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

I. Assessment of Macroeconomic and Monetary Developments

Domestic Developments

2. The growth of real gross domestic product (GDP) in 2007-08 was revised upwards to 9.0 per cent by the Central Statistical Organisation (CSO) in its end-May 2008 estimates from the advance estimates of 8.7 per cent released in February 2008. As per the revised estimates, real GDP originating in agriculture, industry and services rose by 4.5 per cent, 8.1 per cent and 10.7 per cent, respectively, in 2007-08 as compared with 3.8 per cent, 10.6 per cent and 11.2 per cent in the previous year. India's macroeconomic performance in 2007-08 is part of a phase of exceptionally high growth by historical standards, occurring as it did on top of 9.6 per cent in 2006-07 and 9.4 per cent in 2005-06. Accordingly, real GDP growth has averaged 8.8 per cent over the period 2003-08 as compared with 5.4 per cent in the preceding quinquennium.

3. The fourth advance estimates of the Ministry of Agriculture released on July 9, 2008 placed foodgrains production in 2007-08 at a record 230.7 million

tonnes, substantially higher than the previous high of 217.3 million tonnes in the previous year. The production of nine major oilseeds and cotton rose by 18.6 per cent and 14.1 per cent, respectively, in 2007-08; however, the output of sugarcane and jute declined by 4.2 per cent and 1.4 per cent, respectively. During the current year's rabi marketing season (April 1-July 18, 2008), wheat procurement has doubled to 22.5 million tonnes from 11.1 million tonnes in the corresponding period of the previous year. The total stock of foodgrains with public agencies increased to 19.8 million tonnes as on April 1, 2008 which was higher than the buffer stock norm of 16.2 million tonnes and the stock of 17.9 million tonnes a year ago.

4. The south-west monsoon covered the entire country by July 10, 2008 – five days ahead of the usual onset. During the current season so far (up to July 23, 2008), the cumulative rainfall over the country as a whole has been 98 per cent of the long period average (LPA). Of the 36 meteorological subdivisions, 21 received excess or normal rainfall whereas 14 received deficient rainfall and rainfall in one meteorological subdivision was scanty. The deficient rainfall regions include Andhra Pradesh, Gujarat, Karnataka, Kerala, Konkan and Goa, Madhya Maharashtra and Vidarbha and some north-eastern States. The Marathwada region recorded scanty rainfall. As on July 17, 2008 the all-India live water storage in 81 major reservoirs was 28 per cent of the designated capacity which is 10 per cent higher than the last 10 years' average. According to the forecast of the India Meteorological Department (IMD) released at end-June 2008, the rainfall in the south-west monsoon season (June-September) this year is likely to be nearly 100 per cent of the LPA.

5. Of the normal area of 72.6 million hectares under kharif foodgrain crops, 29.0 million hectares were sown by July 18 this year, higher than 25.9 million hectares in the corresponding period last year. As regards commercial crops, the area sown under major oilseeds and jute was higher by 2.1 per cent and 22.5 per cent, respectively, whereas acreage under cotton and sugarcane declined by 16.9 per cent and 18.2 per cent, respectively, due to deficient rainfall in the major producing regions.

6. The index of industrial production (IIP) rose by 5.0 per cent during April-May 2008 *vis-à-vis* 10.9 per cent a year ago. Manufacturing output slowed to 5.3 per cent from 11.8 per cent during the same period. Electricity generation also decelerated to 1.7 per cent from 9.0 per cent, while mining activity picked up by 5.6 per cent as compared with 3.2 per cent a year ago. Within manufacturing, beverages, tobacco and related products, basic chemicals and chemical products and transport equipments and parts recorded double-digit growth. The production of basic metals and alloys, leather and fur products, cotton textiles, textile products and non-transport machinery and equipment recorded lower growth than during the corresponding period of 2007-08. The output of industries such as food products, rubber, plastic, petroleum and coal products, jute textiles, wood and

wood products and metal products (non-machinery) declined. In terms of the use-based classification of industries, the loss of momentum was diffused across all constituent sub-sectors. The production of basic, capital, intermediate and consumer non-durable goods decelerated to 3.5 per cent, 6.5 per cent, 2.3 per cent and 8.8 per cent, respectively, from 9.4 per cent, 16.9 per cent, 9.7 per cent and 15.4 per cent during April-May 2007. Output of consumer durables, however, recorded a higher growth of 4.8 per cent as compared with 0.8 per cent a year ago. The six infrastructure industries, comprising nearly 27 per cent of the IIP, posted a lower growth of 3.5 per cent during April-May 2008 as against 6.9 per cent a year ago. Production picked up in respect of coal and crude oil whereas deceleration was recorded in the output of petroleum refinery products, electricity, cement and finished (carbon) steel.

7. Full information that has become available in July 2008 on corporate sector activity reveals that moderation from the high growth phase that began in 2002-03 had set in by the last quarter of 2006-07. Sales growth of selected non-financial private companies decelerated from 26.2 per cent in 2006-07 to 18.5 per cent in 2007-08. The growth of operating profits slowed to 18.6 per cent from 41.3 per cent in the previous year despite considerable cost-cutting initiatives by companies. The interest to gross profits ratio at 13.9 per cent in 2007-08 remained distinctly lower than the ratio of around 50 per cent in the 1990s and 43.7 per cent in the first half of the current decade. While there was a substantial rise in the cost of inputs including raw materials, staff compensation and funding of operations, an increase of 47.0 per cent in the income from non-core activities contributed to net profits that rose by 27.0 per cent. As a result, profitability measured in terms of the ratio of net income to sales improved to 11.8 per cent as against 10.7 per cent in 2006-07, with gains for manufacturing and non-IT services sectors. There was a marginal decline in the profitability ratio for information technology (IT) companies to 21.5 per cent from 22.7 per cent in 2006-07.

8. Early results of selected companies for the first quarter of 2008-09 are mixed, with sustained sales growth, accompanied by higher expenditure growth on account of increase in cost of raw materials, staff costs and interest payments. As a result, there was further deceleration in net profit growth, extending a phase that had set in during 2007-08. The pick-up in sales growth could be attributed to higher selling prices although volume growth continued to be the major driver. While investment conditions continued to be supported by favourable demand conditions, reliance on external sources of funds increased somewhat in view of lower retained profits of the selected companies.

9. The Reserve Bank's Industrial Outlook Survey conducted during May 2008 indicates some moderation in business confidence in the private corporate manufacturing sector. For April-June 2008, the assessment of growth in production and order books was

somewhat lower than in the previous quarter and in the corresponding quarter last year. Close to 56 per cent of respondents reported no change in capacity utilisation. A majority of respondents also indicated no change in the financial situation, working capital finance requirements and availability of finance. Responses relating to export orders, imports and profits were generally mixed. The business expectations index for April-June 2008 declined by 5.4 per cent from its level in January-March, but was marginally higher (by 0.3 per cent) than in the corresponding quarter a year ago. For July-September 2008, nearly half of the respondents expect an improvement in the overall business situation and the outlook for production, order books and capacity utilisation is positive. In continuation of the assessment for the previous quarter, a majority of respondents expect no change in the financial situation, working capital finance requirements, availability of finance and profit margins. Expectations of rise in input costs and selling prices appear to have firmed up. The business expectations index for July-September 2008 is lower by 0.9 per cent than its level in the previous quarter but higher by 0.8 per cent than its level a year ago.

10. Business sentiment polled by other surveys reflects a similar though more broad-based moderation. One survey reported slower growth expectations for output, foreign trade and pre-tax profits for the next six months. A majority of the respondent firms propose to increase investments during the current year. Another survey reported a significant decline in business optimism due to increase in input costs, global economic instability and hardening of interest rates but nearly half the respondents intend to increase their manpower. In yet another survey, nearly two-third respondents expected increase in order books, exports and investment and nearly half expected to increase employment during April-September 2008. A large majority also expected raw material prices to increase. One survey's business optimism index recorded significant fall over the previous quarter as well as over a year ago, with a tempered outlook diffused across sales volume, inventory levels, new orders, selling prices, employment and net profits. Profit expectations moderated for the sixth consecutive quarter on the view that manufacturers may not be able to pass on the total increase in input costs to customers in the subdued demand conditions prevailing in the economy. Seasonally adjusted purchasing managers' indices for June 2008, however, indicated an improvement in manufacturing business conditions. Robust underlying demand and higher new order volumes combined with expansion plans point to a further increase in employment. Output prices increased at a faster rate than in the previous quarter and some improvement was reported in supplier delivery performance to maintain profitability in view of the rise in input costs.

11. Services sector activity appears to have been sustained in the first quarter of 2008-09 with indications of moderation in some sub-sectors. In the communication sector, 0.89 million lines

were added to the switching capacity of telephone exchanges and 16.5 million new telephone connections (fixed plus cellular) were provided during April-May 2008 as compared with 11.2 million new subscribers added during the corresponding period of 2007-08. During the first quarter of 2008-09, railway revenue earning freight traffic increased by 9.4 per cent as compared with 5.4 per cent in the first quarter of 2007-08. Cargo handled at major ports increased by 10.3 per cent during April-May 2008 as against 17.7 per cent a year ago. In civil aviation, handling of import cargo and export cargo increased by 9.3 per cent and 7.6 per cent, respectively, as compared with 21.7 per cent and 1.6 per cent during April-May 2007. During the first quarter of 2008-09, foreign tourist arrivals increased by 10.2 per cent as against 8.2 per cent a year ago. There was deceleration in air traffic growth as passengers handled at domestic and international terminals increased by 5.9 per cent and 9.0 per cent, respectively, during April-May 2008 as against 24.4 per cent and 13.1 per cent, a year ago.

12. During 2007-08, there have been noteworthy shifts in aggregate demand. In real terms, private final consumption expenditure (PFCE) and gross fixed capital formation (GFCF) increased by 8.3 per cent and 13.8 per cent, respectively, as compared with 7.1 per cent and 15.1 per cent in the previous year. In nominal terms, PFCE declined to 55.3 per cent of GDP during 2007-08 from 55.8 per cent in the previous year whereas GFCF increased to 33.9 per cent from 32.5 per cent.

13. Up to July 4, 2008 non-food credit of scheduled commercial banks (SCBs) rose by 25.9 per cent (Rs.4,85,709 crore) on a year-on-year basis, higher than 24.6 per cent (Rs.3,69,109 crore) a year ago. During the current financial year so far, non-food credit of SCBs increased by Rs.40,344 crore (1.7 per cent) as against a decline of Rs.12,519 crore (–0.7 per cent) in the corresponding period of the previous year. Food credit recorded an increase of Rs.6,322 crore as against a decline of Rs.2,292 crore in the corresponding period last year.

14. Provisional information on the sectoral deployment of bank credit available up to May 2008 indicates that on a year-on-year basis, credit to the services sector recorded the highest growth (31.3 per cent), followed by industry (26.9 per cent), the agriculture sector (19.3 per cent) and personal loans (15.9 per cent). Growth in housing and real estate loans decelerated to 13.8 per cent (21.6 per cent a year ago) and 31.9 per cent (69.7 per cent), respectively. Within the industrial sector, there was a sizeable credit pick-up in respect of infrastructure (41.7 per cent as against 32.6 per cent a year ago), cement and cement products (54.5 per cent over 18.3 per cent), chemicals (24.8 per cent as against 14.2 per cent) and petroleum (62.8 per cent as against 51.6 per cent). There was moderation in credit growth to basic metals and metal products (24.0 per cent as against 29.3 per cent), textiles (20.9 per cent as against 32.9 per cent), engineering (23.4 per cent as against 25.1 per cent), construction (29.6 per cent as against 49.2 per cent) and vehicles (26.7 per cent as against 28.6 per cent). Credit to industry constituted 43.1 per cent of the total

expansion in non-food bank credit up to May 2008, followed by services (29.5 per cent), personal loans (17.2 per cent) and agriculture (10.1 per cent). The share of infrastructure in total credit to industry increased from 21.2 per cent to 23.7 per cent. On the contrary, the share of credit to textiles, chemicals, engineering and metals declined to 10.9 per cent, 7.6 per cent, 6.1 per cent and 12.1 per cent, respectively, from 11.5 per cent, 7.7 per cent, 6.3 per cent and 12.4 per cent. Priority sector advances grew by 18.3 per cent with a moderation in their share in outstanding gross bank credit to 34.0 per cent in May 2008 from 35.7 per cent a year ago.

15. Commercial banks' investments in shares, bonds/debentures and commercial papers (CPs) increased by Rs.9,510 crore (12.1 per cent) on a year-on-year basis up to July 4, 2008 as against a decline of Rs.1,188 crore (1.5 per cent) a year ago. During the current financial year so far, such investments by banks fell by Rs.7,126 crore (7.5 per cent) as compared with a decline of Rs.4,676 crore (5.6 per cent) in the corresponding period of 2007-08. Commercial banks invested Rs.13,810 crore in instruments issued by mutual funds during the current financial year so far as against Rs.43,066 crore in the corresponding period of 2007-08. The year-on-year growth in total flow of resources from SCBs to the commercial sector was 25.4 per cent (Rs.4,95,220 crore), higher than 23.2 per cent (Rs.3,67,921 crore) a year ago.

16. The year-on-year increase in aggregate deposits of SCBs at 21.7 per cent (Rs.5,89,646 crore) up to July 4, 2008 was lower than 24.6 per cent (Rs.5,36,617 crore) a year ago. On a financial year basis, aggregate deposits increased by Rs.1,11,286 crore (3.5 per cent) during 2008-09 up to July 4, 2008 as against an increase of Rs.1,06,646 crore (4.1 per cent) in the corresponding period of the previous year. The incremental non-food credit-deposit ratio increased to 82.4 per cent on July 4, 2008 from 68.8 per cent a year ago.

17. Commercial banks' investment in statutory liquidity ratio (SLR) eligible securities increased by Rs.43,667 crore up to July 4, 2008 as against an increase of Rs.57,653 crore in the corresponding period of 2007-08. Abstracting securities committed for liquidity adjustment facility (LAF) operations, however, banks' investments in Government and other approved securities would have declined by Rs.18,383 crore as compared with an increase of Rs.25,469 crore a year ago. Commercial banks' holdings of Government and other approved securities was 27.7 per cent of the banking system's net demand and time liabilities (NDTL) which was marginally lower than 27.8 per cent at end-March 2008 and 28.7 per cent a year ago. Such investments were Rs.99,238 crore above the prescribed SLR level of 25 per cent of NDTL. Adjusted for banks' holding of market stabilisation scheme (MSS) securities and the collateral securities repoed under the LAF, commercial banks' holding of SLR securities was less than 23.0 per cent of their NDTL.

18. Money supply (M_3) increased by 20.5 per cent on a year-on-year basis on

July 4, 2008, lower than 21.8 per cent a year ago. On a financial year basis, M_3 increased by 3.5 per cent (Rs.1,39,475 crore) during 2008-09 up to July 4, 2008 as compared with the increase of 3.8 per cent (Rs.1,26,058 crore) in the corresponding period of the previous year.

19. Reserve money increased by 26.5 per cent on a year-on-year basis on July 18, 2008 as compared with 29.0 per cent a year ago. Currency in circulation increased by 21.6 per cent (Rs.1,11,077 crore), higher than 14.3 per cent (Rs.64,432 crore) a year ago. There was also a large increase in bankers' deposits with the Reserve Bank, *i.e.,* of the order of Rs.95,986 crore on top of Rs.97,923 crore a year ago due to successive increases in the cash reserve ratio (CRR). During the current financial year up to July 18, reserve money increased by 2.5 per cent (Rs.23,281 crore) as compared with the increase of 6.1 per cent (Rs.43,080 crore) in the corresponding period of the previous year. Among the components, currency in circulation recorded a higher increase of 5.9 per cent (Rs.34,915 crore) as compared with 2.1 per cent (Rs.10,539 crore) in the corresponding period last year. Among the sources of reserve money, the Reserve Bank's net foreign exchange assets increased by Rs.75,552 crore, mainly due to revaluation on account of depreciation of the rupee against other currencies during the period, as against an increase of Rs.27,735 crore in the corresponding period last year. Adjusted for revaluation effects, the Reserve Bank's net foreign currency assets declined by Rs.18,139 crore as against an increase of Rs.72,947 crore in the corresponding period of 2007-08. The Reserve Bank's net credit to the Central Government increased by Rs.55,581 crore as against an increase of Rs.18,875 crore in the corresponding period last year. Adjusted for issuances under the MSS, the Reserve Bank's net credit to the Central Government showed an increase of Rs. 58,628 crore as compared with an increase of Rs. 40,928 crore a year ago.

20. Under the Special Market Operation (SMO) scheme announced on May 30, 2008 the Reserve Bank has been conducting open market operations (OMOs) in the secondary market against oil bonds held by public sector oil marketing companies and providing them equivalent foreign exchange through the designated banks. An overall daily ceiling under the SMO was initially set at Rs.1,000 crore and subsequently revised to Rs.1,500 crore on June 11, 2008 on a review of operations. Public sector oil marketing companies have been provided US $ 4.3 billion (Rs.19,325 crore) against oil bonds purchased under the scheme up to July 25, 2008. The SMO is an ad hoc measure and is being reviewed on a continuous basis with a view to terminating these operations as soon as feasible.

21. During the first quarter of 2008-09, there were some shifts in liquidity conditions. As end-March balance sheet adjustments unwound and advance tax payments flowed back into the banking system with a large drawdown of Central Government's cash balances, liquidity conditions eased between the first week of April 2008 and the first week of May 2008. Absorption under the LAF averaged Rs.26,556 crore during April 2-May 15,

2008 with the peak absorption of Rs.79,005 crore on April 8, 2008. During April 1-May 21, 2008 there was net absorption of Rs.7,868 crore under the MSS. Under normal 91-day Treasury-bill auctions, an enhanced amount of Rs.3,000 crore was notified during May 14-June 18, 2008 for meeting farm debt waiver commitments. Banks' dependence on export credit refinance (ECR) fell from a daily average of Rs.820 crore during the fortnight ended April 11, 2008 to Rs.208 crore in the fortnight ending May 23, 2008. With increases in the CRR effective from April 26, May 10 and May 24, liquidity conditions tightened. There were net injections through the LAF between May 26-July 1, 2008 but for a brief lull during June 2-9, 2008. During June 2008, however, there was average net injection under the LAF of the order of Rs.8,622 crore. Advance tax outflows and the consequent building up of Central Government's cash balances tightened liquidity conditions further from mid-June 2008. The increase in the CRR announced on June 24, 2008 in two stages of 25 basis points each effective from July 5 and July 19, 2008 sucked out an amount of nearly Rs.20,000 crore from the system. LAF repo operations rose to a peak of Rs.52,315 crore on July 21, 2008. On a review of liquidity conditions, MSS auctions were resumed on July 9, 2008. Banks also availed of ECR in the range of Rs.144 crore - Rs.5,605 crore during June-July 2008.

22. On a net basis, average daily LAF absorption, which stood at Rs.2,116 crore in the last quarter of 2007-08, increased to Rs.9,881 crore in the first quarter of 2008-09 but changed to net injection of Rs.28,730 crore in July so far (up to July 25). The average daily balances under the MSS increased from Rs.1,71,090 crore in January-March 2008 to Rs.1,75,588 crore during April-June 2008 but fell to Rs.1,73,317 crore by July 25, 2008. Cash balances of the Central Government with the Reserve Bank fell from an average of Rs.66,844 crore in January-March 2008 to Rs.30,587 crore in the first quarter of 2008-09 and declined further to Rs.9,109 crore on July 24, 2008. The total overhang of liquidity as reflected in the balances under the LAF, the MSS and the Central Government's cash balances taken together declined from an average of Rs.2,42,370 crore in April 2008 to Rs.2,12,201 crore in May 2008 and Rs.1,93,726 crore in June 2008 (with an intra-year peak of Rs.2,93,048 crore on April 8, 2008) before declining to Rs.1,45,200 crore on July 25, 2008.

23. Inflation has increased to a 13-year high and inflation expectations have been driven up partly by unrelenting pressures from international commodity prices, particularly crude oil, basic metals and selected food items. Inflation, measured by variations in the wholesale price index (WPI) on a year-on-year basis, increased to 11.89 per cent as on July 12, 2008 from 7.75 per cent as at end-March 2008 and 4.76 per cent a year ago. Prices of primary articles and manufactured products rose by 10.15 per cent and 10.72 per cent, respectively, on a year-on-year basis as compared with the increase of 11.13 per cent and 4.80 per cent a year ago. Prices of the fuel group increased by 16.94 per cent as against a decline of 1.44

per cent a year ago. Excluding the fuel group, year-on-year inflation rose to 10.52 per cent from 6.59 per cent a year ago. Similarly, excluding fuel and food, inflation rose to 11.83 per cent from 5.65 per cent a year ago. The main drivers of inflation during 2008-09 so far have been mineral oils (with a weighted contribution of 28.1 per cent), basic metals and alloys (18.8 per cent), oilseeds, edible oils and oil cakes (13.9 per cent), chemicals and chemical products (9.5 per cent), milk (2.7 per cent), and minerals (4.1 per cent) with a total weight of 36.8 per cent in the WPI basket and a combined contribution of over 77.3 per cent to overall inflation. On an annual average basis, headline WPI inflation was 5.98 per cent up to July 12, 2008 as against 5.62 per cent a year ago.

24. Within primary articles, both food and non-food articles contributed to the price rise with milk, oilseeds, raw cotton and iron ore being the major components. Year-on-year inflation in terms of foodgrains prices increased to 5.6 per cent as on July 12, 2008 from 7.4 per cent in the corresponding period of the previous year. Prices of some key food items have decelerated in recent months as record agricultural production has augmented supply conditions including higher stock of foodgrains with public agencies. There has, however, been continuous hardening of the prices of oilseeds since November 2006 due to both domestic and global factors with a consequential increase in the prices of edible oils and oil cakes. Iron ore prices also rose on account of high domestic and export demand.

25. The large contribution of petroleum products, both administered and freely-priced, in the recent spurt in inflation needs to be seen in the context of the fact that the pass-through of oil prices has not been happening on a continuous basis. The price of the Indian basket of crude oil increased from US $ 99.4 per barrel in March 2008 to US $ 129.8 in June 2008 and further to US $ 141.5 on July 3, 2008 before declining to US $ 121.9 on July 25, 2008. While international crude (Indian basket) prices increased by 129 per cent in US dollar terms and 122 per cent in rupee terms during February 2007-June 2008, the domestic prices of freely priced products increased by about 76 per cent and the prices of administered products increased by only around 14 per cent over the same period.

26. On a year-on-year basis, inflation based on the consumer price index (CPI) for agricultural labourers and rural labourers increased to 8.8 per cent and 8.7 per cent, respectively, in June 2008 from 7.8 per cent and 7.5 per cent a year ago. Year-on-year inflation based on CPI for industrial workers and urban non-manual employees stood at 7.8 per cent and 6.8 per cent, respectively, in May 2008 as compared with 6.6 per cent and 6.8 per cent a year ago. The CPI-based inflation measures have increased in the range of 2.0-3.2 percentage points over their levels in January 2008.

27. In terms of proportions to budget estimates (BE), revenue receipts of the Central Government increased to 6.0 per cent in April-May 2008 from 5.3 per cent during April-May 2007. Plan expenditure was higher whereas non-Plan expenditure was marginally lower resulting in the total

expenditure rising to 14.6 per cent of BE in April-May 2008 from 13.3 per cent of BE a year ago. Accordingly, the gross fiscal deficit (GFD) increased to 54.9 per cent of BE from 41.2 per cent of BE a year ago. The revenue deficit at 122.7 per cent of the BE during April-May 2008 was higher than 83.0 per cent in the corresponding period last year.

28. The gross market borrowings of the Central Government through dated securities at Rs.72,000 crore (Rs.73,000 crore a year ago) during 2008-09 so far (up to July 25, 2008) constituted 41.0 per cent of the BE whereas net market borrowings at Rs.47,982 crore (Rs.45,232 crore a year ago) constituted 48.5 per cent of the BE. The weighted average yield and weighted average maturity of Central Government securities issued during 2008-09 so far were higher at 8.62 per cent and 15.18 years, respectively, as compared with 8.12 per cent and 14.90 years for those issued during 2007-08 (full year). As against the estimated gross market borrowing of Rs.59,000 crore (net: Rs.44,629 crore), State Governments mobilised Rs.8,712 crore (net: Rs.3,583 crore) by July 25, 2008.

29. The Central Government had issued special securities amounting to Rs.38,050 crore and Rs.40,321 crore, respectively, during 2007-08 and 2006-07 outside the market borrowing programme and the MSS. There have been no such issuances during 2008-09 so far. As mentioned in the Annual Policy Statement of April 2008 issuances of Government bonds to public sector oil marketing companies for partial compensation of their under-recoveries and to fertiliser companies to cover their under-recoveries/ subsidy need to be continuously monitored in view of the implication for the evolving fiscal outlook.

30. Financial markets reflected the changes in liquidity conditions during the first quarter of 2008-09. The weighted average call money rates rose from 6.11 per cent in April 2008 to 7.75 per cent in June 2008 due to tighter liquidity consequent upon increases in the CRR in April and May 2008 and in the LAF repo rate on June 12, 2008 and June 25, 2008. The call rates started moving upwards from June 12 and reached a level of 9.12 per cent on July 25, 2008. Interest rates in the collateralised borrowing and lending obligation (CBLO) and market repo segments moved in tandem with call rates and increased from 5.05 per cent and 5.48 per cent, respectively, in April 2008 to 7.21 per cent and 7.42 per cent in June 2008 and further to 8.51 per cent and 8.64 per cent on July 25, 2008. The daily average volume (one leg) in the call money market increased from Rs.9,758 crore in April 2008 to Rs.10,854 crore in June 2008. The corresponding volumes in the market repo (outside the LAF) were Rs.14,966 crore and Rs.11,262 crore, whereas in the CBLO segment, the volumes were Rs.38,828 crore and Rs.35,774 crore, respectively. During July 2008 (up to July 25), the average daily volume in the call, market repo and CBLO segments were Rs.13,367 crore, Rs.7,255 crore and Rs.20,501 crore, respectively.

31. There was a marked increase in CP issuances and the outstanding amount increased to Rs.48,342 crore by mid-July

2008 from Rs.32,592 crore at end-March 2008. The weighted average discount rate (WADR) on CP, which had declined from 10.38 per cent at end-March 2008 to 8.57 per cent as on May 15, 2008 increased to 10.75 per cent by mid-July 2008. In the market for certificates of deposit (CDs), the WADR declined from 10.0 per cent at end-March 2008 to 8.49 per cent as on April 25, 2008 but subsequently increased to 9.68 per cent as on July 4, 2008. The outstanding amount of CDs increased from Rs.1,47,792 crore at end-March, 2008 to Rs.1,64,557 crore as on July 4, 2008.

32. Yields in the Government securities market hardened substantially during the current financial year in both primary and secondary segments. Primary yields on 91-day, 182-day and 364-day Treasury Bills increased by 184 basis points, 196 basis points and 210 basis points, respectively, over the end-March 2008 level to 9.06 per cent, 9.32 per cent and 9.45 per cent by July 25, 2008. In the secondary market, yields on Government securities with one year residual maturity moved up by 176 basis points over their end-March 2008 level to 9.25 per cent by July 25, 2008. The yields on Government securities with 10-year and 20-year residual maturity also increased during this period by 117 basis points and 133 basis points, respectively, to 9.10 per cent and 9.64 per cent. Consequently, the yield spread between 10-year and one-year Government securities narrowed from 44 basis points in March 2008 to (-)15 basis points as on July 25, 2008 whereas the spread between 20-year and one-year Government securities narrowed from 82 basis points to 39 basis points over the same period.

33. Deposit rates of SCBs increased, particularly at the longer end of the maturity spectrum, during the first four months of 2008-09 (up to July 25). The interest rates of public sector banks (PSBs) on deposits of maturity from 91 days and up to one year increased to the range of 5.75-9.25 per cent in July 2008 as compared with 5.25-8.50 per cent in March 2008. The deposit rates of private sector banks on deposits of both maturity of one to three years and above three years firmed up to the range of 8.00-10.00 per cent in July 2008 as compared with the range of 7.25-9.25 per cent and 7.25-9.75 per cent, respectively, in March 2008. On the lending side, the benchmark prime lending rate (BPLR) of PSBs and private sector banks were placed in the range of 12.75-14.00 per cent and 13.50-17.25 per cent, respectively, in July 2008 as compared with 12.25-13.50 per cent and 13.00-16.50 per cent in March 2008.

34. Increased activity in the foreign exchange market was reflected in a rise in the average daily turnover to US $ 49.4 billion in July 2008 (up to July 18, 2008) from US $ 44.9 billion a year ago. While the inter-bank turnover increased from US $ 32.6 billion to US $ 37.2 billion, the merchant turnover at US $ 12.3 billion was close to US $ 12.2 billion a year ago. There has been a hardening of forward premia across all maturities. The six-month forward premia increased from 2.47 per cent at end-March 2008 to 4.70 per cent as on July 25, 2008.

35. The equity markets witnessed a major downturn in both the primary and

secondary segments during the current financial year so far, continuing the moderation that had set in by early January 2008. In the primary market, resource mobilisation through public issues declined sharply as compared with the corresponding period last year. Resource mobilisation through private placement and euro issues, however, increased significantly during the current year so far when compared with the corresponding period last year. In the secondary market, the BSE Sensex (1978-79=100) recorded a low of 12576 on July 16, 2008 before increasing to 14275 by July 25, 2008 which was 8.8 per cent lower than the end-March 2008 level and 31.6 per cent lower than the peak level of 20873 recorded on January 8, 2008.

Developments in the External Sector

36. Balance of payments data for January-March 2008 as well as for the full year 2007-08 were released by the Reserve Bank at end-June 2008. In US dollar terms, merchandise exports recorded an increase of 23.7 per cent during 2007-08 on a payments basis, as against 21.8 per cent in the previous year. Commodity-wise data released by the Directorate General of Commercial Intelligence and Statistics (DGCI&S) for 2007-08 indicate a pick-up in the growth of exports of primary products as well as manufactured goods. Agriculture and allied products, engineering goods, gems and jewellery and petroleum products contributed about 69 per cent of export growth during 2007-08. Merchandise imports on a payments basis rose by 29.9 per cent in 2007-08 as compared with 21.8 per cent in 2006-07. Imports of petroleum, oil and lubricants (POL) increased by 39.4 per cent on top of the growth of 30.0 per cent in 2006-07 mainly on account of an increase of 27.4 per cent in the average price of the Indian basket of crude oil during the year. POL imports in terms of quantity, however, showed a relatively moderate growth of 10.1 per cent. Non-oil import payments increased by 24.4 per cent, mainly on account of strong growth in imports of capital goods and gold and silver. As a result, the merchandise trade deficit widened to US $ 90.1 billion (7.7 per cent of GDP) on a payments basis in 2007-08 from US $ 63.2 billion (6.9 per cent of GDP) in the previous year.

37. During 2007-08, gross invisible receipts comprising services, current transfers and income at US $ 145.2 billion recorded an increase of 26.2 per cent and amounted to nearly 92 per cent of merchandise exports. There was sustained growth in software exports, travel and transportation along with steady inflows of remittance from overseas Indians. Private transfer receipts, mainly comprising remittances from Indians working overseas, amounted to US $ 42.6 billion as compared with US $ 29.0 billion in 2006-07. Invisible payments increased by 17.7 per cent during 2007-08, mainly on account of a surge in travel payments related to outbound tourist traffic as also the impact of liberalisation of outward foreign exchange remittance for individuals, business and management consultancy services, engineering and technical services as well as dividend, profit and interest payouts. During 2007-

08, the net invisibles surplus was US $ 72.7 billion as compared with US $ 53.4 billion in the previous year. Accordingly, the current account deficit (CAD) amounted to US $ 17.4 billion (1.5 per cent of GDP), up from US $ 9.8 billion (1.1 per cent of GDP) in 2006-07.

38. Gross capital inflows to India amounted to US $ 428.7 billion, while gross capital outflows were of the order of US $ 320.7 billion during 2007-08. Net capital flows at US $ 108.0 billion were 2.4 times and 4.2 times higher than net capital inflows during 2006-07 and 2005-06, respectively. Sizeable increases in net inflows were received under portfolio investment, external commercial borrowings (ECB), foreign direct investment (FDI), short-term credit and banking capital excluding non-resident Indian (NRI) deposits. Net FDI inflows amounted to US $ 15.5 billion in 2007-08, sizeably higher than US $ 8.5 billion in 2006-07. Inward FDI were channelised into sectors such as manufacturing, construction, business and computer services. Net ECBs of US $ 22.2 billion were higher than US $ 16.2 billion in the previous year and were enabled by finer spreads and rising financing requirements. Net portfolio inflows were significantly higher at US $ 29.3 billion than US $ 7.1 billion in 2006-07, mainly due to net foreign institutional investment (FII) inflows at US $ 20.3 billion as against US $ 3.2 billion, reflecting net purchases in the Indian stock market as well as resource mobilisation by the Indian companies through their global offerings of American Depository Receipts/Global Depository Receipts (ADRs/GDRs) in view of the favourable external market conditions. Driven by increased financing requirements of crude oil imports, net short-term trade credit increased by US $ 17.7 billion against US $ 6.6 billion in the previous year. Net accretion to NRI deposits increased marginally by US $ 0.2 billion as compared with US $ 4.3 billion in the previous year.

39. Reflecting the movements in current and capital accounts of the balance of payments, the accretion to foreign exchange reserves (excluding valuation) amounted to US $ 92.2 billion during 2007-08 which was much higher than US $ 36.6 billion in 2006-07. Foreign exchange reserves amounted to US $ 309.7 billion at end-March 2008.

40. India's external debt increased by 30.4 per cent during 2007-08 and amounted to US $ 221.2 billion at end-March 2008. The increase was mainly due to ECBs and short-term borrowings that contributed around 39.5 per cent and 34.8 per cent, respectively, of the total increase of US $ 51.5 billion in external debt. Multilateral and bilateral debt registered a moderate increase. Valuation effects, reflecting the depreciation of the US dollar against other major international currencies and the Indian rupee, accounted for US $ 9.9 billion. The US dollar had a dominant share of 57.1 per cent in India's external debt whereas rupee-denominated debt had a share of 14.5 per cent. The share of short-term debt in total debt increased to 20.0 per cent at end-March 2008 from 15.5 per cent a year ago.

41. Information released by the DGCI&S indicates that exports increased by 21.7 per cent in US dollar terms during the first two months of the current financial year, as compared with 24.2 per cent in the corresponding period of the previous year. Imports rose by 31.8 per cent as compared with 37.9 per cent in the corresponding period of the previous year. While non-POL imports moderated to 24.6 per cent from 43.8 per cent a year ago, POL imports increased by 48.6 per cent on account of the surge in crude oil prices as compared with 25.7 per cent in the corresponding period of the previous year. As a result, the merchandise trade deficit widened to US $ 20.7 billion during April-May 2008 from US $ 13.9 billion in the corresponding period last year.

42. Available information points to deceleration in capital flows during the current financial year so far. Portfolio investment in India recorded net outflows by FIIs amounting to US $ 6.5 billion during 2008-09 (up to July 18, 2008); on the other hand, ADR/GDR issues by Indian companies amounted to US $ 999 million during April-May 2008 as compared with US $ 16 million in the corresponding period last year. Gross FDI inflows during April-May 2008 were placed at US $ 7.7 billion as against US $ 3.8 billion a year ago. There were net inflows of US $ 292 million during April-May 2008 under NRI deposits as against net outflows of US $ 559 million a year ago. The foreign exchange reserves declined marginally by US $ 2.6 billion during the current financial year so far and stood at US $ 307.1 billion on July 18, 2008.

43. The exchange rate of the rupee against the US dollar, which was Rs.39.97 at end-March 2008, depreciated thereafter to Rs.43.37 per US dollar on July 8, 2008 before appreciating somewhat to Rs.42.23 on July 25, 2008. During the current financial year up to July 25, 2008 the rupee depreciated by 5.4 per cent against the US dollar, by 5.0 per cent against the euro, by 5.2 per cent against the pound sterling and by 1.3 per cent against the Japanese yen. As on July 25, 2008 the exchange rate of the rupee was Rs.42.23 per US dollar, Rs.66.41 per euro, Rs.83.39 per pound sterling and Rs.39.58 per 100 Japanese yen.

44. The exchange rate policy in recent years has been guided by the broad principles of careful monitoring and management of exchange rates with flexibility, without a fixed target or a pre-announced target or a band, coupled with the ability to intervene, if and when necessary. The overall approach to the management of India's foreign exchange reserves takes into account the changing composition of the balance of payments and endeavours to reflect the 'liquidity risks' associated with different types of flows and other requirements.

Developments in the Global Economy

45. During the first half of 2008, global economic activity decelerated in an environment of surging inflation and heightened uncertainty. There are indications that the slowdown is deepening in the advanced economies and could affect emerging market economies (EMEs), notwithstanding the strength of domestic demand. Despite some

abatement in the global financial turbulence and the continuing process of balance sheet repair for key institutions, financial risks remain high and concerns about rising losses have exacerbated the pessimism on the macroeconomic outlook. According to the update of World Economic Outlook (WEO) of the International Monetary Fund (IMF) released in July 2008, global real GDP growth on a purchasing power parity basis is expected to decelerate from 5.0 per cent in 2007 to 4.1 per cent in 2008 (3.7 per cent in WEO, April 2008) and further to 3.9 per cent in 2009 (3.8 per cent in WEO, April 2008).

46. In the US, real GDP grew by 1.0 per cent in the first quarter of 2008 as compared with 0.6 per cent a year ago. The pick-up in growth in the early months of 2008 reflected positive contributions from personal consumption expenditures (PCE) for services, exports of goods and services, federal government spending and private inventory investment. On the other hand, there was a decline in residential fixed investment, imports and PCE on durable and non-durable goods. Labour markets weakened with the unemployment rate rising to 5.5 per cent in May-June 2008. Industrial production dropped by 3.1 per cent in the second quarter of 2008 *vis-à-vis* the first quarter of 2008. The rate of capacity utilisation for industry moved up to 79.9 per cent, a level 1.1 percentage points below the average for 1972-2007. US home prices, which had recorded a steep decline in the first quarter of 2008, posted a fall of 15.3 per cent in April 2008 as compared with a year earlier. Single-family housing starts declined to their lowest level in 17 years in June. The July home-builder confidence fell to a record low for the third consecutive month. In June, US retail sales recorded an increase of 3.0 per cent on account of fiscal stimulus payments. Consumer sentiment also improved in July from the 28-year low recorded in June. The index of leading indicators declined marginally in May-June, continuing the downward trend that began in the middle of 2007. The IMF's July 2008 update of its WEO expects the US economy to slow from 2.2 per cent in 2007 to 1.3 per cent in 2008, with the gains in the first quarter being moderated during the second half of the year as consumption is dampened by rising commodity prices and tight credit conditions. The US economy is projected to grow at 0.8 per cent in 2009.

47. Real GDP in the euro area grew by 2.2 per cent in the first quarter of 2008 on a year-on-year basis as compared with 3.0 per cent a year ago. Growth is forecast to slow down considerably in the coming quarters. Industrial production is losing momentum and expectations polled in business surveys are declining. While unemployment in the euro area fell to 7.2 per cent in May 2008 from 7.5 per cent a year ago, real disposable income growth is likely to remain weak with increases in nominal wages eroded by high inflation rates. Private consumption is expected to grow only modestly in 2008. The expansion of investment is also likely to moderate. The July 2008 update of the IMF's WEO has placed real GDP growth of the euro area at 1.7 per cent in 2008 and

1.2 per cent in 2009 as against 2.6 per cent in 2007.

48. The Japanese economy grew by 3.3 per cent in the first quarter of 2008 as compared with 2.6 per cent a year ago. The pace of growth of business fixed investment and exports has slowed, corporate profit has deteriorated and business sentiments have become more cautious. Growth in private consumption has recently turned sluggish due to continued increase in food and fuel prices. The July 2008 WEO of the IMF has projected that Japan's economy will grow by 1.5 per cent each in 2008 and 2009 as compared with 2.1 per cent in 2007.

49. The Chinese economy grew by 10.1 per cent in the second quarter of 2008 as compared with 11.9 per cent a year ago. Currency appreciation, higher wages and rising raw material costs are being reflected in an erosion of China's export competitiveness. China's trade surplus for June 2008 was US $ 21.4 billion as against US $ 26.9 billion in June 2007 on account of deceleration in exports, particularly to the US. The total foreign exchange reserves, however, increased to US $ 1.81 trillion in June 2008, recording an increase of 35.7 per cent over June 2007. The CSI 300 Index, which tracks yuan-denominated A shares listed on China's two exchanges, has fallen by 30.9 per cent over the year to close at 2939 on July 25, 2008. The July 2008 WEO of the IMF has projected that the Chinese economy will grow by 9.7 per cent in 2008 and by 9.8 per cent in 2009 as compared with 11.9 per cent in 2007.

50. Elsewhere in Asia, the Korean economy grew by 4.8 per cent in the second quarter of 2008 as against 4.9 per cent a year ago. Economic activity is expected to decelerate in 2008 due to slowdown in domestic demand, rising fuel costs and moderation in export growth. In Thailand, economic activity grew by 6.0 per cent in the first quarter of 2008 as against 4.2 per cent a year ago.

51. Inflation has become a global phenomenon in recent months with no noticeable signs of abatement in the near future. In the US, consumer prices increased from 2.7 per cent in June 2007 to 5.0 per cent in June 2008. In the euro area, inflation increased to 4.0 per cent in June 2008 from 1.9 per cent in June 2007. In Japan, inflation increased to 2.0 per cent in June 2008 from (-)0.2 per cent a year ago on account of rising oil and food costs. In the UK, CPI inflation accelerated to 3.8 per cent in June 2008 from 2.4 per cent a year ago. At the retail level (in terms of retail prices index or RPI), inflation rose to 4.8 per cent in the UK in March 2007 – the highest since July 1991. RPI inflation has remained elevated since then and was 4.6 per cent in June 2008.

52. Core CPI inflation in the US increased to 2.4 per cent in June 2008 from 2.3 per cent in May 2008. In the UK, core CPI inflation increased to 1.6 per cent in June from 1.5 per cent in May 2008. In the euro area, core CPI inflation increased to 1.8 per cent in June 2008 from 1.7 per cent in May 2008. Core inflation in Japan was at 0.1 per cent in June 2008 as compared with (-) 0.1 per cent in May 2008. The increase in producer prices has been sharper than in consumer prices, reflecting increased input costs. In the US,

producer prices increased to 9.2 per cent in June 2008 from 3.3 per cent in June 2007. In the euro area, producer prices increased to 7.1 per cent in May 2008 from 2.5 per cent in May 2007. In the UK, producer prices increased to 10.0 per cent in June 2008 from 2.5 per cent in June 2007. Wholesale price inflation in Japan increased to 4.7 per cent in May 2008 from 1.7 per cent in May 2007. Overall, the persistence of high food and oil prices at elevated levels and continued high prices of other commodities pose significant inflation risks for the global economy and challenges for monetary policy worldwide.

53. Inflation pressures have raised serious concerns in EMEs across Asia, Latin America and Africa, mainly on account of supply-demand imbalances in food, fuel and commodity markets. In China, inflation decelerated from a peak of 8.7 per cent in February to 7.1 per cent in June 2008 to 8.7 per cent as compared with 4.4 per cent in June 2007. The Peoples' Bank of China has raised the required reserve ratio in phases to 17.5 per cent on June 25, 2008. Consumer price inflation in Korea accelerated to 5.5 per cent in June 2008 from 2.5 per cent in June 2007. In Thailand, inflation increased to 8.9 per cent in June 2008 from 1.9 per cent in June 2007. Other EMEs such as Brazil, Chile and Mexico in Latin America have witnessed acceleration in their inflation rates in the wake of high inflation in commodity prices. Producer price inflation in EMEs – both in Asia and elsewhere – has been substantial in the first half of 2008, driven by escalating commodity prices, particularly energy and food.

54. In recent months, high food prices have led to serious difficulties in the form of erosion of purchasing power and inadequate supplies, especially for vulnerable population groups that spend a substantial part of their incomes on food. For many developing countries, the steady rise in world prices of all cereals has pushed up the food import bill, generating widespread increases in domestic food prices on imported pressures. The food price index of the Food and Agricultural Organisation (FAO) increased by 44 per cent on a year-on-year basis up to June 2008, resulting in a doubling of global food prices over the past two years. In the global foodgrains market, prices of major crops such as corn, soyabean and wheat have increased by 82.7 per cent, 84.2 per cent and 28.1 per cent, respectively, by July 25, 2008 from their levels a year ago in response to surging demand, sparking food riots in several countries.

55. Global food imports are forecast by the FAO to be US $ 1,035 billion, *i.e.,* an additional US $ 215 billion over the level recorded in 2007. The food import bill of the Low-Income Food-Deficit Countries (LIFDCs) is likely to climb to US $ 169 billion in 2008, 40 per cent more than in 2007. While the expected good harvest in the current year may exert a dampening effect on inflation, food prices are unlikely to ease significantly in view of the escalated cost of inputs and sustained demand including the need to replenish stocks. A major factor pushing up international prices of basic foods has been the low level of exportable surpluses resulting from domestic utilisation

outstripping production for several crops in a number of major exporting countries. Restrictions on exports announced by major foodgrain-exporting nations such as Argentina, Kazakhstan and Russia for wheat and Cambodia, Egypt, India, Pakistan and Vietnam for rice continue, imposing pressures on the global food price inflation. Concerns about weather-related production losses, surging oil prices and the weaker dollar have also fuelled speculative demand for agricultural products.

56. The FAO has placed its latest forecast for world cereal production in 2008 at a record 2,180 million tonnes, 2.8 per cent up from last year's record level. The bulk of the increase is expected in wheat which is forecast at 658 million tonnes, representing an increase of 8.3 per cent over the level in 2007. Bigger harvests are expected in all regions with the exception of Asia. Strong demand in domestic and world markets has, however, depleted stocks in major exporting countries where production in 2007 suffered from exceptionally poor yields. World wheat stocks at the close of the season in 2007-08 are forecast at 151.2 million tonnes, down 6.0 per cent from their already reduced opening level. World wheat stocks are, however, expected to increase by 11.5 per cent and reach 169 million tonnes by the close of the crop season in 2008-09. Wheat prices have remained generally firm and volatile since October 2007. One-month wheat futures at the Chicago Board of Trade (CBOT) declined from US $ 9.15 per bushel on January 2, 2008 to US $ 8.11 on July 25, 2008. On the same day, futures prices for wheat were quoted higher for December 2008 at US $ 8.35, for March 2009 at US $ 8.55 and for July 2009 at US $ 8.82 per bushel.

57. Global paddy production in 2008 may rise by 1.4 per cent to 666 million tonnes as producers in all regions have responded to high market prices in the first half of the year by increasing rice cultivation. International near-month futures price of rice on the CBOT has fallen to US $ 16.72 per hundredweight on July 25, 2008 after a rise of 80.5 per cent since January 2008 to a high of US $ 24.50 on April 23, 2008. On July 25, 2008 futures prices were quoted higher at US $ 17.00 for November 2008, US $ 17.61 for March 2009 and at US $ 18.21 for July 2009.

58. The FAO's forecast for global coarse grains output in 2008 at 1,078 million tonnes is virtually unchanged from last year's record high. The growth in world coarse grain utilisation is forecast to slow down in 2008-09 to 1.6 per cent from over 5 per cent in 2007-08 on account of tighter supplies which would boost usage of wheat and non-grain alternatives for animal feed. Strong demand for ethanol is the main driver of high prices in the global coarse grain markets. The futures prices of corn on CBOT, which had moderated somewhat up to August 2007, started moving up thereafter and reached US $ 5.77 per bushel on July 25, 2008. On the same day, futures prices for corn were quoted higher for December 2008 at US $ 5.97, for March 2009 at US $ 6.16 and for July 2009 at US $ 6.38 per bushel.

59. Metal prices have increased by 14.6 per cent during the first six months

of 2008 after declining by 8.1 per cent during 2007. Prices of metals such as aluminium have softened in the recent period on concerns about global growth which might impact demand. However, lead and copper prices have increased on supply concerns and dwindling stocks. Futures price of copper on the New York Mercantile Exchange (Nymex) increased to a record level of US $ 4.08 per pound on July 2, 2008 from US $ 3.50 a year ago. As on July 25, 2008, the near-month futures price for copper stood at US $ 3.70 per pound, US $ 3.61 for September 2008, US $ 3.59 for December 2008 and US $ 3.50 for July 2009. Spot gold rose to US $ 1002.30 an ounce on March 17, 2008 - the highest since January 1980 - as the dollar fell to a record low against the euro and on concerns about declining supply on mine shutdowns in South Africa, before declining to US $ 922.71 an ounce on July 25, 2008 from US $ 661.62 a year ago.

60. Prices of crude oil, which have rebounded since July 2007, increased by 60.0 per cent up to July 25, 2008 from their level a year ago. Near-month futures prices reached the level of US $ 122.51 per barrel on July 25, 2008 dipping from US $ 145.31 recorded on July 3, the highest since trading began on the Nymex in 1983. On July 25, oil futures ruled higher at US $ 123.26 for September 2008, US $ 124.62 for December 2008 and US $ 124.83 for July 2009. According to the Energy Information Administration (EIA), the oil supply system continues to operate at near capacity and remains vulnerable to both actual and perceived supply disruptions. World oil markets have been particularly tight during the first half of 2008, with year-on-year growth in world oil consumption outstripping growth in non-Organisation of the Petroleum Exporting Countries (OPEC) production by over 1 million barrel per day. The combination of rising global demand, fairly normal seasonal inventory patterns, slow gains in non-OPEC supply and low levels of available surplus production capacity is providing firm support for prices.

61. Net non-OPEC production, especially from Russia, the North Sea and Brazil, could be lower than expected, leading to both higher demand for OPEC oil and higher prices than currently projected. Even with increased Saudi Arabian output at 9.7 million barrels per day from July, available surplus production capacity during the third quarter would be only 1.2 million barrels per day. World oil consumption is projected to rise by 1.2 million barrels per day during the second half of 2008 and by 1.4 million barrels per day in 2009. According to the EIA, the average price of West Texas Intermediate (WTI) crude oil is expected to be at US $ 127.39 per barrel in 2008 and US $ 132.75 per barrel in 2009.

62. In the global financial markets, sentiment has been adversely affected by concerns relating to a deep and prolonged recession in the US, somewhat alleviated by recent data on consumer sentiment, durable goods orders, consumer spending and oil prices. In addition, losses to the financial sector continue to mount in addition to rising debt defaults. Inter-bank stress remains high despite unprecedented and sustained central bank interventions. Banks' wholesale funding

remains weak, especially in the asset backed commercial paper (ABCP) market. There has also been continued weakness in equities and bond markets in recent months. The easing of the turmoil does not appear to be in sight with news about fresh write-downs and job losses emanating every day, indicating renewed dislocations.

63. The Dow Jones Industrial Average, Standard and Poor's (S&P) 500 and Nasdaq Composite exhibited considerable volatility and posted declines of 17.5 per cent, 17.2 per cent and 10.6 per cent, respectively, by July 25, 2008 over their levels a year ago. In the fixed income segment, Government bond yields in the major economies, which had firmed up in the first half of 2007, have softened thereafter as demand for government debt increased with investors seeking safe haven on the likelihood that the economy is already in a recession. The US 10-year bond yield increased from 4.70 per cent at end-December 2006 to 5.29 per cent on June 12, 2007 before falling to 4.11 per cent on July 25, 2008. The 10-year bond yield in the euro area increased from 3.95 per cent at end-December 2006 to 4.68 per cent on July 9, 2007 before falling to 4.62 per cent on July 25, 2008. The Japanese 10-year bond yield has increased from 1.68 per cent at end-December 2006 to 1.97 per cent on June 13, 2007 before falling to 1.58 per cent on July 25, 2008. In emerging markets, however, especially in Asia, there has been sustained growth in public issues during 2008 so far, despite a credit crunch in the US and its attendant fall-out on the rest of the global economy.

64. On a trade-weighted basis, the US dollar has been depreciating since 2006 with intermittent fluctuations. After the cuts in the Fed funds rates since September 2007, the US dollar has weakened against other currencies. The pound sterling moved to the level of US $ 1.99 on July 25, 2008 – close to the 26-year high of US $ 2.11 reached on November 8, 2007 – amidst concerns relating to the US subprime mortgage market. The euro, which has also been strengthening against the US dollar since June 2007, rose to an intra-day peak of US $ 1.60 on July 15, 2008 before declining to US $ 1.57 on July 25, 2008. The New Zealand dollar had appreciated to 81.10 cents to reach a 22-year peak against the US dollar on July 24, 2007 before declining to 74.11 cents on July 25, 2008.

65. Central banks have continued to work together and to consult regularly on liquidity conditions in financial markets. In view of the persistent liquidity pressures in some term funding markets, the European Central Bank (ECB), the Federal Reserve and the Swiss National Bank (SNB) announced an expansion of their liquidity measures on May 2, 2008. Since December 2007, the Fed has conducted fifteen auctions amounting to US $ 790 billion for 28 days maturity each and an auction of US $ 20 billion with 35 days maturity up to July 14, 2008. It has also announced an offer of US $ 75 billion in 28 days credit through its term auction facility (TAF) on July 28, 2008. In a bid to ensure continuation of economic growth, the US Treasury has issued fiscal stimulus payments to American households for an

amount of about US $ 91 billion during April 28-July 11, 2008.

66. Since December 2007, the ECB has conducted thirteen US dollar TAF auctions amounting to US $ 235 billion up to July 17, 2008 for 28 days maturity each. The Bank of Canada (BoC) has conducted nine 28-day auctions amounting to US $ 16 billion till June 12, 2008. On June 23 and July 8, 2008, the BoC has stated that it will not renew the term purchase and resale agreements (PRA) transactions maturing on June 26 and July 10, 2008. The SNB has conducted ten auctions amounting to US $ 56 billion for 28 days each up to July 15, 2008. The Bank of England (BoE) increased liquidity injections from £ 2.85 billion to £ 11.35 billion for its operations in December 2007-January 2008 of which £ 10 billion was offered for 3-month maturity. It also announced that long-term repo operations would be held against a wider range of high quality collateral. In April 2008, the BoE launched a scheme to allow banks to swap their high quality mortgage-backed and other securities temporarily for UK Treasury Bills. The BoE has, up to July 15, 2008 allotted an amount of £ 54.9 billion for three months' maturity in six long-term repo auctions since December 2007 against an extended range of collaterals.

67. The confluence of slowdown in growth and mounting inflation alongside financial vulnerabilities has complicated the task of monetary authorities across the world and rendered the future direction of policy setting highly uncertain. Monetary easing in the leading developed countries has increased global liquidity with attendant implications for monetary management in the emerging economies. Some central banks have cut policy rates since the third quarter of 2007 when the financial market turmoil surfaced. During September 18, 2007 to April 30, 2008 the US Federal Reserve reduced its policy rate by 325 basis points to 2.00 per cent after seventeen increases to 5.25 per cent between June 2004 and June 2006. The BoE reduced its Bank Rate to 5.0 per cent by 25 basis points each in February and April 2008 but has left it unchanged since then. The BoC reduced its policy rate to 3.0 per cent by 25 basis points reductions each in December 2007 and January 2008 and 50 basis points each in March and April 2008. The Reserve Bank of New Zealand reduced the Official Cash Rate from 8.25 per cent to 8.0 per cent on July 24, 2008.

68. Central banks of some countries such as Japan, Korea, Malaysia and China have not changed their policy rates in 2008.

69. Some central banks that have tightened their policy rates in recent months include the ECB (main refinancing operations rate raised by 25 basis points to 4.25 per cent on July 3, 2008); the Reserve Bank of Australia (Cash Rate raised by 25 basis points in February-March 2008 to 7.25 per cent); Bank Indonesia (BI rate raised by 75 basis points in April-June 2008); Bank of Thailand (1-day repurchase rate raised by 25 basis points to 3.50 per cent on July 16, 2008); the Banco Central de Chile (benchmark lending rate raised to 7.25 per cent by 25 basis points in January and 50 basis points each in June

and July 2008 from 6.00 per cent in December 2007), Banco Central do Brasil (overnight Selic rate raised by 125 basis points to 13.00 per cent in June-July 2008) and Banco de Mexico (inter-bank 1-month rate by 25 basis points each in June-July 2008 to 8.00 per cent).

Overall Assessment

70. Leading indicators of aggregate supply conditions are emitting mixed signals in an environment of heightened uncertainty. The outlook for agriculture is generally positive on the back of the satisfactory progress of the South-West monsoon across the country so far which has also improved water storage conditions and enabled a substantial increase in sowing area in respect of key crops. There are, however, concerns in some quarters that deficient rainfall received in the monsoon season so far in Andhra Pradesh, Gujarat, Karnataka and Maharashtra may adversely affect the prospects of crops such as oilseeds, pulses, cotton and sugarcane. A sizeable step-up in procurement operations enabled by the record foodgrains production in the preceding year has been supported by expansion in food credit extended by banks under a consortium arrangement. Going forward, the rising level of buffer stocks and prospects for overall improvement in foodgrains production would assuage supply shortages, dampen inflation expectations, economise on imports and fortify food security in the context of the intensifying food crisis worldwide. In this context, it is worthwhile, however, to explore the implications of this rapid build-up in buffer stocks, in particular, the possible unintended consequences of limiting market supplies at a time when demand-supply gaps are strained and reflected in elevated food prices.

71. Headline industrial growth has moderated and turned somewhat volatile during September 2007-May 2008 following a sustained expansion that began in 2003-04 and peaked in November 2006. In May 2008, however, the growth of industrial production slowed below consensus expectations across all constituent sectors, after appearing to have regained some momentum in April. While production has picked up in some industries such as beverages and tobacco, chemicals and transport equipment, and consumer goods production has been buoyed up by a turnaround in the production of consumer durables out of a trough in January-March 2008, there appears to be a slackening of pace in the basic and intermediate goods segments. The slowing sectors include labour-intensive and small and medium-scale manufacturing industries such as textiles, non-metallic mineral products, rubber, plastic and coal products which together account for about a fourth of manufacturing activity. Output has declined in respect of food products and metal products and parts. Capital goods production, which had held up resiliently so far, weakened in May 2008 and joined other use-based categories in dragging down overall industrial growth. The continuing slowdown in infrastructure is impacting the outlook for the industrial sector.

72. Construction activity may be affected in view of the sluggishness in steel and cement production. More critically, the sharp deceleration in electricity generation is a cause for concern. There are indications of moderation in growth in some of the services sectors, particularly under trade, hotels and restaurants, transport, construction as well as in some categories of financing, real estate and business services. Business confidence surveys and purchasing managers' indices are indicating some moderation in expectations relating to manufacturing and service sector performance over the months ahead. The recent slackening of growth in the manufacturing sector, in particular, warrants a careful and disaggregated analysis to study the impact of escalated input costs, delays in project implementation due to lags in public policy clearances and competitive pressures from imports with a view to designing medium-term strategies to improve the supply response of India's manufacturing sector as well as its external competitiveness.

73. Aggregate demand pressures appear to be strongly in evidence, exacerbated by the slack in the supply response. First, inflation has surged to a 13-year high and inflation expectations have been driven up by unrelenting pressures partly emanating from international commodity prices, particularly crude oil, oilseeds/edible oils and metals. Second, the sharp escalation of inflationary pressures has occurred in an environment of high growth in monetary and banking aggregates which continue to rule above indicative policy projections for the fourth year in succession, warranting concern in the context of the monetary overhang created by large capital inflows in 2006-07 and particularly in 2007-08. Third, investment demand continues to be strong, growing in the range of 14-19 per cent since 2002-03 and currently constituting 36 per cent of GDP. Furthermore, consumption demand appears to be reviving the production of consumer goods, especially durables. Fourth, with merchandise imports running ahead of exports, the trade deficit has widened sizeably in April-May 2008, reflecting the pressure of domestic demand. There has also been some tightening of external financing conditions in the ongoing global financial turmoil. Fifth, there are indications of growing fiscal stress in the volume of off-budget borrowings by the Centre, impending expenditures on account of food, fertilizer and POL subsidies, the debt waiver scheme and the award of the Sixth Pay Commission with consequent pressures on aggregate demand.

74. The upsurge in inflation during the current financial year reflects a combination of forces at work. First, on a year-on-year basis, about 30 per cent of headline WPI inflation is contributed by mineral oils, partly reflecting the pass-through of international crude prices to domestic administered prices effected on June 5, 2008. In addition, prices of petroleum products which are not administered have gone up pari passu with international crude prices, exerting considerable pressure on headline

inflation. Unlike in some developed economies, the pass-through is not occurring on a continuous basis in developing economies including India which are tailoring their policy responses to suit domestic conditions. Second, there are inflationary pressures in addition to crude oil prices. Even after excluding fuel and food, WPI inflation has remained close to or higher than the headline during the year so far. There are also indications that consumer price inflation is catching up with producer prices so that inflationary pressures at the retail level appear to be broadening in their ambit. Prices of manufactured products have contributed nearly 50 per cent of headline inflation mainly on account of food products, metal products and chemicals which have been impacted by the steep rise in input costs, including import prices. Primary articles have contributed about a fifth of headline inflation, mainly driven by prices of oilseeds, raw cotton and milk. Movements in international prices of key commodities indicate elevated upside pressures for domestic prices of a number of commodities such as coal, edible oil, rice and steel in view of the linkages between global and domestic demand-supply balances, with implications for the evolving scenario.

75. There are some signs of moderation in key monetary and banking aggregates in response to monetary measures which have withdrawn liquidity from the system and tightened interest rates across the term structure. The rate of money supply and deposit growth have started to dip in consonance since June, edging towards the trajectory set for 2008-09. The balancing of monetary and liquidity conditions has not, however, impacted the demand for bank credit which has accelerated on a year-on-year basis. In particular, food credit has recorded a turnaround to support the large-scale operations in food procurement by public agencies. While credit to the petroleum sector has risen sizeably due to the funding requirements of oil companies in the context of the escalation in international crude prices, bank credit to other sectors has also picked up, particularly to infrastructure, cement, chemicals, transport operators and professional and other services, reflecting resilient activity in these sectors. On the other hand, bank credit flowing to agriculture, housing, real estate, construction, metal products, textiles, gems and jewellery and engineering has moderated on account of sector-specific factors which have impacted input costs and impeded the flow of credit. It is noteworthy that the growth in credit during 2008-09 so far has taken the incremental non-food credit-deposit ratio to 82.4 per cent which appears high given the prescribed CRR/SLR and banks' preference for holding excess reserves on a day-to-day basis.

76. Financial markets have generally experienced some tightening of liquidity conditions and hardening of interest rates, particularly since the second half of May as monetary measures took effect. In the money markets, interest rates moved towards the ceiling of the LAF corridor, rising even beyond in June with advance

tax payments and in the following weeks, albeit within a narrow range above the repo rate. In the Government securities market, yields have risen across the spectrum on inflation concerns; with short-term yields responding to monetary measures, there has been a flattening of the yield curve with intermittent inversions. In the foreign exchange market, the spot exchange rate has been under sustained downward pressure from international crude prices, portfolio outflows and uncertainty surrounding the outlook. Forward premia have, however, risen sharply in the recent period as market participants have engaged in adjustments in their positions in response to the shift in the underlying trend of the spot market. The credit market has experienced some tightening in view of banks raising both deposit and lending rates in response to monetary policy action.

77. Fiscal developments in the early months of 2008-09 indicate some stress on the financial position of the Union Government. The headline deficit indicators have generally worsened in April-May 2008 from their levels a year ago. Gross tax revenues have remained buoyant with direct taxes constituting 43 per cent, up from their share of 36 per cent in the first two months of 2007-08. Aggregate plan revenue expenditure on social and other economic services as well as grants to States has risen significantly. Capital outlay has also risen, mainly on account of non-defence spending. In contrast, the growth of non-plan expenditure has been somewhat muted. In view of the enhanced outgo on subsidies, interest payments, farm loan waiver and salaries that is likely to occur over the coming months, public finances have emerged as a source of concern from the point of view of macroeconomic management.

78. In the external sector, the growth of both exports and non-oil imports has moderated in April-May 2008. POL imports, however, have expanded sizeably on account of elevated international crude oil prices. A noteworthy development in recent years has been the buoyancy in POL exports, particularly since 2003-04 with growth averaging close to 60 per cent per annum up to 2007-08. As a result, the POL deficit (POL exports minus POL imports), which was 118.8 per cent of the overall merchandise trade deficit in 2003-04, declined to 67.9 per cent by 2007-08. Net invisibles continue to provide a stable source of support to the balance of payments. Capital flows are exhibiting mixed developments. While FDI has more than doubled, there have been episodes of reversals of portfolio flows from institutional investors reflecting continuing risk aversion and concerns about the global slowdown. On the other hand, issuances of equity and debt instruments by Indian entities in stock exchanges abroad have picked up. While there has been some drawdown of the foreign exchange reserves during the current financial year, external financing conditions continue to remain viable. The level of reserves is equivalent of more than a year's imports and exceeds the level of external debt.

79. Downside risks to global economic prospects appear to have intensified since the Annual Policy Statement of April 2008. The slowdown of growth seems to be spreading from the US to several other advanced economies with housing and labour markets weakening sharply. The deepening financial turbulence in major financial centres has worsened the macroeconomic outlook further by erosion of consumer and business sentiment and tightening of financing conditions with indications that a generalised credit squeeze may take hold. In the US, the downturn in the housing sector is contracting residential and non-residential investment and consumption demand even as household indebtedness has risen. A positive feature is the strength of export growth which augurs well for investment in the tradeable sector. In the UK, economic activity has continued to slow in 2008 with consumption spending being dragged down by tightening of credit conditions and falling consumer confidence. The slowing housing sector is also impacting construction activity. While growth in the euro area has been somewhat more resilient, business confidence has declined and private consumption has decelerated along with exports. The Japanese economy has expanded in the first half of 2008 on the back of strong exports and relatively robust consumption and employment growth, although falling residential investment and deteriorating business sentiment appears to be tempering domestic demand. Consensus forecasts suggest that the global economy will slow significantly in 2008 but whether or not it will avoid a sharp and synchronised downturn is yet unclear.

80. The impact of the slowdown in developed economies on EMEs cannot but be adverse, but it has so far been limited by the strength of domestic demand, particularly investment, and consumption spending has remained stable. The slowing of import demand from developed economies could, however, pose a risk to the growth outlook for these economies. Equity markets in many emerging economies have weakened in 2008 partly on lower growth expectations. Tightening of financing conditions in international markets is a growing risk for emerging economies with current account deficits and relatively large reliance on cross-border bank borrowing. In particular, terms of trade losses have impacted the external positions of some emerging economies that are net commodity importers. The impact of the global financial turmoil has so far been restricted to portfolio flows and bank lending to EMEs while foreign direct investment has remained strong. On the other hand, outward direct investment from emerging economies, particularly Asia, has increased significantly. Consensus growth forecasts for EMEs have declined in recent months but continue to remain reasonably optimistic about the near term.

81. Inflation has emerged as the biggest risk to the global outlook, having risen to very high levels across the world, levels that have not been generally seen for a couple of decades. Developed and emerging economies alike are reporting multi-year highs in inflation, driven

mainly by escalating commodity prices, particularly of energy, food and metals. In terms of consumer prices, developed economies are reporting increases up to 170 basis points since January 2008. For emerging economies, the increase in inflation has been even higher *i.e.,* in the range of 120-570 basis points. In terms of producer prices, inflation is rapidly heading to or is already at double-digit levels in most developed and emerging economies. Core measures of inflation and survey-based inflation expectations have also risen markedly. There are growing concerns across economies that rising food and energy prices are triggering a more generalised inflation spiral through second-round effects. Crude futures do not indicate any let-up in the current level of prices up to December 2008. Steel prices have increased in the range of 69-88 per cent in June 2008 on a year-on-year basis and are set to harden even further. At the current juncture, globally food prices are likely to remain high at least up to end-2008, constrained by record low inventories and restrictions on exports by major foodgrain producers. In several emerging economies, higher inflation has become associated with increasing volatility in currency and equity markets as well as financial sector fragility. By and large, while inflation was expected to rise, the size of the change in 2008 so far on a global scale has been clearly unanticipated. Policy responses have also been constrained in some countries by concerns about the speed and depth of the slowdown in growth.

82. Developments in the global financial system have heightened the uncertainty characterising the outlook. While a possible crisis in global finance seems to have been averted, several vulnerabilities persist in the leading financial centres. The ultimate size of losses among the largest financial institutions and the requirement of capital continues to be opaque at this stage, even as defaults on residential loans appear to be rising, balance sheets have become extremely sensitive to repricing and valuation changes and market liquidity remains frozen despite massive central bank interventions. For the developed economies affected by the turmoil, balance sheet positions of corporates as well as those of households - already weakened by rapid increase in debt and the fall in house prices - have become increasingly vulnerable to widening spreads and tighter credit conditions. Banks have been the most severely affected entities with large write-downs related to mortgage exposures and a decline in profitability. Investment banking has suffered from a large decline in profits and near-failure episodes with the urgent need to infuse substantial amounts of new capital. Central bank interventions in this context have also been extraordinary and on a scale not seen since the Great Depression, demonstrating a resolve to act decisively against threats to financial stability. With the exception of monoline insurers, the effect of the financial turmoil on insurance companies has been less severe than on banks and exposures are not as wide-spread. In the early months of 2008, hedge funds, private equity and leveraged buy-outs have experienced significant pressure

and poor performance in a challenging market environment.

83. Since the end of May 2008, there are incipient signs of financial markets tending towards some normalcy with financial institutions being more proactive in disclosing losses, deleveraging and raising new capital. Spreads have retreated from their peaks; however, market activity remains somewhat strained. The full truth about the extent of losses and exposures is not yet known and perceptions of a pronounced increase in default risk continues to prevail as evident in high credit default swap (CDS) spreads. Money markets remain dislocated and, despite central bank liquidity injections alleviating pressures, uncertainty about future liquidity supply and counterparty risk persists. Equity markets have dropped sharply in 2008 with the worsening of the macroeconomic outlook and renewed credit related concerns. Between April 2008 and July 2008, global share prices have fallen considerably with an increase in volatility and a decline in investors' risk tolerance. Bond yields, which stabilised since mid-March, have started to recover in developed economies and a flight to safety is leading up to a shortage of paper. Longer term real yields have declined sharply on recession fears. In the foreign exchange market, the US dollar and the pound sterling depreciated in effective terms whereas the euro, the yen and the Swiss franc appreciated along with several Asian currencies. Some currencies that had proved to be resilient in 2007 such as the Canadian dollar, the Korean won and the South African rand have depreciated, in some cases substantially, in 2008 so far. Concerns about a more widespread slowdown, rising inflation and perceptions of overvaluation have been weighing on emerging market asset classes in 2008 with spreads on sovereign debt widening.

84. In the overall assessment, several risks looming over the global economy at the time of the Annual Policy Statement of April 2008 have either materialised or intensified with implications for every national economy, including India. The outlook is highly unclear and the prospects of resolution of the multiple disequilibria embedded in global developments are fraught with uncertainty. Although the IMF has revised its forecast of global growth for 2008 up by 0.4 percentage points in July over its April projection, the consensus now appears to be that the slowdown of growth is deepening and broader in its span than initially expected with more significant slowing likely in the period ahead. In view of the international linkages that are stronger now than before, macroeconomic prospects for the EMEs, that have so far remained relatively unscathed, are overcast with downside risks from knock-on and lagged effects of the downturn. Globally, inflation pressures brought on by the elevated levels of crude, metal and some food prices show no signs of abating and instead, appear to be getting entrenched into inflation expectations. While high inflation is now a worldwide phenomenon, country responses have differed widely depending on perceptions of the nature of the shock, how long it will last and the stage of the inflation cycle in

terms of the onset of the second-order impact. In some developed countries, the policy response to inflation has been proscribed by relatively overarching concerns for financial stability in the context of the ongoing financial turmoil. While vestiges of calm appear to have been restored in financial markets by end-June, the dangers of further deepening of the crisis and potential contagion have, in fact, increased. In emerging economies like India, these effects are already in evidence in the currency and equity markets and phases of capital outflows have occurred from some of these countries. Accordingly, heightened vigilance and stress testing of the preparedness to deal with these developments assumes critical importance as recent weeks have shown.

85. Domestically, some moderation appears to be underway with slower momentum in industrial and service sector activity, while the outlook for agriculture provides a silver lining in terms of food availability and the mitigating effect on inflation expectations. Nevertheless, inflation risks have increased sharply and appear to be persistent at this juncture. The conduct of monetary policy in the context of bringing down inflationary pressures and anchoring inflation expectations is, however, complicated by global developments and domestic demand pressures.

II. Stance of Monetary Policy for the Remaining Period of 2008-09

86. The Annual Policy Statement of April 2008 had indicated concerns that threats to growth and stability from global developments had increased considerably with a highly uncertain likelihood of early resolution. However, it was stated that domestic factors would continue to dominate the policy setting, with a contextual emphasis on inflation expectations. Accordingly, the overall stance of monetary policy in 2008-09 was set in terms of ensuring a monetary and interest rate environment that accords high priority to price stability, well-anchored inflation expectations and orderly conditions in financial markets while being conducive to continuation of the growth momentum with due emphasis on credit quality and credit delivery. It was resolved to respond swiftly on a continuing basis to the evolving constellation of adverse international developments and to the domestic situation impinging on inflation expectations, financial stability and growth momentum, with both conventional and unconventional measures, as appropriate. Liquidity management was accorded priority in the context of underlying monetary and financial developments.

87. In the subsequent period, active liquidity management assumed critical importance in view of persistent surplus conditions in financial markets coinciding with an upsurge in inflation. Accordingly, the CRR was raised on April 17, 2008 by 25 basis points each from the fortnights beginning April 26 and May 10, 2008. Subsequently, another increase of 25 basis points in the CRR effective from May 24, 2008 was announced in the Annual Policy

Statement. On May 30, 2008 special market operations were announced to alleviate the binding financing constraints faced by public oil companies in importing POL as also to minimise the potential adverse consequences for financial markets in which these oil companies are important participants. Subsequent to the announcement of the hike in administered POL prices, the repo rate was increased by 25 basis points on June 11, 2008. Furthermore, on June 24, the repo rate was increased by 50 basis points and the CRR was increased by 25 basis points each from the fortnights beginning July 5 and July 19. These measures, along with the calibrated and graduated withdrawal of monetary accommodation undertaken since September 2004, impart a stabilising influence on the economy in the period ahead. In view of the criticality of anchoring inflation expectations, a continuous heightened vigil over ensuing monetary and macroeconomic developments is maintained to enable swift responses with appropriate measures as necessary, consistent with the monetary policy stance.

88. Monsoon conditions have, by and large, been favourable so far in large parts of the country barring deficient/scanty rainfall in some regions that could affect the prospects of some crops. Nevertheless, in the absence of unanticipated weather adversities, moisture conditions should support a continuation of the above medium-term trend growth in agriculture. On the other hand, there is more than originally anticipated moderation in activity in the industrial and in some services sectors. Such a moderation could persist in the short-term, notwithstanding the still robust underlying momentum in these sectors. Furthermore, world GDP growth is projected by the IMF to undergo a pronounced slowdown in the second half of the year and is expected to decelerate by close to one percentage point in relation to 2007 with second round effects on world trade growth. Overall, taking into account aggregate demand management and supply prospects described above, the projection of real GDP growth of the Indian economy in 2008-09 in the range of 8.0 to 8.5 per cent as set out in the Annual Policy Statement of April 2008 may prove to be optimistic and hence for policy purposes, a projection of around 8.0 per cent appears a more realistic central scenario at this juncture, barring domestic or external shocks.

89. Bringing down inflation from the current high levels and stabilising inflation expectations assumes the highest priority in the stance of monetary policy. Currently, pressures from global inflation developments emanate from prices of some food articles, crude oil and other commodities such as metals. As regards food prices, there are indications of improvement in crop conditions in some of the major foodgrains producing countries. For the Indian economy, monsoon conditions augur well for an expansion of the domestic supply response, particularly in respect of key foodgrains. In this context, domestic food prices may soften in the months ahead as these positive developments take hold. International crude prices remain at

elevated levels with no clear indication of any tendency towards assured moderation, despite some incipient softening in recent weeks. There is, however, a view that slowdown in global activity may moderate demand and speculative elements. Accordingly, there is a possibility, albeit remote, of a drastic reduction in the level of crude prices in the period ahead. In the event, however unlikely, of international crude prices falling below the level up to which pass-through to domestic POL prices in India has occurred, there could be some easing of domestic inflation. There is also a view that international prices of other commodities including metals could also moderate with the slowing down of aggregate demand globally. While such moderation in some global commodity prices in future cannot be ruled out, it is prudent to assume that in all likelihood, the current elevated levels will continue in the near future with added uncertainties.

90. The Annual Policy Statement of April 2008 stated that, in view of the lagged and cumulative effects of monetary policy on aggregate demand and assuming that supply management would be conducive, capital flows would be managed actively and in the absence of new adversities emanating in the domestic or global economy, the policy endeavour would be to bring down inflation from the current high to around 5.0 to 5.5 per cent in 2008-09 with a preference for bringing it as close to 5.0 per cent as soon as possible, recognising the evolving complexities in globally transmitted inflation. The Annual Policy Statement added that the resolve, going forward, would continue to be to condition policy and perceptions for inflation in the range of 4.0-4.5 per cent so that an inflation rate of around 3.0 per cent becomes a medium-term objective consistent with India's broader integration into the global economy and with the goal of maintaining self-accelerating growth over the medium-term. Recent developments, global as well as domestic, on both supply and demand sides described in this Policy Review, however, point to accentuation of inflationary pressures, especially in terms of inflation expectations and perceptions during the first quarter of 2008-09.

91. Over the last 12 months, the escalation in inflation has become a global phenomenon and the increase in inflation in India over the previous year is not proportionately different from elsewhere. Looking forward, the global and more importantly, the domestic factors pose severe challenges to monetary management and warrant reinforced policy actions on several fronts. Against this background, it is expected that inflation would moderate from the current high levels in the months to come and a noticeable decline in inflation can be expected towards the last quarter of 2008-09. Accordingly, while the policy actions would aim to bring down the current intolerable level of inflation to a tolerable level of below 5.0 per cent as soon as possible and around 3.0 per cent over the medium-term, at this juncture a realistic policy endeavour would be to bring down inflation from the current level of about

11.0-12.0 per cent to a level close to 7.0 per cent by March 31, 2009.

92. As indicated in the Annual Policy Statement of April 2008, the sustained expansion of money supply above indicative projections since 2005-06 has resulted in a sizeable monetary overhang which warrants continuous policy monitoring in view of the implications for fighting inflation at the current juncture and over the medium term as the lagged and cumulative effects of monetary policy actions work their way through the economy. Accordingly, it is necessary to moderate monetary expansion and plan for a rate of money supply growth in the range of around 17.0 per cent in 2008-09 in consonance with the outlook on growth and inflation so as to ensure macroeconomic and financial stability in the period ahead. Consistent with the projection of money supply, the growth in aggregate deposits in 2008-09 is now placed at around 17.5 per cent or around Rs.6,00,000 crore. Based on an overall assessment of the sources of funding and the overall credit requirements of the various productive sectors of the economy, the growth of non-food credit including investments in bonds/debentures/shares of public sector undertakings and private corporate sector and CP is placed at around 20.0 per cent in 2008-09, as indicated in the Annual Policy Statement, consistent with the monetary projections. While there are early signs of some moderation in money supply and deposit growth, they continue to expand above the indicative projections warranting continuous vigilance and appropriate and timely policy responses.

93. Active management of liquidity conditions through the flexible use of policy instruments has, to a significant extent, insulated domestic financial markets from the turmoil in major financial centres in developed economies. These liquidity management operations have generally absorbed excessive market pressures and enabled orderly conditions. In view of the evolving environment of heightened uncertainty, volatility in global markets and the dangers of potential spillovers to domestic equity and currency markets, liquidity management will continue to receive priority in the hierarchy of policy objectives over the period ahead. In particular, volatility in capital flows and cash balances of the Government will continue to necessitate active liquidity management with a combination of instruments as warranted. In this context, it is necessary to note that there is headroom with the Reserve Bank in terms of the flexibility in the deployment of instruments, complemented by prudential regulations and instruments for capital account management.

94. Since April 2005, the Reserve Bank has been expressing concerns about strong credit growth, the significantly overdrawn state of the banking system to sustain the credit disbursement, mismatches between sources and uses of funds and implications for interest rates, liquidity conditions and credit quality. Several monetary and prudential measures have been undertaken in this period and banks have been sensitised in this regard. While there has been some rebalancing and overall correction during 2007-08 in

response to policy initiatives, in 2008-09 so far, however, some banks have expanded credit rapidly in relation to the system level growth, with attendant worsening of their credit-deposit ratios. These developments warrant heightened policy concerns in the interest of overall systemic stability and the quality of financial intermediation. In this context, banks are urged to review their business strategies so that they are in a position to combine longer term viable financing with profitability in operations, recognising the reality of business cycles and countercyclical monetary policy responses. A key aspect of this review should be a renewed emphasis on credit quality while simultaneously pursuing greater credit penetration and financial inclusion. Banks should focus on stricter credit appraisals on a sectoral basis, monitor loan to value ratios and generally ensure the health of credit portfolios on a durable basis without encountering undue asset-liability mismatches. If necessary, the Reserve Bank would consider undertaking supervisory review of those select banks which are over extended in terms of their credit portfolios relative to their sources of funds.

95. The impact of the escalation in international food, crude and other commodity prices is already being reflected in a sizeable expansion in the merchandise trade deficit and persisting downward pressures in the foreign exchange market. Furthermore, capital flows have exhibited some volatility with episodes of portfolio outflows and tightening of international bank lending. Overall, the merchandise trade deficit is expected to be somewhat higher and the current account deficit marginally higher in 2008-09 than in the preceding year. It is, however, expected that net capital flows would meet the external financing requirement in 2008-09.

96. Early fiscal indicators point to some strains on the Centre's fiscal position which has worsened somewhat in relation to budget estimates. In view of growing off-budget liabilities and enhanced expenditures on subsidies, loan waivers and salaries in the rest of the year, fiscal developments warrant close and careful monitoring in view of the configuration of risks both domestically and globally, and, in particular, the implications for inflation and external sector management. The evolving fiscal conditions in an atmosphere of persistent inflationary pressures pose severe challenges to monetary management, especially if supply inelasticities continue to prevail in the short-term.

97. As stated in the press release announcing monetary measures on June 24, 2008 and increasingly relevant at this juncture, the overriding priority for monetary policy is to eschew any further intensification of inflationary pressures and to firmly anchor inflation expectations. In this regard, monetary policy has to urgently address aggregate demand pressures which appear to be strongly in evidence. The Reserve Bank's approach in this regard is in a calm and calculated fashion avoiding exaggerated bearishness and on an ongoing basis, in a timely manner and conscious of strengths and challenges in this context. This

measured monetary policy response has moderated early signs of overheating that emerged in 2006-07 and would continue to work in conjunction with supply-side measures to bring down inflation to more acceptable levels on an urgent basis by building on actions already taken. Therefore, it is important to recognise that in an environment of limited supply elasticities in the short run, an adjustment of overall aggregate demand on an economy-wide basis is warranted to ensure that generalised instability does not develop and erode the hard-earned gains in terms of both outcomes of and positive sentiments on India's growth momentum. In this specific context, the Reserve Bank's effort is to smoothen and enable this adjustment so that inflation expectations are contained.

98. Global growth has decelerated in the first quarter of 2008 and is expected to slow down further over the rest of the year as indicated in the waning business and consumer confidence and weak industrial activity. There are also indications that the slowdown is becoming more broad-based in advanced economies and incipiently in emerging economies as well. Threats to financial stability also continue to rule at elevated levels with possible feedback into the prospects for macroeconomic performance. Inflation pressures are likely to intensify further in both advanced and emerging economies, driven by the relentless rise in food and fuel prices and tightening supply constraints. Slower growth in demand may temper commodity prices and ultimately inflationary pressures; however, the manner and period over which this adjustment would take place is highly uncertain. Increasingly, it is felt that a multilateral effort is needed to ameliorate the social and economic deprivation associated with this shock, improve the supply-demand balance in commodity markets and fortify the national macroeconomic policy responses.

99. These global developments have implications for India's macroeconomic outlook with sharp challenges and dilemmas confronting the setting of monetary policy. First, it is necessary to recognise the global dimensions of the crisis which is threatening the credibility of monetary policy worldwide. Second, monetary policy has to deal with the structural components embedded in the drivers of inflation which, unlike cyclical elements, are somewhat impervious in the short run to instruments of aggregate demand management. Third, while modulation of aggregate demand assumes crucial importance, it is also necessary to nurture and consolidate the recent gains in augmenting supply capacities and improvements in productivity and efficiency which accrue over a longer term horizon. Fourth, even though concerns about the financial crisis deepening have retreated in recent weeks, financial markets are still fragile and impairment to balance sheets of financial institutions and credit conditions has increased the vulnerability to financial instability, further complicating the conduct of monetary policy. Against this backdrop, it is essential to stabilise and anchor inflation expectations as soon as feasible.

100. Accordingly, as stated in the Annual Policy Statement of April 2008, it is critical at this juncture to demonstrate on a continuing basis a determination to act decisively, effectively and swiftly to curb any signs of adverse developments in regard to inflation expectations. In view of the above unprecedented uncertainties and dilemmas, it is important to take informed judgements with regard to the timing and magnitude of policy actions; and such judgements need to have the benefit of evaluation of incoming information on a continuous basis.

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

102. In sum, barring the emergence of any adverse and unexpected developments in various sectors of the economy, assuming that capital flows are effectively managed, and keeping in view the current assessment of the economy including the outlook for growth and inflation, the overall stance of monetary policy in 2008-09 will broadly continue to be:

- To ensure a monetary and interest rate environment that accords high priority to price stability, well-anchored inflation expectations and orderly conditions in financial markets while being conducive to continuation of the growth momentum.
- To respond swiftly on a continuing basis to the evolving constellation of adverse international developments and to the domestic situation impinging on inflation expectations, financial stability and growth momentum, with both conventional and unconventional measures, as appropriate.
- To emphasise credit quality as well as credit delivery, in particular, for employment-intensive sectors, while pursuing financial inclusion.

III. Monetary Measures

(a) Bank Rate

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

(b) Repo Rate/Reverse Repo Rate

104. It is considered desirable to keep the reverse repo rate under the LAF unchanged at 6.0 per cent.

105. In view of the current macroeconomic and overall monetary conditions, it has been decided to increase the fixed repo rate under the LAF by 50 basis points from 8.5 per cent to 9.0 per cent with immediate effect.

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

107. The Reserve Bank retains the option to conduct overnight or longer term

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

(c) Cash Reserve Ratio

108. The cash reserve ratio (CRR) of scheduled banks is currently at 8.75 per cent. On a review of the current liquidity situation, it is considered desirable to increase the CRR by 25 basis points to 9.0 per cent with effect from the fortnight beginning August 30, 2008.

Mid-Term Review

109. The Mid-Term Review of the Annual Policy Statement for the year 2008-09 will be announced on October 24, 2008.

Mumbai
July 29, 2008

*Macroeconomic and Monetary Developments First Quarter Review 2008-09 **

I. The Real Economy

The Indian economy continued to record robust growth in 2007-08, although marginally lower than the last year. According to the revised estimates released by the Central Statistical Organisation (CSO) in May 2008, the real GDP growth was placed at 9.0 per cent during 2007-08 as compared with 9.6 per cent in 2006-07. The deceleration in growth was on account of industry and services, offset partially by recovery in agriculture. The overall growth momentum moderated particularly during the second half of the year (Table 1 and Chart 1).

Agricultural Situation

According to the revised forecast of the India Meteorological Department (IMD) released in June 2008, the rainfall during the 2008 South-West monsoon season (June to September) is likely to be 100 per cent of the long period average (LPA) with a model error of (+/-) 4 per cent. Monsoon set in over Kerala on May 31, 2008 coinciding almost with its normal date of arrival (June 1). It advanced rapidly and covered parts of south peninsula and entire north-eastern States by June 2, 2008. Northward advance of monsoon over east and central India also has been near normal. Advance of this year's monsoon has been smooth and rapid, unlike last year when it was marked by a hiatus of about one week over south peninsula. Rainfall during this year's monsoon so far (up to July 23) has been less satisfactory, with rainfall over the entire country

* Issued with the First Quarter Review of the Annual Statement on Monetary Policy for 2008-09.

Table 1: Growth Rates of Real GDP @

(Per cent)

Sector	2000-01 to 2007-08 (Average)	2005-06	2006-07*	2007-08#	2006-07 Q1	2006-07 Q2	2006-07 Q3	2006-07 Q4	2007-08 Q1	2007-08 Q2	2007-08 Q3	2007-08 Q4
1	2	3	4	5	6	7	8	9	10	11	12	13
1. Agriculture and Allied Activities	**2.9 (20.9)**	**5.9 (19.6)**	**3.8 (18.5)**	**4.5 (17.8)**	**2.7**	**3.2**	**4.0**	**4.9**	**4.4**	**4.7**	**6.0**	**2.9**
2. Industry	**7.1 (19.6)**	**8.0 (19.4)**	**10.6 (19.5)**	**8.1 (19.4)**	**10.0**	**10.7**	**10.3**	**11.5**	**9.6**	**8.6**	**8.6**	**5.8**
2.1 Mining and Quarrying	4.9	4.9	5.7	4.7	4.1	3.9	6.0	8.2	1.7	5.5	5.7	5.9
2.2 Manufacturing	7.8	9.0	12.0	8.8	11.7	12.2	11.3	12.8	10.9	9.2	9.6	5.8
2.3 Electricity, Gas and Water Supply	4.8	4.7	6.0	6.3	4.3	6.6	7.6	5.4	7.9	6.9	4.8	5.6
3. Services	**9.0 (59.6)**	**11.0 (61.1)**	**11.2 (61.9)**	**10.7 (62.9)**	**11.7**	**11.6**	**11.1**	**10.5**	**10.6**	**10.7**	**10.0**	**11.4**
3.1 Trade, Hotels, Restaurants, Transport, Storage and Communication	10.3	11.5	11.8	12.0	10.9	12.7	12.1	11.6	13.1	11.0	11.5	12.4
3.2 Financing, Insurance, Real Estate and Business Services	8.8	11.4	13.9	11.8	13.6	13.9	14.7	13.4	12.6	12.4	11.9	10.5
3.3 Community, Social and Personal Services	5.8	7.2	6.9	7.3	10.3	7.2	5.6	5.1	5.2	7.7	6.2	9.5
3.4 Construction	10.6	16.5	12.0	9.8	13.1	12.0	10.8	12.2	7.7	11.8	7.1	12.6
4. Real GDP at Factor Cost	**7.3 (100)**	**9.4 (100)**	**9.6 (100)**	**9.0 (100)**	**9.6**	**10.1**	**9.3**	**9.7**	**9.2**	**9.3**	**8.8**	**8.8**

Memo: (Amount in Rupees crore)

	2005-06	2006-07	2007-08
a) Real GDP at Factor Cost	26,12,847	28,64,310	31,22,862
b) GDP at Current Market Prices	35,80,344	41,45,810	47,13,148

@ : At 1999-2000 prices. * : Quick Estimates. # : Revised Estimates.

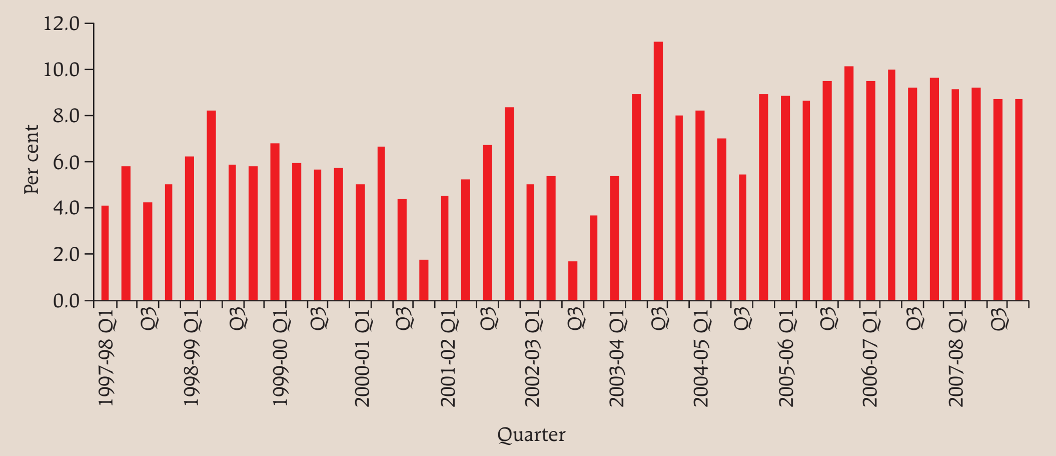
Note : Figures in parentheses indicate shares in real GDP.

Source : Central Statistical Organisation.

amounting to 2 per cent below normal as against 4 per cent above normal during corresponding period of the previous year (Table 2). Out of the 36 meteorological sub-divisions, 21 have received excess/normal rainfall this year (up to July 23) as compared with 29 last year. As on July 17, 2008, the total live water storage of 81 important reservoirs accounting for around 72 per cent of the total reservoir capacity of the country was 28 per cent of the full reservoir level (FRL) as compared to 45 per cent recorded during the corresponding period of the previous year. The average live water storage as per cent of FRL for the last ten years has been much lower at 25 per cent.

Kharif sowing is progressing with the advent of the South-West monsoon in various States. Area coverage under *kharif* crops up to July 18, 2008 was higher by 1.3 million hectares over the corresponding period of the previous year. Among food

Chart 1: Real GDP - Growth Rate



crops, rice exhibited significant increase in sown area along with coarse cereals and oilseeds (Table 3).

According to the Fourth Advance Estimates, the foodgrains production during 2007-08 was placed at an all-time high of 230.7 million tonnes, indicating an increase of 6.2 per cent over the previous year predominantly on account of *kharif* foodgrains production. Barring sugarcane, all foodgrains and non-foodgrains are estimated to reach an all-

Table 2: Cumulative Rainfall

(Number of Meteorological Divisions)

Year	South-West Monsoon					North-East Monsoon				
	Cumulative Rainfall: Above(+)/ Below (-) Normal (per cent)	Spatial Distribution				Cumulative Rainfall: Above(+)/ Below (-) Normal (per cent)	Spatial Distribution			
		Excess Rainfall	Normal Rainfall	Deficient Rainfall	Scanty/ No Rain		Excess Rainfall	Normal Rainfall	Deficient Rainfall	Scanty/ No Rain
1	2	3	4	5	6	7	8	9	10	11
1998	6	12	21	3	0	-	28	6	1	1
1999	-4	3	26	7	0	-	20	7	6	3
2000	-8	5	23	8	0	-	0	4	13	19
2001	-8	1	30	5	0	-	14	10	9	3
2002	-19	1	14	19	2	-33	3	7	12	14
2003	2	7	26	3	0	9	9	9	6	12
2004	-13	0	23	13	0	-11	8	10	17	1
2005	-1	9	23	4	0	10	11	6	5	14
2006	-1	6	20	10	0	-21	3	6	14	13
2007	5	13	17	6	0	-32	2	7	9	18
2008*	-2	9	12	14	1					
	(4)	(14)	(15)	(7)	(0)					

* : up to July 23. Excess : +20 per cent or more. Normal : +19 per cent to -19 per cent.
Deficient : -20 per cent to -59 per cent. Scanty : -60 per cent to -99 per cent. No Rain : -100 per cent.
Note : Figures in parentheses indicate comparative position during the corresponding period of 2007.
Source : India Meteorological Department.

Table 3: Progress of Area under *Kharif* Crops 2008-09

(Million hectares)

Crop	Normal Area	Area Coverage (As on July 18, 2008)		
		2007	2008	Variation
1	2	3	4	5
Rice	39.1	12.1	14.9	2.8
Coarse Cereals	22.7	9.6	9.9	0.3
of which:				
Bajra	9.2	3.2	4.0	0.8
Jowar	4.2	1.8	1.3	-0.5
Maize	6.4	4.3	4.1	-0.2
Total Pulses	10.9	4.2	4.2	0.0
Total Oilseeds	15.9	9.9	10.1	0.2
of which:				
Groundnut	5.4	3.0	2.7	-0.3
Soyabean	7.3	5.5	6.5	1.0
Sugarcane	4.1	5.3	4.3	-1.0
Cotton	8.4	7.0	5.8	-1.2
All Crops	**101.9**	**48.8**	**50.1**	**1.3**

Source : Ministry of Agriculture, Government of India.

time record production during 2007-08 (Table 4). Crops witnessing significant increase in production included coarse cereals (20.1 per cent) and oilseeds (18.6 per cent).

Food Management

The procurement of foodgrains (rice and wheat) during 2008-09 (up to July 18, 2008) aggregated to 27.3 million tonnes, 78.6 per cent higher than that in the corresponding period of the previous year (Table 5). This was mainly on account of a more than two-fold increase in wheat procurement during the current year as compared with the previous year. The offtake of foodgrains (rice and wheat) during 2007-08 at 37.4 million tonnes was marginally higher by 1.8 per cent than that of the previous year. The total stocks of foodgrains with the Food Corporation of India (FCI) and other Government agencies were at around 19.8 million tonnes as on April 1, 2008, which was higher by 10.2 per cent than that a year ago. Both, the stocks of rice (13.8 million tonnes) and of wheat (5.8 million tonnes) were higher than their buffer stock norms (12.2 million tonnes and 4.0 million tonnes, respectively).

Industrial Performance

Industrial production moderated during April-May 2008, recording year-on-year expansion of 5.0 per cent as against 10.9 per cent in April-May 2007 (Chart 2 and Table 6). The industrial deceleration was driven by both the manufacturing and electricity sectors. Manufacturing recorded cumulative growth of 5.3 per cent during April-May 2008 as compared with 11.8 per

Table 4: Agricultural Production

(Million tonnes)

Crop	2003-04	2004-05	2005-06	2006-07	2007-08 Target	2007-08 Achievement@
1	2	3	4	5	6	7
Rice	88.5	83.1	91.8	93.4	93.0	96.4
Kharif	78.6	72.2	78.3	80.2	80.0	82.8
Rabi	9.9	10.9	13.5	13.2	13.0	13.6
Wheat	72.2	68.6	69.4	75.8	75.5	78.4
Coarse Cereals	37.6	33.5	34.1	33.9	37.5	40.7
Kharif	32.2	26.4	26.7	25.6	28.7	31.7
Rabi	5.4	7.1	7.3	8.3	8.8	9.0
Pulses	14.9	13.1	13.4	14.2	15.5	15.1
Kharif	6.2	4.7	4.9	4.8	5.5	6.5
Rabi	8.7	8.4	8.5	9.4	10.0	8.7
Total Foodgrains	213.2	198.4	208.6	217.3	221.5	230.7
Kharif	117.0	103.3	109.9	110.6	114.2	121.0
Rabi	96.2	95.1	98.7	106.7	107.3	109.7
Total Oilseeds	25.2	24.4	28.0	24.3	30.0	28.8
Kharif	16.7	14.1	16.8	14.0	18.5	19.8
Rabi	8.5	10.2	11.2	10.3	11.5	9.0
Sugarcane	233.9	237.1	281.2	355.5	310.0	340.6
Cotton #	13.7	16.4	18.5	22.6	22.0	25.8
Jute and Mesta ##	11.2	10.3	10.8	11.3	11.0	11.2

@ : Fourth Advance Estimates as on July 9, 2008.
# : Million bales of 170 kgs each. ## : Million bales of 180 kgs each.
Source : Ministry of Agriculture, Government of India.

cent during the corresponding period of the previous year. Electricity sector at 1.7 per cent witnessed a sharp slowdown - the lowest growth since 1994-95 for April-May period on account of decline in electricity generation in all the three segments. The mining sector growth, however, accelerated.

The slowdown in manufacturing activity was driven by 13 industry groups (56.3 per cent weight in the IIP) that recorded decelerated/negative growth in April-May 2008 (Table 7). Industry groups such as 'metal products and parts', 'other manufacturing industries', 'rubber, plastic, petroleum and coal products', 'food products', 'jute and other vegetable fibre textiles' and 'wood and wood products' recorded a decline in production; while 'leather and leather and fur products', 'machinery and equipment', 'basic metal and alloy industries', 'wool, silk and manmade fibre textiles', 'textile products', 'cotton textiles' and 'non-metallic mineral products' recorded decelerated growth. However, the growth in 'chemicals and chemical products', a dominant segment of the manufacturing industry, accelerated reflecting sharp expansion in nitrogenous fertilisers segment and other pharmaceutical drugs.

Table 5: Management of Food Stocks

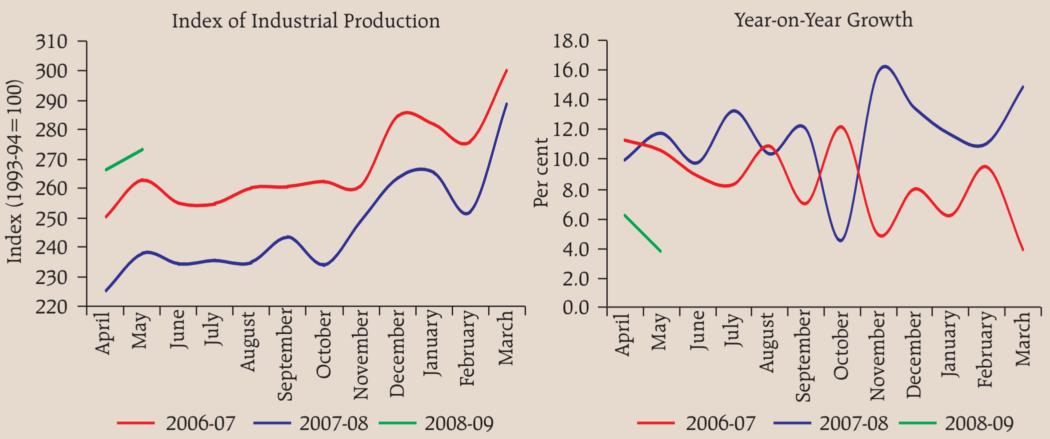
(Million tonnes)

Month	Opening Stock of Foodgrains			Procurement of Foodgrains			Foodgrains Offtake					Closing Stock	Norms
	Rice	Wheat	Total	Rice	Wheat	Total	PDS	OWS	OMS-Domestic	Exports	Total		
1	2	3	4	5	6	7	8	9	10	11	12	13	14
2004-05	13.1	6.9	20.7	24.0	16.8	40.8	29.7	10.6	0.2	1.0	41.5	18.0	
2005-06	13.3	4.1	18.0	26.7	14.8	41.5	31.4	9.8	1.1	0.0	42.3	16.6	
2006-07	13.7	2.0	16.6	26.3	9.2	35.5	31.6	5.1	0.0	0.0	36.8	17.9	
2007-08	13.2	4.7	17.9	26.4	11.1	37.5	33.5	3.9	0.0	0.0	37.4	19.8	
2008-09 @	13.8	5.8	19.8	4.7	22.5	27.3	..	..	..	..	..	..	
				(4.2)	(11.1)	(15.3)							
2007													
January	12.0	5.4	17.5	4.3	0.0	4.3	2.7	0.4	0.0	0.0	3.1	18.1	20.0
February	12.6	5.4	18.1	2.4	0.0	2.4	2.7	0.5	0.0	0.0	3.1	19.1	
March	14.0	5.1	19.1	1.2	0.0	1.2	2.7	0.5	0.0	0.0	3.2	17.9	
April	13.2	4.7	17.9	0.9	7.9	8.7	2.6	0.2	0.0	0.0	2.8	25.1	16.2
May	13.5	11.6	25.1	1.5	2.6	4.0	2.8	0.2	0.0	0.0	3.0	25.9	
June	12.6	13.3	25.9	1.3	0.7	2.0	2.7	0.4	0.0	0.0	3.0	23.9	
July	11.0	12.9	23.9	0.8	0.0	0.8	2.9	0.4	0.0	0.0	3.2	21.2	26.9
August	9.2	12.0	21.2	0.1	0.0	0.1	2.8	0.3	0.0	0.0	3.0	17.9	
September	6.9	11.0	17.9	0.1	0.0	0.1	2.7	0.3	0.0	0.0	2.9	15.6	
October	5.5	10.1	15.6	7.4	0.0	7.4	2.7	0.3	0.0	0.0	2.9	19.7	16.2
November	10.7	9.0	19.7	1.8	0.0	1.8	2.7	0.3	0.0	0.0	2.9	18.5	
December	10.1	8.4	18.5	3.5	0.0	3.5	2.7	0.3	0.0	0.0	3.0	19.2	
2008													
January	11.5	7.7	19.2	4.5	0.0	4.5	2.9	0.3	0.0	0.0	3.2	21.4	20.0
February	14.0	7.2	21.4	3.0	0.0	3.0	2.9	0.4	0.0	0.0	3.4	21.4	
March	14.7	6.5	21.4	1.6	0.0	1.6	3.1	0.5	0.0	0.0	3.5	19.8	
April	13.8	5.8	19.8	1.1	12.6	13.7	..	..	..	..	..	..	16.2
May	..	..	..	2.1	8.8	10.9	..	..	..	..	..	..	
June	..	..	..	1.2	0.9	2.2	..	..	..	..	..	..	
July @	..	..	..	0.3	0.2	0.5	..	..	..	..	..	..	26.9

PDS : Public Distribution System. OWS : Other Welfare Schemes. OMS : Open Market Sales. .. : Not Available.
@ : Procurement up to July 18, 2008.
Note : 1. Closing stock figures may differ from those arrived at by adding the opening stocks and procurement and deducting offtake, as stocks include coarse grains also.
2. Figures in parentheses indicate procurement of foodgrains during the corresponding period of 2007-08.
3. Total minimum stocks are to be maintained, as on April 1, July 1, October 1, and January 1, by public agencies under the 'new buffer stocking policy' with effect from March 29, 2005.
Source : Ministry of Consumer Affairs, Food and Public Distribution, Government of India.

In terms of use-based classification, the basic goods sector decelerated during April-May 2008, mainly due to decline in production of certain petroleum and steel products. The intermediate goods sector also witnessed deceleration, mainly on account of lower performance of yarn, hessian, sacking and naptha segments. The capital goods sector that performed well during 2007-08, decelerated to 6.5 per cent due to lacklustre performance of printing machinery, material handling equipments, machine tools and computer systems and peripherals during the period. The

Chart 2: Industrial Production



consumer goods sector recorded decelerated growth due to moderated performance of non-durables. The consumer durable goods industry, which declined in eight months of the last financial year, posted 4.8 per cent growth during April-May 2008 led by the improved performance of two wheeler tyres, window type air conditioners, washing/ laundry machines, motor cycles, passenger cars and T.V. receivers, among others. The consumer non-durables segment

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

(Per cent)

Industry Group	Weight in the IIP	Growth Rate			Weighted Contribution#		
		2007-08	2007-08	2008-09 P	2007-08	2007-08	2008-09 P
			April-May			April-May	
1	2	3	4	5	6	7	8
Sectoral							
Mining	10.5	5.1	3.2	5.6	4.3	2.1	7.5
Manufacturing	79.4	8.8	11.8	5.3	89.4	90.6	89.2
Electricity	10.2	6.3	9.0	1.7	6.4	7.3	3.0
Use-Based							
Basic Goods	35.6	7.0	9.5	3.5	25.1	26.4	21.0
Capital Goods	9.3	16.9	16.9	6.5	23.9	16.2	14.4
Intermediate Goods	26.5	8.9	9.7	2.3	27.7	23.6	12.0
Consumer Goods (a+b)	28.7	6.1	11.6	7.9	23.3	34.1	50.9
a) Consumer Durables	5.4	-1.0	0.8	4.8	-1.0	0.6	7.3
b) Consumer Non-durables	23.3	8.5	15.4	8.8	24.4	33.5	43.6
General	**100.0**	**8.3**	**10.9**	**5.0**	**100.0**	**100.0**	**100.0**

P : Provisional. # : Figures may not add up to 100 due to rounding off.
Source : Central Statistical Organisation.

Table 7: Performance of Manufacturing Groups

(Per cent)

Industry Group	Weight in the IIP	Growth Rate			Weighted Contribution #		
		2007-08	2007-08 April-May	2008-09P April-May	2007-08	2007-08 April-May	2008-09P April-May
1	2	3	4	5	6	7	8
1. Food products	9.08	7.1	39.3	-7.9	6.4	21.9	-12.3
2. Beverages, tobacco and related products	2.38	11.9	8.4	30.8	6.9	3.9	30.8
3. Cotton textiles	5.52	4.3	7.4	1.5	2.0	2.7	1.2
4. Wool, silk and man-made fibre textiles	2.26	4.8	4.1	3.6	1.6	1.0	1.9
5. Jute and other vegetable fibre textiles (except cotton)	0.59	33.0	27.8	-10.1	1.0	0.7	-0.6
6. Textile products (including wearing apparel)	2.54	3.7	7.5	2.6	1.4	2.3	1.7
7. Wood and wood products, furniture & fixtures	2.70	39.6	87.9	-17.4	5.3	6.9	-5.1
8. Paper and paper products and printing , publishing and allied Industries	2.65	2.7	0.8	2.5	1.0	0.2	1.4
9. Leather and leather & fur products	1.14	11.5	8.9	8.5	1.1	0.6	1.3
10. Chemicals and chemical products (except products of petroleum & coal)	14.00	10.6	6.6	12.2	22.8	11.6	45.9
11. Rubber, plastic, petroleum and coal products	5.73	8.9	13.2	-5.2	6.2	7.1	-6.4
12. Non-metallic mineral products	4.40	5.7	8.1	1.4	4.2	4.6	1.7
13. Basic metal and alloy industries	7.45	12.1	19.6	4.6	13.7	15.7	8.8
14. Metal products and parts (except machinery and equipment)	2.81	-5.6	4.2	-0.8	-1.6	0.8	-0.3
15. Machinery and equipment other than transport equipment	9.57	9.5	16.1	5.7	17.6	20.6	17.0
16. Transport equipment and parts	3.98	2.9	1.8	11.6	2.3	1.1	14.0
17. Other manufacturing industries	2.56	19.8	-4.8	-1.5	8.2	-1.6	-0.9
Manufacturing - Total	**79.36**	**8.8**	**11.8**	**5.3**	**100.0**	**100.0**	**100.0**

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

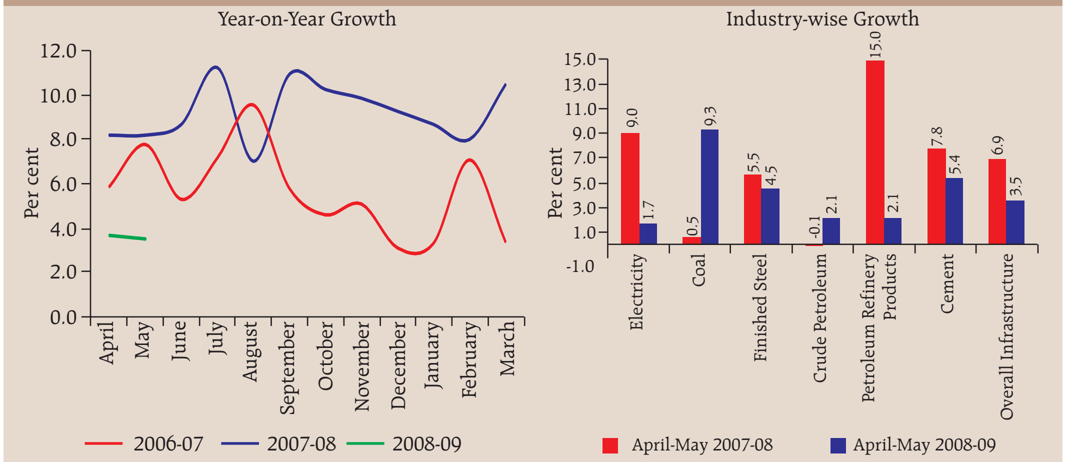
Source : Central Statistical Organisation.

moderated in April-May 2008 on account of base effect and decline in production of sugar, wheat flour/maida, and certain edible oils.

Infrastructure

The core sector recorded lower growth at 3.5 per cent during April-May 2008 than 6.9 per cent during April-May 2007-08 (Chart 3). Sharp deceleration in electricity and subdued performance of petroleum refinery products impacted the growth of infrastructure during April-May 2008. The coal sector, on the other hand, recovered and posted robust growth. The electricity sector slowed down mainly on account of decline in nuclear and hydro electricity generation along with lower plant load factor in thermal power plants. The cement sector recorded decelerated growth due to base effect. The steel sector recorded moderate growth on account of capacity constraints. Increased production in Oil and Natural Gas Corporation (ONGC) Ltd. and Assam unit of Oil India Ltd. (OIL) contributed to a turnaround in crude oil

Chart 3: Growth in Infrastructure Industries



sector. The petroleum refinery sector decelerated sharply on account of base effect and decline in production in some of the public sector refineries.

Services Sector

The services sector continued to record double digit growth during 2007-08, although there was some moderation. Accelerated growth in 'trade, hotels, transport, storage and communication' and 'community, social and personal services' was more than offset by deceleration in 'financing, insurance, real estate and business services' and 'construction'. Notwithstanding some moderation, services sector remained the major contributor to the GDP growth (Table 8).

The leading indicators of services sector activity for 2008-09 so far suggest acceleration in growth in respect of some indicators such as railway revenue earning freight traffic, tourist arrivals and export cargo handled by civil aviation during April-May 2008 as compared with April-May 2007. On the other hand, growth decelerated in respect of cargo handled at major ports, various indicators of civil aviation excluding export cargo and commercial vehicles production. Some deceleration was also observed in production of cement and steel during April-May 2008, which are among the important indicators of construction industry (Table 9).

Aggregate Demand

The Indian economy continued to be driven by domestic demand with consumption accounting for more than two-thirds and investment little less than one-third of real GDP. During 2007-08, the share of final consumption expenditure declined to 67.8 per cent, while that of gross fixed capital formation rose to 31.9 per cent (Table 10).

Table 8: Services Sectors – Contribution to Real GDP Growth

(percentage points)

Year/Quarter	Construction	Trade, Hotels, Transport and Communication	Financing, Insurance, Real Estate and Business Services	Community, Social and Personal Services	Total Services
1	2	3	4	5	6
2000-01	0.4	1.6	0.5	0.7	3.2
2001-02	0.2	2.0	0.9	0.6	3.8
2002-03	0.5	2.2	1.1	0.6	4.3
2003-04	0.7	2.9	0.8	0.8	5.2
2004-05	1.0	2.7	1.2	1.0	5.8
2005-06	1.1	3.0	1.5	1.0	6.6
2006-07	0.8	3.1	1.9	1.0	6.8
2007-08	0.7	3.2	1.7	1.0	6.6
2006-07 : Q1	0.9	2.8	1.9	1.4	7.1
: Q2	0.9	3.4	2.0	1.1	7.4
: Q3	0.7	3.1	1.9	0.7	6.5
: Q4	0.8	3.1	1.8	0.7	6.5
2007-08 : Q1	0.6	3.4	1.8	0.7	6.5
: Q2	0.9	3.0	1.9	1.1	6.9
: Q3	0.5	3.0	1.6	0.8	5.9
: Q4	0.9	3.4	1.5	1.3	7.1

Source : Central Statistical Organisation.

Savings and Investment

Gross Domestic Saving (GDS), as percentage of GDP at current market prices, increased to 34.8 per cent in 2006-07 from 34.3 per cent in 2005-06 mainly due to improvement in the saving performance by the private corporate and public sectors. On the other hand, the household saving rate declined marginally in 2006-07 from the previous year on account of decline in the financial saving rate (Table 11). The rate of gross domestic

Table 9: Indicators of Services Sector Activity

(Growth rates in per cent)

Sub-sector	2006-07	2007-08	2007-08 April-May	2008-09 April-May
1	2	3	4	5
1. Tourist arrivals	13.0	11.3	8.2 *	10.2 *
2. Commercial vehicles production #	11.2	-0.2	10.6	4.6
3. Railway revenue earning freight traffic	5.1	10.9	6.2	10.2
4. New cell phone connections	85.4	38.3	50.4	42.9
5. Cargo handled at major ports	22.1	14.7	17.7	10.3
6. Civil aviation				
a) Export cargo handled	3.6	7.5	1.6	7.6
b) Import cargo handled	19.4	19.7	21.7	9.3
c) Passengers handled at international terminals	12.1	11.9	13.1	9.0
d) Passengers handled at domestic terminals	34.0	20.6	24.4	5.9
7. Cement **	5.8	6.9	7.8	5.4
8. Steel **	2.7	4.0	5.5	4.5
9. Aggregate deposits of SCBs	23.8	22.4	4.1 @	3.5 @
10. Non-food credit of SCBs	28.5	23.0	-0.7 @	1.7 @

* : April-June # : Leading Indicator for transportation. ** : Leading indicators for construction.
@ : Up to July 4. SCBs : Scheduled Commercial Banks.
Source : Ministry of Tourism; Ministry of Commerce and Industry; Ministry of Statistics and Programme Implementation; Reserve Bank of India; and Centre for Monitoring Indian Economy.

Table 10: Expenditure Side of GDP (at 1999-2000 Prices)

(Rates as per cent of GDP)

Item	2006-07*	2007-08#	2006-07 Q1	2006-07 Q2	2006-07 Q3	2006-07 Q4	2007-08 Q1	2007-08 Q2	2007-08 Q3	2007-08 Q4
1	2	3	4	5	6	7	8	9	10	11
1. Total Final Consumption Expenditure	68.4	67.8	72.2	68.9	69.3	64.2	70.1	68.2	69.0	64.6
(i) Private Final Consumption Expenditure	58.6	58.2	60.7	60.3	60.4	53.7	59.8	59.5	60.7	53.4
(ii) Government Final Consumption Expenditure	9.8	9.6	11.5	8.6	8.9	10.5	10.3	8.7	8.3	11.2
2. Gross Fixed Capital Formation	30.6	31.9	30.8	31.2	29.6	30.9	32.0	33.4	31.0	31.6
3. Change in Stocks	2.1	2.0	2.1	2.2	2.0	2.0	2.1	2.1	1.9	1.9
4. Valuables	1.2	1.3	1.3	1.3	1.2	1.1	1.2	1.3	1.4	1.1
5. Exports	20.6	20.3	24.5	18.8	17.9	21.4	23.8	16.8	19.0	21.6
6. *Less:* Imports	24.7	24.4	25.6	27.0	24.2	22.6	24.9	24.8	25.4	22.8
7. Discrepancies	1.8	1.1	-5.3	4.6	4.3	3.0	-4.3	3.1	3.0	1.9
Memo: (Rupees crore)										
Real GDP at market prices	31,17,372	33,98,767	7,04,841	7,22,355	8,25,401	8,64,774	7,69,871	7,88,514	8,99,098	9,41,283

* : Quick Estimates. # : Revised Estimates.

Source : Central Statistical Organisation.

capital formation (GDCF) was estimated to be marginally higher at 35.9 per cent of GDP in 2006-07 than 35.5 per cent in 2005-06. During 2006-07, while the overall saving rate increased by 0.5 percentage point in 2006-07, the overall investment rate increased by 0.4 percentage point, reflecting a marginal narrowing down of current account deficit.

Corporate Performance

The performance of non-government non-financial companies moderated during 2007-08 relative to the previous year (Table 12). Sales growth, which slowed down in the first two quarters of the year, accelerated in the third and fourth quarters. On the whole, sales growth during 2007-08 at 18.5 per cent was lower than 26.2 per cent registered in the previous year. Growth in gross profits and net profits also decelerated during 2007-08. The gross profits to sales ratio, however, improved marginally over the same period. Growth in sales and net profits in the fourth quarter of 2007-08 were at 20.6 per cent and 14.1 per cent, respectively, as compared with 22.5 per cent and 39.6 per cent in the fourth quarter of 2006-07.

Business Expectation Survey

According to the quarterly business expectations survey of the National Council of Applied Economic Research (NCAER) released in April 2008, the overall business confidence index (BCI) for the next six months declined both over the previous round and the previous year (Table 13). A component-wise analysis shows that three out of four components, *viz.*, overall economic conditions, investment climate and financial position of firms declined over the previous round, while the capacity utilisation did not show any variation. The BCI in respect of consumer durables, services and

Table 11: Rates of Gross Domestic Saving and Investment

(Per cent of GDP at current market prices)

Item	2001-02	2002-03	2003-04	2004-05	2005-06 PE	2006-07 QE	10th Plan Average
1	2	3	4	5	6	7	8
1. Household Saving	22.1	23.2	24.4	23.0	24.2	23.8	23.7
of which :							
a) Financial assets	10.9	10.3	11.4	10.1	11.8	11.3	11.0
b) Physical assets	11.3	12.9	13.0	12.9	12.5	12.5	12.7
2. Private Corporate Saving	3.4	3.9	4.4	6.6	7.5	7.8	6.0
3. Public Sector Saving	-2.0	-0.6	1.1	2.2	2.6	3.2	1.7
4. Gross Domestic Saving	23.5	26.4	29.8	31.8	34.3	34.8	31.4
5. Net capital inflow	-0.6	-1.2	-1.6	0.4	1.2	1.1	0.0
6. Gross Domestic Capital Formation #	22.8	25.2	28.2	32.2	35.5	35.9	31.4
7. Gross Capital Formation	24.2	25.2	26.8	31.6	34.5	36.0	30.8
of which :							
a) Public sector	6.9	6.1	6.3	6.9	7.6	7.8	6.9
b) Private corporate sector	5.4	5.7	6.6	10.5	13.3	14.5	10.1
c) Household sector	11.3	12.9	13.0	12.9	12.5	12.5	12.8
d) Valuables	0.6	0.6	0.9	1.3	1.2	1.2	1.0
8. Total Consumption Expenditure (a+b)	76.7	75.1	73.0	69.2	67.8	66.1	70.2
a) Private Final Consumption Expenditure	64.4	63.2	61.7	58.4	57.4	55.8	59.3
b) Government Final Consumption Expenditure	12.4	11.9	11.3	10.7	10.4	10.3	10.9
Memo:							
Saving-Investment Balance (4-6)	0.7	1.2	1.6	-0.4	-1.2	-1.1	0.0
Public Sector Balance	-8.9	-6.7	-5.3	-4.7	-5.0	-4.5	-5.3
Private Sector Balance	8.8	8.5	9.2	6.1	5.9	4.5	6.8
a) Private Corporate Sector	-2.1	-1.9	-2.2	-4.0	-5.8	-6.8	-4.1
b) Household Sector	10.9	10.3	11.4	10.1	11.8	11.3	10.9

PE : Provisional Estimates. QE : Quick Estimates.

: Adjusted for errors and omissions.

Note : Figures may not add up to the total due to rounding off.

Source : Central Statistical Organisation.

intermediates sectors declined, while modest gains were observed in respect of capital goods and consumer non-durables.

The CII business confidence index (CII-BCI) for April-September 2008 declined by 5.3 per cent as compared with the past six months and 2.9 per cent as compared with the corresponding period a year ago (Table 13). The decline was on account of uncertain global economic outlook and concerns about high interest rates. The composite business optimism index for July-September 2008 compiled by Dun and Bradstreet (D&B) declined by 11.2 per cent as compared with the previous quarter and by 18.0 per cent as compared with the previous year. All the six optimism indices - volumes of sales, net profits, selling prices, new orders, inventory levels and employee levels declined as compared with the previous quarter. Optimism was particularly low among respondents in the consumer durables and basic goods sectors.

According to the Reserve Bank's Industrial Outlook Survey of manufacturing companies in the private sector for April-

Table 12: Corporate Financial Performance

(Growth rates in per cent)

Item	2005-06	2006-07	2007-08P	2006-07				2007-08			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1	2	3	4	5	6	7	8	9	10	11	12
Sales	16.3	26.2	18.5	25.6	29.2	30.3	22.5	19.2	16.0	18.0	20.6
Other Income	17.3	7.1	47.0	21.6	15.5	9.2	0.4	106.7	45.2	70.2	28.5
Expenditure	16.7	23.4	18.6	24.0	27.7	25.7	20.0	18.0	15.3	18.9	23.3
Depreciation	8.1	15.4	14.8	14.9	16.4	16.8	18.1	18.1	15.8	17.9	15.4
Gross Profits	24.6	41.9	23.3	32.7	46.0	52.9	35.5	31.9	22.5	20.4	16.8
Interest Payments	-2.0	17.4	28.8	19.9	18.0	11.9	32.3	4.4	18.4	45.7	35.8
Profits After Tax	32.8	45.2	27.0	34.7	49.4	59.5	39.6	33.9	22.7	29.4	14.1
Select Ratios											(Per cent)
Gross Profits to Sales	12.2	15.5	16.3	15.2	15.6	15.8	15.4	16.7	16.3	16.2	15.0
Profits After Tax to Sales	8.2	10.7	11.8	10.6	11.0	11.0	10.6	11.6	11.5	12.2	10.3
Interest to Sales	2.2	2.1	2.3	2.2	2.0	2.0	2.0	2.0	2.1	2.5	2.2
Interest to Gross Profits	18.1	13.4	13.9	14.2	13.1	12.6	12.9	11.8	12.8	15.3	14.6
Interest Coverage (Times)	5.5	7.5	7.2	7.0	7.6	7.9	7.7	8.5	7.8	6.5	6.8
Memo:											(Amount in Rupees crore)
No of Companies	2,730	2,388	2,219	2,228	2,263	2,258	2,356	2,342	2,228	2,329	2,357
Sales	7,35,216	10,41,894	10,88,203	2,34,610	2,51,125	2,60,064	2,94,223	2,80,814	2,97,110	3,06,238	3,50,917
Other Income *	17,088	23,895	28,798	4,304	5,282	4,927	8,466	9,151	8,057	9,221	10,082
Expenditure #	6,43,826	8,78,645	9,12,834	2,00,120	2,11,043	2,17,472	2,49,133	2,37,698	2,49,194	2,57,472	3,02,105
Depreciation	28,961	37,095	38,528	8,449	8,892	9,172	10,338	10,173	10,576	10,961	11,805
Gross Profits	90,179	1,61,006	1,76,845	35,761	39,055	40,995	45,424	46,780	48,296	49,717	52,583
Interest Payments	16,302	21,500	24,551	5,083	5,121	5,162	5,862	5,504	6,194	7,609	7,703
Profits After Tax	60,236	1,11,107	1,27,968	24,845	27,710	28,698	31,251	32,699	34,266	37,470	36,109

P : Provisional; data pertain to 2,219 companies available so far.

* : Other income excludes extraordinary income/expenditure if reported explicitly.

: The increase or decrease in stock in trade is accounted under total income instead of total expenditure as was hitherto done.

Notes : 1. Data for 2005-06 are based on audited annual accounts, while those for 2006-07 and 2007-08 are based on abridged financial results of the select non-Government non-financial public limited companies.

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

3. The quarterly data may not add up to annual data due to differences in the number and composition of companies covered in each period.

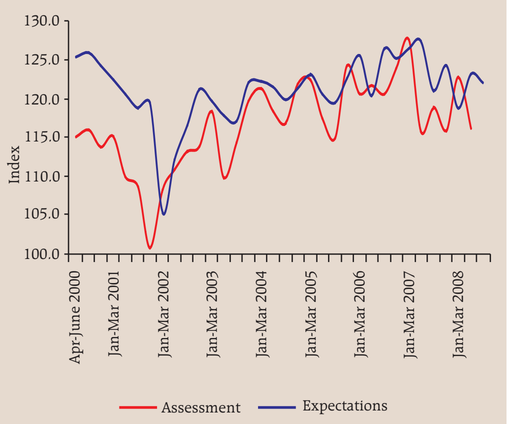
June 2008, the business expectations indices based on assessment for April-June 2008 and on expectations for July-September 2008 declined by 5.4 per cent and 0.9 per cent, respectively, over the corresponding previous quarters. The indices, however, increased by 0.3 per cent and 0.8 per cent, respectively, over the corresponding quarters of the previous year (Chart 4).

Table 13: Business Expectations Surveys

(Per cent)

Organisation	Business Expectations		Growth over a year ago	Growth over previous round
	Period	Index		
1	2	3	4	5
NCAER	April-September 2008	Business Confidence Index	-1.7	-3.4
CII	April-September 2008	Business Confidence Index	-2.9	-5.3
Reserve Bank of India	July-September 2008	Business Expectations Index	0.8	-0.9
Dun & Bradstreet	July-September 2008	Business Optimism Index	-18.0	-11.2

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



The decline in expectations index for July-September 2008 over the previous quarter was due to lower net responses for major parameters of the survey such as overall business situation, overall financial situation, production, order books, cost of raw materials, capacity utilisation, employment, imports and profit margins than in the previous quarter (Table 14). Most of the corporates expect increase in raw material prices and the increased production cost is expected to be adjusted by keeping inventory levels (both raw material and finished goods) at 'below average' and by increasing selling prices.

The recent projections for growth rate of industrial production in 2008-09 by the Centre for Monitoring Indian Economy (CMIE) present an optimistic view in the light of large capital investments scheduled for commissioning during the year. The CMIE expects the industrial growth to accelerate from the estimated 8.5 per cent in 2007-08 to 11.4 per cent in 2008-09. Growth rates in the manufacturing, mining and electricity sectors are projected at 10.8 per cent, 8.0 per cent and 6.3 per cent, respectively. As per CMIE, the industrial rebound is expected to be well spread across all the sectors and would be fuelled by robust growth in capital goods in the wake of large capital goods imports and investments, healthy order-book position and a pick-up in the growth of consumer goods.

The ABN-AMRO Purchasing Managers' Index (PMI)[1] for June 2008 rose to its highest reading in four months at 58.6 (57.4 in May 2008), supported by increase in the rate of growth of both output and new orders, indicating strong growth in the manufacturing sector. Manufacturing firms attributed higher new order levels to improvement in market conditions and robust underlying demand. However, on the down side, input price inflation accelerated to its sharpest for nineteen months in June, on account of higher raw material costs.

Survey of Professional Forecasters[2]

The results of professional forecasters' survey conducted by the Reserve Bank in

[1] The PMI is a composite indicator designed to provide an overall view of activity in the manufacturing sector. A PMI of 50.0 indicates no change while values above or below this level indicate an expansion or a contraction of manufacturing activity.

[2] Introduced by the Reserve Bank from the quarter ended September 2007. The forecasts made in the section are that of professional forecasters and not that of the Reserve Bank.

Table 14: Reserve Bank's Industrial Outlook Survey - Net Response on 'A Quarter Ahead' Expectations About the Industrial Performance

(Per cent)

Parameter	Response	Apr-June 2007	July-Sept 2007	Oct-Dec 2007	Jan-Mar 2008	April-June 2008	July-Sept 2008
1	2	3	4	5	6	7	8
1. Overall business situation	Better	51.7	49.5	50.2	47.7	46.0	41.8
		(43.3)	(41.2)	(42.1)	(42.9)	(42.7)	(42.6)
2. Financial situation	Better	43.8	41.3	40.1	40.3	36.6	32.7
		(49.8)	(49.8)	(51.3)	(50.3)	(51.6)	(53.0)
3. Working capital finance requirement	Increase	35.3	34.5	32.2	34.7	36.6	33.6
		(59.2)	(59.2)	(62.6)	(60.3)	(56.5)	(57.3)
4. Availability of finance	Improve	35.2	32.1	33.8	31.1	32.3	30.2
		(57.2)	(58.6)	(58.8)	(59.5)	(58.3)	(57.9)
5. Production	Increase	47.8	46.6	49.0	43.9	45.2	43.5
		(41.6)	(41.1)	(40.9)	(42.3)	(41.0)	(36.6)
6. Order books	Increase	45.7	43.6	44.1	37.1	41.5	38.5
		(45.4)	(46.1)	(46.0)	(48.6)	(44.3)	(43.5)
7. Pending orders, if applicable	Below normal	-2.2	-2.2	-3.5	0.4	-4.3	2.2
		(82.8)	(82.6)	(82.4)	(80.2)	(81.3)	(80.9)
8. Cost of raw material	Decrease	-42.1	-46.0	-42.4	-44.1	-48.2	-54.7
		(52.0)	(49.7)	(51.0)	(49.2)	(46.0)	(39.1)
9. Inventory of raw material	Below average	-7.3	-5.4	-6.3	-7.3	-7.0	-3.8
		(85.0)	(85.0)	(85.0)	(84.8)	(83.2)	(81.8)
10. Inventory of finished goods	Below average	-4.4	-2.7	-3.5	-4.5	-5.8	-1.5
		(85.2)	(87.1)	(86.4)	(86.1)	(84.5)	(84.5)
11. Capacity utilisation (Main product)	Increase	29.4	27.0	28.4	24.2	25.6	22.2
		(60.4)	(61.4)	(61.5)	(62.3)	(59.9)	(58.8)
12. Level of capacity utilisation (Compared to the average in the preceding four quarters)	Above normal	11.5	9.4	10.7	6.4	9.4	3.6
		(77.1)	(76.5)	(77.2)	(78.3)	(77.0)	(74.9)
13. Assessment of the production capacity (With regard to expected demand in the next six months)	More than adequate	4.0	3.0	4.2	4.7	8.0	4.6
		(82.2)	(82.2)	(83.0)	(83.8)	(81.2)	(81.3)
14. Employment in the company	Increase	18.3	17.4	16.7	14.6	20.8	15.8
		(73.3)	(73.5)	(74.1)	(75.6)	(68.2)	(71.5)
15. Exports, if applicable	Increase	33.4	32.6	31.4	24.3	27.7	27.7
		(56.8)	(55.6)	(55.9)	(58.3)	(53.3)	(54.9)
16. Imports, if any	Increase	21.6	23.7	20.8	20.1	25.3	21.3
		(68.4)	(68.2)	(68.6)	(70.5)	(65.6)	(66.5)
17. Selling prices are expected to	Increase	15.5	19.0	13.0	14.9	19.1	21.0
		(68.9)	(67.1)	(68.5)	(67.1)	(66.0)	(61.5)
18. If increase expected in selling prices	Increase at lower rate	12.1	10.4	3.7	13.3	9.0	3.0
		(66.7)	(65.0)	(58.9)	(66.7)	(64.0)	(61.3)
19. Profit margin	Increase	9.9	7.5	9.6	5.4	7.2	3.8
		(62.5)	(62.6)	(59.6)	(60.0)	(61.0)	(59.8)

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

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

Table 15: Median Forecasts of Select Macroeconomic Indicators by Professional Forecasters 2008-09

Indicators	Actual 2007-08	2008-09								
		Annual		Q1		Q2		Q3		Q4
		E	L	E	L	E	L	E	L	L
1	2	3	4	5	6	7	8	9	10	11
1 Real GDP growth rate at factor cost (in per cent)	9.0	8.1	7.9	8.1	8.0	8.3	7.7	8.1	7.6	7.5
a. Agriculture & Allied Activities	4.5	3.0	3.0	3.0	3.1	3.0	3.4	2.9	3.1	3.8
b. Industry	8.1	8.1	7.5	8.4	7.1	8.5	7.0	8.6	7.4	7.3
c. Services	10.7	9.7	9.5	10.0	9.9	9.6	9.6	9.8	9.6	9.5
2 Gross Domestic Saving (per cent of GDP at current market prices)	34.8 *	35.0	35.0	-	-	-	-	-	-	-
3 Gross Domestic Capital Formation (per cent of GDP at current market prices)	35.9 *	36.0	36.3	36.2	36.6	36.0	36.0	36.0	35.8	36.1
4 Corporate profit after tax (growth rate in per cent)	27.0	24.7	16.0	21.3	20.3	22.6	17.4	23.1	16.0	19.5
5 91-day Treasury Bill Yield (per cent-end period)	7.2	6.8	8.2	-	-	-	-	-	-	-
6 10-year Government Securities Yield (per cent-end period)	7.9	7.8	8.8	-	-	-	-	-	-	-
7 Export (growth rate in per cent)	23.7	15.8	20.0	-	-	-	-	-	-	-
8 Import (Growth rate in per cent)	29.9	20.0	29.5	-	-	-	-	-	-	-
9 Trade Balance (US $ billion)	-90.1	-115.5	-126.2	-28.4	-31.1	-27.5	-32.1	-28.1	-31.1	-29.0

E : Earlier Projection. L : Latest Projection. * : Pertains to 2006-07. - : Not Available.

Note : The latest round refers to the fourth round for the quarter ended June 2008, while earlier round refers to third round for the quarter ended March 2008.

Source : Survey of Professional Forecasters, First Quarter 2008-09.

June 2008 suggested moderation in economic activity for each of the three forthcoming quarters and for 2008-09 on the whole (Table 15). Between the third round of survey conducted in March 2008 and fourth round survey in June 2008 forecast of real GDP growth for 2008-09 was revised downward to 7.9 per cent from 8.1 per cent. The sectoral growth rate forecasts for industry and services sector were also revised downwards. On the other hand, growth rates in export and import were

Table 16: Projections of Real GDP for India by Various Agencies - 2008-09

(per cent)

Agency	Overall Growth	Agriculture	Industry	Services	Month of Projection
1	2	3	4	5	6
ASSOCHAM #	7.9	2.6	7.6	9.7	Apr-08
Confederation of Indian Industries (CII)	8.0 -8.5	-	-	-	Mar-08
Citigroup	7.7	3.0	7.5	9.2	Mar-08
	8.3	-	-	-	Feb-08
Merrill Lynch	7.9	2.5	7.4	9.6	June-08
	8.2	3.0	7.6	9.9	Mar-08
JP Morgan	7.0	-	-	-	Mar-08
	7.5	-	-	-	Dec-07
Centre for Monitoring Indian Economy (CMIE)	9.5	3.2	11.4	10.6	July-08
	9.1	-	-	-	Feb-08
NCAER @	8.5-8.8	2.5	8.9-9.4	10.2-10.5	May-08
Standard & Poor's, CRISIL	7.8	3.0	7.5	9.5	June-08
	8.1	3.0	8.3	10.3	Apr-08
	8.5	-	-	-	Feb-08
Asian Development Bank	8.0	-	-	-	Apr-08
	8.5	-	-	-	Sep-07
International Monetary Fund *	8.0	-	-	-	July-08
	7.9	-	-	-	Apr-08
	8.4	-	-	-	Oct-07
United Nations Organisation	8.2	-	-	-	Jan-08
Economic Advisory Council to Prime Minister	8.5	-	-	-	Jan-08
Reserve Bank of India	8.0-8.5	-	-	-	Apr-08

- : Not Available. * : Calendar year. # : The Associated Chambers of Commerce and Industry of India.
@ : National Council of Applied Economic Research.

revised upwards to 20 per cent and 30 per cent, respectively. The trade deficit is expected to increase in 2008-09.

Forecasts by various agencies for real GDP growth in 2008-09 are set out in Table 16.

II. Fiscal Situation

Combined Government Finances: 2008-09

An overview of the combined budgetary position of the Central and State Governments indicates that the key deficit indicators are budgeted to decline significantly during 2008-09. The revenue deficit and gross fiscal deficit (GFD) of combined Government finances are budgeted to decline by 0.4-0.6 percentage points during 2008-09 over the revised estimates (RE) for 2007-08 (Table 17).

Table 17: Key Fiscal Indicators

(Per cent to GDP)

Year	Primary Deficit	Revenue Deficit	Gross Fiscal Deficit	Outstanding Liabilities*
1	2	3	4	5
Centre				
2002-03	1.1	4.4	5.9	63.5
2003-04	-0.03	3.6	4.5	63.0
2004-05	-0.04	2.5	4.0	63.3
2005-06	0.4	2.6	4.1	63.1
2006-07	-0.2	1.9	3.5	61.2
2007-08 RE	-0.6	1.4	3.1	61.5
	(-0.9)	(1.2)	(2.8)	
2008-09 BE	-1.1	1.0	2.5	57.7
States				
2002-03	1.3	2.3	4.1	32.0
2003-04	1.5	2.3	4.4	33.2
2004-05	0.7	1.2	3.4	32.7
2005-06	0.2	0.2	2.5	32.6
2006-07	-0.4	-0.6	1.9	30.2
2007-08 RE	0.1	-0.5	2.3	28.4
2008-09 BE	0.1	-0.6	2.1	27.4
Combined				
2002-03	3.1	6.6	9.6	80.3
2003-04	2.1	5.8	8.5	81.4
2004-05	1.3	3.6	7.5	81.3
2005-06	1.0	2.8	6.7	80.4
2006-07	0.0	1.4	5.6	77.0
2007-08 RE	-0.3	0.9	5.2	77.0
2008-09 BE	-0.8	0.5	4.6	73.4

RE : Revised Estimates. BE: Budget Estimates.
* : Include external liabilities at historical exchange rates.
Note : 1. Figures in parentheses relate to provisional accounts.
2. Negative sign indicates surplus.
3. Data in respect of States are provisional from 2006-07 onwards and relate to the Budgets of 27 States of which two are vote-on-accounts.

Primary balance, which turned into surplus in 2007-08 (RE), is budgeted to record a surplus of 0.8 per cent of GDP in 2008-09 (BE). Supported by rise in direct taxes, the combined revenue deficit has declined in recent years, reflecting the build up of surplus in the revenue account of consolidated State Government finances and a reduction in the revenue deficit of the Central Government. The combined debt-GDP ratio of the Central and State Governments is budgeted to decline to 73.4 per cent by end-March 2009 from 77.0 per cent at end-March 2008, reflecting the continued process of fiscal consolidation and buoyant economic growth.

Market borrowings are budgeted to finance two thirds of the combined GFD during 2008-09 (70.5 per cent a year ago). The contribution of small savings in GFD financing, which had fallen sharply to 3.6 per cent in 2007-08(RE), is budgeted to increase to 11.7 per cent in 2008-09 (Table 18).

Centre's Fiscal Situation: 2008-09

The revenue deficit and GFD of the Centre budgeted at 1.0 per cent and 2.5 per cent of GDP, respectively, during 2008-09, would be 0.4 percentage point and 0.6 percentage point lower than those in the revised estimates for 2007-08. In comparison with the provisional accounts for 2007-08, the revenue deficit and GFD in 2008-09 would be lower by 0.2 percentage point and 0.3 percentage point, respectively. However, finances of the Central Government may come under pressure during 2008-09 on account of Sixth Pay Commission (SPC) award including payment of arrears; reduction of duties on petroleum products; higher oil subsidies; increase in fertiliser subsidy due to sharp rise in the prices of raw materials and fertilisers in the international market; and burden of debt waiver to the farmers.

Table 18: Financing of Gross Fiscal Deficit of the Centre and States

(Rupees crore)

Year	Market Borrowings	State Provident Funds	Small Savings	External Borrowings	Others	Gross Fiscal Deficit
1	2	3	4	5	6	7
2004-05	85,498	13,139	87,690	14,753	33,641	2,34,721
	(36.4)	(5.6)	(37.4)	(6.3)	(14.3)	(100.0)
2005-06	1,21,546	15,388	89,836	7,472	5,318	2,39,560
	(50.7)	(6.4)	(37.5)	(3.1)	(2.2)	(100.0)
2006-07	1,27,843	15,130	63,746	8,472	15,373	2,30,564
	(55.4)	(6.6)	(27.6)	(3.7)	(6.7)	(100.0)
2007-08 RE	1,74,325	15,143	8,827	9,970	39,030	2,47,295
	(70.5)	(6.1)	(3.6)	(4.0)	(15.8)	(100.0)
2008-09 BE	1,62,767	16,249	28,498	10,989	25,043	2,43,546
	(66.8)	(6.7)	(11.7)	(4.5)	(10.3)	(100.0)

BE : Budget Estimates. RE : Revised Estimates.

Note : 1. Figures in parentheses are percentages to GFD.

2. Data in respect of States are provisional from 2006-07 onwards and relate to the Budgets of 27 States of which two are *vote on account.*

Available information on Central Government finances during April-May 2008 indicates that revenue deficit and GFD were higher than a year ago, both in absolute terms and as percentages to budget estimates (Chart 5 and Table 19). Gross primary deficit in April-May 2008 was also higher than a year ago.

The widening of fiscal deficit of the Central Government during April-May 2008 was mainly on account of a sharp rise in plan expenditure over April-May 2007. On the other hand, non-plan expenditure was contained mainly due to a moderation in the growth of interest payments and major subsidies, and a decline in defence expenditure (Table 19). While the tax revenue in April-May 2008 was 47.1 per cent higher than that during April-May 2007, non-tax revenue was lower by 2.4 per cent. Receipts of major taxes were higher than those during April-May 2007.

Cash Management and Central Government Market Borrowings

Net market borrowings (dated securities and 364-day Treasury Bills excluding allocations under the MSS) of the Central Government are placed at Rs.99,000 crore during 2008-09. Including repayments of Rs.76,780 crore, gross market borrowings are estimated at Rs.1,75,780 crore during 2008-09. The issuance calendar for dated securities for the first half of 2008-09 released on March 24, 2008, in consultation with the Central Government, provided for mobilisation of Rs.96,000 crore through auctions during April-September 2008 as compared with Rs.97,000 crore raised during the corresponding period of the previous year. During 2008-09 (up to July 18, 2008) the actual issuances of dated securities amounted to Rs.66,000 crore, which is in accordance with the calendar released. All auctions during 2008-09 (up to July 18, 2008) were for reissuance of

Chart 5: Key Deficit Indicators of the Centre

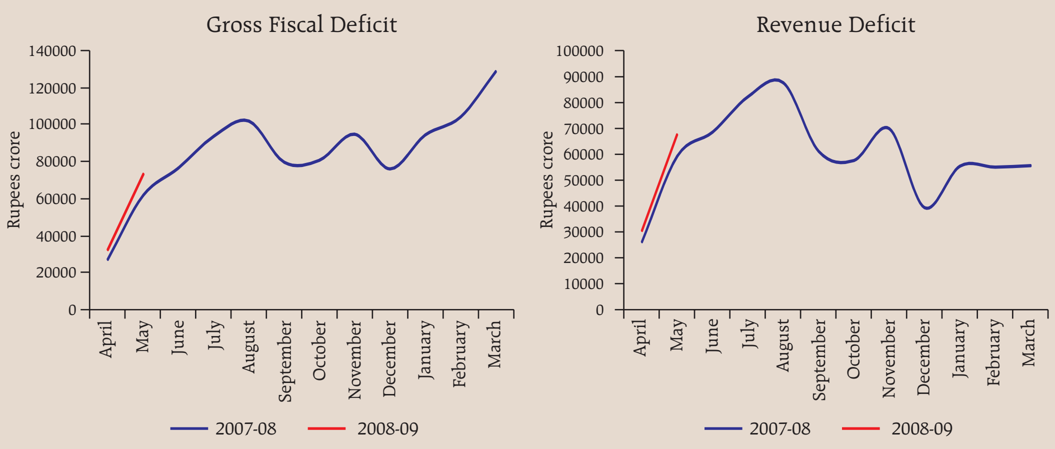


Table 19 : Central Government Finances: April-May 2008

(Rupees crore)

Item	2008-09 (Budget Estimates)	April - May		Per cent of Budget Estimates April-May	
		2007	2008		
1	2	3	4	5	6
1. Revenue Receipts (i + ii)	6,02,935	25,899	36,030	5.3	6.0
i) Tax Revenue	5,07,150	21,725	31,958	5.4	6.3
ii) Non-tax Revenue	95,785	4,174	4,072	5.1	4.3
2. Non-Debt Capital Receipts	14,662	2,716	254	86.2 *	1.7
3. Non-Plan Expenditure	5,07,498	67,615	71,496	15.5 *	14.1
of which:					
i) Interest Payments	1,90,807	26,221	27,229	16.5	14.3
ii) Defence	1,05,600	6,770	6,451	7.1	6.1
iii) Major subsidies	67,037	15,508	18,002	30.3	26.9
4. Plan Expenditure	2,43,386	23,135	37,989	11.3	15.6
5. Revenue Expenditure	6,58,119	85,234	103,761	15.3	15.8
6. Capital Expenditure	92,765	5,516	5,724	6.7 *	6.2
7. Total Expenditure	7,50,884	90,750	109,485	14.2 *	14.6
8. Revenue Deficit	55,184	59,335	67,731	83.0	122.7
9. Gross Fiscal Deficit	1,33,287	62,135	73,201	41.2	54.9
10. Gross Primary Deficit	-57,520	35,914	45,972	-	-

N.A.: Not Available

* : Excludes an amount of Rs.40,000 crore in the budget estimates for 2007-08 on account of transactions relating to transfer of the Reserve Bank's stake in SBI to the Central Government.

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

existing securities, barring one new issue of 10-year maturity. There was a devolvement of Rs.779 crore on PDs during 2008-09 (up to July 18, 2008) as compared with no devolvement during the corresponding period of the previous year. The bid-cover ratio ranged between 1.63 and 3.49. Gross and net market borrowings (dated securities and 364-day Treasury Bills) during 2008-09 (up to July 18, 2008) amounted to Rs. 77,809 crore and Rs.42,819 crore, respectively, accounting for 44.3 per cent and 43.3 per cent of the estimated market borrowings for the year. During the corresponding period of the previous year, gross and net borrowings accounted for 40.5 per cent and 33.5 per cent, respectively. The weighted average maturity of dated securities issued during 2008-09 (up to July 18, 2008) at 15.67 years was higher than 14.33 years during the corresponding period of the previous year. The weighted average yield of dated securities issued during the same period increased to 8.58 per cent from 8.31 per cent (Table 20).

The cash balance of the Central Government remained in surplus during 2008-09 (up to July 18, 2008). Commencing the year with a surplus cash balance of Rs.76,686 crore (end-March 2008), the Central Government used the balances to meet its expenditure requirements as a result of

Table 20: Central Government Securities Issued during 2008-09

(Amount in Rupees Crore/Maturity in years/Yield in Percent)

	Borrowings as per Issuance Auction Calendar			Actual Borrowings			
Sr. No.	Period of Auction	Amount	Residual Maturity	Date of Auction	Amount	Residual Maturity	Yield
1	2	3	4	5	6	7	8
1.	April 04 - 11, 2008	6,000	5-9 year	April 11, 2008	6,000	7.38	8.14
		4,000	20- year and above		4,000	24.37	8.67
2.	April 18 - 25, 2008	6,000	10-14 year	April 21, 2008	6,000	10.00	8.24
		4,000	20- year and above		4,000	28.13	8.77
3.	May 2-9, 2008	6,000	5-9 year	May 09,2008	6,000	7.92	7.96
		4,000	20-year and above		4,000	24.29	8.35
4.	May 16-23, 2008	6,000	10-14 year	May 23, 2008	6,000	9.91	8.07
		4,000	20-year and above		4,000	23.72	8.52
5.	May 30- June 6, 2008	6,000	10-14 year	June 6, 2008	6,000	9.87	8.26
		4,000	20 year and above		4,000	24.22	8.72
6.	June 13 - 20, 2008	6,000	15-19 year security	June 20,2008	6,000	18.64	9.25
7.	July 4-11, 2008	6,000	10-14 year	July 4, 2008	6,000	9.79	9.13
		4,000	20 year and above		4,000	23.61	10.03
	Total	**66,000**			**66,000**		

Memo:

Year	Weighted Average Maturity	Weighted Average Yield
2004-05	14.13	6.11
2005-06	16.90	7.34
2006-07	14.72	7.89
2007-08	14.90	8.12
2007-08 (up to July 18, 2007)	14.33	8.31
2008-09 (up to July 18, 2008)	15.67	8.58

which the surplus cash balance of the Central Government declined to Rs.19,767 crore on July 18, 2008. During 2007-08 (up to July 18) the Central Government was in cash deficit for 70 days. It had availed of overdraft of Rs.3,593 crore over and above the ways and means advances (WMA) of Rs. 20,000 crore as on July 18, 2007.

State Finances: 2008-09[3]

The State Governments, while presenting the budgets for 2008-09, indicated their commitment to the process of fiscal consolidation and correction. The State Governments budgeted a higher consolidated revenue surplus of 0.55 per cent of GDP in 2008-09 than 0.46 per cent of GDP in the previous year. As a result, GFD is budgeted to decline to 2.1 per cent in 2008-09 from 2.3 per cent a year ago. The improvement in the revenue account during 2008-09 is budgeted to be achieved through increase in revenue receipts (14.3 per cent) and deceleration in revenue expenditure (13.6 per cent). In terms of GDP, while revenue receipts would increase by 0.2 percentage point to 13.5 per cent of GDP in 2008-09 (BE), the revenue expenditure would increase by 0.1 percentage point to 12.9 per cent during the same period. The capital outlay is budgeted to be maintained at

[3] Based on information pertaining to 27 State Budgets (excluding Tripura), of which two are vote-on-accounts.

2.7 per cent of GDP during 2008-09, though it would be higher in absolute terms.

Cash Management and State Government Market Borrowings

The provisional net allocation under market borrowing programme of the State Governments for 2008-09 is placed at Rs.44,629 crore. Taking into account repayments of Rs.14,371 crore, the gross market borrowings of State Governments are estimated at Rs.59,000 crore. During the current year so far (up to July 18, 2008), eight State Governments raised Rs.8,712 crore through auctions with a cut-off yield in the range 8.39-9.81 per cent as compared with Rs.7,153 crore by 13 State Governments (cut-off yield ranging from 8.30-8.57 per cent) during the corresponding period of the previous year. The weighted average interest rate on market loans firmed up to 8.87 per cent during 2008-09 (up to July 18, 2008) from 8.41 per cent during the corresponding period of 2007-08 (Table 21). The spreads of State Government securities over the yields of Central Government security of corresponding maturity ranged between 30 and 98 basis points as against 22 and 35 basis points during the corresponding period of 2007-08.

The average daily utilisation of WMA and overdraft by the States during 2008-09 (up to July 18, 2008) was Rs.351 crore as compared with Rs. 736 crore during the corresponding period of 2007-08 (Chart 6). Four States availed of WMA and three States resorted to overdraft during 2008-09 (up to July 18, 2008) as compared with six States and three States, respectively, during the corresponding period of the previous year.

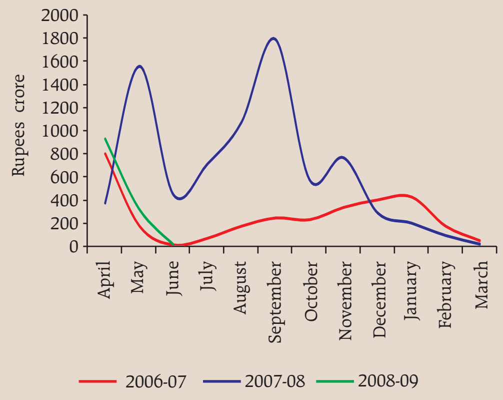
The cash surplus position of the States, as reflected in their average

Table 21: Market Borrowings of State Governments - 2008-09

Item	Date	Cut-off Rate (Per cent)	Tenor (Years)	Amount Raised (Rupees Crore)
1	2	3	4	5
Auctions				
i. First	April 4, 2008	8.50-8.60	10	2,648
ii. Second	May 27, 2008	8.39-8.68	10	3,264
iii. Third	June 27, 2008	9.38-9.59	10	2,300
iv. Fourth	July 10, 2008	9.81	10	500
Grand Total				**8,712**
Memo:				
Year				**Weighted Average Yield (per cent)**
2004-05				6.45
2005-06				7.63
2006-07				8.10
2007-08				8.25
2007-08 (up to July 18, 2007)				8.41
2008-09 (up to July 18, 2008)				8.87

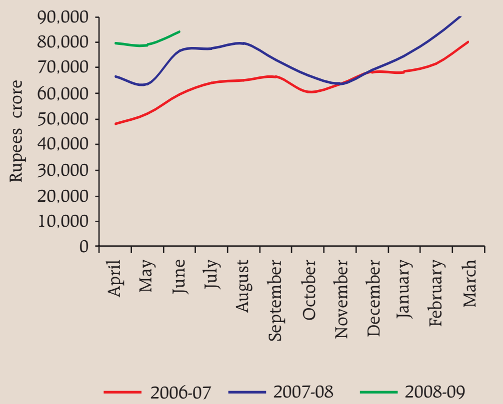
Source : Reserve Bank of India.

Chart 6: Utilisation of WMA and Overdraft by States*



* Average of daily outstandings

Chart 7: Investments in Treasury Bills by State Governments*



*Average of Friday outstandings

investments in Treasury Bills (14-day Intermediate Treasury Bills and Auction Treasury Bills) was higher at Rs. 82,637 crore on July 18, 2008 than that of Rs.75,659 crore on July 18, 2007. The average investments by the States in Treasury Bills during 2008-09 (up to July 18, 2008) amounted to Rs. 81,750 crore as compared with Rs. 70,608 crore during the corresponding period of 2007-08 (Chart 7).

III. Monetary and Liquidity Conditions

Monetary and liquidity aggregates continued to expand during the first quarter of 2008-09. Year-on-year (y-o-y) growth in broad money (M_3) during 2008-09 so far (up to July 4, 2008) was above the indicative trajectory of 16.5-17.0 per cent set out in the Annual Policy Statement (APS) released in April 2008, notwithstanding some moderation mainly reflecting the decline in capital inflows during 2008-09 so far. Accretion to bank deposits, led by time deposits, remained strong, although the pace moderated. Expansion in bank credit to the commercial sector 2008-09 so far was above the Reserve Bank's policy projection of 20.0 per cent for 2008-09 as indicated in the APS (April 2008). Banks' investments in SLR securities as a proportion of their net demand and time liabilities (NDTL) remained almost at the same level as at end-March 2008. Large capital inflows that remained a key driver of monetary and liquidity conditions during 2007-08 have witnessed slowdown during 2008-09 so far. The Reserve Bank continued to actively manage liquidity by using all the policy instruments at its command, including cash reserve ratio (CRR), issuances of securities under the market stabilisation scheme (MSS), operations under the liquidity adjustment facility (LAF) and conduct of open market operations (OMO).

Monetary Survey

Broad money (M_3) growth, on a year-on-year (y-o-y) basis, was placed at 20.5 per cent as on July 4, 2008 as compared with 21.8 per cent a year ago, reflecting the impact of some deceleration in time deposits. Expansion in the residency-based new monetary aggregate (NM_3) - which does not directly reckon non-resident foreign currency deposits such as FCNR(B) deposits - was lower at 20.8 per cent as on July 4, 2008 than 21.5 per cent a year ago. Growth in liquidity aggregate, L_1, at 20.3 per cent at end-June 2008 was marginally lower than that of 20.7 per cent a year ago (Table 22 and Chart 8).

In view of the continued underlying inflationary pressures, monetary policy

Table 22: Monetary Indicators

(Amount in Rupees crore)

Item	Outstanding as on July 4, 2008	Variation (year-on-year)					
		July 6, 2007		March 31, 2008		July 4, 2008	
		Absolute	Per cent	Absolute	Per cent	Absolute	Per cent
1	2	3	4	5	6	7	8
I. Reserve Money*	9,51,698	1,68,946	29.0	2,19,427	30.9	1,99,628	26.5
II. Narrow Money (M_1)	11,24,308	1,38,122	16.9	1,84,864	19.1	1,69,327	17.7
III. Broad Money (M_3)	41,46,197	6,17,118	21.8	6,90,629	20.8	7,04,046	20.5
a) Currency with the Public	6,00,675	61,336	14.0	84,571	17.5	1,02,483	20.6
b) Aggregate Deposits	35,40,593	5,50,653	23.1	6,04,485	21.4	6,07,668	20.7
i) Demand Deposits	5,18,704	71,658	19.2	98,721	20.8	72,948	16.4
ii) Time Deposits	30,21,889	4,78,996	23.9	5,05,765	21.5	5,34,720	21.5
of which: Non-Resident Foreign Currency Deposits	59,009	-548	-0.9	-10,525	-15.6	-4,135	-6.5
IV. NM_3	41,66,159	6,10,463	21.5	7,08,101	21.3	7,17,186	20.8
of which : Call Term Funding from FIs	1,03,569	-1,853	-2.2	20,668	24.1	21,042	25.5
V. a) L_1	42,26,766	6,03,635	20.7	7,07,012	20.6	7,14,009	20.3
of which: Postal Deposits	1,14,460	9,402	8.8	-1,089	-0.9	-2,113	-1.8
b) L_2	42,29,698	6,03,635	20.7	7,07,012	20.5	7,14,009	20.3
c) L_3	42,55,666	6,06,631	20.7	7,08,284	20.4	7,14,358	20.2
VI. Major Sources of Broad Money							
a) Net Bank Credit to the Government (i+ii)	9,51,475	1,08,683	13.4	72,842	8.7	34,077	3.7
i) Net Reserve Bank Credit to Government	-1,09,022	30,358	-	-1,15,632	-	-1,37,189	-
of which : to the Centre	-1,08,981	30,191	-	-1,16,772	-	-1,36,827	-
ii) Other Banks' Credit to Government	10,60,498	78,325	9.7	1,88,474	22.7	1,71,266	19.3
b) Bank Credit to the Commercial Sector	26,27,205	3,90,915	22.6	4,39,834	20.6	5,07,929	24.0
c) Net Foreign Exchange Assets	13,89,047	1,10,515	14.0	3,81,952	41.8	4,89,695	54.4
d) Government Currency Liability to Public	9,486	593	7.6	1,064	12.9	1,059	12.6
e) Net Non-Monetary Liabilities of the Banking Sector	8,31,016	-6,412	-1.3	2,05,063	36.0	3,28,714	65.4
Memo:							
Aggregate Deposits of SCBs	33,08,225	5,36,617	24.6	5,85,006	22.4	589,646	21.7
Non-food Credit of SCBs	23,57,859	3,69,109	24.6	4,32,846	23.0	485,709	25.9

*: Data pertain to July 18, 2008.

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

NM_3 is the residency-based broad money aggregate and L_1, L_2 and L_3 are liquidity aggregates compiled on the recommendations of the Working Group on Money Supply (Chairman: Dr. Y.V. Reddy, 1998).

L_1 = NM_3 + Select deposits with the post office saving banks.

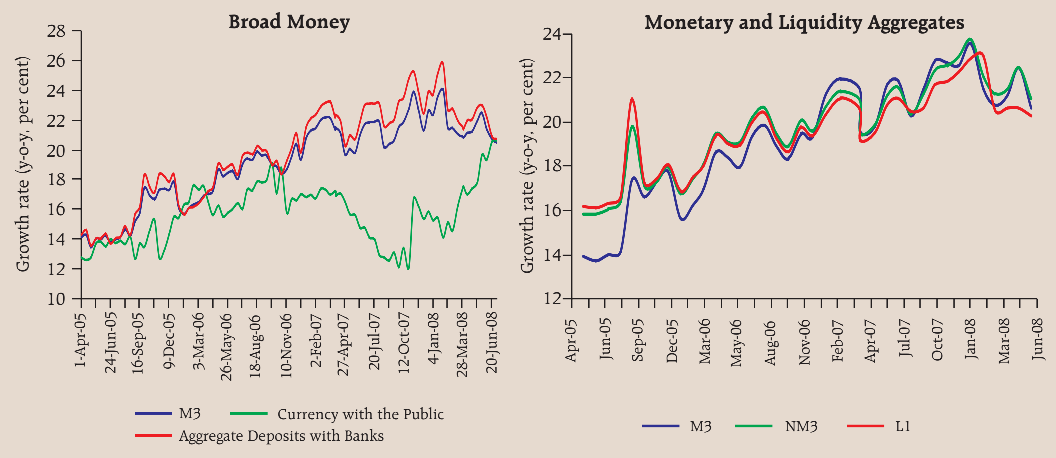
L_2 = L_1 + Term deposits with term lending institutions and refinancing institutions + Term borrowing by FIs + Certificates of deposit issued by FIs.

L_3 = L_2 + Public deposits of NBFCs.

Note: 1. Data are provisional. Wherever data are not available, for estimates the available data for latest month have been repeated.

2. Liquidity aggregates pertain to end-June 2008.

Chart 8: Money Supply

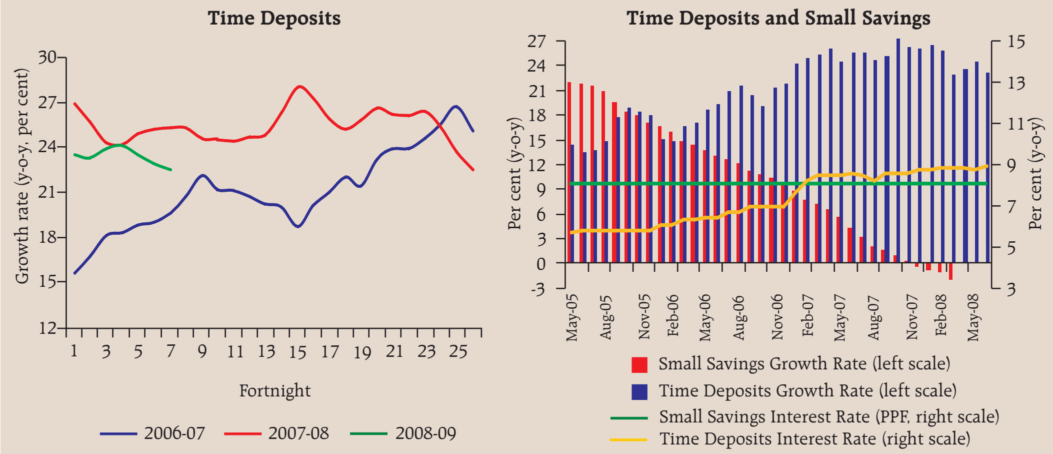


recognised the need to smoothen and enable an adjustment of overall demand on an economy-wide basis so that inflation expectations were contained. Accordingly, the CRR was raised by 125 basis points in three phases during April-July 2008-09. The estimated amount of liquidity impounded in the first round on account of CRR hikes was Rs.48,000 crore[1]. Furthermore, the Reserve Bank increased the repo rate first by 25 basis points and then by another 50 basis points to 8.5 per cent effective from June 12 and June 25, 2008, respectively.

Currency with the public grew by 20.6 per cent (y-o-y) as on July 4, 2008 as compared with 14.0 per cent a year ago. Growth in demand deposits (y-o-y) as on July 4, 2008 at 16.4 per cent was lower than that of 19.2 per cent a year ago. Accordingly, narrow money growth (M_1), y-o-y, was 17.7 per cent as on July 4, 2008 as compared with 16.9 per cent a year ago. The growth of time deposits was placed at 21.5 per cent (y-o-y) as on July 4, 2008 as compared with 23.9 per cent a year ago. The strong growth in time deposits could be attributed, *inter alia*, to robust economic activity, higher interest rates on bank deposits relative to postal deposits and extension of tax benefits under Section 80C for bank deposits. During 2007-08, accretion to postal deposits decelerated significantly up to November 2007. Beginning December 2007 there were net outflow from small saving schemes (Chart 9). In order to revive interest in postal deposits, the Government announced in December 2007 some incentives, including tax benefits for certain postal deposits. However, net outflows continued up to March 2008, the latest period for which the data are available.

On a financial year basis, growth in M_3 during 2008-09 (up to July 4, 2008) was 3.5 per cent as compared with 3.8

Chart 9: Time Deposits Growth



per cent during the corresponding period of the previous year. Currency with the public expanded by 5.9 per cent (up to July 4, 2008) as compared with 3.2 per cent during the corresponding previous period (Table 23).

Expansion in the bank credit to the commercial sector increased by 24.0 per cent (y-o-y) as on July 4, 2008, as compared with 22.6 per cent a year ago. Non-food credit by scheduled commercial banks (SCBs) expanded by 25.9 per cent, y-o-y, as on July 4, 2008, higher than 24.6 per cent a year ago. The higher expansion in credit growth relating to the expansion in deposit growth resulted in an increase in the incremental credit-deposit ratio (y-o-y) of SCBs to 83.5 per cent as on July 4, 2008 from 70.0 per cent a year ago (Chart 10).

Disaggregated sectoral data available up to May 23, 2008 showed that about 43 per cent of incremental non-food credit (y-o-y) was absorbed by industry as compared with 39 per cent in the corresponding period of the previous year. The expansion of incremental non-food credit to industry during this period was led by infrastructure (power, port and telecommunication), petroleum, textiles, iron and steel, food processing, chemicals, engineering, vehicles and construction industries. The infrastructure sector alone accounted for 33 per cent of the incremental credit to industry as compared with 25 per cent in the corresponding period of the previous year. The agricultural sector absorbed around 10 per cent of the incremental non-food bank credit expansion as compared with 15 per cent in the corresponding period of the previous year. Personal loans accounted for nearly 17 per cent of incremental non-food credit; within personal loans, the share of incremental housing loans was at 44 per cent. Growth

Table 23: Monetary Aggregates - Variations

(Rupees Crore)

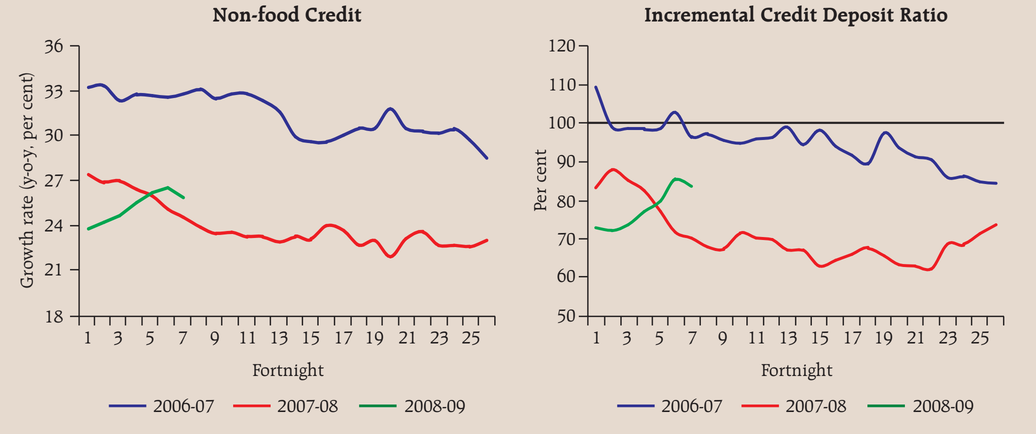
Item	2007-08 (up to July 6)	2008-09 (up to July 4)	2007-08 Q1	2007-08 Q2	2007-08 Q3	2007-08 Q4	2008-09 Q1
1	2	3	4	5	6	7	8
M_3 (1+2+3 = 4+5+6+7-8)	**1,26,058 (3.8)**	**1,39,475 (3.5)**	**73,824**	**1,99,109**	**1,09,807**	**3,07,889**	**84,387**
Components							
1. Currency with the Public	15,287 (3.2)	33,199 (5.9)	18,237	-14,756	48,013	33,076	36,481
2. Aggregates Deposits with Banks	1,07,234 (3.8)	1,10,416 (3.2)	56,023	2,15,344	62,600	2,70,519	52,214
2.1 Demand Deposits with Banks	-29,931 (-6.3)	-55,704 (-9.7)	-44,030	58,180	-6,878	91,449	-78,171
2.2 Time Deposits with Banks	1,37,165 (5.8)	1,66,120 (5.8)	1,00,053	1,57,164	69,478	1,79,070	1,30,385
3. 'Other' Deposits with Banks	3,537	-4,141	-436	-1,479	-806	4,294	-4,308
Sources							
4. Net Bank Credit to Government	83,163 (10.0)	44,399 (4.9)	28,117	15,618	-35,538	64,646	32,597
4.1 RBI's Net Credit to Government	25,744	4,187	-22,154	-54,695	-65,787	27,004	-13
4.1.1 RBI's Net credit to the Centre	25,711	5,655	-21,825	-55,588	-65,078	25,719	1,430
4.2 Other Banks' Credit to Government	57,419	40,212	50,270	70,313	30,249	37,642	32,610
5. Bank Credit to the Commercial Sector	-10,802 (-0.5)	57,293 (2.2)	-30,547	1,45,442	82,172	2,42,767	42,252
6. NFEA of Banking Sector	-13,827	93,915	-17,945	1,18,249	94,204	1,87,444	1,03,932
6.1 NFEA of the RBI	1,373	93,915	-2,745	1,19,430	94,681	1,58,610	1,03,932
7. Government's Currency Liabilities to the Public	166	161	166	354	312	232	161
8. Net Non-Monetary liabilities of the Banking Sector	-67,358	56,293	-94,033	80,553	31,343	1,87,200	94,555
Memo:							
1. Non-resident Foreign Currency Deposits with SCBs	-4,317	2,074	-4,202	-1,181	-3,490	-1,653	1,789
2. SCB' Call-term Borrowing from Financial Institutions	-3,309	-2,936	-2,984	5,756	7,441	10,455	-1,664
3. Overseas Borrowing by SCBs	-6,672	3,477	-6,928	7,830	1,734	9,909	9,747

SCBs: Scheduled Commercial Banks. NFEA: Net Foreign Exchange Assets.
Note: 1. Data are provisional.
2. Figures in parentheses are percentage variations.

in loans to commercial real estate remained high, notwithstanding moderation (Table 24).

In addition to bank credit for financing their requirements, the corporate sector continued to rely on a variety of non-bank sources of funds such as capital markets, external commercial borrowings and internal generation of funds. Resources raised through domestic equity issuances during the first quarter of 2008-09 (Rs.2,031 crore) were significantly lower than those in the corresponding period of the previous year mainly reflecting the decline in investor optimism in the secondary

Chart 10: Scheduled Commercial Banks' Credit Growth



equity market. Net mobilisation through external commercial borrowings (ECBs) during 2007-08 increased by 54 per cent over the preceding year. Mobilisation through issuances of commercial paper (CPs) during April-June 2008-09 was 66 per cent higher than that during the corresponding period of the previous year. Resources raised in the form of equity issuances through American depository receipts (ADRs) and global depository receipts (GDRs) during April-June 2008-09 (Rs.4,056 crore) were more than three times than those during the corresponding period of the previous year. Internal generation of funds continued to provide a strong support to the funding requirements of the corporate sector, despite the profit after tax of select non-financial non-government companies during 2007-08 witnessing some deceleration in comparison with the previous year (Table 25 and Table 12).

Scheduled commercial banks' investment in SLR securities expanded by 19.6 per cent (y-o-y) as on July 4, 2008, as compared with 10.4 per cent a year ago. The higher growth in investment in SLR securities mainly reflected the need to maintain SLR requirements in consonance with the increase in their net demand and time liabilities (Table 26). Commercial banks' holdings of such securities as on July 4, 2008 were 27.7 per cent of their NDTL as compared with 27.8 per cent at end-March 2008 and 28.7 per cent a year ago (Chart 11). Excess SLR investments of SCBs increased to Rs.99,238 crore as on July 4, 2008 from Rs. 98,033 crore at end-March 2008; excess investments in SLR securities were Rs.1,09,366 crore a year ago. Banks' overseas foreign currency borrowings accelerated. Banks also drew down their holdings of foreign currency assets.

Table 24: Non-food Bank Credit - Sectoral Deployment

(Amount in Rupees Crore)

Sector/Industry	Outstanding as on May 23, 2008	Year-on-Year Variations			
		May 25, 2007		May 23, 2008	
		Absolute	Per cent	Absolute	Per cent
1	2	3	4	5	6
Non-food Gross Bank Credit (1 to 4)	**21,74,767**	**3,65,814**	**26.4**	**4,22,418**	**24.1**
1. Agriculture and Allied Activities	**2,64,787**	**54,038**	**32.2**	**42,745**	**19.3**
2. Industry (Small, Medium and Large)	**8,58,515**	**1,41,280**	**26.4**	**1,82,075**	**26.9**
Small Scale Industries	1,76,282	26,387	29.5	60,398	52.1
3. Personal Loans	**5,28,046**	**87,944**	**23.9**	**72,607**	**15.9**
Housing	2,62,486	41,066	21.6	31,735	13.8
Advances against Fixed Deposits	42,220	6,237	19.0	3,128	8.0
Credit Cards	26,596	4,411	45.0	12,375	87.0
Education	21,352	4,903	46.5	5,914	38.3
Consumer Durables	8,297	1,661	23.2	-534	-6.0
4. Services	**5,23,249**	**82,551**	**26.1**	**1,24,821**	**31.3**
Transport Operators	35,248	7,922	45.5	9,927	39.2
Professional & Other Services	31,942	8,999	56.8	7,108	28.6
Trade	1,22,438	23,319	28.4	16,902	16.0
Real Estate Loans	61,045	19,010	69.7	14,750	31.9
Non-Banking Financial Companies	71,974	12,401	38.7	27,549	62.0
Memo:					
Priority Sector	**7,39,964**	**1,20,463**	**23.9**	**1,14,666**	**18.3**
Industry (Small, Medium and Large)	8,58,515	1,41,280	26.4	1,82,075	26.9
Food Processing	50,493	6,758	22.1	13,126	35.1
Textiles	93,916	19,223	32.9	16,259	20.9
Paper & Paper Products	13,826	2,243	24.5	2,435	21.4
Petroleum, Coal Products & Nuclear Fuels	47,289	9,884	51.6	18,250	62.8
Chemicals and Chemical Products	65,397	6,511	14.2	12,982	24.8
Rubber, Plastic & their Products	11,116	1,938	28.0	2,261	25.5
Iron and Steel	78,834	13,554	27.2	15,460	24.4
Other Metal & Metal Products	25,112	5,447	36.3	4,658	22.8
Engineering	52,551	8,553	25.1	9,959	23.4
Vehicles, Vehicle Parts and Transport Equipments	30,015	5,267	28.6	6,324	26.7
Gems & Jewellery	24,826	2,572	12.3	1,403	6.0
Construction	26,082	6,632	49.2	5,959	29.6
Infrastructure	2,03,331	35,292	32.6	59,811	41.7

Note: 1. Data are provisional and relate to select scheduled commercial banks.
2. Data also include the figures of Bharat Overseas Bank, which was merged with Indian Overseas Bank on March 31, 2007.

Reserve Money Survey

Reserve money growth at 26.5 per cent, y-o-y, as on July 18, 2008 was lower than that of 29.0 per cent a year ago (Chart 12). Adjusted for the first round effect of the hike in CRR, reserve money growth at 18.4 per cent was lower than 21.6 per cent a year ago. Intra-year movements in reserve money largely reflected the Reserve Bank's market operations and movements in bankers' deposits with the Reserve Bank in the wake of hikes in the CRR and large expansion in demand and time liabilities.

During the financial year 2008-09 (up to July 18, 2008), reserve money grew by 2.5 per cent as compared with an increase of 6.1 per cent in the corresponding period of the previous year. Bankers' deposits with the Reserve

Table 25: Select Sources of Funds to Industry

(Rupees Crore)

Item	2006-07	2007-08	2007-08				2008-09
			Q1	Q2	Q3	Q4	Q1
1	2	3	4	5	6	7	8
A. Bank Credit to Industry #	1,41,543	1,74,566	-15,603	59,776	40,993	89,400	-13,385 ^
B. Flow from Non-banks to Corporates							
1 Capital Issues (i+ii)	29,178	51,479	13,788	6,226	14,400	17,065	2,031
i) Non-Government Public Ltd. Companies (a+b)	29,178	48,962	13,261	4,236	14,400	17,065	2,031
a) Bonds/Debentures	585	809	0	0	0	809	0
b) Shares	28,593	48,153	13,261	4,236	14,400	16,256	2,031
ii) PSUs and Government Companies	0	2,517	527	1,990	0	0	0
2 ADR/GDR Issues	16,184	13,023	1,251	9,899	289	1,584	4,056
3 External Commercial Borrowings (ECBs)	1,04,046	1,60,221	35,993	36,755	43,093	44,380	–
4 Issue of CPs	5,145	14,903	8,568	7,358	6,629	-7,651	14,256
C. Depreciation Provision +	37,095	38,528 *	10,173	10,576	10,961	11,805	–
D. Profit after Tax +	1,11,107	1,27,968 *	32,699	34,266	37,470	36,109	–

– : Not Available. ^ : Up to May 23, 2008. * : Provisional.

: Data pertain to select scheduled commercial banks.

+ : Data are based on abridged results of select non-financial non-Government companies. The quarterly data may not add up to annual data due to differences in the number and composition of companies covered in each period (see Chapter 1).

Note : 1. Data are provisional.
2. Data on capital issues pertain to gross issuances excluding issues by banks and financial institutions. Figures are not adjusted for banks' investments in capital issues, which are not expected to be significant.
3. Data on ADR/GDR issues exclude issuances by banks and financial institutions.
4. Data on external commercial borrowings include short-term credit.

Bank decreased by 2.3 per cent (up to July 18, 2008) as against an increase of 14.0 per cent in the corresponding period of 2007-08. Currency in circulation expanded by 5.9 per cent as compared with 2.1 per cent during the corresponding period of the previous year (Table 27). On the sources side, net Reserve Bank's credit to Government increased by Rs. 54,113 crore (up to July 18, 2008) as compared with an increase of Rs. 19,461 crore in the corresponding period of 2007-08. The Reserve Bank's foreign currency assets (adjusted for revaluations) declined by Rs. 18,139 crore as against an increase of Rs. 72,947 crore during the corresponding period of the previous year (Chart 13).

Chart 11: SLR Investments by Scheduled Commercial Banks

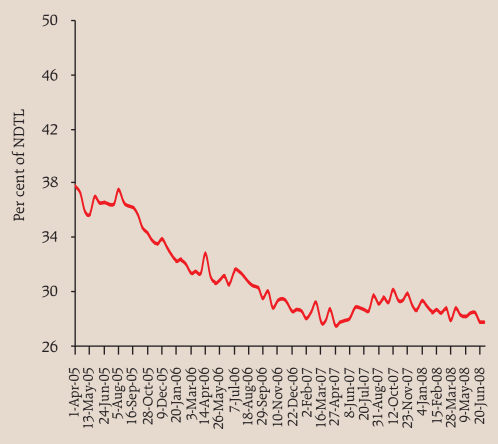


Table 26: Scheduled Commercial Bank Survey

(Amount in Rupees Crore)

Item	Outstanding as on July 4, 2008	Variation (Year-on-Year)			
		As on July 6, 2007		As on July 4, 2008	
		Amount	Per Cent	Amount	Per Cent
1	2	3	4	5	6
Sources of Funds					
1. Aggregate Deposits	33,08,225	5,36,617	24.6	5,89,646	21.7
2. Call/Term Funding from Financial Institutions	1,03,569	-1,853	-2.2	21,042	25.5
3. Overseas Foreign Currency Borrowings	47,928	-5,867	-18.9	22,696	89.9
4. Capital	44,424	6,927	23.9	8,541	23.8
5. Reserves	2,74,089	50,943	31.4	60,902	28.6
Uses of Funds					
1. Bank Credit	24,08,579	3,75,483	24.4	4,92,202	25.7
of which: Non-food Credit	23,57,859	3,69,109	24.6	4,85,709	25.9
2. Investments in Government and Other Approved Securities	1,0,15,382	79,938	10.4	1,66,213	19.6
a) Investments in Government Securities	9,96,627	81,310	10.8	1,62,475	19.5
b) Investments in Other Approved Securities*	18,755	-1,372	-8.4	3,738	24.9
3. Investments in non-SLR Securities	1,71,382	23,445	15.6	-2,718	-1.6
4. Foreign Currency Assets	34,364	30,356	93.0	-28,636	-45.5
5. Balances with the RBI	2,69,482	83,877	72.5	69,889	35.0

* : Refers to investment in SLR securities as notified in the Reserve Bank notification DBOD No. Ref. BC. 61/12.02.001/2007-08 dated February 13, 2008.

Note: Data are provisional.

Movements in the Reserve Bank's net credit to the Central Government during 2008-09 so far (up to July 18, 2008) largely reflected the liquidity management operations by the Reserve Bank and movements in Government deposits with the Reserve Bank. Surplus cash balances of the Central Government with the Reserve Bank declined. The Reserve Bank's holdings of Central Government dated securities decreased reflecting Reserve Bank's special market operation (SMO) and LAF operations. The sterilisation operations of the Reserve Bank under the MSS led to an increase in Central Government deposits with the Reserve Bank. Reflecting these developments, the Reserve Bank's net credit to the Centre increased by Rs.55,581 crore during 2008-09 so far (up to July 18, 2008) as compared with an

Chart 12: Reserve Money Growth

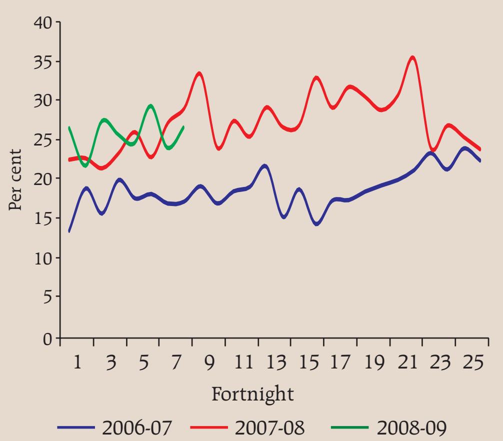


Table 27 : Reserve Money - Variations

(Amount in Rupees crore)

Item	2007-08 (April-March)	2007-08 (Up to July 20)	2008-09 (Up to July 18)	2007-08 Q1	2007-08 Q2	2007-08 Q3	2007-08 Q4	2008-09 Q1
1	2	3	4	5	6	7	8	9
Reserve Money	**2,19,427**	**43,080**	**23,281**	**11,630**	**60,688**	**26,606**	**1,20,503**	**3,155**
		(6.1)	**(2.5)**					
Components (1+2+3)								
1. Currency in Circulation	86,702	10,539	34,915	16,866	-13,297	46,781	36,352	36,795
		(2.1)	(5.9)					
2. Bankers' Deposits with RBI	1,31,152	27,685	-7,481	-4,800	75,464	-19,369	79,857	-29,333
		(14.0)	(-2.3)					
3. 'Other' Deposits with the RBI	1,573	4,855	-4,153	-436	-1,479	-806	4,294	-4,308
		(64.8)	(-45.8)					
Sources (1+2+3+4-5)								
1. RBI's net credit to Government	-1,15,632	19,461	54,113	-22,154	-54,695	-65,787	27,004	-13
of which: to Centre (i+ii+iii+iv-v)	-1,16,772	18,875	55,581	-21,825	-55,588	-65,078	25,719	1,430
i. Loans and Advances	0	30,058	0	0	0	0	0	0
ii. Treasury Bills held by the RBI	0	0	0	0	0	0	0	0
iii. RBI's Holdings of Dated Securities	17,421	-21,182	-2,172	-34,284	4,019	20,874	26,812	-39,239
iv. RBI's Holdings of Rupee Coins	121	79	-68	128	20	3	-31	-1
v. Central Government Deposits	1,34,314	-9,921	-57,821	-12,330	59,627	85,956	1,062	-40,670
2. RBI's Credit to Banks and Commercial Sector	-2,794	-7,778	-873	-6,450	-1,256	848	4,064	-3,358
3. NFEA of RBI	3,69,977	27,735	75,552	-2,745	1,19,430	94,681	1,58,610	1,03,932
		(3.2)	(6.1)					
of which :								
FCA, adjusted for revaluation	3,70,550	72,947	-18,139	47,728	1,18,074	1,00,888	1,03,860	15,535
4. Governments' Currency Liabilities to the Public	1,064	330	161	166	354	312	232	161
5. Net Non-Monetary liabilities of RBI	33,187	-3,333	1,05,673	-42,812	3,145	3,448	69,406	97,567
Memo:								
LAF- Repos (+) / Reverse Repos (-)	21,165	-32,185	-16,025	-32,182	9,067	16,300	27,980	-45,350
Net Open Market Sales # *	-5,923	1,910	-18,183	1,246	1,560	-3,919	-4,810	-8,696
Centre's Surplus **	26,594	-49,992	-56,919	-34,597	15,376	54,765	-8,950	-42,427
Mobilisation under the MSS	1,05,419	22,053	3,047	19,643	48,855	31,192	5,728	6,040
Net Purchases(+)/Sales(-) from Authorised Dealers	3,12,054	60,824	17,356 ^	38,873	1,01,814	87,596	83,771	17,356 ^
NFEA/Reserve Money @	133.1	118.9	137.8	119.8	125.8	133.4	133.1	143.8
NFEA/Currency @	209.2	173.7	209.6	165.7	193.6	194.3	209.2	213.5

NFEA: Net Foreign Exchange Assets. FCA: Foreign Currency Assets. LAF: Liquidity Adjustment Facility.

*: At face value. # : Excludes Treasury Bills. @ : Per cent; end of period. ^ : up to May 30, 2008.

** : Excludes minimum cash balances in case of surplus.

Note: 1. Data are based on March 31 for Q4 and last reporting Friday for all other quarters.

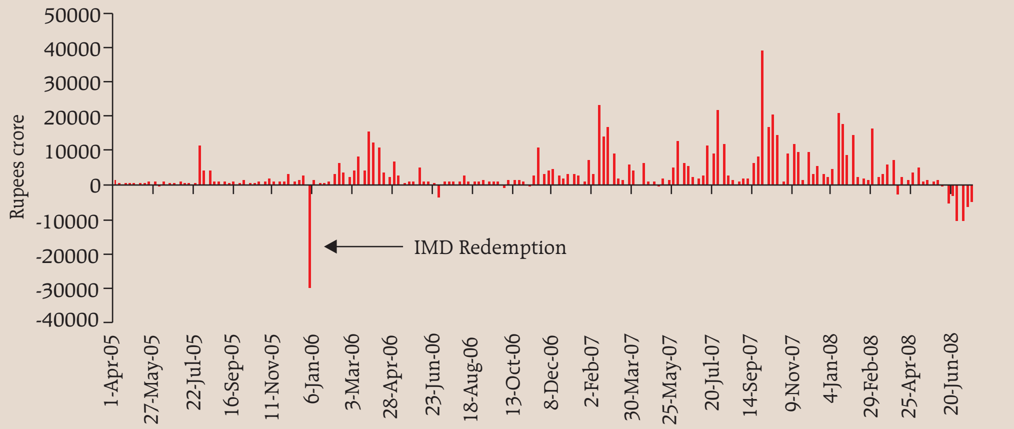
2. Figures in parentheses are percentage variations during the fiscal year.

increase of Rs. 18,875 crore during the corresponding period of the previous year.

Liquidity Management

The Reserve Bank continued with its policy of active management of liquidity in 2008-09 through appropriate use of the CRR and OMO, including MSS and LAF, and other policy instruments at its command flexibly. The objective is to maintain appropriate liquidity in the system such that all legitimate requirements of credit are met, consistent with the objective of price and financial stability. During 2008-09 so far variations in cash balances of the Central Government, hikes in the CRR and the

Chart 13: Accretion to RBI's Net Foreign Assets



Reserve Bank's foreign exchange operations remained the key drivers of liquidity conditions.

Liquidity conditions turned easy after the commencement of 2008-09 mainly due to substantial reduction in the cash balances of the Central Government (Table 28). On a review of the liquidity situation, the Reserve Bank announced on April 17, 2008, a two-stage hike of CRR by 25 basis points each to 8.0 per cent, effective from the fortnights beginning from April 26, 2008 and May 10, 2008, respectively. Auctions under the MSS (which were kept in abeyance since mid-February) were resumed on April 9, 2008 and the balances under the MSS increased to Rs.1,72,444 crore as on April 25, 2008. The daily average net liquidity absorption through the LAF was Rs.26,359 crore during April 2008. On a review of the evolving liquidity situation, the Annual Monetary Policy Statement issued on April 29, 2008, announced an increase in CRR by 25 basis points to 8.25 per cent with effect from the fortnight beginning May 24, 2008. Reflecting the impact of the CRR hikes, average daily net absorption through LAF declined to Rs.11,841 crore during May 2008. No auction of dated securities under the MSS was conducted during May 2008 and the outstanding balance under the MSS was placed at Rs.1,75,362 crore on May 30, 2008 (Chart 14).

Liquidity conditions eased in the early part of June and the average daily net absorption under the LAF was placed at Rs.15,469 crore during June 1-9, 2008. On a review of the prevailing macroeconomic and overall monetary conditions and with a view to containing inflationary expectations, the Reserve Bank increased the repo rate under the LAF by 25 basis points to 8 per cent with effect from June 12, 2008. Subsequently, with the build-up in Central Government balances in the face of advance tax

Table 28: Reserve Bank's Liquidity Management Operations

(Rupees Crore)

Item	2007-08	2007-08				2008-09	
		Q1	Q2	Q3	Q4	April	May
1	2	3	4	5	6	7	8
A. Drivers of Liquidity (1+2+3+4+5)	**2,04,026**	**51,146**	**1,11,169**	**-1,984**	**43,695**	**27,083**	**17,989**
1. RBI's net purchases from Authorised Dealers	3,12,054	39,791	1,00,896	88,545	82,822	11,469	5,887
2. Currency with the Public	-84,571	-12,946	9,465	-47,422	-33,667	-22,1,96	-10,250
3. Surplus cash balances of the Centre with the Reserve Bank @	-26,594	49,992	-30,771	-49,820	4,005	40,037	19,447
4. WMA and OD	0	15,159	-15,159	0	0	0	0
5. Others (residual)	3,137	-40,850	46,739	6,712	-9,465	-2,227	2,905
B. Management of Liquidity (6+7+8+9)	**-1,17,743**	**-53,943**	**-68,621**	**-11,189**	**16,010**	**-86,427**	**21,080**
6. Liquidity impact of LAF Repos	21,165	-20,290	-2,825	27,795	16,485	-83,115	42,365
7. Liquidity impact of OMO (Net) *	13,510	10	40	5,260	8,200	740	133
8. Liquidity impact of MSS	-1,05,419	-18,163	-50,336	-28,244	-8,675	-4,052	-2,918
9. First round liquidity impact due to CRR change	-47,000	-15,500	-15,500	-16,000	0	0	-18,500
C. Bank Reserves (A+B) #	**86,283**	**-2,797**	**42,548**	**-13,173**	**59,705**	**-59,344**	**39,069**

WMA : Ways and means advances. OD : Overdraft

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

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

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

* : Adjusted for Consolidated Sinking Funds (CSF).

@ : Excludes minimum cash balances in case of surplus.

Note: Data pertain to March 31 and last Friday for all other months.

collections, liquidity conditions turned into a deficit mode and the average daily net injection under LAF during June 10-27, 2008 was Rs.17,288 crore (Chart 15). With a view to containing demand pressures, as reflected in the increase in inflation and inflationary expectations, engendered by unrelenting pressures from international commodity prices, particularly crude and metals, the Reserve Bank increased the repo rate under LAF by 50 basis points to 8.5 per cent with effect from June 25, 2008 and also increased the CRR by 50 basis points to

Chart 14: Market Stabilisation Scheme

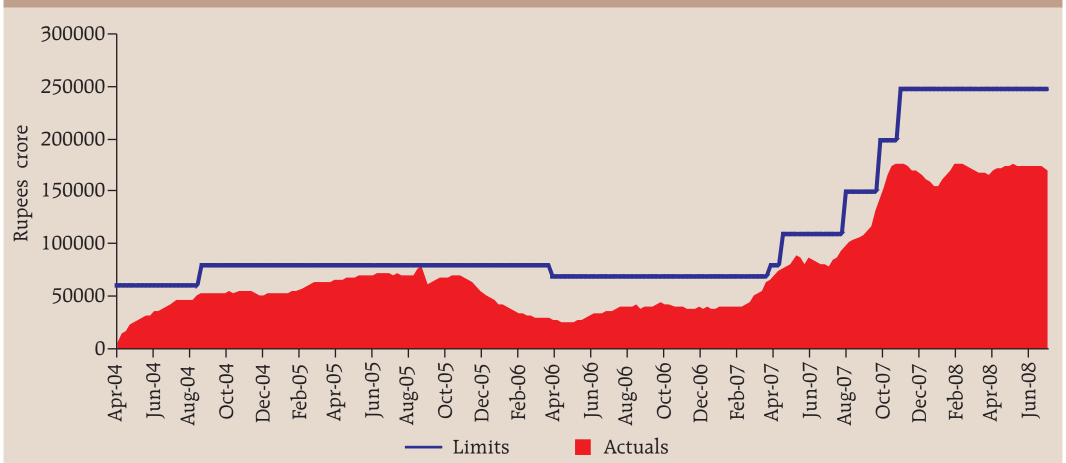
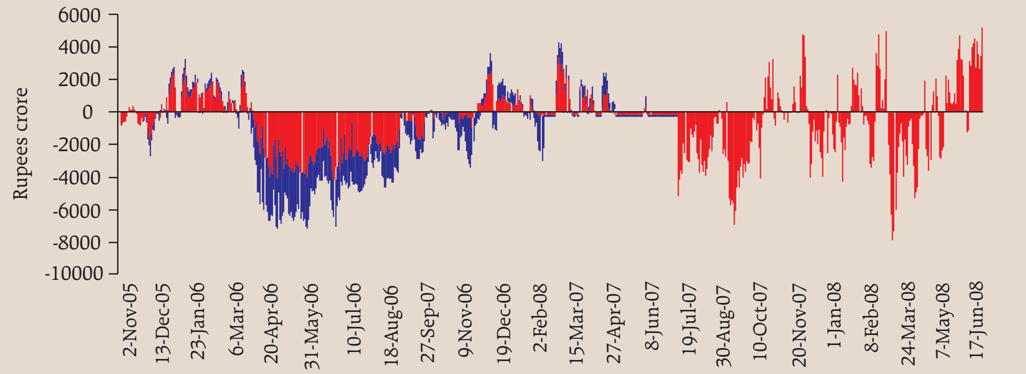


Chart 15: Repo (+)/ Reverse Repo (-) under LAF



Note: Additional LAF on March 31, 2006 and March 31, 2007 are shown under second LAF. Since August 2007 second LAF was discontinued and, therefore, all Special LAF and additional LAF thereafter are included in first LAF.

8.75 per cent in two stages (25 basis points each) with effect from the fortnights beginning July 5 and July 19, 2008, respectively. No MSS auction was conducted during June 2008 and the outstanding balance as on June 27, 2008, was placed at Rs.1,74,433 crore (Table 29). The average daily net injection through the LAF during June was Rs. 8,622 crore.

Liquidity conditions eased during the first week of July mainly on account of a decline in the cash balances of the Central Government but tightened significantly thereafter mainly due to two stage hike in CRR announced in the previous month. The average liquidity injection during July 1-18, 2008 was at Rs. 23,421 crore.

Keeping in view the systemic implications of liquidity and other related issues currently faced by public sector oil marketing companies (OMCs) arising from the unprecedented escalation in international crude oil prices, the Reserve Bank announced Special Market Operation (SMO) on May 30, 2008, for the smooth functioning of financial markets and for overall financial stability. Under SMO, the Reserve Bank conducts open market operation (outright or repo at its discretion) in the secondary market through designated banks in oil bonds held by public sector OMCs in their own accounts, subject to an overall ceiling of Rs.1,500 crore (revised upwards from Rs.1,000 crore on June 11, 2008) on any single day, and provides equivalent foreign exchange through designated banks at market exchange rate to the oil companies. The settlement of the foreign exchange and the Government securities legs of the operations are synchronised so that there is no liquidity impact on account of these operations. These operations are ad hoc, temporary in nature and subject to review on a continuous basis. These

Table 29: Liquidity Management

(Rupees crore)

Outstanding as on Last Friday	LAF	MSS	Centre's Surplus with the RBI @	Total (2 to 4)
1	2	3	4	5
2007				
January	-11,445	39,375	42,494	70,424
February	6,940	42,807	53,115	1,02,862
March *	-29,185	62,974	49,992	83,781
April	-9,996	75,924	-980	64,948
May	-4,690	87,319	-7,753	74,876
June	-8,895	81,137	-15,159	57,083
July	2,992	88,010	-20,199	70,803
August	16,855	1,06,434	20,807	1,44,096
September	-6,070	1,31,473	30,771	1,56,174
October	18,135	1,74,277	23,735	2,16,147
November	-1,320	1,71,468	36,668	2,06,816
December	-33,865	1,59,717	80,591	2,06,443
2008				
January	985	1,66,739	70,657	2,38,381
February	8,085	1,75,089	68,538	2,51,712
March *	-50,350	1,68,392	76,586	1,94,628
April	32,765	1,72,444	36,549	2,41,758
May	-9,600	1,75,362	17,102	1,82,864
June	-32,090	1,74,433	36,513	1,78,856
July (up to 18)	-34,325	1,71,440	19,667	1,56,782

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

* : Data pertain to March 31.

Note: 1. Negative sign in column 2 indicates injection of liquidity through LAF repo.

2. Between March 5 and August 5, 2007, daily reverse repo absorptions were restricted to a maximum of Rs.3,000 crore comprising Rs.2,000 crore in the First LAF and Rs.1,000 crore in the Second LAF. The Second LAF was discontinued from August 6, 2007.

3. Negative sign in column 4 indicates injection of liquidity through WMA/overdraft.

operations commenced from June 5, 2008. The oil bonds purchased by the Reserve Bank under SMO up to July 11, 2008 aggregated Rs. 17,655 crore (face value).

IV. Price Situation

Headline inflation firmed up further in major economies, during the first quarter of 2008-09, reflecting the combined impact of higher food and fuel prices as well as strong demand conditions, especially in emerging markets. Notwithstanding inflation remaining above the targets/comfort zones, the monetary policy responses during the quarter were mixed in view of growth implications of the persistence of financial market turmoil following the US sub-prime crisis. While many central banks in developed countries such as the US, the UK and Canada, which had reduced policy rate up to April 2008, have paused subsequently, many central banks in emerging economies continued with pre-emptive monetary tightening to contain inflation and inflationary expectations on account of excess supply of global liquidity. Apart from independent actions, the co-ordinated move by major advanced country central banks in terms of injection of short-term liquidity aimed at easing strains on the money markets continued during the quarter.

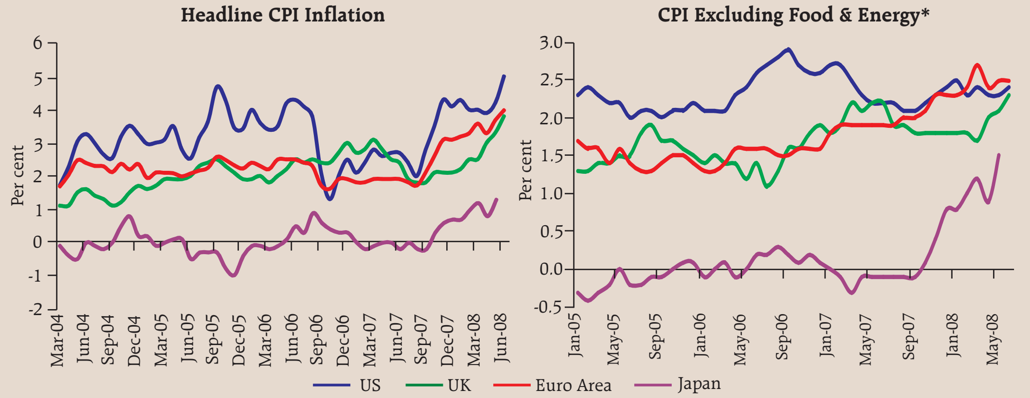
Mirroring inflation trends in many advanced as well as emerging economies, various measures of inflation in India have also risen significantly since the beginning of this calender year. In India, inflation based on the wholesale price index (WPI) increased from 7.7 per cent at end-March 2008 to 11.9 per cent by July 12, 2008, reflecting the impact of some pass-through of higher international crude oil prices to domestic prices as well as continued increase in the prices of iron and steel, basic heavy inorganic chemicals, machinery and machinery tools, oilseeds/edible oils/oil cakes and raw cotton on account of strong demand, international commodity price pressures and lower domestic 2007-08 *rabi* production of oilseeds. The seasonal hardening of vegetables prices as well as increase in the prices of textiles have also contributed to inflation during 2008-09 so far. Consumer price inflation also edged up generally during the first quarter of 2008-09, reflecting increase in the prices of food items and services, represented by the 'miscellaneous' group. Various measures of consumer price inflation were placed in the range of 6.8-8.8 per cent during May/June 2008 as compared with 6.0-7.9 per cent in March 2008 and 5.7-7.8 per cent in June 2007.

Global Inflation

Inflation has emerged as a global phenomenon in recent months. Headline inflation in major advanced economies firmed up further during the first quarter of 2008-09. Inflation hardened to 3.9 per cent in May 2008 in OECD countries from 2.4 per cent a year ago mainly due to higher energy and food prices, which increased, year-on-year, by 14.6 per cent and 6.1 per cent, respectively, in May 2008. Amongst major economies, headline inflation in the US rose to 5.0 per cent in June 2008 from 2.7 per cent a year ago (4.0 per cent in March 2008) driven by food and energy prices, which increased by 5.3 per cent and 24.7 per cent, year-on-year, in June 2008. Producer price inflation (PPI) increased even more to 9.2 per cent, year-on-year, in June 2008 from 3.3 per cent a year ago. In the UK, headline inflation increased to 3.8 per cent in June 2008 from 2.4 per cent a year ago, reflecting higher prices of food and non-alcoholic beverages as well as transportation costs, and housing and household services. In the UK also the PPI output price inflation rose significantly to 10.0 per cent in June 2008, reflecting increases in petroleum product prices. Furthermore, the input price index for materials and fuels purchased by manufacturing industry rose sharply by 30.3 per cent, year-on-year, in June 2008. In the euro area, inflation, based on the Harmonised Index of Consumer Prices (HICP), doubled to 4.0 per cent in June 2008 from 1.9 per cent a year ago, reflecting strong upward pressures from transport, food and housing prices. Core inflation also remained firm in major economies. In OECD countries, CPI, excluding food and energy, was firm at 2.1 per cent in May 2008, same as a year ago. In the US, CPI inflation (excluding food and energy) remained firm at 2.4 per cent in June 2008 (2.2 per cent a year ago) (Chart 16).

Notwithstanding hardening of inflation, many central banks in advanced economies persisted with accommodative monetary policy aimed at fostering market liquidity and promoting growth over time. In the US, the Federal Open Market Committee (FOMC) in its meeting held on June 25, 2008 expected inflation to moderate from the latter part of the year. However, the FOMC noted that in the light of the continued increases in the prices of energy and some other commodities and the elevated state of

Chart 16: Consumer Price Inflation



* : Data for Japan is excluding fresh food only.
Source : International Financial Statistics, IMF, official website of respective countries and The Economist.

some indicators of inflation expectations, uncertainty about the inflation outlook remained high. Against this backdrop, the FOMC left its target for the federal funds rate unchanged at 2.0 per cent. It had earlier cut its policy rate by 25 basis points on April 30, 2008 - taking cumulative reduction to 325 basis points beginning September 2007 when it began cutting rates. The discount rate was also cut by a total of 400 basis points beginning August 2007 to a level of 2.25 per cent to improve market liquidity. Apart from these measures, the US Fed also continued to inject liquidity by auctioning term funds to depository institutions against a wide variety of collaterals at the discount window and through a broader range of counterparties and established foreign exchange swap lines with the ECB and the Swiss National Bank. According to the FOMC, although tight credit conditions, the ongoing housing contraction, and the rise in energy prices are likely to weigh on economic growth over the next few quarters, the substantial easing of monetary policy combined with the ongoing measures to foster market liquidity should help promote moderate growth over time.

In the UK, housing market conditions deteriorated sharply and the effects of the ongoing tightening in credit conditions were still working through the real economy. According to the Monetary Policy Committee (MPC), CPI inflation would peak around the end of the year and then begin to fall back towards the target of 2 per cent within a period of two years. According to the Committee, a slowdown in activity, reducing pressure on supply capacity and helping to contain wage growth, would be necessary to ensure that inflation returns to the target. Against this backdrop, the Bank of England, which had earlier cut its policy rate by 25 basis points on April 10, 2008 - a total of 75 basis points from December 2007 - to 5.00 per cent, left it unchanged thereafter (Table 30).

Table 30: Global Inflation Indicators

(Per cent)

Country/ Region	Key Policy Rate	Policy Rate (Latest)	Changes in Policy Rates (basis points)			CPI Inflation (y-o-y)		Current CPI Inflation	PPI Inflation (y-o-y)		Real GDP Growth (y-o-y)	
			2006-07 (April-March)	2007-08 (April-March)	Since end-March 2008	June 2007	June 2008	Highest Since	June 2007	June 2008	2007 (Q1)	2008 (Q1)
1	2	3	4	5	6	7	8	9	10	11	12	13
Developed Economies												
Australia	Cash Rate	7.25 (Mar. 5, 2008)	75	100	0	2.4	4.2^	Aug. 2001	2.3	4.7	3.8	3.6
Canada	Overnight Rate	3.00 (Apr.22, 2008)	50	(-)75	(-)50	2.2	3.1	Aug. 2005	2.2	2.4#	2.0	1.7
Euro area	Interest Rate on MROs	4.25 (Jul. 9, 2008)	125	25	25	1.9	4.0	May 1992	2.3	7.1#	3.0	2.1
Japan	Uncollateralised Overnight Call Rate	0.50 (Feb. 21, 2007)	50	0	0	0.0*	1.3*	Mar. 1998	1.8	4.7#	2.6	1.3
UK	Official Bank Rate	5.00 (Apr.10, 2008)	75	0	(-)25	2.4	3.8	Jun. 1992	2.5	10.0	3.0	2.5
US	Federal Funds Rate	2.00 (Apr. 30, 2008)	50	(-)300	(-)25	2.7	5.0	May 1991	3.3	9.2	1.9	2.5
Developing Economies												
Brazil	Selic Rate	13.00 (Jul. 23, 2008)	(-)375	(-)150	175	3.7	6.1	Dec. 2005	3.7	15.4#	4.3	5.8
India	Reverse Repo Rate Repo Rate	6.00 (Jul. 25, 2006) 8.50 (Jun. 25, 2008)	50 125 (100)	0 0 (150)	0 75 (125)	6.6*	7.8*	Mar. 2008 ‡	4.4	11.9	9.7	8.8
China	Benchmark 1-year Lending Rate	7.47 (Dec. 21, 2007)	81 (250)	108 (550)	0 (200)	4.4	7.1	§	2.5	8.8	11.1	10.6
Indonesia	BI Rate	8.75 (Jul. 3, 2008)	(-)375	(-)100	75	5.8	11.0	Sep. 2006	13.4	25.5+	6.0	6.3
Israel	Key Rate	3.75 (Jun. 23, 2008)	(-)75	(-)25	0	-0.7	4.8	Mar. 2003	1.4	13.2	5.4	5.2
Korea	Base Rate ++	5.00 (Aug. 9, 2007)	50 (80)	50	0	2.5	5.5	Nov. 1998	2.7	11.6#	4.0	5.8
Philippines	Reverse Repo Rate	5.75 (Jul. 17, 2008) **	0	(-)250	75	2.3	11.4	Dec. 1993	1.5	3.7#	6.9	5.1
Russia	Refinancing Rate	11.00 (Jul. 14, 2008)	(-)150 (150)	(-)25 (200)	75 (150)	7.8*	15.1*	Nov. 2002	2.5	4.5+	7.9	8.5
South Africa	Repo Rate	12.00 (Jun. 13, 2008)	200	200	100	6.9*	11.7*	Dec. 2002	13.2	16.4#	5.4	4.0
Thailand	14-day Repo Rate 1-day Repo Rate	5.00 (Jun. 7, 2006) 3.50 (Jul.16, 2008)	50 (-)44@	(-)125	25	1.9	8.9	Jul. 1998	1.8	18.6	4.3	6.0

MROs : Main Refinancing Operations.

^ : Q1 of 2008. *: May. #: Data pertain to May 2008. +: Data pertain to April 2008.

‡ : CPI inflation for India in March 2008 at 7.9 per cent was the highest since April 1999.

§ : CPI inflation for China in February 2008 at 8.7 per cent was the highest since May 1996.

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

** : The tiering system on placement with the BSP was removed and interest rates were adjusted to 6.0 per cent for the reverse repo rate and 8.0 per cent for the repo rate effective July 13, 2007.

++ : Since March 2008, the policy rate has been changed from overnight call rate to "the Bank of Korea Rate or (Base Rate)" and fixed at the same level as the call rate target of 5.0 per cent on March 7, 2008.

Note : 1. For India, data on CPI inflation pertain to CPI for Industrial Workers and data on PPI inflation pertain to WPI inflation.

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

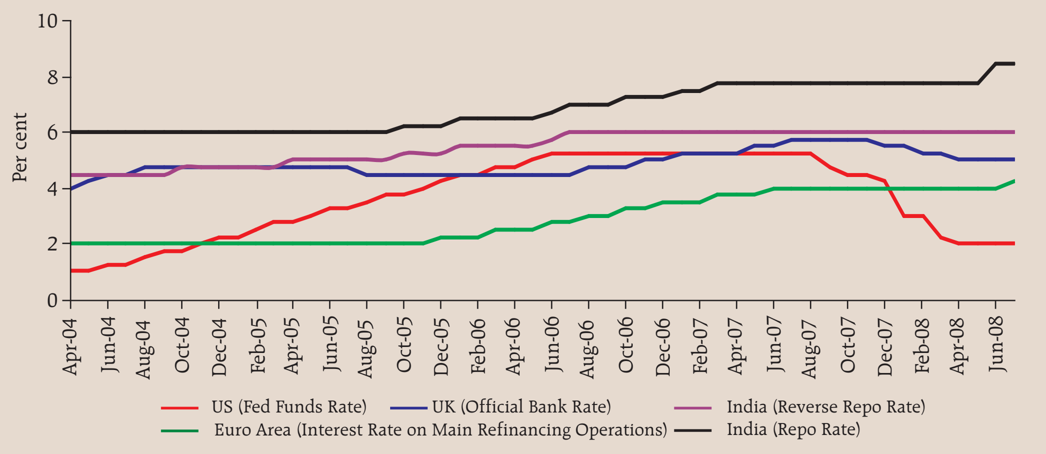
3. Figures in parentheses in columns (4), (5) and (6) indicate the variation in the cash reserve ratios during the period.

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

In the euro area, HICP inflation rates continued to rise significantly and are expected to remain well above the level consistent with price stability for a more protracted period than previously thought. According to the ECB, continued vigorous money and credit growth, and the absence of significant constraints on bank loan supply in a context of ongoing financial market tensions confirms its assessment of upside risks to price stability over the medium term. At the same time, according to the Governing Council of the ECB, while the latest data confirmed the expected weakening of real GDP growth in mid-2008 after exceptionally strong growth in the first quarter, the economic fundamentals of the euro area were sound. Against this backdrop, the ECB raised its key policy rates by 25 basis points on July 9, 2008 - after keeping it unchanged for almost one year - to prevent broadly based second-round effects and to counteract the increasing upside risks to price stability over the medium term (Chart 17).

Japan's economic growth, which is slowing reflecting weaker growth in business fixed investment and private consumption against the backdrop of high energy and materials prices, is expected to gradually return onto a moderate growth path. According to the Bank of Japan (BoJ), CPI inflation is expected to gradually moderate after becoming somewhat elevated in the coming months. Against this backdrop, the BoJ kept its policy rate unchanged at each of its meetings held since February 2007, when it had raised the uncollateralised overnight call rate (the operating target of monetary policy since March 2006) by 25 basis points to 0.50 per cent. It, however, noted that it is necessary to be mindful of upside risks due to changes in the inflation expectations of households and the price-setting behaviour of firms in addition to developments in energy and materials prices. Amongst the central banks in other major advanced economies, the policy rate was kept

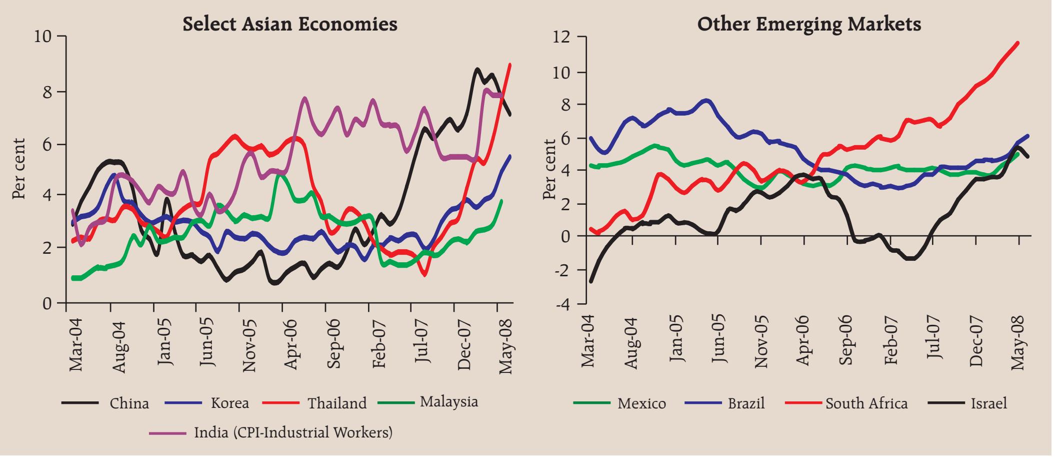
Chart 17: Central Bank Policy Rates



unchanged during 2008-09 so far by the Bank of Canada (it had earlier reduced the policy rate by 150 basis points during December 2007-April 2008) and the Reserve Bank of Australia (it had raised policy rate by 100 basis points during 2007-08). After keeping its policy rate unchanged since September 2007, the Reserve Bank of New Zealand reduced rate by 25 basis points on July 24, 2008 to 8.0 per cent (it had raised policy rate by 75 basis points during 2007-08). On the other hand, the Sveriges Riksbank (Sweden) raised its policy rate by 25 basis points, while the Norges Bank (Norway) raised rates by 50 basis points during 2008-09 so far.

Inflation firmed up in most emerging market economies (EMEs) on the back of strong growth, higher oil, other commodity and food prices. Due to the higher weight of food and energy in EMEs, the increase in inflation has typically been significantly higher in these countries. Consumer price inflation in China increased to 7.1 per cent in June 2008 from 4.4 per cent a year earlier mainly due to higher prices of food and articles related to residence, although it has moderated from a high of 8.7 per cent in February 2008 (Chart 18). Economic activity in China also continued to be strong with real GDP growth, year-on-year, at 10.6 per cent in the first quarter of 2008. The People's Bank of China (PBC) has raised the cash reserve ratio (CRR) by 200 basis points since end-March 2008 - 50 basis points each effective April 25, 2008, May 20, 2008, June 15, 2008 and June 25, 2008 - to 17.5 per cent. Thus, the CRR has been raised by a total of 1000 basis points between July 2006 and June 2008 to strengthen liquidity management in the banking system and guide the appropriate growth of money and credit. According to the PBC, it will give higher priority on its agenda to contain price rises and to curb inflation by implementing a tight monetary policy. After raising the benchmark 1-year

Chart 18: Consumer Price Inflation - Emerging Market Economies



lending rate by a total of 189 basis points beginning April 2006 to 7.47 per cent on December 21, 2007, the PBC kept it unchanged thereafter.

In Korea, inflation increased to 5.5 per cent in June 2008 from 2.5 per cent a year ago mainly influenced by high oil prices. The pace of domestic economic growth has slackened. According to the Monetary Policy Committee (MPC), there still remains a high degree of uncertainty surrounding future economic developments, largely due to the run-up in international oil prices, the international financial market unrest and the US economic slowdown. Against this backdrop, the Bank of Korea left the policy rate unchanged at 5.0 per cent during 2008-09 so far (it had earlier raised policy rate by 50 basis points during 2007-08).

In Thailand, consumer price inflation increased to 8.9 per cent in June 2008 from 1.9 per cent a year ago as a result of the continued rise in oil and raw food prices. According to the MPC, risks to inflation have risen markedly, which would affect private sector confidence, making it increasingly difficult to ensure economic stability going forward, and impact potential growth as well as the competitiveness of the Thai economy in the long-run. Against this backdrop, the MPC in its latest meeting held on July 16, 2008 raised the policy rate by 25 basis points to 3.50 per cent (after keeping it unchanged at 3.25 per cent since July 2007, when the policy rate was cut by 25 basis points).

Inflation in Indonesia increased to 11.0 per cent in June 2008 from 5.8 per cent a year ago, reflecting pressures from fuel price hike and soaring food prices. According to Bank Indonesia, there were mounting demand side pressures in line with the rapid expansion in credit and the money supply. There were also indications of stronger inflation expectations that could trigger second round effects. Inflation is predicted to reach 11.5-12.5 per cent in 2008. Accordingly, the Bank Indonesia raised its policy rate further by 25 basis points - a total of 75 basis points since end-March 2008 - to 8.75 per cent on July 3, 2008. The policy rate was cut earlier by 475 basis points between May 2006 and December 2007.

In Russia, consumer price inflation remained high, increasing from 7.8 per cent in May 2007 to 15.1 per cent in May 2008 amidst strong growth. Growth in money supply (M_2) decelerated to 28 per cent, year-on-year, as on June 1, 2008 from almost 60 per cent a year ago. The Bank of Russia raised the required reserve ratio on credit institutions' liabilities to non-resident banks in rubles and foreign currency further by 150 basis points to 7.0 per cent effective July 1, 2008 - a total of 350 basis points from January 15, 2008 (it was earlier reduced by 100 basis points effective October 11, 2007). The refinancing rate was also raised by 75 basis points during 2008-09 so far - 25 basis points each effective April 29, 2008, June 10, 2008 and July 14, 2008 - to 11.0 per cent.

The upward trend in inflation continued in South Africa (11.7 per cent in May 2008) driven by sustained increase in food and petrol prices.

According to the South African Reserve Bank, CPI excluding interest rates on mortgage bonds (CPIX) inflation was expected to peak at around 12 per cent in the third quarter of 2008 and to return to within the inflation target range by the third quarter of 2010. Against this backdrop, the South African Reserve Bank raised its policy rate further by 100 basis points during the first quarter of 2008-09 - 50 basis points each effective April 11, 2008 and June 13, 2008 - to 12.0 per cent. The policy rate has thus been raised by 500 basis points since the tightening began in June 2006. The Bank of Israel, which had reduced the policy rate by 50 basis points each effective March and April 2008, reversed its stance and raised policy rate by 25 basis points each effective June and July 2008 to 3.75 per cent to bring inflation to the price stability target range of 1-3 per cent, thereby providing the basis of sustained growth.

Inflation in Brazil increased to 6.1 per cent in June 2008 from 3.7 per cent a year ago, partly due to robust expansion in domestic demand. In light of signals of economy heating, the Monetary Policy Committee noted that monetary policy should act to contribute to the convergence between the paces of expansion of aggregate supply and demand, and avoid inflationary pressures and persistent deterioration of expectations and of the forward-looking inflation scenario. Accordingly, the Central Bank of Brazil raised the policy rate by 175 basis points during 2008-09 so far to 13.0 per cent on July 23, 2008. After reducing its policy rate by 850 basis points between September 2005 and September 2007, the Central Bank of Brazil had earlier left its policy rate unchanged at 11.25 per cent. Amongst other central banks, the Central Bank of Philippines has raised its policy rate by 75 basis points over end-March 2008 to 5.75 per cent on July 17, 2008 to reduce the risks to inflation expectations and the long-term cost to output growth from prolonged high inflation.

An assessment of key macroeconomic indicators in select EMEs shows that consumer price inflation was in the range of 4.8-15.1 per cent during May/June 2008. Real policy rates in most countries ranged between (-) 5.7 and 6.9 per cent in July 2008 (Table 31). Current account in major EMEs, except India and South Africa, was in surplus during 2006/2007. The real effective exchange rate (REER) for the select EMEs, barring the currencies in Brazil, China, Israel, the Philippines and Russia underwent real depreciation, on a year-on-year basis, in June 2008. Although the Central Government's fiscal deficit in India declined during 2007-08, it remained higher than that in most EMEs.

Global Commodity Prices

Global commodity prices firmed up further during the first quarter of 2008-09 led by a sharp increase in the prices of crude oil as well as food and agricultural raw materials. Metal prices, which had increased during 2007-08, witnessed some moderation during the

Table 31: Key Macroeconomic Indicators: Emerging Markets

(Per cent)

Country	Consumer Price Inflation		Current Account Balance (per cent to GDP)		Real Effective Exchange Rate(REER)		Central Govt. Fiscal Balance (per cent of GDP)		Real Policy Rate		Real GDP Growth	
	June 2007	June 2008	2006	2007	June 2007	June 2008	2006	2007	July 2007	July 2008#	2006	2007
1	2	3	4	5	6	7	8	9	10	11	12	13
Brazil	3.7	6.1	1.3	0.3	14.3	12.6	-3.2	-2.3	8.3	6.9	3.8	5.4
China	4.4	7.1	9.4	11.1	5.7	6.8	-0.8	0.7	3.4	0.4	11.6	11.9
India	**6.6**	**7.8 ***	**-1.1**	**-1.5**	**11.7**	**-5.8**	**-3.5**	**-2.8 ^**	**1.2**	**0.7**	**9.6**	**9.0**
	(4.4)	**(11.9)**	**(-6.9)**	**(-7.7)**			**(61.2)**	**(61.5)**	**(3.1)**	**(-3.4)**		
Indonesia	5.1	11.0	3.0	2.5	5.4	-5.7	-1.0	-1.2	2.5	-2.3	5.5	6.3
Israel	-0.7	4.8	6.0	3.1	-0.4	16.4	-1.8	-0.8	4.8	-1.1	5.2	5.3
Korea	2.5	5.5	0.6	0.6	0.9	-17.3	-2.7	-2.3	2.3	-0.5	5.1	5.0
Philippines	2.3	11.4	4.5	4.4	14.2	2.2	-1.1	-0.2	3.6	-5.7	5.4	7.3
Russia	7.8 *	15.1 *	9.5	5.9	5.0	8.3	7.4	6.6	2.2	-4.1	7.4	8.1
South Africa	6.9 *	11.7 *	-6.5	-7.3	-2.0	-11.7	--	--	2.6	0.3	5.4	5.1
Thailand	1.9	8.9	1.1	6.1	8.8	-1.1	1.1	-1.7	1.4	-5.4	5.1	4.8

*: May. # : As on July 24, 2008. ^ : Provisional Accounts.

Note:
1. For India, data pertain to fiscal years 2006-07 and 2007-08.
2. Consumer price inflation data are on a year-on-year basis. Data for India are for CPI-Industrial Workers.
3. Real policy rate is the policy rate less year-on-year consumer price inflation. For India, repo rate is used.
4. Figures in parentheses in columns (2) and (3) refer to wholesale price inflation.
5. Figures in parentheses in columns (4) and (5) refer to trade balance/GDP ratio.
6. Data on fiscal balance for Israel pertain to general government balance.
7. Figures in parentheses in columns (8) and (9) refer to central government debt/GDP ratio.
8. Figures in parentheses in columns (10) and (11) for India are based on wholesale price inflation.
9. Data on REER refer to year-on-year variation in broad indices (CPI-based) compiled by the Bank for International Settlements. A positive figure indicates appreciation while a negative figure indicates depreciation. For India, data are based on movements in 6-currency indices.

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

first quarter of 2008-09 (Table 32 and Chart 19).

International crude oil prices, represented by the West Texas Intermediate (WTI), continued to rise sharply during the first quarter of 2008-09 reflecting tight supply-demand balance, geo-political tensions, weakening of the US dollar against major currencies and increased interest from investors and financial market participants (Table 33). Notwithstanding concerns about slowdown in the US and the Saudi Arabia's plans to raise production in July 2008 to its 27-year high (at 9.7 million barrels per day), crude oil prices touched a high of US $ 145.3 a barrel level on July 3, 2008 on the back of fall in US crude inventories, supply disruptions in Nigeria and heightened tensions between Iran and Israel raising new concerns about future supplies. The WTI crude prices eased to around US $ 127 per barrel level by July 22, 2008.

Despite prospects for slower consumption growth in advanced economies, international crude prices are expected to remain at elevated level in view of the relatively tight demand supply-balance (Table 34). According to the US Energy Information Administration (EIA), global supply

Table 32: International Commodity Prices

Commodity	Unit	2004 Market Price	Index 2004	2005	2006	2007	2008 Mar.	2008 Jun.	Variation (Per cent) Jun.08/ Mar.08	Variation (Per cent) Jun.08/ Jun.07
1	2	3	4	5	6	7	8	9	10	11
Energy										
Coal	$/mt	53.0	100	90	93	124	223	302	35.1	159.3
Crude oil (Average)	$/bbl	37.7	100	142	170	188	270	349	29.1	92.9
Non-Energy Commodities										
Palm oil	$/mt	471.3	100	90	101	165	265	256	-3.5	49.8
Soybean oil	$/mt	616.0	100	88	97	143	240	247	3.1	82.7
Soybeans	$/mt	306.5	100	90	88	125	188	204	8.7	73.2
Rice	$/mt	237.7	100	120	128	137	250	326	30.5	139.8
Wheat	$/mt	156.9	100	97	122	163	280	222	-20.7	56.3
Maize	$/mt	111.8	100	88	109	146	210	257	22.5	73.8
Sugar	c/kg	15.8	100	138	206	141	184	169	-8.1	30.6
Cotton A Index	c/kg	136.6	100	89	93	102	129	124	-4.0	27.1
Aluminium	$/mt	1716.0	100	111	150	154	175	172	-1.6	10.5
Copper	$/mt	2866.0	100	128	235	248	294	288	-2.1	10.5
Gold	$/toz	409.2	100	109	148	170	237	217	-8.1	35.7
Silver	c/toz	669.0	100	110	173	200	287	255	-11.3	29.6
Steel cold-rolled coilsheet	$/mt	607.1	100	121	114	107	132	181	37.5	69.2
Steel hot-rolled coilsheet	$/mt	502.5	100	126	119	109	149	199	33.3	81.8
Tin	c/kg	851.3	100	87	103	171	233	261	12.3	57.7
Zinc	c/kg	104.8	100	132	313	309	240	181	-24.6	-47.4

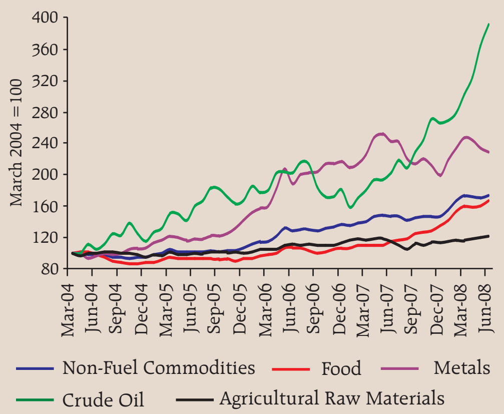
$: US dollar. c: US cent. bbl: barrel. mt: metric tonne. kg: Kilogram. toz: troy oz.

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

uncertainties, combined with significant demand growth in China, the Middle-East and Latin America are expected to continue to pressure oil markets. Accordingly, the EIA expects WTI (average) crude prices to firm up by about 76 per cent from US $ 72.3 a barrel during 2007 to US $ 127.4 per barrel during 2008. The futures markets also suggest that WTI prices are expected to remain firm at around US $ 127 a barrel level up to February 2009. High and volatile international crude oil prices, thus, pose a major risk to the global inflation outlook.

Metal prices eased somewhat during the first quarter of 2008-09, reflecting lower import demand and some improvement in supply. Between March 2008 and June 2008, the IMF metals price

Chart 19: International Commodity Prices



Source : International Monetary Fund.

Table 33 : International Crude Oil Prices

(US dollars per barrel)

Year/Month	Dubai Crude	UK Brent	US WTI	Average Crude Price	Indian Basket Price
1	2	3	4	5	6
2001-02	21.8	23.2	24.1	23.0	22.4
2002-03	25.9	27.6	29.2	27.6	26.6
2003-04	26.9	29.0	31.4	29.1	27.8
2004-05	36.4	42.2	45.0	41.3	38.9
2005-06	53.4	58.0	59.9	57.1	55.4
2006-07	60.9	64.4	64.7	63.3	62.4
2007-08	77.3	82.4	82.3	80.7	79.2
March 2004	30.5	33.8	36.7	33.7	31.9
March 2005	45.6	53.1	54.2	50.9	48.8
March 2006	57.7	62.3	62.9	60.9	59.6
March 2007	59.1	62.1	60.6	60.6	60.4
March 2008	96.8	103.3	105.5	101.8	99.4
April 2008	103.5	110.2	112.6	108.8	106.2
May 2008	119.0	123.9	125.0	122.6	121.0
June 2008	127.6	133.1	133.9	131.5	129.8

Source : International Monetary Fund and the World Bank.

index declined by 7.4 per cent led by lead (38 per cent), zinc (24 per cent) and nickel (27 per cent), partly offset by increase in the prices of tin (12 per cent). On the other hand, international steel prices continued to increase during the first quarter (in the range of 33-37 per cent over March 2008) despite increase in global crude steel production (by 5.9 per cent, year-on-year, in June 2008), mainly reflecting rising input costs on account of iron ore, energy and freight charges. After rising by about 66 per cent in January 2008, international iron ore prices remained flat thereafter up to June 2008.

Table 34 : World Supply-Demand Balance of Oil

(Million barrels per day)

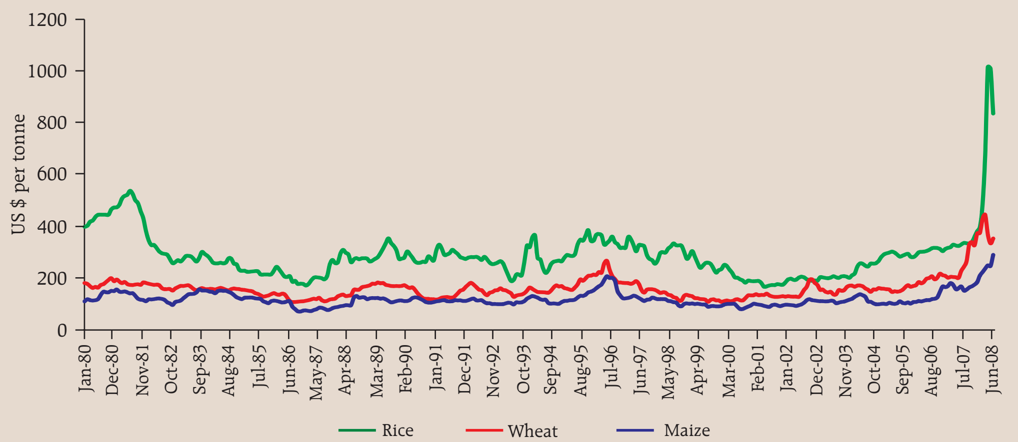
Item	2003	2004	2005	2006	2007	2008 (P)	2008 (P)			
							Q1	Q2	Q3	Q4
1	2	3	4	5	6	7	8	9	10	11
Demand										
1. OECD	48.7	49.5	49.6	49.3	48.9	48.5	48.5	47.5	48.5	49.4
2. Non-OECD	31.2	33.0	34.4	35.4	36.6	37.9	37.2	38.0	38.1	38.5
of which: China	5.6	6.5	6.9	7.3	7.6	8.0	7.7	7.9	8.1	8.3
3. Total (1+2)	79.9	82.5	84.0	84.7	85.5	86.4	85.7	85.5	86.5	87.8
Supply										
4. Non-OPEC	48.9	50.1	50.3	49.3	49.1	49.4	48.9	49.0	49.7	50.0
5. OPEC	30.7	32.9	34.2	35.3	35.4	37.1	36.8	36.9	37.5	37.3
6. Total (4+5)	79.6	83.1	84.5	84.6	84.6	86.5	85.7	85.9	87.2	87.2
Stock Changes	0.3	-0.6	-0.5	0.1	1.0	-0.1	0.0	-0.3	-0.6	0.6

P : Projections.
Source : US Energy Information Administration, July 2008.

Food prices firmed up further during the first quarter of 2008-09, led by rice, maize and oilseeds/edible oils, reflecting surging demand (both consumption demand and demand for non-food uses such as bio-fuels production) and low stocks of major crops (Chart 20). Reflecting these factors, international prices of rice, soybeans, soybean oil and palm oil increased by 139.8 per cent, 73.2 per cent, 82.7 per cent and 49.8 per cent, respectively, year-on-year, in June 2008. Notwithstanding almost 21 per cent decline during June 2008 over March 2008, the year-on-year increase in wheat prices was 56.3 per cent in June 2008. Consequently, the IMF food price index increased by 44.4 per cent, on a year-on-year basis, in June 2008 surpassing the level which was last seen in 1980. The supply side pressures on global food prices do not appear to be abating, especially with the year ending global stock of major crops at multi-year lows, *albeit* with some improvement in prospects more recently. According to the US Department of Agriculture (USDA) in July 2008, global vegetable oils and oil meals stocks are expected to decline by 1-3 per cent during 2008-09 (on top of estimated decline of 5-6 per cent during 2007-08). On the other hand, global wheat stocks are expected to increase by almost 15 per cent during 2008-09 (against an estimated decline of around 8 per cent during 2007-08) to about 133.1 million tonnes. Global rice stocks are also expected to increase by about 4 per cent during 2008-09 to 82 million tonnes.

International sugar prices have declined by about 8 per cent over March 2008, reflecting higher production in traditional importing countries. On a year-on-year basis, however, sugar prices were higher by about 31 per cent in June 2008. According to the International Sugar Organisation (ISO), global sugar production is estimated to exceed global consumption by about 9 million tonnes during 2007-08 (October-September)

Chart 20: Prices of Rice, Wheat and Maize



season. Global cotton prices, represented by the 'Cotlook A Index', declined by almost 4 per cent over March 2008. Notwithstanding this easing, cotton prices were higher by about 27 per cent, year-on-year, in June 2008. According to the International Cotton Advisory Committee (ICAC), world cotton production is expected to decline by about 3 per cent in 2008-09 and therefore, world cotton stocks are expected to fall further by almost 9 per cent to 11.0 million tonnes. Accordingly, ICAC expects prices to go up by 12 per cent in 2008-09.

In response to high food prices, especially of wheat, rice, corns and oilseeds/edible oils and their implications for headline inflation and inflationary expectations, the Governments in both developed and developing countries continued to make numerous market interventions in the form of price controls, reduction of import barriers and/or imposition of export restrictions to contain price increases and prevent consumption from falling.

Inflation Conditions in India

The Annual Policy Statement for 2008-09 (April 2008) of the Reserve Bank reaffirmed its resolve to bring down inflation to around 5.5 per cent in 2008-09 with a preference for bringing it as close to 5.0 per cent as soon as possible, recognising the evolving complexities in globally transmitted inflation. As the potential inflationary pressures from international food and energy prices appear to have amplified and, by current indications, are likely to remain so for some time, the policy focused on conditioning perceptions for inflation in the range of 4.0-4.5 per cent so that an inflation rate of around 3.0 per cent becomes a medium-term objective consistent with India's broader integration into the global economy and with the goal of maintaining self-accelerating growth over the medium-term.

With the inflation rate based on wholesale price index hardening since the Annual Policy Statement was announced, an adjustment of overall aggregate demand on an economy-wide basis was warranted to ensure that generalised instability did not develop and eroded the hard-earned gains in terms of both outcomes of and positive sentiments on India's growth momentum. In this regard, monetary policy had to urgently address aggregate demand pressures, which appeared to be strongly in evidence. Apart from the build-up in inflationary expectations, this was reflected in (i) strong investment demand; (ii) sustained high growth in domestic capital goods production *albeit* with some moderation in 2008-09 so far; (iii) revival in the production of consumer goods with a turnaround in the production of durables; (iv) widening trade deficit and some tightening of external financing conditions in the ongoing global financial turmoil; and (v) emergence of fiscal pressures due to the possibility of enhanced subsidies on account of food, fertiliser and POL as well as for financing deferred liabilities relating to farm loan waivers.

Keeping in view the liquidity conditions and inflationary pressures in the economy, the cash reserve ratio was raised by 75 basis points to 8.25 per cent during April-May 2008 in three stages of 25 basis points each effective from April 26, May 10, and May 24, 2008. On May 30, 2008, special market operations were announced to alleviate the binding financing constraints faced by public sector oil companies in importing POL as also to minimise the potential adverse consequences for financial markets in which these oil companies are important participants.

On a review of the current macroeconomic and overall monetary conditions and with a view to containing inflation expectations, the repo rate under the Liquidity Adjustment Facility (LAF) was raised by 25 basis points to 8.0 per cent with effect from June 12, 2008. Consistent with the overall stance of monetary policy set out for 2008-09 in April 2008 in terms of ensuring a monetary and interest rate environment that accords high priority to price stability, well anchored inflation expectations and orderly conditions in financial markets and on the basis of incoming information and domestic and global macroeconomic and financial developments, it was decided on June 24, 2008 to increase the repo rate under the LAF by 50 basis points to 8.50 per cent with effect from June 25, 2008 and the CRR by 50 basis points to 8.75 per cent in two stages of 25 basis points each with effect from July 5, 2008 and July 19, 2008 (Table 35).

Wholesale Price Inflation

In India, inflation based on the wholesale price index (WPI) increased to 11.9 per cent on July 12, 2008 from 7.7 per cent at end-March 2008 and 4.8 per cent a year ago. This mainly reflected the impact of some pass-through of higher international crude oil prices to domestic prices as well as continued increase in the prices of iron and steel, basic heavy inorganic chemicals, machinery and machinery tools, oilseeds/edible oils/oil cakes and raw cotton on account of strong demand, international commodity price pressures and lower domestic *rabi* production of oilseeds. The seasonal hardening of vegetables prices as well as increase in prices of textiles has also contributed to inflation during 2008-09 so far. On a year-on-year basis, twelve items/ groups - rice, wheat, milk, raw cotton, oilseeds, iron ore, coal mining, minerals oil, edible oils, oil cakes, basic heavy inorganic chemicals and metals - with a combined weight of about 35 per cent in the WPI basket accounted for almost 77 per cent of headline inflation as on July 12, 2008 (as compared with about 49 per cent a year ago). The increase in domestic prices of some of these commodities also reflected the international commodity price pressures (Table 36).

The y-o-y inflation, excluding fuel, was 10.5 per cent as on July 12, 2008 as compared with 6.6 per cent a year ago (Chart 21). The annual average WPI inflation rate (average of 52 weeks) also increased to 6.0 per cent as on July 12, 2008 from 4.7 per cent at end-March 2008 (5.6 per cent a year ago).

Table 35: Movement in Key Policy Rates and Inflation in India

(Per cent)

Effective since	Reverse Repo Rate	Repo Rate	Cash Reserve Ratio	WPI Inflation
1	2	3	4	5
March 31, 2004	4.50	6.00	4.50	4.6
September 18, 2004	4.50	6.00	4.75 (+0.25)	7.9
October 2, 2004	4.50	6.00	5.00 (+0.25)	7.1
October 27, 2004	4.75 (+0.25)	6.00	5.00	7.4
April 29, 2005	5.00 (+0.25)	6.00	5.00	6.0
October 26, 2005	5.25 (+0.25)	6.25 (+0.25)	5.00	4.5
January 24, 2006	5.50 (+0.25)	6.50 (+0.25)	5.00	4.2
June 9, 2006	5.75 (+0.25)	6.75 (+0.25)	5.00	4.9
July 25, 2006	6.00 (+0.25)	7.00 (+0.25)	5.00	4.7
October 31, 2006	6.00	7.25 (+0.25)	5.00	5.4
December 23, 2006	6.00	7.25	5.25 (+0.25)	5.8
January 6, 2007	6.00	7.25	5.50 (+0.25)	6.4
January 31, 2007	6.00	7.50 (+0.25)	5.50	6.7
February 17, 2007	6.00	7.50	5.75 (+0.25)	6.0
March 3, 2007	6.00	7.50	6.00 (+0.25)	6.5
March 31, 2007	6.00	7.75 (+0.25)	6.00	5.9
April 14, 2007	6.00	7.75	6.25 (+0.25)	6.3
April 28, 2007	6.00	7.75	6.50 (+0.25)	6.0
August 4, 2007	6.00	7.75	7.00 (+0.50)	4.4
November 10, 2007	6.00	7.75	7.50 (+0.50)	3.2
April 26, 2008	6.00	7.75	7.75 (+0.25)	8.3
May 10,2008	6.00	7.75	8.00 (+0.25)	8.6
May 24,2008	6.00	7.75	8.25 (+0.25)	8.2
June 12, 2008	6.00	8.00 (+0.25)	8.25	11.1
June 25, 2008	6.00	8.50 (+0.50)	8.25	11.6
July 5, 2008	6.00	8.50	8.50 (+0.25)	11.9
July 19, 2008	6.00	8.50	8.75 (+0.25)	--

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

Amongst major groups, primary articles inflation, y-o-y, increased by 10.1 per cent on July 12, 2008 on top of 11.1 per cent a year ago (it was 9.7 per cent at end-March 2008), reflecting increase in prices of food articles, especially of rice, wheat, fruits and milk, and non-food articles such as oilseeds and raw cotton. Within primary food articles, rice prices increased by 8.2 per cent, on a year-on-year basis, on July 12, 2008, in contrast with sharp increase in international rice prices, which increased by almost 140 per cent on a year-on-year basis in June 2008. Wheat prices increased by 5.1 per cent, year-on-year, on July 12, 2008 on top of 11.1 per cent increase recorded a year ago. The lower order of increase in domestic prices of rice and wheat, in the face of sharp increases in international prices, could be attributed to the various supply-side measures undertaken by the Government. Amongst other primary food items, prices of milk increased by 7.6 per cent, y-o-y, on July 12, 2008 (9.4 per cent a year ago), while prices of fruits increased by 11.9 per cent (3.6 per cent a year ago). Vegetables prices increased by

Table 36: Key Commodity Price Inflation - Global *vis-à-vis* Domestic (year-on-year)

(Per cent)

Item	Global Inflation	Domestic Inflation *			
	June 2008 over June 2007	Inflation		Weighted Contribution	
		2007-08	2008-09	2007-08	2008-09
1	2	3	4	5	6
1. Rice	139.8	5.6	8.2	2.5	1.5
2. Wheat	56.3	11.1	5.1	3.2	0.6
3. Milk	--	9.4	7.6	8.1	2.7
4. Raw Cotton	27.1	20.7	31.5	4.3	3.0
5. Oilseeds	63-73	30.8	19.0	14.0	4.3
6. Iron Ore	66.0	8.7	52.4	1.5	3.6
7. Coal Mining	159.3	0.0	9.8	0.0	1.6
8. Minerals Oil	92.9	-3.7	26.7	-10.5	28.1
9. Edible Oils	50- 83	16.1	17.2	6.8	3.2
10. Oil Cakes	90.7	23.8	48.3	6.7	6.5
11. Basic Heavy Inorganic Chemicals	--	-0.7	38.7	-0.2	3.8
12. Basic Metals, Alloys and Products	-5.6 #	6.2	22.4	12.3	18.0
- Iron and Steel	69 - 82	6.8	35.1	6.4	13.5
Sub-total				**48.7**	**76.9**

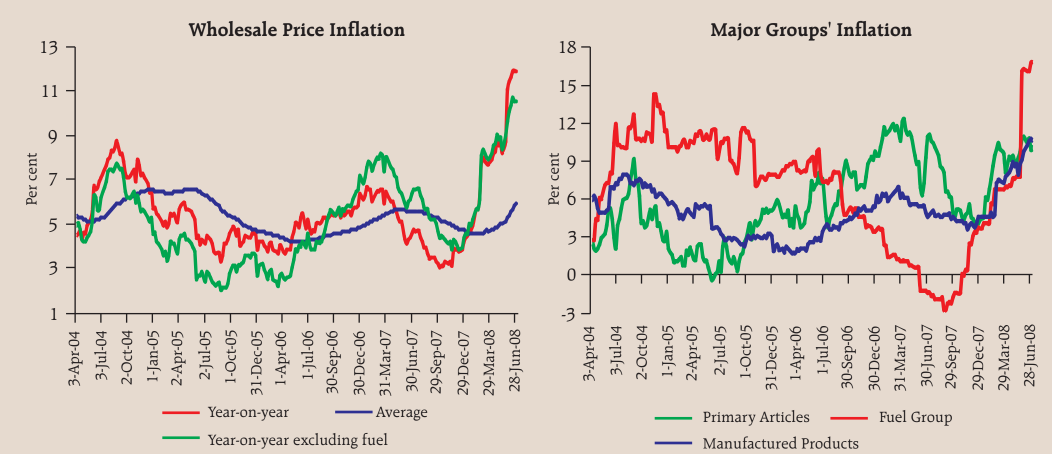
* : Based on WPI as on July 12, 2008.

#: Represented by IMF metals price index, which covers copper, aluminium, iron ore, tin, nickel, zinc, lead and uranium.

Note: Global price increases are based on the World Bank and IMF primary commodity prices data.

27.5 per cent over end-March 2008, although on a year-on-year basis it declined by 3.4 per cent on July 12, 2008. Amongst non-food primary articles, prices of oilseeds, y-o-y, increased by 19.0 per cent on July 12, 2008 on top of the increase of 30.8 per cent a year ago, which could be attributed to higher demand, lower estimated *rabi* production (which was down by almost 13 per cent, y-o-y, as per the Fourth Advance Estimates) as well as rising global prices. Notwithstanding

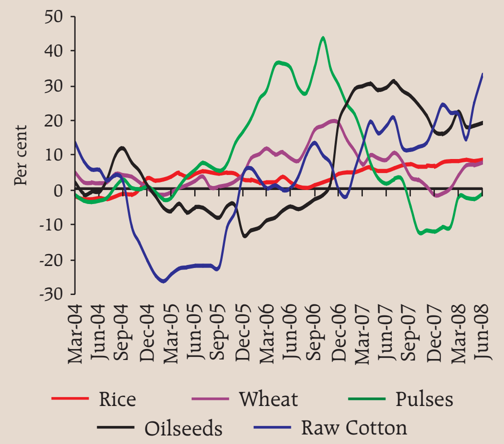
Chart 21: Annual WPI Inflation



higher domestic production, raw cotton prices were 31.5 per cent higher, y-o-y, as on July 12, 2008 (20.7 per cent a year ago) in line with international price movements (Chart 22).

Fuel group inflation, increased to 16.9 per cent on July 12, 2008 from 6.8 per cent at end-March 2008 (and a decline of 1.4 per cent a year ago), mainly due to increase in the prices of minerals oil by 16.9 per cent over end-March 2008. This reflected the effect of the hikes in the prices of petrol (Rs.5 per litre), diesel (Rs.3 per litre) and LPG (Rs.50 per cylinder) as well as continued increase in the prices of freely priced petroleum products such as naphtha, furnace oil, aviation turbine fuel, bitumen and lubricants in the range of 15-51 per cent over end-March 2008. Overall, prices of minerals oil increased by 26.7 per cent, year-on-year, as on July 12, 2008 as against a decline of 3.7 per cent a year ago. The increase in the prices of non-administered petroleum products was in line with international price movements, which increased by 93 per cent year-on-year in June 2008. It may be noted that international crude oil prices (Indian basket) increased by almost 129 per cent from US $ 56.6 a barrel in February 2007 (when domestic prices were last revised downwards) to US $ 129.8 a barrel level in June 2008. In rupee terms, the increase was about 122 per cent over the same period, while the minerals oil (monthly average) index in the WPI increased by about 27 per cent. However, the freely priced items within the mineral oil group increased within a range of 15-104 per cent over February 2007. This suggests that pass-through in case of administered petroleum products is still incomplete. Coal prices increased by 9.8 per cent, year-on-year, on July 12, 2008 as compared with 'nil' increase last year (Table 37).

Chart 22: Primary Articles Inflation (year-on-year)



Manufactured products inflation, year-on-year, rose further to 10.7 per cent on July 12, 2008 from 7.3 per cent at end-March 2008 (and 4.8 per cent a year ago), reflecting increase in the prices of edible oils, oil cakes, textiles, chemicals, basic metals, alloys and products, and machinery and machine tools. Prices of sugar and grain mill products, however, eased somewhat from end-March 2008. The increase in domestic edible oils and oil cakes prices, year-on-year, by 17.2 per cent and 48.3 per cent, respectively, on July 12, 2008 (on top of 16.1 per cent and 23.8 per cent, respectively, a year ago) reflected surge in demand, lower domestic *rabi* oilseeds production as well as sharp

Table 37: Wholesale Price Inflation in India (year-on-year)

(Per cent)

Commodity		2007-08 (March 29)		2007-08 (July 14)		2008-09 P (July 12)	
	Weight	Inflation	WC	Inflation	WC	Inflation	WC
1	2	3	4	5	6	7	8
All Commodities	**100.0**	**7.7**	**100.0**	**4.8**	**100.0**	**11.9**	**100.0**
1. Primary Articles	**22.0**	**9.7**	**28.2**	**11.1**	**51.1**	**10.1**	**19.8**
Food Articles	15.4	6.5	13.2	10.4	33.3	5.4	7.3
i. Rice	2.4	9.1	2.5	5.6	2.5	8.2	1.5
ii. Wheat	1.4	5.1	1.0	11.1	3.2	5.1	0.6
iii. Pulses	0.6	-1.9	-0.2	1.8	0.3	0.2	0.0
iv. Vegetables	1.5	14.2	2.3	26.7	8.6	-3.4	-0.5
v. Fruits	1.5	4.1	1.0	3.6	1.1	11.9	1.5
vi. Milk	4.4	8.7	4.7	9.4	8.1	7.6	2.7
vii. Eggs, Fish and Meat	2.2	2.4	0.8	12.4	6.3	1.4	0.3
Non-Food Articles	6.1	11.4	8.8	13.7	16.1	16.5	8.4
i. Raw Cotton	1.4	14.0	2.0	20.7	4.3	31.5	3.0
ii. Oilseeds	2.7	20.3	6.7	30.8	14.0	19.0	4.3
iii. Sugarcane	1.3	-0.4	-0.1	1.1	0.3	-0.4	0.0
Minerals	0.5	49.9	6.2	7.5	1.5	49.1	4.1
2. Fuel, Power, Light and Lubricants	**14.2**	**6.8**	**18.9**	**-1.4**	**-6.9**	**16.9**	**30.5**
i. Minerals Oil	7.0	9.3	15.1	-3.7	-10.5	26.7	28.1
ii. Electricity	5.5	1.5	1.4	2.4	3.6	1.4	0.8
iii. Coal Mining	1.8	9.8	2.5	0.0	0.0	9.8	1.6
3. Manufactured Products	**63.8**	**7.3**	**52.8**	**4.8**	**55.9**	**10.7**	**49.9**
i. Food Products	11.5	9.4	12.4	3.1	6.7	13.7	11.5
of which: Sugar	3.6	1.1	0.4	-17.9	-11.5	5.2	1.0
Edible Oils	2.8	20.0	5.5	16.1	6.8	17.2	3.2
ii. Cotton Textiles	4.2	-6.8	-2.8	1.0	0.7	5.8	1.5
iii. Man Made Fibres	4.4	2.8	0.7	1.8	0.8	6.8	1.1
iv. Chemicals and Chemical Products	11.9	6.0	8.7	3.9	9.2	10.1	9.5
of which : Fertilisers	3.7	5.1	2.0	1.7	1.1	10.5	2.7
v. Basic Metals, Alloys and Metal Products	8.3	20.3	25.2	6.2	12.3	22.4	18.0
of which: Iron and Steel	3.6	34.2	20.1	6.8	6.4	35.1	13.5
vi. Non-Metallic Mineral Products	2.5	6.4	2.0	8.9	4.4	4.3	0.9
of which: Cement	1.7	5.1	1.1	11.1	3.9	3.0	0.4
vii. Machinery and Machine Tools	8.4	3.5	2.9	8.9	11.6	5.4	3.0
of which: Electrical Machinery	5.0	4.8	2.0	16.4	10.4	5.0	1.4
viii. Transport Equipment and Parts	4.3	3.9	1.7	2.3	1.6	5.6	1.6
Memo:							
Food Items (Composite)	**26.9**	**7.7**	**25.6**	**7.5**	**40.0**	**8.6**	**18.9**
WPI Excluding Food	**73.1**	**7.8**	**74.4**	**3.8**	**60.0**	**13.1**	**81.1**
WPI Excluding Fuel	**85.8**	**8.0**	**81.1**	**6.6**	**106.9**	**10.5**	**69.5**

WC: Weighted Contribution. P: Provisional.

increase in international prices (Chart 23). The sharp increase in domestic iron and steel prices (35.1 per cent, year-on-year) was in line with the recent hardening of international steel prices (Chart 24).

Chart 23: Edible Oils Inflation

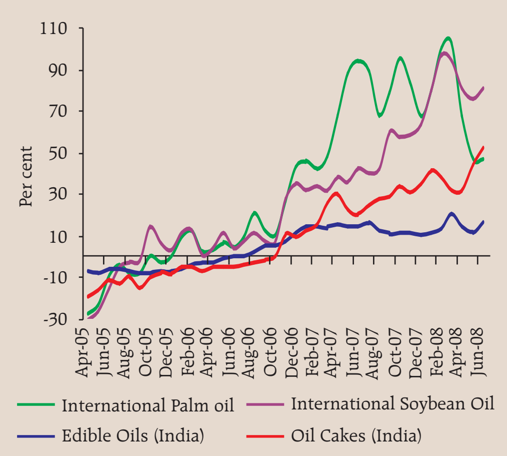
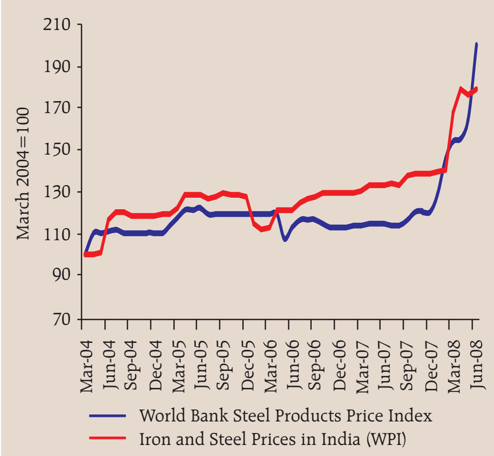


Chart 24: Iron and Steel Prices

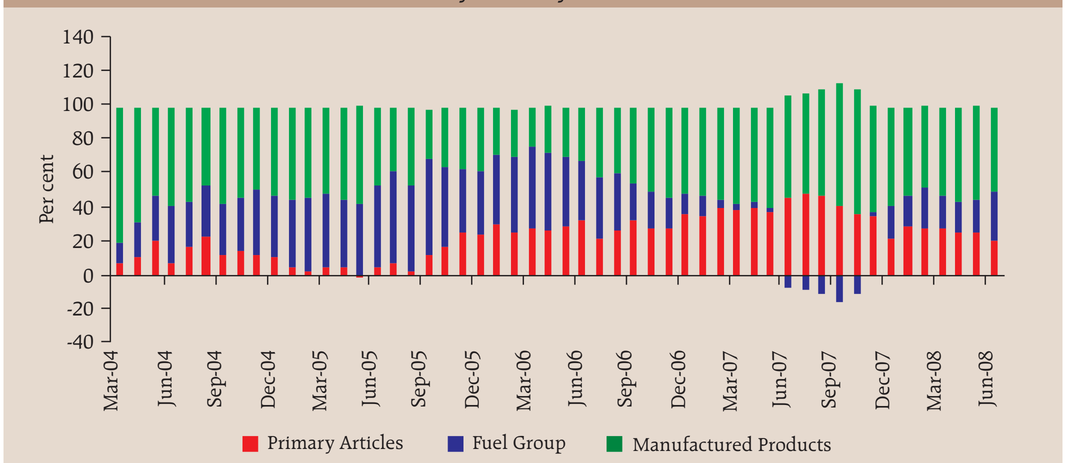


Overall, 'manufactured products' group was the major driver of year-on-year WPI inflation as on July 12, 2008 with weighted contribution of 49.9 per cent (55.9 per cent, a year ago), followed by 'fuel, power, light and lubricants' group at 30.5 per cent (against a decline of 6.9 per cent) and the 'primary articles' group at 19.8 per cent (51.1 per cent) (Chart 25). The Government has undertaken a series of supply augmenting and fiscal measures to contain inflationary pressures (Annex).

Consumer Price Inflation

Inflation, based on year-on-year variation in consumer price indices (CPIs), increased further during the first quarter of 2008-09 mainly due to increase in food prices and services

Chart 25: Major Groups' Weighted Contribution to WPI Inflation (year-on-year)



(represented by the 'miscellaneous' group) prices. Various measures of consumer price inflation were placed in the range of 6.8-8.8 per cent during May/ June 2008 as compared with 6.0-7.9 per cent in March 2008 and 5.7-7.8 per cent in June 2007 (Table 38).

Asset Prices

Domestic equity prices witnessed further corrections during the first quarter

Table 38: Consumer Price Inflation - Major Groups

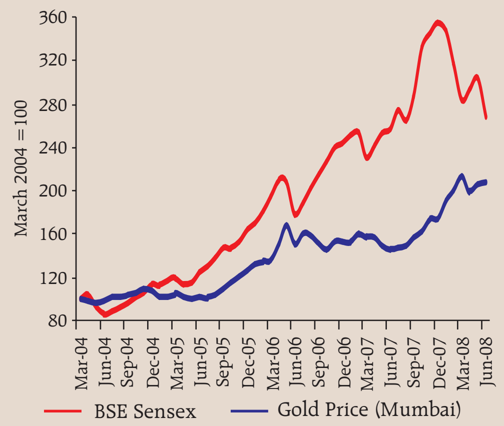
(Year-on-year variation in per cent)

CPI Measure	Weight	March 2003	March 2004	March 2005	March 2006	March 2007	June 2007	Sep. 2007	Dec. 2007	March 2008	May 2008	June 2008
1	2	3	4	5	6	7	8	9	10	11	12	13
CPI-IW (Base: 2001=100)#												
General	**100.0**	**4.1**	**3.5**	**4.2**	**4.9**	**6.7**	**5.7**	**6.4**	**5.5**	**7.9**	**7.8**	–
Food Group	46.2	3.7	3.1	1.6	4.9	12.2	8.1	8.7	6.2	9.3	10.7	–
Pan, Supari *etc.*	2.3	1.9	4.2	2.1	3.1	4.4	9.6	10.3	10.3	10.9	7.2	–
Fuel and Light	6.4	6.3	6.5	4.9	-2.9	3.2	1.6	2.3	2.3	4.6	3.8	–
Housing	15.3	5.4	3.9	20.4	6.6	4.1	4.1	4.0	4.0	4.7	4.7	–
Clothing, Bedding *etc.*	6.6	1.5	2.1	2.3	3.0	3.7	4.4	5.3	3.5	2.6	3.4	–
Miscellaneous	23.3	5.3	3.2	3.9	4.6	3.3	4.0	4.0	4.7	6.3	6.3	–
CPI-UNME (Base: 1984-85=100)												
General	**100.0**	**3.8**	**3.4**	**4.0**	**5.0**	**7.6**	**6.1**	**5.7**	**5.1**	**6.0**	**6.8**	–
Food Group	47.1	2.6	3.0	2.2	5.3	10.9	7.7	7.7	6.2	7.8	9.5	–
Fuel and Light	5.5	3.1	3.2	9.6	1.9	6.4	7.2	7.0	5.4	4.6	0.9	–
Housing	16.4	6.3	5.2	7.5	5.5	5.6	5.6	4.9	4.7	4.0	3.8	–
Clothing, Bedding *etc.*	7.0	2.6	2.6	2.0	2.9	3.6	4.3	4.0	4.1	4.3	3.9	–
Miscellaneous	24.0	6.0	2.8	4.4	5.1	4.4	3.7	3.2	3.8	4.8	5.6	–
CPI-AL (Base: 1986-87=100)												
General	**100.0**	**4.9**	**2.5**	**2.4**	**5.3**	**9.5**	**7.8**	**7.9**	**5.9**	**7.9**	**9.1**	**8.8**
Food Group	69.2	6.0	1.6	2.2	5.5	11.8	8.8	8.8	6.2	8.5	10.0	9.6
Pan, Supari *etc.*	3.8	3.5	4.7	-1.3	6.6	5.7	9.1	11.1	11.3	10.4	11.1	11.2
Fuel and Light	8.4	4.8	3.0	3.0	4.3	6.9	7.4	7.2	6.3	8.0	7.3	8.9
Clothing, Bedding *etc.*	7.0	3.0	4.1	2.5	2.2	3.5	2.7	1.9	1.3	1.8	2.9	3.1
Miscellaneous	11.7	3.1	2.7	5.5	5.5	6.8	6.7	5.5	5.2	6.1	6.3	6.5
CPI-RL (Base: 1986-87=100)												
General	**100.0**	**4.8**	**2.5**	**2.4**	**5.3**	**9.2**	**7.5**	**7.6**	**5.6**	**7.6**	**8.8**	**8.7**
Food Group	66.8	5.6	1.9	1.9	5.8	11.5	8.5	8.8	6.2	8.2	10.0	9.6
Pan, Supari *etc.*	3.7	3.5	4.7	-1.0	6.3	5.7	9.3	11.6	11.5	10.6	11.0	10.9
Fuel and Light	7.9	4.8	3.0	2.9	4.0	6.9	7.4	7.2	6.3	8.0	7.3	8.9
Clothing, Bedding *etc.*	9.8	3.3	3.4	2.8	2.7	3.1	2.6	2.1	2.6	2.8	3.5	4.1
Miscellaneous	11.9	3.1	3.0	5.5	5.2	6.3	6.2	5.3	5.0	6.2	6.6	6.8
Memo:												
WPI Inflation (End of period)		6.5	4.6	5.1	4.1	5.9	4.4	3.4	3.8	7.7	8.8	11.9
GDP Deflator based Inflation @		3.9	3.7	4.2	4.9	5.5	5.4	3.9	2.7	4.2	–	–

\# : Data prior to January 2006 are based on the old series (Base: 1982=100).
@ : Data for March pertain to full year.
IW : Industrial Workers. UNME : Urban Non-Manual Employees.
AL : Agricultural Labourers. RL : Rural Labourers.

of 2008-09 in line with trends in major international equity markets, which fell due to heightened concerns over the persistence of financial market stress following the US sub-prime crisis, and concerns about some slowdown in the domestic economy (see Chapter V). Domestic gold prices also eased somewhat during the first quarter of 2008-09 mirroring movements in international prices. Domestic gold prices declined by 3.4 per cent over end-March 2008 to around Rs. 12,312 per 10 grams in June 2008 in line with movement in international prices, which declined by over 8 per cent over the same period (Chart 26). International gold prices had touched a peak of US $ 1,011 per ounce on March 17, 2008, reflecting weakening of US dollar, hardening of oil prices and increased investor interest following uncertainties surrounding the global financial markets.

Chart 26: Asset Price Movements



Annex : Recent Measures by the Government to Control Inflation in India

In order to contain inflationary pressures, the monetary measures undertaken by the Reserve Bank were supplemented by a number of fiscal and supply augmenting measures undertaken by the Government. These include:

(i) Measures relating to Imports

Pulses: Customs duty on import of pulses was reduced to zero on June 8, 2006 and the period of validity of import of pulses at zero duty, which was initially available up to March 2007, was first extended to August 2007 and further to March 2009.

Wheat: Import of wheat at zero duty, which was available up to end-December 2006, was extended further to end-December 2007.

Edible oils: Customs duty on palm oils was reduced by 10 percentage points across the board in April 2007 and import duty on various edible oils was reduced in a range of 5-10 percentage points in July 2007. The 4 per cent additional countervailing duty on all edible oils was also withdrawn. Customs duties on crude and refined edible oil were reduced from a range of 40-75 per cent to 20.0-27.5 per cent in March 2008. Import of crude form of edible oil at zero duty and refined form of edible oil at a duty of 7.5 per cent was allowed.

Rice: In March 2008, the customs duty on semi-milled or wholly-milled rice was reduced from 70 per cent to zero per cent up to March 2009.

Maize: Customs duty on maize imported under a Tariff Rate Quota of five lakh metric tonnes was also decreased from 15 per cent to Nil in April 2008.

Milk: In order to ensure adequate availability of milk in lean summer months, basic customs duty on skimmed milk powder was proposed to be reduced from 15 per cent to 5 per cent for a Tariff Rate Quota of 10,000 metric tonnes per annum in April 2008. Similarly, on butter oil, which is used for reconstituting liquid milk, customs duty was reduced from 40 per cent to 30 per cent.

Cement: On April 3, 2007, import of portland cement other than white cement was exempted from countervailing duty (CVD) and special additional customs duty; it was earlier exempted from basic customs duty in January 2007. Exports of cement was prohibited with effect from April 11, 2008.

Iron & Steel: In order to augment the domestic availability of steel products as well as to soften prices, the following measures were announced:

a) reduction in the basic customs duty on pig iron and mild steel products *viz.,* sponge iron, granules and powders; ingots, billets, semi-finished products, hot rolled coils, cold rolled coils, coated coils/sheets, bars and rods, angle shapes and sections and wires from 5 per cent to Nil;

b) full exemption of the import of TMT bars and structurals from CVD, which is currently at 14 per cent;

c) reduction in the basic customs duty on three critical inputs for manufacture of steel, *i.e.* metallurgical coke, ferro alloys and zinc from 5 per cent to Nil.

Cotton: The 10 per cent customs duty on cotton imports along with 4 per cent special additional duty was abolished with effect from July 8, 2008.

Crude Oil & Petroleum products: Customs duty on crude oil was reduced from 5 per cent to 'nil' as well as on diesel and petrol from 7.5 per cent to 2.5 per cent each, and on other petroleum products from 10.0 per cent to 5.0 per cent. Excise duty on petrol and diesel was reduced by Re. 1 per litre.

(ii) Measures relating to Exports

Pulses: A ban was imposed on export of pulses with effect from June 22, 2006 and the period of validity of prohibition on exports of pulses, which was initially applied up to end-March 2007, was further extended first up to end-March 2008 and then for one more year beginning April 1, 2008.

Onion: The minimum export price (MEP) was increased by the National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED) by US $ 100 per tonne for all destinations from August 20, 2007 and by another US $ 50 per tonne with effect from October 2007 for restricting exports and augmenting availability in the domestic market.

Edible Oils: The export of all edible oils was prohibited with immediate effect from April 1, 2008.

Rice: On April 1, 2008, export of non-basmati rice was banned and the minimum export price (MEP) was raised to US $ 1,200 per tonne in respect of basmati rice. On April 29, 2008, an export duty of Rs.8,000 per tonne was imposed on basmati rice along with a commensurate reduction in its minimum export price and thereby re-fixed the MEP at US$ 1,000 per tonne.

Iron & Steel: On April 29, 2008, export duty was imposed on steel items at the following three different rates:

- 15 per cent on specified primary forms and semi-finished products, and hot rolled coils/sheet,
- 10 per cent on specified rolled products including cold-rolled coils/sheets and pipes and tubes,
- 5 per cent on galvanized steel in coil/sheet form.

For this purpose, a uniform statutory rate of 20 per cent has been incorporated in the Export Schedule. These measures are expected to disincentivise the export of steel and augment domestic supply.

Cotton: One per cent drawback benefits (refund of local taxes) on exports of raw cotton was withdrawn with effect from July 8, 2008.

(iii) Other Measures

a) The minimum support price (MSP) for paddy was raised by Rs. 125 per tonne for 2007-08 and for wheat by Rs. 150 for 2007-08 and further by Rs. 150 for 2008-09.

b) Issuance of oil bonds to State-run oil marketing companies.

V. Financial Markets

International Financial Markets

Global financial markets witnessed generally uncertain conditions during April-July 2008[4]. The financial market turbulence that had erupted in the US sub-prime mortgage market in mid-2007 and gradually deepened towards early 2008, witnessed a cautious return of investor risk tolerance in the credit markets between mid-March 2008 and end-May 2008. As a result, spreads narrowed down in credit markets and investor interest revived temporarily in equity markets. In sharp contrast to these favourable developments, inter-bank money markets, however, failed to recover as liquidity demand remained elevated. Central banks continued to work together and also individually to improve liquidity conditions in financial markets. Financial markets, however, came under stress again in June 2008 and early-July 2008 as concerns mounted about the losses and longer-term profitability of two US mortgage companies, *viz.*, Fannie Mae and Freddie Mac.

Inter-bank money markets continued to show signs of stress during March-May 2008 as spreads between LIBOR rates and overnight index swap rates increased in all the three major markets, *viz.,* the US, the UK and the Euro area. Central banks continued to work together on liquidity conditions in financial markets. In view of the persistent liquidity pressures in some term funding markets, the European Central Bank (ECB), the US Federal Reserve, and the Swiss National Bank (SNB) announced an expansion of their liquidity measures in May 2008. On May 2, 2008,

[4]A detail account of the recent financial market turbulence was covered in the Macroeconomic and Monetary Developments in 2007-08, April 2008.

the US Federal Reserve announced an increase in the amounts auctioned to eligible depository institutions under its bi-weekly Term Auction Facility (TAF) from US$ 50 billion to US$ 75 billion, beginning with the auction on May 5, 2008. In conjunction with the increase in the size of the TAF, the Federal Open Market Committee (FOMC) authorised further increases in its existing temporary reciprocal currency arrangements with the ECB and the SNB. These arrangements provided US dollars up to US$ 50 billion and US$ 12 billion to the ECB and the SNB, respectively, representing increases of US$ 20 billion and US$ 6 billion since December 12, 2007. In addition, the FOMC authorised an expansion of the collateral that could be pledged in the Federal Reserve's Schedule 2 Term Securities Lending Facility (TSLF) auctions. Primary dealers were allowed to pledge AAA/Aaa-rated asset-backed securities, in addition to already eligible residential and commercial-mortgage-backed securities and agency collateralised mortgage obligations, beginning with the Schedule 2 TSLF auction announced on May 7, 2008, and settled on May 9, 2008. Treasury securities, agency securities, and agency mortgage-backed securities continued to be eligible as collateral in Schedule 1 TSLF auctions. The Governing Council of the ECB decided, in conjunction with the US Federal Reserve and in the context of the TAF, to increase the amount of US dollar liquidity provided to the counterparties of the Eurosystem to US$ 25 billion in each bi-weekly auction. The ECB intended to continue the provision of US dollar liquidity for as long as the Governing Council considered it was needed in view of the prevailing market conditions. The SNB decided to increase the frequency and amount of US dollar repo auctions. Accordingly, the SNB decided to hold its US dollar auctions on a 14-day basis. The total amount of liquidity made available was increased from US$ 6 billion to a maximum of US$ 12 billion. The SNB also planned to make US dollar liquidity available for as long as it considered this to be necessary. The wider pool of collateral promoted improved financing conditions in a broader range of financial markets.

Credit markets witnessed a cautious return of risk tolerance between mid-March 2008 and end-May 2008, with spreads recovering from the very wide levels witnessed in the first quarter of 2008. Market liquidity improved, allowing for better price differentiation across instruments. The stabilisation of financial markets and the emergence of a somewhat less pessimistic economic outlook also contributed to a turnaround in the equity markets till end-May 2008. Government bond yields rose mirroring the developments in the credit and equity markets. Growing perceptions among investors that the impact from the financial turmoil on real economic activity might turn out to be less severe than had been anticipated also improved investor confidence. Equity markets, however, declined beginning end-May 2008, reflecting hardening of inflation across the developed and emerging market economies (EMEs), surge in crude oil prices to new peaks and concerns over losses of two US mortgage companies, *viz.,* Fannie Mae and Freddie Mac. In view of uncertainty about inflation outlook remaining high, the US Fed decided to keep the fed funds rate target unchanged in its meeting held on June 25, 2008. On July 8, 2008, the Bank of Canada indicated that it would withdraw liquidity from the system in view of improvement in funding conditions witnessed since end-April 2008.

The measures taken by the US Federal Reserve and other central banks improved somewhat the conditions in the financial markets. The recent episode of financial distress, however, raises several issues about financial regulation and the appropriate role of the lender of last resort. An important lesson emerging from the recent financial market turbulence is that the financial system needs to be strengthened with an array of regulatory changes, including strengthening of capital and liquidity rules, stronger risk management practices, closer supervision and management of firm-wide risks, and greater transparency and resilience of the financial infrastructure. Private investors and other market participants have to also play crucial roles in strengthening the financial system.

Short-term Interest Rates

During 2008-09 so far (up to July 16, 2008), short-term interest rates in advanced economies witnessed a mixed trend, moving broadly in tandem with the policy rates (Table 39). In the US, short-term interest rates increased marginally. The US Fed kept its fed funds rate target unchanged at 2.0 per cent in June 2008. The pause occurred after a series of consecutive reductions in the fed funds rate target undertaken between September 18, 2007 and April 30, 2008. In the UK, short-term interest rates declined, reflecting cut in policy rate in the second half of 2007-08 and also in April 2008. The Bank of England, which had increased its policy rate in May 2007 and July 2007, reduced it in December 2007, February 2008 and April 2008 to 5.0 per cent in the wake of concerns over slow growth, thereby prompting a decline in short-term rates. On the other hand, short-term interest rates increased in the Euro

Table 39 : Short-term Interest Rates

(Per cent)

Region/Country	End of				
	March 2006	March 2007	March 2008	June 2008	July 2008*
1	2	3	4	5	6
Advanced Economies					
Euro Area	2.80	3.91	4.72	4.96	4.96
Japan	0.04	0.57	0.75	0.75	0.75
South Korea	4.26	4.94	5.32	5.36	5.52
Sweden	1.99	3.21	4.11	4.12	4.23
UK	4.58	5.55	6.01	5.93	5.75
US	4.77	5.23	2.26	2.29	2.31
Emerging Market Economies					
Argentina	9.63	9.63	10.44	16.50	16.25
Brazil	16.54	12.68	11.18	12.17	12.17
China	2.40	2.86	4.50	4.48	4.42
Hong Kong	4.47	4.17	1.83	2.33	2.22
India	**6.11**	**7.98**	**7.23**	**8.73**	**9.11**
Malaysia	3.51	3.64	3.62	3.69	3.70
Philippines	7.38	5.31	6.44	6.00	5.94
Singapore	3.44	3.00	1.38	1.25	1.14
Thailand	5.10	4.45	3.25	3.65	3.75

*: As on July 16, 2008.
Note : Data for India refer to 91-day Treasury Bills rate and for other countries 3-month money market rates.
Source : The Economist.

Area reflecting increase in the key policy rates on July 3, 2008. In the EMEs, short-term interest rates generally witnessed an uptrend, firming up in Argentina, Brazil, Hong Kong, Malaysia and Thailand. The only exceptions were China, the Philippines and Singapore.

Government Bond Yields

Long-term government bond yields in major advanced economies, which had bottomed out at end-March 2008, hardened during 2008-09 so far (up to July 16, 2008) (Chart 27). In addition to reduced safe haven demand for government securities, the rise in yields reflected a reassessment among investors of the need for monetary easing, following the stabilisation of financial markets during April-May 2008. The 10-year government bond yield in the US increased by 44 basis points between March 26, 2008 and July 16, 2008. During the same period, yields on 10-year government papers increased by 51 basis points in the Euro area, 44 basis points in the UK and 31 basis points in Japan.

Equity Markets

During 2008-09, so far (up to July 22, 2008) international equity markets witnessed a two-way movement (Table 40). International equity markets, which had recovered somewhat during April-May 2008, but declined thereafter on concerns over elevated crude oil prices and high inflation. Equity markets in most of the EMEs also declined due to signs of economic slowdown, sharp rise in inflation rate, high international crude oil prices and concerns over stagflation in the US.

Foreign Exchange Market

In the foreign exchange market, the US dollar depreciated against most of the currencies during 2008-09 so far (up to July 21, 2008). The dollar's weakness reflected lower consumer confidence in the wake of elevated global commodity prices, weaker equity markets, lower manufacturing growth, higher unemployment with downward non-farm payroll employment, lower sales of the new houses in the US and selling pressure of the US dollar in the international market. Between end-March 2007 and July 21, 2008, the US dollar

Chart 27: 10-Year Government Bond Yields

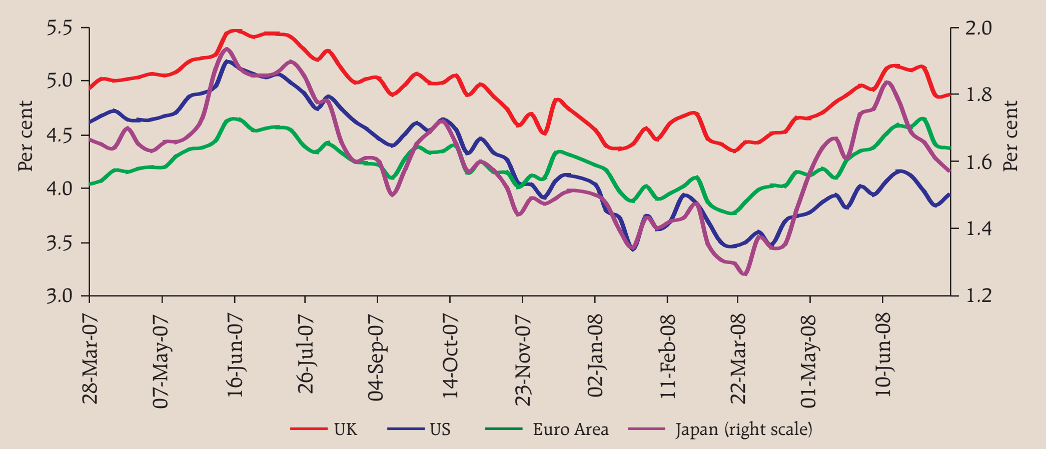


Table 40: International Stock Markets

(Per cent)

Country/Index	Percentage Variation (year-on-year)		Percentage Variation
	End-March 2007	End-March 2008	July 22, 2008 over End-March 2008
1	2	3	4
Developed Markets			
US (Dow Jones)	11.2	-0.7	-5.4
US (NASDAQ)	3.5	-5.9	1.1
FTSE UK 100	5.8	-9.6	-5.9
Euro Area (FTSE 100)	7.5	-15.7	-7.0
Japan	1.3	-27.6	5.3
Hong Kong	25.3	15.4	-1.4
Emerging Markets			
Russia	34.9	6.1	3.4
Brazil	20.7	33.1	-2.2
Colombia	-3.7	-16.0	-2.4
South Africa	34.3	11.5	-7.3
South Korea	6.8	17.3	-6.3
Hungary	1.6	-7.3	-2.6
Singapore	28.2	-4.9	-3.9
Malaysia	34.6	0.1	-11.1
Argentina	16.8	0.04	-7.0
Turkey	1.8	-10.6	-3.6
Indonesia	38.4	33.7	-9.6
India	**15.9**	**19.7**	**-9.9**
Thailand	-8.1	21.3	-16.5
China	145.2	9.1	-18.0
Memo:			
World (MSCI)	13.4	-5.1	-4.2
EMEs (MSCI)	17.9	18.9	-6.2
Asia (MSCI)	18.7	18.6	-11.8

Source: Bloomberg and Bombay Stock Exchange Limited (BSE).

depreciated by 0.3 per cent against the Euro, 0.5 per cent against the Pound sterling and 2.7 per cent against the Chinese Yuan. On the other hand, the US dollar appreciated by 6.3 per cent against the Japanese yen and 6.1 per cent against the Thai Baht (Table 41).

Table 41: Appreciation (+)/Depreciation (-) of the US dollar *vis-à-vis* other currencies

(Per cent)

Currency	End-March 2007 @	End-March 08 @	July 21, 2008*
1	2	3	4
Euro	-9.1	-15.8	-0.3
Pound Sterling	-11.4	-1.5	-0.5
Japanese Yen	0.2	-14.9	6.3
Chinese Yuan	-3.4	-9.3	-2.7
Russian Rubble	-6.1	-9.7	-1.2
Turkish Lira	3.2	-5.8	-9.3
Indian Rupee	**-2.5**	**-8.3**	**6.9**
Indonesian Rupiah	0.5	1.1	-0.8
Malaysian Ringgit	-6.2	-7.8	1.5
South Korea Won	-3.7	5.5	2.1
Thai Baht	-9.9	-10.2	6.1
Argentine Peso	0.7	2.1	-4.5
Brazilian Peso	-6.4	-17.0	-7.2
Mexican Peso	1.3	-3.5	-4.5
South African Rand	17.2	11.3	-6.5

@: Year-on-year variation. *: Variation over end-March 2008.

Domestic Financial Markets

Indian financial markets remained largely orderly during the first quarter of 2008-09. The main drivers of liquidity, and consequently the rates in the money market, were cash balances of the Central Government with the Reserve Bank, hikes in the cash reserve ratio (CRR) and the Reserve Bank's foreign exchange operations. Interest rates in the call money market mostly remained within the informal corridor set by reverse repo and repo rates during the quarter. As in the past, interest rates in the collateralised segment of the money market remained below the call rate. In the foreign exchange market, the Indian rupee generally depreciated against major currencies. Yields in the Government securities market hardened during the quarter (Table 42). Indian equity markets recovered somewhat during April-May 2008 but declined thereafter in tandem with trends in major international equity markets as well as edging up of domestic inflation.

Table 42: Domestic Financial Markets at a Glance

Year/ Month	Call Money		Government Securities		Foreign Exchange				Liquidity Management		Equity			
	Average Daily Turnover (Rs. crore)	Average Call Rates* (Per cent)	Average Turnover in Govt. Securities (Rs. crore)+	Average 10-year Yield@ (Per cent)	Average Daily Inter-bank Turnover (US $ million)	Average Exchange Rate (Rs. per US $)	RBI's net Foreign Currency Sales (-)/ Purchases (+) (US $ million)	Average 3-month Forward Premia (Per cent)	Average MSS Out-standing# (Rs. crore)	Average Daily LAF Out-standing (Rs. crore)	Average Daily BSE Turnover (Rs. crore)	Average Daily NSE Turnover (Rs. crore)	Average BSE Sensex**	Average S & P CNX Nifty**
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2005-06	**17,979**	**5.60**	**3,643**	**7.12**	**12,738**	**44.27**	**8,143 ##**	**1.60**	**58,792**	**10,986**	**3,248**	**6,253**	**8280**	**2513**
2006-07	**21,725**	**7.22**	**4,863**	**7.78**	**18,719**	**45.28**	**26,824 ##**	**2.14**	**37,698**	**21,973**	**3,832**	**7,812**	**12277**	**3572**
2007-08	**21,393**	**6.07**	**8,104**	**7.91**	**33,746P**	**40.24**	**78,203 ##**	**2.16**	**1,28,684**	**4,677**	**6,335**	**14,148**	**16569**	**4897**
Jan 2007	22,360	8.18	4,822	7.71	21,171	44.33	2,830	4.22	39,553	-10,738	4,380	8,757	13984	4037
Feb 2007	23,254	7.16	4,386	7.90	20,298	44.16	11,862	3.71	40,827	648	4,676	9,483	14143	4084
Mar 2007	23,217	14.07	2,991	8.00	25,992	44.03	2,307	4.51	52,944	-11,858	3,716	7,998	12858	3731
Apr 2007	29,689	8.33	4,636	8.10	29,311	42.15	2,055	6.91	71,468	-8,937	3,935	8,428	13478	3947
May 2007	20,476	6.96	4,442	8.15	25,569	40.78	4,426	4.58	83,779	-6,397	4,706	9,885	14156	4184
Jun 2007	16,826	2.42	6,250	8.20	30,538	40.77	3,192	2.59	83,049	1,689	4,536	9,221	14334	4222
Jul 2007	16,581	0.73	13,273	7.94	32,586	40.41	11,428	1.12	82,996	2,230	5,684	12,147	15253	4474
Aug 2007	23,603	6.31	6,882	7.95	31,994	40.82	1,815	1.59	1,00,454	21,729	4,820	10,511	14779	4301
Sep 2007	21,991	6.41	5,859	7.92	36,768	40.34	11,867	1.45	1,17,674	16,558	6,157	13,302	16046	4660
Oct 2007	18,549	6.03	5,890	7.92	39,452P	39.51	12,544	1.12	1,58,907	36,665	9,049	20,709	18500	5457
Nov 2007	20,146	6.98	4,560	7.94	30,677P	39.44	7,827	1.40	1,75,952	-2,742	7,756	18,837	19260	5749
Dec 2007	16,249	7.50	7,704	7.91	31,547P	39.44	2,731	1.64	1,64,606	-10,804	8,606	19,283	19827	5964
Jan 2008	27,531	6.69	19,182	7.61	38,008P	39.37	13,625	2.07	1,59,866	15,692	8,071	19,441	19326	5756
Feb 2008	22,716	7.06	12,693	7.57	40,441P	39.73	3,884	0.24	1,75,166	-1,294	5,808	13,342	17728	5202
Mar 2008	22,364	7.37	5,881	7.69	38,617P	40.36	2,809	1.25	1,70,285	-8,271	6,166	14,056	15838	4769
Apr 2008	19,516	6.11	6,657	8.10	36,710P	40.02	4,325	2.68	1,70,726	26,359	5,773	13,561	16291	4902
May 2008	19,481	6.62	8,780	8.04	31,868P	42.13	148	2.45	1,75,565	11,841	6,084	13,896	16946	5029
Jun 2008	21,707	7.75	6,835	8.41	38,108P	42.82	-	3.78	1,74,433	- 8,622	5,410	12,592	14997	4464

* : Average of daily weighted call money borrowing rates. + : Average of daily outright turnover in Central Government dated securities.
@ : Average of daily closing rates. # : Average of weekly outstanding MSS. ** : Average of daily closing indices.
: Cumulative for the financial year. LAF : Liquidity Adjustment Facility. MSS : Market Stabilisation Scheme.
BSE : Bombay Stock Exchange Limited. NSE : National Stock Exchange of India Limited. P : Provisional - : Not available.
Note : In column 11, (-) indicates injection of liquidity, while (+) indicates absorption of liquidity.

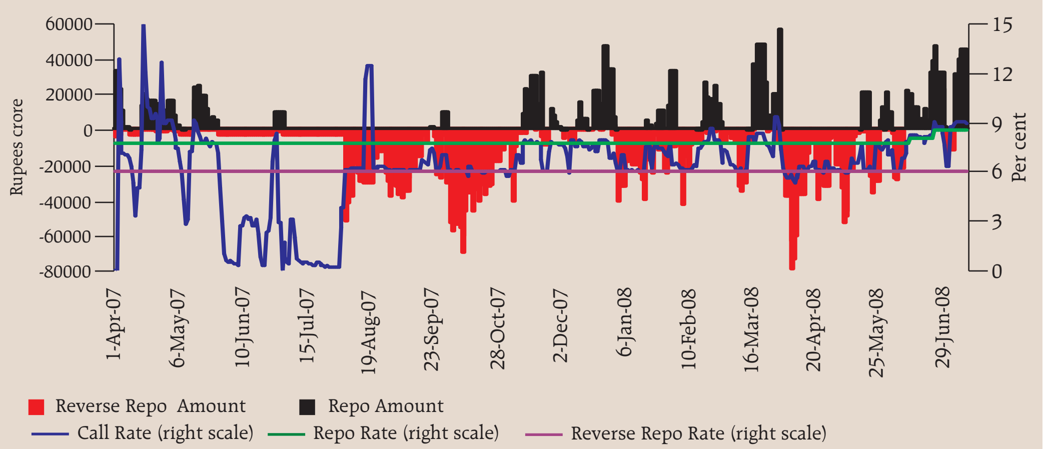
Money Market

The Indian money market remained largely orderly during the first quarter of 2008-09. Money market rates declined during the beginning of the first quarter of 2008-09 from their levels witnessed in the second-half of March 2008. The various interest rates in the money market moved in tandem with the evolving liquidity conditions. The daily average call rate, which hovered around the repo rate in the second-half of March 2008, moderated in the beginning of April 2008 as liquidity conditions eased on account of significant reduction in the surplus cash balances of the Central Government with the Reserve Bank. The call rate hovered around the reverse repo rate during April 2008 on account of easy liquidity conditions. In May 2008, the call rate mostly remained within the informal corridor as liquidity remained in a surplus mode. The weighted average call rate in May 2008 was, however, higher than that during April 2008, as the surplus liquidity in the banking system declined in May 2008 due to the cumulative impact of the three-stage hike in the CRR of 25 basis points each to 8.25 per cent. On some occasions during the second-half of May 2008, the call rate hovered around the upper bound of the liquidity adjustment facility (LAF) corridor (Chart 28).

The call rate declined in the beginning of June 2008, but moved above the repo rate on June 10, 2008 as liquidity conditions turned tight, and mostly remained around that level for the rest of the month. In the first week of July 2008, the call rate declined sharply and moved within the LAF corridor as liquidity eased mainly on account of a decline in the cash balances of the Central Government. Subsequently, the call rate mostly remained above the repo rate reflecting the two-stage CRR hike of 25 basis points each (on July 5 and July 19, respectively) to 8.75 per cent. The call rate was placed at 9.67 per cent on July 23, 2008.

Interest rates in the collateralised segments of the money market – the market repo (outside the LAF) and the

Chart 28: Liquidity Adjustment Facility and the Call Rate



Collateralised Borrowing and Lending Obligation (CBLO) – moved in tandem with call rates, and continued to remain below the call rate during the first quarter of 2008-09 (Chart 29). During April-June 2008, interest rates averaged 6.83 per cent, 6.14 per cent, 6.42 per cent in the call, CBLO and market repo segments, respectively (5.90 per cent, 4.17 per cent, 4.66 per cent, respectively, a year ago).

The average daily volume in the money market segments – call, market repo (outside the LAF) and CBLO – during April-June 2008 was around 52 per cent higher than that in the same period of 2007. The collateralised market (market repo and CBLO) remained the predominant segment of the money market, and accounted for more than 80 per cent of the total volume during April-June 2008 (Table 43). Mutual funds were the major lenders in the CBLO and market repo segments, while commercial banks were the major borrowers in both the segments.

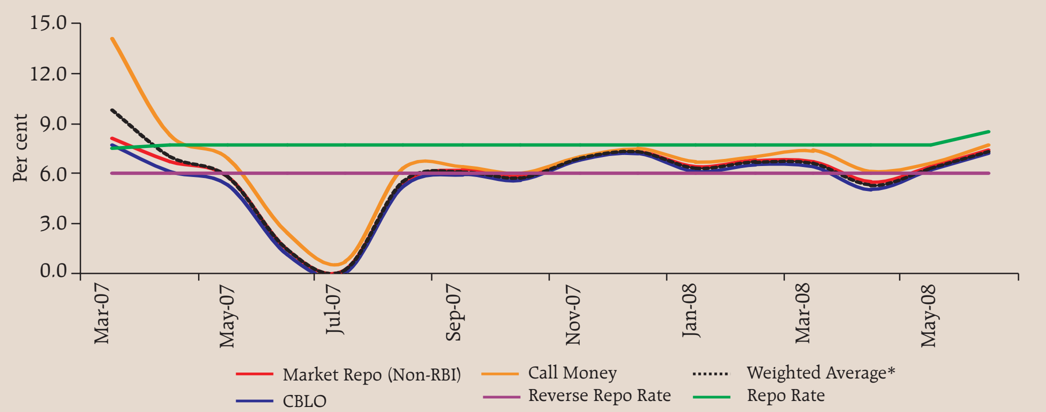
Certificates of Deposit

The outstanding amount of certificates of deposit (CDs) issued by scheduled commercial banks (SCBs) increased from Rs.1,47,792 crore at end-March 2008 to Rs.1,63,143 crore as on June 20, 2008 (see Table 43). The outstanding amount of CDs as on June 20, 2008 accounted for 6.2 per cent of total aggregate deposits of the 'CD-issuing' banks with significant inter-bank variation ranging from 0.2 per cent to 37.0 per cent. The overall weighted average discount rate (WADR) of CDs declined from 10.0 per cent at end-March 2008 to 8.49 per cent at end-April 2008 but thereafter increased to 9.16 per cent on June 20, 2008. The top five CD-issuers, two private sector banks, two foreign banks and one public sector bank, accounted for 64 per cent of the new issuances during the fortnight ended June 20, 2008.

Commercial Paper

The outstanding amount of commercial paper (CP) issued by

Chart 29: Money Market Interest Rates



* : Weighted average of interest rates in call money, CBLO and market repo segments.

corporates increased from Rs.32,592 crore at end-March 2008 to Rs.46,847 crore on June 30, 2008 (see Table 43). The WADR on CP declined from 10.38 per cent at end-March 2008 to 8.57 per cent on May 15, 2008 but thereafter increased to 10.03 per cent on June 30, 2008. Mutual funds were the major investors in the CP market and the preferred tenor of CP issuances was '6 months to 1 year'.

Leasing and finance companies were the predominant issuers of CP with 75 per cent share, followed by 'manufacturing and other companies' and 'financial institutions' as on June 30, 2008 (Table 44).

Treasury Bills

During the first quarter of 2008-09, primary market yields on Treasury Bills (TBs) hardened, particularly from May 2008, in tandem with higher money market interest rates, hikes in the CRR, higher inflation and inflation expectations (Chart 30 and Table 45). The yield spread between 364-day and 91-day TBs was 8 basis points in June 2008 (7 basis points in March 2008).

Table 43: Activity in Money Market Segments

(Rupees crore)

Year/ Month	Average Daily Volume (One Leg)					Commercial Paper		Certificates of Deposit	
	Call Money Market	Repo Market (Outside the LAF)	Collateralised Borrowing and Lending Obligation (CBLO)	Total (2+3+4)	Term Money Market	Outstanding	WADR (per cent)	Outstanding	WADR (per cent)
1	2	3	4	5	6	7	8	9	10
2005-06	**8,990**	**5,296**	**10,020**	**24,306**	**417**	**17,285**	**6.46**	**27,298**	**-**
2006-07	**10,863**	**8,419**	**16,195**	**35,477**	**506**	**21,329**	**8.08**	**64,821**	**8.24**
2007-08	**10,697**	**13,684**	**27,813**	**52,194**	**352**	**33,813**	**9.20**	**1,15,617**	**8.29**
Jan 2007	11,180	6,591	15,758	33,529	515	24,398	9.09	70,149	9.22
Feb 2007	11,627	7,794	19,063	38,484	467	21,167	10.49	72,795	9.87
Mar 2007	11,608	8,687	17,662	37,957	739	17,863	11.33	93,272	10.75
Apr 2007	14,845	7,173	18,086	40,104	440	18,759	10.52	95,980	10.55
May 2007	10,238	8,965	20,810	40,013	277	22,024	9.87	99,715	9.87
Jun 2007	8,413	10,295	20,742	39,450	308	26,256	8.93	98,337	9.37
Jul 2007	8,290	12,322	20,768	41,380	288	30,631	7.05	1,05,317	7.86
Aug 2007	11,802	16,688	26,890	55,380	319	31,527	8.30	1,09,224	8.67
Sep 2007	10,995	17,876	29,044	57,915	265	33,614	8.95	1,18,481	8.57
Oct 2007	9,275	15,300	29,579	54,154	221	42,183	7.65	1,24,232	7.91
Nov 2007	10,073	12,729	28,614	51,416	184	41,307	9.45	1,27,142	8.48
Dec 2007	8,124	13,354	30,087	51,565	509	40,243	9.27	1,23,466	8.81
Jan 2008	13,765	17,029	35,711	66,505	312	50,062	11.83	1,29,123	8.82
Feb 2008	11,358	17,682	36,007	65,047	525	40,642	9.73	1,39,160	9.94
Mar 2008	11,182	14,800	37,413	63,395	571	32,592	10.38	1,47,792	10.00
Apr 2008	9,758	14,966	38,828	63,552	374	37,584	8.85	1,50,865	8.49
May 2008	9,740	14,729	36,326	60,795	420	42,032	9.02	1,56,780	8.95
Jun 2008	10,854	11,262	35,774	57,890	253	46,847	10.03	1,63,143	9.16

-: Not available. WADR: Weighted Average Discount Rate.

Table 44: Commercial Paper - Major Issuers

(Rupees crore)

Category of Issuer	End of		
	March 2007	March 2008	June 2008
1	2	3	4
Leasing and Finance	12,594 (70.5)	24,925 (76.5)	34,957 (74.6)
Manufacturing	2,754 (15.4)	5,687 (17.4)	8,150 (17.4)
Financial Institutions	2,515 (14.1)	1,980 (6.1)	3,740 (8.0)
Total	**17,863 (100.0)**	**32,592 (100.0)**	**46,847 (100.0)**

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

Foreign Exchange Market

During 2007-08, the Indian rupee generally exhibited two-way movements (Chart 31). The rupee moved in the range of Rs.39.26-43.15 per US dollar during 2007-08. The rupee depreciated during the first half of August 2007 due to bearish conditions in the Asian stock markets including India, strong FII outflows and concerns over sub-prime lending crisis in the US, while it appreciated thereafter reflecting large capital inflows, weakening of the US dollar *vis-à-vis* other currencies and strong performance in the domestic stock markets. However, the rupee started depreciating against the US dollar from the beginning of February 2008 on account of bearish conditions in the stock market, capital outflows, rising crude oil prices and increased demand for US dollars by corporates. The exchange rate of the rupee was Rs.39.99 per US dollar on March 31,

Chart 30 : Yields on Treasury Bills

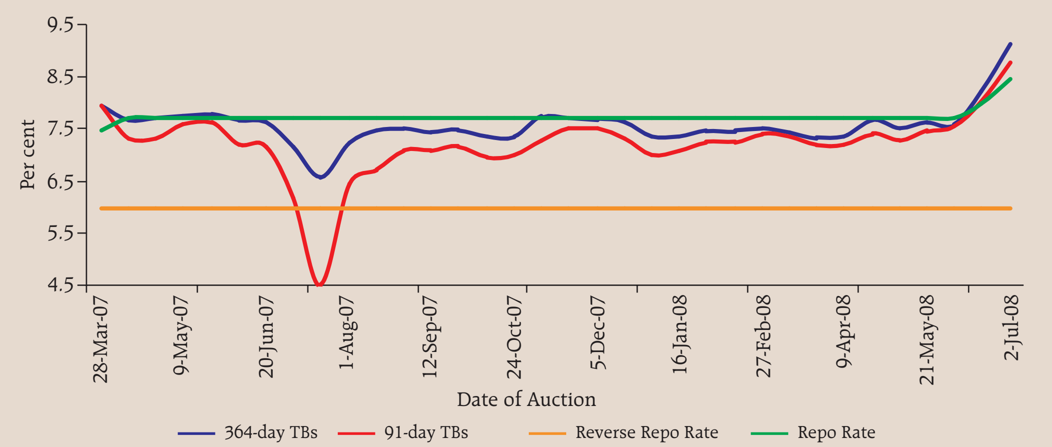


Table 45: Treasury Bills in the Primary Market

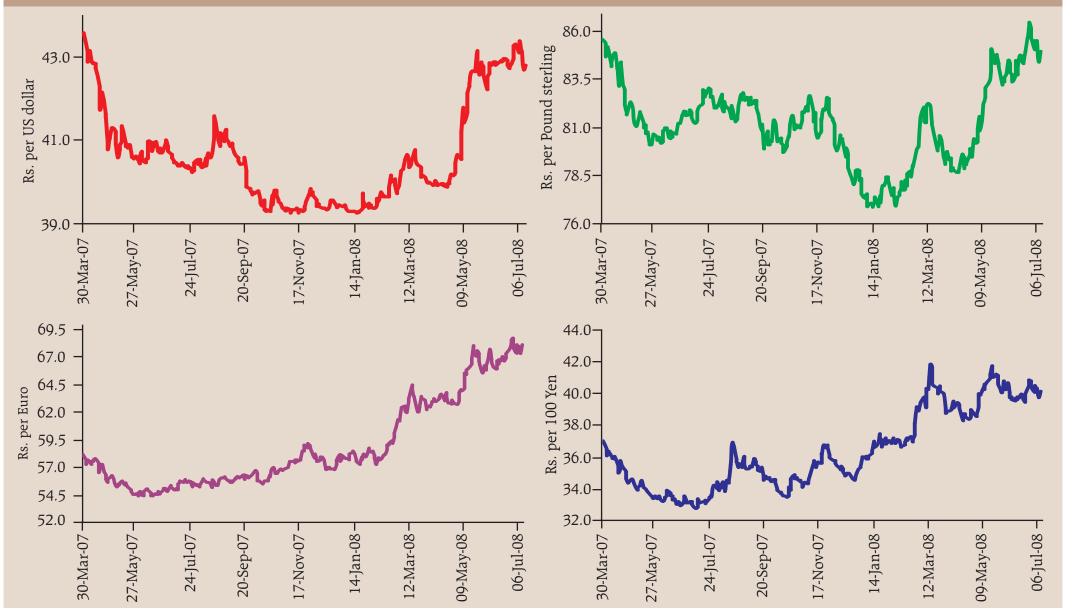
Month	Notified Amount (Rupees crore)	Average Implicit Yield at Minimum Cut-off Price (Per cent)			Average Bid-Cover Ratio		
		91-day	182-day	364-day	91-day	182-day	364-day
1	2	3	4	5	6	7	8
2005-06	**1,55,500 @**	**5.68**	**5.82**	**5.96**	**2.64**	**2.65**	**2.45**
2006-07	**1,86,500 @**	**6.64**	**6.91**	**7.01**	**1.97**	**2.00**	**2.66**
2007-08	**2,24,500 @**	**7.10**	**7.40**	**7.42**	**2.84**	**2.79**	**3.21**
Jan 2007	19,000	7.28	7.45	7.39	1.02	1.35	1.74
Feb 2007	15,000	7.72	7.67	7.79	2.48	2.56	3.16
Mar 2007	15,000	7.73	7.98	7.90	2.08	2.15	3.87
Apr 2007	15,000	7.53	7.87	7.72	2.87	3.36	3.16
May 2007	18,500	7.59	7.70	7.79	2.33	2.57	2.33
Jun 2007	35,000	7.41	7.76	6.67	3.23	4.11	3.97
Jul 2007	12,500	5.07	5.94	6.87	4.48	2.70	4.56
Aug 2007	20,500	6.74	7.37	7.42	2.11	1.41	2.46
Sep 2007	25,000	7.08	7.33	7.48	2.07	2.91	2.83
Oct 2007	28,500	7.11	7.45	7.37	2.16	1.73	3.23
Nov 2007	22,500	7.47	7.65	7.75	1.63	1.38	1.88
Dec 2007	7,500	7.41	7.60	7.69	4.41	4.67	3.67
Jan 2008	19,000	7.08	7.24	7.39	2.63	1.61	4.36
Feb 2008	15,500	7.33	7.40	7.51	2.15	2.91	2.78
Mar 2008	5,000	7.33	7.45	7.40	3.97	4.17	3.34
Apr 2008	22,000	7.28	7.41	7.53	1.70	1.36	2.36
May 2008	21,000	7.41	7.55	7.61	2.65	2.78	3.05
Jun 2008	11,500	8.01	8.42	7.93	2.00	2.76	2.80

@ : Total for the financial year.

Note: 1. 182-day TBs were reintroduced with effect from April 2005.
2. Notified amounts are inclusive of issuances under the Market Stabilisation Scheme (MSS).

2008. At this level, the Indian rupee appreciated by 9.0 per cent over its level on March 31, 2007. Over the same period, the rupee appreciated by 7.6 per cent

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



against the Pound sterling, while it depreciated by 7.8 per cent against the Euro, 7.6 per cent against the Japanese yen and 1.1 per cent against the Chinese yuan.

During 2008-09 so far (up to July 23, 2008), the Indian rupee generally depreciated. The rupee moved in the range of Rs.39.89-43.16 per US dollar during the first quarter. The rupee, which depreciated during fourth quarter of 2007-08, up to mid-March 2008, appreciated thereafter till end-March 2008, reflecting strong FDI inflows. After trading in a range of Rs. 39.89-40.02 per US dollar till April 22, 2008, the rupee broke above the value of Rs. 40.00 per US dollar on April 24, 2008. The rupee depreciated continuously thereafter, reflecting large capital outflows by FIIs (US $ 5.2 billion during the first quarter of 2008-09), increased demand for dollars by the oil companies and bearish stock market conditions. The exchange rate of the rupee was Rs.42.33 per US dollar on July 23, 2008. At this level, the Indian rupee depreciated by 5.5 per cent over its level on March 31, 2008. Over the same period, the rupee depreciated by 5.7 per cent against the Pound sterling, 5.5 per cent against the Euro and 8.2 per cent against the Chinese yuan, while appreciated by 1.8 per cent against the Japanese yen.

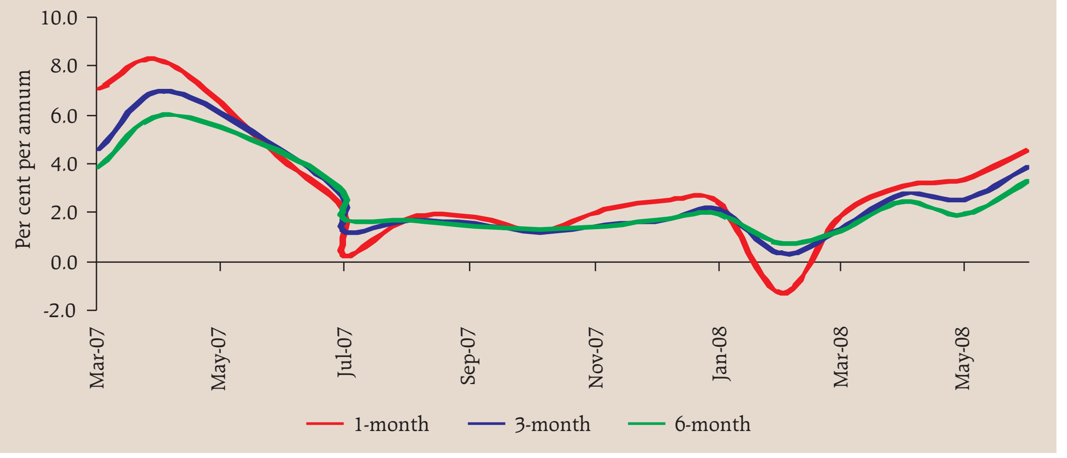
On an average basis, both the 36-currency trade weighted nominal effective exchange rate (NEER) and real effective exchange rate (REER) of the Indian rupee depreciated by 3.9 per cent each between March 2008 and May 2008 (Table 46). Over the same period, the 6-currency trade weighted NEER and REER of the rupee depreciated by 4.1 per cent and 2.7 per cent, respectively. On July 22, 2008, the 6-

Table 46: Nominal and Real Effective Exchange Rate of the Indian Rupee (Trade Based Weights)

Year/Month	Base : 1993-94 (April-March) = 100			
	6-Currency Weights		36-Currency Weights	
	NEER	REER	NEER	REER
1	2	3	4	5
2005-06	**72.28**	**107.30**	**89.85**	**102.35**
2006-07 (P)	**68.93**	**105.47**	**85.89**	**98.51**
2007-08 (P)	**74.13**	**114.73**	**92.97**	**106.17**
Jan 2007	69.77	107.70	87.05	100.73
Feb 2007	69.88	107.71	87.20	100.71
Mar 2007	70.23	107.46	87.11	100.50
Apr 2007	72.74	111.63	91.80	103.46
May 2007	75.19	115.73	94.69	106.84
Jun 2007	75.37	115.22	93.24	106.82
Jul 2007	75.15	115.10	93.09	106.90
Aug 2007	74.44	114.10	92.65	106.29
Sep 2007	74.64	115.03	92.91	106.88
Oct 2007	75.45	115.79	93.50	107.02
Nov 2007	74.34	113.90	92.48	105.54
Dec 2007	74.65	114.52	92.92	105.93
Jan 2008	74.31	114.23	92.56	105.97
Feb 2008	73.41	113.06	91.42	104.72
Mar 2008	70.38	110.87	88.34	102.43
Apr 2008	70.63	111.52	88.77	102.15
May 2008	67.48	107.90	84.86	98.42
Jun 2008	66.33	108.49	-	-
July 22, 2008	65.68	109.26	-	-

NEER: Nominal Effective Exchange Rate. REER: Real Effective Exchange Rate. P: Provisional. -: Not available.
Note: Rise in indices indicates appreciation of the rupee and *vice versa.*

Chart 32: Movement in Rs./US $ Forward Premia

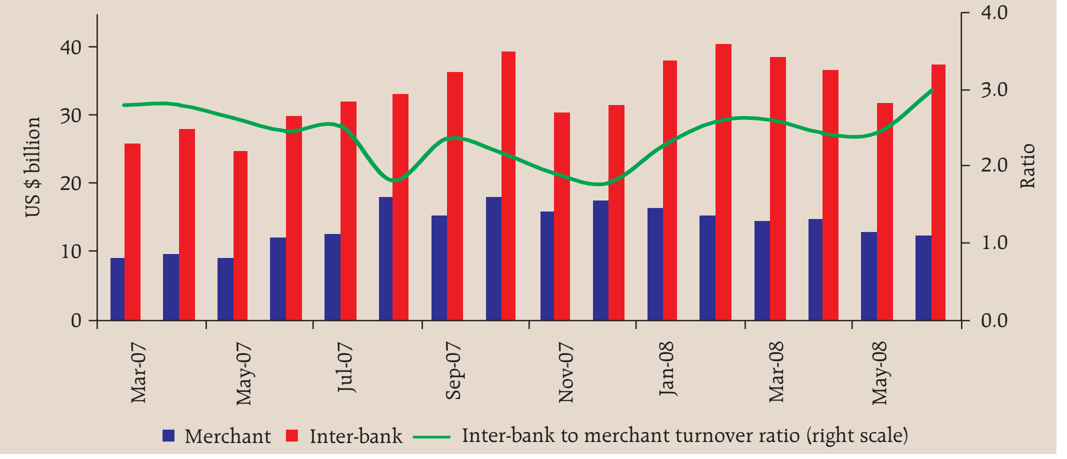


currency trade weighted NEER and REER of the rupee depreciated by 6.4 per cent and 1.7 per cent, respectively, over their end-March 2008 levels.

Forward premia increased during the first quarter of 2008-09, reflecting the rising interest rate differentials on account of higher domestic interest rates and CRR hikes. The one-month forward premia increased from 3.45 per cent at end March 2008 to 7.57 per cent on July 18, 2008, while the six-month forward premia increased from 2.50 per cent to 5.10 per cent over the same period (Chart 32).

The average daily turnover in the foreign exchange market increased to US $ 49.1 billion during April-June 2008 from US $ 39.2 billion in the corresponding period of 2007 (Chart 33). While the inter-bank turnover increased from US $ 28.5 billion to US $ 35.6 billion, the merchant turnover increased from US $ 10.8 billion to US $ 13.6 billion. The ratio of inter-bank to merchant

Chart 33 : Daily (Average) Turnover in Foreign Exchange Market



turnover at 2.6 during April-June 2008 was almost the same as a year ago.

Credit Market

The deposit rates of scheduled commercial banks (SCBs) hardened during 2008-09 so far (up to July 14, 2008). Interest rates of public sector banks (PSBs) on deposits of maturity of up to one year increased to 2.75-9.25 per cent in July 2008 from 2.75-8.50 per cent in March 2008. The deposit rates of private sector banks on deposits of maturity both of one to three years and above three years firmed up to the range of 8.00-10.00 per cent in July 2008 from the range of 7.25-9.25 per cent and 7.25-9.75 per cent, respectively, in March 2008 (Table 47).

The benchmark prime lending rates (BPLRs) of PSBs and private sector banks were placed in the range of 12.75-14.00 per cent and 13.50-17.25 per cent, respectively, in July 2008 as compared with the range of 12.25-13.50 per cent and 13.00-16.50 per cent, respectively, in March 2008 (Chart 34). The BPLR of foreign banks at 10.00-15.50 per cent, however, remained unchanged during the same period.

The weighted average BPLR of PSBs increased from 12.43 per cent in March 2007 and 12.84 per cent in March 2008 to 12.94 per cent in June 2008. The weighted average BPLR of private sector banks increased from 14.33 per cent in March 2007 and 15.10 per cent in March 2008 to 15.22 per cent in June 2008. The weighted average BPLR of foreign banks also rose from 12.63 per cent in March 2007 and

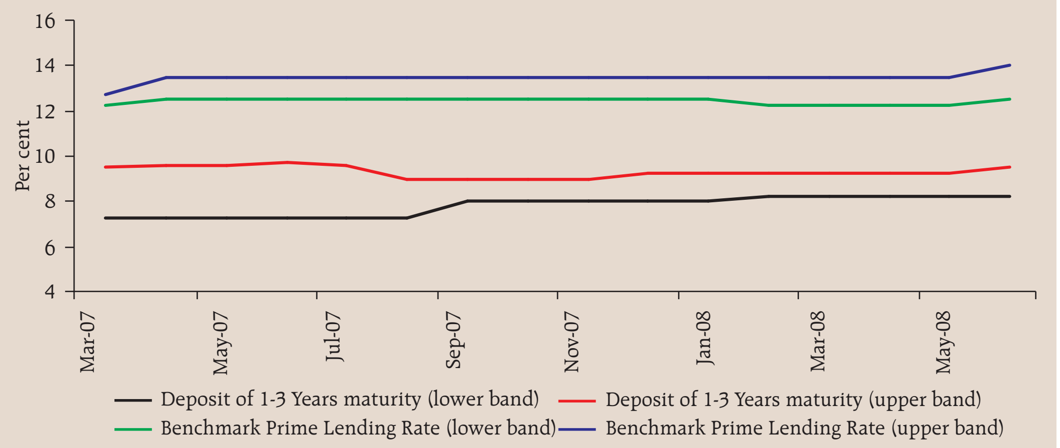
Table 47: Deposit and Lending Rates

(Per cent)

Item	March 2006	March 2007	March 2008	June 2008	July 2008 #
1	2	3	4	5	6
1. Domestic Deposit Rate					
Public Sector Banks					
Up to 1 year	2.25-6.50	2.75-8.75	2.75-8.50	2.75-9.00	2.75-9.25
More than 1 year and up to 3 years	5.75-6.75	7.25-9.50	8.25-9.25	8.25-9.50	8.25-9.75
More than 3 years	6.00-7.25	7.50-9.50	8.00-9.00	8.00-9.35	8.50-9.50
Private Sector Banks					
Up to 1 year	3.50-7.25	3.00-9.00	2.50-9.25	3.00-8.75	3.00-9.00
More than 1 year and up to 3 years	5.50-7.75	6.75-9.75	7.25-9.25	8.00-9.50	8.00-10.00
More than 3 years	6.00-7.75	7.75-9.60	7.25-9.75	8.00-10.00	8.00-10.00
Foreign Banks					
Up to 1 year	3.00-6.15	3.00-9.50	2.25-9.25	3.00-9.25	3.25-9.50
More than 1 year and up to 3 years	4.00-6.50	3.50-9.50	3.50-9.75	3.50-9.75	3.50-9.85
More than 3 years	5.50-6.50	4.05-9.50	3.60-9.50	3.60-9.50	3.60-9.85
2. Benchmark Prime Lending Rate					
Public Sector Banks	10.25-11.25	12.25-12.75	12.25-13.50	12.50-14.00	12.75-14.00
Private Sector Banks	11.00-14.00	12.00-16.50	13.00-16.50	13.00-17.00	13.50-17.25
Foreign Banks	10.00-14.50	10.00-15.50	10.00-15.50	10.00-15.50	10.00-15.50
3. Actual Lending Rate*					
Public Sector Banks	4.00-16.50	4.00-17.00	4.00-17.75	-	-
Private Sector Banks	3.15-20.50	3.15-25.50	4.00-24.00	-	-
Foreign Banks	4.75-26.00	5.00-26.50	5.00-28.00	-	-
4. Weighted Average Lending Rate	**11.97**	**11.92**	**-**	**-**	**-**

- : Not available. # : As on July 14, 2008.
* : Interest rate on non-export demand and term loans above Rs.2 lakh excluding lending rates at the extreme five per cent on both sides.

Chart 34: Deposit and Lending Rates - Public Sector Banks



13.87 per cent in March 2008 to 14.06 per cent in June 2008.

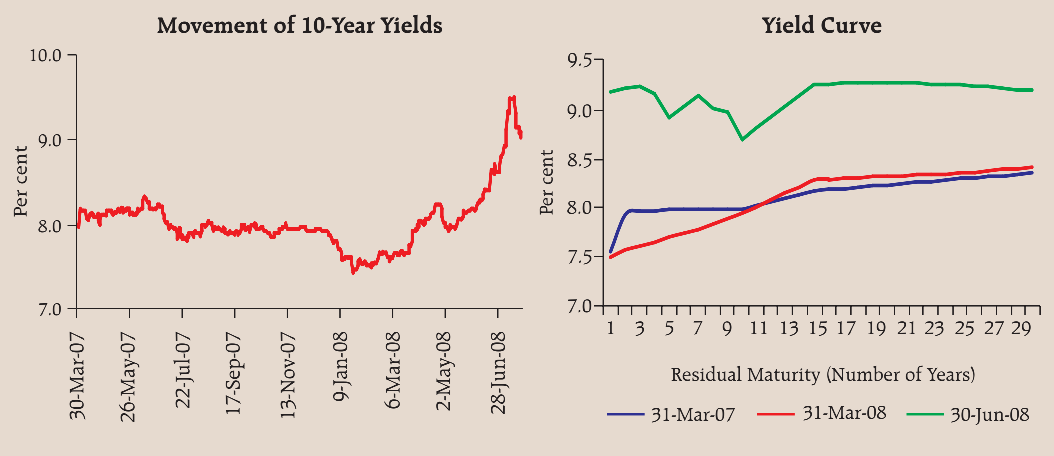
Government Securities Market

The yields in the Government securities market hardened initially during the first quarter of 2008-09 on the back of rise in inflation. The 10-year yield increased from 7.98 per cent as on April 2, 2008 to 8.24 per cent as on April 24, 2008. Thereafter, the 10-year yield eased below 8.0 per cent as the policy rates were kept unchanged in the Annual Policy Statement for the Year 2008-09, announced on April 29, 2008. Easy liquidity condition on the back of Government spending also contributed to the decline in yields. Subsequently, heightened inflationary expectations emanating from the sharp increase in global commodity prices as well as international crude oil prices led to the hardening of the yields (Chart 35). Tight liquidity conditions due to monetary measures and advance tax flows towards the end of June 2008 also contributed to the rise in yields. The 10-year yield declined in the third week of July 2008 after reaching a peak of 9.51 per cent on July 15, 2008, reflecting easing of international crude oil prices. The 10-year yield closed at 9.03 per cent on July 23, 2008, 110 basis points higher than that at end-March 2008.

The spread between 1-year and 10-year yields was (-)49 basis points at end-June 2008 as compared with 45 basis points at end-March 2008. The spread between 10-year and 30-year yields was 50 basis points at end-June 2008 (47 basis points at end-March 2008). The entire yield curve as on June 30, 2008 shifted up as compared with March 31, 2008 reflecting tightness in liquidity conditions and the consequent rise in money market rates. The yield curve as on June 30, 2008 continued to exhibit flatness beyond 15 years but was marked by dips around 5-year and 10-year tenors, reflecting demand-supply imbalances around these buckets.

The daily turnover in the Government securities market averaged Rs.8,196 crore during April-June 2008,

Chart 35: Yields on Central Government Securities



which was 39 per cent lower than that in the preceding quarter (Chart 36).

The yield on 5-year AAA-rated corporate bonds hardened during the first quarter of 2008-09 in tandem with Government securities yield. The spread between the yields on 5-year AAA-rated bonds and 5-year Government securities was 125 basis points at end-June 2008 as compared with 161 basis points at end-March 2008 (Chart 37).

Equity Market

Primary Market

Resources raised through public issues declined by 91.5 per cent to Rs. 2,031 crore during April-June 2008 over those in the corresponding period of last year. The number of issues declined from 24 in April-June 2007 to 15 in April-June 2008 (Table 48). The average size of public issues also declined to Rs.135 crore during

Chart 36: Turnover and Yields in Government Securities Market

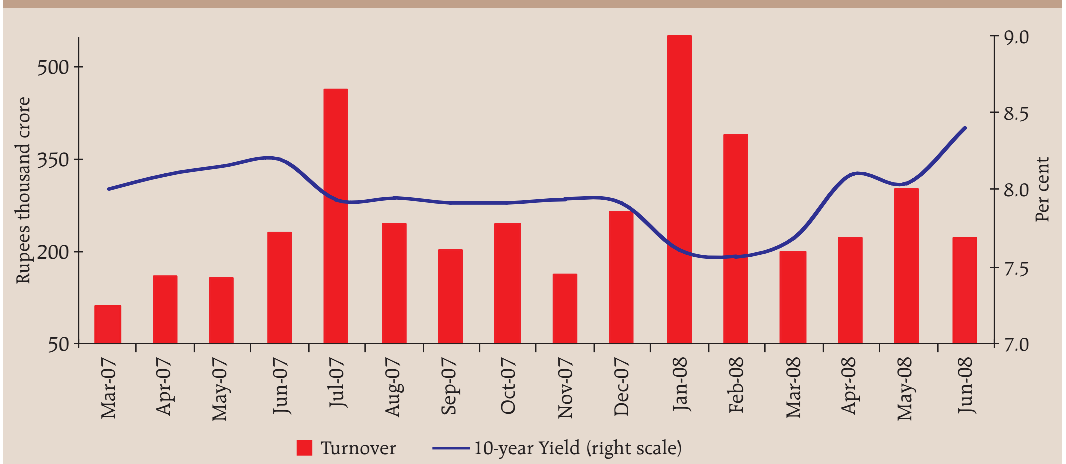
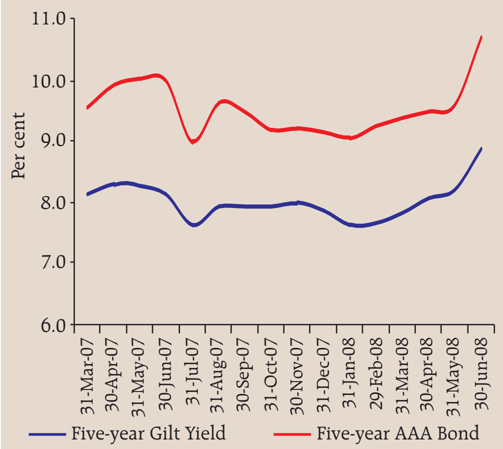


Chart 37 : Credit Spreads



April-June 2008 from Rs.994 crore during April-June 2007. All public issues during April-June 2008 were in the form of equity. Out of 15 issues during April-June 2008, 13 issues were initial public offerings (IPOs), accounting for 78.4 per cent of total resource mobilisation.

Mobilisation of resources through private placement increased by 45.7 per cent to Rs.2,12,568 crore during 2007-08 over the previous year. Resources mobilised by private sector entities increased by 58.3 per cent during 2007-08, while those by public sector entities increased by 29.7 per cent. Financial intermediaries (both from public sector and private sector) accounted for the bulk (67.9 per cent) of the total resource mobilisation from the private placement market during 2007-08 (68.9 per cent during 2006-07).

Table 48: Mobilisation of Resources from the Primary Market

(Amount in Rupees crore)

Item	April - June 2007		April - June 2008 P	
	No. of Issues	Amount	No. of Issues	Amount
1	2	3	4	5
A. Prospectus and Rights Issues*				
1. Private Sector (a+b)	**23**	**23,324**	**15**	**2,031**
a) Financial	1	10,063	-	-
b) Non-financial	22	13,261	15	2,031
2. Public Sector (a+b+c)	**1**	**527**	**-**	**-**
a) Public Sector Undertakings	1	527	-	-
b) Government Companies	-	-	-	-
c) Banks/Financial Institutions	-	-	-	-
3. Total (1+2)	**24**	**23,851**	**15**	**2,031**
of which:				
(i) Equity	24	23,851	15	2,031
(ii) Debt	-	-	-	-
	2006-07		**2007-08 P**	
B. Private Placement				
1. Private Sector (a+b)	**1,524**	**81,841**	**1,614**	**1,29,522**
a) Financial	632	48,414	904	88,151
b) Non-financial	892	33,427	710	41,371
2. Public Sector (a+b)	**157**	**64,025**	**198**	**83,046**
a) Financial	127	52,117	132	56,185
b) Non-financial	30	11,908	66	26,861
3. Total (1+2)	**1,681**	**1,45,866**	**1,812**	**2,12,568**
of which:				
(i) Equity	1	57	2	1,410
(ii) Debt	1,680	1,45,809	1,810	2,11,158
	April - June 2007		**April - June 2008 P**	
C. Euro Issues	**3**	**1,251**	**8**	**4,056**

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

Resources raised through Euro issues – American Depository Receipts (ADRs) and Global Depository Receipts (GDRs) – by Indian corporates during April-June 2008 at Rs.4,056 crore were substantially higher than those during the corresponding period of previous year.

During April-June 2008, net mobilisation of resources by mutual funds declined by 25.3 per cent to Rs.38,437 crore over the corresponding period of 2007 (Table 49). Scheme-wise, during April-June 2008, 90.0 per cent of net mobilisation of funds was under income/debt oriented schemes. Growth-oriented schemes accounted for 7.9 per cent of net resource mobilisation during April-June 2008.

Secondary Market

The domestic stock markets, which remained generally firm up to first week of January 2008, witnessed severe bouts of volatility thereafter due to heightened concerns over the severity of sub-prime lending crisis in the US and its spillover to other market segments and in other countries (Chart 38). The domestic stock markets recovered somewhat during April-May 2008. On May 21, 2008, the BSE Sensex registered gains of 10.2 per cent over end-March 2008. The upward trend was attributed to better than expected fourth quarter results of 2007-08 declared by IT majors, net purchases by FIIs in the Indian equity market, and some easing of international crude oil prices. The market sentiment, however, turned cautious thereafter mainly on account of hike in domestic retail fuel prices, rise in domestic inflation rate, net sales by FIIs in the Indian equity market, concerns over rising trade deficit and depreciation of the rupee, downward trend in major international equity markets, increase in international crude oil prices and other sector and stock specific news. As a result, both the BSE Sensex and the S&P CNX Nifty closed lower at 14942.28 and 4476.80, respectively, on July 23, 2008, registering losses of 4.5 per cent and 5.4 per cent, respectively, over their end-March 2008 level. Between end-March 2008 to July 23, 2008, the BSE Sensex moved in a range of 12576-17600.

According to the data released by the Securities and Exchange Board of India (SEBI), FIIs made net sales of Rs.16,279 crore (US $ 4.0 billion) in the Indian equity

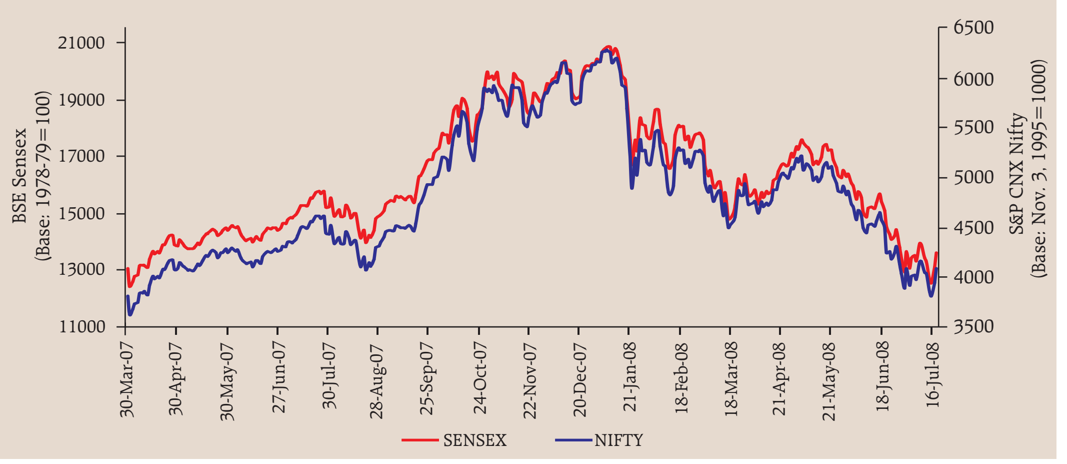
Table 49 : Resource Mobilisation by Mutual Funds

(Rupees crore)

Category	April-March 2007-08		April-June 2007-08		April-June 2008-09	
	Net Mobilisation@	Net Assets #	Net Mobilisation @	Net Assets #	Net Mobilisation @	Net Assets #
1	2	3	4	5	6	7
Private Sector	1,33,304	4,15,621	48,542	3,29,421	24,264	4,24,821
Public Sector *	20,498	89,531	2,908	71,421	14,173	97,078
Total	**1,53,802**	**5,05,152**	**51,450**	**4,00,842**	**38,437**	**5,21,899**

@: Net of redemptions. #: End-period. *: Including UTI Mutual fund.
Note: Data exclude funds mobilised under Fund of Funds Schemes.
Source: Securities and Exchange Board of India.

Chart 38 : Indian Stock Market



market during 2008-09 so far (up to July 17, 2008) as against net purchases of Rs.30,777 crore (US $ 7.4 billion) during the corresponding period of the previous year (Chart 39). Mutual funds, on the other hand, made net purchases of Rs.3,654 crore during 2008-09 so far (up to July 17, 2008) as compared with net purchases of Rs.2,604 crore during the corresponding period of last year.

The sectoral indices witnessed a mixed trend during the current financial year so far (up to July 18, 2008) (Table 50). The losers among the sectoral indices were capital goods, auto, banking, public sector undertakings, metal, fast moving consumer goods, consumer durables and oil and gas, while the gainers were information technology and healthcare sector stocks.

Chart 39 : Institutional Investment and Stock Market

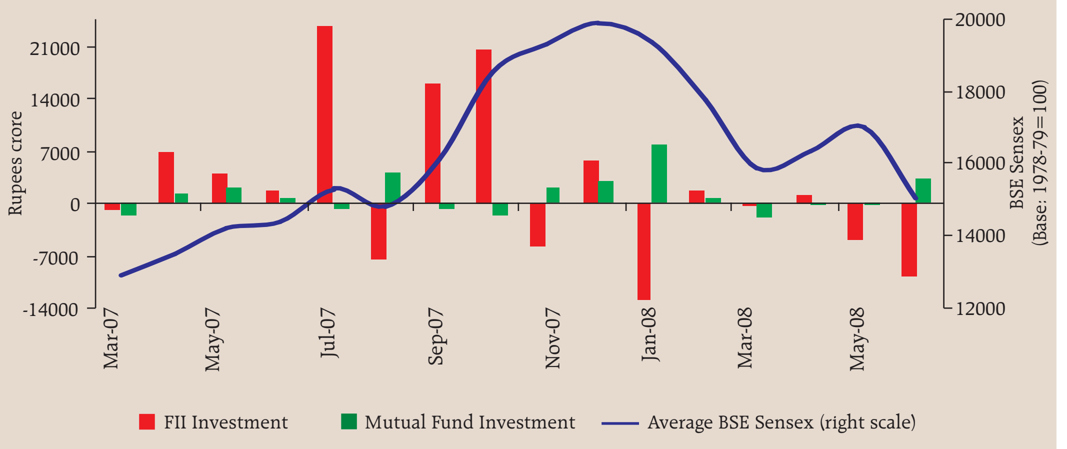


Table 50: BSE Sectoral Stock Indices

(Base: 1978-79=100)

Sector	Variation (per cent)			
	End-March 2007 @	End-March 2008 @	End-June 2008 #	July 18, 2008 #
1	2	3	4	5
Fast Moving Consumer Goods	-21.4	31.7	-9.2	-12.8
Public Sector Undertakings	-3.2	25.4	-23.7	-17.6
Information Technology	21.6	-27.6	13.3	0.9
Auto	-8.5	-7.1	-20.8	-20.4
Oil and Gas	30.5	56.0	-10.1	-7.8
Metal	-4.3	65.2	-5.8	-16.8
Health Care	-5.4	5.4	8.2	3.7
Bankex	24.2	18.0	-23.3	-19.8
Capital Goods	11.1	54.4	-28.0	-20.4
Consumer Durables	11.1	8.8	-10.4	-10.8
BSE 500	9.7	24.3	-15.3	-15.5
BSE Sensex	15.9	19.7	-14.0	-12.8

@: Year-on-year variation. #: Variation over end-March 2008.
Source: Bombay Stock Exchange Limited.

Reflecting the downward trend in stock prices, the price-earnings (P/E) ratio of the 30 scrips included in the BSE Sensex declined from 20.1 at end-March 2008 to 16.5 at end-June 2008. The market capitalisation of the BSE also declined by 14.8 per cent between end-March 2008 and end-June 2008. The volatility in the stock markets, however, increased during April-June 2008 as compared with the corresponding period of last year. The turnover of both BSE and NSE in the cash segment during April-June 2008 was higher by 38.2 per cent than the corresponding period of 2007 (Table 51).

Table 51: Stock Market Indicators

Indicator	BSE				NSE			
	2006-07	2007-08	April-June		2006-07	2007-08	April-June	
			2007	2008			2007	2008
1	2	3	4	5	6	7	8	9
1. BSE Sensex / S&P CNX Nifty								
(i) End-period	13072	15644	14651	13462	3822	4735	4318	4041
(ii) Average	12277	16569	13998	16060	3572	4897	4121	4793
2. Coefficient of Variation	11.1	13.7	3.6	6.3	10.4	14.4	3.9	6.1
3. Price-Earning Ratio (end-period)*	20.3	20.1	21.1	16.5	18.4	20.6	20.6	17.3
4. Price-Book Value Ratio*	5.1	5.2	4.9	3.6	4.9	5.1	5.4	4.0
5. Yield* (per cent per annum)	1.3	1.0	1.1	1.3	1.3	1.1	1.1	1.4
6. Listed Companies	4,821	4,887	4,842	4,909	1,228	1,381	1,283	1,407
7. Cash Segment Turnover (Rupees crore)	9,56,185	15,78,856	2,72,782	3,50,729	19,45,285	35,51,038	5,69,800	8,13,578
8. Derivative Segment Turnover (Rupees crore)	59,007	2,42,308	50,357	10,474	73,56,242	1,30,90,478	21,46,272	26,48,403
9. Market Capitalisation (Rupees crore) @	35,45,041	51,38,014	41,68,272	43,75,021	33,67,350	48,58,122	39,78,381	41,03,651
10. Market Capitalisation to GDP Ratio (per cent)	85.5	109.5	88.8	93.2	81.2	103.5	84.8	87.4

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

VI. The External Economy

India's balance of payments position remained comfortable during 2007-08, notwithstanding a sharp increase in merchandise trade deficit on account of sustained demand for non-oil imports and escalation in international crude oil prices. Net surplus under invisibles remained buoyant, led by high growth in private transfers and software exports, thereby offsetting a significant part of the trade deficit. Consequently, the current account deficit was contained at 1.5 per cent of GDP during the year. Net capital inflows increased substantially during 2007-08, led by foreign direct investment, portfolio investments and external commercial borrowings (ECBs). Outward foreign direct investment increased, reflecting the global expansion by Indian companies. Significantly larger net capital inflows over the current account deficit resulted in an accretion of US $ 110.5 billion to the foreign exchange reserves during 2007-08 (US $ 47.6 billion during 2006-07).

International Developments

The global economy expanded by 5.0 per cent in 2007 as against 5.1 per cent in 2006. After a stronger than expected growth in the third quarter of 2007, most of the advanced economies recorded a sharp deceleration in their growth towards the end of the year 2007 driven mainly by the financial crisis which spread beyond the US sub-prime mortgage market (Table 52). According to the projections released by the International Monetary Fund (IMF) in July 2008, the slowdown in global growth, which started in the middle of last year, is expected to continue through the second half of 2008, with only a gradual recovery

Table 52: Growth Rates - Global Scenario

(Per cent)

Region/Country	2006	2007	2008P	2009P	2007				2008
					Q1	Q2	Q3	Q4	Q1
1	2	3	4	5	6	7	8	9	10
Advanced Economies									
Euro area	2.8	2.6	1.7	1.2	3.0	2.5	2.7	2.2	2.1
Japan	2.4	2.1	1.5	1.5	2.6	1.6	1.9	2.0	1.3
Korea	5.1	5.0	4.2	4.4	4.0	5.0	5.2	5.7	5.8
UK	2.9	3.1	1.8	1.7	3.0	3.1	3.3	2.8	2.5
US	2.9	2.2	1.3	0.8	1.9	1.9	2.8	2.5	2.5
OECD Countries	3.1	2.7	1.8	1.7	2.8	2.5	3.0	2.7	2.6
Emerging Economies									
Argentina	8.5	8.7	7.0	4.5	8.0	8.7	8.7	9.1	8.4
Brazil	3.8	5.4	4.9	4.0	4.3	5.4	5.7	6.2	5.8
China	11.6	11.9	9.7	9.8	11.1	11.9	11.5	11.2	10.6
India	9.6	9.0	8.0	8.0	9.7	9.2	9.3	8.8	8.8
Indonesia	5.5	6.3	6.1	6.3	6.0	6.3	6.5	6.3	6.3
Malaysia	5.9	6.3	5.0	5.3	5.3	5.7	6.7	7.3	7.1
Thailand	5.1	4.8	5.3	5.6	4.3	4.4	4.9	5.7	6.0

P : IMF Projections.
Note : Data for India in columns 2 and 3 refer to fiscal years 2006-07 and 2007-08, respectively.
Source : International Monetary Fund; The Economist; and the OECD.

during 2009. However, the fears of a significant slowdown did not come true in the first quarter of 2008. Countries/regions like Euro area, the US and Korea registered more or less same growth rates in the first quarter of 2008 as in the previous quarter. The UK and the Japanese economy exhibited deceleration in the first quarter of 2008. In contrast, emerging and developing economies continued to grow above trend despite some slackening of growth rates in the first quarter of 2008.

The IMF has projected the US economy to grow by 1.3 per cent in 2008 (2.2 per cent in 2007). The US growth prospects, according to the IMF, would hinge upon the future course of the housing correction, extent of financial sector dislocation, and the ensuing impact on household and business finances. The Euro Area is expected to grow by 1.7 per cent in 2008 (2.6 per cent in 2007), while there are increasing concerns that with spillovers from the US, tightening credit conditions and rising risk spreads may have adverse implications for the domestic demand. The growth momentum in Japan is projected to decelerate to 1.5 per cent in 2008 (2.1 per cent in 2007) on account of expected moderation in export growth and consumption. Growth projection for developing Asia by the IMF is placed at 8.4 per cent for 2008 as against 10.0 per cent in 2007 (Table 53). Growth in emerging Asia during the first quarter of 2008 was led by China and India. GDP in China grew by 10.6 per cent in the first quarter of 2008. The IMF has projected that growth in China would moderate to 9.7 per cent in 2008 (11.9 per cent in 2007).

Going forward, the growth in global economy is projected to moderate to 4.1 per cent in 2008 mainly on account of expected slowdown in most of the advanced economies, particularly the US. The overall balance of risks to the short-

Table 53 : Select Economic Indicators - World

Item	2002	2003	2004	2005	2006	2007	2008P	2009P
1	2	3	4	5	6	7	8	9
I. World Output (Per cent change) #	2.8	3.6	4.9	4.4	5.1	5.0	4.1	3.9
	(1.9)	(2.6)	(4.0)	(3.4)	(3.9)	(3.7)	(2.6)	(2.6)
i) Advanced Economies	1.6	1.9	3.2	2.6	3.0	2.7	1.7	1.4
ii) Other Emerging Market and Developing Countries	4.7	6.2	7.5	7.1	7.9	8.0	6.9	6.7
of which: Developing Asia	6.9	8.1	8.6	9.0	9.9	10.0	8.4	8.4
II. Consumer Price Inflation (Per cent)								
i) Advanced Economies	1.5	1.8	2.0	2.3	2.4	2.2	3.4	2.3
ii) Other Emerging Market and Developing Countries	6.7	6.6	5.9	5.7	5.4	6.4	9.1	7.4
of which: Developing Asia	2.0	2.5	4.1	3.8	4.1	5.3	5.9	4.1
III. Net Capital Flows* (US $ billion)								
i) Net Private Capital Flows (a+b+c)**	89.8	168.6	241.9	251.8	231.9	605.0	330.7	441.5
a) Net Private Direct Investment	157.2	166.2	188.7	259.8	250.1	309.9	306.9	322.4
b) Net Private Portfolio Investment	-92.2	-13.2	16.4	-19.4	-103.8	48.5	-72.2	31.0
c) Net Other Private Capital Flows	25.1	17.1	38.5	13.3	87.5	248.8	98.0	90.0
ii) Net Official Flows	-0.6	-50.0	-70.7	-109.9	-160.0	-149.0	-162.3	-149.8
IV. World Trade @								
i) Volume	3.5	5.4	10.7	7.6	9.2	6.8	5.6	5.8
ii) Price Deflator	1.1	10.4	9.6	5.5	4.9	8.2	8.6	1.1
V. Current Account Balance (Per cent to GDP)								
i) US	-4.4	-4.8	-5.5	-6.1	-6.2	-5.3	-4.3	-4.2
ii) China	2.4	2.8	3.6	7.2	9.4	11.1	9.8	10.0
iii) Middle East	4.8	8.3	11.8	19.7	20.9	19.8	23.0	19.4

P : IMF Projections.
: Growth rates are based on exchange rates at purchasing power parities. Figures in parentheses are growth rates at market exchange rates.
* : Net capital flows to emerging market and developing countries.
** : On account of data limitations, flows listed under 'Net Private Capital Flows' may include some official flows.
@ : Average of annual percentage change for world exports and imports of goods and services.
Source : World Economic Outlook, April 2008; World Economic Outlook Update, July 2008, International Monetary Fund.

term global growth outlook remains tilted to the downside. Interaction between negative financial shocks and the domestic demand remains a serious downside risk for the US and to some extent in Western Europe and elsewhere. However, there is some upside potential for projected domestic demand in emerging economies. The emerging market and developing economies are expected to remain the key factor in supporting the global economy and in cushioning global downturns mainly because of their limited direct exposure to sub-prime related securities. Consumption activity supported domestic demand in other emerging Asian economies while export growth began to show some signs of moderation. The strength of domestic demand in the region combined with rising food and energy prices, however, led to the build-up of inflationary pressures in a number of countries in emerging Asia. Apart from the possibility of further credit crunch, downside risks to global growth, therefore, include contagion from the likely US recession, increased inflationary pressures driven by rising food and energy prices, and persisting global imbalances.

According to the IMF, growth in world trade is expected to moderate to 5.6 per cent in volume terms in 2008 from 6.8 per cent in 2007 (see Table 53). Exports of other emerging market and developing countries are projected to grow by 7.1 per cent in 2008 (8.9 per cent a year ago), while those of advanced countries are expected to grow by 4.5 per cent (5.8 per cent a year ago).

World merchandise exports (in US dollar terms) in the first quarter of 2008 (January-March) recorded a growth of 22.9 per cent, as against 13.2 per cent a year ago. Emerging and developing economies recorded a growth of 26.0 per cent, showing a sharp rise from 13.0 per cent a year ago. Exports from industrial countries grew at an accelerated rate of 20.4 per cent in January-March 2008, as compared with 13.5 per cent in January-March 2007 (Table 54).

Table 54: Growth in Exports - Global Scenario

(Per cent)

Region/ Country	2006	2007	2007-Q1	2008-Q1
1	2	3	4	5
World	**15.3**	**15.0**	**13.2**	**22.9**
Industrial Countries	**12.4**	**13.6**	**13.5**	**20.4**
Emerging and Developing Economies	**19.1**	**16.8**	**13.0**	**26.0**
China	27.2	25.6	27.8	21.3
France	9.9	12.0	10.3	22.9
Germany	14.7	18.5	21.2	20.9
India	21.4	20.3	15.2	33.8
Indonesia	18.3	16.8	9.7	34.2
Japan	9.2	9.2	5.4	28.7
Korea	14.4	14.2	14.6	17.4
Malaysia	14.0	9.6	7.6	19.1
Singapore	18.4	10.1	9.9	21.3
Thailand	18.5	16.8	17.2	21.3
US	14.7	12.2	10.8	17.1

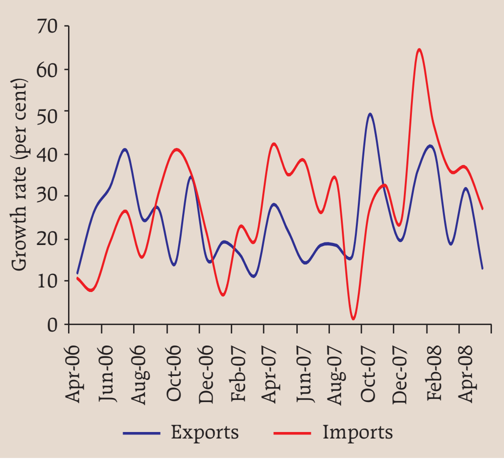
Source : International Financial Statistics, International Money Fund; DGCI&S for India.

Balance of Payments: 2007-08

According to the provisional data released by the Directorate General of Commercial Intelligence and Statistics (DGCI&S), India's merchandise exports recorded a growth of 25.8 per cent during 2007-08 as compared with 22.6 per cent during 2006-07. Growth of India's imports accelerated to 29.0 per cent in 2007-08 from 24.5 per cent in 2006-07 (Chart 40).

Commodity-wise data on India's merchandise exports for 2007-08 showed an accelerated growth in primary products and manufactured products (Table 55). Agriculture and allied products, engineering goods, gems and jewellery, and petroleum products were the main contributors of export growth during 2007-08. Within primary products, exports of agriculture and allied products showed a sharp increase of 42.4 per cent (24.2 per cent a year ago). Exports of manufactured

Chart 40: India's Merchandise Trade



goods increased by 19.1 per cent (17.0 per cent a year ago). Within manufactured goods, gems and jewellery, textiles and textile products, and chemicals and related products recorded higher growth while engineering goods exhibited moderation. Growth in exports of petroleum products during 2007-08 decelerated to 33.1 per cent from 60.5 per cent a year ago.

Destination-wise, although the US remained the principal export market, its share declined to 13.0 per cent during 2007-08 from 14.9 per cent a year ago (Table 56). The other major destinations were the UAE (9.7 per cent), China (6.8 per cent), Singapore (4.3 per cent), the UK (4.1 per cent), Hong Kong (4.0 per cent), Germany (3.2 per cent) and the Netherlands (3.0 per cent). During 2007-08, exports to the EU, North America, Eastern Europe and Asian developing countries showed an accelerated growth, while that to OPEC, African developing countries and Latin American developing countries showed deceleration.

Growth in imports of petroleum, oil and lubricants (POL) accelerated to 39.4 per cent during 2007-08 from 30.0 per cent during 2006-07, mainly reflecting the spurt in the Indian basket of international crude oil prices (higher by 27.4 per cent in 2007-08 than 12.0 per during 2006-07). Growth in non-oil imports was placed at 24.4 per cent during 2007-08 (22.2 per cent a year ago) and contributed about 66.8 per cent to the overall import growth.

Commodity wise data on non-oil imports for 2007-08 indicated that gold and silver recorded a lower growth of 21.9 per cent (29.4 per cent during 2006-07). Non-oil imports net of gold and silver increased at an accelerated rate of 24.7 per cent. The other major non-oil products which recorded accelerated growth in imports were, inter alia, edible oil, pearls, precious and semi-precious stones and chemicals.

Table 55: Exports of Principal Commodities

Commodity Group	US $ billion		Variation (per cent)	
	2006-07	2007-08	2006-07	2007-08
1	2	3	4	5
1. Primary Products	**19.7**	**27.1**	**20.2**	**37.5**
of which:				
a) Agriculture and Allied Products	12.7	18.1	24.2	42.4
b) Ores and Minerals	7.0	9.0	13.6	28.6
2. Manufactured Goods	**84.9**	**101.1**	**17.0**	**19.1**
of which:				
a) Chemicals and Related Products	17.3	20.5	17.4	18.0
b) Engineering Goods	29.6	36.7	36.1	24.2
c) Textiles and Textile Products	17.4	19.0	5.9	9.5
d) Gems and Jewellery	16.0	19.7	2.9	23.0
3. Petroleum Products	**18.7**	**24.9**	**60.5**	**33.1**
4. Total Exports	**126.4**	**159.0**	**22.6**	**25.8**
Memo:				
Non-oil Exports	107.7	134.1	17.7	24.6

Source : DGCI&S.

Table 56: Direction of India's Exports

Group / Country	US $ billion		Variation (per cent)	
	2006-07	2007-08	2006-07	2007-08
1	2	3	4	5
1. OECD Countries	**52.0**	**61.7**	**13.5**	**18.6**
of which:				
a) EU	25.8	32.2	15.1	24.9
b) North America	20.0	22.0	8.7	10.0
US	18.9	20.7	8.7	9.7
2. OPEC	**20.7**	**26.2**	**35.8**	**26.4**
of which:				
UAE	12.0	15.4	40.0	27.7
3. Developing Countries	**50.8**	**67.2**	**27.8**	**32.4**
of which:				
Asia	37.6	50.1	21.4	33.2
People's Republic of China	8.3	10.8	22.7	30.0
Singapore	6.1	6.9	11.9	12.9
4. Total Exports	**126.4**	**159.0**	**22.6**	**25.8**

Source : DGCI&S.

Capital goods imports recorded a growth of 24.1 per cent, marginally lower than that of 2006-07 (Table 57).

Source-wise, China was the principal source of imports, constituting 11.3 per cent of total imports (oil plus non-oil) during 2007-08. The other major sources were Saudi Arabia (8.1 per cent), the UAE (5.6 per cent), the US (5.5 per cent), Iran (4.6 per cent), Switzerland (4.1 per cent), Germany (4.0 per cent) and Singapore (3.4 per cent).

India's merchandise trade deficit, on a balance of payments basis, widened from US $ 63.2 billion in 2006-07 to US $ 90.1 billion in 2007-08. As proportion to GDP, the trade deficit increased from 6.9 per cent to 7.7 per cent.

Table 57: Imports of Principal Commodities

Commodity Group	US $ billion		Variation (per cent)	
	2006-07	2007-08	2006-07	2007-08
1	2	3	4	5
Petroleum, Petroleum Products and Related Material	57.1	79.6	30.0	39.4
Edible Oil	2.1	2.6	4.2	21.3
Iron and Steel	6.4	8.7	40.5	35.2
Capital Goods	47.1	58.4	25.0	24.1
Pearls, Precious and Semi-Precious Stones	7.5	8.0	-18.0	6.5
Chemicals	7.8	9.9	12.1	26.2
Gold and Silver	14.6	17.8	29.4	21.9
Total Imports	185.7	239.7	24.5	29.0
Memo:				
Non-oil Imports	128.6	160.0	22.3	24.4
Non-oil Imports excluding Gold and Silver	114.0	142.2	21.4	24.7
Mainly Industrial Inputs*	104.7	130.0	19.6	24.2

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

Current Account

Net surplus under invisibles (services, transfers and income taken together) expanded to US $ 72.7 billion in 2007-08 (US $ 53.4 billion in 2006-07), reflecting mainly the rise in remittances from overseas Indians, large receipts from software exports, higher interest income on reserves and relatively moderate decline in payments of business services (Table 58). Growth in invisible receipts at 26.2 per cent during 2007-08 was broadly comparable with that of 28.3 per cent in 2006-07, mainly due to the momentum maintained in the growth of software services exports, travel, transportation, along with the steady inflow of remittances from overseas Indians. Invisible payments grew by 17.7 per cent in 2007-08 (29.3 per cent in 2006-07), reflecting the major payments on account of travel, transportation, business and management consultancy, engineering and other technical services, dividend, profit and interest. The moderation in growth rate of invisible payments during 2007-08 was mainly due to moderate payments relating to a number of business and professional services.

During 2007-08, the widening of the trade deficit mainly led by imports, resulted in a widening of current account deficit to US $ 17.4 billion (1.5 per cent of GDP) from US $ 9.8 billion (1.1 per cent of GDP) in 2006-07, notwithstanding a large net surplus in the invisible account (6.2 per cent of GDP in 2007-08 as against 5.8 per cent in 2006-07) (Table 59 and Chart 41). The net invisible surplus offset 80.7 per cent of the trade deficit during 2007-08 as compared to 84.5 per cent during 2006-07. Net of remittances, the current account deficit was US $ 58.2 billion or 5.0 per cent of GDP during 2007-08 (US $ 37.7 billion and 4.1 per cent of GDP in 2006-07).

Capital Flows

Capital inflows to India, both debt and non-debt, remained large during 2007-08. Within non-debt flows, FDI inflows at US $

Table 58: Invisibles Account (Net)

(US $ million)

Item	2006-07 PR	2007-08 P	2006-07 PR	2007-08			
	April-March		Jan.-March	April-June PR	July-Sept.PR	Oct.-Dec.PR	Jan.-Mar.P
1	2	3	4	5	6	7	8
Services	31,810	37,550	10,079	8,729	7,608	10,430	10,783
Travel	2,438	2,118	1,251	207	145	905	861
Transportation	-18	-2,107	230	-587	-649	-293	-578
Insurance	560	543	198	185	36	191	131
Government not included elsewhere	-153	-51	-43	-16	-62	16	11
Software	29,033	37,051	8,775	8,040	7,667	9,257	12,087
Other Services	-50	-4	-332	900	471	354	-1,729
Transfers	28,168	41,017	8,463	7,518	9,265	10,866	13,368
Investment Income	-6,018	-5,239	-1,284	-1,719	-1,142	-1,161	-1,217
Compensation of Employees	-555	-671	-136	-128	-201	-160	-182
Total	**53,405**	**72,657**	**17,122**	**14,400**	**15,530**	**19,975**	**22,752**

PR : Partially Revised. P : Preliminary.

Table 59: India's Balance of Payments

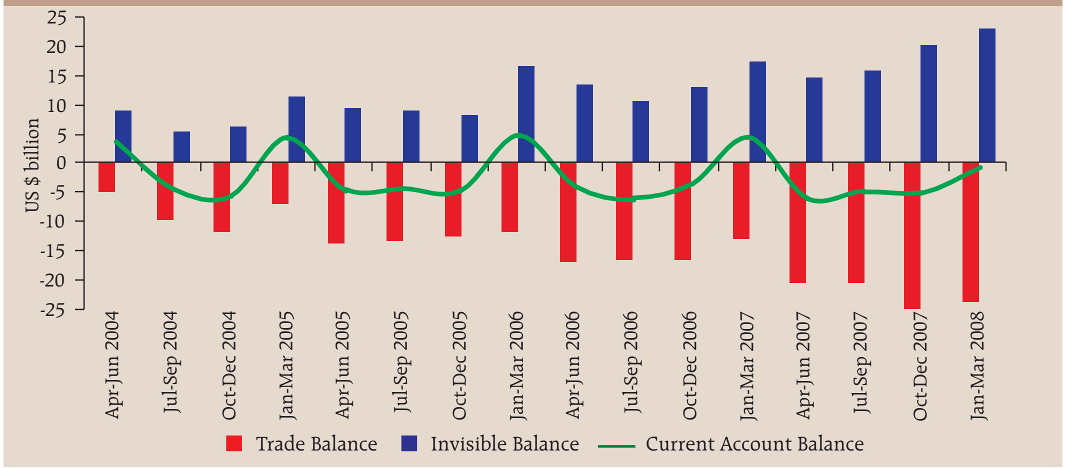
(US $ million)

Item	2006-07 PR	2007-08P	2006-07PR	2007-08 P			
	April-March		Jan.-March	April-June	July-Sept.	Oct.-Dec.	Jan.-March
1	2	3	4	5	6	7	8
Exports	1,28,083	158,461	35,700	35,752	37,595	42,284	42,830
Import	1,91,254	248,521	48,570	56,453	58,069	67,376	66,623
Trade Balance	-63,171 (-6.9)	-90,060 (-7.7)	-12,870	-20,701	-20,474	-25,092	-23,793
Invisible Receipts	1,15,074	145,257	35,715	29,100	32,322	38,764	45,071
Invisible Payments	61,669	72,600	18,593	14,700	16,792	18,789	22,319
Invisibles, net	53,405 (5.8)	72,657 (6.2)	17,122	14,400	15,530	19,975	22,752
Current Account	-9,766 (-1.1)	-17,403 (-1.5)	4,252	-6,301	-4,944	-5,117	-1,041
Capital Account (net)*	46,372	109,567	16,200	17,501	34,180	31,855	26,031
of which:							
Foreign Direct Investment	8,479	15,545	899	2,658	2,808	3,729	6,350
Portfolio Investment	7,062	29,261	1,849	7,458	10,876	14,662	-3,735
External Commercial Borrowings +	16,155	22,165	6,343	6,990	4,136	6,212	4,827
Short Term Trade Credit	6,612	17,683	934	1,804	4,886	4,691	6,302
External Assistance	1,767	2,114	764	241	468	565	840
NRI Deposits	4,321	179	648	-447	369	-853	1,110
Change in Reserves #	-36,606	-92,164	-20,452	-11,200	-29,236	-26,738	-24,990
Memo:							
Current Account net of Private Transfers	**-37,707** **(-4.1)**	**-58,181** **(-5.0)**	**-4,167**	**-13,832**	**-14,162**	**-15,909**	**-14,278**

PR : Partially Revised. P : Preliminary
* : Includes errors and omissions. + : Medium and long-term borrowings.
\# : On a balance of payments basis (excluding valuation); (-) indicates increase.
Note : Figures in parentheses are percentages to GDP

32.4 billion during 2007-08 (US $ 22.1 billion in 2006-07) reflected the continued strength of sustained domestic activity and positive investment climate. FDI inflows were channeled mainly into financial, manufacturing and construction sectors.

Chart 41 : Movement in Current Account Balance



Country-wise details of FDI flows revealed the continued predominance of Mauritius as the major investor in India. Net outward FDI were US $ 16.8 billion during 2007-08 (US $ 13.5 billion in 2006-07), reflecting the expansion by Indian companies in global markets (Table 60).

Foreign institutional investors (FIIs) made net purchases in the Indian stock market during 2007-08, despite net outflows during August, November, February and March. The large FII inflows (net) in 2007-08 at US $ 20.3 billion as against US $ 3.2 billion in 2006-07 also reflected increased participation of FIIs in the primary market. Reflecting the buoyant stock markets, the resources mobilised by the Indian companies through their global offerings of ADRs/GDRs abroad also remained large amounting to US $ 8.8 billion in 2007-08 (US $ 3.8 billion in 2006-07).

Among debt flows, the inflows (net) under external commercial borrowings were higher at US $ 22.2 billion during 2007-08 enabled by finer spreads on ECBs and rising financing requirements. Net short term trade credit was at US $ 17.7 billion (inclusive of suppliers' credit up to 180 days) during 2007-08 as against US $ 6.6 billion during the previous year. The significant rise reflected the increased financing requirements of crude oil imports led by higher crude prices. Out of total short-term trade credit, the suppliers' credit up to 180 days amounted to US $ 6.8 billion during 2007-08 (US $ 3.3 billion in 2006-07). NRI deposits recorded a marginal net inflow (US $ 179 million) during 2007-08 as compared with a large inflow of US $ 4.3 billion in 2006-07, on account of prevailing interest rates on such deposits and large withdrawals from the NR(E)RA for domestic use.

Table 60: Capital Flows

(US $ million)

	2006-07	2007-08	2007-08	2008-09
			April-May	
1	2	3	4	5
Foreign Direct Investment into India	22,079	32,435	3,763	7,681
Foreign Direct Investment abroad	-13,512	-16,782	..	..
FIIs (net)	3,225	20,328	8,417 *	-5,648 *
ADRs/GDRs	3,776	8,769	16	998
External Assistance (net)	1,767	2,114	..	..
External Commercial Borrowings (net) (Medium and long-term)	16,155	22,165	..	..
Short-term Trade Credit (net)	6,612	17,683	..	..
Non-NRI Banking Capital (net)	-2,408	11,578	..	..
NRI Deposits (net)	4,321	179	-559	292
Other Capital	3,953	9,627	..	..

* : Up to July 11, 2008.

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

With net capital flows being substantially higher than the current account deficit, the overall balance of payments recorded a surplus of US $ 92.2 billion during 2007-08, as compared with a surplus US $ 36.6 billion during 2006-07.

India's foreign exchange reserves were US $ 309.7 billion as at end-March 2008, showing an increase of US $ 110.5 billion over end-March 2007. The increase in reserves was mainly due to an increase in foreign currency assets. Valuation gain, reflecting the appreciation of major currencies against the US dollar, accounted for US $ 18.3 billion in total reserves during 2007-08 as against a valuation gain of US $ 11.0 billion during the previous year.

External Debt

India's total external debt was placed at US $ 221.2 billion at end-March 2008, recording an increase of US $ 51.5 billion (30.4 per cent) over end-March 2007 (Table 61). The increase in external debt during the period was mainly on account of higher external commercial borrowings, followed by higher short-term trade credit. This was mainly due to financing requirements of Indian companies arising on account of technological upgradation and capacity expansion. Furthermore, out of the increase of US $ 51.5 billion in external debt during the year 2007-08, valuation effect reflecting the depreciation of the US dollar against other major international currencies and Indian rupee accounted for US $ 9.9 billion of the increase. Suppliers' credits up to 180 days maturity and investment by foreign institutional investors in short-term debt instruments have been included in short-term debt of India for the period since

Table 61: India's External Debt

(US $ million)

Item	End-March 2005	End-March 2006	End-March 2007	End-June 2007	End-Sept. 2007	End-Dec. 2007	End-March 2008
1	2	3	4	5	6	7	8
1. Multilateral	31,744	32,620	35,337	36,058	37,068	37,944	39,312
2. Bilateral	17,034	15,761	16,061	15,841	16,774	17,269	19,613
3. International Monetary Fund	0	0	0	0	0	0	0
4. Trade Credit (above 1 year)	5,022	5,420	7,051	7,441	8,202	8,887	10,267
5. External Commercial Borrowings	26,405	26,452	41,657	47,918	52,123	57,012	62,019
6. NRI Deposit	32,743	36,282	41,240	42,603	43,679	43,034	43,672
7. Rupee Debt	2,302	2,059	1,947	2,023	2,071	2,097	2,016
8. Long-term (1 to 7)	115,250	118,594	143,293	151,884	159,917	166,243	176,899
9. Short-term	17,723	19,539	26,376	28,295	33,276	38,229	44,313
Total (8+9)	132,973	138,133	169,669	180,179	193,193	204,472	221,212
Memo :							(per cent)
Total debt/GDP	18.6	17.2	17.8	..	..	..	18.8
Short-term/Total debt	13.3	14.1	15.5	15.7	17.2	18.7	20.0
Short-term debt/Reserves	12.5	12.9	13.2	13.3	13.4	13.9	14.3
Concessional debt/Total debt	30.9	28.6	23.3	21.9	21.1	20.2	19.9
Reserves/ Total debt	106.4	109.8	117.4	118.4	128.2	134.6	140.0
Debt Service Ratio	6.1	9.9	4.8	4.6	5.6	5.9	5.4

.. : Not available.

March 2005. The short-term debt outstanding increased to US $ 44.3 billion at end-March 2008 from US $ 26.4 billion at end-March 2007, accounting for 34.8 per cent of the total increase in external debt. The US dollar remained the leading currency in which India's external debt was denominated, accounting for about 57.1 per cent of total debt.

Debt sustainability indicators remained at comfortable levels during 2007-08. The external debt to GDP ratio rose to 18.8 per cent at end-March 2008 from 17.8 per cent at end-March 2007; this ratio was 30.8 per cent at end-March 1995. The debt service ratio was placed at 5.4 per cent during 2007-08 as against 4.8 per cent during 2006-07. Reflecting the rise in short term debt during 2007-08, the ratio of short-term to total debt and short term debt to reserves increased to 20.0 per cent and 14.3 per cent, respectively. India's foreign exchange reserves exceeded the external debt by US $ 88.5 billion providing a cover of 140.0 per cent to the external debt stock at end-March 2008.

International Investment Position

India's net international liabilities increased by US $ 11.6 billion between end-March 2007 and end-December 2007, as the increase in international liabilities (US $ 98.0 billion) exceeded the increase in international assets (US $ 86.4 billion) (Table 62). Whereas the increase in international liabilities was mainly on account of increased inflows under external commercial borrowings, foreign direct investment and portfolio investment, the increase in international assets was attributed to the increase in reserve assets and direct investment abroad. The major part of country's external financial assets was in the form of reserve assets constituting around 83.0 per cent, followed by direct investment and other investment accounting for 11.7 per cent and 5.1 per cent, respectively, at end-December 2007. Around 44.1 per cent of country's external financial liabilities were in the form of other investment in India (trade credits, loans, currency and deposits and other liabilities), followed by portfolio investment at 30.7 per cent and direct investment at 25.2 per cent.

Developments during 2008-09

According to DGCI&S data, India's merchandise exports posted a growth of 21.7 per cent during April-May 2008 (24.2 per cent during April-May 2007). Imports grew at 31.8 per cent as compared with 37.9 per cent a year ago. Petroleum, oil and lubricants (POL) imports grew by 48.6 per cent during April-May 2008 as against 25.7 per cent in April-May 2007, largely due to the spurt in international crude oil prices. Non-oil imports at US $ 32.3 billion recorded a growth of 24.6 per cent (43.8 per cent a year ago). Merchandise trade deficit during April-May 2008 increased to US $ 20.7 billion from US $ 13.9 billion a year ago (Table 63).

Available information on capital flows indicates that the strong momentum observed in FDI inflows during the year 2007-08 continued during 2008-09 so far with inflows during April-May 2008 amounting to US $ 7.7 billion. In respect of

Table 62: International Investment Position of India

(US $ billion)

Item	March 2006 PR	March 2007 PR	June 2007 PR	September 2007P	December 2007P
1	2	3	4	5	6
A. Assets	**184.0**	**245.3**	**261.4**	**299.8**	**331.7**
	(22.9)	**(25.8)**	**..**	**..**	**..**
1. Direct Investment	15.9	29.4	34.0	35.4	38.9
2. Portfolio Investment	1.0	0.8	0.8	0.6	0.6
2.1 Equity Securities	0.5	0.4	0.4	0.4	0.4
2.2 Debt securities	0.5	0.4	0.4	0.2	0.2
3. Other Investment	15.5	15.9	13.2	16.0	16.9
3.1 Trade Credits	-0.3	0.6	-1.0	1.2	2.4
3.2 Loans	2.4	3.0	2.0	3.8	3.1
3.3 Currency and Deposits	10.0	8.1	8.1	6.6	6.9
3.4 Other Assets	3.4	4.2	4.1	4.4	4.5
4. Reserve Assets	151.6	199.2	213.4	247.8	275.3
	(18.9)	(20.9)	..	..	..
B. Liabilities	**243.7**	**307.7**	**341.7**	**372.5**	**405.6**
	(30.4)	**(32.4)**	**..**	**..**	**..**
1. Direct Investment	52.4	76.2	88.1	94.4	102.4
	(6.5)	(8.0)	..	..	..
2. Portfolio Investment	64.2	79.5	93.8	108.5	124.5
	(8.0)	(8.4)	..	..	..
2.1 Equity Securities	54.7	63.3	75.2	88.2	103.5
2.2 Debt securities	9.5	16.1	18.6	20.3	21.0
3. Other Investment	127.1	152.0	159.8	169.6	178.7
	(15.8)	(16.0)	..	..	..
3.1 Trade Credits	21.2	27.7	29.1	32.4	36.1
3.2 Loans	68.0	80.9	85.7	90.9	97.2
3.3 Currency and Deposits	37.3	42.3	43.8	44.8	44.1
3.4 Other Liabilities	0.6	1.1	1.2	1.5	1.3
C. Net Position (A-B)	**-59.7**	**-62.4**	**-80.3**	**-72.7**	**-73.9**
	(-7.4)	(-6.6)	..	..	..

PR: Partially Revised. P: Provisional. .. : Not available.

Note: Figures in parentheses are percentages to GDP.

FIIs, however, there were net outflows of US $ 5.6 billion up to July 11, 2008. NRI deposits recorded net inflow of US $ 292 million during April-May 2008 as against net outflows of US $ 559 million during April-May 2007 (see Table 60).

As on July 18, 2008, India's foreign exchange reserves amounted to US $ 307.1 billion, showing a decline of US $ 2.6 billion over end-March 2008 level, on account of the decrease in foreign currency assets and the decline in the value of gold. As at end-May 2008, the outstanding net forward purchases of US dollar by the Reserve Bank were US $ 15.5 billion (Table 64).

The overall approach to the management of India's foreign exchange reserves in recent years reflects the changing composition of the balance of payments and the 'liquidity risks'

Table 63: India's Merchandise Trade

(US $ billion)

Item	2006-07	2007-08	2007-08	2008-09
			April-May	
1	2	3	4	5
Exports	126.4	159.0	23.1	28.2
Imports	185.7	239.7	37.1	48.8
Oil	57.1	79.6	11.1	16.5
Non-oil	128.6	160.0	26.0	32.3
Trade Balance	-59.4	-80.7	-13.9	-20.7
Non-Oil Trade Balance	-20.9	-25.9	-7.1	..
				Variation (per cent)
Exports	22.6	25.8	24.2	21.7
Imports	24.5	29.0	37.9	31.8
Oil	30.0	39.4	25.7	48.6
Non-oil	22.2	24.4	43.8	24.6

.. : Not Available.
Source : DGCI&S.

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

Table 64: Foreign Exchange Reserves

(US $ million)

Month	Gold	SDR	Foreign Currency Assets	Reserve Position in the IMF	Total (2+3+4+5)	*Memo :* Outstanding Net Forward Sales (-) / Purchase (+) of US dollar by the Reserve Bank at the end of the month
1	2	3	4	5	6	7
March 2000	2,974	4	35,058	658	38,694	(-) 675
March 2005	4,500	5	135,571	1,438	141,514	-
March 2006	5,755	3	145,108	756	151,622	-
March 2007	6,784	2	191,924	469	199,179	-
April 2007	7,036	11	196,899	463	204,409	-
May 2007	6,911	1	200,697	459	208,068	-
June 2007	6,787	1	206,114	460	213,362	-
July 2007	6,887	12	219,753	455	227,107	-
August 2007	6,881	2	221,509	455	228,847	-
September 2007	7,367	2	239,955	438	247,762	-
October 2007	7,811	13	256,427	441	264,692	(+) 4,990
November 2007	8,357	3	264,725	435	273,520	(+) 7,553
December 2007	8,328	3	266,553	432	275,316	(+) 8,238
January 2008	9,199	9	283,595	437	293,240	(+) 16,629
February 2008	9,558	-	291,250	427	301,235	(+) 16,178
March 2008	10,039	18	299,230	436	309,723	(+) 14,735
April 2008	9,427	18	304,225	485	314,155	(+) 17,095
May 2008	9,202	11	304,875	526	314,614	(+) 15,470
June 2008	9,208	11	302,340	528	312,087	..
July 2008*	9,208	11	297,371	517	307,107	..

* : As on July 18, 2008.

Governor Conferred Honorary Fellowship of LSE

The Oration given by Lord Nicholas Stern of Brentford

*Governor Conferred Honorary Fellowship of LSE : The Oration given by Lord Nicholas Stern of Brentford**

"Chairman, Dr. Yaga Venugopal Reddy (YV) joined the Indian Administrative Service in 1964 when it was the most elite of organisations not only in terms of analytical and leadership abilities but also in the embodiment of integrity and effectiveness in administration. It was designed to bring the highest quality and standards to the service. These were the inspiring years of the building of post-independent India. Governor Reddy has been committed to service, to integrity and to fair play all his life. We are reliably informed that an extract from his reference on graduating from college was that "he is a brilliant, young man with a zeal for hard work. He impressed me by his industry and sincere work. He organised a night school during his under-graduation at Vivekananda College in Madras. He is always genial and respectful towards all": 'under-graduation' means 'whilst studying as an undergraduate' and is an example of the great efficiency of Indian English. He went on to do his M.A. in Economics at Madras University and his Ph.D. at Osmania University.

Y.V. Reddy became the twenty first Governor of the Reserve Bank of India on September 6, 2003. Prior to this he had been with the Finance Ministry, later becoming Secretary to the Government of India. He has also served as Executive Director for India, Sri Lanka, Bangladesh and Bhutan on the Board of the International Monetary Fund. Earlier he had served a six year tenure with the Reserve Bank of India as its Deputy

* Governor, Dr. Y.V. Reddy, has been conferred the Honorary Fellowship of the London School of Economics and Political Science, (LSE) at an official ceremony in London on July 17, 2008.

Governor. Governor Reddy is the Chairman of the BIS Asian Consultative Council (ACC). He is also the Chairperson of SAARCFINANCE, a Group of Governors of the central banks of SAARC member countries.

His boss in his first Indian Civil Service job and a friend who has known him for over 40 years, B.P.R. Vithal (former Registrar of Osmania University) says that Governor Reddy's approach to economic issues is to place them in a broad social perspective and test all economic analyses within that perspective. K.V. Kamath, the chief executive of ICICI (one of the largest commercial Banks in India) says of Governor Reddy "He has brilliantly managed to balance growth imperatives with stability. This he has done using his enormous technical expertise in the area of monetary policy and applying it judiciously to a growth environment as seen in India." According to Narayana Murthy, the chairman and chief mentor of Infosys Technologies, a company at the heart of the Bangalore IT industry, who sat on the board of RBI "Dr Reddy is called the Guru by all of us on the board of the RBI because of his extraordinary ability to explain complex macroeconomic concepts in simple words. He is a gentleman and a scholar," he says.

Governor Reddy has always been committed to the cause of the under privileged, a commitment which has never been lost in the complex world of international finance. As he has said "You can be an economic powerhouse but your task is to make sure that people inhabiting the country have a reasonable standard of living". He directly links financial stability to social protection: as Governor Reddy says "You don't have social insurance mechanisms, you don't have risk mitigation mechanisms for a large number of people." And he goes beyond protection to the role of policy in directly promoting standards of living; thus he is committed to the Reserve Bank's financial inclusion programme, which encourages banks to reach out to India's poor people and translates documents into several of the country's regional languages.

He is described as the Governor who has the courage to implement policies which are fair and for the benefit of all people, motivated by strong principles of economic management and constantly recognising the needs of poor people. He has been recognised as a leader who is firm, flexible and fair and is well respected by all his staff. Notwithstanding the intense demands of his job he is a voracious reader and in all my meetings with him he has raised something interesting that he has recently read, from the most esoteric economics to the most profound novels.

Governor Reddy maintains a strong commitment to academic pursuits and has many publications to his credit mainly in areas relating to finance, planning and public enterprises. He holds Visiting Professorships at a number of universities in India. He has been a Visiting Fellow at the LSE. He was 'the life force' in setting up the IG Patel Chair and the India

Observatory at the LSE in honour of our former Director whose name the Chair carries and which I have the privilege to hold. He is indeed in the great tradition of inspired, distinguished and humble leadership embodied in his predecessor, I.G. Patel as Governor of the Reserve Bank of India.

Governor Y.V. Reddy is an outstanding individual who has distinguished himself through his knowledge, service and commitment not only to India but to the wider global community. We are honoured that he is accepting an Honorary Fellowship at the School.

Chairman, I ask that Dr Yaga Reddy be admitted as an Honorary Fellow of the London School of Economics and Political Science."

The other prominent Honorary Fellows of the LSE from India include Prof. Sir Partha Dasgupta, Prof. Lord Desai, Mr. Nitin Desai, Dr. Jagan N. Khosla, Prof. Kakkadan N. Raj, Prof. Amartya Kumar Sen and Dr. Ratan N. Tata.

The Court of Governors, on the recommendation of the Nominations Committee and with the concurrence of the Academic Board, elects an Honorary Fellow of the LSE. The Honorary Fellowship is considered to be one of the most prestigious awards that the LSE bestows. Not more than six Honorary Fellows are elected in any one year. Honorary Fellows have no formal duties but the LSE hopes to have the general support of its Fellows and to have their company at some of its public occasions.

Speeches

*Monetary and Regulatory Policies: How to Get the Balance with Markets Right**

Y.V. Reddy

It was a treat to listen to Edward Lord George's wonderful and erudite lecture on the 'Approach to Macroeconomic Management - How it has evolved' and Sir Andrew Crockett's comments, as Chairman, on Lord George's Per Jacobson Lecture and also on Lord George - "Steady Eddie" as he is warmly described. The Reserve Bank of India considers both of them as our special and lasting friends.

I am also thankful for the opportunity provided to me to share my thoughts on monetary and regulatory policies. At the outset I would like to underscore that the critical word in the title is 'balance'. So we have to recognise the links and interactions between the two, which may at times be reinforcing and at times be conflicting.

In this balance, 'time-dimension' is important. We know whether the balance is right or wrong only *ex-post*. For example, when there is all round prosperity, everyone wants everything to be left to the markets; when things go wrong and there is pain, monetary and regulatory policies are invoked to save the situation. I will add that, in the balance to be maintained, public opinion is also important for the legitimacy and the effectiveness of monetary policy. Public opinion goes beyond financial markets and institutions, but it is useful to remember that it includes the Government and media also.

Country-context is important because institutional factors of governance, state of the market-development, and values

*Remarks by Dr. Y.V.Reddy, Governor, Reserve Bank of India as a panelist at the Annual General Meeting Panel of the Bank for International Settlements at Basel, Switzerland on June 29, 2008.

are relevant in the context of 'balance'. Hence, we cannot be judgmental about 'balance' across countries, but we should assess the balance only in a country-specific context.

I will present India's experience in recent years as to how we are viewing 'balance', after recognising all the above factors.

First, on monetary policies, we monitor the monetary and credit aggregates. We use both liquidity and interest rate instruments. A dynamic balance is evident from the spread between the repo and reverse repo rates, which is enlarged during times of uncertainties. It has moved from 150 basis points to 100 basis points when times were good and has now moved to 250 basis points, reflecting greater uncertainties. We believe that market participants should be willing to share some costs of uncertainties. Pre-emptive actions have been taken since 2004 to withdraw monetary accommodation, which were reinforced with measures aimed at moderating early signs of over-heating. Further, a differentiated approach between the permanent component and temporary component with regard to oil prices has been articulated in the policies. We did not treat oil prices entirely as a shock and focus on what is described as core inflation. While undertaking a nuanced approach to managing aggregate demand recognising the elements of shock and consequent impact on inflation expectations, the underlying demand conditions warranted several interest rate and liquidity measures in recent weeks.

Second, while monetary policy influences aggregates, reality in the financial sector is often dis-aggregated. So we have used regulatory policies to supplement the monetary measures. These relate mainly to risk weights, and provisioning requirements with regard to exposure to NBFCs, capital markets, real estate, consumer credit, *etc;* sectoral caps; and more recently modulation of the exposure limits to oil companies.

Third, we do not take a view on asset prices, either in the real estate or the capital markets. Though we do not take a view, we wanted to protect the banking system from possible risks. In this regard, the nature of the markets is also important, for example, the housing markets in India are less than liquid. We also modified the overly conservative accounting norms that were earlier applicable to the Held to Maturity category, in India.

Fourth, a supervisory review process (SRP) was initiated with select banks having significant exposure to sensitive sectors, including reliance on call money market, in order to ensure that effective risk mitigants and sound internal control systems are in place. In the first round, a framework was developed for monitoring the systemically important individual banks. The second round of SRP was directed to analyse banks' exposure to sensitive sectors and identify outliers. Based on the analyses of these outlier banks, guidelines were issued to all banks indicating the need for better risk management systems in banks at operating levels.

In brief, in India the focus is on regulatory comfort rather than on regulatory compliance. In a choice between emphasis of regulations on saving capital and protecting depositors' interests or reinforcing financial system stability, the latter have always prevailed.

Fifth, we regularly interact with the industry associations namely the Indian Bankers' Association, the Foreign Exchange Dealers Association of India, the Primary Dealers Association of India and the Fixed Income and Money Market Dealers Association of India. Incidentally, the last two were promoted by the Reserve Bank. We have three-stage participation in the process issue of important regulations. This normally involves preliminary discussions with the representative bodies and select market participants; preparation of a Technical Report by working groups that often include the regulators and the market participants and academia; and placing the Report in public domain for a feedback. On the basis of the Report and the initial feedback, draft guidelines are usually formulated and again placed in public domain for a feedback. These guidelines are finalised on the basis of the further feedback.

Sixth, our regulations and our policies are focused on the common person. This is, for example, reflected in our approach to transparency by the industry, the ombudsman mechanism, the setting up of a Banking Codes and Standards Board of India, guidelines on recovery agents, *etc.* This focus on the common person enhances the legitimacy of the Reserve Bank in the public eye *vis-à-vis* market intermediaries. Though the Reserve Bank issues micro regulations at times, this is necessary to strike a better balance between financial institutions and public interest at a micro level with reference to the common person.

Seventh, moral suasion and public articulation of concerns has helped in achieving a desired re-balancing of suspected excesses in risk-taking among banks. Some of the areas where moral suasion has been used are the need for banks to monitor unhedged foreign currency exposures of their corporate clients, adoption of appropriate incentive mechanisms by banks for encouraging disclosures of derivative exposures by their corporate clients, banks' reliance on non-deposit resources to finance assets, their excessive reliance on wholesale deposits and uncomfortable loan-to-value (LTV) ratios in respect of housing loans, *etc.*

Eighth, the Reserve Bank has also focused on liquidity mechanisms and systems. Asset liability management is left to the banks, but regulatory limits on short term buckets are prescribed. Further, in order to reduce the extent of concentration of bank's liabilities the Reserve Bank had issued guidelines to banks in March 2007 placing prudential limits on the extent of their Inter-Bank Liability (IBL) as a proportion of their networth (200 per cent). Those banks which had a higher capital adequacy ratio of 125 per cent of the regulatory minimum were allowed a higher limit of 300 per cent of networth. In addition, prudential limits have also been placed on the extent to which banks may access the inter-bank call money market both as a lender and as a borrower.

Ninth, whenever out-of-the-ordinary situations arise, exceptional or flexible arrangements are needed. Timely flexibility, while reacting to the underlying balance is essential. This helps in avoiding more serious problems relating to the balance over the medium-to-longer term. For example, recently oil imports had to be financed through off-market processes. Delayed adjustments to such sudden and unexpected cross-border exogenous developments at such times may impose a stress on liquidity. Hence, addressing frictional issues of liquidity as distinct from underlying issues of levels of liquidity is required to look at the balance dynamics.

Global Financial Turbulence and Financial Sector in India: A Practitioner's Perspective*

Y.V. Reddy

At the outset I would like to thank The Initiative for Policy Dialogue, and Professors Stiglitz, Griffith-Jones, and Ocampo for providing me this opportunity to participate and incidentally share my thoughts on the recent developments in the global financial markets and its implications for both the developing and the developed countries. My presentation will initially provide a broad overview of the global developments and then move on to briefly list the aspects of market and regulatory failures which characterised the recent developments. I will then lay down the broad contours of the financial sector policies in India, with the details of a few specific initiatives relevant to financial stability. The concluding remarks will be in the nature of a few broad issues for further debate.

I. Global Financial Markets

Recent Developments

While the trigger for the global developments in the financial markets during the recent past was the rising default rates on sub-prime mortgages in the US, the source of the problem was perhaps not the macro-global imbalances but significant mispricing of risks in the financial system. Easy monetary policy in major financial centres, globalisation of liquidity flows, wide-spread use of highly complex structured debt instruments and the inadequacy of banking supervision in coping with financial innovations, contributed to the severity of the crisis. The persistent under pricing of risks was suspected by several

*Address by Dr. Y.V. Reddy, Governor, Reserve Bank of India, at the Meeting of the Task Force on Financial Markets Regulation organised by the Initiative for Policy Dialogue at Manchester, United Kingdom, on July 1, 2008 central banks for quite some time, but it was felt by many that these risks were widely dispersed through financial innovation and that they would not pose any serious problems to the banking system. When the sub-prime crisis did occur, however, it triggered a wide contagion affecting many of the large global financial institutions. Banks, in particular, appear to have ceased to trust each other's creditworthiness leading to difficulties in the money markets in the US, Europe and the UK resulting in drying up of liquidity, since each financial institution attempted to shore up its own liquidity to meet its obligations. The problems of maturity mismatch in the conduits or structured investment vehicles (SIVs) created by the banks for purposes of securitisation manifested themselves in a sudden spurt in demand for liquidity from banks to meet their liquidity support obligations to the SIVs or to fund the assets of the SIVs that were taken on to their balance sheets. It is now realised that the relevant banks have leveraged excessively and had not fully recognised the risks or had seriously underpriced them, thus warranting large capital infusion. Uncertainty about the possible losses yet to be disclosed by several of them has not yet ceased.

These developments have brought forward several new realities that pose severe challenges to macro-economic management, in particular to monetary and regulatory policies globally. First, concerns relating to the US slowdown and its intensity have mounted in view of the potential spill over on to the global economy. Second, threats to the global economy are emanating from advanced economies in sharp contrast to earlier crises which stemmed from the emerging world. Third, there are indications that protectionist tendencies have increased around the world in anticipation of the growing possibilities of slower growth in advanced economies. Fourth, linkages between financial sector developments and the real sector have become more worrisome than before, with apprehensions that financial turmoil may spill over to the real sector with adverse implications for employment and growth. With tightening in lending standards, deterioration in asset quality and deceleration in consumer loan demand, there are indications that events in the financial markets are beginning to have a persisting impact on the real economy as well. Fifth, higher and more volatile prices of food, energy and other commodities have compounded the problem, causing a significant upside bias to inflation and inflation expectations across the world, complicating the conduct of monetary policy at a time of severe financial stress. Further, while rising energy prices may be an exogenous shock for several countries, for the global economy as a whole it is endogenous. Sixth, terms-of-trade losses due to soaring commodity prices not only reduce the capacity of a re-balancing of the world economy but also impact several countries in different ways but essentially in an adverse fashion. In fact, it is possible that new global economic imbalances are emerging on account of large movements in commodity prices, especially oil. seventh, emerging market economies

(EMEs) are exhibiting resilience until now in the face of the global financial turmoil reflecting relatively stronger macroeconomic framework and sustainable macroeconomic balances. However, until how long and to what extent it will persist is uncertain. On the other hand, inflationary pressures appear to be common to mature economies and EMEs but the latter are under greater stress.

The central banks in major countries have had to take recourse, in appropriate mix, to three instruments to avoid serious spill-over of these issues in money or credit markets into the wider economy: (i) adjustment of interest rates for borrowing and lending; (ii) money market operations designed to inject special liquidity in order to avoid a break-down in payment systems among banks, and (iii) to put in mechanisms for financial transactions among the largest of the financial intermediaries which automatically impact the second and third rung intermediaries. Central banks in major industrialised economies, by and large, responded with injection of liquidity for a longer period than is usually done; they also resorted to dilution in the quality of collateral required for liquidity support. Most of these operations have not been conducted at the penal rates expected in such situations. This is an unprecedented package which, some observers believe, is indicative of the seriousness of the underlying problems. In addition, there were some specific-institution oriented operations, namely, in the United States, Germany and the United Kingdom. While there have been inflationary pressures in most economies, the USA has been faced with a threat of serious slowdown in growth warranting a series of cuts in policy rates in recent months.

In recent weeks, concerns over inflationary pressures globally have taken the centre-stage even while there are no indications as to whether threats to financial stability have been fully resolved and whether persistent threats of recession in USA have abated. Consequently, the policy dilemmas have become more acute at the current juncture. The most urgent and short-term priority for central bankers at the current juncture seems to be to calm the nerves about inflation or to anchor inflation expectations, with an implicit recognition that a somewhat elevated headline inflation in the short-term may be difficult to avoid. Further, high inflation rates when accompanied by higher variability of inflation, raises greater uncertainties. These acute policy dilemmas at the current juncture between growth and inflation have to be faced in the background of financial turbulence which is yet to calm down. There are also calls for fundamental re-think on macro-economic, monetary and financial sector policies to meet the new challenges and realities, which perhaps represent a structural shift in the international financial architecture demanding potentially enhanced degree of coordination among monetary authorities and regulators. A review of the policies relating to financial regulation, in a way, needs to address both the acute policy dilemmas in the short run and a fundamental re-think on broader frameworks of financial and economic policies over the medium-term.

Market Failures

What are some of the identifiable sources of market failures that led to the current financial turbulence?

First, the prolonged benign macroeconomic conditions gave rise to complacency among many market participants and led to an erosion of sound practices, resulting in adoption of poor credit risk appraisal standards.

Second, some of the standard risk management tools and models used by market participants were not equipped to estimate the potential impact of adverse events for structured credit products and high uncertainty around model estimates that largely missed the underlying combination of risks. Further, these risk models, generally tended to induce the market participants to adopt a unidirectional approach.

Third, many investors, including institutional ones, with the capacity to undertake their own credit analysis, did not undertake sufficient in-house examination of the risks in the assets underlying structured investments.

Fourth, the role of credit rating agencies (CRAs) in the recent market developments has attracted attention.

Fifth, the distortions in incentive structures can be seen from various perspectives namely incentives for originators, arrangers, distributors and managers in the originate-to-distribute model; the compensation schemes in financial institutions not distinguishing between realised and unrealised profits; encouraging financial structures tailored to obtaining high ratings, *etc.*

Sixth, weaknesses in public disclosures by financial institutions on the type and magnitude of risks associated with their on- and off-balance sheet exposures are noticeable.

Seventh, large commercial banks and investment banks have assumed increasingly similar risk profiles, use similar models to assess and are subject to the same risk-management challenges under the given circumstances.

Eighth, there is a new dimension to bank liquidity, with the shifting emphasis to a market based wholesale or purchased liabilities. This makes banks increasingly dependent on the market for raising liquidity, while markets may have a tendency to shy away from providing liquidity when they are most needed.

Regulatory Shortcomings

While the foregoing brings out the failures of the markets and of the market participants, some of the regulatory shortcomings identified are as follows.

First, the regulators recognised some of the underlying vulnerabilities in the financial sector but failed to take effective action, partly because they may have overestimated the strength and resilience of the financial system or they assumed that the risks were well distributed among entities outside the banking system. Many analysts and policymakers had raised concerns about excessive risk taking, loose underwriting standards, and asset overvaluations, all of which have in the absence of timely effective actions laid the seeds for crises.

Second, the limitations in regulatory arrangements, including the capital adequacy framework, contributed to the growth of unregulated exposures, excessive risk-taking and weak liquidity risk management.

Third, weaknesses in the application of accounting standards and the shortcomings associated with the valuation and financial reporting of structured products played a significant role in the current turbulence through pro-cyclical valuations and lack of full disclosure of banks' true risk profile through the cycle.

Fourth, the crisis revealed the need to adapt some of the tools and practices of central banks to manage system liquidity in the light of banks' cross-border operations. The recent experiences have highlighted the differences in emergency liquidity frameworks of central banks, on aspects such as range of collateral, range of eligible counterparties; and the differences in central bank practices.

Fifth, supervisors did not adequately address deterioration in risk management standards in the regulated entities, which did not fully reckon the risks associated with new financial instruments, and there were shortcomings in consolidated supervision.

Sixth, deficiencies in crisis management and bank resolution frameworks, including deposit insurance, have been observed, especially where central banks do not have a central supervisory role.

Seventh, the complex inter-relationship between regulation, the inappropriate accounting practices, and regulators' excessive dependence on external ratings may have exacerbated the market turbulence.

Menu of Solutions

The above underlying factors clearly demonstrate a need to enhance the resilience of the global system and consider some of the prescriptions that have been proffered for the consideration of the policy makers. The recent developments in the global financial markets have been closely followed by many. These include market participants, central bankers, supervisors, multilateral institutions, political leaders, analysts, academicians, and also the layman. With so much attention being focused on the ongoing turbulence, by so many stakeholders, we have a wide menu of solutions and prescriptions. I will quickly run-through some of these.

First, risk management frameworks including the governance arrangements in banks and financial institutions need to be reviewed by the managements in the light of the recent experiences.

Second, supervisors need to play a more active role in scrutinising the risk management practices, including stress testing and governance arrangements, off-balance sheet entities and structured products. At the same time, it is crucial to recognise that risk management cannot be achieved solely by regulation. Consolidated supervision and prudential reporting should be applied to off-balance sheet entities associated with financial institutions and to loans sold with implicit or explicit recourse. There is a need to review the prudential norms linked to external ratings assigned by the CRAs.

Third, supervisors should encourage institutions to develop more robust models which use more prudent and reliable assumptions and stress testing methodologies; and monitor more closely the internal processes, and controls for managing risk.

Fourth, there is a need to rationalise the regulatory and supervisory prescriptions with a view to reducing the scope for arbitraging. This also calls for closer coordination of the relevant supervisors/ supervisory arms.

Fifth, it is necessary to correct the imbalances in the incentive mechanisms at various levels.

Sixth, greater transparency is not only necessary to make the markets more efficient and to optimise the allocation of capital, but it is also considered to be the best insurance policy against irrational herd behaviour and unjustified contagion in times of stress.

Seventh, there is a need to collectively review and resolve the element of pro-cyclicality in prudential regulations, accounting rules, and the attitude of the authorities that tend to apply these.

Eighth, it is necessary for the CRAs to improve their governance and rating methodologies.

Ninth, arguably it is useful to re-visit the relevant accounting standards and explore the scope for applying fair value accounting through the cycle so as to mitigate pro-cyclicality.

Tenth, supervisors should have clear authority to intervene at the first sign of weakness, preferably much before the institution's net worth turns negative.

Finally, deposit insurance systems should aim to limit the likelihood of retail depositor runs in troubled banks through adequate coverage, and have the capacity to pay depositors quickly.

II. Indian Experience

Ensuring Financial Stability

In contrast to the above global scenario, India has by-and-large been spared of global financial contagion due to the sub-prime turmoil for a variety of reasons. The credit derivatives market is in an embryonic stage; the originate-to-distribute model in India is not comparable to the ones prevailing in advanced markets; there are restrictions on investments by resident in such products issued abroad; and regulatory guidelines on securitisation do not permit immediate profit recognition. Financial stability in India has been achieved through perseverance of prudential policies which prevent institutions from excessive risk taking, and financial markets from becoming extremely volatile and turbulent. As a result, while there are orderly conditions in financial markets, the financial institutions, especially banks, reflect strength and resilience. While supervision is exercised by a quasi-independent Board carved out of the RBI Board, the interface between regulation and supervision is close in respect of banks and financial institutions, and on market regulation, a close coordination with other regulators exists. Let me recount this experience which, in some ways, reflects a policy that aimed to assure financial stability while maintaining growth momentum at reasonable levels and giving a high priority to price stability.

Investment Portfolio

In the year 2000 the Reserve Bank conducted a stress test of the banks' investment portfolio in an increasing interest rate scenario, when the general trend then was decreasing interest rates. At that time, banks in India were maintaining a surrogate capital charge for market risk, which was at a variance from the Basel norms. On the basis of the findings, in order to equip the banking system to be better positioned to meet the adverse impact of interest rate risk, banks were advised in January 2002 to build up an Investment Fluctuation Reserve (IFR) within a period of five years. The prudential target for the IFR was 5 per cent of their investments in 'Held for Trading' (HFT) and 'Available for Sale' (AFS) categories. Banks were encouraged to build up a higher percentage of IFR up to 10 per cent of their AFS and HFT investments. This counter-cyclical prudential requirement enabled banks to absorb some of the adverse impact when interest rates began moving in the opposite direction in late 2004. Banks have been maintaining capital charge for market risk as envisaged under the Basel norms since end-March 2006.

The regulatory guidelines in India require banks to classify their investments in three categories, similar to the international standards. The investments included in the Held to Maturity (HTM) category was capped at 25 per cent of the total investments and banks are allowed to carry the investments in the HTM category at cost, subject to amortisation of premium, if any. With the change in the direction of the movement of interest rates in 2004, the cap on the HTM category was reviewed in the light of the statutory prescriptions [referred to as statutory liquidity ratio (SLR) in India] requiring banks to mandatorily invest up to 25 per cent of their Demand and Time Liabilities (DTL) in eligible Government securities. In view of the statutory pre-emption and the long duration of the Government securities, banks were permitted to exceed the limit of 25 per cent of total investments under Held to Maturity (HTM) category provided the excess comprised only of the SLR securities, and the total SLR securities held in the HTM category was not more than 25 per cent of their DTL. Such shifting was allowed at acquisition cost or book value or market value on the date of transfer, whichever is the least, and the depreciation, if any, on such transfer was required to be fully provided for. The above transition is consistent with international standards that do not place any cap on HTM category, and was considered advisable taking into account the statutory nature of the SLR while ensuring prudence and transparency in valuation on transfer to HTM category. While the earlier prescription for this category was relatively more conservative, the changes in September 2004 recognised the dynamic interface with the interest rate cycles and were counter-cyclical.

Capital Adequacy - Risk Weights

In view of the increase in growth of advances to the real estate sector, banks were advised to put in place a proper risk management system to contain the risks involved. Banks were also advised to put in place a system for ensuring proper checking and documentation of related papers before sanctioning / disbursing of such loans. In June 2005, the Reserve Bank advised banks to have a board mandated policy in respect of their real estate exposure covering exposure limits, collaterals to be considered, margins to be kept, sanctioning authority/level and sector to be financed. In view of the rapid increase in loans to the real estate sector raising concerns about asset quality and the potential systemic risks posed by such exposure, the risk weight on banks' exposure to commercial real estate was increased from 100 per cent to 125 per cent in July 2005 and further to 150 per cent in April 2006. The risk weights on housing loans extended by banks to individuals against mortgage of housing properties and investments in mortgage backed securities (MBS) of housing finance companies (HFCs), recognised and supervised by National Housing Bank (NHB) were increased from 50 per cent to 75 per cent in December 2004. However, on a review, banks were advised to reduce the risk weight in respect of exposures arising out of housing loans up to Rs.30 lakh (USD 75,000 approx) to individuals against the mortgage of residential housing properties from 75 per cent to 50 per cent, in view of the lower perception of risks in these exposures.

In the light of the strong growth of consumer credit and the volatility in the capital markets, it was felt that the quality of lending could suffer during the phase of rapid expansion. Hence, as a counter cyclical measure, we increased the risk weight for consumer credit and capital market exposures from 100 per cent to 125 per cent.

Provisions against Standard Assets

The prudential norms relating to income recognition, asset classification and provisioning, introduced during 1992-93 are being continuously monitored and refined to bring them on par with international best practices. In keeping with this, several measures were initiated in 2005-06. The provisions for standard assets were revised progressively in November 2005, May 2006 and January 2007, in stages in view of the continued high credit growth in the real estate sector, personal loans, credit card receivables, and loans and advances qualifying as capital market exposure and a higher default rate with regard to personal loans and credit card receivables, which emerged as a matter of concern. The standard assets in the following categories of loans and advances attract a two per cent provisioning requirement (i) personal loans (including credit card receivables); (ii) loans and advances qualifying as capital market exposure; (iii) real estate loans (excluding residential housing loans), and (iv) loans and advances to systemically important non-deposit accepting non-banking finance companies (NBFC-ND-SI). In order to ensure continued and adequate availability of credit to the highly productive sectors of the economy, the provisioning requirement for all other loans and advances, classified as standard assets was kept unchanged, *viz.,* (i) direct advances to the agricultural and SME sectors at 0.25 per cent; and (ii) all other loans and advances at 0.4 per cent.

Exposure to Inter-Bank Liability

In order to reduce the extent of concentration of banks' liabilities the Reserve Bank had issued guidelines to banks in March 2007 placing prudential limits on the extent of their Inter-Bank Liability (IBL) as a proportion of their networth (200 per cent). Those banks which had a higher capital adequacy ratio of 125 per cent of the regulatory minimum were allowed a higher limit of 300 per cent of networth. In addition, prudential limits have also been placed on the extent to which banks may access the inter-bank call money market both as a lender and as a borrower.

Financial Regulation of Systemically Important NBFCs and Banks' Relationship with Them

The RBI has been strengthening the regulatory and supervisory framework for non-banking finance companies (NBFCs) since 1997 with the objective of making the NBFC sector vibrant and healthy. The focus was initially on deposit-taking NBFCs. These efforts were pursued further during 2006-07, when a major thrust was on strengthening the regulatory framework with regard to systemically important non-banking financial companies so as to reduce the regulatory gaps. At that time, the regulatory focus was also widened to include systemically important non-deposit taking NBFCs and prudential norms were specified for these entities. The application of different levels of regulations to the activities of banks and NBFCs, and even among different categories of NBFCs, had given rise to some issues relating to uneven coverage of regulations. Based on the recommendations of an Internal Group and taking into consideration the feedback received thereon, a revised framework to address the issues pertaining to the overall regulation of systemically important NBFCs and the relationship between banks and NBFCs was put in place in December 2006.

Securitisation Guidelines

The Reserve Bank has issued guidelines on securitisation of standard assets in February 2006. The guidelines are applicable to banks and financial institutions, including NBFCs. These guidelines provide for a conservative treatment of securitisation exposures for capital adequacy purposes, especially in regard to the credit enhancement and liquidity facilities. The regulatory framework encourages greater participation by third parties with a view to ensure better governance in the structuring of special purpose vehicles (SPVs), the products, and the provision of support facilities. A unique feature of these guidelines, which may be at a variance with the accounting standards, is that any profits on sale of assets to the SPV are not allowed to be recognised immediately on sale but over the life of the pass through certificates issued by the SPV. We believe that these guidelines, as a package, have ensured an appropriate incentive mechanism for securitisation transactions.

Banks' Investment in Non-SLR Securities

The Reserve Bank had emphasised that banks should observe prudence in order to contain the risk arising out of their non-SLR (*i.e.,* non Government) investment portfolio, in particular through the private placement route. Detailed prudential guidelines on the subject were issued in June 2001, which were reviewed and revised in November 2003. These guidelines, *inter alia,* address aspects of coverage, regulatory requirements, listing and rating requirements, fixing of prudential limits, internal assessments, role of Boards, disclosures, and trading and settlement in debt securities. Banks were specifically advised that they should not be solely guided by the ratings assigned to these securities by the external rating agencies but that they should do a detailed appraisal as in the case of direct lending.

Marking-to-Market

The Indian accounting standards are generally aligned to the International Financial Reporting Standards, though there are some differences. In India, we are yet to fully adopt the marking-to-market requirements as available in the international standards. The Indian standards are relatively conservative and do not permit recognition of unrealised gains in the profit and loss account or equity, though unrealised losses are required to be accounted. Banks are required to mark-to-market the investments in the HFT and AFS categories at periodical intervals, on a portfolio basis, and provide for the net losses and ignore the net gains. This has proved to be a stabilising factor, inasmuch as it has not induced an imbalance in the incentive structures and has also proved to be less pro-cyclical.

Moral Suasion and Supervisory Review

Moral suasion and public articulation of concerns has helped in achieving a desired re-balancing of suspected excesses in risk-taking among banks. Some of the areas where moral suasion has been used are the need for banks to monitor unhedged foreign currency exposures of their corporate clients, adoption of appropriate incentive mechanisms by banks for encouraging disclosures of derivative exposures by their corporate clients, banks' reliance on non-deposit resources to finance assets, their excessive reliance on wholesale deposits and uncomfortable loan-to-value (LTV) ratios in respect of housing loans, *etc.*

A supervisory review process (SRP) was initiated with select banks having significant exposure to sensitive sectors, including reliance on call money market, in order to ensure that effective risk mitigants and sound internal control systems are in place. In the first round, a framework was developed for monitoring the systemically important individual banks. The second round of SRP was directed to analyse banks' exposure to sensitive sectors and identify outliers. Based on the analyses of these outlier banks, guidelines were issued to all banks indicating the need for better risk management systems in banks at operating levels.

In brief, in India the focus is on regulatory comfort, going beyond regulatory compliance. In a choice between emphasis of regulations on saving capital and protecting depositors' interests or reinforcing financial system stability, the latter have always prevailed.

III. Indian Experience of Financial Sector Liberalisation and Development

It is necessary to clarify that while the measures mentioned above are aimed at fostering financial stability, in order to enhance efficiency several other initiatives have been taken to liberalise the macro-policy environment in which banks operate through a re-orientation of regulatory prescriptions by replacing micro regulations with macro-prudential regulations, providing an enabling environment for universal banking, improved corporate governance in private sector banks, and enabling consolidation of banks in the private sector. Some other important measures that promoted a vibrant and robust operating environment and framework for the banking system that promoted growth and business opportunities include a reduction in pre-emption through reserve requirements; shift to market determined pricing for Government securities; disbanding of some of the administered interest rates; auction-based repos-reverse repos for short-term liquidity management; facilitation of improved payments and settlement mechanism; setting up of the Clearing Corporation of India Limited (CCIL) to act as central counter party for facilitating payments and settlement system relating to fixed income securities, money market instruments and foreign exchange transactions; setting up of INFINET as the communication backbone for the financial sector; introduction of Negotiated Dealing System (NDS) for screen-based trading in Government securities; introduction of Real Time Gross Settlement (RTGS) System; debt recovery tribunals, asset reconstruction companies, settlement advisory committees, corporate debt restructuring mechanism, *etc.* for quicker recovery/ restructuring of stressed assets; promulgation of Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest (SARFAESI) Act, 2002 and its subsequent amendment to ensure creditor rights; setting up of Credit Information Bureau of India Limited (CIBIL) for information sharing on defaulters as also other borrowers. These growth oriented initiatives have appropriately complemented the stability oriented initiatives.

Development Orientation

In the context of the rapidly evolving financial landscape, the Reserve Bank has also been suitably reorienting its regulatory and supervisory framework to meet the needs of the common man. It has also been the endeavour of the Reserve Bank to improve credit delivery and customer service by banks. The Reserve Bank has simultaneously focussed on financial inclusion and extension of banking services to the unbanked areas of the economy. The guidelines on lending to the priority sector included improvement of credit delivery to those sectors of the economy that impact large segment of the population, the weaker section and to the sectors which are employment-intensive such as agriculture and tiny and small enterprises. In order to improve credit delivery to micro and small and medium enterprises (MSMEs), the Reserve Bank has urged banks to review their institutional arrangements for delivering credit to the SME sector, especially in identified clusters in various parts of the country, and to take measures to strengthen the expertise in and systems at branches located in or near such identified clusters with a view to providing adequate and timely credit. The Reserve Bank has taken several measures in recent years aimed at providing customer service at reasonable cost. These measures include enhancing customer protection and disclosures, code of ethics and grievance redressal, among others. The Reserve Bank's broad approach to financial inclusion aims at 'connecting people' with the banking system and not just credit dispensation; giving people access to the payments system; and portraying financial inclusion as a viable business model and opportunity. The Reserve Bank has been initiating measures to improve the outreach of banks and their services, and promote financial inclusion in less developed states and union territories.

Monetary Policy

As a part of the conduct of monetary policy, the Reserve Bank monitors, *inter alia*, monetary and credit aggregates. It uses both liquidity and interest rate instruments to achieve the monitory policy objectives. Pre-emptive actions have been taken since 2004 to withdraw monetary accommodation which was reinforced with measures aimed at moderating early signs of over-heating. Further, appreciation of the possible permanent and temporary components with regard to oil prices has been articulated in the policies. While undertaking a nuanced approach to managing aggregate demand recognising the elements of shock and consequent impact on inflation expectations, the underlying demand conditions warranted several interest rate and liquidity measures in recent weeks.

While monetary policy influences aggregates, reality is often dis-aggregated. Hence, the Reserve Bank uses prudential regulatory policies to complement the monetary policy measures and objectives. It is pertinent that the lender of last resort function is not separate either from monetary and liquidity management or from financial regulation. Thus both monetary policy and prudential regulations are used as complementary tools to achieve the central bank objectives and they both support and reinforce each other.

IV. Concluding Remarks on Broader Issues

The detailed account given above of the developments in the global and the Indian financial sector would be incomplete without devoting some attention to the broader issues. These issues need to be reckoned and debated widely lest the response to recent developments be construed as internal to the financial sector, warranting only such sector-specific solutions.

First, whether the benefits of financial liberalisation and financial globalisation need to be re-evaluated? It is possible to argue that liberalisation of trade in goods has contributed more to growth and price stability than financial sector initiatives. In particular, it may be argued that the incentive frameworks for financial intermediaries appear to be disproportionate to their conceivable contribution to the economy. The arguments in favour of persevering with financial innovation and urging regulators to continue to give priority to facilitate innovations should be viewed in this context.

Second, whether the regulators have placed greater emphasis on savings of capital in banks rather than on the interests of the depositors and on systemic stability? The recent compulsions for shoring up of capital by some of the global financial institutions in advanced economies seem to suggest this. What induced the regulators to permit such excesses in leverage and savings of capital? Does this also involve issues pertaining to governance and accountability of regulators?

Third, whether there is a beginning of fiscalisation of the financial sector in view of the intensification of the links between the two? For example, the recent episodes of participation of the sovereign wealth funds in the re-capitalisation of banks tantamount to fiscal support. Further, large doses of liquidity support to financial markets by regulators against collateral may also involve quasi-fiscal costs, under some circumstances.

Fourth, whether there is, what may be called, financialisation of the political economy? The attractiveness of financial intermediaries in terms of high profitability, significant growth - especially cross-border, massive spread of investors, and the inadequate scope for application of principles of rules of origin in the financial sector could have resulted in enhanced clout for these intermediaries in the political economy. Incidentally, Professor Jagdish Bhagwati's reference to

Wall Street - Washington links is relevant in this context.

Fifth, whether there has been excessive financialisation of corporates, in the sense that large corporates take significant positions in the financial markets through their treasury operations? Increasingly, many of the positions of the corporates in the financial markets may not be related to their underlying business. Do we have an issue when such activities of corporates in the financial markets, unrelated to their underlying business, are not regulated the way similar activities of financial market intermediaries are regulated?

To conclude, on the way forward, to exit the current financial turbulence and fortify against future similar episodes, we may need to look beyond reforms within the financial sector and address broader related issues that impinge on the balance between the sovereign, the regulators, the financial institutions and the markets.

Articles

*Corporate Investment: Growth in 2007-08 and Prospects for 2008-09**

This article presents the envisaged fixed capital investment of private corporate sector in 2007-08, aggregate as well as at different disaggregated levels, primarily based on companies covered by institutional assistance till the year 2007-08. An attempt is also made to capture the planned capital expenditure of companies raising funds from other sources, such as, external commercial borrowings, domestic capital markets. The total capital spending envisaged for the year 2007-08 was higher at Rs. 2,45,107 crore, which though indicates a moderation in annual growth over a high base, still reflects sustained strong capital expenditure. Infrastructure projects, in particular, the power projects continue to dominate the scene for two consecutive years in a row. The total cost of projects sanctioned institutional assistance in 2007-08 at Rs.2,84,371 crore was to a great extent due to the rise in number of large projects from 88 to 98, each with project cost exceeding Rs.500 crore, and aggregating as much as Rs. 2,07,037 crore. Gujarat continued to hold first rank with the proposed investment of Rs. 62,442 crore from 100 projects contributing 22.0 per cent of total investment intentions followed distantly by Maharashtra, Orissa and Andhra Pradesh. Robust growth of capital goods production, increase in import of capital goods, high capacity utilisation, healthy level of profitability witnessed by corporate sector on top of strong balance sheets in past few years and high economic growth in 2007-08 signal continued momentum in fixed capital investment. The turnaround in corporate investment, which began in 2002-03 and maintained healthy position thereafter, is expected to be sustained in 2008-09.

* Prepared in the Corporate Studies Division of the Department of Statistics and Information Management (the erstwhile Department of Statistical Analysis and Computer Services). The previous study titled 'Corporate Investment: Growth in 2006-07 and Prospects for 2007-08' was published in the August 2007 issue of the RBI Bulletin.

1. Introduction

Investment is vital to the growth of an economy. Investment is needed for modernisation and expansion of productive capacity to keep pace not only with technological developments taking place but also to remain competitive in a business environment. Fresh investment is also essential for sustaining economic growth. In order to assess broadly the growth of fixed investment of private corporate sector in a year ahead, the article makes an attempt to capture capital expenditure of the private and joint sector companies. Though banks/FIs constitute the conventional source of investment funds for large size capital expenditure, post liberalisation, companies are also increasingly raising funds through several other avenues such as domestic capital markets, external commercial borrowings including foreign currency convertible bonds, private placement of debt, bonds/ debentures and ADRs/GDRs.

This article analyses the investment intentions of the private corporate sector during the year 2007-08 and makes an assessment of the investment prospects for 2008-09. The analysis brings out minimum investment that would have to take place, other things remaining the same, if investment in the following year is to show a rise over the previous year's level.

The rest of the article is organised as follows. Section 2 presents the methodology, scope and coverage, and the limitations. Section 3 reviews the information on investment intentions for the year 2007-08. The results are presented separately for projects raising funds from banks/FIs, capital markets and ECBs. Additionally, detail analysis is presented with respect to several disaggregated levels such as size-class, industrial sector, location/state, purpose for the projects covered by institutional assistance. Finally, Section 4 makes an assessment of envisaged investment for the year 2007-08 and presents investment prospects for the year 2008-09.

2. The Approach - Methodology, Scope and Coverage

The estimation of growth in capital investment made in this study is largely based on projects in the private corporate sector that were assisted by banks/FIs[1]. The project reports available with banks/ FIs provide information on proposed investment and its phasing details as well as industry, purpose and location of projects.

Investment plans were also aggregated for the companies which have raised equity capital or contracted ECBs to finance their large capital outlays. The Form 83 submitted to RBI by companies contracting ECBs contains information on, among others, the purpose and the drawal schedule which may be considered as indicative of phasing details of utilization of funds. Only those companies which contracted ECBs for the primary purpose of capital expenditure are covered in the study. Similarly, the information on envisaged capital spending and

[1] Industrial Development Bank of India, ICICI Bank, Infrastructure Development Finance Company, Life Insurance Corporation, Power Finance Corporation, Infrastructure Leasing & Financial Services Limited, EXIM Bank and major public, private and foreign banks.

corresponding phasing details were culled out from the prospectus available with SEBI by the companies issuing equity capital in domestic capital market. However, the capital spending envisaged by the companies raising funds through private placements, debenture/bond issues or through ADR/GDRs could not be ascertained due to inadequacy of information on their end use and expenditure patterns over the years[2].

The methodology followed is in the line with that proposed by Dr. C. Rangarajan in an article titled "Forecasting Capital Expenditure in the Corporate Sector" published in the December 13, 1970 issue of the 'Economic and Political Weekly'. The envisaged phasing details of investment funds raised/contracted by companies would provide indication about the likely level of investment in different years.

The validity of the assessment of likely corporate investment heavily rests upon the assumption that companies adhere to the expenditure patterns outlined in the initial proposals. Also, estimates of corporate investment presented in this article are *ex ante* and differ in scope and methodology from the *ex post* estimates of corporate fixed investment available in National Accounts Statistics (NAS)[3].

[2] As per the available information it appears that private corporate sector (non-financial companies) raised funds amounting to Rs. 41,371 crore through private placement in the year 2007-08 but the proportion of this fund allocated to capital expenditure and the phasing details of its' use are not available. Also, funds raised through ADRs/GDRs amounted to Rs. 26,556 crore in 2007-08 but further details on ownership, end use and expenditure pattern over years are not available.

[3] See also the technical note attached to "Growth of Corporate Investment: An attempt at projection for 1999-2000' published in the Monsoon 1999 issue of the Reserve Bank of India Occasional Papers for details.

3. Envisaged Investment in the year 2007-08

The present study captures 910 projects[4] sanctioned assistance by banks/ FIs in 2007-08 with an aggregated envisaged project cost of Rs.2,84,371 crore. In addition, the study covers proposed investment of 302 companies contracting ECBs (inclusive of FCCBs) in 2007-08 aggregating to Rs. 33,068 crore and proposed investment of 88 non-financial companies aggregating to Rs. 5,361 crore issuing domestic equity capital during 2007-08. All together, the total investment proposals in 2007-08 collectively worked out to be Rs. 3,22,800 crore spread over 2005-06 to 2012-13.

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

In this section, the analysis on the projects sanctioned assistance by the banks/FIs is carried out combining the information on projects (a) that have been sanctioned assistance prior to 2007-08 but have envisaged capital expenditure lined up in subsequent years, and (b) that have been sanctioned fresh financial assistance in 2007-08. The corporate investment is then estimated for the year 2007-08 by suitably aggregating data on the time phasing of envisaged capital expenditures over the individual years. In cases where a company approached more than one

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

institution for project assistance, care was taken to include it only once. To the extent possible, revisions in the phasing of projects sanctioned earlier were also incorporated. The data consolidated on these lines, are presented in Table 1. When horizontally read, it shows the capital expenditure that is expected to be incurred in various years on projects for which assistance was provided in a given year. Vertically read, it gives the capital expenditure that would be incurred in a year on projects to which assistance had been given in that year and in previous years.

It can be seen from Table 1 that capital expenditure of Rs.1,25,248 crore was expected to have been incurred during 2007-08 in respect of projects sanctioned up to 2006-07. The fresh sanctions during 2007-08 were found to have already spent Rs.508 crore in 2005-06 and Rs.12,972 crore in 2006-07 and envisaged capital expenditure of another Rs. 74,014 crore in 2007-08. Considering this, the total capital expenditure that could have been incurred during 2005-06, 2006-07 and 2007-08 works out to Rs.97,273 crore, Rs.1,68,010 crore and Rs.1,99,262 crore, respectively. (col.10, 11 and 12, Table 1).

The amount of proposed investment in the year 2007-08 at Rs.1,99,262 crore was higher than the envisaged investment of Rs.1,68,010 crore a year ago. As a result, the capital expenditure planned by the private corporate sector in 2007-08 is likely to have risen by 18.6 per cent on top of a rise of 72.7 per cent in 2006-07 and 23.7 per cent in 2005-06.

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

(Rs crore)

Capital expenditure in the Year → Year of sanction ↓	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Upto March 1997	42,470	16,191	5,956	2,576	2,391	1,622	1,193	463	176	136		
1997-98	21,359	19,122	10,111	3,833	1,148	889	703	566	195	101		
1998-99	6,415	23,321	18,622	10,248	3,340	1,545	1,701	725	184	99		
1999-00	256	8,286	11,971	11,640	7,107	5,603	695	468				
2000-01	32	36	4,085	17,054	14,145	10,367	3,830	1,335	717			
2001-02		62	266	6,604	8,384	6,386	1,990	1,318	115	24		
2002-03		5	30	96	680	5,763	5,429	1,708	574	573		
2003-04			1,313	517	547	8,285	26,309	23,286	5,429	2,586	300	
2004-05							5,815	36,709	33,193	11,810	5,143	1,248
2005-06								9,858	41,279	43,903	23,707	8,501
2006-07								2,172	14,903	95,806	96,098	51,693
2007-08									508	12,972	74,014	86,908
Total upto 2007-08	70,532	67,023	52,355	52,568	37,742	40,459	47,665	78,608	97,273	1,68,010	1,99,262	1,48,350
Grand Total #	**70,724**	**67,131**	**52,435**	**52,668**	**37,742**	**40,459**	**47,665**	**78,608**	**97,273**	**1,68,010**	**1,99,262**	**1,48,350**
Percentage change	**0.0**	**-5.1**	**-21.9**	**0.4**	**-28.3**	**7.2**	**17.8**	**64.9**	**23.7**	**72.7**	**18.6**	

'# : (a) Includes assistance provided by the IDBI under Technical Development Fund (TDF) and Bills Rediscounting Scheme (BRS).
(b) The estimates are *ex ante*, incorporating only the envisaged investment, thus are different from those actually realized/utilized.

Table 2 : Phased Capital Expenditure of Projects Sanctioned in 2006-07 and 2007-08

(Rs crore)

Capital expenditure in the Year → / Capital expenditure of projects ↓	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Number of projects 1054								
Sanctioned in 2006-07	17,075 (6.1)	95,806 (33.8)	96,098 (33.9)	51,693 (18.2)	15,111 (5.3)	4,887 (1.7)	2,770 (1.0)	– –	2,83,440 (100.0)
	Number of projects 910								
Sanctioned in 2007-08	508 (0.2)	12,972 (4.6)	74,014 (26.0)	86,908 (30.6)	54,143 (19.0)	41,460 (14.6)	9,700 (3.4)	4,666 (1.6)	2,84,371 (100.0)

- : Nil / Negligible.
Note: Figures in brackets denote percentage shares in the total.

3.1.1 Projects Sanctioned During 2007-08

The 910 projects covered under institutional assistance in 2007-08 had aggregate cost of Rs.2,84,371 crore. This envisaged spending, spread over eight year period spanning from 2005-06 to 2012-13 was higher by Rs. 931 crore as compared to Rs.2,83,440 crore envisaged from the 1054 projects covered in 2006-07 (Table 2). The phasing details of the fresh sanctions in 2007-08 showed that 26.0 per cent of the total proposed spending amounting to Rs.74,014 crore was planned to be incurred in 2007-08 itself and slightly bigger amount representing another 30.6 per cent (Rs.86,908 crore) in the following year *i.e.* 2008-09. Around 4.8 per cent of total project cost envisaged by these companies was already spent in previous two years (*i.e.* 2005-06 and 2006-07).

3.1.2 Industrial Pattern of Projects

The industry-wise pattern of projects sanctioned assistance in 2007-08 is presented in Table 3. Reflecting heavy investment envisaged in infrastructure,

Chart 1: Share of Major Industries in Aggregate Project cost

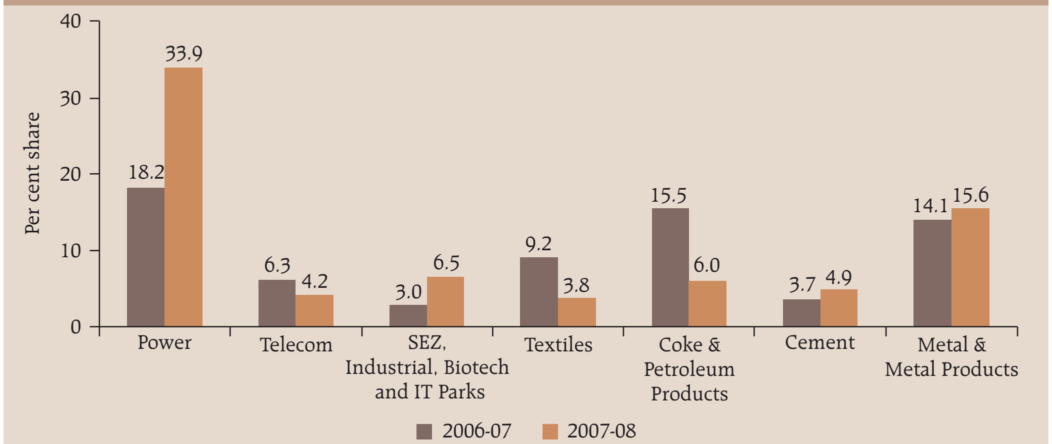


Table 3 : Industry-wise Distribution of Projects and their Cost in 2006-07 and 2007-08

Industry	2006-07			2007-08		
	Number of Projects	Project Cost		Number of Projects	Project Cost	
		Amount (Rs. crore)	Per cent Share		Amount (Rs. crore)	Per cent Share
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1. Infrastructure	125	1,01,744	35.9	142	1,33,719	47.0
i) Power	64	51,451	18.2	71	96,363	33.9
ii) Telecom	9	17,950	6.3	9	11,896	4.2
iii) Ports & Airports	7	10,745	3.8	6	1,993	0.7
iv) Roads, Storage & Water Management	8	13,083	4.6	4	4,924	1.7
v) SEZ, Industrial, Biotech and IT Parks	37	8,515	3.0	52	18,543	6.5
2. Sugar	33	8,867	3.1	16	3,009	1.0
3. Textiles	258	25,933	9.2	120	10,711	3.8
4. Paper & Paper Products	24	2,915	1.0	18	2,176	0.8
5. Coke & Petroleum Products	11	44,083	15.5	5	17,199	6.0
6. Chemicals & Petrochemicals	35	4,136	1.5	27	2,696	0.9
7. Pharmaceuticals & Drugs	33	1,686	0.6	39	5,173	1.8
8. Cement	27	10,567	3.7	26	13,956	4.9
9. Metal & Metal Products	130	39,876	14.1	128	44,468	15.6
10. Electrical & Non-Electrical Machinery	20	4,486	1.6	31	1,362	0.5
11. Transport Equipments	29	5,174	1.8	38	8,136	2.9
12. Construction	34	9,277	3.3	39	9,003	3.2
13. Hotels & Restaurants	74	11,122	3.9	54	9,318	3.3
14. Transport Services	17	1,561	0.5	18	3,598	1.3
15. Hospitals	21	1,378	0.5	28	3,037	1.1
16. Others*	183	10,635	3.8	181	16,810	5.9
Total	**1054**	**2,83,440**	**100.0**	**910**	**2,84,371**	**100.0**

* Comprise industries each with a share of less than 1 per cent in total cost of projects in 2006-07 and 2007-08.

the infrastructure group accounted for about half of the total cost of projects, amounting to Rs.1,33,719 crore. Nearly 72 per cent of this huge investment proposed on infrastructure was in 71 power projects (Rs. 96,363 crore) followed by 52 IT parks and SEZ projects (Rs.18,543 crore), 9 telecom projects (Rs.11,896 crore), 4 roads, storage and water management projects (Rs. 4,924 crore) and 6 ports and airports projects (Rs.1,993 crore).

Other industry groups having substantial share in total project cost in 2007-08 were metal & metal products (15.6 per cent), coke and petroleum products (6.0 per cent), cement (4.9 per cent), textiles (3.8 per cent) and construction (3.2 per cent). Among service industries, projects in hotel industry accounted for 3.3 per cent share followed by transport services (1.3 per cent). Each of remaining industry groups had share lower than 2 per cent of total project costs in 2007-08. The maximum number of projects sanctioned assistance in 2007-08 belongs to infrastructure at 142 followed closely by 128 metal & metal products and 120 textiles projects.

3.1.3 Size-wise Pattern of Projects

The size-wise distribution of the projects sanctioned assistance during 2007-08 showed a rise in number of large projects (Table 4). The number of projects in top size class, each costing Rs. 500 crore or more, rose from 88 in 2006-07 to 98 in 2007-08 accounting for more than two-thirds of the total project cost. Though the

Table 4: Size-wise Distribution of Projects and their Envisaged Cost in 2006-07 and 2007-08

Size of projects	2006-07			2007-08		
	Number of Projects	Project Cost		Number of Projects	Project Cost	
		Amount (Rs. crore)	Per cent Share		Amount (Rs. crore)	Per cent Share
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Less than Rs.10 crore	48	285	0.1	24	143	-
Rs. 10 crore to Rs. 50 crore*	475	12,064	4.3	383	10,135	3.6
Rs.50 crore to Rs.100 crore*	191	13,790	4.9	154	11,102	3.9
Rs.100 crore to Rs.200 crore*	131	18,808	6.6	128	17,913	6.3
Rs. 200 crore to Rs.500 crore*	121	37,137	13.1	123	38,041	13.4
Rs. 500 crore & above	88	2,01,356	71.0	98	2,07,037	72.8
Total	**1054**	**2,83,440**	**100.0**	**910**	**2,84,371**	**100.0**

- : Nil / Negligible. * : Size classes are exclusive of upper limits.

total expenditure envisaged from these large sized projects was more than the level at little over rupees two lakh crore as that planned last year by 88 big projects, the average size of these projects in 2007-08 declined slightly to Rs.2,113 crore from Rs.2,288 crore in 2006-07. The size-wise distribution remained more or less similar in respect of capital expenditure. Total envisaged cost of 910 projects at 2,84,371 crore in 2007-08 was marginally higher than the total envisaged cost of Rs. 2,83,440 crore from 1054 projects in 2006-07.

3.1.4 State-wise Pattern of Projects

The state-wise pattern of proposed investment revealed by the 910 projects sanctioned in 2007-08 as well as 1054 projects sanctioned in 2006-07 is presented in Table 5. There are wide variations in this pattern from year to year as location of few large projects change the pattern considerably. Gujarat with 100 projects having proposed investment aggregating to Rs.62,442 crore retained first place, though the state experienced a decline in proposed investment which stood at Rs. 73,170 crore (from 86 projects)

Chart 2: Share of Major States in Aggregate Project Cost

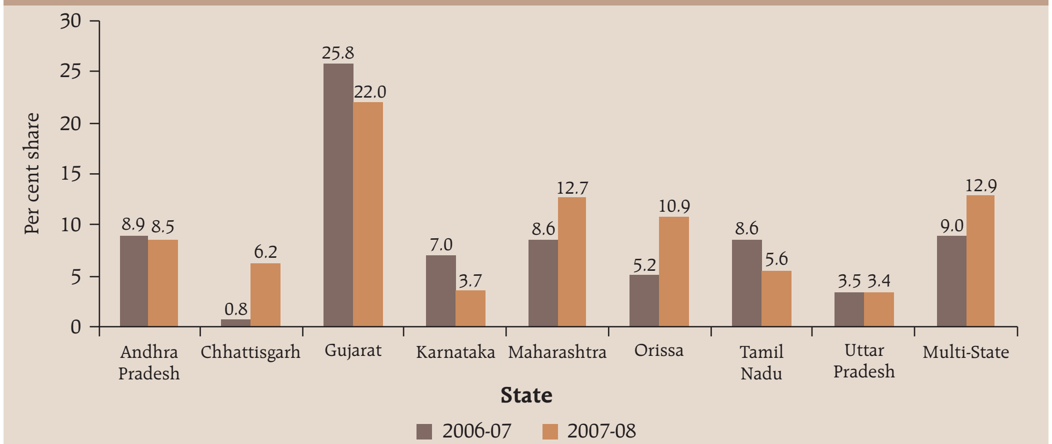


Table 5: State-wise Distribution of Projects and their Envisaged Cost during 2006-07 and 2007-08

State	2006-07			2007-08		
	Number of Projects	Project Cost		Number of Projects	Project Cost	
		Amount (Rs. crore)	Per cent Share		Amount (Rs. crore)	Per cent Share
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Andhra Pradesh	105	25,173	8.9	92	24,242	8.5
Chhattisgarh	13	2,365	0.8	12	17,671	6.2
Delhi	19	6,359	2.2	19	3,263	1.2
Gujarat	86	73,170	25.8	100	62,442	22.0
Haryana	42	3,897	1.4	30	2,799	1.0
Himachal Pradesh	30	2,644	0.9	23	3,656	1.3
Jharkhand	13	7,174	2.5	16	6,854	2.4
Karnataka	91	19,930	7.0	65	10,573	3.7
Madhya Pradesh	23	4,878	1.7	19	6,295	2.2
Maharashtra	142	24,330	8.6	149	36,202	12.7
Orissa	23	14,806	5.2	23	30,913	10.9
Punjab	48	5,902	2.1	31	2,021	0.7
Rajasthan	38	9,806	3.5	23	2,843	1.0
Sikkim	3	9,418	3.3	1	110	0.0
Tamil Nadu	157	24,299	8.6	95	16,039	5.6
Uttar Pradesh	60	9,836	3.5	42	9,805	3.5
Uttarakhand	31	5,633	2.0	27	1,721	0.6
West Bengal	37	3,404	1.2	42	6,015	2.1
Multi-State	46	25,428	9.0	67	36,698	12.9
Others*	47	4,988	1.8	34	4,209	1.5
Total	**1054**	**2,83,440**	**100.0**	**910**	**2,84,371**	**100.0**

* Comprise states/ union territories, each with share of less than 1 per cent in aggregate cost of projects in 2006-07 and 2007-08.

a year ago. The share of Gujarat in total costs of projects planned in 2007-08 at 22.0 per cent was also lower than 25.8 per cent observed in 2006-07. However, Gujarat's share was substantially higher than any of the remaining states. Maharashtra which ranked second had a share of 12.7 per cent. Orissa secured third rank with 10.9 per cent share followed by Andhra Pradesh (8.5 per cent), Chhattisgarh (6.2 per cent), Tamil Nadu (5.6 per cent), Karnataka (3.7 per cent), Uttar Pradesh (3.5 per cent) and each of the other states sharing less than 3.0 per cent.

3.1.5 Purpose-wise Pattern of Projects

The new assisted projects covered in 2007-08 declined in terms of its number to 508 from 566 a year ago, so is the case of projects for all other purposes, *viz.*, expansion & modernization, diversification, and others. The share of new projects at 65.7 per cent of total envisaged spending in the year remained at almost same level as observed in 2006-07. Another 368 projects proposed in 2007-08 for the purpose of expansion and modernization, accounted for 33.3 per cent of total envisaged project cost as against corresponding 415 projects with a share of 27.5 per cent during 2006-07.

3.2 Envisaged Capital Expenditure of Companies Raising Funds From ECBs

Based on the information on ECBs as available in Form 83 submitted to RBI, amount of loan contracted and its drawal

Table 6: Purpose-wise Distribution of Projects and their Envisaged Cost during 2006-07 and 2007-08

Purpose	2006-07			2007-08		
	Number of Projects	Project Cost		Number of Projects	Project Cost	
		Amount (Rs. crore)	Per cent Share		Amount (Rs. crore)	Per cent Share
(1)	(2)	(3)	(4)	(5)	(6)	(7)
New	566	1,88,534	66.5	508	1,86,934	65.7
Expansion & Modernisation	415	77,956	27.5	368	94,700	33.3
Diversification	32	6,481	2.3	7	580	0.2
Others	41	10,469	3.7	27	2,157	0.8
Total	**1054**	**2,83,440**	**100.0**	**910**	**2,84,371**	**100.0**

schedule can be taken to broadly represent company's envisaged capital expenditure and corresponding phasing schedule, respectively. The planned capital expenditure in a reference year is then derived as the sum total of loan drawal amounts in each year from the loans contracted in years up to and including the reference year. In such cases, where the company approached banks/FIs for assistance and also contracted ECBs to part finance its capital expenditure during the reference period, the care has been taken to avoid double counting of the same company present in both the sources.

It is noteworthy that ECBs (including FCCBs) funding has assumed greater role in recent years possibly as a result of policy orientation. During 2007-08, ECBs loans amounting to around Rs. 33,068 crore were contracted by 302 companies in private corporate sector to be spent on fixed capital vis-à-vis around Rs. 51,331 crore in 2006-07, Rs. 28,499 crore in 2005-06, Rs.24,646 crore in 2004-05 and only Rs.5,197 crore in 2003-04.

Capital expenditure which was expected to be spent in 2007-08 flowing from the companies contracting ECBs since 2003-04 works out to be around Rs. 37,274 crore, of which, a major part of Rs. 25,932 crore was from loans contracted in 2007-08 itself. The corresponding figure for the year 2006-07 was higher at Rs. 45,862 crore. Based on available information, envisaged capital expenditure in 2008-09 from these ECBs contracted till 2007-08 stand at Rs.19,748 crore.

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

During 2007-08, a total of Rs. 48,185 crore issue size was covered under the public/right issues brought about by 104 non-financial companies belonging to private corporate sector. Excluding 16 companies that had also approached banks/FIs or contracted ECBs, the issue size works out to be Rs. 44,411 crore in 2007-08, of which Rs. 4,354 crore was envisaged for capex. However, the total investment plans of these 88 companies amounted to Rs. 5,361 crore, of which Rs.2,885 was envisaged to be spent in 2007-08 as capital expenditure. In addition, spending of Rs.5,686 crore in 2007-08 was envisaged by the companies which came out with rights/public issues in 2006-07. Thus, total amount of funds envisaged towards capital expenditure in 2007-08 from the public/rights issues of 2006-07 and 2007-08 works out to be Rs.8,571 crore. Based on available information, envisaged capital expenditure in 2008-09 from these public/ right issues of last two years stand at Rs.5,075 crore.

4. Assessment and Prospects

4.1 Assessment of 2007-08

The economic activity witnessed mild deceleration in second-half of 2007-08. Moderation was also noticeable in the key economic parameters such as industrial production, private corporate sector performance. But overall, the economy performed well and continued to maintain high and robust growth, a phase that was observed for past many years. The growth in real Gross Domestic Product (GDP) in 2007-08 was quite high at 9.0 per cent on top of 9.6 per cent recorded in 2005-06 and over 7.0 per cent observed in previous three consecutive years. The index of industrial production also decelerated but registered decent growth of 8.1 per cent in 2007-08, with manufacturing sector growing by 8.6 per cent. The profitability of private corporate sector, despite deceleration, stood reasonably high in 2007-08. The gross fixed investment in 2007-08 maintained the momentum observed over previous three years in response to high business optimism and substantial rise in profits. With robust economic growth and persistent exports volume, demand factors were strong and capacity utilization rates rose to meet the rising demand. The production of capital goods grew by decent 16.5 per cent in 2007-08, albeit at a slower rate.

The growth in envisaged capital expenditure that was steadily moving up since 2002-03 and peaked in 2004-05 and 2006-07, slowed down in 2007-08. However, the total envisaged cost of projects sanctioned assistance by banks/ FIs in 2007-08 at the level of Rs. 2,84,371 crore surpassed marginally the previous high of Rs.2,83,440 crore in 2006-07. Also, despite moderation, the investment sentiments and business confidence continued to be quite strong. The information on intended phasing details of projects sanctioned assistance by banks/ FIs in 2007-08 and prior years reveals that the envisaged capital expenditure in 2007-08 amounted to Rs.1,99,262 crore, indicating 18.6 per cent rise over that of the previous year. This rise in investment intentions was observed at the back of substantially higher levels observed in past few years.

Avoiding multiple counting, and considering companies that have raised resources through ECBs and domestic equity issuances, the capital expenditure envisaged for 2007-08 by such companies amounted to Rs.37,274 crore and Rs.8,571 crore, respectively. Summing the capital expenditure intentions of companies from all the sources considered in the study, investment in 2007-08 thus works out to be substantial Rs.2,45,107 crore of which Rs.1,02,831 crore is from the resources raised in 2007-08 itself, viz., projects sanctioned assistance by banks/FIs (Rs.74,014 crore), ECBs (Rs.25,932 crore) and rights/public issues (Rs.2,885 crore).

4.2 Prospects for 2008-09

The real GDP grew at a substantially high rate in 2007-08, on top of robust economic growth in recent years. The Reserve Bank of India, in its first quarter review of the annual policy statement has projected real GDP growth for 2008-09 to around 8.0 per cent. Notwithstanding recent slowdown in overall business activities, corporate sector managed to maintain quite decent profitability level in 2007-08 and against the backdrop of upbeat performance in recent years, the corporate sector appears to have the capacity to invest. Downside risks arise from the likely impact of high and rising international oil prices, increasing cost of external capital, hardening of interest rates abroad and input and wage cost pressures in some industries. With prospects of decelerating pace in growth of domestic and global economy, environment for the fixed investment due to its cyclical nature could become less conducive. Though on balance, the risks to the outlook for fixed investment growth has somewhat tilted to the downside, the domestic demand is still resilient and supporting the overall economic growth, driving corporates to continue their expansion plans at the back of rising capacity constraints.

The capital investment intention for 2008-09 based on companies having institutional assistance up to 2007-08 aggregated to Rs.1,48,350 crore (as against Rs. 1,25,248 crore envisaged for the year 2007-08). The proposed investment aggregates to Rs.1,73,173 crore in 2008-09 if the capital spending envisaged by companies raising funds from sources other than banks/FIs was also added to this (namely, Rs.19,748 crore contracted through ECBs and Rs. 5,075 crore raised from public/rights issues). To work out the aggregate capital expenditure in 2008-09, we must add to this the fresh capital expenditure to be incurred in 2008-09. Therefore, if the aggregate capital expenditure in 2008-09 were to surpass the level intended for the year 2007-08 (i.e. Rs.2,45,107 crore envisaged collectively by companies approaching banks/FIs or issuing domestic equity capital or contracting ECBs), the fresh envisaged capital expenditure in 2008-09 must be above Rs.71,934 crore. Incidentally, the capital expenditure envisaged by the fresh projects in the private corporate sector has been above Rs. 1,00,000 crore in each of the last two years. Though there could be a slight shift from accommodative to neutral financing conditions which may affect the fundamentals that drive business investment, corporates' incentives to invest are likely to remain strong in 2008-09, namely high domestic demand and high capacity utilisation rates amidst improved profitability of last few years. As business confidence continues to remain strong, such an amount of fresh investment by private corporate sector is expected in 2008-09. Thus, the private corporate investment in 2008-09 is likely to increase, although it may grow at a slower pace.

*Performance of Financial and Investment Companies, 2006-07**

This article analyses the performance of select non-Government financial and investment companies (other than banking, insurance and chit-fund companies) during the year 2006-07, 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 2006-07, as observed from impressive growth in income, profits, and total assets. 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 for purchase of consumer goods such as automobiles, electrical equipments and other appliances to the household sector. 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 2006-07. The study is based on the audited annual accounts of 1187 companies, which closed

* Prepared in the Company Finances Division of Department of Statistics and Information Management.

their accounts during the period April 2006 to March 2007[1].

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 10 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 1176 companies. However, the data on all the select 1187 companies including HDFC and other outlier companies are separately presented in Annex 1 to 3. The study also presents comparable data for the preceding two years 2004-05 and 2005-06 for the same set of companies, based on the analysis of their accounts for the respective years.

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 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, discussed below, is subject to these limitations.

I. Composition of the Select Companies

The select 1176 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 2006-07 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 are presented in Table 1.

The 'Share trading and investment holding' companies, which accounted for 44.5 per cent of the select 1176 companies, had a share of 46.8 per cent of the total paid-up capital in 2006-07; but accounted for only 25.8 per cent of the total net assets and 35.0 per cent of the total main income. 'Loan finance' and 'Hire purchase and

[1] Reference may be made to the October 2007 issue of the Reserve Bank of India Bulletin for the study relating to 2005-06, which covered the financial performance of 1204 non-Government financial and investment companies. In the present study, 268 new companies have been included in addition to 919 companies common with the previous study.

Table 1: Composition of the Select 1176 Companies by Activity, 2006-07

(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	523	6467	5416	33385
	(44.5)	(46.8)	(35.0)	(25.8)
2. Loan Finance	378	4179	4559	46649
	(32.1)	(30.2)	(29.5)	(36.0)
3. Hire Purchase and Leasing Finance	78	679	2144	21352
	(6.6)	(4.9)	(13.9)	(16.5)
4. Diversified	49	684	1561	16014
	(4.2)	(4.9)	(10.1)	(12.4)
5. Miscellaneous	148	1818	1795	12199
	(12.6)	(13.2)	(11.6)	(9.4)
All Activities	**1176**	**13827**	**15475**	**129599**
	(100.0)	**(100.0)**	**(100.0)**	**(100.0)**

Note : Figures in parentheses represent percentages to total.

Leasing finance' companies (32.1 per cent and 6.6 per cent, respectively, in terms of number) together accounted for 35.1 per cent of paid up capital, 52.5 per cent of total net assets and 43.4 per cent of main income of the select companies.

II. Overall performance

The consolidated results of the select 1176 non-Government financial and investment companies indicated improved performance during 2006-07, as observed from growth in income, profits and assets formation, and increase in profitability ratios.

The operating profits of the select companies went up by 41.4 per cent during 2006-07. Besides increase in income from main activities (36.9 per cent), income from other activities (29.4 per cent) also contributed significantly to the growth in profits during the year (Statement 1). The profit margin (operating profits to main income) and the return on shareholders' equity (profits after tax to net worth) further improved to 49.6 per cent and 13.3 per cent, respectively, in 2006-07 from 48.1 per cent and 13.2 per cent, respectively, during 2005-06 (Statement 2).

There was an overall increase in business activities of the select companies. Their total net assets increased by 26.2 per cent in 2006-07 on the top of 28.2 per cent rise in 2005-06.While loans and advances went up by 29.4 per cent, investments increased by 15.1 per cent, (33.1 per cent and 23.5 per cent respectively in 2005-06) (Statement 1).

External sources continued to be the major source of finance during 2006-07. A substantial portion (60.8 per cent) of the funds raised during the year was deployed as loans and advances. The share of Investments (incremental) in total uses of funds was relatively low at 14.8 per cent during 2006-07 (Table 4).

III. Operational Results

The combined main income of the select 1176 financial and investment companies increased by 36.9 per cent during 2006-07 to Rs. 15,475 crore as against 55.4 per cent increase recorded in 2005-06 (Statements 1 & 3). Interest income increased by 44.1 per cent during the year compared with 46.1 per cent in the previous year. While dividend income of select companies increased by 42.2 per cent, brokerage and net profits from share dealings went up by 23.5 per cent and 37.5 per cent respectively. Other income also went up by 29.4 per cent. The total income of the select companies increased by 36.0 per cent (46.7 per cent in the previous year), in commensurate with the overall increase in business activities during the year.

The total expenditure went up by 31.8 per cent in 2006-07 as against an increase of 28.2 per cent in the previous year. Employees' remuneration witnessed a steep growth of 45.0 per cent in 2006-07 as against 43.2 per cent in 2005-06. Interest payments increased sharply by 42.1 per cent during 2006-07 on account of the increased dependence on borrowed funds (borrowings went up by 24.4 per cent in 2006-07) and hardening of interest rates. Depreciation provision increased by 3.0 per cent during the year.

The operating profits, pre-tax profits and post-tax profits recorded impressive growth of 41.4 per cent, 42.0 per cent and 31.2 per cent, respectively, during the period under review on top of the very high growth witnessed in the previous year.

Bad debts written off and provisions made for NPAs together accounted for a lower share of 2.7 per cent of total income in 2006-07 as against 5.7 per cent in the previous year, indicating improvement in assets quality of the select companies.

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 2006-07 (Table 2).

The profit margin (operating profits to main income) of the select companies improved to 49.6 per cent in 2006-07 from 48.1 per cent in 2005-06 (Table 3). The return on shareholders' equity (post-tax profits to net worth) increased marginally

Table 2: Growth Rates of Select items, 2005-06 and 2006-07

(Per cent)

Item	All Activities		Share Trading and Investment Holding		Loan Finance		Hire Purchase and Leasing Finance		Diversified	
	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07
1	2	3	4	5	6	7	8	9	10	11
1. Main Income	55.4	36.9	104.8	42.9	44.9	34.3	16.9	33.1	44.8	31.9
2. Total Expenditure	28.2	31.8	–1.9	12.9	34.2	43.3	39.1	14.4	29.9	19.7
3. Operating Profits	111.8	41.4	191.8	50.5	68.5	12.0	*	#	123.3	37.2
4. Profits after Tax	97.6	31.2	155.2	34.6	44.5	–5.2	*	#	132.6	1.1

: Denominator is negative, nil or negligible.
* : Numerator is negative, nil or negligible.

Table 3: Select Profitability Ratios, 2005-06 and 2006-07

(Per cent)

Item	All Activities		Share Trading and Investment Holding		Loan Finance		Hire Purchase and Leasing Finance		Diversified	
	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07
1	2	3	4	5	6	7	8	9	10	11
1. Profit Margin	48.1	49.6	78.4	82.5	29.2	24.4	*	11.8	50.0	52.0
2. Effective Tax Rate	18.9	25.0	8.4	18.3	27.1	40.4	#	44.5	21.5	29.8
3. Return on Share-holders' Equity	13.2	13.3	15.3	16.2	9.0	7.0	*	5.5	17.9	12.8
4. Dividend Rate	5.6	8.2	4.3	11.2	4.1	4.7	12.0	10.0	13.6	12.2
5. Return on Assets	4.3	4.5	9.8	10.9	1.9	1.5	*	0.7	3.4	2.9

See footnotes to Table 2.

to 13.3 per cent for the year 2006-07 from 13.2 per cent in 2005-06. The companies rewarded their shareholders with higher dividends in 2006-07. The dividend rate increased to 8.2 per cent from 5.6 per cent in 2005-06. Even after paying higher dividends, the select companies ploughed back over 80 per cent of their profits to reserves (profits retained to profits after tax) in 2006-07 (84.8 per cent in 2005-06) (Statement 2).

The profit margin and return on assets during 2006-07 were the highest for 'Share trading and investment holding' companies followed by 'Diversified' companies. The Dividend rate was the highest for 'Diversified' companies.

IV. Sources and Uses of Funds in 2006-07

Sources of Funds

The select companies raised sources of funds (net) to the tune of Rs.26,747 crore in 2006-07 as against Rs.21,847 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 showed some variations with that of the previous year. External sources constituted 80.3 per cent of total sources of funds in 2006-07 as against 84.7 per cent in 2005-06. The share of 'Borrowings from banks' in total sources of funds declined to 21.8 per cent from 36.1 per cent in the previous year, borrowings from non-bank sources had a higher share of 31.5 per cent compared with 17.3 per cent in 2005-06. The share of funds mobilised from capital market through issue of fresh capital (including premium on shares) in total sources of funds decreased to 19.7 per cent from 21.5 per cent in 2005-06. The share of 'Trade dues and other current liabilities' decreased to 7.2 per cent from 9.7 per cent in the previous year mainly due to lower dependence on sundry creditors.

Uses of Funds

The pattern of uses of funds of the select companies also showed some variation during 2006-07 when compared with that of the previous year. About 60.8 per cent of the funds raised during the year were deployed as loans and advances (63.0 per cent in 2005-06). The share of sundry debtors in total uses of funds

Table 4: Sources and Uses of Funds, 2005-06 and 2006-07

Sources and Uses of Funds	Amount in Rs. Crore		% Share in Total	
	2005-06	2006-07	2005-06	2006-07
1	2	3	4	5
Sources of Funds				
Internal Sources	**3353**	**5271**	**15.3**	**19.7**
A. Paid-up Capital	162	40	0.7	0.2
B. Reserves And Surplus	3643	4913	16.7	18.4
C. Provisions	–451	317	–2.1	1.2
of which:				
Depreciation Provision	–480	74	–2.2	0.3
External Sources	**18494**	**21476**	**84.7**	**80.3**
D. Paid-up Capital	4687	5263	21.5	19.7
of which:				
Premium On Shares	4084	3457	18.7	12.9
E. Borrowings	11674	14244	53.4	53.3
of which:				
From Banks	7883	5823	36.1	21.8
From Other Than Banks	3791	8421	17.3	31.5
F. Trade Dues And Other Current Liabilities	2109	1935	9.7	7.2
of which:				
Sundry Creditors	1772	968	8.1	3.6
G. Others	24	34	0.1	0.1
Total Sources/Uses of Funds	**21847**	**26747**	**100.0**	**100.0**
Uses of Funds				
H. Cash And Bank Balances	2396	3431	11.0	12.8
of which:				
Deposits With Banks	2422	3334	11.1	12.5
I. Investments	4987	3952	22.8	14.8
of which:				
Government And Semi-government Securities	780	–518	3.6	–1.9
J. Receivables	15299	16473	70.0	61.6
of which:				
Loans And Advances	13764	16261	63.0	60.8
Sundry Debtors	870	863	4.0	3.2
K. Inventories	–247	1822	–1.1	6.8
L. Gross Fixed Assets	–634	1074	–2.9	4.0
M. Other Assets	45	–7	0.2	0.0
Total Sources/Uses Of Funds	**21847**	**26747**	**100.0**	**100.0**

decreased to 3.2 per cent. The share of investments in total uses of funds declined to 14.8 per cent during 2006-07 from 22.8 per cent in 2005-06. The share of inventories (mainly securities in trading portfolio) went up during the year to 6.8 per cent as against a decline of 1.1 percent in the previous year. Cash and bank balances (mostly deposits with banks) showed an increase during the year. Its share in total uses of funds increased to 12.8 per cent from 11.0 per cent in 2005-06. Gross fixed assets showed an increase during the year as against a decline in the previous year.

'Loan finance' and 'Hire purchase and leasing finance' companies relied mainly on borrowings for enhancing their credit activities. While 'Loan finance' companies raised a major part of their fresh borrowings from banks, 'Hire purchase and leasing finance' companies raised more funds by way of debentures. The 'Share trading and investment holding' companies relied more on internal sources of funds. They reported net repayment of borrowings from banks.'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. 'Share trading and investment holding' and 'Hire purchase and leasing finance' companies showed decrease in gross fixed assets during the year, while companies in other activity groups showed increase in gross fixed assets.

V. Capital and Assets Structure

Capital Structure

The total liabilities of the select companies increased by 26.2 per cent to Rs.1,29,599 crore in 2006-07 (Statement 4). 'Borrowings' (outstanding) continued to be the major component, constituting 56.0 per cent of total liabilities in 2006-07. The share of bank borrowings in total borrowings marginally declined to 42.2 per cent from 42.6 per cent in the previous year (Statement 2). The debt-equity ratio increased marginally to 81.8 per cent from 81.5 per cent in 2005-06. 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 Reserve and Surplus was the major constituent (48.2 per cent) followed by 'Borrowings' (25.0 per cent).

Assets Structure

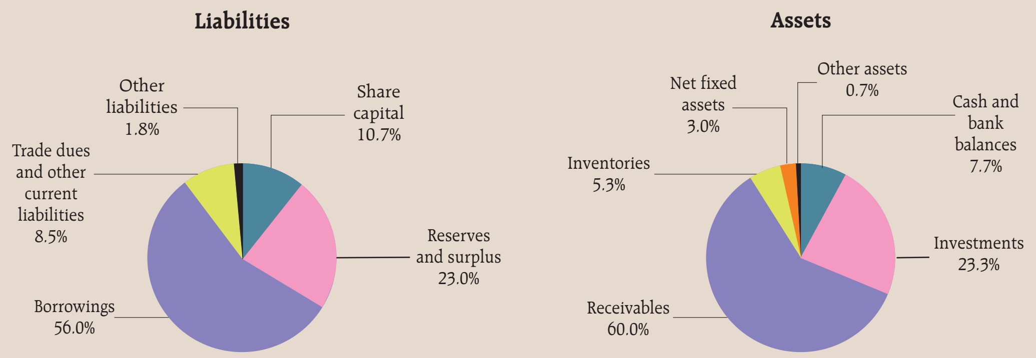
The assets pattern of the select companies showed marginal variation in 2006-07 from that of the previous year. While the share of loans and advances in total net assets increased to 55.3 per cent

Table 5: Capital Structure of Select Financial and Investment Companies, 2005-06 and 2006-07

(Per cent)

Capital and Liabilities	All Activities		Share Trading and Investment Holding		Loan Finance		Hire Purchase and Leasing Finance		Diversified	
	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07
1	2	3	4	5	6	7	8	9	10	11
A. Share Capital	11.7	10.7	22.8	19.4	8.6	9.0	3.9	3.2	4.6	4.3
B. Reserves and Surplus	20.8	23.0	41.0	48.2	12.8	12.8	9.3	9.5	14.4	18.5
C. Borrowings	56.8	56.0	29.6	25.0	72.5	72.0	74.5	75.8	63.0	62.7
of which:										
Loans and Advances	37.8	35.4	23.4	20.1	44.9	42.5	43.0	35.6	52.1	49.2
From Banks	24.2	23.7	7.8	5.2	27.9	29.5	33.1	28.8	42.6	36.2
D. Trade Dues and Other Current Liabilities	8.9	8.5	4.6	5.1	5.1	5.1	9.8	9.5	15.5	12.4
of which:										
Sundry Creditors	4.1	4.0	1.6	1.3	1.7	1.9	2.3	2.2	6.8	5.4
E. Other Liabilities	1.8	1.8	2.0	2.3	1.1	1.1	2.5	2.0	2.5	2.1
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, 2006-07



Note: Percentage share in total liabilities / assets.

from 53.9 per cent in 2005-06, the share of investments declined to 23.3 per cent from 25.5 per cent in the previous year. The shares of inventories and net fixed assets increased marginally to 5.3 per cent and 3.0 per cent from 5.0 per cent and 2.8 per cent, respectively. The share of cash and bank balances increased to 7.7 per cent from 6.4 per cent. The composition of assets across different activities, in 2005-06 and 2006-07, 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 60.2 per cent of total net assets for 'Share trading and investment holding' companies; 'Receivables' formed 85.7 per cent and 79.9 per cent of total net assets, respectively, in the case of 'Hire purchase and Leasing finance' and 'Loan finance' companies.

Table 6: Assets Structure of the Select Financial and Investment Companies, 2005-06 and 2006-07

(Per cent)

Assets	All Activities		Share Trading and Investment Holding		Loan Finance		Hire Purchase and Leasing Finance		Diversified	
	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07
1	2	3	4	5	6	7	8	9	10	11
A. Cash and Bank Balances	6.4	7.7	3.8	4.2	5.9	6.7	3.3	7.8	11.4	9.0
of which:										
Deposits with Banks	6.2	7.5	3.7	4.2	5.7	6.5	3.1	7.5	11.3	8.8
B. Investments	25.5	23.3	63.2	60.2	11.7	8.8	5.2	3.7	16.3	19.2
C. Receivables	59.7	60.0	20.5	24.7	76.7	79.9	87.8	85.7	61.1	58.8
of which:										
Loans and Advances	53.9	55.3	14.1	21.4	74.3	78.3	86.8	84.5	56.1	54.5
Sundry Debtors	3.5	3.4	3.2	2.4	1.2	0.9	0.5	0.4	3.0	1.4
D. Inventories	5.0	5.3	10.2	9.1	3.9	2.8	0.4	0.2	2.2	0.5
Industrial Securities	3.2	4.4	7.9	7.5	1.0	1.4	0.1	0.1	2.2	0.4
E. Net Fixed Assets	2.8	3.0	1.6	1.2	1.2	1.1	2.8	2.2	8.9	12.1
F. Other Assets	0.7	0.7	0.8	0.6	0.6	0.7	0.5	0.4	0.1	0.5
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, 2005-06 and 2006-07

(Per cent)

Item	All Activities		Share Trading and Investment Holding		Loan Finance	
	(1176)		(523)		(378)	
	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07
1	2	3	4	5	6	7
1. Main income	55.4	36.9	104.8	42.9	44.9	34.3
Of which : Interest received	46.1	44.1	3.8	55.0	54.1	42.1
Dividend received	45.2	42.2	45.5	38.9	29.4	21.0
2. Other income	39.2	29.4	–3.1	4.9	14.4	42.2
3. Total income	46.7	36.0	75.5	40.7	36.4	35.8
4. Total expenditure	28.2	31.8	–1.9	12.9	34.2	43.3
5. Interest payment	24.2	42.1	–9.5	8.2	45.7	43.6
6. Depreciation provision	–4.2	3.0	–8.0	–27.8	2.6	–21.7
7. Employees' remuneration	43.2	45.0	49.5	40.2	33.6	40.8
8. Operating profits	111.8	41.4	191.8	50.5	68.5	12.0
9. Non-operating surplus/ deficit	*	#	*	$	–76.5	150.1
10. Profits before tax	85.9	42.0	146.5	50.8	42.6	16.1
11. Tax provision	48.2	88.2	79.7	227.3	37.5	73.3
12. Profits after tax	97.6	31.2	155.2	34.6	44.5	–5.2
13. Dividend paid	32.8	69.9	36.3	163.0	82.1	45.8
14. Profits retained	116.5	24.3	183.0	20.1	38.2	–16.5
15. Investments @	23.5	15.1	13.9	14.6	116.8	–9.4
16. Loans and advances @	33.1	29.4	85.0	82.9	31.4	27.4
17. Total net assets @	28.2	26.2	21.2	20.3	32.2	20.9
18. Borrowings @	25.0	24.4	–3.6	1.7	37.1	20.2
Of which : from banks@	46.5	23.4	43.9	–19.8	50.3	27.8
19. Net worth @	34.3	30.7	37.3	27.5	32.8	23.1

Note : Figures in brackets in column headings denote the number of companies.
@ : 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 or negligible.
- : Nil or negligible.

Statement 1: Annual Growth Rates of Select Items - Select Financial and Investment Companies - Activity-wise, 2005-06 and 2006-07 *(Concld.)*

(Per Cent)

Item	Hire Purchase and Leasing Finance (78)		Diversified (49)	
	2005-06	2006-07	2005-06	2006-07
1	8	9	10	11
1. Main income	16.9	33.1	44.8	31.9
Of which : Interest received	16.8	131.9	69.4	9.6
Dividend received	–0.8	127.4	109.7	–3.9
2. Other income	25.5	46.8	67.7	12.4
3. Total income	13.7	36.9	50.6	17.4
4. Total expenditure	39.1	14.4	29.9	19.7
5. Interest payment	13.2	42.5	25.8	42.2
6. Depreciation provision	–22.8	6.3	–10.2	23.6
7. Employees' remuneration	13.6	37.7	64.9	7.5
8. Operating profits	*	#	123.3	37.2
9. Non-operating surplus/ deficit	*	#	*	$
10. Profits before tax	*	#	117.8	12.9
11. Tax provision	7.6	10.5	76.9	56.2
12. Profits after tax	*	#	132.6	1.1
13. Dividend paid	18.0	–10.7	17.9	–2.6
14. Profits retained	*	#	198.4	1.9
15. Investments @	35.7	–6.6	7.4	39.0
16. Loans and advances @	22.1	28.0	48.5	14.5
17. Total net assets @	20.9	31.3	43.9	18.0
18. Borrowings @	23.8	33.7	34.4	17.5
Of which : from banks@	40.9	14.2	48.4	0.5
19. Net worth @	–3.7	25.2	58.4	41.0

Statement 2: Select Financial Ratio - Select Financial and Investment Companies - Activity-wise, 2004-05 to 2006-07

(Per Cent)

Item	All Activities (1176)			Share Trading and Investment Holding (523)			Loan Finance (378)		
	2004-05	2005-06	2006-07	2004-05	2005-06	2006-07	2004-05	2005-06	2006-07
1	2	3	4	5	6	7	8	9	10
Profit Allocation Ratios									
1. Tax provision to profits before tax	23.7	18.9	25.0	11.6	8.4	18.3	28.1	27.1	40.4
2. Dividends to profits before tax	17.2	12.3	14.7	16.7	9.3	16.1	10.4	13.3	16.7
3. Profits retained to profits before tax	59.1	68.8	60.3	71.7	82.3	65.6	61.5	59.7	42.9
4. Dividends to profits after tax	22.6	15.2	19.6	18.9	10.1	19.8	14.4	18.2	28.0
5. Profits retained to profits after tax	77.4	84.8	80.4	81.1	89.9	80.2	85.6	81.8	72.0
Profitability Ratios									
1. Operating profits to main income	35.3	48.1	49.6	55.0	78.4	82.5	25.1	29.2	24.4
2. Operating profits to total net assets	3.2	5.3	5.9	4.4	10.7	13.4	2.0	2.6	2.4
3. Profit after tax to total net assets	2.8	4.3	4.5	4.6	9.8	10.9	1.8	1.9	1.5
4. Profits after tax to net worth	9.0	13.2	13.3	8.3	15.3	16.2	8.3	9.0	7.0
5. Dividends to total paid-up capital	4.5	5.6	8.2	3.3	4.3	11.2	2.5	4.1	4.7
6. Dividends to net worth	2.0	2.0	2.6	1.6	1.5	3.2	1.2	1.6	1.9
Capital Structure Ratios									
1. Net worth to total net assets	31.0	32.5	33.6	56.2	63.8	67.6	21.3	21.4	21.8
2. Debt to equity	85.8	81.5	81.8	25.7	15.5	11.6	175.3	194.0	182.5
3. Total outside liabilities to networth	222.9	208.0	197.2	77.8	56.9	47.9	370.5	368.2	359.6
4. Borrowing to total assets	58.3	56.8	56.0	37.2	29.6	25.0	69.9	72.5	72.0
5. Bank borrowing to total borrowing	36.3	42.6	42.2	17.6	26.3	20.8	35.2	38.5	41.0

Note: Figures in brackets denote the number of companies.

* : 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 or negligible.

Statement 2: Select Financial Ratio - Select Financial and Investment Companies - Activity-wise, 2004-05 to 2006-07 (Concld.)

(Per Cent)

Item	Hire Purchase and Leasing Finance (78)			Diversified (49)		
	2004-05	2005-06	2006-07	2004-05	2005-06	2006-07
1	11	12	13	14	15	16
Profit Allocation Ratios						
1. Tax provision to profits before tax	50.0	#	44.5	26.5	21.5	29.8
2. Dividends to profits before tax	32.1	#	25.4	26.8	14.5	12.5
3. Profits retained to profits before tax	17.9	$	30.1	46.7	64.0	57.7
4. Dividends to profits after tax	64.3	#	45.7	36.4	18.5	17.8
5. Profits retained to profits after tax	35.7	$	54.3	63.6	81.5	82.2
Profitability Ratios						
1. Operating profits to main income	13.1	*	11.8	32.4	50.0	52.0
2. Operating profits to total net assets	1.3	*	1.2	2.8	4.4	5.1
3. Profit after tax to total net assets	0.7	*	0.7	2.1	3.4	2.9
4. Profits after tax to net worth	4.5	*	5.5	12.2	17.9	12.8
5. Dividends to total paid-up capital	10.1	12.0	10.0	12.5	13.6	12.2
6. Dividends to net worth	2.9	3.6	2.5	4.4	3.3	2.3
Capital Structure Ratios						
1. Net worth to total net assets	16.6	13.2	12.7	17.3	19.1	22.8
2. Debt to equity	210.3	271.6	347.7	102.1	76.1	119.6
3. Total outside liabilities to networth	501.5	655.4	689.0	476.4	423.7	338.4
4. Borrowing to total assets	72.8	74.5	75.8	67.4	63.0	62.7
5. Bank borrowing to total borrowing	39.1	44.5	38.0	61.2	67.6	57.8

Statement 3: Combined Income, Expenditure and Appropriation Accounts - Select Financial and Investment Companies - Activity-wise, 2004-05 to 2006-07

(Rs. lakh)

Item	All Activities (1176)			Share Trading and Investment Holding (523)			Loan Finance (378)		
	2004-05	2005-06	2006-07	2004-05	2005-06	2006-07	2004-05	2005-06	2006-07
1	2	3	4	5	6	7	8	9	10
Income									
1. Main Income	727329	1130315	1547509	185042	379042	541586	234343	339571	455893
(a) Interest	300177	438477	631667	40285	41816	64827	198295	305565	434239
(i) On loans and advances	232808	347418	492144	13935	19721	27245	170494	256440	378172
(ii) Others	67369	91060	139523	26349	22095	37582	27801	49125	56067
(b) Dividends	55911	81208	115468	45688	66486	92367	2971	3846	4652
(c) Brokerage	74122	108811	134335	3766	3902	2887	449	999	654
(d) Net profit/ loss in share dealings	126170	341431	469608	90660	264237	380888	3211	18281	9417
(e) Net earnings from hire purchase financing	143480	140074	183505	1426	393	396	21493	4627	4073
(f) Lease rentals	27471	20315	12926	3217	2209	221	7924	6253	2858
2. Other income	149484	208155	269279	26869	26030	27314	24544	28068	39904
Of which : rent	2309	2404	4248	1363	1289	2225	105	188	210
3. Non-operating surplus(+)/ deficit(-)	35987	524	3791	18373	–843	–213	12815	3009	7525
4. TOTAL (1+2+3)	**912800**	**1338994**	**1820579**	**230284**	**404229**	**568687**	**271702**	**370649**	**503323**
Expenditure And Appropriations									
5. Interest	284505	353391	502240	53294	48232	52200	116019	169074	242873
6. Salaries, wages and bonus	65526	94598	138098	8198	12143	16034	14136	19284	27539
7. Provident fund	3679	5068	6645	378	588	850	666	1006	1173
8. Employees' welfare expenses	6275	8443	12024	1075	1694	3337	1981	2136	2857
9. Managerial remuneration	6266	8701	13192	1015	1297	1041	717	1451	2864
10. Bad debts #	38002	76928	49425	5920	3955	2396	15089	20153	27110
11. Other expenses	166429	206095	280866	22282	29206	36930	43672	47814	73996
Of which : (a) Rent	11169	14567	20424	2038	1962	2680	2431	3685	5393
(b) Insurance	2915	2458	3365	746	569	552	724	577	889
(c) Advertisement	4839	6341	7102	221	465	443	1556	1864	2920
12. Depreciation provision	30920	29632	30523	5563	5115	3692	6242	6406	5013
13. Other provisions (other than tax and depreciation)	18732	12455	15569	12357	5723	5354	1475	1097	1260
14. Operating profits	256480	543160	768206	101829	297120	447065	58888	99217	111112
15. Non-operating surplus(+)/ deficit(-)	35987	524	3791	18373	–843	–213	12815	3009	7525
16. Profits before tax	292468	543684	771997	120201	296277	446852	71704	102227	118637
17. Less: tax provision	69291	102658	193249	13899	24982	81754	20140	27692	47984
18. Profits after tax	223176	441025	578748	106303	271295	365098	51564	74534	70654
(a) Dividends	50346	66857	113599	20117	27424	72119	7445	13555	19762
(i) Ordinary	48067	65059	110840	19765	27132	71772	6725	12695	17887
(ii) Preference	2279	1798	2760	352	292	348	719	860	1875
(b) Profits retained	172830	374168	465149	86186	243871	292979	44119	60980	50892
19. TOTAL (5 TO 15)	**912800**	**1338994**	**1820579**	**230284**	**404229**	**568687**	**271702**	**370649**	**503323**

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

\# : Including provision for bad debts.

\- : Nil or negligible.

Statement 3: Combined Income, Expenditure and Appropriation Accounts - Select Financial and Investment Companies - Activity-wise, 2004-05 to 2006-07 (Concld.)

(Rs. lakh)

Item	Hire Purchase and Leasing Finance (78)			Diversified (49)		
	2004-05	2005-06	2006-07	2004-05	2005-06	2006-07
1	11	12	13	14	15	16
Income						
1. Main Income	137821	161116	214430	81714	118343	156136
(a) Interest	12028	14043	32559	39287	66539	72940
(i) On loans and advances	7486	9144	25838	36115	60012	59490
(ii) Others	4541	4899	6722	3172	6526	13451
(b) Dividends	1196	1186	2697	1431	3001	2883
(c) Brokerage	14	15	48	7512	12628	5175
(d) Net profit/ loss in share dealings	2573	12883	5196	19752	23206	60373
(e) Net earnings from hire purchase financing	115105	127899	169983	4820	6977	9006
(f) Lease rentals	6905	5090	3946	8912	5992	5760
2. Other income	5854	7347	10789	33369	55947	62865
Of which : rent	488	539	719	124	133	228
3. Non-operating surplus(+)/ deficit(-)	2087	–2747	1596	646	–47	–14407
4. TOTAL (1+2+3)	**145762**	**165715**	**226814**	**115729**	**174243**	**204594**
Expenditure And Appropriations						
5. Interest	64291	72747	103660	42389	53318	75838
6. Salaries, wages and bonus	9656	11022	15241	7123	11802	13088
7. Provident fund	743	852	1051	442	809	777
8. Employees' welfare expenses	714	747	1089	1371	2123	1970
9. Managerial remuneration	627	671	871	544	580	1958
10. Bad debts #	8609	46708	16311	3243	2065	1673
11. Other expenses	33083	36204	55706	22019	32461	25518
Of which : (a) Rent	1257	1296	2110	1536	2065	1732
(b) Insurance	222	291	303	485	450	576
(c) Advertisement	1043	1064	1133	302	686	348
12. Depreciation provision	7222	5572	5924	7694	6907	8534
13. Other provisions (other than tax and depreciation)	657	150	49	3743	5013	8428
14. Operating profits	18073	–6210	25317	26515	59213	81218
15. Non-operating surplus(+)/ deficit(-)	2087	–2747	1596	646	–47	–14407
16. Profits before tax	20160	–8957	26913	27160	59166	66811
17. Less: tax provision	10084	10847	11986	7205	12743	19899
18. Profits after tax	10077	–19804	14927	19956	46422	46912
(a) Dividends	6477	7644	6824	7272	8577	8356
(i) Ordinary	6370	7584	6804	7079	8505	8324
(ii) Preference	106	60	20	192	72	32
(b) Profits retained	3600	–27448	8103	12684	37846	38556
19. TOTAL (5 TO 15)	**145762**	**165715**	**226814**	**115729**	**174243**	**204594**

Statement 4: Combined Balance Sheet - Select Financial and Investment Companies-activity-wise, 2004-05 to 2006-07

(Rs. lakh)

Capital and Liabilities	All Activities (1176)			Share Trading and Investment Holding (523)			Loan Finance (378)		
	2004-05	2005-06	2006-07	2004-05	2005-06	2006-07	2004-05	2005-06	2006-07
1	2	3	4	5	6	7	8	9	10
A. Share Capital	**1122991**	**1199508**	**1383402**	**608697**	**632049**	**647248**	**292443**	**330709**	**417971**
1. Paid-up capital	1122337	1198878	1382706	608168	631520	646664	292341	330632	417883
(a) Ordinary	1043758	1113932	1196863	580610	602372	617818	270625	307552	359127
Of which: bonus	19211	35383	39401	7054	19302	21121	3893	5352	5552
(b) Preference	78580	84945	185843	27557	29147	28846	21716	23080	58756
2. Forfeited shares	654	630	696	529	529	584	102	77	88
B. Reserves and Surplus	**1357928**	**2135004**	**2977283**	**678904**	**1137778**	**1609934**	**327690**	**493282**	**596977**
3. Capital reserve	846545	1256719	1661007	465397	680060	878378	197742	306303	362557
Of which: premium on shares	718652	1119094	1454722	372591	583245	777128	184456	288701	339310
4. Investment allowance reserve	19535	29453	162	19453	29418	132	24	11	11
5. Sinking funds	9219	8497	8895	6600	6215	4318	1977	1977	2191
6. Other reserves	482628	840335	1307219	187455	422085	727107	127947	184990	232219
C. Borrowings	**4669503**	**5836892**	**7261163**	**852627**	**821580**	**835296**	**2038356**	**2795047**	**3359343**
7. Debentures @	1340677	1746570	2470027	195614	164576	148371	721546	1008712	1329898
8. Loans and advances	3092119	3887138	4592217	648901	648367	672521	1254592	1733999	1982839
(a) From banks	1695826	2484086	3066426	150181	216133	173329	716906	1077199	1376222
Of which : short-term borrowings	1411069	2092455	2471831	72894	158515	129744	566263	800624	1067108
(b) From other Indian Financial Institutions	159349	196915	180322	27432	20742	14248	91578	127878	132413
(c) From Foreign Institutional agencies	47137	47259	47065	22608	22608	22608	4529	3815	3645
(d) From Government and semi-Government bodies	34683	28394	45305	82	82	18582	34467	28313	26724
(e) From companies	543155	490008	471154	350037	305061	312762	129638	139439	117641
(f) From others	611969	640476	781945	98561	83741	130992	277474	357355	326194
9. Deferred payments	2145	470	109	19	2	6	54	-	9
10. Public deposits	234563	202715	198810	8095	8636	14400	62165	52337	46597
(Of total borrowings, debt)	2128176	2718409	3567848	331249	274835	262323	1087136	1598169	1851910
D. Trade Dues and Other Current Liabilities	**701769**	**912645**	**1106174**	**91374**	**128188**	**169763**	**219308**	**197433**	**237287**
11. Sundry creditors	243842	421068	517840	18158	45000	41920	74808	64342	90444
12. Acceptances	51	29	–	51	17	–	–	–	–
13. Liabilities to subsidiaries and holding companies	5022	1097	14833	314	782	6487	9	26	45
14. Advances and deposits from customers, agents, etc.	60986	71069	89080	11875	12321	9136	8461	11746	12972
15. Interest accrued on loans	107883	115080	156068	24452	22540	31292	47014	50417	67454
16. Others	283984	304302	328353	36523	47527	80928	89016	70901	66372
E. Provisions	**158663**	**186289**	**231895**	**57507**	**56456**	**76258**	**40200**	**41252**	**53305**
17. Taxation (net of advance of income-tax)	–	–	–	–	–	–	–	–	–
18. Dividends	35458	49698	45500	10921	18177	20491	5556	8669	11910
19. Other current provisions	107761	133866	180387	42086	36799	54664	29377	32338	37225
20. Non-current provisions	15443	2725	6007	4500	1480	1103	5267	245	4170
F. 21. Miscellaneous Non-current Liabilities	–	–	–	–	–	–	–	–	–
22. Total	**8010854**	**10270338**	**12959917**	**2289109**	**2776050**	**3338500**	**2917997**	**3857722**	**4664883**

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

@ : Includes privately placed debentures.

\- : Nil or negligible.

Statement 4: Combined Balance Sheet - Select Financial and Investment Companies-activity-wise, 2004-05 to 2006-07 (Contd.)

(Rs. lakh)

Assets	All Activities (1176)			Share Trading and Investment Holding (523)			Loan Finance (378)		
	2004-05	2005-06	2006-07	2004-05	2005-06	2006-07	2004-05	2005-06	2006-07
1	2	3	4	5	6	7	8	9	10
G. Cash and Bank Balances	**412594**	**652198**	**995326**	**86638**	**105254**	**140477**	**178521**	**226415**	**312393**
23. Deposits with banks	397613	639768	973182	84370	103309	138828	174041	220455	301842
24. Cash in hand	14981	12431	22144	2269	1946	1648	4481	5960	10551
H. Investments	**2121362**	**2621934**	**3017236**	**1537702**	**1753907**	**2010127**	**208058**	**451023**	**408844**
Of which: quoted investments	621992	801970	876072	539784	665743	700734	45938	94467	62396
25. Foreign securities	976	1024	254	857	727	–	–	–	–
26. Indian securities	2120386	2620910	3016982	1536845	1753180	2010127	208058	451023	408844
(a) Government and semi-Government securities	39713	117687	65872	1271	2973	3625	10649	84650	33372
(b) Public sector undertakings	7781	13717	14136	1351	383	905	658	1169	1672
(c) Securities of financial institutions	7971	25149	22641	5899	10108	5886	1370	3398	3141
(d) Mutual funds	203776	221535	281428	73118	71672	190675	18947	44620	36143
(e) Shares and debentures of subsidiary/holding companies and companies in the same group	476740	516621	733003	376727	370921	392113	46599	75542	98327
(f) Shares and debentures of other Indian companies	1364749	1707165	1867440	1063499	1282333	1399367	127626	238205	226042
(g) Others	19656	19036	32385	14980	14791	17476	2209	3439	10148
I. Receivables	**4600212**	**6130153**	**7777422**	**305215**	**569822**	**823795**	**2300558**	**2959466**	**3729008**
27. Loans and advances	4158511	5534902	7160966	211542	391413	715985	2181027	2865458	3651664
(a) Subsidiary companies	22569	65011	64534	13791	24571	21982	3639	37783	13676
(b) Holding companies and companies in the same group	10061	7896	4138	2852	1281	2079	4368	82	685
(c) Against hire purchase	507861	611210	699004	1355	3501	19359	52123	41393	22082
(d) Others	3618020	4850785	6393290	193544	362060	672565	2120897	2786200	3615221
28. Book debts	441701	595251	616456	93673	178409	107810	119531	94008	77344
(a) Sundry debtors	267388	354411	440668	23485	88598	78571	83375	47278	42652
(b) Dividend/ Interest accrued	76771	108466	87520	49828	72601	10051	22367	29295	22273
(c) Deposits with Government/ others	51159	61507	29268	8776	8596	6592	1765	4132	2032
(d) Others	46383	70867	59000	11584	8614	12596	12024	13303	10387
J. Inventories	**534456**	**509751**	**691956**	**282619**	**281795**	**303216**	**153983**	**151420**	**128375**
29. Government and semi-Government securities	145816	160586	116041	69122	61317	53087	56405	99269	60744
30. Industrial securities	375365	331238	568670	209625	218990	249482	94125	40490	65818
31. Repossessed goods on hire purchase	6569	4827	3086	4	68	28	1485	958	89
32. Other goods, stores and others	6706	13099	4158	3869	1420	618	1968	10703	1724
K. 33. Advance Of Income-tax (net of tax provision)	**22606**	**47385**	**68706**	**19933**	**18291**	**13400**	**16515**	**20524**	**31144**
L. 34. Gross Fixed Assets	**624835**	**561858**	**670250**	**123380**	**102527**	**98407**	**90490**	**73187**	**81571**
Of which :									
(a) Plant and machinery leased	188484	129397	152944	37399	20156	22456	15860	13584	13295
(b) Equipments leased	17747	10848	10262	366	317	206	1336	1206	1743
(c) Vehicles leased	72949	59999	41085	16996	11111	421	3859	3792	3686
(d) Other assets leased	81136	60223	27612	12551	14577	12477	27460	1119	1167
M. 35. Less: Depreciation Provision	**320296**	**272503**	**279844**	**69476**	**58630**	**57923**	**32346**	**27023**	**29886**
N. 36. Net Fixed Assets	**304539**	**289354**	**390407**	**53903**	**43897**	**40484**	**58144**	**46164**	**51685**
Of which: assets leased	127192	89306	68951	20120	9591	1994	30686	10364	10919
O. 37. Other Assets	15084	19562	18863	3098	3085	7002	2218	2712	3435
38. Total	**8010854**	**10270338**	**12959917**	**2289109**	**2776050**	**3338500**	**2917997**	**3857722**	**4664883**

Statement 4: Combined Balance Sheet - Select Financial and Investment Companies-activity-wise, 2004-05 to 2006-07 (Contd.)

(Rs. lakh)

Capital and Liabilities	Hire Purchase and Leasing Finance (78)			Diversified (49)		
	2004-05	2005-06	2006-07	2004-05	2005-06	2006-07
1	11	12	13	14	15	16
A. Share Capital	**64157**	**63844**	**67955**	**58029**	**63039**	**68389**
1. Paid-up capital	64136	63822	67933	58028	63038	68388
(a) Ordinary	54994	55627	57410	48177	53187	58989
Of which: bonus	2512	2541	2541	441	829	829
(b) Preference	9142	8195	10522	9851	9851	9398
2. Forfeited shares	21	22	22	1	1	1
B. Reserves and Surplus	**159268**	**151226**	**202668**	**105492**	**196026**	**296914**
3. Capital reserve	83954	104817	154004	56009	108703	176565
Of which: premium on shares	74097	93873	141398	47289	99985	113039
4. Investment allowance reserve	20	12	7	–	–	–
5. Sinking funds	283	296	2376	–	–	–
6. Other reserves	75011	46100	46281	49483	87323	120349
C. Borrowings	**978009**	**1210376**	**1618401**	**635615**	**854185**	**1003819**
7. Debentures @	258756	386824	735859	108422	138065	206749
8. Loans and advances	570739	697831	759878	516643	706954	788694
(a) From banks	381985	538148	614354	389281	577674	580456
Of which : short-term borrowings	348926	497598	567622	365674	562946	386266
(b) From other Indian Financial Institutions	9389	7078	14943	22431	35148	119
(c) From Foreign Institutional agencies	20000	20837	20812	–	–	–
(d) From Government and semi-Government bodies	135	–	–	–	–	–
(e) From companies	27315	9413	3877	6026	22189	19441
(f) From others	131915	122355	105892	98905	71943	188678
9. Deferred payments	1185		16	828	437	7
10. Public deposits	147329	125722	122648	9722	8729	8369
(Of total borrowings, debt)	469853	584136	941010	167010	197107	437013
D. Trade Dues and Other Current Liabilities	**117199**	**158853**	**202948**	**128084**	**210002**	**199168**
11. Sundry creditors	29114	36969	47348	32654	91876	86907
12. Acceptances	–	–	–	–	–	–
13. Liabilities to subsidiaries and holding companies	–	–	–	4347	–	8301
14. Advances and deposits from customers, agents, etc.	19749	24810	41609	10961	11815	12469
15. Interest accrued on loans	23306	26642	43583	10053	10682	11151
16. Others	45029	70433	70407	70069	95629	80340
E. Provisions	**25315**	**40347**	**43257**	**15299**	**33391**	**33129**
17. Taxation (net of advance of income-tax)	–	–	–	3030	4261	–
18. Dividends	4661	7635	4425	5739	7219	4029
19. Other current provisions	18373	32631	38757	6368	21557	28727
20. Non-current provisions	2281	81	76	162	354	373
F. 21. Miscellaneous Non-current Liabilities	–	–	–	–	–	–
22. Total	**1343949**	**1624645**	**2135230**	**942519**	**1356643**	**1601420**

Statement 4: Combined Balance Sheet - Select Financial and Investment Companies-activity-wise, 2004-05 to 2006-07 (Concld.)

(Rs. lakh)

Assets	Hire Purchase and Leasing Finance (78)			Diversified (49)		
	2004-05	2005-06	2006-07	2004-05	2005-06	2006-07
1	11	12	13	14	15	16
G. Cash and Bank Balances	**36913**	**52928**	**166955**	**38677**	**154888**	**143476**
23. Deposits with banks	34173	50356	160856	34344	153952	140759
24. Cash in hand	2740	2572	6099	4333	936	2718
H. Investments	**62561**	**84892**	**79288**	**206349**	**221526**	**307980**
Of which: quoted investments	15632	13287	13703	3024	1278	56236
25. Foreign securities	-	1	2	–	122	202
26. Indian securities	62561	84891	79286	206349	221404	307778
(a) Government and semi-Government securities	18123	16222	16000	9166	13644	12537
(b) Public sector undertakings	473	8085	8123	4668	4081	3339
(c) Securities of financial institutions	416	247	118	54	11029	10527
(d) Mutual funds	5051	19199	10197	86545	70162	18123
(e) Shares and debentures of subsidiary/holding companies and companies in the same group	19986	25034	24902	23404	28467	132458
(f) Shares and debentures of other Indian companies	18321	15721	19588	81067	93721	129675
(g) Others	190	383	358	1445	302	1120
I. Receivables	**1178928**	**1426233**	**1828971**	**551319**	**828517**	**941359**
27. Loans and advances	1154856	1410317	1804847	512996	761742	872139
(a) Subsidiary companies	1268	217	2553	–	478	20806
(b) Holding companies and companies in the same group	–	–	–	289	–	273
(c) Against hire purchase	439522	541865	638717	7744	24152	18643
(d) Others	714066	868235	1163577	504963	737112	832417
28. Book debts	24072	15916	24124	38323	66775	69220
(a) Sundry debtors	8330	7866	8015	21800	40312	22138
(b) Dividend/ Interest accrued	1512	1218	6645	661	1903	34896
(c) Deposits with Government/ others	5961	237	271	9643	17716	2600
(d) Others	8269	6595	9193	6219	6844	9586
J. Inventories	**6957**	**5893**	**4542**	**29298**	**30233**	**7532**
29. Government and semi-Government securities	–	–	–	20178	–	–
30. Industrial securities	2146	2353	1622	8695	29928	6615
31. Repossessed goods on hire purchase	4764	3518	2898	316	283	70
32. Other goods, stores and others	47	22	21	109	22	847
K. 33. Advance Of Income-tax (net of tax provision)	**8908**	**8022**	**8464**	**–**	**–**	**6300**
L. 34. Gross Fixed Assets	**168284**	**137238**	**137014**	**180684**	**188282**	**264208**
Of which :						
(a) Plant and machinery leased	78667	49420	44233	42587	39287	66427
(b) Equipments leased	8068	2614	2129	5374	5642	5318
(c) Vehicles leased	35509	29363	25319	14987	14952	10994
(d) Other assets leased	3168	7114	4902	37438	37228	8863
M. 35. Less: Depreciation Provision	**119462**	**91193**	**90630**	**65180**	**68205**	**70868**
N. 36. Net Fixed Assets	**48822**	**46045**	**46383**	**115505**	**120078**	**193339**
Of which: assets leased	24075	21739	12344	49745	46342	42452
O. 37. Other Assets	**862**	**634**	**626**	**1370**	**1401**	**1433**
38. Total	**1343949**	**1624645**	**2135230**	**942519**	**1356643**	**1601420**

Statement 5: Sources and Uses Of Funds - Select Financial and Investment Companies-activity-wise, 2005-06 and 2006-07

(Rs. lakh)

Sources of Funds	All Activities (1176)		Share Trading and Investment Holding (523)		Loan Finance (378)	
	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07
1	2	3	4	5	6	7
Internal Sources	**335304**	**527094**	**241977**	**300159**	**51434**	**50400**
A. 1. Paid-up Capital	**16173**	**4047**	**12248**	**1819**	**1459**	**200**
B. Reserves And Surplus	**364274**	**491346**	**240176**	**274353**	**58256**	**45904**
2. Capital reserve	–2628	53355	–4034	513	1225	–1537
3. Investment allowance reserve	9917	–29291	9965	–29286	–13	–
4. Sinking funds	–722	398	–385	–1896	–	214
5. Other reserves	357706	466883	234631	305022	57044	47228
C. Provisions	**–45142**	**31701**	**–10447**	**23986**	**–8282**	**4296**
6. Depreciation provision	–47989	7417	–11038	–707	–5324	2863
7. Taxation (net of advance of income-tax)	–24779	–21321	1642	4891	–4009	–10621
8. Dividends	14239	–4198	7256	2314	3112	3242
9. Other current provisions	26106	46521	–5287	17865	2961	4887
10. Non-current provisions	–12718	3282	–3020	–377	–5021	3925
External Sources	**1849361**	**2147586**	**233928**	**266476**	**878544**	**748756**
D. Paid-up Capital	**468715**	**526264**	**227313**	**209622**	**142279**	**144542**
11. Net issues	60344	180586	11104	13380	36806	87062
12. Premium on shares	408371	345678	216210	196241	105473	57480
E. 13. Capital Receipts	**2381**	**3425**	**847**	**1564**	**1449**	**63**
F. Borrowings	**1167389**	**1424367**	**–31047**	**13716**	**756691**	**564296**
14. Debentures @	405893	723457	–31038	–16206	287167	321186
15. Loans and advances	795020	705176	–533	24153	479406	248841
(a) From banks	788260	582340	65952	–42804	360294	299022
(b) From other Indian Financial Institutions	37567	–16594	–6690	–6494	36300	4535
(c) From Foreign Institutional agencies	122	–195	–	–	–714	–170
(d) From Government and semi-Government bodies	–6289	17008	–	18500	–6154	–1589
(e) From companies	–53147	–18854	–44977	7702	9800	–21798
(f) From others	28506	141470	–14819	47250	79881	–31160
16. Deferred payments	–1676	–360	–17	4	–54	9
17. Public deposits	–31848	–3905	541	5764	–9828	–5740
G. Trade Dues And Other Current Liabilities	**210876**	**193530**	**36814**	**41575**	**–21875**	**39855**
18. Sundry creditors	177226	96772	26842	–3080	–10465	26101
19. Acceptances	–22	–29	–35	–17	–	–
20. Liabilities to subsidiaries and holding companies	–3925	13736	468	5704	17	19
21. Advances and deposits from customers, agents, *etc.*	10083	18011	446	–3185	3286	1225
22. Interest accrued on loans	7197	40988	–1912	8751	3403	17037
23. Others	20317	24052	11004	33401	–18115	–4528
H. 24. Miscellaneous Non-current Liabilities	–	–	–	–	–	–
25. Total	**2184665**	**2674680**	**475905**	**566635**	**929978**	**799156**

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.

@ : Includes privately placed debentures.

- : Nil or negligible

Statement 5: Sources and Uses of Funds - Select Financial and Investment Companies-activity-wise, 2005-06 and 2006-07 *(Contd.)*

(Rs. lakh)

Uses of Funds	All Activities (1176)		Share Trading and Investment Holding (523)		Loan Finance (378)	
	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07
1	2	3	4	5	6	7
I. Cash and Bank Balances	**239604**	**343128**	**18616**	**35222**	**47894**	**85978**
26. Deposits with banks	242154	333415	18939	35520	46414	81387
27. Cash in hand	–2551	9713	–323	–297	1480	4591
J. Investments	**498740**	**395236**	**214372**	**256154**	**242964**	**–42178**
Of which: quoted investments	179978	74102	125958	34991	48529	–32071
28. Foreign securities	49	–771	–129	–727	–	–
29. Indian securities	498692	396006	214502	256881	242964	–42178
(a) Government and semi-Government securities	77974	–51816	1702	652	74001	–51278
(b) Public sector undertakings	5936	419	–968	523	510	504
(c) Securities of financial institutions	17178	–2509	4208	–4222	2028	–258
(d) Mutual funds	17759	59894	–1447	119003	25674	–8478
(e) Shares and debentures of subsidiary/ holding companies and companies in the same group	39881	216382	–5806	21192	28942	22785
(f) Shares and debentures of other Indian companies	342416	160275	218834	117034	110579	–12163
(g) Others	–2452	13282	–2022	2619	1229	6710
K. Receivables	**1529940**	**1647270**	**264606**	**253973**	**658907**	**769541**
30. Loans and advances	1376391	1626065	179870	324572	684430	786206
(a) Subsidiary companies	42442	–477	10780	–2589	34145	–24107
(b) Holding companies and companies in the same group	–2165	–3758	–1571	798	–4286	603
(c) Against hire purchase	103349	87794	2145	15858	–10730	–19311
(d) Bills discounted	25964	18525	24	–53	346	–342
(e) Others	1206801	1523981	168493	310557	664956	829364
31. Book debts	153549	21206	84736	–70599	–25523	–16665
(a) Sundry debtors	87023	86258	65113	–10027	–36097	–4627
(b) Dividend/ Interest accrued	31695	–20946	22773	–62550	6928	–7022
(c) Others	34832	–44107	–3150	1978	3646	–5016
L. Inventories	**–24704**	**182204**	**–824**	**21421**	**–2564**	**–23044**
32. Government and semi-Government securities	14771	–44545	–7805	–8230	42864	–38526
33. Industrial securities	–44126	237432	9365	30492	–53635	25329
34. Repossessed goods on hire purchase	–1742	–1741	64	–40	–527	–870
35. Other goods, stores and others	6393	–8942	–2449	–802	8735	–8978
M. 36. Gross Fixed Assets	**–63392**	**107411**	**–20852**	**–4120**	**–17718**	**8133**
Of which: (a) Plant and machinery leased	–59086	23547	–17243	2300	–2276	–289
(b) Equipments leased	–6899	–586	–49	–110	–130	537
(c) Vehicles leased	–12951	–18913	–5884	–10691	–67	–107
(d) Other assets leased	–20913	–32612	2027	–2100	–26341	48
N. 37. Other Assets	**4478**	**–699**	**–13**	**3917**	**494**	**723**
38. Total	**2184665**	**2674680**	**475905**	**566635**	**929978**	**799156**

Statement 5: Sources and Uses Of Funds - Select Financial and Investment Companies-activity-wise, 2005-06 and 2006-07 *(Contd.)*

(Rs. lakh)

Sources of Funds	Hire Purchase and Leasing Finance (78)		Diversified (49)	
	2005-06	2006-07	2005-06	2006-07
1	8	9	10	11
Internal Sources	**–40221**	**4292**	**58227**	**83936**
A. 1. Paid-up Capital	**29**	**–**	**388**	**–**
B. Reserves And Surplus	**–27896**	**2310**	**36720**	**87835**
2. Capital reserve	1009	55	–1119	54809
3. Investment allowance reserve	–8	–5	–	–
4. Sinking funds	13	2080	–	–
5. Other reserves	–28911	180	37840	33026
C. Provisions	**–12354**	**1982**	**21118**	**–3899**
6. Depreciation provision	–28272	–486	3025	2663
7. Taxation (net of advance of income-tax)	886	–443	1232	–10562
8. Dividends	2974	–3210	1480	–3190
9. Other current provisions	14257	6127	15189	7170
10. Non-current provisions	–2200	–5	192	19
External Sources	**293534**	**504036**	**358922**	**157204**
D. Paid-up Capital	**19434**	**51635**	**58435**	**18403**
11. Net issues	–343	4110	4622	5350
12. Premium on shares	19777	47525	53813	13054
E. 13. Capital Receipts	**79**	**281**	**–**	**–**
F. Borrowings	**232367**	**408025**	**218569**	**149634**
14. Debentures @	128068	349036	29643	68684
15. Loans and advances	127092	62047	190311	81740
(a) From banks	156163	76206	188393	2782
(b) From other Indian Financial Institutions	–2311	7865	12717	–35030
(c) From Foreign Institutional agencies	837	–25	–	–
(d) From Government and semi-Government bodies	–135	–	–	–
(e) From companies	–17902	–5536	16163	–2748
(f) From others	–9560	–16463	–26962	116735
16. Deferred payments	–1185	16	–392	–429
17. Public deposits	–21607	–3074	–993	–360
G. Trade Dues And Other Current Liabilities	**41654**	**44096**	**81918**	**–10834**
18. Sundry creditors	7854	10379	59222	–4969
19. Acceptances	–	–	–	–
20. Liabilities to subsidiaries and holding companies	–	–	–4347	8301
21. Advances and deposits from customers, agents, *etc.*	5061	16799	853	654
22. Interest accrued on loans	3336	16941	629	469
23. Others	25403	–24	25560	–15289
H. 24. Miscellaneous Non-current Liabilities	**–**	**–**	**–**	**–**
25. Total	**253313**	**508329**	**417150**	**241140**

Statement 5: Sources and Uses of Funds - Select Financial and Investment Companies-activity-wise, 2005-06 and 2006-07 *(Concld.)*

(Rs. lakh)

Uses of Funds	Hire Purchase and Leasing Finance (78)		Diversified (49)	
	2005-06	2006-07	2005-06	2006-07
1	8	9	10	11
I. Cash and Bank Balances	**16015**	**114027**	**116211**	**–11412**
26. Deposits with banks	16183	110500	119608	–13193
27. Cash in hand	–168	3528	–3396	1781
J. Investments	**22331**	**–5604**	**15177**	**86453**
Of which: quoted investments	–2345	416	–1745	54957
28. Foreign securities	1	1	122	80
29. Indian securities	22330	–5605	15056	86373
(a) Government and semi-Government securities	–1901	–222	4478	–1108
(b) Public sector undertakings	7612	38	–588	–742
(c) Securities of financial institutions	–169	–129	10975	–501
(d) Mutual funds	14148	–9003	–16383	–52039
(e) Shares and debentures of subsidiary/ holding companies and companies in the same group	5048	–131	5063	103992
(f) Shares and debentures of other Indian companies	–2599	3867	12654	35953
(g) Others	192	–24	–1144	818
K. Receivables	**247306**	**402739**	**277197**	**112842**
30. Loans and advances	255462	394530	248745	110397
(a) Subsidiary companies	–1051	2336	478	20328
(b) Holding companies and companies in the same group	–	–	–289	273
(c) Against hire purchase	102344	96852	16407	–5508
(d) Bills discounted	750	–1342	24291	20397
(e) Others	153420	296684	207859	74907
31. Book debts	–8156	8209	28452	2446
(a) Sundry debtors	–464	150	18512	–18174
(b) Dividend/ Interest accrued	–294	5427	1242	32994
(c) Others	–7397	2632	8698	–12374
L. Inventories	**–1064**	**–1351**	**936**	**–22701**
32. Government and semi-Government securities	–	–	–20178	–
33. Industrial securities	208	–731	21233	–23313
34. Repossessed goods on hire purchase	–1246	–619	–33	–212
35. Other goods, stores and others	–26	–1	–87	824
M. 36. Gross Fixed Assets	–31046	–1647	7598	75925
Of which: (a) Plant and machinery leased	–29247	–5187	–3300	27139
(b) Equipments leased	–5454	–486	268	–324
(c) Vehicles leased	–6146	–4044	–35	–3958
(d) Other assets leased	3946	–2213	–210	–28365
N. 37. Other Assets	**–229**	**–7**	**30**	**32**
38. Total	**253313**	**508329**	**417150**	**241140**

Annex 1: Combined Income, Expenditure and Appropriation Accounts - Select Financial and Investment Companies - 2004-05 to 2006-07

(Rs. lakh)

Items	All Companies* (1187)		
	2004-05	2005-06	2006-07
1	2	3	4
Income			
1. Main Income	1215708	1780034	2345036
(a) Interest	721155	954558	1359748
(i) On loans and advances	571334	752915	1066851
(ii) Others	149822	201643	292897
(b) Dividends	74632	102742	139863
(c) Brokerage	74430	110012	135336
(d) Net profit/ loss in share dealings	169091	442207	510179
(e) Net earnings from hire purchase financing	147446	143621	185489
(f) Lease rentals	28954	26893	14420
2. Other income	217199	256881	320466
Of which: rent	11419	14172	15109
3. Non-operating surplus(+)/ deficit(-)	32625	6683	21351
4. Total (1+2+3)	**1465531**	**2043598**	**2686852**
Expenditure and Appropriations			
5. Interest	587575	700607	976110
6. Salaries, wages and bonus	79080	111736	161498
7. Provident fund	5104	6646	9901
8. Employees' welfare expenses	7460	9742	14676
9. Managerial remuneration	7232	9793	13643
10. Bad debts #	40840	86592	56929
11. Other expenses	230830	280175	371298
Of which: (a) Rent	13552	16946	25689
(b) Insurance	3912	3721	3786
(c) Advertisement	9016	11459	12512
12. Depreciation provision	37720	37253	38229
13. Other provisions			
(other than tax and depreciation)	25117	13249	18483
14. Operating profits	411946	781122	1004736
15. Non-operating surplus(+)/ deficit(-)	32625	6683	21351
16. Profits before tax	444571	787805	1026086
17. Less: tax provision	105020	148218	254870
18. Profits after tax	339551	639587	771216
(a) Dividends	96514	122420	174016
(i) Ordinary	92339	118723	171256
(ii) Preference	4175	3698	2760
(b) Profits retained	243037	517166	597200
19. Total (5 to 15)	**1465531**	**2043598**	**2686852**

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

* : Includes HDFC and other outlier companies.

\# : Including provision for bad debts.

Annex 2: Combined Balance Sheet - Select Financial and Investment Companies- 2004-05 to 2006-07

(Rs. lakh)

Capital and Liabilities	All Companies* (1187)		
	2004-05	2005-06	2006-07
1	2	3	4
A. Share Capital	**1273111**	**1349672**	**1534410**
1. Paid-up capital	1272457	1349042	1533714
(a) Ordinary	1158879	1229098	1312872
Of which: bonus	39326	55498	59515
(b) Preference	113579	119944	220842
2. Forfeited shares	654	630	696
B. Reserves and Surplus	**1853489**	**2812655**	**3808237**
3. Capital reserve	1015174	1467945	1896042
Of which: premium on shares	812028	1205699	1559929
4. Investment allowance reserve	19535	29453	162
5. Sinking funds	15149	13497	13895
6. Other reserves	803632	1301762	1898138
C. Borrowings	**10537589**	**13047430**	**15682892**
7. Debentures @	2577575	3749260	4986597
8. Loans and advances	5323415	6272690	7298508
(a) From banks	3055495	4197680	5088353
Of which: short-term borrowings	2770739	3806049	4493758
(b) From other Indian Financial Institutions	269505	366296	318033
(c) From Foreign Institutional agencies	309638	213350	164562
(d) From Government and semi-Government bodies	34683	28394	45305
(e) From companies	650234	587549	560398
(f) From others	1003860	879421	1121857
9. Deferred payments	2145	470	109
10. Public deposits	2634452	3025010	3397676
(Of total borrowings, debt)	6137621	7878866	9538493
D. Trade Dues and other Current Liabilities	**897575**	**1472554**	**1443419**
11. Sundry creditors	255929	764794	566867
12. Acceptances	51	29	–
13. Liabilities to subsidiaries and holding companies	5604	1512	14833
14. Advances and deposits from customers, agents , etc.	70220	80964	107814
15. Interest accrued on loans	245290	280915	368910
16. Others	320481	344339	384994
E. Provisions	**307369**	**342975**	**407884**
17. Taxation (net of advance of income-tax)	–	–	–
18. Dividends	78472	104131	103328
19. Other current provisions	203035	230047	292236
20. Non-current provisions	25863	8797	12320
F. 21. Miscellaneous Non-current Liabilities	–	–	–
22. Total	**14869134**	**19025287**	**22876842**

Note: Figures in brackets in column headings denote the number of companies.
* : Includes HDFC and other outlier companies
@ : Includes privately placed debentures.
- : Nil or negligible

Annex 2: Combined Balance Sheet - Select Financial and Investment Companies- 2004-05 to 2006-07 *(Concld.)*

(Rs. lakh)

Assets	All Companies* (1187)		
	2004-05	2005-06	2006-07
1	2	3	4
G. Cash and Bank Balances	**532209**	**817619**	**1171606**
23. Deposits with banks	497981	795447	1132273
24. Cash in hand	34228	22171	39332
H. Investments	**4114556**	**5022680**	**5608032**
Of which: quoted investments	999936	934619	876687
25. Foreign securities	976	1024	254
26. Indian securities	4113580	5021656	5607778
(a) Government and semi-Government securities	510178	801362	708421
(b) Public sector undertakings	71930	130185	72540
(c) Securities of financial institutions	165473	99453	145594
(d) Mutual funds	366395	388854	401158
(e) Shares and debentures of subsidiary/holding companies and companies in the same group	774903	816340	1455685
(f) Shares and debentures of other Indian companies	1916090	2256455	2376753
(g) Others	308611	529005	447548
I. Receivables	**9128046**	**12124614**	**14747750**
27. Loans and advances	8492893	10965410	13834258
(a) Subsidiary companies	27134	73109	87258
(b) Holding companies and companies in the same group	10061	7896	4138
(c) Against hire purchase	547201	648170	715953
(d) Others	7908497	10236235	13026909
28. Book debts	635153	1159204	913492
(a) Sundry debtors	289227	685856	464704
(b) Dividend/ Interest accrued	137333	167044	187749
(c) Deposits with Government/ others	52145	131261	31329
(d) Others	156448	175043	229710
J. Inventories	**580344**	**514017**	**696574**
29. Government and semi-Government securities	145821	160586	116041
30. Industrial securities	421218	335475	573288
31. Repossessed goods on hire purchase	6569	4827	3086
32. Other goods, stores and others	6736	13128	4158
K. 33. Advance of Income-tax (net of tax provision)	48990	87636	95387
L. 34. Gross Fixed Assets	**817583**	**746205**	**855431**
Of which:			
(a) Plant and machinery leased	222788	161075	185669
(b) Equipments leased	19171	11141	11155
(c) Vehicles leased	77500	63022	47446
(d) Other assets leased	81136	60223	27612
M. 35. Less: Depreciation Provision	**385888**	**338702**	**349089**
N. 36. Net Fixed Assets	**431695**	**407503**	**506342**
Of which: assets leased	134427	97908	82996
O. 37. Other Assets	**33294**	**51219**	**51152**
38. Total	**14869134**	**19025287**	**22876842**

Annex 3: Sources and Uses oFunds - Select Financial and Investment Companies-2005-06 and 2006-07

(Rs. lakh)

Sources of Funds			All Companies* (1187)	
			2005-06	2006-07
1			2	3
	Internal Sources		**462076**	**692378**
A.	**1.**	**Paid-up Capital**	**16173**	**4047**
B.	**Reserves And Surplus**		**496933**	**620838**
	2.	Capital reserve	–9462	53355
	3.	Investment allowance reserve	9917	–29291
	4.	Sinking funds	–1652	398
	5.	Other reserves	498130	596376
C.	**Provisions**		**–51030**	**67492**
	6.	Depreciation provision	–47990	10336
	7.	Taxation (net of advance of income-tax)	–38645	–7752
	8.	Dividends	25658	–803
	9.	Other current provisions	27012	62188
	10.	Non-current provisions	–17065	3523
	External Sources		**3605998**	**3160896**
D.	**Paid-up Capital**		**468821**	**545711**
	11.	Net issues	60389	181430
	12.	Premium on shares	408433	364281
E.	**13.**	**Capital Receipts**	**52357**	**8762**
F.	**Borrowings**		**2509841**	**2635558**
	14.	Debentures @	1171685	1237338
	15.	Loans and advances	949274	1025915
	(a)	From banks	1142184	890674
	(b)	From other Indian Financial Institutions	96791	–48264
	(c)	From Foreign Institutional agencies	–96288	–48788
	(d)	From Government and semi-Government bodies	–6289	17008
	(e)	From companies	–62685	–27151
	(f)	From others	–124439	242436
	16.	Deferred payments	–1676	–360
	17.	Public deposits	390558	372666
G.	**Trade Dues And Other Current Liabilities**		**574979**	**–29135**
	18.	Sundry creditors	508865	–197926
	19.	Acceptances	–22	–29
	20.	Liabilities to subsidiaries and holding companies	–4092	13320
	21.	Advances and deposits from customers, agents, etc.	10744	26850
	22.	Interest accrued on loans	35625	87995
	23.	Others	23859	40655
H.	**24.**	**Miscellaneous Non-current Liabilities**	–	–
	25.	**Total**	**4068074**	**3853273**

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

* : Includes HDFC and other outlier companies

@ : Includes privately placed debentures.

\- : Nil or negligible

Annex 3: Sources and Uses oFunds - Select Financial and Investment Companies-2005-06 and 2006-07 *(Concld.)*

(Rs. lakh)

Use of Funds	All Companies* (1187)	
	2005-06	2006-07
1	2	3
I. Cash And Bank Balances	**285409**	**353987**
26. Deposits with banks	297466	336826
27. Cash in hand	–12056	17161
J. Investments	**906292**	**585286**
Of which : quoted investments	–65317	–57933
28. Foreign securities	49	–771
29. Indian securities	906243	586056
(a) Government and semi-Government securities	291184	–92941
(b) Public sector undertakings	58255	–57646
(c) Securities of financial institutions	–66020	46141
(d) Mutual funds	22459	12304
(e) Shares and debentures of subsidiary/ holding companies and companies in the same group	41437	639345
(f) Shares and debentures of other Indian companies	340366	120297
(g) Others	218562	–81524
K. Receivables	**2996567**	**2623137**
30. Loans and advances	2472517	2868849
(a) Subsidiary companies	45974	14150
(b) Holding companies and companies in the same group	–2165	–3758
(c) Against hire purchase	100969	67783
(d) Bills discounted	24545	13238
(e) Others	2303193	2777437
31. Book debts	524050	–245712
(a) Sundry debtors	396628	–221152
(b) Dividend/ Interest accrued	29711	20705
(c) Others	97711	–45265
L. Inventories	**–66327**	**182556**
32. Government and semi-Government securities	14766	–44545
33. Industrial securities	–85743	237814
34. Repossessed goods on hire purchase	–1742	–1741
35. Other goods, stores and others	6392	–8971
M. 36. Gross Fixed Assets	**–71793**	**108245**
Of which : (a) Plant and machinery leased	–61713	24595
(b) Equipments leased	–8030	15
(c) Vehicles leased	–14478	–15576
(d) Other assets leased	–20913	–32612
N. 37. OTHER ASSETS	**17925**	**–67**
38. TOTAL	**4068074**	**3853273**

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 rentals.

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 capitalized 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.

India's Foreign Trade: 2008-09 (April-May) *

The Directorate General of Commercial Intelligence and Statistics (DGCI & S) have recently released provisional data on India's merchandise trade for April-May, 2008 and commodity-wise and country-wise details for 2007-08 (April-March). This review has been prepared on the basis of these data.

Highlights

- India's merchandise exports during May 2008 amounted to US $ 13.8 billion, recording a lower growth of 12.9 per cent than 21.6 per cent in May 2007. The overall exports during the first two months of 2008-09 (April-May) at US $ 28.2 billion grew by 21.7 per cent as compared with 24.2 per cent in April-May, 2007.
- Imports during May 2008 at US $ 24.5 billion also registered a lower growth of 27.1 per cent than 35.0 per cent in May 2007. Imports during April-May, 2008 aggregating US $ 48.8 billion recorded a lower growth of 31.8 per cent than 37.9 per cent a year ago.
- Petroleum, oil and lubricants (POL) imports during April-May, 2008 at US $ 16.5 billion exhibited a substantially high growth of 48.6 per cent, as compared with 25.7 per cent a year ago, mainly due to elevated international crude oil prices.
- The average price of Indian basket of crude oil during April-May, 2008 stood at US $ 113.3 per barrel (ranged between US $ 105.8 - 120.9 per

* Prepared in the Division of International Trade, Department of Economic Analysis and Policy, Reserve Bank of India. Previous article was published in RBI Bulletin, July 2008 issue.

barrel), which was higher by 72.7 per cent than US $ 65.6 per barrel (ranged between US $ 65.5 - 65.8 per barrel) in April-May, 2007.

- Non-oil imports during April-May, 2008 at US $ 32.3 billion recorded a lower growth at 24.6 per cent than 43.8 per cent during the same period of the previous year.
- The trade deficit during April-May, 2008 at US $ 20.7 billion was higher by US $ 6.8 billion (48.9 per cent) than US $ 13.9 billion in April-May, 2007.

India's Merchandise Trade during 2008-09 (April-May)

India's merchandise exports during May 2008 at US $ 13.8 billion registered a deceleration in growth to 12.9 per cent from 21.6 per cent during May 2007, as well as from the previous month of April 2008 (31.5 per cent). The overall exports during the first two months of 2008-09 (April-May) at US $ 28.2 billion witnessed a growth of 21.7 per cent, which also showed moderation from 24.2 per cent a year ago (Table 1 and Chart 1).

Imports during May 2008 at US $ 24.5 billion witnessed a lower growth at 27.1 per cent than 35.0 per cent during May 2007. During April-May, 2008, imports stood at US $ 48.8 billion, recording a growth of 31.8 per cent as compared with 37.9 per cent a year ago. Oil imports at US $ 16.5 billion registered a sharp increase of 48.6 per cent, while non-oil imports at US $ 32.3 billion showed deceleration from 43.8 per cent to 24.6 per cent. The rise in POL imports during April-May, 2008 was mainly on account of surge in international crude oil prices. The average price of Indian basket of crude oil during April-May, 2008 stood at US $ 113.3 per barrel (ranged between US $ 105.8 - 120.9 per barrel), which was higher by 72.7 per cent than US $ 65.6 per barrel (ranged between US $ 65.5 - 65.8 per barrel) in April-May, 2007 (Table 2).

Table 1: India's Merchandise Trade (April-May)

(US $ million)

Items	2007-08R	2008-09P
1	2	3
Exports	23142	28166
	(24.2)	(21.7)
Imports	37057	48829
	(37.9)	(31.8)
Oil Imports	11105	16505
	(25.7)	(48.6)
Non-Oil Imports	25952	32325
	(43.8)	(24.6)
Trade Balance	-13915	-20663

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

R: Revised; P: Provisional.

Source: DGCI & S.

Chart 1: Growth in India's Exports

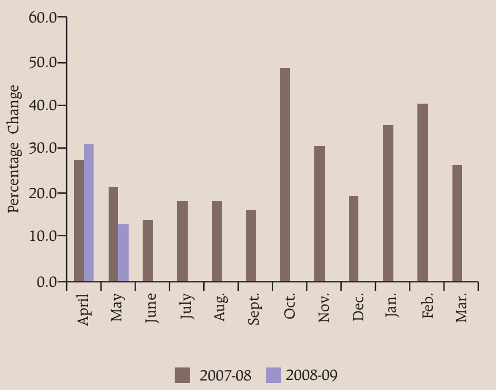


Table 2: Trends in Crude Oil Prices

(US $/Barrel)

	Dubai	UK Brent	US-WTI	Indian Basket*
1	2	3	4	5
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	39.2
2005-06	53.4	58.0	59.9	55.7
2006-07	60.9	64.4	64.7	62.4
2007-08	77.3	82.4	82.3	79.5
April-May, 2007-08	64.2	67.4	63.7	65.6
April-May, 2008-09	111.2	117.1	118.8	113.3
May 2007	64.5	67.5	63.5	65.8
May 2008	119.0	123.9	125.0	120.9

* : The composition of Indian basket of crude represents average of Oman and Dubai for sour grades and Brent (dated) for sweet grade in the ratio of 62.3:37.7 for 2008-09.

Sources: International Monetary Fund, International Financial Statistics, World Bank's Commodity Price Pink Sheet June 2008; Ministry of Petroleum and Natural Gas, Government of India.

The trade deficit during May 2008 at US $ 10.8 billion was higher by US $ 3.7 billion than US $ 7.1 billion in May 2007. The overall trade deficit during April-May, 2008 stood at US $ 20.7 billion, higher by US $ 6.8 billion (48.9 per cent) than US $ 13.9 billion in April-May, 2007.

Merchandise Trade during 2007-08

Exports

According to the latest data released by the DGCI & S, India's merchandise exports during 2007-08 (April-March) aggregated US $ 159.0 billion, representing a growth of 25.8 per cent over the exports of US $ 126.4 billion in 2006-07 (22.6 per cent) [Table 3]. This was almost close to the export target of US $ 160 billion set by the Government for 2007-08. Agriculture and allied products, engineering goods, gems and jewellery and petroleum products were the drivers of export growth during 2007-08, as these product groups together constituted 63 per cent of export earnings and also contributed 69 per cent of export growth. Primary products exports during 2007-08 recorded a sharp rise of 37.5 per cent contributed largely by agricultural and allied products and ores and minerals.

Agricultural and allied products recorded a sharp increase of 42.4 per cent (24.2 per cent a year ago) due to higher export growth in rice, oil meal and spices, while exports of marine products and wheat registered decline. Exports of rice, which constituted 16.1 per cent of agricultural and allied products exports, witnessed sharp increase of 87.4 per cent,

Table 3: India's Merchandise Trade

(US $ million)

Items	2005-06	2006-07	2007-08 R
1	2	3	4
Exports	103090.5 (23.4)	126361.5 (22.6)	159006.7 (25.8)
Oil exports	11639.7 (66.5)	18678.7 (60.5)	24869.2 (33.1)
Non-oil exports	91450.9 (19.5)	107682.8 (17.7)	134137.5 (24.6)
Imports	149165.7 (33.8)	185749.3 (24.5)	239650.5 (29.0)
Oil Imports	43963.1 (47.3)	57143.6 (30.0)	79641.3 (39.4)
Non-Oil Imports	105202.6 (28.8)	128605.7 (22.2)	160009.2 (24.4)
Trade Balance	-46075.2	-59387.8	-80643.8
Oil Trade Balance	-32323.5	-38464.9	-54772.1
Non-Oil Trade Balance	-13751.7	-20922.9	-25871.7

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

R: Revised

Source: DGCI & S

facilitated by the pick up in the exports to the main markets of Saudi Arabia, the UAE and Kuwait. Exports of ores and minerals recorded a 28.6 per cent growth, mainly due to acceleration in iron ore exports (47.2 per cent). China remained the principal market for iron ore with a share of 93 per cent in the total iron ore exports from India during 2007-08.

Exports of manufactured goods at US $ 101.1 billion recorded a growth of 19.1 per cent during 2007-08 (17.0 per cent a year ago). Within manufactured goods, chemicals and related products, textiles and textile products and gems and jewellery exhibited higher growth in exports, while engineering goods showed moderation.

Engineering goods exports during 2007-08 at US $ 36.7 billion, registered a lower growth of 24.2 per cent than 36.1 per cent in 2006-07. The moderation in export growth was mainly due to deceleration in machinery and instruments, manufacture of metals and iron and steel. While the US, the UAE and the UK were the principal markets for machinery and instruments, exports to the US showed decline during the year under review.

Chemicals and related products exports during 2007-08 at US $ 20.5 billion recorded a growth of 18.0 per cent (17.4 per cent a year ago) with basic chemicals, pharmaceuticals, cosmetics, rubber, glass, paints and enamels maintaining higher export growth. However, exports of plastic and linoleum recorded lower growth during 2007-08.

Exports of textiles and textile products amounted to US $ 19.0 billion during 2007-08, recording a growth of 9.5 per cent over US $ 17.4 billion in 2006-07 (5.9 per cent). Readymade garments contributed almost 50 per cent of the total exports of textiles and textile products. The US, the UK and Germany were the principal destinations for readymade garments. The other major items which contributed to the growth in exports were cotton yarn, fabrics, made-ups, man-made yarn and fabrics and made-ups. According to the US Office of Textiles, the US imports of textile and apparel products from India during 2007-08 increased by 12.2 per cent as compared with 4.0 per cent growth recorded during 2006-07.

Gems and jewellery exports during 2007-08 stood at US $ 19.7 billion, which showed a 23.0 per cent growth as against a modest rise of 2.9 per cent in the previous year. Hong Kong, the UAE and the US were the major markets for gems and jewellery. Among the principal markets, exports to Hong Kong and the UAE showed improvement, while exports to the US remained subdued.

Exports of petroleum products during 2007-08 amounted to US $ 24.9 billion, higher by 33.1 per cent than US $ 18.7 billion in the previous year. The UAE, Singapore and the Netherlands were the principal markets for the exports of petroleum products in 2007-08, although exports to Singapore and the Netherlands showed decline.

The steady and sustained growth in India's merchandise exports during 2007-

08 (25.8 per cent) was marked by diversification of India's exports in terms of commodity composition and geographical destinations. It may be noted that during the period 2001-08, India's exports recorded an average growth of 20.3 per cent as compared with 8.6 per cent during the previous decade (1990-2000). During 1990-2000 India's export basket mainly comprised textiles and textile products (26.0 per cent share), agricultural and allied products (18.0 per cent), gems and jewellery (16.8 per cent), engineering goods (13.8 per cent) and chemicals and related products (11.5 per cent). By 2007-08, engineering goods emerged as the largest contributor to India's exports with a share of 23.1 per cent, followed by petroleum products (15.6 per cent), chemicals and related products (12.9 per cent) and textiles and textile products (12.0 per cent) [Table 4]. Thus, the traditional exports, such as agriculture and allied products, handicrafts, textiles and textile products, gems and jewellery and leather and manufactures have lagged behind in terms of shares in total exports and, of late, the leading positions have been taken by engineering goods and petroleum products.

Regarding geographical diversification, during 1990s, India's major export markets were the developed regions, such as the European Union (26.6 per cent of the total exports) and the US (19.2 per cent). However, by 2007-08, developing countries turned out to be the major markets (42.3 per cent), while the shares of the EU (20.2 per cent), and the US (13.0 per cent) declined (Table 5). The fall in the shares of the EU and the US are closely related to the structural shift in commodity

Table 4: Exports of Principal Commodities-Percentage Shares

Commodity	1990-2000 (Annual Average)	2000-01	2006-07	2007-08
1	2	3	4	5
Agriculture and allied products	18.0	13.4	10.0	11.4
Ores and minerals	3.6	2.6	5.5	5.7
Leather and manufactures	5.5	4.4	2.4	2.2
Chemicals and Related products	11.5	13.2	13.7	12.9
Engineering goods	13.8	15.3	23.4	23.1
Textile and textile products	26.0	23.9	13.7	12.0
Gems and jewellery	16.8	16.6	12.6	12.4
Petroleum products	1.3	4.2	14.8	15.6
Others	3.5	6.4	3.7	4.7
Total exports	100	100	100	100

Source: Compiled from DGCI & S data.

Table 5: Exports to Principal Regions - Percentage Shares

Region	1990-2000 (Annual Average)	2000-01	2006-07	2007-08
1	2	3	4	5
I. OECD countries	57.1	52.7	41.2	38.8
A. EU	26.6	23.4	20.4	20.2
B. North America	20.4	22.4	15.8	13.8
1. U.S.	19.2	20.9	14.9	13
C. Asia and Oceania	7.9	5.1	3.4	3.1
D. Other OECD countries	2.1	1.9	1.6	1.7
II. OPEC	9.7	10.9	16.4	16.5
III. Eastern Europe	5.2	3.0	2.0	2.1
IV. Developing countries	26.7	29.2	39.5	42.3
A. Asia	21.3	22.5	29.0	31.5
a) SAARC	4.4	4.3	5.0	5.7
b) Other Asian developing countries	16.8	18.2	24.1	25.8
B. Africa	4.0	4.4	7.0	7.6
C. Latin American countries	1.4	2.3	3.4	3.2
V. Others/unspecified	1.3	4.2	1.0	0.3
Total Exports	100	100	100	100

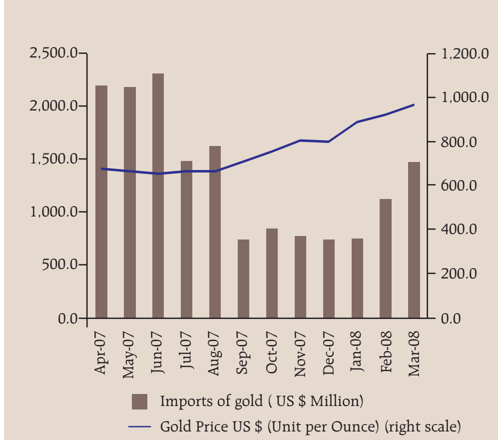
Source: Compiled from DGCI & S data.

composition of India's exports to these areas. The EU and the US have been the major markets for textiles, gems and jewellery and leather products. While the shares of engineering goods and petroleum products to these markets have shown improvement, the shares of textile products, gems and jewellery and leather and manufactures have declined. At the same time, India's exports of products such as engineering goods, petroleum products, chemicals and gems and jewellery have gained wider markets in developing countries, particularly Asian region.

Imports

Imports during 2007-08 at US $ 239.7 billion recorded a 29.0 per cent growth as against 24.5 per cent during 2006-07. Oil imports at US $ 79.6 billion registered a growth of 39.4 per cent (30.0 per cent a year ago) and non-oil imports at US $ 160.0 billion recorded an increase of 24.4 per cent (22.3 per cent a year ago). Within non-oil imports, gold and silver showed a lower growth of 21.8 per cent than 29.4 per cent during 2006-07. Growth of gold imports recorded sharp deceleration to 15.6 per cent in 2007-08 from 33.5 per cent in 2006-07 in the wake of persistent rise in gold prices witnessed during 2007-08 (Chart 2). According to the World Gold Council, during 2007-08 (April-March), the average price of gold (based on London pm fix) stood at US $ 765.8 per ounce recording an increase of 21.9 per cent, on top of a rise of 31.6 per cent witnessed a year ago.

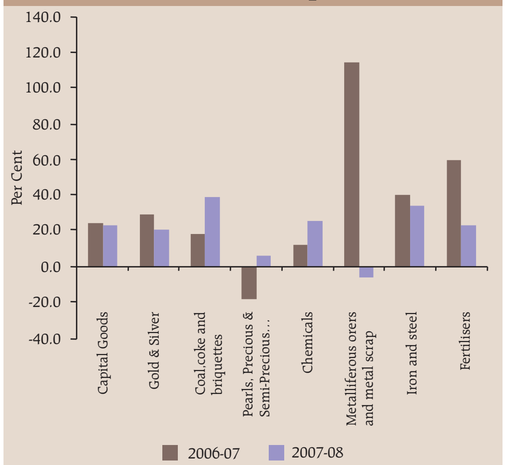
Chart 2: Gold Prices & Import of Gold



Non-oil imports, excluding gold and silver registered a higher growth of 24.7 per cent during 2007-08, than 21.4 per cent in the previous year. Capital goods, which accounted for 36.5 per cent of the non-oil imports, increased by 24.1 per cent, almost identical to the growth witnessed a year ago (25.0 per cent). Electronic goods and machinery were the major contributors to the growth of capital goods imports. The other items of non-oil commodities registering higher growth in imports during 2007-08 were edible oil, fertilizers, pearls, precious and semi-precious stones, chemicals, textiles, artificial resins and plastic materials, professional instruments coal, coke and briquettes (Chart 3).

Source-wise, China was the single largest source of imports during 2007-08, accounting for 11.3 per cent of total imports. The other major sources were Saudi Arabia (8.1 per cent), the UAE (5.6 per cent), the US (5.5 per cent), Iran (4.6

Chart 3: Growth Rates of Imports of Select Commodities (April - March)



per cent), Switzerland (4.1 per cent), Germany (4.0 per cent) and Singapore (3.4 per cent) (Table 6). Region-wise, imports from the EU and African developing countries maintained higher growth, while those from North America, OPEC, Eastern Europe, Asian and Latin American developing countries exhibited moderation.

Trade Deficit

During 2007-08, trade deficit increased by 35.9 per cent to US $ 80.6 billion from US $ 59.4 billion during 2006-07. Trade deficit on oil account amounted to US $ 54.8 billion (US $ 38.5 billion a year ago). Trade deficit on non-oil account during 2007-08 amounted to US $ 25.9 billion (US $ 20.9 billion a year ago).

Global Trade

According to the International Monetary Fund's (IMF's) International Financial Statistics (IFS), world merchandise exports, in nominal value,

Table 6: Shares of Groups/Countries in India's Imports

Group/Country	Per cent share April-March	
	2006-07	2007-08
1	2	3
I. O E C D Countries	34.5	31.6
A. E U	15.3	13.8
Of which:		
1 France	2.3	1.2
2 Germany	4.1	4.0
3 U K	2.3	2.1
B. North America	7.3	6.3
Of which:		
U S A	6.3	5.5
C. Asia and Oceania	6.4	6.1
D. Other O E C D Countries	5.5	5.5
II. O P E C	30.2	31.8
III. Eastern Europe	2.7	2.2
IV. Developing Countries	32.2	33.6
Of which:		
A. Asia	25.5	26.8
a) S A A R C	0.8	0.9
b) Other Asian Developing Countries	24.7	25.9
Of which:		
People's Rep of China	9.4	11.3
B. Africa	3.7	4.3
C. Latin American Countries	3.0	2.6

Source- Calculated from DGCI & S data.

during the first quarter of 2008 (January-March) registered 22.9 per cent growth as against 13.2 per cent a year ago (Table 7). Exports from industrial countries exhibited a growth of 20.4 per cent during this period (13.5 per cent a year ago), while the emerging and developing economies registered a growth of 26.0 per cent (13.0 per cent recorded a year ago).

The World Bank has come out with a Report on World Trade Indicators. Therein, countries have been ranked according to certain criteria, such as trade policy, trade outcome, external environment, institutional environment and trade

Table 7: Growth in Exports - Global Scenario

(Per cent)

Region/Country	2006	2007	2007	2008
			Jan-March	
1	2	3	4	5
World	15.3	15.0	13.2	22.9
Industrial Countries	12.4	13.6	13.5	20.4
US	14.7	12.2	10.8	17.1
France	9.9	12.0	10.3	22.9
Germany	14.7	18.5	21.2	20.9
Japan	9.2	9.2	5.4	28.7
Emerging and Developing Economies	19.1	16.8	13.0	26.0
China	27.2	25.6	27.8	21.3
India	21.4	20.3	15.2	33.8
Indonesia	18.3	16.8	9.7	34.2
Korea	14.4	14.2	14.6	17.4
Malaysia	14.0	9.6	7.6	19.1
Singapore	18.4	10.1	9.9	21.3
Thailand	18.5	16.8	17.2	21.3

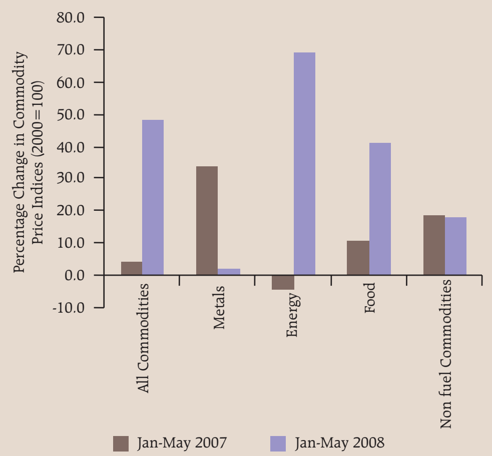
Sources: (1) IMF (www.imfstatistics.org)
(2) DGCI & S for India.

facilitation reflecting the comparative picture of the level of trade liberalization and trade performance of countries in different regions (Box).

Commodity Prices

According to the IMF's International Financial Statistics (IFS) world commodity price indices (base 2000 = 100), world commodity prices continued to witness surge during the first five months of 2008 (January-May, 2008). Prices of energy saw the highest rise (69.5 per cent), and non-fuel commodity prices increased by 18.3 per cent. Within the non-fuel prices, food prices rose sharply by 41.4 per cent (Chart 4). The prices of metals, however, showed moderate increase of 2.5 per cent during January-March, 2008.

Chart 4: World Commodity Prices



Box: World Bank Report on World Trade Indicators

The World Bank has recently released the 'World Trade Indicators 2008' report. It covers country level indicators of trade performance and policies and institutions that affect trade. Countries in different regions have been ranked based on certain criteria, *viz.,* trade outcome, trade policy, external environment, institutional environment and trade facilitation. The major observations of the Report are as under.

The growth of world trade in real terms was 7.7 per cent in 2007 as compared with an average growth of 8.6 per cent during 2005 and 2006. Developing countries' trade growth slowed down from 8.8 per cent to 7.7 per cent, while developed countries' trade growth decelerated from 8.0 per cent to 7.8 per cent during the same period. Furthermore, a long-term shift in the composition of world merchandise trade has occurred, with the share of manufactured goods rising dramatically while the shares of agricultural products and non-fuel minerals suffered decline.

Tariff protection, both with and without the inclusion of preferences, has fallen consistently in all regions and income groups from the mid-1990s to 2007.The most favored nation (MFN) average tariffs have fallen from 14.1 per cent during 1995-99 to 11.7 per cent during 2000-04 and further to 9.4 per cent in 2007. High-income countries still have the lowest average tariffs at 6 per cent compared to developing countries average of 11 per cent.

Developing countries that have seen the largest falls in import restrictions since the early 2000s, as measured by MFN simple tariffs, include the Arab Republic of Egypt (from 47 to 17 per cent), the Seychelles (28 to 8 per cent), India (32 to 15 per cent), and Mauritius (18 to 3.5 per cent). The average MFN tariff of China decreased to 10 per cent in 2007 from 14 per cent in 2004. High-income countries have, however, higher non-tariff barriers, greater tariff escalation and dispersion, and much higher maximum tariffs than low-income countries, reflecting high protection to select sectors and goods. These protected sectors and goods in high income countries are of special interest to developing-country exporters.

At global level, higher trade barriers are witnessed in the agriculture sector relative to mining and manufacturing. The low-income countries' import-weighted average tariff on agriculture (including preferences) is 1.4 times than that on other goods. For the high-income OECD group, it is 9 times higher. Developing country exports face higher export hurdles at the upper end of production than at the lower end. Most countries protect finished goods more than unfinished goods, but tariff escalation is higher in the high-income OECD countries than in developing countries. Barriers to services trade are still high across countries and especially in the low income countries.

Trade preferences, free trade agreements (FTA) or customs unions (CU)

Box: World Bank Report on World Trade Indicators

have lowered trade restrictions for many countries. There are large differences across regions and income and product country groups under a zero-MFN tariff regime or preferential arrangements. Low-income country exporters face a weighted average tariff, including preferences, of 3.7 per cent, which is higher than that faced by high-income country exporters at 2.8 per cent.

Improvements in countries' institutional environments and in the quality of trade facilitation could support trade and export growth. Countries whose institutional environments are better tend to have a higher share of manufactures in their goods exports, have lower export concentration and tend to be more integrated in the world economy. Significant gap exists in the quality of trade facilitation between the high-income countries and even the best-performing developing countries. Better trade logistics, as measured by the World Bank's Logistics Performance Index (LPI), are correlated with positive changes in trade integration.

Table 1: Trade Performance Indicators of Selected Countries

	India	China	Brazil	Egypt	Singapore	Sri Lanka	USA	Japan
1	2	3	4	5	6	7	8	9
Trade Policy MFN (TTRI) (Rank out of 125)	**117**	57	92	60	1	75	11	52
External Environment (Rank out of 125)	**59**	59	63	67	43	56	63	73
Institutional Environment (Rank out of 178)	**120**	83	122	126	1	101	3	12
Trade Facilitation (Rank out of 151)	**39**	30	61	97	1	92	14	6
Trade Outcome (Rank out of 160)	**30**	3	32	65	80	101	126	119
2007 GDP (US $ Millions)	**1,144,027**	3,140,980	1,286,501	125,627	146,857	31,014	13,738,038	4,398,423
2007 GDP Per capita (US $ Millions)	**1,018**	2,379	6,719	1,667	32,352	1,540	45,505	34,452
2007 share in World trade (%)	**1.66**	7.32	1.00	0.27	2.08	0.06	11.91	4.55
2007 trade per capita (US $)	**491**	1,838	1,724	1,174	152,307	1,044	13,077	11,810

Source: World Bank World Trade Indicators, 2008 .

Statement 1 : India's Foreign Trade - May 2008

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									
2006-07	45,588	6,646	38,942	64,963	22,052	42,911	-19,375	-15,406	-3,969
	(31.4)	(146.5)	(21.7)	(12.9)	(55.5)	(-1.1)			
2007-08 R	49,794	9,093	40,701	78,760	22,890	55,870	-28,966	-13,797	-15,169
	(9.2)	(36.8)	(4.5)	(21.2)	(3.8)	(30.2)			
2008-09 P	58,057	..	..	103,409	35,658	67,751	-45,352		
	(16.6)			(31.3)	(55.8)	(21.3)			
US dollar million									
2006-07	10,040	1,464	8,576	14,307	4,857	9,450	-4,267	-3,393	-874
	(25.9)	(136.0)	(16.6)	(8.1)	(49.0)	-(5.2)			
2007-08 R	12,210	2,230	9,980	19,313	5,613	13,700	-7,103	-3,383	-3,719
	(21.6)	(52.3)	(16.4)	(35.0)	(15.6)	(45.0)			
2008-09 P	13,782	..	..	24,548	8,465	16,083	-10,766		
	(12.9)			(27.1)	(50.8)	(17.4)			
SDR million									
2006-07	6,741	983	5,758	9,606	3,261	6,345	-2,865	-2,278	-587
	(26.6)	(137.4)	(17.2)	(8.7)	(49.8)	-(4.7)			
2007-08 R	8,046	1,469	6,577	12,726	3,699	9,028	-4,680	-2,229	-2,451
	(19.4)	(49.5)	(14.2)	(32.5)	(13.4)	(42.3)			
2008-09 P	8,487	..	..	15,117	5,213	9,905	-6,630		
	(5.5)			(18.8)	(40.9)	(9.7)			

P : Provisional. R : Revised. .. : Not available.
Note : Figures in brackets relate to percentage variation over the corresponding previous period.
Source : DGCI & S.

Statement 2 : India's Foreign Trade

Year	Exports			Imports			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									
2005-06	456,418	51,533	404,885	660,409	194,640	465,769	-203,991	-143,107	-60,884
	(21.6)	(64.1)	(17.7)	(31.8)	(45.2)	(26.9)			
2006-07 R	571,779	84,520	487,259	840,506	258,572	581,935	-268,727	-174,052	-94,675
	(25.3)	(64.0)	(20.3)	(27.3)	(32.8)	(24.9)			
2007-08 P	640,172	100,125	540,047	964,850	320,641	644,208	-324,678	-220,516	-104,161
	(12.0)	(18.5)	(10.8)	(14.8)	(24.0)	(10.7)			
US dollar million									
2005-06	103,091	11,640	91,451	149,166	43,963	105,203	-46,075	-32,323	-13,752
	(23.4)	(66.5)	(19.5)	(33.8)	(47.3)	(28.8)			
2006-07 R	126,361	18,679	107,683	185,749	57,144	128,606	-59,388	-38,465	-20,923
	(22.6)	(60.5)	(17.7)	(24.5)	(30.0)	(22.2)			
2007-08 P	159,007	24,869	134,138	239,651	79,641	160,009	-80,644	-54,772	-25,872
	(25.8)	(33.1)	(24.6)	(29.0)	(39.4)	(24.4)			
SDR million									
2005-06	70,774	7,991	62,783	102,405	30,182	72,224	-31,632	-22,191	-9,441
	(26.2)	(70.3)	(22.2)	(36.8)	(50.6)	(31.7)			
2006-07 R	85,018	12,567	72,451	124,975	38,447	86,528	-39,957	-25,880	-14,077
	(20.1)	(57.3)	(15.4)	(22.0)	(27.4)	(19.8)			
2007-08 P	102,181	15,981	86,200	154,005	51,179	102,826	-51,824	-35,198	-16,626
	(20.2)	(27.2)	(19.0)	(23.2)	(33.1)	(18.8)			
April-May									
Rupees crore									
2006-07	84,200	10,876	73,325	121,447	39,907	81,540	-37,247	-29,031	-8,216
	(23.3)	(91.3)	(17.1)	(13.4)	(44.1)	(2.6)			
2007-08 R	95,958	17,889	78,069	153,655	46,045	107,610	-57,697	-28,156	-29,541
	(14.0)	(64.5)	(6.5)	(26.5)	(15.4)	(32.0)			
2008-09 P	115,690	..	..	200,560	67,791	132,769	-84,870		
	(20.6)			(30.5)	(47.2)	(23.4)			
US dollar million									
2006-07	18,637	2,407	16,230	26,882	8,833	18,049	-8,244	-6,426	-1,818
	(19.0)	(84.6)	(13.1)	(9.4)	(39.1)	(-0.9)			
2007-08 R	23,142	4,314	18,828	37,057	11,105	25,952	-13,915	-6,790	-7,124
	(24.2)	(79.2)	(16.0)	(37.9)	(25.7)	(43.8)			
2008-09 P	28,166	..	..	48,829	16,505	32,325	-20,663		
	(21.7)			(31.8)	(48.6)	(24.6)			
SDR million									
2006-07	12,670	1,636	11,033	18,274	6,005	12,269	-5,605	-4,368	-1,236
	(21.7)	(88.8)	(15.6)	(11.9)	(42.3)	(1.3)			
2007-08 R	15,227	2,839	12,388	24,382	7,306	17,076	-9,155	-4,468	-4,688
	(20.2)	(73.5)	(12.3)	(33.4)	(21.7)	(39.2)			
2008-09 P	17,282	..	..	29,960	10,127	19,833	-12,678		
	(13.5)			(22.9)	(38.6)	(16.1)			

P- Provisional. R- Revised .. Not available

Note : 1. Figures in brackets relate to percentage variation over the corresponding period of the previous year.
2. Data conversion has been done using period average exchange rates.

Source : DGCI & S

Statement 3 : India's Exports of Principal Commodities

(US $ million)

Commodity Group	April-March			Percentage Variation	
	2005-06	2006-07	2007-08 P	(3)/(2)	(4)/(3)
1	2	3	4	5	6
I. Primary Products	**16377.4**	**19686.0**	**27064.6**	**20.2**	**37.5**
	(15.9)	**(15.6)**	**(17.0)**		
A. Agricultural & Allied Products	**10213.8**	**12683.5**	**18059.9**	**24.2**	**42.4**
of which :	(9.9)	(10.0)	(11.4)		
1. Tea	390.9	435.3	502.3	11.3	15.4
2. Coffee	358.8	435.1	464.0	21.3	6.6
3. Rice	1405.2	1554.9	2913.8	10.7	87.4
4. Wheat	125.9	7.8	0.1	-93.8	-99.3
5. Cotton Raw incl. Waste	656.0	1349.8	1987.0	105.8	47.2
6. Tobacco	300.6	372.4	479.0	23.9	28.6
7. Cashew incl. CNSL	585.8	553.9	555.1	-5.4	0.2
8. Spices	477.9	697.9	1037.3	46.0	48.6
9. Oil Meal	1101.1	1216.4	1975.6	10.5	62.4
10. Marine Products	1589.2	1768.2	1702.6	11.3	-3.7
11. Sugar & Mollases	135.0	720.6	1404.4	433.6	94.9
B. Ores & Minerals	**6163.6**	**7002.5**	**9004.7**	**13.6**	**28.6**
of which :	(6.0)	(5.5)	(5.7)		
1. Iron Ore	3801.1	3902.0	5745.1	2.7	47.2
2. Processed Minerals	1141.2	1311.8	1232.3	14.9	-6.1
II. Manufactured Goods	**72562.8**	**84920.6**	**101099.3**	**17.0**	**19.1**
of which :	(70.4)	(67.2)	(63.6)		
A. Leather & Manufactures	**2697.7**	**3016.7**	**3431.6**	**11.8**	**13.8**
B. Chemicals & Related Products	**14769.5**	**17335.5**	**20453.5**	**17.4**	**18.0**
1. Basic Chemicals, Pharmaceuticals & Cosmetics	9127.1	10958.9	13346.6	20.1	21.8
2. Plastic & Linoleum	2819.3	3252.6	3352.7	15.4	3.1
3. Rubber, Glass, Paints & Enamels etc.,	2105.2	2372.8	2820.4	12.7	18.9
4. Residual Chemicals & Allied Products	717.9	751.1	933.8	4.6	24.3
C. Engineering Goods	**21718.8**	**29567.2**	**36722.0**	**36.1**	**24.2**
of which :					
1. Manufactures of metals	4233.2	5081.2	7023.9	20.0	38.2
2. Machinery & Instruments	5077.5	6722.8	8720.3	32.4	29.7
3. Transport equipments	4323.0	4949.9	7025.5	14.5	41.9
4. Iron & steel	3548.3	5238.6	5447.7	47.6	4.0
5. Electronic goods	2173.1	2854.0	3229.1	31.3	13.1
D. Textiles and Textile Products	**16402.1**	**17373.2**	**19015.1**	**5.9**	**9.5**
1. Cotton Yarn, Fabrics, Made-ups, etc.,	3944.8	4218.7	4511.2	6.9	6.9
2. Natural Silk Yarn, Fabrics Madeups etc. (incl.silk waste)	432.6	441.9	381.9	2.2	-13.6
3. Manmade Yarn, Fabrics, Made-ups, etc.,	1957.8	2204.4	2858.8	12.6	29.7
4. Manmade Staple Fibre	81.8	196.4	276.9	140.2	41.0
5. Woolen Yarn, Fabrics, Madeups etc.	85.3	85.2	93.1	-0.1	9.3
6. Readymade Garments	8617.7	8892.3	9491.8	3.2	6.7
7. Jute & Jute Manufactures	296.3	260.4	322.9	-12.1	24.0
8. Coir & Coir Manufactures	133.3	145.9	158.9	9.4	8.9
9. Carpets	852.6	928.0	919.7	8.8	-0.9
(a) Carpet Handmade	829.2	898.7	905.7	8.4	0.8
(b) Carpet Millmade	0.0	0.0	0.0		
(c) Silk Carpets	23.3	29.3	14.0	25.3	-52.2
E. Gems & Jewellery	**15529.1**	**15977.0**	**19657.4**	**2.9**	**23.0**
F. Handicrafts	**462.0**	**438.0**	**460.7**	**-5.2**	**5.2**
III. Petroleum Products	**11639.6**	**18678.7**	**24869.2**	**60.5**	**33.1**
	(11.3)	**(14.8)**	**(15.6)**		
IV. Others	**2510.7**	**3076.2**	**5973.5**	**22.5**	**94.2**
	(2.4)	**(2.4)**	**(3.8)**		
Total Exports	**103090.5**	**126361.5**	**159006.7**	**22.6**	**25.8**

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)

Commodity Group	April-March			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	**45836.9**	**52007.9**	**61669.0**	**13.5**	**18.6**
A. E U	**22385.0**	**25756.9**	**32181.5**	**15.1**	**24.9**
Of which:					
1. Belgium	2871.2	3474.4	4199.5	21.0	20.9
2. France	2079.6	2100.8	2539.0	1.0	20.9
3. Germany	3586.1	3979.5	5088.1	11.0	27.9
4. Italy	2519.0	3582.9	3908.0	42.2	9.1
5. Netherland	2474.8	2670.2	4839.0	7.9	81.2
6. U K	5059.3	5618.0	6579.7	11.0	17.1
B. North America	**18374.6**	**19976.6**	**21964.8**	**8.7**	**10.0**
1. Canada	1021.6	1110.4	1264.4	8.7	13.9
2. U S A	17353.1	18866.2	20700.4	8.7	9.7
C. Asia and Oceania	**3444.4**	**4290.9**	**4879.5**	**24.6**	**13.7**
Of which:					
1. Australia	821.2	924.8	1148.6	12.6	24.2
2. Japan	2481.3	2862.7	3572.4	15.4	24.8
D. Other O E C D Countries	**1632.9**	**1983.6**	**2643.1**	**21.5**	**33.2**
Of which:					
1. Switzerland	479.5	466.5	615.0	-2.7	31.8
II. O P E C	**15242.2**	**20700.4**	**26174.4**	**35.8**	**26.4**
Of which:					
1. Indonesia	1380.2	2028.1	2058.1	46.9	1.5
2. Iran	1188.3	1450.8	1942.6	22.1	33.9
3. Iraq	155.9	203.5	270.7	30.5	33.0
4. Kuwait	513.7	614.3	680.3	19.6	10.7
5. Saudi Arabia	1809.8	2588.2	3581.7	43.0	38.4
6. U A E	8591.8	12032.2	15365.1	40.0	27.7
III. Eastern Europe	**1980.4**	**2509.2**	**3380.7**	**26.7**	**34.7**
Of which:					
1. Romania	84.4	169.4	262.8	100.7	55.2
2. Russia	733.1	902.9	939.7	23.2	4.1
IV. Developing Countries	**39736.4**	**50764.0**	**67199.9**	**27.8**	**32.4**
Of which:					
A. Asia	**30981.2**	**37611.6**	**50080.8**	**21.4**	**33.2**
a) S A A R C	**5547.6**	**6469.5**	**8986.1**	**16.6**	**38.9**
1. Afghanistan	142.7	181.7	248.7	27.4	36.9
2. Bangladesh	1664.4	1627.9	2534.2	-2.2	55.7
3. Bhutan	99.2	57.5	86.6	-	50.7
4. Maldives	67.6	68.7	89.6	1.7	30.3
5. Nepal	860.0	928.5	1470.3	8.0	58.4
6. Pakistan	689.2	1349.6	1838.5	95.8	36.2
7. Sri Lanka	2024.7	2255.6	2718.1	11.4	20.5
b) Other Asian Developing Countries	**25433.5**	**31142.1**	**41094.7**	**22.4**	**32.0**
Of which:					
1. People's Rep of China	6759.1	8294.0	10781.6	22.7	30.0
2. Hong Kong	4471.3	4680.6	6304.6	4.7	34.7
3. South Korea	1827.2	2514.7	2850.8	37.6	13.4
4. Malaysia	1161.9	1304.3	2524.9	12.3	93.6
5. Singapore	5425.3	6068.9	6852.6	11.9	12.9
6. Thailand	1075.3	1444.4	1807.0	34.3	25.1
B. Africa	**5699.0**	**8880.0**	**12043.9**	**55.8**	**35.6**
Of which:					
1. Benin	96.6	151.5	247.0	56.8	63.0
2. Egypt Arab Republic	672.4	761.0	1328.2	13.2	74.5
3. Kenya	576.5	1315.5	1434.0	128.2	9.0
4. South Africa	1526.9	2246.5	2476.2	47.1	10.2
5. Sudan	294.6	403.7	407.7	37.0	1.0
6. Tanzania	243.5	288.8	559.7	18.6	93.8
7. Zambia	66.5	108.4	132.2	62.9	22.0
C. Latin American Countries	**3056.2**	**4272.4**	**5075.3**	**39.8**	**18.8**
V. Others	**93.3**	**127.8**	**157.5**	**37.0**	**23.2**
VI. Unspecified	**201.4**	**252.1**	**425.2**	**25.2**	**68.7**
Total Exports	**103090.5**	**126361.5**	**159006.7**	**22.6**	**25.8**

P - Provisional.
Source- DGCI & S.

Statement 5 : India's Imports of Principal Commodities

(US $ million)

Commodity Group	April-March			Percentage Variation	
	2005-06	2006-07	2007-08 P	(3)/(2)	(4)/(3)
1	2	3	4	5	6
I. Bulk Imports	**61086.1**	**84434.2**	**112686.5**	**38.2**	**33.5**
	(41.0)	**(45.5)**	**(47.0)**		
A. Petroleum, Petroleum Products & Related Material	**43963.1**	**57143.6**	**79641.3**	**30.0**	**39.4**
	(29.5)	**(30.8)**	**(33.2)**		
B. Bulk Consumption Goods	**2766.6**	**4294.2**	**4574.6**	**55.2**	**6.5**
1. Wheat	0.0	1292.9	660.1	-	-
2. Cereals & Cereal Preparations	36.1	32.1	45.0	-11.1	40.5
3. Edible Oil	2024.0	2108.3	2558.0	4.2	21.3
4. Pulses	559.3	860.1	1311.0	53.8	52.4
5. Sugar	147.2	0.8	0.6	-	-
C. Other Bulk Items	**14356.5**	**22996.5**	**28470.6**	**60.2**	**23.8**
1. Fertilisers	2127.0	3144.1	5405.7	47.8	71.9
a) Crude	317.8	361.1	467.3	13.6	29.4
b) Sulphur & Unroasted Iron Pyrites	136.0	109.3	362.0	-19.6	231.1
c) Manufactured	1673.3	2673.6	4576.4	59.8	71.2
2. Non-Ferrous Metals	1844.4	2604.9	3490.5	41.2	34.0
3. Paper, Paperboard & Mgfd. incl. Newsprint	944.1	1206.8	1429.7	27.8	18.5
4. Crude Rubber, incl. Synthetic & Reclaimed	414.1	630.8	785.7	52.3	24.6
5. Pulp & Waste Paper	572.9	639.3	769.6	11.6	20.4
6. Metalliferrous Ores & Metal Scrap	3881.8	8345.8	7905.5	115.0	-5.3
7. Iron & Steel	4572.2	6424.7	8684.0	40.5	35.2
II. Non-Bulk Imports	**88079.6**	**101315.1**	**126964.0**	**15.0**	**25.3**
	(59.0)	**(54.5)**	**(53.0)**		
A. Capital Goods	**37666.2**	**47069.2**	**58393.2**	**25.0**	**24.1**
1. Manufactures of Metals	1211.1	1603.6	2657.6	32.4	65.7
2. Machine Tools	1076.2	1481.3	2210.7	37.6	49.2
3. Machinery except Electrical & Electronics	10009.8	13850.4	19660.8	38.4	42.0
4. Electrical Machinery except Electronics	1504.3	1959.8	2982.8	30.3	52.2
5. Electronic Goods incl. Computer Software	14143.7	16939.6	21343.9	19.8	26.0
6. Transport Equipments	8838.5	9438.6	8248.2	6.8	-12.6
7. Project Goods	882.7	1795.9	1289.2	103.5	-28.2
B. Mainly Export Related Items	**18641.0**	**17871.7**	**20758.1**	**-4.1**	**16.2**
1. Pearls, Precious & Semi-Precious Stones	9134.4	7487.5	7975.1	-18.0	6.5
2. Chemicals, Organic & Inorganic	6984.1	7830.7	9878.7	12.1	26.2
3. Textile Yarn, Fabric, etc.	2050.5	2151.2	2478.5	4.9	15.2
4. Cashew Nuts, raw	471.9	402.4	425.8	-14.7	5.8
C. Others	**31772.4**	**36374.2**	**47812.7**	**14.5**	**31.4**
of which :					
1. Gold & Silver	11317.7	14646.0	17845.8	29.4	21.8
2. Artificial Resins & Plastic Materials	2267.7	2584.8	3684.7	14.0	42.6
3. Professional Instruments etc. except electrical	1972.7	2341.0	3060.9	18.7	30.8
4. Coal, Coke & Briquittes etc.	3868.7	4576.8	6411.9	18.3	40.1
5. Medicinal & Pharmaceutical Products	1027.9	1296.5	1663.9	26.1	28.3
6. Chemical Materials & Products	1052.5	1321.6	1624.1	25.6	22.9
7. Non-Metallic Mineral Manufactures	621.9	780.0	1046.6	25.4	34.2
Total Imports	**149165.7**	**185749.3**	**239650.5**	**24.5**	**29.0**
Memo Items					
Non-Oil Imports	**105202.6**	**128605.7**	**160009.2**	**22.2**	**24.4**
Non-Oil Imports excl. Gold & Silver	**93884.9**	**113959.8**	**142163.5**	**21.4**	**24.7**
Mainly Industrial Inputs*	**87472.4**	**104650.9**	**129951.5**	**19.6**	**24.2**

P : Provisional.
Note : Figures in brackets relate to percentage to total imports for the period.
* : Non oil imports net of gold and silver,bulk consumption goods, manufactured fertilizers and professional instruments.
Source : DGCI & S.

Statement 6 : Direction of India's Foreign Trade- Imports

(US $ million)

Group / Country	April-March			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	**51796.8**	**64038.7**	**75835.5**	**23.6**	**18.4**
A. E U	**25151.3**	**28431.6**	**33057.4**	**13.0**	**16.3**
Of which:					
1. Belgium	4725.1	4141.8	4361.9	-12.3	5.3
2. France	4113.3	4212.1	2838.7	2.4	-32.6
3. Germany	6023.6	7546.3	9571.2	25.3	26.8
4. Italy	1855.6	2674.4	3875.4	44.1	44.9
5. Netherland	1049.6	1156.4	1923.9	10.2	66.4
6. U K	3930.3	4174.5	4957.0	6.2	18.7
B. North America	**10374.6**	**13513.5**	**15135.1**	**30.3**	**12.0**
1. Canada	919.9	1777.4	1933.8	93.2	8.8
2. U S A	9454.7	11736.1	13201.3	24.1	12.5
C. Asia and Oceania	**9225.6**	**11869.4**	**14496.8**	**28.7**	**22.1**
Of which:					
1. Australia	4947.9	7008.0	7837.0	41.6	11.8
2. Japan	4061.1	4595.6	6323.7	13.2	37.6
D. Other O E C D Countries	**7045.3**	**10224.1**	**13146.2**	**45.1**	**28.6**
Of which:					
1. Switzerland	6555.8	9123.5	9827.7	39.2	7.7
II. O P E C	**11171.1**	**56080.0**	**76146.6**	**402.0**	**35.8**
Of which:					
1. Indonesia	3008.1	4169.1	4823.7	38.6	15.7
2. Iran	702.5	7627.8	10985.9	985.9	44.0
3. Iraq	2.1	5526.0	6829.2	-	23.6
4. Kuwait	461.9	5992.1	7689.9	1197.4	28.3
5. Saudi Arabia	1632.3	13383.9	19401.2	719.9	45.0
6. U A E	4354.1	8657.5	13470.6	98.8	55.6
III. Eastern Europe	**3793.9**	**5012.8**	**5278.2**	**32.1**	**5.3**
Of which:					
1. Romania	270.1	291.7	417.6	8.0	43.1
2. Russia	2022.2	2409.5	2475.1	19.2	2.7
IV. Developing Countries	**37890.5**	**59795.1**	**80624.6**	**57.8**	**34.8**
Of which:					
A. Asia	**30450.6**	**47364.0**	**64125.6**	**55.5**	**35.4**
a) S A A R C	**1413.3**	**1507.3**	**2125.4**	**6.7**	**41.0**
1. Afghanistan	58.4	34.5	109.2	-40.9	216.6
2. Bangladesh	127.0	228.5	270.8	79.9	18.5
3. Bhutan	88.8	141.4	194.4	59.3	37.4
4. Maldives	2.0	3.1	4.1	-	-
5. Nepal	379.9	306.0	628.0	-19.4	105.2
6. Pakistan	179.6	323.3	287.8	80.0	-11.0
7. Sri Lanka	577.7	470.6	631.1	-18.5	34.1
b) Other Asian Developing Countries	**29037.3**	**45856.6**	**62000.1**	**57.9**	**35.2**
Of which:					
1. People's Rep of China	10868.0	17460.7	27079.8	60.7	55.1
2. Hong Kong	2207.0	2483.9	2696.0	12.5	8.5
3. South Korea	4563.9	4806.0	6030.9	5.3	25.5
4. Malaysia	2415.6	5294.8	6005.2	119.2	13.4
5. Singapore	3353.8	5489.6	8111.6	63.7	47.8
6. Thailand	1211.6	1745.6	2301.0	44.1	31.8
B. Africa	**4742.0**	**6803.4**	**10354.4**	**43.5**	**52.2**
Of which:					
1. Benin	77.5	80.8	72.0	4.3	-10.9
2. Egypt Arab Republic	220.4	1743.0	1982.8	690.7	13.8
3. Kenya	48.5	56.5	86.5	16.4	53.2
4. South Africa	2471.8	2471.7	3613.2	0.0	46.2
5. Sudan	32.6	89.3	431.5	173.9	383.0
6. Tanzania	119.8	98.1	164.5	-18.1	67.7
7. Zambia	40.6	86.2	74.8	112.6	-13.3
C. Latin American Countries	**2697.9**	**5627.6**	**6144.7**	**108.6**	**9.2**
V. Others	**231.2**	**142.1**	**227.0**	**-38.5**	**59.8**
VI. Unspecified	**44282.3**	**680.6**	**1538.6**	**-98.5**	**126.1**
Total Imports	**149165.7**	**185749.3**	**239650.5**	**24.5**	**29.0**

P : Provisional.

Note : From 2006-07 onwards, figures include country-wise distribution of petroleum imports and therefore 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

June 2008

Introduction of Credit Derivatives in India : Review of Status

June 19, 2008

It has been decided to keep in abeyance the issuance of the final guidelines on introduction of credit derivatives in India. The decision has been taken so as to be able to draw upon the experience of the financial sector of some of the developed countries, particularly in the current circumstances, in which the entire dimensions of the recent credit market crisis have not yet been gauged.

It may be recalled that the Reserve Bank of India had issued the 'Draft Guidelines for Introduction of Credit Derivatives in India', on March 26, 2003, inviting comments from banks and other stake holders. However, taking into account the status of the risk management practices then prevailing in the banking system, the issuance of final guidelines had been deferred.

Subsequently, it was announced in the Annual Policy Statement for 2007-08 (paragraph 175) that as a part of the gradual process of financial sector lilberalisation in India, it was considered appropriate to introduce credit derivatives in a calibrated manner. Modified draft guidelines on Credit Default Swaps were, therefore, issued on May 16, 2007. Based on the feedback received on draft guidelines, these were revised and a second draft of the guidelines was issued, on October 17, 2007, for another round of consultation.

However, in view of certain adverse developments witnessed in different international financial markets, particularly the credit markets, resulting in considerable volatility in the recent past, such as mounting losses suffered by banks on account of sub-prime crisis, need for the central banks of those countries to inject liquidity into the system, as also the level of risk management systems and possible non-adherence to the regulatory guidelines on complex products such as credit derivatives, time is not considered opportune to introduce the credit derivatives in India, for the present.

Signing of the Bilateral Swap Arrangement between Japan and India

Joint Press Release

June 30, 2008

The Bank of Japan (BOJ), acting as the agent for the Minister of Finance of Japan, and the Reserve Bank of India (RBI) concluded a Bilateral Swap Arrangement (BSA) between Japan and India. The BSA was signed by Governor Masaaki Shirakawa of the BOJ and Governor Yaga Venugopal Reddy of the RBI in Basel, Switzerland and became effective as of June 29, 2008.

The BSA enables both countries to swap their local currencies (*i.e.,* either Japanese yen or Indian rupee) against US dollar for an amount up to USD 3 billion.

The arrangement aims at addressing short-term liquidity difficulties and supplementing the existing international financial arrangements, as one of the efforts in strengthening mutual cooperation between Japan and India.

The BSA will be activated when an IMF-support programme already exists or is expected to be established in the near future. Nevertheless, up to 20 per cent of the maximum amount of drawing could be disbursed without an IMF-support program.

Both countries shall have biannual consultations on economic and financial conditions of each country with the BSA in effect.

This arrangement is a milestone in mutual cooperation between Japan and India and is expected to contribute to the stability of financial markets.

Regulatory and Other Measures

June 2008

RBI -2007-08/371 UBD.BPD. (PCB). No 56 /16.20.000/2007-08 dated June 17, 2008

Chief Executive Officers of All Primary (Urban) Co-operative Banks

Valuation of Non-SLR Securities Issued by the Government of India

Please refer to para 12 of our Master Circular UBD. BPD. (PCB) MC. No 2 / 16.20.000/2007-08 dated July 2, 2007 on 'Investments by Primary (Urban) Co-operative Banks'.

2. It has been observed that, over the years, the Government of India has, from time to time, issued several special securities which do not qualify for the purpose of complying with the SLR requirements of UCBs. Such Government securities are governed by a separate set of terms and conditions and entail a higher degree of illiquidity spread. Currently, the guidelines issued by FIMMDA regarding the valuation of such non-SLR securities provide that such securities be valued by applying a mark-up of 50 basis points (bps) above the corresponding yield on Government of India securities.

3. The issue of valuation of such special securities has since been examined. It has been decided that, for the limited purpose of valuation, all special securities issued by the Government of India, directly to the beneficiary entities, which do not carry SLR status, may be valued at a

spread of 25 bps above the corresponding yield on Government of India securities. This amendment would come into force from the financial year 2008-09.

4. It may be noted, that at present, such special securities comprise: Oil Bonds, Fertiliser Bonds, bonds issued to the State Bank of India (during the recent rights issue), Unit Trust of India, Industrial Finance Corporation of India Ltd., Food Corporation of India, Industrial Investment Bank of India Ltd., the erstwhile Industrial Development Bank of India and the erstwhile Shipping Development Finance Corporation.

RBI/2007-2008/386 UBD (PCB).No./6 / 12.03.000/2007-08 dated June 26, 2008

The Chief Executive Officers of All Scheduled Primary (Urban) Co-operative Banks

Section 42(1) of Reserve Bank of India Act, 1934-Maintenance of Cash Reserve Ratio (CRR)

Please refer to our Circular RBI 2007-2008/307 UBD (PCB) Cir. No.5/ 12.03.000/ 2007-08 dated April 30, 2008 on the captioned subject. On review of current global and domestic macroeconomic and financial developments,it has been decided to increase Cash Reserve Ratio (CRR) for Scheduled Primary (Urban) Co-operative Banks by 50 basis points to 8.75 per cent of their Net Demand and Time Liabilities in two stages, effective from the fortnights as indicated below:

Effective Date (*i.e.*, the fortnight beginning from)	CRR on net demand and time liabilities (per cent)
July 5, 2008	8.50
July 19, 2008	8.75

RBI/2008-2009/102 REF. NO. MPD.BC. 304/ 07.01.279/2008-09 dated July 29, 2008

All Scheduled Banks [excluding Regional Rural Banks (RRBs)] and Primary Dealers

Standing Liquidity Facilities for Banks and Primary Dealers

As announced in the First Quarter Review of Annual Statement on Monetary Policy for the year 2008-09, the fixed repo rate under the Liquidity Adjustment Facility (LAF) was increased by 50 basis points from 8.5 per cent to 9.0 per cent with immediate effect (Paragraph 105).

2. Accordingly, the Standing Liquidity Facilities provided to banks (export credit refinance) and Primary Dealers (PDs) (collateralised liquidity support) from the Reserve Bank would be available at the repo rate, *i.e.*, at 9.0 per cent with effect from July 29, 2008.

Foreign Exchange Developments

June 2008

(i) External Commercial Borrowings (ECB) by Services Sector - Liberalisation

Entities in the service sector, *viz.*, hotels, hospitals and software companies have been permitted to avail ECB up to USD 100 million, per financial year, for the purpose of import of capital goods under the Approval Route. All other aspects of ECB policy shall remain unchanged. The facility to companies, including those in the services sector, to avail trade credit up to USD 20 million per import transaction, for a period less than 3 years, for import of capital goods, shall continue.

[A.P. (DIR Series) Circular No. 46 dated June 02, 2008]

(ii) Risk Management and Inter-Bank Dealings - Commodity Hedging Exposures of Domestic Oil Refining and Marketing Companies

Residents in India are permitted to enter into a contract in a commodity exchange or market outside India to hedge price risk in a commodity, subject to terms and conditions. Further, select commercial bank ADs have been delegated the authority to grant permission to companies listed on a recognised stock exchange to hedge commodity price risk in the international commodity exchanges / markets. Also, domestic oil refining and marketing companies have been permitted to hedge commodity price risk based on the inventory volumes, subject to conditions.

With a view to facilitating domestic crude oil refining companies to hedge their commodity price risk exposure dynamically, it has been decided to extend the following facilities:

A. Hedging of Domestic Purchases of Crude Oil and Sales of Petro-Products

As per the prevailing trade practices, indigenously produced crude oil is purchased at international prices by the refineries. However, hedging of price risk on domestic purchases of crude oil was not permitted. In order to enable domestic crude oil refining companies to hedge their risk exposures, they have been permitted to hedge their commodity price risk on domestic purchase of crude oil and sale of petroleum products on the basis of underlying contracts linked to international prices on overseas exchanges / markets. The hedging is allowed strictly on the basis of underlying contracts.

B. Hedging of Anticipated Imports of Crude Oil

In order to provide greater flexibility, domestic crude oil refining companies have been permitted to hedge their commodity price risk on crude oil imports in overseas exchanges / markets, on the basis of their past performance up to 50 per cent of the volume of actual imports during the previous year or 50 per cent of the average volume of imports during the previous three financial years, whichever is higher. Contracts booked under this facility will have to be regularised by production of supporting import orders during the currency of hedge. An undertaking may be obtained from the companies to this effect.

The hedging has to be undertaken only through AD Category - I banks, who have been specifically authorised by Reserve Bank in this regard, subject to certain conditions and guidelines.

AD Category - I banks should ensure that the domestic crude oil refining companies hedging their exposures comply with the following:

i. to have Board approved policies which define the overall framework within which derivatives activities are undertaken and the risks contained;

ii. sanction of the company's Board has been obtained for the specific activity and also for dealing in OTC markets;

iii. the Board approval must include explicitly the mark-to-market policy, the counterparties permitted for OTC derivatives, etc.; and

iv. domestic crude oil companies should have put up the list of OTC transactions to the Board on a half yearly basis, which must be evidenced by the AD Category - I bank before permitting continuation of hedging facilities under this scheme.

AD Category - I banks should also ensure "user appropriateness" and "suitability" of the hedging products used by the customer as laid down by the Reserve Bank.

[A.P. (DIR Series) Circular No. 47 dated June 03, 2008]

(iii) Overseas Investments - Liberalisation / Rationalisation

The Regulations governing overseas investments have been further liberalised as under :

Overseas Investment in Energy and Natural Resources Sectors

At present, an Indian Party is allowed to make direct investment in Joint Ventures and / or Wholly Owned Subsidiaries outside India up to 400 per cent of the net worth as on the date of the last audited balance sheet, under the Automatic Route. With a view to provide greater flexibility to Indian parties for investment abroad, it has been decided, in consultation with the Government of India, to allow Indian companies to invest in excess of 400 per cent of their net worth, as on the date of the last audited balance sheet, in the energy and natural resources sectors such as oil, gas, coal and mineral ores, with the prior approval of the Reserve Bank.

Investment in Overseas Unincorporated Entities in Oil Sector

(i) In terms of the existing FEMA provisions, Navaratna Public Sector Undertakings (PSUs) are allowed to invest in overseas unincorporated entities in oil sector (*i.e.* for exploration and drilling for oil and natural gas, *etc.*), which are duly approved by the Government of India, without any limits, under the automatic route. This facility is now extended to ONGC Videsh Ltd (OVL) and Oil India Ltd (OIL).

(ii) With a view to further liberalise the procedure, it has now been decided, in consultation with the Government of India, to allow a similar facility to other Indian entities to invest in overseas unincorporated entities in oil sector up to 400 per cent of the net worth of the Indian company as on the date of the last audited balance sheet after ensuring that the proposal has been approved by the competent authority and is duly supported by a certified copy of the Board Resolution approving such investment.

Capitalisation of Exports

An Indian Party making direct investment outside India by way of capitalisation, in full or part of the amount due to the Indian Party from the foreign entity on account of payment for export of plant, machinery, equipment and other goods / software to the foreign entity, has to obtain the prior approval of the Reserve Bank where such export proceeds have remained unrealised beyond a period of six months from the date of exports. In order to align this provision with the Foreign Trade Policy, Indian parties may, henceforth, approach the Reserve Bank for capitalisation of export proceeds only in cases where the exports remain outstanding beyond the prescribed period of realisation.

[A.P. (DIR Series) Circular No. 48 dated June 03, 2008]

(iv) Export of Goods and Services - Payments of Claims by Insurance Companies - Write off

AD banks were permitted to write off the export bills and delete them from the XOS statement in respect of outstanding export bills where claims were settled by ECGC.

In order to liberalise the procedures further, AD Category - I banks have been permitted to write off, in addition to the claims settled by ECGC, the outstanding export bills settled by other insurance companies which are regulated by IRDA. The application should be supported by a documentary evidence from ECGC / insurance companies registered with IRDA, confirming that the claim in respect of the outstanding export bills has been settled and that the export incentives, if any, have been surrendered, write-off the relative export bills and delete them from the XOS statement. Such write-off will not be restricted to the limit of 10 per cent. Further, claims settled in Rupees by ECGC / insurance companies should not be construed as export realisation in foreign exchange and claim amount should not be allowed to be credited to Exchange Earners' Foreign Currency Account.

[A.P. (DIR Series) Circular No. 49 dated June 03, 2008]

(v) Export of Goods and Services - Realisation and Repatriation of Export Proceeds - Liberalisation

In terms of the existing FEMA provisions, the amount representing the full export value of goods or software exported should be realised and repatriated to India within six months from the date of export. The present period of realisation and repatriation to India of the amount representing the full export value of goods or software exported has been enhanced from six months to twelve months from the date of export, subject to review after one year. The provisions in regard to period of realisation and repatriation to India of the full export value of goods or software exported by a unit situated in Special Economic Zone (SEZ) as well as exports made to warehouses established outside India with the permission of Reserve Bank remain unchanged.

[A.P. (DIR Series) Circular No. 50 dated June 03, 2008]

(vi) Deferred Payment Protocols dated April 30, 1981 and December 23, 1985 between Government of India and erstwhile USSR

The rupee value of the special currency basket has been fixed at Rs.60.5828 with effect from May 13, 2008.

[A.P. (DIR Series) Circular No. 51 dated June 03, 2008]

(vii) Deferred Payment Protocols dated April 30, 1981 and December 23, 1985 between Government of India and erstwhile USSR

The rupee value of the special currency basket has been fixed at Rs.62.5198 with effect from May 23, 2008.

[A.P. (DIR Series) Circular No. 52 dated June 11, 2008]

(viii) Overseas Direct Investment by Registered Trust / Society

With a view to further liberalising the policy on overseas investments, it has been decided, in consultation with the Government of India, to allow Registered Trusts and Societies engaged in manufacturing / educational sector to make investment in the same sector(s) in a Joint Venture or Wholly Owned Subsidiary outside India, with the prior approval of the Reserve Bank subject to compliance with the prescribed eligibility criteria.

[A.P. (DIR Series) Circular No. 53 dated June 27, 2008]

Current Statistics

General

No. 1: Selected Economic Indicators

Item	Unit / Base	1990-91	2005-06	2006-07	2007-08	2008		
						Apr.	May	Jun.
1	2	3	4	5	6	7	8	9
Output								
1. Gross Domestic Product at Factor Cost (at 1999-00 Prices)	Rs. crore	10,83,572	26,12,847 (P)	28,64,310 (Q.E.)	31,22,862 (R.E.)			
2. Index Number of Agricultural Production (All Crops)	Triennium ended 1993-94=100	148.4	146.7	163.8 (P)	—			
a. Foodgrains Production	Million tonnes	176.4	208.6	217.3	230.7 (A.E.)			
3. General Index of Industrial Production (1)	1993-94=100	212.6 *	221.5	247.1	267.7 (P)	268.3 (P)	273.2 (P)	..
Money and Banking								
Reserve Bank of India (2)								
4. Notes in Circulation	Rs. crore	53,784	4,21,922	4,96,775	5,82,055	6,01,629	6,12,653	6,12,534
5. Rupee Securities (3)	"	86,035	70,409	96,861	83,707	28,108	74,753	1,08,116
6. Loans and Discount	"	19,900	4,746	6,585	4,579	1,028	2,819	3,325
(a) Scheduled Commercial Banks (4)	"	8,169	1,488	6,245	4,000	474	2,665	3,096
(b) Scheduled State Co-operative Banks (4)	"	38	7	—	—	—	19	19
(c) Bills Purchased and Discounted (Internal)	"	—	—	—	—	—	—	—
Scheduled Commercial Banks								
7. Aggregate Deposits (5)	Rs. crore	1,92,541	21,09,049	26,11,933	31,96,939	32,01,373	32,53,699 (P)	32,79,468 (P)
8. Bank Credit (5)	"	1,16,301	15,07,077	19,31,189	23,61,914	23,25,134	23,72,369 (P)	24,13,071 (P)
9. Investment in Govt. Securities (5)	"	49,998	7,00,742	7,76,058	9,58,661	10,05,299	9,86,645 (P)	9,70,779 (P)
10. Cheque Clearances (6)	Rs. thousand crore	1,703	6,354	6,467	7,044 (P)	584 (P)	535 (P)	537 (P)
11. Money Stock Measures (7)								
(a) M_1	Rs. crore	92,892	8,26,375	9,66,089	11,50,953	11,04,582	11,11,044	11,04,955
(b) M_3	"	2,65,828	27,29,545	33,16,093	40,06,722	40,20,718	40,77,509	40,91,109
Cash Reserve Ratio and Interest Rates								
12. Cash Reserve Ratio (2), (16)	Per cent	15.00	5.00	6.50	7.50	7.50	8.25	8.25
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	3.00-8.25	0.50-4.90	6.15-9.30	4.75-6.30	5.00-8.00	5.00-8.80
15. Deposit Rate (9)								
(a) 30 days and 1 year	"	8.00 (11)	} 2.25-5.50	3.00-9.50	3.00-7.50	3.00-7.50	3.00-7.50	3.00-7.50
(b) 1 Year and Above	"	9.00-11.00	} 6.00-7.00	7.50-9.60	8.25-9.00	8.25-9.00	8.25-8.75	8.25-9.00

Q.E. : Quick Estimate. R.E. : Revised Estimate. R : Revised. A.E. : Fourth Advance Estimate.

* : Base : 1980-81 = 100. + : Base : Triennium ending 1981-82=100. ‡ : Base 1982=100.

^ : 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 *(Concld.)*

Item	Unit / Base	1990-91	2005-06	2006-07	2007-08	2008		
						Apr.	May	Jun.
1	2	3	4	5	6	7	8	9
16. Prime Lending Rate (10)	"	—	10.25-10.75	12.25-12.50	12.25-12.75	12.25-12.75	12.25-12.75	12.50-12.75
17. Yield on 11.40% Loan 2008 @	"	—	6.40	7.22	—	—	7.67	—
18. Yield on 7.40% Loan 2012 #	"	—	6.95	7.55	7.74	7.59	—	8.80
Government Securities Market (2)								
19. Govt. of India 91-day Treasury Bills (Total Outstandings)	Rs. crore		16,318	45,229	39,957	43,707	51,952	60,204
Price Indices								
20. Wholesale Prices (13)	1993-94=100							
(a) All Commodities	"	182.7 +	195.6	206.1	215.9	228.5	..	..
(b) Primary Articles	"	184.9 +	193.6	208.6	224.8	238.6	..	..
(c) Fuel, Power, Light and Lubricants	"	175.8 +	306.8	324.9	327.2	342.9	..	..
(d) Manufactured Products	"	182.8 +	171.5	179.0	188.0	199.5	..	..
(e) Foodgrains (Cereals + Pulses)	"	179.2 +	186.9	205.9	215.6	223.9	..	..
(f) Edible Oils	"	223.3 +	146.1	154.6	175.4	188.9	..	..
(g) Sugar, Khandsari & Gur	"	152.3 +	178.8	179.8	155.2	157.5	..	..
(h) Raw Cotton	"	145.5 +	144.3	151.8	193.0	198.0	..	..
21. Consumer Prices (All-India) (1)								
(a) Industrial Workers ^	2001=100	193	542	125	133	138	139	140
(b) Urban Non-Manual Employees	1984-85=100	161	456	486	515	..	..	..
(c) Agricultural Labourers	July 1986-June 1987=100	..	358	388	417	429	431	434
Foreign Trade								
22. Value of Imports	U.S. $ Million	24,073	1,49,166	1,85,749 (R)	2,39,651 (R)	24,274 (P)	24,548 (P)	..
23. Value of Exports	"	18,145	1,03,091	1,26,361(R)	1,59,007 (R)	14,400 (P)	13,782 (P)	..
24. Balance of Trade	"	–5,927	–46,075	–59,388(R)	–80,644 (R)	–9,874 (P)	–10,766 (P)	..
25. Foreign Exchange Reserves (14)								
(a) Foreign Currency Assets	U.S. $ Million	2,236	1,45,108	1,91,924	2,99,230	3,04,225	3,04,875	3,02,340
(b) Gold	"	3,496	5,755	6,784	10,039	9,427	9,202	9,208
(c) SDRs	"	102	3	2	18	18	11	11
Employment Exchange Statistics (15)								
26. Number of Registrations	Thousand	6,541	..	..	..	..	..	..
27. Number of Applicants								
(a) Placed in Employment	"	265	..	..	..	..	..	..
(b) On Live Register (14)	"	34,632	..	..	..	..	..	..

Money and Banking

No. 2 : Reserve Bank of India

(Rs. crore)

Last Friday / Friday	1990-91	2006-07	2007-08	2007	2008									
				Jul.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul. 4	Jul. 11	Jul. 18	Jul. 25
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Issue Department Liabilities														
Notes in Circulation	53,784	4,96,775	5,82,055	5,01,178	5,53,971	5,66,297	5,82,055	6,01,629	6,12,653	6,12,534	6,14,148	6,18,426	6,16,330	6,10,304
Notes held in Banking Department	23	11	20	14	11	19	20	20	12	17	21	15	14	17
Total Liabilities (Total Notes Issued) or Assets	**53,807**	**4,96,786**	**5,82,075**	**5,01,192**	**5,53,982**	**5,66,316**	**5,82,075**	**6,01,649**	**6,12,665**	**6,12,550**	**6,14,168**	**6,18,440**	**6,16,344**	**6,10,321**
Assets														
Gold Coin and Bullion	6,654	24,160	31,170	22,593	26,812	31,170	31,170	32,779	32,016	32,016	32,309	32,309	32,309	32,309
Foreign Securities	200	4,71,567	5,49,722	4,77,474	5,26,033	5,34,086	5,49,722	5,67,752	5,79,428	5,79,377	5,80,722	5,85,003	5,82,925	5,76,919
Rupee Coin (1)	29	12	136	79	91	14	136	71	175	111	92	82	64	47
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**	**3,02,615**	**5,36,851**	**3,91,515**	**4,98,688**	**5,05,860**	**5,36,851**	**4,73,445**	**5,17,121**	**5,26,719**	**4,74,390**	**5,20,717**	**5,04,477**	**5,29,414**
Central Government	61	36,661	83,645	100	50,757	48,638	83,645	16,649	100	16,613	100	4,176	100	101
Market Stabilisation Scheme	–	62,974	1,68,392	88,010	1,66,739	1,75,089	1,68,392	1,72,444	1,75,362	1,74,433	1,74,433	1,71,475	1,71,440	1,71,327
State Governments	33	41	41	41	41	41	41	41	41	41	41	41	41	41
Scheduled Commercial Banks	33,484	1,80,222	2,57,122	2,32,827	2,54,022	2,54,217	2,57,122	2,54,548	3,09,968	3,05,963	2,69,482	3,14,359	3,01,824	3,26,959
Scheduled State Co-operative Banks	244	2,851	3,396	2,399	3,249	3,393	3,396	3,584	4,094	4,009	4,046	4,241	4,218	4,277
Non-Scheduled State Co-operative Banks	13	55	62	53	53	53	62	72	65	55	58	66	60	66
Other Banks	88	8,202	11,946	9,537	11,791	12,443	11,946	12,977	13,754	13,712	14,287	14,332	14,864	14,802
Others	4,619	11,609	12,247	58,547	12,036	11,986	12,247	13,129	13,738	11,893	11,942	12,027	11,929	11,841
Other Liabilities (2)	28,342	1,79,897	2,14,216	1,32,288	1,46,504	1,88,442	2,14,216	2,18,137	2,93,617	3,12,551	3,34,705	3,29,714	3,30,229	3,08,577
Total Liabilities or Assets	**66,884**	**4,82,512**	**7,51,067**	**5,23,802**	**6,45,192**	**6,94,302**	**7,51,067**	**6,91,581**	**8,10,739**	**8,39,269**	**8,09,095**	**8,50,431**	**8,34,706**	**8,37,992**

See 'Notes on Tables'.

No. 2: Reserve Bank of India *(Concld.)*

(Rs. crore)

Last Friday / Friday	1990-91	2006-07	2007-08	2007	2008									
				Jul.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul. 4	Jul. 11	Jul. 18	Jul. 25
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Assets														
Notes and Coins	23	11	20	14	11	20	20	20	12	17	21	15	14	18
Balances held Abroad (3)	4,008	3,64,834	6,49,661	4,05,196	5,75,187	6,28,393	6,49,661	6,46,809	7,18,831	7,12,885	7,09,582	6,91,205	6,89,018	6,76,555
Loans and Advances														
Central Government	–	–	–	20,199	–	–	–	–	–	–	–	–	–	–
State Governments (4)	916	–	–	1,066	26	–	–	471	–	–	–	18	–	–
Scheduled Commercial Banks	8,169	6,245	4,000	–	1,610	773	4,000	474	2,665	3,096	1,538	5,097	4,068	5,493
Scheduled State Co-op.Banks	38	–	–	10	10	24	–	–	19	19	–	–	–	9
Industrial Dev. Bank of India	3,705	–	–	–	–	–	–	–	–	–	–	–	–	–
NABARD	3,328	–	–	–	–	–	–	–	–	–	–	–	–	–
EXIM Bank	745	–	–	–	–	–	–	–	–	–	–	–	–	–
Others	1,615	340	579	83	83	403	579	83	135	210	81	259	138	263
Bills Purchased and Discounted														
Internal	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Government Treasury Bills	1,384	–	–	–	–	–	–	–	–	–	–	–	–	–
Investments	40,286	99,983	85,607	77,873	58,418	53,327	85,607	30,006	76,662	1,10,027	67,374	1,24,837	1,14,333	1,29,442
Other Assets (5)	2,666	11,099	11,201	19,361	9,848	11,362	11,201	13,720	12,415	13,015	30,499	29,001	27,136	26,213
	(–)	(5,414)	(6,984)	(5,062)	(6,008)	(6,984)	(6,984)	(7,345)	(7,174)	(7,174)	(7,240)	(7,240)	(7,240)	(7,240)

No. 3: All Scheduled Banks - Business in India

(Rs. crore)

Last Reporting Friday (in case of March)/ Last Friday	1990-91	2006-07	2007-08	2007		2008					
				Jun.	Dec.	Jan.	Feb.	Mar.	Apr.	May (P)	Jun. (P)
1	2	3	4	5	6	7	8	9	10	11	12
Number of Reporting Banks	299	249	239	246	241	241	241	239	236	236	236
Liabilities to the Banking System (1)	**6,673**	**91,541**	**1,01,724**	**82,805**	**88,837**	**91,147**	**87,182**	**1,01,724**	**92,071**	**1,03,912**	**1,11,782**
Demand and Time Deposits from Banks (2)	5,598	43,620	50,306	37,821	40,565	42,405	43,357	50,306	47,154	46,196	48,733
Borrowings from Banks (3)	998	35,532	33,034	29,504	30,110	30,637	26,885	33,034	28,895	33,698	34,945
Other Demand and Time Liabilities (4)	77	12,389	18,385	15,480	18,163	18,104	16,940	18,385	16,023	24,017	28,104
Liabilities to Others (1)	**2,13,125**	**30,26,644**	**37,06,404**	**31,09,085**	**34,27,366**	**36,03,182**	**35,94,593**	**37,06,404**	**36,99,953**	**37,66,602**	**37,87,498**
Aggregate Deposits (5)	**1,99,643**	**26,94,678**	**32,97,074**	**27,92,116**	**30,47,078**	**32,08,229**	**31,85,694**	**32,97,074**	**33,04,608**	**33,58,383**	**33,83,970**
Demand	34,823	4,40,543	5,35,930	4,10,650	4,55,342	5,67,863	4,70,891	5,35,930	4,73,356	4,72,939	4,73,483
Time (5)	1,64,820	22,54,135	27,61,144	23,81,466	25,91,736	26,40,367	27,14,804	27,61,144	28,31,252	28,85,444	29,10,488
Borrowings (6)	645	86,910	1,07,712	87,252	96,366	1,11,210	1,10,596	1,07,712	1,02,688	1,19,484	1,09,685
Other Demand and Time Liabilities (4)	12,838	2,45,056	3,01,618	2,29,716	2,83,922	2,83,743	2,98,302	3,01,618	2,92,657	2,88,735	2,93,842
Borrowings from Reserve Bank (7)	**3,483**	**6,348**	**4,000**	**1,276**	**2,307**	**1,620**	**797**	**4,000**	**474**	**2,684**	**3,115**
Against Usance Bills / Promissory Notes	–	–	–	–	–	–	–	–	–	–	–
Others (8)	3,483	6,348	4,000	1,276	2,307	1,620	797	4,000	474	2,684	3,115
Cash in Hand and Balances with Reserve Bank	**25,995**	**2,02,595**	**2,83,514**	**2,23,062**	**2,84,273**	**2,81,547**	**2,80,993**	**2,83,514**	**2,81,822**	**3,39,993**	**3,34,530**
Cash in Hand	1,847	16,637	18,593	17,479	19,319	19,731	18,334	18,593	18,769	20,706	19,618
Balances with Reserve Bank (9)	24,147	1,85,958	2,64,921	2,05,584	2,64,955	2,61,815	2,62,659	2,64,921	2,63,054	3,19,286	3,14,911

See 'Notes on Tables'.

No. 3: All Scheduled Banks - Business in India *(Concld.)*

(Rs. crore)

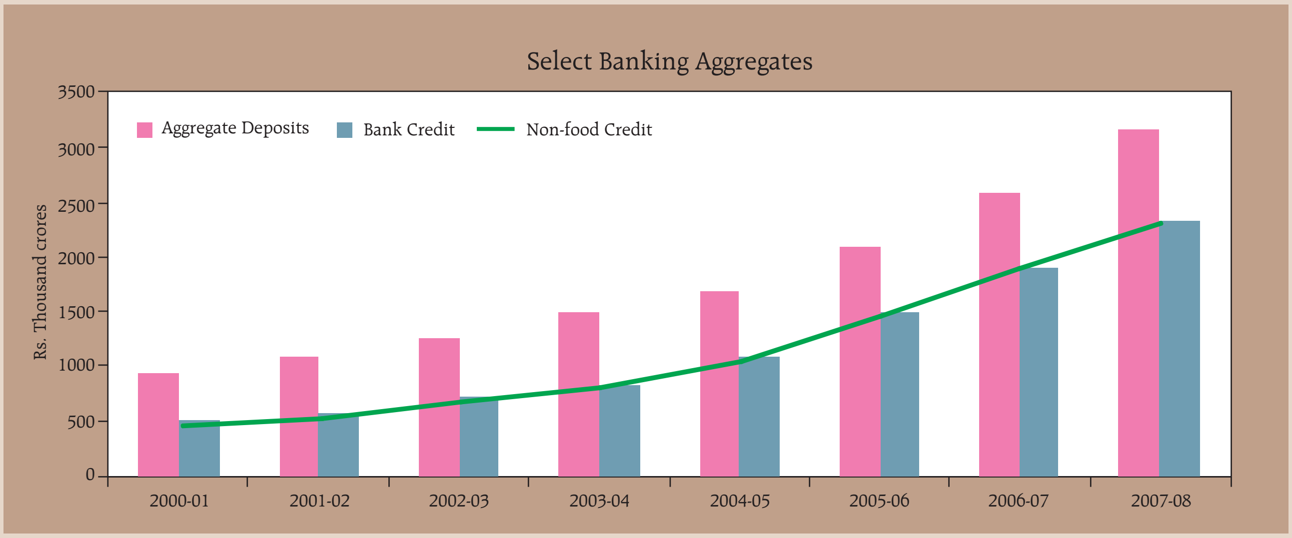
Last Reporting Friday (in case of March)/ Last Friday	1990-91	2006-07	2007-08	2007		2008					
				Jun.	Dec.	Jan.	Feb.	Mar.	Apr.	May (P)	Jun. (P)
1	2	3	4	5	6	7	8	9	10	11	12
Assets with the Banking System	**6,848**	**87,303**	**1,03,411**	**78,917**	**95,225**	**1,00,900**	**93,885**	**1,03,411**	**93,090**	**1,01,527**	**1,08,665**
Balances with Other Banks	3,347	33,868	41,310	31,940	39,422	43,628	42,047	41,310	40,990	38,893	37,988
In Current Account	1,926	14,518	16,553	13,309	14,791	14,235	15,414	16,553	14,985	14,540	14,598
In Other Accounts	1,421	19,350	24,757	18,631	24,631	29,393	26,633	24,757	26,005	24,353	23,390
Money at Call and Short Notice	2,201	22,761	25,766	19,310	22,839	24,531	17,486	25,766	20,829	19,885	27,212
Advances to Banks (10)	902	6,516	4,157	4,325	4,755	4,097	4,852	4,157	3,800	5,044	4,169
Other Assets	398	24,159	32,177	23,343	28,209	28,643	29,501	32,177	27,471	37,705	39,297
Investment	**76,831**	**8,21,334**	**10,05,952**	**8,76,048**	**9,53,432**	**10,10,393**	**10,22,002**	**10,05,952**	**10,53,631**	**10,41,819**	**10,18,193**
Government Securities (11)	51,086	8,04,846	9,91,899	8,59,921	9,39,114	9,96,199	10,07,996	9,91,899	10,39,806	10,21,569	9,98,322
Other Approved Securities	25,746	16,488	14,053	16,127	14,318	14,195	14,006	14,053	13,825	20,250	19,870
Bank Credit	**1,25,575**	**20,08,608**	**24,47,646**	**19,95,068**	**22,29,657**	**22,67,012**	**23,35,981**	**24,47,646**	**24,10,517**	**24,54,984**	**24,77,629**
Loans, Cash-credits and Overdrafts	1,14,982	19,19,506	23,45,470	19,15,542	21,39,092	21,73,189	22,40,187	23,45,470	23,09,789	23,53,554	23,75,117
Inland Bills-Purchased	3,532	16,414	12,988	12,008	11,092	11,486	11,837	12,988	12,742	12,535	11,916
Inland Bills-Discounted	2,409	31,948	41,400	31,354	36,091	37,202	38,797	41,400	41,848	42,946	43,616
Foreign Bills-Purchased	2,788	16,174	16,535	13,341	13,560	13,851	14,965	16,535	15,860	15,910	16,974
Foreign Bills-Discounted	1,864	24,567	31,253	22,823	29,821	31,285	30,195	31,253	30,278	30,039	30,005
Cash-Deposit Ratio	13.0	7.5	8.6	8.0	9.3	8.8	8.8	8.6	8.5	10.1	9.9
Investment-Deposit Ratio	38.5	30.5	30.5	31.4	31.3	31.5	32.1	30.5	31.9	31.0	30.1
Credit-Deposit Ratio	62.9	74.5	74.2	71.5	73.2	70.7	73.3	74.2	72.9	73.1	73.2

No. 4: All Scheduled Commercial Banks - Business in India

(Rs. crore)

Last Reporting Friday (in case of March)/ Last Friday	1990-91	2006-07	2007-08	2007		2008					
				Jun.	Dec.	Jan.	Feb.	Mar.	Apr.	May (P)	Jun. (P)
1	2	3	4	5	6	7	8	9	10	11	12
Number of Reporting Banks	271	179	170	177	172	172	172	170	167	167	167
Liabilities to the Banking System (1)	**6,486**	**88,545**	**98,154**	**79,837**	**85,456**	**87,687**	**83,656**	**98,154**	**87,836**	**99,984**	**1,09,900**
Demand and Time Deposits from Banks (2), (12)	5,443	40,772	46,778	34,913	37,249	39,011	39,852	46,778	42,925	42,279	46,888
Borrowings from Banks (3)	967	35,399	32,996	29,445	30,045	30,591	26,869	32,996	28,891	33,690	34,938
Other Demand and Time Liabilities (4)	76	12,374	18,379	15,479	18,162	18,085	16,935	18,379	16,020	24,015	28,074
Liabilities to Others (1)	**2,05,600**	**29,40,003**	**36,01,799**	**30,20,677**	**33,29,802**	**35,03,878**	**34,92,805**	**36,01,799**	**35,91,915**	**36,57,817**	**36,78,687**
Aggregate Deposits (5)	**1,92,541**	**26,11,933**	**31,96,939**	**27,08,268**	**29,53,663**	**31,13,203**	**30,88,255**	**31,96,939**	**32,01,373**	**32,53,699**	**32,79,468**
Demand	33,192	4,29,731	5,24,310	4,00,853	4,44,405	5,56,514	4,59,769	5,24,310	4,61,549	4,60,955	4,61,764
Time (5)	1,59,349	21,82,203	26,72,630	23,07,416	25,09,258	25,56,689	26,28,485	26,72,630	27,39,823	27,92,745	28,17,703
Borrowings (6)	470	85,836	1,06,504	85,345	95,498	1,10,103	1,09,173	1,06,504	1,01,132	1,18,581	1,08,620
Other Demand and Time Liabilities (4), (13)	12,589	2,42,234	2,98,355	2,27,064	2,80,641	2,80,572	2,95,378	2,98,355	2,89,410	2,85,537	2,90,599
Borrowings from Reserve Bank (7)	**3,468**	**6,245**	**4,000**	**1,266**	**2,278**	**1,610**	**773**	**4,000**	**474**	**2,665**	**3,096**
Against Usance Bills/ Promissory Notes	–	–	–	–	–	–	–	–	–	–	–
Others	3,468	6,245	4,000	1,266	2,278	1,610	773	4,000	474	2,665	3,096

See 'Notes on Tables'.



No. 4: All Scheduled Commercial Banks - Business in India *(Concld.)*

(Rs. crore)

Last Reporting Friday (in case of March)/ Last Friday	1990-91	2006-07	2007-08	2007		2008					
				Jun.	Dec.	Jan.	Feb.	Mar.	Apr.	May (P)	Jun. (P)
1	2	3	4	5	6	7	8	9	10	11	12
Cash in Hand and Balances with Reserve Bank	**25,665**	**1,96,361**	**2,75,166**	**2,16,510**	**2,76,415**	**2,73,159**	**2,72,002**	**2,75,166**	**2,72,742**	**3,30,117**	**3,25,207**
Cash in Hand	1,804	16,139	18,044	16,923	18,690	19,137	17,785	18,044	18,194	20,149	19,245
Balances with Reserve Bank (9)	23,861	1,80,222	2,57,122	1,99,587	2,57,725	2,54,022	2,54,217	2,57,122	2,54,548	3,09,968	3,05,963
Assets with the Banking System	**5,582**	**77,442**	**90,877**	**69,332**	**82,767**	**88,202**	**81,734**	**90,877**	**79,827**	**89,066**	**98,587**
Balances with Other Banks	2,846	29,469	36,016	27,223	34,194	38,380	37,047	36,016	35,831	33,914	34,199
In Current Account	1,793	13,268	14,871	12,162	13,478	12,864	13,950	14,871	13,330	13,097	13,392
In Other Accounts	1,053	16,201	21,145	15,061	20,717	25,516	23,097	21,145	22,501	20,818	20,807
Money at Call and Short Notice	1,445	18,267	19,925	15,826	17,060	18,440	11,716	19,925	14,109	13,758	22,256
Advances to Banks (10)	902	6,203	3,779	3,676	4,053	3,384	4,129	3,779	3,413	4,312	3,442
Other Assets	388	23,503	31,156	22,607	27,459	27,999	28,842	31,156	26,475	37,081	38,690
Investment	**75,065**	**7,91,516**	**9,71,715**	**8,47,801**	**9,20,357**	**9,77,274**	**9,88,424**	**9,71,715**	**10,18,104**	**10,05,861**	**9,89,717**
Government Securities (11)	49,998	7,76,058	9,58,661	8,32,775	9,07,078	9,64,071	9,75,404	9,58,661	10,05,299	9,86,645	9,70,779
Other Approved Securities	25,067	15,458	13,053	15,026	13,280	13,203	13,020	13,053	12,805	19,217	18,938
Bank Credit (14)	**1,16,301**	**19,31,189**	**23,61,914**	**19,17,456**	**21,49,285**	**21,85,898**	**22,54,760**	**23,61,914**	**23,25,134**	**23,72,369**	**24,13,071**
	(4,506)	**(46,521)**	**(44,399)**	**(42,787)**	**(41,012)**	**(39,817)**	**(44,311)**	**(44,399)**	**(41,024)**	**(48,379)**	**(50,636)**
Loans, Cash-Credits and Overdrafts	1,05,982	18,43,871	22,61,576	18,39,478	20,60,396	20,93,712	21,60,613	22,61,576	22,26,308	22,72,821	23,11,064
Inland Bills-Purchased	3,375	15,919	12,594	11,692	10,720	11,100	11,488	12,594	12,340	12,143	11,882
Inland Bills-Discounted	2,336	31,314	40,553	30,701	35,349	36,527	38,071	40,553	40,921	42,035	43,171
Foreign Bills-Purchased	2,758	16,142	16,499	13,315	13,529	13,827	14,939	16,499	15,820	15,862	16,954
Foreign Bills-Discounted	1,851	23,944	30,691	22,271	29,291	30,733	29,649	30,691	29,746	29,508	30,000
Cash-Deposit Ratio	13.3	7.5	8.6	8.0	9.4	8.8	8.8	8.6	8.5	10.1	9.9
Investment- Deposit Ratio	39.0	30.3	30.4	31.3	31.2	31.4	32.0	30.4	31.8	30.9	30.2
Credit-Deposit Ratio	60.4	73.9	73.9	70.8	72.8	70.2	73.0	73.9	72.6	72.9	73.6

No. 5: Scheduled Commercial Banks' Investments

(Rs. crore)

Outstanding as on	SLR Securities	Commercial Paper	Shares Issued by			Bonds / Debentures Issued by			Instruments Issued by	
			PSUs	Private Corporate Sector	Others	PSUs	Private Corporate Sector	Others	Mutual Funds	Financial Institutions
1	2	3	4	5	6	7	8	9	10	11
March 22, 2002	4,38,269	8,506	2,264	4,327	–	40,733	27,132	–	5,355	29,868
March 21, 2003	5,47,546	4,041	1,639	7,591	–	48,258	33,026	–	6,455	31,066
March 19, 2004	6,77,588	3,835	1,565	7,400	41	49,720	27,966	5,232	11,930	32,988
March 18, 2005	7,39,154	3,944	1,886	10,289	44	46,939	31,994	6,980	12,744	31,557
March 31, 2006	7,17,454	4,837	2,627	10,502	41	33,018	29,550	15,153	10,410	29,203
March 30, 2007	7,91,516	9,038	2,129	16,225	74	29,232	27,641	17,787	11,761	26,568
March 28, 2008	9,71,715	13,270	3,025	23,389	294	27,935	28,700	29,230	18,824	25,942
June 8, 2007	8,18,454	6,974	1,985	17,173	68	25,435	26,617	15,526	50,984	23,670
June 22, 2007	8,41,199	6,772	2,005	17,444	68	24,905	26,304	15,329	46,908	24,208
July 6, 2007	8,49,168	6,711	2,028	19,446	105	24,909	26,414	14,894	54,837	24,756
July 20, 2007	8,53,960	5,420	1,977	19,392	148	24,238	25,950	15,203	64,775	23,674
August 3, 2007	8,67,246	5,274	2,071	18,545	152	24,497	25,525	14,095	78,827	23,663
August 17, 2007	9,04,747	5,291	2,117	18,892	171	24,450	24,867	13,092	57,987	23,612
August 31, 2007	9,03,792	5,347	2,095	18,685	198	24,339	25,306	15,630	51,030	23,968
September 14, 2007	9,10,165	6,229	2,128	18,343	198	24,739	24,522	16,473	50,186	24,106
September 28, 2007	9,09,154	7,315	1,981	18,521	193	24,899	24,512	15,600	39,379	23,908
October 12, 2007	9,47,752	6,533	1,986	18,369	191	25,580	24,702	14,648	66,571	23,363
October 26, 2007	9,47,138	6,949	2,003	18,558	185	25,688	25,598	14,875	70,276	23,621
November 9, 2007	9,46,799	7,361	1,999	18,953	184	26,143	25,744	15,933	70,753	23,963
November 23, 2007	9,63,155	10,046	2,249	19,409	181	26,128	25,520	15,281	54,422	24,290
December 7, 2007	9,55,213	8,608	2,261	19,389	182	25,775	25,782	16,611	47,132	23,632
December 21, 2007	9,35,935	8,702	2,414	21,464	180	26,310	26,374	16,281	38,680	23,145
January 4, 2008	9,63,052	9,526	2,430	22,377	332	26,352	26,664	16,479	46,524	23,217
January 18, 2008	9,53,499	12,133	2,626	22,820	329	26,692	26,769	18,327	59,605	23,945
February 1, 2008	9,50,953	12,846	2,996	24,038	319	27,579	27,590	16,573	50,525	23,413
February 15, 2008	9,82,588	13,297	3,143	24,116	315	28,005	26,635	16,911	45,995	24,158
February 29, 2008	9,88,424	12,740	3,080	23,897	303	27,932	26,565	18,796	41,346	26,039
March 14, 2008	9,82,827	11,698	3,016	23,691	299	27,622	27,170	19,167	40,386	25,352
March 28, 2008	9,71,715	13,270	3,025	23,389	294	27,935	28,700	29,230	18,824	25,942
April 11, 2008	10,13,780	11,198	3,271	24,020	345	26,899	27,892	28,868	51,078	26,121
April 25, 2008	10,14,292	10,843	3,466	23,619	318	25,775	27,161	27,537	46,965	26,741
May 9, 2008	10,13,948	10,928	3,714	23,278	303	25,077	26,469	26,867	59,700	26,551
May 23, 2008	10,20,180	10,896	3,778	23,936	276	25,522	26,944	23,703	50,868	25,828
June 6, 2008	10,26,355	11,072	3,899	23,815	346	25,276	26,794	25,327	46,901	26,410
June 20, 2008	10,07,948	11,805	3,775	24,077	345	25,426	26,903	24,788	36,363	26,753

PSUs : Public Sector Undertakings.

Note : Data on Investments are based on Statutory Section 42(2) Returns, Final data upto : April 11, 2008.

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	2006-07	2007-08	2007					2008			
				Mar.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar. 14	Mar. 28
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**	**17,105**	**19,611**	**17,105**	**17,825**	**18,442**	**19,063**	**19,448**	**19,634**	**19,421**	**19,605**	**19,611**
Demand Liabilities	**1,831**	**7,324**	**6,636**	**7,324**	**6,112**	**6,142**	**6,394**	**6,863**	**6,664**	**6,379**	**6,573**	**6,636**
Deposits												
Inter-Bank	718	1,921	1,539	1,921	1,405	1,402	1,378	1,441	1,176	1,437	1,413	1,539
Others	794	3,571	3,628	3,571	3,498	3,565	3,525	3,971	3,885	3,517	3,605	3,628
Borrowings from Banks	181	914	428	914	260	339	531	309	493	475	459	428
Others	139	918	1,041	918	949	836	960	1,141	1,110	951	1,095	1,041
Time Liabilities	**3,963**	**39,425**	**47,523**	**39,425**	**39,700**	**40,746**	**41,337**	**42,972**	**44,807**	**46,141**	**46,970**	**47,523**
Deposits												
Inter-Bank	2,545	25,540	31,111	25,540	24,925	25,423	25,376	27,050	28,635	29,794	30,534	31,111
Others	1,359	13,534	15,983	13,534	14,327	14,876	15,538	15,477	15,748	15,904	16,000	15,983
Borrowings from Banks	–	10	8	10	9	9	9	9	9	8	8	8
Others	59	341	421	341	438	438	414	436	414	435	428	421
Borrowing from Reserve Bank	**15**	–	–	–	–	–	**19**	**29**	**10**	**24**	**19**	–
Borrowings from the State Bank and / or a Notified bank (2) and State Government	**1,861**	**13,639**	**13,988**	**13,639**	**13,300**	**13,100**	**13,187**	**13,065**	**13,075**	**13,024**	**13,120**	**13,988**
Demand	116	3,292	3,378	3,292	2,924	2,994	2,991	2,822	2,988	2,854	2,862	3,378
Time	1,745	10,347	10,610	10,347	10,376	10,106	10,196	10,243	10,087	10,170	10,258	10,610
Assets												
Cash in Hand and Balances with Reserve Bank	**334**	**3,054**	**3,639**	**3,054**	**2,924**	**2,890**	**3,297**	**3,225**	**3,450**	**3,605**	**3,352**	**3,639**
Cash in Hand	24	153	143	153	153	149	150	156	148	146	134	143
Balance with Reserve Bank	310	2,900	3,496	2,900	2,772	2,741	3,147	3,069	3,302	3,459	3,218	3,496
Balances with Other Banks in Current Account	93	486	486	486	357	333	366	352	379	406	413	486
Investments in Government Securities (3)	1,058	14,146	16,806	14,146	15,044	15,615	15,897	16,142	16,424	16,808	16,722	16,806
Money at Call and Short Notice	498	6,749	7,855	6,749	5,710	6,571	7,260	8,056	8,892	7,967	7,688	7,855
Bank Credit (4)	**2,553**	**17,017**	**17,345**	**17,017**	**16,241**	**15,585**	**15,420**	**15,768**	**15,782**	**16,173**	**17,071**	**17,345**
Advances												
Loans, Cash-Credits and Overdrafts	2,528	17,001	17,336	17,001	16,230	15,575	15,409	15,756	15,774	16,164	17,062	17,336
Due from Banks (5)	5,560	30,098	32,466	30,098	32,581	32,442	32,445	31,701	31,761	31,395	31,800	32,466
Bills Purchased and Discounted	25	16	9	16	11	10	11	12	8	9	9	9
Cash - Deposit Ratio	15.5	17.9	18.6	17.9	16.4	15.7	17.3	16.6	17.6	18.6	17.1	18.6
Investment - Deposit Ratio	49.2	82.7	85.7	82.7	84.4	84.7	83.4	83.0	83.7	86.5	85.3	85.7
Credit - Deposit Ratio	118.6	99.5	88.4	99.5	91.1	84.5	80.9	81.1	80.4	83.3	87.1	88.4

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
March 1999	7,269.27	2,616.57	1,115.02	19.23	3,235.02	258.00	11,619.31	2,893.80
April 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
2007-08	—	—	—	—	9,103.46	2,825.00	—	—	—	—	—	—	9,103.46	2,825.00
Sep. 2006	—	—	—	—	6,963.09	1,563.75	—	—	—	—	—	—	6,963.09	1,563.75
Dec. 2006	—	—	—	—	7,200.34	1,784.23	—	—	—	—	—	—	7,200.34	1,784.23
Mar. 2007	—	—	—	—	8,110.33	4,984.94	—	—	—	—	—	—	8,110.33	4,984.94
May 2007	—	—	—	—	8,510.80	2,746.00	—	—	—	—	—	—	8,510.80	2,746.00
Jun. 2007	—	—	—	—	8,342.90	100.90	—	—	—	—	—	—	8,342.90	100.90
Jul. 2007	—	—	—	—	8,103.46	0.90	—	—	—	—	—	—	8,103.46	0.90
Aug. 2007	—	—	—	—	7,806.76	92.00	—	—	—	—	—	—	7,806.76	92.00
Sep. 2007	—	—	—	—	7,505.46	45.00	—	—	—	—	—	—	7,505.46	45.00
Oct. 2007	—	—	—	—	7,705.45	—	—	—	—	—	—	—	7,705.45	—
Nov. 2007	—	—	—	—	7,836.03	169.00	—	—	—	—	—	—	7,836.03	169.00
Dec. 2007	—	—	—	—	7,818.76	779.00	—	—	—	—	—	—	7,818.76	779.00
Jan. 2008	—	—	—	—	8,413.40	3,844.07	—	—	—	—	—	—	8,413.40	3,844.07
Feb. 2008	—	—	—	—	8,709.42	172.50	—	—	—	—	—	—	8,709.42	172.50
Mar. 2008	—	—	—	—	9,103.46	2,825.00	—	—	—	—	—	—	9,103.46	2,825.00
Apr. 2008	—	—	—	—	9,509.23	474.00	—	—	—	—	—	—	9,509.23	474.00
May 2008	—	—	—	—	9,264.62	166.00	—	—	—	—	—	—	9,264.62	166.00

@ : 'Others' include Collateralised Lending Facility (CLF) (withdrawn completely effective from October 5, 2002) / Additional CLF (withdrawn effective from June 5, 2000), *etc.*

* : Normal Limit = 1/2 of total limit effective from November 16, 2002; 1/3 rd of the total limit effective from December 27, 2003.

** : Back-Stop Limit = 1/2 of total limit effective from November 16, 2002; 2/3 rd of the total limit effective from December 27, 2003.

*** : Total limits under Normal Facility and Back-Stop facility merged in to a single facility effective from March 29, 2004.

Also see 'Notes on Tables'.

No. 8: Cheque Clearing Data

(Number in Lakh and Amount in Rs. crore)

Month/Year	Total		Total MICR* Centres		Total Non-MICR** Centres		Total of RBI Centres		RBI Centres***					
									Ahmedabad		Bangalore		Bhopal	
1	2=(3+4)		3=(5+22)		4		5		6		7		8	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
2001-02	9,015.0	1.25.75.254.0	5.377.0	1.09.47.391.0	3.638.0	16.27.863.0	5.377.0	1.09.47.391.0	414.0	2.07.524.0	445.0	2.69.346.0	–	–
2002-03	10,139.0	1.34.24.313.0	5.980.0	1.09.78.762.0	4.159.0	24.45.551.0	5.980.0	1.09.78.762.0	434.0	2.25.060.0	485.0	3.07.577.0	–	–
2003-04	10,228.0	1.15.95.960.0	6.241.0	91.78.751.0	3.987.0	24.17.209.0	6.241.0	91.78.751.0	473.0	2.80.649.0	547.0	3.75.885.0	–	–
2004-05	11,668.5	1.04.58.894.9	9.414.6	93.56.252.2	2.253.9	11.02.642.7	7.384.8	84.93.320.7	525.5	3.52.696.6	601.6	4.77.810.1	59.3	47.188.1
2005-06	12,867.6	1.13.29.133.5	10.318.4	94.74.370.8	2.549.2	18.54.762.8	7.942.4	81.94.976.7	603.7	4.06.598.7	656.1	4.98.344.5	71.9	32.181.0
2006-07	13,672.8	1.20.42.425.7	11.441.0	1.04.35.436.1	2.231.8	16.06.989.5	8.309.9	85.99.494.3	594.4	4.29.955.8	702.5	5.58.675.6	71.7	52.224.6
2007-08 (P)	14,605.6	1.33.96.065.9	12.229.6	1.15.28.690.2	2.376.0	18.67.375.7	8.775.9	94.51.748.3	647.3	5.06.759.2	734.5	6.32.327.8	77.4	62.651.9
2007-08 (P)														
April	1,169.0	10,20,648.7	982.6	8,58,100.5	186.4	1,62,548.3	711.0	6,94,136.3	48.2	37,977.6	60.0	52,523.2	6.2	4,796.6
May	1,178.9	11,12,303.6	990.5	8,71,552.9	188.4	2,40,750.7	705.8	7,08,984.3	50.3	36,212.7	62.3	56,277.7	6.0	4,835.0
June	1,140.3	10,20,164.4	951.9	8,87,891.6	188.4	1,32,272.7	687.2	7,30,703.4	51.1	38,572.6	61.4	48,857.2	5.8	4,512.8
July	1,225.6	10,33,767.4	1,028.1	9,17,884.1	197.6	1,15,883.3	752.0	7,65,059.7	56.8	39,463.9	61.9	52,540.1	6.7	3,844.4
August	1,215.2	9,95,281.6	1,020.9	8,75,538.0	194.3	1,19,743.6	730.4	7,16,282.5	52.5	36,681.2	62.7	49,593.2	6.8	4,326.5
September	1,106.2	9,82,442.3	913.8	8,69,312.0	192.4	1,13,130.2	657.2	7,18,007.9	48.1	36,914.0	53.5	48,357.6	6.1	4,208.3
October	1,309.6	11,18,384.8	1,099.3	9,92,996.9	210.3	1,25,387.9	785.8	8,17,338.5	59.5	42,892.1	61.2	50,863.0	7.1	4,865.2
November	1,180.5	11,98,037.8	979.7	9,78,282.4	200.8	2,19,755.4	701.5	8,09,893.4	52.6	44,910.1	60.0	47,361.3	6.3	5,329.8
December	1,243.0	11,49,430.4	1,044.8	10,07,810.6	198.1	1,41,619.8	737.2	8,16,611.9	55.3	44,079.8	60.5	54,352.0	5.7	5,093.8
January	1,313.9	12,99,798.0	1,101.4	11,45,967.5	212.5	1,53,830.5	793.6	9,53,207.6	62.4	51,572.2	64.5	54,470.3	7.1	6,874.4
February	1,244.1	11,56,446.5	1,043.7	9,88,547.6	200.4	1,67,899.0	744.2	7,94,535.6	54.5	43,559.4	63.4	55,496.2	7.0	5,710.0
March	1,279.4	13,09,360.4	1,073.0	11,34,806.2	206.4	1,74,554.3	770.2	9,26,987.3	56.1	53,923.5	63.0	61,635.9	6.7	8,254.9
2008-09 (P)														
April	1,189.1	12,07,897.2	990.1	9,72,117.8	199.0	2,35,779.4	711.8	7,93,764.5	48.8	42,523.7	59.7	50,815.7	6.2	6,141.1
May	1,156.6	10,97,478.6	965.8	9,14,063.8	190.8	1,83,414.8	688.4	7,35,573.5	49.4	44,123.5	59.2	47,445.8	6.7	5,431.2
June	1,110.7	10,65,401.5	919.1	9,03,794.9	191.6	1,61,606.6	656.9	7,30,457.0	47.6	40,484.2	57.3	47,982.1	5.6	4,784.8
Total (upto June, 08)	**3,456.4**	**33,70,777.4**	**2,875.0**	**27,89,976.5**	**581.4**	**5,80,800.9**	**2,057.2**	**22,59,795.0**	**145.8**	**1,27,131.4**	**176.2**	**1,46,243.6**	**18.5**	**16,357.1**

* : MICR - Magnetic Ink Character Recognition - automated CPC (Cheque Processing Centres)

** : Non MICR - Clearing done at the clearing houses where MICR Cheque Processing Centres have not been set up. 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.

No. 8: Cheque Clearing Data *(Contd.)*

(Number in Lakh and Amount in Rs. crore)

Month/ Year	RBI Centres***													
	Bhubaneswar		Chandigarh		Chennai		Guwahati		Hyderabad		Jaipur		Kanpur	
1	9		10		11		12		13		14		15	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
2001-02	27.0	21,625.0	–	–	522.0	5,00,872.0	30.0	19,592.0	305.0	1,82,764.0	123.0	54,432.0	67.0	32,369.0
2002-03	33.0	26,349.0	–	–	557.0	5,52,913.0	34.0	22,436.0	337.0	2,15,035.0	130.0	58,202.0	73.0	34,532.0
2003-04	37.0	37,136.0	–	–	602.0	6,12,158.0	37.0	27,840.0	369.0	2,75,503.0	148.0	70,122.0	78.0	41,397.0
2004-05	41.8	47,252.7	112.8	1,11,091.8	735.1	7,59,883.1	42.4	32,713.9	390.2	3,01,678.8	168.0	89,086.6	87.1	47,225.8
2005-06	48.6	53,649.7	123.8	1,27,037.9	813.2	6,55,277.9	48.2	39,660.5	416.8	3,63,317.1	187.4	1,13,452.5	92.7	55,328.7
2006-07	56.2	64,833.9	140.7	1,98,205.1	803.5	6,92,201.6	55.1	49,100.5	438.9	3,95,911.4	197.8	1,37,784.8	96.9	64,396.1
2007-08 (P)	60.0	80,993.5	141.4	1,61,218.5	854.1	7,78,853.6	59.5	55,169.2	454.6	4,52,498.8	219.3	1,62,021.8	100.0	69,885.1
2007-08 (P)														
April	4.6	5,831.5	11.0	14,150.3	69.8	66,324.2	4.5	4,578.5	36.9	35,342.0	17.0	12,404.9	8.3	5,508.0
May	4.9	5,938.9	11.8	15,226.9	69.3	59,764.8	4.8	4,088.7	35.6	33,432.0	17.0	12,148.7	8.6	5,774.8
June	4.8	5,694.7	11.4	11,972.4	68.7	63,265.4	4.9	4,514.6	34.8	34,164.7	16.4	12,873.3	7.9	6,244.2
July	5.0	6,288.5	11.7	13,279.9	73.3	63,481.3	4.9	4,258.1	38.4	37,798.9	18.4	13,024.8	8.2	5,548.1
August	5.4	5,905.7	11.9	13,575.2	72.9	63,566.8	5.0	3,911.1	37.8	37,093.1	17.0	11,957.0	8.3	5,397.6
September	4.5	6,429.3	10.9	11,191.7	65.8	61,810.7	4.5	4,305.6	33.6	32,219.9	17.1	11,708.9	7.6	4,810.6
October	5.4	6,434.0	12.5	14,026.7	74.9	66,808.0	5.1	4,637.9	38.9	37,455.3	19.2	14,238.1	8.9	5,990.5
November	5.0	6,400.5	11.5	12,886.3	69.1	65,667.0	4.9	4,583.7	38.6	36,183.5	18.4	14,223.6	7.8	5,521.2
December	5.0	6,080.9	11.8	12,674.3	70.2	66,549.4	5.0	4,409.5	39.1	39,326.6	18.8	13,940.1	8.2	5,745.3
January	5.3	7,942.6	12.5	14,353.3	71.8	62,658.0	5.3	4,814.9	41.2	42,302.6	21.5	15,688.9	9.2	6,575.3
February	5.1	8,446.4	12.4	12,383.0	72.5	65,503.0	5.2	4,782.7	40.7	42,347.5	19.5	13,948.2	8.5	6,069.7
March	5.2	9,600.6	12.1	15,498.5	75.9	73,455.1	5.5	6,283.9	39.1	44,832.8	19.1	15,865.3	8.6	6,699.9
2008-09 (P)														
April	4.8	7,898.6	11.1	15,341.9	70.7	72,489.2	4.9	6,274.0	38.4	40,598.4	16.6	13,502.7	8.1	6,010.4
May	4.8	8,125.9	11.4	13,000.7	54.7	61,649.3	5.1	5,392.7	38.8	38,131.8	16.6	13,568.5	8.3	6,029.0
June	4.5	6,632.5	10.2	11,862.1	54.1	63,144.0	4.6	4,930.8	37.3	38,755.0	15.6	12,802.2	7.1	5,740.4
Total (upto June, 08)	**14.0**	**22,657.0**	**32.7**	**40,204.8**	**179.5**	**1,97,282.5**	**14.6**	**16,597.5**	**114.5**	**1,17,485.2**	**48.8**	**39,873.4**	**23.5**	**17,779.8**

No. 8: Cheque Clearing Data *(Contd.)*

(Number in Lakh and Amount in Rs. crore)

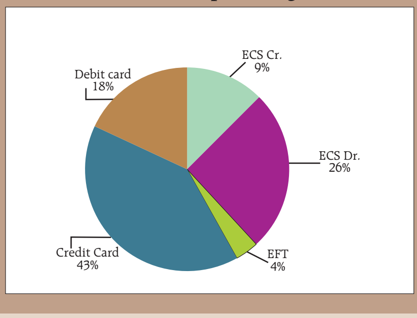
Month/ Year	RBI Centres***											
	Kolkata		Mumbai		Nagpur		New Delhi		Patna		Thiruvananthapuram	
1	16		17		18		19		20		21	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
2001-02	523.0	3,73,131.0	1,679.0	82,17,816.0	102.0	41,151.0	1,079.0	99,0315.0	27.0	17,421.0	34.0	19,032.0
2002-03	531.0	4,19,164.0	2,019.0	76,94,748.0	109.0	46,924.0	1,164.0	1,31,9625.0	37.0	19,506.0	37.0	36,691.0
2003-04	470.0	4,65,308.0	2,162.0	55,11,293.0	120.0	56,330.0	1,107.0	1,35,4677.0	50.0	26,739.0	41.0	43,714.0
2004-05	599.9	5,60,659.9	2,304.1	37,53,670.3	124.4	63,495.1	1,479.3	1,77,3610.1	65.0	30,861.7	48.2	44,396.1
2005-06	642.4	6,58,639.7	2,391.9	33,42,829.4	134.8	75,772.3	1,597.2	1,69,7583.2	59.2	36,819.8	54.6	38,484.0
2006-07	684.2	6,82,358.0	2,518.3	33,19,090.1	145.6	92,546.6	1,690.9	1,77,3548.3	56.8	47,968.8	56.2	40,693.0
2007-08 (P)	730.5	7,78,304.3	2,651.6	36,85,407.3	151.3	1,06,351.7	1,775.7	1,80,0975.6	62.6	61,006.5	56.0	57,323.4
2007-08 (P)												
April	57.8	58,696.5	221.0	2,29,445.8	11.3	8,695.7	145.3	1,46,705.0	4.8	6,928.5	4.5	4,228.0
May	59.9	61,399.2	208.0	2,61,566.1	11.9	8,660.5	146.0	1,34,494.9	4.7	5,352.2	4.8	3,811.2
June	57.5	62,309.8	203.1	2,80,461.1	12.0	8,428.3	137.9	1,40,266.4	5.0	4,335.6	4.6	4,230.2
July	61.0	61,348.0	231.1	3,06,618.1	12.7	7,646.3	152.2	1,41,101.1	5.2	5,217.5	4.7	3,600.6
August	62.2	59,161.4	219.2	2,74,074.2	12.8	7,849.0	146.2	1,34,970.6	5.4	3,959.9	4.5	4,260.0
September	55.0	57,083.7	194.4	2,84,887.2	11.3	7,589.8	135.5	1,38,687.4	4.9	3,760.4	4.4	4,042.7
October	61.6	60,282.9	248.1	3,32,783.2	14.1	8,763.1	159.0	1,57,435.9	5.4	5,044.4	4.9	4,818.3
November	59.3	59,713.8	206.1	3,50,427.6	12.5	8,369.6	140.0	1,38,811.1	4.9	4,530.0	4.6	4,974.2
December	62.8	66,027.1	225.5	3,29,424.9	12.6	8,327.6	146.6	1,50,380.8	5.4	4,694.2	4.7	5,505.5
January	65.3	67,906.6	242.5	4,17,848.2	13.8	10,609.2	160.5	1,76,864.6	5.8	5,393.5	4.9	7,333.1
February	60.8	65,791.2	221.7	3,00,298.8	13.1	9,534.0	149.7	1,50,895.5	5.7	5,058.4	4.6	4,711.6
March	67.3	98,584.0	230.9	3,17,572.1	13.4	11,878.5	156.8	1,90,362.4	5.5	6,731.9	4.9	5,808.1
2008-09 (P)												
April	57.9	67,101.2	215.7	2,83,396.5	12.4	9,090.9	146.9	1,61,140.8	5.0	5,581.2	4.7	5,858.2
May	58.3	64,139.9	206.7	2,65,785.6	12.4	9,361.1	146.2	1,43,245.2	5.1	5,105.0	4.7	5,038.1
June	53.1	64,292.9	201.7	2,64,352.0	11.5	9,176.0	137.8	1,45,474.3	4.6	5,939.4	4.4	4,104.2
Total (upto June, 08)	**169.3**	**1,95,534.0**	**624.1**	**8,13,534.1**	**36.3**	**27,628.0**	**430.8**	**4,49,860.4**	**14.7**	**16,625.6**	**13.7**	**15,000.5**

No. 8: Cheque Clearing Data *(Concld.)*

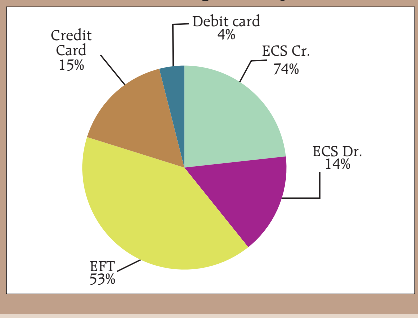
(Number in Lakh and Amount in Rs. crore)

Month/Year	Other MICR Centres	
1	22	
	Number	Amount
2001-02	–	–
2002-03	–	–
2003-04	–	–
2004-05	2,029.8	8,62,931.5
2005-06	2,375.9	12,79,394.1
2006-07	3,131.1	18,35,941.8
2007-08 (P)	3,453.7	20,76,941.9
2007-08 (P)		
April	271.6	1,63,964.1
May	284.7	1,62,568.6
June	264.8	1,57,188.2
July	276.1	1,52,824.4
August	290.5	1,59,255.4
September	256.6	1,51,304.2
October	313.5	1,75,658.4
November	278.2	1,68,389.1
December	307.6	1,91,198.7
January	307.8	1,92,759.9
February	299.5	1,94,011.9
March	302.8	2,07,818.8
2008-09 (P)		
April	278.2	1,78,353.3
May	277.4	1,78,490.3
June	262.2	1,73,337.9
Total (upto June, 08)	**817.8**	**5,30,181.5**

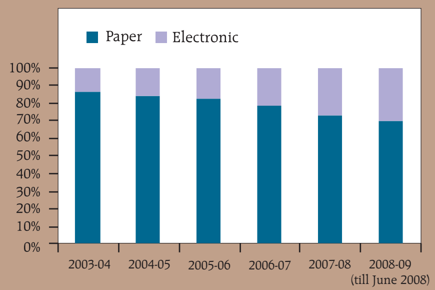
Retail Electronic Transactions Volume in percentage



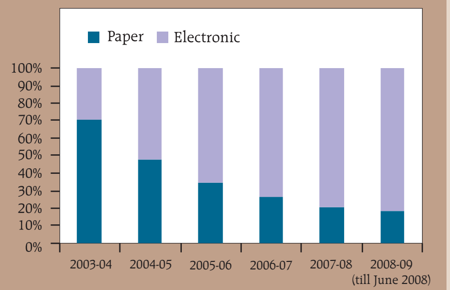
Retail Electronic Transactions Value in percentage



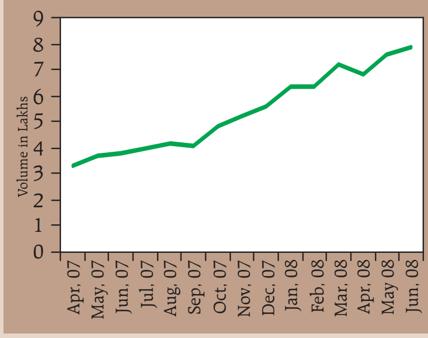
Representation of Electronic Transactions Volume in Total



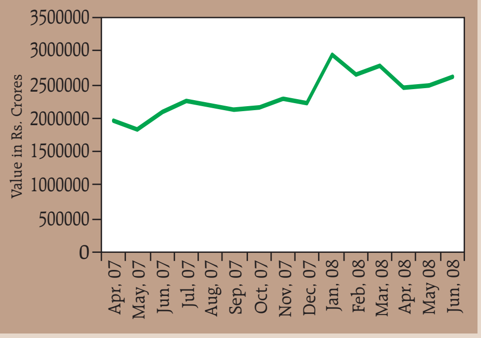
Representation of Electronic Transactions Value in Total



Growth in RTGS Volume



Growth in RTGS Value



No. 9 A: 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/ NEFT)		Card Payments					
			ECS (Credit)		ECS (Debit)				Credit			Debit*		
1	2=(3+4+5+6+7)		3		4		5		6			7		
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number of Out-standing Cards**	Number	Amount	Number of Out-standing Cards**	Number	Amount
2003-04	1,669.55	52,142.78	203.00	10,228.00	79.00	2,253.58	8.19	17,124.81	–	1,001.79	17,662.72	–	377.57	4,873.67
2004-05	2,289.04	1,08,749.83	400.51	20,179.81	153.00	2,921.24	25.49	54,601.38	–	1,294.72	25,686.36	–	415.32	5,361.04
2005-06	2,850.13	1,46,382.68	442.16	32,324.35	359.58	12,986.50	30.67	61,288.22	173.27	1,560.86	33,886.47	497.63	456.86	5,897.14
2006-07	3,787.09	2,35,693.12	690.19	83,273.09	752.02	25,440.79	47.76	77,446.31	231.23	1,695.36	41,361.31	749.76	601.77	8,171.63
2007-08	5,353.09	10,41,991.93	783.65	7,82,222.30	1,271.20	48,937.20	133.15	1,40,326.48	275.47	2,282.03	57,984.73	1,024.37	883.06	12,521.22
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
September	414.09	28,685.38	58.41	9,575.51	103.02	4,540.73	9.60	9,301.03	251.40	174.15	4,315.04	876.52	68.91	953.07
October	493.02	37,516.39	83.98	12,401.66	111.56	4,212.86	12.28	14,583.40	256.16	207.51	5,201.23	897.07	77.69	1,117.23
November	486.38	32,926.05	75.14	12,555.05	114.79	4,348.66	13.17	9,387.33	258.74	199.44	5,375.01	922.58	83.84	1,260.00
December	467.73	38,215.50	55.40	15,273.70	116.06	5,203.72	13.07	11,143.71	262.45	202.47	5,362.94	946.86	80.72	1,231.42
January	473.89	34,522.43	52.55	7,430.35	117.75	4,561.57	14.82	15,938.36	266.33	207.24	5,450.74	967.86	81.54	1,141.40
February	505.09	6,97,237.84	86.58	6,75,224.00	122.81	4,756.84	15.18	10,941.22	268.75	198.93	5,183.29	996.04	81.58	1,132.49
March	490.43	37,747.57	48.88	6,635.96	128.01	4,202.06	15.90	20,421.47	275.47	210.49	5,300.00	1,024.37	87.15	1,188.09
2008-09 (P)														
April	504.99	38,723.13	60.96	8,590.47	127.11	5,009.43	17.02	18,286.34	283.12	215.45	5,611.38	1,049.91	84.44	1,225.51
May	506.95	37,466.82	47.25	5,314.57	132.70	5,129.74	18.71	20,067.09	267.34	214.96	5,581.88	1,082.53	93.33	1,373.54
June	514.71	32,493.74	64.17	7,553.91	132.26	5,196.29	19.16	13,194.69	270.16	206.21	5,261.63	1,101.52	92.91	1,287.22
Total (upto June, 08)	**1,526.64**	**1,08,683.69**	**172.38**	**21,458.95**	**392.06**	**15,335.46**	**54.88**	**51,548.13**	**270.16**	**636.62**	**16,454.89**	**1,101.52**	**270.69**	**3,886.27**

* : Debit Cards figures for 2003-04 and 2004-05 are estimated based on 2005-06 figures.

** : Cards issued by banks (excluding those withdrawn/blocked).

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	4.604	40,66,184.00	0.68	2,49,662.00	3.92	38,16,522.00	–	–	3.92	38,16,522.00
2005-06	17.670	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
2007-08	58.54	4,82,94,558.97	41.46	1,61,00,172.88	16.94	1,12,18,157.41	0.14	2,09,76,228.68	17.08	3,21,94,386.10
2007-08										
April	3.30	30,52,145.05	2.06	8,37,607.28	1.23	11,09,957.75	0.01	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	0.01	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	0.02	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	0.02	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	0.01	17,74,897.37	1.39	27,58,446.09
September	4.06	41,53,981.12	2.78	12,09,224.98	1.27	9,10,182.26	0.01	20,34,573.88	1.28	29,44,756.14
October	4.83	49,49,173.65	3.41	13,07,702.75	1.41	8,46,505.29	0.01	27,94,965.61	1.43	36,41,470.90
November	5.24	40,72,777.90	3.76	13,94,946.07	1.47	8,87,495.28	0.01	17,90,336.55	1.48	26,77,831.83
December	5.54	39,16,030.07	4.08	14,14,048.47	1.45	7,91,095.44	0.01	17,10,886.16	1.46	25,01,981.60
January	6.35	51,59,519.91	4.75	17,46,044.67	1.59	11,88,764.30	0.01	22,24,710.94	1.60	34,13,475.24
February	6.38	47,01,199.15	4.81	16,37,191.34	1.56	9,89,586.62	0.01	20,74,421.18	1.57	30,64,007.80
March	7.16	47,11,803.16	5.51	17,98,787.80	1.64	9,78,417.44	0.01	19,34,597.92	1.65	29,13,015.36
2008-09										
April	6.78	48,47,956.95	5.19	15,95,777.62	1.57	8,53,187.78	0.01	23,98,991.55	1.58	32,52,179.34
May	7.63	44,48,417.00	5.95	15,80,007.83	1.67	8,85,628.25	0.01	19,82,780.92	1.68	28,68,409.17
June	7.87	45,13,960.83	6.21	16,46,155.13	1.65	9,51,811.99	0.01	19,15,993.71	1.66	28,67,805.70
Total (upto June, 08)	**22.28**	**1,38,10,334.78**	**17.35**	**48,21,940.57**	**4.90**	**26,90,628.02**	**0.04**	**62,97,766.19**	**4.93**	**89,88,394.20**

* Inter-Bank Clearing Settlement pertains to the MNSB batches. MNSB settlement in RTGS started from 12 August, 2006.

** The MNSB Settlement relates to the settlement of ECS, EFT, NEFT, REPO, Outright, FOREX, CBLO and Cheque Clearing at Mumbai.

No.9B: Large Value Clearing and Settlement Systems *(Concld.)*

(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	
	Number of Trades	Amount	Number of Trades	Amount	Number of Trades	Amount	Number of Trades	Amount
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
2007-08	1.89	16,53,851.30	0.27	39,48,750.70	7.57	1,27,26,831.90	1.13	81,10,828.60
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
September	0.12	97,568.60	0.02	4,11,137.80	0.58	10,58,687.20	0.09	6,68,018.10
October	0.12	1,20,504.80	0.02	3,97,798.60	0.72	12,02,092.20	0.11	7,69,062.20
November	0.09	81,124.70	0.02	3,05,487.90	0.57	9,00,169.30	0.11	6,86,745.60
December	0.14	1,31,217.20	0.02	3,20,507.90	0.51	9,16,269.70	0.10	7,22,081.30
January	0.35	3,13,153.20	0.03	4,25,726.10	0.62	11,36,947.00	0.12	8,92,784.10
February	0.22	1,92,139.60	0.03	4,42,037.30	0.66	12,69,787.80	0.11	9,00,168.50
March	0.12	97,922.10	0.02	3,25,596.70	0.69	14,31,682.60	0.11	8,23,080.50
2008-09								
April	0.12	1,08,602.80	0.02	3,44,220.20	0.56	12,06,935.70	0.11	8,93,038.50
May	0.17	1,42,728.70	0.02	3,68,236.20	0.75	12,28,186.00	0.11	9,08,156.90
June	0.10	1,09,956.10	0.02	2,81,545.80	0.69	13,67,490.70	0.11	8,94,344.20
Total (upto June, 08)	**0.39**	**3,61,287.60**	**0.06**	**9,94,002.20**	**2.01**	**38,02,612.40**	**0.33**	**26,95,539.60**

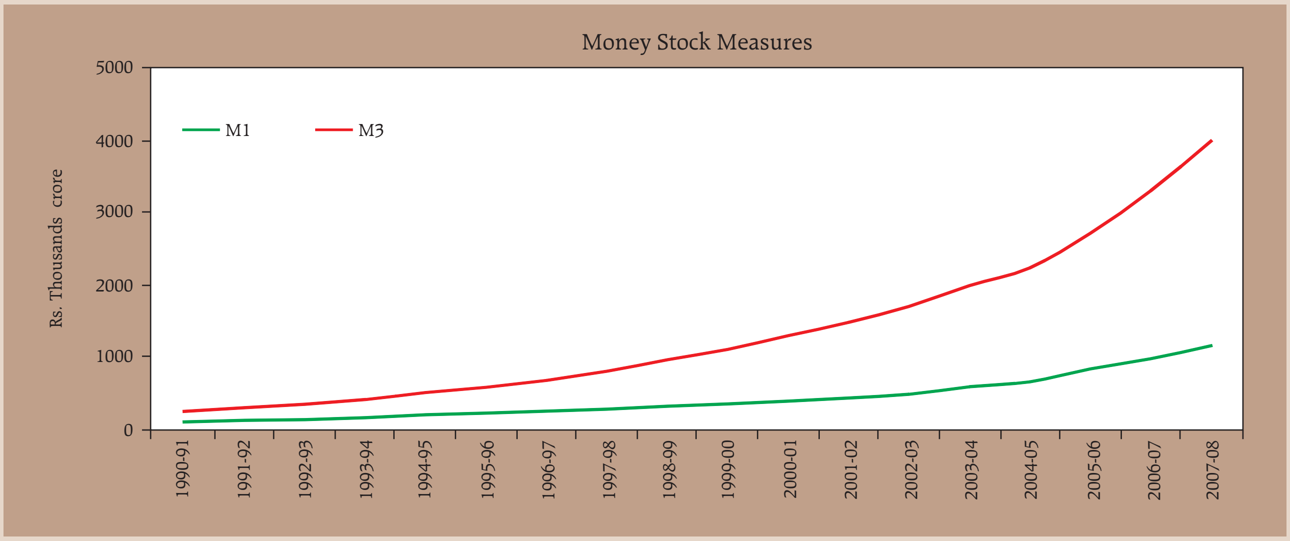
No. 10 : Money Stock Measures

(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 Deposits	M_2 (10+11)	Time Deposits with Bank	M_3 (10+13)	Total Post Office Deposits	M_4 (14+15)
	Notes in Circulation (1)	Circulation of		Cash in Hand with Banks	Total (2+3+4-5)	Damand Deposits with Banks	'Other' Deposits with Reserve Bank (3)	Total (7+8)							
		Rupee Coins (2)	Small Coins (2)												
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
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	1,577	21,293	4,82,906	4,75,687	7,496	4,83,183	**9,66,089**	5,041	**9,71,130**	23,50,004	**33,16,093**	25,969	**33,42,062**
2007-08	5,81,577	7,656	1,668	23,425	5,67,476	5,74,408	9,069	5,83,477	**11,50,953**	5,041	**11,55,994**	28,55,769	**40,06,722**	25,969	**40,32,691**
June 8, 2007	5,16,587	6,854	1,602	18,464	5,06,579	4,18,659	14,867	4,33,526	**9,40,105**	5,041	**9,45,146**	24,37,714	**33,77,820**	25,969	**34,03,789**
June 22, 2007	5,12,638	6,927	1,499	19,922	5,01,143	4,31,657	7,060	4,38,717	**9,39,860**	5,041	**9,44,901**	24,50,058	**33,89,917**	25,969	**34,15,886**
February 2008	5,66,297	7,579	1,655	21,094	5,54,437	5,06,228	5,022	5,11,250	**10,65,687**	5,041	**10,70,728**	28,08,458	**38,74,145**	25,969	**39,00,114**
March 2008	5,81,577	7,656	1,668	23,425	5,67,476	5,74,408	9,069	5,83,477	**11,50,953**	5,041	**11,55,994**	28,55,769	**40,06,722**	25,969	**40,32,691**
April 2008	6,01,629	7,722	1,668	21,347	5,89,672	5,08,719	6,192	5,14,910	**11,04,582**	5,041	**11,09,623**	29,16,135	**40,20,718**	25,969	**40,46,687**
May 2008	6,15,694	7,818	1,668	22,216	6,02,963	5,01,857	6,223	5,08,080	**11,11,044**	5,041	**11,16,085**	29,66,465	**40,77,509**	25,969	**41,03,478**
June 6, 2008	6,18,464	7,818	1,668	23,507	6,04,442	5,04,183	5,082	5,09,265	**11,13,707**	5,041	**11,18,748**	29,86,457	**41,00,164**	25,969	**41,26,133**
June 20, 2008	6,18,211	7,818	1,668	23,739	6,03,957	4,96,237	4,761	5,00,998	**11,04,955**	5,041	**11,09,996**	29,86,154	**40,91,109**	25,969	**41,17,078**

Note : 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.

Also see Notes on Tables.



No. 11: Sources of Money Stock (M_3)

(Rs. crore)

Source	Outstandings as on March 31/Reporting Fridays of the Month/Last Reporting Friday of the Month				
	2005-06	2006-07	2007-08	June 8, 2007	June 22, 2007
1	2	3	4	5	6
1. Net Bank Credit to Government (A+B)	**7,65,058**	**8,34,235**	**9,07,077**	**8,72,537**	**8,62,351**
A RBI's net credit to Government (i-ii)	6,599	2,423	-1,13,209	12,657	-19,731
(i) Claims on Government (a+b)	72,044	97,512	1,16,194	99,106	63,028
(a) Central Government (1)	70,563	97,184	1,14,725	98,203	63,028
(b) State Governments	1,481	328	1,468	903	–
(ii) Government deposits with RBI (a+b)	65,445	95,089	2,29,403	86,448	82,759
(a) Central Government	65,404	95,048	2,29,361	86,407	82,717
(b) State Governments	41	41	41	41	41
B. Other Banks' Credit to Government	7,58,459	8,31,812	10,20,286	8,59,880	8,82,082
2. Bank Credit to Commercial Sector (A+B)	**16,93,004**	**21,30,078**	**25,69,912**	**20,92,375**	**20,99,531**
A. RBI's credit to commercial sector (2)	1,387	1,537	1,788	1,386	1,386
B. Other banks' credit to commercial sector (i+ii+iii)	16,91,617	21,28,541	25,68,124	20,90,989	20,98,145
(i) Bank credit by commercial banks	15,07,077	19,31,189	23,61,914	18,90,755	18,94,841
(ii) Bank credit by co-operative banks	1,63,731	1,78,229	1,89,776	1,81,524	1,84,577
(iii) Investments by commercial and co-operative banks in other securities	20,809	19,123	16,435	18,710	18,727
3. Net Foreign Exchange Assets of Banking Sector (A+B)	**7,26,194**	**9,13,179**	**12,95,131**	**9,03,678**	**8,95,234**
A. RBI's net foreign exchange assets (i-ii)(3)	6,72,983	8,66,153	12,36,130	8,56,651	8,63,408
(i) Gross foreign assets	6,73,001	8,66,170	12,36,147	8,56,669	8,63,426
(ii) Foreign liabilities	17	17	17	17	17
B. Other banks' net foreign exchange assets	53,211	47,026	59,001	47,026	31,826
4. Government's Currency Liabilities to the Public	**8,754**	**8,261**	**9,324**	**8,457**	**8,427**
5. Banking Sector's net Non-monetary Liabilities Other than Time Deposits (A+B)	**4,63,464**	**5,69,660**	**7,74,723**	**4,99,227**	**4,75,627**
A. Net non-monetary liabilities of RBI(3)	1,22,463	1,77,019	2,10,206	1,31,518	1,34,206
B. Net non-monetary liabilities of other banks (residual)	3,41,001	3,92,641	5,64,517	3,67,710	3,41,420
M_3 (1+2+3+4-5)	**27,29,545**	**33,16,093**	**40,06,722**	**33,77,820**	**33,89,917**

No. 11: Sources of Money Stock (M_3) *(Concld.)*

(Rs. crore)

Source	Outstandings as on March 31/Reporting Fridays of the Month/Last Reporting Friday of the Month					
	February 2008	March 2008	April 2008	May 2008	June 6, 2008	June 20, 2008
1	7	8	9	10	11	12
1. Net Bank Credit to Government (A+B)	**8,63,969**	**9,07,077**	**8,97,164**	**9,19,540**	**9,46,720**	**9,39,673**
A. RBI's net credit to Government (i-ii)	-1,72,322	-1,13,209	-1,60,485	-1,44,323	-1,24,207	-1,13,222
(i) Claims on Government (a+b)	51,446	1,16,194	28,649	31,180	50,368	75,511
(a) Central Government (1)	51,446	1,14,725	28,179	30,878	50,368	75,485
(b) State Governments	–	1,468	471	303	–	25
(ii) Government deposits with RBI (a+b)	2,23,768	2,29,403	1,89,135	1,75,504	1,74,574	1,88,733
(a) Central Government	2,23,727	2,29,361	1,89,093	1,75,462	1,74,533	1,88,692
(b) State Governments	41	41	41	41	41	41
B. Other Banks' Credit to Government	10,36,291	10,20,286	10,57,649	10,63,863	10,70,927	10,52,896
2. Bank Credit to Commercial Sector (A+B)	**24,61,193**	**25,69,912**	**25,44,359**	**25,81,278**	**25,98,011**	**26,12,165**
A. RBI's credit to commercial sector (2)	1,703	1,788	1,383	1,383	1,383	1,408
B. Other banks' credit to commercial sector (i+ii+iii)	24,59,490	25,68,124	25,42,976	25,79,895	25,96,628	26,10,757
(i) Bank credit by commercial banks	22,54,760	23,61,914	23,29,066	23,64,417	23,80,418	23,92,447
(ii) Bank credit by co-operative banks	1,88,353	1,89,776	1,91,236	1,92,659	1,93,383	1,95,657
(iii) Investments by commercial and co-operative banks in other securities	16,377	16,435	22,674	22,819	22,827	22,652
3. Net Foreign Exchange Assets of Banking Sector (A+B)	**12,30,975**	**12,95,131**	**13,13,863**	**14,08,896**	**14,07,204**	**13,99,063**
A. RBI's net foreign exchange assets (i-ii)(3)	12,00,808	12,36,130	12,54,862	13,49,895	13,48,203	13,40,062
(i) Gross foreign assets	12,00,825	12,36,147	12,54,879	13,49,912	13,48,220	13,40,079
(ii) Foreign liabilities	17	17	17	17	17	17
B Other banks' net foreign exchange assets	30,167	59,001	59,001	59,001	59,001	59,001
4. Government's Currency Liabilities to the Public	**9,234**	**9,324**	**9,390**	**9,486**	**9,486**	**9,486**
5. Banking Sector's net Non-monetary Liabilities Other than Time Deposits (A+B)	**6,91,226**	**7,74,723**	**7,44,058**	**8,41,691**	**8,61,257**	**8,69,278**
A. Net non-monetary liabilities of RBI(3)	1,89,560	2,10,206	2,17,231	3,04,565	3,02,920	3,07,773
B. Net non-monetary liabilities of other banks (residual)	5,01,666	5,64,517	5,26,827	5,37,126	5,58,336	5,61,505
M_3 (1+2+3+4-5)	**38,74,145**	**40,06,722**	**40,20,718**	**40,77,509**	**41,00,164**	**40,91,109**

Note : 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.

Also see 'Notes on Tables'.

No. 11A: Commercial Bank Survey

(Rs. crore)

Item		Outstandings as on						
		Mar 31, 2006	Mar 30, 2007	Jun 8, 2007	Jun 22, 2007	Mar 28, 2008	Jun 6, 2008	Jun 20, 2008
1		2	3	4	5	6	7	8
Components								
C.I	**Aggregate Deposits of Residents** (C.I.1+C.I.2)	**20,49,773**	**25,44,473**	**25,80,400**	**26,03,465**	**31,40,004**	**31,97,787**	**31,91,052**
C.I.1	Demand Deposits	3,64,640	4,29,731	3,74,757	3,87,833	5,24,310	4,55,349	4,48,249
C.I.2	Time Deposits of Residents (C.I.2.1+C.I.2.2)	16,85,133	21,14,742	22,05,643	22,15,633	26,15,695	27,42,439	27,42,803
C.I.2.1	Short-term Time Deposits	7,58,310	9,51,634	9,92,539	9,97,035	11,77,063	12,34,097	12,34,261
C.I.2.1.1	Certificates of Deposits (CDs)	44,499	97,442	1,01,722	1,06,757	1,66,642	1,63,661	1,65,211
C.I.2.2	Long-term Time Deposits	9,26,823	11,63,108	12,13,104	12,18,598	14,38,632	15,08,341	15,08,542
C.II	**Call/Term Funding from Financial Institutions**	**83,144**	**85,836**	**80,967**	**82,852**	**1,06,504**	**1,08,947**	**1,04,840**
Sources								
S.I	**Domestic Credit (S.I.1+S.I.2)**	**23,64,241**	**28,65,959**	**28,79,828**	**29,02,499**	**35,07,759**	**35,99,997**	**35,83,355**
S.I.1	Credit to the Government	7,00,742	7,76,058	8,03,416	8,26,125	9,58,661	10,07,069	9,88,726
S.I.2	Credit to the Commercial Sector (S.I.2.1+S.I.2.2+S.I.2.3+S.I.2.4)	16,63,499	20,89,901	20,76,412	20,76,374	25,49,097	25,92,928	25,94,630
S.I.2.1	Bank Credit	15,07,077	19,31,189	18,90,755	18,94,841	23,61,914	23,80,418	23,92,447
S.I.2.1.1	Non-food Credit	14,66,386	18,84,669	18,47,313	18,50,885	23,17,515	23,31,180	23,42,301
S.I.2.2	Net Credit to Primary Dealers	4,369	2,799	2,187	2,517	3,521	3,383	2,724
S.I.2.3	Investments in Other Approved Securities	16,712	15,458	15,038	15,074	13,053	19,286	19,222
S.I.2.4	Other Investments (in non-SLR Securities)	1,35,340	140,455	1,68,432	1,63,941	1,70,609	1,89,841	1,80,236
S.II	**Net Foreign Currency Assets of Commercial Banks (S.II.1-S.II.2-S.II.3)**	**-45,616**	**-40,612**	**-45,020**	**-37,794**	**-70,196**	**-71,711**	**-89,944**
S.II.1	Foreign Currency Assets	43,494	58,754	43,815	50,441	31,189	37,127	22,979
S.II.2	Non-resident Foreign Currency Repatriable Fixed Deposits	59,275	67,461	62,969	63,259	56,935	59,192	58,724
S.II.3	Overseas Foreign Currency Borrowings	29,834	31,905	25,865	24,977	44,451	49,646	54,198
S.III	**Net Bank Reserves (S.III.1+S.III.2-S.III.3)**	**1,38,619**	**1,90,116**	**2,12,260**	**1,96,584**	**2,71,166**	**3,00,604**	**2,99,561**
S.III.1	Balances with the RBI	1,27,061	1,80,222	1,97,292	1,80,601	2,57,122	2,81,242	2,81,399
S.III.2	Cash in Hand	13,046	16,139	15,069	16,085	18,044	19,890	19,774
S.III.3	Loans and Advances from the RBI	1,488	6,245	101	101	4,000	528	1,612
S.IV	**Capital Account**	**1,77,727**	**2,02,800**	**2,28,334**	**2,29,613**	**2,72,622**	**3,14,588**	**3,15,612**
S.V.	**Other items (net) (S.I+S.II+S.III-S.IV-C.I-C.II)**	**1,46,600**	**1,82,354**	**1,57,367**	**1,45,358**	**1,89,598**	**2,07,567**	**1,81,469**
S.V.1	Other Demand & Time Liabilities (net of S.II.3)	1,58,946	2,10,329	1,94,905	1,95,309	2,53,905	2,44,896	2,40,448
S.V.2	Net Inter-Bank Liabilities (other than to PDs)	25,141	13,903	16,294	13,369	10,797	7,490	3,973

Note : Data are provisional.

No. 11B: Monetary Survey

(Rs.crore)

Item		Outstandings as on						
		Mar 31, 2006	Mar 31, 2007	Jun 8, 2007	Jun 22, 2007	Mar 31, 2008	Jun 6, 2008	Jun 20, 2008
1		2	3	4	5	6	7	8
Monetary Aggregates								
M_1 (C.I+C.II.1+C.III)		8,30,269	9,69,408	9,43,574	9,42,992	11,52,851	11,15,061	11,06,506
NM_2 (M_1+C.II.2.1)		16,55,646	19,90,617	20,05,597	20,09,645	24,00,856	24,19,918	24,11,938
NM_3 (NM2+C.II.2.2+C.IV = S.I+S.II+S.III-S.IV-S.V)		**27,47,585**	**33,24,598**	**33,84,592**	**33,96,184**	**40,32,699**	**41,23,691**	**41,12,306**
Components								
C.I	**Currency with the Public**	**4,13,143**	**4,82,977**	**5,06,601**	**5,01,256**	**5,67,615**	**6,04,606**	**6,04,127**
C.II	**Aggregate Deposits of Residents (C.II.1+C.II.2)**	**22,44,430**	**27,48,289**	**27,82,156**	**28,05,015**	**33,49,511**	**34,05,056**	**33,98,577**
C.II.1	Demand Deposits	4,10,258	4,78,935	4,22,105	4,34,676	5,76,167	5,05,373	4,97,618
C.II.2	Time Deposits of Residents (C.II.2.1+C.II.2.2)	18,34,172	22,69,354	23,60,051	23,70,340	27,73,344	28,99,683	29,00,960
C.II.2.1	Short-term Time Deposits	8,25,378	10,21,209	10,62,023	10,66,653	12,48,005	13,04,857	13,05,432
C.II.2.1.1	Certificates of Deposits (CDs)	44,499	97,442	1,01,722	1,06,757	1,66,642	1,63,661	1,65,211
C.II.2.2	Long-term Time Deposits	10,08,795	12,48,144	12,98,028	13,03,687	15,25,339	15,94,825	15,95,528
C.III	**'Other' Deposits with RBI**	**6,869**	**7,496**	**14,867**	**7,060**	**9,069**	**5,082**	**4,761**
C.IV	**Call/Term Funding from Financial Institutions**	**83,144**	**85,836**	**80,967**	**82,852**	**1,06,504**	**1,08,947**	**1,04,840**
Sources								
S.I	**Domestic Credit (S.I.1+S.I.2)**	**25,93,131**	**30,96,138**	**31,22,991**	**31,14,780**	**36,31,337**	**37,16,291**	**37,14,110**
S.I.1	Net Bank Credit to the Government (S.I.1.1+S.I.1.2)	7,56,094	8,25,557	8,63,884	8,53,274	8,96,064	9,34,607	9,27,776
S.I.1.1	Net RBI credit to the Government	6,599	2,423	12,657	-19,731	-1,13,209	-1,24,207	-1,13,222
S.I.1.2	Credit to the Government by the Banking System	7,49,495	8,23,135	8,51,226	8,73,004	10,09,273	10,58,814	10,40,998
S.I.2	Bank Credit to the Commercial Sector (S.I.2.1+S.I.2.2)	18,37,037	22,70,580	22,59,107	22,61,506	27,35,273	27,81,684	27,86,333
S.I.2.1	RBI Credit to the Commercial Sector	4,385	1,537	1,386	1,386	1,788	1,383	1,408
S.I.2.2	Credit to the Commercial Sector by the Banking System	18,32,652	22,69,043	22,57,721	22,60,120	27,33,485	27,80,301	27,84,926
S.I.2.2.1	Other Investments (Non-SLR Securities)	1,44,303	1,49,417	1,77,394	1,72,904	1,79,572	1,98,803	1,89,198
S.II	**Government's Currency Liabilities to the Public**	**8,754**	**8,261**	**8,457**	**8,427**	**9,324**	**9,486**	**9,486**
S.III	**Net Foreign Exchange Assets of the Banking Sector (S.III.1+S.III.2)**	**6,27,368**	**8,25,541**	**8,11,632**	**8,25,614**	**11,65,934**	**12,76,492**	**12,50,118**
S.III.1	Net Foreign Exchange Assets of the RBI	6,72,983	8,66,153	8,56,651	8,63,408	12,36,130	13,48,203	13,40,062
S.III.2	Net Foreign Currency Assets of the Banking System	-45,616	-40,612	-45,020	-37,794	-70,196	-71,711	-89,944
S.IV	**Capital Account**	**3,18,544**	**3,84,250**	**3,60,380**	**3,60,600**	**4,75,973**	**6,05,676**	**6,07,350**
S.V	**Other Items (net)**	**1,63,123**	**2,21,092**	**1,98,108**	**1,92,037**	**2,97,923**	**2,72,901**	**2,54,057**

Notes : 1. Data are provisional.

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

No.11C: Reserve Bank of India Survey

(Rs. crore)

Item		Outstandings as on						
		Mar 31, 2006	Mar 31, 2007	Jun 8, 2007	Jun 22, 2007	Mar 31, 2008	Jun 6, 2008	Jun 20, 2008
1		2	3	4	5	6	7	8
Components								
C.I	Currency in Circulation	4,30,676	5,04,199	5,25,043	5,21,064	5,90,901	6,27,949	6,27,696
C.II	Bankers' Deposits with the RBI	1,35,511	1,97,295	2,09,064	1,92,496	3,28,447	2,99,448	2,99,115
C.II.1	Scheduled Commercial Banks	1,27,061	1,86,322	1,97,292	1,80,601	3,11,880	2,81,242	2,81,399
C.III	'Other' Deposits with the RBI	6,869	7,496	14,867	7,060	9,069	5,082	4,761
C.IV	**Reserve Money (C.I+C.II+C.III = S.I + S.II + S.III - S.IV - S.V)**	**5,73,055**	**7,08,990**	**7,48,974**	**7,20,621**	**9,28,417**	**9,32,479**	**9,31,572**
Sources								
S.I	**RBI's Domestic Credit (S.I.1+S.I.2+S.I.3)**	**13,781**	**11,596**	**15,384**	**-17,008**	**-1,06,831**	**-1,22,289**	**-1,10,202**
S.I.1	Net RBI credit to the Government (S.I.1.1+S.I.1.2)	6,599	2,423	12,657	-19,731	-1,13,209	-1,24,207	-1,13,222
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)	5,160	2,136	11,795	-19,690	-1,14,636	-1,24,165	-1,13,206
S.I.1.1.1	Loans and Advances to the Central Government	–	–	21,579	–	–	–	–
S.I.1.1.2	Investments in Treasury Bills	–	–	–	–	–	–	–
S.I.1.1.3	Investments in dated Government Securities	70,409	97,172	76,455	62,888	1,14,593	50,210	75,354
S.I.1.1.3.1	Central Government Securities	69,362	96,125	75,409	61,842	1,13,547	49,164	74,308
S.I.1.1.4	Rupee Coins	154	12	169	140	132	158	131
S.I.1.1.5	Deposits of the Central Government	65,404	95,048	86,407	82,717	2,29,361	1,74,533	1,88,692
S.I.1.2	Net RBI credit to State Governments	1,439	287	862	-41	1,427	-41	-16
S.I.2	RBI's Claims on Banks	2,797	7,635	1,341	1,337	4,590	535	1,612
S.I.2.1	Loans and Advances to Scheduled Commercial Banks	1,488	6,310	101	101	4,571	528	1,612
S.I.3	RBI's Credit to Commercial Sector	4,385	1,537	1,386	1,386	1,788	1,383	1,408
S.I.3.1	Loans and Advances to Primary Dealers	–	153	–	–	405	–	175
S.I.3.2	Loans and Advances to NABARD	2,998	–	–	–	–	–	–
S.II	**Government's Currency Liabilities to the Public**	**8,754**	**8,261**	**8,457**	**8,427**	**9,324**	**9,486**	**9,486**
S.III	**Net Foreign Exchange Assets of the RBI**	**6,72,983**	**8,66,153**	**8,56,651**	**8,63,408**	**12,36,130**	**13,48,203**	**13,40,062**
S.III.1	Gold	25,674	29,573	28,147	28,147	40,124	39,190	39,190
S.III.2	Foreign Currency Assets	6,47,327	8,36,597	8,28,522	8,35,279	11,96,023	13,09,030	13,00,890
S.IV	**Capital Account**	**1,16,647**	**1,57,279**	**1,07,875**	**1,06,816**	**1,79,181**	**2,66,917**	**2,67,567**
S.V	**Other Items (net)**	**5,816**	**19,740**	**23,642**	**27,391**	**31,025**	**36,003**	**40,206**

Note : Data are provisional.

No. 11D: Liquidity Aggregates (Outstanding Amounts)

(Rs. Crore)

Month/Year	NM_3	Postal Deposits	L_1	Liabilities of Financial Institutions: Term Money Borrowings	CDs	Term Deposits	Total	L_2	Public Deposits with NBFCs	L_3
1	2	3	4=(2+3)	5	6	7	8=(5+6+7)	9=(4+8)	10	11=(9+10)
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**	22,623	**29,34,677**
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**	24,623	**31,63,706**
January	30,84,631	1,14,759	**31,99,390**	2,656	31	245	2,932	**32,02,322**		
February	31,52,769	1,14,804	**32,67,573**	2,656	31	245	2,932	**32,70,505**		
March	33,24,598	1,15,549	**34,40,147**	2,656	31	245	2,932	**34,43,079**	24,697	**34,67,776**
2007- 08										
April	33,28,180	1,15,589	**34,43,769**	2,656	31	245	2,932	**34,46,701**		
May	33,43,121	1,16,135	**34,59,256**	2,656	31	245	2,932	**34,62,188**		
June	33,96,184	1,16,573	**35,12,757**	2,656	31	245	2,932	**35,15,689**	25,619	**35,41,308**
July	34,63,052	1,16,874	**35,79,926**	2,656	31	245	2,932	**35,82,858**		
August	34,97,583	1,16,886	**36,14,469**	2,656	31	245	2,932	**36,17,401**		
September	35,96,806	1,16,882	**37,13,688**	2,656	31	245	2,932	**37,16,620**	25,968	**37,42,588**
October	36,21,994	1,16,886	**37,38,880**	2,656	31	245	2,932	**37,41,812**		
November	36,81,864	1,16,994	**37,98,858**	2,656	31	245	2,932	**38,01,790**		
December	37,16,924	1,16,901	**38,33,825**	2,656	31	245	2,932	**38,36,757**	25,968	**38,62,725**
January	38,17,808	1,15,871	**39,33,679**	2,656	31	245	2,932	**39,36,611**		
February	39,04,454	1,14,579	**40,19,033**	2,656	31	245	2,932	**40,21,965**		
March	40,32,699	1,14,460	**41,47,159**	2,656	31	245	2,932	**41,50,091**	25,968	**41,76,060**
2008 - 09										
April	40,42,653	1,14,460	**41,57,113**	2,656	31	245	2,932	**41,60,045**		
May	40,96,096	1,14,460	**42,10,556**	2,656	31	245	2,932	**42,13,488**		
June	41,12,306	1,14,460	**42,26,766**	2,656	31	245	2,932	**42,29,698**	25,968	**42,55,666**

CDs: Certificates of Deposit; L_1, L_2 and L_3: 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 corporate and others.
4. Since August 2002, Term Deposits include CP 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 L_1 and L_2 are compiled on a monthly basis, L_3 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
2005-06	4,30,676	17,557	6,869	1,35,511	**5,73,055**
2006-07	5,04,199	21,293	7,496	1,97,295	**7,08,990**
2007-08	5,90,901	23,425	9,069	3,28,447	**9,28,417**
June 1, 2007	5,20,179	–	5,992	2,26,187	**7,52,358**
June 8, 2007	5,25,043	18,464	14,867	2,09,064	**7,48,974**
June 15, 2007	5,24,644	–	5,447	2,12,927	**7,43,019**
June 22, 2007	5,21,064	19,922	7,060	1,92,496	**7,20,621**
June 29, 2007	5,15,774	–	4,758	2,11,370	**7,31,901**
February 2008	5,75,530	21,094	5,022	2,70,106	**8,50,659**
March 2008	5,90,901	23,425	9,069	3,28,447	**9,28,417**
April 2008	6,11,019	21,347	6,192	2,71,181	**8,88,392**
May 2008	6,25,180	22,216	6,223	2,80,639	**9,12,042**
June 6, 2008	6,27,949	23,507	5,082	2,99,448	**9,32,479**
June 13, 2008	6,31,167	–	4,673	3,18,909	**9,54,750**
June 20, 2008	6,27,696	23,739	4,761	2,99,115	**9,31,572**
June 27, 2008	6,22,019	–	4,879	3,23,739	**9,50,637**

See 'Notes on Table'.

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 and Co-operative Banks	National Bank for Agriculture and Rural Development	Commercial Sector (2)				
1	2	3	4	5	6	7	8	**9**
2005-06	6,599	2,797	2,998	1,387	6,72,983	8,754	1,22,463	**5,73,055**
2006-07	2,423	7,635	–	1,537	8,66,153	8,261	1,77,019	**7,08,990**
2007-08	-1,13,209	4,590	–	1,788	12,36,130	9,324	2,10,206	**9,28,417**
June 1, 2007	21,965	1,428	–	1,386	8,42,991	8,457	1,23,870	**7,52,358**
June 8, 2007	12,657	1,341	–	1,386	8,56,651	8,457	1,31,518	**7,48,974**
June 15, 2007	1,850	1,359	–	1,386	8,62,467	8,457	1,32,499	**7,43,019**
June 22, 2007	-19,731	1,337	–	1,386	8,63,408	8,427	1,34,206	**7,20,621**
June 29, 2007	25,001	1,276		1,383	8,68,043	8,427	1,72,228	**7,31,901**
February 2008	-1,72,322	797	–	1,703	12,00,808	9,234	1,89,560	**8,50,659**
March 2008	-1,13,209	4,590	–	1,788	12,36,130	9,324	2,10,206	**9,28,417**
April 2008	-1,60,485	474	–	1,383	12,54,862	9,390	2,17,231	**8,88,392**
May 2008	-1,44,323	166	–	1,383	13,49,895	9,486	3,04,565	**9,12,042**
June 6, 2008	-1,24,207	535	–	1,383	13,48,203	9,486	3,02,920	**9,32,479**
June 13, 2008	-96,460	3,726	–	1,693	13,29,368	9,486	2,93,062	**9,54,750**
June 20, 2008	-1,13,222	1,612	–	1,408	13,40,062	9,486	3,07,773	**9,31,572**
June 27, 2008	-82,860	3,115	–	1,510	13,31,642	9,486	3,12,255	**9,50,637**

See 'Notes on Table'.

No.14: Daily Call Money Rates

As on	Range of Rates		Weighted Average Rates	
	Borrowings	Lendings	Borrowings	Lendings
1	2	3	4	5
June 2, 2008	6.00 - 7.75	6.00 - 7.75	7.33	7.33
June 3, 2008	5.00 - 6.20	5.00 - 6.20	6.07	6.07
June 4, 2008	5.10 - 6.15	5.10 - 6.15	6.05	6.05
June 5, 2008	5.00 - 6.10	5.00 - 6.10	6.00	6.00
June 6, 2008	4.50 - 7.75	4.50 - 7.75	6.09	6.09
June 7, 2008	5.50 - 7.00	5.50 - 7.00	6.76	6.76
June 9, 2008	5.50 - 8.00	5.50 - 8.00	7.13	7.13
June 10, 2008	6.00 - 8.05	6.00 - 8.05	7.81	7.81
June 11, 2008	5.50 - 8.25	5.50 - 8.25	7.78	7.78
June 12, 2008	5.90 - 8.40	5.90 - 8.40	8.21	8.21
June 13, 2008	6.25 - 8.30	6.25 - 8.30	8.19	8.19
June 14, 2008	7.00 - 8.50	7.00 - 8.50	8.20	8.20
June 16, 2008	6.00 - 8.20	6.00 - 8.20	8.07	8.07
June 17, 2008	6.20 - 8.25	6.20 - 8.25	8.10	8.10
June 18, 2008	6.20 - 8.35	6.20 - 8.35	8.04	8.04
June 19, 2008	6.25 - 8.25	6.25 - 8.25	8.07	8.07
June 20, 2008	2.50 - 8.46	2.50 - 8.46	7.73	7.73
June 21, 2008	7.00 - 8.25	7.00 - 8.25	8.12	8.12
June 23, 2008	6.50 - 8.50	6.50 - 8.50	8.23	8.23
June 24, 2008	6.50 - 8.30	6.50 - 8.30	8.23	8.23
June 25, 2008	7.50 - 9.25	7.50 - 9.25	8.98	8.98
June 26, 2008	7.50 - 10.25	7.50 - 10.25	8.74	8.74
June 27, 2008	6.50 - 10.25	6.50 - 10.25	8.73	8.73
June 28, 2008	5.75 - 9.75	5.75 - 9.75	8.74	8.74
June 30, 2008	5.00 - 8.80	5.00 - 8.80	8.30	8.30
July 2, 2008	5.50 - 8.55	5.50 - 8.55	7.61	7.61
July 3, 2008	5.00 - 6.75	5.00 - 6.75	6.35	6.35
July 4, 2008	3.60 - 8.73	3.60 - 8.73	6.26	6.26
July 5, 2008	7.25 - 10.00	7.25 - 10.00	8.77	8.77
July 7, 2008	7.25 - 9.50	7.25 - 9.50	8.94	8.94
July 8, 2008	7.60 - 9.30	7.60 - 9.30	9.01	9.01
July 9, 2008	7.00 - 9.50	7.00 - 9.50	9.03	9.03
July 10, 2008	7.25 - 9.25	7.25 - 9.25	9.01	9.01
July 11, 2008	7.25 - 9.25	7.25 - 9.25	9.07	9.07
July 12, 2008	6.00 - 9.00	6.00 - 9.00	8.39	8.39
July 14, 2008	5.75 - 9.10	5.75 - 9.10	8.93	8.93
July 15, 2008	7.00 - 9.10	7.00 - 9.10	8.97	8.97

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
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**
September	28,	2007	10,594	11,732	1,175	37	**23,539**
October	15,	2007	7,804	8,648	867	22	**17,341**
October	26,	2007	8,618	9,603	989	5	**19,214**
November	9,	2007	9,535	10,929	1,396	2	**21,862**
November	23,	2007	7,867	9,013	1,166	21	**18,066**
December	7,	2007	7,420	8,819	1,428	29	**17,697**
December	21,	2007	7,237	8,564	1,357	30	**17,185**
January	4,	2008	8,972	10,297	1,425	96	**20,786**
January	18,	2008	9,574	11,049	1,548	74	**22,245**
February	1,	2008	13,854	15,452	1,709	111	**31,127**
February	15,	2008	10,618	11,906	1,327	40	**23,891**
February	29,	2008	9,897	10,734	854	17	**21,501**
March	14,	2008	8,493	9,688	1,202	8	**19,391**
March	28,	2008	13,366	14,339	973	–	**28,678**
April	11,	2008	6,289	7,285	1,055	59	**14,688**
April	25,	2008	9,011	10,020	1,127	117	**20,275**
May	9,	2008	9,706	10,560	997	143	**21,406**
May	23,	2008	7,970	8,910	1,032	92	**18,004**
June	6,	2008	9,716	10,706	1,001	11	**21,435**
June	20,	2008	9,229	9,929	711	10	**19,878**
July	4,	2008	11,049	11,845	828	33	**23,756**

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
2006-07				**2007-08**				**2008-09**			
April	14	38,568	6.00 - 8.90	April	13	93,808	9.50 - 11.50	April	11	1,49,986	8.00 - 9.72
	28	44,059	6.00 - 8.45		27	95,980	9.40 - 11.50		25	1,50,865	7.70 - 9.96
May	12	48,515	6.50 - 7.90	May	11	97,292	10.05 - 11.50	May	9	1,53,410	7.75 - 10.20
	26	50,228	6.37 - 8.67		25	99,715	7.00 - 10.82		23	1,56,780	8.00 - 10.20
June	9	53,863	5.75 - 7.96	June	8	99,287	6.13 - 10.95	June	6	1,59,696	8.60 - 10.20
	23	56,390	5.50 - 8.16		22	98,337	7.00 - 10.20		20	1,63,143	8.62 - 9.79
July	7	57,256	6.00 - 8.70	July	6	1,02,992	6.25 - 9.69				
	21	59,167	4.35 - 8.21		20	1,05,317	5.50 - 10.82				
August	4	64,748	6.00 - 8.62	August	3	1,03,750	6.05 - 10.75				
	18	65,621	4.75 - 8.50		17	1,06,350	6.87 - 8.91				
September	1	66,340	4.60 - 8.50		31	1,09,224	6.87 - 10.75				
	15	63,864	7.13 - 8.50	September	14	1,13,892	6.87 - 10.00				
	29	65,274	7.25 - 8.50		28	1,18,481	6.87 - 10.00				
October	13	64,482	4.75 - 8.50	October	12	1,22,142	6.87 - 10.00				
	27	65,764	6.00 - 8.50		26	1,24,232	6.85 - 10.00				
November	10	67,694	6.75 - 8.50	November	9	1,25,653	6.87 - 9.00				
	24	68,911	7.50 - 8.33		23	1,27,143	6.87 - 9.03				
December	8	69,664	6.00 - 8.36	December	7	1,25,327	8.05 - 9.25				
	22	68,619	7.25 - 8.90		21	1,23,466	8.05 - 10.00				
January	5	68,928	8.26 - 9.25	January	4	1,27,154	6.87 - 9.82				
	19	70,149	8.00 - 9.55		18	1,29,123	7.90 - 9.21				
February	2	70,727	8.41 - 9.80	February	1	1,32,395	7.90 - 9.85				
	16	72,795	9.40 - 10.83		14	1,35,097	6.83 - 9.75				
March	2	77,971	9.90 - 11.30		29	1,39,160	9.22 - 10.27				
	16	92,468	10.30 - 11.25	March	14	1,43,714	7.00 - 10.48				
	30	93,272	10.23 - 11.90		28	1,47,792	9.00 - 10.75				

@ : 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
2006-07				**2007-08**				**2008-09**			
April	15	12,968.25	6.77 – 8.95	April	15	19,012.70	10.00–14.00	April	15	35,793.55	7.74–10.25
	30	16,550.15	6.35 – 9.25		30	18,759.00	9.65–11.75		30	37,583.55	7.35–10.10
May	15	17,264.35	6.32 – 7.95	May	15	19,288.00	9.25–11.45	May	15	41,005.55	7.15–10.75
	31	17,066.51	6.40 – 9.25		31	22,024.00	8.71–12.00		31	42,031.55	7.70–10.50
June	15	18,932.51	6.44 – 9.25	June	15	25,499.75	7.00–10.80	June	15	45,982.80	8.25–11.60
	30	19,649.51	6.59 – 9.25		30	26,256.25	7.35–12.00		30	46,847.30	9.00–12.25
July	15	21,652.30	6.25 – 8.30	July	15	28,129.25	4.00–11.50				
	31	21,110.30	6.50 – 8.25		31	30,631.25	7.05–11.50				
August	15	23,084.30	6.25 – 8.10	August	15	31,784.25	7.59–13.50				
	31	23,299.30	6.60 – 9.00		31	31,527.00	8.30–10.25				
September	15	24,011.30	6.40 – 8.17	September	15	33,227.00	6.35–10.90				
	30	24,444.30	7.10 – 9.25		30	33,614.05	7.70–12.00				
October	15	23,521.00	7.20 – 8.65	October	15	38,494.55	7.00–13.00				
	31	23,171.00	7.00 – 8.75		31	42,182.55	6.70–12.00				
November	15	23,450.20	7.25 – 9.25	November	15	41,677.55	7.50–12.00				
	30	24,238.20	7.50 – 9.50		30	41,307.55	8.05–11.50				
December	15	23,827.20	7.50 – 8.75	December	15	40,913.55	8.22–11.50				
	31	23,536.20	7.74–10.00		31	40,231.17	8.40–11.70				
January	15	23,758.20	8.30 – 9.58	January	15	42,391.55	7.35–12.50				
	31	24,398.20	8.25–10.50		31	50,063.05	7.55–16.00				
February	15	23,999.20	8.00–11.25	February	15	43,920.58	6.95–11.00				
	28	21,167.20	8.70–12.00		29	40,642.05	7.40–11.00				
March	15	19,102.20	7.50–13.35	March	15	37,282.76	9.50–11.00				
	31	17,688.20	10.25–13.00		31	32,591.55	9.50–14.25				

* : Issued at face value by companies.
@ : Typical effective discount rate range per annum on issues during the fortnight.

Government Accounts

No. 18 : Union Government Accounts at a Glance

(Amount in Rs. crore)

Item	Financial Year	April - June			
	2008-09 (Budget Estimates)	2007-08 (Actuals)	2008-09 (Actuals)	Percentage to Budget Estimates	
				2007-08	2008-09
1	2	3	4	5	6
1. Revenue Receipts	**6,02,935**	**64,428**	**82,315**	**13.2**	**13.7**
2. Tax Revenue (Net)	5,07,150	57,470	74,735	14.2	14.7
3. Non-Tax Revenue	95,785	6,958	7,580	8.4	7.9
4. Capital Receipts	**1,47,949**	**1,15,472**	**86,624**	**59.5**	**58.5**
5. Recovery of Loans	4,497	701	498	46.7	11.1
6. Other Receipts	10,165	2,367	0	5.7	–
7. Borrowings and Other Liabilities	1,33,287	1,12,404	86,126	74.5	64.6
8. Total Receipts (1+4)	**7,50,884**	**1,79,900**	**1,68,939**	**26.4**	**22.5**
9. Non-Plan Expenditure	**5,07,498**	**1,31,999**	**1,06,776**	**27.8**	**21.0**
10. On Revenue Account	4,48,352	93,520	1,03,282	24.4	23.0
of which :					
(i) Interest Payments	1,90,807	34,274	35,912	21.6	18.8
11. On Capital Account	59,146	38,479	3,494	41.9	5.9
12. Plan Expenditure	**2,43,386**	**47,901**	**62,163**	**23.4**	**25.5**
13. On Revenue Account	2,09,767	39,554	55,590	22.7	26.5
14. On Capital Account	33,619	8,347	6,573	27.1	19.6
15. Total Expenditure (9+12)	**7,50,884**	**1,79,900**	**1,68,939**	**26.4**	**22.5**
16. Revenue Expenditure (10+13)	6,58,119	1,33,074	1,58,872	23.9	24.1
17. Capital Expenditure (11+14)	92,765	46,826	10,067	38.2	10.9
18. Revenue Deficit (16-1)	**55,184**	**68,646**	**76,557**	**96.0**	**138.7**
19. Fiscal Deficit {15-(1+5+6)}	**1,33,287**	**1,12,404**	**86,126**	**74.5**	**64.6**
20. Gross Primary Deficit [19-10(i)]	**-57,520**	**78,130**	**50,214**	**-970.9**	**-87.3**

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
Mar. 31, 2008	—	—	—	—	6,057	—	23,825	—	10,075	—	—
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
Aug. 2007	—	—	—	—	27,491	—	33,596	—	12,509	—	—
Sep. 2007	—	—	—	—	22,194	—	27,953	—	9,807	—	—
Oct. 2007	—	—	—	—	23,927	—	26,503	—	15,573	—	—
Nov. 2007	—	—	—	—	21,013	—	24,028	—	12,397	—	—
Dec. 2007	—	—	—	—	13,999	—	21,978	—	8,501	—	20
Jan. 2008	—	—	—	—	11,143	—	23,278	—	6,946	—	20
Feb. 2008	—	—	—	—	8,503	—	26,135	—	8,629	—	—
Mar. 2008	—	—	—	—	6,057	—	23,825	—	10,075	—	—
Apr. 2008	—	—	—	—	7,596	—	23,547	—	10,946	—	—
May 2008	—	—	—	—	10,949	—	24,951	—	16,051	—	—
Week Ended											
June 6, 2008	—	—	—	—	13,308	—	27,178	—	16,192	—	—
June 13, 2008	—	—	—	—	14,075	—	28,428	—	17,926	—	—
June 20, 2008	—	—	—	—	15,868	—	29,144	—	18,132	—	—
June 27, 2008	—	—	—	—	15,065	—	26,704	—	18,435	—	—

* : 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			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						
				Competitive	Non-Competitive		Competitive	Non-Competitive					
1	2	3	4	5	6	7	8	9	10	11	12	13	14
2007-08													
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	2,000.00	200.00	—	2,200.00	98.41	6.4805	70,997.08
Aug. 8	Aug. 10	2,000	86	4,295.00	2,500.00	29	2,000.00	2,500.00	—	4,500.00	98.39	6.5634	73,497.08
Aug. 14	Aug. 17	2,000	94	3,450.47	303.00	61	2,000.00	303.00	—	2,303.00	98.35	6.7292	72,397.08
Aug. 22	Aug. 24	2,000	82	3,990.50	2,050.00	14	2,000.00	2,050.00	—	4,050.00	98.33	6.8121	72,896.08
Aug. 29	Aug. 31	3,500	104	7,552.50	550.00	26	3,500.00	550.00	—	4,050.00	98.26	7.1027	73,596.08
Sep. 5	Sep. 7	3,500	103	7,985.00	2,100.00	52	3,500.00	2,100.00	—	5,600.00	98.27	7.0612	69,703.00
Sep. 12	Sep. 14	3,500	110	8,870.92	4,300.00	53	3,500.00	4,300.00	—	7,800.00	98.26	7.1027	69,403.00
Sep. 19	Sep. 21	3,500	88	7,838.25	7,100.00	33	3,500.00	7,100.00	—	10,600.00	98.29	6.9781	65,053.00
Sep. 26	Sep. 28	3,500	82	4,255.14	1,000.00	69	3,500.00	1,000.00	—	4,500.00	98.24	7.1858	59,953.00
Oct . 3	Oct. 5	3,500	94	5,383.00	4,000.00	80	3,500.00	4,000.00	—	7,500.00	98.25	7.1443	59,853.00
Oct . 10	Oct. 12	3,500	117	13,193.00	1,200.00	32	3,500.00	1,200.00	—	4,700.00	98.29	6.9781	62,303.00
Oct . 17	Oct. 19	3,500	122	7,672.50	1,100.00	68	3,500.00	1,100.00	—	4,600.00	98.26	7.1027	64,403.00
Oct . 24	Oct. 26	3,500	110	7,803.33	100.00	60	3,500.00	100.00	—	3,600.00	98.28	7.0196	66,003.00
Oct. 31	Nov. 2	3,500	89	3,701.78	380.99	31	500.00	380.99	—	880.99	98.21	7.3105	64,683.99
Nov. 7	Nov. 8	3,500	98	7,154.50	600.00	3	500.00	600.00	—	1,100.00	98.21	7.3105	61,283.99
Nov. 14	Nov. 16	3,500	80	6,860.57	203.00	49	3,500.00	203.00	—	3,703.00	98.16	7.5186	62,683.99
Nov. 21	Nov. 23	2,000	69	2,437.85	970.00	15	500.00	970.00	—	1,470.00	98.16	7.5186	60,103.99
Nov. 28	Nov. 30	2,000	70	2,618.50	994.47	13	500.00	994.47	—	1,494.47	98.16	7.5186	57,548.46
Dec. 5	Dec. 7	2,000	63	2,609.00	2,400.00	33	1,500.00	2,400.00	—	3,900.00	98.16	7.5186	55,848.46
Dec. 12	Dec. 14	500	52	2,481.62	1,800.00	10	500.00	1,800.00	—	2,300.00	98.18	7.4353	50,348.46
Dec. 19	Dec. 20	500	54	3,179.50	7,300.00	9	500.00	7,300.00	—	7,800.00	98.20	7.3521	47,548.46
Dec. 26	Dec. 28	500	55	2,510.00	950.00	16	500.00	950.00	—	1,450.00	98.20	7.3521	44,498.46

No. 21: Auctions of 91 day Government of India Treasury Bills *(Concld.)*

(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 Out-standing as on the Date of Issue (Face Value)
			Number	Total Face Value		Number	Total Face Value						
				Com-petitive	Non-Com-petitive		Com-petitive	Non-Com-petitive					
1	2	3	4	5	6	7	8	9	10	11	12	13	14
Jan. 2	Jan. 4	500	71	3,411.05	1,000.00	7	500.00	1,000.00	—	1,500.00	98.28	7.0196	38,498.46
Jan. 9	Jan. 11	3,500	77	6,274.10	3,500.00	40	3,500.00	3,500.00	—	7,000.00	98.28	7.0196	40,798.46
Jan. 16	Jan. 18	3,500	75	3,674.40	200.00	64	3,000.00	200.00	—	3,200.00	98.26	7.1027	39,398.46
Jan. 23	Jan. 25	3,500	61	2,974.00	3,000.00	54	2,589.00	3,000.00	—	5,589.00	98.24	7.1858	41,387.46
Jan. 30	Feb. 1	2,000	50	1,616.58	883.32	26	500.00	883.32	—	1,383.32	98.22	7.2689	41,889.79
Feb. 6	Feb. 8	2,000	66	2,540.28	2,300.00	58	2,000.00	2,300.00	—	4,300.00	98.22	7.2689	45,089.79
Feb. 13	Feb. 15	2,500	70	2,488.37	703.00	29	1,042.77	703.00	—	1,745.77	98.22	7.2689	43,132.56
Feb. 20	Feb. 22	500	51	2,110.66	1,350.00	11	500.00	1,350.00	—	1,850.00	98.19	7.3937	43,512.56
Feb. 27	Feb. 29	500	58	1,733.37	748.97	28	500.00	748.97	—	1,248.97	98.18	7.4353	43,267.06
Mar. 5	Mar. 7	500.	65	2,417.51	2,200.00	31	500.00	2,200.00	—	2,700.00	98.19	7.3937	42,067.06
Mar. 12	Mar. 14	500	64	2,120.72	200.00	23	500.00	200.00	—	700.00	98.19	7.3937	40,467.06
Mar. 19	Mar. 24	500	55	1,573.75	700.00	14	500.00	700.00	—	1,200.00	98.21	7.3105	33,867.06
Mar. 26	Mar. 28	500	62	1,833.15	7,040.00	9	500.00	7,040.00	—	7,540.00	98.23	7.2274	39,957.06
2008-09													
Apr. 2	Apr. 4	500	49	2,633.08	4,500.00	3	500.00	4,500.00	—	5,000.00	98.30	6.9366	43,457.06
Apr. 9	Apr. 11	6,000	135	8,076.23	2,422.12	113	6,000.00	2,422.12	—	8,422.12	98.23	7.2274	44,879.18
Apr. 16	Apr. 17	5,500	117	7,192.80	—	56	3,000.00	—	—	3,000.00	98.18	7.4353	44,679.18
Apr. 23	Apr. 25	2,500	106	6,747.10	500.00	40	2,500.00	500.00	—	3,000.00	98.18	7.4353	42,090.18
Apr. 30	May 2	3000	111	7,695.28	0.00	52	3,000.00	—	—	3,000.00	98.20	7.3521	43,706.86
May 7	May 9	3,000	132	8,457.10	2,635.68	76	3,000.00	2,635.68	—	5,635.68	98.21	7.3105	45,042.54
May 14	May 16	3,500	115	8,527.07	250.50	67	3,500.00	250.50	—	3,750.50	98.19	7.3937	47,047.27
May 21	May 23	3,000	91	7,919.91	4,000.00	52	3,000.00	4,000.00	—	7,000.00	98.17	7.4769	52,197.27
May 28	May 30	500	43	1,882.72	503.48	23	500.00	503.48	—	1,003.48	98.17	7.4769	51,951.78
June 4	June 6	3,000	82	5,569.37	4,426.94	67	3,000.00	4,426.94	—	7,426.94	98.15	7.5602	56,678.72
June 11	June 13	3,000	75	5,211.37	1,450.00	50	3,000.00	1,450.00	—	4,450.00	98.12	7.6851	60,428.72
June 18	June 20	2,000	80	4,164.30	715.38	55	2,000.00	715.38	—	2,715.38	98.03	8.0604	61,944.10
June 25	June 27	500	60	2,068.80	5,300.00	9	500.00	5,300.00	—	5,800.00	97.87	8.7293	60,204.10

* : 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						
						Competitive	Non-Competitive		Competitive	Non-Competitive					
1			2	3	4	5	6	7	8	9	10	11	12	13	14
2007-08															
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
Sep.	5	Sep.	7	2,500	105	4,573.00	855.00	62	2,500.00	855.00	—	3,355.00	96.44	7.4031	28,496.44
Sep.	19	Sep.	21	2,500	102	9,980.00	—	38	2,500.00	—	—	2,500.00	96.51	7.2523	30,141.44
Oct.	3	Oct.	5	2,500	71	4,990.00	—	48	2,500.00	—	—	2,500.00	96.48	7.3169	31,141.44
Oct.	17	Oct.	19	2,500	98	4,815.00	500.00	79	2,500.00	500.00	—	3,000.00	96.42	7.4462	32,117.28
Oct.	31	Nov.	2	2,500	75	3,165.00	—	18	500.00	—	—	500.00	96.36	7.5758	30,990.95
Nov.	14	Nov.	16	2,500	81	3,071.00	—	14	500.00	—	—	500.00	96.35	7.5974	29,990.95
Nov.	28	Nov.	30	1,500	71	2,310.00	—	18	500.00	—	—	500.00	96.30	7.7054	28,755.00
Dec.	12	Dec.	14	500	53	2,535.30	125.00	5	500.00	125.00	—	625.00	96.35	7.5974	24,880.00
Dec.	26	Dec.	28	500	57	2,135.50	—	22	500.00	—	—	500.00	96.35	7.5974	22,880.00
Jan.	9	Jan.	11	1,500	62	3,102.00	—	29	1,500.00	—	—	1,500.00	96.52	7.2308	22,880.00
Jan.	23	Jan.	25	2,500	60	2,855.00	—	41	2,105.00	—	—	2,105.00	96.51	7.2523	22,585.00
Feb.	6	Feb.	8	1,500	60	3,267.00	—	26	1,500.00	0.00	—	1,500.00	96.50	7.2738	22,085.00
Feb.	20	Feb.	22	500	40	1,822.00	—	12	500.00	0.00	—	500.00	96.38	7.5326	19,585.00
Mar.	5	Mar.	7	500	57	1,827.50	855.00	34	500.00	855.00	—	1,355.00	96.38	7.5326	17,585.00
Mar.	19	Mar.	24	500	42	2,340.00	1,200.00	6	500.00	1,200.00	—	1,700.00	96.46	7.3600	16,785.00
2008-09															
Apr.	2	Apr.	4	500	52	2,095.00	—	2	500.00	—	—	500.00	96.54	7.1877	14,785.00
Apr.	16	Apr.	17	3,000	77	2,663.00	1,500.00	28	500.00	1,500.00	—	2,000.00	96.35	7.5974	13,785.00
Apr.	30	May	2	1,000	84	4,430.25	750.00	8	1,000.00	750.00	—	1,750.00	96.42	7.4462	15,035.00
May	14	May	16	2,000	85	3,431.00	553.00	61	2,000.00	553.00	—	2,553.00	96.36	7.5758	17,088.00
May	28	May	30	500	52	1,872.00	700.00	6	500.00	700.00	—	1,200.00	96.38	7.5326	17,788.00
Jun.	11	Jun.	13	500	52	1,366.20	1,125.00	17	500.00	1,125.00	—	1,625.00	96.31	7.6838	18,788.00
Jun.	25	Jun.	27	500	41	1,393.00	1,000.00	18	500.00	1,000.00	—	1,500.00	95.63	9.1645	19,788.00

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			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						
				Competitive	Non-Competitive		Competitive	Non-Competitive					
1	2	3	4	5	6	7	8	9	10	11	12	13	14
2007-08													
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	—	—	2,000.00	93.26	7.2470	55,627.43
Aug. 14	Aug. 17	2,000	104	4,685.00	—	33	2,000	—	—	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	33.27	—	2,033.27	93.02	7.5244	55,642.70
Sep. 12	Sep. 14	3,000	133	11,145.00	—	30	3,000	—	—	3,000.00	93.07	7.4665	56,542.70
Sep. 26	Sep. 28	3,000	97	5,846.00	375.00	66	3,000	375.00	—	3,375.00	93.04	7.5012	57,317.70
Oct. 10	Oct. 12	3,000	154	11,231.50	—	31	3,000	—	—	3,000.00	93.15	7.3739	58,300.50
Oct. 24	Oct. 26	3,000	125	8,141.00	24.00	36	3,000	24.00	—	3,024.00	93.16	7.3624	60,039.50
Nov. 7	Nov. 8	3,000	92	4,425.00	—	64	3,000	—	—	3,000.00	92.82	7.7567	61,039.50
Nov. 21	Nov. 23	2,000	90	4,550.00	—	17	1,000	—	—	1,000.00	92.83	7.7450	60,039.50
Dec. 5	Dec. 7	2,000	97	5,711.70	—	50	2,000	—	—	2,000.00	92.86	7.7101	60,039.50
Dec. 19	Dec. 20	1,000	79	4,485.00	250.00	18	1,000	250.00	—	1,250.00	92.90	7.6636	59,039.50
Jan. 2	Jan. 4	1,000	98	6,415.00	—	8	1,000	—	—	1,000.00	93.14	7.3855	58,034.40
Jan. 16	Jan. 18	3,000	118	6,897.00	118.75	59	3,000	118.75	—	3,118.75	93.14	7.3855	59,595.95
Jan. 30	Feb. 1	2,000	75	3,185.00	—	42	2,000	—	—	2,000.00	93.05	7.4896	60,345.95
Feb. 13	Feb. 15	3,000	114	9,149.00	503.70	46	3,000	503.70	—	3,503.70	93.06	7.4780	61,753.65
Feb. 27	Feb. 29	1,000	71	3,690.00	—	14	1,000	—	—	1,000.00	93.00	7.5476	60,753.65
Mar. 12	Mar. 14	1,000	85	5,816.82	272.65	5	1,000	272.65	—	1,272.65	93.09	7.4433	59,755.30
Mar. 26	Mar. 28	1,000	79	5,573.36	—	5	1,000	—	—	1,000.00	93.17	7.3508	57,205.30
2008-09													
Apr. 9	Apr. 11	2,000	95	4,697.50	—	44	2,000	—	—	2,000.00	93.15	7.3739	57,075.30
Apr. 23	Apr. 25	2,000	102	4,735.00	—	55	2,000	—	—	2,000.00	92.88	7.6869	56,775.30
May 7	May 9	3,500	166	9,640.50	650.00	68	3,500.00	650.00	—	4,150.00	93.00	7.5476	58,925.30
May 21	May 23	1,000	109	4,100.00	1,500.00	42	1,000.00	1,500.00	—	2,500.00	92.90	7.6636	59,425.30
Jun. 4	Jun. 6	1,000	79	3,695.00	1,400.00	5	1,000.00	1,400.00	—	2,400.00	92.95	7.6056	58,706.76
Jun. 18	Jun. 20	1,000	68	1,900.70	—	54	1,000.00	—	—	1,000.00	92.40	8.2477	56,210.80

* : 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
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
August	2,41,706.99	2,514.20	11,899.44	6,877.99	13,643.66	482.50
September	1,74,533.46	1,201.42	5,521.12	8,768.86	10,539.40	428.36
October	1,45,814.85	1,714.00	22,191.33	13,299.05	20,733.58	531.41
November	1,73,573.07	3,058.32	8,788.56	6,219.26	14,338.14	193.03
December	2,12,467.87	2,344.34	5,998.32	2,498.72	13,450.44	5,372.60
January	5,54,272.55	4,412.28	5,581.92	6,000.66	21,903.31	5,344.63
February	4,34,802.32	4,730.56	2,810.06	4,485.10	11,915.60	2,998.80
March	1,72,568.68	1,962.38	2,892.25	2,054.68	8,168.54	3,429.97
2008-09						
April	1,63,277.17	2,403.36	8,859.65	2,530.12	8,201.96	1,590.93
May	318,354.85	11,798.94	11,537.89	2,526.64	4,653.10	350.87
Week-Ended						
June 6, 2008	32,765.76	368.72	2,681.24	278.00	2,561.68	396.64
June 13, 2008	56,657.42	307.62	1,629.68	409.56	443.00	4,770.00
June 20, 2008	52,198.66	135.76	3,321.62	7.80	471.02	4,140.00
June 27, 2008	53,715.32	633.14	2,432.60	851.40	1,444.22	4,675.91

@ : Based on SGL outright transactions in government securities in secondary market at Mumbai. It excludes repo transactions.

\+ : Turnover upto the last Friday of the month over the last Friday of preceding month.

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

No. 25: Repo / Reverse Repo Auctions Under Liquidity Adjustment Facility

(Amount in Rs. crore)

LAF Date	Repo/ Reverse Repo Period (Day(s))	REPO (Injection)					REVERSE REPO (Absorption)					Net Injection (+)/ Absorption (–) of liquidity [(6)–(11)]	Outstanding Amount @
		Bids Received		Bids Accepted		Cut-off Rate (%)	Bids Received		Bids Accepted		Cut-off Rate (%)		
		Number	Amount	Number	Amount		Number	Amount	Number	Amount			
1	2	3	4	5	6	7	8	9	10	11	12	13	14
June 2, 2008	1	1	10	1	10	7.75	2	2,310	2	2,310	6.00	–2,300	2,300
June 3, 2008	1	–	–	–	–	–	17	27,955	17	27,955	6.00	–27,955	27,955
June 4, 2008	1	–	–	–	–	–	22	29,095	22	29,095	6.00	–29,095	29,095
June 5, 2008	1	–	–	–	–	–	21	23,395	21	23,395	6.00	–23,395	23,395
June 6, 2008	3	–	–	–	–	–	19	22,025	19	22,025	6.00	–22,025	22,025
June 9, 2008	1	–	–	–	–	–	–	–	–	–	–	–	–
June 10, 2008	1	17	22,330	17	22,330	7.75	–	–	–	–	–	22,330	–22,330
June 11, 2008	1	6	5,695	6	5,695	7.75	–	–	–	–	–	5,695	–5,695
June 12, 2008	1	17	20,030	17	20,030	8.00	–	–	–	–	–	20,030	–20,030
June 13, 2008	3	14	12,290	14	12,290	8.00	–	–	–	–	–	12,290	–12,290
June 16, 2008	1	7	5,620	7	5,620	8.00	–	–	–	–	–	5,620	–5,620
June 17, 2008	1	7	5,015	7	5,015	8.00	–	–	–	–	–	5,015	–5,015
June 18, 2008	1	6	6,270	6	6,270	8.00	–	–	–	–	–	6,270	–6,270
June 19, 2008	1	10	11,575	10	11,575	8.00	–	–	–	–	–	11,575	–11,575
June 20, 2008	3	4	5,000	4	5,000	8.00	–	–	–	–	–	5,000	–5,000
June 23, 2008	1	25	32,215	25	32,215	8.00	–	–	–	–	–	32,215	–32,215
June 24, 2008	1	32	38,730	32	38,730	8.00	–	–	–	–	–	38,730	–38,730
June 25, 2008	1	38	46,990	38	46,990	8.50	–	–	–	–	–	46,990	–46,990
June 26, 2008	1	26	32,750	26	32,750	8.50	–	–	–	–	–	32,750	–32,750
June 27, 2008	3	23	32,090	23	32,090	8.50	–	–	–	–	–	32,090	–32,090
June 30, 2008	2	22	22,805	22	22,805	8.50	1	300	1	300	6.00	22,505	–22,505

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
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	State Governments	Market	State Governments		Market	State Governments	Market	State Governments	
1	2	3	4	5	6	7	8	9	10	11
2007-08										
April	10.00	—	—	332.24	–322.24	—	—	—	—	—
May	—	—	—	742.80	–742.80	—	—	—	—	—
June	—	—	—	254.86	–254.86	—	—	—	—	—
July	25.00	—	—	656.74	–631.74	—	—	—	—	—
August	—	—	—	456.28	–456.28	—	—	—	—	—
September	15.00	—	—	413.35	–398.35	—	—	—	—	—
October	—	—	—	539.93	–539.93	—	—	—	—	—
November	—	—	—	184.51	–184.51	—	—	—	—	—
December	5,485.00	—	—	167.44	5,317.56	—	—	—	—	—
January	2,535.00	—	—	2,577.82	–42.82	—	—	—	—	—
February	2,660.00	—	—	290.27	2,369.73	—	—	—	—	—
March	2,780.00	—	—	970.93	1,809.07	—	—	—	—	—
2008-09										
April	745.58	—	—	861.19	–115.61	—	—	—	—	—
May	127.50	—	—	216.63	–89.13	—	—	—	—	—
June	15,238.80 +	—	—	310.18	14,928.62	—	—	—	—	—

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

+ : Includes purchase of Oil Marketing Companies Government of India Special Bonds (Oil bonds) of Rs. 14,990 crore (face value) in June 2008 under Special Market Operations (SMO).

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
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-17	2017-18	2018-19	Beyond 2019	
1	2	3	4	5	6	7	8	9	10	11	12
I June 6, 2008											
a. Amount	260.00	2,399.00	710.00	–	1.00	380.00	1,630.54	155.52	9,090.19	1,757.14	184.36
b. YTM *											
Min.	8.1614	7.7557	7.9795	–	–	8.0485	8.0906	8.0950	8.0404	8.2120	8.4183
Max.	8.3524	8.0519	8.1558	–	–	8.1471	8.2275	8.2192	8.4501	9.1703	8.6054
II June 13, 2008											
a. Amount	120.00	2,158.10	367.03	575.03	–	390.00	156.70	173.10	11,888.52	12,500.23	153.81
b. YTM *											
Min.	8.2927	7.9714	8.0955	8.2500	–	8.1983	8.2046	8.2736	8.0812	8.3746	8.4493
Max.	8.3256	8.2436	8.3284	8.3475	–	8.3463	8.3492	8.3712	8.3855	9.1702	8.6791
III June 20, 2008											
a. Amount	260.00	1,628.36	1,031.45	224.73	10.00	445.12	1,037.22	163.55	11,205.58	10,093.32	67.88
b. YTM *											
Min.	8.5000	8.0218	8.2179	8.3623	8.4280	8.3289	8.2126	8.2987	8.3051	8.3300	8.4434
Max.	8.7000	8.6373	8.6963	8.6054	8.4595	8.4988	8.8793	8.4986	8.4879	9.3500	8.6307
IV June 27, 2008											
a. Amount	255.00	5,511.12	359.55	353.81	4,705.00	268.07	1,420.70	548.99	5,965.36	7,470.08	316.57
b. YTM *											
Min.	9.4437	8.2677	8.2843	8.6608	8.6354	8.5380	6.8787	7.4506	8.4803	8.7892	8.6718
Max.	9.5000	9.2193	9.2059	9.3886	9.1674	8.7990	8.9888	8.9016	8.8296	9.9000	9.2508

* Minimum and maximum YTMs (% 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 crore, YTM in per cent per annum)

Week ended		Treasury Bills Residual Maturity in days		
	up to 14 days	15-91 days	92-182 days	183 - 364 days
1	2	3	4	5
I June 6, 2008				
a. Amount	160.00	1,528.72	86.00	985.84
b. YTM *				
Min.	5.7524	6.6002	7.3600	7.4500
Max.	6.7550	7.5602	7.5601	7.5499
II June 13, 2008				
a. Amount	13.00	814.84	216.78	196.50
b. YTM *				
Min.	5.7505	7.2496	7.5999	7.5200
Max.	5.7505	7.6851	7.6838	7.7500
III June 20, 2008				
a. Amount	1.45	1,664.71	30.00	204.06
b. YTM *				
Min.	–	7.4596	7.9599	8.0000
Max.	–	8.0604	8.0999	8.1500
IV June 27, 2008				
a. Amount	10.00	1,377.30	289.70	687.11
b. YTM *				
Min.	6.1988	6.2494	8.0500	8.6400
Max.	6.1988	8.8002	9.0987	9.0501

* Minimum and maximum YTMs (% 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)	2007						2008					
	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.
1	2	3	4	5	6	7	8	9	10	11	12	13
1	7.1362	7.6839	7.6836	7.6895	7.7597	7.6573	7.4307	7.4481	7.4252	7.7279	7.8502	9.1340
2	7.2619	7.7159	7.7759	7.7266	7.8157	7.6615	7.5106	7.5449	7.5140	7.8050	7.9675	9.3297
3	7.3610	7.7479	7.8006	7.7420	7.8257	7.6656	7.5426	7.5749	7.5433	7.8901	7.9923	9.2864
4	7.3621	7.7774	7.8014	7.7529	7.8349	7.6698	7.5281	7.5699	7.5429	7.9165	8.0172	9.2257
5	7.3980	7.7944	7.8022	7.7639	7.8441	7.6740	7.5137	7.5649	7.5424	7.9151	8.0421	9.1651
6	7.5420	7.8114	7.8100	7.7825	7.8542	7.6944	7.5061	7.6111	7.5534	7.9217	8.0743	9.1045
7	7.6543	7.8577	7.8680	7.8189	7.8672	7.7159	7.5084	7.6674	7.5640	7.9326	8.1091	9.0439
8	7.6890	7.9041	7.8750	7.8356	7.8802	7.7371	7.5180	7.5376	7.5742	7.9595	8.1430	8.9727
9	7.8113	7.9103	7.8902	7.8464	7.8937	7.7727	7.5375	7.5760	7.5816	7.9691	8.1348	8.8334
10	7.9108	7.9194	7.9155	7.8699	7.9218	7.8057	7.5737	7.6268	7.6367	8.0181	8.1069	8.6518
11	7.9338	7.9463	7.9762	7.9217	7.9727	7.8411	7.6318	7.6775	7.7147	8.0914	8.2966	8.7884
12	7.9568	7.9732	8.0369	7.9735	8.0236	7.8765	7.6900	7.7282	7.7928	8.1647	8.3057	8.9250
13	7.9798	8.0002	8.0976	8.0252	8.0745	7.9118	7.7482	7.7789	7.8708	8.2380	8.3148	9.0559
14	8.0028	8.0271	8.1583	8.0770	8.1254	7.9472	7.7492	7.8277	7.8804	8.2975	8.3240	9.1168
15	8.0265	8.0540	8.1915	8.1135	8.1523	8.0368	7.7489	7.8371	7.8321	8.3047	8.3331	9.1776
16	8.0529	8.0810	8.2079	8.1325	8.1728	8.0733	7.7585	7.8494	7.8492	8.3119	8.3422	9.2384
17	8.0793	8.1079	8.2242	8.1515	8.1934	8.0782	7.7682	7.8618	7.8664	8.3191	8.3514	9.2992
18	8.1057	8.1349	8.2406	8.1704	8.2139	8.0831	7.7779	7.8741	7.8836	8.3263	8.3605	9.3601
19	8.1321	8.1618	8.2569	8.1894	8.2345	8.0880	7.7875	7.8865	7.9008	8.3334	8.3696	9.4027
20	8.1585	8.1887	8.2733	8.2083	8.2550	8.0929	7.7972	7.8988	7.9180	8.3406	8.3788	9.4140
21	8.1849	8.2157	8.2897	8.2273	8.2756	8.0977	7.8068	7.9111	7.9352	8.3478	8.3879	9.4252
22	8.2114	8.2426	8.3060	8.2462	8.2961	8.1026	7.8165	7.9235	7.9523	8.3550	8.3970	9.4365
23	8.2378	8.2696	8.3224	8.2652	8.3167	8.1075	7.8261	7.9358	7.9695	8.3622	8.4062	9.4477
24	8.2642	8.2965	8.3387	8.2841	8.3372	8.1124	7.8358	7.9482	7.9867	8.3694	8.4153	9.4590
25	8.2906	8.3232	8.3551	8.3002	8.3516	8.1159	7.8431	7.9603	7.9988	8.3766	8.4244	9.4702
26	8.2954	8.3232	8.3714	8.3024	8.3483	8.1168	7.8473	7.9723	8.0072	8.3838	8.4336	–
27	8.2983	8.3232	8.3878	8.3047	8.3449	8.1176	7.8515	7.9843	8.0155	8.3910	8.4427	–
28	8.3013	8.3232	8.4041	8.3069	8.3415	8.1185	7.8557	7.9964	8.0239	8.3982	8.4518	–
29	8.3043	8.3231	8.4205	8.3092	8.3381	8.1193	7.8599	8.0084	8.0323	8.4053	8.4610	–
30	–	–	–	–	–	–	–	–	–	–	–	–

No. 28: Redemption Yield on Government of India Securities Based on SGL Transactions*

(Per cent per annum)

Sr. No	Nomenclature of the loan	2005-06	2006-07	2007-08	2007		2008			
					May	June	March	April	May	June
1	2	3	4	5	6	7	8	9	10	11
A)	**Terminable Under 5 years**									
1	06.00% 2008	..	..	..	..	..	..	..	..	..
2	09.50% 2008	6.59	7.14	7.32	7.76	..	..	..	..	..
3	10.80% 2008	6.56	6.65	7.43		7.91	7.51	..	..	..
4	11.40% 2008	6.40	7.22	7.26	7.92	..	..	..	7.67	..
5	11.50% 2008	6.38	7.08	7.81	7.90	7.89	..	..	..	..
6	12.00% 2008	6.41	7.04	7.60	7.82	7.79	8.70	..	..	..
7	12.10% 2008	6.62	7.54	7.86	7.81	8.41	7.35	..	..	..
8	12.15% 2008	6.32	7.75	..	..	..	..	..	..	..
9	12.22% 2008	6.35	6.86	..	..	..	..	..	..	..
10	12.25% 2008	6.55	7.07	8.15	8.99	..	7.41	7.26	..	..
11	05.48% 2009	6.87	6.88	7.63	..	..	7.48	7.70	7.73	8.48
12	06.65% 2009	6.54	7.51	7.66	8.01	7.87	7.50	7.75	7.74	8.12
13	06.99% 2009	..	..	..	..	..	..	..	..	..
14	07.00% 2009	6.73	7.50	8.09	8.38	8.41	8.62	..	..	..
15	11.50% 2009	6.71	7.52	7.95	..	..	..	..	..	..
16	11.99% 2009	6.59	7.25	7.65	8.03	..	7.51			
17	05.87% 2010	6.57	..	7.63		..	7.51	7.78	7.81	8.38
18	06.00% 2010	..	..	..	..	..	..	..	..	..
19	06.20% 2010	..	..	..	..	..	..	..	..	..
20	07.50% 2010	6.89	7.77	7.35			7.73	7.66	..	8.21
21	07.55% 2010	6.69	7.42	7.69	8.05	7.85	7.51	7.64	7.82	7.64
22	08.75% 2010	6.95	7.98	..	..	..	..	..	..	..
23	11.30% 2010	6.85	7.39	7.70		9.16	7.54	8.18	7.86	8.50
24	11.50% 2010	6.85	7.43	7.70	..		7.58	7.57	7.81	
25	12.25% 2010	6.86	7.45	7.55	8.15		7.48	7.86	7.82	8.33
26	12.29% 2010	6.85	7.50	7.78	8.12	7.88	7.55	7.58	..	..
27	08.00% 2011	7.10	7.86	7.93	..	..	..	..	..	..
28	09.39% 2011	6.86	7.52	7.78	8.09	8.01	7.53	8.06	7.98	8.65
29	10.95% 2011	6.96	7.33	7.94	8.15	8.23	..	..	7.93	
30	11.50% 2011	6.98	7.43	7.82	8.03	8.25	7.71	..	..	..
31	12.00% 2011	7.03	7.97	7.95	8.15		7.71	..	..	..
32	12.32% 2011	6.89	7.59	7.85	..	8.31		8.38		8.02
33	05.03% 2011	..	..	..	..	..	..	..	..	..
34	06.57% 2011			7.37	..	..	..	7.98	7.80	8.29
35	06.72% 2012	6.51	6.93	7.87	..	..	..	..	..	..
36	06.85% 2012	6.86	7.58	7.80	..	..	7.59	..	..	..
37	07.40% 2012	6.95	7.55	7.83	8.10	8.07	7.74	7.59	..	8.80
38	09.40% 2012	6.96	7.60	7.87	..	8.39	7.72	8.14	..	7.99
39	10.25% 2012	7.06	7.88	8.08	..	8.12	7.60	7.78	..	8.24
40	11.03% 2012	7.02	7.81	8.10	8.21	8.05	7.95	..	..	
B)	**Between 5 & 10 years**									
41	07.27% 2013	6.98	7.58	7.66	..	8.11	7.53	7.97	7.91	8.31
42	09.00% 2013	7.06	7.86	8.25	..	8.39	..	..	..	
43	09.81% 2013	7.11	7.85	8.11	..	..	..	..	..	8.80
44	12.40% 2013	7.17	7.93	7.99	..	..	7.70	8.07	7.96	8.11
45	06.72% 2014	7.05	8.05	7.89	..	..	..	..	..	..
46	07.37% 2014	7.04	7.74	7.86	8.13	8.17	7.60	7.85	7.93	8.38
47	10.00% 2014	7.22	7.71	8.09	..	8.53	7.37	..	8.80	..
48	10.50% 2014	7.28	7.83	7.85	..		7.50	..	..	..
49	11.83% 2014	7.17	7.84	7.94	8.26	8.25	7.73	8.00	7.92	8.41
50	07.38% 2015	7.06	7.70	7.95	8.15	8.19	7.61	8.04	7.99	8.41

No. 28: Redemption Yield on Government of India Securities Based on SGL Transactions* *(concld.)*

(Per cent per annum)

Sr. No	Nomenclature of the loan	2005-06	2006-07	2007-08	2007		2008			
					May	June	March	April	May	June
1	2	3	4	5	6	7	8	9	10	11
51	09.85% 2015	7.24	7.76	8.01	8.20		7.40			8.82
52	10.47% 2015	7.22	7.59	8.06	8.32	..	..	..	..	..
53	10.79% 2015	7.22	7.65	8.02	..	..	..	..	..	..
54	11.43% 2015	7.19	7.92	8.06	8.32	..	..		8.51	..
55	11.50% 2015	7.27	7.91	8.12	8.35	8.21	7.72	8.05	7.89	..
56	05.59% 2016	7.17	7.66	8.18				8.29		..
57	07.59% 2016	..	7.79	7.91	8.17	8.23	7.69	..	8.03	8.39
58	10.71% 2016	7.26	7.95	7.89	..	..	..	..	..	..
59	12.30% 2016	7.26	8.21	8.41	..		8.05	..	8.66	8.62
60	07.46% 2017	7.25	7.81	7.88	8.21	8.32	7.58	8.09	8.11	8.55
61	07.49% 2017	7.25	7.82	7.87	8.17	8.23	7.61	7.95	8.10	8.47
62	07.99% 2017	..	..	7.85	..	..	7.65	8.04	8.02	8.46
63	08.07% 2017	7.22	7.80	7.93	8.12	8.15	7.75	8.05	8.00	8.34
C)	**Between 10 & 15 years**									
64	05.69% 2018	7.29	7.95	7.99	8.37		7.74		8.04	8.53
65	06.25% 2018	7.23	7.91	8.03	8.34	8.26	7.77	7.84	8.08	8.02
66	08.24% 2018	..	..	..	..	..	..	8.12	7.94	8.39
67	10.45% 2018	7.34	8.05	8.19	8.43	8.60	..	..	..	..
68	12.60% 2018	7.61	7.91	..	..	..	..	..	..	..
69	05.64% 2019	7.27	8.12	8.07	8.37	8.52	7.87	8.17	8.18	8.44
70	06.05% 2019	7.27	7.91	8.11	8.26	8.36	7.89	7.91	8.04	8.46
71	10.03% 2019	7.38	7.83	8.22	8.27	..	..	..	..	..
72	06.35% 2020	7.33	7.95	8.12	8.25	8.44	7.87	8.01	8.34	8.49
73	10.70% 2020	7.46	8.00	8.48	..	8.60	..	..	8.66	..
74	11.60% 2020	7.36	7.73	8.00	..	..	..	..	..	..
75	07.94% 2021		8.07	8.11	8.25	8.23	7.74	8.33	8.19	8.28
76	10.25% 2021	7.46	8.07	8.11	8.34	8.29	7.89		8.23	8.62
77	05.87% 2022	7.51	8.02	6.87	..	..	..	6.18	8.27	8.44
78	08.08% 2022	..	..	7.90	..	..	7.90	..	..	..
79	08.13% 2022	..	..	7.90	..	..	7.90	..	..	..
80	08.20% 2022	..	..	7.95	..	..	7.90	8.36	8.18	8.81
81	08.35% 2022	7.41	8.02	7.99	8.30	8.33	7.86	8.38	8.19	8.52
D)	**Over 15 years**									
82	06.17% 2023	7.38	8.01	8.18	8.38	8.34	7.91	8.14	8.33	8.80
83	06.30% 2023	7.36	8.01	8.08		8.35	7.92	..	..	..
84	10.18% 2026	7.49	7.86	8.26	8.22	..	8.05	..	..	
85	08.24% 2027	..	8.19	8.06	..	..	..	..	..	9.33
86	08.26% 2027	..	..	8.21	..		8.21			
87	06.01% 2028	7.38	8.02	8.28	8.45	8.51	8.03	8.49	8.62	8.53
88	06.13% 2028	7.42	8.02	8.31	8.51	8.50	8.01	8.32	8.30	8.89
89	07.95% 2032	7.57	8.07	8.19	8.30	8.39	8.02	8.60	8.37	8.95
90	08.28% 2032	..	..	..	..	..	..	..	8.48	..
91	08.32% 2032	..	..	7.94	..	..	..	..	..	
92	07.50% 2034	7.54	8.19	8.38	8.73	8.88	8.06	..	8.64	9.10
93	07.40% 2035	7.55	8.14	8.27	..	..	8.07	..	8.51	
94	08.33% 2036		8.13	8.28	8.50	8.55	8.14	8.58	8.39	8.77

* : 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.

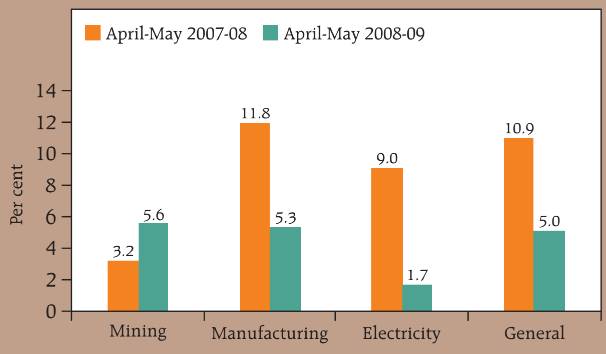
Production

No. 29: Group-Wise Index Number of Industrial Production (Base : 1993-94=100)

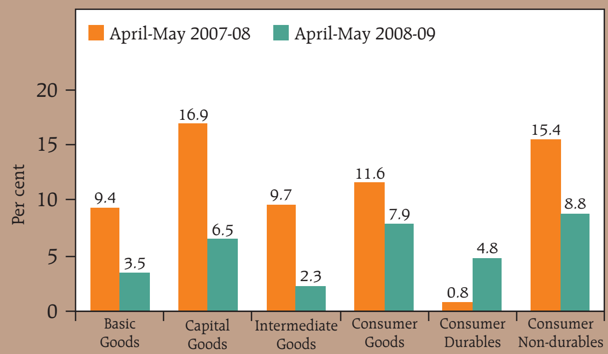
Sr. No.	Industry	Weight	Annual			Cumulative		Monthly	
			2005-06	2006-07	2007-08(P)	April-May		May	
						2007-08	2008-09 (P)	2007	2008 (P)
1	2	3	4	5	6	7	8	9	10
	General Index	**100.00**	**221.5**	**247.1**	**267.7**	**256.9**	**269.8**	**263.1**	**273.2**
I.	**Sectoral Classification**								
1	Mining and Quarrying	**10.47**	154.9	163.2	171.6	164.7	173.9	168.1	176.8
2	Manufacturing	**79.36**	234.2	263.5	286.7	273.8	288.3	280.5	291.5
3	Electricity	**10.17**	190.9	204.7	217.7	220.4	224.2	225.6	230.1
II.	**Use-Based Classification**								
1	Basic Goods	**35.57**	189.8	209.3	223.9	218.2	225.8	223.6	230.3
2	Capital Goods	**9.26**	265.8	314.2	367.3	306.6	326.6	334.7	343.1
3	Intermediate Goods	**26.51**	216.4	242.4	264.0	256.7	262.5	264.2	267.5
4	Consumer Goods	**28.66**	251.4	276.8	293.6	289.9	312.7	288.8	309.5
4(a)	Consumer Durables	**5.36**	349.9	382.0	378.1	361.1	378.6	380.3	396.9
4(b)	Consumer Non-Durables	**23.30**	228.8	252.6	274.1	273.5	297.5	267.7	289.4

Source : Central Statistical Organisation, Government of India.

Sectoral Growth of Industrial Production



Growth in IIP : Use-based Classification

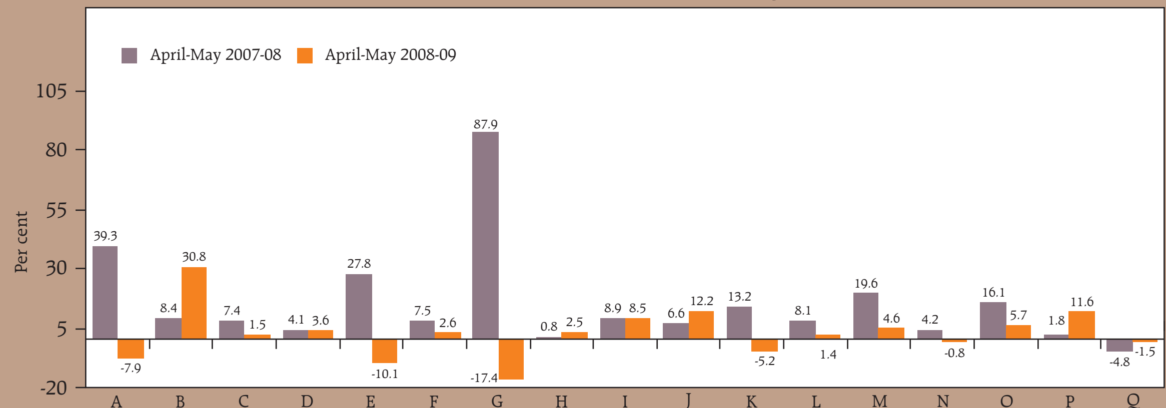


No. 30 : IIP - Seventeen Major Industry Groups of Manufacturing Sector
(Base : 1993-94=100)

Industry Group	Industry	Weight	Annual			Cumulative		Monthly	
						April-May		May	
			2005-06	2006-07	2007-08(P)	2007-08	2008-09(P)	2007	2008(P)
1	2	3	4	5	6	7	8	9	10
	Manufacturing Index	**79.36**	**234.2**	**263.5**	**286.8**	**273.8**	**288.2**	**280.5**	**291.5**
20-21	Food Products	9.08	170.6	185.2	198.2	196.5	181.0	166.0	151.7
22	Beverages, Tobacco and Related Products	2.38	400.3	444.5	497.5	480.4	628.3	503.7	660.6
23	Cotton Textiles	5.52	137.0	157.3	164.0	161.6	164.1	164.1	166.8
24	Wool, Silk and Man-made Fibre Textiles	2.26	248.9	268.4	281.2	270.7	280.4	289.4	305.6
25	Jute and Other Vegetable Fibre Textiles (Except Cotton)	0.59	107.7	90.7	120.7	120.0	107.9	117.2	106.7
26	Textile Products (Including Wearing Apparel)	2.54	255.5	285.0	295.5	303.4	311.2	297.8	312.2
27	Wood and Wood Products, Furniture and Fixtures	2.70	70.5	91.0	127.0	125.2	103.4	143.1	99.1
28	Paper and Paper Products and Printing, Publishing and Allied Industries	2.65	228.6	248.6	255.3	246.9	253.0	249.9	257.0
29	Leather and Leather & Fur Products	1.14	149.3	150.2	167.5	150.7	163.5	166.6	179.2
30	Chemicals and Chemical Products (Except Products Of Petroleum and Coal)	14.00	258.5	283.4	313.4	308.5	346.0	319.5	349.7
31	Rubber, Plastic, Petroleum and Coal Products	5.73	200.5	226.3	246.3	243.2	230.5	252.7	226.3
32	Non-metallic Mineral Products	4.40	271.1	305.8	323.4	320.5	325.0	324.7	329.3
33	Basic Metal and Alloy Industries	7.45	227.0	278.9	312.7	295.9	309.4	302.0	314.7
34	Metal Products and Parts, Except Machinery and Equipment	2.81	164.4	183.2	172.9	156.2	155.0	165.9	157.7
35-36	Machinery and Equipment Other Than Transport Equipment	9.57	312.8	357.1	391.0	358.0	378.3	382.3	399.0
37	Transport Equipment and Parts	3.98	319.7	367.7	378.3	347.2	387.4	361.0	405.4
38	Other Manufacturing Industries	2.56	276.9	298.4	357.4	281.7	277.5	301.3	275.5

Source : Central Statistical Organisation, Government of India.

Growth Performance of Manufacturing Industries



A Food products
B Beverages, tobacco and related products
C Cotton textiles
D Wool, silk and man-made fibre textiles
E Jute and other vegetable fibre textiles (except Cotton)
F Textile products (including wearing apparel)
G Wood and wood products, furniture & fixtures
H Paper and paper products and printing, publishing and allied industries
I Leather and leather & fur products
J Chemicals and Chemical Products (except products of petroleum & coal)
K Rubber, plastic, petroleum and coal products
L Non-metallic mineral products
M Basic metal and alloy industries
N Metal products and parts (except machinery and equipment)
O Machinery and equipment other than transport equipment
P Transport equipment and parts
Q Other manufacturing industries

Capital Market

No.31: New Capital Issues By Non-Government Public Limited Companies

(Amount in Rs. crore)

Security & Type of Issue	2006-07 (April-March)		2007-08 (April-March)		April-May 2007		April-May 2008	
	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)	114	29,756.0	111	56,848.3	10	1,162.1	6	746.1
	(109)	(19,732.9)	(103)	(54,732.4)	(10)	(1,056.3)	(6)	(719.0)
a) Prospectus	81	27,175.0	85	47,477.5	9	1,004.5	5	321.2
	(81)	(17,639.6)	(83)	(46,138.8)	(9)	(901.9)	(5)	(296.5)
b) Rights	33	2,581.0	26	9,370.8	1	157.6	1	424.9
	(28)	(2,093.3)	(20)	(8,593.6)	(1)	(154.4)	(1)	(422.5)
2) Preference Shares (a+b)	–	–	1	5,480.8	–	–	–	–
a) Prospectus	–	–	–	–	–	–	–	–
b) Rights	–	–	1	5,480.8	–	–	–	–
3) Debentures (a+b)	3	847.0	2	808.8	–	–	–	–
a) Prospectus	–	–	–	–	–	–	–	–
b) Rights	3	847.0	2	808.8	–	–	–	–
of which:								
I) Convertible (a+b)	–	–	1	205.9	–	–	–	–
a) Prospectus	–	–	–	–	–	–	–	–
b) Rights	–	–	1	205.9	–	–	–	–
II) Non-Convertible (a+b)	3	847.0	1	602.9	–	–	–	–
a) Prospectus	–	–	–	–	–	–	–	–
b) Rights	3	847.0	1	602.9	–	–	–	–
4) Bonds (a+b)	–	–	1	500.0	–	–	–	–
a) Prospectus	–	–	1	500.0	–	–	–	–
b) Rights	–	–	–	–	–	–	–	–
5) Total (1+2+3+4)	**117**	**30,603.0**	**115**	**63,637.9**	**10**	**1,162.1**	**6**	**746.1**
a) Prospectus	81	27,175.0	86	47,977.5	9	1,004.5	5	321.2
b) Rights	36	3,428.0	29	15,660.4	1	157.6	1	424.9

Note : Figures in brackets indicate data in respect of premium on capital issues which are included in respective totals.

Source : Data are compiled from prospectus/circulars/advertisements issued by companies, replies given by the companies to the Reserve Bank's questionnaire, information received from SEBI, 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: Nov 3, 1995=1000)		
		Average	High	Low	Average	High	Low	Average	High	Low
1		2	3	4	5	6	7	8	9	10
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
2007-08		16568.89	20873.33	12455.37	8691.47	11509.96	6287.69	4896.60	6287.85	3633.60
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
September	2007	16046.02	17291.10	15422.05	8292.69	8967.41	7924.29	4659.92	5021.35	4474.75
October	2007	18500.31	19977.67	17328.62	9587.50	10391.19	8998.60	5456.62	5905.90	5068.95
November	2007	19259.55	19976.23	18526.32	10211.50	10531.67	9868.75	5748.58	5937.90	5519.35
December	2007	19827.28	20375.87	19079.64	10795.30	11154.28	10422.15	5963.57	6159.30	5742.30
January	2008	19325.65	20873.33	16729.94	10526.54	11509.96	8895.64	5756.35	6287.85	4899.30
February	2008	17727.54	18663.16	16608.01	9435.60	9969.59	8785.88	5201.56	5483.90	4838.25
March	2008	15838.38	16677.88	14809.49	8363.58	8907.23	7828.01	4769.50	4953.00	4503.10
April	2008	16290.99	17378.46	15343.12	8627.59	9240.57	8095.02	4901.91	5195.50	4647.00
May	2008	16945.65	17600.12	16275.59	8982.20	9348.64	8621.84	5028.66	5228.20	4835.30
June	2008	14997.28	16063.18	13461.60	7909.28	8488.62	7029.74	4463.79	4739.60	4040.55

*: 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
2007 - 08			8,576.11
2007 - 08			
April		2007	550.52
May		2007	716.98
June		2007	769.88
July		2007	1,344.21
August		2007	616.47
September		2007	606.03
October		2007	601.11
November		2007	259.64
December		2007	277.94
January		2008	1,987.67
February		2008	352.68
March		2008	492.98
2008 - 09			
April		2008	443.76
May		2008	530.84
June		2008	1,053.75
Week ended			
May	2,	2008	100.50
May	9,	2008	275.04
May	16,	2008	42.84
May	23,	2008	58.93
May	30,	2008	123.91
June	6,	2008	72.23
June	13,	2008	79.83
June	20,	2008	282.65
June	27,	2008	371.89

* 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)

	April-September		April-March	
	2003-04	2004-05	2002-03	2003-04
1	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	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: Monthly Average Prices of Gold and Silver in Mumbai

Month / Year		Standard Gold (Rs. per 10 grams)	Silver (Rs. per kilogram)
1		2	3
2000-01		4,474	7,868
2001-02		4,579	7,447
2002-03		5,332	7,991
2003-04		5,719	8,722
2004-05		6,145	10,681
2005-06		6,901	11,829
2006-07		9,240	19,057
2007-08		9,996	19,427
July	2006	9,559	17,786
August	2006	9,469	18,982
September	2006	8,998	18,587
October	2006	8,695	18,264
November	2006	9,140	19,351
December	2006	9,133	19,913
January	2007	9,069	19,356
February	2007	9,545	20,324
March	2007	9,370	19,494
April	2007	9,321	19,677
May	2007	8,878	18,537
June	2007	8,707	18,287
July	2007	8,741	17,815
August	2007	8,836	17,407
September	2007	9,311	17,651
October	2007	9,691	18,385
November	2007	10,340	19,573
December	2007	10,311	19,056
January	2008	11,291	20,405
February	2008	11,888	21,979
March	2008	12,632	24,357
April	2008	11,810	23,474
May	2008	12,143	23,796
June	2008	12,369	24,213
July	2008	13,055	25,269

Source : Bombay Bullion Association Ltd.

No. 36: Consumer Price Index Numbers for Industrial Workers - All India and Selected Centres

(Base : 2001=100)

Centre	New Linking Factor (1)	1990-91 @	2006-07	2007-08	2007	2008					
					Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.
1	2	3	4	5	6	7	8	9	10	11	12
All India (2)	**4.63**	**193**	**125**	**133**	**134**	**134**	**135**	**137**	**138**	**139**	**140**
Ahmedabad	4.62	196	123	131	132	131	132	133	135	134	137
Alwaye (Ernakulam)	4.52	176	127	133	135	137	136	136	140	140	140
Asansol	4.37	189	128	141	144	142	144	146	148	149	151
Bangalore	4.51	183	128	138	139	142	142	143	145	144	145
Bhavnagar	4.76	198	122	131	130	131	131	131	133	134	136
Bhopal	4.83	196	130	136	136	136	136	140	143	143	145
Chandigarh	5.26	189	127	132	132	133	134	136	138	138	139
Chennai	4.95	189	119	126	127	128	128	129	131	131	134
Coimbatore	4.49	178	121	129	129	130	132	133	134	133	135
Delhi	5.60	201	124	130	129	128	129	132	134	135	136
Faridabad	4.79	187	124	133	134	134	135	139	140	141	142
Guwahati	4.80	195	117	120	123	122	121	119	125	124	125
Howrah	5.42	212	124	132	133	132	134	134	135	137	139
Hyderabad	4.79	182	118	125	125	127	127	128	129	130	133
Jaipur	4.25	190	130	136	137	138	139	141	143	141	143
Jamshedpur	4.23	187	128	134	134	135	136	138	138	139	141
Kolkata	5.12	203	123	134	136	135	136	137	139	139	141
Ludhiana	4.12	193	131	136	134	136	137	142	145	143	143
Madurai	4.51	192	117	123	125	125	125	127	130	131	135
Monghyr-Jamalpur	4.30	189	128	136	139	136	136	140	140	140	141
Mumbai	5.18	201	128	136	138	137	138	140	141	142	143
Mundakayam	4.37	184	126	132	134	135	137	138	142	144	145
Nagpur	4.68	201	134	142	142	141	142	148	149	149	151
Pondicherry	4.88	204	125	133	134	137	136	138	142	142	144
Rourkela	4.03	179	127	140	143	143	141	141	144	147	148
Kanpur	4.50	195	127	133	133	133	134	137	138	138	139
Solapur	4.73	197	127	141	145	144	143	143	147	147	147
Srinagar	5.62	184	120	126	125	128	128	128	128	128	133

@ : Base 1982=100

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 betwen 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	2006-07	2007-08	2007					2008		
				Mar.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
1	2	3	4	5	6	7	8	9	10	11	12
All India (1)	**161**	**486**	**515**	**498**	**516**	**520**	**519**	**518**	**520**	**523**	**528**
Mumbai	154	478	504	490	502	506	508	510	509	510	513
Delhi	156	499	521	508	522	528	523	523	525	529	532
Kolkata	164	439	476	449	481	486	480	479	479	482	484
Chennai	168	569	605	585	606	607	609	607	610	611	618
Hyderabad	164	526	560	541	558	561	565	564	564	568	574
Bangalore	161	513	546	527	545	544	547	551	559	563	566
Lucknow	158	465	484	471	488	487	482	480	480	486	492
Ahmedabad	153	426	449	435	450	454	453	454	452	453	459
Jaipur	165	477	515	491	517	519	521	519	527	532	545
Patna	167	451	484	466	490	494	495	492	496	496	501
Srinagar	150	475	513	496	511	517	515	513	524	528	538
Thiruvananthapuram	152	507	535	512	528	530	535	542	548	552	555
Cuttack	154	479	507	492	507	511	512	510	510	509	510
Bhopal	166	458	482	461	481	488	490	488	490	493	502
Chandigarh	176	637	665	649	672	672	669	666	668	671	678
Shillong	179	499	565	528	566	571	572	571	580	582	584
Shimla	163	490	511	506	517	519	511	508	507	508	513
Jammu	161	480	511	492	512	514	512	507	515	523	533
Amritsar	152	402	423	412	431	433	425	422	423	427	431
Kozhikode (Calicut)	150	447	465	452	462	464	469	469	473	475	483
Kanpur	165	450	481	462	490	489	483	479	478	483	489
Indore	170	485	507	490	513	515	510	507	510	516	526
Pune	162	509	547	517	546	549	555	555	554	560	563
Jabalpur	164	437	467	452	473	476	473	471	467	471	478
Jodhpur	168	465	487	476	490	492	489	490	489	492	501

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)	2006-07	2007-08	2007	2008					
					Jun.	Jan.	Feb.	Mar.	Apr.	May	Jun.
1	2	3	4	5	6	7	8	9	10	11	12
All India	**830**	**5.89**	**388**	**417**	**399**	**413**	**417**	**423**	**429**	**431**	**434**
Andhra Pradesh	657	4.84	401	430	415	426	430	435	441	445	450
Assam	854	(3)	388	417	400	410	412	417	423	424	430
Bihar	858	6.22	384	411	385	409	413	416	422	419	421
Gujarat	742	5.34	403	424	415	419	422	425	426	427	431
Haryana		(5)	403	447	421	441	448	459	461	460	467
Himachal Pradesh		(5)	367	376	367	369	370	370	377	375	381
Jammu & Kashmir	843	5.98	392	413	403	409	414	418	419	420	423
Karnataka	807	5.81	367	406	388	404	405	409	418	421	425
Kerala	939	6.56	374	403	385	404	405	411	420	425	427
Madhya Pradesh	862	6.04	388	412	397	406	409	418	426	427	430
Maharashtra	801	5.85	402	432	415	431	431	437	442	443	449
Manipur		(5)	337	367	353	366	366	370	373	378	380
Meghalaya		(5)	410	439	422	439	435	441	444	450	452
Orissa	830	6.05	365	400	376	392	397	401	408	413	419
Punjab	930	(4)	417	448	429	436	445	454	465	465	472
Rajasthan	885	6.15	413	439	422	437	440	447	450	453	457
Tamil Nadu	784	5.67	371	403	386	401	406	412	418	423	425
Tripura		(5)	383	407	395	404	399	404	410	410	413
Uttar Pradesh	960	6.60	408	433	418	423	431	441	447	446	449
West Bengal	842	5.73	365	395	371	390	394	402	410	409	411

See 'Notes on Tables'.

No. 38: Consumer Price Index Numbers for Agricultural / Rural Labourers

B : Consumer Price Index Numbers For Rural Labourers
(Base : July 1986 - June 1987 = 100)

State	1995-96(7)	2006-07	2007-08	2007		2008					
				Jun.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.
1	2	3	4	5	6	7	8	9	10	11	12
All India	**240**	**389**	**418**	**400**	**413**	**414**	**417**	**423**	**429**	**431**	**435**
Andhra Pradesh	244	401	429	415	426	425	429	434	439	444	448
Assam	243	390	419	403	419	413	415	419	425	426	432
Bihar	223	384	412	385	411	409	413	417	422	419	421
Gujarat	241	403	425	416	422	419	422	425	427	428	433
Haryana	237	404	445	420	439	439	446	457	459	458	464
Himachal Pradesh	221	377	388	380	385	379	381	384	392	390	397
Jammu & Kashmir	225	393	413	403	409	410	415	419	420	421	423
Karnataka	250	367	407	388	403	405	405	409	418	421	425
Kerala	260	378	404	388	401	405	407	412	420	425	428
Madhya Pradesh	239	392	415	400	412	410	413	421	429	430	434
Maharashtra	247	400	428	412	424	427	427	433	438	438	445
Manipur	245	338	368	354	363	367	367	370	374	379	381
Meghalaya	250	408	436	420	435	436	433	439	442	448	450
Orissa	236	366	400	376	398	393	398	401	408	413	419
Punjab	247	419	449	430	437	439	446	454	464	465	471
Rajasthan	239	412	438	421	432	436	438	445	448	450	455
Tamil Nadu	244	370	402	384	397	400	405	410	417	422	424
Tripura	219	373	399	384	406	397	393	397	404	404	407
Uttar Pradesh	231	409	434	418	424	424	432	441	448	446	450
West Bengal	232	368	398	376	394	393	397	405	412	411	413

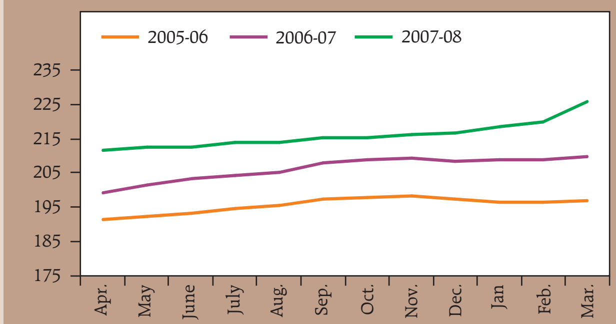
Source : Labour Bureau, Ministry of Labour, Government of India.

No. 39: Index Numbers of Wholesale Prices in India - by Groups and Sub-Groups (Averages)

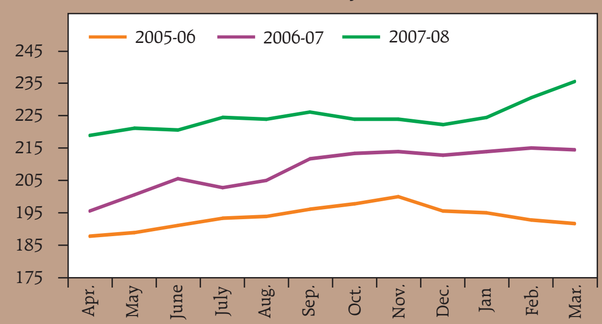
(Base : 1993-94 = 100)

Average of months/ Average of weeks ended Saturday	Weight	1994-95	2006-07	2007-08	2007			2008			
		April-March			Apr.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
1	2	3	4	5	6	7	8	9	10	11	12
ALL COMMODITIES	**100.000**	**112.6**	**206.1**	**215.9**	**211.5**	**215.9**	**216.4**	**218.2**	**219.9**	**225.5**	**228.5**
I. PRIMARY ARTICLES	**22.025**	**115.8**	**208.6**	**224.8**	**219.2**	**223.9**	**222.5**	**224.6**	**230.6**	**235.9**	**238.6**
(A) Food Articles	**15.402**	**112.8**	**210.3**	**222.1**	**218.3**	**223.0**	**220.1**	**219.7**	**222.1**	**226.7**	**230.5**
a. Foodgrains											
(Cereals+Pulses)	5.009	114.7	205.9	215.6	211.0	216.9	216.3	217.7	219.1	222.3	223.9
a1. Cereals	4.406	113.6	199.3	211.8	205.2	213.9	213.7	215.7	217.2	219.2	220.9
a2. Pulses	0.603	122.2	253.8	243.2	252.5	239.2	235.2	232.1	232.9	244.8	246.4
b. Fruits & Vegetables	2.917	108.0	227.9	236.5	238.3	234.2	222.1	218.5	220.3	236.1	245.4
b1. Vegetables	1.459	110.4	197.9	224.4	214.6	218.1	198.7	186.8	181.6	203.0	225.6
b2. Fruits	1.458	105.7	258.0	248.6	262.1	250.4	245.7	250.2	259.1	269.3	265.3
c. Milk	4.367	110.3	195.8	212.6	203.0	216.1	216.1	216.1	218.2	219.5	221.3
d. Eggs, Meat & Fish	2.208	116.1	226.9	238.7	240.8	237.2	234.6	233.1	240.1	241.3	244.3
e. Condiments & Spices	0.662	126.2	227.9	239.3	235.1	242.8	242.8	243.0	242.0	242.2	244.9
f. Other Food Articles	0.239	111.6	154.3	155.4	149.0	154.6	154.6	154.6	158.3	161.5	185.2
(B) Non-Food Articles	**6.138**	**124.2**	**188.2**	**212.2**	**204.8**	**210.3**	**211.8**	**217.3**	**221.6**	**227.6**	**227.3**
a. Fibres	1.523	150.0	155.9	179.1	173.3	177.1	180.7	185.0	186.5	193.2	197.2
b. Oil seeds	2.666	118.5	175.7	218.3	203.8	213.3	215.8	225.6	235.4	244.5	240.7
c. Other Non-Food Articles	1.949	112.0	230.6	229.7	231.0	232.0	230.5	231.2	229.9	231.2	232.5
(C) Minerals	**0.485**	**104.9**	**413.2**	**469.5**	**428.6**	**424.7**	**433.8**	**471.1**	**613.0**	**630.2**	**641.4**
a. Metallic Minerals	0.297	103.8	598.7	687.7	622.0	618.2	626.6	691.6	916.1	941.2	959.6
b. Other Minerals	0.188	106.7	120.4	124.8	123.2	119.2	129.3	122.9	134.2	138.9	138.8
II. Fuel, Power, Light & Lubricants	**14.226**	**108.9**	**324.9**	**327.2**	**320.4**	**327.1**	**331.7**	**334.5**	**335.3**	**341.5**	**342.9**
a. Coal Mining	1.753	105.1	231.6	238.0	231.6	231.6	243.8	251.9	251.9	253.6	254.4
b. Minerals Oils	6.990	106.1	388.1	392.0	380.3	393.7	400.1	403.5	405.2	414.6	417.1
c. Electricity	5.484	113.6	271.7	273.1	272.4	272.7	272.7	272.9	272.9	276.5	276.5

Monthly Movement in the Index of
WPI - All Commodities



Monthly Movement in the Index of
WPI - Primary Articles

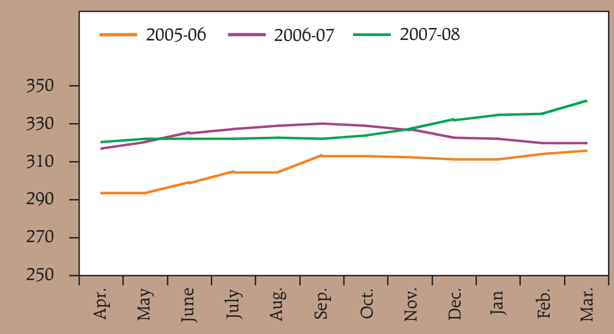


No. 39 : Index Numbers of Wholesale Prices in India - by Groups and Sub-Groups (Averages) *(Contd.)*

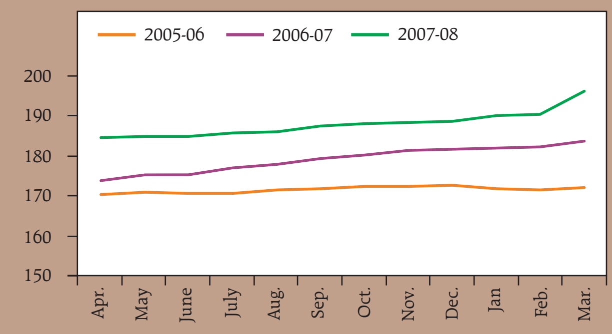
(Base : 1993-94 = 100)

Average of months/ Average of weeks ended Saturday	Weight	1994-95	2006-07	2007-08	2007			2008			
		April-March			Apr.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
1	2	3	4	5	6	7	8	9	10	11	12
III. MANUFACTURED PRODUCTS	**63.749**	**112.3**	**179.0**	**188.0**	**184.6**	**188.3**	**188.6**	**190.0**	**190.4**	**196.1**	**199.5**
(A) Food Products	**11.538**	**114.1**	**182.5**	**190.4**	**185.8**	**191.3**	**192.3**	**196.5**	**197.6**	**201.8**	**202.8**
a. Dairy Products	0.687	117.0	217.3	232.6	220.3	236.1	237.0	241.0	241.1	240.6	240.2
b. Canning, Preserving & Processing of Fish	0.047	100.0	283.7	293.8	293.8	293.8	293.8	293.8	293.8	293.8	293.8
c. Grain Mill Products	1.033	103.7	219.6	230.4	222.6	238.2	235.7	238.3	240.0	240.4	240.9
d. Bakery Products	0.441	107.7	184.3	195.5	192.2	194.9	201.0	201.0	201.4	201.3	201.3
e. Sugar, Khandsari & Gur	3.929	119.1	179.8	155.2	163.1	152.7	151.4	151.6	152.3	154.8	157.5
f. Manufacture of Common Salts	0.021	104.8	223.0	222.4	219.0	219.1	218.3	233.2	234.1	234.7	233.8
g. Cocoa, Chocolate, Sugar & Confectionery	0.087	118.3	183.1	188.1	188.1	188.1	188.1	188.1	188.1	188.1	188.1
h. Edible Oils	2.775	110.9	154.6	175.4	165.4	174.9	176.6	182.5	186.8	196.2	188.9
i. Oil Cakes	1.416	121.6	196.6	256.6	235.8	263.2	270.8	288.1	286.4	295.5	310.2
j. Tea & Coffee Proccessing	0.967	104.4	178.9	193.8	187.8	197.0	197.1	195.4	193.9	193.9	193.9
k. Other Food Products n.e.c.	0.154	111.6	198.1	218.9	210.4	214.8	220.7	233.1	234.0	235.0	237.2
(B) Beverages, Tobacco & Tobacco Products	**1.339**	**118.3**	**243.5**	**268.5**	**258.5**	**273.8**	**272.1**	**274.0**	**273.9**	**276.1**	**285.6**
a. Wine Industries	0.269	150.2	288.7	309.3	306.9	310.9	310.5	310.9	310.9	310.9	310.9
b. Malt Liquor	0.043	109.1	204.1	198.0	203.0	197.0	197.0	197.0	197.0	197.0	215.7
c. Soft Drinks & Carbonated Water	0.053	109.1	176.3	187.6	186.7	188.1	188.1	188.1	188.1	188.1	188.1
d. Manufacture of Bidi, Cigarettes, Tobacco & Zarda	0.975	110.4	236.4	264.8	251.5	271.6	269.3	271.8	271.7	274.7	286.9

Monthly Movement in 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	2006-07	2007-08	2007			2008			
		April-March			Apr.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
1	2	3	4	5	6	7	8	9	10	11	12
(C) Textiles	**9.800**	**118.2**	**132.3**	**130.9**	**132.7**	**131.1**	**128.2**	**127.9**	**127.8**	**128.7**	**127.4**
a. Cotton Textiles	4.215	132.7	159.1	156.3	159.2	155.9	150.5	149.9	150.6	151.4	149.2
a1. Cotton Yarn	3.312	136.2	156.4	153.0	156.4	152.5	145.7	145.0	145.9	146.9	144.1
a2. Cotton Cloth (Mills)	0.903	119.9	169.4	168.4	169.4	167.9	167.9	168.0	168.0	167.9	167.9
b. Man Made Textiles	4.719	105.9	96.2	97.4	96.6	98.3	97.0	97.2	96.6	98.0	97.0
b1. Man Made Fibre	4.406	105.6	93.4	94.8	93.8	95.8	94.4	94.6	94.0	95.5	94.8
b2. Man Made Cloth	0.313	109.9	136.2	134.4	136.2	133.8	133.8	133.0	133.0	133.0	128.6
c. Woolen Textiles	0.190	132.6	174.1	170.6	170.3	170.9	170.9	170.9	170.9	170.9	170.9
d. Jute, Hemp & Mesta Textiles	0.376	110.3	217.3	205.6	229.0	203.2	206.2	201.4	198.5	197.5	197.2
e. Other Misc. Textiles	0.300	109.0	189.8	182.7	184.7	182.6	183.1	181.6	181.7	181.6	182.8
(D) Wood & Wood Products	**0.173**	**110.9**	**206.4**	**215.9**	**215.9**	**215.9**	**215.9**	**215.9**	**215.9**	**215.9**	**215.9**
(E) Paper & Paper Products	**2.044**	**106.1**	**190.7**	**194.2**	**192.5**	**194.7**	**194.7**	**194.9**	**195.3**	**194.6**	**196.1**
a. Paper & pulp	1.229	108.7	170.2	175.5	173.0	176.2	176.2	176.6	177.4	176.7	179.6
b. Manufacture of Boards	0.237	110.9	165.6	164.3	162.8	164.8	164.8	164.8	164.8	162.5	160.9
c. Printing & Publishing of Newspapers, Periodicals, *etc*	0.578	98.5	244.6	246.2	246.3	246.3	246.3	246.0	245.9	245.7	245.6
(F) Leather & Leather Products	**1.019**	**109.7**	**159.4**	**166.1**	**164.7**	**167.3**	**167.3**	**166.6**	**164.4**	**164.4**	**166.5**
(G) Rubber & Plastic Products	**2.388**	**106.4**	**148.2**	**159.0**	**155.0**	**161.0**	**162.4**	**163.6**	**163.6**	**163.6**	**163.4**
a. Tyres & Tubes	1.286	104.1	141.5	156.8	150.2	160.7	161.9	162.8	162.8	162.8	162.9
a1. Tyres	1.144	103.4	130.4	143.5	136.8	148.2	148.7	148.8	148.8	148.8	148.9
a2. Tubes	0.142	110.0	231.4	264.2	258.0	261.2	268.8	275.7	275.7	275.7	275.7
b. Plastic Products	0.937	106.8	146.7	154.2	153.0	154.0	155.8	157.7	157.7	157.7	157.2
c. Other Rubber & Plastic Products	0.165	121.0	209.8	203.0	203.8	202.8	202.8	202.8	202.8	202.8	202.8
(H) Chemicals & Chemical Products	**11.931**	**116.6**	**193.9**	**204.8**	**200.1**	**204.8**	**206.6**	**208.3**	**208.9**	**210.5**	**213.5**
a. Basic Heavy Inorganic Chemicals	1.446	112.2	171.0	190.3	167.5	190.9	201.5	213.5	216.8	220.9	229.3
b. Basic Heavy Organic Chemicals	0.455	118.7	180.2	176.4	182.7	170.3	176.9	172.3	174.1	178.8	182.4
c. Fertilisers & Pesticides	4.164	117.7	171.6	173.7	173.0	173.7	173.7	174.2	174.2	178.3	180.5
c1. Fertilisers	3.689	115.8	177.2	180.8	180.0	180.8	180.8	181.4	181.4	186.0	188.5
c2. Pesticides	0.475	132.5	127.9	118.5	118.2	118.5	118.5	118.5	118.5	118.5	118.5
d. Paints, Varnishes & Lacquers	0.496	101.3	128.1	143.0	134.5	146.3	146.1	146.1	146.1	146.1	146.1
e. Dyestuffs & Indigo	0.175	108.4	105.8	111.2	105.2	112.7	112.7	112.7	112.7	116.6	115.6
f. Drugs & Medicines	2.532	129.4	293.1	314.9	310.5	315.6	315.5	315.4	315.5	312.3	312.5
g. Perfumes, Cosmetics, Toiletries, *etc.*	0.978	118.0	223.6	239.7	238.4	238.6	242.0	242.2	242.3	242.3	250.5
h. Turpentine, Synthetic Resins, Plastic Material, *etc.*	0.746	107.6	133.4	143.4	138.4	145.9	141.2	142.6	143.7	144.3	144.9
i. Matches, Explosives & Other Chemicals n.e.c.	0.940	98.3	136.0	144.3	142.6	142.2	146.2	148.0	148.0	149.0	153.5

No. 39: Index Numbers of Wholesale Prices in India - by Groups and Sub-Groups (Averages) *(Concld.)*

(Base : 1993-94 = 100)

Average of months/ Average of weeks ended Saturday	Weight	1994-95	2006-07	2007-08	2007			2008			
		April-March			Apr.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
1	2	3	4	5	6	7	8	9	10	11	12
(I) Non-Metallic Mineral Products	**2.516**	**110.9**	**191.8**	**208.8**	**203.1**	**210.4**	**210.2**	**211.6**	**212.1**	**213.8**	**215.0**
a. Structural Clay Products	0.230	100.0	195.2	212.8	203.5	211.7	211.7	217.3	219.4	219.4	219.4
b. Glass, Earthernware, Chinaware & their Products	0.237	113.3	160.7	167.9	168.6	168.6	166.8	166.4	166.4	166.4	166.4
c. Cement	1.731	112.4	197.3	217.5	211.6	219.7	219.7	221.1	220.9	221.0	221.4
d. Cement, Slate & Graphite Products	0.319	108.8	182.9	189.1	182.3	189.7	189.7	189.7	193.3	205.9	213.2
(J) Basic Metals Alloys & Metals Products	**8.342**	**108.4**	**233.3**	**249.8**	**244.6**	**247.5**	**247.2**	**248.3**	**249.6**	**282.9**	**297.5**
a. Basic Metals & Alloys	6.206	107.0	236.3	256.3	245.9	254.1	254.4	256.2	258.9	303.1	322.1
a1. Iron & Steel	3.637	106.0	254.4	280.0	266.7	278.4	279.2	279.9	281.7	337.7	359.0
a2. Foundries for Casting, Forging & Structurals	0.896	106.7	228.5	245.2	238.3	242.1	242.1	242.5	246.4	288.9	298.7
a3. Pipes, Wires Drawing & Others	1.589	109.5	204.1	213.5	207.5	210.5	210.1	214.9	219.2	239.6	258.5
a4. Ferro Alloys	0.085	104.5	148.5	155.5	154.1	156.2	156.2	156.2	156.2	156.2	175.3
b. Non-Ferrous Metals	1.466	115.9	258.3	265.1	280.7	260.9	257.6	256.8	252.1	254.8	257.3
b1. Aluminium	0.853	114.7	253.6	248.7	269.5	241.4	241.4	241.4	241.4	243.1	250.8
b2. Other Non-Ferrous Metals	0.613	117.7	264.8	288.0	296.3	288.0	280.2	278.2	266.9	271.0	266.4
c. Metal Products	0.669	105.0	149.8	155.9	153.8	156.8	156.8	156.8	157.4	157.4	157.4
(K) Machinery & Machine Tools	**8.363**	**106.0**	**155.6**	**166.6**	**163.0**	**167.7**	**167.4**	**167.7**	**167.7**	**168.0**	**171.3**
a. Non-Electrical Machinery & Parts	3.379	108.6	194.8	199.5	197.5	200.5	200.7	200.9	201.0	201.0	206.8
a1. Heavy Machinery & Parts	1.822	111.0	201.8	207.3	204.5	209.0	208.9	208.9	209.1	209.6	218.6
a2. Industrial Machinery for Textiles, *etc.*	0.568	108.5	255.2	260.5	259.9	260.9	260.9	261.1	261.2	259.1	258.9
a3. Refrigeration & Other Non-Electrical Machinery	0.989	104.3	147.3	150.2	148.9	150.2	150.8	151.5	151.6	151.7	155.1
b. Electrical Machinery	4.985	104.2	129.0	144.3	139.6	145.5	144.9	145.2	145.2	145.7	147.3
b1. Electrical Industrial Machinery	1.811	105.2	150.4	160.9	156.0	162.0	162.3	163.3	163.3	163.2	161.3
b2. Wires & Cables	1.076	109.0	179.0	230.3	216.3	234.2	231.0	231.0	231.0	233.2	243.0
b3. Dry & Wet Batteries	0.275	105.8	148.5	163.3	159.9	165.1	165.0	165.0	165.0	165.0	168.7
b4. Electrical Apparatus & Appliances	1.823	100.1	75.3	74.2	75.1	73.7	73.7	73.7	73.7	73.7	73.7
(L) Transport Equipment & Parts	**4.295**	**107.4**	**162.4**	**166.9**	**163.6**	**166.2**	**170.4**	**170.9**	**171.0**	**170.7**	**173.4**
a. Locomotives, Railway Wagons & Parts	0.318	105.3	125.2	131.6	122.2	135.3	135.3	135.3	135.3	135.3	137.2
b. Motor Vehicles, Motorcycles, Scooters, Bicycles & Parts	3.977	107.6	165.4	169.7	166.9	168.7	173.2	173.7	173.8	173.4	176.2

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	2006-07	2007-08	2007	2008					
		April - March			Jun.	Jan.	Feb.	Mar.	Apr.	May.(P)	Jun.(P)
1	2	3	4	5	6	7	8	9	10	11	12
ALL COMMODITIES	**100.000**	**117.1**	**206.6**	**216.2**	**212.8**	**219.0**	**220.9**	**226.7**	**229.1**	**231.1**	**238.1**
I. PRIMARY ARTICLES	**22.025**	**120.8**	**209.6**	**225.5**	**222.3**	**228.4**	**233.5**	**236.8**	**239.4**	**243.4**	**246.4**
(A) Food Articles	**15.402**	**114.9**	**211.1**	**222.5**	**221.2**	**220.8**	**224.7**	**228.2**	**231.2**	**234.2**	**234.8**
a. Foodgrains (Cereals+Pulses)	5.009	118.9	206.5	216.1	212.0	218.8	219.5	224.0	223.1	223.8	225.0
a1. Cereals	4.406	118.2	199.8	212.4	207.0	217.0	217.3	220.6	220.5	221.2	222.0
a2. Pulses	0.603	123.9	255.2	243.1	248.7	232.3	235.9	248.5	242.4	242.6	246.6
b. Fruits & Vegetables	2.917	103.1	228.6	237.3	234.0	221.1	233.3	239.8	246.0	255.7	248.7
b1. Vegetables	1.459	95.0	199.1	226.3	247.1	188.4	200.3	205.5	225.2	227.5	255.6
b2. Fruits	1.458	111.2	258.2	248.4	220.9	253.9	266.4	274.2	266.8	284.0	241.7
c. Milk	4.367	111.3	196.5	213.1	209.2	216.1	218.2	220.3	221.6	222.9	225.0
d. Eggs, Meat & Fish	2.208	122.1	227.6	238.5	250.0	233.7	240.0	242.0	247.6	249.8	253.6
e. Condiments & Spices	0.662	131.6	230.0	239.2	237.6	247.0	242.9	239.0	251.0	256.6	263.3
f. Other Food Articles	0.239	127.4	154.8	155.9	162.8	154.6	158.7	162.0	192.1	187.4	195.1
(B) Non-Food Articles	**6.138**	**136.9**	**189.6**	**212.6**	**207.2**	**218.4**	**224.4**	**227.2**	**227.2**	**235.8**	**243.3**
a. Fibres	1.523	168.7	157.0	179.3	170.2	186.5	187.6	194.3	198.8	214.4	230.2
b. Oil seeds	2.666	127.8	178.0	219.2	215.1	227.4	240.9	242.9	238.7	247.1	254.9
c. Other Non-Food Articles	1.949	124.4	231.0	229.9	225.3	231.1	230.6	231.3	233.7	237.0	237.6
(C)Minerals	**0.485**	**104.2**	**416.9**	**481.7**	**448.3**	**594.8**	**630.2**	**630.1**	**652.6**	**630.1**	**652.6**
a. Metallic Minerals	0.297	102.5	604.7	707.9	655.4	894.9	941.2	941.2	977.9	941.2	977.9
b. Other Minerals	0.188	107.0	120.4	124.6	121.3	120.8	138.9	138.8	138.7	138.8	138.7
II. Fuel, Power,Light & Lubricants	**14.226**	**109.1**	**324.0**	**327.4**	**322.0**	**334.8**	**336.9**	**341.8**	**343.0**	**347.2**	**374.4**
a. Coal Mining	1.753	106.2	231.6	238.6	231.6	251.9	251.9	254.4	254.4	254.4	254.4
b. Minerals Oils	6.990	106.2	388.3	392.3	383.3	404.1	408.5	415.0	417.4	426.0	481.3
c. Electricity	5.484	113.6	271.6	273.0	272.7	272.9	272.9	276.5	276.5	276.4	276.5
III. Manufactured Products	**63.749**	**117.6**	**179.3**	**188.1**	**185.1**	**189.9**	**190.7**	**197.5**	**200.1**	**201.0**	**204.8**
(A) Food Products	**11.538**	**113.2**	**182.9**	**190.8**	**184.3**	**196.3**	**198.0**	**203.6**	**202.3**	**206.8**	**211.3**
a. Dairy Products	0.687	129.0	217.7	233.4	224.6	240.8	241.0	240.3	240.2	248.5	249.0
b. Canning, Preserving & Processing of Fish	0.047	100.0	284.0	293.8	293.8	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	2006-07	2007-08	2007	2008					
		April - March			Jun.	Jan.	Feb.	Mar.	Apr.	May. (P)	Jun. (P)
1	2	3	4	5	6	7	8	9	10	11	12
c. Grain Mill Products	1.033	109.0	219.6	230.5	217.7	238.0	240.0	240.7	240.9	240.9	237.1
d. Bakery Products	0.441	111.0	184.8	195.6	192.2	199.9	201.3	201.3	201.3	201.3	201.3
e. Sugar, Khandsari & Gur	3.929	109.5	179.2	155.4	155.6	152.0	151.8	158.3	157.7	156.6	156.5
f. Manufacture of Common Salts	0.021	114.1	222.8	222.4	218.0	232.2	234.1	234.7	234.0	232.6	234.0
g. Cocoa, Chocolate, Sugar & Confectionery	0.087	124.1	183.1	188.1	188.1	188.1	188.1	188.1	188.1	188.1	188.1
h. Edible Oils	2.775	118.4	155.1	175.8	170.1	181.4	189.2	196.2	185.7	189.4	201.2
i. Oil Cakes	1.416	118.3	199.8	257.9	234.1	285.5	286.3	300.0	311.7	340.0	356.5
j. Tea & Coffee Proccessing	0.967	99.5	179.6	194.4	189.4	199.7	193.9	193.9	193.9	193.9	193.9
k. Other Food Products n.e.c.	0.154	117.3	198.4	219.0	214.7	230.3	234.0	236.6	237.4	238.1	238.1
(B) Beverages, Tobacco & Tobacco Products	**1.339**	**124.3**	**243.9**	**269.2**	**264.7**	**273.9**	**273.9**	**276.7**	**285.6**	**285.6**	**285.6**
a. Wine Industries	0.269	163.5	289.8	309.4	306.9	310.9	310.9	310.9	310.9	310.9	310.9
b. Malt Liquor	0.043	125.5	204.0	198.1	197.0	197.0	197.0	197.0	215.7	215.7	215.7
c. Soft Drinks & Carbonated Water	0.053	109.1	176.2	187.6	186.7	188.1	188.1	188.1	188.1	188.1	188.1
d. Manufacture of Bidi, Cigarettes, Tobacco & Zarda	0.975	114.2	236.6	265.6	260.2	271.7	271.7	275.5	286.9	286.9	286.9
(C) Textiles	**9.800**	**128.1**	**132.3**	**130.6**	**132.0**	**127.9**	**128.1**	**127.8**	**128.5**	**134.4**	**139.6**
a. Cotton Textiles	4.215	148.3	159.1	155.6	159.7	150.6	151.6	149.1	149.2	162.3	168.3
a1. Cotton Yarn	3.312	152.1	156.3	152.1	157.0	145.8	147.1	144.0	144.1	159.9	167.5
a2. Cotton Cloth (Mills)	0.903	134.4	169.4	168.4	169.8	168.0	168.0	167.9	167.9	171.2	171.3
b. Man Made Textiles	4.719	110.9	96.2	97.4	96.8	96.7	96.5	98.3	99.0	99.5	103.7
b1. Man Made Fibre	4.406	110.6	93.3	94.8	94.0	94.1	93.9	95.8	96.6	97.0	101.5
b2. Man Made Cloth	0.313	114.7	136.2	134.4	136.2	133.0	133.0	133.0	133.0	134.5	134.5
c. Woolen Textiles	0.190	139.9	173.4	170.7	170.3	170.9	170.9	170.9	170.9	170.9	171.7
d. Jute, Hemp & Mesta Textiles	0.376	120.5	218.4	204.1	200.9	200.2	196.2	195.6	199.8	204.6	211.9
e. Other Misc. Textiles	0.300	117.9	189.3	182.8	184.6	181.6	181.7	181.6	186.4	181.6	190.0
(D) Wood & Wood Products	**0.173**	**113.3**	**205.9**	**215.9**	**215.9**	**215.9**	**215.9**	**215.9**	**215.9**	**237.0**	**237.0**
(E) Paper & Paper Products	**2.044**	**117.0**	**190.9**	**194.3**	**192.8**	**194.8**	**195.3**	**194.5**	**194.8**	**199.4**	**199.4**
a. Paper & pulp	1.229	122.9	170.4	175.7	173.1	176.7	177.4	177.0	177.5	184.1	184.1

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	2006-07	2007-08	2007	2008					
		April - March			Jun.	Jan.	Feb.	Mar.	Apr.	May.(P)	Jun.(P)
1	2	3	4	5	6	7	8	9	10	11	12
b. Manufacture of Boards	0.237	113.0	165.6	164.3	164.3	164.8	164.8	160.9	160.9	165.8	165.8
c. Printing & Publishing of Newspapers, Periodicals, *etc.*	0.578	106.2	244.7	246.2	246.3	245.6	246.0	245.6	245.6	245.6	245.6
(F) Leather & Leather Products	**1.019**	**117.8**	**159.7**	**166.1**	**167.3**	**164.4**	**164.4**	**164.4**	**166.5**	**166.5**	**168.3**
(G) Rubber & Plastic Products	**2.388**	**117.0**	**148.8**	**159.1**	**154.5**	**163.6**	**163.6**	**163.6**	**163.4**	**163.9**	**163.9**
a. Tyres & Tubes	1.286	119.6	142.3	156.9	150.2	162.8	162.8	162.8	162.9	163.2	163.2
a1. Tyres	1.144	120.3	131.0	143.6	136.8	148.8	148.8	148.8	148.9	149.3	149.3
a2. Tubes	0.142	114.1	233.6	264.5	258.0	275.7	275.7	275.7	275.7	275.7	275.7
b. Plastic Products	0.937	108.8	147.0	154.3	151.8	157.7	157.7	157.7	157.2	158.0	158.0
c. Other Rubber & Plastic Products	0.165	143.9	209.5	203.0	202.8	202.8	202.8	202.8	202.8	202.8	202.8
(H) Chemicals & Chemical Products	**11.931**	**121.6**	**194.1**	**205.0**	**201.8**	**208.3**	**209.2**	**210.9**	**215.1**	**213.5**	**221.0**
a. Basic Heavy Inorganic Chemicals	1.446	125.6	170.8	191.7	170.8	213.6	219.0	221.3	229.6	228.9	233.3
b. Basic Heavy Organic Chemicals	0.455	131.4	180.1	176.4	182.6	171.6	174.1	178.6	181.6	187.0	211.2
c. Fertilisers & Pesticides	4.164	123.0	171.5	173.8	172.5	174.2	174.3	179.3	180.5	181.0	189.6
c1. Fertilisers	3.689	121.8	177.3	180.9	179.4	181.4	181.5	187.1	188.5	188.5	198.2
c2. Pesticides	0.475	132.5	126.2	118.5	118.6	118.5	118.5	118.5	118.5	123.0	123.0
d. Paints, Varnishes & Lacquers	0.496	101.4	128.3	143.1	136.9	146.1	146.1	146.1	146.1	146.1	155.3
e. Dyestuffs & Indigo	0.175	115.0	105.6	111.2	105.3	112.7	112.7	116.6	115.6	120.4	120.4
f. Drugs & Medicines	2.532	132.9	294.1	314.9	315.6	315.5	315.5	312.3	316.3	311.2	316.5
g. Perfumes, Cosmetics, Toiletries, *etc.*	0.978	119.0	224.0	239.7	238.4	242.3	242.3	242.3	258.6	242.3	258.6
h. Turpentine, Synthetic Resins, Plastic Material, etc.	0.746	111.9	132.9	143.7	143.6	142.5	143.7	144.2	144.9	154.1	155.9
i. Matches, Explosives & Other Chemicals n.e.c.	0.940	96.3	136.1	144.2	142.6	148.0	148.0	149.0	154.6	153.2	154.5
(I) Non-Metallic Mineral Products	**2.516**	**122.4**	**192.0**	**209.0**	**205.7**	**211.4**	**212.5**	**214.7**	**215.1**	**213.5**	**215.3**
a. Structural Clay Products	0.230	101.4	195.3	213.5	211.7	218.6	219.4	219.4	219.4	219.4	219.4
b. Glass, Earthernware, Chinaware & Their Products	0.237	126.3	160.6	167.9	168.6	166.4	166.4	166.4	166.4	166.4	166.4
c. Cement	1.731	126.9	197.6	217.6	214.3	220.6	220.8	221.2	221.6	219.2	221.9
d. Cement, Slate & Graphite Products	0.319	110.3	183.0	189.7	182.3	189.7	196.8	211.9	213.2	213.2	213.2

No. 40: Index Numbers of Wholesale Prices in India - by Groups and Sub-groups (Month-end / Year-end) *(Concld.)*

(Base : 1993-94 = 100)

Last Week of month / year ended Saturday	Weight	1994-95	2006-07	2007-08	2007	2008					
		April - March			Jun.	Jan.	Feb.	Mar.	Apr.	May.(P)	Jun.(P)
1	2	3	4	5	6	7	8	9	10	11	12
(J) Basic Metals Alloys & Metals Products	**8.342**	**115.6**	**233.8**	**250.0**	**243.9**	**248.5**	**250.2**	**291.6**	**298.4**	**292.5**	**296.6**
a. Basic Metals & Alloys	6.206	112.7	236.8	256.7	247.2	256.7	259.7	314.9	323.4	315.9	321.6
a1. Iron & Steel	3.637	112.6	255.0	280.6	267.7	280.1	282.8	352.8	360.6	352.4	357.4
a2. Foundries for Casting, Forging & Structurals	0.896	113.5	228.6	245.6	238.3	243.5	246.4	298.7	298.7	298.7	298.7
a3. Pipes, Wires Drawing & Others	1.589	112.9	204.3	213.8	210.4	215.8	219.9	245.6	260.1	249.7	260.4
a4. Ferro Alloys	0.085	102.9	148.5	155.5	154.1	156.2	156.2	156.2	175.3	175.3	175.3
b. Non-Ferrous Metals	1.466	130.8	259.5	264.5	271.3	255.7	252.6	254.0	256.8	254.9	254.2
b1. Aluminium	0.853	132.4	254.3	248.2	252.9	241.4	241.4	244.3	250.8	250.8	250.8
b2. Other Non-Ferrous Metals	0.613	128.6	266.7	287.2	296.9	275.6	268.3	267.6	265.2	260.7	258.9
c. Metal Products	0.669	108.7	150.0	155.9	153.8	156.8	157.4	157.4	157.4	157.4	157.4
(K) Machinery & Machine Tools	**8.363**	**109.0**	**155.9**	**166.7**	**165.8**	**167.7**	**167.7**	**167.9**	**172.1**	**172.8**	**174.1**
a. Non-Electrical Machinery & Parts	3.379	111.1	195.1	199.6	197.9	200.9	201.0	201.0	207.1	207.5	208.1
a1. Heavy Machinery & Parts	1.822	114.8	202.0	207.3	205.0	208.9	209.1	209.6	218.9	219.9	220.5
a2. Industrial Machinery for Textiles, *etc.*	0.568	108.4	255.3	260.6	259.9	261.2	261.2	259.1	259.0	259.0	259.0
a3. Refrigeration & Other Non-Electrical Machinery	0.989	106.0	147.6	150.4	149.1	151.6	151.6	151.9	155.4	155.2	155.9
b. Electrical Machinery	4.985	107.5	129.4	144.5	144.0	145.2	145.2	145.5	148.4	149.2	151.1
b1. Electrical Industrial Machinery	1.811	108.8	150.5	161.1	159.0	163.3	163.3	162.8	161.7	164.0	167.6
b2. Wires & Cables	1.076	119.0	180.8	230.6	230.0	231.0	231.0	233.2	246.8	247.6	247.6
b3. Dry & Wet Batteries	0.275	109.7	148.9	163.5	161.6	165.0	165.0	165.0	171.1	167.9	171.1
b4. Electrical Apparatus & Appliances	1.823	99.2	75.3	74.2	75.7	73.7	73.7	73.7	73.7	73.7	74.8
(L) Transport Equipment & Parts	**4.295**	**110.6**	**162.5**	**166.8**	**164.7**	**171.0**	**171.0**	**169.7**	**174.2**	**173.6**	**173.9**
a. Locomotives, Railway Wagons & Parts	0.318	105.4	125.0	131.9	131.6	135.3	135.3	135.3	141.8	141.8	141.8
b. Motor Vehicles, Motorcycles, Scooters, Bicycles & Parts	3.977	111.0	165.5	169.6	167.3	173.8	173.8	172.4	176.8	176.1	176.5

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

CURRENT STATISTICS

Trade and Balance of Payments

Trade and Balance of Payments

No. 41: Foreign Trade (Annual and Monthly)

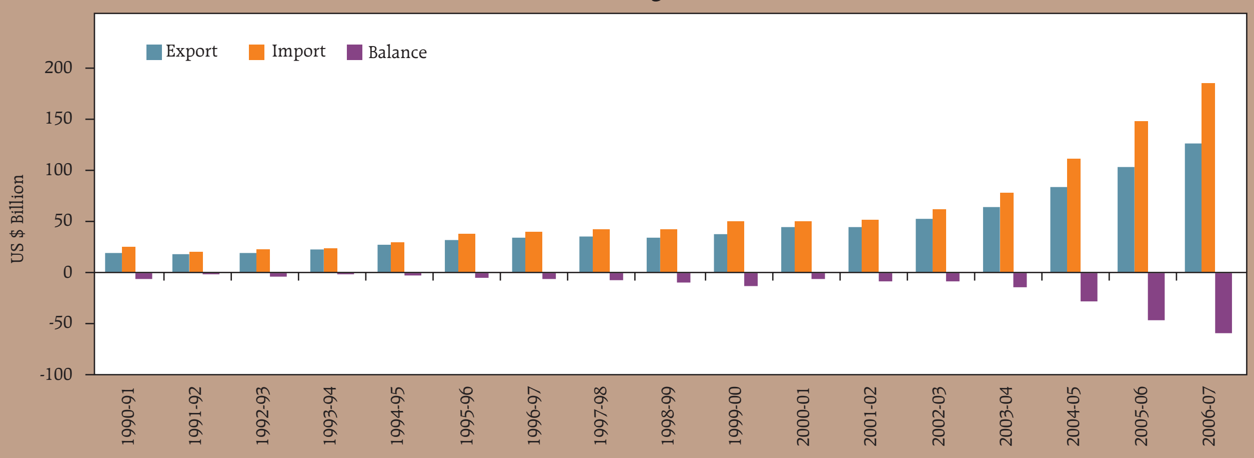
Year / Month	Rupees Crore			US Dollar Million			SDR Million		
	Export	Import	Balance	Export	Import	Balance	Export	Import	Balance
1	2	3	4	5	6	7	8	9	10
2002-03	2,55,137	2,97,206	-42,069	52,719	61,412	-8,693	39,785	46,345	-6,560
2003-04	2,93,367	3,59,108	-65,741	63,843	78,149	-14,307	44,663	54,672	-10,009
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	-31,632
2006-07	5,71,779	8,40,506	-2,68,727	1,26,361	1,85,749	-59,388	85,018	1,24,975	39,957
2007-08	6,40,172	9,64,850	-3,24,678	1,59,007	2,39,651	-80,644	1,02,181	1,54,005	-51,824
2006-07									
April	38,612	56,342	-17,729	8,590	12,535	-3,944	5,915	8,630	-2,716
May	45,588	64,963	-19,375	10,040	14,307	-4,267	6,741	9,606	-2,865
June	47,920	64,683	-16,764	10,405	14,044	-3,640	7,040	9,502	-2,463
July	48,934	67,558	-18,624	10,533	14,542	-4,009	7,128	9,841	-2,713
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	76,047	-31,458	9,807	16,725	-6,919	6,655	11,350	-4,695
November	43,943	68,812	-24,868	9,798	15,342	-5,545	6,580	10,304	-3,724
December	47,368	66,848	-19,479	10,612	14,977	-4,364	7,038	9,932	-2,894
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	56,628	75,445	-18,817	12,862	17,137	-4,274	8,534	11,370	-2,836
2007-08 R									
April	46,164	74,895	-28,731	10,953	17,769	-6,817	7,196	11,675	-4,479
May	49,794	78,760	-28,966	12,210	19,313	-7,103	8,046	12,726	-4,680
June	48,400	79,200	-30,800	11,870	19,424	-7,554	7,855	12,853	-4,999
July	50,331	74,091	-23,759	12,454	18,333	-5,879	8,144	11,989	-3,844
August	51,491	80,460	-28,969	12,614	19,710	-7,096	8,245	12,884	-4,639
September	50,243	68,616	-18,373	12,455	17,010	-4,555	8,069	11,019	-2,951
October	57,641	83,472	-25,832	14,588	21,126	-6,538	9,360	13,554	-4,195
November	50,353	80,171	-29,819	12,768	20,329	-7,561	8,048	12,814	-4,766
December	50,580	73,395	-22,815	12,825	18,609	-5,785	8,131	11,799	-3,668
January	58,267	88,786	-30,519	14,798	22,550	-7,751	9,343	14,237	-4,894
February	58,861	82,477	-23,616	14,814	20,758	-5,944	9,344	13,093	-3,749
March	61,542	94,016	-32,474	15,250	23,297	-8,047	9,336	14,263	-4,927
2008-09 P									
April	57,633	97,151	-39,518	14,400	24,274	-9,874	8,801	14,836	-6,035
May	58,057	1,03,409	-45,352	13,782	24,548	-10,766	8,487	15,117	-6,630

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

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'.

Foreign Trade



No. 42: India's Overall Balance of Payments

(Rs. Crore)

Items	2007-08 P			2006-07 PR		
	Credit	Debit	Net	Credit	Debit	Net
1	2	3	4	5	6	7
A. CURRENT ACCOUNT						
I. MERCHANDISE	**637,190**	**999,286**	**-362,096**	**579,128**	**865,404**	**-286,276**
II. INVISIBLES (a+b+c)	**583,424**	**291,685**	**291,739**	**519,425**	**278,492**	**240,933**
a) Services	352,315	201,392	150,923	343,895	200,291	143,604
i) Travel	45,524	37,083	8,441	41,127	30,253	10,874
ii) Transportation	38,156	46,665	-8,509	36,394	36,504	-110
iii) Insurance	6,371	4,186	2,185	5,434	2,903	2,531
iv) G.n.i.e.	1,334	1,544	-210	1,130	1,825	-695
v) Miscellaneous	260,930	111,914	149,016	259,810	128,806	131,004
of which						
Software Services	161,968	13,081	148,887	141,356	10,212	131,144
Business Services	66,878	66,923	-45	86,928	76,929	9,999
Financial Services	12,392	11,438	954	13,062	9,352	3,710
Communication Services	9,797	3,368	6,429	9,506	2,980	6,526
b) Transfers	173,995	9,334	164,661	133,530	6,423	127,107
i) Official	3,029	2,077	952	2,877	1,858	1,019
ii) Private	170,966	7,257	163,709	130,653	4,565	126,088
c) Income	57,114	80,959	-23,845	42,000	71,778	-29,778
i) Investment Income	55,397	76,543	-21,146	40,218	67,483	-27,265
ii) Compensation of Employees	1,717	4,416	-2,699	1,782	4,295	-2,513
Total Current Account (I+II)	**1,220,614**	**1,290,971**	**-70,357**	**1,098,553**	**1,143,896**	**-45,343**
B. CAPITAL ACCOUNT						
1. Foreign Investment (a+b)	**1,084,072**	**903,920**	**180,152**	**598,106**	**527,663**	**70,443**
a) Foreign Direct Investment (i+ii)	140,240	77,901	62,339	103,610	65,057	38,553
i. In India	130,252	506	129,746	99,646	385	99,261
Equity	101,215	438	100,777	74,354	385	73,969
Reinvested Earnings	27,714	–	27,714	23,029	–	23,029
Other Capital	1,323	68	1,255	2,263	–	2,263
ii. Abroad	9,988	77,395	-67,407	3,964	64,672	-60,708
Equity	9,988	60,167	-50,179	3,964	54,634	-50,670
Reinvested Earnings	–	4,363	-4,363	–	4,868	-4,868
Other Capital	–	12,865	-12,865	–	5,170	-5,170
b) Portfolio Investment	943,832	826,019	117,813	494,496	462,606	31,890
In India	942,872	825,718	117,154	494,102	462,472	31,630
Abroad	960	301	659	394	134	260
2. Loans (a+b+c)	**335,471**	**166,843**	**168,628**	**246,908**	**136,279**	**110,629**
a) External Assistance	17,022	8,557	8,465	16,961	9,024	7,937
i) By India	97	113	-16	73	163	-90
ii) To India	16,925	8,444	8,481	16,888	8,861	8,027
b) Commercial Borrowings (MT&LT)	120,173	30,856	89,317	94,332	21,736	72,596
i) By India	6,245	6,303	-58	2,936	4,290	-1,354
ii) To India	113,928	24,553	89,375	91,396	17,446	73,950
c) Short Term to India	198,276	127,430	70,846	135,615	105,519	30,096
i) Suppliers' Credit >180 days & Buyers' Credit	171,182	127,430	43,752	115,125	100,196	14,929
ii) Suppliers' Credit up to 180 days	27,094	–	27,094	20,490	5,323	15,167
3. Banking Capital (a+b)	**223,654**	**176,507**	**47,147**	**167,494**	**159,017**	**8,477**
a) Commercial Banks	223,338	174,793	48,545	165,656	158,660	6,996
i) Assets	78,365	50,733	27,632	64,972	80,726	-15,754
ii) Liabilities	144,973	124,060	20,913	100,684	77,934	22,750
of which: Non-Resident Deposits	117,757	117,051	706	89,950	70,376	19,574
b) Others	316	1,714	-1,398	1,838	357	1,481
4. Rupee Debt Service	**–**	**488**	**-488**	**–**	**725**	**-725**
5. Other Capital	**75,956**	**37,492**	**38,464**	**34,540**	**16,975**	**17,565**
Total Capital Account (1to5)	**1,719,153**	**1,285,250**	**433,903**	**1,047,048**	**840,659**	**206,389**
C. Errors & Omissions	**6,143**	**–**	**6,143**	**2,588**	**–**	**2,588**
D. Overall Balance (Total Capital Account, Current Account and Errors & Omissions (A+B+C))	**2,945,910**	**2,576,221**	**369,689**	**2,148,189**	**1,984,555**	**163,634**
E. Monetary Movements (i+ii)	**–**	**369,689**	**-369,689**	**–**	**163,634**	**-163,634**
i) I.M.F.	–	–	–	–	–	–
ii) Foreign Exchange Reserves (Increase - / Decrease +)	–	369,689	-369,689	–	163,634	-163,634

P: Preliminary   PR : Partially Revised.   R. : Revised.

Also see 'Notes on Tables'.

No. 42: India's Overall Balance of Payments *(Contd.)*

(Rs. Crore)

Items	2005-06 R			2004-05 R		
	Credit	Debit	Net	Credit	Debit	Net
1	8	9	10	11	12	13
A. CURRENT ACCOUNT						
I. MERCHANDISE	**465,748**	**695,412**	**-229,664**	**381,785**	**533,550**	**-151,765**
II. INVISIBLES (a+b+c)	**397,660**	**211,733**	**185,927**	**311,550**	**171,959**	**139,591**
a) Services	255,668	153,057	102,611	193,711	124,880	68,831
i) Travel	34,871	29,432	5,439	29,858	23,571	6,287
ii) Transportation	28,023	36,928	-8,905	21,021	20,363	658
iii) Insurance	4,694	4,965	-271	3,913	3,249	664
iv) G.n.i.e.	1,396	2,343	-947	1,797	1,843	-46
v) Miscellaneous	186,684	79,389	107,295	137,122	75,854	61,268
of which						
Software Services	104,632	5,954	98,678	79,404	3,579	75,825
Business Services	41,356	34,428	6,928	23,067	32,807	-9,740
Financial Services	5,355	4,265	1,090	2,279	3,735	-1,456
Communication Services	7,000	1,285	5,715	6,191	3,298	2,893
b) Transfers	113,566	4,134	109,432	97,201	4,066	93,135
i) Official	2,970	2,103	867	2,762	1,598	1,164
ii) Private	110,596	2,031	108,565	94,439	2,468	91,971
c) Income	28,426	54,542	-26,116	20,638	43,013	-22,375
i) Investment Income	27,633	51,112	-23,479	18,538	36,947	-18,409
ii) Compensation of Employees	793	3,430	-2,637	2,100	6,066	-3,966
Total Current Account (I+II)	**863,408**	**907,145**	**-43,737**	**693,335**	**705,509**	**-12,174**
B. CAPITAL ACCOUNT						
1. Foreign Investment (a+b)	**342,778**	**273,996**	**68,782**	**210,205**	**152,148**	**58,057**
a) Foreign Direct Investment (i+ii)	40,690	27,265	13,425	27,392	10,647	16,745
i. In India	39,730	273	39,457	27,234	287	26,947
Equity	26,512	273	26,239	17,028	287	16,741
Reinvested Earnings	12,220	–	12,220	8,555	–	8,555
Other Capital	998	–	998	1,651	–	1,651
ii. Abroad	960	26,992	-26,032	158	10,360	-10,202
Equity	960	17,678	-16,718	158	7,517	-7,359
Reinvested Earnings	–	4,834	-4,834	–	1,114	-1,114
Other Capital	–	4,480	-4,480	–	1,729	-1,729
b) Portfolio Investment	302,088	246,731	55,357	182,813	141,501	41,312
In India	302,088	246,731	55,357	182,813	141,394	41,419
Abroad	–	–	–	–	107	-107
2. Loans (a+b+c)	**174,729**	**140,332**	**34,397**	**135,685**	**87,090**	**48,595**
a) External Assistance	16,133	8,541	7,592	16,988	8,463	8,525
i) By India	106	390	-284	108	576	-468
ii) To India	16,027	8,151	7,876	16,880	7,887	8,993
b) Commercial Borrowings (MT&LT)	63,476	52,971	10,505	40,679	17,566	23,113
i) By India	–	1,105	-1,105	–	1,036	-1,036
ii) To India	63,476	51,866	11,610	40,679	16,530	24,149
c) Short Term to India	95,120	78,820	16,300	78,018	61,061	16,957
i) Suppliers' Credit >180 days & Buyers' Credit	85,766	78,114	7,652	78,018	61,061	16,957
ii) Suppliers' Credit up to 180 days	9,354	706	8,648	–	–	–
3. Banking Capital (a+b)	**95,988**	**90,193**	**5,795**	**65,278**	**48,238**	**17,040**
a) Commercial Banks	91,200	89,569	1,631	64,038	46,532	17,506
i) Assets	3,369	17,711	-14,342	2,276	2,481	-205
ii) Liabilities	87,831	71,858	15,973	61,762	44,051	17,711
of which: Non-Resident Deposits	79,190	66,733	12,457	36,225	40,664	-4,439
b) Others	4,788	624	4,164	1,240	1,706	-466
4. Rupee Debt Service	**–**	**2,557**	**-2,557**	**–**	**1,858**	**-1,858**
5. Other Capital	**26,451**	**20,903**	**5,548**	**30,507**	**26,974**	**3,533**
Total Capital Account (1to5)	**639,946**	**527,981**	**111,965**	**441,675**	**316,308**	**125,367**
C. Errors & Omissions	**–**	**2,332**	**-2,332**	**2,714**	**–**	**2,714**
D. Overall Balance (Total Capital Account, Current Account and Errors & Omissions (A+B+C))	**1,503,354**	**1,437,458**	**65,896**	**1,137,724**	**1,021,817**	**115,907**
E. Monetary Movements (i+ii)	**–**	**65,896**	**-65,896**	**–**	**115,907**	**-115,907**
i) I.M.F.	–	–	–	–	–	–
ii) Foreign Exchange Reserves (Increase - / Decrease +)	–	65,896	-65,896	–	115,907	-115,907

No. 42: India's Overall Balance of Payments *(Contd.)*

(Rs. Crore)

Items	Apr.-Jun. 2007 PR			Jul.-Sep. 2007 PR		
	Credit	Debit	Net	Credit	Debit	Net
1	14	15	16	17	18	19
A. CURRENT ACCOUNT						
I. MERCHANDISE	**147,421**	**232,781**	**-85,360**	**152,354**	**235,325**	**-82,971**
II. INVISIBLES (a+b+c)	**119,993**	**60,615**	**59,378**	**130,984**	**68,049**	**62,935**
a) Services	77,620	41,627	35,993	76,718	45,886	30,832
i) Travel	8,610	7,756	854	9,110	8,522	588
ii) Transportation	7,855	10,276	-2,421	8,117	10,747	-2,630
iii) Insurance	1,522	759	763	1,325	1,179	146
iv) G.n.i.e.	396	462	-66	288	539	-251
v) Miscellaneous	59,237	22,374	36,863	57,878	24,899	32,979
of which						
Software Services	36,435	3,282	33,153	34,649	3,578	31,071
Business Services	16,411	13,170	3,241	15,489	14,759	730
Financial Services	2,598	2,528	70	2,837	2,521	316
Communication Services	2,115	825	1,290	2,598	762	1,836
b) Transfers	32,786	1,785	31,001	39,236	1,690	37,546
i) Official	631	684	-53	644	454	190
ii) Private	32,155	1,101	31,054	38,592	1,236	37,356
c) Income	9,587	17,203	-7,616	15,030	20,473	-5,443
i) Investment Income	9,298	16,387	-7,089	14,613	19,241	-4,628
ii) Compensation of Employees	289	816	-527	417	1,232	-815
Total Current Account (I+II)	**267,414**	**293,396**	**-25,982**	**283,338**	**303,374**	**-20,036**
B. CAPITAL ACCOUNT						
1. Foreign Investment (a+b)	**174,986**	**133,275**	**41,711**	**217,732**	**162,278**	**55,454**
a) Foreign Direct Investment (i+ii)	31,985	21,026	10,959	20,453	9,073	11,380
i. In India	28,864	87	28,777	17,227	77	17,150
Equity	21,310	87	21,223	9,791	77	9,714
Reinvested Earnings	7,096	–	7,096	6,974	–	6,974
Other Capital	458	–	458	462	–	462
ii. Abroad	3,121	20,939	-17,818	3,226	8,996	-5,770
Equity	3,121	18,065	-14,944	3,226	6,743	-3,517
Reinvested Earnings	–	1,117	-1,117	–	1,098	-1,098
Other Capital	–	1,757	-1,757	–	1,155	-1,155
b) Portfolio Investment	143,001	112,249	30,752	197,279	153,205	44,074
In India	142,758	112,224	30,534	197,255	153,108	44,147
Abroad	243	25	218	24	97	-73
2. Loans (a+b+c)	**68,339**	**31,084**	**37,255**	**80,753**	**42,296**	**38,457**
a) External Assistance	3,019	2,025	994	3,983	2,087	1,896
i) By India	25	29	-4	24	28	-4
ii) To India	2,994	1,996	998	3,959	2,059	1,900
b) Commercial Borrowings (MT&LT)	34,113	5,291	28,822	25,190	8,429	16,761
i) By India	1,464	1,196	268	1,844	2,038	-194
ii) To India	32,649	4,095	28,554	23,346	6,391	16,955
c) Short Term to India	31,207	23,768	7,439	51,580	31,780	19,800
i) Suppliers' Credit >180 days & Buyers' Credit	28,382	23,768	4,614	44,626	31,780	12,846
ii) Suppliers' Credit up to180 days	2,825	–	2,825	6,954	–	6,954
3. Banking Capital (a+b)	**35,260**	**39,049**	**-3,789**	**55,409**	**28,490**	**26,919**
a) Commercial Banks	35,260	39,024	-3,764	55,312	28,202	27,110
i) Assets	10,486	11,797	-1,311	17,847	1,451	16,396
ii) Liabilities	24,774	27,227	-2,453	37,465	26,751	10,714
of which : Non-Resident Deposits	21,619	23,462	-1,843	28,100	26,605	1,495
b) Others	–	25	-25	97	288	-191
4. Rupee Debt Service	**–**	**177**	**-177**	**–**	**8**	**-8**
5. Other Capital	**4,070**	**7,546**	**-3,476**	**30,171**	**13,373**	**16,798**
Total Capital Account (1to5)	**282,655**	**211,131**	**71,524**	**384,065**	**246,445**	**137,620**
C. Errors & Omissions	**641**	**–**	**641**	**895**	**–**	**895**
D. Overall Balance (Total Capital Account, Current Account and Errors & Omissions (A+B+C))	**550,710**	**504,527**	**46,183**	**668,298**	**549,819**	**118,479**
E. Monetary Movements (i+ii)	**–**	**46,183**	**-46,183**	**–**	**118,479**	**-118,479**
i) I.M.F.	–	–	–	–	–	–
ii) Foreign Exchange Reserves (Increase - / Decrease +)	–	46,183	-46,183	–	118,479	-118,479

No. 42: India's Overall Balance of Payments *(Contd.)*

(Rs. Crore)

Items	Oct.- Dec. 2007 PR			Jan.-Mar. 2008 P		
	Credit	Debit	Net	Credit	Debit	Net
1	20	21	22	23	24	25
A. CURRENT ACCOUNT						
I. MERCHANDISE	**166,863**	**265,882**	**-99,019**	**170,552**	**265,298**	**-94,746**
II. INVISIBLES (a+b+c)	**152,971**	**74,145**	**78,826**	**179,476**	**88,876**	**90,600**
a) Services	94,184	53,025	41,159	103,793	60,854	42,939
i) Travel	13,397	9,826	3,571	14,407	10,979	3,428
ii) Transportation	10,509	11,665	-1,156	11,675	13,977	-2,302
iii) Insurance	1,760	1,006	754	1,764	1,242	522
iv) G.n.i.e.	355	292	63	295	251	44
v) Miscellaneous	68,163	30,236	37,927	75,652	34,405	41,247
of which						
Software Services	39,889	3,358	36,531	50,995	2,863	48,132
Business Services	16,736	17,427	-691	18,242	21,567	-3,325
Financial Services	3,449	3,303	146	3,508	3,086	422
Communication Services	2,376	718	1,658	2,708	1,063	1,645
b) Transfers	44,814	1,933	42,881	57,159	3,926	53,233
i) Official	770	477	293	984	462	522
ii) Private	44,044	1,456	42,588	56,175	3,464	52,711
c) Income	13,973	19,187	-5,214	18,524	24,096	-5,572
i) Investment Income	13,559	18,141	-4,582	17,927	22,774	-4,847
ii) Compensation of Employees	414	1,046	-632	597	1,322	-725
Total Current Account (I+II)	**319,834**	**340,027**	**-20,193**	**350,028**	**354,174**	**-4,146**
B. CAPITAL ACCOUNT						
1. Foreign Investment (a+b)	**338,856**	**266,281**	**72,575**	**352,498**	**342,086**	**10,412**
a) Foreign Direct Investment (i+ii)	30,946	16,231	14,715	56,856	31,571	25,285
i. In India	29,356	170	29,186	54,805	172	54,633
Equity	22,162	170	21,992	47,952	104	47,848
Reinvested Earnings	6,791	–	6,791	6,853	–	6,853
Other Capital	403	–	403	–	68	-68
ii. Abroad	1,590	16,061	-14,471	2,051	31,399	-29,348
Equity	1,590	13,784	-12,194	2,051	21,575	-19,524
Reinvested Earnings	–	1,069	-1,069	–	1,079	-1,079
Other Capital	–	1,208	-1,208	–	8,745	-8,745
b) Portfolio Investment	307,910	250,050	57,860	295,642	310,515	-14,873
In India	307,436	249,975	57,461	295,423	310,411	-14,988
Abroad	474	75	399	219	104	115
2. Loans (a+b+c)	**87,078**	**41,823**	**45,255**	**99,301**	**51,640**	**47,661**
a) External Assistance	4,377	2,147	2,230	5,643	2,298	3,345
i) By India	24	28	-4	24	28	-4
ii) To India	4,353	2,119	2,234	5,619	2,270	3,349
b) Commercial Borrowings (MT&LT)	33,191	8,678	24,513	27,679	8,458	19,221
i) By India	1,436	1,504	-68	1,501	1,565	-64
ii) To India	31,755	7,174	24,581	26,178	6,893	19,285
c) Short Term to India	49,510	30,998	18,512	65,979	40,884	25,095
i) Suppliers' Credit >180 days & Buyers' Credit	40,374	30,998	9,376	57,800	40,884	16,916
ii) Suppliers' Credit up to180 days	9,136	–	9,136	8,179	–	8,179
3. Banking Capital (a+b)	**49,612**	**48,795**	**817**	**83,373**	**60,173**	**23,200**
a) Commercial Banks	49,600	47,406	2,194	83,166	60,161	23,005
i) Assets	22,241	15,544	6,697	27,791	21,941	5,850
ii) Liabilities	27,359	31,862	-4,503	55,375	38,220	17,155
of which : Non-Resident Deposits	25,414	28,780	-3,366	42,624	38,204	4,420
b) Others	12	1,389	-1,377	207	12	195
4. Rupee Debt Service	–	–	–	–	**303**	**-303**
5. Other Capital	**18,559**	**13,690**	**4,869**	**23,156**	**2,883**	**20,273**
Total Capital Account (1to5)	**494,105**	**370,589**	**123,516**	**558,328**	**457,085**	**101,243**
C. Errors & Omissions	**2,192**	–	**2,192**	**2,415**	–	**2,415**
D. Overall Balance (Total Capital Account, Current Account and Errors & Omissions (A+B+C))	**816,131**	**710,616**	**105,515**	**910,771**	**811,259**	**99,512**
E. Monetary Movements (i+ii)	–	**105,515**	**-105,515**	–	**99,512**	**-99,512**
i) I.M.F.	–	–	–	–	–	–
ii) Foreign Exchange Reserves (Increase - / Decrease +)	–	105,515	-105,515	–	99,512	-99,512

No. 42: India's Overall Balance of Payments *(Contd.)*

(Rs. Crore)

Items	Apr.-Jun 2006 PR			Jul.-Sep. 2006 PR		
	Credit	Debit	Net	Credit	Debit	Net
1	26	27	28	29	30	31
A. CURRENT ACCOUNT						
I. MERCHANDISE	**134,657**	**212,035**	**-77,378**	**147,625**	**225,328**	**-77,703**
II. INVISIBLES (a+b+c)	**113,431**	**54,537**	**58,894**	**115,708**	**67,102**	**48,606**
a) Services	72,998	38,537	34,461	78,681	46,602	32,079
i) Travel	7,766	6,766	1,000	8,328	8,402	-74
ii) Transportation	7,798	9,081	-1,283	9,320	9,172	148
iii) Insurance	1,082	587	495	1,461	714	747
iv) G.n.i.e.	182	359	-177	283	566	-283
v) Miscellaneous	56,170	21,744	34,426	59,289	27,748	31,541
of which						
Software Services	32,007	1,887	30,120	33,020	1,878	31,142
Business Services	17,547	11,922	5,625	18,989	15,209	3,780
Financial Services	2,692	1,369	1,323	1,591	1,516	75
Communication Services	1,864	464	1,400	2,996	774	2,222
b) Transfers	32,603	1,350	31,253	26,677	1,706	24,971
i) Official	314	409	-95	561	496	65
ii) Private	32,289	941	31,348	26,116	1,210	24,906
c) Income	7,830	14,650	-6,820	10,350	18,794	-8,444
i) Investment Income	7,544	13,759	-6,215	10,002	17,737	-7,735
ii) Compensation of Employees	286	891	-605	348	1,057	-709
Total Current Account (I+II)	**248,088**	**266,572**	**-18,484**	**263,333**	**292,430**	**-29,097**
B. CAPITAL ACCOUNT						
1. Foreign Investment (a+b)	**153,864**	**148,984**	**4,880**	**104,268**	**80,796**	**23,472**
a) Foreign Direct Investment (i+ii)	13,714	6,533	7,181	21,080	7,577	13,503
i. In India	13,423	36	13,387	19,995	9	19,986
Equity	8,849	36	8,813	13,382	9	13,373
Reinvested Earnings	4,529	–	4,529	6,330	–	6,330
Other Capital	45	–	45	283	–	283
ii. Abroad	291	6,497	-6,206	1,085	7,568	-6,483
Equity	291	4,233	-3,942	1,085	5,551	-4,466
Reinvested Earnings	–	1,223	-1,223	–	1,247	-1,247
Other Capital	–	1,041	-1,041	–	770	-770
b) Portfolio Investment	140,150	142,451	-2,301	83,188	73,219	9,969
In India	140,055	142,446	-2,391	83,137	73,214	9,923
Abroad	95	5	90	51	5	46
2. Loans (a+b+c)	**52,287**	**28,619**	**23,668**	**52,061**	**29,890**	**22,171**
a) External Assistance	2,619	2,396	223	3,650	2,087	1,563
i) By India	18	41	-23	19	42	-23
ii) To India	2,601	2,355	246	3,631	2,045	1,586
b) Commercial Borrowings (MT&LT)	22,972	4,902	18,070	12,428	4,261	8,167
i) By India	396	1,014	-618	529	788	-259
ii) To India	22,576	3,888	18,688	11,899	3,473	8,426
c) Short Term to India	26,696	21,321	5,375	35,983	23,542	12,441
i) Suppliers' Credit >180 days & Buyers' Credit	23,108	21,321	1,787	30,507	23,542	6,965
ii) Suppliers' Credit up to180 days	3,588	–	3,588	5,476	–	5,476
3. Banking Capital (a+b)	**45,057**	**22,044**	**23,013**	**26,682**	**34,648**	**-7,966**
a) Commercial Banks	44,730	22,044	22,686	26,682	34,444	-7,762
i) Assets	23,904	8,535	15,369	7,271	16,475	-9,204
ii) Total Liabilities	20,826	13,509	7,317	19,411	17,969	1,442
of which: Non-Resident Deposits	19,307	13,387	5,920	19,406	15,196	4,210
b) Others	327	–	327	–	204	-204
4. Rupee Debt Service	**–**	**305**	**-305**	**–**	**–**	**–**
5. Other Capital	**496**	**4,570**	**-4,074**	**5,611**	**2,574**	**3,037**
Total Capital Account (1to5)	**251,704**	**204,522**	**47,182**	**188,622**	**147,908**	**40,714**
C. Errors & Omissions	**308**	**–**	**308**	**–**	**1,091**	**-1,091**
D. Overall Balance (Total Capital Account, Current Account and Errors & Omissions (A+B+C))	**500,100**	**471,094**	**29,006**	**451,955**	**441,429**	**10,526**
E. Monetary Movements (i+ii)	**–**	**29,006**	**-29,006**	**–**	**10,526**	**-10,526**
i) I.M.F.	–	–	–	–	–	–
ii) Foreign Exchange Reserves (Increase - / Decrease +)	–	29,006	-29,006	–	10,526	-10,526

No. 42: India's Overall Balance of Payments *(Concld.)*

(Rs. Crore)

Items	Oct.- Dec. 2006 PR			Jan.-Mar. 2007 PR		
	Credit	Debit	Net	Credit	Debit	Net
1	32	33	34	35	36	37
A. CURRENT ACCOUNT						
I. MERCHANDISE	**139,151**	**213,496**	**-74,345**	**157,695**	**214,545**	**-56,850**
II. INVISIBLES (a+b+c)	**132,524**	**74,723**	**57,801**	**157,762**	**82,130**	**75,632**
a) Services	87,076	54,534	32,542	105,140	60,618	44,522
i) Travel	11,790	7,368	4,422	13,243	7,717	5,526
ii) Transportation	9,465	9,456	9	9,811	8,795	1,016
iii) Insurance	1,318	904	414	1,573	698	875
iv) G.n.i.e.	391	436	-45	274	464	-190
v) Miscellaneous	64,112	36,370	27,742	80,239	42,944	37,295
of which						
Software Services	34,197	3,077	31,120	42,132	3,370	38,762
Business Services	23,482	20,207	3,275	26,910	29,591	-2,681
Financial Services	2,339	1,237	1,102	6,440	5,230	1,210
Communication Services	2,168	1,075	1,093	2,478	667	1,811
b) Transfers	35,034	1,534	33,500	39,216	1,833	37,383
i) Official	1,291	436	855	711	517	194
ii) Private	33,743	1,098	32,645	38,505	1,316	37,189
c) Income	10,414	18,655	-8,241	13,406	19,679	-6,273
i) Investment Income	9,955	17,598	-7,643	12,717	18,389	-5,672
ii) Compensation of Employees	459	1,057	-598	689	1,290	-601
Total Current Account (I+II)	**271,675**	**288,219**	**-16,544**	**315,457**	**296,675**	**18,782**
B. CAPITAL ACCOUNT						
1. Foreign Investment (a+b)	**173,320**	**143,369**	**29,951**	**166,654**	**154,514**	**12,140**
a) Foreign Direct Investment (i+ii)	44,494	30,597	13,897	24,322	20,350	3,972
i. In India	43,770	31	43,739	22,458	309	22,149
Equity	36,901	31	36,870	15,222	309	14,913
Reinvested Earnings	6,140	–	6,140	6,030	–	6,030
Other Capital	729	–	729	1,206	–	1,206
ii. Abroad	724	30,566	-29,842	1,864	20,041	-18,177
Equity	724	27,764	-27,040	1,864	17,086	-15,222
Reinvested Earnings	–	1,210	-1,210	–	1,188	-1,188
Other Capital	–	1,592	-1,592	–	1,767	-1,767
b) Portfolio Investment	128,826	112,772	16,054	142,332	134,164	8,168
In India	128,768	112,745	16,023	142,142	134,067	8,075
Abroad	58	27	31	190	97	93
2. Loans (a+b+c)	**66,446**	**37,175**	**29,271**	**76,114**	**40,595**	**35,519**
a) External Assistance	5,002	2,226	2,776	5,690	2,315	3,375
i) By India	18	40	-22	18	40	-22
ii) To India	4,984	2,186	2,798	5,672	2,275	3,397
b) Commercial Borrowings (MT&LT)	24,557	6,217	18,340	34,375	6,356	28,019
i) By India	2,011	1,552	459	–	936	-936
ii) To India	22,546	4,665	17,881	34,375	5,420	28,955
c) Short Term to India	36,887	28,732	8,155	36,049	31,924	4,125
i) Suppliers' Credit >180 days & Buyers' Credit	25,461	28,732	-3,271	36,049	26,601	9,448
ii) Suppliers' Credit up to180 days	11,426	–	11,426	–	5,323	-5,323
3. Banking Capital (a+b)	**32,209**	**46,213**	**-14,004**	**63,546**	**56,112**	**7,434**
a) Commercial Banks	31,237	46,060	-14,823	63,007	56,112	6,895
i) Assets	2,501	20,378	-17,877	31,296	35,338	-4,042
ii) Total Liabilities	28,736	25,682	3,054	31,711	20,774	10,937
of which: Non-Resident Deposits	28,453	21,871	6,582	22,784	19,922	2,862
b) Others	972	153	819	539	–	539
4. Rupee Debt Service	**–**	**9**	**-9**	**–**	**411**	**-411**
5. Other Capital	**7,760**	**3,563**	**4,197**	**20,673**	**6,268**	**14,405**
Total Capital Account (1to5)	**279,735**	**230,329**	**49,406**	**326,987**	**257,900**	**69,087**
C. Errors & Omissions	**899**	**–**	**899**	**2,472**	**–**	**2,472**
D. Overall Balance (Total Capital Account, Current Account and Errors & Omissions (A+B+C))	**552,309**	**518,548**	**33,761**	**644,916**	**554,575**	**90,341**
E. Monetary Movements (i+ii)	**–**	**33,761**	**-33,761**	**–**	**90,341**	**-90,341**
i) I.M.F.	–	–	–	–	–	–
ii) Foreign Exchange Reserves (Increase - / Decrease +)	–	33,761	-33,761	–	90,341	-90,341

No. 43 : India's Overall Balance of Payments

(US $ million)

Items	2007-08 P			2006-07 PR		
	Credit	Debit	Net	Credit	Debit	Net
1	2	3	4	5	6	7
A. CURRENT ACCOUNT						
I. MERCHANDISE	**158,461**	**248,521**	**-90,060**	**128,083**	**191,254**	**-63,171**
II. INVISIBLES (a+b+c)	**145,257**	**72,600**	**72,657**	**115,074**	**61,669**	**53,405**
a) Services	87,687	50,137	37,550	76,181	44,371	31,810
i) Travel	11,349	9,231	2,118	9,123	6,685	2,438
ii) Transportation	9,503	11,610	-2,107	8,050	8,068	-18
iii) Insurance	1,585	1,042	543	1,202	642	560
iv) G.n.i.e.	331	382	-51	250	403	-153
v) Miscellaneous	64,919	27,872	37,047	57,556	28,573	28,983
of which						
Software Services	40,300	3,249	37,051	31,300	2,267	29,033
Business Services	16,624	16,668	-44	19,266	17,093	2,173
Financial Services	3,085	2,847	238	2,913	2,087	826
Communication Services	2,436	837	1,599	2,099	659	1,440
b) Transfers	43,343	2,326	41,017	29,589	1,421	28,168
i) Official	754	515	239	638	411	227
ii) Private	42,589	1,811	40,778	28,951	1,010	27,941
c) Income	14,227	20,137	-5,910	9,304	15,877	-6,573
i) Investment Income	13,799	19,038	-5,239	8,908	14,926	-6,018
ii) Compensation of Employees	428	1,099	-671	396	951	-555
Total Current Account (I+II)	**303,718**	**321,121**	**-17,403**	**243,157**	**252,923**	**-9,766**
B. CAPITAL ACCOUNT						
1. Foreign Investment (a+b)	**270,554**	**225,748**	**44,806**	**132,581**	**117,040**	**15,541**
a) Foreign Direct Investment (i+ii)	34,924	19,379	15,545	22,959	14,480	8,479
i. In India	32,453	126	32,327	22,078	87	21,991
Equity	25,242	109	25,133	16,481	87	16,394
Reinvested Earnings	6,884	–	6,884	5,091	–	5,091
Other Capital	327	17	310	506	–	506
ii. Abroad	2,471	19,253	-16,782	881	14,393	-13,512
Equity	2,471	14,956	-12,485	881	12,168	-11,287
Reinvested Earnings	–	1,084	-1,084	–	1,076	-1,076
Other Capital	–	3,213	-3,213	–	1,149	-1,149
b) Portfolio Investment	235,630	206,369	29,261	109,622	102,560	7,062
In India	235,390	206,294	29,096	109,534	102,530	7,004
Abroad	240	75	165	88	30	58
2. Loans (a+b+c)	**83,503**	**41,541**	**41,962**	**54,728**	**30,194**	**24,534**
a) External Assistance	4,241	2,127	2,114	3,763	1,996	1,767
i) By India	24	28	-4	16	36	-20
ii) To India	4,217	2,099	2,118	3,747	1,960	1,787
b) Commercial Borrowings (MT&LT)	29,851	7,686	22,165	20,973	4,818	16,155
i) By India	1,551	1,567	-16	648	950	-302
ii) To India	28,300	6,119	22,181	20,325	3,868	16,457
c) Short Term to India	49,411	31,728	17,683	29,992	23,380	6,612
i) Suppliers' Credit >180 days & Buyers' Credit	42,641	31,728	10,913	25,482	22,175	3,307
ii) Suppliers' Credit up to180 days	6,770	–	6,770	4,510	1,205	3,305
3. Banking Capital (a+b)	**55,733**	**43,976**	**11,757**	**37,209**	**35,296**	**1,913**
a) Commercial Banks	55,654	43,544	12,110	36,799	35,218	1,581
i) Assets	19,562	12,668	6,894	14,466	17,960	-3,494
ii) Liabilities	36,092	30,876	5,216	22,333	17,258	5,075
of which: Non-Resident Deposits	29,321	29,142	179	19,914	15,593	4,321
b) Others	79	432	-353	410	78	332
4. Rupee Debt Service	**–**	**121**	**-121**	**–**	**162**	**-162**
5. Other Capital	**18,950**	**9,323**	**9,627**	**7,724**	**3,771**	**3,953**
Total Capital Account (1to5)	**428,740**	**320,709**	**108,031**	**232,242**	**186,463**	**45,779**
C. Errors & Omissions	**1,536**	**–**	**1,536**	**593**	**–**	**593**
D. Overall Balance (Total Capital Account, Current Account and Errors & Omissions (A+B+C))	**733,994**	**641,830**	**92,164**	**475,992**	**439,386**	**36,606**
E. Monetary Movements (i+ii)	**–**	**92,164**	**-92,164**	**–**	**36,606**	**-36,606**
i) I.M.F.	–	–	–	–	–	–
ii) Foreign Exchange Reserves (Increase - / Decrease +)	–	92,164	-92,164	–	36,606	-36,606

P: Preliminary PR : Partially Revised. R. : Revised.

Also see 'Notes on Tables'.

No. 43: India's Overall Balance of Payments *(Contd.)*

(US $ million)

Items	2005-06 R			2004-05 R		
	Credit	Debit	Net	Credit	Debit	Net
1	8	9	10	11	12	13
A. CURRENT ACCOUNT						
I. MERCHANDISE	**105,152**	**157,056**	**-51,904**	**85,206**	**118,908**	**-33,702**
II. INVISIBLES (a+b+c)	**89,687**	**47,685**	**42,002**	**69,533**	**38,301**	**31,232**
a) Services	57,659	34,489	23,170	43,249	27,823	15,426
i) Travel	7,853	6,638	1,215	6,666	5,249	1,417
ii) Transportation	6,325	8,337	-2,012	4,683	4,539	144
iii) Insurance	1,062	1,116	-54	870	722	148
iv) G.n.i.e.	314	529	-215	401	411	-10
v) Miscellaneous	42,105	17,869	24,236	30,629	16,902	13,727
of which						
Software Services	23,600	1,338	22,262	17,700	800	16,900
Business Services	9,307	7,748	1,559	5,167	7,318	-2,151
Financial Services	1,209	965	244	512	832	-320
Communication Services	1,575	289	1,286	1,384	738	646
b) Transfers	25,620	933	24,687	21,691	906	20,785
i) Official	669	475	194	616	356	260
ii) Private	24,951	458	24,493	21,075	550	20,525
c) Income	6,408	12,263	-5,855	4,593	9,572	-4,979
i) Investment Income	6,229	11,491	-5,262	4,124	8,219	-4,095
ii) Compensation of Employees	179	772	-593	469	1,353	-884
Total Current Account (I+II)	**194,839**	**204,741**	**-9,902**	**154,739**	**157,209**	**-2,470**
B. CAPITAL ACCOUNT						
1. Foreign Investment (a+b)	**77,298**	**61,770**	**15,528**	**46,934**	**33,934**	**13,000**
a) Foreign Direct Investment (i+ii)	9,178	6,144	3,034	6,087	2,374	3,713
i. In India	8,962	61	8,901	6,052	65	5,987
Equity	5,976	61	5,915	3,779	65	3,714
Reinvested Earnings	2,760	–	2,760	1,904	–	1,904
Other Capital	226	–	226	369	–	369
ii. Abroad	216	6,083	-5,867	35	2,309	-2,274
Equity	216	3,982	-3,766	35	1,672	-1,637
Reinvested Earnings	–	1,092	-1,092	–	248	-248
Other Capital	–	1,009	-1,009	–	389	-389
b) Portfolio Investment	68,120	55,626	12,494	40,847	31,560	9,287
In India	68,120	55,626	12,494	40,847	31,536	9,311
Abroad	–	–	–	–	24	-24
2. Loans (a+b+c)	**39,479**	**31,570**	**7,909**	**30,287**	**19,378**	**10,909**
a) External Assistance	3,631	1,929	1,702	3,809	1,886	1,923
i) By India	24	88	-64	24	128	-104
ii) To India	3,607	1,841	1,766	3,785	1,758	2,027
b) Commercial Borrowings (MT&LT)	14,343	11,835	2,508	9,084	3,890	5,194
i) By India	–	251	-251	–	232	-232
ii) To India	14,343	11,584	2,759	9,084	3,658	5,426
c) Short Term to India	21,505	17,806	3,699	17,394	13,602	3,792
i) Suppliers' Credit >180 days & Buyers' Credit	19,372	17,647	1,725	17,394	13,602	3,792
ii) Suppliers' Credit up to180 days	2,133	159	1,974	–	–	–
3. Banking Capital (a+b)	**21,658**	**20,285**	**1,373**	**14,581**	**10,707**	**3,874**
a) Commercial Banks	20,586	20,144	442	14,304	10,325	3,979
i) Assets	772	3,947	-3,175	505	552	-47
ii) Liabilities	19,814	16,197	3,617	13,799	9,773	4,026
of which: Non-Resident Deposits	17,835	15,046	2,789	8,071	9,035	-964
b) Others	1,072	141	931	277	382	-105
4. Rupee Debt Service	**–**	**572**	**-572**	**–**	**417**	**-417**
5. Other Capital	**5,941**	**4,709**	**1,232**	**6,737**	**6,081**	**656**
Total Capital Account (1to5)	**144,376**	**118,906**	**25,470**	**98,539**	**70,517**	**28,022**
C. Errors & Omissions	**–**	**516**	**-516**	**607**	**–**	**607**
D. Overall Balance (Total Capital Account, Current Account and Errors & Omissions (A+B+C))	**339,215**	**324,163**	**15,052**	**253,885**	**227,726**	**26,159**
E. Monetary Movements (i+ii)	**–**	**15,052**	**-15,052**	**–**	**26,159**	**-26,159**
i) I.M.F.	–	–	–	–	–	–
ii) Foreign Exchange Reserves (Increase - / Decrease +)	–	15,052	-15,052	–	26,159	-26,159

No. 43: India's Overall Balance of Payments *(Contd.)*

(US $ million)

Items	Apr.-Jun. 2007 PR			Jul.-Sep. 2007 PR		
	Credit	Debit	Net	Credit	Debit	Net
1	14	15	16	17	18	19
A. CURRENT ACCOUNT						
I. MERCHANDISE	**35,752**	**56,453**	**-20,701**	**37,595**	**58,069**	**-20,474**
II. INVISIBLES (a+b+c)	**29,100**	**14,700**	**14,400**	**32,322**	**16,792**	**15,530**
a) Services	18,824	10,095	8,729	18,931	11,323	7,608
i) Travel	2,088	1,881	207	2,248	2,103	145
ii) Transportation	1,905	2,492	-587	2,003	2,652	-649
iii) Insurance	369	184	185	327	291	36
iv) G.n.i.e.	96	112	-16	71	133	-62
v) Miscellaneous	14,366	5,426	8,940	14,282	6,144	8,138
of which						
Software Services	8,836	796	8,040	8,550	883	7,667
Business Services	3,980	3,194	786	3,822	3,642	180
Financial Services	630	613	17	700	622	78
Communication Services	513	200	313	641	188	453
b) Transfers	7,951	433	7,518	9,682	417	9,265
i) Official	153	166	-13	159	112	47
ii) Private	7,798	267	7,531	9,523	305	9,218
c) Income	2,325	4,172	-1,847	3,709	5,052	-1,343
i) Investment Income	2,255	3,974	-1,719	3,606	4,748	-1,142
ii) Compensation of Employees	70	198	-128	103	304	-201
Total Current Account (I+II)	**64,852**	**71,153**	**-6,301**	**69,917**	**74,861**	**-4,944**
B. CAPITAL ACCOUNT						
1. Foreign Investment (a+b)	**42,437**	**32,321**	**10,116**	**53,728**	**40,044**	**13,684**
a) Foreign Direct Investment (i+ii)	7,757	5,099	2,658	5,047	2,239	2,808
i. In India	7,000	21	6,979	4,251	19	4,232
Equity	5,168	21	5,147	2,416	19	2,397
Reinvested Earnings	1,721	–	1,721	1,721	–	1,721
Other Capital	111	–	111	114	–	114
ii. Abroad	757	5,078	-4,321	796	2,220	-1,424
Equity	757	4,381	-3,624	796	1,664	-868
Reinvested Earnings	–	271	-271	–	271	-271
Other Capital	–	426	-426	–	285	-285
b) Portfolio Investment	34,680	27,222	7,458	48,681	37,805	10,876
In India	34,621	27,216	7,405	48,675	37,781	10,894
Abroad	59	6	53	6	24	-18
2. Loans (a+b+c)	**16,573**	**7,538**	**9,035**	**19,927**	**10,437**	**9,490**
a) External Assistance	732	491	241	983	515	468
i) By India	6	7	-1	6	7	-1
ii) To India	726	484	242	977	508	469
b) Commercial Borrowings (MT&LT)	8,273	1,283	6,990	6,216	2,080	4,136
i) By India	355	290	65	455	503	-48
ii) To India	7,918	993	6,925	5,761	1,577	4,184
c) Short Term to India	7,568	5,764	1,804	12,728	7,842	4,886
i) Suppliers' Credit >180 days & Buyers' Credit	6,883	5,764	1,119	11,012	7,842	3,170
ii) Suppliers' Credit up to180 days	685	–	685	1,716	–	1,716
3. Banking Capital (a+b)	**8,551**	**9,470**	**-919**	**13,673**	**7,030**	**6,643**
a) Commercial Banks	8,551	9,464	-913	13,649	6,959	6,690
i) Assets	2,543	2,861	-318	4,404	358	4,046
ii) Liabilities	6,008	6,603	-595	9,245	6,601	2,644
of which: Non-Resident Deposits	5,243	5,690	-447	6,934	6,565	369
b) Others	–	6	-6	24	71	-47
4. Rupee Debt Service	**–**	**43**	**-43**	**–**	**2**	**-2**
5. Other Capital	**987**	**1,830**	**-843**	**7,445**	**3,300**	**4,145**
Total Capital Account (1to5)	**68,548**	**51,202**	**17,346**	**94,773**	**60,813**	**33,960**
C. Errors & Omissions	**155**	**–**	**155**	**220**	**–**	**220**
D. Overall Balance (Total Capital Account, Current Account and Errors & Omissions (A+B+C))	**133,555**	**122,355**	**11,200**	**164,910**	**135,674**	**29,236**
E. Monetary Movements (i+ii)	**–**	**11,200**	**-11,200**	**–**	**29,236**	**-29,236**
i) I.M.F.	–	–	–	–	–	–
ii) Foreign Exchange Reserves (Increase - / Decrease +)	–	11,200	-11,200	–	29,236	-29,236

No. 43: India's Overall Balance of Payments *(Contd.)*

(US $ million)

Items	Oct.-Dec. 2007 PR			Jan.-Mar. 2008 P		
	Credit	Debit	Net	Credit	Debit	Net
1	20	21	22	23	24	25
A. CURRENT ACCOUNT						
I. MERCHANDISE	**42,284**	**67,376**	**-25,092**	**42,830**	**66,623**	**-23,793**
II. INVISIBLES (a+b+c)	**38,764**	**18,789**	**19,975**	**45,071**	**22,319**	**22,752**
a) Services	23,867	13,437	10,430	26,065	15,282	10,783
i) Travel	3,395	2,490	905	3,618	2,757	861
ii) Transportation	2,663	2,956	-293	2,932	3,510	-578
iii) Insurance	446	255	191	443	312	131
iv) G.n.i.e.	90	74	16	74	63	11
v) Miscellaneous	17,273	7,662	9,611	18,998	8,640	10,358
of which						
Software Services	10,108	851	9,257	12,806	719	12,087
Business Services	4,241	4,416	-175	4,581	5,416	-835
Financial Services	874	837	37	881	775	106
Communication Services	602	182	420	680	267	413
b) Transfers	11,356	490	10,866	14,354	986	13,368
i) Official	195	121	74	247	116	131
ii) Private	11,161	369	10,792	14,107	870	13,237
c) Income	3,541	4,862	-1,321	4,652	6,051	-1,399
i) Investment Income	3,436	4,597	-1,161	4,502	5,719	-1,217
ii) Compensation of Employees	105	265	-160	150	332	-182
Total Current Account (I+II)	**81,048**	**86,165**	**-5,117**	**87,901**	**88,942**	**-1,041**
B. CAPITAL ACCOUNT						
1. Foreign Investment (a+b)	**85,868**	**67,477**	**18,391**	**88,521**	**85,906**	**2,615**
a) Foreign Direct Investment (i+ii)	7,842	4,113	3,729	14,278	7,928	6,350
i. In India	7,439	43	7,396	13,763	43	13,720
Equity	5,616	43	5,573	12,042	26	12,016
Reinvested Earnings	1,721	–	1,721	1,721	–	1,721
Other Capital	102	–	102	–	17	-17
ii. Abroad	403	4,070	-3,667	515	7,885	-7,370
Equity	403	3,493	-3,090	515	5,418	-4,903
Reinvested Earnings	–	271	-271	–	271	-271
Other Capital	–	306	-306	–	2,196	-2,196
b) Portfolio Investment	78,026	63,364	14,662	74,243	77,978	-3,735
In India	77,906	63,345	14,561	74,188	77,952	-3,764
Abroad	120	19	101	55	26	29
2. Loans (a+b+c)	**22,066**	**10,598**	**11,468**	**24,937**	**12,968**	**11,969**
a) External Assistance	1,109	544	565	1,417	577	840
i) By India	6	7	-1	6	7	-1
ii) To India	1,103	537	566	1,411	570	841
b) Commercial Borrowings (MT&LT)	8,411	2,199	6,212	6,951	2,124	4,827
i) By India	364	381	-17	377	393	-16
ii) To India	8,047	1,818	6,229	6,574	1,731	4,843
c) Short Term to India	12,546	7,855	4,691	16,569	10,267	6,302
i) Suppliers' Credit >180 days & Buyers' Credit	10,231	7,855	2,376	14,515	10,267	4,248
ii) Suppliers' Credit up to180 days	2,315	–	2,315	2,054	–	2,054
3. Banking Capital (a+b)	**12,572**	**12,365**	**207**	**20,937**	**15,111**	**5,826**
a) Commercial Banks	12,569	12,013	556	20,885	15,108	5,777
i) Assets	5,636	3,939	1,697	6,979	5,510	1,469
ii) Liabilities	6,933	8,074	-1,141	13,906	9,598	4,308
of which: Non-Resident Deposits	6,440	7,293	-853	10,704	9,594	1,110
b) Others	3	352	-349	52	3	49
4. Rupee Debt Service	–	–	–	–	**76**	**-76**
5. Other Capital	**4,703**	**3,469**	**1,234**	**5,815**	**724**	**5,091**
Total Capital Account (1to5)	**125,209**	**93,909**	**31,300**	**140,210**	**114,785**	**25,425**
C. Errors & Omissions	**555**	–	**555**	**606**	–	**606**
D. Overall Balance (Total Capital Account, Current Account and Errors & Omissions (A+B+C))	**206,812**	**180,074**	**26,738**	**228,717**	**203,727**	**24,990**
E. Monetary Movements (i+ii)	–	**26,738**	**-26,738**	–	**24,990**	**-24,990**
i) I.M.F.	–	–	–	–	–	–
ii) Foreign Exchange Reserves (Increase - / Decrease +)	–	26,738	-26,738	–	24,990	-24,990

No. 43: India's Overall Balance of Payments *(Contd.)*

(US $ million)

Items	Apr.-Jun. 2006 PR			Jul.-Sep. 2006 PR		
	Credit	Debit	Net	Credit	Debit	Net
1	26	27	28	29	30	31
A. CURRENT ACCOUNT						
I. MERCHANDISE	**29,614**	**46,631**	**-17,017**	**31,836**	**48,593**	**-16,757**
II. INVISIBLES (a+b+c)	**24,946**	**11,994**	**12,952**	**24,953**	**14,471**	**10,482**
a) Services	16,054	8,475	7,579	16,968	10,050	6,918
i) Travel	1,708	1,488	220	1,796	1,812	-16
ii) Transportation	1,715	1,997	-282	2,010	1,978	32
iii) Insurance	238	129	109	315	154	161
iv) G.n.i.e.	40	79	-39	61	122	-61
v) Miscellaneous	12,353	4,782	7,571	12,786	5,984	6,802
of which						
Software Services	7,039	415	6,624	7,121	405	6,716
Business Services	3,859	2,622	1,237	4,095	3,280	815
Financial Services	592	301	291	343	327	16
Communication Services	410	102	308	646	167	479
b) Transfers	7,170	297	6,873	5,753	368	5,385
i) Official	69	90	-21	121	107	14
ii) Private	7,101	207	6,894	5,632	261	5,371
c) Income	1,722	3,222	-1,500	2,232	4,053	-1,821
i) Investment Income	1,659	3,026	-1,367	2,157	3,825	-1,668
ii) Compensation of Employees	63	196	-133	75	228	-153
Total Current Account (I+II)	**54,560**	**58,625**	**-4,065**	**56,789**	**63,064**	**-6,275**
B. CAPITAL ACCOUNT						
1. Foreign Investment (a+b)	**33,838**	**32,765**	**1,073**	**22,486**	**17,424**	**5,062**
a) Foreign Direct Investment (i+ii)	3,016	1,437	1,579	4,546	1,634	2,912
i. In India	2,952	8	2,944	4,312	2	4,310
Equity	1,946	8	1,938	2,886	2	2,884
Reinvested Earnings	996	–	996	1,365	–	1,365
Other Capital	10	–	10	61	–	61
ii. Abroad	64	1,429	-1,365	234	1,632	-1,398
Equity	64	931	-867	234	1,197	-963
Reinvested Earnings	–	269	-269	–	269	-269
Other Capital	–	229	-229	–	166	-166
b) Portfolio Investment	30,822	31,328	-506	17,940	15,790	2,150
In India	30,801	31,327	-526	17,929	15,789	2,140
Abroad	21	1	20	11	1	10
2. Loans (a+b+c)	**11,499**	**6,294**	**5,205**	**11,227**	**6,446**	**4,781**
a) External Assistance	576	527	49	787	450	337
i) By India	4	9	-5	4	9	-5
ii) To India	572	518	54	783	441	342
b) Commercial Borrowings (MT&LT)	5,052	1,078	3,974	2,680	919	1,761
i) By India	87	223	-136	114	170	-56
ii) To India	4,965	855	4,110	2,566	749	1,817
c) Short Term to India	5,871	4,689	1,182	7,760	5,077	2,683
i) Suppliers' Credit >180 days & Buyers' Credit	5,082	4,689	393	6,579	5,077	1,502
ii) Suppliers' Credit up to180 days	789	–	789	1,181	–	1,181
3. Banking Capital (a+b)	**9,909**	**4,848**	**5,061**	**5,754**	**7,472**	**-1,718**
a) Commercial Banks	9,837	4,848	4,989	5,754	7,428	-1,674
i) Assets	5,257	1,877	3,380	1,568	3,553	-1,985
ii) Liabilities	4,580	2,971	1,609	4,186	3,875	311
of which: Non-Resident Deposits	4,246	2,944	1,302	4,185	3,277	908
b) Others	72	–	72	–	44	-44
4. Rupee Debt Service	**–**	**67**	**-67**	**–**	**–**	**–**
5. Other Capital	**109**	**1,005**	**-896**	**1,210**	**555**	**655**
Total Capital Account (1to5)	**55,355**	**44,979**	**10,376**	**40,677**	**31,897**	**8,780**
C. Errors & Omissions	**68**	**–**	**68**	**–**	**235**	**-235**
D. Overall Balance (Total Capital Account, Current Account and Errors & Omissions (A+B+C))	**109,983**	**103,604**	**6,379**	**97,466**	**95,196**	**2,270**
E. Monetary Movements (i+ii)	**–**	**6,379**	**-6,379**	**–**	**2,270**	**-2,270**
i) I.M.F.	–	–	–	–	–	–
ii) Foreign Exchange Reserves (Increase - / Decrease +)	–	6,379	-6,379	–	2,270	-2,270

No. 43: India's Overall Balance of Payments *(Concld.)*

(US $ million)

Items	Oct.-Dec. 2006 PR			Jan.-Mar. 2007 PR		
	Credit	Debit	Net	Credit	Debit	Net
1	32	33	34	35	36	37
A. CURRENT ACCOUNT						
I. MERCHANDISE	**30,933**	**47,460**	**-16,527**	**35,700**	**48,570**	**-12,870**
II. INVISIBLES (a+b+c)	**29,460**	**16,611**	**12,849**	**35,715**	**18,593**	**17,122**
a) Services	19,357	12,123	7,234	23,802	13,723	10,079
i) Travel	2,621	1,638	983	2,998	1,747	1,251
ii) Transportation	2,104	2,102	2	2,221	1,991	230
iii) Insurance	293	201	92	356	158	198
iv) G.n.i.e.	87	97	-10	62	105	-43
v) Miscellaneous	14,252	8,085	6,167	18,165	9,722	8,443
of which						
Software Services	7,602	684	6,918	9,538	763	8,775
Business Services	5,220	4,492	728	6,092	6,699	-607
Financial Services	520	275	245	1,458	1,184	274
Communication Services	482	239	243	561	151	410
b) Transfers	7,788	341	7,447	8,878	415	8,463
i) Official	287	97	190	161	117	44
ii) Private	7,501	244	7,257	8,717	298	8,419
c) Income	2,315	4,147	-1,832	3,035	4,455	-1,420
i) Investment Income	2,213	3,912	-1,699	2,879	4,163	-1,284
ii) Compensation of Employees	102	235	-133	156	292	-136
Total Current Account (I+II)	**60,393**	**64,071**	**-3,678**	**71,415**	**67,163**	**4,252**
B. CAPITAL ACCOUNT						
1. Foreign Investment (a+b)	**38,529**	**31,871**	**6,658**	**37,728**	**34,980**	**2,748**
a) Foreign Direct Investment (i+ii)	9,891	6,802	3,089	5,506	4,607	899
i. In India	9,730	7	9,723	5,084	70	5,014
Equity	8,203	7	8,196	3,446	70	3,376
Reinvested Earnings	1,365	–	1,365	1,365	–	1,365
Other Capital	162	–	162	273	–	273
ii. Abroad	161	6,795	-6,634	422	4,537	-4,115
Equity	161	6,172	-6,011	422	3,868	-3,446
Reinvested Earnings	–	269	-269	–	269	-269
Other Capital	–	354	-354	–	400	-400
b) Portfolio Investment	28,638	25,069	3,569	32,222	30,373	1,849
In India	28,625	25,063	3,562	32,179	30,351	1,828
Abroad	13	6	7	43	22	21
2. Loans (a+b+c)	**14,771**	**8,264**	**6,507**	**17,231**	**9,190**	**8,041**
a) External Assistance	1,112	495	617	1,288	524	764
i) By India	4	9	-5	4	9	-5
ii) To India	1,108	486	622	1,284	515	769
b) Commercial Borrowings (MT&LT)	5,459	1,382	4,077	7,782	1,439	6,343
i) By India	447	345	102	–	212	-212
ii) To India	5,012	1,037	3,975	7,782	1,227	6,555
c) Short Term to India	8,200	6,387	1,813	8,161	7,227	934
i) Suppliers' Credit >180 days & Buyers' Credit	5,660	6,387	-727	8,161	6,022	2,139
ii) Suppliers' Credit up to180 days	2,540	–	2,540	–	1,205	-1,205
3. Banking Capital (a+b)	**7,160**	**10,273**	**-3,113**	**14,386**	**12,703**	**1,683**
a) Commercial Banks	6,944	10,239	-3,295	14,264	12,703	1,561
i) Assets	556	4,530	-3,974	7,085	8,000	-915
ii) Liabilities	6,388	5,709	679	7,179	4,703	2,476
of which: Non-Resident Deposits	6,325	4,862	1,463	5,158	4,510	648
b) Others	216	34	182	122	–	122
4. Rupee Debt Service	**–**	**2**	**-2**	**–**	**93**	**-93**
5. Other Capital	**1,725**	**792**	**933**	**4,680**	**1,419**	**3,261**
Total Capital Account (1to5)	**62,185**	**51,202**	**10,983**	**74,025**	**58,385**	**15,640**
C. Errors & Omissions	**200**	**–**	**200**	**560**	**–**	**560**
D. Overall Balance (Total Capital Account, Current Account and Errors & Omissions (A+B+C))	**122,778**	**115,273**	**7,505**	**146,000**	**125,548**	**20,452**
E. Monetary Movements (i+ii)	**–**	**7,505**	**-7,505**	**–**	**20,452**	**-20,452**
i) I.M.F.	–	–	–	–	–	–
ii) Foreign Exchange Reserves (Increase - / Decrease +)	–	7,505	-7,505	–	20,452	-20,452

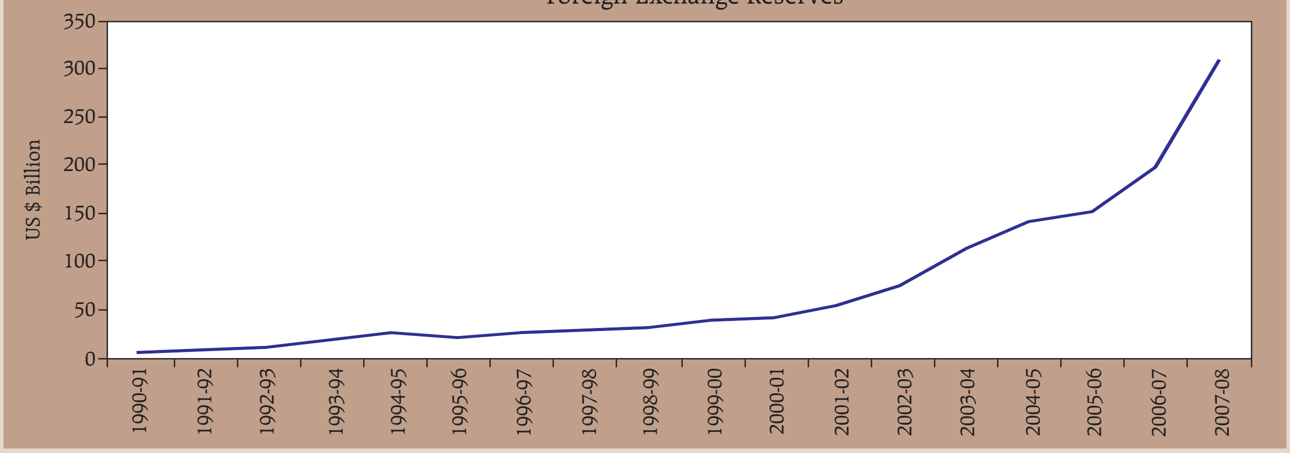
No. 44: Foreign Exchange Reserves

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**
2007-08	11,96,023	299,230	40,124	10,039	11	74	18	1,744	436	**12,37,965**	**309,723**
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**
September	9,53,581	239,955	29,275	7,367	1	8	2	1,740	438	**9,84,604**	**247,762**
October	10,08,271	256,427	30,712	7,811	8	52	13	1,735	441	**10,40,770**	**264,692**
November	10,50,165	264,725	33,151	8,357	2	13	3	1,727	435	**10,85,056**	**273,520**
December	10,50,485	266,553	32,819	8,328	2	13	3	1,703	432	**10,85,020**	**275,316**
January	11,17,080	283,595	36,236	9,199	6	36	9	1,720	437	**11,55,072**	**293,240**
February	11,62,671	291,250	38,154	9,558	-	1	-	1,705	427	**12,02,531**	**301,235**
March	11,96,023	299,230	40,124	10,039	11	74	18	1,744	436	**12,37,965**	**309,723**
2008-09											
April	12,30,896	304,225	38,141	9,427	11	74	18	1,961	485	**12,71,072**	**314,155**
May	12,98,464	304,875	39,190	9,202	7	47	11	2,242	526	**13,39,943**	**314,614**
June	12,98,552	302,340	39,548	9,208	7	48	11	2,269	528	**13,40,417**	**312,087**
Jun. 6, 2008	13,09,030	305,920	39,190	9,202	7	47	11	2,253	527	**13,50,520**	**315,660**
Jun. 13, 2008	12,90,196	300,955	39,190	9,202	7	47	11	2,226	519	**13,31,659**	**310,687**
Jun. 20, 2008	13,00,890	302,744	39,190	9,202	7	47	11	2,253	524	**13,42,380**	**312,481**
Jun. 27, 2008	12,92,470	302,050	39,190	9,202	7	47	11	2,255	527	**13,33,962**	**311,790**
Jul. 4, 2008	12,90,514	298,661	39,548	9,208	7	48	11	2,235	517	**13,32,345**	**308,397**
Jul. 11, 2008	12,76,415	298,786	39,548	9,208	7	47	11	2,202	515	**13,18,212**	**308,520**

-Negligible

See 'Notes on Tables'

Foreign Exchange Reserves



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	2008
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
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	14,168
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	26,716
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	2,788
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**	**43,672**

(US $ million)

SCHEME	2007-08 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) **	15,170	15,124	15,319	15,397	15,234	15,362	15,386	15,261	14,758	14,459	14,284	14,168
2. NR(E)RA	25,675	25,694	25,438	25,801	25,377	26,284	26,397	26,149	26,078	26,726	26,389	26,716
3. NRO	1,739	1,767	1,846	1,887	2,134	2,033	2,063	2,108	2,198	2,439	2,620	2,788
Total	**42,584**	**42,585**	**42,603**	**43,085**	**42,745**	**43,679**	**43,846**	**43,518**	**43,034**	**43,624**	**43,293**	**43,672**

(US $ million)

2008-09 (P) (End Month)			
SCHEME	Apr.	May	June
1	2	3	4
1. FCNR(B) **	14,028	13,838	13,632
2. NR(E)RA	26,592	25,289	25,201
3. NRO	2,986	2,937	3,048
Total	**43,606**	**42,064**	**41,881**

Inflow (+) /Outflow (-) During the Month (US $ million)

SCHEME	2007-08												
	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)	41	-46	195	78	-163	128	24	-125	-503	-299	-174	-116	-960
	(232)	(181)	(83)	(120)	(145)	(81)	(139)	(200)	(411)	(89)	(96)	(288)	(2,065)
2. NR(E)RA	-320	-265	-167	187	-122	126	-40	-205	-154	587	45	437	109
	(21)	(294)	(420)	(139)	(99)	(213)	-(1)	(375)	(112)	(135)	-(36)	(59)	(1,830)
3. NRO	22	9	85	29	269	-164	19	49	82	237	216	177	1,030
	(49)	(23)	-(2)	(25)	(60)	(26)	(17)	(32)	(179)	-(69)	(44)	(42)	(426)
Total	**-257**	**-302**	**113**	**294**	**-16**	**90**	**3**	**-281**	**-575**	**525**	**87**	**498**	**179**
	(302)	**(498)**	**(501)**	**(284)**	**(304)**	**(320)**	**(155)**	**(607)**	**(702)**	**(155)**	**(104)**	**(389)**	**(4,321)**

Inflow (+) /Outflow (-)
During the Month (US $ million)

2008-09 (P)				
SCHEME	Apr.	May	June	Apr.-Jun.
1	2	3	4	5
1. FCNR(B)	-140	-190	-207	-537
	(41)	-(46)	(195)	(190)
2. NR(E)RA	-71	354	130	413
	-(320)	-(265)	-(167)	-(752)
3. NRO	205	139	140	484
	(22)	(9)	(85)	(116)
Total	**-6**	**303**	**63**	**360**
	-(257)	**-(302)**	**(113)**	**-(446)**

@ : 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

Note: 1. FCNR(A) : Foreign Currency Non-Resident (Accounts). 2. FCNR(B) : Foreign Currency Non-Resident (Banks).
3. NR(E)RA : Non-Resident(External) Rupee Account. 4. NR(NR)RD : Non-Resident(Non-Repatriable) Rupee Deposits.
5. NRO : Non-Resident Ordinary Rupee Account.
6. Figures in the brackets represent inflows(+) outflows (–) during the corresponding month/period of the previous year.

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	2006-07 (P)	2007-08(P)
1	2	3	4	5	6	7	8	9	10	11	12	13	14
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**	**8,961**	**22,079**	**32,435**
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	5,975	16,482	25,241
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	2,298
b. RBI	169	135	202	179	171	454	767	739	534	1,258	2,233	7,151	17,129
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	5,148
e. Equity capital of unincorporated bodies #	..	..	..	..	..	61	191	190	32	528	435	897	666
II. Reinvested earnings +	..	..	..	..	..	1,350	1,645	1,833	1,460	1,904	2,760	5,091	6,884
III. Other capital ++	..	..	..	..	..	279	390	438	633	369	226	506	310
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**	**29,395**
a. GDRs/ADRs # #	683	1,366	645	270	768	831	477	600	459	613	2,552	3,776	8,769
b. FIIs **	2,009	1,926	979	-390	2,135	1,847	1,505	377	10,918	8,686	9,926	3,225	20,328
c. Offshore funds and others	56	20	204	59	123	82	39	2	-	16	14	2	298
Total (A+B)	**4,892**	**6,133**	**5,385**	**2,401**	**5,181**	**6,789**	**8,151**	**6,014**	**15,699**	**15,366**	**21,453**	**29,082**	**61,830**

(US $ million)

Item	2007-08 (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)	**1,643**	**2,120**	**1,238**	**705**	**831**	**713**	**2,027**	**1,864**	**1,558**	**1,767**	**5,670**	**4,438**
I. Equity (a+b+c+d+e)	1,643	2,120	1,238	705	831	713	2,027	1,864	1,558	1,767	5,670	4,438
a. Government (SIA/FIPB)	76	847	177	177	76	117	95	82	127	221	259	44
b. RBI	699	1,050	912	515	512	201	1,710	965	1,385	884	4,704	3,591
c. NRI	-	-	-	-	-	-	-	-	-	-	-	-
d. Acquisition of shares *	868	223	149	13	243	395	222	817	46	662	707	803
e. Equity capital of unincorporated bodies #	..	..	..	..	..	..	..	..	..	..	..	..
II. Reinvested earnings +	..	..	..	..	..	..	..	..	..	..	..	..
III. Other capital ++	..	..	..	..	..	..	..	..	..	..	..	..
B. Portfolio Investment (a+b+c)	**1,974**	**1,852**	**3,664**	**6,713**	**-2,875**	**7,081**	**9,564**	**-107**	**5,294**	**6,739**	**-8,904**	**-1,600**
a. GDRs/ADRs # #	11	5	300	2,028	448	1	2,731	158	2,708	249	87	43
b. FIIs **	1,963	1,847	3,279	4,685	-3,323	7,057	6,833	-265	2,396	6,490	-8,991	-1,643
c.Offshore funds and others	-	-	85	-	-	23	-	-	190	-	-	-
Total (A+B)	**3,617**	**3,972**	**4,902**	**7,418**	**-2,044**	**7,794**	**11,591**	**1,757**	**6,852**	**8,506**	**-3,234**	**2,838**

(US $ million)

2008-09 (P)				
Item	Apr.	May	Jun.	Apr.-Jun.
1	2	3	4	5
A. Direct Investment (I+II+III)	**3,749**	**3,932**	**2,392**	**10,073**
I. Equity (a+b+c+d+e)	3,749	3,932	2,392	10,073
a. Government (SIA/FIPB)	851	65	806	1,722
b. RBI	1,819	3,091	1,188	6,098
c. NRI	-	-	-	-
d. Acquisition of shares *	1,079	776	398	2,253
e. Equity capital of unincorporated bodies #	..	..	..	..
II. Reinvested earnings +	..	..	..	..
III. Other capital ++	..	..	..	..
B. Portfolio Investment (a+b+c)	**-880**	**-288**	**-3,010**	**-4,178**
a. GDRs/ADRs # #	552	446	1	999
b. FIIs **	-1,432	-734	-3,011	-5,177
c.Offshore funds and others	-	-	-	-
Total (A+B)	**2,869**	**3,644**	**-618**	**5,895**

* : 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 2006-07 and 2007-08 are estimates.

: Represents the amount raised by Indian Corporates through Global Depository Receipts (GDRs) and American Depository Receipts (ADRs).

\+ : Data for 2006-07 and 2007-08 are estimated as average of previous two years. ++: Data pertain to inter company debt transactions of FDI entities.

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. 46 A: Outward Remittances under the Liberalised Remittance Scheme for Resident Individuals

(US $ million)

Purpose	2004-05	2005-06	2006-07	2007-08
1	2	3	4	5
1. Deposit	9.1	23.2	19.7	24.0
2. Purchase of immovable property	0.5	1.9	8.5	39.5
3. Investment in equity/debt	–	–	20.7	144.7
4. Gift	–	–	7.4	70.3
5. Donations	–	–	0.1	1.6
6. Others**	–	–	16.4	160.4
Total (1 to 6)	**9.6**	**25.0**	**72.8**	**440.5**

(US $ million)

Purpose	April 2008	May 2008
1	2	3
1. Deposit	3.4	3.0
2. Purchase of immovable property	7.7	7.0
3. Investment in equity/debt	13.3	13.7
4. Gift	8.8	10.9
5. Donations	0.2	0.1
6. Others**	17.1	18.5
Total (1 to 6)	**50.5**	**53.2**

- : Not available

** : Include items such as Education, Tours and Travels.

Note : Under Liberalised Remittance Scheme (LRS), currently, the residents are permitted to remit up to an amount of US $ 2,00,000 per financial year (April-March) for any permitted current or capital account transactions or a combination of both with effect from September 26, 2007. The LRS Scheme was introduced in February 2004 to facilitate resident individuals to freely remit up to US $ 25,000 per calendar year, which was enhanced to US $ 50,000 per financial year in December 2006; to US $ 1,00,000 per financial year in May 2007; and to US $ 2,00,000 per financial year in September 2007.

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		Pound Sterling		Euro		One Hundred Japanese Yen	
	US Dollar	Euro	Buying	Selling	Buying	Selling	Buying	Selling	Buying	Selling
1	2	3	4	5	6	7	8	9	10	11
June 2, 2008	42.2400	65.5800	42.2350	42.2450	83.2125	83.2400	65.5525	65.5725	40.0825	40.1075
June 3, 2008	42.5300	66.1800	42.5300	42.5400	83.4175	83.4500	66.2150	66.2425	40.8825	40.9000
June 4, 2008	42.6300	65.8000	42.6200	42.6300	83.3825	83.4175	65.7850	65.8075	40.4975	40.5275
June 5, 2008	42.8600	66.1700	42.8600	42.8700	83.5675	83.6000	66.1750	66.1950	40.6025	40.6200
June 6, 2008	42.7900	66.7100	42.7900	42.8000	83.7825	83.8250	66.7175	66.7475	40.3300	40.3500
June 9, 2008	42.8900	67.6600	42.8900	42.9000	84.4675	84.5000	67.6975	67.7175	40.7475	40.7600
June 10, 2008	42.8900	66.8600	42.8850	42.8950	84.3325	84.3625	66.8225	66.8425	40.1550	40.1725
June 11, 2008	42.8900	66.4500	42.8900	42.9000	83.8125	83.8450	66.4450	66.4700	39.8125	39.8450
June 12, 2008	42.8100	66.1000	42.8100	42.8200	83.7575	83.7850	66.0825	66.1300	39.8425	39.8625
June 13, 2008	42.8700	66.1100	42.8600	42.8700	83.3975	83.4300	66.0850	66.1175	39.7075	39.7350
June 16, 2008	42.9000	65.9900	42.8950	42.9050	83.7300	83.7725	65.9550	65.9800	39.5625	39.5775
June 17, 2008	42.9200	66.6600	42.9150	42.9250	84.4700	84.5075	66.6550	66.6875	39.7800	39.8000
June 18, 2008	42.9000	66.4600	42.8900	42.9000	83.7425	83.7750	66.4325	66.4600	39.6725	39.7000
June 19, 2008	42.9300	66.8200	42.9300	42.9400	84.1975	84.2100	66.7950	66.8150	39.8725	39.9000
June 20, 2008	42.9700	66.7200	42.9600	42.9700	84.7050	84.7375	66.7050	66.7325	39.8100	39.8275
June 23, 2008	42.9700	66.9900	42.9700	42.9800	84.7025	84.7350	66.9950	67.0150	40.0125	40.0400
June 24, 2008	42.9400	66.7300	42.9350	42.9450	84.4750	84.5025	66.7375	66.7625	39.7350	39.7650
June 25, 2008	42.8200	66.6200	42.8100	42.8200	84.2850	84.3125	66.6200	66.6500	39.6875	39.7025
June 26, 2008	42.7300	66.9700	42.7200	42.7300	84.3550	84.3925	66.9075	66.9375	39.5225	39.5425
June 27, 2008	42.7900	67.3400	42.7800	42.7900	84.9650	85.0025	67.3225	67.3475	40.0225	40.0350
June 30, 2008	42.9500	67.8100	42.9450	42.9550	85.6225	85.6600	67.7800	67.8050	40.6100	40.6225

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 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	–
September	2007	11,867.00	–	(+) 11,867.00	(+) 47,418.00	(+) 34,783.00	(+) 1,40,686.87	–
October	2007	12,544.00	–	(+) 12,544.00	(+) 49,581.07	(+) 47,327.00	(+) 1,90,267.94	(+) 4,990.00
November	2007	7,827.00	–	(+) 7,827.00	(+) 30,796.87	(+) 55,154.00	(+) 2,21,064.81	(+) 7,553.00
December	2007	2,731.00	–	(+) 2,731.00	(+) 10,772.86	(+) 57,885.00	(+) 2,31,837.66	(+) 8,238.00
January	2008	13,625.00	–	(+) 13,625.00	(+) 53,612.82	(+) 71,510.00	(+) 2,85,450.48	(+) 16,629.00
February	2008	3,884.00	–	(+) 3,884.00	(+) 15,424.17	(+) 75,394.00	(+) 3,00,874.65	(+) 16,178.00
March	2008	4,302.00	1493.00	(+) 2809.00	(+) 11,178.90	(+) 78,203.00	(+) 3,12,053.55	(+) 14,735.00

Month		Foreign Currency (US $ Million)			Rs. equivalent at contract rate (Rs. crore)	Cumulative (over end-April 2008)		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
2008-09								
April	2008	4,325.00	–	(+) 4,325.00	(+) 17,237.89	(+) 4,325.00	(+) 17,237.89	(+) 17,095.00
May	2008	1,625.00	1,477.00	(+) 148.00	(+) 118.51	(+) 4,473.00	(+) 17,356.40	(+) 15,470.00
June	2008	1,770.00	6,999.00	(–) 5,229.00	(–) 22,970.78	(–) 756.00	(–) 5,614.37	(+) 13,700.00

(+) : 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												
June 2, 2008	1,811	1,969	526	385	820	981	4,607	7,725	1,200	3,381	1,287	243
June 3, 2008	1,894	1,327	399	516	811	609	3,764	6,208	647	4,180	1,347	95
June 4, 2008	1,948	1,298	576	464	871	764	4,744	6,896	490	3,988	1,357	137
June 5, 2008	1,860	1,086	505	971	1,031	904	5,365	6,763	1,538	4,446	1,681	185
June 6, 2008	2,500	1,077	479	719	1,341	837	5,125	5,052	481	4,077	1,720	203
June 9, 2008	1,780	938	234	649	1,172	1,183	4,313	5,727	369	5,096	1,633	179
June 10, 2008	1,630	976	308	1,043	1,278	1,229	5,619	5,886	751	6,695	1,796	275
June 11, 2008	2,027	945	540	619	1,132	866	4,845	7,317	580	5,789	1,563	235
June 12, 2008	1,808	1,394	298	789	1,225	957	4,233	7,522	995	5,235	1,687	229
June 13, 2008	1,640	988	368	502	1,318	845	3,719	6,842	383	5,477	1,786	114
June 16, 2008	1,605	919	260	380	1,302	1,095	3,493	6,503	617	4,890	1,293	163
June 17, 2008	1,395	810	327	465	935	688	3,925	7,361	930	4,957	1,687	182
June 18, 2008	1,263	551	304	409	757	591	2,995	5,170	666	3,097	943	63
June 19, 2008	1,265	1,246	420	491	1,196	886	5,518	8,146	1,336	4,915	1,729	123
June 20, 2008	1,743	1,265	355	573	930	642	5,099	8,376	799	3,481	1,740	235
June 23, 2008	1,871	811	378	674	676	769	4,341	9,806	879	4,506	1,443	95
June 24, 2008	1,693	818	363	812	591	626	3,700	9,506	428	3,609	1,534	76
June 25, 2008	2,034	1,442	597	472	888	595	5,330	8,050	670	2,939	1,711	50
June 26, 2008	5,029	1,374	1,828	1,036	1,531	1,717	5,759	9,064	949	7,036	2,408	360
June 27, 2008	2,411	1,505	921	737	1,107	748	3,288	9,080	1,794	4,189	2,215	232
June 30, 2008	2,895	1,865	1,303	643	975	980	8,618	9,390	1,493	3,839	2,684	149
Sales												
June 2, 2008	2,219	1,479	663	317	806	957	4,574	7,754	1,152	3,380	1,353	301
June 3, 2008	2,030	1,270	340	662	665	711	3,472	6,643	786	4,005	1,469	127
June 4, 2008	1,997	1,429	366	291	868	874	4,284	6,885	748	4,092	1,361	130
June 5, 2008	1,864	1,318	311	734	978	1,080	5,294	6,592	1,282	4,545	1,706	220
June 6, 2008	2,188	1,180	608	531	1,156	1,201	4,713	5,719	686	4,064	1,233	194
June 9, 2008	2,124	1,138	322	707	1,109	1,345	3,856	5,384	514	4,932	1,488	195
June 10, 2008	1,946	1,249	361	867	1,121	1,441	4,848	5,343	949	6,696	1,782	228
June 11, 2008	2,260	946	614	629	1,181	973	4,335	6,987	524	5,677	1,616	242
June 12, 2008	2,030	1,043	521	521	1,084	1,080	3,822	8,071	1,186	5,480	1,852	250
June 13, 2008	1,933	1,086	446	475	1,202	869	3,137	6,182	646	5,264	1,847	216
June 16, 2008	2,148	741	535	435	981	1,254	3,010	6,440	519	4,855	1,408	214
June 17, 2008	1,748	597	381	349	803	901	3,614	6,901	634	4,954	1,769	240
June 18, 2008	1,276	529	231	309	668	682	2,803	5,671	802	3,122	1,030	61
June 19, 2008	1,883	818	299	521	1,117	941	4,121	8,166	1,448	4,749	1,695	142
June 20, 2008	2,151	1,502	412	543	860	733	3,645	8,274	1,077	3,483	1,634	234
June 23, 2008	2,170	1,206	346	443	670	945	3,598	9,557	796	4,507	1,513	97
June 24, 2008	1,776	957	324	804	465	652	3,283	8,635	673	3,574	1,163	90
June 25, 2008	2,331	1,193	671	385	830	688	4,794	7,903	766	2,944	1,627	47
June 26, 2008	3,722	2,366	1,547	1,126	1,368	1,903	5,042	7,966	982	6,861	2,259	293
June 27, 2008	2,426	1,688	701	796	1,016	862	3,137	8,929	1,623	4,105	2,317	207
June 30, 2008	3,175	2,268	1,488	649	982	969	6,732	9,106	1,718	3,810	2,928	168

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.

Table 50: Indices of Real Effective Exchange Rate (REER) and Nominal Effective Exchange Rate (NEER) of the Indian Rupee

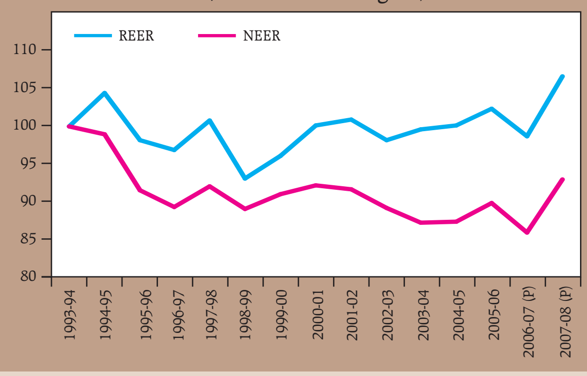
(36-Currency Export and Trade Based Weights)
(Base: 1993-94=100)*

Year	Trade Based Weights		Export Based Weights	
	REER	NEER	REER	NEER
1	2	3	4	5
1993-94	100.00	100.00	100.00	100.00
1994-95	104.32	98.91	104.88	98.18
1995-96	98.19	91.54	100.10	90.94
1996-97	96.83	89.27	98.95	89.03
1997-98	100.77	92.04	103.07	91.97
1998-99	93.04	89.05	94.34	90.34
1999-00	95.99	91.02	95.28	90.42
2000-01	100.09	92.12	98.67	90.12
2001-02	100.86	91.58	98.59	89.08
2002-03	98.18	89.12	95.99	87.01
2003-04	99.56	87.14	99.07	87.89
2004-05	100.09	87.31	98.30	88.41
2005-06	102.35	89.85	100.54	91.17
2006-07 (P)	98.43	85.89	97.34	87.46
2007-08 (P)	105.08	92.46	104.42	95.28

Year	Trade Based Weights		Export Based Weights	
	REER	NEER	REER	NEER
1	2	3	4	5
2006-07 (P)				
April	98.17	87.73	97.11	89.17
May	96.39	85.43	95.60	87.11
June	96.53	85.11	95.50	86.60
July	95.70	84.22	94.72	85.73
August	95.59	83.61	94.59	85.12
September	97.96	84.65	96.71	86.04
October	99.91	86.18	98.56	87.52
November	100.27	86.50	99.17	88.11
December	99.05	85.89	98.09	87.67
January	100.59	87.05	99.37	88.71
February	100.49	87.21	99.30	88.86
March	100.50	87.11	99.30	88.84
2007-08 (P)				
April	102.84	91.79	102.18	92.87
May	106.24	94.68	105.50	95.81
June	106.14	93.24	105.27	96.05
July	106.19	93.08	105.40	96.06
August	105.54	92.63	104.70	95.48
September	106.15	92.89	105.40	95.90
October	106.34	93.49	105.62	96.71
November	104.85	92.47	104.25	95.81
December	105.16	92.92	104.44	96.09
January	105.12	92.55	104.52	95.89
February	103.84	91.41	103.37	94.80
March	102.55	88.34	102.37	91.90
2008-09 (P)				
April	102.60	88.75	102.78	92.37
May	98.44	84.75	98.47	88.04
June	98.83	83.47	99.02	86.69

* 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)

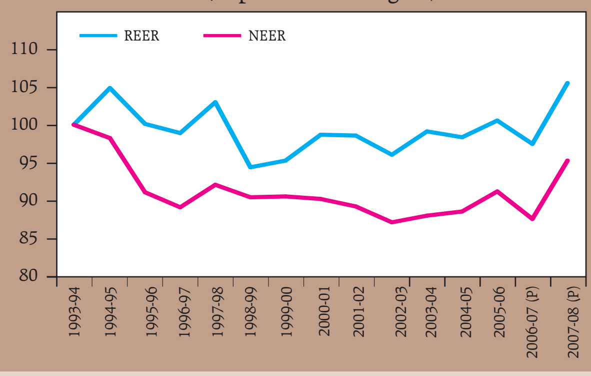


Table 51: Indices of Real Effective Exchange Rate (REER) and Nominal Effective Exchange Rate (NEER) of the Indian Rupee

(6-Currency Trade Based Weights)

Year/Month/Day	Base:1993-94 (April-March) =100		Base:2006-2007 (April-March) =100	
	NEER	REER	NEER	REER
1	2	3	4	5
1993-94	100.00	100.00	143.96	94.77
1994-95	96.96	105.82	139.52	100.24
1995-96	88.56	101.27	127.44	95.93
1996-97	86.85	101.11	124.97	95.78
1997-98	87.94	104.41	126.54	98.91
1998-99	77.49	96.14	111.50	91.08
1999-00	77.16	97.69	111.03	92.54
2000-01	77.43	102.82	111.42	97.40
2001-02	76.04	102.71	109.43	97.29
2002-03	71.27	97.68	102.56	92.53
2003-04	69.97	99.17	100.68	93.94
2004-05	69.58	101.78	100.12	96.42
2005-06	72.28	107.30	104.02	101.64
2006-07	69.49	105.57	100.00	100.00
2007-08 (P)	74.17	114.09	106.73	108.08
2006-07 April	71.63	105.86	103.08	100.28
May	69.39	103.70	99.85	98.23
June	68.79	103.19	98.99	97.75
July	68.14	102.31	98.06	96.92
August	67.65	102.26	97.35	96.87
September	68.40	104.88	98.43	99.35
October	69.66	107.34	100.24	101.68
November	69.90	107.92	100.59	102.23
December	69.38	106.52	99.84	100.90
January	70.32	107.69	101.20	102.01
February	70.42	107.67	101.33	102.00
March	70.23	107.46	101.07	101.80
2007-08 (P) April	72.74	111.63	104.67	105.75
May	75.19	115.73	108.20	109.63
June	75.37	115.22	108.46	109.15
July	75.15	115.10	108.15	109.04
August	74.44	114.10	107.13	108.08
September	74.64	115.03	107.41	108.97
October	75.45	115.79	108.58	109.69
November	74.34	113.90	106.97	107.89
December (P)	74.65	114.52	107.42	108.48
January (P)	74.31	114.23	106.93	108.21
February (P)	73.41	113.06	105.64	107.10
March (P)	70.38	110.87	101.28	105.02
2008-09 (P) April (P)	70.63	112.16	101.64	106.24
May (P)	67.48	107.48	97.11	101.82
June (P)	66.38	108.25	95.52	102.54
As on				
June 27, 2008 (P)	66.00	107.93	94.98	102.24
July 04, 2008 (P)	65.36	107.33	94.05	101.67
July 11, 2008 (P)	65.98	108.63	94.95	102.90
July 18, 2008 (P)	65.70	108.31	94.55	102.60
July 25, 2008 (P)	66.85	110.20	96.20	104.39

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 2006-07 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.

(3) Includes cash, short-term securities and fixed deposits.

(4) Includes temporary overdrafts to State Governments.

(5) Figures in bracket indicate the value of gold held under other assets.

Table Nos. 3 & 4

The expression 'Banking System' or 'Banks' means (a) State Bank of India and its associates (b) Nationalised Banks (c) Banking companies as defined in clause 'C' of Section 5 of the Banking Regulation Act, 1949 (d) Co-operative banks (as far as scheduled co-operative banks are concerned) (e) Regional Rural Banks and (f) any other financial institution notified by the Central Government in this regard.

(1) Excludes borrowings of any scheduled state co-operative bank from the State Government and any Reserve Fund deposit required to be maintained with such bank by any co-operative society within the area of operation of such bank.

(2) Deposits of co-operative banks with scheduled state co-operative banks are excluded from this item but are included under 'Aggregate deposits'.

(3) Excludes borrowings of regional rural banks from their sponsor banks.

(4) Wherever it has not been possible to provide the data against the item 'Other demand and time liabilities' under 'Liabilities to the Banking System' separately, the same has been included in the item 'Other demand and time liabilities' under 'Liabilities to others'.

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

(6) Other than from the Reserve Bank of India, NABARD and Export-Import Bank of India.

(7) Figures relating to scheduled banks' borrowings in India are those shown in the statement of affairs of the Reserve Bank of India. Borrowings against usance bills and/or promissory notes are under section 17(4) of the Reserve Bank of India Act, 1934.

(8) Includes borrowings by scheduled state co-operative banks under Section 17(4AA) of the Reserve Bank of India Act, 1934.

(9) As per the Statement of Affairs of the Reserve Bank of India.

(10) Advances granted by scheduled state co-operative banks to co-operative banks are excluded from this item but included under 'Loans, cash-credits and overdrafts'.

(11) At book value; it includes treasury bills and treasury receipts, treasury savings certificates and postal obligations.

(12) Includes participation certificates (PCs) issued by scheduled commercial banks to other banks and financial institutions.

(13) Includes participation certificates (PCs) issued by scheduled commercial banks to others.

(14) Figures in brackets relate to advances of scheduled commercial banks for financing food procurement operations.

Table No. 6

(1) Total of demand and time deposits from 'Others'.

(2) Includes borrowings from the Industrial Development Bank of India and National Bank for Agriculture and Rural Development.

(3) At book value; includes treasury bills and treasury receipts, treasury savings certificates and postal obligations.

(4) Total of 'Loans, cash credits and overdrafts' and 'Bills purchased and discounted'.

(5) Includes advances of scheduled state co-operative banks to central co-operative banks and primary co-operative banks.

Table No. 7

With a view to enable the banks to meet any unanticipated additional demand for liquidity in the context of the century date change, a 'Special Liquidity Support' (SLS) facility was made available to all scheduled commercial banks (excluding RRBs) for a temporary period from December 1, 1999 to January 31, 2000.

(1) With effect from April 13,1996, banks are provided export credit refinance against their rupee export credit and post-shipment export credit denominated in U.S. Dollars taken together.

(2) General Refinance Facility was replaced by Collateralised Lending Facility (CLF)/Additional Collateralised Facility (ACLF) effective April 21, 1999. ACLF was withdrawn with the introduction of Liquidity Adjustment Facility (LAF), effective June 5, 2000. CLF was withdrawn completely effective October 5, 2002.

(3) Special Liquidity Support Facility which was introduced effective September 17, 1998 was available upto March 31, 1999.

(4) Post-shipment credit denominated in US dollars (PSCFC) scheme was withdrawn effective February 8, 1996 and the refinance facility thereagainst was withdrawn effective April 13, 1996. The scheme of government securities refinance was terminated effective July 6, 1996.

Table No. 8

(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. Paper based inter-bank clearing has been discontinued at all the centres, the last June, 2005. "The other MICR Centres are Agra, Allahabad, Amritsar, Aurangabad, Baroda, Bhilwara, Coimbatore, Dehradun, Ernakulum, Erode, Gorakhpur, Gwalior, Hubli, Indore ,Jabalpur, Jalandhar, Jamshedpur, Jammu, Jodhpur, Kolhapur, Kozhikode, Lucknow, Ludhiana, Madurai, Mangalore, Mysore, Nasik, Panaji, Pondicherry, Pune, Raipur, Rajkot, Ranchi, Salem, Sholapur, Surat, Thiruchirapalli, Tirupur, Thrissur, Udaipur, Varanasi, Vijayawada and Vishakhapatnam."

(b) Graphs: The graphs 3 and 4 on Paper and Electronic payments - the Electronic Payment System data include Retail Electronic Payment Systems, RTGS (customer and inter-bank) and CCIL operated systems."

(c) Non MICR Data pertains to the Clearing Houses managed by 10 banks namely SBI (688), SBBJ (50), SB Indore (27), PNB (3), SBT (81), SBP (52), SBH (51), SBS (28), SBM (46) and United Bank of India (4). (Figures in bracket indicate Non MICR Cheque Clearing Houses managed by the bank.)"

(d) 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."

Table No. 9A

The data pertain to retail electronic payment.

Table No. 9B

The data pertain to Large Value Payment Systems. The figures for CCIL, the operations pertain 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) Excludes 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 gone year. This is presently estimated at 45.0 per cent of total domestic time deposits.

(3) Domestic Credit : It includes investments of banks in non-SLR securities, comprising commercial paper, shares and bonds issued by the public sector undertakings, private sector and public financial institutions and net lending to primary dealers in the call/term money market, apart from investment in government and other approved securities and conventional bank credit (by way of loans, cash credit, overdrafts and bills purchased and discounted).

(4) Net Foreign Currency Assets of Commercial Banks : Represent their gross foreign currency assets netted for foreign currency liabilities to non-residents.

(5) Capital Account : It consists of paid-up capital and reserves.

(6) Other Items (net) : It is the residual balancing the components and sources of the Commercial Banking Survey and includes scheduled commercial banks' other demand and time liabilities, net branch adjustments, net inter-bank liabilities, *etc.*

Table No. 11B

The conceptual basis of the compilation of new monetary aggregates are available in the report of the Working Group on Money Supply: Analytics and Methodology of Compilation (Chairman: Dr. Y.V. Reddy), RBI Bulletin, July 1998. A link series between the old and present monetary series has been published in the article entitled "New Monetary Aggregates: An Introduction", RBI Bulletin, October 1999.

(1) NM_2 and NM_3 : Based on the residency concept and hence does not directly reckon non-resident foreign currency repatriable fixed deposits in the form of FCNR(B) deposits, Resurgent India Bonds (RIBs) and India Millennium Deposits (IMDs).

(2) NM_2 : This includes M_1 and residents' short-term time deposits (including and up to the contractual maturity of one year) with commercial banks.

(3) Domestic Credit : Consistent with the new definition of bank credit which includes investments of banks in non-SLR securities, comprising of commercial paper, shares and bonds issued by the public sector undertakings, private sector and public financial institutions and net lending to primary dealers in the call/term money market. The RBI's loans and advances to NABARD would be included in the RBI credit to commercial sector. Other components such as credit to Government, investments in other approved securities and conventional bank credit remain unchanged.

(4) Net Foreign Assets of The Banking Sector : It comprises the RBI's net foreign assets and scheduled commercial banks' net foreign currency assets (refer to note 4 of Table 11A).

(5) Capital Account : It consists of paid-up capital and reserves.

(6) Other Items (net) of the Banking System : It is the residual balancing the components and sources of money stock, representing other demand and time liabilities *etc.* of the banking system.

Table No. 11C

The conceptual basis of the compilation of the Reserve Bank Survey is given in the report of the Working Group on Money Supply: Analytics and Methodology of Compilation (Chairman: Dr. Y.V. Reddy), RBI Bulletin, July 1998 and the article "New Monetary Aggregates: An Introduction", RBI Bulletin, October 1999. The components of reserve money (to be referred as M_0) remain unchanged. On the sources side, the RBI's refinance to the National Bank for Agriculture and Rural Development (NABARD), which was hitherto part of RBI's claims on banks has been classified as part of RBI credit to commercial sector. The Reserve Bank's net non-monetary liabilities are classified into capital account (comprising capital and reserves) and other items (net).

Table No. 12

Please see item (c) of notes to Table 10.

Table No. 27C

(a) Month-end yields for different integer valued residual maturities are estimated using interpolation technique on weighted average yields of select indicative securities derived from SGL transactions data on government securities observed during a select month-end day. Yield corresponding to each transaction in a security is calculated from the following Yield to Maturity (YTM) and price relationship.

$$P + bpi = \sum_{i=1}^{n} \frac{C/V}{1\,(1+{}^{y}/_{v})^{vt_i}} + \frac{F}{(1+{}^{y}/_{v})^{vt_n}}$$

Where,
P = price of the bond
bpi = broken period interest
c = annual coupon payment
y = yield to maturity
v = number of coupon payments in a year
n = number of coupon payments till maturity
F = Redemption payment of the bond
t_i = time period in year till i^{th} coupon payment

(b) The weighted average yield corresponding to each traded security on that particular day is calculated from the yields of all transactions on that security using amount (Face Value) traded as the weights.

(c) Broken period (number of days) is based on day count convention of 30 days a month and 360 days a year.

Table Nos. 29 & 30

Table 29 presents Index Numbers of Industrial Production (Sectoral and Use-based Classification). Due to revision of the indices of the mining sector and also the deletion of four items, *viz.,* radio receivers, photosensitised paper, chassis (assembly) for HCVs (bus, truck) and engines from the item–basket of the manufacturing sector, the IIP data have been revised from 1994-95 onwards. This has also resulted in the change in redistribution of weights in use-based classification of IIP. Table 30 contains data on manufacturing sector at two digit level of 17 groups along with general index and sectoral indices, *viz.,* Mining and Quarrying, Manufacturing and Electricity.

Table No. 31

(a) Figures exclude data on private placement and offer for sale but include amounts raised by private financial institutions.

(b) Equity shares exclude bonus shares.

(c) Preference shares include cumulative convertible preference shares and equi-preference shares.

(d) Debentures include bonds.

(e) Convertible debentures include partly convertible debentures.

(f) Non-convertible debentures include secured premium notes and secured deep discount bonds.

(g) Figures in brackets indicate data in respect of premium on capital issues which are included in respective totals.

Table No. 35

The ban on forward trading in gold and silver, effective November 14, 1962 and January 10, 1963, has been lifted with effect from April 1, 2003.

(1) In case Friday is a holiday, prices relate to the preceding working day.

Table No. 36

Annual data relate to average of the months April to March.

(1) The new series of index numbers with base 2001=100 was introduced from January 2006 and with that the compilation of the index numbers with the base year 1982 was discontinued. The linking factor can be used to work out the index numbers with the base year 2001 for data from January 2006 onwards.

(2) Based on indices relating to 78 centres.

Table No. 37

Annual data relate to average of the months April to March. The new series of index numbers with base 1984-85=100 was introduced from November 1987.

(1) Based on indices relating to 59 centres.

Table No. 38

Annual data relate to the average of the months July to June.

(1) With respect to base: July 1960 – June 1961=100.

(2) The new series of index numbers with base : July 1986 to June 1987 = 100 was introduced from November 1995 and with that the compilation of index numbers with base : July 1960 to June 1961 was discontinued. The linking factor given in this column can be used to work out the index numbers with old base (*i.e.*, 1960-61 = 100) for November 1995 and subsequent months.

(3) In the case of Assam, the old series (*i.e.*, with base 1960-61 = 100) was being compiled for the composite region *viz.* Assam, Manipur, Meghalaya and Tripura while the index of the new series (*i.e.*, with base 1986-87 = 100) has been compiled for each of the constituent States separately. The index for Assam region on old base can be estimated from the corresponding indices of the new series as under :

$I^{A}_{O} = 5.89\ [\ (0.8126 \times I^{A}_{N}) + (0.0491 \times I^{Ma}_{N}) + (0.0645 \times I^{Me}_{N}) + (0.0738 \times I^{T}_{N})]$

where I_O and I_N represent the index numbers for old and new series, respectively, and superscripts A, Ma, Me and T indicate Assam, Manipur, Meghalaya and Tripura, respectively.

(4) Similarly, in the case of Punjab, where the old series (*i.e.*, with base 1960-61 = 100) was being compiled for the composite region, *viz.*, Punjab, Haryana and Himachal Pradesh, the index for the Punjab region on old base can be estimated as under :

$I^{P}_{O} = 6.36\ [(0.6123 \times I^{P}_{N}) + (0.3677 \times I^{Ha}_{N}) + (0.0200 \times I^{Hi}_{N})]$

where I_O and I_N represent the index numbers for old and new series, respectively, and superscripts P, Ha and Hi indicate Punjab, Haryana and Himachal Pradesh, respectively.

(5) Indices for the State compiled for the first time from November, 1995.

(6) Consumer Price Index for Rural Labourers (including agricultural labourers) are compiled from November 1995 only.

(7) Average of 8 months (November 1995 - June 1996).

Table Nos. 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. Annual data presented in Table No. 40 are average of monthly data.

Table No. 41

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.

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' (intercorporate debt transactions between related entities). Data on equity capital include equity of unincorporated entities (mainly foreign bank branches in India and Indian bank branches operating abroad) besides equity of incorporated bodies. 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, utilised 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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ii) 1989-90	- Vol.I		1990	100 *	40	
				80 **		
	- Vol.II		1990	60 *£	25	
				45 **		
iii) 1990-91	- Vol.I		1991	100 *	40	
				80 **		
	- Vol.II		1991	60 *	25	
				45 **		
iv) 1991-92	- Vol.I		1992	100 *	40	
				80 **		
	- Vol.II		1992	60 *£		
				45 **		

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Title of the Publication	Department	Year of publication	Price (Rs.)	Price US $	Weight in gms. & RBP Charges of Single copy in Rs.
1	2	3	4	5	6
v) 1992-93 - Vol.I	DEAP	1993	100 * £ 80 **	40	
- Vol.II		1993	60 * £ 45 **	 25	
vi) 1993-94 - Vol.I		1994	110 * £ 85 **	40	
- Vol.II		1994	75 * £	25	
vii) 1994-95 - Vol.I		1996	110 * £ 85 **	40	
- Vol.II		1996	105 * £ 85 **	40	
viii) 1995-96 - Vol.I		1996	110 * 85 **	40	
- Vo.II		1996	105 * 85 **	40	
ix) 1996-97 - Vol.I		1997	125 * 100 **	40	
- Vo.II		1997	125 * 100 **	40	
x) 1997-98 - Vol.I		1998	175 * £ 125 **	50	
- Vol.II		1998	175 * 125 **	50	
Hindi Edition		1999	175 *	50	
xi) 1998-99		1999	200 * £ 150 **	60	
xii) 1999-00		2001	200 * 150 **	60	
xiii) 2000-01		2001	200 * 150 **	60	
xiv) 2001-02		2003	200 150 **	60	
xv) 2002-03		2004	300 325 * 150 **	25 □ 20 *	
xvi) 2003-04		2005	200 £ 225 * 150 **	25 *	
xvii) 2004-05		2006	200 225 * 150 **	25 *	
xviii) 2005-06		2007	280 300 * 210 *** 235 **	35 □	
3. Handbook of Statistics on Indian Economy	do				
i) 1998 Print version		1998	125 * £ 100 **	20	
ii) 1999 (a) Print version		1999	200 * £ 150 **	60	
(b) CD-ROM		1999	200 *		
iii) 2000 (a) Print version	do	2000	250 * 200 **	70	
(b) CD-ROM		2000	200 *		

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Title of the Publication			Department	Year of publication	Price (Rs.)	Price US $	Weight in gms. & RBP Charges of Single copy in Rs.
1			2	3	4	5	6
iv)	2001	(a) Print version	DEAP	2001	250 * 200 **	70	
		(b) CD-ROM		2001	300 * 200 **	60	
v)	2002-03	(a) Print version		2003	300 * £ 250 **	80	
		(b) CD-ROM		2003	300 * 200 **	60	
		(c) Print version along with CD-ROM		2003	500 * £ 400 **	130	
vi)	2003-04	(a) Print version		2004	180 200 * 150 **	25 □	
		(b) CD-ROM		2004	200 220 * 150 **	15 □	
		(c) Print version along with CD-ROM		2004	380 400 * 300 **	30 □	
vii)	2004-05	(a) Print Version		2005	200 225 * 170 **	25 *	
		(b) CD-ROM			120 140 ** 100 **	15 *	
		(c) Print Version alongwith CD-ROM			300 350 * 270 **	30 *	
viii)	2005-06	(a) Print Version (£) 2006			200 225 * 170 **	25 *	
		(b) CD-ROM			110 130 * 100 **	15 *	
		(c) Print Version alongwith CD-ROM			300 350 * 270 **	30 *	
4. State Finances - A Study of Budgets							
i) 1999-00			do	2000	110 * 90 **	20	
ii) 2000-01				2000	110 * 90 **	20	
iii) 2001-02 (English £ & Hindi)				2002	110 * 90 **	20	
iv) 2002-03				2003	110 * 90 **	20	
v) 2003-04			do	2004	100 125 * 90 **	15 * 12 *	
vi) 2004-05 (English & Hindi)				2005	120 150 * 100 **	15 □	

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Title of the Publication	Department	Year of publication	Price (Rs.)	Price US $	Weight in gms. & RBP Charges of Single copy in Rs.
1	2	3	4	5	6
vii) 2005-06	DEAP	2006	170	15 *	
(English & Hindi)			200 *		
			130 **		
viii) 2006-07		2007	200	20*	
(English & Hindi)			230 *		
			150 ***		
			175 **		
5. Handbook of Statistics on State Government Finances 2004	do	2004			
(a) Print version			170		
			200 *	25 □	
			125 **	20 *	
(b) CD ROM			120	15 □	
			140 *	10 *	
			90 **		
6.Handbook of Monetary Statistics in India 2006	do	2006			
(a) Print version			130	20 *	
			155 *		
			120 **		
(b) CD ROM			100	15 *	
			90 **		
			120 *		
(c) Print version along with CD ROM			200	25 *	
			250 *		
			190 **		
B. Banking Statistics					
1.Basic Statistical Returns of Scheduled Commercial Banks in India					
(Formerly Banking Statistics (BSR) till March 1999 Vol. 28 issue)	DSIM				
i) Dec. 76-77 - Vol. 7	(Formerly known	1981	65 * £		
ii) June 79 to Dec. 79 Vol. 9	as DESACS)	1984	150 * £		
iii) June 80 to June 81 Vol. 10		1986	125 * £		
iv) March 1990 - Vol. 19		1992	210	65	
v) March 1994 - Vol. 23		1997	220 *	70	
vi) March 1995 - Vol. 24		1997	220 *	70	
vii) March 1996 - Vol. 25		1998	220 *	70	
viii) March 1997 - Vol. 26		1999	220 *	70	
ix) March 1998 - Vol. 27		1999	220 *	70	
x) March 1998 - Vol. 27 (Hindi Edition)		1999	220 *		
xi) March 1999 - Vol. 28		2000	220 *	70	
xii) March 2000 - Vo. 29 (English Hindi)		2000	220 *	70	
xiii) March 2001 - Vol. 30 (Hindi English)		2002	220 *	70	
xiv) March 2002 - Vol. 31 (Print Version)	do	2003	225 *	70	
(a) CD-ROM		2003	225 *	70	
xv) March 2003 - Vol. 32 (Print Version)	do	2004	210	55 □	
			250 *	20 *	
(a) CD-ROM			210	55 □	
			250 *	20 *	
xvi) March 2004 - Vol. 33 (Print Version)		2005	180	55 □	
			220 *	20 *	
(a) CD-ROM			180	55 □	
			220 *	20 *	
xvii) March 2005 - Vol. 34 (Print Version)		2006	180	55 □	
			220 *	20 *	
(a) CD-ROM			180	55 □	
			220 *	20 *	
xviii) March 2006 - Vol. 35 (Print Version)		2007	280	60 □	
			320 *	25 *	

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Title of the Publication	Department	Year of publication	Price (Rs.)	Price US $	Weight in gms. & RBP Charges of Single copy in Rs.
1	2	3	4	5	6
2. Basic Statistical Return 1 & 2	DSIM				
i) Handbook of Instructions (English)		1996	20 * £		
ii) Handbook of Instructions (Hindi)		1996	20 * £		
iii) Basic Statistical Returns 1 and 2 Handbook of Instructions		2002	35 *		
3. i) Form A-1 (Revised)	do	1996	2 £		13
ii) Form A-2 (Revised)		1996	3 £		38
iii) BSR-1 A forms (1 pad contains 25 sheets)		1996	14 £		200 19
iv) BSR-1 B forms (1 pad contains 25 sheets) (Revised)		1996	14 £		
v) BSR-2 forms (1 pad contains 25 Sheets) (Revised)		1996	14		200 19
(The Regional Rural Banks from Western region may please contact DESACS, RBI, B.K. Complex, Bandra (E), Mumbai 400 051 for BSR-1A, BSR-1B & BSR-2 forms.)					
4. Banking Statistics Basic Statistical Returns 1 & 2	do	2004	420	59 □	
Vol. 1 to 31, 1972 to 2002 DISC 1 & 2			475 *	27 *	
5. Banking Statistics-Summary Tables,	do				
i) March 1995		1997	25 *		
ii) March 1996		1998	25 *		
iii) March 1997		1999	25 *		
iv) March 1998		1999	25 *		
v) March 1999		2000	25 *		
vi) March 2000		2001	25 *		
6. Banking Statistics - Quarterly Handout #	do				
i) 1990 (4 Issues)		1990	40 * £		
ii) March 1991		1991	10 * £		
iii) June 1991		1991	12 * £		
iv) September 1991		1991	15 * £		
v) December 1991		1991	12 * £		
vi) 1992 (3 Issues)		1992	75 *		
vii) 1993 (4 Issues)		1993	120 *		
viii) 1994 (4 Issues)		1994	120 *		
ix) 1995 (4 Issues)		1995	120 *		
x) 1996 (4 Issues)		1996	120 *		
xi) 1997 (4 Issues)		1997	100 *		
xii) 1998 (4 Issues)		1998	100 *		
xiii) 1999 (4 Issues)		1999	100 *		
xiv) 2000 (4 Issues)		2000	100 *		
xv) 2001 (4 Issues)		2001	100 *		
xvi) 2002 (4 Issues)		2002	100 *		
xvii) 2003 (4 Issues)		2003	100 *		
xviii) 2004 (4 Issues)		2004	140 *		
xix) 2005 (4 Issues)		2005	140 *		
xx) 2006 (4 Issues)		2006	140 *		
xxi) 2007 (4 Issues)		2007	140 *		
Name changed w.e.f. Sept. 2003 issue as Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks.					

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Title of the Publication	Department	Year of publication	Price (Rs.)	Price US $	Weight in gms. & RBP Charges of Single copy in Rs.
1	2	3	4	5	6
7. Banking Statistics - Bank Credit	DSIM				
i) June 1987		1989	20 * £		
ii) December 1987 - June 1988		1989	40 * £		
iii) December 1988		1989	20 * £		
iv) June 1989		1989	25 * £		
8. Banking Statistics 1972-95	do	1998	120 *		
9. Branch Banking Statistics - Vol. 1 March 1999	do	1999	130 *	40	
10. Branch Banking Statistics - Vol. 2 March 2001	do	2001	130 *	40	
			50 **		
11. Branch Banking Statistics - Vol. 3 March 2002 (On CD-ROM)	do	2003	300 *	40	
12. Branch Banking Statistics - Vol. 3 March 2002	do	2003	185 *	40	
13. Statistical Tables Relating to Banks in India	do				
i) 1988-89		1993	106 £	12	
			123 *		
ii) 1990-91		1999	130		
			180 *	50	
iii) 1992-93		1998	135 £	50	
			200 *		
iv) 1994-95		1997	125	45	
			185 *		
v) 1995-96		1998	125	45	
			185 *		
vi) 1996-97		1999	130	50	
			180 *		
vii) 1997-98		1999	130	50	
			180 *		
viii) 1998-99		1999	130	50	
			180 *		
ix) 1999-00		2000	175	50	
			225 *		
x) 2000-01 (a) Print version		2001	150	50	
			200 *		
(b) CD-ROM		2001	150	50	
			225 *		
xi) 2001-02 (a) Print version		2002	150	50	
			200 *		
(b) CD-ROM		2002	100		
			150 *	50	
xii) 2002-03 (a) Print version		2003	200	50 *	
			250 *		
(b) CD-ROM		2003	200	50 *	
			250 *		
xiii) 2003-04 (a) Print version		2004	230	25 □	
			280 *	15 *	
(b) CD-ROM		2004	175	25 □	
			225 *	15 *	
xiv) 2004-05 (a) Print version		2005	190	55 □	
			240 *	20*	
(b) CD-ROM			200	55 □	
			250 *	20*	
xv) 2005-06 (a) Print version		2006	250	55 □	
			300 *	20*	
(b) CD-ROM			200	55 □	
			250 *	20*	

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Title of the Publication	Department	Year of publication	Price (Rs.)	Price US $	Weight in gms. & RBP Charges of Single copy in Rs.
1	2	3	4	5	6
14. Selected Banking Indicators, 1947-1997 (Print Version)	DSIM	1998	45 105 *	15	
(a) CD -ROM		1998	50		
15. Selected Banking Indicators 1981 to 2002	do	2003	320 460 *	75	
16. Selected Banking Indicators 1981 to 2002 (On CD-ROM)	do	2003	250 300 *	75	
17. Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks 1981-2003 (on CD-ROM)	do	2004	185 240 *	55 □ 20 *	
18. Annual Accounts of Scheduled Commercial Banks (Including Regional Rural Banks) 1989-90 to 2000-01 (on CD-ROM)	do	2002	200 250 *	50	
19. Directory of Commercial Bank Offices in India Vol. 1-0 December 2000 (on CD-ROM)	do	2000	500 * £	100	
20. Directory of Commercial Bank offices in India Vol. 2 September 2003 (On CD-ROM)	do	2003	200 * £	40 *	
21. All-India Debt and Investment Survey 1981-82	do				
i) Assets and liabilities of households as on 30th June 1981		1987	75 85 * 60 **	15	
ii) Statistical tables relating to capital expenditure and capital formation of households during the year ended 30th June 1982		1987	125 £ 135 * 100 **	25	
iii) Statistical tables relating to cash borrowings and repayments of households during July 1981 to June 1982 and cash dues outstanding as on 30th June 1982		1990	100 £ 110 * 80 **	32	
22. A Profile of Banks					
i) 2004-05	do	2005	100 130 *	20 *	
ii) 2005-06		2006	90 120 *	55 □ 20 *	
C. Public/Private Limited Companies					
1. Selected Financial Statistics Public Ltd. Companies 1974-75 To 1999-2000. (Selected Industries) on CD-ROM	do	2001	350 *	70	
2. Selected Financial Statistics Public Ltd. Companies 1974-75 to 1999-2000 (Selected Industries)	do				
1974-75 To 1982-1983 Vol.I		2001			1700
1982-83 To 1990-1991 Vol.II		2001	700 *	140	1500
1990-91 To 1999-2000 Vol.III		2001			2000
3. Selected financial and other ratios-public limited companies	do				
1980-81 to 1987-88 Vol.I		1990	45 £	15	
Vol.II		1990	60 £	20	
1988-89 to 1990-91 (Part I)		1996	90 £	50	
4. Selected financial & other ratios-private limited companies 1988-89 to 1990-91 (Part II)	do	1996	80	45	
5. Private Corporate Business Sector in India Selected Financial Statistics from 1950-51 to 1997-98 (All-Industries) (Print Version)	do	2000	300 *	60	
(a) CD-ROM			500 *	100	

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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
D. Reports of Committees/Working Groups					
1. Study group on deployment of resources by State and Central co-operative banks (Hate committee report)	UBD	1982	25 * £		
2. Capital formation and savings in India 1950-51 to 1979-80 Report of the working group on savings (Raj committee report)	DEAP	1982	18 £		400 21
3. Report of the working group to consider feasibility of introducing MICR/OCR technology for cheque processing (Damle committee report)	DBOD	1983	7 £ (Amt. rounded off)		200 19
4. Report of the committee to review the working of the monetary system (Sukhamoy Chakravarty committee report)	DEAP	1985	35 £ 25 **	10	
5. Report of the committee to consider final accounts of banks (Ghosh committee report)	DBOD	1985	56 £		500 22
6. Report of the committee on agricultural productivity in Eastern India	DEAP				
(Sen Committee Report) Vol. I		1985	70 * £	15	
(Hard Bound) Vol. II		1985	85 * £	20	
7. Report of the working group on the money market (Vaghul committee report)	CPC	1987	15 *		
8. Report of the committee to review the working of credit authorisation scheme (Marathe committee report)	IECD	1988	10 *	10	
9. Co-ordination between term lending institutions and commercial banks (Bucher committee report)	IECD	1988	10 *	1	
10. Report of the working group to review the system of cash credit (Chore committee report)	do	1988	12 * £		
11. Report of the study group to frame guidelines for follow-up of bank credit (Tandon committee report)	do	1988	16 * £		
12. Report of the study group for examining introduction of factoring services in India (Kalyansundaram committee report)	do	1989	30 *		
13. Report of the committee on computerization in banks (Rangarajan committee report)	DSIM	1989	40 £		500 22
14. Report of the Committee on Financial System (Narasimham Committee Report)	DBOD	1991 (Reprint)	60 £		170 19
15. Report of the working group on financial companies (Shah committee report)	DFC	1992	30 £		300 20
16. Report of the task force on money market mutual funds (Basu committee report)	CPC	1992	10 * £	5	
17. Report of the committee on the licensing of new urban co-operative banks (Marathe committee report) (Hindi Edition)	UBD	1992	40		400 21
18. Report of the committee to examine the legal and other difficulties faced by banks and financial institutions in rehabilitation of sick industrial undertakings and suggestremedial measures including changes in the law (Tiwari committee report)	IECD	1993 (Reprint)	90 £		500 22
19. Report of the committee on structure of export credit (Sundaram committee report) (English & Hindi Edition)	do	1993	36	25	200 19

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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	
20. Report of the committee to review the system of lending under consortium arrangement (Shetty committee report)	IECD	1993	50 £			
21. Report of the committee to examine the adequacy of institutional credit to the SSI sector & related aspects (Nayak committee report)	RPCD	1993 (Reprint)	55	9	300	20
22. Review of the agricultural credit system in India (Khusro committee report)	do	1993 (Reprint)	270 315 *	80		
23. Report of the committee to enquire into securities transactions of banks and financial institutions (Jankiraman committee report)	PRD	1994	85 £ 100 *			
24. Committee on technology issues relating to payments system, cheque clearing and securities settlement in the banking industry (Saraf committee report) (Hindi Edition)	DIT	1994	50 *£	20		
25. Report of the committee to study the problems of sick/weak units in leather industry and to suggest measures to overcome them (Balsubramanian committee report)	IECD	1994	69 £			
26. Report of the working group for examining the schemes and incentives available to NRIs for investment in India (Sodhani Committee Report)	FED	1995	50 *£	10		
27. Report of the expert group for designing a supervisory framework for non-banking financial companies (Khanna Committee Report)	DBOD	1996	35		307	21
28. Report of the committee for proposing legislation on electronic funds transfer and other electronic payments (Shere Committee Report)	DIT	1996	150	15	333	21
29. Report of the Committee on Capital Account Convertibility (Tarapore Committee Report)	DEIO	1997	100 *	35		
30. Money Supply : Analystics and Methodology of Compilation- Report of the working group (Reddy Committee Report)	DEAP	1998	35 £	20		
31. Report of the high level Committee on agricultural credit through commercial banks(Gupta Committee Report)	RPCD	1998	30 £		200	19
32. Report of the high level Committee on credit to SSI (Kapur Committee Report)	do	1998	50 £	10	277	20
33. Report of the Technical Committee on external debt (Nair Committee Report)	DEAP	1998	20 *£	15		
34. Report of the Committee on Banking Sector Reforms (Narasimham Committee Report)	DBOD	1998	32		244	20
35. Report of the Working Group on Euro (Subramanyam Committee Report)	DEIO	1998	100 £	30		
36. Report of the Committee on Hedging through International Commodity Exchange (Gupta Committee Report)	FED	1998	100 *	50		
37. Report of the Committee on Tecnnology Upgradation in the Banking Sector (Vasudevan Committee Report)	DIT	1999	100 *	25		
38. Report of the High Power Committee on Urban Co-operative Banks (Madhava Rao Committee Report)	UBD	1999	80		490	22

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Title of the Publication	Department	Year of publication	Price (Rs.)	Price US $	Weight in gms. & RBP Charges of Single copy in Rs.	
1	2	3	4	5	6	
39. Report of the Advisory Group on Payment and Settlement System	MPD	2000	40 *	15		
Part (I) June 2000			30 **			
40. Report of the Advisory Group on Payment and Settlement	do	2000	20 *	10		
System (Part II)			15 **			
41. Report of the Advisory Group on Payment and Settlement	do	2001	20 *	10		
System (Part III)			15 **			
42. Report of the Advisory Group on "Transparency in Monetary	do	2001	45 *	20		
and Financial Policies".			35 **			
43. Report of the Advisory Group on Corporate Governance	do	2001	40 *	15		
			30 **			
44. Report of the Advisory Group on Fiscal Transperency	do	2001	30 *			
			20 **	15		
45. Report of the Advisory Group on Data Dissemination	do	2001	35 *	20		
			25 **			
46. Report of the Advisory Group on Banking Supervision	do	2001	90 *	40		
			60 **			
47. Report of the Advisory Group on Securities Market Regulation	do	2001	25 *	10		
			20 **			
48. Report of the Advisory group on Bankruptcy Laws (Volume-I & II)	do	2001	90 *	45		
			75 **			
49 . Report of the Advisory Group on Insurance Regulation	do	2001	35 *	20		
			25 **			
50 Report of the Advisory group on Accounting & Auditing	do	2001	40 *	20		
51. Report of the Technical Group on Market Integrity	do	2002	65 *	20		
			50 **			
52 Standing Committee on International Financial Standards and	do	2002	200 *	60		
Codes on CD-ROM			150 **			
53. Report of the Standing Committee on International Financial	do	2002	65 *	20		
Standards and Codes			50 **			
54. The Standing Advisory Committee for Urban Co-operative Banks	UBD					
i) First meeting		1983	5		200	19
ii) Second meeting		1984	6 £		200	19
iii) Third meeting		1985	6		200	19
iv) Fourth meeting		1985	9		300	20
v) Fifth meeting		1986	9 £		200	19
vi) Sixth meeting		1988	12 £		200	19
vii) Seventh meeting		1989	12		200	19
viii) Eighth meeting		1990	21		300	20
ix) Ninth meeting (Bilingual edition)		1992	24		200	19
x) Tenth meeting		1994	95		300	20
xi) Eleventh meeting		1995	90		300	20
xii) Twelfth meeting		1996	52		100	19

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Title of the Publication	Department	Year of publication	Price (Rs.)	Price US $	Weight in gms. & RBP Charges of Single copy in Rs.
1	2	3	4	5	6
E. Manuals					
1. Manual for urban co-operative banks	UBD	1984	15 £		400 21
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			
(a) Print Version (Billingual)			375 400 * 280 **	30 *	
(b) CD-ROM			180 200 * 140 **	15 *	
viii) Compendium of MPD Circulars - Vol. 9 (April 2005 - March 2006) (Billingual)		2006	480 500 * 375 **	35 *	

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	Title of the Publication	Department	Year of publication	Price (Rs.)	Price US $	Weight in gms. & RBP Charges of Single copy in Rs.	
	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.	Compendium of Circulars on Small Scale Industries (January 2000 - March 2004)	do	2004	140 170 *			
11.	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
12.	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 £			

Reserve Bank of India Publication

	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	
d)	Memorandum of Instructions to full-fledged money changers (FLM)	FED	1999	30 £		110	19
e)	Memorandum of Instructions to restricted money changers (RLM)		1999	30 £		90	19
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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ii)	1990 to 1995 (Yearly four issues)			35 * @ £	25 @		
iii)	1996 (Yearly four issues)			35 * @	25 @		
iv)	1997 (Three issues)			35 * @	25 @		
v)	(Combined issue June-September, 1997)			70 * @	50 @		
vi)	1998 (Yearly four issues)			40 * @	25 @		
vii)	1999 (Yearly 3 issues)			50 * @	30 @		
viii)	2000 (Yearly 2 issues) Summer - Vol. 21 No. 1			80 * @	45 @		
ix)	(Monsoon & Winter Combined Issue) - Vol. 21 No. 2 & 3			80 * @	45 @		
x)	2001 Vol. 22 Nos. 1, 2 & 3 (Combined Issue)			80 * @	45 @		
xi)	2003 Vol. 24 Nos. 1 & 2 (Summer & Monsoon Combined Issue)			80 * @ £	45 * @		
xii)	2003 Vol. 24 No. 3 (Winter)			80 * @	45 * @		
xiii)	2004 Vol. 25 No. 1, 2 & 3 (Summer, Monsoon & Winter Combined Issue)			80 * @	45 * @		
xiv)	2006 Vol. 27 No.1 and 2 (Summer and Monsoon Combined Issue)			80 * @	45 * @		
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I.	**Others Important Publications**						
1.	Small Scale Industries-Policy & Guidelines	RPCD	1997	20		200	19
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 * £			

Reserve Bank of India Publication

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	
11. India's Balance of Payments monograph – 1948-49 to 1988-89	DEAP	1993	90 £	40		
12. Centenary Commemorative Volume (C.D. Deshmukh Memorial Lecture series)	do	1996	100	25	400	21
13. 50 years of Central Banking : Governors Speak	do	1997	400		800	25
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. A Handbook on foreign Collaboration	do	1997	50 £	15 *		
			65 *			
21. Indian Overseas Investment Handbook of Policies and Procedures	do	1998	100 £			
			125 *			
22. Facilities for Non-resident Indians	do	1999	35 £	8		
			50 *			
23. RBI Remittance Facilities Scheme - 1975	DGBA	1989	3 £		25	
24. Karyalayeen Shabdavli (English-Hindi)	DAPM	1994	15		166	19
25. Directory of Bank Offices 1993 (English)	DBOD	1996	485			
			568 *	36		
26. Computer Paribhasha Kosh (Hindi)	do	1999	100		528	23
27. Your Guide to Money Matters	DCM	1999	5 £		44	
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30. RBI 50 years - 1935-85	do	1985	50 £	15	428	22
			35 **			
31. Banking Glossary (English-Hindi)	Rajbhasha	1995	38		471	22
32. Banking Glossary (English-Hindi)	do	2003	50	5		24
33. Reserve Bank of India Functions and working	RBI Staff College, Chennai	2001	120			68
34. Risk Management (Hindi)	BTC	2003	100 *			
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With a view to improving the format and content of RBI Bulletin, we approach you with the following questionnaire. We greatly appreciate your sparing time to answer the questionnaire and mail it to the address given below;

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(2) Please indicate the items in the Bulletin that you find useful;

- Studies/Articles on various aspects of banking. corporate sector, Government finances, etc. ☐
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Readers' Views on the Monthly Bulletin

(3) Please indicate, with reference to the answer given for (2) above, your suggestions for improvements in regard to items other than the 'Current Statistics' portion of the Bulletin.

(4) What in your opinion, should be done to improve the get up or coverage of the "Current Statistics" portion ?

(5) Do you think it would be advisable to separate 'Current Statistics` portion from the rest of the Bulletin and have 'Monthly Statistics' separately brought out ?

Yes ☐ No ☐

(6) If the answer to Q.(5) is Yes, do you think it would be sufficient to have a Quarterly Bulletin of articles, speeches, and policy measures ?

Yes ☐ No ☐

(7) Are you a user of our web site (http://www/rbi.org.in) ? Yes ☐ No ☐

Thank you very much for your cooperation.

Editor

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To facilitate quicker access to RBI documents available on the RBI Website (URL : www.rbi.org.in), frequently accessed documents have been given a special URL. By keying-in the URL which can also be saved in 'Favourites`, the visitor can directly reach the desired document on the RBI site.

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- Data base on Indian Economy: https://cdbmsi.reservebank.org.in

— Editor

RBI provides Web based Access to its Database on Indian Economy

The Reserve Bank of India has released a number of long time series data on several aspects of Indian economy covering key macro economic aggregates to the public in user-friendly manner through dynamic web based application.

Objective : The Database on Indian Economy is built for the convenience of researchers. analysts and other users. It is created to provide the public with an access to the published data series. with additional details on some series as available in the Reserve Bank of India's enterprise wide data warehouse.

Coverage : Data available on published time series. can be accessed through a completely browser based software include data on:

- financial sector.
- real sector.
- financial market.
- external sector.
- public finance and
- corporate finance

Features :

- All the data series are accompanied with data definitions, i.e. metadata. which allow the user to view the definitions/concepts of the underlying variables:
- The data definitions provides search feature:
- Extract data through standard reports which allows the users to select and view the preformatted reports or
- Dynamic 'data query'. which enables user to define list of data series and allows the user to choose the time period for data extraction.
- Data files can be downloaded in the form of CSV / pdf format.

Access : The data can be accessed from the home page of the RBI website (www.rbi.org.in) through the static headline "Database on Indian Economy" List of data series available on the site is available on the homepage of the site, i.e. Database on Indian Economy.

This list will be progressively enlarged on the basis of feedback received and availability of relevant data series in the RBI data warehouse. Feedback may please be sent to dbiehelpdesk@rbi.org.in or through the feedback option on the home page of the website.

— Editor