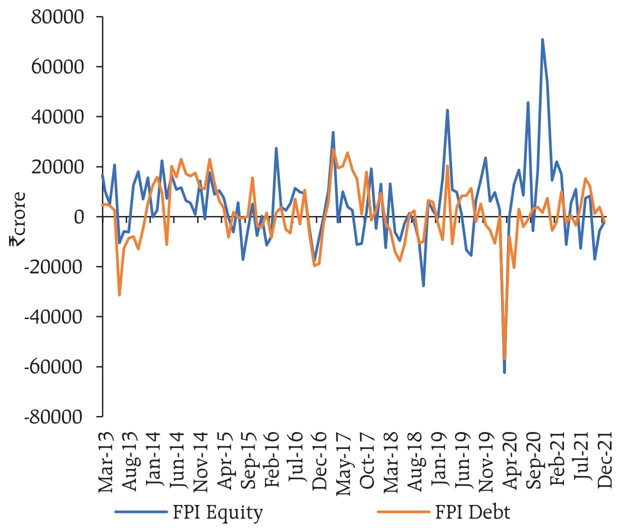


c. Currency Markets



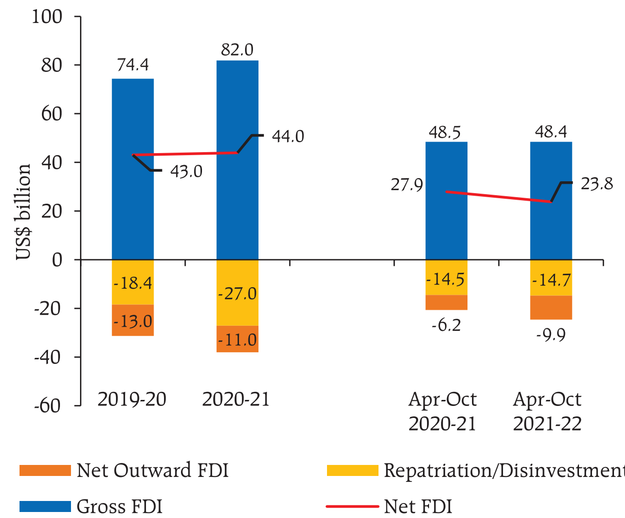
A: Fed Chair discusses about tapering asset purchases (May 22, 2013).
B: Federal Open Market Committee (FOMC) announces reduction in monthly asset purchases to US$ 75 billion from US$ 85 billion starting January 2014 (December 18, 2013). This was followed by gradual reductions in asset purchases till October 2014.
C: FOMC announces conclusion of its asset purchase programme (October 29, 2014).
D: FOMC minutes showed that Fed could reduce asset purchases in 2021 (August 18, 2021).
E: Fed Chair hinted at reducing the pace of asset purchases in 2021 (August 27, 2021).
F: FOMC hinted at tapering (September 22, 2021).
G: FOMC announced reduction in monthly net asset purchases from US$ 120 billion to US$ 105 billion in November 2021 and US$ 90 billion in December 2021 (November 3, 2021).
H: Fed Chair suggested about the accelerated pace of tapering (November 30, 2021).
Source: Bloomberg.

Chart 43: FPI Flows in Indian Capital Markets



Source: NSDL.

Chart 44: Foreign Direct Investment



Source: RBI.

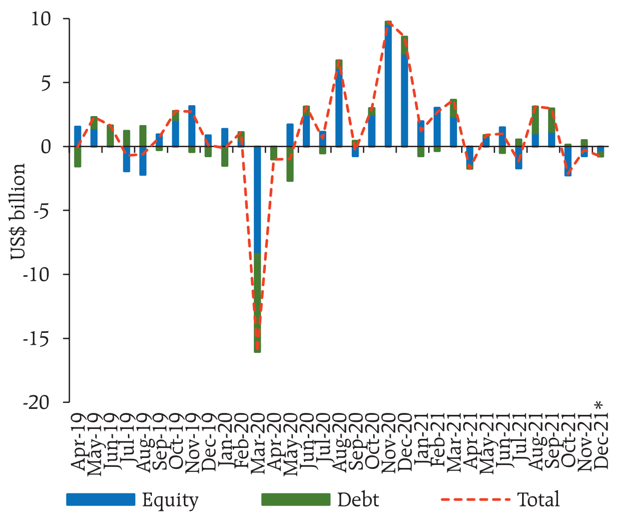
impact as portfolio flows remained relatively stable. The equities segment recorded net outflows of ₹8,854 crore, while the debt segment recorded net inflows of ₹1,147 crore during the period November-December 10, 2021.

During April-October 2021, gross inward foreign direct investment (FDI) at US$ 48.4 billion was comparable with its level a year ago (Chart 44). Net FDI was US$ 23.8 billion as compared with US$ 27.9 billion a year ago, reflecting rising outward FDI from India. The major FDI equity recipient sectors included manufacturing, computer services, communication services, financial services, and retail and wholesale trade.

Foreign portfolio investors (FPIs) were net sellers in the domestic equity market in November 2021 amidst concerns over the new COVID variant and policy normalisation in the US (Chart 45). Other major EMEs also recorded outflows during the month. However, net purchases of US$ 0.5 billion by FPIs in the debt market were a tad higher than a month ago. The flows in the debt segment have largely been guided by the direction of the US dollar and US treasury yields.

Net disbursements of external commercial borrowings (ECB) to India, including inter-company borrowings, were to the tune of US$ 6.8 billion during April-October 2021 as compared with net outflows of US$ 2.0 billion a year ago, while net disbursements excluding repayments and inter-company borrowings were of the order of US$ 4.0 billion as against net repayment of US$ 4.8 billion a year ago.

Chart 45: Net Foreign Portfolio Investment

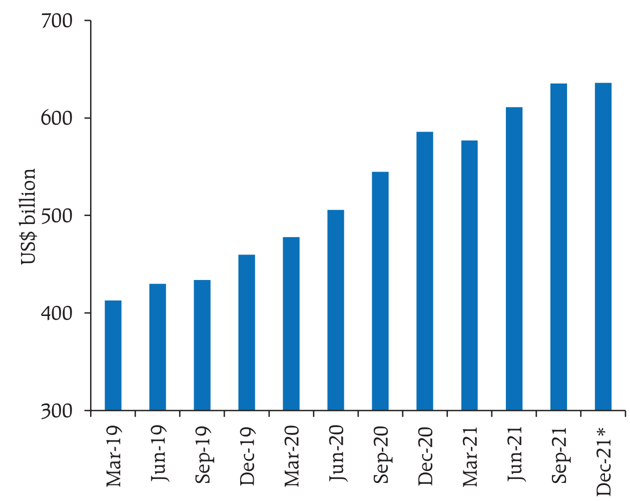


*: Up to 10th.
Source: NSDL.

The foreign exchange reserves were at US$ 635.9 billion on December 3, 2021 (Chart 46), equivalent to about 14 months of imports projected for 2021-22.

In the foreign exchange market, the Indian rupee (INR) appreciated against the US dollar in November 2021 by 0.6 per cent (m-o-m). This was reflected in the movement of the INR in terms of the 40-currency real effective exchange rate (REER) index, which appreciated by 0.9 per cent over its level a month ago (Charts 47a and 47b).

Chart 46: Foreign Exchange Reserves

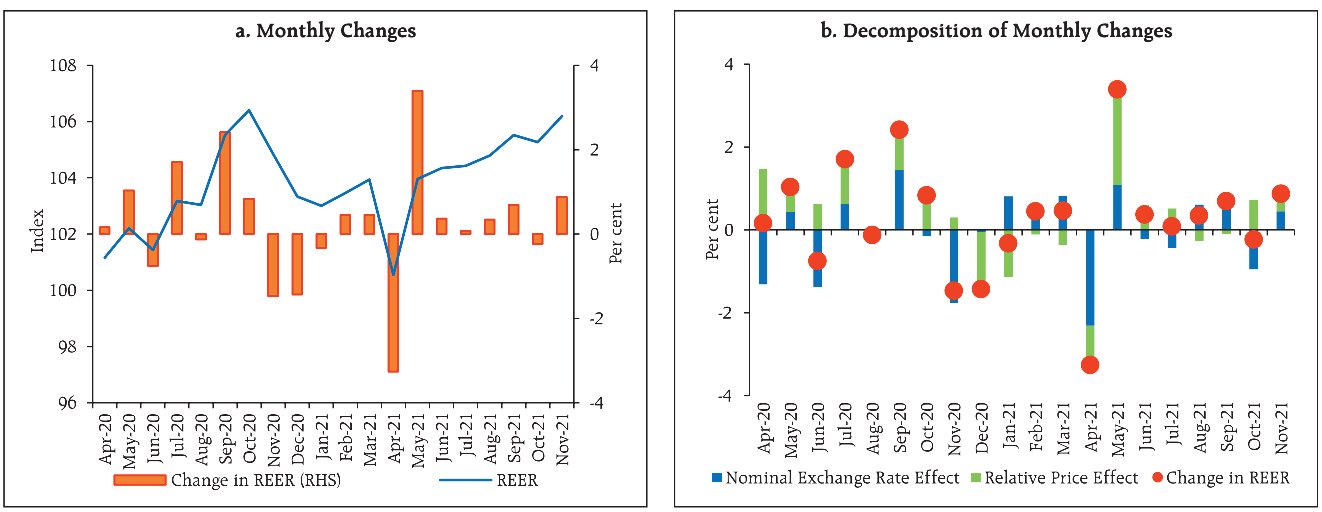


*: As on December 3, 2021.
Source: RBI.

Payment Systems

After a robust performance in October owing to festival demand, digital transactions across wholesale and retail channels sustained their growth momentum (y-o-y) in November and December (up to December 8). Large-value transfers through Real Time Gross Settlement (RTGS) jumped 18 percentage points over the previous month's growth rate (y-o-y), backed by double-digit volume growth. Retail payment modes also gained further traction (Table 5). Transactions under the Unified Payment Interface (UPI) channel stayed well above the record 400 crore-mark attained last month. Recently, the NPCI International Payments Limited (NIPL) has partnered with PPRO, a global payment provider, to expand global acceptance of UPI and RuPay cards[12]. Buoyed by the consumption boost during the festival season, credit card spending

Chart 47: Monthly Movements in 40-Currency Real Effective Exchange Rate (REER)
(Base: 2015-16 = 100)



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

[12] *https://economictimes.indiatimes.com/industry/banking/finance/banking/npci-takes-upi-global-ties-up-with-leading-payments-provider-ppro/articleshow/87759248.cms*

Table 5: Growth Rates in Select Payment Systems

Payment System	Transaction Volume Growth (Y-o-Y, per cent)				Transaction Value Growth (Y-o-Y, per cent)			
	Oct-2020	Oct-2021	Nov-2020	Nov-2021	Oct-2020	Oct-2021	Nov-2020	Nov-2021
RTGS	7.2	33.2	2.9	24.9	-18.4	19.3	-8.0	37.5
NEFT	13.9	29.4	24.6	24.1	20.1	10.8	27.9	4.3
UPI	80.4	103.6	81.3	89.4	101.8	99.8	106.6	96.5
IMPS	34.6	35.0	48.7	21.5	29.1	35.0	36.3	31.9
NACH	-21.6	31.6	2.5	15.7	-12.2	22.0	5.7	7.1
NETC	289.0	75.1	257.6	71.5	204.1	57.1	171.6	51.1
BBPS	88.3	155.6	78.7	148.6	75.9	165.8	78.1	175.3

Source: RBI.

jumped by 56 per cent (y-o-y) to cross an all-time high of ₹1 lakh crore in October 2021. In a span of 7 months, *i.e.*, between April to October 2021, the payment modes have touched 84 per cent of the total digital payments recorded in 2020-21, indicating fast-paced digital adoption in the country.

With the operationalisation of the Payment Infrastructure Development Fund (PIDF) scheme[13] from January 1, 2021, the total number of acceptance devices deployed have reached 57.82 lakh, and the corpus stands at ₹614 crore (end-September 2021). More than half of the devices deployed has been in Tier 5 and Tier 6 centres, followed by Tier 3 and Tier 4 centres, the north-eastern states, and the Tier 1 and Tier 2 centres covered under the PM Street Vendor's *AtmaNirbhar Nidhi* (PM SVANidhi) scheme[14]. As a testimony to rising merchant acceptance, the penetration of payment touchpoints can further facilitate efficient digital payments and enhance financial inclusion.

Rapid digitisation exhibited during the pandemic has given impetus to the Indian FinTech sector, as corroborated by robust funding momentum and the rise in the number of FinTech unicorns[15]. In the nine months of 2021, the FinTech sector received investments worth US$ 4.6 billion, nearly thrice the total investments received in 2020 (US$ 1.6 billion)[16]. In 2021 so far, 8 FinTechs have attained unicorn status (as against 3 in 2020)[17]. In continuation of its endeavour to leverage on the potential of FinTechs to redefine the digital landscape, the Reserve Bank has launched the first-ever global hackathon event 'HARBINGER 2021 – Innovation for Transformation' with the theme of smarter digital payments[18].

On November 18, 2021, the Reserve Bank released the report of the Working Group on digital lending, including lending through online platforms and mobile apps, to safeguard customer interests and promote development of a safe and ethical digital lending ecosystem[19]. The report has recommended

[13] The PIDF Scheme subsidises deployment of Points of Sale (PoS) infrastructure (physical and digital modes) in tier-3 to tier-6 centres and north eastern states of the country. From August 26, 2021, beneficiaries of PM Street Vendor's *AtmaNirbhar Nidhi* (PM SVANidhi Scheme) in tier-1 and tier-2 centres are also covered.

[14] *https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=52571*

[15] Companies with valuation of more than US$ 1 billion.

[16] *https://www.pwc.in/assets/pdfs/services/startups/start-up-perspectives-october-2021.pdf*

[17] Venture Intelligence Data, accessed on November 30, 2021.

[18] *https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=52533*

[19] *https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=52589*

a verification process for digital lending apps by a nodal agency and a Self-Regulatory Organisation (SRO) covering the participants in the system[20].

In its developmental and regulatory policies (December 8, 2021), the Bank has proposed to issue a discussion paper on payment charges, identifying issues and measures required to foster affordable digital payments. Furthermore, in order to enhance ease of transactions and promote wider digitalisation, the Bank has proposed to develop a UPI-based payment solution for feature phones; simplify the process flow for small-value UPI transactions through an "on-device" wallet; and increase the UPI transaction limit for the Retail Direct Scheme and initial public offering (IPO) applications from ₹2 lakh to ₹5 lakh.

V. Conclusion

The Indian economy continues to forge ahead, emerging out of shackles of pandemic. The ongoing revival is driven by a confluence of factors, *viz.*, release of pent-up demand, government's push for capital expenditure, robust external demand and normal monsoon. Faster resumption of contact-intensive services and speedy restoration of consumer confidence brightens near-term prospects.

Going forward, the emergence of the Omicron strain has heightened the uncertainty in the global macroeconomic environment, accelerating risks to global trade with resumption of travel restrictions/ quarantine rules at major ports and airports. The ongoing supply-side constraints are likely to keep input prices and freight rates at elevated levels and could act as a drag on overall exports. While the low domestic infection count and healthy pace of vaccinations augurs well for the economy, looming threat of Omicron calls for observing greater caution and readiness to respond swiftly.

[20] Few other recommendations include the enactment of a separate legislation to curb illegal digital lending activities; development of certain baseline technology standards and subsequent compliance as a pre-condition for offering digital lending solutions; consent-based data collection with verifiable audit trails; and storage of data in servers located in India.

Box: How Technology can help in Achieving India' Net Zero Emission (NZE) Target- A Case Study of the Indian Cement Industry

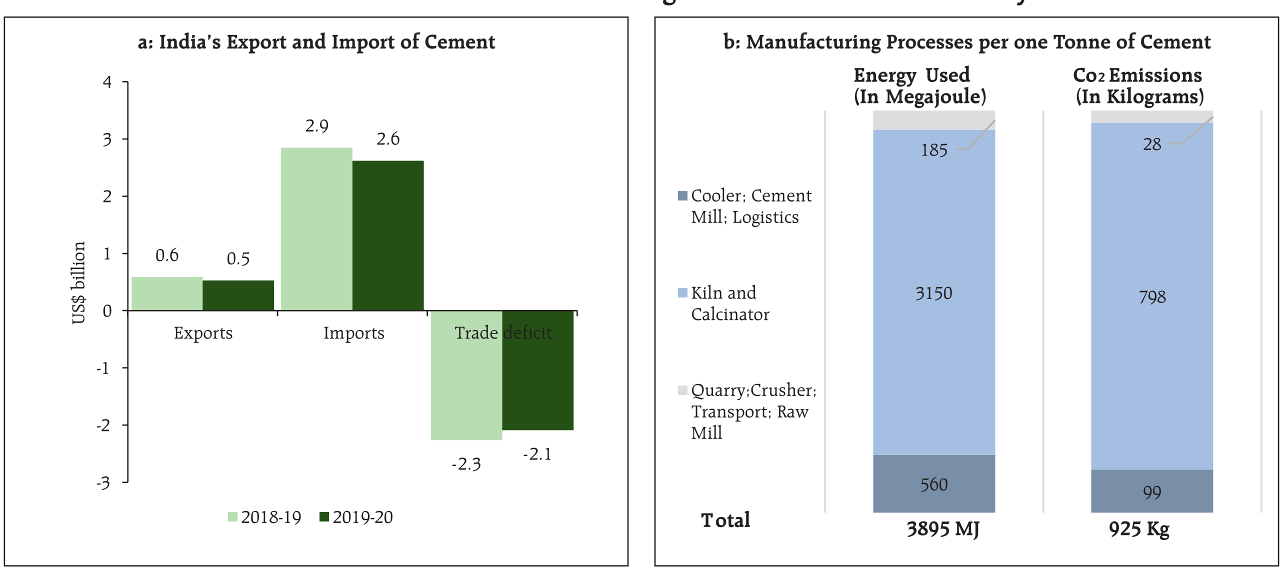
India has committed to achieving net-zero emission targets by 2070. It aims to reach half of its energy requirements from renewables and reduce the economy's carbon intensity by 45 per cent till 2030. This necessitates a policy relook across sectors, especially where carbon emission is high - cement industry is one of them.

Globally, cement production contributes around 8 per cent of the world's anthropogenic CO_2 emissions. India is world's second-largest cement producer and consumer, accounting for over 8 per cent of the global installed capacity in fiscal year 20. India's cement production is expected to reach 381 million tonnes by 2021-22; whereas consumption may likely be around 379 million tonnes. In the last five years, except for 2018-19, the amount of India's cement production has exceeded its cement consumption. It runs a trade deficit of more than US$ 2.0 billion in the cement sector (Chart 1a). India's cement sector is highly competitive, with a large regional presence. Cement sector attracted around 1 per cent (US$5.2 billion) of the total FDI received by India (DPIIT[21]).

With a renewed focus on big infrastructure projects like National Infrastructure Pipeline (with a financial outlay of more than one lakh crore), low-cost housing (Pradhan Mantri Awas Yojana), and the Government's push for the SMART cities mission are likely to drive demand for cement in future. This commitment towards building high quality infrastructure also poses a risk to India's commitment to NZE norms. Thus, there is a need to align India's economic goal with its climate commitments by implementing emerging green tech solutions.

A significant amount of CO_2emissions in cement making result from calcination, while the rest comes from burning coal and other fossil fuels (Chart 1b). Studies suggest that capturing the CO_2 emissions before it enters the atmosphere and storing it away through reverse calcination is the most effective approach to decarbonise the cement industry (Fenell *et al.*, 2021). Mckinsey (2020) estimates suggest that reverse calcination could sequester up to 5 per cent of cement's emissions at present, which could be extended to 30 per cent with the improvement in technology. This process can be further enhanced by employing green energy instead of fossil fuels to perform the process of calcination. Biomass such as municipal and industrial waste can be used as an alternative to fossil fuels. India can also look at Fly Ash, Graphene, Natural and Synthetic Fibres as

Chart 1: Trade and Manufacturing Process in Cement Industry



Sources: India Brand Equity Foundation; McKinsey and the Economist.

a substitute for cement. The domestic cement industry of India has made a remarkable progress of reducing CO_2 emission levels by about 36 per cent from 1.12t/t to 0.719t/t of cement produced between 1996 and 2017. In order to achieve the target of 0.35t CO_2/t of cement by 2050, the cement industry requires an investment of US$ 29 billion to US$ 50 billion.

Policy Recommendations

- Increase the financing towards green sustainable solutions through subsidised interest loans.
- Proactively engage with the leading research institutes/countries involved with green tech-related innovation in the cement industry
- Incentivising the cement industry to procure stubble from the northern states of Punjab, Haryana, Uttar Pradesh and Rajasthan as a biomass fuel to execute the process of reverse calcination and pure carbon capture.

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3. "How cement may yet help slow global warming", 2021, The Economist, November 6th, 2021 Edition.

*Government Finances 2021-22: A Half-Yearly Review**

Government finances exhibited remarkable resilience to the second wave, with tax collections surpassing expectations, and government expenditure remaining broadly in line with the budget estimates despite higher pandemic related spending. There has also been a marked improvement in the quality of expenditure for both Centre and States, which bodes well for a durable growth revival. Going forward, the general government fiscal deficit, which remained subdued in H1:2021-22, allows space for a pick-up in expenditure in the second half of the current fiscal year to support and sustain the recovery in growth.

I. Introduction

The Union Budget for 2021-22 was presented at a juncture when the economy was witnessing a robust stimulus-led recovery from the severest recession encountered after the first wave of the pandemic, but amid lingering uncertainty about the prospect of a second wave. Accordingly, the Budget pursued a delicate balancing act, sustaining support to a broad-based and durable economic revival while aiming for feasible degree of fiscal consolidation in a challenging macroeconomic environment. The Budget envisaged a consolidation of gross fiscal deficit (GFD) from 9.5 per cent of GDP in 2020-21 (RE) to 6.8 per cent in 2021-22 (BE).[1] States also budgeted for consolidation in their GFD from 4.7 per cent of GDP in 2020-21 (RE) to 3.7 per cent in 2021-22 (BE). The second wave, later during April-May 2021 turned out to be more severe in terms of loss of human lives, but the impact on economic activity was contained through localised restrictions and also better adaptation to live with the virus. Government finances showed remarkable resilience and buoyancy, and as a result, despite the additional expenditure burden imposed by the second wave, government spending has broadly remained in line with the budget estimates. The government's thrust on capex resulted in a significant improvement in the quality of expenditure - a necessary condition for pro-growth fiscal consolidation in the medium-term. Centre's tax collections surpassed expectations on the receipts side, with all major tax heads recording robust growth in the first half of 2021-22. States' tax collections also exhibited strong growth, though not at the same pace as for the Centre, and have reached their pre-pandemic levels in H1:2021-22.

The rest of the article is structured as follows: Section II analyses the receipt and expenditure outcomes for the Centre and States (at a quarterly frequency) for H1:2021-22. Section III deals with the outcomes in terms of key deficit indicators and their financing. Section IV presents estimates on general government finances for Q1 and Q2:2021-22 along with projections for the second half of 2021-22. Section V sets out the concluding observations and the near-term fiscal outlook.

II. Fiscal Outcomes in Q1 and Q2: 2021-22

Total receipts of the Central government registered a marked improvement over its trend level and total expenditure remained contained in H1:2021-22, despite additional expenditure necessitated by the second wave as the government

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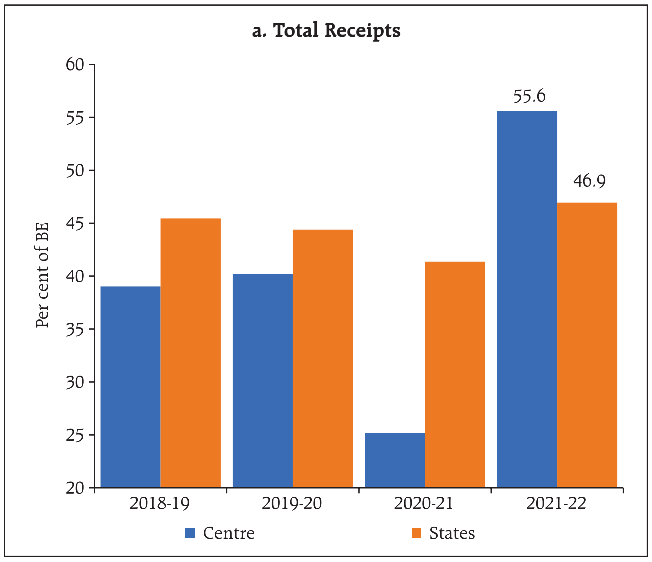
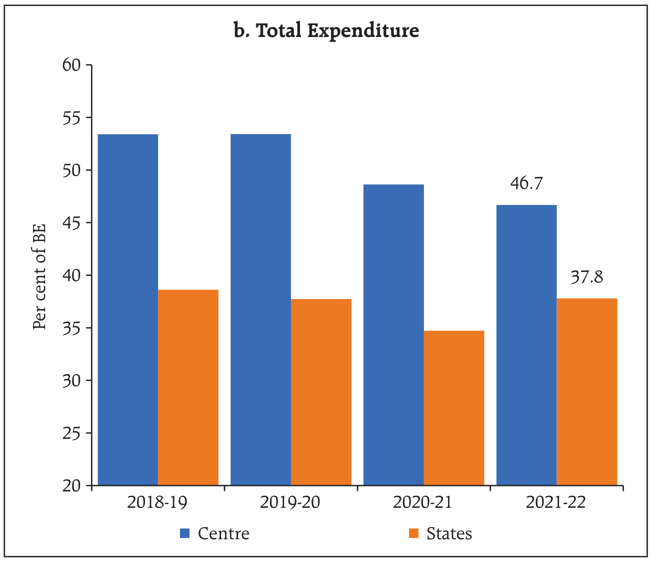
1 These estimates were based on the modest assumptions of a nominal GDP growth of 14.4 per cent and tax buoyancy of 1.2 and a mild contraction in revenue expenditure.

Chart 1: Total Receipts and Expenditure in H1





Sources: Controller General of Accounts (CGA); and Comptroller and Auditor General (CAG).

took precautionary measures to curtail avoidable expenditure. State finances also recovered to their pre-pandemic level in H1:2021-22. States collected 46.9 per cent of their budgeted receipts which is higher than the corresponding figures for the past three years[2]. On the expenditure side, the H1:2021-22 outgo was 37.8 per cent of the budgeted target, broadly in line with the average during the pre-pandemic years (Chart 1).

a. Receipts

Revenue receipts of the Central government registered a robust growth in Q1:2021-22[3], as tax revenues recorded high buoyancy despite the second wave and non-tax revenues received a boost from higher than budgeted dividend transfer from the Reserve Bank. With a 35.0 per cent growth in revenue receipts in Q2, it clocked a high of 60.4 per cent of BE in H1 as a whole. Non-debt capital receipts[4] also improved in H1:2021-22 *vis-à-vis* H1:2020-21 but fell short of 2019-20 levels (Chart 2 a and b).

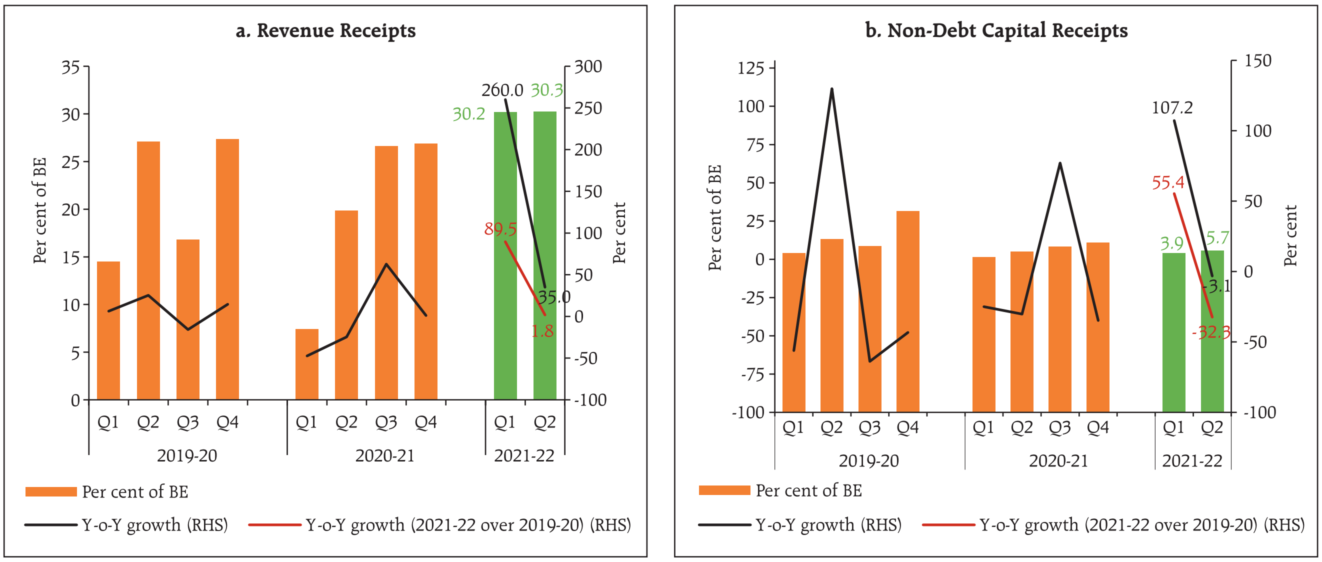
States' revenue receipts have also remained resilient to the second wave of the pandemic, with overall revenue receipts recording a y-o-y growth of 33.7 per cent in Q1:2021-22 over the previous year and 9.3 per cent over the corresponding quarter of 2019-20. Similar performance was sustained in Q2:2021-22 with the y-o-y growth in revenue being significantly high at 21.4 per cent. Overall, States' revenue receipts in H1:2021-22 were 26.7 per cent higher than those in H1:2020-21 (8.2 per cent over H1:2019-20). Non-debt capital receipts of States also recorded high growth in both Q1 and Q2 of 2021-22 *albeit* with considerable volatility (Chart 3).

[2] Based on aggregate data for 26 States for which complete historical and updated data up to Q2:2021-22 are available.

[3] Growth of 260.0 per cent over 2020-21 and 89.5 per cent over 2019-20.

[4] Non-debt capital receipts include recoveries of loans and advances and miscellaneous capital receipts (disinvestment and other receipts).

Chart 2: Quarterly Breakup of Centre's Receipts

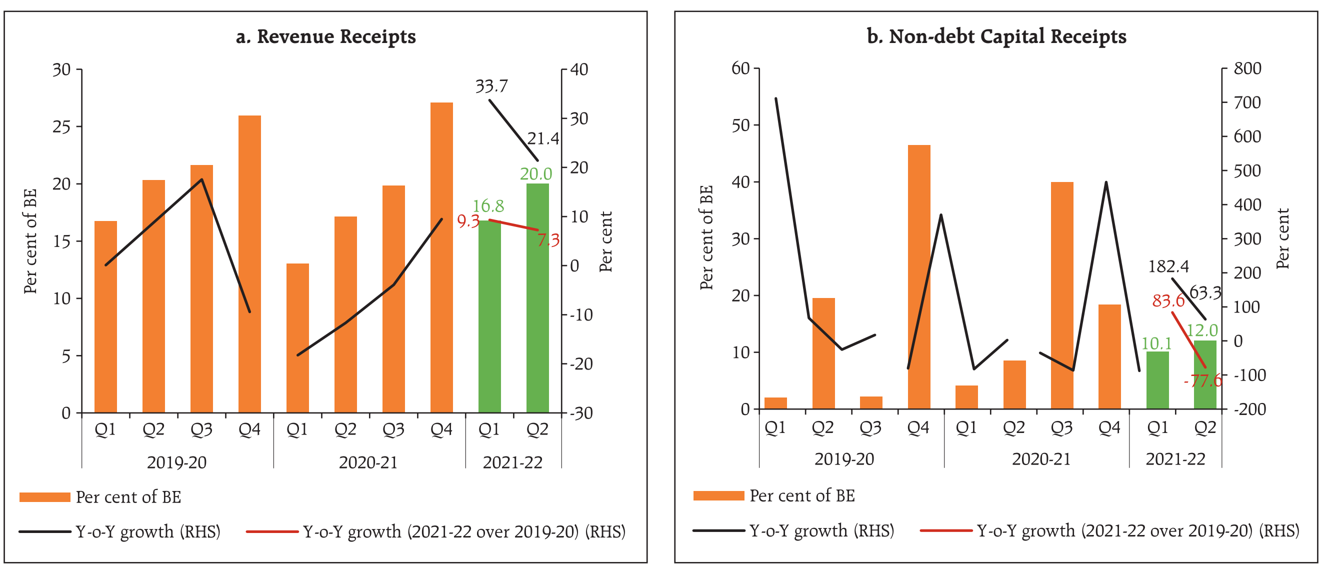


Source: CGA.

The Centre's direct tax collections registered a y-o-y growth of 83.7 per cent in H1:2021-22, led by growth in income tax and corporation tax by 64.7 per cent and 105.1 per cent, respectively[5], on the back of strong corporate performance. For States, stamp duties which account for more than 85 per cent of own direct tax revenues, more than doubled in Q1:2021-22; Q2 recorded a y-o-y growth of 53.4 per cent (Chart 4).

The Centre's indirect tax collections also increased during H1, led by a more than 100 per

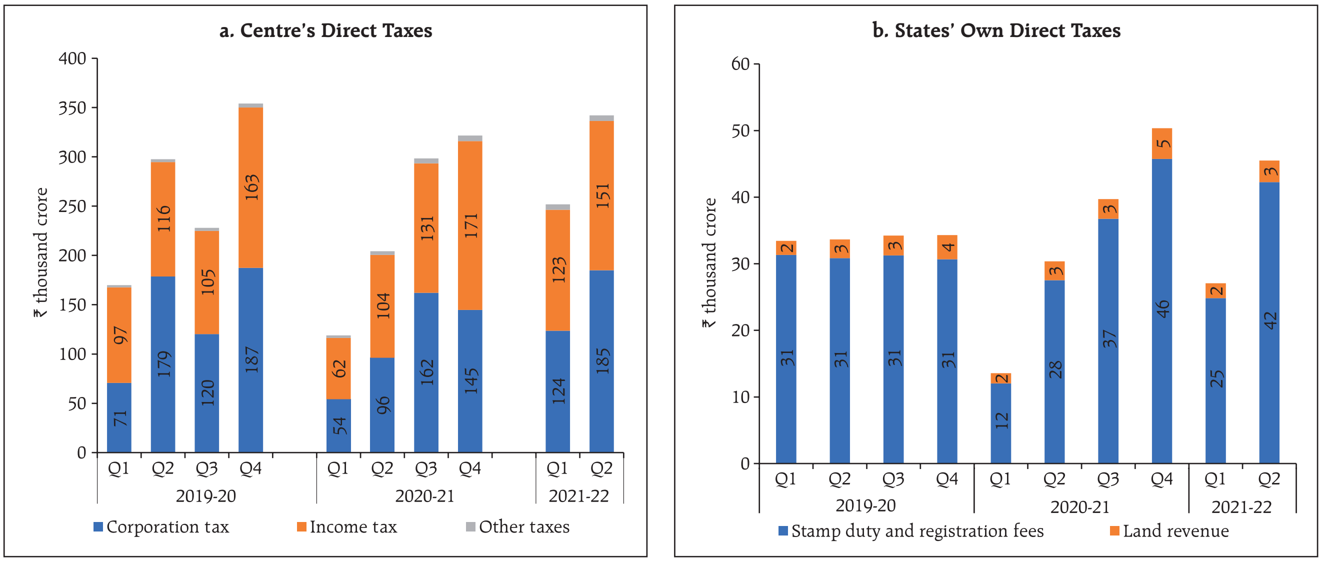
Chart 3: Quarterly Breakup of States' Receipts



Source: CAG.

[5] Over 2019-20, income and corporation taxes increased by 28.7 per cent and 23.8 per cent, respectively.

Chart 4: Quarterly Direct Tax Collection



Sources: CGA; and CAG.

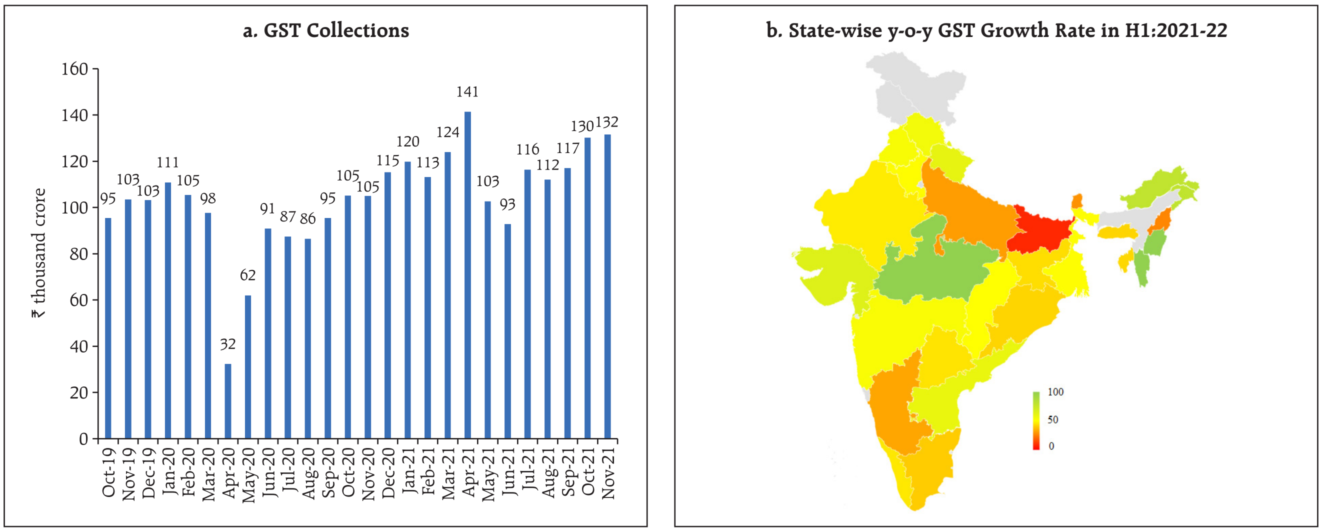
cent increase in customs duty collections on the back of improving trade activity and higher import demand. Union excise duty collections recorded an increase of 33.3 per cent over 2020-21 (79.0 per cent over 2019-20) during this period due to the higher duties levied last year (March and May 2020) to mobilise additional revenues as a pandemic induced emergency measure.

GST collections (Centre *plus* States) increased in H1 by 50.1 per cent and 12.5 per cent over 2020-21 and 2019-20 levels, respectively. GST revenues had taken a hit in May-June due to pandemic-related restrictions but recovered quickly thereafter, in line with the economic recovery and on account of steps taken by the tax administration to plug evasion and ease the compliance burden. In November 2021, GST collections registered a y-o-y growth of 25.3 per cent[6] to reach ₹1.32 lakh crore, the second-highest since the introduction of GST. Around three-fifth of the budgeted GST compensation cess collections of ₹1 lakh crore were realised during April-October. The Union government has also transferred the entire amount of ₹1.59 lakh crore that was to be released to States in 2021-22 under the back-to-back loan facility *in lieu* of GST compensation cess. The front-loading has been done to enable States to plan their expenditure effectively. States' GST collections recorded a y-o-y growth of 71.6 per cent in Q1 and 27.3 per cent in Q2, 2021-22, with many States like Gujarat, Uttarakhand, Andhra Pradesh, Himachal Pradesh, Maharashtra and Punjab registering a y-o-y growth of over 50 per cent in H1:2021-22 over H1:2020-21 (Chart 5). Given the comfortable revenue position both on the direct and indirect tax front, the Centre partially rolled back in November, the hike in excise duty on petrol and diesel that were introduced during the first wave of the pandemic. States also followed suit by reducing their VAT rates on fuel (Box 1).

Centre's non-tax revenues also increased during H1:2021-22 due to higher than budgeted surplus transfers from the Reserve Bank (Chart 6). On

[6] Growth of 27.1 per cent over 2019-20.

Chart 5: GST Performance



Note: Data for state-wise GST pertains to States reporting the data.
Sources: CGA; e-STATES Database; and CBIC.

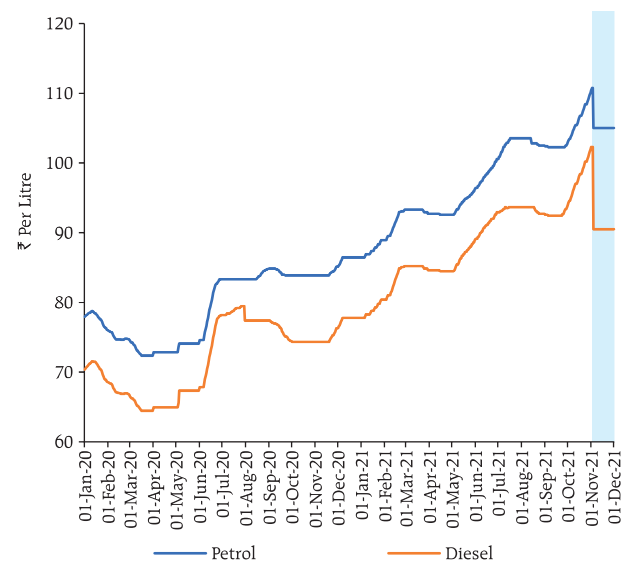
the disinvestment front, only 5.2 per cent of the budgeted disinvestment target of ₹1.75 lakh crore has been raised in H1. The progress on the proposed sale of Air India has, however, provided an impetus

Box 1: Revenue Impact of Reduction in Fuel Taxes

To provide relief to the consumers from the rapid rise in petrol and diesel prices resulting from significant hardening of international crude prices (Chart 1.1), the Centre decided to reduce excise duty on petrol and diesel by ₹5 and ₹10 per litre, respectively, with effect from November 4, 2021. Following the Centre, many States also reduced their value added tax (VAT) in the range of ₹0.8 to ₹10.0 per litre in petrol and ₹1.4 to ₹7.0 per litre in diesel.

Reduction in the excise duty and value-added tax (VAT)/ Sales Tax on petrol and diesel entails direct short-term revenue losses but with scope for some increase in revenues later through the income effect due to expected stimulation of consumption and investment demand. In the medium-term, a reduction in fuel prices may help ease input cost pressures and thereby improve business and consumer sentiment. The potential fiscal impact of the recent cuts in excise duty on petrol and diesel by the Central government (Chart 1.2a) and subsequent reduction in VAT/Sales Tax by 23 States (Chart 1.2b) is analysed here.

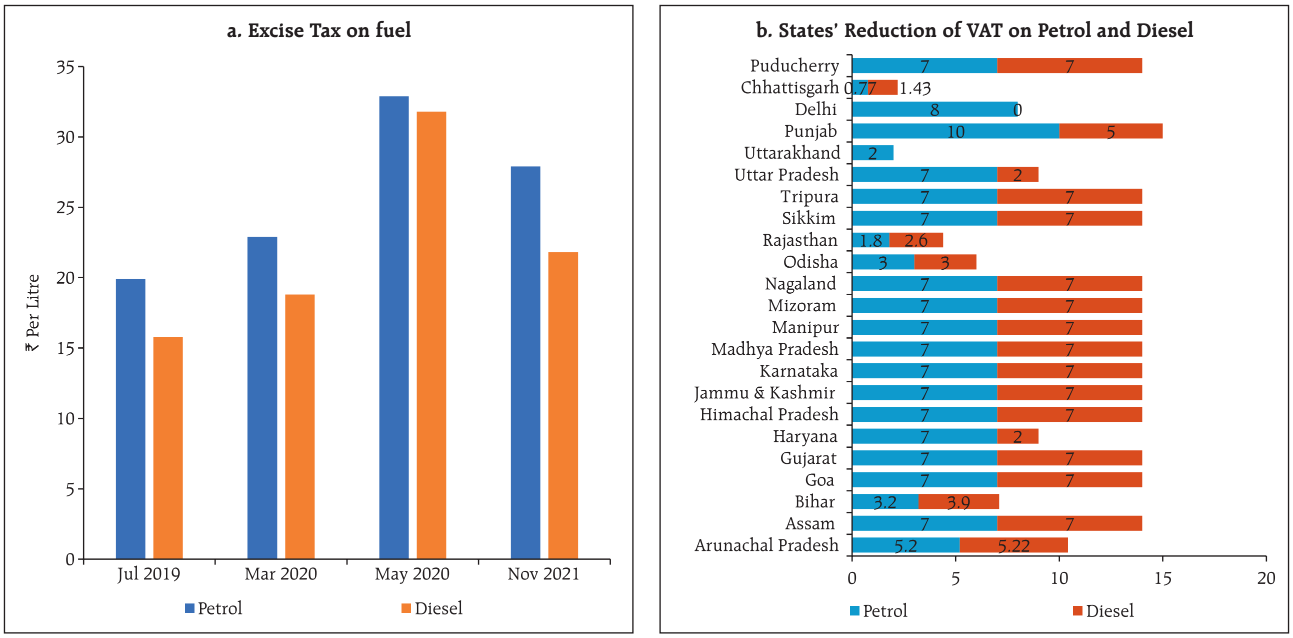
Chart 1.1: Petrol and Diesel Retail Prices



Shaded area is the period after the reduction of excise and VAT/Sales Tax.
Note: Average of retail prices in Delhi, Mumbai, Chennai and Kolkata.
Source: PPAC.

(Contd...)

Chart 1.2: Reduction in Excise and VAT on Fuel



Sources: CGA; e-STATES Database; and CBIC.

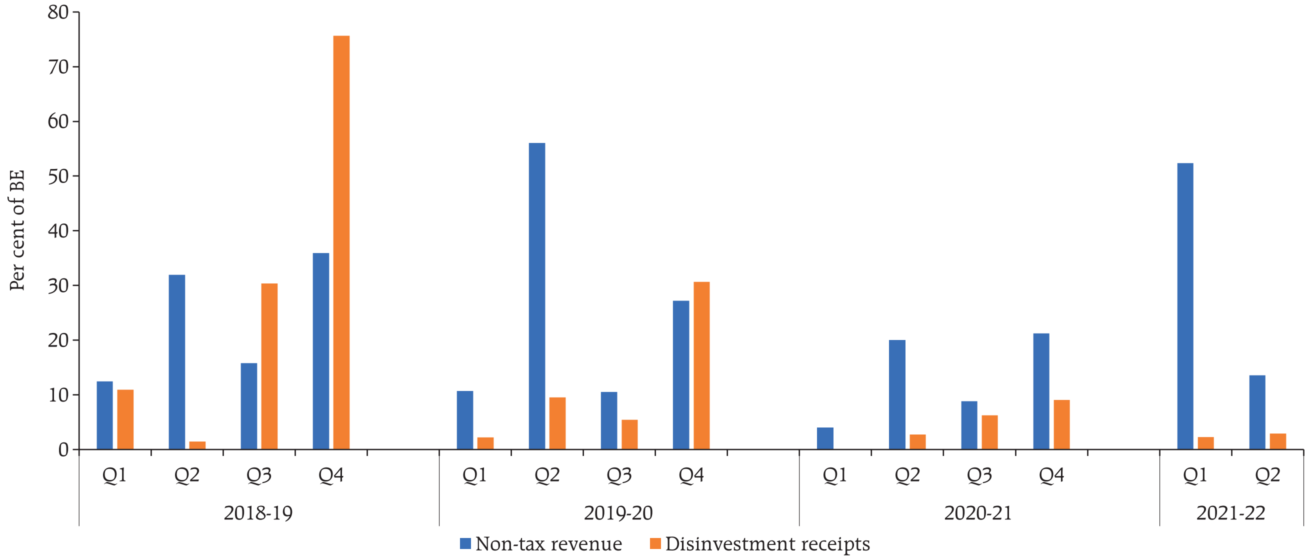
The revenue loss to the Centre is estimated by multiplying all-India projected consumption of petrol and diesel during November-March with corresponding reductions in excise duties. State-wise consumption of petrol and diesel are estimated (November-March 2021-22)[7] using State-wise sales data of petrol and diesel from Petroleum Planning and Analysis Cell (PPAC). The State-wise revenue losses are arrived at by multiplying these quantities with the State-specific reduction in price (due to VAT/Sales Tax reduction).

The revenue loss to the Centre in 2021-22 is estimated at 0.2 per cent of GDP while the revenue loss to the States due to VAT/ Sales Tax cut is estimated at 0.1 per cent of GDP.

to the disinvestment programme of the government. The Centre also aims to raise resources through asset monetisation. An aggregate monetisation potential of ₹6.0 lakh crore, over a four-year period, from 2021-22 to 2024-25, is estimated under the National Monetisation Pipeline, with an indicative value of ₹0.88 lakh crore envisaged for the current financial year. However, the actual realization will depend on the timing, transaction structuring, and investor interest. For States, non-tax revenues increased by 40.2 per cent and 53.1 per cent in Q1 and Q2 of 2021-22, respectively (compared to Q1 and Q2 of 2019-20 at 15.9 per cent and 20.6 per cent, respectively).

[7] Footnote: For Delhi and Chhattisgarh, it is from December to March 2021-22.

Chart 6: Non-tax Revenue and Disinvestment Receipts of the Central Government



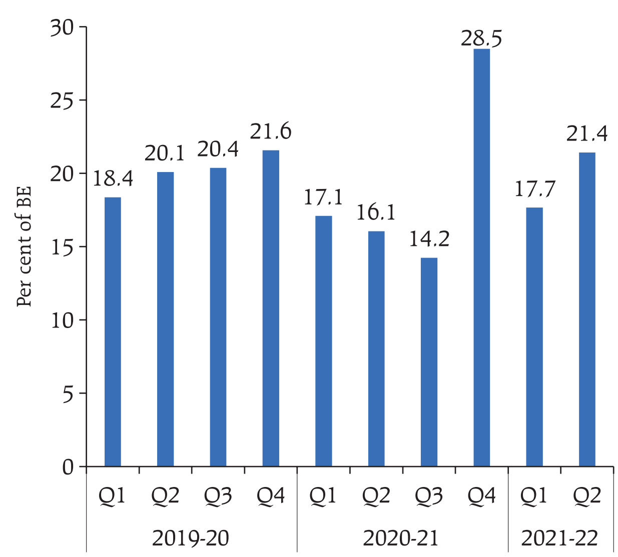
Source: CGA.

Tax devolution to States witnessed a y-o-y decline of around 12 per cent for Q1:2021-22. As a per cent of States' budget estimates, however, the transfers were broadly in line with those in 2020-21 and 2019-20. For Q2:2021-22, the transfers were 13.3 per cent higher than the corresponding period of previous year and as a per cent of states' budget estimates they were also higher than those in Q2 of previous two years (Chart 7).

b. Expenditure

The Centre announced a fiscal package of ₹6.3 lakh crore in June 2021 in response to the second wave, which included *inter alia* extension of free provisions of foodgrains under the *Pradhan Mantri Garib Kalyan Anna Yojana* (PMGKAY) until November[8], enhanced fertiliser subsidy necessitated by the impact of increase in international prices of fertilisers, measures to strengthen public health, and loan guarantee schemes for COVID affected sectors. While some of these measures led to an additional expenditure over and above the budgeted amount, a large part was in the form of liquidity support and did not entail any additional fiscal burden. Subsequently, the first supplementary demand for grants, introduced in July 2021, proposed additional expenditure measures resulting in net cash outgo of ₹23,675 crore. The government also took precautionary steps to limit spending through expenditure curbs on various

Chart 7: Tax Devolution to States



Sources: CAG; and Budget documents of State governments.

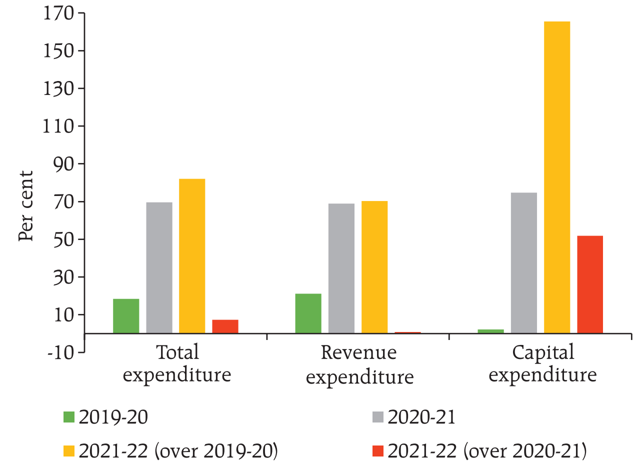
[8] This has been further extended till March 2022 (Appendix Table 5).

Central ministries and departments in Q2: 2021-22 (these expenditure limits have been relaxed with effect from September 24, 2021). As a result, despite pandemic related expansionary measures, total expenditure remained contained at 46.7 per cent of BE during H1:2021-22, as against 48.6 per cent and 53.4 per cent during first half of 2020-21 and 2019-20, respectively.

Going forward, an expenditure pick up is expected in H2:2021-22, on the back of the second batch of supplementary demand for grants that has proposed net cash outgo of ₹2.99 lakh crore – ₹2.33 lakh crore on revenue expenditure and ₹0.66 lakh crore on capital expenditure. The first and second supplementary demand for grants together entail an increase of ₹3.23 lakh crore over budget estimates, which translates into a 7.3 per cent increase in total expenditure in H2:2021-22 over H2: 2020-21 and 82.0 per cent increase over H2: 2019-20 (Chart 8).

Higher revenue expenditure in Q2, led to an overall increase of 6.3 per cent in H1. Revenue expenditure had contracted by 2.4 per cent in Q1:2021-22 over the previous year (though higher by 7.8 per cent over Q1:2019-20), partly on account of a high base in Q1:2020-21 when expenditure had to be frontloaded and also expanded to deal with the first wave of the pandemic. The expenditure focus was strategically tilted towards capital expenditure, with a y-o-y increase of 38.3 per cent in H1 over 2020-21 (growth of 22.3 per cent over 2019-20) (Chart 9 a and b).

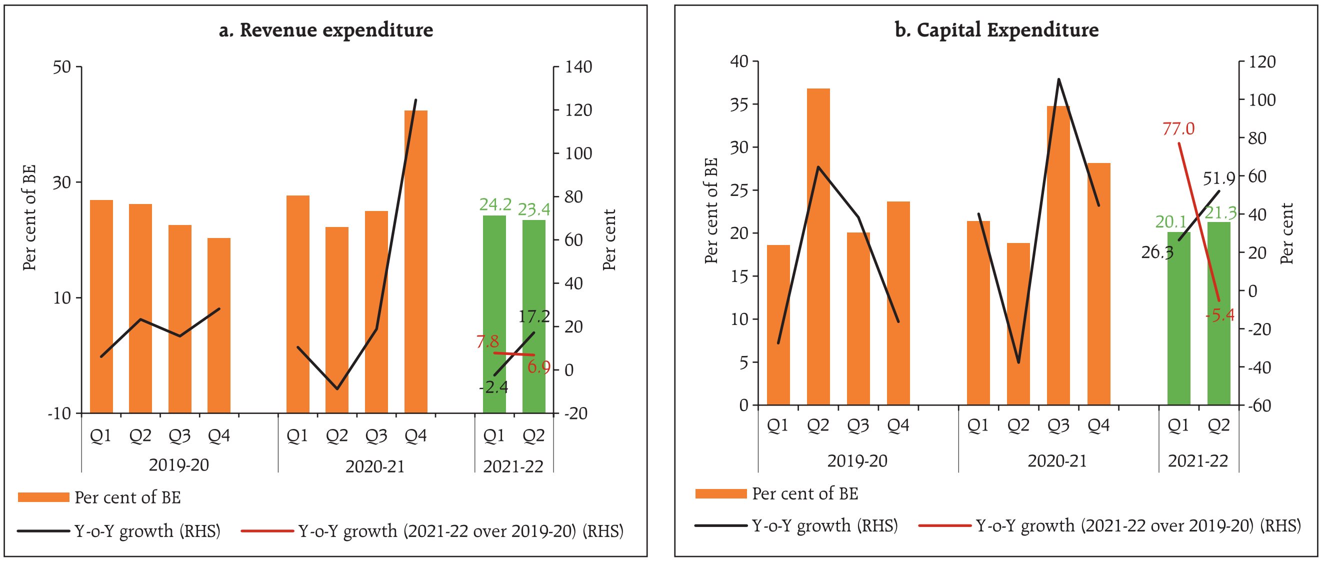
Chart 8: Expenditure Growth in H2



Note: Expenditure growth for H2:2021-22 is the implied growth rate based on actuals up to September 2021 and budget estimates plus expenditure proposals in the first and second supplementary demand for grants.

Sources: CGA; Union Budget documents and supplementary demand for grants.

Chart 9: Quarterly Expenditure of the Central Government



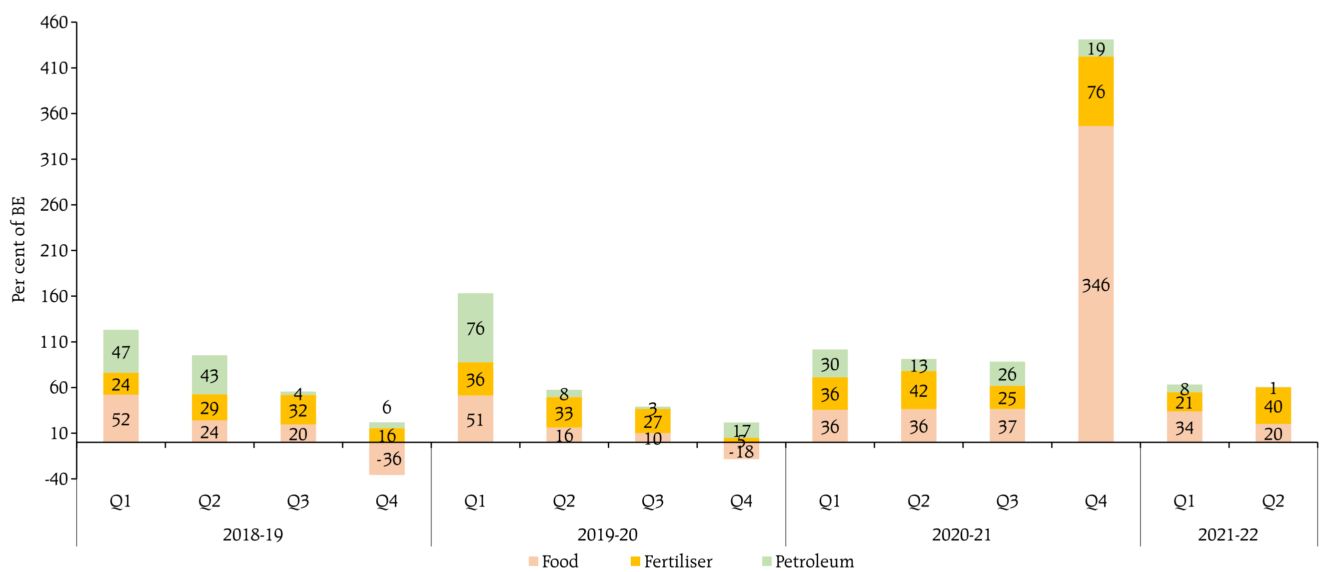
Sources: CGA; and Union Budget documents.

The roll-out of the *Pradhan Mantri Gati Shakti* National Master Plan is also expected to provide a fillip to infrastructure development in the country. Based on geographic information system (GIS), the *Gati Shakti* platform would map all existing and proposed economic zones, along with their multi-modal infrastructure linkages (rail, road *etc.*). Approvals for individual projects of different line ministries are to be viewed from the perspective of conformity to the *Gati Shakti* National Master Plan, thus ensuring a holistic and coordinated approach to infrastructure development. To spur capital asset creation by States, the Centre introduced a scheme for providing interest-free loans for new or ongoing infrastructure projects.

The major subsidies outgo of the Central government, comprising food, fuel and fertilisers, stood at 53.8 per cent of BE in H1:2021-22 compared to 68.6 per cent of BE in the corresponding period of last year. Food subsidy accounted for 72.5 per cent of total outgo on major subsidies (Chart 10).

States' revenue expenditure recorded a y-o-y growth of 10.9 per cent and 14.6 per cent in Q1 and Q2 of 2021-22, respectively (26.0 per cent and 4.8 per cent, respectively, over the corresponding quarters of 2019-20). As per cent of States' budget estimates, revenue expenditure in H1:2021-22 is broadly in line with previous year's pattern. On the capex front, States are being nudged by the centre through interest-free loans under the scheme 'Special Assistance to States for Capital Expenditure'.[8] Furthermore, on meeting the capex target set by the Centre for Q1:2021-22, eleven States have been permitted to undertake additional open market borrowings equivalent to 0.25 per cent of GSDP. Thus, States' capex has seen a robust y-o-y growth of 98.5 per cent and 57.9 per cent for Q1 and Q2:2021-22 (Chart 11).

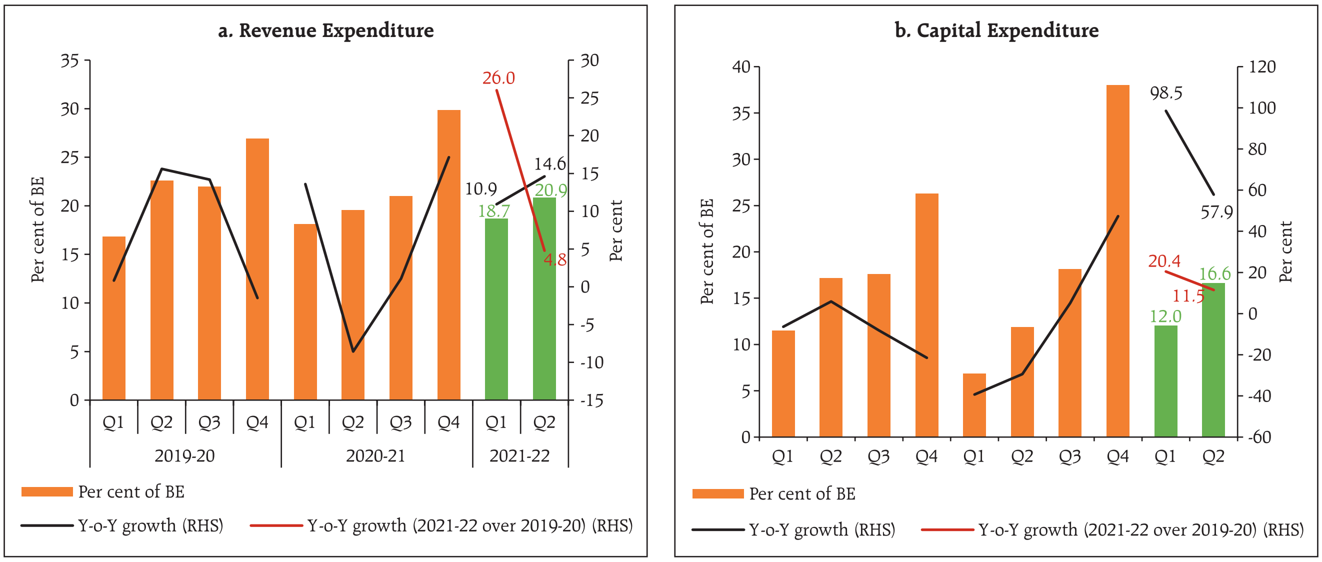
Chart 10: Quarterly Expenditure on Major Subsidies by the Central Government



Sources: CGA; and Union Budget documents.

9 Under the scheme, financial assistance is provided to State governments in the form of 50-year interest free loan. An amount not exceeding ₹12,000 crore was earmarked for 2020-21 and an amount of ₹11,830.3 crore was released to the States in 2020-21. On April 29, 2021, the Centre announced the decision to provide an additional amount of upto ₹15,000 crore to States as interest-free 50-year loan for spending on capital projects. As of September 25, 2021, the Centre has approved capital projects of ₹2,903.8 crore in 8 States under the scheme entitled 'Special Assistance to States for Capital Expenditure for 2021-22'. The Ministry has also released an amount of ₹1,393.8 crore to these States, viz., Bihar, Chhattisgarh, Himachal Pradesh, Madhya Pradesh, Maharashtra, Punjab, Sikkim and Telangana.

Chart 11: Quarterly Expenditure of State Governments



Sources: CAG; and Budget documents of State governments.

III. Fiscal Deficit and its Financing

a. Fiscal Deficit

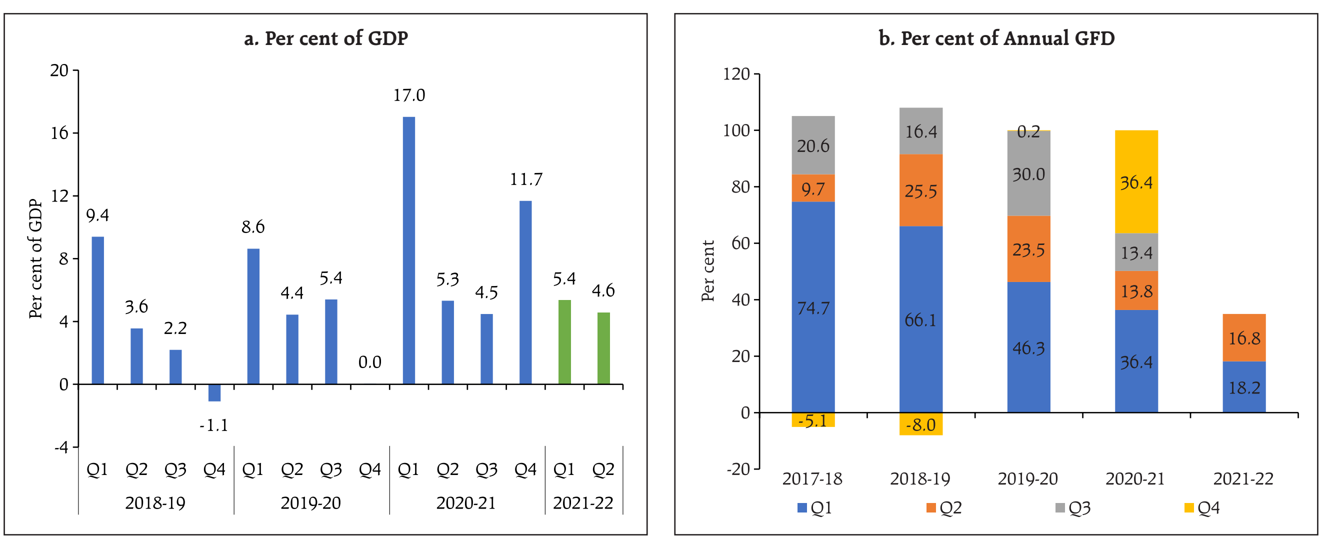
Central Government

After attaining a GFD of 9.2 per cent of GDP in 2020-21 (PA), the Union government has budgeted for a GFD of 6.8 per cent of GDP in 2021-22 with the medium-term target of below 4.5 per cent by 2025-26. However, due to improved revenue position and contained expenditure, the GFD of the Union government in H1:2021-22 stands at 35.0 per cent of BE, which is much lower than what was recorded in previous years (Chart 12).

State Governments

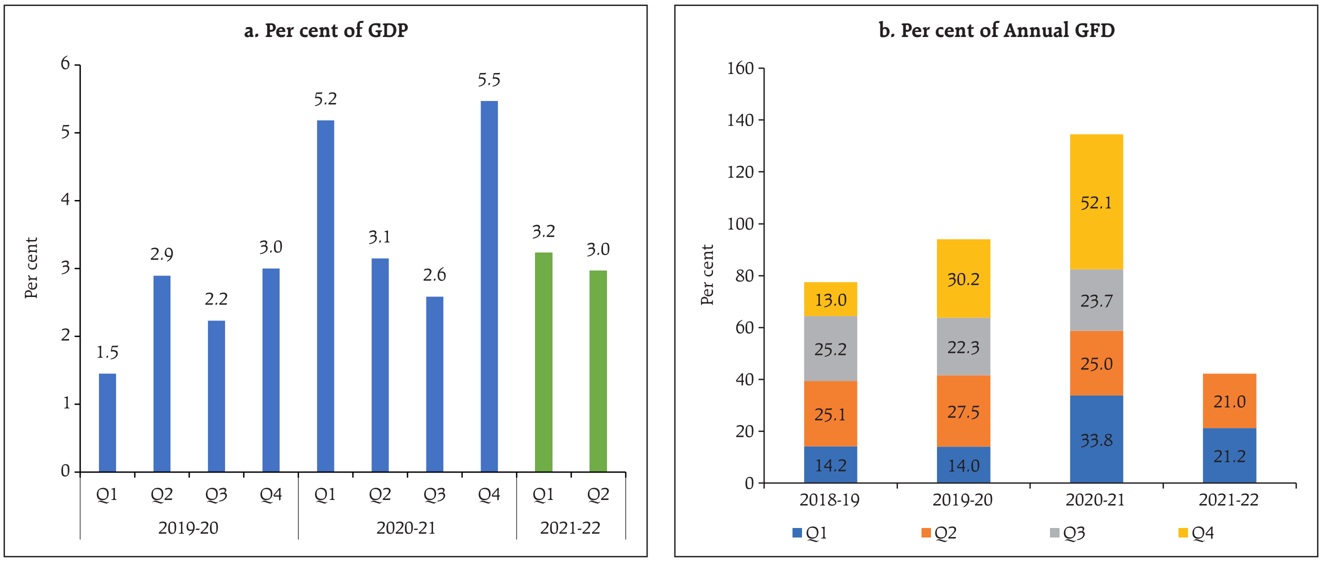
States have budgeted a GFD of 3.7 per cent of GDP for 2021-22, as against 4.7 per cent in 2020-

Chart 12: Centre's Gross Fiscal Deficit



Note: In chart 12b the annual GFD used for 2017-18 to 2019-20 is actual; for 2020-21 is provisional accounts and for 2021-22 is as per budget estimates.
Sources: CGA; and Union Budget documents.

Chart 13: States' Gross Fiscal Deficit

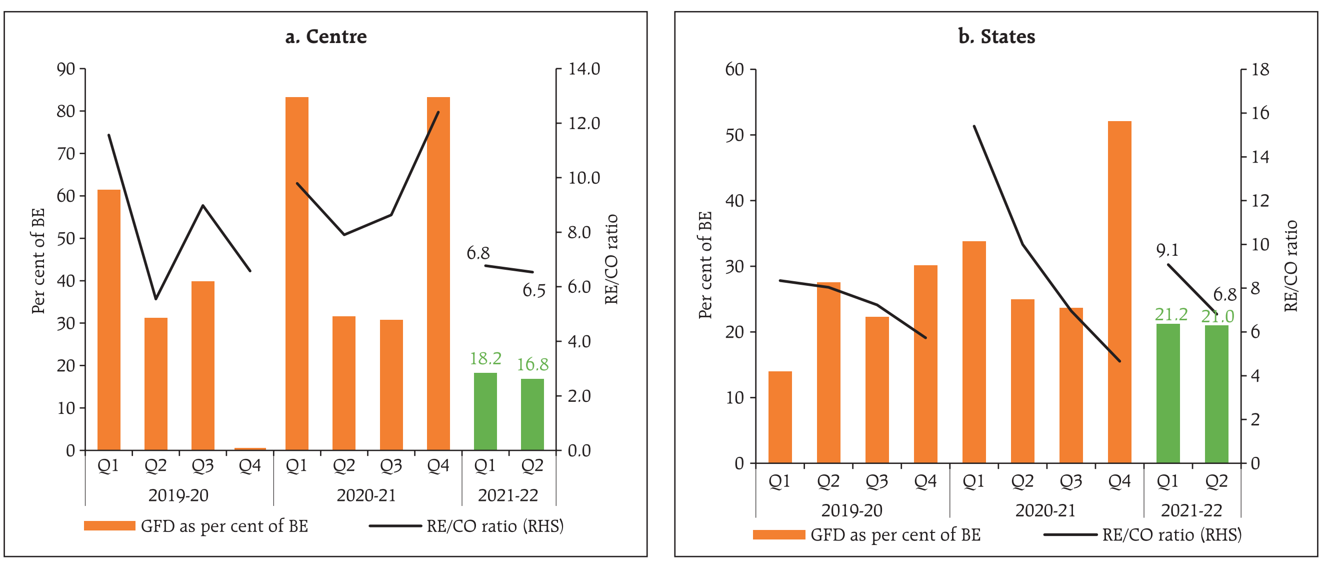


Sources: CAG; and Budget documents of State governments.

21 (RE). In Q1:2021-22, their GFD stands at 3.2 per cent of quarterly GDP which, although lower than in Q1:2020-21, is significantly higher than the trend in pre-pandemic years. In H1:2021-22, GFD of States stands at 42.2 per cent of budget estimates (Chart 13).

The quality of expenditure for both Centre and States, as measured by revenue expenditure to capital outlay (RECO) ratio, has reverted to its usual level after deteriorating significantly in H1:2020-21, when undertaking new capex projects was severely constrained by the pandemic. The improvement in the quality of government expenditure augurs well for medium-term growth prospects of the economy (Chart 14).

Chart 14: Gross Fiscal Deficit and Quality of Expenditure for the Centre and States



Sources: CGA; CAG; and Union Budget documents.

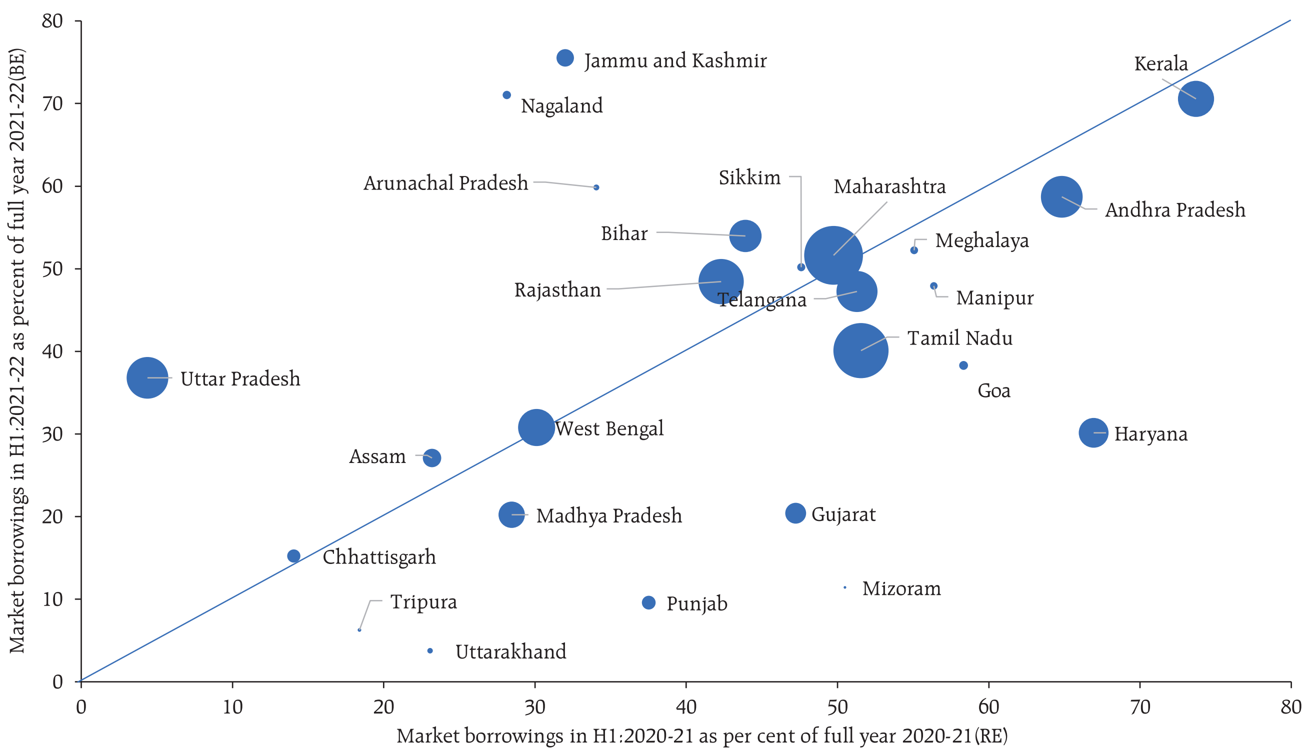
b. Financing of GFD

In H1: 2021-22, the Union government completed 57.5 per cent of the budgeted net market borrowings for 2021-22, which financed over 90 per cent of its GFD during the first half of the year. The borrowing programme of the Union government during H1:2021-22 was carried out smoothly with the 10-year g-sec yield remaining in the range of 5.97 to 6.26 per cent. It is also noteworthy that the Union government compensated the States fully for the shortfall in GST collections from within its own borrowing programme without resorting to additional borrowings in this fiscal year so far.

A State-level analysis points to a generalised decrease in the first half market borrowings (as per cent of BE). Amongst the larger States, Uttar Pradesh, Bihar and Rajasthan have seen an increase in H1 borrowings. The overall net market borrowings in H1:2021-22, accounting for 34.4 per cent of BE, were 20 per cent lower than those in H1:2020-21 (Chart 15).

Financial accommodation availed by States under various facilities from RBI came down in H1:2021-22 compared to the corresponding period of last year[9]. Overall daily utilisation under all the three facilities witnessed a y-o-y reduction of 14.6 per cent in H1:2021-22. Compositionally, while the Ways and Means Advances (WMA) and Overdraft (OD) facilities have seen an increased daily utilisation in H1:2021-22, the daily utilisation of Special Drawing Facility (SDF) has seen a sharp decline of 57.8 per cent. Amongst the major States/UTs, Jammu and Kashmir, Telangana, Andhra Pradesh, Manipur and Mizoram have seen an

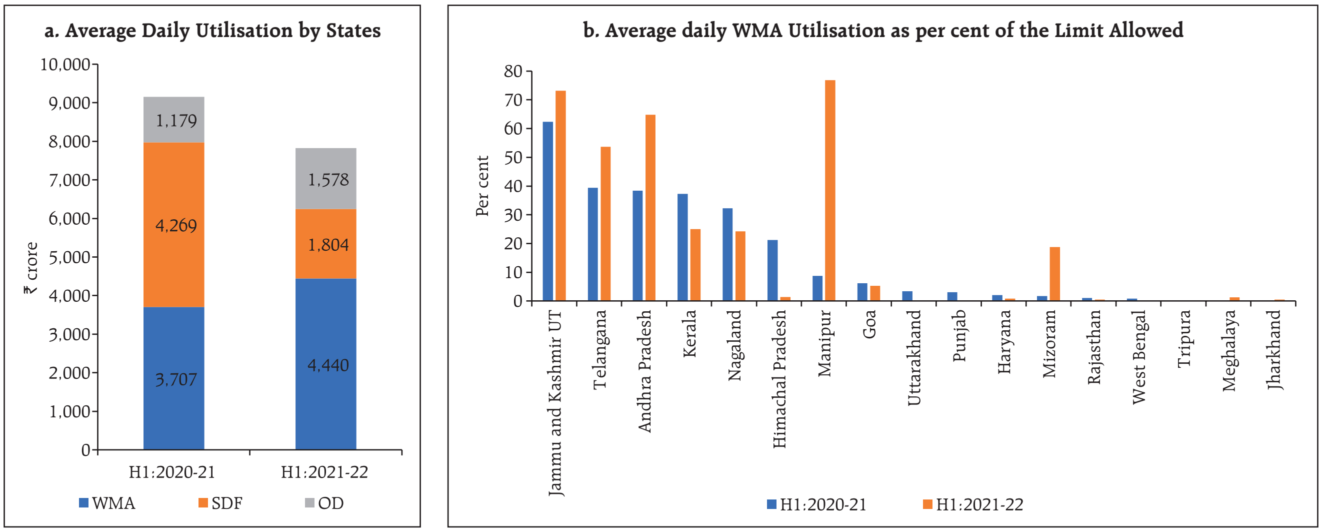
Chart 15: State-wise Net Market Borrowings



Note: Size of the bubble corresponds to the share of the state in H1:2021-22 net market borrowings. The 45-degree line corresponds to no change.
Sources: State Finances: A study of Budgets of 2021-22; and RBI.

[10] Financial accommodation to the states is provided by the RBI through the Special Drawing Facility (SDF), Ways and Means Advances and Overdraft (OD).

Chart 16: Financial Accommodation availed by States under various facilities available with the RBI



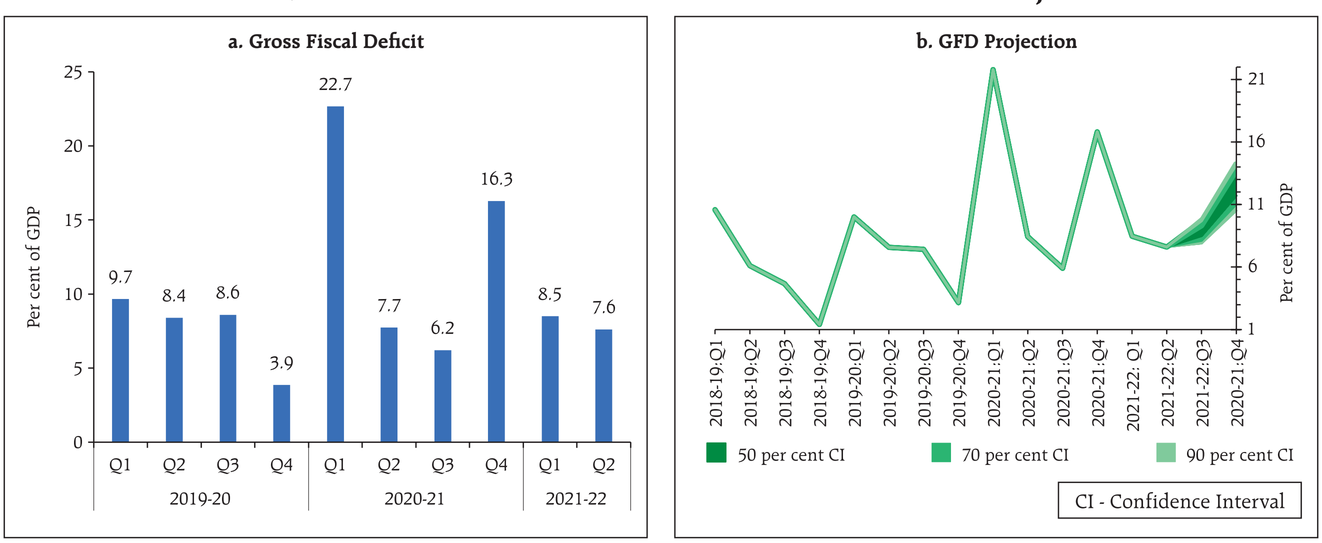
Note: Chart b contains only States that availed the WMA facility in H1:2020-21 or H1:2021-22.
Sources: RBI Bulletin several issues; and RBI staff estimates.

increase in daily utilisation of WMA in H1:2021-22 compared to H1:2020-21 (Chart 16).

IV. General Government Finances

The general government GFD for 2021-22 (BE) is budgeted to consolidate to 10.2 per cent of GDP from 13.3 per cent in 2020-21 (RE). In continuation of the effort to provide timely fiscal data on general government, quarterly fiscal position of the general government has been compiled till Q2:2021-22. In a departure from trend, general government GFD in Q4:2020-21 turned out to be higher than in Q2 and

Chart 17: General Government Gross Fiscal Deficit: Actual and Projection



Notes: 1. The thick green shaded area represents 50 per cent confidence interval (CI) implying that there is 50 per cent probability that actual outcome will be within the range given by the thick green shaded area. Like-wise, for 70 per cent and 90 per cent confidence intervals, there is 70 per cent and 90 per cent probability, respectively, that the actual outcomes will be in the range represented by the respective shaded areas.
2. The actual combined GFD-GDP ratio is for Centre plus 27 states for 2019-20 and 2020-21, and Centre plus 26 states for Q1 and Q2:2021-22.
Source: RBI staff estimates.

Q3: 2020-21, largely on account of on-budgeting of past Food Corporation of India (FCI) dues in March 2021. Due to improved revenue mobilisation by both the Centre and States, the general government GFD remained subdued in Q1 and Q2:2021-22. Going forward, while tax collections are expected to remain buoyant in Q3 and Q4, expected expenditure pick up could result in a general government deficit of 8.9 per cent and 12.9 per cent of GDP in Q3 and Q4 (projected), respectively. Accordingly, the GFD is expected to increase from 8.0 per cent of GDP in H1:2021-22 to 10.9 per cent in H2: 2021-22.

VI. Conclusion

After the pandemic-induced significant widening of general government fiscal deficit in 2020-21, both Centre and States demonstrated commitment to credible fiscal consolidation in their 2021-22 budgets even while sustaining the needed fiscal support to growth. During H1:2021-22, while nurturing a stimulus led recovery that raised GDP in Q2:2021-22 to pre-pandemic levels, the envisaged fiscal consolidation has been pursued. Robust growth in tax revenues, reflecting improved tax governance and administration, and the thrust on capex bode well for achieving both durable growth revival and fiscal consolidation in the medium-term. Within capital outlay, however, it is important for both the Centre and the States to channelise expenditure to sectors that can crowd-in private investments and optimise multiplier effects based on inter-temporal and intersectoral linkages that can boost output, employment and productivity. Going forward, notwithstanding renewed concerns associated with the new omicron variant of the virus, as economic revival gains further traction, the Centre and States should provide credible medium-term glide paths towards fiscal policy normalisation so that fiscal buffers can be replenished to deal with future economic shocks, if any.

Appendix Tables

Table 1: Budgetary Position of the Central Government during April-September 2021-22

Item	*(₹ thousand crore)*				*(Per cent)*			
	Actuals		**Budget Estimates**		**Percent of BE**		**Y-o-Y Growth Rate**	
	2021-22	**2020-21**	**2021-22**	**2020-21**	**2021-22**	**2020-21**	**2021-22**	**2020-21**
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1. Revenue Receipts	**1081.0**	**550.8**	**1788.4**	**2020.9**	**60.4**	**27.3**	**96.3**	**-32.5**
1.1. Net Tax Revenue	920.7	458.5	1545.4	1635.9	59.6	28.0	100.8	-24.5
1.2. Non-Tax Revenue	160.4	92.3	243.0	385.0	66.0	24.0	73.8	-55.9
1.3. Interest Receipts	10.3	5.7	11.5	11.0	89.3	52.1	79.4	-11.3
2. Capital Receipts	**18.1**	**14.6**	**188.0**	**225.0**	**9.6**	**6.5**	**23.8**	**-28.9**
2.1. Recovery of Loans	9.0	8.9	13.0	15.0	69.3	59.2	1.7	7.5
2.2. Other Receipts	9.1	5.8	175.0	210.0	5.2	2.8	57.7	-53.2
3. Total Receipts (1+2)	**1099.2**	**565.4**	**1976.4**	**2245.9**	**55.6**	**25.2**	**94.4**	**-32.5**
4. Revenue Expenditure	**1396.7**	**1313.6**	**2929.0**	**2630.1**	**47.7**	**49.9**	**6.3**	**1.0**
of which								
(i) Interest Payments	363.8	305.7	809.7	708.2	44.9	43.2	19.0	12.9
5. Capital Expenditure	**229.4**	**165.8**	**554.2**	**412.1**	**41.4**	**40.2**	**38.3**	**-11.6**
of which								
(i) Loans and Advances	19.5	17.4	40.4	31.8	48.3	54.7	12.3	17.1
6. Total Expenditure (4+5)	**1626.0**	**1479.4**	**3483.2**	**3042.2**	**46.7**	**48.6**	**9.9**	**-0.6**
7. Revenue Deficit (4-1)	**315.6**	**762.8**	**1140.6**	**609.2**	**27.7**	**125.2**	**-58.6**	**57.4**
8. Fiscal Deficit (6-3)	**526.9**	**914.0**	**1506.8**	**796.3**	**35.0**	**114.8**	**-42.4**	**40.3**
9. Gross Primary Deficit {8-4 (i)}	**163.1**	**608.3**	**697.1**	**88.1**	**23.4**	**690.2**	**-73.2**	**59.7**

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

Table 2: Quarterly Position of Central Government Finances

Item	(₹ thousand crore)				(Per cent)					
	Q1		Q2		Per cent of BE				Y-o-Y Growth Rate	
					Q1		Q2		2021-22	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	Q1	Q2
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1. Revenue Receipts	**540.0**	**150.0**	**541.1**	**400.8**	**30.2**	**7.4**	**30.3**	**19.8**	**260.0**	**35.0**
1.1. Net Tax Revenue	412.7	134.8	508.0	323.7	26.7	8.2	32.9	19.8	206.1	56.9
1.2. Non-Tax Revenue	127.3	15.2	33.0	77.1	52.4	3.9	13.6	20.0	738.4	-57.1
1.3. Interest Receipts	4.7	1.6	5.6	4.1	40.5	14.8	48.9	37.3	186.6	36.9
2. Capital Receipts	**7.4**	**3.6**	**10.7**	**11.1**	**3.9**	**1.6**	**5.7**	**4.9**	**107.2**	**-3.1**
2.1. Recovery of Loans	3.4	3.6	5.6	5.3	26.2	23.9	43.1	35.3	-4.7	6.0
2.2. Other Receipts	4.0	0.0	5.1	5.8	2.3	0.0	2.9	2.8		-11.5
3. Total Receipts (1+2)	**547.4**	**153.6**	**551.8**	**411.8**	**27.7**	**6.8**	**27.9**	**18.3**	**256.4**	**34.0**
4. Revenue Expenditure	**710.1**	**727.7**	**686.5**	**585.9**	**24.2**	**27.7**	**23.4**	**22.3**	**-2.4**	**17.2**
of which										
(i) Interest Payments	184.3	160.5	179.5	145.2	22.8	22.7	22.2	20.5	14.8	23.6
5. Capital Expenditure	**111.5**	**88.3**	**117.9**	**77.6**	**20.1**	**21.4**	**21.3**	**18.8**	**26.3**	**51.9**
of which										
(i) Loans and Advances	6.6	13.9	12.9	3.4	16.4	43.9	31.9	10.8	-52.5	276.6
6. Total Expenditure (4+5)	**821.6**	**815.9**	**804.4**	**663.5**	**23.6**	**26.8**	**23.1**	**21.8**	**0.7**	**21.2**
7. Revenue Deficit (4-1)	**170.2**	**577.7**	**145.5**	**185.1**	**14.9**	**94.8**	**12.8**	**30.4**	**-70.5**	**-21.4**
8. Fiscal Deficit (6-3)	**274.2**	**662.4**	**252.6**	**251.6**	**18.2**	**83.2**	**16.8**	**31.6**	**-58.6**	**0.4**
9. Gross Primary Deficit {8-4 (i)}	**90.0**	**501.9**	**73.1**	**106.5**	**12.9**	**569.4**	**10.5**	**120.8**	**-82.1**	**-31.3**

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

Table 3: Budgetary Position of the State Governments during April-September 2021								
Item	*(₹ thousand crore)*				*(Per cent)*			
	Actuals		**Budget Estimates**		**Percent of BE**		**Y-o-Y Growth Rate**	
	2021-22	**2020-21**	**2021-22**	**2020-21**	**2021-22**	**2020-21**	**2021-22**	**2020-21**
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1. Revenue Receipts	**1,174.3**	**926.7**	**3,190.5**	**3,070.6**	**36.8**	**30.2**	**26.7**	**-14.6**
1.1. Tax Revenue	853.5	652.0	2,172.5	2,181.7	39.3	29.9	30.9	-19.5
1.2. Non-Tax Revenue	83.3	56.7	254.4	250.5	32.7	22.6	46.9	-19.4
1.3. Grants-in-aid and Contributions	237.6	218.0	763.6	638.4	31.1	34.2	9.0	6.0
2. Capital Receipts	**4.7**	**2.3**	**21.0**	**18.1**	**22.2**	**12.7**	**102.2**	**-81.5**
2.1. Recovery of Loans and Advances	4.6	2.2	14.4	14.2	31.5	15.8	102.6	-81.8
2.2. Other Receipts	0.1	0.1	6.6	3.9	1.5	1.4	87.1	-11.3
3. Total Receipts	**1,179.0**	**929.0**	**3,211.5**	**3,088.7**	**36.7**	**30.1**	**26.9**	**-15.4**
4. Revenue Expenditure	**1,322.2**	**1,171.8**	**3,342.1**	**3,111.5**	**39.6**	**37.7**	**12.8**	**0.9**
4.1. Interest Payments	154.7	145.3	417.8	370.5	37.0	39.2	6.4	11.5
5. Capital Expenditure	**185.7**	**107.5**	**648.5**	**573.5**	**28.6**	**18.8**	**72.7**	**-33.4**
5.1. Capital Outlay	171.2	97.4	595.2	530.0	28.8	18.4	75.8	-31.5
6. Total Expenditure	**1,508.0**	**1,279.4**	**3,990.5**	**3,685.0**	**37.8**	**34.7**	**17.9**	**-3.3**
7. Revenue Deficit (4-1)	**147.9**	**245.2**	**151.5**	**40.9**	**97.6**	**599.5**	**-39.7**	**223.2**
8. Fiscal Deficit (6-3)	**329.0**	**350.4**	**779.0**	**596.4**	**42.2**	**58.8**	**-6.1**	**55.9**
9. Gross Primary Deficit {8-4 (i)}	**174.33**	**205.07**	**361.23**	**225.88**	**48.3**	**90.8**	**-15.0**	**117.2**

Note: Data pertains to 26 States.
Source: Comptroller and Auditor General of India.

Table 4: Quarterly Position of State Government Finances

Item	(₹ thousand crore)				(Per cent)					
	Actuals				Per cent of BE				Y-o-Y Growth Rate	
	Q1		Q2		Q1		Q2		2021-22	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	Q1	Q2
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1. Revenue Receipts	**535.5**	**400.6**	**638.8**	**526.1**	**16.8**	**13.0**	**20.0**	**17.1**	**33.7**	**21.4**
1.1. Tax Revenue	378.4	262.4	475.1	389.6	17.4	12.0	21.9	17.9	44.2	21.9
1.2. Non-Tax Revenue	37.8	27.0	45.4	29.7	14.9	10.8	17.9	11.8	40.2	53.1
1.3. Grants-in-aid and Contributions	119.3	111.2	118.3	106.9	15.6	17.4	15.5	16.7	7.3	10.7
2. Capital Receipts	**2.1**	**0.8**	**2.5**	**1.5**	**10.1**	**4.2**	**12.0**	**8.6**	**182.4**	**63.3**
2.1. Recovery of Loans and Advances	2.1	0.7	2.4	1.5	14.6	5.2	16.9	10.6	186.9	61.6
2.2. Other Receipts	0.0	0.0	0.1	0.0	0.2	0.5	1.3	0.9	-6.6	133.3
3. Total Receipts	**537.7**	**401.3**	**641.3**	**527.6**	**16.7**	**13.0**	**20.0**	**17.1**	**34.0**	**21.5**
4. Revenue Expenditure	**625.2**	**563.6**	**697.0**	**608.2**	**18.7**	**18.1**	**20.9**	**19.5**	**10.9**	**14.6**
4.1. Interest Payments	66.5	65.0	88.2	80.3	15.9	17.6	21.1	21.7	2.2	9.8
5. Capital Expenditure	**78.0**	**39.3**	**107.7**	**68.3**	**12.0**	**6.9**	**16.6**	**11.9**	**98.5**	**57.9**
5.1. Capital Outlay	68.9	36.6	102.3	60.8	11.6	6.9	17.2	11.5	88.3	68.3
6. Total Expenditure	**703.2**	**602.9**	**804.8**	**676.5**	**17.6**	**16.4**	**20.2**	**18.4**	**16.6**	**19.0**
7. Revenue Deficit	**89.7**	**163.0**	**58.3**	**82.1**	**59.2**	**398.7**	**38.5**	**200.8**	**-45.0**	**-29.0**
8. Fiscal Deficit (6-3)	**165.5**	**201.6**	**163.5**	**148.8**	**21.2**	**33.8**	**21.0**	**25.0**	**-17.9**	**9.8**
9. Gross Primary Deficit (8 - 4.1)	**99.1**	**136.6**	**75.3**	**68.5**	**27.4**	**60.5**	**20.8**	**30.3**	**-27.5**	**9.9**

Note: Data pertains to 26 States.
Source: Comptroller and Auditor General of India.

Table 5: Chronology of Major Policy Announcements by GoI to Mitigate the Impact of COVID-19 (March 2021 Onwards)

Date of Announcement	Policy Initiative
March 30, 2021	• Centre releases ₹30,000 crore as GST Compensation as well as ₹28,000 crore as IGST ad-hoc settlement to the States/UTs.
March 31, 2021	• The last date for the intimation of *Aadhaar* number and linking thereof with permanent account number (PAN) was extended to June 30, 2021. • The time-limits for passing of consequential order for direction issued by the dispute resolution panel (DRP) and processing of equalisation levy statements were extended to April 30, 2021. • The validity of ECLGS 1.0 and 2.0 was extended up to June 30, 2021 or till guarantees for an amount of ₹3 lakh crore are issued. • ECLGS 3.0 was introduced to cover business enterprises in hospitality, travel and tourism, leisure and sporting sectors that meet specified criteria. Last date of disbursement under the scheme has been extended to September 30, 2021. • MoF released ₹45,000 crore as additional devolution to States in FY 2020-21 over and above the Revised Estimates for 2020-21.
April 1, 2021	• Centre released an amount of ₹11,830 crore to States under the scheme "Special Assistance to States for Capital Expenditure" to give timely boost to economic recovery. • Centre released ₹45,000 crore as additional devolution to States in FY 2020-21, an increase of 8.2 per cent over 2020-21 (RE).
April 22, 2021	A temporary exemption has been provided for capital expenditure of Union government from certain cash management guidelines which stipulate the timing of release of large payments so as to match them with the inflow of tax revenues during the month/quarter.
April 23, 2021	Distribution of free food grains under *Pradhan Mantri Garib Kalyan Anna Yojana* (PMGKAY) during May and June 2021 was announced.
April 24, 2021	• The deadline for payment under the Direct Tax *Vivaad se Vishwaas* Act, 2020, without an additional amount, extended to June 30, 2021. • Various deadlines for passing an order under the Income Tax Act, extended to June 30, 2021. • Exemption of medical grade oxygen, oxygen therapy related equipment such as oxygen concentrators, cryogenic transport tanks, etc, and COVID-19 vaccines from basic customs duty till July 31, 2021.
April 30, 2021	• Exemption to import of oxygen concentrators for personal use, purchased from e-commerce portals through post or courier *sans* customs clearance till July 31, 2021. • GST rate payable on imported oxygen concentrators reduced from 28 per cent to 12 per cent. • Exemption to imports of Inflammatory Diagnostic (marker) kits; and remdesivir injection from basic customs duty till October 31, to supplement COVID-19 testing efforts. • GoI announced to provide an additional amount of up to ₹15,000 crore to States as interest free 50 year loan for spending on capital projects. One-third of this overall limit will be provided to states which undertake monetisation and/or disinvestment of their assets, in the range of 33 to 100 per cent of the amount realised by them.

(Contd...)

Date of Announcement	Policy Initiative
May 1, 2021	• As a special dispensation, Union government has released, in advance of the normal schedule, the first instalment for 2021-22 of the central share amounting to ₹8,874 crore for the State Disaster Response Fund (SDRF) to all the States. Up to 50 per cent of this amount can be utilised by the States for Covid-19 containment measures. • Deadline for various compliances under the Income Tax Act extended to May 31, 2021.
May 2, 2021	Relief Measures for GST payers • Concessional rates of interest in lieu of the normal rate of interest of 18 per cent per annum for delayed tax payments. • Late fee waived for 15 days in respect of returns in Form GSTR-3B furnished beyond the due date for tax periods March 2021 and April 2021. • Time limit for completion of various actions, by any authority or by any person, under the GST Act, which falls during the period from April 15, 2021 to May 30, 2021, has been extended up to May 31, 2021.
May 3, 2021	Exemption from IGST on the import of Covid-19 relief material (already exempted from customs duty), donated/received free of cost from outside India for free distribution up to June 30, 2021.
May 9, 2021	Centre released an amount of ₹8,923.8 crore to 25 States for providing grants to the Rural Local Bodies (RLBs). The amount released was the first instalment of the 'Untied Grants' for the year 2021-22, to be utilised by the RLBs, among other things, for various prevention and mitigation measures needed to combat the COVID-19 pandemic.
May 19, 2021	Additional fertilizer subsidy with an outlay of ₹14,775 crore was announced.
May 20, 2021	Timelines for certain compliances under the Income-tax Act,1961 were extended.
May 28, 2021	• The 43rd GST Council meeting recommended full exemption from IGST up to August 31, 2021 for a number of specified COVID-19 related goods such as medical oxygen, oxygen concentrators and other oxygen storage and transportation equipment, certain diagnostic markers test kits and COVID-19 vaccines, *etc.* • The Council also recommended certain relaxations to GST taxpayers as COVID-19 related relief measure.
May 30, 2021	Emergency Credit Line Guarantee Scheme (ECLGS) was expanded with ECLGS 4.0 for onsite oxygen generation, wider coverage of ECLGS 3.0 and increase in tenor for ECLGS 1.0
June 12, 2021	The 44th GST Council reduced the GST rates on specified items being used in COVID-19 relief and management till September 30, 2021.
June 25, 2021	Government granted further extension in timelines of specified compliances under Income Tax Act and announced tax exemption for expenditure on COVID-19 treatment and ex-gratia received on death due to COVID-19.
June 28, 2021	• Loan Guarantee Scheme worth ₹1.10 lakh crore was announced for COVID affected sectors like health and tourism. • The ECLGS was expanded with the overall cap of admissible guarantee raised from ₹3 lakh crore to ₹4.5 lakh crore. • Credit Guarantee Scheme for Micro Finance Institutions was announced.

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Date of Announcement	Policy Initiative
	• Free one month tourist visa to 5 lakh tourists or till 31st March, 2022 whichever is earlier. • The date of registration under the *Aatma Nirbhar Bharat Rozgar Yojana* (ANBRY) was extended from June 30, 2021 to March 31, 2022. • Provision of free food grains under PMGKAY was extended up to November 2021. • A scheme for strengthening public health infrastructure and human resources with outlay of ₹23,220 crore was announced, with focus on short term emergency preparedness and special emphasis on children and paediatric care/paediatric beds. • Release of Climate Resilient Special Traits Crop Varieties was announced. • A revival package of ₹77.45 crore to be provided for North Eastern Regional Agricultural Marketing Corporation (NERAMAC). • ₹33,000 crore boost for Project Exports was provided through National Export Insurance Account (NEIA). • Equity infusion in Export Credit Guarantee Corporation (ECGC) over 5 years was announced to boost export insurance cover by ₹88,000 crore. • ₹19,041 crore was provided for Broadband to each Village through Bharat Net PPP Model. • Tenure of PLI Scheme for Large Scale Electronics Manufacturing was extended by 1 year. • ₹3.03 lakh crore for Reform-Based Result-Linked Power Distribution Scheme was announced, of which the Central Government's share will be ₹97,631 crore. • New streamlined process to be formulated for appraisal and approval of PPP Projects and monetization of core infrastructure assets.
July 14, 2021	The Union Cabinet gave its approval for continuation of Rebate of State and Central taxes and Levies (RoSCTL) with the same rates as notified by Ministry of Textiles in March 2019, on exports of Apparel/Garments and Made-ups in exclusion from Remission of Duties and Taxes on Exported Products (RoDTEP) scheme. The scheme will continue till 31st March 2024.
July 27, 2021	Ministry of Health and Family Welfare on 13.07.2021 issued "Guidelines for Buffer Stock Management of COVID 19" to State Governments/UT administrations requesting them to initiate the necessary procurement process on priority, with a view to ensure continuous availability of drugs for any possible future surge in cases.
August 29, 2021	The closing date of late fee amnesty scheme and time limit for filing of application for revocation of cancellation of registration under GST Act were extended.
September 14, 2021	Eleven States achieved the target set by the Ministry of Finance for the capital expenditure in the 1st Quarter of 2021-22. As an incentive, these States were granted permission by the Department of Expenditure to borrow an additional amount of ₹15,721 crore. The additional open market borrowing permission granted is equivalent to 0.25 percent of their Gross State Domestic Product (GSDP).
September 17, 2021	• Government extended time limit for linking of PAN with Aadhaar, due date for completion of penalty proceedings under the Income-tax Act, and the time limit for issuance of notice and passing of order by the Adjudicating Authority under the Prohibition of *Benami* Property Transactions Act, 1988.

(Contd...)

Date of Announcement	Policy Initiative
	• 45th GST Council recommended extension of existing concessional GST rates on certain COVID-19 treatment drugs up to December 31, 2021 and reduction of GST rate to 5 per cent on some more COVID-19 treatment drugs up to December 31, 2021. • Centre released an amount of ₹2,427 crore to 11 States for the Urban Local Bodies. The amount released is the first instalment of tied grants for the year 2021-22.
September 25, 2021	Centre approved capital projects worth ₹2,903.80 crore in 8 States under the scheme entitled 'Special Assistance to States for Capital Expenditure for 2021-22'. An amount of ₹1,393.83 crore was released to these States.
September 29, 2021	The timeline of ECLGS was extended till 31.03.2022 or till guarantees for an amount of ₹4.5 lakh crore are issued under the scheme, whichever is earlier. Further, the last date of disbursement under the scheme was extended to 30.06.2022 and certain modifications were made in the scheme to enable support to businesses impacted by the second wave of COVID.
October 1, 2021	Centre issued an order on 25.09.2021, revising the items and norms of assistance under the State Disaster Response Fund (SDRF), making therein a provision for grant of ex-gratia payment to the next of kin of the deceased due to Covid-19. The State Governments will have an amount of ₹ 23,186.40 crore in their SDRF including State's share, during the financial year 2021-22, in addition to the amount of opening balance available in their SDRF, to meet the expenses for granting ex-gratia to the next of kin of the deceased due to COVID-19 and for providing relief on other notified calamities.
November 24, 2021	PMGKAY, under which 5 kg of wheat or rice is provided to beneficiaries over and above their usual monthly quota was extended till March 2022.

*What Ails India's Apparel Exports?**

India has traditionally enjoyed comparative advantage in the textiles sector, especially apparels manufacturing. Apparel exports are a major component of India's export basket and play a crucial role in the domestic economy as well. However, in recent years there has been a stagnation in apparel exports, partly due to increasing competition from countries like Bangladesh and Vietnam. This article analyses the role of tariff regimes of the destination country in directing the exports of apparels from major suppliers including India. The findings suggest that preferential tariff treatments have been a major contributory factor for rapid growth in apparel exports from developing countries including Bangladesh and Vietnam. These policies have also enabled countries like Cambodia, which were a marginal supplier until recently to benefit from reduced tariffs along with relaxation in rules of origin norms. The article concludes with policy suggestions to unlock the potential of this sector.

Introduction

India's apparel industry finds its traces even in the earliest historical records of the Indian sub-continent, *i.e.,* Indus Valley Civilisation. Globally also, apparel is one of the oldest and largest export industry in the world. Apparel production is a springboard for national development, and often is the typical starter industry for countries engaged in export-oriented industrialisation due to its low fixed costs and emphasis on labour-intensive manufacturing (Adhikari & Weeratunge, 2006; Gereffi, 1999).

Apparel manufacturing is an integral component of the broad textile industry, and is estimated to account for more than two-third of the total textile industry. Further, apparel industry has strong backward linkages with the rest of textile industry. The finished apparel is an end-product of the three stage value chain: the first stage of converting raw fibres to yarns; the second stage of converting yarns into fabric; and the final stage of dyeing/printing, stitching and finishing of fabric into an apparel (Habib, 2009). The success of apparel industry also depends on how efficient and competitive are these backward linkages that operate in the broad textile industry. If an apparel manufacturer has effective control over supply of raw fabrics and ancillary products, then the production process is expected to not only be efficient and reliable but may also be a source of additional price competitiveness (Siddiqi, 2005). Thus, the prospects and performance of the apparel industry has a strong bearing on the performance of the overall textile sector and *vice-versa.*

India has traditionally enjoyed a comparative advantage in the textile sector, due to a variety of factors. Textile sector accounts for more than two per cent of the total GDP, thereby accounting for 12-14 per cent of the manufacturing sector GDP. In addition, textile sector being highly labour intensive is a major source of employment particularly for unskilled and semi-skilled labour force.

The textile sector also derives significance from the fact that it constitutes a major chunk of India's export basket. However, over the last few years, the share of textile exports in India's total exports has been declining. Moreover, India's textile exports are facing increasing competition from countries like Bangladesh and Vietnam.

Though India's textile sector is a much researched topic, in recent times however, there have not been many studies examining the underlying factors driving the near stagnation in India's textile exports, particularly the apparel exports. This article attempts

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to fill this gap in literature and also analyse the impact of policies particularly of the tariff regimes in the destination markets. The primary focus of the article is to investigate the contributory factors leading to this decline in apparel exports from India. Furthermore, the article analyses export performance of other key apparel exporters globally and juxtaposes these findings with India's export performance to glean insights regarding major factors inhibiting India's apparel exports.

The rest of the paper is organised as follows. Section II outlines the stylised facts pertaining to India's textile and apparel sector. Major policy changes undertaken at the global level are set out in Section III. Section IV provides a snapshot of global apparel market. A review of relevant literature on the subject is covered in Section V. Model specification and empirical results are discussed in Section VI. Section VII sets out the concluding observations and the way forward.

II. Stylised Facts

Textile sector is a critical sector for the economy contributing more than 11 per cent in total manufacturing and more than 2 per cent in India's GDP during the period 2012-17. The share of textiles in total manufacturing and in overall GDP recorded a marginal uptick during this period (Table 1).

Textile sector, especially apparels manufacturing, is a major employment generating sector. Organised textile and apparel sector employed close to 27 lakh people in 2016-17, thus accounting for 18.1 per cent of the total employment in manufacturing sector (Table 2). The larger share in employment as compared to output of the textile sector to the manufacturing sector as a whole, (18.1 per cent share in employment *vis-à-vis* a 12.7 per cent share in output in 2016-17), highlights the labour intensive nature of the textile and the apparel sector. Not only is the textile sector highly labour intensive, it also employs unskilled and semi-skilled labour force and is a source of formal sector employment to women (Panagariya, 2018).

Further, textile is also a major component of exports, contributing US$ 40.4 billion in export earnings in 2018-19 of which earning from apparel exports accounted for US$ 16.1 billion (Table 3).

Table 1: Role of Textile Sector in Indian Economy

Year	GVA at Basic Prices for Textiles Sector (₹ crore)	Share of Textiles Sector in GDP (Per cent)	
		Manufacturing	Overall
2012-13	184,335	11.71	2.14
2013-14	197,617	11.92	2.16
2014-15	226,770	13.50	2.33
2015-16	232,718	12.43	2.22
2016-17	259,108	12.65	2.30

Source: Ministry of Textiles, Government of India.

Table 2: Role of Organised Textiles Sector in Generating Employment

Year	Employment in Textiles and Apparel Sector (in Nos.)	Share of Textile Sector in Total Employment in Manufacturing (Per cent)
2012-13	23,31,619	18.00
2013-14	24,74,903	18.28
2014-15	25,26,610	18.20
2015-16	26,48,238	18.52
2016-17	26,97,123	18.09

Source: Ministry of Textiles, Government of India.

Table 3: Role of Textiles and Apparel Sector in Exports (US$ million)

	2002-03	2006-07	2015-16	2016-17	2017-18	2018-19
Total Textile Exports	12412	19147	39288	39011	39239	40431
Of which: Apparels	5334	8282	16966	17368	16705	16176
Overall Exports	52719	126263	262290	275852	303376	329536
Share of Textiles in Exports (Per cent)	23.5	15.2	15.0	14.1	12.9	12.3
Share of Apparels in Exports (Per cent)	10.1	6.6	6.5	6.3	5.5	4.9

Source: Ministry of Textiles, Government of India.

However, in recent years the share of both apparels and textiles overall, in India's export basket has declined considerably.

India possesses competitiveness in the global market of textile & apparel industry. The Indian textile industry has certain inherent strengths. India has the third largest technological and skilled manpower in the world; Thus it has the second largest consumer market consisting of more than 220 million middle income people. The land under cotton cultivation in India is around one-fourth of the total land under cotton cultivation in the world. Therefore, it has ready access to domestic cotton in abundant measure and generally at prices, which are extremely competitive. The waste generation in India is the lowest at 9 per cent of the total cost of production while the waste generation in other countries ranges between 11 per cent and 23 per cent. The labour cost in India is also the lowest, *i.e.*, 3 per cent of the total production whereas in other countries the labour cost ranges between 5 per cent and 38 per cent, the highest being in Italy and Japan at 38 per cent and 29 per cent, respectively. (Katti and Sen, 1999). All the basic requirements are thus available for enhancing performance of textiles industry in India.

The presence of these factors, however, have not eased India's integration in global value chains. Garment chains are buyer-driven chains where production is organised in globally dispersed production networks, coordinated by lead firms. Activities that add value to the product (such as design and branding) are often coordinated by lead firms. The reasons for the low integration of India's garment industry can be found in the costs associated with production logistics, and time involved in exporting/importing. The other possible reasons for the low integration are the large size of the domestic market. Further, owing to high export standards and strict delivery schedules, certain firms prefer to cater to the domestic market. Due to low integration in global value chains, though textile and apparel exports have grown in quantum, yet their pace of growth has lagged the growth in overall exports, especially in the last few years, leading to a fall in share of textile exports.

III. Policy Regime: Global Trade Agreements for Textile Sector

The Multi Fibre Agreement (MFA), 1974 had a major impact on the apparel and textile exports by the developing countries and the global value chains pertaining to apparel exports. The MFA was designed to protect the domestic industries of the United States and the European Union (EU) by limiting imports from highly competitive suppliers such as China. It allowed the developed countries like the United States, Canada, and many European nations to establish quotas and preferential tariffs on apparel and textile items imported by them from the developing countries. Thus, MFA restricted exports by developing countries to the major consuming markets, which in turn contributed to the international fragmentation of the apparel supply chain, whereby low-wage countries used the imported textile components and re-exported the finished product (Thoburn (2009), Gereffi (1999) and Audet (2004)). This reconfiguration began when exports from Hong Kong, South Korea, Taiwan, and later China reached their maximum levels under the quota system. Clothing assembly processes were then sub-contracted to low-wage developing countries throughout the Asia Pacific region and elsewhere that had unused export quotas, such as Bangladesh, Sri Lanka, and Vietnam.

The MFA was phased out by the World Trade Organisation (WTO) between 1995 and 2005 *via* its Agreement on Textiles and Clothing (ATC). The ATC was a 10-year transitional agreement with a four-stage integration programme. According to WTO, the new ATC had the following six main features:

1. The product coverage basically encompassing yarns, fabrics, made-up textile products and clothing;
2. Programme for the progressive four-stage integration of these products into General Agreement on Tariffs and Trade (GATT) 1994 rules, *i.e.*, on January 1, 1995, 1998, 2002, and 2005. Any new protection had to be based on the relevant provisions of the GATT 1994;
3. A liberalisation process which automatically increased the existing quota levels inherited from the MFA;
4. A transitional safeguard mechanism to deal with cases of serious damage or actual threat of serious damage, to domestic industries which may arise during the transition period;
5. Other provisions, which included among other things, were clauses on circumvention of quotas, administration of quantitative restrictions other than those inherited from the MFA, and on actions as may be necessary to abide by GATT 1994 rules and disciplines; and
6. The Textiles Monitoring Body (TMB) - a quasi-judicial standing body, within the WTO structure, entrusted with the task of supervising the implementation of the ATC.

The ATC proved to be a game changer for textile and clothing (T&C) exports which underwent substantial changes due to the emergence of the global value chains (GVCs) and the phase-out of the MFA.

Against this backdrop, the next section provides a snapshot of the global apparel market alongwith India's position among the major apparel exporters.

IV. Global Apparel Market

IV.1 Global Imports

The EU is the largest market for apparel exports, accounting for 38.4 per cent of global apparel imports in 2018 (Table 4). After excluding Intra-EU trade also, EU remains the largest importer of apparels accounting for 20.0 per cent of total apparel imports. Further, EU's importance as a market for apparel exports for developing countries has increased with EU displacing USA as the largest importer of apparels, with its share increasing from 19.6 per cent to 20.0 per cent between 2000 and 2018, while US's share has declined from 33.1 per cent to 17.4 per cent in the same period.

IV.2 India's Apparel Exports

The major export destinations for India's apparel exports include EU, USA, UAE followed by Saudi Arabia and Canada. The importance of EU to India's apparel exports has increased over the years as its share in India's apparel exports has increased from 32 per cent in 2000-01 to 38 per cent in 2018-19, to become the largest importer for Indian apparels (Chart 1 and 2). Within EU, 6 major economies, *viz.*, UK, Germany,

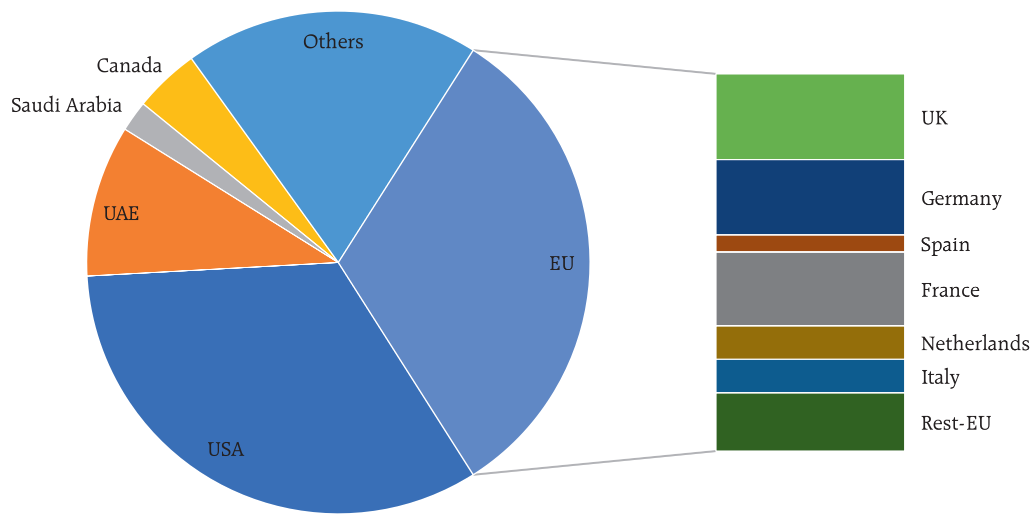
Table 4: Share in World Clothing Imports

(Per cent)

Country/Region	2000	2005	2010	2018
EU (28)	41.1	47.3	45.2	38.4
Extra-EU (28) Imports	19.6	23.4	23.9	20.0
USA	33.1	28.7	22.1	17.4
Japan	9.7	8.1	7.2	5.7
South Korea	0.6	1.0	1.2	2.0
Canada	1.8	2.1	2.2	2.0
China	0.6	0.6	0.7	1.6
Russia	0.1	0.3	2.0	1.5
Switzerland	1.6	1.6	1.4	1.4
Australia	0.9	1.1	1.3	1.3

Source: World Trade Statistical Review (2019), WTO.

Chart 1: Destination-wise Composition of India's Apparel Exports: 2000-01



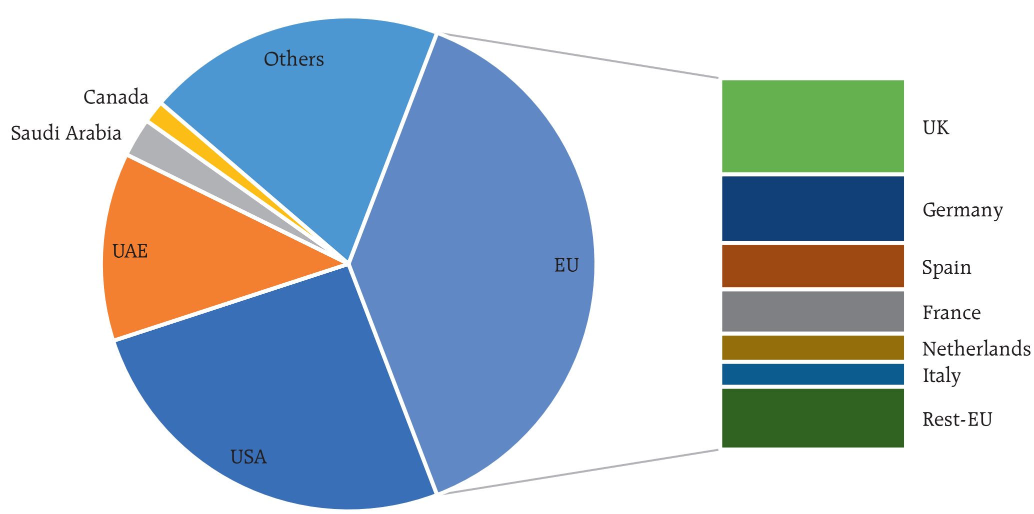
Source: Directorate General of Commercial Intelligence and Statistics and Authors' estimates.

Spain, France, Netherlands and Italy form the largest markets for Indian apparels. Thus, performance of India's apparel exports to EU has a bearing on apparel industry's fortunes.

While, the share of EU in India's apparel exports increased consistently from 2000-01 to 2008-09 to reach a peak of 49.5, it has since been on a declining trend and fell to 38.4 per cent in 2018-19 (Chart 3). This decline has been accompanied by stagnation in India's apparel exports to EU in value terms at around US$ 6 billion for the last few years.

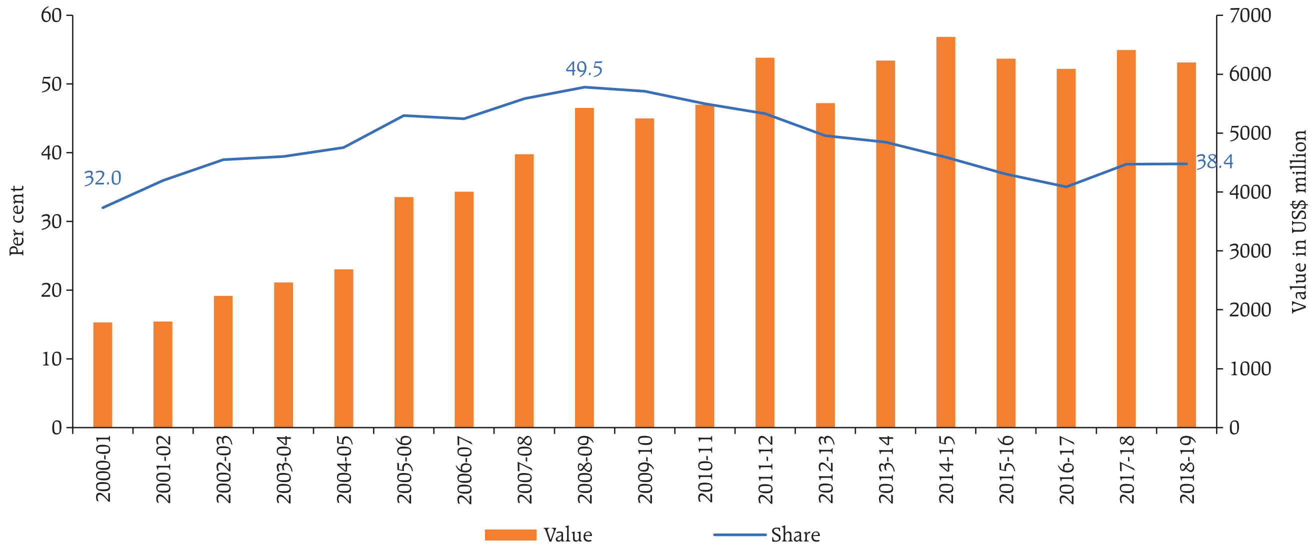
With EU being a particularly important market for apparel exports, especially for India, the stagnation in apparel exports to EU is a matter of concern.

Chart 2: Destination-wise Composition of India's Apparel Exports: 2018-19



Source: Directorate General of Commercial Intelligence and Statistics and Authors' estimates.

Chart 3: Contribution of EU in India's Apparel Exports



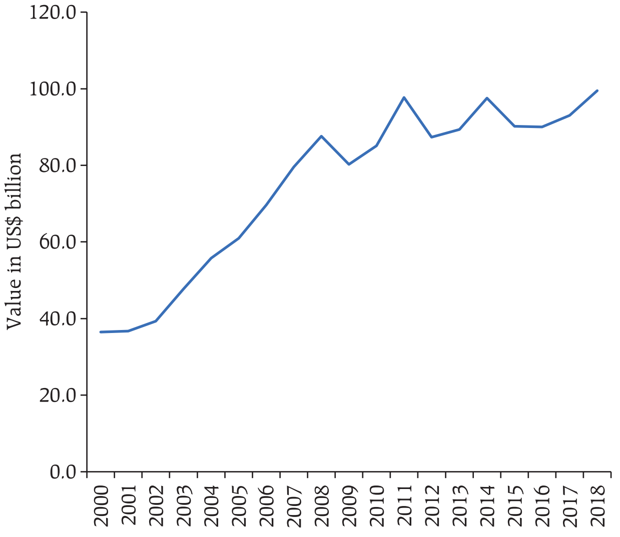
Source: Directorate General of Commercial Intelligence and Statistics and Authors' estimates.

IV.3 Evolution of Apparel Imports of EU

EU's apparel imports rose steadily from 2000 to 2008, but have stagnated since then (Chart 4). Further, the composition of EU's apparel import basket reflects that countries like South Korea, Indonesia, Thailand, which were among the top 10 apparel exporters have since been replaced by countries like Cambodia, Vietnam and Pakistan due to a combination of factors including comparative advantage for these countries owing to cheap labour and relaxed labour norms, favourable tariff treatment and shift of the earlier major exporters to more technologically advanced products.

China and Turkey were the largest source of apparels in EU in 2000 accounting for US$ 7.0 billion and US$ 5.0 billion in imports, respectively. Bangladesh was 4th and India was the 7th largest export partner. It also included Hong Kong and South Korea among the major exporters. By 2005, China had rapidly consolidated its top position accounting for US$ 21.2 billion of apparel exports, with Turkey as the 2nd largest exporter at US$ 10.1 billion. Bangladesh and India accounting for US$ 4.4 and US$ 4.0 billion of apparel exports, respectively, rounded off the top 4 (Table 5).

Chart 4: Extra-EU-28 Apparel Imports



Source: UN Comtrade.

Table 5: Top 10 Apparel Exporters to EU

(US $ Billion)

2000		2005		2010		2015	
China	7.0	China	21.2	China	38.6	China	33.4
Turkey	5.0	Turkey	10.1	Turkey	10.7	Bangladesh	15.4
Hong-Kong	2.9	Bangladesh	4.4	Bangladesh	8.2	Turkey	10.5
Bangladesh	2.4	India	4.0	India	5.8	India	5.7
Tunisia	2.4	Tunisia	3.1	Tunisia	3.1	Cambodia	3.3
Morocco	2.2	Morocco	2.8	Morocco	2.8	Vietnam	3.1
India	1.9	Hong Kong	2.1	Vietnam	1.8	Morocco	2.6
Indonesia	1.7	Indonesia	1.5	Sri Lanka	1.6	Pakistan	2.6
Thailand	0.9	Sri Lanka	1.0	Indonesia	1.5	Tunisia	2.2
South Korea	0.8	Thailand	1.0	Pakistan	1.4	Sri Lanka	1.8

Source: UN Comtrade.

Till 2010, China continued to be the largest exporter accounting for US$ 38.6 billion of apparel exports. Bangladesh with US$ 8.2 billion of exports was close behind Turkey (US$ 10.7 billion) in 3rd position. India continued to be the 4th largest exporter with US$ 5.8 billion. Vietnam, Srilanka and Pakistan entered among the top 10 exporting countries in 2010.

By 2015, Bangladesh had eclipsed Turkey to become the 2nd largest exporter at US$ 15.4 billion behind China at US$ 33.4 billion. India at US$ 5.7 billion was followed by Cambodia and Vietnam at US$ 3.3 and US$ 3.1 billion, respectively.

The compositional shift in the major suppliers of apparels to EU can be explained largely by the differential tariff structure facing each of them.

IV.4 Tariff Structure in EU

EU introduced the Everything but Arms (EBA) scheme in 2001 which grants duty and quota free access to EU markets for Least Developed Countries for all products except arms and armaments. Currently EBA benefits are available to 9 Asian countries which include Bangladesh and Cambodia. Thus the effective tariff faced by apparel exports from Bangladesh and Cambodia is nil. EU relaxed the rules of origin specifications for exports under EBA scheme in 2011. Turkey and EU have a free trade agreement (FTA) since 1991 under which Turkish apparel exports have duty free access to EU market.

India and Vietnam are beneficiaries of the Generalised Scheme of Preferences (GSP) program and hence face a lower tariff rate (average tariff faced is 9.3 per cent). However, the tariff faced is still much higher when compared with Bangladesh, Cambodia and Turkey. Chinese apparel exports having graduated out of GSP mechanism and face the most favoured nation (MFN) tariff of 11.6 per cent. (Appendix 1 gives the tariff line level tariff structure).

V. Literature Review

Studies on India's exports in the T&C sector, published prior to 2005, mainly investigated the impact of MFA phase-out on the export performance of India's T&C. The competition in the global T&C market was expected to intensify after the MFA phase-out, significantly impacting India's exports (Hashim 2005). Research showed that in a competitive market, deregulation and labour reforms were required to improve export performance (Kathuria and Bhardwaj, 1998). Research findings also showed that developing countries with lower labour costs, such as India and China, benefitted from the MFA phase-out (Nordas, 2004). Various studies analysed the probable post MFA implications on Indian textile exports. But there is no consensus among the researchers regarding the effect of quota removal on Indian textile exports. Few studies pointed at a higher potential gain for the developing countries, especially India in the post MFA period (Mehta, 1997, Chadha *et al.*, 1999, Exim Bank, 2005 and Chaudhary, 2011). However some researchers argued that even though India's textile exports showed an improved position in the post MFA period, there was a need to strengthen the policy measures to meet the global challenges in the changed scenario (Chaudhary, 2016).

Research studies have also focused on India's strength in textile sector in terms of abundant raw materials, low labour costs, and vertically integrated production facilities. As T&C is a labour-intensive industry, labour cost is a crucial factor in competitiveness and productivity. India's labour cost is much lower compared to those of China and other countries, which makes India's T&C attractive (Anthony and Joseph, 2014).

Competitiveness of India's textiles exports has also been analysed in detail by the researchers. Most studies analysed export competitiveness using revealed comparative advantage (RCA), which was developed by Balassa (1965). These studies have concluded that India maintained competitiveness in textile products from 1995 to 2003. However, Kannan (2018) found that India's comparative advantage in T&C deteriorated from 1995 to 2007. Further, India was found to have a comparative advantage in most textile products based on an RCA analysis from 2010 to 2014 (Kathuria 2013, 2018; Dhiman and Sharma 2017; Kannan 2018). Analysis of export competitiveness of Indian textile industry *vis-à-vis* twelve major players of the world textile trade has found that India benefitted the most after China after elimination of ATC, *i.e.*, after January 1, 2005, in terms of percentage share in world exports (Gupta and Khan, 2017).

Trade agreements have also affected apparel trade flows. Key exporters and importers of apparels have seen increased trade in apparels over the decade due to the signing of several bilateral and regional trade agreements (Brenton and Hoppe, 2017). However, while China does not have any FTA with the US and the EU, a number of global brands are sourcing from China due to its capabilities to do bulk production at competitive rates (Pfohl and Shen, 2008). Chinese firms in the export business are much larger as compared to Indian firms and they enjoy large economies of scale (Minian, Martinez and Ibanez, 2016).

Thus, the conclusion drawn by the researchers has varied with some concluding that India's textile exports are competitive while some studies have derived contrarian results.

Another area of research has been the factors driving the competitiveness of India's textile exports and India's position in the global value chains. A number of studies have shown that there is low level of investment in R&D and laggard adoption of advanced technology by Indian firms *vis-à-vis* their global competitors (Varukolu, 2007). Firms in countries such as China invest heavily in automation and R&D, leading to increased productivity and improvement in quality. Further, the fragmented nature of the apparel sector with a pre-dominance of small and mid-sized firms adversely affects its competitiveness (Lopez-Acevedo and Robertson, 2016). By contrast, in Turkey, apparel firms are represented at all levels of the value-chain.

Thus research studies on India's apparel exports have primarily focused on analysis of comparative advantage and the impact of MFA phase out. However, in recent times the stagnation in India's apparel exports cannot be attributed entirely to loss of competitive strength of the domestic textile sector. An important factor leading to this loss of competitive strength is the differential tariff structure facing each of the major apparel exporters and how that has emerged as a major contributory factor in determining their relative positioning.

This aspect has been highlighted by researchers analysing the export performance of India's major competitor countries. Chen, *et al.*, (2017) analysed the effects of trade cost on the textile and apparel market using a panel data of Asian countries. Using the gravity model with a trade cost function, they found that applied tariffs and most favored nations' tariffs significantly reduced the trade between countries.

Bhattacharya and Rahman (2000) while analysing the export performance of Bangladesh concluded that one important stimulator of the growth of apparel exports in Bangladesh is the tariff and import quota-free access in the European Union (EU) under the Generalised System of Preference (GSP) scheme, which contributed to the expansion of apparel export in the EU market provided that Bangladesh meets the rules of origin (ROO) requirement. The GSP scheme allows EU importers to claim full tariff drawback on their imports from Bangladesh. On average the tariff rate of apparel products in the EU is 12.5 per cent, which becomes zero for Bangladesh under the GSP. Such a preferential treatment has offered comparatively greater market access for Bangladesh in the EU and has made the EU the largest apparel export market of Bangladesh.

Similarly, Vietnam has also benefitted from preferential tariff treatment in case of apparel exports. The Free Trade Agreements provide wide market access to Vietnam proving to be a major growth driver for the industry. Its bilateral and multilateral FTAs are a strength to industry's growth (Valarmathi, 2019). The Bilateral Trade Agreement (BTA) between Vietnam and the U.S. gives benefits to Vietnam export products which get tariff reduction from about 40 per cent to only 3 per cent. The impact of this lower tariff is highly significant (Setyorini and Budiono, 2020).

Thus tariffs facing a country's exports have emerged as a major determining factor in the performance of a country's textile exports. This paper attempts to investigate this significant factor and the next section provides the descriptive statistical analysis alongwith the econometric evaluation of the same.

VI. Analytical Exploration

This section aims to present a cross-country analysis of the apparel exports to identify the underlying factors driving the exports. The section first presents a descriptive statistical analysis followed by an econometric analysis to confirm the findings. The study utilises annual import data reported by 6 major EU countries (France, Germany, Italy, Netherlands, Spain and United Kingdom) from 1994 to 2018[1]. The data has been sourced from UN Comtrade Database. Import data has been used instead of export data to maintain consistency in reporting of data across different exporters. Further, import data is usually more robust and reliable as it forms the basis for collection of custom duties in the importing country. Apparel exports are broadly covered under Chapter 61 and 62 of Harmonized Commodity Description and Coding System, thus aggregate of imports under

[1] For the rest of EU countries, time-series data for apparel imports is not available for the complete period under consideration. As these countries have only limited share in India's apparel exports which has broadly remained the same across the time-frame, the present analysis takes the aggregate of the 6 major EU countries as a representative sample for the EU. Further, the analysis of the limited data available for these countries also shows that the imports from these partner countries in question followed the same trend as seen in case of 6 major EU countries thus avoiding any sample selection bias.

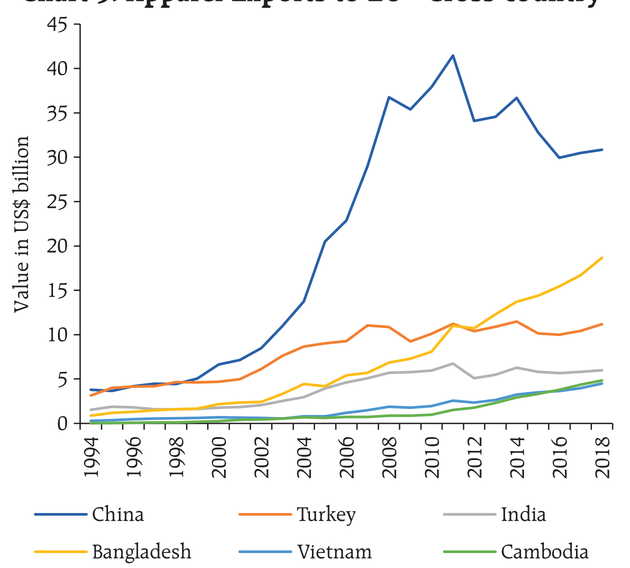
these two chapter headings are considered for further analysis in this paper.

VI.I Descriptive Analysis

China managed brisk growth during the 2000-10 period, benefitting from the withdrawal of MFA. However, it has withdrawn thereafter possibly to focus on technology intensive exports. Turkey which was amongst the largest exporter pre-2000, also grew in 2000-05 period but has stagnated thereafter (Chart 5 and 6).

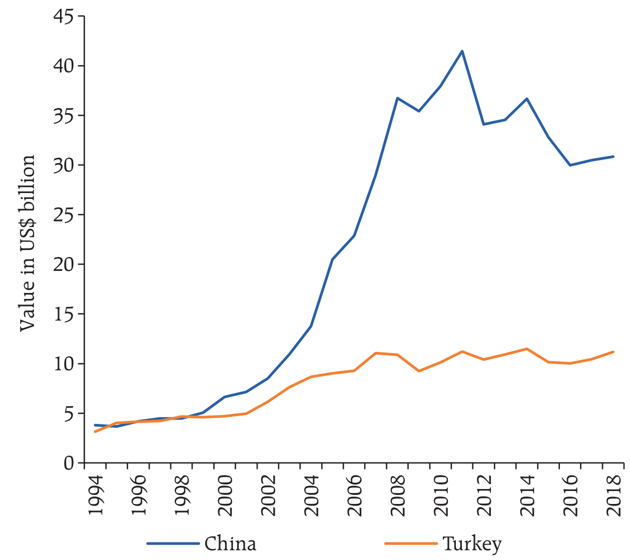
Bangladesh witnessed a rapid rise in apparel exports after 2000 benefitting from duty free access to the EU market under the EBA program. The growth seems to have increased in recent years, possibly occupying the space withdrawn from China. The easing of sourcing norms has allowed it to focus on CMT (Cut, Make & Trim) production method, while sourcing the fabrics from other countries notably China, Korea, India, Pakistan, Italy and Turkey. Thus, it has become the second largest apparel exporter, much ahead of Turkey and India.

Chart 5: Apparel Exports to EU - Cross-country



Source: UN Comtrade.

Chart 6: Exports to EU : China and Turkey



Source: UN Comtrade.

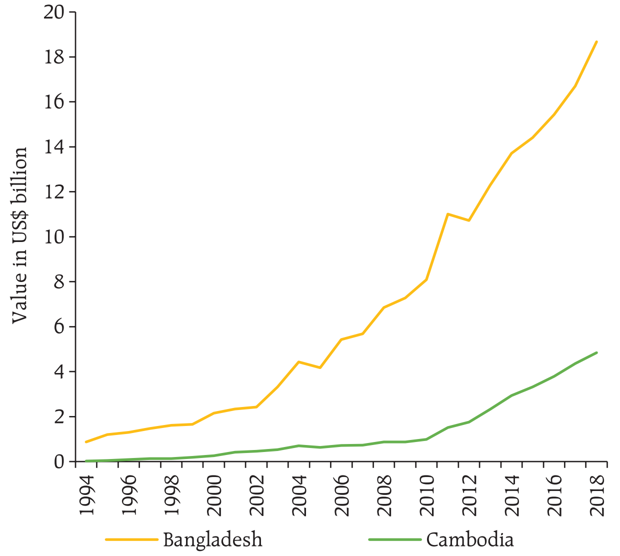
Cambodia which was a marginal player till 2010 has seen rapid growth since then. This may again be attributed to shifting of apparel production from China to take benefit of the duty free access. The relaxed sourcing norms since 2011 would have allowed it to rapidly scale up apparel exports while importing unfinished goods from other countries (Chart 7).

Vietnam and India's exports grew between 2000 and 2010 but while India has stagnated since then, Vietnam continues to grow and may soon surpass India. As both nations face similar tariffs in EU, the continued growth of Vietnam in contrast to India probably reflects competitive edge enjoyed by Vietnam and better integration of its domestic apparel industry in global textile value chains (Chart 8).

VI.2 Econometric Analysis

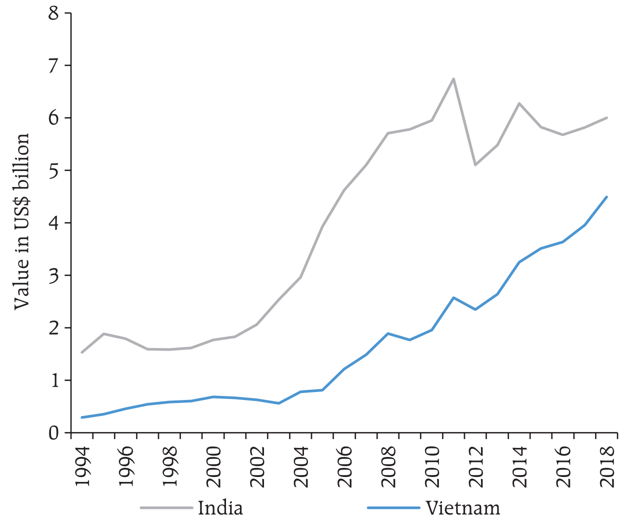
In this section, we aim to individually test each country's apparel export data for structural breaks

Chart 7: Rise of Cambodia and Bangladesh



Source: UN Comtrade.

Chart 8: Apparel Exports from Vietnam and India: A Study in Contrast



Source: UN Comtrade.

and also elaborate on the policy shifts in importing countries to explain these structural break points.

Chow (1960) provided for testing for a single structural break at *a priori* known date using an F-statistic. Quandt (1960) modified Chow's framework to allow for testing of a single unknown breakpoint. Andrews (1993) derived the limiting distribution of the Quandt test statistics formulating the Quandt-Andrews test.

The advanced structural models allow for multiple break points. Further, they also do not require *a priori* information on number of structural break points and can endogenously determine the different structural break points.

Bai (1997) provides for a simple approach for detecting more than one break, by repeated application of a single breakpoint test. Thus, sequential estimation model behaves as if there is only one breakpoint. Here, starting with the complete sample, a single unknown break is estimated. In the next step, the next break is identified by either:

1) Testing for an additional breakpoint in each of the segments (Model 1)

2) Testing for the single added breakpoint that reduces the sum-of-squares most (Model 2)

Bai and Perron (1998) provided an alternative methodology. They consider a multiple linear regression model with m breaks

$$y_t = x_t'\beta + z_t'\delta_j + u_t$$

- for j = 1,...,m+1, where m is the number of breaks,
- y_t is the dependent variable, x_t and z_t are vectors of covariates, β and δ_t are the corresponding vectors of coefficients, and u_t is the disturbance term.

For locating the breaks, two approaches are proposed:

1) Global approach (Model 3) where the break locations T_i, i= 1,…,m are determined to minimise the sum of squared residuals (SSR):

$$\sum_{i=1}^{m+1} \sum_{t=T_{i-1}+1}^{T_i} \left[y_t - x_t'\beta - z_t'\delta_j\right]^2$$

It then uses a dynamic programming algorithm to find the global SSR-minimising breaks optimally. The test statistics depends on whether the number of breaks are known *a-priori* or not:

i) Number of breaks are known: H0 (no breaks) *vs* H1 (k breaks) tested using F-ratio between SSE: supF(0, m).

ii) Unknown number of breaks: Standard F-statistics becomes insufficient: Variation of supF(0, m) test is used (Double maximum test)

$$D_{max} = \max_{n=1\ to\ m} (a_n \sup F(0,\ n))$$

2) Sequential approach (Model 4) where breaks are determined sequentially, starting with a single break that minimises the SSR. For a model with l breakpoint, each of the l+1 regimes is tested for an additional breakpoint using the supF(0,1) in each of the partitions. If the null of 0 breaks is rejected in at least one of the l+1 partitions, then it establishes that l+1 breaks are statistically significant. At each test step, the l breakpoints under the null are obtained by global minimisation of the sum-of-squared residuals.

Yao (1988) showed that the number of breaks that minimises the Schwarz criterion is a consistent estimator of the true number of breaks in a breaking mean model. Liu, Wu, and Zidek (1997) propose use of modified Schwarz criterion (LWZ) for determining the number of breaks in a regression framework (Model 5).

Table 6: Summary of Results

Country/ Model	*Model 1*	*Model 2*	*Model 3*	*Model 4*	*Model 5*
Bangladesh	1 (2006)	1 (2006)	2 (2003, 2011)	1 (2006)	2 (2003, 2011)
Cambodia	1 (2011)	1 (2011)	1 (2011)	1 (2011)	1 (2011)
China	2 (2003, 2010)	2 (2003, 2010)	2 (2003, 2010)	2 (2003, 2010)	2 (2003, 2010)
India	2 (2002, 2012)	2 (2002, 2012)	2 (2002, 2012)	2 (2002, 2012)	2 (2002, 2012)
Turkey	1 (2004)	1 (2004)	2 (2002, 2009)	1 (2004)	2 (2002, 2009)
Vietnam	1 (2006)	1 (2006)	1 (2006)	1 (2006)	1 (2006)

VI.3 Results

The results from the above listed 5 models are summarised in Table 6.

For China, all the 5 models point to two structural breaks, in 2003 and 2011, respectively. While China was increasing its apparel exports to EU annually by US$ 580.4 million between 1994-2002 on average, it saw a structural shift in 2002-03, following which its apparel exports grew at a much faster pace as compared to the previous period. After 2002-03, China's apparel exports grew by US$ 4566.2 million, annually. However, it witnessed another structural break in 2009-10 following which its apparel exports to EU have been in contractionary mode (Table 7).

Table 7: Rate of Increase in Apparel Exports of China and Turkey

China		Turkey	
Period	**Slope**	**Period**	**Slope**
1994-2002	580.4	1994-2001	215.6
2003-2009	4566.2	2002-2008	775.0
2010-2018	-1187.1	2009-2018	82.1

Regarding Turkey, while models 1, 2 and 4 suggest a single break in 2004, models 3 and 5 suggest two breaks in 2002 and 2009, respectively. Literature including Bai and Perron (2003), recommends use of double maximum procedure used in Model 3 to estimate the number of breaks in case of conflict between different models. Following the breakpoint estimation of model 3, we find that Turkey too witnessed an increase in its growth rate of apparel exports to EU from 2002, but the exports have stagnated since 2008.

In case of Bangladesh too we have found divergence between the models. The model 3 suggests two breakpoints at 2003 and 2011, respectively. The presence of two breakpoints is further confirmed by using the known breakpoint location testing. Sensitivity analysis also suggests that single breakpoint models (Model 1, 2 and 4) are sensitive to changes in significance and trimming percentage, thus lending further support to presence of two breakpoints. Bangladesh more than tripled its rate of export quantum after 2003, which again doubled post 2011 (Table 8).

In case of Cambodia, there is unanimous support for a single structural break in 2010. While Cambodia was a marginal player prior to 2010, it has rapidly expanded since and is among the fastest growing exporter of apparels to EU not just in percentage terms but also in absolute terms.

In case of India, all models point towards two structural breaks in 2002 and 2012, respectively. While India rapidly expanded its textile exports after 2002, with its annual incremental quantum of apparel exports in line with Bangladesh and Turkey. India, however, has witnessed stagnation post 2012 while countries like Bangladesh, Cambodia and Vietnam have continued to grow (Table 9).

Table 8: Rate of Increase in Apparel Exports of Bangladesh and Cambodia

Bangladesh		Cambodia	
Period	Slope	Period	Slope
1994-2002	191.9667	1994-2010	63.09559
2003-2010	665.6905	2011-2018	489.1786
2011-2018	1115.833		

Table 9: Rate of Increase in Apparel Exports of India and Vietnam

India		Vietnam	
Period	Slope	Period	Slope
1994-2001	11.86905	1994-2006	38.65734
2002-2011	520.9636	2006-2018	257.6099
2012-2018	98.96429		

In case of Vietnam, a single structural break is found in 2006. A second structural break may be present in 2012 but sensitivity analysis suggests it to be not statistically significant. Interestingly, accepting the second structural break shows that Vietnam has actually increased its pace of apparel exports to EU post 2012. This implies that Vietnam has continued to remain competitive despite heightened competition from Bangladesh and Cambodia possibly owing to better integration in global value chains, higher competitiveness and better capture of space vacated by China.

From the above analysis we can see that the structural breaks observed in the apparel exports of various countries can be broadly explained by the policy changes. Many countries including India, Bangladesh, China and Turkey experienced a structural break around the year 2002[2], following which they witnessed rapid expansion of apparel exports. This can be attributed to the fact that many major importers of textiles & clothing waited until 2002 (Phase 3 of MFA) to eliminate quotas on many items where the quotas were binding (Bhattacharya & Elliott (2005), Hudson *et al.* (2010)). Further, Europe's EBA program

[2] All the advanced structural break models considered choose the best fit in terms of number of structural breaks and the location of break. As discussed earlier, the EU introduced EBA programme in 2001.

was introduced at similar time, thereby accounting for the impact of policy change to translate into actual economic performance along with the window of probability associated with any econometric analysis, it can be safely interpreted that introduction of EBA programme had an impact on the export performance of the countries in question. Similarly, Vietnam's structural break in 2006 and the rapid expansion since can be attributed to phase out of MFA in 2005.

The relaxation of rules of origin specifications under the EBA scheme of EU in 2011 explains the break point observed in case of Cambodia and Bangladesh in 2011. These countries benefitted due to this policy change as they could import inputs and focus on the CMT model to rapidly expand apparel production for exports to the EU market. At the same time this has rendered India, which is not a beneficiary of EBA, less competitive as confirmed by the breakpoint for India in 2012 leading to stagnation in apparel exports to EU.

Thus, the econometric analysis provide a support to the hypothesis that the evolution of tariff structure faced by India *vis-à-vis* its competitors has played an important role in determing the performance of apparel exports.

VII. Conclusion and Way Forward

Apparel exports constitute a large share of India's textile exports and have strong backward linkages with the textile sector. However, textile exports, particularly apparel exports have seen muted growth in recent years.

This article tries to analyse this phenomenon and finds merit in increased competition from our competitors. Euro area which is the major destination of India's apparel exports has seen increasing footprint of other countries including Bangladesh and Cambodia, which have benefitted from duty free access to the EU market under its EBA programme. They have successfully adopted CMT model of production to focus on apparel production while sourcing the fabrics from other countries. The relaxation in the EU's rule of source of origin in 2011 and the subsequent spurt in apparel exports from these countries supports this hypothesis.

Therefore, India needs to actively pursue Free Trade Agreements with its major export destinations - EU, US - to prevent competitive disadvantage it currently faces due to tariff free access to its competitors. With Vietnam having signed a FTA with EU in 2019 (Vietnam – EU Comprehensive Partnership and Cooperation Framework Agreement), the competition is only expected to intensify for India.

Further, Vietnam which faces similar tariff structure as India in EU has continued to expand its apparel exports while India's apparel exports have stagnated reflecting some underlying issues being faced by the apparel exporters in India. Indian apparel industry is dominated by cotton, with cotton apparels contributing to more than 70 per cent of the apparel exports. However, the global apparel consumption is well diversified across fibres. Therefore, there is a need for India to develop design and production capabilities in other fibres. This would also allow India to establish itself in growing niche segments like wearable electronics and embedded sensor apparels. The recently introduced Production Linked Incentive (PLI) scheme for textiles, specifically aimed at boosting the production of man-made fibre (MMF) fabric, MMF apparel and technical textiles is a step in the right direction.

With a large proportion of production capacity being in micro, small and medium enterprises there is a need to address issues related to credit availability and input tax credit and tax refunds under Goods & Services Tax structure to revitalise the sector. Introduction of Scheme for Rebate of State and Central Taxes and Levies on Export of Garments and Made-ups (RoSCTL) in March 2019 by the Ministry of Textiles to rebate embedded state and central taxes and levies on garments and made-ups is a welcome move that is expected to enhance competitiveness of Indian apparel exports. The recently launched Samarth scheme by the Ministry of Textile can also help to improve competitiveness by improving the labour productivity of the workers in textile industry.

High transportation cost owing to wider geographical spread, high inland transportation cost and major production areas situated inland also contribute to higher cost of Indian apparel exports *vis-à-vis* competitors. Therefore there is a need to not only improve the transportation infrastructure but also promote cluster based approach as aimed under the Comprehensive Powerloom Cluster Development Scheme.

While the Amended Technology Upgradation Fund Scheme (ATUFS) has been introduced since 2016 to provide capital investment subsidy, there is a need to further encourage FDI in the sector. This would provide necessary resources to upgrade the equipment and adopt modern technologies and also help to integrate Indian textile sector into the global value chains.

The PM-MITRA (Mega Integrated Textile Region and Apparel) parks scheme under which seven integrated textile parks are to be setup in the country will help develop the integrated textile value chain. It is also expected to attract cutting edge technology and boost FDI and local investment in the sector.

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Appendix 1: Tariff faced by Apparel Exports in EU

China	
Tariff Rate	**Number of Tariff Lines**
0.063	8
0.065	5
0.076	1
0.080	20
0.089	8
0.100	4
0.105	13
0.120	383
Grand Total	**442**

India & Vietnam	
Tariff Rate	**Number of Tariff Lines**
0.050	8
0.052	5
0.060	1
0.064	20
0.071	8
0.080	4
0.084	13
0.096	383
Grand Total	**442**

Bangladesh, Cambodia and Turkey	
Tariff Rate	**Number of Tariff Lines**
0	**442**

Appendix 2: Results of Bai-Perron Tests of Globally Determined Breaks

Bangladesh

Estimated number of breaks: 2
Method: Bai-Perron tests of 1 to M globally determined breaks
Breaks: 2003, 2011

Sequential F-statistic determined breaks:	2
Significant F-statistic largest breaks:	2
UDmax determined breaks:	2
WDmax determined breaks:	2

Breaks	F-statistic	Scaled F-statistic	Weighted F-statistic	Critical Value
1 *	101.8267	203.6534	203.6534	15.37
2 *	112.6310	225.2621	284.9612	12.15

UDMax statistic*	225.2621	UDMax critical value**	15.41
WDMax statistic*	284.9612	WDMax critical value**	17.01

* Significant at the 0.01 level.
** Bai-Perron (Econometric Journal, 2003) critical values.

Estimated break dates:
1: 2006
2: 2003, 2011

Cambodia

Estimated number of breaks: 1
Method: Bai-Perron tests of 1 to M globally determined breaks
Break: 2011

Sequential F-statistic determined breaks:	2
Significant F-statistic largest breaks:	2
UDmax determined breaks:	1
WDmax determined breaks:	1

Breaks	F-statistic	Scaled F-statistic	Weighted F-statistic	Critical Value
1 *	1328.380	2656.759	2656.759	15.37
2 *	810.8992	1621.798	2051.608	12.15

UDMax statistic*	2656.759	UDMax critical value**	15.41
WDMax statistic*	2656.759	WDMax critical value**	17.01

* Significant at the 0.01 level.
** Bai-Perron (Econometric Journal, 2003) critical values.

Estimated break dates:
1: 2011
2: 2001, 2011

China

Estimated number of breaks: 2
Method: Bai-Perron tests of 1 to M globally determined breaks
Breaks: 2003, 2010

Sequential F-statistic determined breaks:	2
Significant F-statistic largest breaks:	2
UDmax determined breaks:	2
WDmax determined breaks:	2

Breaks	F-statistic	Scaled F-statistic	Weighted F-statistic	Critical Value
1 *	33.80038	67.60076	67.60076	15.37
2 *	74.26155	148.5231	187.8848	12.15

UDMax statistic*	148.5231	UDMax critical value**	15.41
WDMax statistic*	187.8848	WDMax critical value**	17.01

* Significant at the 0.01 level.
** Bai-Perron (Econometric Journal, 2003) critical values.

Estimated break dates:
1: 2008
2: 2003, 2010

India

Estimated number of breaks: 2
Method: Bai-Perron tests of 1 to M globally determined breaks
Breaks: 2002, 2012

Sequential F-statistic determined breaks:	2
Significant F-statistic largest breaks:	2
UDmax determined breaks:	2
WDmax determined breaks:	2

Breaks	F-statistic	Scaled F-statistic	Weighted F-statistic	Critical Value
1 *	19.11320	38.22639	38.22639	15.37
2 *	43.49999	86.99999	110.0568	12.15

UDMax statistic*	86.99999	UDMax critical value**	15.41
WDMax statistic*	110.0568	WDMax critical value**	17.01

* Significant at the 0.01 level.
** Bai-Perron (Econometric Journal, 2003) critical values.

Estimated break dates:
1: 2005
2: 2002, 2012

Turkey

Estimated number of breaks: 2
Method: Bai-Perron tests of 1 to M globally determined breaks
Breaks: 2002, 2009

Sequential F-statistic determined breaks:	2
Significant F-statistic largest breaks:	2
UDmax determined breaks:	2
WDmax determined breaks:	2

Breaks	F-statistic	Scaled F-statistic	Weighted F-statistic	Critical Value
1 *	23.40770	46.81540	46.81540	15.37
2 *	25.22365	50.44730	63.81687	12.15

UDMax statistic*	50.44730	UDMax critical value**	15.41
WDMax statistic*	63.81687	WDMax critical value**	17.01

* Significant at the 0.01 level.
** Bai-Perron (Econometric Journal, 2003) critical values.

Estimated break dates:
1: 2004
2: 2002, 2009

Vietnam

Estimated number of breaks: 1
Method: Bai-Perron tests of 1 to M globally determined breaks
Break: 2006

Sequential F-statistic determined breaks:	2
Significant F-statistic largest breaks:	2
UDmax determined breaks:	1
WDmax determined breaks:	2

Breaks	F-statistic	Scaled F-statistic	Weighted F-statistic	Critical Value
1 *	81.38151	162.7630	162.7630	15.37
2 *	68.62213	137.2443	173.6168	12.15

UDMax statistic*	162.7630	UDMax critical value**	15.41
WDMax statistic*	173.6168	WDMax critical value**	17.01

* Significant at the 0.01 level.
** Bai-Perron (Econometric Journal, 2003) critical values.

Estimated break dates:
1: 2006
2: 2006, 2012

*Coal Supply-Demand Situation and Implications**

Coal sector in India has experienced demand-supply mismatches recently, owing to domestic and global factors. Coal being an important input for thermal power and some other important industries, its timely and adequate supply is imperative. With the government's efforts, coal shortage has eased in recent weeks. In the medium to long term, increased transition to green sources of energy will reduce India's dependence on coal and help meet India's commitment made at COP26 in Glasgow.

Coal sector in India in the recent period has grappled with demand-supply imbalances for a variety of reasons: sharp rise in power demand, supply disruptions caused by extended monsoon and reduction in imports on the back of steep rise in international prices. Demand for power increased rapidly with lifting of restrictions and recovery in economic activity, while heavy monsoon rains in September and the early part of October impacted mining of coals. International prices of coal increased sharply during the last few months with surge in global energy consumption leading to demand for coal outpacing its supply. Since coal is also used as a primary input in several industries such as steel, its shortage is bound to have a bearing on production of these industries.

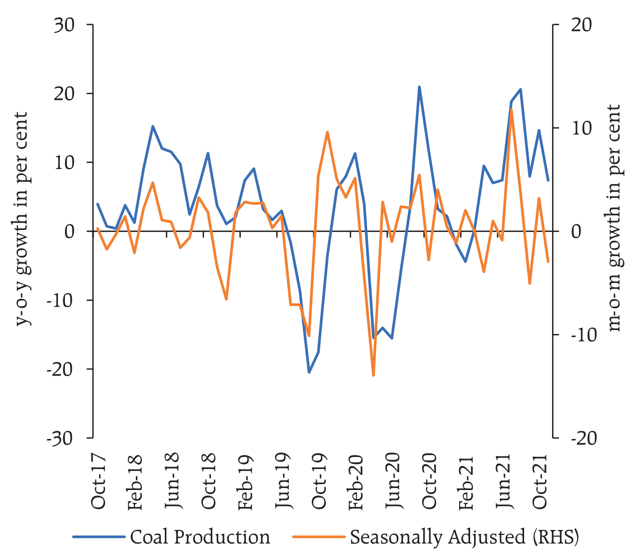
Against this backdrop, this article assesses the coal supply-demand situation and its implications. The evolving recent trends in domestic coal sector are discussed in Section II, while Section III contains the analysis of global coal consumption and energy. Section IV delineates the trends in connected sectors such as electricity and steel, and implications of coal shortages, if any, for these sectors. The concluding observations are furnished in Section V.

* This article has been prepared by Kashyap Gupta, Bipul Kumar Ghosh, and Sunil Kumar from the Monetary Policy Department (MPD). The views expressed in the article are those of authors and do not represent the views of the organisation they belong to. The usual disclaimer applies.

II. Domestic Coal Sector – Recent Trends

Coal production, which has a weightage of 10.33 per cent in index of eight core industries (ECI), posted a decelerated y-o-y growth of 8.0 per cent in September 2021 as compared with 21.0 per cent in the same month of last year and 20.6 per cent in August 2021, partly because strong revival of monsoon affected coal production as well as dispatches from mines. Coal production growth in October 2021 improved to 14.6 per cent before moderating to 7.4 per cent in November 2021 as evidenced by production of two major companies, viz. Coal India Ltd.(CIL), Singareni Collieries Company Ltd. (SCCL) and the captive mines. Accordingly, the growth in coal production as part of ECI is expected to record deceleration in November 2021. On a seasonally adjusted month-on-month (m-o-m) basis, coal production contracted by 5.0 per cent in September but expanded by 3.2 per cent in October before again contracting by 2.9 per cent in November 2021 (Chart 1).

Chart 1: Coal Production



Sources: Office of Economic Adviser; Ministry of Coal; and RBI staff estimates.

Table 1: Seasonal Factor in Coal Production

Month	Average (2012 to 2019)	2021
Jun	88.4	84.5
July	82.0	80.4
August	80.2	76.9
September	81.3	77.6
October	95.8	93.5

Note: Seasonal factors are derived using X13 Arima.
Source: RBI staff estimates.

The monsoon season generally has an adverse impact on coal production but the impact was more severe this year as revealed by the comparison of seasonal factors derived using the index of coal within ECI (Table 1).

Domestic coal consumption remains consistently above domestic production, needing substantial recourse to imports – around 25 per cent of the domestic consumption during 2018-21 (Chart 2 and Table 2). Indonesia, Australia and South Africa contribute about 80 per cent of the total coal imports. Prices of coal from these three markets inched up significantly in recent period; concomitantly, imports fell by 13.7 per cent (y-o-y) in August 2021, 9.1 per cent in September and 3.4 per cent in October. As a result, electricity generation in power plants which rely more on imported coal has been adversely impacted. As per the present import policy[1], consumers can freely

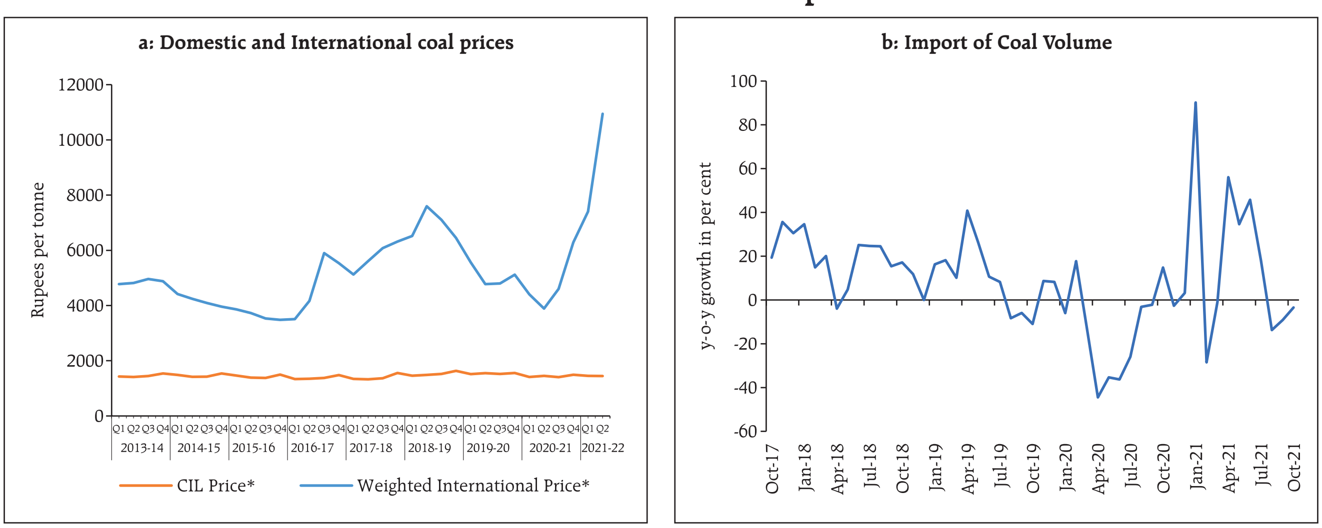
Table 2: Coal Production, Imports and Consumption

(Million Tonnes)

Period	Production	Dispatches	Imports	Total Consumption
	(1)	(2)	(3)	(4)=(2)+(3)
FY: 2016-17	657.9	646.0	191.0	836.9
FY: 2017-18	675.4	690.0	208.2	898.3
FY: 2018-19	728.7	732.8	235.3	968.1
FY: 2019-20	730.9	707.2	248.5	955.7
FY: 2020-21	716.1	690.9	230.3	921.2
2020-21 (Apr-Oct)	338.1	363.0	113.4	476.4
2021-22 (Apr-Oct)	379.6	448.8	130.6	579.4
April 2021	51.6	65.5	21.4	86.9
May 2021	53.3	67.3	20.7	88.0
June 2021	51.0	62.5	19.8	82.3
July 2021	54.4	62.7	17.2	79.9
Aug 2021	53.7	60.3	14.6	74.9
Sept 2021	51.7	59.8	15.6	75.4
Oct 2021*	63.8	70.4	21.5	91.9

*Coal imports have been estimated by using average share of coal volume in total volume of coal, lignite and coke.
Sources: Ministry of Coal; CMIE; and RBI staff estimates.

Chart 2: International Prices and Imports of Coal



* CIL price is computed by dividing its net sales by offtake quantity from quarterly financial statements, while international prices are converted to Indian rupees using quarterly average exchange rate and then weighted using the import volume share as weights of Indonesia, Australia and South Africa.
Sources: CIL; Ministry of Coal; CMIE; and RBI staff estimates.

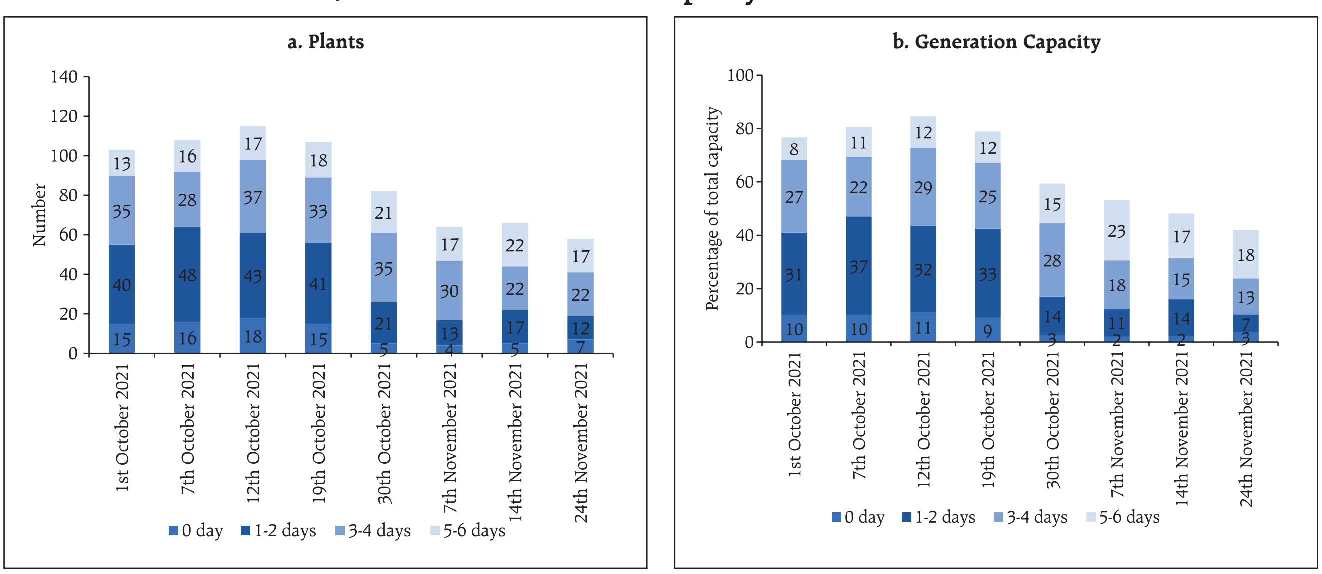
1 *https://coal.gov.in/en/major-statistics/import-and-export*

import coal considering their needs based on their commercial prudence. The Steel Authority of India Limited (SAIL) and other steel manufacturing units are importing coking coal mainly to bridge the gap between the requirement and indigenous availability and to improve the quality, while coal-based power plants, cement plants, captive power plants, sponge iron plants, industrial consumers and coal traders are importing non-coking coal.

As on October 12, 2021, 115 thermal plants contributing about 85 per cent to total thermal power capacity were having coal stocks for up to 6 days; of these, 18 plants with about 11 per cent of total capacity had zero day of coal stock; 43 plants with about 32 per cent of total power capacity had 1-2 days of coal stocks; and 37 plants with about 29 per cent of total capacity had 3-4 days of coal stocks (Chart 3). Subsequently, the situation improved and the number of plants having up to 6 days of coal stocks declined to 82 (contributing about 60 per cent to total thermal power capacity) on October 30 and further to 58 on November 24 (contributing about 41 per cent to total thermal power capacity) (Chart 4). State-wise analysis indicates that as on November 24, the coal stock position in some states such as Haryana, Uttar Pradesh, and Bihar appear to be relatively comfortable compared with others such as Maharashtra, Rajasthan and West Bengal. Overdue payments to coal companies have also contributed to low coal stocks in case of some states, as per newspaper reports[2].

The government is ramping up coal supply from domestic sources to ease the situation. To further improve the supplies, the government has allowed power producers using domestic coal to import up to 10 per cent of their coal requirements. The government is also taking measures to augment production of coal over medium to long-term to meet the rapidly increasing demand domestically. In this regard, the government allowed participation of private sector by launching commercial coal mining recently and has also launched the next tranche of auction of coal mines involving 40 new mines.

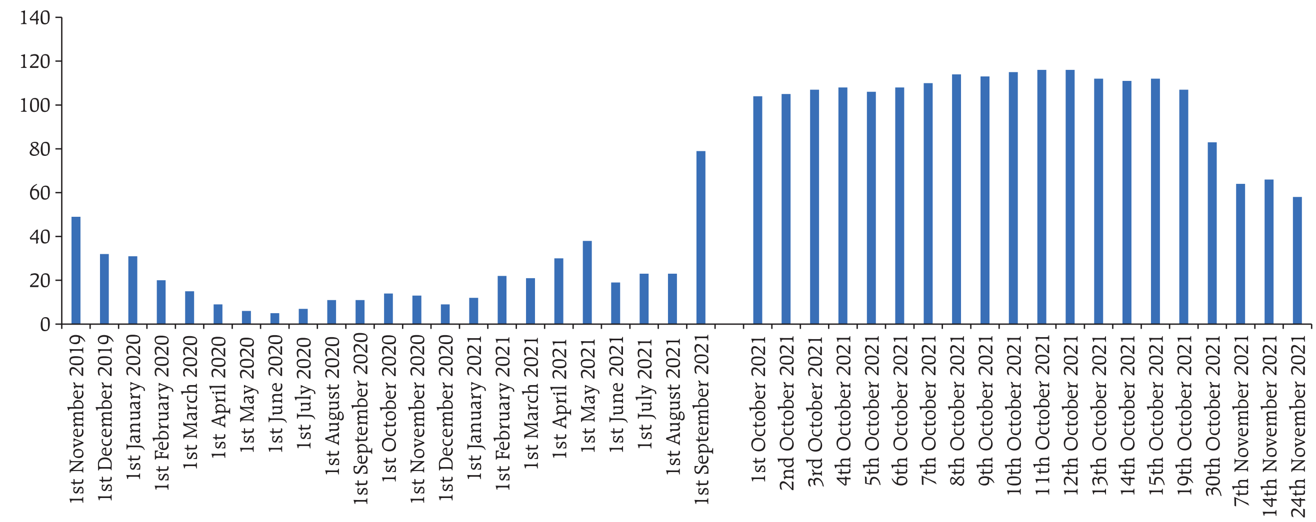
Chart 3: Plants and Generation Capacity with Critical Coal Stock



Sources: Central Electricity Authority.

2 *https://indianexpress.com/article/business/clear-dues-to-coal-cos-govt-to-4-states-with-low-stock-high-thermal-capacities-7566897/*

Chart 4: Number of Thermal Plants with Critical Coal Stock*



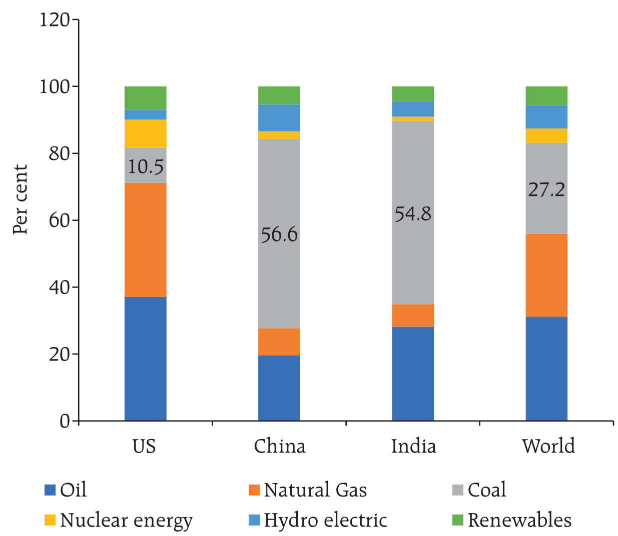
*Coal stock up to 6 days.
Source: Central Electricity Authority.

III. Global Consumption of Coal

The energy demand globally dropped sharply in 2020 owing to contraction in economic activity in the face of restrictions imposed by countries to contain the virulent COVID-19 pandemic. As per the International Monetary Fund (IMF), world output declined by 3.1 per cent in 2020 with the output of advanced economies (AEs) and emerging market and developing economics (EMDEs) contracting by 4.5 per cent and 2.1 per cent, respectively. Global economic activity rebounded with ebbing of COVID pandemic, and world output is projected to expand by 5.9 per cent in 2021 – AEs are projected to grow by 5.2 per cent (USA by 6.0 per cent) and EMDEs by 6.4 per cent in 2021 (China by 8.5 per cent)[3]. Accordingly, world energy demand also soared in 2021 especially in the second half, and International Energy Agency (IEA) projects global energy demand to rebound by 4.0 per cent in 2021, exceeding the pre-COVID levels by 0.5 per cent (IEA, Global Energy Review, 2021). Coal remains one of the major sources of world energy, although global efforts under "Climate Change" are being made to increase the share of green energy (Chart 5).

As per IEA, global coal demand dropped by 4.0 per cent in 2020, the biggest drop since World War II, due to economic downturn inflicted by Covid-19 restrictions. With upturn in energy demand, global coal demand surged in 2021 as it constitutes a

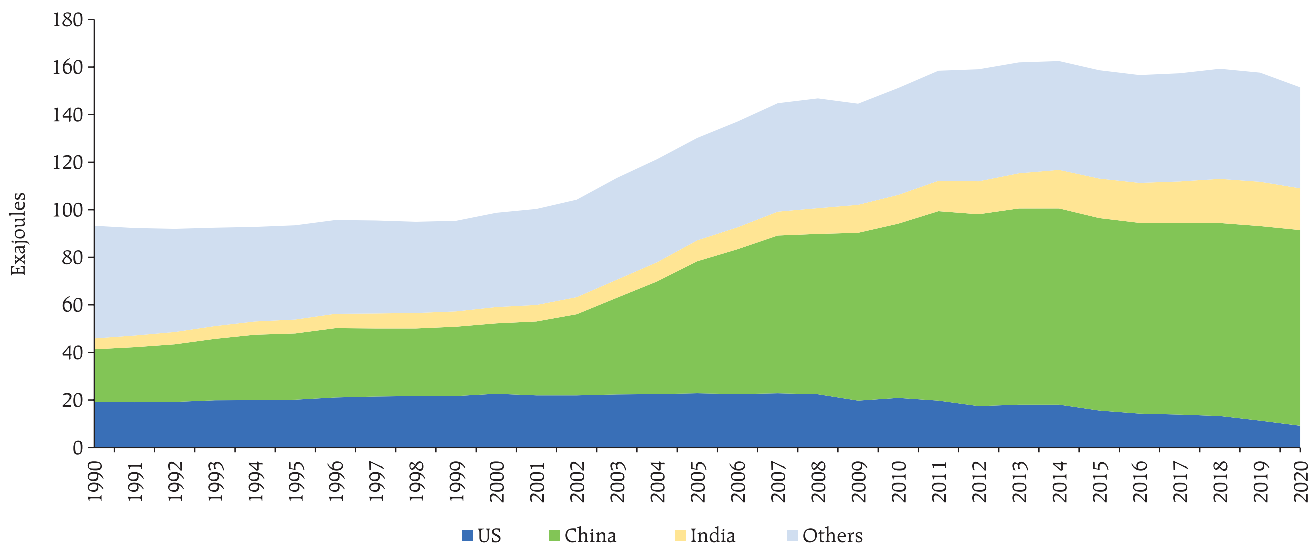
Chart 5: Share of Energy Consumption by Fuel in 2020



Source: Statistical Review of World Energy - British Petroleum.

[3] IMF, World Economic Outlook October 2021 Update.

Chart 6: Consumption of Coal by Region



Source: Statistical Review of World Energy - British Petroleum.

substantial part of total world energy consumption. IEA expects global coal demand to increase by 4.5 per cent in 2021, exceeding 2019 levels. China has been the largest consumer of coal followed by India and both economies have recovered strongly resulting in a significant jump in coal consumption for energy (Chart 6). Global coal supply is also expected to revive in 2021 but production challenges faced by Indonesia, the world's biggest exporter of coal used for power generation because of heavy rains and stricter enforcement of domestic market obligations may have a bearing on it. The reports suggest that after a period of slowdown, China is also ramping up production of coal. At the same time, Chinese authorities have tightened regulation on traders and speculators, resulting in a sharp decline in domestic coal prices.

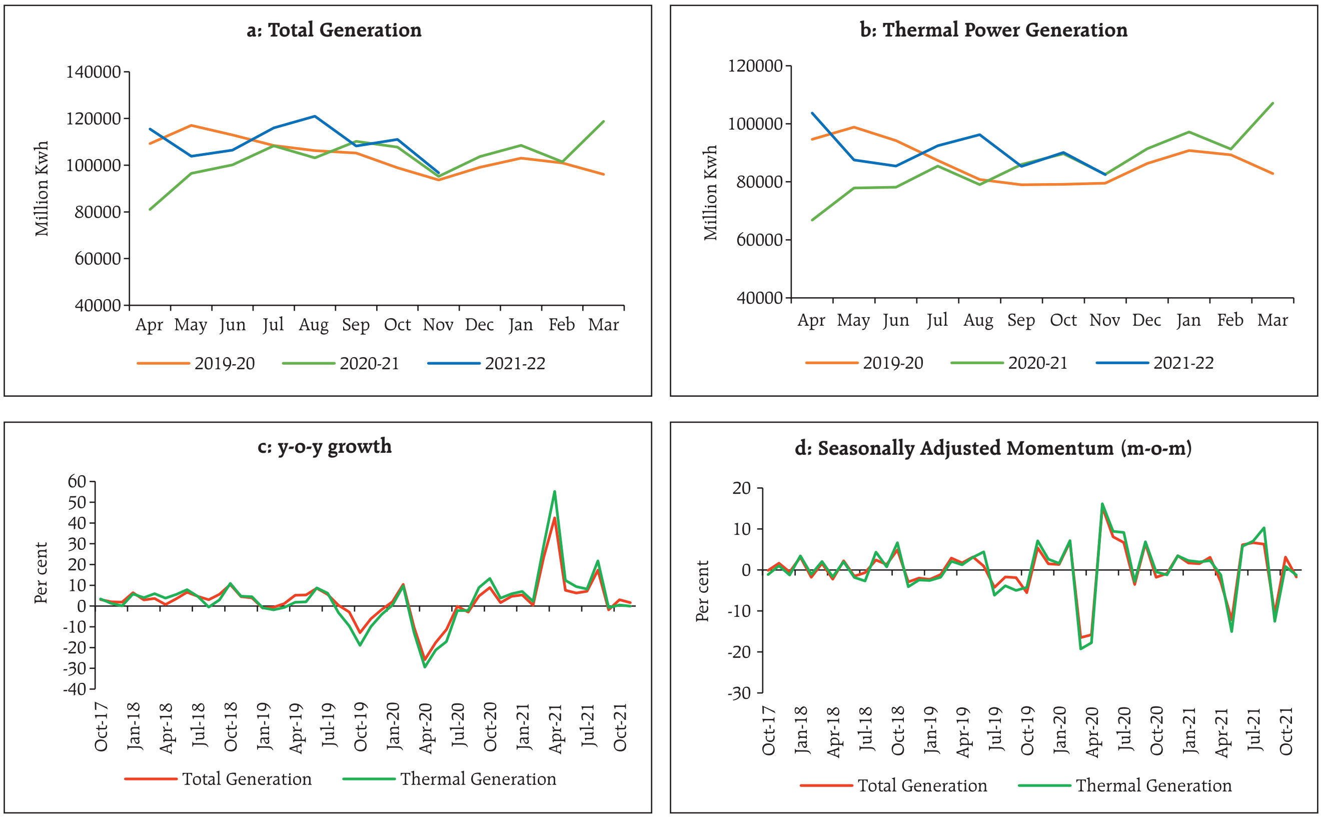
IV. Domestic Coal Use: Electricity and Other Sectors

Electricity

Electricity demand shot up sharply in recent months, mainly driven by pick-up in economic activity. As per the Ministry of Power, power consumption increased from an average of 107 Billion Unit (BU) per month during August-September 2019 (pre-COVID levels) to 124 BU per month in August-September 2021[4] (a rise of about 16 per cent). Electricity generation from all sources after peaking in August declined in September by 1.7 per cent y-o-y before expanding by 3.1 per cent in October and 1.6 per cent in November (Chart 7). In terms of contribution, hydel accounted for the entire y-o-y increase in total electricity generation in November. On seasonally adjusted m-o-m basis, total generation and thermal generation decreased, respectively, by 10.7 per cent and 12.5 per cent in September before expanding by 3.1 per cent and 0.9 per cent in October. In November, total generation and thermal generation again contracted by 1.7 per cent and 1.3 per cent, respectively. Nevertheless, thermal power continues to be the major contributor to total power generation, *albeit* its share declined from about 81 per cent in 2015-16 to about 75 per cent in 2020-21. The share of coal-based thermal generation in total generation also declined to 69 per cent in 2020-21 from 74 per cent in 2015-16 - in October 2021, coal-based thermal generation contributed about 75 per cent share.

[4] *https://pib.gov.in/PressReleasePage.aspx?PRID=1762579*

Chart 7: Electricity Generation



Sources: CMIE; and RBI staff estimates.

Water logging in coal bearing areas due to heavy rains in the month of September and early October hindered dispatches from coal mines, resulting in lower than normal stock accumulation by the thermal power plants in October. On top of that, lower coal imports due to surge in international coal prices also contributed to the demand supply mismatch. Imports of coal by thermal power plants dropped considerably by about 73 per cent y-o-y in September 2021 and 61 per cent in October 2021 (Table 3).

Table 3: Coal Statistics of Thermal Power Plants

(In million tonnes)

Month	Domestic Receipt		Imports		Total Receipt		Total Consumption	
	2020	2021	2020	2021	2020	2021	2020	2021
April	39.1	54.6	3.4	4.3	42.5	58.9	38.0	63.6
May	39.6	55.2	4.8	3.7	44.4	58.9	44.9	53.3
June	38.5	50.7	2.7	3.3	41.2	53.9	45.1	54.0
July	40.6	49.8	3.9	2.1	44.5	51.9	51.3	57.3
August	41.8	47.3	3.3	1.9	45.1	49.2	48.0	59.6
September	**43.6**	**50.4**	**4.0**	**1.1**	**47.7**	**51.5**	**51.9**	**55.8**
October	**48.4**	**57.9**	**4.6**	**1.8**	**53.0**	**59.8**	**53.6**	**57.7**

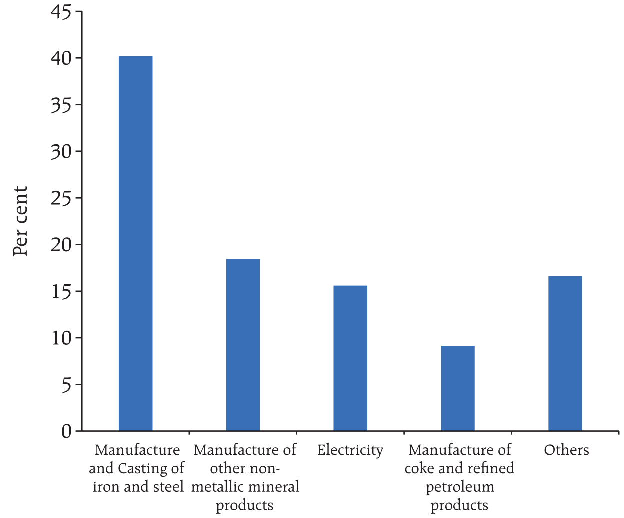
Source: Central Electricity Authority.

Other sectors

Apart from the electricity sector, iron and steel, non-metallic mineral products, and refined petroleum products are amongst the major industries which use coal and lignite as raw materials for their production. According to Supply and Use table, 2015-16, MOSPI[5], 'iron and steel' consumes highest proportion of coal as input (Chart 8).

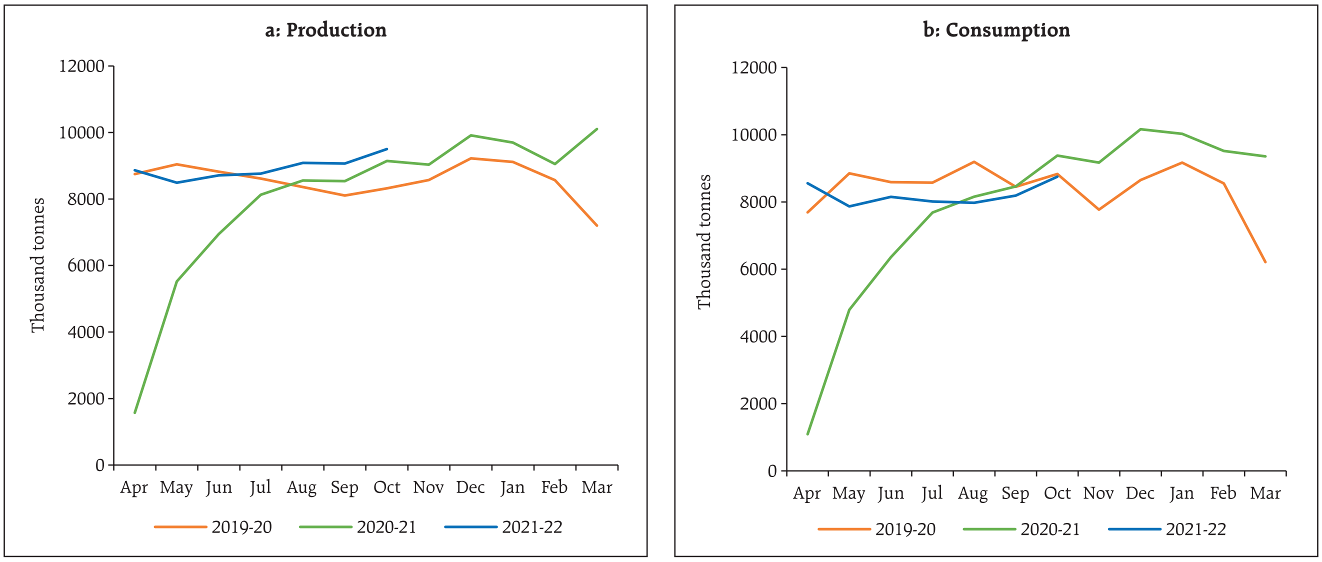
Given the extent of usage as inputs, the coal shortage could have some negative transient impact on coal-intensive industries. Finished steel production witnessed a deceleration in y-o-y growth from 7.7 per cent in July to 6.2 per cent in September and further to 3.9 per cent in October (Chart 9). Steel consumption has also been declining (-3.2 per cent in September and -6.7 per cent in October), partly due to the slowdown in auto production in the face of shortages of semiconductors and chips, while demand for steel in construction activity remains robust.

Chart 8: Industry-wise use of coal and lignite
(As per supply and use table 2015-16, MOSPI)



Sources: MOSPI; and Government of India.

Chart 9: Finished Steel Production and Consumption



Sources: Joint Plant Committee; and CMIE.

5 *http://mospi.nic.in/publication/supply-use-tables*

III. Conclusion

The demand-supply balance of coal especially in the case of thermal power sector has worsened in the last few months, owing to both monsoon-related disruptions in domestic supply and lower imports. At the same time, demand for electricity surged on the back of rebound in economic activity and seasonality. The government is ramping up coal supply to build sufficient stocks at thermal power plants and the situation has eased considerably in recent weeks. The demand-supply balance may, however, remain tight in the near-term due to dwindling imports in view of high import prices and elevated shipment freight rates and can be expected to ease due to waning of power demand in the winter months ahead. Given the large structural dependence on imports, the government is taking measures, including allowing participation of private sector by launching commercial coal mining recently, to augment production of coal over medium to long-term to meet domestic demand along with efforts to increasingly ramp up production of green sources (natural gas, renewables, and nuclear). Increased transition to green sources in the medium to long run will also help India to achieve climate change related targets under the Paris Agreement and recently concluded COP26 global climate summit in Glasgow.

References

Statistical Review of World Energy (2021). British Petroleum. https://www.bp.com/en/global/corporate/energy-economics/statistical-review-of-world-energy.html

Global Energy Review (2021). International Energy Agency. https://www.iea.org/reports/global-energy-review-2021

CURRENT STATISTICS

Contents

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

No. 1: Select Economic Indicators

Item	2020-21	2020-21 Q1	2020-21 Q2	2021-22 Q1	2021-22 Q2
	1	2	3	4	5
1 Real Sector (% Change)					
1.1 GVA at Basic Prices	-6.2	-22.4	-7.3	18.8	8.5
1.1.1 Agriculture	3.6	3.5	3.0	4.5	4.5
1.1.2 Industry	-6.4	-31.0	-1.6	40.4	6.7
1.1.3 Services	-8.4	-24.9	-11.0	16.1	9.9
1.1a Final Consumption Expenditure	-7.3	-19.9	-13.4	13.8	8.6
1.1b Gross Fixed Capital Formation	-10.8	-46.6	-8.6	55.3	11.0

Item	2020-21	2020 Sep.	2020 Oct.	2021 Sep.	2021 Oct.
	1	2	3	4	5
1.2 Index of Industrial Production	-8.4	1.0	4.5	3.1	-
2 Money and Banking (% Change)					
2.1 Scheduled Commercial Banks					
2.1.1 Deposits	11.4	10.5	11.1	9.4	10.0
2.1.2 Credit	5.6	5.1	5.6	6.7	6.9
2.1.2.1 Non-food Credit	5.5	5.1	5.6	6.8	7.0
2.1.3 Investment in Govt. Securities	19.3	20.3	21.5	5.1	4.4
2.2 Money Stock Measures					
2.2.1 Reserve Money (M0)	18.8	14.4	12.8	14.7	14.1
2.2.2 Broad Money (M3)	12.2	12.2	11.6	9.3	9.7
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	3.6	3.8	4.7	4.9
3.4 Credit-Deposit Ratio	72.4	72.0	72.0	70.2	70.0
3.5 Incremental Credit-Deposit Ratio	37.4	-14.3	2.0	1.5	20.7
3.6 Investment-Deposit Ratio	29.5	31.1	31.0	29.9	29.4
3.7 Incremental Investment-Deposit Ratio	46.8	100.6	85.4	41.3	27.0
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	7.40/8.80	7.30/8.80	7.30/8.80
4.6 MCLR (Overnight)	6.55/7.05	6.65/7.15	6.65/7.10	6.55/7.00	6.50/7.00
4.7 Term Deposit Rate >1 Year	4.90/5.50	4.90/5.50	4.90/5.50	4.90/5.50	4.90/5.50
4.8 Savings Deposit Rate	2.70/3.00	2.70/3.00	2.70/3.00	2.70/3.00	2.70/3.00
4.9 Call Money Rate (Weighted Average)	3.25	3.41	3.19	3.19	3.28
4.10 91-Day Treasury Bill (Primary) Yield	3.32	3.36	3.20	3.45	3.56
4.11 182-Day Treasury Bill (Primary) Yield	3.47	3.58	3.36	3.57	3.83
4.12 364-Day Treasury Bill (Primary) Yield	3.83	3.73	3.45	3.81	4.04
4.13 10-Year G-Sec Par Yield (FBIL)	6.34	6.04	5.91	6.23	6.43
5 Reference Rate and Forward Premia					
5.1 INR-US$ Spot Rate (Rs. Per Foreign Currency)	72.40	73.73	73.97	73.69	74.79
5.2 INR-Euro Spot Rate (Rs. Per Foreign Currency)	85.31	86.04	86.97	86.47	87.26
5.3 Forward Premia of US$ 1-month (%)	6.80	3.74	3.24	3.50	4.17
3-month (%)	5.64	3.80	3.46	3.64	4.39
6-month (%)	5.47	3.91	3.89	3.87	4.75
6 Inflation (%)					
6.1 All India Consumer Price Index	6.18	7.3	7.6	4.3	4.5
6.2 Consumer Price Index for Industrial Workers	5.03	5.6	5.9	4.4	4.5
6.3 Wholesale Price Index	1.29	1.3	1.3	10.7	12.5
6.3.1 Primary Articles	1.71	4.1	4.3	4.1	5.2
6.3.2 Fuel and Power	-7.99	-8.6	-11.1	24.8	37.2
6.3.3 Manufactured Products	2.75	1.9	2.2	11.4	12.0
7 Foreign Trade (% Change)					
7.1 Imports	-16.91	-19.6	-10.3	84.2	62.5
7.2 Exports	-6.88	6.0	-4.9	22.7	43.0

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				
		Nov.	Oct. 29	Nov. 5	Nov. 12	Nov. 19	Nov. 26
	1	2	3	4	5	6	7
1 Issue Department							
1.1 Liabilities							
1.1.1 Notes in Circulation	2831727	2744155	2917689	2961581	2965646	2961030	2955757
1.1.2 Notes held in Banking Department	11	12	18	13	15	13	13
1.1/1.2 Total Liabilities (Total Notes Issued) or Assets	**2831738**	**2744167**	**2917707**	**2961595**	**2965661**	**2961044**	**2955770**
1.2 Assets							
1.2.1 Gold	106555	113222	114228	112760	116980	117180	113277
1.2.2 Foreign Securities	2724437	2630160	2802933	2848313	2847974	2843171	2841822
1.2.3 Rupee Coin	746	785	545	521	707	692	671
1.2.4 Government of India Rupee Securities	–	–	–	–	–	–	–
2 Banking Department							
2.1 Liabilities							
2.1.1 Deposits	1504697	1445616	2106098	2055529	2054708	2062381	2032713
2.1.1.1 Central Government	100	100	100	100	101	100	101
2.1.1.2 Market Stabilisation Scheme							
2.1.1.3 State Governments	42	42	42	42	42	42	43
2.1.1.4 Scheduled Commercial Banks	542693	461900	663314	670135	633542	683604	656663
2.1.1.5 Scheduled State Co-operative Banks	6529	5547	7272	7106	6869	7150	6863
2.1.1.6 Non-Scheduled State Co-operative Banks	3204	2414	3484	3652	3497	3728	3581
2.1.1.7 Other Banks	31820	27333	36704	37301	37057	37080	37261
2.1.1.8 Others	895440	944501	1301553	1261063	1292879	1253617	1259369
2.1.1.9 Financial Institution Outside India	24868	3778	93627	76129	80721	77060	68833
2.1.2 Other Liabilities	1343670	1462954	1377512	1341723	1333123	1332117	1346388
2.1/2.2 Total Liabilities or Assets	**2848367**	**2908571**	**3483609**	**3397251**	**3387831**	**3394498**	**3379102**
2.2 Assets							
2.2.1 Notes and Coins	11	12	18	14	15	13	14
2.2.2 Balances held Abroad	1204135	1349768	1556220	1479623	1463261	1460883	1489540
2.2.3 Loans and Advances							
2.2.3.1 Central Government	–	–	–	–	–	–	–
2.2.3.2 State Governments	1674	2112	1966	7635	10350	8631	460
2.2.3.3 Scheduled Commercial Banks	90275	77097	93597	96986	93282	101928	93677
2.2.3.4 Scheduled State Co-op.Banks	–	–	–	–	–	–	–
2.2.3.5 Industrial Dev. Bank of India	–	–	–	–	–	–	–
2.2.3.6 NABARD	26422	23596	21902	21976	21976	21976	20231
2.2.3.7 EXIM Bank	–	–	–	–	–	–	–
2.2.3.8 Others	6678	9216	73	77	77	2577	77
2.2.3.9 Financial Institution Outside India	24858	9703	77660	61063	61848	59217	43986
2.2.4 Bills Purchased and Discounted							
2.2.4.1 Internal	–	–	–	–	–	–	–
2.2.4.2 Government Treasury Bills	–	–	–	–	–	–	–
2.2.5 Investments	1331671	1284031	1546119	1545487	1545973	1547903	1544832
2.2.6 Other Assets	162643	153035	186055	184392	191050	191371	186286
2.2.6.1 Gold	146572	147429	177912	175986	182571	182885	177516

* 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
Oct. 1, 2021	-	392929	-	-	150	–	-	15000	15000	-	-	-	-	-392779
Oct. 2, 2021	-	14729	-	-	434	–	-	-	-	-	-	-	-	-14295
Oct. 3, 2021	-	3090	-	-	4	–	-	-	-	-	-	-	-	-3086
Oct. 4, 2021	-	404319	-	-	80	-1900	-	-	-	-	350	-	-	-405789
Oct. 5, 2021	-	420811	-	200001	235	–	-	-	-	-	-	-	-	-620577
Oct. 6, 2021	-	363682	-	-	306	–	-	-	-	-	-	-	-	-363376
Oct. 7, 2021	-	339048	-	-	150	–	-	-	315	-	-	-	-	-338583
Oct. 8, 2021	-	253004	-	400002	1195	–	-	-	-	-	-	-	9296	-661107
Oct. 9, 2021	-	9307	-	-	14	–	-	-	-	-	-	-	-	-9293
Oct. 10, 2021	-	5424	-	-	14	–	-	-	-	-	-	-	-	-5410
Oct. 11, 2021	-	263634	-	-	250	–	-	-	-	-	-	-	-	-263384
Oct. 12, 2021	-	272080	-	200013	562	–	-	-	-	-	-	-	-	-471531
Oct. 13, 2021	-	262968	-	-	540	-2300	-	-	-	-	-	-	-	-264728
Oct. 14, 2021	-	208245	-	-	450	–	-	-	-	-	-	-	-	-207795
Oct. 15, 2021	-	1124	-	-	595	–	-	-	-	-	-	-	-	-529
Oct. 16, 2021	-	51112	-	-	28	–	-	-	-	-	-	-	-	-51084
Oct. 17, 2021	-	5311	-	-	8	–	-	-	-	-	-	-	-	-5303
Oct. 18, 2021	-	201304	-	-	806	–	-	-	-	-	-	-	-	-200498
Oct. 19, 2021	-	44534	-	-	3928	–	-	-	-	-	-	-	-	-40606
Oct. 20, 2021	-	207337	-	200008	1678	–	-	-	-	-	-	-	-	-405667
Oct. 21, 2021	-	169520	-	-	370	2500	-	225	315	-	-	-	-	-166560
Oct. 22, 2021	-	140873	-	418395	461	-2500	-	90	-	-	-	-	8365	-569762
Oct. 23, 2021	-	14916	-	-	476	–	-	-	-	-	-	-	-	-14440
Oct. 24, 2021	-	3560	-	-	216	–	-	-	-	-	-	-	-	-3344
Oct. 25, 2021	-	139644	-	-	400	2500	-	-	-	-	-	-	-	-136744
Oct. 26, 2021	-	174518	-	200019	250	-2500	-	-	-	-	-	-	-	-376787
Oct. 27, 2021	-	179641	-	-	324	–	-	-	-	-	-	-	-	-179317
Oct. 28, 2021	-	202492	-	-	230	2500	-	-	-	-	-	-	-	-199762
Oct. 29, 2021	-	184740	-	-	455	-2500	-	-	-	-	-	-	-	-186785
Oct. 30, 2021	-	61323	-	-	0	–	-	-	-	-	-	-	-	-61323
Oct. 31, 2021	-	8289	-	-	14	–	-	-	-	-	-	-	-	-8275

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	
		Oct.	Sep.	Oct.
	1	2	3	4
1 Net Purchase/ Sale of Foreign Currency (US $ Million) (1.1–1.2)	68315	15640	791	-100
1.1 Purchase (+)	162479	15640	9169	7755
1.2 Sale (–)	94164	0	8378	7855
2 ₹ equivalent at contract rate (₹ Crores)	510516	114896	7515	156
3 Cumulative (over end-March) (US $ Million)	68315	58127	40430	40330
(₹ Crores)	510516	432863	304980	305136
4 Outstanding Net Forward Sales (–)/ Purchase (+) at the end of month (US $ Million)	72751	13556	49606	49106

ii) Operations in currency futures segment

Item	2020-21	2020	2021	
		Oct.	Sep.	Oct.
	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	0	0
1.2 Sale (–)	12118	0	0	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 October 31, 2021		
	Long (+)	Short (-)	Net (1-2)
	1	2	3
1. Upto 1 month	8489	4610	3879
2. More than 1 month and upto 3 months	14023	550	13473
3. More than 3 months and upto 1 year	42424	10670	31754
4. More than 1 year	0	0	0
Total (1+2+3+4)	**64936**	**15830**	**49106**

No. 5: RBI's Standing Facilities

(₹ Crore)

Item	As on the Last Reporting Friday							
	2020-21	2020	2021					
		Nov. 20	Jun. 18	Jul. 30	Aug. 27	Sep. 24	Oct. 22	Nov. 19
	1	2	3	4	5	6	7	8
1 MSF	182	266	59	254	2	152	461	7201
2 Export Credit Refinance for Scheduled Banks								
2.1 Limit	–	-	-	-	-	-	-	-
2.2 Outstanding	–	-	-	-	-	-	-	-
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	75000	76000	76000	76000	76000	76000	76000
4.2 Outstanding	32387	33234	5578	23296	23296	25396	21696	24196
5 Total Outstanding (1+2.2+3.2+4.2)	32569	33500	5637	23550	23298	25548	22157	31397

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		
		Oct. 23	Sep. 24	Oct. 8	Oct. 22
	1	2	3	4	5
1 Currency with the Public (1.1 + 1.2 + 1.3 – 1.4)	2751828	2619578	2814948	2830528	2825630
1.1 Notes in Circulation	2826851	2688064	2897815	2914133	2917700
1.2 Circulation of Rupee Coin	26170	25738	26550	26550	26550
1.3 Circulation of Small Coins	743	743	743	743	743
1.4 Cash on Hand with Banks	101935	94967	110159	110898	119363
2 Deposit Money of the Public	2042471	1666403	2005135	1966964	2009808
2.1 Demand Deposits with Banks	1995120	1625686	1958235	1919227	1962643
2.2 ‘Other’ Deposits with Reserve Bank	47351	40717	46900	47738	47165
3 M_1 (1 + 2)	**4794299**	**4285981**	**4820083**	**4797492**	**4835438**
4 Post Office Saving Bank Deposits	170025	162613	170025	170025	170025
5 M_2 (3 + 4)	**4964324**	**4448594**	**4990108**	**4967517**	**5005463**
6 Time Deposits with Banks	14050278	13517758	14577217	14771380	14688688
7 M_3 (3 + 6)	**18844578**	**17803739**	**19397300**	**19568872**	**19524126**
8 Total Post Office Deposits	509544	476456	509544	509544	509544
9 M_4 (7 + 8)	**19354122**	**18280195**	**19906844**	**20078416**	**20033670**

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		
		Oct. 23	Sep. 24	Oct. 8	Oct. 22
	1	2	3	4	5
1 Net Bank Credit to Government	**5850374**	**5587218**	**6077160**	**6127887**	**5977920**
1.1 RBI's net credit to Government (1.1.1–1.1.2)	1099686	905454	1118511	1138634	1043103
1.1.1 Claims on Government	1337300	1248802	1585465	1580145	1561612
1.1.1.1 Central Government	1333917	1242339	1577489	1570345	1556811
1.1.1.2 State Governments	3383	6463	7976	9800	4802
1.1.2 Government deposits with RBI	237615	343348	466954	441511	518509
1.1.2.1 Central Government	237572	343305	466912	441469	518467
1.1.2.2 State Governments	42	43	42	42	42
1.2 Other Banks' Credit to Government	4750689	4681764	4958649	4989253	4934817
2 Bank Credit to Commercial Sector	**11668466**	**10999619**	**11666564**	**11722628**	**11750103**
2.1 RBI's credit to commercial sector	8709	14792	5796	4434	1980
2.2 Other banks' credit to commercial sector	11659757	10984827	11660768	11718195	11748123
2.2.1 Bank credit by commercial banks	10949509	10338868	10956817	11014967	11044619
2.2.2 Bank credit by co-operative banks	694758	636209	686008	685555	685756
2.2.3 Investments by commercial and co-operative banks in other securities	15490	9750	17943	17673	17747
3 Net Foreign Exchange Assets of Banking Sector (3.1 + 3.2)	**4578846**	**4418671**	**4895023**	**4967794**	**4973808**
3.1 RBI's net foreign exchange assets (3.1.1–3.1.2)	4199400	4120941	4551673	4624443	4630458
3.1.1 Gross foreign assets	4199637	4121184	4551917	4624684	4630698
3.1.2 Foreign liabilities	237	243	244	241	241
3.2 Other banks' net foreign exchange assets	379446	297731	343350	343350	343350
4 Government's Currency Liabilities to the Public	**26913**	**26481**	**27293**	**27293**	**27293**
5 Banking Sector's Net Non-monetary Liabilities	**3280021**	**3228251**	**3268740**	**3276729**	**3204998**
5.1 Net non-monetary liabilities of RBI	1356660	1412121	1315185	1374052	1373122
5.2 Net non-monetary liabilities of other banks (residual)	1923362	1816130	1953555	1902677	1831876
M_3 (1+2+3+4–5)	**18844578**	**17803739**	**19397300**	**19568872**	**19524126**

No. 8: Monetary Survey

(₹ Crore)

Item	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2020-21	2020	2021		
		Oct. 23	Sep. 24	Oct. 8	Oct. 22
	1	2	3	4	5
Monetary Aggregates					
NM_1 (1.1 + 1.2.1+1.3)	4794299	4285981	4820032	4797441	4835387
NM_2 (NM_1+ 1.2.2.1)	11048277	10294913	11314819	11378428	11379500
NM_3 (NM_2 + 1.2.2.2 + 1.4 = 2.1 + 2.2 + 2.3 – 2.4 – 2.5)	18936051	17894502	19498790	19675258	19634893
1 Components					
1.1 Currency with the Public	2751828	2619578	2814964	2830544	2825645
1.2 Aggregate Deposits of Residents	15892848	14978869	16391028	16543575	16505050
1.2.1 Demand Deposits	1995121	1625686	1958168	1919160	1962576
1.2.2 Time Deposits of Residents	13897727	13353183	14432860	14624416	14542473
1.2.2.1 Short-term Time Deposits	6253977	6008932	6494787	6580987	6544113
1.2.2.1.1 Certificates of Deposit (CDs)	78702	180512	59966	59564	57773
1.2.2.2 Long-term Time Deposits	7643750	7344251	7938073	8043429	7998360
1.3 ‘Other’ Deposits with RBI	47351	40717	46900	47738	47165
1.4 Call/Term Funding from Financial Institutions	244025	255339	245898	253401	257033
2 Sources					
2.1 Domestic Credit	18518950	17549225	18723508	18835366	18725052
2.1.1 Net Bank Credit to the Government	5850374	5587218	6076808	6127535	5977569
2.1.1.1 Net RBI credit to the Government	1099686	905454	1118511	1138634	1043103
2.1.1.2 Credit to the Government by the Banking System	4750689	4681764	4958298	4988901	4934465
2.1.2 Bank Credit to the Commercial Sector	12668575	11962007	12646700	12707831	12747484
2.1.2.1 RBI Credit to the Commercial Sector	34134	38919	27626	26336	23882
2.1.2.2 Credit to the Commercial Sector by the Banking System	12634441	11923088	12619074	12681495	12723602
2.1.2.2.1 Other Investments (Non-SLR Securities)	951313	926628	949934	956210	968828
2.2 Government’s Currency Liabilities to the Public	26913	26481	27293	27293	27293
2.3 Net Foreign Exchange Assets of the Banking Sector	4438202	4222595	4798128	4857490	4858484
2.3.1 Net Foreign Exchange Assets of the RBI	4199400	4120941	4551673	4624443	4630458
2.3.2 Net Foreign Currency Assets of the Banking System	238802	101655	246455	233047	228026
2.4 Capital Account	2775245	2862261	2941756	3025969	3047506
2.5 Other items (net)	1272767	1041538	1108382	1018922	928429

No. 9: Liquidity Aggregates

(₹ Crore)

Aggregates	2020-21	2020	2021		
		Oct.	Aug.	Sep.	Oct.
	1	2	3	4	5
1 NM_3	**18936051**	**17894502**	**19420610**	**19498790**	**19634893**
2 Postal Deposits	509544	476456	509544	509544	509544
3 L_1 (1 + 2)	**19445595**	**18370958**	**19930154**	**20008334**	**20144437**
4 Liabilities of Financial Institutions	33179	35341	25923	27371	26662
4.1 Term Money Borrowings	2645	3114	4244	4244	3627
4.2 Certificates of Deposit	25550	28700	16775	18175	18175
4.3 Term Deposits	4984	3528	4905	4952	4860
5 L_2 (3 + 4)	**19478774**	**18406300**	**19956077**	**20035705**	**20171099**
6 Public Deposits with Non-Banking Financial Companies	31905	..	..	31905	..
7 L_3 (5 + 6)	**19510679**	..	..	**20067610**	..

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		
		Oct. 23	Sep. 24	Oct. 8	Oct. 22
	1	2	3	4	5
1 Components					
1.1 Currency in Circulation	2853763	2714545	2925107	2941426	2944993
1.2 Bankers' Deposits with the RBI	698867	470552	687375	685590	685574
1.2.1 Scheduled Commercial Banks	651748	437010	638826	637545	638589
1.3 'Other' Deposits with the RBI	47351	40717	46900	47738	47165
Reserve Money (1.1 + 1.2 + 1.3 = 2.1 + 2.2 + 2.3 – 2.4 – 2.5)	3599981	3225814	3659382	3674754	3677732
2 Sources					
2.1 RBI's Domestic Credit	730328	490513	395602	397070	393104
2.1.1 Net RBI credit to the Government	1099686	905454	1118511	1138634	1043103
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	899034	1110577	1128877	1038344
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	1241461	1576829	1569722	1556230
2.1.1.1.3.1 Central Government Securities	1333174	1241461	1576829	1569722	1556230
2.1.1.1.4 Rupee Coins	743	878	659	623	581
2.1.1.1.5 Deposits of the Central Government	237572	343305	466912	441469	518467
2.1.1.2 Net RBI credit to State Governments	3340	6420	7934	9758	4759
2.1.2 RBI's Claims on Banks	-403492	-453860	-750535	-767901	-673881
2.1.2.1 Loans and Advances to Scheduled Commercial Banks	-378066	-429733	-728706	-745999	-651979
2.1.3 RBI's Credit to Commercial Sector	34134	38919	27626	26336	23882
2.1.3.1 Loans and Advances to Primary Dealers	–	–	–	–	–
2.1.3.2 Loans and Advances to NABARD	25426	24127	21830	21902	21902
2.2 Government's Currency Liabilities to the Public	26913	26481	27293	27293	27293
2.3 Net Foreign Exchange Assets of the RBI	4199400	4120941	4551673	4624443	4630458
2.3.1 Gold	247723	271325	275988	285046	287854
2.3.2 Foreign Currency Assets	3951694	3849633	4275703	4339415	4342621
2.4 Capital Account	1173033	1251601	1205606	1277469	1290235
2.5 Other Items (net)	183626	160520	109579	96583	82887

No. 11: Reserve Money - Components and Sources

(₹ Crore)

Item	Outstanding as on March 31/ last Fridays of the month/ Fridays							
	2020-21	2020	2021					
		Oct. 30	Sep. 24	Oct. 1	Oct. 8	Oct. 15	Oct. 22	Oct. 29
	1	2	3	4	5	6	7	8
Reserve Money (1.1 + 1.2 + 1.3 = 2.1 + 2.2 + 2.3 + 2.4 + 2.5 – 2.6)	3599981	3244482	3659382	3657522	3674754	3719171	3677732	3703451
1 Components								
1.1 Currency in Circulation	2853763	2715266	2925107	2917557	2941426	2952540	2944993	2945130
1.2 Bankers' Deposits with RBI	698867	488063	687375	691926	685590	719164	685574	710775
1.3 'Other' Deposits with RBI	47351	41154	46900	48038	47738	47467	47165	47546
2 Sources								
2.1 Net Reserve Bank Credit to Government	1099686	944911	1118511	1207762	1138634	1141864	1043103	1108510
2.2 Reserve Bank Credit to Banks	-378066	-467693	-728706	-829352	-745999	-702591	-651979	-696020
2.3 Reserve Bank Credit to Commercial Sector	8709	14795	5796	6317	4434	2137	1980	2137
2.4 Net Foreign Exchange Assets of RBI	4199400	4150295	4551673	4568103	4624443	4653681	4630458	4635086
2.5 Government's Currency Liabilities to the Public	26913	26541	27293	27293	27293	27293	27293	27441
2.6 Net Non- Monetary Liabilities of RBI	1356660	1424366	1315185	1322601	1374052	1403213	1373122	1373703

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		
		Oct. 23	Sep. 24	Oct. 8	Oct. 22
	1	2	3	4	5
1 Components					
1.1 Aggregate Deposits of Residents	14960961	14126937	15455336	15609647	15567552
1.1.1 Demand Deposits	1861193	1505254	1823739	1784686	1827341
1.1.2 Time Deposits of Residents	13099768	12621683	13631597	13824961	13740211
1.1.2.1 Short-term Time Deposits	5894896	5679757	6134219	6221233	6183095
1.1.2.1.1 Certificates of Deposits (CDs)	78702	180512	59966	59564	57773
1.1.2.2 Long-term Time Deposits	7204873	6941925	7497378	7603729	7557116
1.2 Call/Term Funding from Financial Institutions	244025	255339	245898	253401	257033
2 Sources					
2.1 Domestic Credit	16378019	15708663	16570318	16661873	16650633
2.1.1 Credit to the Government	4461632	4438623	4662056	4690646	4637469
2.1.2 Credit to the Commercial Sector	11916387	11270040	11908262	11971228	12013164
2.1.2.1 Bank Credit	10949509	10338868	10956817	11014967	11044619
2.1.2.1.1 Non-food Credit	10888255	10272209	10894475	10952559	10980922
2.1.2.2 Net Credit to Primary Dealers	23633	11896	9212	7931	7491
2.1.2.3 Investments in Other Approved Securities	894	1610	1262	1083	1189
2.1.2.4 Other Investments (in non-SLR Securities)	942351	917666	940972	947247	959866
2.2 Net Foreign Currency Assets of Commercial Banks (2.2.1–2.2.2–2.2.3)	238802	101655	246455	233047	228026
2.2.1 Foreign Currency Assets	454866	330844	453232	446365	442218
2.2.2 Non-resident Foreign Currency Repatriable Fixed Deposits	152552	164575	143611	146219	145469
2.2.3 Overseas Foreign Currency Borrowings	63512	64614	63166	67099	68722
2.3 Net Bank Reserves (2.3.1+2.3.2–2.3.3)	1010202	951675	1466234	1482978	1397969
2.3.1 Balances with the RBI	542693	437010	638826	637545	638589
2.3.2 Cash in Hand	90748	84932	98703	99434	107401
2.3.3 Loans and Advances from the RBI	-376761	-429733	-728706	-745999	-651979
2.4 Capital Account	1578041	1586490	1711980	1724330	1733101
2.5 Other items (net) (2.1+2.2+2.3–2.4–1.1–1.2)	843995	793227	869793	790520	718942
2.5.1 Other Demand and Time Liabilities (net of 2.2.3)	593095	499287	520219	508679	501782
2.5.2 Net Inter-Bank Liabilities (other than to PDs)	80681	68612	36145	25762	25116

No. 13: Scheduled Commercial Banks' Investments

(₹ Crore)

Item	As on March 26, 2021	2020	2021		
		Oct. 23	Sep. 24	Oct. 8	Oct. 22
	1	2	3	4	5
1 SLR Securities	4462526	4440234	4663319	4691729	4638658
2 Commercial Paper	82584	88751	74182	75085	74600
3 Shares issued by					
3.1 PSUs	9840	11363	10724	10516	10137
3.2 Private Corporate Sector	64035	71675	70152	70067	69330
3.3 Others	5210	5430	5135	5165	5098
4 Bonds/Debentures issued by					
4.1 PSUs	121008	126857	114811	116491	117204
4.2 Private Corporate Sector	308904	306444	320875	327595	327885
4.3 Others	149325	146949	146047	147897	147953
5 Instruments issued by					
5.1 Mutual funds	31142	31082	47849	44879	51553
5.2 Financial institutions	167130	128920	151015	149553	156107

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	
		Oct.	Sep.	Oct.		Oct.	Sep.	Oct.
	1	2	3	4	5	6	7	8
Number of Reporting Banks	209	209	210	211	133	133	134	135
1 Liabilities to the Banking System	**259530**	**277233**	**232513**	**233346**	**254589**	**272101**	**227943**	**228850**
1.1 Demand and Time Deposits from Banks	200585	210335	171131	171880	195866	205405	166914	167700
1.2 Borrowings from Banks	40886	50821	42447	40957	40880	50821	42383	40957
1.3 Other Demand and Time Liabilities	18059	16077	18934	20509	17843	15875	18645	20193
2 Liabilities to Others	**16457782**	**15733984**	**16864747**	**17168151**	**16014145**	**15303052**	**16428231**	**16727910**
2.1 Aggregate Deposits	15540152	14835260	16019297	16291050	15113512	14420000	15598948	15865855
2.1.1 Demand	1899343	1606832	1862818	1945841	1861193	1571374	1823739	1905459
2.1.2 Time	13640809	13228427	14156479	14345208	13252320	12848625	13775208	13960396
2.2 Borrowings	248271	266583	251073	262440	244025	262285	245898	258114
2.3 Other Demand and Time Liabilities	669359	632141	594377	614661	656607	620767	583385	603942
3 Borrowings from Reserve Bank	**90275**	**115757**	**92417**	**93597**	**90275**	**115757**	**92382**	**93597**
3.1 Against Usance Bills /Promissory Notes	–	–	–	–	–	–	–	–
3.2 Others	90275	115757	92417	93597	90275	115757	92382	93597
4 Cash in Hand and Balances with Reserve Bank	650745	557017	756401	790076	633440	541682	737529	769740
4.1 Cash in Hand	92793	89874	100793	109257	90748	87683	98703	106425
4.2 Balances with Reserve Bank	557951	467143	655608	680819	542693	453999	638826	663314
5 Assets with the Banking System	**265729**	**276923**	**254797**	**268578**	**197541**	**216919**	**201009**	**214170**
5.1 Balances with Other Banks	179430	189036	180057	186501	143294	155579	144591	151000
5.1.1 In Current Account	16796	21643	21816	19183	14226	19438	19142	16783
5.1.2 In Other Accounts	162634	167393	158241	167318	129068	136141	125448	134217
5.2 Money at Call and Short Notice	36716	29193	22154	27610	10654	7747	7062	11960
5.3 Advances to Banks	19908	22005	24660	24344	16764	21494	24278	23963
5.4 Other Assets	29675	36689	27926	30123	26829	32099	25078	27247
6 Investment	**4598924**	**4597987**	**4804642**	**4809006**	**4462526**	**4468088**	**4663319**	**4666403**
6.1 Government Securities	4591896	4590080	4797221	4801633	4461632	4466431	4662056	4664994
6.2 Other Approved Securities	7029	7907	7421	7372	894	1656	1262	1409
7 Bank Credit	**11297014**	**10721829**	**11295015**	**11449352**	**10949509**	**10387948**	**10956817**	**11105586**
7a Food Credit	91653	100684	98160	103290	61254	70281	62342	67472
7.1 Loans, Cash-credits and Overdrafts	11081668	10548573	11091164	11231091	10736491	10217564	10754999	10889324
7.2 Inland Bills-Purchased	30896	24977	31826	33167	30531	23826	31812	33151
7.3 Inland Bills-Discounted	128831	102181	120033	131334	127883	101193	118694	130030
7.4 Foreign Bills-Purchased	20762	17127	20016	19863	20394	16877	19844	19673
7.5 Foreign Bills-Discounted	34857	28971	31976	33898	34210	28488	31467	33408

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
		Oct.23	Sep.24	Oct.22	2021-22	2021
	1	2	3	4	%	%
I. Gross Bank Credit (II+III)	**10951561**	**10338853**	**10956792**	**11046293**	**0.9**	**6.8**
II. Food Credit	**61254**	**66659**	**62342**	**63697**	**4.0**	**-4.4**
III. Non-food Credit	**10890307**	**10272194**	**10894450**	**10982596**	**0.8**	**6.9**
1. Agriculture & Allied Activities	**1271047**	**1220013**	**1321325**	**1344042**	**5.7**	**10.2**
2. Industry (Micro and Small, Medium and Large)	**2895786**	**2741118**	**2829547**	**2854571**	**-1.4**	**4.1**
2.1 Micro and Small [1]	383854	361389	395432	404316	5.3	11.9
2.2 Medium	136054	121053	175081	179905	32.2	48.6
2.3 Large	2375878	2258675	2259034	2270350	-4.4	0.5
3. Services	**2647362**	**2531104**	**2571563**	**2603938**	**-1.6**	**2.9**
3.1 Transport Operators	133953	127794	131206	131133	-2.1	2.6
3.2 Computer Software	19183	17575	18621	19455	1.4	10.7
3.3 Tourism, Hotels & Restaurants	48019	48378	48854	48687	1.4	0.6
3.4 Shipping	7188	5334	7384	7203	0.2	35.0
3.5 Aviation	25643	25228	27876	27095	5.7	7.4
3.6 Professional Services	105253	109041	99459	100843	-4.2	-7.5
3.7 Trade	590377	555878	576621	595470	0.9	7.1
3.7.1 Wholesale Trade	309611	269719	291589	307176	-0.8	13.9
3.7.2 Retail Trade	280766	286159	285033	288293	2.7	0.7
3.8 Commercial Real Estate	264246	254943	255778	253582	-4.0	-0.5
3.9 Non-Banking Financial Companies (NBFCs) [2] *of which,*	937949	871122	876825	883614	-5.8	1.4
3.9.1 Housing Finance Companies (HFCs)	215189	185434	212148	211107	-1.9	13.8
3.9.2 Public Financial Institutions (PFIs)	78442	52243	79674	84036	7.1	60.9
3.10 Other Services [3]	515550	515812	528938	536856	4.1	4.1
4. Personal Loans	**2845527**	**2645896**	**2918538**	**2955599**	**3.9**	**11.7**
4.1 Consumer Durables	8810	8055	10904	11628	32.0	44.4
4.2 Housing	1458358	1370010	1478451	1485234	1.8	8.4
4.3 Advances against Fixed Deposits	62975	55876	63690	63734	1.2	14.1
4.4 Advances to Individuals against share & bonds	4419	5967	4481	4608	4.3	-22.8
4.5 Credit Card Outstanding	116537	110207	115641	123312	5.8	11.9
4.6 Education	63968	65609	63437	63601	-0.6	-3.1
4.7 Vehicle Loans	267352	251557	270378	272610	2.0	8.4
4.8 Loan against gold jewellery	60724	43907	63770	65361	7.6	48.9
4.9 Other Personal Loans	802385	734706	847788	865510	7.9	17.8
5. Priority Sector *(Memo)*						
5.1 Agriculture & Allied Activities [4]	1235082	1176274	1261764	1281929	3.8	9.0
5.2 Micro & Small Enterprises [5]	1113243	1126388	1100816	1120901	0.7	-0.5
5.3 Medium Enterprises [6]	207615	179252	219344	223621	7.7	24.8
5.4 Housing	468659	462137	446129	445739	-4.9	-3.5
5.5 Education Loans	48201	51789	47201	47260	-2.0	-8.7
5.6 Renewable Energy	1171	1194	1423	1372	17.2	14.9
5.7 Social Infrastructure	2352	1057	2323	2336	-0.6	121.1
5.8 Export Credit [7]	19028	15347	21444	18931	-0.5	23.4
5.9 Others	9169	10820	16595	17063	86.1	57.7
5.10 Weaker Sections including net PSLC- SF/MF	813263	789819	844833	865136	6.4	9.5

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
		Oct. 23	Sep.24	Oct. 22	2021-22	2021
	1	2	3	4	%	%
2 Industries (2.1 to 2.19)	2895786	2741118	2829547	2854571	–1.4	4.1
2.1 Mining & Quarrying (incl. Coal)	46052	42697	48829	49758	8.0	16.5
2.2 Food Processing	153286	135624	145334	144413	–5.8	6.5
2.2.1 Sugar	25519	19837	18461	17636	–30.9	–11.1
2.2.2 Edible Oils & Vanaspati	18972	16666	17891	17709	–6.7	6.3
2.2.3 Tea	4273	4455	4812	5061	18.4	13.6
2.2.4 Others	104523	94665	104171	104007	–0.5	9.9
2.3 Beverage & Tobacco	15966	15062	14994	15136	–5.2	0.5
2.4 Textiles	200487	186300	198445	199359	–0.6	7.0
2.4.1 Cotton Textiles	90546	83391	83868	83975	–7.3	0.7
2.4.2 Jute Textiles	2724	2406	2650	2734	0.4	13.7
2.4.3 Man-Made Textiles	38861	34991	41943	42009	8.1	20.1
2.4.4 Other Textiles	68356	65512	69984	70641	3.3	7.8
2.5 Leather & Leather Products	10461	10895	10416	10537	0.7	–3.3
2.6 Wood & Wood Products	13186	12718	13470	13498	2.4	6.1
2.7 Paper & Paper Products	35466	33529	36349	36839	3.9	9.9
2.8 Petroleum, Coal Products & Nuclear Fuels	66909	60069	68024	67918	1.5	13.1
2.9 Chemicals & Chemical Products	192323	173116	182178	185374	–3.6	7.1
2.9.1 Fertiliser	32237	36261	27117	27348	–15.2	–24.6
2.9.2 Drugs & Pharmaceuticals	51723	49501	50247	51487	–0.5	4.0
2.9.3 Petro Chemicals	45621	34622	39324	40000	–12.3	15.5
2.9.4 Others	62742	52732	65490	66538	6.1	26.2
2.10 Rubber, Plastic & their Products	54308	49977	59773	61881	13.9	23.8
2.11 Glass & Glassware	6319	6784	5918	5715	–9.6	–15.8
2.12 Cement & Cement Products	54194	59273	47393	46511	–14.2	–21.5
2.13 Basic Metal & Metal Product	328867	334958	285726	280263	–14.8	–16.3
2.13.1 Iron & Steel	232934	243873	193685	187819	–19.4	–23.0
2.13.2 Other Metal & Metal Product	95933	91085	92041	92443	–3.6	1.5
2.14 All Engineering	147545	138511	147744	147637	0.1	6.6
2.14.1 Electronics	33871	29572	34594	36495	7.7	23.4
2.14.2 Others	113674	108938	113150	111142	–2.2	2.0
2.15 Vehicles, Vehicle Parts & Transport Equipment	83188	88224	85700	82822	–0.4	–6.1
2.16 Gems & Jewellery	62983	64231	69598	70162	11.4	9.2
2.17 Construction	94565	101923	95699	95759	1.3	–6.0
2.18 Infrastructure	1092217	1018034	1086038	1108932	1.5	8.9
2.18.1 Power	567584	548740	570403	582453	2.6	6.1
2.18.2 Telecommunications	112120	106857	111333	111419	–0.6	4.3
2.18.3 Roads	237061	197326	243541	243712	2.8	23.5
2.18.4 Airports	7327	5298	7541	7592	3.6	43.3
2.18.5 Ports	7363	8886	8930	7604	3.3	–14.4
2.18.6 Railways	11260	12945	12901	12677	12.6	–2.1
2.18.7 Other Infrastructure	149502	137983	131388	143475	–4.0	4.0
2.19 Other Industries	237464	209193	227919	232056	–2.3	10.9

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						
		Sep, 25	Jul, 02	Jul, 16	Jul, 30	Aug, 13	Aug, 27	Sep, 10	Sep, 24
	1	2	3	4	5	6	7	8	9
Number of Reporting Banks	32	32	33	33	33	33	33	33	33
1 Aggregate Deposits (2.1.1.2+2.2.1.2)	**125859.6**	**126531.5**	**127404.4**	**127039.8**	**126626.5**	**125488.9**	**125501.3**	**125705.2**	**125238.2**
2 Demand and Time Liabilities									
2.1 Demand Liabilities	**23736.9**	**22560.3**	**27586.5**	**27279.7**	**27514.2**	**27669.6**	**27501.5**	**30915.2**	**26961.0**
2.1.1 Deposits									
2.1.1.1 Inter-Bank	4896.9	4189.6	5053.9	5397.3	5196.0	5399.0	5419.8	5686.7	5734.8
2.1.1.2 Others	13,899.4	13757.9	16367.1	16525.2	16070.2	15817.5	15695.3	15100.1	14619.8
2.1.2 Borrowings from Banks	0.0	229.9	819.8	849.8	1019.7	1069.6	1069.6	999.6	999.7
2.1.3 Other Demand Liabilities	4940.6	4382.9	5345.6	4507.4	5228.2	5383.4	5316.8	9128.8	5606.6
2.2 Time Liabilities	**179957.5**	**172282.0**	**168077.2**	**169250.6**	**166914.3**	**165604.8**	**166716.0**	**167660.1**	**168977.8**
2.2.1 Deposits									
2.2.1.1 Inter-Bank	65333.7	56835.6	55274.4	56414.7	54660.1	54146.9	55115.2	55191.0	56505.0
2.2.1.2 Others	111960.2	112773.5	111037.3	110514.6	110556.3	109671.4	109806.0	110605.1	110618.4
2.2.2 Borrowings from Banks	630.0	673.0	908.0	908.0	908.0	908.0	908.0	911.0	911.0
2.2.3 Other Time Liabilities	2033.7	1999.9	857.6	1413.3	789.9	878.5	886.8	953.0	943.3
3 Borrowing from Reserve Bank	0.0	35.0	0.0	0.0	0.0	0.0	35.0	35.0	35.0
4 Borrowings from a notified bank / Government	63559.8	58161.7	53897.7	55245.5	54718.0	56575.4	56497.3	55045.9	54926.2
4.1 Demand	15691.8	14065.7	10601.1	10615.3	10682.3	11558.3	11967.8	12202.9	12031.5
4.2 Time	47868.0	44095.9	43296.6	44630.2	44035.8	45017.1	44529.5	42843.0	42894.6
5 Cash in Hand and Balances with Reserve Bank	**8151.1**	**7010.2**	**8861.6**	**9149.7**	**9574.3**	**9175.0**	**8711.2**	**13259.6**	**8940.2**
5.1 Cash in Hand	570.3	564.3	631.5	693.2	610.6	610.3	672.7	637.0	640.7
5.2 Balance with Reserve Bank	7580.8	6445.9	8230.0	8456.5	8963.6	8564.7	8038.4	12622.6	8299.5
6 Balances with Other Banks in Current Account	**1148.1**	**1046.1**	**1383.6**	**1433.5**	**1321.3**	**1381.1**	**1310.9**	**1346.7**	**1223.7**
7 Investments in Government Securities	**64455.2**	**59312.3**	**68465.6**	**68048.9**	**67609.8**	**68266.4**	**69149.6**	**69633.6**	**70603.5**
8 Money at Call and Short Notice	**28835.7**	**26369.3**	**19278.0**	**21097.6**	**19409.0**	**19377.0**	**20512.8**	**18893.8**	**20170.1**
9 Bank Credit (10.1+11)	**114631.6**	**112190.0**	**108831.5**	**108426.4**	**109816.4**	**108302.6**	**107334.4**	**107521.7**	**106670.5**
10 Advances									
10.1 Loans, Cash-Credits and Overdrafts	**114612.1**	**112171.2**	**108827.4**	**108422.2**	**109812.3**	**108298.5**	**107314.7**	**107502.0**	**106650.9**
10.2 Due from Banks	89429.1	79397.4	86303.3	87316.9	85942.6	88700.2	88554.7	89065.7	88508.1
11 Bills Purchased and Discounted	19.5	18.8	4.1	4.2	4.1	4.2	19.7	19.7	19.6

Prices and Production

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

Group/Sub group	2020-21			Rural			Urban			Combined		
	Rural	Urban	Combined	Oct. 20	Sep. 21	Oct 21(P)	Oct. 20	Sep. 21	Oct 21(P)	Oct. 20	Sep. 21	Oct 21(P)
	1	2	3	4	5	6	7	8	9	10	11	12
1 Food and beverages	**156.7**	**161.1**	**158.3**	**163.4**	**162.1**	**165.5**	**167.0**	**167.3**	**171.5**	**164.7**	**164.0**	**167.7**
1.1 Cereals and products	145.4	149.9	146.8	145.4	145.4	146.1	149.7	149.3	150.1	146.8	146.6	147.4
1.2 Meat and fish	185.2	192.4	187.7	188.6	202.1	202.6	195.5	207.4	208.4	191.0	204.0	204.6
1.3 Egg	160.3	164.8	162.0	171.6	172.0	170.1	176.9	174.1	173.0	173.6	172.8	171.2
1.4 Milk and products	154.1	154.4	154.2	153.8	158.0	158.4	153.9	159.1	159.2	153.8	158.4	158.7
1.5 Oils and fats	148.2	139.9	145.2	145.4	195.5	198.7	138.0	175.0	176.5	142.7	188.0	190.5
1.6 Fruits	146.9	153.4	149.9	146.5	152.7	152.6	150.5	161.2	159.2	148.4	156.7	155.7
1.7 Vegetables	174.2	196.2	181.7	222.2	151.4	170.4	245.3	183.5	214.3	230.0	162.3	185.3
1.8 Pulses and products	154.4	156.0	154.9	155.9	163.9	165.3	158.7	164.5	165.3	156.8	164.1	165.3
1.9 Sugar and confectionery	114.4	117.0	115.3	114.9	119.3	121.6	117.2	120.4	122.5	115.7	119.7	121.9
1.10 Spices	161.9	160.4	161.4	162.0	170.1	170.6	161.4	166.2	166.7	161.8	168.8	169.3
1.11 Non-alcoholic beverages	149.8	141.3	146.3	150.0	168.3	168.8	141.5	154.8	155.4	146.5	162.7	163.2
1.12 Prepared meals, snacks, sweets	163.2	165.5	164.3	162.7	172.8	173.6	165.1	175.1	175.9	163.8	173.9	174.7
2 Pan, tobacco and intoxicants	**181.8**	**188.7**	**183.6**	**183.4**	**190.5**	**191.1**	**188.8**	**196.5**	**197.0**	**184.8**	**192.1**	**192.7**
3 Clothing and footwear	**155.6**	**149.7**	**153.3**	**155.5**	**167.1**	**168.3**	**148.8**	**157.4**	**158.3**	**152.8**	**163.3**	**164.3**
3.1 Clothing	156.4	152.0	154.7	156.3	167.7	168.9	151.1	159.8	160.8	154.3	164.6	165.7
3.2 Footwear	151.1	137.2	145.3	151.0	163.6	164.8	136.4	143.6	144.4	144.9	155.3	156.3
4 Housing	-	**157.2**	**157.2**	-	-	-	**158.0**	**162.1**	**163.6**	**158.0**	**162.1**	**163.6**
5 Fuel and light	**149.1**	**140.9**	**146.0**	**147.5**	**163.7**	**165.5**	**137.3**	**160.8**	**162.1**	**143.6**	**162.6**	**164.2**
6 Miscellaneous	**153.9**	**146.1**	**150.2**	**154.5**	**163.8**	**164.7**	**146.6**	**156.0**	**157.0**	**150.7**	**160.0**	**161.0**
6.1 Household goods and services	152.9	145.2	149.3	152.8	161.3	162.0	145.1	153.3	154.4	149.2	157.5	158.4
6.2 Health	160.3	151.3	156.9	160.4	171.9	172.5	152.0	162.8	163.5	157.2	168.4	169.1
6.3 Transport and communication	144.9	135.0	139.7	146.1	157.8	159.5	135.2	150.5	152.2	140.4	154.0	155.7
6.4 Recreation and amusement	154.0	144.3	148.5	153.6	162.7	163.2	144.4	153.9	155.1	148.4	157.7	158.6
6.5 Education	162.5	156.2	158.9	161.6	168.5	169.0	156.4	160.3	160.3	158.6	163.7	163.9
6.6 Personal care and effects	153.7	155.8	154.5	156.2	160.2	161.1	157.9	159.6	160.3	156.9	160.0	160.8
General Index (All Groups)	**156.1**	**154.4**	**155.3**	**159.8**	**164.0**	**166.3**	**156.7**	**162.3**	**164.6**	**158.4**	**163.2**	**165.5**

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	
				Oct.	Sep.	Oct.
	1	2	3	4	5	6
1 Consumer Price Index for Industrial Workers	2016	2.88	-	119.5	123.3	124.9
2 Consumer Price Index for Agricultural Labourers	1986-87	5.89	1034	1052	1067	1081
3 Consumer Price Index for Rural Labourers	1986-87	–	1040	1057	1076	1090

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	
		Oct.	Sep.	Oct.
	1	2	3	4
1 Standard Gold (₹ per 10 grams)	48723	50698	46584	47219
2 Silver (₹ per kilogram)	59283	61320	61892	62890

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		
			Oct.	Aug.	Sep. (P)	Oct. (P)
	1	2	3	4	5	6
1 ALL COMMODITIES	**100.000**	**123.4**	**123.6**	**136.2**	**136.0**	**139.1**
1.1 PRIMARY ARTICLES	**22.618**	**145.7**	**151.8**	**155.4**	**154.9**	**159.7**
1.1.1 FOOD ARTICLES	**15.256**	**160.7**	**171.5**	**161.7**	**160.5**	**168.6**
1.1.1.1 Food Grains (Cereals+Pulses)	3.462	159.3	158.1	161.1	162.9	163.9
1.1.1.2 Fruits & Vegetables	3.475	179.2	223.9	171.5	164.1	200.8
1.1.1.3 Milk	4.440	153.4	154.6	157.0	156.8	157.2
1.1.1.4 Eggs,Meat & Fish	2.402	151.2	151.7	158.7	158.5	154.7
1.1.1.5 Condiments & Spices	0.529	149.5	152.9	151.5	155.3	155.1
1.1.1.6 Other Food Articles	0.948	162.0	167.5	163.4	163.9	164.8
1.1.2 NON-FOOD ARTICLES	**4.119**	**130.5**	**129.8**	**161.5**	**161.1**	**153.7**
1.1.2.1 Fibres	0.839	119.8	114.5	147.1	147.1	156.0
1.1.2.2 Oil Seeds	1.115	161.7	158.0	239.6	235.0	199.7
1.1.2.3 Other non-food Articles	1.960	109.0	109.8	118.2	119.8	119.8
1.1.2.4 Floriculture	0.204	210.0	231.7	210.5	211.2	217.9
1.1.3 MINERALS	**0.833**	**164.9**	**153.3**	**179.6**	**187.4**	**179.6**
1.1.3.1 Metallic Minerals	0.648	159.8	146.8	170.5	182.0	170.5
1.1.3.2 Other Minerals	0.185	183.1	176.1	211.7	206.6	211.5
1.1.4 CRUDE PETROLEUM & NATURAL GAS	**2.410**	**70.4**	**63.8**	**97.1**	**97.0**	**106.2**
1.2 FUEL & POWER	**13.152**	**94.0**	**90.9**	**117.9**	**114.7**	**124.7**
1.2.1 COAL	**2.138**	**126.6**	**126.4**	**127.7**	**127.7**	**128.9**
1.2.1.1 Coking Coal	0.647	141.8	141.7	143.4	143.4	143.4
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	166.0
1.2.2 MINERAL OILS	**7.950**	**79.2**	**75.8**	**119.7**	**117.6**	**126.7**
1.2.3 ELECTRICITY	**3.064**	**109.6**	**105.3**	**106.4**	**98.2**	**116.7**
1.3 MANUFACTURED PRODUCTS	**64.231**	**121.5**	**120.4**	**133.2**	**133.8**	**134.9**
1.3.1 MANUFACTURE OF FOOD PRODUCTS	**9.122**	**141.4**	**140.5**	**157.6**	**158.5**	**158.4**
1.3.1.1 Processing and Preserving of meat	0.134	137.2	137.2	142.4	142.3	142.4
1.3.1.2 Processing and Preserving of fish, Crustaceans, Molluscs and products thereof	0.204	139.0	135.1	140.2	139.3	144.3
1.3.1.3 Processing and Preserving of fruit and Vegetables	0.138	120.2	120.4	124.3	122.3	122.1
1.3.1.4 Vegetable and Animal oils and Fats	2.643	143.5	140.6	188.7	187.9	186.4
1.3.1.5 Dairy products	1.165	146.9	144.7	148.3	148.6	149.0
1.3.1.6 Grain mill products	2.010	143.5	142.8	144.0	145.8	145.8
1.3.1.7 Starches and Starch products	0.110	115.9	107.8	129.1	128.9	130.2
1.3.1.8 Bakery products	0.215	138.1	138.1	143.6	144.1	145.3
1.3.1.9 Sugar, Molasses & honey	1.163	118.4	118.6	120.9	126.3	127.4
1.3.1.10 Cocoa, Chocolate and Sugar confectionery	0.175	128.0	127.8	128.4	128.7	129.8
1.3.1.11 Macaroni, Noodles, Couscous and Similar farinaceous products	0.026	132.3	131.3	132.2	138.4	139.0
1.3.1.12 Tea & Coffee products	0.371	166.5	183.2	168.1	168.6	168.5
1.3.1.13 Processed condiments & salt	0.163	147.0	145.8	154.8	156.2	155.4
1.3.1.14 Processed ready to eat food	0.024	132.2	130.0	134.9	135.6	135.4
1.3.1.15 Health supplements	0.225	142.9	140.6	154.3	155.1	154.6
1.3.1.16 Prepared animal feeds	0.356	170.5	169.9	209.0	208.6	207.4
1.3.2 MANUFACTURE OF BEVERAGES	**0.909**	**124.5**	**123.7**	**127.2**	**126.9**	**127.3**
1.3.2.1 Wines & spirits	0.408	120.2	120.1	123.8	123.4	123.7
1.3.2.2 Malt liquors and Malt	0.225	126.5	124.4	130.2	130.2	131.3
1.3.2.3 Soft drinks; Production of mineral waters and Other bottled waters	0.275	129.4	128.5	129.9	129.2	129.4
1.3.3 MANUFACTURE OF TOBACCO PRODUCTS	**0.514**	**157.2**	**157.6**	**160.6**	**161.3**	**162.6**
1.3.3.1 Tobacco products	0.514	157.2	157.6	160.6	161.3	162.6

No. 21: Wholesale Price Index (Contd.)

(Base: 2011-12 = 100)

Commodities		Weight	2020-21	2020	2021		
				Oct.	Aug.	Sep. (P)	Oct. (P)
1.3.4	**MANUFACTURE OF TEXTILES**	**4.881**	**117.6**	**114.8**	**132.6**	**132.7**	**133.9**
1.3.4.1	Preparation and Spinning of textile fibres	2.582	106.6	102.5	123.6	124.2	126.2
1.3.4.2	Weaving & Finishing of textiles	1.509	131.7	130.1	147.1	146.1	146.3
1.3.4.3	Knitted and Crocheted fabrics	0.193	115.2	113.7	124.2	125.1	123.6
1.3.4.4	Made-up textile articles, Except apparel	0.299	132.3	131.4	136.5	137.7	138.0
1.3.4.5	Cordage, Rope, Twine and Netting	0.098	155.6	156.8	167.6	167.7	169.6
1.3.4.6	Other textiles	0.201	116.3	115.2	123.7	124.8	126.8
1.3.5	**MANUFACTURE OF WEARING APPAREL**	**0.814**	**138.6**	**138.3**	**142.0**	**143.7**	**143.8**
1.3.5.1	Manufacture of Wearing Apparel (woven), Except fur Apparel	0.593	138.1	137.1	141.3	143.6	142.9
1.3.5.2	Knitted and Crocheted apparel	0.221	139.8	141.4	143.8	143.8	146.4
1.3.6	**MANUFACTURE OF LEATHER AND RELATED PRODUCTS**	**0.535**	**117.9**	**117.7**	**118.4**	**118.8**	**118.9**
1.3.6.1	Tanning and Dressing of leather; Dressing and Dyeing of fur	0.142	101.1	102.0	103.0	104.3	103.9
1.3.6.2	Luggage, HandbAgs, Saddlery and Harness	0.075	138.6	137.9	139.7	139.4	139.9
1.3.6.3	Footwear	0.318	120.6	119.9	120.3	120.5	120.6
1.3.7	**MANUFACTURE OF WOOD AND PRODUCTS OF WOOD AND CORK**	**0.772**	**134.6**	**133.7**	**140.8**	**140.6**	**142.3**
1.3.7.1	Saw milling and Planing of wood	0.124	120.7	120.3	127.5	127.8	131.3
1.3.7.2	Veneer sheets; Manufacture of plywood, Laminboard, Particle board and Other panels and Boards	0.493	136.6	135.0	140.9	140.8	142.0
1.3.7.3	Builder's carpentry and Joinery	0.036	185.8	189.6	193.8	193.8	194.5
1.3.7.4	Wooden containers	0.119	125.7	125.5	138.7	137.4	139.1
1.3.8	**MANUFACTURE OF PAPER AND PAPER PRODUCTS**	**1.113**	**121.7**	**119.4**	**132.5**	**132.9**	**134.5**
1.3.8.1	Pulp, Paper and Paperboard	0.493	124.1	120.9	135.7	136.7	138.7
1.3.8.2	Corrugated paper and Paperboard and Containers of paper and Paperboard	0.314	122.2	121.3	135.8	135.3	136.4
1.3.8.3	Other articles of paper and Paperboard	0.306	117.4	114.9	124.1	124.5	125.7
1.3.9	**PRINTING AND REPRODUCTION OF RECORDED MEDIA**	**0.676**	**153.8**	**155.9**	**156.5**	**154.9**	**154.8**
1.3.9.1	Printing	0.676	153.8	155.9	156.5	154.9	154.8
1.3.10	**MANUFACTURE OF CHEMICALS AND CHEMICAL PRODUCTS**	**6.465**	**118.2**	**116.8**	**130.3**	**131.3**	**133.0**
1.3.10.1	Basic chemicals	1.433	118.6	115.8	137.6	140.3	142.4
1.3.10.2	Fertilizers and Nitrogen compounds	1.485	123.6	123.1	128.1	127.7	128.2
1.3.10.3	Plastic and Synthetic rubber in primary form	1.001	116.7	115.1	136.9	138.5	141.3
1.3.10.4	Pesticides and Other agrochemical products	0.454	124.4	125.6	130.1	130.9	130.8
1.3.10.5	Paints, Varnishes and Similar coatings, Printing ink and Mastics	0.491	114.9	113.0	126.8	127.2	130.3
1.3.10.6	Soap and Detergents, Cleaning and Polishing preparations, Perfumes and Toilet preparations	0.612	120.6	120.8	128.4	128.8	129.0
1.3.10.7	Other chemical products	0.692	115.1	113.2	126.3	127.3	129.8
1.3.10.8	Man-made fibres	0.296	93.7	89.3	103.7	104.6	107.8
1.3.11	**MANUFACTURE OF PHARMACEUTICALS, MEDICINAL CHEMICAL AND BOTANICAL PRODUCTS**	**1.993**	**130.9**	**130.5**	**134.1**	**134.8**	**134.9**
1.3.11.1	Pharmaceuticals, Medicinal chemical and Botanical products	1.993	130.9	130.5	134.1	134.8	134.9
1.3.12	**MANUFACTURE OF RUBBER AND PLASTICS PRODUCTS**	**2.299**	**111.3**	**110.0**	**122.5**	**123.6**	**126.0**
1.3.12.1	Rubber Tyres and Tubes; Retreading and Rebuilding of Rubber Tyres	0.609	98.3	97.8	103.8	104.2	103.9
1.3.12.2	Other Rubber Products	0.272	93.3	91.6	99.8	100.9	101.0
1.3.12.3	Plastics products	1.418	120.3	118.8	134.8	136.2	140.3
1.3.13	**MANUFACTURE OF OTHER NON-METALLIC MINERAL PRODUCTS**	**3.202**	**117.6**	**116.5**	**122.1**	**121.9**	**122.4**
1.3.13.1	Glass and Glass products	0.295	127.2	127.8	136.0	136.7	135.5
1.3.13.2	Refractory products	0.223	109.5	109.0	114.0	111.1	114.9
1.3.13.3	Clay Building Materials	0.121	109.3	105.7	111.3	110.8	111.1
1.3.13.4	Other Porcelain and Ceramic Products	0.222	109.5	108.0	111.3	111.9	111.6
1.3.13.5	Cement, Lime and Plaster	1.645	120.9	119.4	125.5	125.2	125.8

No. 21: Wholesale Price Index (Contd.)

(Base: 2011-12 = 100)

Commodities	Weight	2020-21	2020	2021		
			Oct.	Aug.	Sep. (P)	Oct. (P)
1.3.13.6 Articles of Concrete, Cement and Plaster	0.292	125.3	124.7	128.9	128.0	128.0
1.3.13.7 Cutting, Shaping and Finishing of Stone	0.234	121.1	120.1	121.5	122.5	122.5
1.3.13.8 Other Non-Metallic Mineral Products	0.169	78.9	77.6	87.7	88.0	88.0
1.3.14 MANUFACTURE OF BASIC METALS	**9.646**	**111.4**	**108.9**	**135.9**	**137.1**	**140.4**
1.3.14.1 Inputs into steel making	1.411	109.2	105.3	142.2	143.6	151.6
1.3.14.2 Metallic Iron	0.653	113.3	111.2	142.9	145.2	151.2
1.3.14.3 Mild Steel - Semi Finished Steel	1.274	99.8	96.0	116.9	116.8	118.9
1.3.14.4 Mild Steel -Long Products	1.081	112.0	108.0	132.9	133.6	137.8
1.3.14.5 Mild Steel - Flat products	1.144	117.2	115.6	156.4	156.1	159.2
1.3.14.6 Alloy steel other than Stainless Steel- Shapes	0.067	108.3	102.7	128.7	129.6	134.8
1.3.14.7 Stainless Steel - Semi Finished	0.924	108.7	106.1	135.9	138.2	139.2
1.3.14.8 Pipes & tubes	0.205	127.9	123.4	151.6	153.5	155.5
1.3.14.9 Non-ferrous metals incl. precious metals	1.693	112.3	111.5	134.6	137.4	140.0
1.3.14.10 Castings	0.925	109.1	108.9	118.8	118.9	119.2
1.3.14.11 Forgings of steel	0.271	145.7	143.4	155.8	157.8	157.2
1.3.15 MANUFACTURE OF FABRICATED METAL PRODUCTS, EXCEPT MACHINERY AND EQUIPMENT	**3.155**	**115.9**	**114.6**	**130.6**	**130.6**	**130.9**
1.3.15.1 Structural Metal Products	1.031	114.1	112.3	124.1	123.6	123.6
1.3.15.2 Tanks, Reservoirs and Containers of Metal	0.660	127.8	125.4	157.2	157.3	157.6
1.3.15.3 Steam generators, Except Central Heating Hot Water Boilers	0.145	98.9	98.6	96.8	96.9	96.9
1.3.15.4 Forging, Pressing, Stamping and Roll-Forming of Metal; Powder Metallurgy	0.383	96.7	96.2	117.4	117.8	118.6
1.3.15.5 Cutlery, Hand Tools and General Hardware	0.208	102.9	102.6	108.2	108.3	108.7
1.3.15.6 Other Fabricated Metal Products	0.728	125.0	124.2	135.7	136.0	136.5
1.3.16 MANUFACTURE OF COMPUTER, ELECTRONIC AND OPTICAL PRODUCTS	**2.009**	**109.8**	**108.9**	**113.0**	**112.7**	**112.7**
1.3.16.1 Electronic Components	0.402	99.1	98.9	103.7	105.0	105.1
1.3.16.2 Computers and Peripheral Equipment	0.336	134.8	135.2	134.6	134.6	134.7
1.3.16.3 Communication Equipment	0.310	114.9	114.2	119.3	119.3	119.3
1.3.16.4 Consumer Electronics	0.641	98.5	96.5	103.0	101.6	101.5
1.3.16.5 Measuring, Testing, Navigating and Control equipment	0.181	107.7	106.1	107.1	107.1	107.1
1.3.16.6 Watches and Clocks	0.076	141.8	141.7	145.7	144.7	145.4
1.3.16.7 Irradiation, Electromedical and Electrotherapeutic equipment	0.055	102.8	102.5	104.0	104.0	104.0
1.3.16.8 Optical instruments and Photographic equipment	0.008	102.7	95.7	98.4	98.4	98.4
1.3.17 MANUFACTURE OF ELECTRICAL EQUIPMENT	**2.930**	**113.6**	**112.6**	**121.8**	**120.4**	**122.3**
1.3.17.1 Electric motors, Generators, Transformers and Electricity distribution and Control apparatus	1.298	113.2	111.6	119.5	116.4	119.8
1.3.17.2 Batteries and Accumulators	0.236	117.1	119.3	120.7	121.5	122.3
1.3.17.3 Fibre optic cables for data transmission or live transmission of images	0.133	98.1	97.2	101.0	99.4	100.4
1.3.17.4 Other electronic and Electric wires and Cables	0.428	115.9	114.5	138.8	139.4	140.6
1.3.17.5 Wiring devices, Electric lighting & display equipment	0.263	111.1	110.7	113.8	113.7	114.1
1.3.17.6 Domestic appliances	0.366	119.7	118.6	127.7	128.4	129.1
1.3.17.7 Other electrical equipment	0.206	109.5	109.0	114.5	112.9	113.0
1.3.18 MANUFACTURE OF MACHINERY AND EQUIPMENT	**4.789**	**114.0**	**114.2**	**119.6**	**120.3**	**120.5**
1.3.18.1 Engines and Turbines, Except aircraft, Vehicle and Two wheeler engines	0.638	106.3	105.7	119.7	119.4	120.6
1.3.18.2 Fluid power equipment	0.162	119.4	120.4	121.0	120.8	120.8
1.3.18.3 Other pumps, Compressors, Taps and Valves	0.552	111.6	111.0	114.9	114.8	114.9
1.3.18.4 Bearings, Gears, Gearing and Driving elements	0.340	111.8	113.3	117.3	118.0	117.5
1.3.18.5 Ovens, Furnaces and Furnace burners	0.008	80.2	81.4	75.1	75.3	75.0
1.3.18.6 Lifting and Handling equipment	0.285	113.4	114.0	119.5	120.4	123.3

No. 21: Wholesale Price Index (Concld.)

(Base: 2011-12 = 100)

Commodities	Weight	2020-21	2020	2021		
			Oct.	Aug.	Sep. (P)	Oct. (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	130.6	134.7	134.6	131.6
1.3.18.9 Agricultural and Forestry machinery	0.833	121.6	121.2	127.0	128.6	129.3
1.3.18.10 Metal-forming machinery and Machine tools	0.224	108.4	108.1	115.3	115.3	116.0
1.3.18.11 Machinery for mining, Quarrying and Construction	0.371	75.7	75.3	78.4	78.1	78.1
1.3.18.12 Machinery for food, Beverage and Tobacco processing	0.228	128.0	128.4	129.0	132.7	133.0
1.3.18.13 Machinery for textile, Apparel and Leather production	0.192	121.9	121.6	122.9	124.5	124.8
1.3.18.14 Other special-purpose machinery	0.468	128.7	129.5	134.1	135.2	134.7
1.3.18.15 Renewable electricity generating equipment	0.046	65.2	65.4	66.2	66.5	66.6
1.3.19 MANUFACTURE OF MOTOR VEHICLES, TRAILERS AND SEMI-TRAILERS	**4.969**	**117.8**	**117.6**	**121.8**	**122.5**	**122.4**
1.3.19.1 Motor vehicles	2.600	119.4	119.6	121.5	122.7	122.4
1.3.19.2 Parts and Accessories for motor vehicles	2.368	116.1	115.4	122.1	122.3	122.5
1.3.20 MANUFACTURE OF OTHER TRANSPORT EQUIPMENT	**1.648**	**126.2**	**126.7**	**131.0**	**131.4**	**131.7**
1.3.20.1 Building of ships and Floating structures	0.117	158.8	158.8	158.9	158.9	158.9
1.3.20.2 Railway locomotives and Rolling stock	0.110	105.0	104.7	104.9	104.9	104.5
1.3.20.3 Motor cycles	1.302	124.7	125.6	130.1	130.7	131.1
1.3.20.4 Bicycles and Invalid carriages	0.117	130.3	128.6	136.4	137.3	137.3
1.3.20.5 Other transport equipment	0.002	128.5	127.7	132.6	134.2	136.0
1.3.21 MANUFACTURE OF FURNITURE	**0.727**	**133.2**	**132.5**	**149.0**	**148.5**	**150.7**
1.3.21.1 Furniture	0.727	133.2	132.5	149.0	148.5	150.7
1.3.22 OTHER MANUFACTURING	**1.064**	**132.4**	**135.9**	**133.3**	**135.1**	**137.9**
1.3.22.1 Jewellery and Related articles	0.996	130.5	134.3	131.2	133.0	136.0
1.3.22.2 Musical instruments	0.001	173.7	166.4	183.4	189.2	190.5
1.3.22.3 Sports goods	0.012	132.0	131.9	138.7	138.8	141.1
1.3.22.4 Games and Toys	0.005	142.4	140.7	151.5	151.0	149.9
1.3.22.5 Medical and Dental instruments and Supplies	0.049	167.4	168.1	171.3	172.9	172.9
2 FOOD INDEX	**24.378**	**153.4**	**159.9**	**160.1**	**159.8**	**164.8**

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

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

Industry	Weight	2019-20	2020-21	April-September		September	
				2020-21	2021-22	2020	2021
	1	2	3	4	5	6	7
General Index	100.00	129.0	118.1	101.9	125.8	124.1	127.9
1 Sectoral Classification							
1.1 Mining	14.37	109.6	101.0	85.2	104.2	87.6	95.1
1.2 Manufacturing	77.63	129.6	117.2	99.6	124.8	126.5	129.9
1.3 Electricity	7.99	158.4	157.6	154.6	174.4	166.4	167.9
2 Use-Based Classification							
2.1 Primary Goods	34.05	127.0	118.1	107.2	124.1	112.1	117.3
2.2 Capital Goods	8.22	93.3	75.9	57.2	82.9	90.3	91.5
2.3 Intermediate Goods	17.22	137.7	124.7	104.2	138.0	133.6	140.2
2.4 Infrastructure/ Construction Goods	12.34	136.6	124.7	102.6	140.5	132.7	142.5
2.5 Consumer Durables	12.84	119.0	101.2	76.9	106.4	129.0	126.4
2.6 Consumer Non-Durables	15.33	145.3	142.1	132.0	143.0	147.4	146.6

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 - October			
	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**	**1259977**	**691903**	**70.5**	**34.2**
1.1 Tax Revenue (Net)	1545396	1053135	575697	68.1	35.2
1.2 Non-Tax Revenue	243028	206842	116206	85.1	30.2
2 Non-Debt Capital Receipt	**188000**	**19722**	**16397**	**10.5**	**7.3**
2.1 Recovery of Loans	13000	10358	10218	79.7	68.3
2.2 Other Receipts	175000	9364	6179	5.4	2.9
3 Total Receipts (excluding borrowings) (1+2)	**1976424**	**1279699**	**708300**	**64.7**	**31.5**
4 Revenue Expenditure	2929000	1573455	1464099	53.7	55.7
4.1 Interest Payments	809701	399737	333456	49.4	47.1
5 Capital Expenditure	554236	253270	197355	45.7	47.9
6 Total Expenditure (4+5)	**3483236**	**1826725**	**1661454**	**52.4**	**54.6**
7 Revenue Deficit (4-1)	**1140576**	**313478**	**772196**	**27.5**	**126.8**
8 Fiscal Deficit (6-3)	**1506812**	**547026**	**953154**	**36.3**	**119.7**
9 Gross Primary Deficit (8-4.1)	**697111**	**147289**	**619698**	**21.1**	**703.1**

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					
		Oct. 30	Sep. 24	Oct. 1	Oct. 8	Oct. 15	Oct. 22	Oct. 29
	1	2	3	4	5	6	7	8
1 91-day								
1.1 Banks	5676	2540	12894	16323	17737	12092	10507	11660
1.2 Primary Dealers	16740	15647	13890	20166	21597	18516	27651	31896
1.3 State Governments	13347	70665	66717	68717	64717	69755	66865	68355
1.4 Others	52802	128809	113596	99262	98724	108513	102057	98459
2 182-day								
2.1 Banks	67473	152250	100171	95331	86076	80354	80391	81117
2.2 Primary Dealers	30966	61725	62322	62046	60352	54863	52650	55234
2.3 State Governments	9436	4033	8377	8377	8377	7927	7717	7593
2.4 Others	31800	101876	106158	107625	105633	106198	97684	83272
3 364-day								
3.1 Banks	119024	135642	105842	107448	111024	110913	111412	114147
3.2 Primary Dealers	154197	129471	101789	100599	100591	97078	96903	94931
3.3 State Governments	18510	15842	19416	19416	19176	19163	19263	19563
3.4 Others	174501	119782	81683	85274	84266	90609	91150	93755
4 14-day Intermediate								
4.1 Banks								
4.2 Primary Dealers								
4.3 State Governments	220351	116438	133145	100242	103954	98414	157140	178049
4.4 Others	747	392	737	359	1140	871	785	1098
Total Treasury Bills (Excluding 14 day Intermediate T Bills) #	694471	938281	792856	790583	778270	775981	764250	759982

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										
Sep. 29	9000	130	52506	4002	33	8998	4002	13000	99.15	3.4488
Oct. 6	10000	123	41442	1005	49	9995	1005	11000	99.14	3.4777
Oct. 13	10000	143	54277	7301	16	9999	7301	17300	99.16	3.3937
Oct. 20	10000	91	36380	8200	25	10000	8200	18200	99.15	3.4496
Oct. 27	10000	113	32893	8831	52	9999	8831	18831	99.12	3.5610
182-day Treasury Bills										
2021-22										
Sep. 29	4000	95	23665	0	13	4000	0	4000	98.25	3.5669
Oct. 6	3000	64	11352	0	22	3000	0	3000	98.24	3.6033
Oct. 13	3000	63	8889	0	22	3000	0	3000	98.22	3.6447
Oct. 20	3000	40	7090	0	19	3000	0	3000	98.19	3.6996
Oct. 27	3000	59	7159	0	37	3000	0	3000	98.13	3.8322
364-day Treasury Bills										
2021-22										
Sep. 29	4000	106	20290	0	43	4000	0	4000	96.34	3.8100
Oct. 6	7000	150	30265	50	71	7000	50	7050	96.27	3.8872
Oct. 13	7000	148	36808	0	39	7000	0	7000	96.26	3.8998
Oct. 20	7000	130	26585	0	45	7000	0	7000	96.21	3.9490
Oct. 27	7000	143	22795	300	49	7000	300	7300	96.13	4.0390

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
October	1, 2021	1.95-3.45	3.22
October	4, 2021	1.95-3.40	3.20
October	5, 2021	1.95-3.40	3.19
October	6, 2021	1.95-3.40	3.19
October	7, 2021	1.95-3.40	3.17
October	8, 2021	1.95-3.45	3.28
October	11, 2021	1.95-3.40	3.27
October	12, 2021	1.95-3.45	3.18
October	13, 2021	1.95-3.45	3.25
October	14, 2021	1.95-3.50	3.29
October	16, 2021	2.25-3.45	2.82
October	18, 2021	1.95-3.60	3.28
October	20, 2021	2.00-3.45	3.32
October	21, 2021	2.00-3.45	3.32
October	22, 2021	2.00-3.60	3.33
October	25, 2021	2.00-3.50	3.31
October	26, 2021	2.00-3.65	3.33
October	27, 2021	2.00-3.50	3.28
October	28, 2021	2.00-3.50	3.24
October	29, 2021	2.00-3.55	3.22
October	30, 2021	2.70-3.45	3.27
November	1, 2021	2.00-3.55	3.30
November	2, 2021	2.00-3.50	3.33
November	3, 2021	2.00-3.65	3.41
November	6, 2021	2.60-4.00	3.37
November	8, 2021	2.00-3.45	3.30
November	9, 2021	2.00-3.50	3.24
November	10, 2021	2.00-3.50	3.19
November	11, 2021	2.00-3.50	3.20
November	12, 2021	2.00-3.50	3.21
November	15, 2021	2.00-3.40	3.19

Note: Includes Notice Money.

No. 27: Certificates of Deposit

Item	2020	2021			
	Oct. 23	Sep. 10	Sep. 24	Oct. 8	Oct. 22
	1	2	3	4	5
1 Amount Outstanding (₹ Crore)	74214.40	67144.54	60220.40	59201.66	57366.48
1.1 Issued during the fortnight (₹ Crore)	4634.88	6524.51	3229.92	1684.57	410.21
2 Rate of Interest (per cent)	3.65-4.25	3.27-4.49	3.35-4.49	3.47-4.90	3.62-4.49

No. 28: Commercial Paper

Item	2020	2021			
	Oct. 31	Sep. 15	Sep. 30	Oct. 15	Oct. 31
	1	2	3	4	5
1 Amount Outstanding (₹ Crore)	380112.20	401221.25	370982.10	399720.05	379278.30
1.1 Reported during the fortnight (₹ Crore)	40838.65	74402.55	59167.05	55664.10	56178.95
2 Rate of Interest (per cent)	3.19-14.19	3.14-13.42	3.26-12.83	3.38-8.47	3.32-12.71

No. 29: Average Daily Turnover in Select Financial Markets

(₹ Crore)

Item	2020-21	2020	2021					
		Oct. 30	Sep. 24	Oct. 1	Oct. 8	Oct. 15	Oct. 22	Oct. 29
	1	2	3	4	5	6	7	8
1 Call Money	17461	10675	13382	17009	15018	11609	16775	14570
2 Notice Money	2604	4481	623	450	818	4533	940	2904
3 Term Money	757	545	349	230	240	163	390	373
4 Triparty Repo	421118	397522	510865	667063	700588	684968	571157	774300
5 Market Repo	337341	350328	313962	369104	409709	414267	322638	388328
6 Repo in Corporate Bond	2990	5545	3968	1560	3660	2333	3654	5351
7 Forex (US $ million)	67793	56477	77799	92814	74979	72191	76434	92929
8 Govt. of India Dated Securities	62490	91127	99739	83826	63584	57532	61211	56616
9 State Govt. Securities	5080	4932	6267	6246	5896	3947	3862	5087
10 Treasury Bills								
10.1 91-Day	4970	5243	5224	6645	5228	2861	3901	3487
10.2 182-Day	4870	4644	2361	5217	2975	3350	1694	2329
10.3 364-Day	4010	2662	1897	2820	3702	6166	2653	1685
10.4 Cash Management Bills	1490							
11 Total Govt. Securities (8+9+10)	82910	108608	115488	104754	81385	73856	73320	69203
11.1 RBI	–	429	6353	6130	74	5	164	38

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

(Amount in ₹ Crore)

Security & Type of Issue	2020-21		2020-21 (Apr.-Oct.)		2021-22 (Apr.-Oct.) *		Oct. 2020		Oct. 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**	**39**	**80668**	**76**	**54363**	**15**	**3837**	**18**	**3833**
1A Premium	73	97648	39	77315	72	53295	15	3747	17	3638
1.1 Public	53	38004	25	20131	61	52783	12	3284	13	3047
1.1.1 Premium	53	34848	25	17540	60	52013	12	3224	12	2996
1.2 Rights	21	64059	14	60536	15	1580	3	553	5	786
1.2.1 Premium	20	62800	14	59775	12	1281	3	524	5	643
2 Preference Shares	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2.1 Public	–	–	–	–	–	–	–	–	–	–
2.2 Rights	–	–	–	–	–	–	–	–	–	–
3 Bonds & Debentures	**16**	**5806**	**9**	**3729**	**17**	**8520**	**3**	**2697**	**3**	**1437**
3.1 Convertible	–	–	–	–	–	–	–	–	–	–
3.1.1 Public	–	–	–	–	–	–	–	–	–	–
3.1.2 Rights	–	–	–	–	–	–	–	–	–	–
3.2 Non-Convertible	16	5806	9	3729	17	8520	3	2697	3	1437
3.2.1 Public	16	5806	9	3729	17	8520	3	2697	3	1437
3.2.2 Rights	–	–	–	–	–	–	–	–	–	–
4 Total(1+2+3)	**90**	**107868**	**48**	**84396**	**93**	**62883**	**18**	**6534**	**21**	**5270**
4.1 Public	69	43809	34	23860	78	61303	15	5981	16	4484
4.2 Rights	21	64059	14	60536	15	1580	3	553	5	786

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				
			Oct.	Jun.	Jul.	Aug.	Sep.	Oct.
		1	2	3	4	5	6	7
1 Exports	₹ Crore	2159043	183061	238999	264814	247965	248849	267056
	US $ Million	291808	24920	32491	35533	33425	33828	35648
1.1 Oil	₹ Crore	190896	11513	29070	43658	34892	38356	399486
	US $ Million	25804	1567	3952	5858	4703	5214	5333
1.2 Non-oil	₹ Crore	1968147	171547	209930	221156	213073	210493	-132430
	US $ Million	266004	23353	28539	29675	28722	28614	30315
2 Imports	₹ Crore	2915958	250300	309387	343102	334464	410742	414832
	US $ Million	394436	34074	42060	46037	45085	55835	55374
2.1 Oil	₹ Crore	611353	44077	78299	93640	71805	125069	108096
	US $ Million	82684	6000	10644	12565	9679	17002	14429
2.2 Non-oil	₹ Crore	2304605	206223	231089	249462	262659	285673	306736
	US $ Million	311752	28074	31416	33473	35406	38834	40944
3 Trade Balance	₹ Crore	-756914	-67239	-70388	-78288	-86499	-161893	-147776
	US $ Million	-102627	-9153	-9569	-10505	-11660	-22007	-19726
3.1 Oil	₹ Crore	-420457	-32564	-49229	-49982	-36913	-86713	291390
	US $ Million	-56880	-4433	-6693	-6707	-4976	-11787	-9097
3.2 Non-oil	₹ Crore	-336458	-34676	-21159	-28306	-49587	-75180	-439166
	US $ Million	-45748	-4720	-2876	-3798	-6684	-10220	-10629

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

No. 32: Foreign Exchange Reserves

Item	Unit	2020	2021					
		Nov. 27	Oct. 22	Oct. 29	Nov. 5	Nov. 12	Nov. 19	Nov. 26
		1	2	3	4	5	6	7
1 Total Reserves	**₹ Crore**	**4257257**	**4793167**	**4807657**	**4772044**	**4765159**	**4757480**	**4776057**
	US $ Million	**574821**	**640100**	**642019**	**640874**	**640112**	**640401**	**637687**
1.1 Foreign Currency Assets	₹ Crore	3951006	4321443	4331763	4300702	4284065	4276977	4304119
	US $ Million	533455	577098	578462	577581	575487	575712	574664
1.2 Gold	₹ Crore	260651	287854	292141	288746	299551	300065	290793
	US $ Million	35192	38441	39012	38778	40239	40391	38825
	Volume (Metric Tonnes)	672.92	746.63	747.57	748.5	748.5	748.5	750.37
1.3 SDRs	SDRs Million	1049	13657	13657	13657	13657	13657	13657
	₹ Crore	11069	144680	144553	143612	142812	141970	142576
	US $ Million	1494	19321	19304	19287	19184	19110	19036
1.4 Reserve Tranche Position in IMF	₹ Crore	34532	39189	39201	38984	38732	38469	38569
	US $ Million	4679	5240	5242	5228	5201	5188	5162

* 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
		Oct.	Sep.	Oct.	Apr.-Oct.	Apr.-Oct.
	1	2	3	4	5	6
1 NRI Deposits	**141895**	**137965**	**141555**	**141305**	**5995**	**3281**
1.1 FCNR(B)	20473	21958	18950	18802	-2286	-1671
1.2 NR(E)RA	102579	98992	102744	102485	7434	3167
1.3 NRO	18842	17015	19861	20018	847	1785

No. 34: Foreign Investment Inflows

(US$ Million)

Item	2020-21	2020-21	2021-22	2020	2021	
		Apr.-Oct.	Apr.-Oct.	Oct.	Sep.	Oct.
	1	2	3	4	5	6
1.1 Net Foreign Direct Investment (1.1.1–1.1.2)	**43,955**	**27,868**	**23,814**	**3,971**	**2,893**	**1,933**
1.1.1 Direct Investment to India (1.1.1.1–1. 1.1.2)	**54,927**	**34,023**	**33,721**	**4,840**	**4,451**	**3,259**
1.1.1.1 Gross Inflows/Gross Investments	**81,973**	**48,519**	**48,432**	**7,151**	**6,543**	**5,585**
1.1.1.1.1 Equity	61,088	36,148	35,686	5,456	4,623	3,845
1.1.1.1.1.1 Government (SIA/FIPB)	948	217	1,437	45	46	1,105
1.1.1.1.1.2 RBI	51,597	31,244	23,708	4,357	4,062	2,076
1.1.1.1.1.3 Acquisition of shares	7,091	3,873	9,728	929	397	539
1.1.1.1.1.4 Equity capital of unincorporated bodies	1,452	814	814	126	118	126
1.1.1.1.2 Reinvested earnings	16,935	9,489	9,836	1,464	1,372	1,464
1.1.1.1.3 Other capital	3,950	2,882	2,910	230	548	276
1.1.1.2 Repatriation/Disinvestment	**27,046**	**14,496**	**14,711**	**2,311**	**2,092**	**2,326**
1.1.1.2.1 Equity	26,983	14,476	14,364	2,306	2,057	2,286
1.1.1.2.2 Other capital	63	20	347	4	34	40
1.1.2 Foreign Direct Investment by India (1.1.2.1+1.1.2.2+1.1.2.3–1.1.2.4)	**10,972**	**6,155**	**9,907**	**869**	**1,558**	**1,326**
1.1.2.1 Equity capital	5,583	3,055	4,930	618	792	523
1.1.2.2 Reinvested Earnings	3,013	1,758	1,764	251	251	251
1.1.2.3 Other Capital	6,688	2,955	5,169	494	911	803
1.1.2.4 Repatriation/Disinvestment	4,313	1,612	1,956	493	396	251
1.2 Net Portfolio Investment (1.2.1+1.2.2+1.2.3–1.2.4)	**36,137**	**9,376**	**1,787**	**1,737**	**2,393**	**–2,663**
1.2.1 GDRs/ADRs	–	–	–	–	–	–
1.2.2 FIIs	38,725	10,732	3,194	1,899	2,976	–2,128
1.2.3 Offshore funds and others	–	–	–	–	–	–
1.2.4 Portfolio investment by India	2,589	1,356	1,407	162	583	535
1 Foreign Investment Inflows	**80,092**	**37,244**	**25,601**	**5,708**	**5,286**	**–730**

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

(US$ Million)

Item	2020-21	2020	2021		
		Oct.	Aug.	Sep.	Oct.
	1	2	3	4	5
1 Outward Remittances under the LRS	**12684.40**	**938.37**	**1965.35**	**1970.01**	**1564.90**
1.1 Deposit	680.37	23.34	58.04	60.09	46.58
1.2 Purchase of immovable property	62.75	3.85	7.39	9.36	7.43
1.3 Investment in equity/debt	471.80	22.80	46.31	73.55	55.20
1.4 Gift	1586.24	108.89	191.05	210.23	172.06
1.5 Donations	12.59	1.29	0.75	0.85	0.83
1.6 Travel	3239.67	272.98	574.22	580.35	464.59
1.7 Maintenance of close relatives	2680.10	162.64	284.83	295.25	221.56
1.8 Medical Treatment	29.75	3.66	2.93	3.32	3.11
1.9 Studies Abroad	3836.12	333.45	780.26	718.32	579.84
1.10 Others	85.03	5.47	19.60	18.71	13.71

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

	2019-20	2020-21	2020	2021	
			November	October	November
Item	1	2	3	4	5
40-Currency Basket (Base: 2015-16=100)					
1 Trade-weighted					
1.1 NEER	98.00	93.92	93.01	93.60	94.04
1.2 REER	103.20	103.46	104.84	105.27	106.24
2 Export-weighted					
2.1 NEER	97.38	93.59	92.98	93.15	93.99
2.2 REER	102.88	102.96	104.63	104.37	105.74
6-Currency Basket (Trade-weighted)					
1 Base: 2015-16 = 100					
1.1 NEER	94.92	88.47	87.42	86.59	87.60
1.2 REER	103.62	101.88	103.35	102.79	104.61
2 Base: 2018-19 = 100					
2.1 NEER	100.78	93.93	92.81	91.93	93.00
2.2 REER	103.32	101.59	103.06	102.49	104.31

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

(Amount in US$ Million)

Item	2020-21	2020	2021	2021
		Oct-20	Sep-21	Oct-21
	1	2	3	4
1 Automatic Route				
1.1 Number	1063	76	86	76
1.2 Amount	26799	1733	2595	1339
2 Approval Route				
2.1 Number	13	1	4	0
2.2 Amount	8456	300	1428	0
3 Total (1+2)				
3.1 Number	1076	77	90	76
3.2 Amount	35255	2033	4023	1339
4 Weighted Average Maturity (in years)	6.03	3.62	7.80	5.04
5 Interest Rate (per cent)				
5.1 Weighted Average Margin over 6-month LIBOR or reference rate for Floating Rate Loans	1.93	1.25	2.91	1.14
5.2 Interest rate range for Fixed Rate Loans	0.00-13.00	0.00-9.00	0.00-10.00	0.00-11.00
Borrower Category				
I. Corporate Manufacturing	12827	1372	1305	231
II. Corporate-Infrastructure	9985	144	1294	1065
a.) Transport	636	0	0	0
b.) Energy	2713	92	1291	166
c.) Water and Sanitation	151	0	2	0
d.) Communication	757	0	2	0
e.) Social and Commercial Infrastructure	1761	0	0	0
f.) Exploration,Mining and Refinery	1346	0	0	850
g.) Other Sub-Sectors	2622	52	0	48
III. Corporate Service-Sector	1894	70	547	16
IV. Other Entities	1026	4	0	0
a.) units in SEZ	26	4	0	0
b.) SIDBI	0			
c.) Exim Bank	1000	0	0	0
V. Banks	0	0	100	0
VI. Financial Institution (Other than NBFC)	2110	0	0	0
VII. NBFCs	6934	433	767	5
a). NBFC- IFC/AFC	6024	300	75	0
b). NBFC-MFI	84	0	6	0
c). NBFC-Others	827	133	686	5
VIII. Non-Government Organization (NGO)	0	0	0	0
IX. Micro Finance Institution (MFI)	8	0	0	0
X. Others	470	10	9	22

No. 38: India's Overall Balance of Payments

(US $ Million)

Item	Apr-Jun 2020			Apr-Jun 2021(P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
Overall Balance of Payments(1+2+3)	**242565**	**222718**	**19846**	**335303**	**303432**	**31870**
1 CURRENT ACCOUNT (1.1+ 1.2)	**122413**	**103355**	**19058**	**180009**	**173512**	**6497**
1.1 MERCHANDISE	**52210**	**63200**	**-10990**	**97432**	**128148**	**-30716**
1.2 INVISIBLES (1.2.1+1.2.2+1.2.3)	**70204**	**40156**	**30048**	**82578**	**45364**	**37213**
1.2.1 Services	46953	26195	20758	56216	30404	25812
1.2.1.1 Travel	1868	2766	-897	1597	2885	-1289
1.2.1.2 Transportation	4805	4216	588	6732	6616	116
1.2.1.3 Insurance	564	378	186	772	428	344
1.2.1.4 G.n.i.e.	148	330	-182	203	236	-32
1.2.1.5 Miscellaneous	39567	18504	21063	46912	20239	26673
1.2.1.5.1 Software Services	22623	1849	20774	27602	2466	25136
1.2.1.5.2 Business Services	11282	11514	-232	12962	11635	1327
1.2.1.5.3 Financial Services	1009	1062	-52	1201	1118	83
1.2.1.5.4 Communication Services	707	304	403	807	310	497
1.2.2 Transfers	18223	1249	16974	20917	1980	18937
1.2.2.1 Official	27	270	-243	23	308	-285
1.2.2.2 Private	18196	979	17217	20894	1672	19222
1.2.3 Income	5027	12712	-7685	5445	12980	-7536
1.2.3.1 Investment Income	3664	12043	-8379	3843	12269	-8426
1.2.3.2 Compensation of Employees	1364	669	695	1601	711	890
2 CAPITAL ACCOUNT (2.1+2.2+2.3+2.4+2.5)	**120151**	**118776**	**1376**	**155293**	**129528**	**25766**
2.1 Foreign Investment (2.1.1+2.1.2)	**74498**	**74384**	**114**	**102664**	**90366**	**12298**
2.1.1 Foreign Direct Investment	11985	12513	-528	23628	11731	11896
2.1.1.1 In India	11840	9735	2105	23086	5910	17176
2.1.1.1.1 Equity	6897	9725	-2828	17902	5818	12084
2.1.1.1.2 Reinvested Earnings	3908		3908	4255		4255
2.1.1.1.3 Other Capital	1035	10	1025	928	92	837
2.1.1.2 Abroad	144	2778	-2633	542	5821	-5279
2.1.1.2.1 Equity	144	1235	-1091	542	2381	-1839
2.1.1.2.2 Reinvested Earnings	0	753	-753	0	760	-760
2.1.1.2.3 Other Capital	0	789	-789	0	2681	-2681
2.1.2 Portfolio Investment	62514	61872	642	79036	78634	402
2.1.2.1 In India	61869	60772	1098	77499	77121	378
2.1.2.1.1 FIIs	61869	60772	1098	77499	77121	378
2.1.2.1.1.1 Equity	52749	48334	4414	69769	68832	937
2.1.2.1.1.2 Debt	9121	12437	-3317	7730	8289	-559
2.1.2.1.2 ADR/GDRs	0	0	0	0	0	0
2.1.2.2 Abroad	644	1100	-456	1537	1513	24
2.2 Loans (2.2.1+2.2.2+2.2.3)	**18847**	**16097**	**2750**	**16481**	**13328**	**3153**
2.2.1 External Assistance	5743	1638	4105	1893	1619	274
2.2.1.1 By India	9	20	-11	14	30	-15
2.2.1.2 To India	5733	1618	4116	1879	1589	290
2.2.2 Commercial Borrowings	4087	5246	-1159	3286	2343	942
2.2.2.1 By India	442	1003	-562	736	293	443
2.2.2.2 To India	3646	4243	-597	2550	2050	500
2.2.3 Short Term to India	9017	9213	-196	11303	9366	1937
2.2.3.1 Buyers' credit & Suppliers' Credit >180 days	9017	8412	605	9259	9366	-107
2.2.3.2 Suppliers' Credit up to 180 days	0	801	-801	2044	0	2044
2.3 Banking Capital (2.3.1+2.3.2)	**17695**	**15460**	**2235**	**20595**	**16530**	**4065**
2.3.1 Commercial Banks	17695	14693	3003	20595	16506	4089
2.3.1.1 Assets	6871	4383	2487	7895	6289	1606
2.3.1.2 Liabilities	10825	10310	515	12700	10217	2483
2.3.1.2.1 Non-Resident Deposits	10653	7653	3000	11212	8686	2525
2.3.2 Others	0	767	-767	0	25	-25
2.4 Rupee Debt Service	0	55	-55	0	57	-57
2.5 Other Capital	9111	12779	-3668	15553	9247	6306
3 Errors & Omissions	0	**587**	**-587**	0	**393**	**-393**
4 Monetary Movements (4.1+ 4.2)	0	**19846**	**-19846**	0	**31870**	**-31870**
4.1 I.M.F.	0	0	0	0	0	0
4.2 Foreign Exchange Reserves (Increase - / Decrease +)	0	19846	-19846	0	31870	-31870

Note : P : Preliminary

No. 39: India's Overall Balance of Payments

(₹ Crore)

Item	Apr-Jun 2020			Apr-Jun 2021(P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
Overall Balance of Payments(1+2+3)	**1840444**	**1689862**	**150582**	**2473396**	**2238302**	**235094**
1 CURRENT ACCOUNT (1.1+ 1.2)	**928804**	**784203**	**144601**	**1327857**	**1279929**	**47929**
1.1 MERCHANDISE	**396138**	**479523**	**-83385**	**718715**	**945294**	**-226579**
1.2 INVISIBLES (1.2.1+1.2.2+1.2.3)	**532666**	**304679**	**227986**	**609142**	**334634**	**274508**
1.2.1 Services	356253	198750	157503	414684	224280	190404
1.2.1.1 Travel	14176	20984	-6808	11778	21283	-9505
1.2.1.2 Transportation	36457	31992	4465	49660	48803	857
1.2.1.3 Insurance	4283	2872	1411	5696	3160	2536
1.2.1.4 G.n.i.e.	1123	2504	-1381	1500	1739	-239
1.2.1.5 Miscellaneous	300215	140399	159816	346050	149294	196756
1.2.1.5.1 Software Services	171650	14027	157623	203612	18192	185420
1.2.1.5.2 Business Services	85604	87365	-1762	95612	85825	9787
1.2.1.5.3 Financial Services	7659	8056	-396	8856	8247	609
1.2.1.5.4 Communication Services	5364	2309	3055	5951	2286	3664
1.2.2 Transfers	138268	9477	128792	154296	14604	139692
1.2.2.1 Official	205	2049	-1844	171	2272	-2101
1.2.2.2 Private	138063	7428	130635	154125	12332	141793
1.2.3 Income	38144	96452	-58308	40163	95750	-55588
1.2.3.1 Investment Income	27797	91375	-63578	28351	90506	-62156
1.2.3.2 Compensation of Employees	10347	5077	5270	11812	5244	6568
2 CAPITAL ACCOUNT (2.1+2.2+2.3+2.4+2.5)	**911640**	**901204**	**10437**	**1145539**	**955474**	**190065**
2.1 Foreign Investment (2.1.1+2.1.2)	**565250**	**564387**	**863**	**757313**	**666592**	**90721**
2.1.1 Foreign Direct Investment	90933	94938	-4006	174292	86537	87755
2.1.1.1 In India	89839	73864	15975	170293	43594	126698
2.1.1.1.1 Equity	52333	73787	-21454	132055	42917	89137
2.1.1.1.2 Reinvested Earnings	29652	0	29652	31390	0	31390
2.1.1.1.3 Other Capital	7853	77	7776	6848	677	6171
2.1.1.2 Abroad	1094	21074	-19981	3999	42943	-38944
2.1.1.2.1 Equity	1094	9372	-8278	3999	17565	-13566
2.1.1.2.2 Reinvested Earnings	0	5715	-5715	0	5603	-5603
2.1.1.2.3 Other Capital	0	5987	-5987	0	19776	-19776
2.1.2 Portfolio Investment	474318	469449	4869	583021	580055	2966
2.1.2.1 In India	469430	461102	8328	571680	568891	2789
2.1.2.1.1 FIIs	469430	461102	8328	571680	568891	2789
2.1.2.1.1.1 Equity	400227	366734	33493	514658	507747	6911
2.1.2.1.1.2 Debt	69203	94368	-25165	57022	61143	-4121
2.1.2.1.2 ADR/GDRs	0	0	0	0	0	0
2.1.2.2 Abroad	4888	8347	-3459	11341	11164	177
2.2 Loans (2.2.1+2.2.2+2.2.3)	**143001**	**122135**	**20866**	**121576**	**98314**	**23262**
2.2.1 External Assistance	43572	12426	31146	13964	11940	2024
2.2.1.1 By India	71	153	-82	106	220	-114
2.2.1.2 To India	43501	12273	31228	13858	11720	2138
2.2.2 Commercial Borrowings	31013	39806	-8792	24237	17286	6951
2.2.2.1 By India	3350	7612	-4262	5430	2164	3265
2.2.2.2 To India	27664	32194	-4530	18807	15122	3685
2.2.3 Short Term to India	68416	69904	-1488	83375	69088	14287
2.2.3.1 Buyers' credit & Suppliers' Credit >180 days	68416	63825	4591	68300	69088	-788
2.2.3.2 Suppliers' Credit up to 180 days	0	6079	-6079	15076	0	15076
2.3 Banking Capital (2.3.1+2.3.2)	**134263**	**117303**	**16960**	**151922**	**121938**	**29984**
2.3.1 Commercial Banks	134263	111481	22782	151922	121756	30166
2.3.1.1 Assets	52131	33257	18874	58236	46388	11847
2.3.1.2 Liabilities	82132	78223	3908	93687	75367	18319
2.3.1.2.1 Non-Resident Deposits	80826	58063	22763	82703	64074	18629
2.3.2 Others	0	5823	-5823	0	182	-182
2.4 Rupee Debt Service	0	419	-419	0	419	-419
2.5 Other Capital	69126	96959	-27833	114727	68210	46518
3 Errors & Omissions	0	**4456**	**-4456**	0	**2900**	**-2900**
4 Monetary Movements (4.1+ 4.2)	0	**150582**	**-150582**	0	**235094**	**-235094**
4.1 I.M.F.	0	0	0	0	0	0
4.2 Foreign Exchange Reserves (Increase - / Decrease +)	0	150582	-150582	0	235094	-235094

Note : P: Preliminary

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

(US $ Million)

Item	Apr-Jun 2020			Apr-Jun 2021(P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
1 Current Account (1.A+1.B+1.C)	**122413**	**103330**	**19083**	**180008**	**173482**	**6526**
1.A Goods and Services (1.A.a+1.A.b)	**99163**	**89394**	**9768**	**153648**	**158552**	**-4904**
1.A.a Goods (1.A.a.1 to 1.A.a.3)	**52210**	**63200**	**-10990**	**97432**	**128148**	**-30716**
1.A.a.1 General merchandise on a BOP basis	52073	62512	-10439	97353	120259	-22906
1.A.a.2 Net exports of goods under merchanting	137	0	137	79	0	79
1.A.a.3 Nonmonetary gold		688	-688		7888	-7888
1.A.b Services (1.A.b.1 to 1.A.b.13)	**46953**	**26195**	**20758**	**56216**	**30404**	**25812**
1.A.b.1 Manufacturing services on physical inputs owned by others	77	6	71	83	9	73
1.A.b.2 Maintenance and repair services n.i.e.	32	128	-97	58	127	-70
1.A.b.3 Transport	4805	4216	588	6732	6616	116
1.A.b.4 Travel	1868	2766	-897	1597	2885	-1289
1.A.b.5 Construction	659	625	34	583	892	-309
1.A.b.6 Insurance and pension services	564	378	186	772	428	344
1.A.b.7 Financial services	1009	1062	-52	1201	1118	83
1.A.b.8 Charges for the use of intellectual property n.i.e.	399	1847	-1448	191	1972	-1781
1.A.b.9 Telecommunications, computer, and information services	23396	2269	21127	28489	3017	25473
1.A.b.10 Other business services	11282	11514	-232	12962	11635	1327
1.A.b.11 Personal, cultural, and recreational services	500	347	153	647	804	-157
1.A.b.12 Government goods and services n.i.e.	148	330	-182	203	236	-32
1.A.b.13 Others n.i.e.	2212	705	1507	2698	665	2033
1.B Primary Income (1.B.1 to 1.B.3)	**5027**	**12712**	**-7685**	**5445**	**12980**	**-7536**
1.B.1 Compensation of employees	1364	669	695	1601	711	890
1.B.2 Investment income	3054	11861	-8807	2877	12009	-9132
1.B.2.1 Direct investment	1306	7361	-6055	1425	7195	-5770
1.B.2.2 Portfolio investment	24	1222	-1198	143	1852	-1709
1.B.2.3 Other investment	66	3273	-3207	45	2961	-2916
1.B.2.4 Reserve assets	1657	4	1653	1264	1	1263
1.B.3 Other primary income	610	182	428	966	260	706
1.C Secondary Income (1.C.1+1.C.2)	**18223**	**1223**	**16999**	**20916**	**1950**	**18966**
1.C.1 Financial corporations, nonfinancial corporations, households, and NPISHs	18196	979	17217	20894	1672	19222
1.C.1.1 Personal transfers (Current transfers between resident and/	17596	739	16857	20074	1183	18891
1.C.1.2 Other current transfers	600	240	360	820	489	331
1.C.2 General government	26	244	-218	22	278	-256
2 Capital Account (2.1+2.2)	**91**	**872**	**-782**	**116**	**177**	**-62**
2.1 Gross acquisitions (DR.)/disposals (CR.) of non-produced nonfinancial assets	5	790	-786	7	56	-49
2.2 Capital transfers	86	82	4	109	121	-13
3 Financial Account (3.1 to 3.5)	**120061**	**137775**	**-17714**	**155179**	**161250**	**-6072**
3.1 Direct Investment (3.1A+3.1B)	**11985**	**12513**	**-528**	**23628**	**11731**	**11896**
3.1.A Direct Investment in India	11840	9735	2105	23086	5910	17176
3.1.A.1 Equity and investment fund shares	10805	9725	1081	22157	5818	16339
3.1.A.1.1 Equity other than reinvestment of earnings	6897	9725	-2828	17902	5818	12084
3.1.A.1.2 Reinvestment of earnings	3908		3908	4255		4255
3.1.A.2 Debt instruments	1035	10	1025	928	92	837
3.1.A.2.1 Direct investor in direct investment enterprises	1035	10	1025	928	92	837
3.1.B Direct Investment by India	144	2778	-2633	542	5821	-5279
3.1.B.1 Equity and investment fund shares	144	1988	-1844	542	3141	-2599
3.1.B.1.1 Equity other than reinvestment of earnings	144	1235	-1091	542	2381	-1839
3.1.B.1.2 Reinvestment of earnings		753	-753		760	-760
3.1.B.2 Debt instruments	0	789	-789	0	2681	-2681
3.1.B.2.1 Direct investor in direct investment enterprises		789	-789		2681	-2681
3.2 Portfolio Investment	**62514**	**61872**	**642**	**79036**	**78634**	**402**
3.2.A Portfolio Investment in India	61869	60772	1098	77499	77121	378
3.2.1 Equity and investment fund shares	52749	48334	4414	69769	68832	937
3.2.2 Debt securities	9121	12437	-3317	7730	8289	-559
3.2.B Portfolio Investment by India	644	1100	-456	1537	1513	24
3.3 Financial derivatives (other than reserves) and employee stock options	**3421**	**3805**	**-385**	**3544**	**4841**	**-1297**
3.4 Other investment	**42142**	**39740**	**2403**	**48970**	**34174**	**14797**
3.4.1 Other equity (ADRs/GDRs)	0	0	0	0	0	0
3.4.2 Currency and deposits	10653	8420	2233	11212	8711	2501
3.4.2.1 Central bank (Rupee Debt Movements; NRG)	0	767	-767	0	25	-25
3.4.2.2 Deposit-taking corporations, except the central bank (NRI Deposits)	10653	7653	3000	11212	8686	2525
3.4.2.3 General government			0			
3.4.2.4 Other sectors			0			
3.4.3 Loans (External Assistance, ECBs and Banking Capital)	16873	13924	2949	14562	11782	2781
3.4.3.A Loans to India	16422	12901	3521	13812	11458	2353
3.4.3.B Loans by India	451	1023	-573	750	323	427
3.4.4 Insurance, pension, and standardized guarantee schemes	40	47	-7	32	63	-30
3.4.5 Trade credit and advances	9017	9213	-196	11303	9366	1937
3.4.6 Other accounts receivable/payable - other	5560	8135	-2575	11862	4253	7609
3.4.7 Special drawing rights			0			
3.5 Reserve assets	0	**19846**	**-19846**	0	**31870**	**-31870**
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	19846	-19846	0	31870	-31870
4 Total assets/liabilities	**120061**	**137775**	**-17714**	**155179**	**161250**	**-6072**
4.1 Equity and investment fund shares	67803	65000	2803	97582	84208	13374
4.2 Debt instruments	46698	44794	1904	45735	40920	4815
4.3 Other financial assets and liabilities	5560	27981	-22422	11862	36123	-24261
5 Net errors and omissions		**587**	**-587**		**393**	**-393**

Note : P : Preliminary

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

(₹ Crore)

Item	Apr-Jun 2020			Apr-Jun 2021(P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
1 Current Account (1.A+1.B+1.C)	**928798**	**784007**	**144791**	**1327850**	**1279707**	**48143**
1.A Goods and Services (1.A.a+1.A.b)	**752391**	**678274**	**74117**	**1133399**	**1169574**	**-36175**
1.A.a Goods (1.A.a.1 to 1.A.a.3)	**396138**	**479523**	**-83385**	**718715**	**945294**	**-226579**
1.A.a.1 General merchandise on a BOP basis	395100	474304	-79205	718135	887106	-168971
1.A.a.2 Net exports of goods under merchanting	1038	0	1038	580	0	580
1.A.a.3 Nonmonetary gold	0	5219	-5219		58188	-58188
1.A.b Services (1.A.b.1 to 1.A.b.13)	**356253**	**198750**	**157503**	**414684**	**224280**	**190404**
1.A.b.1 Manufacturing services on physical inputs owned by others	588	45	542	610	68	542
1.A.b.2 Maintenance and repair services n.i.e.	241	975	-733	424	938	-514
1.A.b.3 Transport	36457	31992	4465	49660	48803	857
1.A.b.4 Travel	14176	20984	-6808	11778	21283	-9505
1.A.b.5 Construction	5003	4743	260	4303	6581	-2278
1.A.b.6 Insurance and pension services	4283	2872	1411	5696	3160	2536
1.A.b.7 Financial services	7659	8056	-396	8856	8247	609
1.A.b.8 Charges for the use of intellectual property n.i.e.	3026	14016	-10990	1412	14547	-13135
1.A.b.9 Telecommunications, computer, and information services	177514	17215	160300	210155	22252	187903
1.A.b.10 Other business services	85604	87365	-1762	95612	85825	9787
1.A.b.11 Personal, cultural, and recreational services	3792	2632	1160	4776	5933	-1157
1.A.b.12 Government goods and services n.i.e.	1123	2504	-1381	1500	1739	-239
1.A.b.13 Others n.i.e.	16787	5352	11435	19901	4903	14998
1.B Primary Income (1.B.1 to 1.B.3)	**38144**	**96452**	**-58308**	**40163**	**95750**	**-55588**
1.B.1 Compensation of employees	10347	5077	5270	11812	5244	6568
1.B.2 Investment income	23171	89993	-66822	21224	88588	-67364
1.B.2.1 Direct investment	9912	55855	-45943	10515	53077	-42562
1.B.2.2 Portfolio investment	185	9273	-9088	1051	13662	-12610
1.B.2.3 Other investment	500	24831	-24332	336	21843	-21508
1.B.2.4 Reserve assets	12574	34	12540	9322	7	9315
1.B.3 Other primary income	4626	1382	3244	7127	1918	5209
1.C Secondary Income (1.C.1+1.C.2)	**138262**	**9280**	**128982**	**154289**	**14383**	**139906**
1.C.1 Financial corporations, nonfinancial corporations, households, and NPISHs	138063	7428	130635	154125	12332	141793
1.C.1.1 Personal transfers (Current transfers between resident and/	133511	5606	127905	148076	8724	139352
1.C.1.2 Other current transfers	4553	1822	2731	6049	3608	2441
1.C.2 General government	199	1852	-1654	164	2051	-1887
2 Capital Account (2.1+2.2)	**690**	**6620**	**-5930**	**854**	**1309**	**-455**
2.1 Gross acquisitions (DR.)/disposals (CR.) of non-produced nonfinancial assets	34	5996	-5961	51	413	-363
2.2 Capital transfers	656	624	32	803	895	-93
3 Financial Account (3.1 to 3.5)	**910956**	**1045362**	**-134406**	**1144692**	**1189480**	**-44788**
3.1 Direct Investment (3.1A+3.1B)	**90933**	**94938**	**-4006**	**174292**	**86537**	**87755**
3.1.A Direct Investment in India	89839	73864	15975	170293	43594	126698
3.1.A.1 Equity and investment fund shares	81986	73787	8199	163445	42917	120527
3.1.A.1.1 Equity other than reinvestment of earnings	52333	73787	-21454	132055	42917	89137
3.1.A.1.2 Reinvestment of earnings	29652	0	29652	31390	0	31390
3.1.A.2 Debt instruments	7853	77	7776	6848	677	6171
3.1.A.2.1 Direct investor in direct investment enterprises	7853	77	7776	6848	677	6171
3.1.B Direct Investment by India	1094	21074	-19981	3999	42943	-38944
3.1.B.1 Equity and investment fund shares	1094	15087	-13993	3999	23167	-19168
3.1.B.1.1 Equity other than reinvestment of earnings	1094	9372	-8278	3999	17565	-13566
3.1.B.1.2 Reinvestment of earnings	0	5715	-5715	0	5603	-5603
3.1.B.2 Debt instruments	0	5987	-5987	0	19776	-19776
3.1.B.2.1 Direct investor in direct investment enterprises	0	5987	-5987	0	19776	-19776
3.2 Portfolio Investment	**474318**	**469449**	**4869**	**583021**	**580055**	**2966**
3.2.A Portfolio Investment in India	469430	461102	8328	571680	568891	2789
3.2.1 Equity and investment fund shares	400227	366734	33493	514658	507747	6911
3.2.2 Debt securities	69203	94368	-25165	57022	61143	-4121
3.2.B Portfolio Investment by India	4888	8347	-3459	11341	11164	177
3.3 Financial derivatives (other than reserves) and employee stock options	**25953**	**28871**	**-2918**	**26144**	**35709**	**-9565**
3.4 Other investment	**319753**	**301522**	**18232**	**361235**	**252085**	**109150**
3.4.1 Other equity (ADRs/GDRs)	0	0	0	0	0	0
3.4.2 Currency and deposits	80826	63886	16940	82703	64257	18447
3.4.2.1 Central bank (Rupee Debt Movements; NRG)	0	5823	-5823	0	182	-182
3.4.2.2 Deposit-taking corporations, except the central bank (NRI Deposits)	80826	58063	22763	82703	64074	18629
3.4.2.3 General government	0	0	0			
3.4.2.4 Other sectors	0	0	0			
3.4.3 Loans (External Assistance, ECBs and Banking Capital)	128022	105649	22373	107420	86908	20512
3.4.3.A Loans to India	124601	97884	26717	101884	84524	17361
3.4.3.B Loans by India	3421	7765	-4344	5536	2384	3151
3.4.4 Insurance, pension, and standardized guarantee schemes	306	358	-53	238	462	-224
3.4.5 Trade credit and advances	68416	69904	-1488	83375	69088	14287
3.4.6 Other accounts receivable/payable - other	42183	61725	-19541	87499	31370	56128
3.4.7 Special drawing rights	0	0	0	0	0	0
3.5 Reserve assets	**0**	**150582**	**-150582**	**0**	**235094**	**-235094**
3.5.1 Monetary gold	0	0	0			
3.5.2 Special drawing rights n.a.	0	0	0			
3.5.3 Reserve position in the IMF n.a.	0	0	0			
3.5.4 Other reserve assets (Foreign Currency Assets)	0	150582	-150582	0	235094	-235094
4 Total assets/liabilities	**910956**	**1045362**	**-134406**	**1144692**	**1189480**	**-44788**
4.1 Equity and investment fund shares	514453	493185	21268	719825	621168	98657
4.2 Debt instruments	354320	339871	14449	337369	301848	35520
4.3 Other financial assets and liabilities	42183	212307	-170123	87499	266464	-178966
5 Net errors and omissions	**0**	**4456**	**-4456**		**2900**	**-2900**

Note : P: Preliminary

No. 42: International Investment Position

(US$ Million)

Item	As on Financial Year /Quarter End							
	2020-21		2020		2021			
			Jun.		Mar.		Jun.	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	1	2	3	4	5	6	7	8
1 Direct Investment Abroad/in India	193929	482179	185590	419385	193929	482179	199208	493691
1.1 Equity Capital and Reinvested Earnings	122726	456947	120286	395773	122726	456947	125324	467991
1.2 Other Capital	71203	25232	65304	23612	71203	25232	73884	25700
2 Portfolio Investment	7936	281961	4303	241620	7936	281961	7912	281267
2.1 Equity	2340	177278	830	138961	2340	177278	3146	176203
2.2 Debt	5596	104682	3474	102659	5596	104682	4766	105064
3 Other Investment	80606	446473	53558	432739	80606	446473	76911	447153
3.1 Trade Credit	5644	100337	1145	103998	5644	100337	7861	102193
3.2 Loan	13335	189993	7425	184813	13335	189993	13661	189520
3.3 Currency and Deposits	42436	142069	27741	132942	42436	142069	35904	141873
3.4 Other Assets/Liabilities	19191	14074	17247	10987	19191	14074	19485	13567
4 Reserves	576984		505702		576984		611075	
5 Total Assets/ Liabilities	859454	1210613	749153	1093744	859454	1210613	895106	1222111
6 IIP (Assets - Liabilities)		-351158		-344591		-351158		-327005

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	
		Oct.	Sep.	Oct.		Oct.	Sep.	Oct.
	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	2.44	3.21	2.85	161943141	12416671	16683094	16600978
1.1 Govt. Securities Clearing (1.1.1 to 1.1.3)	11.55	1.06	1.37	1.04	110634315	8849617	11404584	11415739
1.1.1 Outright	6.28	0.61	0.90	0.55	10032187	900488	1127485	745937
1.1.2 Repo	2.84	0.27	0.25	0.25	43751173	4108317	3885956	3822009
1.1.3 Tri-party Repo	2.43	0.18	0.22	0.23	56850956	3840812	6391143	6847793
1.2 Forex Clearing	16.04	1.36	1.77	1.73	48903961	3435633	4826170	4736040
1.3 Rupee Derivatives @	0.38	0.02	0.07	0.08	2404865	131420	452340	449200
B. Payment Systems								
I Financial Market Infrastructures (FMIs)	–	–	–	–	–	–	–	–
1 Credit Transfers - RTGS (1.1 to 1.2)	1591.92	138.22	174.57	184.11	105599849	8496046	11069631	10134368
1.1 Customer Transactions	1573.47	136.54	173.33	182.90	91008367	7226105	9838858	8956918
1.2 Interbank Transactions	18.45	1.68	1.24	1.22	14591482	1269941	1230773	1177450
II Retail								
2 Credit Transfers - Retail (2.1 to 2.6)	317867.74	28646.32	45720.72	52919.52	33504226	2993166	3495969	3748602
2.1 AePS (Fund Transfers) @	11.31	1.02	0.98	0.86	623	57	57	49
2.2 APBS $	14372.99	961.85	781.62	1192.91	111001	5531	6199	7519
2.3 IMPS	32783.47	3189.72	3848.84	4306.71	2941500	274645	324096	370712
2.4 NACH Cr $	16465.44	1015.89	1171.57	1660.26	1216535	91438	91281	122519
2.5 NEFT	30927.89	2761.65	3359.54	3574.46	25130910	2235389	2419688	2476397
2.6 UPI @	223306.64	20716.19	36558.17	42184.32	4103658	386107	654648	771407
2.6.1 of which USSD @	10.45	0.97	1.14	1.11	172	16	16	16
3 Debit Transfers and Direct Debits (3.1 to 3.3)	10456.54	920.15	987.44	979.36	865520	79305	84660	85776
3.1 BHIM Aadhaar Pay @	160.84	10.55	19.39	21.49	2580	192	440	560
3.2 NACH Dr $	9645.75	848.34	878.31	865.69	862027	79022	84068	85103
3.3 NETC (linked to bank account) @	649.96	61.26	89.74	92.18	913	91	152	114
4 Card Payments (4.1 to 4.2)	57786.60	5650.70	5337.50	6008.76	1291799	133792	142817	177413
4.1 Credit Cards (4.1.1 to 4.1.2)	17641.06	1718.03	1847.21	2155.81	630414	64652	80228	100943
4.1.1 PoS based $	8688.81	818.33	961.53	1075.23	280769	26956	31743	38442
4.1.2 Others $	8952.25	899.70	885.68	1080.58	349645	37696	48485	62500
4.2 Debit Cards (4.2.1 to 4.2.1)	40145.54	3932.66	3490.29	3852.95	661385	69141	62589	76471
4.2.1 PoS based $	20773.50	1983.98	2053.00	2302.56	377630	37110	38591	47226
4.2.2 Others $	19372.04	1948.68	1437.29	1550.39	283755	32031	23998	29245
5 Prepaid Payment Instruments (5.1 to 5.2)	49742.55	4623.12	4934.60	6131.06	197696	17802	30273	26372
5.1 Wallets	39987.01	3639.89	3884.65	4888.97	152065	13718	25645	21702
5.2 Cards (5.2.1 to 5.2.2)	9755.54	983.23	1049.96	1242.09	45631	4084	4628	4670
5.2.1 PoS based $	607.15	50.99	94.43	64.58	10591	947	825	998
5.2.2 Others $	9148.39	932.24	955.52	1177.51	35040	3136	3803	3672
6 Paper-based Instruments (6.1 to 6.2)	6703.70	643.08	624.10	635.20	5627108	524090	566468	582604
6.1 CTS (NPCI Managed)	6702.54	643.08	624.10	635.20	5625859	524090	566468	582604
6.2 Others	1.17	–	–	–	1249	–	–	–
Total - Retail Payments (2+3+4+5+6)	442557.14	40483.36	57604.36	66673.91	41486348	3748156	4320187	4620768
Total Payments (1+2+3+4+5+6)	444149.06	40621.58	57778.93	66858.02	147086197	12244202	15389818	14755136
Total Digital Payments (1+2+3+4+5)	437445.36	39978.50	57154.83	66222.82	141459089	11720112	14823351	14172532

PART II - Payment Modes and Channels

System	Volume (Lakh)				Value (₹ Crore)			
	FY 2020-21	2020	2021		FY 2020-21	2020	2021	
		Oct.	Sep.	Oct.		Oct.	Sep.	Oct.
	1	2	3	4	5	6	7	8
A. Other Payment Channels								
1 Mobile Payments (mobile app based) (1.1 to 1.2)	258033.70	22801.51	39989.49	44750.88	9201212	798327	1178882	1344959
1.1 Intra-bank $	25220.71	2103.09	3358.50	3761.37	1871390	158841	218049	243704
1.2 Inter-bank $	232812.99	20698.41	36630.99	40989.51	7329822	639486	960832	1101254
2 Internet Payments (Netbanking / Internet Browser Based) @ (2.1 to 2.2)	32493.63	2977.78	3187.18	3233.71	41581497	3407315	4003452	3960872
2.1 Intra-bank @	6886.15	619.27	598.49	631.51	20601554	1646090	1795714	1723311
2.2 Inter-bank @	25607.48	2358.51	2588.68	2602.20	20979943	1761225	2207737	2237561
B. ATMs								
3 Cash Withdrawal at ATMs $ (3.1 to 3.3)	60905.81	5660.71	5545.36	6037.78	2889826	268881	257964	289913
3.1 Using Credit Cards $	51.41	4.85	4.98	5.64	2560	240	249	286
3.2 Using Debit Cards $	60602.23	5630.83	5512.90	6002.43	2878025	267747	256767	288605
3.3 Using Pre-paid Cards $	252.17	25.04	27.48	29.71	9240	893	948	1022
4 Cash Withdrawal at PoS $ (4.1 to 4.2)	394.77	34.11	5.37	4.79	1533	134	46	45
4.1 Using Debit Cards $	353.50	29.24	5.08	4.44	1484	129	40	39
4.2 Using Pre-paid Cards $	41.27	4.87	0.29	0.35	49	5	6	6
5 Cash Withrawal at Micro ATMs @	9460.43	720.69	888.88	946.33	225420	18354	22793	24799
5.1 AePS @	9460.43	720.69	888.88	946.33	225420	18354	22793	24799

PART III - Payment Infrastructures (Lakh)

System	As on March 2021	2020	2021	
		Oct.	Sep.	Oct.
	1	2	3	4
Payment System Infrastructures				
1 Number of Cards (1.1 to 1.2)	9602.51	9335.85	9853.28	10004.07
1.1 Credit Cards	620.49	594.20	650.25	663.61
1.2 Debit Cards	8982.02	8741.65	9203.03	9340.46
2 Number of PPIs @ (2.1 to 2.2)	21952.60	20143.54	22461.77	25307.71
2.1 Wallets @	20052.10	18578.63	20203.10	22886.70
2.2 Cards @	1900.51	1564.92	2258.68	2421.01
3 Number of ATMs (3.1 to 3.2)	2.39	2.34	2.41	2.41
3.1 Bank owned ATMs $	2.14	2.10	2.13	2.13
3.2 White Label ATMs $	0.25	0.24	0.28	0.28
4 Number of Micro ATMs @	4.04	3.49	5.13	5.34
5 Number of PoS Terminals	47.20	45.81	49.77	51.55
6 Bharat QR @	35.70	26.05	52.85	45.59
7 UPI QR *	925.22	657.45	1196.08	1283.81

@: 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	2020		2021	
			Feb.	Dec.	Jan.	Feb.
		1	2	3	4	5
1 Small Savings	**Receipts**	**159573**	**16911**	**16781**	**14261**	**14405**
	Outstanding	**1078535**	**1046766**	**1196084**	**1210379**	**1224772**
1.1 Total Deposits	**Receipts**	**116389**	**11460**	**12407**	**9820**	**10143**
	Outstanding	**734807**	**716363**	**827156**	**836976**	**847119**
1.1.1 Post Office Saving Bank Deposits	Receipts	25893	2690	3307	2049	2252
	Outstanding	166140	156258	190437	192486	194738
1.1.2 MGNREG	Receipts					
	Outstanding					
1.1.3 National Saving Scheme, 1987	Receipts	36	-20	-21	-26	-23
	Outstanding	3143	2939	3086	3060	3037
1.1.4 National Saving Scheme, 1992	Receipts	-1	-3	-3	0	57
	Outstanding	9	-23	-17	-17	40
1.1.5 Monthly Income Scheme	Receipts	16510	1887	1053	1162	1135
	Outstanding	209168	207059	217980	219142	220277
1.1.6 Senior Citizen Scheme 2004	Receipts	20334	2131	2014	1886	1950
	Outstanding	76042	73728	90914	92800	94750
1.1.7 Post Office Time Deposits	Receipts	41795	4494	4330	3952	3798
	Outstanding	166087	161115	195847	199799	203597
1.1.7.1 1 year Time Deposits	Outstanding	92618	90327	104601	105928	107099
1.1.7.2 2 year Time Deposits	Outstanding	7097	6970	7324	7375	7418
1.1.7.3 3 year Time Deposits	Outstanding	7536	7464	7330	7285	7267
1.1.7.4 5 year Time Deposits	Outstanding	58836	56354	76592	79211	81813
1.1.8 Post Office Recurring Deposits	Receipts	11821	281	1727	797	974
	Outstanding	114222	115291	128912	129709	130683
1.1.9 Post Office Cumulative Time Deposits	Receipts	1	0	0	0	0
	Outstanding	-25	-25	-24	-24	-24
1.1.10 Other Deposits	Receipts	0	0	0	0	0
	Outstanding	21	21	21	21	21
1.2 Saving Certificates	**Receipts**	**30170**	**3937**	**3941**	**3909**	**3647**
	Outstanding	**252190**	**248022**	**274905**	**278848**	**282483**
1.2.1 National Savings Certificate VIII issue	Receipts	19495	2619	1923	1903	1843
	Outstanding	117987	115127	129270	131173	133016
1.2.2 Indira Vikas Patras	Receipts	-101	1	-1	-1	0
	Outstanding	162	-288	158	157	157
1.2.3 Kisan Vikas Patras	Receipts	-18168	-1120	-669	-603	-470
	Outstanding	1135	3949	-5121	-5724	-6194
1.2.4 Kisan Vikas Patras - 2014	Receipts	28972	2452	2677	2610	2274
	Outstanding	122602	118507	140538	143148	145422
1.2.5 National Saving Certificate VI issue	Receipts	-4	0	8	0	0
	Outstanding	-155	-180	-147	-147	-147
1.2.6 National Saving Certificate VII issue	Receipts	-24	-15	3	0	0
	Outstanding	-106	-99	-103	-103	-103
1.2.7 Other Certificates	Outstanding	10565	11006	10310	10344	10332
1.3 Public Provident Fund	**Receipts**	**13014**	**1514**	**433**	**532**	**615**
	Outstanding	**91538**	**82381**	**94023**	**94555**	**95170**

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

Source: Accountant General, Post and Telegraphs.

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

(Per cent)

Category	Central Government Dated Securities				
	2020		2021		
	Sep.	Dec.	Mar.	Jun.	Sep.
	1	2	3	4	5
(A) Total (in ₹. Crore)	**7137069**	**7357111**	**7635902**	**7882533**	**8235318**
1 Commercial Banks	38.55	37.81	37.77	35.99	37.82
2 Non-Bank PDs	0.34	0.25	0.27	0.34	0.35
3 Insurance Companies	25.33	25.64	25.30	25.83	24.18
4 Mutual Funds	2.42	2.62	2.94	2.82	2.91
5 Co-operative Banks	1.86	1.83	1.82	1.82	1.50
6 Financial Institutions	1.42	1.00	1.00	1.43	1.17
7 Corporates	0.94	1.05	1.06	1.39	0.72
8 Foreign Portfolio Investors	2.05	2.10	1.87	1.79	1.81
9 Provident Funds	4.77	4.61	4.44	4.04	3.77
10 RBI	15.00	15.71	16.20	17.11	16.98
11. Others	7.32	7.37	7.33	7.43	8.79
11.1 State Governments	1.86	1.76	1.69	1.67	1.67

Category	State Governments Securities				
	2020		2021		
	Sep.	Dec.	Mar.	Jun.	Sep.
	1	2	3	4	5
(B) Total (in ₹. Crore)	**3564979**	**3721573**	**3879982**	**4028849**	**4153508**
1 Commercial Banks	34.60	34.19	33.69	33.75	35.94
2 Non-Bank PDs	0.54	0.36	0.48	0.39	0.44
3 Insurance Companies	30.26	30.25	30.04	29.67	27.50
4 Mutual Funds	1.96	1.92	1.82	1.74	1.97
5 Co-operative Banks	4.19	4.11	4.05	4.12	3.60
6 Financial Institutions	1.92	1.88	1.86	1.79	1.72
7 Corporates	0.39	0.45	0.49	1.45	1.32
8 Foreign Portfolio Investors	0.02	0.02	0.02	0.02	0.03
9 Provident Funds	21.31	21.20	22.00	21.09	18.27
10 RBI	0.00	0.81	0.77	0.88	0.85
11. Others	4.80	4.82	4.77	5.10	8.38
11.1 State Governments	0.18	0.18	0.18	0.18	0.18

Category	Treasury Bills				
	2020		2021		
	Sep.	Dec.	Mar.	Jun.	Sep.
	1	2	3	4	5
(C) Total (in ₹. Crore)	**982286**	**839729**	**690646**	**901327**	**763582**
1 Commercial Banks	53.50	54.75	55.54	52.25	50.22
2 Non-Bank PDs	2.16	1.65	2.82	1.82	1.33
3 Insurance Companies	4.06	4.50	5.61	4.75	4.12
4 Mutual Funds	19.90	18.98	17.80	19.93	17.72
5 Co-operative Banks	1.63	1.61	2.43	1.60	1.32
6 Financial Institutions	1.34	1.11	1.24	2.56	2.12
7 Corporates	1.63	2.01	3.16	3.00	2.40
8 Foreign Portfolio Investors	0.00	0.00	0.00	0.00	0.15
9 Provident Funds	0.00	0.09	0.22	0.10	0.37
10 RBI	4.80	0.68	0.49	2.58	2.63
11. Others	10.99	14.63	10.70	11.42	17.62
11.1 State Governments	7.76	13.27	5.98	7.97	12.64

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

(₹ Crore)

Item	2016-17	2017-18	2018-19	2019-20	2020-21 RE	2021-22 BE
	1	2	3	4	5	6
1 Total Disbursements	**4265969**	**4515946**	**5040747**	**5410887**	**6523916**	**7160694**
1.1 Developmental	2537905	2635110	2882758	3074492	3906147	4254004
1.1.1 Revenue	1878417	2029044	2224367	2446605	3259401	3242247
1.1.2 Capital	501213	519356	596774	588233	636062	922982
1.1.3 Loans	158275	86710	61617	39654	10684	88775
1.2 Non-Developmental	1672646	1812455	2078276	2253027	2526514	2810847
1.2.1 Revenue	1555239	1741432	1965907	2109629	2334608	2602289
1.2.1.1 Interest Payments	724448	814757	894520	955801	1082302	1244457
1.2.2 Capital	115775	69370	111029	141457	189487	177328
1.2.3 Loans	1632	1654	1340	1941	2419	31230
1.3 Others	55417	68381	79713	83368	91255	95843
2 Total Receipts	**4288432**	**4528422**	**5023352**	**5734166**	**6489736**	**7039032**
2.1 Revenue Receipts	3132201	3376416	3797731	3851563	3834126	4682025
2.1.1 Tax Receipts	2622145	2978134	3278947	3231582	3175594	3829889
2.1.1.1 Taxes on commodities and services	1652377	1853859	2030050	2012578	2100982	2514708
2.1.1.2 Taxes on Income and Property	965622	1121189	1246083	1216203	1071552	1311449
2.1.1.3 Taxes of Union Territories (Without Legislature)	4146	3086	2814	2800	3060	3732
2.1.2 Non-Tax Receipts	510056	398282	518783	619981	658532	852135
2.1.2.1 Interest Receipts	33220	34224	36273	31137	39830	33198
2.2 Non-debt Capital Receipts	69063	142433	140287	110094	54861	201138
2.2.1 Recovery of Loans & Advances	20942	42213	44667	59515	21151	19581
2.2.2 Disinvestment proceeds	48122	100219	95621	50578	33710	181557
3 Gross Fiscal Deficit [1 - (2.1 + 2.2)]	**1064704**	**997097**	**1102729**	**1449230**	**2634928**	**2277532**
3A Sources of Financing: Institution-wise						
3A.1 Domestic Financing	1046708	989167	1097210	1440548	2580406	2276017
3A.1.1 Net Bank Credit to Government	617123	144792	387091	571872	890012	-----
3A.1.1.1 Net RBI Credit to Government	195816	-144847	325987	190241	107494	-----
3A.1.2 Non-Bank Credit to Government	429585	844375	710119	868676	1690394	-----
3A.2 External Financing	17997	7931	5519	8682	54522	1514
3B Sources of Financing: Instrument-wise						
3B.1 Domestic Financing	1046708	989167	1097210	1440548	2580406	2276017
3B.1.1 Market Borrowings (net)	689821	794856	795845	971378	1778062	1620936
3B.1.2 Small Savings (net)	35038	71222	88961	209232	455724	367863
3B.1.3 State Provident Funds (net)	45688	42351	51004	38280	47300	45504
3B.1.4 Reserve Funds	-6436	18423	-18298	10411	-3450	5051
3B.1.5 Deposits and Advances	17792	25138	66289	-14227	29050	28868
3B.1.6 Cash Balances	-22463	-12476	17395	-323279	34179	121663
3B.1.7 Others	287268	49653	96014	548753	239540	86132
3B.2 External Financing	17997	7931	5519	8682	54522	1514
4 Total Disbursements as per cent of GDP	*27.7*	*26.4*	*26.7*	*26.6*	*33.0*	*32.1*
5 Total Receipts as per cent of GDP	*27.9*	*26.5*	*26.6*	*28.2*	*32.9*	*31.6*
6 Revenue Receipts as per cent of GDP	*20.3*	*19.8*	*20.1*	*18.9*	*19.4*	*21.0*
7 Tax Receipts as per cent of GDP	*17.0*	*17.4*	*17.4*	*15.9*	*16.1*	*17.2*
8 Gross Fiscal Deficit as per cent of GDP	*6.9*	*5.8*	*5.8*	*7.1*	*13.3*	*10.2*

…: 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 October-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	604	30	1757	28	1321	14
2	Arunachal Pradesh	-	-	-	-	-	-
3	Assam	-	-	-	-	-	-
4	Bihar	-	-	-	-	-	-
5	Chhattisgarh	489	5	-	-	-	-
6	Goa	8	1	-	-	-	-
7	Gujarat	-	-	-	-	-	-
8	Haryana	-	-	179	2	-	-
9	Himachal Pradesh	-	-	-	-	-	-
10	Jammu & Kashmir UT	-	-	1198	26	526	13
11	Jharkhand	134	9	247	2	-	-
12	Karnataka	-	-	-	-	-	-
13	Kerala	96	3	1004	2	-	-
14	Madhya Pradesh	-	-	-	-	-	-
15	Maharashtra	-	-	-	-	-	-
16	Manipur	-	-	307	31	161	26
17	Meghalaya	60	2	-	-	-	-
18	Mizoram	-	-	94	29	-	-
19	Nagaland	37	8	-	-	-	-
20	Odisha	-	-	-	-	-	-
21	Puducherry	-	-	-	-	-	-
22	Punjab	180	2	-	-	-	-
23	Rajasthan	2012	26	336	1	-	-
24	Tamil Nadu	-	-	-	-	-	-
25	Telangana	648	31	1280	29	460	12
26	Tripura	-	-	-	-	-	-
27	Uttar Pradesh	-	-	-	-	-	-
28	Uttarakhand	-	-	-	-	-	-
29	West Bengal	-	-	-	-	-	-

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

No. 48: Investments by State Governments

(₹ Crore)

Sr. No	State/Union Territory	As on end of October 2021			
		Consolidated Sinking Fund (CSF)	Guarantee Redemption Fund (GRF)	Government Securities	Auction Treasury Bills (ATBs)
	1	2	3	4	5
1	Andhra Pradesh	9001	886	--	-
2	Arunachal Pradesh	1892	3	--	-
3	Assam	4205	59	--	-
4	Bihar	6055	--	--	-
5	Chhattisgarh	5082	--	1	4550
6	Goa	665	336	--	-
7	Gujarat	5293	519	--	-
8	Haryana	838	1311	--	-
9	Himachal Pradesh	--	--	--	-
10	Jharkhand	488	--	--	-
11	Karnataka	6273	--	--	23000
12	Kerala	2327	--	--	-
13	Madhya Pradesh	--	996	--	-
14	Maharashtra	48121	685	--	24000
15	Manipur	168	109	--	-
16	Meghalaya	785	45	9	-
17	Mizoram	381	49	--	-
18	Nagaland	1789	36	--	-
19	Odisha	12154	1581	92	23863
20	Puducherry	333	--	--	975
21	Punjab	1700	--	8	-
22	Rajasthan	--	--	129	4200
23	Tamilnadu	7203	--	40	14023
24	Telangana	6147	1344	--	-
25	Tripura	403	10	--	900
26	Uttar Pradesh	1006	--	180	-
27	Uttarakhand	3541	138	--	-
28	West Bengal	9654	632	214	-
29	Jammu & Kashmir	--	--	--	-
	Total	**135505**	**8739**	**672**	**95511**

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	
						August		September		October			
		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	2000	840	6000	4840	5000	3840	30750	23899
2	Arunachal Pradesh	1366	1287	767	767	-	-	-	-	-	-	400	400
3	Assam	12906	10996	15030	14230	1700	1700	1700	1700	1600	1600	5500	5500
4	Bihar	25601	22601	27285	24685	2000	2000	2000	2000	4000	3000	16000	15000
5	Chhattisgarh	11680	10980	13000	10500	-	-	1000	1000	2000	1500	4000	3500
6	Goa	2600	2000	3354	3054	200	200	400	200	100	100	1200	1000
7	Gujarat	38900	28600	44780	33280	1500	-500	3000	1000	5554	3554	17554	8554
8	Haryana	24677	20677	30000	25550	2500	2000	1000	1000	3000	2500	16500	12700
9	Himachal Pradesh	6580	4460	6000	3755	-	-	1000	1000	-	-100	1000	900
10	Jammu & Kashmir UT	7869	6760	9328	6020	500	500	1100	1100	-	-	4200	3500
11	Jharkhand	7500	5656	9400	8900	-	-500	500	500	1000	500	1500	500
12	Karnataka	48500	42500	69000	61900	-	-	-	-	6000	6000	6000	6000
13	Kerala	18073	12617	28566	23066	2500	1500	5500	4500	2000	1000	19000	16000
14	Madhya Pradesh	22371	16550	45573	38773	-	-	6000	6000	2000	-1000	10000	7000
15	Maharashtra	48498	32998	69000	50022	8000	5000	8500	7000	2500	-1000	48750	38750
16	Manipur	1757	1254	1302	1044	-	-	147	47	140	90	887	737
17	Meghalaya	1344	1070	1777	1587	-	-	400	400	200	140	1000	840
18	Mizoram	900	745	944	677	-	-100	80	80	104	104	434	184
19	Nagaland	1000	423	1721	1366	150	150	150	150	89	89	989	889
20	Odisha	7500	6500	3000	500	-	-500	-	-	-	-1000	-	-3000
21	Puducherry	970	470	1390	790	-	-	124	124	-	-	124	124
22	Punjab	27355	18470	32995	23467	1250	-950	5170	3770	1162	862	12282	3032
23	Rajasthan	39092	24686	57359	44273	-	-	6000	5500	5000	3730	30600	25018
24	Sikkim	809	481	1292	1292	-	-	251	251	-	-	751	751
25	Tamil Nadu	62425	49826	87977	76796	6000	6000	1000	1000	4000	2740	43000	37740
26	Telangana	37109	30697	43784	37365	3500	2660	3500	2660	1500	660	25000	20051
27	Tripura	2928	2578	1916	1631	-	-	300	300	-	-	300	150
28	Uttar Pradesh	69703	52744	75500	59185	7500	5988	7500	6500	7500	5524	35000	24278
29	Uttarakhand	5100	4500	6200	5208	-	-	-	-150	-	-	1200	350
30	West Bengal	56992	40882	59680	50180	5000	3000	8500	7000	5000	3500	34500	19327
	Grand Total	634521	487454	798816	651777	44300	28988	70822	59472	59449	37934	368421	273674

- : 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 and for column Nos. (4) & (5) data are Provisional.

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 –
- Include transactions done through mobile apps of banks and UPI apps.
- 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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11. Reserve Bank of India Occasional Papers Vol. 41, No. 2, 2020	₹200 per copy (over the counter) ₹250 per copy (inclusive of postal charges)	US$ 18 per copy (inclusive of air mail courier charges)
12. Perspectives on Central Banking Governors Speak (1935-2010) Platinum Jubilee	₹1400 per copy (over the counter)	US$ 50 per copy (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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