MONETARY AND CREDIT POLICY FOR THE YEAR 2000-2001*

I. Review of Macro-economic and Monetary Developments:1999-2000

Domestic Developments

According to the estimates of the Central Statistical Organisation (CSO), the GDP growth in 1999-2000 is likely to be 5.9 per cent as compared with 6.8 per cent in 1998-99 and 5.0 per cent in 1997-98. (It may be noted that the CSO figures for 1998-99 have been substantially revised upwards because of increase in the growth rate of agriculture and allied activities to 7.2 per cent during that year). A welcome feature of macro-economic developments last year was a substantial acceleration in the growth of industrial output, particularly manufacturing output. Recovery in industrial production, witnessed during the first six months of the year was further consolidated during the second half of the year. During April 1999 - February 2000, industrial growth was 7.9 per cent, with manufacturing output showing a growth of 8.8 per cent.

2. The annual rate of inflation as reflected in the movements in the wholesale price index (1981-82=100) during the year was 3.74 per cent (on a point-to-point basis) and was 2.97 per cent (on an average basis). The inflation rates were significantly lower than in the preceding year+. The reduction in the rate of inflation was also reflected in the Consumer Price Index (CPI). The CPI for the month of February 2000 showed an increase of 3.61 per cent over the previous year (as compared with 8.64 per cent in February 1999). A relatively high growth of output, fuelled by sustained industrial recovery, combined with low inflation and high reserves, provided a positive environment for monetary management in 1999-2000.

3. During 1999-2000, the annual growth in M_3, on a point to point basis, was 13.6 per cent (provisional) as against 19.2 per cent in 1998-99. The aggregate deposits

*** The macro-economic and monetary developments in 1999-2000 are dealt with in greater detail in a separate document, which is published for the first time, as part of the annual monetary and credit policy.**

+ With effect from April 1, 2000, the Wholesale Price Index had been revised to a new series with 1993-94 as the base year. As per the new series (with base 1993-94=100) the inflation rate last year on a point-to-point basis was 4.16 per cent as compared with 3.74 per cent on the basis of the old series. The increase of 0.42 percentage point, is accounted for by the change in composition and the weighting diagram. However, it may be noted that the inflation rate for 1999-2000 on an average basis, according to the new WPI series was substantially lower (2.9 per cent in 1999-2000 as against 6.0 per cent in the previous year).

of the scheduled commercial banks increased by 13.5 per cent as against 19.3 per cent in the previous year. It may be mentioned that a substantial part of the increase in the aggregate deposits was due to increase in time deposits (of over Rs.87,187 crore). This is a continuation of the pattern observed in 1998-99 when almost the entire increase in the aggregate deposits was accounted for by increase in time deposits.

4. Non-food credit showed an expansion of 16.0 per cent as against an increase of 13.0 per cent in the previous year. The total flow of funds from scheduled commercial banks to the commercial sector, including banks' investments in bonds/debentures/ shares issued by Public Sector Undertakings (PSUs) and private corporate sector and commercial paper, etc., is estimated at Rs.69,380 crore as against Rs.56,558 crore in the corresponding period of the previous year. Total resource flow to the commercial sector, including capital issues, Global Depository Receipts (GDRs) and borrowings from financial institutions, is placed at Rs.1,34,013 crore as compared with Rs.1,13,488 crore in the previous year. The faster growth in bank credit to the commercial sector despite a lower growth in deposits was facilitated by substantial reduction in Cash Reserve Ratio (CRR) and increase in non-deposit sources of funds, such as bills payable, operating surplus, etc.

5. Partly as a result of tax concessions extended to mutual funds in the last year's Budget, there was a substantial increase in resources flowing to such funds during 1999-2000. Preliminary figures indicate that mutual funds have mobilised net resources of Rs.17,966 crore during the year as compared with a net outflow of Rs.1,204 crore in the previous year. Further growth and development of mutual funds, provided they are able to compete for household and corporate savings without special concessions, could contribute to the development and stability of the financial system in the long run. A developed financial infrastructure, with multiple intermediaries operating in different asset markets with varying risk profiles, is likely to be less vulnerable to unanticipated developments, including external shocks.

6. Food credit expansion during the year was of the order of Rs.8,875 crore as against Rs.4,331 crore in the previous year. Investment by scheduled commercial banks in government securities increased by Rs.54,612 crore during the year as against Rs.36,261 crore in the previous year. The share of lending to government in the overall deployment of resources by the scheduled commercial banks during the year was substantially larger than in the previous year.

7. As per the Revised Estimates in the Union Budget, the fiscal deficit of the Central Government (excluding small savings) for 1999-2000 was higher at 5.6

per cent of GDP as against budgeted figure of 4.0 per cent. As a result, gross market borrowings exceeded the budgeted level by Rs. 15,616 crore. In addition, State Governments' gross market borrowings amounted to Rs. 13,706 crore as against Rs.12,114 crore in the previous year.

8. Due to favourable macro-economic environment, the Reserve Bank was able to meet the large market borrowing requirements of government without too much stress and without causing upward pressure on interest rates. In fact, secondary market yields on government securities of 7-year and 10-year maturity were nearly 110-120 basis points lower at end-March 2000 than those prevailing a year ago. Since 1998-99, a conscious attempt has been made to elongate the maturity structure of marketable debt of the Government to avoid bunching of redemption with consequent pressure on sustainability of the gross market borrowing programme. During 1999-2000, there was no issue of dated securities up to 5 years. Furthermore, about 65 per cent (Rs.56,630 crore) of the total dated securities (Rs.86,630 crore) issued during the year was above 10-year maturity.

9. An important monetary development during the year has been the **negative** growth in the monetised deficit of the Government (i.e., net Reserve Bank credit to Government), and low growth of reserve money, despite large borrowing requirements. As on April 24, 2000, i.e., a day before the final closing of government accounts, the monetised deficit of the Government was **negative** by as much as Rs.5,584 crore, reflecting the success achieved by Reserve Bank in activating its Open Market Operations (OMO). This compares with an **increase** in the monetised deficit by Rs.11,800 crore in 1998-99 and by Rs.12,915 crore in 1997-98. So far as reserve money is concerned, the increase during the year was only 8.1 per cent as compared with 14.6 per cent in the previous year.

10. The relatively low growth of M_3 of 13.6 per cent (as compared with 19.2 per cent last year) was possible because of a lower expansion in reserve money. Particularly significant was the decline in the monetised deficit of the government which contributed to this favourable outcome. It is interesting to note that if the reserve money growth and monetised deficit were of the same order in 1999-2000 as in the previous year, on the basis of the normal relationship among these variables, M_3 expansion could have actually been even higher than last year, which would have had an unfavourable effect on the inflationary outlook for the current year.

11. While some comfort can be drawn from the fact that we have been able to manage a large government borrowing

programme without undue strain on interest rates or the overall liquidity environment, it is also clear that such high levels of fiscal deficits are not sustainable over the medium term. The continuing large fiscal deficits year after year have already led to sharp increase in repayment obligations on outstanding public debt in the nineties. In 1990-91, the gross and net borrowing of the Central Government stood respectively at Rs.8,988 crore and Rs.8,001 crore in a ratio of 1:0.89. Thus, for every rupee of fresh borrowing, the government received 89 paise in net terms. In 2000-01, the gross and net borrowings of the government are projected at Rs.1,17,704 crore and Rs.76,383 crore respectively. Thus, in the current year, the net receipt for every rupee of borrowing will be only 65 paise. Yet another consequence of larger borrowings is the substantial increase in interest payments which will touch Rs.1,01,266 crore in 2000-01. Interest payments in 1990-91 were only Rs.21,498 crore.

12. The large borrowing programmes of Government year after year have also put pressure on the absorptive capacity of the market. The banking system now holds government securities of around 34.3 per cent of its net demand and time liabilities as against a minimum statutory requirement of 25 per cent. In terms of volume, the holdings above the Statutory Liquidity Ratio (SLR) amounted to about Rs.85,000 crore, which is higher than the last year's net borrowings.

13. The overall monetary management has also become much more complex now than was the case a few years ago. The last year's positive outcome was partly due to the fact that the economy was in a phase of business cycle when there was no problem of excess demand or emerging inflationary pressures. If the economy were characterised by excess demand and liquidity pressures, it would have been difficult to meet the large borrowing requirements of government without a sharp increase in interest rates and some crowding out of private investments. Under those circumstances, the economy could have slipped into a vicious circle of tight liquidity and high interest rates. It is of utmost importance that such an eventuality is avoided by taking credible fiscal action urgently. A national consensus on an effective and time bound programme of fiscal correction is, therefore, essential so that efforts made in this direction in the Union Budget for 2000-01 can be further intensified.

External Developments

14. A notable development affecting India's balance of payments during the year was the sharp increase in prices of crude oil and petroleum products. In the last 16 months, crude oil prices increased by around 150 per cent from US $ 10-11 per

barrel during January 1999 to about US $ 25 per barrel during most part of March 2000. Following the recent decision of OPEC to increase production, oil prices have declined to around US $ 20-21 per barrel in April 2000.

15. The impact on oil import bill, due to increase in the prices of oil, is estimated to be US $ 12 billion during the year 1999-2000. Fortunately, the increase in oil import bill was absorbed without an undue pressure in the overall current account deficit. The current account deficit is likely to be around 1.0 per cent of the GDP in 1999-2000, i.e., the same level as in the previous year. The relatively low current account deficit was made possible by a turnaround in exports, lower growth of non-oil imports and continued buoyancy in invisible receipts. After taking into account the recent changes in oil prices as well as changes in EXIM policy, the current account deficit in the year 2000-2001 is still expected to be well below 2 per cent of GDP.

16. Developments in respect of both the exchange rate of the rupee as well as movements in foreign exchange reserves were also satisfactory. At the end of March 2000, the foreign currency assets of the country were higher by US $5.54 billion compared with a year ago, and reached the highest level of US $ 35.06 billion. Foreign exchange reserves, including gold and SDRs, were also at their highest (US $ 38.04 billion), and showed an increase of US $ 5.55 billion during the course of the year. Net reserves, after taking into account forward liabilities, increased by US $ 5.67 billion over the year.

17. Following the East-Asian crisis and subsequent developments in certain other countries, an appropriate policy for management of foreign exchange reserves in emerging economies has figured prominently on the international agenda. India is a member of various international groups where discussions on the international financial architecture and related issues are currently in progress (e.g., the International Monetary and Financial Committee at the IMF, the Bank for International Settlements, the Group of 20, and Working Groups set up by the Financial Stability Forum, etc.). It is now widely agreed that in judging the adequacy of reserves in emerging economies, it is not enough to relate the size of reserves to the quantum of merchandise imports or the size of the current account deficit. In view of the importance of capital flows, and associated volatility of such flows, it has become increasingly important to take into account the composition of capital flows, particularly short-term external liabilities, in judging the adequacy or otherwise of foreign exchange reserves. An additional factor which has to be built into this assessment is the need to take into account certain contingencies, such as, unanticipated increase in commodity/ asset prices.

18. The recent international experience, particularly during the period of the East Asian crisis, also highlighted the fact that the emerging economies have to largely rely on their own resources during external exigencies as there is no “lender of the last resort” to provide additional liquidity at short notice. While the International Monetary Fund and the World Bank did their best to arrange rescue packages and provided financial assistance to the affected economies, the agreement on conditionality packages necessarily took some time and their implementation posed further difficult challenges for the policy makers. The content, size and the speed with which these programmes could be approved also varied from country to country depending on the strength of political support by industrialised countries, which are the major shareholders of the international financial institutions.

19. The overall approach to the management of India’s foreign exchange reserves has reflected the changing composition of balance of payments, and has endeavoured to reflect the “liquidity risks” associated with different types of flows and other requirements. The policy for reserve management is thus judiciously built upon a host of identifiable factors and other contingencies. Such factors *inter alia* include: the size of the current account deficit; the size of short-term liabilities (including current repayment obligations on long-term loans); the possible variability in portfolio investments and other types of capital flows; the unanticipated pressures on the balance of payments arising out of external shocks (such as, the impact of the East Asian crisis in 1997-98 or increase in oil prices in 1999-2000); and movements in the repatriable foreign currency deposits of Non-Resident Indians.

20. The movements in India’s foreign exchange reserves in recent years has kept pace with our requirements on trade as well as capital account. The strength of the foreign exchange reserves has also been a positive factor in facilitating flow of portfolio investments by FIIs and in reducing the ‘risk’ premium on foreign borrowings and Global Depository Receipts (GDR)/American Depository Receipts (ADR) issued by Indian corporates. However, there can be no room for complacency. Unanticipated domestic or external developments, including undue volatility in asset prices in equity/bond markets, can create disproportionate pressures in the foreign exchange market in emerging economies. It is, therefore, essential to continue with the pursuit of realistic and credible exchange rate policies, in addition to vigorous implementation of domestic and external sector reforms to further strengthen the balance of payments position over the medium term. It is also necessary to ensure that, leaving aside short term variations in levels, the quantum of reserves in the long run is in line with the growth in the

economy and the size of risk-adjusted capital flows. This will provide us with necessary security against unfavourable or unanticipated developments.

21. The day-to-day movements in exchange rates are market determined. The primary objective of the Reserve Bank in regard to the management of the exchange rate continues to be the maintenance of orderly conditions in the foreign exchange market, meeting temporary supply-demand gaps which may arise due to uncertainties or other reasons, and curbing destabilising and self-fulfilling speculative activities. To this end, as in the past, the Reserve Bank will continue to monitor closely the developments in the financial markets at home and abroad, and take such measures as it considers necessary from time to time.

22. Exports, particularly software exports (which technically form part of the invisible receipts in the balance of payments statistics) have done well during the year. In the interest of balance of payments viability, this momentum must be kept up. In the past 18 months, several measures were introduced to ensure timely delivery of credit to exporters and remove procedural hassles. These measures included provision of 'On Line credit' to exporters, extension of 'Line of Credit' for longer duration for exporters with good track record, peak/non-peak credit facilities to exporters, permission for interchangeability of pre-shipment and post-shipment credit and meeting the term loan requirements of exporters for expansion of capacity and modernisation of machinery and upgradation of technology. Improvements were also made in the procedure for handling of export documents and fast track clearance of export credit at specialised branches of banks. Similarly, new simplified guidelines were issued for sanction of credit facilities for software services, project services and software products and packages.

23. In order to ensure that the above procedural and other improvements in the credit delivery system are actually reaching the exporters, the Reserve Bank had also set up a Bankers' Group at the operational level (comprising senior officials from commercial banks and the Reserve Bank). The Group has held a number of inter-active sessions with exporters as also base-level officials of the commercial banks at 21 major export centres in the country in addition to discussions with industry associations. So far, the feedback received from this exercise is highly positive. In order to further improve the credit delivery system, the Reserve Bank would now like to invite exporters, particularly those who are located in non-metropolitan centres, to send their reactions on whether the new systems are working satisfactorily. They may also send their suggestions for

improvement in procedures, particularly those which are designed to reduce paper work without diluting accountability. Exporters' responses can be sent directly to the RBI by post or by e-mail at ***exportsreview@rbi.org.in*** by end of June 2000. On the basis of responses received, the Bankers' Group will be advised to formulate a programme of action to further improve the credit delivery system.

24. Over the past two years, the Reserve Bank has also introduced several new facilities for Non-Resident Indians (NRIs). The overall objective is to make financial transactions in and out of India by NRIs as flexible and easy as possible, and to reduce the need for seeking individual or specific permission from the Reserve Bank. Thus, general permission has already been issued for opening of different types of bank accounts, transactions in shares, securities and debentures, and portfolio and direct investments, etc. As in the case of exporters, NRIs are also requested to send in their responses on whether the facilities and procedures are working satisfactorily. They may also send their further suggestions for improvement in these facilities. Their views/suggestions may also be sent by e-mail at ***nrireview@rbi.org.in*** by the end of June 2000. Further action to improve the facilities will be taken by the Reserve Bank, in consultation with the Government, wherever necessary.

25. Recently, the Government has substantially expanded the automatic route for Foreign Direct Investment (FDI). RBI has already granted general permission to the Indian companies to receive funds and issue shares to their foreign collaborators. No specific approval of Reserve Bank is required for such investments. The same benefit has also been extended to all cases of foreign investment approved by the Foreign Investment Promotion Board (FIPB). The above facilities are subject to filing a post-facto report by the recipient company with the Regional Offices of the RBI within 30 days of the issue of shares to foreign collaborators. All companies are requested to comply with this requirement.

26. In January, 2000 general permission was granted to Indian companies for issue of ADRs and GDRs without any value limits. Accordingly, Indian corporates can now freely utilise up to 50 per cent of such ADRs/GDRs for overseas investments subject only to post facto reporting to the Reserve Bank. In addition, companies in IT and entertainment software and certain other knowledge-based sectors have been granted further facilities for overseas acquisition without requiring prior permission of the Government or the Reserve Bank. These facilities provide for acquisitions allowed by issue of ADRs/GDRs on stock swap basis up to a value limit of 10 times the export earnings of the Indian company in the previous year, or up to U.S. $ 100 million (without reference to the level of actual exports). It is also open

to Indian companies to apply to the Reserve Bank for approval of any overseas investment or acquisition proposals which do not fall within the above parameters. It is hoped that these facilities would provide sufficient scope for expansion of internationally competitive Indian enterprises at the global level.

II. Stance of Monetary Policy for 2000-2001

27. Against the background of the developments in the economy last year and economic prospects during 2000-2001 an important objective of monetary policy in the current year is to provide sufficient credit for growth while ensuring that there is no emergence of inflationary pressures on this account. On current assessment, the prospects for achieving these objectives look reasonably promising. Notwithstanding the sharp increase in oil prices, the international inflationary environment continues to be reasonably benign. A freer trade regime, combined with a high level of food stocks and a high level of foreign exchange reserves, should provide sufficient scope for effective supply management during the year. On the demand side, the budget stance of reining in the overall fiscal deficit is welcome. Some allowance, however, has to be made for the fact that there has been considerable delay in the adjustment of important administered prices, including prices of petroleum products. However, such adjustments cannot be avoided if fiscal deficit has to be kept under reasonable control in order to keep potential inflationary pressures under check and future expectations favourable.

28. Keeping the above considerations in view, the Reserve Bank proposes to continue the current stance of monetary policy and ensure that all legitimate requirements for bank credit are met while guarding against any emergence of inflationary pressures due to excess demand. Towards this objective, the Reserve Bank will continue its policy of active management of liquidity through OMO, including two-way sale/purchase of treasury bills, and reduction in cash reserve ratio as and when required.

29. In line with the continuing overall stance of policy, at the beginning of the new financial year on April 1, 2000, the RBI announced a number of measures to enhance liquidity and reduce the cost of funds to banks. These measures were :

(i) A reduction in the Bank Rate by 1.0 percentage point;

(ii) A reduction in CRR by 1.0 percentage point in two stages;

(iii) A reduction in Repo Rate by 1.0 percentage point; and

(iv) A reduction in savings deposit rate of scheduled commercial banks from 4.5 per cent to 4.0 per cent.

Following the above measures most public sector banks have also announced a reduction in their lending and deposit rates. For major banks, deposit rates have been reduced by 0.50 to 1.00 percentage point depending on maturity and prime lending rates have been reduced by 0.50 to 0.75 percentage point. In March 1999 also, banks had effected similar reductions in the PLR. Taking these changes in the PLR into account, the prime lending rate of the largest bank (i.e., the State Bank of India) was lower by 1.75 percentage point on April 3, 2000 compared with end-February, 1999.

30. For purposes of monetary policy formulation on the basis of current trends, growth in real GDP may be placed at 6.5 to 7.0 per cent in 2000-2001, assuming a normal agricultural crop and continued improvement in industrial performance. Assuming the rate of inflation to be around 4.5 per cent (i.e., close to the average of last two years), the projected expansion in M_3 for 2000-2001 is about 15.0 per cent. This order of growth in M_3 should lead to an increase in aggregate deposits of scheduled commercial banks by about 15.5 per cent (or Rs.1,25,000 crore). Non-food bank credit adjusted for investments in commercial paper, shares/debentures/bonds to PSUs and private corporate sector is projected to increase by around 16.0 per cent. This is expected to be adequate to meet the credit needs of the productive sectors of the economy.

31. However, it cannot be over-emphasised that the above outlook can change dramatically within a relatively short period of time in the event of unanticipated domestic or international events. Several unfavourable events that affected the outlook for the economy during the years 1997 through 1999 point to the need to respond quickly and to change course, if and when required. In the past 3 weeks, even after eliminating the effect of the change in the base year of the Wholesale Price Index, the inflation rate has been somewhat rising. Some States have also been affected by severe droughts. On the inflation front, therefore, there is need for continuous vigilance and caution. The Reserve Bank will continue to monitor domestic monetary and external developments, and tighten monetary policy through the use of instruments at its disposal, when necessary and unavoidable. Banks and other financial institutions should make adequate allowances for unforeseen contingencies in their business operational plans, and take into account the implications of changes in the monetary and external environment on their operations.

32. Based on the experience of some industrialised countries, there is a view that, in India also, monetary policy, to be transparent and credible, should have an

explicit narrowly defined objective like an inflation mandate or target. While technically this appears to be a sound proposition, there are several constraints in the Indian context in pursuing a single objective. First, there is still fiscal dominance and the debt management function gets inextricably linked with the monetary management function while steering the interest rates. If the two functions, (i.e., monetary management and debt management) were to be separated as has also been suggested by some experts, it is almost certain that the prevailing interest rates in the market would be substantially higher than considered desirable from monetary stability and/or growth points of view. The last year's experience in our ability to maintain a softer interest rate environment, during a period of low inflation, while at the same time meeting large government borrowing requirements, confirms this view. Secondly, in the absence of fully integrated financial markets, which remain still imperfect and segmented, the transmission channel of policy is rather weak and yet to evolve fully. Thirdly, the high frequency data requirements including those on a fully dependable inflation rate for targeting purposes are yet to be met. Under these circumstances, it is necessary to carefully measure and balance between possible outcomes, after taking into account movements in a variety of monetary and other indicators.

33. It may be recalled that during the last 2 ½ years, the Bank Rate, Repo Rate and CRR have been used in conjunction with OMO and other operations bearing on liquidity to meet short-term monetary policy objectives in the light of emerging domestic and external situations. The Bank Rate and short-term repo rate announced by the RBI have been perceived by the markets as signals for direction in market rates of interest, in particular the call money rates. The active debt management, combining private placements and distribution of securities through open market sales at convenient intervals and activating the OMO window for Treasury bills, has helped in keeping the short-term liquidity situation reasonably comfortable during the year without causing undue pressure on security prices.

34. While there has been a significant softening of interest rates in the last 13 months, the decline in nominal interest rates has not kept pace with the decline in the rate of inflation. Under the circumstances, there has been some debate in the country on the need to bring nominal interest rates down sharply so that real interest rates would move down correspondingly. If this happens, it is argued, industrial growth could be accelerated further and India's competitiveness abroad would improve. At the same time, it has to be recognised that there are several structural factors which

constrain downward flexibility in the interest rate structure in India. The mid-term review of the Monetary and Credit Policy in October 1999 had dealt with some of these structural rigidities. In view of the interest in the subject, and also significant decisions taken recently to reduce some of the administered interest rates and abolish the interest tax, it may be useful to revisit this matter again.

35. It needs to be reiterated that the prime lending rates of banks for commercial credit are entirely within the purview of the banks and are not set by the Reserve Bank. The domestic interest rates which are subject to regulation are only the rate of interest on savings accounts and rates of interest on export credit and credit for small and tiny sectors, including DRI schemes, up to an amount of Rs.2 lakh. It is interesting to note that several key rates fixed by RBI, i.e., the Bank Rate, Repo Rate and the rate on savings account have already come down substantially (to 7.0 per cent, 5.0 per cent and 4.0 per cent, respectively). At the present levels, these rates are not too out of line with ruling international rates.

36. Decisions in regard to interest rates on bank credit have to be taken by banks themselves in the light of various factors, including their own cost of funds, their transaction costs, and interest rates ruling in the non-banking sector. It is interesting to note that, even after reduction in several administered rates, the post tax return on deposits being provided by banks is considerably lower than the prevailing rates on contractual savings like Provident Fund, as well as National Savings Scheme. The interest rate, subject to tax, on 3-yearly deposits is currently 9.5 per cent as compared with 11 per cent for National Savings Scheme and Provident Fund (which, of course, have longer maturity and are also less liquid).

37. Banks have been given freedom to offer variable interest rates on longer-term deposits. However, partly due to historical reasons and partly due to strong preference of depositors (for example, fixed-income groups and retirees), banks have continued to offer fixed interest rates on relatively long-term deposits. The effect of this practice is to reduce the flexibility that banks have in lowering their lending rates since the rates on the existing stock of deposits cannot be lowered. (For example, in respect of one of the large public sector banks, it is estimated that 80 per cent of time deposits are longer than 1 year. Even though the rates of interest for maturities of one year and above are currently in the range of 8.00 to 9.50 per cent, the effective rate of interest for the outstanding deposits of maturities above one year is as high as 11 per cent).

38. Another factor affecting the interest rate structure in India is the high level of non-interest operating expenses of public

sector banks. These work out to 2.5 to 3 per cent of total assets. The high transaction costs which generally reflect high staff costs, combined with relatively high levels of Non-Performing Assets (NPAs), further constrain the manoeuvrability in respect of lending rates.

39. Against the above background, it is clear that, while much greater flexibility in the structure of interest rates in tune with changes in the inflationary environment is desirable, there is no "quick fix" solution to engineer a sharp fall in nominal deposit and lending rates of banks. Vigorous action has to be taken by banks to reduce their transaction costs and the volume of NPAs, and improve risk management. This requires action in a number of areas, including legal reforms for recovery of dues and restructuring of weak banks. Concerted action is also required to move forward with financial reforms in a competitive environment coupled with a reduction in Government's fiscal deficit and wider public acceptance of the need for flexibility in administered interest rates.

III. Financial Sector Reforms and Monetary Policy Measures

40. The recent annual Monetary and Credit Policy Statements in April, as well as mid-term reviews in October, have focused on 'structural measures' to strengthen the financial system and to improve the functioning of the various segments of financial markets. The main objectives of these measures have been five-fold: (a) to increase operational effectiveness of monetary policy by broadening and deepening money market and bond market, especially the government securities market; (b) to redefine the regulatory role of the Reserve Bank; an attempt has been made to reduce RBI's direct role in fixing interest rates, margins and credit allocations, while simultaneously strengthening its role in the development of financial markets and the management of overall liquidity in the system; (c) to strengthen prudential and supervisory norms, while at the same time providing banks and financial institutions maximum autonomy in operational matters; (d) to improve the credit delivery system, particularly for agriculture, exports, services, small-scale industries, self-help groups and micro-credit institutions; and (e) to develop the technological and institutional infrastructure for an efficient financial sector.

41. While there has been substantial progress in achieving some of these objectives, the pace of progress has been relatively slow in certain areas. Thus, for example, considerable success has been achieved in redefining the role of the Reserve Bank in financial markets and in actively associating financial experts and intermediaries in policy formulation and its implementation. Substantial progress has also been made in the area of deregulation

and providing much greater autonomy to banks in operational matters. Money market is functioning reasonably satisfactorily with substantial volume of transactions, although it still continues to be dominated by a few operators. The secondary market for government securities has been strengthened with the emergence of a large number of Primary Dealers (PDs) as active participants. Technological infrastructure in the form of Indian Financial Network (INFINET) has been put in place, and preparatory work for Real Time Gross Settlement System (RTGS) and Centralised Data Base Management has been completed. However, so far, very little progress has been made in making the secondary market for securities and bonds sufficiently liquid and accessible to individuals and small investors. Prudential and supervisory norms have been strengthened, but there is considerable scope for further improvement in risk management and internal control procedures of banks and other institutions. The NPA levels remain unduly high, and there is still a long way to go in making the loan recovery/settlement procedures timely and efficient. A large number of measures have been introduced to make the credit delivery system less cumbersome and hassle free, but progress on the ground is slow.

42. In this year's policy also, it is proposed to review the present position and carry forward the direction of financial reforms initiated in recent years, keeping in view the actual experience in implementation and other relevant developments.

Introduction of Liquidity Adjustment Facility (LAF) replacing Interim Liquidity Adjustment Facility (ILAF)

43. Pursuant to the recommendations of the Narasimham Committee Report on Banking Reforms (Narasimham Committee II), it was decided in principle, to introduce a Liquidity Adjustment Facility (LAF) operated through repo and reverse repos in order to set a corridor for money market interest rates. To begin with, in April 1999, an Interim Liquidity Adjustment Facility (ILAF) was introduced pending further upgradation in technology and legal/ procedural changes to facilitate electronic transfer and settlement.

44. The ILAF was operated through a combination of repo, export credit refinance, collateralised lending facilities and OMO. ILAF provided a mechanism for injection and absorption of liquidity available to banks and PDs to overcome mismatches in supply and demand from time to time. The fortnightly average utilisation of CLF/ACLF and export credit refinance facilities by banks ranged between Rs.3,180 crore and Rs.10,122 crore during the year 1999-2000. Liquidity

support availed of by PDs was in the range of Rs.814 crore and Rs.7,406 crore during the above period.

45. The ILAF has served its purpose as a transitional measure for providing reasonable access to liquid funds at set rates of interest. In view of the experience gained in operating the interim scheme last year, an Internal Group was set up by RBI to consider further steps to be taken. Following the recommendation of the Internal Group, it has now been decided to proceed with the implementation of a full-fledged LAF. The new scheme will be introduced progressively in convenient stages in order to ensure smooth transition.

- In the first stage, with effect from June 5, 2000, the Additional CLF and level II support to PDs will be replaced by variable rate repo auctions with same day settlement.

- In the second stage, the effective date for which will be decided in consultation with banks and PDs, CLF and level I liquidity support will also be replaced by variable rate repo auctions. Some minimum liquidity support to PDs will be continued but at interest rate linked to variable rate in the daily repos auctions as determined by RBI from time to time.

- With full computerisation of Public Debt Office (PDO) and introduction of RTGS expected to be in place by the end of the current year, in the third stage, repo operations through electronic transfers will be introduced. In the final stage, it will be possible to operate LAF at different timings of the same day.

46. In the proposed LAF, the quantum of adjustment as also the rates would be flexible, responding immediately to the needs of the system. At the same time, funds made available by the RBI through this facility would meet primarily the day-to-day liquidity mismatches in the system and not the normal financing requirements of eligible institutions. It is expected that the LAF would also help the short-term money market interest rates to move within a corridor and impart greater stability, facilitating emergence of a short-term rupee yield curve. Both the time-table and the scope of proposed changes are, however, subject to review in the light of actual experience.

47. There will be no change in the export credit refinance scheme. This will continue as before and as such banks will be entitled to automatic access for export refinance as per present policy. Ideally, it would also be desirable for export credit refinance to be subsumed in the LAF for effectiveness of monetary policy. However, under the present circumstances, given certain domestic rigidities in the interest

rate structure and the desirability of giving maximum support to exporters, there is a case for the scheme of export credit refinance to continue for some more time. It would be possible to do away with sector-specific refinance, like export credit refinance facility, when domestic interest rates in nominal and real terms converge with international rates on a sustainable basis.

Development of Financial Markets

48. In an effort to carry forward the reforms towards widening and deepening of the financial markets, the following measures are being introduced for further development of the markets :

(a) Money Market

- Forward Rate Agreements and Interest Rate Swaps were formally introduced in 1999. The guidelines had indicated that the rate on any domestic money or debt market instrument can be used as the benchmark. In order to provide more flexibility for pricing of rupee interest rate derivatives and to facilitate some integration between money and foreign exchange markets, the use of 'interest rates implied in the foreign exchange forward market' as a benchmark would be permitted in addition to the existing domestic money and debt market rates.

- At present, the minimum maturity for Certificates of Deposit (CDs) is 3 months. To bring it on par with other instruments such as CP and term deposits, the minimum maturity of CDs is being reduced to 15 days. Incidentally, the minimum period of transferability for CDs has already been reduced to 15 days.

- It was indicated in the 'Mid-Term Review' of October 1999 that permission given to non-bank entities for routing their transactions in call/ notice money market through PDs will be withdrawn by end-June 2000. It has been decided that the facility to non-bank entities for routing transactions through PDs would be further extended up to end-December 2000 and simultaneously steps will be initiated to extend repo facility to such entities through Subsidiary General Ledger (SGL) II Accounts.

- It was indicated in the 'Mid-Term Review' of October 1998 that, in line with the suggestion of the Narasimham Committee II, the Reserve Bank ultimately aims to move towards a pure inter-bank (including PDs) call/ notice money market. Subsequent to the amendment of the Securities Contracts (Regulation) Act (SCRA) 1956, the repo market has been widened to cover all such non-bank entities holding both current and SGL Accounts with RBI, Mumbai, including mutual funds. These entities can now borrow as well as lend in the repo market. Hence, it is proposed to review and evolve a time bound programme of withdrawing permission to these entities for lending in the call/ notice money market, coinciding with development of repo market.

- To keep pace with several developments in financial markets, the current guidelines for issue of CPs were reviewed by an Internal Group. It has been decided to modify the guidelines in the light of Group's recommendations. The modified draft guidelines would cover aspects such as, greater flexibility to the issuers to raise CP through introduction of an automatic route for CP issuance, broadening the investor-base, simplification of procedures for issuing CP, permission to issue CP in dematerialised form and standardisation of documentation procedures. These measures are expected to provide more liquidity and depth to the product. A draft of the revised guidelines would be circulated separately and final guidelines would be issued after consultation with market participants.

- As per the RBI Act 1934, CRR is to be maintained on an average daily basis during a reporting fortnight by all scheduled banks. This system provides manoeuvrability to banks to adjust their cash reserves on a daily basis depending upon intra-fortnight variations in cash flows. For the computation of CRR to be maintained during the fortnight, a lagged reserve system has been introduced effective fortnight beginning November 6,1999 whereby banks have to maintain CRR on the net demand and time liabilities (NDTL) of the second preceding fortnight. With this, banks are able to assess their exact liability positions and the corresponding reserve requirements. With a view to providing further flexibility to banks and enabling them to choose an optimum strategy of holding reserves depending upon their intra-period cash flows, it has been decided to reduce the requirement of a minimum of 85 per cent of the CRR balances to be maintained to 65 per cent with effect from the fortnight beginning May 6, 2000. This is expected to result in smoother adjustment of liquidity between surplus and deficit units and enable better cash management by banks.

(b) Government Securities Market

(i) Amendments to Securities Contracts

(Regulation) Act, 1956.

49. In terms of notification issued under Section 16 of the Securities Contracts (Regulation) Act, 1956 and under the amended Section 29A of the Act, Government of India has delegated regulatory powers to RBI to regulate dealings in Government securities, money market securities, gold related securities and securities derived from these securities as also ready forward contracts in debt securities, **vide** notification dated March 1, 2000. Consequent upon the delegation of powers by the Government and as part of development of the repo market, State Government securities have been made eligible for undertaking repos. RBI has also widened the scope of participation in the repo market to all the entities having SGL and Current Account with RBI, Mumbai, thus increasing the number of eligible non-bank participants to 64 from the earlier 35. These measures are expected to give a fillip to the repo market besides enabling better cash and asset-liability management by non-bank institutions.

(ii) Special Facility for Securities Settlement.

50. RBI operates the government securities settlement system for those having SGL Accounts in the Public Debt Office through Delivery versus Payment. Under this system, trades are settled on a gross "trade by trade" basis with irrevocable final settlement taking place simultaneously for securities and funds after ensuring that there is sufficient funds in buyer's account and sufficient securities in seller's account. In view of increased volumes in transactions, it is proposed to introduce a scheme for automatic invocation by the SGL Account holder of undrawn refinance/ liquidity support from RBI for facilitating smooth securities settlement. The facility will be available only to banks and PDs, subject to adequate safeguards. Detailed guidelines will be issued separately.

(iii) Sale of Securities Allotted in Primary Issues on the same day

51. In terms of the guidelines issued by RBI, no sale deal should be entered into without actually having the securities in the investment portfolio at the time of sale. This procedure is inhibiting entities which get allotments in primary issues from selling securities allotted, on the same day. Hence, it has been decided to remove such restriction and allow such entities to sell the securities after they have been allotted to them, thus enabling sale, settlement and transfer on the same day.

(iv) Payments for Treasury Bills

52. At present auctions in respect of 14 and 91 day Treasury Bills are normally held on Fridays and payments in respect of allotments made on Saturdays. Considering the request from the market participants,

the day of payment has been changed from Saturday to the next working day in respect of both 14 and 91 day Treasury Bills. This will be reviewed after six months.

(v) Operations of Primary Dealers

53. Under the existing scheme, the liquidity support to PDs is linked to their bidding commitments and secondary market operations and are provided at level I at the Bank Rate and at level II at 2 per cent above the Bank Rate. As level II will be discontinued with the introduction of LAF, a detailed review of liquidity support to PDs will be made and modifications will be introduced in consultation with PDs.

54. The minimum bidding commitment by PDs cover more than 100 per cent of the auction issue of Treasury Bills and the PDs are not required to take devolvement. OMO window for Treasury Bills with exclusive access to PDs has also been opened. In view of these developments, the commission payment to PDs for auction Treasury Bills is being withdrawn.

55. Currently, the capital adequacy requirements for PDs for credit risk are based on the same norms as applicable to NBFCs. For market risk, separate requirements have been given in the "Guidelines for the PDs in the Government Securities Market". As these do not still adequately address the risks being faced by the PDs in the market, comprehensive capital charges on the portfolio risks are considered essential. Taking into account the principles for capital adequacy for market risk evolved by regulatory bodies such as the International Organisation of Securities Commissions (IOSCO) and the Bank for International Settlements (BIS), fresh guidelines for capital adequacy standards for PDs are being evolved, which will be finalised in consultation with PDs.

(c) Debt Securities Clearing Corporation

56. A mention was made in the Mid Term Review of October 1999 about the setting up of a clearing corporation for money and debt securities. This is expected, *inter alia,* to pave the way for further opening up of the repo market to PSU bonds and bonds of Financial Institutions held in demat form in depositories. A preliminary proposal to set up such a corporation has already been received from the PDs and action to establish such a corporation is being initiated.

Banks' Entry into Insurance Business

57. With the passage of the Insurance Regulatory and Development Authority (IRDA) Act, 1999, banks can enter into insurance business. The insurance business does not break-even during the initial years of operation. Banks do not also have adequate actuarial and technical expertise in undertaking insurance

business. It is, therefore, necessary to restrict entry only to strong banks in insurance sector on risk participation basis. Consequently, banks having minimum net worth of Rs.500 crore, and satisfying other criteria in regard to capital adequacy, profitability, etc., will be allowed to undertake insurance business through joint venture on risk participation basis. RBI will consider bank's equity contribution in the joint venture up to 50 per cent. However, higher equity contribution by a promoter bank may be allowed initially, on a highly selective basis, pending divestment of the equity in excess of 50 per cent within the period prescribed under the amended insurance statutes. Banks which do not satisfy the above criteria will be allowed on a 'without risk participation' basis up to 10 per cent of their net worth or Rs.50 crore, whichever is lower, as strategic investors. There will, however, be no bar on any bank or its subsidiary taking up distribution of insurance products on fee basis as an agent of insurance company. Banks will be required to obtain prior approval of RBI for entering into the insurance area. Detailed guidelines are in Annexure II.

Interest Rate Policy

58. With progressive deregulation of interest rates, banks now have considerable flexibility to decide their deposit and lending rate structures and manage their assets and liabilities efficiently. Banks are now free to offer a fixed rate or a floating rate on deposits of any maturity of 15 days and above. On the lending side, banks are free to prescribe their own lending rates including the Prime Lending Rate (PLR). Further, banks have been given the freedom to offer tenor-linked PLRs and fixed rate loans. Certain specified categories of advances have been freed from the norms of PLR. After consultation with banks, with the objective of providing more operational flexibility and eliminating rigidities, the following measures are being introduced:

(a) Review of PLR norms

(i) Tenor-Linked PLR

59. Banks have been provided the freedom to operate different PLRs for different maturities. It is observed that some banks are declaring a stand alone PLR in addition to tenor linked PLRs. Banks which have moved over to declaration of tenor-linked PLRs should always indicate the specific tenor for which the declared PLRs is applicable.

(ii) Fixed Rate Loans

60. Currently, banks are permitted to offer fixed interest rates only when the loan is for project finance purposes. The restriction on fixed rate term loans being extended

only for project loan is now being withdrawn. Banks will henceforth have the freedom to offer all loans on fixed or floating rates. However, banks will have to ensure that the PLR stipulations as applicable are complied with. The nature of alignment with PLR will have to be made explicit at the time of sanction of the loan. However, for small loans up to Rs.2 lakh, the stipulation of not exceeding PLR (of relevant maturity) will be applicable.

(b) FCNR (B) Deposits: Greater Flexibility of Operations

61. At present, in the case of FCNR (B) deposits offered by banks, swap rates as on the last working day of the preceding week form the base for fixing the ceiling rates for the interest rates that are effective the following week. In order to make the market more “online”, banks at their discretion will have the option to choose the current swap rates while offering FCNR (B) deposits. This will provide banks with the freedom to refer to the swap rates quoted on any online screen based information system.

62. Presently, banks are free to offer fixed/floating rates on NRE/FCNR(B) deposits. It has been decided that banks would be permitted as in the case of domestic term deposits, to offer differential rates of interest on NRE deposits on size group basis. In the case of FCNR(B) deposits where the interest rates offered are subject to a ceiling rate, the differential rates on size group basis would be permitted within the overall ceiling prescribed. This flexibility is expected to help banks to reduce their overall cost of deposits.

(c) Resource Mobilisation by all-India Financial Institutions – Greater Flexibility

63. As per existing stipulations, all-India Financial Institutions (FIs) are allowed to borrow in the term money market, through CDs, term deposits and Inter-corporate Deposits (ICDs) within the umbrella limit equal to their net owned funds. The interest rate on term deposits offered by financial institutions is subject to a ceiling of ‘not exceeding 14.0 per cent per annum’ and furthermore financial institutions have to ensure that the interest rates offered by them do not exceed the rates offered by SBI for comparable maturities. As financial institutions are free to decide interest rates on all other instruments, it has been decided that they may be given flexibility in the matter of fixing interest rates also on term deposits. This will facilitate FIs using these instruments in a flexible manner for ALM.

64. With progressive deregulation, FIs have been raising resources from the market by issuing bonds as well as through money market instruments subject to the RBI regulation. FIs are permitted to issue

bonds with maturity of 5 years and above without prior the RBI permission but with simple registration with the Reserve Bank of India provided the bonds are “plain vanilla” (i.e., without special features like options, etc.) and the interest rate on such bonds is not more than 200 basis points above the yield on Government of India securities of comparable residual maturity at the time of issuing bonds. All other bond issues have to be referred to the Reserve Bank of India for prior approval. Based on a review of regulatory experience, it has been decided to modify the guidelines and provide more freedom and flexibility to FIs in raising resources through bond issues, subject to overall limits fixed in terms of net owned funds. A draft proposal will be circulated among the FIs, and guidelines will be issued after further consultation with FIs.

Liberalisation of Export Credit Refinance Facility

65. The facility of export credit refinance to banks enable them to fund a part of their export credit without any resource constraint, particularly when the level of export credit expands and liquidity conditions are relatively tight. At present, scheduled commercial banks are provided export credit refinance to the extent of 100 per cent of the increase in outstanding export credit eligible for refinance over the level of such credit as on February 16, 1996. Representations have been received from some institutions that the manner in which the export credit refinance limit is fixed under the existing scheme precludes the use of Export Bill Rediscounting Schemes by banks, which is of benefit to exporters. It is proposed to liberalise the scheme by introducing the following modification:

- For the purpose of fixing refinance limits, the outstanding export credit (including export bills rediscounted with institutions like EXIM Bank and refinance obtained from NABARD/ EXIM Bank) will form the basis which will enable banks to use rediscounting of export bills without any reduction in refinance limits.

- Drawal of refinance will be on the basis of export credit eligible for refinance, i.e., after excluding export bills rediscounted with other banks/ EXIM Bank and refinance from NABARD/EXIM Bank, Pre-shipment Credit in Foreign Currency (PCFC), scheme of Rediscounting of Export Bills Abroad (EBR) and overdue export credit from outstanding aggregate export credit.

66. The scheme will come into force effective fortnight beginning May 6, 2000. With the revised scheme, banks will have the benefit of rediscounting export bills with institutions like EXIM Bank, without sustaining reduction in refinance limits from

the Reserve Bank of India. In the proposed scheme, it has also been ensured that the export credit refinance limit already available to a particular bank is maintained. Operating instructions are being issued separately.

Post-award Clearance of Project Proposals for Exports – Enhancement of Limit

67. At present, Authorised Dealers can consider for post-award clearance in respect of supply contract on deferred payment terms, turnkey projects or construction contract if the value of such contract is Rs.25 crore or less. In the case of contract of value exceeding Rs.25 crore (but within Rs.100 crore or where the Authorised Dealer is unable to grant clearance for any reason), Exim Bank may grant post-award clearance. It has now been decided that the above value limits for clearance for post-award proposals for ADs should be raised from Rs.25 crore to Rs.50 crore and that for Exim Bank from Rs.100 crore to Rs.200 crore.

Gold Deposit Scheme - Allowing Banks to Lend Gold to Other Nominated Banks

68. At present, specific deployment avenues have been outlined for the gold mobilised under the Gold Deposit Scheme. In order to provide more deployment avenues within the country and at the same time to exploit the synergy between the lending expertise of a few banks with the vast branch network of the others, banks are being permitted to deploy the gold mobilised under the Gold Deposit Scheme by lending it to other nominated bank for similar use.

Prudential Measures

(a) Risk Management Systems in Banks

69. The Reserve Bank had issued in October 1999, comprehensive guidelines to banks to enable them to put in place appropriate risk management systems, covering credit risk, market risk, and operational risk. In order to control the magnitude of overall risks faced by banks, they were advised to lay down, in the Loan Policy approved by their Boards, prudential norms among others, on exposure to single borrower, group of borrowers, industry specific exposure, exposure to sensitive sectors, etc. A review by the Reserve Bank of India of the action taken by banks shows that most of the banks are well advanced in setting up a system for an appropriate assessment of risks associated with different types of assets. This process needs to be further accelerated.

70. In this connection, an issue which has received some attention is the appropriate role of banks in providing financial support to individuals as well as to corporates and market intermediaries against the security

of shares/debentures/bonds. The Reserve Bank of India has already issued some guidelines for advances against shares/ units/debentures and PSU bonds, to individuals, stock brokers and corporates. However, some grey areas remain where there is need for removal of any ambiguities so that policy of banks for supporting the development of capital markets is transparent and known to all concerned, including investors. In order to further develop the operating guidelines for bank financing of equities, it is proposed to refer the matter to the Standing Technical Committee on Co-ordination between Reserve Bank of India and SEBI. The Committee will review the status and make suitable recommendations, after appropriate consultations with banks and market participants. The Committee will consider, *inter alia,* the desirability of having an aggregate exposure ceiling for advances against security of shares as well as issues relating to fixing prudent level of margins on all advances (i.e., advances to individuals, corporates, brokers and others) against shares and Initial Public Offers (IPOs). A transparent and stable system of bank financing, which can be sustained during periods of "ups" as well as "downs" in equity prices, would contribute to healthy development of financial markets, while at the same time minimising risks for banks.

(b) Capital Adequacy Norms for Banks' Subsidiaries

71. At present, the balance sheets of subsidiaries of banks are neither consolidated with that of the parent bank nor have any uniform capital adequacy norm been prescribed for subsidiaries. The Basel Committee has proposed that the new capital adequacy framework should be extended to include, on a fully consolidated basis, holding companies that are parents of banking groups. On prudential considerations, in India also, it is necessary to adopt best practices in line with international standards, while duly reflecting local conditions. To achieve this objective, to begin with, banks are advised to voluntarily build-in the risk weighted components of their subsidiaries into their own balance sheet on notional basis. This should be at par with the risk weights applicable to bank's own assets. Banks should also earmark additional capital in their books over a period of time so as to obviate the possibility of impairment to their net worth when switch over to unified balance sheet for the group as a whole is adopted after some time. The additional capital required may be provided in the

bank's books in phases beginning from the year ending March 2001.

(c) New Capital Adequacy Framework

72. In June 1999, the Basel Committee on Banking Supervision had released a consultative paper on 'A New Capital Adequacy Framework' for comments by interested parties by March 31, 2000. The new framework aims at further strengthening the soundness and stability of the financial system and is designed to better align regulatory capital with underlying risks faced by banks. The framework also provides for explicit capital charge for other risks, viz., operational risk and interest rate risk in the banking book for banks where interest rate risks are significantly above average. In view of the widespread implications of the new Framework, an internal Working Group was constituted in the Reserve Bank of India to examine its impact and applicability, likely problems in implementation and the time span within which the Framework could be adapted to suit Indian conditions. The Reserve Bank of India has finalised and forwarded its comments on the new Framework to the Basel Committee. These comments are available on the Reserve Bank's web site to generate wider discussion among banks, financial institutions and academia. The adoption of the new Framework, when it comes into force, will have important implications for emerging market economies and will call for structural changes in the current regulatory and supervisory standards. Capital adequacy, in relation to risk profile, calls for adoption of sophisticated tools for management of risks. Banks would, therefore, have to pay even greater attention to Risk Management Systems, and selection and training of personnel. The existing accounting and disclosures standards would also need to be improved further to fall in line with the international best practices.

(d) Monitoring Adherence to International Financial Standards and Codes

73. Recent international discussions on building up a sound financial architecture have emphasised the need for evolving codes and standards based on recognised best practices in areas such as monetary and financial policies, fiscal, financial, accounting, corporate governance and payment and settlement systems. In order to monitor developments in this regard and to consider various aspects relevant to India, the Reserve Bank has constituted in association with the Government of India a 'Standing Committee on International Financial Standards and Codes'. The Committee would aim at identifying and monitoring developments in global standards and codes being evolved in the context of the international developments and consider the applicability of these

standards and codes to Indian financial system, and chalk out a road map for aligning India's standards and practices with international best practices.

74. The Standing Committee has set up non-official Advisory Groups in ten major subject areas with outside eminent experts in concerned fields. The Groups have undertaken a review of standards and the feasibility of the compliance and the time frame, given the prevailing legal and institutional practices in India. The Standing Committee would undertake a periodic review of the status and progress in this regard and make available its reports alongwith the Reports of the Advisory Groups to all concerned organisations in public and private sector for review and comments.

(e) Move towards Risk Based Supervision of Banks

75. The recent years have witnessed a gradual shift towards deregulation, reinforced by introduction of prudential norms and adoption of international supervisory best practices. Considering the complexities of banking business and emerging product innovations with complex risk profiles, there is a growing acceptance that a Risk Based Supervision (RBS) approach would be more efficient than the traditional transaction-based approach. The risk based supervision approach entails the monitoring of banks by allocating supervisory resources and focusing supervisory attention according to the risk profile of each institution. The instruments of risk based supervision will be by way of enhancements of the supervisory tools traditionally used, viz., off-site monitoring and on-site examination supplemented by a market intelligence mechanism. In this regard, the Reserve Bank would be engaging services of reputed international consultants to draw on other countries' experiences and to develop an overall plan for moving towards RBS, which would incorporate international best supervisory practices suited for Indian conditions.

(f) Non-Performing Advances (NPAs) of Banks

76. The level of NPAs of public sector banks has been a cause for concern. The Government of India and the Reserve Bank of India have initiated a number of measures for expeditious recovery of the accumulated stock of NPAs but the progress of recovery has been slow. The measures include setting up of more Debt Recovery Tribunals (DRTs), strengthening the infrastructure of DRTs, amendment to the Recovery of Debts Due to Banks & Financial Institutions Act as well as setting up of Settlement Advisory Committees (SACs) for compromise settlement of chronic NPAs of small sector. The guidelines on Settlement Advisory Committees were aimed at reducing the

stock of NPAs by encouraging the banks to go in for compromise settlement in a transparent manner. Banks will have to more aggressively pursue the recourse to DRTs as well as compromise settlement through the SACs since the operation of SACs is scheduled to lapse on September 30, 2000.

(g) Banks' Non-SLR Investments

77. A study undertaken by the Reserve Bank of India on the non-SLR investment portfolio of banks has caused some concern, as substantial portion of such investments composed of privately placed unquoted securities. With a view to ensuring that such non-SLR investments are made on sound prudential considerations, with more transparency and guarding against potential risks, draft guidelines for banks' non-SLR investments have been evolved in consultation with banks and financial institutions. These guidelines were circulated among banks and financial institutions on April 4, 2000. The draft guidelines was also put on the Reserve Bank of India website for comments from the general public. Guidelines would be revised duly taking into account the comments and suggestions from banks, financial institutions and others. The revised guidelines will be recirculated before they are finalised.

Credit Delivery Mechanisms

78. Banks and financial institutions have been entrusted with providing credit on reasonable terms to certain sectors, viz., agriculture, micro-credit institutions, small scale industries and housing. In order to enhance the flow of credit to these sectors various steps have been undertaken by the Reserve Bank.

(a) Micro-credit

79. The Micro-credit Special Cell which was set up in the RBI pursuant to the Monetary and Credit Policy announcement in April 1999 submitted its report in January 2000. Meanwhile, the Task Force on Supportive Policy and Regulatory Framework for Micro finance, set up by NABARD, had also submitted its report. A circular letter was issued to banks on February 18, 2000 for main-streaming micro-credit. Banks have been advised that micro-credit extended by them to individual borrowers either directly or through any intermediary would be reckoned as part of their priority sector lending. Banks have been given freedom to prescribe their own lending norms keeping in view the ground realities and devise appropriate loan and savings products in this regard. Priority should be accorded to this sector in preparation of credit plans by banks. Banks have also been advised that micro-

credit should form an integral part of their corporate credit plan and should be reviewed at the highest level every quarter. A revised reporting system for monitoring micro-credit disbursals on a half-yearly basis has been put in place. In view of its potential in alleviation of poverty, banks have to make all out efforts at provision of micro-credit.

(b) Self Help Groups

80. As announced in the Budget Speech for the year 2000-01, NABARD and SIDBI are expected to cover an additional 1 lakh Self Help Groups (SHGs) during the current year. To give a further boost to this programme, a micro finance Development Fund is proposed to be created at NABARD with a start up contribution of Rs.100 crore from concerned institutions. This fund will provide start up funds to micro finance institutions and infrastructure support for training and systems management and data building. Special emphasis will be placed on promotion of micro enterprises in rural areas set up by vulnerable sections including women, SC/STs and other backward classes. Banks have been advised to continue their efforts at forging linkages with SHGs in their respective service areas either on their own initiative or by enlisting support of NGOs in the field, so that the national goal set out in the Budget announcement is met.

(c) Agriculture

81. Following the Report of the Gupta Committee on Agricultural credit, a number of measures have been taken to improve credit delivery system for agriculture, such as, greater flexibility and discretion to the lending banks in matters of collateral, margin, security, dispensation of “no dues certificates”, delegation of sufficient powers to branch managers, introduction of composite cash credit to cover the farmers’ production requirements, introduction of new loan procedures, cash disbursement of loans and simplification of procedures for loan agreements. The following further measures are now being taken:

- At present, a ceiling of Rs.5 lakh has been prescribed for classifying advances for financing distribution of inputs for the allied activities, such as cattle-feed, poultry-feed, etc., as indirect advances to agriculture. It has been decided to enhance the ceiling to Rs.15 lakh.

- At present, bank finance to NBFCs for on-lending to Small Road and Water Transport Operators (SRWTOs) and the tiny sector of industry is reckoned under priority sector lending. With a view to providing one more avenue for bank’s lending to agriculture and increasing the outreach of banks in rural areas, it has been decided that lending by banks to NBFCs for on-lending to agriculture may be reckoned for the purpose of priority sector lending as indirect finance to agriculture. A circular to this effect has already been issued.

(d) Drought Relief

82. Some parts of the country have been affected by severe drought. These drought affected areas have to be provided maximum support, as per the Reserve Bank guidelines, for conversion of short-term production loans into medium-term loans, reschedulement/postponement of existing term loan instalments, providing additional need-based crop loans/working capital and consumption loans and relaxation in security and margin norms. The Reserve Bank of India has instructed its Regional Offices to remain in close contact with the State Government authorities and local banks so that expeditious action is taken to provide relief. The Reserve Bank of India has also advised the convenor banks of State Level Bankers' Committee (SLBC) to convene the meeting of SLBC to take stock of the situation and initiate immediate steps for providing relief.

(e) Budget Follow Up – the SSI Sector

83. Following the announcements made by the recent Union Budget in respect of the SSI sector, the following action has been taken:

- The requirement of providing collateral security is a major bottleneck in the flow of bank credit to very small units. The Reserve Bank of India has recently issued instructions to dispense with the collateral requirement for loans up to Rs. 1 lakh. The limit is being further increased for the tiny sector from Rs.1 lakh to Rs.5 lakh.

- To promote credit flow to small borrowers, the composite loan limit (for providing working capital and term loans through a single window) is being increased from Rs.5 lakh to Rs.10 lakh.

- Public sector banks have been requested to accelerate their programme of SSI branches to ensure that every district and SSI clusters within districts are served by at least one specialised SSI bank branch. Furthermore, to improve the quality of banking services, SSI branches are being asked to obtain ISO certification.

Circular letters have been issued to banks in respect of the above measures.

(f) Setting Up of a Credit Information Bureau

84. The Reserve Bank of India had set up a Working Group to explore the possibilities for setting up a Credit Information Bureau in India. The Working Group submitted its Report in November, 1999. The Bureau is expected to expedite credit and investment decisions by banks and financial institutions as also curb growth of fresh NPAs through better institutional mechanism. The State Bank of India has entered into an MoU with HDFC to set up a Credit Information Bureau and the modalities for setting up of the Bureau in regard to ownership and equity participation, management structure, security standards, rights and liabilities of the Bureau, etc., are currently being worked out. The banks and financial institutions are advised to make the necessary in-house arrangement for gathering and collection of such information in one place for transmitting it to the Bureau.

Deposit Insurance

85. The Deposit Insurance and Credit Guarantee Corporation (DICGC) is at present engaged in the revamping of the system of deposit insurance in pursuance of the recommendations of the Advisory Group on Reforms in Deposit Insurance in India. The DICGC has, in consultation with the Reserve Bank of India, already examined most of the recommendations. A new law, in supercession of the existing enactment, is required to be enacted to implement the recommendations and the task of preparation of the new draft law has been taken up. The relevant proposals in this respect will be forwarded in due course to the Government for consideration.

Non-Banking Financial Companies (NBFCs)

86. After the passage of the amendment to the RBI Act on March 23, 1997, the RBI received 37,392 applications for grant of certificate of registration. Of these, 26,769 NBFCs had net owned fund (NOF) below Rs.25 lakh till the end of 1999 and, therefore, did not fulfill the primary criteria of having a minimum NOF of Rs.25 lakh, under the RBI Act. These NBFCs were given three years time to reach the minimum NOF of Rs.25 lakh. As on April 1, 2000, as many as 7,636 NBFCs have reported to have stepped up their NOF to Rs.25 lakh or more, thus becoming primarily eligible for Certificate of Registration. In addition, the Bank has received 2,651 applications for extension of time. The remaining NBFCs have neither reported having attained the

minimum NOF of Rs.25 lakh, nor sought extension of time. As per the provision in the Act/NBFC Directions, all the remaining NBFCs with NOF of less than Rs.25 lakh are not entitled to accept fresh public deposits. These NBFCs are advised to strictly adhere to the provisions of the Statute, RBI regulations and continue to repay the matured deposits as per the contracted terms.

87. Considering the heterogeneous size and geographical spread of the NBFCs, RBI is keen to promote the concept of self regulatory organisation particularly for smaller NBFCs, and further improve the disclosure requirements in order to instill confidence about their functioning. The Reserve Bank also proposes to extend to the NBFCs the guidelines on Asset Liability Management and Risk Management after getting the views of the industry. The RBI is also considering guidelines for NBFCs for their entry/participation in insurance business. Further, the RBI is reviewing the regulatory structure and procedures for fixing of interest rates on deposits of different types of non-banking companies.

Approach to Universal Banking

88. The Narasimham Committee II suggested that Development Financial Institutions (DFIs) should convert ultimately into either commercial banks or non-bank finance companies. The Khan Working Group held the view that DFIs should be allowed to become banks at the earliest. The RBI released a 'Discussion Paper' (DP) in January 1999 for wider public debate. The feedback on the discussion paper indicated that while universal banking is desirable from the point of view of efficiency of resource use, there is need for caution in moving towards such a system by banks and DFIs. Major areas requiring attention are the status of financial sector reforms, the state of preparedness of concerned institutions, the evolution of regulatory-regime and above all a viable transition path for institutions which are desirous of moving in the direction of universal banking. It is proposed to adopt the following broad approach for considering proposals in this area:

(a) The principle of "Universal Banking" is a desirable goal and some progress has already been made by permitting banks to diversify into investments and long-term financing and the DFIs to lend for working capital, etc. However, banks have certain special characteristics and as such any dilution of RBI's prudential and supervisory norms for conduct of banking business would be inadvisable. Further, any conglomerate, in which a bank is present, should be subject to a consolidated approach to supervision and regulation.

(b) Though the DFIs would continue to have a special role in the Indian financial system, until the debt market demonstrates substantial improvements in terms of liquidity and depth, any DFI, which wishes to do so, should have the option to transform into bank (which it can exercise), provided the prudential norms as applicable to banks are fully satisfied. To this end, a DFI would need to prepare a transition path in order to fully comply with the regulatory requirement of a bank. The DFI concerned may consult RBI for such transition arrangements. Reserve Bank will consider such requests on a case by case basis.

(c) The regulatory framework of RBI in respect of DFIs would need to be strengthened if they are given greater access to short-term resources for meeting their financing requirements, which is necessary.

(d) In due course, and in the light of evolution of the financial system, Narasimham Committee's recommendation that, ultimately there should be only banks and restructured NBFCs can be operationalised.

High Power Committee on Urban Co-operative Banks

89. A High Power Committee (HPC) was constituted in May 1999 under the Chairmanship of Shri K.Madhava Rao, to review the performance of Urban Co-operative Banks (UCBs) and suggest necessary measures to strengthen this sector. The terms of reference included reviewing of existing bank and branch licensing policies, application of capital adequacy norms and bringing in suitable legislative amendments for effective functioning of the UCBs. The HPC submitted its recommendations to RBI on November 30, 1999. The Report of the HPC has been made available for public debate, and the recommendations are presently under consideration of RBI in consultation with The Government.

Technology Upgradation

90. The Reserve Bank has been playing a central role in the reform of the payment and settlement system in the country. Much progress has been made in consolidating the existing payment systems, developing new technologically advanced modes of payment and moving towards the ultimate objective of linking various payment and settlement systems into an efficient and

integrated system that will function in an on-line real time environment.

91. With the ultimate goal of designing and developing a multiple deferred/discrete net settlement system and RTGS, facilitating efficient funds management, house-keeping and customer service, the Reserve Bank has taken a number of steps to improve the infrastructure. These include :

- The development of the Payment System Generic Architecture Model for both domestic and cross-border payments. The Model conceives networking of computerized bank branches, with their controlling offices, central treasury cells and Head Offices with the proviso for introducing standardisation of operating systems and networking platforms within the bank and a bank-level standardized gateway to INFINET.

- A consultant has been appointed to assist in the implementation of the RTGS. System Requirement Specifications would take into account the international best practices and the specific requirements of Indian banking.

- Progress is being made towards developing standards for newer payment instruments such as SMART Cards. A pilot project on SMART Cards has come out with a set of recommendations for SMART Card standards which have been forwarded to the Bureau of Indian Standards for adoption as National Standards.

The major items in the Action Plan for 2000-2001 are :

- The spread and coverage of the Indian Financial Network – INFINET will be extended to cover all the hundred odd commercially important centres in the country. The development of the Structured Financial Messaging backbone for exchange of financial messages based on international standards will also be implemented.

- Priority will be given for integrating the various segments of the payments and settlement system and on the introduction of the RTGS and the consolidation of the various Deferred Net Clearing Settlements spread across various cities.

- Technology upgradation and increasing the scope of computerisation by bringing in more activities under its ambit within the banking sector.

Regulations Review Authority

92. The experience in the last one year with Regulations Review Authority (RRA)

for reviewing Reserve Bank's rules, regulations and reporting systems based on the suggestions received from general public at large, users of services of the Bank and market participants has been satisfactory. After a review of the progress so far, the Reserve Bank has since extended the term of RRA for a further period of one year from April 1, 2000. The RRA has received 200 applications which contained more than 350 suggestions pertaining to the entire gamut of operations of the Bank. Implementation of several suggestions not only paved the way for streamlining several existing procedures and improving customer service, but also helped in reviewing and streamlining Bank's reporting systems. A notable achievement of RRA has been the compilation of Master circulars, subject-wise, in Manual form by merging a large number of circulars issued over many years on specific subjects. Such master circulars cover important operational areas of compliance by banks and institutions. This work is being further pursued.

Mid-Term Review

93. A Review of credit and monetary developments in the first half of the current year will be undertaken in October 2000. The mid-term review will be confined to a review of monetary developments and to such changes as may be necessary in monetary policy and projections for the second half of the year.

Annexure I

Features of the Proposed Scheme of Liquidity Adjustment Facility (LAF) (Draft)

The Scheme of Liquidity Adjustment Facility (LAF) will include (i) Repo Auctions and (ii) Reverse Repo Auctions. The features of the proposed Scheme are presented below :

Features of Repo Auctions

2. The current Fixed Rate Auction system and ACLF for banks along with Level II support for PDs will be replaced by a variable interest rate auction system on "uniform price" basis to be conducted by Reserve Bank of India. The minimum amount will be Rs.1 crore and in multiples of Rs.1 crore. Only banks and PDs maintaining SGL and Current Accounts with Reserve Bank of India at Mumbai will be eligible to participate in the repo auction. Bids for repos are to be submitted before 10.30 a.m. on all working days, Monday through Friday. Multiple bids can be submitted. There will be no auction on Saturdays. The results of the auctions will be announced by 1.00 p.m. The settlement of transactions in the auctions will take place on the same day. But for intervening

holidays, the repo auctions will be for one day except on Fridays; on Fridays, the auction will be for three days or more maturing on the following working day.

3. RBI will maintain a Constituents' Repos SGL Account for purposes of settlement. Securities held by Reserve Bank of India on behalf of banks in the Repo SGL Accounts will be eligible for SLR purposes. The Reserve Bank will issue SGL Balance Certificate indicating the details of total holdings of bank/institution and total loan-wise securities held in the Repo Constituents' SGL Account as on any date. To simplify the provision of liquidity, in case of reverse repo auctions, successful participants who are eligible to draw refinance from RBI will be granted refinance against collateral as per the existing procedures. The other successful banks/institutions not eligible for refinance will be provided liquidity support in the form of reverse repo as per the existing procedures.

4. After further consultations, and modifications as necessary, the above scheme will come into effect on June 5, 2000. It is also proposed to review the scheme after some experience has been gained in implementation.

Annexure II

Guidelines for Entry of Banks into Insurance

1. Any Scheduled Commercial Bank would be permitted to undertake insurance business as agent of insurance companies on fee basis, without any risk participation. The subsidiaries of banks will also be allowed to undertake distribution of insurance product on agency basis.

2. Banks which satisfy the eligibility criteria given below will be permitted to set up a joint venture company for undertaking insurance business with risk participation, subject to safeguards. The maximum equity contribution such a bank can hold in the joint venture company will normally be 50 per cent of the paid-up capital of the insurance company. On a selective basis, the Reserve Bank of India may permit a higher equity contribution by a promoter bank initially, pending divestment of equity within the prescribed period (see Note 1 below).

The eligibility criteria for joint venture participant will be as under,**as on March 31, 2000:**

(i) The net worth of the bank should not be less than Rs.500 crore,

(ii) The CRAR of the bank should not be less than 10 per cent,

(iii) The level of non-performing assets should be reasonable,

(iv) The bank should have net profit for the last three continuous years,

(v) The track record of the performance of the subsidiaries, if any, of the concerned bank should be satisfactory.

3. In cases where a foreign partner contributes 26 per cent of the equity with the approval of Insurance Regulatory and Development Authority / Foreign Investment Promotion Board, more than one public sector bank or private sector bank may be allowed to participate in the equity of the insurance joint venture. As such participants will also assume insurance risk, only those banks which satisfy the criteria given in paragraph 2 above, would be eligible.

4. A subsidiary of a bank or of another bank will not normally be allowed to join the insurance company on risk participation basis. Subsidiaries would include bank subsidiaries undertaking merchant banking, securities, mutual fund, leasing finance, housing finance business, etc.

5. Banks which are not eligible as joint venture participant, as above, can make investments up to 10 per cent of the net worth of the bank of Rs.50 crore, whichever is lower, in the insurance company for providing infrastructure and services support. Such participation shall be treated as an investment and should be without any contingent liability for the bank.

The eligibility criteria for these banks will be as under:

(i) The CRAR of the bank should not be less than 10 per cent,

(ii) The level of NPA should be reasonable,

(iii) The bank should have net profit for the last three continuous years.

6. All banks entering into insurance business will be required to obtain prior approval of the Reserve Bank. The Reserve Bank will give permission to banks on case to case basis keeping in view all relevant factors including the position in regard to the level of non-performing assets of the applicant banks so as to ensure that non-performing assets do not pose any future threat to the bank in its present or the proposed line of activity, viz., insurance business. It should be ensured that risks involved in insurance business do not get transferred to the bank and that the banking business does not get contaminated by any risks which may arise from insurance business. There should be 'arms length' relationship between the bank and the insurance outfit.

Notes:

1. Holding of equity by a promoter bank in an insurance company or participation in any form in insurance business will be subject to compliance with any rules and regulations laid down by the IRDA/Central Government. This will include compliance with Section 6AA of the Insurance Act as amended by the IRDA Act, 1999, for divestment of equity in excess of 26 per cent of the paid up capital within a prescribed period of time.

2. In case audited balance sheet for the year ending March 31, 2000 is not available, unaudited balance sheet for the year ending March 31, 2000 may be considered for reckoning the eligibility criteria. For subsequent years, the eligibility criteria would be reckoned with reference to the latest available audited balance sheet for the previous year.

3. Banks which make investments under paragraph 5 of the above Guidelines, and later qualify for risk participation in insurance business (as per paragraph 2 of the Guidelines) will be eligible to apply to the Reserve Bank for permission to undertake insurance business on risk participation basis.

Macroeconomic and Monetary Developments in 1999-2000

Contents

I. Growth, Saving and Investment

According to the advance estimates of the Central Statistical Organisation, the real GDP growth, having recovered to 6.8 per cent in 1998-99, is expected to slow down to 5.9 per cent in 1999-2000. The deceleration in real GDP led entirely by GDP originating from agriculture and allied sector masks the improvement expected from the industry and services sectors (Table 1 and Chart 1). Real GDP from agriculture and allied activities is estimated to show a sharp deceleration to 0.8 per cent in 1999-2000 from 7.2 per cent in 1998-99. Industry, on the other hand, is projected to exhibit recovery with a growth of 6.4 per cent as against 3.7 per cent in 1998-99. The estimated growth rate of GDP from the services sector (including construction) at 8.3 per cent is marginally higher than that of 8.0 per cent in 1998-99.

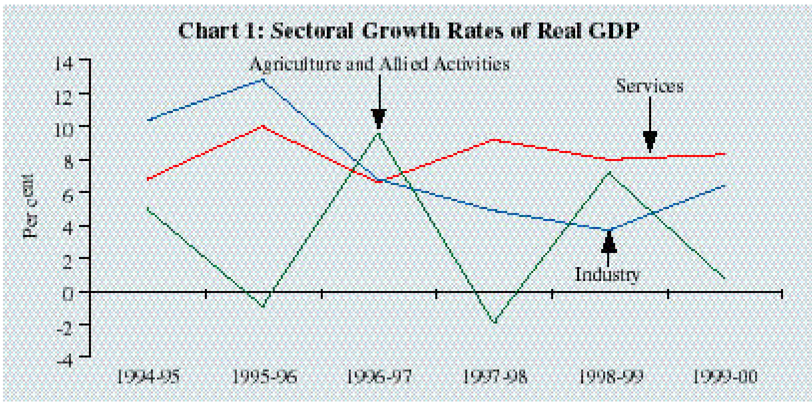
Table 1: Growth Rates and Sectoral Composition of GDP
(at 1993-94 prices)

(Per cent)

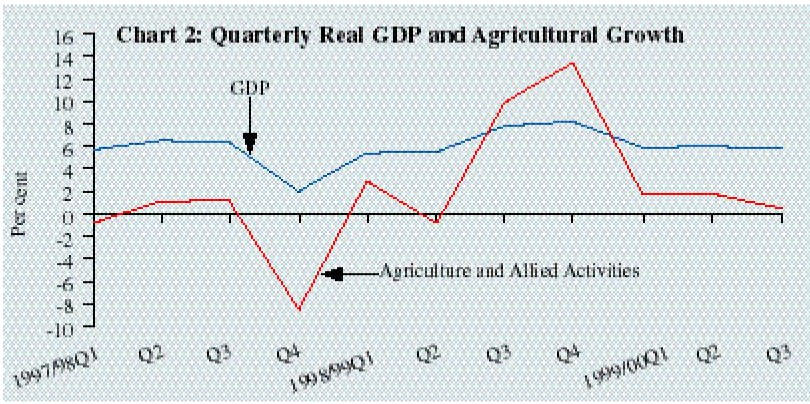
	1998-99	1999-2000

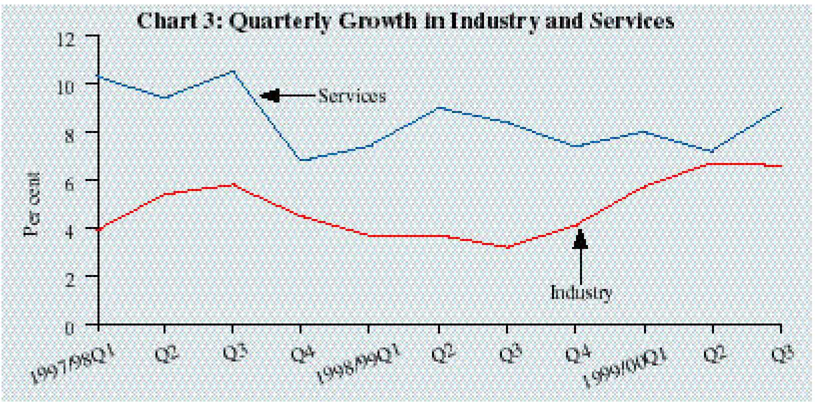
	(Quick Estimates)		(Advance Estimates)	
	Growth Rate	Share in GDP	Growth Rate	Share in GDP
1	2	3	4	5
Agriculture and Allied Activities	7.2	26.8	0.8	25.5
Industry (excluding construction)	3.7	22.0	6.4	22.1
Services (including construction)	8.0	51.2	8.3	52.3
Gross Domestic Product	6.8	100.0	5.9	100.0

The quarterly estimates of real GDP indicate that the 'highs' and 'troughs' in the GDP growth coincided with the fluctuations in the agricultural growth (Chart 2). The quarterly GDP growth rate reached the peak of 8.2 per cent in the fourth quarter of 1998-99, with the growth in agriculture and allied activities reaching its highest point at 13.4 per cent in the same quarter. In the first three quarters of 1999-2000 growth in agriculture and allied activities dipped to 1.7 per cent, 1.8 per cent and 0.5 per cent, respectively, pushing down the real GDP growth rate to 5.9 per cent, 6.0 per cent and 5.8 per cent in these quarters. Industry maintained a steady pace of expansion since the final quarter of 1998-99 (Chart 3). Services sector, which showed some deceleration in 1998-99, recovered by the third quarter of 1999-2000.



The recent trends in real GDP growth highlight three distinct though inter-related developments in the real economy. First, there has been a significant decline in the overall saving and investment rates in the economy since they peaked in 1995-96, largely on account of a sharp decline in public saving. While the gross domestic saving rate declined from 25.5 per cent of GDP in 1995-96 to 22.3 per cent in 1998-99, the gross domestic capital formation rate fell from 27.2 per cent to 23.4 per cent during this period (Table 2). The public saving rate declined from 2.0 per cent in 1995-96 to near zero in 1998-99. While household saving rate remained flat at 18.5 per cent, between 1995-96 and 1998-99, the private corporate saving rate moved down from 5.0 per cent to 3.8 per cent.





Available indicators imply a mixed prospect in the saving front for 1999-2000. The rates of expansion of both currency and aggregate deposits in 1999-2000 have been lower than those in the previous year. On the positive side, the household saving is expected to get a boost from the revival of equity market and a substantial increase in small savings (gross) and provident fund collections.

Table 2: Saving and Investment Rates

(as percentage of GDP at current market prices)

	1993-94	1994-95	1995-96	1996-97	1997-98 @	1998-99 *
1	2	3	4	5	6	7
Household Saving	18.4	19.8	18.5	17.1	19.0	18.5
Financial	11.0	12.0	8.9	10.4	10.4	10.9
Physical	7.4	7.8	9.6	6.7	8.6	7.6
Private Corporate Saving	3.5	3.5	5.0	4.5	4.3	3.8
Public Sector Saving	0.6	1.7	2.0	1.7	1.4	negligible
Gross Domestic Saving	22.5	25.0	25.5	23.3	24.7	22.3
Gross Domestic Capital Formation	23.1	26.1	27.2	24.6	26.2	23.4

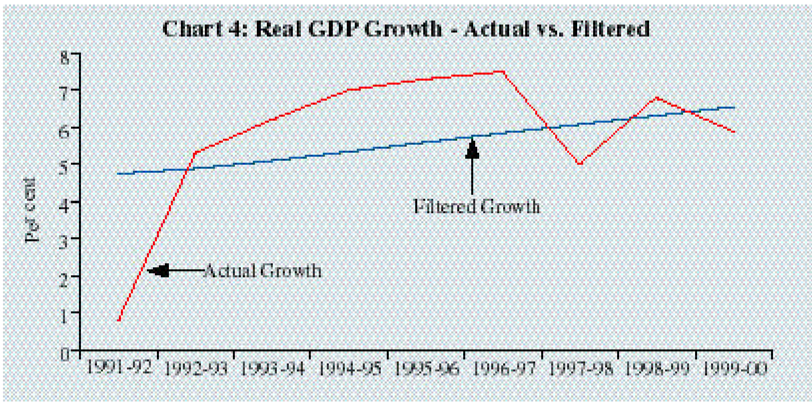
@ Provisional Estimates * Quick Estimates

The private corporate saving is expected to improve in 1999-2000 given the early trends in profit after tax. On the other hand, the saving performance of the public sector may exhibit a further deterioration as revealed by the large increase in the revenue deficit of the central government in the revised estimates of 1999-2000. The advance estimates of GDP growth for 1999-2000 has been placed at 5.9 per cent. Implicit in this estimate would be an investment rate of 22 to 24 per cent that would be consistent with the trend value of the incremental capital-output ratio (ICOR).

Secondly, growth impulses in recent years seem to have emerged from productivity growth in the economy. The underlying permanent component of ICOR[1] is estimated to move down from 4.1 in 1995-96 to 3.9 in 1998-99. There has also been evidence of significant improvement in total factor productivity in the economy during 1990s. Thirdly, cyclical factors, both in the demand and supply sides have played a relatively large role in the growth experience of recent years. While supply cycles reflected fluctuations in agricultural growth, demand cycles have largely followed the trends in consumption and investment of the private and public sectors. Private consumption demand witnessed a decline from 72.1 per cent of GDP in 1980-81 to 63.7 per cent of GDP in 1995-96 and further to 63.3 per cent of GDP in 1998-99. Public consumption, on the other hand, has remained steady at around 10 to 12 per cent of GDP in 1980s and 1990s. Investment demand has fallen sharply in the public sector from over 10 per cent of GDP in 1980s to around 6 to 7 per cent in the second half of 1990s which was only partly corrected by increase in the private investment demand (from around 10 to 14 per cent of GDP in 1980s to 15 to 18 per cent in the second half of 1990s).

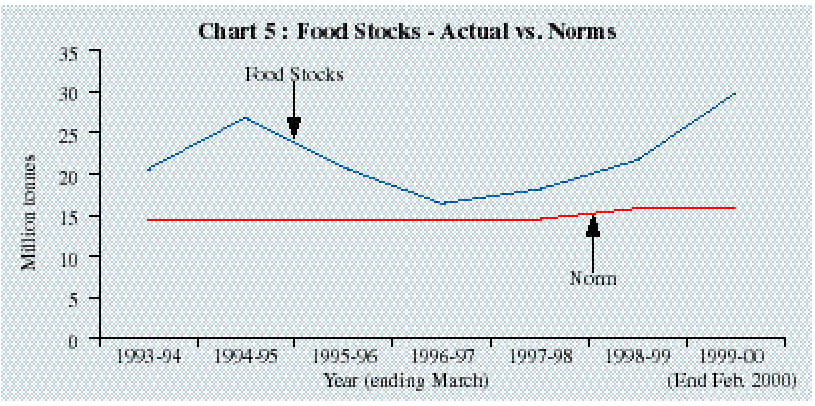
These structural and cyclical factors in the growth dynamics have implications for monetary policy in terms of their impact on the potential and actual output. While the developments in the potential output have a bearing on the medium to long-term stance of monetary policy, the monetary policy would itself matter to the growth outcomes in the short-run through credit, interest rate, exchange rate and other mechanisms.

In India, the estimates of potential output are not very firm, because of the lack of adequate information on employment, capacity utilisation, *etc.*, and the fact that the potential output itself changes from year-to-year depending on the investment and productivity situation. Given the data limitations, one of the ways to draw inference on the behaviour of output gap would be to look at the trend in the permanent component of growth, after filtering out the influences of temporary factors[2]. A comparison of the filtered estimates with the actual growth showed that the real GDP growth was in the neighbourhood of its potential in 1998-99. The actual growth has stayed above the potential in most of the post-reform period (Chart 4). Extrapolating this trend would show that the estimated growth stayed below the potential in 1999-2000.



Food Situation

An impressive agricultural growth performance in 1998-99 was followed by a sharp deceleration in 1999-2000. Foodgrain production has been estimated to decline by 0.7 per cent to 201.6 million tonnes in 1999-2000 from the record production of 203 million tonnes in 1998-99. This should not, however, pose a problem to the food availability condition given the current high level of food stocks as compared to the norms (Chart 5). Foodgrain stocks with public sector agencies as at end-February 2000 stood at 29.74 million tonnes, which is higher by 30.7 per cent than those at end-February 1999 (22.75 million tonnes). Stocks of both wheat and rice have registered considerable increases and presently the stock levels are at about twice the norm specified for end-March (15.8 million tonnes). The current high level of foodgrain stocks is due to the substantial rise in procurement of wheat and rice and the relatively low off-take.



Reflecting the record level of food stocks, food credit from scheduled commercial banks recorded an increase of Rs. 8,875 crore (52.8 per cent) to Rs.25,691 crore during 1999-2000 as compared with an increase of Rs.4,331 crore (34.7 per cent) in the previous year. The movements in food credit recorded the usual seasonal pattern of substantial increases during the first and third quarters on account of *rabi* and *kharif* procurements, respectively, followed by declines during the second and the fourth quarters. During the first quarter, food credit recorded an increase of Rs.5,405 crore on account of a substantial increase in wheat procurement. After declining by Rs.1,689 crore during the second quarter, food credit again recorded an increase of Rs.5,066 crore during the third quarter, owing to the increased procurement of rice. The outstanding amount of food credit reached the peak at Rs.26,056 crore on January 28, 2000.

Minimum Support Price

Apart from the food availability conditions, developments in the minimum support price (MSP) have a bearing on the food price situation as well as the overall rate of inflation in the economy. During 1999-2000, the MSP for paddy was raised by 11.4 per cent which is the highest rate of increase recorded in the past five years. While a large increase in MSP has a favourable impact on the terms of trade for agriculture, it also affects the food price inflation and the inflationary expectations in the economy. Table 3 provides data on annual increases in MSP and the overall inflation rate in the economy since 1995-96. The rate of increase in MSP has been generally higher than the annual rate of inflation. The impact of the increase in MSP on the overall inflation rate in 1999-2000 has, however, remained subdued so far. As of March 25, 2000 prices of rice and wheat increased by 1.0 per cent and 4.5 per cent, respectively, as against 15.7 per cent and 23.0 per cent during the corresponding period of 1998-99.

Table 3 : Minimum Support Price

	M S P Wheat (Common) (Rs./Quintal)	Per cent Increase	MS P Paddy (Rs./Quintal)	Per cent Increase	Annual Inflation (point-to-point) (%)
1	2	3	4	5	6
1995-96	360	2.9	360	5.9	5.0
1996-97	380	5.6	380	5.6	6.9
1997-98	475	25.0	415	9.2	5.3
1998-99	510	7.4	440	6.0	4.8
1999-2000	550	7.8	490	11.4	3.7
2000-2001	580	5.5	N.A.	_	_

Industrial Recovery

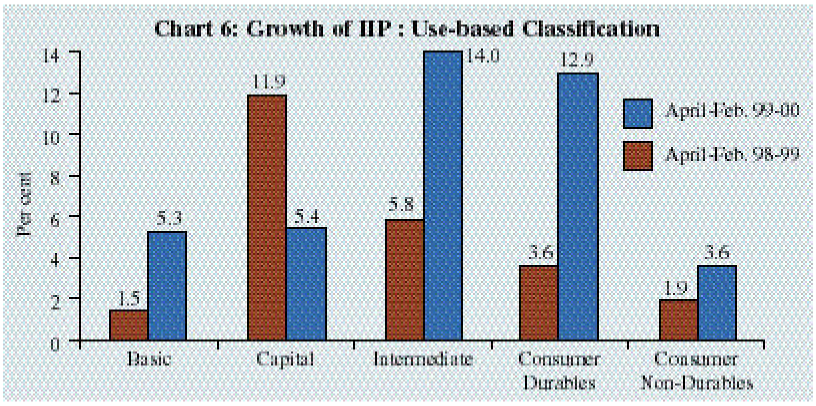
Industrial production after recording a relatively low growth of 4.0 per cent in 1998-99, showed a definite turnaround during 1999-2000. The Index of Industrial Production (IIP) (Base: 1993-94=100) grew at a higher rate of 7.9 per cent during April-February 1999-2000 than 3.8 per cent during the corresponding period of 1998-99. The acceleration in the industrial growth rate has been shared by manufacturing and electricity sectors, which recorded growth rates of 8.8 per cent and 7.4 per cent, respectively, during April-February 1999-2000, as against 4.2 per cent and 6.5 per cent during April-February 1998-99. On the other hand, output from mining and quarrying recorded a marginal growth of 0.5 per cent during this period. The relative contribution of various sectors to the overall growth in the IIP reveals that manufacturing sector contributed 90.3 per cent, thereby leading the process of recovery in industry (Table 4).

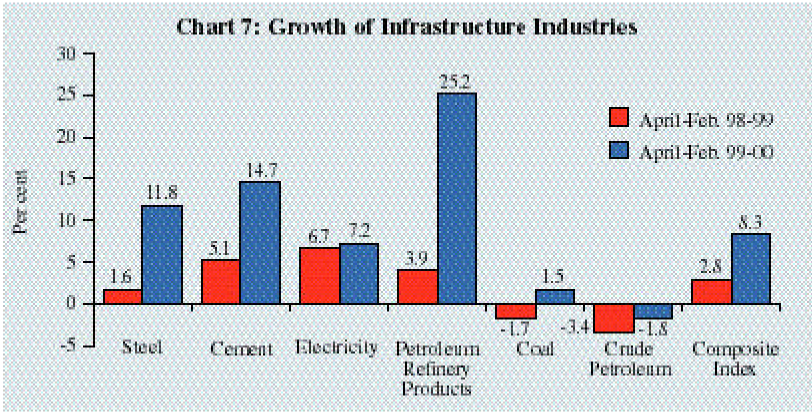
Table 4: Growth of Industrial Production and Relative Contribution of the Sectors

(Per cent)

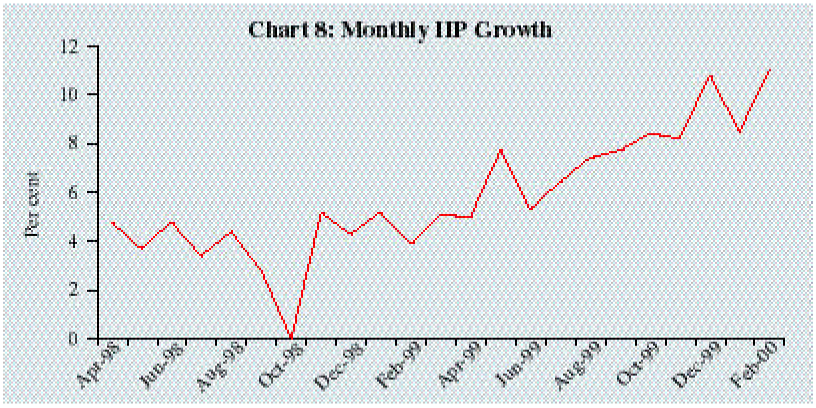
Sectors	Weight	Growth April-Feb. 98-99	Growth April-Feb. 99-00	Relative Contribution April-Feb. 98-99	Relative Contribution April-Feb. 99-00
1	2	3	4	5	6
General Index	100.0	3.8	7.9	100.0	100.0
Manufacturing	79.3	4.2	8.8	87.3	90.3
Mining & Quarrying	10.5	-1.5	0.5	-3.5	0.5
Electricity	10.2	6.5	7.4	16.2	9.2

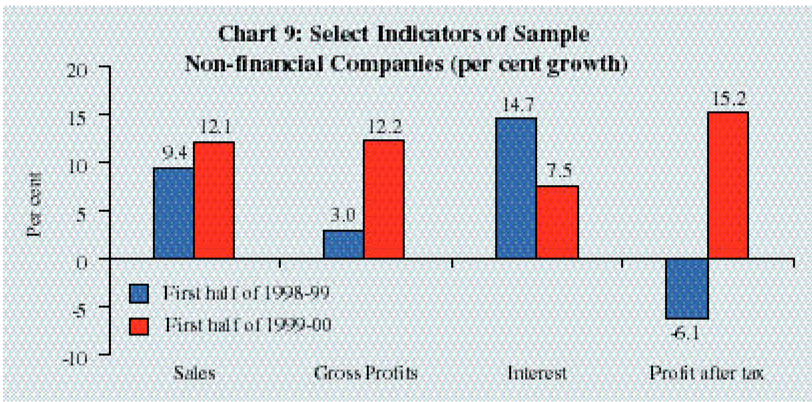
The use-based classification of industrial output data reveals a somewhat unbalanced pattern of growth. Intermediate goods sector has led the recovery by posting a growth of 14.0 per cent during April-February 1999-2000 as against 5.8 per cent during April-February 1998-99, hence increasing its contribution to the overall industrial growth to 51.0 per cent. The basic goods and consumer durables showed increases of 5.3 per cent (against 1.5 per cent during the corresponding period of 1998-99) and 12.9 per cent (against 3.6 per cent), respectively, during April-February 1999-2000 (Chart 6). However, the growth in capital goods sector has slowed down to 5.4 per cent during April-February 1999-2000 from 11.9 per cent during the corresponding period of the previous year.





Of interest in this context is a clear improvement in the performance of infrastructure industries during 1999-2000. The composite index (Base: 1993-94=100) of six infrastructure industries *viz.*, electricity, coal, steel, crude oil, petroleum refinery products and cement recorded a higher growth of 8.3 per cent during April-February 1999-2000 than 2.8 per cent in the corresponding period of the previous year. Strong growth trends were evident in cement (14.7 per cent), steel (11.8 per cent) and petroleum refinery products (25.2 per cent).





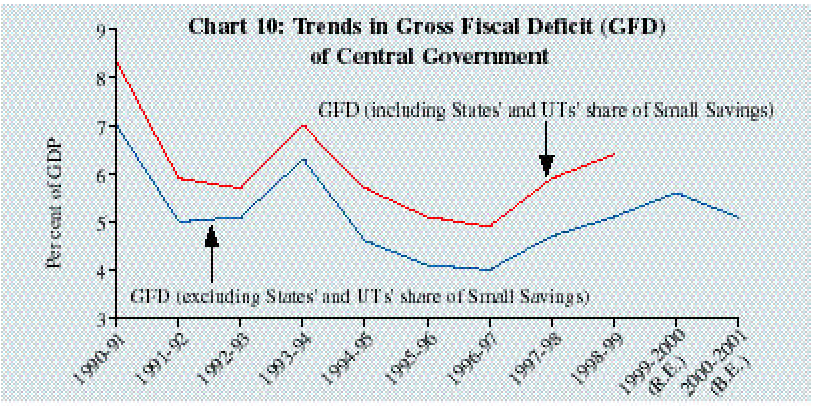
While electricity recorded a marginally higher growth (7.2 per cent), coal and crude petroleum showed low and negative growth, respectively (Chart 7).

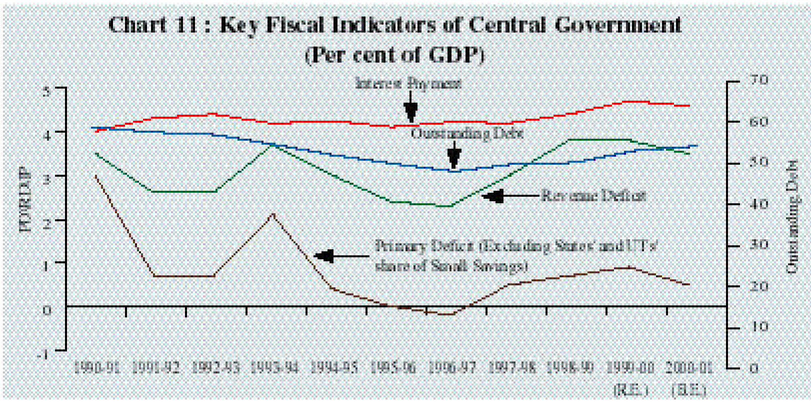
Chart 8 reveals that deceleration in the industrial growth bottomed out in October 1998. Since then, there has been a general acceleration especially after April 1999. Among the factors that have facilitated pick up in industrial performance, the major ones are: the strong growth of agricultural sector in 1998-99 boosting rural demand; resurgence in export growth and resultant stimulus from the external demand; enabling interest rate and credit availability conditions; and strong revival of capital market. As indicated by the half-yearly performance of the select non-financial private sector companies, the financial health of industries has recorded an improvement during 1999-2000 (Chart 9). The profits after tax of 921 non-financial companies have turned around and shown a growth of 15.2 per cent during the first half of 1999-2000 in contrast to a decline of 6.1 per cent in respect of 953 such companies in the first half of 1998-99. Sales have risen by 12.1 per cent during the first half of 1999-2000 against 9.4 per cent in the comparable period of the previous year. Further, there has been a noticeable decline in the growth of interest payments by these companies in 1999-2000, bringing down the interest burden on gross profit to 40.4 per cent in the first half of 1999-2000 from 42.2 per cent in the corresponding period of 1998-99.

II. Fiscal Situation

Centre's Fiscal Deficit

The fiscal situation in 1999-2000 proved to be difficult partly because of cyclical, unforeseen and security related factors. Net revenue collection of the Central government fell short of the budgeted target by Rs.3,336 crore while proceeds from disinvestment declined from the budgeted level of Rs.10,000 crore to Rs.2,600 crore in the revised estimates. The revenue shortfall was exacerbated by pressures from the unanticipated increase in defence expenditure, additional relief expenditure due to a super cyclone in Orissa, elections, the residual impact of the Fifth Pay Commission and higher level of fiscal assistance to States. Added to this were the higher level of support to plan expenditure and increases on account of interest payments. Total expenditure of the Central government, as a result, overshot the budgeted target by Rs.19,856 crore as per the revised estimates. The pressure was felt on the gross fiscal deficit[3] (excluding the States' and Union Territories' (UTs') share of small savings), which increased from the budgeted Rs.79,955 crore to Rs.1,08,898 crore in the revised estimates. As proportion to GDP, the Centre's gross fiscal deficit (excluding the States' and UTs' share of small savings) increased from 4.0 per cent in the budget estimates to 5.6 per cent in the revised estimates. the Compared to the actual of 1998-99, Centre's gross fiscal deficit (excluding States' and UTs' share of small savings) increased by 0.5 percentage point in 1999-2000 (Chart 10). Almost all key fiscal indicators such as the primary deficit, revenue deficit, debt to GDP ratio and interest payments to GDP ratio witnessed a deterioration in 1999-2000 (Chart 11).





Market Borrowing

The Central government's borrowing requirement showed a substantial rise in 1999-2000. The net market borrowing of the Central government increased from Rs.57,461 crore in the budget estimates to Rs.73,077 crore (including 364-day Treasury Bills) according to the Reserve Bank's records. At this level, the gross market borrowing through dated securities amounted to Rs.86,630 crore in 1999-2000, as against Rs.83,753 crore in 1998-99. Including the fresh issue of 364-day Treasury Bills, the gross market borrowing of the Central government rose to Rs.99,630 crore from Rs.93,953 crore in 1998-99. During the past three years, market borrowings of both the Central and State governments have gone up sharply, with the steepness being prominent in 1998-99 (Chart 12).

During 1999-2000, the Reserve Bank's initial subscription to the Central government's borrowing programme by way of private placement of dated securities (Rs.27,000 crore) and devolvement of 364-day Treasury Bills amounted to Rs.29,267 crore as against Rs.39,777 crore in 1998-99, which included Rs.30,000 crore of private placement. In 1999-2000, the need for initial subscription from the Reserve Bank through private placement and devolvement was relatively low due to a strong increase in the demand for government securities by banks, financial institutions and mutual funds. The market sentiment during 1999-2000 remained positive in absence of major domestic and international uncertainties. Scheduled commercial banks' investment in government securities increased by Rs.54,612 crore in 1999-2000 as against Rs.36,261 crore during the previous year. Currently, scheduled commercial banks are holding above Rs.80,000 crore of government and other approved securities in excess of the minimum statutory liquidity requirement.

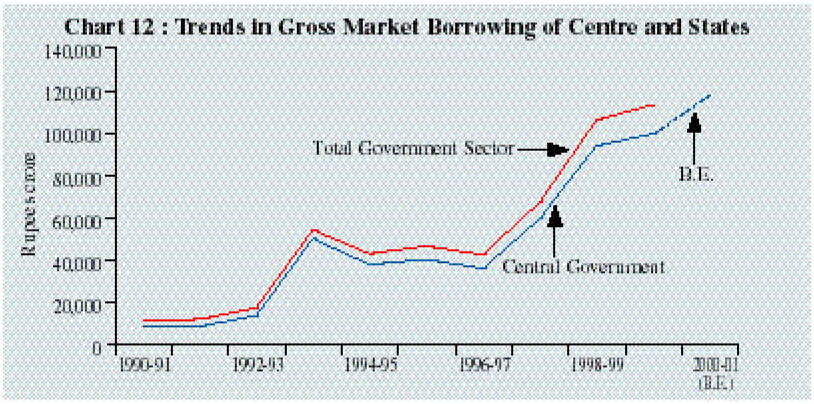


Chart 12 : Trends in Gross Market Borrowing of Centre and States

While the debt management strategy through the private placement mechanism helped to stabilise the cost of borrowing to the government, the Reserve Bank used the open market window to release the securities from its portfolio to mop up the excess liquidity from the system. During 1999-2000, net open market sale of securities (net) amounted to Rs.30,861 crore as against Rs.29,669 crore in 1998-99. The cut-off yield on medium and long-term securities showed a substantial decline during 1999-2000. The cut-off yield on Central government 10-year bond declined steadily from 12.25 per cent in December 1998 to 11.99 per cent in April 1999 and to 11.59 per cent in August 1999. The yield on the longest maturity bond of 20 years declined from 12.60 per cent in January 1999 to 12.42 per cent in May 1999 (19 years and 5 months) and to 12.05 per cent in October 1999 (19 years and one month).

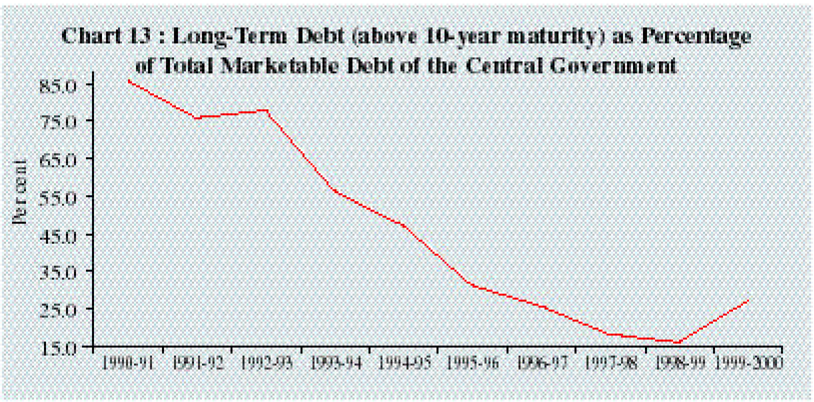
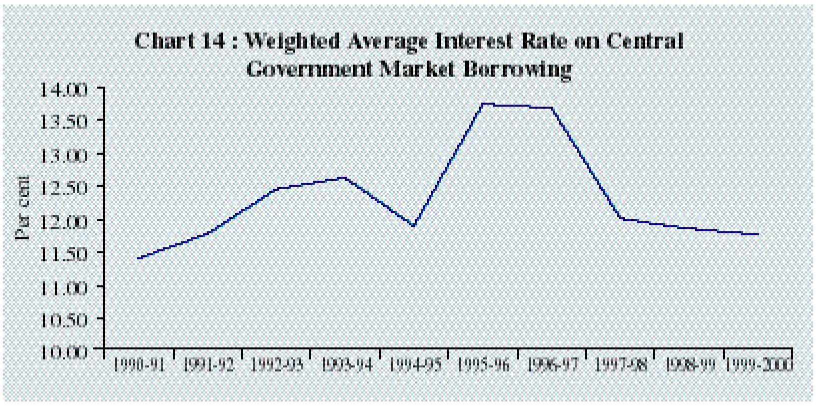
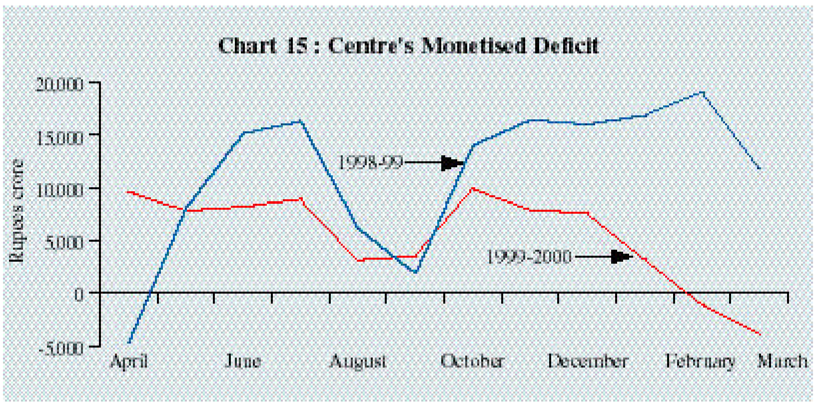


Chart 13 : Long-Term Debt (above 10-year maturity) as Percentage of Total Marketable Debt of the Central Government



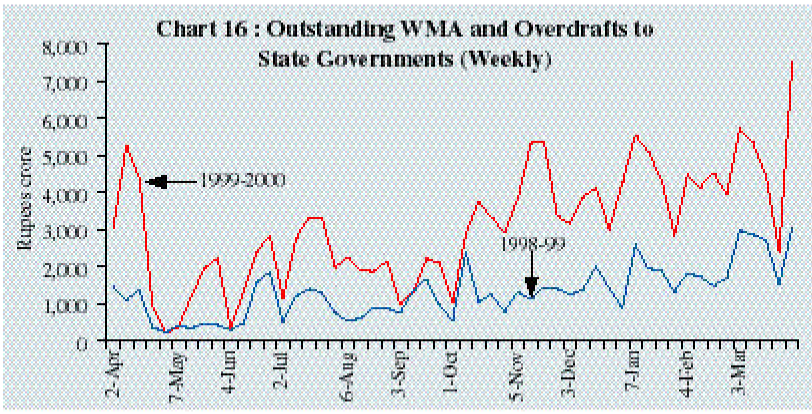
As a part of the debt management strategy to elongate the maturity profile of marketable debt, a substantial part of the government borrowing (65.0 per cent) was raised through bonds with maturity over 10 years. In fact, all borrowings in 1999-2000 were above 5-year maturity, ranging between 6 to 20 years. As could be seen from Chart 13, there has been a turn around in the falling trend of the share of long-term bonds in the total marketable debt of the Central government in 1999-2000. Thus, the weighted average maturity of Central government market borrowing increased from 7.7 years in 1998-99 to 12.64 years in 1999-2000. Notwithstanding that there was concentration of borrowing at the longer-end of maturity, the overall borrowing cost to the government declined during 1999-2000. The weighted average cut-off yield on the Central government market borrowing declined to 11.77 per cent in 1999-2000 from 11.86 per cent in 1998-99. The weighted average cut-off yield has shown a substantial decline in recent years as revealed by Chart 14, and was only slightly above the level of coupon rates in 1990-91, *i.e.*, before the introduction of the system of auctioning of Government securities. In the first auction of dated securities during 2000-01, held on April 13, 2000, the cut-off yield of 10 year security declined to 10.26 per cent from 11.59 per cent in August 1999.



The liquidity management operation put in place during the year (see Section 3 for details) also ensured a lower order of monetised deficit of the Central government, despite a higher level of fiscal deficit. In fact, before the closure of government accounts, the net Reserve Bank credit to the Central government during 1999-2000 declined by Rs.3,865 crore, recording a monetised surplus for the first time since 1977-78. The net

Reserve Bank credit to the Central government had increased by Rs.11,800 crore during 1998-99. Throughout 1999-2000, the Centre's monetised deficit remained below that of 1998-99, except in April and September 1999 (Chart 15).

Several States faced financial difficulties and frequently resorted to the Ways and Means Advances (WMA) and overdrafts from the Reserve Bank despite the recent enhancement of the WMA limits of State governments to Rs.3,685 crore from Rs.2,234.4 crore. The outstanding level of WMA and overdrafts of States from the Reserve Bank increased from Rs. 4,818 crore as on March 31, 1999 to Rs. 7,519 crore as on March 31,2000, which included an overdraft of Rs. 4,092 crore (Chart 16).



The gross fiscal deficit of the Central government for 2000-2001 has been budgeted lower at 5.1 per cent of GDP than 5.6 per cent in 1999-2000. The Union budget has placed the net market borrowing programme at

Rs.76,383 crore in 2000-2001 as against Rs.73,077 crore in 1999-2000. Together with repayment of maturing loans and 364-day Treasury Bills, the gross borrowing requirement works out to Rs.1,17,704 crore as against Rs.99,630 crore in 1999-2000. Raising this order of gross market borrowing would pose a challenge. It is, however, necessary to ensure that the interest rate conditions remain favourable to industrial recovery and that liquidity conditions do not give rise to adverse inflationary expectations. Monetary policy has to play a balancing role in this context.

III. Monetary and Liquidity Conditions

Monetary Trends

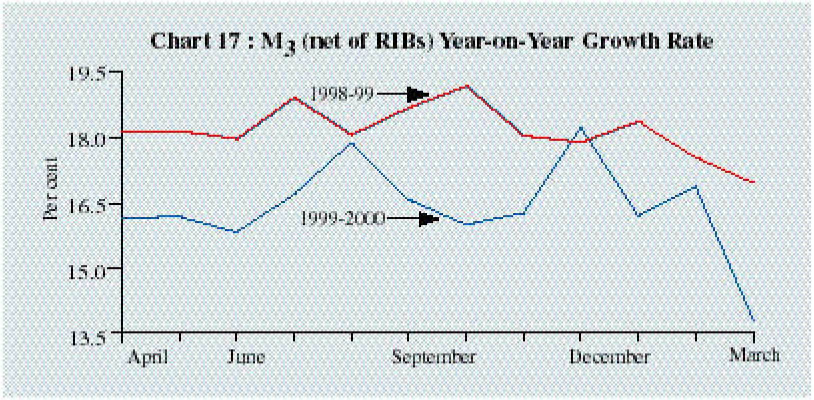
Broad money (M_3) grew at 13.6 per cent (13.9 per cent, net of the Resurgent India Bonds (RIBs)) during 1999-2000 as compared with the growth of 17.0 per cent (net of RIBs) in 1998-99 (Table 5). During 1999-2000, up to February 2000, the month-to-month annual growth in M_3 (net of RIBs) remained in the range of 15.8 per cent (in June 1999) and 16.9 per cent (in February 2000), with two points of sharp movements in August and December 1999 (Chart 17). A deceleration in M_3 growth was recorded in the last reporting fortnight of March 2000, as a result of a sharp drop in the aggregate deposit growth of scheduled commercial banks. The problem posed by such a point-to-point basis comparison could be somewhat addressed by averaging the monthly year-on-year growth rates of M_3. The monthly average year-on-year M_3 (net of RIBs) growth rate worked out to 16.4 per cent during 1999-2000 as compared with 18.2 per cent during 1998-99. It may be mentioned that monetary growth during 1998-99 had been fuelled by a significant increase in the deposit growth of the banking system, in the wake of depressed capital market activity and the tendency on the part of households to 'flight to safety' following increased uncertainty in the bond and equity markets.

Table 5 : Monetary Flows

(Percent)

	Point-to-point basis		**Monthly Average basis**	
Variable	**1999-2000**	**1998-99**	**1999-2000**	**1998-99**
1	**2**	**3**	**4**	**5**
I. Reserve Money	8.1	14.6	11.9	12.2
II. Narrow Money (M1)	10.0	15.3	14.6	12.5
III. Broad Money (M_3) *	13.6	19.2	16.9	19.7
III. 1M_3 *, net of RIBs	13.9	17.0	16.4	18.2
IV. Components of Broad Money				
a) Currency with the Public	12.0	16.1	16.5	11.7
b) Aggregate Deposits (i+ii) *	14.1	19.9	17.1	21.8
i) Demand Deposits	8.3	14.6	12.6	14.6
ii) Time Deposits *	15.2	21.0	18.0	23.3
V. Sources of Broad Money				
a) Net Bank Credit to the Government (i+ii)	14.3#	17.0	15.2	18.0
i) Net Reserve Bank Credit to the Government	-2.3#	12.9	5.3	18.7
of which: to Centre	-2.7#	8.8	4.4	18.2
ii) Other Banks' Credit to the Government	25.1	19.9	21.7	17.8
b) Bank Credit to Commercial Sector	16.4	14.2	15.8	14.9
of which:				
Scheduled Commercial Banks' Non-food Credit	16.0	13.0	15.5	14.4
c) Net Foreign Exchange Assets of the Banking Sector	10.0	28.0	16.7	31.2

Data are provisional.
* Excludes banks' pension and provident funds.
# Before closure of Government accounts.



An important aspect that needs to be kept in view in interpreting the monetary growth during 1999-2000 is that the scheduled commercial banks' data for the last reporting Friday of the year pertain to March 24, 2000, which is one full week ahead of the last working day of the year, *viz.*, March 31, 2000, thereby dampening the impact of the usual year-end bulge in deposits on account of interest rate applications and window dressing. The Reserve Bank and cooperative banks' data, it may be noted, relate to March 31 in year-end money supply numbers.

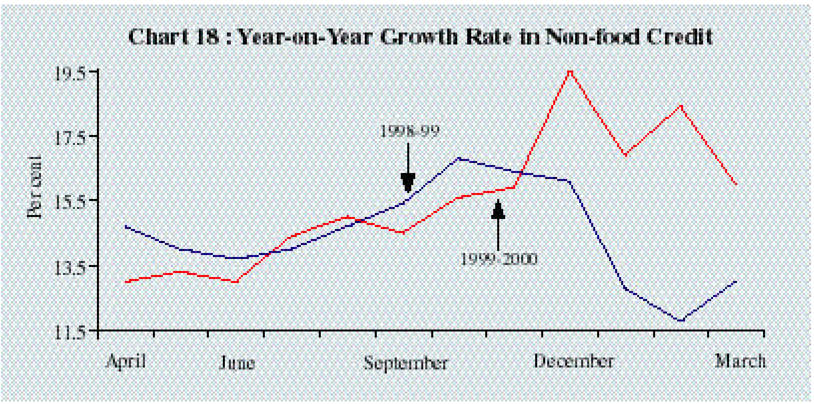
Currency with the public expanded by 12.0 per cent (Rs.20,349 crore) as against 16.1 per cent in 1998-99. On an average basis, however, the year-on-year currency growth rate was much higher at 16.5 per cent during 1999-2000 as compared with 11.7 per cent during 1998-99. The sustained increase in cash demand reflected mainly the high procurement and accretion to the Reserve Bank's foreign exchange assets. The fears about Year 2000 transition did not materialise. The rate of growth of scheduled commercial bank deposits worked out to 13.5 per cent (Rs.96,040 crore) during 1999-2000 as compared with 16.3 per cent (net of RIBs) during 1998-99. On monthly average basis, scheduled commercial banks' year-on-year aggregate deposit (net of RIBs) growth rate worked out to 16.0 per cent during 1999-2000 as compared with 19.1 per cent during 1998-99.

Credit Trends

On the sources side, domestic credit recorded an increase of 15.5 per cent (Rs.1,36,426 crore) during 1999-2000, close to that of 15.4 per cent (Rs.1,17,724 crore) during 1998-99. Net foreign assets of the banking sector increased by 10.0 per cent (Rs.17,655 crore) in 1999-2000 as compared with 28.0 per cent (Rs.38,683 crore) in 1998-99. Net bank credit to the Government increased by 14.3 per cent (Rs.55,301 crore) during 1999-2000 as compared with 17.0 per cent (Rs.56,238 crore) during the previous year. This was led by scheduled commercial banks' incremental investments in Government securities, which shot up by 24.5 per cent (Rs.54,612 crore) during 1999-2000 as compared with 19.4 per cent (Rs.36,261 crore) during the previous year. The share of incremental investments in Government paper in incremental aggregate deposits climbed to 56.9 per cent during 1999-2000 from 31.4 per cent during 1998-99. Yet the bank credit to the government sector increased at a much slower rate than 1998-99, essentially due to a deceleration in the Reserve Bank's net credit to Government during the year.

Much of the impetus to the monetary growth was evident in the increase in commercial credit. Bank credit to the commercial sector accelerated to 16.4 per cent (Rs.81,126 crore) during 1999-2000 from 14.2 per cent (Rs.61,486 crore) during 1998-99. Scheduled commercial banks' credit increased by 17.7 per cent (Rs.65,344 crore) in 1999-2000 as against 13.8 per cent (Rs.44,759 crore) in 1998-99. The investments in Government and other approved securities have gone up by 21.3 per cent (Rs.54,326 crore) as compared with 16.4 per cent (Rs.35,890 crore) in 1998-99. The growth in total credit and investments (including non-SLR investments) of scheduled commercial banks was mainly financed by the sum of the increase in their gross demand and time liabilities, borrowings from the Reserve Bank and release of balances with the Reserve Bank following the cuts in CRR.

The rate of increase of scheduled commercial banks' conventional non-food credit accelerated to 16.0 per cent (Rs.56,469 crore) during 1999-2000 from 13.0 per cent (Rs.40,428 crore) during 1998-99 (Chart 18). Scheduled commercial banks' incremental investments in commercial paper (CPs), public and private sector bonds/debentures/ preference shares and equity shares, however, was lower at Rs.12,649 crore during 1999-2000 than Rs.15,941 crore during the previous year. Scheduled commercial banks' total flow of non-food resources to the commercial sector worked out to 17.3 per cent in 1999-2000 as compared with 16.4 per cent during 1998-99. Non-food credit off-take has accelerated since September 1999 in response to increased credit demand as a result of industrial recovery and softening of the interest rate structure. The resource flow from the bank and non-bank sources - including capital issues, GDRs, CPs (other than those subscribed by banks) and borrowings from as well as bills discounted with financial institutions - to the corporate sector increased by about Rs.1,34,000 crore in 1999-2000 as against about Rs.1,13,500 crore in the previous year. The spurt in non-food credit alongside a pick-up in M1 transactions demand in 1999-2000 pointed to a revival of economic activity.

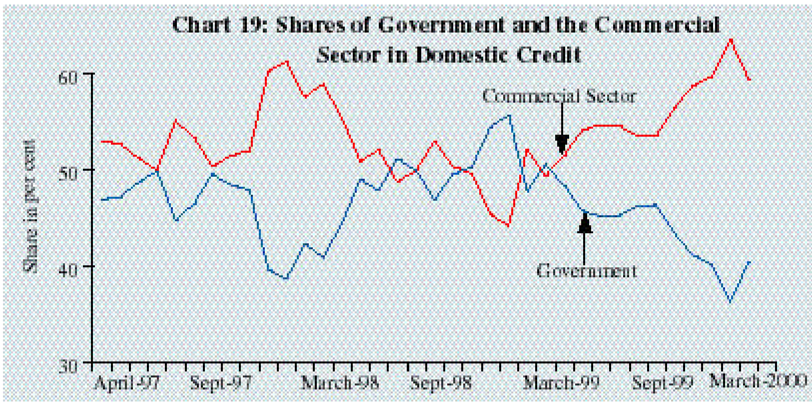


During 1999-2000, the growth in bank credit to Government and the commercial sector, revealed a clear switch between the two compared to the situation in the preceding year. While a large expansion in the bank credit to the government sector pre-empted commercial credit expansion in 1998-99, the position seems to have reversed in 1999-2000, with credit to commercial sector accelerating in tandem with a significant deceleration in the rate of growth of credit to the government sector (Chart 19).

Agricultural Credit

The flow of institutional credit to agriculture and allied activities recorded a sharp increase from Rs. 31,956 crore in 1997-98 to Rs. 36,897 crore in 1998-99. The total credit flow to agriculture from all agencies is projected to touch Rs. 44,675 crore in 1999-2000.

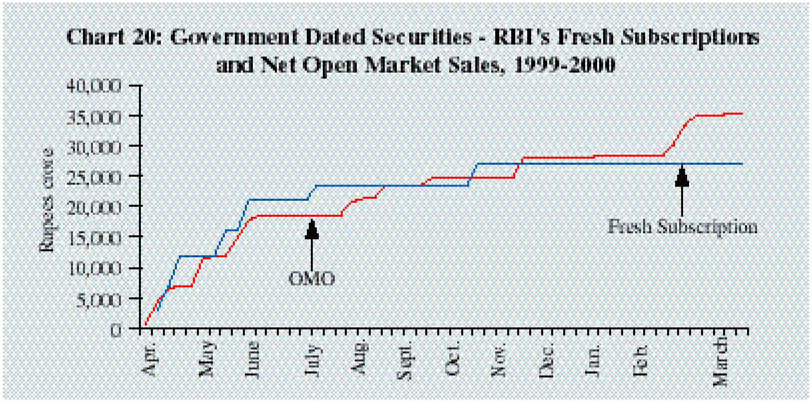
The system of micro-finance in terms of credit for self-employment and other financial and business services, instituted by the Reserve Bank in 1996, has been reckoned as part of priority sector lending and hence would boost this type of finance. The Task Force on Supportive Policy and Regulatory Framework for Micro Credit set up by the National Bank for Agriculture and Rural Development (NABARD) has sketched a road map of the levels of operations and support mechanism required to facilitate stronger linkages between self-help groups (SHG), banks and micro-finance institutions (MFIs). The flow of funds from MFIs has been estimated to touch Rs. 2,800 crore by 2003-04 covering about 75 lakh families. Recognising the significant role of MFIs, the Reserve Bank has recently (February 2000) issued guidelines to banks for mainstreaming micro credit and enhancing its outreach.



Reserve Money

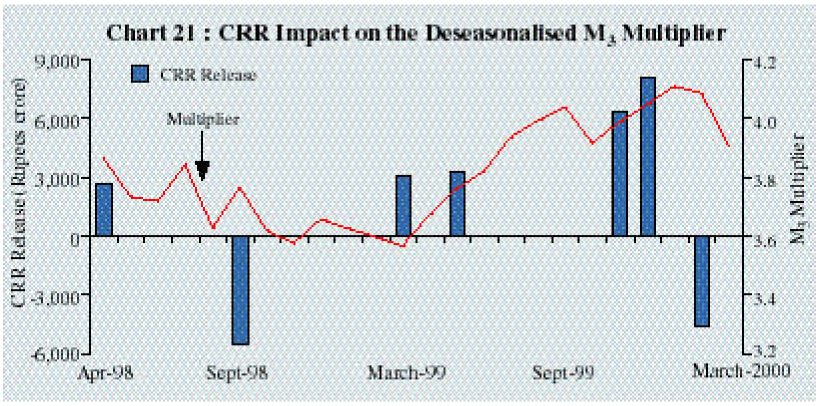
Reserve money growth during 1999-2000 revealed a sharp deceleration primarily reflecting the reduction in the level of CRR and the impact of market oriented monetary policy operations on the balance sheet of the Reserve Bank. The growth of reserve money was 8.1 per cent (Rs.20,897 crore) during 1999-2000 as against 14.6 per cent (Rs.32,943 crore) during 1998-99. The lower order of increase in primary liquidity was essentially due to the cumulative 1.5 percentage points cut in the CRR in May 1999 and November 1999 releasing additional resources to the tune of about Rs.13,000 crore (inclusive of resources released with the phasing out of incremental CRR on FCNRB deposits) to the banking system. This increase in primary liquidity was partly mopped up by net open market sales of dated securities, which after taking into account net fresh subscriptions, amounted to Rs.9,688 crore. Adjusting bank reserves for the first round release of lendable resources, the increase in primary liquidity would work out to about 13.1 per cent in 1999-2000.

During 1999-2000, net open market sales of government dated securities closely followed the net initial subscription by the Reserve Bank to the Centre's market borrowing programme. The RBI's net subscription to fresh dated securities (Rs.25,681 crore at face value) during 1999-2000 was more than off-set by net open market sales (Rs.35,369 crore, of which Rs.15,886 crore to commercial banks) (Chart 20). Consequently, the net RBI credit to the Centre declined by Rs.3,865 crore (before closure of Central Government accounts) during 1999-2000 in contrast to the increase of Rs.11,800 crore during the previous year. The Centre's monetised deficit thus recorded a surplus for the first time since 1977-78. With further improvement in Central Government cash balances, the Centre's monetised surplus increased to Rs. 5,534 crore as on April 19, 2000. The Reserve Bank's credit to commercial banks and primary dealers (PDs) increased by Rs.3,256 crore and Rs.3,206 crore, respectively. The Reserve Bank's foreign currency assets grew by Rs.27,382 crore (net of revaluation) during 1999-2000 as compared with Rs.16,025 crore during the previous year. The M_3 (net of RIBs) multiplier increased to 3.90 as at end-March 2000 from 3.70 as at end-March 1999 on account of CRR reductions. The intra-year movement of seasonally corrected M_3 multiplier revealed a sharp upward movement since May 1999 (Chart 21).

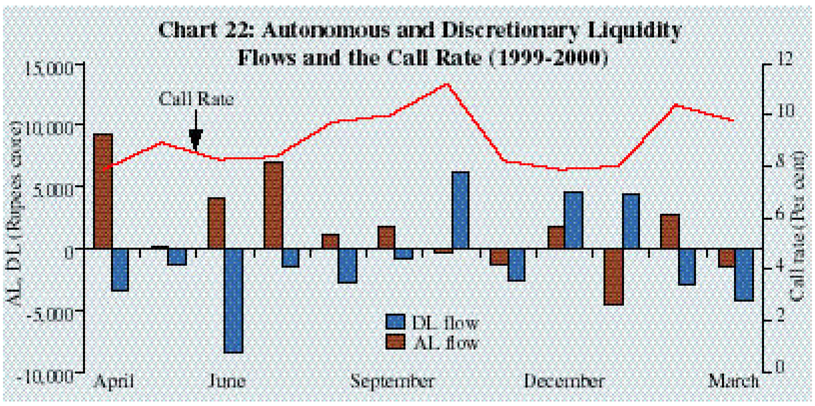


Liquidity Position

On account of the growing market operations by the Reserve Bank, a summary measure of primary liquidity such as the reserve money may no longer sufficiently indicate the various dimensions of the liquidity management operations and their impact on the short-term interest rates. This can be more meaningfully captured by classifying the Reserve Bank's balance sheet flows according to the autonomous and discretionary components. A standard way of analysing liquidity conditions is to classify the supply of primary liquidity in the economy into autonomous and discretionary components4. Allowing for differences in country practices, autonomous liquidity (AL), conceptually, would refer to the sum of changes in the central bank's lending to government, net foreign assets and other residual net assets *minus* the changes in currency in circulation. It indicates the liquidity position that would have prevailed in the economy in the absence of active monetary policy interventions. On the other hand, discretionary liquidity (DL) would refer to the net changes in liquidity due to the central bank's market operations through adjustment of monetary policy instruments. The net liquidity changes in the market, thus, are a result of changes in both autonomous and discretionary liquidity.



The AL, in the Indian context, may be taken to consist of the Reserve Bank's credit to Government (net of repos and open market operations), cooperative banks and other financial institutions enjoying a line of credit; the Reserve Bank's net foreign assets; and the Government's currency liabilities to the public *minus* the total of currency in circulation, 'other' deposits with the Reserve Bank and the Reserve Bank's net non-monetary liabilities. DL could be defined as the sum of the Reserve Bank's repo and open market operations, credit to commercial banks and primary dealers and changes in reserve requirements. Intuitively, if the surpluses and deficits in AL are compensated through changes in DL, then net liquidity conditions in the market and consequently, the interest rate would not change. Alternatively, if DL does not completely offset the AL surpluses or deficits, then net liquidity conditions would be affected and interest rates would have to move to clear the market. Chart 22 depicts the trends in the AL and DL during 1999-2000, along with the movements in the call rate. The inter-bank call rates ruled within a narrow range during 1999-2000, due mainly to the off-setting movements of DL to AL.



Liquidity management during 1999-2000 could be broadly viewed in terms of four distinct phases, *viz*., the first, April-May 1999, the second, June-October 1999, the third, November 1999-February 2000, and the fourth, March 2000.

The first phase saw easy liquidity conditions driven by a sharp increase in AL (Rs.9,560 crore) emanating mainly from capital inflows that resulted in an accretion of Rs.9,171 crore (adjusted for revaluation) to the Reserve Bank's foreign currency assets. Private placements/devolvements of Central Government securities with the Reserve Bank

(Rs.16,000 crore) were largely offset by seasonal currency demand (Rs.14,973 crore), which is a leakage from the banking system. The surplus market liquidity was mopped up by open market sales amounting to Rs.12,003 crore. Scheduled commercial banks' refinance utilisation amounted to Rs.2,066 crore. The Reserve Bank also injected liquidity to the extent of Rs. 3,250 crore with the reduction of 0.5 percentage point in CRR effective May 8, 1999. As a result, DL declined by Rs.4,549 crore. The average inter-bank call rates which declined below the Bank Rate to 7.9 per cent in April 1999 as a result of easy liquidity conditions began to climb up to 8.9 per cent in May 1999, as money market conditions tightened with the Reserve Bank's open market operations.

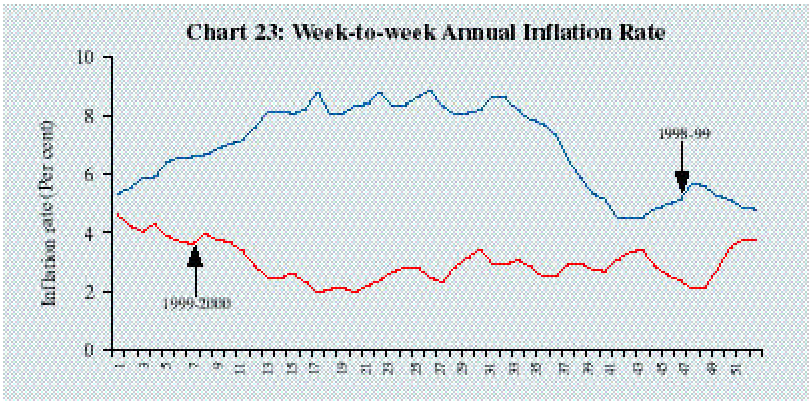
The second phase, *i.e.*, June-October 1999, saw AL increase by Rs.13,554 crore driven mainly by the Reserve Bank's incremental subscription to fresh Government securities (Rs.11,000 crore). The Reserve Bank's foreign currency assets, on the other hand, declined by Rs.2,242 crore (adjusted for revaluation) as capital flows dried up. DL was tightened to mop up Rs.7,396 crore through open market sales (Rs.11,683 crore) partly offset by increase in refinance availment by commercial banks (Rs.2,382 crore) and primary dealers (Rs.1,649 crore). The inter-bank call rates firmed up above the Bank Rate, particularly during August - October 1999, when the average call rate moved up to 10.3 per cent. This also created a positive gap between the inter-bank call rate and the swap premia rate, which facilitated exchange rate stability in view of excess demand conditions in the foreign exchange market in the wake of domestic uncertainties, border tensions and bulk crude oil imports.

The third phase, *i.e.*, November 1999 - February 2000, saw a marginal decline in AL of Rs.1,268 crore which was compensated by the injection of incremental DL of Rs.3,389 crore. The increase in AL was fuelled by the Reserve Bank's purchases from authorised dealers (Rs.8,365 crore), reflecting the turnaround in capital inflows. This was mopped up by subsequent sterilisation operations through open market sales (Rs.8,088 crore). Seasonal currency demand led to an outflow of Rs.8,442 crore from the banking system. This was mitigated by DL injection through the reduction in reserve requirements in November 1999, releasing about Rs.10,000 crore of lendable resources to banks. The Reserve Bank also announced that banks' till money would be eligible for compliance of CRR during December 1, 1999 - January 31, 2000 in order to help banks to tide over the Year 2000 contingencies. As a result, the inter-bank call rates softened to an average of 8.0 per cent during November 1999-January 2000. The average six-month forward premia declined to 2.86 per cent in February 2000.

The fourth phase, *viz.*, March 2000, saw a sharp accretion to the Reserve Bank's foreign currency assets by Rs.7,484 crore (net of revaluation) with the strengthening of capital inflows. This was offset by a reduction in the net accommodation to Government (net of repos and open market operations) (Rs.4,602 crore) and continuing seasonal currency drawals (Rs.2,411 crore) reducing AL by Rs.1,496 crore. The Reserve Bank's liquidity support to primary dealers declined by Rs. 3,521 crore driving down incremental DL by Rs.4,287 crore. This essentially reflected a temporary drop in primary dealers' recourse to the Reserve Bank on March 24, 2000. On a daily average basis, the decline in AL was met by liquidity support averaging about Rs.1,300 crore. Consequently, call rates ruled, by and large, above the Bank Rate, especially in the latter half of March 2000.

Price Situation

There has been a significant deceleration in the inflation rate, as measured by point-to-point annual variation in the Wholesale Price Index (WPI), during 1999-2000. As on March 25, 2000, the rate of inflation on a point-to-point basis stood at 3.74 per cent, lower than that of 4.81 per cent in the previous year. Since April 3, 1999, the annualised rates of inflation, on a point-to-point basis, remained consistently below those during the corresponding period of the previous year (Chart 23). The inflation rate touched its lowest level at 1.95 per cent in the last week of July 1999 and the highest rate never exceeded the 5 per cent mark. High order of declines in the inflation rate occurred during June to November 1999, partly reflecting the high base effect arising from a spurt in the inflation rate in the corresponding period of the previous year. On the average of weekly basis too, the inflation rate during 1999-2000 moved down to 2.98 per cent from 6.89 per cent in 1998-99.



In pursuance of the Report of the Working Group for the Revision of Index Numbers of Wholesale Prices in India, the Government has released the new series of the WPI with base shifted to 1993-94. The new series, apart from advancing the base year to a more recent period, has introduced changes to the commodity composition as also the weighting pattern so as to reflect the impact of structural changes in the economy on the price index. The new index has been operationalised since April 1, 2000, replacing the old series. According to the new series, the year-on-year inflation rate on a point-to-point basis is placed at 4.64 per cent as of the week ended April 8, 2000. The year-end inflation rate for 1999-2000 works out to 4.16 per cent as per the new series as against 3.74 per cent as per the old series.

The declining trend in the annual inflation rate during 1999-2000 has been driven by significantly lower order of increases in prices of primary articles and manufactured commodities. Primary articles group showed a price rise of 2.8 per cent (on average basis) in 1999-2000 as compared with an increase of 11.7 per cent in 1998-99. Within the primary articles group, fruits and vegetables, fibres, coffee and oilseeds, recorded price declines. Price deceleration was prominent in cereals, where on a point-to-point basis the inflation rate came down to 2.8 per cent in 1999-2000 from 18.7 per cent in 1998-99. On an average basis, however, the cereal prices showed a rise of 12.9 per cent in 1999-2000 as compared with 8.3 per cent in 1998-99. Within the primary articles group, the sharp deceleration in prices of food and non-food articles shrouded the significant increase in prices of petroleum crude and natural gas by 9.0 per cent in 1999-2000 in contrast to a decline of 1.7 per cent in 1998-99. Prices of primary articles responded to improved supply conditions emerging from the record level of production of foodgrains and other non-food crops, and import of commodities such as sugar and edible oils, which kept down the price rise in sugarcane and oilseeds. The composite index of food items during 1999-2000 increased by 2.4 per cent (on an average basis) as compared with an increase of 11.6 per cent in 1998-99.

Manufactured products recorded the lowest order of price increase during 1999-2000. The deceleration in the manufacturing inflation seen during the past few years sharpened during 1999-2000. On an average of weekly basis, the inflation rate in the manufacturing sector declined to 1.7 per cent from 4.5 per cent in 1998-99. This was primarily driven by edible oils ((-)10.6 per cent), sugar, khandsari and gur ((-)1.3 per cent), cotton textiles ((-)0.1 per cent), ‘chemicals and chemical products’ (3.0 per cent) and cement (-2.8 per cent). A number of factors contributed to the current low rate of inflation in manufactured commodities. These were mainly competitive pressures on and better cost effectiveness of the manufacturing sector, lower prices of agricultural goods which are used as inputs in the manufacturing sector, and the subdued growth in private demand. The fuel group recorded an inflation rate of 9.5 per cent in 1999-2000 as against 4.3 per cent in 1989-99. The increase in prices of fuel group mainly reflected the upward revision of diesel prices effected in October 1999, and kerosene and LPG in March 2000 and the rise in prices in the electricity sector.

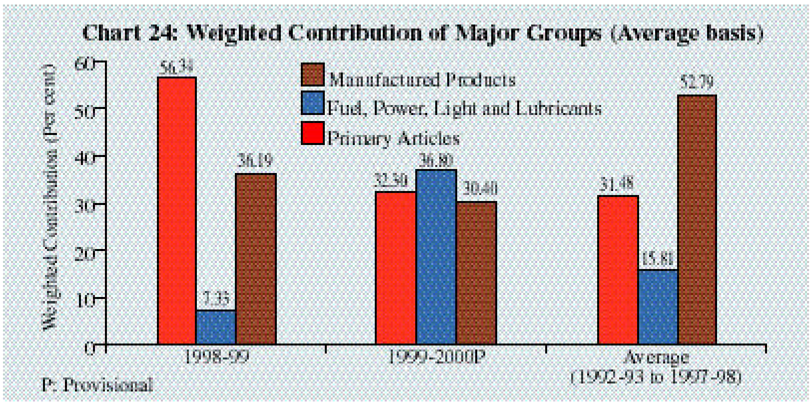


Chart 24: Weighted Contribution of Major Groups (Average basis)

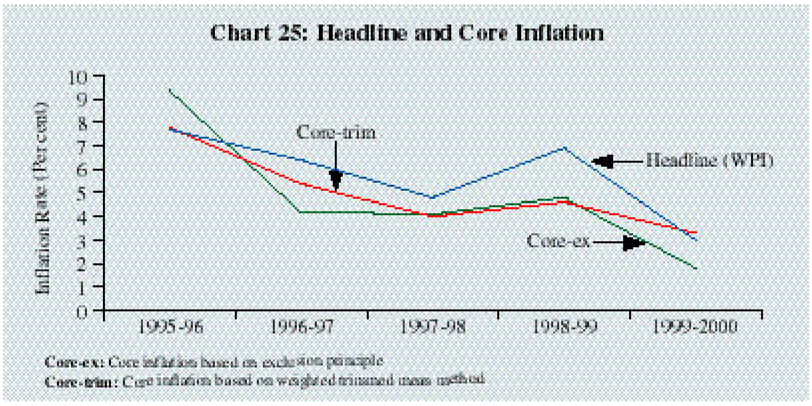
The average weighted contribution of major commodity groups to the overall rate of inflation indicates that fuel group contributed 36.8 per cent, followed by 32.3 per cent by primary articles and 30.4 per cent by manufactured group. The contributions of various groups to the overall inflation rate in 1999-2000 were thus more evenly placed, compared to that of the preceding two years and also the average contribution during 1992-93 to 1997-98 (Chart 24).

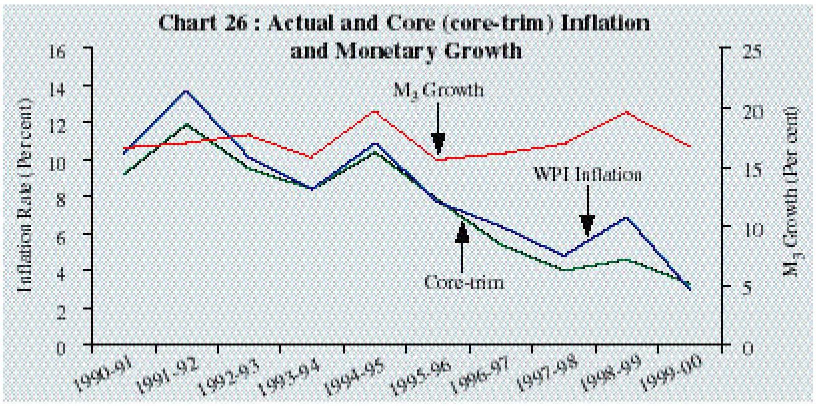
Core Inflation

In recent years, there has been a trend among the central banks and in some academic circles to focus on measures of the core rate of inflation by removing certain volatile components from the headline inflation rate which may be due to temporary shocks. The core rate of inflation provides an idea about how the inflation rate would move along the economy's long-term growth path, if there were no major shocks to the economy. It essentially captures the basic underlying cost and demand conditions that affect inflation, when output is at its normal level and is useful in monitoring the medium to long run direction of the inflation rate in the economy which has relevance for the conduct of monetary policy.

Empirical estimates of core inflation normally follow either the exclusion principle, through which relatively volatile commodity prices are excluded from the inflation rate, or the limited influence estimators, through which only a certain part of the skewness in actual commodity prices is removed. Currently a number of inflation targeting countries have been monitoring the core inflation rate by excluding certain commodities from the headline price index. However, the core inflation rates so compiled could also be compared with other measures such as the weighted trimmed mean method 5.

In India, given the role of supply side factors in the recent inflation episode, an estimate of the core rate of inflation could also be useful as an indicator of the movement of the underlying inflation. However, there have been very few empirical estimates concerning India. It needs to be recognised that estimates of core rate of inflation are sensitive to factors such as the commodity basket and the weight structure. Work in this area is in progress in the Reserve Bank. The broadest measure of the core inflation for the Indian economy could be given by an index constructed after excluding the commodities which are significantly influenced by supply shocks and administered prices from the Wholesale Price Index. The commodities that could be considered for exclusion from the Wholesale Price Index for deriving such a measure of core inflation are the administered price items, and the primary food and non-food articles. By this criteria the commodities excluded constitute about 47 per cent of the total weight of the WPI. The core inflation measured by the exclusion criteria is estimated to have declined to 1.7 per cent in 1999-2000 from 4.8 per cent in 1998-99. However, given the large number of commodities that were to be excluded from the WPI following the criteria of sensitivity to supply shocks and administered price controls, the core inflation measured on the basis of exclusion method may not reflect the true picture of the inflation situation and the standard of living in the economy. Such a measure of core inflation would, therefore, be of limited relevance in the conduct of monetary policy.





An alternative estimate is provided by the weighted trimmed mean method, which considered all commodities but removed only the fixed percentage of skewness of inflation from the WPI basket6. Chart 25 provides the annual trends in the actual inflation, as measured by the WPI, and the two alternative measures of core inflation for the Indian economy during 1995-96 to 1999-2000. The core inflation measured by the weighted trimmed mean method (20 per cent trimmed mean) also showed a substantial decline during the past two years. It declined to 3.3 per cent in 1999-2000 from 4.6 per cent in 1998-99. The core inflation measured by the weighted trimmed mean method remained steadier than that measured by the exclusion method.

Chart 26 gives the trends in annual average growth in M_3, actual inflation, and core inflation as measured by the weighted trimmed mean method. The core inflation seems to reveal a better co-movement with the M_3 growth than that compared to the actual inflation, particularly in the years of significant supply shocks. Both the core and actual inflation diverged significantly from the M_3 growth in the years immediately following the second half of 1990s. It must, however, be emphasised that these are very preliminary results and further work, therefore, is needed both on the methodology and on the utility of the concept for purposes of formulation of monetary policy.

IV. Domestic Financial Markets

Short-term Interest Rates

While generally manageable liquidity conditions characterised a majority of the financial market segments, the position at the shorter end of the market, *viz.*, the call money market and primary auctions of Treasury Bills seemed to be somewhat tight. The marked appetite for government securities and increased credit off-take of the commercial sector impacted on call money rates during 1999-2000; this was in sharp contrast to that in 1998-99, particularly in the first half, when money market conditions were strongly influenced by short-term developments in the forex market.

Call Money Market

The inter-bank call rates ruled steady within a narrow range during 1999-2000 except for a few bouts of volatility during mid-August 1999, mid-October 1999 and mid-February 2000, which were primarily attributable to the miscalculation of the demand for reserves by commercial banks (Chart 27). During 1999-2000, the daily peak call rates averaged 9.50 per cent, whereas the daily low rates averaged 8.38 per cent, a difference of 112 basis points. The average daily call rates was higher at 9.04 per cent than 8.15 per cent in the previous year (Table 6).

Table 6 : Inter-bank Daily Call Money Lending Rates (Summary Statistics) (April 1999 – March 2000)

	Low	High	Average
1	2	3	4
Intra-day Minimum (%)	2.50	6.75	5.01
Intra-day Maximum (%)	13.00	35.00	20.35
Average (%)	8.38	9.50	9.04
Standard Deviation (%)	1.16	2.73	1.90
Coefficient of Variation	0.14	0.29	0.21

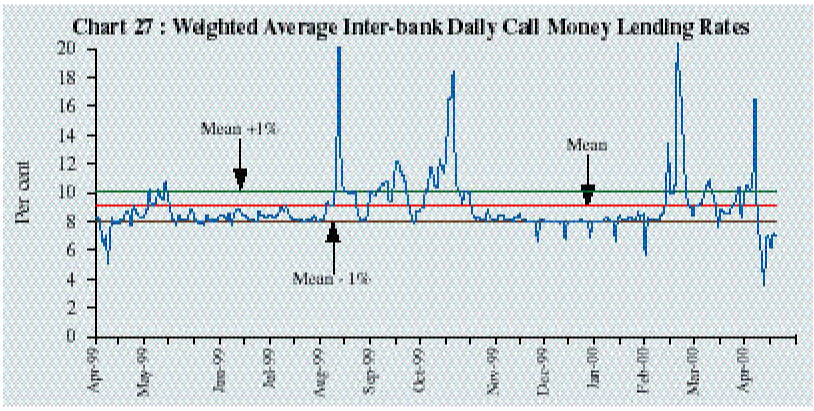


Chart 27 : Weighted Average Inter-bank Daily Call Money Lending Rates

The intra-year developments in the money market revealed that the average call rates moved up from 7.9 per cent in April to about 9 per cent in May 1999. Call rates were though within 8 to 9 per cent up to July 1999. From then on up to October, they moved up, the average ranging from 9.72 per cent to 11.20 per cent. Volatility in call rates declined significantly during the year, except for a brief spell during August to October 1999 and in February 2000 (Table 7). With the easing of liquidity conditions, following the reduction in CRR in November 1999, the monthly average call rates dropped below the Bank Rate level during December 1999 - for the first time after April 1999 - and remained close to 8.0 per cent in January 2000. It may be noted that as there were no adverse Y2k related problems, and as the Reserve Bank had announced special liquidity enhancing measures for the period December 1, 1999 to January 31, 2000 to enable the market to tide over the Y2k related problems, if any, the markets exhibited marked stability. However, call rates again shot up during mid-February 2000, primarily due to liquidity miscalculation by banks as they vigorously participated in the Reserve Bank's open market sales.

The liquidity situation eased since February 21, 2000 following the open market purchases of 364-day Treasury Bills by the Reserve Bank. Call rates ruled around 10 per cent during March 2000 (except March 31, 2000). Following the package of monetary policy measures announced by the Reserve Bank on April 1, 2000, which implied liquidity injection of about Rs.7,200 crore through a CRR cut of one percentage point in two slabs and signalled lower interest rates through a one percentage point reduction in both the Bank Rate and the repo rate and a 0.5 percentage point reduction in the savings deposit rate, call rates declined sharply to around 5.0 to 7.0 per cent during April 4 to 17, 2000. Consequently, after a long gap (81 days), the Reserve Bank's fixed rate repo received bids amounting to Rs.3,795 crore on April 4, 2000 though a small amount of Rs.400 crore was received on April 1, 2000. Call rates declined sharply to the intra-day average of 3.5 per cent on April 7, 2000 (reporting Friday), with the fixed rate repo (at 5 per cent) proving to be a profitable avenue for market participants to park their surplus funds. The Reserve Bank received repo bids amounting to Rs.12,085 crore on that day, which declined to Rs.4,500 crore on April 11, 2000.

Table 7 : Inter-bank Monthly Call Money Lending Rates

	Average (%)	SD (%)	CV
1	2	3	4
1999			
April	7.87	0.93	0.12
May	8.91	0.80	0.09
June	8.25	0.30	0.04
July	8.36	0.31	0.04

August	9.72	2.48	0.26
September	9.97	1.19	0.12
October	11.20	2.62	0.23
November	8.20	0.19	0.02
December	7.86	0.43	0.05
2000			
January	7.99	0.61	0.08
February	10.37	3.31	0.32
March	9.77	1.69	0.17
April (up to 17th)	6.44	1.31	0.20

Call rates were generally above the Bank Rate in most months of the year. The informal corridor consisting of the Bank Rate (at 8 per cent during March 1999 to March 2000) and the fixed repo rate (6 per cent during March 1999 to March 2000) which was in evidence during 1998-99 was not seen in 1999-2000 (Chart 28). However, another informal corridor given by the Bank Rate and the rate of interest on Additional Collateralised Lending Facility (ACLF) at 10 per cent (during March 1999 to March 2000) seemed to have been formed and call rates, for the greater part of 1999-2000, moved within it except for October 1999 and February 2000 when rates exceeded 10 per cent. Following the April 1, 2000 policy announcements, the lower informal corridor moved down to 5 to 7 per cent while the upper one to 7 to 9 per cent. Call rates since April 4, 2000 stayed within the lower corridor (excluding April 7, a reporting Friday), with the 5 per cent repo rate providing the floor.

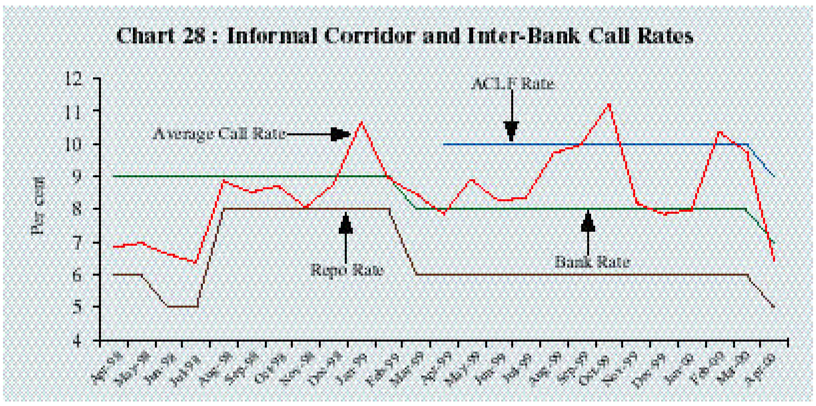


Chart 28 : Informal Corridor and Inter-Bank Call Rates

Chart 29 shows the refinance drawals by scheduled commercial banks from the Reserve Bank (on reporting Fridays) through i) export credit refinance facility (ECRF), ii) collateralised lending facility (CLF) and iii) additional collateralised lending facility (ACLF). While refinance at the first two facilities are available at the Bank Rate, that by way of ACLF is available at the 'Bank Rate plus 2 percentage points', i.e. at 10 per cent during 1999-2000 and 9 per cent during 2000-01 so far. The ECRF limit varied from Rs.7,100 crore to Rs.10,579 crore during 1999-2000. The amounts of CLF and ACLF are each fixed at 0.25 per cent of the fortnightly average outstanding aggregate deposits of scheduled commercial banks in 1997-98, which work out to Rs.1,314 crore for each of the two facilities (since their introduction on April 24, 1999). In addition, PDs were provided liquidity support through collateralised lending facility and reverse repos with the Reserve Bank. The weekly average outstanding credit drawals by PDs from the Reserve Bank amounted to Rs.3,475 crore during 1999-2000 (average of Friday data), while the peak level stood at Rs.8,072 crore as on October 15, 1999. Generally, in a surplus liquidity condition, banks resort to fixed rate repos with the Reserve Bank, that sets the floor for the call rate, while the Bank Rate at which ECRF and CLF and lending facilities to PDs are available, sets the ceiling. Under a tight liquidity condition, banks would generally draw upon their CLF and may resort to additional borrowing from the Reserve Bank through ACLF, if call rates tend to move above the 10 per cent mark (9.0 per cent since April 3, 2000). As Chart 29 shows, drawals from the ACLF were moderate to heavy during August to October 1999 when the call rate was ruling high. Since November 1999, banks used the ACLF window very sparingly.

While domestic money market rates ruled higher during 1999-2000 than those during the previous year, the average 3-month forward premia ruled sharply lower at around 4.5 per cent during 1999-2000 than 7.2 per cent during 1998-99. With the forex market characterised by excess supply conditions on account of turnaround in export growth coupled with portfolio investment inflows, the forward premia exhibited a decline during the second half of 1999-2000. The 3-month forward premia ruled low at 3.1 per cent on March 31, 2000 and declined further to 2.5 per cent on April 13, 2000. The gap between the domestic money market rates and the forward premia in the foreign exchange market has continuously increased since September 1998 (Chart 30). While call rates oscillated around its mean of 8.7 per cent during June 1998 to March 2000, the forward premia exhibited a downward drift from 10.2 per cent in June 1998 to 7.0 per cent in March 1999 and further to 3.8 per cent in March 2000.

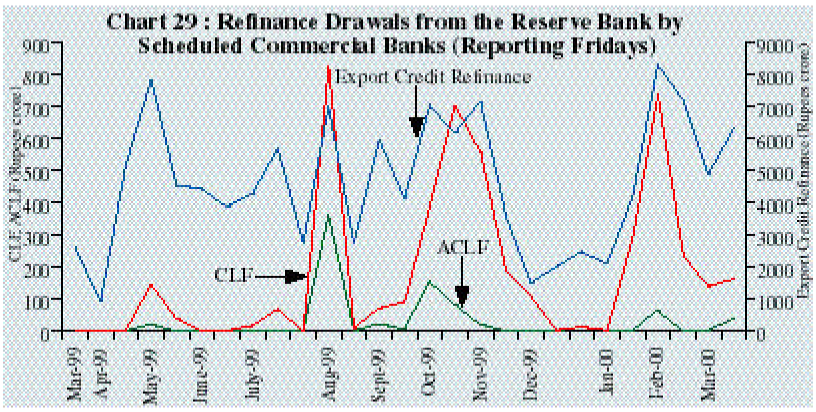


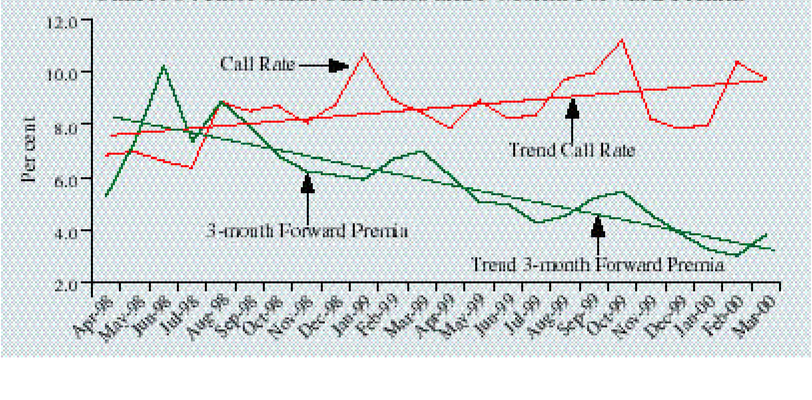
Chart 29 : Refinance Drawals from the Reserve Bank by Scheduled Commercial Banks (Reporting Fridays)

Reflecting the relatively stable call rate, as well as the acceleration in credit demand and growth of banks' investment portfolio, the average daily turnover in the money market increased to Rs.38,902 crore during the fortnight ended March 10, 2000 from Rs.33,009 crore during the fortnight ended March 26, 1999. On an average basis, the daily turnover increased by 30.5 per cent to Rs.33,882 crore during 1999-2000 (up to March 10, 2000) from Rs.25,956 crore in the corresponding period of the previous year (Chart 31). The participation of banks and PDs (as both lenders and borrowers) and non-bank institutions (as lenders only) increased substantially during 1999-2000.

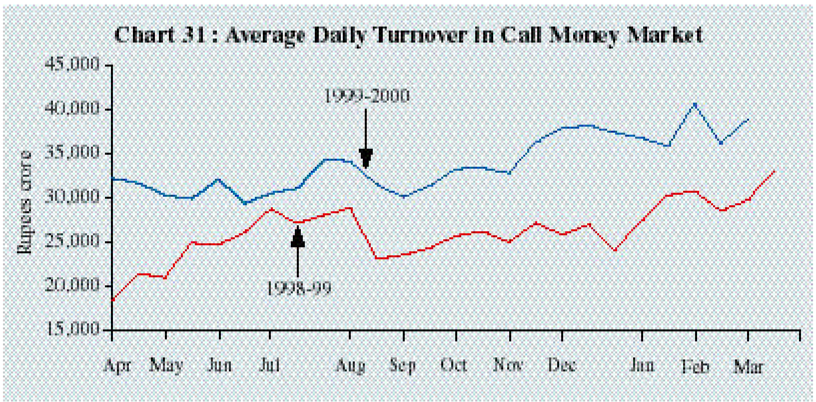
Treasury Bills

At the shortest end, the average cut-off yield of 14-day Treasury Bills rose to 8.38 per cent in 1999-2000 from 7.79 per cent in 1998-99, representing an increase of 59 basis points over the previous year. Similar trends were also observed in respect of the 91-day and 364-day Treasury Bills as their average cut-off yields rose by 41 basis points to 8.97 per cent and by 58 basis points to 10.09 per cent, respectively, in 1999-2000. At times of temporary tight money market conditions, the Reserve Bank by accepting devolvement in primary auctions ensured that the cut-off yields did not become too volatile. During October 1999, the Reserve Bank devolved on itself the entire notified amount of Rs.100 crore on each of the 3 out of 5 auctions of 91-day Treasury Bills. Similarly, the Reserve Bank accepted devolvement of 91-day Treasury Bills in May, August and September 1999 and February and March 2000. In these months, the average cut-off yields of 91-day Treasury Bills were lower than the average inter-bank call rates. On an average, the cut-off yields of 91-day Treasury Bills were 7 basis points lower than the average call rates during 1999-2000 (as against higher by 41 basis points in 1998-99). Consequent to the monetary policy measures announced on April 1, 2000, the cut-off yield of 91-day Treasury Bills declined sharply by 117 basis points to 8.00 per cent in the auction held on April 7, 2000 from 9.17 per cent in the auction held on March 31, 2000. The yield, however, increased to 8.12 per cent in the auction held on April 13, 2000.

Chart 30 : Inter-bank Call Rates and 3-Month Forward Premia



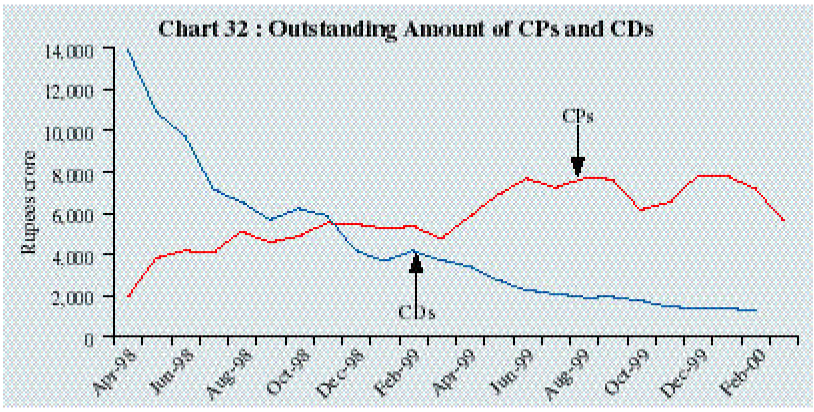
The cut-off yield of 182-day Treasury Bills was largely driven by demand conditions. Between May 1999 (since its re-introduction) and August 1999, the cut-off yield of 182-day Treasury Bills varied within the range of 9.31 to 9.97 per cent. With the relative hardening of the cut-off yields, the Reserve Bank accepted substantial devolvement of 182-day Treasury Bills during September and October 1999 which stabilised the rate at around 9.89 per cent. The cut-off yield declined to lower levels since November 1999. In the last auction of February 2000, the Reserve Bank absorbed a substantial part of the notified amount under its portfolio in the wake of some tightening of money market conditions. Between end-May 1999 and end-March 2000, the cut-off yield of 182-day Treasury Bills declined by 24 basis points. In the first auction of 2000-01, held on April 11, 2000, the cutoff yield declined to 8.53 per cent from 9.47 per cent in the previous auction (on March 29, 2000).



The 364-day Treasury Bill market, more or less, reflected the trends seen in the dated securities market, particularly during the second half of 1999-2000. The cut-off yield which opened at 9.97 per cent in the first auction of April 1999 exceeded the 10 per cent mark in May 1999, with the hardening of money market conditions. The Reserve Bank's substantial subscription during June to October 1999 (excluding August) stemmed the pressure on the 364-day Treasury Bill rates. The cut-off yield ruled around 10.33 per cent during these months. With the easing of money market conditions and improving demand, the cut-off yield showed a gradual decline to 9.31 per cent in the first auction of February 2000, although it steadily rose to 9.93 per cent in the last auction of 1999-2000. Reacting to the liquidity enhancing measures announced on April 1, 2000, the cut-off yield declined sharply by 64 basis points to 9.29 per cent in the first auction of fiscal 2000-01.

Deposit Rates

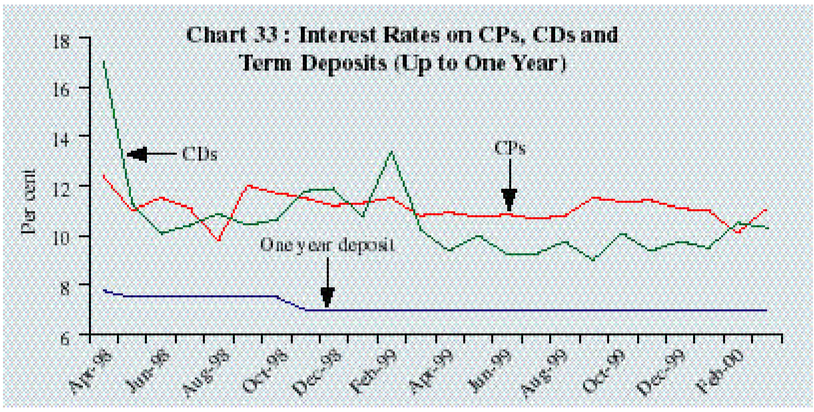
Deposit rates across all bank groups and across all maturities exhibited a declining trend during 1999-2000. While public sector banks reduced interest rates only on deposits above three year maturities - in June 1999 by 50 basis points and in November 1999 by 25 basis points to a range of 9.75 to 11.0 per cent – private sector banks reduced deposit rates on maturities up to 3 years, keeping deposit rates above 3 years unchanged. Foreign banks also reduced deposit rates on maturities up to 3 years. Following the reduction in the interest rates on public provident fund and National Savings Certificate and general provident funds from 12 to 11 per cent in January 2000 and the cut in the savings deposit rate by 0.5 percentage point as also the decline in the Bank Rate and the CRR, in April 2000, there has been a general reduction in the deposit rates of most public sector banks across all maturities by 50 to 200 basis points.



Other Money Market Instruments

The underlying comfortable liquidity condition was manifested in the form of a substantial pick-up in the commercial paper market and the declining importance of the certificates of deposits (CDs) as an instrument of resource mobilisation during 1999-2000 (Chart 32).

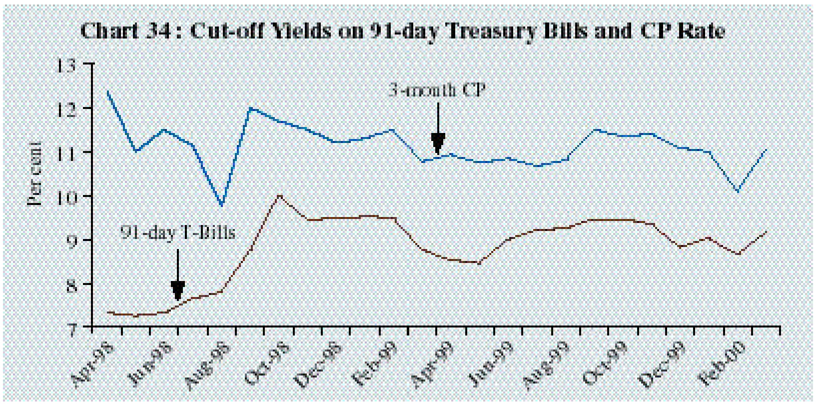
The outstanding amount of CDs continued to exhibit a declining trend since April 1998 (Rs.14,584 crore as on April 10, 1998) reaching the historical low of Rs.1,243 crore on March 10, 2000. The declining importance of this relatively high-cost instrument of resource mobilisation not only reflected the improved liquidity conditions but also the shortening of maturity and interest rate deregulation on term deposits (other than CDs) facilitating banks' short-term liability management at a lower cost. Interest rates on CDs (up to one year maturity) increased to 7.85-12.78 per cent during the fortnight ended March 10, 2000 from 7.75-12.55 per cent during the corresponding fortnight of the previous year.



Continuing the trend since 1998-99, the primary commercial paper market remained active during 1999-2000. Easy liquidity conditions facilitated top rated corporates to raise funds at rates lower than the prime lending rates (PLRs) of banks. The outstanding amount of CPs which stood at Rs.4,770 crore as on March 31, 1999 increased to Rs.5,663 crore as on March 31, 2000, with the peak at Rs.7,814 crore as on January 31, 2000. The outstanding amount of CPs averaged Rs.6,936 crore during 1999-2000 as compared with

Rs.4,169 crore during 1998-99. The discount rate on CPs (up to one year maturity) stayed within the range of 10.0-12.0 per cent during the fortnight ended March 31, 2000 as compared with 9.1-13.3 per cent in the corresponding fortnight of the previous year. Most of the CP issues were at rates lower than the PLRs of 12.0-13.5 per cent of public sector banks. The movement of interest rates on CDs, CPs and one year deposit rate of banks indicated that while deposit rates remained relatively inflexible, the interest rates for wholesale deposits by way of CDs generally moved in line with the market condition (Chart 33).

The interest rate differential between the risk-free yields on 91-day Treasury Bills and average effective rate of discount on 3-month CPs provides an indicator of risk premia. Chart 34 shows that the risk premia declined substantially from an average of 2.6 percentage points during 1998-99 to 1.3 percentage points during 1999-2000.



Long-term Interest Rates

Government Bond Yields

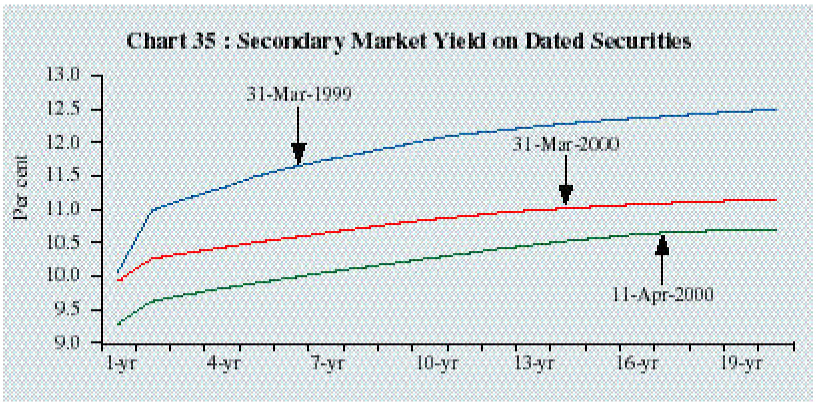
The long-term interest rates in the economy moved downward during 1999-2000. This trend was evident in all segments of the financial market *viz.,* the government securities market, credit market and private bond market. In the government securities market investors' preference strengthened for medium and longer maturity papers, as clearly evident from the sharp increase in liquidity and demand led price rally in the market. Thus, out of Rs.86,630 crore of new issues of Central Government's dated securities, as much as 75.2 per cent (Rs.65,130 crore) were raised through securities of 10-year maturity and above while only 24.8 per cent (Rs.21,500 crore) were raised through issues of less than 10-year maturity. In the primary market, the bids received substantially exceeded the notified amount in each of the 21 auctions held, excluding 8 private placements and one tap issue. In some of the auctions, particularly in the second half of 1999-2000, bids received were above 200 per cent of the notified amount. Consequently, the need for direct devolvement on the Reserve Bank did not arise. However, the practice of placing government debt with the Reserve Bank on private placement basis continued as a strategy of debt and liquidity management. During 1999-2000, the number of new issues were limited as the existing stocks were reissued on a number of occasions at progressively lower yield, in line with the trends in the secondary market yield.

The typical yield in the secondary market for 10 year paper declined through the year to 10.42 per cent by end-February 2000 from 12.05 per cent on March 31, 1999.

Table 8 : Yield Spread of Central Government Dated Securities

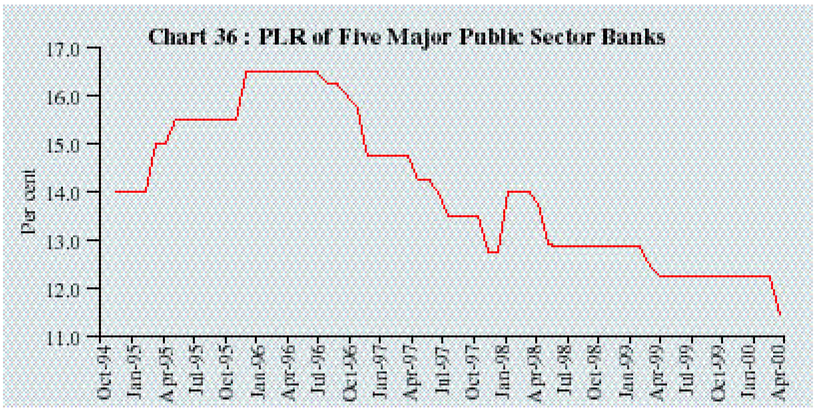
		(in percentage point)
As on	**Spread of 10 year Over 1 year**	**Spread of 10 year over 5 year**
1	**2**	**3**
End-March 1999	**1.98**	**0.55**
End-March 2000	**0.92**	**0.34**

The yield hardened somewhat in March 2000, while settling at 10.85 per cent on March 31, 2000. On a point-to-point basis, the yield on 10-year security declined by 120 basis points between end-March 1999 and end-March 2000. Similarly, the yield on 18-year security (residual maturity) declined to 10.72 per cent at end-February 2000 from 12.44 per cent at end-March 1999 before increasing to 11.12 per cent at end-March 2000. At the short to medium end, the 1-year, 3-year and 5-year security rates declined from 10.07 per cent, 11.17 per cent and 11.50 per cent, respectively, at end-March 1999 to 9.93 per cent, 10.35 per cent and 10.51 per cent at end-March 2000. The yield spread between the 10-year and 1-year security which was 198 basis points at end-March 1999 declined to 92 basis points at end-March 2000. Similarly, the yield spread between the 5-year and 10-year security rate came down from 55 basis points at end-March 1999 to 34 basis points at end-March 2000 (Table 8).



The yield curve moved successively downward during the year with the slope becoming flatter along the higher maturity axis (Chart 35). The yield curve once again moved down following the monetary policy changes announced effective April 1, 2000. The typical yield in the secondary market for 10-year paper declined from 10.85 per cent as at end - March 2000 to 10.47 per cent as on April 4, 2000 and further to 10.27 per cent as on April 11, 2000. Similarly, the yield on 18-year maturity declined from 11.12 per cent as at end-March 2000 to 10.68 per cent as on April 11, 2000. At the short to medium end, 1-

year and 5-year security rates declined from 9.93 per cent and 10.51 per cent as at end-March 2000 to 9.29 and 9.90 per cent, respectively, as on April 11, 2000.



Bank Lending Rates

The prime lending rates of major bank groups exhibited a declining trend during 1999-2000. The PLR of public sector banks declined in the range of 12.0 to 13.5 per cent in February 2000, from 12.0 to 14.0 per cent in April 1999 (Chart 36). The PLR of foreign banks which ranged between 12.5-18.5 per cent in April 1999 declined to the range of 10.5-17.5 per cent in September 1999. Similarly, the PLR of private sector banks which was in the range of 13.5-16.5 per cent in April 1999 declined to 10.25-16.0 per cent by December 1999. The lending rate spread (i.e. the difference between the maximum interest rate charged by a bank and its PLR) varied between 3.5 percentage points and 7.5 percentage points among foreign banks and 3.5-4.5 percentage points among public sector banks. While all bank groups have redefined their interest rate structure through changes in their respective PLRs, the lending rate spread remained unaltered. With the announcement of a package of monetary policy measures on April 1, 2000, the PLR of major public sector banks declined by further 50-75 basis points to 11.25-11.75 per cent during the second week of April 2000.

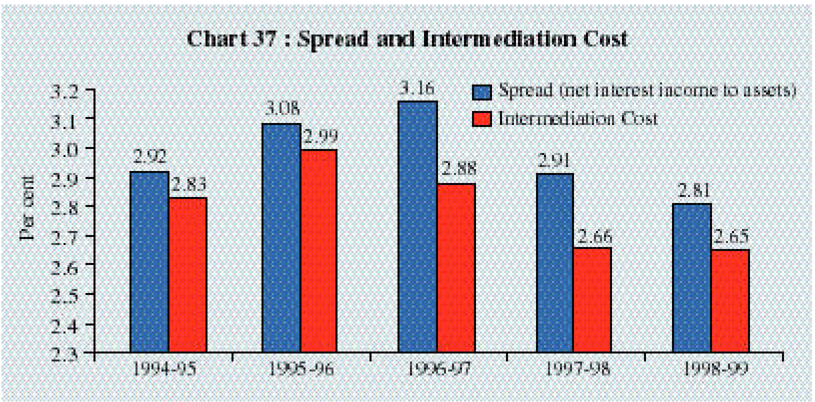
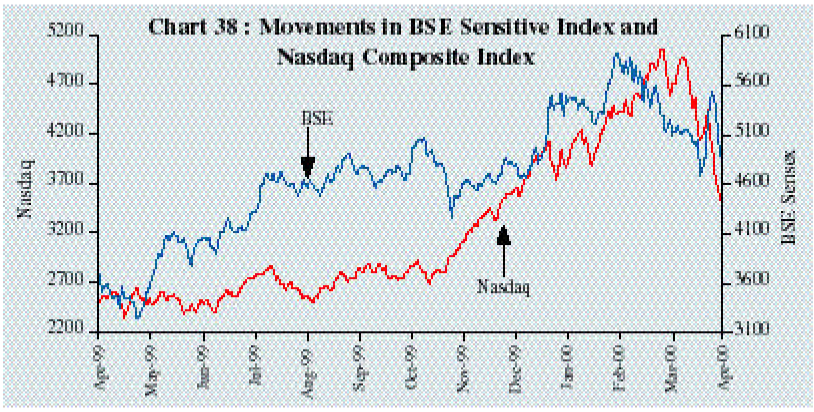


Chart 37 shows trends in the intermediation cost (operating expenses to total assets) and spread (net interest income as a percentage of total assets) of public sector banks since 1994-95. Intermediation cost declined by 1 basis point during 1998-99 as against a decline of 22 basis points during 1997-98 and 11 basis points during 1996-97. The spread, on the other hand, declined substantially by 10 basis points in 1998-99. The spread has come under pressure on account of a fall in interest income and rise in interest expenses with successive declines in lending rates and a relatively sticky deposit rate. The spread is estimated to have declined further in September 1999. The prospect of a further substantial decline in the lending rates would depend on the extent of reduction in the transaction cost and improvement in the flexibility of the deposit rate.

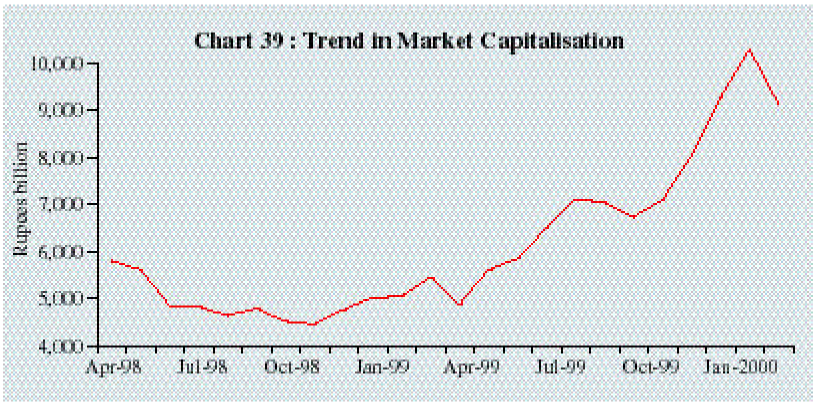
Equity Market

Signs of industrial recovery, improved corporate sector performance and strengthened macro economic fundamentals, such as, low inflation and upgrading of outlook on India from 'stable' to 'positive' by Moody's helped the market sentiment. There was a reasonably broad-based rally in share prices along with sharp rise in the prices of infotech stocks (Chart 38). Banking sector scrips, especially new private sector banks, also performed well during the period from end-September 1999 to end-March 2000.



The BSE Sensitive Index (Base: 1978-79 = 100), which was at 3739.96 as on March 31, 1999 breached the 5000-mark on October 8, 1999 and the 6000-mark during intra-day trading on February 11, 2000 contributed, inter alia, by smooth rollover to the year 2000, increased buying by FIIs and passage of important economic bills like Insurance Regulatory Authority Bill, FEMA and Securities Laws (Amendment) Bills 1999. The 30-scrip BSE Sensex closed the year 1999-2000 at 5001.28, registering a net gain of 1261 points (33.7 per cent) over end-March 1999. On an average basis, the BSE Sensex increased by nearly 41.4 per cent during 1999-2000 as against the decline of 13.6 per cent during the previous year. In recent times, stock markets in India have been closely following the developments in the international stock markets, especially the NASDAQ. Reflecting the recent volatility in international stock markets, the BSE Sensex in the first fortnight of April 2000 moved in the range of 4691.46 and 5541.54. The BSE Sensex closed at 4880.71 as on April 17, 2000.

The market capitalisation at BSE went up substantially by 67.4 per cent from Rs.5,45,361 crore as at end-March 1999 to Rs.9,12,842 crore as at end-March 2000 (Chart 39). The P/E ratio of BSE Sensex based scrips increased from 20.6 as at end-September 1999 to 21.6 as at end-March 2000. The average daily turnover at BSE increased sharply from Rs.2,071 crore in March 1999 to Rs.4,051 crore in March 2000. The volatility in share prices as measured by the coefficient of variation in respect of BSE Sensex, also increased to 13.18 per cent during 1999-2000 from 11.78 per cent during the previous year. To contain volatility for ensuring safety and stability of the market, SEBI advised stock exchanges to consider imposing higher special/ad hoc margins, reducing capital adequacy linked gross exposure limit, and increasing the daily carry forward margin and additional volatility margin. Deliveries as percentage of turnover during 1999-2000 were generally higher, indicating a lower extent of speculation than in 1998-99.



Reflecting the trend in secondary market, the primary capital market showed some signs of revival during 1999-2000, with more number of issues coming into the market. During April-December 1999-2000, private placement at Rs.41,477 crore continued to dominate resources mobilisation as against Rs.33,769 crore mobilised during the corresponding period of the previous year. Six Euro issues aggregated Rs.3,487 crore (US $ 800 million) during 1999-2000 as against three issues of Rs.1,148 crore during the previous year. The amount mobilised through new capital issues by way of both prospectus and rights issues (by the non-Government Public Limited Cos., FIs and the public sector), however, declined to Rs.7,704 crore during 1999-2000 from Rs.9,365 crore during 1998-99, mainly due to decline in 'mega' issues (Rs.100 crore and above) (Chart 40).

Resource mobilisation by mutual funds (MFs), led by the private sector mutual funds, witnessed a turnaround during April-February 1999-2000. Gross resources mobilised by MFs at Rs.50,447 crore registered a growth of 158.3 per cent over the corresponding period of the previous year. Net resources mobilised by MFs increased to Rs.17,966 crore in contrast to a net outflow of Rs.1,204 crore during the corresponding period of the previous year. FIIs made net purchases to the tune of Rs.9,939 crore on the Indian bourses during 1999-2000 as compared with a net disinvestment of Rs.807 crore during the previous year. During April-February 1999-2000, financial assistance sanctioned and disbursed by all India financial institutions (AIFIs) at Rs.87,270 crore and Rs.50,768 crore, respectively, increased by 16.0 per cent and 15.5 per cent, over those of the corresponding period in the previous year.

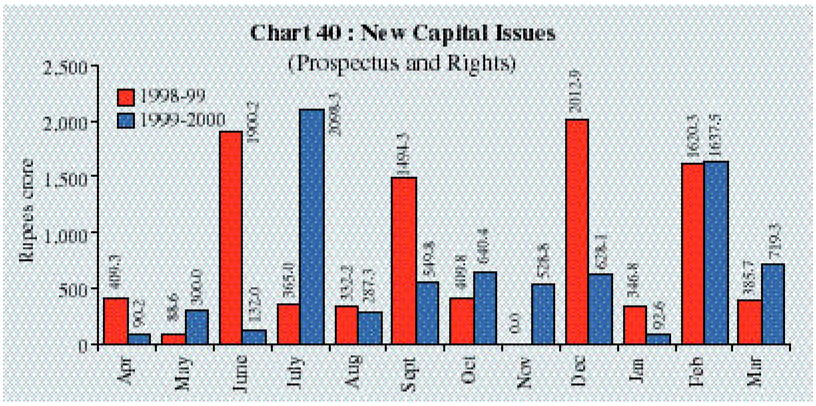


Chart 40 : New Capital Issues
(Prospectus and Rights)

The recent strong increase in equity prices and the resulting high growth in market capitalisation the world over have raised issues regarding their implications for monetary policy. Asset prices can affect the aggregate demand level in the economy by creating a wealth effect. They can also render the measurement of inflation difficult, as conventionally measured price index would not capture the impact of asset price inflation. Rising asset prices, nevertheless, have implications for the industry to the extent that they reduce the capital cost and increase the level of investment in the economy.

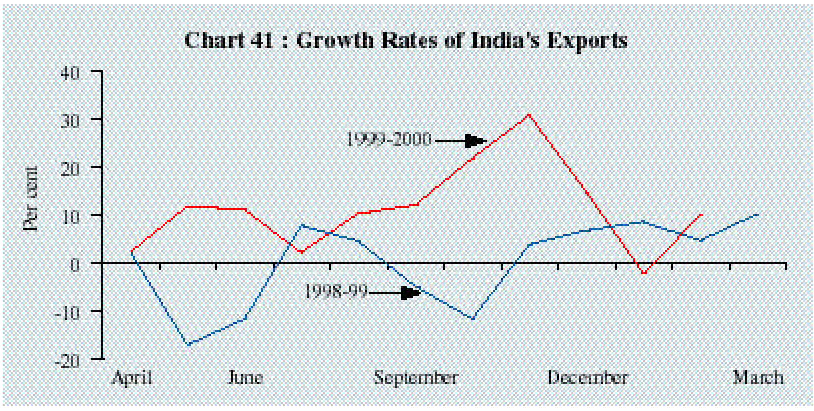
In India, households' investment in equities and debentures form a very small component of their total financial assets. The share of equities in households' gross financial saving, which peaked at 13.5 per cent in 1993-94 declined to 2.6 per cent in 1998-99. There is, therefore, not much of evidence that inflationary expectations are influenced by stock price changes. From the viewpoint of soundness of financial institutions as well as systemic stability, it is, however, important to ensure that the banking system's exposure to stock market is within limits and banks follow stringent prudential norms while lending against shares.

V. The External Economy

The world economic outlook strengthened further with the projected output growth rate for 1999 and 2000 being revised upwards to 3.3 per cent and 4.0 per cent from 2.9 per cent and 3.4 per cent, respectively. Advanced economies are projected to record stronger growth, driven by continued expansion in the US economy and a more robust recovery in the Euro area. There seems to be an upside risk that growth in advanced countries may exceed the projections. Developing countries are projected to grow at 5.1 per cent in 2000 as against 3.7 per cent in 1999. The crisis affected emerging Asian markets seem to have recovered faster than expected, with the ASEAN-4 growth forecasts for 2000 placed at 4.2 per cent in contrast to a negative 9.5 per cent growth in 1998. Successful policies of macroeconomic adjustment together with evolving prudential standards have contributed to substantial improvement in financial and macroeconomic conditions in emerging market economies as reflected in the return of exchange rate stability and rally in equity prices.

The volume of world trade in goods and services is projected to increase by 7.2 per cent in 2000 as against 4.7 per cent in 1999. While the inflation rate in advanced economies at 1.4 per cent in 1999 and 1.9 per cent (projected) in 2000 ruled low, that in respect of developing countries is expected to decelerate to 5.7 per cent from 6.6 per cent in 1999 and 10.1 per cent in 1998. World manufacturing prices in US dollars are expected to bottom out in 2000 and record an increase of 1.4 per cent in 2000 after a continuous decline in the preceding four years. This is an encouraging sign for the developing countries' export growth. High crude oil prices, which broke through US $ 30 per barrel in February 2000 – the highest since the Gulf war days - are, however, a major cause for concern. The oil prices have moderated in the recent weeks but still remain firm in relation to previous years. *S*ome other areas of concern are: the possibility of lop sided growth among principal currency areas creating increased payments imbalances, seemingly misaligned exchange rates among several key currencies relative to fundamentals and the downside risk of the current high level of stock valuations.

Gross private capital flows to the emerging market economies remained subdued in 1999. Despite a moderate increase to US $ 172.9 billion in 1999 from US $ 149.8 billion in 1998, they remained below the average of US $ 258 billion during 1996 and 1997. On account of large repayments, net flows rose marginally from the decade low of US $ 60 billion in 1998 to US $ 64.4 billion in 1999. Net capital flows, too, are projected to remain subdued in 2000.

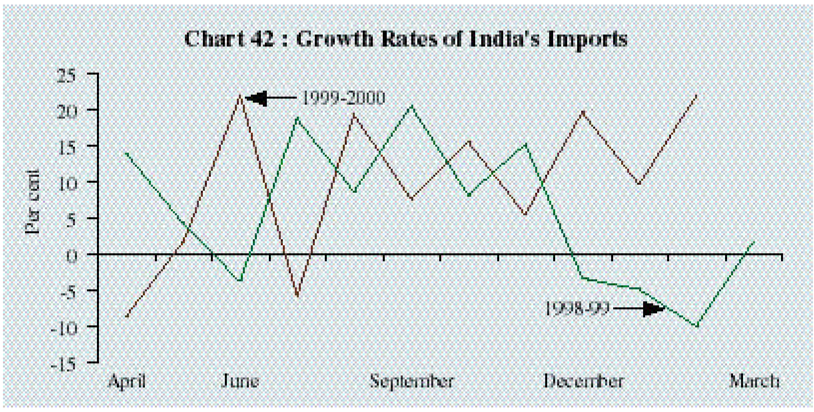


The matrix of international economic factors - barring the uptrend in oil prices - remain favourable to the Indian economy. The balance of payments (BoP) situation remained comfortable during the year despite a number of adverse developments in the form of domestic uncertainty, border tensions and a spurt in international crude prices. Foreign currency assets of the Reserve Bank enlarged by US $ 5.5 billion during 1999-2000 on top of an increase of US $ 3.5 billion in the previous year. The foreign exchange market remained generally stable and was, in fact, characterised by excess supply conditions on account of a turnaround in export growth coupled with portfolio investment inflows. Reflecting the favourable developments in the foreign exchange market, the average six-month forward premia eased to under 5 per cent as against around 8 per cent during 1998-99.

The BoP data available for the first three quarters (April-December) of 1999-2000 indicate marked buoyancy in private transfers and software exports. The recovery in merchandise exports coupled with robust growth in software earnings and continuing buoyancy in private transfers suggest that the current account deficit in 1999-2000 would be well below 1.5 per cent of GDP, which could easily be financed through normal capital flows, despite higher POL imports on account of the increase in crude oil prices.

Merchandise Trade

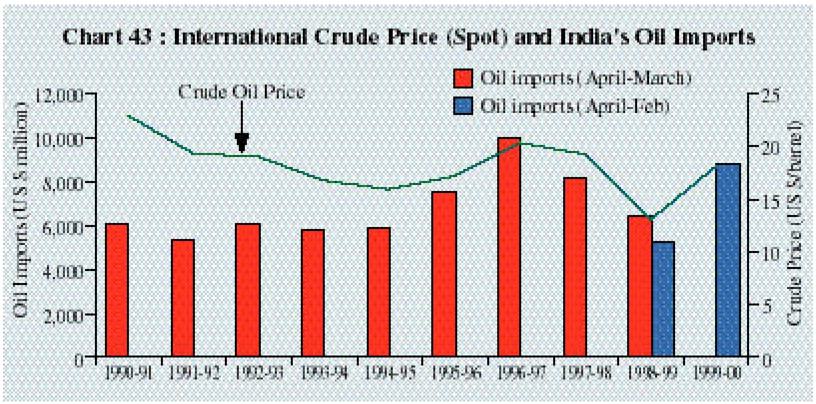
The trade deficit at US $ 8.7 billion during 1999-2000 (up to February 2000) was higher than that of US $ 8.1 billion in the corresponding period of 1998-99 according to the Directorate General of Commercial Intelligence and Statistics (DGCI&S) data, as export growth was largely offset by a sharp increase in oil imports.



Exports recorded a growth of 11.1 per cent during 1999-2000 (up to February 2000) in sharp contrast to a decline of 1.9 per cent during the corresponding period of 1998-99, largely on account of a recovery in manufactured goods' exports. Exports showed a sustained increase from the beginning of the year breaking the declining trend witnessed in the previous year. Export growth, after reaching the peak of 30.7 per cent in November 1999, decelerated in December 1999, turned negative in January 2000 and then recovered to 9.7 per cent in February 2000 (Chart 41).

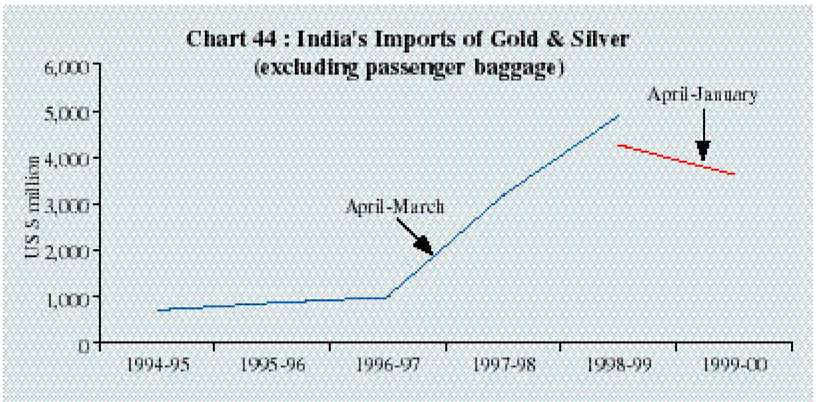
Import growth at 10.2 per cent during 1999-2000 (up to February 2000) remained higher than 3.1 per cent during the corresponding period of 1998-99 (Chart 42). The oil import bill surged by 66.4 per cent during 1999-2000 (up to February 2000) in contrast to a decline of 25.2 per cent during the corresponding period of 1998-99 with the increase in international oil prices by about 39 per cent during 1999 over the level in 1998 (Chart 43). On year-on-year basis, the oil price rose from US $ 11.45 a barrel during January 1999 to US $ 25.31 a barrel during January 2000, showing an increase of 121.0 per cent. Non-oil imports, on the other hand, decelerated to 1.1 per cent during 1999-2000 (up to February 2000) from an increase of 9.8 per cent during the corresponding period of 1998-99. Capital goods imports declined by 20.2 per cent during 1999-2000 (up to January 2000) in contrast to an increase of 9.5 per cent in the comparable period of the previous year. The decline in capital goods imports has growth implications as imported capital goods could be technology embodied in nature and could accompany flow of foreign investment. Imports of gold and silver, which had increased at a very fast rate during 1997-98 and 1998-99, declined by 14.8 per cent during 1999-2000 (up to January 2000).

Even with this decline, imports of gold and silver remained at a very substantial level of US $ 3.6 billion during 1999-2000 (up to January 2000) as against US $ 4.3 billion during the corresponding period of 1998-99 (Chart 44). Non-oil non-gold imports recorded a marginal increase of 2.4 per cent during 1999-2000 (up to January 2000) as against 5.3 per cent during the corresponding period of the previous year.



Current Account

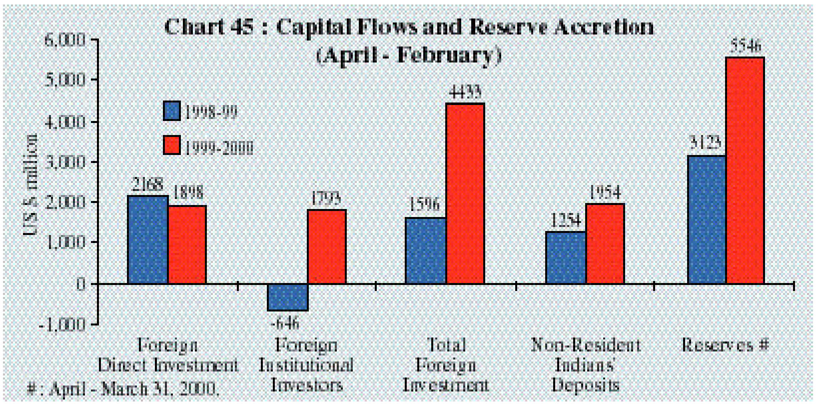
The current account deficit at US $ 4.1 billion during 1999-2000 (up to December 1999) was marginally lower than that of US $ 4.3 billion during the corresponding period of 1998-99. The net invisible surplus at US $ 7.2 billion during April - December 1999 was the same as that during the corresponding period of last year. Higher miscellaneous invisible payments were compensated by a 17.0 per cent increase in private transfers to US $ 8.9 billion and a 58.7 per cent surge in software exports to US $ 2.9 billion.



Capital Account

Capital flows, led by portfolio inflows and non-resident deposits, continue to remain strong, enabling the build-up of reserves. Foreign investment inflows during 1999-2000 (up to February 2000) at US $ 4.4 billion were significantly higher than that of US $ 1.6 billion in the corresponding period of 1998-99 on account of higher portfolio inflows (Chart 45). Foreign institutional investor (FII) inflows amounted to US $ 1.8 billion during 1999-2000 (up to February 2000) in contrast to an outflow of US $ 0.6 billion during the comparable period of the previous year. Similarly, the resources raised under

GDRs/ADRs increased to US $ 0.6 billion during 1999-2000 (up to February 2000) from US $ 15 million during the corresponding period of the previous year. Direct investment inflows during 1999-2000 (up to February 2000) at US $ 1.9 billion, however, were lower as compared with the corresponding period of 1998-99 (US $ 2.2 billion). Drawals under external commercial borrowings (ECBs) at US $ 2.2 billion during 1999-2000 (up to December 1999), were almost the same as in the corresponding period of 1998 (excluding RIBs). The demand for ECBs, notwithstanding the decline in average six-month forward premia from 8.2 per cent during April-December 1998 to 5.2 per cent during April-December 1999, was sluggish partly reflecting the attractiveness of borrowing from domestic sources. Inflows under NRI deposits during 1999-2000 (up to February 2000) at US $ 2.0 billion were significantly higher than that of US $ 1.3 billion in the corresponding period of 1998-99. The proportion of FCNRB deposits swapped into rupees continued to be within reasonable limits.



Reserves

Total foreign exchange reserves as on March 31, 2000 amounted to US $ 38.0 billion or around eight months of imports. The foreign currency assets of the Reserve Bank increased to US $ 35.1 billion as on March 31, 2000, on account of the turnaround in export growth and portfolio investment despite the surge in POL imports. The value of monetary gold increased marginally by US $ 14 million to US $ 3.0 billion over the same period. Forward liabilities at US $ 0.7 billion as on March 31, 2000 worked out to less than 2.0 per cent of the outstanding foreign currency assets, reflecting the conscious policy of the Reserve Bank to contain such liabilities at a manageable level in relation to the size of reserves.

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[1] The actual ICOR is computed as a ratio of rate of real gross domestic capital formation and growth rate of real GDP. The ICOR could be seen as having two components *viz*., a permanent component capturing the underlying trend in productivity and a cyclical component capturing the temporary shocks. An idea about the trend component of ICOR can be had by filtering out the effects of cyclical component from the actual ICOR. The Hodrick-Prescott (HP) filter is a commonly used method to estimate the trend component of a series. The HP filter is easy to implement and tractable for policy purposes. The estimates of trend component of ICOR presented here follow the HP method, using the sample data of saving, investment and growth rate for the Indian economy for the period 1980-81 to 1998-99.

[2] Permanent component of output growth in this exercise has been generated by using the HP filter (see

footnote 1).

[3] The gross fiscal deficit is the excess of total expenditure including revenue and capital expenditure and net disbursement of loans by the Central government (excluding the States' and UTs' share of small savings) over the revenue receipts and proceeds from disinvestment.

[4] In the Bank's Annual Report for 1998-99, the discretionary component was referred to as 'policy liquidity'. However, the term 'discretionary' is more appropriate since it indicates the options available for actions, and is not rule-bound.

[5] The weighted trimmed mean method excludes a fixed percentage of data points from the top and bottom tails of the inflation distribution across commodities. By this principle, an equal percentage point of the inflation rate on either side, ordered by the weight of the commodity basket, is removed from the actual inflation rate.

[6] This alternative estimate of core inflation is generated by using 20 per cent weighted trimmed mean method. By this criteria, 10 percentage points of inflation on either side ordered by the weight of the respective commodities are removed from the actual inflation.

FINANCES OF GOVERNMENT OF INDIA: 2000-2001*

Introduction

The Union Budget 2000-01, the first budget of the millennium, was presented to the Parliament on February 29, 2000. The budget was formulated against the backdrop of challenges such as border conflict, natural calamities in Orissa, somewhat weak monsoon and continued uncertainty in the world economic recovery. However, the economy is poised to achieve a growth of nearly 6 per cent in real terms during 1999-2000, facilitated by a broad-based industrial recovery, lower inflation, comfortable stocks of food grains, turnaround in export growth and encouraging renewal of capital market. Agriculture, on the other hand, is expected to post low growth mainly due to unfavourable weather conditions. Notwithstanding these factors, a major challenge faced by the economy is the weakening fiscal situation. During the current year, the fiscal position has suffered severe setbacks arising out of unanticipated expenditures on national defence, cyclone in Orissa, residual impact of the Fifth Pay Commission and the need for special fiscal assistance to the States. The gross fiscal deficit (GFD) has suffered a major challenge as the revised estimates placed GFD at 5.6 per cent of the Gross Domestic Product (GDP) in 1999-2000 as against the budget estimates of 4.0 per cent.

The budget exercise attempts to place the economy on a growth path of 7 to 8 per cent to reduce poverty significantly within the next decade. Towards these objectives, the budget has adopted a seven fold strategy: *viz.*, strengthen the foundation of growth of the rural economy, developing knowledge based industries, strengthening and modernising traditional industries, removing infrastructure bottlenecks, according high priority to human resource development with special emphasis on the poorest and weakest section of the society, strengthening the country's role in the world economy through rapid growth of exports, higher foreign investment and prudent external debt management, and establishing a credible framework of fiscal discipline. Both the expenditure policies and resource mobilisation efforts are designed towards attaining these objectives.

The budget accords the highest priority to fiscal management with prime objectives of curbing expenditure growth and bringing about

*** Prepared in the Division of Fiscal Analysis of the Department of Economic Analysis and Policy. This article is based on the Union Budget: 2000-2001 presented to the Parliament on February 29, 2000.**

structural changes in the composition of expenditure. Both the revenue deficit and fiscal deficit are budgeted to be brought down to 3.6 per cent and 5.1 per cent of the GDP, respectively, during 2000-01 from 3.8 per cent and 5.6 per cent in 1999-2000 (revised estimates). The major policy initiatives on the expenditure management front include rigorous zero base budgeting scrutiny and restructuring of PSUs by closing down of units which are sick and not capable of revival. On the taxation front, the major policy steps encompass the introduction of a single rate Central Value Added Tax (CENVAT) and rationalisation of custom duties. The CENVAT, which is expected to provide long term stability to the tax system would also encourage the States to implement their agreed programme for converting sales taxes into VAT by April 1, 2001. For medium-term management of the fiscal deficit, the budget initiated mechanisms such as the enactment of Fiscal Responsibility Act. The Government has already set up a committee to examine this issue and the necessary legislative proposals are expected to be placed before the Parliament during the course of the year.

This article is organised into four Sections. Section I, while outlining the thrust of the budget, details the policy initiatives proposed. Section II presents the revised outcome *vis-a-vis* the budgeted and Section III gives the budgeted receipts, expenditure and deficit positions for 2000-01. Section IV provides the perspectives that may be drawn from the budget.

Section I

Major Policy Initiatives

The budget 2000-01 aims at, as mentioned earlier, strengthening growth of the rural economy, modernising the traditional industries, removing infrastructural bottlenecks, improving export growth and achieving higher foreign investment and establishing a credible framework of fiscal discipline. Keeping these objectives in view, a number of major policy measures were announced in the budget. These are briefly enumerated here.

1. Agriculture and Rural Development

The budget focuses on a sustained and broad-based growth of agriculture which has far reaching implications for alleviating poverty, generating incomes and employment, assuring food security and sustaining a buoyant domestic market for industry and services. The policy announcements are mainly centred on strengthening the flow of rural credit, long-term strategy for land use, removal of illiteracy in rural areas and rural housing.

The budget proposes to strengthen credit flow to agriculture sector by boosting the programme of micro finance. The budget proposes to set up a Micro Finance Development Fund with NABARD with a start up contribution of Rs.100 crore from RBI, NABARD, banks and others. This Fund will provide start up finance to micro finance institutions and infrastructure support for training and system management and data building. Vulnerable sections like women, scheduled castes, scheduled tribes and other backward classes will be given priority in the promotion of micro finance enterprises in rural areas. NABARD and SIDBI will cover an additional one lakh Self Help Groups during 2000-01. The corpus of RIDF-VI has been enhanced to Rs.4,500 crore (Rs.3,500 crore for RIDF-V) and the interest charged on this will be reduced by one half of one per cent. To promote rural credit and to have a more vibrant rural co-operative credit system, the budget has proposed to establish a Fund with NABARD. The details will be worked out in the light of the forthcoming recommendations of the Capoor Committee earlier constituted by the Union Government. In view of the importance of RRBs in rural financing, the budget proposes to continue with the programme of strengthening the rural based banking institutions.

With the objective of undertaking time bound programmes to fulfill critical needs of the rural people, a new scheme namely, the *"Pradhan Mantri Gramodaya Yojana"* is proposed to be launched with a budgetary allocation of Rs.5,000 crore separately for this Scheme. Under the scheme, Central assistance will be provided to States for implementing specific projects. With the introduction of this scheme, the erstwhile Basic Minimum Service Scheme will be merged with the new scheme. Universalisation of education being the key national objective, the budget has proposed a new initiative *viz.*, *"Sarva Shiksha Abhiyan"*. This scheme is introduced to enable all children to enroll by 2003 and expansion of the District Primary Education Programme to cover the remaining districts in Uttar Pradesh, West Bengal, Orissa and Gujarat. With the launching of the new scheme, it is proposed to revamp the National Literacy Mission with the objective of raising the literacy rate to 75 per cent by 2005. The plan allocation for elementary education has been enhanced to Rs.3,729 crore for 2000-01 from Rs.2,931 crore during 1999-2000.

Housing for all has been identified as a priority area in the agenda for governance. For the financial year 2000-01, the budget has targeted to provide 25 lakh dwelling units in rural areas. Under the *Indira Awas Yojana*, it is proposed to provide more than 12 lakh houses for the people below poverty line. For families with an annual income of below Rs.32,000 per annum, assistance will be provided to enable construction of 1 lakh houses under the credit-cum-subsidy Scheme. To further improve the availability of housing finance in rural areas, the Government has decided to provide equity support of Rs.350 crore to HUDCO during the Ninth Plan period. During 2000-01, it is proposed to release Rs.100 crore under this programme. Furthermore, the National Housing Bank will provide refinance to banks and housing finance companies for construction of 1.5 lakh houses under the Golden Jubilee Rural Housing Finance Scheme. To provide drinking water facilities in all rural habitations in the next five years, a new Department of Drinking Water Supply in the Ministry of Rural Development has been set up. The budget has proposed constitution of a National Commission on Land Use Policy for evolving an integrated approach in the pattern of land use both at the national and State level.

2. Social Sector

The areas of priority under social sector include empowerment of women, population policy, and health and social security for the poorest sections of the society. With a view to improving the access of women to national resources and for ensuring their rightful place in the mainstream of economic development, the budget has proposed a Task Force to review all existing legislations and Government schemes pertaining to the development of women. In order to operationalise the new Population Policy, the objective of which is to bring down total fertility rates to replacement levels by 2010, the Plan allocation has been increased to Rs.3,520 crore for 2000-01 from Rs.2,920 crore in 1999-2000.

In order to provide social security to the poorest sections of the society, the budget has proposed a new scheme of group insurance, viz. "*Janashree Bima Yojana*". Under this scheme, beneficiaries will have insurance cover of Rs.20,000 in case of natural death, Rs.50,000 in case of accidental death or total permanent disability and Rs.25,000 for partial permanent disability due to accident. People below poverty line (BPL) will need to pay only half the premium, with the remainder being contributed from earnings of LIC's existing Social Security Fund, suitably augmented by Government.

3. Industry and Infrastructure

The policy announcements pertaining to industrial sector focus mainly on accelerating real growth and encouraging investment in knowledge-based industries. Liberalised tax treatment for Venture Capital Funds is a major plank of the policy. In order to simplify procedures, SEBI will be the single point nodal agency for registration and regulation of both domestic and overseas Venture Capital Funds.

As regards small scale sector, in the context of growing domestic and international competitiveness, the Government strategy is to support SSI sector through promotional policies of credit and technology. To improve credit flow to SSI units, the following steps have been proposed: (i) dispensing with the requirement of providing collateral security for tiny units for loans up to Rs.5 lakh, (ii) an increase in the composite loan limit from Rs.5 lakh to Rs.10 lakh, (iii) a new Central Scheme of credit guarantee for small-scale industries with a provision of Rs.100 crore and (iv) the raising of the limit of the National Equity Fund scheme under which equity support is provided for projects from Rs.15 lakh to Rs.25 lakh. The Central scheme of credit guarantee will cover loans up to Rs.10 lakh from the banking sector and guaranteed loans will be securitised and traded in the secondary debt market.

In the Infrastructure sector, the budget proposes to move ahead with the programmes for corporatisation of public sector service providers in the areas of telecommunications, ports and airports. The budget has also announced initiatives for road development. Measures have been proposed to augment resources for the National Highways Development Project, besides the levy of a cess of one rupee per litre on petrol and diesel introduced in the last budget.

In order to give fillip to the reform process in the power sector and for undertaking investments on renovation and modernisation of old and inefficient plants and also for strengthening the distribution system, a new scheme for providing assistance to State utilities is proposed to be introduced. Under this scheme, additional Central Plan assistance of Rs.1,000 crore will be provided to State Governments. The Government has already finalised a scheme for securitisation of large overdues of State Electricity Boards to the Central Sector Power and Coal utilities to assist SEBs to clear these dues. For commissioning of high priority projects by SEBs/State generating companies, a provision of Rs.300 crore has been made for subsidising interest on loans from the Power Finance Corporation. The Plan outlay for the Central PSUs in the power sector has been increased from Rs.7,626 crore to Rs.9,194 crore.

The sustained growth of knowledge-based industries will ultimately depend on the quality and extent of scientific and technological progress and training in the society. To harness the country’s potential in science and technology, relevant technology vision projects and for increasing cooperation between Universities and R&D institutions, additional provision of Rs.50 crore in the budget of the Technology Information Forecasting and Assessment Council under the Department of Science and Technology is proposed. Further, a provision of Rs.50 crore is also made in the budget of the Department of Scientific and Industrial Research, for launching a New Millennium Indian Technology Leadership Initiative.

4. Capital Markets

To strengthen the capital market, the budget proposed a few important measures. First, a 100 per cent exemption to the income of Investor Protection Funds of Stock Exchanges to give them incentives for setting up such funds. Second, liberalisation of the tax treatment for venture capital funds, wherein SEBI will be the single point nodal agency for registration and regulation of both domestic and overseas venture capital funds. This liberalisation will be a strong boost for Non-Resident Indians in Silicon Valley and elsewhere to invest some of their capital, knowledge and enterprise in ventures in India. Third, to further liberalise policy for acquisition of companies abroad, the ceiling under the automatic route has been increased from the existing US$ 15 million to US$ 50 million for Indian corporates and beyond this, through approval by the Committee on Overseas Investment. Fourth, under the existing policy on portfolio investment, Foreign Institutional Investors (FIIs) are permitted to invest in a company upto 30 per cent of equity shares subject to the approval by the Board of Directors and a Special Resolution of the General Body of the Company. The budget has proposed to enhance this limit to 40 per cent.

5. Banking and Financial Sector

The budget has focussed upon the importance of undertaking reforms to further strengthen the banking sector. In order to facilitate the process of raising the capital base of the public sector banks through public participation, the Government has decided to accept the recommendations of the Narasimham Committee on Banking Sector Reforms (1998) for reducing the requirement of minimum shareholding by Government in nationalised banks to 33 per cent. The budget has proposed to bring about necessary changes in the legislative provisions to accord necessary flexibility and autonomy to the Boards of banks. The report of the Working Group on Restructuring Weak Public Sector Banks had suggested the constitution of a Financial Restructuring Authority (FRA). The budget has proposed a modified version of the FRA. Thus, in respect of any bank which is considered to be weak or potentially weak, the statutes governing public sector banks would be amended to provide for supersession of the

Board of Directors on the basis of recommendations of the RBI and constitution of a FRA for such a bank, comprising experts and professionals. The amendments would also enable the FRA to exercise special powers including all the powers of the Board of the bank. The Government would continue with recapitalisation of the weak banks to achieve the prescribed capital adequacy norms and strengthening of RRBs. To expedite adjudication and recovery of dues of banks and financial institutions, it is proposed to set up 7 more Debt Recovery Tribunals. For sharing of credit related information on borrowers and potential borrowers among banks and financial institutions, it is proposed to set up a Credit Information Bureau based on the recommendations of the Working Group constituted by RBI to curb the growth of non-performing assets (NPAs).

Furthermore, to facilitate the development of the Government debt market, it is proposed to replace the Public Debt Act, 1944 by a Government Securities Act. It is also proposed to bring about a regulation through a new bill to strengthen NBFCs. In order to accord greater operational flexibility to the RBI for conduct of monetary policy and regulation of financial system, the Finance Minister has announced to bring to Parliament, proposals for amending the relevant legislation.

5. Fiscal Policy Reforms

In the fiscal sector, the focus is on further strengthening expenditure management, restructuring of public sector enterprises and strengthening of tax reforms through restructuring and rationalisation of both direct and indirect taxes. Major policy measures announced in the budget are set out below:

(a) Expenditure Management

The downward rigidity in the pre-committed and non-Plan expenditure is a major cause of concern in the prudent expenditure management. The major non-Plan component which has a large bearing on annual budget outlays are transfer payments, interest expenditure, defence, subsidies, salaries, allowances and pension, internal security and non-Plan grant to States, which together account for about 95 per cent of non-Plan expenditure and about 70 per cent of the total expenditure. With a view to curb built-in expenditure growth and bring about structural changes in the composition of expenditure, the budget has proposed a number of initiatives which *inter alia*, include the following: All ongoing schemes will be subjected to rigorous zero base budgeting scrutiny. Second, the manpower requirements of Government departments will be reassessed by reviewing the norms for creation of posts and fresh recruitment in Government departments and institutions will be limited to minimum essential needs. Third, the scheme for redeployment of surplus staff will be made more effective and a VRS scheme will also be introduced for staff in the surplus pool. Fourth, all subsidies will be reviewed with a view to bringing in cost-based user charges wherever feasible. Fifth, budgetary support to autonomous institutions will be reviewed and they will be encouraged to maximise generation of internal resources. Sixth, the interest rate on General Provident Funds is being reduced by 1 per cent to 11 per cent effective April 1, 2000 to align it with the overall interest rate structure. This was in sequence to the restructuring of the interest rates on small savings and public provident funds effected on January 1, 2000 (Box 1). Seventh, the budget has made provision of Rs.1,000 crore through disinvestment proceeds to reduce debt service payments. For medium-term management of the fiscal deficit, the budget has proposed to bring about an institutional mechanism embodied in a Fiscal Responsibility Act, the necessary legislative proposals of which would be announced during the course of the year.

(b) Public Sector Restructuring

The main element of Government policy towards the Public Sector would be to restructure and revive potentially viable PSUs and close down PSUs which are sick and not capable of being revived. At the same time, the Government proposes to put in place mechanisms to raise resources from the market against the security of the assets of the closed PSUs and use these funds to provide adequate safety-net for workers. To give a fresh impetus to the programme of disinvestment and privatisation of PSUs, the Government has established a new Department for Disinvestment. The budget has now proposed to reduce Government equity in all non-strategic PSUs to 26 per cent or less. The receipts from disinvestment and privatisation will be used for meeting expenditures in social sectors, restructuring of PSUs and retiring public debt. During 2000-01, the disinvestment proceeds are placed at Rs.10,000 crore, of which, Rs.1,000 crore is earmarked for retiring public debt.

(c) Tax Policy Measures

The taxation proposals are intended to further the ongoing reform process. On the indirect tax front, the budget proposes to overhaul the rate structure, rationalise and simplify the procedures to reduce the compliance cost for the tax payer relating to both excise and custom duties. The Government has proposed to constitute an Expert Group to go into all aspects of service tax. The tax proposals relating to direct tax

BOX 1

Alignment of Interest Rate on Small Savings and Public Provident Fund

The interest rates on small savings instruments were reduced with effect from January 15, 2000 in line with the recommendation of a committee of experts on small savings. The revised rates are as follows:

- The rate on Post Office Time Deposits for 1,2,3 and 5 years reduced by 1.0 percentage point to 8 per cent, 9 per cent, 10 per cent and 10.5 per cent, respectively;
- Interest on Post Office Recurring Deposits reduced to 10.5 per cent;
- Interest on Post Office Monthly Income Account reduced to 11 per cent ;
- The *Kisan Vikas Patra* will double in six and a half years instead of pre-revision period of six years;
- Interest rate on National Savings Certificate – VIII Issue reduced by 1 percentage point to 11 per cent; and on National Savings Scheme 1992 reduced to 10.5 per cent
- Interest on Public Provident Fund, where the income from interest is totally exempt from income tax has been reduced to 11 per cent.

The Government has also decided to pass on the benefit of the lower interest cost on small savings schemes to the State/UT Governments by reducing the rate of interest on Special Securities of the State/UT Government issued against small savings collections by 1 percentage point. Consequently, the rate of interest on Special Securities of the State/UT Government has been revised from 13.5 per cent to 12.5 per cent. In addition, to further assist State/UT Governments, it has been decided to increase the share against the net collections under small savings schemes from 75 per cent to 80 per cent with effect from April 1, 2000. The last revision in this share was done in 1987.

rest on grounds of stability, economic growth, rationalisation and simplification. The major proposals announced in the budget are summarised in BOX 2.

The process of restructuring of Union excise rates undertaken in the last budget is continued in this year's budget. The unique feature of restructuring of excise duties is the proposal to establish a single rate Central Value Added Tax (CENVAT). This would not only provide long-term stability, remove uncertainties for industry and eliminate disputes of classification, but would also encourage the State Governments to implement their agreed programme for

BOX 2

Major Changes in Tax Structure

Direct Taxes

- Surcharge on income tax increased from 10 per cent to 15 per cent for non-corporate taxpayers having total taxable income above Rs.1,50,000 per year, thereby increasing the marginal rate from 33 per cent to 34.5 per cent for them.
- For senior citizens the tax rebate raised from Rs.10,000 to Rs.15,000.
- Additional rebate of Rs.5,000 for women tax-payers from their tax liability.
- Pension/family pension received by gallantry award winners of para military forces and other forces engaged in national and civil defence exempted from income tax.
- For expanding the tax base and better tax compliance, "One-by-Six" criteria introduced earlier for identifying potential tax assessees extended to 79 more cities (presently 54) having population of more than two lakh.
- 100 per cent exemption proposed to the income of Investor Protection Funds of Stock Exchanges to provide incentives for setting up such funds, and to strengthen capital market.
- The rate of tax on dividend distributed by domestic companies has been increased from 10 per cent to 20 per cent, to reduce the anomaly in the tax treatment of the dividend income and interest income. However, dividend income in the hands of shareholders will continue to remain tax-free.
- To reduce distortions from differing tax treatment for interest incomes from mutual funds and other instruments, like bank deposits and corporate deposit, it is proposed to increase the rate of tax on income distributed by debt oriented Mutual Funds and UTI from 10 per cent to 20 per cent. However, the income distributed under the US-64 and other open-ended equity oriented schemes of UTI and Mutual Funds will continue to be exempt from this tax, as at present.
- With a view to creating a level playing field and enhancing the flow of financial resources, the interest tax of 2 per cent paid by banks and financial institutions has been abolished.
- To continue the thrust given to the housing sector in the previous year, 20 per cent rebate of tax under Section 88 of Income-Tax Act now available for repayment of housing loans up to Rs.20,000 per year as against the present limit of Rs.10,000.
- 100 per cent exemption on export profits of the entertainment industry available for both corporate and non-corporate assessees. Limit of reporting of payments made by film producers to tax authorities increased from Rs.25,000 to Rs.50,000.
- For generation of resources for strengthening and modernizing the shipping industry, 100 per cent deductions on entire profits available for next 5 years if these are kept in reserve to be used for purchase of new ships.
- To encourage investment in human resources, the maximum amount of repayment of loan for higher education to be increased from Rs.25,000 to Rs.40,000 as an allowable deduction.

- Minimum Alternate Tax (MAT) to be levied at the revised rate of 7.5 per cent of the 'book profits' instead of the existing effective rate of 10.5 per cent. Credit on MAT paid by companies will not be allowed.
- Exemptions on export earnings of various kinds are to be phased out by 5 years, starting with withdrawal of concessions by 20 per cent from 2000-01, and 20 per cent in each subsequent year till they reach zero level.

Indirect Taxes

- The existing three *ad valorem* rates of basic excise duty are converged to a single Central Value Added Tax (CENVAT) rate of 16 per cent.
- In addition to 16 per cent CENVAT, three rates of special excise at 8 per cent, 16 per cent and 24 per cent are proposed. Commodities, which carry a rate of 30 per cent at present are changed to 32 per cent, composed of 16 per cent CENVAT and 16 per cent special excise duty. Items being charged 40 per cent duty would be composed of 16 per cent CENVAT and 24 per cent special excise duty.
- Excise duty on all category of cigarettes enhanced by 5 per cent.
- MODVAT credit on capital goods to be spread over two years, cigarettes given full extension of MODVAT. MODVAT credit on project imports extended to 100 per cent of the counter-vailing duty.
- *Ad valorem* excise duty restored on steel produced by re-rollers and also steel produced by induction furnaces. These goods will be subjected to 16 per cent CENVAT from April 1, 2000.
- Compounded levy scheme for independent textile processors raised from Rs.1.5 lakh per chamber per month to Rs.2.0 lakh per month and from Rs.2.0 lakh to Rs.2.5 lakh.
- On customs duty, to provide adequate protection and growth impulses to the domestic industry and calibrate tariff to international level, peak rate of custom duty is reduced from 40 per cent to 35 per cent. Total number of customs rates are reduced from 5 to 4 i.e. 35 per cent, 25 per cent, 15 per cent and 5 per cent. Surcharge of 10 per cent will continue to apply to the peak rate of 35 per cent. Crude oil and petroleum products, certain WTO bound items and gold and silver continue to be exempt from surcharge. Exemptions of traders from Special additional duty (SAD) of customs are withdrawn. SAD is not applicable to petroleum products.
- Customs duty is reduced on computers, mother boards, floppy diskettes (from 20 to 15 per cent), micro-processors, memory storage devices, CD ROMs, display tubes (from 5 per cent to nil), specified capital goods for manufacture of semi-conductors and ICs (from 15 to 5 per cent).
- Custom duty is reduced for specified raw material for manufacture of optical fibre, cellular phones, battery packs, specified telecom equipment to ISP and cinematographic cameras, film rolls, platinum and non-industrial diamonds, crude oil (20 to 15 per cent) and petroleum products (30 to 25 per cent).

converting sales taxes into VAT by April 1, 2001. The existing three *ad valorem* rates of basic excise duty *viz.*, 8, 16 and 24 per cent, are proposed to be collapsed into a single rate of 16 per cent CENVAT with MODVAT benefit. In addition to the 16 per cent CENVAT, the budget proposes three rates of special excise *viz.*, 8, 16 and 24 per cent, which will not generally be modvatable. It is also proposed to expand and rationalise the scope of the MODVAT scheme. With effect from the fiscal year 2000-01, MODVAT will be known as CENVAT scheme. The plethora of existing rules will be replaced by a small set of simple and transparent rules which will reduce disputes to a minimum. All inputs and capital goods are now being included in the eligible list of MODVAT scheme excepting the High Speed Diesel Oil and Petrol.

The budget also made proposals for restructuring and simplification of the excise system. With effect from July 1, 2000, all statutory records in excise would be dispensed with and the Excise Department would rely upon manufacturers' records. From April 1, 2000 onwards, excise assessees would be allowed to pay the excise duties in fortnightly instalments as against the existing practice of day-to-day payments. However, the small scale sector would be allowed to continue with the monthly payment system. Further, to make the valuation mechanism simple, user friendly and commercially acceptable, the existing section 4 of the Central Excise Act which is based on the concept of "normal price" will be replaced by a new section based on "transaction value" with effect from July 1, 2000, for purposes of assessment.

In the case of custom duties, the budget intends to carry forward the reform and further the rationalisation process. The rationalisation of custom duties proposed in the budget are intended to maintain a judicious balance between the need for providing adequate protection and growth impulses to the domestic industry and calibrating tariffs to international levels. The peak rate of basic custom duty is reduced from 40 per cent to 35 per cent. The rate structure is further rationalised by reducing the total number of custom duty rates from 5 to 4, with the tax rate structure consisting of 35 per cent, 25 per cent, 15 per cent and 5 per cent. The surcharge of 10 per cent will also apply to the new peak rate of 35 per cent.

In the sphere of direct taxes, the existing rates of personal income tax have been retained. However, in view of the heavy and unexpected expenditure burden, mainly on account of defence requirements and transfers to States mandated by the Finance Commission, the surcharge has been increased to 15 per cent on non-corporate tax payers having total taxable income above Rs.1,50,000 per year. The enhanced surcharge would slightly increase the marginal tax rate of the highest bracket of non-corporate sector from 33 per cent to 34.5 per cent. The tax proposals also instil welfare consideration. The measures in this sphere include enhancement of personal income tax rebate for senior citizens from Rs.10,000 to Rs. 15,000, additional tax rebate of Rs.5,000 for women tax payers from their tax liability subject to an overall ceiling of Rs.15,000, if they happen to be senior citizens and exemption from tax for the pension and family pension of gallantry award winners in defence services.

The budget proposals also enhance the role of taxation as a facilitator of industrial development and economic growth with major focus on knowledge-based industries, infrastructure and capital markets. A new regime for Venture Capital Funds is introduced to stimulate the growth of knowledge-based industries. Venture Capital Funds will not require the approval of tax authorities and the principle of 'pass through' would be applied in tax treatment of Venture Capital Funds. Tax benefits available for infrastructure have been extended to two additional and essential sectors of urban infrastructure *viz.*, water treatment and solid waste management. The budget provides incentives for infrastructure development whereby tax exemption from capital gains would be available only if investment is made in bonds to be issued by NABARD and National Highways Authority of India (NHAI) with a lock-in period of five years and this will be used to finance agricultural sector and National Highway Development Project (NHDP). To promote industrialisation in less developed areas, the budget proposes to extend the tax holiday already available for new units set up in industrially backward States and industrially backward districts for another two years and to extend the existing tax benefits for new small scale industrial units for another two years i.e. till March 31, 2002.

To strengthen the capital market, the budget provides 100 per cent exemption to the income of Investor Protection Funds of Stock Exchanges so as to give them incentives for setting up such funds. To reduce the anomaly of large gap in the tax treatment of dividend income and interest income, the rate of tax on dividends distributed by domestic companies has been increased from 10 per cent to 20 per cent, though dividend income in the hands of shareholders will continue to remain tax free. A new system of Minimum Alternate Tax System (MAT) with the objective of lower rate of tax, a simple method of compilation and an equitable spread has been introduced. The revised rate of 7.5 per cent of the 'book profits' instead of the existing effective rate of 10.5 per cent will be effective from the year 2000-01. In order to bring the zero tax companies within the tax net which is the basic purpose of this tax, there will be no credit for

MAT paid. To reduce the distortions arising out of the different tax treatment for interest incomes from mutual funds and other instruments, the rate of tax on income distributed by debt oriented Mutual Funds and UTI has been increased from 10 per cent to 20 per cent. The interest tax of 2 per cent borne by banks and financial institutions has been withdrawn.

The budget also continues the policy of broadening the tax base and rationalisation of direct taxes. The one-by-six scheme introduced for broadening the tax base, has been further extended from the existing 54 cities to an additional 79 cities. With this all the cities having a population of 2 lakh and more on the basis of the 1991 Census would stand covered under the scheme. In order to enable tax payers to pay taxes with speed, convenience and dignity, the budget proposes to expand and revamp the presently available facilities of tax collection such that tax payers could pay their tax in any branch of nationalised bank where they maintain an account. With a view to rationalising the existing scheme of concessions and exemptions, income tax exemptions available to export earners would be phased out equally over a period of 5 years. To begin with, these concessions would be withdrawn by 20 per cent from the financial year 2000-01. The revenues garnered from the rationalisation measures will help to finance the universalisation of primary education and other investments in human resources.

The new budget proposals announced in the budget relating to direct taxes are estimated to lead to an additional resource mobilisation of Rs.5,080 crore. In respect of the indirect taxes, the proposals in excise duties are estimated to result in a revenue gain of Rs.3,252 crore, while the proposals in regard to custom duties would result in a revenue loss of Rs.1,428 crore. The net ARM is estimated at Rs.6,904 crore, of which the States' share is placed at Rs.2,019 crore and the balance Rs.4,885 crore will accrue to the Centre.

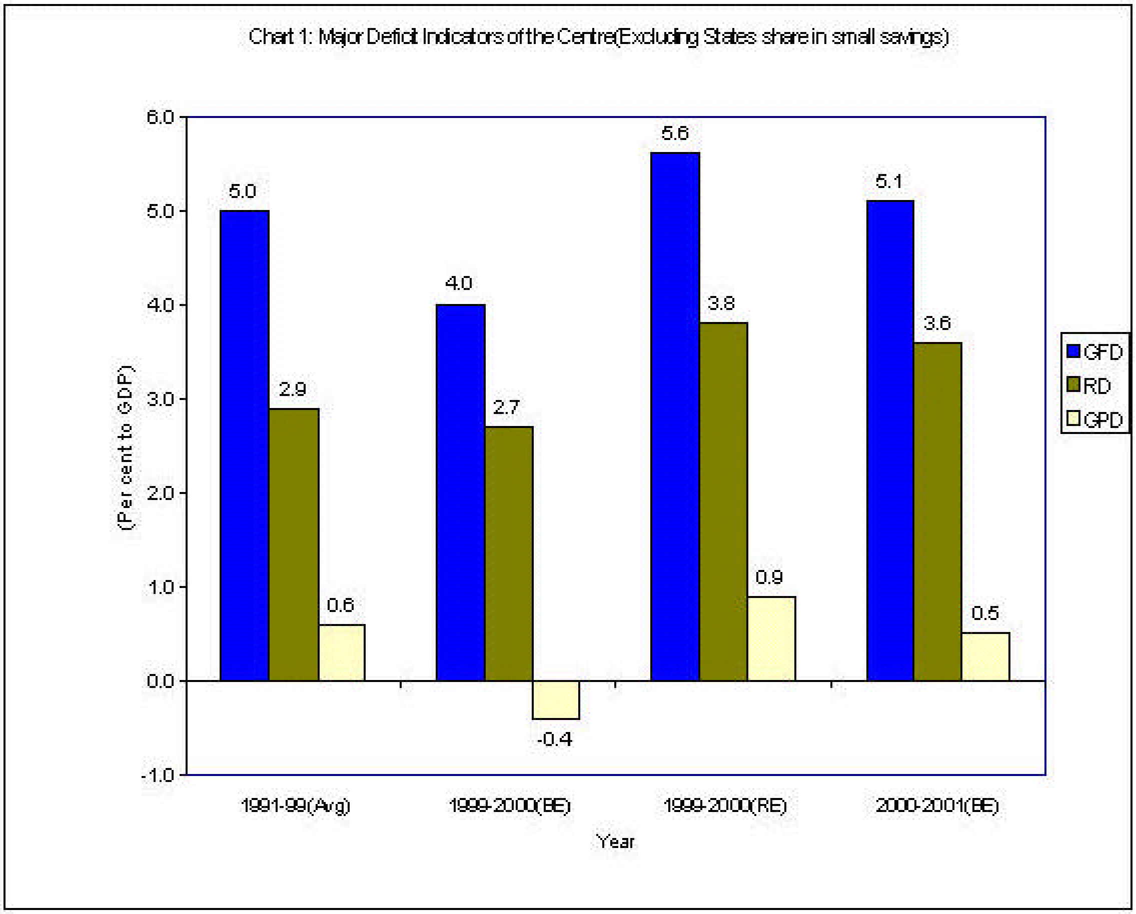
Section II

Revised Estimates: 1999-2000[1]

The process of fiscal consolidation suffered a setback during 1999-2000, as reflected in the worsening of all the major deficit indicators in the revised estimates. The revenue gap overshot its estimates by Rs.19,385 crore (35.8 per cent) to Rs.73,532 crore (3.8 per cent of GDP) in the revised estimates. The gross fiscal deficit (GFD) which measures the overall resource gap was higher than the budgeted level by Rs.28,943 crore

[1] The figures exclude loans to States/UTs against small savings collections.

(36.2 per cent) to Rs.1,08,898 crore (5.6 per cent of GDP) as compared to the budget estimates of Rs.79,955 crore (4.0 per cent of GDP). The primary balance, an indicator of fiscal sustainability turned out to be a deficit of Rs.17,473 crore (0.9 per cent of GDP) from a surplus of Rs.8,045 crore as envisaged in the budget estimates (Chart 1).



The sharp deterioration in GFD during 1999-2000 was the combined effect of revenue shortfall and expenditure overrun. The shortfall in revenue collection in the revised estimates *vis-a-vis* the budgeted levels was to the extent of 1.8 per cent, whereas the overall expenditure exceeded the budget estimates by 7 per cent. The pattern of receipt and expenditure during the latter half of the nineties (1994-99) shows that more often the revenue collection has fallen short, while expenditures exceeded the budget estimates, indicating lack of fiscal marksmanship in the budget exercise. Such deviations between the budget estimates and the revised out-turn during 1999-2000 reflect structural weaknesses in Central finances. The deviation between the budget estimates and actual out-turn was more pronounced in the case of expenditure in recent years (Table A). During 1999-2000, unanticipated expenditures on national defence, election, natural calamities in Orissa, residual impact of the Fifth Pay Commission and the need for special fiscal assistance to States have added to the expenditure burden.

Revenue receipts during 1999-2000 at Rs.1,79,504 crore in the revised estimates were lower by Rs.3,336 crore over the budget estimates. This was mainly due to fall in the tax revenue [(net to Centre) (-Rs.5,896 crore or 4.5 per cent)] while the non-tax revenue showed a growth of 5.1 per cent. The net tax revenue showed a marked decline primarily on account of the shortfall in indirect taxes, *viz*. customs (-Rs.2,569 crore) and Union excise duties (net) (-Rs.2,315 crore) (Table 2). The shortfall in revenue receipts was mainly under custom duties due to a very low growth in the dollar value of non-oil imports and Union excise duties resulting from low inflation in manufactured products for most of the year. The shortfall in revenue collection coupled with lower realisation from disinvestment at Rs.2,600 crore (against the budgeted target of Rs.10,000 crore) necessitated enhanced borrowing during 1999-2000 to meet the expenditure requirements.

The aggregate expenditure in the revised estimates at Rs. 3,03,738 crore was higher by Rs.19,856 crore (7.0 per cent) over the budget estimates. The non-Plan expenditure contributed almost 88 per cent of the incremental expenditure, while the remaining 22 per cent was due to Plan expenditure. The growth in non-Plan expenditure was to the extent of Rs.17,461 crore (8.4 per cent), primarily on account of higher payments of pensions (+Rs.4,173 crore), interest payments (+Rs.3,425 crore), provision for extended Ways and Means Advances to States (Rs.3,000 crore), defence (+Rs.2,810 crore) and assistance to States from the National Calamity Relief Fund (+Rs.1,064 crore). The Plan expenditure exceeded the budget estimate level by 3.1 per cent (Rs.2,395 crore), mainly due to the extension of additional and special Central assistance for States' Plan.

Despite the fact that the overall expenditure has shown a rise of 7.0 per cent, the Central Plan outlay in the revised estimates at Rs.96,310 crore, however, falls short by Rs.7,211 crore (or 7 per cent) from the budget estimates of Rs.1,03,521 crore (Table 5). The cut back in Plan outlay was mainly due to fall in the contribution of internal and extra budgetary resources of public enterprises (IEBR) by Rs.6,872 crore (11.5 per cent) from the budget estimates of Rs.59,521 crore. The reduction in budgetary support to Central Annual Plan was marginal to the extent of Rs.339 crore (0.8 per cent).

The excessive borrowing requirement was mainly necessitated by a substantial rise in revenue gap to Rs.73,532 crore, an increase of Rs.19,385 crore over the budget estimates (Rs.54,147 crore). Revenue deficit pre-empted almost 68 per cent of GFD in the revised estimates with the result, the share of borrowed funds for capital outlay was marginally higher at 3.2 per cent. The increased borrowings were met primarily through higher market borrowings (+Rs.19,604 crore) and through drawdown of cash balances (+Rs.3,469 crore). Accordingly, the Centre's market borrowing (net) turned out to be much higher at Rs.77,065 crore in the revised estimates as against the budget estimates of Rs.57,461 crore. Thus, market borrowings (short, medium and long-term) alone financed 70.8 per cent of GFD and the balance was financed through 'other liabilities' (small savings, provident funds, etc.) and external assistance (Table 4).

Section III

Budget Estimates: 2000-01

The Central budget for 2000-01 has taken various initiatives to curb the built-in expenditure growth and bring about structural changes in the composition of expenditures. The gross fiscal deficit (GFD) is placed at Rs.1,11,275 crore, higher than the revised estimates of Rs.1,08,898 crore for 1999-2000. As proportion of GDP, gross fiscal deficit for 2000-01 is placed lower at 5.1 per cent compared to 5.6 per cent for 1999-2000. The revenue deficit is estimated at Rs.77,425 crore, higher by Rs.3,893 crore or 5.3 per cent over Rs.73,532 crore for 1999-2000. The revenue deficit to GDP ratio is placed lower at 3.6 per cent as compared to 3.8 per cent in the revised estimates of 1999-2000. The primary balance is projected at a deficit of Rs.10,009 crore, a decline from Rs.17,473 crore and in terms of GDP, primary deficit is estimated to decline to 0.5 per cent from 0.9 per cent. The deficit reduction is envisaged through a relatively large growth in revenue receipts, during 2000-01 at 13.5 per cent in relation to the growth in aggregate expenditure which is budgeted to show a rise of 11.4 per cent over the previous year.

Pattern of Receipts

Revenue receipts for 2000-01 estimated at Rs.2,03,673 crore show a rise of Rs.24,169 crore (13.5 per cent) over the revised estimates for 1999-2000. Of the incremental revenue receipts, about 82 per cent will be contributed by taxes (Rs.19,740 crore) and the remaining 18 per cent through non-tax revenue (Rs.4,429 crore). The budget projects the gross tax revenue at Rs.2,00,288 crore (including additional tax collection through ARM), higher by Rs.30,309 crore (17.8 per cent) over the revised estimates of Rs.1,69,979 crore for 1999-2000. The tax-GDP ratio for 2000-01 would, therefore, improve to 9.2 per cent from 8.7 per cent in 1999-2000. The additional revenue mobilisation measures are estimated to yield a net revenue of Rs.6,904 crore, mainly through taxation measures (Box 2). The major portion of ARM revenue is estimated to arise from corporation tax (Rs.5,000 crore), followed by Union excise duties (Rs.1,433 crore), and income tax (Rs.880 crore). Out of the gross tax collection, the States' share is estimated at Rs.54,079 crore, which is higher by Rs.10,569 crore (24.3 per cent) than that of Rs.43,510 crore in the revised estimates for 1999-2000. The net tax revenue accrued to Centre at Rs.1,46,209 crore would record a 15.6 per cent growth over the previous year.

Non-tax receipts are estimated to increase by Rs.4,429 crore (8.4 per cent) to Rs.57,464 crore. Non-tax receipts by way of interest receipts are estimated to be higher by Rs.2,576 crore and dividends and profits would show a rise of Rs.1,894 crore. The net profits transferred to the Centre by the Reserve Bank are estimated at Rs.6,179 crore as compared to Rs.4,479 crore in 1999-2000.

Capital receipts at Rs.1,34,814 crore are estimated to show a rise of Rs.10,580 crore (8.5 per cent) over the revised estimates of 1999-2000 (Rs.1,24,234 crore). Receipts from disinvestment are estimated at Rs.10,000 crore as against Rs.2,600 crore in the revised estimates for 1999-2000. Recovery of loans estimated at Rs.13,539 crore would be higher by 6.3 per cent than in the previous year. The non-debt capital receipts (disinvestment and recovery of loans) are estimated to contribute 17.5 per cent of the capital receipts, while the debt components would constitute the balance (82.5 per cent). Among the debt components, net market borrowings (comprising normal, short-term, medium and long-term borrowings) budgeted at Rs.76,383 crore would be marginally lower by Rs.682 crore (0.9 per cent) than Rs.77,065 crore in the revised estimates of 1999-2000 (Table 3). With the result, market borrowings would form 68.6 per cent of the GFD, while other liabilities would contribute the remaining 31.4 per cent (Table 4).

Pattern of Expenditure

The aggregate expenditure budgeted at Rs.3,38,487 crore would show an increase of Rs.34,749 crore or 11.4 per cent over 1999-2000. The revenue expenditure, budgeted to grow by 11.1 per cent would contribute 81 per cent of the rise in the total expenditure and the remaining 19 per cent is due to growth in capital expenditure which is budgeted to show a rise of 13.2 per cent. Of the revenue expenditure, non-Plan expenditure estimated at Rs.2,28,768 crore, would show a rise of 11.6 per cent and would account for 81.4 per cent of the revenue expenditure. Among the major non-Plan revenue expenditures, interest payments at Rs.1,01,266 (+Rs.9,841 crore), defence expenditure in revenue account at Rs.40,661 crore (+Rs.4,788 crore) and major subsidies at Rs.21,491 crore (+Rs.1,714 crore) taken together would account for 71 per cent of non-Plan revenue expenditure (Table 2). These three major items of non-Plan expenditure would absorb 80.2 per cent of revenue receipts as against 83.8 per cent in 1999-2000. The interest payments alone would pre-empt 49.7 per cent of revenue receipts in 2000-01 as against 50.9 per cent in 1999-2000. Regarding subsidies, both major and minor subsidies together at Rs.22,800 crore would show a decline of Rs.2,892 crore from Rs. 25,692 crore. This is mainly due to reduction in the outgo on account of food and fertilizer subsidies.

Capital expenditure budgeted at Rs.57,389 crore indicates a growth of 13.2 per cent over Rs.50,702 crore in 1999-2000. Within capital expenditure, capital outlay at Rs.32,919 crore is budgeted to increase by Rs.7,736 crore (30.7 per cent) over Rs.25,183 crore in 1999-2000. Loans and advances are budgeted lower at Rs.24,470 crore as compared to Rs.25,518 crore in the revised estimates for 1999-2000. In the capital outlay, a major share goes to defence expenditure which is budgeted at Rs.17,926 crore; it would constitute 54.5 per cent of the total capital outlay. Defence expenditure, both revenue and capital account taken together, is estimated at Rs.58,587 crore (+Rs.10,083 crore) constituting 2.7 per cent of GDP as compared to 2.5 per cent in 1999-2000 (Table 8).

Central Plan Outlay

The Central Plan outlay for 2000-01 has been budgeted at Rs.1,17,334 crore, showing a significant rise of 21.8 per cent over the revised estimates of Rs.96,310 crore for 1999-2000 (Table 5). On the financing side, budgetary support is estimated to contribute Rs.51,276 crore (higher by 17.4 per cent) and internal and extra budgetary resources (IEBR) of public sector enterprises are projected to contribute the balance of Rs.66,058 crore (higher by 25.5 per cent) during 2000-01. Sectoral allocations for communication, science, technology and environment, agriculture and allied activities and social services would record substantial increase. While Plan outlay on energy continues to gain the highest share at 25.4 per cent, the other sectors which have been allocated higher shares include communications (16.6 per cent), social services (17.5 per cent) and transport (17.9 per cent).

Transfer of Resources to State and Union Territory Governments

Gross transfer of resources from the Centre to the State and Union Territories (UTs), comprising shareable tax revenue, grants and loans are budgeted at Rs.1,15,038 crore, higher by Rs.21,577 crore (23.1 per cent) over the revised estimates of Rs. 93,462 crore in 1999-2000 (Table 6). The States' share in Central taxes and duties is estimated to increase by Rs.10,570 crore (24.3 per cent) to Rs.54,080 crore during 2000-01 over the previous year. During 2000-01, the devolution of the States' share in the Central taxes and the quantum of non-Plan grants are based on the provisional devolution formula as suggested in the Interim Report of the Eleventh Finance Commission[2]. Total grants to States and the Union Territories are budgeted to increase by Rs.11,185 crore (37.0 per cent), of which the allocation of non-Plan grants has been more than doubled to

[2] The devolution of States' share in Central taxes for 2000-01 is based on the provisional devolution formula as recommended by the Eleventh Finance Commission in its interim report. Under the provisional arrangement, the States' share is 80 per cent of the net proceeds of divisible income tax and 52 per cent in the net proceeds of divisible Basic/Special Excise Duties for 2000-2001. It may be mentioned that the Government has accepted the alternative scheme of devolution of Central Taxes recommended by the Tenth Finance Commission in the devolution of share in Central finances to States for the period from April 1996 to March 2000. As per this, 29 per cent of gross proceeds of almost all Central taxes (excluding stamp duty, Excise duty on medicinal/toilet items, Central Sales Tax, consignment tax and surcharge) will be assigned to the States in *lieu of* the existing share in Income Tax and Basic/Special Excise Duties, Additional Excise Duties in *lieu of* States Tax on tobacco, cotton and sugar and Grants in *lieu of* Tax on Railway passenger fares. This will be effective from April 01, 1996 to March 31, 2000. The percentage share of vertical devolution is to be reviewed by successive Finance Commissions instead of freezing it for fifteen years as suggested by the Tenth Finance Commission.

Rs.17,676 crore in 2000-01 over the previous year. The Plan loans are budgeted to rise by Rs.2,749 crore to Rs.19,351 crore in 2000-01. The net transfer of resources to State and Union Territory Governments after adjusting for recovery of loans and advances is estimated at Rs.1,04,351 crore, an increase of 24.6 per cent as compared with Rs.83,738 crore in 1999-2000.

Section IV

Perspectives

The finances of Central Government have been subjected to considerable stress since 1996-97 reflecting the downward rigidity in expenditures and lack of revenue buoyancy. During 1999-2000, added to the inherent structural rigidity, the unprecedented expenditure commitments on account of defence, natural calamities, general elections, the spill over effect of the Fifth Pay Commission and additional financial support to the State Governments have put severe pressure on the expenditure side. Although the revenue growth showed improvement over the year, it fell short of the budget projection. Added to this, the collections from disinvestment once again belied the expectations with the realisation as per the revised estimates being only 26 per cent of the amount targeted. Consequently, the deficit far exceeded the budget estimates by 1.6 percentage point of GDP over the budget projection of 4.0 per cent point of GDP, necessitating the government resorting to additional market borrowings. The net market borrowings during 1999-2000 at Rs.77,065 crore exceeded the budget estimates by Rs.19,604 crore.

The budget 2000-01, therefore, accords the highest priority to fiscal management within the overall framework of fiscal consolidation. The fiscal policy measures show wide medium term implications for fiscal stability. The targeted revenue and expenditure in the budget appear to be consistent with the trend growth rates. The budget projects a 0.3 percentage rise in both revenue collection and expenditure in terms of GDP. The 0.5 percentage reduction in GFD-GDP (from 5.6 per cent to 5.1 per cent) would therefore, be attained mainly through mobilisation of large non-debt capital receipts. Further, the policy measures announced in regard to expenditure management such as the zero base budgeting scrutiny, restricting the fresh recruitment of government staff to minimum essential needs, introduction of cost based user charges, encouraging autonomous institutions to maximise generation of internal resources, closing down of loss making public sector units, downward adjustments in the interest rates of small savings and earmarking of disinvestment proceeds for debt redemption are consistent with the medium-term objectives of curbing built-in expenditure growth and structural changes in the composition of expenditure.

The taxation measures announced in the budget focus upon further restructuring and rationalisation of indirect taxes, closely in tandem with the medium-term objective of introducing a full-fledged value added tax system. The unified CENVAT proposed in the budget not only set in motion the process of evolving a national VAT system but also creates a favourable environment for the sub-national governments to speed up their programme of introducing State level VAT by April 2001. The taxation measures, while speeding up the reform process also intend to strengthen the revenue generation potential through fresh additional resource mobilisation measures. The tax-GDP ratio is budgeted to show a 0.5 percentage point increase to 9.2 per cent from 8.7 per cent of GDP in 1999-2000, although the budgeted incremental tax-GDP ratio is insufficient from the point of view of the long-term fiscal sustainability. Enhancing the tax-GDP ratio to contain the growth of GFD is an area of high priority, since resource mobilisation by way of non-debt capital resources *viz*., disinvestment has so far been much less than the annual targets and revenue generation through non-tax revenue as a proportion of GDP has shown near stagnation.

The budget announcements, while contributing to the improvement of financial stability, have implications for the conduct of monetary policy. There is a proposal to amend the relevant legislation to accord greater operational flexibility to Reserve Bank for conduct of monetary policy and regulation of the financial system. As part of strengthening financial sector reforms, fresh efforts would be initiated, which includes the proposal to constitute a Financial Restructuring Authority on the recommendation of the Working Group on Restructuring Weak Public Sector Banks to provide conducive environment to rehabilitate/ restructure weak banks, withdrawal of interest tax on commercial banks which not only provide a level playing field for banks with other financial institutions but would also impart greater flexibility in the interest rate structure, and establishment of Credit Information Bureau to curb the growth of fresh NPAs.

Notwithstanding the fact that the budget accords high priority to fiscal management through the proposals of curbing expenditure growth, the major areas of concern, however, continue to be the rising revenue deficit and pre-emption of high cost borrowed funds for meeting the revenue gap. This is evident from the fact that revenue deficit which absorbed 49.4 per cent of GFD in 1995-96 has been steadily rising since then to 59.9 per cent in 1998-99, 67.5 per cent in 1999-2000 (revised estimates) and is estimated to further increase to 69.6 per cent in 2000-01. The high revenue deficit pushes the borrowing requirements which in turn enlarges interest cost. During 2000-01, while the revenue deficit would absorb about 70 per cent of the borrowed funds, the resource available for capital outlay (investment expenditure) is 29.5 per cent, which showed a steady deterioration to 23 per cent in the 'nineties from 36 per cent in the 'eighties. The persistent rise in revenue deficit places pressure on the resources available for productive investment. Interest payments during 2000-01 are budgeted to account for 36.0 per cent of the revenue expenditure and would absorb 49.7 per cent of the revenue receipts. The financing of GFD envisaged in the budget, however, is heavily dependent on market borrowing which would further raise the interest obligation. Over the period, the share of market borrowing in the financing of GFD has increased from about 18 per cent in 1990-91 to 60.9 per cent in 1998-99 and further to 70.8 per cent in 1999-2000. It is estimated lower at 68.9 per cent in 2000-01. The high market borrowings to finance GFD would need to be viewed against the backdrop of the competing demands made by the private sector for purposes of investment. The limited availability of financial savings of the household sector to accommodate such borrowings throws up challenges in the pursuit of growth with price stability.

TABLE 1 : BUDGET AT A GLANCE

(Rupees crore)

Items	1998-99 (Accounts)	1999-2000 (Budget Estimates)	1999-2000 (Revised Estimates)	2000-2001 # (Budget Estimates)	Variation: Col. 4 over Col. 3 Amount	Variation: Col. 4 over Col. 3 Per cent	Variation: Col. 4 over Col. 2 Amount	Variation: Col. 4 over Col. 2 Per cent	Variation: Col. 5 over Col. 4 Amount	Variation: Col. 5 over Col. 4 Per cent
1	2	3	4	5	6	7	8	9	10	11
1 Revenue Receipts (i+ii)	**149,510**	**182,840**	**179,504**	**203,673**	**-3,336**	**-1.8**	**29,994**	**20.1**	**24,169**	**13.46**
i) Tax Revenue (Net to Centre)	104,652	132,365	126,469	146,209	-5,896	-4.5	21,817	20.8	19,740	15.61
ii) Non-tax Revenue	44,858	50,475	53,035	57,464	2,560	5.1	8,177	18.2	4,429	8.35
of which:										
Interest Receipts	30,062	33,034	34,144	36,721	1,110	3.4	4,082	13.6	2,577	7.55
2 Capital Receipts	**129,856**	**101,042**	**124,234**	**134,814**	**23,192**	**23.0**	**-5,622**	**-4.3**	**10,580**	**8.52**
of which:										
i) Market Borrowing	68,988	57,461	77,065	76,383	19,604	34.1	8,077	11.7	**-682**	**-0.88**
ii) Recoveries of Loans	10,633	11,087	12,736	13,539	1,649	14.9	2,103	19.8	803	6.30
iii) Disinvestment of equity in PSUs	5,874	10,000	2,600	10,000	-7,400	-74.0	-3,274	-55.7	7,400	284.62
3 Total Receipts (1+2)	**279,366**	**283,882**	**303,738**	**338,487**	**19,856**	**7.0**	**24,372**	**8.7**	**34,749**	**11.44**
4 Revenue Expenditure (i + ii)	**217,419**	**236,987**	**253,036**	**281,098**	**16,049**	**6.8**	**35,617**	**16.4**	**28,062**	**11.09**
i) Non-Plan	176,900	190,331	204,904	228,768	14,573	7.7	28,004	15.8	23,864	11.65
ii) Plan	40,519	46,656	48,132	52,330	1,476	3.2	7,613	18.8	4,198	8.72
5 Capital Expenditure (i + ii)	**61,947**	**46,895**	**50,702**	**57,389**	**3,807**	**8.1**	**-11,245**	**-18.2**	**6,687**	**13.19**
i) Non-Plan	35,648	16,551	19,439	21,619	2,888	17.4	-16,209	-45.5	2,180	11.21
ii) Plan	26,299	30,344	31,263	35,770	919	3.0	4,964	18.9	4,507	14.42
6 Total Non-Plan Expenditure (4i + 5i)	**212,548**	**206,882**	**224,343**	**250,387**	**17,461**	**8.4**	**11,795**	**5.5**	**26,044**	**11.61**
of which :										
i) Interest Payments	77,882	88,000	91,425	101,266	3,425	3.9	13,543	17.4	9,841	10.76
ii) Defence	39,897	45,693	48,504	58,587	2,811	6.2	8,607	21.6	10,083	20.79
iii) Subsidies	24,786	23,798	25,692	22,800	1,894	8.0	906	3.7	-2,892	-11.26
7 Total Plan Expenditure (4ii + 5ii)	**66,818**	**77,000**	**79,395**	**88,100**	**2,395**	**3.1**	**12,577**	**18.8**	**8,705**	**10.96**
8 Total Expenditure (6+7=4+5)	**279,366**	**283,882**	**303,738**	**338,487**	**19,856**	**7.0**	**24,372**	**8.7**	**34,749**	**11.44**
9 Revenue Deficit (4-1)	**67,909**	**54,147**	**73,532**	**77,425**	**19,385**	**35.8**	**5,623**	**8.3**	**3,893**	**5.29**
10 Gross Fiscal Deficit [8-(1+2ii+2iii)]	**113,349**	**79,955**	**108,898**	**111,275**	**28,943**	**36.2**	**-4,451**	**-3.9**	**2,377**	**2.18**
11 Gross Primary Deficit (10-6i)	**35,467**	**-8,045**	**17,473**	**10,009**	**25,518**	**-317.2**	**-17,994**	**-50.7**	**-7,464**	**-42.72**
12 Net Fiscal Deficit	**79,944**	**68,547**	**96,116**	**100,344**	**27,569**	**40.2**	**16,172**	**20.2**	**4,228**	**4.40**
13 Net Primary Deficit	**32,124**	**13,581**	**38,835**	**35,799**	**25,254**	**186.0**	**6,711**	**20.9**	**-3,036**	**-7.82**
14 Monetised Deficit	**11,800**	**NA**	**-3,865 $**	**NA**						

Notes : 1) Capital Receipts are net of repayments.
2) Market borrowings include Short-term borrowings, Zero Coupon Bonds, loans in conversion of maturing Treasury Bills, 364 days Treasury Bills, etc.
3) Monetised deficit as per RBI records.
4) GFD excludes the transfer of share of net small savings collection to States / UTS since 1999-2000.

: Includes the effect of budget proposals.
$: Before closure of Government accounts
(-) : Indicates surplus.
NA : Not available.
Source : Budget documents of Government of India, 2000-2001.

TABLE 2 : TRANSACTIONS ON REVENUE ACCOUNT

(Rupees crore)

Items	1998-99 (Accounts)	1999-2000 (Budget Estimates)	1999-2000 (Revised Estimates)	2000-2001 (Budget Estimates)	Variation					
					Col. 4 over Col. 3		Col. 4 over Col. 2		Col. 5 over Col. 4	
					Amount	Per cent	Amount	Per cent	Amount	Per cent
1	2	3	4	5	6	7	8	9	10	11
I. Revenue Receipts (A+B)	**149,510**	**182,840**	**179,504**	**203,673**	**-3,336**	**-1.8**	**29,994**	**20.1**	**24,169**	**13.5**
A Tax Revenue (Net to Centre) (1 to 7)	**104,652**	**132,365**	**126,469**	**146,209**	**-5,896**	**-4.5**	**21,817**	**20.8**	**19,740**	**15.6**
1 Corporation Tax	24,529	30,850	29,915	40,040	-935	-3.0	5,386	22.0	10,125	33.8
2 Taxes on Income other than Corporation Tax (Net)	5,755	9,923	10,132	11,816	209	2.1	4,377	76.1	1,684	16.6
3 Interest Tax	1,264	1,000	1,000	#	-	-	-264	-20.9	-1,000	-100.0
4 Customs Duty	40,668	50,369	47,800	53,572	-2,569	-5.1	7,132	17.5	5,772	12.1
5 Union Excise Duty (Net)	28,581	36,357	34,042	36,947	-2,315	-6.4	5,461	19.1	2,905	8.5
6 Taxes of UTs (Net of assignments to local bodies)	317	312	325	329	13	4.2	8	2.5	4	1.2
7 Other Taxes and Duties	3,538	3,554	3,255	3,505	-299	-8.4	-283	-8.0	250	7.7
B Non-Tax Revenue	**44,858**	**50,475**	**53,035**	**57,464**	**2,560**	**5.1**	**8,177**	**18.2**	**4,429**	**8.4**
of which :										
1 Interest Receipts	30,062	33,034	34,144	36,721	1,110	3.4	4,082	13.6	2,577	7.5
2 Dividends and Profits	9,410	9,483	9,311	11,205	-172	-1.8	-99	-1.1	1,894	20.3
of which :										
Profits from RBI	5,977	5,700	4,479	6,179	-1,221	-21.4	-1,498	-25.1	1,700	38.0
3 External Grants	987	715	849	729	134	18.7	-138	-14.0	-120	-14.1
4 Non-tax Receipts of UTs	367	371	387	399	16	4.3	20	5.4	12	3.1
II. Revenue Expenditure (A+B)	**217,419**	**236,987**	**253,036**	**281,098**	**16,049**	**6.8**	**35,617**	**16.4**	**28,062**	**11.1**
A Non-Plan Expenditure	**176,900**	**190,331**	**204,904**	**228,768**	**14,573**	**7.7**	**28,004**	**15.8**	**23,864**	**11.6**
of which :										
1 Interest Payments	77,882	88,000	91,425	101,266	3,425	3.9	13,543	17.4	9,841	10.8
2 Defence Revenue Expenditure	29,861	33,464	35,873	40,661	2,409	7.2	6,012	20.1	4,788	13.3
3 Major Subsidies	21,269	22,440	23,205	21,491	765	3.4	1,936	9.1	-1,714	-7.4
4 Non-Plan Grants to States and UTs	4,923	8,198	6,582	17,676	-1,616	-19.7	1,659	33.7	11,094	168.6
B Plan Expenditure (1+2)	**40,519**	**46,656**	**48,132**	**52,330**	**1,476**	**3.2**	**7,613**	**18.8**	**4,198**	**8.7**
1 Central Plan	26,409	30,980	30,181	35,308	-799	-2.6	3,772	14.3	5,127	17.0
2 Central Assistance for State and UT Plans	14,110	15,676	17,951	17,022	2,275	14.5	3,841	27.2	-929	-5.2
III. Revenue Deficit (-)/Surplus(+) [I-II]	**-67,909**	**-54,147**	**-73,532**	**-77,425**						

: Includes effects of Budget proposals (Rs.1,000 crore net revenue loss).

***Source*:** Budget Documents of the Government of India, 2000-2001.

TABLE 3 : TRANSACTIONS ON CAPITAL ACCOUNT

(Rupees crore)

Items	1998-99 (Accounts)	1999-2000 (Budget Estimates)	1999-2000 (Revised Estimates)	2000-2001 (Budget Estimates)	Variation: Col. 4 over Col. 3 Amount	Col. 4 over Col. 3 Per cent	Col. 4 over Col. 2 Amount	Col. 4 over Col. 2 Per cent	Col. 5 over Col. 4 Amount	Col. 5 over Col. 4 Per cent
1	2	3	4	5	6	7	8	9	10	11
I. Capital Receipts (1 to 8)	**129,856**	**101,042**	**124,234**	**134,814**	**23,192**	**23.0**	**-5,622**	**-4.3**	**10,580**	**8.5**
1 Market Borrowings *	68,988	57,461	77,065	76,383	19,604	34.1	8,077	11.7	-682	-0.9
2 Small Savings, Public Provident Funds, etc.	32,944	8,000	8,065	8,000	65	0.8	-24,879	-75.5	-65	-0.8
3 State Provident Funds	5,737	6,000	6,750	7,500	750	12.5	1,013	17.7	750	11.1
4 Special Deposits	8,130	10,460	9,926	9,722	-534	-5.1	1,796	22.1	-204	-2.1
5 Recovery of Loans and Advances	10,633	11,087	12,736	13,539	1,649	14.9	2,103	19.8	803	6.3
6 Disinvestment of equity holding in public sector enterprises	5,874	10,000	2,600	10,000	-7,400	-74.0	-3,274	-55.7	7,400	284.6
7 External Borrowings	1,920	845	906	-44	61	7.2	-1,014	-52.8	-950	-104.9
8 Others #	-4,370	-2,811	6,186 $$	9,714	8,997	-320.1	10,556	-241.6	3,528	57.0
II. Capital Expenditure (1+2)	**61,947 $**	**46,895**	**50,702**	**57,389**	**3,807**	**8.1**	**-11,245**	**-18.2**	**6,687**	**13.2**
1 Non-Plan Expenditure	35,648 $	16,551	19,439	21,619	2,888	17.4	-16,209	-45.5	2,180	11.2
of which:										
Defence Capital	10,036	12,230	12,631	17,926	401	3.3	2,595	25.9	5,295	41.9
2 Plan Expenditure (i+ii)	26,299	30,344	31,263	35,770	919	3.0	4,964	18.9	4,507	14.4
i) Central Plan	10,699	13,020	13,479	15,968	459	3.5	2,780	26.0	2,489	18.5
ii) Central Assistance for State and UT Plans	15,600	17,324	17,784	19,802	460	2.7	2,184	14.0	2,018	11.3
III. Capital Surplus(+)/Deficit(-) [I-II]	**+67,909**	**+54,147**	**+73,532**	**+77,425**						

Notes : Capital Receipts are net of repayments.
*** :** Includes Zero Coupon Bonds, loans in conversion of maturing Treasury Bills, 364 days Treasury Bills, etc.
 # : Comprises Reserve Funds, Deposits and Advances, Relief Bonds, etc.
$: Inclusive of Loans to States/UT against Small savings collection (Rs. 23,026 crore).
$$: Includes draw-down of cash balances.
***Source* :** Budget Documents of the Government of India, 2000-2001.

TABLE 4 : FINANCING OF CENTRE'S GROSS FISCAL DEFICIT

(Rupees crore)

Year	Financing of GFD					Total Financing of GFD
	Internal Finance				External Finance	
	Market Borrowings	Other Liabilities	91 Days Treasury Bills	Total		
1	2	3	4	5	6	7
1990-91	8,001	22,103	11,347	41,451	3,181	44,632
	(17.9)	(49.5)	(25.4)	(92.9)	(7.1)	
1991-92	7,510	16,539	6,855	30,904	5,421	36,325
	(20.7)	(45.5)	(18.9)	(85.1)	(14.9)	
1992-93	3,676	18,866	12,312	34,854	5,319	40,173
	(9.2)	(47.0)	(30.6)	(86.8)	(13.2)	
1993-94	28,928	15,295	10,960	55,183	5,074	60,257
	(48.0)	(25.4)	(18.2)	(91.6)	(8.4)	
1994-95	20,326	32,834	961	54,121	3,582	57,703
	(35.2)	(56.9)	(1.7)	(93.8)	(6.2)	
1995-96	33,087	17,031	9,807	59,925	318	60,243
	(54.9)	(28.3)	(16.3)	(99.5)	(0.5)	
1996-97	20,012	30,550	13,184	63,746	2,987	66,733
	(30.0)	(45.8)	(19.8)	(95.5)	(4.5)	
1997-98	32,499	56,257	-910+	87,846	1,091	88,937
	(36.5)	(63.3)	(-1.0)	(98.8)	(1.2)	
1998-99	68,988	42,650	-209+	111,429	1,920	113,349
	(60.9)	(37.6)	(-0.2)	(98.3)	(1.7)	
1999-2000(BE)	57,461	21,649	0	79,110	845	79,955
	(71.9)	(27.1)	(0.0)	(98.9)	(1.1)	
1999-2000(RE)	77,065	27,457	3,470+	107,992	906	108,898
	(70.8)	(25.2)	(3.2)	(99.2)	(0.8)	
2000-2001(BE)	76,383	34,936	0	111,319	- 44	111,275
	(68.6)	(31.4)	(0.0)	(100.0)	(0.0)	

BE Budget Estimates RE Revised Estimates

\+ Draw-down of cash balances

Notes :

1 Other Liabilities comprise small savings, provident funds, special deposits, reserve funds, etc.

2 Variation in 91-day Treasury bills issued are net of changes in cash balances with RBI upto March 31, 1997.

3 Figures in brackets are percentage to GFD.

***Source*:** Budget Documents of the Government of India.

TABLE 5 : CENTRAL PLAN OUTLAY BY HEADS OF DEVELOPMENT

(Rupees crore)

Items	1998-99 (Revised Estimates)	1999-2000 (Budget Estimates)	1999-2000 (Revised Estimates)	2000-2001 (Budget Estimates)	Variation					
					Col. 4 over Col. 3		Col. 4 over Col. 2		Col. 5 over Col. 4	
					Amount	Per cent	Amount	Per cent	Amount	Per cent
1	2	3	4	5	6	7	8	9	10	11
1 Agriculture	2,777	3,736	3,017	3,623	-719	-19.2	240	8.6	606	20.1
	(3.1)	(3.6)	(3.1)	(3.1)						
2 Rural Development	7,736	7,843	7,545	7,913	-298	-3.8	-191	-2.5	368	4.9
	(8.7)	(7.6)	(7.8)	(6.7)						
3 Irrigation and Flood Control	345	348	347	452	-1	-0.3	2	0.6	105	30.3
	(0.4)	(0.3)	(0.4)	(0.4)						
4 Energy	23,979	27,381	26,183	29,793	-1,198	-4.4	2,204	9.2	3,610	13.8
	(27.1)	(26.4)	(27.2)	(25.4)						
of which :										
a) Power	8,822	11,231	9,367	11,611	-1,864	-16.6	545	6.2	2,244	24.0
	(10.0)	(10.8)	(9.7)	(9.9)						
b) Petroleum	11,938	11,785	12,318	13,149	533	4.5	380	3.2	831	6.7
	(13.5)	(11.4)	(12.8)	(11.2)						
5 Industry and Minerals	7,955	8,672	6,436	9,280	-2,236	-25.8	-1,519	-19.1	2,844	44.2
	(9.0)	(8.4)	(6.7)	(7.9)						
6 Transport	14,397	16,850	17,156	20,992	306	1.8	2,759	19.2	3,836	22.4
	(16.3)	(16.3)	(17.8)	(17.9)						
7 Communications	13,467	16,811	14,900	19,455	-1,911	-11.4	1,433	10.6	4,555	30.6
	(15.2)	(16.2)	(15.5)	(16.6)						
8 Science,Technology and Environment	2,389	2,988	2,859	3,598	-129	-4.3	470	19.7	739	25.8
	(2.7)	(2.9)	(3.0)	(3.1)						
9 Social Services *	14,240	17,365	16,569	20,483	-796	-4.6	2,329	16.4	3,914	23.6
	(16.1)	(16.8)	(17.2)	(17.5)						
10 Others	1,197	1,527	1,298	1,745	-229	-15.0	101	8.4	447	34.4
	(1.4)	(1.5)	(1.3)	(1.5)						
Total (1 to 10)	**88,482**	**103,521**	**96,310**	**117,334**	**-7,211**	**-7.0**	**7,828**	**8.8**	**21,024**	**21.8**
	(100.0)	**(100.0)**	**(100.0)**	**(100.0)**						
To be financed by :										
1 Budgetary Support	**38,263**	**44,000**	**43,661**	**51,276**	**-339**	**-0.8**	**5,398**	**14.1**	**7,615**	**17.4**
	(43.2)	**(42.5)**	**(45.3)**	**(43.7)**						
2 Internal and Extra Budgetary Resources (IEBR) of Public Sector Enterprises, etc.	**50,219**	**59,521**	**52,649**	**66,058**	**-6,872**	**-11.5**	**2,430**	**4.8**	**13,409**	**25.5**
	(56.8)	**(57.5)**	**(54.7)**	**(56.3)**						

Note : Figures in brackets represent percentage to total.

***** : Provisions for Rural Housing and National Social Assistance Programme made under Social services sector are included in Rural Development Sector.

Source : Budget documents of Government of India, 2000-2001.

TABLE 6 : RESOURCES TRANSFERRED TO STATES AND UNION TERRITORY GOVERNMENTS

(Rupees crore)

Items	1998-99 (Accounts)	1999-2000 (Budget Estimates)	1999-2000 (Revised Estimates)	2000-2001 (Budget Estimates)	Variation: Col. 4 over Col. 3 Amount	Col. 4 over Col. 3 Per cent	Col. 4 over Col. 2 Amount	Col. 4 over Col. 2 Per cent	Col. 5 over Col. 4 Amount	Col. 5 over Col. 4 Per cent
1	2	3	4	5	6	7	8	9	10	11
A. States' Share in Central Taxes and Duties (a + b)	**39,145**	**44,495**	**43,510**	**54,080**	**-985**	**-2.2**	**4,365**	**11.2**	**10,570**	**24.3**
a) Income Tax	14,480	16,987	16,552	19,774	-435	-2.6	2,072	14.3	3,222	19.5
b) Union Excise Duties	24,665	27,508	26,958	34,306	-550	-2.0	2,293	9.3	7,348	27.3
B. Total Grants (i+ii)	**25,844**	**31,648**	**30,239**	**41,424**	**-1,409**	**-4.5**	**4,395**	**17.0**	**11,185**	**37.0**
i) Plan	20,768	23,450	23,657	23,748	207	0.9	2,889	13.9	91	0.4
ii) Non-Plan @	5,076	8,198	6,582	17,676	-1,616	-19.7	1,506	29.7	11,094	168.6
C. Total Non-Plan Loans *	**23,893**	**121**	**3,110**	**183**	**2,989**	**2470.2**	**-20,783**	**-87.0**	**-2,927**	**-94.1**
of which :										
Loans against Small Savings, Collections etc.	23,026	$	$	$	—	—	—	—	—	—
D. Plan Loans (i+ii)	**16,904**	**16,254**	**16,602**	**19,351**	**348**	**2.1**	**-302**	**-1.8**	**2,749**	**16.6**
i) Assistance for State & Union Territory Plans **	NA	16,046	16,408	19,163	362	2.3	16,408	—	2,755	16.8
ii) Assistance for Central & Centrally Sponsored Plan Schemes	NA	208	194	188	-14	-6.7	—	—	-6	-3.1
E. Gross Transfers (A to D)	**105,786**	**92,518**	**93,461**	**115,038**	**943**	**1.0**	**-12,325**	**-11.7**	**21,577**	**23.1**
F. Recovery of Loans & Advances*	**7,133**	**8,711**	**9,723**	**10,687**	**1,012**	**11.6**	**2,590**	**36.3**	**964**	**9.9**
G. Net Resources Transferred to State and Union Territory Governments (E-F)	**98,653**	**83,807**	**83,738**	**104,351**	**-69**	**-0.1**	**-14,915**	**-15.1**	**20,613**	**24.6**

@ : Inclusive of subsidies released through States.
* : Net of recovery of short-term loans and advances.
** : In addition direct release to implementing agencies as part of central assistance for State/UT Plans, (Rural Electrification MPLADS and North Eastern Council etc.)
$: Loans against Small Savings collection were discontinued in the budget of 1999-2000 with the introduction of new accounting system for small savings and establishment of National Small Savings Fund (NSSF).
NA : Not available.
Source : Budget documents of the Government of India, 2000-2001.

TABLE 7 : INTEREST PAYMENTS BY THE CENTRAL GOVERNMENT

(Rupees crore)

Items	1992-93 (Accounts)	1993-94 (Accounts)	1994-95 (Accounts)	1995-96 (Accounts)	1996-97 (Accounts)	1997-98 (Accounts)	1998-99 (Revised Estimates)	1999-2000 (Revised Estimates)	2000-2001 (Budget Estimates)
1	2	3	4	5	6	7	8	9	10
I. Interest Payments on Internal Debt	13,541	15,588	19,168	22,179	27,233	31,270	39,439	47,463	55,947
of which :									
i) On Market Loans	8,147	9,258	13,205	15,400	19,125	22,170	28,072	36,081	44,246
ii) On 91/182/364 days Treasury Bills	5,245	6,188	5,520	6,047	7,003	5,828	6,270	6,489	6,570
II. Interest on External debt	3,529	3,724	4,026	4,414	4,223	4,110	4,273	4,393	4,357
III. Interest on Small Savings, Provident Funds, etc.	7,568	10,288	12,392	13,309	16,855	18,340	21,441	28,669	30,338
IV. Interest on Special Deposits of Non-Government Provident Funds etc.	5,868	6,648	7,921	9,222	10,246	10,829	9,100	9,600	9,490
V. Interest on Reserve Funds	159	170	220	253	378	508	483	350	327
VI. Interest on Other Obligations	410	323	333	668	543	580	2,512	950	807
Total Interest Payments (I to VI)	**31,075**	**36,741**	**44,060**	**50,045**	**59,478**	**65,637**	**77,248**	**91,425**	**101,266**

Source : Finance Accounts of Government of India and Budget documents of the Government of India, 2000-2001.

TABLE 8 : KEY FISCAL INDICATORS

(Rupees crore)

Items	1993-94 (Accounts)	1994-95 (Accounts)	1995-96 (Accounts)	1996-97 (Accounts)	1997-98 (Accounts)	1998-99 (Accounts)	1999-2000 (Revised Estimates)	2000-2001 (Budget Estimates)
1	2	3	4	5	6	7	8	9
1 Conventional Deficit/Drawing	10,960	961	9,807	13,184	-910	-209	3,470	-
down of Cash Balances	(1.3)	(0.1)	(0.8)	(1.0)	(-0.1)	(0.0)	(0.2)	(0.0)
2 Gross Fiscal Deficit	60,257	57,704	60,243	66,733	88,937	113,349	108,898	111,275
	(7.0)	(5.7)	(5.1)	(4.9)	(5.9)	(6.4)	(5.6)	(5.1)
3 Revenue Deficit	32,716	31,029	29,731	32,654	46,449	67,909	73,532	77,425
	(3.8)	(3.1)	(2.5)	(2.4)	(3.1)	(3.9)	(3.8)	(3.5)
4 Monetised Deficit	260	2,130	19,855	1,934	12,914	11,800	-3,865 #	N. A.
	(..)	(0.2)	(1.7)	(0.1)	(0.9)	(0.7)	-	-
5 Gross Primary Deficit	23,516	13,643	10,198	7,255	23,300	35,467	17,473	10,009
	(2.7)	(1.4)	(0.9)	(0.5)	(1.5)	(2.0)	(0.9)	(0.5)
6 Net Primary Deficit	24,331	12,050	10,806	9,022	22,748	32,124	38,835	35,799
	(2.8)	(1.2)	(0.9)	(0.7)	(1.5)	(1.8)	(2.0)	(1.6)
7 Subsidies	12,682	12,932	13,372	16,364	19,505	24,786	25,692	22,800
of which :	(1.5)	(1.3)	(1.1)	(1.2)	(1.3)	(1.4)	(1.3)	(1.0)
i) Food	5,537	5,100	5,377	6,066	7,900	9,100	9,435	8,210
	(0.6)	(0.5)	(0.5)	(0.4)	(0.5)	(0.5)	(0.5)	(0.4)
ii) Fertiliser	4,562	5,241	6,235	5,906	7,322	7,806	8,750	8,558
	(0.5)	(0.5)	(0.5)	(0.4)	(0.5)	(0.4)	(0.4)	(0.4)
iii) Export	665	658	318	397	429	573	520	630
	(0.1)	(0.1)	(..)	(..)	(..)	(..)	(..)	(..)
8 Defence Expenditure	21,845	23,245	26,856	29,505	35,278	39,897	48,504	58,587
	(2.5)	(2.3)	(2.3)	(2.2)	(2.3)	(2.3)	(2.5)	(2.7)
9 Interest Payments	36,741	44,060	50,045	59,478	65,637	77,882	91,425	101,266
	(4.3)	(4.4)	(4.2)	(4.4)	(4.3)	(4.4)	(4.7)	(4.6)
10 Total Non-Plan Expenditure	98,191	113,361	131,901	147,473	172,976	212,548	224,343	250,387
	(11.4)	(11.2)	(11.2)	(10.8)	(11.4)	(12.1)	(11.5)	(11.5)
11 Budgetary Support to Public	7,451	8,205	6,418	6,834	7,555	7,576	9,103	10,370
Enterprises $	(0.9)	(0.8)	(0.5)	(0.5)	(0.5)	(0.4)	(0.5)	(0.5)
12 Direct Taxes (Net to Centre)	12,522	18,409	22,287	25,374	27,172	32,115	41,522	52,331
As per cent of total tax revenue	23.4	27.3	27.2	27.1	28.4	30.7	32.8	35.8
13 Indirect Taxes (Net to Centre)	40,927	49,045	59,652	68,327	68,500	72,537	84,947	93,878
As per cent of total tax revenue	76.6	72.7	72.8	72.9	71.6	69.3	67.2	64.2
14 Interest Receipts	15,078	15,797	18,419	22,106	25,323	30,062	34,144	36,721
	(1.8)	(1.6)	(1.6)	(1.6)	(1.7)	(1.7)	(1.8)	(1.7)
15 Interest Payments as per cent of revenue receipts	48.7	48.4	45.4	47.1	49.0	52.1	50.9	49.7
16 Revenue Deficit as per cent of Gross FIscal Deficit	54.3	53.8	49.4	48.9	52.2	59.9	67.5	69.6
17 Monetised Deficit as per cent of Gross Fiscal Deficit	0.4	3.7	33.0	2.9	14.5	10.4	4.2	0.0

: Before the closure of Government Accounts.

$: Figures relate to revised estimates for all years except 2000-2001.

. . : Negligible.

N. A. : Not available.

Notes : 1) Figures in brackets are per cent to GDP (Base : 1993-94). The Figures for 1999-2000 and 2000-2001 are based on the implicit nominal GDP derived from GFD-GDP ratio provided in the budget documents.

2) Monetised deficit as per RBI records.

Source : Budget documents of the Government of India, 2000-2001.

TABLE A : BUDGETARY POSITION OF CENTRAL GOVERNMENT : BUDGET ESTIMATES, REVISED ESTIMATES AND ACCOUNTS

Items	1994-95 Deviation			1995-96 Deviation			1996-97 Deviation			1997-98 Deviation			1998-99 Deviation			Average Deviation			Deviation 1999-2000
	RE/ BE (Per cent)	Accts/ RE (Per cent)	Accts/ BE (Per cent)	RE/ BE (Per cent)	Accts/ RE (Per cent)	Accts/ BE (Per cent)	RE/ BE (Per cent)	Accts/ RE (Per cent)	Accts/ BE (Per cent)	RE/ BE (Per cent)	Accts/ RE (Per cent)	Accts/ BE (Per cent)	RE/ BE (Per cent)	Acct/ RE (Per cent)	Accts/ BE (Per cent)	1994-99 R.E./ BE (Per cent)	1994-99 Accts/ RE (Per cent)	1994-99 Accts/ BE (Per cent)	RE/ BE (Per cent)
1. Deficit Indicators																			
a. Gross Fiscal Deficit	11.1	-5.5	5.1	11.1	-5.9	4.5	1.4	5.7	7.2	31.9	3.0	35.9	14.0	9.3	24.5	13.9	1.3	15.4	36.2
b. Revenue Deficit	4.3	-9.1	-5.2	-6.2	-10.8	-16.4	-10.4	15.8	3.7	44.3	6.3	53.5	25.8	12.3	41.3	11.6	2.9	15.4	35.8
c. Gross Primary Deficit	91.1	-19.9	53.0	113.2	-15.0	81.3	104.4	56.7	220.2	-910.9	12.9	-1,015.2	65.3	33.9	121.3	-107.4	13.7	-107.9	-317.2
2. **Revenue Receipts**	3.1	2.6	5.8	9.3	-0.1	9.3	0.3	-3.4	-3.1	-9.6	-3.3	-12.6	-2.7	-5.2	-7.7	0.1	-1.9	-1.7	-1.8
I. Tax Revenue																			
II. Non -Tax Revenue	1.9	-0.6	1.2	10.2	-3.1	6.7	1.6	-3.0	-1.4	-1.0	-2.9	-3.8	6.6	-6.8	-0.6	3.9	-3.3	0.4	5.1
3. **Capital Receipts** *of which:*	13.2	1.8	15.2	-1.7	-10.5	-12.1	-4.6	15.7	10.3	22.4	1.5	24.2	17.3	4.5	22.6	9.3	2.6	12.1	23.0
i) Disinvestment	30.9	7.1	40.2	-94.9	291.3	-80.0	-90.0	-9.0	-90.9	-81.1	0.6	-81.0	80.0	-34.7	17.5	-31.0	51.0	-38.9	-74.0
ii) Small Savings	132.9	18.6	176.3	68.8	57.2	165.2	7.1	1.7	9.0	82.0	-3.9	75.0	34.0	13.6	52.2	65.0	17.4	95.5	0.8
iii) Market Borrowing	-10.0	-16.5	-24.8	1.5	-2.6	-1.1	0.0	3.4	3.4	25.6	-23.5	-3.9	34.3	6.3	42.8	10.3	-6.6	3.3	34.1
4. Total Expenditure	7.0	-0.9	6.0	6.3	-2.6	3.6	-1.2	-0.6	-1.8	1.3	-1.4	0.0	5.2	-0.9	4.3	3.7	-1.3	2.4	7.0
A. Revenue Expenditure *of which:*	3.4	-0.6	2.8	5.3	-2.6	2.6	-1.8	0.0	-1.8	-0.7	-1.0	-1.7	3.8	-0.3	3.5	2.0	-0.9	1.1	6.8
i)Interest Payments	-4.3	0.1	-4.2	0.0	-3.8	-3.8	-2.5	1.7	-0.9	-3.4	-0.1	-3.5	3.0	0.8	3.8	-1.4	-0.3	-1.7	3.9
ii) Subsidies	30.4	6.5	38.9	9.5	-3.4	5.8	-3.3	-4.0	-7.1	7.2	-0.7	6.5	5.9	1.0	7.0	10.0	-0.1	10.2	3.4
iii) Defence	2.7	-1.1	1.6	3.8	0.0	3.8	11.3	0.0	11.4	0.3	-2.3	-2.0	0.6	-3.7	-3.2	3.8	-1.4	2.3	7.2
B. Capital Expenditure	19.7	-1.9	17.5	10.2	-2.7	7.2	1.1	-2.9	-1.8	8.8	-2.5	6.0	10.2	-2.9	7.1	10.0	-2.6	7.2	8.1
a. Capital Outlay	8.9	-3.2	5.4	0.1	-3.5	-3.4	-2.6	-3.2	-5.7	0.5	-6.2	-5.7	-16.1	-8.2	-23.1	-1.9	-4.9	-6.5	3.2
b. Loans and Advances	27.9	-1.1	26.5	17.2	-2.2	14.6	3.1	-2.7	0.3	13.8	-0.5	13.3	27.9	-0.5	27.3	18.0	-1.4	16.4	13.4

Source: Budge documents of the Government of India

ANNEXURE
CHANGES IN INDIRECT TAXES

A - CUSTOMS

Note : *Basic Customs Duty means the customs duty levied under the Customs Act 1962.*

Major Proposals about customs duties are the following:

I **TARIFF RATE :-**

- Tariff rate of basic duty fixed on :
  - (a) Wheat at 100%
  - (b) Rice at 60%-80%
  - (c) Sugar at 100%
  - (d) Edible oils at 45%-100%
- No change in effective rate on these items.

II GENERAL RATE STRUCTURE

A Peak rate of *ad valorem* customs duty reduced :

- Peak rate of customs duty has been reduced from 40% to 35%.

B Changes in customs duty rate structure:

- 5 major *ad valorem* rates of basic customs duty, namely 5%, 15%, 25%, 35% and 45% have now been reduced to 4 major *ad valorem* rates of basic customs duty, namely, 5%, 15%, 25% and 35%.

C Duty increase on agricultural, horticultural items.

- Basic customs duty raised to 35% on following :
  - Agricultural goods (other than cereals)
  - Horticultural and floricultural products
  - Dairy products
  - Processed foods
  - Marine products

D Reduction in duty on crude and petroleum product:

- Basic customs duty on Crude oil has been reduced from 20% to 15%.
- Basic customs duty on petroleum product has been reduced from 30% to 25%.
- Basic customs duty on kerosene on parallel marketing has been increased to 35%, from 30%.

E Continuation of surcharge on imports:

- Surcharge at the rate of 10% of basic duty will continue across the board including peak rate of basic customs duty of 35%. However, following are the exceptions :
  - Gold and Silver.
  - Crude petroleum and petroleum products.
  - Certain WTO bound items.

F Continuation of special additional duty (SAD) of customs :

- The special additional duty (SAD) of customs will continue @ 4%.
- SAD will now be applicable to imports by traders also.

- Crude and petroleum product will, continue to be exempted from SAD.
- All the existing exemptions from SAD will continue.

G Reduction in basic duty on:

- Platinum and diamond, from 40% to 15%.
- Fogging machines, from 25% to 5%.
- Pseudoionome (material for manufacture of vitamin A), from 35% to 15%.
- Salinomycin (veterinary drug), from 35% to 15%.
- Dietary soya fibre, from 40% to 15%.
- Ferro nickel (not alloyed and charged nickel and nickel oxide), from 15% to 5%.
- Platinum, wash-coated substrats (ceramics), wash-coated substrats (metallic) and noble metal compounds for use in catalytic convertors (end-use), from varying rates to 5%.
- Propane conversion kits and their parts, from 25% to 5%.

H Increase in basic duty on:

- Natural rubber, from 25% to 35%.
- Dexorubicin HC1 and Cyclosporine and Azathioprine (bulk drugs as also formulations), from 0% to 15%. CVD exemption also abolished.
- Gamma ferric oxide, from 5% to 15%.

I Duty on ball bearings fixed at 35% *ad valorem* in place of existing composite (specific + *ad valorem*) rate

J Increase in Additional Duty of Customs (CVD)

- CVD on glass fibre thread and glass filter cloth for manufacture of goods for pollution control purposes from 5% to 16%.
- CVD on capital goods for crude petroleum refineries from 10% to 16%.
- CVD on goods required for setting up / expansion / renovation / modernization of fertilizer projects from 10% to 16%.

III INDUSTRY SPECIFIC CHANGES :

A Information technology sector :

- Basic customs duty on following inputs for information Technology sector has been reduced as follows :–

DESCRIPTION OF ITEMS	FROM	TO
Automatic data processing machines (Computers)	20%	15%
PPCBs (mother boards)	20%	15%
Micro-processors for Computers	5%	0%
HDD/FDD/CD ROM drive and other storage devices	5%	0%
Integrated Circuits and Micro Assemblies	5%	0%
Data Graphic Display Tubes for Colour Monitors	5%	0%
Deflection components for use in Colour Monitors for computers	5%	0%
CD ROMs	5%	0%
Floppy Diskettes	20%	15%
Parts of Floppy Diskettes	25%	5%
Stepper Motors for use in Computers	25%	5%

☞	Ink Cartridges, ribbon assembly, ribbon drive assembly, ribbon gear carriage, etc.	40%	25%
☞	Specified Capital goods for manufacture of semi-conductors, ICs, etc.	15%	5%

B Telecom sector:

- Basic customs duty on following items of telecommunication sector has been reduced as follows :–
  - Specified raw materials for manufacture of optical fibre, from 15% to 5%
  - Cellular phones, from 25% to 5%
  - Parts on Cellular phones, from 20% to 5%.
  - Battery packs for cellular phones, from 40% to 15%.
  - Preform of silica for manufacture of optical fibre or cables, from 25% to 15%.
  - Fibre reinforced plastic rods or cables, from 25% to 15%.
  - Concessional rate of 5% for specified equipment for basic telephone service, cellular service, pager service, PMRTS and satellite communication extended upto 31.3.2001. Similar concession also extended to specified equipment to internet service providers.

C Entertainment and film industry

- Basic customs duty reduced on cinematographic cameras, and other related equipment, from 40% to 25%.
- Basic customs duty reduced on colour positive films in jumbo rolls and colour negative films in rolls of certain sizes, from 15% to 5%. CVD also exempted on these items.

IV IMPLEMENTATION OF INDO-US AND INDO-EU AGREEMENT ON TEXTILE

- Composite rate of tariff has been fixed in place *ad valorem* rates charged at present to give effect to Indo-US and Indo-EU agreements on Textile.
- This will be effective from 1st March 2000.

V REFUND OF ANTI DUMPING DUTY

- Customs Tariff Act has been amended to provide for refund of anti dumping duty and also to apply the Customs Act in respect of levy, short levy, refunds and appeals to anti dumping duties.

VI SETTLEMENT COMMISSION

- Assessees have now been given an option for transfer of appeals from CEGAT to Settlement commission.
- The option applies to cases lying with CEGAT as on 29.2.2000. Option will not apply to those cases in which Department has also filed appeal to CEGAT, and which are pending as on the date on which the Finance Bill, 2000 receives the assent of President.

VII CHANGES REGARDING ADJUDICATION & PENALTIES:

- Mandatory penalty would be reduced to 25% of the amount of duty, along with interest (24%) and 25% penalty are all paid within 30 days of the date of communication of the order.
- If payment is not made within 30 days, the existing penalty of 100% of duty evaded will continue.
- Interest for delayed payment of duties revised to 24% per annum.
- All show cause notices involving an amount of more than one crore rupee will be issued only with the approval of the Chief Commissioner of Customs.
- All show cause notices involving an amount of upto one crore rupee will be issued either by the Commissioner or with his prior approval by any other officer.
- These changes will come into force on the date the Finance Bill receives the assent of the President.

B - EXCISE

Note :- SED means Special excise duty.

Major Proposals about Central Excise duties are the following :

I. Changes in *AD VALOREM* DUTY RATE STRUCTURE

A General *ad valorem* rate structure

- Existing excise duty rates of 8%, 16% and 24% have now been converged into single rate of 16%. The excise duty specified in the First Schedule to the Central Excise Tariff Act will now be called Central Value Added Tax (CENVAT).
- Special Excise duty on specified products continues, with a few exceptions. The new Special excise rates will be 8%, 16% and 24%. In general term, the new *ad valorem* rate structure will be as follows :

Existing Rate (ad valorem)			Proposed Rate (ad valorem)		
Excise	+	SED	CENVAT	+	SED
8%	+	-	-	+	-
16%	+	-	16%	+	-
24%	+	-	16%	+	8%
24%	+	6%	16%	+	16%
24%	+	8%	16%	+	16%
24%	+	16%	16%	+	24%

B Changes in the existing structure of 8% excise duty :-

- Following items have been exempted from excise duty :-
  - Medicinal grade oxygen
  - Medicinal grade hydrogen peroxide
  - Anaesthetics
  - Potassium iodate
  - Medical and surgical gloves
  - Cutlery and knives
  - House hold glassware; glass & glassware produced by mouth blown process
  - Electric bulbs of MRP up to Rs. 20
  - Clocks and watches of MRP upto Rs. 500 per piece
  - Tooth powder
  - Sanitary towels, baby napkins, etc.
  - Soap for distribution through PDS
  - Roasted chicory
  - Specified cold chain equipment
- All other items of existing 8% excise duty will now be charged at 16% CENVAT, with partial exemption on a few items like
  - Kerosene
  - LPG

- Laundry soap
- Cotton yarn
- Diesel engines upto 10 H.P.

C No change in the existing structure of 16% excise duty :-

- All items will now be covered under 16% CENVAT.

D Changes in existing structure of 24% excise duty :-

- Following items will now be charged at 16% CENVAT :-
  - Plastic materials
  - Films, sheets, articles of plastics
  - Tread rubber, cellular rubber and articles of rubber
  - Nylon Filament Yarn
  - Sterile contact lens solution
  - Transmission and conveyor belts or beltings of textiles.
  - Sacks and bags of synthetic textile materials.
  - Plastic laminated products like "Sunmica"
  - Cars for physically handicapped persons
- All the remaining items will now be charged at 16% CENVAT + 8% SED

E Changes in existing structure of 24% excise + 6% SED :-

- Following items will now be charged at 16% CENVAT :-
  - Bus, truck and car tyres for Original Equipment supplies (end-use based)
  - Parts of air-conditioners and refrigerators
  - Shikakai powder not mixed with any other ingredient.
- All the remaining items will now be charged at 16% CENVAT + 16% SED. The items are :-
  - Cosmetics and Toilet Preparations
  - Air conditioners, air conditioning machinery and appliances
  - Multi-utility vehicles
  - Tyres for buses, trucks and cars (for replacement)
  - POY and PFY

F Duty on Petrol :-

- Petrol which is currently at 24% excise + 8% SED will now be charged at 16% CENVAT + 16% SED.

G Changes in existing structure of 24% excise + 16% SED

- Soft drink concentrate supplied to bottlers will now be charged to CENVAT at 16% (end-use based).
- Following items will now be charged at 16% CENVAT + 24% SED
  - Motor cars
  - Aerated soft drinks
  - Pan Masala
  - Chewing tobacco and similar tobacco products
  - Soft drink concentrate (for supply to vending machines)

II CHANGES IN SPECIFIC DUTY RATE STRUCTURE :

A Green tea exempted.

B Excise duty increased on cigarettes :

	FROM (Rs per 1000)	TO (Rs per 1000)
Non Filter Cigarettes:		
Not exceeding 60 mm in length	110	115
Exceeding 60 mm in length but not exceeding 70 mm	370	390
Filter Cigarettes:		
Not exceeding 70 mm in length	550	580
Exceeding 70 mm in length but not exceeding 75 mm	900	945
Exceeding 75 mm in length but not exceeding 85 mm	1200	1260
Exceeding 85 mm in length	1470	1545

C. Marble

- Existing rate of Rs 40 per square metre abolished.

III CHANGES IN MODVAT SCHEME

- All inputs [excepting high speed diesel oil and motor spirit (petrol)] and all capital goods have now been included in the eligible list of modvat scheme.
- All finished goods will also be eligible to the benefit of modvat, except matches.
- Modvat scheme has been fully extended to cigarettes.
- Restriction of 75% on availment of CVD credit for project import abolished.
- Availment of modvat on capital goods will be spread over two years with effect from 1.4.2000.
- MODVAT scheme will now be called CENVAT Scheme.
- A new set of simplified and user friendly CENVAT rules to replace modvat rules from 1.4.2000.

IV INDUSTRY SPECIFIC CHANGES:-

A Independent Textile processors:

- Scheme of levy under section 3A modified.
  - Existing rate of Rs. 1.5 lakhs per chamber per month has now been increased to Rs. 2 lakhs per chamber per month.
  - The existing rate of Rs. 2 lakhs per chamber per month has now been increased to Rs. 2.5 lakhs per chamber per month.
  - Interest rates on delayed payment has now been fixed at 24%.
  - Provision has been made for deemed modvat at Re 1 per sq. mtr each in respect of BED and AED (ST) to the user.
  - Existing basic duty rates of 5% /12% on DTA clearances of grey cotton fabrics not containing any other textile material and other woven fabric have now been rationalised to single rate.

- Specific rates of excise duty (without modvat benefit) has been fixed for independent texturing unit manufacturing taxturised yarn of polyester.
- Deemed modvat credit has been allowed to users of texturised polyester yarn.

B Steel industry:

- **Restoration of *advalorem* duty for induction furnaces and re-rollers :**
  - Induction furnaces and re-rollers will now be covered under *ad valorem* CENVAT at 16% (with modvat benefit in place of existing compunded levy under section 3A of Central Excise Act.
  - This will come into force from 1.4.2000.
- **Integrated steel plants will now be allowed to pay duty at the ex-factory price on steel sold from their stock yards.**

V EXEMPTION FOR SMALL SCALE UNITS:

- Commodity - specific exemption for small scale units *viz*. articles of plastic, cosmetics & toilet preparations, tread rubber, air conditioning & refrigeration machinery and parts would be merged with the general SSI scheme with effect from 1.4.2000.

VI EXPANSION OF MRP BASED ASSESSMENT OF EXCISE:

- Twenty four new items have been included in the scheme of MRP based assessment. More items will be added after the Budget. The items are :

1) Concentrated (condensed) milk, put up in unit containers
2) Gums, including chewing gums, bubblegums and the like
3) Cocoa powder
4) Other food preparations containing cocoa
5) Spaghetti, macaroni, noodles, lasagne, gnocchi, put up in unit container
6) Waffles and wafers, coated with chocolates or containing chocolate
7) Yeasts, prepared baking powder, put up in unit container
8) Betel nut powder known as "Supari"
9) Branded edible preparations
10) Fruit pulp or fruit juice based drinks
11) Vinegar and substitutes for vinegar obtained from acetic acid
12) Synthetic organic products of a kind used as fluorescent brightening agents or as a luminophores
13) Lubricating preparations
14) Photographic films and instant prints films in rolls, sensitized, unexposed
15) Disinfectants and similar products
16) Insulated ware
17) Room air-conditioners
18) Refrigerators
19) Dish washing machines
20) Typewriters
21) Calculating machines and pocket size data recording, reproducing and displaying machines with calculating functions
22) Telephone sets including telephone with cordless handsets; video phones; fasimile machines
23) Pagers, cellular or mobile phones
24) Typewriter or similar ribbons, ink pad

VII REPLACEMENT OF SECTION 4 OF CENTRAL EXCISE ACT:-

- Section 4 replaced by a new section.
- Transaction value will now be the basis of assessment in excise in place of existing practice of “normal price”.
- This will come into force from 1st July 2000.

VIII CHANGE IN THE PATTERN OF PAYMENT OF EXCISE DUTY

- Excise assessees will now be allowed to pay the excise duty in fortnightly instalments in place of existing day-to-day basis.
- This will come into force from 1st July 2000.
- SSI units will, however, continue to pay the excise duty on monthly basis.

IX KEEPING OF EXCISE RECORDS

- Statutory excise records will be dispensed with for all assesses from 1st July 2000.
- Excise department would now rely upon the records maintained by manufacturers.

X SETTLEMENT COMMISSION

- Assessees have now been given an option for transfer of appeals from CEGAT to Settlement commission.
- The option applies to cases lying with CEGAT as on 29.2.2000. Option will not apply to those cases in which Department has also filed appeal to CEGAT, and which are pending as on the date on which the Finance Bill, 2000 receives the assent of President.

XI CHANGES REGARDING ADJUDICATION & PENALTIES:

- Mandatory penalty would be reduced to 25% of the amount of duty if duty, along with interest (24%) and 25% penalty are all paid within 30 days of the date of communication of the order.
- If payment is not made within 30 days, the existing penalty of 100% of duty evaded will continue.
- Penalty for offences not involving revenue loss revised to maximum of Rs. 5000 from the existing range of Rs. 1000 to Rs. 2000.
- Time limit for raising demands or for claiming refunds, extended from 6 months to one year.
- Interest for delayed payment of duties revised to 24% per annum.
- All show cause notices involving an amount of more than one crore rupees will be issued only with the approval of the Chief Commissioner of Central Excise.
- All show cause notices involving an amount of upto one crore rupees will be issued either by the Commissioner or with his prior approval by any other officer.

XII MISCELLANEOUS LEGISLATIVE AMENDMENTS:

- Section 11 D amended to provide to make machinery provision for recovery of duties collected from buyers of excisable goods.
- Provisions regarding payment of fees and charges to Cost Accountants appointed for conducting audit under sections 14A and 14 AA amended. Such payment will now not be required to be made by assesses.
- These changes will come into force on the date the Finance Bill receives the assent of the President.
- Collection of Service tax from users of services in respect of services relating to transportation of goods by road and clearing and forwarding agents validated by making retrospective amendment in the Finance Bill.
- Issue of show cause notices under section 11 A of the Central Excise Act made valid retrospectively.
- MODVAT credit on High Speed Diesel Oil was not intended to be allowed at any stage. Suitable retrospective provision made to give effect to confirm this.

RAILWAY BUDGET: 2000-2001*

Introduction

The finances of the Indian Railways have witnessed strain in the 1990s emanating from slow growth in freight earnings and significant rise in working expenses. The limited buoyancy in revenues and the consequent low growth in internal resources have put pressure on the Railways to take recourse to market borrowings at market determined interest rates to finance the Plan outlay. The share of internal resources of the Railways, which are critical to sustain the investment growth in the long-term, showed a declining trend in the financing of capital outlays. Market borrowings entailed higher cost but had continued to increase during the 'nineties.

The deterioration in the Railway finances in the latter half of the 'nineties is reflected in the growing operating ratio and the declining return on capital. The budget estimates for the financial year 2000-01 reflect the continuation of this deteriorating trend and the structural problems faced by the Railways in the management of its finances. While internal resource generation has been insufficient to meet its larger social obligations, the resource support from the Central Exchequer has shown a progressive decline over the Plan period from 75 per cent in the Fifth Plan to a lower level of 18 per cent in the last two years of the Eighth Plan. This trend has driven the Railways to largely depend upon market borrowings to meet the investment expenditures, with the result, the interest and repayment obligations have got accumulated. The financial constraint and the resultant under-investment have had unfavourable linkage effects, since the Railways represent the principal transport infrastructure in the country.

In the backdrop of these adverse developments in the finances, the Railway Budget for 2000-01, presented to the Parliament on February 25, 2000, has estimated a surplus of Rs.576 crore, at 1999-2000 rates of passenger fares and freight. The Budget has proposed tariff revisions mainly in freight rates which would generate additional resources to the tune of Rs.600 crore. Passenger fares have been excluded from the revision. After reckoning for the estimated yield from the additional resource mobilisation (ARM), the surplus would increase to Rs.1,176 crore during 2000-01 as

* Prepared in the Division of Fiscal Analysis of the Department of Economic Analysis and Policy.

compared to Rs.899 crore in 1999-2000[1]. The gross traffic receipt is budgeted to show an increase of 10.4 per cent, a deceleration from 11.7 per cent in 1999-2000. The working expenses are estimated to show a sharp rise to 15.0 per cent as compared to 11.0 per cent in the previous year.

The overall financial operations of the Railways as reflected by the operating ratio (measuring the working expenses as a percentage of gross traffic receipts), is estimated to show deterioration to 98.8 per cent, as against 93.7 per cent in 1999-2000. At this level, the operating ratio would be the highest recorded in any of the years of the previous decade. The return on capital-at-charge and investment from Capital Fund in 2000-01 also showed a significant decline to 4.2 per cent as compared with that of 7.1 per cent in 1999-2000. The major concern, thus is that while the cost of market borrowings has been on the rise, the return from investments has continued to be low.

The Plan outlay for 2000-01 has been hiked substantially by 23 per cent to Rs.11,000 crore, an increase of Rs.2,036 crore over Rs.8,964 crore in the revised estimates of 1999-2000, with emphasis on safety, capacity augmentation and improving passenger amenities. The higher Plan outlay would be financed by increased budgetary support (Rs.3,540 crore), market borrowings (Rs.3,400 crore), private investment (Rs.268 crore), and balance Rs.3,792 crore to be met through a combination of normal internal resources, non-traditional sources of revenue and contribution from General Revenues for Railway Safety Works. The total market borrowings to be raised by the Indian Railways Finance Corporation (IRFC) is placed at Rs.3,400 crore in 2000-01 as against Rs.2,835 crore in 1999-2000. Contribution from the private investment is anticipated at Rs.268 crore.

This article presents a detailed analysis of the financial position of the Railways as presented in the 2000-01 Railway Budget. Section II presents the major highlights of the 1999-2000 revised estimates. Section III provides the main features of the 2000-01 budget estimates and concluding observations are set out in Section IV.

Section II

Revised Estimates: 1999-2000

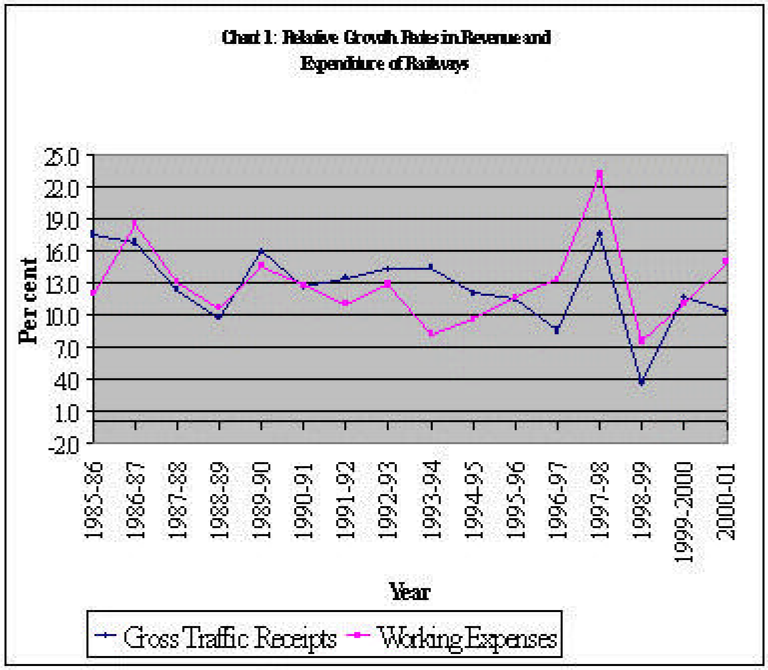
The revised estimates for 1999-2000 show continued deterioration in the finances of the Railways. A surplus of only Rs.899 crore in 1999-2000 is expected to emerge as compared with that of Rs.1,544 crore envisaged in the budget estimates

[1] All references to 1999-2000 relate to revised estimates unless otherwise stated.

(Table1). The decline in the finances of the Railways was mainly due to the shortfall in revenue earning traffic from goods traffic and the sharp rise in the appropriation to Pension Fund. The Railways carried 450 million tonnes of originating revenue earning traffic, achieving the target set for the year, on account of overall economic recovery. However, a shortfall in freight earnings over the budget target is likely, on account of drop in the lead and change in the commodity mix. Although there was a marginal decline in the demand for transportation of coal, raw materials, pig iron and finished steel for steel plants, it was adequately offset by the increased demand in freight traffic for cement, foodgrains and fertilizers. Apart from this, the average lead traffic is estimated at 670 KM marginally lower than the target of 671 KM. The receipts from freight traffic are estimated to be lower by Rs.250 crore over the budget estimates of Rs.22,341crore.

The gross traffic receipts in the revised estimates at Rs.33,096 crore witnessed a decline of Rs.215 crore (0.6 per cent) over the budget estimates. The total working expenses at Rs.30,909 crore overshot the budgeted level of Rs.30,283 crore by 2.1 per cent mainly on account of post-budgetary developments, such as increase in price of diesel, retrospective revision of tariff by SEBs and damage to the Railway property caused by the Orissa cyclone. The appropriation to Pension Fund was enhanced to Rs.3,569 crore by Rs.615 crore over the budgeted Rs.2,954 crore. The appropriation to Depreciation Reserve Fund was reduced marginally from the budgeted amount of Rs.1,589 crore to Rs.1,550 crore. Austerity measures implemented in *inter alia* fuel consumption, material procurement, travel, office expenses helped a saving of about Rs.850 crore. The appropriation to Capital Fund in the revised estimates has been placed lower at Rs.380 crore as against Rs.944 crore envisaged in the budget estimates. The deterioration in internal resources has caused the downsizing of the Plan outlay by Rs.735 crore from the budget estimates of Rs.9,700 crore to Rs.8,965 crore in revised estimates.

The finances of the Railways in recent years were also affected by the downward rigidity of working expenses and relatively slow revenue growth (Chart 1). This in turn is reflected in the deterioration of the operating ratio, which in the revised estimates for 1999-2000 shot up to 93.7 per cent from 91.6 per cent projected in the budget estimates. The deterioration in the operating ratio by 2.1 percentage points occurred mainly on account of 2.1 per cent growth in working expenses and a marginal decline in traffic receipts. The return on capital, an indicator of productivity of the Railways, declined to 7.1 per cent as against the budgeted level of 8.6 per cent (Table A). It must, however, be recognised that since the Railways perform significant socio-economic obligations, the rate of return on capital has not been commensurate with the levels of outlay. Another factor, which has contributed to the strain on the revenue position of the Railways, is the dwindling ARM efforts in relation to plan outlay. The ratio of ARM to Plan outlay has declined from 28.4 per cent in 1993-94 to 9.3 per cent in 1999-2000.



Items	Operating ratio	Net Railway Revenue as % of Capital-at-Charge	Additional Resource Mobilisation as % of Plan Outlay @
1990-91	92.0	6.9	17.8
1991-92	89.5	8.7	11.0
1992-93	87.4	9.7	24.0
1993-94	82.9	13.7	28.4
1994-95	82.6	15.3	15.3
1995-96	82.5	14.9	10.0
1996-97	86.2	11.7	11.4
1997-98	90.9	8.9	21.7
1998-99	93.3	5.8	4.7
1999-2000 (RE)	93.7	7.1	9.3
2000-01 (BE)	98.8	4.2	5.5

Financial Impact of Social Obligations

As an integral part of public utility, the Railways provide basic transport infrastructure for promoting economic and industrial development and provide certain services at below their cost of operation. Such services which result in losses include those on transport of essential commodities of mass consumption, passenger and other coaching services, uneconomic branch lines and new lines. The losses incurred by the Railways on account of its social obligations rose from Rs.2,888 crore in 1996-97 to as high as Rs.4,673 crore in 1999-2000. The loss on coaching services is estimated to show a growth of 8.4 per cent and would amount to Rs. 4,514 crore in 1999-2000 (96.6 per cent of the total losses), while the loss on low-rated freight items is estimated at Rs.159 crore (3.4 per cent). Thus, the loss on account of social obligations continued to be high, accounting for 15.0 per cent of total expenditure and about 13.7 per cent of receipts in 1999-2000, marginally lower than that of 15.2 per cent and 14.1 per cent, respectively, in 1998-99 (Table B). The mounting losses reflect the input costs for rendering these services, which are not covered by prices, and the wide range of concessions offered to the various categories of users of these services.

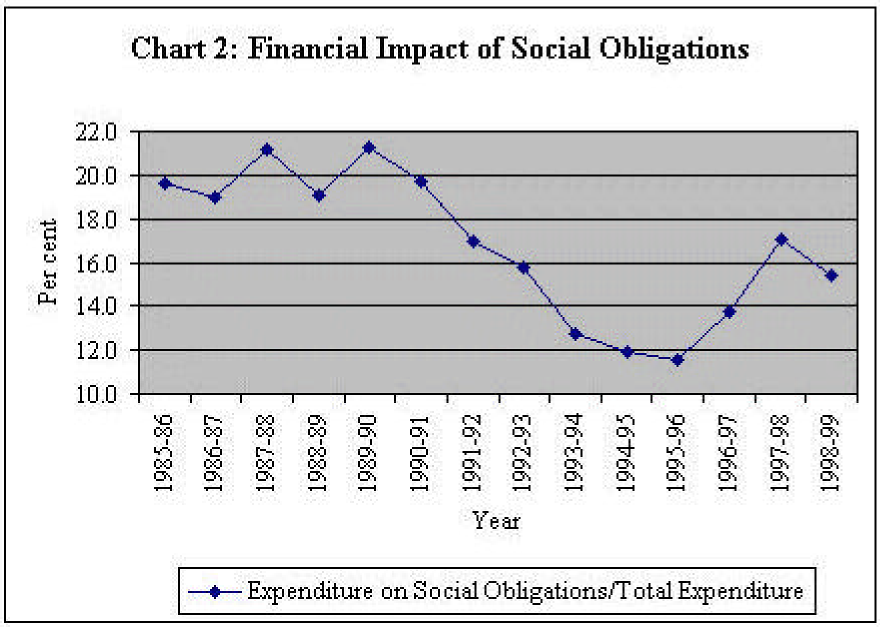
Table B: Financial Impact of Social Obligations

(Rs. crore)

Items	1996-97	1997-98	1998-99	1999-2000 (Estimated)
1. Loss on coaching services (suburban and non-suburban passenger traffic, parcel, luggage etc.,)	2,816 (97.5)	4,313 (97.9)	4,165 (97.4)	4,514 (96.6)
2. Loss on low- rated freight like foodgrains, fodder, charcoal, firewood, fruits, vegetables, etc.	72 (2.5)	94 (2.1)	110 (2.6)	159 (3.4)
3. Total (1+2)	2,888 (100.0)	4,407 (100.0)	4,275 (100.0)	4,673 (100.0)
4. Receipts including miscellaneous receipts	24,801	29,134	30,234	33,993
5. Expenditure including miscellaneous expenditure	21,177	26,110	28,093	31,189
6. Percentage of item (3) to item (4)	11.6	15.1	14.1	13.7
7. Percentage of item (3) to item (5)	13.6	16.9	15.2	15.0

Note : Figures in brackets represent percentages to total.
Source : 1) Indian Railway Year Book, various issues.
2) Explanatory Memorandum on the Railway Budget, 2000-01.

The share of expenditure incurred on carrying out social obligations in the total expenditure, after declining during the first half of the 'nineties, has again witnessed a rising trend thereafter, thus posing pressure on the revenue position of the Railways (Chart 2). The cost of such social service obligations has traditionally been cross-subsidised by the Railways. According to the Railway Fare and Freight Committee Report(1993), as the passenger traffic is priced below the actual cost of services, whereas freight services are priced on a cost-plus basis, freight earnings in effect subsidise passenger traffic. However, the scope for further cross-subsidisation is limited due to the reduced competitiveness of rail transport *vis-a-vis* other modes of transport. The increasing social service obligations and the decreasing scope for cross-subsidisation have led to a need for financing through other methods. In this context, the Railway Convention Committee has recommended that the Railways should be compensated adequately for carrying out such functions.



Financial Performance of Railways Undertakings

The Indian Railways received a total dividend of Rs.107 crore from all its Public Sector Undertakings during 1998-99 as against Rs.60 crore in the previous year. IRCON International Ltd. earned a profit of Rs.56 crore. The Rail India Technical and Economic Services Ltd. (RITES) achieved the highest ever turnover of Rs.142 crore, recording a net profit of Rs.10 crore. The Container Corporation of India Ltd. (CONCOR) had a turnover of Rs.685 crore with a net profit of Rs.141 crore. Furthermore, the Indian Railway Finance Corporation Ltd. (IRFC) mobilised Rs.2,955 crore to supplement the plan resources of the Railways and earned a net profit of Rs.326 crore.

Section III

Budget Estimates: 2000-01

The Railway Budget for 2000-01, after taking into account the ARM, would show a surplus of Rs.1,176 crore, as compared with Rs.899 crore in 1999-2000. The Budget however, has assumed a growth of 10.4 per cent in gross traffic receipts *albeit* lower as compared with 11.7 per cent in 1999-2000. The working expenses are estimated to register a 15.0 per cent growth over and above the 11.0 per cent recorded in 1999-2000. The ordinary working expenses are, however, budgeted to rise by 9.0 per cent as against a rise of 10.9 per cent in the previous year.

Gross Traffic Receipts

The gross traffic receipts during 2000-01 are estimated at Rs.36,529 crore, reflecting an increase of Rs.3,433 crore (10.4 per cent) over 1999-2000 (Table 1). Earning from both goods earnings traffic and passenger traffic is estimated to decelerate in 2000-01. The goods earnings traffic would show a rise of 6.9 per cent in 2000-01 as against 10.7 per cent during 1999-2000. The growth in receipts from goods traffic is based on an additional revenue earning traffic of 25 million tonnes assuming the buoyancy in the economy and better marketing efforts of the Railways. The freight traffic has been targeted at 475 million tonnes as compared to 450 million tonnes in 1999-2000 (Table 4). Although the average lead of goods traffic would marginally decline from 670 KM. to 668 KM., the total Tonnes-KM. would go up from 302 billion TKMS in 1999-2000 to 317 billion TKMS in 2000-01. The receipts from passenger traffic would show a growth of 7.0 per cent in 2000-01 as against 10.9 per cent in 1999-2000. The physical target of passenger traffic is envisaged at 4,739 million passengers, an increase of 3.7 per cent over 4,571 million passengers in the revised estimates for 1999-2000. Sundry and other earnings (including suspense) are budgeted at Rs.1,917 crore inclusive of Rs.500 crore in expectation of clearance of dues from Power Houses. The ARM through adjustments in tariff for freight, parcel and luggage is expected to yield Rs.600 crore during the year (Box-I).

BOX I: Fare and Freight Proposals

Passenger

(i) No revision in passenger fares of any class

(ii) Free travel for students upto Class X, further extended to cover girl students upto Std.XII from home to school/college and back.

(iii) Millennium Card at a cost of Rs.10,000/- valid for one year to be issued to any passenger to give him assured reservation in First AC and Second AC classes on any train on Indian Railways throughout the year.

(iv) The widows of Martyrs of 'Operation Vijay' in 1999 in Kargil entitled to 75% travel concession in second class and sleeper class.

Freight

(i) A general 5 per cent increase in the freight rates of all commodities except essential commodities such as foodgrains, sugar, edible salt, edible oils, kerosene, LPG, fruits and vegetables.

(ii) For the core sector commodities such as coal, iron and steel, cement, limestone and certain petroleum products the freight rate hike is less than 5 per cent.

(iii) Freight tariff for chemical manures, livestock, oilseeds etc., is raised by more than 5 per cent, on an average, by upgrading their classifications.

(iv) For parcel and luggage, including Motor Car the rates of increase amount to 7 per cent.

(v) Commodities like urea, newspapers, magazine and medicine are the exempted items.

(vi) The above proposals will come into effect from April 1, 2000 and are estimated to generate additional resource of Rs.600 crore during the full year.

The growth in earnings is not commensurate with the increase in expenditure for day to day operations and maintenance, and for meeting the needs of expansion and safety requirements. Since market borrowings are relatively costly and for shorter maturity, the higher financing of plans through borrowings cannot be relied beyond a limit. Keeping these developments in view, while the Railways have initiated steps to augment internal resources, efforts are being made to raise revenues from other non-traditional sources, as is the practice in several countries. A Task Force in this regard has recently submitted its report and the recommendations are now proposed to be implemented in a time bound manner (Box II).

BOX II: Major Recommendations of Task Force on Non-traditional Sources of Revenues

A. Recommendations of the Task Force

- Commercial publicity to be undertaken by the Railways on passenger trains, stations, freight wagons, tickets and consumable items supplied on train.
- Additional resources to be generated through commercial utilisation of Railway land and air space, and by putting hoardings for rural marketing alongside tracks and hoardings and bill boards at level crossings.

B. Other Measures

- The Railways to utilise its Right of Way (ROW), covering sixty two thousand eight hundred kilometres, for building a nation-wide broad based telecom/multimedia network by laying optic fibre cable. This would provide a parallel telecom infrastructure for telecom operators and internet service provider.
- The Railways to construct one hundred budget hotel and shopping complexes near railway stations using surplus commercial land.
- The Railways have signed MoU with Housing and Urban Development Corporation (HUDCO) for commercial utilisation of surplus railway land in certain corridors such as Delhi-Panipat, Kanpur-Lucknow, Bangalore-Mysore and Chandigarh-Ludhiana .

Working Expenses

The aggregate working expenses of the Railways estimated at Rs.35,552 crore are expected to show a significant growth of 15.0 per cent over 1999-2000. The ordinary working expenses, which account for almost 80 per cent of total working expenses, would show a growth of 9.0 per cent in 2000-01 as against 10.9 per cent in 1999-2000. Operating expenses on traffic and fuel are estimated to show higher growth accounting for 44.2 per cent of the ordinary working expenses (Table 2). The appropriation to Pension Fund at Rs.4,996 crore would be higher by Rs.1,427 crore, an increase of 40 per cent over that in 1999-2000. Apart from this, the appropriation to Depreciation Reserve Fund at Rs.2,441 crore is being doubled over the previous year's level (Rs.1,550 crore in 1999-2000), based upon the actual requirements for Plan resources.

Net Financial Results

The net Railway revenue is budgeted at Rs.1,792 crore, showing a decrease of 36.1 per cent over Rs.2,804 crore in the revised estimates for 1999-2000. Out of this, the payment of dividends to General Revenues is estimated at Rs.2,115 crore for 2000-01 as against Rs.1,905 crore in 1999-2000. After reckoning for dividend payments, the financial operations of the Railways during 2000-01 would generate a surplus of Rs. 1,176 crore, while the Plan expenditure to be met from the Development Fund and the Capital Fund is budgeted at Rs.1,421 crore. The remaining Rs.249 crore would be drawdown from the Capital Fund. The return on capital (net railway revenue to capital-at-charge and investments) is budgeted to deteriorate to 4.2 per cent as compared with 7.1 per cent in the previous year.

Plan Outlay

The Ninth Plan for the Railways has been finalised with a total Plan outlay of Rs.45,413 crore with an overall budgetary support of Rs.11,791 crore (26.0 per cent of the total). The objectives during the Ninth Plan essentially relate to generation of adequate rail capacity for handling increasing freight and passenger traffic, replacement and renewal of overage assets, improve reliability, safety and quality of service to customers. Keeping in view the growing investment requirements of the Railways, the size of the Annual Plan for 2000-01 has been set higher at Rs.11,000 crore, an increase of 23.0 per cent over Rs.8,965 crore in 1999-2000 (Table 3). In the allocation of investment funds, rolling stocks and track renewals would together account for 61.9 per cent of total Plan outlay. New lines and doubling of lines would account for 13.1 per cent, electrification 3.0 per cent and signalling and telecommunication 3.7 per cent of Plan outlay.

On the financing side, internal resources, non-traditional sources of revenue and contribution from General resources for Railway Safety works would finance 34.5 per cent of total Plan outlay, which is lower than 38.2 per cent in 1999-2000 (Table C). The share of private investment would increase to 2.4 per cent in 2000-01 from 1.8 per cent in 1999-2000. Budgetary support would increase to 32.2 per cent in 2000-01 from 28.3 per cent in 1999-2000, the highest since 1992-93, while market borrowings would decline to 30.9 per cent from 31.6 per cent in 1999-2000. The borrowings of the Railways from the market, raised by the Indian Railway Finance Corporation (IRFC) is estimated at Rs.3,400 crore for 2000-01 as compared to Rs. 2,835 crore in 1999-2000.

Table C: Financing Pattern of Plan Outlays of Railways

(Per cent)

Year	Budgetary Support	Market Borrowings	Internal Resources	Private Investment
1990-91	27.3	22.7	50.0	-
1991-92	32.6	27.9	39.5	-
1992-93	42.0	16.6	41.4	-
1993-94	16.4	14.6	69.0	-
1994-95	20.6	15.3	64.1	-
1995-96	17.8	15.2	64.9	2.1
1996-97	17.6	23.5	53.7	5.2
1997-98	24.3	27.1	41.8	6.8
1998-99	24.8	36.3	35.7	3.1
1999-2000(RE)	28.3	31.6	38.2	1.8
2000-01(BE)	32.1	30.9	34.5*	2.4

*includes a combination of non-traditional sources and contribution from General Resources for Railway Safety Works.

The financial position of the Railways is projected to deteriorate further in 2000-01, as the operating ratio is budgeted to escalate to 98.8 per cent from 93.7 per cent in 1999-2000 despite the fact that the budget has made an attempt to generate additional resources through hike in freight tariff and utilisation of non-traditional sources. The surplus which is projected in the current year is based on the assumption of clearance of a part of the outstanding dues from State Electricity Boards, targeted at Rs.500 crore and deferment of a substantial portion of the dividend payable to general revenues (Rs.1,500 crore) to the future. Both these factors underscore the tenuous position of Railway finances.

Section IV

Concluding Observations

The Railways, the core transport infrastructure of the Indian economy, has in recent years been faced with financial constraints mainly due to its developmental obligations. The demand for freight traffic in the terminal year of the Ninth Five Year Plan (2001-02) has been estimated at 490 million tonnes of revenue earning traffic and 328 billion tonnes kms of transport output. The passenger traffic in the terminal year of the Plan has been placed at 4.9 billion originating passenger, representing an annual growth of 3.7 per cent. Further, the current Budget has set a target to increase its share in total traffic from the existing 40 per cent to 50 per cent in the coming decade. These targets would require generation of adequate capacity for handling increasing freight and passenger traffic. Keeping this in view the Plan outlay for 2000-01 has been significantly raised by 23 per cent. However, the existing financing pattern with higher reliance on market borrowing and inadequate support of private investment would pose problems in sustaining the growth in capital outlay in the medium term. Thus, adequate generation of internal resources would assume critical importance in enhancing the traffic capacity.

The Railways have been faced with a significant financial stress in the last two consecutive years. The year 1998-99 saw a large shortfall in freight loading by 29 million tonnes in the wake of recession and sharp rise in working expenses. The additional expenditure commitment arising out of the implementation of the pay revisions has caused further setback to the Railway finances. The position has not shown improvement during the current fiscal year. The net surplus of the Railways is estimated to show a sharp decline to Rs.899 crore in 1999-2000 as against Rs.1,544 crore envisaged in the Budget. The deterioration in the internal resources has adversely affected the Plan outlay which has been pruned down to Rs.8,964 crore from the original targeted level of Rs.9,700 crore, placing severe pressure on developmental programmes.

An important issue affecting the growth of internal resources and having bearing on the financial position of the Railways is the price mechanism and transparent costing procedure. The costing of services needs to be developed to contribute towards competitive pricing of railway services. Expenditure and earnings of operations and infrastructure need to be separated to enable a better pricing mechanism. Thus, there is a need for market determined pricing for various services, rationalisation of tariff especially on the passenger traffic segment by reducing the extent of cross subsidy, efficiency in the utilisation of resources with emphasis on reduction in operating expenses, greater move towards non-traditional sources of funding and greater participation of private sector in financing the projects.

TABLE 1 : FINANCIAL RESULTS OF RAILWAYS

(Rs. crore)

Items	1998-99 (Actuals)	1999-2000 (Budget Esti-mates)	1999-2000 (Revised Esti-mates)	2000-2001 (Budget Esti-mates)	Annual Variations					
					Col.4 over Col.3		Col.4 over Col.2		Col.5 over Col.4	
					Amount	Per cent	Amount	Per cent	Amount	Per cent
1	2	3	4	5	6	7	8	9	10	11
I. Gross Traffic Receipts(a to d) *	**29,619.5**	**33,311.0 (32,411.0)**	**33,096.0**	**36,529.0 (35,929.0)**	**-215.0**	**-0.6**	**3,476.5**	**11.7**	**3,433.0**	**10.4**
a) Passengers Earnings	8,550.0	9,449.0	9,484.0	10,148.0	35.0	0.4	934.0	10.9	664.0	7.0
b) Goods Earnings	19,960.4	22,341.0	22,091.0	23,608.0	-250.0	-1.1	2,130.6	10.7	1,517.0	6.9
c) Sundry Other Earnings (including suspense)	460.1	830.0	710.0	1,917.0	-120.0	-14.5	249.9	54.3	1,207.0	170.0
d) Other Coaching Earnings	649.0	691.0	811.0	856.0	120.0	17.4	162.0	25.0	45.0	5.5
II. Total Working Expenses (a to c)	**27,834.6**	**30,283.0**	**30,909.1**	**35,552.0**	**626.1**	**2.1**	**3,074.5**	**11.0**	**4,642.9**	**15.0**
a) Ordinary Working Expenses	23,254.6	25,740.0	25,790.0	28,115.0	50.0	0.2	2,535.4	10.9	2,325.0	9.0
b) Appropriation to Depreciation Reserve Fund	1,155.0	1,589.0	1,550.0	2,441.0	-39.0	-2.5	395.0	34.2	891.0	57.5
c) Appropriation to Pension Fund	3,425.0	2,954.0	3,569.1	4,996.0	615.1	20.8	144.1	4.2	1,426.9	40.0
III. Net Traffic Receipts (I-II)	**1,784.9**	**3,028.0 (2,128.0)**	**2,186.9**	**977.0 (377.0)**	**-841.1**	**-27.8**	**402.0**	**22.5**	**-1,209.9**	**-55.3**
IV. Net Miscellaneous Receipts (a-b)	**356.3**	**429.7**	**616.8**	**814.7**	**187.1**	**43.5**	**260.5**	**73.1**	**197.9**	**32.1**
a) Total Miscellaneous Receipts $	614.5	719.5	896.6	1,104.7	177.1	24.6	282.1	45.9	208.1	23.2
b) Total Miscellaneous Expenditure $$	258.2	289.8	279.8	290.0	-10.0	-3.5	21.6	8.4	10.2	3.6
V. Net Railway Revenue (III+IV)	**2,141.2**	**3,457.7 (2,557.7)**	**2,803.7**	**1,791.7 (1,191.7)**	**-654.0**	**-18.9**	**662.5**	**30.9**	**-1,012.0**	**-36.1**
VI. Payment to General Revenue @	**1,742.1**	**1,914.1**	**1,904.7**	**2,115.4**	**-9.4**	**-0.5**	**162.6**	**9.3**	**210.7**	**11.1**
VII. Deferred Dividend Liability Fund	**-**	**-**	**-**	**1,500.0**	**-**	**-**	**-**	**-**	**-**	**-**
VIII. Surplus(+)/Deficit(-)	**399.1**	**1,543.6 (643.6)**	**899.0**	**1,176.3 (576.3)**	**-644.6**	**-41.8**	**499.9**	**125.3**	**277.3**	**30.8**
IX. Appropriation to (+)/withdrawal from (-)										
a) Railway Development Fund	395.9	600.0	519.0	831.0	-81.0	-13.5	123.1	31.1	312.0	60.1
b) Capital Fund	3.2	943.7	380.0	345.3	-563.7	-59.7	376.8	11,775.0	-34.7	-9.1
X. Operating Ratio @@ (per cent)	**93.3**	**91.6**	**93.7**	**98.8**						
XI. Capital-at-charge **	**27,312.8**	**29,562.2**	**29,609.6**	**32,500.5**	**47.4**	**0.2**	**2,296.8**	**8.4**	**2,890.9**	**9.8**
XII. Net Railway Revenue as Percentage of Capital-at-charge and Investment from Capital Fund- Railways ***	**5.8**	**8.6**	**7.1**	**4.2**						

* Includes receipts of worked lines.

** Excludes Capital outlay on Metropolitan transport projects.

*** Ratio based on net Revenue before payment of dividend to General Revenues.

$ Includes mainly receipts from subsidised companies, surcharge on passengers, subsidy from General Revenue towards dividend relief and other concessions.

$$ Includes mainly expenditure on payment to worked lines, surveys, open line works, other miscellaneous expenditure, Revenue and Appropriation to Accident Compensation, Safety and Passenger Amenities Fund.

@ Includes dividend to General Revenues, Payment-in-lieu of passenger fare tax and contribution to Railway Safety Works Fund.

@@ Includes Metro Railway, Calcutta.

Note : Figures in brackets exclude Additional Resource Mobilisation of Rs 900 crore proposed in the budget for 1999-2000 and Rs. 600 crore proposed in the budget for 2000-2001.

***Source**:* Explanatory Memorandum on the Railway Budget,2000-2001.

TABLE 2 : ORDINARY WORKING EXPENSES

(Rs.crore)

Items	1998-99 (Actuals)	1999-2000 (Budget Estimates)	1999-2000 (Revised Estimates)	2000-2001 (Budget Estimates)	Variations					
					Col.4 over Col. 3		Col. 4 over Col. 2		Col.5 over Col. 4	
					Amount	Per cent	Amount	Per cent	Amount	Per cent
1	2	3	4	5	6	7	8	9	10	11
Total Ordinary Working Expenses (a to h)	**23,254.6** **(100.0)**	**25,740.0** **(100.0)**	**25,791.0** **(100.0)**	**28,177.5** **(100.0)**	**51.1**	**0.2**	**2,536.5**	**10.9**	**2,386.5**	**9.3**
a) General Superintendence and Services	1,273.4 (5.5)	1,423.6 (5.5)	1,395.9 (5.4)	1,445.9 (5.1)	-27.7	-1.9	122.5	9.6	49.9	3.6
b) Repairs and Maintenance	7,747.8 (33.3)	8,742.5 (34.0)	8,553.0 (33.2)	9,122.4 (32.4)	-189.5	-2.2	805.2	10.4	569.4	6.7
c) Operating Expenses (Traffic)	4,991.6 (21.5)	5,531.1 (21.5)	5,531.1 (21.4)	6,062.6 (21.5)	0.0	0.0	539.5	10.8	531.5	9.6
d) Operating Expenses (Fuel)	4,854.3 (20.9)	5,116.5 (19.9)	5,567.9 (21.6)	6,397.9 (22.7)	451.4	8.8	713.6	14.7	830.0	14.9
e) Operating Expenses (Rolling Stock and Equipment)	2,370.3 (10.2)	2,509.5 (9.7)	2,496.5 (9.7)	2,614.8 (9.3)	-13.0	-0.5	126.3	5.3	118.3	4.7
f) Staff Welfare and Amenities	977.3 (4.2)	1,130.0 (4.4)	1,100.0 (4.3)	1,169.8 (4.2)	-30.0	-2.7	122.7	12.6	69.9	6.4
g) Suspense	-3.5 (-0.0)	-45.5 (-0.2)	-46.4 (-0.2)	31.3 (0.1)	-0.9	2.0	-42.9	1,226.3	77.7	-167.3
h) Others $	1,043.5 (4.5)	1,332.3 (5.2)	1,193.1 (4.6)	1,332.9 (4.7)	-139.3	-10.5	149.6	14.3	139.9	11.7

$ Includes miscellaneous working expenses, Provident Fund, Pension and Other Retirement Benefits.

Note : Figures in brackets represent percentage to total.
Source : Explanatory Memorandum on the Railway Budget, 2000-2001.

TABLE 3 : DEVELOPMENTAL EXPENDITURE

(Rs. crore)

	Items	1998-99 (Actuals)	1999-2000 (Budget Estimates)	1999-2000 (Revised Estimates)	2000-2001 (Budget Estimates)	Variations					
						Col. 4 over Col. 3		Col. 4 over Col. 2		Col. 5 over Col. 4	
						Amount	Per cent	Amount	Per cent	Amount	Per cent
	1	2	3	4	5	6	7	8	9	10	11
	Total	**8,857.5 @**	**9,700.0 @**	**8,964.2 @**	**11,000.0 @**	**-735.8**	**-7.6**	**106.7**	**1.2**	**2,035.8**	**22.7**
	Of which:										
a)	Track Renewals	1,302.0	2,000.0	1,917.7	2,600.0	-82.3	-4.1	615.7	47.3	682.3	35.6
		(14.7)	(20.6)	(21.4)	(23.6)						
b)	Rolling Stock	4,427.3	4,105.0	3,798.3	4,218.0	-306.7	-7.5	-629.0	-14.2	419.7	11.0
		(50.0)	(42.3)	(42.4)	(38.3)						
c)	Electrification	328.7	351.0	315.6	325.5	-35.4	-10.1	-13.1	-4.0	9.9	3.1
	Projects	(3.7)	(3.6)	(3.5)	(3.0)						
d)	Workshop including	145.6	252.0	187.6	222.0	-64.4	-25.6	42.0	28.8	34.4	18.3
	Production Units	(1.6)	(2.6)	(2.1)	(2.0)						
e)	New Lines	390.1	581.0	504.5	789.7	-76.5	-13.2	114.4	29.3	285.2	56.5
		(4.4)	(6.0)	(5.6)	(7.2)						
f)	Lines Doubling	451.2	627.7	554.7	646.3	-73.0	-11.6	103.5	22.9	91.6	16.5
		(5.1)	(6.5)	(6.2)	(5.9)						
g)	Traffic Facilites	148.5	223.3	187.0	227.0	-36.3	-16.3	38.5	25.9	40.0	21.4
		(1.7)	(2.3)	(2.1)	(2.1)						
h)	Signalling and	313.6	386.4	348.2	406.0	-38.2	-9.9	34.6	11.0	57.8	16.6
	Telecommunication works	(3.5)	(4.0)	(3.9)	(3.7)						
	Financing										
a)	Budgetary Support	2,200.0	2,540.0	2,540.0	3,540.0	-	-	340.0	15.5	1,000.0	39.4
		(24.8)	(26.2)	(28.3)	(32.2)						
b)	Market Borrowings	3,217.0	2,900.0	2,835.0	3,400.0	-65.0	-2.2	-382.0	-11.9	565.0	19.9
		(36.3)	(29.9)	(31.6)	(30.9)						
c)	Internal Resources	3,164.7	4,160.0	3,425.0	3,792.0	-735.0	-17.7	260.3	8.2	367.0	10.7
		(35.7)	(42.9)	(38.2)	(34.5)						
d)	Private Investment	275.8	100.0	164.2	268.0	-	-	-111.6	-40.5	103.8	63.2
		(3.1)	(1.0)	(1.8)	(2.4)						
	Total (a+b+c+d)	**8,857.5**	**9,700.0**	**8,964.2**	**11,000.0**	-735.8	-7.6	106.7	1.2	2,035.8	22.7

@ Includes sum of Rs.2,941.3 crore (Actuals,1998-99) and Rs.2,900.0 crore (Budget Estimates,1999-2000), Rs. 2,835.0 crore(Revised Estimates,1999-2000) and Rs.3,400.0 crore (Budget Estimates,2000-2001)proposed to be raised through market borrowings by Indian Railway Finance Corporation. In addition a sum of Rs.275.9 crore(Actuals,1998-99), Rs.100.0 crore(Budget Estimates,1999-2000), Rs.164.2 crore(Revised Estimates,1999-2000) and Rs.268.0 crore(Budget Estimates,2000-2001), respectively,are proposed to be raised through Build-Own-Lease-Transfer (BOLT) and Own Your Wagon (OYW) Schemes.

Note: Figures in brackets represent percentages to total.

Source: Explanatory Memorandum on the Railway Budget, 2000-2001.

TABLE 4 : FREIGHT AND PASSENGER TRAFFIC OF RAILWAYS

(Rs. crore)

Items	1998-99 (Actuals)	1999-2000 (Budget Estimates)	1999-2000 (Revised Estimates)	2000-01 (Budget Estimates)	Variations					
					Col. 4 over Col.3		Col. 4 over Col.2		Col. 5 over Col.4	
					Amount	Per cent	Amount	Per cent	Amount	Per cent
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
I. Freight Traffic (Million Tonnes)										
1. Coal	197.6 (46.9)	214.0 (47.6)	211.0 (46.9)	221.5 (46.6)	-3.0	-1.4	13.4	6.8	10.5	5.0
2. Raw Materials to Steel Plants	35.9 (8.5)	41.0 (9.1)	39.5 (8.8)	42.0 (8.8)	-1.5	-3.7	3.6	10.0	2.5	6.3
3. Pig Iron and Finished Steel for Steel Plants	11.0 (2.6)	12.0 (2.7)	11.5 (2.6)	12.5 (2.6)	-0.5	-4.2	0.5	4.5	1.0	8.7
4. Iron ore for Exports	11.5 (2.7)	12.0 (2.7)	12.0 (2.7)	13.0 (2.7)	0.0	0.0	0.5	4.3	1.0	8.3
5. Cement	36.7 (8.7)	39.0 (8.7)	40.5 (9.0)	44.0 (9.3)	1.5	3.8	3.8	10.4	3.5	8.6
6. Food Grains	27.6 (6.6)	27.0 (6.0)	29.0 (6.4)	30.0 (6.3)	2.0	7.4	1.4	5.1	1.0	3.4
7. Fertilizers	27.8 (6.6)	28.0 (6.2)	30.5 (6.8)	31.0 (6.5)	2.5	8.9	2.7	9.7	0.5	1.6
8. Others	72.9 (17.3)	77.0 (17.1)	76.0 (16.9)	81.0 (17.1)	-1.0	-1.3	3.1	4.3	5.0	6.6
Total (1 to 8)	**421.0**	**450.0**	**450.0**	**475.0**	**0.0**	**0.0**	**29.0**	**6.9**	**25.0**	**5.6**
II. Passenger Traffic (Million)										
1. Suburban *	2,667.9 (60.5)	2,989.5 (60.9)	2,764.2 (60.5)	2,866.0 (60.5)	-225.3	-7.5	96.3	3.6	101.8	3.7
2. Non-Suburban	1,743.7 (39.5)	1,917.6 (39.1)	1,806.7 (39.5)	1,873.1 (39.5)	-110.9	-5.8	63.0	3.6	66.4	3.7
Total (1 + 2)	**4,411.6**	**4,907.1**	**4,570.9**	**4,739.1**	**-336.2**	**-6.9**	**159.3**	**3.6**	**168.2**	**3.7**

* : Excludes passangers on Metro Railway, Calcutta.

Note : Figures in brackets represent percentages to total.

Source : Explanatory Memorandum on the Railway Budget, 2000-2001.

TABLE 5 : INDIAN RAILWAYS - SELECTED PERFORMANCE INDICATORS (A STATISTICAL PROFILE)

Items	Unit	1980-81	1985-86	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
1	2	3	4	5	6	7	8	9	10	11	12	13
1 Capital-at-Charge & investment from Capital Fund *	Rs. crores	6,096	9,078	16,126	17,713	20,123	22,621	24,925	27,713	30,912	33,846	36,829
2 Route Kilometres-Total	Kilometres	61,240	61,836	62,367	62,458	62,486	62,462	62,660	62,915	62,725	62,495	62,809
Of which: Electrified	Kilometres	5,345	6,517	9,968	10,653	11,064	11,260	11,772	12,306	13,018	13,490	13,765
3 Number of Stations		7,035	7,092	7,100	7,116	7,043	7,050	7,056	7,068	6,984	6,995	6,896
4 Staff (As on 31 March)	Thousands	1,572	1,613	1,651	1,654	1,646	1,625	1,602	1,587	1,584	1,579	1,578
5 Cost of Staff	Rs. crores	1,317	2,707	5,166	5,761	6,562	7,287	8,077	9,363	10,515	14,141	15,619
6 Number of Passengers Originating	Millions	3,613	3,433	3,858	4,049	3,749	3,708	3,915	4,018	4,153	4,348	4,411
7 Passengers Kilometres	Millions	2,08,558	2,40,614	2,95,644	3,14,564	3,00,103	2,96,245	3,19,365	3,41,999	3,57,013	3,79,897	4,03,884
8 Average Lead of Passenger Traffic	Kilometres	58	70	77	78	80	80	82	85	86	87	92
9 Average Rate per Passenger Kilometre	Paise	4	7	11	12	14	17	17	18	19	20	21
10 Originating Revenue-Earning Freight Traffic	Million Tonnes	196	259	318	338	350	359	365	391	409	429	421
11 Revenue-Earning Freight Traffic-Net Tonne Kilometres	Millions	1,47,652	1,96,600	2,35,785	2,50,238	2,52,388	2,52,411	2,49,564	2,70,489	2,77,567	2,84,249	2,81,513
12 Average Lead of Revenue-Earning Freight Traffic	Kilometres	720	719	711	714	696	681	663	675	661	644	644
13 Average Rate Per Tonne Kilometre	Paise	11	22	35	37	42	49	54	55	59	69	70
14 Revenue-Gross Receipts**	Rs. crores	2,704	6,591	12,452	14,114	16,115	18,363	20,529	22,814	24,801	29,134	30,234
15 Operating Ratio	Per cent	96.1	90.6	92.0	89.5	87.4	82.9	82.6	82.5	86.2	90.9	93.3
16 Surplus(+)/Deficit(-)	Rs. crores	-198	179	176	435	441	1,806	2,446	2,871	2,117	1,535	399

* Capital-at-charge excludes Capital Outlay on Metropolitan Transport Projects and Circular Railway(Eastern Railway).

** Includes Total Miscellaneous Receipts.

Note: 1.Capital-at-charge means capital contributed by General Revenues for investment in Railways.

2.Operating Ratio means ratio of total working expenses to gross traffic receipts.

Source: 1.Indian Railways Year Book, 1998-99.

2.Indian Railways Annual Report and Accounts, 1998-99.

CREDIT RATING: CHANGING PERSPECTIVES*

Y.V. REDDY

I am thankful to my large circle of friends who organised this gathering, and gave me an opportunity to be at home in Osmania University today. My association with the University is forty years old, a long time indeed, and in several capacities, as a research scholar, lecturer and visiting Professor.

Dr. Nagaraj was my senior colleague and we had many things in common, including Bellary-connections. Dr. Nagaraj had zest for life, affection for all and was charming to everyone. He had a sharp wit and impressive articulation, befitting the most popular teacher of economics. Dr. Nagaraj always had inquisitiveness that I admired. Appropriately, the subject of today's address is a somewhat recent phenomenon in our country *viz.*, credit rating. This is a subject relevant not only to students of economics, management and commerce but also to millions of savers and scores of borrowers. Of course, it has contemporary policy significance, since the Reserve Bank of India (RBI) is emphasising development of debt markets, for which credible ratings are vital. Well-understood and efficient debt markets are critical at this stage of our economic progress. Large financing requirements of physical infrastructure need them. One of the lessons to be learnt from the recent East Asian crisis is the importance of debt markets for financial stability.

I will give an overview of credit rating, and agencies involved in such rating, both domestic and international. The benefits expected and criticisms levelled will also be recalled. The main focus of the address would be the issues relating to sovereign rating and use of credit rating by regulators, especially in the banking sector. From the Reserve Bank of India's direct concern, the subject has to be viewed in terms of sovereign rating of India, rating of States in India and the use of rating in regulating financial institutions such as banks and Non-Bank Financial Companies (NBFCs) as well as instruments such as Commercial Paper (CP); this in no way detracts from the importance of rating for corporates. It must be noted that the emphasis here is on the use of rating in the regulatory framework, especially of the RBI and not on regulating credit rating agencies, which is entirely in the jurisdiction of the Securities and Exchange Board of India (SEBI).

*** Fourth Prof. Nagaraj Memorial Lecture delivered by Dr.Y.V. Reddy, Deputy Governor, Reserve Bank of India, at Osmania University Arts College Seminar Hall, Hyderabad on April 8, 2000.**

Dr. Reddy is thankful to the valuable assistance provided by Dr. A. Prasad.

Rationale for Credit Rating

Credit, in simple terms, signifies lending with corresponding borrowing and a process of repayment, usually at an agreed rate of interest. In the distant past, credit was essentially to finance seasonal agricultural operations, and hence highly localised. It became less localised when it financed trade. With the growth of industry and increased capital-intensity of production-process, banks became significant players in the business of credit, accepting deposits from savers and advancing loans to industry or corporates. However, in the evolution of financial markets, an important phase was the issue of bonds by corporates as a mechanism for raising money directly from savers. In such a process, there was a problem in ensuring that the savers have full information and a reasonable basis for assessing the worth of issuers of bonds or any such debt instrument. Credit rating as a business proposition was evolved to address this problem.

It should be clear that availability of accurate and timely information is vital for the health and efficiency of financial markets. However, lack of symmetric information between lenders or savers and borrowers or issuers is generally observed since, for example, a manager of a project who issues bonds to borrow funds will have more information about a project than a lender, i.e., investor in the bonds. For savers, gathering of such information is costly and time consuming. In a global environment, this asymmetry is even greater and the costs of collecting information is even higher. The practice of credit rating and the emergence of Credit Rating Agencies (CRAs) for the purpose are meant to help mitigate this problem of asymmetric information. A Credit Rating Agency may be defined as one which is engaged in the business of rating securities, and rating in turn means an opinion of the CRA regarding default probability of such securities, expressed in a standardised manner and made public. Default is generally taken to be a missed or delayed disbursement of interest/ principal, bankruptcy, receivership or a distressed exchange. Rating is mostly solicited by issuers for specific debt issues, although unsolicited debt issues are not uncommon.

Credit Rating Agency is thus different from a mercantile credit agency like Dunn & Bradstreet, which usually supplies general information on corporates. It is also different from a credit bureau, which collates information on credit record of corporates or even individuals. Nor is it a credit assessing agency like the credit department of a commercial bank. The most significant aspect of credit rating is that it is an opinion made available for public, influencing decisions by participants in financial markets.

Credit Rating Agencies often provide information and insights to financial markets but even if they merely summarise or collate existing information, they offer service in summarising the existing disjointed information, and giving an assessment. To the extent CRAs play a vital role in functioning of financial markets, not only the savers or investors in bonds, but the regulators also have a stake.

Credit Rating Agencies

The modern rating system dates back to 1909 when John Moody started rating US railroad bonds. Currently, four rating agencies dominate the international scene. They are Moody's, Standard and Poor's, Fitch IBCA and Duff & Phelps. While normally CRAs assign a rating on the request of an issuer, there are occasions when unsolicited ratings are assigned, and in many such cases, the fact that they are unsolicited is made explicit with an asterisk.

While the rating of corporate bonds started in early twentieth century, sovereign ratings represent a relatively new line of business for the agencies. The first industrial country to be rated was France, by S&P in 1959. Both Moody's and S&P rated a non-industrial country, namely, Venezuela as recently as October 1977. Fitch IBCA entered the business of sovereign rating only in 1975.

In cases where sovereign does not seek a rating, but a corporate entity of such a country seeks a rating, CRAs do assign an implicit sovereign rating.

The Credit Rating Information Services of India Limited (CRISIL) initiated the concept of credit rating in India. The CRISIL was established in 1987 and started operations in January 1988. Currently, four rating agencies are in operation in India, rating bonds, time deposits, CP and structured obligations.All the four Indian rating agencies have tie ups/alliances with international rating agencies - CRISIL with S&P, ICRA with Moody's, CARE with Fitch IBCA and DCR (India) Pvt. Ltd. with Duff & Phelps.

What is Credit Rating?

A credit rating may be defined as an opinion of a CRA as to the issuer's (i.e., borrower of money) capacity to meet its financial obligations to the depositor or bondholder (i.e., lender of money) on a particular issue or type of instrument (i.e., a domestic or foreign currency: short-term or medium-term or long-term, etc.) in a timely manner. In other words, the rating measures the relative risk of an issuer's ability and willingness to repay both interest and principal over the period of the rated instrument. To put it differently, rating signifies the default probability of the instrument that is rated. The ratings are usually provided through a simple symbol system like AAA that we are as familiar with.

It could be BBB or Baa3 or BBB-, etc.

Broadly speaking, ratings are divided by the CRAs into three levels, *viz.*, investment-grade, non-investment grade and default grade. The investment-grade is considered by CRAs to be a significantly safer grade than the rest.

The formal ratings are accompanied by detailed rationale, which some of the users and those rated study carefully to get nuances of assessment. The ratings thus indicated are subject to revisions. The CRAs keep reviewing the ratings, and upgrade or downgrade them as the circumstances change. There are reviews at fixed periods, say biannually as also whenever events occur or circumstances warrant a review of rating.

More important by the CRAs often put up a rating on what is called "watch", which alerts the concerned about an imminent review. They also indicate the purpose of watch, usually with positive outlook or neutral or negative outlook.

Credit Rating Agencies themselves explain what their ratings are meant to convey. They explain that ratings are meant to provide capital market participants with a single framework for comparing "credit quality". It is made clear that the credit quality is determined by its default probability, which in turn, depends on the ability as well as willingness to pay both interest and principal within the stipulated time schedule. Thus, "credit quality" is a multi-dimensional concept that comprises default probability, loss severity, financial strength, etc. While the composition is common for credit ratings, the weight of each component that results in an aggregate credit quality may differ even if the final rating turns out to be the same.

Different agencies give different weights to several factors that go into rating. Thus a CRA may give greater weight to political factors while giving a lesser weight to technical (economic or financial) factors. It must be noted, therefore, that similar ratings of different CRAs are not strictly comparable.

Credit Rating Agencies often seem to move in tandem but there are rating differences at any time. In any case, many participants do supplement information available from CRAs on rating with internal research or study before arriving at a decision to invest in a debt instrument.

What Credit Rating is not?

Perhaps it would also be useful to explain what credit rating does not connote.

First, a rating is specific to the issue or debt or instrument that is rated. A rating is neither a general purpose evaluation nor overall assessment of credit risk associated in all debts contracted by an issuer.

Second, it is not a recommendation to buy, hold or sell. It is an opinion, perhaps well-informed opinion.

Third, they are not predictors of default but opinions about the relative probability of default and loss. Thus, the difference between the highest rated instrument and another rated a rung lower is that the probability of default of interest, and principal in the case of the former is lower than that of the latter.

Fourth, ratings are not guarantees against losses. Under no conditions do they or can they predict losses due to 'shocks' or highly unexpected situations.

Fifth, credit ratings relate only to credit and thus, for example has no relationship to risk preferences of investors or attractiveness of equity. Hence, the perceptions of different stakeholders *viz.,* creditors, lenders, shareholders, etc. in responding to ratings could be different.

Benefits Expected

There are three main stakeholders in the credit rating by CRAs, *viz.,* issuer, investor and regulator. Each stakeholder expects some benefit or usefulness.

The issuer expects enhanced access to borrowed funds, by diversifying funding base within a country and reducing geographical concentration. In fact, in some cases, ratings provide access to international pools of capital. Rating can, in several instances, open funding alternatives in the form of lengthening of maturities, diversity of institutions and diversification of currencies. The wider access to investor-base and investing instruments also increases financial flexibility and thus lowers funding cost over the long term. In fact, the benefits to issuer accrue as a result of potential benefits to investors and in many ways they share the benefit of wider, healthier and more efficient debt markets, attributable to the role of CRAs. Credit ratings are critical in all securitisation programmes. Credit rating in issues where repayments are backed by receivables helps the issuer in raising funds at rates finer than what its own independent rating would indicate.

Investors utilise the rating to supplement their own credit evaluation process, especially when they do not have adequate resources or time or access to management to undertake independent risk analysis. Investors can view the rating as an opportunity to enter into new markets, domestic or foreign. In this regard, the information component of a credit rating is valuable to investors. Further, the information component helps in setting credit risk limits. For example, investors may decide not to invest in bonds below a certain investment rating. On the contrary, they may invest in an instrument just because it has a certain credit rating, which matches with its investment policy. Operationally, the markets often use credit rating to determine the credit risk premium. Some of the large CRAs publish default probability studies that are used by financial institutions to quantify credit risk exposures.

Regulators also benefit from the ratings of CRAs. The ratings and the accompanying detailed analysis by CRAs help in disseminating information and imparting transparency to all, especially to small investors, who otherwise may not have access to such information, and thus have made the regulators' task less onerous. Regulators rely on credit ratings for a number of purposes. For example, some regulators prescribe that pension funds invest in debt instruments of investment rating only. Credit rating has also been prescribed by regulators as the basis for exemption from registration norms for issuers of asset-backed securities. Regulators of stock exchanges also use credit rating for prescribing margin money for brokers and dealers. Some regulators insist on a minimum rating for corporates to become eligible for issuance of Commercial Paper. Specific credit rating limits have been made one of the eligibility criteria for issuance of bonds in some countries. At times, ratings from two CRAs have been prescribed for bond issues of a large size. In some countries, capital requirements for banks and security houses have been based on ratings. Minimum rating criteria has also been prescribed for acceptance of public deposits by companies by a few regulators. The regulatory capital charges in respect of insurance companies are also often related to credit rating.

Criticisms Levelled

A number of criticisms have been levelled against credit ratings or CRAs, and indeed of the whole credit rating system. It is necessary to recognise them and assess the validity of such criticisms.

First, it has been suggested that since issuers are charged for ratings by CRAs (i.e., the issues are paymasters), the independence of ratings becomes questionable. According to the argument, the CRAs may be tempted to assign higher ratings than warranted or hesitate to downgrade issuers from fear of spoiling business relationships. The argument adduced against this notion is that the reputational risk that CRAs face provides an overriding incentive to maintain high quality and accurate ratings.

Second, there have been suggestions that CRAs are not accountable for the ratings given by them. The rating agencies argue that every time a rating is assigned to the agency's name, justification is given, and in any case, the agency's integrity and credibility are on line.

Third, as observed in some cases, ratings may lead to herding behaviour thereby increasing the volatility of capital flows. This criticism gained ground during the Asian crisis when many commentators argued that the downgrading of the crisis-hit countries during a crisis might have worsened rather than helped the situation. Rating agencies argue that ratings are not intended to predict the exact timing of default or when a crisis would occur and that change in rating would occur if the new information received so warranted. CRAs point out that most of the lending in East Asia was done by big banks with their own analytical capacity.

Fourth, it has been argued that credit ratings change infrequently since the rating agencies are unable to constantly monitor developments. Furthermore, owing to time and cost constraints, credit ratings are unable to capture all the characteristics of an issuer and issue. Credit Rating Agencies argue that they supplement their ratings with credit watches and outlook designed to indicate the agencies' perspectives on factors that might prompt a rating review over a future period.

It is often argued that rating change affects prices and quantities since it forces certain portfolio managers to sell. There is also a view that prices may not be affected since the market would have already factored the developments leading to announcement. The results of studies are not uniform. One set of studies found that positive announcements in ratings were followed by movements in bond yield in the expected direction while negative rating changes did not have significant effect on yield movements. In contrast to these results, another set of studies found that yield movements occurred only when a downgrade in rating was announced. However, an analysis by IMF has shown that the largest announcement effects are noticed in respect of emerging market sovereign spreads. In other words, impact of rating changes is far higher in respect of emerging market economies and hence of special concern to India.

As mentioned, international rating agencies faced severe criticism in the wake of the Asian crisis since they facilitated large flows; they did not anticipate the events in Asia, and later they appear to have overreacted in a panic of downgrades attenuating the falling trend in currencies. Some of them have openly admitted their mistakes. They have announced that they have since changed their rating methodology to take into consideration the dynamics of capital flows. For instance, increased emphasis is now being placed on the proportion of short-term debt, private sector external debt, soundness of banks and corporates, etc.

Sovereign Ratings

Sovereign borrowers usually enjoy the highest credit standing for obligations in their own currency. If they retain the right to print money, the question of default is largely an academic one. The risk is that a country may service its debt through excessive money creation, effectively eroding the value of its obligations through inflation. When a sovereign borrows in foreign currency, the position is obviously different, since the sovereign borrower has to make available foreign currency to service the debt.

Sovereign risk generally refers to two types of risk: either a default by the sovereign Government on its foreign currency obligations or the risk that the country's lack of foreign exchange will cause default of other entities in the country. The task of the credit rating agency is also to assess the sovereign's ability and willingness to ensure availability of the foreign exchange necessary to meet obligations. Thus, while assessing a foreign currency bond of a corporate, not only the commercial risk of the corporate is relevant but also the currency-transformation risk attributable to macro policies of the sovereign. Hence, the sovereign rating is also important for other issuers in the country such as banks, financial institutions, public sector units, corporates, etc. The sovereign rating virtually forms a ceiling above which it is normally not possible for other borrowers to raise unless the issuer is issuing higher quality asset based securities, such as against export receivables.

As articulated by the Bank for International Settlements (BIS), sovereign rating is different from rating corporates in several ways. Sovereign ratings do not have long track record and the past record of sovereign defaults provides less reliable guide to the assessment of risk today, than in the case of a corporate. The reasons for a corporate default are easier to discern than that of sovereign, since in the case of former there are legal structures that can seize assets and change management. There is possibly a greater element of judgements or human will in sovereign defaults causing less predictability. Sovereign has the option, in extreme cases, of being able to access official sources for borrowings which is conditioned by non-economic factors. The responses of creditors to a potential sovereign default could also be different. While there are many common features between sovereign and corporate in debt markets, there are three special factors in assessing default probability of a sovereign, viz., behaviour of sovereign, of other official lenders and creditors themselves.

In view of the above nature of sovereign ratings, it is necessary to understand the factors that appear to determine the ratings. Empirical studies have tried to identify factors that explain over 90 per cent of the cross sectional variance of sovereign ratings. First, the most potent factor was GDP per capita in US dollar terms. High ratings were associated with high per capita income. Secondly, high level of economic development measured by the IMF's classification as an industrial country accounted for a full rating increase. Thirdly, the history of default played a major role. For instance, a recent history of default set a rating back by about two notches. Fourthly, the rate of growth in Gross Domestic Product was a positive factor. Fifthly, high inflation was a negative factor. Sixthly, a country's net foreign debt position was also negative. Finally, the political factors, especially political stability and willingness as well as ability to ensure appropriate macro economic policies do weigh heavily in rating.

The extent to which changes in sovereign ratings affect market prices and credit availability is difficult to assess. If the information available to rating agencies is also available to a significant number of participants on a real time basis and a larger number of investors or investment advisers make their own analysis, then changes in ratings may not exert important influence on market prices. The issue perhaps is two fold, viz., whether rating change is 'news' and more important whether such a change makes a difference in the applicable regulatory framework.

Sovereign Ratings of India

India has been assigned sovereign ratings by Moody's and S and P for over a decade. In addition to these two agencies, India is also being rated by Duff and Phelps, Japan Credit Rating Agency, Japan Bond Research Institute and Fitch-IBCA. Moody's started rating India in 1988 with an investment grade rating. S and P started rating India informally, also with an investment grade rating in August 1990. The external crisis of 1991 prompted, both these agencies to downgrade India's long-term sovereign credit rating to non-investment grade. After the crisis, in 1994, Moody's had moved India back to investment grade but by June 1998, it again brought it down to non-investment grade. S and P has kept India just below the investment grade since the Gulf Crisis. Recently, both these agencies affirmed their positive outlook on India. The international rating agencies are yet to increase India's rating to investment grade.

Our external debt servicing ability is unquestionable in terms of track record, manageable magnitude of debt and capacity to service debt both in the short and the long run. At the time of crisis in 1991, India took upon itself the full burden rather than default on any obligation, and in fact, all obligations were met on the respective due dates. Unquestionably, Indian economy is far stronger now. In view of this unblemished record and current economic strength, it becomes difficult to explain the CRAs' delay in upgrading India's credit rating to investment grade. The ratings of India by these two agencies would appear to convey that India in 1998 is no better off than it was in 1991. This is not intended even by the rating agencies. The only explanation for this is the dynamics of rating wherein there are different inter-temporal standards of assessment.

Indian credit rating agencies rate domestic currency obligations and the States of the Union, somewhat indirectly. Implicit sovereign ratings of the States can be derived from their State level undertakings or special purpose vehicles set up with State Government guarantees. In fact, both the market as well as CRAs themselves treat such ratings as a proxy for rating of State Governments. In doing so, CRAs take into consideration the economic structure of States, finances of State Governments and the economic and political management including Human Development Index. However, when a State Government requests or solicits a rating for itself, the CRA takes up rating as has been done in one instance recently. While viewing a rating, it is necessary to appreciate the basis. For example, in the case of rating of a State, a CRA states that this rating view is relative to that of the other States of the Indian Union and with the Union Government of India viewed as "Highest Safety" for local currency obligations. Yet, another important consideration in rating of a State is its contingent liabilities, where unlike actual liabilities the obligations of State depend upon occurrence of a discrete event.

The guarantees, whether of the Union or the States, can and do involve a range of terminology with corresponding legal impact on financial liability. It is in this context that use of terminologies such as letters of comfort, and conditional or unconditional default guarantees become critical. Governments are well advised to note that once the legal liability on the guarantee gets established, it is akin to Governments' own liabilities. However, in the case of letters of comfort, though such an automatic equation with a Government's liability in respect of guarantees may or may not be technically appropriate, the wording of the letter could have some form of holding out expectation, and in any case, a Government may not ignore reputational risk involved in repudiation of moral obligations implicit in the issue of such a letter. In fact, international practice appears to treat the letter of comfort of a sovereign on par with a guarantee.

Uses of Ratings by Regulators

Regulators of both developed and emerging markets rely on credit ratings for a variety of purposes. USA introduced the concept of regulatory use of ratings in 1931. The Office of the Comptroller of Currency used ratings as a means to determine the basis of valuation of bonds. The use of ratings spread to other activities such as determination of capital prescription or margin money for brokers/ dealers, disclosure requirements under Securities and Exchange Commission norms, exemption from registration and regulation for certain issuers of asset-backed securities, etc. The National Association of Insurance Commissioners (NAIC), which determines insurance company's regulatory capital charges, also relies on ratings.

Japan promoted credit ratings in 1974 and regulators used the ratings of Japan Bond Research Institute (a rating agency) as one of the eligibility criteria for bond issues in the 1980s. The Ministry of Finance relies on ratings in a variety of ways, including regulation of money reserve funds.

In 1993, the European Community stipulated capital requirements for market risk for banks and security houses based on ratings. UK adopted rating based Capital Adequacy Directives in 1996. Favoured treatment is also accorded to firms engaged in securities business based on rating. France, Italy, Australia, Switzerland, Canada, Argentina, Chile, Mexico, Indonesia, Korea, Malaysia, Philippines, Taiwan Province of China and Thailand are other countries that have regulatory uses for ratings. In fact, the adoption of rating based regulations was the main force leading to the creation of rating agencies in emerging markets in Latin America and Asia.

An important issue is the criteria for recognising a CRA for use of its ratings in regulation. It is now commonly accepted that criteria are: assured continuous objectivity in methodology; independence from outside influences; credibility, though this should not be an entry barrier; access to all parties with legitimate interest; and adequacy of resources. Most regulators stipulate a list of recognised agencies whose ratings can be used to satisfy rating requirements. Broadly, there are three areas where extensive use is made of ratings in the regulatory process, *viz.,* investment restrictions on regulated institutions; establishing capital requirements for financial and disclosure as well as issuance requirements. The issues faced by regulators in use of ratings include reconciling divergent ratings by different CRAs and deciding cut-off of level of ratings.

Use of Rating by Regulators in India

The Reserve Bank of India prescribes a number of regulatory uses of ratings. The Reserve Bank of India requires that a NBFC must have minimum investment grade credit rating if it intends to accept public deposits. Furthermore, unrated or underrated NBFCs in the category of equipment leasing and hire purchase finance companies are required to disclose the fact of their being unrated, to the public, if they intend raising deposits. Finally, as per money-market regulations of the RBI, a corporate must get an issue of CP rated and can issue such paper subject to a minimum rating.

In the area of investments, SEBI stipulated that ratings are compulsory on all public issues of debentures with maturity exceeding 18 months. SEBI has also made ratings mandatory for acceptance of public deposits by Collective Investment Schemes. If the size of the issue is larger than Rs.100 crore, two ratings are required.

Pension funds can only invest in debt-securities that have two ratings, as per the stipulations of Government of India.

Risks of Use of Ratings by Regulators

Of particular interest to policy-makers and of course to market participants is implications of use of ratings by regulators.

First, reputed rating agencies feel that when regulators rely on ratings, there is a potential for laxity. It tends to create demand for easy and accommodating raters. In other words, it stimulates 'rating shopping' i.e., issuers will be inclined to seek the cheapest and least demanding credit rating agency.

Second, and following from the earlier point, it creates a continuous revenue source for rating agencies.

Third, the ratings induced by regulatory requirement could induce ritualism and even enhance risk. Thus, issuers will get rated because they are required to do so and investors will tend to use it as a proxy for internal analysis. It is argued that in such situations, ratings may actually end up increasing the risk.

Fourth, regulatory use of ratings tends to provide official sanction for rating agencies' assumptions and their ratings, thus increasing the risk of moral hazard. Sometimes, it is argued that while assessing creditworthiness of the Government owned banks or public sector units, ratings may be higher than justified, though there is no evidence to support this argument.

Fifth, the more profuse use of ratings would increase the demand for ratings and, therefore, indirectly also increase the influence of CRA on financial markets. Thus, there is a potential challenge to the financial stability by CRA.

Sixth, it is held that when regulators tend to rely on ratings, often it seems to be under an assumption of uniform/ standard ratings and rating criteria by different rating agencies, an assumption that is not necessarily valid at all times.

Seventh, there is an expectation, especially among some developing countries that ratings by themselves can be used as a stimulus to developing financial markets without realising that the requirement of mandatory ratings on domestic debt instruments, etc., are no substitutes to a strong regulatory framework, transparency, accounting and disclosure standards. There is indeed the bigger issue of institutional factors relevant to debt and ratings at best is one aspect.

Finally, it is clear that there are many dilemmas for regulators in using the ratings. Prescription of eligibility criteria based on reputation of the rating agency, length of service, acceptability by market participants, and actual track record would only entrench the oligopolistic nature of the market. On the other hand, easy eligibility criteria would increase the laxity and moral hazard. There have been suggestions to develop official substitutes for regulatory induced rating, and this idea is not favoured by many since there is a fear of possible political influence on official bodies.

Another suggestion to increase accountability of CRAs whose ratings are used by regulators is prescription of codes of conduct for rating agencies to enhance market discipline. Credit Rating Agencies could be encouraged to disclose relevant aspects of their organisation, including among others, their ownership, staff, etc. They could be asked to disclose a record of their assessments and results. They may also be asked to publicise more explicitly their methodologies. The entire process of ratings could be codified by developing modalities for consultation, sharing of preliminary ratings, detailed explanations, etc.

Rating and the Proposed New Capital Adequacy Framework for Banks

You would be aware that capital adequacy norms for banks in India are based on the Capital Accord of the Basle Committee. The Committee prescribed risk weighted approach for assets, with weights assigned to both on-and off-balance sheet exposure of a bank. According to the Committee, a minimum standard of 8 per cent capital adequacy ratio was to be put in place by 1992. The Accord had also prescribed that capital should be defined in two tiers, Tier I and Tier II. At least 50 per cent of capital should be in Tier I.

In the light of further developments, particularly in the banking sector, Basle Committee on Banking Supervision has issued a Consultative Paper on ‘A New Capital Adequacy Framework’ in June 1999. The New Accord of June 1999 proposes that capital adequacy rules be more closely aligned with risk profiles. The proposed capital framework rests on three pillars, *viz*., minimum capital requirements, supervisory review process and effective use of market discipline. The Basle Committee has acknowledged that the methods used to determine the capital charges for credit risk in the Current Accord is not overly sophisticated, especially in the context of financial innovations. Furthermore, the growing complexity of financial transactions has reduced the efficacy of the present system. The Committee has, therefore, proposed to replace the current standardised approach with preferential risk weighting.

To this end, the Committee proposes to use external credit assessments such as credit ratings for distinguishing credit risk. At the same time, the Committee has expressed some concerns about the incentives and the potential impact on account of the enhanced role for credit agencies' ratings. The Committee has, therefore, cautioned supervisors against depending on rating agencies' ratings in a mechanical fashion, and has recommended that banks should develop internal rating mechanisms simultaneously.

Despite the apparently guarded approach of the Committee to the use of rating by CRAs, there has been serious concern over this issue. For example, use of external ratings for capital adequacy may prompt a bank to exercise less care in granting credit. That would be contrary to the objective of setting up a supervisory framework in such a way that the banks themselves evolve interest in improving internally developed risk management techniques. In addition, it might be argued that rating agencies are being given undeserved influence in the context of regulating banks, because they determine by their rating, how high the capital requirements for banks should be. Moreover, it is also feared that strong competition among the agencies might lead to a dilution of the rating or that enterprises requiring a rating might engage in a kind of rating shopping.

It would be interesting to observe the comments of two major and internationally reputed CRAs on the New Accord. S&P is of the opinion that external ratings should supplement and not replace prudent lending standards by banks. S&P encourages the Basle Committee to "establish a methodology for reconciling the existing diverse set of policies, practices and rating scales currently in use among rating agencies or among the banks". Moody's is also candid in limiting the role of external ratings in the New Accord. In their view, currently, credit ratings cover only a small portion of most banks' portfolios and the external ratings approach is unresponsive to the unique needs of individual banks. Its implementation would introduce a number of adverse incentives into the credit risk services industry. They recommend external ratings as an interim measure until banks develop internal skills. They also advocate development of a criteria for rating agency recognition, which will balance the independence of a rating agency and setting of minimum standards.

Regulation of CRAs

In the aftermath of the Asian crisis and the scathing criticism on the failure of CRAs to predict the crisis and later on its role in precipitating it through downgrades, the role of credit rating agencies has been placed under microscopic scrutiny. The merits and demerits of regulating credit rating agencies and the issue of rating the rating agencies have been discussed in many international fora.

There is no international regulatory authority overseeing rating agencies. Whether they are regulated or not depends on specific country circumstances. In general, however, countries impose a modest regulation over CRAs. In USA, Securities and Exchange Commission gives recognition to CRAs as Nationally Recognised Statistical Rating Organisations (NRSO) for specific purposes. The main form of regulation in USA is officially recognising a CRA. Thereafter, there is hardly any regulation. Similarly in UK, recognition as a rating agency is required from the Financial Services Authority (FSA). So is the case in Japan, Australia, France and Spain.

Regulation of CRAs in India

In India, in 1998, SEBI constituted a Committee to look into draft regulation for CRAs that were prepared internally by SEBI. The Committee held the view that in keeping with international practice, SEBI Act 1992 should be amended to bring CRAs outside the purview of SEBI for a variety of reasons. According to the Committee, a regulator will not be in a position to objectively judge the appropriateness of one rating over another. The competency and the credibility of a rating and CRA should be judged by the market, based on historical record, and not by a regulator. The Committee suggested that instead of regulation, SEBI could just recognise certain agencies for particular purposes only, such as allowing ratings by CRAs recognised by it for inclusion in the public/rights issue offer documents.

In consultation with Government, in July 1999, SEBI issued a notification bringing the CRAs under its regulatory ambit in exercise of powers conferred on it by Section 30 read with Section 11 of the SEBI Act 1992. The Act now requires all CRAs to be registered with SEBI. Since then, all the four CRAs in India have been registered with SEBI. SEBI Act now defines “credit rating agency”, “rating”, and “securities”. Details of who could promote a CRA and their eligibility criteria are specified. The Act also mentions about agreement with clients, method of monitoring of ratings, procedures for review of ratings, disclosure of ratings and submission of details to SEBI and stock exchanges. Restrictions have now been placed on CRAs from rating securities issued by promoters or companies connected with promoters i.e., companies in which directors of CRAs are interested as directors.

Changing Perspectives and Issues

It is clear that the credit ratings are playing increasingly important role in financial markets. The most significant change in the recent past relates to emphasis on their accountability and more importantly, the caution in regulators' use of ratings. In India, rating is a more recent phenomenon, but the changing global perspectives on the subject do impact the financial system. In the light of the East Asian experience, it is clear that appropriate disclosure of information and accounting standards across the board are necessary to help viable rating systems. While freedom of expression and independence of CRAs would also help improve the systems, credit awareness by investors, especially on the operations of rating system needs to be encouraged. Several issues and dilemmas being faced by all stakeholders in the matter of credit rating should be self-evident from the presentation so far. However, flagging a few specific issues of policy significance to the Reserve Bank of India at the current juncture would be appropriate.

(i) On Sovereign Rating of India by global CRAs, in the light of what has been explained earlier in this address, clearly there is a need to improve our articulation of both the country's social ethos and our economic strengths and thus enable the CRAs also to enhance their appreciation of our track record and strengths in the external sector. I had articulated the importance of assessment of behaviour of a sovereign in the context of assessment of sovereign rating and it is exactly here that the social ethos and national character demonstrated by our track record of early 'nineties amidst political uncertainties needs to be reckoned.

(ii) Sometimes, it is argued that such an enhancement of our credit rating to investment grade would facilitate a sovereign borrowing by India. I believe that, for several reasons, it is neither necessary nor desirable at this juncture for the Government of India to seek sovereign borrowing in foreign currency in international financial markets, but the issue could be reviewed sometime in future. Though sovereign borrowing is advocated for India on the ground that it will help develop a benchmark favourable to bond issues by our corporates in international markets, there are at present several disadvantages in sovereign borrowing that outweigh, in my view, the extent of possible benefit of benchmarking to our corporates.

(iii) I had explained earlier in the speech about the sovereign rating and guarantees in the context of States. The major issue in this regard relates to treatment by CRAs of 'letters of comfort' issued by Central and State Governments as closer to Government guarantees, while at the same time, the concerned Governments treat them as farther from Government guarantees. There is need for early resolution of this issue since the magnitudes of bond issues by Central and State level enterprises are increasing with significant implications for both financial markets and fiscal transparency.

(iv) The State Governments have an increasing stake in obtaining appropriate rating either direct or implicit. The subscription to the borrowing programmes of different States with regard to both the amounts offered and the rate at which they are offered is being influenced by the bankers' perceptions of the State Government and hence some relevance for rating. When the enterprises of a State seek borrowings through the State guaranteed bonds or Special Purpose Vehicles, the rating becomes critical. In fact, recently rating agencies are even articulating their expectations with regard to fiscal policies of specific States in this context. For example, a recent statement of a rating agency on the subject states that the situation calls for fiscal consolidation by improving revenue performance and restructuring expenditure in order to sustain the creditworthiness and performance of the State's economy. The Reserve Bank of India, as debt manager of the States has to take into account the perception of investors in States' securities and hence the stance of rating agencies. The biannual conference of State Finance Secretaries is being convened by the Reserve Bank of India on April 29, 2000 and the status of State finances is an important item on the agenda.

(v) The quality of rating is likely to be enhanced with a firmer bankruptcy law and its effective implementation. Currently, the Reserve Bank of India has taken steps to strengthen the Debt Recovery Tribunals and this should also contribute to speedy recovery by banks, thus improving the quality of credit rating.

(vi) Several initiatives with regard to the operational aspects of CRAs are being considered to meet emerging situations and these deserve to be encouraged. There is a view that CRAs could play a more active role in monitoring the structures of structured obligations that they have rated. It is held that CRAs may take into consideration the performance record of Trustees while rating issues. Further, rating agencies may give special consideration while rating, to specific covenants that the issuers may voluntarily undertake to impose discipline on their finances.

(vii) There are reports that some banks have on occasions shown a distinct preference for investment in rated paper, often through private placements, over normal credit operations. While diversified instruments for credit delivery are desirable for efficiency, excessive reliance on ratings without adequate internal assessment is inadvisable. Furthermore, there are reports that some banks tend to avoid the rigour of process of credit appraisal by preferring to invest in rated paper. Such an avoidance of normal advances impacts adversely on credit availability to small and medium enterprises. Both as a prudential requirement and as sound business strategy, banks will be well advised to treat the ratings with a mix of respect and caution that they deserve.

(viii) The role of ratings in CP is also under review, by an internal group set up to improve the regulatory framework for CP in money market. On the basis of the Report of the Internal Group, the Reserve Bank of India expects to release shortly draft proposals for review of regulatory framework for Commercial Paper, which would include a review of prescription regarding ratings.

(ix) The policy makers, and this includes the regulators, are facing some dilemmas in regard to ratings. They are compelled by the circumstances to place increasingly greater reliance on CRAs' judgements, and at the same time, they are inclined to increasingly question the CRAs' judgements. Operationally, the regulators face the problem of specifying or recognising a particular CRA's rating since ratings do differ among CRAs. Prescribing two ratings rather than one for regulatory purposes may not fully address this issue. One approach is that of the United Nations National Association of Insurance Commissioners which itself resolves differences of opinion among CRAs. The Hong Kong Monetary Authority resolved the issue by comparing ratings of sample of issuers and subtracting the appropriate number of notches from ratings provided by agencies that on average, grade higher. There have been proposals for rating the CRAs by regulators but have not been found to be acceptable so far. It is necessary for regulators to explore ways of resolving the differences among CRAs while using them for regulatory purposes. Furthermore, when only higher rating is insisted upon by the regulator, there is a take it or leave it implication, resulting in pressures to obtain only higher rating. In such circumstances, the financial markets would effectively shut out several investors and issuers willing to participate in ratings with higher default probability. There is thus, another dilemma for regulators here. The Reserve Bank of India will examine these issues while considering the use of ratings in the regulatory framework and would welcome suggestions.

(x) More generally, the Reserve Bank of India has been in the forefront in advocating caution in use of ratings in the New Accord on Banking Supervision. There has been a widespread appreciation and indeed acceptance of our cautionary stand on the subject – especially the consequences of a short-end bias in rating. Such a bias has a potential to encourage short-term liabilities and in the process imparts some instability to financial systems inherent in excessive short-term liabilities. In terms of operational detail also, some observers feel that several notches of ratings are clubbed together in the New Accord.

(xi) Caution is also warranted when comparing ratings by international CRAs, which are what may be called global ratings and national or domestic ratings. The global ratings take into account capacity in terms of foreign currency obligations while national ratings would accord top notch rating for sovereign almost automatically. Moreover, default probability embedded in a particular rating – say in India by an Indian CRA will reflect the domestic standards, while for the same rating, a global CRA would capture a different level of default probability.

(xii) In general, ratings are very useful for investors, issuers and regulators but they need to be used carefully. I would conclude, by saying that credit ratings are like lampposts, which are meant to provide illumination for all, though a drunk could use them for support !

RBI'S INITIATIVES IN PAYMENT SYSTEM AND SECURITY POLICY*

A.VASUDEVAN

I am grateful to Prof. Gulati and organizers of the workshop for giving me an opportunity to meet and interact with senior executives of the Reserve Bank of India on matters of importance from the point of view of IT applications in the Reserve Bank of India and in the rest of the financial sector.

The theme assigned to me for opening the very first innings of the workshop is, in my view, interdisciplinary in character. It is not mere IT-oriented. It is in fact IT plus something more. The 'something more' could be, for want of a better expression, called the 'additionality' and would involve issues relating to organizational dynamics, the very mind-set of persons involved in the processes of change in the management of financial transactions and the work environment. In more concrete terms, one could place the whole theme into six abiding principles in the context of our development policy. These are: the switching over to IT applications, interconnectivity of different strands of activity; the standardization of products, applications and systems; the seamless integration of applications and systems; the system administration; the system monitoring and oversight; and the security in the IT and work environment. Since each of these principles starts with the letter 'S', one could regard them as six "Ss". Each of these principles needs some elaboration. First, let me briefly touch upon what I called the context of development policy in which the six 'Ss' are to be followed.

Economic growth – a major goal of economic policy – is traditionally considered as determined by (a) the investment rate and (b) the productivity of investment. This is, typically, in the hoary tradition of Harrod-Domar model and is generally followed as an easy recall procedure for economic analysis in most policy-making circles. While the productivity of investment cannot be easily measured, at least in the short run, and can only be an *ex post* and often derived data, the one which really affects growth is the technical progress to which Nicholas Kaldor and a few other economists alluded to as early as in the fifties of the 20th century. Technical progress represents creativity, and innovativeness and often is reflected in the level of knowledge, research and development activities, and the adaptability of activities to changing conditions (often seen in demand and tastes

*** Speech delivered by Dr. A. Vasudevan, Executive Director, Reserve Bank of India, at the Workshop for Regional Directors and Chief General Managers-in-charge at the Institute for Development and Research in Banking Technology (IDRBT), Hyderabad on April 21, 2000.**

and preferences). While adaptability is not easy to define, it is very critical and should not be confused with flexibility. It is this aspect to which we refer to here in so far as the overall theme of my address is concerned.

The switch-over from manual to IT applications in banking is often defended on the ground that it is necessary for improving customer service, and efficiency, and for touching base with international financial entities in respect of cross border transactions. These considerations are undoubtedly important while switching over to IT environment, but there is a more fundamental reason why such a switchover is essential. It is that economic growth, going by the recent literature on financial repression, cannot be raised and sustained without financial diversification and development and without flexibility in financial policies. If this premise is correct, the volume of business will grow and will necessitate switch over from cumbersome manual operations to more reliable, quick operations through IT applications.

Standardisation of products, applications and systems is necessary for a banking firm and in cases of overseas operations, for the banking industry as well. It eliminates confusion over operalisation of procedures and systems. The staff members working in IT environment could reasonably expect outcomes at the final end of the transactions, once a transaction is put through. The human resources mobility within a firm can also be facilitated if procedures and applications are standardized. Electronic manuals would have to therefore replace manual manuals since such an environment has to be quickly adapted.

Seamless integration of applications and systems is crucial to avoid glitches and to ensure smooth passage of interrelated transactions over the electronic medium. For a central bank in a developing or emerging economy, it is almost a faith that financial integration should be fostered and rapidly developed. Money, credit, debt and forex markets, to take an example, will grow if the entire clearing, payment and settlement operations are effected in a coordinated manner.

System administration is vital to ensure proper work flow. A system administrator will be in constant touch with the daily volumes and processes that are followed at different desks so that the work flow is not impeded by shortcuts that some members of staff may resort to with the hope of speeding up the operations. The system administrator dons the role of one who fixes nuts and bolts of the firm.

System oversight is not possible without monitoring of data about flows of money and instruments through the various stages of operations. It is critical for elimination of irregularities and criminal operations. In recent times, with the sharp increase in derivatives and cross border transactions, payment oversight is being given focused attention by almost all central banks in the industrialized world. In the context of the recent discussions at the international level on standards, codes and transparency practices, supervision of payment systems has to be a part of a central bank's responsibilities. We would have to follow the core principles in payment systems, consistent with our institutional and legal structures.

Security in IT and work environment is essential to see that the integrity of the financial system is secure and the systemic risks are eliminated. I will have occasion to deal with this aspect little later.

Let me now take up the Reserve Bank's initiatives in the payments area. I will divide this part of my address into three parts – the institutional mechanisms, the functional initiatives and the efforts at expanding base communication systems.

Under the institutional mechanisms, let me first state that no payment and settlement system will work unless steps are taken at the organization level (in our case, the Reserve Bank of India) to continually work to develop (a) modern and efficient payment system and (b) policies to make the system function smoothly. Early in 1998, we set up a Payment System Group (PSG) within the Department of Information Technology (DIT) in the Reserve Bank dedicated to various aspects of the payments system. The PSG turned out to be a multi-disciplinary group, with officials drawn from supervision, banking, IT, law, research and statistics and government accounts and systems and procedures. The PSG works, effectively speaking, as a secretariat that reviews the systems abroad, the conditions in which we are placed, and attempts to harmonize the two, so long as such a process is consistent with our objectives of financial policies. But it cannot act on its own. The policy guidance to it flows from a Payment System Advisory Committee (PSAC) consisting of heads of critical Departments within the Reserve Bank and the Regional Directors of some of the critical centres and technologists. It meets once a month and is chaired by the Executive Director, In-Charge of DIT and is serviced by DIT. It reviews the IT developments not only within the Reserve Bank, but also outside, makes recommendations to the Governor/Deputy Governor In-Charge of DIT on matters of policy and gives an agenda of work for PSG.

There are two other institutional mechanisms through which interactions between the Reserve Bank and commercial banks on IT and payment systems take place. One is the INFINET User Group (members of the INdian FInancial NETwork set up by the Reserve Bank as Closed User Group) which meets once a quarter under the Chairmanship of Executive Director, In-Charge of DIT and the other is the meetings of the Computer Policy and Planning

Department (CPPD) Chiefs of commercial banks, whenever needed. These two mechanisms act as good bridges of understanding between the central bank and the commercial banks on IT matters. Such mechanisms will also facilitate standardization, seamless integration and system oversight. A number of members of CPPD and INFINET User Group acted as members of the Working Groups/Informal Groups on Payment Systems as well as on technological upgradation in the banking sector.

Finally, there is the National Payments Council, the apex body on payments systems under the Chairmanship of the Deputy Governor In-Charge of DIT and members drawn from banks, stock exchange, NBFC and the Reserve Bank. The Council generally meets 3-4 times a year. It has a number of permanent working groups with secretariat provided by DIT and the PSG in DIT. In general, the permanent groups represent the areas of interest of PSG but the difference with PSG lies in the fact that the permanent groups pursue policy-oriented work, while the PSG is involved with the review and analysis of the payment system. The Council's recommendations are passed on to the Governor for consideration. Since it is the apex body in the area of payments, its recommendations assume almost a mandatory character.

Let me now briefly touch upon the functional tasks that have been undertaken in the Reserve Bank to promote smooth functioning of the payments system. We first focused our attention on cheque processing system and went ahead with replacement of the then existing system with a modern, state-of-the-art MICR cheque processing system that would have enough redundancy, versatility and imaging technology. It can easily handle ECS (credits and debits) and electronic funds transfers. It can also enable other IT related tasks to be performed over its mainframe. The DIT also undertook the task of inventorising the hardware, software, and operating systems throughout the Reserve Bank of India. The year 2000 exercise we undertook in 1999 greatly facilitated this task. We now know as to how to manage changes in respect of both hardware and software at various offices for purposes of standardization, centralization of processes and operations, and security. We then computerized good many operations of the Issue Department of the Reserve Bank, and this has greatly helped us to monitor the stocks of currency at various centres and currency chests and the flows among different destinations. This played an important role in the policy formulation in 1999 about making available enough currency in the context of the year 2000 uncertainties in December 1999. We have taken up the task of computerizing the different aspects of the Banking Department of the Reserve Bank in an integrated way. The Centralised Funds Management System (CFMS) will provide information about the cash balances of banks with the Reserve Bank of India at different centres and will enable the treasury departments of banks to economise on such balances and to plan their market operations. The Real Time Gross Settlement (RTGS) project has begun with an experienced outside consultant to guide in the installation and implementation of the project. The Public Debt Office (PDO) project will deal with securities settlement in a modern and an efficient manner. These three projects are presently being pursued and once they are in place, the payment system in India will be as good as the ones in the industrialized world. Our fifth focus is on the retail end. The ATMs and credit cards supply have attracted our attention since they are highly customer oriented. The smart card standardization has, for example, been rendered possible because of the initiative of the Reserve Bank.

We have allowed commercial banks to play their part in setting up MICR cheque processing centres whenever the volume of cheques exceeds a certain critical minimum level on a daily basis. At twelve centres other than the four metropolitan cities, commercial banks have set up MICR cheque processing units. They are working well. Some more centres would soon have MICR cheque processing facilities being offered by banks. Wherever possible, the Reserve Bank has extended technical assistance to banks in this new area of their operations.

The third part of the Reserve Bank's initiatives is in respect of development of satellite-based communication infrastructure. Over 400 VSATs based on such satellite communications have already been operationalised in the country. The hub is located at IDRBT and INFINET based on this infrastructure is being administered and managed by IDRBT. It is expected that this infrastructure will expand. Our plan is to have about 5000 VSATs all over the country in the next couple of years. We would also have terrestrial lines as the supplemental communication infrastructure.

The operationalisation of INFINET is critically dependent on the messaging systems in place. Structured messaging formats are being worked out in respect of various areas of operations – Government accounts, currency supplies, forex operations, money transfers, etc. – through informal working groups consisting of bankers, officials from the Reserve Bank, the IDRBT personnel, and technologists drawn from outside. Once the formats are ready, and set in place, the payments system will be IT-driven.

Let me now take up the security policy issue. This is critical and needs to be taken up as a top priority by the banks and by the Reserve Bank. We have undertaken an informal study on this area in the Regional Office at New Delhi with the Regional Director as its member-secretary. The initial outcomes of the study show that there are many areas of concern. The study will be completed soon.

Security in Payment Systems cannot be addressed in isolation. It requires the integration of work processes, communication linkages and integrated delivery systems and should focus on stability, efficiency and risk control. Yet another prime aspect of concern in a good security policy is the role that human beings have in a secure computerised environment.

It would be advisable to build security features at the application level in respect of banking oriented products, because of the critical nature of financial data transfer. The financial messages should have the under noted features:

- The receipt of the message at the intended destination
- The content of the message should be the same as the transmitted one
- The Sender of information should be able to verify its receipt by the recipient
- The Recipient of the message could verify that the sender is indeed the person
- Information in transit should not be observed, altered or extracted
- Any attempt to tamper with the data in transit will need to be revealed
- Non-repudiation

These features boil down essentially to **authentication** (to verify the identity of the sender of the message to the intended recipient to prevent spoofing or impersonation), **authorization** (to control the access to specific resources for unauthorized persons), **confidentiality** (to maintain the secrecy of the content of transmission between the authorised parties), **integrity** (to ensure that no changes/errors are introduced in the messages during transmission) and **non-repudiation** (to ensure that an entity cannot later deny the origin and receipt and contents of the communication).

There are at present a number of security standards available for different financial applications; most of them are internationally accepted and part of the ISO standards. These international standards should be examined and adopted keeping in view the requirements of the Indian banking industry. We have started initial work in this direction by co-ordination with banks, the Indian Banks Association and Bureau of Indian Standards for notifying security standards. A small beginning has been done in respect of SMART card technology for use in the country.

Perhaps the most widely accepted security tool is encryption. While the technical details of encryption are by now well recognized, there should be, in my view, an appropriate institutional arrangement for key management and authentication. This is normally done through Certification Agencies. For the banking and financial sector, the IDRBT is being identified to function as the Certification Agency. There should also be an institutional arrangement for appropriate assessment of participants of the financial network in terms of their credit-worthiness, financial soundness, etc. These assessments which will provide valuable input to the banking and financial sector would be of value for internal purposes.

Firewalls are used to implement access control security as well as to provide for user authentication and to ensure data integrity by using encryption. It is important that our security policy design incorporates these, accordingly. Regular reviews of Security Policies and their implementation are also important. Highly secured (e.g., funds related), and non-secured messages are specifically demarcated in the security policy.

An important issue relates to the security levels of use within the various operating departments in the Reserve Bank. The common level of entry is the use of validation of authorized access (in the form of authorized User-Ids) to be further authenticated by correctness of passwords keyed in by the authorized users. Passwords often become 'passed' words in our context with no change at all in the passwords since passwords tend to be rather fixed for long periods of time. It is absolutely essential that passwords lapse after certain periods of time and new passwords are given.

Authorisation of users is another activity that needs to be closely regulated and monitored. One of the basic requirements for implementation of security and monitoring thereof at the various departments is the need for system administrators. Most of our offices and departments have the system administration function clubbed to the normal operational functions assigned to a particular officer. The proliferation of networks within an office also acts as a negative factor in implementation of strict security features.

It is a matter of concern that in the Reserve Bank, the level of security consciousness is not high. There is an imperative need to imbibe a culture of security among all operative functionaries - whether officers or other staff and cutting across administrative gradings. Access to databases in computer systems and to the data contained therein have to be strictly restricted and not available to any but those authorized to make any changes in case of an eventuality for resolving a software lock / malfunction which is a conscious decision by the authorized personnel taken in conjunction with the head of the office concerned.

Maintenance of audit trails and other appropriate logs is an essential requirement of any sound security policy. Some of the applications in use within the Reserve Bank do not have this feature and it must be ensured that all sensitive applications or applications accessing important data have such features in-built.

Yet another requirement of security is the integrity of data stored as back-up.

Proper features such as check-sums, hashing etc., need to be developed so that no unauthorized tampering of data is possible. The entire issue of backup – at offsite and onsite – and the validity thereof both from an operational perspective and from legal requirements have to be analysed in depth and appropriate procedures worked out.

Change Management is another aspect that needs to be viewed from the security angle. Software (and at times hardware too) undergoes frequent updation and version control and levels of software in use across offices is an issue which needs to be examined in its totality for practicable implementation at all offices / departments.

Most of the newer application software would have all the essential and desirable features as mandatory part of their architecture. The software that are currently in use would have to be scrutinized from the point of view of conformity to the minimum security requirements.

The Internal Group on Security Policy which has taken the New Delhi office as the base for study would be bringing out its policy recommendations on all aspects pertaining to security and to address inherent risks which have both financial and non-financial implications. Once these recommendations are accepted, we would have some comfort in that the systemic risks will be largely addressed.

There is lot more to be done in the months to come in regard to payments system and this can be realized with your concerted co-operation.

RBI PRESS RELEASE

RBI Withdraws its Guidelines on Money Market Mutual Funds (March 7, 2000)

The Reserve Bank of India has withdrawn with effect from the close of business on March 7, 2000, all the guidelines on Money Market Mutual Funds (MMMFs) issued by it. All scheduled commercial banks and financial institutions have been accordingly advised. In effect, the regulation of money market mutual fund schemes would now come under the scope of the Securities and Exchange Board of India (Mutual Funds) Regulations. Banks and financial institutions which are desirous of setting up MMMFs would, however, have to seek necessary clearance from the Reserve Bank for undertaking this additional activity before approaching SEBI for registration.

It may be recalled that in the Mid-Term Review of Monetary Policy for the year 1999-2000 announced on October 29, 1999, it was indicated that the Reserve Bank of India would withdraw its guidelines on Money Market Mutual Funds (MMMFs) and advise banks/financial institutions that in future, MMMFs would be governed by Securities and Exchange Board of India (SEBI) regulations.

RBI Notifies Rules for Ready Forward Contracts in Government Securities (March 8, 2000)

In accordance with the powers delegated recently by the Government of India, the Reserve Bank of India has issued a notification dated March 1, 2000 permitting ready forward contracts in Government securities entered into by eligible banks/institutions/non-banks in accordance with the terms and conditions laid down by it. The terms and conditions include:

a) Ready forward contracts should be undertaken only in treasury bills and dated securities of all maturities issued by the Government of India and State Governments.

b) Ready forward contracts as above may be entered into by banking companies, co-operative banks or any person maintaining Subsidiary General Ledger (SGL) account and current account with the Reserve Bank of India Mumbai, only among themselves. Presently there are 64 entities, i.e., other than banking companies and co-operative banks having SGL and current accounts with the Reserve Bank, Mumbai. The list of 64 eligible entities is enclosed.

c) Such ready forward contracts should be settled through the SGL account of the participants with the Reserve Bank at Mumbai only, and

d) No sale transaction should be put through without actually holding the securities in the portfolio.

Forward trading in securities was so far prohibited in terms of a notification dated June

27, 1969 issued under Section 16 of the Securities Contracts (Regulation) Act, 1956 by the Government of India. Ready forward contracts in Government securities by specified entities were being permitted by the Government of India by way of exemption from the 1969 notification from time to time, on the recommendations of the Reserve Bank. The Government of India has recently rescinded the 1969 notification prohibiting forward trading in securities and delegated powers to the Reserve Bank under Section 16 of the Securities Contracts (Regulation) Act for regulating contracts in Government securities, money market securities, gold related securities and derivatives based on these securities as also the ready forward contracts in all debt securities in terms of Section 16 of the Act.

The List of Non-bank Entities for Entering into Ready Forward Contracts

1) The Discount and Finance House of India Ltd.
2) Gilt Securities Trading Corporation Ltd.
3) ICICI Securities and Finance Co. Ltd.
4) PNB Gilts Ltd.
5) SBI Gilts Ltd.
6) Securities Trading Corporation of India Ltd.
7) DSP Merrill Lynch Ltd.
8) Ceat Financial Services Ltd.
9) Kotak Mahindra Capital Company (unlimited)
10) Birla Global Finance Company Ltd.
11) Hoare Govett (India) Securities Ltd.
12) Dil Vikas Finance Ltd.
13) SREI International Securities Pvt. Ltd.
14) Tower Capital and Securities Pvt. Ltd.
15) Tata Finance Securities Ltd.
16) Canbank Mutual Fund
17) Export Credit Guarantee Corporation of India Limited
18) Export Import Bank of India
19) General Insurance Corporation of India
20) GIC Mutual Fund
21) Indian Bank Mutual Fund
22) Industrial Credit and Investment Corporation of India Limited
23) Industrial Development Bank of India
24) IDBI Mutual Fund
25) ITC Thread Needle Mutual Fund
26) Life Insurance Corporation of India
27) National Bank for Agriculture and Rural Development
28) National Housing Bank
29) New India Assurance Company Limited
30) Oriental Insurance Company Limited
31) Reliance Capital Mutual Fund
32) SBI Mutual Fund
33) Small Industries Development Bank of India
34) Unit Trust of India
35) LIC Mutual Fund
36) J.M. Mutual Fund
37) Birla Mutual Fund
38) Kothari Pioneer Mutual Fund
39) Jardine Fleming Mutual Fund

40) Kotak Mahindra Mutual Fund
41) JP Morgan Securities India Private Limited
42) ABN AMRO Securities (India) Private Limited
43) Deutsche Securities (India) Pvt. Limited
44) Industrial Investment Bank of India Limited
45) Bank of India Mutual Fund
46) Sun F and C Mutual Fund
47) Prudential ICICI Mutual Fund
48) Housing Development Finance Corporation Limited
49) Stock Holding Corporation of India Limited
50) SICOM Limited
51) Dundee Mutual Fund
52) Templeton Mutual Fund
53) IDBI Capital Market Services Limited
54) Tata Trustee Company Limited A/c Tata Mutual Fund
55) DSP Merrill Lynch Mutual Fund
56) Deposit Insurance and Credit Guarantee Corporation
57) Industrial Finance Corporation of India
58) Corpbank Securities
59) Zurich India Mutual Fund
60) Alliance Capital Mutual Fund
61) I I and FS Mutual Fund
62) BoB Mutual Fund
63) National Securities Clearing Corporation Ltd.
64) National Securities Depository Ltd.

Enhanced Investment Limits by FIIs under PIS (March 18, 2000)

Indian companies, including those which have already enhanced the aggregate ceiling from the normal level of 24 per cent to 30 per cent of its issued and paid up capital, would now be permitted to allow Foreign Institutional Investors (FII) investment under Portfolio Investment Scheme (PIS), up to 40 per cent of their issued and paid up capital subject to :

(i) the approval by the board of directors of the company to the enhanced limit up to 40 per cent;

(ii) a special resolution passed by the general body of the company approving the enhanced limit up to 40 per cent.

All other conditions applicable to FII portfolio investment continue to be operative as before. The revised alert limits would continue to be 2 per cent less than the overall respective ceiling limits.

It may be recalled that enhancement of the aggregate ceiling for FII investments under the Portfolio Investment Scheme in Indian companies from the normal level of 24 per cent to 40 per cent of the issued and paid up capital of these companies under the specified procedure was announced by the Finance Minister in his recent Budget Speech 2000-2001. The government had notified the enhancement on March 1, 2000.

CREDIT CONTROL AND OTHER MEASURES

FEBRUARY 2000

Selected circulars issued by the Reserve Bank of India during February 2000 are reproduced below.

Ref. UBD No. BSD I/22/12.05.00/99-2000 dated February 8, 2000.

All Primary (Urban) Cooperative Banks.

Prudential Norms on Income Recognition, Asset Classification and Provisioning - Agricultural Loans Affected by Natural Calamities

Please refer to our circular UBD.No. Plan.33/09.09.01/96-97 dated December 13, 1996, permitting primary (urban) cooperative banks to finance agricultural activities subject to certain conditions stated therein:

2. It has since been decided that where natural calamities impair the repaying capacity of agricultural borrower, primary cooperative banks, as a relief measure, may decide on their own to:

   a) convert the short-term production loan into a term loan or re-schedulement of the repayment period, and

   b) sanction fresh short-term loans.

3. The primary cooperative banks are advised to follow the enclosed guidelines for the above course of action.

4. We further advise that in such cases of conversion or re-schedulement, the term loan as well as fresh short-term loan may be treated as current dues and need not be classified as Non Performing Advance (NPA). The asset classification of these loans would thereafter be governed by the revised terms and conditions and would be treated as NPA if interest and/or installment of principal remains unpaid, after it has become past due, for two harvest seasons but for a period not exceeding two half years as indicated in our circular UBD.BSD.I/2/12.05.00/98-99 dated July 17, 1998.

Annexure

Guidelines to Primary (Urban) Cooperative Banks for Relief Measures to Persons Affected by Natural Calamities - Agricultural Advances

Periodical but frequent occurances of droughts, floods, cyclones tidal waves and other natural calamities cause heavy toll of human life and widespread damage to economic pursuits of human beings in one area or the other of our country. The devastation caused by such natural calamities call for massive rehabilitation efforts by all agencies. The State and local authorities draw programmes for economic rehabilitation of the affected people. The developmental role assigned to the commercial banks and cooperative banks warrants their active support in revival of the economic activities.

Since the area and time of occurance and intensity of natural calamities can not be anticipated, it is imperative that the banks have a blueprint of action in such eventualities so that the required relief and assistance is provided with the utmost speed and without any loss of time. The primary (urban) cooperative banks may follow the following guidelines in such eventualities:

(i) Banks may, on their own, decide the quantum of fresh loans to be granted to the affected borrowers taking into consideration amongst others, the extent of the crop loss/scale of finance and their repaying capacity.

(ii) Amount of principal as well as interest in respect of short-term loans due in the year of occurance of natural calamity may be converted into term loans or the repayment period may be rescheduled suitably. The period of conversion/reschedulement to be granted may vary depending on the intensity of calamity and the extent of crop loss and distress caused to the farmers. Amounts not collected during the year of occurrence of the calamity should be converted into term loans for a period upto 3 years and for small and marginal farmers upto 5 years in the normal circumstances. However, where the damage to crops arising out of the calamity is very severe and has caused acute distress to the farmers or if the calamity is for two successive years, banks may, at their discretion and in consultation with the Task Force/Steering Committees of the State Level Bankers Committee (SLBC)/District Consulative Committee (DCC), grant extensions of the converted loans for periods upto 5 years. In extreme cases of hardships arising out of very severe loss to the crops or occurence of three successive crop failures and the debt burden being found to be beyond the immediate repaying capacity of the borrower, conversion for longer period upto a maximum period of 9 years may also be considered by banks in consultation with the Task Force/SLBC/DCC.

(iii) Pending conversion of short-term loans, banks may grant fresh crop loans to the affected farmers.

(iv) Conversion of short-term production loans may be taken up by banks at the time of sanction of fresh crop loans to the affected farmers without waiting for the due dates which are taken into account in normal course of sanction of such loans.

(v) Similarly, installments of principal/interest in respect of term loans may be rescheduled for a period of three years which could be extended for longer period in the circumstances mentioned at (ii) above.

(vi) Where relief in the form of conversion/re-schedulement is extended to the farmers, such converted/ rescheduled dues should be treated as current dues and banks should not compound interest in respect of the loans so converted/rescheduled.

(vii) In order to avoid delay in taking relief measures on the occurrence of natural calamity, banks may evolve a suitable policy framework in this regard with the approval of the Board of Directors and forward a copy of the policy note to the Regional Office under whose jurisdiction the bank falls. It is advisable to provide an element of flexibility in the measures so as to synchronise the same with the measures which could be appropriate in a given situation in a particular State or District and parameters in this regard may be decided in consultation with the SLBC/ DCC as the case may be.

(viii) As a measure of precaution, banks may get the documentation settled, in consultation with their Legal Department/Legal Advisers and may consider issuing appropriate instructions to branches/offices in respect of documentation in relation to cases covered by captioned guidelines.

Ref. UBD No. PCB.Plan/24/10.01.00/99-2000 dated February 23, 2000

All Primary (Urban) Co-operative Banks

Credit to Small Scale Industries Sector

As you are aware, Reserve Bank of India had appointed a one man High Level Committee headed by Shri S.L. Kapur, (IAS, Retd.), former Secretary, Government of India, Ministry of Industry, to suggest measures for improvement and simplification of procedures for credit to SSI Sector. In the light of the Committee's recommendations the following decisions have been taken -

(1) In cases where adequate surplus of security is available and the banks have a first charge over fixed assets, they may take appropriate decision in regard to cash margin for SSI borrowers in respect of non-fund based facilities, based on the merits of the case, after following the usual norms in this regard.

(2) Banks should develop a set of written loan policies. Such policies should, inter alia, specify explicitly, customer and group exposure limits, standards for documentation, sectoral exposure limits and delegation of powers. The smallest customer should expect and receive the courtesy and service reserved today for the biggest company. The prescribed comprehensive code of Banking Practices should be drawn up expeditiously

outlining standards for disclosure of information about the bank's services and available products and the rights and obligations of its customers.

(3) While fixing accountability a line should be drawn to separate malafide decisions from normal bonafide credit decisions, in order to keep the morale of the staff high.

These recommendations may be adopted by Primary Co-operative Banks for implementation.

Ref. UBD No. BSD. PCB./25/12.05.05/99-2000 dated February 28, 2000.

All Primary (Urban) Cooperative Banks

Income Recognition, Asset Classification, Provisioning and Other Related Matters

Please refer to paragraph (iii) of our circular UBD. BSD. 1/29/12.05.05/98-99 dated April 23, 1999, on the above subject, wherein primary cooperative banks have been advised to make a general provision on Standard Assets of a minimum of 0.25 per cent from the year ending March 31, 2000. In this connection, it is clarified that the provisions for standard assets may be netted from gross advances and only net advances should be shown in the balance sheet. You may please intimate to the Regional Office of the Reserve Bank of India, Urban Banks Department, under whose jurisdiction you function, the steps taken by you to comply with the prudential norms as advised in our circular dated April 23, 1999, on asset classification and provisioning requirements, as also other issues (as per details given in the Annexure to the above mentioned circular), within the time schedule prescribed. The report in this regard should reach the concerned Regional Office by September 30, 2000.

2. We further invite your attention to paragraph 5 of our circular UBD. No. I&L (PCB)61/ 12.05.00/94-95 dated June 6, 1995, on valuation of investments. It has been decided that for the year ending March 31, 2000, primary cooperative banks shall classify a minimum of 75 per cent of their investments in approved securities as "Current" investments. It has also been decided that primary cooperative banks should adopt the method indicated below for valuation of their investments, for preparation of the Balance Sheet as on March 31, 2000.

Investment Category	Method to be Adopted by Banks
(1) ***Permanent Investments***	(i) "Permanent" investments should be valued at cost and in case cost price is higher than the face value, the premium should be amortised over the remaining period of maturity of the security. On the other hand, where the cost price is less than the face value, the difference should be ignored and should not be amortised or taken to income account since the amount represents unrealised gain.

(ii) Any gain on sale of securities in the "Permanent" category should be first taken to the Profit and Loss Account and thereafter it could be appropriated to "Capital Reserve".

(2) ***Current Investments*** Valuation of Government Securities in the "Current" category should be done as per market quotations as on March 31, 2000, wherever available. Where market quotations are **not** available, valuation of the Goverment Securities should be made on the basis of guidelines issued by the Reserve Bank of India in this regard, from time to time. A separate communication in this regard will follow.

3. In this connection we advise that if there is any appreciation in the value of securities on account of the method of valuation as indicated above, it should not be booked as income. Further, banks which have adopted a more prudent method of valuation of securities than the one being suggested, may continue the practice hitherto followed by them.

CURRENT STATISTICS

Notes :

(1) The coverage of data will be expanded from time to time to include new statistical information as and when it becomes available.

(2) Some of the figures included in the tables are provisional and may be revised in later issues. Each issue contains all the revisions made upto the date of publication of the Bulletin.

(3) The following symbols have been used throughout this Section :

.. = Figure is not available

– = Figure is nil or negligible

P = Provisional

(4) Where necessary, each figure has been rounded off to the nearest final digit. For this reason, there may be, in some tables, a slight discrepancy between the sum of the constituent items and the total.

(5) A line drawn across a column between two consecutive figures indicates that the figures above and below the line have been compiled on different basis and are not strictly comparable. In each case, a suitable footnote is added.

(6) For definitions of important items, sources of data, coverage, scope, method of compilation, etc. a reference may be made to the Explanatory Notes, issued as a supplement to the October 1978 issue of the Bulletin.

(7) 1 Lakh = 1,00,000, 1 Million = 10 lakh, 1 Crore = 10 Million.

No. 1 : SELECTED ECONOMIC INDICATORS

Item	Unit / Base	1990-91	1997-98	1998-99	1999-2000	2000		
						Jan.	Feb.	Mar.
1	2	3	4	5	6	7	8	9
Output								
1. Gross Domestic Product								
at Factor Cost (at 1993-94 prices)	Rs. crore	2,12,253@	10,12,816 (P)	10,81,834 (Q.E.)	11,45,436 (A.E.)			
2. Index number of Agricultural	Triennium ended							
Production (All crops)	1981-82=100	148.4	165.1	178.6	173.6(E)			
a. Foodgrains Production	million tonnes	176.4	192.3	203.0	201.6(A)			
3. General index of								
Industrial Production (1)	1993-94=100	212.6*	137.6	143.1(P)	..	168.1(Q.E.)	..	..
Money and Banking								
Reserve Bank of India (2)								
4. Notes in circulation	Rs. crore	53,784	1,48,520	1,72,541	1,92,483	1,92,332	1,93,747	1,92,483
5. Rupees Securities (3)	"	86,035	1,25,956	1,45,583	1,40,967	1,47,437	1,41,816	1,40,967
6. Loans and discount	"	19,900	13,963	19,876	37,890	22,747	32,033	37,890
(a) Scheduled Commercial banks (4)	"	8,169	395	2,894	9,513	4,448	7,451	9,513
(b) Scheduled State Co-op. banks (4)	"	38	—	13	15	13	13	15
(c) Bills purchased and discounted (internal)	"	—	—	—	—	—	—	—
Scheduled Commercial banks								
7. Aggregate deposits (5)	Rs. crore	1,92,541	5,98,485	7,14,025	8,10,065(P)	7,91,290(P)	8,05,759(P)	8,10,065(P)
8. Bank credit (5)	"	1,16,301	3,24,079	3,68,837	4,34,182(P)	4,14,553(P)	4,23,937(P)	4,34,182(P)
9. Investment in Govt. Securities (5)	"	49,998	1,86,957	2,23,217	2,77,829(P)	2,71,242(P)	2,74,652(P)	2,77,829(P)
10. Cheque clearances (6)	Rs.thousand crore	1,703	5,049	5,668(P)	..	490(P)	624(P)	..
11. Money Stock measures (7)								
(a) M_1	Rs. crore	92,892	2,67,844	3,08,801	3,39,777(P)	3,31,244(P)	3,36,009(P)	3,39,777(P)
(b) M_3	"	2,65,828	8,21,332	9,78,633	11,11,707(P)	10,89,004(P)	11,05,153(P)	11,11,707(P)
Interest Rates								
12. Bank Rate	per cent per annum	10.00	10.50	8.00	8.00	8.00	8.00	8.00
13. Inter-bank call money rate								
(Mumbai) (8)	"	4.00/70.00	0.05/120.00	0.50/35.00	4.50/25.00	4.00/9.50	7.50/31.00	4.50/25.00
14. Deposit Rate (9)								
(a) 30 days and 1 year	"	8.0 (11)	Free	Free(13)	5.0-7.5	5.0-7.5	5.0-7.5	5.0-7.5
(b) 1 year and above	"	9.0-11.0	Free		8.5-10.5	8.0-10.5	8.0-10.5	8.5-10.5
15. Prime Lending Rate (10)	"	—	14.00	12.00-13.00	12.00-12.50	12.00-12.50	12.00-12.50	12.00-12.50
16. Yield on 11.75% Loan 2001	"	—	11.26	11.38	10.20	10.17	9.63	9.94
17. Yield on 11.5% Loan 2008	"	—	12.27	12.03	11.30	10.94	10.36	10.58
Public Finance (2)								
18. Govt. of India 91-day treasury bills								
(Total outstandings)	Rs. crore		1,600	1,500	1,520	1,375	1,450	1,520

See 'Notes on Tables'.

@ : At 1980-81 prices.

* : Base : 1980-81 = 100.

A : Advance ; AE : Advanced Estimates.
E : Estimated ; QE : Quick Estimates.

No. 1 : SELECTED ECONOMIC INDICATORS *(Concld.)*

Item	Unit / Base	1990-91	1997-98	1998-99	1999-2000	2000		
						Jan.	Feb.	Mar.
1	2	3	4	5	6	7	8	9
Price Indices								
19. Wholesale prices (14)	1981-82=100							
(a) All commodities	"	182.7	329.8	352.4	..	..	..	..
(b) Primary articles	"	184.9	339.5	379.1	..	..	..	..
(c) Fuel, power, light and lubricants	"	175.8	365.7	381.3	..	..	..	..
(d) Manufactured products	"	182.8	317.5	332.0	..	..	..	..
(e) Foodgrains	"	179.2	362.7	392.7	..	..	..	..
(f) Edible oils	"	223.3	299.4	348.6	..	..	..	..
(g) Sugar,khandsari & gur	"	152.3	303.9	310.5	..	..	..	..
(h) Cotton raw	"	145.5	346.9	366.6	..	..	..	..
20. Consumer prices (All-India) (1)								
(a) Industrial Workers	1982=100	193	366	414	..	431	430	..
(b) Urban Non-Manual Employees	1984-85=100	161	302	337	..	355	355	..
(c) Agricultural Labourers	July 1986-							
	June 1987=100	..	269	294	..	307	306	..
Foreign Trade								
21. Value of imports	U.S. $ Million	24,073	41,484	41,858(P)	..	3,684(P)	3,844(P)	..
22. Value of exports	"	18,145	35,006	33,659(P)	..	2,787(P)	3,093(P)	..
23. Balance of trade	"	-5,927	-6,478	-8,199(P)	..	-897(P)	-751(P)	..
24. Foreign exchange reserves (15)								
(a) Foreign currency assets	U.S. $ Million	2,236	25,975	29,522	35,058(P)	31,941(P)	32,795(P)	35,058(P)
(b) Gold	"	3,496	3,391	2,960	2,974(P)	2,945(P)	3,104(P)	2,974(P)
(c) SDRs	"	102	1	8	4(P)	10(P)	4(P)	4(P)
Employment Exchange Statistics (16)								
25. Number of registrations	in thousand	6,541	6,322	5,852	..	..	..	..
26. Number of applicants								
(a) Placed in employment	"	265	275	233	..	..	..	..
(b) On live register (15)	"	34,632	39,140	40,090	..	..	..	..

No. 2 : RESERVE BANK

Last Friday / Friday	1990-91	1998-99	1999-2000	1999		
				Feb.	Mar.	Apr.
1	2	3	4	5	6	7
Issue Department						
Liabilities						
Notes in circulation	53,784	1,72,541	1,92,483	1,69,969	1,72,541	1,82,260
Notes held in Banking Department	23	32	51	36	32	32
Total liabilities (total notes issued) or assets	**53,807**	**1,72,573**	**1,92,535**	**1,70,004**	**1,72,573**	**1,82,292**
Assets						
Gold coin and bullion	6,654	10,310	10,598	10,305	10,310	10,208
Foreign securities	200	50,700	72,700	50,700	50,700	62,700
Rupee coin (1)	29	71	102	111	71	115
Government of India rupee securities	46,924	1,11,492	1,09,134	1,08,888	1,11,492	1,09,269
Banking Department						
Liabilities						
Deposits	**38,542**	**71,758**	**86,551**	**77,207**	**71,758**	**79,876**
Central Government	61	51	500	50	51	148
State Governments	33	17	41	11	17	209
Scheduled Commercial Banks	33,484	63,548	77,781	69,884	63,548	72,089
Scheduled State Co-operative Banks	244	677	816	723	677	748
Non-Scheduled State Co-operative Banks	13	99	45	65	99	73
Other banks	88	133	246	185	133	138
Others	4,619	7,233	7,122	6,289	7,233	6,471
Other liabliities(2)	28,342	62,215	74,102	61,931	62,215	64,106
Total liablities or assets	**66,884**	**1,33,971**	**1,60,654**	**1,39,138**	**1,33,971**	**1,43,982**

'See Notes on Tables'.

OF INDIA

(Rs. crore)

2000							
Feb.	Mar. 3	Mar. 10	Mar. 17	Mar. 24	Mar. 31	Apr. 7	Apr. 14 (P)
8	9	10	11	12	13	14	15
1,93,747	1,95,658	1,97,845	1,97,594	1,96,157	1,92,483	1,97,361	2,01,211
26	39	33	30	34	51	26	25
1,93,773	**1,95,697**	**1,97,878**	**1,97,624**	**1,96,192**	**1,92,535**	**1,97,387**	**2,01,236**
10,500	11,059	11,059	11,059	11,059	10,598	10,598	10,598
72,700	72,700	72,700	72,700	72,700	72,700	86,700	86,700
45	35	126	119	111	102	94	85
1,10,528	1,11,903	1,13,993	1,13,746	1,12,322	1,09,134	99,994	1,03,853
70,751	**75,772**	**68,112**	**77,946**	**65,449**	**86,551**	**56,688**	**72,469**
101	101	100	100	101	500	100	119
41	109	41	41	41	41	41	51
63,097	68,041	60,705	70,135	57,419	77,781	47,483	64,182
761	823	656	778	676	816	620	830
34	42	53	44	45	45	40	61
177	207	230	227	226	246	278	255
6,540	6,449	6,327	6,621	6,941	7,122	8,126	6,971
72,527	72,934	73,451	74,210	74,775	74,102	76,821	76,836
1,43,278	**1,48,705**	**1,41,563**	**1,52,156**	**1,40,225**	**1,60,654**	**1,33,509**	**1,49,306**

No. 2 : RESERVE BANK

Last Friday / Friday	1990-91	1998-99	1999-2000	1999		
				Feb.	Mar.	Apr.
1	2	3	4	5	6	7
Assets						
Notes and coins	23	33	52	36	33	32
Balances held abroad(3)	4,008	52,310	52,313	49,591	52,310	41,800
Loans and Advances						
Central Government	—	2,873	982	4,838	2,873	6,729
State Governments(4)	916	1,493	7,519	1,684	1,493	212
Scheduled Commercial Banks	8,169	2,894	9,513	4,730	2,894	7,371
Scheduled State Co-operative Banks	38	13	15	11	13	13
Industrial Development Bank of India	3,705	2,000	1,740	2,000	2,000	2,000
NABARD	3,328	5,560	5,884	5,334	5,560	4,997
EXIM Bank	745	752	697	752	752	752
Others	1,615	4,291	11,541	4,359	4,291	6,854
Bills Purchased and Discounted						
Internal	—	—	—	—	—	—
Government Treasury Bills	1,384	—	—	—	—	—
Investments	40,286	55,112	62,660	59,595	55,112	65,969
Other Assets(5)	2,666 (—)	6,641 (2,314)	7,739 (2,375)	6,209 (2,313)	6,641 (2,314)	7,253 (2,292)

OF INDIA *(Concld.)*

(Rs. crore)

2000							
Feb.	Mar. 3	Mar. 10	Mar. 17	Mar. 24	Mar. 31	Apr. 7	Apr. 14 (P)
8	9	10	11	12	13	14	15
26	39	34	30	35	52	26	25
42,711	43,426	45,267	46,951	49,654	52,313	39,268	39,983
2,571	3,606	7,719	7,834	—	982	12,878	10,592
3,953	5,722	5,344	4,433	2,393	7,519	6,454	6,538
7,451	10,976	5,004	10,023	6,491	9,513	1,378	5,723
13	13	17	15	10	15	—	11
1,740	1,740	1,740	1,740	1,740	1,740	1,740	1,740
6,043	5,962	5,953	5,944	5,784	5,884	5,386	5,393
697	697	697	697	697	697	697	697
9,565	10,657	4,689	9,001	5,900	11,541	4,410	5,557
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
61,230	58,460	57,605	57,893	59,804	62,660	53,553	65,097
7,279 (2,353)	7,408 (2,478)	7,496 (2,478)	7,595 (2,478)	7,718 (2,478)	7,739 (2,375)	7,719 (2,375)	7,951 (2,375)

No. 3 : ALL SCHEDULED BANKS –

Last Reporting Friday (in case of March) / Last Friday	1990-91	1998-99	1999-2000 (P)	1999
				Mar.
1	2	3	4	5
Number of reporting banks	299	346	351	346
Liabilities to the banking system (1)	**6,673**	**46,943**	**56,111**	**46,943**
Demand and time deposits from banks (2)	5,598	33,875	38,422	33,875
Borrowings from banks (3)	998	12,345	16,823	12,345
Other demand and time liabilities (4)	77	723	865	723
Liabilities to others (1)	**2,13,125**	**8,13,627**	**9,42,111**	**8,13,627**
Aggregate deposits (5)	**1,99,643**	**7,51,412 ***	**8,59,196**	**7,51,412 ***
Demand	34,823	1,21,565	1,31,936	1,21,565
Time (5)	1,64,820	6,29,846 *	7,27,260	6,29,846 *
Borrowings (6)	645	1,192	3,025	1,192
Other demand and time liabilities (4)	12,838	61,023 *	79,890	61,023 *
Borrowings from Reserve Bank (7)	**3,483**	**2,908**	**6,523**	**2,908**
Against usance bills / promissory notes	—	—	—	—
Others (8)	3,483	2,908	6,523	2,908
Cash in hand and balances with Reserve Bank	**25,995**	**69,707**	**64,525**	**69,707**
Cash in hand	1,847	4,579	5,075	4,579
Balances with Reserve Bank (9)	24,147	65,127	59,450	65,127

* : Revised in line with the new accounting standards and consistent with the methodology suggested by the Working Group on Money Supply: Analytics and Methodology of Compilation (June 1998). The revision is in respect of pension and provident funds with commercial banks which are classified as other demand and time liabilities and includes those banks which have reported such changes so far.

Also see 'Notes on Tables'.

BUSINESS IN INDIA

(Rs. crore)

1999				2000		
Sep.	Oct.	Nov. (P)	Dec. (P)	Jan. (P)	Feb. (P)	Mar. (P)
6	7	8	9	10	11	12
351	351	351	351	351	351	351
50,360	**52,826**	**50,463**	**50,583**	**50,406**	**52,089**	**56,111**
35,973	36,083	35,862	37,566	36,638	38,552	38,422
13,637	15,805	13,776	11,997	12,968	12,594	16,823
750	937	824	1,020	799	943	865
8,72,699	**8,90,243**	**8,91,984**	**9,09,636**	**9,12,808**	**9,32,332**	**9,42,111**
8,08,140	**8,17,636**	**8,18,358**	**8,32,563**	**8,35,918**	**8,53,886**	**8,59,196**
1,17,736	1,19,416	1,17,409	1,19,132	1,24,010	1,28,086	1,31,936
6,90,404	6,98,220	7,00,949	7,13,432	7,11,909	7,25,801	7,27,260
2,019	3,841	4,516	3,115	2,486	2,558	3,025
62,539	68,767	69,110	73,957	74,403	75,887	79,890
4,370	**7,682**	**6,947**	**2,681**	**4,608**	**7,622**	**6,523**
—	—	—	—	—	—	—
4,370	7,682	6,947	2,681	4,608	7,622	6,523
72,130	**81,190**	**71,290**	**66,639**	**66,089**	**70,266**	**64,525**
4,898	4,916	4,931	5,605	5,247	4,976	5,075
67,233	76,274	66,359	61,034	60,842	65,291	59,450

No. 3 : ALL SCHEDULED BANKS –

Last Reporting Friday (in case of March) / Last Friday	1990-91	1998-99	1999-2000 (P)	1999 Mar.
1	2	3	4	5
Assets with the Banking System	**6,848**	**43,110**	**52,521**	**43,110**
Balances with other banks	3,347	15,852	19,066	15,852
In current account	1,926	4,779	4,908	4,779
In other accounts	1,421	11,073	14,158	11,073
Money at call and short notice	2,201	22,315	26,844	22,315
Advances to banks (10)	902	3,132	4,197	3,132
Other assets	398	1,812	2,414	1,812
Investment	**76,831**	**2,65,431**	**3,22,769**	**2,65,431**
Government securities (11)	51,086	2,31,906	2,89,329	2,31,906
Other approved securities	25,746	33,525	33,440	33,525
Bank credit	**1,25,575**	**3,99,471**	**4,74,220**	**3,99,471**
Loans, cash-credits and overdrafts	1,14,982	3,67,259	4,38,194	3,67,259
Inland bills-purchased	3,532	5,198	5,129	5,198
Inland bills-discounted	2,409	11,020	13,323	11,020
Foreign bills-purchased	2,788	8,289	8,877	8,289
Foreign bills-discounted	1,864	7,704	8,698	7,704
Cash-Deposit Ratio	13.0	9.3	7.5	9.3
Investment-Deposit Ratio	38.5	35.3	37.6	35.3
Credit-Deposit Ratio	62.9	53.2	55.2	53.2

BUSINESS IN INDIA *(Concld.)*

(Rs. crore)

1999				2000		
Sep.	Oct.	Nov. (P)	Dec. (P)	Jan. (P)	Feb. (P)	Mar. (P)
6	7	8	9	10	11	12
47,692	**46,878**	**48,702**	**49,900**	**47,196**	**48,076**	**52,521**
15,367	15,748	16,606	17,665	17,526	17,962	19,066
4,174	4,144	4,390	4,524	4,720	4,534	4,908
11,193	11,604	12,216	13,141	12,805	13,429	14,158
26,908	26,135	26,666	22,907	23,605	23,526	26,844
2,979	3,051	2,054	3,927	3,579	4,108	4,197
2,439	1,944	3,377	5,401	2,487	2,480	2,414
3,02,755	**3,05,749**	**3,12,583**	**3,13,728**	**3,14,979**	**3,18,862**	**3,22,769**
2,69,497	2,72,376	2,78,785	2,80,151	2,81,507	2,85,574	2,89,329
33,259	33,373	33,799	33,578	33,472	33,288	33,440
4,13,504	**4,25,639**	**4,29,521**	**4,45,275**	**4,50,103**	**4,62,894**	**4,74,220**
3,83,281	3,94,376	3,97,973	4,12,319	4,16,129	4,27,866	4,38,194
4,375	4,395	4,402	4,771	4,995	5,111	5,129
10,583	11,597	11,421	12,101	12,442	12,624	13,323
7,653	7,606	7,721	7,895	8,333	8,592	8,877
7,612	7,665	8,004	8,189	8,205	8,700	8,698
8.9	9.9	8.7	8.0	7.9	8.2	7.5
37.5	37.4	38.2	37.7	37.7	37.3	37.6
51.2	52.1	52.5	53.5	53.8	54.2	55.2

No. 4 : ALL SCHEDULED COMMERCIAL BANKS –

Last Reporting Friday(in case of March) / Last Friday	1990-91	1998-99	1999-2000(P)	1999
				Mar.
1	2	3	4	5
Number of Reporting banks	271	301	299	301
Liabilities to the banking system(1)	**6,486**	**45,204**	**53,488**	**45,204**
Demand and time deposits from banks(2),(12)	5,443	32,410	36,430	32,410
Borrowings from banks(3)	967	12,072	16,212	12,072
Other demand and time liabilities(4)	76	722	846	722
Liabilities to others(1)	**2,05,600**	**7,75,238**	**8,91,440**	**7,75,238**
Aggregate deposits(5)	**1,92,541**	**7,14,025 ***	**8,10,065**	**7,14,025 ***
Demand	33,192	1,17,423	1,26,276	1,17,423
Time(5)	1,59,349	5,96,602 *	6,83,789	5,96,602 *
Borrowings(6)	470	1,140	2,958	1,140
Other demand and time liabilities(4),(13)	12,589	60,073 *	78,418	60,073 *
Borrowings from Reserve Bank(7)	**3,468**	**2,894**	**6,491**	**2,894**
Against usance bills/promissory notes	–	–	–	–
Others	3,468	2,894	6,491	2,894
Cash in hand and balances with Reserve Bank	**25,665**	**67,910**	**62,101**	**67,910**
Cash in hand	1,804	4,362	4,681	4,362
Balances with Reserve Bank(9)	23,861	63,548	57,419	63,548

* : Revised in line with the new accounting standards and consistent with the methodology suggested by the Working Group on Money Supply: Analytics and Methodology of Compilation (June 1998). The revision is in respect of pension and provident funds with commercial banks which are classified as other demand and time liabilities and includes those banks which have reported such changes so far.

Also see 'Notes on Tables'.

BUSINESS IN INDIA

(Rs. crore)

1999				2000		
Sep.	Oct.	Nov. (P)	Dec. (P)	Jan. (P)	Feb. (P)	Mar. (P)
6	7	8	9	10	11	12
299	299	299	299	299	299	299
48,238	**50,726**	**48,381**	**48,552**	**48,332**	**49,662**	**53,488**
33,982	34,135	34,020	35,792	34,894	36,660	36,430
13,506	15,654	13,537	11,742	12,638	12,071	16,212
750	936	823	1,018	799	932	846
8,29,139	**8,45,392**	**8,46,515**	**8,63,851**	**8,66,909**	**8,82,717**	**8,91,440**
7,65,705	**7,74,071**	**7,74,183**	**7,88,099**	**7,91,290**	**8,05,759**	**8,10,065**
1,12,978	1,14,312	1,12,385	1,14,330	1,19,321	1,22,868	1,26,276
6,52,727	6,59,760	6,61,798	6,73,768	6,71,969	6,82,891	6,83,789
1,957	3,780	4,424	3,059	2,433	2,501	2,958
61,477	67,541	67,909	72,694	73,186	74,458	78,418
4,204	**7,481**	**6,721**	**2,553**	**4,448**	**7,451**	**6,491**
–	–	–	–	–	–	–
4,204	7,481	6,721	2,553	4,448	7,451	6,491
69,951	**78,877**	**68,902**	**64,594**	**64,107**	**67,644**	**62,101**
4,586	4,576	4,587	5,153	4,881	4,547	4,681
65,365	74,301	64,316	59,441	59,226	63,097	57,419

No. 4 : ALL SCHEDULED COMMERCIAL BANKS –

Last Reporting Friday(in case of March) / Last Friday	1990-91	1998-99	1999-2000(P)	1999
				Mar.
1	2	3	4	5
Assets with the Banking System	**5,582**	**34,787**	**43,241**	**34,787**
Balances with other banks	2,846	13,088	15,742	13,088
In current account	1,793	4,123	4,121	4,123
In other accounts	1,053	8,966	11,621	8,966
Money at call and short notice	1,445	18,172	21,933	18,172
Advances to banks (10)	902	2,104	3,523	2,104
Other assets	388	1,422	2,043	1,422
Investment	**75,065**	**2,54,595**	**3,08,921**	**2,54,595**
Government securities (11)	49,998	2,23,217	2,77,829	2,23,217
Other approved securities	25,067	31,377	31,092	31,377
Bank credit (14)	**1,16,301 (4,506)**	**3,68,837 (16,816)**	**4,34,182 (25,691)**	**3,68,837 (16,816)**
Loans,cash-credits and overdrafts	1,05,982	3,37,475	3,99,074	3,37,475
Inland bills-purchased	3,375	4,893	4,885	4,893
Inland bills-discounted	2,336	10,742	12,894	10,742
Foreign bills-purchased	2,758	8,251	8,824	8,251
Foreign bills-discounted	1,851	7,476	8,504	7,476
Cash-Deposit Ratio	13.3	9.5	7.7	9.5
Investment- Deposit Ratio	39.0	35.7	38.1	35.7
Credit-Deposit Ratio	60.4	51.7	53.6	51.7

BUSINESS IN INDIA *(Concld.)*

(Rs. crore)

1999				2000		
Sep.	Oct.	Nov. (P)	Dec. (P)	Jan. (P)	Feb. (P)	Mar. (P)
6	7	8	9	10	11	12
38,794	**37,337**	**39,398**	**40,844**	**38,384**	**39,001**	**43,241**
12,870	13,293	14,088	15,051	14,993	14,943	15,742
3,632	3,583	3,848	3,898	4,082	3,824	4,121
9,238	9,710	10,240	11,153	10,911	11,119	11,621
21,733	20,192	21,075	17,591	18,365	18,499	21,933
2,220	2,289	2,039	3,188	2,914	3,456	3,523
1,970	1,563	2,195	5,013	2,112	2,103	2,043
2,90,033	**2,93,011**	**2,99,867**	**3,01,215**	**3,02,400**	**3,05,624**	**3,08,921**
2,58,983	2,61,839	2,68,334	2,69,949	2,71,242	2,74,652	2,77,829
31,050	31,171	31,533	31,266	31,158	30,973	31,092
3,80,658 **(20,532)**	**3,92,458** **(22,163)**	**3,95,982** **(23,524)**	**4,10,464** **(25,598)**	**4,14,553** **(26,056)**	**4,23,937** **(25,927)**	**4,34,182** **(25,691)**
3,51,333	3,62,100	3,65,356	3,78,424	3,81,548	3,89,900	3,99,074
4,140	4,185	4,186	4,549	4,741	4,854	4,885
10,184	11,206	11,010	11,684	11,997	12,146	12,894
7,618	7,569	7,683	7,858	8,292	8,552	8,824
7,384	7,397	7,747	7,947	7,975	8,485	8,504
9.1	10.2	8.9	8.2	8.1	8.4	7.7
37.9	37.9	38.7	38.2	38.2	37.9	38.1
49.7	50.7	51.1	52.1	52.4	52.6	53.6

No. 5 : SCHEDULED COMMERCIAL BANKS' INVESTMENTS IN COMMERCIAL PAPER, BONDS, DEBENTURES, SHARES, ETC.

(Rs. crore)

Outstanding as on	Commercial Paper	Bonds / Debentures / Preference Shares issued by		Equity Shares issued by PSUs and Private Corporate Sector +
		Public Sector Undertakings (PSUs)	Private Corporate Sector	
1	2	3	4	5
Mar. 28, 1997	664	14,301	2,375	1,142 (29)
Mar. 27, 1998	2,443	18,767	9,760	1,473 (44)
Mar. 26, 1999	4,013	24,161	17,768	2,349 (64)
Oct. 9, 1998	4,167	21,105	13,393	1,595 (64)
Oct. 8, 1999	6,461	26,220	20,281	2,598 (44)
Oct. 23, 1998	4,327	21,577	13,684	1,636 (64)
Oct. 22, 1999	5,747	26,303	20,305	2,752 (49)
Nov. 6, 1998	4,584	21,782	14,098	1,664 (44)
Nov. 5, 1999	5,582	26,795	20,303	2,721 (49)
Nov. 20, 1998	4,404	21,903	14,574	1,675 (64)
Nov. 19, 1999	5,001	27,278	20,877	2,692 (49)
Dec. 4, 1998	4,545	21,802	15,101	2,007 (64)
Dec. 3, 1999	5,574	27,646	20,965	2,731 (49)
Dec. 18, 1998	4,663	22,095	15,758	1,703 (44)
Dec. 17, 1999	5,782	27,870	21,170	2,703 (49)
Jan. 1, 1999	4,489	22,353	16,145	1,711 (44)
Dec. 31, 1999	6,015	28,015	21,200	2,781 (49)
Jan. 15, 1999	4,830	22,643	16,589	1,718 (44)
Jan. 14, 2000	5,977	28,319	21,307	2,795 (49)
Jan. 29, 1999	4,881	22,553	17,294	1,904 (44)
Jan. 28, 2000	6,159	28,872	21,277	2,787 (49)
Feb. 12, 1999	4,373	22,561	17,538	2,291 (44)
Feb. 11, 2000	6,408	29,281	21,839	2,788 (49)
Feb. 26, 1999	4,417	23,206	17,553	2,307 (44)
Feb. 25, 2000	6,131	30,019	21,732	2,770 (49)

\+ : Figures in brackets are loans to corporates against shares held by them to meet the promoters' contribution to the equity of new companies in anticipation of raising resources.

Source : Special Fortnightly returns.

Note : Data are provisional and tentative and as such subject to revision.

No. 6 : STATE CO-OPERATIVE BANKS - MAINTAINING ACCOUNTS WITH THE RESERVE BANK OF INDIA

(Rs. crore)

Last Reporting Friday (in case of March)/ Last Friday/ Reporting Friday	1990-91	1997-98	1998-99	1998	1999						
				Aug.	Mar.	Apr.	May	Jun.	Jul.	Aug. 13	Aug. 27
1	2	3	4	5	6	7	8	9	10	11	12
Number of reporting banks	28	28	28	28	28	28	28	28	28	28	28
Demand and Time Liabilities											
Aggregate Deposits (1)	**2,152**	**6,210**	**7,092**	**6,661**	**7,092**	**7,350**	**7,604**	**7,614**	**7,941**	**7,638**	**7,695**
Demand Liabilities	**1,831**	**2,883**	**3,065**	**2,955**	**3,065**	**3,108**	**3,083**	**3,186**	**3,525**	**3,180**	**5,216**
Deposits											
Inter-bank	718	964	1,112	1,091	1,112	1,021	1,006	1,141	1,300	1,129	1,250
Others	794	1,301	1,517	1,432	1,517	1,601	1,609	1,562	1,765	1,590	1,684
Borrowings from banks	181	118	70	92	70	69	69	69	79	70	75
Others	139	500	366	339	366	417	400	414	382	392	2,208
Time liabilities	**3,963**	**17,627**	**21,997**	**21,177**	**21,997**	**17,237**	**22,484**	**22,971**	**23,476**	**23,273**	**21,533**
Deposits											
Inter-bank	2,545	12,623	16,291	15,834	16,291	11,338	16,343	16,770	17,148	17,075	15,377
Others	1,359	4,910	5,575	5,229	5,575	5,748	5,996	6,052	6,176	6,048	6,012
Borrowings from banks	—	12	18	14	18	19	19	19	18	18	18
Others	59	82	113	100	113	132	127	130	134	132	126
Borrowings from Reserve Bank	**15**	—	**3**	—	**3**	**3**	**13**	**3**	**3**	**3**	**3**
Borrowings from the State Bank and / or a notified bank (2) and State Government	**1,861**	**3,740**	**5,102**	**3,128**	**5,102**	**5,579**	**5,184**	**5,542**	**5,531**	**5,493**	**5,253**
Demand	116	1,017	795	540	795	960	857	832	637	837	574
Time	1,745	2,723	4,307	2,588	4,307	4,619	4,327	4,710	4,894	4,656	4,679

See 'Notes on Tables'.

No. 6 : STATE CO-OPERATIVE BANKS – MAINTAINING ACCOUNTS WITH THE RESERVE BANK OF INDIA *(Concld.)*

(Rs. crore)

Last Reporting Friday(in case of March)/ Last Friday/Reporting Friday	1990-91	1997-98	1998-99	1998	1999						
				Aug.	Mar.	Apr.	May	Jun.	Jul.	Aug. 13	Aug. 27
1	2	3	4	5	6	7	8	9	10	11	12
Assets											
Cash in hand and balances with Reserve Bank	**334**	**791**	**788**	**114**	**788**	**833**	**847**	**942**	**789**	**926**	**852**
Cash in hand	24	64	77	86	77	79	82	103	96	87	91
Balance with Reserve Bank	310	727	711	28	711	755	765	839	693	839	761
Balances with other banks in current account	93	208	268	179	268	197	215	206	202	337	425
Investments in Government securities (3)	1,058	4,941	5,841	5,504	5,841	5,851	5,782	5,949	5,793	5,851	5,849
Money at call and short notice	498	2,736	3,972	3,757	3,972	4,400	4,535	4,591	3,925	4,288	4,564
Bank credit (4)	**2,553**	**7,748**	**8,869**	**7,346**	**8,869**	**9,281**	**9,089**	**9,043**	**8,991**	**8,850**	**8,651**
Advances											
Loans, cash-credits and overdrafts	2,528	7,729	8,851	7,329	8,851	9,263	9,069	9,025	8,970	8,830	8,631
Due from banks (5)	5,560	9,650	15,459	9,391	15,459	12,164	11,745	12,533	12,913	12,971	13,059
Bills purchased and discounted	25	18	17	16	17	18	20	19	20	20	19
Cash - Deposit Ratio	15.5	12.7	11.1	1.7	11.1	11.3	11.1	12.4	9.9	12.1	11.1
Investment - Deposit Ratio	49.2	79.6	82.4	82.6	82.4	79.6	76.0	78.1	73.0	76.6	76.0
Credit - Deposit Ratio	118.6	124.8	125.1	110.3	125.1	126.3	119.5	118.8	113.2	115.9	112.4

No. 7 : RESERVE BANK'S ACCOMMODATION TO SCHEDULED COMMERCIAL BANKS

(Rs. crore)

As on last reporting Friday of	Export Credit Refinance (1)		General Refinance (2)		Special Liquidity Support (3)		Total Refinance (4)	
	Limit	Outstanding	Limit	Outstanding	Limit	Outstanding	Limit	Outstanding
1	2	3	4	5	6	7	8	9
1996-97	6,654.40	559.97	—	—			6,654.40	559.97
1997-98	2,402.96	394.52	1,115.02	0.11			3,517.98	394.63
1998-99	7,269.27	2,616.57	1,115.02	19.23	3,235.02	258.00	11,619.31	2,893.80
Oct. 1998	5,523.55	3,598.34	1,115.02	76.26	5,203.29	—	11,841.86	3,674.60
Nov. 1998	5,533.65	4,083.98	1,115.02	—	6,144.16	—	12,792.83	4,083.98
Dec. 1998	5,678.83	3,150.05	1,115.02	—	3,205.02	—	9,998.87	3,150.05
Jan. 1999	6,421.56	5,313.91	1,115.02	15.82	3,205.02	—	10,741.60	5,329.73
Feb. 1999	6,802.26	4,715.33	1,115.02	9.89	3,235.02	4.50	11,152.30	4,729.72
Mar. 1999	7,269.27	2,616.57	1,115.02	19.23	3,235.02	258.00	11,619.31	2,893.80
Apr. 1999	8,638.29	5,164.76	1,115.02	56.31	—	—	9,753.31	5,221.07

As on last reporting Friday of	Export Credit Refinance (1)		Others @		Total Refinance (4)	
	Limit	Outstanding	Limit	Outstanding	Limit	Outstanding
1	2	3	4	5	6	7
1999-2000	10,579.06	6,291.49	3,027.72	199.47	13,606.78	6,490.96
May 1999	8,563.56	4,521.79	3,027.72	437.91	11,591.28	4,959.70
Jun. 1999	8,151.40	3,863.21	3,027.72	—	11,179.12	3,863.21
Jul. 1999	7,536.76	2,760.57	3,027.72	0.41	10,564.48	2,760.98
Aug. 1999	7,230.93	2,740.56	3,027.72	7.01	10,258.65	2,747.57
Sep. 1999	7,099.97	4,109.11	3,027.72	95.23	10,127.69	4,204.34
Oct. 1999	7,760.85	6,156.46	3,027.72	1,185.14	10,788.57	7,341.60
Nov. 1999	8,464.82	3,603.38	3,027.72	192.00	11,492.54	3,795.38
Dec. 1999	8,577.94	2,470.84	3,027.72	82.50	11,605.66	2,553.34
Jan. 2000	9,298.91	4,155.56	3,027.72	292.31	12,326.63	4,447.87
Feb. 2000	9,576.50	7,213.69	3,027.72	237.60	12,604.22	7,451.29
Mar. 2000	10,579.06	6,291.49	3,027.72	199.47	13,606.78	6,490.96

@ : Others include Collateralised Lending Facility (CLF) / Additional CLF, Special Liquidity Support (SLS) etc.

Also see 'Notes on Tables'.

No. 8 : CHEQUE CLEARANCES – CENTRES MANAGED BY RESERVE BANK OF INDIA
(Revised Series)

(Number in lakh)

Year / Month	Total	Centres Managed by Reserve Bank of India					
		Mumbai	Calcutta	New Delhi	Chennai	Bangalore	Hyderabad
1	2	3	4	5	6	7	8
1990-91	**3,518**	1,253	328	552	357	224	203
1996-97	**4,715**	1,739	312	850	560	292	265
1997-98	**5,040**	1,794	507	884	556	304	267
1998-99 (P)	**4,840**	1,791	497	904	556	168	231
Aug. 1997	**397**	150	42	65	42	24	18
Sep. 1997	**446**	154	45	78	47	27	30
Oct. 1997	**492**	188	44	82	51	29	31
Nov. 1997	**447**	154	46	78	47	31	25
Dec. 1997	**419**	148	43	75	48	29	16
Jan. 1998	**385**	150	41	75	45	..	13
Feb. 1998	**379**	127	39	70	43	26	18
Mar. 1998	**445**	154	45	79	49	32	13
Apr. 1998 (P)	**404**	149	39	72	46	26	14
May 1998 (P)	**361**	131	36	70	42	..	17
Jun. 1998 (P)	**365**	137	39	69	46	..	17
Jul. 1998 (P)	**427**	162	46	78	50	..	22
Aug. 1998 (P)	**402**	156	47	78	45	..	19
Sep. 1998 (P)	**424**	152	39	75	46	28	20
Oct. 1998 (P)	**418**	163	42	78	51	..	20
Nov. 1998 (P)	**415**	158	43	77	46	..	22
Dec. 1998 (P)	**411**	143	41	77	47	28	20
Jan. 1999 (P)	**401**	148	40	75	43	27	18
Feb. 1999 (P)	**370**	133	37	70	42	26	19
Mar. 1999 (P)	**442**	159	48	85	52	33	23
Apr. 1999 (P)	**395**	154	39	72	45	28	20
May 1999 (P)	**368**	135	36	76	40	28	22
Jun. 1999 (P)	**395**	135	38	70	46	31	19
Jul. 1999 (P)	**469**	172	48	84	45	32	22
Aug. 1999 (P)	**465**	165	48	83	42	32	22
Sep. 1999 (P)	**416**	143	40	79	39	30	20
Oct. 1999 (P)	**457**	171	45	84	33	32	22
Nov. 1999 (P)	**416**	138	43	79	42	30	24
Dec. 1999 (P)	**442**	146	43	83	43	35	24
Jan. 2000 (P)	**308**	145	42	..	40	..	22
Feb. 2000 (P)	**354**	142	42	..	42	33	24

See 'Notes on Tables'.

No. 8 : CHEQUE CLEARANCES – CENTRES MANAGED BY RESERVE BANK OF INDIA *(Contd.)*

(Revised Series)

(Number in lakh)

Year / Month	Centres Managed by Reserve Bank of India							
	Ahmedabad	Kanpur	Nagpur	Patna	Bhuba-neshwar	Thiruvan-anthapuram	Jaipur	Guwahati
1	9	10	11	12	13	14	15	16
1990-91	365	50	53	19	7	20	72	15
1996-97	369	64	76	36	13	31	84	24
1997-98	391	62	80	39	12	32	88	24
1998-99 (P)	341	62	83	37	20	33	93	24
Aug. 1997	29	5	6	3	1	3	7	2
Sep. 1997	35	6	7	4	1	3	7	2
Oct. 1997	39	5	7	3	1	3	7	2
Nov. 1997	34	6	7	4	1	3	9	2
Dec. 1997	31	5	7	3	1	3	8	2
Jan. 1998	33	5	7	3	1	3	7	2
Feb. 1998	29	5	7	3	1	2	7	2
Mar. 1998	42	5	7	3	1	3	10	2
Apr. 1998 (P)	31	5	7	3	1	2	7	2
May 1998 (P)	38	5	6	3	1	3	7	2
Jun. 1998 (P)	30	5	6	3	1	3	7	2
Jul. 1998 (P)	40	5	7	3	2	3	7	2
Aug. 1998 (P)	26	6	7	3	2	3	8	2
Sep. 1998 (P)	35	5	7	3	2	2	8	2
Oct. 1998 (P)	34	5	7	3	2	3	8	2
Nov. 1998 (P)	36	6	7	4	2	3	9	2
Dec. 1998 (P)	24	5	7	3	2	3	9	2
Jan. 1999 (P)	21	5	7	3	2	3	7	2
Feb. 1999 (P)	16	5	7	3	1	2	7	2
Mar. 1999 (P)	10	5	8	3	2	3	9	2
Apr. 1999 (P)	7	5	7	3	2	3	8	2
May 1999 (P)	3	5	7	3	1	2	8	2
Jun. 1999 (P)	28	5	7	3	1	3	7	2
Jul. 1999 (P)	34	5	8	3	2	3	9	2
Aug. 1999 (P)	39	6	8	4	2	3	9	2
Sep. 1999 (P)	34	5	8	3	2	3	8	2
Oct. 1999 (P)	38	6	8	2	2	3	9	2
Nov. 1999 (P)	33	5	7	1	1	3	8	2
Dec. 1999 (P)	37	5	8	1	2	3	10	2
Jan. 2000 (P)	35	..	8	1	2	2	9	2
Feb. 2000 (P)	39	6	8	2	2	3	9	2

No. 8 : CHEQUE CLEARANCES – CENTRES MANAGED BY RESERVE BANK OF INDIA *(Contd.)*
(Revised Series)

(Rs. crore)

Year / Month	Total	Centres Managed by Reserve Bank of India					
		Mumbai	Calcutta	New Delhi	Chennai	Bangalore	Hyderabad
1	2	3	4	5	6	7	8
1990-91	**18,39,460**	11,82,587	1,04,051	2,39,979	1,76,123	29,267	25,183
1996-97	**45,68,598**	30,70,602	1,37,981	5,97,170	3,15,052	1,08,236	94,352
1997-98	**55,62,533**	38,06,421	2,51,088	6,49,204	3,42,050	1,27,054	95,904
1998-99 (P)	**61,98,399**	42,52,073	2,68,759	7,50,660	3,96,110	81,974	1,19,097
Aug. 1997	**3,95,622**	2,73,675	17,798	42,948	25,290	8,827	6,921
Sep. 1997	**4,91,994**	3,51,799	22,756	46,860	28,094	11,421	8,618
Oct. 1997	**5,09,248**	3,57,552	18,608	58,950	28,772	11,455	9,132
Nov. 1997	**4,49,031**	3,07,194	19,668	51,721	27,598	10,562	7,891
Dec. 1997	**5,12,621**	3,53,762	22,110	60,596	29,743	12,428	8,012
Jan. 1998	**4,65,206**	3,23,705	21,105	59,465	26,783	..	7,222
Feb. 1998	**3,92,160**	2,45,832	21,063	54,876	28,503	11,343	6,495
Mar. 1998	**5,12,036**	3,29,789	26,556	70,306	29,787	16,494	8,807
Apr. 1998 (P)	**4,64,805**	3,02,535	21,985	58,935	31,575	12,595	7,113
May 1998 (P)	**4,55,572**	3,11,702	19,266	54,436	32,853	..	6,400
Jun. 1998 (P)	**5,06,621**	3,59,720	22,332	55,044	35,149	..	10,208
Jul. 1998 (P)	**5,55,991**	3,97,565	23,999	58,545	36,604	..	10,634
Aug. 1998 (P)	**4,98,737**	3,60,196	20,885	53,348	31,959	..	9,730
Sep. 1998 (P)	**5,27,743**	3,61,645	21,771	57,477	35,347	13,520	10,469
Oct. 1998 (P)	**4,70,226**	3,13,762	21,738	65,149	34,085	..	9,850
Nov. 1998 (P)	**4,92,160**	3,33,900	21,134	63,983	32,322	..	9,510
Dec. 1998 (P)	**5,51,798**	3,59,408	22,722	84,686	22,136	13,961	10,872
Jan. 1999 (P)	**5,24,946**	3,66,640	21,178	59,632	31,419	12,792	10,129
Feb. 1999 (P)	**4,81,575**	3,28,011	20,750	58,289	29,638	12,794	10,103
Mar. 1999 (P)	**6,68,225**	4,56,989	30,999	81,136	43,023	16,312	14,079
Apr. 1999 (P)	**5,97,369**	4,23,356	24,808	60,653	36,147	16,007	13,057
May 1999 (P)	**5,97,199**	4,27,274	22,541	62,945	32,582	14,541	10,633
Jun. 1999 (P)	**5,68,400**	3,90,132	23,103	64,723	36,254	16,521	11,604
Jul. 1999 (P)	**6,36,213**	4,52,061	24,808	69,420	34,915	15,593	12,063
Aug. 1999 (P)	**6,74,996**	4,97,257	24,631	62,667	36,732	14,709	11,349
Sep. 1999 (P)	**6,29,127**	4,45,886	23,888	69,188	32,830	18,435	11,353
Oct. 1999 (P)	**6,69,341**	4,91,359	25,158	70,152	25,830	17,636	12,419
Nov. 1999 (P)	**6,12,783**	4,25,279	25,369	68,787	35,898	18,022	11,706
Dec. 1999 (P)	**6,57,198**	4,43,943	29,381	75,921	37,740	23,238	13,735
Jan. 2000 (P)	**5,30,998**	4,28,370	27,438	..	34,171	..	12,890
Feb. 2000 (P)	**6,90,641**	5,55,234	28,752	..	39,733	21,275	13,200

No. 8 : CHEQUE CLEARANCES – CENTRES MANAGED BY RESERVE BANK OF INDIA *(Concld.)*
(Revised Series)

(Rs. crore)

Year / Month	Centres Managed by Reserve Bank of India							
	Ahmedabad	Kanpur	Nagpur	Patna	Bhuba-neshwar	Thiruvan-anthapuram	Jaipur	Guwahati
1	9	10	11	12	13	14	15	16
1990-91	42,089	9,614	7,712	4,559	2,408	2,908	8,738	4,242
1996-97	1,45,626	18,642	19,840	10,733	7,815	8,622	23,977	9,949
1997-98	1,78,030	20,927	22,683	11,594	9,300	10,625	26,183	11,470
1998-99 (P)	1,87,002	23,717	29,617	12,949	11,902	12,571	38,733	13,235
Aug. 1997	12,321	1,318	1,611	797	598	960	1,712	846
Sep. 1997	13,443	1,843	1,799	1,041	733	945	1,712	930
Oct. 1997	15,807	1,844	1,989	941	724	851	1,712	911
Nov. 1997	15,364	1,703	1,828	1,035	671	758	2,108	930
Dec. 1997	15,660	2,046	1,991	1,039	875	997	2,370	992
Jan. 1998	17,029	1,649	2,024	1,027	856	925	2,510	906
Feb. 1998	14,720	1,662	2,007	869	766	796	2,225	1,003
Mar. 1998	17,839	2,122	2,290	1,160	1,211	1,197	3,142	1,336
Apr. 1998 (P)	13,714	1,920	2,300	1,263	1,052	1,130	7,395	1,293
May 1998 (P)	19,650	2,210	1,950	995	874	1,187	3,032	1,017
Jun. 1998 (P)	13,766	1,869	2,010	970	973	1,042	2,544	994
Jul. 1998 (P)	16,696	1,888	2,303	1,016	1,010	1,057	3,620	1,054
Aug. 1998 (P)	12,086	2,245	2,116	1,023	786	992	2,336	1,035
Sep. 1998 (P)	15,975	1,847	2,234	1,088	1,108	822	3,547	893
Oct. 1998 (P)	14,797	1,923	2,182	1,015	963	975	2,658	1,129
Nov. 1998 (P)	20,700	1,897	2,233	1,106	775	873	2,578	1,149
Dec. 1998 (P)	23,804	1,872	5,349	1,103	1,127	958	2,658	1,142
Jan. 1999 (P)	12,817	1,785	2,166	981	891	996	2,585	935
Feb. 1999 (P)	11,954	1,800	2,088	960	812	912	2,399	1,065
Mar. 1999 (P)	11,043	2,461	2,686	1,429	1,531	1,627	3,381	1,529
Apr. 1999 (P)	9,229	2,160	2,665	1,484	1,389	1,180	4,066	1,168
May 1999 (P)	9,234	2,128	2,507	1,268	1,178	1,058	8,266	1,044
Jun. 1999 (P)	14,660	1,831	2,472	1,052	999	1,071	2,852	1,126
Jul. 1999 (P)	14,542	2,000	2,448	1,627	1,170	1,255	3,198	1,113
Aug. 1999 (P)	15,901	1,917	2,480	1,225	1,026	1,095	2,877	1,130
Sep. 1999 (P)	15,334	1,814	2,413	1,106	1,237	1,461	3,040	1,142
Oct. 1999 (P)	13,977	1,991	2,910	1,167	1,317	1,099	3,166	1,160
Nov. 1999 (P)	15,696	2,118	2,375	1,195	1,283	1,023	2,877	1,155
Dec. 1999 (P)	19,186	2,258	2,739	1,490	1,478	1,152	3,521	1,416
Jan. 2000 (P)	17,240	..	2,702	1,267	1,447	1,176	3,122	1,175
Feb. 2000 (P)	18,979	2,154	2,810	1,254	1,407	1,183	3,278	1,382

No. 9 : CHEQUE CLEARANCES – CENTRES MANAGED BY AGENCIES OTHER THAN RESERVE BANK OF INDIA

(Number in lakh)

Year (Apr. - Mar.) / Month	Total	Amritsar	Baroda	Cochin	Coim-batore	New Delhi	Luck-now	Ludh-iana	Madurai	Man-galore	Pune	Surat	Other Centres
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1990-91	**4,123**	30	114	9	53	173	38	117	40	21	67	1,861	1,600
1996-97	**3,118**	47	187	5	30	281	43	126	20	32	106	553	1,688
1997-98	**3,539**	48	178	12	71	323	72	125	48	28	130	503	2,001
1998-99 (P)	**3,773**	35	160	12	75	322	79	119	53	34	158	585	2,141
Apr. 1997	**318**	4	21	1	6	27	5	10	4	2	13	60	165
May 1997	**304**	4	19	1	6	25	6	10	4	2	12	52	163
Jun. 1997	**298**	4	18	1	6	22	6	10	4	2	12	47	166
Jul. 1997	**311**	4	17	1	6	31	7	10	4	—	12	50	169
Aug. 1997	**226**	4	..	1	5	30	6	10	4	2	12	..	152
Sep. 1997	**300**	4	19	1	6	28	12	—	4	3	1	51	171
Oct. 1997	**321**	4	18	1	6	29	7	12	4	3	1	54	182
Nov. 1997	**313**	4	16	1	7	26	7	11	4	3	14	45	175
Dec. 1997	**308**	4	17	1	6	26	7	11	4	3	11	47	171
Jan. 1998	**308**	4	17	1	6	27	3	11	4	3	14	49	169
Feb. 1998	**284**	4	16	1	5	25	..	11	4	2	14	48	154
Mar. 1998	**248**	4	..	1	6	27	6	19	4	3	14	..	164
Apr. 1998 (P)	**314**	4	14	1	6	26	6	18	4	2	14	49	170
May 1998 (P)	**302**	4	1	1	6	24	5	18	4	3	14	54	168
Jun. 1998 (P)	**324**	4	16	1	6	25	7	19	5	3	14	48	176
Jul. 1998 (P)	**346**	4	16	1	6	28	8	19	6	3	14	52	189
Aug. 1998 (P)	**304**	4	14	1	6	28	7	4	6	3	14	51	166
Sep. 1998 (P)	**316**	4	14	1	7	29	6	4	5	3	14	51	178
Oct. 1998 (P)	**319**	3	15	1	7	29	7	—	4	3	14	51	185
Nov. 1998 (P)	**320**	4	18	1	7	25	7	6	3	3	14	53	179
Dec. 1998 (P)	**315**	1	13	1	6	28	7	8	4	3	13	46	185
Jan. 1999 (P)	**306**	1	13	1	5	27	7	7	4	3	12	44	182
Feb. 1999 (P)	**275**	1	12	1	6	24	6	8	4	2	11	41	159
Mar. 1999 (P)	**332**	1	14	1	7	29	6	8	4	3	10	45	204
Apr. 1999 (P)	**292**	1	13	1	6	25	5	8	5	3	8	43	174
May 1999 (P)	**291**	1	12	1	3	27	6	9	6	3	8	39	176
Jun. 1999 (P)	**308**	6	13	1	5	25	5	9	5	3	7	36	193
Jul. 1999 (P)	**386**	6	13	1	7	40	69	9	5	3	8	37	188
Aug. 1999 (P)	**292**	6	13	1	6	32	6	9	6	3	8	37	165
Sep. 1999 (P)	**306**	6	13	1	7	29	6	9	5	3	8	35	184
Oct. 1999 (P)	**321**	6	14	1	9	30	6	9	7	3	8	33	195
Nov. 1999 (P)	**292**	6	13	1	9	27	6	9	7	3	8	32	171
Dec. 1999 (P)	**305**	6	12	1	9	30	6	11	5	3	8	35	179
Jan. 2000 (P)	**308**	1	13	1	9	27	6	9	5	3	8	31	195

No. 9 : CHEQUE CLEARANCES – CENTRES MANAGED BY AGENCIES OTHER THAN RESERVE BANK OF INDIA *(Concld.)*

(Rs. crore)

Year (Apr. - Mar.) / Month	Total	Amritsar	Baroda	Cochin	Coim-batore	New Delhi	Luck-now	Ludh-iana	Madurai	Man-galore	Pune	Surat	Other Centres
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1990-91	**4,47,893**	4,136	10,904	2,551	7,534	57,288	9,053	11,642	3,793	2,252	14,449	18,065	3,06,226
1996-97	**8,54,878**	5,707	34,129	2,723	10,557	1,14,774	14,458	12,767	4,089	7,207	51,065	37,633	5,59,768
1997-98	**10,35,617**	6,109	36,415	7,290	25,638	1,37,531	24,421	14,322	10,353	8,344	64,122	44,679	6,56,393
1998-99 (P)	**13,67,031**	4,808	40,277	6,884	28,581	2,09,814	52,382	28,996	11,318	9,294	63,921	56,852	8,53,904
Apr. 1997	**84,036**	491	4,181	604	2,187	12,300	2,380	1,068	894	707	5,340	4,393	49,491
May 1997	**85,137**	491	3,843	601	2,080	10,874	2,095	1,023	899	689	5,080	4,846	52,616
Jun. 1997	**83,258**	493	3,624	603	1,850	10,740	2,582	1,036	850	616	4,716	3,822	52,326
Jul. 1997	**82,174**	492	3,342	605	2,226	10,427	2,315	1,017	910	666	5,777	4,367	50,030
Aug. 1997	**68,094**	489	..	608	1,871	10,277	1,693	1,040	810	541	4,624	..	46,141
Sep. 1997	**85,217**	495	3,949	607	2,343	11,180	2,057	1,028	897	680	5,161	4,737	52,083
Oct. 1997	**90,730**	681	3,740	609	2,051	12,202	2,058	1,412	889	682	6,067	5,147	55,192
Nov. 1997	**84,669**	496	3,239	609	2,064	10,973	2,233	1,050	857	641	4,742	4,030	53,735
Dec. 1997	**88,267**	497	3,614	611	2,286	11,106	2,277	1,068	857	746	5,512	4,362	55,331
Jan. 1998	**92,311**	495	3,444	612	2,199	11,876	2,294	1,133	811	771	5,583	4,543	58,550
Feb. 1998	**84,855**	495	3,439	610	1,975	11,286	..	1,270	842	705	4,979	4,432	54,822
Mar. 1998	**1,06,869**	494	..	611	2,506	14,290	2,437	2,177	837	900	6,541	..	76,076
Apr. 1998 (P)	**99,652**	499	3,271	608	2,207	14,207	2,336	2,056	826	836	5,934	4,894	61,978
May 1998 (P)	**1,18,538**	498	3,271	612	2,233	11,166	24,171	2,238	604	819	5,260	5,231	62,435
Jun. 1998 (P)	**1,08,864**	489	3,691	494	2,232	11,356	2,339	2,387	1,010	821	5,441	4,341	74,263
Jul. 1998 (P)	**96,870**	492	3,129	611	2,374	11,390	2,481	2,347	1,288	877	6,061	4,750	61,070
Aug. 1998 (P)	**99,971**	496	3,114	610	2,126	11,336	2,811	2,322	1,382	758	5,435	4,336	65,245
Sep. 1998 (P)	**97,752**	499	2,949	611	3,307	11,997	2,823	2,465	1,068	82	6,135	4,721	61,095
Oct. 1998 (P)	**1,89,866**	860	3,642	612	2,287	28,074	2,639	2,218	966	817	5,721	4,497	1,37,533
Nov. 1998 (P)	**1,40,880**	502	3,741	488	2,058	59,056	2,369	2,525	870	770	5,164	4,286	59,051
Dec. 1998 (P)	**1,07,690**	26	3,215	611	2,384	12,787	2,469	2,729	780	840	5,044	4,840	71,965
Jan. 1999 (P)	**96,826**	184	3,493	509	2,228	11,926	2,605	2,474	973	862	4,521	4,800	62,251
Feb. 1999 (P)	**95,979**	134	3,119	506	2,164	11,577	2,218	2,254	947	763	4,101	4,558	63,638
Mar. 1999 (P)	**1,14,143**	129	3,642	612	2,981	14,942	3,121	2,981	604	1,049	5,104	5,598	73,380
Apr. 1999 (P)	**1,08,478**	136	3,149	519	2,461	14,145	3,261	2,523	1,244	837	4,373	5,211	70,619
May 1999 (P)	**1,04,619**	1,227	2,941	517	711	12,120	2,579	2,602	1,069	899	4,353	4,868	70,733
Jun. 1999 (P)	**1,07,155**	1,364	3,094	514	2,041	14,685	2,656	2,456	1,176	909	3,609	4,413	70,238
Jul. 1999 (P)	**99,866**	1,390	3,604	611	2,551	13,909	2,126	2,464	1,010	928	3,640	4,689	62,944
Aug. 1999 (P)	**94,331**	1,362	3,151	497	3,424	11,404	1,652	2,516	1,226	961	3,275	4,905	59,958
Sep. 1999 (P)	**1,01,458**	1,353	3,356	503	3,309	14,942	1,745	2,676	1,237	961	3,212	4,797	63,367
Oct. 1999 (P)	**1,13,812**	1,370	3,615	517	3,843	14,571	2,517	3,105	1,279	988	3,835	5,842	72,330
Nov. 1999 (P)	**1,11,907**	1,348	3,459	647	3,984	12,447	2,602	2,907	1,313	954	1,585	4,737	75,924
Dec. 1999 (P)	**1,21,306**	1,340	3,250	540	4,705	16,916	3,166	3,230	1,176	1,184	1,480	5,863	78,456
Jan. 2000 (P)	**1,25,946**	1,289	3,150	296	4,574	18,827	3,081	2,848	1,244	1,107	1,220	5,286	83,024

No. 10 : MONEY STOCK MEASURES

(Rs. crore)

March 31/Reporting Fridays of the month/ Last reporting Friday of the month	Currency with the public					Deposit money of the public			M_1 (6+9)
	Notes in circulation (1)	Circulation of		Cash on hand with banks	Total (2+3+4-5)	Demand deposits with banks	'Other' deposits with Reserve Bank(3)	Total (7+8)	
		Rupee coins(2)	Small coins(2)						
1	2	3	4	5	6	7	8	9	**10**
1990-91	53,661	936	685	2,234	53,048	39,170	674	39,844	**92,892**
1997-98	1,47,704	2,297	1,055	5,477	1,45,579	1,18,724	3,541	1,22,265	**2,67,844**
1998-99	1,72,000	2,730	1,116	6,876	1,68,970	1,36,035	3,796	1,39,831	**3,08,801**
1999-2000	1,92,483	3,026	1,168	7,358	1,89,319	1,47,353	3,105	1,50,458	**3,39,777**
March 12, 1999	1,75,051	2,684	1,110	5,503	1,73,342	1,19,727	2,784	1,22,511	**2,95,853**
March 26, 1999	1,72,541	2,730	1,116	6,034	1,70,353	1,35,262	4,127	1,39,389	**3,09,742**
November 1999	1,92,447	3,026	1,162	6,183	1,90,452	1,28,344	3,284	1,31,628	**3,22,080**
December 1999	1,95,946	3,026	1,169	7,027	1,93,114	1,33,020	3,272	1,36,292	**3,29,406**
January 2000	1,92,331	3,026	1,169	6,752	1,89,774	1,38,337	3,133	1,41,470	**3,31,244**
February 2000	1,93,746	3,026	1,169	6,524	1,91,417	1,41,931	2,661	1,44,592	**3,36,009**
March 10, 2000	1,97,844	3,026	1,169	6,435	1,95,604	1,43,028	2,482	1,45,510	**3,41,114**
March 24, 2000	1,96,157	3,026	1,169	7,358	1,92,994	1,47,352	3,141	1,50,493	**3,43,487**

No. 10 : MONEY STOCK MEASURES *(Concld.)*

(Rs. crore)

March 31/ Reporting Fridays of the month/ Last reporting Friday of the Month	Post Office savings bank deposits	**M_2 (10+11)**	Time deposits with banks (4)	**M_3 (10+13)**	Total post office deposits	**M_4 (14+15)**
1	11	**12**	13	**14**	15	**16**
1990-91	4,205	**97,097**	1,72,936	**2,65,828**	14,681	**2,80,509**
1997-98	5,041	**2,72,885**	5,53,488	**8,21,332**	25,969	**8,47,301**
1998-99	5,041	**3,13,842**	6,69,832	**9,78,633**	25,969	**10,04,602**
1999-2000	5,041	**3,44,818**	7,71,930	**11,11,707**	25,969	**11,37,676**
March 12, 1999	5,041	**3,00,894**	6,59,821	**9,55,674**	25,969	**9,81,643**
March 26, 1999	5,041	**3,14,783**	6,68,904	**9,78,646**	25,969	**10,04,615**
November 1999	5,041	**3,27,121**	7,43,799	**10,65,879**	25,969	**10,91,848**
December 1999	5,041	**3,34,447**	7,59,290	**10,88,696**	25,969	**11,14,665**
January 2000	5,041	**3,36,285**	7,57,760	**10,89,004**	25,969	**11,14,973**
February 2000	5,041	**3,41,050**	7,69,144	**11,05,153**	25,969	**11,31,122**
March 10, 2000	5,041	**3,46,155**	7,67,840	**11,08,954**	25,969	**11,34,923**
March 24, 2000	5,041	**3,48,528**	7,71,930	**11,15,417**	25,969	**11,41,386**

No. 11 : SOURCES OF MONEY STOCK (M_3)

(Rs. crore)

Source	Outstanding as on March 31/reporting Fridays of the month/last reporting Friday of the month					
	1990-91	1997-98	1998-99	1999-2000	Mar. 12, 1999	Mar. 26, 1999
1	2	3	4	5	6	7
1. Net Bank Credit to Government (A+B) *	**1,40,193**	**3,30,597**	**3,86,835**	**4,42,136**	**3,88,388**	**3,84,322**
A. RBI's net credit to Government (i-ii) *	88,848	1,35,160	1,52,539	1,49,029	1,56,055	1,49,952
(i) Claims on Government (a+b)	90,534	1,37,839	1,55,466	1,49,570	1,56,117	1,50,020
(a) Central Government (1)	88,444	1,36,296	1,48,343	1,42,052	1,53,270	1,48,527
(b) State Governments	2,090	1,543	7,123	7,518	2,847	1,493
(ii) Government deposits with RBI (a+b)	1,686	2,679	2,927	541	62	68
(a) Central Government	1,686	2,679	2,927	500	50	51
(b) State Governments	—	—	—	41	12	17
B. Other Banks' Credit to Government	51,345	1,95,437	2,34,296	2,93,107	2,32,333	2,34,370
2. Bank Credit to Commercial Sector(A+B)	**1,71,769**	**4,33,310**	**4,94,795**	**5,75,921**	**4,75,593**	**4,90,437**
A. RBI's credit to commercial sector (2)	6,342	8,186	12,226	15,270	8,753	8,485
B. Other banks' credit to commercial sector (i+ii+iii)	1,65,427	4,25,124	4,82,569	5,60,651	4,66,840	4,81,952
(i) Bank credit by commercial banks	1,16,350	3,24,079	3,68,837	4,34,182	3,55,240	3,68,837
(ii) Bank credit by co-operative banks	22,927	66,293	78,876	91,097	76,205	78,308
(iii) Investments by commercial and co-operative banks in other securities	26,150	34,752	34,856	35,372	35,395	34,807

* : Government Balances as on March 31, 2000 are before closure of accounts.

No. 11 : SOURCES OF MONEY STOCK (M_3) *(Contd.)*

(Rs. crore)

Source	Outstanding as on March 31/reporting Fridays of the month/last reporting Friday of the month					
	Nov. 1999	Dec. 1999	Jan. 2000	Feb. 2000	Mar. 10, 2000	Mar. 24, 2000
1	8	9	10	11	12	13
1. Net Bank Credit to Government (A+B)	**4,34,248**	**4,41,233**	**4,36,849**	**4,37,796**	**4,44,989**	**4,36,941**
A. RBI's net credit to Government (i-ii)	1,56,970	1,57,207	1,51,435	1,48,242	1,53,998	1,43,834
(i) Claims on Government (a+b)	1,57,111	1,57,348	1,51,576	1,48,384	1,54,139	1,43,976
(a) Central Government (1)	1,53,451	1,53,089	1,48,733	1,44,431	1,48,795	1,41,583
(b) State Governments	3,660	4,259	2,843	3,953	5,344	2,393
(ii) Government deposits with RBI (a+b)	141	141	141	142	141	142
(a) Central Government	100	100	100	101	100	101
(b) State Governments	41	41	41	41	41	41
B. Other Banks' Credit to Government	2,77,278	2,84,026	2,85,414	2,89,554	2,90,991	2,93,107
2. Bank Credit to Commercial Sector(A+B)	**5,21,729**	**5,40,309**	**5,46,676**	**5,61,129**	**5,57,669**	**5,70,409**
A. RBI's credit to commercial sector (2)	10,087	9,033	9,806	13,287	8,493	9,758
B. Other banks' credit to commercial sector (i+ii+iii)	5,11,642	5,31,276	5,36,870	5,47,842	5,49,176	5,60,651
(i) Bank credit by commercial banks	3,94,048	4,10,463	4,14,553	4,23,937	4,25,392	4,34,182
(ii) Bank credit by co-operative banks	81,916	85,438	87,003	88,156	88,036	91,097
(iii) Investments by commercial and co-operative banks in other securities	35,678	35,375	35,314	35,749	35,748	35,372

No. 11 : SOURCES OF MONEY STOCK (M_3) *(Contd.)*

(Rs. crore)

Source	Outstanding as on March 31/reporting Fridays of the month/last reporting Friday of the month					
	1990-91	1997-98	1998-99	1999-2000	Mar. 12, 1999	Mar. 26, 1999
1	2	3	4	5	6	7
3. Net Foreign Exchange Assets of Banking Sector (A+B)	**10,581**	**1,38,095**	**1,76,778**	**1,94,433**	**1,70,532**	**1,72,547**
A. RBI's net foreign exchange assets (i-ii)(3)	7,983	1,15,891	1,37,954	1,65,880	1,31,121	1,33,723
(i) Gross foreign assets	11,217	1,15,901	1,37,971	1,65,897	1,31,138	1,33,740
(ii) Foreign liabilities	3,234	10	17	17	17	17
B. Other banks' net foreign exchange assets	2,598	22,204	38,824	28,553	39,411	38,824
4. Government's Currency Liabilities to the Public	**1,621**	**3,352**	**3,846**	**4,194**	**3,795**	**3,846**
5. Banking Sector's net Non-monetary Liabilities Other than Time Deposits (A+B)	**58,336**	**84,022**	**83,621**	**1,04,977**	**82,634**	**72,506**
A. Net non-monetary liabilities of RBI(3)	27,022	43,282	60,481	70,916	60,159	59,824
B. Net non-monetary liabilities of other banks (residual)	31,314	40,740	23,140	34,061	22,475	12,682
M_3 (1 + 2 + 3 + 4 - 5)	**2,65,828**	**8,21,332**	**9,78,633**	**11,11,707**	**9,55,674**	**9,78,646**

No. 11 : SOURCES OF MONEY STOCK (M_3) *(Concld.)*

(Rs. crore)

Source	Outstanding as on March 31/reporting Fridays of the month/last reporting Friday of the month					
	Nov. 1999	Dec. 1999	Jan. 2000	Feb. 2000	Mar. 10, 2000	Mar. 24, 2000
1	8	9	10	11	12	13
3. Net Foreign Exchange Assets of Banking Sector (A+B)	**1,75,143**	**1,80,461**	**1,80,561**	**1,83,826**	**1,87,772**	**1,92,164**
A. RBI's net foreign exchange assets (i-ii)(3)	1,47,615	1,51,908	1,52,008	1,55,273	1,59,219	1,63,611
(i) Gross foreign assets	1,47,632	1,51,925	1,52,025	1,55,290	1,59,236	1,63,628
(ii) Foreign liabilities	17	17	17	17	17	17
B. Other banks' net foreign exchange assets	27,528	28,553	28,553	28,553	28,553	28,553
4. Government's Currency Liabilities to the Public	**4,188**	**4,194**	**4,194**	**4,194**	**4,194**	**4,194**
5. Banking Sector's net Non-monetary Liabilities Other than Time Deposits (A+B)	**69,429**	**77,501**	**79,276**	**81,792**	**85,670**	**88,291**
A. Net non-monetary liabilities of RBI(3)	66,557	66,905	68,201	69,780	70,612	71,714
B. Net non-monetary liabilities of other banks (residual)	2,872	10,596	11,075	12,012	15,058	16,577
M_3 (1 + 2 + 3 + 4 - 5)	**10,65,879**	**10,88,696**	**10,89,004**	**11,05,153**	**11,08,954**	**11,15,417**

No. 11A : COMMERCIAL BANK SURVEY

(Rs. crore)

Item	Outstanding as on								
	Mar. 26, 1999	Apr. 23, 1999	May 21, 1999	Jun. 18, 1999	Jul. 30, 1999	Aug. 27, 1999	Sep. 10, 1999	Sep. 24, 1999	Oct. 8, 1999
1	2	3	4	5	6	7	8	9	10
Components									
C.I Aggregate Deposits of Residents (C.I.1+C.I.2)	**6,62,859**	**6,66,272**	**6,67,936**	**6,74,007**	**6,87,888**	**6,97,892**	**6,96,711**	**7,08,470**	**7,11,714**
C.I.1 Demand Deposits	1,17,423	1,09,836	1,07,676	1,06,495	1,09,052	1,08,697	1,06,629	1,11,076	1,12,937
C.I.2 Time Deposits of Residents (C.I.2.1+C.I.2.2)	5,45,436	5,56,436	5,60,260	5,67,512	5,78,836	5,89,195	5,90,082	5,97,394	5,98,777
C.I.2.1 Short-term Time Deposits	2,45,446	2,50,396	2,52,117	2,55,380	2,60,476	2,65,138	2,65,537	2,68,827	2,69,450
C.I.2.1.1 Certificates of Deposits (CDs)	5,255	3,006	2,787	2,442	2,221	2,075	2,070	2,090	1,926
C.I.2.2 Long-term Time Deposits	2,99,990	3,06,040	3,08,143	3,12,132	3,18,360	3,24,057	3,24,545	3,28,567	3,29,327
C.II Call/Term Funding from Financial Institutions	**1,140**	**2,017**	**2,819**	**1,387**	**1,267**	**1,962**	**2,170**	**1,974**	**2,005**
Sources									
S.I Domestic Credit (S.I.1+S.I.2)	**6,95,189**	**7,04,520**	**7,15,453**	**7,22,764**	**7,36,634**	**7,49,082**	**7,47,472**	**7,56,442**	**7,66,921**
S.I.1 Credit to the Government	2,23,217	2,32,853	2,38,241	2,43,686	2,49,742	2,55,789	2,56,693	2,58,367	2,59,866
S.I.2 Credit to the Commercial Sector (S.I.2.1+S.I.2.2+S.I.2.3+S.I.2.4)	4,71,972	4,71,667	4,77,212	4,79,078	4,86,892	4,93,293	4,90,779	4,98,075	5,07,055
S.I.2.1 Bank Credit	3,68,837	3,67,733	3,67,186	3,66,120	3,72,028	3,74,582	3,74,746	3,78,394	3,88,075
S.I.2.2 Net Credit to Primary Dealers	754	304	476	949	544	3,351	974	3,814	2,303
S.I.2.3 Investments in Other Approved Securities	31,377	31,519	31,555	31,886	31,555	31,484	31,412	31,229	31,227
S.I.2.4 Other Investments (in non-SLR Securities)	71,004	72,111	77,995	80,123	82,765	83,876	83,647	84,638	85,450
S.II Net Foreign Currency Assets of Commercial Banks (S.II.1-S.II.2-S.II.3)	**– 13,143**	**– 16,560**	**– 14,208**	**– 17,199**	**– 15,755**	**– 14,906**	**– 14,932**	**– 13,382**	**– 14,042**
S.II.1 Foreign Currency Assets	39,514	36,413	38,403	36,487	38,636	39,647	39,849	41,457	43,409
S.II.2 Non-resident Foreign Currency Repatriable Fixed Deposits	51,167	51,423	51,133	52,197	52,690	53,000	53,133	53,208	55,798
S.II.3 Overseas Foreign Currency Borrowings	1,490	1,550	1,478	1,489	1,701	1,553	1,648	1,631	1,653
S.III Net Bank Reserves (S.III.1+S.III.2-S.III.3)	**65,016**	**68,577**	**64,747**	**60,988**	**67,649**	**65,895**	**69,329**	**65,396**	**67,294**
S.III.1 Balances with the RBI	63,548	69,678	65,248	60,653	66,074	64,482	71,219	65,365	70,232
S.III.2 Cash in Hand	4,362	4,120	4,459	4,198	4,336	4,184	4,157	4,235	4,635
S.III.3 Loans and Advances from the RBI	2,894	5,221	4,960	3,863	2,761	2,771	6,047	4,204	7,573
S.IV Capital Account	**53,892**	**53,681**	**52,679**	**53,970**	**54,499**	**55,090**	**55,163**	**55,303**	**55,087**
S.V. Other items (net) (S.I+S.II+S.III-S.IV-C.I-C.II)	**29,171**	**34,567**	**42,558**	**37,189**	**44,874**	**45,127**	**47,825**	**42,709**	**51,367**
S.V.1 Net Inter-Bank Liabilities (other than to PDs)	11,171	11,924	12,053	11,435	14,569	11,238	13,450	12,974	14,908

Note : Data are provisional.

No. 11B : MONETARY SURVEY

(Rs. crore)

Item	Outstanding as on								
	Mar. 31, 1999	Apr. 23, 1999	May 21, 1999	Jun. 18, 1999	Jul. 30, 1999	Aug. 27, 1999	Sep. 10, 1999	Sep. 24, 1999	Oct. 8, 1999
1	2	3	4	5	6	7	8	9	10
Monetary Aggregates									
M_1 (C.I+C.II.1+C.III)	3,09,328	3,11,004	3,14,444	3,16,372	3,10,026	3,09,702	3,11,364	3,11,943	3,16,356
NM_2 (M_1+C.II.2.1)	5,80,851	5,93,660	5,99,407	6,05,440	6,04,738	6,09,838	6,11,991	6,15,918	6,21,022
NM_3 (NM_2+C.II.2.2+C.IV = S.I+S.II+S.III-S.IV-S.V)	**9,25,530**	**9,41,145**	**9,50,515**	**9,60,133**	**9,66,210**	**9,78,633**	**9,81,594**	**9,89,417**	**9,95,396**
Components									
C.I Currency with the Public	**1,69,203**	**1,78,964**	**1,84,615**	**1,84,983**	**1,76,486**	**1,76,585**	**1,80,348**	**1,76,163**	**1,79,668**
C.II Aggregate Deposits of Residents (C.II.1+C.II.2)	**7,51,366**	**7,56,988**	**7,60,092**	**7,68,856**	**7,83,830**	**7,95,766**	**7,94,796**	**8,06,740**	**8,10,209**
C.II.1 Demand Deposits	1,36,304	1,28,864	1,26,840	1,26,482	1,28,912	1,28,797	1,26,736	1,31,240	1,33,174
C.II.2 Time Deposits of Residents (C.II.2.1+C.II.2.2)	6,15,062	6,28,124	6,33,252	6,42,374	6,54,918	6,66,969	6,68,060	6,75,500	6,77,035
C.II.2.1 Short-term Time Deposits	2,71,523	2,82,656	2,84,963	2,89,068	2,94,713	3,00,136	3,00,627	3,03,975	3,04,666
C.II.2.1.1 Certificates of Deposits (CDs)	5,255	3,006	2,787	2,442	2,221	2,075	2,070	2,090	1,926
C.II.2.2 Long-term Time Deposits	3,43,539	3,45,468	3,48,289	3,53,306	3,60,205	3,66,833	3,67,433	3,71,525	3,72,369
C.III 'Other' Deposits with RBI	**3,821**	**3,176**	**2,989**	**4,907**	**4,627**	**4,320**	**4,280**	**4,540**	**3,514**
C.IV Call/Term Funding from Financial Institutions	**1,140**	**2,017**	**2,819**	**1,387**	**1,267**	**1,962**	**2,170**	**1,974**	**2,005**
Sources									
S.I Domestic Credit (S.I.1+S.I.2)	**9,74,742**	**9,96,294**	**9,97,716**	**10,07,656**	**10,20,291**	**10,32,202**	**10,36,981**	**10,41,567**	**10,58,069**
S.I.1 Net Bank Credit to the Government (S.I.1.1+S.I.1.2)	3,88,404	4,03,339	4,06,868	4,13,881	4,19,769	4,20,996	4,27,407	4,24,173	4,28,205
S.I.1.1 Net RBI credit to the Government	1,52,539	1,55,963	1,55,178	1,55,968	1,56,263	1,50,668	1,55,823	1,50,977	1,53,166
S.I.1.2 Credit to the Government by the Banking System	2,35,865	2,47,376	2,51,690	2,57,913	2,63,506	2,70,328	2,71,584	2,73,196	2,75,039
S.I.2 Bank Credit to the Commercial Sector (S.I.2.1+S.I.2.2)	5,86,338	5,92,955	5,90,848	5,93,775	6,00,522	6,11,206	6,09,574	6,17,394	6,29,864
S.I.2.1 RBI Credit to the Commercial Sector	17,875	15,354	14,633	13,760	14,009	14,479	17,400	15,031	19,603
S.I.2.2 Credit to the Commercial Sector by the Banking System	5,68,463	5,77,601	5,76,215	5,80,015	5,86,513	5,96,727	5,92,174	6,02,363	6,10,261
S.I.2.2.1 Other Investments (Non-SLR Securities)	79,783	80,908	87,030	88,992	91,852	93,163	92,934	93,925	94,737
S.II Government's Currency Liabilities to the Public	**3,846**	**3,867**	**3,925**	**4,020**	**4,079**	**4,079**	**4,079**	**4,079**	**4,079**
S.III Net Foreign Exchange Assets of the Banking Sector (S.III.1+S.III.2)	**1,24,811**	**1,22,597**	**1,28,765**	**1,26,338**	**1,29,120**	**1,28,671**	**1,28,620**	**1,30,116**	**1,28,451**
S.III.1 Net Foreign Exchange Assets of the RBI	1,37,954	1,39,157	1,42,973	1,43,537	1,44,875	1,43,577	1,43,552	1,43,498	1,42,493
S.III.2 Net Foreign Currency Assets of the Banking System	– 13,143	– 16,560	– 14,208	– 17,199	– 1,57,55	– 14,906	– 14,932	– 13,382	– 14,042
S.IV Capital Account	**1,20,620**	**1,20,959**	**1,20,129**	**1,22,101**	**1,32,622**	**1,32,721**	**1,33,056**	**1,33,856**	**1,34,145**
S.V Other items (net)	**57,249**	**60,654**	**59,762**	**55,780**	**54,657**	**53,598**	**55,030**	**52,489**	**61,058**

Note : 1. Data are provisional.

2. Monetary aggregates as at end-March incorporate data on i) scheduled commercial banks as on the last reporting Friday and ii) the Reserve Bank of India pertaining to the last working day of the fiscal year.

No.11C : RESERVE BANK OF INDIA SURVEY

(Rs. crore)

Item	Outstanding as on								
	Mar. 31, 1999	Apr. 23, 1999	May 21, 1999	Jun. 18, 1999	Jul. 30, 1999	Aug. 27, 1999	Sep. 10, 1999	Sep. 24, 1999	Oct. 8, 1999
1	2	3	4	5	6	7	8	9	10
Components									
C.I Currency in Circulation	1,75,846	1,85,349	1,91,360	1,91,620	1,83,337	1,83,202	1,86,926	1,82,863	1,86,698
C.II Bankers' Deposits with the RBI	79,703	71,371	67,119	62,650	68,053	66,538	73,495	67,498	72,448
C.II.1 Scheduled Commercial Banks	77,706	69,678	65,248	60,653	66,074	64,482	71,219	65,365	70,232
C.III 'Other' Deposits with the RBI	3,821	3,176	2,989	4,907	4,627	4,320	4,280	4,540	3,514
C.IV Reserve Money (C.I+C.II+C.III = S.I + S.II + S.III - S.IV - S.V)	**2,59,371**	**2,59,896**	**2,61,468**	**2,59,177**	**2,56,017**	**2,54,060**	**2,64,701**	**2,54,901**	**2,62,660**
Sources									
S.I RBI's Domestic Credit (S.I.1+S.I.2+S.I.3)	**1,78,027**	**1,77,856**	**1,76,071**	**1,74,886**	**1,74,338**	**1,69,252**	**1,80,670**	**1,71,600**	**1,81,748**
S.I.1 Net RBI credit to the Government (S.I.1.1+S.I.1.2)	1,52,539	1,55,963	1,55,178	1,55,968	1,56,263	1,50,668	1,55,823	1,50,977	1,53,166
S.I.1.1 Net RBI credit to the Central Government (S.I.1.1.1+S.I.1.1.2+S.I.1.1.3+S.I.1.1.4-S.I.1.1.5)	1,45,416	1,55,031	1,53,262	1,53,621	1,54,329	1,48,563	1,54,564	1,48,926	1,50,351
S.I.1.1.1 Loans and Advances to the Central Government	3,042	4,505	3,525	5,233	3,015	2,440	7,266	2,234	4,890
S.I.1.1.2 Investments in Treasury Bills	763	596	800	975	1516	745	1,302	1,685	2,115
S.I.1.1.3 Investments in Dated Government Securities	1,44,473	1,49,903	1,48,962	1,47,388	1,49,844	1,45,369	1,46,008	1,45,037	1,43,395
S.I.1.1.3.1 Central Government Securities	41,591	47,020	46,080	44,505	46,977	42,504	43,144	42,173	40,531
S.I.1.1.4 Rupee Coins	65	128	76	126	55	109	89	70	52
S.I.1.1.5 Deposits of the Central Government	2,927	101	101	101	101	100	101	100	101
S.I.1.2 Net RBI credit to State Governments	7,123	932	1,916	2,347	1,934	2,105	1,259	2,051	2,815
S.I.2 RBI's Claims on Banks	7,613	6,539	6,260	5,158	4,066	4,105	7,447	5,592	8,979
S.I.2.1 Loans and Advances to Scheduled Commercial Banks	6,257	5,221	4,960	3,863	2,761	2,771	6,047	4,204	7,573
S.I.3 RBI's Credit to Commercial Sector	17,875	15,354	14,633	13,760	14,009	14,479	17,400	15,031	19,603
S.I.3.1 Loans and Advances to Primary Dealers	3,767	1,815	1,751	856	723	1,086	4,176	1,569	6,049
S.I.3.2 Loans and Advances to NABARD	5,649	5,085	4,433	4,428	4,778	4,885	5,034	5,253	5,352
S.II Government's Currency Liabilities to the Public	**3,846**	**3,867**	**3,925**	**4,020**	**4,079**	**4,079**	**4,079**	**4,079**	**4,079**
S.III Net Foreign Exchange Assets of the RBI	**1,37,954**	**1,39,157**	**1,42,973**	**1,43,537**	**1,44,875**	**1,43,577**	**1,43,552**	**1,43,498**	**1,42,493**
S.III.1 Gold	12,559	12,559	12,500	12,251	11,732	11,491	11,563	11,563	11,850
S.III.2 Foreign Currency Assets	1,25,412	1,26,615	1,30,490	1,31,303	1,33,160	1,32,104	1,32,006	1,31,952	1,30,661
S.IV Capital Account	**52,961**	**53,168**	**52,719**	**53,267**	**64,646**	**64,154**	**64,416**	**65,076**	**65,581**
S.V Other Items (net)	**7,494**	**7,815**	**8,783**	**10,000**	**2,629**	**– 1,306**	**– 816**	**– 800**	**79**

Note : Data are provisional.

No. 12 : RESERVE MONEY AND ITS COMPONENTS

(Rs. crore)

Outstanding as on March 31/ each Friday/last reporting Friday of the month	Currency in circulation		'Other' deposits with RBI	Bankers' deposits with RBI	**Reserve Money (2 + 4 + 5)**
	Total	o / w cash with banks			
1	2	3	4	5	**6**
1990-91	55,282	2,234	674	31,823	**87,779**
1997-98	1,51,055	5,051	3,541	71,806	**2,26,402**
1998-99	1,75,846	6,876	3,796	79,703	**2,59,345**
1999-2000	1,96,677	7,358	3,105	80,460	**2,80,242**
March 5, 1999	1,77,507	—	2,880	72,190	**2,52,577**
March 12, 1999	1,78,845	5,503	2,784	70,380	**2,52,009**
March 19, 1999	1,77,828	—	3,214	75,242	**2,56,284**
March 26, 1999	1,76,387	6,034	4,127	65,358	**2,45,872**
April 2, 1999	1,75,775	—	3,834	78,642	**2,58,251**
November 1999	1,96,636	6,183	3,284	62,954	**2,62,874**
December 1999	2,00,141	7,027	3,272	61,278	**2,64,691**
January 2000	1,96,526	6,752	3,133	61,132	**2,60,791**
February 2000	1,97,941	6,524	2,660	65,502	**2,66,103**
March 3, 2000	1,99,852	—	2,570	70,546	**2,72,968**
March 10, 2000	2,02,039	6,435	2,482	63,043	**2,67,564**
March 17, 2000	2,01,789	—	2,757	72,602	**2,77,148**
March 24, 2000	2,00,351	7,358	3,141	59,721	**2,63,213**
March 31, 2000	1,96,677	7,358	3,105	80,460	**2,80,242**

No. 13 : SOURCES OF RESERVE MONEY

(Rs. crore)

Outstanding as on March 31/each Friday/ last reporting Friday of the month	Reserve Bank's claims on				Net foreign exchange assets of RBI (3)	Govern-ment's currency liabili-ties to the public	Net non-monetary liabilities of RBI (3)	**Reserve Money (2+3+4 +5+6 +7–8)**
	Govern-ment (net)(1)	Commer-cial & co-operative banks	National Bank for Agricul-ture and Rural Development	Commer-cial sector(2)				
1	2	3	4	5	6	7	8	**9**
1990-91	88,848	6,895	3,112	6,342	7,983	1,621	27,022	**87,779**
1997-98	1,35,160	2,080	5,016	8,186	1,15,890	3,352	43,282	**2,26,402**
1998-99	1,52,539	7,613	5,648	12,226	1,37,954	3,846	60,481	**2,59,345**
1999-2000	1,49,029	10,901	5,884	15,270	1,65,880	4,194	70,916	**2,80,242**
March 5, 1999	1,57,488	8,155	5,328	11,532	1,31,117	3,795	64,838	**2,52,577**
March 12, 1999	1,56,055	6,977	5,467	8,753	1,31,121	3,795	60,159	**2,52,009**
March 19, 1999	1,53,072	9,518	5,562	12,136	1,32,392	3,795	60,191	**2,56,284**
March 26, 1999	1,49,952	4,130	5,560	8,485	1,33,723	3,846	59,824	**2,45,872**
April 2, 1999	1,53,244	7,499	5,700	10,494	1,37,994	3,846	60,526	**2,58,251**
November 1999	1,56,970	5,227	5,345	10,087	1,47,614	4,188	66,557	**2,62,874**
December 1999	1,57,206	3,904	5,352	9,033	1,51,907	4,194	66,905	**2,64,691**
January 2000	1,51,435	5,830	5,718	9,806	1,52,008	4,194	68,200	**2,60,791**
February 2000	1,48,242	8,845	6,042	13,287	1,55,273	4,194	69,780	**2,66,103**
March 3, 2000	1,49,357	12,379	5,962	14,370	1,56,889	4,194	70,183	**2,72,968**
March 10, 2000	1,53,998	6,318	5,953	8,494	1,59,219	4,194	70,612	**2,67,564**
March 17, 2000	1,53,340	11,421	5,944	12,721	1,60,799	4,194	71,271	**2,77,148**
March 24, 2000	1,43,834	7,746	5,784	9,758	1,63,611	4,194	71,714	**2,63,213**
March 31, 2000	1,49,029	10,901	5,884	15,270	1,65,880	4,194	70,916	**2,80,242**

No. 14 : DAILY CALL MONEY RATES $

(per cent per annum)

As on	Range of Rates		Weighted Average Rate	
	Borrowings	Lendings	Borrowings	Lendings
Mar. 1, 2000	8.00 - 9.90	8.80 - 10.10	9.27	9.39
Mar. 2, 2000	7.90 - 10.40	9.40 - 10.60	9.81	9.95
Mar. 3, 2000	4.50 - 11.30	4.50 - 14.00	10.52	10.49
Mar. 6, 2000	8.00 - 11.50	9.90 - 11.50	10.67	10.87
Mar. 7, 2000	8.00 - 10.80	8.60 - 11.30	10.05	10.18
Mar. 8, 2000	8.00 - 10.30	9.00 - 10.30	9.65	9.85
Mar. 9, 2000	7.80 - 9.40	8.00 - 9.70	8.62	8.79
Mar. 10, 2000	4.50 - 9.80	5.00 - 9.80	7.19	7.63
Mar. 11, 2000	7.50 - 9.50	8.00 - 9.30	8.60	8.78
Mar. 13, 2000	8.00 - 9.00	8.30 - 9.00	8.59	8.71
Mar. 14, 2000	7.80 - 8.80	8.00 - 9.60	8.39	8.51
Mar. 15, 2000	7.50 - 8.90	7.90 - 8.90	8.37	8.48
Mar. 16, 2000	8.00 - 9.00	8.30 - 8.90	8.44	8.55
Mar. 18, 2000	8.00 - 8.80	8.20 - 11.30	8.50	9.10
Mar. 21, 2000	7.30 - 11.20	8.40 - 10.10	8.94	9.06
Mar. 22, 2000	8.00 - 10.70	8.50 - 11.00	9.64	9.67
Mar. 23, 2000	8.00 - 11.00	8.90 - 11.30	10.19	10.35
Mar. 24, 2000	5.70 - 9.50	6.40 - 9.60	7.81	8.25
Mar. 25, 2000	7.90 - 12.00	8.10 - 11.00	9.35	9.56
Mar. 27, 2000	8.00 - 10.50	8.00 - 13.00	9.91	10.48
Mar. 28, 2000	8.00 - 11.30	9.80 - 11.60	10.34	10.54
Mar. 29, 2000	8.00 - 13.50	9.50 - 11.10	9.82	10.08
Mar. 30, 2000	6.00 - 13.30	7.90 - 13.90	9.84	10.65
Mar. 31, 2000	8.00 - 25.00	10.00 - 25.00	14.21	16.52
Apr. 1, 2000	7.80 - 15.00	7.50 - 15.00	9.94	8.62
Apr. 3, 2000	6.00 - 9.10	6.50 - 9.10	7.81	8.06
Apr. 4, 2000	5.00 - 8.00	4.50 - 8.00	6.48	6.83
Apr. 6, 2000	4.00 - 8.80	5.00 - 8.10	5.33	5.50
Apr. 7, 2000	0.20 - 7.00	0.20 - 5.50	3.15	3.50
Apr. 8, 2000	2.50 - 8.00	5.00 - 8.30	6.43	6.76
Apr. 10, 2000	6.00 - 7.50	6.80 - 7.80	7.04	7.05
Apr. 11, 2000	4.00 - 7.30	5.00 - 8.70	5.83	6.12
Apr. 13, 2000	5.40 - 7.50	6.30 - 7.90	6.93	7.12

$: Data covers 75–80 per cent of total transactions reported by major participants.

No. 15 : AVERAGE DAILY TURNOVER IN CALL MONEY MARKET

(Rs. crore)

Fortnight ended	Average Daily Call Money Turnover					
	Banks		Primary Dealers		Non-Bank Institutions	Total
	Borrowings	Lendings	Borrowings	Lendings	Lendings	
1	2	3	4	5	6	7
Jan. 1, 1999	8,313	6,121	3,863	1,213	4,658	24,168
Jan. 15, 1999	10,609	5,757	3,730	1,703	5,653	27,452
Jan. 29, 1999	10,206	7,077	5,884	1,894	5,259	30,320
Feb. 12, 1999	10,696	7,191	5,546	1,634	5,750	30,817
Feb. 26, 1999	10,006	6,698	4,666	1,603	5,662	28,635
Mar. 12, 1999	11,351	7,047	3,705	1,679	5,950	29,732
Mar. 26, 1999	12,056	7,717	4,544	2,211	6,481	33,009
Apr. 9, 1999	12,143	9,691	4,598	1,608	4,210	32,314
Apr. 23, 1999	11,612	9,659	4,802	1,677	3,949	31,699
May 7, 1999	11,437	9,221	4,020	1,990	3,635	30,303
May 21, 1999	10,650	8,096	4,327	1,848	4,994	29,915
Jun. 4, 1999	10,834	8,146	5,297	1,972	5,893	32,142
Jun. 18, 1999	9,852	6,768	5,178	1,910	5,737	29,445
Jul. 2, 1999	9,788	6,840	5,752	1,919	6,269	30,568
Jul. 16, 1999	10,333	7,949	5,381	1,788	5,666	31,117
Jul. 30, 1999	11,371	8,793	6,494	2,078	5,658	34,394
Aug. 13, 1999	11,823	10,376	6,031	1,791	4,190	34,211
Aug. 27, 1999	11,035	10,073	4,937	1,732	3,809	31,586
Sep. 10, 1999	11,395	8,077	4,684	1,475	4,501	30,132
Sep. 24, 1999	12,437	8,720	4,108	1,813	4,308	31,386
Oct. 8, 1999	12,408	9,865	4,555	1,931	4,583	33,342
Oct. 22, 1999	13,494	8,269	3,832	1,944	5,860	33,399
Nov. 5, 1999	12,817	8,493	5,133	1,795	4,627	32,865
Nov. 19, 1999	12,152	10,953	6,358	1,776	5,138	36,377
Dec. 3, 1999 *	11,783	11,966	7,825	2,028	4,365	37,967
Dec. 17, 1999 *	9,140	11,539	10,039	1,816	5,737	38,271
Dec. 31, 1999 *	10,532	9,338	9,169	2,353	6,090	37,482
Jan. 14, 2000 *	9,613	9,954	9,013	2,029	6,247	36,856
Jan. 28, 2000 *	9,353	10,668	7,945	2,005	5,968	35,939
Feb. 11, 2000 *	14,186	10,858	6,975	2,114	6,577	40,710
Feb. 25, 2000 *	13,057	10,325	5,394	1,652	5,804	36,232

* : Based on data received from 101 banks, 14 Primary Dealers and 52 non-bank institutions.

Note : Data are provisional.

No. 16 : ISSUE OF CERTIFICATES OF DEPOSIT BY SCHEDULED COMMERCIAL BANKS

(Rs. crore)

Fortnight ended		Total Outstanding	Rate of Interest (per cent) @	Fortnight ended		Total Outstanding	Rate of Interest (per cent) @	Fortnight ended		Total Outstanding	Rate of Interest (per cent) @
1		2	3	4		5	6	7		8	9
1997 - 98				**1998 - 99**				**1999-2000**			
Apr.	11	12,399	7.00-15.00	Apr.	10	14,584	8.25-24.00	Apr.	9	3,494	7.00-12.50
	25	11,964	8.50-14.25		24	13,888	8.00-26.00		23	3,421	7.00-11.75
May	9	11,054	8.50-14.25	May	8	11,351	7.50-16.50	May	7	3,364	8.00-13.00
	23	11,037	7.75-14.25		22	10,920	6.00-16.50		21	2,744	8.00-12.00
Jun.	6	9,177	8.00-14.25	Jun.	5	10,945	6.00-13.25	Jun.	4	2,346	8.50-13.07
	20	10,103	8.50-14.25		19	9,754	6.50-13.65		18	2,268	7.50-11.00
Jul.	4	9,219	8.00-14.25	Jul.	3	7,886	6.00-12.75	Jul.	2	2,111	6.25-11.50
	18	8,850	7.50-13.70		17	7,287	8.00-12.50		16	2,217	6.25-10.90
Aug.	1	8,672	7.50-12.00		31	7,147	8.00-12.82		30	2,091	7.50-11.00
	15	8,869	7.25-12.50	Aug.	14	6,722	8.00-12.50	Aug.	13	2,002	6.50-11.00
	29	8,491	7.00-14.00		28	6,545	6.75-15.00		27	1,921	8.00-11.50
Sep.	12	7,871	7.25-12.50	Sep.	11	5,772	7.75-13.50	Sep.	10	1,932	8.50-14.20
	26	7,795	7.00-12.50		25	5,686	8.25-12.60		24	1,933	6.25-11.75
Oct.	10	7,572	7.50-12.00	Oct.	9	6,132	7.75-13.50	Oct.	8	1,868	6.75-11.00
	24	7,442	7.75-12.50		23	6,214	8.25-13.00		22	1,754	6.75-13.40
Nov.	7	8,517	7.00-12.50	Nov.	6	5,858	8.25-13.63	Nov.	5	1,705	8.25-11.93
	21	6,884	6.25-11.25		20	5,881	8.00-15.55		19	1,453	7.50-11.25
Dec.	5	6,901	5.00-11.50	Dec.	4	4,517	6.75-12.50	Dec.	3	1,498	8.00-11.00
	19	6,607	6.50-11.50		18	4,186	8.25-15.50		17	1,467	8.50-11.00
Jan.	2	6,876	6.50-11.75	Jan.	1	3,667	8.00-17.35		31	1,418	8.50-11.00
	16	7,088	7.00-13.00		15	3,824	8.50-17.50	Jan.	14	1,401	8.50-11.00
	30	9,732	7.00-26.00		29	3,689	9.00-12.50		28	1,385	8.00-11.00
Feb.	13	9,921	6.50-37.00	Feb.	12	4,549	8.00-12.75	Feb.	11	1,374	8.00-11.00
	27	12,313	8.75-26.00		26	4,171	9.50-17.32		25	1,280	7.75-13.24
Mar.	13	13,414	8.25-26.00	Mar.	12	3,897	7.75-12.55				
	27	14,296	7.20-26.00		26	3,717	8.00-12.50				

@ : Effective interest rate range per annum.

No. 17 : ISSUE OF COMMERCIAL PAPER* BY COMPANIES

(Rs. crore)

Fortnight ended		Total Amount Outstanding	Rate of Interest (per cent) @	Fortnight ended		Total Amount Outstanding	Rate of Interest (per cent) @	Fortnight ended		Total Amount Outstanding	Rate of Interest (per cent) @
1		2	3		4	5	6		7	8	9
1997 - 98				**1998 - 99**				**1999 - 2000**			
Apr.	15	702.0	11.3 - 12.5	Apr.	15	1,030.00	11.75 - 18.00	Apr.	15	5,028.55	9.15 - 12.00
	30	770.0	10.0 - 13.0		30	1,941.30	9.25 - 15.50		30	5,833.05	9.10 - 12.75
May	15	977.0	7.7 - 12.3	May	15	3,269.80	8.50 - 13.75	May	15	6,589.84	9.33 - 12.50
	31	1,049.5	8.5 - 11.1		31	3,833.80	8.55 - 15.50		31	6,898.84	9.00 - 12.50
Jun.	15	1,269.5	8.0 - 13.8	Jun.	15	4,023.30	8.75 - 13.10	Jun.	15	7,363.34	9.10 - 12.50
	30	1,515.0	8.2 - 11.5		30	4,171.80	9.60 - 12.60		30	7,679.34	9.30 - 12.38
Jul.	15	1,923.0	8.0 - 12.5	Jul.	15	3,912.30	8.20 - 13.50	Jul.	15	6,311.34	9.30 - 12.00
	31	2,085.0	7.3 - 12.0		31	4,102.00	8.75 - 13.50		31	7,239.09	9.25 - 12.10
Aug.	15	2,305.0	7.8 - 14.2	Aug.	15	1,380.00	7.75 - 13.00	Aug.	15	7,418.54	9.05 - 12.25
	31	2,783.0	7.3 - 12.8		31	5,107.45	7.65 - 15.25		31	7,677.54	9.10 - 12.50
Sep.	15	3,159.0	8.0 - 11.5	Sep.	15	4,785.95	7.65 - 14.00	Sep.	15	7,292.54	9.61 - 12.70
	30	3,413.0	8.3 - 12.0		30	4,588.45	10.25 - 13.25		30	7,658.04	10.00 - 13.00
Oct.	15	3,377.0	8.5 - 11.0	Oct.	15	4,802.95	9.50 - 13.40	Oct.	15	6,688.84	9.91 - 11.75
	31	3,413.0	7.4 - 12.0		31	4,873.95	9.75 - 13.05		31	6,160.70	10.20 - 12.50
Nov.	15	3,459.2	7.7 - 11.0	Nov.	15	5,475.00	10.18 - 13.25	Nov.	15	6,153.20	9.40 - 12.50
	30	4,525.0	7.2 - 12.0		30	5,534.30	9.35 - 13.00		30	6,523.70	10.00 - 12.80
Dec.	15	4,904.0	7.3 - 11.0	Dec.	15	5,679.05	9.45 - 12.50	Dec.	15	7,564.70	10.00 - 12.40
	31	4,596.7	8.0 - 12.3		31	5,474.05	9.80 - 13.50		31	7,803.20	9.90 - 12.27
Jan.	15	5,249.3	8.1 - 11.8	Jan.	15	5,410.55	9.75 - 13.00	Jan.	15	7,747.00	9.05 - 11.65
	31	4,723.5	8.5 - 11.5		31	5,260.55	9.60 - 13.45		31	7,814.00	9.00 - 13.00
Feb.	15	4,124.3	9.3 - 12.2	Feb.	15	5,151.30	10.15 - 12.75	Feb.	15	7,693.20	9.25 - 12.05
	28	3,139.3	9.3 - 16.0		28	5,367.55	10.20 - 13.00		29	7,216.20	9.20 - 11.00
Mar.	15	2,386.8	13.2 - 16.8	Mar.	15	5,148.55	8.50 - 13.25	Mar.	15	6,436.20	9.85 - 12.25
	31	1,500.0	13.6 - 15.8		31	4,770.05	9.10 - 13.25		31	5,662.70	10.00 - 12.00

* : Issued at face value by companies.

@ : Typical effective discount rate range per annum on issues during the fortnight.

No. 18 : UNION GOVERNMENT ACCOUNTS AT A GLANCE

(April - February 2000)

(Rs. crore)

Item	Financial Year 1999-2000 B.E.	April - February 1999-2000 (Actuals)	April - February 1998-99 (Actuals)	Percentage to Budget Estimates: upto 2/2000 in Budget Estimates	Percentage to Budget Estimates: upto 2/1999 in Budget Estimates
1	2	3	4	5	6
1. Revenue Receipts	**1,82,840**	**1,43,314**	**1,20,024**	**78.4**	**74.1**
2. Tax Revenue (Net)	1,32,365	1,01,555	85,753	76.4	73.4
3. Non-Tax Revenue	50,475	42,159	34,271	83.5	75.9
4. Capital Receipts	**1,01,042**	**95,247**	**1,05,287**	**94.3**	**99.4**
5. Recovery of Loans	11,087	8,226	7,739	74.2	78.1
6. Other Receipts	10,000	1,580	3,641	15.8	72.8
7. Borrowings	79,955	85,441	93,907	106.9	103.2
8. Total Receipts (1+4)	**2,83,882**	**2,38,561**	**2,25,311**	**84.0**	**84.1**
9. Non-Plan Expenditure	**2,06,882**	**1,78,012**	**1,72,917**	**86.0**	**88.3**
10. On Revenue Account	1,90,331	1,66,808	1,40,205	87.6	84.3
Of which:					
11. Interest Payments	88,000	75,579	61,848	85.9	82.5
12. On Capital Account	16,551	11,204	32,712	67.7	110.4
13. Plan Expenditure	**77,000**	**60,549**	**52,394**	**78.6**	**72.8**
14. On Revenue Account	46,656	35,819	32,187	76.8	73.6
15. On Capital Account	30,344	24,730	20,207	81.5	71.6
16. Total Expenditure (9+13)	**2,83,882**	**2,38,561**	**2,25,311**	**84.0**	**84.1**
17. Revenue Expenditure (10+14)	2,36,987	2,02,627	1,72,392	85.5	82.1
18. Capital Expenditure (12+15)	46,895	35,934	52,919	76.6	91.5
19. Revenue Deficit (17-1)	**54,147**	**59,313**	**52,368**	**109.5**	**108.9**
20. Fiscal Deficit {16-(1+5+6)}	**79,955**	**85,441**	**93,907**	**106.9**	**103.2**
21. Gross Primary Deficit (20-11)	**-8,045**	**9,862**	**32,059**	**—**	**—**

B.E. : Budget Estimates.

Notes : 1. Financial year runs from “April to March”.
2. Actuals are unaudited figures.

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

No. 19 : GOVERNMENT OF INDIA : 91 – DAY TREASURY BILLS
(Outstanding at Face Value)

(Rs. crore)

March 31/ Last Friday/ Friday	Reserve Bank of India			Banks		State Governments		Others		Foreign Central Banks	
	Tap*		Auction	Tap*	Auction	Tap*	Auction	Tap*	Auction	Tap*	Auction
	Rediscounted	Ad hocs									
1	2	3	4	5	6	7	8	9	10	11	12
Mar. 31, 1997	9,544	34,130	1,468	—	2,365	6,539	1,262	604	605	—	—
Mar. 31, 1998	—	—	627	—	29	—	530	—	95	—	319
Mar. 31, 1999	—	—	224	—	827	—	—	—	249	—	200
Mar. 31, 2000	—	—	288	—	557	—	—	—	455	—	220
Mar. 1998	—	—	602	—	29	—	530	—	45	—	294
Apr. 1998	—	—	712	—	245	—	500	—	94	—	300
May 1998	—	—	429	—	450	—	1,625	—	296	—	300
Jun. 1998	—	—	270	—	530	—	1,825	—	475	—	305
Jul. 1998	—	—	190	—	702	—	1,525	—	660	—	345
Aug. 1998	—	—	761	—	901	—	1,750	—	789	—	325
Sep. 1998	—	—	2,100	—	1,055	—	1,750	—	597	—	360
Oct. 1998	—	—	1,855	—	2,299	—	1,000	—	745	—	360
Nov. 1998	—	—	4	—	4,072	—	1,300	—	524	—	330
Dec. 1998	—	—	80	—	3,804	—	1,100	—	615	—	280
Jan. 1999	—	—	208	—	2,475	—	1,100	—	417	—	275
Feb. 1999	—	—	250	—	1,917	—	—	—	375	—	208
Mar. 1999	—	—	228	—	827	—	—	—	246	—	225
Apr. 1999	—	—	129	—	724	—	—	—	347	—	165
May 1999	—	—	342	—	511	—	575	—	447	—	215
Jun. 1999	—	—	306	—	516	—	2,075	—	478	—	150
Jul. 1999	—	—	356	—	575	—	2,075	—	370	—	100
Aug. 1999	—	—	291	—	645	—	1,500	—	365	—	60
Sep. 1999	—	—	460	—	539	—	400	—	302	—	60
Oct. 1999	—	—	801	—	253	—	400	—	246	—	35
Nov. 1999	—	—	731	—	215	—	400	—	354	—	—
Dec. 1999	—	—	473	—	421	—	—	—	406	—	75
Jan. 2000	—	—	78	—	743	—	—	—	479	—	75
Feb. 2000	—	—	107	—	705	—	—	—	488	—	150
Week Ended											
Mar. 3, 2000	—	—	107	—	587	—	—	—	506	—	125
Mar. 10, 2000	—	—	175	—	592	—	—	—	533	—	150
Mar. 17, 2000	—	—	175	—	545	—	—	—	580	—	185
Mar. 24, 2000	—	—	201	—	633	—	—	—	466	—	195
Mar. 31, 2000	—	—	288	—	557	—	—	—	455	—	220

* : The rate of discount is 4.60 per cent per annum.

No. 20 : AUCTIONS OF 14-DAY GOVERNMENT OF INDIA TREASURY BILLS

(Rs. crore)

Date of Auction	Date of Issue	Notified Amount	Bids Received			Bids Accepted			Devolvement on		Total Issue (8+9+10+11)	Cut-off price (per cent)	Implicit Yield at Cut-off Price (per cent)	Amount Outstanding as on the Date of Issue (Face Value)
			Number	Total Face Value		Number	Total Face Value		PDs/SDs*	RBI				
				Competitive	Non-Competitive		Competitive	Non-Competitive						
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1999-2000														
Jun. 4	Jun. 5	100	22	259.50	50.00	11	100.00	50.00	—	—	150.00	99.68	8.3467	350.00
Jun. 11	Jun. 12	100	15	138.00	300.00	13	100.00	300.00	—	—	400.00	99.67	8.6084	550.00
Jun. 18	Jun. 19	100	17	281.00	700.00	13	100.00	700.00	—	—	800.00	99.67	8.6084	1,200.00
Jun. 25	Jun. 26	100	17	232.50	200.00	10	100.00	200.00	—	—	300.00	99.67	8.6084	1,100.00
Jul. 2	Jul. 3	100	18	329.50	200.00	15	100.00	200.00	—	—	300.00	99.67	8.6084	600.00
Jul. 9	Jul. 10	100	21	686.00	600.00	3	100.00	600.00	—	—	700.00	99.69	8.0851	1,000.00
Jul. 16	Jul. 17	100	16	179.00	200.00	11	100.00	200.00	—	—	300.00	99.67	8.6084	1,000.00
Jul. 23	Jul. 24	100	21	460.50	200.00	9	100.00	200.00	—	—	300.00	99.69	8.0851	600.00
Jul. 30	Jul. 31	100	16	233.00	200.00	10	100.00	200.00	—	—	300.00	99.69	8.0851	600.00
Aug. 6	Aug. 7	100	17	158.00	200.00	16	100.00	200.00	—	—	300.00	99.67	8.6084	600.00
Aug. 13	Aug. 14	100	14	130.00	200.00	2	25.00	200.00	—	75.00	300.00	99.67	8.6084	600.00
Aug. 20	Aug. 21	100	15	125.50	950.00	5	35.00	950.00	—	65.00	1,050.00	99.66	8.8702	1,350.00
Aug. 27	Aug. 28	100	14	286.50	200.00	2	100.00	200.00	—	—	300.00	99.69	8.0851	1,350.00
Sep. 3	Sep. 4	100	16	120.00	1,450.00	4	5.00	1,450.00	—	95.00	1,550.00	99.67	8.6084	1,850.00
Sep. 10	Sep. 14	100	16	135.00	400.00	3	25.00	400.00	—	75.00	500.00	99.67	8.6084	2,050.00
Sep. 17	Sep. 18	100	16	125.00	1,100.60	6	26.50	1,100.60	—	73.50	1,200.60	99.67	8.6084	1,700.60
Sep. 24	Sep. 25	100	14	115.50	400.00	6	63.50	400.00	—	36.50	500.00	99.67	8.6084	1,700.60
Oct. 1	Oct. 4	100	16	304.50	1,000.00	2	100.00	1,000.00	—	—	1,100.00	99.68	8.3467	1,600.00
Oct. 8	Oct. 9	100	15	134.00	300.00	3	25.00	300.00	—	75.00	400.00	99.67	8.6084	1,500.00
Oct. 15	Oct. 16	100	14	114.00	200.00	1	—	200.00	—	100.00	300.00	99.67	8.6084	700.00
Oct. 22	Oct. 23	100	15	200.50	600.00	3	100.00	600.00	—	—	700.00	99.69	8.0851	1,000.00
Oct. 29	Oct. 30	100	15	230.50	200.00	2	100.00	200.00	—	—	300.00	99.72	7.3004	1,000.00
Nov. 5	Nov. 6	100	15	141.50	201.00	13	100.00	201.00	—	—	301.00	99.69	8.0851	601.00
Nov. 12	Nov. 13	100	14	241.50	0.06	11	100.00	0.06	—	—	100.06	99.69	8.0851	401.06
Nov. 19	Nov. 20	100	14	243.00	—	1	100.00	—	—	—	100.00	99.71	7.5619	200.06
Nov. 26	Nov. 27	100	14	211.00	—	8	100.00	—	—	—	100.00	99.70	7.8235	200.00
Dec. 3	Dec. 4	100	21	203.00	251.10	10	100.00	251.10	—	—	351.10	99.71	7.5619	451.10
Dec. 10	Dec. 11	100	18	286.50	—	2	100.00	—	—	—	100.00	99.75	6.5163	451.10
Dec. 21	Dec. 22	100	16	115.50	100.00	14	94.50	100.00	—	5.50	200.00	99.68	8.3467	300.00
Dec. 24	Dec. 27	100	18	146.00	—	10	97.50	—	—	2.50	100.00	99.68	8.3467	300.00
Dec. 30	Jan. 4	100	18	154.50	0.10	12	100.00	0.10	—	—	100.10	99.68	8.3467	200.10
Jan. 7	Jan. 8	100	19	124.50	150.15	16	100.00	150.15	—	—	250.15	99.67	8.6084	350.25
Jan. 14	Jan. 15	100	23	496.50	5.00	3	100.00	5.00	—	—	105.00	99.71	7.5619	355.15
Jan. 21	Jan. 22	100	21	171.00	100.00	12	100.00	100.00	—	—	200.00	99.96	8.0851	305.00
Jan. 28	Jan. 29	100	15	220.00	—	1	100.00	—	—	—	100.00	99.71	7.5619	300.00
Feb. 4	Feb. 5	100	18	131.50	100.00	15	100.00	100.00	—	—	200.00	99.69	8.0851	300.00
Feb. 11	Feb. 12	100	15	115.50	70.00	3	16.00	70.00	—	84.00	170.00	99.69	8.0851	370.00
Feb. 18	Feb. 21	100	16	115.50	100.25	8	63.00	100.25	—	37.00	200.25	99.66	8.8702	370.25
Feb. 25	Feb. 26	100	16	121.50	—	12	94.00	—	—	6.00	100.00	99.66	8.8702	300.25
Mar. 3	Mar. 6	100	15	115.50	100.00	3	26.00	100.00	—	74.00	200.00	99.66	8.8702	300.00
Mar. 10	Mar. 11	100	18	157.00	—	9	93.00	—	—	7.00	100.00	99.66	8.8702	300.00
Mar. 16	Mar. 18	100	19	147.00	—	7	51.00	—	—	49.00	100.00	99.66	8.8702	200.00
Mar. 24	Mar. 25	100	21	128.50	125.15	5	11.00	125.15	—	89.00	225.15	99.66	8.8702	325.15
Mar. 31	Apr. 3	100	18	168.50	—	6	66.00	—	—	34.00	100.00	99.66	8.8702	325.15

* : Effective from auction dated May 14,1999, devolvement would be on RBI only.

No. 21 : AUCTIONS OF 91-DAY GOVERNMENT OF INDIA TREASURY BILLS

(Rs. crore)

Date of Auction	Date of Issue	Notified Amount	Bids Received			Bids Accepted			Devolvement on		Total Issue (8+9+10+11)	Cut-off Price (per cent)	Implicit Yield at Cut-off Price (per cent)	Amount Outstanding as on the Date of Issue (Face Value)
			Number	Total Face Value		Number	Total Face Value		PDs/SDs*	RBI				
				Competitive	Non-Competitive		Competitive	Non-Competitive						
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1998-99														
Jan. 1	Jan. 2	100.00	9	190.00	—	5	100.00	—	—	—	100.00	97.67	9.5423	5,670.00
Jan. 8	Jan. 9	100.00	16	230.00	60.00	9	100.00	60.00	—	—	160.00	97.68	9.5004	5,290.00
Jan. 15	Jan. 16	100.00	2	5.00	25.00	2	5.00	25.00	—	95.00	125.00	97.68	9.5004	4,875.00
Jan. 22	Jan. 23	100.00	14	264.00	—	9	100.00	—	—	—	100.00	97.69	9.4585	4,475.00
Jan. 29	Jan. 30	100.00	5	180.00	—	5	100.00	—	—	—	100.00	97.67	9.5423	4,350.00
Feb. 5	Feb. 6	100.00	10	239.00	—	5	100.00	—	—	—	100.00	97.71	9.3747	3,950.00
Feb. 12	Feb. 13	100.00	12	113.00	25.00	10	93.00	25.00	7.00	—	125.00	97.67	9.5423	3,375.00
Feb. 19	Feb. 20	100.00	9	117.00	—	7	91.00	—	9.00	—	100.00	97.67	9.5423	2,750.00
Feb. 26	Feb. 27	100.00	6	57.00	25.00	4	31.00	25.00	22.00	47.00	125.00	97.67	9.5423	2,450.00
Mar. 5	Mar. 6	100.00	17	483.00	40.00	6	100.00	40.00	—	—	140.00	97.85	8.7890	2,165.00
Mar. 12	Mar. 13	100.00	11	137.00	—	8	100.00	—	—	—	100.00	97.86	8.7472	1,865.00
Mar. 19	Mar. 20	100.00	10	106.00	—	1	10.00	—	40.00	50.00	100.00	97.86	8.7472	1,525.00
Mar. 26	Mar. 27	100.00	9	78.00	25.10	5	30.00	25.10	38.00	32.00	125.10	97.86	8.7472	1,500.10
1999-2000														
Apr. 1	Apr. 3	100.00	10	130.00	20.00	9	100.00	20.00	—	—	120.00	97.86	8.7442	1,520.10
Apr. 9	Apr. 10	100.00	16	211.00	30.00	8	100.00	30.00	—	—	130.00	97.91	8.5385	1,490.10
Apr. 16	Apr. 19	100.00	12	285.00	—	3	100.00	—	—	—	100.00	97.94	8.4133	1,465.10
Apr. 23	Apr. 24	100.00	16	162.00	—	10	100.00	—	—	—	100.00	97.74	8.4133	1,465.10
Apr. 29	May 3	100.00	11	110.00	100.00	9	90.00	100.00	10.00	—	200.00	97.94	8.4133	1,465.10
May 7	May 8	100.00	7	70.00	25.00	2	5.00	25.00	47.00	48.00	125.00	97.95	8.3716	1,590.10
May 14	May 15	100.00	16	119.50	25.00	3	15.00	25.00	—	85.00	125.00	97.95	8.3716	1,590.10
May 21	May 22	100.00	13	114.00	500.00	4	20.00	500.00	—	80.00	600.00	97.95	8.3716	2,090.10
May 28	May 29	100.00	13	111.00	300.00	8	80.50	300.00	—	19.50	400.00	97.86	8.7472	2,365.10
Jun. 4	Jun. 5	100.00	16	125.00	300.00	10	93.50	300.00	—	6.50	400.00	97.85	8.7890	2,625.10
Jun. 11	Jun. 12	100.00	18	133.00	500.00	14	100.00	500.00	—	—	600.00	97.81	8.9561	3,125.10
Jun. 18	Jun. 19	100.00	16	131.50	400.00	7	65.00	400.00	—	35.00	500.00	97.80	8.9980	3,525.10
Jun. 25	Jun. 26	100.00	14	121.00	—	10	93.50	—	—	6.50	100.00	97.74	9.2490	3,500.00
Jul. 2	Jul. 3	100.00	14	118.50	25.00	7	73.00	25.00	—	27.00	125.00	97.73	9.2909	3,505.00
Jul. 9	Jul. 10	100.00	14	139.50	—	10	98.00	—	—	2.00	100.00	97.73	9.2909	3,475.00
Jul. 16	Jul. 17	100.00	13	118.50	—	5	62.00	—	—	38.00	100.00	97.73	9.2909	3,475.00
Jul. 23	Jul. 24	100.00	16	166.00	—	9	92.00	—	—	8.00	100.00	97.74	9.2490	3,475.00
Jul. 30	Jul. 31	100.00	23	427.50	—	6	100.00	—	—	—	100.00	97.81	8.9561	3,375.00

No. 21 : AUCTIONS OF 91-DAY GOVERNMENT OF INDIA TREASURY BILLS *(Concld.)*

(Rs. crore)

Date of Auction	Date of Issue	Notified Amount	Bids Received			Bids Accepted			Devolvement on		Total Issue	Cut-off Price	Implicit Yield at	Amount Outstanding
				Total Face Value			Total Face Value		PDs/SDs*	RBI				
			Number	Competitive	Non-Competitive	Number	Competitive	Non-Competitive			(8+9+10+11)	(per cent)	Cut-off Price (per cent)	as on the Date of Issue (Face Value)
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1999-2000														
Aug. 6	Aug. 7	100.00	17	158.50	35.00	10	100.00	35.00	—	—	135.00	97.78	9.0816	3,385.00
Aug. 13	Aug. 14	100.00	18	136.50	—	1	5.	—	—	95.00	100.00	97.80	8.9980	3,360.00
Aug. 20	Aug. 21	100.00	15	143.50	—	4	47.00	—	—	53.00	100.00	97.69	9.4585	2,860.00
Aug. 27	Aug. 28	100.00	16	152.50	200.00	10	100.00	200.00	—	—	300.00	97.69	9.4585	2,760.00
Sep. 3	Sep. 4	100.00	19	129.00	—	3	15.00	—	—	85.00	100.00	97.69	9.4585	2,460.00
Sep. 10	Sep. 14	100.00	16	129.00	200.00	4	30.00	200.00	—	70.00	300.00	97.69	9.4585	2,160.00
Sep. 17	Sep. 18	100.00	15	119.00	—	3	25.00	—	—	75.00	100.00	97.69	9.4585	1,760.00
Sep. 24	Sep. 25	100.00	15	161.50	—	5	72.00	—	—	28.00	100.00	97.69	9.4585	1,760.00
Oct. 1	Oct. 4	100.00	14	114.00	—	—	—	—	—	100.00	100.00	97.69	9.4585	1,735.00
Oct. 8	Oct. 9	100.00	13	114.00	—	—	—	—	—	100.00	100.00	97.69	9.4585	1,735.00
Oct. 15	Oct. 16	100.00	13	114.00	—	—	—	—	—	100.00	100.00	97.69	9.4585	1,735.00
Oct. 22	Oct. 23	100.00	14	116.50	—	1	5.00	—	—	95.00	100.00	97.69	9.4585	1,735.00
Oct. 29	Oct. 30	100.00	14	122.00	—	6	74.00	—	—	26.00	100.00	97.69	9.4585	1,735.00
Nov. 5	Nov. 6	100.00	24	231.50	—	11	100.00	—	—	—-	100.00	97.72	9.3328	1,700.00
Nov. 12	Nov. 13	100.00	16	126.50	—	8	73.00	—	—-	27.00	100.00	97.72	9.3328	1,700.00
Nov. 19	Nov. 20	100.00	15	137.50	—	7	75.00	—	—	25.00	100.00	97.72	9.3328	1,700.00
Nov. 26	Nov. 27	100.00	20	140.50	25.00	15	100.00	25.00	—	—	125.00	97.70	9.4166	1,525.00
Dec. 3	Dec. 4	100.00	40	551.00	25.00	6	100.00	25.00	—	—	125.00	97.82	8.9143	1,550.00
Dec. 10	Dec. 11	100.00	21	270.50	—	6	100.00	—	—	—	100.00	97.92	8.4967	1,350.00
Dec. 17	Dec. 18	100.00	19	139.50	25.00	14	100.00	25.00	—	—	125.00	97.81	8.9561	1,375.00
Dec. 24	Dec. 27	100.00	19	244.50	—	6	100.00	—	—	—	100.00	97.82	8.9143	1,375.00
Dec. 30	Jan. 4	100.00	16	135.50	—	11	100.00	—	—	—	100.00	97.78	9.0816	1,375.00
Jan. 7	Jan. 8	100.00	16	137.00	—	11	100.00	—	—	—	100.00	97.74	9.2490	1,375.00
Jan. 14	Jan. 15	100.00	20	215.00	—	6	100.00	—	—	—	100.00	97.81	8.9561	1,375.00
Jan. 21	Jan. 22	100.00	20	182.50	—	13	100.00	—	—	—	100.00	97.81	8.9561	1,375.00
Jan. 28	Jan. 29	100.00	16	187.00	—	6	100.00	—	—	—	100.00	97.83	8.8725	1,375.00
Feb. 4	Feb. 5	100.00	24	401.00	30.00	5	100.00	30.00	—	—	130.00	97.98	8.2466	1,405.00
Feb. 11	Feb. 12	100.00	18	131.00	20.00	10	88.00	20.00	—	12.00	120.00	97.87	8.7054	1,425.00
Feb. 18	Feb. 21	100.00	18	128.50	25.00	2	5.00	25.00	—	95.00	125.00	97.87	8.7054	1,450.00
Feb. 25	Feb. 25	100.00	16	121.50	25.00	12	100.00	25.00	—	—	125.00	97.81	8.9561	1,450.00
Mar. 3	Mar. 6	100.00	15	135.50	25.00	3	32.00	25.00	—	68.00	125.00	97.77	9.1235	1,450.00
Mar. 10	Mar. 11	100.00	20	199.00	35.00	8	100.00	35.00	—	—	135.00	97.77	9.1235	1,485.00
Mar. 16	Mar. 18	100.00	21	135.50	35.00	10	74.50	35.00	—	25.50	135.00	97.76	9.1653	1,495.00
Mar. 24	Mar. 25	100.00	22	143.00	25.00	3	12.50	25.00	—	87.50	125.00	97.76	9.1653	1,520.00
Mar. 31	Apr. 3	100.00	16	138.00	—	3	30.00	—	—	70.00	100.00	97.76	9.1653	1,520.00

* : Effective from auction dated 14, 1999, development would be RBI only.

No. 22 : AUCTIONS OF 182-DAY GOVERNMENT OF INDIA TREASURY BILLS

(Rs. crore)

Date of Auction	Date of Issue	Notified Amount	Bids Received			Bids Accepted			Devolvement on RBI	Total Issue (8+9+10)	Cut-off Price (per cent)	Implicit Yield at Cut-off Price (per cent)	Amount Outstanding as on the Date of Issue (Face Value)
			Number	Total Face Value		Number	Total Face Value						
				Competitive	Non-Competitive		Competitive	Non-Competitive					
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1999-2000													
May 26	May 27	100.00	21	222.50	—	8	100.00	—	—	100.00	95.37	9.7096	100.00
Jun. 9	Jun. 10	100.00	20	273.50	—	5	100.00	—	—	100.00	95.36	9.7315	200.00
Jun. 23	Jun. 24	100.00	19	149.00	—	15	100.00	—	—	100.00	95.25	9.9738	300.00
Jul. 7	Jul. 8	100.00	17	368.00	—	4	100.00	—	—	100.00	95.27	9.9297	400.00
Jul. 21	Jul. 22	100.00	24	262.00	—	11	100.00	—	—	100.00	95.29	9.8856	500.00
Aug. 4	Aug. 5	100.00	40	717.00	—	4	100.00	—	—	100.00	95.55	9.3145	600.00
Aug. 18	Aug. 19	100.00	18	169.00	—	11	100.00	—	—	100.00	95.29	9.8856	700.00
Sep. 1	Sep. 2	100.00	16	119.00	300.00	2	5.00	300.00	95.00	400.00	95.29	9.8856	1,100.00
Sep. 15	Sep. 16	100.00	18	131.00	300.00	2	5.00	300.00	95.00	400.00	95.29	9.8856	1,500.00
Sep. 29	Sep. 30	100.00	15	126.50	—	—	—	—	100.00	100.00	95.29	9.8856	1,600.00
Oct. 13	Oct. 14	100.00	15	114.00	—	—	—	—	100.00	100.00	95.29	9.8856	1,700.00
Oct. 27	Oct. 28	100.00	19	146.00	—	3	46.00	—	54.00	100.00	95.29	9.8856	1,800.00
Nov. 8	Nov. 11	100.00	16	205.50	—	6	100.00	—	—	100.00	95.34	9.7755	1,900.00
Nov. 24	Nov. 25	100.00	13	123.50	—	10	100.00	—	—	100.00	95.29	9.8856	1,900.00
Dec. 8	Dec. 9	100.00	38	306.50	—	9	100.00	—	—	100.00	95.50	9.4241	1,900.00
Dec. 22	Dec. 23	100.00	22	140.50	—	17	100.00	—	—	100.00	95.30	9.8636	1,900.00
Jan. 5	Jan. 6	100.00	27	337.00	—	9	100.00	—	—	100.00	95.32	9.8196	1,900.00
Jan. 19	Jan. 20	100.00	21	186.50	—	8	100.00	—	—	100.00	95.40	9.6436	1,900.00
Feb. 2	Feb. 3	100.00	29	280.00	—	9	100.00	—	—	100.00	95.52	9.3802	1,900.00
Feb. 16	Feb. 17	100.00	16	115.50	—	1	11.50	—	88.50	100.00	95.71	8.9646	1,900.00
Mar. 1	Mar. 2	100.00	19	194.00	—	6	100.00	—	—	100.00	95.62	9.1613	1,600.00
Mar. 15	Mar. 16	100.00	19	129.00	—	4	25.00	—	75.00	100.00	95.57	9.2707	1,300.00
Mar. 29	Mar. 30	100.00	19	160.50	—	4	63.00	—	37.00	100.00	95.48	9.4680	1,300.00

No. 23 : AUCTIONS OF 364-DAY GOVERNMENT OF INDIA TREASURY BILLS

(Rs. crore)

Date of Auction	Date of Issue	Notified Amount	Bids Received			Bids Accepted			Devolvement on		Total Issue (8+9 +10+11)	Cut-off Price (per cent)	Implicit Yield at Cut-off Price (per cent)	Amount Outstanding as on the Date of Issue (Face Value)
			Number	Total Face Value		Number	Total Face Value		PDs/SDs*	RBI				
				Competitive	Non-Competitive $		Competitive	Non-Competitive $						
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1998-99														
Jan. 13	Jan. 15	750.00	33	1,834.40		12	750.00		—	—	750.00	90.50	10.4972	6,519.43
Jan. 27	Jan. 29	750.00	57	2,008.20		26	750.00		—	—	750.00	90.57	10.4118	7,269.43
Feb. 10	Feb. 12	750.00	39	1,108.00		29	750.00		—	—	750.00	90.54	10.4484	8,019.43
Feb. 24	Feb. 26	750.00	20	480.00		20	480.00		—	270.00	750.00	90.40	10.6195	8,750.00
Mar. 10	Mar. 12	750.00	61	1,565.00		42	750.00		—	—	750.00	90.85	10.0715	9,500.00
Mar. 24	Mar. 26	750.00	18	580.00		6	165.00		275.00	310.00	750.00	90.85	10.0715	10,200.00
1999-2000														
Apr. 7	Apr. 9	500.00	41	1,325.00		13	500.00		—	—	500.00	90.93	9.9747	10,600.00
Apr. 21	Apr. 23	500.00	26	927.14		8	500.00		—	—	500.00	90.97	9.9263	11,000.00
May 5	May 7	500.00	23	580.00		22	500.00		—	—	500.00	90.93	9.9747	11,400.00
May 19	May 21	500.00	37	703.86		29	500.00		—	—	500.00	90.90	10.0110	11,800.00
Jun. 2	Jun. 3	500.00	37	658.00	—	30	500.00	—	—	—	500.00	90.64	10.3266	12,200.00
Jun. 16	Jun. 17	500.00	34	717.50	—	6	225.00	—	—	275.00	500.00	90.64	10.3266	12,600.00
Jun. 30	Jul. 1	500.00	28	587.50	—	1	10.00	—	—	490.00	500.00	90.64	10.3266	13,000.00
Jul. 14	Jul. 15	500.00	31	610.59	—	12	218.09	—	—	281.91	500.00	90.64	10.3266	13,300.00
Jul. 28	Jul. 29	500.00	42	1,110.00	—	18	500.00	—	—	—	500.00	90.68	10.2779	13,600.00
Aug. 11	Aug. 12	500.00	47	982.50	—	16	500.00	—	—	—	500.00	90.70	10.2536	13,700.00
Aug. 25	Aug. 26	500.00	46	948.50	—	22	500.00	—	—	—	500.00	90.68	10.2779	13,800.00
Sep. 8	Sep. 9	500.00	23	609.00	—	—	—	—	—	500.00	500.00	90.68	10.2779	13,900.00
Sep. 22	Sep. 23	500.00	30	732.50	—	17	355.00	—	—	145.00	500.00	90.64	10.3266	14,200.00
Oct. 6	Oct. 7	500.00	20	572.50	—	3	110.00	—	—	390.00	500.00	90.64	10.3266	14,300.00
Oct. 20	Oct. 21	500.00	22	637.50	—	7	315.00	—	—	185.00	500.00	90.64	10.3266	14,400.00
Nov. 3	Nov. 4	500.00	42	1,352.50	—	14	500.00	—	—	—	500.00	90.73	10.2171	14,500.00
Nov. 17	Nov. 18	500.00	25	995.95	—	13	500.00	—	—	—	500.00	90.75	10.1928	14,500.00
Dec. 1	Dec. 2	500.00	41	1,142.50	—	23	500.00	—	—	—	500.00	90.77	10.1686	14,500.00
Dec. 15	Dec. 16	500.00	52	970.00	—	31	500.00	—	—	—	500.00	90.82	10.1079	14,500.00
Dec. 28	Dec. 29	500.00	44	821.80	—	27	500.00	—	—	—	500.00	90.77	10.1686	14,500.00
Jan. 12	Jan. 13	500.00	49	1,377.00	—	15	500.00	—	—	—	500.00	90.79	10.1443	14,250.00
Jan. 25	Jan. 27	500.00	62	2,209.50	—	14	500.00	—	—	—	500.00	90.98	9.9143	14,000.00
Feb. 9	Feb. 10	500.00	77	1,300.00	—	37	500.00	—	—	—	500.00	91.48	9.3135	13,750.00
Feb. 23	Feb. 24	500.00	33	735.00	—	25	500.00	—	—	—	500.00	91.40	9.4092	13,500.00
Mar. 8	Mar. 9	500.00	30	775.00	—	24	500.00	—	—	—	500.00	91.28	9.5530	13,250.00
Mar. 22	Mar. 23	500.00	33	652.50	—	27	500.00	—	—	—	500.00	90.97	9.9263	13,000.00

* : Effective from auction dated May 19,1999, devolvement would be on RBI only.

$: Effective from auction dated June 2,1999, the non-competitive bidders were allowed to participate.

No. 24 : TURNOVER IN GOVERNMENT SECURITIES MARKET (FACE VALUE) AT MUMBAI @

(Rs. crore)

Week / Month+	Govt.of India Dated Securities	State Govt. Securities	Treasury Bills				RBI*
			14 Day	91 Day	182 Day $	364 Day	
1	2	3	4	5	6	7	8
1998-99							
April	26,711.38	115.54	646.40	472.50	—	4,965.60	223.01
May	26,915.08	591.68	1,235.62	688.08	—	3,008.56	32.95
June	12,305.62	187.98	785.50	779.00	—	2,033.54	14.11
July	20,443.91	16.90	3,084.47	1,969.94	—	3,562.78	1,442.24
August	32,540.00	238.00	3,184.40	1,287.44	—	2,297.10	6,898.88
September	11,916.26	293.97	100.00	1,396.32	—	1,832.90	649.96
October	11,816.28	340.90	1,986.64	5,353.22	—	1,771.82	922.51
November	23,687.17	347.32	526.90	10,935.64	—	4,461.16	6,566.86
December	18,848.98	175.50	582.50	5,761.34	—	1,325.88	1,419.24
January	36,416.82	273.86	570.30	4,369.86	—	1,525.64	5,228.46
February	22,602.62	308.00	867.86	3,545.16	—	2,234.20	2,736.95
March	39,122.44	142.12	791.82	1,427.80	—	3,815.80	3,341.95
1999 -2000							
April	62,451.22	149.76	578.64	1,100.26	—	6,632.62	7,221.16
May	61,439.59	2,172.12	914.00	782.14	—	2,757.80	7,787.78
June	50,230.25	473.14	1,074.68	1,080.98	123.00	3,679.24	3,828.12
July	64,095.08	354.40	978.96	1,506.76	674.02	3,337.72	280.15
August	76,443.62	895.38	640.34	1,079.84	234.60	7,144.58	5,773.18
September	36,264.86	539.20	72.00	994.94	434.18	3,052.82	1,160.31
October	58,373.93	225.23	515.70	776.16	352.96	6,609.52	2,226.35
November	73,951.27	456.77	777.91	766.87	585.15	2,706.67	3,510.00
December	81,801.06	715.70	1,079.28	1,822.32	1,076.70	6,087.14	0.35
January	77,556.29	318.86	1,273.18	1,997.71	1,045.43	3,687.82	69.71
February	1,18,222.41	619.81	629.86	1,612.18	451.08	6,575.97	8,609.02
Week-Ended							
Mar. 3, 2000	17,185.18	69.70	248.70	488.28	82.16	3,274.94	2,344.09
Mar. 10, 2000	9,792.10	52.68	48.00	249.41	—	3,195.26	915.60
Mar. 17, 2000	8,188.60	71.34	84.98	391.79	109.12	1,404.97	116.00
Mar. 24, 2000	6,416.62	85.76	123.50	353.50	198.17	2,033.02	366.00
Mar. 31, 2000	12,746.73	156.53	80.00	524.25	251.08	4,388.40	733.00

@ : Based on SGL outright transactions in government securities in secondary market at Mumbai. It excludes repo transactions.
\+ : Turnover upto the last Friday of the month over the last Friday of preceding month.

$: Auction reintroduced from May 26, 1999.

* : RBI's Sales and Purchases include transactions in other offices also. It excludes transactions relating to the Government of India and the Welfare Commissioner, Bhopal.

No. 25 : OPEN MARKET OPERATIONS OF RESERVE BANK OF INDIA *

(Rs. crore)

Month End		Government of India dated Securities – Face Value			Treasury Bills		
		Purchase	Sale	Net Purchases (+) / Net Sales (–)	Purchase	Sale	Net Purchases (+) / Net Sales (–)
1998-99							
April	1998	—	214.69	–214.69	—	—	—
May	1998	—	33.94	–33.94	—	—	—
June	1998	—	13.21	–13.21	—	—	—
July	1998	—	1,442.24	–1,442.24	—	—	—
August	1998	—	6,901.69	–6,901.69	—	—	—
September	1998	—	689.52	–689.52	—	—	—
October	1998	—	2.65	–2.65	—	1,072.50	–1,072.50
November	1998	—	4,353.92	–4,353.92	—	2,158.30	–2,158.30
December	1998	—	1,492.71	–1,492.71	—	—	—
January	1999	—	5,091.97	–5,091.97	—	—	—
February	1999	—	2,779.64	–2,779.64	—	—	—
March	1999	—	3,332.22	–3,332.22	—	90.00	–90.00
1999-2000							
April	1999	—	7,020.89	–7,020.89	—	—	—
May	1999	—	7,832.03	–7,832.03	—	—	—
June	1999	—	3,709.52	–3,709.52	—	75.00	–75.00
July	1999	50.00	57.80	–7.80	—	971.91	–971.91
August	1999	—	4,840.49	-4,840.49	—	135.00	–135.00
September	1999	—	1,187.44	–1,187.44	—	—	—
October	1999	—	56.22	–56.22	2,140.50	—	2,140.50
November	1999	—	3,500.35	–3,500.35	—	10.00	–10.00
December	1999	—	—	—	—	—	—
January	2000	—	69.71	–69.71	—	—	—
February	2000	1,194.00	8,330.11	–7,136.11	866.00	—	866.00
March	2000	—	8.95	–8.95	2,694.00	—	2,694.00

* : Excluding transactions of RBI with the Government of India and the Welfare Commissioner, Bhopal.

No. 26 A : SECONDARY MARKET OUTRIGHT TRANSACTIONS IN GOVERNMENT DATED SECURITIES (FACE VALUE) @

(Amt. in Rs. crore, YTM in per cent per annum)

Week ended	Government of India dated Securities – Maturing in the year										State Govt. Securities
	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-08	2008-09	2009-10	Beyond 2010	
I. Mar. 3, 2000											
a. Amount	—	151.04	466.50	148.50	452.84	336.15	732.79	2,860.10	745.71	2,698.97	34.85
b. YTM											
Min.	—	5.3268	9.4724	9.6540	9.7495	9.8195	9.9607	10.1630	10.2365	10.3057	10.1037
Max.	—	9.8962	10.1056	10.3585	11.7505	10.1144	10.8271	10.8663	10.8438	11.2484	11.5371
II. Mar. 10, 2000											
a. Amount	—	225.87	257.40	170.50	505.91	157.25	826.35	445.97	630.82	1,675.97	26.34
b. YTM											
Min.	—	7.8931	9.7119	9.9134	9.9388	10.0688	10.1901	10.4554	10.5435	10.2970	10.1343
Max.	—	10.0531	10.0490	10.1443	10.3948	10.3144	10.8578	11.1853	10.8392	11.5421	10.8518
III. Mar. 17, 2000											
a. Amount	—	119.74	127.50	70.05	549.89	135.15	553.54	396.00	926.64	1,215.80	35.67
b. YTM											
Min.	—	7.9035	9.7221	9.7030	9.8399	10.0747	10.0269	10.4722	10.4503	10.2861	10.1349
Max.	—	10.2672	12.0649	10.0658	10.5700	10.2668	10.5514	10.6815	10.8047	11.2469	11.4212
IV. Mar. 24, 2000											
a. Amount	—	239.26	241.15	239.00	60.75	165.00	202.85	356.06	725.69	978.55	42.88
b. YTM											
Min.	—	8.7917	9.6039	9.9804	10.1119	10.2162	9.8530	10.4434	10.6742	10.3402	9.9934
Max.	—	10.9278	10.6993	10.2651	10.3497	10.3761	10.9894	10.9153	10.9088	11.2863	11.8128
V. Mar. 31, 2000											
a. Amount	—	171.88	343.11	613.60	866.74	280.77	879.88	510.43	1,430.41	1,276.54	78.26
b. YTM											
Min.	—	5.2705	9.5318	10.0221	10.0497	10.1779	10.3283	10.3712	6.8493	10.2477	10.3423
Max.	—	12.6790	10.3407	10.4406	10.5367	10.6496	11.7459	12.1207	11.1210	11.8254	11.1243

YTM : Yield to Maturity.

@ : As reported in Subsidiary General Ledger (SGL) Accounts at RBI, Mumbai which presently accounts for nearly 98 per cent of total transactions in the country.

No. 26 B : SECONDARY MARKET OUTRIGHT TRANSACTIONS IN TREASURY BILLS (FACE VALUE) @

(Amt. in Rs. crore, YTM in per cent per annum)

Week ended	Treasury Bills (14/91/182/364 day) Residual Maturity in Days			
	up to 14 days	15-91 days	92-182 days	183-364 days
I. Mar. 3, 2000				
a. Amount	298.50	291.99	80.50	1,376.05
b. YTM				
Min.	7.9765	7.9785	8.7260	9.1249
Max.	10.1698	9.2743	10.2220	9.5228
II. Mar. 10, 2000				
a. Amount	105.27	61.44	—	1,579.63
b. YTM				
Min.	6.7352	7.9780	—	9.2744
Max.	10.0669	10.1231	—	9.7896
III. Mar. 17, 2000				
a. Amount	133.24	289.95	65.75	506.49
b. YTM				
Min.	7.4770	7.9781	8.9754	9.2246
Max.	9.0267	9.7233	9.3742	9.7233
IV. Mar. 24, 2000				
a. Amount	91.25	246.75	94.93	921.16
b. YTM				
Min.	7.2815	8.6754	8.9752	9.0751
Max.	10.2218	9.8234	9.5737	9.9726
V. Mar. 31, 2000				
a. Amount	316.79	884.88	1,010.50	409.70
b. YTM				
Min.	7.9786	8.5599	9.0750	9.4242
Max.	11.9688	11.8682	9.7232	10.1222

YTM : Yield to Maturity.
@ : As reported in Subsidiary General Ledger (SGL) Accounts at RBI, Mumbai which presently accounts for nearly 98 per cent of total transactions in the country.

No. 27 : GROUP - WISE INDEX NUMBERS

(Base : 1993-94 =

Industry Group	Industry	Weight	1994-95	1995-96	1996-97	1997-98	1998-99(P)
1	2	3	4	5	6	7	8
	General Index	**100.00**	**108.4**	**122.3**	**129.1**	**137.6**	**143.1**
Division 1	Mining and quarrying	10.47	107.6	117.9	115.6	122.4	120.3
Division 2-3	Manufacturing	79.36	108.5	123.5	131.8	140.6	146.7
Division 4	Electricity	10.17	108.5	117.3	122.0	130.0	138.4
20-21	Food products	9.08	121.6	129.8	134.3	133.8	134.7
22	Beverages, tobacco and related products	2.38	103.0	116.7	132.4	158.1	178.5
23	Cotton textiles	5.52	99.1	109.5	122.7	125.6	115.9
24	Wool, silk and man-made fibre textiles	2.26	114.5	131.3	145.1	172.0	176.8
25	Jute and other vegetable fibre textiles (except cotton)	0.59	95.1	102.4	98.0	114.3	106.0
26	Textile products (including wearing apparel)	2.54	98.5	133.7	146.3	158.7	153.1
27	Wood and wood products, furniture and fixtures	2.70	99.3	123.2	131.9	128.5	121.0
28	Paper and paper products and printing, publishing and allied industries	2.65	108.6	125.5	136.9	146.4	169.8
29	Leather and leather & fur products	1.14	86.8	99.1	108.4	110.8	119.9
30	Basic chemicals and chemical products (except products of petroleum and coal)	14.00	105.3	117.2	122.7	140.5	149.8
31	Rubber, plastic, petroleum and coal products	5.73	107.7	116.1	118.4	124.6	138.7
32	Non- metallic mineral products	4.40	108.0	131.7	141.9	161.4	174.6
33	Basic metal and alloy industries	7.45	113.1	131.0	139.8	143.5	139.9
34	Metal products and parts, except machinery and equipment	2.81	104.7	100.6	110.9	120.2	141.6
35-36	Machinery and equipment other than transport equipment	9.57	112.8	134.7	141.7	149.5	152.0
37	Transport equipment and parts	3.98	113.2	132.8	149.9	153.8	177.9
38	Other manufacturing industries	2.56	104.0	117.7	123.8	120.4	128.4

OF INDUSTRIAL PRODUCTION

100)

1998-99 (P)					1999-2000(P)				
September	October	November	December	January	September	October	November	December	January (QE)
9	10	11	12	13	14	15	16	17	18
137.2	**134.0**	**144.4**	**151.6**	**153.7**	**147.7**	**145.3**	**149.0**	**168.0**	**168.1**
108.0	120.0	120.0	128.0	130.0	113.4	117.7	119.7	128.7	128.4
142.2	136.5	149.1	155.5	157.3	152.0	149.3	153.5	175.2	175.3
128.2	129.3	132.4	145.1	149.9	149.6	142.1	143.6	152.6	152.6
102.0	93.0	127.6	184.0	180.2	97.0	105.6	134.7	194.6	205.8
185.4	169.2	179.6	174.9	182.4	192.1	186.2	193.3	203.6	195.9
109.0	109.1	113.8	122.3	119.1	121.6	122.2	117.1	132.2	127.7
180.3	170.9	165.0	185.7	192.7	209.8	185.0	208.2	196.6	193.1
105.6	110.9	115.7	113.4	107.7	114.6	102.7	112.5	121.5	114.5
150.3	148.8	151.7	161.0	149.5	154.1	147.1	157.2	170.7	163.3
117.5	115.5	114.2	121.2	112.6	114.2	73.9	112.9	82.5	66.8
170.7	169.4	182.5	190.2	180.5	199.5	186.1	193.8	173.9	200.0
121.1	109.5	135.8	125.2	122.5	134.7	127.8	131.2	138.8	133.3
145.3	143.9	155.1	149.3	156.6	164.3	164.6	161.2	213.9	210.7
140.2	138.2	139.5	140.8	145.3	148.7	127.5	128.0	130.0	131.1
155.6	157.7	209.8	185.3	185.8	180.0	217.5	194.0	235.1	236.9
137.3	135.1	137.3	142.7	146.6	144.6	146.0	141.5	151.3	151.0
158.7	138.4	148.3	143.0	156.3	127.2	124.1	135.3	140.8	135.1
148.8	148.0	156.7	158.8	166.3	179.2	173.5	177.3	192.0	189.7
199.3	167.4	177.3	170.8	173.6	188.5	179.1	173.7	173.8	182.3
134.6	114.3	120.4	129.4	116.7	112.4	109.5	111.1	119.2	117.3

QE : Quick Estimates.

Source : Central Statistical Organisation, Government of India.

No. 28 : INDEX NUMBERS OF INDUSTRIAL PRODUCTION (USE - BASED CLASSIFICATION)

(Base : 1993-94 = 100)

Year / Month		Basic Goods	Capital Goods	Intermediate Goods	Consumer Goods	Consumer Durables	Consumer Non-durables
1		2	3	4	5	6	7
Weight		**35.51**	**9.69**	**26.44**	**28.36**	**5.11**	**23.25**
1994-95		108.9	105.7	105.3	111.8	116.2	110.8
1995-96		120.6	110.0	125.4	125.6	146.2	121.1
1996-97		124.3	120.2	135.5	132.1	153.0	127.5
1997-98		132.4	126.6	146.5	139.6	164.9	134.1
1998-99 (P)		134.3	142.6	155.1	143.0	172.6	136.5
1998-99 (P)							
January	1999	144.2	153.4	158.1	161.5	189.1	155.4
February	1999	132.0	152.4	154.3	159.6	177.2	155.7
March	1999	147.1	176.0	165.8	165.5	216.1	154.4
1999-2000 (P)							
April	1999	132.3	139.6	160.2	148.3	178.2	141.7
May	1999	138.2	146.4	171.6	141.0	177.1	133.1
June	1999	136.9	147.0	164.2	133.9	173.5	125.2
July	1999	140.1	146.3	165.6	137.1	184.5	126.7
August	1999	141.1	148.6	166.9	138.3	186.4	127.7
September	1999	137.9	149.5	170.4	138.3	192.2	126.5
October	1999	137.5	144.3	166.2	135.8	186.9	124.5
November	1999	138.4	147.6	164.4	148.3	187.5	139.7
December	1999	147.4	150.5	195.8	174.0	214.7	165.0
January	2000 (QE)	147.5	149.1	191.5	178.4	216.5	170.0

QE : Quick Estimates.

Source : Central Statistical Organisation, Government of India.

No. 29 : NEW CAPITAL ISSUES BY NON-GOVERNMENT PUBLIC LIMITED COMPANIES

(Rs. crore)

Security & Type of Issue	1997-98 (April - March)		1998-99 (April - March)		1998-99 (April - January)		1999-2000 (April - January)	
	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
1) Equity Shares (a+b)	89	1,162.4	33	2,562.7	23	2,419.1	45	1,831.4
	(29)	(653.5)	(19)	(1,325.8)	(13)	(1,270.0)	(33)	(1,394.2)
a) Prospectus	48	382.9	15	340.5	11	251.5	28	892.7
	(4)	(151.3)	(7)	(181.0)	(5)	(138.7)	(20)	(724.3)
b) Rights	41	779.5	18	2,222.2	12	2,167.6	17	938.7
	(25)	(502.2)	(12)	(1,144.8)	(8)	(1,131.3)	(13)	(669.9)
2) Preference Shares (a+b)	1	4.3	3	59.7	3	59.7	—	—
a) Prospectus	—	—	—	—	—	—	—	—
b) Rights	1	4.3	3	59.7	3	59.7	—	—
3) Debentures (a+b)	12	1,971.6	12	2,390.7	10	2,028.3	8	1,500.8
a) Prospectus	6	1,028.2	9	2,261.3	8	1,961.3	7	1,470.8
b) Rights	6	943.4	3	129.4	2	67.0	1	30.0
Of Which:								
I) Convertible (a+b)	10	1,471.6	5	190.7	4	128.3	2	50.8
a) Prospectus	4	528.2	2	61.3	2	61.3	1	20.8
b) Rights	6	943.4	3	129.4	2	67.0	1	30.0
II) Non-Convertible (a+b)	2	500.0	7	2,200.0	6	1,900.0	6	1,450.0
a) Prospectus	2	500.0	7	2,200.0	6	1,900.0	6	1,450.0
b) Rights	—	—	—	—	—	—	—	—
4) TOTAL (1+2+3)	102	3,138.3	48	5,013.1	36	4,507.1	53	3,332.2
a) Prospectus	54	1,411.1	24	2,601.8	19	2,212.8	35	2,363.5
b) Rights	48	1,727.2	24	2,411.3	17	2,294.3	18	968.7

Note : Figures in brackets indicate data in respect of premium on capital issues which are included in respective totals.

Source : Data are compiled from prospectus / circulars / advertisements issued by companies, replies given by the companies to the Reserve Bank's questionnaire, information received from stock exchanges, press reports, etc.

No. 30 : INDEX NUMBERS OF ORDINARY SHARE PRICES

Year / Month		BSE Sensitive Index (Base : 1978-79 = 100)			BSE - 100 (Base : 1983-84 = 100)			S&P CNX Nifty.* (Base : Nov 3,1995 = 1000)		
		Average	High	Low	Average	High	Low	Average	High	Low
1		2	3	4	5	6	7	8	9	10
1996-97		3469.24	4069.26	2745.06	1554.64	1842.50	1217.09	1009.32	1196.00	788.15
1997-98		3812.86	4548.02	3209.55	1650.07	1979.71	1401.38	1087.41	1292.95	941.35
1998-99		3294.78	4280.96	2764.16	1457.07	1889.93	1234.61	954.43	1247.15	800.10
March	1999	3689.42	3784.11	3523.98	1620.74	1659.63	1559.73	1060.82	1078.85	1015.80
April	1999	3455.03	3686.29	3245.27	1506.84	1633.87	1408.80	991.31	1063.45	931.35
May	1999	3880.37	4123.58	3378.40	1682.65	1777.65	1478.45	1109.55	1180.25	970.75
June	1999	4066.84	4254.86	3901.73	1755.07	1822.86	1689.28	1165.01	1214.30	1120.50
July	1999	4526.25	4728.78	4144.52	1960.83	2047.15	1783.30	1296.67	1349.60	1183.20
August	1999	4662.84	4905.89	4487.87	2075.59	2197.64	1970.46	1343.73	1422.60	1285.05
September	1999	4724.96	4832.56	4571.09	2156.82	2240.12	2089.82	1384.80	1415.30	1350.60
October	1999	4835.47	5075.39	4444.56	2272.13	2384.17	2071.50	1434.26	1505.20	1325.45
November	1999	4588.53	4740.68	4270.74	2161.39	2253.29	1975.11	1364.57	1408.65	1270.00
December	1999	4802.02	5005.82	4614.96	2429.71	2624.49	2242.43	1436.37	1488.35	1388.75
January	2000	5404.14	5518.39	5205.29	2822.05	2953.09	2708.99	1607.80	1638.70	1546.20
February	2000	5650.66	5933.56	5215.54	3394.88	3839.09	2935.10	1686.58	1756.00	1549.50
March	2000	5261.77	5642.12	5001.28	3109.03	3450.90	2844.82	1605.66	1712.70	1528.45

* : NSE- 50, i.e., Nifty has been rechristened as 'S & P CNX Nifty' with effect from July 28, 1998.

Source : 1. The Stock Exchange, Mumbai.
2. National Stock Exchange of India Ltd.

No. 31 : REDEMPTION YIELD ON GOVERNMENT OF INDIA SECURITIES BASED ON SGL TRANSACTIONS*

(Per cent per annum)

Sr. No.	Nomenclature of the loan	1996-97	1997-98	1998-99	1998-99		1999-2000			
					Dec.	Jan.	Oct.	Nov.	Dec.	Jan.
1	2	3	4	5	6	7	8	9	10	11
A)	**Terminable under 5 years**									
1	05.50% 2000	14.23	5.85	7.85	5.49	5.49	18.56	15.49	17.56	21.66
2	06.50% 2000	14.67	8.54	9.42	10.88	10.74	14.12	15.11	16.51	18.27
3	10.75% 2000	13.75	10.82	10.05	10.02	10.02	10.06	9.98	10.23	9.75
4	11.40% 2000	—	—	11.27	11.33	11.29	10.54	10.32	10.11	10.00
5	11.64% 2000 (INST)	13.60	10.82	11.05	11.36	11.34	10.46	10.24	9.95	9.70
6	12.14% 2000	—	10.69	11.07	11.33	11.72	10.83	10.34	9.99	9.80
7	12.60% 2000	—	10.53	11.11	11.14	11.30	9.75	10.12	9.63	8.24
8	13.25% 2000	13.39	10.76	11.32	11.73	11.78	10.95	10.90	10.69	10.72
9	13.25% 2000 (C)	13.45	12.01	11.36	11.17	11.17	8.47	10.17	9.78	9.30
10	13.85% 2000	13.41	10.84	11.28	11.69	11.76	10.47	10.42	9.97	10.04
11	05.75% 2001	12.59	5.75	8.84	10.59	10.58	13.42	11.11	10.55	10.74
12	06.50% 2001	13.66	11.80	10.21	10.99	10.86	11.90	12.16	12.47	12.80
13	07.50% 2001	15.53	15.51	11.21	11.11	10.98	12.75	12.99	13.28	13.60
14	10.75% 2001	13.22	12.19	10.77	10.71	10.71	9.19	9.13	9.05	8.98
15	10.85% 2001	—	10.84	11.32	11.43	11.42	11.02	10.43	10.28	10.20
16	11.00% 2001	—	9.68	9.79	9.53	9.53	10.90	10.89	10.88	10.87
17	11.47% 2001	—	—	11.40	11.45	11.45	10.72	10.51	10.40	10.38
18	11.55% 2001	—	—	11.47	11.51	11.48	10.66	10.44	10.27	10.17
19	11.75% 2001	13.50	11.26	11.38	11.53	11.52	10.63	10.45	10.28	10.17
20	12.08% 2001	14.35	11.42	11.52	11.54	11.50	11.79	10.38	9.99	9.89
21	12.08% 2001 (I)	14.45	16.80	15.86	17.40	11.57	10.67	10.61	10.55	10.47
22	12.70% 2001	—	9.83	11.12	11.62	11.69	10.68	10.57	10.44	10.29
23	13.31% 2001	13.65	12.56	11.64	11.65	11.68	10.64	10.56	10.44	10.32
24	13.55% 2001	13.29	11.36	11.79	11.72	11.63	13.06	10.66	10.47	10.31
25	13.75% 2001	13.32	11.21	11.52	11.72	11.88	10.86	10.58	10.29	10.08
26	13.85% 2001	13.32	11.22	11.67	11.62	11.61	10.77	10.50	10.44	10.21
27	05.75% 2002	5.75	7.01	9.98	11.64	11.64	12.71	12.44	12.62	12.84
28	06.00% 2002	—	6.76	5.59	4.69	4.51	4.61	4.21	3.18	5.26
29	06.50% 2002	6.50	7.42	10.52	11.92	11.92	7.48	6.50	6.50	7.40
30	11.00% 2002	13.74	11.38	11.50	11.60	11.55	10.68	10.58	10.51	10.35
31	11.15% 2002	—	11.04	11.49	11.62	11.58	10.73	10.57	10.38	10.28
32	11.55% 2002	13.64	11.40	11.52	11.67	11.67	10.84	10.64	10.43	10.29
33	11.68% 2002	—	—	11.62	11.66	11.63	10.70	10.56	10.38	10.29
34	12.69% 2002	—	11.14	11.56	11.78	11.73	10.89	10.68	10.45	10.31
35	12.75% 2002	13.92	12.00	11.51	11.73	11.76	10.62	10.58	10.59	10.50
36	13.40% 2002	13.87	11.47	10.74	10.73	10.73	10.70	10.63	10.56	10.47
37	13.80% 2002	13.66	11.40	11.57	11.82	11.84	10.55	10.47	10.45	10.69
38	13.82% 2002	13.41	11.53	12.01	13.80	12.21	10.90	10.62	10.57	10.57
39	05.75% 2003	7.34	5.75	8.12	11.95	11.95	12.91	12.86	11.43	10.58
40	06.50% 2003	14.53	6.50	8.59	12.07	12.08	7.44	12.10	12.64	12.78
41	11.00% 2003	—	11.70	11.06	11.06	11.06	11.08	11.09	11.08	11.08
42	11.10% 2003	—	—	10.92	11.71	11.71	10.81	10.68	10.47	10.36
43	11.75% 2003	—	—	11.72	11.78	11.75	10.83	10.81	10.61	10.54
44	11.78% 2003	—	—	11.85	11.76	11.75	10.83	10.78	10.42	10.38
45	11.83% 2003	—	11.32	11.33	11.03	11.03	10.83	10.72	10.54	10.38
46	12.50% 2004	13.68	11.75	11.85	11.96	11.95	10.94	10.85	10.71	10.53
B)	**Between 5 and 10 years**									
47	06.50% 2004	13.34	6.50	8.62	12.04	12.04	7.37	6.50	6.50	8.55
48	09.50% 2004	12.24	11.36	11.56	11.53	11.53	11.78	11.82	11.86	11.89
49	11.30% 2004	12.57	11.42	11.93	11.93	11.93	12.04	12.05	12.05	12.06
50	11.50% 2004	—	—	11.21	11.93	11.85	10.94	10.86	10.71	10.53
51	11.57% 2004	—	—	11.82	11.82	11.82	11.22	11.16	10.80	11.20
52	11.75% 2004	—	—	11.83	11.93	11.93	10.94	10.87	10.69	10.57

No. 31 : REDEMPTION YIELD ON GOVERNMENT OF INDIA SECURITIES BASED ON SGL TRANSACTIONS* *(Concld.)*

(Per cent per annum)

Sr. No.	Nomenclature of the loan	1996-97	1997-98	1998-99	1998-99		1999-2000			
					Dec.	Jan.	Oct.	Nov.	Dec.	Jan.
1	2	3	4	5	6	7	8	9	10	11
53	11.95% 2004	—	—	11.92	11.95	11.91	10.95	10.86	10.72	10.62
54	11.98% 2004	—	—	11.93	11.95	11.93	10.96	10.85	10.71	10.53
55	12.35% 2004	—	11.88	11.39	11.36	11.36	11.66	11.66	11.64	11.10
56	12.59% 2004	—	11.47	11.84	12.00	11.97	10.91	10.90	10.73	10.58
57	06.50% 2005	12.77	6.14	9.76	12.32	12.32	7.34	6.50	6.50	6.50
58	08.25% 2005	12.21	13.26	12.48	12.48	12.48	11.09	11.05	10.72	10.72
59	10.50% 2005	13.33	11.48	12.11	12.17	12.03	11.06	11.02	10.71	10.59
60	11.19% 2005	—	11.29	11.87	11.97	12.00	11.06	10.95	10.82	10.64
61	11.25% 2005	11.81	11.68	11.84	12.00	12.06	11.07	10.96	10.86	10.64
62	13.75% 2005	13.70	13.13	12.59	12.16	12.16	11.18	11.15	10.99	10.73
63	14.00% 2005	13.62	12.56	11.96	12.11	12.33	11.21	11.92	11.10	10.97
64	14.00% 2005(INST)	13.62	12.14	12.02	12.11	12.60	11.02	11.00	10.92	10.93
65	06.75% 2006	12.14	7.87	7.43	6.75	6.75	12.83	12.76	12.40	12.45
66	11.25% 2006	11.87	11.34	10.50	10.50	10.50	10.41	10.40	10.40	10.39
67	11.50% 2006	13.47	11.73	11.93	12.10	12.10	11.12	11.15	10.99	10.80
68	11.68% 2006	—	—	—	—	—	11.17	11.05	10.94	10.74
69	11.75% 2006	—	—	12.03	12.10	12.08	11.20	11.07	10.96	10.74
70	13.85% 2006	13.67	12.13	12.13	12.34	12.34	11.85	11.61	11.60	11.58
71	13.85% 2006(INST)	13.55	12.14	12.09	12.35	12.35	11.89	11.87	11.85	11.84
72	14.00% 2006	13.64	11.98	11.97	12.24	12.25	11.85	11.11	11.03	11.01
73	06.75% 2007	13.21	9.73	9.45	6.75	6.75	6.75	6.75	6.75	6.75
74	11.50% 2007	13.31	11.99	12.05	12.12	12.10	11.32	11.22	11.07	10.84
75	11.90% 2007	—	—	13.43	12.16	12.16	11.33	11.21	11.06	10.83
76	12.50% 2007	13.81	12.25	12.13	12.20	12.19	11.36	11.34	11.32	11.15
77	13.05% 2007	—	11.99	12.10	12.18	12.23	11.35	11.33	11.15	11.03
78	13.65% 2007	13.58	12.02	12.17	12.25	12.25	12.03	12.02	11.75	11.21
79	09.50% 2008	13.20	12.12	12.09	12.20	12.18	11.44	11.45	11.18	10.88
80	10.80% 2008	13.69	12.04	11.82	12.09	12.09	11.47	11.41	11.42	11.03
81	11.50%2008	14.01	12.27	12.03	12.11	12.11	11.41	11.33	11.19	10.94
82	12.00% 2008	—	—	10.76	12.09	12.12	11.44	11.34	11.19	10.95
83	12.10% 2008	—	—	13.12	12.07	12.07	11.45	11.42	11.26	11.01
84	12.15% 2008	—	—	12.10	12.19	12.19	12.20	12.20	12.20	12.20
85	12.22% 2008	—	—	12.19	12.25	12.24	11.43	11.43	11.41	11.38
86	12.25% 2008	—	—	12.20	12.22	12.22	11.53	11.40	11.18	10.96
C)	**Between 10 and 15 years**									
87	07.00% 2009	7.79	7.00	7.61	7.00	7.00	11.04	11.66	11.54	11.05
88	11.50% 2009	13.22	12.19	12.10	12.22	12.19	11.52	11.44	11.34	11.04
89	11.99% 2009	—	—	—	—	—	11.55	11.44	11.31	11.04
90	07.50% 2010	12.93	8.88	11.16	9.86	12.30	11.44	11.75	12.03	11.41
91	08.75% 2010	11.62	12.18	11.20	11.20	11.20	12.42	12.44	11.25	11.25
92	11.50% 2010	13.28	11.98	12.04	12.16	12.16	11.60	11.54	11.36	11.06
93	12.25% 2010	—	—	12.26	12.74	12.20	12.19	12.19	12.20	12.09
94	12.29% 2010	—	—	12.15	—	—	11.63	11.51	11.37	11.15
95	08.00% 2011	11.15	8.78	8.00	8.00	8.00	12.32	12.23	11.83	11.21
96	11.50% 2011	13.65	12.55	12.16	12.24	12.24	11.69	11.57	11.34	11.27
97	12.00% 2011	13.76	12.51	12.23	12.27	12.24	11.74	11.67	11.49	11.27
98	12.32% 2011	—	—	—	—	—	11.74	11.64	11.45	11.23
99	10.25% 2012	15.68	10.55	11.93	12.13	12.13	11.89	12.91	11.44	11.01
100	09.00% 2013	11.50	9.81	8.95	9.00	9.00	12.42	12.36	12.04	12.04
101	12.40% 2013	—	—	12.30	12.30	12.30	11.87	11.75	11.55	11.32
D)	**Over 15 years**									
102	10.00% 2014	10.00	10.18	11.29	11.41	12.99	9.79	9.79	9.79	9.79
103	10.50% 2014	12.17	10.66	10.53	10.50	10.50	11.93	11.93	11.93	11.94
104	11.83% 2014	—	—	—	—	—	—	11.73	11.53	11.33
105	11.50% 2015	12.41	11.74	11.75	11.50	11.50	11.90	11.73	11.51	11.31
106	12.30% 2016	—	—	—	—	—	11.93	11.84	11.66	11.43
107	12.60% 2018	—	—	12.54	—	12.52	12.01	11.92	11.72	11.48

* : Yield is based on average prices for the month and the year as the case may be.
— : indicates that the relevant securities were not traded.

No. 32 : VOLUME IN CORPORATE DEBT TRADED AT NSE *

(Rs. crore)

Week / Month / Year (April-March)	Volume
1	2
1997-98	**1,148.38**
1998-99	**878.42**
April 1998	7.07
May 1998	70.32
June 1998	16.86
July 1998	32.05
August 1998	135.84
September 1998	77.24
October 1998	41.87
November 1998	153.74
December 1998	81.12
January 1999	57.02
February 1999	68.80
March 1999	136.49
1999-2000	
April 1999	44.33
May 1999	70.65
June 1999	57.60
July 1999	73.90
August 1999	52.76
September 1999	45.61
October 1999	21.49
November 1999	11.22
December 1999	68.77
January 2000	25.09
February 2000	59.55
March 2000	28.40
Week ended	
February 5, 2000	10.76
February 12, 2000	33.56
February 19, 2000	7.59
February 26, 2000	5.37
March 3, 2000	2.30
March 11, 2000	0.35
March 18, 2000	12.46
March 25, 2000	15.54
April 1, 2000	0.02

* : Excluding trade in commercial papers.

Source : National Stock Exchange of India Ltd.

No. 33 : ASSISTANCE SANCTIONED AND DISBURSED BY ALL - INDIA FINANCIAL INSTITUTIONS

(Rs. crore)

Institutions	April-February		April-March	
	1998-1999	1999-2000	1997-98	1998-99
SANCTIONS				
All-India Development Banks	**67,067.2**	**74,249.9**	**65,937.9**	**79,513.0**
1. IDBI	20,754.3	23,321.6	23,982.0	25,554.6
2. IFCI	5,133.9	1,925.1	7,693.2	8,683.8
3. ICICI	32,168.7	38,453.1	24,717.5	34,219.6
4. SIDBI	7,276.6	8,487.7	7,484.2	8,879.8
5. IIBI #	1,733.7	2,062.4	2,061.0	2,175.2
Specialised Financial Institutions	**217.9**	**231.6**	**351.8**	**233.1**
6. IVCF*	8.4	8.1	9.9	12.3
7. ICICI VENTURE * *	9.4	148.3	21.8	9.6
8. TFCI	200.1	75.2	320.1	211.2
Investment Institutions	**7,915.7**	**12,788.8**	**9,268.7**	**10,294.3**
9. LIC	3,733.4	4,852.0	3,563.1	4,845.6
10. UTI	2,923.5	5,897.5	4,532.8	4,134.0
11. GIC @	1,258.8	2,039.3	1,172.8	1,314.7
Total	**75,200.8**	**87,270.3**	**75,558.4**	**90,040.4**
DISBURSEMENTS				
All-India Development Banks	**36,497.7**	**40,433.8**	**43,021.2**	**46,351.7**
1. IDBI	11,301.1	12,686.1	15,170.0	14,403.4
2. IFCI	3,970.3	2,391.7	5,650.4	4,749.5
3. ICICI	16,350.6	19,954.5	15,806.9	19,225.1
4. SIDBI	3,609.9	4,248.1	5,240.7	6,285.2
5. IIBI #	1,265.8	1,153.4	1,153.2	1,688.5
Specialised Financial Institutions	**113.6**	**223.0**	**224.6**	**149.9**
6. IVCF*	9.1	11.8	18.2	10.4
7. ICICI VENTURE * *	8.6	105.0	19.6	7.2
8. TFCI	95.9	106.2	186.8	132.3
Investment Institutions	**7,362.0**	**10,110.9**	**8,673.1**	**9,352.7**
9. LIC	3,603.3	4,043.7	3,971.4	4,837.0
10. UTI	2,514.9	4,268.2	3,557.9	3,129.5
11. GIC @	1,243.8	1,799.0	1,143.8	1,386.2
Total	**43,973.3**	**50,767.7**	**51,918.9**	**55,854.3**

: IRBI was rechristened as Industrial Investment Bank of India Ltd.(IIBI), with effect from March 27,1997. The data for 1997-98 pertain to IIBI for the period March 27, 1997 to March 31, 1998.

* : IVCF (erstwhile RCTC).

* * : TDICI Ltd. has been renamed as 'ICICI Venture Funds Management Company Limited' with effect from October 8, 1998.

@ : Relate to GIC and its subsidiaries, annual data include figures for public sector bonds.

Note : Data are provisional.

Source : IDBI and respective financial Institutions.

No. 34 : BULLION PRICES (SPOT) – MUMBAI

(Rupees)

As on the last Friday / Friday (1)	Standard Gold (per 10 grams)		Silver (per kilogram)	
	Opening	Closing	Opening	Closing
1	2	3	4	5
1990 - 91	3,470.00	3,440.00	6,668.00	6,663.00
1996 - 97	4,700.00	4,690.00	7,325.00	7,340.00
1997 - 98	4,030.00	4,050.00	8,665.00	8,590.00
1998 - 99	4,270.00	4,250.00	7,675.00	7,670.00
Apr. 1998	4,260.00	4,270.00	8,800.00	8,800.00
May 1998	4,170.00	4,185.00	7,445.00	7,445.00
Jun. 1998	4,260.00	4,280.00	7,925.00	7,955.00
Jul. 1998	4,240.00	4,235.00	8,280.00	8,285.00
Aug. 1998	4,095.00	4,050.00	7,405.00	7,375.00
Sep. 1998	4,280.00	4,300.00	7,700.00	7,720.00
Oct. 1998	4,300.00	4,305.00	7,575.00	7,540.00
Nov. 1998	4,330.00	4,330.00	7,445.00	7,475.00
Dec. 1998	4,225.00	4,220.00	7,375.00	7,375.00
Jan. 1999	4,330.00	4,330.00	7,800.00	7,825.00
Feb. 1999	4,360.00	4,375.00	8,340.00	8,375.00
Mar. 1999	4,270.00	4,250.00	7,675.00	7,670.00
Apr. 1999	4,440.00	4,430.00	8,185.00	8,215.00
May 1999	4,250.00	4,250.00	7,780.00	7,755.00
Jun. 1999	4,120.00	4,120.00	7,965.00	7,940.00
Jul. 1999	4,060.00	4,060.00	8,225.00	8,250.00
Aug. 1999	4,040.00	4,050.00	8,005.00	8,040.00
Sep. 1999	4,150.00	4,150.00	8,125.00	8,125.00
Oct. 1999	4,650.00	4,640.00	8,205.00	8,190.00
Nov. 1999	4,660.00	4,665.00	8,125.00	8,130.00
Dec. 1999	4,530.00	4,530.00	8,260.00	8,225.00
Jan. 2000	4,525.00	4,540.00	8,230.00	8,245.00
Feb. 2000	4,700.00	4,700.00	8,185.00	8,130.00
Week Ended				
Mar. 3, 2000	4,590.00	4,580.00	8,020.00	8,020.00
Mar. 10, 2000	4,600.00	4,600.00	8,035.00	8,015.00
Mar. 17, 2000	4,550.00	4,540.00	8,000.00	8,010.00
Mar. 24, 2000	4,520.00	4,500.00	8,000.00	7,995.00
Mar. 31, 2000	4,400.00	4,380.00	7,900.00	7,900.00

See ‘Notes on Tables’.

Source : Bombay Bullion Association Ltd.

No. 35 : CONSUMER PRICE INDEX NUMBERS FOR INDUSTRIAL WORKERS – ALL – INDIA AND SELECTED CENTRES (Base : 1982 = 100)

Centre	Linking Factor (1)	1990-91	1997-98	1998-99	1999					2000	
					Feb.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.
1	2	3	4	5	6	7	8	9	10	11	12
All India (2)	**4.93**	**193**	**366**	**414**	**415**	**429**	**437**	**438**	**431**	**431**	**430**
Ahmedabad	4.78	196	363	409	410	433	437	435	435	430	432
Alwaye	5.19	176	379	409	416	422	427	429	429	431	436
Asansol	4.77	189	330	392	386	404	416	424	413	404	399
Bangalore	5.66	183	368	395	397	407	413	418	416	416	414
Bhavnagar	4.99	198	381	434	432	453	466	465	456	460	458
Bhopal	5.46	196	389	443	440	442	455	452	445	444	442
Calcutta	4.74	203	369	427	419	443	468	472	447	434	430
Chandigarh	..	189	355	419	432	455	456	454	450	449	448
Chennai	5.05	189	390	432	438	446	459	453	452	458	462
Coimbatore	5.35	178	359	388	390	407	424	429	426	423	424
Delhi	4.97	201	392	461	472	483	498	496	488	490	491
Faridabad	..	187	372	432	422	446	448	444	432	432	432
Guwahati	..	195	364	416	419	444	451	450	443	453	450

See 'Notes on Tables'.

No. 35 : CONSUMER PRICE INDEX NUMBERS FOR INDUSTRIAL WORKERS – ALL – INDIA AND SELECTED CENTRES (Base : 1982 = 100) *(Concld.)*

Centre	Linking Factor (1)	1990-91	1997-98	1998-99	1999					2000	
					Feb.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.
1	2	3	4	5	6	7	8	9	10	11	12
Howrah	4.12	212	372	458	459	493	525	516	488	480	474
Hyderabad	5.23	182	339	385	388	397	401	403	404	401	403
Jaipur	5.17	190	353	391	385	397	395	393	390	392	395
Jamshedpur	4.68	187	347	392	393	407	415	418	409	402	397
Ludhiana	..	193	326	382	372	383	386	391	382	382	380
Madurai	5.27	192	372	407	407	431	443	441	436	431	430
Monghyr-Jamalpur	5.29	189	333	396	412	421	433	441	431	424	423
Mumbai	5.12	201	412	461	462	471	472	468	468	484	489
Mundakayam	4.67	184	394	425	438	442	450	454	454	453	455
Nagpur	4.99	201	379	435	438	445	447	442	435	438	435
Pondicherry	..	204	440	464	462	471	477	486	477	471	463
Rourkela	3.59	179	350	397	389	396	405	412	407	405	401
Saharanpur	5.06	195	329	379	382	390	391	396	392	392	392
Solapur	5.03	197	377	445	449	454	460	459	455	461	458
Srinagar	5.47	184	355	441	487	466	467	477	476	480	480

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

No. 36 : CONSUMER PRICE INDEX NUMBERS FOR URBAN NON-MANUAL EMPLOYEES – ALL - INDIA AND SELECTED CENTRES (Base : 1984 – 85 = 100)

Centre	1990-91	1997-98	1998-99	1999						2000	
				Feb.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.
1	2	3	4	5	6	7	8	9	10	11	12
All India(1)	**161**	**302**	**337**	**340**	**352**	**353**	**357**	**357**	**354**	**355**	**355**
Mumbai	154	309	339	341	349	352	356	356	354	358	359
Delhi-New Delhi	156	288	338	353	362	362	363	362	359	359	362
Calcutta	164	286	316	314	328	332	337	336	328	325	326
Chennai	168	334	368	378	381	383	388	389	388	394	393
Hyderabad-Secunderabad	164	315	344	344	354	355	358	361	358	360	364
Bangalore	161	317	351	357	361	363	366	369	365	374	374
Lucknow	158	290	323	316	334	332	330	328	326	324	325
Ahmedabad	153	260	298	305	316	318	321	321	317	319	321
Jaipur	165	316	348	352	362	359	360	357	356	357	359
Patna	167	291	332	332	341	344	346	351	347	342	342
Srinagar	150	297	336	349	358	361	369	371	373	372	371
Thiruvananthapuram	152	297	322	329	337	334	334	340	342	346	348
Cuttack-Bhubaneshwar	154	289	331	342	352	357	363	372	363	361	358
Bhopal	166	301	339	339	341	343	349	348	345	344	344
Chandigarh	176	330	393	411	434	435	433	433	431	432	433
Shillong	179	318	343	348	358	361	362	363	362	364	363
Shimla	163	306	337	340	360	362	364	360	356	356	355
Jammu	161	299	336	340	361	360	361	359	352	356	358
Amritsar	152	264	294	294	304	303	303	304	303	301	299
Kozhikode	150	317	338	342	347	346	349	349	351	356	355
Kanpur	165	286	320	317	334	334	335	332	324	323	323
Indore	170	304	335	332	346	347	355	355	350	339	346
Pune	162	298	336	342	351	354	357	361	358	354	356
Jabalpur	164	283	320	315	332	334	340	339	332	329	330
Jodhpur	168	297	332	334	345	347	348	351	351	350	347

See 'Notes on Tables'.

Source : Central Statistical Organisation, Government of India.

No. 37 : CONSUMER PRICE INDEX NUMBERS FOR AGRICULTURAL / RURAL LABOURERS
A: CONSUMER PRICE INDEX NUMBERS FOR AGRICULTURAL LABOURERS

(Base : July 1986 – June 1987 = 100)

State	1990-91 (1)	Linking Factor(2)	1997-98	1998-99	1999					2000	
					Feb.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.
1	2	3	4	5	6	7	8	9	10	11	12
All India	**830**	**5.89**	**269**	**294**	**297**	**310**	**315**	**316**	**311**	**307**	**306**
Andhra Pradesh	657	4.84	282	305	304	316	319	323	320	320	317
Assam	854	(3)	274	305	309	320	328	329	324	322	320
Bihar	858	6.22	252	279	287	304	308	310	303	297	298
Gujarat	742	5.34	270	294	291	307	311	312	306	306	307
Haryana		(5)	278	304	305	315	316	313	311	309	310
Himachal Pradesh		(5)	256	279	282	293	296	297	293	295	293
Jammu & Kashmir	843	5.98	269	298	305	322	327	326	322	318	317
Karnataka	807	5.81	276	302	313	315	324	326	320	318	315
Kerala	939	6.56	292	303	316	305	312	311	312	311	308
Madhya Pradesh	862	6.04	273	295	296	318	320	318	316	309	307
Maharashtra	801	5.85	266	289	285	303	308	306	305	302	303
Manipur		(5)	268	286	287	309	313	314	312	312	311
Meghalaya		(5)	282	312	323	339	340	339	338	336	332
Orissa	830	6.05	262	281	282	319	324	333	317	311	308
Punjab	930	(4)	278	303	299	314	316	315	311	311	311
Rajasthan	885	6.15	269	285	290	309	309	310	307	307	309
Tamil Nadu	784	5.67	265	285	290	296	305	308	309	303	301
Tripura		(5)	263	302	309	326	329	337	329	330	332
Uttar Pradesh	960	6.60	268	293	294	315	314	310	304	302	302
West Bengal	842	5.73	259	300	307	311	322	322	308	299	298

See 'Notes on Tables'.

No. 37 : CONSUMER PRICE INDEX NUMBERS FOR AGRICULTURAL / RURAL LABOURERS
B : CONSUMER PRICE INDEX NUMBERS FOR RURAL LABOURERS(6)

(Base : July 1986 - June 1987 = 100)

State	1995-96 (7)	1997-98	1998-99	1999						2000	
				Feb.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.
1	2	3	4	5	6	7	8	9	10	11	12
All India	**240**	**270**	**295**	**298**	**308**	**310**	**315**	**316**	**311**	**308**	**307**
Andhra Pradesh	244	282	306	305	313	316	319	323	320	320	317
Assam	243	273	304	307	317	318	326	327	323	320	318
Bihar	223	254	280	289	304	306	310	311	304	299	300
Gujarat	241	270	295	292	304	308	312	313	308	307	308
Haryana	237	279	304	305	313	315	315	313	311	309	310
Himachal Pradesh	221	258	280	282	295	294	297	297	293	295	293
Jammu & Kashmir	225	266	293	299	314	315	321	320	315	311	309
Karnataka	250	276	302	312	312	315	324	326	321	318	315
Kerala	260	294	304	317	312	307	314	313	314	313	310
Madhya Pradesh	239	275	296	297	314	318	319	318	315	311	309
Maharashtra	247	266	289	285	298	302	307	305	304	301	303
Manipur	245	268	287	287	306	310	313	315	312	313	311
Meghalaya	250	281	311	322	331	338	339	338	337	335	331
Orissa	236	262	281	282	316	319	323	332	317	311	308
Punjab	247	281	305	302	317	317	318	317	314	314	315
Rajasthan	239	270	287	291	310	309	309	310	307	307	308
Tamil Nadu	244	265	285	289	294	296	304	308	308	302	300
Tripura	219	261	300	304	315	325	327	334	326	327	329
Uttar Pradesh	231	267	293	294	313	315	314	309	304	301	302
West Bengal	232	261	301	308	308	312	322	322	309	300	299

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

No. 38 : INDEX NUMBERS OF WHOLESALE PRICES IN INDIA – BY GROUPS AND SUB-GROUPS (AVERAGES)
(Base : 1981-82 = 100)

Average of months/ Average of weeks ended Saturday	Weight	1990-91	1997-98	1998-99	1998		1999				
		(April-March)			Jul.	Aug.	Apr.	May	Jun.	Jul.(P)	Aug.(P)
1	2	3	4	5	6	7	8	9	10	11	12
ALL COMMODITIES	**100.000**	**182.7**	**329.8**	**352.4**	**351.4**	**353.2**	**355.2**	**356.8**	**358.3**	**357.3**	**359.4**
I. Primary Articles	**32.295**	**184.9**	**339.5**	**379.1**	**378.0**	**379.8**	**380.6**	**382.6**	**383.7**	**382.4**	**387.1**
(A) Food Articles	**17.386**	**200.6**	**388.0**	**440.9**	**440.3**	**441.0**	**446.1**	**449.1**	**450.6**	**449.2**	**456.3**
a. Foodgrains (Cereals + Pulses)	7.917	179.2	362.7	392.7	378.0	384.2	416.0	418.7	426.5	431.2	439.3
a1. Cereals	6.824	171.5	350.3	379.9	365.9	371.8	409.1	408.8	416.7	422.3	430.6
a2. Pulses	1.093	227.5	439.6	472.3	453.1	461.8	459.1	480.4	487.9	486.7	493.9
b. Fruits & Vegetables	4.089	204.1	362.2	479.3	514.3	497.1	456.4	430.9	422.3	399.1	414.9
b1. Vegetables	1.291	234.6	374.6	641.9	723.5	782.2	386.8	416.4	454.1	452.2	479.8
b2. Fruits	2.798	190.0	356.5	404.3	417.7	365.5	488.4	437.6	407.6	374.6	384.9
c. Milk	1.961	209.2	343.6	376.8	376.4	374.4	383.6	391.4	402.4	406.0	410.5
d. Eggs, fish & meat	1.783	194.5	447.4	476.7	479.8	483.5	474.6	478.5	474.7	480.4	475.8
e. Condiments & spices	0.947	284.6	559.2	667.1	619.2	644.3	691.0	714.5	734.3	753.5	775.0
f. Other food articles	0.689	301.5	568.5	547.1	551.4	560.6	498.7	631.6	580.1	577.6	539.1
(B) Non-Food Articles	**10.081**	**194.2**	**340.5**	**376.4**	**373.3**	**379.6**	**372.0**	**371.6**	**372.7**	**370.6**	**372.8**
a. Fibres	1.791	174.4	341.8	362.0	373.0	366.7	339.6	339.8	343.6	343.3	347.9
b. Oil seeds	3.861	194.9	293.1	347.5	352.7	359.6	342.7	341.9	340.8	333.5	333.6
c. Other non-food articles	4.429	201.6	381.3	407.4	391.3	402.2	410.6	410.4	412.3	414.0	417.0
(C) Minerals	**4.828**	**109.0**	**162.9**	**162.1**	**163.7**	**159.8**	**163.0**	**166.0**	**166.0**	**166.2**	**167.6**
a. Metallic Minerals	0.231	164.8	450.9	453.5	453.6	453.6	453.6	453.6	453.6	453.5	453.5
b. Other minerals	0.323	194.1	283.9	301.8	301.4	301.6	309.9	319.1	319.1	320.8	320.8
c. Petroleum crude & natural gas	4.274	99.6	138.1	135.8	137.6	133.2	136.2	138.9	138.9	139.0	140.6

See 'Notes on Tables'.

No. 38 : INDEX NUMBERS OF WHOLESALE PRICES IN INDIA – BY GROUPS AND SUB-GROUPS (AVERAGES) *(Contd.)*
(Base : 1981-82 = 100)

Average of months/ Average of weeks ended Saturday	Weight	1990-91	1997-98	1998-99	1998		1999				
		(April-March)			Jul.	Aug.	Apr.	May	Jun.	Jul.(P)	Aug.(P)
1	2	3	4	5	6	7	8	9	10	11	12
II. Fuel, Power, Light & Lubricants	**10.663**	**175.8**	**365.7**	**381.3**	**379.9**	**379.9**	**390.5**	**390.7**	**394.8**	**395.2**	**397.9**
a. Coal mining	1.256	232.6	489.0	503.3	503.3	503.3	503.3	503.3	503.3	503.3	503.3
b. Mineral oils	6.666	154.7	301.0	306.8	308.5	308.5	305.6	306.0	309.3	306.8	311.1
c. Electricity	2.741	200.9	466.5	506.4	496.9	496.9	545.4	545.4	553.0	560.7	560.7
III. Manufactured Products	**57.042**	**182.8**	**317.5**	**332.0**	**331.1**	**333.1**	**334.2**	**335.9**	**337.1**	**336.0**	**336.6**
(A) Food Products	**10.143**	**181.7**	**321.3**	**344.6**	**344.9**	**353.9**	**339.1**	**343.7**	**346.4**	**342.9**	**343.6**
a. Dairy products	0.642	191.5	362.4	392.6	390.7	391.7	404.7	413.9	416.3	416.2	417.4
b. Canning & preserving of fruits & vegetables	0.068	169.3	285.0	307.4	288.3	288.3	325.4	325.4	325.4	333.1	333.1
c. Canning & preserving & processing of fish	0.126	171.4	244.5	244.5	244.5	244.5	244.5	244.5	244.5	244.5	244.5
d. Grain mill products	1.530	184.5	351.8	374.8	360.8	361.4	373.9	373.1	383.1	389.2	403.8
e. Bakery products	0.242	165.0	369.8	394.8	392.0	392.0	415.8	416.9	416.6	416.9	421.4
f. Sugar, khandsari & gur	4.059	152.3	303.9	310.5	323.4	334.0	291.5	305.6	311.3	305.5	313.9
g. Manufacture of common salt	0.035	166.0	523.9	544.9	540.8	540.8	544.3	513.4	510.5	510.7	526.3
h. Cocoa, chocolate & sugar confectionery	0.088	155.9	253.2	262.4	260.3	260.3	275.7	275.7	274.3	277.4	264.8
i. Edible oils	2.445	223.3	299.4	348.6	338.9	357.4	351.6	342.6	332.6	323.3	300.9
j. Oil cakes	0.432	188.2	361.0	365.5	362.1	365.1	358.7	376.4	404.1	402.0	410.0
k. Tea & coffee processing	0.236	249.0	473.4	569.7	572.4	572.4	561.0	561.0	561.0	561.0	561.0
l. Other food products n.e.c.	0.240	169.2	310.0	315.8	313.9	313.7	334.3	336.0	338.8	344.0	344.8
(B) Beverages, Tobacco & Tobacco Products	**2.149**	**242.1**	**442.0**	**482.7**	**487.9**	**487.9**	**488.4**	**506.2**	**508.4**	**508.4**	**508.4**
a. Wine Industries	0.099	161.7	310.3	365.4	374.5	374.5	383.6	383.6	383.6	384.6	384.6
b. Malt liquor	0.059	184.9	345.2	382.9	383.0	383.0	387.9	387.9	387.9	387.9	386.9
c. Soft drinks & carbonated water	0.066	220.1	430.5	434.2	434.8	434.8	431.6	431.6	431.6	431.6	431.6
d. Manufacture of bidi, cigarettes, tobacco & zarda	1.925	248.8	452.1	493.4	498.8	498.8	498.8	518.7	521.1	521.1	521.1

No. 38 : INDEX NUMBERS OF WHOLESALE PRICES IN INDIA – BY GROUPS AND SUB-GROUPS (AVERAGES) *(Contd.)*
(Base : 1981-82 = 100)

Average of months/ Average of weeks ended Saturday	Weight	1990-91	1997-98	1998-99	1998		1999				
		(April-March)			Jul.	Aug.	Apr.	May	Jun.	Jul.(P)	Aug.(P)
1	2	3	4	5	6	7	8	9	10	11	12
(C) Textiles	**11.545**	**171.2**	**310.3**	**320.3**	**319.9**	**318.6**	**322.4**	**321.0**	**320.5**	**319.6**	**319.6**
a. Cotton textiles	6.093	172.8	342.5	356.1	357.3	355.4	355.9	355.7	355.6	356.0	355.5
a1. Cotton yarn	1.232	189.9	386.6	390.0	390.3	386.6	393.8	392.6	389.9	389.6	385.4
a2. Cotton cloth (Mills)	3.159	158.8	335.3	336.5	335.1	335.1	336.5	336.5	337.4	339.7	340.5
a3. Cotton cloth (Powerloom)	0.906	176.7	255.1	306.6	318.8	310.1	298.1	298.1	297.9	293.4	293.1
a4. Cotton cloth (Handloom)	0.740	201.3	398.0	434.0	436.4	436.4	436.4	436.4	436.4	436.4	436.4
a5. Khadi cloth	0.056	148.4	459.4	481.3	459.4	473.6	492.5	490.1	490.1	490.1	490.1
b. Man made textiles	2.921	133.6	195.3	195.5	196.3	195.4	193.8	191.1	191.2	190.8	188.8
c. Woollen textiles	0.339	156.9	263.9	239.8	264.3	249.9	227.8	227.6	223.1	224.7	224.4
d. Jute, hemp & mesta textiles	0.689	282.7	439.9	486.1	459.2	463.9	507.2	498.7	492.1	485.9	496.6
e. Manufacturing of textiles n.e.c.	1.503	190.0	354.7	360.3	357.8	357.7	372.4	372.1	373.1	367.0	368.2
(D) Wood & Wood Products	**1.198**	**159.1**	**513.0**	**605.2**	**598.6**	**597.6**	**626.4**	**626.4**	**626.3**	**626.4**	**626.2**
(E) Paper & Paper Products	**1.988**	**222.4**	**370.0**	**388.6**	**388.8**	**391.4**	**389.7**	**389.7**	**395.2**	**395.3**	**396.8**
a. Paper & pulp	0.808	215.2	366.3	361.8	360.2	360.2	363.4	363.4	372.3	372.6	376.3
b. Manufacture of board	0.440	165.5	242.6	261.9	260.7	260.7	288.2	288.2	296.8	296.8	296.9
c. Printing & publishing of newspapers etc.	0.740	264.1	449.9	493.1	496.1	503.1	478.7	478.7	478.7	478.7	478.7
(F) Leather & Leather Products	**1.018**	**224.3**	**290.5**	**297.1**	**297.1**	**297.1**	**302.7**	**319.0**	**319.0**	**318.3**	**318.3**

No. 38 : INDEX NUMBERS OF WHOLESALE PRICES IN INDIA – BY GROUPS AND SUB-GROUPS (AVERAGES) *(Contd.)*
(Base : 1981-82 = 100)

Average of months/ Average of weeks ended Saturday	Weight	1990-91	1997-98	1998-99	1998		1999				
		(April-March)			Jul.	Aug.	Apr.	May	Jun.	Jul.(P)	Aug.(P)
1	2	3	4	5	6	7	8	9	10	11	12
(G) Rubber & Plastic Products	**1.592**	**164.9**	**245.2**	**248.2**	**249.5**	**249.5**	**246.7**	**246.8**	**246.1**	**246.5**	**244.1**
a. Tyres & tubes	0.766	153.3	236.4	238.8	239.8	239.8	236.7	236.9	235.5	236.5	235.5
a1. Tyres	0.697	151.3	233.4	233.2	233.8	233.8	230.4	229.5	227.9	229.0	227.9
a2. Tubes	0.069	173.3	266.1	295.7	300.3	300.3	300.3	312.0	312.0	312.0	312.0
b. Plastic products	0.442	187.2	233.8	240.9	244.1	244.1	240.4	240.4	240.4	240.4	233.4
c. Other rubber & plastic products	0.384	162.4	276.2	275.2	275.0	275.0	274.0	273.6	273.7	273.6	273.7
(H) Chemicals & Chemical Products	**7.355**	**147.9**	**269.3**	**281.8**	**278.4**	**278.8**	**287.4**	**287.3**	**288.5**	**287.8**	**289.6**
a. Basic heavy inorganic chemicals	0.764	185.1	375.7	362.9	366.0	366.6	354.3	350.0	348.6	349.1	349.3
b. Basic heavy organic chemicals	0.452	111.8	153.1	136.1	141.5	138.5	130.3	130.3	130.3	129.7	129.0
c. Fertilizers & pesticides	1.950	105.2	230.1	234.2	230.4	230.4	240.9	240.9	240.4	240.5	240.4
c1. Fertilizers	1.748	99.1	223.5	227.4	223.2	223.2	233.9	233.9	233.4	233.5	233.4
c2. Pesticides	0.202	158.2	287.3	293.1	292.3	292.3	301.3	301.3	301.3	301.3	301.3
d. Paints, varnishes & lacquer	0.240	204.9	344.0	352.9	346.0	347.1	352.3	352.3	353.5	357.5	363.7
e. Dyestuff & indigo	0.336	161.1	249.6	248.6	249.2	249.2	246.6	246.1	246.1	245.5	245.5
f. Drugs & medicines	1.065	149.6	262.2	320.9	304.2	304.1	366.2	366.2	373.6	370.0	380.7
g. Perfumes, cosmetics, toiletaries etc.	1.215	161.6	304.2	314.0	311.9	312.1	328.0	327.9	327.7	326.0	325.9
g1. Soaps & detergents	0.880	160.5	295.7	303.0	299.5	299.5	319.0	319.0	319.0	316.7	316.9
g2. Others	0.335	164.5	326.6	343.0	344.6	345.0	351.8	351.0	350.4	350.3	349.6
h. Turpentine, synthetic resins and plastic materials	0.477	168.7	260.0	253.8	259.0	255.6	236.8	236.8	236.8	236.1	235.1
i. Matches, explosives, inedible oils etc.	0.856	176.3	276.0	308.9	305.4	311.3	287.4	290.0	293.7	293.2	295.6

No. 38 : INDEX NUMBERS OF WHOLESALE PRICES IN INDIA – BY GROUPS AND SUB-GROUPS (AVERAGES) *(Contd.)*
(Base : 1981-82 = 100)

Average of months/ Average of weeks ended Saturday	Weight	1990-91	1997-98	1998-99	1998		1999				
		(April-March)			Jul.	Aug.	Apr.	May	Jun.	Jul.(P)	Aug.(P)
1	2	3	4	5	6	7	8	9	10	11	12
(I) Non-Metallic Mineral Products	**2.477**	**185.6**	**341.9**	**356.8**	**351.2**	**352.7**	**371.2**	**372.4**	**374.5**	**379.4**	**373.0**
a. Structural clay products	0.695	213.4	454.2	313.9	458.8	459.7	550.3	549.9	544.0	559.1	542.1
b. Glass, earthenware, chinaware & their products	0.296	156.0	238.3	252.6	253.1	253.1	257.0	258.6	261.0	259.5	259.3
c. Cement, lime & plaster	0.916	180.9	287.4	298.7	300.8	305.0	290.7	294.1	303.4	306.0	301.5
c1. Cement	0.860	173.1	272.3	276.9	279.0	283.5	268.3	271.9	281.8	284.6	279.8
c2. Lime	0.056	301.9	518.2	634.5	634.5	634.5	634.5	634.5	634.5	634.5	634.5
d. Mica products	0.041	92.7	92.7	92.7	92.7	92.7	92.7	92.7	92.7	92.7	92.7
e. Cement, slate & graphite products	0.529	180.9	365.8	368.2	372.3	370.7	361.0	360.4	360.5	359.9	360.1
(J) Basic Metals, Alloys & Metal Products	**7.632**	**219.9**	**348.8**	**353.1**	**353.5**	**354.2**	**354.3**	**355.0**	**356.3**	**354.5**	**357.7**
a. Basic metals & alloys	4.784	207.4	332.7	336.3	337.2	336.9	338.5	338.8	341.1	338.2	341.7
a1. Iron & steel	2.441	201.5	315.8	319.5	321.4	320.4	322.6	322.6	322.3	322.1	322.2
a2. Foundries for casting & forging & structurals	1.333	216.0	364.3	367.3	366.1	366.1	371.6	372.3	381.0	371.2	381.4
a3. Pipes, wire drawings & others	0.814	208.9	316.6	321.3	323.0	324.2	318.0	318.3	318.9	318.7	321.9
a4. Ferro alloys	0.196	216.0	395.0	397.3	397.3	397.3	397.3	397.3	397.3	397.5	397.7
b. Non-ferrous metals	1.025	255.8	408.5	412.4	413.3	416.4	415.1	418.7	417.4	417.6	425.3
b1. Aluminium	0.454	220.9	401.8	414.1	412.3	415.2	417.2	420.5	421.7	426.3	429.8
b2. Other non-ferrous metals	0.571	283.6	413.8	411.1	414.1	417.4	413.5	417.2	414.0	410.7	421.8
c. Metal products	1.823	232.6	357.7	363.8	362.7	364.6	361.7	361.7	361.7	361.7	361.7

No. 38 : INDEX NUMBERS OF WHOLESALE PRICES IN INDIA – BY GROUPS AND SUB-GROUPS (AVERAGES) *(Concld.)*
(Base : 1981-82 = 100)

Average of months/ Average of weeks ended Saturday	Weight	1990-91	1997-98	1998-99	1998		1999				
		(April-March)			Jul.	Aug.	Apr.	May	Jun.	Jul.(P)	Aug.(P)
1	2	3	4	5	6	7	8	9	10	11	12
(K) Machinery & Machine Tools	**6.268**	**180.2**	**299.4**	**304.7**	**303.3**	**305.8**	**307.6**	**307.9**	**307.5**	**306.5**	**306.9**
a. Non-electrical machinery & parts	3.277	190.0	311.7	323.6	321.1	325.3	331.4	332.4	332.8	332.9	332.8
a1. Heavy machinery & parts	1.393	189.9	342.2	363.1	360.1	360.9	376.3	374.9	373.5	374.2	373.3
a2. Industrial machinery for food & textiles	0.713	159.2	235.3	235.8	235.6	235.6	238.9	239.9	239.9	239.8	239.8
a3. Fridge, office equipment & non-electrical machinery	1.171	208.8	322.0	330.2	326.8	337.6	334.3	338.0	341.1	340.5	341.2
b. Electrical machinery	2.991	169.4	285.8	283.8	283.8	284.5	281.6	281.1	279.8	277.6	278.6
b1. Electrical industrial machinery	1.147	170.4	326.5	327.9	327.6	328.6	326.1	326.5	327.1	326.7	327.6
b2. Industrial wires & cables	0.728	195.7	333.9	309.5	318.5	318.7	292.2	289.3	282.6	284.5	287.0
b3. Dry & wet batteries/cells	0.231	177.0	289.3	297.6	298.5	298.5	298.6	298.9	298.9	300.7	300.7
b4. Electrical apparatus, appliances & parts	0.424	144.4	207.8	215.4	211.7	211.7	224.2	224.2	225.1	224.1	224.7
b5. Radio & T.V. sets	0.461	144.4	178.7	189.7	179.1	180.5	198.2	198.5	198.6	182.2	182.2
(L) Transport Equipment & Parts	**2.705**	**181.3**	**274.9**	**285.8**	**282.0**	**284.8**	**289.3**	**291.0**	**293.1**	**292.2**	**294.5**
a. Locomotives, railways wagons & parts	0.274	216.5	309.5	336.8	309.5	326.5	357.2	358.9	365.9	360.7	365.9
b. Motor vehicles, scooters, bicycles & parts	2.431	177.4	270.9	280.1	278.9	280.1	281.6	283.3	284.9	284.5	286.4
(M) Other Misc. Manufacturing Industries	**0.972**	**119.0**	**179.0**	**180.9**	**180.8**	**180.8**	**181.7**	**181.7**	**181.7**	**181.6**	**181.6**

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

No. 39 : INDEX NUMBERS OF WHOLESALE PRICES IN INDIA – BY GROUPS AND SUB-GROUPS (Month-end / Year-end data)
(Base : 1981-82 = 100)

Last week of month/year ended Saturday	Weight	1990-91	1998-99	1999-2000 (P)	1999				2000		
		(April-March)			Mar.	Oct.	Nov.	Dec.	Jan.	Feb.(P)	Mar.(P)
1	2	3	4	5	6	7	8	9	10	11	12
ALL COMMODITIES	**100.000**	**191.8**	**353.3**	**366.5**	**353.3**	**370.4**	**367.1**	**364.6**	**364.8**	**362.7**	**366.5**
I. Primary Articles	**32.295**	**195.5**	**374.9**	**388.2**	**374.9**	**402.5**	**393.5**	**387.7**	**385.9**	**381.4**	**388.2**
(A) Food Articles	**17.386**	**210.8**	**432.9**	**455.4**	**432.9**	**476.0**	**460.7**	**451.9**	**447.4**	**440.7**	**455.4**
a. Foodgrains (Cereals + Pulses)	7.917	196.1	418.6	433.3	418.6	455.5	447.1	439.0	434.6	433.2	433.3
a1. Cereals	6.824	190.4	412.7	424.2	412.7	446.1	439.4	431.5	427.4	425.2	424.2
a2. Pulses	1.093	231.6	455.3	489.9	455.3	514.0	495.3	486.1	479.4	483.5	489.9
b. Fruits & Vegetables	4.089	205.3	410.5	427.9	410.5	467.3	422.1	417.4	400.5	392.4	427.9
b1. Vegetables	1.291	195.7	333.2	358.1	333.2	529.7	436.9	367.2	302.3	313.2	358.1
b2. Fruits	2.798	209.7	446.2	460.1	446.2	438.5	415.2	440.5	445.8	429.0	460.1
c. Milk	1.961	220.1	384.7	451.5	384.7	403.7	397.0	393.6	397.0	394.5	451.5
d. Eggs,fish & meat	1.783	200.4	476.5	489.6	476.5	462.7	473.4	473.2	514.5	499.5	489.6
e. Condiments & spices	0.947	318.6	669.0	750.1	669.0	761.3	763.9	731.2	689.8	680.3	750.1
f. Other food articles	0.689	264.6	428.9	390.6	428.9	610.5	578.1	532.5	508.4	463.0	390.6
(B) Non-Food Articles	**10.081**	**210.5**	**378.0**	**368.4**	**378.0**	**383.5**	**381.1**	**377.6**	**377.3**	**376.6**	**368.4**
a. Fibres	1.791	201.5	345.0	338.9	345.0	340.8	333.5	330.2	334.6	335.9	338.9
b. Oil seeds	3.861	211.8	348.0	317.8	348.0	347.7	343.8	338.6	333.4	323.3	317.8
c. Other non-food articles	4.429	213.1	417.6	424.5	417.6	431.9	432.9	430.7	432.9	439.6	424.5
(C) Minerals	**4.828**	**109.0**	**159.8**	**187.8**	**159.8**	**177.7**	**177.7**	**177.7**	**182.1**	**178.0**	**187.8**
a. Metallic Minerals	0.231	164.8	453.6	453.8	453.6	453.6	453.6	453.6	453.9	453.5	453.8
b. Other minerals	0.323	194.3	306.9	325.7	306.9	323.6	323.6	323.6	323.7	325.6	325.7
c. Petroleum crude & natural gas	4.274	99.5	132.8	163.0	132.8	151.8	151.8	151.8	156.7	151.9	163.0

See 'Notes on Tables'.

No. 39 : INDEX NUMBERS OF WHOLESALE PRICES IN INDIA – BY GROUPS AND SUB-GROUPS (Month-end / Year-end data) *(Contd.)*
(Base : 1981-82 = 100)

Last week of month/year ended Saturday	Weight	1990-91	1998-99	1999-2000 (P)	1999				2000		
		(April-March)			Mar.	Oct.	Nov.	Dec.	Jan.	Feb.(P)	Mar.(P)
1	2	3	4	5	6	7	8	9	10	11	12
II. Fuel, Power, Light & Lubricants	**10.663**	**188.6**	**390.5**	**444.9**	**390.5**	**438.3**	**438.3**	**438.3**	**441.5**	**438.3**	**444.9**
a. Coal mining	1.256	232.7	503.3	530.7	503.3	521.1	521.1	521.1	530.7	521.1	530.7
b. Mineral oils	6.666	170.1	305.5	377.9	305.5	371.7	371.7	371.7	372.4	371.7	377.9
c. Electricity	2.741	213.4	545.4	568.7	545.4	562.4	562.4	562.4	568.7	562.4	568.7
III. Manufactured Products	**57.042**	**190.3**	**334.2**	**339.6**	**334.2**	**339.5**	**338.9**	**337.8**	**338.6**	**337.9**	**339.6**
(A) Food Products	**10.143**	**190.8**	**342.0**	**334.1**	**342.0**	**350.1**	**345.1**	**338.1**	**338.4**	**334.3**	**334.1**
a. Dairy products	0.642	200.6	402.8	415.4	402.8	416.4	417.6	417.7	415.7	415.1	415.4
b. Canning & preserving of fruits & vegetables	0.068	188.3	326.5	374.6	326.5	346.5	346.5	346.5	346.5	354.3	374.6
c. Canning & preserving & processing of fish	0.126	171.4	244.5	244.5	244.5	244.5	244.5	244.5	244.5	244.5	244.5
d. Grain mill products	1.530	197.9	398.5	396.1	398.5	425.4	416.8	405.2	406.2	407.3	396.1
e. Bakery products	0.242	176.3	428.9	426.0	428.9	422.9	429.8	429.7	431.9	429.8	426.0
f. Sugar, khandsari & gur	4.059	147.3	288.1	298.8	288.1	316.5	307.6	298.2	300.5	294.6	298.8
g. Manufacture of common salt	0.035	176.1	546.8	507.0	546.8	500.2	500.2	500.2	502.3	514.3	507.0
h. Cocoa, chocolate & sugar confectionery	0.088	159.7	275.7	263.9	275.7	264.5	264.5	264.6	264.6	263.9	263.9
i. Edible oils	2.445	251.8	353.7	287.9	353.7	304.8	300.0	296.5	293.7	288.1	287.9
j. Oil cakes	0.432	187.9	358.3	413.2	358.3	436.8	445.0	429.3	431.0	419.0	413.2
k. Tea & coffee processing	0.236	291.3	561.0	576.8	561.0	561.0	576.8	576.8	576.8	576.8	576.8
l. Other food products n.e.c.	0.240	177.6	329.8	350.1	329.8	349.5	354.1	354.1	351.9	350.2	350.1
(B) Beverages Tobacco & Tobacco Products	**2.149**	**246.6**	**488.4**	**508.6**	**488.4**	**508.3**	**508.3**	**508.3**	**508.6**	**508.3**	**508.6**
a. Wine Industries	0.099	162.8	383.6	384.8	383.6	383.6	383.6	383.8	383.8	384.8	384.8
b. Malt liquor	0.059	192.0	387.9	394.7	387.9	383.9	383.9	383.9	394.7	383.9	394.7
c. Soft drinks & carbonated water	0.066	256.4	431.6	431.6	431.6	431.6	431.6	431.6	431.6	431.6	431.6
d. Manufacture of bidi, cigarettes, tobacco & zarda	1.925	252.2	498.8	521.1	498.8	521.1	521.1	521.1	521.1	521.1	521.1

No. 39 : INDEX NUMBERS OF WHOLESALE PRICES IN INDIA – BY GROUPS AND SUB-GROUPS (Month-end / Year-end data) *(Contd.)*
(Base : 1981-82 = 100)

Last week of month/year ended Saturday	Weight	1990-91	1998-99	1999-2000 (P)	1999				2000		
		(April-March)			Mar.	Oct.	Nov.	Dec.	Jan.	Feb.(P)	Mar.(P)
1	2	3	4	5	6	7	8	9	10	11	12
(C) Textiles	**11.545**	**177.7**	**321.5**	**328.0**	**321.5**	**321.3**	**323.0**	**324.4**	**325.5**	**326.2**	**328.0**
a. Cotton textiles	6.093	181.5	356.1	361.0	356.1	355.4	353.7	354.8	356.3	357.9	361.0
a1. Cotton yarn	1.232	196.8	394.7	387.6	394.7	385.1	390.1	388.2	386.3	390.6	387.6
a2. Cotton cloth	3.159	167.9	336.5	347.3	336.5	337.7	337.7	340.5	344.1	343.7	347.3
a3. Cotton cloth	0.906	193.5	298.1	293.1	298.1	295.6	295.6	295.6	295.6	293.1	293.1
a4. Cotton cloth	0.740	201.6	436.4	448.2	436.4	444.9	422.3	422.3	422.3	433.4	448.2
a5. Khadi cloth	0.056	148.4	494.9	490.1	494.9	490.1	490.1	490.1	490.1	490.1	490.1
b. Man made textiles	2.921	134.9	193.8	193.1	193.8	189.5	193.2	194.8	193.8	193.6	193.1
c. Woolen textiles	0.339	157.6	228.6	230.8	228.6	233.1	233.9	233.9	235.1	235.4	230.8
d. Jute,hemp & mesta textiles	0.689	299.6	514.9	547.4	514.9	499.9	526.8	534.6	544.2	547.8	547.4
e. Manufacturing of textiles n.e.c.	1.503	194.0	361.8	377.6	361.8	377.1	377.1	377.1	376.9	377.7	377.6
(D) Wood & Wood Products	**1.198**	**159.3**	**626.4**	**617.3**	**626.4**	**617.3**	**617.3**	**617.3**	**617.3**	**617.3**	**617.3**
(E) Paper & Paper Products	**1.988**	**235.3**	**389.7**	**403.5**	**389.7**	**398.6**	**398.6**	**398.9**	**400.1**	**402.1**	**403.5**
a. Paper & pulp	0.808	217.9	363.4	392.5	363.4	378.8	378.8	380.8	382.8	389.8	392.5
b. Manufacture of board	0.440	171.1	288.2	294.1	288.2	297.1	297.1	296.3	296.3	294.1	294.1
c. Printing & publishing of newspapers etc.	0.740	292.6	478.7	480.6	478.7	480.6	480.6	479.7	480.6	479.7	480.6
(F) Leather & Leather Products	**1.018**	**230.3**	**297.3**	**318.3**	**297.3**	**319.0**	**319.0**	**319.0**	**319.0**	**318.3**	**318.3**

No. 39 : INDEX NUMBERS OF WHOLESALE PRICES IN INDIA – BY GROUPS AND SUB-GROUPS (Month-end / Year-end data) *(Contd.)*
(Base : 1981-82 = 100)

Last week of month/year ended Saturday	Weight	1990-91	1998-99	1999-2000 (P)	1999				2000		
		(April-March)			Mar.	Oct.	Nov.	Dec.	Jan.	Feb.(P)	Mar.(P)
1	2	3	4	5	6	7	8	9	10	11	12
(G) Rubber & Plastic Products	**1.592**	**165.6**	**247.0**	**245.0**	**247.0**	**242.2**	**242.2**	**244.2**	**246.0**	**246.0**	**245.0**
a. Tyres & tubes	0.766	153.7	236.7	235.5	236.7	235.5	235.5	235.5	235.5	235.5	235.5
a1. Tyres	0.697	151.3	230.4	227.9	230.4	227.9	227.9	227.9	227.9	227.9	227.9
a2. Tubes	0.069	177.5	300.3	312.0	300.3	312.0	312.0	312.0	312.0	312.0	312.0
b. Plastic products	0.442	188.3	240.4	236.4	240.4	226.3	226.3	233.6	240.0	240.0	236.4
c. Other rubber & plastic products	0.384	163.3	275.1	273.7	275.1	273.7	273.7	273.7	273.7	273.7	273.7
(H) Chemicals & Chemical Products	**7.355**	**154.0**	**287.5**	**295.2**	**287.5**	**291.1**	**291.3**	**291.2**	**290.9**	**290.6**	**295.2**
a. Basic heavy inorganic chemicals	0.764	203.0	351.7	351.9	351.7	353.3	354.2	352.9	352.2	350.7	351.9
b. Basic heavy organic chemicals	0.452	114.7	129.2	143.9	129.2	129.0	137.7	141.7	141.7	141.4	143.9
c. Fertilizers & pesticides	1.950	107.5	240.7	255.0	240.7	240.5	240.5	240.3	240.3	240.4	255.0
c1. Fertilizers	1.748	99.1	233.7	249.6	233.7	233.4	233.4	233.2	233.2	233.3	249.6
c2. Pesticides	0.202	180.5	301.3	302.2	301.3	302.2	302.2	302.2	302.2	302.2	302.2
d. Paints, varnishes & lacquer	0.240	215.3	360.3	369.1	360.3	363.6	363.6	363.6	363.6	363.7	369.1
e. Dyestuff & indigo	0.336	165.5	246.6	246.8	246.6	246.8	246.8	246.8	246.8	246.8	246.8
f. Drugs & medicines	1.065	153.1	366.1	382.3	366.1	379.6	379.6	380.6	380.6	382.3	382.3
g. Perfumes, cosmetics, toiletaries etc.	1.215	166.8	327.2	325.8	327.2	328.7	329.5	328.1	328.4	325.4	325.8
g1. Soaps & detergents	0.880	165.0	319.0	318.1	319.0	320.3	321.5	321.5	321.5	318.1	318.1
g2. Others	0.335	171.6	348.9	345.9	348.9	350.6	350.4	345.5	346.7	344.6	345.9
h. Turpentine,synthetic resins and plastic materials	0.477	180.4	237.7	237.9	237.7	236.8	236.8	236.8	236.8	237.9	237.9
i. Matches, explosives, inedible oils etc.	0.856	183.7	289.6	294.4	289.6	299.9	295.5	295.2	292.8	293.1	294.4

No. 39 : INDEX NUMBERS OF WHOLESALE PRICES IN INDIA – BY GROUPS AND SUB-GROUPS (Month-end / Year-end data) *(Contd.)*
(Base : 1981-82 = 100)

Last week of month/year ended Saturday	Weight	1990-91	1998-99	1999-2000 (P)	1999				2000		
		(April-March)			Mar.	Oct.	Nov.	Dec.	Jan.	Feb.(P)	Mar.(P)
1	2	3	4	5	6	7	8	9	10	11	12
(I) Non-Metallic Mineral Products	**2.477**	**196.7**	**369.6**	**372.1**	**369.6**	**370.9**	**366.8**	**362.8**	**363.4**	**361.5**	**372.1**
a. Structural clay products	0.695	227.6	550.3	547.7	550.3	541.5	541.5	541.5	547.8	547.7	547.7
b. Glass, earthenware, chinaware & their products	0.296	160.9	257.0	257.4	257.0	254.4	252.9	252.9	257.2	257.4	257.4
c. Cement,lime & plaster	0.916	194.5	289.1	291.7	289.1	300.1	289.5	278.4	267.7	267.7	291.7
c1. Cement	0.860	185.0	266.6	269.4	266.6	278.3	267.0	255.2	243.8	243.8	269.4
c2. Lime	0.056	340.9	634.5	634.5	634.5	634.5	634.5	634.5	634.5	634.5	634.5
d. Mica products	0.041	92.7	92.7	92.7	92.7	92.7	92.7	92.7	92.7	92.7	92.7
e. Cement,Slate & graphite products	0.529	188.0	355.9	366.6	355.9	356.1	356.1	356.8	367.2	358.2	366.6
(J) Basic Metals, Alloys & Metal Products	**7.632**	**228.1**	**354.4**	**367.9**	**354.4**	**363.1**	**363.8**	**364.6**	**366.7**	**366.3**	**367.9**
a. Basic metals & alloys	4.784	214.5	338.6	348.4	338.6	346.5	346.1	347.2	348.1	348.3	348.4
a1. Iron & steel	2.441	206.7	322.7	323.4	322.7	322.0	322.0	322.3	322.5	323.2	323.4
a2. Foundries for casting & forging & structurals	1.333	223.8	371.6	398.2	371.6	399.7	399.0	399.0	399.0	398.2	398.2
a3. Pipes,wire drawings & others	0.814	220.4	318.0	329.8	318.0	320.3	319.5	324.7	329.5	329.8	329.8
a4. Ferro alloys	0.196	223.0	397.3	397.7	397.3	397.7	397.7	397.7	397.7	397.7	397.7
b. Non-ferrous metals	1.025	263.5	415.1	443.9	415.1	427.8	434.7	435.6	436.4	434.5	443.9
b1. Aluminium	0.454	226.8	417.2	451.1	417.2	427.4	441.6	441.6	441.6	444.0	451.1
b2. Other non-ferrous metals	0.571	292.6	413.5	438.1	413.5	428.1	429.3	430.8	432.3	427.0	438.1
c. Metal products	1.823	243.7	361.7	376.5	361.7	370.3	370.3	370.3	376.5	375.0	376.5

No. 39 : INDEX NUMBERS OF WHOLESALE PRICES IN INDIA – BY GROUPS AND SUB-GROUPS (Month-end / Year-end data) *(Concld.)*
(Base : 1981-82 = 100)

Last week of month/year ended Saturday	Weight	1990-91	1998-99	1999-2000 (P)	1999				2000		
		(April-March)			Mar.	Oct.	Nov.	Dec.	Jan.	Feb.(P)	Mar.(P)
1	2	3	4	5	6	7	8	9	10	11	12
(K) Machinery & Machine Tools	**6.268**	**188.8**	**306.1**	**311.6**	**306.1**	**309.0**	**309.2**	**310.4**	**311.4**	**310.8**	**311.6**
a. Non-electrical machinery & parts	3.277	199.8	328.6	337.3	328.6	334.7	335.3	335.6	336.9	335.5	337.3
a1. Heavy machinery & parts	1.393	200.8	370.2	384.4	370.2	379.2	380.1	380.1	383.5	379.9	384.4
a2. Industrial machinery for food & textiles	0.713	171.2	238.0	239.8	238.0	239.9	239.9	239.9	239.9	239.8	239.8
a3. Fridge, office equipment & non-elecl. machinery	1.171	215.9	334.2	340.5	334.2	339.5	340.1	340.9	340.4	341.0	340.5
b. Electrical machinery	2.991	176.7	281.5	283.5	281.5	280.9	280.5	282.8	283.4	283.7	283.5
b1. Electrical industrial machinery	1.147	174.5	325.9	330.2	325.9	328.6	328.5	330.2	329.8	330.4	330.2
b2. Industrial wires & cables	0.728	204.9	292.2	291.8	292.2	285.8	283.6	290.4	292.6	293.3	291.8
b3. Dry & wet batteries/cells	0.231	195.3	298.5	300.7	298.5	298.9	298.9	298.9	298.9	300.7	300.7
b4. Electrical apparatus, appliances & parts	0.424	151.4	224.2	226.3	224.2	224.8	224.8	224.5	226.2	224.5	226.3
b5. Radio & T.V. sets	0.461	151.7	198.2	198.2	198.2	197.2	198.5	198.5	198.5	198.2	198.2
(L) Transport Equipment & Parts	**2.705**	**190.8**	**289.6**	**301.8**	**289.6**	**304.8**	**305.2**	**299.6**	**301.2**	**300.8**	**301.8**
a. Locomotives, railway wagons & parts	0.274	239.8	355.7	370.6	355.7	365.9	365.9	365.9	370.6	365.9	370.6
b. Motor vehicles,scooters bicycles & parts	2.431	185.3	282.1	294.0	282.1	297.9	298.4	292.1	293.4	293.5	294.0
(M) Other Misc.Manufacturing Industries	**0.972**	**123.0**	**181.3**	**181.7**	**181.3**	**181.2**	**181.2**	**181.0**	**181.0**	**181.7**	**181.7**

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

No. 40 : FOREIGN TRADE (ANNUAL AND MONTHLY)

Year/ Month	Rupees crore			US dollar million			SDR million		
	Export	Import	Balance	Export	Import	Balance	Export	Import	Balance
1	2	3	4	5	6	7	8	9	10
1990-91	32,558	43,193	-10,635	18,145	24,073	-5,927	13,102	17,382	-4,280
1995-96	1,06,353	1,22,678	-16,325	31,795	36,675	-4,880	21,070	24,304	-3,234
1996-97	1,18,817	1,38,920	-20,103	33,470	39,132	-5,663	23,350	27,300	-3,951
1997-98	1,30,101	1,54,176	-24,076	35,006	41,484	-6,478	25,674	30,425	-4,751
1998-99 (P)	1,41,604	1,76,099	-34,495	33,659	41,858	-8,199	24,621	30,619	-5,998
1998-99 (P)									
April	10,906	14,880	-3,973	2,750	3,752	-1,002	2,046	2,792	-745
May	10,457	15,236	-4,779	2,584	3,765	-1,181	1,919	2,796	-877
June	10,353	12,819	-2,466	2,451	3,035	-584	1,838	2,276	-438
July	12,964	16,509	-3,546	3,050	3,884	-834	2,287	2,912	-625
August	12,158	14,068	-1,910	2,844	3,290	-447	2,144	2,481	-337
September	11,863	15,874	-4,011	2,790	3,733	-943	2,040	2,730	-690
October	11,280	14,393	-3,114	2,664	3,400	-736	1,893	2,415	-522
November	10,905	14,796	-3,891	2,573	3,491	-918	1,849	2,508	-659
December	11,959	14,520	-2,561	2,810	3,412	-602	2,004	2,434	-429
January	12,306	14,316	-2,010	2,895	3,368	-473	2,061	2,398	-337
February	12,038	13,502	-1,464	2,835	3,180	-345	2,051	2,300	-249
March	14,414	15,185	-771	3,396	3,577	-182	2,492	2,626	-133
1999-2000 (P)									
April	11,445	14,033	-2,588	2,679	3,284	-606	1,977	2,425	-447
May	11,807	15,637	-3,830	2,760	3,656	-895	2,046	2,710	-664
June	12,201	16,125	-3,924	2,829	3,738	-910	2,111	2,790	-679
July	13,514	16,128	-2,614	3,122	3,726	-604	2,331	2,782	-451
August	13,685	17,993	-4,307	3,149	4,140	-991	2,308	3,035	-727
September	13,922	18,058	-4,136	3,198	4,148	-950	2,324	3,014	-690
October	13,764	16,989	-3,225	3,168	3,910	-742	2,280	2,815	-534
November	14,472	16,473	-2,000	3,335	3,796	-461	2,421	2,755	-335
December	13,902	17,721	-3,819	3,197	4,075	-878	2,329	2,969	-640
January	12,139	16,046	-3,907	2,787	3,684	-897	2,034	2,688	-654
February	13,490	16,765	-3,276	3,093	3,844	-751	2,300	2,858	-558

Note : Data conversion is through period average exchange rates.
Also see 'Notes on Tables'.

Source : DGCI & S.

No. 41 : INDIA'S OVERALL BALANCE OF PAYMENTS IN RUPEES

(Rs. crore)

Items	1990-91			1996-97			1997-98			1998-99		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
1	2	3	4	5	6	7	8	9	10	11	12	13
A. CURRENT ACCOUNT												
I. MERCHANDISE	**33153**	**50086**	**-16933**	**121193**	**173754**	**-52561**	**132703**	**190508**	**-57805**	**144436**	**199914**	**-55478**
II. INVISIBLES (a +b+c)	**13396**	**13829**	**-433**	**76093**	**39814**	**36279**	**86245**	**49323**	**36922**	**108460**	**69769**	**38691**
a) Services	8169	6408	1761	26565	23944	2621	35102	30159	4943	55528	46411	9117
i) Travel	2613	703	1910	10232	3049	7183	10880	5339	5541	12604	7326	5278
ii) Transportation	1765	1961	-196	6942	8497	-1555	6805	9353	-2548	8109	11265	-3156
iii) Insurance	199	159	40	771	543	228	890	680	210	945	472	473
iv) G.n.i.e.	27	310	-283	257	636	-379	1038	594	444	2520	1359	1161
v) Miscellaneous	3565	3275	290	8363	11219	-2856	15489	14193	1296	31350	25989	5361
b) Transfers	4567	28	4539	45716	291	45425	45348	165	45183	44799	257	44542
vi) Official	830	3	827	1507	51	1456	1418	—	1418	1305	5	1300
vii) Private	3737	25	3712	44209	240	43969	43930	165	43765	43494	252	43242
c) Income	660	7393	-6733	3812	15579	-11767	5795	18999	-13204	8133	23101	-14968
i) Investment Income	660	7393	-6733	3812	15579	-11767	5795	18764	-12969	7953	23032	-15079
ii) Compensation to employees	—	—	—	—	—	—	—	235	-235	180	69	111
Total Current Account (I+II)	**46549**	**63915**	**-17366**	**197286**	**213568**	**-16282**	**218948**	**239831**	**-20883**	**252896**	**269683**	**-16787**
B. CAPITAL ACCOUNT												
1. Foreign Investment (a+b)	**201**	**19**	**182**	**27784**	**6623**	**21161**	**34444**	**14612**	**19832**	**24825**	**15088**	**9737**
a) In India	201	19	182	27751	5923	21828	34075	14114	19961	24210	14041	10169
i. Direct	191	19	172	10170	77	10093	13317	124	13193	10550	162	10388
ii. Portfolio	10	—	10	17581	5846	11735	20758	13990	6768	13660	13879	-219
b) Abroad	—	—	—	33	700	-667	369	498	-129	615	1047	-432
2. Loans (a+b+c)	**16924**	**6994**	**9930**	**62990**	**46009**	**16981**	**64144**	**46687**	**17457**	**61871**	**43008**	**18863**
a) External Assistance	6095	2139	3956	10893	6923	3970	10827	7441	3386	11508	8107	3401
i) By India	—	10	-10	—	28	-28	—	77	-77	2	85	-83
ii) To India	6095	2129	3966	10893	6895	3998	10827	7364	3463	11506	8022	3484
b) Commercial Borrowings (MT & LT)	7684	3639	4045	26896	16864	10032	27254	12653	14601	30645	12067	18578
i) By India	54	44	10	29	—	29	43	—	43	22	—	22
ii) To India	7630	3595	4035	26867	16864	10003	27211	12653	14558	30623	12067	18556
c) Short Term to India	3145	1216	1929	25201	22222	2979	26063	26593	-530	19718	22834	-3116
3. Banking Capital (a+b)	**18133**	**16909**	**1224**	**28395**	**20504**	**7891**	**33056**	**36243**	**-3187**	**34547**	**28168**	**6379**
a) Commercial Banks	14282	12660	1622	27053	19146	7907	30328	34838	-4510	28529	26966	1563
i) Assets	763	1415	-652	2651	5738	-3087	2093	10214	-8121	5713	11421	-5708
ii) Liabilities	335	817	-482	363	1263	-900	194	908	-714	527	566	-39
iii) Non-Resident Deposits	13184	10427	2757	24039	12145	11894	28041	23716	4325	22289	14979	7310
b) Others	3851	4249	-398	1342	1358	-16	2728	1405	1323	6018	1202	4816
4. Rupee Debt Service	**—**	**2140**	**-2140**	**—**	**2542**	**-2542**	**—**	**2784**	**-2784**	**—**	**3308**	**-3308**
5. Other Capital	**5593**	**2129**	**3464**	**9390**	**10267**	**-877**	**14458**	**9171**	**5287**	**16563**	**11879**	**4684**
Total Capital Account (1 to 5)	**40851**	**28191**	**12660**	**128559**	**85945**	**42614**	**146102**	**109497**	**36605**	**137806**	**101451**	**36355**
C. Errors & Omissions	**235**	—	**235**	**—**	**2112**	**-2112**	**931**	**—**	**931**	**—**	**1323**	**-1323**
D. Overall Balance (Total Capital Account, Current Account and Errors & Omissions (A+B+C))	**87635**	**92106**	**-4471**	**325845**	**301625**	**24220**	**365981**	**349328**	**16653**	**390702**	**372457**	**18245**
E. Monetary Movements (i+ii)	**4471**	—	**4471**	**—**	**24220**	**-24220**	**—**	**16653**	**-16653**	**—**	**18245**	**-18245**
i) I.M.F.	2178	—	2178	—	3460	-3460	—	2286	-2286	—	1652	-1652
ii) Foreign Exchange Reserves	2293	—	2293	—	20760	-20760	—	14367	-14367	—	16593	-16593

PR : Partially Revised.

No. 41 : INDIA'S OVERALL BALANCE OF PAYMENTS IN RUPEES

(Rs. crore)

Items	Jan. - Mar. 1999			Apr. - Jun. 1999			Jul. - Sep. 1999			Oct. - Dec. 1999		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
1	14	15	16	17	18	19	20	21	22	23	24	25
A. CURRENT ACCOUNT												
I. MERCHANDISE	**40549**	**47638**	**-7089**	**34938**	**52762**	**-17824**	**41952**	**56603**	**-14651**	**44191**	**60716**	**-16525**
II. INVISIBLES (a+b+c)	**30338**	**21947**	**8391**	**27202**	**17973**	**9229**	**29379**	**21032**	**8347**	**32616**	**18821**	**13795**
a) Services	16516	15096	1420	13190	12494	696	13855	14399	-544	16232	13335	2897
i) Travel	3682	1717	1965	2878	2384	494	2875	2257	618	3516	2397	1119
ii) Transportation	2600	2567	33	1547	2238	-691	2061	3111	-1050	1866	2791	-925
iii) Insurance	265	126	139	207	114	93	270	78	192	302	176	126
iv) G.n.i.e.	346	110	236	662	303	359	456	300	156	704	265	439
v) Miscellaneous	9623	10576	-953	7896	7455	441	8193	8653	-460	9844	7706	2138
b) Transfers	11634	37	11597	12041	32	12009	13441	47	13394	14364	34	14330
vi) Official	393	5	388	244	—	244	286	—	286	548	—	548
vii) Private	11241	32	11209	11797	32	11765	13155	47	13108	13816	34	13782
c) Income	2188	6814	-4626	1971	5447	-3476	2083	6586	-4503	2020	5452	-3432
I) Investment Income	2122	6794	-4672	1897	5432	-3535	1852	6559	-4707	1862	5452	-3590
II) Compensation to employees	66	20	46	74	15	59	231	27	204	158	—	158
Total Current Account (I+II)	**70887**	**69585**	**1302**	**62140**	**70735**	**-8595**	**71331**	**77635**	**-6304**	**76807**	**79537**	**-2730**
B.CAPITAL ACCOUNT												
1. Foreign Investment (a+b)	**7667**	**2318**	**5349**	**8594**	**2844**	**5750**	**12660**	**8030**	**4630**	**11045**	**7831**	**3214**
a) In India	7567	2091	5476	8559	2764	5795	12611	7843	4768	10724	7479	3245
i. Direct	2945	107	2838	1946	8	1938	2819	3	2816	1738	—	1738
ii. Portfolio	4622	1983	2639	6613	2756	3857	9792	7840	1952	8986	7479	1507
b) Abroad	100	227	-127	35	80	-45	49	187	-138	321	352	-31
2. Loans (a+b+c)	**11730**	**7786**	**3944**	**11268**	**10663**	**605**	**14261**	**13102**	**1159**	**12653**	**11862**	**791**
a) External Assistance	4049	1634	2415	1887	1969	-82	3118	2568	550	4035	2507	1528
i) By India	—	7	-7	2	8	-6	—	14	-14	1	19	-18
ii) To India	4049	1627	2422	1885	1961	-76	3118	2554	564	4034	2488	1546
b) Commercial Borrowings (MT & LT)	4032	3278	754	2688	2704	-16	4158	3845	313	2609	3419	-810
i) By India	—	—	—	26	—	26	1	—	1	60	—	60
ii) To India	4032	3278	754	2662	2704	-42	4157	3845	312	2549	3419	-870
c) Short Term to India	3649	2874	775	6693	5990	703	6985	6689	296	6009	5936	73
3. Banking Capital (a+b)	**14261**	**6560**	**7701**	**13323**	**7944**	**5379**	**9799**	**9115**	**684**	**14758**	**9265**	**5493**
a) Commercial Banks	9719	6231	3488	11638	7929	3709	9795	8235	1560	14745	7999	6746
i) Assets	1050	1406	-356	3036	1732	1304	2423	2490	-67	5455	1391	4064
ii) Liabilities	182	295	-113	62	275	-213	253	21	232	367	109	258
iii) Non-Resident Deposits	8487	4530	3957	8540	5922	2618	7119	5724	1395	8923	6499	2424
b) Others	4542	329	4213	1685	15	1670	4	880	-876	13	1266	-1253
4. Rupee Debt Service	—	**664**	**-664**	—	**2219**	**-2219**	—	**15**	**-15**	—	**211**	**-211**
5. Other Capital	**3049**	**6825**	**-3776**	**4894**	**2326**	**2568**	**2514**	**2969**	**-455**	**2604**	**2459**	**145**
Total Capital Account (1 to 5)	**36707**	**24153**	**12554**	**38079**	**25996**	**12083**	**39234**	**33231**	**6003**	**41060**	**31628**	**9432**
C. Errors & Omissions	**64**	—	**64**	**2763**	—	**2763**	—	**1928**	**-1928**	**2426**	—	**2426**
D. Overall Balance (Total Capital Account, Current Account and Errors & Omissions (A+B+C)	**107658**	**93738**	**13920**	**102982**	**96731**	**6251**	**110565**	**112794**	**-2229**	**120293**	**111165**	**9128**
E. Monetary Movements (i+ii)	—	**13920**	**-13920**	—	**6251**	**-6251**	**2566**	**337**	**2229**	—	**9128**	**-9128**
i) I.M.F.	—	435	-435	—	335	-335	—	337	-337	—	337	-337
ii) Foreign Exchange Reserves (Increase - / Decrease +)	—	13485	-13485	—	5916	-5916	2566	—	2566	—	8791	-8791

PR : Partially Revised.

No. 42 : INDIA'S OVERALL BALANCE OF PAYMENTS IN DOLLARS

(US $ million)

Items	1990-91 PR			1996-97 PR			1997-98 PR			1998-99		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
1	2	3	4	5	6	7	8	9	10	11	12	13
A. CURRENT ACCOUNT												
I. MERCHANDISE	**18477**	**27915**	**-9438**	**34133**	**48948**	**-14815**	**35680**	**51187**	**-15507**	**34298**	**47544**	**-13246**
II. INVISIBLES (a+b+c)	**7464**	**7706**	**-242**	**21405**	**11209**	**10196**	**23244**	**13237**	**10007**	**25770**	**16562**	**9208**
a) Services	4551	3571	980	7474	6748	726	9429	8110	1319	13186	11021	2165
i) Travel	1456	392	1064	2878	858	2020	2914	1437	1477	2993	1743	1250
ii) Transportation	983	1093	-110	1953	2394	-441	1836	2522	-686	1925	2680	-755
iii) Insurance	111	88	23	217	153	64	240	183	57	224	112	112
iv) G.n.i.e.	15	173	-158	72	178	-106	276	160	116	597	325	272
v) Miscellaneous	1986	1825	161	2354	3165	-811	4163	3808	355	7447	6161	1286
b) Transfers	2545	15	2530	12858	81	12777	12254	45	12209	10649	62	10587
vi) Official	462	1	461	423	13	410	379	—	379	308	1	307
vii) Private	2083	14	2069	12435	68	12367	11875	45	11830	10341	61	10280
c) Income	368	4120	-3752	1073	4380	-3307	1561	5082	-3521	1935	5479	-3544
I) Investment Income	368	4120	-3752	1073	4380	-3307	1561	5020	-3459	1893	5462	-3569
II) Compensation to employees	—	—	—	—	—	—	—	62	-62	42	17	25
Total Current Account (I+II)	**25941**	**35621**	**-9680**	**55538**	**60157**	**-4619**	**58924**	**64424**	**-5500**	**60068**	**64106**	**-4038**
B. CAPITAL ACCOUNT												
1. Foreign Investment (a+b)	**113**	**10**	**103**	**7824**	**1861**	**5963**	**9266**	**3913**	**5353**	**5892**	**3580**	**2312**
a) In India	113	10	103	7816	1663	6153	9169	3779	5390	5743	3331	2412
i. Direct	107	10	97	2863	22	2841	3596	34	3562	2518	38	2480
ii. Portfolio	6	0	6	4953	1641	3312	5573	3745	1828	3225	3293	-68
b) Abroad	—	—	—	8	198	-190	97	134	-37	149	249	-100
2. Loans (a+b+c)	**9432**	**3899**	**5533**	**17720**	**12925**	**4795**	**17301**	**12502**	**4799**	**14771**	**10353**	**4418**
a) External Assistance	3397	1193	2204	3056	1955	1101	2885	2000	885	2726	1927	799
i) By India	—	6	-6	—	8	-8	—	22	-22	—	21	-21
ii) To India	3397	1187	2210	3056	1947	1109	2885	1978	907	2726	1906	820
b) Commercial Borrowings (MT & LT)	4282	2028	2254	7579	4723	2856	7382	3372	4010	7231	2864	4367
i) By India	30	24	6	8	—	8	11	—	11	5	—	5
ii) To India	4252	2004	2248	7571	4723	2848	7371	3372	3999	7226	2864	4362
c) Short Term to India	1753	678	1075	7085	6247	838	7034	7130	-96	4814	5562	-748
3. Banking Capital (a+b)	**10106**	**9424**	**682**	**8018**	**5789**	**2229**	**8910**	**9803**	**-893**	**8197**	**6717**	**1480**
a) Commercial Banks	7960	7056	904	7632	5407	2225	8164	9424	-1260	6768	6434	334
i) Assets	425	789	-364	755	1625	-870	580	2775	-2195	1344	2741	-1397
ii) Liabilities	187	456	-269	102	357	-255	52	242	-190	124	135	-11
iii) Non-Resident Deposits	7348	5811	1537	6775	3425	3350	7532	6407	1125	5300	3558	1742
b) Others	2146	2368	-222	386	382	4	746	379	367	1429	283	1146
4. Rupee Debt Service	—	**1193**	**-1193**	—	**727**	**-727**	—	**767**	**-767**	—	**802**	**-802**
5. Other Capital	**3117**	**1186**	**1931**	**2629**	**2883**	**-254**	**3815**	**2463**	**1352**	**3958**	**2801**	**1157**
Total Capital Account (1 to 5)	**22768**	**15712**	**7056**	**36191**	**24185**	**12006**	**39292**	**29448**	**9844**	**32818**	**24253**	**8565**
C. Errors & Omissions	**132**	—	**132**	—	**594**	**-594**	**167**	—	**167**	—	**305**	**-305**
D. Overall Balance (Total Capital Account, Current Account and Errors & Omissions (A+B+C)	**48841**	**51333**	**-2492**	**91729**	**84936**	**6793**	**98383**	**93872**	**4511**	**92886**	**88664**	**4222**
E. Monetary Movements (i+ii)	**2492**	—	**2492**	—	**6793**	**-6793**	—	**4511**	**-4511**	—	**4222**	**-4222**
i) I.M.F.	1214	—	1214	—	975	-975	—	618	-618	—	393	-393
ii) Foreign Exchange Reserves (Increase - / Decrease +)	1278	—	1278	—	5818	-5818	—	3893	-3893	—	3829	-3829

PR : Partially Revised.

No. 42 : INDIA'S OVERALL BALANCE OF PAYMENTS IN DOLLARS

(US $ million)

Items	Jan. - Mar. 99			Apr. - Jun. 99 PR			Jul. - Sep. 99			Oct. - Dec. 99		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
1	14	15	16	17	18	19	20	21	22	23	24	25
A. CURRENT ACCOUNT												
I. MERCHANDISE	**9547**	**11216**	**-1669**	**8148**	**12305**	**-4157**	**9660**	**13034**	**-3374**	**10172**	**13976**	**-3804**
II. INVISIBLES (a+b+c)	**7143**	**5168**	**1975**	**6343**	**4192**	**2151**	**6765**	**4843**	**1922**	**7508**	**4333**	**3175**
a) Services	3889	3554	335	3076	2915	161	3191	3316	-125	3737	3070	667
i) Travel	867	404	463	671	556	115	662	520	142	809	552	257
ii) Transportation	612	604	8	361	522	-161	475	716	-241	430	642	-212
iii) Insurance	62	30	32	48	27	21	62	18	44	70	41	29
iv) G.n.i.e.	82	26	56	154	71	83	105	69	36	162	61	101
v) Miscellaneous	2266	2490	-224	1842	1739	103	1887	1993	-106	2266	1774	492
b) Transfers	2739	9	2730	2808	7	2801	3095	11	3084	3306	8	3298
vi) Official	92	1	91	57	—	57	66	—	66	126	—	126
vii) Private	2647	8	2639	2751	7	2744	3029	11	3018	3180	8	3172
c) Income	515	1605	-1090	459	1270	-811	479	1516	-1037	465	1255	-790
I) Investment Income	500	1600	-1100	442	1267	-825	426	1510	-1084	429	1255	-826
II) Compensation to employees	15	5	10	17	3	14	53	6	47	36	—	36
Total Current Account (I+II)	**16690**	**16384**	**306**	**14491**	**16497**	**-2006**	**16425**	**17877**	**-1452**	**17680**	**18309**	**-629**
B. CAPITAL ACCOUNT												
1. Foreign Investment (a+b)	**1804**	**545**	**1259**	**2004**	**664**	**1340**	**2915**	**1849**	**1066**	**2542**	**1803**	**739**
a) In India	1781	492	1289	1996	645	1351	2904	1806	1098	2468	1722	746
i. Direct	693	25	668	454	2	452	649	1	648	400	—	400
ii. Portfolio	1088	467	621	1542	643	899	2255	1805	450	2068	1722	346
b) Abroad	23	53	-30	8	19	-11	11	43	-32	74	81	-7
2. Loans (a+b+c)	**2761**	**1834**	**927**	**2628**	**2487**	**141**	**3283**	**3016**	**267**	**2913**	**2730**	**183**
a) External Assistance	953	385	568	440	459	-19	718	591	127	929	577	352
i) By India	—	2	-2	—	2	-2	—	3	-3	—	4	-4
ii) To India	953	383	570	440	457	-17	718	588	130	929	573	356
b) Commercial Borrowings (MT & LT)	949	772	177	627	631	-4	957	885	72	601	787	-186
i) By India	—	—	—	6	—	6	—	—	—	14	—	14
ii) To India	949	772	177	621	631	-10	957	885	72	587	787	-200
c) Short Term to India	859	677	182	1561	1397	164	1608	1540	68	1383	1366	17
3. Banking Capital (a+b)	**3357**	**1546**	**1811**	**3107**	**1852**	**1255**	**2256**	**2099**	**157**	**3397**	**2132**	**1265**
a) Commercial Banks	2288	1468	820	2714	1849	865	2255	1896	359	3394	1841	1553
i) Assets	247	331	-84	708	404	304	558	573	-15	1256	320	936
ii) Liabilities	43	70	-27	14	64	-50	58	5	53	84	25	59
iii) Non-Resident Deposits	1998	1067	931	1992	1381	611	1639	1318	321	2054	1496	558
b) Others	1069	78	991	393	3	390	1	203	-202	3	291	-288
4. Rupee Debt Service	—	**156**	**-156**	—	**518**	**-518**	—	**3**	**-3**	—	**49**	**-49**
5. Other Capital	**718**	**1607**	**-889**	**1141**	**542**	**599**	**579**	**684**	**-105**	**599**	**566**	**33**
Total Capital Account (1 to 5)	**8640**	**5688**	**2952**	**8880**	**6063**	**2817**	**9033**	**7651**	**1382**	**9451**	**7280**	**2171**
C. Errors & Omissions	**20**	—	**20**	**647**	—	**647**	—	**443**	**-443**	**560**	—	**560**
D. Overall Balance (Total Capital Account, Current Account and Errors & Omissions (A+B+C)	**25350**	**22072**	**3278**	**24018**	**22560**	**1458**	**25458**	**25971**	**-513**	**27691**	**25589**	**2102**
E. Monetary Movements (i+ii)	—	**3278**	**-3278**	—	**1458**	**-1458**	**591**	**78**	**513**	—	**2102**	**-2102**
i) I.M.F.	—	103	-103	—	78	-78	—	78	-78	—	78	-78
ii) Foreign Exchange Reserves (Increase - / Decrease +)	—	3175	-3175	—	1380	-1380	591	—	591	—	2024	-2024

PR : Partially Revised.

No. 43 : FOREIGN EXCHANGE RESERVES

End of	SDRs			Gold		Foreign Currency Assets		Total	
	In millions of SDRs	Rupees crore	In millions of U.S.$	Rupees crore	In millions of U.S.$	Rupees crore	In millions of U.S.$	Rupees crore	In millions of U.S.$
1	2	3	4	5	6	7	8	9	10
1990-91	75.90	199.99	102	6,828.31	3,496	4,388.10	2,236	11,416.40	5,834
1991-92	65.69	233.29	90	9,038.84	3,499	14,577.99	5,631	23,850.12	9,220
1992-93	12.70	55.44	18	10,548.81	3,380	20,140.48	6,434	30,744.73	9,832
1993-94	76.49	338.95	108	12,794.14	4,078	47,287.26	15,068	60,420.35	19,254
1994-95	4.64	22.81	7	13,751.79	4,370	66,005.59	20,809	79,780.19	25,186
1995-96	55.85	280.16	82	15,658.45	4,561	58,445.87	17,044	74,384.48	21,687
1996-97	1.38	6.87	2	14,557.23	4,054	80,367.52	22,367	94,931.62	26,423
1997-98	0.79	4.17	1	13,393.95	3,391	1,02,506.68	25,975	1,15,904.80	29,367
1998-99	5.94	34.22	8	12,559.07	2,960	1,25,412.00	29,522	1,38,005.29	32,490
1999-2000 (P)	2.67	15.69	4	12,973.28	2,974	1,52,924.35	35,058	1,65,913.32	38,036
May 1999	0.19	1.10	-	12,251.28	2,860	1,31,152.52	30,615	1,43,404.90	33,475
June 1999	0.19	1.10	-	11,732.03	2,706	1,32,505.09	30,559	1,44,238.22	33,265
July 1999	6.20	36.62	8	11,491.25	2,654	1,33,160.57	30,760	1,44,688.44	33,422
August 1999	6.58	39.19	9	11,563.30	2,659	1,33,053.50	30,601	1,44,655.99	33,269
September 1999	0.87	5.26	1	11,849.80	2,717	1,32,945.88	30,485	1,44,800.94	33,203
October 1999	7.87	47.18	11	13,965.15	3,216	1,32,769.80	30,578	1,46,782.13	33,805
November 1999 (P)	3.04	18.07	4	13,189.45	3,038	1,35,948.30	31,317	1,49,155.82	34,359
December 1999 (P)	3.04	18.14	4	12,790.83	2,939	1,39,133.68	31,992	1,51,942.65	34,935
January 2000 (P)	7.04	41.56	10	12,853.18	2,945	1,39,388.72	31,941	1,52,283.46	34,896
February 2000 (P)	2.67	15.59	4	13,536.87	3,104	1,43,018.01	32,795	1,56,570.47	35,903
March 2000 (P)	2.67	15.69	4	12,973.28	2,974	1,52,924.35	35,058	1,65,913.32	38,036
March 3, 2000 (P)	2.67	15.59	4	13,536.87	3,104	1,43,369.65	32,898	1,56,922.11	36,006
March 10, 2000 (P)	2.67	15.62	4	13,536.87	3,104	1,45,699.44	33,425	1,59,251.93	36,533
March 16, 2000 (P)	2.67	15.68	4	13,536.87	3,104	1,47,280.02	33,795	1,60,832.57	36,903
March 24, 2000 (P)	2.67	15.65	4	13,536.87	3,104	1,50,091.70	34,425	1,63,644.22	37,533
March 31, 2000 (P)	2.67	15.69	4	12,973.28	2,974	1,52,924.35	35,058	1,65,913.32	38,036

No. 44 : OUTSTANDING BALANCES UNDER VARIOUS NON-RESIDENT INDIAN DEPOSIT SCHEMES @

(As at the end of March)

(US $ million)

SCHEME	1991	1992	1993	1994	1995	1996	1997	1998	1999
1. FCNR(A)	10103	9792	10617	9300	7051	4255	2306	1	—
2. FCNR(B)	—	—	—	1108	3063	5720	7496	8467	8323
3. NR(E)RA	3618	3025	2740	3523	4556	3916	4983	5637	6220
4. NR(NR)RD	—	—	621	1754	2486	3542	5604	6262	6758
Total	**13721**	**12817**	**13978**	**15685**	**17156**	**17433**	**20389**	**20367**	**21301**

SCHEME	1998-99		1999-2000(P)										
	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.
1. FCNR(A)	—	—	—	—	—	—	—	—	—	—	—	—	—
2. FCNR(B)	7932	8323	8248	8331	8561	8625	8664	8718	8826	8947	8942	9017	9007
3. NR(E)RA	6108	6220	6278	6315	6314	6383	6428	6475	6530	6661	6645	6773	6932
4. NR(NR)RD	6704	6758	6792	6773	6739	6779	6690	6706	6806	6891	6890	6972	6941
Total	**20744**	**21301**	**21318**	**21419**	**21614**	**21787**	**21782**	**21899**	**22162**	**22499**	**22477**	**22762**	**22880**

@ : All figures are inclusive of accrued interest.

Note :
1. Foreign Currency Non-Resident (Accounts) revised from July 1997 onwards.
2. FCNR(A) : Foreign Currency Non-Resident (Accounts).
3. FCNR(B) : Foreign Currency Non-Resident (Banks).
4. NR(E) RA : Non-Resident(External) Rupee Accounts.
5. NR(NR)RD : Non-Resident(Non-Repatriable) Rupee Deposits.

No. 45 : FOREIGN INVESTMENT INFLOWS

(US $ million)

	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
A. Direct Investment	**97**	**129**	**315**	**586**	**1314**	**2144**	**2821**	**3557**	**2462**
a. Government (SIA/FIPB)	—	66	222	280	701	1249	1922	2754	1821
b. RBI	—	—	42	89	171	169	135	202	179
c. NRI	—	63	51	217	442	715	639	241	62
d. Acquisition of shares *	—	—	—	—	—	11	125	360	400
B. Portfolio Investment	**6**	**4**	**244**	**3567**	**3824**	**2748**	**3312**	**1828**	**– 61**
a. GDRs #	—	—	240	1520	2082	683	1366	645	270
b. FIIs **	—	—	1	1665	1503	2009	1926	979	– 390
c. Offshore funds and others	6	4	3	382	239	56	20	204	59
Total (A+B)	**103**	**133**	**559**	**4153**	**5138**	**4892**	**6133**	**5385**	**2401**

	1998-99		**1999-2000 (P)**										
	Feb.	**Mar.**	**Apr.**	**May**	**Jun.**	**Jul.**	**Aug.**	**Sep.**	**Oct.**	**Nov.**	**Dec.**	**Jan.**	**Feb.**
A. Direct Investment	**210**	**294**	**140**	**149**	**154**	**205**	**345**	**96**	**128**	**113**	**159**	**119**	**290**
a. Government (SIA/FIPB)	122	209	89	74	108	105	265	65	63	98	120	60	**189**
b. RBI	5	38	3	20	10	21	34	12	15	5	7	29	**5**
c. NRI	4	6	4	3	5	5	13	10	7	1	23	5	**5**
d. Acquisition of shares *	79	41	44	52	31	74	33	9	43	9	9	25	**91**
B. Portfolio Investment	**48**	**511**	**458**	**400**	**44**	**252**	**36**	**162**	**4**	**– 15**	**357**	**142**	**695**
a. GDRs / ADRs #	—	255	—	—	—	—	—	315	86	—	—	—	**218**
b. FIIs **	44	256	457	343	42	233	33	– 154	– 100	– 23	356	129	**477**
c. Offshore funds	4	—	1	57	2	19	3	1	18	8	1	13	—
Total (A + B)	**258**	**805**	**598**	**549**	**198**	**457**	**381**	**258**	**132**	**98**	**516**	**261**	**985**

* : Relates to acquisition of shares of Indian companies by non-residents under section 29 of FERA. Data on such acquisitions have been included as part of FDI since January 1996.

\# : Represents the amount raised by Indian Corporates through Global Depository Receipts (GDRs) and American Depository Receipts (ADRs).

** : Represents fresh inflow of funds by Foreign Institutional Investors (FIIs).

No. 46 : DAILY FOREIGN EXCHANGE SPOT RATES

(Rupees per Unit of Foreign Currency)

Date	RBI Re-US Dollar Reference Rate	FEDAI Indicative Rates							
		US Dollar		Pound Sterling		Euro		One Hundred Japanese Yen	
		Buying	Selling	Buying	Selling	Buying	Selling	Buying	Selling
1	2	3	4	5	6	7	8	9	10
March 1, 2000	43.6100	43.6050	43.6150	68.9100	68.9675	42.2575	42.2900	39.9275	39.9475
March 2, 2000	43.5800	43.5750	43.5850	69.0750	69.1125	42.5025	42.5350	40.5700	40.5975
March 3, 2000	43.5800	43.5750	43.5850	68.7575	68.8075	42.1025	42.1300	40.4400	40.4700
March 6, 2000	43.5700	43.5650	43.5750	68.8775	68.9350	41.7300	41.7850	40.4875	40.5350
March 7, 2000	43.5700	43.5650	43.5750	68.6025	68.6400	41.7875	41.8325	40.4500	40.4975
March 8, 2000	43.5700	43.5650	43.5750	68.8250	68.8625	41.7975	41.8275	40.6650	40.6950
March 9, 2000	43.5800	43.5700	43.5800	68.8625	68.9125	41.9050	41.9325	40.7650	40.7950
March 10, 2000	43.5900	43.5900	43.6000	68.9850	69.0225	42.1425	42.1775	40.9900	41.0200
March 13, 2000	43.5800	43.5700	43.5800	68.7100	68.7550	42.0700	42.1025	41.1350	41.1825
March 14, 2000	43.5800	43.5700	43.5800	68.4925	68.5525	41.9975	42.0275	41.3900	41.4100
March 15, 2000	43.5900	43.5750	43.5850	68.5700	68.6150	42.1275	42.1600	41.2450	41.2725
March 16, 2000	43.5800	43.5750	43.5850	68.5400	68.5850	42.2625	42.2950	41.2050	41.2550
March 17, 2000+									
March 20, 2000+									
March 21, 2000	43.5700	43.5650	43.5750	68.3175	68.3475	42.3500	42.3800	40.9300	40.9475
March 22, 2000	43.5800	43.5700	43.5800	68.4175	68.4475	41.8750	41.9075	40.8450	40.8625
March 23, 2000	43.6000	43.5950	43.6000	68.8050	68.8275	41.9425	41.9600	40.6000	40.6425
March 24, 2000	43.6000	43.5950	43.6050	69.1950	69.2400	42.4225	42.4550	40.5750	40.6150
March 27, 2000	43.6000	43.6000	43.6050	69.5075	69.5200	42.6150	42.6375	40.8075	40.8200
March 28, 2000	43.6100	43.6000	43.6100	69.3250	69.3700	42.2300	42.2575	40.9000	40.9300
March 29, 2000	43.5900	43.5850	43.5950	69.3650	69.3850	41.7675	41.8000	41.1075	41.1200
March 30, 2000	43.6100	43.6000	43.6100	69.3950	69.4500	41.6150	41.6475	41.2575	41.3050
March 31, 2000	43.6200	43.6000	43.6100	69.4850	69.5350	41.7825	41.8125	41.4675	41.4975

FEDAI : Foreign Exchange Dealers' Association of India.

\+ : Market closed.

Source : FEDAI for FEDAI rates.

No. 47 : SALE / PURCHASE OF US DOLLAR BY THE RESERVE BANK OF INDIA

Month	Foreign Currency (US $ Million)			Rs. equivalent at contract rate (Rs. crore)	Cumulative (over end-March 1998)		Outstanding Net Forward Sales (–)/ Purchase (+) at the end of month (US $ Million)
	Purchase (+)	Sale (–)	Net (+/–)		(US $ Million)	(Rs. crore)	
1	2	3	4	5	6	7	8
1998-99							
Aug. 1998	5460.00	4918.00	(+) 542.00	(+) 2270.58	(-)1758.00	(-) 7122.16	(-)1266.00
Sep. 1998	2863.00	2103.00	(+) 760.00	(+) 3219.48	(-) 998.00	(-) 3902.68	(-)1216.00
Oct. 1998	1060.00	965.00	(+) 95.00	(+) 400.71	(-) 903.00	(-) 3501.97	(-)1155.00
Nov. 1998	538.00	463.00	(+) 75.00	(+) 297.26	(-) 828.00	(-) 3204.70	(-)1260.00
Dec. 1998	1228.00	1312.00	(-) 84.00	(-) 412.50	(-) 912.00	(-) 3617.21	(-)1294.00
Jan. 1999	1718.00	1241.00	(+) 477.00	(+) 2005.72	(-) 435.00	(-) 1611.48	(-)1031.00
Feb. 1999	1588.00	730.00	(+) 858.00	(+) 3600.91	(+) 423.00	(+) 1989.43	(-) 801.00
Mar. 1999	3027.00	1607.00	(+)1420.00	(+) 5987.07	(+)1842.00	(+) 7976.50	(-) 802.00

Month	Foreign Currency (US $ Million)			Rs. equivalent at contract rate (Rs. crore)	Cumulative (over end-March 1999)		Outstanding Net Forward Sales (–)/ Purchase (+) at the end of month (US $ Million)
	Purchase (+)	Sale (–)	Net @ (+/–)		(US $ Million)	(Rs. crore)	
1	2	3	4	5	6	7	8
1999-2000							
Apr. 1999	2437.00	2399.00	(+) 38.00	(+) 110.18	(+) 38.00	(+) 110.18	(-) 732.00
May 1999	2542.50	1568.00	(+) 974.50	(+) 4128.79	(+) 1012.50	(+) 4238.98	(-) 732.00
Jun. 1999	2348.00	2504.75	(-) 156.75	(-) 704.19	(+) 856.09	(+) 3534.78	(-) 972.00
Jul. 1999	1796.00	2159.00	(-) 363.00	(-) 1576.21	(+) 493.09	(+) 1958.57	(-) 877.00
Aug. 1999	1770.00	2011.70	(-) 241.70	(-) 1058.86	(+) 251.39	(+) 899.71	(-) 997.00
Sep. 1999	1345.00	1870.55	(-) 525.55	(-) 2293.05	(-) 274.15	(-) 1393.34	(-) 997.00
Oct. 1999	1338.50	1348.49	(-) 9.99	(-) 54.92	(-) 284.14	(-) 1448.26	(-) 912.00
Nov. 1999	1748.80	1128.00	(+) 620.80	(+) 2681.92	(+) 336.65	(+) 1233.66	(-) 744.00
Dec. 1999	1904.25	1553.00	(+) 351.25	(+) 1512.94	(+) 687.90	(+) 2746.60	(-) 744.00
Jan. 2000	1254.00	1084.50	(+) 169.50	(+) 719.05	(+) 857.40	(+) 3465.66	(-) 922.00
Fab. 2000	1872.50	1129.00	(+) 743.50	(+) 3226.88	(+) 1600.90	(+) 6692.54	(-) 825.00
Mar. 2000	3720.00	2071.82	(+)1648.18	(+) 7163.90	(+) 3249.07	(+) 13856.45	(-) 675.00

(+) : Implies purchase.

(–) : Implies sale.

@ : Includes transactions under Resurgent India Bonds(RIBs).

Note : This table is based on value dates.

No. 48 : TURNOVER IN FOREIGN EXCHANGE MARKET

(US $ Million)

Position Date	Merchant						Inter-bank					
	FCY / INR			FCY / FCY			FCY / INR			FCY / FCY		
	Spot	Forward	Forward Cancellation	Spot	Forward	Forward Cancellation	Spot	Swap	Forward	Spot	Swap	Forward
1	2	3	4	5	6	7	8	9	10	11	12	13
Purchases												
March 1, 2000	275	111	14	36	49	24	781	1228	119	464	143	20
March 2, 2000	343	113	8	57	34	30	500	998	121	492	151	12
March 3, 2000	244	72	36	45	47	11	538	1066	101	388	145	19
March 6, 2000	374	98	3	24	27	14	757	581	54	409	119	15
March 7, 2000	282	82	23	18	26	11	463	667	45	339	80	13
March 8, 2000	422	112	52	27	65	26	536	761	113	490	314	33
March 9, 2000	425	167	57	27	32	29	480	923	59	389	117	38
March 10, 2000	396	161	14	33	22	22	654	725	44	318	147	49
March 13, 2000	641	63	31	46	36	16	778	590	36	486	104	14
March 14, 2000	492	75	13	51	37	29	447	956	178	323	137	28
March 15, 2000	582	119	45	50	33	22	926	920	138	510	165	15
March 16, 2000	445	75	17	68	23	17	594	786	75	349	103	46
March 17, 2000+												
March 20, 2000+												
March 21, 2000	680	95	23	24	35	25	757	778	53	228	168	48
March 22, 2000	344	114	32	17	50	13	681	1001	31	329	131	11
March 23, 2000	371	71	36	36	20	18	551	848	101	314	175	38
March 24, 2000	285	70	22	24	22	29	435	547	49	394	143	15
March 27, 2000	356	96	27	30	15	24	647	914	56	404	460	23
March 28, 2000	443	82	36	139	66	15	661	739	65	434	90	39
March 29, 2000	424	112	83	30	26	20	542	751	45	442	189	39
March 30, 2000	531	128	43	42	18	12	627	788	61	399	107	12
March 31, 2000	613	126	63	35	23	14	819	1001	96	311	170	18
Sales .												
March 1, 2000	352	105	36	36	51	30	661	1063	108	498	164	21
March 2, 2000	313	72	18	60	38	23	652	813	99	508	156	10
March 3, 2000	243	74	14	41	47	16	579	1126	92	407	152	19
March 6, 2000	371	116	1	25	30	18	846	630	65	429	132	15
March 7, 2000	293	57	17	17	27	11	578	698	59	367	92	12
March 8, 2000	319	118	36	28	66	17	767	692	64	512	328	32
March 9, 2000	304	117	7	23	30	38	457	849	110	393	131	38
March 10, 2000	368	125	28	34	23	19	644	728	38	344	160	48
March 13, 2000	440	157	19	46	34	14	845	618	57	542	140	19
March 14, 2000	480	69	8	50	40	32	480	819	182	339	149	24
March 15, 2000	610	125	12	50	30	15	933	785	195	545	204	10
March 16, 2000	391	81	52	70	21	14	583	820	72	363	123	25
March 17, 2000+												
March 20, 2000+												
March 21, 2000	542	123	24	24	36	16	843	812	52	252	244	47
March 22, 2000	544	43	9	17	50	14	671	760	43	329	162	15
March 23, 2000	329	103	23	37	18	16	612	790	52	346	202	30
March 24, 2000	325	53	35	23	22	42	426	496	56	634	167	17
March 27, 2000	373	57	6	30	13	30	656	772	80	438	475	11
March 28, 2000	398	96	11	50	66	20	753	605	81	454	123	39
March 29, 2000	282	219	13	32	27	20	720	733	67	476	212	26
March 30, 2000	273	133	13	42	24	11	882	733	46	411	116	12
March 31, 2000	704	151	108	36	22	20	622	963	84	313	143	20

FCY : Foreign Currency. INR : Indian Rupees. + : Market closed.

Note : Data relate to sales and purchases of foreign exchange on account of merchant and inter-bank transactions. Data are provisional.

No. 49 : INDICES OF REAL EFFECTIVE EXCHANGE RATE(REER) AND NOMINAL EFFECTIVE EXCHANGE RATE (NEER) OF THE INDIAN RUPEE

(36 – country bilateral weights)

(Base : 1985 = 100)

Year-Month		Export Based Weights				Trade Based Weights			
		REER	Percentage Variation	NEER	Percentage Variation	REER	Percentage Variation	NEER	Percentage Variation
1		2	3	4	5	6	7	8	9
1990		74.54	-4.0	68.32	-5.2	76.59	-2.3	69.26	-4.5
1991		64.55	-13.4	55.08	-19.4	67.13	-12.4	56.29	-18.7
1995		60.78	-1.7	39.78	-7.2	63.44	-1.7	40.83	-7.4
1996		59.45	-2.2	37.72	-5.2	62.05	-2.2	38.60	-5.5
1997		63.38	6.6	39.05	3.5	66.45	7.1	40.07	3.8
1998		61.57	-2.9	36.25	-7.2	64.88	-2.4	37.29	-6.9
1999 (P)		59.79	-2.9	34.34	-5.3	63.31	-2.4	35.46	-4.9
1993	Jan.	57.16	0.1	44.12	-0.8	59.25	0.3	45.18	0.9
	Feb.	54.76	-4.2	42.16	-4.4	56.89	-4.0	43.24	-4.3
	Mar.	56.98	4.1	43.85	4.0	59.15	4.0	44.94	3.9
	Apr.	55.81	-2.1	42.86	-2.3	57.95	-2.0	43.93	-2.2
	May	55.92	0.2	42.78	-0.2	58.14	0.3	43.89	-0.1
	Jun.	56.60	1.2	42.88	0.2	58.99	1.5	44.09	0.5
	Jul.	57.87	2.2	43.52	1.5	60.34	2.3	44.77	1.5
	Aug.	58.42	1.0	43.32	-0.5	61.02	1.1	44.63	-0.3
	Sep.	58.79	0.6	42.94	-0.9	61.33	0.5	44.18	-1.0
	Oct.	60.25	2.5	43.30	0.8	62.84	2.5	44.54	0.8
	Nov.	60.76	0.8	43.83	1.2	63.37	0.8	45.06	1.2
	Dec.	61.02	0.4	44.05	0.5	63.53	0.3	45.20	0.3
1998	Jan.	64.06	2.9	38.37	1.8	67.52	2.9	39.57	1.9
	Feb.	63.68	-0.6	38.42	0.1	67.14	-0.6	39.57	—
	Mar.	62.70	-1.5	37.90	-1.4	66.04	-1.6	38.97	-1.5
	Apr.	62.90	0.3	37.72	-0.5	66.22	0.3	38.78	-0.5
	May	62.35	-0.9	37.16	-1.5	65.58	-1.0	38.16	-1.6
	Jun.	61.14	-1.9	36.13	-2.8	64.28	-2.0	37.07	-2.9
	Jul.	61.42	0.5	35.96	-0.5	64.67	0.6	36.92	-0.4
	Aug.	61.63	0.3	35.94	-0.1	64.95	0.4	36.92	—
	Sep.	60.78	-1.4	35.09	-2.4	64.05	-1.4	36.06	-2.3
	Oct.	59.55	-2.0	34.12	-2.8	62.85	-1.9	35.14	-2.6
	Nov.	59.85	0.5	34.28	0.5	63.17	0.5	35.32	0.5
	Dec.	58.81	-1.7	33.93	-1.0	62.12	-1.7	34.96	-1.0
1999	Jan.	58.70	-0.2	33.97	0.1	62.04	-0.1	35.02	0.2
	Feb.	59.71	1.7	34.50	1.6	63.10	1.7	35.56	1.5
	Mar. (P)	60.15	0.7	34.98	1.4	63.59	0.8	36.07	1.4
	Apr. (P)	59.97	-0.3	34.88	-0.3	63.40	-0.3	35.95	-0.3
	May (P)	60.32	0.6	34.96	0.2	63.70	0.5	36.01	0.2
	Jun. (P)	60.29	—	34.81	-0.4	63.79	0.1	35.89	-0.3
	Jul. (P)	60.43	0.2	34.80	—	63.98	0.3	35.92	0.1
	Aug. (P)	59.32	-1.8	34.06	-2.1	62.82	-1.8	35.16	-2.1
	Sep. (P)	59.70	0.6	33.85	-0.6	63.29	0.7	35.00	-0.5
	Oct. (P)	59.49	-0.4	33.51	-1.0	63.10	-0.3	34.67	-0.9
	Nov. (P)	60.01	0.9	33.90	1.2	63.75	1.0	35.11	1.3
	Dec. (P)	59.44	-0.9	33.91	—	63.19	-0.9	35.16	0.1
2000	Jan. (P)	59.36	-0.1	33.93	0.1	63.05	-0.2	35.15	—
	Feb. (P)	59.79	0.7	34.45	1.5	63.51	0.7	35.67	1.5

See 'Notes on Tables'.

No. 50 : INDICES OF REAL EFFECTIVE EXCHANGE RATE (REER) AND NOMINAL EFFECTIVE EXCHANGE RATE (NEER) OF THE INDIAN RUPEE
(5-country trade based weights)

Year / Month / Day		Base: 1991-92 (April-March) =100		Base: 1993-94 (April-March) =100		Base: 1997-98 (April-March) =100	
		NEER	REER	NEER	REER	NEER	REER
1		2	3	4	5	6	7
1991-92		100.00	100.00	131.54	116.48	152.19	109.80
1992-93		89.57	96.42	117.81	112.31	136.31	105.87
1993-94		76.02	85.85	100.00	100.00	115.70	94.27
1994-95		73.06	89.76	96.09	104.55	111.18	98.56
1995-96		66.67	86.33	87.69	100.56	101.46	94.79
1996-97		65.67	88.58	86.38	103.18	99.94	97.26
1997-98		65.71	91.08	86.43	106.08	100.00	100.00
1998-99 (P)		58.12	85.36	76.45	99.43	88.46	93.73
1993	January	92.35	99.49	121.48	115.88	140.55	109.23
	February	93.14	100.54	122.51	117.10	141.74	110.39
	March	76.80	82.88	101.02	96.54	116.88	91.00
1993-94	April	75.39	81.43	99.16	94.84	114.73	89.40
	May	75.17	81.54	98.88	94.98	114.41	89.53
	June	75.46	82.67	99.26	96.29	114.84	90.77
	July	76.49	84.45	100.61	98.37	116.41	92.73
	August	75.90	84.95	99.84	98.95	115.51	93.27
	September	74.98	85.19	98.63	99.22	114.12	93.53
	October	75.57	87.24	99.40	101.62	115.01	95.79
	November	76.57	88.23	100.72	102.76	116.53	96.87
	December	76.78	88.40	100.99	102.97	116.85	97.06
	January	77.34	89.22	101.73	103.92	117.71	97.96
	February	76.70	88.92	100.88	103.58	116.72	97.64
	March	75.94	88.01	99.89	102.51	115.57	96.64
1994-95	April	75.88	90.00	99.81	104.83	115.48	98.82
	May	75.27	90.49	99.01	105.40	114.56	99.36
	June	74.60	90.19	98.13	105.06	113.54	99.03
	July	73.18	89.56	96.25	104.32	111.37	98.33
	August	73.31	89.73	96.42	104.51	111.57	98.52
	September	72.82	88.87	95.78	103.51	110.82	97.57
	October	72.05	88.24	94.78	102.78	109.66	96.89
	November	72.33	89.04	95.14	103.72	110.08	97.77
	December	73.28	91.37	96.39	106.43	111.52	100.33
	January	72.67	91.43	95.59	106.50	110.60	100.39
	February	72.14	91.00	94.89	105.99	109.78	99.91
	March	69.14	87.20	90.94	101.57	105.22	95.75
1995-96	April	68.18	86.61	89.68	100.88	103.77	95.09
	May	68.92	88.38	90.66	102.95	104.90	97.04
	June	68.69	88.22	90.35	102.76	104.54	96.87
	July	68.96	89.21	90.71	103.91	104.95	97.95
	August	70.37	91.42	92.56	106.49	107.09	100.38
	September	68.04	88.51	89.50	103.09	103.55	97.18
	October	64.80	84.49	85.23	98.41	98.62	92.76
	November	64.63	84.72	85.01	98.68	98.35	93.02
	December	64.64	84.29	85.03	98.18	98.38	92.55
	January	63.75	82.72	83.85	96.35	97.02	90.82
	February	62.39	80.89	82.06	94.22	94.95	88.82
	March	66.62	86.51	87.63	100.76	101.40	94.98

See 'Notes on Tables'.

No. 50 : INDICES OF REAL EFFECTIVE EXCHANGE RATE (REER) AND NOMINAL EFFECTIVE EXCHANGE RATE (NEER) OF THE INDIAN RUPEE *(Concld.)*
(5-country trade based weights)

Year / Month / Day	Base: 1991-92 (April-March) =100		Base: 1993-94 (April-March) =100		Base: 1997-98 (April-March) =100	
	NEER	REER	NEER	REER	NEER	REER
1	2	3	4	5	6	7
1996-97 April	67.47	88.05	88.75	102.56	102.68	96.68
May	66.19	86.94	87.07	101.27	100.74	95.46
June	66.26	87.36	87.16	101.75	100.85	95.91
July	65.03	87.12	85.54	101.47	98.97	95.65
August	64.28	86.99	84.56	101.33	97.83	95.52
September	64.63	87.85	85.01	102.33	98.36	96.46
October	65.13	88.64	85.67	103.24	99.12	97.32
November	64.28	87.95	84.56	102.45	97.83	96.57
December	64.67	88.53	85.07	103.11	98.42	97.20
January	65.49	89.50	86.14	104.24	99.67	98.27
February	67.11	91.94	88.27	107.09	102.13	100.94
March	67.44	92.10	88.71	107.27	102.64	101.12
1997-98 April	67.84	92.62	89.24	107.88	103.25	101.70
May	67.03	91.40	88.16	106.46	102.01	100.36
June	66.71	91.03	87.74	106.03	101.52	99.95
July	67.40	92.31	88.66	107.52	102.58	101.36
August	68.45	93.95	90.04	109.44	104.18	103.16
September	67.19	92.55	88.38	107.80	102.26	101.61
October	67.05	93.21	88.20	108.57	102.05	102.34
November	65.03	90.46	85.54	105.36	98.97	99.32
December	62.71	87.93	82.48	102.42	95.43	96.54
January	63.04	89.50	82.92	104.24	95.94	98.26
February	63.39	89.72	83.38	104.50	96.47	98.51
March	62.65	88.24	82.40	102.79	95.34	96.89
1998-99 April	62.55	89.18	82.27	103.88	95.20	97.92
May	61.45	88.19	80.82	102.72	93.52	96.83
June	59.35	86.10	78.08	100.29	90.33	94.53
July	59.07	86.81	77.70	101.11	89.91	95.31
August	59.04	87.05	77.66	101.40	89.86	95.58
September	57.56	85.55	75.71	99.64	87.60	93.93
October	56.01	83.60	73.68	97.37	85.25	91.79
November	56.50	84.31	74.31	98.20	85.98	92.57
December	55.84	82.63	73.45	96.25	84.98	90.73
January	55.75	82.31	73.33	95.87	84.85	90.37
February	56.78	84.03	74.69	97.88	86.42	92.26
March	57.54	84.61	75.69	98.55	87.58	92.90
1999-2000						
April	57.47	84.40	75.59	98.31	87.46	92.67
May	57.70	85.08	75.90	99.10	87.81	93.41
June	57.55	85.22	75.69	99.26	87.58	93.57
July	57.45	85.31	75.57	99.37	87.44	93.67
August	56.09	83.53	73.78	97.29	85.36	91.71
September	55.48	83.53	72.97	97.29	84.43	91.71
October	54.99	83.40	72.33	97.14	83.69	91.57
November	55.60	84.23	73.14	98.11	84.62	92.48
December	55.66	83.49	73.22	97.24	84.71	91.67
January	55.60	83.28	73.13	97.00	84.62	91.44
February (P)	56.64	84.19	74.50	98.06	86.20	92.44
March (P)	56.82	84.72	74.74	98.68	86.48	93.02
As on						
March 24 (P)	56.70	84.37	74.58	98.27	86.29	92.64
March 31 (P)	56.68	84.31	74.55	98.20	86.26	92.57
April 7 (P)	56.73	84.55	74.62	98.48	86.34	92.84
April 13* (P)	56.76	84.60	74.66	98.54	86.38	92.89
April 20* (P)	56.91	84.82	74.86	98.80	86.61	93.13

Note : 1. Rise in indices indicate appreciation of rupee and vice versa.

2. For "Note on Methodology" on the indices presented here, please see Page S 653 of July 1998 issue of this Bulletin.

3. It may be recalled that in the aforesaid Note on Methodology, it was indicated that the base year 1996-97 would be a moving one. Accordingly, with effect from April 1999, the base year 1996-97 has been shifted forward to 1997-98.

* : Market closed on April 14 and April 21, 2000.

NOTES ON TABLES

Table No. 1

(1) Annual data are averages of the months.
(2) Figures relate to last Friday of the month / year.
(3) Total of rupee securities held in Issue and Banking Departments.
(4) Relates to loans and advances only.
(5) Figures relate to the last Friday / last reporting Friday (in case of March).
(6) Total for Mumbai, Chennai, Calcutta and New Delhi only. Data are not available relating to New Delhi for January and February 2000.
(7) Figures relate to last reporting Friday / March 31.
(8) Rates presented as low / high for the period indicated. The source of data prior to April 2000 issue of the Bulletin has been DFHI. The data from April 2000 issue of the Bulletin is not strictly comparable with that pertaining to earlier periods due to wider coverage of Call Market business.
(9) Relating to major banks.
(10) Relating to five major banks. PLR concept was introduced with effect from October 1994.
(11) Relates to maturity of 46 days to 1 year.
(12) A single prescription of 'not exceeding 10.00 per cent per annum'.
(13) Relates to maturity of 15 days and above.
(14) Monthly data are averages of the weeks and annual data are averages of the months.
(15) Figures relate to the end of the month / year.
(16) Data relate to January – December.

Table No. 2

The gold reserves of Issue Department were valued at Rs. 84.39 per 10 grams up to October 16, 1990 and from October 17, 1990 they are valued close to international market prices.

(1) Includes Government of India one rupee notes issued from July 1940.
(2) Includes (i) Paid-up Capital of Rs. 5 crore (ii) Reserve Fund of Rs. 6,500 crore (iii) National Industrial Credit (Long-Term Operations) Fund of Rs. 4,632 crore and (iv) National Housing Credit (Long-Term Operations) Fund of Rs. 882 crore from the week ended March 24, 2000. For details about earlier periods, reference may be made to the Notes on Table given on page S 736 of August 1997 issue of this Bulletin.
(3) Includes cash, short-term securities and fixed deposits.
(4) Includes temporary overdrafts to State Governments.
(5) Figures in bracket indicate the value of gold held under other assets.

Table Nos. 3 & 4

The expression 'Banking System' or 'Banks' means (a) State Bank of India and its associates (b) Nationalised Banks (c) Banking companies as defined in clause 'C' of Section 5 of the Banking Regulation Act, 1949 (d) Co-operative banks (as far as scheduled co-operative banks are concerned) (e) Regional Rural Banks and (f) any other financial institution notified by the Central Government in this behalf.

(1) Excludes borrowings of any scheduled state co-operative bank from the State Government and any Reserve Fund deposit required to be maintained with such bank by any co-operative society within the area of operation of such bank.
(2) Deposits of co-operative banks with scheduled state co-operative banks are excluded from this item but are included under 'Aggregate deposits'.

(3) Excludes borrowings of regional rural banks from their sponsor banks.

(4) Wherever it has not been possible to provide the data against the item 'Other demand and time liabilities' under 'Liabilities to the Banking System' separately, the same has been included in the item 'Other demand and time liabilities' under 'Liabilities to others'.

(5) Includes Rs. 17,945 crore on account of proceeds from Resurgent India Bonds(RIBs) from the month of August 1998 onwards.

(6) Other than from the Reserve Bank of India, Industrial Development Bank of India, NABARD and Export-Import Bank of India.

(7) Figures relating to scheduled banks' borrowings in India are those shown in the statement of affairs of the Reserve Bank of India. Borrowings against usance bills and/or promissory notes are under section 17(4) of the Reserve Bank of India Act, 1934.

(8) Includes borrowings by scheduled state co-operative banks under Section 17(4AA) of the Reserve Bank of India Act.

(9) As per the Statement of Affairs of the Reserve Bank of India.

(10) Advances granted by scheduled state co-operative banks to co-operative banks are excluded from this item but included under 'Loans, cash-credits and overdrafts'.

(11) At book value; it includes treasury bills and treasury receipts, treasury savings certificates and postal obligations.

(12) Includes participation certificates (PCs) issued by scheduled commercial banks to other banks and financial institutions.

(13) Includes participation certificates (PCs) issued by scheduled commercial banks to others.

(14) Figures in brackets relate to advances of scheduled commercial banks for financing food procurement operations.

Table No. 6

(1) Total of demand and time deposits from 'Others'.

(2) Includes borrowings from the Industrial Development Bank of India and National Bank for Agriculture and Rural Development.

(3) At book value; includes treasury bills and treasury receipts, treasury savings certificates and postal obligations.

(4) Total of 'Loans, cash credits and overdrafts' and 'Bills purchased and discounted'.

(5) Includes advances of scheduled state co-operative banks to central co-operative banks and primary co-operative banks.

Table No. 7

(1) With effect from April 13,1996, banks are provided export credit refinance against their rupee export credit and post-shipment export credit denominated in U.S. Dollars taken together.

(2) The General Refinance Facility which was introduced effective April 26, 1997 was withdrawn effective April 21, 1999.

(3) Special Liquidity Support Facility which was introduced effective September 17, 1998 was available upto March 31, 1999.

(4) For period upto 1995-96, Total Refinance includes dollar-denominated refinance under export credit refinance and government securities refinance. Post-shipment credit denominated in US dollars (PSCFC) scheme was withdrawn effective February 8, 1996 and the refinance facility thereagainst was withdrawn effective April 13, 1996. The scheme of government securities refinance was terminated effective July 6, 1996.

(5) "With a view to enabling the banks to meet any unanticipated additional demand for liquidity in the context of the century date change, a 'Special Liquidity Support' (SLS) facility was made available to all scheduled commercial banks (excluding RRBs) for a temporary period from December 1, 1999 to January 31, 2000."

Table No. 8

The data include inter-bank and high value clearing in respect of Mumbai, Calcutta, New Delhi and Chennai, inter-bank clearing for Hyderabad from 1991-92 onwards and for Bangalore and Ahmedabad from 1993-94 onwards. High value clearing started at Kanpur effective January 1, 1997 and high value clearing and MICR clearing has been introduced in Nagpur Bankers' Clearing House effective March 2, 1998 and April 16, 1998 respectively.

Table No. 10

(a) For details of money stock measures according to the revised series, reference may be made to January 1977 issue of this Bulletin (pages 70-134).

(b) Banks include commercial and co-operative banks.

(c) Financial year data relate to March 31, except scheduled commercial banks' data which relate to the last reporting Friday of March. For details, see the note on page S 963 of October 1991 issue of this Bulletin.

(d) The data for 1994-95 are not strictly comparable with those for other years, as the data for 1994-95 include scheduled commercial banks data for 27 fortnights while for other years, they include 26 fortnights.

(e) Data are provisional from January 1996 onwards.

(1) Net of return of about Rs. 43 crore of Indian notes from Pakistan upto April 1985.

(2) Estimated : ten-rupee commemorative coins issued since October 1969, two-rupee coins issued since November 1982 and five-rupee coins issued since November 1985 are included under rupee coins.

(3) Exclude balances held in IMF Account No.1, Reserve Bank of India Employees' Provident Fund, Pension Fund, Gratuity and Superannuation Fund and Co-operative Guarantee Fund, the amount collected under the Additional Emoluments (Compulsory Deposit) Act, 1974 and the Compulsory Deposit Scheme (Income-Tax Payers') Act.

(4) Scheduled commercial banks' time deposits include Rs.17,945 crore on account of proceeds arising from Resurgent India Bonds(RIBs) since August 28,1998.

(f) Revised in line with the new accounting standards and consistant with the Methodology of Compilation (June 1998). The revision is in respect of pension and provident funds with commercial banks which are classified as other demand and time liabilities and includes those banks which have reported such changes so far.

Table Nos. 11 & 13

(a) On the establishment of National Bank for Agriculture and Rural Development (NABARD), on July 12, 1982, certain assets and liabilities of the Reserve Bank were transferred to NABARD, necessitating some reclassification of aggregates in the sources of money stock from that date.

(b) Please see item (c) of notes to Table 10.

(c) Data are provisional from January 1996 onwards.

(d) Data for 1996-97 relate to after closure of Government accounts.

(1) Includes special securities and also includes Rs. 751.64 crore (equivalent of SDRs 211.95 million) incurred on account of Reserve Assets subscription to the IMF towards the quota increase effective December 11, 1992.

(2) Represents investments in bonds/shares of financial institutions, loans to them and holdings of internal bills purchased and discounted. Excludes since the establishment of NABARD, its refinance to banks.

(3) Inclusive of appreciation in the value of gold following its revaluation close to international market price effective October 17, 1990. Such appreciation has a corresponding effect on Reserve Bank's net non-monetary liabilities.

Table 11A

The conceptual basis of the compilation of the Commercial Bank Survey are available in the report of the Working Group on Money Supply: Analytics and Methodology of Compilation (Chairman: Dr. Y.V. Reddy), RBI Bulletin, July 1998, which recommended changes in the reporting system of commercial banks and the article entitled "New Monetary Aggregates: An Introduction", RBI Bulletin, October 1999.

(1) Time Deposits of Residents : These do not reckon non-residents' foreign currency repatriable fixed deposits (such as FCNRB deposits and Resurgent India Bonds (RIBs)) based on the residency criterion and excludes banks' pension and provident funds because they are in the nature of other liability and are included under 'other demand and time

liabilities'.

(2) Short-term Time Deposits : Refers to contractual maturity of time deposits of up to and including one year. This is presently estimated at 45.0 per cent of total domestic time deposits.

(3) Domestic Credit : It includes investments of banks in non-SLR securities, comprising commercial paper, shares and bonds issued by the public sector undertakings, private sector and public financial institutions and net lending to primary dealers in the call/term money market, apart from investment in government and other approved securities and conventional bank credit (by way of loans, cash credit, overdrafts and bills purchased and discounted).

(4) Net Foreign Currency Assets of Commercial Banks : Represent their gross foreign currency assets netted for foreign currency liabilities to non-residents.

(5) Capital Account : It consists of paid-up capital and reserves.

(6) Other Items (net) : It is the residual balancing the components and sources of the Commercial Banking Survey and includes scheduled commercial banks' other demand and time liabilities, net branch adjustments, net inter-bank liabilities *etc*.

Table 11B

The conceptual basis of the compilation of new monetary aggregates are available in the report of the Working Group on Money Supply: Analytics and Methodology of Compilation (Chairman: Dr. Y.V. Reddy), RBI Bulletin, July 1998. A link series between the old and present monetary series has been published in the article entitled "New Monetary Aggregates: An Introduction", RBI Bulletin, October 1999.

(1) NM_2 and NM_3 : Based on the residency concept and hence does not directly reckon non-resident foreign currency repatriable fixed deposits in the form of FCNR(B) deposits and Resurgent India Bonds (RIBs).

(2) NM_2 : This includes M_1 and residents' short-term time deposits (including and up to the contractual maturity of one year) with commercial banks.

(3) Domestic Credit : Consistent with the new definition of bank credit which includes investments of banks in non-SLR securities, comprising of commercial paper, shares and bonds issued by the public sector undertakings, private sector and public financial institutions and net lending to primary dealers in the call/term money market. The RBI's loans and advances to NABARD would be included in the RBI credit to commercial sector. Other components such as credit to Government, investments in other approved securities and conventional bank credit remain unchanged.

(4) Net Foreign Assets of The Banking Sector : It comprise the RBI's net foreign assets and scheduled commercial banks' net foreign currency assets (refer to note 4 of Table 11A).

(5) Capital Account : It consists of paid-up capital and reserves.

(6) Other Items (net) of the Banking System : It is the residual balancing the components and sources of money stock, representing other demand and time liabilities *etc.* of the banking system.

Table 11C

The conceptual basis of the compilation of the Reserve Bank Survey is given in the report of the Working Group on Money Supply: Analytics and Methodology of Compilation (Chairman: Dr. Y.V. Reddy), RBI Bulletin, July 1998 and the article entitled "New Monetary Aggregates: An Introduction", RBI Bulletin, October 1999. The components of reserve money (to be referred as M_0) remain unchanged. On the sources side, the RBI's refinance to the National Bank for Agriculture and Rural Development (NABARD), which was hitherto part of RBI's claims on banks has been classified as part of RBI credit to commercial sector. The Reserve Bank's net non-monetary liabilities are classified into capital account (comprising capital and reserves) and other items (net).

Table No. 12

Please see item (c) of notes to Table 10.

Table Nos. 27 & 28

Table 27 contains data on manufacturing sector at two digit level of 17 groups along with general index and sectoral indices, viz., Mining and Quarrying, Manufacturing and Electricity. Table 28 presents Index Numbers of Industrial Production (Use-Based Classification).

Table No. 29

(a) Figures exclude data on private placement and offer for sale but include amounts raised by private financial institutions.

(b) Equity shares exclude bonus shares.

(c) Preference shares include cumulative convertible preference shares and equi-preference shares.

(d) Debentures include bonds.

(e) Convertible debentures include partly convertible debentures.

(f) Non-convertible debentures include secured premium notes and secured deep discount bonds.

(g) Figures in brackets indicate data in respect of premium on capital issues which are included in respective totals.

Table No. 34

The ban on forward trading in gold and silver, effective November 14, 1962 and January 10, 1963, respectively, still continues to operate.

(1) In case Friday is a holiday, prices relate to the preceding working day.

Table No. 35

Annual data relate to average of the months April to March.

(1) The new series of index numbers with base 1982=100 was introduced from October 1988 and with that the compilation of the index numbers with the base year 1960 was discontinued. The linking factor can be used to work out the index numbers with the base year 1960 for October 1988 and subsequent months. Details of the new series were published in May 1989 issue of the Bulletin.

(2) Based on indices relating to 70 centres.

Table No.36

Annual data relate to average of the months April to March. The new series of index numbers with base 1984-85=100 was introduced from November 1987.

(1) Based on indices relating to 59 centres.

Table No. 37

Annual data relate to the average of the months July to June.

(1) With respect to base: July 1960-June 1961=100.

(2) The new series of index numbers with base : July 1986 to June 1987 = 100 was introduced from November 1995 and with that the compilation of index numbers with base : July 1960 to June 1961 was discontinued. The linking factor given in this column can be used to work out the index numbers with old base (i.e., 1960-61 = 100) for November 1995 and subsequent months.

(3) In the case of Assam, the old series (i.e., with base 1960-61 = 100) was being compiled for the composite region viz. Assam, Manipur, Meghalaya and Tripura while the index of the new series (i.e., with base 1986-87 = 100) has been compiled for each of the constituent States separately. The index for Assam region on old base can be estimated from the corresponding indices of the new series as under :

$I^{A}_{O} = 5.89\ [\ (0.8126 \times I^{A}_{N}) + (0.0491 \times I^{Ma}_{N}) + (0.0645 \times I^{Me}_{N}) + (0.0738 \times I^{T}_{N})]$

where I_O and I_N represent the index numbers for old and new series, respectively, and superscripts A, Ma, Me and T indicate

Assam, Manipur, Meghalaya and Tripura, respectively.

(4) Similarly, in the case of Punjab, where the old series (i.e., with base 1960-61 = 100) was being compiled for the composite region, viz., Punjab, Haryana and Himachal Pradesh, the index for the Punjab region on old base can be estimated as under :

$I^{P}_{O} = 6.36\ [(0.6123 \times I^{P}_{N}) + (0.3677 \times I^{Ha}_{N}) + (0.0200 \times I^{Hi}_{N})]$

where I_O and I_N represent the index numbers for old and new series, respectively, and superscripts P, Ha and Hi indicate Punjab, Haryana and Himachal Pradesh, respectively.

(5) Indices for the State compiled for the first time from November, 1995.

(6) Consumer Price Index for Rural Labourers (including agricultural labourers) are compiled from November 1995 only.

(7) Average of 8 months (November 1995 - June 1996).

Table Nos. 38 and 39

The new series of index numbers with base 1981-82 =100 was introduced in July 1989. Details regarding the scope and coverage of the new series were published in the November 1989 and October l990 issues of the Bulletin.

Table No. 40

(a) The foreign trade data relate to total sea, air and land trade, on private and Government accounts. Direct transit trade, transhipment trade, ships' stores and passengers' baggage are excluded. Data include silver (other than current coins), notes and coins withdrawn from circulation or not yet issued, indirect transit trade and trade by parcel post. Exports include re-exports. Imports include dutiable articles by letter post and exclude certain consignments of foodgrains and stores on Government account awaiting adjustment, diplomatic goods and defence stores. Imports and exports are based on general system of recording. Imports are on c.i.f. basis and exports are on f.o.b. basis inclusive of export duty.

(b) In the case of data in rupee terms, monthly figures may not add up to the annual total due to rounding off.

(c) Monthly data in US dollar and SDR terms may not add up to the annual total due to the exchange rate factor.

Tables Nos. 41 & 42

(1) Data up to 1980-81 are final, subsequent data are preliminary actuals.

(2) Interest accrued during the year and credited to NRI deposits has been treated as notional outflow under invisible payments and added as reinvestment in NRI deposits under Banking Capital – NRD.

(3) The item "Non-monetary Gold Movement" has been deleted from Invisibles in conformity with the IMF Manual on BOP (4th edition) from May 1993 onwards.; these entries have been included under merchandise.

(4) Since 1990-91 the value of defence related imports are recorded under imports (merchandise debit) with credits financing such imports shown under "Loans (External commercial Borrowings to India)" in the capital account. Interest payments on defence debt owed to the General Currency Area (GCA)are recorded under Investment Income debit and principal repayments under debit to "Loans (External commercial Borrowings to India)". In the case of the Rupee payment Area (RPA), interest payment on and principal repayment of debt is clubbed together and shown separately under the item "Rupee Debt Service" in the capital account. This is in line with the recommendations of the High Level Committee on Balance of Payments (Chairman : Dr. C. Rangarajan).

(5) In accordance with the provisions of IMF's Balance of Payments Manual (5th Edition), gold purchased from the Government of India by the RBI has been excluded from the BOP statistics. Data from the earlier years have, therefore, been amended by making suitable adjustments in "Other Capital Receipts" and "Foreign Exchange Reserves". Similarly, item "SDR Allocation" has been deleted from the table.

(6) In accordance with the recommendations of Report of the Technical Group on reconciling of Balance of Payments and DGCI & S Data on Merchandise Trade, data on gold and silver brought in by the Indians returning from abroad have been included under imports payments with contra entry under Private Transfer Receipts since 1992-93.

(7) In accordance with the IMF's Balance of Payments Manual (5th edition), 'compensation of employees' has been shown under head, "income" with effect from 1997-98; earlier, 'compensation of employees' was recorded under the head "Services – miscellaneous".

(8) Since April 1998, the sales and purchases of foreign currency by the Full Fledged money Changers (FFMC) are included under " travel" in services.

(9) Exchange Rates : Foreign currency transactions have been converted into rupees at the par/central rates up to June 1972 and on the basis of average of the Bank's spot buying and selling rates for sterling and the monthly averages of cross rates of non-sterling currencies based on London market thereafter. Effective March 1993, conversion is made by crossing average spot buying and selling rate for US dollar in the forex market and the monthly averages of cross rates of non-dollar currencies based on the London market.

Table No. 43

(a) Gold was valued at Rs. 84.39 per 10 grams till October 16,1990. It has been valued close to international market price with effect from October 17, 1990. Conversion of SDRs into US dollars is done at exchange rates released by the International Monetary Fund (IMF).

(b) With effect from April 1, 1999 the conversion of foreign currency assets into US dollars is done at week-end (for week-end figures) and month-end (for month-end figures) New York closing exchange rates. Prior to April 1, 1999 conversion of foreign currency assets into US dollars was done at representative exchange rates released by the IMF.

(c) Since March 1993, foreign exchange holdings are converted into rupees at rupee-US dollar market exchange rates.

Table No. 49

(a) The indices presented here are in continuation of the series published in the July 1993 issue of this Bulletin (pp 967-977).

(b) The indices for 1990-1992 are based on official exchange rate and the indices from 1993 onwards are based on FEDAI indicative rates.

(c) Depreciations are shown with (-) sign.