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*Monetary Policy Developments in India: An Overview**

Y. V. Reddy

I am honoured by the kind invitation of Governor Stefan Ingves to visit Riksbank and give an address at the central bank. It is a great privilege to address an august gathering in the oldest central bank in the world, Riksbank. I came in close contact with Governor Ingves when he was working with the IMF. As a Director in the Executive Board of IMF, I have been an admirer of Mr. Ingves when he headed the Monetary and Exchange Affairs Department, which has now become the Monetary and Capital Markets Department. During his tenure in the IMF, he was instrumental in spearheading the Financial Sector Assessment Programme, which stands today as an important tool for crisis prevention. His comments in recent years on various fora as Governor reflect both his excellent professionalism and proven pragmatism. We, in the Reserve Bank, look forward to continued collaboration with Riksbank. Thank you Governor, for inviting me to your wonderful country, which I visited as a student on vacation in 1968.

My address today is on a theme traditionally close to the heart of any central banker. A review of the recent developments in the Indian Economy would be done in the first section. Second, I would review the trends in monetary policy challenges globally and for emerging market economies (EMEs) in particular. In the third section, I would explain the monetary policy framework in India. Some issues in the conduct of monetary policy in India would be covered in the fourth section followed by a few concluding observations.

I. A Review of Outcomes

Growth with Stability

The average growth rate of the Indian economy over a period of 25 years since 1980-81

* Address by Dr. Y.V.Reddy, Governor, Reserve Bank of India at the Sveriges Riksbank, Stockholm, Sweden on September 7, 2007.

has been impressive at about 6.0 per cent, which is a significant improvement over the previous three decades, when the annual growth rate was only 3.5 per cent. Over the last four years during 2003-07, the Indian economy has entered a high growth phase, averaging 8.6 per cent per annum. The acceleration of growth during this period has been accompanied by a moderation in volatility, especially in industry and services sectors.

An important characteristic of the high growth phase of over a quarter of century is resilience to shocks and considerable degree of stability. We did witness 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, the Russian crisis during 1997-98, 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 price shocks, demonstrates the vibrancy and resilience of the Indian economy.

The Reserve Bank projects a real GDP growth at around 8.5 per cent during 2007-08, barring domestic and external shocks.

Poverty and Unemployment

The sustained economic growth since the early 1990s has also been associated with noticeable reduction in poverty. The proportion of people living below the poverty line (based on uniform recall period) declined

from 36 per cent in 1993-94 to 27.8 per cent in 2004-05. There is also some evidence of pick-up in employment growth from 1.57 per cent per annum (1993-94 to 1999-2000) to 2.48 per cent (1999-2000 to 2004-05).

Consumption and Investment Demand

India's growth in recent years has been mainly driven by domestic consumption, contributing on an average to almost two-thirds of the overall demand, while investment and export demand are also accelerating. Almost one-half of the incremental growth in real GDP during 2006-07 was on account of final consumption demand, while around 42 per cent was on account of the rise in real gross fixed capital formation. The investment boom has come from the creation of fixed assets and this phenomenon has been most pronounced in the private corporate sector, although fixed investment in the public sector also picked up in this period. According to an estimate by the Prime Minister's Economic Advisory Council, the investment rate (provisional) crossed 35 per cent in 2006-07 from 33.8 per cent in 2005-06.

A Reasonable Degree of Price Stability

High growth in the last four years has been accompanied by a moderation of inflation. The headline inflation rate, in terms of the wholesale price index, has declined from an average of 11.0 per cent during 1990-95 to 5.3 per cent during 1995-2000 and to 4.9 per cent during 2003-07. The trending down of inflation has been associated with a significant reduction in inflation volatility which is indicative of well-anchored inflation expectations, despite the shocks of varied nature. Although, inflation

based on the wholesale price index (WPI) initially rose to above 6.0 per cent in early April 2007 it eased to 3.79 per cent by August 25, 2007. Pre-emptive monetary measures since mid-2004, accompanied by fiscal and supply-side measures, have helped in containing inflation in India.

The policy preference for the period ahead is 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 in the range of 4.0–4.5 per cent over the medium-term. 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.

Improved Fiscal Performance

Yet another positive outcome of developments in recent years is the marked improvement in the health of Government finances. The fiscal management in the country has significantly improved consistent with targeted reduction in fiscal deficit indicators after the adoption of the Fiscal Responsibility and Budget Management (FRBM) Act, 2003 by the Central Government. The finances of the State Governments have also exhibited significant improvement since 2003-04 guided by the Fiscal Responsibility Legislations (FRLs).

With gross fiscal deficit of the Central Government budgeted at 3.3 per cent of GDP in 2007-08, the FRBM target of 3.0 per cent by 2008-09 appears feasible. The revenue deficit is budgeted at 1.5 per cent of GDP for 2007-08; the FRBM path envisages elimination of revenue deficit in 2008-09.

External Sector

India's linkages with the global economy are getting stronger, underpinned by the growing openness of the economy and the two way movement in financial flows. Merchandise exports have been growing at an average rate of around 25 per cent during the last four years, with a steady increase in global market share, reflecting the competitiveness of the Indian industry. Structural shifts in services exports, led by software and other business services, and remittances have imparted stability and strength to India's balance of payments. The net invisible surplus has offset a significant part of the expanding trade deficit and helped to contain the current account deficit to an average of one per cent of GDP since the early 1990s. Gross current receipts (merchandise exports and invisible receipts) and gross current payments (merchandise imports and invisible payments) taken together, at present, constitute more than one half of GDP, highlighting the significant degree of integration of the Indian economy with the global economy.

Greater integration into the global economy has enabled the Indian corporates to access high-quality imports from abroad and also to expand their overseas assets, dynamically. The liberalised external payments regime is facilitating the process of acquisition of foreign companies by Indian corporates, both in the manufacturing and services sectors, with the objectives of reaping economies of scale and capturing offshore markets to better face the global competition. Notwithstanding higher outflows, there has been a significant increase in capital inflows (net) to almost five per cent of GDP in 2006-07 from an average

of two per cent of GDP during 2000-01 to 2002-03. Capital inflows (net) have remained substantially above the current account deficit and have implications for the conduct of monetary policy and macroeconomic and financial stability.

With the significant strengthening of the current and capital accounts, the foreign exchange reserves have more than doubled from US\$ 76 billion at the end of March 2003 to US \$ 228.8 billion as on August 31, 2007.

Financial Stability

The Indian record on financial stability is noteworthy as the decade of the 1990s has been otherwise turbulent for the financial sector in many EMEs. The approach towards the financial sector in India has been to consistently upgrade it by adapting the international best practices through a consultative process. The Reserve Bank has endeavoured to establish an enabling regulatory framework with prompt and effective supervision, and development of legal, technological and institutional infrastructure. The regulatory norms with respect to capital adequacy, income recognition, asset classification and provisioning have progressively moved towards convergence with the international best practices. The Basel – II capital adequacy framework is being implemented in a phased manner with effect from March 2008.

We have observed that the Indian banks' balance sheets have strengthened considerably, financial markets have deepened and widened and, with the introduction of the real time gross settlements (RTGS) system, the payment system has also become robust. Currently,

all scheduled commercial banks are compliant with the minimum capital adequacy ratio (CRAR) of 9 per cent. The overall CRAR for all scheduled commercial banks stood at 12.4 per cent at end-March 2006. The gross non-performing assets of scheduled commercial banks has declined from 8.8 per cent of advances at end March 2003 to 3.3 per cent at end March 2006, while the net non-performing assets have declined from 4.0 per cent to 1.2 per cent during the same period.

Financial Markets

Development of financial markets received a strong impetus from financial sector reforms since the early 1990s. The Reserve Bank has been engaged in developing, widening and deepening of money, government securities and foreign exchange markets combined with a robust payments and settlement system. A wide range of regulatory and institutional reforms were introduced in a planned manner over a period to improve the efficiency of these financial markets. These included development of market micro structure, removal of structural bottlenecks, introduction/ diversification of new players/ instruments, free pricing of financial assets, relaxation of quantitative restrictions, better regulatory systems, introduction of new technology, improvement in trading infrastructure, clearing and settlement practices and greater transparency. Prudential norms were introduced early in the reform phase, followed by interest rate deregulation. These policies were supplemented by strengthening of institutions, encouraging good market practices, rationalised tax structures and

enabling legislative and accounting framework.

II. A Review of Monetary Policy Challenges

The conduct of monetary policy has become more challenging in recent years for a variety of reasons. Many of the challenges the central banks are facing are almost similar which could be summarised as follows:

Challenges with Globalisation

First, globalisation has brought in its train considerable fuzziness in reading underlying macroeconomic and financial developments, obscuring signals from financial prices and clouding the monetary authority's gauge of the performance of the real economy. The growing importance of assets and asset prices in a globally integrated economy complicates the conduct of monetary policy when it is focused on and equipped to address price stability issues.

Second, with the growing integration of financial markets domestically and internationally, there is greater activism in liquidity management with a special focus on the short-end of the market spectrum. There is also a greater sophistication in the conduct of monetary policy and central banks are consistently engaged in refining their technical and managerial skills to deal with the complexities of financial markets. As liquidity management acquires overriding importance, the evolving solvency conditions of financial intermediaries may, on occasions, get obscured in the short run. No doubt, with increasing globalisation, there is greater coordination between central banks,

fiscal authorities and regulatory bodies governing financial markets.

Third, there is considerable difficulty faced by monetary authorities across the world in detecting and measuring inflation, especially inflation expectations. Recent experience in regard to impact of increases in oil prices, and more recently elevated food prices shows that ignoring the structural or permanent elements of what is traditionally treated as shocks may slow down appropriate monetary policy response especially if the focus is on "core inflation". Accounting for house rents/prices in inflation measurement has also gained attention in some countries. The central banks are often concerned with the stability/variability of inflation rather than the level of prices. Inflation processes have become highly unclear and central banks are faced with the need to recognise the importance of inflation perceptions and inflation expectations, as distinct from inflation indicators. In this context, credible communication and creative engagement with the market and economic agents have emerged as a critical channel of monetary transmission.

Challenges For Emerging Market Economies

It is essential to recognise that the international financial markets have differing ways of judging macroeconomic developments in industrial and emerging market economies. Hence, the challenges and policy responses do differ.

First, the EMEs are facing the dilemma of grappling with the inherently volatile increasing capital flows relative to domestic absorptive capacity. Consequently, often the

impossible trinity of fixed or managed exchange rates, open capital accounts and discretion in monetary policy has to be managed in what could be termed as 'fuzzy' manner rather than satisfactorily resolved - a problem that gets exacerbated due to huge uncertainties in global financial markets and possible consequences in the real sector.

Second, in the emerging scenario of large and uncertain capital flows, the choice of the instruments for sterilisation and other policy responses have been constrained by a number of factors such as the openness of the economy, the depth of the domestic bond market, the health of the financial sector, the health of the public finances, the country's inflationary track record and the perception about the credibility and consistency in macroeconomic policies pursued by the country. Further deepening of financial markets may help in absorption of large capital inflows in the medium term, but it may not give immediate succour at the current stage of financial sector development in many EMEs, particularly when speed and magnitude of flows are very high. Some of the EMEs are also subject to adverse current account shocks in view of elevated commodity prices. Going forward, global uncertainties in financial markets are likely to dominate the concerns of all monetary authorities, but, for the EMEs, the consequences of such macro or financial disturbances could be more serious.

Third, the banking sector has been strengthened and non-banking intermediation expanded providing both stability and efficiency to the financial sector in many EMEs. Yet, sometimes, aligning the operations of large financial conglomerates and foreign institutions with local public

policy priorities remains a challenge for domestic financial regulators in many EMEs. Further, reaping full benefits of competition in financial sector is somewhat limited in many EMEs. Large players in developed economies compete with each other intensely, while it is possible that a few of them dominate in each of the EME's financial markets. A few of the financial intermediaries could thus wield dominant position in the financial markets of these countries, increasing the concentration risk.

While it is extremely difficult to envision how the current disturbances in financial markets will resolve, the focus of many EMEs will be on considering various scenarios and being in readiness with appropriate policy strategies and contingency plans. Among the factors that are carefully monitored, currency markets, liquidity conditions, globally dominant financial intermediaries, impact on real sector through credit channel and asset prices are significant, but the list is certainly not exhaustive.

III. Monetary Policy Framework in India

Objectives

The basic objectives of monetary policy, namely price stability and ensuring credit flow to support growth, have remained unchanged in India, but the underlying operating framework for monetary policy has undergone a significant transformation during the past two decades. The relative emphasis placed on price stability and economic growth is modulated according to the circumstances prevailing at a particular point in time and is clearly spelt out, from

time to time, in the policy statements of the Reserve Bank. Of late, considerations of macroeconomic and financial stability have assumed an added importance in view of increasing openness of the Indian economy.

Framework

In India, the broad money (M_3) emerged as the nominal anchor from the mid-1980s based on the premise of a stable relationship between money, output and prices. In the late 1990s, in view of ongoing financial openness and increasing evidence of changes in underlying transmission mechanism with interest rates and exchange rates gaining in importance *vis-à-vis* quantity variables, it was felt that monetary policy exclusively based on the demand function for money could lack precision. The Reserve Bank, therefore, formally adopted a multiple indicator approach in April 1998 whereby interest rates or rates of return in different financial markets along with data on currency, credit, trade, capital flows, fiscal position, inflation, exchange rate, *etc.*, are juxtaposed with the output data for drawing policy perspectives. Such a shift was gradual and a logical outcome of measures taken over the reform period since the early 1990s. The switchover to a multiple indicator approach provided necessary flexibility to respond to changes in domestic and international economic environment and financial market conditions more effectively. Now, liquidity management in the system is carried out through open market operations (OMO) in the form of outright purchases/sales of government securities and daily reverse repo and repo operations under a Liquidity Adjustment Facility (LAF) and repo and reverse repo rates have emerged as the main

instruments for interest rate signalling in the Indian economy.

The armoury of instruments to manage, in the context of large capital flows and sterilisation, has been strengthened with open market operations through Market Stabilisation Scheme (MSS), which was introduced in April 2004. Under the MSS, the Reserve Bank was allowed to issue government securities as part of liquidity sterilisation operations in the wake of large capital inflows and surplus liquidity conditions. While these issuances do not provide budgetary support, interest costs are borne by the fisc; as far as government securities market is concerned, these securities are also traded in the secondary market, at par with the other government stock.

While the preferred instruments are indirect, and varied, there is no hesitation in taking recourse to direct instruments also, if circumstances so warrant. In fact, complex situations do warrant dynamics of different combination of direct and indirect instruments, in multiple forms, to suit the conditions affecting transmission mechanism.

There are occasions when the medium-term goals, say reduction in cash reserve ratios for banks, conflict with short-term compulsions of monetary management requiring actions in both directions. Such operations do warrant attention to appropriate articulation to ensure policy credibility. Drawing a distinction between medium term reform goals and flexibility in short-term management is considered something critical in the current Indian policy environment.

Similarly, while there is considerable merit in maintaining a broad distinction between monetary and prudential policies of the central bank, the Reserve Bank did not hesitate, as a complement to monetary tightening, to enhance the provisioning requirements and risk weights for select categories of banking assets, namely real estate, housing and capital market exposures. These measures were needed to specifically address issues of rapidly escalating asset prices and the possible impact on banks' balance sheets in a bank dominated financial sector. This combination, and more important, readiness of the Reserve Bank to use all instruments, has a credible impact, without undue restraint on growth impulses.

Some of the important factors that shaped the changes in monetary policy framework and operating procedures in India during the 1990s were the delinking of budget deficit from its automatic monetisation by the Reserve Bank, deregulation of interest rates, and development of the financial markets with reduced segmentation through better linkages and development of appropriate trading, payments and settlement systems along with technological infrastructure. With the enactment of the Fiscal Responsibility and Budget Management Act in 2003, the Reserve Bank has withdrawn from participating in the primary issues of Central Government securities with effect from April 2006. The recent legislative amendments enable a flexible use of the CRR for monetary management, without being constrained by a statutory floor or ceiling on the level of the CRR. The amendments also enable the lowering of the Statutory Liquidity Ratio

(SLR) to the levels below the pre-amendment statutory minimum of 25 per cent of net demand and time liabilities of banks – which would further improve the scope for flexible liquidity management.

Institutional Mechanisms

Monetary policy formulation is carried out by the Reserve Bank in a consultative manner. The Monetary Policy Department holds monthly meetings with select major banks and financial institutions, which provide a consultative platform for issues concerning monetary, credit, regulatory and supervisory policies of the Bank. Decisions on day-to-day market operations, including management of liquidity, are taken by a Financial Markets Committee (FMC), which includes senior officials of the Bank responsible for monetary policy and related operations in money, government securities and foreign exchange markets. The Deputy Governor, Executive Director(s) and heads of four departments in charge of monetary policy and related market operations meet every morning as financial markets open for trading. They also meet more than once during a day, if such a need arises. In addition, a Technical Advisory Committee on Money, Foreign Exchange and Government Securities Markets comprising academics and financial market experts, including those from depositories and credit rating agencies, provides support to the consultative process. The Committee meets once a quarter and discusses proposals on instruments and institutional practices relating to financial markets. Besides FMC meetings, Monetary Policy Strategy Meetings take place regularly. The strategy meetings take a relatively medium-term view of the monetary policy

and consider key projections and parameters that can affect the stance of the monetary policy. In pursuance of the objective of further strengthening the consultative process in monetary policy, a Technical Advisory Committee (TAC) on Monetary Policy has been set up with Governor as Chairman and Deputy Governor in charge of monetary policy as Vice Chairman, three Deputy Governors, two Members of the Committee of the Central Board and five specialists drawn from the areas of monetary economics, central banking, financial markets and public finance, as Members. The TAC meets ahead of the Annual Policy and the quarterly reviews of annual policy. The TAC reviews macroeconomic and monetary developments and advises on the stance of monetary policy.

IV. Some Issues in the Conduct of Monetary Policy in India

Let me now discuss some issues in the conduct of monetary policy in India, in the current context.

First, one of the major challenges relates to managing the transition of Indian economy to high growth trajectory accompanied by a low and stable inflation and well anchored inflation expectations. There is growing evidence that the upward shift in growth trajectory in India is of enduring nature as it is supported by high saving and investment rates, improved productivity and vast potential lying by way of demographic dividend. However, it is still important for monetary policy formulation to identify the cyclical and structural components of growth achieved in recent years, despite this task being rendered

somewhat difficult in an economy that is undergoing a rapid and deep structural transformation.

Second, a situation in which the aggregate supply is evidently less elastic domestically imposes an additional burden on monetary policy. While open trade has expanded the supply potential of several economies, significant supply in-elasticities do persist domestically, particularly due to infrastructure constraints. Further, persisting impact of supply shocks on prices of commodities and services, to which headline inflation is sensitive, can therefore exert a lasting impact on inflation expectations. Faced with longer-term structural bottlenecks in supply with less than adequate assurance of timely, convincing and demonstrated resolution of these issues, monetary policy needs to respond appropriately.

Third, some categories of interest rates are yet to be fully liberalised in the system, thereby muting at least partly, the impact of monetary policy actions on the structure of interest rates.

Fourth, in the Indian context, it is recognised that monetary policy has to contend with large fiscal deficits and high levels of public debt by international standards. While the recent improvements in the fiscal position of States and significant consolidation in the finances of the Centre provided greater manoeuvrability, monetary policy needs to closely coordinate with cash and debt management of governments in a non-disruptive manner.

Fifth, the operation of monetary policy has to be oriented around the predominantly public sector ownership of most of the

banking system which plays a critical role in the transmission of monetary policy to the extent other public policy considerations dominate their overall operations.

Finally, though India is essentially a bank-dominated economy, commercial credit penetration in the Indian economy is still relatively low. Concerns about credit to agriculture and small and medium enterprises usually relate to inadequacy, constraints on timely availability, high cost, neglect of small and marginal farmers, low credit-deposit ratios in several States and continued presence of informal credit markets with high interest rates. It is in this context that the Reserve Bank continues to address the need for ensuring financial inclusion of all segments of population, protecting interests of depositors and promoting a conducive credit culture. These considerations invite the attention of the Reserve Bank, even while monetary policy aims at financial stability by moderating excess volatility in financial markets.

V. Concluding Observations

In the current environment, 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 favorable and would dominate the dynamic setting of monetary policy in the period ahead. It is important to design monetary policy such that it promotes growth by contributing to the maintenance of financial and price 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 assumes greater importance at the current juncture.

Friends, before concluding, I want to emphasise that several transitions and structural transformation are taking place in the diverse and large society that is India. These encompass social, political, cultural and of course economic factors. Monetary policy is but one element in the complex web of challenges to public policy and there may be occasions when purely technical responses to monetary policy challenges would be less than appropriate. Public policy, including monetary policy, has to reckon with the complexity of managing these multiple transitions. We are fortunate that we have a supportive and stable political system and well functioning public institutions. We, in the Reserve Bank, are conscious of these complexities and approach issues in a flexible manner with a sense of humility.

*India: Development and Reform Experience and Prospects**

Y. V. Reddy

I am delighted to be here in Mexico to address this august gathering at the Bank of Mexico. I am honoured by the invitation extended to me. Governor Ortiz is among the most respected Central Bank Governors. His perceptions and words of wisdom, based on sound understanding of theory as well as compulsions of public policy making, are eagerly sought. In fact, Governor Ortiz heads the Central Bank Governance Group in the Bank for International Settlements of which I am a Member. The talk that he delivered in the Reserve Bank of India in November 2006 on Mexico's experience with Financial Stability is vividly remembered by all of us. Again, his elucidation of "Growth and Stability in Latin America and Asia" in the prestigious Sir Purushothamdas Thakurdas Memorial Lecture in India during the same visit is, in my view, a pioneering piece on the subject.

Mexico has successfully achieved the macroeconomic and financial stability that fosters rapid economic growth. A range of specific reforms implemented in Mexico, which include the improvement in business environment and corporate governance; development of human capital; incentive-based social assistance programs; and broader access for health insurance; have attracted international interest in the Mexican economy. Monetary policy has also been able to achieve and maintain a low inflation regime, which is vital for the social well-being in emerging economies. Mexico provides an appealing development model for many developing countries. I must compliment the leading lights of public policy in Mexico for these impressive outcomes.

* Address by Dr. Y.V.Reddy, Governor, Reserve Bank of India at the Bank of Mexico, Mexico City on September 12, 2007.

I. India's Development Experience: Pre-Reform Period

Some hold the view that India was a poor country for most part of the human history though there were pockets of prosperity and islands of riches. However, accounts of others, especially global travellers and those who invaded India indicate that India was a prosperous country at least till the 17th century. According to an OECD publication, in 1700 AD, broadly defined, India's gross domestic product (GDP) at US \$ 90.8 billion was 24.4 per cent of world GDP (Maddison Angus, 'The World Economy: A Millennium Perspective', OECD, 2001). Lord Meghnad Desai, while delivering the first P.R. Brahmananda Memorial Lecture in Mumbai in September 2004, noted that the story of the 19th century for India is not one of gloom and doom. He added that during the second half of the 19th century, where the data are best available, India was an open economy enjoying an export led growth but there was a drain of the export surplus to pay Home Charges. During the forty year period from 1860 to 1900, the per capita income growth was 0.5 to 1 per cent. According to Lord Desai, the first fifty years of the 20th century were much less favourable for the Indian economy than the last forty years of the 19th century. Further, in a book titled "The National Income of India in the Twentieth Century", Professor Sivasubramonian observed that in the first five decades of the 20th century (1900-01 to 1946-47), before we got our independence in 1947, the per capita GDP in India was stagnant, as the trend growth in GDP during this period was 0.9 per cent with population growing by 0.8 per cent (Sivasubramonian, S., Oxford University Press, 2000).

As compared with near stagnant growth in the first 50 years of the 20th century, it could be seen from Table 1, the annual growth averaging around 3.5 per cent during the period 1950 to 1980 was comparatively better, while per capita growth broke out of the long period of inertia and averaged 1.1 per cent until around 1980. The average growth rate of around 6 per cent since the 1980s, while embarking on a higher average growth path of 8.6 per cent in the last four years could be a paradigm shift.

The Indian experience clearly suggests that the mixed-economy model and planned development strategy in the first phase during the 1950s and 1960s, improved growth rate dramatically relative to previous decades, and also provided the essential building blocks and laid the strong foundations of an indigenous industrial base, vibrant entrepreneurial class, knowledge economy, with considerable improvement in vertical, social and economic mobility. However, the inward looking import substitution strategy pursued during the initial decades of the planning period resulted in declining productivity and high cost economy. Realising this, significant changes in policy were initiated in the early 1980s, taking account of oil shocks in the

**Table 1: Growth and Inflation in India -
A Historical Record**

(Per cent)		
Period (Averages)	GDP Growth Rate	WPI Inflation Rate
1	2	3
1951-52 to 1959-60	3.6	1.2
1960-61 to 1969-70	4.0	6.3
1970-71 to 1979-80	2.9	9.0
1980-81 to 1990-91	5.6	8.2
1991-92 (Crisis Year)	1.4	13.7
1992-93 to 1999-00	6.3	7.2
2000-01 to 2006-07	6.9	5.1

1970s and early 1980s. These policy measures took India into a higher growth trajectory in the 1980s but in its wake created some macroeconomic imbalances leading to a crisis in 1991 that triggered more comprehensive and sustainable reforms. The policies since 1991 provided ample opportunities to build on the strong foundations in economic, political and social sphere, laid during the pre-reform period of planned development.

II. Development Experience: Post-Reform Period

Triggers of Reforms

The policy reforms in the 1980s provided impetus for high growth and enhanced competitiveness but the growth process turned unsustainable. It manifested in the growing macroeconomic imbalances over the decade in the form of high fiscal deficit, high levels of current account deficit, and increasing levels of short term external debt, besides a repressive and weakened financial system. The immediate provocation for the crisis in 1991 was also a combination of external events that generated liquidity problems on the external front.

The gulf crisis of 1991 not only affected India's oil imports due to soaring oil prices but also eroded export markets in West Asia, and caused a setback to inward remittances and tourist earnings. The deterioration in exports to Eastern Europe, with the breakup of erstwhile USSR, accentuated the crisis. Around the same time, India's credit rating was lowered, which restricted its access to commercial borrowings and there was unwillingness on the part of normal banking channels to renew short-term credit to Indian

banks abroad. Exceptional financing measures became inevitable, and the overall deficit in 1990-91 was financed almost equally by recourse to IMF and drawdown of reserves. The severity of the balance of payments crisis in the early 1990s could be gauged from the fact that India's foreign currency assets depleted rapidly from US \$ 3.1 billion in August 1990 to US \$ 975 million on July 12, 1991.

I would now narrate the story of our exciting journey from the agony of 1991 to relative comfort in 2007, and conclude by mentioning prospects and challenges ahead of us.

Reform Measures

During the crisis period, a conscious decision was taken to honour all debt obligations without seeking rescheduling and several steps, including some unconventional ones, like pledging gold with international institutions, were resorted to tide over the crisis. The immediate steps undertaken included, among others, tightening of non-essential imports and availing credit from the IMF and other multilateral and bilateral donors. A macroeconomic structural and stabilisation programme encompassing trade, industry, foreign investment, exchange rate, public finance and the financial sector was put in place creating an environment conducive for the expansion of trade and investment. It was recognised that trade policies, exchange rate policies and industrial policies should form part of an integrated policy framework if the aim was to improve the overall productivity, competitiveness and efficiency of the economic system, in general, and the external sector, in particular.

Features of Economic Reforms

It may be interesting to enumerate here some of the important features of the economic reform process undertaken by India since 1991.

First, the approach towards reforms in India has been cautious with appropriate sequencing of measures, complementary reforms across sectors (*e.g.*, monetary, fiscal and external sector), and development of financial institutions and markets. The objective has been to progress with some harmony across sectors.

Second, the pace and sequencing of liberalisation has been responsive to domestic developments, especially in the monetary and financial sectors, and the evolving international financial architecture. The reforms were debated intensely and designed essentially indigenously.

Third, the approach to reforms was 'gradual but steady' rather than a 'big bang' approach. The reforms have generally been viewed as a process and not as an event. In this approach, the pace and sequencing of liberalisation could be tempered keeping in view the degree of comfort in moving forward in a credible way.

Fourth, the major thrust driving the reform process was the quest for higher growth and efficiency along with macroeconomic stability. At the same time, the reforms had to be 'inclusive' in the sense that the benefits of reforms are to be demonstrably shared by all sections, in particular, the vulnerable sections. This has easily been a very significant electoral issue in both provincial and national elections.

III. Select Economic Indicators

The major macroeconomic indicators for the last seven years are given in the Table 2 which broadly summarises the quantitative achievements.

GDP Growth

Over the last four years during 2003-07, the Indian economy has entered a high-growth phase, with the GDP growth averaging 8.6 per cent per annum. The acceleration of growth during this period has been accompanied by a significant moderation in volatility, especially in industry and services sectors. The structure of domestic output has distinctly shifted in favour of the services sector, while growth in industry is also accelerating. Indian industry appears to have responded well to global competition through restructuring and technological upgradation in recent years. India's growth is mainly driven by domestic consumption, which contributed, on an average, to almost two-thirds of the overall demand.

Saving and Investment Balances

A noteworthy feature of the ongoing structural transformation of the Indian economy is the significant increase in domestic saving and investment rates. Domestic investment rate increased from 24.3 per cent in 2000-01 to 33.8 per cent in 2005-06 and domestic saving rate from 23.7 per cent in 2000-01 to 32.4 per cent during 2005-06. The household sector continued to be the major contributor to gross domestic saving with its saving rate placed at 22.3 per cent in 2005-06, while on account of rise in profit, the saving rate of private corporate sector rose to 8.1 per cent in 2005-06. The

Table 2: India: Select Economic Indicators
(Fiscal Year is April 1 to March 31)

Sl. No	Indicator	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Real Sector								
1	Gross Domestic Product (GDP), Nominal, US dollar billion*	460	478	508	602	696	806	911
2	GDP, Real, per cent change	4.4	5.8	3.8	8.5	7.5	9.0	9.4
3	Per Capital Income, US dollar#	455	461	473	543	618	712	797
4	Industry GDP, Real, per cent change	6.4	2.7	7.1	7.4	9.8	9.6	10.9
5	Services GDP, Real, per cent change	5.7	7.2	7.4	8.5	9.6	9.8	11.0
6	Saving Rate, as per cent to GDP	23.7	23.5	26.4	29.7	31.1	32.4	—
7	Investment Rate, as per cent to GDP	24.3	22.9	25.2	28	31.5	33.8	—
Money, Prices, Credit								
8	Broad Money (M3), end March, year on year per cent change	16.8	14.1	12.7	16.7	12.1	17.0	21.3
9	Broad Money (M3), end March, per cent to GDP	62.5	65.7	69.9	72.5	72.0	76.5	80.2
10	Wholesale Price Index, end March, year on year per cent change	4.9	1.6	6.5	4.6	5.1	4.1	5.9
11	CPI, Industrial Workers, end March, year on year per cent change	2.5	5.2	4.1	3.5	4.2	4.9	6.7
12	Bank Credit, end March, per cent to GDP	32.3	33.3	36.6	36.7	40.9	47.5	51.5
13	Non-food Credit, end March, year on year per cent change	14.9	13.6	18.6	18.4	27.5	31.8	28.4
Fiscal Sector								
14	Gross Fiscal Deficit of Centre, per cent to GDP	5.7	6.2	5.9	4.5	4.0	4.1	3.5
15	Combined Gross Fiscal Deficit, Centre and States, per cent to GDP	9.5	9.9	9.6	8.5	7.5	6.7	6.4
16	Combined Debt to GDP, per cent	70.8	76.4	81.0	81.6	82.5	80.5	77.0
External Sector								
17	Export of Goods, BoP, US dollar billion	45.5	44.7	53.8	66.3	85.2	105.2	127.1
18	Import of Goods, BoP, US dollar billion	57.9	56.3	64.5	80.0	118.9	157	192
19	Current Account Balance, (+ surplus/-deficit), US dollar billion	-2.7	3.4	6.3	14.1	-2.5	-9.2	-9.6
20	Current Account Balance (+ surplus/- deficit), per cent to GDP	-0.6	0.7	1.2	2.3	-0.4	-1.1	-1.1
21	Net Capital inflows, US dollar billion	8.8	8.6	10.8	16.7	28.0	23.4	44.9
22	Foreign Direct Investment Inflows, US dollar billion	4.0	6.1	5.1	4.3	6.0	7.7	19.5
23	Foreign Direct Investment, Outflows, US dollar billion	0.8	1.4	1.8	1.9	2.3	2.9	11.0
24	Net Portfolio Flows, US dollar billion	2.6	2.0	0.9	11.4	9.3	12.5	7.1
25	International Reserves, end March, US dollar billion	42.3	54.1	76.1	113.0	141.5	151.6	199.2
26	Reserves to Debt, per cent	41.7	54.7	72.5	101.1	114.9	119.9	128.5
27	Import Cover of Reserves, number of months	8.9	11.7	14.2	16.9	14.3	11.6	12.4
28	Openness, trade in goods and services as per cent to GDP	29.2	27.6	30.7	31.5	39.5	44.8	49.2
29	Total External Debt, per cent to GDP	22.4	21.1	20.4	17.8	17.3	15.8	16.4
30	Exchange Rate, Rupees per US dollar, financial year average	45.7	47.7	48.4	46.0	44.9	44.3	45.3
31	Real Effective Exchange Rate, per cent change	5.3	-0.1	-4.9	1.5	2.6	5.4	-1.7
Financial Sector								
32	Banking Sector Assets, per cent to GDP	67.1	73.3	75.3	77.6	82.8	86.9	—
33	Capital to Risk Weighted Assets Ratio (CRAR), per cent	11.4	12.0	12.7	12.9	12.8	12.3	—
34	Gross Non-performing Assets, per cent to gross advances	11.4	10.4	8.8	7.2	5.2	3.3	—
35	Market Capitalisation, per cent to GDP	27.2	26.8	23.3	43.4	54.3	84.7	85.9

— : Not Available.

* : Calculated by dividing GDP at Current Market Prices by average exchange rate during the financial year.

: Per Capita income is on annual basis taken from the World Economic Outlook database.

Source : World Economic Outlook, IMF; Global Financial Stability Reports, IMF; World Development Indicators, World Bank.

public sector, which started posting positive savings beginning 2003-04, recorded a saving rate of 2.0 per cent in 2005-06 on account of continuing fiscal improvement as against a negative saving rate of -1.7 per cent in 2000-01. It may be noted that over 95 per cent of investment is financed by domestic savings. Given the fact that Indian per capita income is increasing rapidly and policy efforts towards financial deepening for achieving a more inclusive growth are underway, savings rate in India could even rise further in the medium to long term. The level of saving rates should help continue to finance the investment needs of the economy domestically, without undue dependence on foreign savings.

Productivity and Efficiency

In tandem with acceleration in the rate of investment in the economy, there has been evidence of a pickup in productivity and efficiency of capital use. Some of the recent studies relating to India have indicated an increase in total factor productivity (TFP) growth in recent years. For instance, Rodrick and Subramanian, in an IMF working paper of 2004, point out that India seems to have a large amount of productivity growth from relatively modest reforms. A more recent paper by Barry Bosworth, Susan Collins, and Arvind Virmani (2007) confirms this trend. They find that output per worker grew only 1.3 per cent annually during 1960-1980, when GDP growth was also at a low of 3.4 per cent. TFP growth was barely above zero, according to their calculations, indicating that growth in output was almost entirely driven by growth in inputs. In contrast, growth in output per worker nearly tripled to 3.8 per cent during 1980-2004, while TFP increased

ten-fold to 2 per cent. The evidence of an increase in the growth of labour productivity is also available from other studies (Economic Intelligence Unit, 2007). A Study by Tata Services (2003) found that for the all-India manufacturing sector, labour productivity (output per unit of labour) has increased significantly during the post-reform period, compared with the pre-reform period.

Poverty and Employment

The sustained economic growth since the early 1990s has also been associated with some reduction in poverty. Based on uniform recall period consumption distribution, the proportion of people living below the poverty line declined from 36 per cent in 1993-94 to 27.8 per cent in 2004-05. There is also evidence of pick-up in employment growth from 1.57 per cent per annum (1993-94 to 1999-2000) to 2.48 per cent per annum (1999-2000 to 2004-05). According to some reports and other anecdotal evidence, the benefits of recent surge in growth rate of GDP are not just restricted to large cities, but people in other urban and semi urban areas are also gaining. There is some evidence of reduction in under employment and disguised unemployment in the informal sector.

Money, Prices and Credit

The high growth in GDP in recent years has been accompanied by some moderation of inflation to an average of 4.9 per cent during 2003-07. Historically, India has not seen very high inflation. The headline inflation rate, in terms of the wholesale price index, has declined from an average of 8.2 per cent during the period 1980-81 to 1990-91 to 6.2 per cent during the post crisis

period, *i.e.*, 1992-93 to 2006-07, with a sharper moderation in the recent period.

During 2006-07, money supply (M_3) increased by 21.3 per cent on a year-on-year basis and was well above indicative projections for the year. It largely reflected the surge in capital flows in the country. Non-food credit extended by the scheduled commercial banks (SCBs) increased by 28.4 per cent during 2006-07 on top of 31.8 per cent in the previous year. The growth of bank credit has favoured retail lending, particularly housing, real estate, trade, transport and professional services and non-banking financial companies – sectors which hitherto were not significant in the credit market. These developments led to a lively debate on the signs of overheating in the economy but subsequent moderation in inflation has diffused the attention.

IV. Monetary Policy and Regulatory Framework

As regards the framework of monetary policy, the basic objectives of monetary policy, namely price stability and ensuring credit flow to support growth, have remained unchanged in India. Of late, considerations of macroeconomic and financial stability have assumed an added importance in view of increasing openness of the Indian economy.

In India, broad money (M_3) emerged as an intermediate target from the mid-1980s based on the premise of a stable relationship between money, output and prices. In the late 1990s, in view of ongoing financial openness and increasing evidence of changes in underlying transmission mechanism with interest rates and exchange rates gaining in

importance *vis-à-vis* quantity variables, the Reserve Bank adopted a multiple indicator approach in April 1998 whereby interest rates or rates of return in different financial markets along with such data as on currency, credit, trade, capital flows, fiscal position, inflation, exchange rate, *etc.* are juxtaposed with the output data for drawing policy perspectives. The liquidity management in the system is carried out through open market operations (OMO) in the form of outright purchases/sales of government securities and daily reverse repo and repo operations under a Liquidity Adjustment Facility (LAF) and this has emerged as the main instrument for interest rate signalling in the Indian economy. In the context of large capital flows and sterilisation, the availability of policy instruments to manage liquidity has been strengthened further with open market operations through Market Stabilisation Scheme.

While the preferred instruments are indirect, and varied, there has been no hesitation in taking recourse to direct instruments also, if circumstances warrant them. In fact, complex situations do warrant dynamics of different combinations of direct and indirect instruments, in multiple forms, to suit the conditions – especially the transmission mechanism.

Similarly, while there is considerable merit in maintaining distinction between monetary and prudential policies of the central bank, the Reserve Bank did not hesitate to enhance the provisioning requirements and risk weights for select categories of banking assets, namely real estate, housing, consumer finance and capital market exposures. There has also

been close monitoring of off-balance sheet exposures of banks. Detailed guidelines have been issued, for consultation, on product, accounting and prudential aspects of credit derivatives. A framework for governing banks' linkages with systemically important deposit taking and non-deposit taking non-banking financial companies has also been put in place.

More generally, Reserve Bank's approach has been to recognise the positive contributions that financial innovations make to enhance efficiency of financial intermediation. At the same time, Reserve Bank considers, in a dynamic setting, appropriate safeguards to ensure stability, taking account of the prevailing governance standards, risk management systems and incentive frameworks in the foreign, public, private and cooperative banks as also related non-banks. Overall, these progressive but cautious policies have contributed to both efficiency and stability of the financial system and have enabled current growth momentum in an environment of macro stability.

Some of the important factors that shaped the changes in monetary policy framework and operating procedures in India during the 1990s were the delinking of budget deficit from its automatic monetisation by the Reserve Bank, deregulation of interest rates, and development of the financial markets with reduced segmentation through better linkages and development of appropriate trading, payments and settlement systems along with technological infrastructure. With the enactment of the Fiscal Responsibility and Budget Management Act in 2003, the Reserve Bank has withdrawn from participating in the primary issues of Central

Government securities with effect from April 2006. The recent legislative amendments enable a flexible use of the cash reserve and statutory liquidity requirements for banks, without being constrained by a statutory floor or ceiling on the levels of such prescriptions by the Reserve Bank.

V. Fiscal Policy Reforms and Public Debt Management: Centre and States

The fiscal system prevalent in the beginning of the 1990s was characterised by a sustained high fiscal deficit and mounting debt accumulation giving rise to inflation, financial repression, and overall deterioration in the macroeconomic fundamentals of the economy. 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. A positive outcome in recent years is the marked improvement in the health of Government finances with the adoption of the Fiscal Responsibility and Budget Management (FRBM) Act, 2003 by the Central Government and Fiscal Responsibility Legislation (FRLs) by several State governments.

RBI and States

Under India's federal system of government, the Constitution allocates the revenue powers and expenditure functions between the Central and State Governments. In general, the functions required to maintain macroeconomic stability and international relations are assigned to the Centre, while provision of public services such as law and order, internal security, public health, sanitation, water supply and

agriculture is largely entrusted to the States. Both government layers share responsibility for education, health and infrastructure, though States have a critical role.

In India, borrowing by the State Governments is subordinated to prior approval by the national government. This is embodied in Article 293 of the Indian Constitution, under which, any State Government that is indebted to the Central Government, requires prior approval for borrowings. Central approval is embedded in the procedure for sale of State Government securities, and therefore, cannot be violated. Furthermore, State Governments are not permitted to borrow externally, unlike the Centre.

The Reserve Bank plays two crucial roles in relation to the Indian fiscal system, namely as the banker to and the debt manager of both Central and State Governments. The RBI Act allows the Reserve Bank by agreement with a State Government to undertake its banking operations and management of its public debt. While undertaking the role of banker for both the Central and State governments, the Reserve Bank also provides temporary support to tide over mismatches in their receipts and payments in the form of Ways and Means Advances (WMA).

The Reserve Bank has been organising a biannual Conference of State Finance Secretaries since November 1997. This Conference, right from its inception, has provided a very useful forum for interaction among all the stakeholders (State Governments, Central Government and the Reserve Bank) on matters related to State finances and arriving at consensual solutions

for issues of policy and operational significance. Among the areas that were deliberated, the more important ones relate to fiscal responsibility legislations at State levels; standardisation of budgetary, accounting and transparency practices; cash management; management of Consolidated Sinking Fund and Natural Calamities Fund; evaluation of fiscal guarantees, *etc.* The Reserve Bank is proactive and responds from time to time, to the needs of States, as evident from two recent moves.

Faced with accumulation of large surplus cash balances and a negative spread earned on the investment of such balances, some State Governments had approached the Reserve Bank to arrange for the buy-back of their outstanding State Development Loans (SDLs). Accordingly, the Reserve Bank formulated a general scheme for the buy-back of SDLs with the concurrence of the Government of India. Following the recommendations of the Twelfth Finance Commission, external loans would be passed on to the States (in rupee terms) on a back-to-back basis. Consequently, the State Governments would now have to bear the foreign exchange risk in the context of such loans. Again, at the behest of the State Governments, the Reserve Bank recently organised a workshop on the management of foreign exchange risk, for the benefit of State Government officials.

The Reserve Bank interacts with States on several other fronts especially in regard to lending to agriculture, small industries, weaker sections, depositor protection, financial inclusion, financial literacy, responding to natural calamities, *etc.* mainly through the regional offices.

Management of Public Debt

The aggregate stock of public debt of the Centre and States as a percentage of GDP is high, currently at around 75 per cent. There are, however, several unique features of management of public debt in India, which are noteworthy. First, States have no direct exposure to external debt. Second, almost the whole of public debt is local currency denominated and held almost wholly by residents. Third, public debt, of both Centre and States is actively and prudently managed by the Reserve Bank ensuring comfort to financial markets without any undue volatility. Fourth, the government securities market has developed significantly in recent years in terms of turnover, depth and participants, and significant further improvements are underway.

Fifth, contractual savings supplement marketable debt in financing deficits. Finally, direct monetary financing of primary issues of debt has been discontinued since April 2006. Hence, the high stock of public debt relative to GDP has not so far been a matter of concern as far as stability is concerned, while it is recognised that long term sustainability would call for a gradual reduction to prudent levels.

VI. External Sector Reforms

Benefiting from a calibrated and sequenced strategy of liberalisation, India's external sector has become more resilient. Exports have been growing at an average rate of around 25 per cent during the last three years, while imports have grown by around 35 per cent during the same period. The current account remained in surplus during

2001-02 to 2003-04, before turning into a modest deficit since then. There was a significant strengthening in the capital account resulting in continued accretion to the foreign exchange reserves, which was around US\$ 228.8 billion as on August 31, 2007. As could be seen from the table 2, there has been considerable improvement in liquidity and sustainability indicators of external debt.

The exchange rate of rupee became market determined from March 1, 1993 and by August 1994 India became current account convertible by accepting Article VIII of the Articles of Agreement of the IMF. There was simultaneously a significant rationalisation of the tariff structure in a gradual manner providing opportunity for domestic industry to equip itself to face global competition. For instance, the customs duty on non-agricultural products has come down from 150 per cent in 1991-92 to 10.0 per cent in 2007-08. A qualitative change was brought about in the legal framework for liberalisation by the enactment of the Foreign Exchange Management Act (FEMA) in June 2000. With this, 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 extent and timing of capital account liberalisation is properly sequenced with other concomitant developments such as strengthening of banking sector, fiscal consolidation, market development and integration, trade liberalisation, and the changing domestic and external economic environments. It is also recognised that there may be links between the current and capital

accounts and hence procedures are in place to avoid capital flows in the guise of current account transactions. Further, a hierarchy is established in the sources and types of capital flows. The priority has been to liberalise inflows relative to outflows, but all outflows associated with inflows have been totally freed. Among the types of inflows, foreign direct investment is preferred for stability while excessive short-term external debt is eschewed. A differentiation is made between corporates, individuals, and banks. Operationally, the process of managing the capital account consists of operating two routes, namely automatic and non-automatic. Consistent rebalancing in the desired direction is done by expanding the automatic route and by moving most of the prohibited transactions to the non-automatic but approval route and at a later stage, to an automatic or deregulated regime.

There has been a significant liberalisation of the policy framework with regard to capital outflows over the past few years. Each country has to design its policy regime for capital outflows keeping in view the specific country context, especially characteristics of the real sector, and not merely the contextual level of inflows and extant absorptive capacity of the economy. First, the current regime of outflows in India is characterised by liberal but not incentivised framework for corporates to invest in the real economy outside India, including through the acquisition route. The regime has served the country well since Indian corporates are increasingly able to establish synergies with overseas units, to make up for lack of scale that has been a legacy problem in India, and to quickly acquire domain knowledge through

acquisition. Second, significant liberalisation of outflows by individual households has been implemented following recommendation of the Committee on Fuller Capital Account Convertibility (Chairman: Shri S. S. Tarapore, 2006). Further liberalisation here would be done in the light of some international experience which shows that resident individuals often precede overseas investors in initiating outflows when the perceptions in regard to domestic economy's performance or stability appear to turn adverse. Third, as regards the regime for outflows through financial intermediaries, the approach is characterised by caution and quantitative stipulations whereby both prudential considerations and compulsions of management of capital account are relevant.

VII. Financial Sector Reforms

Major policy measures in the financial sector relate to phased reductions in statutory pre-emption like cash reserve ratio and statutory liquidity requirements and deregulation of interest rates on deposits and lending, except for a select segment. The diversification of ownership of banking institutions is yet another feature which has enabled private shareholding in the public sector banks, through listing on the stock exchanges, arising from dilution of the Government ownership.

The banking sector reform 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. The regulatory framework in India, in addition to prescribing prudential guidelines and encouraging market discipline, is increasingly focusing on ensuring good governance through "fit and proper" owners and directors of banks. The Reserve Bank has issued detailed guidelines on ownership and governance in private sector banks emphasising diversified ownership. The Reserve Bank has also provided a significant thrust to implementation of information technology in the banking sector.

Foreign direct investment in the private sector banks is now allowed up to 74 per cent, subject to the prescribed guidelines. Again, 100 per cent foreign direct investment is allowed in 19 activities under the automatic route in Non-Bank Financial Companies (NBFCs). There are minimum capitalisation norms for such investments. Besides, 100 per cent NBFC subsidiary can also be established subject to clearance by Foreign Investments Promotion Board (FIPB), Government of India. There has been noticeable increase in the interest of foreign entities to acquire stakes in NBFCs. Policy initiatives have been taken in recent past to ensure that such NBFCs adhere to regulatory prescriptions spelt out for them.

In the cooperative segment, the urban cooperative banks (UCBs) had been suffering from the problem of multiple supervisory/regulatory authorities, as also the challenge of reconciling the democratic character with financial discipline. Therefore, several structural, legislative and regulatory measures have been initiated in recent years

for urban co-operative banks with a view to evolving a policy framework oriented towards revival and healthy growth of the sector. A vision document for their healthy growth has been formulated. Restructuring of the larger weak banks has commenced and is well under way. Similarly, issues relating to rural co-operative banking structures and regional rural banks (RRBs) have been considered actively and comprehensive measures have been planned and some of them are under implementation.

Financial Markets Reforms

Financial markets in India in the period before the early 1990s were marked by administered interest rates, quantitative ceilings, statutory pre-emptions, captive market for government securities, excessive reliance on central bank financing of fiscal deficit, pegged exchange rate, and current and capital account restrictions. A wide range of regulatory and institutional reforms were introduced in a planned manner over a period to improve the efficiency of financial markets. These included development of market micro structure, removal of structural bottlenecks, introduction/diversification of new players/instruments, free pricing of financial assets, relaxation of quantitative restrictions, better regulatory systems, introduction of new technology, improvement in trading infrastructure, clearing and settlement practices and greater transparency.

Reforms in financial markets were carefully sequenced ensuring that they were in sync with the real sector. The reforms were also important for developing the environment for effective monetary policy making and monetary transmission

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

The 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 Reserve Bank has also initiated a number of steps – institutional, procedural and operational – for making the payment systems safe, secure and efficient. For efficiency enhancements and risk reduction, usage of the Real Time Gross Settlement (RTGS) System and other electronic payment mechanisms has been encouraged in a big way.

VIII. Financial Inclusion and Customer Services

The Reserve Bank has undertaken a number of measures with the objective of attracting the financially excluded segment of the population into the structured financial system. The broad approach of the Reserve Bank is aimed at 'connecting' people with the banking system. Measures relating to financial inclusion may be summarised as follows:

First, banks were advised to make available a basic banking 'no-frills' account with nil or minimum balances as well as other charges to ensure outreach of such accounts to vast sections of the population. As there are many regional languages in India, banks are required to make available

all printed material used by retail customers in the concerned regional language.

Second, banks have also been permitted to utilise the services of non-governmental organisations/self help groups (NGOs/SHGs), micro-finance institutions and other civil society organisations as intermediaries in providing financial and banking services through the use of business facilitator and business correspondent (BC) models.

Third, banks are also entering into agreements with Indian Postal Authorities for using the large and well spread network of post offices as business correspondents, thereby increasing their outreach and leveraging on the postman's intimate knowledge of the local population and trust reposed in him. Similarly, banks in association with insurance companies, are providing innovative insurance policies at affordable cost, covering life disability and health cover.

Fourth, the Reserve Bank has been encouraging the use of ICT solutions by banks for enhancing their outreach with the help of their Business Correspondents (BCs). A multilingual website in 13 Indian languages on all matters concerning banking and the common person has been launched by the Reserve Bank on June 18, 2007.

Several initiatives were also undertaken by the Reserve Bank to improve the delivery of customer services by banks.

First, the recommendations of the Standing Committee on Procedures and Performance Audit on Public Services set up in November 2003 covering an individual customer's dealing with a bank in the areas of foreign exchange, currency and

government transactions, including pension, besides the main relationship as an account holder are being implemented.

Second, in order to bring together all activities relating to customer service in banks and the Reserve Bank in a single department, the Reserve Bank constituted a new department called 'Customer Service Department' on July 1, 2006. The new department has facilitated a sharper focus to customer service issues.

Third, the Banking Ombudsman Scheme, which was introduced in 1995 to provide an expeditious and inexpensive forum to bank customers for resolution of their complaints relating to deficiency in banking services, was last revised in 2006. The Scheme has an enlarged scope now and is applicable to all commercial banks, regional rural banks and scheduled primary cooperative banks. The complainants can file their complaints in any form, including online.

Fourth, recognising an institutional gap in measuring the performance of the banks against codes and standards based on established best practices, the Reserve Bank set up the Banking Codes and Standards Board of India in 2006. It is an autonomous and independent body, in the nature of a self-regulatory organisation. Banks register themselves with the Board as its members and provide services as per the agreed standards and codes. The Board in turn, monitors and assesses the compliance with codes and standards which the banks have agreed to. The Code of Banks' Commitment to Customers was released on July 1, 2006. The Code covers various aspects of transactions of individuals such as deposit

accounts, interest rates, fees and charges, remittances, settlement of claims in respect of deceased account holders, loan products, safety locker, credit cards, guarantees, collection of dues and complaints and grievance redressal. The Reserve Bank has also made it obligatory for banks to display and update, in their offices/branches as also on their websites, the details of various service charges in a prescribed format.

Fifth, as lack of financial education on the part of customers of the bank contribute to rising number of complaints, especially relating to credit card operations, the Reserve Bank is according top priority for financial education which would ensure that the customers of banks take an informed decision. Individual banks have also started taking various steps in this regard such as 'financial education posters', 'short films' and websites, *etc.*

IX. Prospects, Challenges and Strengths

Short Term Prospects

For monetary policy purposes, the Reserve Bank, in its Annual Policy Statement, placed real GDP growth for 2007-08 at around 8.5 per cent, assuming no further escalation in international crude prices and barring domestic or external shocks. The policy preference for the period ahead is 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. For the purpose of monetary policy formulation, the Reserve Bank has projected the rate of money supply (M_3) growth at around 17.0-17.5 per cent and

non-food credit at 24-25 per cent for 2007-08 in consonance with the outlook on growth and inflation. While retaining the stance of the monetary policy, the Reserve Bank has flagged the importance of financial stability in the first quarter review of the Annual Policy Statement issued on July 31, 2007.

Data on recent developments is broadly in consonance with expectations for 2007-08. According to the Central Statistical Organisation, during the first quarter of the financial year 2007-08 (April-June, 2007), the real GDP grew by 9.3 per cent on the back of 9.1 per cent in the last quarter of 2006-07 (January-March, 2007) and 9.6 per cent in the first quarter of the previous year (April-June, 2006). The wholesale price index, on a year to year basis, decreased to 3.79 per cent during the week ended August 25, 2007 as compared with 5.12 per cent a year ago. As on August 17, 2007, the broad money (M_3) supply growth was 20.0 per cent on a year-on-year basis almost same as in the previous year. Though buoyant and broad based, there was a decline in non-food credit growth to 23.6 per cent as on August 17, 2007 as compared with 32.8 per cent a year ago. Exports continued its momentum, however, imports rose sharply, which led to widening of trade deficit to US \$ 25.7 billion during the first four months of 2007-08 (April-July) as compared with US \$ 15.8 billion during the same period of the previous year.

Available information indicates continuation of the growth momentum during 2007-08 so far at a strong pace with the impulses of growth getting more broad-based. Steady increases in the rate of gross domestic saving and investment, consumption demand, addition of new

capacity as well as more intensive and efficient utilisation/capitalisation of existing capacity are expected to provide support to growth during 2007-08. The recent gains in bringing down inflation and in stabilising inflation expectations should support the current expansionary phase of growth cycle. It is, however, 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 uncertainties surrounding the evolution of demand-supply gaps globally, as well as in India.

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. Excessive leveraging has enhanced the vulnerability of the global financial system. Large changes in liquidity conditions are obscuring assessment of risks, with attendant uncertainty. Given the flux associated with both financial markets and monetary policy settings globally, India cannot be immune to these developments. The policy challenge for the Reserve Bank, now, is to manage the current transition to a higher growth path while containing inflationary pressures and focusing on financial stability. Contextually, we in the Reserve Bank are, therefore, maintaining enhanced vigilance to be able to respond appropriately to the prevailing heightened uncertainties in global financial, as well as, monetary conditions.

Medium Term Challenges

For a large and diverse economy with low per capita income but undergoing structural transformation in a highly uncertain global

environment, challenges for public policy are manifold. I would focus on a few, which we in the Reserve Bank consider to be crucial for enhancing medium term prospects for equitable growth.

First, while over 60 per cent of the workforce is dependent on agriculture, the sector accounts for 20 per cent of the GDP. Further, the GDP growth generated from agriculture is only marginally above the rate of growth of the population, which is not adequate to ensure rapid poverty reduction. Volatility in agricultural production has not only implications for overall growth but also, as the experience of 2006-07 amply demonstrated, for maintaining low and stable inflation. Enhanced growth of the agricultural sector is vital for ensuring food security, poverty alleviation, price stability, overall inclusive growth and sustainability of growth of the overall economy. Recently, 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. 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.

Second, the manufacturing sector has recorded robust growth, despite several infrastructure deficiencies. The inadequate availability of modern infrastructure and shortage of skilled manpower are the most critical barriers to the growth of the manufacturing sector. It is essential to augment the existing infrastructure facilities, particularly roads, ports and power, to provide the enabling environment for industry to prosper. The most important issues here are regulatory framework and

overall investment climate, which are being addressed by the Government. One other concern has been the cost recovery, which is expected to improve with enlightened public-private partnership.

Third, a salient feature of the fiscal consolidation process in recent years even after accounting for cyclical elements has been significant reduction in the key deficit indicators. Our studies on State finances in the Reserve Bank give grounds for optimism in regard to their fiscal health. We recognise two important areas that, if addressed, would result in fiscal empowerment. One is elimination of subsidies, which are inappropriate and not directly targeted to the poor, and elimination of most of the tax exemptions, which are patently distortionary. Moreover, the delivery of essential public services such as education and health to a large section of our population is a major challenge.

Fourth, there is a growing recognition in India that governance reforms are critical to strengthen state capacity and enable it to perform its core functions. The task of improving the institutions of economic governance comprise, among others, many organisations and actions essential for good functioning of markets. It must be recognised that good governance can co-exist only when public sector functions fairly and efficiently, which is achievable by improving and not undermining it. The business community has therefore a vital stake in improving and empowering public institutions. I would like to endorse what Professor Avinash K. Dixit, President-Elect, American Economic Association said in the Second P.R. Brahmananda Memorial Lecture delivered by him in June 2007 in Mumbai.

"Finally, I think that the process of designing institutional reforms offers a good opportunity for fruitful collaboration between academic economists and businesspeople. Many academic economists used to dislike or disdain businesspeople and prefer a statist solution to economic problems. This is much less true in western countries these days, but the tendency may be more persistent in India. I hope even they will regard the task of improving the institutions of economic governance in a favorable light, seeing it as a way of constraining the opportunistic behavior of businesspeople. Many of them will also be attracted by the idea of a bottom-up rather than a top-down reform. There is a wealth of academic studies, theoretical and empirical, of the evolution, performance, and limitations of such institutions. Businesspeople have a clear perception of the specific governance needs of their industries. The two can combine their brains and energies to adapt the lessons of these studies to the Indian situations, and contribute to creating a better environment for continued rapid economic progress of the country." (Dixit, Avinash K., Second P.R. Brahmananda Memorial Lecture, June 2007, Mumbai, pages 17-18)

Strengths

The Indian economy has some inherent strength, both quantifiable and non-quantifiable, which would facilitate in meeting the challenges ahead. I have already mentioned extensively the quantifiable strengths. Apart from these quantifiable strengths, there are certain 'not easily quantifiable strengths' which our economy

possesses and I would like to mention some of them. First, a vast pool of science and technology graduates and the millions of people who are familiar with English language are sources of strength. The familiarity with multiple languages in India prepares the people to adapt better to multicultural situations, making it easier for them to fit into international systems smoothly. Second, India also enjoys the distinction of being the biggest democracy of the world. The existence of a free press provides some insurance against excesses and makes Governments at all levels more accountable than otherwise. Third, impressive are the initiatives of many States for empowerment of women which defend their rights and help to gain greater self-esteem and control over their own personal lives and social relationships. Fourth, the political climate is characterised by what may be termed as political system stability, despite the coalition cabinets and periodic elections both at the Centre and in several States. Fifth, India will remain one of the youngest countries in the world in the next few decades. This "demographic dividend" is seen as an inevitable advantage provided prerequisites such as skill-upgradation and sound governance to realize it are put in place. Sixth, in terms of business environment, the impressive growth coupled with market orientation of the economy has been a bottom-up exercise, with a very broad-based growing entrepreneurial class. These tendencies are perhaps reflective of a penchant for innovation among already large and growing entrepreneurial class in India, imbued with professionalism and seeking to be globally competitive.

*The Reserve Bank and the State Governments: Partners in Progress**

Y. V. Reddy

I am thankful to Dr. Srivastava for offering me the opportunity to participate in the annual day celebrations of the Madras School of Economics. It is an honour and privilege to be associated with the activities in a distinguished gathering such as this one.

I was born in a village in Kadapa (then Cuddapah) district but went to High School in Chennai (then Madras), studying in Telugu medium. After a two-year stint in Government Arts College, Anantapur, I was back in Chennai for pursuing my university level studies in economics. My participation today in the annual day celebrations of the Madras School of Economics gives me an opportunity to express my gratitude to (Madras) Chennai which helped me in becoming and being a student of economics.

There are several reasons for selecting this subject for my address today. First, in the Indian federal polity, the States, relative to the Centre, have taken the centre-stage in the reform process since the areas of highest national priority now fall essentially within the purview of the States. For instance, agriculture, education, public health, sanitation and much of physical infrastructure belong primarily to the domain of the State Governments. Second, Dr. Rangarajan and Dr. Srivastava were Chairman and member, respectively, of the Twelfth Finance Commission (TFC), which made historic contribution to the Centre-State relations. It is also noteworthy that they addressed the Sixteenth Conference of State Finance Secretaries, held at the Reserve Bank. Third, it was Dr. Rangarajan who, in 1997, initiated the process of active interface between the Reserve Bank and the State Governments a decade ago, when he inaugurated, as the Governor of the Reserve

* Address by Dr. Y.V.Reddy, Governor, Reserve Bank of India at the Madras School of Economics, Chennai on September 23, 2007.

SPEECH

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Bank, the first Conference of State Finance Secretaries. Finally, there is very little literature available on the theory or practice of the role of the central banks at the level of sub-national governments. Hence, there may be some merit in recording our experience in this regard. I am taking this opportunity to chronicle the unique and productive partnership between the Reserve Bank and the State Governments in securing the progress of our economy, as part of economic reforms.

On November 8, 1997, Dr. Rangarajan, the then Governor of the Reserve Bank, in his inaugural address at the First Conference of the State Finance Secretaries convened by Reserve Bank, had flagged the issues that needed to be focussed upon in management of State finances. These included: alternative methods for borrowing by the States, statutory ceiling on debt, setting up of consolidated sinking fund and the issuance of State Government guarantees. I would like to report that most of his expectations have since been substantively met, as I will enumerate today, a little later.

I would also like to place on record the high priority that continued to be accorded to this collaborative process by Dr. Jalan who succeeded Dr. Rangarajan as the Governor, Reserve Bank. For instance, in his inaugural address at the Tenth Conference of State Finance Secretaries, on June 7, 2002, stressing on the cooperative framework between the Centre and the States, Dr. Jalan had pointed out that there were lessons to be learnt from the coordinated approach adopted by some of the large federal governments in managing their finances successfully in contrast to some of the Latin

American nations. He had noted that although the Centre's large deficit had constrained its ability to support the States, the harmonious relations amongst the States, the Centre and the Reserve Bank, which are involved in the management of public finances in India, had enhanced the stability and integrity of India's financial system. He had also reiterated the problems associated with the "automatic debit mechanism", stating that a State could not manage its finances if such a mechanism pre-empted a large portion of its available funds.

Mutual Trust

The 'Reserve Bank of India' and 'banking' find a listing in the Seventh Schedule of the Indian Constitution and hence, fall within the exclusive jurisdiction of the Central Government. The Reserve Bank of India Act, 1934 provides that the Central Government *shall* entrust the Reserve Bank with all its money, remittance, exchange and banking transactions in India and the management of its public debt, and shall also deposit all its cash balances with the Reserve Bank, free of interest. On the other hand, the Reserve Bank *may*, by agreement with any State Government, take over similar functions on behalf of that Government. Accordingly, the Reserve Bank is the banker to both the Central Government and all the State Governments, except two, in the Indian Federation.

The Reserve Bank also manages the open market borrowings of the Central Government and all the States. The market-borrowing programme of the State Governments is finalised by the Government of India and the Planning Commission,

keeping in view the provisions of Article 293(3) of the Constitution of India. The Article stipulates that a State may not, without the consent of the Government of India, raise any borrowings if it has any loan outstanding, which is repayable to the Government of India.

The Reserve Bank has, over the years, closely interacted with the State Governments in its developmental role – particularly in areas of development of agriculture, and small industries. The Reserve Bank was specifically entrusted with an important promotional role, since its inception, of financing agricultural operations and marketing of crops. In fact, the Agricultural Credit Department was created simultaneously with the establishment of the Reserve Bank in 1935.

The Reserve Bank prepares and publishes an annual Study on the State Government Finances. This is a unique study since it compiles, consolidates and analyses detailed data on the budgets of all the State Governments. It also documents the policy initiatives on State finances and debt management by the State Governments, the Government of India and the Reserve Bank. The study has been well received by policy makers and academicians, both in India and abroad, and is an important reference document.

It is noteworthy that the interface between the Reserve Bank and the State Governments arises not only out of statutorily mandated obligations but also voluntarily, based on mutual trust. The mechanism of bi-annual conference of the State Finance Secretaries has formalised and strengthened the process of partnering

for progress, based on mutual respect, through a process of continuing consultations, but with the States retaining their freedom. Apart from the State Finance Secretaries, senior functionaries of the Government of India, the Comptroller and Auditor General of India, the Controller General of Accounts and the Planning Commission as also heads of select departments of the Reserve Bank are invited to the Conference. There are occasions when fiscal experts such as Shri A. Premchand, Shri M.S. Ahluwalia from the Planning Commission, leading commercial bankers and representatives of credit rating agencies are also invited to participate and contribute to the specific issues on the agenda.

Open Market Borrowings

The normal procedure followed for open market borrowings, until the first half of the nineties, was that the Reserve Bank would complete the combined borrowings of all States in one or two tranches at a predetermined coupon, which was common to all States and was on par with that of the Central Government. After announcement of the loan, the Reserve Bank would write to the banks indicating the contribution expected from them, mainly based on their market-share of deposits, with a request to invest in the State Government bonds. Thus, high statutory pre-emptions in the form of Statutory Liquidity Ratio (SLR) in respect of the banks and the tying-up of the loans by the Reserve Bank ensured a captive market for these loans amongst the banks and the successful completion of the allocated borrowing programme.

With the substantial increase in the market borrowing programme of the Central Government, progressive reduction in the SLR, increasing sophistication of the Indian debt markets offering diversified portfolio choices to banks, mark-to-market valuation norms, changes in risk weighted capital prescriptions and the deteriorating financial position of the States, it was becoming increasingly difficult to complete the market borrowings of the States, through the tranche system, at pre-announced coupon.

To reflect these new realities, including the market perception of the status of the State Governments, in 1997, the coupon rate for the entire borrowing programme for all the States was fixed broadly on the basis of a mark-up (which was initially 25 basis points and later increased to 50 basis points) over the yield of ten-year stock of the Central Government. Apart from the fact that the banks displayed an increasing reluctance to voluntarily invest in the State Government paper, the market had started discriminating amongst the States based on their perceived strengths and weaknesses; thus adversely affecting completion of the approved borrowing programme for the States.

The Central Government had switched over to the auction method for its open market borrowing programme since 1993 and in view of the experience described above, it was felt necessary for the State Governments to explore the possibility of adopting a flexible approach with regard to interest rate, maturity, *etc.*, of their borrowings. It was also felt that in view of inter-State disparities, a gradual and cautious approach was necessary. Based on the consensus at the first Conference of the State Finance Secretaries, an option was made available to the State

Governments to enter the market through a flexible approach, on their own, to the extent of 5 to 35 per cent of their gross market borrowings. The timing and volume of issues for auction were to be decided by the Reserve Bank, in consultation with the State Governments, taking into account the market and liquidity conditions. This dispensation enabled the well-managed States to take advantage of the market conditions and raise loans at finer rates while the smaller States were able to protect their interests by substituting a part of their borrowings under the totally pre-announced coupon approach, with the auction method. The State Governments were subsequently encouraged to progressively further increase the share of market-borrowings under the auction route initially to 50 percent and thereafter to cover the entire market-borrowings.

The auction system was experimental since the year 1998-99 with one State adopting the auction route in January 1999. The number of States adopting the auction route increased gradually in subsequent years.

With the implementation of the recommendations of the TFC, the year 2005-06 marked a watershed in the evolution of the finances and the (open market) debt management operations of the State Governments. Spurred by the moderation in fiscal imbalances and progressive enactment of Fiscal Responsibility Legislation by the States – induced in some measure by the incentivised Debt Relief Scheme recommended by the TFC – the market perception regarding the fiscal position of the States seemed to have improved considerably. As many as 24 States opted for

the auction route during 2005-06 as compared with only three States in the previous year. The States raised 48.5 per cent of their total borrowings through the auction route during 2005-06. The cut-off yields in the auctions were, in general, lower than the tap issues.

The market borrowings of the State Governments during 2006-07 and 2007-08 so far have been raised entirely through the auction route, with a general decline in spreads. In brief, the migration from the system of administered borrowing programme to the auction method of borrowing in respect of the States was achieved gradually and through a consultative process between the States and the Reserve Bank.

Consolidated Sinking Fund

At the request of the State Governments, the Reserve Bank had prepared a model Consolidated Sinking Fund (CSF) Scheme and circulated it amongst them for adoption / consideration in 1999. By the time of the ninth Conference of the State Finance Secretaries held in November 2001, 11 States had set up the CSF, which is being administered by the Reserve Bank.

The TFC had recommended that the CSF may cover repayments in respect of all the loans of the State Governments (and not just open market borrowings). Furthermore, the Bezbaruah Committee on Ways and Means Advances (WMA) to States had recommended that the States would be entitled to the Special WMA to the extent of their net incremental annual investment in the CSF, subject to the prescribed ceilings. Against this

backdrop, the Reserve Bank circulated a revised model scheme of CSF amongst the State Governments in May 2006. As on June 30, 2007, of the eighteen State Governments that had set up the CSF, 11 had established it as per the revised CSF scheme. Many more States have intimated their intention to adopt the revised CSF scheme, as administered by the Reserve Bank.

Prepayment of Debt

In the context of build up of cash balances, two States proposed to utilise their surplus cash to pre-pay a part of their outstanding open market debt. In this connection, the modalities of buyback auctions were finalised by the Reserve Bank in consultation with these State Governments and the Government of India. General issues relating to the pre-payment of debt were discussed at the 18th Conference of the State Finance Secretaries, held in August 2006. The Reserve Bank has conducted two rounds of buyback auctions in February and March 2007.

State Government Guarantees

Issues relating to State Government guarantees have also been discussed in almost every conference of the State Finance Secretaries. Against the imperative of infrastructural development, the States have been under pressure to provide guarantees for facilitating the flow of funds to the high-priority sectors, state public sector enterprises, developmental institutions and local bodies, for commercial as well as non-commercial activities as also for urban development. The element of risk associated with such guarantees, transparency with

regard to the guarantee policies and the magnitude of guarantees extended by the State Governments have raised concerns regarding the optimal or sustainable level of such guarantees. It is well recognised that while the guarantees, being contingent liabilities, do not form part of the debt, as conventionally measured, these have, in the eventuality of default, the potential of straining an apparently sound fiscal system.

At the first Conference of the State Finance Secretaries held in November 1997, the issue of government guarantees was deliberated upon at length and the view taken was that, in the interest of prudent financial management and the credibility of the guarantees issued, there was a need for a policy on guarantees for each State Government within certain national parameters. Accordingly, a Technical Committee was constituted to examine the issue of State Government guarantees, in all its aspects. The report of the Committee was discussed at the third Conference of the State Finance Secretaries, held in January 1999, and pursuant to the recommendations of the Committee, several States have since taken the initiative to fix a ceiling on guarantees to be issued by them.

The devolvement probabilities of various guarantees are not identical and consequently, all guarantees cannot be treated uniformly in terms of their fiscal impact. In order, therefore, to assess the fiscal risk arising out of guarantees in a more realistic and objective manner, there was a need to evolve a methodology for classifying guarantees into appropriate categories, with each category reflecting broadly similar fiscal impact. This, in turn, was expected to

facilitate the fixing of ceiling on guarantees in a non-mechanistic fashion to better capture the risk inherent in guarantees, and to enable adoption of better provisioning techniques to cover these contingent liabilities. In this backdrop, it was decided to constitute a Group of State Finance Secretaries on the Fiscal Risk on State Government Guarantees to examine the fiscal risk of guarantees extended by the State Governments. The report of the Group was discussed at the tenth Conference of the State Finance Secretaries, held in June 2002.

The general consensus that emerged at the Conference was to place the Report of the Group in the public domain. It was also agreed to explore the possibility of extending the scope of the relative the Reserve Bank circular addressed to the banks, to the financial institutions also so that they too would undertake due diligence and proper appraisal in financing of projects rather than merely relying on the State Government guarantees in their favour. It was also proposed that States could be provided technical assistance in regard to assigning appropriate risk weights to the guarantees.

The Reserve Bank organises workshops on the evaluation of fiscal risk of guarantees for the benefit of State Government officials. Representatives of credit rating agencies are also invited to give presentations at the workshops. So far, four such workshops have been organised. It was also decided that the State Governments would be encouraged to seek, for their internal use, credit ratings from a rating agency so that they could initiate appropriate measures to improve their financial performance when they approached the market to mobilise resources.

The Reserve Bank circulated a draft scheme on Guarantee Redemption Fund (GRF) amongst the State Governments for voluntary adoption. As an incentive to build up the Consolidated Sinking Fund (CSF) and GRF, the Bezbaruah Committee (2005) had recommended that net incremental (*i.e.*, new investment less redemption/liquidation) annual investment of States in CSF/GRF would be made eligible for availing Special WMA, but up to a ceiling equivalent to the Normal WMA limit. Keeping this in view, the Reserve Bank circulated revised draft GRF scheme amongst the State Governments in May 2006. As on June 30, 2007, eight State Governments had set up the GRF, of which three had put in place the revised scheme.

Ways and Means Advances, and Cash Management

The Reserve Bank has been extending Ways and Means Advances (WMA) to State Governments since 1937 with the objective of covering temporary mismatches in the cash flows of their receipts and payments.

The WMA Scheme has been periodically revised, right since the early 1950s, in the light of the perceived requirements of the State Governments, keeping in view the evolving fiscal, financial and institutional developments as well as the objectives of monetary and fiscal management. State-wise limits in respect of Normal and Special WMA are determined based on certain parameters and have been revised, periodically, over the years. An overdraft (OD) occurs whenever these limits are exceeded. Maximum time-period (days) and/or financial limits up to which the State Governments can remain in

overdraft have been specified; these limits have also been revised periodically. Payments on behalf of the State Governments are suspended in case the OD limits are breached.

Till the late 1990s, the Normal and Special WMA limits of State Governments were fixed in terms of specified multiples of their minimum balances kept with the Reserve Bank. Both the minimum balances and the 'multiples' to obtain the Normal WMA limits, were revised upwards a number of times (though not necessarily at the same time) over the years.

There have been strong demands from several States, from time to time, for upward revision of the WMA limits. The Reserve Bank had taken the view that WMA is meant for meeting the temporary mismatches in the cash flows and hence, any upward revision in the WMA limits to meet structural deficits of the States is inappropriate. The matter remained a contentious issue for some time.

The initiation of the Conference of State Finance Secretaries in 1997 induced a transformation in the approach to formulating changes in the WMA Scheme. Distinct from the past, Advisory Committees were periodically constituted by the Reserve Bank to review the prevailing WMA arrangements and recommend changes, as considered appropriate, in the light of the evolving circumstances. The involvement of experts from outside the Reserve Bank in such Advisory Committees helped to strengthen and broad-base the modalities for effecting appropriate changes in the WMA Scheme. In fact, three Advisory Committees, that have been constituted so far, have been

chaired by experts from outside the Reserve Bank and have included other 'external' experts apart from senior functionaries from the Reserve Bank, as members.

The first informal Advisory Committee on the WMA to State Governments was constituted in 1998, under the chairmanship of Shri B.P.R. Vithal. As a major break from the past practices, the Vithal Committee recommended the de-linking of the size of the Normal WMA limit with the minimum balances held by the States on the grounds that "*fixing the WMA limits as multiples of an unchanged minimum balance, as in the past, does not capture the differing needs of the States in line with the different growth in their budgetary transactions. This has resulted in wide inter-State variations in the WMA limits in relation to the size of the Budget, and this needs to be corrected.*" The Vithal Committee instead proposed linking the normal WMA limit to the cash flows of the State. The recommendations were implemented in the light of further consultations with the States and the Centre.

Subsequently, similar committees (Ramachandran Committee, 2003 and Bezbaruah Committee, 2005) have refined and improved upon the WMA arrangements. It is noteworthy that WMA arrangements have ceased to be a contentious matter amongst the Centre, States and the Reserve Bank on account of the reliance placed on the advice from the outside experts and intensive consultations amongst the stakeholders, in finalising the arrangements.

The upsurge in the surplus cash balances of some of the State Governments since the middle of 2004-05, in contrast to the liquidity

pressures witnessed in the earlier period, has posed newer challenges to financial and cash management of State Governments. The issues relating to investment of cash balances of the States were discussed at the 18th Conference of State Finance Secretaries held in August 2006 and also in the 20th Conference of State Finance Secretaries held in August 2007. Taking note of the discussions, the Reserve Bank is in the process of formulating the plans in this regard, in consultation with the Centre and the States.

Advice on Fiscal Management

The importance of fiscal transparency has got reinforced in the recent years after Government of India subscribed, in 1997, to the Special Data Dissemination Standards (SDDS) promulgated by the International Monetary Fund. In the light of this development, it was decided to constitute a Group of the State Finance Secretaries to suggest various measures of disclosure, which could be introduced in the budgetary exercise of the State Governments. It was also decided that the Group could lay down a model budget for the States, which would enable the Legislature and the public to enhance their understanding of the State finances. The Group suggested, *inter alia*, that it would also be useful if the State Governments could publish a document akin to the *Budget at a Glance* of the Union Budget furnishing the estimated levels of Gross Fiscal Deficit (GFD) and Primary Deficit (PD) of the States, including their ratio to the State Development Product (SDP). The document could also incorporate time-series data on important fiscal variables of the States. The levels of

outstanding debt, guarantees extended, wages and salaries, and subsidies could also be explicitly indicated. Many States have, in the light of these deliberations, modified their budget-related documents to enhance fiscal transparency.

A Group was constituted in February 2003 to undertake a study of the pension liabilities of the State Governments and make suitable recommendations. The Group observed that if pension payments of the States were to grow at the historical average growth rate, pension payments alone would pre-empt about 20 per cent of the total revenue receipts of the States and as much as 30 per cent of the revenue receipts in the year 2010-11. Thus, purely from the perspective of fiscal sustainability of the States and the magnitude of the problem, structural alteration in the existing pension scheme, appeared necessary. The Group recommended introduction of contributory pension scheme/s for the new employees of the State Governments in lieu of the existing non-contributory defined-benefit pension scheme. The Group also recommended three alternative pension models, which are to be acted upon by the States as they consider appropriate. As per the available information, 19 State Governments have notified a defined-contribution pension scheme for their new employees.

Recognising the absence of unanimity about the exact level, composition, and methodology for compiling the liabilities of the State Governments in India, it was decided in August 2004, to constitute a working group to evolve a methodology. The Group recommended that the compilation of data on the budgetary liabilities should

be consistent with those in respect of the Gross Fiscal Deficit and accordingly, specified the constituent items. The Group also recommended exclusion of the implicit/contingent liabilities from the definition of budgetary liabilities, reckoning the wide divergence in views on the various items that should be included under implicit liabilities. It, however, recommended the disclosure of information on various implicit liabilities along with the budgetary liabilities. The Group recommended specific formats for timely release of data on the liabilities in the budget documents of the State Governments. The Group also recommended that the Reserve Bank should compile and publish the data on the liabilities of the States in its annual study on the State budgets; this recommendation has already been implemented.

Fiscal Responsibility Legislation

The Reserve Bank had provided detailed and comprehensive technical inputs to the Government of India for formulating a Fiscal Responsibility and Budget Management Law, which culminated in the enactment of the Fiscal Responsibility and Budget Management (FRBM) Act by the Parliament. In view of this successful outcome, State Finance Secretaries expressed a desire for similar advice to them from the Reserve Bank. Accordingly, a group was constituted in October 2003 with select State Finance Secretaries and a representative from the Government of India, Ministry of Finance, as members, to prepare a model fiscal responsibility legislation for the States. The draft Report of the Group was discussed at the 14th Conference of the State Finance Secretaries, held in August, 2004 and the final

report was submitted to the Reserve Bank in January 2005. The Group decided that the model legislation would generally follow the pattern of the Central FRBM Act, and build upon the State fiscal responsibility legislations already enacted. The Group also took into account the international best practices available in the area as well as the recommendations of the various committees on fiscal transparency and on the issues related to voluntary disclosure of information by the State Governments. Various dimensions of the fiscal legislative framework, such as, the choice of targets, the road map for achievement of the targets, need for a detailed set of illustrative rules, independent evaluation criteria, prioritisation of capital expenditure, treatment of contingent liabilities including guarantees, computation of pension liabilities, *etc.*, were deliberated upon to arrive at a consensus. The Group felt that the model Bill would provide guidance to the States for enacting their fiscal responsibility legislations with reference to certain benchmarks.

The objective of the Group was to design a template for the fiscal responsibility legislation for the States on the basis of feasibility on pragmatic considerations and enforceability, taking into account the diverse requirements of various States. It was considered desirable to allow each State to take a view on the sequencing of adoption of various provisions of the model Bill, fixing the actual targets, time frame for implementation thereof and allocating the provisions between the Act and the Rules, depending on its fiscal capabilities and further refining the provisions given in the model bill within the overall framework of fiscal prudence and sustainability.

All State Governments, except two, have already enacted fiscal responsibility legislation.

New Arrangements for Borrowings by the States

According to the TFC, it would be appropriate for the States to take advantage of the prevailing market rates and avoid the spread charged by the Centre on the assistance provided by it. The pattern of Central assistance included loan as a major element in respect of general category States, which was implicitly funded from borrowings by the Centre and hence, the terms of loans extended to the States reflected the Centre's cost of borrowings. To the extent these arrangements prevailed, there was, in effect, intermediation by the Centre in the provision of loans to the States as part of the Central assistance. The TFC, therefore, recommended that the Central Government should not act as an intermediary for future lending and allow the States to approach the market directly. If some fiscally weak States were unable to raise funds from the market, the Centre could borrow for the purpose of on-lending to such States, but the interest rates should remain aligned to the marginal cost of borrowing for the Centre. This approach was accepted by the Central Government, in principle, to be implemented in phases, in consultation with the Reserve Bank.

The new arrangements for ensuring disintermediation of the Centre in respect of States' borrowings were deliberated upon, at the Conferences of State Finance Secretaries and by the Monitoring Group on Cash and Debt Management of the Government of India and the Reserve Bank.

In the light of these discussions and in order to operationalise the new arrangements, the Government of India constituted a Technical Group, with Smt. Shyamala Gopinath, Deputy Governor, the Reserve Bank as chairperson and the officials of the Government of India, select States and the Reserve Bank, as its members. The Technical Group submitted its report to the Government of India in December 2005 and made several recommendations.

In tune with the recommendations of the Group, there has been noticeable progress in regard to drawing up of calendar of borrowings, re-issuance of securities and adoption of the auction method for borrowing by the States. In addition, on the lines of the recommendations of the Working Group on Liquidity of State Government Securities (Chairman: Shri. V.K.Sharma), 2005, State Development Loans (SDLs) have been made eligible for repo transactions under the liquidity adjustment facility of the Reserve Bank and it has been decided to introduce the non-competitive bidding facility in respect of the primary auctions of SDLs. As far as the arrangements for sharing the corpus of the National Small Savings Fund (NSSF) are concerned, in accordance with the decision of the National Development Council, the obligatory share of the States has been reduced to 80 per cent with effect from the year 2007-08.

Loan Council

The TFC had also recommended that "*.....States, like the Centre, must decide their annual borrowing programme within the framework of their respective fiscal responsibility legislations.... The overall*

limit to their annual borrowings from all sources should be supervised by an independent body like a Loan Council with representatives from the Ministry of Finance, Planning Commission, Reserve Bank of India and the State Governments. The Council may, at the beginning of each year, announce the annual borrowing limits for each State, taking into account the sustainability considerations....." (Para 15.7).

It was, however, felt that setting up of a new institution, like the Loan Council, would entail additional cost in terms of physical and human resources and would take time. Moreover, a large majority of States are currently seized with the task of addressing structural issues in managing government finances which, if carried on to their logical conclusion, could usher in an era of debt sustainability over the medium-term of the TFC period. The Loan Council could lose its *raison d'être* once the fiscal situation became tractable, as seems to have been the case with the Australian Loan Council, which provides the international best practice in respect of coordinated borrowings by the Federal and State Governments. Against this backdrop, the Technical Group felt that the objective of securing coordinated borrowings between the Centre and the States on the one hand, and between the States on the other, could be best served by the setting up a Standing Technical Committee (STC) with representation from the Central Government, State Governments and the Reserve Bank.

The Terms of Reference of the STC are to make annual projections of borrowing requirements of the State Governments; build alternative scenarios and suggest alternative strategies and instruments for

raising resources of the States; advise on a mechanism for annual allocation of market borrowings amongst the States; take note of actual borrowings of the State governments during the year *vis-à-vis* the budgeted GFD and develop an appropriate database that would facilitate the monitoring exercise; assess fiscal risks from issuances of State Government guarantees; and advise State Governments on various issues relating to their borrowings.

The first meeting of the STC was held during the 20th Conference of the State Finance Secretaries held in August 2007.

Management of Foreign Exchange Risk

The external assistance by multilateral agencies to the States has traditionally been routed through the Central Government as part of the Central assistance, with the Centre bearing the foreign exchange risk. However, as part of the policy of disintermediation of the Centre in the borrowings by the States, it was decided by the Central Government that there should be a back-to-back transfer of external assistance to the States. At the 16th Conference of the State Finance Secretaries, some of the State Finance Secretaries suggested that the Reserve Bank could play an advisory role in assisting the States in hedging their exchange rate risks arising from the policy of back-to-back transfer of external assistance.

In the context of the TFC recommendations and following the discussions at the 19th Conference of the State Finance Secretaries, held in January

2007, the first workshop on the management of foreign exchange risk by the States through the financial markets was organised by the Reserve Bank in May 2007, for the benefit of the State Government officials.

The States have also proposed alternative mechanisms for providing for foreign exchange risk by setting aside funds in their budgets, where the Reserve Bank is expected to play a role in managing these funds on the lines of the CSF. These proposals were discussed at the 20th Conference of the State Finance Secretaries, held in August 2007.

Selective Broadening and Deepening of Relationship

There are many areas in which there has been close coordination between the Reserve Bank and the States. For some of the important areas of the Reserve Bank's responsibilities, there are standing institutional mechanisms at the State level, with which the Regional Offices of the Reserve Bank and the concerned officials of the State Governments are associated. The more important areas of close coordination relate to the provision of overall physical security for the banking system, matters relating to coins and currency and responses to natural calamities.

Considerable decentralisation of powers and responsibilities to Regional Offices of the Reserve Bank has been brought about to facilitate locally relevant solutions to the problems, as they arise. The empowerment of Regional Offices has been combined with promoting State-specific initiatives, both in policy and implementation. The Regional

Offices play a facilitating role in bringing together the contending parties when some tensions arise, that affect the financial system. One of the examples relates to resolution of stand-off between a State Government and the microfinance institutions on the terms of loans granted and methods for recovery of dues employed by the microfinance institutions. Similarly, considerable latitude is provided, to suit the local conditions, in the deliberations of State Level Bankers' Committees, and there are many instances of the State Finance Ministers and Chief Ministers presiding over such meetings.

In the broad area of banking, an innovative mechanism has been designed to resolve the issue of dual control in regard to the urban cooperative banks. Several States, together accounting for over seventy per cent of urban banking activity, have signed Memorandum of Understanding with the Reserve Bank to constitute in each State a Task Force on Urban Co-operative Banks (TAFUCB) to ensure co-ordinated actions to revive and strengthen this sector. This has been, by all accounts, an outstanding success. Similarly, Empowered Committees have been constituted in all the States to reorganise, strengthen and expand the Regional Rural Banks. In the matters relating to revival of rural cooperatives also, State-specific packages are considered. Special plans for coordinated actions for select States, where the spread and depth of banking services are poor, have been mounted, the examples being the north-eastern States, Uttarakhand and Bihar.

More recently, a vigorous programme of financial inclusion has been initiated to

ensure the offer of banking services to the whole population. The Reserve Bank plays the lead role in each State, while the State Government participates in the movement, for operationalising the approach. The States have particular interest in this programme to ensure efficient and inexpensive disbursement of funds under several social security related and rural employment programmes. The recent developments in technology are facilitating this process. Simultaneously, some States have shown enthusiasm for extending financial literacy and the Reserve Bank is encouraging its Regional Offices to respond, preferably in the local language, and the Reserve Bank website attempts to disseminate information in several of these languages.

We do recognise that while we should avoid overstretching our resources, we should be willing to interact and respond positively to the genuine demands of the State Governments that are legitimate concerns of the Reserve Bank. No doubt, the State-specific considerations would govern State-specific responses, within the overall policy framework of the Reserve Bank. There are many areas, which are perhaps of greater relevance to the Central Government than to the Reserve Bank, in which the States seek the Reserve Bank's involvement but we are constrained to carefully distance ourselves. Some time ago, there was a strong appeal from several States that the Reserve Bank should award a rating to the quality of fiscal management of all the States, which would carry greater weight and foster better response from the political leadership of the States concerned. The Reserve Bank had to

politely decline the request since, as an institution, it should not appear to be ranking the States or passing judgments on their fiscal performance.

Outcomes and Challenges

Having delineated the efforts and the processes of collaboration between the States and the Reserve Bank, it is only appropriate to briefly enumerate the outcomes and to recognise the critical challenges that lie ahead for the State finances and the Reserve Bank.

First, the progressive enactment of Fiscal Responsibility Legislations (FRLs) by as many as 26 State governments has indeed strengthened the fiscal consolidation initiatives at the State level.

Second, the gross fiscal deficit of States, which had increased from an average of 2.8 per cent of GDP in the first half of the 1990s to an average of over 4 per cent of GDP in the first half of the present decade, was placed at 2.5 per cent of GDP in 2005-06 and is expected to be brought down to 2.4 per cent in the budget estimates for 2007-08. The revenue deficit, which had increased to an average of 2.2 per cent of GDP in the first half of the present decade, has remained at less than 0.1 per cent since 2005-06. In fact, an aggregate revenue surplus (of 0.4 per cent of GDP) has been budgeted for 2007-08. All States, except eight, have budgeted for a revenue surplus during 2007-08.

Third, open market borrowings of the State Governments have been conducted entirely through the auction route during 2006-07 and 2007-08 (so far). The spreads for almost all the States, over the yields of

Central Government securities of comparable maturity during 2006-07 and 2007-08 so far, has remained well below 50 basis points (spread fixed in the case of tap issuances), reflecting favourable market perception.

Fourth, as far as the State Government guarantees are concerned, the volume is on a declining path: guarantees were placed at 6.5 per cent of GDP as of end-March 2005 as compared with 8.0 per cent as at end-March 2001. Many States have imposed administrative/ legislative ceilings on guarantees. Eight States have set up Guarantee Redemption Funds to provide for the possible invocation of guarantees.

Fifth, 18 States have set up Consolidated Sinking Funds to provide for orderly repayments of their open market borrowings. Of these, 11 States have adopted the revised CSF scheme which provides for repayments of all liabilities (and not just open market loans). Many more States have proposed to set up the revised CSF.

Sixth, the cash management of the State Governments has shown a marked improvement in recent years. The daily average utilisation of Normal WMA, Special WMA and overdrafts by the State Governments declined during 2006-07. During 2006-07, eight States availed WMA as against 12 States in the previous year. Only two States resorted to overdrafts during 2006-07 as against eight States in the previous year.

Notwithstanding the positive developments and prospects, there would remain a few areas of concern.

There are certain risks to the process of fiscal consolidation such as the expected increase in expenditure from the revision of pay scales of the State Government employees, pursuant to the implementation of the ensuing recommendations of the Sixth Pay Commission. In this connection, State Governments would need to make their budgets robust enough to enable them to steadfastly adhere to the provisions of their Fiscal Responsibility Legislations. Fiscal empowerment through revenue augmentation holds the key to address such fiscal risks.

Initiatives by the States would be needed to develop a calendar for open market borrowings by the States, on the lines issued by the Government of India. This would enhance transparency, reduce uncertainty for the market participants and thereby help to further smoothen market-borrowing operations. Re-issuance of State Government securities would also help to build up a critical minimum size of securities, which would, in turn, help to enhance their liquidity.

The Reserve Bank continues to receive complaints from the banks and financial institutions regarding defaults in honouring of obligations under the State Government guaranteed bonds. Such issues need to be addressed by the State Governments as this would impact on their credibility and market perception of their financial position.

At the same time, issues relating to the insistence of certain (re-financing) institutions for provision of State Government guarantees, irrespective of the financial viability of projects, perhaps on

account of legal requirements, also need to be addressed at an appropriate forum.

The State Government expenditures on education and health remain low at around 2.5 per cent and 0.7 per cent of GDP, respectively. These expenditures may need to be enhanced to make a long-term impact on the level of human development in the country, within the framework of Fiscal Responsibility Legislation. At the same time, issues relating to the quality and timeliness of providing such social sector services need to be expeditiously addressed. From the Reserve Bank's standpoint, initiatives relating to credit culture, financial literacy, financial inclusion and priority sector lending would continue to remain high on the policy agenda.

Concluding Remarks

The Reserve Bank has considerable professional skills and the States recognise and value them better when we are willing to consider State-specific orientation to our broader analysis. The Reserve Bank, like most of the central banks, commands considerable credibility and good public image and as a public institution is considered relatively apolitical in viewing the vertical relations between the Centre and the States and horizontal ones amongst the States. The bi-annual Conference of the State Finance Secretaries sponsored by the Reserve Bank has proved to be an excellent forum for wide-ranging discussions. The Technical Committees or Groups that are formed, have membership entirely from the States, though Centre may occasionally be associated, but the Reserve Bank provides secretarial and technical support. The Centre and each State concerned decides the appropriate course of

SPEECH

The Reserve Bank
and the State
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Partners in
Progress

Y. V. Reddy

actions. The fact that some of the States have adopted a few but not all the recommendations of the Committees and Groups, demonstrates the shift away from the perceived centralisation of the past towards a participative process.

I am happy to submit that all the States, though with varying degrees of enthusiasm, fully endorse the immense contribution of the process of partnering between the Reserve Bank and the States in the cause of better financial sector and fiscal empowerment in the States.

Let me conclude with profuse thanks to the Madras School of Economics for provoking me to think aloud on this subject and share the thoughts with wider audience.

The School came into existence in 1995, but very soon, it could obtain 'A' Grade from the National Assessment and Accreditation Council. The Ministry of Environment and Forests has also designated the school as a Centre of Excellence in Environmental Economics.

I have no doubt that the School would emerge to be an internationally recognised Centre of Excellence in economic studies attracting the best of students and teachers from different parts of the country as well as other countries.

On our part, we in the Reserve Bank are in close touch with the School with a view to obtaining their expertise in the process of monetary policy formulation.

*Recent Financial Market Developments and Implications for Monetary Policy**

Rakesh Mohan

I am honoured to be invited to deliver the valedictory address at the Asia Regional Economic Forum. The relationship between India and the Institute of International Finance (IIF) goes back a long way to the early 1990s. Therefore, it is only befitting that the IIF has chosen to inaugurate the Asia Regional Economic Forum in Mumbai as an opportunity for the informal exchange of ideas and views on the region and the global economy, with emphasis on key issues relating to India. I observe from the proceedings of the forum that there has been a timely focus on and comprehensive coverage of developments in global and regional financial and commodity markets, the financial system at large and issues relevant for emerging Asia.

Over the last two months, a good deal of our collective attention has been focused on the turmoil in financial markets in the United States and Europe and the sudden plunge in credit market confidence triggered by emerging risks to exposures to the US sub-prime mortgage crisis. Even as every passing day unravels a little more of the underlying forces at work – the complex nature of the derivatives used; the high degree of leveraging on poor, light or even absent collateral; the underestimation of risk pervading financial markets; the surprisingly sizeable exposures of large financial institutions to some of the debt instruments and derivatives in question; and the speed of contagion – I believe that we still have to travel much further before we understand the full impact of these recent events in terms of both information and analysis. Consequently, there is considerable uncertainty surrounding both debt and credit markets as of now. Quite

* Valedictory Address by Dr. Rakesh Mohan, Deputy Governor, Reserve Bank of India at IIF's inaugural Asia Regional Economic Forum on September 20, 2007. Assistance of M.D. Patra and Indranil Bhattacharya in preparing the speech is gratefully acknowledged.

justifiably, regulators, monetary authorities and finance ministries are all engaged in containing the risks posed by these developments. In my address, I thought I would take this opportunity to stand back from the actual play of events and try to gain an understanding of the nature of the turbulence, why it happened, where it happened, and the implications for central banks. In the rest of my address, I will reflect on some overarching forces that led up to and characterised the recent spate of events, the specific responses of central banks and some challenges that are likely to face them as the future unfolds.

II. What is Going On?

Perhaps the most defining feature of the global economy over the last three decades has been what has been termed as the 'Great Moderation' – the sustained decline in inflation and in inflation volatility. A comparison of the period since the Asian financial crisis *i.e.*, 1998-2007 and the 30 years preceding the crisis (1970-97) shows that in the recent period, inflation (CPI) in advanced economies has averaged 1.9 per cent, down from 5.8 per cent in the earlier period. Over the same period, inflation in developing economies declined from 31.0 per cent to 7.0 per cent. Over the same time span, inflation volatility measured in terms of coefficient of variation has fallen from 0.55 to 0.20 in advanced economies and from 0.54 to 0.32 in developing economies. Consequently, average nominal interest rates (LIBOR rates on the US dollar) have also moderated from 8.3 per cent in the previous period to 3.8 per cent in the recent period. This feature has also been reflected in some decline in real interest rates as well,

from 2.5 per cent to 1.9 per cent. The secular lowering of nominal and real interest rates across the world has enhanced the appetite for risk even as pricing of risk has become increasingly difficult.

The second important feature of recent global developments which could have had a direct bearing on the current crisis is the role of monetary policy. Since the technology stocks meltdown in 2000, there has been significant monetary accommodation by the major economies – the US, Euro area and Japan – and it is estimated that between one-half and two-thirds of US currency supply is held outside the US. Growth in monetary aggregates has been higher than the rates of growth that would have been expected *hitherto* in relation to real economic growth. Yet inflation has been contained at low levels. There is evidence of abundant excess liquidity in financial markets which is also reflected in the macro imbalances between the US and Asia. Consequently, there have been sizeable currency misalignments and carry trades, compression of risk spreads, mis-pricing of widely diffused risks and even real sector implications for several emerging economies. The strong macroeconomic performance of Asia has also contributed to the relentless search for yields and the increasing appetite for risk. In fact, in the annual economic symposium on 'Housing, Housing Finance and Monetary Policy' held by the Federal Reserve of Kansas City at Jackson Hole during August 30-September 1, 2007, Professor John Taylor (of Taylor rule fame) argued that the Fed had followed an excessively loose monetary policy between 2002-2006.

The combination of sustained low inflation accompanied by accommodative monetary policy worldwide could have generated excessive confidence in the ability of central banks and monetary policy to keep inflation rates and interest rates low indefinitely, leading to under pricing of risk and hence excessive risk taking. This result is analogous to the excessive foreign borrowing undertaken by private sector borrowers and banks in East Asian countries when exchange rates were seen as relatively fixed, and hence their risk perceptions were low. It may be ironic that the perceived success of central banks and increased credibility of monetary policy, giving rise to enhanced expectations with regard to stability in both inflation and interest rates, could have led to the mispricing of risk and hence enhanced risk taking. Yet another view is that more than success or failure of central banks, the repeated assurances of stability and guidance to markets about the future path of interest rates, coupled with the availability of ample liquidity was an invitation to markets to underprice risks. This view, consequently, puts the blame on those central banks who failed to give space to markets to assess risks by eschewing surprise elements in policy. It is possible that with increased globalisation resulting in the containment of prices of tradable goods during this period and hence of measured inflation, the excess liquidity has shown up in elevated asset prices worldwide, along with increased cross border capital flows in search of yields. Easy monetary policy itself may have generated a search for yields that resulted in a dilution of standards in assessing credit risk. The desirability of using monetary policy tools, and judgements regarding the adequacy of such tools, to meet

asset price movements is yet another relevant factor in this regard, in so far as most central banks did not address this issue. As some withdrawal of monetary accommodation commenced in response to perceived or visible inflationary pressures, the sub-prime crisis revealed these vulnerabilities starkly as confidence plunged, markets froze and triggered off panic among investors and lenders regarding their inability to value complex risky assets and structured derivative products. With the deterioration in credit confidence, banks have been forced to advance loans to their off-balance sheet "special investment vehicles (SIVs)" which uses up their capital thereby rendering other borrowers credit constrained (Roubini 2007¹).

Thus, it can be argued that it is the combination of low real and nominal interest rates brought about by the lowering of inflation, accompanied by the abundance of liquidity induced by accommodative monetary policy which lies at the roots of the current crisis. In this sense, the sub-prime is a symptom rather than a cause. Arguably, the outcome could have been quite different if, for instance, interest rates declined on the back of ebbing inflation but there was no accommodation in monetary policy and therefore no excess liquidity.

Whereas this view has been put forward by many commentators and analysts, there is also a persuasive opposite view, as best articulated by Alan Greenspan in a recent interview on the occasion of the release of his book (Financial Times,

¹ Roubini, Nouriel (2007), "The Risk of a US Hard Landing and Implications for the Global Economy and Financial Markets". Seminar at the IMF (available at www.imf.org).

September 17, 2007). He argues that the great moderation in inflation could be attributed to real economy phenomenon in addition to any monetary policy measures. First, the long run of productivity growth that has been observed in the US in the late 1990s and till recently in this decade has clearly been an important factor dampening inflation. Second, globalisation and the addition of a billion new workers in China and India have dampened wage growth worldwide and hence inflation. Whereas he agrees that the fall in long term rates provided the initial gain in house prices, he does not accept that these low long term interest rates can be attributed to the extended US Fed policy of low policy interest rates. As evidence, he points to the absence of any effect on long term interest rates when short term policy interest rates were indeed raised. So the jury is out on the extent of monetary policy effects on extended long term interest rates and hence elevated housing prices. As an aside, it will be interesting to explore as to whether the low interest rate regime was fully justified. Critics argue that the Fed should have tried harder, raising rates sooner and faster. In his response, Mr. Greenspan is quoted in the Financial Times (September 17, 2007) as saying that such a policy response would not have been acceptable "to the political establishment" given the very low rate of inflation and "the presumption that we were fully independent and have full discretion was false".

One issue that confronts us is why has the turmoil originated in the credit market and then spread to money markets and debt markets with such great rapidity. It is widely understood that the credit market

is characterised by information asymmetry. Borrowers have much greater information on their own credit quality than do the lenders and it is this asymmetry that has traditionally meant that the creditor has to have an enduring relationship with the borrower so that his or her credit quality can be monitored on a continuous basis. Banks therefore have traditionally had to invest considerable resources in performing this function. They have had the incentive to do so since they had borne the credit risk on their books. However, in many countries, from being originators of loans and bearers of risk, banks have become mere originators of loans and distributors of risk, because the traditional view of the role of banks has changed considerably in recent years. First, the availability of information technology has reduced the cost of information collection and maintenance considerably. Thus, a widespread belief has arisen that information on credit quality of small borrowers who may be widely dispersed across jurisdictions can be made impersonal, packaged, processed, and sold. Second, with the availability of such technology, and the belief that such information was available on a structured basis, a great deal of financial innovation could take place which essentially enabled the investor or risk taker to become progressively remote from the ultimate borrowers where the actual risks lay. A whole host of intermediaries in the form of mortgage brokers, mortgage companies, societies and the like were then able to package their mortgage assets including non conforming loans and sell down to different categories of investors, including Special Investment Vehicles (SIVs), hedge funds and

the like, most of whom were not regulated. The guiding principle behind this activity was that it is feasible for credit rating agencies to have enough information on a continuous basis to rate the instruments that had been packaged. It can certainly be argued that this is not a new development since mortgage backed securities (MBS) and asset backed securities (ABS) have been with us for some time and have been successful in providing liquidity to credit markets on a continuous basis without any accidents. The difference perhaps is that MBS packaged by the government sponsored entities (GSEs) were subject to certain relatively well enforced norms that presumably reduced the potential risk embedded in these instruments.

These considerations lead to the third set of issues that relate to the role of effective financial regulation and supervision. Has the recent crisis underscored the need for strengthening of oversight of advanced financial markets? Traditionally, financial surveillance has placed relatively more emphasis on banking regulation. Banks are highly leveraged financial entities who are also effective trustees of public money by virtue of holding deposits. Hence, they have to be effectively regulated and supervised in order to maintain public confidence in the banking system and depositors have to be protected from excessive risk-taking by banks. On the other hand, investors in hedge funds are high net worth individuals who do not need such protection. They are informed investors who are able to exploit the information efficiency of markets and, therefore, should be able to understand the risks implied by information asymmetry.

The current crisis was, however, triggered by the difficulties encountered by these investors who had taken large exposures to sub-prime related investments without having accounted for the potential risks embedded in these instruments. There have been a host of ills underlying these transactions, which are now coming to light. We need, however, to abstract from the details of all the malpractices that have led to the current situation and reflect on the incentive structure that led to these malpractices. In the event, even bank depositors have got exposed and as soon as information asymmetries became evident and credit ratings came to be regarded as inadequate, markets got frozen resulting in illiquidity for banks and erosion in depositor confidence with its consequential impact on financial markets, and monetary policy. The links between banks and non bank financial intermediaries, and other off balance sheet exposures were not adequately recognised or recorded by banking supervisors.

In the context of recent events, it is important to recognise that there is a need to understand better the process of transmission of risk information through various segments of the financial markets in order to address the crisis of collateral in the credit market. How much of the specialised information that rests with lenders can be systematised, packaged and transmitted to markets as credit ratings. The principle underlying securitisation is based on the lender having this specialised information which can be unbundled and sold in the market separately in tradable sizes. A large part of the market for structured finance products is over the counter. Can these

products be further standardised so that they can be traded on an exchange which enables greater transparency from the point of view of the investor? Are there better ways of generating more objective information on the market value of collaterals, especially in situations where collaterals are not fully marked to market since such information may not be available on ongoing basis? Are there limits to marking to market certain kinds of assets whose values are not available on a high frequency basis?

Changes in housing prices are dependent on a whole vector of factors, ranging from changes in local zoning and land laws, demand and supply balances in local areas, to changes in monetary policy. It is difficult to devise land price or housing price systems that are high frequency enough to transmit quickly through credit ratings and the like. However, improvements could be envisaged in terms of reforms in the land pricing systems, improvements in the functioning of laws and procedures for foreclosure, bankruptcy and rehabilitation. Efficient functioning of such processes and functioning of legal systems is essential if collateral is to have a marketable value that is observable and hence susceptible to systemisation in terms of information that can then become transparent. When the presumed value behind collateral is not either observable or realisable, securitisation markets break down. And this is what seems to have happened in financial markets today.

The lesson of the current financial market crisis goes both ways. On the one hand, market innovation has indeed helped in bringing financial markets closer to those

who need credit and did not have access to it earlier. Despite all the problems associated with sub-prime borrowers, it must be recognised that almost 10 million borrowers benefited from this market and were enabled access to housing finance, which had not been deemed possible earlier. With about 20 per cent of these borrowers reported to be delinquent, and in difficulty, it still means that about 8 million people clearly benefited from this market. On the other hand, the difficulties encountered draw attention to the kind of issues that can arise when the speed of innovation and incentive structures are flawed such that malpractices occur, and intrinsic difficulties arise in capturing and commoditising information that is perhaps not yet susceptible to such commoditisation.

From our point of view, we need to recognise the positive contributions that financial innovations make to enhance the efficiency of financial intermediation. At the same time, the Reserve Bank considers, in a dynamic setting, appropriate safeguards to ensure stability, taking account of the prevailing governance standards, risk management systems and incentive frameworks in the foreign, public, private and cooperative banks as also related non-banks. Overall, these progressive but cautious policies have contributed to both efficiency and stability of the financial system and enable current growth momentum in an environment of macro stability.

III. Response of the Monetary Authorities

A key question that has emerged from the current developments in financial

markets relates to the role of monetary authorities in the context of such a crisis. This issue is of concern to all of us in central banking. Over the last decade or two, it would appear that the focus of central banks has been narrowing relative to the more complex responsibilities that they have traditionally shouldered. A great deal has been written on this issue, a great deal has changed in terms of practices and, in some countries, the regulatory structure itself has been altered to move central banks to being relatively pure monetary authorities. According to this view, central banks should focus largely on keeping inflation low and stable, and in doing this also contribute to financial stability. To quote Harvard economist Kenneth Rogoff: "Indeed many economists believe that central bankers could perfectly well be replaced with a computer programmed to implement a simple rule that adjusts interest rates in response to output and inflation. But while [this] view is theoretically rigorous, reality is not" (Businessworld, September 17, 2007). Although some central banks, such as the US Federal Reserve, have an explicit mandate to also promote growth, a good deal of thinking in recent times tends to argue that inflation control by itself would promote growth and that central banks would be better off to concentrate on this objective alone.

It is instructive to examine what central banks have done in the current context. The responses of the central banks to the recent events in financial markets have shown that concerns for financial stability can assume overriding importance, irrespective of the legislative mandate handed down to central banks as part of

ongoing reforms. This is evident in the fact that central banks initially reacted by the injection of liquidity, including through special facilities and the expansion of eligible securities for collateral, rather than through interest rate cuts. Discussions involving central bankers in various fora indicate their willingness to consider other courses of action in favour of protecting growth. As we all know, the US Federal Reserve has gone further this week in cutting interest rates to promote both growth and in the interest of financial stability. And the U.K. authorities have had to provide liquidity to a specific institution, while giving a blanket guarantee to depositors on the safety of their deposits. Accordingly, it is becoming evident that central banks do have a role beyond inflation targeting. Evidently, both growth and financial stability matter for central banks.

When it comes to the crunch, in their roles as lenders of last resort (LOLR), and in discharging their responsibilities as the guardians of financial stability, they do need to perform functions that are more complex. Should central banks be lenders of last resort to the system as a whole by injecting systemic liquidity through open market operations only, or should they also provide liquidity to individual financial institutions that are judged to be solvent but illiquid? How do they arrive at such judgments if they do not have adequate information on individual institutions? Can they have such detailed information without ongoing responsibilities for regulation and supervision? This issue is not dissimilar, in terms of the existence of asymmetric information to that of the

problem of adequate transparency of information related to the value of collateral underlying asset backed securities.

Banks and financial institutions are typically highly leveraged institutions: thus judgements related to their solvency depend on the valuation of their assets at the time when difficulties arise. In the current case, banks have invested through a chain of vehicles in securities whose values are in doubt. When providing LOLR liquidity support, how is the central bank to make a judgement on the solvency of institutions to whom it is providing liquidity? As a greater recognition and appreciation of the appropriate role of central banks gains ground, it is possible that this will result in further rethinking on the functioning of central banks. A case in point is the separation of financial regulation and supervision from monetary policy which could have resulted in ineffective and inadequate surveillance in the context of the current crisis. There is a view that problems of information asymmetry might have got further aggravated with banks reporting both to the monetary authority and the regulatory body in charge of banking supervision.

In reviewing the evolution of central banks, one is struck by the constant evolutionary change that they have undergone over time, and the differences in their functions across different countries. Their functions have changed almost continuously in response to evolving circumstances. In fact, it is the occurrence of financial instability that led to the formation of some central banks, most notably, the founding of the US Federal Reserve after the 1907 financial crisis in the

United States. Thus, it will be interesting to see how thinking evolves as a result of the current crisis. Reams are already being written in the thoughtful financial press and much more is to come.

We had begun to forget the danger of contagion and the speed with which it takes place when it does occur. The current developments which began in a relatively minor segment of the financial market, viz., the sub-prime mortgage segment, have spread far and wide across continents. Similarly, problems arising in one financial institution have led to the suspicion of similar problems in other institutions leading to conditions similar to bank runs. The smooth running of banks, financial institutions and financial markets depends crucially on trust and credibility along with the availability of transparent information. Hence the legitimate role of central banks in maintaining financial stability can inevitably lead to unconventional actions that do indeed restore financial stability when there is a probability of the opposite taking place. What is most instructive in the current crisis is that small problems or problems in small institutions can cause financial instability through contagion. In this context, things do not appear to have changed much for a century. The 1907 financial panic that also travelled across continents started with difficulties in a relatively small New York financial institution, the Knickerbocker Trust Company!² Systemic risks do not necessarily originate in institutions judged to be too big to fail.

² Bruner, Robert F. and Sean D. Carr (2007), "The Panic of 1907: Lessons Learned from the Market's Perfect Storm", John Wiley & Sons, New Jersey.

IV. Assessment of the Future

At the current juncture, the likely evolution of the current financial market turmoil and its implications for the future has evoked mixed assessments. On one plane, the spread of contagion is drawing considerable concern, first, in view of the level of leverage; and second, on account of the nature of the vehicles that have created the leverage. On another plane, there is a view that turbulence would be restricted to the credit market and its impact on consumer spending and overall economic growth may be muted as credit worthiness would remain intact if, for instance, leveraged mortgage backed securities are held to maturity and not sold in distress.

First, according to the IMF's assessment, the systemic consequences of the turmoil are likely to be manageable with the fundamentals supporting strong global growth. The repricing of credit risks that is underway is a healthy correction and should not lead to a more serious market crash. The IMF expects that the reestablishment of credit discipline due to the recent prompt action by a number of central banks should help to ensure that the adjustment process occurs in an orderly manner. Long term investors tend to support this view. The ongoing flight to quality (US Treasuries) and into global equity funds suggests a continuing faith in strong fundamentals of the global economy.

Second, recent developments carry implications in the form of heightened market discipline and a stricter regulation of financial markets. Investors who relied on credit ratings of Collateralised Debt Obligations (CDOs) and Collateralised Loan

Obligations (CLOs) are likely to question the value of ratings in other markets. Moreover, leveraged buy-out activity is likely to wind down. While this could cause worries about equity valuations, it is expected that such concerns would eventually recede so long as corporate profitability remains strong. Furthermore, it is argued that carry trade, which has been a source of financial flows, may moderate and may even go through an abrupt unwinding and this would help in maintaining global financial stability.

In this vein, it is also argued that the recent developments will have a positive impact on the outlook for EMEs as a consequence of the diversification of portfolios of international investors and would further incentivise the maintenance of good macroeconomic policies in these countries. At the current juncture, it is expected that the fall out from the US sub prime crisis is likely to be limited for Asian banks and can easily be accommodated within their current rating positions. According to Moody's, exposures of Asian banks have book values that do not exceed 10-35 per cent of annual pre-tax pre-provision profits. The mortgage backed securities and CDO tranches held by these banks are usually senior and therefore losses, if at all, would be substantially below 100 per cent. The bulk of foreign currency investments by Asian banks (barring those in Japan, China, Korea and Singapore) continue to be in highly rated government and corporate bonds. Policy makers need to work with rather than against the grain of markets by continuing to enable financial innovations. They should, however, be vigilant for any signs of disorderly global rebalancing. Looking ahead, entrenching

financial stability into the future would depend upon bolstering market confidence.

In the overall assessment, the adverse consequences of the US sub prime turmoil could weigh heavily on the future stability of financial markets and have the potential to have a wider impact on global growth with particular concerns centred on the prospects for EMEs. If credit conditions tighten, EMEs could become particularly vulnerable to reversals of capital flows with serious implications for their future prospects. A slowing down of the US economy, in combination with capital reversals, could also have adverse consequences for growth on a prolonged basis by affecting exports of manufactures and services, depending on the extent of linkage with the US economy. On the other hand, the flight of capital to safety through diversification could even enhance capital flows to these countries. This could further complicate the conduct of monetary policy. We will have to wait and watch. In general, recent financial markets developments are indicative of evolving uncertainties for EMEs with significant challenges for the conduct of monetary policy and for ensuring financial stability in their economies. As central bankers, we will have to enhance our vigilance.

V. Challenges for Monetary Policy

Recent financial developments have drawn attention to the trying challenges facing central banks in the conduct of monetary policy, in particular, the limitations imposed by financial markets. These developments highlight the dynamic and complex links between central banks

and financial markets. While the dynamics of financial markets are being driven by a combination of a global search for yields, complacency about risks, financial innovations and unprecedented liquidity, the spread of more independent, rule-based central banks has facilitated risk taking through perception of a low probability of short term management or 'intervention risk'. This is set against the background of a shift in the balance of economic power within the global system, in particular, in favour of emerging Asia.

While taking a view on the debate, it is important to recognise the changes in the landscape of financial markets - transformation in structure, process and products of financial markets, consolidation in banking, increased electronic data flow and dramatic rise in volumes and volatility. The key issue for central banks is to differentiate between providing short term liquidity and operating medium term monetary policy and communicate the difference credibly.

The conduct of monetary policy is also complicated by a host of factors which seem to be simultaneously at work: risk of sustained contagion; global capacity constraints; rising food prices; record high international crude oil prices; tensions in inflation expectations; evolution of sovereign pools of foreign exchange reserves; extent of effectiveness of monetary policy; surveillance and risk monitoring systems; and downgrade risks. In this evolving scenario, central banks may find it necessary to blend the traditional setting of monetary policy with some rethinking and non-traditional policy options which could include coordinated

interventions, assurances of liquidity, backed by timely and credible action; emergency liquidity plans, business continuity plans and disaster management strategies. Admittedly, heightened uncertainties continue, even after taking into account the recent central bank activities in key jurisdictions. It is not even clear whether all the related issues have come to the surface for us to make meaningful assessment.

I expect that I can't conclude this address without saying a few words on the domestic situation in India. The best way of doing this is to quote the Governor from his recent speech in Mexico City.

"Available information indicates continuation of the growth momentum during 2007-08 so far at a strong pace with the impulses of growth getting more broad-based. Steady increases in the rate of gross domestic saving and investment, consumption demand, addition of new capacity as well as more intensive and efficient utilisation/capitalisation of existing capacity are expected to provide support to growth during 2007-08. The recent gains in bringing down inflation and in stabilising inflation expectations should

support the current expansionary phase of growth cycle. It is, however, 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 uncertainties surrounding the evolution of demand-supply gaps globally, as well as in India. 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. Excessive leveraging has enhanced the vulnerability of the global financial system. Large changes in liquidity conditions are obscuring assessment of risks, with attendant uncertainty. Given the flux associated with both financial markets and monetary policy settings globally, India cannot be immune to these developments. The policy challenge for Reserve Bank, now, is to manage the current transition to a higher growth path while containing inflationary pressures and focusing on financial stability. Contextually, we in the Reserve Bank are, therefore, maintaining enhanced vigilance to be able to respond appropriately to the prevailing heightened uncertainties in global financial, as well as, monetary conditions".

*India's Preparedness for Basel II Implementation**

V. Leeladhar

It is my pleasure and privilege to be here with you this morning and to be sharing my experience and views with this august audience regarding India's preparedness for Basel II implementation. I am very thankful to the organisers for having afforded me this opportunity today. As you are well aware, implementation of the new capital adequacy framework has been a long and exacting journey in most of the jurisdictions, and so is the case with India. The countries are at various stages of implementation. In India, having regard to the country context and in tune with the overall approach to regulatory reforms, we have adopted a calibrated approach for a phased implementation of Basel II so as to secure a non-disruptive migration to the new framework. In my remarks today, I would like to briefly touch upon the evolution of the revised framework, its broad structure, preparatory measures taken by the Reserve Bank for implementing this framework and the challenges that will need to be tackled in migration to Basel II.

2. At the outset, let me hasten to add that while we are moving towards the Basel II Framework, the Reserve Bank has adopted a three-track approach to capital adequacy regulation in India, with the norms stipulated at varying degrees of stringency for different categories of banks. Similar differentiated approach has been adopted in some other jurisdictions also. This has been a deliberate choice for us having regard to the size, nature and complexity of operations and relevance of different types of banks to the Indian financial sector, the need to achieve greater financial inclusion and to provide an efficient credit delivery mechanism. Thus, the commercial banks, which account for the lion's share in the total assets of the banking

* The Special Address delivered by Shri V. Leeladhar, Deputy Governor, Reserve Bank of India at the Panel Discussion during "FICCI-IBA Conference on Global Banking : Paradigm Shift", held on September 13, 2007 at Hotel Hilton Towers, Mumbai, India.

system, will be on Basel II standards while the co-operative banks will remain on Basel I norms for credit risk with surrogate measures for market risk. The Regional Rural Banks, on the other hand, which have limited operations in rural areas, will be on non-Basel standards.

The Basel II

3. The attempts at harmonising the capital adequacy standards internationally date back to 1988, when the "Basle Committee on Banking Regulations and Supervisory Practices", as it was then named, released a capital adequacy framework, now known as Basel I. This initiative set out the first internationally accepted framework for measuring capital adequacy and a minimum ratio to be achieved by the banks. This norm was widely adopted in over 100 countries, and in India, it was implemented in 1992. Over the years, however, the Basel I framework was found to have several limitations such as its broad-brush approach to credit risk, its narrow coverage confined to only credit and market risks, and non-recognition of credit risk mitigants, which encouraged capital arbitrage through structured transactions. Moreover, the rapid advances in risk management, information technology, banking markets and products, and banks' internal processes, during the last decade, had far outpaced the simple approach of Basel I to measuring capital. A need was, therefore, felt to replace this Accord with a more risk-sensitive framework, which would address these shortcomings.

4. Accordingly, after a wide-ranging global consultative process, the Basel Committee on Banking Supervision (BCBS) released on June 26, 2004 the document "International

Convergence of Capital Measurement and Capital Standards: A Revised Framework", which was supplemented in November 2005 by an update of the Market Risk Amendment. This document, popularly known as "Basel II Framework", offers a new set of international standards for establishing minimum capital requirements for the banking organisations. It capitalises on the modern risk management techniques and seeks to establish a more risk-responsive linkage between the banks' operations and their capital requirements. It also provides a strong incentive to banks for improving their risk management systems. The risk sensitiveness is sought to be achieved through the now-familiar three mutually reinforcing Pillars.

5. The Pillar 1 stipulates the minimum capital ratio and requires allocation of regulatory capital not only for credit risk and market risk but additionally, for operational risk as well, which was not covered in the previous Accord. The Pillar 1, unlike the previous Accord, provides a menu of approaches, from the simplified to the advanced ones, for determining the capital charge for each of the three categories of risks. The credit risk mitigants used by the banks have been specifically recognised to provide appropriate capital relief.

6. The Pillar 2 of the framework deals with the 'Supervisory Review Process' (SRP), and is probably not that well understood as the other two Pillars. In fact, this is the element which makes the revised framework very comprehensive in its sweep by addressing the entire risk domain of the banks. Let me elaborate a little. It requires the banks to develop an Internal Capital Adequacy Assessment Process (ICAAP) which should

encompass their whole risk universe – by addressing all those risks which are either not fully captured or not at all captured under the other two Pillars – and assign an appropriate amount of capital, internally, for all such risks, commensurate with their risk profile and control environment. Under the Supervisory Review, the supervisors would conduct a detailed examination of the ICAAP of the banks, and if warranted, could prescribe a higher capital requirement, over and above the minimum capital ratio envisaged in Pillar 1.

7. The Pillar 3 of the framework, Market Discipline, focuses on the effective public disclosures to be made by the banks, and is a critical complement to the other two Pillars. It recognises the fact that apart from the regulators, the banks are also monitored by the markets and that the discipline exerted by the markets can be as powerful as the sanctions imposed by the regulator. It is premised on the basic principle that the markets would be quite responsive to the disclosures made and the banks would be duly rewarded or penalised, in tune with the nature of disclosures, by the market forces.

Preparatory Measures for Basel – II Implementation

8. Let me now say a few words about the process adopted in India for implementation of Basel II. Though the Indian banks became fully compliant with Basel I Accord in March 2005, the Reserve Bank had initiated preparatory measures even prior to that. In August 2004, soon after the new framework was released by the BCBS, the banks were advised to conduct a self-assessment of their risk management systems and to initiate

remedial measures, as needed, keeping in view the requirements of the Basel II framework. Further, to secure a consultative and participative approach for a non-disruptive migration to Basel II, a Steering Committee was constituted in October 2004, comprising senior officials from 14 select banks (a mix of public sector, private sector and foreign banks). It formed several sub-groups to address specific issues under Basel II and made its recommendations to the Reserve Bank. Based on these inputs, in February, 2005, the Reserve Bank issued the draft guidelines, for public comments, on implementation of Pillar 1 and Pillar 3 requirements of the Basel II framework. In the light of the feedback received from a wide spectrum of banks and other stake holders, the draft guidelines were revised and again placed in public domain on March 20, 2007 for a second round of consultations. Keeping in view the additional feedback received, the guidelines were finalised and issued on April 27, 2007. As regards the Pillar 2, the banks have been asked to put in place the requisite Internal Capital Adequacy Assessment Process (ICAAP) with the approval of their Boards.

9. I may mention here that even before the final guidelines were issued, the Reserve Bank had asked the banks in May 2006 to begin conducting parallel runs, as per the draft guidelines, so as to familiarise them with the requirements of the new framework. During the period of parallel run, the banks are required to compute, parallelly, on an on going basis, their capital adequacy ratio – both under Basel I norms, currently applicable, as well as the Basel II guidelines to be applicable in future. This analysis, along with several other prescribed assessments,

is to be placed before the Boards of the banks every quarter and is also transmitted to the Reserve Bank. These reports received in the Reserve Bank indicate that implementation of Basel II in the banks is in the process of getting stabilised.

10. The minimum capital adequacy ratio prescribed under the Basel II norms continues to be at nine per cent, at solo as well as consolidated level. This, however, is subject to the stipulated prudential floors for the first three years of implementation to guard against any significant decline in the capital ratios of the banks arising from the capital relief that they might accrue to them under Basel II. The banks are, however, expected to operate at a level well above the minimum capital requirement. The banks are also required to achieve the Tier I capital ratio of six per cent not later than March 31, 2010, both on solo as well as consolidated basis.

11. A two-stage implementation of the guidelines is envisaged to provide adequate lead time to the banking system. Accordingly, the foreign banks operating in India and the Indian banks having operational presence outside India are required to migrate to the Standardised Approach for credit risk and the Basic Indicator Approach for operational risk 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. It has been a conscious decision to begin with the simpler approaches available under the framework. As regards the market risk, the banks will continue to follow the Standardised-Duration Method, already adopted under the Basel I framework, under Basel II also.

12. Thus, reckoning the well-planned and carefully-sequenced preparatory work already done, the choices exercised by the Reserve Bank under the national discretion, coupled with a phased implementation schedule, I am inclined to believe that the Indian banking system could be considered to be in a high state of preparedness and would be well poised for a seamless migration to Basel II next year, in tune with the envisaged timeframe. This, however, is not to say that the process would be a cake-walk – as there would be considerable challenges too that lie ahead for all of us, during the current phase of implementation as also for moving to the advanced approaches.

The challenges Ahead

13. Let me now briefly outline some of the salient issues and challenges that might arise for the Indian banking system from the adoption of the Basel II framework. The list here is, however, by no means exhaustive.

First, the new norms might, in some cases, lead to an increase in the overall regulatory capital requirements for the banks, particularly under the simpler approaches adopted in India, if the additional capital required for the operational risk is not offset by the capital relief available for the credit risk. This would of course depend upon the risk profile of the banks' portfolios and also provide an incentive for better risk management but the banks would need to be prepared to augment their capital through strategic capital planning.

Second, the Standardised Approach for credit risk leans heavily on the external credit ratings. While the Reserve Bank has accredited four rating agencies operating in India, the

rating penetration in India is rather low. Moreover, credit rating in India is confined to rating of the instruments and not of the issuing entities as a whole. Besides, the credit rating provides only a lagged indicator of the credit standing of an entity, and is not a lead indicator. The banks would, therefore, need to actively reckon this aspect in their ICAAP exercise.

Third, the risk weighting scheme under Standardised Approach also creates some incentive for some of the bank clients to remain unrated since such entities receive a lower risk weight of 100 per cent *vis-à-vis* 150 per cent risk weight for a lowest rated client. This might specially be the case if the unrated client expects a poor rating. The banks will need to be watchful in this regard.

Fourth, the new framework could also intensify the competition for the best clients with high credit ratings, which attract lower capital charge. This could put pressure on the margins of the bank. The banks would, therefore, need to streamline and reorient their client acquisition and retention strategy.

Finally, implementing the ICAAP under the Pillar 2 of the framework would perhaps be the biggest challenge for the banks in India as it requires a comprehensive risk modelling infrastructure to capture all the risks that are not covered under the other two Pillars of the framework. The validation of the internal models of the banks by the supervisors would also be an arduous task.

14. In regard to adoption of advanced approaches available under Basel II, the Reserve Bank has not stipulated any timeframe for adoption of these approaches but a migration

to advanced approaches would certainly pose significant challenges to both – the banks as well as the supervisors. In this case, a slightly different set of issues and challenges is likely to arise which would need to be kept in view in any decision to migrate to them.

First and foremost, the banks will need to demonstrate to the supervisors that they meet the minimum criteria stipulated in the Basel II framework to be eligible to adopt the IRB approaches. This could require, *inter alia*, suitable adjustments in the risk-rating design and its operations for various product lines in the banks as also the governance structure to ensure the integrity of the rating process.

Second, unlike the simpler approaches under Basel II, the advanced approaches are very data intensive and require high-quality, consistent, time-series data for various borrower- and facility-categories for a period of five to seven years to enable computation of the required risk parameters (such as default probability and loss given default, *etc.*). The banks would perhaps need a thorough review of their internal processes with a view to redesign and upgrade them to be able to capture the information needed for creating the requisite databases.

Third, a robust risk management architecture, including a strong stress-testing framework for scenario analyses, would be a necessity under the advanced approaches. A system within the banks to validate the accuracy of the internal rating processes would be an essential element of the risk management set up.

Fourth, an overarching requirement for efficient data management and for effective risk management structures, would be an

state-of-the-art technological infrastructure which might need significant investment and improvement to achieve seamless enterprise-wide integrated risk management, for which sharply focused strategic planning would be necessary.

Fifth, with considerable leeway available to the banks under the advanced approaches in determining the regulatory capital requirements, the highest standards of corporate governance would be critical for maintaining the integrity of the advanced approaches.

Sixth, the complexity of advanced approaches requires highly skilled staff and the human resource management in the banking industry, particularly for the public sector banks, could emerge to be a binding constraint, in adopting advanced approaches. This would need innovative strategies and concerted efforts on the part of the banks to be able to attract and retain the right mix of talent in the organisation.

Finally, the advanced approaches would also cast an onerous responsibility on the supervisors of not only guiding the banking system through the implementation phase but also of validating the internal models, system and processes adopted by the regulated banks. This, needless to say, would require considerable capacity building and augmentation of the domain knowledge and

expertise of the supervisors themselves to ensure a non-disruptive migration to the advanced approaches under Basel II. Let me hasten to assure all of you that we, in the Reserve Bank, are quite live to the issue and strategic interventions have already been planned in this regard.

Conclusion

15. I have provided a brief overview of the Indian approach to implementing Basel II framework and the state of preparedness of the banks in India. Let me conclude by reminding those present here that the Basel II framework provides significant incentives to banks to sharpen their risk management expertise to enable more efficient risk-return trade offs; it also presents a valuable opportunity to gear up their internal processes to the international best standards. This would require substantial capacity building and commitment of resources through close involvement of the banks' Top Management in guiding this arduous undertaking. It is, no doubt, a demanding and daunting task, both for the banks as also the supervisors, but I am sure that with concerted and dedicated efforts of all of us, we would be able to measure equal to the task and cross yet another important milestone in our journey of successfully implementing the regulatory reforms in the country.

*Basel II and Credit Risk Management**

V. Leeladhar

I am delighted to be with you this morning at the inaugural of the third programme in the series being organised under the aegis of the Centre for Advanced Financial Learning (CAFL) on the theme of Basel II and Credit Risk Management. I am indeed thankful to the organisers for providing me this valuable opportunity to share my thoughts on this very topical subject with this august audience – which, needless to say, has a pivotal role to play in implementing the Basel II framework in the Indian banking system. In fact, this programme itself, which has been tailor made for the whole-time directors of the Indian banks, signifies the importance the RBI attaches to sensitising the top management of the banks to the conceptual constructs underpinning the new framework.

2 I am inclined to believe that the Basel II framework is no longer a novelty for most of you. While the technical aspects of credit risk management in the Basel II environment will be covered during the course of this two-day seminar, I would like to present a brief bird's eye view of the evolution of the capital adequacy norm for the banks over the decades so as to put the new framework in perspective, the imperatives that led to its refinement in the form of Basel II, the expectations of the RBI from the banking system during the implementation phase and beyond, and the issues and challenges facing us that will need to be addressed in implementing the new framework in a non-disruptive manner.

The evolution of Capital Standards

3. It is interesting to note that till the 1980s, the risk-weighted approach to capital

* Inaugural address delivered by Shri V. Leeladhar, Deputy Governor, Reserve Bank of India at the programme on Basel II and Credit Risk Management, organised by the Centre for Advanced Financial Learning for whole-time directors of commercial banks at the Taj Holiday Village, Goa, India on September 15, 2007.

adequacy was not in vogue but the bank's capital was measured through the traditional gearing ratios. During the 1980s, the increasing competition amongst the international banks and rapid growth in their assets had led to concerns about their deteriorating capital levels. This concern was aggravated by the debt crisis in some of the emerging markets. While the national authorities and regulators in many countries began exhorting their banks to improve their capital ratios, it was realised that varying approaches to capital measurement across countries made international comparisons difficult and there was a need to evolve an internationally consistent approach to capital measurement. Moreover, the market developments by the mid-1980s, coupled with the regulatory pressures for improving the capital ratios for the on-balance sheet activities of the banks, had also witnessed a phenomenal growth in the banks' off-balance sheet business – which, at that time, was not subject to regulatory capital charge.

In this background, the efforts were intensified in 1986 to evolve a common and risk-weighted approach to capital measurement rather than the traditional gearing measure. During 1987, the "Basel Committee on Banking Regulations and Supervisory Practices", as it was then named, arrived at a consensus on 8 per cent as the minimum capital adequacy ratio. After a period of consultation with the banks around the world, this framework was formally adopted in 1988 and was widely endorsed by the supervisory community, world-wide. This standard came to be commonly known as the Basel Accord or Basel I Framework. It was the first ever attempt at harmonising the banks'

capital standards across the countries, for securing greater international competitive equality and to obviate regulatory capital as a source of competitive inequality.

4. The Accord, in its original form, addressed only the credit risks in the banks' operations. It was only in 1996 that an amendment was made to cover the market risks also. The Accord had adopted a risk-sensitive approach for making the banks' capital more responsive to the riskiness of their operations. This meant that a bank with a higher risk profile would have to maintain a higher quantum of regulatory capital while also ensuring the minimum capital ratio. The framework also stipulated, for the first time, a regulatory capital charge for the off-balance sheet business of the banks so as to capture their risk exposures more comprehensively. Pursuant to the recommendations of the Committee on the Financial System (the first Narsimham Committee, 1991), this framework was implemented in India in 1992 in a phased manner.

The Imperatives for Basel II

5. With the passage of time, it was realised that the Basel I framework had several limitations. The limitations related mainly to the underlying approach as also a less-than-comprehensive scope of the Accord in capturing the entire risk universe of the banking entities. Let me dwell a little more on these aspects.

First, the Accord had a broad-brush approach under which the entire exposures of banks were categorised into three broad risk buckets, *viz.*, sovereign, banks and corporates, with each category attracting a risk weight of zero, 20 and 100 per cent,

respectively. Such a risk weighting scheme did not provide for sufficient calibration of the counterparty risk since, for instance, a corporate with "AAA" rating and one with "C" rating would attract identical risk weight of 100 per cent and require the same regulatory capital charge, despite significant difference in their credit standing. This, in turn, engendered a rather perverse incentive for the banks to acquire higher-risk customers in pursuit of higher returns, without necessitating a higher capital charge. Such bank behaviour could potentially heighten the risk profile of the banking systems as a whole. The design of the Accord was, therefore, viewed as distorting the incentive structure in the banking markets and dissuading better risk management.

Second, the Accord addressed only the credit risk and market risk in the banks' operations, ignoring several other types of risks inherent in any banking activity. For instance, the operational risk, that is, the risk of human error or failure of systems leading to financial loss, was not at all addressed – as were the liquidity risk, credit concentration risk, interest rate risk in the banking book, etc.

Third, since 1988, the emergence of innovative financial products had transformed the contours of the banking industry and its business model the world over. The credit-risk transfer products, such as securitisation and credit derivatives, enabled removal of on-balance sheet exposures from the books of the banks when they perceived that the regulatory capital requirement for such exposures was too high and hiving off such exposures would be a better strategy. The Basel I framework did not accommodate such

innovations and was, thus, outpaced by the market developments.

6. In this background, a need was felt to create a more comprehensive and risk-sensitive capital adequacy framework to address the infirmities in the Basel-I Accord. The Basel Committee on Banking Supervision (BCBS), therefore, after a world-wide consultative process and several impact assessment studies, evolved a new capital regulation framework, called "International Convergence of Capital Measurement and Capital Standards : A Revised Framework", which was released in June 2004. The revised framework has come to be commonly known as "Basel II" framework and seeks to foster better risk management practices in the banking industry.

The Objectives of Basel II

7. In order to better appreciate the impact of Basel II on the banking industry, it is worth recalling the objectives of the Basel Committee regarding the overall level of capital requirements. According to the revised framework, issued in June 2004:

"The objectives are to broadly maintain the aggregate level of minimum capital requirements, while also providing incentives to adopt more advanced risk-sensitive approaches of the revised framework".

Governor Susan Schmidt Bies of the Federal Reserve System of the USA has described the objectives of Basel II a little more elaborately in the following words:

"The major objectives of Basel II include creating a better linkage between the minimum regulatory capital and risk,

enhancing market discipline, supporting a level playing field in an increasingly integrated global financial system, establishing and maintaining a minimum capital cushion sufficient to foster financial stability in periods of adversity and uncertainty, and grounding risk measurement and management in actual data and formal quantitative techniques. Let me emphasize that last objective, since it is often overlooked. Critical to Basel II is the effort to improve risk measurement and management, especially at our largest, most complex organizations.”¹

Thus, it would be reasonable to infer that the main focus of the new framework is on providing the right incentives to the banks to adopt data-based, quantitative risk management systems to be able to adopt the advanced risk-sensitive approaches of the revised framework, which, in turn, would contribute to systemic and financial stability. Hence, inducing the adoption of advanced risk management systems by the banking institutions would seem to lie at the heart of the new framework.

Select Aspects of Basel II Framework

8. Given the foregoing objectives of the new framework, it may be useful to take a brief stock of the salient aspects of this dispensation, which could be of particular interest to this audience.

A comprehensive Approach

9. One of the unique aspects of Basel II is its comprehensive approach to risk

¹ Enhancing Risk Management Under Basel II; Remarks by Ms. Susan Schmidt Bies; at the Risk USA 2005 Congress on June 8, 2005.

measurement in the banking entities, by adopting the now-familiar three-Pillar structure, which goes far beyond the first Basel Accord. To recapitulate, these are: Pillar 1 – the minimum capital ratio, Pillar 2 – the supervisory review process and Pillar 3 – the market discipline. The Pillar 1 provides a menu of alternative approaches, from simple to advanced ones, for determining the regulatory capital towards credit risk, market risk and operational risk, to cater to the wide diversity in the banking system across the world. Pillar 2 requires the banks to establish an Internal Capital Adequacy Assessment Process (ICAAP) to capture *all the material risks*, including those that are partly covered or not covered under the other two Pillars. The ICAAP of the banks is also required to be subject to a supervisory review by the supervisors. The Pillar 3 prescribes public disclosures of information on the affairs of the banks to enable effective market discipline on the banks' operations.

10. As you are aware, RBI has already issued the guidelines for the new capital adequacy framework in regard to Pillar 1 and Pillar 3 on April 27, 2007. As regards Pillar 2, the banks have been advised to put in place an ICAAP, with the approval of the Board. A two-stage implementation of the guidelines is envisaged to provide adequate lead time to the banking system. Accordingly, the foreign banks operating in India and the Indian banks having operational presence outside India are required to migrate to the Standardised Approach for credit risk and the Basic Indicator Approach for operational risk 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. It has been a conscious decision to begin with the simpler approaches available under the framework, having regard to the preparedness of the banking system. As regards the market risk, under Basel II also, the banks will continue to follow the Standardised-Duration Method as already adopted under the Basel I framework. For migration to the advanced approaches available under the framework, prior approval of the RBI would be required.

Pillar 2 Considerations

11. While the implications of Pillar 1 and Pillar 3 are fairly well known in the banking community, the importance of Pillar 2 in the new framework is perhaps not that well understood. I would, therefore, like to take this opportunity to dwell a little more on the criticality of effective implementation of Pillar 2 by the banks while adopting the new framework, in view of its importance.

12. As I mentioned earlier, the Pillar 2 of the framework deals with the 'Supervisory Review Process' (SRP). The objective of the SRP is to ensure that the banks have adequate capital to support all material risks in their business as also to encourage them to adopt sophisticated risk management techniques for monitoring and managing their risks. This, in turn, would require a well-defined internal assessment process within the banks through which they would determine the additional capital requirement for all material risks, internally, and would also be able to assure the RBI that adequate capital is actually held towards their all material risk exposures. The process of assurance could also involve

an active dialogue between the bank and the RBI so that, when warranted, appropriate intervention could be made to either reduce the risk exposure of the bank or augment / restore its capital. *Thus, ICAAP is an important component of the Supervisory Review Process.* What is important to note here is that the Pillar 1 stipulates only the minimum capital ratio for the banks whereas the Pillar 2 provides for a bank-specific review by the supervisors to make an assessment whether all material risks are getting duly captured in the ICAAP of the bank. If the supervisor is not satisfied in this behalf, it might well choose to prescribe a higher capital ratio, as per its assessment.

13. I would like to emphasise that the ICAAP under the Pillar 2 is the element which makes the Basel II framework comprehensive in its sweep by addressing the entire risk domain of the banks. As I mentioned, the ICAAP is expected to address all material risks facing the bank but the three main areas in particular *viz.*, those aspects not fully captured under the Pillar 1 process; factors not taken into account by Pillar 1 process; and the factors external to the bank. Another dimension of the ICAAP would be to monitor compliance with the Pillar 1 and Pillar 3 requirements. Thus, illustratively, we would expect the banks' ICAAP to take account of the credit concentration risk, interest rate risk in the banking book, business and strategic risk, liquidity risk, and other residual risks such as reputation risk and business cycle risk. The challenge for the banks would be to quantify these risks and then, to translate those consistently into an appropriate amount of capital needed, commensurate with the bank's risk profile and control

environment. Needless to say, this would call for instituting sophisticated risk management systems, including a robust stress-testing and economic capital allocation framework, coupled with strong validation mechanisms to ensure the integrity of the entire ICAAP, to be able to achieve the objectives underpinning the ICAAP and the Supervisory Review envisaged under Pillar 2. I am sure, the Pillar 2 dimension would be receiving the high priority it deserves in the implementation strategy of the banks. It is useful to note that the ICAAP, as its name suggests, is envisaged to be essentially a bank-driven process, which would of course be subject to a supervisory review.

The Parallel Run

14. Another aspect which I would like to mention here today is the parallel run prescribed by the RBI which the banks were required to carry out since June 2006, as a prelude to migration to the simpler approaches of Basel II. The objective was to familiarise them with the requirements of the new framework. During the period of parallel run, the banks are required to compute, parallelly, on an on going basis, their capital adequacy ratio – both under Basel I norms, currently applicable, as well as the Basel II guidelines to be applicable in future. This analysis of the capital adequacy ratio is to be placed before the Boards of the banks every quarter and is also transmitted to the RBI. In addition, an assessment of compliance with the Board-approved policies on collateral management, credit risk mitigation, disclosures and ICAAP, adequacy of the management information system, impact of

various elements of the portfolio on the capital adequacy ratio, as also the results of the process for validating the CRAR are also to be placed before the Board. The validation mechanism, to my mind, would be a critical element of the parallel run as it would help ensuring the accuracy and integrity of the entire process. I would urge all of you to pay due attention to the parallel run exercise in the interest of smooth migration to Basel II on the cut off date.

Migration to Advanced Approaches under Basel II

15. As I mentioned earlier, the Basel II framework provides a menu of alternative approaches for determination of regulatory capital for credit, market and operational risks. While in India, we have decided to implement the simpler approaches within the stipulated timeframe, as regards migration to the advanced approaches, the RBI has not indicated any specific timeframe. However, the banks that plan to migrate to the advanced approaches would need prior approval of the RBI – for which requisite guidelines would be issued in due course. Nonetheless, the banks planning such migration would be well advised to undertake an objective and rigorous self-assessment *vis-a-vis* the qualifying criteria envisaged under the Basel II framework for adoption and ongoing use of the advanced approaches. Such an assessment would be helpful for the banks in chalking out a realistic roadmap for a smooth switchover to the advanced approaches, as and when these are introduced by the Reserve Bank.

16. It needs to be, however, borne in mind that implementation of advanced approaches under Basel II, particularly for

the credit risk, would be a data-intensive exercise. While the data needs under the simpler approaches would be largely similar to those under the Basel I framework, the data requirements of banks would be significantly higher to even qualify for adopting the Advanced Approaches as the banks would require adequate and acceptable-quality historical data to compute the capital requirements under the Advanced Approaches. At the minimum, banks may need to have acceptable historical data for the past five to seven years for computing the risk parameters such as probability of default, loss given default and operational risk losses. The banks which consider migration to advanced approaches will, therefore, need to first build up a comprehensive database for the purpose.

Credit Risk Management under Basel II

17. Even though Basel-II framework has a broader scope and includes 'operational risk' under Pillar 1 and public disclosures under Pillar 3, the credit risk still claims the largest share of the regulatory capital. This underscores the significance of credit risk in the bank's operations. This is hardly surprising reckoning that the several banking crises in many countries had their roots in lax credit standards, poor portfolio risk management, and the inability or failure to evaluate the impact of the changing economic environment on credit worthiness of the banks' borrowers. The sub-prime crisis in the USA is the most recent example of the inadequate credit risk assessment. The advent of advanced approaches for credit risk in India under the Basel II Framework in the days to come,

could be expected to provide an impetus for adopting more sophisticated credit risk management techniques in banks.

18. In this context, I would like to recall that as far back as in October 1999, the RBI had issued guidelines, with an integrated approach, on risk management in banks. Having regard to diversity of banks, they were advised to design their own risk management architecture, in tune with their size, complexity of business, risk philosophy, market perception and the level of capital. With a view to fine tuning the risk management systems in banks and to help smaller banks in achieving the minimum standards, RBI has also issued guidance notes on management of credit and market risk in October 2002. While the broad principles underlying the guidelines would still be valid, banks would be well advised to modernise and upgrade their risk management configuration in step with the market developments.

The Path Ahead

19. Before I conclude, let me briefly touch upon a few of the issues and challenges that could emanate from the adoption of Basel II framework, particularly, in the Indian context.

First, it is understood that the Basel II framework provides for as many as about 130 areas of national discretion to be exercised by the country supervisors, as per local conditions. Thus, it has been argued that potentially, there could be 130 variations of the new framework under different jurisdictions. If that be the case, the international comparability of the bank-capital standards would be difficult to

achieve across the countries and perhaps, the original objective of reducing the international competitive inequality amongst the banks could get compromised.

Second, with migration to the advanced approaches in future, the banks following the advanced approaches are likely to have a more risk-sensitive architecture for capital computation compared to those on the standardised approach. This could potentially lead to the riskier assets gravitating towards the banks on the less-risk-sensitive Standardised Approach, which would need lower capital for such assets than the banks on the advanced approaches, while the high quality assets flowing to the banks on the advanced approaches. This could ultimately result in a lower amount of capital in the system as a whole, which might not be a very welcome prospect, specially from the supervisory perspective.

Third, while the Pillar III disclosures could be quite useful for the market analysts and sophisticated users of this information, the utility of such disclosures for the common man remains a moot point. Besides, the disclosures under Basel II will also need to be harmonised with those required under the International Financial Reporting Standards so as to avoid any conflicts and excessive burden of disclosure.

Fourth, in the Indian context, the rating penetration is very low and is generally confined to the larger corporates while the smaller entities are generally unrated. With the adoption of the Standardised Approach in India, which places heavy reliance on the external rating of the bank clients, a view has been expressed that the small and

medium enterprises, which are below the rating threshold, may get somewhat handicapped in availing bank credit in the absence of credit rating. This may perhaps call for special efforts to maintain the credit flow to this segment of the borrowers.

Fifth, the risk sensitive approach of the Basel II Framework is likely to give rise to pro-cyclicality in the capital requirements of the banks since in an economic downturn, the capital requirements would rise but will decline during an economic boom. It is argued that such an impact on the banks could accentuate the effects of the cycle and could increase the volatility in the banking system.

Finally, in implementing the new framework, which requires specialised skill sets, the challenge of human resource management for the Indian banking sector would be a constraint to reckon with. The banks would, therefore, need to evolve innovative HRM practices to be able to attract and retain the right mix of people to ensure effective operationalisation and maintenance of sophisticated risk management infrastructure.

Conclusion

20. In conclusion, I would only like to stress that the central message of the Basel II Framework is the progressive refinement and sophistication of the risk management configuration of the banking system. The banks with better risk management skills would not only have competitive advantage in the market place but would also be better positioned to capitalise on the opportunities for organic and inorganic growth. While the Basel II framework

creates an enabling environment for enhancing the risk management capability in the banks by providing the right incentives, it is entirely up to you to grasp the nettle and upgrade the risk governance in your organisation to achieve a sharper

risk-reward profile. I am confident that the deliberations at this two-day seminar would provide you valuable insights into the relevant issues to enable a smoother migration to the new framework. I wish the deliberations at the seminar all success.

Articles

India's External Debt as at End-June 2007

Performance of Financial and Investment
Companies, 2005-06

Composition and Ownership Pattern of Deposits
with Scheduled Commercial Banks: March 2006

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



*India's External Debt as at End-June 2007**

Introduction

India's external debt position, as per the current practice, is compiled and published for the four reference periods in a financial year. The external debt data for the quarters ending March and June of a fiscal year are compiled and published by the Reserve Bank of India (RBI) and for the quarters ending September and December by the External Debt Management Unit (EDMU), Ministry of Finance (MoF), Government of India (GOI). The data on India's external debt as at end-March 2007 were released by the RBI on June 29, 2007. Subsequently, the same was published in the RBI's Annual Report of 2006-07 released on August 30, 2007. The external debt as at end-June 2007 was released by the Reserve Bank on September 28, 2007. Following the extant practice as explained above, this article reviews India's external debt position for the quarter ending June 2007 against the backdrop of India's external debt scenario since the early 1990s¹.

Against this background, the organization of the article is as follows. The evolution of India's external debt since the early 1990s is set out in section I. In section II, a synoptic view of the recent policy initiatives is presented. India's external debt stock as at the end of the first quarter of 2007-08 is presented in section III. The sustainability indicators of external debt have been presented in section IV. Section V dwells on the short term debt. Concluding observations are given in section VI.

* Prepared in the Division of International Finance, Department of Economic Analysis and Policy.

¹ The previous article reviewing India's external debt position as at end-June 2006 was published in the October 2006 issue of RBI Bulletin.

I. Evolution of India's External Debt

India's external debt position has improved substantially since the late 1990s in terms of size, composition and indicators of solvency and liquidity. This has also been accompanied by a change in the composition of external debt over the last one and a half decade. The share of bilateral and multilateral creditors has progressively declined to around 31 per cent by end-June 2007 from around 50 per cent in the latter half of 1990s (Tables 1). Substantial recourse to non-resident Indian (NRI) deposits as a source of external financing had led to emergence of this component as the single largest component of external debt since

March 2004; however, this was reversed in end-March 2007 as the stock of external commercial borrowings (ECBs) surpassed the stock of NRI deposits leading to emergence of ECBs as the largest component of external debt as at end-June 2007. This was the result of sharp rise in ECBs in the recent period. In the context of the NRI deposits, it may be noted that a large proportion of the NRI deposits is denominated in local currency (Indian rupee). The rupee debt to erstwhile Russia has lost its share reflecting only amortisation and no fresh loans.

According to the Global Development Finance, World Bank, international comparison of external debt stock of the 15

Table 1: External Debt by Components

(US \$ million)									
Item	End- March							End - Jun-06 R	End - Jun-07 P
	1991	1998	2003	2004	2005	2006 R	2007 R		
1	2	3	4	5	6	7	8	9	10
1. Multilateral	20,900 (24.9)	29,553 (31.6)	29,994 (28.6)	29,297 (26.2)	31,698 (25.5)	32,559 (25.5)	35,641 (22.8)	33,101 (25.1)	35,958 (21.7)
2. Bilateral	14,168 (16.9)	16,969 (18.1)	16,802 (16.0)	17,277 (15.5)	17,011 (13.7)	15,734 (12.3)	16,104 (10.3)	15,843 (12.0)	15,687 (9.5)
3. IMF	2,623 (3.1)	664 (0.7)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)
4. Trade Credit	4,301 (5.1)	6,526 (7.0)	4,995 (4.8)	4,697 (4.2)	5,021 (4.0)	5,419 (4.2)	6,964 (4.4)	5,519 (4.2)	7,782 (4.7)
5. Commercial Borrowing	10,209 (12.2)	16,986 (18.2)	22,472 (21.4)	22,007 (19.7)	27,857 (22.4)	26,902 (21.1)	42,780 (27.3)	31,141 (23.7)	48,314 (29.2)
6. NRI Deposits	10,209 (12.2)	11,913 (12.7)	23,160 (22.1)	31,216 (28.0)	32,743 (26.4)	36,282 (28.4)	41,240 (26.3)	36,831 (28.0)	42,603 (25.8)
7. Rupee Debt	12,847 (15.3)	5,874 (6.3)	2,822 (2.7)	2,720 (2.4)	2,301 (1.9)	2,031 (1.6)	1,949 (1.2)	1,915 (1.5)	2,031 (1.2)
8. Long-term Debt (1 to 7)	75,257 (89.8)	88,485 (94.6)	100,245 (95.5)	107,214 (96.0)	116,631 (93.9)	118,927 (93.2)	144,678 (92.4)	124,350 (94.5)	152,375 (92.1)
9. Short-term Debt	8,544 (10.2)	5,046 (5.4)	4,669 (4.5)	4,431 (4.0)	7,529 (6.1)	8,696 (6.8)	11,971 (7.6)	7,275 (5.5)	13,019 (7.9)
Total (8+9)	83,801 (100.0)	93,531 (100.0)	104,914 (100.0)	111,645 (100.0)	124,160 (100.0)	127,623 (100.0)	156,649 (100.0)	131,625 (100.0)	165,394 (100.0)

R : Revised. P : Preliminary.

Note : Figures in parentheses are percentage to total external debt.

Source : India's External Debt: A Status Report, Government of India, August 2007; Reserve Bank of India.

Table 2: External Debt Position of Top 15 Debtor Countries, 2005

Sl. No.	Country	Total Debt to GNI (per cent)	Total Debt Outstanding (US \$ million)
1	2	3	4
1	China	12.5	281.6
2	Russian Federation	30.7	229.0
3	Brazil	24.4	188.0
4	Turkey	47.3	171.1
5	Mexico	22.1	167.2
6	Indonesia	49.7	138.3
7	India	15.4	123.1
8	Argentina	64.6	114.3
9	Poland	33.8	98.8
10	Hungary	64.5	66.1
11	Philippines	57.3	61.5
12	Thailand	30.3	52.3
13	Malaysia	41.1	51.0
14	Chile	43.1	45.2
15	Venezuela	32.0	44.2

Source: Global Development Finance, World Bank, 2007.

most indebted countries suggests that India's position was the seventh among the

most indebted country in 2005 as compared with third position in 1991. However, in terms of debt to gross national income (GNI) ratio, India's position was the second lowest (Table 2).

The external debt of the developing countries increased largely during the 1970s emanating from the two oil shocks. Rise in interest rates in the 1980s accentuated the external debt of these countries. In the decade of 1990s, a series of financial crises in Mexico (1994-95), East Asia (1997), Brazil (1998), Russia (2000), Turkey (2000) and Argentina (2001) led to a reassessment of the policies towards management of external debt. The outstanding debt level of some top debtor countries indicates that during the 1990s, external debt increased substantially; in the case of India, however, the rise was modest (Table 3).

Table 3: Total External Debt Outstanding

Country	(US \$ billion)								
	1970	1980	1990	2000	2001	2002	2003	2004	2005
1	2	3	4	5	6	7	8	9	10
China	...	...	55.3	145.7	184.8	186.1	208.5	247.7	281.6
Russian Federation	...	...	59.3	160.0	152.5	147.4	175.7	196.8	229.0
Brazil	5.7	71.5	120.0	243.7	231.1	233.1	236.6	220.4	188.0
Turkey	2.7	19.1	49.4	117.1	113.2	131.0	145.1	162.4	171.1
Mexico	7.0	57.4	104.4	150.3	162.9	163.7	170.0	170.4	167.2
Indonesia	4.5	20.9	69.9	144.2	133.8	132.8	137.0	139.7	138.3
India	8.4	20.7	83.8	101.3	98.8	104.9	111.6	124.2	127.6
Argentina	5.8	27.2	62.2	147.4	154.1	150.8	166.8	169.5	114.3
Poland	...	...	49.4	64.8	65.7	76.7	93.7	97.3	98.8
Hungary	...	10.2	21.2	29.5	30.3	35.0	47.5	63.5	66.1
Philippines	2.2	17.4	30.6	58.3	58.3	59.9	62.6	60.9	61.5
Thailand	1.0	8.3	28.1	79.7	67.2	59.4	51.8	51.2	52.3
Malaysia	0.5	6.6	15.3	41.9	45.1	48.3	48.6	52.2	51.0
Chile	3.0	12.1	19.2	37.3	38.6	41.2	42.8	43.8	45.2
Venezuela	1.4	29.4	33.2	42.0	38.8	36.3	37.8	39.3	44.2

Notes : 1. For Hungary, data pertain to 1982 in place of 1980.

2. In this Table, the source of data for India is Government of India and Reserve Bank of India. Therefore, the data for India since 1990 onwards pertain to financial year (end-March) and not calendar year (end-December).

Source : Global Development Finance, World Bank, 2007; India's External Debt: A Status Report, Government of India; Reserve Bank of India.

II. Policy Initiatives

India's external debt position has improved over the period since 1991. In this context, it is important to note that the policy pursued by the Government of India towards mobilising resources is guided by the objective of maintaining balance of payments position at a sustainable level and keeping the external debt within manageable limits. Liberalisation of trade and investment as well as the policy shift in favour of attracting non-debt creating flows appear to have served well in external sector management. The external debt policy of Government continues to focus on raising sovereign loans on concessional terms with longer maturities, rationalising the interest rates on non-resident deposits, limiting the level of commercial borrowings as well as restricting their end-use and monitoring of short-term debt.

A few policy changes with respect to external debt and its component are discussed in the following paragraphs.

1. Prepayment of High Cost Loans

In order to reduce the interest burden, a part of high cost multilateral and bilateral Government as well as non-Government loans have been prepaid during the last few years. The process of prepayment was carried forward in 2005-06 and 2006-07, though the amounts were smaller. The prepayments were of the order of US \$ 3,797.5 million, US \$ 381.5 million and US \$ 23.5 million during 2003-04, 2004-05 and 2005-06, respectively. During 2006-07, the prepayment was of the order of US \$ 61.1 million.

As part of the consolidation of external debt, prepayment of loans raised abroad by

corporates and financial institutions under ECBs was also encouraged. The limit for prepayment of ECBs was enhanced from US \$ 200 million to US \$ 300 million, without prior approval of the RBI, subject to a minimum average maturity period of five years, with effect from December 4, 2006. The limit was further raised to US \$ 400 million with effect from April 30, 2007 and to US \$ 500 million on September 25, 2007 subject to compliance with the minimum average maturity period as applicable to the loan.

2. External Commercial Borrowings

ECBs refer to commercial loans with a minimum maturity of three years, raised from internationally recognised non-resident lenders such as: (i) international banks, international capital markets, and multilateral financial institutions, *e.g.* the International Finance Corporation (IFC), Asian Development Bank (ADB), *etc.*; (ii) export credit agencies; and (iii) suppliers of equipment, foreign collaborators, and foreign equity holders.

Automatic and Approval Route

ECBs can be raised through two routes, *viz.* (i) automatic route; and (ii) approval route. The maximum amount of ECBs allowed under the automatic route is restricted to US \$ 500 million per borrower during a financial year with a sub-limit up to US \$ 20 million or equivalent with minimum average maturity of three years; and above US \$ 20 million and up to US \$ 500 million or equivalent with minimum maturity of five years. Under the approval route, cases falling outside the purview of the automatic route limits and maturity periods are considered.

The ECB proposals are approved within an overall annual ceiling fixed by the Ministry of Finance keeping in view the sectoral requirements and outcome of balance of payments in the medium term. The ceiling on approvals under commercial borrowings has been increased from US \$ 9 billion in 2003-04 to US \$ 12 billion in 2004-05 to US \$ 16 billion in 2005-06 and further to US \$ 22 billion in 2006-07. The cases falling under the approval route are considered by an empowered Committee of the RBI. With effect from December 4, 2006, corporates can avail of ECB up to an additional amount of US \$ 250 million with average maturity of more than 10 years under the approval route, over and above the existing limit of US \$ 500 million under the automatic route, during a financial year. Prepayment and call/put option, however, are not permissible for such ECB up to a period of 10 years.

Any foreign investment as non-convertible or optionally convertible or partially convertible preference shares, for issue of which funds have been received on or after May 1, 2007, is considered as debt and has to conform to the ECB guidelines/caps.

End-use Restriction on ECB

There are several end-use restrictions pertaining to use of ECBs. Utilisation of ECB proceeds is not permitted for investment in the capital market by corporates or for on-lending except by specified banks, financial institutions, NBFCs and housing finance companies permitted under the approval route. As per the extant ECB policy, utilisation of ECB proceeds was not permitted in real estate. The term 'real estate' excludes development of integrated township as defined by Press Note 3 (2002

Series) dated January 4, 2002. In the review on May 21, 2007, it was decided to withdraw the exemption accorded to the 'development of integrated township' as a permissible end-use of ECB. Accordingly, utilisation of ECB proceeds is not permissible in real estate, without any exemption.

In addition, effective August 2007, ECB of more than US \$ 20 million per borrower company per financial year is permitted only for foreign currency expenditure of permissible end-uses of ECB both under the automatic route and under the approval route. The amount over US \$ 20 million has to be parked overseas and the borrower cannot remit the funds to India. However, borrowers proposing to avail ECB up to US \$ 20 million for rupee expenditure for permissible end-uses require prior approval of the Reserve Bank under the approval route and such funds have to be parked overseas until the actual requirement in India.

All-in-Cost Ceilings on ECB

All-in-cost ceiling on ECB includes rate of interest, other fees and expenses in foreign currency except commitment fee, pre-payment fee, and fees payable in Indian rupees but excludes the payment of withholding tax in Indian rupees. In May 2007, all-in-cost ceilings for ECB were modified as follows:

Average Maturity Period	All-in-Cost ceilings over 6 Months LIBOR* (basis points)	
	Earlier	Revised
Three years to five years	200	150
More than five years	350	250

* For the respective currency of borrowing or applicable benchmark.

3. Non-Resident Deposits

The policy initiatives of the pre-reform period, which aimed at attracting non-resident deposits by offering a number of incentives, including exchange guarantees and higher rate of interest, have been streamlined since 1991. For example, the schemes with exchange guarantees have been withdrawn. Short-term components have been eliminated in a phased manner. The maturity structure of the deposits has been revised to encourage long-term deposits and non-repatriable schemes have been discontinued. The interest rate structure of the schemes has been rationalised.

There are three types of NRI deposits in operation at present - deposits under Non-Resident (External) Rupee Account [NR(E)RA], Foreign Currency Non-Resident (Bank) [FCNR(B)] Accounts and Non-Resident Ordinary [NRO] Rupee Accounts. The FCNR(B) scheme offers only term deposits. Under FCNR(B), short-term deposits with less than one-year maturity were withdrawn with effect from October 1999. With effect from July 27, 2005, the maximum maturity period under FCNR(B) deposits was extended from three years to five years and two more currencies, *viz.* the Canadian dollar and the Australian dollar were introduced under FCNR(B) deposits, besides the existing currencies of US dollar, euro, pound sterling and yen. The scheme NR(E)RA offers both savings and term deposits. In April 2003, the maturity period of NR(E)RA term deposits was also placed in the range of one to three years, withdrawing short-term deposits of less than one year maturity in line with FCNR(B) deposits.

The interest rates on NRI deposits, i.e. Non-Resident (External) Rupee Account [NR(E)RA] and Foreign Currency Non-Resident (Banks) [FCNR(B)] deposits were revised taking into account macroeconomic and monetary conditions so as to ensure effective liquidity management. The ceiling interest rate on NRE deposits which was raised by 25 basis points each in November 2005 and April 2006 was reduced by 50 basis points each in January 2007 to "LIBOR/SWAP rates of US dollar plus 50 basis points" and further in April 2007 to "LIBOR/SWAP rates of US dollar". 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 reduced by 25 basis points to "LIBOR/ SWAP rates minus 25 basis points" in January 2007 and further reduced by 50 basis points to "LIBOR minus 75 basis points" in April 2007.

III. India's External Debt Stock as at end-June 2007

The data on Non-Resident Ordinary (NRO) account were not included in the balance of payments (BoP) as well as external debt as firm data were not available. With the stabilisation of the reporting system, data on NRO account deposits are now compiled and have been included as part of NRI deposits in India's BoP and also as part of India's external debt since June 2005. As a result of the inclusion of NRO deposits in external debt, the stock of external debt has been revised upward since the quarter ending June 2005.

India's external debt was placed at US \$ 165.4 billion at end-June 2007 recording an increase of US \$ 8.7 billion or 5.6 per cent

over the end-March 2007 level (Table 4 and Chart 1). According to the component analysis, external commercial borrowings (ECBs) contributed around 63 per cent of the increase in total external debt, followed by NRI deposits (15.6 per cent) and trade credit up to one year maturity, excluding the suppliers' credit up to 180 days (12 per cent).

Among the various components of external debt, ECBs at US \$ 48.3 billion recorded a significant increase of US \$ 5.5 billion (12.9 per cent) during the first quarter of 2007-08 (Table 5 and Chart 2). Ongoing technological upgradation and modernisation combined with expansion of domestic industrial activities have led to increased investment demand by Indian companies which are reflected in increase of external commercial borrowings (including FCCBs). Higher draws under ECBs were also on account of some hardening of domestic interest rates amidst greater risk appetite by foreign investors.

NRI deposits at US \$ 42.6 billion as at end-June 2007 showed an increase of US \$ 1.4 billion. Despite an outflow from NRI

As at the end of	Total External Debt (US \$ million)	Variation (in US \$ million)	
		Over corresponding quarter a year ago	Over previous quarter
1	2	3	4
Jun 05	123,438	10,661 (9.5)	-722 (-0.6)
Sep 05	126,045	13,074 (11.6)	2,607 (2.1)
Dec 05	121,361	1,028 (0.9)	-4,684 (-3.7)
Mar 06	127,623	3,463 (2.8)	6,262 (5.2)
Jun 06	133,455	10,017 (8.1)	5,832 (4.6)
Sep 06	137,942	11,897 (9.4)	4,487 (3.4)
Dec 06	144,578	23,217 (19.1)	6,636 (4.8)
Mar 07	156,649	29,026 (22.7)	12,071 (8.3)
Jun 07	165,394	31,939 (23.9)	8,745 (5.6)

Note : Figures in parentheses indicate percentage increase. Figures from June 2005 through March 2007 are revised on account of inclusion of NRO deposits.. Figures for June 2007 are preliminary.

deposits, the above increase was on account of valuation gain. The outstanding NRO deposits amounted to US \$ 1,616 million at end-March 2007 and US \$ 1,846 million at end-June 2007.

Among other components, short term trade credit (up to one year maturity excluding suppliers' credit up to 180 days maturity) recorded an increase of US \$ 1.0 billion (8.8 per cent), whereas trade credit above one year maturity witnessed an

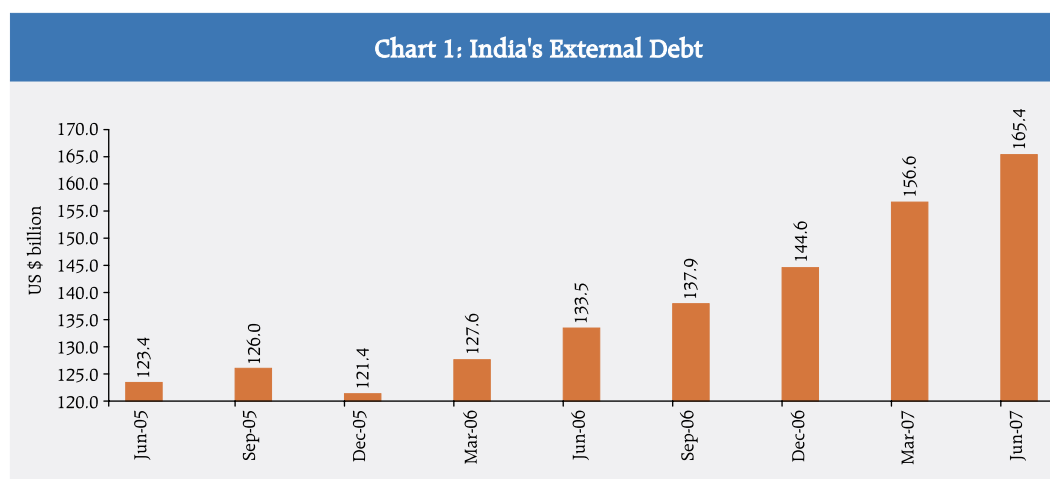


Table 5: Variation in External Debt by Components

(US \$ million)					
Item	At the end of			Variation during end-June 2007 and end-March 2007	
	June 07 P	March 07 R	March 06 R	(Absolute)	(Per cent)
	2	3	4	5	6
1. Multilateral	35,958 (21.7)	35,641 (22.8)	32,559 (25.5)	317	0.9
2. Bilateral	15,687 (9.5)	16,104 (10.3)	15,734 (12.3)	-417	-2.6
3. IMF	0 (0.0)	0 (0.0)	0 (0.0)	0	0.0
4. Trade Credit					
a. Above 1 year	7,782 (4.7)	6,964 (4.4)	5,419 (4.2)	818	11.7
b. Up to 1 year*	13,019 (7.9)	11,971 (7.6)	8,696 (6.8)	1,048	8.8
5. Commercial Borrowings	48,314 (29.2)	42,780 (27.3)	26,902 (21.1)	5,534	12.9
6. NRI Deposits (long-term)	42,603 (25.8)	41,240 (26.3)	36,282 (28.4)	1,363	3.3
7. Rupee Debt	2,031 (1.2)	1,949 (1.3)	2,031 (1.7)	82	4.2
8. Total Debt	165,394 (100.0)	156,649 (100.0)	127,623 (100.0)	8,745	5.6
<i>Memo Items</i>					
A. Long-Term Debt	152,375 (92.1)	144,678 (92.4)	118,927 (93.2)	7,697	5.3
B. Short-Term Debt	13,019 (7.9)	11,971 (7.6)	8,696 (6.8)	1,048	8.8

* : Exclude suppliers' credit of up to 180 days maturity.

R : Revised. P : Preliminary.

Note : Figures in parentheses indicate share to total external debt:

increase of US \$ 818 million (11.7 per cent) during the quarter ended June 2007 over end-March 2007. While multilateral debt showed

an increase of US \$ 317 million (0.9 per cent), bilateral debt declined by US \$ 417 million (2.6 per cent) during the same period.

Chart 2: Components of External Debt

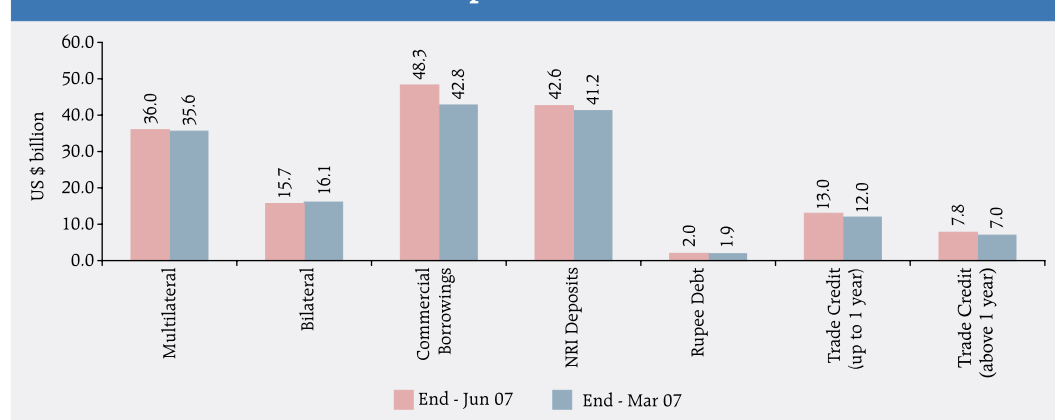


Table 6 : Currency Composition of India's External Debt

Currency	(Per cent)							
	End-March							End-June
	1994	2002	2003	2004	2005	2006 R	2007 R	2007 P
1	2	3	4	5	6	7	8	9
US Dollar	41.4	54.3	46.6	40.5	44.1	45.1	48.6	50.4
SDRs	14.9	14.1	15.2	15.5	15.4	15.1	13.1	12.3
Indian Rupee	14.8	11.9	17.3	22.7	21.1	19.9	18.2	18.0
Japanese Yen	13.7	10.2	10.7	11.6	11.1	12.1	12.7	12.0
Euro	0	5.7	6.2	5.8	5	4.5	4.4	4.1
Pound Sterling	3.3	2.9	3.1	3.4	2.8	2.9	2.6	2.8
Others	11.9	0.9	0.9	0.5	0.5	0.4	0.4	0.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

R : Revised; P : Preliminary.

Source : India's External Debt: A Status Report, Government of India, August 2007; Reserve Bank of India.

Currency Composition

The share of external debt denominated in US dollar has been gradually rising in the last four years and constituted over 50 per cent at end-June 2007 (Table 6). This was followed by debt denominated in Indian rupee which accounted for 18 per cent mainly on account of two [NR(E)RA and NRO deposits]

out of the three schemes of NRI deposits which are denominated in rupees aggregating to US \$ 27.3 billion as at end June 2007.

A cross-country comparison of the currency composition of long term debt suggests that the US dollar is the dominant currency of invoicing of external loans in most of the countries (Table 7).

Table 7: Currency Composition of Long-Term Debt, 2005

Country	(Per cent)							
	U.S. dollar	Euro	Pound sterling	Japanese yen	Swiss franc	SDR	Multiple currencies	All other currencies
1	2	3	4	5	6	7	8	9
All developing countries	63.5	16.6	1.2	10.0	0.7	1.5	4.8	1.7
China	73.9	8.3	0.1	13.9	0.1	0.0	3.5	0.3
Russian Federation	81.5	11.1	0.0	1.3	0.0	0.0	6.0	0.0
Brazil	77.7	11.1	0.2	6.1	0.1	0.0	4.7	0.1
Turkey	71.0	24.3	0.1	3.9	0.3	0.0	0.3	0.2
Mexico	95.8	1.1	0.1	1.8	0.2	0.0	1.2	0.0
Indonesia	43.8	13.6	2.2	34.9	0.6	0.2	3.7	1.0
India	45.1	4.5	2.9	12.1	—	15.1	—	20.3 #
Argentina	58.1	34.0	0.1	2.4	0.4	0.0	4.9	0.2
Poland	20.7	61.6	2.0	7.8	5.3	0.0	0.3	2.4
Hungary	12.5	67.3	8.1	10.9	0.8	0.0	0.3	0.0
Philippines	49.3	5.5	0.1	34.9	0.2	0.5	9.3	0.1
Thailand	36.2	2.1	0.1	60.0	0.0	0.0	1.4	0.3
Malaysia	70.8	4.1	0.6	22.3	0.0	0.0	2.1	0.0
Chile	97.7	1.0	0.0	0.7	0.0	0.0	0.6	0.0
Venezuela	83.8	11.5	0.0	0.6	0.0	0.0	4.1	0.0

: This data includes debt denominated in Indian rupee and is not comparable with other countries; — : Negligible.

Note : In this Table, the source of data for India is Government of India and Reserve Bank of India. Therefore, the data for India pertain to financial year (April-March) and not calendar year.

Source : Global Development Finance, World Bank, 2007; India's External Debt, A Status Report, Government of India, August 2007; Reserve Bank of India.

Valuation Changes

The stock of total external debt as at end-June 2007 witnessed an increase of US \$ 8.7 billion. Out of this, the increase of US \$ 1.2 billion was on account of valuation effects, reflecting the depreciation of the US dollar against other major international currencies. This would imply that excluding the valuation effects, the stock of external debt as at end-June 2007 increased by about US \$ 7.5 billion.

A detailed account of external debt as at end-June 2007 and also for the earlier quarters in rupee and dollar terms are presented in Statement 1 and 2, respectively.

IV. Sustainability of External Debt

An assessment of sustainability of external debt is generally undertaken based on the trends in certain key ratios such as debt to GDP ratio, debt service ratio, short-term debt to total debt and total debt to foreign exchange reserves. The sustainable level for a country's external debt is determined in terms of a set of solvency and liquidity indicators. Accordingly, an assessment of ratio of external debt to current receipts, external debt to national income, debt service ratio and interest service ratio is carried out. India has managed its external debt successfully as reflected in a perceptible improvement in various external debt sustainability indicators (Table 8). The ratio of external debt to GDP has declined to

Table 8: Debt Sustainability Indicators

(Per cent)								
Year	Debt-Service Ratio	Total External Debt to GDP	Short-term Debt to GDP	Total Debt to Current Receipts	Reserves to Total Debt	Short-term Debt to Reserves	Short-term Debt to Total Debt	Concessional Debt to Total Debt
1	2	3	4	5	6	7	8	9
1990-91	35.3	28.7	3.0	328.9	7.0	146.5	10.2	45.9
1991-92	30.2	38.7	3.2	312.3	10.8	76.7	8.3	44.8
1992-93	27.5	37.5	2.7	323.4	10.9	64.5	7.0	44.5
1993-94	25.4	33.8	1.3	275.6	20.8	18.8	3.9	44.4
1994-95	25.9	30.8	1.3	235.8	25.4	16.9	4.3	45.3
1995-96	26.2	27.0	1.4	188.9	23.1	23.2	5.4	44.7
1996-97	23.0	24.6	1.8	169.6	28.3	25.5	7.2	42.2
1997-98	19.5	24.3	1.3	159.8	31.4	17.2	5.4	39.5
1998-99	18.7	23.6	1.0	162.1	33.5	13.2	4.4	38.5
1999-00	17.1	22.0	0.9	145.6	38.7	10.3	4.0	38.9
2000-01	16.6	22.5	0.8	130.8	41.7	8.6	3.6	35.4
2001-02	13.7	21.1	0.6	122.1	54.7	5.1	2.8	35.9
2002-03	16.0	20.3	0.9	110.2	72.5	6.1	4.5	36.8
2003-04	16.1	17.8	0.7	93.6	101.2	3.9	4.0	36.1
2004-05	6.1	17.4	1.1	81.0	114.0	5.3	6.1	33.1
2005-06 R	9.9	16.0	1.1	65.3	118.8	5.7	6.8	30.9
2006-07 R	4.8	16.6	1.3	61.5	127.1	6.0	7.6	25.5
2007-08* P	4.6	—	—	—	129.0	6.1	7.9	23.8

* : Data pertains to April-June 2007.

R : Revised; P : Preliminary.

Note : Debt ratios in the table pertain to end-March of the respective years.

Source : India's External Debt: A Status Report, Government of India, August 2007 and Reserve Bank of India.

16.6 per cent as at end-March 2007 from 38.7 per cent as at end-March 1992.

Conscious policy efforts to restrict short-term debt within prudential limits resulted in a decline of the share of short-term debt in the total debt from its recorded high of 10.2 per cent in 1991 to around 6.8 per cent as at end-March 2006; however, the ratio rose to 7.6 per cent at end-March 2007 and further to 7.9 per cent as at end-June 2007. The ratio of short-term debt to foreign exchange reserves recorded a significant decline from 146.5 per cent at end-March 1991 to 6.0 per cent at end-March 2007 and 6.1 per cent at end-June 2007 due to increase in foreign exchange reserves. The cover provided by foreign exchange reserves for external debt was as low as 7.0 per cent at end-March 1991. As at end-June 2007, India's foreign exchange reserves exceeded the external debt by US \$ 48 billion providing a cover of 129.0 per cent to the external debt stock.

India's debt service ratio² has improved progressively over the years owing to the combined effect of moderation in debt service payments and growth in external current receipts. The debt service ratio had declined from a peak of 35.3 per cent in 1990-91 to 6.1 per cent in 2004-05. The debt service ratio rose to 9.9 per cent during 2005-06 due to repayments relating to the India Millennium Deposits. The debt service ratio stood at 4.6 per cent in April-June 2007 (Table 9).

The Status Report on India's external debt released by the Ministry of Finance, Government of India in August 2007 has given projections of debt service payments for the period 2007-08 to 2016-17. The projections do not include future debt service obligations arising out of fresh borrowings. At end-March 2007, the projected debt service payments reveal that the principal repayments would be

Table 9: India's External Debt Service Payments

		(US \$ million)									
Item		1990-91	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06 R	2006-07 R	2007-08* P	
1	2	3	4	5	6	7	8	9	10	11	
External Assistance @		2,315	3,444	3,225	7,165	6,983	2,468	2,666	2,904	752	
	Repayment	1,187	2,338	2,150	6,037	6,193	1,758	1,841	1,922	483	
	Interest	1,128	1,106	1,075	1,128	790	710	825	982	269	
External Commercial Borrowings		3,414	7,073	5,563	6,186	10,164	5,223	14,749	6,819	1,729	
	Repayment	2,004	5,378	4,107	5,019	8,045	3,483	11,584	4,236	976	
	Interest	1,410	1,695	1,456	1,167	2,119	1,740	3,165	2,583	753	
IMF		778	26	0	0	0	0	0	0	0	
	Repayment	644	26	0	0	0	0	0	0	0	
	Interest	134	0	0	0	0	0	0	0	0	
NRI Deposits + Rupee Debt Services		1,282	1,661	1,808	1,414	1,642	1,353	1,497	1,969	501	
	Repayment	1,193	617	519	474	376	417	572	162	43	
Total Debt Service		8,982	12,821	11,115	15,239	19,165	9,461	19,484	11,854	3,025	
	Repayment	5,028	8,359	6,776	11,530	14,614	5,658	13,997	6,320	1,502	
	Interest	3,954	4,462	4,339	3,709	4,551	3,803	5,487	5,534	1,523	
Current Receipts #		25,479	77,467	80,982	95,248	119,239	154,123	196,778	245,616	66,239	
Debt Service Ratio (%)		35.3	16.6	13.7	16.0	16.1	6.1	9.9	4.8	4.6	

: Current Receipts Minus Official Transfers. * : April-June 2007. + : Interest on NRI deposits does not include interest on NRO deposits.
R : Revised; P : Preliminary.

Source: India's External Debt: A Status Report, Government of India, August 2007; Reserve Bank of India.

² Debt service ratio is defined as total repayments of principal and interest on debt as a ratio of current receipts.

bunching up during the period 2009-10 to 2011-12 due to larger redemptions on account of ECBs (Table 10). However, interest payments would witness some moderation due to consolidation of high cost loans and lower interest rates on the current borrowings.

An analysis of external debt sustainability among the developing countries reveals that concessional debt as a percentage of total debt has declined sharply during last two and half decades pointing towards increasing importance of external borrowings from private sources on commercial terms. Although the proportion of concessionality in India's external debt has also declined, it still remains the highest among the top indebted nations. Most of

Table 10: Projected Debt Service Payments

(US \$ million)			
Year	Principal	Interest	Total
1	2	3	4
2007-08	6,938	2,844	9,782
2008-09	7,085	2,859	9,944
2009-10	8,767	2,868	11,635
2010-11	12,016	2,765	14,781
2011-12	14,538	2,817	17,355
2012-13	7,664	1,757	9,421
2013-14	5,968	1,537	7,505
2014-15	5,121	1,337	6,458
2015-16	4,990	1,186	6,176
2016-17	5,134	1,026	6,160

the total external debt incurred by each of the top 15 debtor countries is public and public guaranteed debt (PPG). Public sector debt burden has been declining for India and other emerging market economies (Table 11).

Table 11: Nature of Indebtedness of Top 15 Debtor countries

(Per cent)								
Country	Concessional to Total Debt Ratio				PPG@ to Total Debt			
	1980	1990	2000	2005	1980	1990	2000	2005
1	2	3	4	5	6	7	8	9
China	..	17.6	20.7	11.8	..	82.3	65.1	29.4
Russian Federation	..	0.0	0.8	0.8	..	80.1	69.4	32.9
Brazil	2.5	2.5	0.9	1.6	57.9	73.2	40.3	50.3
Turkey	20.4	15.1	4.3	2.3	78.6	78.6	48.0	36.6
Mexico	0.5	0.8	0.8	0.9	59.1	72.7	54.2	65.1
Indonesia	36.4	26.4	21.0	26.0	71.7	68.7	48.2	52.3
India	74.2	45.9	35.4	30.9	87.5	84.9	49.6	40.6
Argentina	1.3	0.8	1.1	1.1	37.5	75.3	59.8	54.2
Poland	..	7.7	10.4	1.4	..	79.5	45.9	35.5
Hungary	7.8	0.2	1.0	1.1	65.7	84.6	48.6	32.1
Philippines	5.5	20.0	21.5	20.5	36.5	78.6	57.9	57.3
Thailand	10.0	15.2	11.5	14.1	47.5	44.4	36.9	25.8
Malaysia	8.6	14.6	7.0	8.7	60.6	75.6	45.9	44.0
Chile	5.6	1.9	1.0	0.6	38.9	54.2	14.1	20.1
Venezuela	0.2	0.3	0.2	0.2	36.2	73.9	65.4	66.3

@ : Public and public guaranteed debt.

Note : 1. For Hungary, data are taken from 1982 in the place of 1980.

2. In this Table, the source of data for India is Government of India and Reserve Bank of India. Therefore, the data for India since 1990 onwards pertain to financial year (end-March) and not calendar year (end-December).

Source : Global Development Finance, World Bank, 2007; India's External Debt, A Status Report, Government of India; Reserve Bank of India

While for most of the Latin American countries and East Asian countries, the ratio of total external debt to current receipts has remained broadly stable during the 1990s, the ratio has remained relatively lower for countries like India, China, Mexico and Brazil indicating an improvement in debt-servicing capacity. Furthermore, their debt to national income ratio provides some indication of the potential to service external debt by switching resources from production of domestic goods to the production of exports. Although, India and China have maintained a low debt to output ratio, the same has been very high for many emerging market economies (Table 12).

In terms of other solvency indicators, the ratio of debt-service payments to

export of goods and services indicates the extent to which the export revenue is used in servicing its debt. The Latin American countries have very high debt service ratios, reflecting heavy burden of amortisation and interest payments. The ratio became very high for India in the early 1990s, when its external debt became unsustainable and the country faced a severe balance of payments crisis. The debt service ratio for India has steadily improved thereafter. In addition, the ratio of average interest payments to export earnings indicates terms of external indebtedness and thus the debt burden. This ratio has declined for most of the top debtor countries during the period 1980-2005, indicating thereby, a reduction in the burden of interest payments (Table 13).

Table 12: Solvency Indicators: Debt to Current Receipts and National Income Ratios

Country	External Debt to Current Receipts@				External Debt to National Income Ratio			
	1980	1990	2000	2005	1980	1990	2000	2005
1	2	3	4	5	6	7	8	9
China	–	91.4	49.8	32.0	–	15.5	12.3	12.5
Russian Federation	–	–	134.1	79.8	–	10.3	63.3	30.7
Brazil	306.6	325.5	351.5	134.2	31.5	26.7	41.7	24.4
Turkey	333.1	196.1	203.2	159.4	26.6	32.5	58.3	47.3
Mexico	232.4	191.4	78.1	65.3	30.5	41.1	26.5	22.1
Indonesia	–	233.9	194.1	–	28.0	64.0	93.6	49.7
India #	137.2	328.9	130.8	64.9	11.4	28.7	22.5	16.0
Argentina	242.4	373.7	380.4	225	35.6	46	53.3	64.6
Poland	–	251.3	129.4	83.6	–	88.8	38.2	33.8
Hungary	104.2	172.2	82.3	87.1	46.3	67.1	66.4	64.5
Philippines	212.4	230.1	118.5	103.8	53.8	69.4	72.7	57.3
Thailand	96.8	89.8	92.7	39.2	25.9	33.3	66.0	30.3
Malaysia	44.6	44.4	36.6	30.6	27.5	36.4	50.6	41.1
Chile	192.5	179.6	149.8	90.5	45.5	64.5	51.5	43.1
Venezuela	132	154.5	111.1	72.3	43.5	71.7	36.2	32.0

@ : Current receipts include exports of goods and services (including workers' remittances).

: For India, external debt to GDP ratio is taken instead of external debt to national income ratio.

Note : In this Table, the source of data for India is Government of India and Reserve Bank of India. Therefore, the data for India since 1990 onwards pertain to financial year (end-March) and not calendar year (end-December).

Source : Global Development Finance, World Bank, 2007; India's External Debt, A Status Report, Government of India, August 2007; Reserve Bank of India.

Table 13: Solvency Indicators: Debt and Interest Service Ratios

Country	(Per cent)							
	Debt Service Ratio				Interest Service Ratio			
	1980	1990	2000	2005	1980	1990	2000	2005
1	2	3	4	5	6	7	8	9
China	—	11.7	9.3	3.1	—	5.4	2.4	0.7
Russian Federation	—	—	9.9	14.6	—	—	4.7	3.3
Brazil	63.3	22.2	93.7	44.8	33.9	6.1	24.8	9.6
Turkey	28.0	29.4	36.0	39.1	14.9	13.5	11.9	8.5
Mexico	44.4	20.7	30.4	17.2	24.6	13.4	7.3	3.9
Indonesia	—	33.3	22.4	—	—	13.3	9.9	—
India	9.4	35.3	16.6	9.9	4.3	18.7	5.8	2.7
Argentina	37.3	37.0	70.5	20.7	20.8	16.3	30.0	6.0
Poland	—	4.9	20.3	28.8	—	1.7	5.0	2.9
Hungary	24.9	34.3	22.1	31.0	12.2	13.6	4.2	3.3
Philippines	26.6	27.0	14.3	16.7	18.2	13.3	6.1	5.9
Thailand	18.9	16.9	16.3	14.6	9.5	6.5	5.6	1.2
Malaysia	6.3	12.6	5.6	5.6	4.0	3.4	2.0	1.3
Chile	43.1	25.9	24.8	15.4	19.0	16.7	9.0	3.0
Venezuela	27.2	23.3	16.7	9.1	13.8	15.1	7.7	4.6

Note : 1. For Hungary, data are taken from 1982 in the place of 1980.

2. In this Table, the source of data for India is Government of India and Reserve Bank of India. Therefore, the data for India since 1990 onwards pertain to financial year (end-March) and not calendar year (end-December).

Source : Global Development Finance, World Bank, 2007; India's External Debt, A Status Report, Government of India, August 2007; Reserve Bank of India

V. Short-Term Debt

An important aspect of external debt management in India has been characterised by prudent management and control over short-term components. It may be recalled that on a critical review of the policies on short-term debt and its role in precipitating the 1991 payments difficulties, the High Level Committee on Balance of Payments (Chairman: Dr. C. Rangarajan) provided the following policy guidelines for short-term debt in India: (i) short-term debt should be permitted only for trade related purposes under normal terms; (ii) recourse to short-term debt should not be taken as instrument for protecting the reserves; (iii) no roll over beyond six months should be agreed in regard to any short-term facilities without careful consideration of the

implications; (iv) any short-term debt not governed by the above considerations should be specifically approved by the Reserve Bank; and (v) the Reserve Bank should set up a monitoring system for the stock of short-term debt.

The policy regarding short-term debt in India has been governed by these broad guidelines. Recognising its nature and characteristics, short-term credit is strictly monitored and is permitted only for trade related purposes. Short-term debt by original maturity has increased over the period along with increased import demand but the ratio of short-term debt to imports has been moderate (Table 14).

The short-term debt on residual maturity basis is computed to assess the total repayment liability falling due during

Table 14: Short-term Debt by Original Maturity

(US\$ million)									
Components	At end-March								
	1991	1996	2001	2002	2003	2004	2005 R	2006 R	2007 P
1	2	3	4	5	6	7	8	9	10
A. Short-term Debt (i+ii+iii)	8,544	5,034	3,628	2,745	4,669	4,431	7,529	8,696	11,971
i) NRI Deposits ¹	3,577	2,883	957	968	1,962	304	0	0	0
ii) FC (B&O) Deposits (up to one year maturity)	167	0	0	0	0	0	0	0	0
iii) Trade Credits ²	4,800	2,151	2,671	1,777	2,707	4,127	7,529	8,696	11,971
B. Imports ³ (during the year)	27,915	43,670	57,912	56,277	64,464	80,003	118,779	156,993	191,995
C. Trade Credits to Imports (%)	17.2	4.9	4.6	3.2	4.2	5.2	6.3	5.5	6.2

¹ Short-term deposits of less than one-year maturity under FCBR(A) were withdrawn with effect from May 15, 1993; such deposits under FCNR (B) and NR(E)RA were withdrawn effective October 1999 and April 2003, respectively.

² Data on short-term Trade Credits of less than six months in respect of suppliers' credit are not available since end-March 1994.

³ On balance of payments basis.

R : Revised; P : Preliminary.

Source : India's External Debt: A Status Report, Government of India, August 2007; Reserve Bank of India.

the year and its likely impact on foreign exchange outgo. Short-term debt by residual maturity, comprising data of principal repayments due during one year reference period under the medium-term and long-term loans, short-term debt with original maturity up to one year maturity (excluding suppliers credit up to 180 days maturity) and NRI term deposits maturing within one year, showed moderate increase

over the period (Table 15). The NRI deposits with maturity of less than one year, which were a part of short-term debt, were completely eliminated in 2004-05. While the short-term debt to GDP ratio in terms of original maturity declined from 3.0 per cent in 1991 to 1.3 per cent in 2007, the same in terms of residual maturity halved from 4.2 per cent in 1991 to 2.1 per cent in 2007.

Table 15: Short-term Debt by Residual Maturity

(US\$ million)									
Components	At end-March								
	1991	1996	2001	2002	2003	2004	2005 R	2006 R	2007 P
1	2	3	4	5	6	7	8	9	10
1. Short-term Debt by Original Maturity	8,544	5,034	3,628	2,745	4,669	4,431	7,529	8,696	11,971
2. Long-term Debt Obligations Maturing within one year	4,705	8,229	6,776	11,530	14,614	6,117	14,341	7,327	6,938
3. External Debt by Residual Maturity up to 1 year(1+2)	13,249	13,263	10,404	14,275	19,283	10,548	21,870	16,023	18,909
<i>Per cent of GDP</i>	4.2	3.7	2.2	3.0	3.8	1.8	3.1	2.0	2.1
<i>Per cent to Total Debt</i>	15.8	14.2	10.3	14.4	18.4	9.4	17.6	12.7	12.2
<i>Per cent to Foreign Currency Assets</i>	592.5	77.8	26.3	28.0	26.8	9.8	16.1	11.0	9.8

R : Revised; P : Preliminary.

Note : Data on External debt with residual maturity are actuals for the years up to end-March 2006. These are estimated for end-March 2007.

Source : India's External Debt: A Status Report, Government of India, August 2007.

The ratio of short term debt to total outstanding debt and the ratio of short term debt to international reserves are the two most common indicators of liquidity. It is worth noting that the share of short-term debt to total debt and also short-term debt to reserves for India are at modest levels (Table 16).

The share of short-term debt to GNP ratio is much lower for India as compared to other countries (Table 17).

At present, suppliers' credit up to 180 days maturity is not included in India's external debt and therefore, short-term debt for India mentioned throughout the article excludes the suppliers' credit up to 180 days maturity. Using the methodology suggested in the fifth edition (2003) of the Balance of Payments (BoP) Manual of the International Monetary Fund, preliminary estimates of suppliers' credit up to 180 days for India suggests that these are at

Table 17: Short-term Debt to GNP ratio (Per cent)

	1980	1990	2000	2005
1	2	3	4	5
China	—	2.6	1.1	6.6
Russian Federation	—	—	6.2	3.2
Brazil	6.0	5.3	5.3	3.1
Turkey	3.5	6.2	14.4	10.6
Mexico	8.6	6.3	3.3	0.9
Indonesia	3.7	10.2	14.7	8.8
India	0.7	3.0	0.8	1.1
Argentina	13.6	7.7	10.2	10.9
Poland	—	17.3	5.7	6.0
Hungary	—	9.3	9.3	12.1
Philippines	23.3	10.0	6.9	6.0
Thailand	7.2	9.9	12.3	9.3
Malaysia	5.6	4.5	5.5	9.8
Chile	9.6	11.3	8.5	6.6
Venezuela	23.0	4.3	7.1	7.4

— : Not available.

Note : 1. For Hungary, data are taken from 1982 in the place of 1980.

2. In this Table, the source of data for India is Government of India and Reserve Bank of India. Therefore, the data for India since 1990 onwards pertain to financial year (April-March) and the ratio is short-term debt to GDP ratio.

Source : Global Development Finance, World Bank, 2007; India's External Debt, A Status Report, Government of India, August 2007; Reserve Bank of India.

moderate levels (Box 1). These estimates are being firmed up.

Table 16: Short-Term Debt Ratios: Cross Country Comparison

Country	(Per cent)							
	Short-Term Debt as Ratio of Total Debt				Short-Term Debt as Ratio of Reserves			
	1980	1990	2000	2005	1980	1990	2000	2005
1	2	3	4	5	6	7	8	9
China	—	16.8	9.0	52.6	—	27.0	7.6	18.6
Russian Federation	—	19.9	9.8	10.5	—	—	56.5	20.9
Brazil	18.9	19.8	12.7	12.8	196.9	257.8	93.8	47.7
Turkey	13.1	19.2	24.7	22.3	75.8	124.6	123.0	87.3
Mexico	28.2	15.4	12.6	3.9	387.1	157.4	53.2	14.2
Indonesia	13.3	15.9	15.7	17.7	40.8	128.6	77.1	67.5
India	6.1	10.2	3.6	6.8	10.6	146.5	8.6	5.7
Argentina	38.2	16.8	19.2	16.9	111.7	168.3	112.6	139.9
Poland	—	19.4	14.9	17.9	—	205.3	35.2	45.8
Hungary	32.0	13.9	14.1	18.7	168.9	149.5	22.3	53.8
Philippines	43.4	14.5	9.4	10.4	189.9	217.4	36.5	31.1
Thailand	27.8	29.6	18.7	30.6	76.1	58.4	45.6	23.0
Malaysia	20.5	12.4	10.9	23.9	23.5	17.9	16.0	17.2
Chile	21.2	17.6	16.6	15.2	62.0	49.9	41.0	46.6
Venezuela	53.0	6.0	19.5	23.1	28.7	50.1	65.1	33.7

Note : For Hungary, data are taken from 1982 in the place of 1980.

In this Table, the source of data for India is Government of India and Reserve Bank of India. Therefore, the data for India since 1990 onwards pertain to financial year (end-March) and not calendar year (end-December).

Source : Global Development Finance, World Bank, 2007; India's External Debt, A Status Report, Government of India, August 2007; Reserve Bank of India.

Box 1: Inclusion of Supplier's Credit up to 180 days as a part of India's Balance of Payments and External Debt

Trade Credits' refer to credits extended for imports directly by the overseas supplier, bank and financial institution for maturity of less than three years. Depending on the source of finance, such trade credits include suppliers' credit or buyers' credit. Suppliers' credit relates to credit for imports into India extended by the overseas supplier, while buyers' credit refers to loans for payment of imports into India arranged by the importer from a bank or financial institution outside India.

As per international convention, trade credits up to one year are included under short term trade credit. At present, in India's balance of payments (BoP), short term trade credit for imports includes the buyers' credit and the suppliers' credit above 180 days. However, the suppliers' credit for imports up to 180 days is currently not covered explicitly. This gets implicitly captured in the capital account under the 'other capital not included elsewhere' and the 'errors and omissions' and therefore remain excluded from short-term debt stock.

According to the fifth edition (2003) of the Balance of Payments (BoP) Manual of the International Monetary Fund, trade credits consist of claims and liabilities arising from the direct extension of the credit by suppliers and buyers for transaction of goods and services and advance payments for

work in progress that is associated with such transactions. The Manual further notes that in the absence of actual data, trade credit may be measured by the difference between entries for the underlying transactions in goods and services, which are recorded as of the dates when ownership changes and the entries for payments related to these transactions.

Regarding the country practices, a BIS Survey noted that of the 32 countries surveyed, 18 developing and 8 developed countries are compiling and publishing data on short-term trade credit as per the IMF recommendation. Other six countries (including India) do not follow the IMF definition strictly.

In order to align with the international best practices in presenting the data on trade credit as part of BoP and external debt statistics, the data on suppliers' credit up to 180 days could be estimated using the internationally accepted methodology suggested in the IMF Manual. It may be noted that trade credits are recorded on a net basis (gross credit minus repayments) in the capital account. Conceptually, such trade credits are frequently short term in nature and get rolled over. Although the gross turnover in case of such trade credits may be relatively high, the outstanding amount at a given point of time appears to be relatively low.

VI. Concluding Observations

India's external debt stood at US \$ 165.4 billion at the end of June 2007 recording an increase of US \$ 8.7 billion or 5.6 per cent over the end-March 2007. Out of this, the increase of US \$ 1.2 billion was on account of valuation effects. The components of external debt reveal that external commercial borrowings contributed around 63 per cent of the increase in total external debt, followed by NRI deposits (15.6 per cent) and trade credit up to one year maturity excluding

suppliers' credit up to 180 days (12 per cent). The debt service ratio was placed lower at 4.6 per cent during the first quarter of 2007-08 as compared with 4.8 per cent during 2006-07 and 9.9 per cent during 2005-06. India's foreign exchange reserves exceeded external debt by US \$ 48.0 billion, providing a cover of 129.0 per cent to the external debt stock at the end of June 2007 as compared with 127.1 per cent as at end-March 2007.

The emerging trends in external debt in India are as follows. First, the level of

ARTICLE

India's External
Debt as at
End-June 2007

external debt has been relatively stable in the last decade and a half, showing only a modest increase. Second, the share of concessional debt in total debt is falling though it still remains high *vis-à-vis* international standards. Third, there has been a sustained improvement in key indicators of external indebtedness position of the country. Fourth, the currency composition of India's external debt remained broadly unchanged with the US dollar continuing to remain the dominant currency. Finally, compared to other EMEs, India's indebtedness position is relatively comfortable and has improved over time.

In the above context, it is important to note that a perceptible improvement in overall debt scenario has been brought out in India by policy reforms incorporating, *inter alia*, the management of current account deficit within sustainable limits; a distinct shift in the policy preference in

favour of equity as against debt in the matter of capital inflows; and tight monitoring of short-term flows which are permitted only for trade related purposes. Moreover, the market determined exchange rate has helped in avoiding the excessive risk-taking that occurred in some of the East Asian countries which followed a policy of either a fixed or a predictable exchange rate regime. A transparent policy on external commercial borrowings with the stated objectives of prudent debt management aimed at lengthening of maturity while keeping a ceiling on approvals and restrictions on end-use in the form of investments in stock markets/real estate turned out to be useful. This combined with the policy efforts aimed at achieving a commensurate growth in current receipts to service the existing debt also helped in the management of external debt.

Statement 1 : India's External Debt Outstanding

(Rs. crore)							
Item	Mar-04	Jun-04	Sep-04	Dec-04	Mar-05	Jun-05 R	Sep-05 R
1	2	3	4	5	6	7	8
I. Multilateral	131,105	137,168	138,928	138,087	138,897	136,571	138,613
A. Government borrowing	120,073	125,654	127,560	127,005	127,782	125,547	127,293
i) Concessional	101,490	105,911	106,911	105,891	105,114	101,957	102,692
a) IDA	100,065	104,435	105,433	104,435	103,671	100,587	101,307
b) Others #	1,425	1,476	1,478	1,456	1,443	1,370	1,385
ii) Non-concessional	18,583	19,743	20,649	21,114	22,668	23,590	24,601
a) IBRD	14,074	14,902	15,511	15,615	16,500	16,960	17,640
b) Others ##	4,509	4,841	5,138	5,499	6,168	6,630	6,961
B. Non-Government borrowing	11,032	11,514	11,368	11,082	11,115	11,024	11,320
i) Concessional	0	0	0	0	0	0	0
ii) Non-concessional	11,032	11,514	11,368	11,082	11,115	11,024	11,320
a) Public sector	7,916	8,353	8,313	7,961	8,000	7,864	8,124
IBRD	4,402	4,699	4,662	4,422	4,462	4,368	4,459
Others ##	3,514	3,654	3,651	3,539	3,538	3,496	3,665
b) Financial institutions	2,902	2,918	2,814	2,870	2,789	2,788	2,740
IBRD	381	390	329	282	252	396	370
Others ##	2,521	2,528	2,485	2,588	2,537	2,392	2,370
c) Private sector	214	243	241	251	326	372	456
IBRD	0	0	0	0	0	0	0
Others	214	243	241	251	326	372	456
II. Bilateral	77,084	77,865	76,676	78,043	74,530	71,372	70,422
A. Government borrowing	58,121	58,546	57,848	58,959	57,458	55,159	54,555
i) Concessional	57,742	58,282	57,583	58,708	57,207	55,038	54,433
ii) Non-concessional	379	264	265	251	251	121	122
B. Non-Government borrowing	18,963	19,319	18,828	19,084	17,072	16,213	15,867
i) Concessional	8,876	8,951	8,791	9,213	7,472	7,143	7,060
a) Public sector	5,759	5,797	5,704	6,042	5,653	5,400	5,344
b) Financial institutions	3,117	3,154	3,087	3,171	1,819	1,743	1,716
c) Private sector	0	0	0	0	0	0	0
ii) Non-concessional	10,087	10,368	10,037	9,871	9,600	9,070	8,807
a) Public sector	4,851	4,962	4,746	4,699	4,352	4,031	3,930
b) Financial institutions	3,119	3,205	3,095	3,017	2,847	2,702	2,616
c) Private sector	2,117	2,201	2,196	2,155	2,401	2,337	2,261
III. International Monetary Fund	0	0	0	0	0	0	0
IV. Trade Credit							
A. Above 1 year maturity	20,553	20,974	21,224	21,752	21,976	22,990	22,920
a) Buyers' credit	11,061	11,359	11,814	12,447	13,040	14,372	14,451
b) Suppliers' credit	4,471	4,547	4,403	4,200	3,961	3,831	3,735
c) Export credit component of bilateral credit	5,021	5,068	5,007	5,105	4,975	4,787	4,734
d) Export credit for defence purposes	0	0	0	0	0	0	0

Statement 1 : India's External Debt Outstanding (Contd.)

(Rs. crore)							
Item	Mar-04	Jun-04	Sep-04	Dec-04	Mar-05	Jun-05 R	Sep-05 R
1	2	3	4	5	6	7	8
B. Up to 1 year Maturity**	19,251	27,134	28,108	29,917	32,922	31,157	36,437
a) Suppliers Credit (above 180 days maturity) and buyers credit	17,930	27,134	28,108	29,917	32,922	31,157	36,437
b) NRI deposits and FC(B&O)D	1,321	0	0	0	0	0	0
V. Commercial Borrowing	95,611	102,693	104,441	108,054	121,888	121,863	129,112
a) Commercial bank loans	50,346	56,124	56,455	54,973	62,896	62,532	65,692
b) Securitized borrowings \$ (including FCCBs)	41,567	42,877	44,363	49,484	55,347	55,681	59,750
c) Loans/securitized borrowings, etc. with multilateral/bilateral guarantee and IFC(W)	3,698	3,692	3,623	3,597	3,645	3,650	3,670
d) Self Liquidating Loans	0	0	0	0	0	0	0
VI. NRI & FC(B&O) Deposits (above one-year maturity) of which: NRO Deposits	135,618	141,534	141,045	139,088	144,282	144,207	148,200
						1,782	3,645
VII. Rupee Debt *	11,856	10,642	10,634	10,434	10,071	9,337	9,329
a) Defence	10,539	9,356	9,349	9,149	8,887	8,179	8,173
b) Civilian +	1,317	1,286	1,285	1,285	1,184	1,158	1,156
VIII. GROSS TOTAL	491,078	518,010	521,056	525,375	544,587	537,497	555,033
<i>Memo Items</i>							
A. Total Long-term Debt	471,827	490,876	492,948	495,458	511,644	506,340	518,596
B. Short-term Debt	19,251	27,134	28,108	29,917	32,943	31,157	36,437
Concessional Debt	179,964	183,786	183,919	184,246	179,864	173,475	173,514
As % of Total Debt	36.6	35.5	35.3	35.1	33.0	32.3	31.3
Short Term Debt	19,251	27,134	28,108	29,917	32,943	31,157	36,437
As % of Total Debt	3.9	5.2	5.4	5.7	6.0	5.8	6.6

R : Revised.

: Refers to Debt outstanding to Institutions like IFAD, OPEC & EEC(SAC).

: Refers to debt outstanding against loans from ADB.

** : This does not include suppliers credits of up to 180 days maturity.

\$: Includes net investment by 100 per cent FII debt funds.

* : Debt denominated in Rupees and payable in exports.

+ : Includes Rupee suppliers' credit from end-March 1990 onwards.

Note : Multilateral loans do not include revaluation of IBRD pooled loans and exchange rate adjustment under IDA loans for Pre-1971 credits.

Statement 1 : India's External Debt Outstanding (Contd.)

(Rs. crore)							
Item	Dec-05 R	Mar-06 R	Jun-06 R	Sep-06 R	Dec-06 R	Mar-07 R	Jun-07 P
1	9	10	11	12	13	14	15
I. Multilateral	144,009	145,503	153,678	154,367	153,548	155,374	146,548
A. Government borrowing	132,455	133,800	141,701	142,238	141,363	143,154	133,909
i) Concessional	105,684	105,852	111,860	111,628	109,642	109,517	101,212
a) IDA	104,295	104,457	110,393	110,161	108,201	108,073	99,895
b) Others #	1,389	1,395	1,467	1,467	1,441	1,444	1,317
ii) Non-concessional	26,771	27,948	29,841	30,610	31,721	33,637	32,697
a) IBRD	18,760	19,626	20,848	21,149	21,422	22,091	21,015
b) Others ##	8,011	8,322	8,993	9,461	10,299	11,546	11,682
B. Non-Government borrowing	11,554	11,703	11,977	12,129	12,185	12,220	12,639
i) Concessional	0	0	0	0	0	0	0
ii) Non-concessional	11,554	11,703	11,977	12,129	12,185	12,220	12,639
a) Public sector	8,227	8,509	8,742	8,928	9,097	9,188	9,551
IBRD	4,516	4,594	4,726	4,777	4,512	4,390	4,445
Others ##	3,711	3,915	4,016	4,151	4,585	4,798	5,106
b) Financial institutions	2,770	2,629	2,689	2,634	2,533	2,437	2,448
IBRD	375	630	649	639	615	661	613
Others ##	2,395	1,999	2,040	1,995	1,918	1,776	1,835
c) Private sector	557	565	546	567	555	595	640
IBRD	0	0	0	0	0	0	0
Others	557	565	546	567	555	595	640
II. Bilateral	70,737	70,302	73,503	72,340	70,063	70,200	63,934
A. Government borrowing	54,356	54,593	57,004	56,053	54,000	54,274	49,098
i) Concessional	54,230	54,468	57,004	56,053	54,000	54,274	49,098
ii) Non-concessional	126	125	0	0	0	0	0
B. Non-Government borrowing	16,381	15,709	16,499	16,287	16,063	15,926	14,836
i) Concessional	6,992	6,949	7,292	7,153	6,906	1,739	1,565
a) Public sector	5,292	5,285	5,527	5,442	5,249	1,254	1,114
b) Financial institutions	1,700	1,664	1,765	1,711	1,657	485	451
c) Private sector	0	0	0	0	0	0	0
ii) Non-concessional	9,389	8,760	9,207	9,134	9,157	14,187	13,271
a) Public sector	3,842	3,628	3,892	3,702	3,568	7,314	6,769
b) Financial institutions	2,583	2,386	2,499	2,394	2,533	3,866	3,513
c) Private sector	2,964	2,746	2,816	3,038	3,056	3,007	2,989
III. International Monetary Fund	0	0	0	0	0	0	0
IV. Trade Credit							
A. Above 1 year maturity	23,534	24,183	25,473	26,098	26,530	30,357	31,713
a) Buyers' credit	15,589	16,097	17,106	17,904	18,764	22,773	24,767
b) Suppliers' credit	3,230	3,350	3,410	3,320	3,070	2,865	2,677
c) Export credit component of bilateral credit	4,715	4,736	4,957	4,874	4,696	4,719	4,269
d) Export credit for defence purposes	0	0	0	0	0	0	0

Statement 1 : India's External Debt Outstanding (Concl'd.)

(Rs. crore)							
Item	Dec-05 R	Mar-06 R	Jun-06 R	Sep-06 R	Dec-06 R	Mar-07 R	Jun-07 P
1	9	10	11	12	13	14	15
B. Up to 1 year Maturity**	39,729	38,789	41,960	48,827	44,311	52,188	53,057
a) Suppliers Credit (above 180 days maturity) and buyers credit	39,729	38,789	41,960	48,827	44,311	52,188	53,057
b) NRI deposits and FC(B&O)D	0	0	0	0	0	0	0
V. Commercial Borrowing	106,134	119,997	143,515	149,670	160,529	186,502	196,903
a) Commercial bank loans	68,288	73,501	84,237	87,876	97,123	112,538	117,019
b) Securitized borrowings \$ (including FCCBs)	34,373	43,126	55,213	57,746	59,751	68,413	73,890
c) Loans/securitized borrowings, etc. with multilateral/bilateral guarantee and IFC(W)	3,473	3,370	4,065	4,048	3,655	5,551	5,994
d) Self Liquidating Loans	0	0	0	0	0	0	0
VI. NRI & FC(B&O) Deposits (above one-year maturity)	154,493	161,834	169,735	173,758	176,797	179,788	173,628
<i>of which: NRO Deposits</i>	4,702	5,119	5,438	5,953	6,975	7,047	7,523
VII. Rupee Debt *	9,330	9,064	8,833	8,827	8,779	8,495	8,278
a) Defence	8,174	7,992	7,789	7,783	7,735	7,511	7,335
b) Civilian +	1,156	1,072	1,044	1,044	1,044	984	943
VIII. GROSS TOTAL	547,966	569,672	616,697	633,887	640,557	682,904	674,061
<i>Memo Items</i>							
A. Total Long-term Debt	508,237	530,883	574,737	585,060	596,246	630,716	621,004
B. Short-term Debt	39,729	38,789	41,960	48,827	44,311	52,188	53,057
Concessional Debt	176,236	176,333	184,989	183,661	179,327	174,025	160,153
As % of Total Debt	32.2	31.0	30.0	29.0	28.0	25.5	23.8
Short Term Debt	39,729	38,789	41,960	48,827	44,311	52,188	53,057
As % of Total Debt	7.3	6.8	6.8	7.7	6.9	7.6	7.9

R : Revised; P : Preliminary.

: Refers to Debt outstanding to Institutions like IFAD, OPEC & EEC(SAC).

: Refers to debt outstanding against loans from ADB.

** : This does not include suppliers credits of up to 180 days maturity.

\$: Includes net investment by 100 per cent FII debt funds.

* : Debt denominated in Rupees and payable in exports.

+ : Includes Rupee suppliers' credit from end-March 1990 onwards.

Note : Multilateral loans do not include revaluation of IBRD pooled loans and exchange rate adjustment under IDA loans for Pre-1971 credits.

Statement 2 : India's External Debt Outstanding

(US \$ million)

Item	Mar-04	Jun-04	Sep-04	Dec-04	Mar-05	Jun-05 R	Sep-05 R
1	2	3	4	5	6	7	8
I. Multilateral	29,297	29,903	30,151	31,550	31,698	31,331	31,425
A. Government borrowing	26,826	27,394	27,684	29,017	29,161	28,802	28,858
i) Concessional	22,674	23,090	23,201	24,193	23,988	23,390	23,281
a) IDA	22,356	22,768	22,880	23,860	23,659	23,076	22,967
b) Others ##	318	322	321	333	329	314	314
ii) Non-concessional	4,152	4,304	4,483	4,824	5,173	5,412	5,577
a) IBRD	3,144	3,249	3,368	3,568	3,765	3,891	3,999
b) Others ##	1,008	1,055	1,115	1,256	1,408	1,521	1,578
B. Non-Government borrowing	2,471	2,509	2,467	2,533	2,537	2,529	2,567
i) Concessional	0	0	0	0	0	0	0
ii) Non-concessional	2,471	2,509	2,467	2,533	2,537	2,529	2,567
a) Public sector	1,770	1,820	1,804	1,819	1,826	1,804	1,842
IBRD	984	1,024	1,012	1,010	1,018	1,002	1,011
Others ##	786	796	792	809	808	802	831
b) Financial institutions	651	636	611	656	637	640	621
IBRD	85	85	72	64	58	91	84
Others ##	566	551	539	592	579	549	537
c) Private sector	50	53	52	58	74	85	104
IBRD	0	0	0	0	0	0	0
Others	50	53	52	58	74	85	104
II. Bilateral	17,277	16,971	16,636	17,838	17,011	16,376	15,969
A. Government borrowing	12,987	12,763	12,553	13,471	13,113	12,654	12,368
i) Concessional	12,900	12,706	12,496	13,413	13,055	12,626	12,340
ii) Non-concessional	87	57	57	58	58	28	28
B. Non-Government borrowing	4,290	4,208	4,083	4,367	3,898	3,722	3,601
i) Concessional	1,983	1,952	1,908	2,105	1,705	1,639	1,600
a) Public sector	1,287	1,264	1,238	1,381	1,290	1,239	1,211
b) Financial institutions	696	688	670	724	415	400	389
c) Private sector	0	0	0	0	0	0	0
ii) Non-concessional	2,307	2,256	2,175	2,262	2,193	2,083	2,001
a) Public sector	1,110	1,079	1,028	1,077	994	926	893
b) Financial institutions	710	698	671	691	650	620	594
c) Private sector	487	479	476	494	549	537	514
III. International Monetary Fund	0	0	0	0	0	0	0
IV. Trade Credit							
A. Above 1 year maturity	4,697	4,564	4,600	4,986	5,021	5,281	5,208
a) Buyers' credit	2,546	2,470	2,559	2,856	2,980	3,303	3,285
b) Suppliers' credit	1,029	989	954	964	906	880	849
c) Export credit component of bilateral credit	1,122	1,105	1,087	1,166	1,135	1,098	1,074
d) Export credit for defence purposes	0	0	0	0	0	0	0

Statement 2 : India's External Debt Outstanding (Contd.)

(US \$ million)

Item	Mar-04	Jun-04	Sep-04	Dec-04	Mar-05	Jun-05 R	Sep-05 R
1	2	3	4	5	6	7	8
B. Up to 1 year Maturity**	4,431	5,902	6,090	6,864	7,529	7,160	8,283
a) Suppliers Credit (above 180 days maturity) and buyers credit	4,127	5,902	6,090	6,864	7,529	7,160	8,283
b) NRI deposits and FC(B&O)D	304	0	0	0	0	0	0
V. Commercial Borrowing	22,007	22,337	22,630	24,791	27,857	28,005	29,350
a) Commercial bank loans	11,588	12,208	12,232	12,613	14,375	14,370	14,933
b) Securitized borrowings \$ (including FCCBs)	9,568	9,326	9,613	11,353	12,649	12,796	13,583
c) Loans/securitized borrowings, etc. with multilateral/bilateral guarantee and IFC(W)	851	803	785	825	833	839	834
d) Self Liquidating Loans	0	0	0	0	0	0	0
VI. NRI & FC(B&O) Deposits (above one-year maturity) of which: NRO Deposits	31,216	30,785	30,559	31,912	32,743	33,139	33,690
						409	829
VII. Rupee Debt *	2,720	2,315	2,305	2,392	2,301	2,146	2,120
a) Defence	2,426	2,035	2,026	2,099	2,031	1,880	1,858
b) Civilian +	294	280	279	293	270	266	262
VIII. GROSS TOTAL	111,645	112,777	112,971	120,333	124,160	123,438	126,045
<i>Memo Items</i>							
A. Total Long-term Debt	107,214	106,875	106,881	113,469	116,631	116,278	117,762
B. Short-term Debt	4,431	5,902	6,090	6,864	7,529	7,160	8,283
Concessional Debt	40,277	40,063	39,910	42,103	41,049	39,801	39,341
As % of Total Debt	36.1	35.5	35.3	35.0	33.1	32.2	31.2
Short Term Debt	4,431	5,902	6,090	6,864	7,529	7,160	8,283
As % of Total Debt	4.0	5.2	5.4	5.7	6.1	5.8	6.6

R : Revised.

: Refers to Debt outstanding to Institutions like IFAD, OPEC & EEC(SAC).

: Refers to debt outstanding against loans from ADB.

** : This does not include suppliers credits of up to 180 days maturity.

\$: Includes net investment by 100 per cent FII debt funds.

* : Debt denominated in Rupees and payable in exports.

+ : Includes Rupee suppliers' credit from end-March 1990 onwards.

Note : Multilateral loans do not include revaluation of IBRD pooled loans and exchange rate adjustment under IDA loans for Pre-1971 credits.

Statement 2 : India's External Debt Outstanding (Contd.)

(US \$ million)							
Item	Dec-05 R	Mar-06 R	Jun-06 R	Sep-06 R	Dec-06 R	Mar-07 R	Jun-07 P
1	9	10	11	12	13	14	15
I. Multilateral	31,799	32,559	33,101	33,595	34,569	35,641	35,958
A. Government borrowing	29,246	29,940	30,519	30,955	31,824	32,837	32,857
i) Concessional	23,335	23,686	24,092	24,293	24,683	25,121	24,834
a) IDA	23,028	23,374	23,776	23,974	24,359	24,790	24,511
b) Others ##	307	312	316	319	324	331	323
ii) Non-concessional	5,911	6,254	6,427	6,662	7,141	7,716	8,023
a) IBRD	4,142	4,392	4,490	4,603	4,823	5,067	5,157
b) Others ##	1,769	1,862	1,937	2,059	2,318	2,649	2,866
B. Non-Government borrowing	2,553	2,619	2,582	2,640	2,745	2,804	3,101
i) Concessional	0	0	0	0	0	0	0
ii) Non-concessional	2,553	2,619	2,582	2,640	2,745	2,804	3,101
a) Public sector	1,817	1,904	1,883	1,943	2,049	2,108	2,344
IBRD	997	1,028	1,018	1,040	1,016	1,007	1,091
Others ##	820	876	865	903	1,033	1,101	1,253
b) Financial institutions	612	588	580	573	571	559	600
IBRD	83	141	140	139	139	152	150
Others ##	529	447	440	434	432	407	450
c) Private sector	124	127	119	124	125	137	157
IBRD	0	0	0	0	0	0	0
Others	124	127	119	124	125	137	157
II. Bilateral	15,627	15,734	15,843	15,743	15,779	16,104	15,687
A. Government borrowing	12,002	12,216	12,278	12,199	12,157	12,450	12,047
i) Concessional	11,974	12,188	12,278	12,199	12,157	12,450	12,047
ii) Non-concessional	28	28	0	0	0	0	0
B. Non-Government borrowing	3,625	3,518	3,565	3,544	3,622	3,654	3,640
i) Concessional	1,544	1,555	1,571	1,557	1,555	399	384
a) Public sector	1,168	1,183	1,191	1,184	1,182	288	273
b) Financial institutions	376	372	380	373	373	111	111
c) Private sector	0	0	0	0	0	0	0
ii) Non-concessional	2,081	1,963	1,994	1,987	2,067	3,255	3,256
a) Public sector	852	813	843	805	805	1,678	1,661
b) Financial institutions	572	534	540	521	571	887	862
c) Private sector	657	616	611	661	691	690	733
III. International Monetary Fund	0	0	0	0	0	0	0
IV. Trade Credit							
A. Above 1 year maturity	5,217	5,419	5,519	5,679	5,992	6,964	7,782
a) Buyers' credit	3,459	3,608	3,712	3,896	4,241	5,224	6,077
b) Suppliers' credit	717	751	740	722	694	657	657
c) Export credit component of bilateral credit	1,041	1,060	1,067	1,061	1,057	1,083	1,048
d) Export credit for defence purposes	0	0	0	0	0	0	0

Statement 2 : India's External Debt Outstanding (Concl'd.)

(US \$ million)

Item	Dec-05 R	Mar-06 R	Jun-06 R	Sep-06 R	Dec-06 R	Mar-07 R	Jun-07 P
1	9	10	11	12	13	14	15
B. Upto 1 year Maturity**	8,816	8,696	9,105	10,625	10,015	11,971	13,019
a) Suppliers Credit (above 180 days maturity) and buyers credit	8,816	8,696	9,105	10,625	10,015	11,971	13,019
b) NRI deposits and FC(B&O)D	0	0	0	0	0	0	0
V. Commercial Borrowing	23,551	26,902	31,141	32,569	36,282	42,780	48,314
a) Commercial bank loans	15,153	16,478	18,278	19,122	21,951	25,814	28,713
b) Securitized borrowings \$ (including FCCBs)	7,627	9,668	11,981	12,566	13,505	15,693	18,130
c) Loans/secured borrowings, etc. with multilateral/bilateral guarantee and IFC(W)	771	756	882	881	826	1,273	1,471
d) Self Liquidating Loans	0	0	0	0	0	0	0
VI. NRI & FC(B&O) Deposits (above one-year maturity) of which: NRO Deposits	34,282	36,282	36,831	37,810	39,958	41,240	42,603
	1,043	1,148	1,180	1,295	1,576	1,616	1,846
VII. Rupee Debt *	2,069	2,031	1,915	1,921	1,983	1,949	2,031
a) Defence	1,814	1,791	1,690	1,694	1,748	1,723	1,800
b) Civilian +	255	240	225	227	235	226	231
VIII. GROSS TOTAL	121,361	127,623	133,455	137,942	144,578	156,649	165,394
<i>Memo Items</i>							
A. Total Long-term Debt	112,545	118,927	124,350	127,317	134,563	144,678	152,375
B. Short-term Debt	8,816	8,696	9,105	10,625	10,015	11,971	13,019
Concessional Debt	38,922	39,460	39,856	39,970	40,378	39,919	39,296
As % of Total Debt	32.1	30.9	29.9	29.0	27.9	25.5	23.8
Short Term Debt	8,816	8,696	9,105	10,625	10,015	11,971	13,019
As % of Total Debt	7.3	6.8	6.8	7.7	6.9	7.6	7.9

R : Revised; P : Preliminary.

: Refers to Debt outstanding to Institutions like IFAD, OPEC & EEC(SAC).

: Refers to debt outstanding against loans from ADB.

** : This does not include suppliers credits of up to 180 days maturity.

\$: Includes net investment by 100 per cent FII debt funds.

* : Debt denominated in Rupees and payable in exports.

+ : Includes Rupee suppliers' credit from end-March 1990 onwards.

Note : Multilateral loans do not include revaluation of IBRD pooled loans and exchange rate adjustment under IDA loans for Pre-1971 credits.

*Performance of Financial and Investment Companies, 2005-06**

This article analyses the performance of select non-Government financial and investment companies (other than banking, insurance and chit-fund companies) during the year 2005-06, based on their audited annual accounts. The data are presented at the aggregate level for all select companies and also for major activity groups. The consolidated results of the select companies revealed an overall improved performance during 2005-06, as observed from impressive growth in income, profits, and net saving. Profitability ratios like profit margin, return on assets and return on shareholders' equity also increased during the year under review.

Financial and investment companies provide credit to businesses and households and also help in developing an efficient capital market in the country through investment holding, share trading and merchant banking activities. These companies originate loans and extend lease finance to the household sector for purchase of consumer goods such as automobiles, electrical equipments and other appliances. They supply short and medium term credit (including leases) to businesses for acquiring fixed assets (land and building, plant and machinery, motor vehicles *etc.*), for working capital requirements, *etc.*

This article analyses the performance of non-Government financial and investment companies (other than banking, insurance and chit-fund companies) during the year 2005-06. The study is based on the audited annual accounts of 1204 companies, which

* Prepared in the Company Finances Division of Department of Statistical Analysis and Computer Services.

closed their accounts during the period April 2005 to March 2006¹.

The segment of financial and investment companies in the private corporate sector is highly skewed. The presence of a large sized company, *viz.*, Housing Development Finance Corporation (HDFC) Limited in the study would exert considerable influence on the various quantitative measures of overall performance of the companies in this group. In view of such marked skewness in the size structure, the analysis presented in the article excludes HDFC. Further, it is observed that the results of 9 other companies are in large variance with the other companies and, accordingly, these companies are also kept outside. Thus, the present analysis is confined to 1194 companies. The study also presents comparable data for the preceding two years 2003-04 and 2004-05 for the same set of companies, based on the analysis of their accounts for the respective years. The data on all the select 1204 companies including the outlier companies are separately presented in Annex 1 to 3.

In the case of companies, which either extended or shortened their accounting year, income, expenditure and appropriation account figures have been annualised. The balance sheet data, however, have been retained as presented in the annual accounts of the companies

¹ Reference may be made to the November 2006 issue of the Reserve Bank of India Bulletin for the study relating to 2004-05, which covered the financial performance of 1131 non-Government financial and investment companies. In the present study, 348 new companies have been included in addition to the 856 companies common with the previous study.

with the result that the consolidated data reported in the article refer to the aggregation of the balance sheets for varying periods. The analysis of the financial performance for the year, as discussed below, is subject to these limitations.

I. Composition of the Select Companies

The select 1194 financial and investment companies were classified into five major groups, according to their activities, *viz.*, (1) Share trading and investment holding, (2) Loan finance, (3) Hire purchase and Leasing finance, (4) Diversified and (5) Miscellaneous. A company was placed in one of these major activity groups if more than half of its annual income during the study year 2005-06 was derived from that activity consistent with the income yielding assets. In case no single activity was predominant, the company was classified under 'Diversified' group. Companies not fitting into any of these categories but conducting financial activities were classified as 'Miscellaneous'. The composition of the select companies according to their total number, paid-up capital, main income and total net assets across the above mentioned activities is presented in Table 1.

The 'Share trading and investment holding' companies, which accounted for 45.8 per cent of the select 1194 companies, had a share of 54.3 per cent of the total paid-up capital in 2005-06; but accounted for only 30.8 per cent of the total net assets and 41.8 per cent of the total main income. 'Loan finance' and 'Hire purchase and Leasing finance' companies (29.6 per cent and 7.8 per cent, respectively, in terms of number)

Table 1: Composition of the Select 1194 Companies by Activity, 2005-06

(Amount in Rs. crore)				
Activity	Number of Companies	Paid-up Capital	Main Income	Total Net Assets
1	2	3	4	5
1. Share Trading and Investment Holding	547 (45.8)	6347 (54.3)	5214 (41.8)	32399 (30.8)
2. Loan Finance	354 (29.6)	2930 (25.1)	3644 (29.2)	44150 (42.0)
3. Hire Purchase and Leasing Finance	93 (7.8)	549 (4.7)	1098 (8.8)	10235 (9.7)
4. Diversified	41 (3.4)	398 (3.4)	504 (4.0)	3329 (3.2)
5. Miscellaneous	159 (13.3)	1456 (12.5)	2022 (16.2)	14920 (14.2)
Total	1194 (100.0)	11680 (100.0)	12482 (100.0)	105033 (100.0)

Note : Figures in parentheses represent percentages to total.

together accounted for 29.8 per cent of paid up capital, 51.7 per cent of total net assets and 38.0 per cent of main income of the select companies.

II. Overall Performance

The consolidated results of the select 1194 non-Government financial and investment companies indicated improved performance during 2005-06, as observed from growth in income, profits, and net saving, assets formation and increase in profitability ratios (Statements 1 & 2).

The operating profits of the select companies registered a high growth of 157.6 per cent during 2005-06. Besides steep increase in income from main activities (76.4 per cent), income from other activities (37.4 per cent) contributed significantly to the growth in profits during the year. The profit margin (operating profits to main income) and the return on shareholders' equity (profits after tax to net worth) further

improved to 54.3 per cent and 16.7 per cent, respectively, in 2005-06 from 37.1 per cent and 9.7 per cent during 2004-05, respectively (Table 3).

There was an overall increase in business activities of the select companies. Their total net assets increased by 35.5 per cent in 2005-06 compared with 11.2 per cent rise in 2004-05. Loans and advances went up by 36.5 per cent in 2005-06 as compared with 18.7 per cent in the previous year. Similarly, investments increased steeply by 25.0 per cent, as against an increase of 3.4 per cent in 2004-05 (Statement 1).

External sources continued to be the major source of finance during 2005-06. Nearly 50.0 per cent of the funds raised during the year was deployed as loans and advances. The share of deposits with banks went down to 11.1 per cent from 21.6 per cent in 2004-05. Investments in financial assets had a relatively high share of 22.3 per cent in total uses of funds during 2005-06 (Table 4).

III. Operational Results

The combined main income of the select 1194 financial and investment companies increased steeply by 76.4 per cent during 2005-06 to Rs. 12,482 crore as against 7.6 per cent increase recorded in 2004-05 (Statements 1 & 3). Interest income increased by 43.1 per cent during the year compared with 12.1 per cent in the previous year. While dividend income of select companies increased by 44.6 per cent, brokerage and net profits from share dealings went up by 54.9 per cent (from Rs. 1,018 crore to Rs. 1,577 crore) and 292.4 per cent (from Rs. 1,146 crore to Rs. 4,495 crore), respectively. Other income also went up by 37.4 per cent. The total income of the select companies increased by 62.7 per cent (12.0 per cent in the previous year), in commensurate with the overall increase in business activities during the year.

The total expenditure went up by 30.7 per cent in 2005-06 as against an increase of 2.9 per cent in the previous year. Employees' remuneration witnessed a steep growth of 49.8 per cent in 2005-06 as against 25.7 per cent in 2004-05. Interest payments increased sharply by 23.4 per cent during 2005-06 mainly on account of the increased

dependence on borrowed funds (borrowings went up by 24.6 per cent in 2005-06). Depreciation provision increased by 4.0 per cent during the year.

The operating profits, pre-tax profits and post-tax profits recorded very high growth of 157.6 per cent, 127.1 per cent and 147.2 per cent, respectively, during the period under review on top of the high growth witnessed in the previous year.

Bad debts written off and provisions made for NPAs together accounted for about 9.7 per cent at Rs. 755 crore of their total expenditure at Rs. 7822 crore in 2005-06 (6.1 per cent in the previous year), indicating the efforts of select companies in cleaning up their balance sheets (Statement 3).

Among activity groups, 'Share trading and investment holding' companies continued to perform better than other groups in terms of increase in their main income, operating profits and post-tax profits during 2005-06 (Table 2). In the case of 'Hire purchase and Leasing finance companies', bad debts written off and provisions made for NPAs together accounted for about 43.6 per cent of their total income in 2005-06, indicating serious problems in loan recovery.

Table 2: Growth Rates of Select Items, 2004-05 and 2005-06

Item	(Per cent)									
	All Activities		Share Trading and Investment Holding		Loan Finance		Hire Purchase and Leasing Finance		Diversified	
	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06
1	2	3	4	5	6	7	8	9	10	11
1. Main Income	7.6	76.4	14.5	174.4	13.1	31.7	2.7	19.3	-55.9	160.8
2. Total Expenditure	2.9	30.7	-19.2	-4.9	9.4	28.0	3.8	53.7	-25.7	72.5
3. Operating Profits	38.9	157.6	94.6	317.2	21.8	42.7	-14.6	*	-55.6	251.0
4. Profits after Tax	49.2	147.2	99.9	279.9	45.0	14.6	-50.1	*	-56.0	264.5

: Denominator is negative, nil or negligible.

* : Numerator is negative, nil or negligible.

\$: Numerator and Denominator both are negative, nil or negligible.

Table 3: Select Profitability Ratios, 2004-05 and 2005-06

Item	(Per cent)									
	All Activities		Share Trading and Investment Holding		Loan Finance		Hire Purchase and Leasing Finance		Diversified	
	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06
1	2	3	4	5	6	7	8	9	10	11
1. Profit Margin	37.1	54.3	55.0	83.7	23.0	24.9	6.4	*	60.9	82.0
2. Effective Tax Rate	22.9	16.0	9.9	4.4	27.0	30.4	63.8	*	32.4	25.4
3. Return on Shareholders' Equity	9.7	16.7	8.1	20.5	9.7	8.4	1.8	*	9.0	27.6
4. Dividend Rate	4.1	5.5	2.7	3.7	3.9	5.4	5.5	4.8	8.3	18.7
5. Return on Assets	3.0	5.4	4.7	13.5	2.3	2.1	0.3	*	3.5	9.2

See footnotes to Table 2.

As a result, many companies in this group suffered steep losses during the year.

The profit margin (operating profits to main income) of the select companies improved to 54.3 per cent in 2005-06 from 37.1 per cent in 2004-05 (Table 3). The return on shareholders' equity (post-tax profits to net worth) went up to 16.7 per cent for the year 2005-06 from 9.7 per cent in 2004-05. The select companies ploughed back a higher share of their profits to reserves (profits retained to profits after tax at 88.8 per cent in 2005-06 as against 80.5 per cent in 2004-05) (Statement 2). This was a prudent measure considering the high volatility of trading profits. The dividend rate increased to 5.5 per cent from 4.1 per cent in 2004-05.

The profit margin was the highest for 'Share trading and investment holding' companies followed by 'Diversified' companies in 2005-06. The Dividend rate was the highest for 'Diversified' companies.

IV. Sources and Uses of Funds

Sources of Funds

The select companies raised sources of funds (net) to the tune of Rs.26,935 crore

in 2005-06 as against Rs.7,785 crore raised in the previous year (Table 4). The companies continued to rely mostly on external sources of funds for their fund requirements, however, their sources of finances varied with that of the previous year. External sources constituted 82.3 per cent in total sources of funds as against 76.7 per cent in 2004-05. The share of 'Borrowings' declined to 40.7 per cent during 2005-06 from 53.6 per cent in 2004-05. The share of 'Borrowings from banks' in total sources of funds declined to 23.6 per cent from 41.2 per cent in the previous year. The share of funds mobilised from capital market through issue of fresh capital (including premium on shares) in total sources of funds increased to 17.4 per cent from 14.5 per cent in 2004-05. The share of 'Trade dues and other current liabilities' increased to 22.4 per cent from 8.2 per cent during the previous year.

Uses of Funds

The pattern of uses of funds of the select companies also showed some variation during 2005-06 when compared with that of the previous year. About 49.1 per cent of the funds raised during the year

Table 4: Sources and Uses of Funds, 2004-05 and 2005-06

Sources and Uses of Funds	Amount in Rs. crore		% Share in Total	
	2004-05	2005-06	2004-05	2005-06
1	2	3	4	5
Sources of Funds				
Internal Sources	1813.7	4763.7	23.3	17.7
A. Paid-up Capital	7.6	157.0	0.1	0.6
B. Reserves and Surplus	1909.8	4959.7	24.5	18.4
C. Provisions	-103.7	-353.0	-1.3	-1.3
<i>of which:</i>				
Depreciation Provision	-127.1	-355.2	-1.6	-1.3
External Sources	5970.9	22170.8	76.7	82.3
D. Paid-up Capital	1130.3	4697.8	14.5	17.4
<i>of which:</i>				
Premium on Shares	954.0	4146.9	12.3	15.4
E. Borrowings	4175.3	10975.7	53.6	40.7
<i>of which:</i>				
from Banks	3210.2	6361.9	41.2	23.6
F. Trade Dues and Other Current Liabilities	640.2	6022.4	8.2	22.4
<i>of which:</i>				
Sundry Creditors	972.4	2444.5	12.5	9.1
G. Others	25.2	475.0	0.3	1.8
Total Sources/Uses of Funds	7784.7	26934.5	100.0	100.0
Uses of Funds				
H. Cash and Bank Balances	1724.5	3281.0	22.2	12.2
<i>of which:</i>				
Deposits with Banks	1682.7	2983.9	21.6	11.1
I. Investments	784.1	6006.9	10.1	22.3
<i>of which:</i>				
Government and Semi-Government Securities	-424.9	1066.7	-5.5	4.0
J. Receivables				
<i>of which:</i>				
Loans and Advances	6633.1	18356.2	85.2	68.2
Sundry Debtors	5710.9	13223.8	73.4	49.1
Sundry Debtors	639.4	4320.0	8.2	16.0
K. Inventories	-1352.8	-303.8	-17.4	-1.1
L. Gross Fixed Assets	27.4	-448.7	0.4	-1.7
M. Other Assets	-31.5	41.6	-0.4	0.2
Total Sources/Uses of Funds	7784.7	26934.5	100.0	100.0

were deployed as loans and advances (73.4 per cent in 2004-05). The share of sundry debtors in total uses of funds increased to 16.0 per cent. The share of investments in total uses of funds increased to 22.3 per cent during 2005-06. The select companies brought down their inventories (mainly securities in trading portfolio) taking advantage of the favourable market

situation prevailing during the year. Cash and bank balances (mostly deposits with banks) showed a steep decline during the year. Its share in total uses of funds decreased to 12.2 per cent from 22.2 per cent in 2004-05.

'Loan finance' and 'Hire purchase finance' companies relied mainly on borrowings for enhancing their credit

activities. A major part of their fresh borrowings was from banks. The 'Share trading and investment holding' companies relied more on internal sources of funds. They reported net repayment of borrowings thereby reducing dependence on external sources of funds. 'Loan finance' and 'Hire purchase finance' companies recorded marked increase in their assets base. The loans and advances extended by these companies to their borrowers increased substantially. Companies in all the groups registered decline in Gross Fixed Assets during the year.

V. Capital and Assets Structure

Capital Structure

The total liabilities of the select companies increased by 35.5 per cent to Rs.1,05,033 crore in 2005-06 (Statement 4). 'Borrowings' (outstanding) continued to be the major component, constituting 52.9 per cent of total liabilities in 2005-06. The share of bank borrowings in total borrowings went

up to 38.5 per cent from 33.7 per cent in the previous year. The debt-equity ratio declined to 73.2 per cent from 79.5 per cent in 2004-05. The composition of total liabilities of the select companies across the major activities is given in Table 5. 'Borrowings' was the major constituent of liabilities in most of the activity groups except for 'Share trading and investment holding' companies, in which case 'Reserves and Surplus' was the major constituent (43.4 per cent) followed by 'Borrowings' (31.4 per cent).

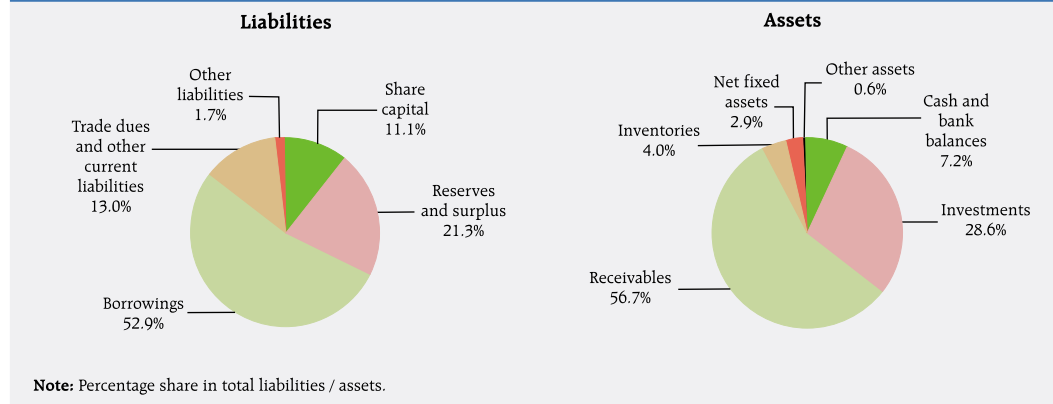
Assets Structure

The assets pattern of the select companies showed marginal variation in 2005-06 from that of the previous year. While the share of loans and advances in total net assets went up to 47.1 per cent from 46.7 per cent in 2004-05, the share of investments declined to 28.6 per cent from 31.0 per cent in the previous year. The shares of inventories and net fixed assets declined to 4.0 per cent and 2.9 per cent from 5.8 per cent and 4.1 per cent,

Table 5: Capital Structure of Select Financial and Investment Companies, 2004-05 and 2005-06

Capital and Liabilities	(Per cent)									
	All Activities		Share Trading and Investment Holding		Loan Finance		Hire Purchase and Leasing Finance		Diversified	
	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06
1	2	3	4	5	6	7	8	9	10	11
A. Share Capital	14.2	11.1	23.5	19.6	7.7	6.6	6.3	5.4	18.2	12.0
B. Reserves and Surplus	16.5	21.3	28.5	43.5	9.5	10.6	11.1	7.1	21.0	21.5
C. Borrowings of which:	57.5	52.9	40.7	31.4	73.0	75.0	65.3	68.1	50.2	42.6
Loans and Advances from Banks	40.3	36.4	33.9	27.2	47.1	49.1	41.4	39.4	34.9	25.1
D. Trade Dues and Other Current Liabilities of which:	19.4	20.4	4.1	5.0	30.0	32.3	25.8	30.5	14.5	14.4
Sundry Creditors	9.8	13.0	5.0	3.7	8.1	6.3	14.8	16.3	9.2	23.2
E. Other Liabilities	3.5	4.9	2.3	1.4	1.1	1.1	3.1	3.4	4.3	20.2
	2.0	1.7	2.2	1.8	1.6	1.5	2.4	3.1	1.4	0.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Chart 1: Pattern of Liabilities and Assets, 2005-06



respectively. The share of cash and bank balances increased to 7.2 per cent from 5.6 per cent. The composition of assets across different activities, in 2004-05 and 2005-06, is given in Table 6.

Activity-wise, the assets structure of these companies was more or less in congruence with the major activity undertaken by them. While 'Investments'

accounted for about 69.4 per cent of total net assets for 'Share trading and investment holding' companies; 'Receivables' formed 85.7 per cent and 77.2 per cent of total net assets, respectively, in the case of 'Hire purchase and Leasing finance' and 'Loan finance' companies. The share of 'Net fixed assets' in total net assets declined across all activity groups in 2005-06 compared with the previous year.

Table 6: Assets Structure of the Select Financial and Investment Companies, 2004-05 and 2005-06

Assets	(Per cent)									
	All Activities		Share Trading and investment Holding		Loan Finance		Hire Purchase and Leasing Finance		Diversified	
	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06
1	2	3	4	5	6	7	8	9	10	11
A. Cash and Bank Balances	5.6	7.2	3.0	3.9	4.5	5.5	5.7	5.2	11.8	21.8
of which: Deposits with Banks	5.3	6.8	3.0	2.9	4.2	5.4	5.3	4.8	11.7	21.7
B. Investments	31.0	28.6	73.8	69.4	9.9	12.8	2.4	3.2	16.1	15.0
C. Receivables	53.1	56.7	12.8	19.7	78.9	77.2	84.6	85.7	19.1	20.3
of which: Loans and Advances	46.7	47.1	9.0	14.8	74.9	74.8	81.3	84.0	13.0	9.9
Sundry Debtors	4.1	7.1	0.8	2.1	2.8	1.2	1.9	1.4	4.4	7.6
D. Inventories	5.8	4.0	7.4	5.0	1.9	1.3	1.0	0.6	48.7	40.0
of which: Industrial Securities	4.1	3.0	7.3	4.9	0.8	0.4	0.6	0.4	11.0	21.4
E. Net Fixed Assets	4.1	2.9	2.0	1.3	4.2	2.8	6.1	5.3	3.3	1.9
F. Other Assets	0.5	0.6	1.0	0.7	0.5	0.4	0.2	0.0	1.1	0.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Statement 1: Annual Growth Rates of Select Items - Select Financial and Investment Companies - Activity-wise, 2004-05 and 2005-06

Items	(Per cent)					
	All Activities (1194)		Share Trading and Investment Holding (547)		Loan Finance (354)	
	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06
1	2	3	4	5	6	7
1. Main income	7.6	76.4	14.5	174.4	13.1	31.7
<i>of which:</i> Interest received	12.1	43.1	-14.9	-4.4	23.5	50.6
Dividend received	-25.1	44.6	-15.6	34.7	-72.1	46.5
2. Other income	36.0	37.4	10.6	-25.3	0.8	24.4
3. Total income	12.0	62.7	17.7	136.6	12.6	26.1
4. Total expenditure	2.9	30.7	-19.2	-4.9	9.4	28.0
5. Interest payment	—	23.4	-13.6	-19.6	7.8	37.1
6. Depreciation provision	-11.4	4.0	-19.6	-7.9	-13.5	-5.3
7. Employees' remuneration	25.7	49.8	8.6	47.6	27.0	33.6
8. Operating profits	38.9	157.6	94.6	317.2	21.8	42.7
9. Non-operating surplus/ deficit	19.2	*	85.8	*	36.0	*
10. Profits before tax	36.3	127.1	93.3	257.8	23.9	20.2
11. Tax provision	5.4	59.3	48.5	57.3	-11.1	35.5
12. Profits after tax	49.2	147.2	99.9	279.9	45.0	14.6
13. Dividend paid	-8.2	42.5	26.4	42.0	-14.8	58.1
14. Profits retained	75.8	172.5	122.8	321.8	71.5	5.1
15. Investments @	3.4	25.0	4.1	16.8	7.1	71.1
16. Loans and advances @	18.7	36.5	-27.7	103.9	27.0	32.3
17. Total net assets @	11.2	35.5	2.0	24.3	23.5	32.5
18. Borrowings @	10.3	24.6	-6.2	-4.0	25.3	36.0
<i>of which:</i> from banks@	27.2	42.3	-1.6	54.0	35.6	42.6
19. Net worth @	14.9	43.3	10.1	50.6	28.4	32.4

@ : Adjusted for revaluation *etc.*, if any.

* : Numerator is negative or nil or negligible as compared to denominator.

: Denominator is negative or nil or negligible as compared to numerator.

\$: Both numerator and denominator are negative or nil.

— : Nil or negligible.

Note : Figures in brackets in column headings denote the number of companies.

ARTICLE

Performance of
Financial and
Investment
Companies,
2005-06

Statement 1: Annual Growth Rates of Select Items - Select Financial and Investment Companies - Activity-wise, 2004-05 and 2005-06 (Concl'd.)

Items	(Per cent)			
	Hire Purchase and Leasing Finance (93)		Diversified (41)	
	2004-05	2005-06	2004-05	2005-06
1	8	9	10	11
1. Main income	2.7	19.3	-55.9	160.8
<i>of which:</i> Interest received	14.3	19.4	-21.4	49.6
Dividend received	-44.5	106.1	-89.9	#
2. Other income	-3.0	-21.6	47.0	109.4
3. Total income	1.2	10.0	-41.6	136.5
4. Total expenditure	3.8	53.7	-25.7	72.5
5. Interest payment	6.6	10.2	-29.9	104.3
6. Depreciation provision	-27.3	-0.2	-12.2	-12.2
7. Employees' remuneration	23.0	19.8	-18.9	101.1
8. Operating profits	-14.6	*	-55.6	251.0
9. Non-operating surplus/ deficit	-49.3	*	-56.7	*
10. Profits before tax	-23.5	*	-55.6	230.3
11. Tax provision	9.8	47.6	-54.8	158.9
12. Profits after tax	-50.1	*	-56.0	264.5
13. Dividend paid	30.5	-8.4	-64.8	109.0
14. Profits retained	*	\$	-46.1	378.6
15. Investments @	-2.8	67.3	54.0	30.9
16. Loans and advances @	16.0	27.8	33.8	6.5
17. Total net assets @	16.9	23.7	-32.5	40.2
18. Borrowings @	20.0	28.9	-48.8	19.2
<i>of which:</i> from banks@	54.9	46.0	-67.3	39.4
19. Net worth @	3.3	-11.3	7.6	19.4

**Statement 2: Select Financial Ratio - Select Financial
and Investment Companies - Activity-wise, 2003-04 to 2005-06**

(Per cent)

Items	All Activities (1194)			Share Trading and Investment Holding (547)			Loan Finance (354)		
	2003-04	2004-05	2005-06	2003-04	2004-05	2005-06	2003-04	2004-05	2005-06
	2	3	4	5	6	7	8	9	10
Profit Allocation Ratios									
1. Tax provision to profits before tax	29.6	22.9	16.0	12.9	9.9	4.4	37.6	27.0	30.4
2. Dividends to profits before tax	22.3	15.0	9.4	20.7	13.5	5.4	19.1	13.2	17.3
3. Profits retained to profits before tax	48.1	62.1	74.5	66.5	76.6	90.3	43.3	59.9	52.3
4. Dividends to profits after tax	31.6	19.5	11.2	23.7	15.0	5.6	30.7	18.0	24.8
5. Profits retained to profits after tax	68.4	80.5	88.8	76.3	85.0	94.4	69.3	82.0	75.2
Profitability Ratios									
1. Operating profits to total net assets	2.7	3.4	6.4	2.1	4.0	13.5	1.9	1.9	2.1
2. Profits after tax to net worth	7.4	9.7	16.7	4.5	8.1	20.5	8.6	9.7	8.4
3. Dividends to total paid-up capital	4.5	4.1	5.5	2.1	2.7	3.7	4.8	3.9	5.4
4. Operating profits to main income	28.8	37.1	54.3	32.4	55.0	83.7	21.3	23.0	24.9
5. Dividends to net worth	2.4	1.9	1.9	1.1	1.2	1.1	2.6	1.7	2.1
6. Profit after tax to total net assets	2.2	3.0	5.4	2.5	4.7	13.5	2.3	2.3	2.1
Capital Structure Ratios									
1. Net worth to total net assets	29.7	30.7	32.4	48.2	52.0	63.1	16.6	17.3	17.3
2. Debt to equity	84.0	79.5	73.2	25.8	24.0	12.1	220.2	207.7	226.6
3. Total outside liabilities to networth	236.8	226.2	208.3	107.6	92.2	58.6	502.0	478.9	479.1
4. Borrowing to total assets	58.0	57.5	52.9	44.3	40.7	31.4	72.0	73.0	75.0
5. Bank borrowing to total borrowing	29.3	33.7	38.5	9.5	10.0	16.0	38.0	41.1	43.1

* : Numerator is negative or nil or negligible as compared to denominator.

: Denominator is negative or nil or negligible as compared to numerator.

\$: Both numerator and denominator are negative or nil.

Note : Figures in brackets denote the number of companies.

ARTICLE

Performance of
Financial and
Investment
Companies,
2005-06

Statement 2: Select Financial Ratio - Select Financial and Investment Companies - Activity-wise, 2003-04 to 2005-06 (Concl.)

(Per cent)

Items	Hire Purchase and Leasing Finance (93)			Diversified (41)		
	2003-04	2004-05	2005-06	2003-04	2004-05	2005-06
1	11	12	13	14	15	16
Profit Allocation Ratios						
1. Tax provision to profits before tax	44.5	63.8	*	31.8	32.4	25.4
2. Dividends to profits before tax	23.7	40.5	*	36.1	28.6	18.1
3. Profits retained to profits before tax	31.8	*	\$	32.1	39.0	56.5
4. Dividends to profits after tax	42.7	111.9	*	52.9	42.3	24.3
5. Profits retained to profits after tax	57.3	*	\$	47.1	57.7	75.7
Profitability Ratios						
1. Operating profits to total net assets	1.0	0.7	*	7.5	5.0	12.4
2. Profits after tax to net worth	3.7	1.8	*	22.1	9.0	27.6
3. Dividends to total paid-up capital	4.6	5.5	4.8	24.2	8.3	18.7
4. Operating profits to main income	7.7	6.4	*	60.5	60.9	82.0
5. Dividends to net worth	1.6	2.0	2.1	11.7	3.8	6.7
6. Profit after tax to total net assets	0.7	0.3	*	5.4	3.5	9.2
Capital Structure Ratios						
1. Net worth to total net assets	19.7	17.4	12.5	24.6	39.3	33.5
2. Debt to equity	179.0	171.6	279.3	75.0	42.1	53.4
3. Total outside liabilities to networth	407.1	473.6	700.2	306.1	154.7	198.9
4. Borrowing to total assets	63.6	65.3	68.1	66.2	50.2	42.6
5. Bank borrowing to total borrowing	30.6	39.6	44.8	45.2	28.9	33.8

**Statement 3: Combined Income, Expenditure and Appropriation Accounts -
Select Financial and Investment Companies - Activity-wise, 2003-04 to 2005-06**

(Rs. lakh)

Items	All Activities (1194)			Share Trading And Investment Holding (547)			Loan Finance (354)		
	2003-04	2004-05	2005-06	2003-04	2004-05	2005-06	2003-04	2004-05	2005-06
	2	3	4	5	6	7	8	9	10
Income									
1. Main Income	657869	707731	1248210	165966	189998	521425	244569	276645	364404
(a) Interest	264164	296218	423883	41033	34938	33389	183772	226910	341656
(i) On loans and advances	197181	228966	340684	19631	14663	18640	169692	205211	309877
(ii) Others	66984	67252	83199	21401	20276	14749	14080	21699	31779
(b) Dividends	90632	67853	98110	72537	61236	82462	5827	1628	2384
(c) Brokerage	84144	101782	157678	7111	4472	3010	901	986	991
(d) Net profit/ loss in share dealings	78190	114550	449474	37781	84908	400255	12016	14308	6093
(e) Net earnings from hire purchase financing	106741	100470	98106	1288	1261	129	29742	21544	4449
(f) Lease rentals	33997	26859	20957	6215	3183	2180	12311	11271	8831
2. Other income	112985	153685	211160	17536	19391	14479	29177	29415	36593
of which: rent	1984	1837	2136	1589	1401	1428	71	71	147
3. Non-operating surplus(+)/ deficit(-)	29573	35258	-62	9594	17829	1736	9260	12591	854
4. Total (1+2+3)	800427	896674	1459307	193096	227218	537640	283006	318651	401850
Expenditure and Appropriations									
5. Interest	256729	256773	316850	57894	50042	40211	131638	141889	194568
6. Salaries, wages and bonus	52127	65960	99892	6168	6732	9791	11743	15197	20514
7. Provident fund	2807	3452	5037	221	230	313	807	839	1383
8. Employees' welfare expenses	5428	6460	8694	879	927	1537	1800	2188	2453
9. Managerial remuneration	5578	6042	8668	606	848	1227	1094	599	1153
10. Bad debts #	66985	36452	75529	32932	7056	3808	17213	19155	21482
11. Other expenses	148292	175025	220258	22352	22264	29401	41577	49053	54549
of which: (a) Rent	10738	11258	14772	910	1102	1351	2256	2574	3975
(b) Insurance	1854	2787	2201	430	689	457	515	705	592
(c) Advertisement	3190	4842	6433	104	206	435	1169	1526	1859
12. Depreciation provision	34401	30496	31714	6879	5528	5089	10882	9411	8912
13. Other provisions (other than tax and depreciation)	9256	17855	15548	1744	11180	8262	4827	4189	5297
14. Operating profits	189253	262901	677180	53735	104581	436265	52164	63541	90685
15. Non-operating surplus(+)/ deficit(-)	29573	35258	-62	9594	17829	1736	9260	12591	854
16. Profits before tax	218826	298159	677118	63329	122410	438001	61424	76132	91538
17. Less: tax provision	64722	68216	108643	8164	12124	19070	23073	20523	27802
18. Profits after tax	154104	229943	568476	55165	110286	418931	38351	55609	63736
(a) Dividends	48747	44745	63781	13078	16528	23470	11758	10013	15829
(i) Ordinary	46940	43147	59492	12501	16164	20308	10954	9260	15090
(ii) Preference	1807	1598	4288	577	365	3162	804	753	740
(b) Profits retained	105357	185197	504695	42087	93758	395461	26594	45596	47906
19. Total (5 to 15)	800427	896674	1459307	193096	227218	537640	283006	318651	401850

: Including provision for bad debts.

- : Nil or negligible.

Note : Figures in brackets in column headings denotes the number of companies. 'All Activities' includes figures for a miscellaneous group for which separate data are not presented.

**Statement 3: Combined Income, Expenditure and Appropriation Accounts -
Select Financial and Investment Companies - Activity-wise, 2003-04 to 2005-06 (Concl'd.)**

(Rs. lakh)

Items	Hire Purchase and Leasing Finance (93)			Diversified (41)		
	2003-04	2004-05	2005-06	2003-04	2004-05	2005-06
	11	12	13	14	15	16
Income						
1. Main Income	89621	92046	109766	43816	19338	50432
(a) Interest	9223	10538	12578	16278	12789	19137
(i) On loans and advances	4402	5427	7123	834	1007	2444
(ii) Others	4821	5111	5455	15444	11782	16693
(b) Dividends	231	128	265	6136	617	5749
(c) Brokerage	28	72	173	235	121	1216
(d) Net profit/ loss in share dealings	1104	658	2331	18354	3712	22519
(e) Net earnings from hire purchase financing	68715	72478	88370	1388	1053	1035
(f) Lease rentals	10320	8171	6049	1426	1047	777
2. Other income of which: rent	4492 70	4358 66	3417 77	7301 70	10730 90	22468 104
3. Non-operating surplus(+)/ deficit(-)	2365	1199	-5808	1582	685	-172
4. Total (1+2+3)	96478	97603	107374	52700	30753	72729
Expenditure and Appropriations						
5. Interest	39048	41615	45860	9899	6941	14178
6. Salaries, wages and bonus	5578	6859	8334	4435	3552	7270
7. Provident fund	394	507	622	216	220	375
8. Employees' welfare expenses	520	618	611	164	133	209
9. Managerial remuneration	446	430	443	255	289	265
10. Bad debts #	10233	7373	46807	697	358	1094
11. Other expenses of which: (a) Rent	23455 769	27549 1024	31095 1110	7571 2502	5625 1182	6841 948
(b) Insurance	103	144	127	64	97	97
(c) Advertisement	483	571	602	119	179	220
12. Depreciation provision	7052	5128	5119	1323	1161	1019
13. Other provisions (other than tax and depreciation)	512	451	212	39	6	296
14. Operating profits	6875	5874	-25921	26519	11783	41354
15. Non-operating surplus(+)/ deficit(-)	2365	1199	-5808	1582	685	-172
16. Profits before tax	9239	7072	-31730	28102	12469	41182
17. Less: tax provision	4108	4512	6660	8938	4039	10459
18. Profits after tax	5132	2560	-38390	19164	8429	30724
(a) Dividends	2194	2864	2624	10141	3567	7454
(i) Ordinary	1983	2655	2395	10096	3522	7454
(ii) Preference	210	209	228	45	45	-
(b) Profits retained	2938	-304	-41013	9023	4862	23269
19. Total (5 to 15)	96478	97603	107374	52700	30753	72729

Statement 4: Combined Balance Sheet - Select Financial
and Investment Companies-activity-wise, 2003-04 to 2005-06

(Rs. lakh)

Capital and Liabilities	All Activities			Share Trading and Investment Holding			Loan Finance		
	(1194)			(547)			(354)		
	2003-04	2004-05	2005-06	2003-04	2004-05	2005-06	2003-04	2004-05	2005-06
1	2	3	4	5	6	7	8	9	10
A. Share Capital	1079566	1097948	1168744	616196	612987	635110	242883	258238	293044
1. Paid-up capital	1078980	1097210	1168030	615902	612590	634713	242831	258163	292969
(a) Ordinary	994001	1016718	1083711	563321	569740	595788	230060	244014	277850
of which: bonus	15979	16740	32441	5374	5374	17798	5369	5369	6528
(b) Preference	84978	80491	84319	52581	42849	38925	12771	14149	15119
2. Forfeited shares	586	738	714	294	397	397	52	75	75
B. Reserves And Surplus	988949	1277766	2238146	614595	742645	1407748	205402	317415	469322
3. Capital reserve	715173	810144	1281782	471763	502268	774075	119385	189744	299226
of which: premium on shares	558027	643109	1051951	330315	357556	574041	111391	176728	283026
4. Investment allowance reserve	13154	20173	29469	12984	20052	29423	90	99	21
5. Sinking funds	15083	9675	16883	3413	5581	5186	1974	1974	1974
6. Other reserves	245540	437774	910010	126436	214745	599063	83953	125597	168100
C. Borrowings	4039703	4457233	5554798	1131008	1060833	1018287	1942995	2433783	3310705
7. Debentures @	1202932	1191923	1604845	169858	170405	128392	748926	804638	1094966
8. Loans and advances	2657429	3121787	3824497	952593	882934	881609	1110090	1570821	2166900
(a) From banks	1181956	1502973	2139165	107702	105953	163187	738439	1001210	1427740
of which: short-term borrowings	1061391	1236532	1767470	26263	28902	105687	736687	854396	1158402
(b) From other Indian Financial Institutions	136874	199203	236513	34134	47800	30123	87023	125121	182784
(c) From Foreign Institutional agencies	39585	27666	27531	21935	22608	22608	10947	4375	3542
(d) From Government and semi-Government bodies	46378	34369	27975	1548	—	—	44830	34235	27725
(e) From companies	863163	833692	813122	661824	593783	590660	90165	117218	121496
(f) From others	389473	523884	580191	125450	112790	75031	138686	288662	403613
9. Deferred payments	2500	2613	513	68	70	16	48	5	13
10. Public deposits	176842	140909	124943	8488	7424	8270	83932	58319	48826
(Of total borrowings, debt)	1736966	1888339	2495437	317471	325357	246908	987058	1195662	1727733
D. Trade Dues and Other Current Liabilities	696860	760877	1363116	139192	131096	121420	260314	270349	277450
11. Sundry creditors	171031	268274	512720	30336	61054	45174	31119	35575	48077
12. Acceptances	80	80	58	51	51	17	29	29	41
13. Liabilities to subsidiaries and holding companies	3542	4948	986	243	163	497	3120	4385	149
14. Advances and deposits from customers, agents, etc.	71810	74107	85252	13714	13507	14217	20968	15934	15245
15. Interest accrued on loans	103683	96705	104303	31876	18900	16041	52007	56704	60105
16. Others	346714	316762	659797	62971	37420	45474	153072	157722	153832
E. Provisions	161986	154845	178532	54638	58031	57305	47093	52749	64433
17. Taxation (net of advance of income-tax)	—	—	—	—	—	—	—	—	—
18. Dividends	27981	31600	42410	8707	10513	18434	6623	8043	10467
19. Other current provisions	63066	101150	132923	26819	44117	37335	12899	31405	53746
20. Non-current provisions	70938	22095	3199	19112	3401	1537	27571	13300	220
F. 21. Miscellaneous Non-current Liabilities	—	—	—	—	—	—	—	—	—
22. Total	6967064	7748668	10503336	2555629	2605591	3239870	2698687	3332535	4414954

@ : Includes privately placed debentures.

— : Nil or negligible.

Note : Figures in brackets in column headings denotes the number of companies. 'All Activities' includes figures for a miscellaneous group for which separate data are not presented.

**Statement 4: Combined Balance Sheet – Select Financial
and Investment Companies-activity-wise, 2003-04 to 2005-06 (Contd.)**

(Rs. lakh)

Assets	All Activities			Share Trading and Investment Holding			Loan Finance		
	(1194)			(547)			(354)		
	2003-04	2004-05	2005-06	2003-04	2004-05	2005-06	2003-04	2004-05	2005-06
1	2	3	4	5	6	7	8	9	10
G. Cash And Bank Balances	257935	430389	758493	40121	78325	125471	80841	149672	244128
23. Deposits with banks	245860	414125	712518	38304	76939	92847	75866	141440	237354
24. Cash in hand	12075	16264	45975	1816	1386	32624	4975	8232	6774
H. Investments	2322532	2400946	3003463	1847506	1922774	2248444	309136	331165	566576
<i>of which:</i> quoted investments	923195	828764	1036587	790735	792578	940089	78508	13480	71418
25. Foreign securities	1111	1359	1055	1103	857	671	–	133	59
26. Indian securities	2321421	2399587	3002408	1846403	1921917	2247773	309136	331032	566517
(a) Government and semi-Government securities	71613	29122	135793	2470	1089	29632	58041	18526	96905
(b) Public sector undertakings	12050	7533	5613	1289	652	268	8611	5149	5129
(c) Securities of financial institutions	6325	8063	25512	924	6011	7384	4110	1384	1130
(d) Mutual funds	160418	238831	298832	76956	106172	148985	33681	94456	99978
(e) Shares and debentures of subsidiary/holding companies and companies in the same group	424359	506144	588000	372806	422546	445865	19759	50657	92752
(f) Shares and debentures of other Indian companies	1583373	1592674	1931538	1338292	1372641	1601996	175877	157612	267996
(g) Others	63281	17222	17119	53666	12808	13642	9058	3245	2628
I. Receivables	3449992	4113303	5948919	433648	334252	639525	2066569	2629979	3409013
27. Loans and advances	3048737	3619827	4942205	324302	234580	478299	1965495	2497014	3304248
(a) Subsidiary companies	35796	26520	74578	27395	21183	32070	6788	2634	36915
(b) Holding companies and companies in the same group	14482	8327	8652	7476	2136	2571	1884	5041	1003
(c) Against hire purchase	375657	379875	490629	3419	1770	1708	78018	48066	38742
(d) Others	2622802	3205105	4368346	286012	209491	441950	1878805	2441273	3227588
28. Book debts	401255	493476	1006714	109346	99672	161226	101074	132965	104765
(a) Sundry debtors	250004	313939	745939	37710	21591	67413	66425	92847	54761
(b) Dividend/ Interest accrued	76018	79374	104985	49909	53387	72020	16160	20966	25091
(c) Deposits with Government/others	26218	54490	87708	7631	12020	11430	927	3112	6704
(d) Others	49015	45673	68082	14096	12674	10363	17562	16040	18209
J. Inventories	587298	452017	421634	159058	193355	160854	104327	64493	55528
29. Government and semi-Government securities	239358	123751	88389	–	–	–	40232	34340	27071
30. Industrial securities	294912	317647	318986	148229	189726	159527	27377	27861	18537
31. Repossessed goods on hire purchase	2830	5000	3367	1	4	–	747	1498	1030
32. Other goods, stores and others	50197	5620	10892	10827	3624	1328	35971	794	8890
K. 33. Advance of Income-tax (net of tax provision)	23216	13740	37206	13892	17194	14923	1634	13555	14731
L. 34. Gross Fixed Assets	586012	588753	544300	128671	126323	101978	209157	207213	182417
<i>of which:</i>									
(a) Plant and machinery leased	233137	169656	120188	43910	44280	22835	94295	43004	36722
(b) Equipments leased	14049	13722	10465	2176	1538	216	2209	4448	4292
(c) Vehicles leased	67709	64372	58502	16561	16195	10958	17220	13118	11286
(d) Other assets leased	46374	76295	52030	12569	12465	12569	27582	57741	31372
M. 35. Less: Depreciation Provision	284262	271642	236136	73059	74565	58780	77415	65881	60075
N. 36. Net Fixed Assets	301750	317111	308164	55612	51758	43198	131742	141332	122343
<i>of which:</i> assets leased	152131	137255	104566	23544	20135	9544	81782	72166	46571
O. 37. Other Assets	24447	21293	25455	5898	8063	7454	4436	2341	2637
38. Total	6967064	7748668	10503336	2555629	2605591	3239870	2698687	3332535	4414954

**Statement 4: Combined Balance Sheet - Select Financial
and Investment Companies-activity-wise, 2003-04 to 2005-06 (Contd.)**

(Rs. lakh)

Capital and Liabilities	Hire Purchase and Leasing Finance (93)			Diversified (41)		
	2003-04	2004-05	2005-06	2003-04	2004-05	2005-06
	11	12	13	14	15	16
1						
A. Share Capital	47828	52247	54960	42059	43275	39911
1. Paid-up capital	47813	52207	54944	41914	43130	39766
(a) Ordinary	40985	41219	42239	39018	39381	36018
<i>of which: bonus</i>	454	454	483	61	61	361
(b) Preference	6829	10988	12704	2897	3749	3749
2. Forfeited shares	15	40	16	145	145	145
B. Reserves And Surplus	91741	91983	72946	44613	49974	71466
3. Capital reserve	61231	61464	84294	9876	10375	13871
<i>of which: premium on shares</i>	58927	58964	81284	9003	9003	9087
4. Investment allowance reserve	79	10	12	—	—	—
5. Sinking funds	299	286	286	—	—	—
6. Other reserves	30129	30222	-11647	34737	39598	57595
C. Borrowings	450459	540559	606899	232884	119124	141939
7. Debentures @	146615	132835	235791	57988	32364	55250
8. Loans and advances	232299	342076	403393	170543	82957	83711
(a) From banks	138056	213837	312226	105336	34427	47994
<i>of which: short-term borrowings</i>	119004	183714	270618	105170	34005	47619
(b) From other Indian Financial Institutions	10915	17091	20394	2500	2531	300
(c) From Foreign Institutional agencies	1026	684	1382	—	—	—
(d) From Government and semi-Government bodies	—	135	—	—	—	—
(e) From companies	24503	29691	10903	10925	24550	21979
(f) From others	57799	80638	58488	51782	21449	13438
9. Deferred payments	2232	1936	403	18	17	10
10. Public deposits	69314	63712	57312	4335	3785	2968
<i>(Of total borrowings, debt)</i>	249850	247462	357201	65007	39233	59474
D. Trade Dues and Other Current Liabilities	102196	122795	167083	28447	21761	77375
11. Sundry creditors	17456	25801	34791	18478	10317	67087
12. Acceptances	—	—	—	—	—	—
13. Liabilities to subsidiaries and holding companies	40	40	40	—	9	11
14. Advances and deposits from customers, agents, etc.	24528	29271	39524	917	1616	1152
15. Interest accrued on loans	12558	13777	18339	1261	1548	1648
16. Others	47614	53906	74390	7790	8270	7477
E. Provisions	15548	19660	31574	3988	3402	2238
17. Taxation (net of advance of income-tax)	—	—	—	—	—	—
18. Dividends	2276	2923	2745	1000	404	437
19. Other current provisions	5847	14380	28715	978	1416	1485
20. Non-current provisions	7425	2356	115	2010	1582	316
F. 21. Miscellaneous Non-current Liabilities	—	—	—	—	—	—
22. Total	707772	827244	1023462	351991	237535	332929

**Statement 4: Combined Balance Sheet - Select Financial
and Investment Companies-activity-wise, 2003-04 to 2005-06 (Concl.)**

(Rs. lakh)

Assets	Hire Purchase and Leasing Finance (93)			Diversified (41)		
	2003-04	2004-05	2005-06	2003-04	2004-05	2005-06
	11	12	13	14	15	16
G. Cash and Bank Balances	31288	46865	52792	3516	28013	72542
23. Deposits with banks	29155	43681	49144	3378	27853	72332
24. Cash in hand	2133	3184	3648	138	160	210
H. Investments	20400	19835	33178	24826	38227	50057
<i>of which:</i> quoted investments	8086	4101	4474	2536	1889	1147
25. Foreign securities	1	—	1	8	—	—
26. Indian securities	20399	19835	33177	24818	38227	50057
(a) Government and semi-Government securities	9936	7465	7654	463	1457	1393
(b) Public sector undertakings	1287	620	188	105	105	28
(c) Securities of financial institutions	1148	333	349	129	121	16293
(d) Mutual funds	1755	1906	11747	4400	17235	13982
(e) Shares and debentures of subsidiary/holding companies and companies in the same group	1309	1608	6726	2819	2887	1453
(f) Shares and debentures of other Indian companies	4802	7703	6111	16728	16041	16793
(g) Others	161	199	402	173	382	114
I. Receivables	599101	699768	876851	39317	45313	67714
27. Loans and advances	579951	672516	859565	23096	30913	32907
(a) Subsidiary companies	18	73	184	306	280	280
(b) Holding companies and companies in the same group	4149	—	7	—	—	—
(c) Against hire purchase	271810	314429	427359	5490	6234	5812
(d) Others	303974	358014	432015	17300	24399	26815
28. Book debts	19150	27252	17286	16221	14400	34807
(a) Sundry debtors	14227	15586	14076	7941	10374	25307
(b) Dividend/ Interest accrued	937	971	539	5575	1087	3755
(c) Deposits with Government/ others	131	5999	145	2508	2579	4212
(d) Others	3855	4696	2526	197	360	1533
J. Inventories	6293	8099	6024	274175	115658	133186
29. Government and semi-Government securities	—	—	—	199009	89300	61317
30. Industrial securities	1983	4801	4155	74998	26052	71365
31. Repossessed goods on hire purchase	2020	3256	1823	40	214	496
32. Other goods, stores and others	2290	43	46	129	92	8
K. 33. Advance of Income-tax (net of tax provision)	3211	1536	348	800	1855	2281
L. 34. Gross Fixed Assets	124572	120059	106093	17126	17844	15999
<i>of which:</i>						
(a) Plant and machinery leased	62858	54678	34393	5148	4573	4026
(b) Equipments leased	6040	4809	2695	1315	1084	1381
(c) Vehicles leased	22883	26265	27663	2289	2116	1399
(d) Other assets leased	2789	2490	2997	1242	1097	2923
M. 35. Less: Depreciation Provision	77659	69287	51961	8366	10045	9650
N. 36. Net Fixed Assets	46912	50773	54132	8761	7799	6349
<i>of which:</i> assets leased	28421	31385	34903	4893	3982	3372
O. 37. Other Assets	566	369	138	595	668	801
38. Total	707772	827244	1023462	351991	237535	332929

**Statement 5: Sources and Uses of Funds - Select Financial
and Investment Companies-activity-wise, 2004-05 and 2005-06**

(Rs. lakh)

Sources of Funds	All Activities (1194)		Share Trading and Investment Holding (547)		Loan Finance (354)	
	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06
	2	3	4	5	6	7
Internal Sources	181373	476366	99680	392095	28728	51232
A. 1. Paid-up Capital	761	15701	—	12424	—	1159
B. Reserves and Surplus	190984	495968	98085	393912	46529	45374
2. Capital reserve	-2862	7228	540	616	4876	2947
3. Investment allowance reserve	7019	9296	7068	9372	9	-77
4. Sinking funds	-5407	7208	2168	-395	—	—
5. Other reserves	192234	472237	88310	384319	41644	42504
C. Provisions	-10372	-35303	1595	-14241	-17800	4699
6. Depreciation provision	-12707	-35524	1504	-15787	-11536	-5808
7. Taxation (net of advance of income-tax)	9475	-23466	-3302	2271	-11920	-1177
8. Dividends	3619	10810	1805	7922	1420	2423
9. Other current provisions	38084	31773	17298	-6782	18506	22340
10. Non-current provisions	-48843	-18896	-15711	-1864	-14271	-13080
External Sources	597094	2217082	-51515	226901	581666	1023726
D. Paid-up Capital	113025	469780	25020	231742	80841	139672
11. Net issues	17621	55095	-3209	9699	15356	33646
12. Premium on shares	95404	414685	28229	222042	65485	106026
E. 13. Capital Receipts	2522	47498	1738	47381	2	31
F. Borrowings	417530	1097565	-70176	-42546	490788	876922
14. Debentures @	-11009	412922	546	-42013	55713	290328
15. Loans and advances	464359	702709	-69661	-1325	460731	596079
(a) From banks	321018	636192	-1749	57234	262771	426530
(b) From other Indian Financial Institutions	62329	37310	13666	-17677	38098	57663
(c) From Foreign Institutional agencies	-11919	-135	673	—	-6572	-833
(d) From Government and semi-Government bodies	-12009	-6394	-1548	—	-10595	-6510
(e) From companies	-29471	-20570	-68042	-3123	27053	4278
(f) From others	134411	56307	-12660	-37759	149976	114951
16. Deferred payments	113	-2101	3	-54	-44	8
17. Public deposits	-35933	-15966	-1064	846	-25613	-9493
G. Trade Dues and Other Current Liabilities	64017	602239	-8097	-9676	10035	7100
18. Sundry creditors	97244	244446	30719	-15880	4456	12502
19. Acceptances	—	-22	—	-35	—	12
20. Liabilities to subsidiaries and holding companies	1406	-3962	-80	334	1265	-4236
21. Advances and deposits from customers, agents, etc.	2297	11145	-207	710	-5034	-689
22. Interest accrued on loans	-6978	7599	-12976	-2859	4697	3400
23. Others	-29951	343034	-25551	8054	4650	-3890
H. 24. Miscellaneous Non-current Liabilities	—	—	—	—	—	—
25. Total	778466	2693448	48165	618996	610394	1074958

@ : Includes privately placed debentures.

— : Nil or negligible.

Note : This statement is derived from Statement 4. The figures have been adjusted for revaluation, etc., wherever necessary. Figures in brackets in column headings denote the number of companies. 'All Activities' includes figures for a miscellaneous activity group for which separate data are not presented. Item A(1) represents capitalised reserves and forfeited shares.

Statement 5: Sources and Uses of Funds - Select Financial
and Investment Companies-activity-wise, 2004-05 and 2005-06 (Contd.)

(Rs. lakh)						
Uses of Funds	All Activities (1194)		Share Trading and Investment Holding (547)		Loan Finance (354)	
	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06
1	2	3	4	5	6	7
I. Cash and Bank Balances	172454	328104	38204	47146	68832	94455
26. Deposits with banks	168265	298394	38635	15907	65574	95913
27. Cash in hand	4189	29711	-431	31239	3258	-1458
J. Investments	78410	600685	75268	323900	22029	235348
<i>of which:</i> quoted investments	-94431	207823	1843	147511	-65027	57938
28. Foreign securities	247	-304	-246	-186	133	-74
29. Indian securities	78162	600988	75514	324086	21896	235422
(a) Government and semi-Government securities	-42492	106672	-1381	28543	-39515	78379
(b) Public sector undertakings	-4518	-1919	-637	-384	-3462	-20
(c) Securities of financial institutions	1738	17449	5087	1374	-2726	-255
(d) Mutual funds	78413	60001	29216	42813	60776	5522
(e) Shares and debentures of subsidiary/holding companies and companies in the same group	81785	81856	49741	23319	30898	42094
(f) Shares and debentures of other Indian companies	9297	337032	34348	227586	-18264	110320
(g) Others	-46060	-102	-40859	835	-5812	-618
K. Receivables	663310	1835617	-99397	305274	563407	779034
30. Loans and advances	571090	1322378	-89722	243718	531518	807236
(a) Subsidiary companies	-9276	48058	-6212	10887	-4154	34282
(b) Holding companies and companies in the same group	-6156	326	-5340	434	3157	-4038
(c) Against hire purchase	4218	110753	-1649	-62	-29952	-9323
(d) Bills discounted	-1167	26328	13	478	704	-351
(e) Others	583470	1136913	-76533	231981	561763	786667
31. Book debts	92221	513239	-9675	61556	31890	-28202
(a) Sundry debtors	63935	432000	-16119	45823	26422	-38087
(b) Dividend/ Interest accrued	3356	25612	3478	18633	4805	4125
(c) Others	24930	55628	2966	-2900	663	5760
L. Inventories	-135281	-30383	34297	-32501	-39835	-8964
32. Government and semi-Government securities	-115607	-35362	-	-	-5892	-7269
33. Industrial securities	22734	1339	41497	-30200	484	-9324
34. Repossessed goods on hire purchase	2169	-1633	3	-4	751	-467
35. Other goods, stores and others	-44577	5273	-7203	-2297	-35178	8096
M. 36. Gross Fixed Assets	2741	-44868	-2348	-24346	-1944	-25211
<i>of which:</i> (a) Plant and machinery leased	-63481	-49468	371	-21445	-51291	-6282
(b) Equipments leased	-328	-3257	-638	-1323	2239	-156
(c) Vehicles leased	-3337	-5869	-366	-5237	-4102	-1832
(d) Other assets leased	29921	-24264	-104	105	30159	-26370
N. 37. Other Assets	-3153	4162	2165	-609	-2095	296
38. Total	778466	2693448	48165	618996	610394	1074958

**Statement 5: Sources and Uses of Funds - Select Financial
and Investment Companies-activity-wise, 2004-05 and 2005-06 (Contd.)**

(Rs. lakh)

Sources of Funds	Hire Purchase and Leasing Finance (93)		Diversified (41)	
	2004-05	2005-06	2004-05	2005-06
1	8	9	10	11
Internal Sources	-2726	-45747	4899	19723
A. 1. Paid-up Capital	-	29	-	300
B. Reserves and Surplus	-140	-41551	4862	21408
2. Capital reserve	-149	316	-	3411
3. Investment allowance reserve	-69	2	-	-
4. Sinking funds	-13	-	-	-
5. Other reserves	92	-41869	4862	17997
C. Provisions	-2586	-4225	37	-1985
6. Depreciation provision	-8373	-17328	1678	-395
7. Taxation (net of advance of income-tax)	1675	1187	-1056	-425
8. Dividends	647	-179	-596	33
9. Other current provisions	8533	14335	438	68
10. Non-current provisions	-5069	-2241	-428	-1266
External Sources	115505	225827	-118731	74851
D. Paid-up Capital	4663	25121	1216	-3579
11. Net issues	4419	2684	1216	-3663
12. Premium on shares	245	22437	-	84
E. 13. Capital Receipts	142	79	500	-
F. Borrowings	90100	156339	-113760	22815
14. Debentures @	-13779	102956	-25624	22885
15. Loans and advances	109777	61318	-87586	753
(a) From banks	75781	98389	-70909	13567
(b) From other Indian Financial Institutions	6176	3303	31	-2231
(c) From Foreign Institutional agencies	-342	699	-	-
(d) From Government and semi-Government bodies	135	-135	-	-
(e) From companies	5188	-18788	13625	-2572
(f) From others	22839	-22150	-30333	-8011
16. Deferred payments	-296	-1533	-	-7
17. Public deposits	-5601	-6401	-550	-816
G. Trade Dues and Other Current Liabilities	20599	44288	-6686	55615
18. Sundry creditors	8346	8990	-8162	56771
19. Acceptances	-	-	-	-
20. Liabilities to subsidiaries and holding companies	-	-	9	2
21. Advances and deposits from customers, agents, etc.	4743	10252	699	-464
22. Interest accrued on loans	1218	4562	287	99
23. Others	6292	20484	479	-793
H. 24. Miscellaneous Non-current Liabilities	-	-	-	-
25. Total	112779	180080	-113832	94574

ARTICLE

Performance of
Financial and
Investment
Companies,
2005-06

Statement 5: Sources and Uses of Funds - Select Financial and Investment Companies-activity-wise, 2004-05 and 2005-06 (Concl'd.)

(Rs. lakh)

Uses of Funds	Hire Purchase and Leasing Finance (93)		Diversified (41)	
	2004-05	2005-06	2004-05	2005-06
1	8	9	10	11
I. Cash and Bank Balances	15578	5926	24498	44529
26. Deposits with banks	14527	5462	24476	44479
27. Cash in hand	1051	464	22	50
J. Investments	-571	13343	13401	11829
<i>of which: quoted investments</i>	-3985	372	-648	-742
28. Foreign securities	-1	1	-8	-
29. Indian securities	-570	13342	13409	11829
(a) Government and semi-Government securities	-2472	189	994	-63
(b) Public sector undertakings	-666	-432	-	-77
(c) Securities of financial institutions	-815	15	-8	16173
(d) Mutual funds	151	9840	12835	-3254
(e) Shares and debentures of subsidiary/holding companies and companies in the same group	299	5118	68	-1434
(f) Shares and debentures of other Indian companies	2896	-1592	-688	753
(g) Others	37	204	208	-268
K. Receivables	100665	177083	5995	22400
30. Loans and advances	92564	187049	7816	1994
(a) Subsidiary companies	55	110	-26	-
(b) Holding companies and companies in the same group	-4149	7	-	-
(c) Against hire purchase	42619	112930	744	-422
(d) Bills discounted	-944	-22	-748	423
(e) Others	54983	74023	7846	1994
31. Book debts	8102	-9966	-1821	20406
(a) Sundry debtors	1359	-1510	2434	14932
(b) Dividend/ Interest accrued	34	-432	-4488	2668
(c) Others	6709	-8024	233	2806
L. Inventories	1806	-2075	-158517	17528
32. Government and semi-Government securities	-	-	-109709	-27983
33. Industrial securities	2818	-646	-48945	45313
34. Repossessed goods on hire purchase	1236	-1433	174	282
35. Other goods, stores and others	-2247	4	-37	-84
M. 36. Gross Fixed Assets	-4512	-13966	717	-1845
<i>of which: (a) Plant and machinery leased</i>	-8180	-20285	-575	-547
(b) Equipments leased	-1231	-2114	-231	297
(c) Vehicles leased	3382	1398	-173	-717
(d) Other assets leased	-299	507	-145	1826
N. 37. Other Assets	-197	-231	73	132
38. Total	112779	180080	-113832	94574

**Annex 1: Combined Income, Expenditure and Appropriation Accounts -
Select Financial and Investment Companies-activity-wise, 2003-04 to 2005-06**

(Rs. lakh)

Items	All Companies* (1204)		
	2003-04	2004-05	2005-06
1	2	3	4
Income			
1. Main Income	1169121	1195055	2108958
(a) Interest	692694	714468	938998
(i) On loans and advances	531270	567492	746182
(ii) Others	161424	146976	192816
(b) Dividends	112294	87061	120142
(c) Brokerage	84311	101899	157737
(d) Net profit/ loss in share dealings	130662	158849	762891
(e) Net earnings from hire purchase financing	111276	104436	101654
(f) Lease rentals	37883	28341	27536
2. Other income	183373	221371	259661
of which: rent	10488	10946	13904
3. Non-operating surplus(+)/ deficit(-)	22364	31904	6112
4. Total (1+2+3)	1374857	1448329	2374730
Expenditure and Appropriations			
5. Interest	575321	559825	663865
6. Salaries, wages and bonus	63711	79443	116908
7. Provident fund	4199	4875	6614
8. Employees' welfare expenses	6615	7644	9992
9. Managerial remuneration	6537	7009	9761
10. Bad debts #	84895	39290	85193
11. Other expenses	213451	239928	292274
of which:			
(a) Rent	13067	13640	17147
(b) Insurance	2598	3769	3464
(c) Advertisement	6951	9015	11550
12. Depreciation provision	41488	37270	39321
13. Other provisions (other than tax and depreciation)	23612	24240	16154
14. Operating profits	332664	416902	1128536
15. Non-operating surplus(+)/ deficit(-)	22364	31904	6112
16. Profits before tax	355028	448806	1134648
17. Less: tax provision	95004	104289	206322
18. Profits after tax	260024	344517	928326
(a) Dividends	85619	99364	302709
(i) Ordinary	82069	95869	296521
(ii) Preference	3551	3495	6188
(b) Profits retained	174404	245153	625617
19. Total (5 to 15)	1374857	1448329	2374730

* : Includes HDFC and other outlier companies.

: Including provision for bad debts.

Note: Figures in bracket denote the number of companies.

ARTICLE

Performance of
Financial and
Investment
Companies,
2005-06

Annex 2: Combined Balance Sheet - Select Financial and Investment Companies-activity-wise, 2003-04 to 2005-06

(Rs. lakh)

Capital and Liabilities	All Companies* (1204)		
	2003-04	2004-05	2005-06
1	2	3	4
A. Share Capital	1230007	1246139	1316980
1. Paid-up capital	1229421	1245401	1316266
(a) Ordinary	1106944	1129911	1196948
<i>of which: bonus</i>	36194	36955	52656
(b) Preference	122477	115490	119318
2. Forfeited shares	586	738	714
B. Reserves and Surplus	1394123	1738267	2812011
3. Capital reserve	842097	940492	1408076
<i>of which: premium on shares</i>	663234	747305	1149375
4. Investment allowance reserve	13154	20173	29469
5. Sinking funds	20880	15605	21883
6. Other reserves	517990	761998	1352582
C. Borrowings	9077425	10309909	12765336
7. Debentures @	2099671	2428821	3607535
8. Loans and advances	4355791	5337675	6210049
(a) From banks	2183670	2862643	3852759
<i>of which: short-term borrowings</i>	2063105	2596201	3481065
(b) From other Indian Financial Institutions	185279	309359	405894
(c) From Foreign Institutional agencies	305925	290167	193622
(d) From Government and semi-Government bodies	46378	34369	27975
(e) From companies	980163	940772	910663
(f) From others	654376	900365	819136
9. Deferred payments	2500	2613	513
10. Public deposits	2619463	2540798	2947239
<i>(Of total borrowings, debt)</i>	5391071	5897784	7655894
D. Trade Dues and Other Current Liabilities	877117	955182	1596355
11. Sundry creditors	180272	279231	531092
12. Acceptances	80	80	58
13. Liabilities to subsidiaries and holding companies	3542	5531	1401
14. Advances and deposits from customers, agents, etc.	83844	83341	95147
15. Interest accrued on loans	228114	234112	270139
16. Others	381265	352887	698518
E. Provisions	293785	303552	335218
17. Taxation (net of advance of income-tax)	—	—	—
18. Dividends	63110	74614	96843
19. Other current provisions	152328	196424	229104
20. Non-current provisions	78347	32514	9271
F. 21. Miscellaneous Non-current Liabilities	—	—	—
22. Total	12872456	14553049	18825899

* : Includes HDFC and other outlier companies.

@ : Includes privately placed debentures.

— : Nil or negligible.

Note : Figures in bracket denote the number of companies.

**Annex 2: Combined Balance Sheet - Select Financial and Investment
Companies-activity-wise, 2003-04 to 2005-06 (Concl'd.)**

(Rs. lakh)

Assets	All Companies* (1204)		
	2003-04	2004-05	2005-06
1	2	3	4
G. Cash and Bank Balances	367490	550208	947910
23. Deposits with banks	342680	514701	892198
24. Cash in hand	24811	35507	55712
H. Investments	4016914	4355698	5283979
<i>of which:</i> quoted investments	1308841	1234474	1181438
25. Foreign securities	1111	1359	1055
26. Indian securities	4015803	4354339	5282924
(a) Government and semi-Government securities	502827	499586	792613
(b) Public sector undertakings	51409	71682	122082
(c) Securities of financial institutions	175253	165565	99816
(d) Mutual funds	264103	352901	380391
(e) Shares and debentures of subsidiary/holding companies and companies in the same group	675679	789623	869097
(f) Shares and debentures of other Indian companies	2190100	2168808	2491838
(g) Others	156431	306177	527088
I. Receivables	7170651	8625848	11607419
27. Loans and advances	6646583	7943445	10364789
(a) Subsidiary companies	36307	26815	74803
(b) Holding companies and companies in the same group	14482	8327	8652
(c) Against hire purchase	416243	419216	527589
(d) Others	6179551	7489087	9753745
28. Book debts	524068	682403	1242630
(a) Sundry debtors	274685	335708	774859
(b) Dividend/ Interest accrued	143576	136143	162495
(c) Deposits with Government/ others	28377	55476	133018
(d) Others	77430	155076	172258
J. Inventories	800490	497905	425900
29. Government and semi-Government securities	447730	123756	88389
30. Industrial securities	299706	363500	323223
31. Repossessed goods on hire purchase	2830	5000	3367
32. Other goods, stores and others	50223	5650	10922
K. 33. Advance of Income-tax (net of tax provision)	57765	40009	77558
L. 34. Gross Fixed Assets	776079	781380	728482
<i>of which:</i>			
(a) Plant and machinery leased	265714	203960	151865
(b) Equipments leased	15467	15145	10757
(c) Vehicles leased	72216	68922	61526
(d) Other assets leased	48674	76295	52030
M. 35. Less: Depreciation Provision	349415	337189	302280
N. 36. Net Fixed Assets	426664	444191	426202
<i>of which:</i> assets leased	161675	144490	113168
O. 37. Other Assets	32586	39321	56931
38. Total	12872456	14553049	18825899

**Annex 3: Sources and Uses of Funds - Select Financial and Investment
Companies-activity-wise, 2004-05 and 2005-06**

(Rs. lakh)

Sources of Funds	All Companies* (1204)	
	2004-05	2005-06
1	2	3
Internal Sources	262284	584158
A. 1. Paid-up Capital	761	15701
B. Reserves And Surplus	246452	609876
2. Capital reserve	700	3719
3. Investment allowance reserve	7019	9296
4. Sinking funds	-5274	6278
5. Other reserves	244007	590584
C. Provisions	15071	-41419
6. Depreciation provision	-12453	-35535
7. Taxation (net of advance of income-tax)	17757	-37550
8. Dividends	11504	22229
9. Other current provisions	44096	32680
10. Non-current provisions	-45833	-23243
External Sources	1423846	3613987
D. Paid-up Capital	110775	469886
11. Net issues	15371	55139
12. Premium on shares	95404	414747
E. 13. Capital Receipts	2522	47499
F. Borrowings	1232484	2455427
14. Debentures @	329151	1178714
15. Loans and advances	981885	872374
(a) From banks	678973	990116
(b) From other Indian Financial Institutions	124081	96534
(c) From Foreign Institutional agencies	-15758	-96545
(d) From Government and semi-Government bodies	-12009	-6394
(e) From companies	-39391	-30109
(f) From others	245989	-81228
16. Deferred payments	113	-2101
17. Public deposits	-78665	406441
G. Trade Dues and Other Current Liabilities	78065	641174
18. Sundry creditors	98959	251861
19. Acceptances	-	-22
20. Liabilities to subsidiaries and holding companies	1989	-4129
21. Advances and deposits from customers, agents, etc.	-503	11806
22. Interest accrued on loans	5998	36027
23. Others	-28378	345631
H. 24. Miscellaneous Non-current Liabilities	-	-
25. Total	1686130	4198145

* : Includes HDFC and other outlier companies.

@ : Includes privately placed debentures.

- : Nil or negligible.

Note : This statement is derived from Annex 2. The figures have been adjusted for revaluation, etc., wherever necessary. Figures in bracket denote the number of companies. Item A(1) represents capitalised reserves and forfeited shares.

**Annex 3: Sources and Uses of Funds - Select Financial and Investment
Companies-activity-wise, 2004-05 and 2005-06 (Concl'd.)**

(Rs. lakh)

Uses of Funds	All Companies* (1204)	
	2004-05	2005-06
1	2	3
I. Cash and Bank Balances	182718	397702
26. Deposits with banks	172022	377497
27. Cash in hand	10697	20205
J. Investments	338779	926449
<i>of which:</i> quoted investments	-74367	-53036
28. Foreign securities	247	-304
29. Indian securities	338532	926752
(a) Government and semi-Government securities	-3241	293027
(b) Public sector undertakings	20272	50400
(c) Securities of financial institutions	-9688	-65749
(d) Mutual funds	88798	27490
(e) Shares and debentures of subsidiary/ holding companies and companies in the same group	113944	79473
(f) Shares and debentures of other Indian companies	-21297	321198
(g) Others	149744	220912
K. Receivables	1455196	2981573
30. Loans and advances	1296862	2421344
(a) Subsidiary companies	-9492	47988
(b) Holding companies and companies in the same group	-6156	326
(c) Against hire purchase	2973	108373
(d) Bills discounted	918	24909
(e) Others	1308619	2239748
31. Book debts	158334	560229
(a) Sundry debtors	61022	439152
(b) Dividend/ Interest accrued	-7433	26352
(c) Others	104744	94725
L. Inventories	-302584	-72005
32. Government and semi-Government securities	-323973	-35367
33. Industrial securities	63793	-40277
34. Repossessed goods on hire purchase	2169	-1633
35. Other goods, stores and others	-44573	5272
M. 36. Gross Fixed Assets	5302	-53313
<i>of which:</i>		
(a) Plant and machinery leased	-61754	-52095
(b) Equipments leased	-322	-4388
(c) Vehicles leased	-3293	-7397
(d) Other assets leased	27621	-24264
N. 37. Other Assets	6734	17610
38. Total	1686130	4198145

Appendix Explanatory notes to various statements

Due to rounding off of figures, the constituent items may not add up exactly to the totals.

The growth rates of all the items and data on sources and uses of funds are adjusted for changes due to amalgamation of companies and revaluation, *etc.*, wherever necessary.

Main Income comprises of income received by way of (a) interest, (b) dividends, (c) brokerage, (d) net profit/loss in share dealings, (e) net earning from hire purchase financing and (f) lease rental.

Income includes non-operating surplus/deficit but excludes transfers from reserves outstanding at the end of the previous year and amount carried forward at the end of the previous year.

Non-operating surplus/ deficit comprises (a) profit/ loss on account of (i) sale of fixed assets, *etc.*, and (ii) revaluation/ devaluation of assets/ foreign currencies, (b) provisions no longer required written back, (c) insurance claims realised and (d) income/ expenditure relating to the previous years and such other items of non-current nature.

Profit/ loss on sale of financial investments is included in net profit/ loss in share dealings.

Total expenditure comprises interest payments, remuneration to employees, managerial remuneration, bad debts, other expenses, depreciation provision and other provisions.

Remuneration to employees comprises (a) salaries, wages and bonus, (b) provident fund and (c) employees' welfare expenses (including gratuity, *etc.*).

Tax provision includes tax deducted at source in respect of interest/ dividend received by the companies.

Operating profits are net of depreciation provision and interest payments.

Ordinary dividend payment includes deferred dividends.

Retained profits comprises transfers to reserves and profit/ loss carried to balance-sheet.

Ordinary paid-up capital includes deferred shares.

Capital reserves include profit on sale of investments and fixed assets.

Other reserves include profits retained in the form of various specific reserves and profit/ loss carried to balance sheet.

Equity or Net worth comprises (a) paid-up capital, (b) forfeited shares and (c) all reserves and surplus.

Debentures include privately placed debentures with financial institutions.

Debt comprises (a) all borrowings from Government and semi-Government bodies, financial institutions other than banks, and from foreign institutional agencies, (b) borrowings from banks against mortgages and other long term securities, (c) borrowings from companies and others against mortgages and other long term securities, (d) debentures, deferred payment liabilities and public deposits.

Trade dues and other current liabilities-others include share application money.

Internal Sources: These are own sources comprising capitalised reserves, retained profits, depreciation provision and other provisions.

External Sources: These are other than own sources comprising funds raised from capital markets, borrowed funds, trade dues and other current liabilities and miscellaneous non-current liabilities.

*Composition and Ownership Pattern of Deposits with Scheduled Commercial Banks: March 2006**

This article presents an analysis of composition and ownership pattern of outstanding deposits with Scheduled Commercial Banks (including Regional Rural Banks) as at the end of March 2006. The data on ownership of deposits are collected from a sample of branches of Scheduled Commercial Banks, under the reporting system of the annual Basic Statistical Return (BSR)-4. The BSR-4 return captures data on outstanding deposits as on March 31, according to type of deposits viz., Current, Savings and Term deposits classified by broad institutional sectors, viz., Household, Government, Private Corporate (Non-Financial), Financial and Foreign sectors of the economy, which own the deposits. The ownership pattern of estimated deposits is analysed according to the Population groups, States/Union Territories and Bank groups. The analysis on the patterns of deposits as reflected in the major metropolitan centres is also presented in the article. The article also captures comparative position of composition and ownership pattern of bank deposits in March 2005.

The major highlights are:

- *The current, savings and term deposits accounted for 13.2 per cent, 26.4 per cent and 60.4 per cent share, respectively, in total deposits in March 2006. The share of term deposits in total outstanding deposits, as on March 31, 2006, registered a 0.7 percentage points decline over the position a year ago, with a corresponding increase in the share of current deposits.*

* Prepared in the Banking Statistics Division of the Department of Statistical Analysis and Computer Services.

- *During 2005-06, the shares of 'Private Corporate (Non-Financial)' and 'Financial' sectors in total deposits recorded a rise, while those of 'Government', 'Household' and 'Foreign' sectors registered a decline. 'Household' sector with 58.5 per cent share in total deposits was the largest holder of outstanding deposits as on March 31, 2006 (60.7 per cent a year ago).*
- *The share of current deposits in total deposits increased in the case of 'Financial' and 'Foreign' sectors, while it declined for the 'Household' sector. The relative share of term deposits in total deposits increased in case of 'Government', 'Private Corporate (Non-Financial)' and 'Financial' Sectors, and declined in case of 'Household' and 'Foreign' sectors.*
- *Term deposits contributed 57.3 per cent to incremental deposits during 2005-06, and this share ranged between 73.6 per cent and 85.2 per cent for the 'Government', 'Private Corporate (Non-Financial)' and 'Financial' sectors. The corresponding share for the 'Household' sector was 39.9 per cent.*
- *As on March 31, 2006 the share of metropolitan areas in total deposits was 53.8 per cent, while that of rural areas was 10.8 per cent. The share of metropolitan areas in term deposits stood at 60.1 per cent as on March 31, 2006 as against 55.6 per cent a year ago.*

Introduction

The sample survey on composition and ownership pattern of bank deposits with Scheduled Commercial Banks (SCBs),

including Regional Rural Banks (RRBs), is conducted by the Reserve Bank of India under the system of Basic Statistical Returns (BSR) through the BSR-4 return on an annual basis and the results are published in the Reserve Bank of India Bulletin. The results of the survey as on March 31, 2006 are discussed in this article[@]. The survey schedule was designed to capture branch level data on ownership of deposits, classified according to broad institutional sectors and sub-sectors for each type of deposit, viz., current, savings and term, including inter-bank deposits. Out of 68,681 branches of SCBs, a sample of 10,531 branches was selected as per the sampling design explained below. Of the 10,531 bank branches selected, filled-in schedules were received from 10,003 branches resulting in a response rate of 95 per cent.

Stratified sampling design was used for selection of branches of banks for this survey. The branch-wise data on outstanding aggregate deposits as on March 31, 2006 based on quarterly BSR-7 return, formed the base for construction of the frame. All the branches of the SCBs in the country were first stratified into basic strata based on State/Union Territory, population group of the centre where bank branch was located, and bank group. The population groups are (i) rural, (ii) semi-urban, (iii) urban and (iv) metropolitan. Five bank groups, viz., (i) State Bank of India and its Associates, (ii) Nationalised Banks, (iii) Regional Rural Banks, (iv) Other Indian Scheduled

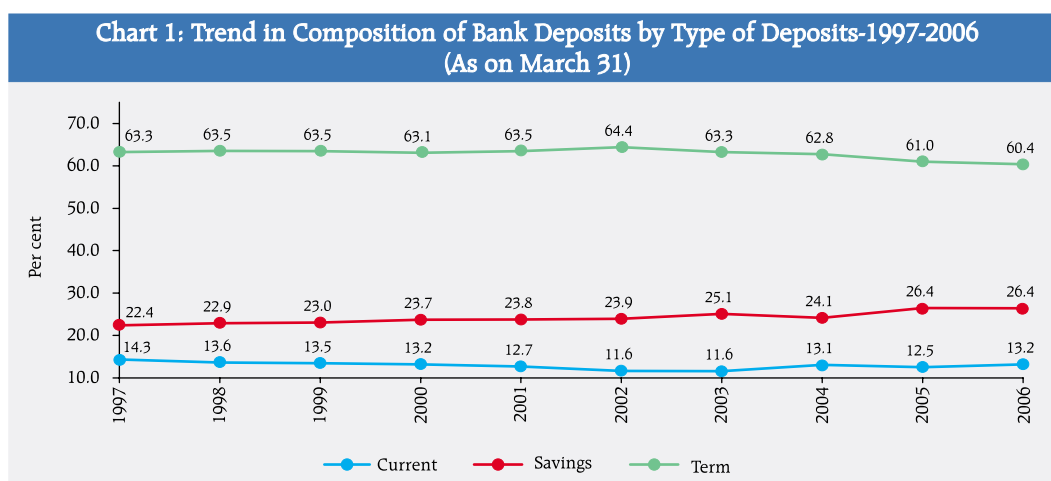
[@] The previous article on 'Composition and Ownership Pattern of Deposits with Scheduled Commercial Banks: March 2005' was published in July 2006 issue of the Reserve Bank of India Bulletin.

Commercial Banks or Indian Private Sector Banks and (v) Foreign Banks, were considered for the purpose. Thereafter, each stratum was sub-stratified into 3 size classes of deposits (up to Rs. 25 crore, Rs. 25 crore to Rs. 100 crore and Rs. 100 crore and above). Thus, 1101 ultimate strata were formed. All branches having deposits of Rs. 100 crore and above were fully included in the sample. A sample of 15 per cent branches was selected from each of the 'Rs. 25 crore to Rs. 100 crore' strata, using Simple Random Sampling (SRS) technique. Similarly, 10 per cent of the branches were selected from 'up to Rs. 25 crore' strata. The minimum sample size for each strata was fixed as 3 and if a stratum had fewer than 3 branches, then all the branches of such stratum were included in the sample. Accordingly, the selected sample consisted of 10,531 branches of 220 SCBs. The aggregate deposits of the branches selected amounted to Rs. 11,00,913 crore, forming 52.6 per cent of aggregate deposits of Scheduled Commercial Banks as on March 31, 2006.

Trends in Composition and Ownership Pattern

The trend in the composition of deposits, by type of account, over the decade 1997-2006 indicates a fall in the share of term deposits and a rise in the share of savings deposits (Chart 1). The term deposits, which accounted for 63.1-63.5 per cent of total deposits during 1997-2003, declined thereafter and stood at 60.4 per cent of outstanding deposits in March 2006. In contrast, the savings deposits depicted a secular rise in their share and contributed 26.4 per cent to total deposits in March 2006 as against 22.4 in March 1997. The share of current deposits also came down the decade by over one percentage point and was at 13.2 per cent in 2006.

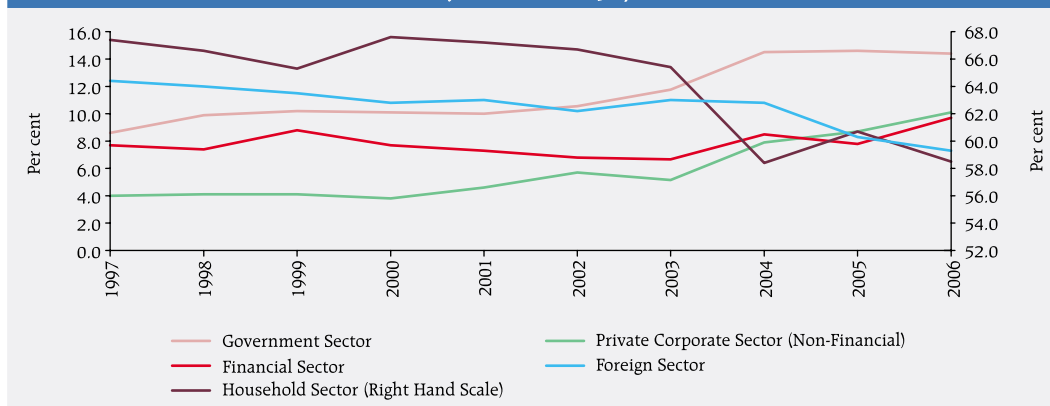
The trend in ownership pattern, according to major sectors is depicted in Chart 2. The household sector remained the largest holder of bank deposits, though its share showed a steady decline over the years, barring March 2000 and March 2005, and accounted for 58.5 per cent of deposits



ARTICLE

Composition and Ownership Pattern of Deposits with Scheduled Commercial Banks: March 2006

Chart 2 : Trend in Ownership Pattern of Bank Deposits- 1997-2006
(As on March 31)



in March 2006 as against a share of 67.4 per cent in March 1997. On the other hand, the shares of 'Government', 'Private Corporate (Non Financial)' and 'Financial' sectors have depicted an increase in their shares over the decade. The 'Government' sector contributed about 15 per cent of deposits in March 2006 as against 8.6 per cent in March 1997, while 'Private Corporate (Non Financial)' and 'Financial' sectors each accounted for about one-tenth of total deposits in 2006 in contrast to lower shares at 4.0 per cent and 7.7 per cent, respectively, in 1997. The share of 'Foreign' sector deposits also exhibited a secular decline over the years and accounted for 7.3 per cent of total deposits in March 2006 in contrast to 12.4 per cent in March 1997.

Results

The results are presented in 4 sections. Section I outlines, at the aggregate level, the composition and ownership pattern of deposits with SCBs by the type of deposit account and by broad institutional sectors. Section II analyses ownership pattern of deposits by the type of account and

institutional sectors. Section III discusses ownership pattern of deposits according to population groups and States/Union territories, as also for major metropolitan centres. Section IV covers ownership pattern according to bank-groups, *viz.*, State Bank of India (SBI) and its Associates, Nationalised Banks, Regional Rural Banks (RRBs), Foreign Banks and Other Indian Scheduled Commercial Banks or Indian Private Sector Banks (OSCBs). Three categories of deposit accounts covered in the survey are current, savings and term deposits and are inclusive of inter-bank deposits. The broad sectors covered in the survey are 'Household', 'Government', 'Private Corporate (Non-Financial)', 'Financial' and 'Foreign' sectors.

I. Ownership Pattern of Deposits: Aggregate Level

I.1 Composition of Deposits by Type of Account

The composition of aggregate deposits by type of account, *viz.*, current, savings and term deposits, indicated a marginal increase in the share of current deposits and a

corresponding decrease in the share of term deposits, during 2005-06. The contribution of savings deposits in total deposits (26.4 per cent) as on March 31, 2006, however, remained at the same level as a year ago (Chart 3). The share of current deposits registered an increase of 0.7 percentage point during 2005-06 to 13.2 per cent as on March 31, 2006. The growth rates in current, savings and term deposits during 2005-06 were at 27.5 per cent, 20.9 per cent and 19.7 per cent, respectively.

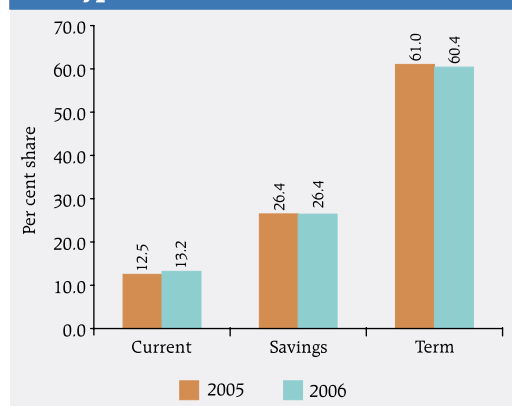
The total outstanding deposits[#] with SCBs, including inter-bank deposits, as on March 31, 2006, at Rs. 21,61,001 crore registered 21.0 per cent increase over the outstanding deposits (Rs. 17,85,452 crore), as on March 31, 2005; the growth rate being 7.6 percentage points higher than that recorded as on March 31, 2005 (Statement 1). The growth of current deposits at 27.5 per cent in 2005-06 was more than 3 times the growth registered

in 2004-05 (8.6 per cent). The growth rate in term deposits at 19.7 per cent was higher than 10.3 per cent during 2004-05 while accruals in savings deposits was at a lower rate of 20.9 per cent in 2005-06 compared to 24.2 per cent growth recorded in the preceding year.

1.2 Ownership Pattern by Institutional Sectors

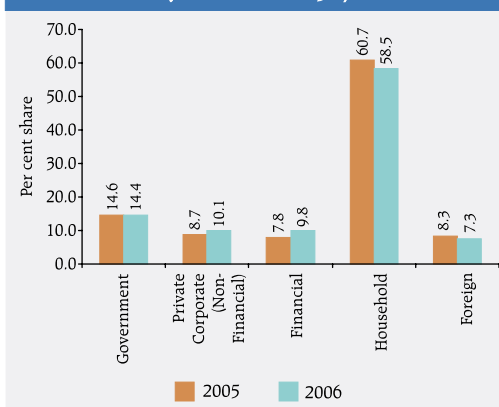
The classification of bank deposits by institutional sectors as on March 31, 2005 and 2006 is presented in Statement 1. During 2005-06, the 'Private Corporate (Non-Financial)' and the 'Financial' sectors improved their shares in total deposits from 8.7 per cent to 10.1 per cent and from 7.8 per cent to 9.8 per cent, respectively (Chart 4). The 'Household' sector, continued to be the largest holder of the deposits with the SCBs, although its share decreased to 58.5 per cent as on March 31, 2006 from 60.7 per cent in 2005; the share was 58.4 per cent in March 2004. The share of deposits of 'Foreign' sector recorded one percentage point decline during 2005-06 and stood at 7.3 per cent as on March 31, 2006.

Chart 3: Composition of Bank Deposits by Type of Accounts (As on March 31)



[#] As total outstanding deposits are estimated based on a sample of 10,003 branches, the figures may thus not be strictly comparable with data on deposits from other sources.

Chart 4: Ownership Pattern of Bank Deposits (As on March 31)



The 'Government' sector deposits constituted 14.4 per cent of total deposits with SCBs in March 2006, marginally lower than 14.6 per cent, a year ago.

II. Ownership Pattern by Type of Deposit Accounts and Institutional Sectors

The ownership pattern, according to major sectors, for each type of deposit as on March 31, 2006, did not exhibit any major distributional change from that obtained in March 2005 (Charts 5A and 5B). The current deposits held by 'Household' sector constituted the largest segment of these deposits (45.4 per cent), followed distantly by those of 'Private Corporate (Non-Financial)' sector (22.4 per cent). In respect of current deposits, the shares of 'Private Corporate (Non-Financial)', 'Financial' and 'Foreign' sectors witnessed an increase while those of other sectors recorded decline during 2005-06. The share of current deposits of 'Financial' sector, reversed the declining trend observed during recent years, and moved up to 14.5 per cent as on March 31, 2006 from 11.3 per

Chart 5A: Ownership Pattern of Bank Deposits According to Type of Accounts (As on March 31, 2005)

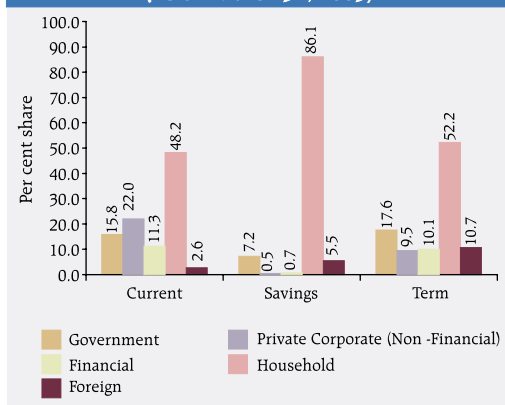
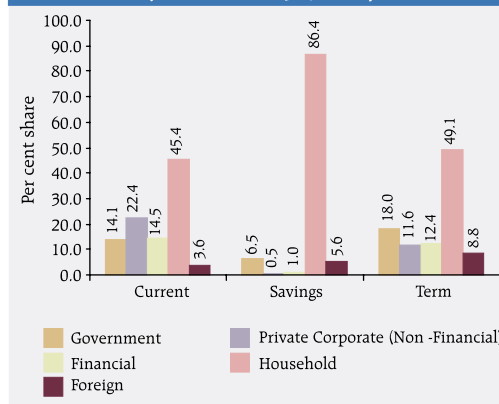


Chart 5B: Ownership Pattern of Bank Deposits According to Type of Accounts (As on March 31, 2006)



cent in 2005, while that of 'Foreign' sector stood at 3.6 per cent in March 2006 as against 2.6 per cent a year ago. 'Government' and 'Household' sectors' shares in current deposits declined by 1.7 percentage points and 2.8 percentage points to 14.1 per cent and 45.4 per cent, respectively.

'Household' sector accounted for the bulk of savings deposits in March 2006 with the largest share of 86.4 per cent. The share of 'Government' sector in savings deposits marginally declined by 0.7 percentage points during 2005-06 and stood at 6.5 per cent as on March 31, 2006. The 'Private Corporate (Non-Financial)' and 'Financial' sectors had negligible shares in savings deposits in both 2005 and 2006, while the 'Foreign' sector contributed 5.6 per cent.

As regards term deposits, share of the largest constituent, viz., the 'Household' sector declined by 3.1 percentage points during 2005-06 to 49.1 per cent. The share of 'Foreign' sector also registered decline from 10.7 per cent to 8.8 per cent. On the other hand, shares in term deposits of 'Private Corporate (Non-Financial)' and

'Financial' sectors improved to 11.6 per cent and 12.4 per cent, respectively as on March 31, 2006 from 9.5 per cent and 10.1 per cent, respectively in March 2005.

The comparative growth figures according to type of deposits and sectors are given in Table 1.

The growth in deposits during 2005-06 was significantly high across all sectors compared to 2004-05, except 'Household' sector. The 'Private Corporate (Non-Financial)' and 'Financial' sectors recorded substantially high growth rates of 41.0 per cent and 51.5 per cent, respectively, during 2005-06, which was spread across all types of deposits. The higher growth in 'Government' sector deposits resulted from acceleration of the sector's current and term deposits during 2005-06. Deposits of 'Foreign' sector, which had recorded a decline during 2004-05, recorded 5.8 per cent growth during 2005-06 on account of high growth in savings and current deposits. Deposits of 'Household' sector, however, registered lower growth of 16.7 per cent during 2005-06, compared to 17.9 per cent during 2004-05. The term deposits of this sector recorded lower growth 12.7

per cent during 2005-06 as against 19.7 per cent growth recorded in term deposits at aggregate level (Table 1).

The percentage shares of the deposits in incremental deposits of the major sectors are presented in Table 2. Current deposits nearly doubled their share to 16.4 per cent in incremental deposits during 2005-06. The share of term deposits in incremental deposits also increased to 57.3 per cent from 48.0 per cent in 2004-05. In contrast, the share of savings deposits in incremental deposits declined to 26.3 per cent in 2005-06 from 43.6 per cent during the preceding year. In the case of 'Private Corporate (Non Financial)' and 'Financial' sectors, term deposits accounted for nearly three-fourth of the incremental deposits, while in the case of 'Government' sector such deposits contributed 85.2 per cent of incremental deposits. During 2005-06, in the case of 'Household' sector, 48.9 per cent of the incremental deposits pertained to savings deposits and term deposits accounted for about two-fifths of the incremental deposits. In contrast to other sectors, the term deposits of 'Foreign' registered a decline during 2005-06.

Table 1: Sector-wise Growth Rates in Deposits According to Type of Deposit

Sectors	Growth rate in (Per cent)							
	2004-05				2005-06			
	Current	Savings	Term	Total	Current	Savings	Term	Total
1	2	3	4	5	6	7	8	9
Government	6.5	23.4	14.1	14.1	13.9	7.8	22.8	19.6
Private corporate (Non-Financial)	7.2	12.1	36.3	25.1	29.6	22.1	46.9	41.0
Financial	-4.6	-28.5	7.7	4.0	63.2	87.9	47.7	51.5
Household	14.2	27.8	12.3	17.9	20.1	21.5	12.7	16.7
Foreign	2.2	-6.6	-14.7	-12.8	75.5	21.9	-1.3	5.8
Total	8.6	24.2	10.3	13.4	27.5	20.9	19.7	21.0

Table 2: The Contribution of the Three Types of Deposits in Incremental Deposits of the Selected Sectors

Sectors	Contribution in incremental deposits							
	2004-05				2005-06			
	Current	Savings	Term	Total	Current	Savings	Term	Total
1	2	3	4	5	6	7	8	9
Government	6.7	20.1	73.2	100.0	9.6	5.2	85.2	100.0
Private corporate (Non-financial)	10.7	0.8	88.5	100.0	23.0	0.8	76.2	100.0
Financial	-22.6	-23.7	146.3	100.0	22.5	3.9	73.6	100.0
Household	8.2	53.8	38.0	100.0	12.0	48.9	39.9	100.0
Foreign	-0.6	8.4	92.1	100.0	51.0	66.6	-17.6	100.0
Total	8.4	43.6	48.0	100.0	16.4	26.3	57.3	100.0

III. Ownership Pattern of Deposits According to Population Groups/ States and Union Territories/ Metropolitan Centres

III.1 Population Groups

The population group classification of banked centres used for this survey is based on 2001 population census, while for the earlier surveys the classification was based on 1991 population census. Considering this fact, data across population groups for the current and earlier surveys are not strictly comparable. The impact of population group updation as per 2001 census on distributional pattern of aggregate deposits in 2005 and 2006, based on BSR-7 is given below in Table 3.

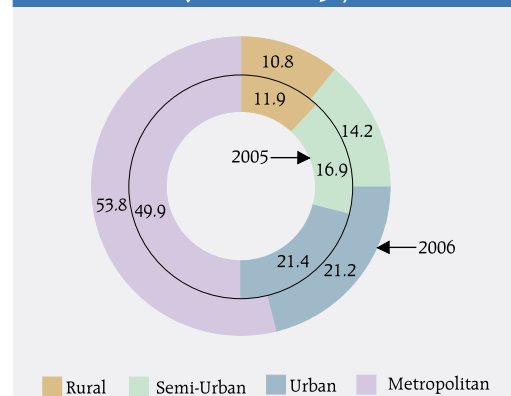
Table 3 : Distribution of Aggregate Deposits of Scheduled Commercial Banks According to Population Groups

Population group	(Per cent)		
	March 2005	March 2005	March 2006
	Population Group Classification as per Census		
	1991	2001	2001
1	2	3	4
Rural	12.2	11.5	10.8
Semi-urban	16.9	15.0	14.4
Urban	21.5	20.7	20.6
Metropolitan	49.5	52.8	54.1
All India	100.0	100.0	100.0
	(1753,178)	(1753,178)	(2093,042)

Note: The figures in bracket relate to aggregate deposits (excluding inter deposits) in Rs. crore and are based on quarterly BSR-7 return. These data are not strictly comparable with those estimated in this study based on BSR-4 survey.

The ownership of deposits classified by population groups is presented in Statement 2. The metropolitan areas accounted for the largest share (53.8 per cent) in total deposits as on March 31, 2006. The deposits of rural, semi-urban and urban areas accounted for 10.8 per cent, 14.2 per cent and 21.2 per cent, respectively, as on March 31, 2006. Chart 6 provides distributional pattern of aggregate deposits according to population groups for 2005 and 2006.

The 'Household' sector accounted for the highest share in total deposits in each of the population groups. The share of 'Household' sector was 85.4 per cent in rural

Chart 6: Composition of Bank Deposits According to Population Groups (per cent) (As on March 31)

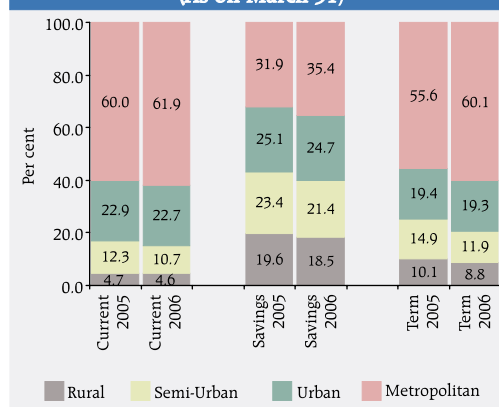
areas, 74.4 per cent in semi-urban areas, 65.9 per cent in urban areas and 46.0 per cent in metropolitan areas as on March 31, 2006 (Statement 2). 'Individuals (including Hindu Undivided Families-HUFs)' were the major constituent of the 'Household' sector in all the population groups and held 78.5 per cent of the deposits in rural areas. Among the 'Individuals (including HUFs)', 'Farmers' held 34.1 per cent of total deposits in the rural areas. Shares of 'Businessmen, Traders, Professionals and Self-employed Persons' group in the rural, semi-urban and urban areas were in the narrow range of 10.4 per cent to 11.6 per cent, while that in the metropolitan areas was 6.3 per cent. The share of 'Wage and Salary Earners' under the category of 'Individuals (including HUFs)' of the 'Household' sector was in the range of 9.0-10.3 per cent in areas other than metropolitan areas, where it was lower at 5.7 per cent.

The 'Government' sector comprises Central and State Governments, Local Bodies, *Quasi*-Government Bodies (like, State Electricity Boards) and Public Sector Corporations and Companies. Deposits from the 'Government' sector constituted 5.6 per cent of the total deposits in rural areas as on March 31, 2006. The share of deposits held by the 'Government' sector in the semi-urban areas was 9.1 per cent, while in urban areas, it stood at 14.6 per cent. In the metropolitan areas, the 'Government' sector held a higher share at 17.6 per cent compared to its share in other population groups reflective of higher level of activities of 'Government' sector in urban and metropolitan areas. Population group-wise share of bank deposits of 'Private Corporate (Non-Financial)' and 'Financial' sectors

exhibited a composition similar to that observed respect of 'Government' sector.

The share of 'Foreign' sector deposits, comprising deposits of non-residents and foreign embassies, *etc.*, in total deposits, across population groups, was the highest in semi-urban areas (11.2 per cent), followed by urban areas (7.7 per cent), metropolitan areas (6.7 per cent) and rural areas (4.0 per cent). Deposits from 'Non Residents' was the major constituent of 'Foreign' sector deposits and maintained same order among population groups as for the total 'Foreign' sector deposits. Distributional pattern of total deposits by their type and population groups, as on March 31, 2006, indicated that metropolitan areas accounted for the highest share and rural areas accounted for the lowest share in all types of deposits (Chart 7). In respect of current deposits, the metropolitan areas accounted for a share at 61.9 per cent, while the shares of urban areas and semi-urban areas were lower at 22.7 per cent and 10.7 per cent, respectively. Metropolitan areas held a share of 35.4 per cent in savings deposits in 2006. The shares in savings deposits of semi-urban, rural and

Chart 7: Population Group-wise Distribution of Deposits According to Type of Accounts (As on March 31)



urban areas were 21.4 per cent, 18.5 per cent and 24.7 per cent, respectively, in March 2006. In the case of term deposits, metropolitan areas held the highest share of 60.1 per cent, followed distantly by urban areas (19.3 per cent), semi-urban areas (11.9 per cent) and rural areas (8.8 per cent).

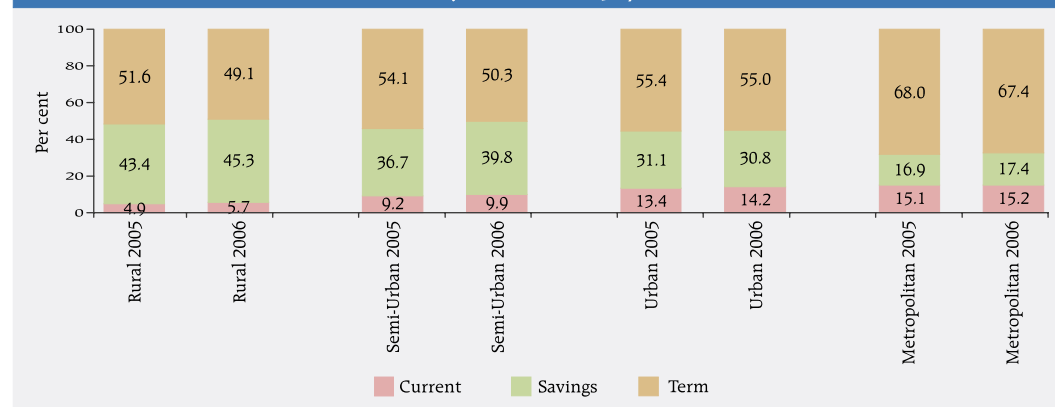
The distribution of deposits according to type and population groups indicated that across all population groups, term deposits accounted for the largest share in total deposits on March 2006 with 67.4 per cent share in metropolitan areas, and between 49.1 per cent and 55.0 per cent in other areas (Chart 8). The share of current deposits was higher in March 2006 than that in the previous year in all population groups. The share of savings deposits in March 2006 was observed to be the highest at 45.3 per cent in rural areas, followed by 39.8 per cent in semi-urban areas, 30.8 per cent in urban areas and the lowest in metropolitan areas at 17.4 per cent.

III.2 States / Union Territories

The ownership pattern of deposits classified according to States/Union

Territories is presented in Statement 3. In all States and Union Territories, except Maharashtra, Delhi and Kerala, the bank deposits have been primarily mobilised from the 'Household' sector, which accounted for over one-half of the total deposits. This is brought out by the fact that in 27 States/UTs, share of 'Household' sector deposits in total deposits was higher than the all-India share of the sector. Further, in 9 of these States/U.T.s, viz., Jharkhand, Sikkim, Dadra and Nagar Haveli, Uttar Pradesh, Punjab, Rajasthan, Haryana, Bihar and Mizoram, the contribution of 'Household' sector deposits in total deposits was more than 75 per cent. These States contributed one-fifth of total deposits and 26.3 per cent of 'Household' sector deposits. Similarly, 16 States/UTs which had 'Household sector' deposits between 60-75 per cent of their respective total deposits, accounted for 36.4 per cent combined share in 'Household' sector deposits and had a combined share at 31.4 per cent in aggregate deposits. The States/UTs having 'Household' sector deposits between 50.0 per cent and 60.0 per cent had contributed 9.3 per cent of both, 'Household' sector and total

Chart 8: Composition of Deposits by Type of Account - According to Population Groups (As on March 31)



deposits. At the other end of the spectrum, the States/UTs having 'Household' sector deposits less than 50 per cent were Maharashtra, Delhi and Kerala, collectively accounting for 28.1 per cent of 'Household' sector deposits and 39.6 per cent of total deposits in 2006.

In 17 States/UTs, the share of the deposits of 'Government' sector in the total deposits was less than the all-India level share (14.4 per cent) as on March 31, 2006. In the remaining eighteen States/UTs, with combined share of 26.5 per cent of total deposits 'Government' sector's deposits accounted for 49.8 per cent. Deposits of this sector had significant contribution (more than 25 per cent) in the total deposits in 6 States/Union Territories *viz.*, Nagaland, Delhi, Uttaranchal, Chandigarh, Andaman and Nicobar Islands and Chattisgarh.

The share of 'Foreign' sector in total deposits was below 5 per cent in respect of 23 States/UTs. The 'Foreign' sector accounted for 37.8 per cent, 27.7 per cent and 25.4 per cent of deposits in respect of Kerala, Daman & Diu and Goa, reflecting high magnitude of non-resident deposits in these States/UTs. However, the 'Foreign' sector deposits concentrated in the States of Maharashtra, Kerala, Gujarat, Delhi, Tamil Nadu, Karnataka and Punjab, collectively accounted for 83.0 per cent of total 'Foreign' sector deposits.

The share of 'Private Corporate (Non-Financial)' sector in total deposits in Maharashtra, Delhi, Karnataka, Tamil Nadu, Dadra and Nagar Haveli and Gujarat was more than that of the all-India level (10.1 per cent). Over three-fourths (75.8 per cent) of 'Private Corporate (Non-Financial)' sector

deposits were concentrated in Maharashtra, Delhi, Karnataka and Tamil Nadu.

III.3 Major Metropolitan Centres

Deposits in Mumbai, Delhi, Kolkata and Chennai, the four major metropolitan centres, are analysed in this section. The shares of deposits in these centres in total deposits of SCBs and the combined total deposits of these centres are presented in Table 4. The four major metropolitan centres accounted for 37.1 per cent of the total deposits of the SCBs as on March 31, 2006 as against 36.7 per cent a year ago. The share of Mumbai was at 18.7 per cent of the total deposits while it accounted for 50.4 per cent of the deposits of the four metropolitan centres as at end-March 2006. Chennai accounted for the lowest at 2.9 per cent of the total deposits while its share in total deposits of four major metropolitan centres was at 7.9 per cent.

The ownership pattern of deposits of the four major metropolitan centres, *viz.*, Mumbai, Delhi, Kolkata and Chennai, is presented in Statement 4. The 'Household' sector owned the highest share of deposits in each of the centre. As on March 31, 2006,

Table 4: Share of the Deposits Owned by the Metropolitan Centres (as on March 31)

Major Metropolitan Centres	(Per cent)			
	Share to total Deposits of Four Major Metropolitan Centres		Share to Total Deposits of Scheduled Commercial Banks	
	2005	2006	2005	2006
1	2	3	4	5
Mumbai	49.2	50.4	18.1	18.7
Delhi	33.9	32.9	12.4	12.2
Kolkata	9.4	8.9	3.4	3.3
Chennai	7.5	7.9	2.8	2.9
Total	100.0	100.0	36.7	37.1
	(6,54,614)	(8,01,280)	(17,85,452)	(21,61,001)

Note: Figures in brackets indicate total deposits in Rs. crore.

ARTICLE

Composition and Ownership Pattern of Deposits with Scheduled Commercial Banks: March 2006

the highest share was observed in Kolkata (56.9 per cent) and the lowest in Mumbai (32.2 per cent). The next highest shares of deposits were owned by 'Government' and 'Private Corporate (Non-Financial)' sectors in the four major metropolitan centres taken together. The highest share of 'Government' sector was recorded in Delhi (34.5 per cent), followed distantly by Kolkata (16.3 per cent), Mumbai (11.6 per cent) and Chennai (7.9 per cent). The share of 'Private Corporate (Non-Financial)' sector was the highest in Chennai (24.2 per cent), followed by Mumbai (19.5 per cent) and in the 14.3-15.1 per cent range in the other two major metropolitan centres. The 'Foreign' sector accounted for 9.4 per cent and 7.4 per cent of total deposits in Mumbai and Chennai, respectively.

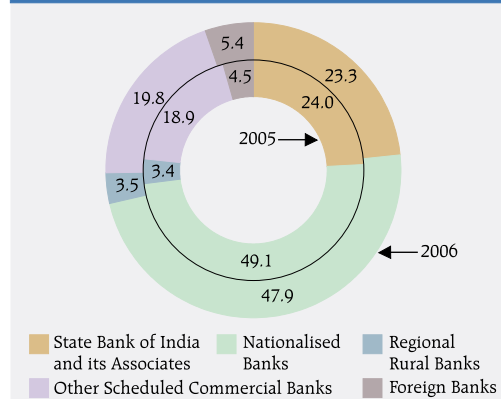
IV. Ownership Pattern of Deposits According to Bank Groups

IV.1 Composition of Deposits by Type of Account

The composition of deposits according to bank-groups is presented in Statement 5. At the aggregate level, the relative shares of SBI and its Associates and Nationalised Banks declined during 2005-06, while those of Foreign Banks and OSCBs improved by about 1.1 percentage points each. The Nationalised Banks accounted for the largest share at 47.9 per cent of total deposits as on March 31, 2006, followed by SBI and its Associates (23.3 per cent), OSCBs (19.8 per cent) and Foreign Banks (5.4 per cent) (Chart 9).

The distribution of deposits according to type for SBI and its Associates and

Chart 9 : Distribution of Bank Deposits According to Bank Groups (As on March 31)

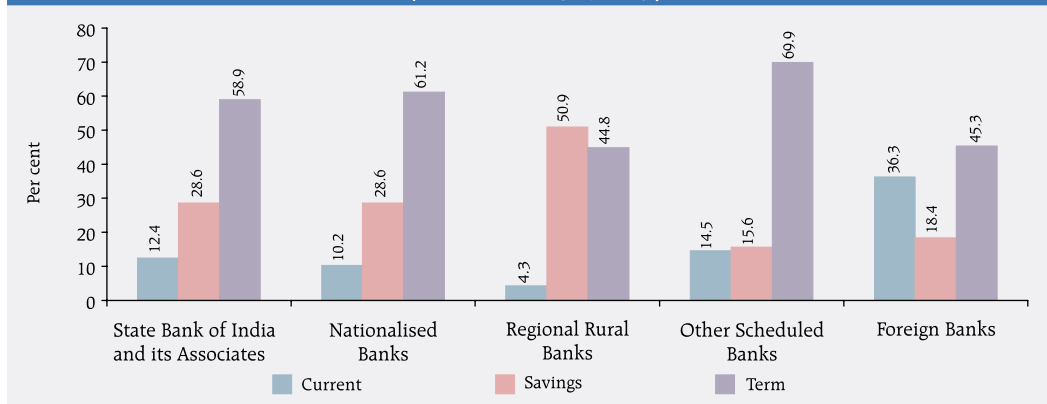


Nationalised Banks revealed more or less similar pattern, *i.e.*, the share of term deposits at about 60 per cent, share of savings deposits at about 28 per cent and current deposits between 11 per cent and 13 per cent. RRBs had 54.6 per cent of their deposits in savings deposits and 40.7 per cent of their deposits in term deposits. In respect of OSCBs, term deposits accounted for the largest share of 69.3 per cent of total deposits (Chart 10A and 10B), while in the case of Foreign Banks, they contributed 50.7 per cent to total deposits. Current deposits formed a substantial share (34.3 per cent) of total deposits with Foreign Banks and on the other hand, such deposits for RRBs constituted only 4.8 per cent of total deposits.

IV.2 Ownership of Deposits by Institutional Sectors

The ownership pattern of deposits according to bank group as on March 31, 2006 is presented in Statement 6. The 'Household' sector accounted for the highest share in total deposits in all bank groups, except Foreign banks, in whose case 'Private Corporate (Non-Financial), sector

**Chart 10A: Composition of Deposits According to Type of Deposits and Bank Group
(As on March 31, 2005)**



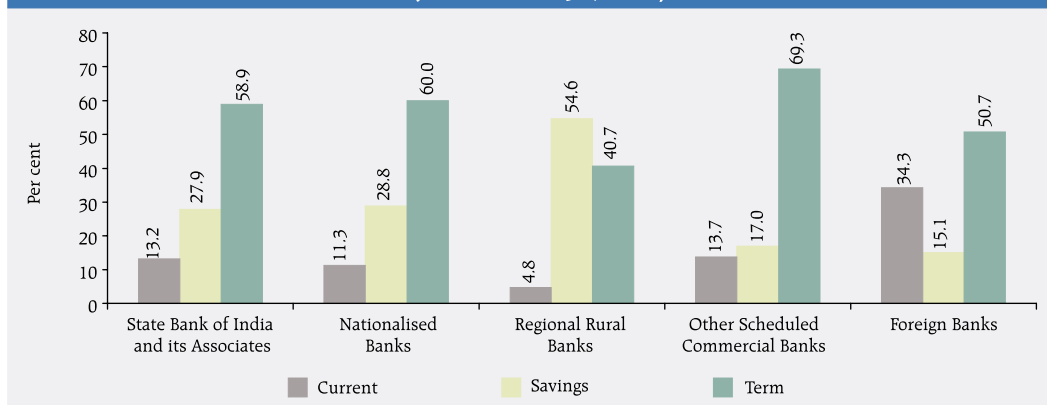
deposits held the largest share (47.2 per cent). The share of the 'Household' sector in total deposits was at 54.0 per cent for SBI and its Associates, 68.1 per cent for Nationalised Banks, and 45.8 per cent for OSCBs while it was the highest at 80.2 per cent for RRBs.

'Individuals (including HUFs)' was the major constituent of the 'Household' sector, in all the bank groups, though its share ranged from 18.1 per cent in the case of Foreign Banks to as high as 75.1 per cent for RRBs.

The share of the 'Government' sector was the highest at 20.7 per cent in respect of deposits with SBI and its Associates, followed by Nationalised Banks with 15.4 per cent. This sector's share for RRBs was at 10.8 per cent and for OSCBs at 9.1 per cent. Central and State Governments and 'Public Sector Corporations and Companies' contributed 14.7 per cent to deposits mobilised by SBI and its Associates, as against 9.6 per cent share at all SCB level.

'Government' sector deposits with RRBs were largely contributed by 'State

**Chart 10B: Composition of Deposits According to Type of Deposits and Bank Group
(As on March 31, 2006)**



ARTICLE

Composition and
Ownership Pattern
of Deposits with
Scheduled Commercial
Banks: March 2006

Governments' (5.2 per cent) and 'Local Authorities' (4.2 per cent). 'Public Sector Corporations and Companies' with a share of 6.3 per cent of the total deposits accounted for the largest part of deposits of 'Government' sector held with OSCBs.

The share of 'Private Corporate (Non-Financial)' sector in the total deposits was the highest for Foreign Banks (47.2 per cent), followed by OSCBs (21.4 per cent). The corresponding shares in total deposits with SBI and its Associates and

Nationalised Banks were relatively low at 6.2 per cent and 3.9 per cent, respectively, as on March 31, 2006.

The share of deposits from 'Foreign' sector was the highest in the case of Foreign Banks (18.4 per cent of total deposits), followed distantly by SBI and its Associates (9.0 per cent), Nationalised Banks and OSCBs (6.1 per cent each). This sector had a negligible share of 0.4 per cent for RRBs. All bank groups derived major part of 'Foreign' sector deposits from 'Non-Residents'.

Statement 1 : Ownership of Deposits with Scheduled Commercial Banks by
Type of Deposits and Sector - March 2005 and 2006

(Rs. crore)												
Sector	Current		Savings		Term		Total		Variations			
	2005	2006	2005	2006	2005	2006	2005	2006	Current	Savings	Term	Total
1	2	3	4	5	6	7	8	9	10	11	12	13
I. Government Sector	35,389	40,304	34,190	36,842	1,91,285	2,34,868	2,60,864	3,12,014	4,915	2,652	43,583	51,151
	(15.8)	(14.1)	(7.2)	(6.5)	(17.6)	(18.0)	(14.6)	(14.4)	(8.0)	(2.7)	(20.3)	(13.6)
1. Central & State Governments	13,336	16,878	15,741	18,668	59,735	67,645	88,812	1,03,190	3,542	2,926	7,910	14,378
	(6.0)	(5.9)	(3.3)	(3.3)	(5.5)	(5.2)	(5.0)	(4.8)	(5.8)	(3.0)	(3.7)	(3.8)
i) Central Government	4,500	6,812	1,634	1,776	37,253	45,151	43,387	53,739	2,313	141	7,897	10,351
	(2.0)	(2.4)	(0.3)	(0.3)	(3.4)	(3.5)	(2.4)	(2.5)	(3.8)	(0.1)	(3.7)	(2.8)
ii) State Governments	8,836	10,065	14,107	16,892	22,482	22,494	45,425	49,451	1,229	2,785	13	4,026
	(4.0)	(3.5)	(3.0)	(3.0)	(2.1)	(1.7)	(2.5)	(2.3)	(2.0)	(2.8)	—	(1.1)
2. Local Authorities	3,576	4,542	9,490	11,568	29,466	41,417	42,532	57,527	966	2,078	11,951	14,995
	(1.6)	(1.6)	(2.0)	(2.0)	(2.7)	(3.2)	(2.4)	(2.7)	(1.6)	(2.1)	(5.6)	(4.0)
3. Quasi - Government Bodies	9,650	8,500	3,209	2,247	32,672	37,032	45,531	47,779	-1,150	-962	4,360	2,247
	(4.3)	(3.0)	(0.7)	(0.4)	(3.0)	(2.8)	(2.6)	(2.2)	(-1.9)	(-1.0)	(2.0)	(0.6)
of which:												
State Electricity Boards	2,903	3,332	245	401	3,528	7,484	6,675	11,217	429	156	3,956	4,542
	(1.3)	(1.2)	(0.1)	(0.1)	(0.3)	(0.6)	(0.4)	(0.5)	(0.7)	(0.2)	(1.8)	(1.2)
4. Public Sector Corporations and Companies	8,826	10,384	5,750	4,361	69,412	88,773	83,988	1,03,518	1,558	-1,389	19,362	19,530
	(3.9)	(3.6)	(1.2)	(0.8)	(6.4)	(6.8)	(4.7)	(4.8)	(2.5)	(-1.4)	(9.0)	(5.2)
i) Non - Departmental Commercial Undertakings	5,878	5,546	416	352	45,490	60,834	51,784	66,731	-332	-64	15,344	14,947
	(2.6)	(1.9)	(0.1)	(0.1)	(4.2)	(4.7)	(2.9)	(3.1)	(-0.5)	(-0.1)	(7.1)	(4.0)
ii) Others	2,948	4,838	5,334	4,009	23,922	27,940	32,204	36,787	1,890	-1,325	4,018	4,583
	(1.3)	(1.7)	(1.1)	(0.7)	(2.2)	(2.1)	(1.8)	(1.7)	(3.1)	(-1.3)	(1.9)	(1.2)
II. Private Corporate Sector (Non - Financial)	49,187	63,769	2,407	2,938	1,03,074	1,51,387	1,54,668	2,18,094	14,582	530	48,314	63,426
	(22.0)	(22.4)	(0.5)	(0.5)	(9.5)	(11.6)	(8.7)	(10.1)	(23.7)	(0.5)	(22.5)	(16.9)
1. Non- Financial Companies	37,759	55,356	566	1,131	64,270	1,27,142	1,02,596	1,83,630	17,597	565	62,872	81,034
	(16.9)	(19.4)	(0.1)	(0.2)	(5.9)	(9.7)	(5.7)	(8.5)	(28.6)	(0.6)	(29.2)	(21.6)
2. Non-Credit Co-operative Institutions	410	502	413	369	1,483	1,706	2,306	2,577	91	-43	223	271
	(0.2)	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	—	(0.1)	(0.1)
3. Others	11,017	7,911	1,428	1,437	37,320	22,539	49,766	31,887	-3,106	9	-14,781	-17,879
	(4.9)	(2.8)	(0.3)	(0.3)	(3.4)	(1.7)	(2.8)	(1.5)	(-5.0)	—	(-6.9)	(-4.8)
III. Financial Sector	25,358	41,375	3,181	5,977	1,09,987	1,62,454	1,38,526	2,09,805	16,017	2,796	52,467	71,280
	(11.3)	(14.5)	(0.7)	(1.0)	(10.1)	(12.4)	(7.8)	(9.7)	(26.0)	(2.8)	(24.4)	(19.0)
1. Banks	10,543	20,808	435	4,245	32,758	52,543	43,735	77,596	10,265	3,810	19,786	33,861
	(4.7)	(7.3)	(0.1)	(0.7)	(3.0)	(4.0)	(2.4)	(3.6)	(16.7)	(3.9)	(9.2)	(9.0)
i) Indian Commercial Banks	6,065	13,013	162	3,965	18,993	23,522	25,220	40,501	6,949	3,803	4,529	15,281
	(2.7)	(4.6)	—	(0.7)	(1.7)	(1.8)	(1.4)	(1.9)	(11.3)	(3.8)	(2.1)	(4.1)
ii) Foreign Resident Banks (Offices of Foreign Banks in India)	618	2,526	1	27	4,634	1,572	5,253	4,125	1,908	26	-3,062	-1,128
	(0.3)	(0.9)	—	—	(0.4)	(0.1)	(0.3)	(0.2)	(3.1)	—	(-1.4)	(-0.3)

ARTICLE

Composition and
Ownership Pattern
of Deposits with
Scheduled Commercial
Banks: March 2006

**Statement 1 : Ownership of Deposits with Scheduled Commercial Banks by
Type of Deposits and Sector - March 2005 and 2006 (Contd.)**

(Rs. crore)												
Sector	Current		Savings		Term		Total		Variations			
	2005	2006	2005	2006	2005	2006	2005	2006	Current	Savings	Term	Total
1	2	3	4	5	6	7	8	9	10	11	12	13
iii) Co-operative Banks & Credit societies	3,860 (1.7)	5,268 (1.8)	271 (0.1)	252 —	9,131 (0.8)	27,450 (2.1)	13,262 (0.7)	32,970 (1.5)	1,408 (2.3)	-19 —	18,319 (8.5)	19,707 (5.2)
a. Co-operative Banks	3,641 (1.6)	5,047 (1.8)	52 —	44 —	8,199 (0.8)	26,213 (2.0)	11,892 (0.7)	31,303 (1.4)	1,406 (2.3)	-9 —	18,014 (8.4)	19,411 (5.2)
b. Credit Societies	219 (0.1)	221 (0.1)	219 —	208 —	932 (0.1)	1,237 (0.1)	1,370 (0.1)	1,666 (0.1)	2 —	-10 —	304 (0.1)	296 (0.1)
2. Other Financial Institutions	8,543 (3.8)	11,867 (4.2)	1,770 (0.4)	1,125 (0.2)	55,974 (5.1)	79,180 (6.1)	66,288 (3.7)	92,171 (4.3)	3,324 (5.4)	-646 (-0.7)	23,206 (10.8)	25,884 (6.9)
i) Financial Companies	934 (0.4)	1,030 (0.4)	28 —	25 —	1,909 (0.2)	2,667 (0.2)	2,871 (0.2)	3,721 (0.2)	96 (0.2)	-3 —	757 (0.4)	850 (0.2)
a. Housing Finance Companies	791 (0.4)	855 (0.3)	23 —	22 —	1,790 (0.2)	2,528 (0.2)	2,604 (0.1)	3,405 (0.2)	65 (0.1)	-1 —	738 (0.3)	802 (0.2)
b. Auto Finance Companies	144 (0.1)	175 (0.1)	4 —	2 —	119 —	139 —	267 —	316 —	31 (0.1)	-2 —	20 —	49 —
ii) Mutual Funds (including Private Sector Mutual Funds)	385 (0.2)	2,577 (0.9)	— —	58 —	18,509 (1.7)	32,616 (2.5)	18,894 (1.1)	35,251 (1.6)	2,193 (3.6)	57 (0.1)	14,107 (6.6)	16,357 (4.4)
a. Mutual Funds in Private Sector	148 (0.1)	1,273 (0.4)	— —	6 —	5,842 (0.5)	15,745 (1.2)	5,990 (0.3)	17,025 (0.8)	1,125 (1.8)	6 —	9,903 (4.6)	11,035 (2.9)
b. Other Mutual Funds	237 (0.1)	1,304 (0.5)	— —	51 —	12,667 (1.2)	16,871 (1.3)	12,904 (0.7)	18,226 (0.8)	1,067 (1.7)	51 (0.1)	4,204 (2.0)	5,323 (1.4)
iii) Unit Trust of India	618 (0.3)	1,723 (0.6)	12 —	42 —	1,416 (0.1)	5,142 (0.4)	2,046 (0.1)	6,906 (0.3)	1,104 (1.8)	30 —	3,725 (1.7)	4,859 (1.3)
iv) Insurance Corporations and Companies (Life and General)	4,336 (1.9)	4,222 (1.5)	89 —	21 —	13,983 (1.3)	17,326 (1.3)	18,408 (1.0)	21,569 (1.0)	-115 (-0.2)	-68 (-0.1)	3,343 (1.6)	3,160 (0.8)
v) Term Lending Institutions	712 (0.3)	413 (0.1)	7 —	6 —	6,308 (0.6)	5,569 (0.4)	7,027 (0.4)	5,988 (0.3)	-299 (-0.5)	— —	-739 (-0.3)	-1,039 (-0.3)
vi) Provident Fund Institutions	1,558 (0.7)	1,902 (0.7)	1,635 (0.3)	973 (0.2)	13,848 (1.3)	15,860 (1.2)	17,042 (1.0)	18,736 (0.9)	345 (0.6)	-662 (-0.7)	2,012 (0.9)	1,695 (0.5)
3. Other Financial Companies*	6,271 (2.8)	8,700 (3.1)	976 (0.2)	607 (0.1)	21,256 (2.0)	30,731 (2.4)	28,503 (1.6)	40,038 (1.9)	2,429 (3.9)	-369 (-0.4)	9,475 (4.4)	11,535 (3.1)
i) Financial Services Companies	1,309 (0.6)	926 (0.3)	10 —	15 —	3,764 (0.3)	8,630 (0.7)	5,083 (0.3)	9,572 (0.4)	-382 (-0.6)	5 —	4,866 (2.3)	4,488 (1.2)
ii) Other Financial Companies	2,711 (1.2)	4,170 (1.5)	93 —	85 —	9,930 (0.9)	10,711 (0.8)	12,734 (0.7)	14,966 (0.7)	1,459 (2.4)	-8 —	781 (0.4)	2,232 (0.6)
iii) Others	2,252 (1.0)	3,604 (1.3)	873 (0.2)	508 (0.1)	7,561 (0.7)	11,389 (0.9)	10,685 (0.6)	15,500 (0.7)	1,352 (2.2)	-365 (-0.4)	3,828 (1.8)	4,815 (1.3)
IV. Household Sector	1,07,836 (48.2)	1,29,505 (45.4)	4,06,335 (86.1)	4,93,538 (86.4)	5,69,053 (52.2)	6,41,329 (49.1)	10,83,224 (60.7)	12,64,373 (58.5)	21,669 (35.2)	87,203 (88.2)	72,277 (33.6)	1,81,149 (48.2)
1. Individuals (including Hindu Undivided Families)	51,333 (23.0)	60,412 (21.2)	3,64,869 (77.3)	4,51,302 (79.0)	4,47,820 (41.1)	5,02,197 (38.5)	8,64,021 (48.4)	10,13,912 (46.9)	9,080 (14.8)	86,434 (87.4)	54,377 (25.3)	1,49,890 (39.9)
i) Farmers	778 (0.3)	2,182 (0.8)	60,144 (12.7)	73,936 (12.9)	69,358 (6.4)	76,177 (5.8)	1,30,280 (7.3)	1,52,295 (7.0)	1,404 (2.3)	13,791 (13.9)	6,820 (3.2)	22,015 (5.9)

**Statement 1 : Ownership of Deposits with Scheduled Commercial Banks by
Type of Deposits and Sector - March 2005 and 2006 (Concl'd.)**

(Rs. crore)

Sector	Current		Savings		Term		Total		Variations			
	2005	2006	2005	2006	2005	2006	2005	2006	Current	Savings	Term	Total
1	2	3	4	5	6	7	8	9	10	11	12	13
ii) Businessmen, Traders, Professionals and Self - Employed Persons	32,219 (14.4)	31,660 (11.1)	54,027 (11.4)	62,269 (10.9)	85,382 (7.8)	88,981 (6.8)	1,71,627 (9.6)	1,82,910 (8.5)	-559 (-0.9)	8,242 (8.3)	3,599 (1.7)	11,282 (3.0)
iii) Wage and Salary Earners	1,940 (0.9)	2,222 (0.8)	82,051 (17.4)	87,620 (15.3)	79,503 (7.3)	74,324 (5.7)	1,63,495 (9.2)	1,64,166 (7.6)	282 (0.5)	5,569 (5.6)	-5,179 (-2.4)	671 (0.2)
iv) Shroffs, Money Lenders, Stock Brokers, Dealers in Bullion, etc.	969 (0.4)	737 (0.3)	3,110 (0.7)	2,211 (0.4)	4,725 (0.4)	3,832 (0.3)	8,804 (0.5)	6,780 (0.3)	-232 (-0.4)	-899 (-0.9)	-893 (-0.4)	-2,024 (-0.5)
v) Other Individuals	15,427 (6.9)	23,611 (8.3)	1,65,536 (35.1)	2,25,267 (39.5)	2,08,852 (19.2)	2,58,882 (19.8)	3,89,816 (21.8)	5,07,761 (23.5)	8,184 (13.3)	59,731 (60.4)	50,030 (23.3)	1,17,945 (31.4)
2. Trusts, Associations, Clubs, etc.	5,713 (2.6)	6,661 (2.3)	6,295 (1.3)	7,091 (1.2)	27,249 (2.5)	31,456 (2.4)	39,257 (2.2)	45,208 (2.1)	948 (1.5)	796 (0.8)	4,207 (2.0)	5,951 (1.6)
3. Proprietary and Partnership concerns, etc.	32,540 (14.6)	42,102 (14.8)	2,511 (0.5)	3,865 (0.7)	24,921 (2.3)	34,053 (2.6)	59,972 (3.4)	80,019 (3.7)	9,562 (15.5)	1,353 (1.4)	9,132 (4.2)	20,047 (5.3)
4. Educational Institutions	2,397 (1.1)	2,287 (0.8)	6,699 (1.4)	5,987 (1.0)	12,034 (1.1)	11,310 (0.9)	21,130 (1.2)	19,583 (0.9)	-110 (-0.2)	-712 (-0.7)	-724 (-0.3)	-1,547 (-0.4)
5. Religious Institutions	300 (0.1)	243 (0.1)	1,741 (0.4)	1,915 (0.3)	5,016 (0.5)	4,846 (0.4)	7,057 (0.4)	7,004 (0.3)	-57 (-0.1)	174 (0.2)	-170 (-0.1)	-53 -
6. Others (not elsewhere classified)	15,553 (7.0)	17,800 (6.2)	24,221 (5.1)	23,378 (4.1)	52,013 (4.8)	57,468 (4.4)	91,786 (5.1)	98,646 (4.6)	2,247 (3.7)	-842 (-0.9)	5,455 (2.5)	6,860 (1.8)
V. Foreign Sector	5,772 (2.6)	10,128 (3.6)	26,033 (5.5)	31,725 (5.6)	1,16,366 (10.7)	1,14,861 (8.8)	1,48,171 (8.3)	1,56,715 (7.3)	4,357 (7.1)	5,691 (5.8)	-1,504 (-0.7)	8,544 (2.3)
1. Foreign Consulates, Embassies, Trade Missions, Information Services, etc.	224 (0.1)	389 (0.1)	119 -	277 -	590 (0.1)	1,097 (0.1)	932 (0.1)	1,764 (0.1)	166 (0.3)	158 (0.2)	508 (0.2)	832 (0.2)
2. Non-Residents	2,591 (1.2)	1,577 (0.6)	23,800 (5.0)	29,264 (5.1)	1,08,674 (10.0)	1,08,001 (8.3)	1,35,064 (7.6)	1,38,842 (6.4)	-1,013 (-1.6)	5,464 (5.5)	-673 (-0.3)	3,778 (1.0)
3. Others	2,957 (1.3)	8,162 (2.9)	2,115 (0.4)	2,184 (0.4)	7,102 (0.7)	5,763 (0.4)	12,175 (0.7)	16,109 (0.7)	5,205 (8.5)	69 (0.1)	-1,339 (-0.6)	3,934 (1.0)
Total	2,23,541 (100.0)	2,85,082 (100.0)	4,72,147 (100.0)	5,71,020 (100.0)	10,89,764 (100.0)	13,04,900 (100.0)	17,85,452 (100.0)	21,61,001 (100.0)	61,541 (100.0)	98,873 (100.0)	2,15,136 (100.0)	3,75,549 (100.0)

@ : Includes (a) 'Financial Service Companies' which undertake issue management, portfolio management etc., (b) 'Other Financial Companies' which are engaged in leasing hire purchase, loan companies, etc., and (c) 'Others' including non-profit institutions serving business, like FICCI, CII, ASSOCHAM, etc.

- : Nil or Negligible.

Note : Figures in brackets indicate percentages to column total.

ARTICLE

Composition and
Ownership Pattern
of Deposits with
Scheduled Commercial
Banks: March 2006

**Statement 2 : Population Group-wise Ownership of Deposits of
Scheduled Commercial Banks - March 2006**

(Rs. crore)

Sector	Rural		Semi-urban		Urban		Metropolitan		Total	
	Amount	Per cent	Amount	Per cent	Amount	Per cent	Amount	Per cent	Amount	Per cent
1	2	3	4	5	6	7	8	9	10	11
I. Government Sector	13,017	5.6	27,872	9.1	66,952	14.6	2,04,173	17.6	3,12,014	14.4
1. Central & State Governments	5,451	2.3	11,065	3.6	21,774	4.8	64,900	5.6	1,03,190	4.8
i) Central Government	437	0.2	2,786	0.9	4,945	1.1	45,571	3.9	53,739	2.5
ii) State Governments	5,014	2.2	8,279	2.7	16,829	3.7	19,329	1.7	49,451	2.3
2. Local Authorities	3,956	1.7	7,482	2.4	10,802	2.4	35,288	3.0	57,527	2.7
3. <i>Quasi</i> - Government Bodies of which: State Electricity Boards	1,265	0.5	2,965	1.0	16,009	3.5	27,540	2.4	47,779	2.2
296	0.1	666	0.2	5,789	1.3	4,466	0.4	11,217	0.5	
4. Public Sector Corporations and Companies	2,345	1.0	6,360	2.1	18,368	4.0	76,445	6.6	1,03,518	4.8
i) Non-Departmental Commercial Undertakings	492	0.2	3,586	1.2	11,714	2.6	50,938	4.4	66,731	3.1
ii) Others	1,853	0.8	2,773	0.9	6,653	1.5	25,507	2.2	36,787	1.7
II. Private Corporate Sector (Non-Financial)	2,336	1.0	6,303	2.0	18,814	4.1	1,90,640	16.4	2,18,094	10.1
1. Non-Financial Companies	1,692	0.7	4,509	1.5	15,858	3.5	1,61,570	13.9	1,83,630	8.5
2. Non-Credit Co-operative Institutions	158	0.1	196	0.1	630	0.1	1,593	0.1	2,577	0.1
3. Others	486	0.2	1,598	0.5	2,326	0.5	27,478	2.4	31,887	1.5
III. Financial Sector	9,514	4.1	10,249	3.3	35,029	7.7	1,55,013	13.3	2,09,805	9.7
1. Banks	8,921	3.8	7,422	2.4	27,574	6.0	33,679	2.9	77,596	3.6
i) Indian Commercial Banks	7,823	3.4	4,304	1.4	13,962	3.1	14,412	1.2	40,501	1.9
ii) Foreign Resident Banks (Offices of - Foreign Banks in India)	150	0.1	6	—	28	—	3,941	0.3	4,125	0.2
iii) Co-operative Banks & Credit Societies	947	0.4	3,113	1.0	13,583	3.0	15,326	1.3	32,970	1.5
a. Co-operative Banks	589	0.3	2,590	0.8	13,373	2.9	14,752	1.3	31,303	1.4
b. Credit Societies	359	0.2	523	0.2	211	—	573	—	1,666	0.1
2. Other Financial Institutions	397	0.2	1,172	0.4	5,546	1.2	85,057	7.3	92,171	4.3
i) Financial Companies	42	—	37	—	561	0.1	3,081	0.3	3,721	0.2
a. Housing Finance Companies	23	—	20	—	471	0.1	2,892	0.2	3,405	0.2
b. Auto Finance Companies	19	—	17	—	91	—	189	—	316	—
ii) Total of Mutual Funds (including Private Sector Mutual Funds)	33	—	168	0.1	148	—	34,901	3.0	35,251	1.6
a. Mutual Funds in Private Sector	33	—	54	—	52	—	16,886	1.5	17,025	0.8
b. Other Mutual Funds.	—	—	114	—	96	—	18,016	1.5	18,226	0.8
iii) Unit Trust of India	195	0.1	15	—	172	—	6,524	0.6	6,906	0.3

**Statement 2 : Population Group-wise Ownership of Deposits of
Scheduled Commercial Banks - March 2006 (Concl'd.)**

(Rs. crore)										
Sector	Rural		Semi-urban		Urban		Metropolitan		Total	
	Amount	Per cent	Amount	Per cent	Amount	Per cent	Amount	Per cent	Amount	Per cent
1	2	3	4	5	6	7	8	9	10	11
iv) Insurance Corporations and Companies (Life and General)	78	—	831	0.3	1,272	0.3	19,388	1.7	21,569	1.0
v) Term Lending Institutions	1	—	8	—	553	0.1	5,426	0.5	5,988	0.3
vi) Provident Fund Institutions	49	—	113	—	2,839	0.6	15,736	1.4	18,736	0.9
3. Other Financial Companies [@]	197	0.1	1,655	0.5	1,909	0.4	36,278	3.1	40,038	1.9
i) Financial Services Companies	15	—	159	0.1	218	—	9,180	0.8	9,572	0.4
ii) Other Financial Companies	51	—	883	0.3	803	0.2	13,229	1.1	14,966	0.7
iii) Others	131	0.1	613	0.2	888	0.2	13,869	1.2	15,500	0.7
IV. Household Sector	1,99,003	85.4	2,28,828	74.4	3,01,498	65.9	5,35,044	46.0	12,64,373	58.5
1. Individuals (including Hindu Undivided Families)	1,83,019	78.5	2,00,195	65.1	2,42,072	52.9	3,88,625	33.4	10,13,912	46.9
i) Farmers	79,613	34.1	42,667	13.9	18,279	4.0	11,736	1.0	1,52,295	7.0
ii) Businessmen, Traders, Professionals and Self-Employed Persons	27,021	11.6	35,038	11.4	47,407	10.4	73,443	6.3	1,82,910	8.5
iii) Wage and Salary Earners	20,874	9.0	30,487	9.9	46,932	10.3	65,873	5.7	1,64,166	7.6
iv) Shroffs, Money Lenders, Stock Brokers Dealers in Bullion, etc.	576	0.2	1,089	0.4	1,883	0.4	3,232	0.3	6,780	0.3
v) Other Individuals	54,936	23.6	90,914	29.6	1,27,571	27.9	2,34,340	20.2	5,07,761	23.5
2. Trusts, Associations, Clubs, etc.	2,795	1.2	3,684	1.2	10,120	2.2	28,609	2.5	45,208	2.1
3. Proprietary and Partnership Concerns, etc.	2,734	1.2	7,520	2.4	19,469	4.3	50,297	4.3	80,019	3.7
4. Educational Institutions	2,328	1.0	2,685	0.9	6,205	1.4	8,366	0.7	19,583	0.9
5. Religious Institutions	1,050	0.5	1,758	0.6	2,164	0.5	2,032	0.2	7,004	0.3
6. Others (Not elsewhere Classified)	7,077	3.0	12,986	4.2	21,468	4.7	57,115	4.9	98,646	4.6
V. Foreign Sector	9,279	4.0	34,368	11.2	34,987	7.7	78,081	6.7	1,56,715	7.3
1. Foreign Consulates, Embassies, Trade - Missions, Information Services, etc.	64	—	98	—	285	0.1	1,316	0.1	1,764	0.1
2. Non-Residents	7,686	3.3	32,856	10.7	31,391	6.9	66,909	5.8	1,38,842	6.4
3. Others	1,529	0.7	1,413	0.5	3,311	0.7	9,855	0.8	16,109	0.7
Total	2,33,150	100.0	3,07,620	100.0	4,57,280	100.0	11,62,951	100.0	21,61,001	100.0

[@] : Includes (a) 'Financial Service Companies' which undertake issue management, portfolio management, etc., (b) 'Other Financial Companies' which are engaged in leasing hire purchase, loan companies, etc., and (c) 'Others' indicating non-profit institutions serving business like FICCI, CII, ASSOCHAM, etc.

— : Nil or Negligible.

ARTICLE

Composition and
Ownership Pattern
of Deposits with
Scheduled Commercial
Banks: March 2006

**Statement 3 : Ownership Pattern of Deposits of Scheduled Commercial Banks
Classified by States & Union Territories - March 2006**

								(Rs. crore)
Region / State / Union Territory	Government Sector	Foreign Sector	Private Corporate Sector (Non - Financial)	Financial Sector			Household Sector	Total
				Banks	Other Financial Institutions	Other Financial Companies		
1	2	3	4	5	6	7	8	9
Northern Region	1,14,711 (23.1)	26,192 (5.3)	46,260 (9.3)	8,888 (1.8)	5,509 (1.1)	4,946 (1.0)	2,90,074 (58.4)	4,96,580 (100.0)
Haryana	4,979 (10.1)	835 (1.7)	3,367 (6.9)	307 (0.6)	83 (0.2)	99 (0.2)	39,416 (80.3)	49,085 (100.0)
Himachal Pradesh	2,589 (17.5)	151 (1.0)	46 (0.3)	983 (6.6)	88 (0.6)	71 (0.5)	10,887 (73.5)	14,815 (100.0)
Jammu & Kashmir	2,574 (12.5)	447 (2.2)	169 (0.8)	1,567 (7.6)	388 (1.9)	113 (0.5)	15,400 (74.5)	20,658 (100.0)
Punjab	3,745 (5.0)	10,036 (13.5)	840 (1.1)	1,711 (2.3)	230 (0.3)	135 (0.2)	57,733 (77.6)	74,428 (100.0)
Rajasthan	3,384 (6.6)	2,569 (5.0)	1,122 (2.2)	2,783 (5.4)	577 (1.1)	232 (0.5)	40,889 (79.3)	51,557 (100.0)
Chandigarh	6,232 (33.0)	1,582 (8.4)	747 (4.0)	430 (2.3)	161 (0.9)	32 (0.2)	9,677 (51.3)	18,862 (100.0)
Delhi	91,207 (34.1)	10,572 (4.0)	39,969 (15.0)	1,107 (0.4)	3,982 (1.5)	4,264 (1.6)	1,16,073 (43.4)	2,67,174 (100.0)
North-Eastern Region	7,416 (21.8)	198 (0.6)	666 (2.0)	1,028 (3.0)	526 (1.5)	211 (0.6)	24,018 (70.5)	34,063 (100.0)
Arunachal Pradesh	363 (24.3)	—	2 (0.1)	25 (1.7)	1 (0.1)	2 (0.1)	1,101 (73.7)	1,494 (100.0)
Assam	4,192 (19.7)	175 (0.8)	509 (2.4)	414 (2.0)	499 (2.4)	132 (0.6)	15,314 (72.1)	21,235 (100.0)
Manipur	307 (23.8)	1 (0.1)	5 (0.4)	70 (5.4)	—	—	905 (70.3)	1,288 (100.0)
Meghalaya	786 (23.1)	2 (0.1)	15 (0.4)	240 (7.0)	4 (0.1)	49 (1.4)	2,312 (67.9)	3,407 (100.0)
Mizoram	105 (10.3)	3 (0.3)	1 (0.1)	62 (6.1)	7 (0.7)	17 (1.7)	827 (81.0)	1,022 (100.0)
Nagaland	793 (38.7)	—	—	75 (3.7)	1 (0.1)	3 (0.1)	1,175 (57.4)	2,048 (100.0)
Tripura	871 (24.4)	18 (0.5)	134 (3.8)	142 (4.0)	14 (0.4)	8 (0.2)	2,383 (66.8)	3,569 (100.0)
Eastern Region	34,698 (14.2)	4,993 (2.0)	14,110 (5.8)	6,543 (2.7)	3,415 (1.4)	3,630 (1.5)	1,77,023 (72.4)	2,44,412 (100.0)
Bihar	6,077 (12.6)	580 (1.2)	175 (0.4)	2,267 (4.7)	167 (0.3)	191 (0.4)	38,841 (80.4)	48,298 (100.0)
Jharkhand	4,784 (14.7)	262 (0.8)	944 (2.9)	914 (2.8)	804 (2.5)	318 (1.0)	24,536 (75.4)	32,562 (100.0)
Orissa	8,071 (24.5)	436 (1.3)	1,327 (4.0)	722 (2.2)	249 (0.8)	101 (0.3)	21,978 (66.8)	32,884 (100.0)
Sikkim	194 (14.8)	7 (0.5)	27 (2.1)	35 (2.7)	—	43 (3.3)	999 (76.6)	1,305 (100.0)
West Bengal	15,277 (11.9)	3,707 (2.9)	11,587 (9.0)	2,573 (2.0)	2,192 (1.7)	2,951 (2.3)	90,176 (70.2)	1,28,464 (100.0)

**Statement 3 : Ownership Pattern of Deposits of Scheduled Commercial Banks
Classified by States & Union Territories -March 2006 (Concl'd.)**

(Rs. crore)								
Region / State / Union Territory	Government Sector	Foreign Sector	Private Corporate Sector (Non - Financial)	Financial Sector			Household Sector	Total
				Banks	Other Financial Institutions	Other Financial Companies		
1	2	3	4	5	6	7	8	9
Andaman & Nicobar	295 (32.8)	–	51 (5.7)	31 (3.5)	1 (0.2)	26 (2.9)	494 (55.0)	899 (100.0)
Central Region	35,165 (13.0)	5,735 (2.1)	6,678 (2.5)	21,736 (8.0)	1,343 (0.5)	474 (0.2)	1,99,975 (73.8)	2,71,107 (100.0)
Chhattisgarh	5,706 (25.4)	88 (0.4)	1,227 (5.5)	2,166 (9.6)	59 (0.3)	18 (0.1)	13,241 (58.8)	22,504 (100.0)
Madhya Pradesh	8,009 (13.7)	1,623 (2.8)	2,232 (3.8)	3,204 (5.5)	90 (0.2)	103 (0.2)	43,299 (73.9)	58,560 (100.0)
Uttar Pradesh	13,591 (8.2)	3,542 (2.1)	3,008 (1.8)	15,781 (9.5)	1,168 (0.7)	326 (0.2)	1,28,973 (77.5)	1,66,389 (100.0)
Uttaranchal	7,860 (33.2)	482 (2.0)	211 (0.9)	585 (2.5)	26 (0.1)	28 (0.1)	14,463 (61.1)	23,654 (100.0)
Western Region	67,929 (10.7)	62,084 (9.8)	99,941 (15.8)	24,935 (3.9)	74,292 (11.7)	26,098 (4.1)	2,78,446 (43.9)	6,33,724 (100.0)
Goa	1,482 (9.0)	4,181 (25.4)	1,248 (7.6)	273 (1.7)	13 (0.1)	42 (0.3)	9,239 (56.1)	16,478 (100.0)
Gujarat	7,129 (6.5)	14,478 (13.1)	12,092 (11.0)	5,733 (5.2)	1,237 (1.1)	901 (0.8)	68,844 (62.4)	1,10,414 (100.0)
Maharashtra	59,213 (11.7)	43,187 (8.5)	86,521 (17.1)	18,902 (3.7)	73,043 (14.4)	25,142 (5.0)	1,99,635 (39.5)	5,05,643 (100.0)
Dadra & Nagar Haveli	18 (5.4)	1 (0.3)	43 (12.9)	4 (1.2)	– (3.6)	12 (76.6)	254 (100.0)	331
Daman & Diu	87 (10.2)	238 (27.7)	36 (4.2)	23 (2.7)	–	–	474 (55.2)	858 (100.0)
Southern Region	52,095 (10.8)	57,513 (12.0)	50,439 (10.5)	14,465 (3.0)	7,086 (1.5)	4,680 (1.0)	2,94,837 (61.3)	4,81,114 (100.0)
Andhra Pradesh	20,724 (17.1)	5,349 (4.4)	8,281 (6.8)	3,765 (3.1)	1,593 (1.3)	1,780 (1.5)	79,541 (65.7)	1,21,033 (100.0)
Karnataka	18,311 (13.2)	10,145 (7.3)	20,334 (14.6)	4,757 (3.4)	1,675 (1.2)	684 (0.5)	83,197 (59.8)	1,39,103 (100.0)
Kerala	4,290 (5.2)	31,395 (37.8)	3,302 (4.0)	3,650 (4.4)	906 (1.1)	495 (0.6)	39,099 (47.0)	83,137 (100.0)
Tamil Nadu	8,314 (6.2)	10,329 (7.7)	18,435 (13.7)	2,276 (1.7)	2,910 (2.2)	1,714 (1.3)	90,862 (67.4)	1,34,840 (100.0)
Lakshadweep	25 (19.1)	17 (12.6)	5 (3.6)	2 (1.4)	–	–	83 (63.3)	132 (100.0)
Pondicherry	431 (15.0)	278 (9.7)	82 (2.9)	16 (0.6)	2 (0.1)	6 (0.2)	2,055 (71.6)	2,869 (100.0)
Total	3,12,014 (14.4)	1,56,715 (7.3)	2,18,094 (10.1)	77,596 (3.6)	92,171 (4.3)	40,038 (1.9)	12,64,373 (58.5)	21,61,001 (100.0)

– : Nil or Negligible.

Note : Figures in Brackets Indicate Percentage to Total.

ARTICLE

Composition and Ownership Pattern of Deposits with Scheduled Commercial Banks: March 2006

Statement 4 : Pattern of Ownership of Deposits in Selected Metropolitan Areas - March 2006

(Rs. crore)

Centre	Government Sector	Foreign Sector	Private Corporate Sector (Non - Financial)	Financial Sector			Household Sector	Total
				Banks	Other Financial Institutions	Other Financial Companies		
1	2	3	4	5	6	7	8	9
Mumbai	46,715 (11.6)	37,817 (9.4)	78,690 (19.5)	13,633 (3.4)	72,272 (17.9)	24,648 (6.1)	1,29,754 (32.2)	4,03,528 (100.0)
Delhi	91,013 (34.5)	10,556 (4.0)	39,883 (15.1)	1,107 (0.4)	3,982 (1.5)	4,261 (1.6)	1,12,795 (42.8)	2,63,597 (100.0)
Kolkata	11,556 (16.3)	2,861 (4.0)	10,149 (14.3)	1,232 (1.7)	1,890 (2.7)	2,880 (4.1)	40,378 (56.9)	70,945 (100.0)
Chennai	5,000 (7.9)	4,702 (7.4)	15,316 (24.2)	837 (1.3)	2,240 (3.5)	1,475 (2.3)	33,640 (53.2)	63,209 (100.0)
Total	1,54,283 (19.3)	55,935 (7.0)	1,44,038 (18.0)	16,809 (2.1)	80,384 (10.0)	33,265 (4.2)	3,16,566 (39.5)	8,01,280 (100.0)

Note : Figures in brackets indicate percentages to total.

Statement 5 - Composition of Deposits According to Bank Group and Type of Deposits - March 2006

(Rs. crore)

Bank group	Current		Savings		Term		Total	
	Amount	Per cent	Amount	Per cent	Amount	Per cent	Amount	Per cent
1	2	3	4	5	6	7	8	9
State Bank of India and its Associates	66,490	13.2	1,40,942	27.9	2,96,980	58.9	5,04,411 (23.3)	100.0
Nationalised Banks	1,16,535	11.3	2,98,093	28.8	6,20,859	60.0	10,35,487 (47.9)	100.0
Regional Rural Banks	3,635	4.8	41,700	54.6	31,088	40.7	76,424 (3.5)	100.0
Foreign Banks	39,822	34.3	17,548	15.1	58,889	50.7	1,16,260 (5.4)	100.0
Other Scheduled Commercial Banks	58,599	13.7	72,736	17.0	2,97,083	69.3	4,28,418 (19.8)	100.0
All Scheduled Commercial Banks	2,85,082	13.2	5,71,020	26.4	13,04,900	60.4	21,61,001	100.0

Note : Figures in brackets indicate percentages to total deposits of All Scheduled Commercial Banks.

ARTICLE

Composition and
Ownership Pattern
of Deposits with
Scheduled Commercial
Banks: March 2006

**Statement 6 : Pattern of Ownership of Deposits with Scheduled Commercial Banks
Classified by Bank Groups - March 2006**

(Rs. crore)

Sector	State Bank of Indis and its Associates		Nationalised Banks		Regional Rural Banks		Other Sch. Commercial Banks		Foreign Banks		All Scheduled Commercial Banks	
	Amount	Per cent	Amount	Per cent	Amount	Per cent	Amount	Per cent	Amount	Per cent	Amount	Per cent
1	2	3	4	5	6	7	8	9	10	11	12	13
I. Government Sector	1,04,333	20.7	1,59,961	15.4	8,275	10.8	39,099	9.1	346	0.3	3,12,014	14.4
1. Central & State Governments	39,184	7.8	55,014	5.3	4,023	5.3	4,969	1.2	—	—	1,03,190	4.8
i) Central Government	22,495	4.5	28,474	2.7	39	0.1	2,731	0.6	—	—	53,739	2.5
ii) State Governments	16,689	3.3	26,540	2.6	3,984	5.2	2,238	0.5	—	—	49,451	2.3
2. Local Authorities	18,294	3.6	31,949	3.1	3,217	4.2	4,068	0.9	—	—	57,527	2.7
3. <i>Quasi</i> - Government Bodies	12,010	2.4	32,371	3.1	232	0.3	3,117	0.7	48	—	47,779	2.2
<i>Of which:</i>												
State Electricity Boards	3,723	0.7	6,996	0.7	2	0	495	0.1	—	—	11,217	0.5
4. Public Sector Corporations and Companies	34,845	6.9	40,628	3.9	804	1.1	26,945	6.3	297	0.3	1,03,518	4.8
i) Non - Departmental Commercial Undertakings	24,150	4.8	19,793	1.9	56	0.1	22,434	5.2	297	0.3	66,731	3.1
ii) Others	10,694	2.1	20,834	2.0	748	1	4,510	1.1	—	—	36,787	1.7
II. Private Corporate Sector (Non - Financial)	31,378	6.2	40,085	3.9	226	0.3	91,490	21.4	54,916	47.2	2,18,094	10.1
1. Non- Financial Companies	18,944	3.8	24,799	2.4	55	0.1	86,674	20.2	53,157	45.7	1,83,630	8.5
2. Non-Credit Co -operative Institutions	340	0.1	1,504	0.1	118	0.2	609	0.1	6	—	2,577	0.1
3. Others	12,094	2.4	13,781	1.3	53	0.1	4,207	1.0	1,752	1.5	31,887	1.5
III. Financial Sector	51,363	10.2	67,093	6.5	6,354	8.3	75,300	17.6	9,696	8.3	2,09,805	9.7
1. Banks	18,785	3.7	24,693	2.4	6,321	8.3	22,446	5.2	5,350	4.6	77,596	3.6
i) Indian Commercial Banks	11,451	2.3	11,428	1.1	5,951	7.8	8,589	2.0	3,082	2.7	40,501	1.9
ii) Foreign Resident Banks (Offices of Foreign Banks in India)	1,211	0.2	421	—	—	—	246	0.1	2,247	1.9	4,125	0.2
iii) Co-operative Banks & Credit societies	6,123	1.2	12,845	1.2	370	0.5	13,610	3.2	22	—	32,970	1.5
a. Co-operative Banks	5,669	1.1	11,854	1.1	276	0.4	13,483	3.1	22	—	31,303	1.4
b. Credit Societies	454	0.1	991	0.1	94	0.1	128	—	—	—	1,666	0.1
2. Other Financial Institutions	23,052	4.6	32,811	3.2	12	—	34,510	8.1	1,786	1.5	92,171	4.3
i) Financial Companies	386	0.1	2,305	0.2	4	—	1,004	0.2	22	—	3,721	0.2
a. Housing Finance Companies	347	0.1	2,115	0.2	3	—	940	0.2	1	—	3,405	0.2
b. Auto Finance Companies	39	—	190	—	—	—	65	—	22	—	316	—
ii) Total of Mutual Funds (including Private Sector Mutual Funds)	5,335	1.1	11,016	1.1	—	—	17,729	4.1	1,171	1.0	35,251	1.6
a. Mutual Funds in Private Sector	1,674	0.3	5,044	0.5	—	—	9,347	2.2	960	0.8	17,025	0.8
b. Other Mutual Funds	3,660	0.7	5,972	0.6	—	—	8,382	2.0	211	0.2	18,226	0.8

Statement 6 : Pattern of Ownership of Deposits with Scheduled Commercial Banks
Classified by Bank Groups - March 2006 (Contd.)

Sector	(Rs. crore)											
	State Bank of India and its Associates		Nationalised Banks		Regional Rural Banks		Other Sch. Commercial Banks		Foreign Banks		All Scheduled Commercial Banks	
	Amount	Per cent	Amount	Per cent	Amount	Per cent	Amount	Per cent	Amount	Per cent	Amount	Per cent
1	2	3	4	5	6	7	8	9	10	11	12	13
iii) Unit Trust of India	4.178	0.8	2.333	0.2	—	—	104	—	291	0.3	6,906	0.3
iv) Insurance Corporations and Companies (Life and General)	3,186	0.6	9,284	0.9	8	—	8,873	2.1	218	0.2	21,569	1.0
v) Term Lending Institutions	760	0.2	3,809	0.4	—	—	1,381	0.3	38	—	5,988	0.3
vi) Provident Fund Institutions	9,207	1.8	4,064	0.4	—	—	5,419	1.3	46	—	18,736	0.9
3. Other Financial Companies [@]	9,525	1.9	9,588	0.9	21	—	18,345	4.3	2,560	2.2	40,038	1.9
i) Financial Services Companies	1,594	0.3	1,571	0.2	1	—	5,470	1.3	936	0.8	9,572	0.4
ii) Other Financial Companies	585	0.1	4,347	0.4	12	—	8,760	2.0	1,262	1.1	14,966	0.7
iii) Others	7,347	1.5	3,670	0.4	8	—	4,115	1.0	361	0.3	15,500	0.7
IV. Household Sector	2,72,158	54.0	7,04,830	68.1	61,284	80.2	1,96,194	45.8	29,908	25.7	12,64,373	58.5
1. Individuals (including Hindu Undivided Families)	2,31,325	45.9	5,63,389	54.4	57,402	75.1	1,40,751	32.9	21,045	18.1	10,13,912	46.9
i) Farmers	32,679	6.5	81,763	7.9	29,670	38.8	8,163	1.9	21	—	1,52,295	7.0
ii) Businessmen Traders Professional and Self - Employed Persons	39,301	7.8	99,965	9.7	13,250	17.3	27,101	6.3	3,294	2.8	1,82,910	8.5
iii) Wage and Salary Earners	44,141	8.8	75,181	7.3	6,636	8.7	34,835	8.1	3,373	2.9	1,64,166	7.6
iv) Shroffs, Money Lenders Stock Brokers, Dealers in Bullion, etc.	1,881	0.4	3,348	0.3	409	0.5	1,102	0.3	40	—	6,780	0.3
v) Other Individuals	1,13,324	22.5	3,03,132	29.3	7,437	9.7	69,550	16.2	14,318	12.3	5,07,761	23.5
2. Trusts Associations Clubs, etc.	5,097	1.0	18,269	1.8	377	0.5	19,622	4.6	1,845	1.6	45,208	2.1
3. Proprietary and Partnership concerns, etc.	12,260	2.4	41,201	4.0	578	0.8	21,713	5.1	4,267	3.7	80,019	3.7
4. Educational Institutions	5,362	1.1	11,949	1.2	783	1.0	1,431	0.3	58	0.1	19,583	0.9
5. Religious Institutions	979	0.2	4,332	0.4	152	0.2	1,457	0.3	83	0.1	7,004	0.3
6. Others (not elsewhere classified)	17,136	3.4	65,689	6.3	1,992	2.6	11,219	2.6	2,610	2.2	98,646	4.6
V. Foreign Sector	45,179	9.0	63,519	6.1	285	0.4	26,336	6.1	21,394	18.4	1,56,715	7.3
1. Foreign Consulates, Embassies, Trade Missions, Information Services, etc.	277	0.1	734	0.1	60	0.1	167	—	525	0.5	1,764	0.1
2. Non-Residents	40,482	8.0	56,282	5.4	158	0.2	25,913	6.0	16,006	13.8	1,38,842	6.4
3. Others	4,420	0.9	6,503	0.6	68	0.1	256	0.1	4,862	4.2	16,109	0.7
Total	5,04,411	100.0	10,35,487	100.0	76,424	100.0	4,28,418	100.0	81,167	100.0	21,61,001	100.0

[@] : Includes (a) 'Financial Service Companies' which undertake issue management, portfolio management etc., (b) 'Other Financial Companies' which are engaged in leasing hire purchase, loan companies, etc., and (c) 'Others' indicating non-profit institutions serving business like FICCI, CII, ASSOCHAM, etc.
— : Nil or Negligible.

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

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

Highlights

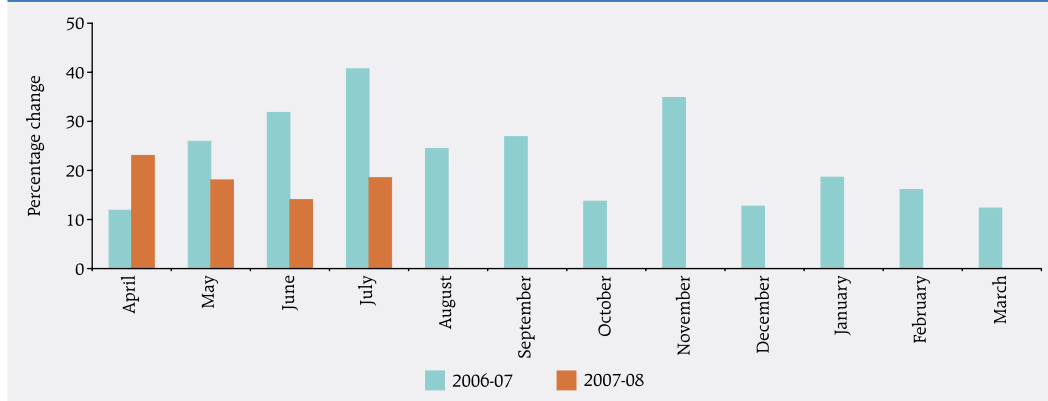
- Merchandise exports during July 2007 registered a growth of 18.5 per cent, a sharp moderation in growth from 40.7 per cent in July 2006.
- During April-July 2007, exports showed a growth of 18.0 per cent as against 27.7 per cent a year ago.
- Imports during July 2007 recorded a lower growth of 20.4 per cent than 26.4 per cent in July 2006.
- During April-July 2007, imports were higher by 30.6 per cent than a year ago (21.1 per cent). Non-oil imports accounted for 94 per cent of import growth during April-July 2007.
- Oil imports during April-July 2007 decelerated by 5.4 per cent (45.7 per cent a year ago) reflecting mainly the moderation in growth in oil prices.
- Trade deficit during April-July 2007 stood at US \$ 25.7 billion, higher by US \$ 9.8 billion than a year ago (US \$ 15.8 billion).

Exports

Merchandise exports during July 2007 stood at US \$ 12.5 billion as against US \$ 10.5 billion in July 2006. However, the growth remained subdued compared with the corresponding period of the previous

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

Chart 1: Growth in India's Exports



year (Statement 1). Monthly trends revealed that, except for April, exports growth remained lower than the previous year (Chart 1). The overall growth in exports during April-July 2007 (US \$ 46.8 billion) showed a moderation at 18.0 per cent, as compared with 27.7 per cent during April-July 2006 (Table A and Statement 2).

Commodity-wise data available for April 2007 reveal that the growth in exports

emanated mainly from petroleum products and engineering goods (Statement 3). These two items together contributed 76 per cent of export growth during April 2007 (61 per cent in April 2006). The contribution of agriculture and allied products, chemicals and related products, gems and jewellery and textiles and related products showed decline due to the slowdown in their exports (Chart 2).

Primary products showed a recovery in growth at 17.4 per cent in April 2007, mainly due to a sharp pick up in the exports of iron

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

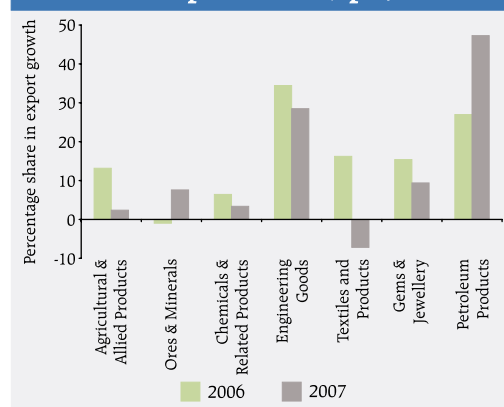
(US \$ million)		
Items	2006-07 R	2007-08P
Exports	39,622 (27.7)	46,753 (18.0)
Oil Exports*	941 (38.3)	2,085 (121.5)
Non-oil Exports*	7,653 (10.2)	8,928 (16.7)
Imports	55,460 (21.1)	72,407 (30.6)
Oil Imports	18,848 (45.7)	19,860 (5.4)
Non-Oil Imports	36,611 (11.5)	52,547 (43.5)
Trade Balance	-15,838	-25,654

* : Figures pertain to the month of April.

P : Provisional. R : Revised.

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

Source : DGCI&S.

Chart 2: Contribution of Select Commodities
to Export Growth (April)

ore (43.8 per cent). Within primary products, exports of agricultural products exhibited a moderation in growth during April 2007, mainly due to the decline in exports of raw cotton and sugar. Traditional exports items like tea, coffee, wheat, cashew and marine products also showed a decline in growth, while tobacco, rice and spices exhibited high growth.

Exports of manufactured products registered a growth of 13.8 per cent in April 2007. Within manufactured goods, textiles and textile products and handicrafts recorded decline over the previous year. Engineering products and gems and jewellery showed a strong performance in April 2007.

Engineering goods maintained the growth momentum in April 2007 supported by accelerated growth in exports of transport equipments and iron and steel (Chart 3).

Gems and jewellery, which were showing sharp deceleration in 2006-07, picked up in April 2007 (19.9 per cent) on the back of strong growth in the exports to

the major markets of the US and Hong Kong. The latest data available from the Gems and Jewellery Export Promotion Council (GJEPC) showed a 24.3 per cent growth in the exports of gems and jewellery during April-August 2007 supported by sharp pick up in exports of cut and polished diamonds and gold jewellery.

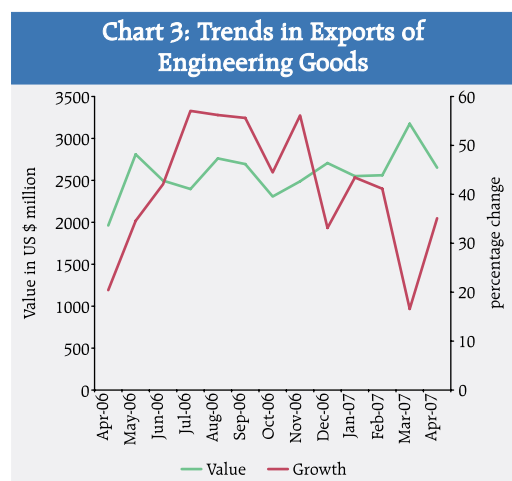
Textiles and textile products exports recorded a decline of 12.2 per cent in April 2007 as against a growth of 12.4 per cent in April 2006 reflecting weak off-take by major markets. According to the US Department of Commerce, Office of Textiles and Apparel, during April-July 2007, the US imports of textiles and apparel from India decelerated to 1.4 per cent in value terms (11.8 per cent in the corresponding period of the previous year) and 0.9 per cent in quantity terms (17.2 per cent a year ago).

Exports of petroleum products, the second major item in India's export basket, more than doubled both in value terms and volume of exports. The major markets of India's petroleum exports were UAE, Singapore, Sri Lanka, Japan and Yemen.

Destination-wise, exports to the major markets like the US and OPEC decelerated, while exports to EU and Asia accelerated during April 2007 (Statement 4).

Imports

Imports during April-July 2007, at US \$ 72.4 billion recorded a growth of 30.6 per cent as compared with 21.1 per cent a year ago. Non-oil imports (43.5 per cent growth) were the major contributor of import growth, accounting for 94 per cent of import growth during this period.



Oil imports, though remained high in value terms, showed a sharp deceleration during April-July 2007 (5.4 per cent as compared with 45.7 per cent a year ago), reflecting the moderation in the growth of oil prices due to the base effect. The average price of Indian basket of crude oil at US \$ 67.9 per barrel during April-July 2007 was marginally higher by 0.1 per cent as compared with 33.7 per cent growth during April-July 2006 (Table B). However, the price of Indian basket of crude oil has, of late, started picking up in tandem with the upward trend in international price of crude oil, triggered by global demand supply imbalances (Box).

Non-oil imports maintained the growth momentum during April-July 2007. Commodity-wise details available for April

2007 show that growth in non-oil imports was more diversified as compared with the corresponding period a year ago (Statement 5). Capital goods continued to be the major contributor to the growth in non-oil imports, but its relative share declined to 36.4 per cent in April 2007 from 73.9 per cent in April 2006. On the other hand, the contribution of gold and silver, iron and steel, pearls, precious and semi-precious stones increased over the period (Chart 4). The major sources of India's capital goods imports in April 2007 were China with a share of 22 per cent followed by Germany (12 per cent), Japan (9.0 per cent) and the US (8.2 per cent).

Source-wise, China was the major source of imports (oil plus non-oil imports) in April 2007, accounting for 10.0 per cent of total imports followed by Switzerland (7.5 per cent), UAE (6.2 per cent), Saudi Arabia (5.3 per cent), the US (4.6 per cent), Iran (4.3 per cent) and Germany (3.9 per cent) [Statement 6].

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	62.3
2006-07 (April-July)	65.8	70.8	71.4	67.8
2007-08 (April-July)	65.9	70.8	67.3	67.9
July -06	69.0	73.9	74.4	71.0
July-07	69.5	77.2	74.1	72.6

Note : Indian basket comprises 59.8 per cent 'sour' variety benchmarked by Dubai crude and 40.2 per cent of 'sweet' variety benchmarked by UK Brent crude for 2007-08 and 2006-07 and 58.42 for 2005-06 and 57.43 for the prior period.

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

Trade Deficit

Trade deficit during April-July 2007 stood at US \$ 25.7 billion, higher by US \$ 9.8 billion than the previous year (US \$ 15.8 billion) [Statement 2]. The trade deficit on the oil account increased by US \$ 0.4 billion in April 2007 to reach US \$ 3.4 billion, while the non-oil trade deficit increased by US \$ 2.4 billion to US \$ 3.4 billion.

Global Developments

The global economy continued to be robust in 2007 supported primarily by buoyant activity in emerging economies. On

Box: Trade in POL and Crude Oil Prices

The sharp rise in international crude oil prices since 2004 and the volatility associated with it is a cause of concern for macroeconomic management all over the world. The average international crude oil prices increased from US \$ 28.2 per barrel in 2000 to US \$ 37.8 in 2004 and further to US \$ 70.1 in August 2007 (Chart 1). The robust demand, increased geopolitical tensions, limited crude oil supply growth and spare capacity have kept oil prices at elevated levels.

According to the International Energy Agency's (IEA) Oil Market Report (August, 2007), global oil product demand is expected to touch 86.0 million barrels per day (mb/d) in 2007 and rise by 2.5 per cent in 2008, largely due to a weather-related rebound in the OECD and strong demand in non-OECD countries (Table 1). On the other hand, non-OPEC production is expected to increase by only 2.2 per cent to 51.1 mb/d in 2008 from the projected 50.0 mb/d in 2007. OPEC capacity is expected to rise by 1 mb/d in 2008 to an average of 35.4 mb/d, with the implication that spare capacity would post only a modest rise.

In line with international developments in oil prices, Indian basket of crude oil prices also remained high in the last few years. According to International Energy Agency's Oil Market Report (August, 2007), India's oil product demand is expected to rise by 4.3 per cent in 2007 to slightly above 2.7 mb/d, but growth is projected to slow down to 2.3 per cent in 2008 (2.8 mb/d) as a result of naphtha's structural decline. Prices of the Indian basket of crude oil have shown steady rise from US \$ 26.8 per barrel in 2000-01 to US \$ 62.3

Table 1: Global Oil Demand

Region	million barrels per day		
	2006	2007	2008
World	84.5	86.0	88.2
America	30.6	31.2	31.7
Asia Pacific	24.4	25.1	26.0
Europe	16.3	16.1	16.5
Middle East	6.3	6.6	6.9
Africa	2.9	3.1	3.2
FSU	4.0	3.9	4.0

Source: IEA, Oil Market Report, August 2007

per barrel in 2006-07 and further to US \$ 72.6 per barrel in July 2007, which have significantly influenced the exports and imports of POL (Chart 2). The quantum of India's petroleum exports has witnessed a cumulative increase of 71 per cent during the period 2004-05 to 2006-07.

Oil price changes have significant effect on the prices of other commodities, particularly, primary commodities. According to a World Bank study, the prices of metals and minerals are highly influenced by the pass-through effects of changes in crude oil prices. According to the UNCTAD Trade and Development Report (2007), the current high prices of crude oil have led to increased demand and to higher prices of commodities whose market developments are highly correlated with oil.

Reference:

Baffes John (2007), 'Oil Spills on other Commodities', Policy Research Working paper No. 4333, Development Prospects Group, World Bank.

Chart 1: Trends in Average International Crude Oil Prices

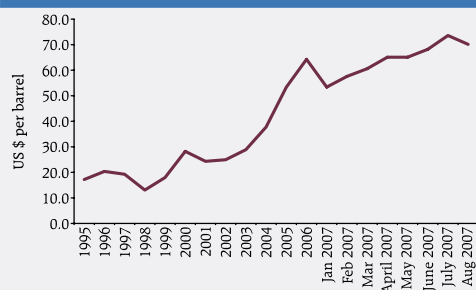
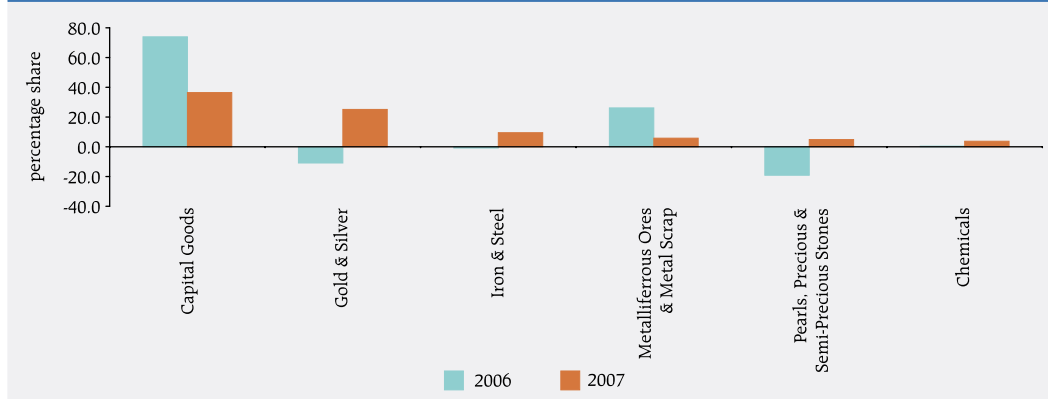


Chart 2: Trade in POL and Indian Basket of Crude Oil Price



Chart 4: Contribution of Select Commodities to Non-oil Imports (April)



the trade front, based on IMF, International Financial Statistics data, world exports registered a growth of 13.6 per cent (12.7 per cent a year ago) in the first five months of 2007 (January-May) on the back of strong export growth from the industrialized countries. Exports from industrialized countries posted a growth of 12.7 per cent during this period (8.8 per cent in the corresponding period of the previous year) while exports from developing countries showed a moderation in growth at 14.6 per cent (18.1 per cent a year ago).

According to the US Bureau of Economic Analysis (BEA), during January-July 2007, exports (11.4 per cent growth) posted a higher growth than imports (4.4 per cent).

As a result, trade deficit at US \$ 473.2 billion during January-July 2007 was lower by US \$ 19.6 billion as compared to US \$ 492.8 billion a year ago. In the case of European Union, according to Euro Stat, trade showed a deceleration with exports showing a growth of 7.3 per cent during January-July 2007 (12.2 per cent a year ago), and imports registering a growth of 4.6 per cent (19.7 per cent a year ago). Japan's exports posted a growth of 14.1 per cent during January-July 2007 (13.5 per cent a year ago) and imports grew by 10.7 per cent (17.8 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-July) posted a growth of 26.8 per cent, while imports grew by 19.5 per cent.

Statement 1 : India's Foreign Trade- July 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									
2004-05	26,791	2,131	24,660	36,244	10,454	25,790	-9,453	-8,323	-1,130
2005-06	32,619 (21.8)	3,287 (54.2)	29,332 (18.9)	50,107 (38.2)	15,215 (45.5)	34,892 (35.3)	-17,488	-11,928	-5,560
2006-07 R	48,975 (50.1)	9,934 (202.2)	39,041 (33.1)	67,558 (34.8)	23,795 (56.4)	43,763 (25.4)	-18,583	-13,861	-4,722
2007-08 P	50,494 (3.1)	...	...	70,759 (4.7)	20,402 (-14.3)	50,357 (15.1)	-20,266		
US dollar million									
2004-05	5,819	463	5,356	7,872	2,271	5,602	-2,053	-1,808	-245
2005-06	7,492 (28.8)	755 (63.1)	6,738 (25.8)	11,509 (46.2)	3,495 (53.9)	8,005 (42.9)	-4,017	-2,740	-1,268
2006-07 R	10,542 (40.7)	2,138 (183.2)	8,404 (24.7)	14,542 (26.4)	5,122 (46.6)	9,420 (17.7)	-4,000	-2,984	-1,016
2007-08 P	12,494 (18.5)	...	...	17,509 (20.4)	5,048 (-1.4)	12,460 (32.3)	-5,015		
SDR million									
2004-05	3,951	314	3,637	5,345	1,542	3,803	-1,394	-1,227	-167
2005-06	5,167 (30.8)	521 (65.7)	4,647 (27.8)	7,938 (48.5)	2,410 (56.3)	5,527 (45.3)	-2,770	-1,890	-881
2006-07 R	7,134 (38.1)	1,447 (177.9)	5,792 (24.6)	9,841 (24.0)	3,466 (43.8)	6,375 (15.3)	-2,707	-2,019	-583
2007-08 P	8,170 (14.5)	...	...	11,449 (16.3)	3,301 (-4.8)	8,148 (27.8)	-3,279		
P : Provisional. R : Revised. ... : Not available.									
Note : Figures in brackets relate to percentage variation over the corresponding period of the previous year.									
Source : DGCI & S.									

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-July									
Rupees crore									
2005-06	135,188 (28.9)	12,634 (56.3)	122,554 (26.7)	199,571 (42.6)	56,399 (31.7)	143,172 (47.4)	-64,383	-43,766	-20,618
2006-07 R	181,140 (34.0)	30,075 (138.1)	151,064 (23.3)	253,545 (27.0)	86,168 (52.8)	167,377 (16.9)	-72,406	-56,093	-16,313
2007-08 P	191,824 (5.9)	..	..	297,081 (17.2)	81,482 (-5.4)	215,598 (28.8)	-105,256		
US dollar million									
2005-06	31,015 (33.7)	2,898 (62.0)	28,117 (31.3)	45,786 (47.8)	12,939 (36.5)	32,847 (52.8)	-14,771	-10,041	-4,730
2006-07 R	39,622 (27.7)	6,579 (127.0)	33,043 (17.5)	55,460 (21.1)	18,848 (45.7)	36,611 (11.5)	-15,838	-12,270	-3,568
2007-08 P	46,753 (18.0)	..	..	72,407 (30.6)	19,860 (5.4)	52,547 (43.5)	-25,654		
SDR million									
2005-06	20,936 (31.9)	1,957 (60.0)	18,980 (29.6)	30,907 (45.9)	8,734 (34.7)	22,173 (50.9)	-9,971	-6,778	-3,193
2006-07 R	26,872 (28.4)	4,462 (128.0)	22,410 (18.1)	37,614 (21.7)	12,783 (46.4)	24,830 (12.0)	-10,741	-8,321	-2,420
2007-08 P	30,759 (14.5)	..	..	47,636 (26.6)	13,065 (2.2)	34,571 (39.2)	-16,878		

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			Percentage Variation	
	2005-06	2006-07	2007-08 P	(3)/(2)	(4)/(3)
1	2	3	4	5	6
Primary Products	1,268.0	1,385.8	1,627.3	9.3	17.4
A. Agricultural & Allied Products	781.8	909.0	966.9	16.3	6.4
<i>of which :</i>	(10.3)	(10.6)	(8.8)		
1. Tea	27.2	22.6	20.4	-16.8	-9.9
2. Coffee	43.2	44.6	41.1	3.2	-7.8
3. Rice	146.8	81.2	193.6	-44.7	138.5
4. Wheat	20.0	1.1	0.0	-94.6	-100.0
5. Cotton Raw incl. Waste	28.8	117.5	52.7	308.2	-55.2
6. Tobacco	19.9	27.8	37.6	39.9	35.2
7. Cashew incl. CNSL	55.3	40.5	38.6	-26.8	-4.8
8. Spices	38.1	41.7	71.2	9.3	70.9
9. Oil Meal	53.9	63.7	86.5	18.2	35.9
10. Marine Products	89.4	88.7	86.7	-0.8	-2.2
11. Sugar & Mollases	6.1	101.1	99.9	1557.9	-1.2
B. Ores & Minerals	486.1	476.8	660.4	-1.9	38.5
<i>of which :</i>	(6.4)	(5.5)	(6.0)		
1. Iron Ore	308.4	277.0	398.3	-10.2	43.8
2. Processed Minerals	77.2	121.8	118.4	57.8	-2.8
Manufactured Goods	5,358.8	6,064.3	6,900.9	13.2	13.8
<i>of which :</i>	(70.3)	(70.6)	(62.7)		
A. Leather & Manufactures	185.8	184.3	207.1	-0.8	12.4
B. Chemicals & Related Products	1,176.7	1,238.9	1,320.7	5.3	6.6
1. Basic Chemicals, Pharmaceuticals & Cosmetics	703.5	767.9	885.9	9.1	15.4
2. Plastic & Linoleum	269.5	232.9	197.4	-13.6	-15.3
3. Rubber, Glass, Paints & Enamels etc.,	158.1	182.7	181.3	15.5	-0.7
4. Residual Chemicals & Allied Products	45.5	55.4	56.1	21.8	1.2
C. Engineering Goods	1,629.6	1,962.5	2,651.4	20.4	35.1
<i>of which :</i>					
1. Manufactures of metals	320.0	347.1	369.9	8.5	6.6
2. Machinery & Instruments	354.5	491.9	584.5	38.7	18.8
3. Transport equipments	323.8	495.1	773.7	52.9	56.3
4. Iron & steel	341.9	254.3	399.9	-25.6	57.3
5. Electronic goods	147.6	186.8	224.9	26.6	20.4
D. Textiles and Textile Products	1,266.1	1,423.0	1,249.5	12.4	-12.2
1. Cotton Yarn, Fabrics, Made-ups, etc.,	309.8	320.2	282.7	3.3	-11.7
2. Natural Silk Yarn, Fabrics Madeups etc. (incl. silk waste)	32.0	33.0	33.4	3.2	1.3
3. Manmade Yarn, Fabrics, Made-ups, etc.,	152.3	151.3	148.9	-0.6	-1.6
4. Manmade Staple Fibre	6.2	7.8	11.0	26.8	39.9
5. Woolen Yarn, Fabrics, Madeups etc.	7.0	6.6	7.2	-6.7	10.3
6. Readymade Garments	664.7	805.0	691.9	21.1	-14.1
7. Jute & Jute Manufactures	25.1	21.9	16.6	-12.5	-24.3
8. Coir & Coir Manufactures	9.5	10.8	10.6	13.2	-1.7
9. Carpets	59.5	66.3	47.1	11.4	-29.0
(a) Carpet Handmade	57.9	64.8	46.4	11.8	-28.4
(b) Carpet Millmade	0.0	0.0	0.0		
(c) Silk Carpets	1.6	1.6	0.7	-2.5	-52.9
E. Gems & Jewellery	992.7	1,141.4	1,368.6	15.0	19.9
F. Handicrafts	33.2	34.2	9.1	3.2	-73.6
Petroleum Products	680.4	941.0	2,084.5	38.3	121.5
	(8.9)	(11.0)	(18.9)		
Others	320.1	202.4	399.5	-36.8	97.4
	(4.2)	(2.4)	(3.6)		
Total Exports	7,627.2	8,593.5	11,012.2	12.7	28.1

P : Provisional.

Note : Figures in brackets relate to percentage to total exports for the period.

Source : DGCI & S.

Statement 4 : Direction of India's Foreign Trade- Exports

(US \$ million)					
Group/Country	April			Percentage Variation	
	2005-06	2006-07	2007-08 P	(3)/(2)	(4)/(3)
1	2	3	4	5	6
I. O E C D Countries	3,319.5	3,614.7	4,124.0	8.9	14.1
A. E U	1,683.2	1,755.3	2,076.3	4.3	18.3
<i>of which:</i>					
1. Belgium	204.3	196.0	312.0	-4.1	59.2
2. France	221.5	146.7	197.1	-33.7	34.3
3. Germany	277.8	331.5	317.9	19.3	-4.1
4. Italy	181.7	218.4	268.9	20.2	23.1
5. Netherland	117.8	143.1	234.7	21.4	64.0
6. U K	402.7	443.4	450.0	10.1	1.5
B. North America	1,263.9	1,467.5	1,472.5	16.1	0.3
1. Canada	75.9	84.9	78.9	11.7	-7.1
2. U S A	1,187.9	1,382.6	1,393.6	16.4	0.8
C. Asia and Oceania	259.6	267.2	378.7	2.9	41.7
<i>of which:</i>					
1. Australia	58.0	56.2	59.4	-3.0	5.7
2. Japan	193.9	203.4	311.2	4.9	53.1
D. Other O E C D Countries	112.9	124.7	196.6	10.5	57.6
<i>of which:</i>					
1. Switzerland	39.7	33.5	62.6	-15.5	86.6
II. O P E C	1,029.6	1,470.5	1,693.2	42.8	15.1
<i>of which:</i>					
1. Indonesia	125.2	162.2	129.0	29.6	-20.5
2. Iran	50.4	134.8	132.5	167.2	-1.7
3. Iraq	2.4	20.8	9.2	758.7	-55.9
4. Kuwait	35.9	57.9	57.2	61.3	-1.2
5. Saudi Arabia	137.2	138.6	152.3	1.0	9.9
6. U A E	543.5	853.8	1,078.8	57.1	26.4
III. Eastern Europe	173.3	173.2	237.6	-0.1	37.2
<i>Of which:</i>					
1. Romania	12.9	11.8	21.5	-8.3	81.5
2. Russia	75.4	58.1	66.7	-23.0	14.8
IV. Developing Countries	3,094.1	3,315.0	4,923.2	7.1	48.5
<i>of which:</i>					
A. Asia	2,309.1	2,523.6	3,532.2	9.3	40.0
a) S A A R C	437.5	503.7	666.6	15.1	32.3
1. Bangladesh	148.8	150.9	182.3	1.4	20.8
2. Bhutan	8.6	5.0	6.0	-	20.2
3. Maldives	4.8	3.6	5.3	-25.1	48.1
4. Nepal	67.1	30.6	104.4	-54.4	241.2
5. Pakistan	42.8	132.6	96.5	209.9	-27.3
6. Sri Lanka	155.8	171.6	258.9	10.1	50.9
7. Afghanistan	9.5	9.4	13.1	-0.5	38.9
b) Other Asian Developing Countries	1,871.6	2,019.9	2,865.6	7.9	41.9
<i>Of which:</i>					
1. People's Rep of China	518.5	595.4	660.9	14.8	11.0
2. Hong Kong	313.3	321.5	417.5	2.6	29.9
3. South Korea	152.9	80.9	223.1	-47.1	175.8
4. Malaysia	77.2	85.3	99.0	10.5	16.1
5. Singapore	350.6	415.2	679.9	18.4	63.8
6. Thailand	85.3	80.3	80.1	-5.9	-0.2
B. Africa	521.1	481.4	1,137.5	-7.6	136.3
<i>of which:</i>					
1. Benin	6.0	6.3	26.0	5.8	312.7
2. Egypt Arab Republic	50.2	43.8	69.3	-12.7	58.1
3. Kenya	73.1	105.3	120.0	44.1	14.0
4. South Africa	133.5	90.9	94.6	-31.9	4.1
5. Sudan	42.1	25.9	29.1	-38.6	12.7
6. Tanzania	15.9	15.2	25.1	-4.1	64.4
7. Zambia	7.9	6.3	9.4	-19.9	48.7
C. Latin American Countries	263.9	310.0	253.6	17.5	-18.2
V. Others	6.4	6.6	7.7	2.6	17.0
VI. Unspecified	4.3	13.5	26.4	214.7	95.5
Total Exports	7,627.2	8,593.5	11,012.2	12.7	28.1

P : Provisional.
Source : DGCI & S.

Statement 5 : India's Imports of Principal Commodities

(US \$ million)

Commodity Group	April			Percentage Variation	
	2005-06	2006-07	2007-08 P	(3)/(2)	(4)/(3)
1	2	3	4	5	6
I. Bulk Imports	4,220.7	5,463.2	7,634.6	29.4	39.7
A. Petroleum, Petroleum Products & Related Material	3,088.8	3,972.2	5,488.8	28.6	38.2
B. Bulk Consumption Goods	148.3	226.9	219.4	53.1	-3.3
1. Wheat	0.0	0.0	0.6	-	-
2. Cereals & Cereal Preparations	1.8	1.9	1.9	7.8	-1.6
3. Edible Oil	110.6	180.2	147.4	62.9	-18.2
4. Pulses	21.1	44.7	69.4	111.5	55.4
5. Sugar	14.7	0.1	0.0	-	-
C. Other Bulk Items	983.6	1,264.1	1,926.4	28.5	52.4
1. Fertilisers	127.2	91.3	148.9	-28.2	63.0
a) Crude	19.9	17.6	33.8	-11.8	92.4
b) Sulphur & Unroasted Iron Pyrites	7.9	4.0	10.5	-49.6	165.8
c) Manufactured	99.4	69.8	104.6	-29.8	49.8
2. Non-Ferrous Metals	131.2	181.5	203.0	38.3	11.8
3. Paper, Paperboard & Mgfd. incl. Newsprint	70.1	105.6	94.9	50.7	-10.1
4. Crude Rubber, incl. Synthetic & Reclaimed	33.5	41.9	52.4	24.9	25.3
5. Pulp & Waste Paper	45.3	42.9	58.4	-5.1	35.9
6. Metalliferous Ores & Metal Scrap	221.6	453.3	669.0	104.6	47.6
7. Iron & Steel	354.8	347.5	699.8	-2.0	101.4
II. Non-Bulk Imports	6,544.0	7,071.3	10,135.5	8.1	43.3
A. Capital Goods	2,216.7	2,872.1	4,227.4	29.6	47.2
1. Manufactures of Metals	90.9	97.9	137.2	7.7	40.2
2. Machine Tools	89.9	92.6	145.6	2.9	57.3
3. Machinery except Electrical & Electronics	713.3	891.3	1,274.1	25.0	42.9
4. Electrical Machinery except Electronics	116.9	137.0	174.5	17.2	27.4
5. Electronic Goods incl. Computer Software	935.5	1,219.9	1,589.6	30.4	30.3
6. Transport Equipments	215.2	343.9	731.8	59.8	112.8
7. Project Goods	55.1	89.6	174.5	62.7	94.8
B. Mainly Export Related Items	1,486.6	1,326.0	1,638.9	-10.8	23.6
1. Pearls, Precious & Semi-Precious Stones	774.9	605.3	785.7	-21.9	29.8
2. Chemicals, Organic & Inorganic	538.5	542.3	681.3	0.7	25.6
3. Textile Yarn, Fabric, etc.	150.2	168.1	166.1	11.9	-1.2
4. Cashew Nuts, raw	23.0	10.3	5.8	-55.1	-43.4
C. Others	2,840.7	2,873.2	4,269.2	1.1	48.6
<i>of which :</i>					
1. Gold & Silver	1,430.8	1,334.0	2,268.5	-6.8	70.0
2. Artificial Resins & Plastic Materials	164.2	171.5	232.8	4.5	35.7
3. Professional Instruments etc. except electrical	160.1	162.2	220.3	1.3	35.9
4. Coal, Coke & Briquettes etc.	220.5	323.4	508.6	46.6	57.3
5. Medicinal & Pharmaceutical Products	61.9	78.0	120.8	26.1	54.7
6. Chemical Materials & Products	94.5	99.6	99.1	5.4	-0.5
7. Non-Metallic Mineral Manufactures	44.2	54.2	54.6	22.6	0.7
Total Imports	10,764.7	12,534.5	17,770.2	16.4	41.8
<i>Memo Items</i>					
Non-Oil Imports	7,675.9	8,562.3	12,281.4	11.5	43.4
Non-Oil Imports excl. Gold & Silver	6,245.1	7,228.3	10,012.9	15.7	38.5
Mainly Industrial Inputs*	5,837.3	6,769.4	9,468.6	16.0	39.9

P : Provisional.

* : Non oil imports net of gold and silver, bulk consumption goods, manufactured fertilizers 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			
	2005-06	2006-07	2007-08 P	(4)/(3)
1	2	3	4	5
I. O E C D Countries	4,058.0	4,316.3	6,038.5	39.9
A. E U	1,727.8	1,922.3	2,425.1	26.2
<i>of which:</i>				
1. Belgium	445.9	324.6	404.2	24.5
2. France	134.7	132.3	152.7	15.4
3. Germany	472.8	541.3	699.3	29.2
4. Italy	126.4	158.4	226.5	43.0
5. Netherland	66.5	84.4	145.3	72.2
6. U K	248.7	288.8	370.0	28.1
B. North America	674.7	713.8	905.1	26.8
1. Canada	67.5	67.4	87.8	30.2
2. U S A	607.2	646.4	817.3	26.4
C. Asia and Oceania	682.7	814.1	1,227.2	50.7
<i>of which:</i>				
1. Australia	380.0	408.1	656.8	60.9
2. Japan	293.2	379.1	538.9	42.2
D. Other O E C D Countries	972.9	866.0	1,481.0	71.0
<i>of which:</i>				
1. Switzerland	938.9	841.5	1,329.2	57.9
II. O P E C	677.5	3,958.1	5,422.1	37.0
<i>of which:</i>				
1. Indonesia	168.9	310.2	450.5	45.3
2. Iran	23.6	338.9	702.7	125.1
3. Iraq	0.2	434.6	381.4	-
4. Kuwait	24.6	375.0	501.3	33.7
5. Saudi Arabia	114.0	1,141.6	941.8	-17.5
6. U A E	292.8	559.8	1,099.1	96.3
III. Eastern Europe	268.2	245.1	316.5	29.1
<i>of which:</i>				
1. Romania	28.1	10.0	37.0	269.1
2. Russia	161.9	102.1	140.3	37.4
IV. Developing Countries	2,658.7	3,974.1	5,937.1	49.4
<i>of which:</i>				
A. Asia	2,163.6	3,013.1	4,653.3	54.4
a) S A A R C	92.0	134.1	102.1	-23.9
1. Bangladesh	8.0	18.4	16.2	-11.6
2. Bhutan	8.6	16.4	12.5	-23.9
3. Maldives	0.1	0.3	0.6	-
4. Nepal	24.8	10.1	25.3	150.5
5. Pakistan	6.3	37.3	19.6	-47.5
6. Sri Lanka	40.4	43.4	24.1	-44.5
7. Afghanistan	3.8	8.2	3.8	-53.4
b) Other Asian Developing Countries	2,071.7	2,879.0	4,551.3	58.1
<i>of which:</i>				
1. People's Rep of China	645.5	1,046.5	1,770.0	69.1
2. Hong Kong	160.3	172.9	322.6	86.6
3. South Korea	329.9	329.8	410.6	24.5
4. Malaysia	219.1	298.9	381.2	27.5
5. Singapore	279.6	336.3	706.9	110.2
6. Thailand	97.8	119.7	169.5	41.6
B. Africa	383.3	564.0	884.0	56.7
<i>of which:</i>				
1. Benin	8.8	6.7	2.3	-64.9
2. Egypt Arab Republic	15.4	142.1	126.9	-10.7
3. Kenya	4.7	5.2	5.3	1.4
4. South Africa	265.5	280.0	288.5	3.0
5. Sudan	1.5	2.0	42.1	1,982.2
6. Tanzania	2.6	4.5	4.9	9.4
7. Zambia	0.9	0.9	36.1	3,835.3
C. Latin American Countries	111.7	397.0	399.8	0.7
V. Others	2.5	20.6	2.7	-86.7
VI. Unspecified	3,099.7	20.4	53.3	161.7
Total Imports	10,764.7	12,534.5	17,770.2	41.8

P : Provisional.

Note : The figures for 2006-07 and 2007-08, 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

Market Stabilisation Scheme: Revision of Ceiling

August 8, 2007

The Government of India, in consultation with the Reserve Bank, has further revised the ceiling for the outstandings under the Market Stabilisation Scheme (MSS) for the year 2007-08 to Rs.1,50,000 crore. The threshold at which the ceiling will be reviewed in future will now be Rs.1,35,000 crore. Consequent upon the MSS auction of dated security held today, the MSS outstanding will be at Rs. 98,970 crore.

The Reserve Bank, under the existing arrangements, subject to variations in liquidity, announces every Friday the auctions under the MSS, covering the Treasury Bills and dated securities, if any, for the succeeding week. These arrangements would continue until further notice.

RBI transfers surplus profit to Government of India

August 9, 2007

The Reserve Bank of India's Central Board, in its meeting held today, approved the transfer of surplus profit to the Government of India amounting to Rs.45,719.60 crore for the year ended June 30, 2007. It includes Rs.34,308.60 crore on account of profit on sale of SBI shares held by the Reserve Bank to the Government of India. Excluding this amount, the transfer of surplus for the year ended June 30, 2007 amounts to Rs.11,411.00 crore, as against Rs.8,404.00 crore for the year ended June 30, 2006.

RBI Constitutes Working Group on Interest Rate Futures

August 9, 2007

The Reserve Bank has constituted a Working Group on Interest Rate Futures. The Group would analyse the experience with Interest Rate Futures so far and focus, *inter alia*, on product design issues. The Group would revisit the recommendations of the earlier Committees in this area while making its own recommendations.

Interest Rate Futures products were introduced in India in June 2003. In the context of continued financial market development, the need for making available a credible choice of risk management instruments to market participants to cope with interest rate risk was discussed in the 25th and the 26th meeting of the Technical Advisory Committee (TAC) on Money, Foreign Exchange and Government Securities Markets in December 2006 and July 2007, respectively. On the suggestion of the TAC, the Reserve Bank has now set up a Working Group. The terms of reference of the Working Group are as follows:

- (i) To review the experience with the Interest Rate Futures so far, with particular reference to product design issues and make recommendations for activating the Interest Rate Futures.
- (ii) To examine whether regulatory guidelines for banks for Interest Rate Futures need to be aligned with those for their participation in Interest Rate Swaps.
- (iii) To examine the scope and extent of the participation of non-residents, including Foreign Institutional Investors (FIIs), in

Interest Rate Futures, consistent with the policy applicable to the underlying cash bond market.

- (iv) To consider any other issues germane to the subject matter.

The members of the Working Group are as follows :

- | | |
|--|----------|
| 1. Shri V.K. Sharma
Executive Director
Reserve Bank of India | Chairman |
| 2. Shri Neeraj Ghambhir
Chairman,
Fixed Income Money
Market and Derivatives
Association of India | Member |
| 3. Shri Uday Kotak
Managing Director &
Chief Executive Officer
Kotak Mahindra Bank Ltd. | Member |
| 4. Shri A.P. Kurian
Chairman
Association of Mutual
Funds in India | Member |
| 5. Shri M.M. Lateef Deputy
Managing Director &
Chief Financial Officer
State Bank of India | Member |
| 6. Dr. T.C. Nair
Whole Time Member,
Securities & Exchange
Board of India | Member |
| 7. Shri Ravi Narain
Managing Director
National Stock Exchange | Member |
| 8. Dr. Susan Thomas
Assistant Professor,
Indira Gandhi Institute of
Development Research | Member |

The Group would submit its report to the Reserve Bank within three months of its first meeting.

The Committee on Financial Sector Assessment Constitutes Four Advisory Panels

August 10, 2007

A Committee on Financial Sector Assessment (CFSA) constituted by the Government of India in consultation with the Reserve Bank of India (Chairman: Dr. Rakesh Mohan, Deputy Governor, Reserve Bank of India; Co-Chair: Dr. D. Subbarao, Finance Secretary, Government of India) has been undertaking a comprehensive assessment of the Indian financial sector focusing upon stability and development. An integral component of the exercise would be a detailed assessment of the status and implementation of various international financial standards and codes.

2. To assist the Committee in the process of assessment, the CFSA has decided to constitute four Advisory Panels respectively for the assessment of Financial Stability Assessment and Stress Testing, Financial Regulation and Supervision, Institutions and Market Structure and Transparency Standards. The Advisory Panels will prepare separate Reports covering each of the above aspects. The Advisory Panels comprise of non-official experts with domain knowledge in respective areas and officials with similar expertise represented as Special Invitees. The panels would have the option of co-opting as special invitees any other experts as they deem fit.

3. The Advisory Panel on Financial Stability Assessment and Stress Testing (Chairman: Shri M.B.N Rao, Chairman and Managing Director, Canara Bank) would conduct macro prudential surveillance (including system level stress testing) to assess the soundness and stability of financial system and suggest measures for strengthening the financial structure and system and its development in a medium-term perspective.

4. The other three panels would identify and consider the relevant standards and codes as currently prescribed and applicable to different areas, evaluate their implementation in the Indian context, identify gaps in adherence to respective standards and suggest possible roadmaps towards compliance in a medium-term perspective. The Advisory Panel on Financial Regulation and Supervision (Chairman: Shri M.S. Verma, Former Chairman, State Bank of India) would consider the relevant standards and codes applicable for financial regulation and supervision pertaining to the banking sector, securities markets and insurance; the Advisory Panel on Institutions and Market Structure (Chairman: Shri C.M. Vasudev, Former Secretary, Economic Affairs, Government of India) would consider the relevant standards and codes applicable to bankruptcy laws, accounting and auditing, payment and settlement systems and corporate governance policies; and the Advisory Panel on Transparency Standards (Chairman: Shri Nitin Desai, Former Under-Secretary-General, United Nations) would consider the relevant standards and codes applicable for transparency in monetary, financial, fiscal and data dissemination policies.

5. The Committee had earlier set up Technical Groups in all the above subject areas which have progressed with technical work in respective areas. These Groups would provide the Panels with technical notes and background material as necessary.

Regulatory and Other Measures

August 2007

RBI/2007-2008/110 UBD (PCB).No./9/
12.03.000/2007-08 dated August 1, 2007

The Chief Executive Officers of All
Scheduled Primary (Urban) Co-operative
Banks

Urban Cooperative Banks - Section 42(1) of Reserve Bank of India Act, 1934-Maintenance of Cash Reserve Ratio (CRR)

Please refer to our Circular RBI/2006-07/
348 UBD (PCB) Cir. No/7./12.03.000/2006-07
dated April 25, 2007 on the captioned
subject. On a review of the current liquidity
situation, it has been decided to increase
cash reserve ratio (CRR) of Scheduled
Primary (Urban) Co-operative Banks by 50
basis points to 7.00 per cent with effect from
the fortnight beginning August 4, 2007.

2. A copy of the relevant notification UBD
(PCB) No./9/12.03.000/2007-08 dated July 31,
2007 is enclosed.

Notification

In exercise of the powers conferred
under sub-section (1) of Section 42 of the
Reserve Bank of India Act, 1934 and in
partial modification of the notification
UBD.PCB.7/12.03.000/2006-07 dated April
24, 2007, the Reserve Bank of India, hereby,
notifies that every Scheduled Primary
(Urban) Co-operative bank should maintain
a Cash Reserve Ratio (CRR) of 7.00 per cent
of its total demand and time liabilities
subject to the exemptions as envisaged in
the notification UBD.PCB.6/12.03.000/2006-
07 dated April 24, 2007, from the fortnight
beginning August 4, 2007.

RBI/2007-2008/115 UBD.BPD. (SCB) Cir.No. 1/13.05.000/2007-08 dated August 14, 2007

Chief Executive Officers, All Scheduled Urban Co-operative Banks

UCBs – Advances to Sugar Industry for holding Buffer Stock

Please find enclosed a copy of the notification dated April 20, 2007 issued by Government of India, Ministry of Consumer Affairs, Food & Public Distribution, Department of Food & Public Distribution on the captioned subject.

2. It may be observed therefrom that Government has decided to create a buffer stock of 20 lakh tons of sugar for a period of one year with effect from May 1, 2007. Under the arrangement, the Government will release subsidy of Rs. 378 crore out of Sugar Development Fund and the banks will have to sanction additional credit limits amounting to Rs. 420 crore to release the margin consequent upon creation of the buffer stock from the existing stocks of sugar. In this connection, it may be noted that no margin is to be kept in respect of buffer stocks of sugar. As advised by Government, the entire amount of Rs. 798 crore will be used exclusively by the sugar mills for payment of cane price to farmers.

3. A copy of Ministry of Consumer Affairs, Food and Public Distribution Notification dated December 6, 2001 setting out guidelines in regard to creation of buffer stock is enclosed for guidance of banks.

4. For operation of the Scheme, it would be necessary for sugar mills to segregate the stocks meant for buffer stock operations from the stock of sugar already held by them.

The banks should allocate out of the regular limits, separate sub-limits representing 100 per cent value of buffer stocks held by sugar mills. The amount released as a result of providing 100 per cent drawings against buffer stocks *i.e.* the amount in lieu of the margin money should be credited to a special account. It would be necessary for the banks to ensure that the amount available in this account is utilized for making cane payments.

5. Directorate of Sugar, Ministry of Consumer Affairs, Food & Public Distribution, New Delhi have, vide their Notification No. 6-5/2007-CC dated April 30, 2007 advised all sugar mills individually of the quantity and quality of sugar stocks to be held by them as buffer stock. It will be in order for the banks to take appropriate action on the strength of such a communication received by the sugar mills. The banks should ensure that no operations on the separate account kept for buffer stocks are allowed and no withdrawals from stocks earmarked as buffer stocks are permitted.

6. Interest on the separate account for buffer stock may be debited to the regular cash credit account.

7. The stocks earmarked as buffer stocks may be valued in the same manner as free-sale stocks.

RBI/2007-2008/124 UBD.CO.LS. Cir. No.10/07.01.000/2007-08 dated August 28, 2007

The Chief Executive Officer of All Primary (Urban) Co-operative Banks

UCBs – Shifting of Offices

Please refer to our Master circular No.UBD.BL (PCB) MC.No.9/07.01.000/

2004-05 dated September 1, 2004 on Area of Operation, Branch Licensing, opening/Upgradation of Extension Counters, ATMs and Shifting/Splitting/Closure of Offices.

In terms of para 5.2 of the circular, UCBs, other than those unlicensed and categorized as Grade III/IV and not complying with Section 11 (1) of B.R. Act, 1949 (AACS), may shift their place of business, including administrative office, located in the semi-urban areas anywhere within the same town, irrespective of distance vis-à-vis other banks/offices, etc. without prior permission of the Reserve Bank. As regards banks located in urban/metropolitan centres, shifting within the same locality/municipal ward is permitted in respect of banks, other than those unlicensed and categorized as Grade III/IV and not complying with Section 11 (1) of the B.R. Act, 1949 (AACS), without prior permission of the Reserve Bank. But for shifting to a different locality/municipal ward, banks are required to obtain our prior permission.

2. We have been receiving representations to consider granting permission to UCBs to shift their branches from one city to another in their area of operation. It has now been decided to consider requests from UCBs (other than Unit banks) to shift their branches from one city to another in their area of operation within the same State subject to the following conditions:

- i) The new centre is of the same or lower population group as the existing centre e.g. a branch at a 'D' centre can be shifted to another 'D' centre only; and
- ii) A branch located in underbanked district can be shifted to another centre in underbanked district only.
- iii) The shifting should be beneficial to the bank in terms of cost and business.

3. Banks are advised to submit their applications in this regard to the Regional Office of Urban Banks Department in whose jurisdiction the Head Office of the bank is situated.

Foreign Exchange Developments

August 2007

(i) Review of External Commercial Borrowings (ECB) Policy

A review of the ECB guidelines was undertaken keeping in view the current macroeconomic situation and the experience gained so far by the Reserve Bank in administering the ECB policy. The ECB policy was modified as under :

- (i) ECB more than USD 20 million per borrower company per financial year would, henceforth, be permitted only for foreign currency expenditure for permissible end-uses of ECB. The ECB proceeds should be parked abroad for use as foreign currency expenditures for permissible end-uses and shall not be remitted to India. The modifications would be applicable to ECB exceeding USD 20 million per financial year both under the Automatic Route and under the Approval Route.
- (ii) ECB up to USD 20 million per borrowing company per financial year would be permitted for foreign currency expenditures for permissible end-uses under the Automatic Route and these funds shall be parked overseas and not be remitted to India. Borrowers proposing to avail ECB up to USD 20 million for Rupee expenditure for permissible end-uses would require prior approval of the Reserve Bank under the Approval Route.
- (iii) All other aspects of ECB policy such as eligible borrower, USD 500 million limit per borrower company per financial year under the Automatic route, recognised lender, average maturity period, all-in-cost-ceiling, prepayment,

refinancing of existing ECB and reporting arrangements remain unchanged.

- (iv) These conditions will not apply to borrowers who have already entered into loan agreement and obtained loan registration numbers from the Reserve Bank. Borrowers who have taken verifiable and effective steps wherein the loan agreement has been entered into to avail of ECB under the previous dispensation, and not obtained the loan registration number, may apply to the Reserve Bank through their Authorised Dealer.

[A.P. (DIR Series) Circular No. 4 dated August 7, 2007]

(ii) Exim Bank's Line of Credit (LOC) of USD 30 million to the Government of the Republic of Mali

Export-Import Bank of India (Exim Bank) has concluded an agreement dated April 13, 2007 with the Government of the Republic of Mali, making available to the latter, a Line of Credit (LOC) of USD 30 million (USD Thirty million only) for financing exports of eligible goods and services including consultancy services, for electricity transmission and distribution project from Cote d'Ivoire to Mali, which are eligible for export under the Foreign Trade Policy of the Government of India. Out of the total credit by Exim Bank under this agreement, at least 85 per cent of the goods and services shall be supplied by the seller from India.

[A.P. (DIR Series) Circular No. 5 dated August 17, 2007]

(iii) Exim Bank's Line of Credit (LOC) of USD 5 million to the Eastern African Development Bank, Kampala, Uganda

Export-Import Bank of India (Exim Bank) has concluded an agreement dated November 24, 2005 with the Eastern African Development Bank (EADB), Kampala, Uganda, making available to the latter, a Line of Credit (LOC) of USD 5 million (USD Five million only) for financing exports from India of equipment, eligible goods and services, which are eligible for export under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by Exim Bank under this agreement to member countries viz Uganda, Kenya and Tanzania.

[A.P. (DIR Series) Circular No. 6 dated August 17, 2007]

(iv) Rupee Loans to NRI Employees of Indian Companies under Employees Stock Option (ESOP) Scheme

At present banks are allowed to extend loans in Rupees to resident employees of an Indian company to purchase shares of the company under Employees Stock Option (ESOP) Scheme, to the extent of 90 per cent of the purchase price of the shares or Rupees 20 lakh, whichever is lower. Rupee loans extended by banks under ESOP Scheme is treated as bank's exposure to capital market, within the overall ceiling of 40 per cent of its net worth. Further, under the FEMA provisions, AD banks are allowed to grant Rupee loans to Non-Resident Indians (NRIs) for certain purposes, subject to conditions.

AD Category – I banks have now been permitted to grant Rupee loans to NRI employees of Indian companies for acquiring shares of the companies under the ESOP Scheme. The loan scheme should be as per the policy approved by the bank's Board and would further be subject to the following conditions :

- (i) The loan amount should not exceed 90 per cent of the purchase price of the shares or Rupees 20 lakhs per NRI employee, whichever is lower.
- (ii) The rate of interest and margin on such loans may be decided by the banks, subject to the directives issued by the Reserve Bank from time to time.

(iii) The amount shall be paid directly by the bank to the company and should not be credited to the borrowers' non-resident accounts in India.

(iv) The loan amount should be repaid by the borrower by way of inward remittances or by debit to his NRO / NRE / FCNR(B) account.

(v) The loans will be included for reckoning capital market exposures and the bank will ensure compliance with prudential limits, prescribed by the Reserve Bank (DBOD) from time to time, for such exposure to capital market.

[A.P. (DIR Series) Circular No. 7 dated August 22, 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		
						Jun.	Jul.	Aug.
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 +	139.2	146.7	156.9 (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)	257.3 (P)	252.2 (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	5,07,347	5,01,178	4,98,073
5. Rupee Securities (3)	"	86,035	65,455	70,409	96,861	90,996	75,985	42,850
6. Loans and discount	"	19,900	6,388	4,746	6,585	16,518	21,358	1,549
(a) Scheduled Commercial Banks (4)	"	8,169	45	1,488	6,245	1,266	—	92
(b) Scheduled State Co-operative Banks (4)	"	38	5	7	—	10	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	27,08,268	27,70,512 (P)	27,72,024 (P)
8. Bank credit (5)	"	1,16,301	11,00,428	15,07,077	19,28,913	19,17,456	19,17,231 (P)	19,60,072 (P)
9. Investment in Govt. Securities (5)	"	49,998	7,18,982	7,00,742	7,74,980	8,32,775	8,51,749 (P)	8,84,484 (P)
10. Cheque clearances (6)	Rs. thousand crore	1,703	6,792	6,459	6,480 (P)	599 (P)	566 (P)	525 (P)
11. Money Stock measures (7)								
(a) M ₁	Rs. crore	92,892	6,47,495	8,26,375	9,65,195	9,40,967	9,45,217	9,27,610
(b) M ₃	"	2,65,828	22,30,675	27,29,545	33,10,278	33,88,916	34,51,070	34,76,084
Cash Reserve Ratio and Interest Rates								
12. Cash Reserve Ratio (2), (16)	Per cent	15.00	5.00	5.00	6.00	6.50	6.50	7.00
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	0.3-1.50	0.5-4.90	0.5-55.00
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	3.00-9.50	3.00-9.50	3.00-7.50
(b) 1 year and above	"	9.00-11.00	5.25-6.25	6.00-7.00	7.50-9.00	7.50-9.60	7.50-9.60	8.00-9.50

Q.E. : Quick Estimate.

A.E. : Advance Estimate.

R.E. : Revised Estimate.

R : Revised.

* : Base : 1980-81 = 100.

+ : Base : Triennium ending 1981-82=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.)

Item	Unit / Base	1990-91	2004-05	2005-06	2006-07	2007		
						Jun.	Jul.	Aug.
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	–	6.98	..
18. Yield on 7.40% Loan 2012 #	"	–	6.21	6.95	7.55	8.07	7.51	7.83
Government Securities Market (2)								
19. Govt. of India 91-day Treasury Bills (Total outstandings)	Rs. crore		27,792	16,318	45,229	65,956	70,797	73,596
Price Indices								
20. Wholesale prices (13)	1993-94=100							
(a) All commodities	"	182.7 +	187.3	195.6	206.1	212.3	..	..
(b) Primary articles	"	184.9 +	188.1	193.6	208.6	220.6	..	..
(c) Fuel, power, light and lubricants	"	175.8 +	280.1	306.8	324.9	322.0	..	..
(d) Manufactured products	"	182.8 +	166.3	171.5	179.0	184.9	..	..
(e) Foodgrains (Cereals + Pulses)	"	179.2 +	177.5	186.9	205.9	211.2	..	..
(f) Edible oils	"	223.3 +	156.4	146.1	154.6	168.3	..	..
(g) Sugar, khandsari & gur	"	152.3 +	163.5	178.8	179.8	155.7	..	..
(h) Raw cotton	"	145.5 +	165.6	144.3	151.8	170.2	..	..
21. Consumer prices (All-India) (1)								
(a) Industrial Workers ^	1982=100	193	520	542	125	130	132	133
(b) Urban Non-Manual Employees	1984-85=100	161	436	456	486	506	514	515
(c) Agricultural Labourers	July 1986- June 1987=100	..	342	358	388	399	404	408
Foreign Trade								
22. Value of imports	U.S. \$ Million	24,073	1,11,517	1,49,166	1,90,566 (R)	19,196 (P)	17,509 (P)	..
23. Value of exports	"	18,145	83,536	1,03,091	1,26,331 (R)	11,867 (P)	12,494 (P)	..
24. Balance of trade	"	-5,927	-27,981	-46,075	-64,235 (R)	-7,329 (P)	-5,015 (P)	..
25. Foreign exchange reserves (14)								
(a) Foreign currency assets	U.S. \$ Million	2,236	1,35,571	1,45,108	1,91,924	2,06,114	2,19,753	2,21,509
(b) Gold	"	3,496	4,500	5,755	6,784	6,787	6,887	6,881
(c) SDRs	"	102	5	3	2	1	12	2
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										
				Sep.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep. 7	Sep. 14	Sep. 21	Sep. 28
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	4,42,960	4,96,775	5,12,672	5,14,502	5,07,347	5,01,178	4,98,073	5,02,836	5,05,143	5,02,287	4,98,987
Notes held in Banking Department	23	18	11	18	11	11	21	18	14	18	14	21	18	21
Total liabilities (total notes issued) or assets	53,807	4,21,940	4,96,786	4,42,978	4,96,786	5,12,683	5,14,523	5,07,364	5,01,192	4,98,091	5,02,849	5,05,163	5,02,306	4,99,008
Assets														
Gold coin and bullion	6,654	20,974	24,160	23,288	24,160	24,160	23,733	22,995	22,593	23,026	23,027	23,027	23,027	23,916
Foreign securities	200	3,99,769	4,71,567	4,18,591	4,71,567	4,87,420	4,89,546	4,83,199	4,77,474	4,73,798	4,78,570	4,80,899	4,78,058	4,73,885
Rupee coin (1)	29	150	12	52	12	57	197	124	79	220	206	191	175	160
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	2,17,459	3,02,615	2,91,810	2,96,747	3,04,389	3,91,515	3,53,911	3,41,332	3,59,640	3,78,116	4,22,877
Central Government	61	28,928	36,661	14,921	36,661	101	100	101	100	907	100	101	23,832	10,871
Market Stabilization Scheme	—	29,062	62,974	42,064	62,974	75,924	87,319	81,137	88,010	1,06,434	1,08,874	1,12,748	1,17,599	1,31,473
State Governments	33	41	41	41	41	41	41	41	41	41	41	404	41	41
Scheduled Commercial Banks	33,484	1,27,061	1,80,222	1,40,347	1,80,222	1,91,200	1,86,236	1,99,587	2,32,827	2,21,733	2,07,397	2,21,265	2,11,608	2,54,569
Scheduled State Co-operative Banks	244	2,299	2,851	1,816	2,851	2,504	2,438	2,598	2,399	2,606	2,790	2,671	2,637	2,723
Non-Scheduled State Co-operative Banks	13	54	55	56	55	52	47	55	53	46	46	60	49	49
Other banks	88	6,097	8,202	6,312	8,202	8,753	8,946	9,130	9,537	10,149	10,031	10,379	10,053	10,619
Others	4,619	12,391	11,609	11,902	11,609	13,235	11,621	11,740	58,547	11,995	12,053	12,011	12,297	12,533
Other liabilities (2)	28,342	1,33,063	1,79,897	1,78,354	1,79,897	1,42,238	1,26,395	1,73,768	1,32,288	1,41,877	1,40,720	1,36,051	1,30,134	1,36,253
Total liabilities or assets	66,884	3,38,997	4,82,512	3,95,813	4,82,512	4,34,048	4,23,142	4,78,157	5,23,802	4,95,788	4,82,052	4,95,691	5,08,250	5,59,131

See 'Notes on Tables'.

No. 2: Reserve Bank of India (Concl'd.)

(Rs. crore)

Last Friday / Friday	1990-91	2005-06	2006-07	2006										
				Sep.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep. 7	Sep. 14	Sep. 21	Sep. 28
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Assets														
Notes and coins	23	21	11	22	11	11	21	18	14	18	14	21	18	21
Balances held abroad (3)	4,008	2,47,367	3,64,834	3,08,940	3,64,834	3,20,967	3,11,872	3,56,530	4,05,196	4,33,316	4,29,331	4,28,515	4,33,073	4,79,511
Loans and Advances														
Central Government	—	—	—	—	—	980	7,753	15,159	20,199	—	—	—	—	—
State Governments (4)	916	86	—	242	—	596	816	—	1,066	1,374	2,773	1,864	495	893
Scheduled Commercial Banks	8,169	1,488	6,245	1,430	6,245	4,078	3,139	1,266	—	92	92	91	166	64
Scheduled State Co-op. Banks	38	7	—	—	—	6	3	10	10	—	9	—	19	19
Industrial Dev. Bank of India	3,705	—	—	—	—	—	—	—	—	—	—	—	—	—
NABARD	3,328	2,998	—	2,945	—	—	—	—	—	—	—	—	—	—
EXIM Bank	745	—	—	—	—	—	—	—	—	—	—	—	—	—
Others	1,615	167	340	257	340	101	152	83	83	83	83	83	83	83
Bills Purchased and Discounted														
Internal	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Government Treasury Bills	1,384	—	—	—	—	—	—	—	—	—	—	—	—	—
Investments	40,286	73,526	99,983	70,871	99,983	96,092	88,107	93,883	77,873	44,740	35,151	52,670	63,704	68,795
Other Assets (5)	2,666 (—)	13,336 (4,699)	11,099 (5,414)	11,107 (5,218)	11,099 (5,414)	11,217 (5,414)	11,280 (5,318)	12,207 (5,152)	19,361 (5,062)	16,165 (5,160)	14,599 (5,160)	12,447 (5,160)	10,691 (5,160)	9,745 (5,359)

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						
				Aug.	Feb.	Mar.	Apr.	May	Jun.	Jul. (P)	Aug. (P)
1	2	3	4	5	6	7	8	9	10	11	12
Number of reporting banks	299	289	249	260	251	249	247	247	246	246	246
Liabilities to the banking system (1)	6,673	77,872	91,453	76,779	80,669	91,453	90,299	85,747	82,805	79,642	80,858
Demand and time deposits from banks (2)	5,598	39,750	43,620	35,249	38,182	43,620	40,255	38,751	37,821	39,812	36,700
Borrowings from banks (3)	998	29,232	35,532	33,421	32,391	35,532	33,960	28,793	29,504	23,393	28,376
Other demand and time liabilities (4)	77	8,890	12,301	8,109	10,096	12,301	16,084	18,203	15,480	16,437	15,782
Liabilities to others (1)	2,13,125	24,60,973	30,22,790	25,92,000	28,54,107	30,22,790	29,98,449	30,02,662	31,09,085	31,65,523	31,88,216
Aggregate deposits (5)	1,99,643	21,85,810	26,91,053	23,12,923	25,48,479	26,91,053	26,75,534	26,92,957	27,92,116	28,53,301	28,54,571
Demand	34,823	3,74,125	4,39,949	3,39,845	4,09,562	4,39,949	3,87,212	3,77,905	4,10,650	4,33,954	4,01,520
Time (5)	1,64,820	18,11,684	22,51,104	19,73,077	21,38,917	22,51,104	22,88,322	23,15,052	23,81,466	24,19,347	24,53,051
Borrowings (6)	645	83,816	86,910	87,218	86,755	86,910	88,977	85,588	87,252	86,596	89,086
Other demand and time liabilities (4)	12,838	1,91,347	2,44,827	1,91,860	2,18,874	2,44,827	2,33,939	2,24,117	2,29,716	2,25,626	2,44,559
Borrowings from Reserve Bank (7)	3,483	1,575	6,348	51	848	6,348	4,099	3,208	1,276	10	92
Against usance bills / promissory notes	–	–	–	–	–	–	–	–	–	–	–
Others (8)	3,483	1,575	6,348	51	848	6,348	4,099	3,208	1,276	10	92
Cash in hand and balances with Reserve Bank	25,995	1,45,120	2,02,565	1,43,634	1,76,254	2,02,565	2,12,148	2,08,013	2,23,062	2,55,358	2,45,411
Cash in hand	1,847	13,512	16,607	12,846	14,267	16,607	15,455	16,157	17,479	16,452	17,181
Balances with Reserve Bank (9)	24,147	1,31,608	1,85,958	1,30,788	1,61,987	1,85,958	1,96,694	1,91,856	2,05,584	2,38,906	2,28,231

See "Notes on Tables"

No. 3: All Scheduled Banks – Business in India (Concl.)

(Rs. crore)

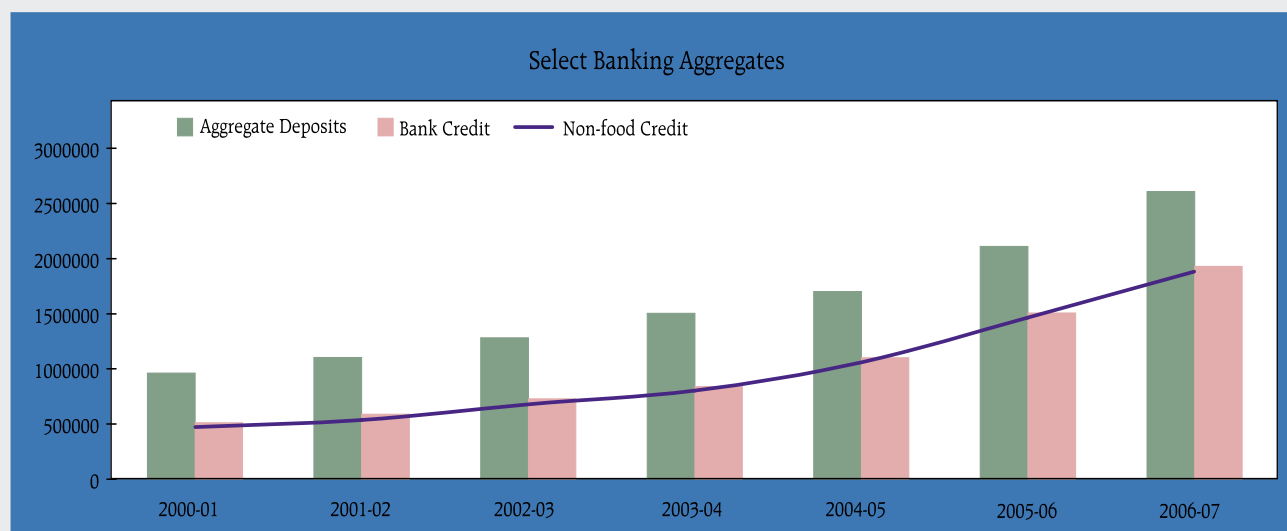
Last Reporting Friday (in case of March)/ Last Friday	1990-91	2005-06	2006-07	2006	2007						
				Aug.	Feb.	Mar.	Apr.	May	Jun.	Jul. (P)	Aug. (P)
1	2	3	4	5	6	7	8	9	10	11	12
Assets with the Banking System	6,848	63,882	86,922	68,899	72,318	86,922	79,743	78,512	78,917	77,446	74,154
Balances with other banks	3,347	30,735	33,486	30,441	29,254	33,486	30,775	30,883	31,940	34,611	31,520
In current account	1,926	14,240	14,451	12,134	11,616	14,451	12,862	12,561	13,309	16,267	12,060
In other accounts	1,421	16,494	19,035	18,306	17,638	19,035	17,913	18,323	18,631	18,344	19,461
Money at call and short notice	2,201	17,669	22,761	20,945	20,182	22,761	19,959	17,260	19,310	15,772	16,870
Advances to banks (10)	902	4,701	6,516	4,001	5,094	6,516	6,055	4,957	4,325	3,685	3,797
Other assets	398	10,778	24,159	13,512	17,788	24,159	22,953	25,412	23,343	23,378	21,966
Investment	76,831	7,49,682	8,20,249	7,91,943	8,18,346	8,20,249	8,37,364	8,44,025	8,76,048	9,00,372	9,33,917
Government securities (11)	51,086	7,31,889	8,03,768	7,74,653	8,01,966	8,03,768	8,21,251	8,28,297	8,59,921	8,78,777	9,12,491
Other approved securities	25,746	17,792	16,481	17,290	16,380	16,481	16,113	15,729	16,127	21,595	21,427
Bank credit	1,25,575	15,72,781	20,06,332	16,44,124	18,92,868	20,06,332	19,64,793	19,60,778	19,95,068	19,93,541	20,36,672
Loans, cash-credits and overdrafts	1,14,982	14,94,715	19,17,260	15,68,795	18,10,909	19,17,260	18,84,051	18,83,151	19,15,542	19,13,549	19,53,203
Inland bills-purchased	3,532	13,242	16,408	9,454	12,196	16,408	12,528	11,873	12,008	13,041	12,575
Inland bills-discounted	2,409	31,362	31,933	29,646	31,910	31,933	31,335	30,732	31,354	31,819	33,334
Foreign bills-purchased	2,788	13,108	16,171	13,279	14,466	16,171	13,793	13,096	13,341	12,866	11,930
Foreign bills-discounted	1,864	20,353	24,559	22,951	23,387	24,559	23,086	21,926	22,823	22,266	25,630
Cash-Deposit Ratio	13.0	6.6	7.5	6.2	6.9	7.5	7.9	7.7	8.0	8.9	8.6
Investment-Deposit Ratio	38.5	34.3	30.5	34.2	32.1	30.5	31.3	31.3	31.4	31.6	32.7
Credit-Deposit Ratio	62.9	72.0	74.6	71.1	74.3	74.6	73.4	72.8	71.5	69.9	71.3

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						
				Aug.	Feb.	Mar.	Apr.	May	Jun.	Jul. (P)	Aug. (P)
1	2	3	4	5	6	7	8	9	10	11	12
Number of Reporting banks	271	218	179	190	181	179	117	177	177	177	177
Liabilities to the banking system (1)	6,486	75,165	88,457	74,009	77,928	88,457	87,296	82,795	79,837	76,728	77,482
Demand and time deposits from banks (2), (12)	5,443	37,078	40,772	32,568	35,477	40,772	37,367	35,867	34,913	36,932	33,342
Borrowings from banks (3)	967	29,197	35,399	33,332	32,357	35,399	33,846	28,727	29,445	23,360	28,359
Other demand and time liabilities (4)	76	8,890	12,286	8,109	10,094	12,286	16,083	18,202	15,479	16,436	15,781
Liabilities to others (1)	2,05,600	23,80,973	29,36,149	25,12,456	27,72,555	29,36,149	29,11,576	29,15,828	30,20,677	30,78,094	31,02,339
Aggregate deposits (5)	1,92,541	21,09,049	26,08,309	22,36,353	24,70,660	26,08,309	25,93,165	26,10,571	27,08,268	27,70,512	27,72,024
Demand	33,192	3,64,640	4,29,137	3,30,812	4,00,241	4,29,137	3,77,672	3,68,394	4,00,853	4,24,773	3,91,970
Time (5)	1,59,349	17,44,409	21,79,172	19,05,541	20,70,419	21,79,172	22,15,493	22,42,176	23,07,416	23,45,739	23,80,054
Borrowings (6)	470	83,144	85,836	86,484	85,484	85,836	87,339	83,842	85,345	84,608	88,351
Other demand and time liabilities (4), (13)	12,589	1,88,780	2,42,004	1,89,618	2,16,410	2,42,004	2,31,072	2,21,415	2,27,064	2,22,974	2,41,964
Borrowings from Reserve Bank (7)	3,468	1,488	6,245	30	827	6,245	4,078	3,139	1,266	–	92
Against usance bills/ promissory notes	–	–	–	–	–	–	–	–	–	–	–
Others	3,468	1,488	6,245	30	827	6,245	4,078	3,139	1,266	–	92

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						
				Aug.	Feb.	Mar.	Apr.	May	Jun.	Jul. (P)	Aug. (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	1,39,093	1,71,073	1,96,331	2,06,137	2,01,888	2,16,510	2,48,767	2,38,416
Cash in hand	1,804	13,046	16,108	12,368	13,767	16,108	14,938	15,652	16,923	15,940	16,683
Balances with Reserve Bank (9)	23,861	1,27,061	1,80,222	1,26,725	1,57,306	1,80,222	1,91,200	1,86,236	1,99,587	2,32,827	2,21,733
Assets with the Banking System	5,582	54,392	77,060	59,520	63,764	77,060	69,865	68,917	69,332	67,981	64,873
Balances with other banks	2,846	26,462	29,088	25,452	25,255	29,088	26,123	26,522	27,223	30,097	26,934
In current account	1,793	12,974	13,201	11,201	10,596	13,201	11,788	11,502	12,162	15,165	10,989
In other accounts	1,053	13,488	15,887	14,252	14,659	15,887	14,336	15,020	15,061	14,931	15,945
Money at call and short notice	1,445	13,619	18,267	17,589	16,731	18,267	16,023	13,378	15,826	12,205	13,588
Advances to banks (10)	902	4,191	6,203	3,696	4,794	6,203	5,441	4,318	3,676	3,034	3,119
Other assets	388	10,120	23,503	12,783	16,985	23,503	22,278	24,699	22,607	22,646	21,231
Investment	75,065	7,17,454	7,90,431	7,58,501	7,87,858	7,90,431	8,07,466	8,14,399	8,47,801	8,72,281	9,04,851
Government securities (11)	49,998	7,00,742	7,74,980	7,42,200	7,72,537	7,74,980	7,92,260	7,99,712	8,32,775	8,51,749	8,84,484
Other approved securities	25,067	16,712	15,451	16,301	15,321	15,451	15,207	14,687	15,026	20,531	20,367
Bank credit (14)	1,16,301	15,07,077	19,28,913	15,78,585	18,18,843	19,28,913	18,87,837	18,83,720	19,17,456	19,17,231	19,60,072
	(4,506)	(40,691)	(46,521)	(36,366)	(43,898)	(46,521)	(49,887)	(44,864)	(42,787)	(41,059)	(38,490)
Loans, cash-credits and overdrafts	1,05,982	14,30,455	18,41,626	15,04,523	17,38,417	18,41,626	18,08,816	18,07,734	18,39,478	18,38,785	18,78,098
Inland bills-purchased	3,375	12,914	15,912	9,212	11,828	15,912	12,096	11,476	11,692	12,724	12,243
Inland bills-discounted	2,336	30,816	31,300	29,173	31,334	31,300	30,706	30,107	30,701	31,168	32,752
Foreign bills-purchased	2,758	13,075	16,139	13,240	14,436	16,139	13,747	13,050	13,315	12,840	11,904
Foreign bills-discounted	1,851	19,817	23,936	22,436	22,827	23,936	22,472	21,352	22,271	21,714	25,075
Cash-Deposit Ratio	13.3	6.6	7.5	6.2	6.9	7.5	7.9	7.7	8.0	9.0	8.6
Investment- Deposit Ratio	39.0	34.0	30.3	33.9	31.9	30.3	31.1	31.2	31.3	31.5	32.6
Credit-Deposit Ratio	60.4	71.5	74.0	70.6	73.6	74.0	72.8	72.2	70.8	69.2	70.7

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
March 27, 1998	2,443	18,767	9,778	1,472 (44)
March 26, 1999	4,006	24,169	17,857	2,343 (64)
March 24, 2000	5,037	30,620	22,988	2,834 (20)
March 23, 2001	6,984	38,453	27,006	3,171 (15)
July 14, 2000	6,918	32,992	22,848	2,952 (15)
July 13, 2001	6,479	39,135	27,318	3,178 (15)
July 28, 2000	6,544	33,210	23,189	3,003 (15)
July 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
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
July 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
July 21, 2006	6,554	2,396	14,470	31,265	25,872
July 20, 2007	5,829	1,973	19,461	23,658	25,955
August 4, 2006	6,748	2,177	14,308	31,157	25,611
August 3, 2007	5,372	2,068	18,471	24,085	25,558
August 18, 2006	6,362	2,122	14,154	31,414	25,556
August 17, 2007	5,330	2,110	18,797	23,913	24,896
September 1, 2006	6,414	2,163	14,223	30,550	25,365
August 31, 2007	5,152	2,099	18,712	23,780	25,268

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 Returns (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					
				May	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May 11	May 25
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	15,515	16,212	16,512	16,545	16,276	17,105	16,831	16,892	16,804
Demand Liabilities	1,831	6,065	7,324	5,173	5,735	6,132	5,616	6,122	7,324	6,835	6,633	6,832
Deposits												
Inter-bank	718	1,457	1,921	893	858	911	955	933	1,921	956	990	893
Others	794	3,101	3,571	3,051	3,176	3,264	3,245	3,203	3,571	3,354	3,395	3,437
Borrowings from banks	181	464	914	325	795	1,062	501	1,147	914	1,533	1,279	1,545
Others	139	1,043	918	904	907	895	915	840	918	992	969	957
Time Liabilities	3,963	38,464	39,425	37,992	36,565	36,996	37,307	37,181	39,425	39,640	39,320	38,790
Deposits												
Inter-bank	2,545	25,561	25,540	25,202	23,210	23,433	23,705	23,818	25,540	25,720	25,378	24,981
Others	1,359	12,564	13,534	12,464	13,037	13,248	13,300	13,074	13,534	13,477	13,497	13,366
Borrowings from banks	–	12	10	12	10	10	10	10	10	10	10	10
Others	59	327	341	314	307	305	292	280	341	432	435	433
Borrowing from Reserve Bank	15	–	–	15	15	21	21	21	–	6	–	–
Borrowings from the State Bank and / or a notified bank (2) and State Government	1,861	9,768	13,639	8,757	10,836	11,469	12,361	12,715	13,639	13,360	12,964	12,887
Demand	116	2,021	3,292	1,634	1,888	2,335	2,630	2,979	3,292	2,999	2,856	2,718
Time	1,745	7,747	10,347	7,123	8,948	9,134	9,730	9,736	10,347	10,361	10,107	10,169
Assets												
Cash in hand and balances with Reserve Bank	334	2,499	3,054	2,040	1,934	2,132	2,176	2,217	3,054	2,693	2,557	2,632
Cash in hand	24	146	153	139	130	140	121	139	153	136	137	139
Balance with Reserve Bank	310	2,353	2,900	1,901	1,804	1,992	2,055	2,078	2,900	2,557	2,420	2,492
Balances with other banks in current account	93	575	486	365	326	320	315	329	486	612	615	651
Investments in Government securities (3)	1,058	16,472	14,146	16,415	15,400	14,914	15,744	14,895	14,146	14,351	14,670	14,011
Money at call and short notice	498	5,899	6,749	5,629	5,899	6,952	6,190	5,246	6,749	6,079	5,791	5,831
Bank credit (4)	2,553	15,589	17,017	14,869	14,715	14,631	15,193	15,918	17,017	17,367	17,524	17,428
Advances												
Loans, cash-credits and overdrafts	2,528	15,568	17,001	14,857	14,702	14,617	15,178	15,904	17,001	17,357	17,514	17,421
Due from banks (5)	5,560	24,167	30,098	23,124	27,238	28,697	29,202	29,562	30,098	29,257	28,984	29,332
Bills purchased and discounted	25	21	16	12	14	14	15	13	16	9	10	7
Cash - Deposit Ratio	15.5	16.0	17.9	13.1	11.9	12.9	13.2	13.6	17.9	16.0	15.1	15.7
Investment - Deposit Ratio	49.2	105.2	82.7	105.8	95.0	90.3	95.2	91.5	82.7	85.3	86.8	83.4
Credit - Deposit Ratio	118.6	99.5	99.5	95.8	90.8	88.6	91.8	97.8	99.5	103.2	103.7	103.7

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
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
June 2007	–	–	–	–	8,342.90	100.90	–	–	–	–	–	–	8,342.90	100.90
July 2007	–	–	–	–	8,103.46	0.90	–	–	–	–	–	–	8,103.46	0.90

@ : '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 Lakhs 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		Ahmedabad		Bangalore		Bhopal	
1									6		7		8	
	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	11,668	1,04,58,895	9,415	93,56,252	2,254	11,02,643	7,385	84,93,321	525	3,52,697	602	4,77,810	59	47,188
2005-06	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)	13,673	1,20,42,426	11,441	1,04,35,436	2,232	16,06,990	8,310	85,99,494	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	1,075	9,35,456	892	8,16,855	182	1,18,600	654	6,80,617	45	31,406	58	44,615	5	4,219
July	1,095	8,75,609	922	7,67,976	173	1,07,633	670	6,24,621	47	30,032	56	44,029	6	3,526
August	1,151	9,37,757	967	8,21,927	184	1,15,830	701	6,60,121	45	29,450	61	44,878	6	3,802
September	1,109	10,03,643	934	8,91,105	175	1,12,538	665	7,47,284	47	34,782	57	48,512	6	3,455
October	1,105	9,20,602	931	8,10,084	174	1,10,518	681	6,60,849	49	34,792	56	45,459	6	4,018
November	1,156	9,75,051	975	8,58,613	182	1,16,438	704	7,03,614	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	1,144	11,51,567	955	8,61,831	189	2,89,736	696	7,06,834	49	38,373	57	46,414	6	4,778
February	1,152	10,09,236	974	8,78,284	178	1,30,953	705	7,18,902	53	39,079	59	43,611	6	4,351
March	1,325	12,80,999	1,092	11,14,016	233	1,66,983	791	9,21,429	60	52,339	65	59,302	7	7,707
2007-08 (P)														
April	1,169	10,20,155	983	8,58,100	186	1,62,054	711	6,94,136	48	37,978	60	52,523	6	4,797
May	1,179	11,12,301	990	8,71,553	188	2,40,748	706	7,08,984	50	36,213	62	56,278	6	4,835
June	1,136	10,19,221	952	8,87,892	184	1,31,330	687	7,30,703	51	38,573	61	48,857	6	4,513
July	1,307	10,40,232	1,028	9,17,884	279	1,22,348	752	7,65,060	57	39,464	62	52,540	7	3,844
August	1,205	9,91,787	1,021	8,75,538	184	1,16,249	730	7,16,283	52	36,681	63	49,593	7	4,327
Total (upto August, 07)	5,997	51,83,696	4,974	44,10,967	1,023	7,72,729	3,586	36,15,166	259	1,88,908	308	2,59,791	31	22,315

* : MICR - Magnetic Ink Character Recognition - automated CPC (Cheque Processing Centers).

** : Non MICR - Clearing done at the clearing house where MICR cheque processing centres have not been setup. The processing is done either using magnetic media based clearing system (MMBCS) or is 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 August 2007, pertains to the Clearing Houses managed by 9 banks-managed clearing house-SBI (Patna, Delhi, Lucknow, Mumbai, Ahmedabad, Bhopal, Kolkata, Chennai, Guwahati, Chandigarh, Kerala, Hyderabad, Bangalore & Bhubaneswar), SBBJ, SB Indore, PNB, SBT, SBP, 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 India, 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 Lakhs 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	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	804	6,92,202	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	66	54,931	4	3,808	35	32,498	16	11,540	7	5,124
July	5	5,382	10	14,701	69	51,961	4	3,272	35	30,934	15	10,779	8	4,796
August	5	5,338	17	11,607	69	55,833	5	4,039	36	31,079	16	10,148	8	5,235
September	5	5,238	11	46,787	67	56,680	4	3,739	35	31,851	16	10,595	8	5,159
October	5	5,263	12	15,081	66	56,829	4	3,671	35	29,738	16	11,498	7	4,557
November	5	5,295	12	14,472	57	56,677	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	65	55,270	5	4,409	35	30,771	17	11,948	8	5,265
February	5	5,683	11	12,880	69	61,288	5	4,025	38	31,696	17	11,868	9	5,424
March	6	8,126	12	18,781	76	76,895	6	5,561	43	44,520	19	14,548	9	6,634
2007-08 (P)														
April	5	5,831	11	14,150	70	66,324	4	4,579	37	35,342	17	12,405	8	5,508
May	5	5,939	12	15,227	69	59,765	5	4,089	36	33,432	17	12,149	9	5,775
June	5	5,695	11	11,972	69	63,205	5	4,515	35	34,165	16	12,873	8	6,244
July	5	6,288	12	13,280	73	63,481	5	4,258	38	37,799	18	13,025	8	5,548
August	5	5,906	12	13,575	59	63,567	5	3,911	38	37,093	17	11,957	8	5,398
Total (upto August 07)	25	29,659	58	68,205	354	3,16,403	24	21,351	183	1,77,831	86	62,409	41	28,473

No. 8: Cheque Clearing Data (Contd.)

(Number in Lakhs and Amount in Rs. crore)

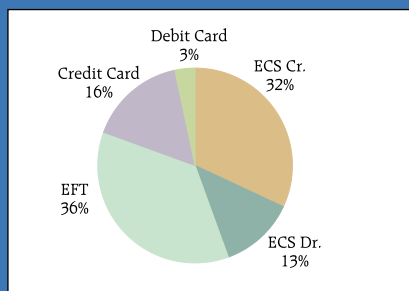
Month/Year	RBI Centres***											
	Kolkata		Mumbai		Nagpur		New Delhi		Patna		Thiruvananthapuram	
1	16		17		18		19		20		21	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
2001-02	523	3,73,131	1,679	82,17,816	102	41,151	1,079	9,90,315	27	17,421	34	19,032
2002-03	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	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	57	62,310	203	2,80,461	12	8,428	138	1,40,266	5	4,336	5	4,230
July	61	61,348	231	3,06,618	13	7,646	152	1,41,101	5	5,218	5	3,601
August	62	59,161	219	2,74,074	13	7,849	146	1,34,971	5	3,960	5	4,260
Total (upto August 07)	298	3,02,915	1,082	13,52,165	61	41,280	728	6,97,538	25	25,794	25	20,130

No. 8: Cheque Clearing Data (Concl.)

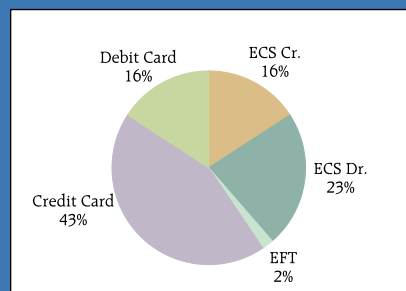
(Number in Lakhs and Amount in Rs. crore)

Month/Year	Other MICR Centres	
	Number	Amount
1	22	
2001-02	—	—
2002-03	—	—
2003-04	—	—
2004-05	2,030	8,62,931
2005-06	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
July	276	1,52,824
August	291	1,59,255
Total (upto August 07)	1,388	7,95,801

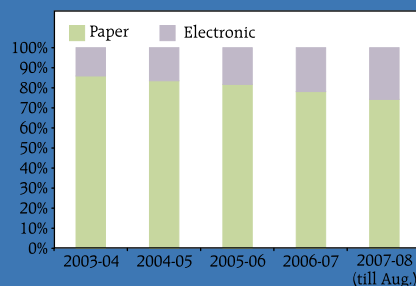
Retail Electronic Transactions-
Value in percentage



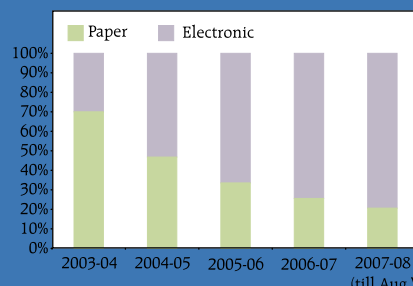
Retail Electronic Transactions-
Volume in percentage



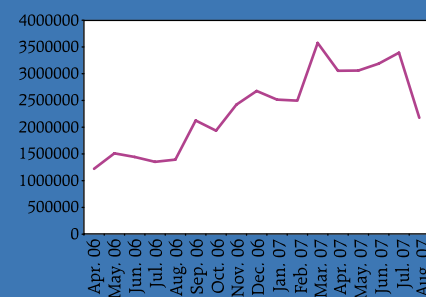
Representation of Electronic
Transactions Volume in Total



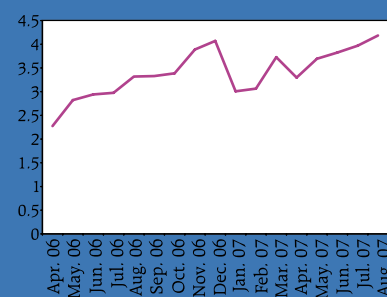
Representation of Electronic
Transactions Value in Total



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 Outstanding Cards	Volume	Amount	Number of Outstanding 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 (P)	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	370.93	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	385.26	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
July	440.52	29,912.23	89.85	11,709.17	96.57	3,231.45	8.48	9,615.62	244.89	179.50	4,450.51	819.74	66.12	905.48
August	449.29	28,259.80	81.17	11,944.00	98.47	3,310.76	8.97	7,395.73	249.48	188.37	4,600.60	849.54	72.30	1,008.71
Total (upto August 07)	2,022.45	1,35,140.77	322.70	43,126.06	457.20	17,110.75	39.13	48,609.97	249.48	881.79	21,796.47	849.54	321.63	4,497.51

* : 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	8,16,059.70	0.019	11,18,964.32	1.33	19,35,024.02
July	3.97	33,90,128.37	2.63	13,83,382.06	1.31	8,40,713.46	0.021	11,66,032.85	1.33	20,06,746.31
August	4.19	39,46,479.77	2.81	11,88,033.68	1.37	9,83,548.72	0.012	17,74,897.37	1.39	27,58,446.09
Total (upto August 07)	18.98	1,66,30,074.02	12.36	55,92,226.79	6.55	46,26,110.78	0.07	64,11,736.45	6.61	1,10,37,847.23

No. 9B: Large Value Clearing and Settlement Systems (Concl'd.)

(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
July	0.26	2,28,950.90	0.02	2,71,081.40	0.61	9,78,291.00	0.06	5,19,190.00
August	0.14	1,20,419.00	0.03	4,17,198.80	0.67	10,28,677.00	0.09	6,72,243.00
Total (Upto August, 07)	0.73	6,20,221.10	0.11	13,20,458.40	3.21	48,11,196.10	0.39	26,48,888.30

* : MNSB settlement in RTGS started from 12 August, 2006.

No. 10: Money Stock Measures

(Rs. crore)

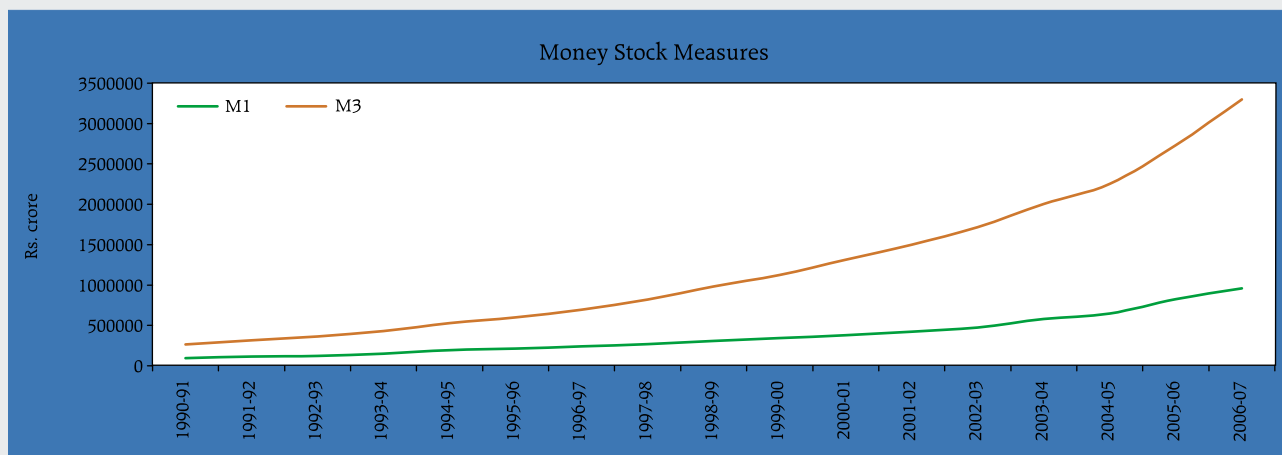
March 31/ Reporting Fridays of the month/ Last reporting Friday of the month	Currency with the public				Deposit money of the public				M ₁ (6+9)	Post office savings bank depos- its	M ₂ (10+11)	Time deposits with banks	M ₃ (10+13)	Total post office depos- its	M ₄ (14+15)
	Notes in circula- tion(1)	Circulation 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)							
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
August 4, 2006	4,41,710	6,355	1,530	14,777	4,34,819	3,70,350	5,846	3,76,196	8,11,014	5,041	8,16,055	20,56,091	28,67,105	25,969	28,93,074
August 18, 2006	4,45,794	6,387	1,544	15,869	4,37,856	3,77,805	5,798	3,83,603	8,21,459	5,041	8,26,500	20,57,584	28,79,043	25,969	29,05,012
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 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
July 2007	5,06,148	6,854	1,603	18,790	4,95,814	4,36,312	13,090	4,49,402	9,45,217	5,041	9,50,258	25,05,853	34,51,070	25,969	34,77,039
August 3, 2007	5,01,155	6,854	1,603	18,913	4,90,699	4,52,588	16,815	4,69,403	9,60,102	5,041	9,65,143	25,29,715	34,89,817	25,969	35,15,786
August 17, 2007	5,04,430	6,854	1,603	19,328	4,93,559	4,22,704	5,776	4,28,480	9,22,039	5,041	9,27,080	25,33,618	34,55,658	25,969	34,81,627
August 31, 2007	4,98,073	6,854	1,603	19,851	4,86,679	4,35,163	5,768	4,40,931	9,27,610	5,041	9,32,651	25,48,475	34,76,084	25,969	35,02,053

Notes : 1. Figures in brackets exclude the impact of mergers and conversion on 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 as on 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 (M₃)

(Rs. crore)

Source	Outstandings as on March 31/reporting Fridays of the month/last reporting Friday of the month					
	2004-05	2005-06	2006-07	April 1, 2005	August 4, 2006	August 18, 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)	8,12,357	7,99,462
A. RBI's net credit to Government (i-ii)	-17,975	8,136	5,752	-27,662	-769	-1,252
(i) Claims on Government (a+b)	61,970	73,540	1,00,800	36,700	38,353	39,755
(a) Central Government (1)	56,687	70,563	97,184	36,107	38,101	39,708
(b) State Governments	5,283	2,977	3,616	593	252	47
(ii) Government deposits with RBI (a+b)	79,945	65,404	95,048	64,362	39,122	41,007
(a) Central Government	79,945	65,404	95,048	64,321	39,081	40,966
(b) State Governments	—	—	—	41	41	41
B. Other Banks' Credit to Government	7,74,741	7,58,459	8,32,425	7,76,369	8,13,126	8,00,713
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)	17,51,258	17,62,870
A. RBI's credit to commercial sector (2)	1,390	1,387	1,537	1,390	1,384	1,384
B. Other banks' credit to commercial sector (i+ii+iii)	12,78,859	16,91,617	21,21,825	13,29,869	17,49,874	17,61,486
(i) Bank credit by commercial banks	11,00,428	15,07,077	19,28,913	11,52,210	15,64,655	15,74,027
(ii) Bank credit by co-operative banks	1,53,508	1,63,731	1,74,231	1,53,419	1,65,090	1,67,482
(iii) Investments by commercial and co-operative banks in other securities	24,923	20,809	18,681	24,240	20,129	19,977
3. Net Foreign Exchange Assets of Banking Sector (A+B)	6,49,255	7,26,194	9,13,179	6,47,903	8,07,428	8,04,511
A. RBI's net foreign exchange assets (i-ii)(3)	6,12,790	6,72,983	8,66,153	6,11,439	7,67,976	7,65,059
(i) Gross foreign assets	6,12,808	6,73,001	8,66,170	6,11,456	7,67,993	7,65,076
(ii) Foreign liabilities	17	17	17	17	17	17
B. Other banks' net foreign exchange assets	36,465	53,211	47,026	36,465	39,452	39,452
4. Government's Currency Liabilities to the Public	7,448	8,754	8,286	7,448	7,885	7,931
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	5,11,823	4,95,731
A. Net non-monetary liabilities of RBI(3)	1,19,776	1,24,001	1,80,348	1,23,214	1,93,937	1,84,682
B. Net non-monetary liabilities of other banks(residual)	3,22,493	3,41,001	3,92,379	2,79,435	3,17,886	3,11,049
M₃ (1+2+3+4-5)	22,51,449 (22,30,675)	27,29,545	33,10,278	23,32,667 (23,11,893)	28,67,105	28,79,043

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						
	April 2007	May 2007	June 2007	July 2007	August 3, 2007	August 17, 2007	August 31, 2007
1	8	9	10	11	12	13	14
1. Net Bank Credit to Government (A+B)	8,64,937	8,58,652	8,57,153	9,12,604	9,19,116	8,59,138	8,78,635
A. RBI's net credit to Government (i-ii)	18,546	6,304	-19,731	21,884	15,827	-80,206	-62,939
(i) Claims on Government (a+b)	94,612	93,764	63,028	1,07,052	1,08,923	28,666	44,443
(a) Central Government (1)	94,016	92,949	63,028	1,06,138	1,07,648	28,637	43,070
(b) State Governments	596	816	—	914	1,275	28	1,374
(ii) Government deposits with RBI (a+b)	76,066	87,461	82,759	85,168	93,095	1,08,872	1,07,382
(a) Central Government	76,025	87,419	82,717	85,127	93,054	1,08,830	1,07,341
(b) State Governments	41	41	41	41	41	41	41
B. Other Banks' Credit to Government	8,46,392	8,52,348	8,76,884	8,90,720	9,03,288	9,39,343	9,41,574
2. Bank Credit to Commercial Sector(A+B)	20,89,308	20,85,155	20,98,299	21,17,917	21,33,494	21,40,665	21,63,085
A. RBI's credit to commercial sector (2)	1,386	1,386	1,386	1,383	1,383	1,412	1,383
B. Other banks' credit to commercial sector (i+ii+iii)	20,87,922	20,83,769	20,96,913	21,16,533	21,32,110	21,39,253	21,61,701
(i) Bank credit by commercial banks	18,89,557	18,86,520	18,95,801	19,14,456	19,30,103	19,38,045	19,60,072
(ii) Bank credit by co-operative banks	1,74,090	1,73,111	1,76,752	1,78,011	1,78,046	1,77,306	1,77,814
(iii) Investments by commercial and co-operative banks in other securities	24,275	24,138	24,360	24,066	23,961	23,901	23,815
3. Net Foreign Exchange Assets of Banking Sector (A+B)	8,85,156	8,77,660	9,10,435	9,40,914	9,70,805	9,85,670	9,82,497
A. RBI's net foreign exchange assets (i-ii)(3)	8,38,129	8,30,634	8,63,408	8,93,888	9,23,778	9,38,643	9,35,470
(i) Gross foreign assets	8,38,147	8,30,651	8,63,426	8,93,905	9,23,796	9,38,661	9,35,488
(ii) Foreign liabilities	17	17	17	17	17	17	17
B. Other banks' net foreign exchange assets	47,026	47,026	47,026	47,026	47,026	47,026	47,026
4. Government's Currency Liabilities to the Public	8,342	8,457	8,457	8,457	8,457	8,457	8,457
5. Banking Sector's net Non-monetary Liabilities Other than Time Deposits (A+B)	5,25,944	5,04,065	4,85,428	5,28,822	5,42,054	5,38,272	5,56,589
A. Net non-monetary liabilities of RBI(3)	1,41,187	1,25,193	1,33,451	1,72,948	1,70,988	1,37,692	1,35,631
B. Net non-monetary liabilities of other banks(residual)	3,84,757	3,78,872	3,51,976	3,55,874	3,71,066	4,00,580	4,20,958
M₃ (1+2+3+4-5)	33,21,799	33,25,860	33,88,916	34,51,070	34,89,817	34,55,658	34,76,084

- Notes : 1. Figures in brackets exclude the impact of mergers and conversion on 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.

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	Aug. 4, 2006	Aug. 18, 2006	Sep. 1, 2006	Mar. 30, 2007	Aug. 3, 2007	Aug. 17, 2007	Aug. 31, 2007
1	2	3	4	5	6	7	8	9	10	11
Components										
C.I	Aggregate Deposits of Residents (C.I.1+C.I.2)									
C.I.1	2,48,028	2,86,017	3,64,640	3,30,149	3,36,966	3,39,822	4,29,137	4,09,277	3,79,443	3,91,970
C.I.2	13,75,766	14,22,967	16,85,133	18,32,089	18,31,999	18,50,452	21,12,063	22,97,442	23,00,653	23,17,545
C.I.2.1	6,19,095	6,40,335	7,58,310	8,24,440	8,24,400	8,32,704	9,50,429	10,33,849	10,35,294	10,42,895
C.I.2.1.1	13,112	15,527	44,499	68,193	66,898	67,607	97,354	1,11,864	1,08,060	1,22,628
C.I.2.2	7,56,671	7,82,632	9,26,823	10,07,649	10,07,600	10,17,749	11,61,635	12,63,593	12,65,359	12,74,650
C.II	Call/Term Funding from Financial Institutions									
	69,523	71,920	83,144	85,001	84,451	82,931	85,836	81,736	85,778	88,351
Sources										
S.I	Domestic Credit (S.I.1+S.I.2)									
S.I.1	7,18,982	7,20,256	7,00,742	7,54,837	7,41,916	7,50,166	7,74,980	8,46,386	8,81,594	8,84,484
S.I.2	12,68,425	13,21,178	16,63,499	17,43,619	17,49,158	17,68,484	20,87,511	21,45,110	21,35,865	21,46,816
S.I.2.1	11,00,428	11,52,210	15,07,077	15,64,655	15,74,027	15,96,214	19,28,913	19,30,103	19,38,045	19,60,072
S.I.2.1.1	10,59,308	11,12,194	14,66,386	15,28,367	15,37,492	15,59,686	18,82,392	18,88,781	18,99,686	19,21,582
S.I.2.2	1,447	1,783	4,369	2,817	5,103	1,649	2,799	3,032	2,657	2,392
S.I.2.3	20,172	20,007	16,712	16,208	16,191	16,096	15,451	20,469	20,419	20,367
S.I.2.4	1,46,377	1,47,178	1,35,340	1,59,938	1,53,837	1,54,524	1,40,347	1,91,506	1,74,743	1,63,986
S.II	Net Foreign Currency Assets of Commercial Banks (S.II.1-S.II.2-S.II.3)									
S.II.1	26,091	29,435	43,494	37,778	39,170	37,419	58,754	48,803	44,261	45,209
S.II.2	76,405	76,151	59,275	64,887	65,046	65,299	67,108	62,077	63,042	62,509
S.II.3	25,666	28,540	29,834	30,412	31,034	28,105	31,905	27,345	28,534	31,772
S.III	Net Bank Reserves (S.III.1+S.III.2-S.III.3)									
S.III.1	88,105	92,983	1,27,061	1,20,321	1,22,650	1,23,909	1,80,222	2,39,630	2,01,892	2,21,733
S.III.2	8,472	10,149	13,046	11,655	12,755	12,437	16,108	15,643	16,064	16,683
S.III.3	50	95	1,488	0	0	0	6,245	0	2,260	92
S.IV	Capital Account									
	1,33,688	1,37,406	1,77,727	1,95,880	1,94,032	1,94,076	2,02,618	2,49,537	2,50,239	2,50,808
S.V	Other items (net) (S.I+S.II+S.III-S.IV-C.I-C.II)									
S.V.1	1,67,094	1,58,477	1,58,946	1,63,110	1,59,032	1,65,680	2,10,099	2,06,241	2,14,611	2,10,192
S.V.2	17,199	23,110	25,141	18,143	17,567	15,034	14,196	13,870	16,930	15,001

Note : Data are provisional.

No. 11B: Monetary Survey

(Rs. crore)

Item	Outstanding as on									
	Mar. 31, 2005	Apr. 1, 2005	Mar. 31, 2006	Aug. 4, 2006	Aug. 18, 2006	Sep. 1, 2006	Mar. 31, 2007	Aug. 3, 2007	Aug. 17, 2007	Aug. 31, 2007
1	2	3	4	5	6	7	8	9	10	11
Monetary Aggregates										
M ₁ (C.I+C.II.1+C.III)	6,52,672	6,87,437	8,30,269	8,15,041	8,25,030	8,22,647	9,68,514	9,63,479	9,25,472	9,31,404
NM ₂ (M ₁ +C.II.2.1)	13,37,113	13,92,634	16,55,646	17,06,699	17,16,589	17,22,538	19,87,668	20,65,789	20,29,241	20,42,801
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	28,81,504	28,90,723	29,05,337	33,19,135	34,94,793	34,64,071	34,89,526
Components										
C.I Currency with the Public	3,55,850	3,54,844	4,13,143	4,34,831	4,37,943	4,32,611	4,83,542	4,90,808	4,93,672	4,86,765
C.II Aggregate Deposits of Residents (C.II.1+C.II.2)	18,11,323	18,93,377	22,44,430	23,55,826	23,62,531	23,83,871	27,42,261	29,05,434	28,78,845	29,08,641
C.II.1 Demand Deposits	2,90,344	3,26,273	4,10,258	3,74,364	3,81,288	3,84,112	4,77,476	4,55,856	4,26,024	4,38,871
C.II.2 Time Deposits of Residents (C.II.2.1+C.II.2.2)	15,20,979	15,67,104	18,34,172	19,81,461	19,81,242	19,99,759	22,64,785	24,49,578	24,52,821	24,69,771
C.II.2.1 Short-term Time Deposits	6,84,441	7,05,197	8,25,378	8,91,658	8,91,559	8,99,891	10,19,153	11,02,310	11,03,769	11,11,397
C.II.2.1.1 Certificates of Deposits (CDs)	13,112	15,527	44,499	68,193	66,898	67,607	97,354	1,11,864	1,08,060	1,22,628
C.II.2.2 Long-term Time Deposits	8,36,538	8,61,907	10,08,795	10,89,804	10,89,683	10,99,867	12,45,632	13,47,268	13,49,051	13,58,374
C.III 'Other' Deposits with RBI	6,478	6,319	6,869	5,846	5,798	5,924	7,496	16,815	5,776	5,768
C.IV Call/Term Funding from Financial Institutions	69,523	71,920	83,144	85,001	84,451	82,931	85,836	81,736	85,778	88,351
Sources										
S.I Domestic Credit (S.I.1+S.I.2)	21,83,803	22,27,602	25,94,668	27,19,720	27,12,909	27,34,832	30,93,257	32,34,417	31,65,392	31,97,708
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	8,03,206	7,89,853	7,91,748	8,29,500	9,10,608	8,50,681	8,70,902
S.I.1.1 Net RBI credit to the Government	-17,975	-27,662	8,136	-769	-1,252	-7,604	5,752	15,827	-80,206	-62,939
S.I.1.2 Credit to the Government by the Banking System	7,66,630	7,68,778	7,49,495	8,03,975	7,91,105	7,99,352	8,23,748	8,94,781	9,30,887	9,33,841
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	19,16,515	19,23,056	19,43,084	22,63,757	23,23,808	23,14,711	23,26,806
S.I.2.1 RBI Credit to the Commercial Sector	5,317	5,303	4,385	1,419	1,991	2,753	1,537	1,383	1,412	1,383
S.I.2.2 Credit to the Commercial Sector by the Banking System	14,29,831	14,81,183	18,32,652	19,15,095	19,21,065	19,40,331	22,62,220	23,22,425	23,13,299	23,25,423
S.I.2.2.1 Other Investments (Non-SLR Securities)	1,55,339	1,56,141	1,44,303	1,68,901	1,62,799	1,63,487	1,49,310	2,00,468	1,83,706	1,72,948
S.II Government's Currency Liabilities to the Public	7,448	7,448	8,754	7,885	7,931	7,931	8,286	8,457	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	7,10,454	7,08,149	7,14,970	8,25,894	8,83,160	8,91,329	8,86,399
S.III.1 Net Foreign Exchange Assets of the RBI	6,12,790	6,11,438	6,72,983	7,67,976	7,65,059	7,70,955	8,66,153	9,23,778	9,38,643	9,35,470
S.III.2 Net Foreign Currency Assets of the Banking System	-75,980	-75,256	-45,616	-57,522	-56,910	-55,985	-40,259	-40,619	-47,315	-49,072
S.IV Capital Account	2,76,376	2,78,634	3,18,544	4,11,574	4,05,322	4,09,035	3,84,067	4,05,181	4,16,976	4,12,283
S.V Other items (net)	2,08,511	1,66,137	1,64,661	1,44,982	1,32,944	1,43,362	2,24,234	2,26,058	1,84,130	1,90,754

Notes : 1. Data are provisional.

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

No. 11C: Reserve Bank of India Survey

(Rs. crore)

Item	Outstanding as on									
	Mar. 31, 2005	Mar. 31, 2006	Aug. 4, 2006	Aug. 18, 2006	Sep. 1, 2006	Mar. 31, 2007	Aug. 3, 2007	Aug. 17, 2007	Aug. 31, 2007	
1	2	3	4	5	6	7	8	9	10	
Components										
C.I	Currency in Circulation	3,68,661	4,30,676	4,49,596	4,53,725	4,48,071	5,04,225	5,09,612	5,12,887	5,06,530
C.II	Bankers' Deposits with the RBI	1,13,996	1,35,511	1,28,371	1,30,758	1,31,878	1,97,295	2,52,045	2,14,316	2,34,534
C.II.1	Scheduled Commercial Banks	1,06,659	1,27,061	1,20,321	1,22,650	1,23,909	1,86,322	2,39,630	2,01,892	2,21,733
C.III	'Other' Deposits with the RBI	6,478	6,869	5,846	5,798	5,924	7,496	16,815	5,776	5,768
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	5,83,812	5,90,281	5,85,873	7,09,016	7,78,472	7,32,979	7,46,833
Sources										
S.I	RBI's Domestic Credit (S.I.1+S.I.2+S.I.3)	-11,327	15,319	1,888	1,973	-3,626	14,925	17,225	-76,430	-61,463
S.I.1	Net RBI credit to the Government (S.I.1.1+S.I.1.2)	-17,975	8,136	-769	-1,252	-7,604	5,752	15,827	-80,206	-62,939
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	-980	-1,258	-8,050	2,136	14,593	-80,193	-64,271
S.I.1.1.1	Loans and Advances to the Central Government	—	—	—	—	—	—	31,643	—	—
S.I.1.1.2	Investments in Treasury Bills	—	—	—	—	—	—	—	—	—
S.I.1.1.3	Investments in dated Government Securities	56,540	70,409	37,973	39,600	30,437	97,172	75,937	28,590	42,850
S.I.1.1.3.1	Central Government Securities	55,022	69,362	36,927	38,553	29,390	96,126	74,890	27,544	41,803
S.I.1.1.4	Rupee Coins	147	154	127	108	92	12	68	47	220
S.I.1.1.5	Deposits of the Central Government	79,945	65,404	39,081	40,966	38,578	95,048	93,054	1,08,830	1,07,341
S.I.1.2	Net RBI credit to State Governments	5,283	2,977	211	6	446	3,616	1,234	-13	1,333
S.I.2	RBI's Claims on Banks	1,331	2,797	1,238	1,234	1,225	7,635	14	2,364	92
S.I.2.1	Loans and Advances to Scheduled Commercial Banks	95	1,488	—	—	—	6,310	—	2,260	92
S.I.3	RBI's Credit to Commercial Sector	5,317	4,385	1,419	1,991	2,753	1,537	1,383	1,412	1,383
S.I.3.1	Loans and Advances to Primary Dealers	—	—	—	—	—	153	—	—	—
S.I.3.2	Loans and Advances to NABARD	3,927	2,998	35	607	1,369	—	—	—	—
S.II	Government's Currency Liabilities to the Public	7,448	8,754	7,885	7,931	7,931	8,286	8,457	8,457	8,457
S.III	Net Foreign Exchange Assets of the RBI	6,12,790	6,72,983	7,67,976	7,65,059	7,70,955	8,66,153	9,23,778	9,38,643	9,35,470
S.III.1	Gold	19,686	25,674	30,496	30,496	30,436	29,573	27,850	27,850	28,186
S.III.2	Foreign Currency Assets	5,93,121	6,47,327	7,37,498	7,34,580	7,40,536	8,36,597	8,95,945	9,10,811	9,07,301
S.IV	Capital Account	1,18,517	1,16,647	1,91,523	1,87,120	1,90,788	1,57,279	1,31,473	1,42,566	1,37,304
S.V	Other Items (net)	1,259	7,354	2,413	-2,438	-1,401	23,069	39,515	-4,875	-1,673

Note : Data are provisional.

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	1,15,549	34,34,684	2,656	31	245	2,932	34,37,616	26,064	34,63,680
2007-08										
April	33,35,148	1,15,589	34,50,737	2,656	31	245	2,932	34,53,669		
May	33,38,768	1,16,135	34,54,903	2,656	31	245	2,932	34,57,835		
June	33,95,929	1,16,573	35,12,502	2,656	31	245	2,932	35,15,434	26,064	35,41,498
July	34,56,241	1,16,874	35,73,115	2,656	31	245	2,932	35,76,047		
August	34,89,526	1,16,874	36,06,400	2,656	31	245	2,932	36,09,332		

CDs: Certificates of Deposits; L₁, L₂ and L₃: Liquidity Aggregates; NBFCS: Non-Banking Financial Companies.

Notes: 1. Postal Deposits comprise post office savings bank deposits, post office time deposits, post office recurring deposits, other deposits and post office cumulative time deposits.

2. 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.

3. Since July 2001, the term money borrowings of the FIs comprise borrowings from corporates and others.

4. Since August 2002, Term Deposits include CPs and Others.

5. 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.

6. While L₁ and L₂ are compiled on a monthly basis, L₃ is compiled on a quarterly basis.

7. 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
August 4, 2006	4,49,596	14,777	5,846	1,28,371	5,83,812
August 11, 2006	4,53,562	—	5,511	1,29,318	5,88,391
August 18, 2006	4,53,725	15,869	5,798	1,30,758	5,90,281
August 25, 2006	4,48,904	—	5,528	1,34,841	5,89,273
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 2007	5,21,095	19,872	7,815	1,92,496	7,21,406
July 2007	5,14,605	18,790	13,090	2,24,980	7,52,675
August 3, 2007	5,09,612	18,913	16,815	2,52,045	7,78,472
August 10, 2007	5,12,361	—	5,797	2,28,602	7,46,760
August 17, 2007	5,12,887	19,328	5,776	2,14,316	7,32,979
August 24, 2007	5,08,576	—	5,864	2,34,660	7,49,100
August 31, 2007	5,06,530	19,851	5,768	2,34,534	7,46,833

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
August 4, 2006	-769	1,238	35	1,384	7,67,976	7,885	1,93,937	5,83,812
August 11, 2006	-2,517	1,238	90	1,384	7,64,419	7,885	1,84,108	5,88,391
August 18, 2006	-1,252	1,234	607	1,384	7,65,059	7,931	1,84,682	5,90,281
August 25, 2006	-3,156	1,274	1,437	1,384	7,66,916	7,931	1,86,514	5,89,273
April 2007	18,546	5322	—	1,386	8,38,129	8,342	1,41,187	7,30,538
May 2007	6,304	4431	—	1,386	8,30,634	8,457	1,25,193	7,26,019
June 2007	-19,731	1337	—	1,386	8,63,408	8,457	1,33,451	7,21,406
July 2007	21,884	11	—	1,383	8,93,888	8,457	1,72,948	7,52,675
August 3, 2007	15,827	14	—	1,383	9,23,778	8,457	1,70,988	7,78,472
August 10, 2007	-63,265	29	—	1,383	9,29,295	8,457	1,29,139	7,46,760
August 17, 2007	-80,206	2364	—	1,412	9,38,643	8,457	1,37,692	7,32,979
August 24, 2007	-60,101	108	—	1,383	9,39,990	8,457	1,40,737	7,49,100
August 31, 2007	-62,939	92	—	1,383	9,35,470	8,457	1,35,631	7,46,833

See 'Notes on Tables'.

No. 14: Daily Call Money Rates

As on	Range of Rates		Weighted Average Rates	
	Borrowings	Lendings	Borrowings	Lendings
1	2	3	4	5
August 1, 2007	0.05 - 4.95	0.05 - 4.95	0.16	0.16
August 2, 2007	0.05 - 0.25	0.05 - 0.25	0.13	0.13
August 3, 2007	0.50 - 5.00	0.50 - 5.00	2.61	2.61
August 4, 2007	2.50 - 6.00	2.50 - 6.00	3.76	3.76
August 6, 2007	5.00 - 6.75	5.00 - 6.75	6.14	6.14
August 7, 2007	5.10 - 6.30	5.10 - 6.30	6.12	6.12
August 8, 2007	5.10 - 6.30	5.10 - 6.30	6.14	6.14
August 9, 2007	5.10 - 6.40	5.10 - 6.40	6.17	6.17
August 10, 2007	5.25 - 6.35	5.25 - 6.35	6.23	6.23
August 11, 2007	5.10 - 6.30	5.10 - 6.30	6.19	6.19
August 13, 2007	5.00 - 6.25	5.00 - 6.25	6.19	6.19
August 14, 2007	5.25 - 6.30	5.25 - 6.30	6.17	6.17
August 16, 2007	5.25 - 6.25	5.25 - 6.25	6.13	6.13
August 17, 2007	4.75 - 55.00	4.75 - 55.00	11.64	11.64
August 18, 2007	4.00 - 45.00	4.00 - 45.00	12.46	12.46
August 21, 2007	5.00 - 6.25	5.00 - 6.25	6.21	6.21
August 22, 2007	5.25 - 6.50	5.25 - 6.50	6.24	6.24
August 23, 2007	4.50 - 6.50	4.50 - 6.50	6.25	6.25
August 24, 2007	5.30 - 6.40	5.30 - 6.40	6.30	6.30
August 25, 2007	4.00 - 6.45	4.00 - 6.45	6.30	6.30
August 27, 2007	5.25 - 6.50	5.25 - 6.50	6.26	6.26
August 28, 2007	5.25 - 6.25	5.25 - 6.25	6.16	6.16
August 29, 2007	5.25 - 6.20	5.25 - 6.20	6.11	6.11
August 30, 2007	4.00 - 6.25	4.00 - 6.25	6.08	6.08
August 31, 2007	2.50 - 8.40	2.50 - 8.40	5.98	5.98
September 1, 2007	5.25 - 6.10	5.25 - 6.10	6.06	6.06
September 3, 2007	5.25 - 6.50	5.25 - 6.50	6.11	6.11
September 4, 2007	5.25 - 6.15	5.25 - 6.15	6.09	6.09
September 5, 2007	5.25 - 6.15	5.25 - 6.15	6.09	6.09
September 6, 2007	5.25 - 6.15	5.25 - 6.15	6.08	6.08
September 7, 2007	5.25 - 6.58	5.25 - 6.58	6.08	6.08
September 8, 2007	5.25 - 6.20	5.25 - 6.20	6.05	6.05
September 10, 2007	5.50 - 6.15	5.50 - 6.15	6.09	6.09
September 11, 2007	5.25 - 6.20	5.25 - 6.20	6.09	6.09
September 12, 2007	5.25 - 6.15	5.25 - 6.15	6.09	6.09
September 13, 2007	5.00 - 6.15	5.00 - 6.15	6.08	6.08
September 14, 2007	1.00 - 7.50	1.00 - 7.50	6.11	6.11

No. 15: Average Daily Turnover in Call Money Market

(Rs. crore)

Fortnight ended	Average Daily Call Money Turnover				
	Banks		Primary Dealers		Total
	Borrowings	Lendings	Borrowings	Lendings	
1	2	3	4	5	6
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
July 6, 2007	8,735	9,217	494	11	18,457
July 20, 2007	9,043	9,589	555	9	19,195
August 3, 2007	7,089	7,723	661	27	15,501
August 17, 2007	12,047	12,412	492	126	25,077
August 31, 2007	10,757	11,286	559	30	22,633
September 14, 2007	9,598	10,435	854	17	20,904

Notes : 1. Data are 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	6	1,02,992	6.25 - 9.69
July	8	20,509	4.50 - 7.00		21	59,167	4.35 - 8.21		20	1,05,317	5.50 - 10.82
	22	20,768	4.25 - 7.00	August	4	64,748	6.00 - 8.62	August	3	1,03,750	6.05 - 10.75
August	5	21,062	4.75 - 7.00		18	65,621	4.75 - 8.50		17	1,06,350	6.87 - 8.91
	19	23,568	4.66 - 7.00	September	1	66,340	4.60 - 8.50		31	1,09,224	6.87 - 10.75
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	16,550.15	6.35 - 9.25		30	18,759.00	9.65 - 11.75
May	15	16,077.90	5.38 - 6.65	May	15	17,264.35	6.32 - 7.95	May	15	19,288.00	9.25-11.45
	31	17,181.90	5.40 - 6.65		31	17,066.51	6.40 - 9.25		31	22,024.00	8.71 - 12.00
June	15	17,521.90	5.42 - 6.65	June	15	18,932.51	6.44 - 9.25	June	15	25,499.75	7.00 - 10.80
	30	17,796.90	5.45 - 6.51		30	19,649.51	6.59 - 9.25		30	26,256.25	7.35 - 12.00
July	15	18,156.51	5.57 - 7.50	July	15	21,652.30	6.25 - 8.30	July	15	28,129.25	4.00 - 11.50
	31	18,349.11	5.25 - 7.50		31	21,110.30	6.50 - 8.25				
August	15	201,116.71	5.50 - 7.50	August	15	23,084.30	6.25 - 8.10				
	31	19,507.71	5.45 - 7.50		31	23,299.30	6.60 - 9.00				
September	15	20,018.71	5.50 - 6.56	September	15	24,011.30	6.40 - 8.17				
	30	19,724.71	5.45 - 6.65		30	24,444.30	7.10 - 9.25				
October	15	18,701.71	5.69 - 7.50	October	15	23,521.00	7.20 - 8.65				
	31	18,725.51	5.63 - 7.50		31	23,171.00	7.00 - 8.75				
November	15	17,902.51	5.75 - 6.60	November	15	23,450.20	7.25 - 9.25				
	30	18,013.35	5.90 - 6.79		30	24,238.20	7.50 - 9.50				
December	15	17,431.35	6.21 - 7.75	December	15	23,827.20	7.50 - 8.75				
	31	17,234.34	6.20 - 7.75		31	23,536.20	7.74 - 10.00				
January	15	17,415.15	6.50 - 7.75	January	15	23,758.20	8.30 - 9.58				
	31	16,431.35	6.65 - 8.50		31	24,398.20	8.25 - 10.50				
February	15	16,203.35	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	12,877.35	7.75 - 8.95	March	15	19,102.20	7.50 - 13.35				
	31	12,718.25	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 - August				
		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	1,06,551	1,64,083 *	26.4	33.7	
2. Tax Revenue (Net)	4,03,872	81,444	99,356	24.9	24.6	
3. Non-Tax Revenue	82,550	25,107	64,727 *	32.9	78.4	
4. Capital Receipts	1,94,099	93,885	1,07,284	58.5	55.3	
5. Recovery of Loans	1,500	3,207	1,579	40.1	105.3	
6. Other Receipts	41,651	0	2,367	—	5.7	
7. Borrowings and Other Liabilities	1,50,948	90,678	1,03,338	61.0	68.5	
8. Total Receipts (1+4)	6,80,521	2,00,436	2,71,367	35.5	39.9	
9. Non-Plan Expenditure	4,75,421	1,46,516	1,99,042	37.4	41.9	
10. On Revenue Account <i>of which :</i>	3,83,546	1,40,009	1,57,322	40.6	41.0	
(i) Interest Payments	1,58,995	51,089	63,039	36.5	39.6	
11. On Capital Account	91,875	6,507	41,720 \$	13.9	45.4	
12. Plan Expenditure	2,05,100	53,920	72,325	31.2	35.3	
13. On Revenue Account	1,74,354	45,940	60,276	32.0	34.6	
14. On Capital Account	30,746	7,980	12,049	27.5	39.2	
15. Total Expenditure (9+12)	6,80,521	2,00,436	2,71,367	35.5	39.9	
16. Revenue Expenditure (10+13)	5,57,900	1,85,949	2,17,598	38.1	39.0	
17. Capital Expenditure (11+14)	1,22,621	14,487	53,769 \$	19.1	43.8	
18. Revenue Deficit (16-1)	71,478	79,398	53,515	93.7	74.9	
19. Fiscal Deficit {15-(1+5+6)}	1,50,948	90,678	1,03,338	61.0	68.5	
20. Gross Primary Deficit [19-10(i)]	-8,047	39,589	40,299	446.7	-500.8	

* : Includes an amount of Rs. 34,308 crore on account of transfer of profit to the Government of India, on sale of RBI's stake in SBI.

\$: Includes an amount of Rs. 35,531 crore on account of acquisition of RBI's stake in SBI by the Government of India.

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
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
Jun. 2007	—	—	—	—	26,331	—	27,246	—	12,378	—	1
Jul. 2007	—	—	—	—	25,736	—	32,296	—	12,764	—	1
Week Ended											
Aug. 3, 2007	—	—	—	—	26,134	—	32,496	—	12,366	—	1
Aug. 10, 2007	—	—	—	—	25,034	—	34,996	—	13,466	—	1
Aug. 17, 2007	—	—	—	—	24,675	—	33,896	—	13,809	—	—
Aug. 24, 2007	—	—	—	—	25,625	—	34,396	—	12,875	—	—
Aug. 31, 2007	—	—	—	—	27,491	—	33,596	—	12,509	—	—

* : 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	Implicit Yield at Cut-off Price (per cent)	Amount Outstanding as on the Date of Issue (Face Value)
			Number	Total Face Value		Number	Total Face Value						
				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													
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
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

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			Devolvement on PDs/SDs*	Total Issue (8+9+10)	Cut-off Price	Implicit Yield at Cut-off Price (per cent)	Amount Outstanding as on the Date of Issue (Face Value)
			Number	Total Face Value		Number	Total Face Value						
				Com- petitive	Non- Com- petitive		Com- petitive	Non- Com- petitive					
1	2	3	4	5	6	7	8	9	10	11	12	13	14
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
July 4	July 6	500	106	6,246.00	7,100.00	22	500.00	7,100.00	—	7,600.00	98.48	6.1908	70,356.43
July 11	July 13	2,000	133	7,253.00	250.00	36	2,000.00	250.00	—	2,250.00	98.74	5.1183	70,106.43
July 18	July 20	2,000	101	9,177.47	500.00	15	2,000.00	500.00	—	2,500.00	98.89	4.5022	70,897.08
July 25	July 27	2,000	78	6,468.08	—	32	2,000.00	—	—	2,000.00	98.90	4.4612	70,797.08
Aug. 1	Aug. 3	2,000	97	4,932.24	200.00	56	2,000	200	—	2,200.00	98.41	6.4805	70,997.08
Aug. 8	Aug. 10	2,000	86	4,295.00	2,500.00	29	2,000	2,500	—	4,500.00	98.39	6.5634	73,497.08
Aug. 14	Aug. 17	2,000	94	3,450.47	303.00	61	2,000	303	—	2,303.00	98.35	6.7292	72,397.08
Aug. 22	Aug. 24	2,000	82	3,990.50	2,050.00	14	2,000	2,050	—	4,050.00	98.33	6.8121	72,896.08
Aug. 29	Aug. 31	3,500	104	7,552.50	550.00	26	3,500	550	—	4,050.00	98.26	7.1027	73,596.08

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

Note : 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			Devolvement on PDs	Total Issue (8+9+10)	Cut-off Price	Implicit Yield at Cut-off Price (per cent)	Amount Outstanding as on the Date of Issue (Face Value)
			Number	Total Face Value		Number	Total Face Value						
				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. 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
Jul. 11	Jul. 13	1,500	78	4,005.67	—	30	1,500.00	—	—	1,500.00	97.07	6.0535	23,301.44
Jul. 25	Jul. 27	1,500	71	4,085.00	900.00	15	1,500.00	900.00	—	2,400.00	97.18	5.8196	25,141.44
Aug. 8	Aug. 10	1,500	52	1,985.00	500.00	47	1,500.00	500.00	—	2,000.00	96.50	7.2738	25,641.44
Aug. 22	Aug. 24	1,500	69	2,235.00	1,500.00	54	1,500.00	1,500.00	—	3,000.00	96.41	7.4678	27,141.44

- Notes :**
1. 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 April 6, 2005.
 3. 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	Implicit Yield at Cut-off Price (per cent)	Amount Outstanding as on the Date of Issue (Face Value)
			Number	Total Face Value		Number	Total Face Value						
				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													
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	7.69.00	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	7.65.00	56,324.50
Jul. 4	Jul. 6	1,000	93	6,255.00	–	20	1,000	–	–	1,000.00	93.33	7.1663	55,324.50
Jul. 18	Jul. 20	2,000	96	7,415.49	583.43	25	2,000	583.43	–	2,583.43	93.84	6.5824	55,627.43
Aug. 1	Aug. 3	2,000	84	4,675.00	–	43	2,000.00	–	–	2,000.00	93.26	7.2470	55,627.43
Aug. 14	Aug. 17	2,000	104	4,685.00	–	33	2,000.00	–	–	2,000.00	93.05	7.4896	55,619.43
Aug. 29	Aug. 31	2,000	115	5,415.00	33.27	39	2,000.00	33.27	–	2,033.27	93.02	7.5244	55,642.70

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

Notes: 1. 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. 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	5,782.54	333.23
May	1,14,658.96	2,481.32	7,160.10	1,498.68	3,183.70	680.35
June	2,20,172.02	2,078.77	29,236.33	7,998.44	10,091.95	266.57
July	3,83,106.46	1,906.39	19,820.37	3,291.27	22,143.25	715.20
Week-Ended						
August 3, 2007	61,541.86	485.04	3,744.08	2,083.25	4,039.42	43.26
August 10, 2007	71,824.20	283.78	2,540.32	780.00	1,711.38	200.70
August 17, 2007	29,190.54	426.92	1,934.94	233.33	940.44	11.35
August 24, 2007	49,892.26	975.52	2,293.80	1,755.88	1,708.90	91.51
August 31, 2007	29,258.13	342.94	1,386.30	2,025.54	5,243.52	135.68

@ : 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.

CURRENT STATISTICS

Government
Securities
Market

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
August 1, 2007	1	-	-	-	-	-	44	85,715	44	1,988	6.00	-1,988	
\$	1	-	-	-	-	-	35	50,530	35	1,011	6.00	-1,011	2,999
August 2, 2007	1	-	-	-	-	-	41	74,040	41	1,991	6.00	-1,991	
\$	1	-	-	-	-	-	33	49,030	33	986	6.00	-986	2,977
August 3, 2007	3	-	-	-	-	-	28	59,630	28	1,996	6.00	-1,996	
\$	3	-	-	-	-	-	28	45,000	28	1,001	6.00	-1,001	2,997
August 6, 2007	1	-	-	-	-	-	28	52,070	28	52,070	6.00	-52,070	52,070
August 7, 2007	1	-	-	-	-	-	21	41,605	21	41,605	6.00	-41,605	41,605
August 8, 2007	1	-	-	-	-	-	17	36,425	17	36,425	6.00	-36,425	36,425
August 9, 2007	1	-	-	-	-	-	17	38,135	17	38,135	6.00	-38,135	38,135
August 10, 2007	3	-	-	-	-	-	12	19,625	12	19,625	6.00	-19,625	19,625
August 13, 2007	1	-	-	-	-	-	16	25,325	16	25,325	6.00	-25,325	25,325
August 14, 2007	2	-	-	-	-	-	18	29,450	18	29,450	6.00	-29,450	29,450
August 16, 2007	1	-	-	-	-	-	20	30,670	20	30,670	6.00	-30,670	30,670
August 17, 2007	4	-	-	-	-	-	25	30,650	25	30,650	6.00	-30,650	30,650
August 21, 2007	1	-	-	-	-	-	12	10,190	12	10,190	6.00	-10,190	10,190
August 22, 2007	1	-	-	-	-	-	9	13,885	9	13,885	6.00	-13,885	13,885
August 23, 2007	1	-	-	-	-	-	9	16,060	9	16,060	6.00	-16,060	16,060
August 24, 2007	3	-	-	-	-	-	7	12,325	7	12,325	6.00	-12,325	12,325
August 27, 2007	1	-	-	-	-	-	7	7,770	7	7,770	6.00	-7,770	7,770
August 28, 2007	1	-	-	-	-	-	17	25,355	17	25,355	6.00	-25,355	25,355
August 29, 2007	1	-	-	-	-	-	16	29,280	16	29,280	6.00	-29,280	29,280
August 30, 2007	1	-	-	-	-	-	21	37,670	21	37,670	6.00	-37,670	37,670
August 31, 2007	3	-	-	-	-	-	18	16,855	18	16,855	6.00	-16,855	16,855

@ : Net of overnight repo.

\$: Second LAF auction discontinued with effect from August 6, 2007.

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	–	–	–	–	–
July	25.00	–	–	657	-631.74	–	–	–	–	–
August	–	–	–	456	-456.28	–	–	–	–	–

* : 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
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-16	2016-17	2017-18	Beyond 2018	
1	2	3	4	5	6	7	8	9	10	11	12
I. August 3, 2007											
a. Amount	–	1.15	5,763.35	565.72	282.71	301.52	3,120.86	1,020.97	15,544.54	4,170.11	242.52
b. YTM *											
Min.	–	0.0000	7.0343	7.0779	7.3307	7.3578	7.4838	7.7367	7.7225	7.8659	6.0058
Max.	–	0.0000	7.7407	7.5026	7.3307	7.6	8.2549	7.9495	7.9651	8.5648	8.1754
II. August 10, 2007											
a. Amount	–	13.80	5,391.65	1,175.53	175.26	65.72	845.40	740.00	23,766.31	3,738.44	141.89
b. YTM *											
Min.	–	7.9267	7.3558	7.4217	7.4799	7.6514	7.6128	7.7639	7.7964	8.0500	8.0753
Max.	–	7.9536	7.8089	7.5205	7.8141	7.8194	8.2506	7.9997	7.9924	8.5071	8.2010
III. August 17, 2007											
a. Amount	–	161.80	2,193.32	60.50	890.07	19.70	681.50	44.51	7,374.90	3,168.91	213.46
b. YTM *											
Min.	–	7.4029	7.7443	7.7690	7.7337	7.9123	7.7844	7.9766	7.9218	8.0959	5.3998
Max.	–	8.1415	7.9741	7.8643	7.9221	7.9123	8.0293	8.0529	8.1413	8.7809	8.399
IV. August 24, 2007											
a. Amount	–	229.00	4,198.51	10.00	75.00	135.50	411.75	725.34	16,134.35	3,026.69	487.76
b. YTM *											
Min.	–	8.0599	7.7711	7.8115	7.8581	7.91	7.8571	7.8953	7.8625	8.2669	8.1394
Max.	–	8.1003	8.33	7.8115	8.2368	7.9121	8.0998	8.0067	8.0474	8.7135	8.5598
V. August 31, 2007											
a. Amount	–	–	3,550.11	10.15	375.07	8.10	1,704.64	233.32	6,417.41	2,330.26	171.47
b. YTM *											
Min.	–	–	7.7018	7.8298	7.7849	–	7.8262	7.9453	7.8788	7.9983	8.2626
Max.	–	–	7.8667	7.8339	8.3000	–	7.9008	8.0078	7.9764	8.6912	8.3891

* : 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. August 3, 2007				
a. Amount	906.79	1,907.20	941.42	1,177.76
b. YTM *				
Min.	0.2008	2.5501	5.7499	6.1001
Max.	2.9932	6.4805	7.0001	7.2354
II. August 10, 2007				
a. Amount	202.10	1,655.85	390.00	267.89
b. YTM *				
Min.	5.5000	5.8495	6.4000	6.9201
Max.	6.4189	6.5634	7.1600	7.1500
III. August 17, 2007				
a. Amount	575.00	512.47	181.67	285.22
b. YTM *				
Min.	6.0011	6.1016	6.6001	7.2000
Max.	6.5001	6.6877	7.5250	7.4896
IV. August 24, 2007				
a. Amount	583.53	1,255.82	717.94	322.00
b. YTM *				
Min.	6.4016	6.6000	6.8000	7.2500
Max.	6.7491	6.8998	7.4678	7.4293
V. August 31, 2007				
a. Amount	420.10	738.90	1,157.27	2,011.41
b. YTM *				
Min.	6.2490	6.4994	6.8000	7.2999
Max.	6.7293	7.1027	7.4400	7.5244

* : 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							
	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.
1	2	3	4	5	6	7	8	9	10	11	12	13
1	6.6855	7.0961	6.9959	7.4422	7.5263	7.6383	7.8941	7.9308	7.8277	7.5803	7.1362	7.6839
2	6.8841	7.1893	7.0759	7.4627	7.6326	7.7950	7.9851	8.0842	7.8559	7.6867	7.2619	7.7159
3	7.0828	7.2826	7.1554	7.4832	7.7382	7.9024	7.9755	8.1280	7.8864	7.8031	7.3610	7.7479
4	7.2815	7.3759	7.2349	7.5037	7.7075	7.9158	7.9645	8.1213	7.9610	7.8106	7.3621	7.7774
5	7.4422	7.4512	7.2681	7.5242	7.6349	7.9120	7.9700	8.1120	8.0125	7.9072	7.3980	7.7944
6	7.4921	7.4900	7.2708	7.5447	7.6751	7.9182	7.9812	8.1027	8.0619	8.0046	7.5420	7.8114
7	7.5538	7.5288	7.2999	7.5652	7.7767	7.9286	7.9923	8.0939	8.1052	8.0843	7.6543	7.8577
8	7.6011	7.5676	7.3743	7.5867	7.8784	7.9237	7.9698	8.1010	8.1059	8.0946	7.6890	7.9041
9	7.6310	7.6064	7.4518	7.6088	7.9085	7.9164	7.9457	8.1137	8.1117	8.1234	7.8113	7.9103
10	7.6776	7.6417	7.4061	7.6071	7.7739	7.9454	7.9360	8.1316	8.1225	8.1559	7.9108	7.9194
11	7.7348	7.6801	7.4283	7.6149	7.8322	7.9725	7.9809	8.1550	8.1557	8.1871	7.9338	7.9463
12	7.7882	7.7200	7.4559	7.6236	7.8904	7.9927	8.0259	8.1784	8.1889	8.2182	7.9568	7.9732
13	7.8416	7.7600	7.4835	7.6323	7.9486	8.0129	8.0709	8.2017	8.2220	8.2493	7.9798	8.0002
14	7.8950	7.7999	7.5111	7.6410	8.0068	8.0332	8.1159	8.2251	8.2552	8.2789	8.0028	8.0271
15	7.9382	7.8498	7.5272	7.6496	8.0305	8.0439	8.1340	8.2485	8.2873	8.2940	8.0265	8.0540
16	7.9621	7.9126	7.5325	7.6583	8.0383	8.0517	8.1474	8.2616	8.2993	8.3092	8.0529	8.0810
17	7.9860	7.9482	7.5378	7.6670	8.0462	8.0595	8.1608	8.2743	8.3112	8.3243	8.0793	8.1079
18	8.0099	7.9626	7.5432	7.6757	8.0540	8.0673	8.1743	8.2869	8.3231	8.3395	8.1057	8.1349
19	8.0338	7.9769	7.5485	7.6844	8.0619	8.0751	8.1877	8.2995	8.3351	8.3547	8.1321	8.1618
20	8.0578	7.9912	7.5539	7.6931	8.0697	8.0829	8.2011	8.3121	8.3470	8.3698	8.1585	8.1887
21	8.0817	8.0055	7.5592	7.7017	8.0776	8.0907	8.2145	8.3248	8.3589	8.3850	8.1849	8.2157
22	8.1056	8.0199	7.5646	7.7104	8.0854	8.0985	8.2280	8.3374	8.3708	8.4001	8.2114	8.2426
23	8.1295	8.0342	7.5699	7.7191	8.0933	8.1063	8.2414	8.3500	8.3828	8.4153	8.2378	8.2696
24	8.1534	8.0485	7.5753	7.7278	8.1011	8.1141	8.2548	8.3626	8.3947	8.4304	8.2642	8.2965
25	8.1773	8.0628	7.5806	7.7365	8.1090	8.1219	8.2682	8.3752	8.4066	8.4456	8.2906	8.3232
26	8.2012	8.0772	7.5859	7.7452	8.1168	8.1297	8.2816	8.3879	8.4185	8.4607	8.2954	8.3232
27	8.2251	8.0915	7.5913	7.7538	8.1247	8.1375	8.2951	8.4005	8.4305	8.4759	8.2983	8.3232
28	8.2475	8.1030	7.6029	7.7634	8.1325	8.1479	8.3085	8.4131	8.4424	8.4911	8.3013	8.3232
29	8.2604	8.1045	7.6166	7.7742	8.1404	8.1604	8.3219	8.4257	8.4543	8.5062	8.3043	8.3231
30	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			
					Jul.	Aug.	May	Jun.	Jul.	Aug.
1	2	3	4	5	6	7	8	9	10	11
A)	Terminable Under 5 years									
1	06.75% 2007	6.05	6.49	6.73	..	..	..	..	..	..
2	11.50% 2007	6.05	6.45	7.11	7.02	6.93	..	..	6.34	..
3	06.00% 2008	..	..	..	..	..	..	..	..	..
4	09.50% 2008	6.19	6.59	7.14	7.50	7.36	7.76	..	7.09	..
5	10.80% 2008	5.79	6.56	6.65	..	..	..	7.91	..	..
6	11.40% 2008	5.73	6.40	7.22	..	7.89	7.92	..	6.98	..
7	11.50% 2008	5.89	6.38	7.08	..	7.15	7.90	7.89	6.95	..
8	12.00% 2008	6.03	6.41	7.04	7.16	7.13	7.82	7.79	7.09	7.47
9	12.10% 2008	5.87	6.62	7.54	..	..	7.81	8.41	7.82	..
10	12.15% 2008	5.10	6.32	7.75	..	..	..	..	..	..
11	12.22% 2008	5.99	6.35	6.86	..	..	..	..	..	..
12	12.25% 2008	5.89	6.55	7.07	7.05	7.18	8.99	..	7.13	7.88
13	05.48% 2009	5.57	6.87	6.88	7.30	..	..	..	..	7.72
14	06.65% 2009	6.18	6.54	7.51	7.40	7.36	8.01	7.87	7.21	7.71
15	06.99% 2009	..	..	..	..	..	..	..	..	..
16	07.00% 2009	6.34	6.73	7.50	7.32	7.88	8.38	8.41	..	6.41
17	11.50% 2009	5.98	6.71	7.52	7.60	..	..	..	7.22	7.56
18	11.99% 2009	5.80	6.59	7.25	7.41	7.40	8.03	..	7.21	7.83
19	05.87% 2010	5.61	6.57	..	..	..	..	..	..	..
20	06.00% 2010	..	..	..	..	..	..	..	..	..
21	06.20% 2010	..	..	..	..	..	..	..	..	..
22	07.50% 2010	6.04	6.89	7.77	7.80	..	..	..	..	6.67
23	07.55% 2010	6.02	6.69	7.42	7.66	7.57	8.05	7.85	7.26	7.54
24	08.75% 2010	5.92	6.95	7.98	..	..	..	..	..	..
25	11.30% 2010	5.86	6.85	7.39	7.63	7.81	..	9.16	7.32	7.98
26	11.50% 2010	6.32	6.85	7.43	..	7.80	..	..	7.38	7.88
27	12.25% 2010	5.87	6.86	7.45	7.94	7.76	8.15	..	7.43	7.98
28	12.29% 2010	6.09	6.85	7.50	..	7.83	8.12	7.88	7.43	7.69
29	05.03% 2011	..	..	..	..	..	..	..	..	..
30	08.00% 2011	6.54	7.10	7.86	8.00	7.58	..	..	7.71	7.57
31	09.39% 2011	6.17	6.86	7.52	7.79	7.77	8.09	8.01	7.46	7.65
32	10.95% 2011	6.26	6.96	7.33	..	..	8.15	8.23	..	..
33	11.50% 2011	5.90	6.98	7.43	..	7.81	8.03	8.25	7.86	..
34	12.00% 2011	6.71	7.03	7.97	..	8.00	8.15	..	..	..
35	12.32% 2011	6.38	6.89	7.59	7.14	7.99	..	8.31	7.49	8.06
B)	Between 5 and 10 years									
36	06.72% 2007/2012@	6.09	6.51	6.93	6.77	6.74	..	..	..	7.21
37	06.85% 2012	6.00	6.86	7.58	8.03	7.79	..	..	7.92	7.91
38	07.40% 2012	6.21	6.95	7.55	7.90	7.79	8.10	8.07	7.51	7.83
39	09.40% 2012	6.18	6.96	7.60	8.09	..	..	8.39	7.79	7.60
40	10.25% 2012	6.75	7.06	7.88	..	..	..	8.12	7.66	..
41	11.03% 2012	6.16	7.02	7.81	7.78	7.80	8.21	8.05	..	7.92
42	07.27% 2013	6.05	6.98	7.58	8.12	7.99	..	8.11	7.65	7.78
43	09.00% 2013	6.57	7.06	7.86	8.07	7.97	..	8.39	..	8.11
44	09.81% 2013	6.02	7.11	7.85	8.29	7.96	..	..	8.11	..
45	12.40% 2013	6.65	7.17	7.93	8.25	8.21	..	..	7.62	8.02
46	06.72% 2014	5.52	7.05	8.05	..	8.05	..	..	..	..
47	07.37% 2014	6.14	7.04	7.74	8.15	7.97	8.13	8.17	7.80	7.84
48	10.00% 2014	6.71	7.22	7.71	8.10	..	..	8.53	..	8.15

No. 28: Redemption Yield on Government of India Securities Based on SGL Transactions* (Concl'd.)

(Per cent per annum)

Sr. No.	Nomenclature of the loan	2004-05	2005-06	2006-07	2006		2007			
					Jul.	Aug.	May	Jun.	Jul.	Aug.
1	2	3	4	5	6	7	8	9	10	11
49	10.50% 2014	6.74	7.28	7.83	..	8.18	..	..	..	8.18
50	11.83% 2014	6.48	7.17	7.84	..	8.00	8.26	8.25	7.94	8.10
51	07.38% 2015	6.26	7.06	7.70	8.05	8.07	8.15	8.19	7.84	7.92
52	09.85% 2015	6.18	7.24	7.76	8.27	..	8.20	..	8.14	7.95
53	10.47% 2015	6.40	7.22	7.59	..	8.00	8.32	..	7.97	..
54	10.79% 2015	6.87	7.22	7.65	..	..	..	..	..	8.15
55	11.43% 2015	6.42	7.19	7.92	8.36	8.59	8.32	..	8.25	8.10
56	11.50% 2015	6.71	7.27	7.91	8.21	7.95	8.35	8.21	..	8.14
57	05.59% 2016	6.40	7.17	7.66	..	..	..	..	8.18	..
58	07.59% 2016	-	-	7.79	8.26	8.08	8.17	8.23	7.86	7.95
59	10.71% 2016	6.36	7.26	7.95	8.44	8.28	..	..	7.84	8.10
60	12.30% 2016	6.63	7.26	8.21	8.52	8.27	..	..	8.21	8.12
C)	Between 10 and 15 years									
61	07.46% 2017	6.47	7.25	7.81	8.23	8.22	8.21	8.32	7.86	7.67
62	07.49% 2017	6.35	7.25	7.82	8.35	8.19	8.17	8.23	7.88	7.93
63	07.99% 2017	-	-	-	-	-	-	-	7.84	8.53
64	08.07% 2017	6.40	7.22	7.80	8.32	8.14	8.12	8.15	7.92	7.94
65	05.69% 2018	6.39	7.29	7.95	8.56	8.44	8.37	..	8.12	7.68
66	06.25% 2018	6.46	7.23	7.91	8.43	8.33	8.34	8.26	8.07	8.19
67	10.45% 2018	6.44	7.34	8.05	8.42	8.20	8.43	8.60	8.13	8.09
68	12.60% 2018	..	7.61	7.91	..	..	..	..	..	..
69	05.64% 2019	6.27	7.27	8.12	8.67	8.38	8.37	8.52	8.11	8.16
70	06.05% 2019	6.45	7.27	7.91	8.59	8.12	8.26	8.36	8.15	8.11
71	10.03% 2019	6.68	7.38	7.83	..	8.40	8.27	..	..	8.17
72	06.35% 2020	6.52	7.33	7.95	8.30	8.37	8.25	8.44	8.13	8.31
73	10.70% 2020	6.85	7.46	8.00	8.59	8.44	..	8.60	8.20	8.22
74	11.60% 2020	6.78	7.36	7.73	..	..	..	..	8.26	..
75	07.94% 2021	-	-	8.07	8.57	8.38	8.25	8.23	8.01	8.14
76	10.25% 2021	6.78	7.46	8.07	8.65	8.42	8.34	8.29	8.15	8.20
D)	Over 15 years									
77	05.87% 2022	5.88	7.51	8.02	..	..	..	..	..	..
78	08.35% 2022	6.70	7.41	8.02	8.76	8.41	8.30	8.33	8.13	8.12
79	06.17% 2023	6.60	7.38	8.01	8.65	8.45	8.38	8.34	8.34	8.30
80	06.30% 2023	6.52	7.36	8.01	..	8.62	..	8.35	8.22	8.24
81	10.18% 2026	6.94	7.49	7.86	..	..	8.22	..	8.38	8.34
82	08.24% 2027	-	-	8.19	-	-	..	..	..	..
83	06.01% 2028	6.66	7.38	8.02	8.35	8.48	8.45	8.51	8.33	8.36
84	06.13% 2028	6.63	7.42	8.02	8.68	8.55	8.51	8.50	8.43	8.48
85	07.95% 2032	6.97	7.57	8.07	8.84	8.83	8.30	8.39	8.34	8.37
86	07.5% 2034	7.25	7.54	8.19	8.82	8.68	8.73	8.88	8.35	8.33
87	07.40% 2035	-	7.55	8.14	8.90	8.69	..	..	8.38	8.32
88	08.33% 2036	-	-	8.13	10.00	8.62	8.50	8.55	8.35	8.36

* : 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.

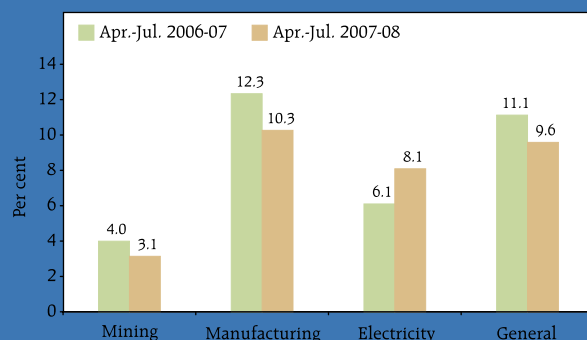
Production

No. 29: Group-wise Index Number of Industrial Production
(Base: 1993-94=100)

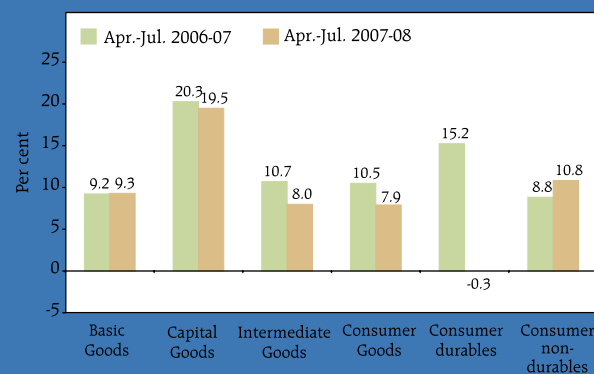
Sr. No.	Industry	Weight	Annual			Cumulative		Monthly	
			2004-05	2005-06	2006-07 (P)	April-July		July	
						2006-07	2007-08	2006	2007
1	2	3	4	5	6	7	8	9	10
	General Index	100.00	204.8	221.5	247.1	233.3	255.6	235.5	252.2
I.	Sectoral Classification								
1	Mining and quarrying	10.47	153.4	154.9	163.2	156.9	161.8	152.1	159.5
2	Manufacturing	79.36	214.6	234.2	263.5	247.5	272.9	250.9	269.0
3	Electricity	10.17	181.5	190.9	204.7	200.9	217.2	201.1	216.2
II.	Use-Based Classification								
1	Basic Goods	35.57	177.9	189.8	209.3	198.9	217.3	199.3	217.3
2	Capital Goods	9.26	229.6	265.8	314.2	274.6	328.1	282.7	319.3
3	Intermediate Goods	26.51	211.1	216.4	242.4	238.2	257.2	245.2	256.7
4	Consumer Goods	28.66	224.4	251.4	276.8	258.4	278.8	256.4	270.0
4(a)	Consumer Durables	5.36	303.5	349.9	382.0	362.2	361.0	361.1	349.4
4(b)	Consumer Non-Durables	23.30	206.2	228.8	252.6	234.4	259.8	232.3	251.7

Source : Central Statistical Organisation, Government of India.

Sectoral Growth of Industrial Production



Growth in IIP: Use-based Classification

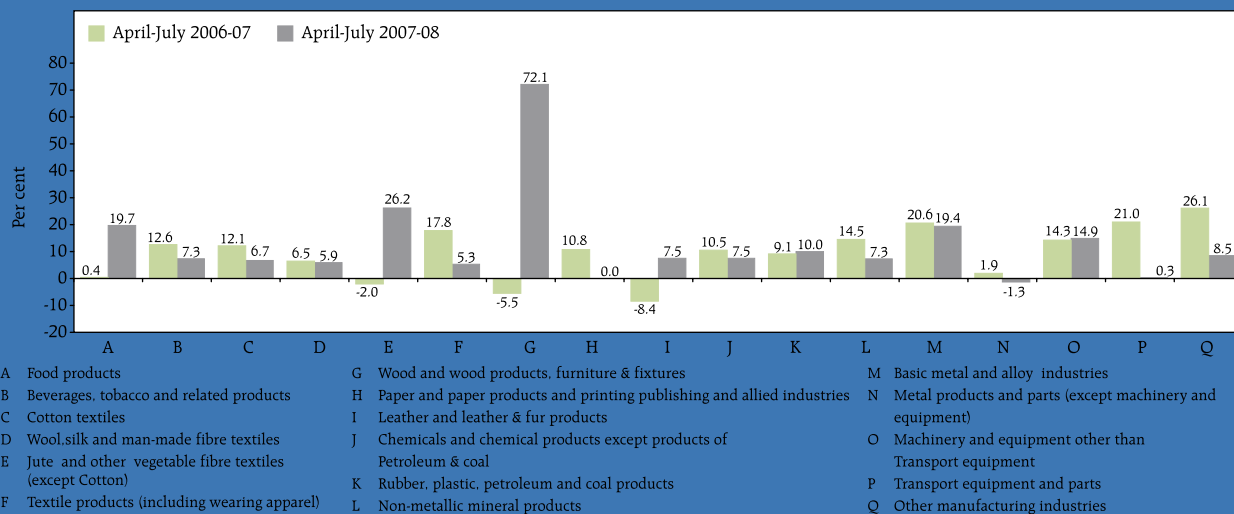


No. 30: IIP – Seventeen Major Industry Groups of Manufacturing Sector
(Base : 1993-94 = 100)

Industry Group	Industry	Weight	Annual			Cumulative		Monthly	
			2004-05	2005-06	2006-07 (P)	April-July		July	
						2006-07	2007-08	2006	2007
1	2	3	4	5	6	7	8	9	10
	Manufacturing Index	79.36	214.6	234.2	263.5	247.5	272.9	250.9	269.0
20-21	Food products	9.08	167.3	170.6	185.2	136.9	163.9	131.3	125.9
22	Beverages, tobacco and related products	2.38	345.9	400.3	444.5	440.7	473.0	442.8	472.4
23	Cotton textiles	5.52	126.3	137.0	157.3	152.6	162.8	158.2	166.3
24	Wool, silk and man-made fibre textiles	2.26	249.0	248.9	268.4	264.2	279.7	264.5	282.8
25	Jute and other vegetable fibre textiles (except cotton)	0.59	107.2	107.7	90.7	93.5	118.0	102.3	118.8
26	Textile products (including wearing apparel)	2.54	219.6	255.5	285.0	280.9	295.8	291.7	302.2
27	Wood and wood products, furniture and fixtures	2.70	74.8	70.5	91.0	69.5	119.6	81.4	98.6
28	Paper and paper products and printing, publishing and allied industries	2.65	230.7	228.6	248.6	248.5	248.6	265.9	253.7
29	Leather and leather & fur products	1.14	156.9	149.3	150.2	149.8	161.1	163.0	169.8
30	Basic chemicals and chemical products (except products of petroleum and coal)	14.00	238.6	258.5	283.4	288.9	310.5	287.4	321.1
31	Rubber, plastic, petroleum and coal products	5.73	192.2	200.5	226.3	220.2	242.3	227.2	241.7
32	Non-metallic mineral products	4.40	244.3	271.1	305.8	297.8	319.5	292.2	319.2
33	Basic metal and alloy industries	7.45	196.1	227.0	278.9	249.3	297.6	256.3	301.1
34	Metal products and parts, except machinery and equipment	2.81	166.3	164.4	183.2	157.7	155.6	160.1	152.0
35-36	Machinery and equipment other than transport equipment	9.57	279.4	312.8	357.1	322.2	370.1	328.0	353.3
37	Transport equipment and parts	3.98	283.7	319.7	367.7	347.1	348.3	357.7	346.8
38	Other manufacturing industries	2.56	221.2	276.9	298.4	290.5	315.2	293.1	327.9

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-July)		2007 (April-July)	
	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)	27 (25)	11,450.0 (3,229.5)	35 (35)	26,061.0 (25,487.5)
a) Prospectus	92 (89)	16,801.4 (15,354.5)	82 (82)	28,172.0 (18,519.5)	15 (15)	11,232.0 (3,064.4)	32 (32)	25,719.0 (25,173.3)
b) Rights	36 (29)	4,097.9 (3,438.5)	33 (28)	2,581.0 (2,093.3)	12 (10)	218.0 (165.1)	3 (3)	342.0 (314.2)
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	27	11,450.0	35	26,061.0
a) Prospectus	94	16,938.4	82	28,172.0	15	11,232.0	32	25,719.0
b) Rights	37	4,216.0	36	3,428.0	12	218.0	3	342.0

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
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
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
July 2007	15253.42	15794.92	14664.26	7897.30	8155.29	7625.71	4474.18	4620.75	4313.75
August 2007	14779.05	15318.60	13989.11	7594.81	7897.92	7179.39	4301.36	4464.00	4074.90

* : 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
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
July 2007	1,344.21
August 2007	616.47
Week ended	
July 6, 2007	161.11
July 13, 2007	78.75
July 20, 2007	655.28
July 27, 2007	376.64
August 3, 2007	318.88
August 10, 2007	224.27
August 17, 2007	58.22
August 24, 2007	15.93
August 31, 2007	71.59

* : 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	2007						
					Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.
1	2	3	4	5	6	7	8	9	10	11	12
All India (2)	4.63	193	540	125	128	127	128	129	130	132	133
Ahmedabad	4.62	196	522	123	126	127	127	127	127	131	131
Alwaye(Ernakulam)	4.52	176	545	127	129	127	127	128	132	134	133
Asansol	4.37	189	515	128	132	133	136	135	136	140	142
Bangalore	4.51	183	538	128	134	132	133	134	135	138	138
Bhavnagar	4.76	198	540	122	125	125	126	127	127	134	133
Bhopal	4.83	196	566	130	132	132	132	133	134	136	138
Chandigarh	5.26	189	620	127	130	129	130	130	130	131	132
Chennai	4.95	189	567	119	122	121	122	123	125	126	126
Coimbatore	4.49	178	508	121	126	125	125	126	127	128	128
Delhi	5.6	201	652	124	125	125	128	128	128	130	131
Faridabad	4.79	187	550	124	126	127	127	128	127	128	135
Guwahati	4.8	195	541	117	119	118	119	118	118	119	120
Howrah	5.42	212	627	124	125	126	127	127	128	131	133
Hyderabad	4.79	182	536	118	121	120	121	122	123	124	124
Jaipur	4.25	190	498	130	131	132	132	132	134	135	137
Jamshedpur	4.23	187	514	128	130	129	130	130	130	133	134
Kolkata	5.12	203	593	123	126	128	130	130	130	133	135
Ludhiana	4.12	193	508	131	133	132	133	134	136	134	134
Madurai	4.51	192	512	117	118	119	118	121	122	123	122
Monghyr-Jamalpur	4.3	189	516	128	128	130	130	128	130	134	138
Mumbai	5.18	201	608	128	131	130	132	132	134	136	135
Mundakayam	4.37	184	516	126	129	127	128	130	131	132	131
Nagpur	4.68	201	556	134	138	136	136	137	138	142	142
Pondicherry	4.88	204	582	125	128	127	127	128	131	132	132
Rourkela	4.03	179	478	127	129	130	131	135	135	139	140
Saharanpur (Kanpur)*	4.50	195	510	127	130	129	130	130	131	132	133
Solapur	4.73	197	540	127	133	130	137	137	137	141	141
Srinagar	5.62	184	634	120	123	125	125	124	126	127	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							
				Aug.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.
1	2	3	4	5	6	7	8	9	10	11	12
All India (1)	161	456	486	484	497	498	501	503	506	514	515
Mumbai	154	450	478	474	489	490	491	493	496	502	502
Delhi	156	472	499	502	506	508	510	511	513	518	522
Kolkata	164	416	439	437	444	449	455	461	464	479	482
Chennai	168	543	569	563	588	585	590	595	599	605	605
Hyderabad	164	488	526	522	545	541	545	551	556	557	554
Bangalore	161	480	513	509	528	527	527	529	532	541	543
Lucknow	158	438	465	469	469	471	473	476	481	491	490
Ahmedabad	153	400	426	425	435	435	436	437	440	448	449
Jaipur	165	443	477	476	485	491	495	494	493	505	514
Patna	167	418	451	444	465	466	464	461	463	475	482
Srinagar	150	449	475	466	488	496	497	497	502	510	508
Thiruvananthapuram	152	479	507	507	515	512	516	517	527	536	532
Cuttack	154	447	479	479	489	492	495	497	501	511	512
Bhopal	166	417	458	461	460	461	462	465	468	480	478
Chandigarh	176	605	637	637	649	649	651	651	651	665	669
Shillong	179	466	499	490	518	528	539	544	552	557	561
Shimla	163	462	490	487	502	506	508	510	508	507	512
Jammu	161	453	480	479	492	492	500	498	499	507	507
Amritsar	152	381	402	397	411	412	412	413	414	417	422
Kozhikode (Calicut)	150	430	447	443	452	452	453	453	455	464	462
Kanpur	165	418	450	447	459	462	466	469	476	488	487
Indore	170	452	485	484	492	490	491	493	492	504	512
Pune	162	471	509	505	520	517	531	533	538	541	542
Jabalpur	164	404	437	436	455	452	452	453	457	464	468
Jodhpur	168	435	465	468	472	476	478	476	474	487	491

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				
					Aug.	Mar.	Apr.	May	Jun.	Jul.	Aug.
1	2	3	4	5	6	7	8	9	10	11	12
All India	830	5.89	358	388	375	392	394	395	399	404	408
Andhra Pradesh	657	4.84	371	401	389	405	406	408	415	418	421
Assam	854	(3)	362	388	376	395	391	395	400	405	409
Bihar	858	6.22	347	384	366	394	391	385	385	390	400
Gujarat	742	5.34	369	403	389	408	412	413	415	419	423
Haryana		(5)	376	403	391	406	410	413	421	426	432
Himachal Pradesh		(5)	343	367	356	370	373	372	367	372	375
Jammu & Kashmir	843	5.98	359	392	379	399	400	402	403	403	405
Karnataka	807	5.81	341	367	351	373	377	383	388	395	399
Kerala	939	6.56	356	374	367	376	376	380	385	387	388
Madhya Pradesh	862	6.04	352	388	377	390	391	392	397	402	403
Maharashtra	801	5.85	368	402	390	405	407	411	415	420	424
Manipur		(5)	328	337	333	334	343	348	353	362	360
Meghalaya		(5)	382	410	402	412	415	418	422	420	426
Orissa	830	6.05	334	365	355	366	372	370	376	385	391
Punjab	930	(4)	380	417	402	421	426	423	429	432	437
Rajasthan	885	6.15	377	413	400	423	426	424	422	428	430
Tamil Nadu	784	5.67	355	371	358	375	379	382	386	388	388
Tripura		(5)	351	383	375	386	387	389	395	394	400
Uttar Pradesh	960	6.60	371	408	390	415	417	416	418	423	429
West Bengal	842	5.73	342	365	354	365	366	370	371	375	381

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						
				Aug.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.
1	2	3	4	5	6	7	8	9	10	11	12
All India	240	360	389	376	393	393	395	396	400	404	408
Andhra Pradesh	244	371	401	389	407	404	406	408	415	418	420
Assam	243	364	390	378	390	397	394	399	403	408	412
Bihar	223	348	384	367	388	394	391	386	385	391	400
Gujarat	241	371	403	390	406	409	412	413	416	420	424
Haryana	237	378	404	393	405	408	410	413	420	425	430
Himachal Pradesh	221	350	377	364	380	380	384	383	380	383	386
Jammu & Kashmir	225	359	393	380	397	400	402	403	403	403	405
Karnataka	250	341	367	351	372	373	377	383	388	395	399
Kerala	260	359	378	370	382	379	380	384	388	389	390
Madhya Pradesh	239	358	392	380	395	394	395	396	400	405	406
Maharashtra	247	368	400	389	404	403	405	409	412	417	420
Manipur	245	328	338	334	332	335	344	349	354	363	361
Meghalaya	250	379	408	399	411	410	413	416	420	418	424
Orissa	236	335	366	355	366	367	372	371	376	385	391
Punjab	247	384	419	406	424	422	427	425	430	433	438
Rajasthan	239	375	412	398	420	422	425	422	421	427	428
Tamil Nadu	244	355	370	358	377	374	377	380	384	387	387
Tripura	219	344	373	366	370	374	376	378	384	383	390
Uttar Pradesh	231	372	409	391	412	415	417	417	418	424	429
West Bengal	232	346	368	357	365	368	369	373	376	378	385

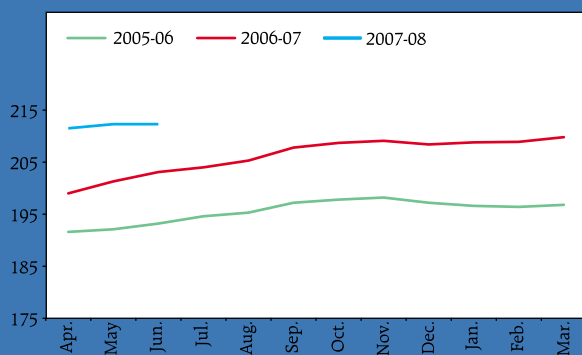
Source : Labour Bureau, Ministry of Labour, Government of India.

No. 39: Index Numbers of Wholesale Prices in India – by Groups and Sub-Groups (Averages)

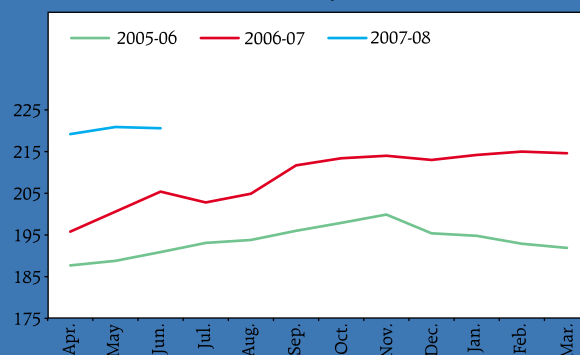
(Base : 1993-94 = 100)

Average of months/Average of weeks ended Saturday	Weight	1994-95	2005-06	2006-07	2006	2007					
		April-March			Jun.	Jan.	Feb.	Mar.	Apr.	May	Jun.
1	2	3	4	5	6	7	8	9	10	11	12
ALL COMMODITIES	100.000	112.6	195.6	206.1	203.1	208.8	208.9	209.8	211.5	212.3	212.3
I. Primary Articles	22.025	115.8	193.6	208.6	205.4	214.2	215.0	214.6	219.2	220.9	220.6
(A) Food Articles	15.402	112.8	195.3	210.3	208.3	215.2	214.9	214.0	218.3	220.6	219.3
a. Foodgrains (Cereals+Pulses)	5.009	114.7	186.9	205.9	198.4	213.6	213.8	211.1	211.0	210.9	211.2
a1. Cereals	4.406	113.6	185.8	199.3	192.3	207.0	207.3	205.8	205.2	205.6	206.3
a2. Pulses	0.603	122.2	194.6	253.8	243.5	261.0	261.3	250.4	252.5	249.0	247.1
b. Fruits & Vegetables	2.917	108.0	219.3	227.9	229.4	228.7	221.0	222.3	238.3	244.7	232.9
b1. Vegetables	1.459	110.4	191.6	197.9	217.3	183.1	168.3	178.0	214.6	222.3	236.2
b2. Fruits	1.458	105.7	247.0	258.0	241.6	274.3	273.8	266.6	262.1	267.1	229.5
c. Milk	4.367	110.3	184.3	195.8	198.3	197.9	200.5	201.2	203.0	205.6	207.3
d. Eggs, meat & fish	2.208	116.1	217.2	226.9	226.7	233.2	236.2	236.6	240.8	245.8	246.0
e. Condiments & spices	0.662	126.2	176.9	227.9	211.8	246.7	245.1	232.5	235.1	228.9	231.3
f. Other food articles	0.239	111.6	129.9	154.3	158.3	152.1	149.8	149.0	149.0	150.1	161.2
(B) Non-Food Articles	6.138	124.2	179.1	188.2	181.4	195.6	199.0	200.0	204.8	203.4	206.0
a. Fibres	1.523	150.0	149.7	155.9	150.2	151.4	155.0	160.8	173.3	166.7	170.4
b. Oil seeds	2.666	118.5	167.1	175.7	162.8	194.5	199.6	199.7	203.8	205.1	210.7
c. Other non-food articles	1.949	112.0	218.5	230.6	231.0	231.7	232.6	231.0	231.0	229.7	227.3
(C) Minerals	0.485	104.9	322.8	413.2	403.9	417.6	418.8	420.0	428.6	452.3	448.3
a. Metallic minerals	0.297	103.8	453.1	598.7	584.2	604.9	606.2	608.1	622.0	661.8	655.4
b. Other minerals	0.188	106.7	117.0	120.4	119.1	121.9	122.7	123.0	123.2	121.4	121.2
II. Fuel, Power, Light & Lubricants	14.226	108.9	306.8	324.9	324.7	322.1	319.8	319.8	320.4	322.1	322.0
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	393.9	381.8	378.6	379.1	380.3	383.5	383.3
c. Electricity	5.484	113.6	263.4	271.7	266.3	274.7	273.0	272.4	272.4	272.7	272.7

Monthly Movement of the Index of WPI-All Commodities



Monthly Movement in the Index of WPI-Primary Articles

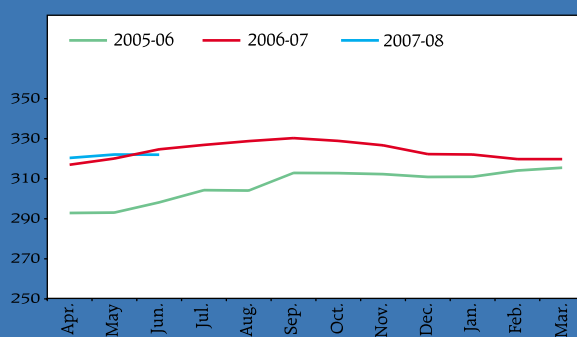


No. 39: Index Numbers of Wholesale Prices in India – by Groups and Sub-Groups (Averages) (Contd.)

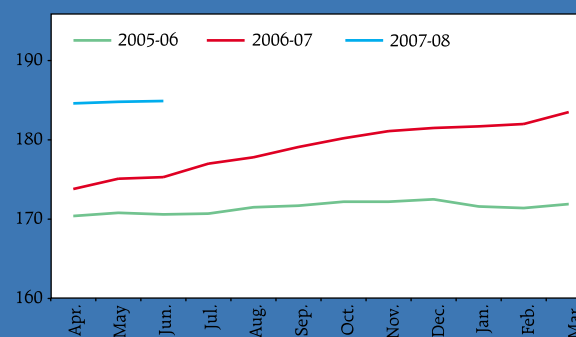
(Base : 1993-94 = 100)

Average of months/Average of weeks ended Saturday	Weight	1994-95	2005-06	2006-07	2006	2007					
		April-March			Jun.	Jan.	Feb.	Mar.	Apr.	May	Jun.
1	2	3	4	5	6	7	8	9	10	11	12
III. Manufactured Products	63.749	112.3	171.5	179.0	175.3	181.7	182.0	183.5	184.6	184.8	184.9
(A) Food Products	11.538	114.1	176.9	182.5	179.3	185.1	184.6	185.2	185.8	183.7	183.5
a. Dairy products	0.687	117.0	206.5	217.3	214.5	219.2	219.8	219.9	220.3	224.3	224.6
b. Canning, preserving & processing of fish	0.047	100.0	273.1	283.7	283.1	283.1	283.1	289.5	293.8	293.8	293.8
c. Grain mill products	1.033	103.7	187.8	219.6	195.0	236.5	237.3	230.9	222.6	217.8	218.1
d. Bakery products	0.441	107.7	175.8	184.3	176.3	186.4	186.4	192.2	192.2	192.2	192.2
e. Sugar, khandsari & gur	3.929	119.1	178.8	179.8	187.6	170.4	167.4	164.3	163.1	158.7	155.7
f. Manufacture of common salts	0.021	104.8	235.1	223.0	240.6	218.6	219.3	220.0	219.0	218.0	218.0
g. Cocoa, chocolate, sugar & confectionery	0.087	118.3	177.2	183.1	181.6	183.0	183.0	188.1	188.1	188.1	188.1
h. Edible oils	2.775	110.9	146.1	154.6	146.8	163.8	164.6	163.6	165.4	166.2	168.3
i. Oil cakes	1.416	121.6	189.8	196.6	192.0	204.3	207.6	224.3	235.8	228.8	230.6
j. Tea & coffee processing	0.967	104.4	197.3	178.9	169.4	190.7	187.4	188.6	187.8	188.4	189.4
k. Other food products n.e.c.	0.154	111.6	190.1	198.1	199.4	198.7	198.7	201.4	210.4	211.4	214.7
(B) Beverages, Tobacco & Tobacco Products	1.339	118.3	226.8	243.5	235.3	205.4	250.4	256.3	258.5	263.9	264.7
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	208.9	202.7	202.7	202.7	203.0	203.7	197.0
c. Soft drinks & carbonated water	0.053	109.1	164.8	176.3	171.0	186.7	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	240.3	240.3	248.4	251.5	258.9	260.2

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			Jun.	Jan.	Feb.	Mar.	Apr.	May	Jun.
1	2	3	4	5	6	7	8	9	10	11	12
(C) Textiles	9.800	118.2	129.5	132.3	129.6	133.0	133.1	133.2	132.7	132.6	132.1
a. Cotton textiles	4.215	132.7	154.3	159.1	157.6	160.4	160.1	159.9	159.2	160.5	160.1
a1. Cotton yarn	3.312	136.2	150.0	156.4	154.4	157.9	157.6	157.3	156.4	158.0	157.5
a2. Cotton cloth (Mills)	0.903	119.9	170.2	169.4	169.4	169.4	169.4	169.4	169.4	169.6	169.8
b. Man made textiles	4.719	105.9	94.7	96.2	92.8	95.8	95.7	96.1	96.6	96.5	96.7
b1. Man made fibre	4.406	105.6	91.6	93.4	89.7	92.9	92.8	93.2	93.8	93.6	93.9
b2. Man made cloth	0.313	109.9	138.6	136.2	136.2	136.3	136.3	136.3	136.2	136.2	136.2
c. Woolen textiles	0.190	132.6	181.4	174.1	181.3	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	201.3	227.2	240.4	239.4	229.0	211.6	202.5
e. Other misc. textiles	0.300	109.0	199.6	189.8	190.2	190.7	184.9	184.9	184.7	184.8	184.6
(D) Wood & Wood Products	0.173	110.9	194.6	206.4	201.5	209.4	217.3	215.6	215.9	215.9	215.9
(E) Paper & Paper Products	2.044	106.1	178.4	190.7	188.6	192.9	192.8	192.6	192.5	192.6	192.8
a. Paper & pulp	1.229	108.7	157.5	170.2	167.6	173.7	173.3	172.9	173.0	172.8	173.1
b. Manufacture of boards	0.237	110.9	135.3	165.6	165.4	163.8	163.8	163.4	162.8	164.3	164.3
c. Printing & publishing of newspapers, periodicals etc.	0.578	98.5	240.6	244.6	242.6	245.8	246.3	246.3	246.3	246.3	246.3
(F) Leather & Leather Products	1.019	109.7	166.8	159.4	156.0	165.5	165.5	164.9	164.7	164.7	165.2
(G) Rubber & Plastic Products	2.388	106.4	139.1	148.2	143.5	151.4	151.4	152.8	155.0	155.0	154.6
a. Tyres & tubes	1.286	104.1	131.1	141.5	137.7	143.9	143.9	146.3	150.2	150.2	150.2
a1. Tyres	1.144	103.4	122.5	130.4	127.6	132.1	132.1	133.2	136.8	136.8	136.8
a2. Tubes	0.142	110.0	201.0	231.4	219.2	239.4	239.4	251.9	258.0	258.0	258.0
b. Plastic products	0.937	106.8	139.1	146.7	139.4	152.5	152.4	152.7	153.0	153.0	152.0
c. Other rubber & plastic products	0.165	121.0	201.5	209.8	212.4	203.8	203.8	203.8	203.8	203.8	203.6
(H) Chemicals & Chemical Products	11.931	116.6	188.3	193.9	193.3	194.0	194.7	198.4	200.1	202.0	201.8
a. Basic heavy inorganic chemicals	1.446	112.2	174.4	171.0	176.2	169.8	167.3	166.3	167.5	169.6	170.4
b. Basic heavy organic chemicals	0.455	118.7	164.2	180.2	171.3	190.2	184.6	182.3	182.7	180.7	183.9
c. Fertilisers & pesticides	4.164	117.7	171.6	171.6	172.4	171.3	171.4	171.3	173.0	172.6	172.5
c1. Fertilisers	3.689	115.8	174.9	177.2	175.2	178.1	178.2	178.1	180.0	179.6	179.4
c2. Pesticides	0.475	132.5	145.9	127.9	150.9	118.1	118.2	118.2	118.2	118.3	118.6
d. Paints, varnishes & lacquers	0.496	101.3	124.0	128.1	127.7	128.3	128.3	129.7	134.5	137.1	137.0
e. Dyestuffs & indigo	0.175	108.4	110.8	105.8	105.2	105.2	105.2	105.2	105.2	105.2	105.2
f. Drugs & medicines	2.532	129.4	278.1	293.1	290.7	290.5	294.9	308.8	310.5	315.8	315.4
g. Perfumes, cosmetics, toiletries etc.	0.978	118.0	204.9	223.6	221.1	225.6	225.6	235.4	238.4	238.4	238.4
h. Turpentine, synthetic resins, plastic materials etc.	0.746	107.6	131.8	133.4	130.4	137.3	137.7	138.6	138.4	148.1	143.8
i. Matches, explosives & other chemicals n.e.c.	0.940	98.3	128.8	136.0	132.7	136.7	138.9	141.1	142.6	142.6	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			Jun.	Jan.	Feb.	Mar.	Apr.	May	Jun.
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	189.1	193.5	194.9	201.9	203.1	204.1	205.0
a. Structural clay products	0.230	100.0	189.7	195.2	194.3	197.3	196.8	197.1	203.5	211.7	211.7
b. Glass, earthenware, chinaware & their products	0.237	113.3	159.4	160.7	156.6	168.6	168.6	168.6	168.6	168.6	168.6
c. Cement	1.731	112.4	166.7	197.3	193.6	198.4	200.5	210.7	211.6	211.6	213.3
d. Cement, slate & graphite products	0.319	108.8	181.6	182.9	185.0	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	222.5	241.5	241.0	241.9	244.6	244.5	244.6
a. Basic Metals & Alloys	6.206	107.0	232.4	236.3	227.5	241.3	241.6	242.8	245.9	246.8	247.4
a1. Iron & Steel	3.637	106.0	250.7	254.4	243.6	260.0	260.4	261.9	266.7	267.9	268.1
a2. Foundries for Casting, Forging & Structural	0.896	106.7	231.8	228.5	217.3	236.0	236.0	236.5	238.3	238.3	238.3
a3. Pipes, Wires Drawing & Others	1.589	109.5	193.1	204.1	201.1	206.3	206.6	207.4	207.5	208.2	210.1
a4. Ferro Alloys	0.085	104.5	186.2	148.5	144.2	150.7	150.7	150.7	154.1	154.1	154.1
b. Non-Ferrous Metals	1.466	115.9	194.7	258.3	235.6	282.4	278.3	278.8	280.7	276.0	274.3
b1. Aluminium	0.853	114.7	210.9	253.6	248.5	269.5	269.5	269.5	269.5	259.0	257.3
b2. Other Non-Ferrous Metals	0.613	117.7	172.2	264.8	217.6	300.2	290.6	291.7	296.3	299.8	298.0
c. Metal Products	0.669	105.0	144.1	149.8	146.7	153.8	153.8	153.8	153.8	153.8	153.8
(K) Machinery & Machine Tools	8.363	106.0	147.5	155.6	152.0	159.6	161.1	161.9	163.0	164.6	165.1
a. Non-electrical machinery & parts	3.379	108.6	188.3	194.8	194.0	196.5	197.0	196.6	197.5	198.0	197.8
a1. Heavy machinery & parts	1.822	111.0	199.2	201.8	200.4	204.0	204.8	203.7	204.5	205.2	204.9
a2. Industrial machinery for textiles, etc.	0.568	108.5	245.6	255.2	254.9	255.2	255.2	256.5	259.9	259.9	259.9
a3. Refrigeration & other non-electrical machinery	0.989	104.3	135.2	147.3	147.2	149.1	149.1	149.1	148.9	149.2	149.0
b. Electrical machinery	4.985	104.2	119.6	129.0	123.6	134.6	136.8	138.4	139.6	141.9	142.9
b1. Electrical industrial machinery	1.811	105.2	142.4	150.4	146.7	153.0	153.5	153.8	156.0	155.7	156.6
b2. Wires & cables	1.076	109.0	145.7	179.0	160.8	199.4	207.9	215.1	216.3	226.4	229.4
b3. Dry & wet batteries	0.275	105.8	130.5	148.5	140.9	155.3	159.7	159.8	159.9	161.6	161.6
b4. Electrical apparatus & appliances	1.823	100.1	80.0	75.3	76.3	74.8	74.8	74.7	75.1	75.2	75.4
(L) Transport Equipment & Parts	4.295	107.4	159.9	162.4	161.1	163.0	163.1	163.5	163.6	163.8	164.2
a. Locomotives, railway wagons & parts	0.318	105.3	124.8	125.2	126.2	122.2	122.2	122.2	122.2	122.2	127.8
b. Motor vehicles, motorcycles, scooters, bicycles & parts	3.977	107.6	162.7	165.4	163.9	166.3	166.4	166.8	166.9	167.1	167.0

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			Aug.	Mar.	Apr.	May	Jun.	Jul. (P)	Aug. (P)
1	2	3	4	5	6	7	8	9	10	11	12
ALL COMMODITIES	100.000	117.1	195.8	206.6	205.8	210.4	211.6	212.3	212.8	213.4	213.6
I. Primary Articles	22.025	120.8	194.0	209.6	206.8	215.9	219.3	220.8	222.3	223.4	224.5
(A) Food Articles	15.402	114.9	195.7	211.1	207.3	214.2	218.4	220.3	221.2	221.8	223.3
a. Foodgrains (Cereals+Pulses)	5.009	118.9	187.8	206.5	203.6	211.3	210.4	210.8	212.0	214.0	215.0
a1. Cereals	4.406	118.2	186.4	199.8	198.0	205.6	204.9	205.9	207.0	209.5	210.7
a2. Pulses	0.603	123.9	197.5	255.2	244.3	253.2	250.3	247.0	248.7	247.2	246.5
b. Fruits & Vegetables	2.917	103.1	218.6	228.6	222.0	221.5	238.5	243.9	234.0	244.9	244.0
b1. Vegetables	1.459	95.0	191.8	199.1	218.5	180.0	213.4	224.1	247.1	272.0	268.2
b2. Fruits	1.458	111.2	245.5	258.2	225.6	263.3	263.6	263.8	220.9	217.8	219.7
c. Milk	4.367	111.3	184.4	196.5	192.0	202.7	204.0	206.1	209.2	206.1	210.8
d. Eggs,meat & fish	2.208	122.1	218.1	227.6	226.6	236.3	241.8	244.3	250.0	242.4	241.8
e. Condiments & spices	0.662	131.6	177.6	230.0	225.8	229.7	232.5	226.6	237.6	239.5	240.2
f. Other food articles	0.239	127.4	130.4	154.8	153.7	149.0	149.0	153.2	162.8	149.5	155.3
(B) Non-Food Articles	6.138	136.9	179.1	189.6	188.6	203.9	202.9	204.0	207.2	209.7	209.9
a. Fibres	1.523	168.7	149.5	157.0	167.5	171.4	166.9	169.5	170.2	175.5	177.9
b. Oil seeds	2.666	127.8	167.0	178.0	168.6	201.9	204.4	204.5	215.1	215.5	215.6
c. Other non-food articles	1.949	124.4	218.8	231.0	232.4	232.2	229.1	230.4	225.3	228.6	227.0
(C) Minerals	0.485	104.2	329.5	416.9	419.6	420.3	453.5	448.7	448.3	448.3	448.3
a. Metallic minerals	0.297	102.5	464.0	604.7	610.1	608.1	663.7	656.1	655.4	655.4	655.4
b. Other minerals	0.188	107.0	117.1	120.4	118.7	123.8	121.5	121.2	121.3	121.2	121.2
II. Fuel, Power, Light & Lubricants	14.226	109.1	307.4	324.0	328.7	320.1	320.4	322.1	322.0	321.9	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	402.1	379.7	380.4	383.6	383.3	383.1	383.5
c. Electricity	5.484	113.6	263.4	271.6	266.3	272.4	272.4	272.7	272.7	272.7	272.7
III. Manufactured Products	63.749	117.6	171.5	179.3	178.0	184.0	184.4	184.9	185.1	185.7	185.6
(A) Food Products	11.538	113.2	176.9	182.9	181.5	186.1	185.3	183.4	184.3	186.9	186.6
a. Dairy products	0.687	129.0	206.7	217.7	217.2	219.8	220.8	224.1	224.6	233.6	234.4
b. Canning, preserving & processing of fish	0.047	100.0	273.4	284.0	283.1	293.8	293.8	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			Aug.	Mar.	Apr.	May	Jun.	Jul. (P)	Aug. (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	212.7	228.0	222.6	217.8	217.7	222.1	224.4
d. Bakery products	0.441	111.0	175.6	184.8	186.4	192.2	192.2	192.2	192.2	192.2	192.2
e. Sugar, khandsari & gur	3.929	109.5	179.0	179.2	184.7	163.9	162.1	158.2	155.6	155.0	155.4
f. Manufacture of common salts	0.021	114.1	236.9	222.8	204.9	220.0	220.0	218.0	218.0	218.0	217.3
g. Cocoa, chocolate, sugar & confectionery	0.087	124.1	177.5	183.1	183.0	188.1	188.1	188.1	188.1	188.0	188.1
h. Edible oils	2.775	118.4	145.9	155.1	152.4	163.5	166.0	166.6	170.1	171.4	170.9
i. Oil cakes	1.416	118.3	189.8	199.8	188.6	235.8	233.1	226.3	234.1	241.8	236.9
j. Tea & coffee processing	0.967	99.5	197.7	179.6	171.5	187.8	187.8	189.4	189.4	197.0	197.0
k. Other food products n.e.c.	0.154	117.3	190.1	198.4	198.7	201.4	201.4	214.7	214.7	214.7	214.7
(B) Beverages, Tobacco & Tobacco Products	1.339	124.3	227.2	243.9	239.7	256.3	259.3	264.9	264.7	264.7	264.7
a. Wine Industries	0.269	163.5	247.5	289.8	287.4	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	203.7	203.7	197.0	197.0	197.0
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	188.1
d. Manufacture of bidi, cigarettes, tobacco & zarda	0.975	114.2	226.4	236.6	231.6	248.4	252.6	260.2	260.2	260.2	260.2
(C) Textiles	9.800	128.1	129.6	132.3	131.9	133.5	132.5	133.1	132.0	132.7	132.3
a. Cotton textiles	4.215	148.3	154.5	159.1	157.5	159.9	159.9	160.5	159.7	160.0	159.7
a1. Cotton yarn	3.312	152.1	150.2	156.3	154.3	157.3	157.3	158.0	157.0	157.3	157.6
a2. Cotton cloth (Mills)	0.903	134.4	169.6	169.4	169.4	169.4	169.4	169.8	169.8	169.8	167.5
b. Man made textiles	4.719	110.9	94.6	96.2	97.8	96.1	96.2	97.9	96.8	97.6	96.8
b1. Man made fibre	4.406	110.6	91.5	93.3	95.1	93.2	93.3	95.2	94.0	94.9	94.2
b2. Man made cloth	0.313	114.7	138.4	136.2	136.3	136.2	136.3	136.2	136.2	136.2	133.8
c. Woolen textiles	0.190	139.9	181.1	173.4	170.4	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	207.6	247.1	220.0	207.6	200.9	206.9	210.5
e. Other misc. textiles	0.300	117.9	199.5	189.3	190.2	184.8	184.8	184.7	184.6	184.6	182.2
(D) Wood & Wood Products	0.173	113.3	196.3	205.9	201.5	215.9	215.9	215.9	215.9	215.9	215.9
(E) Paper & Paper Products	2.044	117.0	178.5	190.9	191.1	192.5	192.9	192.7	192.8	192.8	194.9
a. Paper & pulp	1.229	122.9	157.6	170.4	170.7	172.8	173.3	172.9	173.1	173.1	176.7
b. Manufacture of board	0.237	113.0	135.4	165.6	166.9	163.2	164.3	164.3	164.3	164.3	164.3
c. Printing & publishing of newspapers, periodicals etc.	0.578	106.2	240.7	244.7	244.5	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			Aug.	Mar.	Apr.	May	Jun.	Jul. (P)	Aug. (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	164.7	164.7	164.7	167.3	167.1	167.3
(G) Rubber & Plastic Products	2.388	117.0	139.2	148.8	145.3	154.9	155.0	155.0	154.5	154.6	154.5
a. Tyres & tubes	1.286	119.6	131.3	142.3	141.2	150.0	150.2	150.2	150.2	150.2	150.2
a1. Tyres	1.144	120.3	122.6	131.0	131.5	136.6	136.8	136.8	136.8	136.8	136.8
a2. Tubes	0.142	114.1	201.7	233.6	219.2	258.0	258.0	258.0	258.0	258.0	258.0
b. Plastic products	0.937	108.8	139.1	147.0	139.2	153.0	153.0	153.0	151.8	152.1	151.8
c. Other rubber & plastic products	0.165	143.9	201.5	209.5	212.4	203.8	203.8	203.8	202.8	202.8	202.8
(H) Chemicals & Chemical Products	11.931	121.6	188.7	194.1	193.6	199.0	200.3	201.9	201.8	201.9	202.1
a. Basic heavy inorganic chemicals	1.446	125.6	174.5	170.8	175.5	166.3	168.7	169.6	170.8	172.4	174.6
b. Basic heavy organic chemicals	0.455	131.4	164.9	180.1	188.6	179.1	181.4	180.8	182.6	177.4	173.9
c. Fertilisers & pesticides	4.164	123.0	171.7	171.5	170.8	171.3	173.0	172.6	172.5	172.5	172.7
c1. Fertilisers	3.689	121.8	174.9	177.3	177.6	178.1	180.0	179.6	179.4	179.4	179.7
c2. Pesticides	0.475	132.5	146.4	126.2	117.9	118.2	118.2	118.6	118.6	118.6	118.5
d. Paints, varnishes & lacquers	0.496	101.4	124.3	128.3	127.7	131.8	137.1	137.1	136.9	137.1	136.9
e. Dyestuffs & indigo	0.175	115.0	110.9	105.6	105.2	105.2	105.2	105.2	105.3	112.7	112.7
f. Drugs & medicines	2.532	132.9	279.0	294.1	291.5	310.5	310.5	315.4	315.6	315.4	315.6
g. Perfumes, cosmetics, toiletries, etc.	0.978	119.0	206.0	224.0	221.1	237.9	238.4	238.4	238.4	238.4	238.4
h. Turpentine, synthetic resins, plastic materials etc.	0.746	111.9	132.0	132.9	128.4	137.5	138.1	148.4	143.6	144.2	143.7
i. Matches, explosives & other chemicals n.e.c.	0.940	96.3	128.9	136.1	135.0	142.3	142.6	142.6	142.6	142.6	142.2
(I) Non-Metallic Mineral Products	2.516	122.4	170.5	192.0	189.5	201.7	203.7	204.4	205.7	206.3	206.9
a. Structural clay products	0.230	101.4	189.8	195.3	195.0	197.3	210.8	211.7	211.7	211.7	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	194.6	210.4	211.5	212.4	214.3	215.1	216.0
d. Cement, slate & graphite products	0.319	110.3	181.6	183.0	182.3	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			Aug.	Mar.	Apr.	May	Jun.	Jul. (P)	Aug. (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	232.5	242.3	244.9	244.7	243.9	244.5	243.4
a. Basic metals & alloys	6.206	112.7	231.4	236.8	235.8	243.4	246.2	247.3	247.2	247.7	246.9
a1. Iron & steel	3.637	112.6	249.6	255.0	254.0	262.9	267.1	268.6	267.7	269.3	268.0
a2. Foundries for casting, forging & structurals	0.896	113.5	230.5	228.6	225.1	236.9	238.3	238.3	238.3	238.3	238.3
a3. Pipes, wires drawing & others	1.589	112.9	192.9	204.3	204.6	207.4	207.7	208.5	210.4	208.4	208.6
a4. Ferro alloys	0.085	102.9	184.5	148.5	150.7	150.7	154.1	154.1	154.1	154.1	154.1
b. Non-ferrous metals	1.466	130.8	195.8	259.5	256.5	277.8	281.2	275.2	271.3	272.5	269.5
b1. Aluminium	0.853	132.4	211.8	254.3	251.3	269.5	269.4	258.4	252.9	252.3	252.3
b2. Other non-ferrous metals	0.613	128.6	173.5	266.7	263.8	289.4	297.6	298.6	296.9	300.5	293.4
c. Metal Products	0.669	108.7	144.4	150.0	148.9	153.8	153.8	153.8	153.8	153.8	153.8
(K) Machinery & Machine Tools	8.363	109.0	147.4	155.9	153.4	162.3	163.1	164.8	165.8	165.8	165.7
a. Non-electrical machinery & parts	3.379	111.1	188.2	195.1	195.2	196.9	197.7	198.1	197.9	197.7	198.0
a1. Heavy machinery & parts	1.822	114.8	198.8	202.0	202.1	204.2	204.6	205.4	205.0	204.5	205.0
a2. Industrial machinery for textiles, etc.	0.568	108.4	246.1	255.3	255.2	257.5	259.9	259.9	259.9	260.9	260.9
a3. Refrigeration & other non-electrical machinery	0.989	106.0	135.2	147.6	147.9	148.7	149.3	149.0	149.1	149.0	149.1
b. Electrical machinery	4.985	107.5	119.8	129.4	125.0	138.9	139.7	142.2	144.0	144.2	143.8
b1. Electrical industrial machinery	1.811	108.8	142.8	150.5	149.2	154.1	156.0	154.7	159.0	159.4	159.6
b2. Wires & cables	1.076	119.0	146.4	180.8	161.7	216.9	216.8	229.7	230.0	231.3	231.3
b3. Dry & wet batteries	0.275	109.7	130.4	148.9	149.1	159.9	159.9	161.6	161.6	161.6	162.8
b4. Electrical apparatus & appliances & parts	1.823	99.2	79.7	75.3	75.6	74.7	74.9	75.2	75.7	75.1	73.7
(L) Transport Equipment & Parts	4.295	110.6	160.0	162.5	163.3	163.4	163.8	163.7	164.7	164.0	164.7
a. Locomotives, railway wagons & parts	0.318	105.4	125.1	125.0	127.5	122.2	122.2	122.2	131.6	122.2	131.6
b. Motor vehicles, motorcycles, scooters, bicycles & parts	3.977	111.0	162.7	165.5	166.2	166.7	167.1	167.0	167.3	167.3	167.3

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	1,11,517	-27,981	56,081	74,866	-18,785
2005-06	4,56,418	6,60,409	-2,03,991	1,03,091	1,49,166	-46,075	70,774	1,02,405	-31,631
2006-07	5,71,642	8,62,302	-2,90,660	1,26,331	1,90,566	-64,235	84,998	1,28,216	-43,218
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	48,975	67,558	-18,583	10,542	14,542	-4,000	7,134	9,841	-2,707
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	48,357	60,992	-12,636	10,908	13,758	-2,850	7,294	9,200	-1,906
February	46,484	62,470	-15,986	10,527	14,147	-3,620	7,030	9,448	-2,418
March	57,176	75,680	-18,503	12,987	17,190	-4,203	8,617	11,405	-2,789
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
June	48,386	78,268	-29,881	11,867	19,196	-7,329	7,853	12,702	-4,849
July	50,494	70,759	-20,266	12,494	17,509	-5,015	8,170	11,449	-3,279

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'.

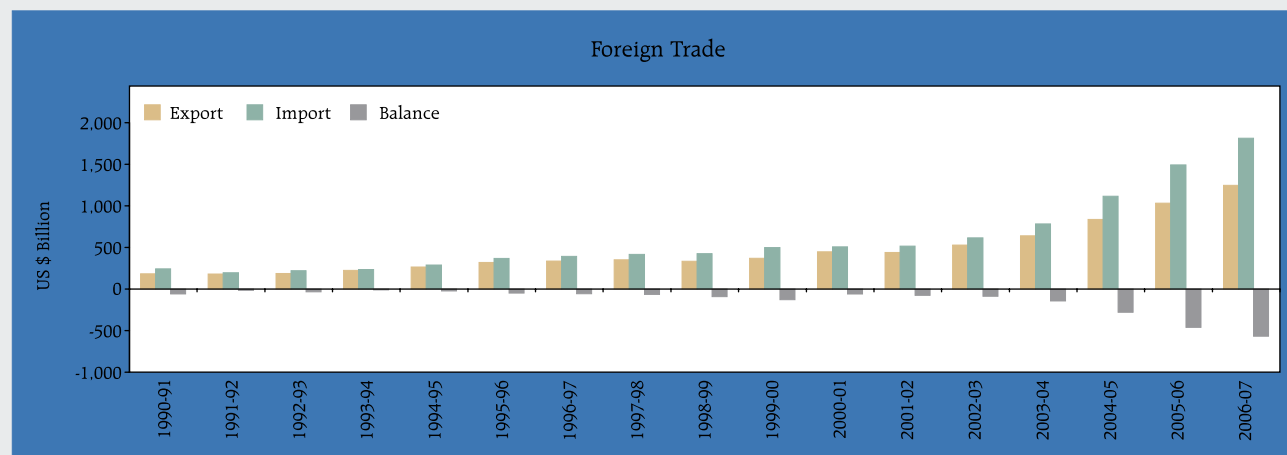


Table 42 : India's Overall Balance of Payments

(Rs. crore)

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	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>						
<i>Software Services</i>	141356	11266	130090	104632	5954	98678
<i>Business Services</i>	105895	90960	14935	57124	46630	10494
<i>Financial Services</i>	14413	8234	6179	7551	5799	1752
<i>Communication Services</i>	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
<i>Equity</i>	72471	394	72077	25822	273	25549
<i>Reinvested Earnings</i>	13284	-	13284	7420	-	7420
<i>Other Capital</i>	2364	-	2364	998	-	998
ii) Abroad	3973	53505	-49532	973	13978	-13005
<i>Equity</i>	3973	46232	-42259	973	9142	-8169
<i>Reinvested Earnings</i>	-	3331	-3331	-	1612	-1612
<i>Other Capital</i>	-	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
4. 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.

No. 42: India's Overall Balance of Payments (Contd.)

(Rs. crore)

Items	Apr-Jun 2007 P			Apr-Jun 2006 PR		
	Credit	Debit	Net	Credit	Debit	Net
1	8	9	10	11	12	13
A. CURRENT ACCOUNT						
I. Merchandise	144155	233139	-88984	134930	211985	-77055
II. Invisibles (a+b+c)	129609	59992	69617	112054	55764	56290
a) Services	82721	44991	37730	77328	41109	36219
i) Travel	8610	7756	854	7766	6766	1000
ii) Transportation	9105	11100	-1995	7885	9312	-1427
iii) Insurance	1719	759	960	1087	582	505
iv) G.n.i.e.	396	462	-66	259	368	-109
v) Miscellaneous	62891	24914	37977	60331	24081	36250
<i>of which</i>	34806	2297	32509	32007	1992	30015
<i>Software Services</i>						
<i>Business Services</i>	18469	14886	3583	20757	14432	6325
<i>Financial Services</i>	3641	3538	103	2828	1441	1387
<i>Communication Services</i>	2115	825	1290	2019	491	1528
b) Transfers	36121	1785	34336	27246	1364	25882
i) Official	631	684	-53	314	409	-95
ii) Private	35490	1101	34389	26932	955	25977
c) Income	10767	13216	-2449	7480	13291	-5811
i) Investment Income	10206	12210	-2004	7184	12400	-5216
ii) Compensation of Employees	561	1006	-445	296	891	-595
Total Current Account (I+II)	273764	293131	-19367	246984	267749	-20765
B. CAPITAL ACCOUNT						
1. Foreign Investment (a+b)	169531	136879	32652	152041	147898	4143
a) Foreign Direct Investment (i+ii)	26530	24630	1900	11886	5447	6439
i) In India	24345	87	24258	11586	36	11550
<i>Equity</i>	20737	87	20650	8376	36	8340
<i>Reinvested Earnings</i>	2919	—	2919	3174	—	3174
<i>Other Capital</i>	689	—	689	36	—	36
ii) Abroad	2185	24543	-22358	300	5411	-5111
<i>Equity</i>	2185	22807	-20622	300	3533	-3233
<i>Reinvested Earnings</i>	—	1117	-1117	—	837	-837
<i>Other Capital</i>	—	619	-619	—	1041	-1041
b) Portfolio Investment	143001	112249	30752	140155	142451	-2296
In India	142758	112224	30534	140055	142446	-2391
Abroad	243	25	218	100	5	95
2. Loans (a+b+c)	65480	31034	34446	48831	28710	20121
a) External Assistance	3109	2046	1063	2619	2396	223
i) By India	21	54	-33	18	41	-23
ii) To India	3088	1992	1096	2601	2355	246
b) Commercial Borrowings (MT & LT)	34282	5220	29062	22995	4993	18002
i) By India	1464	1196	268	414	1014	-600
ii) To India	32818	4024	28794	22581	3979	18602
c) Short Term To India	28089	23768	4321	23217	21321	1896
3. Banking Capital (a+b)	30113	38856	-8743	44729	22040	22689
a) Commercial Banks	30113	38831	-8718	44402	22040	22362
i) Assets	9001	10313	-1312	23904	8535	15369
ii) Liabilities	21112	28518	-7406	20498	13505	6993
<i>of which: Non-Resident Deposits</i>	19755	21599	-1844	18980	13382	5598
b) Others	—	25	-25	327	—	327
4. Rupee Debt Service	—	177	-177	—	305	-305
5. Other Capital	13764	9014	4750	8121	6734	1387
Total Capital Account (1 to 5)	278888	215960	62928	253722	205687	48035
C. ERRORS & OMISSIONS	2622	—	2622	1736	—	1736
D. OVERALL BALANCE (Total Capital Account, Current Account and Errors & Omissions (A+B+C))	555274	509091	46183	502442	473436	29006
E. MONETARY MOVEMENTS (i+ii)	—	46183	-46183	—	29006	-29006
i) I.M.F.	—	—	—	—	—	—
ii) Foreign Exchange Reserves (Increase - / Decrease +)	—	46183	-46183	—	29006	-29006

Table 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>						
<i>Software Services</i>	31300	2502	28798	23600	1338	22262
<i>Business Services</i>	23459	20200	3259	12858	10496	2362
<i>Financial Services</i>	3213	1832	1381	1704	1308	396
<i>Communication Services</i>	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
<i>Equity</i>	16065	89	15976	5820	61	5759
<i>Reinvested Earnings</i>	2936	—	2936	1676	—	1676
<i>Other Capital</i>	530	—	530	226	—	226
ii) Abroad	883	11888	-11005	219	3150	-2931
<i>Equity</i>	883	10281	-9398	219	2060	-1841
<i>Reinvested Earnings</i>	—	736	-736	—	364	-364
<i>Other Capital</i>	—	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.

No. 43: India's Overall Balance of Payments (Contd.)

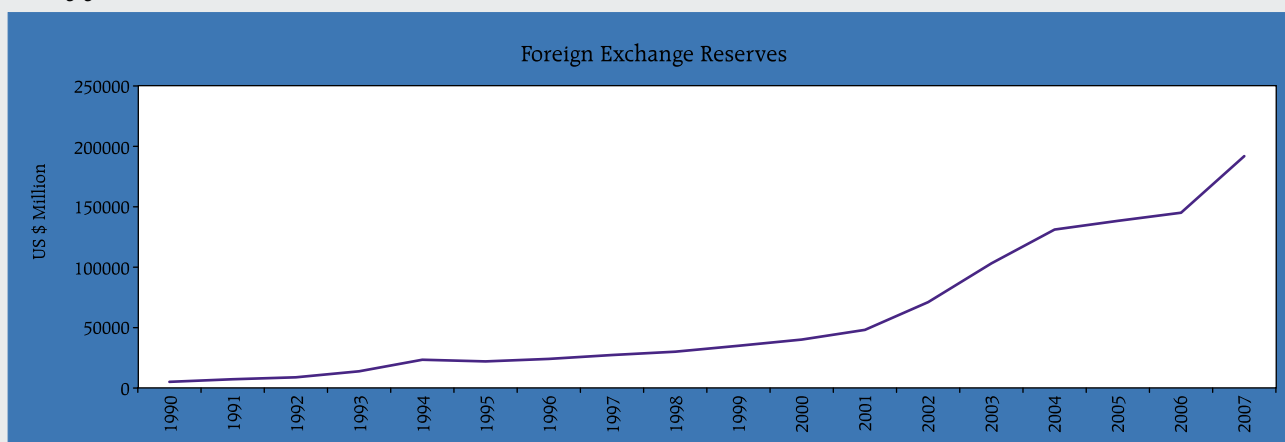
(US \$ million)

Items	Apr-Jun 2007 P			Apr-Jun 2006 PR		
	Credit	Debit	Net	Credit	Debit	Net
1	8	9	10	11	12	13
A. CURRENT ACCOUNT						
I. Merchandise	34960	56540	-21580	29674	46620	-16946
II. Invisibles (a+b+c)	31432	14549	16883	24643	12264	12379
a) Services	20061	10911	9150	17006	9041	7965
i) Travel	2088	1881	207	1708	1488	220
ii) Transportation	2208	2692	-484	1734	2048	-314
iii) Insurance	417	184	233	239	128	111
iv) G.n.i.e.	96	112	-16	57	81	-24
v) Miscellaneous	15252	6042	9210	13268	5296	7972
<i>of which</i>						
Software Services	8441	557	7884	7039	438	6601
Business Services	4479	3610	869	4565	3174	1391
Financial Services	883	858	25	622	317	305
Communication Services	513	200	313	444	108	336
b) Transfers	8760	433	8327	5992	300	5692
i) Official	153	166	-13	69	90	-21
ii) Private	8607	267	8340	5923	210	5713
c) Income	2611	3205	-594	1645	2923	-1278
i) Investment Income	2475	2961	-486	1580	2727	-1147
ii) Compensation of Employees	136	244	-108	65	196	-131
Total Current Account (I+II)	66392	71089	-4697	54317	58884	-4567
B. CAPITAL ACCOUNT						
1. Foreign Investment (a+b)	41114	33195	7919	33437	32526	911
a) Foreign Direct Investment (i+ii)	6434	5973	461	2614	1198	1416
i) In India	5904	21	5883	2548	8	2540
Equity	5029	21	5008	1842	8	1834
Reinvested Earnings	708	-	708	698	-	698
Other Capital	167	-	167	8	-	8
ii) Abroad	530	5952	-5422	66	1190	-1124
Equity	530	5531	-5001	66	777	-711
Reinvested Earnings	-	271	-271	-	184	-184
Other Capital	-	150	-150	-	229	-229
b) Portfolio Investment	34680	27222	7458	30823	31328	-505
In India	34621	27216	7405	30801	31327	-526
Abroad	59	6	53	22	1	21
2. Loans (a+b+c)	15880	7526	8354	10739	6314	4425
a) External Assistance	754	496	258	576	527	49
i) By India	5	13	-8	4	9	-5
ii) To India	749	483	266	572	518	54
b) Commercial Borrowings (MT & LT)	8314	1266	7048	5057	1098	3959
i) By India	355	290	65	91	223	-132
ii) To India	7959	976	6983	4966	875	4091
c) Short Term To India	6812	5764	1048	5106	4689	417
3. Banking Capital (a+b)	7303	9423	-2120	9837	4847	4990
a) Commercial Banks	7303	9417	-2114	9765	4847	4918
i) Assets	2183	2501	-318	5257	1877	3380
ii) Liabilities	5120	6916	-1796	4508	2970	1538
<i>of which: Non-Resident Deposits</i>	4791	5238	-447	4174	2943	1231
b) Others	-	6	-6	72	-	72
4. Rupee Debt Service	-	43	-43	-	67	-67
5. Other Capital	3338	2186	1152	1786	1481	305
Total Capital Account (1 to 5)	67635	52373	15262	55799	45235	10564
C. ERRORS & OMISSIONS	635	-	635	382	-	382
D. OVERALL BALANCE (Total Capital Account, Current Account and Errors & Omissions (A+B+C))	134662	123462	11200	110498	104119	6379
E. MONETARY MOVEMENTS (i+ii)	-	11200	-11200	-	6379	-6379
i) I.M.F.	-	-	-	-	-	-
ii) Foreign Exchange Reserves (Increase - / Decrease +)	-	11200	-11200	-	6379	-6379

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	107,448	18,216	4,198	2	10	2	5,688	1,311	4,90,129	112,959
2004-05	5,93,121	135,571	19,686	4,500	3	20	5	6,289	1,438	6,19,116	141,514
2005-06	6,47,327	145,108	25,674	5,755	2	12	3	3,374	756	6,76,387	151,622
2006-07	8,36,597	191,924	29,573	6,784	1	8	2	2,044	469	8,68,222	199,179
2006-07											
April	6,90,730	153,598	28,335	6,301	4	25	6	3,473	772	7,22,563	160,677
May	7,24,648	156,073	32,549	7,010	-	2	-	3,643	785	7,60,842	163,868
June	7,18,701	155,968	28,479	6,180	-	2	-	3,518	764	7,50,700	162,912
July	7,31,354	157,247	30,496	6,557	5	33	7	3,562	766	7,65,445	164,577
August	7,39,857	158,938	30,436	6,538	1	6	1	3,570	767	7,73,869	166,244
September	7,27,733	158,340	28,506	6,202	1	6	1	3,502	762	7,59,747	165,305
October	7,23,332	160,669	27,320	6,068	5	33	7	2,918	648	7,53,603	167,392
November	7,50,168	167,598	29,067	6,494	1	4	1	2,451	548	7,81,690	174,641
December	7,52,738	170,187	28,824	6,517	1	4	1	2,416	546	7,83,982	177,251
January	7,64,501	173,081	28,840	6,529	7	44	10	2,390	541	7,95,775	180,161
February	8,29,533	187,211	30,499	6,883	1	8	2	2,070	467	8,62,110	194,563
March	8,36,597	191,924	29,573	6,784	1	8	2	2,044	469	8,68,222	199,179
2007-08											
April	8,12,995	196,899	29,051	7,036	7	45	11	1,910	463	8,44,001	204,409
May	8,17,440	200,697	28,147	6,911	1	6	1	1,870	459	8,47,463	208,068
June	8,39,913	206,114	27,655	6,787	1	6	1	1,875	460	8,69,449	213,362
July	8,88,680	219,753	27,850	6,887	8	49	12	1,840	455	9,18,419	227,107
August	9,07,301	221,509	28,186	6,881	1	9	2	1,866	455	9,37,362	228,847
August 3, 2007	8,95,945	221,988	27,850	6,887	8	49	12	1,837	455	9,25,681	229,342
August 10, 2007	9,01,462	221,653	27,850	6,887	1	4	1	1,850	455	9,31,166	228,996
August 17, 2007	9,10,811	219,103	27,850	6,887	1	9	2	1,883	453	9,40,553	226,445
August 24, 2007	9,12,157	221,505	27,850	6,887	1	9	2	1,872	455	9,41,888	228,849
August 31, 2007	9,07,301	221,509	28,186	6,881	1	9	2	1,866	455	9,37,362	228,847
September 7, 2007	9,08,087	223,062	28,186	6,881	1	8	2	1,758	432	9,38,039	230,377
September 14, 2007	9,09,600	224,870	28,186	6,881	1	8	2	1,756	434	9,39,550	232,187

- : 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	-	-
5. NRO	-	-	-	-	-	-	-	-	-	-	-	1.148	1.616
Total	17.156	17.433	20.389	20.367	20.498	21.684	23.072	25.174	28.529	33.266	32.975	36.282	41.240

(US \$ million)

Scheme	2005-06 R (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) **	11,539	11,384	11,397	11,346	11,511	11,477	11,556	11,420	11,819	12,551	12,670	13,064
2. NR(E)RA	21,378	21,358	21,333	21,404	21,170	21,384	20,848	20,850	21,420	21,661	21,823	22,070
3. NRO	190	437	409	360	744	829	960	985	1,043	1,179	1,121	1,148
Total	33,107	33,179	33,139	33,110	33,425	33,690	33,364	33,255	34,282	35,391	35,614	36,282

(US \$ million)

Scheme	2006-07 R (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
3. NRO	1,187	1,188	1,180	1,193	1,253	1,295	1,334	1,376	1,576	1,507	1,550	1,616
Total	36,388	36,445	36,831	36,878	37,195	37,810	38,359	39,153	40,208	40,370	40,448	41,240

(US \$ million)

Scheme	2007-08 P (End Month)			
	Apr.	May	Jun.	Jul.
1	2	3	4	5
1. FCNR(B) **	15,170	15,124	15,319	15,512
2. NR(E)RA	25,675	25,694	25,438	25,772
3. NRO	1,739	1,767	1,846	1,905
Total	42,584	42,585	42,603	43,189

@ : All figures are inclusive of accrued interest.

* : Withdrawn effective August 1994.

** : Introduced in May 1993.

+ : Introduced in June 1992 and discontinued w.e.f April 2002

- : Not available

- Notes :**
1. FCNR(A) : Foreign Currency Non-Resident (Accounts).
 2. FCNR(B) : Foreign Currency Non-Resident (Banks).
 3. NR(E)RA : Non-Resident (External) Rupee Accounts.
 4. NR(NR)RD : Non-Resident (Non-Repatriable) Rupee Deposits.
 5. NRO : Non-Resident Ordinary Rupee Account.

No.: 45 NRI Deposits- Outstanding and Inflows (+) /Outflows (-) @ (Concl'd.)

Inflow (+) /Outflow (-) During the Month

(US \$ million)

Scheme	2005-06 R												
	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)	87	-155	13	-51	165	-34	79	-136	400	732	119	393	1,612
	(-72)	(131)	(34)	(108)	(-95)	(20)	(13)	(96)	(242)	(-145)	(96)	(64)	(492)
2. NR(E)RA	33	-83	-3	37	-10	234	-14	314	238	-165	226	370	1,177
	(301)	(-512)	(-318)	(-128)	(-33)	(-89)	(-48)	(134)	(-120)	(-290)	(318)	(869)	(84)
3. NR(NR)RD +	-	-	-	-	-	-	-	-	-	-	-	-	-
	(-150)	(-95)	(-105)	(-94)	(-117)	(-118)	(-92)	(-79)	(-122)	(-96)	(-200)	(-270)	(-1,538)
4. NRO	-42	246	-27	-50	391	85	152	39	42	115	-54	33	930
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	78	8	-17	-64	546	285	217	217	680	682	291	796	3,719
	(79)	(-476)	(-389)	(-114)	(-245)	(-187)	(-127)	(151)	(0)	(-531)	(214)	(663)	(-962)

(US \$ million)

Scheme	2006-07 R												
	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)
3. NRO	49	23	-2	25	60	26	17	32	179	-69	44	42	426
	(-42)	(246)	(-27)	(-50)	(391)	(85)	(152)	(39)	(42)	(115)	(-54)	(33)	(930)
Total	302	498	501	284	304	320	155	607	702	155	104	389	4,321
	(78)	(8)	(-17)	(-64)	(546)	(285)	(217)	(217)	(680)	(682)	(291)	(796)	(3,719)

(US \$ million)

Scheme	2007-08 (P)				
	Apr.	May	Jun.	Jul.	Apr.-Jul.
1	2	3	4	5	6
1. FCNR(B)	41	-46	195	192	382
	(232)	(181)	(83)	(120)	(616)
2. NR(E)RA	-320	-265	-167	66	-686
	(21)	(294)	(420)	(139)	(874)
3. NRO	22	9	85	40	156
	(49)	(23)	(-2)	(25)	(95)
Total	-257	-302	113	298	-148
	(302)	(498)	(501)	(284)	(1,585)

+ : Discontinued w.e.f. April 2002.

- : Not available

Notes : 1. FCNR(B) : Foreign Currency Non-Resident (Banks).

2. NR(E) RA: Non-Resident(External) Rupee Accounts.

3. NRO Non-Resident Ordinary Rupee Account

4. Figures in the brackets represent inflowx(+) outflows (-) during the corresponding month/period o the previous yer

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	Jun.	Jul.	Apr.-Jul.
1	2	3	4	5	
A. Direct Investment (I+II+III)	1,551	2,120	1,238	705	6,609
I. Equity (a+b+c+d+e)	1,551	2,120	1,238	705	5,734
a. Government (SIA/FIPB)	76	847	177	177	1,277
b. RBI	607	1,050	912	515	3,084
c. NRI	—	—	—	—	—
d. Acquisition of shares *	868	223	149	13	1,253
e. Equity capital of unincorporated bodies #	..	..	..	..	120
II. Reinvested earnings +	..	..	..	..	708
III. Other capital ++	..	..	..	..	167
B. Portfolio Investment (a+b+c)	1,974	1,852	3,571	6,713	14,110
a. GDRs/ADRs ##	11	5	292	2,028	2,336
b. FIIs **	1,963	1,847	3,279	4,685	11,774
c. Offshore funds and others	—	—	—	—	—
Total (A+B)	3,525	3,972	4,809	7,418	20,719

* : 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
August 1, 2007	40.5500	55.3500	40.5500	40.5600	82.1175	82.1500	55.3600	55.3775	34.3975	34.4175
August 2, 2007	40.4300	55.2600	40.4200	40.4300	82.1225	82.1550	55.2450	55.2750	34.0075	34.0175
August 3, 2007	40.3600	55.3100	40.3500	40.3600	82.1575	82.1900	55.3075	55.3325	33.8625	33.8750
August 6, 2007	40.4500	55.9400	40.4400	40.4500	82.6875	82.7125	55.9075	55.9350	34.3750	34.3925
August 7, 2007	40.3700	55.7300	40.3700	40.3800	81.9875	82.0150	55.7175	55.7450	33.9975	34.0125
August 8, 2007	40.5800	55.7000	40.5700	40.5800	81.8300	81.8575	55.7075	55.7275	34.0850	34.1075
August 9, 2007	40.4000	55.7700	40.4000	40.4100	82.3400	82.3725	55.7650	55.7900	33.7950	33.8125
August 10, 2007	40.6700	55.6000	40.6800	40.6900	82.0925	82.1325	55.6025	55.6275	34.4775	34.4925
August 13, 2007	40.5600	55.5500	40.5600	40.5700	82.0200	82.0600	55.5400	55.5575	34.2775	34.2875
August 14, 2007	40.6900	55.4200	40.6800	40.6900	81.8675	81.9100	55.4175	55.4400	34.4800	34.4975
August 15, 2007 +										
August 16, 2007	41.0900	55.1600	41.0950	41.1050	81.4550	81.4900	55.1625	55.1800	35.4450	35.4725
August 17, 2007	41.5700	55.7400	41.5700	41.5800	82.1050	82.1425	55.7875	55.8125	36.9150	36.9425
August 20, 2007 +										
August 21, 2007	41.0600	55.3400	41.0600	41.0700	81.3075	81.3425	55.3025	55.3300	35.8425	35.8600
August 22, 2007	41.0100	55.3000	41.0100	41.0200	81.4225	81.4525	55.3225	55.3475	35.6800	35.6950
August 23, 2007	40.8600	55.3800	40.8600	40.8700	81.5800	81.6125	55.3775	55.4025	35.2875	35.3050
August 24, 2007	41.1800	55.8500	41.1700	41.1800	82.3325	82.3600	55.8225	55.8450	35.5650	35.5850
August 27, 2007	40.9800	56.0200	40.9850	40.9950	82.7075	82.7350	56.0550	56.0775	35.2650	35.2900
August 28, 2007	41.1200	56.0300	41.1300	41.1400	82.4450	82.4775	56.0400	56.0625	35.5600	35.5850
August 29, 2007	41.2400	56.0600	41.2500	41.2600	82.4625	82.4925	56.0100	56.0350	36.0575	36.0850
August 30, 2007	41.0400	56.0700	41.0400	41.0500	82.8025	82.8300	56.0725	56.1000	35.4750	35.4850
August 31, 2007	40.9600	55.9600	40.9500	40.9600	82.4275	82.4650	55.9000	55.9275	35.2450	35.2575

+ : 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	-
July 2007	11,428.00	-	(+) 11,428.00	(+) 46,143.00	(+) 21,101.00	(+) 85,934.81	-
August 2007	1,815.00	-	(+) 1,815.00	(+) 7,333.69	(+) 22,916.00	(+) 93,268.50	-

(+) : 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												
August 1, 2007	2,308	1,266	426	3,199	1,256	3,321	5,092	6,225	491	5,990	1,809	399
August 2, 2007	1,958	509	397	1,414	1,438	3,252	3,179	4,066	535	4,048	1,700	120
August 3, 2007	1,472	346	407	1,414	838	1,650	2,143	5,302	476	3,260	963	213
August 6, 2007	1,696	791	233	2,036	1,512	3,214	3,447	5,720	471	6,061	1,846	289
August 7, 2007	1,426	411	140	2,437	1,953	3,947	2,199	3,873	128	5,357	1,431	168
August 8, 2007	1,974	1,632	600	1,542	1,650	1,942	4,817	7,249	332	5,682	2,060	602
August 9, 2007	1,817	831	431	3,020	1,554	3,807	3,427	6,069	643	6,705	1,718	161
August 10, 2007	1,952	1,239	637	2,443	1,520	1,803	4,542	4,780	432	5,970	1,790	262
August 13, 2007	1,908	1,153	375	1,934	1,967	3,299	3,497	4,092	512	5,849	1,467	269
August 14, 2007	1,833	1,340	510	2,977	1,702	3,766	3,722	3,839	472	5,932	1,969	116
August 16, 2007	1,808	2,336	605	2,897	2,463	4,677	6,140	4,051	1,066	8,262	2,742	521
August 17, 2007	1,964	1,879	804	1,449	2,317	3,330	6,751	5,323	1,373	7,018	2,385	502
August 20, 2007	100	94	17	—	50	—	128	18	1	166	154	—
August 21, 2007	2,973	1,261	950	1,638	2,004	2,138	5,437	4,927	729	5,167	2,033	620
August 22, 2007	1,529	888	464	1,271	1,048	1,688	3,978	3,293	357	3,831	1,263	345
August 23, 2007	1,280	1,131	392	1,008	1,384	2,119	4,803	3,043	399	4,026	1,778	871
August 24, 2007	1,706	828	643	1,685	1,007	2,936	4,032	3,269	472	4,980	2,126	440
August 27, 2007	1,470	869	945	1,303	1,029	2,334	2,942	3,897	331	4,041	1,222	150
August 28, 2007	2,024	895	1,120	832	876	842	2,941	7,638	685	4,441	1,300	281
August 29, 2007	2,571	1,249	1,651	1,526	1,212	1,756	4,876	6,635	304	6,702	2,085	559
August 30, 2007	2,095	498	839	341	969	891	2,883	8,326	586	3,530	1,588	1,379
August 31, 2007	2,332	1,149	1,586	1,256	733	1,542	4,437	6,725	546	5,500	1,321	584
Sales												
August 1, 2007	1,656	1,717	381	2,723	1,203	3,341	5,373	6,452	834	5,898	1,958	397
August 2, 2007	1,666	959	308	1,334	1,170	3,477	3,164	3,957	805	4,085	2,004	196
August 3, 2007	1,416	706	307	1,377	790	1,934	2,444	5,017	1,283	3,270	886	164
August 6, 2007	1,884	924	228	2,002	1,494	3,359	3,471	5,087	1,262	5,988	1,596	218
August 7, 2007	1,409	302	180	2,372	1,822	3,945	2,238	3,536	295	5,498	1,213	174
August 8, 2007	1,865	1,872	622	1,717	1,544	2,263	4,768	7,234	564	5,364	2,362	638
August 9, 2007	1,573	996	269	2,823	1,507	3,984	3,884	6,061	634	6,582	1,714	168
August 10, 2007	1,778	1,851	232	2,516	1,538	1,974	4,382	4,555	1,435	5,543	2,153	406
August 13, 2007	2,302	791	292	1,640	1,922	3,479	3,796	4,188	655	6,067	1,336	294
August 14, 2007	2,057	1,363	317	2,911	1,573	3,774	3,765	3,956	619	5,827	2,001	193
August 16, 2007	2,313	2,648	398	2,581	2,354	4,616	5,898	4,382	1,913	8,457	2,974	660
August 17, 2007	2,216	2,028	743	1,702	2,051	3,349	6,400	5,678	1,837	6,686	2,384	747
August 20, 2007	144	30	7	—	50	—	123	9	6	168	158	—
August 21, 2007	2,380	1,648	606	1,625	1,745	2,347	5,691	4,790	1,075	4,990	2,130	648
August 22, 2007	1,543	856	525	1,233	1,066	1,668	4,432	3,281	596	3,734	1,487	346
August 23, 2007	1,454	1,156	518	1,001	1,372	2,098	5,074	3,056	532	4,041	1,783	847
August 24, 2007	1,702	813	716	1,809	1,092	2,935	4,013	3,676	498	4,795	2,116	351
August 27, 2007	1,907	1,060	399	1,290	1,083	2,387	3,061	3,924	398	3,719	1,354	105
August 28, 2007	1,429	1,949	462	979	980	833	3,047	7,831	658	4,321	1,323	176
August 29, 2007	2,084	2,956	864	1,594	1,159	1,719	4,645	7,832	570	6,617	1,833	555
August 30, 2007	2,041	1,120	386	572	974	897	2,950	8,504	923	3,398	1,784	1,342
August 31, 2007	2,017	1,485	1,534	744	822	1,478	4,331	6,586	774	5,630	1,440	556

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.

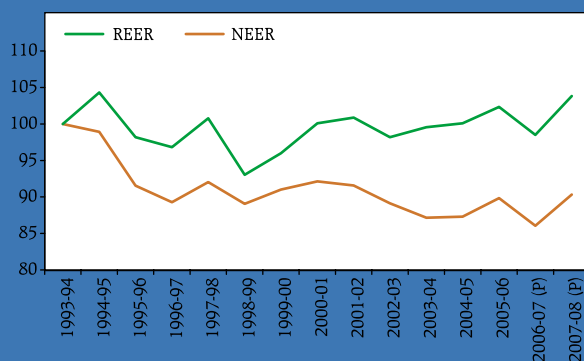
No. 50: Indices of Real Effective Exchange Rate (REER) and Nominal Effective Exchange Rate (NEER) of the Indian Rupee

(36-Currency Export and Trade Based Weights)
(Base: 1993-94=100)*

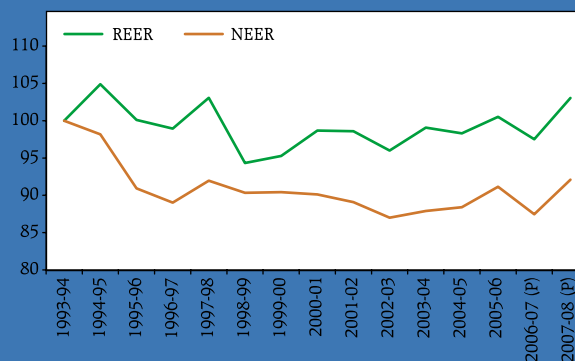
Year	Trade Based Weights		Export Based Weights		Year	Trade Based Weights		Export Based Weights		
	REER	NEER	REER	NEER		REER	NEER	REER	NEER	
1	2	3	4	5	1	2	3	4	5	
1993-94	100.00	100.00	100.00	100.00	2005-06	April	100.57	88.97	99.14	90.63
1994-95	104.32	98.91	104.88	98.18		May	102.07	90.03	100.50	91.60
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)	98.50	85.88	97.43	87.45		May	96.44	85.43	95.68	87.11
2007-08 (P)	106.52	93.04	105.56	95.21		June	96.57	85.11	95.55	86.60
						July	95.72	84.22	94.75	85.73
						August	95.61	83.61	94.61	85.12
						September	97.98	84.65	96.73	86.04
						October	99.94	86.18	98.58	87.52
						November	100.31	86.50	99.24	88.11
						December	99.16	85.89	98.24	87.67
						January	100.74	87.05	99.56	88.71
						February	100.63	87.13	99.45	88.76
						March	100.74	87.11	99.60	88.84
					2007-08 (P)	April	103.79	91.50	102.89	92.88
						May	107.21	94.38	106.27	95.83
						June	107.37	93.24	106.29	96.07
						July	107.70	93.06	106.78	96.05

* : 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 (P)				
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	68.82	106.39	95.21	99.15
January	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
April (P)	72.18	111.59	99.86	104.01
May (P)	74.64	115.67	103.26	107.80
June (P)	74.83	115.28	103.52	107.44
July (P)	74.62	114.95	103.23	107.13
August (P)	73.91	114.10	102.25	106.34
As on				
August 24, 2007 (P)	73.36	113.37	101.50	105.66
August 31, 2007 (P)	73.50	113.58	101.68	105.85
September 7, 2007 (P)	73.87	114.58	102.20	106.79
September 14, 2007 (P)	73.91	114.64	102.25	106.85

- 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.

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 September 28, 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. ACLK 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

- a) The data includes cheque clearing for both i.e. clearing houses managed by Reserve Bank of India and clearing houses managed by other banks. Separate paper based inter-bank clearing has been discontinued at all the centres, from last June, 2005.

The other MICR Centres are Agra, Allahabad, Amritsar, Arungabad, Baroda, Bhilwara, Coimbatore, Dehradun, Ernakulam, Erode, Gorakhpur, Gwalior, Hubli, Indore, Jabalpur, Jalandhar, Jameshpur, Jammu, Jodhpur, Kolhapur, Kozhikode, Lucknow, Ludhiana, Madurai, Mangalore, Mysore, Nasik, Panaji, Pondicherry, Pune, Raipur, Rajkot, Ranchi, Salem, Solapur, Surat, Tiruchirapalli, Tirupur, Thrissur, Udaipur, Varansi, Vijaywada and Vishakhapatnam.

- b) Graphs: The graphs 3 and 4 on Paper and Electronic payments - the Electronic Payment System data include RTGS (customer and inter-bank) and CCIL operated systems

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, 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.

$$\text{Where,} \quad P + \text{bpi} = \sum_{i=1}^n \frac{c/v}{(1+y/v)^{t_i}} + \frac{F}{(1+y/v)^n}$$

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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16. Basic Statistical Returns of Scheduled Commercial Banks in India March 2006 Vol. 35 Print Version	Rs. 280 and Rs. 320 by Post	US \$ 60 inclusive of courier charges & US \$ 25 by air-mail book post
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			542 *		
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	(b) CD-ROM			120 140 ** 100 **	15 * □	
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			250 *	20 *	
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			185 *		
v) 1995-96		1998	125	45	
			185 *		
vi) 1996-97		1999	130	50	
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vii) 1997-98		1999	130	50	
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			180 *		
ix) 1999-00		2000	175	50	
			225 *		
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			150	50	
			225 *		
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	(b) CD-ROM	2002	200 *		
			100	50	
			150 *		
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	(b) CD-ROM	2003	250 *		
			200	50 *	
			250 *		
xiii) 2003-04	(a) Print Version	2004	230	25 □	
	(b) CD-ROM	2004	280 *	15 *	
			175	25 □	
			225 *	15 *	
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Vol.II		1990	60 £	20	
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2. Manual on costing exercise in commercial banks	MSD	1987	5 £		200 19
3. Manual on costing exercises in private sector and urban banks (Reprint)	do	1989	27 £		200 19
4. RBI-Exchange Control Manual- (Reprint of 1993 edition) (Vol.I & II) (updated upto July, 1998)	FED	1998	400 £		2200 39
i) RBI - Exchange Control Manual on floppy Disc - size 3.5 (Upadated upto June, 1999)		1999	400 £		
ii) RBI - Exchange Control Manual - on C.D. Rom (updated upto 31st May, 2000)		1999	400 £		
F. Compendium of Circulars					
1. i) Compendium of A.D. (M.A. Series) circulars No. 1	do	1997	75 £		
ii) Compendium of A.D. (M.A. Series) circulars No. 2		1998	120 £		
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)		2005	375 400 * 280 **	30 *	
(a) Print Version (Bilingual)			180 200 *	15 *	
(b) CD-ROM			140 ** 480		
viii) Compendium of MPD Circulars - Vol. 9 (April 2005 - March 2006) (Bilingual)		2006	500 * 375 **	35 *	

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Reserve Bank of India Publications

Title of the Publication	Department	Year of publication	Price (Rs.)	Price US \$	Weight in gms. & RBP Charges of Single copy in Rs.
1	2	3	4	5	6
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 *		
iv) July 1997 to June 1998 (Vol. XIII)		1999	180 200 *		
v) July 1998 to June 1999 (Vol. XIV)		2000	180 200 *		
vii) July 1999 to June 2000 (Vo. XV)		2001	210 240 *		
7. Compendium of Circulars on Small Scale Industries	do	2000	120 150 *	25	
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
iii) Compendium of Instructions/Guidelines issued by RBI for Primary Co-operative Banks (January 2000-December 2001)		2003	120 £		1300 68
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
c) Relating to co-operative/commercial banks (other than authorised dealers) authorised to maintain non-resident rupee accounts (ABM)		1994	20 £		

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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
5. Memorandum of Instructions on Project and Service Exports (PEM)	do	2003	40		
H. Reserve Bank of India Occasional Papers (Quarterly)	DEAP	–			
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xiii) 2004 Vol. 25 No. 1, 2 & 3 (Summer, Monsoon & Winter Combined Issue)			80 *£	45 *	
I. Others Important Publications					
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2. Regulatory Framework for Non-Banking Financial Companies	DNBS	1998	40 £		365 21
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 *		
7. Indian Financial Network Banking Applications Message Formats (INFINET)	do	2000	100 *		
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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13. 50 years of Central Banking : Governors Speak	do	1997	400		800	25
14. Indian Economy – Basic Statistics – 1997	do	1997	4			
15. External Debt-Management : Issues, Lessons and Preventive Measures	do	1999	250 *	20		
16. Foreign Collaboration in Indian Industry - Sixth Survey Report	do	1999	60 *	20		
17. Flow of Funds Accounts of the Indian Economy 1951-52 to 1995-96	do	2000	75 *	20		
18. Exchange facilities for foreign travel	FED	1996	8 £		35	19
19. Exchange facilities for resident Indians	do	1997	15		32	19
20. Indian Overseas Investment Handbook of Policies and Procedures	do	1998	100 £ 125 *			
21. Facilities for Non-resident Indians	do	1999	35 £ 50 *	8		
22. RBI Remittance Facilities Scheme - 1975	DGBA	1989	3 £		25	
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24. Directory of Bank Offices 1993 (English)	DBOD	1996	485 568 *	36		
25. Computer Paribhasha Kosh (Hindi)	do	1999	100		528	23
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31. Banking Glossary (English-Hindi)	do	2003	50	5		24
32. Reserve Bank of India Functions and working	RBI Staff College, Chennai	2001	120			68
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- (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.

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- (7) Are you a user of our web site (<http://www/rbi.org.in>) ? Yes No

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Editor

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Advance release calenders 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>).

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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