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Macroeconomic and Monetary Developments
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*Statement by
Dr. Y. Venugopal Reddy,
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the First Quarter Review
of Annual Monetary
Policy for the Year 2007-08*

This Review consists of three sections: I. Assessment of Macroeconomic and Monetary Developments; II. Stance of Monetary Policy; and III. Monetary Measures. An analytical review of macroeconomic and monetary developments was issued a day in advance as a supplement to this Review, providing the necessary information and technical analysis with the help of charts and tables.

**I. Assessment of Macroeconomic
and Monetary Developments**

Domestic Developments

2. At the end of May 2007, the Central Statistical Organisation (CSO) released quarterly real GDP growth estimates for January-March 2007 at 9.1 per cent as against 10.0 per cent a year ago. Along with revisions for the preceding three quarters, real GDP growth in 2006-07 was raised to 9.4 per cent from 9.2 per cent in the CSO's February 2007 advance estimates. In the revised estimates, real GDP originating in agriculture, industry and services sectors increased by 2.7 per cent, 11.0 per cent and 11.0 per cent, respectively, in 2006-07 as against 6.0 per cent, 8.0 per cent and 10.3 per cent in 2005-06. Over the four-year period starting in 2003-04 when the current expansionary phase began, real GDP growth has averaged 8.6 per cent, up from 5.1 per cent in the preceding four years and also above the average of 5.7 per cent achieved in the 1990s.

3. The progress of the 2007 south-west monsoon season has been satisfactory so far, despite initial delays in its onset over the western, north-western and central regions. Of the normal area of 71.9 million

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hectares under *kharif* foodgrain crops, 30.1 million hectares were covered by sowing by July 20 this year, which is comparable with 30.0 million hectares in the corresponding period of the preceding year. Also, 12.2 million hectares were covered under major oilseeds as against 11.7 million hectares last year. While area sown under cotton (7.2 million hectares) was higher, that under sugarcane (4.4 million hectares) and jute (0.8 million hectares) was somewhat lower as compared with the previous year. During June 1 to July 25, 2007 rainfall has been 4 per cent above the long-period average (LPA) and excess/normal in 29 of the 36 meteorological subdivisions, according to the India Meteorological Department (IMD). The IMD has updated its initial forecast released on April 19, 2007 and has placed the rainfall for the south-west monsoon season at 93 per cent of the LPA for the country as a whole in its latest forecast released on June 29, 2007.

4. The general index of industrial production (IIP) rose by 11.7 per cent in April-May 2007 from 10.8 per cent a year ago. The acceleration in industrial activity in the current financial year was led by manufacturing output which rose by 12.7 per cent as against 12.2 per cent in April-May 2006. Electricity generation and mining activity increased by 9.0 per cent and 3.0 per cent, respectively, as against 5.5 per cent and 3.2 per cent a year ago. Within manufacturing, industries such as machinery and equipment, food products, basic metals and alloys and chemicals emerged as growth drivers in 2007-08 (up to May). In terms of the use-based classification, production of capital goods increased by 18.6 per cent (20.6 per cent a

year ago), while the production of basic goods and intermediate goods rose by 9.4 per cent (9.2 per cent) and 10.5 per cent (10.5 per cent), respectively. Consumer goods output increased by 12.7 per cent (9.7 per cent). The six infrastructure industries, comprising nearly 27 per cent of the IIP, posted a growth of 8.1 per cent during April-May 2007 as against 7.2 per cent a year ago. Output growth picked up in respect of petroleum products and electricity, whereas some deceleration was recorded in steel, coal and cement output and crude petroleum production declined marginally.

5. Private corporate activity has gained strength and resilience, extending an unprecedented run of high growth that began in late 2002-03. Full information on corporate sector performance in 2006-07 that is now available for select private non-financial companies indicates that sales growth was of the order of 26.2 per cent, the highest since the 1980s. The pick-up in activity in 2006-07 was aided by improvements in operational efficiency, increased plant automation, cost control through better product mix, capacity utilisation and economies of scale, rising incomes from financial activity and return of pricing power. The growth in net profits of these companies was also high at 45.2 per cent as compared with 24.2 per cent a year ago. Over the period 2003-07, annual sales growth of select private non-financial companies averaged 20.8 per cent, while annual growth in net profits of these companies was 45.1 per cent. Early results for the first quarter of 2007-08 present a complex picture. Demand and investment conditions continue to be favourable. There is some deceleration in sales and profit

growth, relative to the levels recorded in the preceding year. This may be reflecting some increase in input and staff costs.

6. In the Reserve Bank's Industrial Outlook Survey conducted during May 2007, nearly 60 per cent of respondent companies reported no change in capacity utilisation and a majority also indicated no change in the financial situation, working capital finance requirements and availability of finance. Responses relating to export orders, imports and profits were somewhat mixed. The business expectations index for April-June 2007 declined by 7.1 percentage points from its level in the preceding quarter and by 6.0 percentage points from its level a year ago. The outlook for July-September 2007 appears to be optimistic with 54 per cent of the respondents expecting an improvement in the overall business situation on the back of increase in production, order books and capacity utilisation. As in April-June 2007 a majority of respondents expect no change in the financial situation, working capital finance requirements, availability of finance and in profit margins. The overall business expectations index for July-September 2007 declined by 3.8 percentage points from its level in the previous quarter and by 5.4 percentage points from a year ago.

7. Business sentiment polled by other surveys presents a varied response, with optimism relating to sales volume, order books and net profits being tempered by the impact of exchange rate changes on services sector companies as well as export industries with relatively low import content. According to one survey, business confidence for July 2007 continues to be

high but has declined by 8.8 per cent from its level in April-June 2007 and by 2.7 per cent year-on-year. Seasonally adjusted purchasing managers' indices for the first quarter of 2007-08 indicate favourable operating conditions in the manufacturing sector with the growth of output and new orders being maintained, a modest rise in staff hiring and selling prices, some easing of input price inflation and a build-up in pre-production and finished goods inventory levels. These indices also reflect some optimism about the general business scenario among micro, small and medium enterprises with more than 90 per cent planning higher capital investment.

8. Services sector activity has expanded in the first quarter of 2007-08 as reflected in lead indicators. The communication sector has recorded robust growth with 8,18,000 new lines being added to the switching capacity of telephone exchanges and total telephone connections (fixed plus cellular) registering an increase of 77.6 per cent in April-May 2007 on a year-on-year basis. In the transport sector, cargo handled at major ports increased by 17.8 per cent, whereas railway revenue earnings from freight traffic increased by 6.0 per cent. In civil aviation, handling of import cargo and export cargo increased by 21.7 per cent and 1.6 per cent, respectively. Passengers handled at domestic and international terminals increased by 24.4 per cent and 13.1 per cent, respectively, as against 47.2 per cent and 14.1 per cent a year ago.

9. The CSO's end-May 2007 release provides estimates of expenditure components of GDP in 2006-07, which contain information on the evolution of the

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constituents of aggregate demand. As a proportion to GDP, real private final consumption expenditure declined to 57.2 per cent during 2006-07 from 58.9 per cent in the previous year. On the other hand, real gross fixed capital formation (GFCF) increased to 27.9 per cent of GDP from 26.7 per cent, indicating that the acceleration of growth in the Indian economy is mainly investment-driven, despite domestic private consumption remaining the major component of aggregate demand. As regards external demand, net exports at (-) 2.8 per cent of GDP in 2006-07 were comparable to (-) 3.0 per cent in the previous year. Over the four-year period from 2003-04 to 2006-07, private consumption and gross capital formation increased in real terms by 6.3 per cent and 16.3 per cent per annum, respectively.

10. Turning to monetary and financial conditions, the year-on-year non-food credit growth of scheduled commercial banks (SCBs) at 24.4 per cent (Rs.3,67,258 crore) on July 6, 2007 was lower than 32.8 per cent (Rs.3,70,899 crore) a year ago. On a financial year basis, non-food credit declined by Rs.12,094 crore (0.6 per cent) during 2007-08 (up to July 6, 2007), in contrast to an increase of Rs.36,654 crore (2.5 per cent) in the corresponding period of the previous year. Food credit registered a decline of Rs.2,292 crore as against a decline of Rs.2,837 crore in the corresponding period last year.

11. Provisional information on the sectoral pattern of bank credit available up to March 2007 indicates some rebalancing of credit deployment, particularly in January-March 2007. During 2006-07, bank credit to agriculture recorded the highest growth

(32.4 per cent), followed by the services sector (31.0 per cent), personal loans (26.5 per cent) and industry (25.7 per cent). Growth in housing and real estate loans decelerated modestly to 24.6 per cent and 69.8 per cent, respectively, although continuing to remain at elevated levels. Incremental credit off-take, however, was the highest in respect of industry (36.1 per cent), followed by services (25.2 per cent), personal loans (24.3 per cent) and agriculture (14.4 per cent). Within the industrial sector, sizeable credit off-take was recorded in respect of infrastructure (26.8 per cent), textiles (34.2 per cent), basic metals and metal products (26.7 per cent), petroleum (41.0 per cent), food processing (27.9 per cent), engineering (24.5 per cent), chemicals (14.2 per cent) and construction (46.7 per cent). The share of textiles, infrastructure and basic metal and metal products in total credit to industry increased marginally from 10.6 per cent, 20.5 per cent and 12.0 per cent, respectively, to 11.3 per cent, 20.7 per cent and 12.1 per cent, while the share of engineering remained stable at 6.3 per cent. The share of industrial credit to chemicals declined from 8.8 per cent to 8.0 per cent. Priority sector advances grew by 24.0 per cent with a reduction in their share in outstanding non-food gross bank credit to 35.2 per cent in March 2007 from 36.4 per cent a year ago. Provisional information for May 2007 indicates continuing high credit growth to agriculture and the industrial sector and deceleration in credit to housing, real estate and personal loans.

12. On a year-on-year basis, commercial banks' investments in shares, bonds/debentures and commercial paper (CP)

declined by Rs.809 crore (1.0 per cent) as compared with a decline of Rs.9,961 crore (11.1 per cent) a year ago. On a financial year basis, such investments by banks fell by Rs.4,145 crore (5.2 per cent) during 2007-08 so far (up to July 6), as against an increase of Rs.593 crore (0.7 per cent) in the corresponding period of 2006-07. Banks, however, invested Rs.45,048 crore in instruments issued by mutual funds as against only Rs.15,902 crore in the corresponding period of 2006-07. The year-on-year growth in total flow of resources from SCBs to the commercial sector was 23.1 per cent (Rs.3,66,450 crore), lower than 29.5 per cent (Rs.3,60,938 crore) a year ago.

13. The year-on-year increase in aggregate deposits of SCBs at 24.4 per cent (Rs.5,31,881 crore) up to July 6, 2007 was higher than 20.9 per cent (Rs.3,77,392 crore) a year ago. The outflow of long-term deposits during the preceding two years has been arrested and there were fresh accretions to long-term deposits in April-June 2007 which augurs well for banks' asset-liability management. On a financial year basis, aggregate deposits increased by Rs.1,05,534 crore (4.0 per cent) during 2007-08 up to July 6, 2007 as against an increase of Rs.72,913 crore (3.5 per cent) in the corresponding period of the previous year. The accretion to bank deposits during the current financial year so far (April-July 6, 2007) is at a 14-year high. The incremental annual non-food credit-deposit ratio as on July 6, 2007 declined to 69.0 per cent from 98.3 per cent a year ago.

14. By the beginning of the current financial year, several banks had drawn down holdings of statutory liquidity ratio (SLR)-eligible securities close to the

statutory floor to accommodate the sustained non-food credit demand over the last three years. Reflecting the ongoing shifts in banks' portfolios to comply with the statutory requirements in view of this depletion, investment in Government and other approved securities by SCBs increased by Rs.59,515 crore during the current year so far (up to July 6, 2007) as against an increase of Rs.51,776 crore in the corresponding period of 2006-07. Exclusive of liquidity adjustment facility (LAF) operations, however, banks' investments in Government and other approved securities increased by Rs.27,331 crore as compared with an increase of Rs.751 crore a year ago. On July 6, 2007 commercial banks' holdings of Government and other approved securities was 28.7 per cent of the banking system's net demand and time liabilities (NDTL) as against 28.0 per cent at end-March 2007 and 31.5 per cent a year ago. Such investments were Rs.1,10,207 crore above the statutory minimum of 25 per cent of NDTL. It may be recalled that the Union Budget, 2006-07 announced the unwinding of the entire outstanding amount of recapitalisation bonds/special securities of Rs.20,809 crore issued to nationalised banks. Accordingly, bonds/securities issued to 19 nationalised banks worth Rs.8,709 crore were converted into marketable securities on February 15, 2007 and made eligible for SLR purposes. This conversion augmented the stock of SLR-eligible securities in the system which would increase even further with the conversion of the remaining recapitalisation bonds/special securities during the course of 2007-08.

15. Money supply (M_3) increased by 21.6 per cent on a year-on-year basis on July 6,

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2007 which was above the projected trajectory of 17.0-17.5 per cent indicated in the Annual Policy Statement for 2007-08 and higher than 19.0 per cent a year ago. On a financial year basis, M_3 increased by 3.8 per cent (Rs.1,24,365 crore) during 2007-08 up to July 6, 2007 as compared with the increase of 3.5 per cent (Rs.95,488 crore) in the corresponding period of the previous year.

16. Reserve money increased by 29.1 per cent on a year-on-year basis on July 20, 2007 which was higher than 17.2 per cent a year ago. During the current financial year up to July 20, 2007 reserve money increased by 6.2 per cent (Rs.43,659 crore) as compared with the increase of 1.8 per cent (Rs.10,069 crore) in the corresponding period of the previous year. Among the components, currency in circulation increased by 2.1 per cent (Rs.10,380 crore) as compared with 4.6 per cent (Rs.19,630 crore). Among the sources of reserve money, the Reserve Bank's net foreign currency assets increased by Rs.29,653 crore as against an increase of Rs.85,084 crore in the corresponding period last year. Adjusted for revaluation effects, the Reserve Bank's net foreign currency assets increased by Rs.72,947 crore as against an increase of Rs.30,663 crore in the corresponding period of 2006-07. Net Reserve Bank credit to the Central Government increased by Rs.18,875 crore as against a decline of Rs.6,356 crore.

17. Over the first quarter of 2007-08, generally easy conditions of liquidity were interspersed with sporadic and transient periods of tightness. Build-up of the Central Government's cash balances by the third week of March 2007 and balance sheet adjustments by banks at the end of March

necessitated daily injections of liquidity through the LAF between March 16 and April 8. With the two-stage 50 basis point increase in the CRR announced on March 30 becoming effective on April 14 and April 28, repo operations were conducted again through April 16 - May 6. Throughout this period, contrastingly, market participants took recourse to reverse repos on a daily basis within the ceiling of Rs.3,000 crore set since March 5, 2007. During the quarter, an amount of Rs.18,377 crore was sterilised through the Market Stabilisation Scheme (MSS), warranted by strong capital inflows. By April 27, 2007 the Central Government slipped into drawal of ways and means advances (WMA) which deteriorated into overdraft during May 30-June 8. Call rates remained high during most part of April and May and ruled above the LAF repo rate.

18. From May 28, 2007 the system shifted into a phase of large surplus liquidity with continuous reverse repos on a daily basis, capped at Rs.3,000 crore, except on June 28-29, 2007 when the Reserve Bank injected money through repos to assuage liquidity tightness due to advance tax outflows. While the Central Government vacated overdrafts from June 9, it continued to avail of WMA until June 17, 2007. There was a brief return to surplus cash balances during June 18-28 but recourse to WMA resumed thereafter, turning into overdrafts during July 3-8 and July 18, 2007 onwards. Additional market borrowings beyond the calendar were resorted to in order to finance, in part, the purchase of the Reserve Bank's stake in the State Bank of India. The amount of Rs.35,351 crore has been received by the Reserve Bank on June 29, 2007. The customary surplus transferable to the

Central Government from the Reserve Bank for the year ending June 2007 is likely to be credited to the account of the Central Government in mid-August 2007.

19. The suffusion of liquidity flows in the financial markets mainly on account of the sharp depletion of the Central Government's cash balances was reflected in call rates plunging to close to one per cent levels, going even below on several occasions. The total overhang of liquidity under the LAF, the MSS and cash balances of the Central Government taken together declined from an average of Rs.97,449 crore in March 2007 to Rs.72,823 crore on July 27, 2007. An assessment of the total liquidity overhang, however, should also account for the transfer of Rs.35,351 crore from the Central Government to the Reserve Bank during this period. It also needs to be noted that in view of the ceiling on daily LAF reverse repos, the overhang as defined here provides the magnitude of liquidity impounded only through these instruments and it captures the overhang only when the Reserve Bank injects liquidity under the LAF. On a net basis, average daily LAF repos declined from Rs.11,858 crore in March 2007 to average daily reverse repo of Rs.2,117 crore in July 2007 (up to July 27, 2007). The outstanding balances under MSS increased from Rs.64,863 crore at end-March 2007 to Rs.90,030 crore on July 27. Cash balances of the Centre with the Reserve Bank declined from an average of Rs.55,893 crore in March 2007 to a debit of Rs.20,199 crore on July 27, 2007.

20. Inflation, measured by variations in the wholesale price index (WPI) on a year-on-year basis, declined from 5.9 per cent at end-March 2007 to 4.4 per cent as on July 14,

2007. Prices of primary articles and manufactured products rose by 10.0 per cent and 4.6 per cent, respectively, as against the increase of 3.8 per cent and 3.9 per cent a year ago. Prices of the fuel group declined by 1.4 per cent as against an increase of 7.2 per cent a year ago. On an annual average basis, WPI inflation was 5.5 per cent up to July 14, 2007 as against 4.3 per cent a year ago.

21. Inflationary pressures emerging from supply constraints in the agricultural sector eased somewhat in the first quarter of 2007-08. The total stock of foodgrains with public agencies increased to 25.1 million tonnes on May 1, 2007 as against the buffer stock norm of 16.2 million tonnes and was also higher than 22.8 million tonnes a year ago. Year-on-year inflation in terms of foodgrains prices decelerated from 13.5 per cent in mid-December 2006 to 7.4 per cent by mid-July 2007. There has, however, been hardening in the prices of oilseeds since November 2006 with second-round effects on prices of edible oils and oil cakes. These three items, which together have a weight of 6.8 per cent in the WPI, contributed 28.7 per cent of headline inflation as on July 14, 2007. The easing of inflation in terms of prices of manufactures since end-March 2007 from 6.1 per cent to 4.6 per cent by the second week of July has been mainly on account of decline in the prices of sugar and some deceleration in prices of basic metals and alloys and textiles.

22. The recent surge in global prices of several agricultural commodities is attributed partly to transitory factors such as drought-related supply shortfalls and low stocks. Weather-related setbacks to production occurred in a number of

countries such as the US, the EU, Canada, Russia, Ukraine and most notably in Australia, where production fell by more than 50 per cent in 2006-07. According to the projections made by the Organisation for Economic Co-operation and Development (OECD)–Food and Agricultural Organisation (FAO), global prices of agricultural commodities are likely to rule higher than their historic equilibrium levels over the next ten years on account of various factors including the rapidly expanding bio-fuel industry which is pushing up the prices of agricultural commodities through spill-over effects. Growing cereal use for ethanol has caused reduction in acreage of oilseeds, particularly in the US, in favour of maize with adverse price effects. Indirectly, the prices of livestock products have also gone up due to rising feed costs. These developments have major implications for India to the extent of dependence on imports of edible oils and wheat for meeting domestic shortfalls.

23. The global dairy market has been facing an increasing demand for premium products which is likely to continue over the near-term. In Asia, particularly in China, and in Latin America, demand for milk products has gone up rapidly. US milk prices increased by 20 per cent during March-June 2007 fuelled by export demand and drought-related supply disruptions in Australia and New Zealand. Milk futures in the Chicago Mercantile Exchange have risen by 60 per cent. The US Department of Agriculture expects milk prices to remain firm over the rest of 2007 and in 2008 as well. In India, milk prices reflected in the WPI increased by 7.7 per cent as on July 14,

2007, on a year-on-year basis, contributing 7.2 per cent to the headline WPI inflation.

24. Notwithstanding the higher production of foodgrains expected during 2006-07, there is a need for regular stock-taking, assessment and planning for ensuring the adequate availability of essential food articles in view of the global outlook. A comprehensive approach in this regard may take cognisance of changes in population, consumption patterns and the evolving trends in international trade.

25. During 2007-08 so far, West Texas Intermediate (WTI) prices have moved in a range of US \$ 61-77 per barrel with UK Brent prices above the WTI by US \$ 4.1 per barrel, while the premium of the WTI over the Dubai variety was US \$ 1.40 per barrel. In tandem with the hardening of international crude prices, the average price of the Indian crude basket increased from US \$ 56.2 per barrel in January-March 2007 to US \$ 66.2 per barrel in April-June and to around US \$ 73.5 per barrel on July 27, 2007, *i.e.*, an increase of 32.9 per cent over the level in February 2007. Domestic prices of petrol and diesel have, however, remained unchanged since mid-February; prices of aviation turbine fuel, which are market-determined, have increased by 11.3 per cent in the same period. Excluding the fuel group, year-on-year inflation was 6.1 per cent on July 14, 2007 and was higher than headline inflation. According to the US Energy Information Administration (EIA), global demand is expected to increase by 1.3 million barrels a day during 2007, while the supply is likely to increase only by 0.6 million barrels a day. WTI prices are expected to average US \$ 65.7 per barrel in 2007.

26. On a year-on-year basis, inflation based on the consumer price index (CPI) for agricultural labourers and rural labourers increased to 7.8 per cent and 7.5 per cent, respectively, in June 2007 from 7.2 per cent each a year ago. Year-on-year inflation based on CPI for industrial workers and urban non-manual employees was placed at 6.6 per cent and 6.1 per cent, respectively, in May and June 2007 as against 6.3 per cent and 6.5 per cent, a year ago. The softening of food prices is being reflected in a reduced difference between inflation rates based on the CPI and the WPI.

27. In terms of proportions to budget estimates (BE), revenue receipts of the Central Government increased to 5.3 per cent during April-May 2007 from 4.8 per cent in April-May 2006. Total expenditure at 13.3 per cent was lower than 16.3 per cent a year ago. Both Plan and non-Plan expenditures were lower as proportions to BE than a year ago. Accordingly, the gross fiscal deficit (GFD) declined to 41.2 per cent from 48.5 per cent a year ago. The revenue deficit at 83.0 per cent of the BE in April-May 2007 was marginally higher than 81.0 per cent in the corresponding period last year.

28. Gross market borrowings (dated securities and 364-day Treasury Bills) of the Central Government during 2007-08 at Rs.85,628 crore up to July 27, 2007 (Rs.70,813 crore a year ago) constituted 45.4 per cent of the BE while net market borrowings at Rs.46,047 crore (Rs.34,822 crore) constituted 42.0 per cent of the BE. Additional borrowings of Rs.6,000 crore through 182-day Treasury Bills and Rs.18,500 crore through 91-day Treasury Bills were undertaken in June 2007 in order

to, *inter alia*, support the special operation of funding the transfer of the Reserve Bank's stake in the State Bank of India to the Government of India. Against the allocated net borrowing programme of Rs.23,359 crore for 2007-08, State Governments have raised a net amount of (-) Rs.645 crore (gross Rs. 8,541 crore; repayment: Rs.9,186 crore) during the current year (up to July 27, 2007).

29. During the first quarter of 2007-08, financial markets experienced sizeable fluctuations in liquidity and attendant episodes of volatility. Call money rates stayed firm during most part of April and May 2007, due to the usual tightening of liquidity at the end of March 2007 which were accentuated by CRR increases referred to earlier. Call rates stayed above the LAF corridor for prolonged periods with intermittent fluctuations. In June, market conditions shifted into surplus liquidity, engendered by large drawdown of the Central Government's cash balances during end-May and early June and capital inflows. Call rates hovered around one per cent for most part of June and July (up to July 27) except on June 28-29, 2007 when advance tax outflows briefly pushed up call rates above the LAF repo rate. Overnight rates in the call, market repo and collateralised borrowing and lending obligations (CBLO) segments have displayed close co-movement. The interest rate in the call market declined from an average of 14.07 per cent in March 2007 to 8.33 per cent, 6.96 per cent and 2.42 per cent in April, May and June 2007 and further to 0.90 per cent in July 2007. Interest rates in the market repo (outside the LAF) and CBLO segments declined from 8.13 per cent and 7.73 per

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cent, respectively, in March 2007 to 6.76 per cent and 6.12 per cent in April 2007 and further to 0.26 per cent and 0.07 per cent in July 2007. The daily average volume (one leg) in the call money market declined from Rs.11,608 crore in March 2007 to Rs.8,687 crore in July 2007. The corresponding volumes in the market repo were Rs.8,646 crore and Rs.12,070 crore, respectively, whereas in the CBLO segment, the volumes were Rs.17,662 crore and Rs.18,509 crore, respectively. As on July 27, 2007 the weighted average interest rate for CBLO, market repo and call rate stood at 0.02 per cent, 0.18 per cent and 0.22 per cent, respectively.

30. In the primary market, the yield on 91-day Treasury Bills declined from 7.97 per cent at end-March 2007 to 4.46 per cent by July 25, 2007. The yield on 364-day Treasury Bills also recorded a decline from 7.98 per cent to 6.58 per cent by July 18, 2007. There was a marked increase in commercial paper (CP) issuances and the outstanding amount increased to Rs.26,256 crore by end-June 2007 from Rs.17,688 crore at end-March 2007. The weighted average discount rate on CP declined from 11.33 per cent to 8.93 per cent over this period. In the market for certificates of deposit (CDs), the weighted average discount rate declined from 10.75 per cent at the end of March 2007 to 9.37 per cent by end-June and the outstanding amount increased from Rs.93,272 crore to Rs.98,337 crore over this period.

31. In the secondary market, the yield on government securities with one-year residual maturity moved down from 7.55 per cent at end-March 2007 to 6.84 per cent by July 27, 2007. The yields on Government

securities with 10-year and 20-year residual maturity also eased during this period from 7.97 per cent to 7.89 per cent and from 8.23 per cent to 8.21 per cent, respectively. Consequently, the yield spread between 10-year and one-year Government securities widened from 42 basis points to 105 basis points whereas the spread between 20-year and one-year Government securities widened from 68 basis points to 137 basis points over this period.

32. Banks had generally increased their deposit rates by about 25-50 basis points across various maturities between March 2007 and June 2007, but reduced them during July 2007, especially in the shorter maturities. The majority of public sector banks (PSBs) adjusted their deposit rates upwards by 10-25 basis points on maturities above one year, particularly at the longer end. Interest rates offered by the PSBs on deposits of above one-year maturity moved up from 7.25-9.50 per cent in March 2007 to 7.25-9.60 per cent in July 2007. Private sector banks' deposit rates for one year and up to three years maturity moved from 6.75-9.75 per cent in March 2007 to 6.75-10.25 per cent in July 2007, while interest rates on deposits greater than three years maturity increased from 7.75-9.60 per cent to 7.50-10.00 per cent over the same period. The range of interest rates offered by foreign banks on deposits of maturities above one year remained largely unchanged at 2.50-9.50 per cent in July 2007 compared to 3.50-9.50 per cent in March 2007. The benchmark prime lending rates (BPLRs) of PSBs and private sector banks moved from a range of 12.25-12.75 per cent and 12.00-16.50 per cent to 12.50-13.50 per cent and 13.00-17.25 per cent, respectively, in the same period.

The range of BPLRs for foreign banks was 10.00-15.50 per cent during the period.

33. In the foreign exchange market, large surplus conditions in the spot market were accompanied by a sharp increase in average daily turnover in the foreign exchange market to US \$ 38.2 billion from a level of US \$ 23.6 billion a year ago. While the inter-bank turnover increased from US \$ 17.1 billion to US \$ 27.7 billion, the merchant turnover increased from US \$ 6.5 billion to US \$ 10.5 billion. Forward premia spiked in April 2007 but in subsequent months, there has been a softening across all maturities. The six-month forward premia eased from 3.60 per cent in March 2007 to 2.53 per cent by end-June 2007 and further to 1.28 per cent as on July 27, 2007.

34. The equity markets were buoyant on the back of strong corporate profitability, a positive investment climate and sound fundamentals. The BSE Sensex (1978-79= 100) increased from 13,072 at end-March 2007 to cross the 15,000 level on July 9, 2007 and reached 15,795 on July 24, 2007. On July 27, 2007 the BSE Sensex declined to 15,235.

Developments in the External Sector

35. The Reserve Bank's end-June 2007 release sets out balance of payments data for January-March 2007 and preliminary data for the full year 2006-07. In US dollar terms, merchandise export growth was maintained at 22.5 per cent in 2006-07 as against 23.4 per cent in the previous year. Commodity-wise data released by the Directorate General of Commercial Intelligence and Statistics (DGCI&S) indicate that petroleum, oil and lubricants (POL)

exports recorded a growth of 59.4 per cent and accounted for 29.7 per cent of the total export growth in 2006-07. Non-POL exports rose by 17.9 per cent, with exports of both primary and manufactured products exhibiting some moderation in growth in relation to the preceding year. The growth in merchandise import payments also moderated from 33.8 per cent in 2005-06 to 27.8 per cent in 2006-07. Crude oil import growth moderated from 47.3 per cent in 2005-06 to 29.8 per cent in 2006-07, reflecting a growth of 19.3 per cent in volume terms and an increase of 12.7 per cent in the average price of the Indian basket of international crude which moved up to US \$ 62.4 per barrel from US \$ 55.3 per barrel in the previous year. Net POL imports, *i.e.*, POL imports minus POL exports, were US \$ 38.5 billion in 2006-07 as against US \$ 32.3 billion in 2005-06. Non-oil import payments increased by 26.9 per cent mainly on account of rising imports of capital goods, metalliferrous ores, metal scrap and gold and silver. As a result, on a payments basis, the merchandise trade deficit widened to US \$ 64.9 billion (7.1 per cent of GDP) from US \$ 51.8 billion (6.4 per cent of GDP) in the previous year.

36. During 2006-07, gross invisible receipts at US \$ 119.2 billion amounted to as much as 94 per cent of merchandise exports, recording an increase of 29.1 per cent. The sustained growth of software exports as well as earnings from other professional and business services and travel have provided innate strength to the invisibles account in conjunction with steadily rising inflows of remittance from overseas Indians. During 2006-07, invisible payments increased by 28.7 per cent, mainly on

account of a surge in outbound tourist traffic, imports of business and management consultancy services, engineering and technical services as well as dividend and profit payouts. The net invisibles surplus rose to US \$ 55.3 billion in 2006-07 from US \$ 42.7 billion in the previous year. Accordingly, the current account deficit (CAD) amounted to US \$ 9.6 billion (1.1 per cent of GDP), up from US \$ 9.2 billion (1.1 per cent of GDP) in 2005-06.

37. Net capital flows were buoyant in 2006-07, nearly doubling to US \$ 44.9 billion from US \$ 23.4 billion in 2005-06. Sizeable increases in net inflows were received under foreign direct investment (FDI), non-resident Indian (NRI) deposits, external commercial borrowings (ECB), external assistance and short-term credit while net portfolio inflows moderated in relation to their levels in the preceding year. There was bi-directional movement in direct investment flows with Indian corporates exhibiting a strong appetite for global expansion. As regards inward FDI, sectors such as manufacturing and construction, financial and banking services and information technology services were the main recipients in the net inflows of US \$ 8.4 billion in 2006-07, sizeably higher than US \$ 4.7 billion in 2005-06. Net ECB disbursements accounted for a third of total net capital inflows in 2006-07, reflecting extremely favourable conditions for Indian borrowers in the global financial markets. Net portfolio inflows were lower at US \$ 7.1 billion than US \$ 12.5 billion in 2005-06, partly due to volatility in Asian and global equity markets in February-March 2007. On the other hand, American Depository Receipts/Global Depository Receipts (ADRs/

GDRs) issuances remained buoyant as corporates took advantage of favourable external market conditions to issue equities abroad. NRI deposits increased by US \$ 3.9 billion as compared with US \$ 2.8 billion in the previous year.

38. Reflecting the movements in current and capital accounts of the balance of payments, the accretion to foreign exchange reserves (excluding valuation) amounted to US \$ 36.6 billion during 2006-07, higher than US \$ 15.1 billion in 2005-06. The level of foreign exchange reserves amounted to US \$ 199.2 billion at the end of March 2007.

39. India's external debt increased by US \$ 28.6 billion during 2006-07 and amounted to US \$ 155 billion at end-March 2007. While multilateral and bilateral debt registered moderate increase, ECBs increased by 59.2 per cent, followed by trade credit and NRI deposits. Valuation gains on account of the depreciation of the US dollar *vis-à-vis* other major international currencies also added to the stock of external debt. The US dollar had a dominant share of 49.1 per cent in India's external debt whereas rupee-denominated debt had a share of 17.4 per cent. The ratio of short-term debt to total debt increased marginally to 7.7 per cent at end-March 2007 from 6.9 per cent a year ago.

40. During the first two months of 2007-08, developments in the external sector indicate sustained strength and resilience. Export growth rose to 20.2 per cent from 19.2 per cent in the corresponding period of the previous year. Imports also posted a sharp rise of 33.0 per cent as compared with 16.9 per cent in the corresponding period of the previous year. Non-POL imports rose by 47.3 per cent whereas oil imports

remained broadly stable at the level recorded a year ago. As a result, the merchandise trade deficit widened to US \$ 13.3 billion during April-May 2007 from US \$ 8.2 billion in April-May 2006.

41. Available information points to a sizeable increase in net capital flows during the current financial year in the main components. Portfolio flows have picked up strongly on account of foreign institutional investors (FIIs) which amounted to US \$ 8.4 billion during 2007-08 (up to July 13) as compared to an outflow of US \$ 2.0 billion in the corresponding period of 2006-07. Gross FDI inflows during April 2007 were placed at US \$ 1.6 billion as compared with US \$ 0.7 billion a year ago. Approvals for ECBs amounted to US \$ 8.7 billion during April-June 2007 as compared with US \$ 4.4 billion in the corresponding period last year. On the other hand, there were net outflows under NRI deposits of US \$ 274 million in April 2007 as compared with inflows of US \$ 253 million during April 2006. ADR/GDR issues by Indian companies amounted to US \$ 11.0 million during April 2007 as against an inflow of US \$ 435 million in the corresponding period in the previous year. The foreign exchange reserves increased by US \$ 22.9 billion and stood at US \$ 222.0 billion on July 20, 2007.

42. The exchange rate of the rupee against the US dollar, which was Rs.43.59 at end-March 2007, appreciated sharply thereafter to touch an intra-day high of Rs.40.28 per US dollar on May 28, 2007 before reaching Rs.40.70 at end-June 2007. The rupee appreciated against the euro from Rs.58.14 at end-March 2007 to Rs.55.12 at end-June 2007, against the pound sterling from Rs.85.53 at end-March 2007 to Rs.81.76 at

end-June 2007 and against the Japanese yen from Rs.36.89 per 100 yen to Rs.33.04 per 100 yen at end-June 2007. Overall, during April-June 2007 the rupee appreciated by 6.63 per cent against the US dollar, by 5.19 per cent against the euro, by 4.41 per cent against the pound sterling and by 10.44 per cent against the Japanese yen. As on July 27, 2007 the exchange rate of the rupee closed at Rs.40.52 per US dollar, Rs.55.35 per euro, Rs.82.28 per pound sterling and Rs.34.12 per 100 Japanese yen.

43. On July 12, 2007 the Government announced a package of measures to provide relief to exporters for a temporary period in response to representations received in regard to exchange rate movements. The package, involving an estimated outlay of Rs.1,400 crore, included tax/duty concessions and other measures such as concessional pre-shipment and post-shipment credit by banks for small and medium exporters and enterprises that export textiles, readymade garments, leather products, handicrafts, engineering products, processed agricultural products, marine products, sports goods and toys. Under the scheme, interest subvention of 2 percentage points per annum would be provided to all scheduled commercial banks in respect of rupee export credit extended by them to the specified categories of exporters.

44. The exchange rate policy in recent years has been guided by the broad principles of careful monitoring and management of exchange rates with flexibility, without a fixed target or a pre-announced target or a band, coupled with the ability to intervene, if and when

necessary. The overall approach to the management of India's foreign exchange reserves takes into account the changing composition of the balance of payments and endeavours to reflect the 'liquidity risks' associated with different types of flows and other requirements.

Developments in the Global Economy

45. World GDP growth, which had accelerated to 5.5 per cent in 2006, has maintained pace in the first half of 2007 and appears to have broadened across industrial and emerging market countries. While consensus expectations support a broad-based economic expansion for 2007, firm inflationary pressures and high and volatile crude prices carry risks to this outlook. According to the World Economic Outlook (WEO) of the International Monetary Fund (IMF) released in April 2007, global real GDP growth was expected to decline from 5.4 per cent in 2006 to 4.9 per cent in 2007 and 2008. The update of the WEO released in July 2007 has now revised this forecast upwards to 5.5 per cent for 2006 and 5.2 per cent for 2007 and 2008.

46. In the US, real GDP growth which had decelerated to 0.6 per cent in the first quarter of 2007, accelerated to 3.4 per cent in the second quarter of 2007 as compared to 2.6 per cent a year ago, reflecting positive contributions from narrowing trade deficit, commercial structures investment, personal consumption expenditure and government spending, partly offset by a decrease in residential fixed investment. Several headwinds to growth are, however, evident in the weak growth in incomes and consumer spending and the continued weakness in the sub-prime housing sector

which is spilling over to higher quality credit market as also into debt and equity markets.

47. Real GDP in the euro area grew by 3.0 per cent in the first quarter of 2007 on a year-on-year basis. Various surveys of business and consumer confidence suggest firm growth continuing in the second quarter. The WEO update places average annual real GDP growth at 2.3 per cent in 2007 and 2.5 per cent in 2008. The unemployment rate in the euro-zone fell in May to 7.0 per cent - the lowest level since 1993. Business confidence remained buoyant in Europe in June 2007 with a step-up in investment and hiring. According to the European Central Bank (ECB), interest rates still support economic expansion, implying that further tightening is possible going ahead.

48. The Japanese economy grew by 2.6 per cent in the first quarter of 2007 as compared with 3.0 per cent a year ago and moderate expansion is likely to continue. Exports and business fixed investment have risen steadily against the background of high corporate profits. Household income has been rising moderately, accompanied by firmness in private consumption. Housing investment and production has been flat in the recent period. Public investment has been declining as a trend.

49. Emerging market economies (EMEs) have posted strong growth in a relatively benign inflation environment. The strength of macroeconomic performance has attracted significant capital flows with net inflows of foreign private capital to the EMEs reaching a level of US \$ 256 billion in 2006. In some of the EMEs, high investment growth, excessive lending, overhang of

liquidity, strengthening retail demand and imbalances in trade and international payments pose risks to growth. In addition, there are a number of downside risks emanating from the behaviour of oil prices, adverse developments in the US housing market, persistence of global imbalances, large leveraged positions in financial markets and possible emergence of inflationary pressures, especially from the foodgrains sector.

50. In Asia, the EMEs have extended the run of robust economic growth in a favourable global setting, strong commodity prices and abundant global liquidity. The Chinese economy accelerated by 11.9 per cent in the second quarter of 2007 as compared with 11.5 per cent a year ago – the fastest in 11 years. Inflation in China was at 2.8 per cent in 2006 but has risen steadily to 4.4 per cent in June 2007. China is expected to grow by 11.2 per cent in 2007 but inflation may cross the central bank's target of 3.0 per cent to reach 3.2 per cent. With the current phase of growth perceived as unstable and environmentally unsustainable, macroeconomic management policies have been tightened, including taxation measures aimed at dampening speculative excesses in the stock market. The People's Bank of China (PBC) has raised interest rates five times since April 2006 and has raised cash reserve requirements nine times between July 2006 and July 2007. On July 20, 2007 the PBC has cut the interest income tax to enhance the attractiveness of bank deposits and reduce funds flow to the stock markets which reached a record level in July. China ran a record US \$ 112.5 billion trade surplus in the first six months of 2007, 83 per cent more than in the same period

last year, which has contributed to the overhang of liquidity in the economy. China's foreign exchange reserves reached US \$ 1.33 trillion at the end of June 2007. The rising risks of overheating, inflationary pressures, liquidity overhang, expanding credit and surging stock markets point to further monetary tightening.

51. Among the other major Asian economies, the Korean economy grew by 4.0 per cent in the first quarter of 2007, lower than 6.3 per cent a year ago. Exports continued to show steady growth, while investment and construction are picking up and private consumption has recovered. The Korean economy is expected to grow by 4.4 per cent in 2007, slower than 5.0 per cent in 2006. Consumer price inflation has accelerated to 2.5 per cent in June 2007 from 1.7 per cent in January 2007. The Bank of Korea has taken tightening steps in 2006 and 2007 by raising its policy rate, increasing reserve requirements, cutting the ceiling on aggregate loans to commercial banks for lending to small and medium enterprises and has attempted to curb the steady rise in property prices by restricting mortgage loan issuance to one contract per person, introduction of price ceilings on new houses and disclosure of construction cost of new homes.

52. In Thailand, growth is projected to slow down to 4.5 per cent for 2007 from 5.0 per cent recorded in 2006. In the first quarter, the Thai economy has registered a growth of 4.3 per cent, from 6.1 per cent a year ago. The Bank of Thailand introduced a series of measures to stem strong capital inflows into the economy in 2006 and 2007, although monetary policy setting has eased

in the context of the slowdown in growth so far.

53. Improved global wheat crop prospects, coupled with a more positive supply outlook in major exporting countries could result in a modest decline in international wheat prices in 2007. Improvement in crop prospects is likely due to increase in winter wheat plantings and favorable growing conditions. At the onset of the new season, however, stocks in major exporting countries are still small which is contributing to price volatility in world markets. World trade in wheat in 2007-08 is placed at 109 million tonnes with smaller imports by India and higher export supplies from Australia. A series of setbacks have severely impacted paddy production in 2006-07 and may result in tightening of the demand-supply situation in world rice markets in 2007. International rice prices followed a steady upward trend between December 2006 and March 2007, but have stabilised since then, largely influenced by falling export demand due to the imposition of tight quality certification requirements in key import markets. With large imports projected for the rest of the year and limited current supplies in exporting countries, upward pressure on international rice prices may continue over the next few months. Despite the expected record world coarse grains harvest in 2007 following increased plantings, international coarse grains prices are likely to stay high in 2007-08 in response to strong demand for ethanol production. Sugar prices, which reached a 25-year high in early 2006, have declined since then due to much larger global output than anticipated in most cane-producing countries, particularly Brazil and India.

54. Metal prices have increased by 15.6 per cent during the first six months of 2007, over and above the increase of 53.6 per cent in 2006 and 36.3 per cent in 2005. According to the futures markets, aluminum may gain in the rest of 2007, while copper, nickel, zinc and tin are expected to decline. Gold prices, which had sharply risen to their highest level in 26 years in May 2006, are on a decline in the face of increased central bank sales. On July 27, gold prices fell to US \$ 659.50 per ounce on renewed strength in the U.S. dollar and sharp declines in the broader stock market indices.

55. Spot crude oil prices softened from the July-August 2006 peak of US \$ 78 per barrel to around US \$ 53 per barrel in January 2007 but have rebounded in July on expectations of good demand, low US crude stocks, failure by the Organisation of Petroleum Exporting Countries (OPEC) to lift output and a potentially harsh hurricane season to close at US \$ 77 on July 27, 2007. September 2007 future crude prices climbed to US \$ 77.02 per barrel on July 27, 2007.

56. The inflation outlook remains a matter of concern on account of energy and other commodity prices, increased capacity utilisation rates in developed and major emerging economies and the impact of rising wages on inflation in advanced industrial economies. In the US, consumer prices increased from 2.1 per cent in January 2007 to 2.7 per cent in June 2007. In the euro area, inflation has remained at 1.9 per cent in March-June 2007. Inflation became zero in Japan in April-May 2007 from 0.9 per cent in August 2006 and turned negative at (-) 0.2 per cent in June 2007. In the UK, CPI inflation declined to 2.4 per cent in June

2007. At the retail level, Retail Prices Index (RPI) inflation rose to 4.8 per cent in the UK in March 2007 - the highest since 1991 - but declined thereafter to 4.4 per cent in June 2007. Inflation pressures have raised concerns in some of the EMEs.

57. Core CPI inflation in the US decelerated to 2.2 per cent in May-June 2007 as against 2.3 per cent in April 2007. In the UK, core CPI inflation has been increasing in tandem with the headline rate and stood at 2.0 per cent in June, up from 1.9 per cent in May 2007. In the euro area, core CPI inflation has remained at the level of 1.9 per cent over March-June 2007. Core inflation in Japan was negative (-0.4 per cent) in June 2007 as compared with (-) 0.3 per cent in May 2007. Globally, headline inflation has picked up in the wake of increase in commodity prices and core inflation has also generally remained firm.

58. Global financial markets recovered from the turbulence witnessed in February-March 2007. The buoyancy of the US stock markets in the first quarter of 2007 continued in the second quarter, aided by strength in manufacturing and strong merger activity. Global mergers-and-acquisitions volume, fuelled by private equity buyers mostly in the US market, surged in the first half of 2007. In the second quarter of 2007, emerging market spreads tightened to new historical lows as credit default spreads fell and stock markets surged. Accordingly, in the first half of 2007, emerging markets outperformed stocks in developed markets, led by Brazil, Turkey, China and Korea. Foreign investor demand for emerging market assets was reflected in a broad-based rise in inflows into dedicated bond and equity markets of the EMEs.

Emerging market corporate bond issuance in international bond markets rose to a record level in 2006. The exposure of emerging markets to risky financial assets of the mature markets has increased, and therefore, the overall global financial risks have increased.

59. In late July 2007, the fall in credit market confidence brought on by the spread of the subprime loan risks into higher quality debt, affected stock markets around the world. Share prices fell by significant amounts on July 26 and 27, led by the Dow Jones Industrial Average. This resulted in a decline in sentiment in the international corporate bonds along with emerging market debt. It has been reported that in response to expectations that the Reserve Bank of New Zealand may not increase interest rates any further, there are indications of some abatement of the yen carry trade. There are evolving uncertainties in the direction of carry trade with implications for EMEs.

60. Government bond yields in the major economies had, until recently, firmed up. The US 10-year bond yield increased from 4.70 per cent at end-December 2006 to 5.29 per cent on June 12, 2007 before falling to 4.77 per cent on July 27, 2007. The 10-year bond yield in the euro area increased from 3.95 per cent at end-December to 4.68 per cent on July 9, 2007 before falling to 4.33 per cent. The Japanese 10-year bond yield has increased from 1.68 per cent at end-December to 1.97 per cent on June 13, 2007 before falling to 1.78 per cent. These recent developments are indicative of evolving uncertainties in international financial markets with implications for EMEs.

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61. On a trade-weighted basis, the US dollar has been depreciating since 2006 with intermittent fluctuations against most major currencies, especially due to narrowing interest rate advantage over other currencies. On July 24, 2007 the pound sterling rose to a 26-year high of US \$ 2.06 on concerns that the emerging developments in the subprime mortgage market will hurt the broader economy. The euro has also been strengthening against the US dollar since June, after the ECB lifted its benchmark rate, and rose to a record high on July 24, on investor apprehension about the subprime mortgage market. The Canadian dollar reached a 30-year high against the US dollar on July 6, 2007 ahead of an expected rate hike by the Bank of Canada, and appreciated further to a new peak on July 24, 2007. Turkey experienced a sharp appreciation in its currency *vis-à-vis* the euro and the US dollar on July 2, 2007 boosted by strong economic performance and large capital inflows. The New Zealand dollar had appreciated to 81.10 cents to reach a 22-year peak against the US dollar on July 24, 2007. The Reserve Bank of New Zealand had to intervene in the foreign exchange market on June 11, 2007 for the first time since 1985. These unusual developments in the currency markets in recent months are indicative of heightened uncertainties, giving rise to significant challenges for monetary management in EMEs.

62. Perceptions of inflation pressures ahead have prompted monetary authorities generally to persevere in withdrawing monetary accommodation. The central banks that have tightened their policy rates include the ECB which has raised its policy rates eight times since December 2005 by

25 basis points each to 4.00 per cent (main refinancing rate); the Bank of England (repo rate raised in August and November 2006, January, May and July 2007 by 25 basis points to 5.75 per cent); the Bank of Japan (uncollateralised overnight rate target at 0.25 and 0.50 per cent in July 2006 and February 2007, respectively, after maintaining a zero interest rate policy since September 2001); the Bank of Canada to 4.50 per cent (in July 2007); the Reserve Bank of Australia (Cash Rate raised by 25 basis points each in August and November 2006 to 6.25 per cent); the Reserve Bank of New Zealand (Official Cash Rate raised to 8.25 per cent by five 25 basis points hikes in December 2005 and March, April, June and July 2007); the People's Bank of China (lending rate raised five times to 6.84 per cent between April 2006 and July 2007); the Bank of Korea (target overnight call rate raised by 25 basis points to 4.50 per cent in August 2006 and 4.75 per cent in July 2007); the Banco de Mexico (benchmark overnight lending rate raised to 7.25 per cent in April 2007 from 7.0 per cent since April 2006); and the Banco Central de Chile (benchmark lending rate raised to 5.25 per cent in July 2007 from 5.00 per cent since January 2007).

63. A few central banks have used supplementary measures for tightening, besides increasing the key policy rates such as increases in reserve requirements. In China, the required reserve ratio was raised by 50 basis points each effective from July 5, August 15 and November 15 in 2006 and on January 15, February 25, April 16, May 15, June 5 and August 15 in 2007. The required reserve ratio in China is now 12.0 per cent. The Bank of Korea raised reserve

requirements from 5 per cent to 7 per cent for local currency deposits and short-term foreign currency deposits, after a gap of 17 years, in November and December 2006, respectively. Meanwhile, in several EMEs including China and Korea, central bank bonds have continued to absorb liquidity from the banking system.

64. Some central banks have paused in their policy cycles, particularly the US. The pause of the Federal Reserve since August 2006 came after seventeen increases by 25 basis points each between June 2004 and June 2006. Other central banks that have kept their policy rates steady include the Bank Negara Malaysia (Overnight Policy Rate at 3.5 per cent since April 2006).

65. Some other central banks have cut back their policy rates in recent months, usually on the back of earlier strong actions to contain inflation. These include Bank Indonesia (BI) (BI rate reduced from 12.50 per cent in May 2006 to 8.25 per cent in July 2007); the Bank of Thailand (1-day repurchase rate reduced from 4.75 per cent in January 2007 to 3.25 per cent in July 2007 in four stages); and the Banco Central do Brasil (Selic rate target cut between September 2005 and July 2007 to 11.50 per cent).

Overall Assessment

66. There are indications that a strong momentum of activity has been sustained in the Indian economy in the early months of 2007-08. Aggregate supply conditions appear to have firmed up mainly on the back of high growth in industry and services.

67. Industrial output has risen faster than consensus market expectations in April and

May 2007, extending a run of consecutive months of double-digit growth that began in November 2006. The acceleration in industrial activity continues to reflect the performance of manufacturing which has recorded double-digit growth through April 2006 to May 2007, with October 2006 being the sole outlier. Infrastructure output growth has also picked up in April-May 2007, led by electricity generation, steel and crude petroleum production with some deceleration in cement production due to capacity constraints. Several infrastructure industries, notably petroleum refineries, steel and cement are operating at above 90 per cent capacity utilisation.

68. Lead indicators, particularly cargo handled in major ports, cell phone connections, passengers handled at domestic and international terminals, road upgradation and banking and financial sector activity seem to point to the recent pace of growth of services sector activity being maintained in the first quarter of 2007-08.

69. On the agricultural front, the outlook is somewhat unclear and would depend on the spread and intensity of the south-west monsoon. Up to June 2007, rainfall has been significantly above the LPA for the country as a whole although somewhat deficient over central India. While the live water storage in important reservoirs appears to have dipped below the level a year ago, it still remains higher than the average of the last ten years. The area sown under various *kharif* crops was lower than a year ago in respect of all major crops, except cotton and oilseeds. The progress of the monsoon and a fuller assessment of crop sowing situation

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will enable a more informed appraisal of the likely performance of agriculture over the rest of the year.

70. While growth in industry and services has accelerated in recent years, stagnation in the productivity levels of major crops and overall volatility of agricultural output have emerged as issues of serious policy concern. It is in this context that the Planning Commission has targeted a growth rate of 4 per cent per annum in the agricultural sector, which is necessary not only to ensure food security but also to enable inclusive growth.

71. Aggregate demand pressures remain in evidence, although there are signs of some moderation beginning to set in. The current pace of growth continues to be driven by private investment and consumption demand which has so far been supported by resilient corporate profitability and business confidence, stretched capacity utilisation, rising incomes and ongoing capacity expansion, including in infrastructure. The growth of the production of capital goods in April-May 2007 has been somewhat slower than a year ago; nevertheless, the sustained vigour of the expansion, together with the surge in non-oil imports in April and May 2007, is indicative of the strength of investment demand which continues to maintain the upturn in capital spending by the corporate sector. Second-round demand pressures are also visible in the pick-up in the growth of intermediate goods production in April-May 2007 on top of the smart turnaround recorded in 2006-07. Consumer demand has also firmed up further in the early months of 2007-08 from rising levels in 2006-07 as evident in the sizeable increase in the

production of consumer goods, particularly consumer non-durables, which appear to be on a high growth trajectory since March 2007. Monetary and banking aggregates continue to rise at persistently high rates. While there is a moderate slackening of non-food bank credit growth, banks' investments in mutual funds have increased sizeably. There are also reports of stretched capacity in the cement sector and some slowdown in the commercial vehicles and auto parts industries. Export demand continues to remain strong, except in some industries facing capacity constraints and rising cost conditions as in textiles, but a sharp pick-up in non-oil imports has resulted in a widening of the merchandise trade deficit, indicating the spillover of domestic demand.

72. A heartening feature of recent macroeconomic developments has been the decline in headline inflation from the late January 2007 peak to within the policy tolerance threshold by end-May. This is attributable to the pass-through of monetary, fiscal and supply-side measures in conjunction with seasonal factors especially the moderation of food prices with the arrival of the *rabi* harvest. Accordingly, inflation in terms of primary articles has fallen significantly from double-digits recorded in January-May 2007. With foodgrains production expected to increase during the 2006-07 agriculture year, coupled with early indications of a favourable south-west monsoon, pressures on prices of key foodgrains such as wheat and rice in India may ease somewhat, although global wheat prices were at a 11-year high in June 2007 and prices of oilseeds remain subject to upward pressures over the near term. The

decline in the prices of the 'fuel' category has also enabled some easing of headline WPI inflation so far.

73. International crude prices have risen beyond the US \$ 70 level and are extremely volatile, representing a serious risk to inflation expectations. Even with the EIA projection of US \$ 65.7 per barrel in 2007, international crude prices would remain considerably higher than the level of US \$ 53 per barrel at the beginning of the year. Domestic prices of petrol and diesel, on the other hand, have undergone two downward revisions during 2006-07 and at their current levels, it is necessary to recognise the need for some more pass-through from recent movements in international crude prices. It is difficult to differentiate, *ex ante*, the permanent and temporary components of the elevated international crude prices but, in any case, they would have implications for domestic inflation conditions.

74. A positive feature of recent developments has been the encouraging response of banks to the sustained policy emphasis and actions for ensuring credit quality and overall financial stability. Rebalancing of banks' balance sheets seems to be underway, captured by movements in key banking aggregates. Beginning in the last quarter of 2006-07, a dip in non-food credit growth from the persistent high rates that prevailed during 2004-07 has turned into a steady deceleration in broad alignment with the indicative trajectory given in the Annual Policy Statement of April 2007. While the slowdown reflects, in part, the usual seasonal decline in bank credit that occurs at this time of the year, there has also been some deceleration in bank lending to

sectors such as real estate, housing, computer software, trade and transport operators in response to rising lending rates, shifts in banks' portfolios in favour of investments in gilts and prudential considerations. On the other hand, there are indications of a pick-up in credit demand from agriculture and industry, in particular, infrastructure. Banks have aggressively mobilised time deposits (including certificates of deposit) with aggregate deposit growth in the first quarter of 2007-08 outstripping the 11-year high recorded in 2006-07. Accordingly, the incremental non-food credit deposit ratio (year-on-year) has come off appreciably from the average level of 115 per cent prevailing in the preceding two years. These readjustments augur well for the health of the banking system by reducing asset-liability mismatches and attendant balance sheet risks.

75. Finances of the Union Government in April-May 2007 exhibited some improvement with the gross fiscal deficit and the revenue deficit declining from their levels a year ago. Gross tax collections have increased significantly and already account for close to a fifth of the budget estimates. Total expenditure has declined in the first two months of 2007-08, with a contraction of 20 per cent in Plan expenditure being partly offset by a moderate increase in the non-Plan component. A noteworthy aspect of recent developments in the Centre's finances is the pick-up in capital expenditure, which is conducive for the overall investment outlook. While the borrowing programme of the Centre in terms of dated securities has progressed broadly in alignment with the calendar set

in the beginning of the year, there has been higher recourse to short-term borrowings through Treasury Bills to manage the exceptional circumstances discussed earlier.

76. Financial markets have experienced large swings in liquidity conditions and heightened volatility within a general softening of interest rates across the spectrum, except in the credit market. Money markets, and in particular, the overnight segments, have experienced excess liquidity released into the system through a drawdown of the Central Government's cash balances to overdrafts on two occasions in the current financial year so far. Capital flows and the Central Government's cash balances have been the principal sources of volatility in systemic liquidity, with the former being tempered by sterilisation measures. The Central Government's cash balances maintained with the Reserve Bank came down from Rs.65,582 crore in December 2006 to Rs.49,992 crore at the end of March 2007 and further to a debit of Rs.7,753 crore in May 2007, a turnaround of Rs.73,335 crore in a span of five months.

77. In the domestic financial markets, money markets have experienced some volatility amidst surplus liquidity conditions. Generally stable and orderly conditions have been observed in the government securities market. Yield spreads have widened, especially for corporate bonds. In the credit markets, both deposit and lending rates have edged up, the former more conspicuously. In the forex market, there have been strong and persistent upward pressures on the exchange rate.

78. Developments in the external sector in the first quarter of 2007-08 reflect the

underlying strength of economic activity. Merchandise export growth has picked up in April-May 2007 in relation to a year ago. Information available up to February 2007 indicates that engineering goods and petroleum products are the drivers of exports. With POL imports holding at broadly the level in the corresponding period of 2006-07, a jump in non-oil import growth has widened the merchandise trade deficit. Lagged data on the composition of imports suggest that capital goods, industrial raw materials, gold and electronic goods are the main components, indicative of the strength of domestic investment and consumption demand. Despite the expansion of the trade deficit by close to US \$ 5 billion in relation to its level a year ago, there has been a sizeable accretion to the foreign exchange reserves over the first quarter of 2007-08.

79. India's macroeconomic performance in the first quarter of 2007-08 needs to be assessed in the context of global developments and the evolving international environment. While global growth had shown some signs of moderation in the first quarter of 2007, there has been a gain in momentum in more recent months, leading to upward revisions in consensus forecasts. Demand pressures appear to be holding up economic activity in the mature economies, stronger than expected. While headline inflation has remained generally steady, inflationary pressures remain and seem to be more persistent than before, along with elevated levels of commodity and asset prices. Risks to inflation expectations have also heightened with international crude prices rising again and with crude futures firming up. In particular, uncertainty relating

to supplies have increased, building a risk premium into the evolution of crude prices. In the EMEs, the outlook continues to be optimistic with early indications of strengthening growth. Business and consumer sentiment appears to be positive and some EMEs have experienced a moderate decline in unemployment, particularly in Asia and Latin America. At the same time, concerns have arisen regarding the sustainability of high growth. For most Asian EMEs (AEMEs), inflationary pressures are being reinforced by rising food and fuel prices along with ample liquidity and rapidly rising credit, largely driven by excess capital flows.

80. In the global financial markets, the volatility experienced in the first quarter of 2007, triggered by concerns about the US subprime mortgage market and potential economy-wide effects, seems to have been repeated recently in late July. After the February 2007 events, there had been a rapid recovery of prices for all asset classes, including for EMEs. Long-term interest rates have risen in the mature markets since May, driving up gilt yields. Global equity prices have risen rapidly along with long-term interest rates until mid-July, reflecting upward revisions in growth prospects and profit expectations. Equity markets have also revealed an increasing synchronicity across mature and emerging economies. The current phase of market activity, along with a revision in expectations on the direction of future monetary policy changes, appears to have triggered a reassessment of risks by financial markets. Nonetheless, current indications suggest that the risks, including geopolitical risks, remain under-priced and widely spread.

81. Risks to the outlook for global growth and financial markets from the prolonged slump in the US housing market have become accentuated with the adverse developments in the subprime mortgage market that surfaced in late 2006 and has continued into 2007. In the recent period, solvency threats to hedge funds with large subprime exposure have increased the danger of 'event risk' in leveraged loan and junk bond markets from the collapse in prices of illiquid or 'hard-to-trade' securities linked to subprime loans. Limits on redemptions by several hedge funds and the ensuing flight to quality has raised concerns that contagion could spread across credit markets and corporate bond markets in a spiral of repricing, tighter mortgage and borrowing conditions, falling house prices and slower consumption growth which could ultimately drag down US and global economic growth. Regulators and monetary authorities have expressed concern about the vulnerability of the global financial system due to excessive leveraging and gaps in creditor supervision in the context of rising levels of widely diffused risks.

82. Hedge funds are private, largely unregulated pools of capital. Their role has risen significantly with systemic implications and they have added depth and breadth to financial markets. Managers of hedge funds follow complex investment strategies to leverage portfolio size through sophisticated derivative contracts. While their potential for imparting risks to the financial system has always been engaging the attention of regulators, in the recent period there is a heightened awareness of possible threats to overall financial stability. With greater risk aversion going forward,

with credit quality deteriorating and with the widening of credit spreads, the potential fragility of hedge funds could pose significant risks to financial market stability and to the prospects for financing and growth in the EMEs.

83. It is estimated that the private equity industry accounted for more than a quarter of global mergers and acquisitions in the first half of 2007. In consonance with the boom in private equity, particularly since 2006, there has been the incidence of higher leverage to enhance investment returns. In view of the opaque nature of private equity activity, the high levels of leveraging has raised concerns about longer-term sustainability. Recent events have shown that counterparties could have grossly underestimated the riskiness of individual funds, and the vulnerability of the markets in which they are active, to sudden turns in sentiment or even tightening of credit conditions. Given the size of business accruing to private equity, they carry risks to overall macroeconomic stability and, in particular, to EMEs.

84. It is in the context of these developments that monetary policy authorities remain hawkish and vigilant about threats to inflation expectations and volatility in money and currency markets. In the face of fluctuations in asset prices, underpricing of risks and disorderly adjustments, several central banks have acted pre-emptively in the early months of 2007 to tighten monetary policy. A few central banks, in particular those in the Asian EMEs, have reinforced the increases in key policy rates with increases in reserve requirements and in some cases, with non-monetary measures.

85. In the overall assessment, therefore, domestic economic activity has continued to expand at a strong pace and there are indications that the impulses of growth are getting broad-based. The recent gains in bringing down inflation and in stabilising inflation expectations should support the current expansionary phase of the growth cycle. While noting the inflation environment in recent weeks, it is necessary to continuously assess the risks to the inflation outlook emanating from high and volatile international crude prices, the continuing firmness in key food prices and the uncertainties surrounding the evolution of demand-supply gaps globally as well as in India. It is also necessary to note that demand pressures and cyclical effects persist, mirrored in investment and consumer demand, monetary and banking aggregates, capacity constraints and a widening trade deficit. Financial markets are reflecting the interplay of these factors, although surges in capital inflows and large changes in liquidity conditions are obscuring an accurate assessment of risks, with attendant uncertainty. It is necessary to note that while there is an abatement of inflation in the recent period, upward pressures persist. In this regard, it is essential to carefully monitor developments relating to aggregate supply conditions and the supply response to the impulses of demand in the short-term, while stepping up efforts to expand production capabilities over the medium-term.

86. Risks from global developments continue to persist, especially in the form of inflationary pressures, re-pricing of risks by financial markets and danger of downturn in some asset classes, with

implications for EMEs in general. International food and energy prices are likely to settle at higher levels than before with indications that the sharp acceleration recorded in 2006 will not reverse. In addition, there are risks emanating from the developments in global financial markets. While excessive leveraging by hedge funds and private equity has enhanced the vulnerability of the global financial system, exchange rate fluctuations in respect of the major currencies have become amplified with large changes in the magnitude and direction of capital flows.

87. Given the flux associated with both financial markets and monetary policy settings, India cannot be immune to these developments. Accordingly, banks, financial institutions and corporates are advised to be vigilant and well-prepared with appropriate risk mitigation strategies to deal with significantly higher volatility than before. It is in this context that they are urged to monitor various types of exposures, including economic exposure, and to ensure hedging of currency and interest rate risks to balance sheets that might impact the quality of assets. It may be noted that the Reserve Bank has expanded the range of hedging tools available to market participants and facilitated dynamic hedging.

II. Stance of Monetary Policy for the Remaining Period of 2007-08

88. In April 2007, at the time of the Annual Policy Statement for 2007-08, global growth was expected to moderate and inflationary pressures were seen as persisting worldwide. With demand pressures having

intensified in the domestic economy along with supply-side constraints, the Annual Policy Statement reiterated the stance set out in January 2007 of reinforcing the emphasis on price stability and well-anchored inflation expectations so as to enable continuation of the growth momentum. Credit quality and orderly financial markets were re-emphasised in conjunction with greater credit penetration and financial inclusion. The Annual Policy Statement also reaffirmed the resolve to respond swiftly with all possible measures to developments impinging on inflation expectations and the growth momentum. It was recognised that the likely evolution of macroeconomic and financial conditions indicates an environment supportive of sustaining the current growth momentum and that the Indian economy is possibly poised on the threshold of a step-up in the growth trajectory, but that there is evidence of some cyclical elements embedded in the structural change. Noting that the overarching policy challenge is to manage the transition to a higher growth path while containing inflationary pressures, the policy preference for the period ahead was indicated as strongly in favour of price stability and well-anchored inflation expectations with the endeavour being to contain inflation close to 5.0 per cent in 2007-08 and to the range of 4.0–4.5 per cent over the medium-term.

89. On a review, the prospects for growth in 2007-08 appear positive at the current juncture. The IMD has maintained its initial forecasts of rainfall at 93 per cent of the LPA for the country as a whole in the 2007 south-west monsoon season. Accordingly, by current indications, a return to trend growth

Statement by
Dr. Y. Venugopal Reddy,
Governor,
First Quarter –
2007-08

in agriculture should be realisable. Growth in industrial and service sector activity, which constitute more than 80 per cent of the economy and contribute over 94 per cent of headline growth, is expected to be sustained, given the current momentum of expansion despite evolving uncertainties observed in recent weeks. Overall, for policy purposes, the projection of real GDP growth in 2007-08 at around 8.5 per cent, as set out in the Annual Policy Statement of April 2007, is retained, barring domestic or external shocks.

90. There are indications that the combination of lagged and cumulative effects of monetary policy actions and fiscal and administrative measures for supply management has had a salutary effect on inflation expectations, and headline inflation has turned benign in sharp contrast to the last quarter of 2006-07. Going forward, monetary management would need to be watchful of movements in commodity prices, particularly oil prices, the elevated levels of asset prices and the re-emergence of pricing power among producers as potential threats to inflation expectations. Assuming that aggregate supply management will continue to receive public policy attention and that a more active management of the capital account will be demonstrated, the outlook for inflation in 2007-08 remains unchanged. Accordingly, holding headline inflation within 5.0 per cent in 2007-08 assumes priority in the policy hierarchy; while reinforcing the medium-term objective to condition policy and perceptions to reduce inflation to 4.0-4.5 per cent on a sustained basis.

91. For the purpose of monetary policy formulation, the Annual Policy Statement of April 2007 projected the rate of money

supply (M_3) at around 17.0-17.5 per cent for 2007-08 in consonance with the outlook on growth and inflation. Consistent with the projections of money supply, the growth in aggregate deposits in 2007-08 was placed at around Rs.4,90,000 crore while non-food credit including investments in bonds/debentures/shares of public sector undertakings and private corporate sector and commercial paper (CP) was projected to decelerate to 24.0-25.0 per cent in 2007-08 from the average of 29.8 per cent over 2004-07. While non-food credit growth has decelerated, the acceleration in money supply and reserve money warrants an appropriate response.

92. Recent developments in the external sector indicate that the overall trade and current account deficits in 2007-08 are evolving as per expectations. However, net capital flows have been very strong so far in the current financial year. Early fiscal indicators suggest that the Centre's fiscal deficit is evolving as budgeted and is on course to meet the targets set in the Fiscal Responsibility and Budget Management (FRBM) Act, 2003.

93. By current reckoning, the global outlook is positive with continuing prospects for strong and stable growth but there are concerns about inflationary pressures worldwide. Monetary authorities are inclined to regard the current levels of real interest rates as warranting further withdrawal of monetary accommodation and are indicating a preparedness to respond to the manner in which the inflation scenario evolves. Financial markets have been aggressively re-pricing risks; however, the wide diffusion of risks and the abundance of liquidity has imparted considerable

uncertainty. Visitations of volatility in equity and currency markets with worldwide ramifications have imparted an additional dimension of uncertainty to the evolution of the international economic environment. These developments are necessitating intensified policy monitoring with a policy preference for insulating domestic real activity from these shocks. Looking ahead, monetary policy in India would continue to be vigilant and pro-active in the context of any accentuation of global uncertainties that pose threats to growth and stability in the domestic economy. The domestic outlook continues to be favourable and would dominate the dynamic setting of monetary policy in the period ahead. It is important to design monetary policy such that it protects growth by contributing to the maintenance of stability. Accordingly, while the stance of monetary policy would continue to reinforce the emphasis on price stability and well-anchored inflation expectations and thereby sustain the growth momentum, contextually, financial stability may assume greater importance in the months to come.

94. Keeping the above in view, recent developments in financial markets in India and potential uncertainties in global markets warrant a higher priority for managing appropriate liquidity conditions in the policy hierarchy at the current juncture.

95. The Reserve Bank will continue with its policy of active demand management of liquidity through appropriate use of the CRR stipulations and open market operations (OMO) including the MSS and LAF, using all the policy instruments at its disposal flexibly, as and when the situation warrants.

96. In sum, barring the emergence of any adverse and unexpected developments in various sectors of the economy and keeping in view the current assessment of the economy including the outlook for inflation, the overall stance of monetary policy in the period ahead will broadly continue to be:

- To reinforce the emphasis on price stability and well-anchored inflation expectations while ensuring a monetary and interest rate environment that supports export and investment demand in the economy so as to enable continuation of the growth momentum.
- To re-emphasise credit quality and orderly conditions in financial markets for securing macroeconomic and, in particular, financial stability while simultaneously pursuing greater credit penetration and financial inclusion.
- To respond swiftly with all possible measures as appropriate to the evolving global and domestic situation impinging on inflation expectations, financial stability and the growth momentum.

III. Monetary Measures

(a) *Bank Rate*

97. The Bank Rate has been kept unchanged at 6.0 per cent.

(b) *Repo Rate/Reverse Repo Rate*

98. The repo rate under the LAF is kept unchanged at 7.75 per cent.

99. The reverse repo rate under the LAF is kept unchanged at 6.0 per cent.

100. In view of the current macroeconomic and overall monetary and liquidity conditions, it has been decided to withdraw the ceiling of Rs. 3,000 crore on daily reverse repo under the LAF with effect from Monday, August 6, 2007. The Reserve Bank, however, retains the discretion to re-impose a ceiling as appropriate.

101. The Reserve Bank has the flexibility to conduct repo/reverse repo auctions at a fixed rate or at variable rates as circumstances warrant.

102. The Reserve Bank retains the option to conduct overnight or longer term repo/reverse repo under the LAF depending on market conditions and other relevant factors. The Reserve Bank will continue to use this flexibility including the right to accept or reject tender(s) under the LAF, wholly or partially, if deemed fit, so as to make efficient use of the LAF in daily liquidity management.

103. The second LAF, which was introduced from November 28, 2005 and is conducted between 3.00 p.m. and 3.45 p.m. on a daily basis, is withdrawn with effect from Monday, August 6, 2007.

(c) Cash Reserve Ratio

104. The cash reserve ratio (CRR) of scheduled banks is currently at 6.5 per cent. On a review of the current liquidity situation, it is considered desirable to increase the CRR by 50 basis points to 7.0 per cent with effect from the fortnight beginning August 4, 2007.

Mid-Term Review

105. The Mid-Term Review of the Annual Policy Statement for the year 2007-08 will be undertaken on October 30, 2007.

Mumbai
July 31, 2007

*Macroeconomic and Monetary Developments First Quarter Review 2007-08**

I. The Real Economy

The Indian economy continued to record robust growth in 2006-07 for the fourth successive year, buoyed by the sustained momentum in the services and manufacturing sectors. The latest estimates released by the Central Statistical Organisation (CSO) in May 2007 revised real GDP growth upwards to 9.4 per cent during 2006-07 from 9.2 per cent in the advance estimates (released in January 2007) (Table 1 and Chart 1). The upward revision was mainly due to manufacturing (12.3 per cent from the earlier estimate of 11.3 per cent) and construction (10.7 per cent from 9.4 per cent), partly offset by downward revision in financing, insurance, real estate and business services (10.6 per cent from 11.1 per cent). Real GDP growth averaged 8.6 per cent per annum during 2003-04 to 2006-07 and 7.6 per cent per annum for the Tenth Plan period (2002-03 to 2006-07). Per capita income growth averaged 7.1 per cent per annum during the last four years (2003-04 to 2006-07), over twice the average growth of 3.4 per cent recorded during the 1980s and the 1990s.

Against the backdrop of sustained buoyancy in 2006-07, this chapter presents the developments in the real economy during the first quarter of 2007-08.

Agricultural Situation

According to the revised forecast of the India Meteorological Department (IMD) released in June 2007, the rainfall during the 2007 South-West monsoon season (June-September) is likely to be 93 per cent of the long-period average, with a model error of +/- 4 per cent. Monsoon advanced over Kerala on May 28, 2007, four days earlier

* Issued with the First Quarter Review of the Annual Statement on Monetary Policy for 2007-08.

Table 1: Growth Rates of Real GDP

Sector	2000-01 to 2006-07 (Average)	2004-05	2005-06*	2006-07#	(Per cent)							
					2005-06 *				2006-07 #			
					Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1	2	3	4	5	6	7	8	9	10	11	12	13
1. Agriculture and Allied Activities	2.5	0.0 (20.2)	6.0 (19.7)	2.7 (18.5)	4.0	4.0	8.7	6.2	2.8	2.9	1.6	3.8
2. Industry	7.0	8.4 (19.6)	8.0 (19.4)	11.0 (19.7)	9.8	6.6	7.2	8.6	10.6	11.3	10.8	11.2
2.1 Mining and Quarrying	4.6	7.5	3.6	5.1	6.1	0.1	2.7	5.2	3.7	3.9	5.5	7.1
2.2 Manufacturing	7.7	8.7	9.1	12.3	10.7	8.1	8.2	9.4	12.3	12.7	11.8	12.4
2.3 Electricity, Gas and Water Supply	4.8	7.5	5.3	7.4	7.4	2.6	5.0	6.1	5.8	8.1	9.1	6.9
3. Services	8.6	10.0 (60.2)	10.3 (60.9)	11.0 (61.8)	9.5	9.5	10.3	11.6	11.6	11.7	10.9	10.0
3.1 Trade, Hotels, Restaurants, Transport, Storage and Communication	10.3	10.9	10.4	13.0	10.2	9.5	10.0	11.8	12.4	14.2	13.1	12.4
3.2 Financing, Insurance, Real Estate and Business Services	7.9	8.7	10.9	10.6	8.9	10.6	9.8	14.2	10.8	11.1	11.2	9.3
3.3 Community, Social and Personal services	6.0	7.9	7.7	7.8	7.5	7.9	8.3	7.2	11.3	8.3	6.7	5.7
3.4 Construction	9.9	14.1	14.2	10.7	12.7	11.3	16.6	16.1	10.5	11.1	10.0	11.2
4. Real GDP at Factor Cost	6.9 (100)	7.5 (100)	9.0 (100)	9.4 (100)	8.4	8.0	9.3	10.0	9.6	10.2	8.7	9.1

Memo:

(Amount in Rupees crore)

a) Real GDP at factor cost
(1999-2000 prices)

b) GDP at current market prices

* : Quick Estimates.

: Revised Estimates.

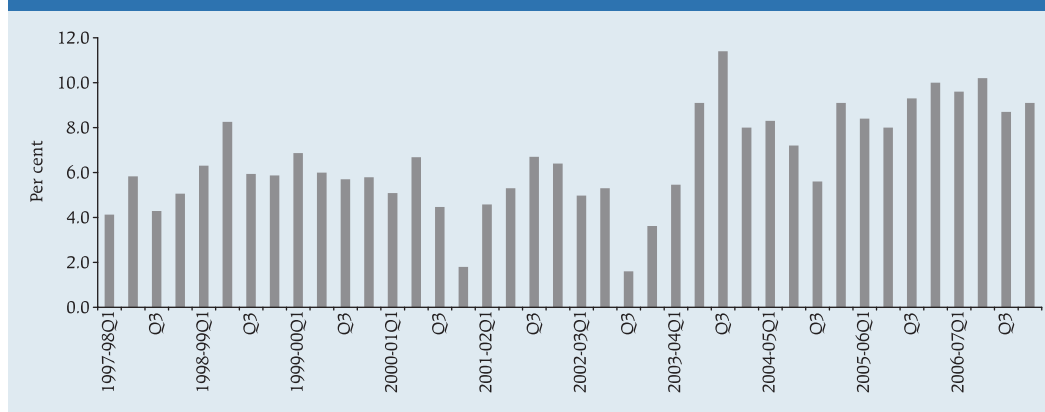
Note : Figures in parentheses denote shares in real GDP.

Source : Central Statistical Organisation.

than the normal date of June 1. By May 29, 2007 monsoon covered the entire coastal

Karnataka and some parts of south interior Karnataka and south Tamil Nadu. After this,

Chart 1: Real GDP - Growth Rate



there was a hiatus in the advancement of monsoon for about one week. The monsoon covered the entire country by July 4, 2007. The cumulative rainfall during the 2007 season (up to July 25) was 4 per cent above normal as compared with 14 per cent below normal during the corresponding period of the previous year. Of the 36 meteorological sub-divisions, cumulative rainfall was deficient/scanty in 7 sub-divisions (14 sub-divisions during last year) (Table 2). As on July 19, 2007, the total live water storage in the 78 major reservoirs¹ was 54 per cent of the full reservoir level (FRL), higher than that of 38 per cent last year and the average of 28 per cent for the past ten years.

Kharif sowing is progressing with the advent of the South-West monsoon in various States. As of July 20, 2007, total area sown was 1.7 per cent higher than that in the corresponding period of 2006. Area covered under rice, coarse cereals, oilseeds and cotton increased while that under sugarcane and pulses declined (Table 3).

Table 3: Progress of Area under <i>Kharif</i> Crops – 2007-08				
(Million hectares)				
Crop	Normal Area	Area Coverage (as on July 20)		
		2006	2007	Variation
1	2	3	4	5
Rice	38.2	11.5	11.7	0.2
Coarse Cereals	22.9	13.7	14.4	0.7
<i>of which:</i>				
Bajra	9.4	4.7	5.7	1.0
Jowar	4.4	2.6	2.4	-0.2
Maize	6.2	5.7	5.5	-0.2
Total Pulses	10.9	4.8	4.0	-0.8
Total Oilseeds	15.4	11.7	12.2	0.5
<i>of which:</i>				
Groundnut	5.5	3.2	3.4	0.2
Soyabean	6.6	6.7	7.2	0.5
Sugarcane	4.2	4.8	4.4	-0.4
Cotton	8.3	6.4	7.2	0.8
All Crops	100.7	53.8	54.7	0.9

Source : Ministry of Agriculture, Government of India.

According to the Fourth Advance Estimates, the foodgrains production during 2006-07 was 216.1 million tonnes, an increase of 3.6 per cent over the previous year, led by higher production of wheat. Amongst the non-foodgrains, sugarcane and cotton reached new peaks, while production of oilseeds was lower (Table 4).

Table 2: Spatial Distribution of Rainfall - South-West Monsoon (June-September)					
Year	Cumulative Rainfall: Above(+)/Below (-) Normal (per cent)	Number of Sub-Divisions			
		Excess Rainfall	Normal Rainfall	Deficient Rainfall	Scanty/ No Rain
1	2	3	4	5	6
2000	-8	5	23	8	0
2001	-8	1	30	5	0
2002	-19	1	14	19	2
2003	2	7	26	3	0
2004	-13	0	23	13	0
2005	-1	9	23	4	0
2006	-1	6	20	10	0
2006@	-14	1	21	14	0
2007@	4	14	15	7	0

Excess : + 20 per cent or more.

Normal : + 19 per cent to -19 per cent.

Deficient : -20 per cent to -59 per cent.

Scanty : -60 per cent or less.

No Rain : -100 per cent.

@ : Up to July 25.

Source : India Meteorological Department.

¹ These 78 reservoirs have FRL of 134.2 billion cubic metres and account for around 64 per cent of the total reservoir capacity of the country.

Table 4: Agricultural Production

(Million tonnes)						
Crop	2002-03	2003-04	2004-05	2005-06	2006-07	
					T	A S
1	2	3	4	5	6	7
Rice	71.8	88.5	83.1	91.8	92.8	92.8
<i>Kharif</i>	63.1	78.6	72.2	78.3	80.8	80.1
<i>Rabi</i>	8.7	9.9	10.9	13.5	12.0	12.7
Wheat	65.8	72.2	68.6	69.4	75.5	74.9
Coarse Cereals	26.1	37.6	33.5	34.1	36.5	34.3
<i>Kharif</i>	20.0	32.2	26.4	26.7	28.7	25.7
<i>Rabi</i>	6.1	5.4	7.1	7.3	7.8	8.6
Pulses	11.1	14.9	13.1	13.4	15.2	14.2
<i>Kharif</i>	4.2	6.2	4.7	4.9	5.8	4.7
<i>Rabi</i>	7.0	8.7	8.4	8.5	9.4	9.5
Total Foodgrains	174.8	213.2	198.4	208.6	220.0	216.1
<i>Kharif</i>	87.2	117.0	103.3	109.9	115.3	110.5
<i>Rabi</i>	87.6	96.2	95.1	98.7	104.8	105.6
Total Oilseeds	14.8	25.2	24.4	28.0	29.4	23.9
<i>Kharif</i>	9.0	16.7	14.1	16.8	18.1	13.9
<i>Rabi</i>	5.9	8.5	10.2	11.2	11.3	10.0
Sugarcane	287.4	233.9	237.1	281.2	270.0	345.3
Cotton #	8.6	13.7	16.4	18.5	18.5	22.7
Jute and Mesta ##	11.3	11.2	10.3	10.8	11.3	11.3

T : Target. A : Achievement. S : Fourth Advance Estimates as on July 19, 2007.

: Million bales of 170 kgs each. ## : Million bales of 180 kgs each.

Source : Ministry of Agriculture, Government of India.

Food Management

The procurement of foodgrains (rice and wheat) during 2007-08 (up to July 19) aggregated 15.3 million tonnes (mt), 4.1 per cent higher than that in the corresponding period of the preceding year. This was mainly on account of 20.2 per cent increase in wheat procurement to 11.1 mt (Table 5). The offtake of foodgrains during 2007-08 (up to April 30, 2007) was 2.8 mt, 1.4 per cent lower than that in the corresponding period of the previous year. The total stock of foodgrains with the Food Corporation of India (FCI) and other Government agencies increased to 25.1 mt as on May 1, 2007 from 22.8 mt a year ago. The stocks were higher

than the buffer stock norms (16.2 mt as on April 1, 2007). The stocks of rice as well as wheat exceeded the respective buffer stock norms of 12.2 mt and 4.0 mt.

Industrial Performance

Industrial production remained robust during April-May 2007, recording a year-on-year expansion of 11.7 per cent. The manufacturing sector remained the key driver of industrial activity, with growth of 12.7 per cent (Chart 2 and Table 6). While growth of the mining sector remained subdued, that of the electricity sector was higher than that during April-May 2006.

Table 5: Management of Food Stocks

(Million tonnes)													
Month	Opening Stock of Foodgrains			Procurement of Foodgrains			Foodgrains Off-take					Closing Stock	Norms
	Rice	Wheat	Total	Rice	Wheat	Total	PDS	OWS	OMS - Domestic	Exports	Total		
1	2	3	4	5	6	7	8	9	10	11	12	13	14
2004-05	13.1	6.9	20.7	24.0	16.8	40.8	29.7	10.6	0.2	1.0	41.5	18.0	
2005-06	13.3	4.1	18.0	26.9	14.8	41.7	31.4	9.8	1.1	0.0	42.2	16.6	
2006-07	13.7	2.0	16.6	26.7	9.2	35.9	31.6	5.1	0.0	0.0	36.8	17.8	
2006-07@				5.5	9.2	14.7	2.5	0.3	0.0	0.0	2.8		
2007-08@				4.2	11.1	15.3	2.5	0.2	0.0	0.0	2.8		
2006													
April	13.7	2.0	16.6	1.7	8.7	10.3	2.5	0.3	0.0	0.0	2.8	22.8	16.2
May	12.8	9.0	22.8	1.6	0.6	2.2	2.5	0.4	0.0	0.0	3.0	22.3	
June	12.0	9.3	22.3	1.5	0.0	1.5	2.5	0.6	0.0	0.0	3.1	20.5	
July	11.1	8.2	20.5	0.8	0.0	0.8	2.7	0.4	0.0	0.0	3.1	17.1	26.9
August	9.5	7.3	17.1	0.5	0.0	0.5	2.7	0.4	0.0	0.0	3.1	15.5	
September	7.8	6.7	15.5	0.2	0.0	0.2	2.3	0.5	0.0	0.0	2.8	12.6	
October	6.0	6.4	12.6	8.0	0.0	8.0	2.4	0.3	0.0	0.0	2.7	18.7	16.2
November	12.5	6.0	18.7	2.0	0.0	2.0	2.5	0.4	0.0	0.0	2.9	17.8	
December	12.1	5.6	17.8	2.6	0.0	2.6	2.6	0.3	0.0	0.0	3.0	17.5	
2007													
January	12.0	5.4	17.5	4.3	0.0	4.3	2.7	0.4	0.0	0.0	3.1	18.1	20.0
February	12.6	5.4	18.1	2.4	0.0	2.4	2.7	0.5	0.0	0.0	3.1	19.1	
March	14.0	5.1	19.1	1.2	0.0	1.2	2.7	0.5	0.0	0.0	3.2	17.8	
April	13.2	4.6	17.8	0.9	7.9	8.7	2.5	0.2	0.0	0.0	2.8	25.1	16.2
May	13.5	11.6	25.1	1.5	2.6	4.0	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	
June	N.A.	N.A.	N.A.	1.3	0.7	2.0	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	
July*	N.A.	N.A.	N.A.	0.5	0.0	0.5	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	26.9

PDS : Public Distribution System. OWS : Other Welfare Schemes. OMS : Open Market Sales. N.A. : Not Available.
 @ : Procurement up to July 19 and offtake up to April 30. * : Procurement up to July 19.
Note : Closing stock figures may differ from those arrived at by adding the opening stocks and procurement and deducting offtake, as stocks include coarse grains also.
Source : Ministry of Consumer Affairs, Food and Public Distribution, Government of India.

The manufacturing sector's robust performance was largely contributed by 'machinery and equipment', 'food products', 'basic metal and alloy industries'

Chart 2: Industrial Production

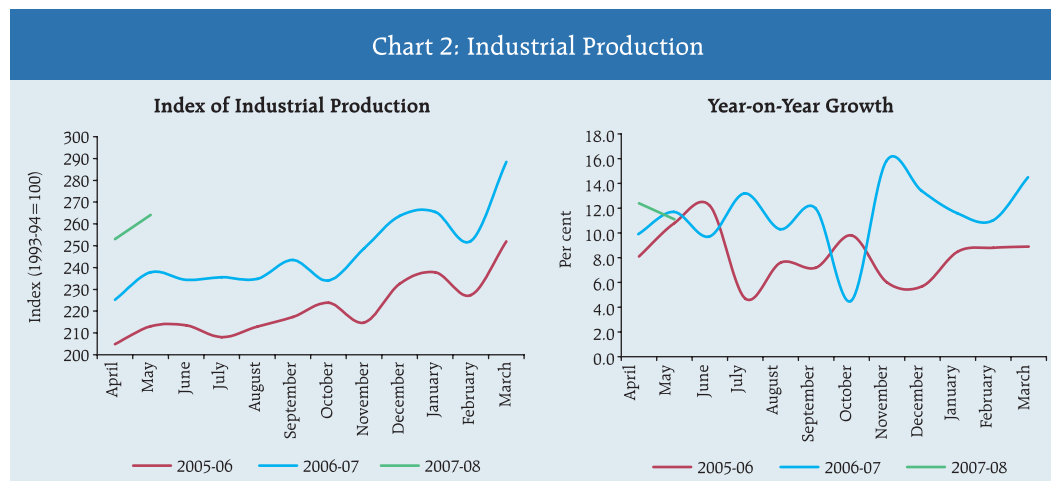


Table 6: Index of Industrial Production - Sectoral and Use-Based Classification of Industries

(Per cent)							
Industry Group	Weight in the IIP	Growth Rate			Weighted Contribution #		
		April-March 2006-07	April-May		April-March 2006-07	April-May	
			2006-07	2007-08 P		2006-07	2007-08 P
1	2	3	4	5	6	7	8
Sectoral							
Mining	10.5	5.3	3.2	3.0	3.4	2.2	1.9
Manufacturing	79.4	12.5	12.2	12.7	91.1	93.2	91.4
Electricity	10.2	7.2	5.5	9.0	5.5	4.7	6.8
Use-Based							
Basic Goods	35.6	10.3	9.2	9.4	27.2	26.4	24.6
Capital Goods	9.3	18.3	20.6	18.6	17.6	18.3	16.7
Intermediate Goods	26.5	11.9	10.5	10.5	26.9	26.2	24.1
Consumer Goods (a+ b)	28.7	10.1	9.7	12.7	28.7	29.2	35.0
a) Consumer Durables	5.4	9.1	12.5	3.8	6.7	9.5	2.7
b) Consumer Non-durables	23.3	10.5	8.8	15.9	21.8	19.7	32.3
General	100.0	11.5	10.8	11.7	100.0	100.0	100.0

P : Provisional. # : Figures may not add up to 100 due to rounding off.

Source : Central Statistical Organisation.

and 'chemicals and chemical products' products' and 'wood and wood products' (Table 7). The higher growth in 'food products' could be partly attributed to the base effect.

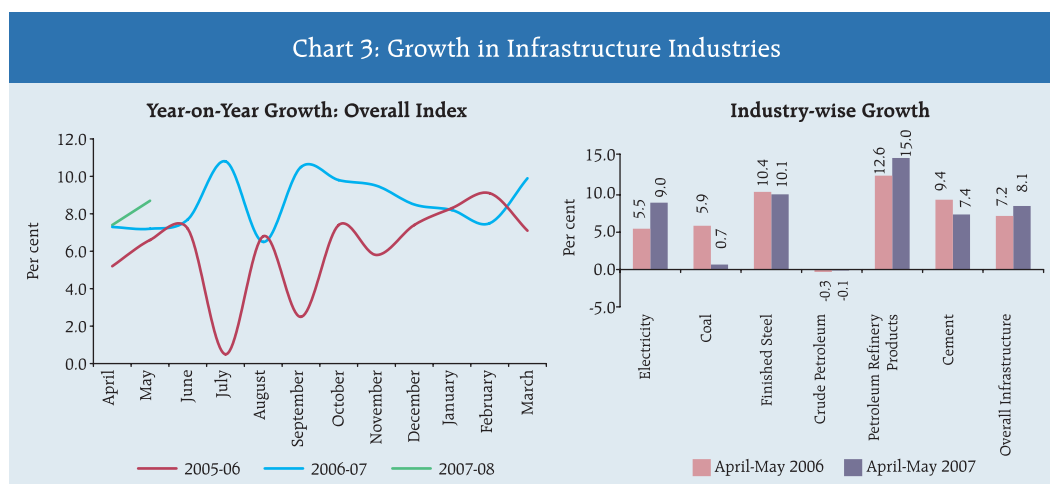
Table 7: Growth of Manufacturing Groups

(Per cent)							
Industry Group	Weight in the IIP	Growth Rate			Weighted Contribution #		
		April-March 2006-07	April-May		April-March 2006-07	April-May	
			2006-07	2007-08P		2006-07	2007-08P
1	2	3	4	5	6	7	8
1. Food products	9.1	8.7	-6.8	39.8	5.8	-4.4	20.6
2. Machinery and equipment other than transport equipment	9.6	14.2	11.4	19.6	18.3	14.3	23.3
3. Chemicals and chemical products except products of petroleum and coal	14.0	9.4	14.6	7.2	14.6	24.5	11.7
4. Basic metal and alloy industries	7.5	22.9	21.4	19.5	16.6	15.4	14.5
5. Wood and wood products, furniture and fixtures	2.7	29.1	-14.1	112.2	2.4	-1.4	8.1
6. Rubber, plastic, petroleum and coal products	5.7	12.7	8.3	11.5	6.3	4.5	5.7
7. Non-metallic mineral products	4.4	12.9	13.3	7.0	6.6	7.3	3.7
8. Beverages, tobacco and related products	2.4	11.3	14.3	6.4	4.7	6.3	2.7
9. Cotton textiles	5.5	14.8	11.7	8.2	4.8	4.1	2.7
10. Transport equipment and parts	4.0	15.0	20.0	2.3	8.2	10.7	1.3
11. Textile products (including wearing apparel)	2.5	11.5	15.3	11.1	3.2	4.5	3.2
12. Leather and leather and fur products	1.1	0.4	-13.3	8.4	0.0	-1.2	0.5
13. Metal products and parts (except machinery and equipment)	2.8	11.4	-3.4	7.4	2.3	-0.7	1.3
14. Jute and other vegetable fibre textiles (except cotton)	0.6	-15.8	-2.7	27.8	-0.4	-0.1	0.6
15. Wool, silk and man-made fibre textiles	2.3	8.1	12.5	6.2	2.0	3.1	1.5
16. Paper and paper products and printing, publishing and allied activities	2.7	8.4	13.0	0.3	2.2	3.5	0.1
17. Other manufacturing industries	2.6	7.7	35.9	-5.2	2.4	9.5	-1.6
Manufacturing - Total	79.4	12.5	12.2	12.7	100.0	100.0	100.0

P : Provisional. # : Figures may not add up to 100 due to rounding off.

Source : Central Statistical Organisation.

Chart 3: Growth in Infrastructure Industries



In terms of use-based classification, the consumer goods sector witnessed strong growth during April-May 2007 on the back of acceleration in the growth of non-durables sub-sector, which in turn, was due to higher production of food products, cigarettes and non-cotton cloth (Table 6). The intermediate goods sector recorded a growth of 10.5 per cent, the same as in April-May 2006, aided by higher production of jute and other vegetable fibre, wood and wood products, and metal products and parts. The basic goods and capital goods sectors continued to record robust growth, *albeit*, some deceleration was observed in the latter. While the production of basic goods was led by iron and steel items, electricity, and high speed diesel, that of capital goods benefited from growth in agricultural implements, boilers, diesel engines, insulated cable wires, and computer systems and their peripherals.

Infrastructure

The infrastructure sector recorded higher growth of 8.1 per cent during April-May 2007 than a year ago (7.2 per cent) mainly on account of improvement in electricity and

petroleum refinery products (Chart 3). Higher plant load factor (PLF) in thermal power plants and higher generation of hydro-electricity propelled electricity growth. Higher export demand and higher capacity utilisation led to higher production of petroleum refinery products. Deceleration in the growth of the steel and cement sectors could be attributed, *inter alia*, to the base effect as well as capacity constraints.

Services Sector

The services sector continued to record double digit growth during 2006-07 – the latest period for which data are available – for the third year in succession. Accelerated growth in ‘trade, hotels, restaurants, transport, storage and communication’ more than offset the deceleration in ‘construction’ (see Table 1). The services sector contributed 71.5 per cent to the overall real GDP growth of 9.4 per cent during 2006-07 (Table 8). The sub-sector ‘trade, hotels, restaurants, transport, storage and communication’ contributed more than a third of the overall real GDP growth, benefiting from strong growth in tourism,

Table 8: Growth in Services Sectors

(Contribution to real GDP growth; percentage points)

Year	Construction	Trade, Hotels, Restaurants, Transport, Storage and Communication	Financing, Insurance, Real Estate and Business Services	Community, Social and Personal Services	Total Services
1	2	3	4	5	6
2000-01	0.4	1.6	0.5	0.7	3.2
2001-02	0.2	2.0	0.9	0.6	3.8
2002-03	0.5	2.1	1.1	0.6	4.2
2003-04	0.7	2.9	0.8	0.8	5.2
2004-05	0.9	2.7	1.2	1.1	5.9
2005-06	0.9	2.7	1.5	1.1	6.2
2006-07	0.7	3.4	1.5	1.1	6.7
2006-07: Q1	0.7	3.2	1.5	1.6	7.0
2006-07: Q2	0.8	3.7	1.6	1.3	7.4
2006-07: Q3	0.7	3.3	1.4	0.9	6.3
2006-07: Q4	0.8	3.4	1.3	0.8	6.2

railway freight traffic, civil aviation and telecommunications. Robust growth in bank deposits and non-food credit offtake and exports of business process outsourcing and information technology-enabled services helped in sustaining the growth of the sub-sector 'financing, insurance, real estate and business services'.

Growth rates in tourist arrivals, revenue earning freight traffic of the railways, new cell phone connections, export cargo handled by civil aviation, passengers handled by civil aviation, cement and steel have moderated during 2007-08 so far. On the other hand, cargo handled at major ports accelerated *vis-à-vis* the previous year (Table 9).

Table 9: Indicators of Services Sector Activity

(Growth rates in per cent)

Item	2005-06	2006-07	April-May	
			2006	2007
1	2	3	4	5
Tourist arrivals	12.4	13.6	18.6 #	7.2 #
Commercial vehicles production	10.6	33.0	44.9	10.6
Railway revenue earning freight traffic	10.7	9.2	9.4	6.0
New cell phone connections	89.4	85.4	162.8	50.4
Cargo handled at major ports	10.4	9.5	3.7	17.8
Civil aviation				
a) Export cargo handled	7.3	3.6	8.7	1.6
b) Import cargo handled	15.8	19.4	23.6	21.7
c) Passengers handled at international terminals	12.8	12.1	14.1	13.1
d) Passengers handled at domestic terminals	27.1	34.0	47.2	24.4
Cement	12.4	9.1	9.4	7.4
Steel	11.2	10.9	10.4	10.1
Aggregate deposits	18.1	23.7	3.5 @	4.0 @
Non-food credit	31.8	28.4	2.5 @	-0.6 @

: April-June. @ : Up to July 6.

Sources : Ministry of Tourism, Ministry of Commerce and Industry, Ministry of Statistics and Programme Implementation, Reserve Bank of India and Centre for Monitoring Indian Economy (CMIE).

Aggregate Demand

Estimates of expenditure of GDP for 2006-07, which were released for the first time along with the revised estimates of GDP, indicate that growth during 2006-07 was largely domestic demand driven, especially investment. Real gross fixed capital formation (GFCF) rose by 14.6 per cent during 2006-07 as compared with 15.3 per cent during 2005-06. Real GFCF grew at an average of 13.7 per cent per annum during 2003-04 to 2006-07, well-above the average real GDP growth of 8.6 per cent over the same period. Investments in valuables recovered from the negligible growth of the previous year. Final consumption expenditure, both private and government, witnessed some deceleration during 2006-07 (Table 10). Almost one-half of the incremental growth in real GDP during 2006-07 was on account of final consumption demand (55.5 per cent during 2005-06), while around 42 per cent (the same as a year ago) was on account of the

rise in real GFCF. The share of real private final consumption expenditure in total output declined from 58.9 per cent in 2005-06 to 57.2 per cent in 2006-07, while that of real GFCF rose from 26.7 per cent to 27.9 per cent.

Corporate Performance

The corporate sector continued to exhibit robust performance during 2006-07. Data on select non-Government non-financial companies revealed that growth in sales accelerated to 26 per cent during 2006-07 from 17 per cent during 2005-06. Gross profits rose by about 42 per cent during 2006-07, while profits after tax increased by 45 per cent (Table 11). Notwithstanding higher interest payments, the ratio of interest payments to gross profits declined during 2006-07. Profit margins - profits after tax to sales - improved to 10.7 per cent during 2006-07 from 8.7 per cent in the previous year.

Table 10: Disposition of National Income (at 1999-2000 prices)

Item	(Growth rates in per cent)					
	2005-06 QE	2006-07 RE	2006-07 RE			
			Q1	Q2	Q3	Q4
1	2	3	4	5	6	7
1 Total Final Consumption Expenditure	7.2	6.6	11.8	3.7	5.1	6.1
a. Private Final Consumption Expenditure	6.7	6.2	6.5	6.3	6.0	6.0
b. Government Final Consumption Expenditure	9.8	9.0	47.6	-9.7	0.4	6.6
2. Gross Fixed Capital Formation (GFCF)	15.3	14.6	15.8	13.3	15.5	14.1
3. Change in Stocks	69.0	10.2	10.2	10.6	9.7	10.3
4. Valuables	0.4	38.0	38.4	47.1	29.8	37.8
5. Exports	5.9	8.6	10.3	18.9	-1.9	8.7
6. Imports	10.3	11.4	11.7	18.7	4.8	11.3
<i>Memo:</i>						
Real GDP at market prices	9.2	9.4	8.1	10.7	9.0	9.6

QE : Quick Estimates. RE : Revised Estimates.
Source : Central Statistical Organisation.

Table 11: Corporate Financial Performance

(Growth rates in per cent)											
Item				2005-06				2006-07			
	2004-05	2005-06	2006-07*	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4*
1	2	3	4	5	6	7	8	9	10	11	12
Sales	24.1	16.9	26.2	18.5	16.4	13.2	19.5	25.6	29.2	30.3	22.5
Expenditure	23.6	16.4	23.5	18.0	16.3	12.7	18.9	24.6	26.6	26.9	19.5
Depreciation											
Provision	11.2	10.2	15.4	4.4	7.4	10.2	13.2	14.9	16.4	16.8	18.1
Gross Profits	32.5	20.3	41.5	32.0	19.1	21.2	16.6	33.9	45.9	51.8	39.2
Interest Payments	-5.8	1.9	17.4	-13.5	-8.0	4.6	3.8	19.9	18.0	11.9	32.3
Profits after Tax	51.2	24.2	45.2	54.2	27.5	27.0	15.1	34.7	49.4	59.5	39.6
(Per cent)											
Select Ratios											
Gross Profits to Sales	11.9	13.0	15.6	13.1	13.0	12.8	12.7	15.6	15.9	15.8	15.3
Profits After Tax to Sales	7.2	8.7	10.7	8.6	8.5	8.6	8.7	10.6	11.0	11.0	10.6
Interest to Sales	2.6	2.0	2.1	2.2	2.1	2.1	1.7	2.2	2.0	2.0	2.0
Interest to Gross Profits	21.8	15.7	13.3	16.6	16.2	16.2	13.7	13.9	12.8	12.5	13.0
Interest Coverage (Times)	4.6	6.4	7.5	6.0	6.2	6.2	7.3	7.2	7.8	8.0	7.7
(Amount in Rupees crore)											
Memo:											
No of Companies	2,214	2,210	2388	2,355	2,361	2,366	2,415	2,228	2,263	2,258	2,356
Sales	5,49,449	7,74,578	10,41,894	1,94,608	2,12,693	2,19,098	2,49,971	2,34,610	2,51,125	2,60,064	2,94,223
Expenditure	4,77,609	6,66,690	8,72,168	1,66,972	1,83,717	1,88,934	2,18,511	1,95,556	2,09,437	2,16,053	2,48,740
Depreciation											
Provision	22,697	28,883	37,095	7,137	7,617	7,748	8,340	8,449	8,892	9,172	10,338
Gross Profits	65,301	1,00,666	1,62,017	25,577	27,620	28,135	31,652	36,567	40,041	41,169	45,108
Interest Payments	14,268	15,789	21,500	4,241	4,467	4,555	4,348	5,083	5,121	5,162	5,862
Profits After Tax	39,599	67,506	1,11,107	16,726	18,169	18,790	21,634	24,845	27,710	28,698	31,251

* : Provisional.

Notes : 1. Data for 2004-05 are based on audited balance sheets, while those for 2005-06 and 2006-07 are based on the abridged results of the select non-Government non-financial public limited companies.

2. Growth rates are percentage changes in the level for the period under reference over the corresponding period of the previous year for common set of companies.

3. Data for the full year may not add to the quarterly totals due to difference in the number of companies covered in each period.

Business Expectations Surveys

Business confidence surveys conducted by various agencies present a mixed short-term outlook of the economy. According to the survey by the National Council of Applied Economic Research (NCAER) conducted in June 2007, the overall business confidence index (BCI) for July-December 2007 declined by 8.8 per cent over the previous quarter (Table 12). All the four main components of the index, viz., overall economic conditions,

investment climate, financial position of the firms and capacity utilisation registered a fall. Amongst the various industry sectors, the decline in BCI over the previous round was the least (2.8 per cent) for the consumer non-durables sector and the highest (15.6 per cent) for the capital goods sector. The Business Optimism Index of the survey by Dun and Bradstreet for April-June 2007 (conducted in March 2007) recorded an increase of 3.4 per cent over the preceding

Table 12: Business Expectations Surveys

Agency	Business Expectations		Growth over a year ago	Growth over previous round
	Period	Index		
	1	2	3	4	5
Dun & Bradstreet	April-June 2007	Business Optimism Index	13.3	3.4
NCAER	July-December 2007	Business Confidence Index	-2.7	-8.8
Reserve Bank of India	July-September 2007	Business Expectation Index	-4.3	-3.0

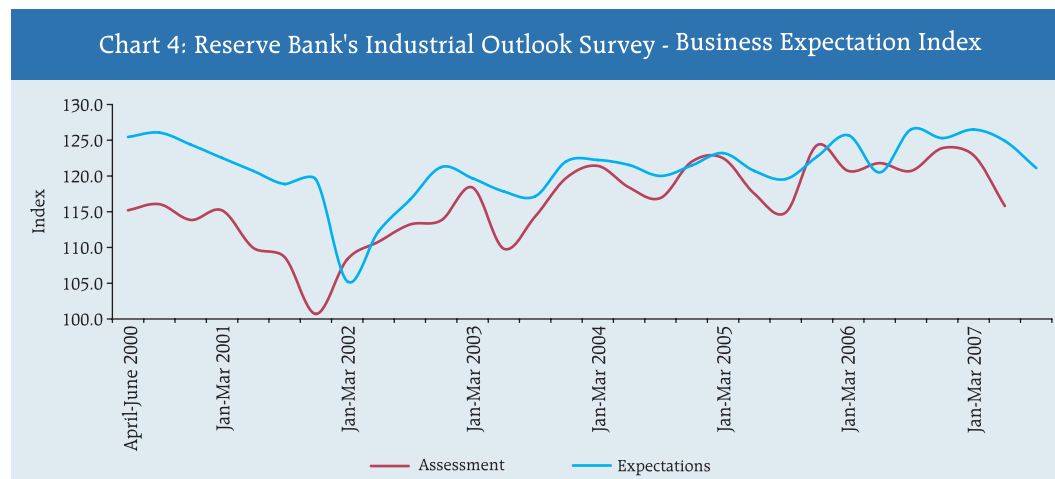
quarter; four of the six optimism indices, viz., volume of sales, net profits, selling prices and new orders, however, declined during the period. The capital goods sector was positive on most parameters, while consumer goods sector was the least optimistic on expectations for April-June 2007.

According to the Reserve Bank's latest Industrial Outlook Survey conducted during June 2007, the business expectations index based on assessment for April-June 2007 declined by 5.8 per cent over the previous quarter (Chart 4). The business expectations index, based on expectations for July-September 2007, declined by 3.0 per cent over the previous quarter. The indices based

on assessment and expectations were lower by 4.9 per cent and 4.3 per cent, respectively, than a year ago.

The decline in the expectations index for July-September 2007 over the previous quarter was on account of fall in net responses for most of the parameters of the survey such as overall business situation, production, working capital finance, order books, capacity utilisation, exports, employment and profit margin. Net responses were, however, higher than the previous quarter in the case of imports and selling prices. For most of the parameters, the maximum proportion of respondents was placed in the category 'no change in

Chart 4: Reserve Bank's Industrial Outlook Survey - Business Expectation Index



expectations over the preceding quarter' (Table 13).

Forecasts by various agencies for real GDP growth in 2007-08 are set out in Table 14.

Table 13: Net Response on 'A Quarter Ahead' Expectations About the Industrial Performance

(Per cent)						
Parameter	Response	July- Sept. 2006	Oct- Dec. 2006	Jan- March 2007	Apr- June 2007	July- Sept 2007
1	2	3	4	5	6	7
1. Overall business situation	Better	53.1 (37.9)	51.8 (41.2)	53.7 (40.7)	51.7 (41.3)	49.5 (41.2)
2. Financial situation	Better	43.4 (49.2)	41.9 (50.6)	44.5 (49.9)	43.8 (49.8)	41.3 (49.8)
3. Working capital finance requirement	Increase	32.7 (59.1)	35.4 (58.3)	36.2 (59.2)	35.3 (59.2)	34.5 (59.2)
4. Availability of finance	Improve	35.0 (56.8)	33.4 (57.8)	36.2 (56.6)	35.2 (57.2)	32.1 (58.6)
5. Production	Increase	49.4 (38.0)	49.7 (39.6)	50.7 (40.1)	47.8 (41.6)	46.6 (41.1)
6. Order books	Increase	45.2 (42.6)	46.3 (42.6)	47.3 (43.1)	45.7 (45.4)	43.6 (46.1)
7. Pending orders, if applicable	Below normal	-0.8 (81.5)	-2.1 (81.7)	-2.7 (82.9)	-2.2 (82.8)	2.2 (82.6)
8. Cost of raw material	Decrease	-45.8 (50.0)	-49.2 (46.4)	-41.7 (51.0)	-42.1 (52.0)	46.0 (49.7)
9. Inventory of raw material	Below average	-6.3 (84.5)	-6.1 (83.5)	-7.1 (83.8)	-7.3 (85.0)	5.4 (85.0)
10. Inventory of finished goods	Below average	-2.6 (84.4)	-4.9 (83.5)	-5.2 (84.5)	-4.4 (85.2)	2.7 (87.1)
11. Capacity utilisation (Main product)	Increase	32.1 (55.7)	33.2 (56.6)	33.3 (57.7)	29.4 (60.4)	27.0 (61.4)
12. Level of capacity utilisation (Compared to the average in the preceding four quarters)	Above normal	11.8 (75.4)	10.9 (76.6)	12.8 (76.4)	11.5 (77.1)	9.4 (76.5)
13. Assessment of the production capacity (With regard to expected demand in the next six months)	More than adequate	3.6 (80.6)	5.1 (79.7)	4.8 (81.8)	4.0 (82.2)	3.0 (82.2)
14. Employment in the company	Increase	16.4 (71.2)	17.9 (73.3)	18.1 (73.7)	18.3 (73.3)	17.4 (73.5)
15. Exports, if applicable	Increase	38.3 (52.8)	34.2 (57.2)	32.6 (57.3)	33.4 (56.8)	32.6 (55.6)
16. Imports, if any	Increase	23.8 (65.6)	23.4 (68.1)	20.8 (68)	21.6 (68.4)	23.7 (68.2)
17. Selling prices are expected to	Increase	16.6 (67.9)	16.8 (68.0)	14.2 (69.2)	15.5 (68.9)	19.0 (67.1)
18. If increase expected in selling prices	Increase at lower rate	10.5 (62.5)	14.5 (67.0)	10.5 (68.1)	12.1 (66.7)	-10.4 (65.0)
19. Profit margin	Increase	11.1 (64.8)	9.2 (60.6)	11.6 (61.7)	9.9 (62.5)	7.5 (62.6)

Memo:

Number of companies included in the results	1,073	1,138	1,115	1,108	1,056
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Notes : 1. 'Net response' is measured as the percentage share differential between the companies reporting 'optimistic' (positive) and 'pessimistic' (negative) responses; responses indicating *status quo* (no change) are not reckoned. Higher 'net response' indicates higher level of confidence and *vice versa*.

2. Figures in parentheses are the percentages of respondents with 'no change over the preceding quarter' as responses.

Source : Industrial Outlook Survey, Reserve Bank of India.

Table 14: Projections of Real GDP for India by various Agencies: 2007-08

(Per cent)					
Agency	Overall Growth	Agriculture	Industry	Services	Month of Projection
1	2	3	4	5	6
ABN Amro	7.6	–	–	–	March 2007
Asian Development Bank	8.0	–	–	–	March 2007
Confederation of Indian Industry (CII)	8.5	3.0	9.3	9.9	April 2007
	9.2	3.0	9.4	11.2	July 2007
Centre for Monitoring the Indian Economy (CMIE)	8.5	–	–	–	June 2007
Citigroup	9.3	3.0	10.3	10.9	April 2007
CRISIL	7.9-8.4	3.0	8.4-9.1	9.3-9.9	March/ June 2007
Economic Advisory Council to the Prime Minister	9.0	2.5	10.6	10.4	July 2007
ICRA	8.5	–	–	–	April 2007
Indicus Analytics	8.4	3.0	7.9	9.7	April 2007
International Monetary Fund	8.4 *	–	–	–	April 2007
	9.0 *	–	–	–	July 2007
JP Morgan	8.0	–	–	–	March 2007
Organisation for Economic Cooperation and Development (OECD)	8.5	–	–	–	May 2007
National Council for Applied Economic Research (NCAER)	8.3	2.6	8.7	9.9	April 2007
Reserve Bank of India	Around 8.5	–	–	–	April 2007

– : Not Available. * : Calendar Year.

II. Fiscal Situation

Combined Government Finances: 2007-08

The key fiscal indicators, viz., gross fiscal deficit (GFD), revenue deficit and primary deficit of combined finances of the Central and State Governments are budgeted to decline by 0.7-0.9 percentage points of GDP during 2007-08 over the revised estimates (RE) for 2006-07 (Table 15). The budgeted revenue surpluses by the States would be an important contributing factor to the envisaged reduction in the key deficit indicators. A significant feature of both the Central and State Government finances during 2007-08 would

Table 15: Key Fiscal Indicators

(Per cent to GDP)				
Year	Primary Deficit	Revenue Deficit	Gross Fiscal Deficit	Outstanding Liabilities *
1	2	3	4	5
Centre				
2002-03	1.1	4.4	5.9	63.4
2003-04	-0.03	3.6	4.5	62.8
2004-05	-0.04	2.5	4.0	63.8
2005-06	0.4	2.6	4.1	63.4
2006-07 RE	0.1	2.0	3.7	61.5
2007-08 BE	(-0.2)	(1.9)	(3.5)	
	-0.2	1.5	3.3	59.2
States				
2002-03	1.3	2.2	4.2	32.5
2003-04	1.5	2.2	4.5	33.4
2004-05	0.7	1.2	3.5	33.3
2005-06	0.1	0.04	2.4	32.5
2006-07 RE	0.4	-0.01	2.6	30.3
2007-08 BE	-0.02	-0.4	2.1	29.2
Combined				
2002-03	3.1	6.6	9.6	80.7
2003-04	2.1	5.8	8.5	81.4
2004-05	1.4	3.7	7.5	82.4
2005-06	1.0	2.6	6.6	80.5
2006-07 RE	0.7	2.0	6.2	77.0
2007-08 BE	0.0	1.2	5.3	74.2

RE : Revised Estimates. BE : Budget Estimates.

* : Include external liabilities at historical exchange rates.

Notes : 1. Figures in parentheses relate to provisional accounts.

2. Negative sign indicates surplus.

3. Data in respect of States are provisional from 2005-06 onwards and relate to 27 States (including National Capital Territory of Delhi), of which two are *vote-on-accounts*.

Table 16: Financing Pattern of Combined Gross Fiscal Deficit of the Centre and States

(Rupees crore)						
Year	Market Borrowings	State Provident Funds	Small Savings	External Assistance	Others	Gross Fiscal Deficit
1	2	3	4	5	6	7
2003-04	1,36,156 (58.1)	12,014 (5.1)	67,642 (28.8)	-13,488 (-5.8)	32,177 (13.7)	2,34,501
2004-05	85,498 (36.4)	13,139 (5.6)	87,690 (37.4)	14,753 (6.3)	33,641 (14.3)	2,34,721
2005-06	1,20,164 (51.2)	14,687 (6.3)	89,836 (38.3)	7,472 (3.2)	2,630 (1.1)	2,34,789
2006-07 RE	1,28,245 (49.9)	14,437 (5.6)	61,600 (24.0)	7,892 (3.1)	44,887 (17.5)	2,57,061
2007-08 BE	1,34,544 (54.4)	15,583 (6.3)	57,500 (23.3)	9,111 (3.7)	30,459 (12.3)	2,47,197

BE : Budget Estimates.

RE : Revised Estimates.

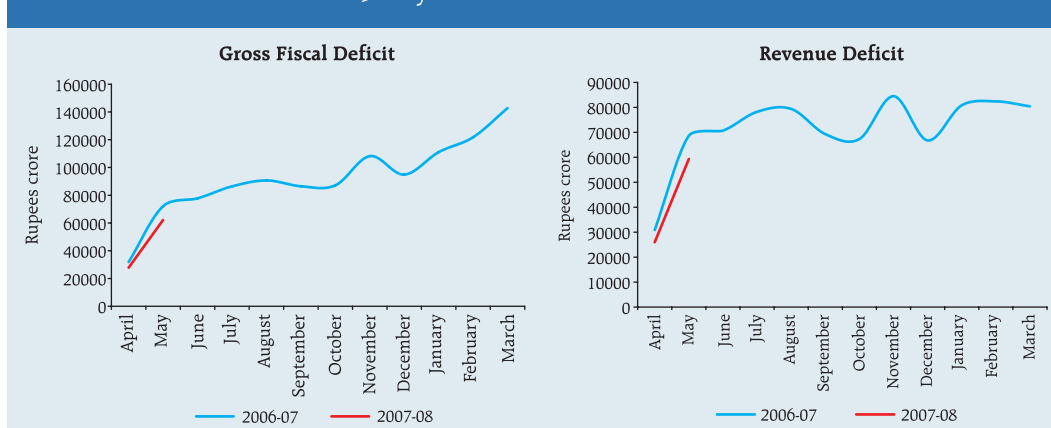
Note : Figures in parentheses are percentages of GFD.

be higher allocation for development expenditure, while continuing with the process of fiscal consolidation. Reflecting the fiscal consolidation process and buoyancy in economic growth, the combined debt-GDP ratio of the Central and State Governments is budgeted to decline from 77.0 per cent at end-March 2007 to 74.2 per cent by end-March 2008 (Table 15).

Market borrowings would finance 54.4 per cent of the combined GFD during 2007-08, followed by small savings (23.3 per cent) (Table 16).

Centre's Fiscal Situation: 2007-08

The budgeted revenue deficit and the GFD of the Centre at 1.5 per cent and 3.3 per cent of GDP, respectively, during 2007-08 would be 0.5 percentage point and 0.4 percentage point lower than those in the revised estimates for 2006-07. Available information on Central Government finances for April-May 2007 indicates that all the key deficit indicators were lower than a year ago in absolute terms (Chart 5). GFD was also lower than in April-May 2006 in terms of percentage of budget estimates.

Chart 5: Key Deficit Indicators of the Centre

The improvement in the Central Government finances during April-May 2007 was brought about by higher tax revenues, higher non-debt capital receipts and lower plan expenditure. All major tax revenues were higher than a year ago; revenue from corporation tax increased by more than three times that of the corresponding period of the previous year. Aggregate expenditure during April-May 2007 declined over April-May 2006 on account of a decline in plan revenue expenditure (Table 17).

Financing of the Union Budget

The fiscal deficit during 2007-08 would continue to be financed largely by market borrowings. According to budget estimates, net market borrowings would finance 73.4 per cent of GFD in 2007-08 as against 72.5

per cent in 2006-07 RE. The net market borrowings do not include the increase of Rs.10,000 crore budgeted under the Market Stabilisation Scheme (MSS). Receipts under the MSS remain in the cash balance of the Government and are not available for financing GFD.

Net market borrowings through dated securities and 364-day Treasury Bills (excluding allocations under MSS) for 2007-08 are placed at Rs.1,09,579 crore. Including repayments of Rs.79,249 crore, gross market borrowings are estimated at Rs.1,88,828 crore. The issuance calendar for dated securities, fixed at Rs.92,000 crore for the first half of 2007-08 (Rs.89,000 crore during the corresponding period of 2006-07), was released on March 30, 2007, in consultation with the Central Government. During 2007-08 (up to July 26, 2007), the actual issuances

Table 17: Central Government Finances: April-May 2007

Item	2007-08 (Budget Estimates)	April-May		Per cent of Budget Estimates April-May	
		2006	2007	2006	2007
		3	4	5	6
1	2	3	4	5	6
1. Revenue Receipts (i + ii)	4,86,422	19,330	25,899	4.8	5.3
i) Tax Revenue	4,03,872	15,087	21,725	4.6	5.4
ii) Non-tax Revenue	82,550	4,243	4,174	5.6	5.1
2. Non-Debt Capital Receipts	43,151*	500	2,716	4.2	6.3
3. Non-Plan Expenditure	4,75,421*	62,882	67,615	16.1	14.2
of which:					
i) Interest Payments	1,58,995	23,919	26,221	17.1	16.5
ii) Defence	96,000	6,314	6,770	7.1	7.0
iii) Subsidies	51,247	11,412	15,508	25.5	30.3
4. Plan Expenditure	2,05,100	29,036	23,135	16.8	11.3
5. Revenue Expenditure	5,57,900	87,950	85,234	18.0	15.3
6. Capital Expenditure	1,22,621*	3,968	5,516	5.2	4.5
7. Total Expenditure	6,80,521*	91,918	90,750	16.3	13.3
8. Revenue Deficit	71,478	68,620	59,335	81.0	83.0
9. Gross Fiscal Deficit	1,50,948	72,088	62,135	48.5	41.2
10. Gross Primary Deficit	-8,047	48,169	35,914	543.5	-446.3

* : Includes an amount of Rs.40,000 crore on account of transactions relating to transfer of RBI's stake in SBI to the Government.

Source : Controller General Of Accounts, Ministry of Finance.

of dated securities amounted to Rs.73,000 crore as against Rs.68,000 crore scheduled in the calendar. All auctions were in accordance with the indicative issuance calendar except the one held on June 12, 2007 for Rs.5,000 crore. All auctions were reissuances of existing securities, barring one new issue (10-year security) for Rs.6,000 crore on July 6, 2007 (Table 18). There was no devolvement on the primary dealers. Gross and net market borrowings (dated securities and 364-day Treasury Bills) during 2007-08 (up to July 26, 2007) amounted to Rs.85,628 crore and Rs.46,047 crore, respectively, accounting for

45.3 per cent and 42.0 per cent of the estimated borrowings for the year. During the corresponding period of the previous year, the gross and net borrowings accounted for 39.5 per cent and 31.3 per cent, respectively, of the actual borrowings for 2006-07. The weighted average maturity of dated securities issued during 2007-08 (up to July 26, 2007) at 14.10 years was lower than that of 14.88 years during the corresponding period of the previous year. The weighted average yield of dated securities issued during the same period increased to 8.25 per cent from 7.86 per cent.

Table 18: Central Government Securities Issued during 2007-08

(Amount in Rupees crore/Maturity in years/Yield in per cent)

Sr. No.	Borrowings as per Issuance Auction Calendar			Actual Borrowings			
	Period of Auction	Amount	Residual Maturity	Date of Auction	Amount	Residual Maturity	Yield
1	2	3	4	5	6	7	8
1.	April 5-12, 2007	6,000	5-9	April 12, 2007	6,000	8.39	8.16
		4,000	20 and above	April 12, 2007	4,000	29.15	8.58
2.	April 20-27, 2007	6,000	10-14	April 27, 2007	6,000	9.71	8.16
		3.	May 4-11, 2007	6,000	10-14	May 11, 2007	6,000	9.92	8.31
4,000	20 and above			May 11, 2007	4,000	29.06	8.64
4.	May 18-25, 2007	5,000	5-9	May 25, 2007	5,000	8.26	8.24
		3,000	15-19	May 25, 2007	3,000	14.96	8.40
6.	June 1-8, 2007	6,000	10-14	June 5, 2007	6,000	9.86	8.18
		3,000	20 and above	June 5, 2007	3,000	29.00	8.52
7.	June 15-22, 2007	6,000	10-14	June 12, 2007 *	5,000	9.84	8.44
				June 15, 2007	6,000	9.83	8.35
8.	July 6-13, 2007	6,000	10-14	July 6, 2007	6,000	10.00	7.99
		4,000	20 and above		4,000	28.93	8.45
9.	July 20-27, 2007	6,000	5-9	July 20, 2007	6,000	6.11	7.56
		3,000	20 and above		3,000	25.10	8.34

Memo:

Year	Weighted Average Maturity	Weighted Average Yield
2003-04	14.94	5.71
2004-05	14.13	6.11
2005-06	16.90	7.34
2006-07	14.72	7.89
2006-07 (up to July 26, 2006)	14.88	7.86
2007-08 (up to July 26, 2007)	14.10	8.25

* : Not scheduled.

Source : Reserve Bank of India.

In consultation with the Central Government, the limits for Ways and Means Advances (WMA) for 2007-08 were fixed on a half-yearly basis as against on quarterly basis a year ago. The WMA limits were placed at Rs.20,000 crore for the first half of 2007-08 (April to September) as against separate limits of Rs.20,000 crore and Rs.10,000 crore for the first and second quarters in the preceding year; the limits for the second half (October to March) would be Rs.6,000 crore, the same as that for the third and fourth quarters a year ago. The Reserve Bank retains the flexibility to revise the limits at any time, in consultation with the Government of India, taking into consideration the transitional issues and prevailing circumstances. The interest rate on WMA and on overdraft, as in the preceding year, would be the repo rate and two percentage points above the repo rate, respectively.

The Central Government recorded a surplus cash balance of Rs.50,092 crore at end-March 2007. Reflecting the usual seasonal pattern, the cash balances dwindled rapidly during April 2007, necessitating recourse to WMA on April 27, 2007. The cash position of the Centre was again under pressure towards the end-June on account of the acquisition of the SBI stake by the Government from the Reserve Bank. During 2007-08 (up to July 20, 2007), the Centre took recourse to WMA for 72 days as compared with 33 days during the same period in 2006-07. During 2007-08 (up to July 20, 2007), the Centre resorted to overdrafts on three occasions; during the previous year, the Centre had not resorted to overdrafts.

State Finances: 2007-08¹

The State Governments in their budgets for 2007-08 proposed various policy initiatives to carry forward the process of fiscal correction and consolidation through measures aimed at augmenting revenue and improving expenditure management. Some State Governments proposed to undertake a comprehensive review of the functioning of the State PSUs and their restructuring. In order to restore financial viability of electricity boards, some States have signed Memorandum of Understanding (MoU) with the Central Government. All States, barring Uttar Pradesh, have implemented Value Added Tax (VAT) in lieu of sales tax as on April 1, 2007. In view of the priority given to infrastructure development in the Eleventh Five Year Plan, the State Governments envisage implementation of various projects, especially power and roads, through the framework of public-private partnership (PPP). Fiscal Responsibility Legislations (FRLs) have been enacted by 25 State Governments (as of end-March 2007).

Reflecting the efforts towards fiscal consolidation, the State Governments have budgeted for a revenue surplus of 0.4 per cent of GDP in 2007-08, as compared with the near balance in the revenue account in the previous year. Consequently, gross fiscal deficit, as a ratio to GDP, is budgeted to decline to 2.1 per cent in 2007-08 from 2.6 per cent a year ago (see Table 15). The fiscal correction in 2007-08 is proposed to be brought about mainly by containing the growth in revenue expenditure; as a result,

¹ Based on information pertaining to 27 State Budgets (including NCT Delhi), of which two are *Vote-on-Accounts*.

the revenue expenditure-GDP ratio is budgeted to decline from 12.5 per cent in 2006-07 to 12.2 per cent in 2007-08. Revenue receipts relative to GDP are budgeted to be maintained at 12.5 per cent in 2007-08; the major components of the revenues, *viz.*, State's own revenues (taxes and non-taxes) and current devolution and transfers would be unchanged at 7.4 per cent and 5.1 per cent of GDP, respectively, during 2007-08.

Financing of the States' Budgets

The provisional net allocation under market borrowing programme for the State Governments during 2007-08 is placed at Rs.21,434 crore (excluding four State Governments for which the Annual Plans are yet to be finalised). Taking into account the repayments of Rs.11,554 crore and additional allocation of Rs.335 crore, the gross allocation amounts to Rs.33,323 crore for 2007-08 as compared with actual

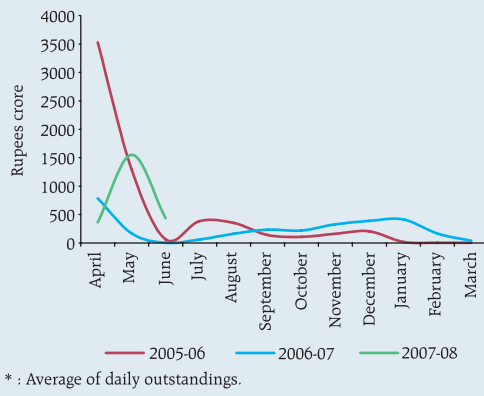
borrowings of Rs.20,825 crore for 2006-07. During 2007-08 (up to July 26, 2007), fourteen States raised market loans amounting to Rs.8,542 crore (25.6 per cent of gross allocation) through auctions at cut-off yields in the range 8.00-8.57 per cent as compared with Rs.7,343 crore at cut-off yields in the range of 7.65-8.66 per cent during the corresponding period of the previous year. All the issues during 2007-08 so far have been of 10-year maturity, as in the previous year. The weighted average interest rate of market loans hardened to 8.35 per cent during 2007-08 (up to July 26, 2007) from 8.08 per cent a year ago (Table 19). The spreads over the corresponding yields of Central Government securities were 11 to 36 basis points.

The average daily utilisation of WMA and overdraft by the States was Rs.694 crore during 2007-08 (up to July 20, 2007) as compared with Rs.258 crore in the

Table 19: Market Borrowings of State Governments during 2007-08

Item	Date	Cut-off Rate (Per cent)	Tenor (Years)	Amount Raised (Rupees crore)
1	2	3	4	5
Auctions				
i. First	April 19, 2007	8.30	10	1,837
ii. Second	May 10, 2007	8.34	10	350
iii. Third	May 17, 2007	8.40	10	1,400
iv. Fourth	June 19, 2007	8.45-8.57	10	3,566
v. Fifth	July 26, 2007	8.00-8.25	10	1,389
Grand Total				8,542
<i>Memo:</i>				
Year	Weighted Average Yield (per cent)			
2003-04	6.13			
2004-05	6.45			
2005-06	7.63			
2006-07	8.10			
2006-07 (up to July 26, 2006)	8.08			
2007-08 (up to July 26, 2007)	8.35			
Source : Reserve Bank of India.				

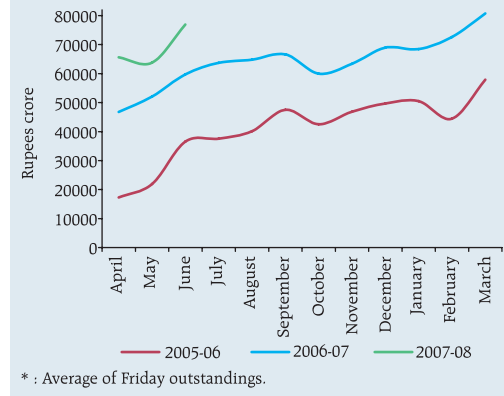
Chart 6: Utilisation of WMA and Overdraft by States*



corresponding period of the previous year (Chart 6). Three States resorted to overdrafts during 2007-08 (up to July 20, 2007) as compared with two States during the corresponding period of the previous year.

The cash surplus position of the States, as reflected in their investments in Treasury Bills (14-day intermediate Treasury Bills and

Chart 7: Investments in Treasury Bills by State Governments*



Auction Treasury Bills) was Rs.75,321 crore on July 20, 2007 as compared with Rs.76,930 crore at end-June 2007 and Rs.80,768 crore at end-March 2007. The average investment by the States in Treasury Bills during April-June 2007 amounted to Rs.68,800 crore as against Rs.52,876 crore in the corresponding period of the previous year (Chart 7).

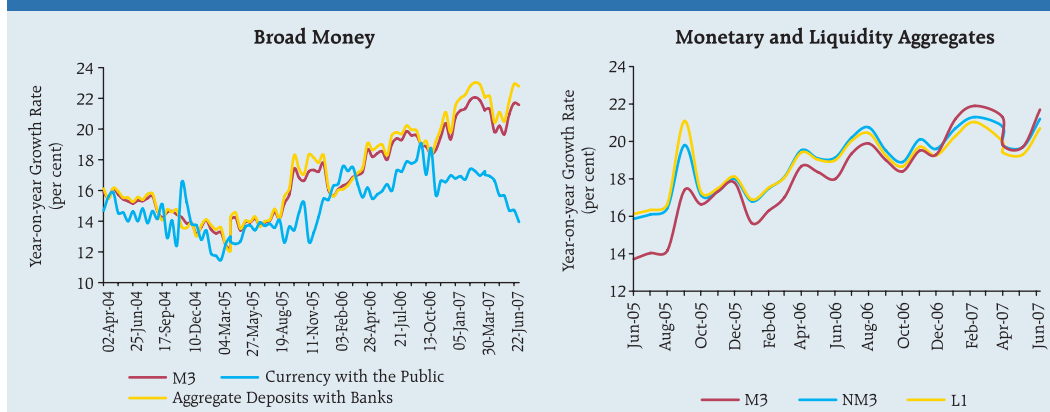
III. Monetary and Liquidity Conditions

Growth in bank credit moderated during the first quarter of 2007-08 from the strong pace of the preceding three years. Accretion to banks' deposits remained buoyant, led by time deposits. Year-on-year growth of broad money (M_3) on July 6, 2007 was marginally higher than that at end-March 2007, and also remained above the indicative trajectory of 17.0-17.5 per cent for 2007-08 set out in the Annual Policy Statement (April 2007). Banks' investments in SLR securities, as a proportion of their net demand and time liabilities (NDTL), rose during the quarter. Liquidity conditions continued to be dominated by movements in cash balances of the Governments and capital flows. The Reserve Bank modulated market liquidity with the help of issuances of securities under the Market Stabilisation Scheme (MSS), operations under the liquidity adjustment facility (LAF) and increase in the cash reserve ratio (CRR).

Monetary Survey

Growth in broad money (M_3), year-on-year (y-o-y), was 21.6 per cent on July 6, 2007 as compared with 21.3 per cent at end-March 2007 and 19.0 per cent a year ago. Expansion in the residency-based new monetary aggregate (NM_3) – which does not directly reckon non-resident foreign currency deposits such as FCNR(B) deposits – also accelerated to 21.3 per cent on July 6, 2007 from 20.0 per cent a year ago. Growth in liquidity aggregate, L_1 , at 20.7 per cent at end-June 2007 was higher than that of 20.4 per cent at end-March 2007 and 19.0 per cent a year ago (Chart 8 and Table 20). Consistent with the projections of money supply, the Annual

Chart 8: Money Supply



Policy Statement for 2007-08 placed growth in aggregate deposits in 2007-08 at around Rs.4,90,000 crore. Based on an overall assessment of the sources of funding, the Statement noted that a graduated deceleration of non-food credit including investments in bonds/debentures/shares of public sector undertakings and private corporate sector and commercial paper (CP) to 24.0-25.0 per cent in 2007-08 from the average of 29.8 per cent over 2004-07 would be consistent with the monetary projections.

Growth of currency with the public on July 6, 2007 decelerated from end-March 2007 and also from the position a year ago. Growth in demand deposits, though higher than that at end-March 2007, was lower than a year ago. Consequently, growth in narrow money (M_1), y-o-y, slowed down from 20.6 per cent on July 7, 2006 to 17.0 per cent on July 6, 2007, albeit marginally higher than 16.8 per cent at end-March 2007. On the other hand, growth in time deposits accelerated from 18.4 per cent on July 7, 2006 and 23.2 per cent at end-March 2007 to 23.4 per cent on July 6, 2007 (Table 20). Concomitantly, the

accretion to postal deposits decelerated to 10.9 per cent in March 2007 from 17.2 per cent a year ago. The higher order of increase in time deposits can be attributed, *inter alia*, to higher economic activity, increase in interest rates on bank deposits, unchanged interest rates on postal deposits and extension of tax benefits under Section 80C for bank deposits (Chart 9).

On a financial year basis, growth in M_3 during 2007-08 (up to July 6, 2007) was 3.8 per cent as compared with 3.5 per cent during the comparable period of the previous year (Table 21).

Bank credit to the commercial sector exhibited some moderation during the first quarter of 2007-08 from the strong pace of the previous three years. Scheduled commercial banks' (SCBs') non-food credit expanded by 24.4 per cent, y-o-y, on July 6, 2007 as compared with 28.4 per cent at end-March 2007 and 32.8 per cent a year ago. Non-food credit of SCBs including their non-SLR investments (shares, bonds/debentures and CPs) increased by 23.1 per cent

Table 20: Monetary Indicators

(Amount in Rupees crore)							
Item	Outstanding as on July 6, 2007	Variation (year-on-year)					
		July 7, 2006		March 31, 2007		July 6, 2007	
		Absolute	Per cent	Absolute	Per cent	Absolute	Per cent
1	2	3	4	5	6	7	8
I. Reserve Money*	7,52,675	85,647	17.2	1,35,961	23.7	1,69,551	29.1
II. Narrow Money (M ₁)	9,55,793	1,39,774	20.6	1,38,820	16.8	1,38,933	17.0
III. Broad Money (M ₃)	34,34,643	4,51,636	19.0	5,80,733	21.3	6,09,610	21.6
a) Currency with the Public	4,97,817	60,216	16.0	70,352	17.0	60,960	14.0
b) Aggregate Deposits	29,25,038	3,90,409	19.6	5,09,754	22.1	5,42,766	22.8
i) Demand Deposits	4,46,188	78,547	26.6	67,841	16.7	72,089	19.3
ii) Time Deposits	24,78,850	3,11,862	18.4	4,41,913	23.2	4,70,677	23.4
<i>of which:</i> Non-Resident Foreign Currency Deposits	62,506	-13,174	-17.1	7,833	13.2	-1,185	-1.9
IV. NM ₃	34,41,815	4,73,728	20.0	5,70,274	20.8	6,03,306	21.3
<i>of which:</i> Call Term Funding from FIs	82,240	13,398	18.9	2,692	3.2	-2140	-2.5
V. a) L ₁	35,11,133	4,64,458	19.0	5,82,836	20.4	6,02,011	20.7
<i>of which:</i> Postal Deposits	1,15,204	14,301	15.4	11,286	10.9	–	–
b) L ₂	35,14,065	4,64,164	19.0	5,82,836	20.4	6,02,011	20.7
c) L ₃	35,40,129	4,67,208	18.9	5,85,059	20.3	6,04,234	20.6
VI. Major Sources of Broad Money							
a) Net Bank Credit to the Government (i+ ii)	9,13,087	37,748	4.9	71,582	9.3	1,04,372	12.9
i) Net Reserve Bank Credit to Government	28,167	3,068	–	-2,384	-29.3	30,358	–
<i>of which:</i> to the Centre	27,847	3,265	–	-3,024	-58.6	30,191	–
ii) Other Banks' Credit to Government	8,84,920	34,680	4.5	73,967	9.8	74,014	9.1
b) Bank Credit to Commercial Sector	21,15,497	3,71,050	27.3	4,30,358	25.4	3,87,136	22.4
c) Net Foreign Exchange Assets	9,14,552	1,60,694	25.6	1,86,985	25.7	1,25,715	15.9
d) Government's Currency Liability to Public	8,457	2	0.0	-467	-5.3	624	8.0
e) Net Non-Monetary Liabilities of the Banking Sector	5,16,951	1,17,857	30.2	1,07,725	23.2	8,237	1.6
<i>Memo:</i>							
Aggregate Deposits of SCBs	27,13,843	3,77,392	20.9	4,99,260	23.7	5,31,881	24.4
Non-food Credit of SCBs	18,70,299	3,70,899	32.8	4,16,006	28.4	3,67,258	24.4

* : Data pertain to July 20, 2007.

SCBs : Scheduled Commercial Banks. FIs : Financial Institutions. NBFCs : Non-Banking Financial Companies.

NM₃ is the residency-based broad money aggregate and L₁, L₂ and L₃ are liquidity aggregates compiled on the recommendations of the Working Group on Money Supply (Chairman: Dr. Y.V. Reddy, 1998).L₁ = NM₃ + Select deposits with the post office saving banks.L₂ = L₁ + Term deposits with term lending institutions and refinancing institutions (FIs) + Term borrowing by FIs + Certificates of deposits issued by FIs.L₃ = L₂ + Public deposits of non-banking financial companies.**Note :** 1. Data are provisional.

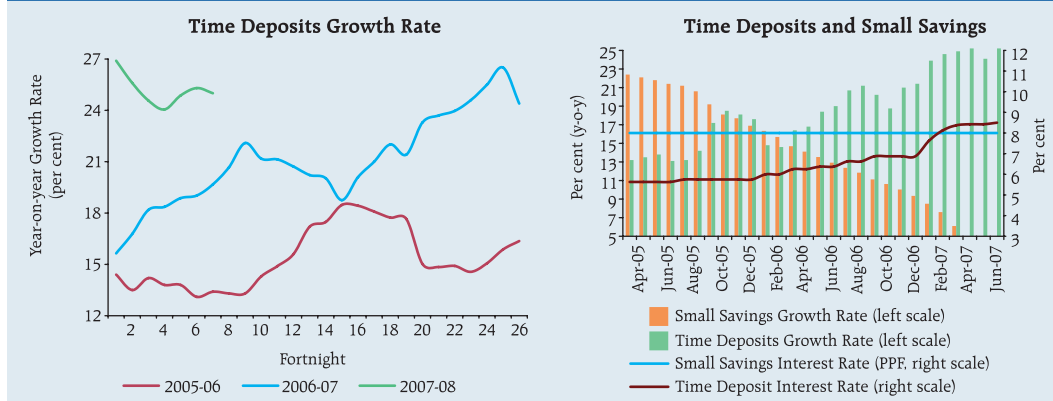
2. Postal deposits data pertain to end-March 2007.

3. Data reflect redemption of India Millennium Deposits (IMDs) on December 29, 2005.

(Rs.3,66,450 crore), y-o-y, on July 6, 2007 as compared with 29.5 per cent (Rs.3,60,938 crore) on July 7, 2006. Banks' investments in instruments issued by

mutual funds increased by Rs.30,381 crore, y-o-y, on July 6, 2007 as compared with Rs. 15,331 crore on July 7, 2006. The deceleration in credit growth coupled

Chart 9: Time Deposits Growth



with the acceleration in deposits growth led to a reduction in the incremental credit-deposit ratio (y-o-y) of SCBs to 70.2

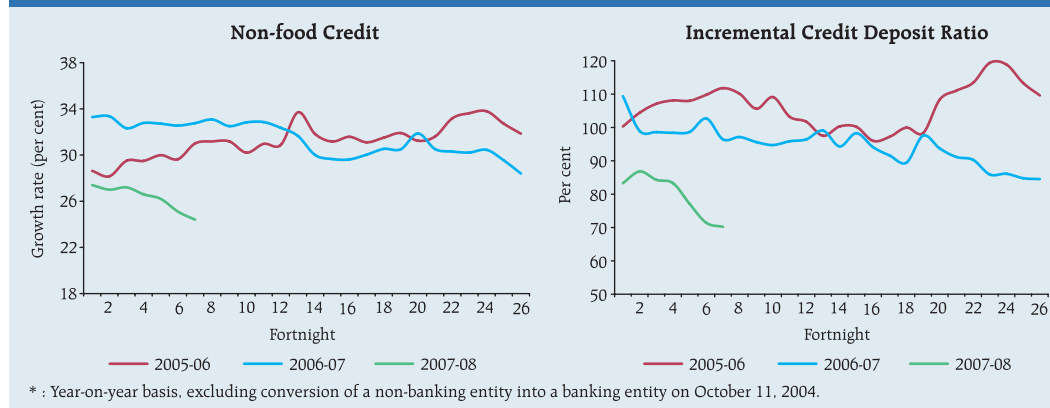
per cent on July 6, 2007 from 96.4 per cent a year ago and 110.0 per cent at March 31, 2006 (Chart 10).

Table 21: Monetary Aggregates – Variations

Item	2006-07 (up to July 7)	2007-08 (up to July 6)	2006-07				2007-08
			Q1	Q2	Q3	Q4	Q1
1	2	3	4	5	6	7	8
M₃ (1+2+3 = 4+5+6+7-8)	95,488 (3.5)	1,24,365 (3.8)	55,411	1,68,401	62,951	2,93,970	78,638
Components							
1. Currency with the Public	23,738 (5.7)	14,346 (3.0)	23,797	-2,878	27,587	21,847	17,752
2. Aggregate Deposits with Banks	72,715 (3.1)	1,05,727 (3.8)	33,227	1,70,827	35,866	2,69,833	60,567
2.1 Demand Deposits with Banks	-32,289 (-7.9)	-28,040 (-5.9)	-42,399	43,794	-8,252	74,697	-42,300
2.2 Time Deposits with Banks	1,05,004 (5.5)	1,33,767 (5.7)	75,626	1,27,033	44,118	1,95,136	1,02,866
3. 'Other' Deposits with Banks	-964	4,292	-1,613	452	-502	2,291	319
Sources							
4. Net Bank Credit to Government	42,120 (5.5)	74,910 (8.9)	23,431	14,175	-13,204	47,180	18,976
4.1 RBI's Net Credit to Government	-10,328	22,415	53	2,826	-12,754	7,490	-25,483
4.1.1 RBI's Net credit to Centre	-7,504	25,711	3,071	2,584	-12,568	3,889	-21,825
4.2 Other Banks' Credit to Government	52,448	52,495	23,378	11,349	-451	39,690	44,459
5. Bank Credit to Commercial Sector	35,357 (2.1)	-7,865 (-0.4)	14,930	1,44,204	78,099	1,93,125	-25,063
6. NFEA of Banking Sector	62,643	1,373	58,087	20,197	43,160	65,542	-2,745
6.1 NFEA of RBI	76,402	1,373	71,845	11,392	27,250	82,682	-2,745
7. Government's Currency Liabilities to the Public	-920	171	-920	155	166	132	171
8. Net Non-Monetary liabilities of the Banking Sector	43,712	-55,776	40,117	10,330	45,269	12,009	-87,299
Memo:							
1. Non-resident Foreign Currency Deposits with SCBs	4,416	-4,602	3,917	1,671	1,233	1,011	-4,527
2. SCBs' Call-term Borrowing from Financial Institutions	1,236	-3,596	3,118	-1,576	-4,468	5,618	-2,916
3. Overseas Borrowing by SCBs	1,265	-6,850	3,301	-3,685	-2,774	5,229	-6,666

SCBs : Scheduled Commercial Banks. NFEA : Net Foreign Exchange Assets.
Note : Figures in parentheses are percentage variations.

Chart 10: Scheduled Commercial Banks' Credit Growth*



Disaggregated sectoral data available up to May 2007 show that about 39 per cent of incremental non-food credit (y-o-y) was absorbed by industry, led by infrastructure (power, port, telecommunication, etc.), textiles, iron and steel, engineering, petroleum, chemicals, construction and food processing industries. The infrastructure sector alone accounted for around 25 per cent of the incremental credit to the industry. The agricultural sector absorbed around 15 per cent of the incremental non-food credit expansion. Personal loans accounted for around 24 per cent of the incremental non-food credit; within personal loans, the share of incremental housing loans was around 11 per cent. Growth in loans to commercial real estate remained high (Table 22).

Apart from bank credit, the corporates continued to fund their requirements through non-bank sources of funds such as capital markets, external commercial borrowings (ECBs) and internal funds. Resources raised through domestic equity issuances

remained strong at Rs.13,261 crore during 2007-08 (April-June) (Table 23). Resources raised from international markets through American depository receipts (ADRs) and global depository receipts (GDRs) were Rs.1,251 crore during 2007-08 (April-June) as compared with Rs.4,965 crore a year ago. Net mobilisation under ECBs almost doubled to Rs.88,472 crore during 2006-07 (April-March). Internal generation of funds continued to provide strong support to the funding requirements as profits after tax of sample non-financial non-government companies during 2006-07 were around 45 per cent higher than that in the previous year.

Investments by scheduled commercial banks in Government and other approved securities increased by 10.5 per cent, y-o-y, on July 6, 2007 as compared with 4.1 per cent a year ago (Table 24). Commercial banks' holdings of Government securities at 28.7 per cent of their net demand and time liabilities (NDTL) on July 6, 2007 were somewhat higher than 28.0 per cent at end-March 2007 but lower than that of

Table 22: Deployment of Non-food Bank Credit

(Amount in Rupees crore)					
Sector/Industry	Outstanding as on May 25, 2007	Year-on-Year Variation			
		May 26, 2006		May 25, 2007	
		Absolute	Per cent	Absolute	Per cent
1	2	3	4	5	6
Non-food Gross Bank Credit (1 to 4)	17,52,349	3,10,316	32.2	3,65,814	26.4
1. Agriculture and Allied Activities	2,22,042	42,122	35.0	54,038	32.2
2. Industry (Small, Medium and Large)	6,76,440	98,947	26.4	1,41,280	26.4
Small Scale Industries	1,15,884	14,863	20.3	26,387	29.5
3. Personal Loans	4,55,439	–	–	87,944	23.9
Housing	2,30,751	–	–	41,066	21.6
Advances against Fixed Deposits	39,092	6,076	22.9	6,237	19.0
Credit Cards	14,221	–	–	4,411	45.0
Education	15,438	–	–	4,903	46.5
Consumer Durables	8,831	-1,103	-13.3	1,661	23.2
4. Services	3,98,428	–	–	82,551	26.1
Transport Operators	25,321	–	–	7,922	45.5
Professional and other Services	24,834	–	–	8,999	56.8
Trade	1,05,536	–	–	23,319	28.4
Real Estate Loans	46,295	–	–	19,010	69.7
Non-Banking Financial Companies	44,425	11,564	64.0	12,401	38.7
<i>Memo:</i>					
Priority Sector	6,25,298	1,22,394	33.7	1,20,463	23.9
Industry (Small, Medium and Large)	6,76,440	98,947	26.4	1,41,280	26.4
Food Processing	37,367	4,545	19.9	6,758	22.1
Textiles	77,657	14,704	37.8	19,223	32.9
Paper & Paper Products	11,391	2,093	35.1	2,243	24.5
Petroleum, Coal Products & Nuclear Fuels	29,039	2,135	14.5	9,884	51.6
Chemical and Chemical Products	52,415	6,800	22.2	6,511	14.2
Rubber, Plastic and their Products	8,855	2,291	56.3	1,938	28.0
Iron and Steel	63,374	13,031	42.5	13,554	27.2
Other Metal & Metal Products	20,454	2,769	26.7	5,447	36.3
Engineering	42,592	5,683	22.3	8,553	25.1
Vehicles, Vehicle Parts and Transport Equipments	23,691	5,045	58.3	5,267	28.6
Gems and Jewellery	23,423	5,623	45.9	2,572	12.3
Construction	20,123	4,192	50.6	6,632	49.2
Infrastructure	1,43,520	25,557	35.0	35,292	32.6

– : Not available.

Notes : 1. Data are provisional and relate to select scheduled commercial banks.

2. Owing to change in classification of sectors/industries and coverage of banks, data for 2006 onwards are not comparable with the earlier periods.

31.5 per cent a year ago (Chart 11). Excess SLR investments of SCBs increased to Rs.1,10,207 crore on July 6, 2007 from Rs.84,223 crore at end-March 2007 but were lower than Rs.1,59,029 crore a year ago. Banks' balances with the Reserve Bank expanded, reflecting the impact of the

increase in their NDTL as well as the increase in the CRR. Investments by SCBs in non-SLR securities (such as shares/bonds/commercial papers) were also higher than a year ago. Banks' holdings of foreign currency assets abroad were higher than that in the previous year; their

Table 23: Select Sources of Funds to Industry

(Rupees crore)							
Item	2005-06	2006-07	2006-07				2007-08
			Q1	Q2	Q3	Q4	Q1
1	2	3	4	5	6	7	8
A. Bank Credit to Industry #	1,26,804	1,41,543	-2,336	49,290	28,415	66,174	-20,894 *
B. Flow from Non-banks to Corporates							
1. Capital Issues (i+ ii)	13,781	29,180	10,627	1,882	10,840	5,831	13,788
i) Non-Government Public Ltd. Companies (a+ b)	13,408	29,180	10,627	1,882	10,840	5,831	13,261
a) Bonds/Debentures	245	585	0	0	491	94	0
b) Shares	13,163	28,595	10,627	1,882	10,349	5,737	13,261
ii) PSUs and Government Companies	373	0	0	0	0	0	527
2. ADR/GDR Issues	7,263	16,184	4,965	2,130	924	8,165	1,251
3. External Commercial Borrowings (ECBs)	45,078	88,472	20,498	14,232	16,077	37,665	N.A.
4. Issue of CPs	-1,517	4,970	6,931	4,795	-908	-5,848	7,661
C. Depreciation Provision +	28,883	37,095	8,449	8,892	9,172	10,338	N.A.
D. Profit after Tax +	67,506	1,11,107	24,845	27,710	28,698	31,251	N.A.

N.A. : Not available.

* : April-May 2007.

: Data pertain to select scheduled commercial banks. Data for 2005-06 are not comparable with those of later period due to increase in number of banks selected in the sample.

+ : Data are based on audited/ unaudited abridged results of select non-financial non-Government companies. Data for the full year may not add to the quarterly totals due to difference in the number of companies covered in each period (see Chapter I).

Notes : 1. Data are provisional.

2. Data on capital issues pertain to gross issuances excluding issues by banks and financial institutions. Figures are not adjusted for banks' investments in capital issues.

3. Data on ADR/GDR issues exclude issuances by banks and financial institutions.

4. Data on external commercial borrowings include short-term credit. Data for 2005-06 are exclusive of the IMD redemption.

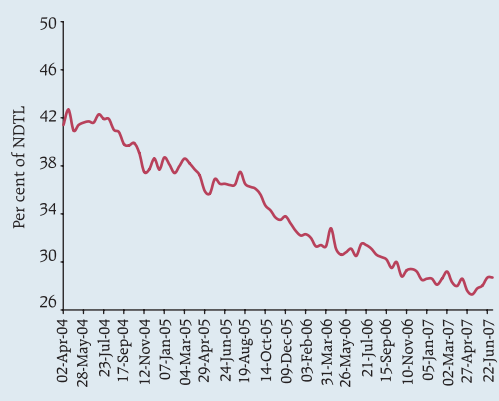
overseas borrowings contracted. Funds raised through capital issues as well as internal accruals were higher than in the previous year.

Table 24: Scheduled Commercial Bank Survey

(Amount in Rupees crore)					
Item	Outstanding as on July 6, 2007	Variation (year-on-year)			
		As on July 7, 2006		As on July 6, 2007	
		Amount	Per cent	Amount	Per cent
1	2	3	4	5	6
Sources of Funds					
1. Aggregate Deposits	27,13,843	377,392	20.9	5,31,881	24.4
2. Call/Term Funding from Financial Institutions	82,240	13,398	18.9	-2,140	-2.5
3. Overseas Foreign Currency Borrowings	25,055	3,190	11.4	-6,045	-19.4
4. Capital	36,748	987	3.5	7,792	26.9
5. Reserves	2,10,763	31,950	24.5	48,518	29.9
Uses of Funds					
1. Bank Credit	19,14,527	363,936	30.9	3,73,632	24.2
of which: Non-food Credit	18,70,299	3,70,899	32.8	3,67,258	24.4
2. Investments in Government and Other Approved Securities	8,49,946	30,101	4.1	80,715	10.5
a) Government Securities	8,29,251	33,351	4.6	76,409	10.1
b) Other Approved Securities	20,695	-3,250	-16.5	4,306	26.3
3. Investments in Non-SLR Securities	1,78,371	9,842	7.0	27,716	18.4
4. Foreign Currency Assets	62,065	4,202	14.8	29,420	90.1
5. Balances with the RBI	1,99,592	19,542	20.3	83,877	72.5

Note : Data are provisional.

Chart 11: SLR Investments by
Scheduled Commercial Banks

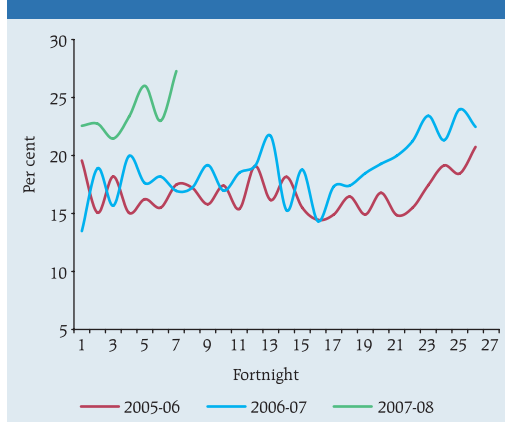


Reserve Money Survey

Reserve money expanded by 29.1 per cent, y-o-y, as on July 20, 2007 (21.7 per cent adjusted for the first round effects of the hikes in the CRR¹) as compared with 17.2 per cent a year ago (Chart 12).

During the financial year 2007-08 (up to July 20, 2007), reserve money expanded by 6.2 per cent (4.0 per cent adjusted for

Chart 12: Reserve Money Growth



¹ The cash reserve ratio was increased by 150 basis points in stages between December 2006 and May 2007 (see Table 33, Chapter 4) and this is estimated to have absorbed Rs.43,000 crore of banks' resources.

the first round effects of the hikes in the CRR) as compared with 1.8 per cent in the corresponding period of 2006-07. Growth in bankers' deposits with the Reserve Bank increased by 14.0 per cent during 2007-08 (up to July 20, 2007) as against a decline of 6.2 per cent during the corresponding period of 2006-07. Currency in circulation expanded by 2.1 per cent as compared with 4.6 per cent during the corresponding period of the previous year (Table 25).

On the sources side, reserve money continued to be driven by net foreign currency assets (adjusted for revaluation), which rose by Rs.72,947 crore in 2007-08 (up to July 20, 2007) as compared with Rs.30,663 crore during the corresponding period of the previous year (Chart 13). Movements in the Reserve Bank's net credit to the Centre largely reflected liquidity management operations by the Reserve Bank and trends in Government deposits. During 2007-08 (up to July 20, 2007), the Reserve Bank's holdings of Central Government's dated securities declined by Rs.21,182 crore, partly on account of absorption of liquidity under the liquidity adjustment facility (LAF). On the other hand, there was an increase of Rs.30,058 crore in ways and means advances/overdraft from the Reserve Bank. Central Government deposits declined reflecting a reduction in the Government's cash surplus (Rs.49,992 crore), partly offset by an increase in balances under the MSS (Rs.22,053 crore). Reflecting these developments, net Reserve Bank credit to the Centre increased by Rs.18,875 crore during 2007-08 (up to July 20, 2007) as against a decline of Rs.6,356 crore during the corresponding period of the previous year.

Table 25: Reserve Money

(Amount in Rupees crore)

Item	Outstanding as on July 20, 2007	Variation							
		2006-07 (April March)	2006-07 (Up to July 21)	2007-08 (Up to July 20)	2006-07				2007-08
					Q1	Q2	Q3	Q4	Q1
1	2	3	4	5	6	7	8	9	10
Reserve Money	7,52,675	1,35,961	10,069	43,659	13,466	18,665	14,204	89,626	12,390
Components (1+2+3)									
1. Currency in Circulation	5,14,605	73,549 (17.1)	19,630 (4.6)	10,380 (2.1)	22,283	-2,011	26,871	26,405	16,870
2. Bankers' Deposits with RBI	2,24,980	61,784 (45.6)	-8,453 (-6.2)	27,685 (14.0)	-7,204	20,224	-12,165	60,929	-4,800
3. 'Other' Deposits with the RBI	13,090	628 (9.1)	-1,108 (-16.1)	5,594 (74.6)	-1,613	452	-502	2,291	319
Sources (1+2+3+4-5)									
1. RBI's Net Credit to Government	21,884	-2,384	-9,374	16,132	53	2,826	-12,754	7,490	-25,483
of which: to Centre (i+ii+iii+iv-v)	21,011	-3,024	-6,356	18,875	3,071	2,584	-12,568	3,889	-21,825
i. Loans and Advances	30,058	0	0	30,058	0	0	0	0	0
ii. Treasury Bills held by the RBI	0	0	0	0	0	0	0	0	0
iii. RBI's Holdings of Dated Securities	75,990	26,763	-33,913	-21,182	-27,610	24,944	22,733	6,696	-34,284
iv. RBI's Holdings of Rupee coins	91	-143	-20	79	9	-107	97	-142	128
v. Central Government Deposits	85,127	29,644	-27,577	-9,921	-30,672	22,253	35,398	2,665	-12,330
2. RBI's Credit to Banks and Commercial Sector	1,394	1990	-3,094	-7,778	-3,135	3,107	2,065	-47	-6,450
3. NFEA of RBI	8,93,888	1,93,170 (28.7)	87,888 (13.1)	27,735 (3.2)	71,845	11,392	27,250	82,682	-2,745
of which :FCA, adjusted for revaluation		1,64,601	30,663	72,947	28,107	10,948	31,634	93,913	47,728
4. Government's Currency Liabilities to the Public	8,457	-467	-868	171	-920	155	166	132	171
5. Net Non-Monetary liabilities of RBI	1,72,948	56,347	64,483	-7,400	54,376	-1,184	2,524	632	-46,897
<i>Memo:</i>									
LAF Repos (+) / Reverse Repos (-)	-3,000	36,435	-38,820	-32,185	-23,060	28,395	22,195	8,905	-32,182
Net Open Market Sales # *		5,125	2,503	1,910	1,536	1,176	389	2,024	1,246
Centre's Surplus **	0	1,164	-42,699	-49,992	-27,321	13,313	38,713	-23,542	-34,597
Mobilisation under MSS *	85,027	33,912	8,664	22,053	4,062	8,940	-3,315	24,225	19,643
Net Purchases(+)/Sales(-) from Authorised Dealers		1,18,994	21,545	14,614 +	21,545	0	19,776	77,673	14,614 +
NFEA/Reserve Money @	118.8	122.2	130.5	118.8	127.0	125.0	126.5	122.2	119.7
NFEA/Currency @	173.7	171.8	169.0	173.7	164.4	167.7	164.0	171.8	165.7

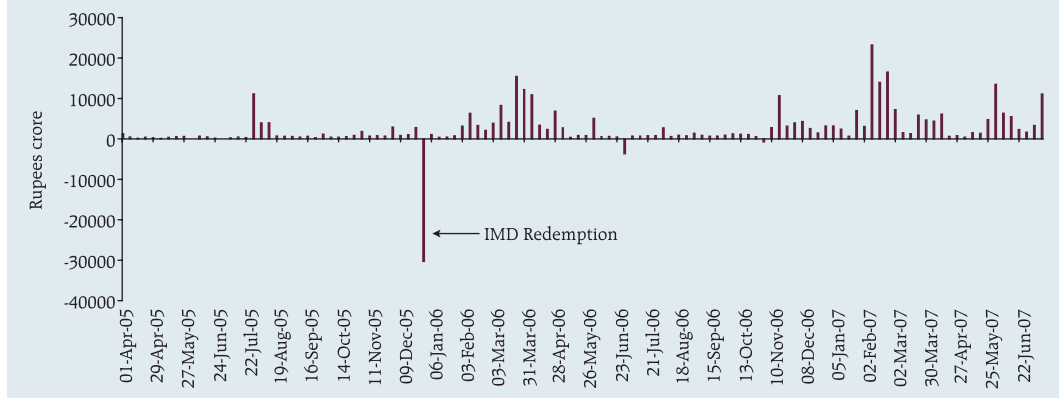
NFEA : Net Foreign Exchange Assets. FCA : Foreign Currency Assets. LAF : Liquidity Adjustment Facility.
 * : At face value. + : Up to May 25, 2007. # : Excludes Treasury Bills. @ : Per cent, end of period.
 ** : Excludes minimum cash balances with the Reserve Bank in case of surplus.
 Notes : 1. Data are based on March 31 and last reporting Friday for all other quarters.
 2. Figures in parentheses are percentage variations during the fiscal year.

Liquidity Management

During 2007-08, the Reserve Bank continued with its policy of active

management of liquidity, using all the policy instruments at its disposal flexibly. Variations in cash balances of the Government and capital flows

Chart 13: Accretion to RBI's Net Foreign Assets



remained the key drivers of liquidity conditions.

Liquidity pressures eased gradually from April 4, 2007 onwards, partly on account of reduction in the Centre's cash balance from Rs.50,092 crore at end-March 2007 to Rs.32,023 crore by mid-April 2007. Consequently, the amount injected through LAF repos fell from Rs.29,185 crore at end-March 2007 to Rs.1,455 crore by April 5, 2007 and subsequently, liquidity was absorbed under the LAF reverse repos during April 9-15, 2007. The amount absorbed was capped at Rs.3,000 crore as per the modified arrangements effective March 5, 2007. Accordingly, amounts absorbed under LAF reverse repos since March 5, 2007 onwards are not comparable with previous data (Table 26 and Chart 14).

Although the Centre's cash balance declined further from mid-April 2007 onwards, liquidity conditions tightened; this could be partly attributed to the hikes of 25 basis points each in the CRR coming into effect from the fortnights

beginning April 14, 2007 and April 28, 2007. The LAF window witnessed injection of liquidity during most part of April 16-May 27, 2007 with the daily net injection of liquidity averaging Rs.9,629 crore. Liquidity pressures eased from May 28, 2007 onwards, reflecting increase in Government expenditure and net purchase of foreign exchange from authorised dealers by the Reserve Bank. The Centre's WMA/overdraft rose from Rs.7,753 crore on May 25, 2007 to Rs.26,707 crore by June 1, 2007 before falling to Rs.8,248 crore by June 15, 2007. The cash balance of the Government again turned into deficit on June 29, 2007 reflecting the transfer of the Reserve Bank's stake in the State Bank of India (SBI) to the Government. The LAF window turned into an absorption mode on May 28, 2007 and remained so up to July 24, 2007 (except during June 28-July 2, 2007 when liquidity was injected through repo operations to the tune of Rs.9,009 crore daily on an average). The amount of liquidity absorbed through the reverse repo operations remained

Table 26: Reserve Bank's Liquidity Management Operations

Item	(Rupees crore)							
	2006-07 (April- March)	2006-07				2007-08		
		Q1	Q2	Q3	Q4	April	May	June
1	2	3	4	5	6	7	8	9
A. Drivers of Liquidity (1 to 5)	61,739	36,247	-16,896	-25,641	68,028	34,179	12,797	N.A.
1. RBI's net Purchases from Authorised Dealers	1,18,994	21,545	0	22,461	74,988	8,835	5,779	N.A.
2. Currency with the Public	-70,352	-19,648	-1,270	-27,033	-22,400	-19,953	-1,007	8,498
3. Surplus Cash Balances of the Centre with the Reserve Bank*	-1,164	40,207	-26,199	-30,761	15,590	49,992	0	0
4. WMA/Overdraft to the Centre	0	0	0	0	0	980	6,773	7,406
5. Others (residual)	14,260	-5,856	10,574	9,693	-150	-5,676	1,252	N.A.
B. Management of Liquidity (6 to 9)	-24,257	-39,003	32,026	31,625	-48,905	-39,879	-24,451	10,387
6. Liquidity Impact of LAF Repos	36,435	-35,315	40,650	33,600	-2,500	-19,189	-5,306	4,205
7. Liquidity Impact of OMO (Net)@	720	545	145	25	5	10	0	0
8. Liquidity Impact of MSS	-33,912	-4,233	-8,769	4,750	-25,660	-12,950	-11,395	6,182
9. First Round Liquidity Impact due to CRR change	-27,500	0	0	-6,750	-20,750	-7,750	-7,750	0
C. Bank Reserves (A+ B) #	37,482	-2,756	15,130	5,984	19,123	-5,700	-11,654	15,047

N.A. : Not available.
 (+) : Indicates injection of liquidity into the banking system.
 (-) : Indicates absorption of liquidity from the banking system.
 * : Excludes minimum cash balances with the Reserve Bank in case of surplus.
 # : Includes vault cash with banks and adjusted for first round liquidity impact due to CRR change.
 @ : Adjusted for Consolidated Sinking Funds (CSF) and including private placement.
 Note : For end-March, data pertain to March 31; for all other months data pertain to last Friday.

limited to a maximum of Rs.3,000 crore in terms of the modified arrangements. Outstanding balances under the MSS rose from Rs.62,974 crore at end-March 2007 to Rs.85,027 core by July 20, 2007 reflecting the enhanced MSS programme

that was put in place in March/April 2007 to restore LAF as a facility for equilibrating very short-term mismatches (Table 27). Towards this objective, a mix of Treasury Bills and dated securities for MSS issuances is used in a more flexible

Chart 14: Repo (+)/Reverse Repo (-) under LAF

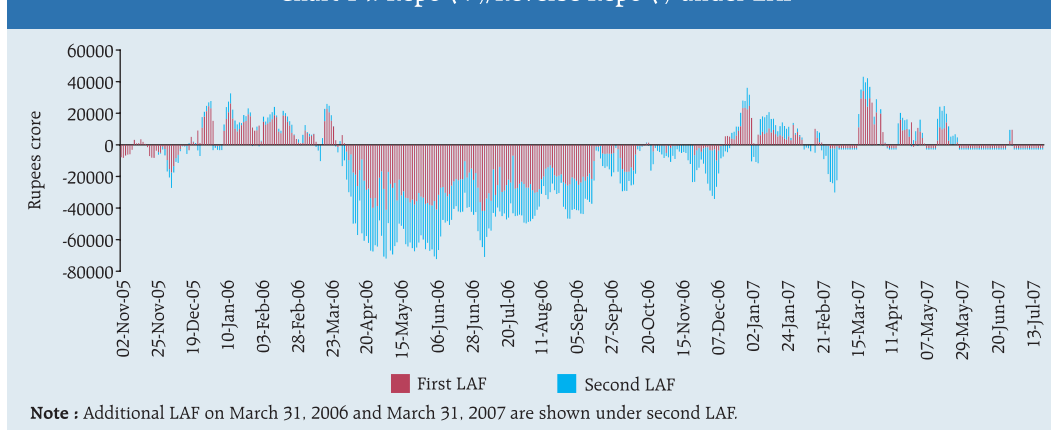


Table 27: Liquidity Management

(Rupees crore)				
Outstanding as on last Friday of	LAF	MSS	Centre's Surplus with the RBI @	Total (2 to 4)
1	2	3	4	5
2006				
January	-20,555	37,280	39,080	55,805
February	-12,715	31,958	37,013	56,256
March*	7,250	29,062	48,828	85,140
April	47,805	24,276	5,611	77,692
May	57,245	27,817	-1,203	83,859
June	42,565	33,295	8,621	84,481
July	44,155	38,995	8,770	91,920
August	23,985	42,364	26,791	93,140
September	1,915	42,064	34,821	78,800
October	12,270	40,091	25,868	78,229
November	15,995	37,917	31,305	85,217
December	-31,685	37,314	65,582	71,211
2007				
January	-11,445	39,375	42,494	70,424
February	6,940	42,807	53,115	1,02,862
March *	-29,185	62,974	49,992	83,781
April	-9,996	75,924	-980	64,948
May	-4,690	87,319	-7,753	74,876
June	-8,895	81,137	-15,159	57,083
July (as on 20 July)	3,000	85,027	-30,058	57,969

@ : Excludes minimum cash balances with the Reserve Bank in case of surplus.

* : Data pertain to March 31.

Notes : 1. Negative sign in column 2 indicates injection of liquidity through LAF repo.
2. Negative sign in column 4 indicates WMA/overdraft.
3. Beginning March 5, 2007, daily reverse repo absorptions under LAF have been restricted to a maximum of Rs.3,000 crore comprising Rs.2,000 crore in the First LAF and Rs.1,000 crore in the Second LAF.

manner keeping in view the capital flows, the assessment of volatility and durability of capital flows.

In the recent period, there have been sharp variations in domestic liquidity conditions and overnight interest rates on the back of large movements in Government cash balances and capital flows. Reduction in Government cash balances and increase in capital inflows lead to an increase in market liquidity and downward pressures on overnight interest rates and *vice versa*. As noted earlier, modified liquidity management arrangements were put in place effective March 5, 2007. An enhanced MSS programme along with a cap of Rs.3,000 crore on absorption of liquidity under LAF reverse repos was put in place to restore LAF as a facility for equilibrating very short-term mismatches. However, in view of relatively large build-up of Government cash balances, the call rate reached a high of 54 per cent by end-March 2007. More recently, reduction in Government cash balances and large capital inflows have led to a sharp reduction in the call rate to below one per cent.

IV. Price Situation

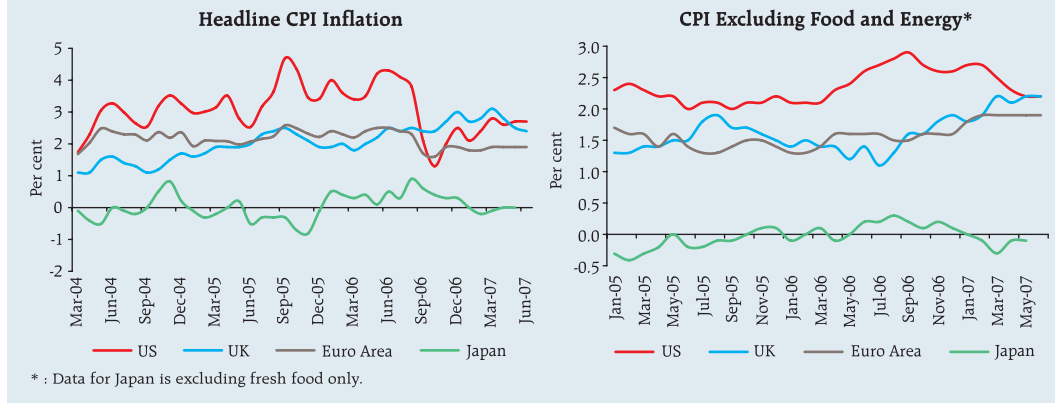
Both headline and core inflation in major economies remained firm during the first quarter of 2007-08, reflecting the combined impact of high commodity prices and strong demand conditions. Since end-March 2007, several central banks such as European Central Bank (ECB), Bank of England, Bank of Canada, Reserve Bank of New Zealand, Norges Bank (Norway), Sveriges Riksbank (Sweden), South African Reserve Bank and People's Bank of China have further raised policy rates to contain inflation and inflationary expectations. Central banks of China and Russia also raised cash reserve requirements to address concerns regarding excess liquidity. On the other hand, central banks of Thailand, Indonesia and Brazil have further eased monetary policy since end-March 2007 in view of easing of inflationary pressures. The US Fed kept the policy rates unchanged during the first quarter.

In India, inflation based on the wholesale price index (WPI) initially rose to above 6.0 per cent in early April 2007 but eased to 4.4 per cent by July 14, 2007. Consumer price inflation also eased during the quarter ended June 2007, though it continued to remain above the WPI inflation, mainly reflecting the impact of higher food prices. Pre-emptive monetary measures since mid-2004 accompanied by fiscal and supply-side measures have helped in containing inflation.

Global Inflation

Headline inflation in major advanced economies remained firm in the first quarter of 2007-08 reflecting increases in prices of crude oil and food items (Chart 15). Notwithstanding some moderation during the quarter, headline inflation exceeded the

Chart 15: Consumer Price Inflation



targets/comfort zones in some cases. Amongst major economies, headline inflation (June 2007) was 2.7 per cent in the US, 2.4 per cent in the UK and 1.9 per cent in the euro area. Inflation was 2.2 per cent in May 2007 in the OECD countries, marginally lower than that of 2.4 per cent in March 2007. Core inflation also remained firm in major economies. In the US, CPI inflation (excluding food and energy) was 2.2 per cent in June 2007 (2.5 per cent in March 2007). In the OECD countries, CPI inflation (excluding food and energy) was 2.1 per cent in May 2007 (the same as in March 2007).

Many central banks have further tightened monetary policy during 2007-08 so far against the backdrop of persistent inflationary pressures, especially in view of continued strength of demand, ample liquidity and possible pass-through from past and present increases in oil and other commodity prices. In the euro area, risks to the price outlook are seen on the upside over the medium term. The European Central Bank (ECB), therefore, raised the key policy rate further by 25 basis points on June 6, 2007 – a cumulative increase of 200 basis points

since the tightening began in December 2005 (Table 28). Given the positive economic environment, the ECB is of the view that monetary policy is still on the accommodative side, with overall financing conditions favourable, money and credit growth vigorous and liquidity in the euro area ample. In the UK, in view of steady growth in output, continued rapid growth in credit and broad money, and margin of spare capacity in firms appearing limited, the risks to the outlook for inflation in the medium term are seen to be tilted to the upside. The Bank of England, therefore, raised its policy rate further by 50 basis points – 25 basis points each on May 10, 2007 and July 5, 2007 to 5.75 per cent – a cumulative increase of 125 basis points since the tightening began in August 2006 (Chart 16). Amongst other major advanced economies, the Bank of Canada (25 basis points), the Sveriges Riksbank (25 basis points), Norges Bank (50 basis points) and the Reserve Bank of New Zealand (75 basis points) have raised their policy rates during 2007-08 so far.

On the other hand, the US Fed did not change the policy rate during the quarter.

Table 28: Global Inflation Indicators

(Per cent)									
Country/ Region	Key Policy Rate	Policy Rates (As on July 24, 2007)	Changes in Policy Rates (basis points)			CPI Inflation (y-o-y)		Real GDP Growth (y-o-y)	
			2005-06 (April- March)	2006-07 (April- March)	Since end- March 2007	June 2006	June 2007	2006 (Q1)	2007 (Q1)
1	2	3	4	5	6	7	8	9	10
Developed Economies									
Australia	Cash Rate	6.25 (Nov. 8, 2006)	0	75	0	3.0	2.4 #	3.1	3.8
Canada	Overnight Rate	4.50 (Jul.10, 2007)	125	50	25	2.4	2.2	3.2	2.0
Euro area	Interest Rate on Main Refinancing Operations	4.00 (Jun. 6, 2007)	50	125	25	2.5	1.9	2.2	3.0
Japan	Uncollateralised Overnight Call Rate	0.50 (Feb. 21, 2007)	0 **	50	0	0.1	0.0 *	3.0	2.6
UK	Official Bank Rate	5.75 (Jul. 5, 2007)	(-)25	75	50	2.5	2.4	2.4	3.0
US	Federal Funds Rate	5.25 (Jun. 29, 2006)	200	50	0	4.3	2.7	3.7	1.9
Developing Economies									
Brazil	Selic Rate	11.50 (Jul. 18, 2007)	(-)275	(-)375	(-)125	4.0	3.7	3.9	4.3
India	Reverse Repo Rate	6.00 (Jul. 25, 2006)	75	50	0	6.3	6.6 *	10.0	9.1
	Repo Rate	7.75 (Mar. 30, 2007)	50 (0)	125 (100)	0 (50)				
China	Benchmark 1-year Lending Rate	6.84 (Jul. 21, 2007)		81 (250)	45 (150)	1.5	4.4	10.9	11.9 \$
Indonesia	BI Rate	8.25 (Jul. 5, 2007)	425 @	(-)375	(-)75	15.5	5.8	5.0	6.0
Israel	Key Rate	3.75 (Jul. 23, 2007) &	125	(-)75	(-)25	3.5	-0.7	5.2	5.4
Korea	Overnight Call Rate	4.75 (Jul. 12, 2007)	75 (80)	50	25	2.4	2.5	5.1	4.9 \$
Russia	Refinancing Rate	10.00 (Jun. 19, 2007)	(-)100	(-)150 (150)	(-)50 (100)	9.1	8.5	5.5	7.9
South Africa	Repo Rate	9.50 (Jun. 8, 2007)	(-)50	200	50	3.9	6.9 *	4.0	5.4
Thailand	14-day Repurchase Rate	5.00 (Jun. 7, 2006)	225	50					
	1-day Repurchase Rate	3.25 (Jul. 18, 2007)		(-)44 ^	(-)125	5.9	1.9	6.1	4.3

@ : Bank Indonesia adopted BI rate as the reference rate with the formal adoption of inflation targeting in July 2005.

** : The Bank of Japan decided on March 9, 2006 to change the operating target of money market operations from the outstanding balance of current accounts at the Bank to the uncollateralised overnight call rate.

^ : Change over January 16, 2007. Effective January 17, 2007, the 1-day repurchase rate replaced the 14-day repurchase rate as the policy rate.

: Q1 of 2007. * : May 2007. \$: Q2 of 2007. & : To be effective from August 2007.

Notes : 1. For India, data on inflation pertain to CPI for Industrial Workers.

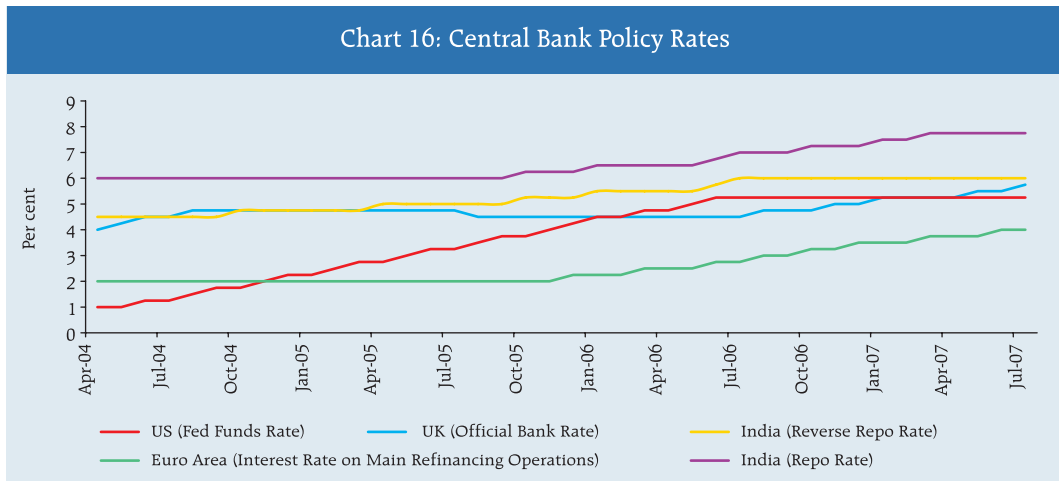
2. Figures in parentheses in column (3) indicate the date when the policy rates were last revised.

3. Figures in parentheses in columns (5) and (6) indicate the variation in cash reserve ratios during the period.

Source: International Monetary Fund, websites of respective central banks and the Economist.

Although core inflation moderated during April-June 2007, it remains at somewhat elevated level. The Federal Open Market Committee in its latest meeting held on June 28, 2007 noted that the risk that inflation

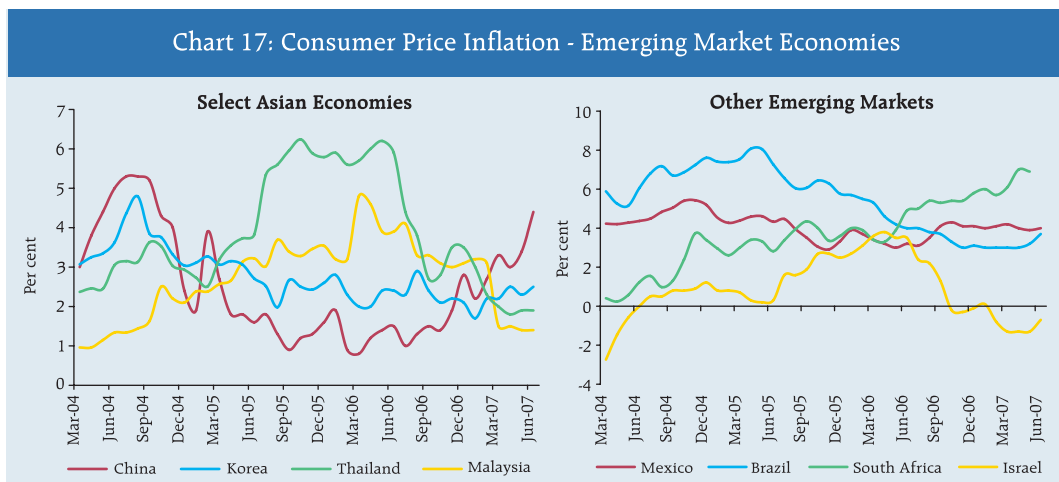
would fail to moderate as expected remained the predominant policy concern. It indicated that future policy adjustments would depend on the evolution of the outlook for both inflation and economic growth, as implied



by incoming information. The Bank of Japan (BoJ) has kept its policy rate unchanged at each of its meetings held since February 2007 when it raised the uncollateralised overnight call rate (the operating target of monetary policy since March 2006) by 25 basis points to 0.50 per cent.

Amongst major emerging economies, consumer price inflation in China increased to 4.4 per cent in June 2007 from 3.3 per cent in March 2007 and 1.5 per cent a year earlier, partly on the back of higher food prices (Chart 17). Economic activity has remained

buoyant in 2007 so far; real GDP growth accelerated to 11.9 per cent during the second quarter of 2007 from 10.9 per cent a year ago. In view of strong growth in money supply and credit, the People's Bank of China (PBC) increased the benchmark 1-year lending rate by 18 basis points on May 19, 2007 and 27 basis points on July 21, 2007 to 6.84 per cent – a total hike of 126 basis points since April 2006. Apart from continued issuances of its own bills to mop up liquidity, the PBC has raised the cash reserve ratio (CRR) by another 150 basis points since end-March 2007 - 50 basis points each effective April 16, 2007,



May 15, 2007 and June 5, 2007 - to 11.50 per cent. The CRR has, thus, been increased by 400 basis points since July 2006.

In Korea, inflation was 2.5 per cent in June 2007 (2.2 per cent in March 2007). Although the upward pace of real estate prices has slowed down significantly, financial institutions' lending has increased sharply. Against the backdrop of the domestic economy likely maintaining its upward trend and ample liquidity in the financial markets, the Bank of Korea raised the policy rate by 25 basis points to 4.75 per cent on July 12, 2007 - a cumulative increase of 150 basis points since October 2005. In other major Asian emerging economies such as Thailand and Indonesia, inflation remains relatively benign, reflecting both pre-emptive monetary tightening as well as appreciation of the exchange rates. In Thailand, real GDP growth has moderated on the back of slowdown in private consumption and investment demand. Inflation was moderate (1.9 per cent in June 2007 as compared with 2.0 per cent in March 2007). Therefore, the Bank of Thailand lowered the 1-day repurchase rate by 50 basis points each on April 11, 2007 and May 23, 2007, and another 25 basis points on July 18, 2007 to 3.25 per cent. The policy rate has been lowered by 169 basis points since January 17, 2007, partly reversing the increase of 275 basis points between June 2005 and June 2006. In Indonesia, economic activity is gradually regaining momentum, driven primarily by rapidly expanding exports and also by domestic consumption. Inflation was 5.8 per cent in June 2007, substantially lower than the peak of 18.4 per cent in November 2005. The Bank Indonesia, therefore, cut its policy rate by another 25 basis points to 8.25 per

cent on July 5, 2007 – a total of 450 basis points since May 2006 - to support growth. The policy rate was earlier raised by 425 basis points during July-December 2005 to contain inflation.

Amongst other emerging economies, the South African Reserve Bank raised its policy rate by 50 basis points in June 2007 to 9.5 per cent. The policy rate has been raised by 250 basis points since June 2006 to contain inflationary pressures emanating from volatility in oil prices and from food and services prices. Turkey has kept rates unchanged since August 2006 due to slowdown in domestic demand and moderation in inflation expectations. Turkey had earlier increased its policy rate by 425 basis points during June-July 2006 on concerns over the possible pass-through effect of the exchange rate movements arising from the volatility in international financial markets. On the other hand, in view of weak economic activity/easing of inflation, Brazil has reduced policy rate further by 125 basis points during 2007-08 so far – 25 basis points on April 18, 2007 and 50 basis points each on June 6, 2007 and July 18, 2007 - to 11.50 per cent. The policy rate has, thus, been reduced by 825 basis points since September 2005. The Bank of Israel initially lowered its policy rate by 50 basis points during 2007-08 (25 basis points each for May and June 2007) but increased the policy rate by 25 basis points on July 23, 2007 to 3.75 per cent. In Russia, consumer price inflation remains high, increasing from 7.1 per cent in March 2007 to 8.5 per cent in June 2007. Growth in money supply (M_2) accelerated to 53 per cent, year-on-year, as on July 1, 2007 from 44 per cent a year ago. The Bank of Russia raised the required reserve ratio on credit

institutions' liabilities to non-resident banks in roubles and foreign currency by another 100 basis points to 4.5 per cent effective July 1, 2007 (it was earlier raised by 150 basis points effective October 1, 2006). However, the refinancing rate was reduced by 50 basis points in June 2007 – a total cut of 200 basis points of 50 basis points each on four occasions - from 12.0 per cent in December 2005 to 10.0 per cent in June 2007.

An assessment of key macroeconomic indicators in select EMEs shows that real

GDP growth during 2006 was in the range of 3.7-11.1 per cent. Real GDP growth in India was the highest after China. Consumer price inflation was in the range of 1.9-8.5 per cent in select EMEs in June 2007 and inflation in India was the third highest amongst the select EMEs. Real policy rates in most countries ranged between 2 and 4 per cent in July 2007 (Table 29). Major EMEs, except India and South Africa, recorded surplus in current accounts in 2006. The real effective exchange rate (REER) for most EMEs has appreciated in the recent period; in June

Table 29: Key Macroeconomic Indicators: Emerging Markets

(Per cent)

Country	Consumer Price Inflation		Current Account Balance (per cent to GDP)		Real Effective Exchange Rate (REER)		Central Govt. Fiscal Balance (per cent of GDP)		Real Policy Rate		Real GDP Growth	
	June 2006	June 2007	2005	2006	June 2006	June 2007	2005	2006	July 2006	July 2007 #	2005	2006
1	2	3	4	5	6	7	8	9	10	11	12	13
Brazil	4.0	3.7	1.6	1.3	6.8	13.7	-3.4	-3.2	10.8	7.8	2.9	3.7
China	1.5	4.4	7.2	9.1	1.6	4.7	-1.3 (17.9)	-0.7 (17.3)	4.9	2.4	10.4	11.1
India	6.3 (5.2)	6.6 * (4.3)	-1.1 (-6.4)	-1.1 (-7.1)	-4.8	12.0	-4.1 (63.9)	-3.5 (63.4)	0.3 (2.3)	1.2 (3.3)	9.0	9.4
Indonesia	15.5	5.8	0.1	2.7	14.6	6.1	-0.5 (46.5)	-1.0 (40.9)	-3.0	2.5	5.7	5.5
Israel	3.5	-0.7	2.9	5.2	-0.8	-0.8	-2.9	-2.7	2.9	4.2	5.2	5.1
Korea	2.4	2.5	1.9	0.7	5.2	0.9	1.9 (29.5)	1.8 (32.2)	2.0	2.3	4.2	5.0
Philippines	6.7	2.3	2.0	2.9	7.5	14.3	-2.7	-1.0	1.1	3.7	5.0	5.4
Russia	9.1	8.5	10.9	9.8	10.0	4.6	7.5	7.5	2.2	1.5	6.4	6.7
South Africa	3.9	6.9 *	-3.8	-6.4	-3.0	-2.1	—	—	2.5	2.6	5.1	5.0
Thailand	5.9	1.9	-4.5	1.6	9.6	8.9	0.2 (26.1)	0.1 (27.3)	0.6	1.4	4.5	5.0

* : May. # : As on July 24, 2007.

Notes : 1. For India, data pertain to fiscal years 2005-06 and 2006-07.

2. Consumer price inflation data are on a year-on-year basis. Data for India are for CPI-Industrial Workers.

3. Real policy rate is the policy rate less year-on-year consumer price inflation. For India, repo rate is used.

4. Figures in parentheses in columns (2) and (3) refer to wholesale price inflation.

5. Figures in parentheses in columns (4) and (5) refer to trade balance/GDP ratio.

6. Data on fiscal balance for Korea and Israel pertain to general government balance.

7. Figures in parentheses in columns (8) and (9) refer to central government debt/GDP ratio. For China, data refer to public sector debt.

8. Figures in parentheses in columns (10) and (11) for India are based on wholesale price inflation.

9. Data on REER refer to year-on-year variation in broad indices (CPI-based) compiled by the Bank for International Settlements. A positive figure indicates appreciation while a negative figure indicates depreciation. For India, data are based on movements in 6-currency indices.

Source : International Monetary Fund, Asian Development Bank, Bank for International Settlements, World Bank and official websites of respective central banks.

Table 30: International Commodity Prices

Commodity	Unit	2004	Index						Variation (per cent)	
			2004	2005	2006	2007			June 2007/ March 2007	June 2007/ June 2006
						January- June	March	June		
1	2	3	4	5	6	7	8	9	10	11
Coal	\$/mt	53.0	100	90	93	105	105	114	9.0	15.3
Crude oil (Average)	\$/bbl	37.7	100	142	170	163	161	181	12.5	-0.1
Palm oil	\$/mt	471.3	100	90	102	146	132	171	29.7	84.7
Soybean oil	\$/mt	616.0	100	88	97	122	117	135	15.7	38.3
Soybeans	\$/mt	306.5	100	90	88	107	105	118	12.1	35.2
Rice	\$/mt	237.7	100	120	128	133	134	136	1.4	3.5
Wheat	\$/mt	156.9	100	97	122	129	127	142	12.0	14.2
Sugar	c/kg	15.8	100	138	206	140	146	130	-11.0	-39.7
Cotton A Index	c/kg	136.6	100	89	93	93	94	94	0.0	5.9
Aluminium	\$/mt	1716.0	100	111	150	162	161	156	-3.1	8.1
Copper	\$/mt	2866.0	100	128	235	237	225	261	15.8	3.8
Gold	\$/toz	409.2	100	109	148	161	160	160	0.1	10.0
Silver	c/toz	669.0	100	110	173	199	197	196	-0.2	22.0
Steel cold-rolled coil/sheet	\$/mt	607.1	100	121	114	107	107	107	0.0	0.0
Steel hot-rolled coil/sheet	\$/mt	502.5	100	126	119	109	109	109	0.0	-4.3
Tin	c/kg	851.3	100	87	103	158	163	166	1.5	78.6
Zinc	c/kg	104.8	100	132	313	340	312	344	10.1	11.7

\$: US dollar. c : US cent. bbl : barrel. mt : metric tonne. kg: Kilogram. toz: troy oz.

Source : Based on World Bank's actual commodity price data. The year 2004 has been taken as the base to better exhibit price trends over the relevant period.

2007, the year-on-year real appreciation ranged from 0.9 per cent (Korea) to 14.3 per cent (Philippines). Although the Centre's fiscal deficit in India declined during 2006-07 and is budgeted to decline further during 2007-08, it would remain higher than the most EMEs.

Global Commodity Prices

Commodity prices firmed up further in the first quarter of 2007-08 led by crude oil, metals and edible oil (Table 30 and Chart 18).

International crude oil prices (WTI) rose during the first quarter of 2007-08 reflecting limited spare capacity, renewed interest by hedge funds and concerns over supply disruptions due to strike in Nigeria (Tables 31 and 32). The two rounds of production cuts by the Organisation of

Petroleum Exporting Countries (OPEC) effected during November 2006 (1.2 million barrels per day) and February 2007 (0.5 million barrels per day) also supported prices. WTI crude prices increased to US \$ 76 a barrel on July 19, 2007 from around US

Chart 18: International Commodity Prices

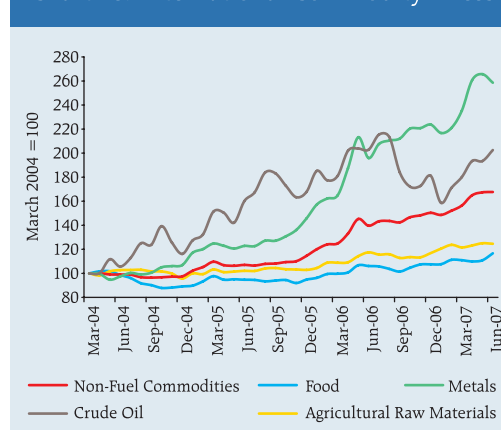


Table 31: International Crude Oil Prices

(US dollars per barrel)

Year/Month	Dubai Crude	UK Brent	US WTI	Average Crude Price	Indian Basket Price
1	2	3	4	5	6
2001-02	21.8	23.2	24.1	23.0	22.4
2002-03	25.9	27.6	29.2	27.6	26.6
2003-04	26.9	29.0	31.4	29.1	27.8
2004-05	36.4	42.2	45.0	41.3	38.9
2005-06	53.4	58.0	59.9	57.1	55.4
2006-07	60.9	64.4	64.7	63.3	62.4
March 2004	30.5	33.8	36.7	33.7	31.9
March 2005	45.6	53.1	54.2	50.9	48.8
March 2006	57.7	62.3	62.9	60.9	59.6
March 2007	59.1	62.1	60.6	60.6	60.4
April 2007	63.8	67.4	63.9	65.1	65.4
May 2007	64.5	67.5	63.5	65.2	65.8
June 2007	65.8	71.3	67.5	68.2	68.2

Source : International Monetary Fund and the World Bank.

\$ 60 a barrel level in March 2007. During the first quarter, UK Brent and Dubai crude prices – and hence the Indian basket price – recorded higher increases *vis-à-vis* WTI crude prices. During April-June 2007, Brent prices were US \$ 3.8 a barrel above WTI prices while the premium of the WTI over Dubai variety was only US \$ 0.25 a barrel. Typically, WTI prices have been higher than

other varieties. For instance, during the six-year period, 2001-02 to 2006-07, WTI prices, on average, were US \$ 1.7 a barrel above Brent and US \$ 4.8 a barrel above Dubai crude.

Metal prices firmed up further during the first quarter of 2007-08 on the back of robust demand and supply constraints amidst speculative investor interest. Between March 2007 and June 2007, prices of lead and copper rose by 27 per cent and 16 per cent, respectively. On a year-on-year basis, prices of lead, nickel and tin during June 2007 were higher by about 152 per cent, 101 per cent and 79 per cent, respectively.

Increases in food prices during the first quarter of 2007-08 were led by oilseeds/edible oils, reflecting a shortfall in global production and rising demand for non-food uses. According to the latest assessment by the US Department of Agriculture (USDA), world vegetable oils stocks were forecast to fall by 13 per cent during 2006-07 and by an additional 8 per cent in 2007-08. Edible oil

Table 32: World Supply-Demand Balance of Oil

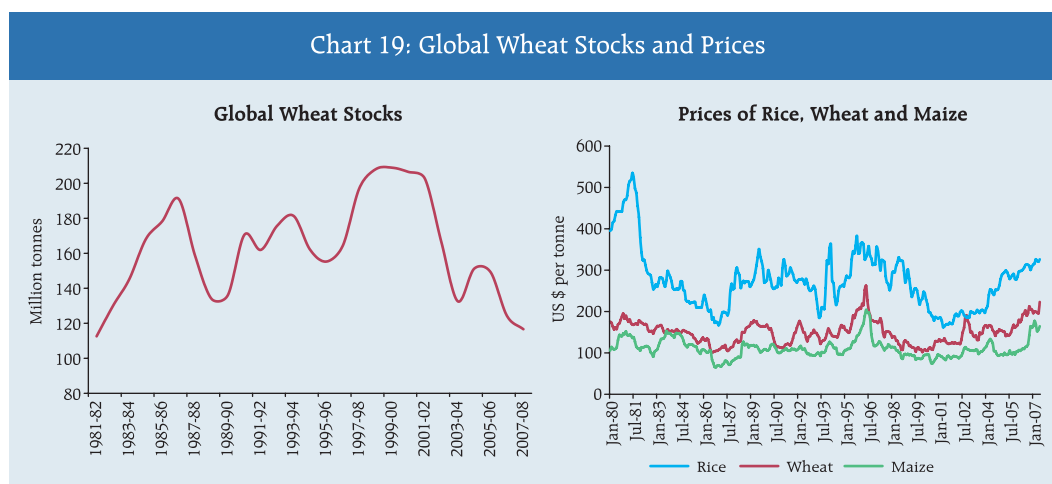
(Million barrels per day)

Item	2003	2004	2005	2006	2007 (P)	2008 (P)	2007 P			
							Q1	Q2	Q3	Q4
1	2	3	4	5	6	7	8	9	10	11
Demand										
1. OECD	48.7	49.5	49.6	49.1	49.4	49.6	49.5	48.2	49.3	50.4
2. Non-OECD	31.2	33.0	34.4	35.4	36.6	37.8	36.0	36.4	36.6	37.2
<i>of which: China</i>	5.6	6.5	6.9	7.3	7.8	8.3	7.5	7.8	7.8	8.1
3. Total (1+2)	79.9	82.5	84.0	84.6	85.9	87.4	85.5	84.7	85.9	87.6
Supply										
4. Non-OPEC	48.9	50.1	50.3	49.2	49.9	50.8	49.6	49.5	49.9	50.4
5. OPEC	30.7	32.9	34.2	35.3	35.2	36.7	34.5	34.7	35.3	36.2
6. Total (4+5)	79.6	83.1	84.5	84.5	85.1	87.5	84.1	84.3	85.2	86.6
Stock Changes	0.3	-0.6	-0.5	0.0	0.9	-0.1	1.4	0.4	0.7	1.0

P : Projections.

Source : US Energy Information Administration.

Chart 19: Global Wheat Stocks and Prices



prices hardened by 16-30 per cent between March 2007 and June 2007; on a y-o-y basis, prices in June 2007 were higher by 38-85 per cent. Amongst other food items, prices of wheat rose by 12 per cent between March 2007 and June 2007. According to the USDA, although global wheat production is expected to increase by 3.3 per cent in 2007-08 (June-May), global wheat stocks are likely to decline further in 2007-08 to 116.6 million tonnes - their lowest levels since 1981-82 (Chart 19). Rice stocks are also expected to decline by about 5 per cent during 2007-08. The overall food price index compiled by the IMF increased by about 10 per cent in June 2007 (y-o-y) on top of an increase of 12 per cent a year ago. The IMF's food price index in June 2007 has been the highest since early 1981.

The decline in international sugar prices that began in August 2006 continued through the first quarter of 2007-08 on forecasts of higher global production during 2006-07 season (October-September). Sugar prices fell by 11 per cent during April-June 2007 and have almost halved from the recent peak touched in

February 2006. According to the International Sugar Organisation, global sugar production is estimated to increase by 10.5 million tonnes to 162.6 million tonnes during 2006-07 season, exceeding global consumption by 9.1 million tonnes. A record crop in Brazil, the world's largest producer, significant growth in sugar output in countries such as Bangladesh, Thailand and Vietnam along with higher production in India are expected to more than offset the contraction in the output in the European Union. Global cotton prices have largely remained unchanged since March 2007, but are expected to harden during 2007-08 reflecting shortfalls in production. According to the latest assessment by the International Cotton Advisory Committee (ICAC), the cotlook A index is expected to increase by about 12 per cent during 2007-08 due to an estimated decline in world cotton stocks by 13 per cent to 10.6 million tonnes in 2007-08.

Inflation Conditions in India

The Annual Policy Statement for 2007-08 (April 2007) of the Reserve Bank observed

that the stance of monetary policy in 2007-08 would be conditioned by the patterns in which the global and, more particularly, the domestic environment unfold. It further observed that the likely evolution of macroeconomic and financial conditions indicated an environment supportive of sustaining the growth momentum in India. The Statement reiterated that monetary policy, while contributing to growth, had to ensure and maintain conditions of price and financial stability. Accordingly, the policy preference for the period ahead was articulated strongly in favour of reinforcing the emphasis on price stability and anchoring inflation expectations.

In view of the lagged and cumulative effects of monetary policy on aggregate demand and assuming that supply management would be conducive, capital

flows would be managed actively and in the absence of shocks emanating in the domestic or global economy, the Statement noted that the policy endeavour would be to contain inflation close to 5.0 per cent in 2007-08. In recognition of India's evolving integration with the global economy and societal preferences in this regard, the resolve, going forward, would be to condition policy and perceptions for inflation in the range of 4.0–4.5 per cent. This objective would be conducive for maintaining self-accelerating growth over the medium-term.

As announced on March 30, 2007, the cash reserve ratio (CRR) was raised by another 50 basis points in two stages of 25 basis points each effective April 14, 2007 and April 28, 2007 - a cumulative increase of 150 basis points beginning December 2006 (Table 33).

Table 33: Movement in Key Policy Rates and Inflation in India

(Per cent)				
Effective since	Reverse Repo Rate	Repo Rate	Cash Reserve Ratio	WPI Inflation
1	2	3	4	5
March 31, 2004	4.50	6.00	4.50	4.6
September 18, 2004	4.50	6.00	4.75 (+ 0.25)	7.9
October 2, 2004	4.50	6.00	5.00 (+ 0.25)	7.1
October 27, 2004	4.75 (+ 0.25)	6.00	5.00	7.4
April 29, 2005	5.00 (+ 0.25)	6.00	5.00	6.0
October 26, 2005	5.25 (+ 0.25)	6.25 (+ 0.25)	5.00	4.5
January 24, 2006	5.50 (+ 0.25)	6.50 (+ 0.25)	5.00	4.2
June 9, 2006	5.75 (+ 0.25)	6.75 (+ 0.25)	5.00	4.9
July 25, 2006	6.00 (+ 0.25)	7.00 (+ 0.25)	5.00	4.7
October 31, 2006	6.00	7.25 (+ 0.25)	5.00	5.3
December 23, 2006	6.00	7.25	5.25 (+ 0.25)	5.8
January 6, 2007	6.00	7.25	5.50 (+ 0.25)	6.4
January 31, 2007	6.00	7.50 (+ 0.25)	5.50	6.7
February 17, 2007	6.00	7.50	5.75 (+ 0.25)	6.0
March 3, 2007	6.00	7.50	6.00 (+ 0.25)	6.5
March 30, 2007	6.00	7.75 (+ 0.25)	6.00	6.5
April 14, 2007	6.00	7.75	6.25 (+ 0.25)	6.3
April 28, 2007	6.00	7.75	6.50 (+ 0.25)	6.0

Notes : 1. With effect from October 29, 2004, the nomenclature of repo and reverse repo was changed in keeping with international usage. Now, reverse repo indicates absorption of liquidity and repo signifies injection of liquidity. Prior to October 29, 2004, repo indicated absorption of liquidity, while reverse repo meant injection of liquidity. The nomenclature in this Report is based on the new usage of terms even for the period prior to October 29, 2004.

2. Figures in parentheses indicate change in policy rates.

Wholesale Price Inflation

Headline inflation, based on movement in the wholesale price index (WPI), eased to 4.4 per cent (y-o-y) as on July 14, 2007 from 5.9 per cent at end-March 2007 (and 4.6 per cent a year ago). The y-o-y inflation excluding fuel, at 6.1 per cent, was above the headline inflation rate (Chart 20 and Table 34). Headline inflation has moved in a range of 4.0-6.4 per cent during 2007-08 so far. The annual average WPI inflation rate (average of the 52 weeks) for the week ended July 14, 2007 was 5.5 per cent as compared with 5.4 per cent at end-March 2007 and 4.3 per cent a year ago.

Primary articles' inflation (10.0 per cent on July 14, 2007) eased from end-March 2007 level (10.7 per cent) but was higher than the previous year's level (3.8 per cent). Primary articles' inflation, y-o-y, was led by wheat, vegetables, eggs, fish and meat, milk, oilseeds and raw cotton. Wheat prices increased marginally by 0.4 per cent between end-March and July 14, 2007, but were higher by 11.1 per cent on y-o-y basis. Prices of oilseeds have increased by 29.8 per cent, y-o-y, as

against a decline of 6.2 per cent a year ago, which could be attributed to lower domestic production as well as firm global prices. Raw cotton prices were 16.9 per cent higher, y-o-y, as on July 14, 2007 as compared with 3.6 per cent in the previous year (Chart 21).

Fuel group inflation turned negative (-1.4 per cent), y-o-y, on July 14, 2007 from 7.2 per cent a year ago, reflecting the cuts in domestic prices of petrol, diesel and other fuel products in November 2006 and February 2007. While domestic prices have remained unchanged since February 2007, international crude prices (WTI) have increased by over 20 per cent over the same period.

Manufactured products inflation at 4.6 per cent as on July 14, 2007 was higher than a year ago (3.9 per cent), although lower than that of 6.1 per cent at end-March 2007. Manufactured products inflation was led by edible oils (y-o-y increase of 15.8 per cent), oil cakes (22.7 per cent), metals (6.4 per cent), cement (11.1 per cent) and electrical machinery (16.3 per cent), partly offset by

Chart 20: Annual WPI Inflation

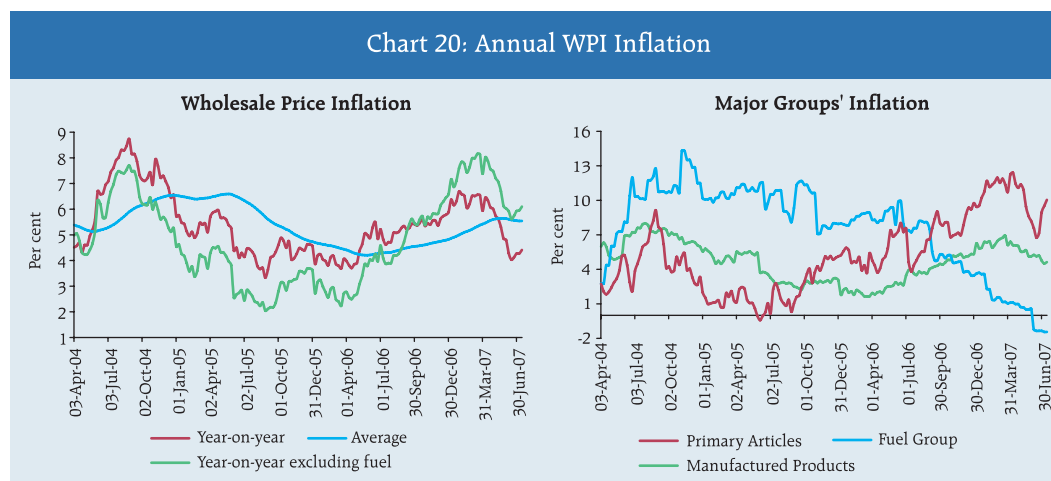


Table 34: Wholesale Price Inflation in India (year-on-year)

(Per cent)							
Commodity	Weight	2006-07 (March 31)		2006-07 (July 15)		2007-08 P (July 14)	
		Inflation	WC	Inflation	WC	Inflation	WC
1	2	3	4	5	6	7	8
All Commodities	100.0	5.9	100.0	4.6	100.0	4.4	100.0
1. Primary Articles	22.0	10.7	39.0	3.8	18.1	10.0	49.7
<i>Food Articles</i>	15.4	8.0	20.8	2.6	8.9	9.0	31.3
i. Rice	2.4	5.7	2.1	0.7	0.4	5.6	2.7
ii. Wheat	1.4	7.3	1.8	7.8	2.2	11.1	3.4
iii. Pulses	0.6	12.5	1.4	29.7	3.7	1.7	0.3
iv. Vegetables	1.5	1.2	0.3	-9.2	-3.5	22.4	7.8
v. Fruits	1.5	5.7	1.8	-5.7	-2.0	3.1	1.1
vi. Milk	4.4	8.4	5.8	3.7	3.3	7.7	7.2
vii. Eggs, Meat and Fish	2.2	9.4	3.8	-1.9	-1.1	10.0	5.5
<i>Non-Food Articles</i>	6.1	17.2	15.6	1.4	1.7	12.6	15.9
i. Raw Cotton	1.4	21.9	3.5	3.6	0.8	16.9	3.8
ii. Oilseeds	2.7	31.6	11.0	-6.2	-3.3	29.8	14.6
iii. Sugarcane	1.3	1.1	0.3	0.7	0.2	1.1	0.4
<i>Minerals</i>	0.5	17.5	2.6	52.8	7.6	11.4	2.5
2. Fuel, Power, Light and Lubricants	14.2	1.0	4.0	7.2	34.8	-1.4	-7.4
i. Mineral Oils	7.0	0.5	1.1	13.1	35.6	-3.7	-11.3
ii. Electricity	5.5	2.3	2.8	-0.6	-0.9	2.4	3.9
iii. Coal Mining	1.8	0.0	0.0	0.0	0.0	0.0	0.0
3. Manufactured Products	63.7	6.1	57.3	3.9	47.5	4.6	58.1
i. Food Products	11.5	6.1	10.5	2.0	4.5	2.5	5.9
of which: Sugar	3.6	-12.7	-6.6	6.3	4.1	-17.9	-12.3
Edible Oils	2.8	14.1	4.7	-0.5	-0.2	15.8	7.2
ii. Cotton Textiles	4.2	-1.0	-0.6	3.8	2.7	1.1	0.8
iii. Man Made Fibres	4.4	3.9	1.3	2.2	1.0	1.2	0.5
iv. Chemicals and Chemical Products	11.9	3.6	7.1	4.5	11.1	3.9	9.9
of which: Fertilisers	3.7	1.8	1.0	1.0	0.7	1.7	1.2
v. Basic Metals, Alloys and Metal Products	8.3	11.3	17.4	4.4	9.0	6.4	13.6
of which: Iron and Steel	3.6	8.1	6.0	-1.3	-1.3	6.8	6.9
vi. Non-Metallic Mineral Products	2.5	9.0	3.6	13.7	6.4	8.9	4.7
of which: Cement	1.7	11.6	3.2	19.8	6.2	11.1	4.2
vii. Machinery and Machine Tools	8.4	8.1	8.6	4.2	5.7	8.7	12.4
of which: Electrical Machinery	5.0	12.9	6.7	4.3	2.8	16.3	11.2
viii. Transport Equipment and Parts	4.3	2.0	1.2	1.4	1.1	2.0	1.5
<i>Memo:</i>							
Food Items (Composite)	26.9	7.3	31.2	2.4	13.4	6.4	37.2
WPI Excluding Food	73.1	5.5	68.8	5.4	86.6	3.7	62.8
WPI Excluding Fuel	85.8	7.4	96.0	3.9	65.2	6.1	107.4

WC : Weighted Contribution. P : Provisional.

decline in sugar prices (17.9 per cent) (see Table 34). Edible oils, oil cakes, metals, cement and electrical machinery together contributed 43 per cent of the overall WPI inflation on July 14, 2007. The rise in domestic prices of metals broadly mirrored the hardening trends in the international markets. Higher prices of cement could be attributed largely to the strong demand from the construction sector

and high capacity utilisation in the cement industry (98 per cent during 2007-08 (April-June) as compared with 95 per cent a year ago). The rise in electrical machinery prices reflected higher input prices as well as investment demand. The firming up of domestic edible oils and oil cakes prices reflected lower domestic output and rise in international prices (Chart 22). Edible oils and

Chart 21: Primary Articles Prices

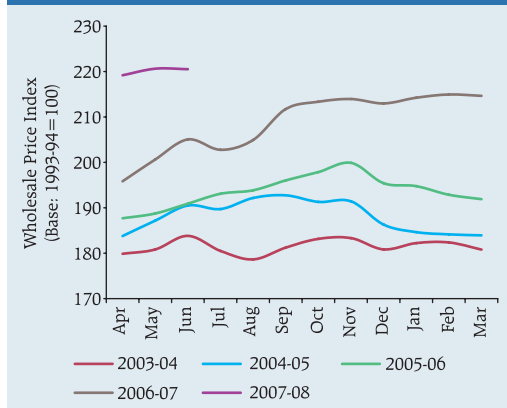
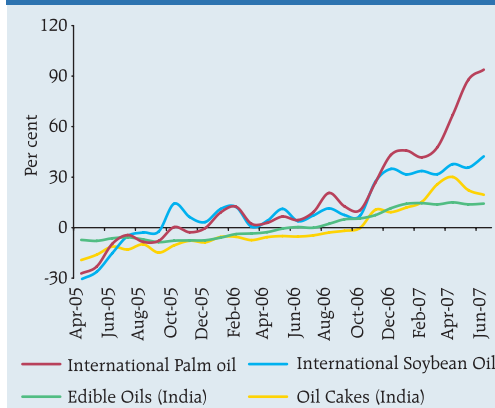


Chart 22: Edible Oils Inflation



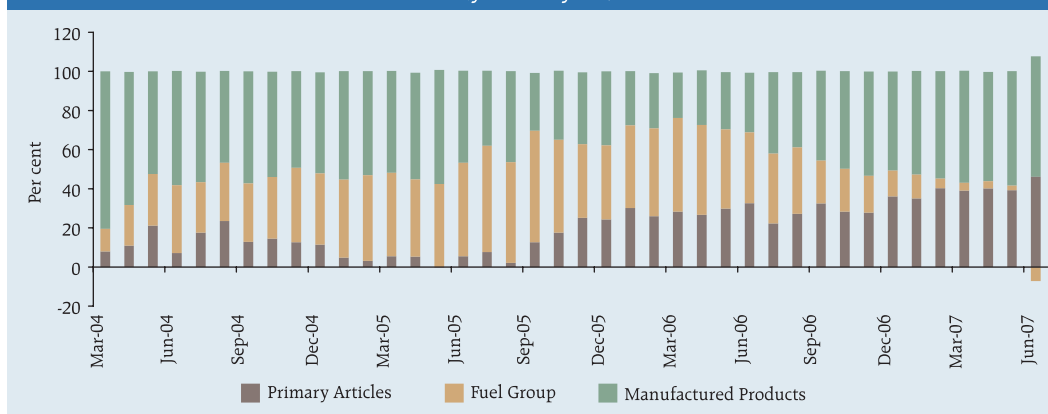
oil cakes along with oilseeds accounted for more than one-fourth of headline inflation on July 14, 2007.

In order to contain inflationary pressures, the Government continued to take fiscal measures during 2007-08. On April 3, 2007, the Government decided to exempt import of portland cement from countervailing duty and special additional customs duty; it was earlier exempted from basic customs duty in January 2007. On July 23, 2007, the Government reduced the

import duty on palm oils by five percentage points - from 50 per cent to 45 per cent in case of crude palm oil and from 57.5 per cent to 52.5 per cent in case of refined palm oil.

Overall, manufactured products were the major driver of domestic inflation as on July 14, 2007 (with weighted contribution of 58.1 per cent) followed by primary articles (49.7 per cent) (Chart 23). The fuel group's contribution to the y-o-y headline inflation, on the other hand, was negative at 7.4 per cent.

Chart 23: Major Groups' Weighted Contribution to WPI Inflation (year-on-year)



Consumer Price Inflation

Consumer price inflation eased during the first quarter of 2007-08, but remained higher than WPI inflation. Moderation in consumer price inflation during the quarter could be attributed to some lowering of food price inflation. Disaggregated data show that

food group inflation in various CPI measures eased to 7.7-9.2 per cent by May/June 2007 from 10.9-12.2 per cent in March 2007 and 8.0-10.0 per cent a year ago (Table 35). Various measures of consumer price inflation were placed in the range of 6.1-7.8 per cent during May/June 2007 as compared with 6.7-9.5 per cent in March 2007.

Table 35: Consumer Price Inflation : Major Groups

(Year-on-year variation in per cent)							
CPI Measure	Weight	March 2003	March 2004	March 2005	March 2006	March 2007	June 2007
1	2	3	4	5	6	7	8
CPI-IW (Base: 2001=100)							
General	100.0	4.1	3.5	4.2	4.9	6.7	6.6 *
Food Group	46.2	3.7	3.1	1.6	4.9	12.2	9.2 *
Pan, Supari, etc.	2.3	1.9	4.2	2.1	3.1	4.4	9.6 *
Fuel and Light	6.4	6.3	6.5	4.9	-2.9	3.2	2.3 *
Housing	15.3	5.4	3.9	20.4	6.6	4.1	4.1*
Clothing, Bedding, etc.	6.6	1.5	2.1	2.3	3.0	3.7	3.5 *
Miscellaneous	23.3	5.3	3.2	3.9	4.6	3.3	3.2 *
CPI-UNME (Base: 1984-85=100)							
General	100.0	3.8	3.4	4.0	5.0	7.6	6.1
Food Group	47.1	2.6	3.0	2.2	5.3	10.9	7.7
Fuel and Light	5.5	3.1	3.2	9.6	1.9	6.4	7.2
Housing	16.4	6.3	5.2	7.5	5.5	5.6	5.6
Clothing, Bedding, etc.	7.0	2.6	2.6	2.0	2.9	3.6	4.3
Miscellaneous	24.0	6.0	2.8	4.4	5.1	4.4	3.7
CPI-AL (Base: 1986-87=100)							
General	100.0	4.9	2.5	2.4	5.3	9.5	7.8
Food Group	69.2	6.0	1.6	2.2	5.5	11.8	8.8
Pan, Supari, etc.	3.8	3.5	4.7	-1.3	6.6	5.7	9.1
Fuel and Light	8.4	4.8	3.0	3.0	4.3	6.9	7.4
Clothing, Bedding, etc.	7.0	3.0	4.1	2.5	2.2	3.5	2.7
Miscellaneous	11.7	3.1	2.7	5.5	5.5	6.8	6.7
CPI-RL (Base: 1986-87=100)							
General	100.0	4.8	2.5	2.4	5.3	9.2	7.5
Food Group	66.8	5.6	1.9	1.9	5.8	11.5	8.5
Pan, Supari, etc.	3.7	3.5	4.7	-1.0	6.3	5.7	9.3
Fuel and Light	7.9	4.8	3.0	2.9	4.0	6.9	7.4
Clothing, Bedding, etc.	9.8	3.3	3.4	2.8	2.7	3.1	2.6
Miscellaneous	11.9	3.1	3.0	5.5	5.2	6.3	6.2
<i>Memo:</i>							
WPI Inflation (End of period)		6.5	4.6	5.1	4.1	5.9	4.3
GDP Deflator		3.9	3.7	4.2	4.4	5.3	—

* : May 2007.

IW : Industrial Workers.

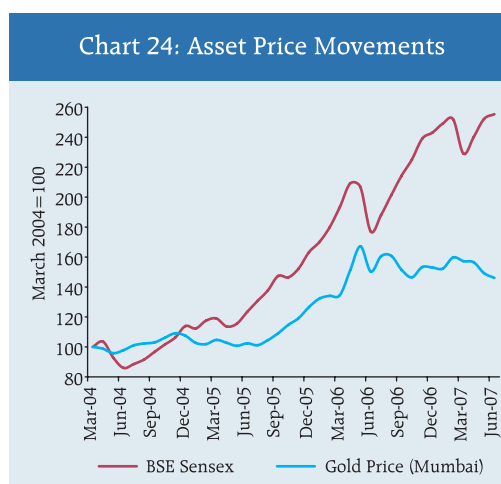
UNME : Urban Non-Manual Employees.

AL : Agricultural Labourers.

RL : Rural Labourers.

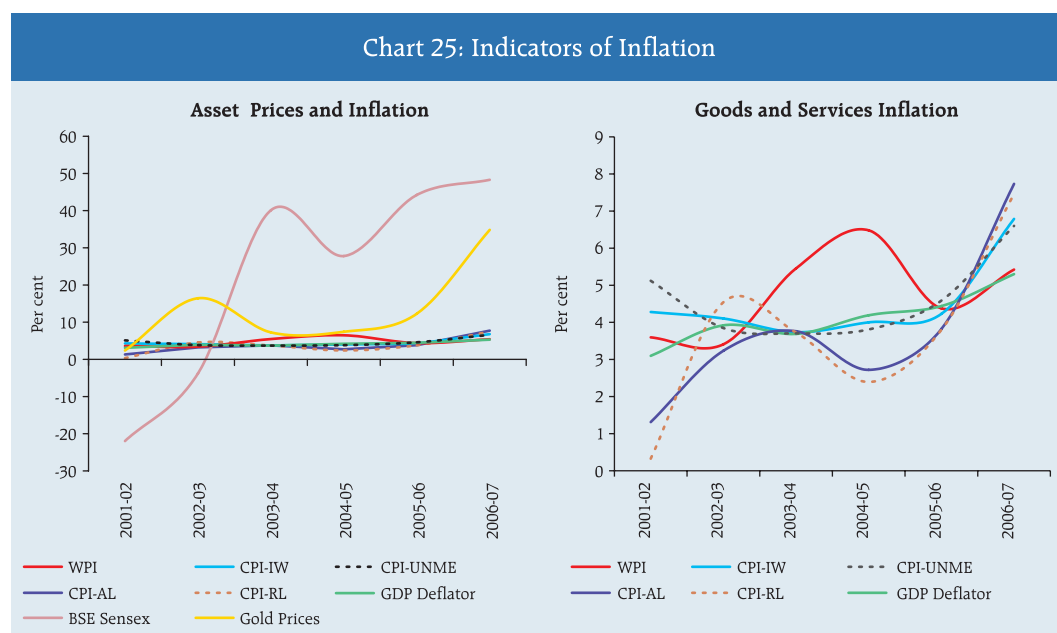
Asset Prices

Domestic equity prices (the BSE Sensex) recorded gains of 20.7 per cent between end-March 2007 and July 26, 2007 (see Chapter V). International gold prices increased by around three per cent during 2007-08 (up to July 26, 2007); prices moved in a range of US \$ 640-691 per ounce (Chart 24). Domestic gold prices declined by about 6 per cent over the same period (to around Rs.8,875 per 10 grams), which could be attributed to appreciation of the Indian rupee *vis-à-vis* the US dollar.



Increase in asset prices in recent years has been significantly higher than that in

inflation indicators based on wholesale and consumer price indices (Chart 25).



V. Financial Markets

International Financial Markets

During the first quarter of 2007-08 (April-June), short term as well as long-term interest rates hardened in major advanced economies. Global equity markets recorded further gains, while in the currency markets the US dollar depreciated against major currencies. Emerging market spreads narrowed to new historical lows during the quarter, reversing the trend witnessed during the global sell-off during late February 2007.

Short-term rates hardened in a number of economies (Table 36), moving broadly in tandem with policy rates. Several central banks such as Bank of England, European Central Bank, People's Bank of China, Reserve Bank of New Zealand, South African Reserve Bank, Norges Bank (Norway), Sveriges Riksbank (Sweden) and Swiss National Bank raised their policy rates during the quarter ended June 2007 to contain inflation and stabilise inflationary expectations. Short-term rates eased in a few emerging market economies (EMEs) such as Brazil and Thailand, as central banks in these countries continued to cut policy rates to support growth.

Long-term Government bond yields increased in major advanced economies during the first quarter of 2007-08, reversing the decline observed during February 2007. The rise in yields could be attributed to higher short-term rates and upward revision in growth expectations. During 2007-08 (up to July 18, 2007), 10-year yields increased by 38 basis points in the US, 51 basis points in the UK, 52 basis points in the euro area and 23 basis points in Japan (Chart 26).

Table 36: Short-term Interest Rates

(Per cent)					
Region/Country	At end of				
	March 2005	March 2006	March 2007	June 2007	July 2007 *
1	2	3	4	5	6
Advanced Economies					
Euro Area	2.15	2.80	3.91	4.16	4.22
Japan	0.02	0.04	0.57	0.63	0.66
Sweden	1.97	1.99	3.21	3.42	3.43
UK	4.95	4.58	5.55	5.92	6.00
US	2.90	4.77	5.23	5.27	5.19
Emerging Market Economies					
Argentina	4.56	9.63	9.63	9.25	9.50
Brazil	19.25	16.54	12.68	11.93	11.93
China	2.25	2.40	2.86	3.08	3.14
Hong Kong	2.79	4.47	4.17	4.43	4.41
India	5.37	6.11	7.98	7.39	4.50
Malaysia	2.82	3.51	3.64	3.62	3.62
Philippines	7.25	7.38	5.31	6.19	6.38
Singapore	2.06	3.44	3.00	2.55	2.50
South Korea	3.54	4.26	4.94	5.03	5.07
Thailand	2.64	5.10	4.45	3.75	3.75

* : As on July 19, 2007.

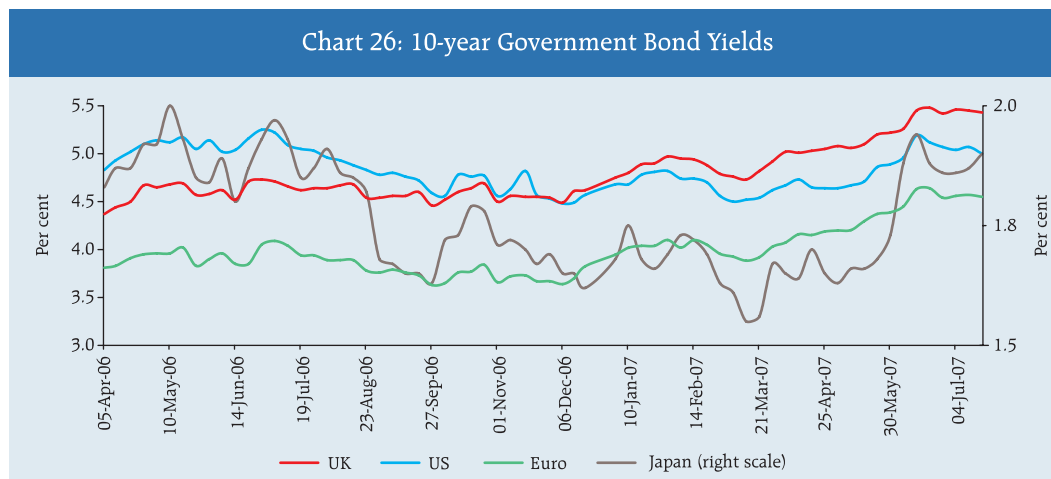
Note : Data for India refer to 91-day Treasury Bills rate and for other countries 3-month money market rates.

Source : The Economist.

Global equity markets recorded further gains during the first quarter of 2007-08, despite rise in long-term yields. Upward revision in growth expectations, robust corporate earnings, buoyant merger and acquisition activity, and increased risk appetite buoyed equity markets in major economies (Chart 27). The MSCI World and

MSCI emerging markets indices on July 18, 2007 were higher by 8.8 per cent and 23.9 per cent, respectively, over their levels at end-March 2007. These gains were led by stock markets in South Korea (34.1 per cent), Brazil (29.4 per cent), Hungary (28.1 per cent), Indonesia (27.4 per cent) and Thailand (27.0 per cent).

Chart 26: 10-year Government Bond Yields





In the foreign exchange market, the US dollar depreciated against the major currencies during the first quarter of 2007-08. The US dollar, however, recorded some appreciation against the Japanese yen (Table 37).

One of the key downside risks to the global economy is the possibility of a sharper slowdown in the US housing

market. Over the past year, home sales and construction have slowed substantially and house prices have decelerated. Conditions in the sub-prime mortgage sector have deteriorated significantly in view of the rise in the delinquencies on adjustable-rate loans. These developments are also leading to reassessment of credit risks in other segments such as lower quality corporate bonds. Further deterioration in sub-prime delinquencies could lead to an abrupt rise in risk premium across products and markets. Such developments could lead to greater volatility in capital flows to EMEs. Such volatility could be exacerbated by the growing dominance of players such as hedge funds in the volume of cross-border flows. Increased speculative activity by hedge funds is also getting reflected in higher global commodity prices. Rapid growth in the hedge funds activity is a cause of concern among the regulators as these funds are largely unregulated and are governed by opaque investment partnerships.

Furthermore, private equity funds have also emerged as a key source of capital flows

Table 37: Appreciation (+)/Depreciation (-) of the US dollar *vis-à-vis* other Currencies

Currency	(Per cent)		
	End-March 2006 @	End-March 07 @	July 20, 2007 *
1	2	3	4
Euro	7.1	-9.1	-3.5
Pound Sterling	8.5	-11.4	-4.6
Japanese Yen	9.4	0.2	3.9
Chinese Yuan	-3.1	-3.4	-2.2
Russian Rubble	-0.6	-6.1	-2.3
Turkish Lira	-2.0	3.2	-9.1
Indian Rupee	2.2	-2.5	-7.5
Indonesian Rupiah	-4.3	0.5	-0.5
Malaysian Ringgit	-3.0	-6.2	-0.8
South Korea Won	-4.7	-3.7	-2.6
Thai Baht	-0.7	-9.9	-4.3
Argentine Peso	5.4	0.7	0.2
Brazilian Peso	-18.1	-6.4	-9.8
Mexican Peso	-2.6	1.3	-2.2
South African Rand	-0.5	17.2	-5.4

@ : Year-on-year variation.

* : Variation over end-March 2007.

to the EMEs. Private equity funds are highly leveraged, and their operations so far have been enabled by still benign long-term rates and compression of risk premia. Private equity flows to the EMEs could also witness large retrenchment on the back of further monetary tightening in major economies, reassessment of risks by investors or through other shocks which lead to higher margin calls. The consequent volatility in global financial markets could lead to large swings in capital flows and exchange rates and could have adverse impact on the real economy.

Domestic Financial Markets

Indian financial markets remained generally orderly for the most part of the first quarter of 2007-08 except for some volatility in overnight interest rates. Swings in cash balances of the Governments and capital flows were the main drivers of liquidity conditions in the financial markets and imparted some volatility to overnight interest rates (Table 38). The call money rate softened during the quarter and remained below the reverse repo rate on many occasions. Interest rates in the collateralised

Table 38: Domestic Financial Markets at a Glance

Year/ Month	Call Money		Government Securities		Foreign Exchange			Liquidity Management			Equity			
	Average Daily Turnover (Rs. crore)	Average Call Rates* (Per cent)	Average Turnover in Govt. Securities (Rs. crore)+	Average 10-Year Yield@ (Per cent)	Average Daily Inter-bank Turnover (US \$ million)	Average Exchange Rate (Rs. per US \$)	RBI's net Foreign Currency Sales (-)/ Purchases (+) (US \$ million)	Average 3-month Forward Premia (Per cent)	Average MSS Outstanding# (Rs. crore)	Average Daily Reverse Repo (LAF) Outstanding (Rs. crore)	Average Daily BSE Turnover (Rs. crore)	Average Daily NSE Turnover (Rs. crore)	Average BSE Sensex**	Average S&P CNX Nifty**
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2004-05	14,170	4.65	4,826	6.22	8,892	44.93	20,847 ##	1.66	46,445	35,592	2,050	4,506	5741	1805
2005-06	17,979	5.60	3,643	7.12	12,738	44.27	8,143 ##	1.60	58,792	10,986	3,248	6,253	8280	2513
2006-07	21,725	7.22	4,863	7.78	17,852	45.25	26,824 ##	2.14	37,698	21,973	3,877	7,812	12277	3572
Jan 2006	17,911	6.83	3,094	7.15	16,713	44.40	0	2.60	40,219	-15,386	3,966	7,472	9540	2893
Feb 2006	13,497	6.95	2,584	7.32	15,798	44.33	2,614	2.85	33,405	-13,532	3,688	7,125	10090	3019
Mar 2006	18,290	6.58	2,203	7.40	17,600	44.48	8,149	3.11	29,652	-6,319	5,398	9,518	10857	3236
Apr 2006	16,909	5.62	3,685	7.45	17,712	44.95	4,305	1.31	25,709	46,088	4,860	9,854	11742	3494
May 2006	18,074	5.54	3,550	7.58	18,420	45.41	504	0.87	26,457	59,505	4,355	9,155	11599	3437
Jun 2006	17,425	5.73	2,258	7.86	15,310	46.06	0	0.73	31,845	48,610	3,131	6,567	9935	2915
Jul 2006	18,254	5.86	2,243	8.26	14,325	46.46	0	0.83	36,936	48,027	2,605	5,652	10557	3092
Aug 2006	21,294	6.06	5,786	8.09	15,934	46.54	0	1.22	40,305	36,326	2,867	5,945	11305	3306
Sep 2006	23,665	6.33	8,306	7.76	18,107	46.12	0	1.31	40,018	25,862	3,411	6,873	12036	3492
Oct 2006	26,429	6.75	4,313	7.65	16,924	45.47	0	1.67	41,537	12,983	3,481	6,919	12637	3649
Nov 2006	25,649	6.69	10,654	7.52	20,475	44.85	3,198	2.07	38,099	9,937	4,629	8,630	13416	3869
Dec 2006	24,168	8.63	5,362	7.55	19,932	44.64	1,818	3.20	38,148	-1,713	4,276	8,505	13628	3910
Jan 2007	22,360	8.18	4,822	7.71	21,065 P	44.33	2,830	4.22	39,553	-10,738	4,380	8,757	13984	4037
Feb 2007	23,254	7.16	4,386	7.90	20,050 P	44.16	11,862	3.71	40,827	648	4,676	9,483	14143	4084
Mar 2007	23,217	14.07	2,991	8.00	24,231 P	44.03	2,307	4.51	52,944	-11,858	3,716	7,998	12858	3731
Apr 2007	29,689	8.33	4,636	8.10	28,131 P	42.15	2,055	6.91	71,468	-8,937	3,935	8,428	13478	3947
May 2007	20,476	6.96	4,442	8.15	24,843 P	40.78	4,426	4.58	83,779	-6,397	4,706	9,885	14156	4184
Jun 2007	16,826	2.42	6,250	8.20	30,122 P	40.77	N.A.	2.59	83,049	1,689	4,512	9,221	14334	4222

* : Average of daily weighted call money borrowing rates.

@ : Average of daily closing rates.

** : Average of daily closing indices.

LAF : Liquidity Adjustment Facility.

MSS : Market Stabilisation Scheme.

NSE : National Stock Exchange of India Ltd.

Note : In column 11, (-) indicates injection of liquidity, while (+) indicates absorption of liquidity.

+ : Average of daily outright turnover in Central Government dated securities.

: Average of weekly outstanding MSS.

: Cumulative for the financial year.

BSE : Bombay Stock Exchange Limited.

N.A. : Not available.

P : Provisional.

segment of the overnight money market also softened and remained below the call rate during the quarter. In the foreign exchange market, the Indian rupee appreciated *vis-a-vis* all major currencies (US dollar, Euro, Pound sterling and Japanese yen) during the first quarter. Yields in the Government securities market hardened up to mid-June 2007 and declined thereafter. Banks' deposit and lending rates rose further during the first quarter; however, there was some softening in deposit rates in July 2007. The stock markets remained buoyant and the benchmark indices reached record highs. The primary market segment of the capital market witnessed increased activity in June 2007.

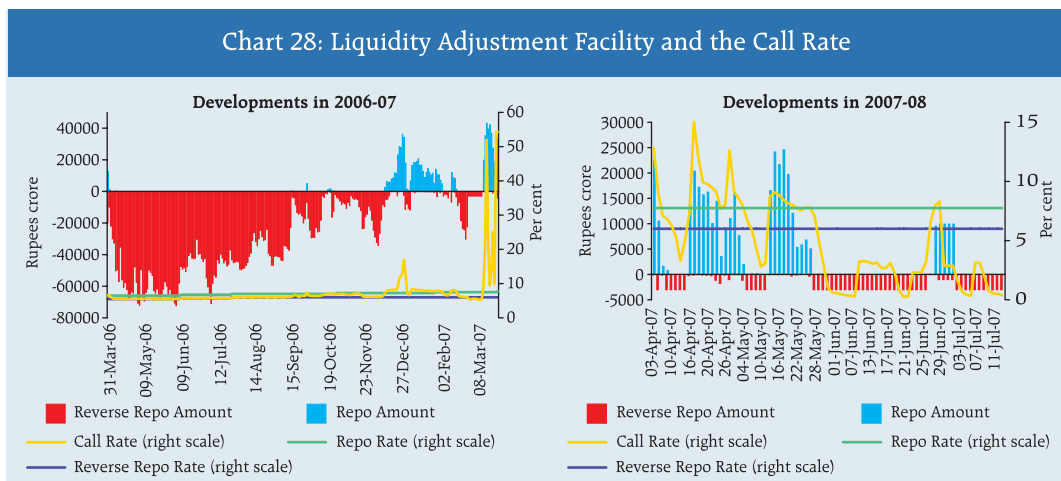
Money Market

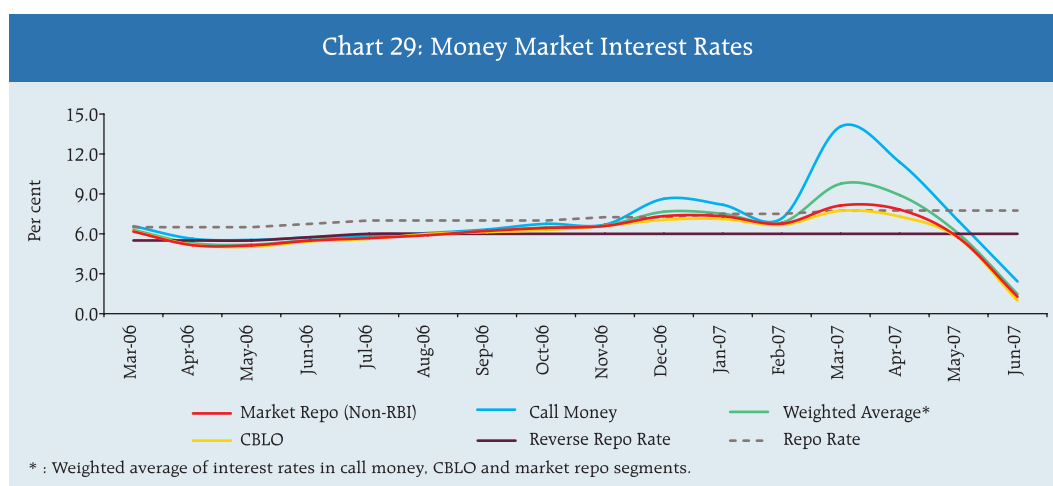
Money market rates eased during the first quarter of 2007-08 from the elevated levels witnessed in the second half of March 2007. The various interest rates in the money market, however, exhibited volatility during the first quarter, moving in tandem with the evolving liquidity conditions. The daily average call rate,

which had reached an intra-year high of 54.32 per cent on March 30, 2007, moderated in the first week of April 2007 on the back of easier liquidity conditions following a decline in cash balances of the Central Government (Chart 28). The call rate moved below the reverse repo rate in early April 2007. With the first stage of hike in the cash reserve ratio (CRR) becoming effective on April 14, 2007 and the Government raising resources as part of its market borrowing programme, the call rate again edged higher and exceeded the repo rate during the second half of April 2007 and most of May 2007. Beginning end-May 2007, the call rate eased significantly and, on a number of occasions in June 2007, it was below one per cent. The call rate reached 0.23 per cent on June 21, 2007 and has remained low since then, except for a couple of days towards end-June 2007. The call rate averaged 2.42 per cent during June 2007 as compared with 6.96 per cent during May 2007. The call rate was 0.21 per cent on July 26, 2007.

Interest rates in the collateralised segments of the money market – the market

Chart 28: Liquidity Adjustment Facility and the Call Rate





repo (outside the LAF) and the Collateralised Borrowing and Lending Obligation (CBLO) – declined in line with call rates, and continued to remain below the call rate during the first quarter of 2007-08 (Chart 29). During April-June 2007, interest rates averaged 5.90 per cent, 4.17 per cent and 4.66 per cent in the call, CBLO and market repo segments, respectively (5.63 per cent, 5.21 per cent and 5.26 per cent, respectively, a year ago). The weighted average rate in all the three money market segments combined together was 4.78 per cent during April-June 2007 (5.34 per cent a year ago).

The average daily volume in the money market segments – call market, market repo (outside the LAF) and CBLO – during April-June 2007 was 21.3 per cent higher than that in the same period of 2006. The collateralised market – market repo (outside the LAF) and CBLO – remained the predominant segment of the money market, and accounted for about 70 per cent of the total volume during April-June 2007 (Table 39). Mutual funds, financial institutions and nationalised banks are the major lenders in

the CBLO market with nationalised banks, primary dealers and non-financial companies being the major borrowers. In the market repo segment, mutual funds are the major provider of funds, while foreign banks, private sector banks and primary dealers are the major borrowers.

Certificates of Deposit

The outstanding amount of certificates of deposit (CDs) increased from Rs.93,272 crore at end-March 2007 (4.8 per cent of aggregate deposits of issuing banks) to Rs. 99,287 crore (5.3 per cent) by June 8, 2007. The flexibility of return that can be offered by banks to attract bulk deposits has made CDs the preferred route for mobilising resources, especially for private sector banks. Mutual funds are the major investors in the CDs due to their tradability and liquidity. The weighted average discount rate (WADR) of CDs stayed firm till mid-May 2007 but declined to 9.31 per cent by mid-June 2007.

Commercial Paper

Issuances of commercial papers (CPs) increased in the first quarter of 2007-08.

Table 39: Activity in Money Market Segments

(Rupees crore)									
Year/Month	Average Daily Volume (One Leg)				Term Money Market	Commercial Paper		Certificates of Deposit	
	Call Money Market	Repo Market (Outside the LAF)	Collateralised Borrowing and Lending Obligation (CBLO)	Total (2+3+4)		Outstanding	WADR (per cent)	Outstanding	WADR (per cent)
1	2	3	4	5	6	7	8	9	10
2004-05	7,085	4,284	3,349	14,718	263	11,723	5.34	6,052	–
2005-06	8,990	5,296	10,020	24,306	417	17,285	6.46	27,298	–
2006-07	10,863	8,419	16,195	35,477	506	21,621	8.08	63,746	8.23
Jan 2006	8,956	6,149	12,817	27,922	545	16,431	7.29	34,521	6.45
Feb 2006	6,749	6,024	17,081	29,854	407	15,876	8.02	34,487	7.68
Mar 2006	9,145	7,991	17,888	35,024	669	12,718	8.59	43,568	8.62
Apr 2006	8,455	5,479	16,329	30,263	447	16,550	7.30	44,059	7.03
May 2006	9,037	9,027	17,147	35,211	473	17,067	6.89	50,228	7.17
Jun 2006	8,713	10,563	13,809	33,085	628	19,650	7.10	56,390	7.19
Jul 2006	9,127	9,671	15,670	34,468	432	21,110	7.34	59,167	7.65
Aug 2006	10,647	7,764	15,589	34,000	510	23,299	7.31	65,621	7.77
Sep 2006	11,833	9,185	14,771	35,789	568	24,444	7.70	65,274	7.80
Oct 2006	13,214	9,721	16,964	39,899	466	23,171	7.77	65,764	7.73
Nov 2006	12,825	9,374	16,069	38,268	348	24,238	7.88	68,911	7.99
Dec 2006	12,084	7,170	15,512	34,766	481	23,536	8.52	68,619	8.28
Jan 2007	11,180	6,591	15,758	33,529	515	24,398	9.09	70,149	9.22
Feb 2007	11,627	7,794	19,063	38,484	467	21,167	10.49	72,795	9.87
Mar 2007	11,608	8,687	17,662	37,957	739	17,838	11.33	93,272	10.75
Apr 2007	14,845	7,173	18,086	40,104	440	18,759	10.52	95,980	10.55
May 2007	10,238	8,965	20,810	40,013	277	22,024	9.87	99,715	9.87
Jun 2007	8,413	10,294	20,742	39,450	308	25,500 *	9.13	99,287 @	9.31

– : Not available. * : June 15, 2007. @ : June 8, 2007.
WADR : Weighted Average Discount Rate.

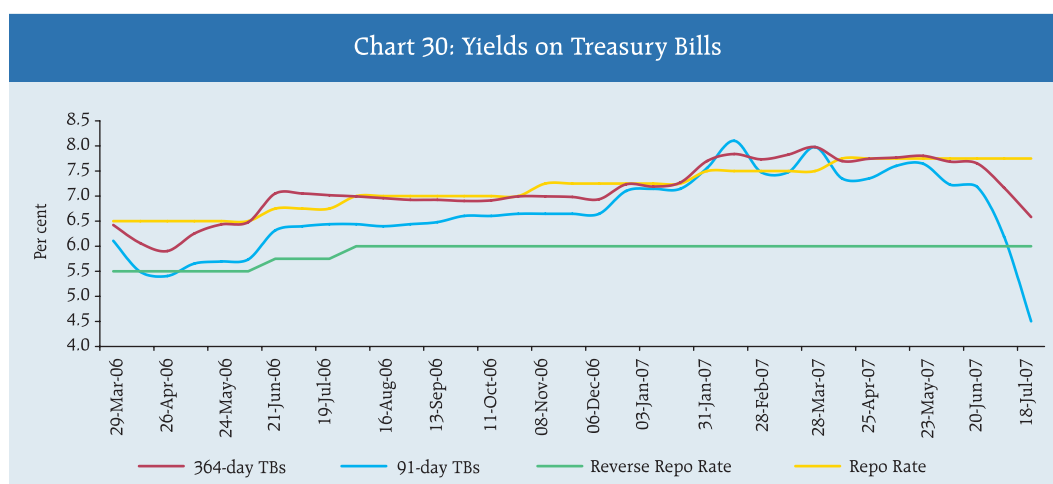
Outstanding CPs rose from Rs.17,838 crore at end-March 2007 to Rs. 25,500 crore as on June 15, 2007 (Table 39). The WADR on CPs which had hardened to 11.33 per cent during the fortnight ended March 31, 2007 stayed firm at around 10.50 per cent till mid-May before declining to 9.13 per cent during the fortnight ended June 15, 2007 in tandem with the moderation in other money market rates. The discount rate on CPs was in the range of 7.00-10.80 per cent during the fortnight ended June 15, 2007 (10.25-13.00 per cent during the fortnight ended March 31, 2007). Leasing and finance companies remained the major issuers of CPs (Table 40).

Table 40: Commercial Paper – Major Issuers

(Rupees crore)			
Category of Issuer	End of		
	March 2006	March 2007	June 2007 *
1	2	3	4
Leasing and Finance	9,400 (73.9)	12,569 (70.5)	17,341 (68.0)
Manufacturing	1,982 (15.6)	2,754 (15.4)	4,068 (15.9)
Financial Institutions	1,336 (10.5)	2,515 (14.1)	4,091 (16.1)
Total	12,718 (100.0)	17,838 (100.0)	25,500 (100.0)

* : June 15, 2007.

Notes : Figures in parentheses are percentage shares in the total outstanding.



Treasury Bills

The primary market yields on Treasury Bills (TBs) softened during the first quarter of 2007-08, especially in June 2007, reflecting the trends in money market segments as well as fall in domestic

inflation rate (Chart 30). The yield spread between 364-day and 91-day TBs was 28 basis points in June 2007, marginally higher than that in March 2007 (22 basis points) (Table 41). The primary market yields of Treasury Bills softened further during July 2007 (up to July 20, 2007).

Table 41: Treasury Bills in the Primary Market

Month	Notified Amount (Rupees crore)	Average Implicit Yield at Minimum Cut-off Price (Per cent)			Average Bid-Cover Ratio		
		91-day	182-day	364-day	91-day	182-day	364-day
1	2	3	4	5	6	7	8
2004-05	1,38,500 @	4.91	—	5.16	2.43	—	2.52
2005-06	1,55,500 @	5.68	5.82	5.96	2.64	2.65	2.45
2006-07	1,86,500 @	6.64	6.91	7.01	1.97	2.00	2.66
Jan 2006	5,000	6.25	6.22	6.21	2.86	2.83	2.72
Feb 2006	5,000	6.63	6.74	6.78	3.04	2.07	2.71
Mar 2006	6,500	6.51	6.66	6.66	4.17	3.43	3.36
Apr 2006	5,000	5.52	5.87	5.98	5.57	4.96	2.02
May 2006	18,500	5.70	6.07	6.34	1.88	1.84	1.69
Jun 2006	15,000	6.14	6.64	6.77	1.63	1.35	2.11
Jul 2006	16,500	6.42	6.75	7.03	1.82	1.55	3.12
Aug 2006	19,000	6.41	6.70	6.96	2.03	2.71	3.48
Sep 2006	15,000	6.51	6.76	6.91	1.35	1.80	2.92
Oct 2006	15,000	6.63	6.84	6.95	1.31	1.20	2.02
Nov 2006	18,500	6.65	6.92	6.99	1.33	1.22	2.49
Dec 2006	15,000	7.01	7.27	7.09	1.19	1.29	3.34
Jan 2007	19,000	7.28	7.45	7.39	1.02	1.35	1.74
Feb 2007	15,000	7.72	7.67	7.79	2.48	2.56	3.16
Mar 2007	15,000	7.68	7.98	7.90	2.08	2.15	3.87
Apr 2007	14,000	7.53	7.87	7.72	2.87	3.36	3.16
May 2007	18,500	7.59	7.70	7.79	2.33	2.57	2.33
Jun 2007	35,000	7.39	7.76	7.67	3.23	4.11	3.97

@ : Total for the financial year.

Notes : 1. 182-day TBs were reintroduced with effect from April 2005.

2. Notified amounts are inclusive of issuances under the Market Stabilisation Scheme (MSS).

Foreign Exchange Market

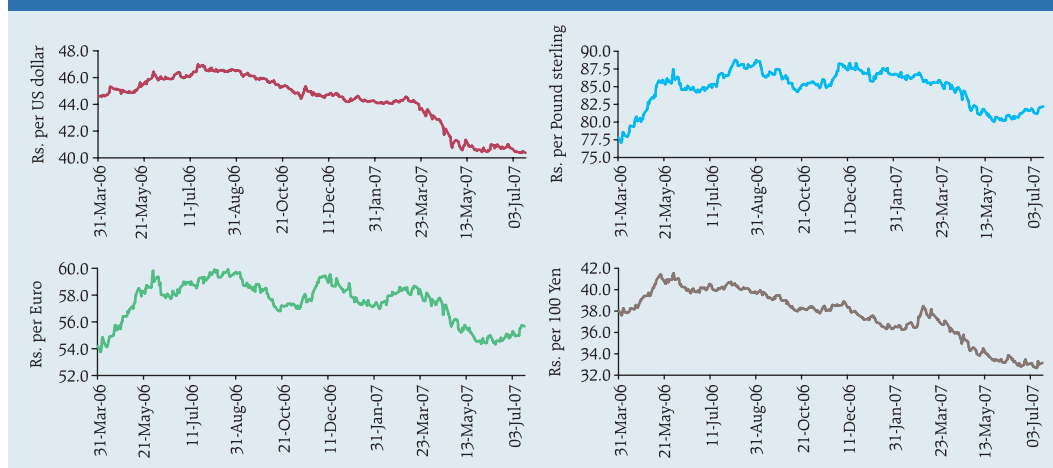
During the first quarter of 2007-08, the Indian rupee appreciated *vis-à-vis* the US dollar. During 2007-08 (up to July 26, 2007), the Indian rupee moved in a range of Rs.40.24-43.15 per US dollar (Chart 31). Reflecting a variety of factors such as large capital inflows, weakening of the US dollar *vis-à-vis* other major currencies in international markets and the widening of the daily trading band of yuan against the US dollar (0.5 per cent from 0.3 per cent effective May 21, 2007), the Indian rupee appreciated from Rs.43.60 per US dollar as at end-March 2007 to reach a level of Rs.40.46 per US dollar as on May 29, 2007. Since then, the rupee has been largely range-bound. The exchange rate of the rupee was Rs.40.28 per US dollar on July 26, 2007. At this level, the Indian rupee appreciated by 8.2 per cent *vis-à-vis* the US dollar over its level on March 31, 2007. Over the same period, the rupee appreciated by 3.7 per cent against the Pound sterling, 5.3 per cent against the Euro and 10.8 per cent against the Japanese yen.

The nominal effective exchange rate (NEER) of the Indian rupee (six-currency trade-based weights) appreciated by 7.3 per cent between March 2007 and July 26, 2007. Over the same period, the real effective exchange rate (REER) of the Indian rupee (six-currency trade-based weights) appreciated by 7.7 per cent (Table 42). The 36-currency NEER and REER of the Indian rupee appreciated by 3.5 per cent and 2.9 per cent, respectively, between March 2007 and April 2007.

Forward premia declined during the first quarter of 2006-07, mirroring the decline in domestic overnight interest rates. The one-month forward premia declined from 6.99 per cent in March 2007 to 2.10 per cent in June 2007, while the six-month forward premia declined from 3.80 per cent to 2.79 per cent over the same period (Chart 32).

The average daily turnover in the foreign exchange market increased to US \$ 38.2 billion during April-June 2007 from US \$ 23.6 billion in the corresponding period of 2006. While the inter-bank turnover

Chart 31: Movement of Rupee vis-a-vis Major Currencies



**Table 42: Nominal and Real Effective Exchange Rate of the Indian Rupee
(Trade-Based Weights)**

Year/Month	Base : 1993-94 (April-March) = 100			
	6-Currency Weights		36-Currency Weights	
	NEER	REER	NEER	REER
1	2	3	4	5
1993-94	100.00	100.00	100.00	100.00
2000-01	77.43	102.82	92.12	100.09
2001-02	76.04	102.71	91.58	100.86
2002-03	71.27	97.68	89.12	98.18
2003-04	69.97	99.17	87.14	99.56
2004-05	69.58	101.78	87.31	100.09
2005-06	72.28	107.30	89.84	102.34
2006-07 (P)	68.93	105.46	86.04	98.50
Mar 2006	72.45	107.41	89.52	101.25
Apr 2006	71.04	105.75	87.88	98.12
May 2006	68.79	103.48	85.58	96.35
Jun 2006	68.21	103.06	85.26	96.48
Jul 2006	67.59	102.25	84.37	95.64
Aug 2006	67.08	102.14	83.76	95.54
Sep 2006	67.84	104.75	84.80	97.91
Oct 2006	69.11	107.25	86.33	99.89
Nov 2006	69.34	107.82	86.65	100.30
Dec 2006	68.82	106.39	86.05	99.20
Jan 2007 (P)	69.77	107.70	87.20	100.86
Feb 2007 (P)	69.88	107.71	87.29	100.77
Mar 2007 (P)	69.70	107.41	87.26	100.94
Apr 2007 (P)	72.18	111.59	90.32	103.83
May 2007 (P)	74.64	115.34	–	–
Jun 2007 (P)	74.83	115.39	–	–
July 26, 2007 (P)	74.80	115.66	–	–

– : not available. P : Provisional. NEER : Nominal Effective Exchange Rate. REER : Real Effective Exchange Rate.

Note: Rise in indices indicates appreciation of the Indian rupee and *vice versa*.

increased from US \$ 17.1 billion to US \$ 27.7 billion, the merchant turnover increased from US \$ 6.5 billion to US \$ 10.5 billion

(Chart 33). The ratio of inter-bank to merchant turnover at 2.6 during April-June 2007 was the same as a year ago.

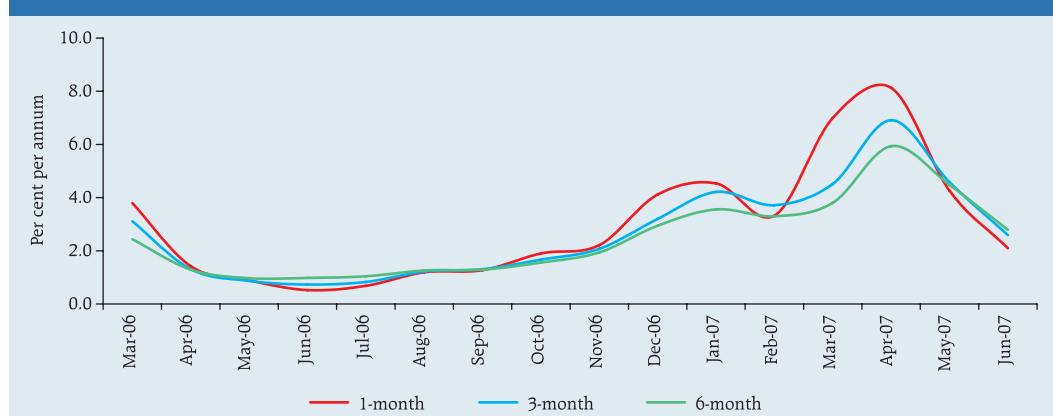
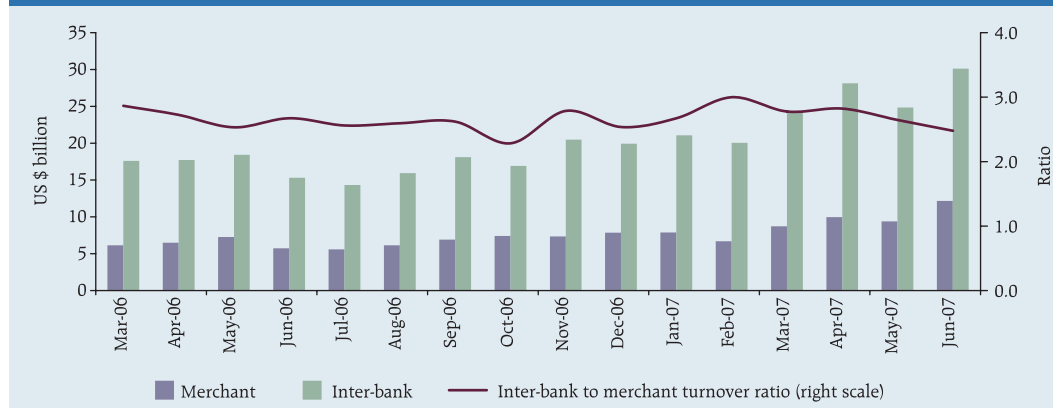
Chart 32: Movement in Forward Premia

Chart 33: Turnover in Foreign Exchange Market



Credit Market

The deposit and lending rates of scheduled commercial banks (SCBs) increased further during the first quarter of 2007-08. However, there was some softening in deposit rates in July 2007, particularly at the short-end of the maturity spectrum. Interest rates of public sector

banks (PSBs) on deposits of maturity of one year to three years were placed in the range of 7.25-9.60 per cent in July 2007 as compared with 7.25-9.50 per cent in March 2007, while those on deposits of maturity of above three years were placed in the range of 7.75-9.60 per cent in July 2007 as compared with 7.50-9.50 per cent in March 2007 (Table 43 and Chart 34).

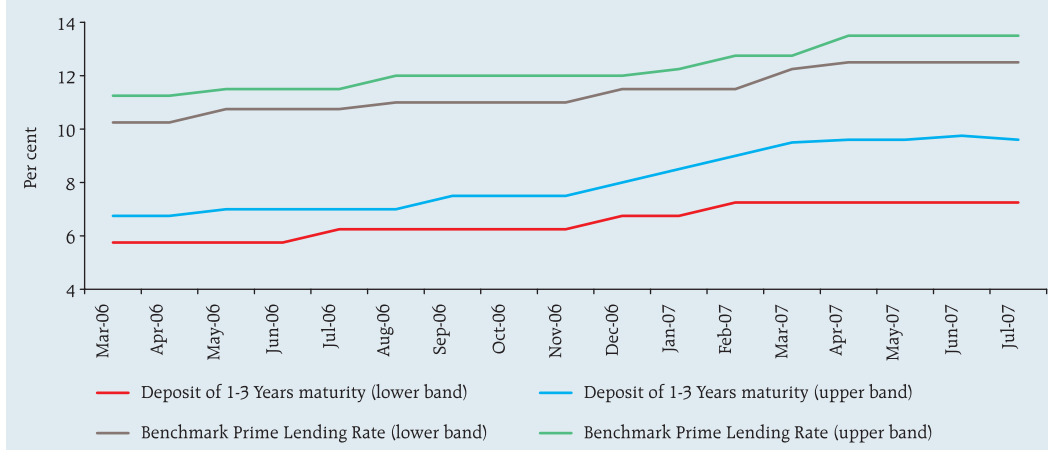
Table 43: Deposit and Lending Rates

(Per cent)						
Interest Rate	March 2004	March 2005	March 2006	March 2007	June 2007	July 2007 #
1	2	3	4	5	6	7
1. Domestic Deposit Rate						
Public Sector Banks						
Up to 1 year	3.75-5.25	2.75-6.00	2.25-6.50	2.75-8.75	2.75-8.75	2.75-8.50
More than 1 year and up to 3 years	5.00-5.75	4.75-6.50	5.75-6.75	7.25-9.50	7.25-9.75	7.25-9.60
More than 3 years	5.26-6.00	5.25-7.00	6.00-7.25	7.50-9.50	7.75-9.75	7.75-9.60
Private Sector Banks						
Up to 1 year	5.00-6.50	3.00-6.25	3.50-7.25	3.00-9.00	3.00-9.50	1.00-9.25
More than 1 year and up to 3 years	5.00-6.50	5.25-7.25	5.50-7.75	6.75-9.75	6.75-10.25	6.75-10.25
More than 3 years	5.25-7.00	5.75-7.00	6.00-7.75	7.75-9.60	7.50-10.00	7.50-10.00
Foreign Banks						
Up to 1 year	2.75-7.75	3.00-6.25	3.00-6.15	3.00-9.50	0.25-9.00	0.25-8.50
More than 1 year and up to 3 years	3.25-8.00	3.50-6.50	4.00-6.50	3.50-9.50	3.50-9.50	2.50-9.00
More than 3 years	3.25-8.00	3.50-7.00	5.50-6.50	4.05-9.50	4.05-9.50	2.50-9.50
2. Benchmark Prime Lending Rate						
Public Sector Banks	10.25-11.50	10.25-11.25	10.25-11.25	12.25-12.75	12.50-13.50	12.50-13.50
Private Sector Banks	10.50-13.00	11.00-13.50	11.00-14.00	12.00-16.50	13.00-17.25	13.00-17.25
Foreign Banks	11.00-14.85	10.00-14.50	10.00-14.50	10.00-15.50	10.00-15.50	10.00-15.50
3. Actual Lending Rate*						
Public Sector Banks	4.00-16.00	2.75-16.00	4.00-16.50	4.00-17.00	—	—
Private Sector Banks	4.50-22.00	3.15-22.00	3.15-20.50	3.15-25.50	—	—
Foreign Banks	3.75-23.00	3.55-23.50	4.75-26.00	5.00-26.50	—	—

— : Not available. # : As on July 25, 2007.

* : Interest rate on non-export demand and term loans above Rs.2 lakh excluding lending rates at the extreme five per cent on both sides.

Chart 34: Deposit and Lending Rates - Public Sector Banks



The weighted average benchmark prime lending rate (BPLR) of public sector banks increased from 10.7 per cent in March 2006 and 12.4 per cent in March 2007 to 13.1 per cent in July 2007. The weighted average BPLR of private sector banks increased from 12.4 per cent in March 2006 and 14.1 per cent in March 2007 to 14.9 per cent in July 2007. The weighted average BPLR of foreign banks

rose from 12.7 per cent in March 2007 to 13.9 per cent in July 2007.

Government Securities Market

The yields in the Government securities market initially hardened during the first quarter of 2007-08, partly reflecting global trends and announcement of an unscheduled auction (Chart 35).

Chart 35: Yields on Central Government Securities

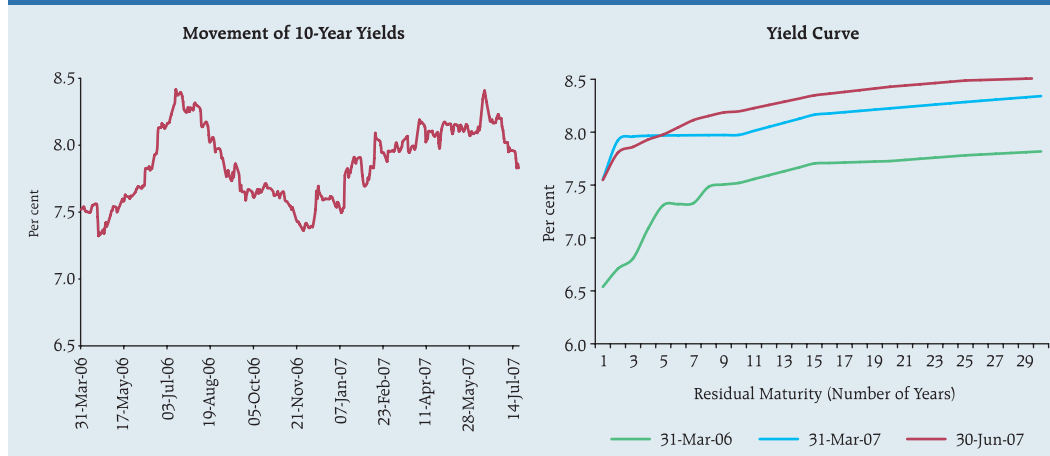
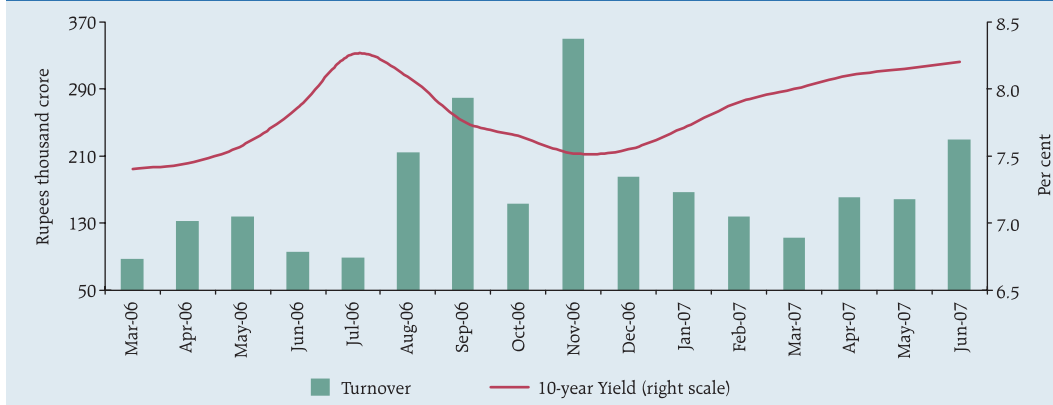


Chart 36: Government Securities Turnover and Yields (Monthly Average)



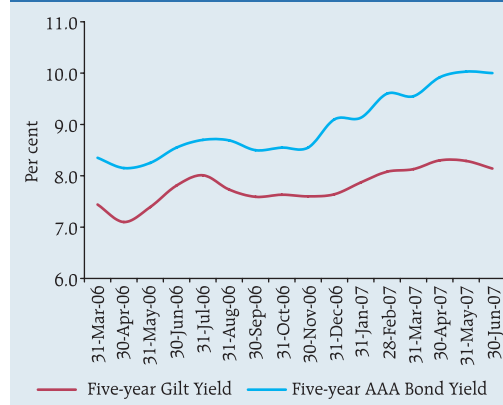
Subsequently, yields eased from mid-June 2007 onwards. The 10-year yields moved in a range of 7.80-8.41 per cent during 2007-08 (up to July 26, 2007). The 10-year yield was 7.89 per cent as on July 26, 2007, 8 basis points lower than that at end-March 2007.

The spread between 1-10 year yields was 65 basis points at end-June 2007 as compared with 42 basis points at end-March 2007. The spread between 10-year and 30-year yields was 31 basis points at end-June 2007 (37 basis points at end-March 2007).

The daily turnover in the Government securities market averaged Rs. 5,109 crore during April-June 2007, which was 25.6 per cent higher than that in the preceding quarter (Chart 36).

The yield spread between 5-year AAA-rated bonds and 5-year Government securities widened to 186 basis points at end-June 2007 from 142 basis points at end-March 2007 (Chart 37).

Chart 37: Yield Spreads



Equity Market

Primary Market

Resources raised through the domestic public issues aggregated Rs.23,851 crore during April-June 2007, an increase of 124.1 per cent over the corresponding period of 2006 (Table 44). The average size of public issues increased from Rs.426 crore during April-June 2006 to Rs.994 crore during April-June 2007. All the 24 public issues during

Table 44: Mobilisation of Resources from the Primary Market

(Amount in Rupees crore)				
Item	2006-07 (April-June)		2007-08 (April-June) P	
	No. of Issues	Amount	No. of Issues	Amount
1	2	3	4	5
A. Prospectus and Rights Issues*				
1. Private Sector (a+ b)	25	10,642	23	23,324
a) Financial	1	15	1	10,063
b) Non-financial	24	10,627	22	13,261
2. Public Sector (a+ b+ c)	–	–	1	527
a) Public Sector Undertakings	–	–	1	527
b) Government Companies	–	–	–	–
c) Banks/Financial Institutions	–	–	–	–
3. Total (1+ 2)	25	10,642	24	23,851
<i>of which:</i>				
(i) Equity	25	10,642	24	23,851
(ii) Debt	–	–	–	–
B. Private Placement				
	2005-06		2006-07	
1. Private Sector	946	41,190	1,539	84,387
a) Financial	375	26,463	649	51,321
b) Non-financial	571	14,727	890	33,066
2. Public Sector	169	55,283	139	61,184
a) Financial	137	39,165	108	49,026
b) Non-financial	32	16,119	31	12,158
3. Total (1+ 2)	1,115	96,473	1,678	1,45,571
<i>of which:</i>				
(i) Equity	1	150	1	57
(ii) Debt	1,114	96,323	1,677	1,45,514
<i>Memo:</i>				
C. Euro Issues	21	5,786	3	1,251

P : Provisional. * : Excluding offers for sale. – : Nil/Negligible.

April-June 2007 were in the form of equity, of which, 20 were initial public offerings (IPOs) accounting for 54.8 per cent of total resource mobilisation.

Mobilisation of resources through private placement increased by 50.9 per cent to Rs.1,45,571 crore during 2006-07 over the previous year (Table 44). This was mainly on account of more than doubling of resources mobilised by private sector entities to Rs.84,387 crore, while resources raised by public sector entities increased by only 10.7

per cent. Resource mobilisation by financial intermediaries (both from public sector and private sector) increased by 52.9 per cent to Rs.1,00,347 crore accounting for 68.9 per cent of total resource mobilisation during 2006-07 (68.0 per cent a year ago).

Resources raised through euro issues - American Depository Receipts (ADRs) and Global Depository Receipts (GDRs) - by Indian corporates during April-June 2007 at Rs.1,251 crore were lower than the corresponding period of previous year.

Table 45: Resource Mobilisation by Mutual Funds

Mutual Fund	April-March		April-June			
	2006-07		2006-07		2007-08	
	Net Mobilisation @	Net Assets #	Net Mobilisation @	Net Assets #	Net Mobilisation @	Net Assets #
1	2	3	4	5	6	7
Private Sector	79,038	2,62,079	43,039	2,11,225	48,542	3,29,421
Public Sector *	14,947	64,213	9,013	54,309	2,908	71,421
Total	93,985	3,26,292	52,052	2,65,534	51,450	4,00,842

@ : Net of redemptions. # : End-period. * : Including UTI Mutual fund.

Note : Data exclude funds mobilised under Fund of Funds Schemes.

Source : Securities and Exchange Board of India.

During April-June 2007, net mobilisation of resources by mutual funds was Rs.51,450 crore, a decline of 1.2 per cent over the corresponding period of 2006 (Table 45). Bulk of the net mobilisation of funds (55.0 per cent of total) was under debt-oriented schemes followed by liquid/money market-oriented schemes (36.2 per cent). Growth/equity-oriented schemes accounted for 4.7 per cent of the net mobilisation of funds.

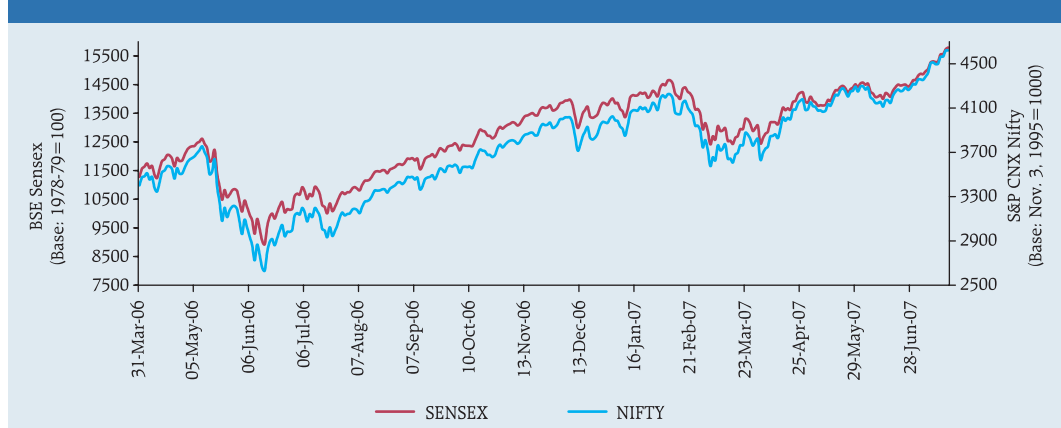
Secondary Market

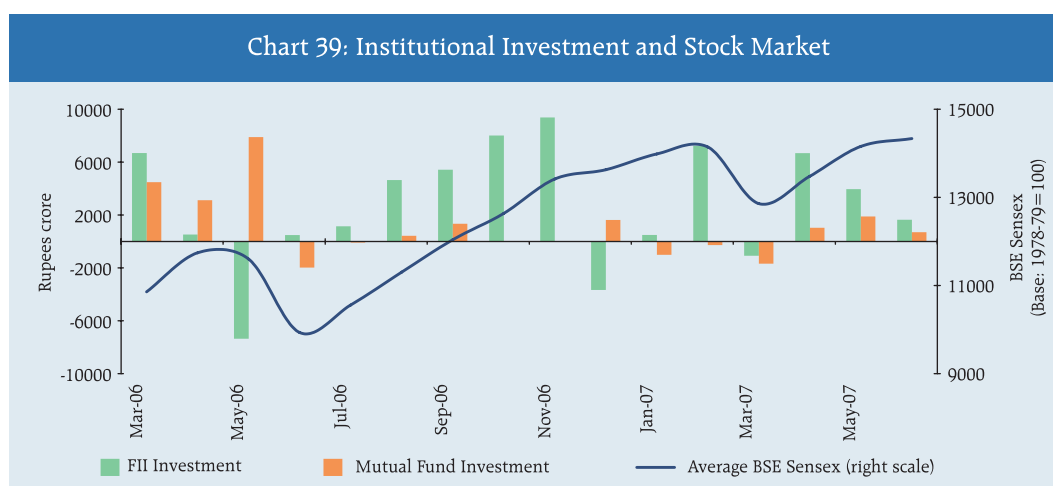
The domestic stock markets recorded gains during the first quarter of 2007-08 (Chart 38). Liquidity support from foreign

institutional investors (FIIs) and mutual funds, buoyant growth and strong corporate profitability provided support to the domestic stock markets. During 2007-08 (up to July 26, 2007), the BSE Sensex moved in a range of 12455-15795 with a record high of 15795 on July 24, 2007. The S&P CNX Nifty also reached a record high of 4621 on July 24, 2007. The BSE Sensex closed at 15776 on July 26, 2007, an increase of 20.7 per cent over end-March 2007.

Profits after tax of sampled companies increased by 45.2 per cent during 2006-07 (24.2 per cent during 2005-06) (see Table 11). According to the data released by the

Chart 38: Indian Stock Markets





Securities and Exchange Board of India (SEBI), FIIs have invested Rs.36,438 crore (US \$ 8.8 billion) in the Indian stock markets during 2007-08 so far (up to July 25, 2007) as against net sales of Rs.6,084 crore (US \$ 1.3 billion) during the corresponding period of the previous year (Chart 39). Mutual funds have made net investments of Rs.1,759 crore during 2007-08 so far (up to July 25, 2007) as compared with net investments of Rs.8,538 crore during the corresponding period of the last year.

The gains in the domestic stock markets during 2007-08 (up to July 24, 2007) were led by capital goods, metal, banking, oil and gas, PSU and consumer durables stocks (Table 46).

Reflecting the upward trend in stock prices, the price-earnings (P/E) ratios of the 30 scrips included in the BSE Sensex rose from 20.3 at end-March 2007 to 21.1 by end-June 2007 (Table 47). The market capitalisation of the BSE increased by 17.6

Table 46: BSE Sectoral Stock Indices

Sector	Variation (per cent)		
	End-March 2006@	End-March 2007@	July 24, 2007 \$
1	2	3	4
Auto	101.2	-8.5	5.3
Bankex	36.8	24.3	27.7
BSE 500	65.2	9.7	24.6
BSE Sensex	73.7	15.9	20.8
Capital Goods	156.0	11.1	51.7
Consumer Durables	115.4	11.1	18.2
Fast Moving Consumer Goods	109.9	-21.3	6.0
Health Care	51.2	-5.4	3.5
Information Technology	49.2	21.6	1.3
Metal	40.3	-4.3	45.7
Oil and Gas	61.1	30.5	27.9
Public Sector Undertakings	44.0	-3.2	23.1

@ : Year-on-year variation. \$: Variation over end-March 2007.

Source : Bombay Stock Exchange Limited.

Table 47: Stock Market Indicators

Indicator	BSE				NSE				
	2005-06	2006-07	Apr-June		2005-06	2006-07	Apr-June		
			2006	2007			2006	2007	
			4	5			8	9	
1	2	3	4	5	6	7	8	9	
1. BSE Sensex / S&P CNX Nifty									
(i) End-period	11280	13072	10609	14651	3403	3822	3128	4318	
(ii) Average	8280	12277	11032	13998	2513	3572	3263	4121	
2. Coefficient of Variation	16.7	11.1	9.0	3.6	15.6	10.4	9.6	3.9	
3. Price-Earning Ratio (end-period)*	20.9	20.3	19.4	21.1	20.3	18.4	18.4	20.6	
4. Price-Book Value Ratio*	5.1	5.1	4.4	4.8	5.2	4.9	4.7	5.4	
5. Yield* (per cent per annum)	1.2	1.3	1.5	1.1	1.3	1.3	1.5	1.1	
6. Number of Listed Companies	4,781	4,821	4,793	4,842	1,069	1,228	1,099	1,283	
7. Cash Segment Turnover (Rupees crore)	8,16,074	9,56,185	2,55,320	2,72,782	15,69,556	19,45,285	5,29,831	5,69,800	
8. Derivative Segment Turnover (Rupees crore)	9	59,007	19	50,357	48,24,174	73,56,242	20,37,019	21,46,272	
9. Market Capitalisation (Rupees crore) @	30,22,191	35,45,041	27,21,678	41,68,272	28,13,201	33,67,350	25,24,659	39,78,381	

* : Based on 30 scrips included in the BSE Sensex and 50 scrips included in the S&P CNX Nifty. @ : End-period.
Source : Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE).

per cent between end-March 2007 and end-June 2007. The volatility in the stock market declined during April-June 2007. The combined turnover of BSE and NSE in the

cash and derivative segments during April-June 2007 was higher by 7.3 per cent and 7.8 per cent, respectively, than the corresponding period of 2006.

VI. The External Economy

During 2006-07, both exports and imports recorded strong growth, *albeit* with some moderation. Growth in oil imports as well as oil exports remained high, notwithstanding some deceleration. Merchandise trade deficit widened further in consonance with higher investment and economic activity. Net invisibles surplus remained buoyant during 2006-07, led by exports of services and remittances. The surplus on the invisibles account continued to finance a large part of the deficit on the merchandise trade account. As a result, the current account deficit as a proportion to GDP was contained at the previous year's level. Net capital inflows were substantially higher than those in 2005-06 reflecting large flows under foreign direct investment (FDI) and external commercial borrowings. With capital flows (net) remaining well above the current account deficit, there was an accretion of US \$ 47.6 billion to foreign exchange reserves during 2006-07 (US \$ 10.1 billion in 2005-06). While the stock of external debt rose, that of net international liabilities fell during 2006-07.

During 2007-08 (April-May), merchandise exports and imports exhibited acceleration in growth. Capital flows have remained buoyant. Foreign exchange reserves have increased further by US \$ 22.9 billion during 2007-08 (up to July 20, 2007).

International Developments

After expanding at an impressive pace of 5.5 per cent in 2006, global economic activity in 2007 so far has remained buoyant, fuelled by growth in major emerging markets. Amongst the major advanced economies, growth of the US

economy recorded a marked slowdown to 1.9 per cent in the first quarter of 2007 due to negative contributions from net exports, inventories and residential investment. At the same time, consumption continues to hold up well and there is some evidence of a rebound of growth in the US in the second quarter. In the euro area, growth remained robust, benefiting from strong domestic as well as export demand. Various surveys suggest the continuance of the growth momentum in the second quarter in the euro area. Japan also recorded strong growth in the first quarter of 2007, largely on account of support provided by exports, business fixed investment and the steady recovery of consumption (Table 48). In emerging Asia, economic activity remained robust, led by China and India. Net exports and domestic demand maintained a strong momentum in major economies of the region.

According to the projections released by the International Monetary Fund (IMF) in July 2007, growth in the world economy is likely to moderate to 5.2 per cent in 2007 as also in 2008 from 5.5 per cent in 2006 (Table 49). While global economic activity has remained resilient during 2007 so far, protectionist pressures, further rise in oil prices, persisting global imbalances, adjustment in the US on account of housing slowdown and potential shifts in financial market sentiment pose downward risks to global growth prospects.

According to the IMF, world trade of goods and services is expected to moderate to 7.1 per cent in volume terms in 2007 from 9.4 per cent in the preceding year. Exports of emerging market and developing countries are projected to grow by 10.7 per cent in 2007 (11.1 per cent a year ago), while

Table 48: Growth Rates – Global Scenario

Country	2004	2005	2006	2007 P	2008 P	(Per cent)				
						2006				2007
						Q1	Q2	Q3	Q4	Q1
1	2	3	4	5	6	7	8	9	10	11
Advanced Economies										
Euro area	2.0	1.5	2.8	2.6	2.5	2.2	2.7	2.8	3.3	3.0
Japan	2.7	1.9	2.2	2.6	2.0	3.0	2.1	1.4	2.2	2.6
Korea	4.7	4.2	5.0	4.4	4.4	6.3	5.1	4.8	4.0	4.0
UK	3.3	1.8	2.8	2.9	2.7	2.4	2.7	2.9	3.0	3.0
US	3.9	3.2	3.3	2.0	2.8	3.7	3.5	3.0	3.1	1.9
OECD Countries	3.2	2.5	3.0	2.5	2.7	3.3	3.4	3.0	3.3	2.7
Emerging Economies										
Argentina	9.0	9.2	8.5	7.5	5.5	8.6	7.9	8.7	8.6	8.0
Brazil	5.7	2.9	3.7	4.4	4.2	3.9	1.1	4.4	4.4	4.3
China	10.1	10.4	11.1	11.2	10.5	10.3	10.9	10.7	10.7	11.1
India	7.5	9.0	9.4	9.0	8.4	10.0	9.6	10.2	8.7	9.1
Indonesia	5.0	5.7	5.5	6.0	6.3	5.0	5.0	5.9	6.1	6.0
Malaysia	7.2	5.2	5.9	5.5	5.8	6.0	6.1	6.0	5.7	5.3
Thailand	6.3	4.5	5.0	4.5	4.8	6.1	5.0	4.7	4.3	4.3

P : IMF Projections.

Note : Data for India in columns 2 to 4 refer to fiscal years 2004-05, 2005-06 and 2006-07, respectively.

Source : International Monetary Fund; The Economist; and the OECD.

Table 49: Select Economic Indicators – World

Item	2001	2002	2003	2004	2005	2006	2007P	2008P
1	2	3	4	5	6	7	8	9
I. World Output (Per cent change) #	2.5	3.1	4.0	5.3	4.9	5.5	5.2	5.2
	(1.5)	(1.8)	(2.6)	(4.0)	(3.4)	(3.9)	(3.6)	(3.7)
i) Advanced economies	1.2	1.6	1.9	3.3	2.6	3.1	2.6	2.8
ii) Other emerging market and developing countries of which: Developing Asia	4.3	5.0	6.7	7.7	7.5	8.1	8.0	7.6
	6.0	7.0	8.4	8.7	9.2	9.7	9.6	9.1
II. Consumer Price Inflation (Per cent)								
i) Advanced economies	2.1	1.5	1.8	2.0	2.3	2.3	2.0	2.1
ii) Other emerging market and developing countries of which: Developing Asia	6.7	5.8	5.8	5.6	5.4	5.3	5.7	5.0
	2.7	2.0	2.5	4.1	3.6	4.0	3.9	3.4
III. Net Capital Flows* (US \$ billion)								
i) Net private capital flows (a+ b+ c)	70.2	88.3	173.3	238.6	257.2	255.8	252.7	259.3
a) Net private direct investment	182.8	152.2	165.3	190.0	266.3	266.9	283.7	288.9
b) Net private portfolio investment	-80.5	-90.9	-12.1	25.0	29.4	-76.3	-62.0	-52.2
c) Net other private capital flows	-32.1	26.9	20.1	23.5	-38.5	65.2	30.9	22.6
ii) Net official flows	6.6	2.3	-44.5	-57.8	-122.6	-143.8	-96.4	-116.6
IV. World Trade @								
i) Volume	0.2	3.4	5.4	10.6	7.5	9.4	7.1	7.4
ii) Price deflator (in US dollars)	-3.5	1.2	10.4	9.8	5.5	5.4	2.8	0.8
V. Current Account Balance (Per cent to GDP)								
i) US	-3.8	-4.5	-4.8	-5.7	-6.4	-6.5	-6.1	-6.0
ii) China	1.3	2.4	2.8	3.6	7.2	9.1	10.0	10.5
iii) Middle East	6.2	4.7	8.4	12.1	18.8	18.1	12.1	10.7

P : IMF Projections.

: Growth rates are based on exchange rates at purchasing power parities. Figures in parentheses are growth rates at market exchange rates.

* : Net capital flows to emerging market and developing countries.

@ : Average of annual percentage change for world exports and imports of goods and services.

Source : World Economic Outlook, April 2007; World Economic Outlook Update, July 2007, International Monetary Fund.

those of advanced countries are expected to grow by 5.5 per cent (8.5 per cent a year ago) (see Table 49).

World exports (in US dollar terms) in the first quarter of 2007 posted an accelerated growth (18.5 per cent from 11.8 per cent a year ago) (Table 50).

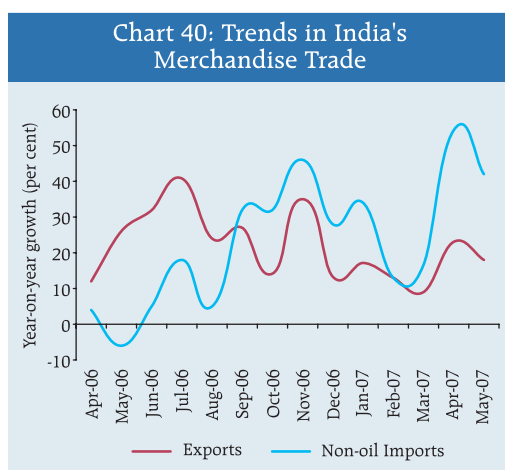
Balance of Payments: 2006-07

According to the Directorate General of Commercial Intelligence and Statistics (DGCI&S), India's merchandise exports posted a growth of 20.9 per cent in 2006-07 (23.4 per cent a year ago), while merchandise imports grew by 21.6 per cent in 2006-07 (33.8 per cent in 2005-06) (Chart 40).

Table 50: Growth in Exports - Global Scenario

Region/Country	(Per cent)			
	2005	2006	2006 Q1	2007 -Q1
1	2	3	4	5
World	14.1	15.5	11.8	18.5
Industrial Countries	8.5	12.6	8.2	12.9
US	10.8	14.5	14.2	10.8
France	4.0	9.7	3.4	9.4
Germany	7.3	15.1	6.2	20.8
Japan	5.2	9.2	5.3	5.4
Developing Countries	22.1	19.2	16.7	25.8
Non-Oil Developing Countries	19.2	19.6	18.9	27.7
China	28.4	27.2	26.6	27.8
India	29.6	21.5	13.0	12.6
Indonesia	22.9	19.0	15.2	9.7
Korea	12.0	14.4	10.6	14.6
Malaysia	12.0	14.0	14.0	7.6
Singapore	15.6	18.4	23.0	9.9
Thailand	14.5	18.7	18.4	17.2

Source : International Financial Statistics, International Monetary Fund; DGCI&S for India.



Commodity-wise data available for 2006-07 (April-February) indicate that exports of both primary products and manufactured products exhibited moderation in growth. The moderation was on account of the decline in the exports of gems and jewellery and deceleration in textiles, chemicals and ores and minerals (Table 51). On the other hand, tea, spices,

sugar and molasses, engineering goods and petroleum products maintained the growth momentum. Engineering goods and petroleum products together contributed 62 per cent to total export growth during 2006-07 (April-February).

Destination-wise, export growth decelerated to almost all major markets during 2006-07 (April-February), with the exception of the UAE (Table 52). The US remained the major market for India's exports with a share of 15.0 per cent, followed by the UAE (9.6 per cent), China (6.5 per cent), Singapore (4.8 per cent) and the UK (4.5 per cent).

Both oil and non-oil imports exhibited moderation in growth during 2006-07. The deceleration in non-oil imports was partly due to decline in imports of pearls, precious and semi-precious stones. On the other hand, imports of capital goods continued to record a buoyant growth in consonance with

Table 51: Exports of Principal Commodities

Commodity Group	US \$ billion			Variation (per cent)		
	2005-06	2005-06	2006-07	2005-06	2005-06	2006-07
		April-February			April-February	
1	2	3	4	5	6	7
1. Primary Products	16.4	14.3	16.8	20.8	27.2	17.5
<i>of which:</i>						
a) Agriculture and Allied Products	10.2	9.0	10.8	20.5	21.9	20.3
b) Ores and Minerals	6.2	5.3	6.0	21.4	37.4	12.9
2. Manufactured Goods	72.2	64.3	73.9	18.9	21.2	15.0
<i>of which:</i>						
a) Chemicals and Related Products	14.8	13.1	14.9	18.6	18.9	14.2
b) Engineering Goods	21.5	19.0	25.6	23.7	27.8	36.2
c) Textiles and Textile Products	16.3	14.6	15.3	20.6	22.5	4.8
d) Gems and Jewellery	15.5	13.9	13.8	12.8	15.5	-0.5
3. Petroleum Products	11.5	10.6	16.9	64.9	67.7	59.1
4. Total Exports	103.1	91.5	112.5	23.4	26.2	23.1
<i>Memo:</i>						
Non-oil Exports	91.6	80.9	95.6	19.6	22.2	18.3

Source : DGCI&S.

Table 52: Direction of India's Exports

Group/Country	US \$ billion			Variation (per cent)		
	2005-06	2005-06	2006-07	2005-06	2005-06	2006-07
	April-February			April-February		
1	2	3	4	5	6	7
1. OECD Countries	45.8	41.1	46.5	25.6	27.9	13.2
<i>of which:</i>						
a) EU	22.4	20.1	23.1	27.6	31.1	14.9
b) North America	18.4	16.5	17.9	25.6	26.3	8.8
US	17.4	15.6	16.9	26.1	26.6	8.8
2. OPEC	15.2	13.5	18.6	15.4	16.5	38.0
<i>of which:</i>						
UAE	8.6	7.6	10.8	16.9	18.7	42.0
3. Developing Countries	39.7	34.9	44.9	25.8	30.2	28.6
<i>of which:</i>						
Asia	31.0	27.1	33.5	24.1	29.4	23.7
People's Republic of China	6.8	5.8	7.3	20.4	38.6	25.6
Singapore	5.4	4.8	5.4	35.6	40.2	13.6
4. Total Exports	103.1	91.5	112.5	23.4	26.2	23.1

Source : DGCI&S.

strong domestic investment activity. Capital goods accounted for 45 per cent of the growth in non-oil imports during 2006-07 (April-February). Imports of gold and silver increased sharply, partly on account of higher prices (Table 53).

Source-wise, China was the major source of non-oil imports during 2006-07 (April-February) (14.1 per cent of total non-oil imports), followed by the US (8.1 per cent), Switzerland (7.2 per cent), Germany (6.0 per cent) and Australia (5.6 per cent).

Table 53: Imports of Principal Commodities

Commodity Group	US \$ billion			Variation (per cent)		
	2005-06	2005-06	2006-07	2005-06	2005-06	2006-07
	April-February			April-February		
1	2	3	4	5	6	7
Petroleum, Petroleum Products and Related Material	44.0	39.8	52.2	47.3	49.7	31.2
Edible Oils	2.0	1.8	1.9	-17.9	-20.9	7.6
Iron and Steel	4.6	4.1	5.7	71.3	79.1	39.7
Capital Goods	37.7	28.5	37.8	49.9	38.1	32.5
Pearls, Precious and Semi-Precious Stones	9.1	8.6	6.6	-3.1	3.9	-23.3
Chemicals	7.0	6.3	7.1	22.5	27.8	13.0
Gold and Silver	11.3	10.1	13.1	1.5	-0.4	29.2
Total Imports	149.2	129.4	162.5	33.8	33.0	25.5
<i>Memo:</i>						
Non-oil Imports	105.2	89.6	110.3	28.8	26.8	23.0
Non-oil Imports excluding Gold and Silver	93.9	79.5	97.2	33.1	31.4	22.3
Mainly Industrial Imports*	87.5	73.7	89.5	34.7	32.7	21.5

* : Non-oil imports net of gold and silver, bulk consumption goods, manufactured fertilisers and professional instruments.

Source : DGCI & S.

Considering the overall imports (including oil), China was the major source accounting for 9.7 per cent followed by Saudi Arabia (7.6 per cent), the US (5.7 per cent), Switzerland (4.9 per cent), the UAE (4.7 per cent) and Germany (4.1 per cent).

During 2006-07 (April-February), India's overall trade deficit was the highest against Saudi Arabia (US \$ 10.1 billion) followed by China (US \$ 8.4 billion), Switzerland (US \$ 7.6 billion) and Australia (US \$ 5.4 billion). India recorded a trade surplus of US \$ 7.7 billion with the US. It is noteworthy that China has emerged as the single most significant source of imports for India and India's overall trade deficit with China is second only to Saudi Arabia.

The merchandise trade deficit, on balance of payments basis, rose from US \$ 51.8 billion in 2005-06 to US \$ 64.9 billion in 2006-07. As a proportion of GDP, the trade deficit widened from 6.4 per cent to 7.1 per cent.

Current Account

Net surplus under invisibles (services, transfers and income taken together) remained buoyant during 2006-07 and increased from US \$ 42.7 billion (5.3 per cent of GDP) in 2005-06 to US \$ 55.3 billion (6.0 per cent of GDP) in 2006-07. Exports of services and inflows under remittances remained the key drivers of the net surplus (Table 54). Amongst miscellaneous services, both software and non-software continued to record robust growth. Investment income deficit narrowed from a year ago, on account of higher earnings on India's external assets.

The net invisible surplus offset a large part of the trade deficit (85 per cent during 2006-07 as compared with 82 per cent during 2005-06). Reflecting the support provided by the invisibles surplus, the current account deficit was contained at US \$ 9.6 billion in 2006-07 (US \$ 9.2 billion in the previous year). As a proportion of GDP,

Table 54: Invisibles Account (Net)

Item	(US \$ million)						
	2005-06 PR	2006-07 P	2005-06PR	2006-07			
		April-March	Jan-March	April-June PR	July-Sept. PR	Oct-Dec. PR	Jan-March P
1	2	3	4	5	6	7	8
Services	23,881	32,727	7,465	7,965	7,268	7,467	10,027
Travel	1,389	2,188	601	220	-31	792	1,207
Transportation	-1,550	-788	-463	-314	-31	-255	-188
Insurance	22	559	-78	111	162	92	194
Government, not included elsewhere	-197	-144	-90	-24	-62	-11	-47
Software	22,262	28,798	6,665	6,601	6,678	6,864	8,655
Other Services	1,955	2,114	830	1,371	552	-15	206
Transfers	24,284	27,415	7,347	5,692	5,226	7,844	8,653
Investment Income	-4,921	-4,282	-180	-1,147	-1,300	-1,088	-747
Compensation of Employees	-589	-564	-124	-131	-162	-133	-138
Total	42,655	55,296	14,508	12,379	11,032	14,090	17,795

PR : Partially Revised.
P : Preliminary.

Table 55: India's Balance of Payments

(US \$ million)

Item	2005-06 PR		2006-07 P		2006-07		
	April-March		Jan-March	April-June PR	July-Sept. PR	Oct-Dec. PR	Jan-March P
1	2	3	4	5	6	7	8
Exports	1,05,152	1,27,090	30,579	29,674	32,700	30,664	34,052
Imports	1,56,993	1,91,995	42,331	46,620	48,562	47,529	49,284
Trade Balance	-51,841	-64,905	-11,752	-16,946	-15,862	-16,865	-15,232
	(-6.4)	(-7.1)					
Invisible Receipts	92,294	1,19,163	28,700	24,643	25,597	31,658	37,265
Invisible Payments	49,639	63,867	14,192	12,264	14,565	17,568	19,470
Invisibles, net	42,655	55,296	14,508	12,379	11,032	14,090	17,795
	(5.3)	(6.0)					
Current Account	-9,186	-9,609	2,756	-4,567	-4,830	-2,775	2,563
	(-1.1)	(-1.1)					
Capital Account (net)*	24,238	46,215	10,465	10,946	7,100	10,280	17,889
	[29,738] @						
<i>of which:</i>							
Foreign Direct Investment	4,730	8,437	1,383	1,416	2,426	2,558	2,037
Portfolio Investment	12,494	7,062	4,333	-505	2,152	3,569	1,846
External Commercial Borrowings \$	2,723	16,084	3,934	3,959	1,458	3,994	6,673
	[8,223] @						
Short-term Trade Credit	1,708	3,275	-23	417	1,554	-316	1,620
External Assistance	1,682	1,770	592	49	337	633	751
NRI Deposits	2,789	3,895	1,675	1,231	797	1,236	631
Change in Reserves #	-15,052	-36,606	-13,221	-6,379	-2,270	-7,505	-20,452

Memo:

Current Account net of private transfers	-33,288	-36,804	-4,472	-10,280	-10,047	-10,429	-6,048
	(-4.1)	(-4.0)					

P : Preliminary. PR : Partially Revised.

* : Includes errors and omissions. \$: Medium and long-term borrowings.

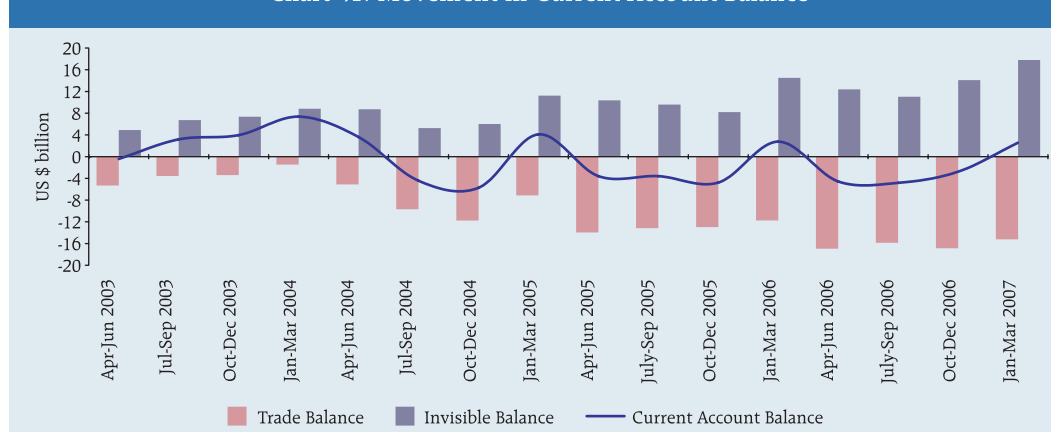
: On balance of payments basis (excluding valuation); (-) indicates increase. @ : Excluding the IMD redemption.

Note : Figures in parentheses are percentages to GDP.

the current account deficit at 1.1 per cent in 2006-07 was the same as in 2005-06 (Table 55 and Chart 41). Net of remittances, the

current account deficit was 4.0 per cent of GDP in 2006-07 (4.1 per cent in 2005-06 and 3.3 per cent in 2004-05).

Chart 41: Movement in Current Account Balance



Capital Flows

Net capital flows to India increased from US \$ 24.2 billion during 2005-06 to US \$ 46.2 billion during 2006-07, led by foreign direct investment (FDI) inflows and external commercial borrowings (ECBs) (see Table 55). FDI inflows at US \$ 19.5 billion during 2006-07 were more than two and a half times those of the previous year (Table 56), mainly on account of positive investment climate and growing investor interest in the Indian economy amidst gradual liberalisation of the policy regime with regard to FDI. FDI was channelled mainly into manufacturing, financial services and computer services. Mauritius, the US, and the Netherland were the dominant sources of FDI to India. Alongwith the jump in inward FDI inflows, there was a large increase in outward foreign direct investment from US \$ 2.9 billion during 2005-06 to US \$ 11.0 billion during 2006-07, reflecting large overseas acquisitions by the Indian corporates to gain market shares and reap economies of scale, amidst the

progressive liberalisation of the external payments regime. Both FDI inflows and outflows during 2006-07 included one transaction amounting to US \$ 3.1 billion involving swap of shares. Net of this transaction, FDI inflows and outflows at US \$ 16.4 billion and US \$ 7.9 billion, respectively, during 2006-07 were significantly higher than the previous year.

India follows the internationally accepted definition of FDI. According to the IMF definition, FDI is the category of international investment that reflects the objective of obtaining a lasting interest by a resident entity in one economy in an enterprise resident in another economy. The lasting interest implies the existence of a long-term relationship between the direct investor and the enterprise and a significant degree of influence by the investor on the management of the enterprise. In line with international best practices, FDI includes both equity capital, reinvested earnings (retained earnings of FDI companies) and 'other direct capital'

Table 56: Capital Flows

(US \$ million)				
Item	2005-06 (April-March)	2006-07 (April-March)	2006-07 (April)	2007-08 (April)
1	2	3	4	5
Foreign Direct Investment (FDI) into India	7,722	19,531 #	661	1,551
FDI Abroad	(-) 2,931	(-) 11,005 #	–	–
FII's (net)	9,926	3,225	-1,955 *	8,417 *
ADRs/GDRs	2,552	3,776	435	11
External Assistance (net)	1,682	1,770	–	–
External Commercial Borrowings (net) (Medium and long-term)	8,223 @	16,084	–	–
Short-term Trade Credits (net)	1,708	3,275	–	–
NRI Deposits (net)	2,789	3,895	253	(-) 274

: Includes swap of shares of US \$ 3.1 billion. @ : Excluding IMD redemption.
– : Not available. * : Up to July 13.

Note : Data on FII's presented in this table represent inflows into the country. They may differ from data relating to net investment in stock exchanges by FII's.

(intercorporate debt transactions between related entities). Data on equity capital include equity of unincorporated entities (mainly foreign bank branches in India and Indian bank branches operating abroad) besides equity of incorporated bodies.

Foreign institutional investors (FIIs) continued to invest in the Indian capital market during 2006-07, although the inflows (US \$ 3.2 billion) were only a third of the preceding year. With corporates resorting to greater issue of American depository receipts (ADRs)/global depository receipts (GDRs) abroad, capital inflows through this route were higher than FII inflows during 2006-07.

According to the IMF definition, portfolio investment refers to cross-border transactions and positions involving debt or equity securities, other than those included in direct investment or reserve assets. Generally, FIIs include hedge funds, insurance companies, pension funds and mutual funds. In India, FIIs include overseas pension funds, mutual funds, investment trusts, asset management companies, nominee companies, banks, institutional portfolio managers, university funds, endowments, foundations, charitable trusts, charitable societies, a trustee or power of attorney holder incorporated or established outside India proposing to make proprietary investments or investments on behalf of a broad-based fund (*i.e.*, fund having more than 20 investors with no single investor holding more than 10 per cent of the shares or units of the fund). India is among the largest recipients of portfolio inflows among EMEs.

Net draws under ECBs rose from US \$ 2.7 billion during 2005-06 (US \$ 8.2 billion

adjusted for the redemption of India Millennium Deposits) to US \$ 16.1 billion during 2006-07, reflecting sustained domestic investment and import demand, and some hardening of domestic interest rates. Net inflows under the various NRI deposit schemes at US \$ 3.9 billion during 2006-07 exceeded those of US \$ 2.8 billion during the previous year, partly due to the higher interest rates on various deposit schemes for the large part of 2006-07. The ceiling interest rate on NRE deposits was initially raised by 25 basis points each in November 2005 and April 2006 but was subsequently scaled down by 50 basis points each in January 2007 and April 2007 to “LIBOR/swap rates of US dollar”. Similarly, the ceiling interest rate on FCNR(B) deposits was raised by 25 basis points to “LIBOR/swap rates for the respective currency/maturity” in March 2006 but was reduced by 25 basis points in January 2007 and by a further 50 basis points to “LIBOR *minus* 75 basis points” in April 2007.

With net capital flows being substantially higher than the current account deficit, the overall balance of payments recorded a surplus of US \$ 36.6 billion in 2006-07 (US \$ 15.1 billion in 2005-06).

External Debt

India's total external debt was placed at US \$ 155.0 billion at end-March 2007, an increase of US \$ 28.6 billion over end-March 2006. The increase in external debt during the period was mainly on account of the rise in external commercial borrowings and NRI deposits, as alluded to earlier. About 49 per cent of the external debt stock was denominated in US dollar, followed by the

Table 57: India's External Debt

(US \$ million)							
Item	End-March 1995	End-March 2005	End-March 2006	End-June 2006	End-Sept 2006	End-Dec 2006	End-March 2007
1	2	3	4	5	6	7	8
1. Multilateral	28,542	31,702	32,559	33,101	33,594	34,569	35,641
2. Bilateral	20,270	16,930	15,727	15,833	15,734	15,770	16,104
3. International Monetary Fund	4,300	0	0	0	0	0	0
4. Trade Credit	6,629	4,980	5,398	5,498	5,658	5,957	6,964
5. External Commercial Borrowings	12,991	27,024	26,869	31,114	32,421	35,980	42,780
6. NRI Deposits	12,383	32,743	35,134	35,651	36,515	38,382	39,624
7. Rupee Debt	9,624	2,301	2,031	1,915	1,921	1,983	1,949
8. Long-term (1 to 7)	94,739	115,680	117,718	123,112	125,843	132,641	143,062
9. Short-term	4,269	7,524	8,696	9,105	10,625	10,015	11,971
Total (8+9)	99,008	123,204	126,414	132,217	136,468	142,656	155,033
(Per cent)							
<i>Memo:</i>							
Total debt/GDP	30.8	17.3	15.8	—	—	—	16.4
Short-term/Total debt	4.3	6.1	6.9	6.9	7.8	7.0	7.7
Short-term debt/Reserves	16.9	5.3	5.7	5.6	6.4	5.7	6.0
Concessional debt/Total debt	45.3	33.0	31.2	30.1	29.3	28.3	25.7
Reserves/Total debt	25.4	114.9	119.9	123.2	121.1	124.3	128.5
Debt Service Ratio*	25.9	6.1	9.9	—	—	—	4.8

* : Relates to the fiscal year. — : Not Available.

Indian Rupee (17.4 per cent), SDR (13.3 per cent) and Japanese Yen (12.5 per cent). The ratios of short-term to total debt and short-term debt to reserves recorded modest increases between end-March 2006 and end-March 2007 (Table 57). Foreign exchange reserves remained in excess of the stock of external debt.

International Investment Position

India's net international liabilities declined by US \$ 4.6 billion between end-March 2006 and end-December 2006, as the increase in international assets (US \$ 41.1 billion) exceeded that in international liabilities (US \$ 36.4 billion) (Table 58). The increase in international assets was mainly on account of reserve assets, while that in international liabilities reflected inflows on account of direct and portfolio investment,

commercial borrowings and non-resident deposits.

Developments during 2007-08

According to the DGCI&S data, growth in merchandise exports as well as imports accelerated during April-May 2007. While exports increased by 20.2 per cent, imports expanded by 33.0 per cent. The increase in merchandise imports was led by non-oil imports, which recorded a growth of 47.3 per cent. Growth in oil imports moderated, mainly reflecting the impact of international crude oil prices. The Indian basket of crude oil price at US \$ 65.6 per barrel in April-May 2007 was lower by 2.1 per cent than a year ago (US \$ 67.0 per barrel in April-May 2006). The trade deficit widened to US \$ 13.3 billion in April-May 2007 from US \$ 8.2 billion in April-May 2006 (Table 59).

Table 58: International Investment Position of India

(US \$ billion)					
Item	March 2005 PR	March 2006 PR	June 2006 PR	September 2006 P	December 2006 P
1	2	3	4	5	6
A. Assets	168.2	183.5	192.1	198.2	224.5
1. Direct Investment	10.0	13.0	14.1	15.3	21.6
2. Portfolio Investment	0.8	1.3	1.1	1.2	1.2
2.1 Equity Securities	0.4	0.7	0.5	0.5	0.6
2.2 Debt Securities	0.4	0.6	0.6	0.7	0.6
3. Other Investment	15.9	17.6	14.0	16.4	24.4
3.1 Trade Credits	2.2	0.4	0.1	0.3	4.1
3.2 Loans	1.9	2.6	1.6	2.2	3.6
3.3 Currency and Deposits	8.4	11.2	8.8	10.3	12.9
3.4 Other Assets	3.4	3.5	3.5	3.6	3.8
4. Reserve Assets	141.5 (19.8)	151.6 (19.0)	162.9	165.3	177.3
B. Liabilities	210.0	231.3	237.3	246.0	267.7
1. Direct Investment	44.0 (6.2)	50.7 (6.3)	51.6	55.1	65.3
2. Portfolio Investment	55.7 (7.8)	64.6 (8.1)	64.7	67.4	73.6
2.1 Equity Securities	43.2	54.7	52.5	54.8	60.0
2.2 Debt Securities	12.5	9.9	12.2	12.6	13.6
3. Other Investment	110.3 (15.4)	116.0 (14.5)	121.0	123.5	128.8
3.1 Trade Credits	9.6	10.5	10.9	12.4	11.8
3.2 Loans	65.7	68.2	70.7	72.2	76.2
3.3 Currency and Deposits	33.6	36.2	38.2	37.5	39.4
3.4 Other Liabilities	1.4	1.1	1.2	1.4	1.4
C. Net Position (A-B)	-41.8	-47.8	-45.2	-47.8	-43.2
	(-5.9)	(-6.0)			

PR : Partially Revised. P : Provisional.

Note : Figures in parentheses are percentages to GDP.

Available information on capital flows indicates that FDI inflows were US \$ 1.6 billion during April 2007 (US \$ 0.7 billion a year ago). During 2007-08 (up to July 13, 2007), FIIs registered net inflows of US \$ 8.4 billion as compared with net outflows of US \$ 2.0 billion in the corresponding period of 2006-07. Non-resident deposits registered net outflows amounting to US \$ 274 million during April 2007 as against net inflows of US \$ 253 million during April 2006.

India's foreign exchange reserves were US \$ 222.0 billion on July 20, 2007, an increase of US \$ 22.9 billion over end-March 2007 level (Table 60). India holds the fifth largest stock of reserves among the emerging market economies. The overall approach to the management of India's foreign exchange reserves in recent years reflects the changing composition of the balance of payments and the 'liquidity risks' associated with different types of flows and

Table 59: India's Merchandise Trade

(US \$ billion)				
Item	2005-06	2006-07	2006-07	2007-08
			April-May	
1	2	3	4	5
Exports	103.1	124.6	18.6	22.4
Imports	149.2	181.3	26.9	35.7
Oil	44.0	57.3	8.8	9.2
Non-oil	105.2	124.0	18.0	26.5
Trade Balance	-46.1	-56.7	-8.2	-13.3
Non-Oil Trade Balance	-13.6	-14.7 *	-1.8	—
Variation (per cent)				
Exports	23.4	20.9	19.2	20.2
Imports	33.8	21.6	16.9	33.0
Oil	47.3	30.4	39.1	3.7
Non-oil	28.8	17.9	8.4	47.3

* : April-February. — : not available.

Source : DGCI&S.

other requirements. Taking these factors into account, India's foreign exchange reserves continued to be at a comfortable level and consistent with the rate of growth, the share of external sector in the economy and the size of risk-adjusted capital flows.

India's foreign exchange reserves increased from US\$ 5.8 billion at end-March 1991 to US \$ 199.2 billion by end-March 2007. The accretion to foreign exchange reserves was on account of net capital flows, which amounted to US \$ 212.2 billion over the period, partly offset

by a deficit of US \$ 34.1 billion in current account. Valuation changes also added US \$ 15.3 billion to reserves. Of the components of capital flows, cumulative foreign investment inflows (net) amounted to US \$ 109.3 billion (including US \$ 52.0 billion under FII inflows), external commercial borrowings (net) were US \$ 37.6 billion and net inflows under NRI deposits were US \$ 29.2 billion.

A comparison of major reserve holding countries over the period 2000-2006 shows that current account surpluses accounted

Table 60: Foreign Exchange Reserves

(US \$ million)					
Month	Gold	SDR	Foreign Currency Assets	Reserve Position in the IMF	Total (2+ 3+ 4+ 5)
1	2	3	4	5	6
March 1995	4,370	7	20,809	331	25,517
March 2000	2,974	4	35,058	658	38,694
March 2005	4,500	5	135,571	1,438	141,514
March 2006	5,755	3	145,108	756	151,622
March 2007	6,784	2	191,924	469	199,179
April 2007	7,036	11	196,899	463	204,409
May 2007	6,911	1	200,697	459	208,068
June 2007	6,787	1	206,114	460	213,362
July 2007 *	6,787	1	214,790	465	222,043

* : As on July 20, 2007.

for 179 per cent and 138 per cent of accretion to reserves in Japan and Russia, respectively, and 56 per cent each in case of China and Korea. In contrast, in India, over the same period, accretion to foreign exchange

reserves was almost entirely due to capital inflows. While net capital inflows were US \$ 143.9 billion during 2000-2006, total reserves increased by US \$ 143.8 billion over the same period.

Speeches

Glimpses of Indian Economy and its Financial Sector
by Y. V. Reddy

First Quarter Review of Monetary Policy:
Underlying Macroeconomics
by Rakesh Mohan



*Glimpses of Indian Economy and its Financial Sector**

Y. V. Reddy

I have the pleasure of meeting my friend Chairman Ignatiev, almost once a month, in meetings of BIS or G20 or IMF or other international seminars. His address in Buenos Aires in early June on the current state of Russian economy was highly appreciated because he gave a glimpse of not only the achievements of Russian economy in recent years but also a hint of admirable future for the Russian economy.

We, in India, always had a very special bond with Russia, in technology, trade, culture and diplomacy. These are being further strengthened in recent years in terms of cooperation both bilaterally and multi-laterally.

At my persistent request, Chairman Ignatiev came to India in January and he delivered as speech in the Reserve Bank of India. We had a scintillating discussion session where Chairman Ignatiev gave a frank and a highly professional response to the searching questions. We hope to get permission of Chairman to publish the script of the speech in English in India.

In my address today, I intend giving brief introduction on Reserve Bank of India, followed by glimpses of the Indian economy. I will give a more detailed account of reforms in India's financial sector, in particular, the banking sector, and financial markets.

Introduction to the RBI

The Reserve Bank was established under the Reserve Bank of India Act, 1934 on April 1, 1935 as a private shareholders' bank but since its nationalisation in 1949, is fully owned by the Government of India. The Preamble of the Reserve Bank describes

* Speech delivered by Dr. Y.V. Reddy, Governor, Reserve Bank of India at the Central Bank of the Russian Federation on July 2, 2007.

the basic functions as '*to regulate the issue of Bank notes and keeping of reserves with a view to securing monetary stability in India and generally, to operate the currency and credit system of the country to its advantage*'. Thus, unlike the current trend in many countries, there is no explicit mandate for price-stability or formal inflation targeting, but the mandate appears to be similar to that of the Federal Reserve of the USA. The twin objectives of monetary policy in India have evolved over the years as those of maintaining price stability and ensuring adequate flow of credit to facilitate the growth process. The relative emphasis between the twin objectives is modulated as per the prevailing circumstances and is articulated in the policy statements by the Reserve Bank from time to time. Consideration of macro economic and financial stability is also subsumed in the mandate. The Reserve Bank is also entrusted with the management of foreign exchange reserves (which include gold holding also), which are reflected in its balance sheet.

While the Reserve Bank is essentially a monetary authority, its founding statute mandates it to be the manager of market borrowing of the Government of India and banker to the Government.

The function of regulating and supervising of banks has been assigned to the Reserve Bank by a separate legislation enacted in 1949, while the regulation of Non-Banking Finance Companies (NBFCs) has been entrusted to it through an amendment to the RBI Act recently. The powers for regulation of money markets, government securities market, forex market and gold are derived from the RBI Act and the regulation

explicitly entrusted through government notifications under the Securities Contracts (Regulation) Act.

The regulation of current and capital account transactions of the external sector was assigned to the Reserve Bank under another statute in 1999, replacing an earlier one in 1973.

In addition to the issuance of currency, the Reserve Bank is also entrusted with the responsibilities relating to distribution of coins.

The Reserve Bank has been assigned some responsibilities in several statutory bodies such as public sector banks, development finance institutions governing Agriculture, Housing and Deposit Insurance, etc.

The Reserve Bank's affairs are governed by a Central Board of Directors, consisting of fourteen non-executive, independent directors nominated by the Government, in addition to the Governor and up to four Deputy Governors. Besides, one Government official is also nominated on the Board who participates in the Board meetings but cannot vote.

The Reserve Bank has 19 regional offices and 4 sub-offices, mostly in state capitals. The Reserve Bank is the debt-manager and banker to State Governments (*i.e.*, the provinces constituting the Indian federation).

The Reserve Bank renders advice to the Central and the State Governments, particularly in regard to financial sector reforms.

In brief, the Reserve Bank has been assigned several functions, in addition to

monetary management. In performing each of the functions, the statute as well as the functional content, requires that the Reserve Bank exercise varying degrees of autonomy and coordination *vis-à-vis* the government. The three over-arching features governing the relations with the Government are autonomy in operations; harmony in policies; and coordination in structural transformations.

Performance of Indian Economy: Self Accelerating Growth with Stability

Sometimes India is described as a re-emerging economy. Since in the 18th century, this geographical area had accounted for about a quarter of world output – but that is part of history. The annual growth rate of GDP in the geographical area of India in the first half of 20th century is estimated to be around an average of 0.9 per cent per annum and per capita income at an average rate of 0.1 per cent per annum. The economy of independent India which is of contemporary interest had to be built upon the overhang issues of second World War, the trauma of partition, the integration of princely states numbering over 500 and a low level of GDP. From an annual average growth rate of 3.5 per cent during 1950 to 1980, the growth rate of the Indian economy accelerated to around 6.0 per cent in the 1980s and 1990s. In the last four years (2003-04 to 2006-07), the Indian economy grew by 8.6 per cent. In 2005-06 and 2006-07, it had grown at a higher rate of 9.0 and 9.4 per cent, respectively. There is, thus, tangible evidence of self-accelerating growth.

An important characteristic of the high growth phase of over a quarter of century is

resilience to shocks and considerable amount of stability. We have witnessed one serious balance of payments crisis triggered largely by the Gulf war in the early 1990s. Credible macroeconomic structural and stabilisation programme was undertaken in the wake of the crisis. The Indian economy in later years, could successfully avoid any adverse contagion impact of shocks from the East Asian crisis, sanction like situation in post-Pokhran scenario, and border conflict during May-June 1999. Seen in this context, this robust macroeconomic performance, in the face of recent oil as well as food shocks, demonstrates the vibrance and resilience of the Indian economy.

The average saving rate in India was 10 per cent in the 1950s, which rose to 17.5 per cent in the 1970s and further to 23.4 per cent in the 1990s. The saving rate was 32.4 per cent in 2005-06. The strengthening of economic activity in the recent years has been supported by persistent increase in gross domestic investment rates from 22.9 per cent of GDP in 2001-02 to 33.8 per cent in 2005-06. It may also be noted that over 95 per cent of investment in the country during this period was financed by the domestic savings.

On the price stability front, India's performance has been fairly good. Since independence, the inflation rate, in terms of the wholesale price index (WPI), on an average basis, was above 15 per cent in only five out of fifty years. In thirty-six out of fifty years, inflation was in single digit and on most occasions high inflation was due to shocks – food or oil. The tolerance level to inflation has been low, relative to many developing countries, especially on account of the democratic pressures in the country.

The inflation rate accelerated steadily from an annual average of 1.7 per cent during the 1950s to 6.4 percent during the 1960s and further to 9.0 per cent in the 1970s before easing marginally to 8.0 per cent in the 1980s. However, the inflation rate declined from an average of 11.0 per cent during 1990-95 to 5.3 per cent during the second half of the 1990s (1995-2000) and further to 4.9 per cent during 2003-07.

More recently during 2006-07, WPI based inflation rate increased from 4.1 per cent at the end of March 2006 to an intra-year peak of 6.7 per cent at end-January 2007 and remained firm in the range of 6.1-6.6 per cent in the succeeding weeks before moderating to 5.9 per cent by the end of the financial year (*i.e.*, as on March 31, 2007). Since then, the inflation has further moderated and as on June 16, 2007, the WPI inflation rate was 4.0 per cent.

In recent period, there has been considerable improvement in the fiscal position. The average gross fiscal deficit of the central government as per cent to GDP during the decade of 1980s was 6.8 per cent as against 3.8 per cent in the 1970s. The Government of India is pursuing the path of rule-based fiscal consolidation from the year 2004-05 under the Fiscal Responsibility and Budget Management Act, 2003 whereunder time-specific targets have been mandated. The underlying purpose of the targets is to reduce the ratio of gross fiscal deficit (GFD) to gross domestic product (GDP) to 3 per cent by 2008-09. Furthermore, the revenue deficit (RD) to GDP ratio has been targeted to touch zero per cent by 2008-09 so that borrowed resources can be used to meet only capital expenditures. The progress of targeted fiscal

consolidation has been satisfactory so far and GFD/GDP and RD/GDP ratios are budgeted to reduce to 3.3 per cent and 1.5 per cent, respectively, in 2007-08. The objective is to meet the targets under the Fiscal Responsibility Act by 2008-09.

The average current account deficit since 1950-51 has been around one per cent of the GDP. During this period, except for 11 years when there was marginal surplus in the current account, we had modest deficit during the rest of the years. In the aftermath of the balance of payment crisis in the early 1990s, several stabilisation and structural reform measures were undertaken.

External sector indicators show considerable level of sustainability attained in the last decade. Sustained growth in export of services and remittances has continued to provide buoyancy to the surplus in the invisible account, which has enabled financing a large part of trade deficit. The capital flows have been buoyant leading to sustained rise in foreign exchange reserves. The merchandise trade deficit is currently close to 7.0 per cent of GDP; however, the current account deficit is under 1.5 per cent of GDP, mainly due to receipts from services and the steady support from remittances from Indians working abroad

Prospects of Indian Economy

In terms of immediate prospects, overall, we expect the real GDP growth in 2007-08 to be around 8.5 per cent, assuming no further escalation in international crude prices and barring domestic or external shocks. For the year 2007-08, the Reserve Bank's policy endeavour would be to contain inflation close to 5.0 per cent. In the medium term, in

recognition of India's evolving integration with the global economy and societal preferences, the resolve, going forward, is to condition policy and expectations for inflation in the range of 4.0–4.5 per cent.

The acceleration of growth in the real sector has been reflected in the upward shift in the growth trajectory of credit extended by commercial banks, which in the past three years has been unprecedented in the history of the Indian economy. There has been some sign of deceleration in the recent period.

In consonance with the rising capital flows, the reserve money growth has been higher in the recent period averaging 17.8 per cent during 2003-07. The rate of growth of reserve money was 23.0 per cent as on June 22, 2007 on year on year basis (18.2 per cent a year ago).

Similarly, the high credit growth in the recent period has led the money supply growth to remain high averaging 16.8 per cent during 2003-07. During 2006-07, the money supply grew by 21.3 per cent. As on June 8, 2007, the growth in money supply on year on year basis was 21.0 per cent (18.5 per cent a year ago).

Taking into account the high expansion of money supply worldwide, and given the monetary overhang of 2005-07, it is important to contain monetary expansion in 2007-08 at around 17.0-17.5 per cent, in consonance with the outlook on growth and inflation. The Annual Policy Statement for the year 2007-08 also placed aggregate deposits growth in 2007-08 at around Rs.4,900 billion and a graduated deceleration of non-food credit to 24.0-25.0 per cent in 2007-08.

For the medium term, the Approach Paper for the Eleventh Five Year Plan (2007-08 to 2011-12) targets an average annual growth of 9 per cent relative to 8 per cent targeted by the Tenth Plan (2002-03 to 2006-07). This aspiration for growth would require significant acceleration in investment from 27.8 per cent in the Tenth Five Year Plan to 35.1 per cent in the Eleventh Five Year Plan.

Realising that the growth benefits need to trickle down further, the Eleventh Five-Year Plan is likely to provide an opportunity to restructure policies to achieve a new vision based on faster, more broad-based and inclusive growth. Doubling of agricultural GDP growth to around 4 per cent is particularly important in this context. The Approach Paper suggests that this must be combined with policies to promote rapid growth in non-agricultural employment so as to create 70 million job opportunities in the 11th Plan.

Very recently on May 29, 2007, our Honourable Prime Minister announced a major scheme to double the growth rate of agriculture to 4.0 per cent over the 11th Plan period. The Government would provide Rs.250 billion for new farm initiatives launched by States. A time-bound Food Security Mission was also announced to counter rising prices of food products and to ensure visible changes in their availability over three years.

If these objectives are achieved, the percentage of people in poverty could be reduced by 10 percentage points by the end of the Plan period. The policy reforms and monitorable targets as indicated in the Approach Paper, particularly on education,

health, women and children, infrastructure, when attained, are expected to benefit a larger chunk of population immensely. This will help in making the Indian growth process more inclusive and durable.

Financial Sector

The Indian financial system of the pre-reform period, before 1991, essentially catered to the needs of planned development in a mixed-economy framework, where the Government sector had a predominant role in economic activity. Interest rates on Government securities were artificially pegged at low levels, which were unrelated to the market conditions. The system of administered interest rates was characterised by detailed prescriptions on the lending and the deposit side, leading to multiplicity and complexity of interest rates. As would be expected, the environment in the financial sector in those years was characterised by segmented and underdeveloped financial markets coupled with paucity of financial instruments. Consequently, by the end of the eighties, directed and concessional availability of bank credit to certain sectors adversely affected the viability and profitability of banks. Thus, the transactions between the *de facto* joint balance sheet of the Government, the Reserve Bank and the commercial banks were governed by fiscal priorities rather than sound principles of financial management and commercial viability. It was then recognised that this approach, which, conceptually, sought to enhance efficiency through a co-ordinated approach, actually led to loss of transparency, accountability and incentive to seek efficiency.

Banking

The banking system in India has undergone significant changes during last 16 years. There have been new banks, new instruments, new windows, new opportunities and, along with all this, new challenges. While deregulation has opened up new vistas for banks to augment incomes, it has also entailed greater competition and consequently greater risks. India adopted prudential measures aimed at imparting strength to the banking system and ensuring its safety and soundness, through greater transparency, accountability and public credibility. The capital adequacy ratio has increased to 12.4 per cent for scheduled commercial banks as at end March 2006, which is much above the international norm. Commercial banks' net profits remained at 0.9 per cent of total assets during 2004-05 and 2005-06, up from 0.16 per cent in 1995-96. The ratio of NPLs to total loans of scheduled commercial banks, which was as high as 15.7 per cent at end-March 1997, declined steadily to 3.3 per cent by end-March 2006. The net non-performing assets declined to 1.2 per cent of net advances during 2005-06 from 2.0 per cent in 2004-05. According to the preliminary financial results available for most of the banks for the year 2006-07, the financial soundness has improved further.

Our banking sector reform has been unique in the world in that it combines a comprehensive reorientation of competition, regulation and ownership in a non-disruptive and cost-effective manner. Indeed our banking reform is a good illustration of the dynamism of the public sector in managing the overhang problems and the pragmatism

of public policy in enabling the domestic and foreign private sectors to compete and expand. There has been no banking crisis in India.

The Government took steps to reduce its ownership in nationalised banks and inducted private ownership but without altering their public sector character. The underlying rationale of this approach is to assure that the salutary features of public sector banking were not lost in the transformation process. On account of healthy market value of the banks' shares, the capital infusion into the banks by the Government has turned out to be profitable for the Government.

An independent Banking Codes and Standards Board of India was set up on the model of the UK in order to ensure that comprehensive code of conduct for fair treatment of customers is evolved and adhered to. With a view to achieving greater financial inclusion, since November 2005, all banks need to make available a basic banking 'no frills' account either with 'nil' or very low minimum balances as well as charges that would make such accounts accessible to vast sections of population. Banks were urged to review their existing practices to align them with the objective of 'financial inclusion'.

There is a scheme of Ombudsman, located in fifteen cities to provide redressal to grievances of the bank customers. Customer-service is accorded high priority in the supervisory evaluation and according regulatory comfort to the Reserve Bank.

With a view to strengthening the supervisory framework within the Reserve Bank, a Board for Financial Supervision (BFS)

was constituted in 1994, comprising select members of the Reserve Bank's Central Board with a variety of professional expertise to exercise 'undivided attention to supervision' and ensure an integrated approach to supervision of commercial banks and financial institutions. The Reserve Bank has also instituted Off-site Monitoring and Surveillance System (OSMOS) for banks in 1995, which provides for Early Warning System as also a trigger for on-site inspections of vulnerable institutions.

Capital Adequacy: Three-track Approach

In India, we have 84 commercial banks, which account for about 81 per cent (total assets) of the financial sector at end-March 2006; over 3000 cooperative banks, which account for 11 per cent; and 133 Regional Rural Banks, which account for 3 per cent. Taking into account the size, complexity of operations, relevance to the financial sector, need to ensure greater financial inclusion and the need for having an efficient delivery mechanism, the capital adequacy norms applicable to these entities have been maintained at varying levels of stringency. One might say that we are adopting a three-track approach with regard to capital adequacy rules. Given the differential risk appetite across banks and their business philosophies, it is likely that banks would 'self select' their own approach, which in turn, is likely to engender a stabilising influence on the system as a whole.

On the first track, the commercial banks are required to maintain capital for both credit and market risks as per Basel I framework; the cooperative banks, on the

second track, are required to maintain capital for credit risk as per Basel I framework and through surrogates for market risk; the Regional Rural Banks, on the third track, have a minimum capital requirement which is, however, not on par with the Basel I framework. Consequently, we have a major segment of systemic importance on a full Basel I framework, a portion of the minor segment partly on Basel I framework, and a smaller segment on a non-Basel framework.

The guidelines for Basel II implementation have been issued. According to the schedule, foreign banks operating in India and Indian banks having presence outside India are to migrate to the standardised approach for credit risk and the basic indicator approach for operational risk under Basel II with effect from March 31, 2008. All other scheduled commercial banks are encouraged to migrate to these approaches under Basel II in alignment with them but in any case not later than March 31, 2009.

Development of Financial Markets

Financial markets in India in the period before the early 1990s as I mentioned earlier were marked by administered interest rates, quantitative ceilings, statutory pre-emptions, captive market for government securities, excessive reliance on central bank financing, pegged exchange rate, and current and capital account restrictions. As a result of various reforms, the financial markets have now transited to a regime characterised by market-determined interest and exchange rates, price-based instruments of monetary policy, current account convertibility, phased capital account liberalisation and auction-based system in the government securities market.

A noteworthy feature is that the government securities and corporate debt markets are essentially domestically driven since Foreign Institutional Investor and non-resident participation in these markets are limited and subjected to prudential ceilings.

The Reserve Bank has taken a proactive role in the development of financial markets. Development of these markets has been done in a calibrated, sequenced and careful manner such that these developments are in step with those in other markets in the real sector. The sequencing has also been informed by the need to develop market infrastructure, technology and capabilities of market participants and financial institutions in a consistent manner.

The Reserve Bank has accorded priority to the development of the money market as it is the key link in the transmission mechanism of monetary policy to financial markets and finally, to the real economy. The Reserve Bank has special interest in the development of government securities market as it also plays a key role in the effective transmission of monetary policy impulses in a deregulated environment.

A qualitative change was brought about in the legal framework by the enactment of the Foreign Exchange Management Act (FEMA) in June 2000 by which the objectives of regulation have been redefined as facilitating trade and payments as well as orderly development and functioning of foreign exchange market in India. The legal framework envisages both the developmental dimension and orderliness or stability. The legislation provides power to the government to re-impose controls if public interest warrants it. The Reserve Bank has

undertaken various measures towards development of spot as well as forward segments of foreign exchange market. Market participants have also been provided with greater flexibility to undertake foreign exchange operations and manage their risks.

Linkage between the money, government securities and forex markets has been established and is growing. The price discovery in the primary market is more credible than before and secondary markets have acquired greater depth and liquidity. The number of instruments and participants has increased in all the markets, the most impressive being the government securities market. The institutional and technological infrastructure has been created by the Reserve Bank to enable transparency in operations and to provide secured payment and settlement systems.

Current challenges

In assessing short-term prospects, say for 2007-08, it is essential to recognise that the impressive growth in GDP at 9.4 per cent during the preceding year, reflects the contribution of both – the structural and the cyclical factors though their relative contribution is somewhat non-quantifiable. The critical task before the public policy, in general, and Reserve Bank of India, in particular, is to strengthen the structural factors in the economy but determinedly moderate the cyclical and excessively volatile elements of the economy.

There are reasonable grounds for optimism in regard to the prospects for Indian economy, and this has been globally recognised. However, it is necessary to remain guarded in matters relating to

economic growth and stability of an emerging market economy in the current global environment of high output-growth, notable inflation pressures, persisting global imbalances, incipient signs of re-pricing of risks, and perceived volatility of capital flows.

We do recognise that relative to most large emerging market economies, we have several significant economic strengths but we also have twin deficits – current and fiscal; have a higher component of more volatile portfolio flows on capital account, and severe policy challenges in managing capital flows.

In view of the proven success of our overall approach to reform over the last fifteen years, there is considerable merit in pursuing the gradualist, participative and harmonious approach towards further reforms in financial and external sectors. Since it is generally accepted that financial and external sectors in India are reasonably strong and resilient, high priority is being accorded for further reforms in fiscal sector, agriculture, physical infrastructure, especially in power and urban areas, and delivery of public services such as water, health and education. Progress in these sectors will help, over the medium term, enhance competitiveness and accelerated reforms in financial and external sectors, in a harmonious and non-disruptive manner, thus, reinforcing self-accelerating growth with assured stability.

Let me conclude by thanking Chairman Ignatiev of Bank of Russia for his kind invitation and warm hospitality. We hope to further strengthen our bilateral co-operation in matters relating to central banking, since we realise that we have much more in common than we were aware of.

*First Quarter Review of Monetary Policy: Underlying Macroeconomics**

Rakesh Mohan

I am deeply honoured to be invited to deliver the valedictory address at the High Powered Macroeconomic Workshop organised by the State Bank of India. I am particularly gratified that this Workshop has become a reality, since its genesis is in the extremely useful discussions that we in the Reserve Bank had with the Indian Banks' Association as part of pre-Annual Policy consultations held in April this year.

The success of any monetary policy formulation is dependent on successful communication between the central bank and all market participants. The effectiveness of communication would be greatly enhanced if there is deeper understanding among participants of all the reasoning and the process that goes behind policy making. So we greatly value this initiative that you have taken.

On July 31, we set out our first quarter review of the annual policy and you are all aware of the response of financial markets and the banking and financial system to our announcement. Today, I propose to move away from the minutiae of the policy review and share with you my thoughts on the underlying macroeconomics and the unfolding of expectations for the period ahead.

I propose to structure my address by beginning with an overview of domestic and global macroeconomic developments that conditioned our assessment and response on July 31. My approach will be to compare the current situation with that prevailing in April 2007 *i.e.*, at the time of the Annual Policy Statement, in order to highlight the changes that have taken place within the Indian economy but more perceptibly, in the

* Valedictory Address by Dr. Rakesh Mohan, Deputy Governor, Reserve Bank of India on August 3, 2007 at the Workshop for Top Executives of Banks on Macroeconomic Issues and their Relevance to the Banking System organised by the State Bank of India. Assistance of M.D. Patra and Indranil Bhattacharya in preparing the speech is gratefully acknowledged.

international environment. Against this backdrop, I will try to set out the key elements of our assessment of underlying developments, the complexities and the challenges. Finally, I will draw upon the rationale emerging from this assessment to explain the stance of the first quarter review.

I. Overview of Macroeconomic Developments – Then and Now

You will all recall that the Annual Policy Statement of April 2007 was formulated at a time when the Indian economy was seen to be facing the intensification of demand pressures which, coupled with supply constraints, were showing up in inflation (as measured by the Wholesale Price Index (WPI)), ruling above 6 per cent through the preceding quarter (January-March, 2007). Consumer price inflation was even higher. There was also expectation internationally at that time that the global economy was moderating after unusually high growth in the last few years. However, some volatility had been observed in international financial markets and there was some expectation of repricing of risks, and its potential effects on financial markets. Overall, while prospects for growth continued to be favourable, monetary authorities around the world were showing an inclination to be watchful about risks to price and financial stability. By late July, while the evolution of macroeconomic and financial developments was broadly on track, with some upward revisions about growth prospects, there are some incipient shifts taking place in sentiment, liquidity and market conditions, particularly in the presence of some volatility in financial markets. Policy responses of central banks

across the world have acquired a tone of increased caution.

(a) Domestic Developments

In February 2007 *i.e.*, prior to the Annual Policy Statement, the CSO had placed real GDP growth at 9.2 per cent in 2006-07. By the time of the first quarter review, the CSO had revised this estimate to 9.4 per cent, indicative of the improvement in aggregate supply conditions, but also pointing to the firming up of demand pressures. In the first quarter of 2007-08, some supply conditions seem to have improved. The arrival of the *rabi* harvest, a satisfactory south-west monsoon so far and a slow catch-up in *kharif* sowing provides grounds for optimism regarding agricultural performance this year. Activity in the industrial and services sectors has continued apace, though there seems to have been some moderation in specific sectors. In the disposition of aggregate demand, however, there appear to be signs of some shifts underway. Although the demand for consumer non-durables has picked up, the coincident high growth in capital goods and non-oil imports, secondary effects on intermediate goods and stretched capacity utilisation together suggest that investment demand could be intensifying. There seems to be a general optimism about India's growth prospects in projections made by various agencies; some agencies have taken the lead in initiating upward revisions (Table 1).

Within this overall picture of the real economy, headwinds to growth seem to be reshaping the outlook. While corporate performance continues to be buoyant as assessed in April, there is some deceleration in corporate sales and profitability growth

Table 1: Projections of Real GDP for India by various Agencies: 2007-08

(Per cent)					
Agency	Overall Growth	Agriculture	Industry	Services	Month of Projection
1	2	3	4	5	6
ABN Amro	7.6	–	–	–	March 2007
Asian Development Bank	8.0	–	–	–	March 2007
Confederation of Indian Industry (CII)	8.5	3.0	9.3	9.9	April 2007
	9.2	3.0	9.4	11.2	July 2007
Centre for Monitoring the Indian Economy (CMIE)	8.5	–	–	–	June 2007
Citigroup	9.3	3.0	10.3	10.9	April 2007
CRISIL	7.9-8.4	3.0	8.4-9.1	9.3-9.9	March/ June 2007
Economic Advisory Council to the Prime Minister	9.0	2.5	10.6	10.4	July 2007
ICRA	8.5	–	–	–	April 2007
Indicus Analytics	8.4	3.0	7.9	9.7	April 2007
International Monetary Fund	8.4 *				
	9.0 *	–	–	–	April 2007
					July 2007
JP Morgan	8.0	–	–	–	March 2007
Organisation for Economic Cooperation and Development (OECD)	8.5	–	–	–	May 2007
National Council for Applied Economic Research (NCAER)	8.3	2.6	8.7	9.9	April 2007
Reserve Bank of India	8.5	–	–	–	April/ July 2007
Median Projection (Q1 Review)	8.5				
Median Projection (Annual Policy Statement)	8.4				

– : Not Available. * : Calendar Year.

on a year-on-year basis as also increases in input and staff costs. There is some indication of a turn in business sentiment with the optimism reflected in various surveys conducted at the time of the Annual Policy Statement having been moderated by rising cost expectations, strained capacities and the impact of recent exchange rate movements, particularly in IT, commercial vehicles, auto parts and cement.

The key monetary and banking aggregates are exhibiting somewhat diverging profiles. Money supply is running well above the indicative path given in the Annual Policy Statement in April, driven up by the expansion in reserve money and high growth in deposits. With banks having launched

aggressive mobilisation strategies, presumably in response to the high credit demand of the last few years, there has been high growth in aggregate deposits in the banking system. Consequent to the lagged and cumulative effects of monetary measures taken since September 2004, there has been some slackening of non-food credit growth. Banks SLR portfolios (at 28.7 per cent of NDTL on July 6) have increased. This will help them to mitigate balance sheet risks and also allow for better liquidity management. The deceleration in credit demand has been localised in the commercial real estate, housing and retail segments. On the other hand, the pick up in bank credit to agriculture and industry is favourable to sustaining the growth momentum (Table 2).

Table 2: Deployment of Non-food Bank Credit

(Amount in Rupees crore)					
Sector/Industry	Outstanding as on May 25, 2007	Year-on-Year Variation			
		May 26, 2006		May 25, 2007	
		Absolute	Per cent	Absolute	Per cent
1	2	3	4	5	6
Non-food Gross Bank Credit (1 to 4)	17,52,349	3,10,316	32.2	3,65,814	26.4
1. Agriculture and Allied Activities	2,22,042	42,122	35.0	54,038	32.2
2. Industry (Small, Medium and Large)	6,76,440	98,947	26.4	1,41,280	26.4
Small Scale Industries	1,15,884	14,863	20.3	26,387	29.5
3. Personal Loans	4,55,439	–	–	87,944	23.9
Housing	2,30,751	–	–	41,066	21.6
Advances against Fixed Deposits	39,092	6,076	22.9	6,237	19.0
Credit Cards	14,221	–	–	4,411	45.0
Education	15,438	–	–	4,903	46.5
Consumer Durables	8,831	-1,103	-13.3	1,661	23.2
4. Services	3,98,428	–	–	82,551	26.1
Transport Operators	25,321	–	–	7,922	45.5
Professional and other Services	24,834	–	–	8,999	56.8
Trade	1,05,536	–	–	23,319	28.4
Real Estate Loans	46,295	–	–	19,010	69.7
Non-Banking Financial Companies	44,425	11,564	64.0	12,401	38.7

– : Not available.

Note : 1. Data are provisional and relate to select scheduled commercial banks.

2. Owing to change in classification of sectors/industries and coverage of banks, data for 2006 onwards are not comparable with the earlier periods.

Source : Reserve Bank of India.

The combination of rising deposit growth and moderation of non-food credit growth is contributing to the prevalence of excess liquidity conditions in the financial markets. With the imposition of a ceiling of Rs.3,000 crore on daily LAF reverse repos since March 5, 2007, the summary measure of the liquidity overhang, *i.e.*, the sum of LAF, MSS and outstanding cash balances of the government, did not fully capture the counterpart liquidity shifts in the market during this period as the net position in the LAF presents only a partial picture. A large part of the liquidity that would have otherwise been absorbed under the LAF is currently showing up in excess CRR balances and in banks' investments in money market mutual funds. On the other hand, the transfer of funds from the

Government to the Reserve Bank on account of the sale of the Reserve Bank's stake in the State Bank of India has had the indirect effect of impounding market liquidity on a temporary basis. Thus, new factors have been impinging the assessment of liquidity in recent weeks, which has been reflected in the behaviour of overnight market rates and in the Reserve Bank's liquidity management operations (Table 3).

In the financial markets, the shifts in liquidity flows between the first quarter of 2007-08 and the preceding quarter have imparted considerable volatility. Overnight rates have been close to zero for a prolonged period of time (Chart 1). These have been caused by the cumulative impact of the unwinding of government cash balances,

Table 3: Reserve Bank's Liquidity Management Operations

Item	(Rupees crore)							
	2006-07 (April- March)	2006-07				2007-08		
		Q1	Q2	Q3	Q4	April	May	June
1	2	3	4	5	6	7	8	9
A. Drivers of Liquidity (1 to 5)	61,739	36,247	-16,896	-25,641	68,028	34,179	12,797	N.A.
1. RBI's net Purchases from Authorised Dealers	1,18,994	21,545	0	22,461	74,988	8,835	5,779	N.A.
2. Currency with the Public	-70,352	-19,648	-1,270	-27,033	-22,400	-19,953	-1,007	8,498
3. Surplus Cash Balances of the Centre with the Reserve Bank*	-1,164	40,207	-26,199	-30,761	15,590	49,992	0	0
4. WMA/Overdraft to the Centre	0	0	0	0	0	980	6,773	7,406
5. Others (residual)	14,260	-5,856	10,574	9,693	-150	-5,676	1,252	N.A.
B. Management of Liquidity (6 to 9)	-24,257	-39,003	32,026	31,625	-48,905	-39,879	-24,451	10,387
6. Liquidity Impact of LAF Repos	36,435	-35,315	40,650	33,600	-2,500	-19,189	-5,306	4,205
7. Liquidity Impact of OMO (Net)@	720	545	145	25	5	10	0	0
8. Liquidity Impact of MSS	-33,912	-4,233	-8,769	4,750	-25,660	-12,950	-11,395	6,182
9. First Round Liquidity Impact due to CRR change	-27,500	0	0	-6,750	-20,750	-7,750	-7,750	0
C. Bank Reserves (A + B) #	37,482	-2,756	15,130	5,984	19,123	-5,700	-11,654	15,047

N.A. : Not available.

(+): Indicates injection of liquidity into the banking system.

(-): Indicates absorption of liquidity from the banking system.

*: Excludes minimum cash balances with the Reserve Bank in case of surplus.

: Includes vault cash with banks and adjusted for first round liquidity impact due to CRR change.

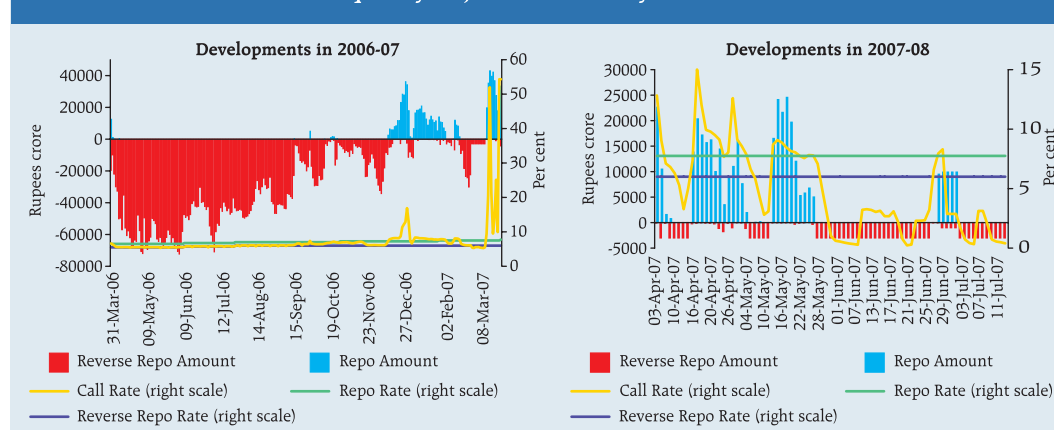
@ : Adjusted for Consolidated Sinking Funds (CSF) and including private placement.

Note : For end-March, data pertain to March 31: for all other months, data pertain to last Friday.

excess capital flows, and high deposit growth. In the Government securities market, there is reasonable stability but the yield curve seems to be indicating that

excess liquidity conditions in the short term segment was beginning to effect longer term yields. The forex market is experiencing continuous upward pressures on the spot

Chart 1: Liquidity Adjustment Facility and the Call Rate



exchange rate and forward premia have declined across maturities.

The most important change between April and now is in inflation conditions. It may be recalled that in January 2007, the resolve of monetary policy was stated as returning inflation to within the policy tolerance threshold on a priority basis. Against the backdrop of the spike in WPI inflation in January and the persistence in the hardening of consumer prices, this stance was reinforced in April. The combination of monetary, fiscal and supply management measures appears to have had a salutary effect on inflation expectations and from end-May there has been a distinct easing of inflation in terms of the headline. Yet, inflation pressures appear to be ruling firmly. Excluding the decline in energy prices since February, WPI inflation continues to be above 6 per cent. Excluding food and energy prices, inflation would still be above the headline. Inflation in terms of consumer prices is still in the range of 5.7-7.8 per cent. Besides, global prices of key food grains such as wheat and rice, and of oilseeds and livestock products are at historically elevated levels, igniting international concern on the effect of these prices on overall inflation. With food having a higher weight in price indices in developing countries, this development is of particular concern to countries such as ours. International crude prices are high and volatile with expectations that they would remain at these levels through 2007. These factors would have a definite bearing on the manner in which the inflation outlook in India evolves over the months to come. Inflation concerns remain with us and thus our vigil on inflation must continue. There are no grounds for complacency on this account.

The balance of payments outlook remains strong and resilient between April and now. A sharper than expected increase in non-oil imports has resulted in a widening of the merchandise trade deficit in the early months of 2007-08. The key difference between expectations and outlook relating to the external sector is the magnitude of capital inflows received so far. In reflection, the foreign exchange reserves have gone up by nearly US \$ 23 billion during April-July 20, which is already nearly half of the entire reserve accretion during the year 2006-07. By current indications, managing capital flows and consequently, liquidity will be the main challenge facing monetary policy in 2007-08.

(b) Global Developments

The key change in the global outlook between April and July is the upward revision by the IMF in global growth forecasts for 2007 and 2008 from 4.9 per cent to 5.2 per cent. This upward revision is expected to be shared by all major mature economies, barring the US, as well as the emerging market economies (EMEs), particularly China and India. In the EMEs which are progressively increasing their contribution to global growth, the prospects are strong but embedded with risks of overheating, volatile crude prices, leveraged international financial markets and persisting global imbalances. In China, in particular, there have been rising concerns, as stated by their highest authorities, that the growth process could have the potential of becoming unstable and unsustainable. Inflation concerns have become renewed on the back of the flare up of crude prices alongside elevated levels of food and metal prices (Table 4).

Table 4: International Commodity Prices

Commodity	Unit	2004	Index						Variation (per cent)	
			2004	2005	2006	2007			June 2007/ March 2007	June 2007 June 2006
						January- June	March	June		
1	2	3	4	5	6	7	8	9	10	11
Coal	\$/mt	53.0	100	90	93	105	105	114	9.0	15.3
Crude oil (Average)	\$/bbl	37.7	100	142	170	163	161	181	12.5	-0.1
Palm oil	\$/mt	471.3	100	90	102	146	132	171	29.7	84.7
Soybean oil	\$/mt	616.0	100	88	97	122	117	135	15.7	38.3
Soybeans	\$/mt	306.5	100	90	88	107	105	118	12.1	35.2
Rice	\$/mt	237.7	100	120	128	133	134	136	1.4	3.5
Wheat	\$/mt	156.9	100	97	122	129	127	142	12.0	14.2
Sugar	c/kg	15.8	100	138	206	140	146	130	-11.0	-39.7
Cotton A Index	c/kg	136.6	100	89	93	93	94	94	0.0	5.9
Aluminium	\$/mt	1716.0	100	111	150	162	161	156	-3.1	8.1
Copper	\$/mt	2866.0	100	128	235	237	225	261	15.8	3.8
Gold	\$/toz	409.2	100	109	148	161	160	160	0.1	10.0
Silver	c/toz	669.0	100	110	173	199	197	196	-0.2	22.0
Steel cold-rolled coil/sheet	\$/mt	607.1	100	121	114	107	107	107	0.0	0.0
Steel hot-rolled coil/sheet	\$/mt	502.5	100	126	119	109	109	109	0.0	-4.3
Tin	c/kg	851.3	100	87	103	158	163	166	1.5	78.6
Zinc	c/kg	104.8	100	132	313	340	312	344	10.1	11.7

\$: US dollar. c : US cent. bbl: barrel. mt : metric tonne. kg: Kilogram. toz : troy oz.

Source : Based on World Bank's actual commodity price data. The year 2004 has been taken as the base to better exhibit price trends over the relevant period.

Global financial markets, which faced major episodes of turbulence in May-June, 2006 and again in February 2007, seem to be experiencing heightened volatility again in July due to the fall in confidence related to the adverse developments in the US subprime mortgage market transmitted to other segments through the highly leveraged activities of hedge funds and private equity funds. Even as financial markets are repricing risks, there continues to be a compression of risk spreads and an ever widening search for returns, interrupted by sporadic flights to safety. While there seem to be signs of some abatement in the carry trade, there are persisting uncertainties and EMEs, in particular, need to be on guard against the

manner in which carry trades unfold. Perhaps, the most volatile segments have been currency and equity markets with increasing linkages and potential vulnerability to contagion effects.

In response to these developments, several monetary authorities have continued to display a readiness to tighten monetary policy further in reinforcement of their stance in April. Central banks in EMEs have supported the withdrawal of monetary accommodation with successive increases in cash reserve requirements and in the application of non-monetary measures. In India and China, in particular, the use of cash reserve requirements has been more frequent than in other EMEs (Table 5).

Table 5 : Cash Reserve Ratio

(Per cent)			
China		India	
Effective	CRR	Effective	CRR
Sept. 21, 2003	7.00	Jun. 14, 2003	4.50
April 25, 2004	7.50	Sep. 18, 2004	4.75
July 5, 2006	8.00	Oct. 2, 2004	5.00
Aug. 15, 2006	8.50	Dec. 23, 2006	5.25
Nov. 15, 2006	9.00	Jan. 6, 2007	5.50
Jan. 15, 2007	9.50	Feb. 17, 2007	5.75
Feb. 25, 2007	10.00	March 3, 2007	6.00
April 15, 2007	10.50	April 14, 2007	6.25
May 15, 2007	11.00	April 28, 2007	6.50
June 5, 2007	11.50	Aug. 4, 2007	7.00
Aug. 15, 2007	12.00		

Thus, central banks across the world remain hawkish with respect to inflation

and prepared to act against any signs of instability developing. Where they have paused, as in the US, they have done so on the back of sustained prior action. The outlook on inflation continues to drive the response of central banks (Table 6).

One key issue that many of the key EMEs are facing is the issue of excess forex flows, both because of a current account surplus in most cases, and additional capital flows. In this regard, the key difference between India and most of these economies is the existence of a current account deficit,

Table 6: Key Macroeconomic Indicators: Emerging Markets

(Per cent)												
Country	Consumer Price Inflation		Current Account Balance (per cent to GDP)		Real Effective Exchange Rate (REER)		Central Govt. Fiscal Balance (per cent of GDP)		Real Policy Rate		Real GDP Growth	
	June 2006	June 2007	2005	2006	June 2006	June 2007	2005	2006	July 2006	July 2007	2005	2006
1	2	3	4	5	6	7	8	9	10	11	12	13
Brazil	4.0	3.7	1.6	1.3	6.8	13.7	-3.4	-3.2	10.8	7.8	2.9	3.7
China	1.5	4.4	7.2	9.1	1.6	4.7	(17.9)	(17.3)	4.9	2.4	10.4	11.1
India	6.3	5.7	-1.1	-1.1	-4.8	12.0	-4.1	-3.5	0.3	2.1	9.0	9.4
	(5.2)	(4.3)	(-6.4)	(-7.1)			(63.9)	(63.4)	(2.3)	(3.3)		
Indonesia	15.5	5.8	0.1	2.7	14.6	6.1	(46.5)	(40.9)	-3.0	2.5	5.7	5.5
Israel	3.5	-0.7	2.9	5.2	-0.8	-0.8	-2.9	-2.7	2.9	4.2	5.2	5.1
Korea	2.4	2.5	1.9	0.7	5.2	0.9	(29.5)	(32.2)	2.0	2.3	4.2	5.0
Philippines	6.7	2.3	2.0	2.9	7.5	14.3	-2.7	-1.0	1.1	3.7	5.0	5.4
Russia	9.1	8.5	10.9	9.8	10.0	4.6	7.5	7.5	2.2	1.5	6.4	6.7
South Africa	3.9	6.9 *	-3.8	-6.4	-3.0	-2.1	-	-	2.5	2.6	5.1	5.0
Thailand	5.9	1.9	-4.5	1.6	9.6	8.9	(26.1)	(27.3)	0.6	1.4	4.5	5.0

*: May.

Note : 1. For India, data pertain to fiscal years 2005-06 and 2006-07.

2. Consumer price inflation data are on a year-on-year basis. Data for India are for CPI-Industrial Workers.

3. Real policy rate is the policy rate less year-on-year consumer price inflation. For India, repo rate is used.

4. Figures in parentheses in columns (2) and (3) refer to wholesale price inflation.

5. Figures in parentheses in columns (4) and (5) refer to trade balance/GDP ratio.

6. Data on fiscal balance for Korea and Israel pertain to general government balance.

7. Figures in parentheses in columns (8) and (9) refer to central government debt/GDP ratio. For China, data refer to public sector debt.

8. Figures in parentheses in columns (10) and (11) for India are based on wholesale price inflation.

9. Data on REER refer to year-on-year variation in broad indices (CPI-based) compiled by the Bank for International Settlements. A positive figure indicates appreciation while a negative figure indicates depreciation. For India, data are based on movements in 6-currency indices.

Source: International Monetary Fund, Asian Development Bank, Bank for International Settlements, World Bank and official websites of respective central banks.

though modest, along with a significant merchandise trade deficit which is now in excess of 7 per cent of GDP. Most of these countries, along with us, have experienced significant real exchange rate appreciation over the last year or two. So the practice of monetary management has encountered significant complexity in a number of EMEs. We are not alone. We may note that we have so far been managing this complexity relatively successfully within the context of high economic growth, high credit growth, a reasonable degree of price stability and most importantly maintenance of financial stability. The quality of bank balance sheets has been improving on a continuous basis, and we are hopeful that they will reach international best practice soon. It is interesting to observe that, just like us, many of these countries have been using the whole range of monetary instruments, including direct sterilisation through issuance of government or central bank bonds, increases in reserve requirements, and different means of capital account management to manage the monetary impact of excess forex flows. The overall problem of the capital flows, both from the point of view of the monetary management of EMEs and reverse capital flows to industrialised countries, is now receiving worldwide attention. The Committee of Global Financial System (CGFS) under the aegis of BIS has also appointed a Working Group to look into these complex issues.

II. Macroeconomics of Policy Assessment

Domestic macroeconomic prospects are currently seen to be broadly favourable, with the pace of growth being maintained

and the inflation outlook softer. As already stated, however, the attendant risks from global developments relating to food, commodity, and energy prices remain and will have to be monitored carefully, and acted upon as necessary. In an overall perspective, the main objective of policy as set out in April, is to manage the transition to higher growth with price and financial stability. The key issues for the conduct of monetary policy in the context of this objective are a continuing emphasis on price stability and well anchored inflation expectations. This will involve managing liquidity in the presence of the pressures from high deposit growth, shifts in government cash balances and continuing capital flows. The flux in global financial markets is a clear and present danger to stability for which policy makers and all stake holders have to be well prepared. Exchange rate movements have become amplified by these developments. Going forward, it will be necessary to reinforce the commitment to financial stability alongside the containment of inflation so as to support growth. The Reserve Bank's Annual Policy statement had announced the initiation of further development of financial markets, such as the work related to currency futures, interest rate futures and credit default swaps. Our annual publication, Report on Currency and Finance has, this year, paid particular attention to the overall development of financial markets in some detail. The key element of our approach is the maintenance of financial stability, along with the continuous development of markets.

Against this backdrop and a careful assessment of the balance of risks, the

projection of real GDP growth for 2007-08 has been retained at around 8.5 per cent as in the Annual Policy Statement. A key assumption is that agriculture will post a return to trend growth and the momentum will be maintained in industry and services. While the outlook for inflation remains unchanged, the policy priority in the first quarter review is to hold headline inflation within 5 per cent in 2007-08 and within 4.0 - 4.5 per cent over the medium term. While money supply and aggregate deposits are currently high, moderating the growth of these key aggregates has assumed policy priority. Early indications suggest that the balance of payments position is strong, that the current account deficit will be managed within sustainable limits but the uncertainties and volatility associated with capital flows will test the evolving policy stance.

While the domestic outlook is positive and should remain so with appropriate corrections in liquidity and financial market conditions to align them with the policy stance, it is the global outlook which presents the greatest threats to growth with stability in India. The conduct of monetary policy must ensure that the gains of strong macroeconomic performance are not lost in the cross currents of global financial markets and the periodic episodes of volatility of turbulence which have world wide ramifications. It is in this context that the Reserve Bank has reinforced the emphasis on price stability and financial stability in the first quarter review with a view to supporting growth by contributing stability. To sum up, therefore, inflation risks and potential dangers of financial market turbulence dominate the macroeconomics of current policy assessment.

III. The Policy Response

The operating framework of monetary management is rendered complex, particularly in a developing economy such as ours which is undergoing significant financial deepening and structural change. The relationship between real economy variables such as GDP growth and monetary aggregates is subject to constant change. Similarly, the relationships between different monetary aggregates themselves such as broad money (M_3), narrow money (M_1) and reserve money (M_0) are also subject to continuous change. It is for this reason that we have to operate policy flexibly, leading to some impressions of lack of transparency. Our overall job is to maintain price stability in the presence of the existing scenario of welcome accelerated growth, along with the maintenance of financial stability of the system. It is our firm judgement that low and stable inflation is essential to maintenance of the growth process and we are determined to achieve this continuing goal. Similarly, in a low income country such as ours, we also believe that the ability of market participants, ranging from far flung subsistence farmers to the ultra sophisticated financial market players, such as you, is much more varied than in a developed country. The costs of risks unfolding are asymmetric, so we have to place a higher weight on the maintenance of financial stability than in a developed country, as we pursue overall growth and associated financial market development.

The stance of monetary policy in the first quarter review assigns a higher priority for managing appropriate liquidity in the financial markets while maintaining the

intensive vigil on price and financial stability. The Reserve Bank has articulated its approach to liquidity management in the form of “appropriate use of CRR stipulations, open market operations including MSS and LAF and all policy instruments at its disposal flexibly, as and when the situation warrants”.

In view of the surplus conditions in the financial markets, the ceiling on daily reverse repos under the LAF has been removed. The objective is to absorb excess liquidity and align overnight rates with the prevailing monetary policy stance so that policy signals are efficiently and transparently passed through into the structure of interest rates, aggregate demand and thereby, growth and stability. The restoration of the informal LAF corridor should help in stabilising overnight rates and smoothing volatility. The key policy rates have been kept unchanged. The cash reserve ratio has been raised by 50 basis points to 7 per cent in the first quarter review with a view to impounding liquidity generated by excessive deposit growth in the banking system. The CRR is expected to work in conjunction with the restoration

of the LAF corridor to ensure appropriate liquidity conditions in the economy. The policy stance will be under careful and continuous review and the mix of instruments will be modulated by the evolving situation. To reflect the Reserve Bank’s point of view at the present time, the stance of policy for the period ahead has been enunciated as:

- To reinforce the emphasis on price stability and well-anchored inflation expectations while ensuring a monetary and interest rate environment that supports export and investment demand in the economy so as to enable continuation of the growth momentum.
- To re-emphasise credit quality and orderly conditions in financial markets for securing macroeconomic and, in particular, financial stability while simultaneously pursuing greater credit penetration and financial inclusion.
- To respond swiftly with all possible measures as appropriate to the evolving global and domestic situation impinging on inflation expectations, financial stability and the growth momentum.

Articles

Corporate Investment: Growth in 2006-07
and Prospects for 2007-08

India's Foreign Trade: 2007-08 (April-May)



Corporate Investment: Growth in 2006-07 and Prospects for 2007-08*

The present article captures composition and the level of fixed capital investment of private corporate sector in 2006-07 based on companies covered by institutional assistance during 2006-07 and the previous years. An attempt is also made in this study for the first time to assess the capital spending of companies not covered by institutional assistance. The total capital spending envisaged was markedly higher in 2006-07 reflecting increased investment opportunities. Infrastructure projects, in particular, the power projects continue to dominate the scene. The substantial increase in the total cost of projects sanctioned assistance in 2006-07 to Rs.2,83,440 crore was to a great extent due to the presence of 88 large projects each with project cost exceeding Rs.500 crore and aggregating as much as Rs.2,01,356 crore or more than two-thirds of the total project cost as compared to 49 projects amounting to Rs.74,988 crore in 2005-06. Gujarat ranked first with the proposed investment of Rs.73,170 crore in 86 projects accounting for 25.8 per cent of total investment followed distantly by Andhra Pradesh, Maharashtra and Tamil Nadu. The sharp increase in production of capital goods, import of capital goods and envisaged capacity accretion supported by improved corporate profitability, high capacity utilisation rates and robust GDP growth in manufacturing over the quarters of 2006-07 point to the continued momentum in fixed capital investment. The turnaround in corporate investment, which began in 2002-03 and peaked in 2004-05, is expected to be sustained in 2007-08.

* Prepared in the Corporate Studies Division of the Department of Statistical Analysis and Computer Services.

Introduction

Investment in new plant and equipment is essential if business is to keep pace with new technology to enhance productivity, sustain economic growth and at the same time to remain competitive. Growth in business investment adds to capital stock, boosting the economy's productive capacity needed to achieve long-term economic growth. In order to obtain an idea about the growth of corporate investment a year ahead, the article makes an assessment of capital expenditure of the private and joint sector companies. The analysis provides important insights into the business expectations about performance of economy in general, and into the infrastructure and manufacturing sectors in particular[#].

With this objective in view, the study is designed to capture the likely growth of corporate investment based primarily on data on phasing details of projects sanctioned assistance by the commercial banks and other non-bank financial institutions. The approach is based on the methodology developed by Dr. C. Rangarajan in an article captioned "Forecasting Capital Expenditure in the Corporate Sector" published in the December 13, 1970 issue of the 'Economic and Political Weekly'. This methodology was based primarily on the assumption that the private corporate entities, undertaking projects involving large sums of investment, generally approach the banks/FIs for part-financing. And therefore according to this method, the likely growth

in capital expenditure can be broadly assessed on the basis of yearly phasing details of total capital expenditure. The analysis indicates the level of investment that would have to be surpassed, other things remaining the same, if investment in the following year is to show a rise over the previous year's level.

However as a result of liberalisation in government policies, companies in recent times, taking advantage of buoyant capital markets and low cost funds available overseas, are raising substantial amounts through domestic equity and External Commercial Borrowings (ECBs) including Foreign Currency Convertible Bonds (FCCBs). An attempt is made for the first time in this study to capture capital spending of these companies as well. Companies in private corporate sector are also raising resources from private placement of debt, bonds/debentures and ADR/GDRs. Due to inadequate data availability, capital expenditure of such companies however, could not be attempted.

Scope and Coverage

The estimation of growth in capital investment made in this study is largely based on projects of companies in the private corporate sector that were assisted by Industrial Development Bank of India, ICICI Bank, Infrastructure Development Finance Company, Life Insurance Corporation, Power Finance Corporation, Infrastructure Leasing & Financial Services Limited, EXIM Bank and major public, private and foreign banks. The project reports with banks/FIs provide information on industry, purpose and location of the project besides the proposed investment and its phasing details.

[#] The previous study 'Corporate Investment: Growth in 2005-06 and Prospects for 2006-07' was published in the August 2006 issue of the RBI Bulletin.

Noting that some companies may also raise equity capital or ECBs to finance their large capital outlays, investment plans of such companies were also aggregated. For the companies issuing equity capital, data on envisaged capital spending and corresponding phasing details were culled out from the prospectus submitted by them to SEBI. Similarly, in the case of companies that had raised funds through ECBs, the data were aggregated for such companies where the prime purpose indicated in the Form 83 as submitted to the Reserve Bank was capital expenditure. The corresponding drawal schedule is taken as indicative of the proposed yearly spending. In case where the company approached banks/FIs for assistance and also contracted ECBs or issued equity capital to part finance its capital expenditure during the reference period, care has been taken to avoid multiple counting.

As mentioned earlier, the capital spending envisaged by the companies raising funds through private placements, debenture/bond issues or through ADR/GDRs could not be ascertained due to inadequacy of information on their end use and expenditure patterns over the years. The validity of the assessment of likely corporate investment heavily rests upon the assumption that companies adhere to the expenditure patterns outlined in the initial proposals.

The present study captures 1054 companies¹ having projects with an aggregated envisaged cost of Rs.2,83,440 crore. These companies were sanctioned assistance by banks/FIs in 2006-07. In

¹ Projects mostly with total cost of more than Rs.10 crore. The projects based on Build, Operate, Own and Transfer (BOOT) were included for assessing the capital spending of private corporate sector.

addition, the study for the first time, covered proposed investment of 472 companies contracting ECBs (inclusive of FCCBs) in 2006-07 aggregating to Rs.58,086 crore and proposed investment of 79 companies aggregating to Rs.4,064 crore issuing domestic equity capital during 2006-07. All together, the total investment proposals in 2006-07 from these 1605 companies worked out to be Rs.3,45,590 crore spread over 2004-05 to 2011-12.

A. Envisaged Capital Expenditure of Companies Sanctioned Assistance by Banks/FIs

Firstly, the companies that have been sanctioned financial assistance in 2006-07 and those companies that have been sanctioned assistance prior to 2006-07 and have capital expenditure lined up in subsequent years were considered. The corporate investment is then estimated for the year 2006-07 by suitably aggregating data on the time phasing of capital expenditures over the individual years. In cases where a company approached more than one institution for project assistance, care was taken to include it only once. Efforts were made to incorporate the revisions in the phasing of projects sanctioned earlier, to the extent possible. The data consolidated on these lines, are presented in Table 1. When horizontally read, it shows the capital expenditure that are expected to be incurred in various years on projects for which assistance was provided in a given year. Vertically read, it shows the capital expenditure that would be incurred in a year on projects to which assistance had been given in that year and in previous years.

It can be seen from Table 1 that capital expenditure of Rs.59,232 crore was

expected to have been incurred during 2006-07 in respect of projects sanctioned up to 2005-06. The fresh sanctions during 2006-07 envisaged substantial capital expenditure of another Rs.95,806 crore in 2006-07 (col.12, Table 1). Thus, the total capital expenditure that might have been incurred during 2006-07 amounted to Rs.1,55,038 crore. In 2006-07, not only the number of projects increased but the number of high cost projects rose very sharply.

As a result, the capital expenditure planned by the private corporate sector is likely to have risen by 60.2 per cent in 2006-07 on top of a rise of 23.1 per cent in 2005-06. A few companies sanctioned assistance

in 2006-07 were found to have already spent Rs.14,903 crore in 2005-06 itself. Considering this, the total capital expenditure that could have been incurred during 2005-06 works out to Rs.96,766 crore.

A1. Projects Sanctioned during 2006-07

The 1054 companies covered by institutional assistance, had projects with an aggregated cost of Rs.2,83,440 crore. This envisaged spending, spread over eight year period spanning from 2004-05 to 2011-12 was more than double of Rs.1,31,299 crore envisaged from the 812 companies covered by institutional assistance in 2005-06 (Table 2). The phasing details of the fresh sanctions

Table 1 : Phasing of Capital Expenditure of Projects Sanctioned Assistance by Commercial Banks / Financial Institutions

(Rs crore)												
Capital expenditure in the Year → Year of sanction ↓	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
	2	3	4	5	6	7	8	9	10	11	12	13
Upto March 1996	42,613	22,426	7,599	3,156	1,988	1,773	1,005	599				
1996-97	21,917	20,044	8,592	2,800	588	618	617	594	463	176	136	
1997-98	4,437	21,359	19,122	10,111	3,833	1,148	889	703	566	195	101	
1998-99	1,408	6,415	23,321	18,622	10,248	3,340	1,545	1,701	725	184	99	
1999-2000	13	256	8,286	11,971	11,640	7,107	5,603	695	468			
2000-01	22	32	36	4,085	17,054	14,145	10,367	3,830	1,335	717		
2001-02			62	266	6,604	8,384	6,386	1,990	1,318	115	24	
2002-03			5	30	96	680	5,763	5,429	1,708	574	573	
2003-04				1,313	517	547	8,285	26,309	23,286	5,429	2,586	300
2004-05								5,815	36,709	33,193	11,810	5,143
2005-06									9,858	41,280	43,903	23,707
2006-07									2,172	14,903	95,806	96,098
Total upto 2006-07	70,411	70,532	67,023	52,355	52,568	37,742	40,459	47,665	78,608	96,766	1,55,038	1,25,248
Grand Total #S	70,691	70,724	67,131	52,435	52,668	37,742	40,459	47,665	78,608	96,766	1,55,038	1,25,248
Percentage change	9.9	0.0	-5.1	-21.9	0.4	-28.3	7.2	17.8	64.9	23.1	60.2	

: Includes assistance provided by the IDBI under Bills Rediscounting Scheme and Technical Development Fund Scheme.

S : The estimates of Corporate Investment are *ex ante* and differ in scope and methodology from the *ex post* estimates of corporate fixed investment as available in National Accounts Statistics (NAS). See also the technical note attached to "Growth of Corporate Investment: An attempt at projection for 1999-2000" published in the Monsoon 1999 issue of the Reserve Bank of India Occasional Papers for details.

Table 2 : Phased Capital Expenditure of Projects Sanctioned in 2005-06 and 2006-07

(Rs. crore)									
Capital expenditure in the Year → Capital expenditure of projects ↓	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	Total
1	2	3	4	5	6	7	8	9	10
Sanctioned in 2005-06	Number of projects 812								
	9,858 (7.5)	41,280 (31.4)	43,903 (33.4)	23,707 (18.1)	8,501 (6.5)	2,263 (1.7)	1,787 (1.4)	–	1,31,299 (100.0)
Sanctioned in 2006-07	Number of projects 1054								
	2,172 (0.8)	14,903 (5.3)	95,806 (33.8)	96,098 (33.9)	51,693 (18.2)	15,111 (5.3)	4,887 (1.7)	2,770 (1.0)	2,83,440 (100.0)
– : Nil / Negligible.									
Note: Figures in brackets denote percentage shares in the total.									

in 2006-07 showed that 33.8 per cent of the total proposed spending amounting to Rs.95,806 crore is planned to be incurred in 2006-07 and almost equal amount representing another 33.9 per cent (Rs.96,098 crore) in the following year, *i.e.*, 2007-08. Around 5.3 per cent of total project cost envisaged by these companies was already spent in 2005-06.

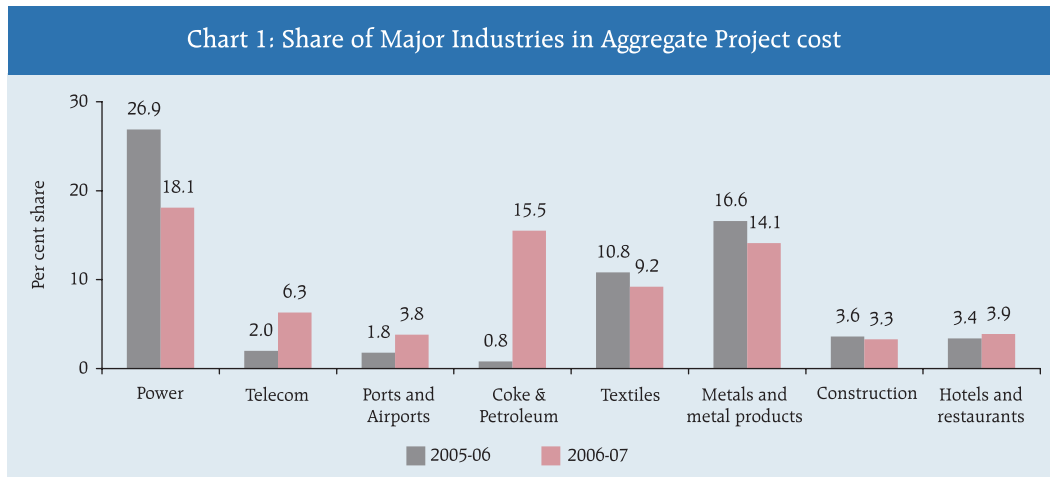
A2. Industry-wise Pattern of Projects

Table 3 presents an industry-wise distribution of the projects sanctioned

assistance in 2006-07 based on the industrial activity as indicated in the project reports. It may be noted that the classification also represents some emerging categories such as IT parks, Special Economic Zones (SEZs), *etc.*

Reflecting heavy investment envisaged in infrastructure, the infrastructure group which in 2006-07 included 37 IT parks and SEZ projects, accounted for the highest share of 35.9 per cent of total cost of projects, amounting to Rs.1,01,744 crore. Half of this huge proposed investment was in power projects (Rs.51,451 crore),

Chart 1: Share of Major Industries in Aggregate Project cost



followed by 9 telecom projects (Rs.17,950 crore), 8 roads, storage and water management projects (Rs.13,083 crore) and 7 ports and airports projects (Rs.10,745 crore). SEZ, Industrial, Biotech & IT Parks projects envisaged Rs.8,515 crore.

Projects belonging to coke and petroleum products industry envisaged capital outlay of Rs.44,083 crore (15.5 per cent of cost of all projects) from 11 projects. Metal and metal products and textiles followed next with 14.1 per cent and 9.2 per cent share, respectively. The maximum number of projects sanctioned assistance in 2006-07 belongs to textile industry at 258 (on top of 158 projects in 2005-06), followed by metal and metal products

projects at 130. Among service industries, projects in hotel industry accounted for 3.9 per cent share followed by construction industry with 3.3 per cent (Chart 1).

A3. Size-wise Pattern of Projects

Table 4 indicates size-wise picture of the projects sanctioned assistance during 2006-07. The sharp increase in the total cost of projects in 2006-07 was to a great extent due to the presence of 88 large projects each with project cost exceeding Rs.500 crore. These projects aggregated to Rs.2,01,356 crore accounting for more than two-thirds of the total project cost as compared to 49 projects amounting to Rs.74,988 crore in 2005-06.

Table 3: Industry-wise Distribution of Projects and their Cost in 2005-06 and 2006-07

Industry	2005-06			2006-07		
	Number of Projects	Project Cost		Number of Projects	Project Cost	
		Amount (Rs. crore)	Per cent Share		Amount (Rs. crore)	Per cent Share
1	2	3	4	5	6	7
1. Infrastructure	109	44,541	33.9	125	1,01,744	35.9
i) Power	66	35,358	26.9	64	51,451	18.2
ii) Telecom	5	2,639	2.0	9	17,950	6.3
iii) Ports & Airports	3	2,295	1.8	7	10,745	3.8
iv) Roads, Storage & Water Management	22	2,386	1.8	8	13,083	4.6
v) SEZ, Industrial, Biotech & IT Parks	13	1,864	1.4	37	8,515	3.0
2. Sugar	20	2,857	2.2	33	8,867	3.1
3. Textiles	158	14,128	10.8	258	25,933	9.2
4. Paper & Paper Products	23	2,397	1.8	24	2,915	1.0
5. Coke & Petroleum Products	2	1,107	0.8	11	44,083	15.5
6. Chemicals & Petrochemicals	26	3,021	2.3	35	4,136	1.5
7. Cement	13	1,945	1.5	27	10,567	3.7
8. Metal & Metal Products	126	21,799	16.6	130	39,876	14.1
9. Electrical and Non Electrical Machinery	22	384	0.3	20	4,486	1.6
10. Transport Equipments	13	988	0.8	29	5,174	1.8
11. Construction	33	4,700	3.6	34	9,277	3.3
12. Hotels and Restaurants	37	4,454	3.4	74	11,122	3.9
13. Transport Services	21	16,947	12.9	17	1,561	0.5
14. Entertainment	9	1,807	1.4	20	761	0.3
15. Information Technology	7	2,683	2.0	8	228	0.1
16. Others*	193	7,540	5.7	209	12,710	4.5
Total	812	1,31,299	100.0	1054	2,83,440	100.0

* : Comprise industries, each with a share of less than 1 per cent in total cost of projects in 2005-06 and 2006-07.

Table 4: Size-wise Distribution of Projects and their Cost during 2005-06 and 2006-07

Size of Projects (Rs crore)	2005-06			2006-07		
	Number of Projects	Project Cost		Number of Projects	Project Cost	
		Amount (Rs. crore)	Per cent Share		Amount (Rs. crore)	Per cent Share
1	2	3	4	5	6	7
Less than 10	172	713	0.5	48	285	0.1
10 to 50	306	7,834	6.0	475	12,064	4.3
50 to 100	118	8,523	6.5	191	13,790	4.9
100 to 200	84	12,252	9.3	131	18,808	6.6
200 to 500	83	26,989	20.6	121	37,137	13.1
500 & above	49	74,988	57.1	88	2,01,356	71.0
Total	812	1,31,299	100.0	1054	2,83,440	100.0

A4.State-wise Pattern of Projects

Table 5 presents the state-wise pattern of proposed investment as revealed by the projects sanctioned in 2006-07. There are wide variations in this pattern from year to year as locations of a few large projects change the pattern considerably. Having projects with total investment intentions amounting to Rs.73,170 crore from 86 projects, Gujarat displaced Maharashtra and ranked first. It formed 25.8 per cent of total investment intentions of all 1054 projects, followed distantly by projects in Andhra Pradesh (8.9 per cent), Maharashtra (8.6 per

cent), Tamil Nadu (8.6 per cent) with around investment of Rs.25,000 crore each (Chart-2). 46 projects located in more than one state amounted another Rs.25,428 crore (presented in the category multi-state projects). Tamil Nadu ranked first in terms of number of new sanctions with 157 projects followed by Maharashtra with 142 projects and Andhra Pradesh with 105 projects.

A5.Purpose-wise Pattern of Projects

There were as many as 566 new projects during 2006-07 as compared to 393

Chart 2: Share of Major States in Aggregate Project Cost

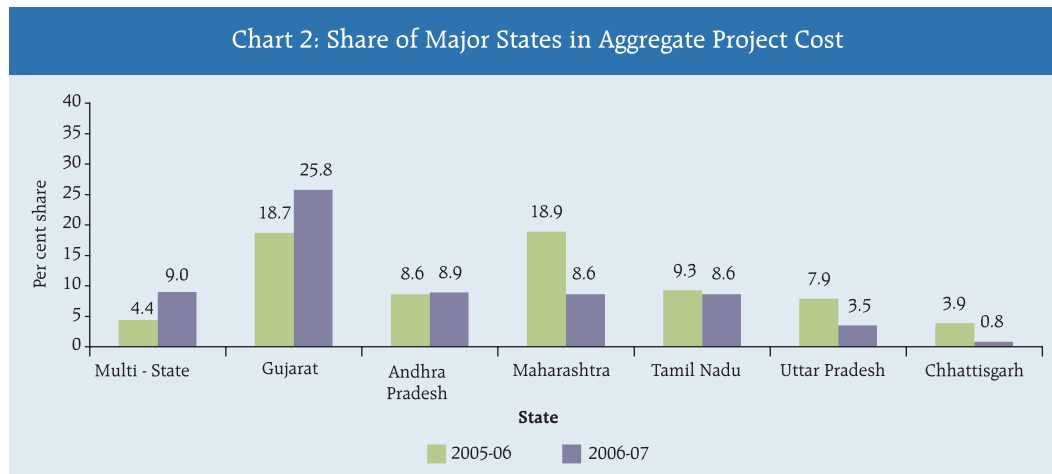


Table 5: State-wise Distribution of Projects and their Cost during 2005-06 and 2006-07

State	2005-06			2006-07		
	Number of Projects	Project Cost		Number of Projects	Project Cost	
		Amount (Rs. crore)	Per cent Share		Amount (Rs. crore)	Per cent Share
1	2	3	4	5	6	7
Andhra Pradesh	76	11,254	8.6	105	25,173	8.9
Chhattisgarh	19	5,162	3.9	13	2,365	0.8
Delhi	24	2,127	1.6	19	6,359	2.2
Gujarat	95	24,531	18.7	86	73,170	25.8
Haryana	29	1,805	1.4	42	3,897	1.4
Himachal Pradesh	19	9,325	7.1	30	2,644	0.9
Jharkhand	8	367	0.3	13	7,174	2.5
Karnataka	51	4,537	3.5	91	19,930	7.0
Madhya Pradesh	12	2,514	1.9	23	4,878	1.7
Maharashtra	121	24,828	18.9	142	24,330	8.6
Orissa	20	4,525	3.5	23	14,806	5.2
Punjab	27	2,041	1.5	48	5,902	2.1
Rajasthan	27	2,466	1.9	38	9,806	3.5
Sikkim	—	—	—	3	9,418	3.3
Tamil Nadu	124	12,160	9.3	157	24,299	8.6
Uttar Pradesh	50	10,415	7.9	60	9,836	3.5
Uttarakhand	24	2,959	2.2	31	5,633	2.0
West Bengal	27	2,548	1.9	37	3,404	1.2
Multi-State	29	5,730	4.4	46	25,428	9.0
Others*	30	2,005	1.5	47	4,988	1.8
Total	812	1,31,299	100.0	1054	2,83,440	100.0

— : Nil.

* Comprise states/ union territories, each with share of less than 1 per cent in aggregate cost of projects in 2005-06 and 2006-07.

in 2005-06 (Table 6). They accounted for 66.5 per cent of total project cost placed at Rs.1,88,534 crore as against Rs.76,659 crore in 2005-06; and included 33 large projects with project cost of more than Rs.1,000

crore. Another 415 projects were proposed for expansion and modernisation in 2006-07, accounted for 27.5 per cent of total project cost as against 379 projects with a share of 37.7 per cent during 2005-06.

Table 6: Purpose-wise Distribution of Projects and their Cost during 2005-06 and 2006-07

Purpose	2005-06			2006-07		
	Number of Projects	Project Cost		Number of Projects	Project Cost	
		Amount (Rs. crore)	Per cent Share		Amount (Rs. crore)	Per cent Share
1	2	3	4	5	6	7
New	393	76,659	58.4	566	1,88,534	66.5
Expansion and Modernisation	379	49,525	37.7	415	77,956	27.5
Diversification	6	627	0.5	32	6,481	2.3
Others	34	4,488	3.4	41	10,469	3.7
Total	812	1,31,299	100.0	1054	2,83,440	100.0

B. Envisaged Capital Expenditure of Companies Raising Funds from ECBs

It is noteworthy that ECBs (including FCCBs) funding has assumed greater role in last three years possibly as a result of policy orientation. Based on the information on ECBs as available in Form 83 submitted to the Reserve Bank, amount of loan contracted and its drawal schedule is taken to broadly represent company's envisaged capital expenditure and corresponding phasing schedule, respectively. The planned capital expenditure in a reference year is then derived as the sum total of loan drawal amounts in each year from the loans contracted in years up to and including the reference year. In such cases, where the company in private corporate sector approached banks/FIs for assistance and also contracted ECBs to part finance its capital expenditure during the reference period, care has been taken to avoid double counting.

Excluding the companies that had approached banks / FIs, the investment plans of remaining companies contracting ECBs amounted to Rs. 58,086 crore in 2006-07 *vis-à-vis* around Rs.30,235 crore in 2005-06, Rs.24,646 crore in 2004-05 and only Rs.5,197 crore in 2003-04. Capital expenditure expected to be spent in 2006-07 flowing from the companies contracting ECBs since 2003-04 works out to be around Rs.49,084 crore, of which, a major part of Rs. 38,078 crore was from loans contracted in 2006-07 itself.

C. Envisaged Capital Expenditure of Companies Raising Funds from IPOs/FPOs/Rights Issues

During 2006-07, 110 non-financial companies belonging to private corporate

sector have come out with public/rights issues with total issue size of Rs.29,857 crore. Based on information provided in the prospectus of the companies to the SEBI, it is observed that three fourth of this amount was envisaged to be spent on fixed investment.

However, the total investment plans of these companies were larger at Rs.45,517 crore, spread over 2005-06 to 2009-10. Out of this total, capital expenditure of Rs.17,010 crore was envisaged during 2006-07. As before, excluding capex of companies which had also approached banks/FIs or contracted ECBs for part financing, the total investment plans by the remaining companies raising resources from equity issuances during 2006-07 stood at Rs.4,064 crore. Of which, expenditure of around Rs.2,338 crore and Rs. 1,161 crore were envisaged during 2006-07 and 2007-08.

Assessment and Prospects

Assessment of 2006-07

Over the past year, the economy has performed well. It was the fourth consecutive year of economic growth above 7 per cent. The observed annual increase in fixed investment over last three years signifies a significant expansion in capex, making it one of the longest cycle with private sector fixed investment remaining strong in response to upbeat business confidence, buoyancy in profits and rising capacity utilisation. Favourable investment conditions were amply reflected in industrial production growth of 11.5 per cent, buoyant by a robust performance of the manufacturing sector that surged 12.5 per cent. A faster growth of the capital goods sector at 18.3 per cent in 2006-07 in conjunction with 32.4 per cent rise in capital

goods imports during April-January 2006-07 provided strong corroborative evidence on the investment activity taking place in the economy. Mirroring the strong industrial outlook, the bank credit to industry registered 26.7 per cent growth in 2006-07 and was mainly directed towards infrastructure, textiles, iron & steel and construction industries. Rising interest rates during the year, though lowered consumer-spending growth, have still not affected the pace of investment spending as reflected strongly in growth in envisaged investment during the year.

The growth in envisaged capital expenditure that was steadily moving up since 2002-03 and peaked in 2004-05 had slowed down to 23.1 per cent in 2005-06. However, the total project cost of all the projects sanctioned assistance in 2006-07 more than doubled to Rs.2,83,440 crore as against Rs.1,31,299 crore in 2005-06. The continued improved investment sentiments and business confidence was reflected in increased number of firms making capital expenditure and the extent of such spending. The capital expenditure envisaged in 2006-07 including that from the projects sanctioned assistance in all the prior years, amounts to Rs.1,55,038 crore, indicating 60.2 per cent rise over that of the previous year. The sharp rise in investment intentions was despite significant higher base of the previous years.

Avoiding multiple counting and considering companies that have raised resources through ECBs and domestic equity issuances, the expenditure envisaged by such companies amounted to Rs.49,084 crore and Rs.2,338 crore, respectively. Summing the capital expenditure intentions of companies from all the sources

considered in the study, proposed investment in 2006-07 thus works out to substantial Rs.2,06,460 crore.

Prospects for 2007-08

Economic activity showed considerable momentum in 2006-07. Going forward, aggregate demand, the main motivating force towards investment, is expected to grow at a healthy pace. The Reserve Bank predicts real GDP to grow by 8.5 per cent in 2007-08. The expectation of fast expanding demand has driven the private corporate sector to operate at close to optimal capacity level. Also, marked improvement in the corporate profitability at the back of strong and sound balance sheets, reflects their capacity to invest. In other words, reduction in excess capacities in combination with their ability to invest would encourage business corporate sector to continue investing. Continued momentum in industrial production coupled with continued buoyancy in export growth as observed in first two months of this year bodes well with the conducive investment demand. Budget measures emphasising infrastructure development are likely to provide an additional boost to investment climate. Though, the growth in capital expenditure in 2007-08 is expected to continue its recent strength in response to the acceleration in the growth of demand in last few years, it may moderate due to its cyclical nature. Downside risks arise from rising interest rates at home and abroad, possible currency appreciation and wage cost pressures in many industries. However these downside risks remain limited and could be offset by sustained pace of high growth and prospects of continued large capital inflows amidst easy global liquidity.

The investment planned for 2007-08 based on projects, which had been sanctioned financial assistance by banks/FIs in the years up to 2006-07 aggregated to Rs.1,25,248 crore. The proposed investment aggregates to Rs.1,48,207 crore in 2007-08 if the capital spending of Rs.21,798 crore and Rs. 1,161 crore of companies raising funds through ECBS and Equity issuances are also added. However to work out the aggregate capital expenditure in 2007-08, we must add to this the fresh capital expenditure to be incurred in 2007-08. Therefore, if the aggregate capital expenditure in 2007-08 were to surpass the level attained in 2006-07 (*i.e.*,

Rs.2,06,460 crore envisaged collectively by companies approaching banks/FIs or issuing domestic equity capital or contracting ECBs), the capital expenditure in 2007-08 must be above Rs.58,253 crore. Since business conditions remain conducive to support corporate investment demand at the back of generally sound corporate balance sheets with improved profitability and less unused capacities, such an amount of fresh investment in 2007-08 seems to be likely. In other words, the year 2007-08 may witness an increase in corporate investment when compared to that in 2006-07, *albeit*, at a decelerated pace.

*India's Foreign Trade: 2007-08 (April-May) **

Provisional data on India's merchandise trade for April-May 2007 and commodity-wise details for April-March 2006-07 released recently by the Directorate General of Commercial Intelligence and Statistics (DGCI&S) reveal the following.

Highlights

- India's merchandise exports during May 2007 at US \$ 11.9 billion, showed a moderation in growth at 18.1 per cent from the previous month (23.1 per cent) and a year ago (26.1 per cent).
- The cumulative exports during April-May 2007 at US \$ 22.4 billion, maintained higher growth of 20.2 per cent over the corresponding period a year ago (19.2 per cent).
- Imports during May 2007 stood at US \$ 18.1 billion recording a growth of 26.4 per cent over May 2006.
- Imports during April-May 2007, at US \$ 35.7 billion were higher by 33.0 per cent than the corresponding period a year ago (16.9 per cent). Non-oil imports contributed to 96 per cent of import growth.
- Oil imports during April-May 2007 at US \$ 9.2 billion showed a moderation in growth (3.7 per cent) as compared to a year ago (39.1 per cent growth), reflecting the impact of international oil prices.
- The average crude oil price (Indian basket) at US \$ 65.6 per barrel during April-May 2007 remained lower than a year ago (US \$ 66.9 per barrel).

* Prepared in the Division of International Trade, Department of Economic Analysis and Policy. Previous issue of the article was published in RBI Bulletin, July 2007.

- Trade deficit during April-May 2007 stood at US \$ 13.3 billion, higher by US \$ 5.1 billion than a year ago (US \$ 8.2 billion).

India's Merchandise Trade during 2007-08 (April-May)

Merchandise exports during the first two months of 2007-08 (April-May) at US \$ 22.4 billion, maintained the growth momentum at 20.2 per cent (19.2 per cent a year ago) [Chart 1, Table A and Statement 2].

Imports during April-May 2007 at US \$ 35.7 billion posted a growth of 33.0 per cent with non-oil imports contributing to 96.3 per cent of total import growth, while oil imports showed a moderation in growth. Non-oil imports (US \$ 26.5 billion) posting a growth of 47.3 per cent during April-May 2007 (8.4 per cent a year ago) maintained the high growth momentum witnessed since September 2006.

Oil imports during April-May 2007 at US \$ 9.2 billion showed a sharp decline in

Table A: India's Merchandise Trade : April-May

(US \$ million)		
Items	2006-07 R	2007-08 P
Exports	18,647 (19.2)	22,415 (20.2)
Imports	26,850 (16.9)	35,706 (33.0)
Oil Imports	8,833 (39.1)	9160 (3.7)
Non-Oil Imports	18,017 (8.4)	26,546 (47.3)
Trade Balance	-8,203	-13,291

P : Provisional. R : Revised.

Note : Figures in parentheses show percentage change over the previous year.

Source : DGCI&S.

growth at 3.7 per cent (39.1 per cent a year ago), mainly reflecting the impact of international oil prices. The Indian basket of crude oil price at US \$ 65.6 per barrel during April-May 2007 was lower by 2.1 per cent than a year ago (US \$ 66.9 per barrel during April-May 2006) [Table B].

Trade deficit in April-May 2007 widened to US \$ 13.3 billion (US \$ 8.2 billion in April-May 2006).

Chart 1: Trends in India's Merchandise Exports

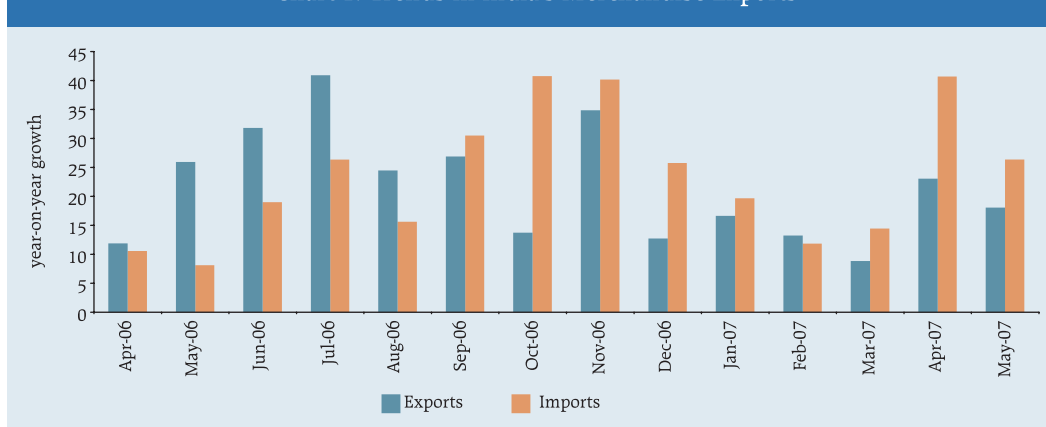


Table B: Trends in Crude Oil Prices

(US \$/barrel)				
	Dubai	UK Brent	US-WTI	Indian Basket*
1995-96	16.2	17.5	18.8	16.7
2000-01	25.9	28.1	30.3	26.8
2001-02	21.8	23.2	24.1	22.4
2002-03	25.9	27.6	29.2	26.6
2003-04	26.9	29.0	31.4	27.8
2004-05	36.4	42.2	45.0	38.9
2005-06	53.4	58.0	59.9	55.3
2006-07	60.9	64.4	64.7	62.4
2006-07 (April-May)	64.5	70.3	70.2	66.9
2007-08 (April-May)	64.2	67.4	63.7	65.6
May -06	64.9	70.2	70.9	67.1
May-07	64.5	67.5	63.5	65.8

* : Indian basket comprises 58 per cent 'sour' variety benchmarked by Dubai crude and 42 per cent of 'sweet' variety benchmarked by UK Brent crude.

Source : International Monetary Fund, International Financial Statistics, World Bank's Commodity Price Pink sheet July 2007.

Merchandise Trade in 2006-07

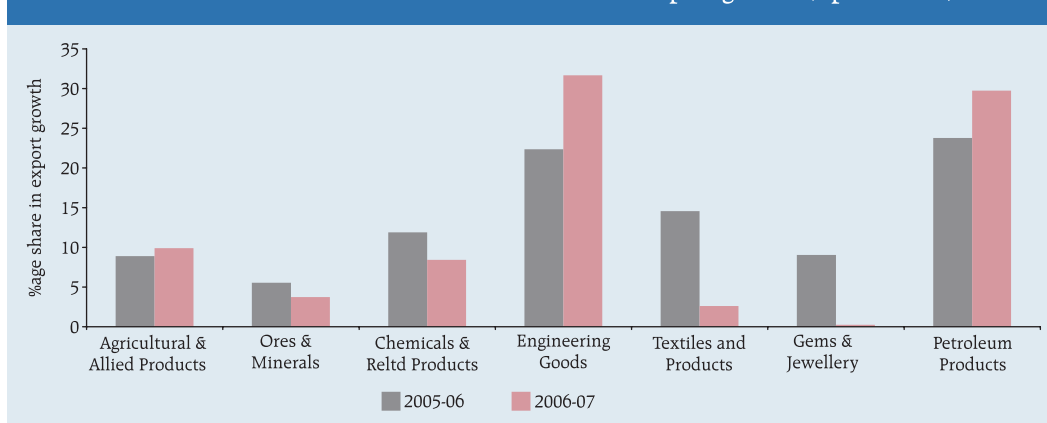
Exports

The Directorate General of Commercial Intelligence and Statistics (DGCI&S) has

released partially revised data on India's merchandise exports for 2006-07. As per the revised data, merchandise exports during 2006-07 amounted to US \$ 126.3 billion, recording a growth of 22.5 per cent over US \$ 103.1 billion in 2005-06. Engineering goods and petroleum products were the major drivers of export growth, which together contributed to 61.4 per cent of growth in total exports during 2006-07. On the other hand, the contribution of chemicals and related products, gems and jewellery and textiles and related products came down due to the slowdown in their exports (Chart 2 and Statment 3).

During 2006-07, exports of primary products showed a moderation in growth from 20.8 per cent to 19.4 per cent during 2006-07 due mainly to the deceleration in the exports of iron ore. However, under primary products head, agricultural products posted a strong growth of 22.5 per cent, benefitting from high commodity prices. Raw cotton and sugar and molasses were the major contributors of agricultural export growth. Traditional exports items

Chart 2: Contribution of select commodities to export growth (April-March)



like tea, tobacco, spices and marine products also exhibited high growth during 2006-07.

Exports of manufactured products, in general, showed a moderation in growth during 2006-07 from 19.5 per cent to 14.1 per cent on the back of slowdown in the exports of textiles and textile products, gems and jewellery and chemicals and related products. Within manufactured products, engineering goods exhibited record growth on account of the strong export performance of iron and steel and machinery and instruments. The US remained as the major export market of India's engineering goods during 2006-07 with a share of 16 per cent followed by the UAE (7 per cent).

Textiles and textile products showed a sharp deceleration during 2006-07 at 3.7 per cent (21.0 per cent growth a year ago). The deceleration was witnessed across the major product segments and markets. According to the US, Department of Commerce, Office of Textiles and Apparel, during 2006-07, the US imports of textiles and apparel from India decelerated to 4.0 per cent in value terms (24.2 per cent in 2005-06) while in quantity terms the growth was 12.3 per cent (18.6 per cent in 2005-06).

Exports of gems and jewellery also witnessed a sharp deceleration during 2006-07 at 0.4 per cent (12.8 per cent growth a year ago). Exports of cut and polished diamonds (which accounted for 63.8 per cent of total gems and jewellery exports during 2006-07) declined by 7.8 per cent mainly due to lower demand from the US,

Singapore, Hong Kong and Belgium. However, gold and jewellery exports, which accounted for 30.5 per cent of overall gems and jewellery exports, increased by 34.5 per cent.

Exports of petroleum products that emerged as the second major item in India's export basket during 2006-07, recorded a strong growth of 59.4 per cent on top of 66.5 per cent growth registered a year ago facilitated by high oil prices and increase in quantity. In volume terms, POL exports registered an increase at 42.6 per cent (20.1 per cent a year ago). Besides the surge in oil prices, emanating from imbalances in global supply and demand, the higher export performance of petroleum products was also facilitated by the improved build-up of refinery capacity in India in recent times (Box).

Destination-wise, the US continued to be the major export market of India during 2006-07, though its share has declined from 16.8 per cent in 2005-06 to 14.9 per cent in 2006-07 (Chart 3, Statement 4).

Imports

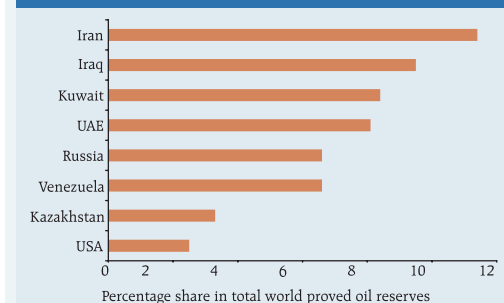
During 2006-07, the overall imports at US \$ 190.6 billion showed a moderation in growth at 27.8 per cent compared to 33.8 per cent growth a year ago. Oil imports at US \$ 57.1 billion posted a growth of 29.8 per cent mainly reflecting both high prices and volume. In volume terms, oil imports increased by 19.3 per cent during 2006-07 as compared to 4.2 per cent growth a year ago.

Box: Exports of Petroleum Products: India and the World

Petroleum Oil and Lubricants (POL) play a crucial role in the economic, particularly, the trade profile of the world as oil is expected to maintain its leading position in meeting the growing energy needs for the foreseeable future. The International Energy Agency (IEA) has projected global oil demand in 2007 at 86.0 mb/d, an increase of 2.0 per cent over 2006 (84.5 mb/d). In 2008, it is further expected to grow by 2.5 per cent to 88.2 mb/d.

The OECD countries currently account for about 60 per cent of the oil demand, whereas a major share of growth in oil demand is expected to come from developing countries. On the supply side, according to the BP Statistical Review, 2007 (London), Middle East accounts for almost 62 per cent of proved oil reserves in the world. Country-wise, Iran accounted for a major share of over 11 per cent of such oil reserves (Chart 1). As regards world trade in oil, Middle East countries accounted for nearly 39 per cent of world exports of POL in 2006, followed by former Soviet Union Countries (14 per cent). In terms of imports, the US and European countries accounted for around 26 per cent each.

Chart 1: Top countries with proved oil reserves

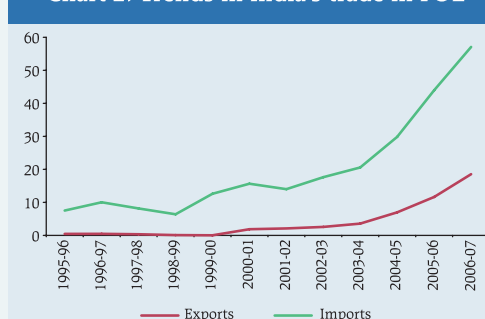


Commodity-wise details on non-oil imports for 2006-07 indicate that capital goods alone accounted for 54.0 per cent of

In terms of oil production, according to BP Statistical Review, 2007, India accounted for only 1.0 per cent of world production in 2006, while, in the case of refinery capacity, India's share was 3.4 per cent (5th largest in the world). India's crude oil production stood at 32.19 mn tonnes in 2005-06, the production of petroleum products stood at 119.75 mn tonnes. The recent increase in petroleum products exports from India, particularly since 2000-01, can also be explained in terms of the improvement of refinery capacity with the entry of private companies.

During 1995-2000, the average exports of POL from India were around US \$ 0.3 billion. However, during 2000-01 to 2006-07, the average POL exports stood at US \$ 6.8 billion; with 2006-07 recording the highest ever recorded POL exports at US \$ 18.6 billion. Along with this, imports of crude oil also increased from US \$ 8.9 billion during 1995-2000 (average) to US \$ 28.4 billion during 2000-07 (Chart 2). The major markets for India's petroleum products in 2006-07 were the UAE (19.5 per cent), followed by Singapore (12.0 per cent), Yemen (4.7 per cent), Kenya (4.5 per cent), the UK (4.4 per cent) and Korea (4.4 per cent).

Chart 2: Trends in India's trade in POL



the growth in non-oil imports during this period. The major items of India's non-oil imports during 2006-07 were electronic

Chart 3 : Destination of India's Exports



goods including computer software with a share of 12.7 per cent followed by transport equipments, gold and silver, machinery, etc (Chart 4, Statement 5). On the other hand, pearls, precious and semi-precious stones, a major component of non-oil imports, continued its declining trend during 2006-07.

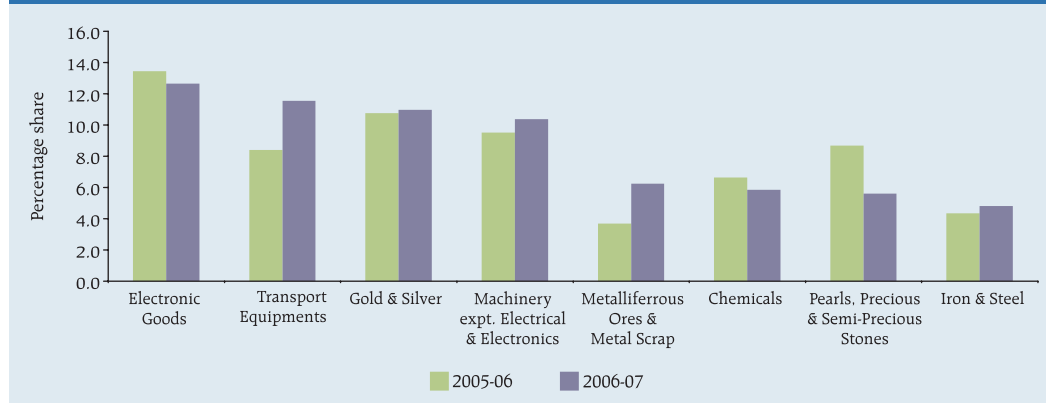
Source-wise, China was the major source of imports during 2006-07, accounting for 9.1 per cent of total imports (oil *plus* non-oil imports), followed by Saudi Arabia (7.0 per cent), Germany (6.6 per cent),

the US (6.6 per cent) and Switzerland (4.8 per cent) [Statement 6].

Trade Deficit

During 2006-07, trade deficit at US \$ 64.2 billion showed an increase of US \$ 18.2 billion over 2005-06. The trade deficit on the oil account increased by US \$ 6.2 billion during 2006-07 to reach US \$ 38.5 billion, while the non-oil trade deficit increased by US \$ 12.0 billion to reach US \$ 25.7 billion (Statement 2).

Chart 4: India's major Non-Oil imports



Global Developments

The global economy remained buoyant in 2007 supported by high growth in emerging markets. On the trade front, the year 2007 started with a positive note whereby world exports recorded a growth of 18.5 per cent in the first quarter of 2007 (11.8 per cent in the corresponding period a year ago) supported by export growth in both industrialised and developing countries. Exports from industrial countries witnessed a growth of 12.9 per cent (8.2 per cent a year ago) while those from developing countries grew by 25.8 per cent (16.7 per cent a year ago).

According to the US Bureau of Economic Analysis (BEA), during 2007 (January-May), the US merchandise exports registered a

growth of 10.8 per cent (12.9 per cent a year ago), while imports grew by 4.4 per cent (12.8 per cent in the corresponding period a year ago). In the case of European Union, according to Euro Stat, trade showed a deceleration with exports showing a growth of 6.2 per cent in January-May 2007 (14.3 per cent a year ago), and imports registering a growth of 3.8 per cent (21.4 per cent a year ago). Japan's exports posted a growth of 13.8 per cent during January-May 2007 (13.8 per cent a year ago) and imports grew by 9.2 per cent (19.1 per cent a year ago). Among the emerging economies, China's exports, according to the Ministry of Commerce of the People's Republic of China, during 2007 (January-May) posted a growth of 27.8 per cent (25.7 per cent a year ago), while imports grew by 19.1 per cent (22.0 per cent a year ago).

ARTICLE

India's
Foreign Trade:
2007-08
(April-May)

Statement 1 : India's Foreign Trade for the month of May 2007

Year	Export			Import			Trade Balance		
	Total	Oil	Non-Oil	Total	Oil	Non-Oil	Total	Oil	Non-Oil
1	2	3	4	5	6	7	8	9	10
Rupees crore									
2005-06	34,656 (28.4)	2,697 (58.4)	31,959 (26.4)	53,087 (45.3)	14,178 (45.7)	38,909 (45.2)	-18,431	-11,481	-6,950
2006-07 R	45,616 (31.6)	6,646 (146.5)	38,970 (21.9)	64,963 (22.4)	22,052 (55.5)	42,911 (10.3)	-19,347	-15,406	-3,941
2007-08 P	48,372 (6.0)	...	...	73,724 (13.5)	19,332 (-12.3)	54,392 (26.8)	-25,352		
US dollar million									
2005-06	7,969 (33.6)	620 (64.8)	7,349 (31.5)	12,207 (51.2)	3,260 (51.6)	8,921 (50.6)	-4,238	-2,640	-1,572
2006-07 R	10,046 (26.1)	1,464 (136.0)	8,582 (16.8)	14,307 (17.2)	4,857 (49.0)	9,450 (5.9)	-4,261	-3,393	-868
2007-08 P	11,861 (18.1)	...	...	18,078 (26.4)	4,740 (-2.4)	13,338 (41.1)	-6,217		
SDR million									
2005-06	5,320 (29.4)	414 (59.6)	4,906 (27.4)	8,149 (46.4)	2,176 (46.8)	5,973 (46.3)	-2,829	-1,762	-1,067
2006-07 R	6,745 (26.8)	983 (137.4)	5,864 (19.5)	9,606 (17.9)	3,261 (49.8)	6,345 (6.2)	-2,861	-2,278	-481
2007-08P	7,816 (15.9)	...	...	11,913 (24.0)	3,124 (-4.2)	8,789 (38.5)	-4,096		

P : Provisional. R : Revised. ... : Not available.

Note : Figures in brackets relate to percentage variation over the corresponding previous period.

Source : DGCIS

Statement 2: India's Foreign Trade

Year	Export			Import			Trade Balance		
	Total	Oil	Non-Oil	Total	Oil	Non-Oil	Total	Oil	Non-Oil
1	2	3	4	5	6	7	8	9	10
April-March									
Rupees crore									
2004-05	375,340 (27.9)	31,404 (91.5)	343,935 (24.2)	501,065 (39.5)	134,094 (41.9)	366,971 (38.7)	-125,725	-102,690	-23,035
2005-06 R	456,418 (21.6)	51,533 (64.1)	404,885 (17.7)	660,409 (31.8)	194,640 (45.2)	465,769 (26.9)	-203,991	-143,107	-60,884
2006-07 P	571,642 (25.2)	83,946 (62.9)	487,695 (20.5)	862,302 (30.6)	258,259 (32.7)	604,042 (29.7)	-290,660	-174,313	-116,347
US dollar million									
2004-05	83,536 (30.8)	6,989 (95.9)	76,547 (27.0)	111,517 (42.7)	29,844 (45.1)	81,673 (41.8)	-27,981	-22,855	-5,127
2005-06 R	103,091 (23.4)	11,640 (66.5)	91,451 (19.5)	149,166 (33.8)	43,963 (47.3)	105,203 (28.8)	-46,075	-32,323	-13,752
2006-07 P	126,331 (22.5)	18,552 (59.4)	107,779 (17.9)	190,566 (27.8)	57,074 (29.8)	133,492 (26.9)	-64,235	-38,523	-25,712
SDR million									
2004-05	56,081 (25.6)	4,692 (88.0)	51,389 (21.9)	74,866 (36.9)	20,036 (39.2)	54,830 (36.1)	-18,785	-15,343	-3,442
2005-06 R	70,774 (26.2)	7,991 (70.3)	62,783 (22.2)	102,405 (36.8)	30,182 (50.6)	72,224 (31.7)	-31,632	-22,191	-9,441
2006-07 P	84,998 (20.1)	12,482 (56.2)	72,516 (15.5)	128,216 (25.2)	38,401 (27.2)	89,815 (24.4)	-43,218	-25,919	-17,300
April-May									
Rupees crore									
2005-06	68,214	5,687	62,527	100,173	27,689	72,484	-31,959	-22,002	-9,957
2006-07 R	84,243 (23.5)	10,876 (91.3)	73,367 (17.3)	121,305 (21.1)	39,907 (44.1)	81,398 (12.3)	-37,062	-29,031	-8,030
2007-08 P	92,944 (10.3)	...	...	148,054 (22.1)	37,982 (-4.8)	110,072 (35.2)	-55,109		
US dollar million									
2005-06	15,640 (35.8)	1,304 (39.4)	14,336 (35.5)	22,968 (53.9)	6,348 (41.7)	16,619 (59.2)	-7,328	-5,045	-2,283
2006-07 R	18,647 (19.2)	2,407 (84.6)	16,240 (13.3)	26,850 (16.9)	8,833 (39.1)	18,017 (8.4)	-8,203	-6,426	-1,778
2007-08 P	22,415 (20.2)			35,706 (33.0)	9,160 (3.7)	26,546 (47.3)	-13,291		
SDR million									
2005-06	10,398 (31.4)	867 (34.8)	9,532 (31.1)	15,270 (48.9)	4,221 (37.1)	11,049 (54.0)	-4,872	-3,354	-1,518
2006-07 R	12,676 (21.9)	1,636 (88.8)	11,040 (15.8)	18,253 (19.5)	6,005 (42.3)	12,248 (10.8)	-5,577	-4,368	-1,208
2007-08 P	14,748 (16.3)	..	..	23,493 (28.7)	6,027 (0.4)	17,466 (42.6)	-8,745		

P : Provisional. R : Revised. .. : Not available.

Note : 1. Figures in brackets relate to percentage variation over the corresponding period of the previous year.
2. Data conversion has been done using period average exchange rates.

Source : DGCI&S.

Statement 3: India's Exports of Principal Commodities

(US \$ million)

Commodity Group	April-March			Percentage Variation	
	2004-05	2005-06	2006-07 P	(3)/(2)	(4)/(3)
1	2	3	4	5	6
Primary Products	13,553.3	16,377.4	19,547.8	20.8	19.4
	(16.2)	(15.9)	(15.5)		
A. Agricultural & Allied Products	8,474.7	10,213.8	12,514.6	20.5	22.5
<i>of which :</i>	(10.1)	(9.9)	(9.9)		
1. Tea	409.6	390.9	432.3	-4.6	10.6
2. Coffee	237.9	358.8	435.1	50.8	21.3
3. Rice	1,506.5	1,405.2	1,555.0	-6.7	10.7
4. Wheat	324.9	125.9	8.0	-61.2	-93.7
5. Cotton Raw incl. Waste	94.0	656.0	1,348.5	597.5	105.6
6. Tobacco	279.2	300.6	371.7	7.6	23.7
7. Cashew incl. CNSL	554.0	585.8	553.8	5.7	-5.4
8. Spices	419.1	477.9	690.1	14.0	44.4
9. Oil Meal	707.2	1,101.1	1,216.1	55.7	10.4
10. Marine Products	1,439.8	1,589.2	1,743.6	10.4	9.7
11. Sugar & Mollases	34.5	135.0	703.8	291.3	421.2
B. Ores & Minerals	5,078.6	6,163.6	7,033.1	21.4	14.1
<i>of which :</i>	(6.1)	(6.0)	(5.6)		
1. Iron Ore	3,277.3	3,801.1	3,891.7	16.0	2.4
2. Processed Minerals	805.5	1,141.2	1,275.7	41.7	11.8
II. Manufactured Goods	60,730.7	72,562.8	82,817.8	19.5	14.1
<i>of which :</i>	(72.7)	(70.4)	(65.6)		
A. Leather & Manufactures	2,421.6	2,697.7	2,933.1	11.4	8.7
B. Chemicals & Related Products	12,443.7	14,769.5	16,727.1	18.7	13.3
1. Basic Chemicals, Pharmaceuticals & Cosmetics	7,139.1	9,127.1	10,445.8	27.8	14.4
2. Plastic & Linoleum	3,032.8	2,819.3	3,191.4	-7.0	13.2
3. Rubber, Glass, Paints & Enamels, etc.	1,759.5	2,105.2	2,339.8	19.6	11.1
4. Residual Chemicals & Allied Products	512.3	717.9	750.1	40.1	4.5
C. Engineering Goods	17,348.3	21,718.8	29,079.1	25.2	33.9
<i>of which :</i>					
1. Manufactures of metals	3,401.5	4,233.2	5,026.6	24.5	18.7
2. Machinery & Instruments	3,719.4	5,077.5	6,504.7	36.5	28.1
3. Transport equipments	2,829.7	4,323.0	4,905.9	52.8	13.5
4. Iron & steel	3,921.0	3,548.3	5,235.9	-9.5	47.6
5. Electronic goods	1,831.8	2,173.1	2,732.2	18.6	25.7
D. Textiles and Textile Products	13,555.3	16,402.1	17,009.7	21.0	3.7
1. Cotton Yarn, Fabrics, Made-ups, etc.	3,450.1	3,944.8	4,136.6	14.3	4.9
2. Natural Silk Yarn, Fabrics Madeups etc.(incl. silk waste)	405.0	432.6	432.2	6.8	-0.1
3. Manmade Yarn, Fabrics, Made-ups, etc.	1,962.7	1,957.8	2,164.6	-0.3	10.6
4. Manmade Staple Fibre	88.0	81.8	196.5	-7.1	140.4
5. Woolen Yarn, Fabrics, Madeups, etc.	69.8	85.3	83.8	22.2	-1.7
6. Readymade Garments	6,561.4	8,617.7	8,694.7	31.3	0.9
7. Jute & Jute Manufactures	276.3	296.3	257.5	7.2	-13.1
8. Coir & Coir Manufactures	105.6	133.3	156.4	26.3	17.3
9. Carpets	636.4	852.6	887.4	34.0	4.1
(a) Carpet Handmade	608.1	829.2	860.0	36.4	3.7
(b) Carpet Millmade	0.0	0.0	0.0		
(c) Silk Carpets	28.4	23.3	27.4	-17.7	17.4
E. Gems & Jewellery	13,761.8	15,529.1	15,585.7	12.8	0.4
F. Handicrafts	377.4	462.0	371.7	22.4	-19.5
III. Petroleum Products	6,989.3	11,639.6	18,551.9	66.5	59.4
	(8.4)	(11.3)	(14.7)		
IV. Others	2,262.6	2,510.7	5,413.7	11.0	115.6
	(2.7)	(2.4)	(4.3)		
Total Exports	83,535.9	103,090.5	126,331.1	23.4	22.5

P : Provisional.

Note : Figures in brackets relate to percentage to total exports for the period.

Source : DGC & S.

Statement 4: Direction of India's Foreign Trade- Exports

(US \$ million)

Group/Country	April-March			Percentage Variation	
	2004-05	2005-06	2006-07 P	(3)/(2)	(4)/(3)
1	2	3	4	5	6
I. O E C D Countries	36,494.8	45,836.9	52,058.7	25.6	13.6
A. E U	17,539.6	22,385.0	25,814.1	27.6	15.3
<i>of which:</i>					
1. Belgium	2,509.7	2,871.2	3,473.4	14.4	21.0
2. France	1,680.9	2,079.6	2,115.1	23.7	1.7
3. Germany	2,826.2	3,586.1	3,987.5	26.9	11.2
4. Italy	2,286.0	2,519.0	3,691.9	10.2	46.6
5. Netherland	1,604.9	2,474.8	2,668.9	54.2	7.8
6. U K	3,681.1	5,059.3	5,547.2	37.4	9.6
B. North America	14,632.6	18,374.6	20,026.0	25.6	9.0
1. Canada	866.8	1,021.6	1,154.0	17.9	13.0
2. U S A	13,765.7	17,353.1	18,872.0	26.1	8.8
C. Asia and Oceania	2,941.4	3,444.4	4,240.6	17.1	23.1
<i>of which:</i>					
1. Australia	720.2	821.2	924.6	14.0	12.6
2. Japan	2,127.9	2,481.3	2,812.8	16.6	13.4
D. Other O E C D Countries	1,381.3	1,632.9	1,978.0	18.2	21.1
<i>of which:</i>					
1. Switzerland	540.9	479.5	463.9	-11.3	-3.3
II. O P E C	13,207.4	15,242.2	20,667.7	15.4	35.6
<i>of which:</i>					
1. Indonesia	1,332.6	1,380.2	2,027.3	3.6	46.9
2. Iran	1,231.4	1,188.3	1,450.8	-3.5	22.1
3. Iraq	131.2	155.9	203.5	18.9	30.5
4. Kuwait	421.4	513.7	611.2	21.9	19.0
5. Saudi Arabia	1,412.1	1,809.8	2,582.8	28.2	42.7
6. U A E	7,347.9	8,591.8	12,014.7	16.9	39.8
III. Eastern Europe	1,780.2	1,980.4	2,514.3	11.2	27.0
<i>of which:</i>					
1. Romania	106.0	84.4	169.2	-20.4	100.5
2. Russia	631.3	733.1	908.2	16.1	23.9
IV. Developing Countries	31,597.1	39,736.4	50,720.7	25.8	27.6
<i>of which:</i>					
A. Asia	24,968.4	30,981.2	37,572.1	24.1	21.3
a) S A A R C	4,440.7	5,405.0	6,289.7	21.7	16.4
1. Bangladesh	1,631.1	1,664.4	1,628.6	2.0	-2.2
2. Bhutan	84.6	99.2	58.7	-	-40.8
3. Maldives	47.6	67.6	68.6	41.9	1.5
4. Nepal	743.1	860.0	931.4	15.7	8.3
5. Pakistan	521.1	689.2	1,348.3	32.3	95.6
6. Sri Lanka	1,413.2	2,024.7	2,254.1	43.3	11.3
b) Other Asian Developing Countries	20,527.7	25,576.2	31,282.4	24.6	22.3
<i>Of which:</i>					
1. People's Rep of China	5,615.9	6,759.1	8,290.7	20.4	22.7
2. Hong Kong	3,691.8	4,471.3	4,684.1	21.1	4.8
3. South Korea	1,041.7	1,827.2	2,525.3	75.4	38.2
4. Malaysia	1,084.1	1,161.9	1,304.8	7.2	12.3
5. Singapore	4,000.6	5,425.3	6,021.1	35.6	11.0
6. Thailand	901.4	1,075.3	1,443.5	19.3	34.2
B. Africa	4,478.6	5,699.0	8,869.0	27.2	55.6
<i>Of which:</i>					
1. Benin	47.1	96.6	151.5	105.0	56.8
2. Egypt Arab Republic	444.7	672.4	758.8	51.2	12.8
3. Kenya	426.6	576.5	1,314.7	35.1	128.0
4. South Africa	984.0	1,526.9	2,246.3	55.2	47.1
5. Sudan	317.4	294.6	403.1	-7.2	36.8
6. Tanzania	173.9	243.5	288.6	40.0	18.6
7. Zambia	50.4	66.5	108.2	32.0	62.7
C. Latin American Countries	2,150.1	3,056.2	4,279.6	42.1	40.0
V. Others	72.3	93.3	126.2	29.1	35.4
VI. Unspecified	384.2	201.4	243.3	-47.6	20.8
Total Exports	83,535.9	103,090.5	126,331.1	23.4	22.5

P : Provisional.

Source : DGCI & S.

Statement 5: India's Imports of Principal Commodities

(US \$ million)

Commodity Group	April-March			Percentage Variation	
	2004-05	2005-06	2006-07 P	(3)/(2)	(4)/(3)
1	2	3	4	5	6
I. Bulk Imports	42,400.7	61,086.1	83,342.9	44.1	36.4
	(38.0)	(41.0)	(43.7)		
A. Petroleum, Petroleum Products & Related Material	29,844.1	43,963.1	57,074.5	47.3	29.8
	(26.8)	(29.5)	(29.9)		
B. Bulk Consumption Goods	3,104.6	2,766.6	3,290.6	-10.9	18.9
1. Wheat	0.0	0.0	325.6	-	-
2. Cereals & Cereal Preparations	26.4	36.1	32.1	36.5	-11.1
3. Edible Oil	2,465.3	2,024.0	2,081.0	-17.9	2.8
4. Pulses	395.6	559.3	851.2	41.4	52.2
5. Sugar	217.3	147.2	0.8	-	-
C. Other Bulk Items	9,452.0	14,356.5	22,977.9	51.9	60.1
1. Fertilisers	1,377.1	2,127.0	3,143.2	54.5	47.8
a) Crude	289.5	317.8	360.7	9.8	13.5
b) Sulphur & Unroasted Iron Pyrites	128.1	136.0	109.1	6.2	-19.8
c) Manufactured	959.5	1,673.3	2,673.4	74.4	59.8
2. Non-Ferrous Metals	1,310.3	1,844.4	2,606.0	40.8	41.3
3. Paper, Paperboard & Mfgd. incl. Newsprint	727.7	944.1	1,206.1	29.7	27.8
4. Crude Rubber, incl. Synthetic & Reclaimed	409.2	414.1	627.7	1.2	51.6
5. Pulp & Waste Paper	489.5	572.9	635.4	17.0	10.9
6. Metalliferous Ores & Metal Scrap	2,468.5	3,881.8	8,333.8	57.3	114.7
7. Iron & Steel	2,669.7	4,572.2	6,425.8	71.3	40.5
II. Non-Bulk Imports	69,116.7	88,079.6	107,223.1	27.4	21.7
	(62.0)	(59.0)	(56.3)		
A. Capital Goods	25,135.0	37,666.2	52,944.4	49.9	40.6
1. Manufactures of Metals	918.7	1,211.1	1,603.9	31.8	32.4
2. Machine Tools	620.4	1,076.2	1,480.9	73.5	37.6
3. Machinery except Electrical & Electronics	6,817.8	10,009.8	13,848.9	46.8	38.4
4. Electrical Machinery except Electronics	1,195.0	1,504.3	1,955.7	25.9	30.0
5. Electronic Goods incl. Computer Software	10,659.5	14,143.7	16,887.1	32.7	19.4
6. Transport Equipments	4,327.4	8,838.5	15,413.6	104.2	74.4
7. Project Goods	596.2	882.7	1,754.4	48.0	98.7
B. Mainly Export Related Items	17,095.5	18,641.0	17,852.7	9.0	-4.2
1. Pearls, Precious & Semi-Precious Stones	9,422.7	9,134.4	7,487.4	-3.1	-18.0
2. Chemicals, Organic & Inorganic	5,699.9	6,984.1	7,811.3	22.5	11.8
3. Textile Yarn, Fabric, etc.	1,571.2	2,050.5	2,151.6	30.5	4.9
4. Cashew Nuts, raw	401.7	471.9	402.4	17.5	-14.7
C. Others	26,886.2	31,772.4	36,426.0	18.2	14.6
<i>of which :</i>		<i>of which :</i>			
1. Gold & Silver	11,150.0	11,317.7	14,645.2	1.5	29.4
2. Artificial Resins & Plastic Materials	1,456.9	2,267.7	2,601.8	55.7	14.7
3. Professional Instruments etc. except electrical	1,530.4	1,972.7	2,329.0	28.9	18.1
4. Coal, Coke & Briquettes etc.	3,198.4	3,868.7	4,595.4	21.0	18.8
5. Medicinal & Pharmaceutical Products	705.4	1,027.9	1,296.6	45.7	26.1
6. Chemical Materials & Products	819.4	1,052.5	1,327.2	28.5	26.1
7. Non-Metallic Mineral Manufactures	471.9	621.9	781.2	31.8	25.6
Total Imports	111,517.4	149,165.7	190,566.0	33.8	27.8
<i>Memo Items</i>					
Non-Oil Imports	81,673.3	105,202.6	133,491.5	28.8	26.9
Non-Oil Imports excl. Gold & Silver	70,523.3	93,884.9	118,846.4	33.1	26.6
Mainly Industrial Inputs*	64,928.8	87,472.4	110,553.4	34.7	26.4

P : Provisional.

* : Non oil imports net of gold and silver, bulk consumption goods, manufactured fertilisers and professional instruments.

Note : Figures in brackets relate to percentage to total imports for the period.

Source : DGCI & S.

Statement 6: Direction of India's Foreign Trade - Imports

(US \$ million)

Group/Country	April-March		
	2004-05	2005-06	2006-07 P
1	2	3	4
I. O E C D Countries	39,989.9	51,796.8	69,527.3
A. E U	18,713.0	25,151.3	33,499.4
<i>of which:</i>			
1. Belgium	4,588.9	4,725.1	4,139.9
2. France	1,894.1	4,113.3	4,155.7
3. Germany	4,015.3	6,023.6	12,666.5
4. Italy	1,373.1	1,855.6	2,681.1
5. Netherland	791.5	1,049.6	1,156.5
6. U K	3,566.2	3,930.3	4,171.7
B. North America	7,777.1	10,374.6	14,118.9
1. Canada	775.7	919.9	1,514.2
2. U S A	7,001.4	9,454.7	12,604.7
C. Asia and Oceania	7,187.6	9,225.6	11,692.5
<i>of which:</i>			
1. Australia	3,824.5	4,947.9	6,835.9
2. Japan	3,235.1	4,061.1	4,590.8
D. Other O E C D Countries	6,312.2	7,045.3	10,216.5
<i>Of which:</i>			
1. Switzerland	5,939.9	6,555.8	9,115.3
II. O P E C	10,022.5	11,171.1	56,084.6
<i>of which:</i>			
1. Indonesia	2,617.7	3,008.1	4,187.2
2. Iran	410.2	702.5	7,631.0
3. Iraq	1.1	2.1	5,526.0
4. Kuwait	305.9	461.9	5,990.0
5. Saudi Arabia	1,301.2	1,632.3	13,363.4
6. U A E	4,641.1	4,354.1	8,639.0
III. Eastern Europe	2,514.2	3,793.9	4,562.1
<i>of which:</i>			
1. Romania	168.4	270.1	260.9
2. Russia	1,322.7	2,022.2	2,114.1
IV. Developing Countries	28,604.2	37,890.5	59,588.6
<i>of which:</i>			
A. Asia	22,581.3	30,450.6	47,227.6
a) S A A R C	950.2	1,354.9	1,472.5
1. Bangladesh	59.4	127.0	228.3
2. Bhutan	71.0	88.8	141.4
3. Maldives	0.6	2.0	3.1
4. Nepal	345.8	379.9	306.0
5. Pakistan	95.0	179.6	323.2
6. Sri Lanka	378.4	577.7	470.5
b) Other Asian Developing Countries	21,631.1	29,095.7	45,755.1
<i>Of which:</i>			
1. People's Rep of China	7,098.0	10,868.0	17,399.0
2. Hong Kong	1,730.1	2,207.0	2,481.7
3. South Korea	3,508.8	4,563.9	4,778.7
4. Malaysia	2,299.0	2,415.6	5,280.3
5. Singapore	2,651.4	3,353.8	5,470.2
6. Thailand	865.9	1,211.6	1,741.7
B. Africa	3,930.4	4,742.0	6,797.2
<i>of which:</i>			
1. Benin	79.8	77.5	80.6
2. Egypt Arab Republic	152.6	220.4	1,742.5
3. Kenya	46.7	48.5	55.4
4. South Africa	2,197.7	2,471.8	2,466.5
5. Sudan	22.9	32.6	89.2
6. Tanzania	131.7	119.8	98.1
7. Zambia	23.0	40.6	86.2
C. Latin American Countries	2,092.5	2,697.9	5,563.8
V. Others	22.9	231.2	126.7
VI. Unspecified	30,363.8	44,282.3	676.6
Total Imports	111,517.4	149,165.7	190,566.0

P : Provisional.

Note : The figures for 2006-07, which include country-wise distribution of petroleum imports, are not strictly comparable with the data for previous years.

Source : DGCI & S.

Other Items

Press Releases

Regulatory and Other Measures

Foreign Exchange Developments



Press Releases

Government of Haryana signs MoU with RBI

June 1, 2007

The Government of Haryana and the Reserve Bank of India has, on June 1, 2007 signed a Memorandum of Understanding with regard to urban co-operative banks in the State of Haryana. Consequent upon this, a State level Task Force on Urban Co-operative Banks (TAFUCB) has been constituted for Haryana. Shri D.P.S.Rathore, Regional Director for Haryana, Reserve Bank of India, is the Chairman of the TAFUCB and Shri R.R.Jowel, Registrar of Co-operative Societies, Government of Haryana is its Co-Chairman. The other members of the TAFUCB are: Shri Jagdish Mehta representing the National Federation for Urban Co-operative Banks (NAFUCB), Shri O.P.Sharma representing the State Urban Banks Association, a nominee of State Government of Haryana and a representative of Urban Banks Department, Reserve Bank of India, Central Office, Mumbai. The first meeting of the TAFUCB will be held shortly.

Similar MoUs have also been signed with the Governments of the nine other States. These are Gujarat, Andhra Pradesh, Karnataka, Madhya Pradesh, Rajasthan, Uttaranchal, Chattisgarh, Goa and Maharashtra.

As part of its developmental role, the Reserve Bank would also be assessing the training, computerisation needs of the Urban Co-operative Banks in the State of Haryana with the objective of upgrading their human resources skills and technological infrastructure so that they improve their operational efficiency and quality of management information systems.

It may be recalled that in the Mid-Term Review of Annual Policy announced in October 2004, the Reserve Bank had announced that a vision document for Urban Co-operative Banks would be prepared. Accordingly, the Reserve Bank placed in public domain a draft vision document in March 2005. As the Urban Co-operative Banks are subject to dual control by the Reserve Bank and the State Governments, the vision document envisaged the signing of MoU between State Governments and the Reserve Bank to put in place an arrangement through which there is a convergence on the approach and remedial actions required to be taken for facilitating the development of the sector. The vision document also proposed the constitution of a State Level Task Force of Urban Co-operative Banks with representatives of State Government, State/National Federation of Urban Cooperative Banks and the Reserve Bank of India as its members, for the purpose of identifying the potentially viable urban co-operative banks and drawing up a time-bound action plan for their revival by setting specific monitorable milestones.

RBI Proposes to Liberalise Scope of Booking of Forward Contracts for SMEs and Resident Individuals

June 1, 2007

Under the extant forex regulations, for persons resident in India, a number of products are permitted for hedging of

genuine exposures. In the Annual Policy Statement for the year 2007-08, the Reserve Bank of India announced further measures of liberalisations in this regard. Particular focus of the policy was on Small and Medium Enterprises and resident individuals and the objective was to simplify the documentation requirements as well as dynamic hedging of exposures.

The Reserve Bank of India (RBI) has today placed on its website (www.rbi.org.in) a draft circular on the proposed liberalisation. The Reserve Bank has requested users of this facility to send their views/suggestions to the Chief General Manager, Foreign Exchange Department, 11th floor, Central Office Building, Reserve Bank of India, Mumbai 400 001 or fax them at 022-2261 0623 or e-mail within 15 days.

The Reserve Bank will examine the views/suggestions for refining the proposed facility.

STCI Primary Dealer Limited Authorised as Primary Dealer

June 22, 2007

STCI Primary Dealer Limited has been authorised to undertake Primary Dealer business with effect from Monday, June 25, 2007 and, concurrently, the authorisation given to Securities Trading Corporation of India Limited (STCI), as Primary Dealer, stands withdrawn.

Regulatory and Other Measures

June 2007

RBI/2006-2007/427 UBD.PCB.Cir.No. 46/
16.12.000/06-07 dated June 4, 2007

The Chief Executive Officers of All Primary
(Urban) Co-operative Banks

Norms for Maintaining NRE/NRO Accounts - UCBs

Please refer to our circular UBD.PCB.Cir.No. 21/16.12.000/06-07 dated November 27, 2006 prescribing, *inter alia*, the norms for eligibility for Authorised Dealer category I and II licence.

2. In continuation thereof, we advise that the eligibility norms for maintaining NRE/NRO accounts have also been reviewed. It has been decided that banks registered in States that have entered into a Memorandum of Understanding (MOU) with Reserve Bank for supervisory and regulatory co-ordination and those registered under the Multi State Co-operative Societies Act, 2002 may be permitted to open NRE accounts subject to compliance with the following eligibility norms.

- (i) Minimum net worth of Rs 25 crore.
- (ii) CRAR of not less than 9 per cent
- (iii) Net NPAs to be less than 10 per cent
- (iv) Compliance with CRR/SLR requirements
- (v) Net profit for preceding three years without any accumulated losses.
- (vi) Sound internal control systems
- (vii) Satisfactory compliance with KYC/AML guidelines
- (viii) Presence of at least two professional directors on the Board.

3. As per extant instructions, UCBs are not permitted to accept NRO deposits and were required to close these accounts in a given time frame. It has now been decided that banks may maintain NRO accounts, arising from their redesignation as such, upon the account holders becoming non-resident. Opening of fresh NRO accounts will not be permitted. Further, no fresh credits barring periodical credit of interest

will be allowed in these accounts. However, these restrictions will not be applicable to UCBs having Authorised Dealer Category I licence.

4. UCBs may apply to the Regional Offices of the Reserve Bank for fresh authorisation, to maintain NRE accounts/renewal of the existing authorisation, wherever applicable.

Foreign Exchange Developments

June 2007

Deferred Payment Protocols dated April 30, 1981 and December 23, 1985 between Government of India and erstwhile USSR

The rupee value of the special currency basket was fixed at Rs. 56.8292 with effect from April 19, 2007.

[A.P. (DIR Series) Circular No.67
dated June 1, 2007]

Overseas Direct Investment - Rationalisation of Forms

As announced in the Annual Policy Statement for the Year 2007-08, the reporting system for overseas investment was revised with a view to improving the coverage and to ensure monitoring of the flows in a dynamic environment. As per the new reporting package, all the forms have been subsumed into one form, viz., ODI, comprising of four parts. The revised reporting system came into effect from June 1, 2007.

[A.P. (DIR Series) Circular No.68 dated
June 1, 2007]

Exim Bank's Line of Credit (LOC) of USD 8 million to the Government of Seychelles

Export-Import Bank of India (Exim Bank) has concluded an agreement dated July 10, 2006 with Government of Seychelles, making available to the latter, a Line of Credit (LOC) for USD 8 million (USD Eight million only), for financing purchase of essential commodities, which are eligible for export under the Foreign Trade Policy of the Government of India and the purchase of

goods which may be agreed to be financed by Exim Bank under this Agreement.

[A.P. (DIR Series) Circular No.69 dated
June 5, 2007]

Deferred Payment Protocols dated April 30, 1981 and December 23, 1985 between Government of India and erstwhile USSR

The rupee value of the special currency basket was fixed at Rs.54.9580 with effect from May 3, 2007.

[A.P. (DIR Series) Circular No.70 dated
June 7, 2007]

Data on Project Export Finance

Powers have been delegated to Authorised Dealers / EXIM Bank to accord post award approval for projects not exceeding USD 100 million, subject to the fulfillment of the conditions stipulated therein. Proposals exceeding USD 100 million are considered by the Working Group. At present, consolidated data in respect of the project exports by the Indian banking system is not available at one place as the data on post-award approval is maintained by the concerned Project Approving Authority. In order to facilitate compilation of consolidated data on project export contracts / supply contracts on deferred payments on an all India basis, AD Category-I banks have been advised to henceforth send a copy of post award approvals for project export contracts / supply contracts on deferred payment basis, as and when such approvals are accorded by them, to the Export-Import Bank of India.

[A.P. (DIR Series) Circular No.71 dated
June 8, 2007]

Investment by Mutual Funds in Overseas Securities - Liberalisation

Presently, Mutual Funds, registered with SEBI, are permitted to invest in ADRs/GDRs of Indian companies, rated debt instruments and also in the equity of overseas companies listed on a recognised stock exchange overseas. To enable Mutual Funds to tap a larger investible stock overseas, it has been decided that they may also invest in i) Overseas mutual funds that make nominal investments (say to the extent of 10 per cent of net asset value) in unlisted overseas securities; ii) Overseas exchange traded funds that invest in securities; and iii) ADRs/GDRs of foreign companies, subject to monthly reporting.

[A.P. (DIR Series) Circular No.72 dated
June 8, 2007]

Foreign Investments in Preference Shares—Revised Guidelines

In terms of existing provisions of FEMA, a person resident outside India can purchase equity / preference / convertible preference shares and convertible debentures issued by an Indian company. Government of India, Ministry of Finance vide Press Note dated April 30, 2007, has notified the following guidelines for foreign investment in preference shares, which have come into effect from that date :

- (a) Foreign investment coming as fully convertible preference shares would be treated as part of share capital. This would be included in calculating foreign equity for purposes of sectoral caps on foreign equity, where such caps have been prescribed.

- (b) Foreign investment coming as any other type of preference shares (non-convertible, optionally convertible or partially convertible) would be considered as debt and shall require conforming to ECB guidelines / ECB caps.
- (c) Any foreign investment as non-convertible or optionally convertible or partially convertible preference shares as on and up to April 30, 2007 would continue to be outside the sectoral cap till their current maturity.
- (d) Issue of preference shares of any type would continue to conform to the guidelines of RBI/SEBI and other statutory bodies and would be subject to all statutory requirements.

Accordingly, with effect from May 1, 2007, only preference shares which are fully and mandatorily convertible into equity within a specified time would be reckoned as part of share capital and eligible to be issued to persons resident outside India under the Foreign Direct Investment Scheme. Foreign investments in other types of preference shares (*i.e.* non-convertible, optionally convertible or partially convertible) for issue of which, funds have been received on or after May 1, 2007 would be considered as debt and shall conform to External Commercial Borrowings (ECB) guidelines / caps. It is further clarified that companies which have received funds from outside India for issue of partially/optionally convertible or redeemable preference shares on or up to April 30, 2007 may issue such instruments. Further, the existing investments in such preference shares which are not fully convertible may continue till their current maturity.

[A.P. (DIR Series) Circular No.73 dated
June 8, 2007]

(viii) Foreign Investments in Debentures – Revised Guidelines

In terms of existing provisions of FEMA, a person resident outside India can purchase equity/preference/convertible preference shares and convertible debentures issued by an Indian company.

It has been noticed that some Indian companies are raising funds under the FDI route through issue of hybrid instruments such as optionally convertible/partially convertible debentures which are intrinsically debt-like instruments. Routing of debt flows through the FDI route circumvents the framework in place for regulating debt flows into the country. It is clarified that henceforth, only instruments which are fully and mandatorily convertible into equity, within a specified time would be reckoned as part of equity under the FDI Policy and eligible to be issued to persons resident outside India under the Foreign Direct Investment Scheme. FIIs, registered with SEBI, would be eligible to invest as hitherto in listed non-convertible debentures / bonds issued by Indian companies in terms of RBI/SEBI norms on investment in rupee debt instruments, including the ceilings prescribed from time to time.

It is further clarified that companies which have already received funds from outside India for issue of partially/optionally convertible instruments on or before June 7, 2007 may issue such instruments. Further, the existing investments in instruments which are not fully and mandatorily convertible into equity may continue till their current maturity

[A.P. (DIR Series) Circular No. 74 dated
June 8, 2007]

Overseas Direct Investment- Liberalisation

As announced in the Annual Policy Statement for the Year 2007-08, the Regulations governing overseas investments have further been liberalised as under:

1. Enhancement of Limit for Overseas Direct Investment

In order to provide greater flexibility to Indian parties (companies incorporated in India or created under an Act of Parliament) for investments abroad, the existing limit of 200 per cent of the net worth of the Indian party has been enhanced to 300 per cent of the net worth. However, the limit applicable to registered partnership firms for overseas investment will continue to be 200 per cent of their net worth.

2. Financial Commitment for Overseas investment – Guarantees Issued by an Indian Party to or on Behalf of the JV WOS

As a measure of rationalisation of the extant norms, it has been decided to reckon 100 per cent of the amount of guarantees issued by an Indian party instead of earlier 50 per cent, for determining the 'financial commitment' for overseas investment by an Indian party. Accordingly, 'financial commitment' for overseas investment by an Indian party would, henceforth, mean direct investment by way of contribution to equity, loan and the total amount of guarantees by the investing company/promoter company/group company/sister concern or associate company/partnership firm in India.

3. Portfolio Investment by Listed Indian Companies

Listed Indian companies were permitted to invest up to 25 per cent of their

net worth in the equity of foreign companies, listed on a recognised stock exchange and having shareholding of at least 10 per cent in Indian companies listed on a recognised stock exchange in India and rated bonds / fixed income securities issued by overseas companies, under the portfolio investment scheme. In order to provide greater opportunities to listed Indian companies for portfolio investments, the existing limit of 25 per cent has been enhanced to 35 per cent of the net worth of the investing company as on the date of its last audited balance sheet.

[A.P. (DIR Series) Circular No. 75 dated
June 14, 2007]

Hedging of Overseas Direct Investments by Residents - Liberalisation

Resident entities having overseas direct investments (in equity and loan) were permitted to hedge the exchange risk arising out of such investments by entering into forward / option contracts with AD Category – I banks, subject to verification of such exposure. Such contracts must be completed by delivery or rolled over on the due date and not cancelled.

As announced in the Annual Policy Statement for the Year 2007-08, with a view to provide greater flexibility to residents with overseas direct investments (in equity and loan), AD Category – I banks have been allowed to cancel of such forward contracts. for hedging the exchange risk. Further, 50 per cent of the cancelled contracts have been allowed to be rebooked.

[A.P. (DIR Series) Circular No. 76 dated
June 19, 2007]

Advance Remittance for Import of Aircrafts/Helicopters/Other Aviation Related Purchases

AD Category - I banks were permitted to make advance remittance up to USD 1,000,000 (USD one million) or its equivalent, without bank guarantee or an unconditional, irrevocable stand by Letter of Credit, for import of goods into India, subject to specified conditions. With a view to further liberalising and simplifying the procedure for import of goods into India, it has been decided, as a sector specific measure, to allow airline companies, which have been permitted by the Directorate General of Civil Aviation to operate as a

schedule air transport service, to make advance remittance without bank guarantee, up to USD 50 million. Accordingly, AD Category – I banks have been permitted to allow advance remittance, without bank guarantee or an unconditional, irrevocable standby Letter of Credit, up to USD 50 million, for direct import of each aircraft / helicopter / other aviation related purchases, subject to certain terms and conditions. Prior approval of the concerned Regional Office of the Reserve Bank will be required for cases which are not covered under the above relaxatin.

[A.P. (DIR Series) Circular No. 77 dated
June 29, 2007]

Current Statistics

General

Money and Banking

Government Accounts

Government Securities Market

Production

Capital Market

Prices

Trade and Balance of Payments



General

No. 1: Selected Economic Indicators

Item	Unit / Base	1990-91	2004-05	2005-06	2006-07	2007		
						Apr.	May	Jun.
1	2	3	4	5	6	7	8	9
Output								
1. Gross Domestic Product at Factor Cost (at 1999-00 prices)	Rs. crore	10,83,572	23,89,660 (P)	26,04,532 (Q.E.)	28,48,157 (R.E.)			
2. Index number of Agricultural Production (All crops)	Triennium ended 1993-94= 100	148.4 +	140.8	121.9 (P)	124.4 (P)			
a. Foodgrains Production	Million tonnes	176.4	198.4	208.6	216.1 (A.E.)			
3. General Index of Industrial Production (1)	1993-94= 100	212.6 *	204.8	221.5	247.0 (P)	255.9 (P)	264.2 (P)	..
Money and Banking								
Reserve Bank of India (2)								
4. Notes in circulation	Rs. crore	53,784	3,62,487	4,21,922	4,96,775	5,12,672	5,14,502	5,07,347
5. Rupee Securities (3)	"	86,035	65,455	70,409	96,861	92,979	84,998	90,996
6. Loans and discount	"	19,900	6,388	4,746	6,585	5,761	3,294	16,518
(a) Scheduled Commercial Banks (4)	"	8,169	45	1,488	6,245	4,078	3,139	1,266
(b) Scheduled State Co-operative Banks (4)	"	38	5	7	—	6	3	10
(c) Bills purchased and discounted (internal)	"	—	—	—	—	—	—	—
Scheduled Commercial Banks								
7. Aggregate deposits (5)	Rs. crore	1,92,541	17,00,198	21,09,049	26,08,309	25,93,165	26,08,665 (P)	27,02,859 (P)
8. Bank credit (5)	"	1,16,301	11,00,428	15,07,077	19,28,913	18,87,837	18,86,520 (P)	19,14,364 (P)
9. Investment in Govt. Securities (5)	"	49,998	7,18,982	7,00,742	7,74,980	7,92,260	7,96,292 (P)	8,27,183 (P)
10. Cheque clearances (6)	Rs. thousand crore	1,703	6,792	6,459	6,480 (P)	501 (P)	571 (P)	599 (P)
11. Money Stock measures (7)								
(a) M ₁	Rs. crore	92,892	6,47,495	8,26,375	9,65,195	9,40,032	9,22,295	9,40,967
(b) M ₃	"	2,65,828	22,30,675	27,29,545	33,10,278	33,21,799	33,25,860	33,88,916
Cash Reserve Ratio and Interest Rates								
12. Cash Reserve Ratio (2), (16)	Per cent	15.00	5.00	5.00	6.00	6.25	6.50	6.50
13. Bank Rate	Per cent Per annum	10.00	6.00	6.00	6.00	6.00	6.00	6.00
14. Inter-bank call money rate (Mumbai) (8)	"	4.00-70.00	0.60-6.25	3.00-8.25	6.00-80.00	4.00-15.00	1.95-8.25	0.3-1.50
15. Deposit Rate (9)								
(a) 30 days and 1 year	"	8.00 (11)	3.00-5.00	2.25-5.50	3.00-7.00	3.00-7.00	3.00-7.00	3.00-9.50
(b) 1 year and above	"	9.00-11.00	5.25-6.25	6.00-7.00	7.50-9.00	7.50-9.00	7.50-9.00	7.50-9.60

Q.E. : Quick Estimate.

A.E. : Advance Estimate.

R.E. : Revised Estimate.

R : Revised.

* : Base : 1980-81 = 100. + : Base : 1993-94 = 100.

\$: Fourth Advance Estimate ^ : Base : 2001 = 100 from January 2006 onwards.

@ : As the security 12.50% 2004 had matured on March 23, 2004, it has been substituted by 11.40% Loan 2008, with effect from March 2004, to represent the short-term yield.

: As the maturity of the security 11.50% 2008, which represents the trends in long term yield, had become less than 5 years, it has been substituted by 7.40% Loan 2012, with effect from April 2004.

Also see 'Notes on Tables'.

No. 1: Selected Economic Indicators (Concl.d.)

Item	Unit / Base	1990-91	2004-05	2005-06	2006-07	2007		
						Apr.	May	Jun.
1	2	3	4	5	6	7	8	9
16. Prime Lending Rate (10)	"	–	10.25-10.75	10.25-10.75	12.25-12.50	12.75-13.25	12.75-13.25	12.75-13.25
17. Yield on 11.40% Loan 2008 @	"	–	5.73	6.40	7.22	8.02	7.92	–
18. Yield on 7.40% Loan 2012 #	"	–	6.21	6.95	7.55	8.08	8.10	8.07
Government Securities Market (2)								
19. Govt. of India 91-day Treasury Bills (Total outstandings)	Rs. crore		27,792	16,318	45,229	46,686	46,335	65,956
Price Indices								
20. Wholesale prices (13)	1993-94= 100							
(a) All commodities	"	182.7 +	187.3	195.6	206.1	211.5	–	–
(b) Primary articles	"	184.9 +	188.1	193.6	208.6	219.2	–	–
(c) Fuel, power, light and lubricants	"	175.8 +	280.1	306.8	324.9	320.4	–	–
(d) Manufactured products	"	182.8 +	166.3	171.5	179.0	184.6	–	–
(e) Foodgrains (Cereals + Pulses)	"	179.2 +	177.5	186.9	205.9	211.0	–	–
(f) Edible oils	"	223.3 +	156.4	146.1	154.6	165.4	–	–
(g) Sugar, khandsari & gur	"	152.3 +	163.5	178.8	179.8	163.1	–	–
(h) Raw cotton	"	145.5 +	165.6	144.3	151.8	172.9	–	–
21. Consumer prices (All-India) (1)								
(a) Industrial Workers ^	1982= 100	193	520	542	125	128	129	130
(b) Urban Non-Manual Employees	1984-85= 100	161	436	456	486	501	503	506
(c) Agricultural Labourers	July 1986- June 1987= 100	..	342	358	388	394	395	399
Foreign Trade								
22. Value of imports	U.S. \$ Million	24,073	1,11,517	1,49,166	1,81,343 (R)	17,635	18,078	..
23. Value of exports	"	18,145	83,536	1,03,091	1,24,598 (R)	10,575	11,861	..
24. Balance of trade	"	–5,927	–27,981	–46,075	–56,745 (R)	–7,060	–6,217	..
25. Foreign exchange reserves (14)								
(a) Foreign currency assets	U.S. \$ Million	2,236	1,35,571	1,45,108	1,91,924	1,96,899	2,00,697	2,06,114
(b) Gold	"	3,496	4,500	5,755	6,784	7,036	6,911	6,787
(c) SDRs	"	102	5	3	2	11	1	1
Employment Exchange Statistics (15)								
26. Number of registrations	Thousand	6,541	5,553	..	..	..	..	..
27. Number of applicants								
(a) Placed in employment	"	265	171	..	..	..	..	..
(b) On live register (14)	"	34,632	41,996	..	..	..	..	..

Money and Banking

No. 2: Reserve Bank of India

(Rs. crore)

Last Friday / Friday	1990-91	2005-06	2006-07	2007										
				Jul.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul. 6	Jul. 13	Jul. 20	Jul. 27
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Issue Department														
Liabilities														
Notes in Circulation	53,784	4,21,922	4,96,775	4,38,958	4,79,642	4,90,051	4,96,775	5,12,672	5,14,502	5,07,347	5,09,192	5,10,119	5,06,147	5,01,178
Notes held in Banking Department	23	18	11	15	18	20	11	11	21	18	14	15	13	14
Total liabilities (total notes issued) or assets	53,807	4,21,940	4,96,786	4,38,973	4,79,661	4,90,072	4,96,786	5,12,683	5,14,523	5,07,364	5,09,206	5,10,135	5,06,161	5,01,192
Assets														
Gold coin and bullion	6,654	20,974	24,160	23,266	23,548	23,561	24,160	24,160	23,733	22,995	22,593	22,593	22,593	22,593
Foreign securities	200	3,99,769	4,71,567	4,14,538	4,54,958	4,65,394	4,71,567	4,87,420	4,89,546	4,83,199	4,85,452	4,86,392	4,82,431	4,77,474
Rupee coin (1)	29	150	12	123	108	70	12	57	197	124	114	103	90	79
Government of India rupee securities	46,924	1,046	1,046	1,046	1,046	1,046	1,046	1,046	1,046	1,046	1,046	1,046	1,046	1,046
Banking Department														
Liabilities														
Deposits	38,542	2,05,934	3,02,615	1,88,363	2,35,138	2,53,967	3,02,615	2,91,810	2,96,747	3,04,389	3,55,345	3,48,869	3,75,186	3,91,515
Central Government	61	28,928	36,661	101	22,594	33,215	36,661	101	100	101	100	101	100	100
Market Stabilization Scheme	—	29,062	62,974	38,995	39,375	42,807	62,974	75,924	87,319	81,137	80,202	78,745	85,027	88,010
State Governments	33	41	41	41	41	41	41	41	41	41	41	41	41	41
Scheduled Commercial Banks	33,484	1,27,061	1,80,222	1,20,376	1,52,871	1,57,306	1,80,222	1,91,200	1,86,236	1,99,587	1,99,592	2,00,203	2,12,883	2,32,827
Scheduled State Co-operative Banks	244	2,299	2,851	1,929	2,004	2,032	2,851	2,504	2,438	2,598	2,390	2,589	2,428	2,399
Non-Scheduled State Co-operative Banks	13	54	55	44	55	48	55	52	47	55	50	46	50	53
Other banks	88	6,097	8,202	6,219	7,197	7,503	8,202	8,753	8,946	9,130	9,233	9,183	9,620	9,537
Others	4,619	12,391	11,609	20,658	11,001	11,014	11,609	13,235	11,621	11,740	63,735	57,961	65,037	58,547
Other liabilities (2)	28,342	1,33,063	1,79,897	1,87,497	1,70,880	1,79,777	1,79,897	1,42,238	1,26,395	1,73,768	1,31,246	1,36,963	1,37,229	1,32,288
Total liabilities or assets	66,884	3,38,997	4,82,512	3,75,860	4,06,017	4,33,744	4,82,512	4,34,048	4,23,142	4,78,157	4,86,591	4,85,832	5,12,415	5,23,802

See 'Notes on Tables'.

No. 2: Reserve Bank of India (Concl'd.)

(Rs. crore)

Last Friday / Friday	1990-91	2005-06	2006-07	2006	2007									
					Jul.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul. 6	Jul. 13	Jul. 20	Jul. 27
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Assets														
Notes and coins	23	21	11	20	19	20	11	11	21	18	15	15	13	14
Balances held abroad (3)	4,008	2,47,367	3,64,834	3,16,578	3,05,701	3,58,582	3,64,834	3,20,967	3,11,872	3,56,530	3,54,253	3,70,184	3,83,635	4,05,196
Loans and Advances														
Central Government	—	—	—	—	—	—	—	980	7,753	15,159	31,949	16,198	30,058	20,199
State Governments (4)	916	86	—	47	299	127	—	596	816	—	361	713	914	1,066
Scheduled Commercial Banks	8,169	1,488	6,245	—	4,316	827	6,245	4,078	3,139	1,266	1	1	1	—
Scheduled State Co-op.Banks	38	7	—	—	21	21	—	6	3	10	10	10	10	10
Industrial Dev. Bank of India	3,705	—	—	—	—	—	—	—	—	—	—	—	—	—
NABARD	3,328	2,998	—	1,712	2,234	—	—	—	—	—	—	—	—	—
EXIM Bank	745	—	—	—	—	—	—	—	—	—	—	—	—	—
Others	1,615	167	340	84	610	141	340	101	152	83	83	83	83	83
Bills Purchased and Discounted														
Internal	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Government Treasury Bills	1,384	—	—	—	—	—	—	—	—	—	—	—	—	—
Investments	40,286	73,526	99,983	39,123	83,763	64,381	99,983	96,092	88,107	92,883	77,972	77,880	77,877	77,873
Other Assets (5)	2,666 (—)	13,336 (4,699)	11,099 (5,414)	18,296 (5,213)	9,054 (5,276)	9,643 (5,279)	11,099 (5,414)	11,217 (5,414)	11,280 (5,318)	12,207 (5,152)	21,947 (5,062)	20,747 (5,062)	19,823 (5,062)	19,361 (5,062)

No. 3: All Scheduled Banks – Business in India

(Rs. crore)

Last Reporting Friday (in case of March)/ Last Friday	1990-91	2005-06	2006-07	2006		2007					
				Jun.	Dec.	Jan.	Feb.	Mar.	Apr.	May (P)	Jun. (P)
1	2	3	4	5	6	7	8	9	10	11	12
Number of reporting banks	299	289	249	272	255	255	251	249	247	249	249
Liabilities to the banking system (1)	6,673	77,872	91,453	73,281	82,717	76,559	80,669	91,453	90,299	83,391	81,980
Demand and time deposits from banks (2)	5,598	39,750	43,620	34,394	34,885	36,779	38,182	43,620	40,255	37,728	37,066
Borrowings from banks (3)	998	29,232	35,532	31,381	39,371	31,078	32,391	35,532	33,960	28,890	29,426
Other demand and time liabilities (4)	77	8,890	12,301	7,505	8,461	8,703	10,096	12,301	16,084	16,773	15,488
Liabilities to others (1)	2,13,125	24,60,973	30,22,790	24,92,748	28,01,799	27,87,019	28,54,107	30,22,790	29,98,449	29,98,244	31,04,119
Aggregate deposits (5)	1,99,643	21,85,810	26,91,053	22,19,216	24,64,708	24,85,836	25,48,479	26,91,053	26,75,534	26,86,818	27,85,535
Demand	34,823	3,74,125	4,39,949	3,32,260	3,97,777	3,77,318	4,09,562	4,39,949	3,87,212	3,78,062	4,06,959
Time (5)	1,64,820	18,11,684	22,51,104	18,86,956	20,66,931	21,08,518	21,38,917	22,51,104	22,88,322	23,08,755	23,78,576
Borrowings (6)	645	83,816	86,910	86,902	81,560	84,609	86,755	86,910	88,977	84,368	87,279
Other demand and time liabilities (4)	12,838	1,91,347	244,827	1,86,630	2,55,532	2,16,574	2,18,874	2,44,827	2,33,939	2,27,059	2,31,305
Borrowings from Reserve Bank (7)	3,483	1,575	6,348	18	5,013	4,432	848	6,348	4,099	3,208	1,276
Against usance bills / promissory notes	—	—	—	—	—	—	—	—	—	—	—
Others (8)	3,483	1,575	6,348	18	5,013	4,432	848	6,348	4,099	3,208	1,276
Cash in hand and balances with Reserve Bank	25,995	1,45,120	2,02,565	1,36,945	1,72,069	1,71,616	1,76,254	2,02,565	2,12,148	2,07,608	2,22,623
Cash in hand	1,847	13,512	16,607	12,680	14,506	14,177	14,267	16,607	15,455	15,752	17,040
Balances with Reserve Bank (9)	24,147	1,31,608	1,85,958	1,24,265	1,57,562	1,57,439	1,61,987	1,85,958	1,96,694	1,91,856	2,05,584

See 'Notes on Tables'.

No. 3: All Scheduled Banks – Business in India (Concl'd.)

(Rs. crore)

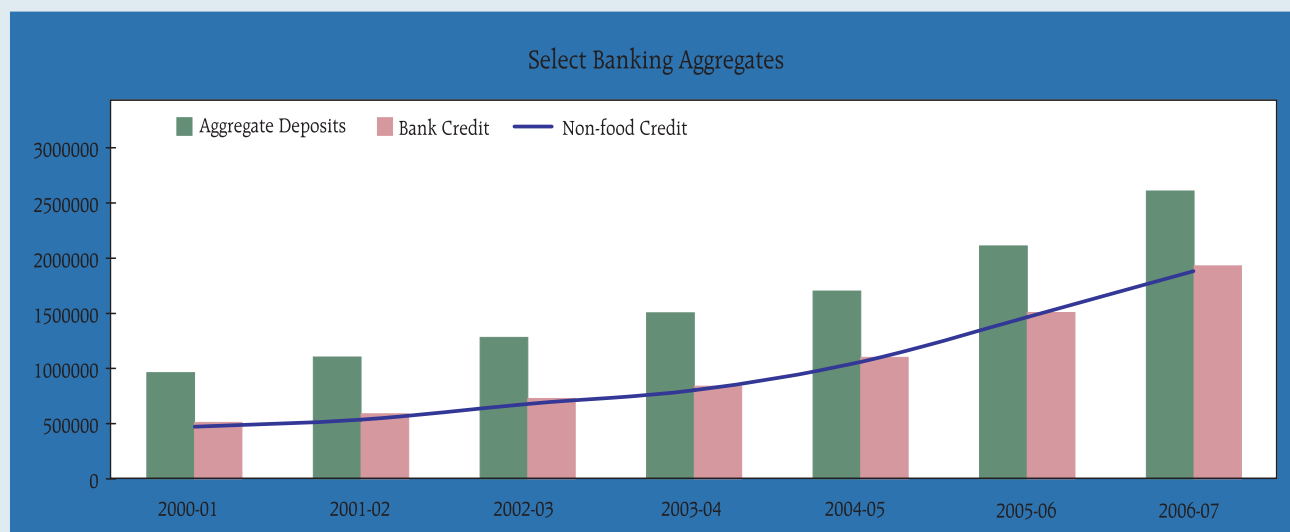
Last Reporting Friday (in case of March)/ Last Friday	1990-91	2005-06	2006-07	2006		2007					
				Jun.	Dec.	Jan.	Feb.	Mar.	Apr.	May (P)	Jun. (P)
1	2	3	4	5	6	7	8	9	10	11	12
Assets with the Banking System	6,848	63,882	86,922	64,128	75,316	72,922	72,318	86,922	79,743	76,472	78,682
Balances with other banks	3,347	30,735	33,486	30,609	31,421	30,234	29,254	33,486	30,775	29,749	30,931
In current account	1,926	14,240	14,451	11,348	12,294	11,451	11,616	14,451	12,862	13,266	13,189
In other accounts	1,421	16,494	19,035	19,261	19,127	18,783	17,638	19,035	17,913	16,483	17,742
Money at call and short notice	2,201	17,669	22,761	18,889	23,911	17,425	20,182	22,761	19,959	18,150	20,116
Advances to banks (10)	902	4,701	6,516	3,431	6,403	5,476	5,094	6,516	6,055	4,960	4,297
Other assets	398	10,778	24,159	11,199	13,581	19,788	17,788	24,159	22,953	23,614	23,338
Investment	76,831	7,49,682	8,20,249	7,73,371	7,73,794	7,86,214	8,18,346	8,20,249	8,37,364	8,45,371	8,75,461
Government securities (11)	51,086	7,31,889	8,03,768	7,55,103	7,57,243	7,69,810	8,01,966	8,03,768	8,21,251	8,23,570	8,53,713
Other approved securities	25,746	17,792	16,481	18,268	16,551	16,404	16,380	16,481	16,113	21,801	21,749
Bank credit	1,25,575	15,72,781	20,06,332	15,85,181	18,40,847	18,53,138	18,92,868	20,06,332	19,64,793	19,60,907	19,90,752
Loans, cash-credits and overdrafts	1,14,982	14,94,715	19,17,260	15,10,385	17,58,861	17,71,331	18,10,909	19,17,260	18,84,051	18,82,209	19,12,063
Inland bills-purchased	3,532	13,242	16,408	10,153	11,570	11,685	12,196	16,408	12,528	12,052	11,744
Inland bills-discounted	2,409	31,362	31,933	29,154	32,354	32,375	31,910	31,933	31,335	31,056	31,503
Foreign bills-purchased	2,788	13,108	16,171	12,662	14,700	14,478	14,466	16,171	13,793	13,547	12,810
Foreign bills-discounted	1,864	20,353	24,559	22,828	23,362	23,269	23,387	24,559	23,086	22,042	22,631
Cash-Deposit Ratio	13.0	6.6	7.5	6.2	7.0	6.9	6.9	7.5	7.9	7.7	8.0
Investment-Deposit Ratio	38.5	34.3	30.5	34.8	31.4	31.6	32.1	30.5	31.3	31.5	31.4
Credit-Deposit Ratio	62.9	72.0	74.6	71.4	74.7	74.5	74.3	74.6	73.4	73.0	71.5

No. 4: All Scheduled Commercial Banks – Business in India

(Rs. crore)

Last Reporting Friday (in case of March)/ Last Friday	1990-91	2005-06	2006-07	2006		2007					
				Jun.	Dec.	Jan.	Feb.	Mar.	Apr.	May (P)	Jun. (P)
1	2	3	4	5	6	7	8	9	10	11	12
Number of Reporting banks	271	218	179	202	185	185	181	179	177	179	179
Liabilities to the banking system (1)	6,486	75,165	88,457	70,610	79,914	73,788	77,928	88,457	87,296	81,597	79,057
Demand and time deposits from banks (2), (12)	5,443	37,078	40,772	31,764	32,207	34,067	35,477	40,772	37,367	36,028	34,195
Borrowings from banks (3)	967	29,197	35,399	31,341	39,245	31,019	32,357	35,399	33,846	28,818	29,375
Other demand and time liabilities (4)	76	8,890	12,286	7,505	8,461	8,703	10,094	12,286	16,083	16,751	15,487
Liabilities to others (1)	2,05,600	23,80,973	29,36,149	24,14,330	26,91,394	27,06,398	27,72,555	29,36,149	29,11,576	29,15,569	30,16,827
Aggregate deposits (5)	1,92,541	21,09,049	26,08,309	21,43,643	23,88,145	24,08,456	24,70,660	26,08,309	25,93,165	26,08,665	27,02,859
Demand	33,192	3,64,640	4,29,137	3,23,368	3,88,713	3,68,154	4,00,241	4,29,137	3,77,672	3,69,043	3,97,542
Time (5)	1,59,349	17,44,409	21,79,172	18,20,275	19,99,431	20,40,302	20,70,419	21,79,172	22,15,493	22,39,622	23,05,317
Borrowings (6)	470	83,144	85,836	86,262	80,233	83,895	85,484	85,836	87,339	82,619	85,363
Other demand and time liabilities (4), (13)	12,589	1,88,780	24,2004	1,84,425	2,23,016	2,14,048	2,16,410	2,42,004	2,31,072	2,24,285	2,28,605
Borrowings from Reserve Bank (7)	3,468	1,488	6,245	2	4,893	4,316	827	6,245	4,078	3,139	1,266
Against usance bills/ promissory notes	—	—	—	—	—	—	—	—	—	—	—
Others	3,468	1,488	6,245	2	4,893	4,316	827	6,245	4,078	3,139	1,266

See 'Notes on Tables'.



No. 4: All Scheduled Commercial Banks – Business in India (Concl.)

(Rs. crore)

Last Reporting Friday (in case of March)/ Last Friday	1990-91	2005-06	2006-07	2006		2007					
				Jun.	Dec.	Jan.	Feb.	Mar.	Apr.	May (P)	Jun. (P)
1	2	3	4	5	6	7	8	9	10	11	12
Cash in hand and balances with Reserve Bank	25,665	1,40,106	1,96,331	1,32,531	1,67,088	1,66,619	1,71,073	1,96,331	2,06,137	2,01,559	2,16,106
Cash in hand	1,804	13,046	16,108	12,209	14,009	13,748	13,767	16,108	14,938	15,323	16,519
Balances with Reserve Bank (9)	23,861	1,27,061	1,80,222	1,20,322	1,53,079	1,52,871	1,57,306	1,80,222	1,91,200	1,86,236	1,99,587
Assets with the Banking System	5,582	54,392	77,060	54,761	65,752	63,787	63,764	77,060	69,865	67,059	68,181
Balances with other banks	2,846	26,462	29,088	25,697	26,379	25,351	25,255	29,088	26,123	25,918	26,451
In current account	1,793	12,974	13,201	10,426	11,378	10,504	10,596	13,201	11,788	12,236	12,009
In other accounts	1,053	13,488	15,887	15,271	15,002	14,848	14,659	15,887	14,336	13,682	14,443
Money at call and short notice	1,445	13,619	18,267	15,423	20,353	14,207	16,731	18,267	16,023	13,897	16,431
Advances to banks (10)	902	4,191	6,203	3,081	6,099	5,166	4,794	6,203	5,441	4,321	3,651
Other assets	388	10,120	23,503	10,560	12,921	19,063	16,985	23,503	22,278	22,924	22,648
Investment	75,065	7,17,454	7,90,431	7,41,218	7,43,321	7,54,844	7,87,858	7,90,431	8,07,466	8,17,057	8,47,887
Government securities (11)	49,998	7,00,742	7,74,980	7,23,980	7,27,770	7,39,428	7,72,537	7,74,980	7,92,260	7,96,292	8,27,183
Other approved securities	25,067	16,712	15,451	17,238	15,551	15,416	15,321	15,451	15,207	20,765	20,704
Bank credit (14)	1,16,301	15,07,077	19,28,913	15,21,127	17,70,015	17,80,725	18,18,843	19,28,913	18,87,837	18,86,520	19,14,364
	(4,506)	(40,691)	(46,521)	(41,298)	(42,161)	(42,071)	(43,898)	(46,521)	(49,887)	(44,864)	(42,787)
Loans, cash-credits and overdrafts	1,05,982	14,30,455	18,41,626	14,47,692	16,89,450	17,00,361	17,38,417	18,41,626	18,08,816	18,09,490	18,37,242
Inland bills-purchased	3,375	12,914	15,912	9,838	11,275	11,372	11,828	15,912	12,096	11,591	11,429
Inland bills-discounted	2,336	30,816	31,300	28,671	31,832	31,843	31,334	31,300	30,706	30,520	30,830
Foreign bills-purchased	2758	13,075	16,139	12,626	14,668	14,444	14,436	16,139	13,747	13,498	12,785
Foreign bills-discounted	1,851	19,817	23,936	22,299	22,790	22,705	22,827	23,936	22,472	21,420	22,079
Cash-Deposit Ratio	13.3	6.6	7.5	6.2	7.0	6.9	6.9	7.5	7.9	7.7	8.0
Investment- Deposit Ratio	39.0	34.0	30.3	34.6	31.1	31.3	31.9	30.3	31.1	31.3	31.4
Credit-Deposit Ratio	60.4	71.5	74.0	71.0	74.1	73.9	73.6	74.0	72.8	72.3	70.8

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. 27, 1998	2,443	18,767	9,778	1,472 (44)
Mar. 26, 1999	4,006	24,169	17,857	2,343 (64)
Mar. 24, 2000	5,037	30,620	22,988	2,834 (20)
Mar. 23, 2001	6,984	38,453	27,006	3,171 (15)
Jul. 14, 2000	6,918	32,992	22,848	2,952 (15)
Jul. 13, 2001	6,479	39,135	27,318	3,178 (15)
Jul. 28, 2000	6,544	33,210	23,189	3,003 (15)
Jul. 27, 2001	5,652	39,381	26,952	3,188 (15)

+ : 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.

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

Source : Special Fortnightly Returns.

(Rs. crore)

Outstanding as on	Commercial Paper	Shares issued by		Bonds / Debentures issued by	
		Public Sector Undertakings (PSUs)	Private Corporate Sector	Public Sector Undertakings (PSUs)	Private Corporate Sector
1	2	3	4	5	6
March 19, 2004	3,835	1,565	7,400	49,720	27,966
March 18, 2005	3,944	1,886	10,289	46,939	31,994
March 31, 2006	4,837	2,627	10,502	33,018	29,550
March 30, 2007	9,038	2,128	16,219	29,115	27,622
February 3, 2006	3,536	2,153	11,709	33,748	28,300
February 2, 2007	6,237	2,115	15,525	29,508	24,906
February 17, 2006	3,409	2,318	11,341	33,383	30,497
February 16, 2007	6,717	2,134	15,339	29,340	25,403
March 17, 2006	4,166	2,372	11,153	33,724	31,236
March 16, 2007	7,946	2,210	15,480	28,085	25,941
March 31, 2006	4,837	2,627	10,502	33,018	29,550
March 30, 2007	9,178	2,152	16,194	28,280	27,663
April 27, 2007	7,027	1,972	16,049	26,661	26,067
May 12, 2006	4,046	2,335	13,605	32,489	27,746
May 11, 2007	6,869	2,177	16,398	25,555	25,933
May 26, 2006	3,963	2,629	14,871	33,031	27,458
May 25, 2007	7,079	1,903	17,145	24,848	25,145
June 23, 2006	6,245	2,501	14,374	31,521	26,338
June 22, 2007	6,446	2,007	17,251	24,333	26,268
July 7, 2006	6,838	2,373	14,330	31,545	25,871
July 6, 2007	7,039	2,035	19,439	24,704	26,032

Note : From the financial year 2001-02, data on investments are based on Statutory Section 42(2) Returns. Such data for the earlier period were based on Special Fortnightly Return (SFR VII), which has since been discontinued.

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	2005-06	2006-07	2006				2007				
				Mar.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar. 2	Mar. 16	Mar. 30
1	2	3	4	5	6	7	8	9	10	11	12	13
Number of reporting banks	28	31	31	31	31	31	31	31	31	31	31	31
Demand and Time Liabilities												
Aggregate Deposits (1)	2,152	15,665	17,105	15,665	15,887	16,212	16,512	16,545	16,276	16,410	16,426	17,105
Demand Liabilities	1,831	6,065	7,324	6,065	5,761	5,735	6,132	5,616	6,122	5,860	6,021	7,324
Deposits												
Inter-bank	718	1,457	1,921	1,457	938	858	911	955	933	958	989	1,921
Others	794	3,101	3,571	3,101	3,243	3,176	3,264	3,245	3,203	3,232	3,244	3,571
Borrowings from banks	181	464	914	464	661	795	1,062	501	1,147	808	1,017	914
Others	139	1,043	918	1,043	918	907	895	915	840	863	771	918
Time Liabilities	3,963	38,464	39,425	38,464	36,490	36,565	36,996	37,307	37,181	37,773	38,512	39,425
Deposits												
Inter-bank	2,545	25,561	25,540	25,561	23,526	23,210	23,433	23,705	23,818	24,311	25,023	25,540
Others	1,359	12,564	13,534	12,564	12,643	13,037	13,248	13,300	13,074	13,178	13,182	13,534
Borrowings from banks	–	12	10	12	10	10	10	10	10	10	10	10
Others	59	327	341	327	311	307	305	292	280	275	297	341
Borrowing from Reserve Bank	15	–	–	–	–	15	21	21	21	–	–	–
Borrowings from the State Bank and / or a notified bank (2) and State Government	1,861	9,768	13,639	9,768	10,884	10,836	11,469	12,361	12,715	12,891	13,454	13,639
Demand	116	2,021	3,292	2,021	1,809	1,888	2,335	2,630	2,979	3,113	3,267	3,292
Time	1,745	7,747	10,347	7,747	9,075	8,948	9,134	9,730	9,736	9,778	10,187	10,347
Assets												
Cash in hand and balances with Reserve Bank	334	2,499	3,054	2,499	2,048	1,934	2,132	2,176	2,217	2,316	2,203	3,054
Cash in hand	24	146	153	146	168	130	140	121	139	132	132	153
Balance with Reserve Bank	310	2,353	2,900	2,353	1,880	1,804	1,992	2,055	2,078	2,184	2,070	2,900
Balances with other banks in current account	93	575	486	575	285	326	320	315	329	341	393	486
Investments in Government securities (3)	1,058	16,472	14,146	16,472	15,622	15,400	14,914	15,744	14,895	14,744	14,526	14,146
Money at call and short notice	498	5,899	6,749	5,899	5,619	5,899	6,952	6,190	5,246	5,009	4,920	6,749
Bank credit (4)	2,553	15,589	17,017	15,589	14,556	14,715	14,631	15,193	15,918	16,075	16,520	17,017
Advances												
Loans, cash-credits and overdrafts	2,528	15,568	17,001	15,568	14,540	14,702	14,617	15,178	15,904	16,061	16,505	17,001
Due from banks (5)	5,560	24,167	30,098	24,167	27,187	27,238	28,697	29,202	29,562	30,057	29,816	30,098
Bills purchased and discounted	25	21	16	21	16	14	14	15	13	14	14	16
Cash - Deposit Ratio	15.5	16.0	17.9	16.0	12.9	11.9	12.9	13.2	13.6	14.1	13.4	17.9
Investment - Deposit Ratio	49.2	105.2	82.7	105.2	98.3	95.0	90.3	95.2	91.5	89.9	88.4	82.7
Credit - Deposit Ratio	118.6	99.5	99.5	99.5	91.6	90.8	88.6	91.8	97.8	98.0	100.6	99.5

See 'Notes on Tables'.

No. 7: Reserve Bank's Standing Facilities 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
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 Standing Facility	
	Normal *		Back Stop **		Total ***		Normal *		Back Stop **		Total		Limit	Out-standing
	Limit	Out-standing	Limit	Out-standing	Limit	Out-standing	Limit	Out-standing	Limit	Out-standing	Limit	Out-standing		
1	2	3	4	5	6 =(2+4)	7 =(3+5)	8	9	10	11	12 =(8+10)	13 =(9+11)	14 =(6+12)	15 =(7+13)
2001-02	6,060.29	3,144.11	3,025.60	49.83	9,085.89	3,193.94	837.62	422.35	218.65	–	1,056.27	422.35	10,142.16	3,616.29
2002-03	2,524.13	61.51	2,524.13	23.00	5,048.26	84.51	399.66	–	–	–	399.66	–	5,447.92	84.51
2003-04	1,553.25	–	3,111.17	–	4,664.42	–	399.66	–	–	–	399.66	–	5,064.08	–
2004-05	–	–	–	–	4,912.13	50.00	399.66	–	–	–	399.66	–	5,311.79	50.00
2005-06	–	–	–	–	6,050.63	1,567.68	–	–	–	–	–	–	6,050.63	1,567.68
2006-07	–	–	–	–	8,110.33	4,984.94	–	–	–	–	–	–	8,110.33	4,984.94
Sep. 2006	–	–	–	–	6,963.09	1,563.75	–	–	–	–	–	–	6,963.09	1,563.75
Dec. 2006	–	–	–	–	7,200.34	1,784.23	–	–	–	–	–	–	7,200.34	1,784.23
Mar. 2007	–	–	–	–	8,110.33	4,984.94	–	–	–	–	–	–	8,110.33	4,984.94
May 2006	–	–	–	–	6,638.08	2.06	–	–	–	–	–	–	6,638.00	2.06
Jun. 2006	–	–	–	–	6,513.55	2.06	–	–	–	–	–	–	6,513.55	2.06
Jul. 2006	–	–	–	–	7,046.20	2.06	–	–	–	–	–	–	7,046.20	2.06
Aug. 2006	–	–	–	–	7,046.52	–	–	–	–	–	–	–	7,046.52	–
Sep. 2006	–	–	–	–	6,963.09	1,563.75	–	–	–	–	–	–	6,963.09	1,563.75
Oct. 2006	–	–	–	–	7,259.39	1,215.00	–	–	–	–	–	–	7,259.39	1,215.00
Nov. 2006	–	–	–	–	7,065.80	4.00	–	–	–	–	–	–	7,065.90	4.00
Dec. 2006	–	–	–	–	7,200.34	1,784.23	–	–	–	–	–	–	7,200.34	1,784.23
Jan. 2007	–	–	–	–	7,470.20	3,013.48	–	–	–	–	–	–	7,470.20	3,013.48
Feb. 2007	–	–	–	–	7,946.14	–	–	–	–	–	–	–	7,946.14	–
Mar. 2007	–	–	–	–	8,110.33	4,984.94	–	–	–	–	–	–	8,110.33	4,984.94
Apr. 2007	–	–	–	–	8,871.55	3,760.22	–	–	–	–	–	–	8,871.55	3,760.22
May. 2007	–	–	–	–	8,510.80	2,746.00	–	–	–	–	–	–	8,510.80	2,746.00

@ : 'Others' include Collateralised Lending Facility (CLF) (withdrawn completely effective from October 5, 2002) / Additional CLF (withdrawn effective from June 5, 2000), etc.

* : Normal Limit = 1/2 of total limit effective from November 16, 2002; 1/3rd of the total limit effective from December 27, 2003.

** : Back-Stop Limit = 1/2 of total limit effective from November 16, 2002; 2/3rd of the total limit effective from December 27, 2003.

***: Total limits under Normal Facility and Back-Stop facility merged into a single facility effective from March 29, 2004.

Also see 'Notes on Tables'.

No. 8: Cheque Clearing Data

(Number in Lakh and Amount in Rs. crore)

Month/Year	Total		Total MICR* Centres		Total Non-MICR** Centres		Total of RBI Centres		RBI Centres***					
	2 = (3+4)		3 = (5+22)		4		5		6		7		8	
1	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
2001-02	9,015	1,25,75,254	5,377	1,09,47,391	3,638	16,27,863	5,377	1,09,47,391	414	2,07,524	445	2,69,346	—	—
2002-03	10,139	1,34,24,313	5,980	1,09,78,762	4,159	24,45,551	5,980	1,09,78,762	434	2,25,060	485	3,07,577	—	—
2003-04	10,228	1,15,95,960	6,241	91,78,751	3,987	24,17,209	6,241	91,78,751	473	2,80,649	547	3,75,885	—	—
2004-05	11,671	1,01,20,716	9,417	90,18,073	2,254	11,02,643	7,387	81,55,142	525	3,52,697	602	4,77,810	59	47,188
2005-06 (P)	12,868	1,13,29,134	10,318	94,74,371	2,549	18,54,763	7,942	81,94,977	604	4,06,599	656	4,98,344	72	32,181
2006-07 (P)	13,706	1,20,56,100	11,474	1,04,49,110	2,232	16,06,990	8,343	86,13,168	594	4,29,956	702	5,58,676	72	52,225
2006-07 (P)														
April	1,084	9,52,862	896	8,38,068	188	1,14,795	658	7,03,540	48	34,358	53	43,128	6	3,647
May	1,142	9,93,452	947	8,77,955	195	1,15,497	690	7,23,599	50	34,803	61	39,886	6	4,030
June	1,086	9,40,521	904	8,21,920	182	1,18,600	666	6,85,682	45	31,406	58	44,615	5	4,219
July	1,107	8,80,998	934	7,73,365	173	1,07,633	682	6,30,010	47	30,032	56	44,029	6	3,526
August	1,162	9,42,891	979	8,27,061	184	1,15,830	713	6,65,255	45	29,450	61	44,878	6	3,802
September	1,120	10,08,566	945	8,96,027	175	1,12,538	676	7,52,206	47	34,782	57	48,512	6	3,455
October	1,116	9,25,835	941	8,15,317	174	1,10,518	692	6,66,082	49	34,792	56	45,459	6	4,018
November	1,168	9,80,539	986	8,64,101	182	1,16,438	715	7,09,101	50	32,676	60	45,530	6	4,208
December	1,137	10,06,191	957	8,98,722	180	1,07,469	696	7,48,085	51	37,865	60	53,311	5	4,484
January	1,133	11,46,253	944	8,56,517	189	2,89,736	685	7,01,520	49	38,373	57	46,414	6	4,778
February	1,140	10,03,850	962	8,72,897	178	1,30,953	693	7,13,515	53	39,079	59	43,611	6	4,351
March	1,311	12,74,143	1,078	11,07,160	233	1,66,983	777	9,14,573	60	52,339	65	59,302	7	7,707
2007-08 (P)														
April	1,155	10,13,809	969	8,51,754	186	1,62,054	697	6,87,790	48	37,978	60	52,523	6	4,797
May	1,165	11,04,451	979	8,65,933	187	2,38,517	694	7,03,365	50	36,213	62	56,278	6	4,835
June	1,141	10,72,173	957	9,40,844	184	1,31,330	692	7,83,655	51	38,573	61	48,857	6	4,513
Total (upto June 07)	3,462	31,90,433	2,904	26,58,531	558	5,31,901	2,083	21,74,810	150	1,12,763	184	1,57,658	18	14,144

* : MICR - Magnetic Ink Character Recognition - automated CPC (Cheque Processing Centers).

** : Non MICR - Clearing done manually.

*** : RBI Centres (MICR) refers to all centres where RBI is the manager of Clearing House.

Notes : 1. Non MICR Data for the month of June 2007, pertains to the Clearing Houses managed by 10 banks-managed clearing house- SBI(Patna, Delhi, Lucknow, Mumbai, Ahmedabad, Bhopal, Kolkata, Chennai, Guwahati, Chnadigarh, Kerala, Hyderabad, Bangalore & Bhubaneshwar),SBI, SB Indore, PNB, SBT, SBP, SBS, SBH, SBM and United Bank of India.

2. The other MICR Centres includes 43 centres managed by 13 PSBs namely Andhra Bank, Bank of Baroda, Bank of India, Canara Bank, Central Bank of Indian, Corporation Bank, Oriental Bank of Commerce, Punjab National Bank, State Bank of India, State Bank of Indore, State Bank of Travancore, State Bank of Hyderabad and Union Bank of India. The list of other MICR centres (apart from RBI) is given in the Notes on Table 8.

No. 8: Cheque Clearing Data (Contd.)

(Number in Lakh and Amount in Rs. crore)

Month/Year	RBI Centres***													
	Bhubaneswar		Chandigarh		Chennai		Guwahati		Hyderabad		Jaipur		Kanpur	
1	9		10		11		12		13		14		15	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
2001-02	27	21,625	—	—	522	5,00,872	30	19,592	305	1,82,764	123	54,432	67	32,369
2002-03	33	26,349	—	—	557	5,52,913	34	22,436	337	2,15,035	130	58,202	73	34,532
2003-04	37	37,136	—	—	602	6,12,158	37	27,840	369	2,75,503	148	70,122	78	41,397
2004-05	42	47,253	113	1,11,092	735	7,59,883	42	32,714	390	3,01,679	168	89,087	87	47,226
2005-06 (P)	49	53,650	124	1,27,038	813	6,55,278	48	39,660	417	3,63,317	187	1,13,453	93	55,329
2006-07 (P)	56	64,834	141	1,98,205	836	7,05,875	55	49,101	439	3,95,911	198	1,37,785	97	64,396
2006-07 (P)														
April	4	3,927	10	14,269	65	54,057	4	3,823	37	33,184	16	10,352	8	5,123
May	5	5,175	11	14,067	68	54,209	5	3,939	33	32,046	17	10,801	8	5,426
June	4	4,307	10	10,829	78	59,996	4	3,808	35	32,498	16	11,540	7	5,124
July	5	5,382	10	14,701	81	57,350	4	3,272	35	30,934	15	10,779	8	4,796
August	5	5,338	17	11,607	80	60,967	5	4,039	36	31,079	16	10,148	8	5,235
September	5	5,238	11	46,787	78	61,602	4	3,739	35	31,851	16	10,595	8	5,159
October	5	5,263	12	15,081	76	62,061	4	3,671	35	29,738	16	11,498	7	4,557
November	5	5,295	12	14,472	69	62,164	5	4,528	38	33,718	17	11,518	9	6,087
December	5	5,048	12	12,714	68	57,572	5	4,287	39	33,876	17	12,189	8	5,565
January	5	6,051	11	12,017	54	49,956	5	4,409	35	30,771	17	11,948	8	5,265
February	5	5,683	11	12,880	57	55,902	5	4,025	38	31,696	17	11,868	9	5,424
March	6	8,126	12	18,781	63	70,038	6	5,561	43	44,520	19	14,548	9	6,634
2007-08 (P)														
April	5	5,831	11	14,150	56	59,978	4	4,579	37	35,342	17	12,405	8	5,508
May	5	5,939	12	15,227	57	54,145	5	4,089	36	33,432	17	12,149	9	5,775
June	5	5,695	11	11,972	57	57,206	5	4,515	35	34,165	16	12,873	8	6,244
Total (upto June 07)	14	17,465	34	41,350	171	1,71,329	14	13,182	107	1,02,939	50	37,427	25	17,527

No. 8: Cheque Clearing Data (Contd.)

(Number in Lakh and Amount in Rs. crore)

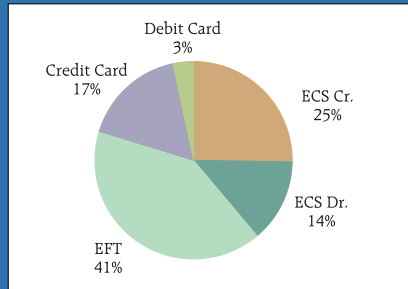
Month/Year	RBI Centres***											
	Kolkata		Mumbai		Nagpur		New Delhi		Patna		Thiruvananthapuram	
1	16		17		18		19		20		21	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
2001-02	523	3,73,131	1,679	82,17,816	102	41,151	1,079	9,90,315	27	17,421	34	19,032
2002-03	531	4,19,164	2,019	76,94,748	109	46,924	1,164	13,19,625	37	19,506	37	36,691
2003-04	470	4,65,308	2,162	55,11,293	120	56,330	1,107	13,54,677	50	26,739	41	43,714
2004-05	600	5,60,660	2,304	37,53,670	124	63,495	1,479	17,73,610	65	30,862	48	44,396
2005-06 (P)	642	6,58,640	2,392	33,42,829	135	75,772	1,597	16,97,583	59	36,820	55	38,484
2006-07 (P)	684	6,82,358	2,518	33,19,090	146	92,547	1,691	17,73,548	57	47,969	56	40,693
2006-07 (P)												
April	50	52,003	204	2,82,176	12	7,721	132	1,50,396	4	3,684	4	1,692
May	58	54,915	205	3,03,037	12	8,238	143	1,46,372	5	3,402	5	3,252
June	54	52,312	197	2,69,120	12	7,629	131	1,41,374	4	3,764	5	3,141
July	55	48,533	203	2,34,137	12	6,837	137	1,28,657	4	3,871	5	3,176
August	59	54,668	213	2,48,886	11	6,756	140	1,41,680	5	3,538	5	3,182
September	54	55,803	197	2,76,372	11	6,484	138	1,54,903	5	3,858	4	3,064
October	55	49,874	209	2,42,864	12	7,299	141	1,43,426	4	3,447	5	3,034
November	60	58,186	218	2,77,426	12	7,397	144	1,38,471	5	4,012	5	3,412
December	56	59,901	207	2,91,560	13	8,157	141	1,54,432	5	3,930	5	3,194
January	56	51,880	217	2,74,342	12	7,698	145	1,49,332	5	3,989	5	4,296
February	59	58,149	210	2,79,724	12	7,705	143	1,45,494	5	4,324	5	3,602
March	69	86,134	236	3,39,446	14	10,626	157	1,79,010	6	6,151	5	5,647
2007-08 (P)												
April	58	58,697	221	2,29,446	11	8,696	145	1,46,705	5	6,928	5	4,228
May	60	61,399	208	2,61,566	12	8,660	146	1,34,495	5	5,352	5	3,811
June	72	69,383	203	2,80,461	12	8,428	140	1,92,205	5	4,336	5	4,230
Total (upto June 07)	190	1,89,478	632	7,71,473	35	25,784	431	4,73,405	14	16,616	14	12,269

No. 8: Cheque Clearing Data (Concl.)

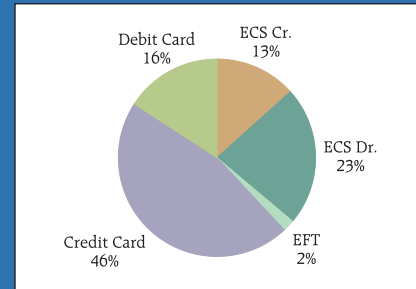
(Number in Lakh and Amount in Rs. crore)

Month/Year	Other MICR Centres	
	Number	Amount
1	22	
2001-02	—	—
2002-03	—	—
2003-04	—	—
2004-05	2,030	8,62,931
2005-06 (P)	2,376	12,79,394
2006-07 (P)	3,131	18,35,942
2006-07 (P)		
April	238	1,34,527
May	257	1,54,357
June	238	1,36,239
July	252	1,43,355
August	265	1,61,806
September	269	1,43,821
October	250	1,49,234
November	271	1,55,000
December	261	1,50,637
January	259	1,54,997
February	269	1,59,382
March	301	1,92,587
2007-08 (P)		
April	272	1,63,964
May	285	1,62,569
June	265	1,57,188
Total (upto June 07)	821	4,83,721

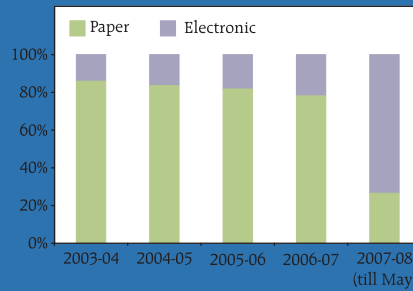
Retail Electronic Transactions-
Value in percentage



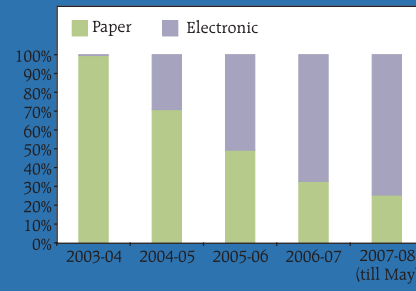
Retail Electronic Transactions-
Volume in percentage



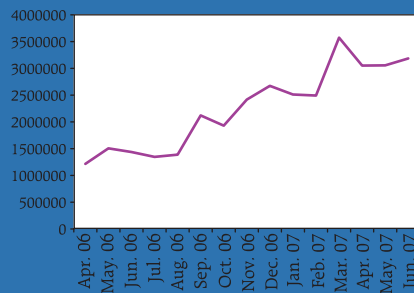
Representation of Electronic
Transactions Value in Total



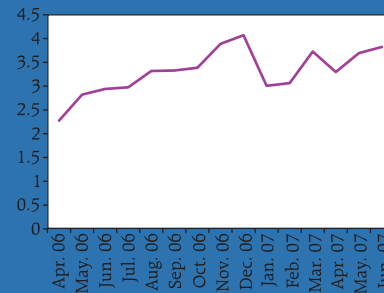
Representation of Electronic
Transactions Volume in Total



Growth in RTGS Value



Growth in RTGS Volume



No. 9A: Retail Electronic Payment Systems

(Number in Lakh and Amount in Rs. crore)

Year / Period	Total Electronic Payments		Electronic Clearing Services (ECS)				Electronic Funds Transfer (EFT)		Card Payments					
			ECS (Credit)		ECS (Debit)				Credit			Debit*		
1	2= (3+ 4+ 5+ 6+ 7)		3		4		5		6			7		
	Volume	Amount	Volume	Amount	Volume	Amount	Volume	Amount	Number of Out-standing Cards	Volume	Amount	Number of Out-standing Cards	Volume	Amount
2003-04	1,669.55	52,142.78	203.00	10,228.00	79.00	2,253.58	8.19	17,124.81	–	1,001.79	17,662.72	–	377.57	4,873.67
2004-05	2,289.04	1,08,749.83	400.51	20,179.81	153.00	2,921.24	25.49	54,601.38	–	1,294.72	25,686.36	–	415.32	5,361.04
2005-06	2,850.13	1,46,382.68	442.16	32,324.35	359.58	12,986.50	30.67	61,288.22	173.27	1,560.86	33,886.47	497.63	456.86	5,897.14
2006-07	3,787.09	2,35,693.12	690.19	83,273.09	752.02	25,440.79	47.76	77,446.31	231.23	1,695.36	41,361.31	749.76	601.77	8,171.63
2006-07 (P)														
April	248.66	13,307.04	41.69	4,361.55	44.73	1,527.94	3.01	4,261.11	177.16	117.72	2,615.53	518.13	41.50	540.91
May	270.01	19,454.10	46.78	8,978.03	43.53	1,685.09	3.40	5,234.09	180.55	131.93	2,970.52	526.95	44.37	586.38
June	275.45	12,769.55	52.51	3,469.70	51.53	1,585.07	3.36	4,383.87	185.76	125.45	2,773.69	546.88	42.60	557.22
July	301.41	20,495.04	61.90	6,078.30	53.15	1,643.62	3.39	9,195.79	190.27	133.71	2,957.08	573.13	49.26	620.25
August	321.75	17,470.80	70.75	5,633.54	56.95	1,976.00	3.60	5,991.33	195.65	139.77	3,211.80	589.64	50.68	658.12
September	298.98	17,141.85	51.87	4,990.12	60.15	2,022.28	3.85	6,166.52	200.39	136.22	3,270.12	613.98	46.89	692.81
October	334.69	21,231.53	57.47	8,304.32	65.13	2,166.65	4.15	5,936.81	204.85	151.66	3,991.78	658.59	56.28	831.97
November	328.13	22,522.59	66.06	9,245.42	69.32	2,207.17	3.44	6,808.25	210.98	139.62	3,602.20	664.19	49.68	659.56
December	329.08	18,792.68	42.88	5,970.25	72.37	2,517.06	3.59	5,597.25	215.99	151.85	3,883.96	689.28	58.39	824.16
January	342.32	20,750.14	48.13	6,296.77	76.21	2,334.62	3.71	7,262.69	221.08	161.90	4,110.29	698.44	52.38	745.76
February	369.00	26,403.45	84.55	11,568.11	78.49	2,259.09	5.73	7,995.26	226.54	147.25	3,875.02	720.26	52.98	705.97
March	367.61	25,354.35	65.60	8,376.98	80.46	3,516.19	6.53	8,613.34	231.23	158.28	4,099.32	749.76	56.75	748.52
2007-08 (P)														
April	376.45	28,346.53	60.07	8,027.76	82.63	3,040.37	6.75	12,159.06	235.03	167.35	4,258.26	758.66	59.65	861.07
May	4,492.62	24,451.57	38.70	3,620.43	88.98	2,942.11	7.42	12,734.62	241.29	174.70	4,296.39	784.59	61.13	858.02
June	4,404.12	24,170.64	52.90	7,824.70	90.56	4,586.06	7.50	6,704.94	243.98	171.86	4,190.71	795.65	62.43	864.23
Total (upto June 07)	9,273.19	76,968.74	151.68	19,472.90	262.17	10,568.54	21.68	31,598.62	720.30	513.91	12,745.36	2,338.90	183.21	2,583.32

* Debit Cards figures for 2003-04 and 2004-05 are estimated based on 2005-06 figures.

No. 9B: Large Value Clearing and Settlement Systems

(Number in Lakh and Amount in Rs. crore)

Year / Period	Real Time Gross Settlement System									
	Total		Customer remittance		Inter-Bank remittance		Inter-bank clearing settlement		Total Inter-bank	
1	2= (3+ 4+ 5)		3		4		5		6= (4+ 5)	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
2003-04	0.001	1,965.49	—	—	0.001	1,965.49	—	—	0.001	1,965.49
2004-05	4.60	40,66,184.00	0.68	2,49,662.00	3.92	38,16,522.00	—	—	3.92	38,16,522.00
2005-06	17.67	1,15,40,836.25	7.13	25,70,212.29	10.54	89,70,623.96	—	—	10.54	89,70,623.96
2006-07	38.80	2,46,19,179.99	24.82	71,67,807.91	13.94	1,13,13,346.69	0.04	61,38,025.39	13.98	1,74,51,372.08
2006-07										
April	2.27	12,15,738.55	1.36	4,14,832.62	0.92	8,00,905.93	—	—	0.92	8,00,905.93
May	2.82	15,05,769.58	1.72	5,22,421.94	1.10	9,83,347.64	—	—	1.10	9,83,347.64
June	2.94	14,37,408.04	1.82	4,90,716.67	1.13	9,46,691.37	—	—	1.13	9,46,691.37
July	2.97	13,46,465.65	1.87	4,54,992.42	1.11	8,91,473.23	—	—	1.11	8,91,473.23
August	3.32	13,87,871.86	2.16	4,82,295.19	1.16	9,05,576.67	—	—	1.16	9,05,576.67
September*	3.33	21,20,783.51	2.19	5,56,877.18	1.13	9,65,023.29	0.006	5,98,883.04	1.14	15,63,906.33
October	3.39	19,30,288.73	2.29	4,69,506.04	1.09	9,39,937.84	0.005	5,20,844.85	1.10	14,60,782.69
November	3.89	24,16,741.81	2.64	6,65,072.44	1.24	10,52,418.91	0.006	6,99,250.46	1.25	17,51,669.37
December	4.07	26,73,508.76	2.82	7,14,428.61	1.24	10,24,691.36	0.005	9,34,388.79	1.25	19,59,080.15
January	3.01	25,11,745.65	1.78	5,98,777.17	1.22	8,41,163.48	0.006	10,71,805.00	1.22	19,12,968.48
February	3.06	24,92,395.60	1.87	7,37,553.10	1.19	8,63,897.68	0.006	8,90,944.82	1.19	17,54,842.50
March	3.73	35,80,462.25	2.31	10,60,334.53	1.41	10,98,219.29	0.006	14,21,908.43	1.42	25,20,127.72
2007-08										
April	3.30	30,52,145.05	2.06	8,37,607.28	1.23	11,09,957.75	0.006	11,04,580.02	1.24	22,14,537.77
May	3.69	30,56,182.88	2.37	9,33,089.84	1.32	8,75,831.15	0.009	12,47,261.89	1.32	21,23,093.04
June	3.82	31,85,137.95	2.49	12,50,113.93	1.31	8,16,059.7	0.019	11,18,964.32	1.33	19,35,024.02
Total (upto June 07)	10.81	92,93,465.88	6.92	30,20,811.05	3.86	28,01,848.60	0.03	34,70,806.23	3.89	62,72,654.83

No. 9B: Large Value Clearing and Settlement Systems (Concl.)

(Number in Lakh and Amount in Rs. crore)

Year / Period	CCIL Operated Systems							
	Government Securities Settlement				Forex Settlement		CBLO Settlement	
	Outright		Repo					
1	7		8		9		10	
	No. of Trades	Value	No. of Trades	Value	No. of Trades	Value	No. of Trades	Value
2003-04	2.44	15,75,133.00	0.21	9,43,189.00	3.31	23,18,530.80	0.03	76,850.70
2004-05	1.61	11,34,222.08	0.24	15,57,906.55	4.66	40,42,434.86	0.29	9,76,757.10
2005-06	1.25	8,64,751.40	0.25	16,94,508.70	4.90	52,39,673.90	0.68	29,53,133.90
2006-07	1.37	10,21,535.70	0.30	25,56,501.50	6.06	80,23,078.00	0.86	47,32,271.30
2006-07								
April	0.07	65,574.20	0.02	1,19,853.80	0.43	5,74,361.50	0.06	3,59,227.90
May	0.08	67,748.80	0.03	2,33,469.50	0.53	6,81,602.20	0.07	4,28,666.90
June	0.05	48,565.90	0.03	2,74,677.00	0.52	6,12,044.80	0.06	3,63,646.30
July	0.06	44,318.00	0.03	2,41,765.50	0.45	5,08,753.10	0.07	3,91,737.70
August	0.14	1,06,896.60	0.03	2,61,423.20	0.47	5,29,951.70	0.07	3,74,214.60
September*	0.20	1,49,361.20	0.03	2,38,804.80	0.50	6,16,516.70	0.07	3,69,532.00
October	0.10	73,362.00	0.02	2,13,868.50	0.44	5,90,332.70	0.07	3,73,561.20
November	0.25	1,73,279.40	0.03	2,62,460.90	0.60	7,65,387.70	0.09	4,62,395.40
December	0.12	87,551.70	0.02	1,72,089.30	0.49	7,12,010.70	0.08	3,87,828.80
January	0.12	82,359.80	0.02	1,58,176.30	0.58	7,51,947.10	0.07	3,78,183.80
February	0.10	67,412.10	0.02	1,71,475.90	0.47	7,40,587.00	0.07	4,19,390.50
March	0.08	55,106.00	0.02	2,08,436.80	0.59	9,39,582.80	0.08	4,23,886.20
2007-08								
April	0.09	79,052.00	0.02	1,50,668.90	0.68	10,33,519.20	0.08	3,97,902.20
May	0.10	78,229.50	0.02	2,24,137.20	0.63	8,67,577.50	0.09	5,20,253.50
June	0.14	1,13,569.70	0.02	2,57,372.10	0.62	9,03,131.40	0.07	5,39,299.60
Total (upto June 07)	0.34	2,70,851.20	0.06	6,32,178.20	1.93	28,04,228.10	0.25	14,57,455.30

* MNSB settlement in RTGS started from 12 August, 2006.

No. 10: Money Stock Measures

(Rs. crore)

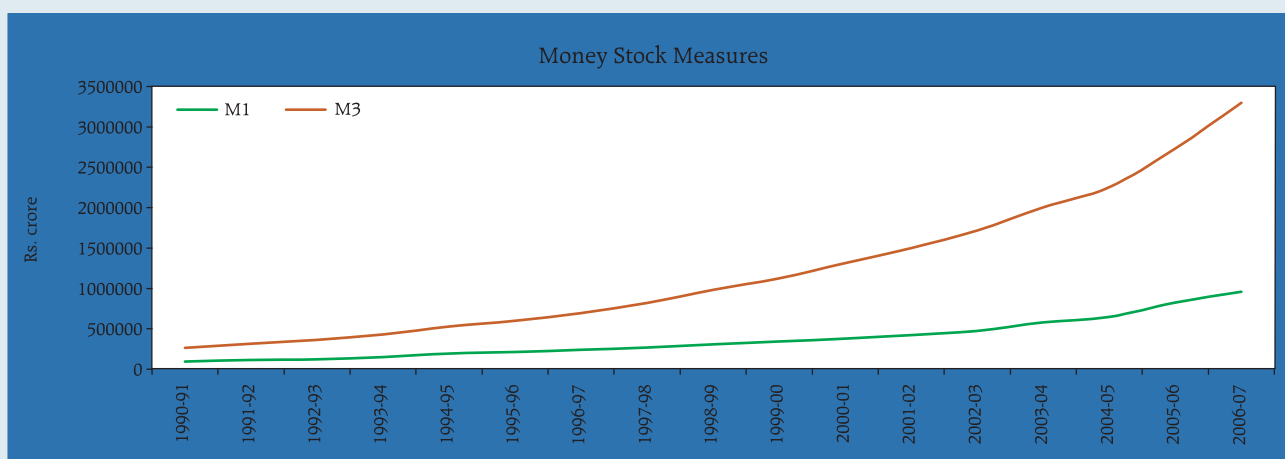
March 31/ Reporting Fridays of the month/ Last reporting Friday of the month	Currency with the public				Deposit money of the public				M ₁ (6+9)	Post office savings bank depos- its	M ₂ (10+11)	Time deposits with banks	M ₃ (10+13)	Total post office depos- its	M ₄ (14+15)
	Notes in circula- tion(1)	Circulation of		Cash in hand with banks	Total (2+3+ 4-5)	Demand deposits with banks	'Other' depos- its with Reserve Bank (3)	Total (7+8)							
		Rupee coins (2)	Small coins (2)												
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
2004-05	3,61,213	5,984	1,464	12,798	3,55,863	2,85,154	6,478	2,91,632	6,47,495	5,041	6,52,536	16,03,954 (15,83,180)	22,51,449 (22,30,675)	25,969	22,77,418
2005-06	4,21,922	6,190	2,564	17,557	4,13,119	4,06,388	6,869	4,13,256	8,26,375	5,041	8,31,416	19,03,170	27,29,545	25,969	27,55,514
2006-07	4,95,938	6,684	1,603	20,754	4,83,471	4,74,228	7,496	4,81,724	9,65,195	5,041	9,70,236	23,45,083	33,10,278	25,969	33,36,247
April 1, 2005	3,60,552	5,984	1,464	13,129	3,54,871	3,21,363	6,319	3,27,682	6,82,553	5,041	6,87,594	16,50,114 (16,29,340)	23,32,667 (23,11,893)	25,969	23,58,636
June 9, 2006	4,48,441	6,281	1,494	14,544	4,41,673	3,68,495	6,402	3,74,897	8,16,569	5,041	8,21,610	19,75,677	27,92,247	25,969	28,18,216
June 23, 2006	4,45,126	6,324	1,510	16,043	4,36,916	3,63,989	5,255	3,69,244	8,06,160	5,041	8,11,201	19,78,796	27,84,956	25,969	28,10,925
February 2007	4,90,848	6,626	1,603	16,496	4,82,581	4,34,286	4,707	4,38,993	9,21,574	5,041	9,26,615	22,22,998	31,44,572	25,969	31,70,541
March 2007	4,95,938	6,684	1,603	20,754	4,83,471	4,74,228	7,496	4,81,724	9,65,195	5,041	9,70,236	23,45,083	33,10,278	25,969	33,36,247
April 2007	5,12,672	6,740	1,603	17,590	5,03,423	4,29,593	7,015	4,36,608	9,40,032	5,041	9,45,073	23,81,767	33,21,799	25,969	33,47,768
May 2007	5,14,502	6,854	1,603	18,529	5,04,430	4,12,471	5,394	4,17,864	9,22,295	5,041	9,27,336	24,03,565	33,25,860	25,969	33,51,829
June 8, 2007	5,16,587	6,854	1,603	18,436	5,06,608	4,21,071	14,869	4,35,940	9,42,548	5,041	9,47,589	24,35,311	33,77,859	25,969	34,03,828
June 22, 2007	5,12,638	6,854	1,603	19,872	5,01,223	4,31,929	7,815	4,39,744	9,40,967	5,041	9,46,008	24,47,949	33,88,916	25,969	34,14,885

Notes : 1. Figures in brackets exclude the impact of mergers and conversion since May 3, 2002 and October 11, 2004, respectively.

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

3. Last reporting Friday for 2005-06 was as on March 31, 2006 and coincided with the closing day for banks' annual accounts while last reporting Friday for 2004-05 was on March 18, 2005 and that for 2006-07 was on March 30, 2007. Data on fiscal year variation for 2005-06 are, thus, not comparable with those of the other years as the data for 2005-06 include 27 fortnights while usually the data include 26 fortnights.

Also see 'Notes on Tables'.



No. 11: Sources of Money Stock (M_3)

(Rs. crore)

Source	Outstandings as on March 31/reporting Fridays of the month/last reporting Friday of the month					
	2004-2005	2005-2006	2006-2007	April 1, 2005	June 9, 2006	June 23, 2006
1	2	3	4	5	6	7
1. Net Bank Credit to Government (A+B)	7,56,766 (7,44,574)	7,66,595	8,38,177	7,48,707 (7,36,514)	8,01,093	7,90,026
A. RBI's net credit to Government (i-ii)	-17,975	8,136	5,752	-27,662	10,744	8,189
(i) Claims on Government (a+ b)	61,970	73,540	1,00,800	36,700	41,496	42,962
(a) Central Government (1)	56,687	70,563	97,184	36,107	41,496	42,962
(b) State Governments	5,283	2,977	3,616	593	—	—
(ii) Government deposits with RBI (a+ b)	79,945	65,404	95,048	64,362	30,751	34,773
(a) Central Government	79,945	65,404	95,048	64,321	30,710	34,732
(b) State Governments	—	—	—	41	41	41
B. Other Banks' Credit to Government	7,74,741	7,58,459	8,32,425	7,76,369	7,90,348	7,81,837
2. Bank Credit to Commercial Sector(A+B)	12,80,249 (12,47,367)	16,93,004	21,23,362	13,31,258 (12,98,376)	16,93,047	17,07,934
A. RBI's credit to commercial sector (2)	1,390	1,387	1,537	1,390	1,387	1,387
B. Other banks' credit to commercial sector (i+ ii+ iii)	12,78,859	16,91,617	21,21,825	13,29,869	16,91,661	17,06,547
(i) Bank credit by commercial banks	11,00,428	15,07,077	19,28,913	11,52,210	15,07,106	15,21,127
(ii) Bank credit by co-operative banks	1,53,508	1,63,731	1,74,231	1,53,419	1,63,428	1,64,257
(iii) Investments by commercial and co-operative banks in other securities	24,923	20,809	18,681	24,240	21,127	21,163
3. Net Foreign Exchange Assets of Banking Sector (A+B)	6,49,255	7,26,194	9,13,179	6,47,903	7,97,901	7,84,281
A. RBI's net foreign exchange assets (i-ii)(3)	6,12,790	6,72,983	8,66,153	6,11,438	7,44,691	7,44,829
(i) Gross foreign assets	6,12,808	6,73,001	8,66,170	6,11,456	7,44,708	7,44,846
(ii) Foreign liabilities	17	17	17	17	17	17
B. Other banks' net foreign exchange assets	36,465	53,211	47,026	36,465	53,211	39,452
4. Government's Currency Liabilities to the Public	7,448	8,754	8,286	7,448	7,775	7,833
5. Banking Sector's net Non-monetary Liabilities Other than Time Deposits (A+B)	4,42,269	4,65,002	5,72,727	4,02,649	5,07,570	5,05,119
A. Net non-monetary liabilities of RBI(3)	1,19,776	1,24,001	1,80,348	1,23,214	1,72,768	1,78,377
B. Net non-monetary liabilities of other banks(residual)	3,22,493	3,41,001	3,92,379	2,79,435	3,34,802	3,26,742
M_3 (1+ 2+ 3+ 4-5)	22,51,449 (22,30,675)	27,29,545	33,10,278	23,32,667 (23,11,893)	27,92,247	27,84,956

No. 11: Sources of Money Stock (M₃) (Concl'd.)

(Rs.crore)

Source	Outstandings as on March 31/reporting Fridays of the month/last reporting Friday of the month					
	February 2007	March 2007	April 2007	May 2007	June 8, 2007	June 22, 2007
1	8	9	10	11	12	13
1. Net Bank Credit to Government (A+B)	8,13,107	8,38,177	8,64,937	8,58,652	8,68,907	8,57,153
A. RBI's net credit to Government (i-ii)	-32	5,752	18,546	6,304	12,657	-19,731
(i) Claims on Government (a+b)	74,157	1,00,800	94,612	93,764	99,106	63,028
(a) Central Government (1)	74,055	97,184	94,016	92,949	98,203	63,028
(b) State Governments	101	3616	596	816	903	-
(ii) Government deposits with RBI (a+b)	74,188	95,048	76,066	87,461	86,448	82,759
(a) Central Government	74,143	95,048	76,025	87,419	86,407	82,717
(b) State Governments	45	-	41	41	41	41
B. Other Banks' Credit to Government	8,13,139	8,32,425	8,46,392	8,52,348	8,56,250	8,76,884
2. Bank Credit to Commercial Sector(A+B)	20,04,303	21,23,362	20,89,308	20,85,155	20,93,942	20,98,299
A. RBI's credit to commercial sector (2)	1,441	1,537	1,386	1,386	1,386	1,386
B. Other banks' credit to commercial sector (i+ ii+ iii)	20,02,862	21,21,825	20,87,922	20,83,769	20,92,556	20,96,913
(i) Bank credit by commercial banks	18,13,666	19,28,913	18,89,557	18,86,520	18,93,616	18,95,801
(ii) Bank credit by co-operative banks	1,70,714	1,74,231	1,74,090	1,73,111	1,74,616	1,76,752
(iii) Investments by commercial and co-operative banks in other securities	18,482	18,681	24,275	24,138	24,324	24,360
3. Net Foreign Exchange Assets of Banking Sector (A+B)	8,95,051	9,13,179	8,85,156	8,77,660	9,03,678	9,10,435
A. RBI's net foreign exchange assets (i-ii)(3)	8,30,884	8,66,153	8,38,129	8,30,634	8,56,651	8,63,408
(i) Gross foreign assets	8,30,901	8,66,170	8,38,147	8,30,651	8,56,669	8,63,426
(ii) Foreign liabilities	17	17	17	17	17	17
B. Other banks' net foreign exchange assets	64,166	47,026	47,026	47,026	47,026	47,026
4. Government's Currency Liabilities to the Public	8,229	8,286	8,342	8,457	8,457	8,457
5. Banking Sector's net Non-monetary Liabilities Other than Time Deposits (A+B)	5,76,117	5,72,727	5,25,944	5,04,065	4,97,125	4,85,428
A. Net non-monetary liabilities of RBI(3)	1,74,035	1,80,348	1,41,187	1,25,193	1,31,516	1,33,451
B. Net non-monetary liabilities of other banks(residual)	4,02,082	3,92,379	3,84,757	3,78,872	3,65,609	3,51,976
M₃ (1+ 2+ 3+ 4-5)	31,44,572	33,10,278	33,21,799	33,25,860	33,77,859	33,88,916

- Notes : 1. Figures in brackets exclude the impact of mergers and conversion since May 3, 2002 and October 11, 2004, respectively.
2. Monetary aggregates as at end-March incorporate data on i) scheduled commercial banks as on last reporting Friday and ii) the Reserve Bank of India pertaining to the last working day of the fiscal year.
3. Last reporting Friday for 2005-06 was as on March 31, 2006 and coincided with the closing day for banks' annual accounts while last reporting Friday for 2004-05 was as on March 18, 2005. Data on fiscal year variation for 2005-06 are, thus, not comparable with those of the other years as the data for 2005-06 include 27 fortnights while usually the data include 26 fortnights.
4. Government balances as on March 31, 2007 are after closure of accounts.

Also see 'Notes on Tables'.

No. 11A: Commercial Bank Survey

(Rs. crore)

Item	Outstanding as on								
	Mar. 18, 2005	Apr. 1, 2005	Mar. 31, 2006	Jun. 9, 2006	Jun. 23, 2006	Mar. 30, 2007	Jun 8, 2007	Jun 22, 2007	
1	2	3	4	5	6	7	8	9	
Components									
C.I	Aggregate Deposits of Residents (C.I.1+ C.I.2)								
	16,23,793	17,08,984	20,49,773	20,81,400	20,80,450	25,41,201	25,83,492	26,05,605	
C.I.1	Demand Deposits	2,48,028	2,86,017	3,64,640	3,27,672	3,23,368	4,29,137	3,77,378	3,88,075
C.I.2	Time Deposits of Residents (C.I.2.1+ C.I.2.2)	13,75,766	14,22,967	16,85,133	17,53,728	17,57,082	21,12,063	22,06,114	22,17,530
C.I.2.1	Short-term Time Deposits	6,19,095	6,40,335	7,58,310	7,89,177	7,90,687	9,50,429	9,92,751	9,97,889
C.I.2.1.1	Certificates of Deposits (CDs)	13,112	15,527	44,499	56,022	59,599	97,354	98,059	1,04,069
C.I.2.2	Long-term Time Deposits	7,56,671	7,82,632	9,26,823	9,64,550	9,66,395	11,61,635	12,13,363	12,19,642
C.II	Call/Term Funding from Financial Institutions								
	69,523	71,920	83,144	81,293	86,262	85,836	79,694	82,920	
Sources									
S.I	Domestic Credit (S.I.1+ S.I.2)								
	19,87,406	20,41,434	23,64,241	24,09,509	24,10,084	28,62,491	28,84,730	29,04,144	
S.I.1	Credit to the Government	7,18,982	72,0256	7,00,742	7,32,381	7,23,980	7,74,980	7,99,278	8,20,268
S.I.2	Credit to the Commercial Sector (S.I.2.1+ S.I.2.2+ S.I.2.3+ S.I.2.4)	12,68,425	13,21,178	16,63,499	16,77,129	16,86,104	20,87,511	20,85,452	20,83,876
S.I.2.1	Bank Credit	11,00,428	11,52,210	15,07,077	15,07,106	15,21,127	19,28,913	18,93,616	18,95,801
S.I.2.1.1	Non-food Credit	10,59,308	11,12,194	14,66,386	14,66,560	14,79,829	18,82,392	18,50,174	18,51,845
S.I.2.2	Net Credit to Primary Dealers	1,447	1,783	4,369	1,799	2,406	2,799	2,187	2,517
S.I.2.3	Investments in Other Approved Securities	20,172	20,007	16,712	17,131	17,238	15,451	20,953	20,924
S.I.2.4	Other Investments (in non-SLR Securities)	1,46,377	1,47,178	1,35,340	1,51,093	1,45,333	1,40,347	1,68,697	1,64,633
S.II	Net Foreign Currency Assets of Commercial Banks (S.II.1-S.II.2-S.II.3)								
	-75,980	-75,256	-45,616	-60,048	-66,753	-40,259	-42,829	-37,738	
S.II.1	Foreign Currency Assets	26,091	29,435	43,494	32,750	29,575	58,754	45,235	50,082
S.II.2	Non-resident Foreign Currency Repatriable Fixed Deposits	76,405	76,151	59,275	62,936	63,193	67,108	62,282	62,582
S.II.3	Overseas Foreign Currency Borrowings	25,666	28,540	29,834	29,863	33,136	31,905	25,782	25,239
S.III	Net Bank Reserves (S.III.1+ S.III.2-S.III.3)								
	96,527	1,03,037	1,38,619	1,35,131	1,32,529	1,90,086	2,12,411	1,96,285	
S.III.1	Balances with the RBI	88,105	92,983	1,27,061	1,23,755	1,20,322	1,80,222	1,97,292	1,80,601
S.III.2	Cash in Hand	8,472	10,149	13,046	11,379	12,209	16,108	15,220	15,785
S.III.3	Loans and Advances from the RBI	50	95	1,488	2	2	6,245	101	101
S.IV	Capital Account								
	1,33,688	1,37,406	1,77,727	1,89,187	1,89,752	2,02,618	2,24,087	2,41,320	
S.V.	Other items (net) (S.I+ S.II+ S.III-S.IV-C.I-C.II)								
	1,80,949	1,50,904	1,46,600	1,32,713	1,19,396	1,82,663	1,67,039	1,32,846	
S.V.1	Other Demand & Time Liabilities (net of S.II.3)	1,67,094	1,58,477	1,58,946	1,67,280	1,51,290	2,10,099	1,92,847	1,95,430
S.V.2	Net Inter-Bank Liabilities (other than to PDs)	17,199	23,110	25,141	19,836	18,255	14,196	17,047	14,017

Note : Data are provisional.

No. 11B: Monetary Survey

(Rs. crore)

Item	Outstanding as on							
	Mar. 31, 2005	Apr. 1, 2005	Mar. 31, 2006	Jun. 9, 2006	Jun. 23, 2006	Mar. 31, 2007	Jun. 8, 2007	Jun. 22, 2007
1	2	3	4	5	6	7	8	9
Monetary Aggregates								
M ₁ (C.I+ C.II.1+ C.III)	6,52,672	6,87,437	8,30,269	8,20,294	8,09,973	9,68,514	9,46,016	9,44,100
NM ₂ (M ₁ + C.II.2.1)	13,37,113	13,92,634	16,55,646	16,76,521	16,67,546	19,87,668	20,07,267	20,10,109
NM₃ (NM₂+ C.II.2.2+ C.IV = S.I+S.II+S.III-S.IV-S.V)	22,43,174	23,26,461	27,47,585	28,04,313	28,01,951	33,19,135	33,84,045	33,95,929
Components								
C.I Currency with the Public	3,55,850	3,54,844	4,13,143	4,41,686	4,36,973	4,83,542	5,06,630	5,01,337
C.II Aggregate Deposits of Residents (C.II.1+ C.II.2)	18,11,323	18,93,377	22,44,430	22,74,933	22,73,461	27,42,261	27,82,852	28,03,856
C.II.1 Demand Deposits	2,90,344	3,26,273	4,10,258	3,72,206	3,67,745	4,77,476	4,24,517	4,34,947
C.II.2 Time Deposits of Residents (C.II.2.1+ C.II.2.2)	15,20,979	15,67,104	18,34,172	19,02,727	19,05,716	22,64,785	23,58,335	23,68,909
C.II.2.1 Short-term Time Deposits	6,84,441	7,05,197	8,25,378	8,56,227	8,57,572	10,19,153	10,61,251	10,66,009
C.II.2.1.1 Certificates of Deposits (CDs)	13,112	15,527	44,499	56,022	59,599	97,354	98,059	1,04,069
C.II.2.2 Long-term Time Deposits	8,36,538	8,61,907	10,08,795	10,46,500	10,48,144	12,45,632	12,97,084	13,02,900
C.III 'Other' Deposits with RBI	6,478	6,319	6,869	6,402	5,255	7,496	14,869	7,815
C.IV Call/Term Funding from Financial Institutions	69,523	71,920	83,144	81,293	86,262	85,836	79,694	82,920
Sources								
S.I Domestic Credit (S.I.1+ S.I.2)	21,83,803	22,27,602	25,94,668	26,40,127	26,39,566	30,93,257	31,21,192	31,09,041
S.I.1 Net Bank Credit to the Government (S.I.1.1+ S.I.1.2)	7,48,656	7,41,116	7,57,632	7,92,014	7,81,061	8,29,500	8,60,253	8,48,075
S.I.1.1 Net RBI credit to the Government	-17,975	-27,662	8,136	10,744	8,189	5,752	12,657	-19,731
S.I.1.2 Credit to the Government by the Banking System	7,66,630	7,68,778	7,49,495	7,81,270	7,72,871	8,23,748	8,47,596	8,67,806
S.I.2 Bank Credit to the Commercial Sector (S.I.2.1+ S.I.2.2)	14,35,148	14,86,486	18,37,037	18,48,113	18,58,506	22,63,757	22,60,939	22,60,966
S.I.2.1 RBI Credit to the Commercial Sector	5,317	5,303	4,385	2,723	2,806	1,537	1,386	1,386
S.I.2.2 Credit to the Commercial Sector by the Banking System	14,29,831	14,81,183	18,32,652	18,45,390	18,55,700	22,62,220	22,59,553	22,59,580
S.I.2.2.1 Other Investments (Non-SLR Securities)	1,55,339	1,56,141	1,44,303	1,60,055	1,54,296	1,49,310	1,77,659	1,73,596
S.II Government's Currency Liabilities to the Public	7,448	7,448	8,754	7,775	7,833	8,286	8,457	8,457
S.III Net Foreign Exchange Assets of the Banking Sector (S.III.1+ S.III.2)	5,36,810	5,36,182	6,27,368	6,84,643	6,78,076	8,25,894	8,13,823	8,25,670
S.III.1 Net Foreign Exchange Assets of the RBI	6,12,790	6,11,438	6,72,983	7,44,691	7,44,829	8,66,153	8,56,651	8,63,408
S.III.2 Net Foreign Currency Assets of the Banking System	-75,980	-75,256	-45,616	-60,048	-66,753	-40,259	-42,829	-37,738
S.IV Capital Account	2,76,376	2,78,634	3,18,544	3,74,678	3,74,305	3,84,067	3,56,133	3,72,306
S.V Other items (net)	2,08,511	1,66,137	1,64,661	1,53,553	1,49,219	2,24,234	2,03,294	1,74,934

Notes : 1. Data provisional.

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

3. Government balances as on March 31, 2007 are after closure of accounts.

No. 11C: Reserve Bank of India Survey

(Rs. crore)

Item	Outstanding as on							
	Mar. 31, 2005	Mar. 31, 2006	Jun. 9, 2006	Jun. 23, 2006	Mar. 31, 2007	Jun. 8, 2007	Jun 22, 2007	
1	2	3	4	5	6	7	8	
Components								
C.I	Currency in Circulation	3,68,661	4,30,676	4,56,216	4,52,959	5,04,225	5,25,044	5,21,095
C.II	Bankers' Deposits with the RBI	1,13,996	1,35,511	1,31,793	1,28,308	1,97,295	2,09,064	1,92,496
C.II.1	Scheduled Commercial Banks	1,06,659	1,27,061	1,23,755	1,20,322	1,86,322	1,97,292	1,80,601
C.III	'Other' Deposits with the RBI	6,478	6,869	6,402	5,255	7,496	14,869	7,815
C.IV	Reserve Money (C.I+ C.II+ C.III = S.I + S.II + S.III - S.IV - S.V)	4,89,135	5,73,055	5,94,411	5,86,522	7,09,016	7,48,977	7,21,406
Sources								
S.I	RBI's Domestic Credit (S.I.1+S.I.2+S.I.3)	-11,327	15,319	14,714	12,236	14,925	15,384	-17,008
S.I.1	Net RBI credit to the Government (S.I.1.1+S.I.1.2)	-17,975	8,136	10,744	8,189	5,752	12,657	-19,731
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)	-23,258	5,160	10,786	8,230	2,136	11,795	-19,690
S.I.1.1.1	Loans and Advances to the Central Government	-	-	-	-	-	21,579	-
S.I.1.1.2	Investments in Treasury Bills	-	-	-	-	-	-	-
S.I.1.1.3	Investments in dated Government Securities	56,540	70,409	41,415	42,799	97,172	76,455	62,888
S.I.1.1.3.1	Central Government Securities	55,022	69,362	40,368	41,752	96,126	75,409	61,842
S.I.1.1.4	Rupee Coins	147	154	81	164	12	169	140
S.I.1.1.5	Deposits of the Central Government	79,945	65,404	30,710	34,732	95,048	86,407	82,717
S.I.1.2	Net RBI credit to State Governments	5,283	2,977	-41	-41	3,616	862	-41
S.I.2	RBI's Claims on Banks	1,331	2,797	1,246	1,241	7,635	1,341	1,337
S.I.2.1	Loans and Advances to Scheduled Commercial Banks	95	1,488	2	2	6,310	101	101
S.I.3	RBI's Credit to Commercial Sector	5,317	4,385	2,723	2,806	1,537	1,386	1,386
S.I.3.1	Loans and Advances to Primary Dealers	-	-	-	-	153	-	-
S.I.3.2	Loans and Advances to NABARD	3,927	2,998	1,336	1,419	-	-	-
S.II	Government's Currency Liabilities to the Public	7,448	8,754	7,775	7,833	8,286	8,457	8,457
S.III	Net Foreign Exchange Assets of the RBI	6,12,790	6,72,983	7,44,691	7,44,829	8,66,153	8,56,651	8,63,408
S.III.1	Gold	19,686	25,674	32,549	32,549	29,573	28,147	28,147
S.III.2	Foreign Currency Assets	5,93,121	6,47,327	7,12,159	7,12,297	8,36,597	8,28,522	8,35,279
S.IV	Capital Account	1,18,517	1,16,647	1,61,321	1,60,383	1,57,279	1,07,875	1,06,816
S.V	Other Items (net)	1,259	7,354	11,448	17,994	23,069	23,640	26,636

Notes : 1. Data provisional.

2. Government balances as on March 31, 2007 are after closure of accounts.

No. 11D: Liquidity Aggregates (Outstanding Amounts)

(Rs. crore)

Month	NM ₃	Postal Deposits	L ₁	Liabilities of Financial Institutions					Public Deposits with NBFCs	L ₃
				Term Money Borrowings	CDs	Term Deposits	Total	L ₂		
1	2	3	4= (2+3)	5	6	7	8= (5+6+7)	9= (4+8)	10	11= (9+10)
2005-06										
April	23,29,999	89,718	24,19,717	2,474	30	245	2,749	24,22,466		
May	23,40,363	91,306	24,31,669	3,027	31	245	3,303	24,34,972		
June	23,51,794	92,870	24,44,664	2,954	30	242	3,226	24,47,890	20,797	24,68,687
July	23,67,507	94,376	24,61,883	2,978	31	243	3,252	24,65,135		
August	23,95,530	95,885	24,91,415	2,991	31	246	3,268	24,94,683		
September	24,80,351	97,248	25,77,599	2,655	31	235	2,921	25,80,520	21,694	26,02,214
October	24,87,997	98,418	25,86,415	2,656	31	245	2,932	25,89,347		
November	25,00,697	99,771	26,00,468	2,656	31	245	2,932	26,03,400		
December	25,26,094	1,01,199	26,27,293	2,656	31	245	2,932	26,30,225	21,694	26,51,919
January	25,54,824	1,01,832	26,56,656	2,656	31	245	2,932	26,59,588		
February	25,96,656	1,02,121	26,98,777	2,656	31	245	2,932	27,01,709		
March	27,47,585	1,03,918	28,51,503	2,656	31	245	2,932	28,54,435	23,841	28,78,276
2006-07										
April	27,84,883	1,04,700	28,89,583	2,656	31	245	2,932	28,92,515		
May	27,88,335	1,05,852	28,94,187	2,656	31	245	2,932	28,97,119		
June	28,01,951	1,07,171	29,09,122	2,656	31	245	2,932	29,12,054	23,841	29,35,895
July	28,46,735	1,08,492	29,55,227	2,656	31	245	2,932	29,58,159		
August	28,90,723	1,09,931	30,00,654	2,656	31	245	2,932	30,03,586		
September	29,65,093	1,11,023	30,76,116	2,656	31	245	2,932	30,79,048	25,578	31,04,625
October	29,59,194	1,11,997	30,71,191	2,656	31	245	2,932	30,74,123		
November	30,03,278	1,13,240	31,16,518	2,656	31	245	2,932	31,19,450		
December	30,21,785	1,14,365	31,36,150	2,656	31	245	2,932	31,39,082	26,064	31,65,147
January	30,82,508	1,14,759	31,97,267	2,656	31	245	2,932	32,00,199		
February	31,49,707	1,14,804	32,64,511	2,656	31	245	2,932	32,67,443		
March	33,19,135	1,15,204	34,34,339	2,656	31	245	2,932	34,37,271	26,064	34,63,336
2007-08										
April	33,35,148	1,15,204	34,50,352	2,656	31	245	2,932	34,53,284		
May	33,38,768	1,15,204	34,53,972	2,656	31	245	2,932	34,56,904		
June	33,95,929	1,15,204	35,11,133	2,656	31	245	2,932	35,14,065	26,064	35,40,129

CDs: Certificates of Deposits; L₁, L₂ and L₃: Liquidity Aggregates; NBFCs: Non-Banking Financial Companies.

- Notes:**
- Postal Deposits comprise post office savings bank deposits, post office time deposits, post office recurring deposits, other deposits and post office cumulative time deposits.
 - Financial Institutions (FIs), here, comprise IFCI, EXIM Bank, IIBI, SIDBI, NABARD, NHB, TFCI and IDFC. Since October 2004, data on FIs do not include that of IDBI reflecting its conversion into a banking entity.
 - Since July 2001, the term money borrowings of the FIs comprise borrowings from corporate and others.
 - Since August 2002, Term Deposits include CP and Others.
 - Estimates of public deposits with NBFCs are generated on the basis of returns received from all NBFCs with public deposits of Rs. 20 crore and more as had been recommended by the Working Group.
 - While L₁ and L₂ are compiled on a monthly basis, L₃ is compiled on a quarterly basis.
 - Data are provisional. Wherever data are not available, the estimates for the last available month have been repeated.

No. 12: Reserve Money and its Components

(Rs. crore)

Outstandings 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
2004-05	3,68,661	12,798	6,478	1,13,996	4,89,135
2005-06	4,30,676	17,557	6,869	1,35,511	5,73,055
2006-07	5,04,225	20,754	7,496	1,97,295	7,09,016
June 2, 2006	4,52,052	—	6,829	1,28,033	5,86,914
June 9, 2006	4,56,216	14,544	6,402	1,31,793	5,94,411
June 16, 2006	4,56,279	—	6,399	1,33,883	5,96,561
June 23, 2006	4,52,959	16,043	5,255	1,28,308	5,86,522
June 30, 2006	4,48,810	—	5,917	1,34,269	5,88,996
February 2007	4,99,077	16,496	4,707	1,65,642	6,69,426
March 2007	5,04,225	20,754	7,496	1,97,295	7,09,016
April 2007	5,21,014	17,590	7,015	2,02,508	7,30,538
May 2007	5,22,959	18,529	5,394	1,97,666	7,26,019
June 1, 2007	5,20,180	—	5,994	2,26,187	7,52,360
June 8, 2007	5,25,044	18,436	14,869	2,09,064	7,48,977
June 15, 2007	5,24,645	—	5,449	2,12,927	7,43,021
June 22, 2007	5,21,095	19,872	7,815	1,92,496	7,21,406
June 29, 2007	5,15,804	—	5,513	2,11,370	7,32,687

See 'Notes on Tables'.

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)	Government's currency liabilities to the public	Net non- monetary liabilities of RBI (3)	Reserve Money (2+ 3+ 4+ 5 + 6+ 7-8)
	Government (net)(1)	Commercial & co-operative banks	National Bank for Agriculture and Rural Development	Commercial sector(2)				
1	2	3	4	5	6	7	8	9
2004-05	-17,975	1,331	3,927	1,390	6,12,790	7,448	1,19,776	4,89,135
2005-06	8,136	2,797	2,998	1,387	6,72,983	8,754	1,24,001	5,73,055
2006-07	5,752	7,635	—	1,537	8,66,153	8,286	1,80,348	7,09,016
June 2, 2006	3,181	1,240	557	1,387	7,56,192	7,775	1,83,417	5,86,914
June 9, 2006	10,744	1,246	1,336	1,387	7,44,691	7,775	1,72,768	5,94,411
June 16, 2006	13,473	1,246	1,221	1,387	7,45,424	7,775	1,73,965	5,96,561
June 23, 2006	8,189	1,241	1,419	1,387	7,44,829	7,833	1,78,377	5,86,522
June 30, 2006	5,759	1,225	2,963	1,384	7,47,163	7,833	1,77,332	5,88,996
February 2007	-32	2,939	—	1,441	8,30,884	8,229	1,74,035	6,69,426
March 2007	5,752	7,635	—	1,537	8,66,153	8,286	1,80,348	7,09,016
April 2007	18,546	5,322	—	1,386	8,38,129	8,342	1,41,187	7,30,538
May 2007	6,304	4,431	—	1,386	8,30,634	8,457	1,25,193	7,26,019
June 1, 2007	21,965	1,428	—	1,386	8,42,991	8,457	1,23,867	7,52,360
June 8, 2007	12,657	1,341	—	1,386	8,56,651	8,457	1,31,516	7,48,977
June 15, 2007	1,850	1,359	—	1,386	8,62,467	8,457	1,32,497	7,43,021
June 22, 2007	-19,731	1,337	—	1,386	8,63,408	8,457	1,33,451	7,21,406
June 29, 2007	25,001	1,276	—	1,383	8,68,043	8,457	1,71,473	7,32,687

See 'Notes on Tables'.

Note : Government Balances as on March 31, 2007 are after closure of accounts.

No. 14: Daily Call Money Rates

As on			Range of Rates		Weighted Average Rates	
			Borrowings	Lendings	Borrowings	Lendings
1		2	3	4	5	
June	1,	2007	0.10 - 6.00	0.10 - 6.00	0.62	0.62
June	2,	2007	0.15 - 2.00	0.15 - 2.00	0.45	0.45
June	4,	2007	0.05 - 4.00	0.05 - 4.00	0.55	0.55
June	5,	2007	0.15 - 3.50	0.15 - 3.50	0.46	0.46
June	6,	2007	0.10 - 4.00	0.10 - 4.00	0.39	0.39
June	7,	2007	0.10 - 3.50	0.10 - 3.50	0.34	0.34
June	8,	2007	0.10 - 4.00	0.10 - 4.00	0.28	0.28
June	9,	2007	0.50 - 4.25	0.50 - 4.25	2.70	2.70
June	11,	2007	1.25 - 4.00	1.25 - 4.00	3.22	3.22
June	12,	2007	1.00 - 3.75	1.00 - 3.75	3.27	3.27
June	13,	2007	1.00 - 3.75	1.00 - 3.75	3.21	3.21
June	14,	2007	1.00 - 3.50	1.00 - 3.50	3.04	3.04
June	15,	2007	1.00 - 4.75	1.00 - 4.75	3.14	3.14
June	16,	2007	1.50 - 3.25	1.50 - 3.25	2.68	2.68
June	18,	2007	0.50 - 7.15	0.50 - 7.15	3.09	3.09
June	19,	2007	0.80 - 3.00	0.80 - 3.00	2.21	2.21
June	20,	2007	0.25 - 2.50	0.25 - 2.50	0.75	0.75
June	21,	2007	0.05 - 0.50	0.05 - 0.50	0.24	0.24
June	22,	2007	0.07 - 1.00	0.07 - 1.00	0.29	0.29
June	23,	2007	0.30 - 4.75	0.30 - 4.75	2.3	2.3
June	25,	2007	1.00 - 3.50	1.00 - 3.50	2.34	2.34
June	26,	2007	1.50 - 4.50	1.50 - 4.50	3.22	3.22
June	27,	2007	5.00 - 7.30	5.00 - 7.30	6.58	6.58
June	28,	2007	5.50 - 8.25	5.50 - 8.25	7.95	7.95
June	29,	2007	3.25 - 9.50	3.25 - 9.50	8.31	8.31
June	30,	2007	0.75 - 3.50	0.75 - 3.50	2.87	2.87
July	2,	2007	—	—	—	—
July	3,	2007	0.50 - 4.00	0.50 - 4.00	1.64	1.64
July	4,	2007	0.15 - 4.90	0.15 - 4.90	0.72	0.72
July	5,	2007	0.08 - 0.65	0.08 - 0.65	0.42	0.42
July	6,	2007	0.15 - 0.50	0.15 - 0.50	0.33	0.33
July	7,	2007	0.01 - 4.75	0.01 - 4.75	3.13	3.13
July	9,	2007	0.50 - 3.00	0.50 - 3.00	2.01	2.01
July	10,	2007	0.15 - 1.50	0.15 - 1.50	0.72	0.72
July	11,	2007	0.15 - 1.00	0.15 - 1.00	0.55	0.55
July	12,	2007	0.15 - 0.75	0.15 - 0.75	0.49	0.49
July	13,	2007	0.14 - 0.60	0.14 - 0.60	0.40	0.40
July	14,	2007	0.20 - 0.65	0.20 - 0.65	0.51	0.51

No. 15: Average Daily Turnover in Call Money Market

(Rs. crore)

Fortnight ended		Average Daily Call Money Turnover				Total
		Banks		Primary Dealers		
		Borrowings	Lendings	Borrowings	Lendings	
1	2	3	4	5	6	
April	14, 2006	6,810	8,068	1,289	32	16,199
April	28, 2006	7,339	8,648	1,353	43	17,383
May	12, 2006	6,702	8,198	1,515	19	16,434
May	26, 2006	7,881	9,303	1,353	31	18,669
June	9, 2006	6,414	7,385	989	18	14,805
June	23, 2006	7,498	8,614	1,133	18	17,263
July	7, 2006	9,278	10,988	1,742	32	22,039
July	21, 2006	7,649	9,487	1,850	12	18,998
August	4, 2006	7,206	8,583	1,411	34	17,234
August	18, 2006	8,951	11,039	2,091	2	22,084
September	1, 2006	7,831	10,035	2,206	2	20,075
September	15, 2006	9,536	12,051	2,524	9	24,120
September	29, 2006	10,084	12,053	2,253	284	24,674
October	13, 2006	9,366	11,382	2,078	63	22,889
October	27, 2006	11,829	13,617	2,120	332	27,898
November	10, 2006	12,572	14,237	1,962	298	29,069
November	24, 2006	8,797	10,752	2,178	223	21,951
December	8, 2006	10,824	12,585	2,182	420	26,011
December	22, 2006	11,212	12,931	1,860	141	26,144
January	5, 2007	10,182	11,194	1,177	165	22,718
January	19, 2007	9,271	10,727	1,618	162	21,779
February	2, 2007	9,956	11,393	1,514	77	22,940
February	16, 2007	10,139	11,789	1,730	79	23,737
March	2, 2007	9,081	10,706	1,675	49	21,511
March	16, 2007	9,790	11,341	1,646	95	22,873
March	30, 2007	10,325	11,304	1,131	152	22,912
April	13, 2007	14,046	16,030	2,083	100	32,259
April	27, 2007	14,352	15,349	1,147	150	30,997
May	11, 2007	10,236	10,943	756	49	21,985
May	25, 2007	9,522	10,064	624	82	20,292
June	8, 2007	5,836	6,399	612	49	12,896
June	22, 2007	8,914	9,340	433	6	18,693
June	6, 2007	8,735	9,217	494	11	18,457
June	20, 2007	9,043	9,589	555	9	19,195

Notes: 1. Data provisional.

2. Since August 6, 2005 eligible participants are Banks and Primary Dealers.

No. 16: Issue of Certificates of Deposit by Scheduled Commercial Banks

(Amount in Rs. crore)

Fortnight ended	Total Amount Outstanding	Range of Discount Rate (per cent) @	Fortnight ended	Total Amount Outstanding	Range of Discount Rate (per cent) @	Fortnight ended	Total Amount Outstanding	Range of Discount Rate (per cent) @			
1	2	3	1	2	3	1	2	3			
2005-06			2006-07			2007-08					
April	1	14,975	4.75 - 6.60	April	14	38,568	6.00 - 8.90	April	13	93,808	9.50 - 11.50
	15	14,106	4.10 - 6.60		28	44,059	6.00 - 8.45		27	95,980	9.40 - 11.50
	29	16,602	4.24 - 6.50	May	12	48,515	6.50 - 7.90	May	11	97,292	10.05 - 11.50
May	13	17,420	4.29 - 6.75		26	50,228	6.37 - 8.67		25	99,715	7.00 - 10.82
	27	17,689	4.29 - 6.75	June	9	53,863	5.75 - 7.96	June	8	99,287	6.13 - 10.95
June	10	18,503	5.47 - 7.00		23	56,390	5.50 - 8.16		22	98,337	7.00 - 10.20
	24	19,270	5.58 - 7.50	July	7	57,256	6.00 - 8.70				
July	8	20,509	4.50 - 7.00		21	59,167	4.35 - 8.21				
	22	20,768	4.25 - 7.00	August	4	64,748	6.00 - 8.62				
August	5	21,062	4.75 - 7.00		18	65,621	4.75 - 8.50				
	19	23,568	4.66 - 7.00	September	1	66,340	4.60 - 8.50				
September	2	21,935	4.66 - 7.00		15	63,864	7.13 - 8.50				
	16	25,604	4.66 - 7.00		29	65,274	7.25 - 8.50				
	30	27,641	4.39 - 7.00	October	13	64,482	4.75 - 8.50				
October	14	27,626	4.66 - 7.75		27	65,764	6.00 - 8.50				
	28	29,193	5.25 - 7.75	November	10	67,694	6.75 - 8.50				
November	11	29,345	5.25 - 6.50		24	68,911	7.50 - 8.33				
	25	27,457	5.25 - 7.50	December	8	69,664	6.00 - 8.36				
December	9	30,445	5.35 - 7.75		22	68,619	7.25 - 8.90				
	23	32,806	5.50 - 7.25	January	5	68,928	8.26 - 9.25				
January	6	34,432	4.40 - 7.75		19	70,149	8.00 - 9.55				
	20	34,521	5.40 - 7.75	February	2	70,727	8.41 - 9.80				
February	3	33,986	4.35 - 7.90		16	72,795	9.40 - 10.83				
	17	34,487	4.35 - 8.16	March	2	77,971	9.90 - 11.30				
March	17	36,931	4.35 - 8.81		16	92,468	10.30 - 11.25				
	31	43,568	6.50 - 8.94		30	93,272	10.23 - 11.90				

@ : Effective discount rate range per annum.

No. 17: Issue of Commercial Paper* By Companies

(Amount in 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	1	2	3	1	2	3			
2005-06			2006-07			2007-08					
April	15	15,213.90	5.55 - 6.33	April	15	12,968.25	6.77 - 8.95	April	15	19,012.70	10.00 - 14.00
	30	15,597.90	5.50 - 6.65		30	16,525.15	6.35 - 9.25		30	18,759.00	9.65-11.75
May	15	16,077.90	5.38 - 6.65	May	15	17,259.32	6.32 - 7.95	May	15	19,288.00	9.25-11.45
	31	17,181.90	5.40 - 6.65		31	16,921.51	6.40 - 9.25		31	22,024.00	8.71-12.00
June	15	17,521.90	5.42 - 6.65	June	15	18,696.51	6.44 - 9.25	June	15	25,499.75	7.00-10.86
	30	17,796.90	5.45 - 6.51		30	19,524.51	6.59 - 9.25		30	26,256.25	7.35-12.00
July	15	18,156.51	5.57 - 7.50	July	15	21,237.30	6.25-8.30				
	31	18,349.11	5.25 - 7.50		31	20,602.30	6.50 - 8.25				
August	15	19,226.71	5.50 - 7.50	August	15	22,764.30	6.25 - 8.10				
	31	10,956.30	4.60 - 7.69		31	22,854.30	6.60 - 9.00				
September	15	19,798.71	5.50 - 6.56	September	15	23,521.30	6.40 - 8.17				
	30	19,694.71	5.45 - 6.65		30	24,419.30	7.10 - 9.25				
October	15	18,561.71	5.69 - 7.50	October	15	23,361.00	7.20 - 8.65				
	31	18,545.51	5.63 - 7.50		31	23,031.00	7.00 - 8.75				
November	15	17,902.51	5.75 - 6.60	November	15	23,270.20	7.25 - 9.25				
	30	17,768.35	5.90 - 6.79		30	24,238.20	7.50 - 9.50				
December	15	16,871.35	6.21 - 7.75	December	15	23,827.20	7.50 - 8.75				
	31	17,180.35	6.20 - 7.75		31	23,516.20	7.74 - 10.00				
January	15	17,225.15	6.50 - 7.75	January	15	23,663.20	8.30 - 9.58				
	31	16,320.80	6.65 - 8.50		31	24,378.20	8.25 - 10.50				
February	15	16,173.35	7.03 - 8.50	February	15	23,999.20	8.00 - 11.25				
	28	15,876.35	7.22 - 8.75		28	21,167.20	8.70 - 12.00				
March	15	12,862.35	7.75 - 8.95	March	15	19,102.20	7.50 - 13.35				
	31	12,767.35	6.69 - 9.25		31	17,688.20	10.25 - 13.00				

* : Issued at face value by companies.

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

Government Accounts

No. 18: Union Government Accounts at a Glance

(Amount in Rs. Crore)

Item	Financial Year	April - June				
		2007-08 (Budget Estimates)	2006-07 (Actuals)	2007-08 (Actuals)	Percentage to Budget Estimates	
					2006-07	2007-08
1	2	3	4	5	6	
1. Revenue Receipts	4,86,422	52,382	64,428	13.0	13.2	
2. Tax Revenue (Net)	4,03,872	44,463	57,470	13.6	14.2	
3. Non-Tax Revenue	82,550	7,919	6,958	10.4	8.4	
4. Capital Receipts	1,94,099	79,088	1,15,472	49.3	59.5	
5. Recovery of Loans	1,500	1,348	701	16.9	46.7	
6. Other Receipts	41,651	0	2,367	—	5.7	
7. Borrowings and Other Liabilities	1,50,948	77,740	1,12,404	52.3	74.5	
8. Total Receipts (1+4)	6,80,521	1,31,470	1,79,900	23.3	26.4	
9. Non-Plan Expenditure	4,75,421	92,946	1,31,999	23.8	27.8	
10. On Revenue Account <i>of which :</i>	3,83,546	89,795	93,520	26.1	24.4	
(i) Interest Payments	1,58,995	29,614	34,274	21.2	21.6	
11. On Capital Account	91,875	3,151	38,479	6.7	41.9	
12. Plan Expenditure	2,05,100	38,524	47,901	22.3	23.4	
13. On Revenue Account	1,74,354	33,262	39,554	23.1	22.7	
14. On Capital Account	30,746	5,262	8,347	18.2	27.1	
15. Total Expenditure (9+12)	6,80,521	1,31,470	1,79,900	23.3	26.4	
16. Revenue Expenditure (10+13)	5,57,900	1,23,057	1,33,074	25.2	23.9	
17. Capital Expenditure (11+14)	1,22,621	8,413	46,826	11.1	38.2	
18. Revenue Deficit (16-1)	71,478	70,675	68,646	83.4	96.0	
19. Fiscal Deficit {15-(1+5+6)}	1,50,948	77,740	1,12,404	52.3	74.5	
20. Gross Primary Deficit [19-10(i)]	-8,047	48,126	78,130	543.0	-970.9	

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.

Government Securities Market

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
	Re discounted	Ad hocs									
1	2	3	4	5	6	7	8	9	10	11	12
Mar. 31, 2000	—	—	288	—	557	—	—	—	455	—	220
Mar. 31, 2001	—	—	67	—	868	—	—	—	153	—	630
Mar. 31, 2002	—	—	154	—	2,292	—	450	—	360	—	1,301
Mar. 31, 2003	—	—	—	—	6,427	—	800	—	780	—	700
Mar. 31, 2004	—	—	—	—	3,948	—	600	—	1,452	—	39
Mar. 31, 2005	—	—	—	—	21,176	—	1,755	—	4,829	—	32
Mar. 31, 2006	—	—	—	—	5,943	—	9,762	—	576	—	37
Mar. 31, 2007	—	—	—	—	12,684	—	24,250	—	6,743	—	5
Sep. 2005	—	—	—	—	30,402	—	5,914	—	1,155	—	26
Oct. 2005	—	—	—	—	32,182	—	4,739	—	1,840	—	18
Nov. 2005	—	—	—	—	27,668	—	5,090	—	1,854	—	18
Dec. 2005	—	—	—	—	12,502	—	5,701	—	1,498	—	19
Jan. 2006	—	—	—	—	6,637	—	5,854	—	1,363	—	36
Feb. 2006	—	—	—	—	4,983	—	6,924	—	1,521	—	37
Mar. 2006	—	—	—	—	5,943	—	9,762	—	576	—	37
Apr. 2006	—	—	—	—	6,184	—	11,709	—	336	—	37
May 2006	—	—	—	—	9,678	—	12,676	—	1,348	—	37
Jun. 2006	—	—	—	—	13,638	—	8,119	—	886	—	37
Jul. 2006	—	—	—	—	14,092	—	9,619	—	5,238	—	19
Aug. 2006	—	—	—	—	16,019	—	9,727	—	4,800	—	10
Sep. 2006	—	—	—	—	18,637	—	9,385	—	4,029	—	10
Oct. 2006	—	—	—	—	16,306	—	8,485	—	4,955	—	10
Nov. 2006	—	—	—	—	13,887	—	13,035	—	3,933	—	10
Dec. 2006	—	—	—	—	12,521	—	15,543	—	2,538	—	5
Jan. 2007	—	—	—	—	12,734	—	15,343	—	2,855	—	5
Feb. 2007	—	—	—	—	12,810	—	12,793	—	5,762	—	5
Mar. 2007	—	—	—	—	12,684	—	24,250	—	6,743	—	5
Apr. 2007	—	—	—	—	16,126	—	24,050	—	6,927	—	5
May. 2007	—	—	—	—	14,956	—	22,303	—	9,075	—	1
Week Ended											
Jun. 1, 2007	—	—	—	—	15,951	—	19,403	—	8,180	—	1
Jun. 8, 2007	—	—	—	—	15,178	—	25,396	—	10,354	—	1
Jun. 15, 2007	—	—	—	—	16,802	—	21,996	—	13,229	—	1
Jun. 22, 2007	—	—	—	—	20,731	—	31,646	—	11,978	—	1
Jun. 29, 2007	—	—	—	—	26,331	—	27,246	—	12,378	—	1

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

No. 21: Auctions of 91 Day Government of India Treasury Bills

(Amount in Rs. crore)

Date of Auction	Date of Issue	Notified Amount	Bids Received			Bids Accepted			Devolve-ment on PDS/SDs*	Total Issue (8+ 9+ 10)	Cut-off Price (per cent)	Implicit Yield at Cut-off Price (per cent)	Amount Out-standing as on the Date of Issue (Face Value)
			Number	Total Face Value		Number	Total Face Value						
				Com- petitive	Non- Com- petitive		Com- petitive	Non- Com- petitive					
1	2	3	4	5	6	7	8	9	10	11	12	13	14
2006-07													
Jul. 5	Jul. 7	2,000	56	3,516.21	—	31	2,000.00	—	—	2,000.00	98.43	6.3977	24,180.12
Jul. 12	Jul. 14	2,000	62	2,886.00	500.00	36	2,000.00	500.00	—	2,500.00	98.43	6.3977	24,572.50
Jul. 19	Jul. 21	2,000	60	3,909.05	750.00	41	2,000.00	750.00	—	2,750.00	98.42	6.4391	26,562.22
Jul. 26	Jul. 28	2,000	91	4,250.75	2,350.00	30	805.75	2,350.00	—	3,155.75	98.42	6.4391	28,967.97
Aug. 2	Aug. 4	2,000	79	4,703.00	—	63	2,000.00	—	—	2,000.00	98.42	6.4391	27,523.60
Aug. 9	Aug. 11	2,000	65	5,520.59	700.00	18	2,000.00	700.00	—	2,700.00	98.44	6.3563	27,582.46
Aug. 16	Aug. 18	2,000	73	3,666.47	1,510.00	51	2,000.00	1,510.00	—	3,510.00	98.43	6.3977	28,573.26
Aug. 23	Aug. 25	2,000	55	3,763.15	500.00	22	2,000.00	500.00	—	2,500.00	98.43	6.3977	30,556.01
Aug. 30	Sep. 1	2,000	44	2,687.00	100.00	32	2,000.00	100.00	—	2,100.00	98.42	6.4391	31,029.91
Sep. 6	Sep. 8	2,000	41	3,155.00	—	23	2,000.00	—	—	2,000.00	98.42	6.4391	30,229.91
Sep. 13	Sep. 15	2,000	52	2,873.54	1,165.00	37	2,000.00	1,165.00	—	3,165.00	98.41	6.4805	31,137.61
Sep. 20	Sep. 22	2,000	45	2,125.11	620.00	25	860.11	620.00	—	1,480.11	98.40	6.5219	30,935.86
Sep. 27	Sep. 29	2,000	48	2,645.36	1,200.00	42	2,000.00	1,200.00	—	3,200.00	98.38	6.6048	33,060.86
Oct. 4	Oct. 6	2,000	44	2,886.01	2,100.00	26	2,000.00	2,100.00	—	4,100.00	98.38	6.6048	35,160.86
Oct. 11	Oct. 13	2,000	44	2,510.00	—	19	1,070.00	—	—	1,070.00	98.38	6.6048	33,730.86
Oct. 18	Oct. 20	2,000	47	2,585.50	600.00	17	680.50	600.00	—	1,280.50	98.37	6.6462	32,261.36
Oct. 26	Oct. 27	2,000	36	2,466.00	—	5	651.00	—	—	651.00	98.37	6.6462	29,756.61
Nov. 1	Nov. 3	2,000	40	2,567.40	2,000.00	7	602.40	2,000.00	—	2,602.40	98.37	6.6462	30,359.01
Nov. 8	Nov. 10	2,000	44	3,196.74	200.00	16	988.74	200.00	—	1,188.74	98.37	6.6462	28,847.75
Nov. 15	Nov. 17	2,000	39	1,670.52	2,305.00	11	620.52	2,305.00	—	2,925.52	98.37	6.6462	28,263.27
Nov. 22	Nov. 24	2,000	43	3,502.10	2,750.00	27	2,000.00	2,750.00	—	4,750.00	98.37	6.6462	30,513.27
Nov. 29	Dec. 1	2,000	42	2,361.47	563.00	32	2,000.00	563.00	—	2,563.00	98.36	6.6877	30,976.27
Dec. 6	Dec. 8	2,000	48	4,216.25	1,500.00	18	2,000.00	1,500.00	—	3,500.00	98.37	6.6462	32,476.27
Dec. 13	Dec. 15	2,000	41	1,254.14	830.00	34	1,059.14	830.00	—	1,889.14	98.26	7.1027	31,200.41
Dec. 20	Dec. 22	2,000	50	2,426.61	500.00	17	756.61	500.00	—	1,256.61	98.26	7.1027	30,976.91
Dec. 27	Dec. 29	2,000	34	1,650.25	2,200.00	12	630.25	2,200.00	—	2,830.25	98.24	7.1858	30,607.16
Jan. 3	Jan. 5	2,000	52	2,971.91	—	36	2,000.00	—	—	2,000.00	98.25	7.1443	28,507.16
Jan. 10	Jan. 12	2,000	49	2,855.22	2,000.00	37	2,000.00	2,000.00	—	4,000.00	98.25	7.1443	31,437.16
Jan. 17	Jan. 19	2,000	40	1,920.15	500.00	17	931.15	500.00	—	1,431.15	98.25	7.1443	31,587.81
Jan. 24,	Jan. 27	2,000	33	900.41	100.00	23	520.41	100.00	—	620.41	98.19	7.3937	31,557.22

No. 21: Auctions of 91 Day Government of India Treasury Bills (Concl'd.)

(Amount in Rs. crore)

Date of Auction	Date of Issue	Notified Amount	Bids Received			Bids Accepted			Devolve-ment on PDs/SDs*	Total Issue (8+ 9+ 10)	Cut-off Price (per cent)	Implicit Yield at Cut-off Price (per cent)	Amount Out-standing as on the Date of Issue (Face Value)
			Number	Total Face Value		Number	Total Face Value						
				Com- petitive	Non- Com- petitive		Com- petitive	Non- Com- petitive					
1	2	3	4	5	6	7	8	9	10	11	12	13	14
2006-07													
Jan. 31	Feb. 2	2,000	41	1,514.57	—	17	699.57	—	—	699.57	98.15	7.5602	29,654.39
Feb. 7	Feb. 9	2,000	89	4,361.96	2,000.00	34	2,000.00	2,000.00	—	4,000.00	98.16	7.5186	32,465.65
Feb. 14	Feb. 17	2,000	71	2,322.77	705.44	63	2,000.00	705.44	—	2,705.44	98.02	8.1022	32,245.57
Feb. 21	Feb. 23	2,000	132	7,019.30	1,900.00	37	2,000.00	1,900.00	—	3,900.00	98.10	7.7685	31,395.57
Feb. 28	Mar. 2	2,000	106	6,127.05	4,250.00	34	2,000.00	4,250.00	—	6,250.00	98.17	7.4769	35,082.57
Mar. 7	Mar. 9	2,000	78	2,843.55	—	65	2,000.00	—	—	2,000.00	98.17	7.4769	33,582.57
Mar. 14	Mar. 16	2,000	102	4,035.44	5,000.50	37	2,000.00	5,000.00	—	7,000.50	98.17	7.4769	38,693.93
Mar. 21	Mar. 23	2,000	121	5,035.00	1,800.00	21	821.50	1,800.00	—	2,621.50	98.05	7.9770	40,058.82
Mar. 28	Mar. 30	2,000	103	4,705.40	6,000.00	55	2,000.00	6,000.00	—	8,000.00	98.05	7.9770	45,228.57
2007-08													
Apr. 4	Apr. 7	2,000	111	8,612.05	1,200.00	15	2,000.00	1,200.00	—	3,200.00	98.06	7.9353	46,428.57
Apr. 11	Apr. 13	2,000	138	7,215.42	500.00	19	2,000.00	500.00	—	2,500.00	98.20	7.3521	44,928.57
Apr. 18	Apr. 20	2,000	71	2,714.35	1,000.00	31	709.35	1,000.00	—	1,709.35	98.17	7.4769	45,206.77
Apr. 25	Apr. 27	2,000	96	4,416.73	100.00	36	2,000.00	100.00	—	2,100.00	98.20	7.3521	46,686.36
May 3	May 4	2,000	54	2,501.03	—	45	2,000.00	—	—	2,000.00	98.12	7.6851	47,986.79
May 9	May 11	2,000	75	4,794.50	—	47	2,000.00	—	—	2,000.00	98.14	7.6018	45,986.79
May 16	May 18	2,000	74	4,353.66	1,403.00	39	2,000.00	1,403.00	—	3,403.00	98.13	7.6435	46,684.35
May 23	May 25	2,000	71	5,324.50	1,551.00	50	2,000.00	1,551.00	—	3,551.00	98.13	7.6435	46,335.35
May 30,	June 1	2,000	103	6,333.30	1,350.00	60	2,000.00	1,350.00	—	3,350.00	98.19	7.3937	43,435.35
June 6,	June 8	3,500	148	9,986.80	5,993.08	34	3,500.00	5,993.08	—	9,493.08	98.23	7.2274	50,928.43
June 11	June 13	3,000	119	6,492.00	—	88	3,000.00	—	—	3,000.00	98.11	7.7268	53,928.43
June 13	June 15	3,500	119	9,997.75	1,600.00	47	3,500.00	1,600.00	—	5,100.00	98.10	7.7685	52,027.93
June 20	June 22	3,500	170	13,942.63	11,450.00	29	3,500.00	11,450.00	—	14,950.00	98.24	7.1858	64,356.43
June 25	June 27	5,000	190	18,850.00	—	32	5,000.00	—	—	5,000.00	98.25	7.1443	69,356.43
June 27	June 29	3,500	143	11,682.00	1,100.00	52	3,500.00	1,100.00	—	4,600.00	98.19	7.3937	65,956.43

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

Notes : 1. Notified amount of Rs. 2,000 crore includes Rs. 1,500 crore under Market Stabilisation Scheme. Outstanding amount is net of redemption during the week.

2. The presentation of implicit yield at cut-off price has been changed from actual/364-day count convention to actual/365-day count convention from auction dated October 27, 2004.

No. 22: Auctions of 182-day Government of India Treasury Bills

(Amount in Rs. crore)

Date of Auction	Date of Issue	Notified Amount	Bids Received			Bids Accepted			Devolve-ment on PDs	Total Issue (8+ 9+ 10)	Cut-off Price (per cent)	Implicit Yield at Cut-off Price (per cent)	Amount Out-standing as on the Date of Issue (Face Value)
			Number	Total Face Value		Number	Total Face Value						
				Com- petitive	Non- Com- petitive		Com- petitive	Non- Com- petitive					
1	2	3	4	5	6	7	8	9	10	11	12	13	14
2006-07													
May 31	Jun. 2	1,500	50	4,182.50	513.43	27	1,500	513.43	–	2,013.43	97.01	6.1812	10,590.79
Jun. 14	Jun. 16	1,500	35	2,642.00	–	27	1,500	–	–	1,500.00	96.86	6.5014	11,590.79
Jun. 28	Jun. 30	1,500	40	1,417.50	500.00	16	600	500.00	–	1,100.00	96.73	6.7797	11,581.56
Jul. 12	Jul. 14	1,500	40	1,295.00	–	16	525	–	–	525.00	96.75	6.7368	11,606.56
Jul. 26	Jul. 28	1,500	64	3,344.57	–	30	1,500	–	–	1,500.00	96.74	6.7582	13,106.56
Aug. 9	Aug. 11	1,500	65	5,683.00	–	30	1,500	–	–	1,500.00	96.77	6.6940	14,606.56
Aug. 23	Aug. 25	1,500	45	2,460.00	500.00	21	1,500	500.00	–	2,000.00	96.76	6.7154	16,106.56
Sep. 6	Sep. 8	1,500	43	2,605.00	1,000.00	24	1,500	1,000.00	–	2,500.00	96.75	6.7368	18,106.56
Sep. 20	Sep. 22	1,500	47	2,807.09	1,262.14	27	1,500	1,262.14	–	2,762.14	96.73	6.7797	19,706.56
Oct. 4	Oct. 6	1,500	33	2,446.50	–	18	1,500	–	–	1,500.00	96.72	6.8011	20,706.56
Oct. 18	Oct. 20	1,500	31	1,140.00	500.00	17	620	500.00	–	1,120.00	96.68	6.8869	21,326.56
Nov. 1	Nov. 3	1,500	37	1,695.00	54.51	6	615	54.51	–	669.51	96.66	6.9298	20,893.08
Nov. 15	Nov. 17	1,500	40	1,700.00	203.00	22	1,115	203.00	–	1,318.00	96.66	6.9298	20,008.08
Nov. 29	Dec. 1	1,500	41	2,105.00	773.18	26	1,500	773.18	–	2,273.18	96.68	6.8869	20,267.83
Dec. 13	Dec. 15	1,500	30	1,742.50	–	26	1,500	–	–	1,500.00	96.51	7.2523	20,267.83
Dec. 27	Dec. 29	1,500	36	2,120.00	–	10	510	–	–	510.00	96.49	7.2954	19,677.83
Jan. 10	Jan. 12	1,500	51	3,408.40	400.00	17	1,500	400.00	–	1,900.00	96.56	7.1447	21,052.83
Jan. 24	Jan. 27	1,500	22	635.00	–	21	560	–	–	560.00	96.28	7.7487	20,112.83
Feb. 7	Feb. 9	1,500	57	3,790.00	–	12	1,500.00	–	–	1,500.00	96.34	7.6190	20,112.83
Feb. 21	Feb. 23	1,500	55	3,903.00	–	8	1,500.00	–	–	1,500.00	96.29	7.7271	19,612.83
Mar. 7	Mar. 9	1,500	54	2,265.00	500.00	50	1,500.00	500.00	–	2,000.00	96.28	7.7487	19,112.83
Mar. 21	Mar. 23	1,500	109	4,195.00	325.00	15	530.00	325.00	–	855.00	96.07	8.2040	17,205.69
2007-08													
Apr. 4	Apr. 7	1,500	88	7,005.00	–	5	1,500.00	–	–	1,500.00	96.17	7.9869	17,205.69
Apr. 18	Apr. 20	1,500	67	3,085.00	524.16	23	1,500.00	524.16	–	2,024.16	96.28	7.7487	18,109.85
May 3	May 4	1,500	52	3,550.50	126.33	16	1,500.00	126.33	–	1,626.33	96.29	7.7271	19,066.67
May 16	May 18	1,500	66	3,740.00	–	21	1,500.00	–	–	1,500.00	96.28	7.7487	19,248.67
May 30	Jun 1	1,500	67	4,295.00	235.95	44	1,500.00	235.95	–	1,735.95	96.34	7.6190	18,711.44
Jun 11	Jun 13	2,000	113	7,145.00	–	56	2,000.00	–	–	2,000.00	96.25	7.8136	20,711.44
Jun 13	Jun 15	2,500	114	9,925.00	–	15	2,500.00	–	–	2,500.00	96.25	7.8136	21,711.44
Jun 27	Jun 29	2,500	120	11,687.00	–	33	2,500.00	–	–	2,500.00	96.32	7.6622	23,701.44

- Notes :**
1. Notified amount of Rs. 1,500 crore includes Rs. 1,000 crore under Market Stabilisation Scheme.
 2. Outstanding amount is net of redemption during the week.
 3. The presentation of implicit yield at cut-off price has been changed from actual/364-day count convention to actual/365-day count convention from auction dated April 6, 2005.
 4. The auctions of 182-day Treasury Bills (TBs) which were discontinued effective May 14, 2001 have been reintroduced from April 6, 2005 onwards.

No. 23: Auctions of 364-day Government of India Treasury Bills

(Amount in Rs. crore)

Date of Auction	Date of Issue	Notified Amount	Bids Received			Bids Accepted			Devolve-ment on PDs/SDs*	Total Issue (8+9+10)	Cut-off Price (per cent)	Implicit Yield at Cut-off Price (per cent)	Amount Out-standing as on the Date of Issue (Face Value)
			Number	Total Face Value		Number	Total Face Value						
1	2	3	4	5	6	7	8	9	10	11	12	13	14
2006-07													
Jun. 7	Jun. 9	2,000	63	3,855.00	1,666.78	40	2,000	1,666.78	–	3,666.78	93.93	6.4800	42,355.11
Jun. 21	Jun. 23	2,000	99	4,580.00	915.83	43	2,000	915.83	–	2,915.83	93.43	7.0513	43,268.94
Jul. 5	Jul. 7	2,000	110	6,285.00	–	27	2,000	–	–	2,000.00	93.43	7.0513	43,268.94
Jul. 19	Jul. 21	2,000	105	6,195.00	280.50	22	2,000	280.50	–	2,280.50	93.46	7.0169	43,519.11
Aug. 2	Aug. 4	2,000	113	7,900.00	–	33	2,000	–	–	2,000.00	93.48	6.9939	43,519.11
Aug. 16	Aug. 18	2,000	91	5,955.00	8.00	15	2,000	8.00	–	2,008.00	93.51	6.9595	43,521.49
Aug. 30	Sep. 1	2,000	83	7,030.00	10.00	28	2,000	10.00	–	2,010.00	93.54	6.9251	43,526.74
Sep. 13	Sep. 15	2,000	85	4,980.00	100.00	41	2,000	100.00	–	2,100.00	93.54	6.9251	43,376.74
Sep. 27	Sep. 29	2,000	87	6,679.87	600.00	32	2,000	600.00	–	2,600.00	93.56	6.9022	43,976.74
Oct. 11	Oct. 13	2,000	58	4,680.00	17.20	24	2,000	17.20	–	2,017.20	93.55	6.9137	43,983.04
Oct. 26	Oct. 27	2,000	56	3,415.00	–	17	1,285	–	–	1,285.00	93.48	6.9939	43,268.04
Nov. 8	Nov. 10	2,000	59	4,510.00	–	30	2,000	–	–	2,000.00	93.48	6.9939	44,268.04
Nov. 22	Nov. 24	2,000	56	5,460.00	–	26	2,000	–	–	2,000.00	93.49	6.9824	45,268.04
Dec. 6	Dec. 8	2,000	77	6,115.00	–	22	2,000	–	–	2,000.00	93.53	6.9366	46,098.04
Dec. 20	Dec. 22	2,000	84	7,230.00	250.00	28	2,000	250.00	–	2,250.00	93.27	7.2354	47,348.04
Jan. 3	Jan. 5	2,000	78	4,225.00	5.10	27	2,000	5.10	–	2,005.10	93.31	7.1893	48,349.06
Jan. 17	Jan. 19	2,000	43	2,315.00	402.20	21	1,155	402.20	–	1,557.20	93.24	7.2700	48,904.21
Jan. 31	Feb. 2	2,000	39	3,890.00	250.00	2	1,000	250.00	–	1,250.00	92.87	7.6985	48,904.21
Feb. 14	Feb. 17	2,000	70	8,065.50	96.00	6	2,000	96.00	–	2,096.00	92.75	7.8382	49,758.61
Feb. 28	Mar. 2	2,000	65	4,575.00	–	28	2,000	–	–	2,000.00	92.84	7.7334	50,758.61
Mar. 14	Mar. 16	2,000	96	4,970.00	271.00	31	2,000	271.00	–	2,271.00	92.76	7.8265	52,012.61
Mar. 28	Mar. 30	2,000	119	10,510.60	1,550.00	21	2,000	1,550.00	–	3,550.00	92.63	7.9782	53,812.61
2007-08													
Apr. 11	Apr. 13	2,000	112	8,010.00	130.00	10	2,000	130.00	–	2,130.00	92.87	7.6985	54,942.61
Apr. 25	Apr. 27	2,000	82	4,625.00	300.00	45	2,000	300.00	–	2,300.00	92.83	7.7450	55,942.61
May 9	May 11	2,000	64	5,100.00	–	24	2,000	–	–	2,000.00	92.81	7.7683	56,942.61
May 23	May 25	2,000	61	4,211.00	–	44	2,000	–	–	2,000.00	92.78	7.8032	56,292.61
Jun. 6	Jun. 8	3,000	120	10,936.40	118.54	28	3,000	118.54	–	3,118.54	92.88	7.69	55,744.37
Jun. 20	Jun. 22	3,000	131	12,910.00	495.96	47	3,000	495.96	–	3,495.96	92.91	7.65	56,324.50

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

Notes: 1. Notified amount of Rs. 2,000 crore includes Rs.1,000 crore under Market Stabilisation Scheme.

2. Outstanding amount is net of redemption during the week.

3. The presentation of implicit yield at cut-off price has been changed from actual/364-day count convention to actual/365-day count convention from auction dated October 27, 2004.

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*
			91 Day	182 Day	364 Day	
1	2	3	4	5	6	7
2005-06						
April	1,05,957.84	2,816.60	39,451.32	2,892.32	46,996.86	263.33
May	1,10,288.70	4,792.84	13,962.04	1,839.76	30,696.52	325.25
June	1,84,346.88	5,115.40	13,220.68	2,693.08	16,656.62	925.00
July	1,36,973.70	3,354.56	10,214.14	3,331.72	14,745.80	563.29
August	1,18,444.96	2,694.06	12,781.18	4,997.92	28,388.16	34.60
September	1,76,385.80	5,637.28	7,375.44	4,360.84	24,728.22	342.42
October	82,481.98	3,035.63	10,873.84	5,723.80	16,002.88	123.68
November	87,190.44	2,003.52	5,972.90	4,973.52	11,500.24	78.67
December	1,08,378.46	2,522.96	5,665.48	5,243.44	13,946.10	58.76
January	87,274.56	1,672.48	2,966.46	2,728.50	11,688.64	660.40
February	74,163.70	1,768.04	3,482.62	2,455.74	7,594.94	733.54
March	75,119.10	4,721.14	5,219.72	2,913.10	11,656.42	1,254.66
2006-07						
April	1,10,559.28	851.16	2,193.88	2,046.40	16,666.50	922.00
May	1,00,542.72	4,781.64	6,217.52	4,076.30	10,766.88	1,453.00
June	77,255.06	2,395.66	5,996.84	8,689.56	12,871.16	883.00
July	65,538.70	1,376.06	5,206.80	3,761.72	8,127.34	387.88
August	1,48,081.02	1,048.40	10,290.66	8,646.20	12,898.72	166.48
September	2,84,464.66	1,893.48	8,821.54	6,014.18	17,127.28	279.19
October	1,22,101.80	776.32	5,898.98	3,134.06	9,134.16	233.42
November	2,57,667.60	1,358.46	4,857.48	8,209.80	13,484.26	151.08
December	2,39,765.16	3,072.80	6,087.18	2,928.06	9,965.98	58.44
January	1,40,660.36	1,319.26	6,006.94	3,306.44	6,204.12	551.14
February	1,13,360.08	1,362.28	4,998.06	2,854.74	4,948.44	72.88
March	1,10,983.52	4,861.96	5,968.82	4,739.42	6,464.76	1,405.99
2007-08						
April	1,29,393.26	3,090.88	9,866.80	2,869.22	5,782.44	333.23
May	1,14,658.96	2,481.32	7,160.10	1,498.68	3,183.70	680.35
Week-Ended						
June 1, 2007	42,432.84	279.90	6,718.46	1,917.72	2,918.82	221.55
June 8, 2007	41,601.00	386.42	4,228.62	1,410.60	2,420.82	30.43
June 15, 2007	40,120.56	269.66	5,043.77	1,275.34	354.56	—
June 22, 2007	52,373.98	783.25	9,561.19	1,338.50	2,797.77	0.51
June 29, 2007	43,643.64	359.54	3,684.30	2,056.28	1,599.99	14.08

@ : 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.

* : 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: Repo / Reverse Repo auctions under Liquidity Adjustment Facility

(Amount in Rs. crore)

LAF Date	Repo/Reverse Repo Period (Day(s))	REPO (INJECTION)					REVERSE REPO (ABSORPTION)					Net Injection (+)/Absorption (-) of liquidity [(6) - (11)]	Outstanding Amount @
		Bids Received		Bids Accepted		Cut-off Rate (%)	Bids Received		Bids Accepted		Cut-off Rate (%)		
		Number	Amount	Number	Amount		Number	Amount	Number	Amount			
1	2	3	4	5	6	7	8	9	10	11	12	13	14
June 1, 2007	\$ 3	-	-	-	-	-	35	44,550	35	1,996	6.00	-1,996	
	\$ 3	-	-	-	-	-	32	37,075	32	1,000	6.00	-1,000	2,996
June 4, 2007	\$ 1	-	-	-	-	-	39	48,810	39	1,997	6.00	-1,997	
	\$ 1	-	-	-	-	-	33	38,605	33	1,001	6.00	-1,001	2,998
June 5, 2007	\$ 1	-	-	-	-	-	41	56,745	41	1,998	6.00	-1,998	
	\$ 1	-	-	-	-	-	40	46,100	40	999	6.00	-999	2,997
June 6, 2007	\$ 1	-	-	-	-	-	41	67,785	41	2,000	6.00	-2,000	
	\$ 1	-	-	-	-	-	37	41,740	37	1,000	6.00	-1,000	3,000
June 7, 2007	\$ 1	-	-	-	-	-	45	64,980	45	1,999	6.00	-1,999	
	\$ 1	-	-	-	-	-	37	45,010	37	1,001	6.00	-1,001	3,000
June 8, 2007	\$ 3	-	-	-	-	-	41	59,415	41	1,994	6.00	-1,994	
	\$ 3	-	-	-	-	-	35	42,655	35	995	6.00	-995	2,989
June 11, 2007	\$ 1	-	-	-	-	-	27	26,120	27	1,994	6.00	-1,994	
	\$ 1	-	-	-	-	-	26	27,885	26	1,003	6.00	-1,003	2,997
June 12, 2007	\$ 1	-	-	-	-	-	27	33,190	27	1,994	6.00	-1,994	
	\$ 1	-	-	-	-	-	27	28,935	27	1,005	6.00	-1,005	2,999
June 13, 2007	\$ 1	-	-	-	-	-	28	32,580	28	1,998	6.00	-1,998	
	\$ 1	-	-	-	-	-	30	31,880	30	999	6.00	-999	2,997
June 14, 2007	\$ 1	-	-	-	-	-	31	39,145	31	1,998	6.00	-1,998	
	\$ 1	-	-	-	-	-	31	34,570	31	1,001	6.00	-1,001	2,999
June 15, 2007	\$ 3	-	-	-	-	-	29	38,555	29	1,996	6.00	-1,996	
	\$ 3	-	-	-	-	-	26	30,645	26	1,002	6.00	-1,002	2,998
June 18, 2007	\$ 1	-	-	-	-	-	28	35,700	28	2,000	6.00	-2,000	
	\$ 1	-	-	-	-	-	30	33,750	30	999	6.00	-999	2,999
June 19, 2007	\$ 1	-	-	-	-	-	30	43,695	30	2,000	6.00	-2,000	
	\$ 1	-	-	-	-	-	31	35,895	31	997	6.00	-997	2,997
June 20, 2007	\$ 1	-	-	-	-	-	34	46,600	34	1,989	6.00	-1,989	
	\$ 1	-	-	-	-	-	32	29,410	32	1,011	6.00	-1,011	3,000
June 21, 2007	\$ 1	-	-	-	-	-	34	47,805	34	1,994	6.00	-1,994	
	\$ 1	-	-	-	-	-	34	32,500	34	1,006	6.00	-1,006	3,000
June 22, 2007	\$ 3	-	-	-	-	-	35	47,145	35	1,990	6.00	-1,990	
	\$ 3	-	-	-	-	-	33	30,435	33	1,007	6.00	-1,007	2,997
June 25, 2007	\$ 1	-	-	-	-	-	29	34,595	29	2,000	6.00	-2,000	
	\$ 1	-	-	-	-	-	28	26,475	28	1,000	6.00	-1,000	3,000
June 26, 2007	\$ 1	-	-	-	-	-	38	48,350	38	1,995	6.00	-1,995	
	\$ 1	-	-	-	-	-	27	19,180	27	1,001	6.00	-1,001	2,996
June 27, 2007	\$ 1	-	-	-	-	-	-	-	-	-	-	-	
	\$ 1	-	-	-	-	-	2	10	2	10	6.00	-10	10
June 28, 2007	\$ 1	5	2,500	5	2500	7.75	-	-	-	-	-	2,500	
	\$ 1	12	6,975	12	6975	7.75	2	10	2	10	6.00	6,965	-9,465
June 29, 2007	\$ 4	16	9,520	16	9520	7.75	-	-	-	-	-	9,520	
	\$ 4	1	375	1	375	7.75	13	4,005	13	1,000	6.00	-625	-8,895

@ : Net of overnight repo.

\$: Second LAF auction introduced with effect from November 28, 2005.

Note : With effect from March 5, 2007 daily reverse repo absorptions have been limited to a maximum of Rs. 3,000 crore each day comprising Rs. 2,000 crore in the first LAF & Rs. 1,000 crore in the second LAF.

No. 26: 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 (-)
1	2	3	4	5	6	7
2005-06						
April 2005	–	263.33	-263.33	–	–	–
May 2005	–	686.46	-686.46	–	–	–
June 2005	–	832.91	-832.91	–	–	–
July 2005	–	323.66	-323.66	–	–	–
August 2005	–	121.19	-121.19	–	–	–
September 2005	–	255.85	-255.85	–	–	–
October 2005	–	123.68	-123.68	–	–	–
November 2005	–	107.92	-107.92	–	–	–
December 2005	–	29.51	-29.51	–	–	–
January 2006	–	674.41	-674.41	–	–	–
February 2006	215.00	522.56	-307.56	–	–	–
March 2006	525.00	711.23	-186.23	–	–	–
2006-07						
April 2006	405.00	516.80	-111.80	–	–	–
May 2006	85.00	1,386.74	-1,301.74	–	–	–
June 2006	55.00	809.88	-754.88	–	–	–
July 2006	25.00	374.36	-349.36	–	–	–
August 2006	80.00	127.64	-47.64	–	–	–
September 2006	40.00	237.24	-197.24	–	–	–
October 2006	–	191.10	-191.10	–	–	–
November 2006	10.00	140.20	-130.20	–	–	–
December 2006	15.00	36.41	-21.41	–	–	–
January 2007	–	571.36	-571.36	–	–	–
February 2007	–	118.09	-118.09	–	–	–
March 2007	5.00	1,335.56	-1,330.56	–	–	–

Year / Month	Government of India Dated Securities - Face Value					Treasury bills				
	Purchase		Sale		Net purchase (+)/net sale (-)	Purchase		Sale		Net purchase (+)/net sale (-)
	Market	SG	Market	SG		Market	SG	Market	SG	
1	2	3	4	5	6	7	8	9	10	11
2007-08										
April	10	–	–	332	-322.24	–	–	–	–	–
May	–	–	–	743	-742.80	–	–	–	–	–
June	–	–	–	255	-254.86	–	–	–	–	–

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

No. 27 A: Secondary Market Outright Transactions in Government dated Securities (Face Value)

(Amount in Rs. crore)

Week ended	Government of India Dated Securities – Maturing in the year										State Govt. Securities
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-15	2015-16	2016-17	Beyond 2017	
1	2	3	4	5	6	7	8	9	10	11	12
I June 1, 2007											
a. Amount	20.00	294.02	2,605.00	650.10	250.00	0.60	5,080.77	4,348.22	5,225.01	2,742.70	139.95
b. YTM *											
Min.	7.7404	7.6726	7.7915	7.8216	7.9580	–	8.0514	8.0299	8.0606	8.1481	8.2505
Max.	7.7404	8.3500	8.4100	8.0618	8.4400	–	8.5574	8.2318	8.3528	8.7317	8.3936
II. June 8, 2007											
a. Amount	–	65.39	2,361.13	650.34	475.29	86.61	2,380.60	2,119.31	8,559.09	4,102.74	193.21
b. YTM *											
Min.	–	7.5564	7.7088	7.7715	7.8554	7.8966	8.0663	8.0686	8.0839	8.2678	8.1027
Max.	–	8.2000	7.9601	7.8500	7.9615	7.9598	8.6054	8.1960	8.1919	8.7386	8.3500
III. June 15, 2007											
a. Amount	–	15.39	1,535.03	32.13	250.00	141.91	2,490.66	1,807.00	11,497.55	2,290.61	134.83
b. YTM *											
Min.	–	7.9037	7.8863	8.0001	8.0615	8.0221	8.1553	8.1290	8.1614	8.3298	7.1517
Max.	–	7.9037	8.0494	8.0987	8.4200	8.1534	8.6000	8.3500	8.4442	8.7026	8.4200
IV. June 22, 2007											
a. Amount	–	150.20	3,331.50	40.15	138.41	186.00	2,248.45	796.00	18,150.11	1,146.17	391.62
b. YTM *											
Min.	–	7.6500	7.8007	7.9187	7.9289	7.9889	8.1133	8.0731	8.1854	8.2835	8.3043
Max.	–	7.9037	7.9910	8.0374	8.4000	8.0343	8.5348	8.2448	8.3987	8.6907	8.4899
V. June 29, 2007											
a. Amount	–	620.00	2,051.41	191.35	879.52	141.00	1,746.15	501.60	14,858.98	831.82	179.77
b. YTM *											
Min.	–	8.0500	7.6709	7.8129	7.8260	7.9389	8.1040	8.1069	8.1523	8.3245	8.3001
Max.	–	8.2214	7.8811	8.0010	7.9555	7.9871	8.5154	8.1960	8.2565	8.6758	8.4704

* : Minimum and maximum YTM (% PA) indicative have been given excluding transactions of non-standard lot size (less than Rs.5 crore).

No. 27 B: Secondary Market Outright Transactions in Treasury Bills

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

Week ended	Treasury Bills Residual Maturity in Days			
	up to 14 days	15 - 91 days	92 - 182 days	183 - 364 days
1	2	3	4	5
I. June 1, 2007				
a. Amount	226.03	3,596.69	1,157.02	797.76
b. YTM *				
Min.	2.0000	5.9997	7.0001	7.4700
Max.	6.9999	7.6019	7.6700	8.0000
II. June 8, 2007				
a. Amount	3.34	2,370.78	860.30	795.60
b. YTM *				
Min.	–	3.8996	6.9498	7.2824
Max.	–	7.4000	7.4100	7.7000
III. June 15, 2007				
a. Amount	25.75	2,651.88	598.07	61.13
b. YTM *				
Min.	1.9987	6.0994	7.0000	7.2800
Max.	1.9987	7.7685	7.7900	7.8000
IV. June 22, 2007				
a. Amount	649.88	4,918.34	661.46	619.05
b. YTM *				
Min.	2.3000	3.0000	6.6500	7.0999
Max.	5.7524	7.7350	7.7500	7.8000
V. June 29, 2007				
a. Amount	5.00	2,131.88	838.45	695.00
b. YTM *				
Min.	7.3015	5.2504	7.0000	7.1600
Max.	7.3015	7.3937	7.6499	7.6501

* Minimum and maximum YTM (% PA) indicative have been given excluding transactions of non-standard lot size (less than Rs.5 crore).

No. 27 C: Month-end Yield to Maturity of SGL Transactions in Central Government
Dated Securities for Various Residual Maturities

(Per cent)

Term to Maturity (in years)	2006						2007					
	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.
1	2	3	4	5	6	7	8	9	10	11	12	13
1	6.9534	6.9631	6.6855	7.0961	6.9959	7.4422	7.5263	7.6383	7.8941	7.9308	7.8277	7.5803
2	7.2154	7.0881	6.8841	7.1893	7.0759	7.4627	7.6326	7.7950	7.9851	8.0842	7.8559	7.6867
3	7.4774	7.3073	7.0828	7.2826	7.1554	7.4832	7.7382	7.9024	7.9755	8.1280	7.8864	7.8031
4	7.7103	7.4896	7.2815	7.3759	7.2349	7.5037	7.7075	7.9158	7.9645	8.1213	7.9610	7.8106
5	7.8301	7.5811	7.4422	7.4512	7.2681	7.5242	7.6349	7.9120	7.9700	8.1120	8.0125	7.9072
6	7.9431	7.6543	7.4921	7.4900	7.2708	7.5447	7.6751	7.9182	7.9812	8.1027	8.0619	8.0046
7	8.0561	7.7275	7.5538	7.5288	7.2999	7.5652	7.7767	7.9286	7.9923	8.0939	8.1052	8.0843
8	8.1293	7.7951	7.6011	7.5676	7.3743	7.5867	7.8784	7.9237	7.9698	8.1010	8.1059	8.0946
9	8.1981	7.8535	7.6310	7.6064	7.4518	7.6088	7.9085	7.9164	7.9457	8.1137	8.1117	8.1234
10	8.2809	7.9304	7.6776	7.6417	7.4061	7.6071	7.7739	7.9454	7.9360	8.1316	8.1225	8.1559
11	8.3629	7.9624	7.7348	7.6801	7.4283	7.6149	7.8322	7.9725	7.9809	8.1550	8.1557	8.1871
12	8.4154	7.9943	7.7882	7.7200	7.4559	7.6236	7.8904	7.9927	8.0259	8.1784	8.1889	8.2182
13	8.4680	8.0263	7.8416	7.7600	7.4835	7.6323	7.9486	8.0129	8.0709	8.2017	8.2220	8.2493
14	8.5205	8.0582	7.8950	7.7999	7.5111	7.6410	8.0068	8.0332	8.1159	8.2251	8.2552	8.2789
15	8.5678	8.0902	7.9382	7.8498	7.5272	7.6496	8.0305	8.0439	8.1340	8.2485	8.2873	8.2940
16	8.5908	8.1221	7.9621	7.9126	7.5325	7.6583	8.0383	8.0517	8.1474	8.2616	8.2993	8.3092
17	8.6138	8.1541	7.9860	7.9482	7.5378	7.6670	8.0462	8.0595	8.1608	8.2743	8.3112	8.3243
18	8.6368	8.1860	8.0099	7.9626	7.5432	7.6757	8.0540	8.0673	8.1743	8.2869	8.3231	8.3395
19	8.6599	8.2180	8.0338	7.9769	7.5485	7.6844	8.0619	8.0751	8.1877	8.2995	8.3351	8.3547
20	8.6829	8.2499	8.0578	7.9912	7.5539	7.6931	8.0697	8.0829	8.2011	8.3121	8.3470	8.3698
21	8.7059	8.2819	8.0817	8.0055	7.5592	7.7017	8.0776	8.0907	8.2145	8.3248	8.3589	8.3850
22	8.7289	8.3138	8.1056	8.0199	7.5646	7.7104	8.0854	8.0985	8.2280	8.3374	8.3708	8.4001
23	8.7519	8.3458	8.1295	8.0342	7.5699	7.7191	8.0933	8.1063	8.2414	8.3500	8.3828	8.4153
24	8.7750	8.3778	8.1534	8.0485	7.5753	7.7278	8.1011	8.1141	8.2548	8.3626	8.3947	8.4304
25	8.7980	8.4097	8.1773	8.0628	7.5806	7.7365	8.1090	8.1219	8.2682	8.3752	8.4066	8.4456
26	8.8210	8.4417	8.2012	8.0772	7.5859	7.7452	8.1168	8.1297	8.2816	8.3879	8.4185	8.4607
27	8.8440	8.4736	8.2251	8.0915	7.5913	7.7538	8.1247	8.1375	8.2951	8.4005	8.4305	8.4759
28	8.8670	8.5039	8.2475	8.1030	7.6029	7.7634	8.1325	8.1479	8.3085	8.4131	8.4424	8.4911
29	8.8901	8.5068	8.2604	8.1045	7.6166	7.7742	8.1404	8.1604	8.3219	8.4257	8.4543	8.5062
30	—	8.5098	8.2732	8.1061	7.5889	7.7851	8.1482	8.1730	8.3353	8.4384	8.4662	—

No. 28: Redemption Yield on Government of India Securities Based on SGL Transactions*

(Per cent per annum)

Sr. No.	Nomenclature of the loan	2004-05	2005-06	2006-07	2006		2007			
					May	Jun.	Mar.	Apr.	May	Jun.
1	2	3	4	5	6	7	8	9	10	11
A)	Terminable Under 5 years									
1	6.75% 2007	6.05	6.49	6.73	6.95	..	7.30	..	..	..
2	11.50% 2007	6.05	6.45	7.11	6.45	..	7.72	..	..	..
3	6.00% 2008	..	..	..	..	..	..	..	..	..
4	9.50% 2008	6.19	6.59	7.14	6.69	7.24	7.37	..	7.76	..
5	10.80% 2008	5.79	6.56	6.65	..	6.97	..	..	..	7.91
6	11.40% 2008	5.73	6.40	7.22	6.67	6.92	7.90	8.02	7.92	..
7	11.50% 2008	5.89	6.38	7.08	6.72	6.84	7.65	..	7.90	7.89
8	12.00% 2008	6.03	6.41	7.04	6.62	7.09	7.65	7.82	7.82	7.79
9	12.10% 2008	5.87	6.62	7.54	6.70	6.92	7.86	..	7.81	8.41
10	12.15% 2008	5.10	6.32	7.75	6.73	..	..	..	..	..
11	12.22% 2008	5.99	6.35	6.86	6.74	6.99	..	..	..	..
12	12.25% 2008	5.89	6.55	7.07	6.66	7.77	7.73	..	8.99	..
13	5.48% 2009	5.57	6.87	6.88	6.92	..	..	..	..	..
14	6.65% 2009	6.18	6.54	7.51	7.51	..	7.93	8.04	8.01	7.87
15	6.99% 2009	..	..	..	..	..	..	..	..	..
16	7.00% 2009	6.34	6.73	7.50	6.95	..	8.63	..	8.38	8.41
17	11.50% 2009	5.98	6.71	7.52	6.84	7.08	7.86	..	..	..
18	11.99% 2009	5.80	6.59	7.25	6.81	7.17	7.83	8.06	8.03	..
19	5.87% 2010	5.61	6.57	..	..	..	..	..	..	..
20	6.00% 2010	..	..	..	..	..	..	..	..	..
21	6.20% 2010	..	..	..	..	..	..	..	..	..
22	7.50% 2010	6.04	6.89	7.77	7.26	7.27	..	..	..	..
23	7.55% 2010	6.02	6.69	7.42	6.97	7.37	7.83	8.09	8.05	7.85
24	8.75% 2010	5.92	6.95	7.98	7.09	..	9.25	..	..	..
25	11.30% 2010	5.86	6.85	7.39	7.11	7.66	..	8.19	..	9.16
26	11.50% 2010	6.32	6.85	7.43	7.08	7.41	..	8.11	..	..
27	12.25% 2010	5.87	6.86	7.45	7.11	7.44	..	..	8.15	..
28	12.29% 2010	6.09	6.85	7.50	7.12	7.34	7.95	8.11	8.12	7.88
29	5.03% 2011	..	..	..	..	..	..	..	..	..
30	8.00% 2011	6.54	7.10	7.86	7.29	..	8.12	..	..	..
31	9.39% 2011	6.17	6.86	7.52	7.12	7.48	7.99	8.14	8.09	8.01
32	10.95% 2011	6.26	6.96	7.33	7.19	7.24	..	..	8.15	8.23
33	11.50% 2011	5.90	6.98	7.43	7.08	7.71	..	..	8.03	8.25
34	12.00% 2011	6.71	7.03	7.97	..	..	8.02	8.00	8.15	..
35	12.32% 2011	6.38	6.89	7.59	7.33	7.61	8.02	10.55	..	8.31
B)	Between 5 and 10 years									
36	6.72% 2007/2012@	6.09	6.51	6.93	..	6.80	7.04	..	..	..
37	6.85% 2012	6.00	6.86	7.58	7.09	7.43	8.08	8.14	..	..
38	7.40% 2012	6.21	6.95	7.55	7.43	7.55	7.91	8.08	8.10	8.07
39	9.40% 2012	6.18	6.96	7.60	..	..	8.33	..	..	8.39
40	10.25% 2012	6.75	7.06	7.88	7.30	7.82	8.39	8.54	..	8.12
41	11.03% 2012	6.16	7.02	7.81	..	7.67	8.05	9.00	8.21	8.05
42	7.27% 2013	6.05	6.98	7.58	7.30	7.95	8.00	8.02	..	8.11
43	9.00% 2013	6.57	7.06	7.86	7.60	7.59	8.49	..	..	8.39
44	9.81% 2013	6.02	7.11	7.85	7.65	7.46	8.14	..	..	..
45	12.40% 2013	6.65	7.17	7.93	7.37	8.23	7.99	8.61	..	..
46	6.72% 2014	5.52	7.05	8.05	..	..	..	..	..	..
47	7.37% 2014	6.14	7.04	7.74	7.41	7.85	8.20	8.10	8.13	8.17
48	10.00% 2014	6.71	7.22	7.71	7.56	..	7.93	8.55	..	8.53

No. 28: Redemption Yield on Government of India Securities Based on SGL Transactions* (Concl.)

(Per cent per annum)

Sr. No.	Nomenclature of the loan	2004-05	2005-06	2006-07	2006		2007			
					May.	Jun.	Mar.	Apr.	May.	Jun.
1	2	3	4	5	6	7	8	9	10	11
49	10.50% 2014	6.74	7.28	7.83	7.47	7.93	8.51	8.32	..	..
50	11.83% 2014	6.48	7.17	7.84	7.58	..	8.15	8.14	8.26	8.25
51	7.38% 2015	6.26	7.06	7.70	7.55	..	8.08	8.11	8.15	8.19
52	9.85% 2015	6.18	7.24	7.76	7.46	8.03	8.25	8.25	8.20	..
53	10.47% 2015	6.40	7.22	7.59	7.37	..	..	..	8.32	..
54	10.79% 2015	6.87	7.22	7.65	7.33	..	7.95	..	..	..
55	11.43% 2015	6.42	7.19	7.92	7.50	..	..	8.29	8.32	..
56	11.50% 2015	6.71	7.27	7.91	7.81	7.87	8.46	8.41	8.35	8.21
57	5.59% 2016	6.40	7.17	7.66	..	..	..	..	..	..
58	7.59% 2016	—	—	7.79	7.57	7.87	7.97	8.10	8.17	8.23
59	10.71% 2016	6.36	7.26	7.95	7.68	7.86	..	..	..	..
60	12.30% 2016	6.63	7.26	8.21	7.41	..	8.15	10.37	..	..
C)	Between 10 and 15 years									
61	7.46% 2017	6.47	7.25	7.81	7.53	8.03	7.97	8.18	8.21	8.32
62	7.49% 2017	6.35	7.25	7.82	7.57	8.18	8.06	..	8.17	8.23
63	8.07% 2017	6.40	7.22	7.80	7.64	7.96	7.98	8.08	8.12	8.15
64	5.69% 2018	6.39	7.29	7.95	7.70	7.98	8.17	8.32	8.37	..
65	6.25% 2018	6.46	7.23	7.91	7.73	8.00	8.14	8.23	8.34	8.26
66	10.45% 2018	6.44	7.34	8.05	7.69	8.06	8.04	..	8.43	8.60
67	12.60% 2018	..	7.61	7.91	..	..	..	..	..	..
68	5.64% 2019	6.27	7.27	8.12	7.83	8.62	8.11	8.28	8.37	8.52
69	6.05% 2019	6.45	7.27	7.91	7.72	8.40	8.16	8.21	8.26	8.36
70	10.03% 2019	6.68	7.38	7.83	7.71	..	8.01	..	8.27	..
71	6.35% 2020	6.52	7.33	7.95	7.76	8.11	8.18	8.31	8.25	8.44
72	10.70% 2020	6.85	7.46	8.00	7.71	..	8.09	8.27	..	8.60
73	11.60% 2020	6.78	7.36	7.73	..	..	..	..	..	..
74	7.94% 2021	—	—	8.07	7.95	8.25	8.12	8.22	8.25	8.23
75	10.25% 2021	6.78	7.46	8.07	7.73	8.02	8.23	8.03	8.34	8.29
D)	Over 15 years									
76	5.87% 2022	5.88	7.51	8.02	..	8.37	..	8.21	..	..
77	8.35% 2022	6.70	7.41	8.02	7.74	..	8.23	8.25	8.30	8.33
78	6.17% 2023	6.60	7.38	8.01	7.78	8.19	8.23	8.25	8.38	8.34
79	6.30% 2023	6.52	7.36	8.01	8.05	..	8.29	8.34	..	8.35
80	10.18% 2026	6.94	7.49	7.86	7.80	7.76	8.25	8.52	8.22	..
81	8.24% 2027	—	—	8.19	—	—	8.18	..	..	..
82	6.01% 2028	6.66	7.38	8.02	7.94	8.32	8.36	8.38	8.45	8.51
83	6.13% 2028	6.63	7.42	8.02	8.02	8.20	8.20	..	8.51	8.50
84	7.95% 2032	6.97	7.57	8.07	8.06	8.19	8.16	8.39	8.30	8.39
85	7.5% 2034	7.25	7.54	8.19	8.13	8.31	8.36	8.46	8.73	8.88
86	7.40% 2035	—	7.55	8.14	8.06	8.42	8.31	8.39	..	..
87	8.33% 2036	—	—	8.13	—	8.37	8.29	8.48	8.50	8.55

* : Monthly redemption yield is computed from April 2000 as the mean of the daily weighted average yields of the transactions in each traded security. The weight is calculated as the share of the transaction in a given security in the aggregated value of transactions in the said security. Prior to April 2000, the redemption yield was not weighted and was computed as an average of daily prices of each security.

@ : GOI Securities issued with call and put options exercisable on or after 5 years from the date of issue.

— : Indicates that the relevant security was not available for trading.

.. : Indicates that trading in the relevant security was nil/negligible during the month.

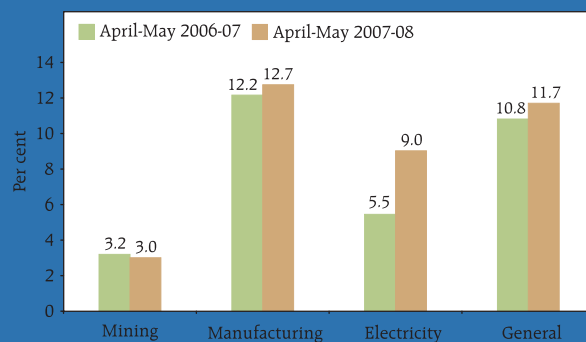
Production

No. 29: Group-wise Index Number of Industrial Production

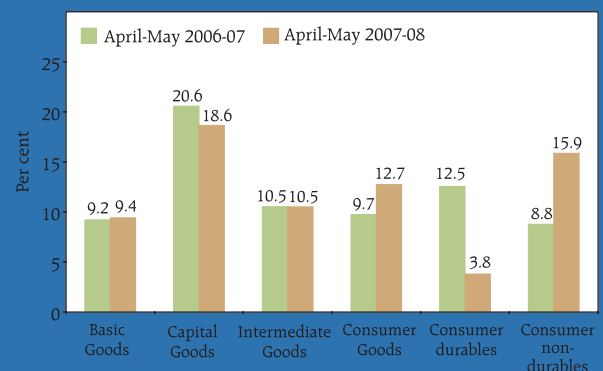
Industry Group	Industry	Weight	Annual			Cumulative		Monthly	
			2004-05	2005-06	2006-07 (P)	April-May		May	
						2006-07	2007-08	2006	2007
1	2	3	4	5	6	7	8	9	10
	General Index	100.00	204.8	221.5	247.0	231.6	258.7	237.9	264.2
I.	Sectoral Classification								
1	Mining and quarrying	10.47	153.4	154.9	163.1	159.6	164.4	162.0	168.0
2	Manufacturing	79.36	214.6	234.2	263.5	244.9	276.1	252.0	281.9
3	Electricity	10.17	181.5	190.9	204.7	202.2	220.4	206.3	225.6
II.	Use-Based Classification								
1	Basic Goods	35.57	177.9	189.8	209.3	199.4	218.1	202.8	223.4
2	Capital Goods	9.26	229.6	265.8	314.3	262.3	311.2	273.5	336.2
3	Intermediate Goods	26.51	211.1	216.4	242.3	234.1	258.7	242.9	264.9
4	Consumer Goods	28.66	224.4	251.4	276.9	259.7	292.8	265.7	291.7
4(a)	Consumer Durables	5.36	303.5	349.9	381.8	358.3	371.9	382.8	392.6
4(b)	Consumer Non-Durables	23.30	206.2	228.8	252.7	237.0	274.6	238.7	268.5

Source : Central Statistical Organisation, Government of India.

Sectoral Growth of Industrial Production



Growth in IIP: Use-based Classification

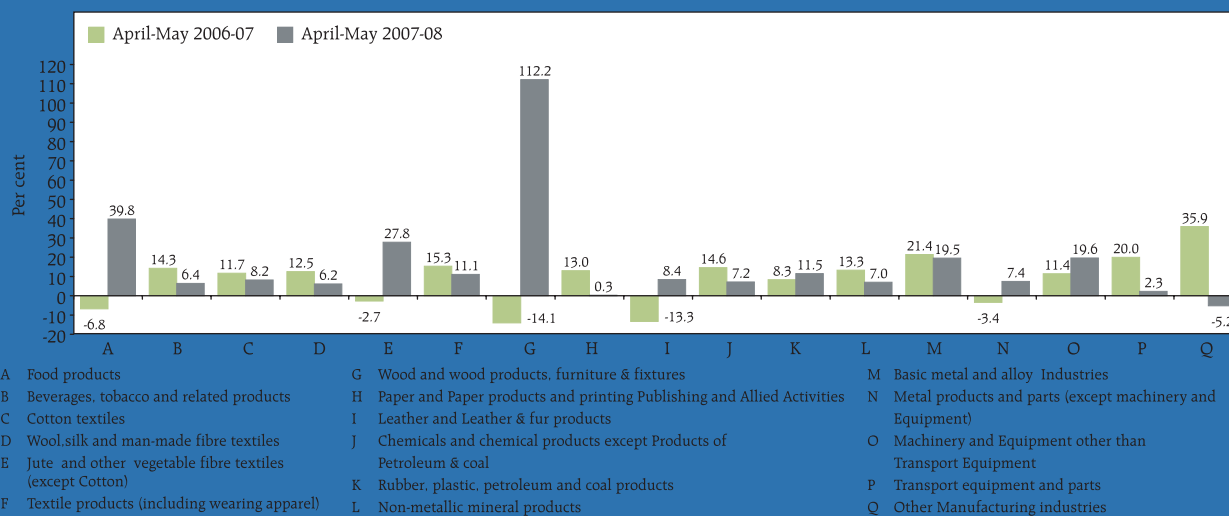


No. 30: IIP – Seventeen Major Industry Groups of Manufacturing Sector
(Base : 1993-94 = 100)

Industry Group	Industry	Weight	Annual			Cumulative		Monthly	
			2004-05	2005-06	2006-07 (P)	April-May		May	
			7	8	9	2006-07	2007	2006	2007
1	2	3	4	5	6	7	8	9	10
	Manufacturing Index	79.36	214.6	234.2	263.5	244.9	276.1	252.0	281.9
20-21	Food products	9.08	167.3	170.6	185.4	141.1	197.3	134.5	167.8
22	Beverages, tobacco and related products	2.38	345.9	400.3	445.7	443.1	471.5	451.5	480.7
23	Cotton textiles	5.52	126.3	137.0	157.3	150.5	162.8	155.7	166.5
24	Wool, silk and man-made fibre textiles	2.26	249.0	248.9	269.1	260.1	276.1	266.6	295.6
25	Jute and other vegetable fibre textiles (except cotton)	0.59	107.2	107.7	90.7	93.9	120.0	83.5	117.2
26	Textile products (including wearing apparel)	2.54	219.6	255.5	285.0	282.2	313.5	289.3	317.9
27	Wood and wood products, furniture and fixtures	2.70	74.8	70.5	91.0	66.6	141.3	65.6	152.7
28	Paper and paper products and printing, publishing and allied industries	2.65	230.7	228.6	247.7	244.9	245.6	248.3	248.4
29	Leather and leather & fur products	1.14	156.9	149.3	149.9	138.4	150.0	156.4	165.3
30	Basic chemicals and chemical products (except products of petroleum and coal)	14.00	238.6	258.5	282.8	289.5	310.2	301.6	319.4
31	Rubber, plastic, petroleum and coal products	5.73	192.2	200.5	226.0	214.8	239.6	227.2	248.5
32	Non-metallic mineral products	4.40	244.3	271.1	306.0	296.4	317.2	298.9	318.9
33	Basic metal and alloy industries	7.45	196.1	227.0	278.9	247.5	295.8	248.7	301.2
34	Metal products and parts, except machinery and equipment	2.81	166.3	164.4	183.2	149.9	161.0	157.4	170.6
35-36	Machinery and equipment other than transport equipment	9.57	279.4	312.8	357.1	308.4	368.8	319.9	392.8
37	Transport equipment and parts	3.98	283.7	319.7	367.7	341.1	348.9	363.8	363.5
38	Other manufacturing industries	2.56	221.2	276.9	298.3	295.9	280.5	310.7	295.2

Source : Central Statistical Organisation, Government of India.

Growth Performance of Manufacturing Industries



Capital Market

No. 31: New Capital Issues by Non-Government Public Limited Companies

(Amount in Rs. crore)

Security & Type of Issue	2005-06 (April-March)		2006-07 (April-March)		2006 (April-May)		2007 (April-May)	
	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)	128 (118)	20,899.3 (18,793.0)	115 (110)	30,753.0 (20,612.8)	19 (18)	10,390.0 (2,227.0)	10 (10)	1,153.0 (1,047.7)
a) Prospectus	92 (89)	16,801.4 (15,354.5)	82 (82)	28,172.0 (18,519.5)	13 (13)	10,291.0 (2,163.5)	9 (9)	995.0 (892.9)
b) Rights	36 (29)	4,097.9 (3,438.5)	33 (28)	2,581.0 (2,093.3)	6 (5)	99.0 (63.5)	1 (1)	158.0 (154.8)
2) Preference Shares (a+ b)	1	10.0	—	—	—	—	—	—
a) Prospectus	1	10.0	—	—	—	—	—	—
b) Rights	—	—	—	—	—	—	—	—
3) Debentures (a+ b)	2	245.1	3	847.0	—	—	—	—
a) Prospectus	1	127.0	—	—	—	—	—	—
b) Rights	1	118.1	3	847.0	—	—	—	—
<i>of which:</i>								
I) Convertible (a+ b)	—	—	—	—	—	—	—	—
a) Prospectus	—	—	—	—	—	—	—	—
b) Rights	—	—	—	—	—	—	—	—
II) Non-Convertible (a+ b)	2	245.1	3	847.0	—	—	—	—
a) Prospectus	1	127.0	—	—	—	—	—	—
b) Rights	1	118.1	3	847.0	—	—	—	—
4) Bonds (a+ b)	—	—	—	—	—	—	—	—
a) Prospectus	—	—	—	—	—	—	—	—
b) Rights	—	—	—	—	—	—	—	—
5) Total (1+ 2+ 3+ 4)	131	21,154.4	118	31,600.0	19	10,390.0	10	1,153.0
a) Prospectus	94	16,938.4	82	28,172.0	13	10,291.0	9	995.0
b) Rights	37	4,216.0	36	3,428.0	6	99.0	1	158.0

Note : Figures in brackets indicate data in respect of premium on capital issues which are included in the 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.

Also see 'Notes on Tables'.

No. 32: 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 : November 3, 1995 = 1000)		
	Average	High	Low	Average	High	Low	Average	High	Low
1	2	3	4	5	6	7	8	9	10
2002-03	3206.29	3512.55	2834.41	1597.82	1752.97	1413.64	1037.23	1146.50	922.70
2003-04	4492.19	6194.11	2924.03	2315.70	3297.19	1452.40	1427.50	1982.15	924.30
2004-05	5740.99	6915.09	4505.16	3076.35	3732.81	2381.53	1805.26	2168.95	1388.75
2005-06	8280.08	11307.04	6134.86	4393.54	5904.17	3310.14	2513.44	3418.95	1902.50
2006-07	12277.33	14652.09	8929.44	6242.73	7413.22	4535.00	3572.44	4224.25	2632.80
June 2006	9934.75	10609.25	8929.44	5064.83	5383.53	4535.00	2914.91	3128.20	2632.80
July 2006	10557.15	10930.09	10007.34	5333.57	5525.49	5046.52	3092.11	3197.10	2932.75
August 2006	11305.04	11723.92	10751.66	5732.14	5959.87	5418.86	3305.58	3430.35	3147.80
September 2006	12035.69	12454.42	11550.69	6119.42	6328.33	5882.52	3492.13	3588.40	3366.15
October 2006	12637.25	13024.26	12204.01	6432.94	6628.20	6223.29	3649.43	3769.10	3515.35
November 2006	13415.79	13773.59	13033.04	6812.65	6983.42	6639.14	3868.61	3968.90	3767.05
December 2006	13628.30	13972.03	12995.02	6883.73	7066.55	6542.39	3910.18	4015.95	3716.90
January 2007	13984.00	14282.72	13362.16	7091.62	7249.98	6779.00	4037.06	4147.70	3850.30
February 2007	14142.70	14652.09	12938.09	7124.77	7413.22	6527.12	4083.74	4224.25	3745.30
March 2007	12857.74	13308.03	12415.04	6465.26	6686.15	6223.12	3731.13	3875.90	3576.50
April 2007	13477.79	14228.88	12455.37	6800.70	7171.33	6287.69	3947.28	4177.85	3633.60
May 2007	14156.47	14544.46	13765.46	7244.49	7468.70	7015.37	4184.39	4295.80	4066.80
June 2007	14334.30	14650.51	14003.03	7392.34	7605.37	7188.38	4222.17	4318.30	4113.05

* : NSE - 50, i.e., Nifty has been rechristened as ' S & P CNX Nifty with effect from July 28, 1998.

Sources : 1. Bombay Stock Exchange Ltd.
2. National Stock Exchange of India Ltd.

No. 33: Volume in Corporate Debt Traded at NSE*

(Rs. crore)

Week / Month / Year (April-March)	Volume
1	2
2003-04	7,816.38
2004-05	17,521.27
2005-06	10,619.36
2006-07	6,639.78
2006-07	
April 2006	298.82
May 2006	994.09
June 2006	377.56
July 2006	311.61
August 2006	596.69
September 2006	371.20
October 2006	222.22
November 2006	493.40
December 2006	389.42
January 2007	718.14
February 2007	796.76
March 2007	1,069.87
2007-08	
April 2007	550.52
May 2007	716.98
June 2007	769.88
Week ended	
May 4, 2007	89.90
May 11, 2007	334.27
May 18, 2007	26.29
May 25, 2007	235.46
June 1, 2007	74.65
June 8, 2007	267.60
June 15, 2007	138.83
June 22, 2007	165.98
June 29, 2007	193.65

* : Excluding trade in commercial papers.

Source : National Stock Exchange of India Ltd.

No. 34: Assistance Sanctioned and Disbursed by All - India Financial Institutions

(Rs. crore)

1	April-September		April-March	
	2003-04	2004-05	2002-03	2003-04
	2	3	4	5
Sanctions				
All-India Development Banks	9,831.9	12,860.0	22,318.1	23,444.3
1. IDBI	2,860.2	6,314.4	5,898.2	5,630.8
2. IFCI	132.1	—	2,005.8	1,451.9
3. SIDBI	2,607.9	2,991.8	10,903.7	8,223.7
4. IIBI	1,392.8	0.9	1,206.4	2,411.9
5. IDFC	2,838.9	3,552.9	2,304.0	5,726.0
Investment Institutions	13,025.1	7,805.5	5,666.5	29,479.2
6. LIC	12,291.1	7,135.3	4,341.5	27,748.0
7. GIC	324.3	93.0	369.3	674.0
8. National Ins. Co. Ltd.	115.6	87.3	200.0	373.0
9. New India Ass. Co Ltd.	84.1	179.3	138.0	199.1
10. Oriental Ins. Co. Ltd.	93.3	28.2	123.9	134.8
11. United India Ins. Co. Ltd.	116.7	282.4	493.8	350.3
Total	22,857.0	20,665.5	27,984.6	52,923.5
Disbursements				
All India Development Banks	5,750.2	5,027.1	17,225.2	14,056.6
1. IDBI	1,637.2	2,085.1	6,614.9	4,409.1
2. IFCI	176.3	43.8	1,779.9	279.0
3. SIDBI	1,742.2	1,358.3	6,789.5	4,412.7
4. IIBI	1,216.5	7.6	1,091.9	2,251.8
5. IDFC	978.0	1,532.3	949.0	2,704.0
Investment Institutions	4,615.6	5,421.3	7,487.6	17,400.2
6. LIC	3,829.2	4,871.0	6,205.7	15,781.6
7. GIC	328.4	108.0	328.4	657.7
8. National Ins. Co. Ltd.	118.4	17.3	177.6	224.4
9. New India Ass. Co Ltd.	85.6	115.2	78.0	195.6
10. Oriental Ins.Co. Ltd.	135.0	27.4	241.5	187.1
11. United India Ins. Co. Ltd.	119.0	282.4	456.4	353.8
Total	10,365.8	10,448.4	24,712.8	31,456.8

Note : Data are provisional. Monthly data are not adjusted for inter-institutional flows.

Source : Industrial Development Bank of India.

Prices

No. 35: Bullion Prices (Spot) – Mumbai

As on the last Friday / Friday (1)	Standard Gold (Rs. per 10 grams)		Silver (Rs. per kilogram)	
	Opening	Closing	Opening	Closing
1	2	3	4	5
1990-91	3,470	3,440	6,668	6,663
1998-99	4,270	4,250	7,675	7,670
1999-00	4,400	4,380	7,900	7,900
2000-01	4,230	4,225	7,270	7,270
April 1999	4,440	4,430	8,185	8,215
May 1999	4,250	4,250	7,780	7,755
June 1999	4,120	4,120	7,965	7,940
July 1999	4,060	4,060	8,225	8,250
August 1999	4,040	4,050	8,005	8,040
September 1999	4,150	4,150	8,125	8,125
October 1999	4,650	4,640	8,205	8,190
November 1999	4,660	4,665	8,125	8,130
December 1999	4,530	4,530	8,260	8,225
January 2000	4,525	4,540	8,230	8,245
February 2000	4,700	4,700	8,185	8,130
March 2000	4,400	4,380	7,900	7,900
April 2000	4,370	4,370	7,850	7,870
May 2000	4,350	4,345	7,790	7,830
June 2000	4,580	4,570	7,985	7,980
July 2000	4,500	4,480	7,975	7,970
August 2000	4,515	4,520	7,990	7,990
September 2000	4,540	4,535	8,125	8,125
October 2000	4,530	4,530	7,975	7,970
November 2000	4,485	4,480	7,815	7,815
December 2000	4,560	4,550	7,715	7,720
January 2001	4,430	4,430	7,850	7,830
February 2001	4,325	4,325	7,420	7,440
March 2001	4,230	4,225	7,270	7,270
April 2001	4,305	4,320	7,410	7,435
May 2001	4,540	4,560	7,620	7,640
Week Ended				
June 1, 2001	4,350	4,350	7,495	7,500
June 8, 2001	4,360	4,350	7,400	7,400
June 15, 2001	4,445	4,430	7,515	7,490

Note : Information on bullion prices for the period subsequent to June 15, 2001 is not reported in this Table as the Bombay Bullion Association Ltd. has discontinued the release of these data.

Source : Bombay Bullion Association Ltd.

Also see 'Notes on Tables'.

No.36: Consumer Price Index Numbers for Industrial Workers – All-India and Selected Centres

(Base : 1982 = 100 upto December 2005 and 2001 = 100 for data from January 2006 onwards)

Centre	New Linking Factor (1)	1990-91	2005-06@	2006-07	2006	2007					
					Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.
1	2	3	4	5	6	7	8	9	10	11	12
All India (2)	4.63	193	540	125	127	127	128	127	128	129	130
Ahmedabad	4.62	196	522	123	124	126	126	127	127	127	127
Alwaye(Ernakulam)	4.52	176	545	127	128	127	129	127	127	128	132
Asansol	4.37	189	515	128	130	131	132	133	136	135	136
Bangalore	4.51	183	538	128	132	133	134	132	133	134	135
Bhavnagar	4.76	198	540	122	123	123	125	125	126	127	127
Bhopal	4.83	196	566	130	132	132	132	132	132	133	134
Chandigarh	5.26	189	620	127	128	130	130	129	130	130	130
Chennai	4.95	189	567	119	121	122	122	121	122	123	125
Coimbatore	4.49	178	508	121	122	123	126	125	125	126	127
Delhi	5.6	201	652	124	125	124	125	125	128	128	128
Faridabad	4.79	187	550	124	125	126	126	127	127	128	127
Guwahati	4.8	195	541	117	118	118	119	118	119	118	118
Howrah	5.42	212	627	124	125	124	125	126	127	127	128
Hyderabad	4.79	182	536	118	120	121	121	120	121	122	123
Jaipur	4.25	190	498	130	131	131	131	132	132	132	134
Jamshedpur	4.23	187	514	128	130	129	130	129	130	130	130
Kolkata	5.12	203	593	123	125	125	126	128	130	130	130
Ludhiana	4.12	193	508	131	132	134	133	132	133	134	136
Madurai	4.51	192	512	117	120	119	118	119	118	121	122
Monghyr-Jamalpur	4.3	189	516	128	131	128	128	130	130	128	130
Mumbai	5.18	201	608	128	130	131	131	130	132	132	134
Mundakayam	4.37	184	516	126	126	127	129	127	128	130	131
Nagpur	4.68	201	556	134	135	137	138	136	136	137	138
Pondicherry	4.88	204	582	125	126	128	128	127	127	128	131
Rourkela	4.03	179	478	127	129	130	129	130	131	135	135
Saharanpur(Kanpur)	4.50 *	195	510	127	128	129	130	129	130	130	131
Solapur	4.73	197	540	127	129	133	133	130	137	137	137
Srinagar	5.62	184	634	120	122	122	123	125	125	124	126

@ Represents average for Nine Months (April-December 2005).

* Data for Saharanpur has been replaced by data for Kanpur from January 2006 onwards.

Note : New series of Consumer Price Index for Industrial Workers with base 2001 = 100 was released in January 2006 by Labour Bureau, Shimla. Linking Factors between old and new series as published by the Labour Bureau are reproduced in column 2.

For (1) and (2) See 'Notes on Tables'.

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

No. 37: Consumer Price Index Numbers for Urban Non-manual Employees – All-India and Selected Centres

(Base : 1984 - 85 = 100)

Centre	1990-91	2005-06	2006-07	2006		2007					
				Jun.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.
1	2	3	4	5	6	7	8	9	10	11	12
All India (1)	161	456	486	477	493	496	497	498	501	503	506
Mumbai	154	450	478	468	488	489	489	490	491	493	496
Delhi	156	472	499	494	499	504	506	508	510	511	513
Kolkata	164	416	439	433	443	444	444	449	455	461	464
Chennai	168	543	569	557	572	586	588	585	590	595	599
Hyderabad	164	488	526	511	537	542	545	541	545	551	556
Bangalore	161	480	513	503	519	525	528	527	527	529	532
Lucknow	158	438	465	462	464	467	469	471	473	476	481
Ahmedabad	153	400	426	416	432	432	435	435	436	437	440
Jaipur	165	443	477	466	483	483	485	491	495	494	493
Patna	167	418	451	437	464	463	465	466	464	461	463
Srinagar	150	449	475	460	484	485	488	496	497	497	502
Thiruvananthapuram	152	479	507	502	513	518	515	512	516	517	527
Cuttack	154	447	479	464	487	489	489	492	495	497	501
Bhopal	166	417	458	453	461	459	460	461	462	465	468
Chandigarh	176	605	637	626	645	649	649	649	651	651	651
Shillong	179	466	499	489	504	514	518	528	539	544	552
Shimla	163	462	490	479	494	499	502	506	508	510	508
Jammu	161	453	480	473	484	489	492	492	500	498	499
Amritsar	152	381	402	392	406	408	411	412	412	413	414
Kozhikode (Calicut)	150	430	447	447	453	454	452	452	453	453	455
Kanpur	165	418	450	439	457	453	459	462	466	469	476
Indore	170	452	485	478	494	491	492	490	491	493	492
Pune	162	471	509	501	520	521	520	517	531	533	538
Jabalpur	164	404	437	430	441	451	455	452	452	453	457
Jodhpur	168	435	465	454	471	471	472	476	478	476	474

See 'Notes on Tables'.

Source : Central Statistical Organisation, Government of India.

No. 38: 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)	2005-06	2006-07	2006		2007				
					Jun.	Jan.	Feb.	Mar.	Apr.	May	Jun.
1	2	3	4	5	6	7	8	9	10	11	12
All India	830	5.89	358	388	370	391	392	392	394	395	399
Andhra Pradesh	657	4.84	371	401	381	404	407	405	406	408	415
Assam	854	(3)	362	388	373	385	388	395	391	395	400
Bihar	858	6.22	347	384	360	387	388	394	391	385	385
Gujarat	742	5.34	369	403	380	403	405	408	412	413	415
Haryana		(5)	376	403	385	403	404	406	410	413	421
Himachal Pradesh		(5)	343	367	354	370	373	370	373	372	367
Jammu & Kashmir	843	5.98	359	392	370	393	395	399	400	402	403
Karnataka	807	5.81	341	367	350	370	373	373	377	383	388
Kerala	939	6.56	356	374	368	378	379	376	376	380	385
Madhya Pradesh	862	6.04	352	388	371	390	391	390	391	392	397
Maharashtra	801	5.85	368	402	382	406	407	405	407	411	415
Manipur		(5)	328	337	333	333	332	334	343	348	353
Meghalaya		(5)	382	410	395	411	413	412	415	418	422
Orissa	830	6.05	334	365	339	367	365	366	372	370	376
Punjab	930	(4)	380	417	395	421	423	421	426	423	429
Rajasthan	885	6.15	377	413	390	416	422	423	426	424	422
Tamil Nadu	784	5.67	355	371	365	375	378	375	379	382	386
Tripura		(5)	351	383	371	377	380	386	387	389	395
Uttar Pradesh	960	6.60	371	408	386	413	412	415	417	416	418
West Bengal	842	5.73	342	365	351	364	362	365	366	370	371

See 'Notes on Tables'.

No. 38: 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)	2005-06	2006-07	2006		2007					
				Jun.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.
1	2	3	4	5	6	7	8	9	10	11	12
All India	240	360	389	372	391	391	393	393	395	396	400
Andhra Pradesh	244	371	401	382	403	403	407	404	406	408	415
Assam	243	364	390	375	389	388	390	397	394	399	403
Bihar	223	348	384	361	388	387	388	394	391	386	385
Gujarat	241	371	403	381	404	403	406	409	412	413	416
Haryana	237	378	404	387	405	404	405	408	410	413	420
Himachal Pradesh	221	350	377	362	379	377	380	380	384	383	380
Jammu & Kashmir	225	359	393	371	396	396	397	400	402	403	403
Karnataka	250	341	367	350	366	370	372	373	377	383	388
Kerala	260	359	378	372	380	381	382	379	380	384	388
Madhya Pradesh	239	358	392	376	395	394	395	394	395	396	400
Maharashtra	247	368	400	382	401	404	404	403	405	409	412
Manipur	245	328	338	334	335	334	332	335	344	349	354
Meghalaya	250	379	408	392	408	408	411	410	413	416	420
Orissa	236	335	366	340	367	367	366	367	372	371	376
Punjab	247	384	419	398	422	422	424	422	427	425	430
Rajasthan	239	375	412	389	411	415	420	422	425	422	421
Tamil Nadu	244	355	370	364	371	374	377	374	377	380	384
Tripura	219	344	373	362	370	367	370	374	376	378	384
Uttar Pradesh	231	372	409	387	412	413	412	415	417	417	418
West Bengal	232	346	368	354	371	367	365	368	369	373	376

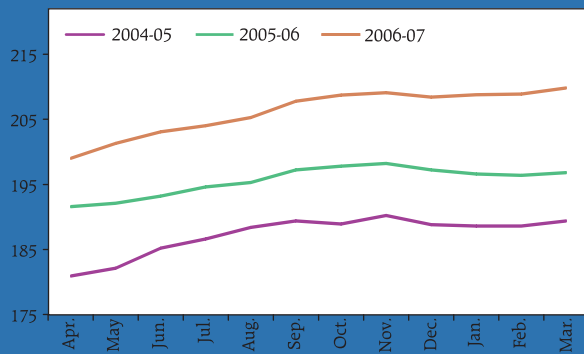
Source: Labour Bureau, Ministry of Labour, Government of India.

No. 39: Index Numbers of Wholesale Prices in India – by Groups and Sub-Groups (Averages)

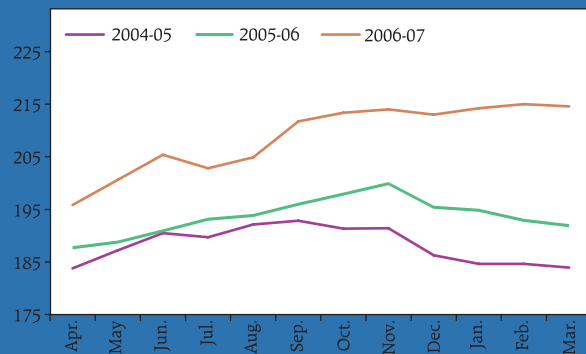
(Base : 1993-94 = 100)

Average of months/ Average of weeks ended Saturday	Weight	1994-95	2005-06	2006-07	2006			2007			
		April-March			Apr.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
1	2	3	4	5	6	7	8	9	10	11	12
ALL COMMODITIES	100.000	112.6	195.6	206.1	199.0	209.1	208.4	208.8	208.9	209.8	211.5
I. Primary Articles	22.025	115.8	193.6	208.6	195.8	214.0	213.0	214.2	215.0	214.6	219.2
(A) Food Articles	15.402	112.8	195.3	210.3	198.1	217.4	215.0	215.2	214.9	214.0	218.3
a. Foodgrains (Cereals+ Pulses)	5.009	114.7	186.9	205.9	194.5	212.4	214.1	213.6	213.8	211.1	211.0
a1. Cereals	4.406	113.6	185.8	199.3	189.1	204.4	206.7	207.0	207.3	205.8	205.2
a2. Pulses	0.603	122.2	194.6	253.8	234.3	271.5	268.1	261.0	261.3	250.4	252.5
b. Fruits & Vegetables	2.917	108.0	219.3	227.9	209.0	246.0	232.6	228.7	221.0	222.3	238.3
b1. Vegetables	1.459	110.4	191.6	197.9	172.0	216.4	191.4	183.1	168.3	178.0	214.6
b2. Fruits	1.458	105.7	247.0	258.0	246.2	275.7	273.7	274.3	273.8	266.6	262.1
c. Milk	4.367	110.3	184.3	195.8	187.0	198.3	196.1	197.9	200.5	201.2	203.0
d. Eggs,meat & fish	2.208	116.1	217.2	226.9	219.7	225.7	227.5	233.2	236.2	236.6	240.8
e. Condiments & spices	0.662	126.2	176.9	227.9	197.0	246.2	245.1	246.7	245.1	232.5	235.1
f. Other food articles	0.239	111.6	129.9	154.3	148.5	161.9	161.9	152.1	149.8	149.0	149.0
(B) Non-Food Articles	6.138	124.2	179.1	188.2	176.3	188.4	191.6	195.6	199.0	200.0	204.8
a. Fibres	1.523	150.0	149.7	155.9	151.0	157.7	154.4	151.4	155.0	160.8	173.3
b. Oil seeds	2.666	118.5	167.1	175.7	156.2	176.2	185.1	194.5	199.6	199.7	203.8
c. Other non-food articles	1.949	112.0	218.5	230.6	223.5	229.2	229.6	231.7	232.6	231.0	231.0
(C) Minerals	0.485	104.9	322.8	413.2	371.5	428.5	420.0	417.6	418.8	420.0	428.6
a. Metallic minerals	0.297	103.8	453.1	598.7	531.8	623.8	609.4	604.9	606.2	608.1	622.0
b. Other minerals	0.188	106.7	117.0	120.4	118.3	120.0	120.9	121.9	122.7	123.0	123.2
II. Fuel, Power, Light & Lubricants	14.226	108.9	306.8	324.9	317.0	326.7	322.3	322.1	319.8	319.8	320.4
a. Coal mining	1.753	105.1	231.6	231.6	231.6	231.6	231.6	231.6	231.6	231.6	231.6
b. Minerals oils	6.990	106.1	359.8	388.1	378.2	389.2	381.2	381.8	378.6	379.1	380.3
c. Electricity	5.484	113.6	263.4	271.7	266.3	277.5	276.4	274.7	273.0	272.4	272.4

Monthly Movement of the Index of WPI-All Commodities



Monthly Movement in the Index of WPI - Primary Articles

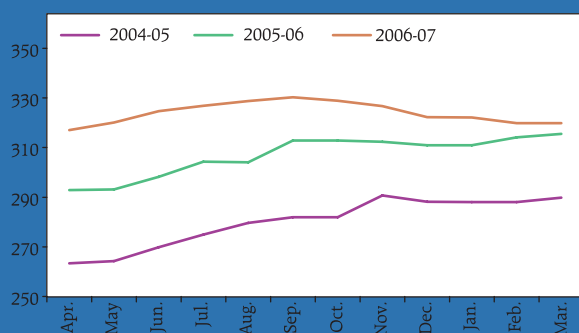


No. 39: Index Numbers of Wholesale Prices in India – by Groups and Sub-Groups (Averages) (Contd.)

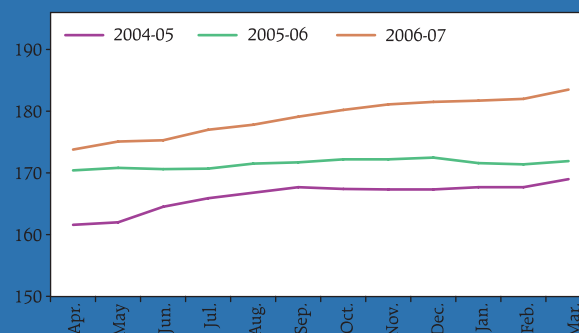
(Base : 1993-94 = 100)

Average of months/ Average of weeks ended Saturday	Weight	1994-95	2005-06	2006-07	2006			2007			
		April-March			Apr.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
1	2	3	4	5	6	7	8	9	10	11	12
III. Manufactured Products	63.749	112.3	171.5	179.0	173.8	181.1	181.5	181.7	182.0	183.5	184.6
(A) Food Products	11.538	114.1	176.9	182.5	176.5	186.9	186.3	185.1	184.6	185.2	185.8
a. Dairy products	0.687	117.0	206.5	217.3	211.9	220.5	219.3	219.2	219.8	219.9	220.3
b. Canning, preserving & processing of fish	0.047	100.0	273.1	283.7	283.1	283.1	283.1	283.1	283.1	289.5	293.8
c. Grain mill products	1.033	103.7	187.8	219.6	195.5	239.8	238.4	236.5	237.3	230.9	222.6
d. Bakery products	0.441	107.7	175.8	184.3	177.9	186.4	186.4	186.4	186.4	192.2	192.2
e. Sugar, khandsari & gur	3.929	119.1	178.8	179.8	186.3	179.9	176.6	170.4	167.4	164.3	163.1
f. Manufacture of common salts	0.021	104.8	235.1	223.0	240.9	211.1	218.6	218.6	219.3	220.0	219.0
g. Cocoa, chocolate, sugar & confectionery	0.087	118.3	177.2	183.1	181.6	183.0	183.0	183.0	183.0	188.1	188.1
h. Edible oils	2.775	110.9	146.1	154.6	143.8	157.3	160.8	163.8	164.6	163.6	165.4
i. Oil cakes	1.416	121.6	189.8	196.6	181.2	201.7	201.1	204.3	207.6	224.3	235.8
j. Tea & coffee processing	0.967	104.4	197.3	178.9	167.8	191.7	190.7	190.7	187.4	188.6	187.8
k. Other food products n.e.c.	0.154	111.6	190.1	198.1	190.6	198.7	198.7	198.7	198.7	201.4	210.4
(B) Beverages, Tobacco & Tobacco Products	1.339	118.3	226.8	243.5	234.9	248.0	250.4	205.4	250.4	256.3	258.5
a. Wine Industries	0.269	150.2	246.1	288.7	265.4	306.9	306.9	306.9	306.9	306.9	306.9
b. Malt liquor	0.043	109.1	195.9	204.1	196.1	202.7	202.7	202.7	202.7	202.7	203.0
c. Soft drinks & carbonated water	0.053	109.1	164.8	176.3	171.0	170.9	186.7	186.7	186.7	186.7	186.7
d. Manufacture of bidi, cigarettes, tobacco & zarda	0.975	110.4	226.2	236.4	231.6	237.8	240.3	240.3	240.3	248.4	251.5

Monthly Movement of the Index of the WPI-Fuel, Power, Light & Lubricants



Monthly Movement in the Index of WPI-Manufactured Products



No. 39: Index Numbers of Wholesale Prices in India – by Groups and Sub-Groups (Averages) (Contd.)

(Base : 1993-94 = 100)

Average of months/ Average of weeks ended Saturday	Weight	1994-95	2005-06	2006-07	2006			2007			
		April-March			Apr.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
1	2	3	4	5	6	7	8	9	10	11	12
(C) Textiles	9.800	118.2	129.5	132.3	131.4	133.3	132.1	133.0	133.1	133.2	132.7
a. Cotton textiles	4.215	132.7	154.3	159.1	160.4	158.8	158.5	160.4	160.1	159.9	159.2
a1. Cotton yarn	3.312	136.2	150.0	156.4	158.0	155.8	155.5	157.9	157.6	157.3	156.4
a2. Cotton cloth (Mills)	0.903	119.9	170.2	169.4	169.3	169.4	169.4	169.4	169.4	169.4	169.4
b. Man made textiles	4.719	105.9	94.7	96.2	93.0	98.3	96.2	95.8	95.7	96.1	96.6
b1. Man made fibre	4.406	105.6	91.6	93.4	89.9	95.6	93.3	92.9	92.8	93.2	93.8
b2. Man made cloth	0.313	109.9	138.6	136.2	135.9	136.3	136.3	136.3	136.3	136.3	136.2
c. Woolen textiles	0.190	132.6	181.4	174.1	185.8	170.3	170.3	170.3	170.3	170.3	170.3
d. Jute, hemp & mesta textiles	0.376	110.3	206.4	217.3	214.9	220.7	219.3	227.2	240.4	239.4	229.0
e. Other misc. textiles	0.300	109.0	199.6	189.8	190.1	192.3	192.1	190.7	184.9	184.9	184.7
(D) Wood & Wood Products	0.173	110.9	194.6	206.4	207.9	201.5	212.4	209.4	217.3	215.6	215.9
(E) Paper & Paper Products	2.044	106.1	178.4	190.7	186.0	192.1	192.2	192.9	192.8	192.6	192.5
a. Paper & pulp	1.229	108.7	157.5	170.2	163.5	172.0	172.2	173.7	173.3	172.9	173.0
b. Manufacture of boards	0.237	110.9	135.3	165.6	165.4	166.9	166.9	163.8	163.8	163.4	162.8
c. Printing & publishing of newspapers, periodicals etc.	0.578	98.5	240.6	244.6	242.3	245.2	245.2	245.8	246.3	246.3	246.3
(F) Leather & Leather Products	1.019	109.7	166.8	159.4	156.0	159.3	163.0	165.5	165.5	164.9	164.7
(G) Rubber & Plastic Products	2.388	106.4	139.1	148.2	141.5	152.5	151.8	151.4	151.4	152.8	155.0
a. Tyres & tubes	1.286	104.1	131.1	141.5	134.5	144.4	143.9	143.9	143.9	146.3	150.2
a1. Tyres	1.144	103.4	122.5	130.4	124.0	132.1	132.1	132.1	132.1	133.2	136.8
a2. Tubes	0.142	110.0	201.0	231.4	219.2	243.7	239.4	239.4	239.4	251.9	258.0
b. Plastic products	0.937	106.8	139.1	146.7	138.8	153.1	152.9	152.5	152.4	152.7	153.0
c. Other rubber & plastic products	0.165	121.0	201.5	209.8	212.4	212.4	207.2	203.8	203.8	203.8	203.8
(H) Chemicals & Chemical Products	11.931	116.6	188.3	193.9	192.0	193.7	193.8	194.0	194.7	198.4	200.1
a. Basic heavy inorganic chemicals	1.446	112.2	174.4	171.0	171.9	170.6	170.0	169.8	167.3	166.3	167.5
b. Basic heavy organic chemicals	0.455	118.7	164.2	180.2	157.1	184.6	182.0	190.2	184.6	182.3	182.7
c. Fertilisers & pesticides	4.164	117.7	171.6	171.6	172.4	171.5	171.2	171.3	171.4	171.3	173.0
c1. Fertilisers	3.689	115.8	174.9	177.2	175.2	178.4	178.1	178.1	178.2	178.1	180.0
c2. Pesticides	0.475	132.5	145.9	127.9	150.9	117.9	117.9	118.1	118.2	118.2	118.2
d. Paints, varnishes & lacquers	0.496	101.3	124.0	128.1	127.5	128.5	128.4	128.3	128.3	129.7	134.5
e. Dyestuffs & indigo	0.175	108.4	110.8	105.8	109.4	105.2	105.2	105.2	105.2	105.2	105.2
f. Drugs & medicines	2.532	129.4	278.1	293.1	290.6	291.1	291.0	290.5	294.9	308.8	310.5
g. Perfumes, cosmetics, toiletries etc.	0.978	118.0	204.9	223.6	220.8	222.2	225.6	225.6	225.6	235.4	238.4
h. Turpentine, synthetic resins, plastic materials etc.	0.746	107.6	131.8	133.4	128.2	135.1	137.2	137.3	137.7	138.6	138.4
i. Matches, explosives & other chemicals n.e.c.	0.940	98.3	128.8	136.0	131.0	137.7	137.8	136.7	138.9	141.1	142.6

No. 39: Index Numbers of Wholesale Prices in India – by Groups and Sub-Groups (Averages) (Concl'd.)

(Base : 1993-94 = 100)

Average of months/ Average of weeks ended Saturday	Weight	1994-95	2005-06	2006-07	2006			2007			
		April-March			Apr.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
1	2	3	4	5	6	7	8	9	10	11	12
(I) Non-Metallic Mineral Products	2.516	110.9	170.0	191.8	186.7	192.5	193.5	193.5	194.9	201.9	203.1
a. Structural clay products	0.230	100.0	189.7	195.2	191.0	195.8	196.0	197.3	196.8	197.1	203.5
b. Glass, earthenware, chinaware & their products	0.237	113.3	159.4	160.7	156.6	156.6	168.6	168.6	168.6	168.6	168.6
c. Cement	1.731	112.4	166.7	197.3	191.2	198.8	198.6	198.4	200.5	210.7	211.6
d. Cement, slate & graphite products	0.319	108.8	181.6	182.9	181.9	182.3	182.3	182.3	182.3	182.3	182.3
(J) Basic Metals Alloys & Metals Products	8.342	108.4	218.7	233.3	218.4	238.6	240.4	241.5	241.0	241.9	244.6
a. Basic Metals & Alloys	6.206	107.0	232.4	236.3	226.6	240.5	240.7	241.3	241.6	242.8	245.9
a1. Iron & Steel	3.637	106.0	250.7	254.4	243.7	259.4	259.4	260.0	260.4	261.9	266.7
a2. Foundries for Casting, Forging & Structural	0.896	106.7	231.8	228.5	217.8	232.4	235.8	236.0	236.0	236.5	238.3
a3. Pipes, Wires Drawing & Others	1.589	109.5	193.1	204.1	196.9	206.7	205.7	206.3	206.6	207.4	207.5
a4. Ferro Alloys	0.085	104.5	186.2	148.5	144.2	150.7	150.7	150.7	150.7	150.7	154.1
b. Non-Ferrous Metals	1.466	115.9	194.7	258.3	216.7	270.3	279.6	282.4	278.3	278.8	280.7
b1. Aluminium	0.853	114.7	210.9	253.6	221.6	252.2	262.2	269.5	269.5	269.5	269.5
b2. Other Non-Ferrous Metals	0.613	117.7	172.2	264.8	209.8	295.4	303.8	300.2	290.6	291.7	296.3
c. Metal Products	0.669	105.0	144.1	149.8	145.3	151.6	151.8	153.8	153.8	153.8	153.8
(K) Machinery & Machine Tools	8.363	106.0	147.5	155.6	150.3	156.7	158.4	159.6	161.1	161.9	163.0
a. Non-electrical machinery & parts	3.379	108.6	188.3	194.8	190.3	196.1	196.1	196.5	197.0	196.6	197.5
a1. Heavy machinery & parts	1.822	111.0	199.2	201.8	198.2	203.0	202.8	204.0	204.8	203.7	204.5
a2. Industrial machinery for textiles, etc.	0.568	108.5	245.6	255.2	254.3	255.2	255.2	255.2	255.2	256.5	259.9
a3. Refrigeration & other non-electrical machinery	0.989	104.3	135.2	147.3	139.0	149.5	149.7	149.1	149.1	149.1	148.9
b. Electrical machinery	4.985	104.2	119.6	129.0	123.1	130.0	132.9	134.6	136.8	138.4	139.6
b1. Electrical industrial machinery	1.811	105.2	142.4	150.4	146.4	152.3	152.4	153.0	153.5	153.8	156.0
b2. Wires & cables	1.076	109.0	145.7	179.0	160.8	181.3	194.5	199.4	207.9	215.1	216.3
b3. Dry & wet batteries	0.275	105.8	130.5	148.5	132.4	149.1	149.1	155.3	159.7	159.8	159.9
b4. Electrical apparatus & appliances	1.823	100.1	80.0	75.3	76.3	74.6	74.7	74.8	74.8	74.7	75.1
(L) Transport Equipment & Parts	4.295	107.4	159.9	162.4	160.2	163.3	162.9	163.0	163.1	163.5	163.6
a. Locomotives, railway wagons & parts	0.318	105.3	124.8	125.2	126.2	126.2	122.2	122.2	122.2	122.2	122.2
b. Motor vehicles, motorcycles, scooters, bicycles & parts	3.977	107.6	162.7	165.4	162.9	166.2	166.1	166.3	166.4	166.8	166.9

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

No. 40: Index Numbers of Wholesale Prices in India – by Groups and Sub-groups
(Month-end/Year-end)

(Base : 1993-94 = 100)

Last Week of month / year ended Saturday	Weight	1994-95	2005-06	2006-07	2006	2007					
		April-March			Jun.	Jan.	Feb.	Mar.	Apr.	May (P)	Jun. (P)
1	2	3	4	5	6	7	8	9	10	11	12
ALL COMMODITIES	100.000	117.1	195.8	206.6	203.6	209.0	209.0	210.4	211.6	211.7	212.5
I. Primary Articles	22.025	120.8	194.0	209.6	206.0	215.2	214.9	215.9	219.3	220.5	221.6
(A) Food Articles	15.402	114.9	195.7	211.1	209.2	216.0	214.6	214.2	218.4	220.5	221.0
a. Foodgrains (Cereals+ Pulses)	5.009	118.9	187.8	206.5	198.7	213.6	213.4	211.3	210.4	210.5	210.4
a1. Cereals	4.406	118.2	186.4	199.8	192.7	206.8	207.4	205.6	204.9	205.2	205.2
a2. Pulses	0.603	123.9	197.5	255.2	242.7	263.2	257.1	253.2	250.3	248.9	248.4
b. Fruits & Vegetables	2.917	103.1	218.6	228.6	231.5	228.4	222.2	221.5	238.5	244.9	248.3
b1. Vegetables	1.459	95.0	191.8	199.1	223.5	184.1	168.5	180.0	213.4	224.2	234.4
b2. Fruits	1.458	111.2	245.5	258.2	239.5	272.8	276.0	263.3	263.6	265.6	262.2
c. Milk	4.367	111.3	184.4	196.5	198.8	199.5	200.8	202.7	204.0	206.1	206.1
d. Eggs,meat & fish	2.208	122.1	218.1	227.6	227.9	234.9	235.4	236.3	241.8	245.1	243.2
e. Condiments & spices	0.662	131.6	177.6	230.0	215.6	249.5	236.4	229.7	232.5	227.4	230.2
f. Other food articles	0.239	127.4	130.4	154.8	158.2	151.5	148.8	149.0	149.0	149.0	149.0
(B) Non-Food Articles	6.138	136.9	179.1	189.6	182.1	197.0	199.6	203.9	202.9	204.6	204.7
a. Fibres	1.523	168.7	149.5	157.0	151.7	152.0	156.0	171.4	166.9	169.8	166.6
b. Oil seeds	2.666	127.8	167.0	178.0	163.4	197.4	200.6	201.9	204.4	204.6	210.6
c. Other non-food articles	1.949	124.4	218.8	231.0	231.3	231.7	232.2	232.2	229.1	231.8	226.3
(C) Minerals	0.485	104.2	329.5	416.9	407.1	418.4	419.8	420.3	453.5	420.3	453.5
a. Metallic minerals	0.297	102.5	464.0	604.7	588.8	605.6	608.1	608.1	663.7	608.1	663.7
b. Other minerals	0.188	107.0	117.1	120.4	120.0	122.8	122.5	123.8	121.5	123.7	121.5
II. Fuel, Power, Light & Lubricants	14.226	109.1	307.4	324.0	326.4	321.8	318.9	320.1	320.4	322.0	322.1
a. Coal mining	1.753	106.2	231.6	231.6	231.6	231.6	231.6	231.6	231.6	231.6	231.6
b. Minerals oils	6.990	106.2	361.0	388.3	397.3	381.3	376.8	379.7	380.4	383.4	383.5
c. Electricity	5.484	113.6	263.4	271.6	266.3	247.7	273.0	272.4	272.4	272.7	272.7
III. Manufactured Products	63.749	117.6	171.5	179.3	175.3	181.7	182.4	184.0	184.6	184.1	184.9
(A) Food Products	11.538	113.2	176.9	182.9	179.5	185.1	1834.0	186.1	185.3	183.0	183.8
a. Dairy products	0.687	129.0	206.7	217.7	214.9	219.3	220.0	219.8	220.8	220.8	224.5
b. Canning, preserving & processing of fish	0.047	100.0	273.4	284.0	283.1	283.1	283.1	293.8	293.8	293.8	293.8

See 'Notes on Tables'.

No. 40: Index Numbers of Wholesale Prices in India – by Groups and Sub-groups (Month-end/Year-end) (Contd.)

(Base : 1993-94 = 100)

Last Week of month / year ended Saturday	Weight	1994-95	2005-06	2006-07	2006	2007					
		April-March			Jun.	Jan.	Feb.	Mar.	Apr.	May (P)	Jun. (P)
1	2	3	4	5	6	7	8	9	10	11	12
c. Grain mill products	1.033	109.0	188.0	219.6	195.0	236.5	237.3	228.0	222.6	219.2	218.8
d. Bakery products	0.441	111.0	175.6	184.8	181.0	186.4	186.4	192.2	192.2	192.2	192.2
e. Sugar, khandsari & gur	3.929	109.5	179.0	179.2	187.1	169.3	165.5	163.9	162.1	158.2	155.6
f. Manufacture of common salts	0.021	114.1	236.9	222.8	240.6	218.6	219.3	220.0	220.0	218.0	218.0
g. Cocoa, chocolate, sugar & confectionery	0.087	124.1	177.5	183.1	181.6	183.0	183.0	188.1	188.1	188.1	188.1
h. Edible oils	2.775	118.4	145.9	155.1	146.5	164.2	163.7	163.5	166.0	165.7	169.0
i. Oil cakes	1.416	118.3	189.8	199.8	194.0	206.6	211.8	235.8	233.1	226.3	232.1
j. Tea & coffee processing	0.967	99.5	197.7	179.6	169.4	190.7	177.5	187.8	187.8	187.8	187.8
k. Other food products n.e.c.	0.154	117.3	190.1	198.4	199.4	198.7	198.0	201.4	201.4	214.7	214.7
(B) Beverages, Tobacco & Tobacco Products	1.339	124.3	227.2	243.9	235.3	250.4	250.4	256.3	259.3	259.2	260.9
a. Wine Industries	0.269	163.5	247.5	289.8	265.4	306.9	306.9	306.9	306.9	306.9	306.9
b. Malt liquor	0.043	125.5	195.8	204.0	208.9	202.7	202.7	202.7	203.7	202.7	203.7
c. Soft drinks & carbonated water	0.053	109.1	164.8	176.2	171.0	186.7	186.7	186.7	186.7	186.7	186.7
d. Manufacture of bidi, cigarettes, tobacco & zarda	0.975	114.2	226.4	236.6	231.6	240.3	240.3	248.4	252.6	252.5	254.8
(C) Textiles	9.800	128.1	129.6	132.3	129.1	132.9	133.0	133.5	132.5	132.1	131.8
a. Cotton textiles	4.215	148.3	154.5	159.1	156.1	160.4	160.0	159.9	159.9	160.1	159.3
a1. Cotton yarn	3.312	152.1	150.2	156.3	152.5	157.9	157.5	157.3	157.3	157.5	156.5
a2. Cotton cloth (Mills)	0.903	134.4	169.6	169.4	169.4	169.4	169.4	169.4	169.4	169.8	169.8
b. Man made textiles	4.719	110.9	94.6	96.2	93.3	95.7	95.5	96.1	96.2	96.1	96.9
b1. Man made fibre	4.406	110.6	91.5	93.3	90.2	92.8	92.6	93.2	93.3	93.3	94.1
b2. Man made cloth	0.313	114.7	138.4	136.2	136.3	136.3	136.3	136.2	136.3	136.2	136.2
c. Woolen textiles	0.190	139.9	181.1	173.4	181.3	170.3	170.3	170.3	170.3	170.3	170.3
d. Jute, hemp & mesta textiles	0.376	120.5	207.0	218.4	199.7	231.3	240.5	247.1	220.0	207.6	200.9
e. Other misc. textiles	0.300	117.9	199.5	189.3	190.2	185.4	184.9	184.8	184.8	184.7	184.7
(D) Wood & Wood Products	0.173	113.3	196.3	205.9	201.5	203.7	217.3	215.9	215.9	215.9	215.9
(E) Paper & Paper Products	2.044	117.0	178.5	190.9	188.6	192.9	192.8	192.5	192.9	193.0	192.8
a. Paper & pulp	1.229	122.9	157.6	170.4	167.6	173.4	173.3	172.8	173.3	173.6	173.1
b. Manufacture of board	0.237	113.0	135.4	165.6	165.4	163.8	163.8	163.2	164.3	163.2	164.3
c. Printing & publishing of newspapers, periodicals etc.	0.578	106.2	240.7	244.7	242.6	246.3	246.3	246.3	246.3	246.3	246.3

No. 40: Index Numbers of Wholesale Prices in India – by Groups and Sub-groups
(Month-end/Year-end) (Contd.)

(Base : 1993-94 = 100)

Last Week of month / year ended Saturday	Weight	1994-95	2005-06	2006-07	2006	2007					
		April-March			Jun.	Jan.	Feb.	Mar.	Apr.	May (P)	Jun. (P)
1	2	3	4	5	6	7	8	9	10	11	12
(F) Leather & Leather Products	1.019	117.8	166.5	159.7	156.0	165.5	165.5	164.7	164.7	164.7	167.1
(G) Rubber & Plastic Products	2.388	117.0	139.2	148.8	144.7	151.4	151.4	154.9	155.0	155.0	154.9
a. Tyres & tubes	1.286	119.6	131.3	142.3	139.9	143.9	143.9	150.0	150.2	150.2	150.2
a1. Tyres	1.144	120.3	122.6	131.0	130.1	132.1	132.1	136.6	136.8	136.8	136.8
a2. Tubes	0.142	114.1	201.7	233.6	219.2	239.4	239.4	258.0	258.0	258.0	258.0
b. Plastic products	0.937	108.8	139.1	147.0	139.4	152.4	152.4	153.0	153.0	153.0	153.0
c. Other rubber & plastic products	0.165	143.9	201.5	209.5	212.4	203.8	203.8	203.8	203.8	203.8	202.8
(H) Chemicals & Chemical Products	11.931	121.6	188.7	194.1	193.3	194.0	194.7	199.0	200.3	199.8	202.1
a. Basic heavy inorganic chemicals	1.446	125.6	174.5	170.8	176.1	199.9	167.3	166.3	168.7	166.3	169.6
b. Basic heavy organic chemicals	0.455	131.4	164.9	180.1	171.3	190.5	184.6	179.1	181.4	180.8	183.8
c. Fertilisers & pesticides	4.164	123.0	171.7	171.5	172.4	171.3	171.3	171.3	173.0	173.2	172.6
c1. Fertilisers	3.689	121.8	174.9	177.3	175.2	178.1	178.2	178.1	180.0	180.2	179.6
c2. Pesticides	0.475	132.5	146.4	126.2	150.9	118.2	118.2	118.2	118.2	118.6	118.6
d. Paints, varnishes & lacquers	0.496	101.4	124.3	128.3	127.7	128.3	128.3	131.8	137.1	131.6	136.9
e. Dyestuffs & indigo	0.175	115.0	110.9	105.6	105.2	105.2	105.2	105.2	105.2	105.2	105.2
f. Drugs & medicines	2.532	132.9	279.0	294.1	290.8	290.5	307.6	310.5	310.5	310.0	316.0
g. Perfumes, cosmetics, toiletries, etc.	0.978	119.0	206.0	224.0	221.1	225.6	225.6	237.9	238.4	237.9	238.4
h. Turpentine, synthetic resins, plastic materials etc.	0.746	111.9	132.0	132.9	130.4	137.0	137.7	137.5	138.1	140.5	148.4
i. Matches, explosives & other chemicals n.e.c.	0.940	96.3	128.9	136.1	132.7	136.7	139.3	142.3	142.6	142.6	142.6
(I) Non-Metallic Mineral Products	2.516	122.4	170.5	192.0	190.0	193.4	195.5	201.7	203.7	204.3	205.7
a. Structural clay products	0.230	101.4	189.8	195.3	194.3	197.3	196.2	197.3	210.8	210.8	211.7
b. Glass, earthenware, chinaware & their products	0.237	126.3	159.2	160.6	156.6	168.6	168.6	168.6	168.6	168.6	168.6
c. Cement	1.731	126.9	167.4	197.6	194.5	198.3	201.5	210.4	211.5	212.4	214.3
d. Cement, slate & graphite products	0.319	110.3	181.6	183.0	187.0	182.3	182.3	182.3	182.3	182.3	182.3

No. 40: Index Numbers of Wholesale Prices in India – by Groups and Sub-groups (Month-end/Year-end) (Concl'd.)

(Base : 1993-94 = 100)

Last Week of month / year ended Saturday	Weight	1994-95	2005-06	2006-07	2006	2007					
		April-March			Jun.	Jan.	Feb.	Mar.	Apr.	May (P)	Jun. (P)
1	2	3	4	5	6	7	8	9	10	11	12
(J) Basic Metals Alloys & Metals Products	8.342	115.6	218.1	233.8	222.2	241.4	241.1	242.3	244.9	245.2	244.5
a. Basic metals & alloys	6.206	112.7	231.4	236.8	227.5	241.3	241.7	243.4	246.2	247.6	246.9
a1. Iron & steel	3.637	112.6	249.6	255.0	243.7	260.1	260.6	262.9	267.1	268.6	267.7
a2. Foundries for casting, forging & structurals	0.896	113.5	230.5	228.6	217.3	236.0	236.0	236.9	238.3	238.3	238.3
a3. Pipes, wires drawing & others	1.589	112.9	192.9	204.3	200.7	206.0	206.7	207.4	207.7	209.7	209.0
a4. Ferro alloys	0.085	102.9	184.5	148.5	144.2	150.7	150.7	150.7	154.1	154.1	154.1
b. Non-ferrous metals	1.466	130.8	195.8	259.5	233.9	281.8	278.3	277.8	281.2	276.5	275.8
b1. Aluminium	0.853	132.4	211.8	254.3	248.5	269.5	269.5	269.5	269.4	260.6	260.6
b2. Other non-ferrous metals	0.613	128.6	173.5	266.7	213.7	298.9	290.6	289.4	297.6	298.6	296.9
c. Metal Products	0.669	108.7	144.4	150.0	147.4	153.8	153.8	153.8	153.8	153.8	153.8
(K) Machinery & Machine Tools	8.363	109.0	147.4	155.9	151.9	159.9	161.4	162.3	163.1	163.5	165.4
a. Non-electrical machinery & parts	3.379	111.1	188.2	195.1	193.9	196.9	197.0	196.9	197.7	197.7	197.1
a1. Heavy machinery & parts	1.822	114.8	198.8	202.0	200.3	204.7	204.9	204.2	204.6	204.6	203.5
a2. Industrial machinery for textiles, etc.	0.568	108.4	246.1	255.3	254.9	255.2	255.2	257.5	259.9	259.9	259.9
a3. Refrigeration & other non-electrical machinery	0.989	106.0	135.2	147.6	147.2	149.1	149.1	148.7	149.3	149.3	149.3
b. Electrical machinery	4.985	107.5	119.8	129.4	123.5	134.9	137.3	138.9	139.7	140.4	143.9
b1. Electrical industrial machinery	1.811	108.8	142.8	150.5	146.7	153.2	153.6	154.1	156.0	154.6	158.8
b2. Wires & cables	1.076	119.0	146.4	180.8	160.2	199.4	210.1	216.9	216.8	221.8	230.0
b3. Dry & wet batteries	0.275	109.7	130.4	148.9	140.2	159.7	159.7	159.9	159.9	161.6	161.6
b4. Electrical apparatus & appliances & parts	1.823	99.2	79.7	75.3	76.3	74.8	74.8	74.7	74.9	75.1	75.7
(L) Transport Equipment & Parts	4.295	110.6	160.0	162.5	161.1	163.0	163.1	163.4	163.4	163.6	164.2
a. Locomotives, railway wagons & parts	0.318	105.4	125.1	125.0	126.2	122.2	122.2	122.2	122.2	122.2	122.2
b. Motor vehicles, motorcycles, scooters, bicycles & parts	3.977	111.0	162.7	165.5	163.9	166.3	166.4	166.7	167.1	166.9	167.6

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

Trade and Balance of Payments

No. 41: 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
2002-03	2,55,137	2,97,206	-42,069	52,719	61,412	-8,693	39,785	46,345	-6,560
2003-04	2,93,367	3,59,108	-65,741	63,843	78,149	-14,307	44,663	54,672	-10,009
2004-05	3,75,340	5,01,065	-1,25,725	83,536	111,517	-27,981	56,081	74,866	-18,785
2005-06	4,56,418	6,60,409	-2,03,991	103,091	149,166	-46,075	70,774	102,405	-31,631
2006-07	5,71,642	8,62,302	-2,90,660	126,331	190,566	-64,235	84,998	128,216	-43,218
2005-06 R									
April	33,595	49,586	-15,991	7,680	11,336	-3,656	5,086	7,507	-2,421
May	34,689	57,545	-22,856	7,977	13,232	-5,255	5,325	8,834	-3,508
June	34,402	51,440	-17,039	7,893	11,803	-3,909	5,379	8,043	-2,664
July	32,619	50,107	-17,488	7,492	11,509	-4,017	5,167	7,938	-2,770
August	37,392	55,665	-18,273	8,571	12,760	-4,189	5,844	8,700	-2,856
September	37,138	56,632	-19,494	8,457	12,896	-4,439	5,768	8,795	-3,027
October	38,643	53,256	-14,612	8,622	11,883	-3,260	5,964	8,219	-2,255
November	33,348	51,789	-18,441	7,293	11,326	-4,033	5,111	7,937	-2,826
December	42,151	56,547	-14,396	9,235	12,390	-3,154	6,453	8,657	-2,204
January	40,822	57,245	-16,424	9,195	12,894	-3,699	6,356	8,913	-2,557
February	40,193	56,924	-16,731	9,067	12,841	-3,774	6,316	8,945	-2,629
March	51,426	63,672	-12,246	11,561	14,314	-2,753	8,036	9,950	-1,914
2006-07 R									
April	38,627	56,342	-17,715	8,594	12,535	-3,941	5,917	8,630	-2,713
May	45,616	64,963	-19,347	10,046	14,307	-4,261	6,745	9,606	-2,861
June	47,922	64,683	-16,761	10,405	14,044	-3,639	7,040	9,502	-2,462
July	49,047	67,558	-18,511	10,558	14,542	-3,985	7,145	9,841	-2,697
August	49,649	68,658	-19,009	10,669	14,753	-4,085	7,173	9,920	-2,746
September	49,486	77,611	-28,125	10,730	16,829	-6,098	7,242	11,358	-4,116
October	44,589	76,048	-31,459	9,807	16,726	-6,919	6,655	11,350	-4,695
November	44,111	71,203	-27,092	9,835	15,876	-6,040	6,605	10,662	-4,057
December	46,468	69,546	-23,079	10,411	15,581	-5,171	6,904	10,333	-3,429
January	47,544	68,405	-20,861	10,725	15,430	-4,706	7,171	10,318	-3,146
February	45,340	63,423	-18,083	10,268	14,363	-4,095	6,857	9,592	-2,735
March	55,400	72,128	-16,727	12,584	16,383	-3,799	8,349	10,870	-2,521
2007-08 P									
April	44,572	74,330	-29,758	10,575	17,635	-7,060	6,948	11,586	-4,639
May	48,372	73,724	-25,352	11,861	18,078	-6,217	7,816	11,913	-4,096

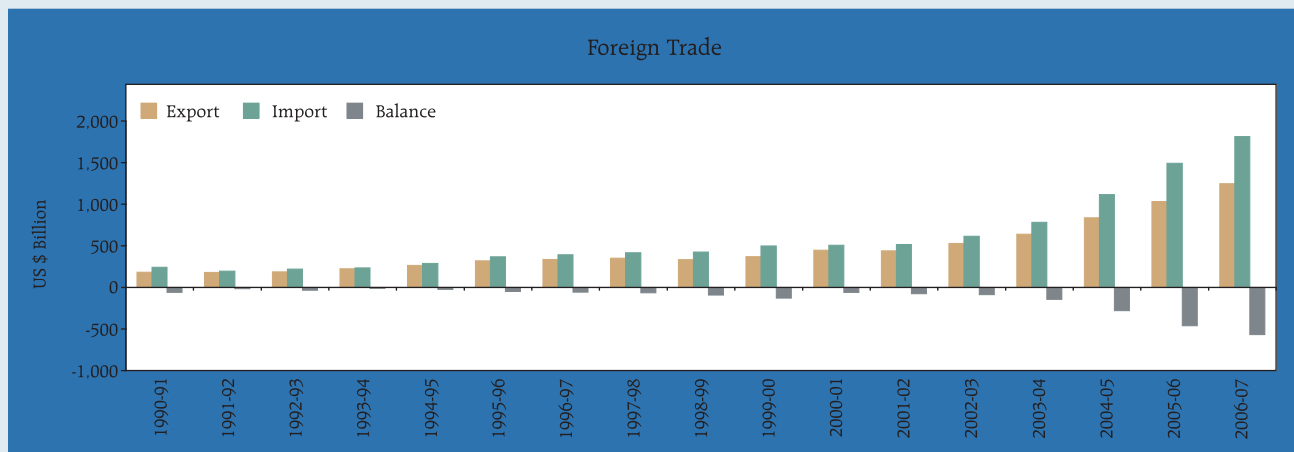
R : Revised.

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

Notes : 1. Data conversion has been done using period average exchange rates.

2. Monthly data may not add up to the annual data on account of revision in monthly figures.

Also see 'Notes on Tables'.



No. 42: India's Overall Balance of Payments

(Rs. crore)

Items	2006-07 PR			2005-06 R		
	Credit	Debit	Net	Credit	Debit	Net
1	2	3	4	5	6	7
A. CURRENT ACCOUNT						
I. Merchandise	574917	868675	-293758	465705	695131	-229426
II. Invisibles (a+ b+ c)	537769	288334	249435	409200	220496	188704
a) Services	367111	219307	147804	272220	166601	105619
i) Travel	42477	32726	9751	34871	28673	6198
ii) Transportation	36481	40029	-3548	27874	34746	-6872
iii) Insurance	5425	2898	2527	4641	4572	69
iv) G.n.i.e.	1235	1888	-653	1374	2243	-869
v) Miscellaneous	281493	141766	139727	203460	96367	107093
<i>of which</i>						
Software Services	141356	11266	130090	104632	5954	98678
Business Services	105895	90960	14935	57124	46630	10494
Financial Services	14413	8234	6179	7551	5799	1752
Communication Services	9332	3252	6080	9695	3610	6085
b) Transfers	130159	6537	123622	111856	4183	107673
i) Official	2877	1890	987	2965	2152	813
ii) Private	127282	4647	122635	108891	2031	106860
c) Income	40499	62490	-21991	25124	49712	-24588
i) Investment Income	38707	58144	-19437	24344	46313	-21969
ii) Compensation of Employees	1792	4346	-2554	780	3399	-2619
Total Current Account (I+ II)	1112686	1157009	-44323	874905	915627	-40722
B. CAPITAL ACCOUNT						
1. Foreign Investment (a+ b)	586584	516501	70083	337301	260982	76319
a) Foreign Direct Investment (i+ ii)	92092	53899	38193	35213	14251	20962
i) In India	88119	394	87725	34240	273	33967
Equity	72471	394	72077	25822	273	25549
Reinvested Earnings	13284	-	13284	7420	-	7420
Other Capital	2364	-	2364	998	-	998
ii) Abroad	3973	53505	-49532	973	13978	-13005
Equity	3973	46232	-42259	973	9142	-8169
Reinvested Earnings	-	3331	-3331	-	1612	-1612
Other Capital	-	3942	-3942	-	3224	-3224
b) Portfolio Investment	494492	462602	31890	302088	246731	55357
In India	494093	462463	31630	302088	246731	55357
Abroad	399	139	260	-	-	-
2. Loans (a+ b+ c)	227511	132518	94993	166208	139650	26558
a) External Assistance	16805	8854	7951	16116	8611	7505
i) By India	73	163	-90	89	460	-371
ii) To India	16732	8691	8041	16027	8151	7876
b) Commercial Borrowings (MT & LT)	95675	23468	72207	64387	52925	11462
i) By India	2954	4384	-1430	-	1058	-1058
ii) To India	92721	19084	73637	64387	51867	12520
c) Short Term To India	115031	100196	14835	85705	78114	7591
3. Banking Capital (a+ b)	165495	156302	9193	95988	90193	5795
a) Commercial Banks	163657	155945	7712	91200	89569	1631
i) Assets	64972	78080	-13108	3369	17711	-14342
ii) Liabilities	98685	77865	20820	87831	71858	15973
<i>of which: Non-Resident Deposits</i>	87952	70311	17641	79190	66733	12457
b) Others	1838	357	1481	4788	624	4164
b) Rupee Debt Service	-	725	-725	-	2557	-2557
5. Other Capital	45708	17017	28691	28979	32125	-3146
Total Capital Account (1 to 5)	1025298	823063	202235	628476	525507	102969
C. ERRORS & OMISSIONS	5722	-	5722	3649	-	3649
D. OVERALL BALANCE (Total Capital Account, Current Account and Errors & Omissions (A+ B+ C))	2143706	1980072	163634	1507030	1441134	65896
E. MONETARY MOVEMENTS (i+ ii)	-	163634	-163634	-	65896	-65896
i) I.M.F.	-	-	-	-	-	-
ii) Foreign Exchange Reserves (Increase - / Decrease +)	-	163634	-163634	-	65896	-65896

P : Preliminary. PR : Partially Revised. R : Revised.
Also see 'Notes on Tables'.

No. 42: India's Overall Balance of Payments (Contd.)

(Rs. crore)

Items	Apr-Jun 2006 PR			Jul-Sep 2006 PR		
	Credit	Debit	Net	Credit	Debit	Net
1	8	9	10	11	12	13
A. CURRENT ACCOUNT						
I. Merchandise	134930	211985	-77055	151631	225184	-73553
II. Invisibles (a+ b+c)	112054	55764	56290	118694	67538	51156
a) Services	77328	41109	36219	82757	49055	33702
i) Travel	7766	6766	1000	8328	8472	-144
ii) Transportation	7885	9312	-1427	9320	9464	-144
iii) Insurance	1087	582	505	1447	696	751
iv) G.n.i.e.	259	368	-109	311	598	-287
v) Miscellaneous	60331	24081	36250	63351	29825	33526
<i>of which</i>						
Software Services	32007	1992	30015	33020	2054	30966
Business Services	20757	14432	6325	24229	18822	5407
Financial Services	2828	1441	1387	2008	1632	376
Communication Services	2019	491	1528	1938	849	1089
b) Transfers	27246	1364	25882	25981	1748	24233
i) Official	314	409	-95	561	519	42
ii) Private	26932	955	25977	25420	1229	24191
c) Income	7480	13291	-5811	9956	16735	-6779
i) Investment Income	7184	12400	-5216	9608	15636	-6028
ii) Compensation of Employees	296	891	-595	348	1099	-751
Total Current Account (I+ II)	246984	267749	-20765	270325	292722	-22397
B. CAPITAL ACCOUNT						
1. Foreign Investment (a+ b)	152041	147898	4143	100906	79678	21228
a) Foreign Direct Investment (i+ ii)	11886	5447	6439	17718	6468	11250
i) In India	11586	36	11550	16633	9	16624
Equity	8376	36	8340	12900	9	12891
Reinvested Earnings	3174	-	3174	3459	-	3459
Other Capital	36	-	36	274	-	274
ii) Abroad	300	5411	-5111	1085	6459	-5374
Equity	300	3533	-3233	1085	4836	-3751
Reinvested Earnings	-	837	-837	-	853	-853
Other Capital	-	1041	-1041	-	770	-770
b) Portfolio Investment	140155	142451	-2296	83188	73210	9978
In India	140055	142446	-2391	83137	73205	9932
Abroad	100	5	95	51	5	46
2. Loans (a+ b+ c)	48831	28710	20121	45435	29904	15531
a) External Assistance	2619	2396	223	3650	2087	1563
i) By India	18	41	-23	19	42	-23
ii) To India	2601	2355	246	3631	2045	1586
b) Commercial Borrowings (MT & LT)	22995	4993	18002	11037	4275	6762
i) By India	414	1014	-600	529	793	-264
ii) To India	22581	3979	18602	10508	3482	7026
c) Short Term To India	23217	21321	1896	30748	23542	7206
3. Banking Capital (a+ b)	44729	22040	22689	26209	34685	-8476
a) Commercial Banks	44402	22040	22362	26209	34481	-8272
i) Assets	23904	8535	15369	7271	16475	-9204
ii) Liabilities	20498	13505	6993	18938	18006	932
<i>of which: Non-Resident Deposits</i>	18980	13382	5598	18928	15233	3695
b) Others	327	-	327	-	204	-204
4. Rupee Debt Service	-	305	-305	-	-	-
5. Other Capital	8121	6734	1387	8323	5240	3083
Total Capital Account (1 to 5)	253722	205687	48035	180873	149507	31366
C. ERRORS & OMISSIONS	1736	-	1736	1557	-	1557
D. OVERALL BALANCE (Total Capital Account, Current Account and Errors & Omissions (A+ B+ C))	502442	473436	29006	452755	442229	10526
E. MONETARY MOVEMENTS (i+ ii)	-	29006	-29006	-	10526	-10526
i) I.M.F.	-	-	-	-	-	-
ii) Foreign Exchange Reserves (Increase - / Decrease +)	-	29006	-29006	-	10526	-10526

No. 42: India's Overall Balance of Payments (Concl'd.)

(Rs. crore)

Items	Oct-Dec 2006 PR			Jan.-Mar. 2007 P		
	Credit	Debit	Net	Credit	Debit	Net
1	14	15	16	17	18	19
A. CURRENT ACCOUNT						
I. Merchandise	137940	213807	-75867	150416	217699	-67283
II. Invisibles (a+b+c)	142412	79028	63384	164609	86004	78605
a) Services	95547	61957	33590	111479	67186	44293
i) Travel	13140	9577	3563	13243	7911	5332
ii) Transportation	9465	10612	-1147	9811	10641	-830
iii) Insurance	1318	904	414	1573	716	857
iv) G.n.i.e.	391	441	-50	274	481	-207
v) Miscellaneous	71233	40423	30810	86578	47437	39141
<i>of which</i>						
Software Services	34197	3320	30877	42132	3900	38232
Business Services	29357	23698	5659	31552	34008	-2456
Financial Services	2443	1336	1107	7134	3825	3309
Communication Services	2650	1165	1485	2725	747	1978
b) Transfers	36833	1547	35286	40099	1878	38221
i) Official	1291	436	855	711	526	185
ii) Private	35542	1111	34431	39388	1352	38036
c) Income	10032	15524	-5492	13031	16940	-3909
i) Investment Income	9573	14467	-4894	12342	15641	-3299
ii) Compensation of Employees	459	1057	-598	689	1299	-610
Total Current Account (I+II)	280352	292835	-12483	315025	303703	11322
B. CAPITAL ACCOUNT						
1. Foreign Investment (a+b)	169856	142295	27561	163781	146630	17151
a) Foreign Direct Investment (i+ii)	41030	29523	11507	21458	12461	8997
i) In India	40306	31	40275	19594	318	19276
Equity	36433	31	36402	14762	318	14444
Reinvested Earnings	3356	-	3356	3295	-	3295
Other Capital	517	-	517	1537	-	1537
ii) Abroad	724	29492	-28768	1864	12143	-10279
Equity	724	27072	-26348	1864	10791	-8927
Reinvested Earnings	-	828	-828	-	813	-813
Other Capital	-	1592	-1592	-	539	-539
b) Portfolio Investment	128826	112772	16054	142323	134169	8154
In India	128768	112745	16023	142133	134067	8066
Abroad	58	27	31	190	102	88
2. Loans (a+b+c)	56951	37558	19393	76294	36346	39948
a) External Assistance	4935	2087	2848	5601	2284	3317
i) By India	18	40	-22	18	40	-22
ii) To India	4917	2047	2870	5583	2244	3339
b) Commercial Borrowings (MT & LT)	24706	6739	17967	36937	7461	29476
i) By India	2011	1543	468	-	1034	-1034
ii) To India	22695	5196	17499	36937	6427	30510
c) Short Term To India	27310	28732	-1422	33756	26601	7155
3. Banking Capital (a+b)	31201	46226	-15025	63356	53351	10005
a) Commercial Banks	30229	46073	-15844	62817	53351	9466
i) Assets	2501	20378	-17877	31296	32692	-1396
ii) Liabilities	27728	25695	2033	31521	20659	10862
<i>of which: Non-Resident Deposits</i>	27450	21889	5561	22594	19807	2787
b) Others	972	153	819	539	-	539
b) Rupee Debt Service	-	9	-9	-	411	-411
5. Other Capital	18795	3563	15232	10469	1480	8989
Total Capital Account (1 to 5)	276803	229651	47152	313900	238218	75682
C. ERRORS & OMISSIONS	-	908	-908	3337	-	3337
D. OVERALL BALANCE (Total Capital Account, Current Account and Errors & Omissions (A+B+C))	557155	523394	33761	632262	541921	90341
E. MONETARY MOVEMENTS (i+ii)	-	33761	-33761	-	90341	-90341
i) I.M.F.	-	-	-	-	-	-
ii) Foreign Exchange Reserves (Increase - / Decrease +)	-	33761	-33761	-	90341	-90341

No. 43: India's Overall Balance of Payments

(US \$ million)

Items	2006-07 P			2005-06 PR		
	Credit	Debit	Net	Credit	Debit	Net
1	2	3	4	5	6	7
A. CURRENT ACCOUNT						
I. Merchandise	127090	191995	-64905	105152	156993	-51841
II. Invisibles (a+ b+c)	119163	63867	55296	92294	49639	42655
a) Services	81330	48603	32727	61404	37523	23881
i) Travel	9423	7235	2188	7853	6464	1389
ii) Transportation	8069	8857	-788	6291	7841	-1550
iii) Insurance	1200	641	559	1050	1028	22
iv) G.n.i.e.	273	417	-144	309	506	-197
v) Miscellaneous	62365	31453	30912	45901	21684	24217
<i>of which</i>						
Software Services	31300	2502	28798	23600	1338	22262
Business Services	23459	20200	3259	12858	10496	2362
Financial Services	3213	1832	1381	1704	1308	396
Communication Services	2068	719	1349	2182	808	1374
b) Transfers	28861	1446	27415	25228	944	24284
i) Official	638	418	220	668	486	182
ii) Private	28223	1028	27195	24560	458	24102
c) Income	8972	13818	-4846	5662	11172	-5510
i) Investment Income	8574	12856	-4282	5486	10407	-4921
ii) Compensation of Employees	398	962	-564	176	765	-589
Total Current Account (I+ II)	246253	255862	-9609	197446	206632	-9186
B. CAPITAL ACCOUNT						
1. Foreign Investment (a+ b)	130035	114536	15499	76061	58837	17224
a) Foreign Direct Investment (i+ ii)	20414	11977	8437	7941	3211	4730
i) In India	19531	89	19442	7722	61	7661
Equity	16065	89	15976	5820	61	5759
Reinvested Earnings	2936	-	2936	1676	-	1676
Other Capital	530	-	530	226	-	226
ii) Abroad	883	11888	-11005	219	3150	-2931
Equity	883	10281	-9398	219	2060	-1841
Reinvested Earnings	-	736	-736	-	364	-364
Other Capital	-	871	-871	-	726	-726
b) Portfolio Investment	109621	102559	7062	68120	55626	12494
In India	109532	102528	7004	68120	55626	12494
Abroad	89	31	58	-	-	-
2. Loans (a+ b+ c)	50469	29340	21129	37529	31416	6113
a) External Assistance	3728	1958	1770	3627	1945	1682
i) By India	16	36	-20	20	104	-84
ii) To India	3712	1922	1790	3607	1841	1766
b) Commercial Borrowings (MT & LT)	21291	5207	16084	14547	11824	2723
i) By India	652	971	-319	-	240	-240
ii) To India	20639	4236	16403	14547	11584	2963
c) Short Term To India	25450	22175	3275	19355	17647	1708
3. Banking Capital (a+ b)	36768	34681	2087	21658	20285	1373
a) Commercial Banks	36358	34603	1755	20586	20144	442
i) Assets	14466	17361	-2895	772	3947	-3175
ii) Liabilities	21892	17242	4650	19814	16197	3617
<i>of which: Non-Resident Deposits</i>	19473	15578	3895	17835	15046	2789
b) Others	410	78	332	1072	141	931
4. Rupee Debt Service	-	162	-162	-	572	-572
5. Other Capital	10129	3738	6391	6505	7243	-738
Total Capital Account (1 to 5)	227401	182457	44944	141753	118353	23400
C. ERRORS & OMISSIONS	1271	-	1271	838	-	838
D. OVERALL BALANCE (Total Capital Account, Current Account and Errors & Omissions (A+B+C))	474925	438319	36606	340037	324985	15052
E. MONETARY MOVEMENTS (i+ ii)	-	36606	-36606	-	15052	-15052
i) I.M.F.	-	-	-	-	-	-
ii) Foreign Exchange Reserves (Increase - / Decrease +)	-	36606	-36606	-	15052	-15052

P : Preliminary. PR : Partially Revised. R : Revised.
Also see 'Notes on Tables'.

No. 43: India's Overall Balance of Payments (Contd.)

(US \$ million)

Items	Apr-Jun 2006 PR			Jul-Sep 2006 PR		
	Credit	Debit	Net	Credit	Debit	Net
1	8	9	10	11	12	13
A. CURRENT ACCOUNT						
I. Merchandise	29674	46620	-16946	32700	48562	-15862
II. Invisibles (a+b+c)	24643	12264	12379	25597	14565	11032
a) Services	17006	9041	7965	17847	10579	7268
i) Travel	1708	1488	220	1796	1827	-31
ii) Transportation	1734	2048	-314	2010	2041	-31
iii) Insurance	239	128	111	312	150	162
iv) G.n.i.e.	57	81	-24	67	129	-62
v) Miscellaneous	13268	5296	7972	13662	6432	7230
<i>of which</i>						
Software Services	7039	438	6601	7121	443	6678
Business Services	4565	3174	1391	5225	4059	1166
Financial Services	622	317	305	433	352	81
Communication Services	444	108	336	418	183	235
b) Transfers	5992	300	5692	5603	377	5226
i) Official	69	90	-21	121	112	9
ii) Private	5923	210	5713	5482	265	5217
c) Income	1645	2923	-1278	2147	3609	-1462
i) Investment Income	1580	2727	-1147	2072	3372	-1300
ii) Compensation of Employees	65	196	-131	75	237	-162
Total Current Account (I+II)	54317	58884	-4567	58297	63127	-4830
B. CAPITAL ACCOUNT						
1. Foreign Investment (a+b)	33437	32526	911	21761	17183	4578
a) Foreign Direct Investment (i+ii)	2614	1198	1416	3821	1395	2426
i) In India	2548	8	2540	3587	2	3585
Equity	1842	8	1834	2782	2	2780
Reinvested Earnings	698	-	698	746	-	746
Other Capital	8	-	8	59	-	59
ii) Abroad	66	1190	-1124	234	1393	-1159
Equity	66	777	-711	234	1043	-809
Reinvested Earnings	-	184	-184	-	184	-184
Other Capital	-	229	-229	-	166	-166
b) Portfolio Investment	30823	31328	-505	17940	15788	2152
In India	30801	31327	-526	17929	15787	2142
Abroad	22	1	21	11	1	10
2. Loans (a+b+c)	10739	6314	4425	9798	6449	3349
a) External Assistance	576	527	49	787	450	337
i) By India	4	9	-5	4	9	-5
ii) To India	572	518	54	783	441	342
b) Commercial Borrowings (MT & LT)	5057	1098	3959	2380	922	1458
i) By India	91	223	-132	114	171	-57
ii) To India	4966	875	4091	2266	751	1515
c) Short Term To India	5106	4689	417	6631	5077	1554
3. Banking Capital (a+b)	9837	4847	4990	5652	7480	-1828
a) Commercial Banks	9765	4847	4918	5652	7436	-1784
i) Assets	5257	1877	3380	1568	3553	-1985
ii) Liabilities	4508	2970	1538	4084	3883	201
<i>of which: Non-Resident Deposits</i>	4174	2943	1231	4082	3285	797
b) Others	72	-	72	-	44	-44
b) Rupee Debt Service	-	67	-67	-	-	-
5. Other Capital	1786	1481	305	1795	1130	665
Total Capital Account (1 to 5)	55799	45235	10564	39006	32242	6764
C. ERRORS & OMISSIONS	382	-	382	336	-	336
D. OVERALL BALANCE (Total Capital Account, Current Account and Errors & Omissions (A+B+C))	110498	104119	6379	97639	95369	2270
E. MONETARY MOVEMENTS (i+ii)	-	6379	-6379	-	2270	-2270
i) I.M.F.	-	-	-	-	-	-
ii) Foreign Exchange Reserves (Increase - / Decrease +)	-	6379	-6379	-	2270	-2270

No. 43: India's Overall Balance of Payments (Concl'd.)

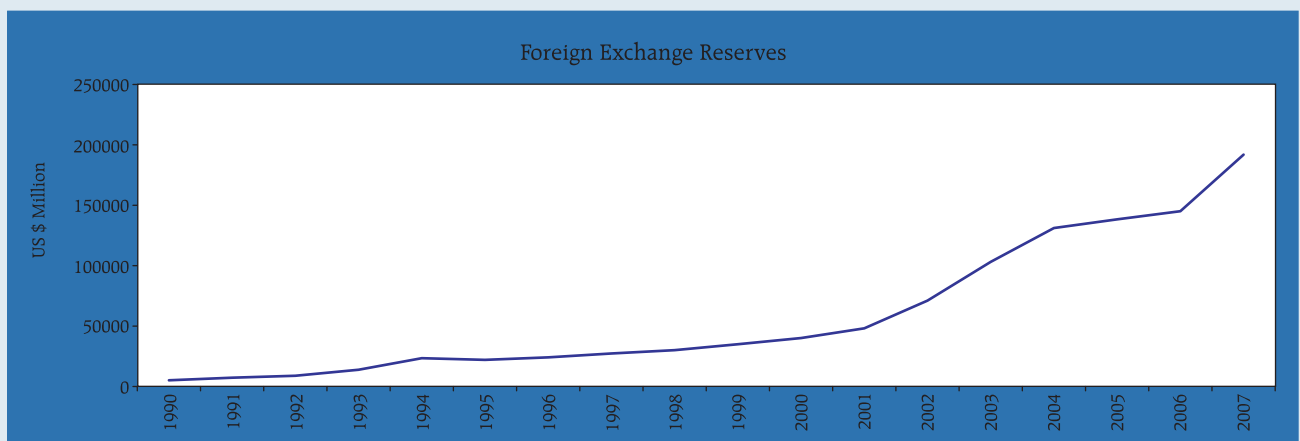
(US \$ million)

Items	Oct-Dec 2006 PR			Jan-Mar 2007 P		
	Credit	Debit	Net	Credit	Debit	Net
1	14	15	16	17	18	19
A. CURRENT ACCOUNT						
I. Merchandise	30664	47529	-16865	34052	49284	-15232
II. Invisibles (a+ b+ c)	31658	17568	14090	37265	19470	17795
a) Services	21240	13773	7467	25237	15210	10027
i) Travel	2921	2129	792	2998	1791	1207
ii) Transportation	2104	2359	-255	2221	2409	-188
iii) Insurance	293	201	92	356	162	194
iv) G.n.i.e.	87	98	-11	62	109	-47
v) Miscellaneous	15835	8986	6849	19600	10739	8861
<i>of which</i>						
Software Services	7602	738	6864	9538	883	8655
Business Services	6526	5268	1258	7143	7699	-556
Financial Services	543	297	246	1615	866	749
Communication Services	589	259	330	617	169	448
b) Transfers	8188	344	7844	9078	425	8653
i) Official	287	97	190	161	119	42
ii) Private	7901	247	7654	8917	306	8611
c) Income	2230	3451	-1221	2950	3835	-885
i) Investment Income	2128	3216	-1088	2794	3541	-747
ii) Compensation of Employees	102	235	-133	156	294	-138
Total Current Account (I+ II)	62322	65097	-2775	71317	68754	2563
B. CAPITAL ACCOUNT						
1. Foreign Investment (a+ b)	37759	31632	6127	37078	33195	3883
a) Foreign Direct Investment (i+ ii)	9121	6563	2558	4858	2821	2037
i) In India	8960	7	8953	4436	72	4364
Equity	8099	7	8092	3342	72	3270
Reinvested Earnings	746	-	746	746	-	746
Other Capital	115	-	115	348	-	348
ii) Abroad	161	6556	-6395	422	2749	-2327
Equity	161	6018	-5857	422	2443	-2021
Reinvested Earnings	-	184	-184	-	184	-184
Other Capital	-	354	-354	-	122	-122
b) Portfolio Investment	28638	25069	3569	32220	30374	1846
In India	28625	25063	3562	32177	30351	1826
Abroad	13	6	7	43	23	20
2. Loans (a+ b+ c)	12660	8349	4311	17272	8228	9044
a) External Assistance	1097	464	633	1268	517	751
i) By India	4	9	-5	4	9	-5
ii) To India	1093	455	638	1264	508	756
b) Commercial Borrowings (MT & LT)	5492	1498	3994	8362	1689	6673
i) By India	447	343	104	-	234	-234
ii) To India	5045	1155	3890	8362	1455	6907
c) Short Term To India	6071	6387	-316	7642	6022	1620
3. Banking Capital (a+ b)	6936	10276	-3340	14343	12078	2265
a) Commercial Banks	6720	10242	-3522	14221	12078	2143
i) Assets	556	4530	-3974	7085	7401	-316
ii) Liabilities	6164	5712	452	7136	4677	2459
<i>of which: Non-Resident Deposits</i>	6102	4866	1236	5115	4484	631
b) Others	216	34	182	122	-	122
b) Rupee Debt Service	-	2	-2	-	93	-93
5. Other Capital	4178	792	3386	2370	335	2035
Total Capital Account (1 to 5)	61533	51051	10482	71063	53929	17134
C. ERRORS & OMISSIONS	-	202	-202	755	-	755
D. OVERALL BALANCE (Total Capital Account, Current Account and Errors & Omissions (A+ B+ C))	123855	116350	7505	143135	122683	20452
E. MONETARY MOVEMENTS (i+ ii)	-	7505	-7505	-	20452	-20452
i) I.M.F.	-	-	-	-	-	-
ii) Foreign Exchange Reserves (Increase - / Decrease +)	-	7505	-7505	-	20452	-20452

No. 44: Foreign Exchange Reserves

End of	Foreign Currency Assets		Gold		SDRs			Reserve Tranche Position in IMF		Total	
	Rupees crore	In millions of US \$	Rupees crore	In millions of US \$	In millions of SDRs	Rupees crore	In millions of US \$	Rupees crore	In millions of US \$	Rupees crore	In millions of US \$
1	2	3	4	5	6	7	8	9	10	11=(2+4+7+9)	12=(3+5+8+10)
2002-03	3,41,476	71,890	16,785	3,534	3	19	4	3,190	672	3,61,470	76,100
2003-04	4,66,215	1,07,448	18,216	4,198	2	10	2	5,688	1,311	4,90,129	1,12,959
2004-05	5,93,121	1,35,571	19,686	4,500	3	20	5	6,289	1,438	6,19,116	1,41,514
2005-06	6,47,327	1,45,108	25,674	5,755	2	12	3	3,374	756	6,76,387	1,51,622
2006-07	8,36,597	1,91,924	29,573	6,784	1	8	2	2,044	469	8,68,222	1,99,179
2005-06											
April	5,93,423	1,35,950	19,393	4,443	3	20	5	6,300	1,443	6,19,136	1,41,841
May	5,80,749	1,32,925	19,119	4,376	3	19	4	6,780	1,552	6,06,667	1,38,857
June	5,75,864	1,32,352	19,375	4,453	3	18	4	6,791	1,561	6,02,048	1,38,370
July	5,85,319	1,34,587	19,116	4,395	3	18	4	6,766	1,556	6,11,219	1,40,542
August	6,08,225	1,38,107	19,971	4,535	3	19	4	6,312	1,433	6,34,527	1,44,079
September	6,02,309	1,36,920	20,727	4,712	3	19	4	6,260	1,423	6,29,315	1,43,059
October	6,19,299	1,37,286	21,943	4,864	3	20	4	6,403	1,419	6,47,665	1,43,573
November	6,27,455	1,36,582	22,626	4,925	3	21	4	6,017	1,310	6,56,119	1,42,821
December	5,90,497	1,31,018	23,770	5,274	3	20	5	4,096	909	6,18,383	1,37,206
January	5,89,526	1,33,770	25,030	5,680	3	20	5	4,051	919	6,18,627	1,40,374
February	6,03,925	1,35,897	25,541	5,747	2	12	3	3,348	753	6,32,826	1,42,400
March	6,47,327	1,45,108	25,674	5,755	2	12	3	3,374	756	6,76,387	1,51,622
2006-07											
April	6,90,730	1,53,598	28,335	6,301	4	25	6	3,473	772	7,22,563	1,60,677
May	7,24,648	1,56,073	32,549	7,010	—	2	—	3,643	785	7,60,842	1,63,868
June	7,18,701	1,55,968	28,479	6,180	—	2	—	3,518	764	7,50,700	1,62,912
July	7,31,354	1,57,247	30,496	6,557	5	33	7	3,562	766	7,65,445	1,64,577
August	7,39,857	1,58,938	30,436	6,538	1	6	1	3,570	767	7,73,869	1,66,244
September	7,27,733	1,58,340	28,506	6,202	1	6	1	3,502	762	7,59,747	1,65,305
October	7,23,332	1,60,669	27,320	6,068	5	33	7	2,918	648	7,53,603	1,67,392
November	7,50,168	1,67,598	29,067	6,494	1	4	1	2,451	548	7,81,690	1,74,641
December	7,52,738	1,70,187	28,824	6,517	1	4	1	2,416	546	7,83,982	1,77,251
2007-08											
January	7,64,501	1,73,081	28,840	6,529	7	44	10	2,390	541	7,95,775	1,80,161
February	8,29,533	1,87,211	30,499	6,883	1	8	2	2,070	467	8,62,110	1,94,563
March	8,36,597	1,91,924	29,573	6,784	1	8	2	2,044	469	8,68,222	1,99,179
April	8,12,995	1,96,899	29,051	7,036	7	45	11	1,910	463	8,44,001	2,04,409
May	8,17,440	2,00,697	28,147	6,911	1	6	1	1,870	459	8,47,463	2,08,068
June	8,39,913	2,06,114	27,655	6,787	1	6	1	1,875	460	8,69,449	2,13,362
June 1, 2007	8,14,862	2,01,002	28,147	6,911	1	6	1	1,862	459	8,44,877	2,08,373
June 8, 2007	8,28,522	2,02,177	28,147	6,911	1	6	1	1,876	458	8,58,551	2,09,547
June 15, 2007	8,34,337	2,03,646	28,147	6,911	1	6	1	1,872	457	8,64,362	2,11,015
June 22, 2007	8,35,279	2,05,178	28,147	6,911	1	6	1	1,868	459	8,65,300	2,12,549
June 29, 2007	8,39,913	2,06,114	28,147	6,911	1	6	1	1,875	460	8,69,941	2,13,486
July 6, 2007	8,39,888	2,07,585	27,655	6,787	1	6	1	1,868	462	8,69,417	2,14,835
July 13, 2007	8,56,761	2,11,703	27,655	6,787	1	6	1	1,881	465	8,86,303	2,18,956

— : Negligible. See 'Notes on tables'.



CURRENT STATISTICS

Trade and
Balance of
Payments

No.: 45 NRI Deposits- Outstanding and Inflows (+) /Outflows (-) @

(As at End March)

(US \$ million)

Scheme	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1. FCNR(A)	7,051	4,255	2,306	1	*	*	*	*	*	*	*	*	*
2. FCNR(B)	3,063	5,720	7,496	8,467	7,835	8,172	9,076	9,673	10,199	10,961	11,452	13,064	15,129
3. NR(E)RA	4,556	3,916	4,983	5,637	6,045	6,758	7,147	8,449	14,923	20,559	21,291	22,070	24,495
4. NR(NR)RD	2,486	3,542	5,604	6,262	6,618	6,754	6,849	7,052	3,407	1,746	232	**	**
Total	17,156	17,433	20,389	20,367	20,498	21,684	23,072	25,174	28,529	33,266	32,975	35,134	39,624

(US \$ million)

Scheme	2006-07 (End Month)											
	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
1	2	3	4	5	6	7	8	9	10	11	12	13
1. FCNR(B)	13,296	13,477	13,560	13,680	13,825	13,906	14,044	14,245	14,656	14,746	14,841	15,129
2. NR(E)RA	21,905	21,780	22,091	22,005	22,117	22,609	22,981	23,532	23,976	24,117	24,057	24,495
Total	35,201	35,257	35,651	35,685	35,942	36,515	37,025	37,777	38,632	38,863	38,898	39,624

(US \$ million)

Scheme	2007-08 (P) (End Month)	
	Apr.	May
1	2	3
1. FCNR(B)	15,170	15,203
2. NR(E)RA	25,675	25,623
Total	40,845	40,826

Inflow (+) /Outflow (-) During the Month

(US \$ million)

Scheme	2006-07												
	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.- Mar.
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1. FCNR(B)	232	181	83	120	145	81	139	200	411	89	96	288	2,065
	(87)	(-155)	(13)	(-51)	(165)	(-34)	(79)	(-136)	(400)	(732)	(119)	(393)	(1,612)
2. NR(E)RA @@	21	294	420	139	99	213	-1	375	112	135	-36	59	1,830
	(33)	(-83)	(-3)	(37)	(-10)	(234)	(-14)	(314)	(238)	(-165)	(226)	(370)	(1,177)
Total	253	475	503	259	244	294	138	575	523	224	60	347	3,895
	(120)	(-238)	(10)	(-14)	(155)	(200)	(65)	(178)	(638)	(567)	(345)	(763)	(2,789)

Inflow (+)/Outflow (-) During the Month

(US \$ million)

Scheme	2007-08 (P)		
	Apr.	May	Apr.-May
1	2	3	4
1. FCNR(B)	41	33	74
	(232)	(181)	(413)
2. NR(E)RA @@	-320	-336	-656
	(21)	(294)	(315)
Total	-279	-303	-582
	(253)	(475)	(728)

@ : All figures are inclusive of accrued interest.

@@ : The inflows into NR(E)RA deposits from 2002-03 onwards may partly be due to crediting of maturity proceeds of the NR(NR)R deposits which were discontinued with effect from April 1, 2002.

* : withdrawn effective August 1994.

** : Discontinued effective April 2002.

Notes : 1. FCNR(A) : Foreign Currency Non-Resident (Accounts). 3. NR(E)RA : Non-Resident (External) Rupee Accounts.
2. FCNR(B) : Foreign Currency Non-Resident (Banks). 4. NR(NR)RD : Non-Resident (Non-Repatriable) Rupee Deposits.
5. Figures in the brackets represent inflows(+)/outflows (-) during the corresponding month/period of the previous year.

Inflows /Outflows have been calculated by taking the monthly variation in rupee denominated deposits and converting those by monthly average exchange rate. All figures are inclusive of interest and valuation changes arising on account of fluctuation in non-dollar currencies against US Dollar.

No. 46: Foreign Investment Inflows

(US \$ million)

Item	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06(P)	2006-07(P)
1	2	3	4	5	6	7	8	9	10	11	12	13
A. Direct Investment (I+II+III)	2,144	2,821	3,557	2,462	2,155	4,029	6,130	5,035	4,322	6,051	7,722	19,531
I. Equity (a+ b+ c+ d+ e)	2,144	2,821	3,557	2,462	2,155	2,400	4,095	2,764	2,229	3,778	5,820	16,065
a. Government (SIA/FIPB)	1,249	1,922	2,754	1,821	1,410	1,456	2,221	919	928	1,062	1,126	2,156
b. RBI	169	135	202	179	171	454	767	739	534	1,258	2,233	7,151
c. NRI	715	639	241	62	84	67	35	—	—	—	—	—
d. Acquisition of shares *	11	125	360	400	490	362	881	916	735	930	2,181	6,278 ‡
e. Equity capital of unincorporated bodies #	..	..	..	..	..	61	191	190	32	528	280	480
II. Reinvested earnings +	..	..	..	..	..	1,350	1,645	1,833	1,460	1,904	1,676	2,936
III. Other capital ++	..	..	..	..	..	279	390	438	633	369	226	530
B. Portfolio Investment (a+ b+ c)	2,748	3,312	1,828	-61	3,026	2,760	2,021	979	11,377	9,315	12,492	7,003
a. GDRs/ADRs # #	683	1,366	645	270	768	831	477	600	459	613	2,552	3,776
b. FIIs **	2,009	1,926	979	-390	2,135	1,847	1,505	377	10,918	8,686	9,926	3,225
c. Offshore funds and others	56	20	204	59	123	82	39	2	—	16	14	2
Total (A+ B)	4,892	6,133	5,385	2,401	5,181	6,789	8,151	6,014	15,699	15,366	20,214	26,534

(US \$ million)

Item	2006-07 (P)											
	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
1	2	3	4	5	6	7	8	9	10	11	12	13
A. Direct Investment (I+II+III)	661	538	523	1,127	619	916	1,698	1,151	5,130	1,921	698	603
I. Equity (a+ b+ c+ d+ e)	661	538	523	1,127	619	916	1,698	1,151	5,130	1,921	698	603
a. Government (SIA/FIPB)	124	162	124	105	41	87	619	60	22	451	301	60
b. RBI	482	355	348	581	436	332	676	1,045	1,956	204	322	414
c. NRI	—	—	—	—	—	—	—	—	—	—	—	—
d. Acquisition of shares *	55	21	51	441	142	497	403	46	3,152 ‡	1,266	75	129
e. Equity capital of unincorporated bodies #	..	..	..	..	..	..	..	..	..	..	..	..
II. Reinvested earnings +	..	..	..	..	..	..	..	..	..	..	..	..
III. Other capital ++	..	..	..	..	..	..	..	..	..	..	..	..
B. Portfolio Investment (a+ b+ c)	3,711	-3,334	-903	-309	1,212	1,238	1,755	2,236	-429	1,602	2,630	-2,406
a. GDRs/ADRs # #	435	572	254	286	—	174	52	77	78	1,578	245	25
b. FIIs **	3,276	-3,906	-1,157	-595	1,212	1,064	1,703	2,159	-507	24	2,385	-2,433
c. Offshore funds and others	—	—	—	—	—	—	—	—	—	—	—	2
Total (A+ B)	4,372	-2,796	-380	818	1,831	2,154	3,453	3,387	4,701	3,523	3,328	-1,803

(US \$ million)

Item	2007-08 (P)		
	Apr.	May	Apr.-May
1	2	3	4
A. Direct Investment (I+II+III)	1,551	2,120	3,671
I. Equity (a+ b+ c+ d+ e)	1,551	2,120	3,671
a. Government (SIA/FIPB)	76	847	923
b. RBI	607	1,050	1,657
c. NRI	—	—	—
d. Acquisition of shares *	868	223	1,091
e. Equity capital of unincorporated bodies #	..	..	..
II. Reinvested earnings +	..	..	..
III. Other capital ++	..	..	..
B. Portfolio Investment (a+ b+ c)	1,974	1,852	3,826
a. GDRs/ADRs # #	11	5	16
b. FIIs **	1,963	1,847	3,810
c. Offshore funds and others	—	—	—
Total (A+ B)	3,525	3,972	7,497

* : Relates to acquisition of shares of Indian companies by non-residents under Section 6 of FEMA, 1999. Data on such acquisitions have been included as part of FDI since January 1996.

** : Represents inflow of funds (net) by Foreign Institutional Investors (FIIs).

: Figures for equity capital of unincorporated bodies for 2005-06 and 2006-07 are estimates.

: Represents the amount raised by Indian Corporates through Global Depository Receipts (GDRs) and American Depository Receipts (ADRs).

+ : Data for 2005-06 and 2006-07 are estimated as average of previous two years.

++ : Data pertain to inter company debt transactions of FDI entities.

‡ : Include Swap of shares of US \$ 3.1 billion.

Notes : 1. Data on FDI have been revised since 2000-01 with expanded coverage to approach international best practices.

2. These data, therefore, are not comparable with FDI data for previous years. Also see 'Notes on Tables' of Table No 42&43.

3. Monthly data on components of FDI as per expanded coverage are not available.

No. 47: Daily Foreign Exchange Spot Rates

(Rupees per Unit of Foreign Currency)

Date	RBI's Reference Rate Rs. Per Foreign Currency		FEDAI Indicative Rates							
	US Dollar	Euro	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	11
June 1, 2007	40.5400	54.5100	40.5300	40.5400	80.1925	80.2275	54.5000	54.5175	33.2350	33.2475
June 4, 2007	40.4700	54.4300	40.4650	40.4750	80.2700	80.3025	54.4225	54.4400	33.1575	33.1700
June 5, 2007	40.5600	54.7400	40.5550	40.5650	80.8100	80.8500	54.7500	54.7700	33.2675	33.2825
June 6, 2007	40.5500	54.8900	40.5600	40.5700	80.9100	80.9375	54.8975	54.9200	33.3975	33.4100
June 7, 2007	40.6300	54.8900	40.6200	40.6300	80.8950	81.0150	54.8700	54.8875	33.4825	33.4975
June 8, 2007	40.9800	54.9900	40.9700	40.9800	80.9575	80.9925	54.9825	55.0075	33.8350	33.8500
June 11, 2007	40.9100	54.6000	40.9100	40.9200	80.4525	80.4900	54.5850	54.6150	33.6400	33.6550
June 12, 2007	40.7300	54.4400	40.7300	40.7400	80.4250	80.4500	54.4275	54.4450	33.4650	33.4775
June 13, 2007	40.9300	54.4600	40.9300	40.9400	80.7750	54.4625	54.4875	54.4875	33.4900	33.5050
June 14, 2007	40.8400	54.3200	40.8400	40.8500	80.4700	80.5025	54.3225	54.3475	33.2350	33.2550
June 15, 2007	40.9700	54.5600	40.9700	40.9800	80.7150	80.7500	54.5525	54.5850	33.2950	33.3100
June 18, 2007	40.7600	54.8500	40.7500	40.7600	80.6525	80.6800	54.7675	54.5900	32.9725	32.9875
June 19, 2007	40.7000	54.6500	40.7000	40.7100	80.7375	80.7775	54.5550	54.5750	32.9175	32.9325
June 20, 2007	40.8200	54.7900	40.8100	40.8200	81.1750	81.2075	54.7950	54.8225	33.1025	33.1200
June 21, 2007	40.7500	54.5900	40.7500	40.7600	81.1750	81.2100	54.5850	54.6050	32.9475	32.9675
June 22, 2007	40.7100	54.6300	40.7000	40.7100	81.2300	81.2600	54.6275	54.6523	32.8250	32.8450
June 25, 2007	40.8100	54.9100	40.8100	40.8200	81.5625	81.6025	54.9050	54.9275	32.9500	32.9675
June 26, 2007	40.9500	55.0900	40.9500	40.9600	81.8050	81.8375	55.0825	55.1000	33.2200	33.2325
June 27, 2007	41.0100	55.0400	41.0000	41.0100	81.7450	81.7825	55.0425	55.0650	33.4475	33.4650
June 28, 2007	40.8400	55.0300	40.8400	40.8500	81.7975	81.8275	55.0225	55.0500	33.1850	33.2025
June 29, 2007	40.7500	54.7900	40.7500	40.7600	81.6225	81.6575	54.7875	54.8050	33.0175	33.0350

+ : Market closed.

FEDAI : Foreign Exchange Dealers' Association of India.

Note : Euro Reference rate was announced by RBI with effect from January 1, 2002.

Source : FEDAI for FEDAI rates.

No. 48: Sale/Purchase of U.S. Dollar by The Reserve Bank of India

Month	Foreign Currency (US \$ million)			Rs. equivalent at contract rate (Rs. crore)	Cumulative (over end-April 2006)		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
2006-07							
April 2006	4,305.00	-	(+) 4,305.00	(+) 19,277.25	(+) 4,305.00	(+) 19,277.25	-
May 2006	504.00	-	(+) 504.00	(+) 2,268.05	(+) 4,809.00	(+) 21,545.31	-
June 2006	-	-	-	-	(+) 4,809.00	(+) 21,545.31	-
July 2006	-	-	-	-	(+) 4,809.00	(+) 21,545.31	-
August 2006	-	-	-	-	(+) 4,809.00	(+) 21,545.31	-
September 2006	-	-	-	-	(+) 4,809.00	(+) 21,545.31	-
October 2006	-	-	-	-	(+) 4,809.00	(+) 21,545.31	-
November 2006	3,198.00	-	(+) 3,198.00	(+) 14,355.56	(+) 8,007.00	(+) 35,900.87	-
December 2006	1,818.00	-	(+) 1,818.00	(+) 8,105.13	(+) 9,825.00	(+) 44,006.00	-
January 2007	2,830.00	-	(+) 2,830.00	(+) 12,537.05	(+) 12,655.00	(+) 56,543.05	-
February 2007	11,862.00	-	(+) 11,862.00	(+) 52,343.00	(+) 24,517.00	(+) 1,08,886.05	-
March 2007	2,307.00	-	(+) 2,307.00	(+) 10,108.41	(+) 26,824.00	(+) 1,18,994.46	-

Month	Foreign Currency (US \$ million)			Rs. equivalent at contract rate (Rs. crore)	Cumulative (over end-April 2007)		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
2007-08							
April 2007	2,055.00	-	(+) 2,055.00	(+) 8,835.47	(+) 2,055.00	(+) 8,835.47	-
May 2007	4,426.00	-	(+) 4,426.00	(+) 17,959.97	(+) 6,481.00	(+) 26,795.44	-
June 2007	3,192.00	-	(+) 3,192.00	(+) 12,995.99	(+) 9,673.00	(+) 39,791.42	-

(+) : Implies Purchase including purchase leg under swaps and outright forwards.

(-) : Implies Sales including sale leg under swaps and outright forwards.

Note : This table is based on value dates.

No. 49: 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												
Jun. 1, 2007	1,990	578	280	719	924	417	2,899	4,552	432	3,833	1,685	283
Jun. 4, 2007	1,654	525	308	1,245	787	650	3,037	4,723	161	4,341	1,276	86
Jun. 5, 2007	1,608	569	127	1,435	724	1,105	2,667	4,457	226	3,789	1,328	194
Jun. 6, 2007	1,361	987	305	1,067	1,231	1,210	2,892	4,178	139	4,233	1,860	158
Jun. 7, 2007	1,834	629	475	1,166	877	1,062	4,053	4,865	329	3,745	1,371	229
Jun. 8, 2007	1,636	1,648	524	2,121	1,212	1,938	5,849	4,671	439	6,639	1,874	497
Jun. 11, 2007	2,138	560	426	1,215	1,190	2,088	3,905	4,845	145	4,088	1,572	76
Jun. 12, 2007	2,020	384	398	1,128	402	650	3,704	5,130	305	4,572	1,254	231
Jun. 13, 2007	1,202	810	192	1,579	681	1,483	4,279	4,509	371	4,583	1,260	17
Jun. 14, 2007	1,575	479	302	1,395	996	1,240	3,678	5,566	414	4,705	1,648	165
Jun. 15, 2007	1,881	410	404	1,250	751	1,040	3,138	4,525	404	3,507	1,413	115
Jun. 18, 2007	1,579	443	745	859	1,055	1,335	3,432	5,324	243	3,867	1,369	151
Jun. 19, 2007	1,568	380	202	1,058	787	617	2,835	3,698	280	3,682	853	126
Jun. 20, 2007	1,667	272	272	974	678	898	3,232	5,784	292	4,637	1,168	217
Jun. 21, 2007	2,154	334	324	1,152	477	1,098	3,117	4,140	450	3,882	1,218	110
Jun. 22, 2007	2,491	400	323	1,070	493	1,106	3,233	4,452	355	4,750	1,371	118
Jun. 25, 2007	1,862	400	278	1,038	541	648	2,650	4,839	138	3,860	1,164	119
Jun. 26, 2007	1,862	593	322	1,159	584	1,174	3,990	6,180	261	4,118	1,211	157
Jun. 27, 2007	3,027	1,016	1,120	1,585	848	1,167	4,701	8,111	876	5,167	1,795	155
Jun. 28, 2007	2,691	694	1,232	1,363	1,094	1,835	2,714	7,714	1,610	4,994	1,777	411
Jun. 29, 2007	2,479	800	1,464	1,442	672	1,171	3,385	6,399	588	5,207	1,749	220
Sales												
Jun. 1, 2007	1,546	568	377	786	1,045	424	3,255	4,363	532	3,814	1,472	153
Jun. 4, 2007	1,608	518	272	1,250	813	626	3,110	5,041	200	4,235	1,191	73
Jun. 5, 2007	1,210	399	193	1,394	859	1,087	3,031	4,095	355	3,774	1,240	81
Jun. 6, 2007	1,236	572	161	1,101	1,052	1,212	3,107	3,933	316	4,271	1,743	228
Jun. 7, 2007	1,563	720	369	1,122	632	986	3,754	3,360	582	3,826	1,312	250
Jun. 8, 2007	1,647	1,451	689	1,550	1,259	1,925	5,860	4,948	750	6,506	1,984	826
Jun. 11, 2007	1,578	727	432	1,238	822	2,223	4,144	5,486	248	3,661	1,964	309
Jun. 12, 2007	1,315	682	438	1,130	496	672	4,372	5,211	618	4,421	1,279	67
Jun. 13, 2007	1,153	494	244	1,584	1,071	1,674	4,303	3,600	646	4,585	1,448	20
Jun. 14, 2007	1,332	747	303	1,439	937	1,351	3,985	5,071	592	4,608	1,568	175
Jun. 15, 2007	1,634	686	308	1,168	722	1,064	3,282	4,559	923	3,485	1,370	146
Jun. 18, 2007	1,537	780	569	849	1,030	1,446	3,867	4,724	278	3,885	1,319	135
Jun. 19, 2007	1,365	382	183	1,023	514	716	2,972	3,089	561	3,523	872	129
Jun. 20, 2007	1,246	439	158	961	588	988	3,238	5,458	665	4,654	1,058	200
Jun. 21, 2007	1,738	849	394	1,151	483	1,083	2,886	3,811	570	3,781	1,090	103
Jun. 22, 2007	2,102	545	435	1,095	426	1,189	3,005	3,998	617	4,665	1,277	141
Jun. 25, 2007	1,863	454	173	1,000	509	791	2,659	4,970	154	3,795	1,192	38
Jun. 26, 2007	1,634	878	231	1,159	753	1,142	4,046	5,728	468	4,166	1,224	36
Jun. 27, 2007	2,275	1,604	709	1,554	817	1,215	4,765	7,803	1,258	5,155	1,695	201
Jun. 28, 2007	2,034	1,342	499	1,276	988	1,971	3,121	6,951	1,637	4,967	1,874	390
Jun. 29, 2007	2,135	1,800	1,088	1,362	614	1,145	3,239	6,266	713	5,115	1,865	223

FCY : Foreign Currency.

INR : Indian Rupees.

Note : Data relate to sales and purchases of foreign exchange on account of merchant and inter-bank transactions. Data are provisional.

+ : Market Closed

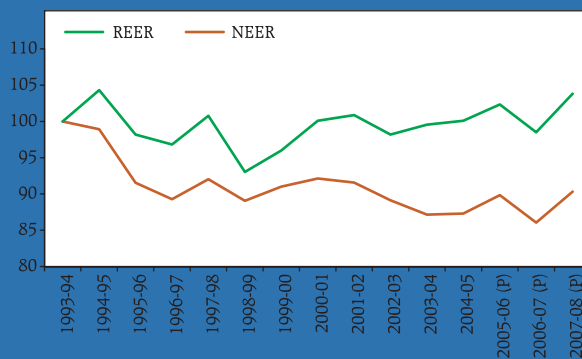
No. 50: Indices of Real Effective Exchange Rate (REER) and Nominal Effective Exchange Rate (NEER) of the Indian Rupee

(36-Currency Export and Trade Based Weights)
(Base: 1993-94=100)*

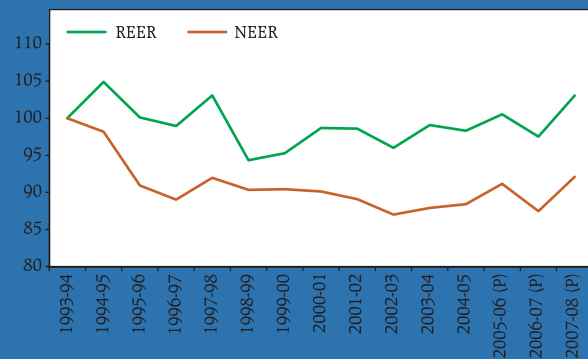
Year	Trade Based Weights		Export Based Weights		Year	Trade Based Weights		Export Based Weights		
	REER	NEER	REER	NEER		REER	NEER	REER	NEER	
1	2	3	4	5	1	2	3	4	5	
1993-94	100.00	100.00	100.00	100.00	2005-06	April	100.57	88.97	99.14	90.63
1994-95	104.32	98.91	104.88	98.18		May	102.07	90.03	100.50	91.60
1995-96	98.19	91.54	100.10	90.94		June	103.70	91.24	101.83	92.56
1996-97	96.83	89.27	98.95	89.03		July	105.02	92.07	102.96	93.23
1997-98	100.77	92.04	103.07	91.97		August	104.01	90.95	102.19	92.32
1998-99	93.04	89.05	94.34	90.34		September	103.91	90.38	101.99	91.73
1999-00	95.99	91.02	95.28	90.42		October	102.54	89.42	100.55	90.57
2000-01	100.09	92.12	98.67	90.12		November	101.37	88.30	99.36	89.33
2001-02	100.86	91.58	98.59	89.08		December	100.59	88.06	98.69	89.18
2002-03	98.18	89.12	95.99	87.01		January	101.47	89.41	99.78	90.80
2003-04	99.56	87.14	99.07	87.89		February	101.74	89.88	100.01	91.22
2004-05	100.09	87.31	98.30	88.41		March	101.25	89.52	99.53	90.88
2005-06	102.35	89.85	100.54	91.17	2006-07 (P)	April	98.22	87.73	97.19	89.17
2006-07 (P)	98.59	85.88	97.52	87.45		May	96.44	85.43	95.68	87.11
2007-08 (P)	105.82	93.02	104.96	94.42		June	96.57	85.11	95.57	86.60
						July	95.74	84.22	94.77	85.73
						August	95.63	83.61	94.63	85.12
						September	98.00	84.65	96.75	86.04
						October	99.99	86.18	98.62	87.52
						November	100.41	86.50	99.32	88.11
						December	99.29	85.89	98.36	87.67
						January	100.98	87.05	99.82	88.71
						February	100.83	87.13	99.67	88.76
						March	101.02	87.11	99.91	88.84
					2007-08 (P)	April	104.12	91.51	103.29	92.90
						May	107.52	94.53	106.63	95.95

* : For "Note on Methodology" and time series data on the indices presented here, please see December 2005 issue of this Bulletin.

Indices of REER and NEER of the Indian Rupee
(Trade Based Weights)



Indices of REER and NEER of the Indian Rupee
(Export Based Weights)



No. 51: Indices of Real Effective Exchange Rate (REER) and Nominal Effective Exchange Rate (NEER) of the Indian Rupee

(6-Currency Trade Based Weights)

Year/Month/Day	Base: 1993-94 (April-March) = 100		Base: 2005-2006 (April-March) = 100	
	NEER	REER	NEER	REER
1993-94	100.00	100.00	138.40	93.24
1994-95	96.96	105.82	134.13	98.62
1995-96	88.56	101.27	122.52	94.38
1996-97	86.85	101.11	120.15	94.24
1997-98	87.94	104.41	121.66	97.31
1998-99	77.49	96.14	107.20	89.61
1999-00	77.16	97.69	106.75	91.04
2000-01	77.43	102.82	107.11	95.83
2001-02	76.04	102.71	105.20	95.72
2002-03	71.27	97.68	98.60	91.04
2003-04	69.97	99.17	96.79	92.43
2004-05	69.58	101.78	96.26	94.86
2005-06	72.28	107.30	100.00	100.00
2006-07 (P)	68.93	105.47	95.36	98.30
2005-06				
April	71.16	104.38	98.44	97.28
May	72.11	106.28	99.76	99.05
June	73.29	108.20	101.40	100.84
July	73.94	109.43	102.29	101.99
August	72.95	108.33	100.93	100.96
September	72.45	108.19	100.22	100.83
October	71.75	107.20	99.26	99.91
November	71.09	106.85	98.34	99.58
December	71.03	106.36	98.27	99.13
January	72.31	107.05	100.04	99.77
February	72.88	107.91	100.82	100.57
March	72.45	107.41	100.24	100.10
2006-07				
April	71.04	105.75	98.28	98.56
May	68.79	103.48	95.16	96.44
June	68.21	103.06	94.36	96.05
July	67.59	102.25	93.50	95.30
August	67.08	102.14	92.81	95.19
September	67.84	104.75	93.85	97.62
October	69.11	107.25	95.61	99.96
November	69.34	107.82	95.93	100.49
December (P)	68.82	106.39	95.21	99.15
January (P)	69.77	107.70	96.52	100.38
February (P)	69.88	107.71	96.68	100.39
March (P)	69.70	107.41	96.42	100.10
2007-08				
April (P)	72.18	111.59	99.86	104.01
May (P)	74.64	115.34	103.26	107.50
June (P)	74.83	115.39	103.52	107.54
As on				
June 22, 2007 (P)	75.00	115.49	103.76	107.64
June 29, 2007 (P)	74.77	115.30	103.45	107.46
July 6, 2007 (P)	74.95	115.84	103.69	107.96
July 13, 2007 (P)	74.44	115.05	102.98	107.23

Notes : 1. Rise in indices indicate appreciation of rupee and vice versa.
2. For "Note on Methodology" on the indices presented here, please see December 2005 issue of this Bulletin.
3. Base year 2005-06 is a moving one, which gets updated every year.

(P) : Provisional

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, Kolkata and New Delhi only.
- (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 are 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) Monthly data are averages of the weeks and annual data are averages of the months.
- (12) Figures relate to the end of the month / year.
- (13) Data relate to January – December.
- (14) Cash Reserve Ratio of Scheduled Commercial Banks (excluding Regional Rural Banks).

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.16 crore and (iv) National Housing Credit (Long-Term Operations) Fund of Rs.190 crore from the week ended July 27, 2007.
- (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 regard.

- (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) Data reflect redemption of India Millennium Deposits (IMDs) on December 29, 2005.
- (6) Other than from the Reserve 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, 1934.
- (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

With a view to enable 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.

- (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) General Refinance Facility was replaced by Collateralised Lending Facility (CLF)/Additional Collateralised Facility (ACLF) effective April 21, 1999. ACLF was withdrawn with the introduction of Liquidity Adjustment Facility (LAF), effective June 5, 2000. CLF was withdrawn completely effective October 5, 2002.
- (3) Special Liquidity Support Facility which was introduced effective September 17, 1998 was available upto March 31, 1999.
- (4) 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.

Table No. 8

The data includes cheque clearing for both i.e. clearing houses managed by Reserve Bank of India and clearing houses managed by other banks. Paper based inter-bank clearing has been discontinued at all the centres, the last June 2005. The other MICR Centres are Agra, Allahabad, Amritsar, Aurangabad, Baroda, Bhilwara, Coimbatore, Dehradun, Ernakulam, Erode, Gorakhpur, Gwalior, Hubli, Indore, Jabalpur, Jalandhar, Jameshedpur, Jammu, Jodhpur, Kolhapur, Kozhokode, Lucknow, Ladhiana, Madurai, Mangalore, Mysore, Nasik, Panaji, Pondicherry, Pune, Raipur, Rajkot, Ranchi, Salem, Solapur, Surat, Thrissur, Tiruchirapalli, Tirupur, Udaipur, Varanasi, Vijaywada and Vishakhapatnam.

Table No. 9A

The data pertains to retail electronic payment.

Table No. 9B

The data pertains to Large Value Payment Systems. The figures for CCIL the operations pertains to selected services, which are taken from the CCIL published data.

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) Scheduled commercial banks' time deposits reflect redemption of Resurgent India Bonds (RIBs), since October 1, 2003 and of India Millennium Deposits (IMDs) since December 29, 2005.
- (e) Data are provisional.
 - (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.

- (f) Revised in line with the new accounting standards and consistent 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.
- (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 No. 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 FCNR(B) deposits, Resurgent India Bonds (RIBs) and India Millennium Deposits (IMDs)) based on the residency criterion and exclude banks' pension and provident funds because they are in the nature of other liabilities 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 No. 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, Resurgent India Bonds (RIBs) and India Millennium Deposits (IMDs).
- (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 comprises 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 No. 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 "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 No. 27C

- (a) Month-end yields for different integer valued residual maturities are estimated using interpolation technique on weighted average yields of select indicative securities derived from SGL transactions

data on government securities observed during a select month-end day. Yield corresponding to each transaction in a security is calculated from the following Yield to Maturity (YTM) and price relationship.

$$P + \text{bpi} = \sum_{i=1}^n \frac{c/v}{(1+y/v)^{v t_i}} + \frac{F}{(1+y/v)^{v t_n}}$$

Where,

P = price of the bond

bpi = broken period interest

c = annual coupon payment

y = yield to maturity

v = number of coupon payments in a year

n = number of coupon payments till maturity

F = Redemption payment of the bond

t_i = time period in year till i^{th} coupon payment

- (b) The weighted average yield corresponding to each traded security on that particular day is calculated from the yields of all transactions on that security using amount (Face Value) traded as the weights.
- (c) Broken period (number of days) is based on day count convention of 30 days a month and 360 days a year.

Table Nos. 29 & 30

Table 29 presents Index Numbers of Industrial Production (Sectoral and Use-based Classification). Due to revision of the indices of the mining sector and also the deletion of four items, viz., radio receivers, photosensitised paper, chassis (assembly) for HCVs (bus, truck) and engines from the item-basket of the manufacturing sector, the IIP data have been revised from 1994-95 onwards. This has also resulted in the change in redistribution of weights in use-based classification of IIP. Table 30 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 No. 31

- (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. 35

The ban on forward trading in gold and silver, effective November 14, 1962 and January 10, 1963, has been lifted with effect from April 1, 2003.

- (1) In case Friday is a holiday, prices relate to the preceding working day.

Table No. 36

Annual data relate to average of the months April to March.

- (1) The new series of index numbers with base 2001= 100 was introduced from January 2006 and with that the compilation of the index numbers with the base year 1982 was discontinued. The linking factor can be used to work out the index numbers with the base year 2001 for data from January 2006 onwards.
- (2) Based on indices relating to 78 centres.

Table No. 37

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. 38

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 :

$$I_{O}^{A} = 5.89 [(0.8126 X I_{N}^{A}) + (0.0491 X I_{N}^{Ma}) + (0.0645 X I_{N}^{Me}) + (0.0738 X I_{N}^{T})]$$

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 :

$$I_{O}^{P} = 6.36 [(0.6123 X I_{N}^{P}) + (0.3677 X I_{N}^{Ha}) + (0.0200 X I_{N}^{Hi})]$$

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. 39 & 40

The new series of index numbers with base 1993-94= 100 was introduced in April 2000. Details regarding the scope and coverage of new series are published in June 2000 issue of the Bulletin.

Table No. 41

- (a) The foreign trade data relate to total sea, air and land trade, on private and government accounts. Exports are on f.o.b. basis and imports are on c.i.f. basis. Exports include re-exports of foreign merchandise previously imported to India and imports relate to foreign merchandise whether intended for home consumption, bonding or re-exportation. Direct transit trade, transshipment trade, passengers baggage, ship's stores, defence goods and transactions in treasure i.e. gold and current coins and notes, diplomatic goods, "proscribed substances" under Atomic Energy Act, 1962, are excluded from the trade data, while indirect transit trade, transactions in silver (other than current coins) and in notes and coins not yet in circulation or withdrawn from circulation are included.
- (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.

Table Nos. 42 & 43

- (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 (5th 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 the 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 import 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.

Explanatory Notes

Balance of payments is a statistical statement that systematically summarises, for a specific time period, the economic transactions of an economy with the rest of the world.

Merchandise credit relate to export of goods while **merchandise debit** represent import of goods.

Travel covers expenditure incurred by non-resident travellers during their stay in the country and expenditure incurred by resident travellers abroad.

Transportation covers receipts and payments on account of international transportation services.

Insurance comprises receipts and payments relating to all types of insurance services as well as reinsurance.

Government not included elsewhere (G.n.i.e.) relates to receipts and payments on government account not included elsewhere as well as receipts and payments on account of maintenance of embassies and diplomatic missions and offices of international institutions.

Miscellaneous covers receipts and payments in respect of all other services such as communication services, construction services, software services, technical know-how, royalties etc.

Transfers (official, private) represent receipts and payments without a quid pro quo.

Investment Income transactions are in the form of interest, dividend, profit and others for servicing of capital transactions. Investment income receipts comprise interest received on loans to non-residents, dividend/profit received by Indians on foreign investment, reinvested earnings of Indian FDI companies abroad, interest received on debentures, floating rate notes (FRNs), Commercial Papers (CPs), fixed deposits and funds held abroad by ADs out of foreign currency loans/export proceeds, payment of taxes by non-residents/refunds of taxes by foreign governments, interest/discount earnings on RBI investment etc. Investment income payments comprise payment of interest on non-resident deposits, payment of interest

on loans from non-residents, payment of dividend/profit to non-resident share holders, reinvested earnings of the FDI companies, payment of interest on debentures, FRNs, CPs, fixed deposits, Government securities, charges on Special Drawing Rights (SDRs) etc.

Foreign investment has two components, namely, foreign direct investment and portfolio investment.

Foreign direct investment (FDI) to and by India up to 1999-2000 comprise mainly equity capital. In line with international best practices, the coverage of FDI has been expanded since 2000-01 to include, besides equity capital reinvested earnings (retained earnings of FDI companies) and 'other direct capital' (inter-corporate debt transactions between related entities). Data on equity capital include equity of unincorporated entities (mainly foreign bank branches in India and Indian bank branches operating abroad) besides equity of incorporated bodies. Data on reinvested earnings for the latest year are estimated as average of the previous two years as these data are available with a time lag of one year. In view of the above revision, FDI data are not comparable with similar data for the previous years. In terms of standard practice of BoP compilation, the above revision of FDI data would not affect India's overall BoP position as the accretion to the foreign exchange reserves would not undergo any change. The composition of BoP, however, would undergo changes. These changes relate to investment income, external commercial borrowings and errors and omissions. In case of reinvested earnings, there would be a contra entry (debit) of equal magnitude under investment income in the current account. 'Other Capital' reported as part of FDI inflow has been carved out from the figure reported under external commercial borrowings by the same amount. 'Other Capital' by Indian companies abroad and equity capital of unincorporated entities have been adjusted against the errors and omissions for 2000-01 and 2001-02.

Portfolio investment mainly includes FIIs' investment, funds raised through ADRs/GDRs by Indian companies and through offshore funds. Data on investment abroad, hitherto reported, have been split into equity capital and portfolio investment since 2000-01.

External assistance by India denotes aid extended by India to other foreign Governments under various agreements and repayment of such loans. External Assistance to India denotes multilateral and bilateral loans received under the agreements between Government of India and other Governments/International institutions and repayments of such loans by India, except loan repayment to erstwhile "Rupee area" countries that are covered under the Rupee Debt Service.

Commercial borrowings covers all medium/long term loans. Commercial Borrowings by India denote loans extended by the Export Import Bank of India (EXIM bank) to various countries and repayment of such loans. Commercial Borrowings to India denote drawals/repayment of loans including buyers' credit, suppliers' credit, floating rate notes (FRNs), commercial paper (CP), bonds, foreign currency convertible bonds (FCCBs) issued abroad by the Indian corporate etc. It also includes India Development Bonds (IDBs), Resurgent India Bonds (RIBs), India Millennium Deposits (IMDs).

Short term loans denotes drawals in respect of loans, utilized and repayments with a maturity of less than one year.

Banking capital comprises of three components : a) foreign assets of commercial banks (ADs), b) foreign liabilities of commercial banks (ADs), and c) others. 'Foreign assets' of commercial banks consist of (i) foreign currency holdings, and (ii) rupee overdrafts to non-resident banks. 'Foreign liabilities' of commercial banks consists of (i) Non-resident deposits, which comprises receipt and redemption of various non-

resident deposit schemes, and (ii) liabilities other than non-resident deposits which comprises rupee and foreign currency liabilities to non-resident banks and official and semi-official institutions. 'Others' under banking capital include movement in balances of foreign central banks and international institutions like IBRD, IDA, ADB, IFC, IFAD etc. maintained with RBI as well as movement in balances held abroad by the embassies of India in London and Tokyo.

Rupee debt service includes principal repayments on account of civilian and non-civilian debt in respect of Rupee Payment Area (RPA) and interest payment thereof.

Other capital comprises mainly the leads and lags in export receipts (difference between the custom data and the banking channel data). Besides this, other items included are funds held abroad, India's subscription to international institutions, quota payments to IMF, remittances towards recouping the losses of branches/subsidiaries and residual item of other capital transactions not included elsewhere.

Movement in reserves comprises changes in the foreign currency assets held by the RBI and SDR balances held by the Government of India. These are recorded after excluding changes on account of valuation. Valuation changes arise because foreign currency assets are expressed in US dollar terms and they include the effect of appreciation/depreciation of non-US currencies (such as Euro, Sterling, Yen) held in reserves.

Table No. 44

1. Gold is valued at average London market price during the month.
2. Conversion of SDRs into US dollars is done at exchange rates released by the International Monetary Fund (IMF).
3. 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.
4. Foreign exchange holdings are converted into rupees at rupee-US dollar RBI Holding rates.
5. Reserve Tranche Position (RTP) in IMF has been included in foreign exchange reserves from April 2, 2004 to match the international best practices. Foreign exchange reserves figures have accordingly been revised for 2002-03 and 2003-04 to include RTP position in the IMF.

Table No. 51

The 5-country indices of REER/NEER were replaced with new 6-currency indices in December 2005. The RBI Bulletin December 2005 carried a detailed article on the rationale and methodology for the replacement. A revision has now been undertaken in the construction of the 6-currency REER indices. This revision was necessitated by a sudden spurt in Chinese inflation indices during April-May, 2006. It may be mentioned that Chinese inflation indices are not readily available in the public domain. The National Bureau of Statistics provides only point-to-point inflation rates on a monthly basis in the public domain. In view of this, inflation indices were constructed taking into account the inflation rates with 1993-94 as the base year. It may be further mentioned that the period from January 1993 to December 1995 was marked by continuous double digit inflation rates in China. This lent an upward bias to the Chinese inflation indices (base: 1993-94= 100) leading to a sharp fall in the value of 6-currency REER in April 2006. In order to remove the distortion in REER on account of sudden spurt in Chinese inflation numbers, a new series of Chinese inflation indices has been constructed taking 1990 as the base year (a year with much less volatility in inflation rates). Subsequently, the base year of the new series of Chinese inflation indices has been changed from 1990 to 1993-94 through splicing to facilitate the construction of the 6-currency REER (base 1993-94= 100).

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			220 *	20 *	
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			220 *	20 *	
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			220 *	20 *	

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vii) 1993 (4 Issues)		1993	120 *		
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Name changed w.e.f. Sept. 2003 issue as Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks.

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Title of the Publication	Department	Year of publication	Price (Rs.)	Price US \$	Weight in gms. & RBP Charges of Single copy in Rs.
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7. Banking Statistics - Bank Credit	DESACS				
i) June 1987		1989	20 * £		
ii) December 1987 - June 1988		1989	40 * £		
iii) December 1988		1989	20 * £		
iv) June 1989		1989	25 * £		
8. Banking Statistics 1972-95	do	1998	120 *		
9. Branch Banking Statistics - Vol. 1 March 1999	do	1999	130 *	40	
10. Branch Banking Statistics - Vol. 2 March 2001	do	2001	130 * 50 **	40	
11. Branch Banking Statistics - Vol. 3 March 2002 (On CD-ROM)	do	2003	300 *	40	
12. Branch Banking Statistics - Vol. 3 March 2002	do	2003	185 *	40	
13. Statistical Tables Relating to Banks in India	do				
i) 1988-89		1993	106 £ 123 *	12	
ii) 1990-91		1999	130 180 *	50	
iii) 1992-93		1998	135 200 *	50	
iv) 1994-95		1997	125 185 *	45	
v) 1995-96		1998	125 185 *	45	
vi) 1996-97		1999	130 180 *	50	
vii) 1997-98		1999	130 180 *	50	
viii) 1998-99		1999	130 180 *	50	
ix) 1999-00		2000	175 225 *	50	
x) 2000-01	(a) Print version	2001	150 200 *	50	
	(b) CD-ROM	2001	150 225 *	50	
xi) 2001-02	(a) Print version	2002	150 200 *	50	
	(b) CD-ROM	2002	100 150 *	50	
xii) 2002-03	(a) Print version	2003	200 250 *	50 *	
	(b) CD-ROM	2003	200 250 *	50 *	
xiii) 2003-04	(a) Print Version	2004	230 280 *	25 □ 15 *	
	(b) CD-ROM	2004	175 225 *	25 □ 15 *	
xiv) 2004-05	(a) Print Version	2005	190 240*	55 □ 20*	
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(a) CD		1998	50		
15. Selected Banking Indicators 1981 to 2002	do	2003	320 460 *	75	
16. Selected Banking Indicators 1981 to 2002 (On CD-ROM)	do	2003	250 300 *	75	
17. Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks 1981-2003 (on CD-ROM)	do	2004	185 240 *	55 □ 20 *	
18. Annual Accounts of Scheduled Commercial Banks (Including Regional Rural Banks) 1989-90 to 2000-01 (on CD-ROM)	do	2002	200 £ 250 *	50	
19. Directory of Commercial Bank Offices in India Vol. 1-0 December 2000 (on CD-ROM)	do	2000	500 * £	100	
20. Directory of Commercial Bank offices in India Vol. 2 September 2003 (On CD-ROM)	do	2003	200 * £	40 *	
21. All-India Debt and Investment Survey 1981-82	do				
i) Assets and liabilities of households as on 30th June 1981		1987	75 85 * 60 **	15	
ii) Statistical tables relating to capital expenditure and capital formation of households during the year ended 30th June 1982		1987	125 £ 135 * 100 **	25	
iii) Statistical tables relating to cash borrowings and repayments of households during July 1981 to June 1982 and cash dues outstanding as on 30th June 1982		1990	100 £ 110 * 80 **	32	
22. A Profile of Banks 2004-05	do	2005	100 130 *	20 *	
C. Public/Private Limited Companies					
1. Selected Financial Statistics Public Ltd. Companies 1974-75 To 1999-2000. (Selected Industries) on CD-ROM	do	2001	350 *	70	
2. Selected Financial Statistics Public Ltd. Companies 1974-75 to 1999-2000 (Selected Industries)	do				
1974-75 To 1982-1983 Vol.I		2001			1700
1982-83 To 1990-1991 Vol.II		2001	700 *	140	1500
1990-91 To 1999-2000 Vol.III		2001			2000
3. Selected financial and other ratios-public limited companies	do				
1980-81 to 1987-88 Vol.I		1990	45 £	15	
Vol.II		1990	60 £	20	
1988-89 to 1990-91 (Part I)		1996	90 £	50	
4. Selected financial & other ratios-private limited companies 1988-89 to 1990-91 (Part II)	do	1996	80	45	
5. Private Corporate Business Sector in India Selected Financial Statistics from 1950-51 to 1997-98 (All-Industries) (Print Version)	do	2000	300 *	60	
(a) CD-ROM			500 *	100	

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1. Study group on deployment of resources by State and Central co-operative banks (Hate committee report)	UBD	1982	25 * £			
2. Capital formation and savings in India 1950-51 to 1979-80 Report of the working group on savings (Raj committee report)	DEAP	1982	18 £		400	21
3. Report of the working group to consider feasibility of introducing MICR/OCR technology for cheque processing (Damle committee report)	DBOD	1983	7 £ (Amt. rounded off)		200	19
4. Report of the committee to review the working of the monetary system (Sukhamoy Chakravarty committee report)	DEAP	1985	35 £ 25 **	10		
5. Report of the committee to consider final accounts of banks (Ghosh committee report)	DBOD	1985	56 £		500	22
6. Report of the committee on agricultural productivity in Eastern India (Sen Committee Report) Vol. I (Hard Bound) Vol. II	DEAP	1985 1985	70 * £ 85 * £	15 20		
7. Report of the working group on the money market (Vaghul committee report)	CPC	1987	15 *			
8. Report of the committee to review the working of credit authorisation scheme (Marathe committee report)	IECD	1988	10 *	10		
9. Co-ordination between term lending institutions and commercial banks (Bucher committee report)	IECD	1988	10 *	1		
10. Report of the working group to review the system of cash credit (Chore committee report)	do	1988	12 * £			
11. Report of the study group to frame guidelines for follow-up of bank credit (Tandon committee report)	do	1988	16 * £			
12. Report of the study group for examining introduction of factoring services in India (Kalyansundaram committee report)	do	1989	30 *			
13. Report of the committee on computerization in banks (Rangarajan committee report)	DESACS	1989	40 £		500	22
14. Report of the Committee on Financial System (Narasimham Committee Report)	DBOD	1991 (Reprint)	60 £		170	19
15. Report of the working group on financial companies (Shah committee report)	DFC	1992	30 £		300	20
16. Report of the task force on money market mutual funds (Basu committee report)	CPC	1992	10 * £	5		
17. Report of the committee on the licensing of new urban co-operative banks (Marathe committee report) (Hindi Edition)	UBD	1992	40		400	21
18. Report of the committee to examine the legal and other difficulties faced by banks and financial institutions in rehabilitation of sick industrial undertakings and suggest remedial measures including changes in the law (Tiwari committee report)	IECD	1993 (Reprint)	90 £		500	22
19. Report of the committee on structure of export credit (Sundaram committee report) (English & Hindi Edition)	do	1993	36	25	200	19

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21. Report of the committee to examine the adequacy of institutional credit to the SSI sector & related aspects (Nayak committee report)	RPCD	1993 (Reprint)	55	9	300	20
22. Review of the agricultural credit system in India (Khusro committee report)	do	1993 (Reprint)	270 315 *	80		
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24. Committee on technology issues relating to payments system, cheque clearing and securities settlement in the banking industry (Saraf committee report) (Hindi Edition)	DIT	1994	50 *£	20		
25. Report of the committee to study the problems of sick/weak units in leather industry and to suggest measures to overcome them (Balsubramanian committee report)	IECD	1994	69 £			
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27. Report of the expert group for designing a supervisory framework for non-banking financial companies (Khanna Committee Report)	DBOD	1996	35		307	21
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30. Money Supply : Analytics and Methodology of Compilation- Report of the working group (Reddy Committee Report)	DEAP	1998	35 £	20		
31. Report of the high level Committee on agricultural credit through commercial banks(Gupta Committee Report)	RPCD	1998	30 £		200	19
32. Report of the high level Committee on credit to SSI (Kapur Committee Report)	do	1998	50 £	10	277	20
33. Report of the Technical Committee on external debt (Nair Committee Report)	DEAP	1998	20 * £	15		
34. Report of the Committee on Banking Sector Reforms (Narasimham Committee Report)	DBOD	1998	32		244	20
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37. Report of the Committee on Tecnology Upgradation in the Banking Sector (Vasudevan Committee Report)	DIT	1999	100 *	25		
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41. Report of the Advisory Group on Payment and Settlement System (Part III)	do	2001	20 * 15 **	10	
42. Report of the Advisory Group on "Transparency in Monetary and Financial Policies".	do	2001	45 * 35 **	20	
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44. Report of the Advisory Group on Fiscal Transparency	do	2001	30 * 20 **	15	
45. Report of the Advisory Group on Data Dissemination	do	2001	35 * 25 **	20	
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47. Report of the Advisory Group on Securities Market Regulation	do	2001	25 * 20 **	10	
48. Report of the Advisory group on Bankruptcy Laws (Volume-I & II)	do	2001	90 * 75 **	45	
49. Report of the Advisory Group on Insurance Regulation	do	2001	35 * 25 **	20	
50. Report of the Advisory group on Accounting & Auditing	do	2001	40 *	20	
51. Report of the Technical Group on Market Integrity	do	2002	65 * 50 **	20	
52. Standing Committee on International Financial Standards and Codes on CD-ROM	do	2002	200 *	60 150 **	
53. Report of the Standing Committee on International Financial Standards and Codes	do	2002	65 * 50 **	20	
54. The Standing Advisory Committee for Urban Co-operative Banks	UBD				
i) First meeting		1983	5		200 19
ii) Second meeting		1984	6 ₹		200 19
iii) Third meeting		1985	6		200 19
iv) Fourth meeting		1985	9		300 20
v) Fifth meeting		1986	9 ₹		200 19
vi) Sixth meeting		1988	12 ₹		200 19
vii) Seventh meeting		1989	12		200 19
viii) Eighth meeting		1990	21		300 20
ix) Ninth meeting (Bilingual edition)		1992	24		200 19
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3. Manual on costing exercises in private sector and urban banks (Reprint)	do	1989	27 £		200 19
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ii) RBI - Exchange Control Manual - on C.D. Rom (updated upto 31st May, 2000)		1999	400 £		
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iii) Compendium of A.D. (M.A. Series) circulars No. 3		1999	200		
2. A. D. (M.A. Series) Circular No. 11 Foreign Exchange Management Act 1999	do	2000	185		900 26
3. CPC / MPD Circulars					
i) August 1970 to December 1981 - Vol. I	MPD	1989	75 *		
ii) January 1982 to March 1989 - Vol.II		1989	75 *		
iii) April 1989 to April 1995 Vol.III		1996	200		1530 33
4. i) Circulars on Monetary and Credit Policy Vol. 4 (From May 1995 to April 1997)	do	2002	165 * 130 **	50	
ii) Circular on Monetary and Credit Policy Vol. No. 5 (From May 1997 to March 1999)		2002	235 422 * 372 ** 185 ***	70	
iii) Circulars on Monetary and Credit Policy Vol. No. 6. Part I & II (from April 1999 to March 2003) (English & Hindi) A set of four books		2003	900 1300 * 1100 ** 700 ***	170	
iv) Circulars on Monetary and Credit Policy Vol. No. 6 (from April 1999 to March 2003) On CD-Rom		2003	400 * 300 **	80	
v) Circulars on Monetary and Credit Policy Vol. No. 7 (from April 2003 to March 2004) (English & Hindi)		2004	250 275 * 200 **	25 □ 20 *	
vi) Circulars on Monetary and Credit Policy Vol. No. 7 (from April 2003 to March 2004) (On CD-Rom)		2004	180 200 * 140 **	15 □ 12 *	
vii) Circulars on Monetary and Credit Policy Vol. No. 8 (from April 2004 to March 2005) (a) Print Version (Bilingual)		2005	375 400 * 280 **	30 *	
(b) CD-ROM			180 200 * 140 **	15 *	
viii) Compendium of MPD Circulars - Vol. 9 (April 2005 - March 2006) (Bilingual)		2006	480 500 * 375 **	35 *	

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5. IECD circulars	IECD					
i) July 1978 to June 1986 bilingual (Vol.I & II)		1993	250	10	2114	39
ii) 1986-89		1990	70		1325	31
iii) 1989-94 (Vol. I&II)		1995	250 £		2295	40
iv) 1994-95		1995	80		700	24
v) 1995-96		1996	55		380	21
vi) 1996-97		1997	65		445	22
6. Rural Planning and Credit Department (RPCD) Circulars (Bilingual edition)	RPCD					
i) July 1994 to June 1995 (Vol. X)		1998	180			
			200 *			
ii) July 1995 to June 1996 (Vol. XI)			180 £			
			200 *			
iii) July 1996 to June 1997 (Vol. XII)		1999	180			
			200 *			
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			200 *			
v) July 1998 to June 1999 (Vol. XIV)		2000	180			
			200 *			
vii) July 1999 to June 2000 (Vo. XV)		2001	210			
			240 *			
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			150 *			
8. RPCD Circular (on CD-ROM) (1st July 1982 to 31 March 2004)	do	2004	120			
			150 *			
9. RPCD Circulars on Small Scale Industries (upto 30-09-2004) on CD-ROM	do	2004	120			
			150 *			
10. UBD circulars	UBD					
i) June 1985		1986	115		274	20
ii) 1985-1992 (Vol.I & II)		1995	250		3195	49
iii) 1992-1994		1995	165		1792	35
iv) 1995-96		1997	55		735	25
11. i) Compendium of Instructions/Guidelines issued by RBI for Primary Co-operative Banks (July 1996-December 1997)	do	2000	85		742	25
ii) Compendium of Instructions/Guidelines issued by RBI for Primary Co-operative Banks (January 1998-December 1999)		2003	100 £		1032	68
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G. Memorandum						
1. Memorandum of Exchange Control Manual, 1993 containing detailed procedural instructions	FED					
a) Relating to general insurance in India (GIM)		1994	20		70	19
b) Relating to channeling transactions through Asian Clearing Union (ACM)		1996	20		70	19
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f) Memorandum of Instruction on project & service exports (PEM)		1997	40 £		280 20
2. Memorandum of Exchange Control Regulations Relating to general insurance in India (GIM)	do	2002	30		26
3. Memorandum of instructions to Authorised Money Changers (AMC)	do	2002	30		
4. Memorandum of Procedure for channelling transaction through Asian Clearing Union (ACU) Memorandum ACM	do	2003	30		21
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3. Question/Answer New NBFC Policy	do	1998	10		50 19
4. Payment Systems in India	DIT	1998	60 * 150 *	10	
5. Mechanised Cheque Processing Using MICR Technology Procedural Guidelines.	do	1999	50 *£		
6. Mechanised Cheque Processing using MICR Technology Procedural Guidelines. (Second Edition)	do	2002	50 *		
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8. Indian Financial Network (INFINET) Banking Applications Messages Formats Vol. II	do	2002	100 *		
9. Balance of Payments compilation	DEAP	1987	45 *	30	
10. New Series on Wholesale Price Index Numbers	do	1990	11 * £		

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12. Centenary Commemorative Volume (C.D. Deshmukh Memorial Lecture series)	do	1996	100	25	400	21
13. 50 years of Central Banking : Governors Speak	do	1997	400		800	25
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15. External Debt-Management : Issues, Lessons and Preventive Measures	do	1999	250 *	20		
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20. Indian Overseas Investment Handbook of Policies and Procedures	do	1998	100 £ 125 *			
21. Facilities for Non-resident Indians	do	1999	35 £ 50 *	8		
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24. Directory of Bank Offices 1993 (English)	DBOD	1996	485 568 *	36		
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30. Banking Glossary (English-Hindi)	Rajbhasha	1995	38		471	22
31. Banking Glossary (English-Hindi)	do	2003	50	5		24
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भारतीय रिज़र्व बैंक बुलेटिन
बुलेटिन/साप्ताहिक सांख्यिकी संपूरक के लिए अभिदान

अभिदान / नवीकरण फॉर्म

1. नाम :
2. पदनाम :
3. संस्था :
4. संपर्क के लिए पता :
 - i) डाक घर :
 - ii) पिन सं. :
 - iii) दूरभाष क्रं. :
 - iv) फ़ैक्स :
 - v) ई-मेल :
5. क्या आप नये अभिदानकर्ता हैं हाँ / नहीं
6. यदि नहीं तो आपको दी गयी अभिदान संख्या का उल्लेख करें ।
7. यदि हाँ तो कृपया निम्नलिखित विवरण दें अंग्रेजी / हिन्दी
 - क) अभिदान के लिए प्रकाशन का नाम बुलेटिन / साप्ताहिक सांख्यिकी संपूरक
 - ख) नियमित अभिदान हाँ / नहीं
 - ग) रियायती अभिदान हाँ / नहीं
 - घ) विदेशी अभिदान हाँ / नहीं
8. अभिदान का कालावधि एक वर्ष / तीन वर्ष
9. भुगतान का ब्यौरा
 - क) राशि
 - ख) मुद्रा
 - ग) डिमांड ड्राफ्ट/रेखित चेक/भुगतान आदेश सं.
 - घ) निम्नलिखित पर आहरित
 - ड) डिमांड ड्राफ्ट/रेखित चेक/भुगतान आदेश की तारीख

हस्ताक्षर

तारीख

(कार्यालय के उपयोग हेतु)

अभिदान सं.

रसीद सं.

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Dear Reader,

With a view to improving the format and content of RBI Bulletin, we approach you with the following questionnaire. We greatly appreciate your sparing time to answer the questionnaire and mail it to the address given below:

Editor,
RBI Bulletin,
Division of Reports, Reviews and Publications,
Department of Economic Analysis and Policy,
Reserve Bank of India,
Amar Building, 6th Floor,
P.M. Road, Fort,
Mumbai - 400 001.

Please tick-mark (✓) the appropriate box/boxes.

(1) Please tell us about yourself – your occupation/
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- | | |
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Readers' Views on the Monthly Bulletin

- (3) Please indicate, with reference to the answer given for (2) above, your suggestions for improvements in regard to items other than the 'Current Statistics' portion of the Bulletin.

- (4) What in your opinion, should be done to improve the get up or coverage of the "Current Statistics" portion ?

- (5) Do you think it would be advisable to separate 'Current Statistics' portion from the rest of the Bulletin and have 'Monthly Statistics' separately brought out ?

Yes No

- (6) If the answer to Q.(5) is Yes, do you think it would be sufficient to have a Quarterly Bulletin of articles, speeches, and policy measures ?

Yes No

- (7) Are you a user of our web site (<http://www/rbi.org.in>) ? Yes No

Thank you very much for your cooperation.

Editor

Reserve Bank of India Websites

To facilitate quicker access to RBI documents available on the RBI Website (URL : www.rbi.org.in), frequently accessed documents have been given a special URL. By keying-in the URL which can also be saved in 'Favourites', the visitor can directly reach the desired document on the RBI site.

Advance release calendars relating to data categories pertaining to: (i) analytical accounts of the banking sector, (ii) analytical accounts of the central bank, (iii) share price index, (iv) balance of payments, (v) international reserves, and (vi) exchange rates under the Special Data Dissemination Standards (SDDS) of the IMF are also posted on the RBI Website (<http://www.rbi.org.in>).

The documents available on special URL are:

- Weekly Statistical Supplement: www.wss.rbi.org.in
- RBI Bulletin: www.bulletin.rbi.org.in
- Monetary and Credit Policy: www.cpolicy.rbi.org.in
- 8.5% Government of India Relief Bonds: www.goirb.rbi.org.in
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- SDDS-National Summary Data Page-India: www.nsdip.rbi.org.in
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- NBFC Notifications: www.nbfc.rbi.org.in
- Master Circulars: www.mastercirculars.rbi.org.in
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- Exchange Control Manual: www.ecm.rbi.org.in
- Y2K: www.y2k.rbi.org.in
- Data base on Indian Economy: <https://cdbmsi.reservebank.org.in>

– Editor

RBI provides Web based Access to its Database on Indian Economy

The Reserve Bank of India has released a number of long time series data on several aspects of Indian economy covering key macro economic aggregates to the public in user-friendly manner through dynamic web based application.

Objective : The Database on Indian Economy is built for the convenience of researchers, analysts and other users. It is created to provide the public with an access to the published data series, with additional details on some series as available in the Reserve Bank of India's enterprise wide data warehouse.

Coverage : Data available on published time series, can be accessed through a completely browser based software include data on:

- financial sector,
- real sector,
- financial market,
- external sector,
- public finance and
- corporate finance

Features :

- All the data series are accompanied with data definitions, i.e. metadata, which allow the user to view the definitions/concepts of the underlying variables;
- The data definitions provides search feature;
- Extract data through standard reports which allows the users to select and view the preformatted reports or
- Dynamic 'data query', which enables user to define list of data series and allows the user to choose the time period for data extraction.
- Data files can be downloaded in the form of CSV / pdf format.

Access : The data can be accessed from the home page of the RBI website (www.rbi.org.in) through the static headline "Database on Indian Economy" List of data series available on the site is available on the homepage of the site, i.e. Database on Indian Economy.

This list will be progressively enlarged on the basis of feedback received and availability of relevant data series in the RBI data warehouse. Feedback may please be sent to dbiehelpdesk@rbi.org.in or through the feedback option on the home page of the website.

– Editor