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SPEECHES

*Words Matter but so Does Intent**

Raghuram G. Rajan

Congratulations to the graduating class, to their professors, and to their proud parents, siblings and friends.

If you are typical, you are happy to be leaving university and embarking on a new journey, sad to be leaving familiar settings behind, and worried whether you will measure up to the challenges of wherever you are going for work or higher studies. You are also concerned about whether you have taken, or will take, the right next step.

This is all perfectly normal. Given that you have been trained well at NIBM, the answer to the question of whether you will measure up is almost surely "Yes!" As to whether you have taken the right next step, the answer is less comforting – you will never know. My task is to leave you with some last thoughts as you graduate. As I reflected on what I should speak on, I thought I would speak on a recent experience that offers what the Americans call "a teachable moment". And then I want to give you some career advice, for what it is worth.

To get to the experience, start first with where India is. India is the fastest growing large country in the world, though with manufacturing capacity utilisation low at 70 per cent and agricultural growth slow following two bad monsoons, our potential is undoubtedly higher.

Growth, however, is just one measure of performance. The level of per capita GDP is also important. We are still one of the poorest large countries in the world on a per capita basis, and have a long way to go before we reasonably address the concerns of each one of our citizens. We are often compared with China. But the Chinese economy, which was smaller than ours in the 1960s, is now five times our size at market exchange rates. The average Chinese citizen is over four times richer than the average Indian. The sobering thought is we have a long way to go before we can claim we have arrived.

As a central banker who has to be pragmatic, I cannot get euphoric if India is the fastest growing large economy. Our current growth certainly reflects the hard work of the government and the people of the country, but we have to repeat this performance for the next 20 years before we can give every Indian a decent livelihood. This is not to disparage what has, and is, been done. The central and state governments have been creating a platform for strong and sustainable growth, and I am confident the payoffs are on their way, but until we have stayed on this path for some time, I remain cautious.

We must remember that our international reputation is of a country with great promise, which has under-delivered in the past. This is why we are still the poorest country on a per capita basis among the BRICS. We need to change perceptions by delivering steadily on our promise for a long time – by implementing, implementing, and implementing. We cannot get carried away by our current superiority in growth, for as soon as we believe in our own superiority and start distributing future wealth as if

* Remark by Dr. Raghuram G. Rajan, Governor, Reserve Bank of India on April 20, 2016 at the 12th NIBM Convocation, Pune.

we already have it, we stop doing all that is required to continue growing. This movie has played too many times in India's past for us to not know how it ends.

So in speaking to a foreign journalist the other day, who asked what it felt like to be the bright spot in the world economy, I used the phrase "Andhon mein kana raja" or "In the Land of the Blind, the one-eyed man is king". The proverb has a long multinational history. The Dutch philosopher, Erasmus, used it in Latin when he wrote "In regione caecorum rex est luscus", but he probably was inspired by earlier work.

My intent was to signal that our outperformance was accentuated because world growth was weak, but we in India were still hungry for more growth. I then explained that we were not yet at our potential, though we were at a cusp of a substantial pick-up in growth given all the reforms that were underway.

In our news-hungry country, however, our domestic papers headlined the phrase I used. To be fair, they also offered the surrounding context, but few read beyond the headline. So the interview became moderately controversial, with the implication that I was denigrating our success rather than emphasizing the need to do more.

More generally, every word or phrase a public figure speaks is intensely wrung for meaning. When words are hung to dry out of context, as in a newspaper headline, it then becomes fair game for anyone who want to fill in meaning to create mischief. Worst, of course, are words or proverbs that have common usage elsewhere, because those can be most easily and deliberately misinterpreted. If we are to have a reasonable public dialogue, everyone should read words in their context, not stripped of it. That may be a forlorn hope!

I do, however, want to apologise to a section of the population that I did hurt, the blind. After all, the proverb suggests that a one-eyed man is better than a blind one. A moment's thought suggests this is not true. For the blind can develop capabilities that more than make up for their disability. Indeed, the sheer willpower and hunger to succeed of the disabled can help them become over-achievers in a seeing man's world. Moreover, because their other faculties such as touch, smell, and hearing, are more finely honed, the blind may add new perspectives and new variety to our world, making it richer and more vibrant. So I am indeed sorry for implying the blind were otherwise than capable.

But this leads to an important question. How much of our language is tinged with meaning that is liable to misinterpretation? How forgiving should we be of a bad choice of words when the intent is clearly different?

Let me give you two examples. Gandhiji used to say "An eye for an eye will only make the whole world go blind". Clearly, what is implied is that the whole world going blind is not a desirable state of affairs. One might take umbrage since it suggests blindness is an inferior state to that of being able to see, and the saying could be seen as discriminatory. Yet Gandhiji's focus was on the absurdity of a policy of revenge, not on blindness, and his intent was not to disparage the blind.

My second example comes from a faculty meeting I once attended where a male professor used the phrase 'As a rule of thumb' to make his point. A female history professor became visibly agitated and angry. She explained that 'the rule of thumb' referred historically to the maximum width of the stick with which a man could beat his wife without breaking the law. She was angry the male professor used the phrase so lightly, seemingly condoning domestic violence. He, of course, had no clue of the historical origins of the phrase, and apologised profusely. Clearly, his ignorance suggested he had no intent to offend, yet the female professor was offended.

There are two important issues here. First, if we spend all our time watching our words and using inoffensive language or hedging everything with caveats, we will be dull and will not be able to communicate because no one will listen.

For instance, 'An eye for an eye will only make the world go blind' could be replaced by 'Revenge reduces collective welfare'. The latter is short, inoffensive, and pithy, but meaningless for most listeners. Alternatively, we could say 'The taking of any body part for another will temporarily reduce the collective capabilities of the population thus affected, until they develop the faculties that will allow them to compensate for the missing body parts.' This restatement is more correct than the original, but lacks zing and therefore the ability to persuade.

At the same time, not paying attention to words or phrases that give offense risks perpetuating debilitating stereotypes that prevent advancement. When referring to bankers, scientists, engineers, or surgeons in the abstract, we often refer to them as 'he' thus perpetuating the unfortunate stereotype that these are not jobs for women. Clearly, in doing so we ignore the increasing presence, and even dominance, of women in these fields. What should we do to remedy matters?

I think we all have work to do to improve public dialogue. Speakers have to be more careful with words and not be gratuitously offensive. At the same time, listeners should not look for insults everywhere, and should place words in context so as to understand intent. In other words, for effective communication and debate, rather than the angry exchanges that we see on some TV shows, we need both respect and tolerance. The greatest danger of all is that we do not communicate or debate, for then we will allow distorted stereotypes to flourish unchallenged, and divisiveness to increase. In a country like ours, conceived and flourishing in diversity, that will truly be a disaster.

Enough food for thought. But here is my promised career advice; Most of us are ambitious and have career goals in mind. We think we will be happy if we are successful - become CEO of a major multinational corporation; win the Nobel prize; become a mega movie star, and so on. And to achieve these goals we sometimes take jobs we dislike for we think the pain will be worth the eventual gain.

When we reason like this, I believe we have causality backwards. You are rarely happy simply because you are successful, but you are much more likely to be successful if you are happy, doing work you enjoy. Indeed, there are careful studies suggesting this. So when you choose what to do, don't focus on the end point. Instead, focus on whether you like the work itself. Not only will you be more likely to reach your goal, even if you don't arrive at that end point, you will have had a joyful life. Advice over, congratulations to all of you, and I hope you enjoy a well-deserved break. Good luck and thank you.

*Indian Debt Market 2020 : The Underpinnings & the Path Ahead**

Harun R. Khan

Shri N. S. Venkatesh, Executive Director, IDBI Bank & Chairman, FIMMDA, Shri B. Prasanna, Chairman PDAI, senior colleagues from the banking fraternity, delegates from India & UK, ladies and gentlemen. It is my pleasure to be part of the Annual FIMMDA-PDAI Conference being held in one of the leading financial centres of the world. London is home of one of the world's oldest central banks and epitomises the intellectual churning that has happened internationally about the role of central banks in the regulation of the financial sector. From being a poster boy of the philosophy of central bank being divested of all other responsibilities other than monetary policy, before the crisis, to the restorer of central bank primacy in financial regulation, the experience of London, the pre-eminent financial centre, offers valuable lessons for other countries. Going through the rich and intellectually riveting debates in the House of Commons and the House of Lords on the Financial Services Bill, which was enacted in December 2012, is an across the spectrum study in the philosophy of financial regulation.

2. I have been associated with the area of market regulation long enough to have mulled and struggled with different strands of the philosophy of regulation as it has evolved over the past few decades. The financial sector in India has developed over the years in the context of varying politico-economic considerations at different points of time. The program of economic reforms initiated in the nineties was a seminal point in India's economic history. For billion Indians, this was nothing short of revolution, opening huge opportunities. Due to these reforms, we broke the shackles of low growth and recorded impressive growth rates. India's entry in to the league of top economies of the world and a preferred investment destination validated the success of the policy.

3. These changes were result of well-thought policies. Though the push can be attributed to the precarious economic situation of 1991, the course was set by series of calibrated steps. Reforms were carried out keeping in view the interests of all the stakeholders, especially large sections that are economically weak. Steady reforms have proved to be more stable and durable.

4. Financial sector reforms have been part of overall scheme of reforms and have complemented the other components of economic policy. One notable feature of financial sector reforms in India since they were instituted in the early 1990s has been the maintenance of financial stability through a period marked by repeated financial crises across the world. Our financial markets have emerged stronger; became deep and liquid during this period. They also became more resilient in wake of challenging domestic and global events.

5. Our approach to 'market regulation' all these years has evolved keeping the systemic imperatives and institutional prudence at the center. The pace of progress may have varied and, at times, discontinuous but that has more to do with the uncertain macro environment. Policymaking can never be a linear, uni-dimensional process unless it is ideological, which ours is not. But in terms of final outcomes, we have covered a tremendous distance. I have in the past talked about what have been the key attributes and achievements of our approach, so would not want to repeat that. I would just mention that our approach has never been statist and the import of a lot of small things being discussed and implemented does not fully register in the wider deliberations amid the din of absolutist arguments.

* Inaugural address of Shri Harun R Khan, Deputy Governor, Reserve Bank of India, delivered at the 17th Annual Conference of FIMMDA-PDAI on April 15, 2016 at London, The speaker acknowledges the contributions of Shri Vaibhav Chaturvedi and Shri N. R. V. V. M. K. Rajendra Kumar of the Reserve Bank of India.

6. Since we began the financial sector reforms, Indian bond markets have come a long way. Bond market activity has grown rapidly. Government securities market (G-Sec), corporate bond market and derivatives markets have become broad-based in terms of participation. The debt and derivatives products that are available have grown in number and complexity. The sovereign yield curve now spans up to 40 years. Primary market issuances have increased resulting in large benchmark issuances. The volumes in secondary market have surged. The bid-ask spread of on-the-run securities continues to be low and so are impact costs. In case of corporate bonds too, trading volumes have increased but lag in comparison with global peers.

7. There have been significant changes in market micro-structure and infrastructure. Over the period of past two decades, the Reserve Bank of India has adopted a strategy for creation of an efficient market infrastructure to enable safe trading, clearing and settlement. State-of-the-art primary issuance process with electronic bidding and straight-through-processing (STP) capabilities, an efficient, completely dematerialised depository system within the central bank, Delivery-versus-Payment (DvP) mode of settlement, Real Time Gross Settlement (RTGS), electronic trading platform (Negotiated Dealing Systems – Order Matching) (NDS-OM) and a separate Central Counter Party (CCP) in the Clearing Corporation of India Ltd (CCIL) for guaranteed settlement are among the steps that were taken by the Reserve Bank over the years. The system makes G-Sec trading practically risk free and efficient.

8. Today, I would try to present the big picture emerging a few years from now as many of the small pieces we are currently pursuing finally coalesce into the larger theme. Both as a result of studied re-assessments within as well as convergence with globally accepted best principles several far-reaching initiatives have been announced in the recent past. It may, however, be contextual to understand the underpinnings of this process, at times criticised of not being able to deliver.

The Critique and the Response

9. The state of markets and market regulation in India has been often criticised for not achieving an efficient bond-currency-derivatives (BCD) nexus. A seemingly logical but misleading conclusion drawn from this is that the current institutional structure is to be blamed for this. The argument is that by changing the institutional structure, by itself, would succeed in reversing the public policy consensus relating to financial markets. This is at best a very facetious argument and completely belies the shared views among all the regulators and the Government regarding the broad philosophy and objective of financial sector policies.

10. The other fallacy is to believe that BCD nexus can be enforced only through exchanges, which perhaps is an extension of the earlier argument. While it is true that exchanges play an extremely important role in furthering development of efficient markets and price discovery, and more importantly address counterparty risk issues which are there in the OTC market, much of the risk transfer in the most developed markets happens in the OTC market among large institutional players. With the post crisis focus this segment has received, many of the earlier weaknesses have been addressed.

11. While the phrase 'BCD Nexus' sounds intellectually impressive, what it simply means is that there are certain restrictions regarding participation of various economic entities in the currency and interest rate markets and the related derivatives. Yes, there indeed these markets are tightly regulated. But what is the underlying philosophy behind these regulations? Instead of talking about market regulation in abstractions, it would be useful to understand what it actually entails.

12. Let us take currency markets. The markets have traditionally been OTC, seeking to cater to the genuine hedging needs of the entities. Given the capital account management framework, obviously there are guidelines

of who can participate in what kind of products. These guidelines have been significantly liberalised over the years and newer products have been introduced on the exchanges. Now, the question here is at what stage do we move to a completely open capital account which would, in turn, result in freeing up the restrictions on participation in these markets. The latter follows from the first, not the other way round. This is institutional-structure agnostic.

13. Another structural factor with regard to an efficient BCD nexus is the nature of institutional market. In a bank-centric financial system, it has been the experience that even the task of developing non-bank channels, particularly through market-based mechanisms, falls ultimately on the banks themselves. Whether it is expecting banks to provide credit enhancement for bond markets or acting as market-makers in various market segments, the role of banks becomes critical. This reflects the underlying structural makeup of the financial system and implies that any attempt at relaxing market regulation ultimately comes unstuck at the altar of prudential regulation. The same, to a lesser extent, applies to other regulated entities as well, such as, insurance companies, pension funds, *etc.* which are seen as natural participants in some market segments, such as, corporate bonds, interest rate derivatives, credit default swaps but the prudential regulatory framework, perhaps for very valid reasons, is more conservative. Again, it is a matter of regulatory philosophy than the institutional structure.

14. As regard debt markets, the regulations essentially entail specification of broad product features and participation norms. While the considerations behind regulating interest rate markets are different form exchange rate markets, the objective still remains systemic stability. Large sovereign borrowings impact the yield curve through the expectation channel. Apart from direct balance sheet effects on the financial sector, interest rate volatility has a critical bearing on sovereign balance sheet which could translate onto financial sector balance sheets. It, therefore, becomes imperative to be watchful of volatility in interest rates on account of activities of various market players.

15. Active, unfettered repo market is one of the critical elements of such BCD construct. Repo markets were one of the most active funding markets globally before the crisis. Post-crisis, however, several work-streams under FSB, IOSCO, *etc.* are working internationally to tighten the regulation of repo markets, including regulations on re-use of securities, margins and haircuts, leverage built-up through repo markets, *etc.* These are not market conduct issues but prudential issues, being discussed in the context of systemic stability.

16. Market regulation cannot remain a value-neutral term. Different markets have different dynamics and inter-connections with the real sector and broader macroeconomic stability. To argue that regulation of equity markets is same as regulation of currency markets is facetious, ignoring the massive work going on internationally towards reforming the financial sector. Yes market mechanics can be same and market micro-structure can be convergent across asset classes but in terms of systemic spillover, approach to regulation of these markets can be very different.

17. So the point I am trying to make is that the debate needs to be on the nature of financial regulation and the underlying structural imperatives rather than the institutional structure. Various models have been tried internationally pre-crisis and post-crisis and it's the contextual imperatives which have driven the changes.

The Path Ahead

18. Planning towards future, I can cite the policy direction provided by our Governor Dr. Raghuram Rajan. While talking about the Five Pillars of RBI's Developmental Measures, Dr. Rajan identified 'broadening and deepening financial markets and increasing their liquidity and resilience' as an important pillar. The objective is to help allocate and absorb the risks entailed in financing India's growth. He had observed that markets are complementary to

development of banking sector. The tasks ahead are:

- Building liquidity and improving market access;
- Developing Government bond market domestically in terms of investor class, instruments, infrastructure, intermediaries and innovations and opening up to foreign investors in a calibrated manner to broaden the investors' base without unduly exposing it to the risks of sudden stops; and
- Better communication of the debt management policy to avoid uncertainty in the minds of investors.

19. Going forward, by the year 2020, I would expect macro-economic management to become more robust, large scale fiscal consolidation resulting in optimal debt structure, bond markets becoming more liquid and deep, host of reforms in derivatives space and central bank communication becoming more robust and effective. I would like to share some of my thoughts on the issues.

I. Debt Management: Medium Term Debt Strategy

20. Recently we have articulated, in consultation with the Government, our medium term debt management strategy (MTDS). The move was designed to benchmark our debt management practices with global sound practice and foster transparency and accountability. MTDS comprises objectives, various benchmarks and portfolio indicators and yearly issuance strategy (external and domestic funding, instruments, maturity structure, *etc.*). It provides requisite information, transparency & certainty and enables market participants (investors) to plan their strategy for investment in Government bonds market.

21. The MTDS has been articulated for a period of three years and it will be reviewed annually and rolled over for the next three years. The scope of debt management strategy is presently limited to active elements of domestic debt management, *i.e.*, marketable debt of the Central Government only. Over time, the scope would be progressively expanded to cover the entire stock of outstanding liabilities including external debt as well as General Government Debt including State Development Loans (SDL).

22. The debt management strategy revolves around three broad pillars, *viz.*, borrowing at low cost over a period of time, risk mitigation and market development. The intended process as part of MTDS entails the following:

- Carrying forward transparent issuance process by providing clear information on borrowing programme to investors and having continuous investor interactions and appropriate consultation;
- Building up benchmark issues by issuing significant volumes and taking advantage of liquidity premia;
- Elongating the maturity of the debt portfolio;
- Building a balanced maturity profile and supply along the yield curve;
- Issuing a variety of instruments, such as, inflation linked bonds that would help the investors to manage their portfolio more efficiently;
- Undertaking switches / buybacks for effective liability management;
- Expanding the domestic investor base by encouraging retail and mid-segment investors' participation in G-Sec market and calibrated opening of the government securities market to foreign investors and retail investors; and
- Continuing passive consolidation with large benchmark issuances and active consolidation through buy-backs / switches/ conversions.

23. An important risk mitigation measure aimed at alleviating the pressure at short-end was undertaking switches/buybacks from proximate maturities in order

to reduce the redemption concentration and create space for further issuances that may be needed to meet the demand of market participants. During the past three fiscal years, switches amounting to about Rupees one trillion were undertaken by the Reserve Bank in consultation with the Government. The operations have eased gross borrowing numbers and enabled effective borrowings.

24. The aim of the Reserve Bank has always been to conduct market borrowing operations in a smooth manner without undue disruptions. The strategic and tactical approaches of debt management are meant to ensure the same. While the strategic parameters are set in MTDS and anchored to achieving the main objectives, the tactics are not only linked to the objectives but also to ensuring stability of operations. A recent example would bring out this approach. The market participants were expressing apprehensions about the potential elevated supply of government bonds due to the issuances by the state governments under Ujwal DISCOM Assurance Yojana (UDAY).

25. The yields had hardened in anticipation, especially for state government borrowings. We have acted in a calibrated manner planning issuances to banks that have DISCOM dues directly so that the supply will not enter the market. Selective regulatory forbearance of categorizing the bonds as 'HTM' was accorded to subscribing banks. The bonds issued to pay dues to the central public sector undertakings were offered through private placements. The pressure on the yields also moderated by modulating the issuance strategy to limit issuances at long tenors announcing the same in the borrowing calendar for first half of the fiscal 2016-17. This was possible because we had over time elongated the maturity profile of the Government bonds; weighted average maturity of 10.50 years as on end-March 2016 is one of the highest among the peers. This flattened the yield curve bringing down yields at 15 years and above, thereby increasing attractiveness of the state bonds issued under UDAY.

26. The timing of issuances was planned keeping in view absence of supply at end of fiscal year. The issuances were successful and UDAY bonds of about ₹990 billion were successfully placed. The Fixed Income Money Market and Derivatives Association (FIMMDA) played an important role here in co-ordinating with banks for smooth issuances. The market behavior in this case, however, bears scrutiny. The markets exhibited serious negativity, mostly as a response to imaginary stress. There is also evidence of uni-directional bias, *i.e.*, the market was unduly pessimistic impacting yields. It also brings forth need for better communication from the issuers. There are lessons to be learnt from the episode.

II. Secondary Market Trading

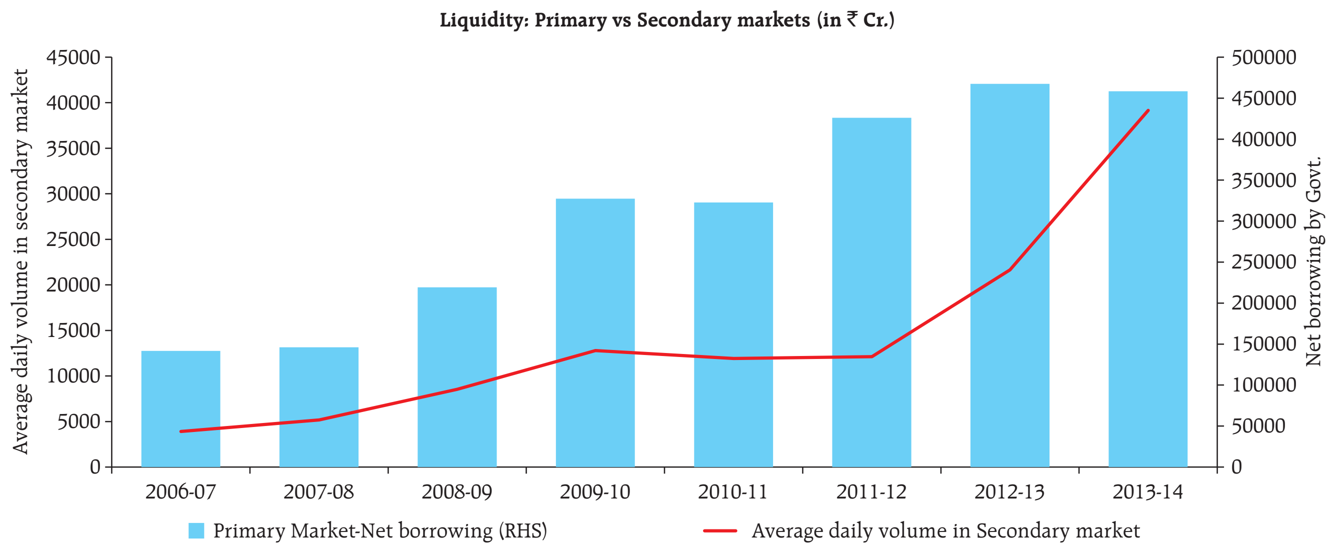
Enhancing liquidity of the debt market

27. In the recent past, concerns have been raised globally about both a decline in current market liquidity, especially for fixed-income assets, and its resilience, as brought out in the IMF Global Financial Stability Report, 2015. In this context, it may be mentioned that liquidity in the Indian G-Sec markets, as indicated by trading volumes, improved significantly across markets alongwith increase in net borrowing. One of the reasons for the improved liquidity in G-sec and Repo is due to the electronic platform based trading (Charts 1 & 2).

28. The above was also borne out by a study undertaken by the Centre for Advanced Financial Research & Learning (CAFRAL) which found a strong positive impact on market efficiency through the introduction of NDS-OM and its associated transformational impact in the secondary market for government bonds, namely:

- Ten-fold rise in daily trading volume;
- The enormous shift to NDS-OM platform at the expense of OTC brokered sub-market;
- Lower trade execution search costs; and
- Real-time reporting of trade book and order book information leading to real time public dissemination as well.

Chart 1: Liquidity in the primary & secondary markets

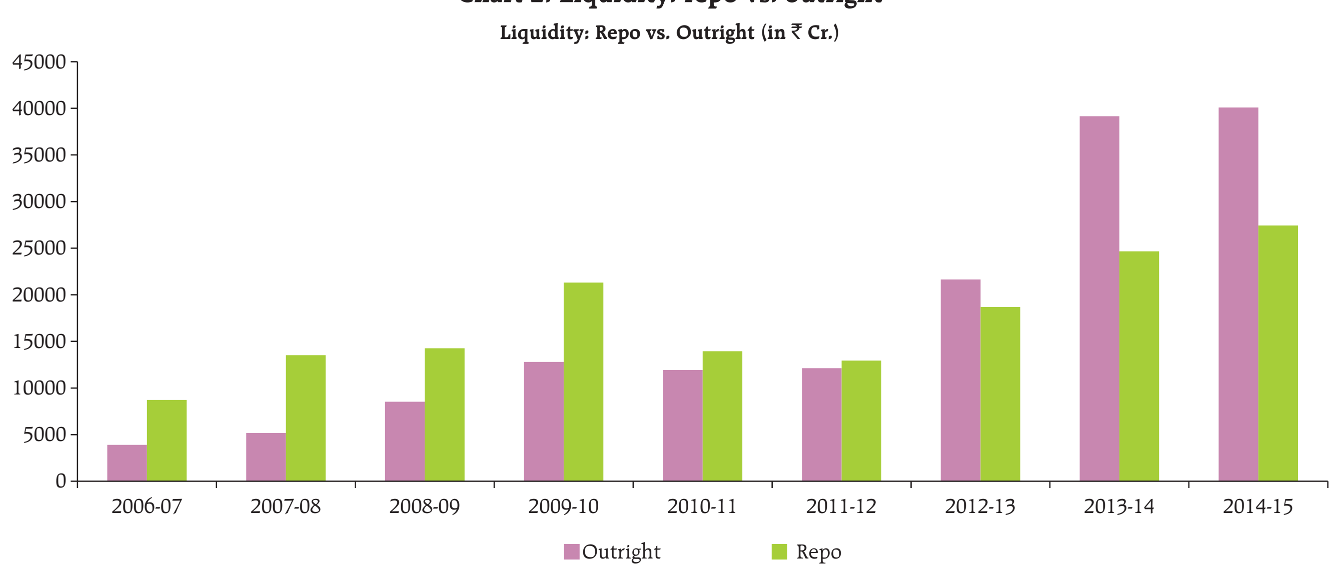


Source: Reserve Bank of India & CCIL.

29. Liquidity as measured by bid-ask spread shows that market liquidity dried up in second half of 2013. Market volumes, however, remained high. Since then, the bid-ask spread has compressed significantly suggesting improvement in liquidity (Chart 3).

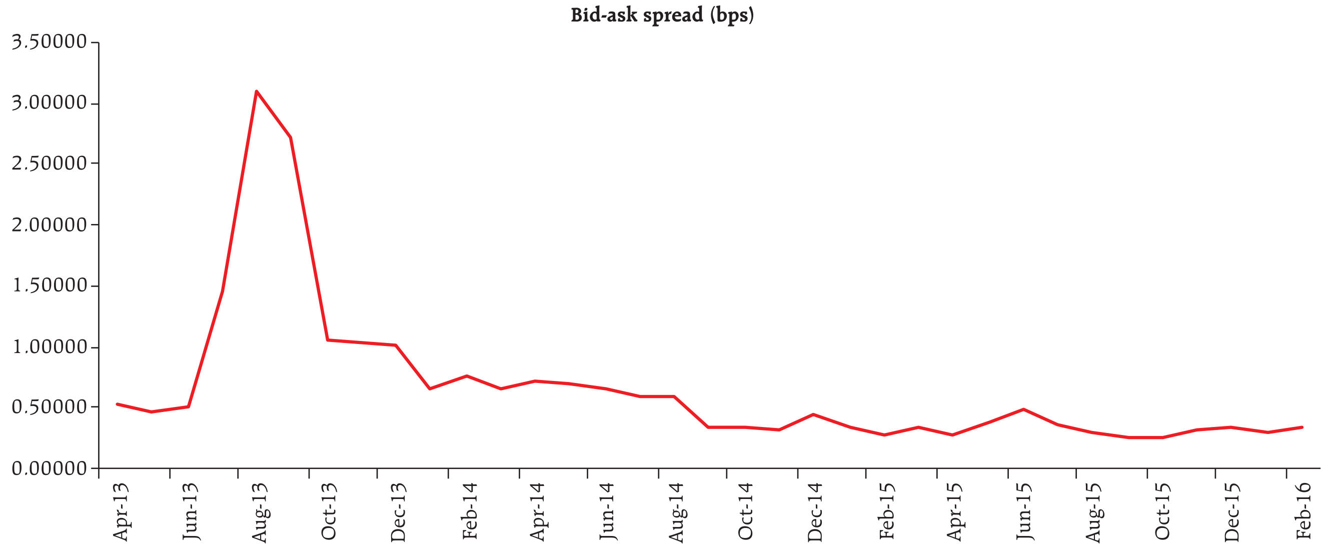
30. Various measures have been taken to enhance the secondary market liquidity in Government bond market. Consequently, the average daily trading volume has increased more than six times in the last five years. During the taper tantrum, investors could exercise the option to sell securities in an orderly fashion and exit without market disruption. This improved credibility of Indian markets and the investors returned. We have tweaked short-sale limits, opened 'when issued' market

Chart 2: Liquidity: repo vs. outright



Source: Reserve Bank of India & CCIL.

Chart 3: Bid-ask spread



Source: CCIL.

and started buy-back operations based on the cash position of government. We have initiated switches that would ease redemption pressure as well as aid consolidation. We are also discussing with the Government a suitable market making scheme for illiquid and semi-liquid Government securities. There is, however, work still to be done.

III. NDS-OM Version 2 Enhancements

31. NDS-OM, the RBI's Anonymous Order Matching System for dealing in secondary market outright trades in G-Sec was launched in August 2005 based on an internal assessment of the need for a screen based dealing system as recommended by the R. H. Patil Committee appointed by the Reserve Bank of India. All trades concluded on NDS-OM flow within an STP framework to the CCIL, which acts as the CCP for all these trades, within the provisions of its bye-laws, rules and regulations.

32. From a relatively simple system when initially launched in August 2005, over time various functionalities have been added to NDS-OM. The application facilitates trading in all kinds of Central Government/State Government/Treasury Bill instrument in standard and non-standard (odd) market lots. It also facilitates trading in 'When Issued' (both re-issues and new issues). Other important system capabilities include short-selling and limit monitoring, stock balance monitoring, 'When Issued' limit monitoring, web-based module for client dealing, *etc.* The system has been widely accepted by market participants and its order matching segment now consistently accounts for 80 – 85 per cent of total G-Sec market volumes. The average daily volumes on NDS-OM have increased from ₹50 billion in 2005-06 to over ₹400 billion in 2015-16.

33. As part of vision of the Reserve Bank of India for providing state-of-the-art infrastructure to market participants, the Reserve Bank has initiated an upgradation of the NDS-OM platform. The new system is expected to have faster through-put, enhanced functionalities, rich user interface, internationally compatible message formats, *etc.*

Access of demat account holders to NDS-OM

34. One of the major factors said to be hampering trading interest in G-Sec is the difficulty in access to NDS-OM by non-institutional investor class. There is

the gilt-account route but a large number of investors holding demat accounts cannot directly access NDS-OM. As already announced in the First Bi-monthly Monetary Policy Statement, 2015-16, the Reserve Bank is working, along with CCIL and depositories, to give demat account holders direct access to NDS-OM. This is expected to open up a large investor base, hitherto untapped, for investment in G-Sec. Even though G-Sec are globally institutional markets, this step is one of the most significant ones to facilitate retail investment in G-Sec.

IV. Integration at the depository level

35. Currently though intra-depository transfers of G-Sec take place seamlessly between two beneficiary owners within a depository, there is no facility to transfer G-Sec seamless across depositories. Further, at present, there is no linkage between the RBI SGL system and the depositories. As a result, transfer of securities between SGL and demat accounts involves a manual process. The manual process involves delays and inhibits seamless movement of securities between SGL and demat accounts. As announced in the First Bi-monthly Monetary Policy Statement, 2015-16, the Reserve Bank is working along with the depositories to implement a seamless transfer of securities among depositories and RBI SGL which would effectively lead to an integrated depository system for G-Secs. This would greatly facilitate transaction on the exchanges between a SGL-account holder and non-SGL account holder.

V. New Products

36. Permitting introduction of new products in OTC as well as exchange traded space has always been a mutually consultative process between the Reserve Bank of India and the market participants. However, the approach adopted for introduction of interest rate options (IRO), I can, say, marks a fundamental departure. While the final guidelines are expected to be issued shortly, I can share that the guidelines would be truly principle-based and not prescriptive. It is proposed to permit a broad range of instruments including simple call and put options, caps, floors, collars and swaptions on both exchanges as well as in the OTC market. While the Working Group on Introduction of Interest Rate Options (Chairman: Prof. P. G. Apte) had recommended standardised contracts in the OTC market, the feedback received is that this may not be feasible. Another issue that has been flagged in the feedback relates to allowing users to hedge their foreign currency interest rate exposures using options on foreign currency interest rate benchmarks with Authorised Dealer banks in India on a back-to-back basis. This needs to be examined separately and may not be included as part of Rupee IRO guidelines.

37. Broadly, the same approach will be followed while finalizing guidelines on all new products – both OTC as well as exchange traded.

VI. Regulation of Electronic Platforms

38. Electronic platform trading has the benefits of improved transparency, reduced transaction times, efficient audit trails, improved risk controls and enhanced market monitoring. In the aftermath of the last financial crisis, internationally, there is a move to promote trading of financial instruments on electronic platform.

39. In India, as mentioned earlier, we can be considered pioneers in creating anonymous electronic platforms for trading. NDS-OM, an anonymous electronic platform for trading in Government securities was created a decade ago. Most trades in G-Sec now gets executed on NDS-OM. Similarly, 'Clearcorp Repo Order Matching System' (CROMS), an STP enabled electronic anonymous order matching platform to facilitate dealing in market repos in G-Sec is also available. The availability of electronic trading platform with robust clearing and settlement mechanism has been instrumental in the phenomenal growth observed in the outright and repo market in G-Sec.

40. Taking into account the experience of NDS-OM and CROMS in G-Sec, there is a need to introduce

electronic trading dealing platforms for other financial instruments like corporate bonds, CPs, CDs and derivative products. The Reserve Bank of India has also been receiving requests from various entities to introduce electronic platforms for these instruments. Accordingly, it is now proposed to prescribe a framework for authorisation of electronic dealing platforms for financial instruments regulated by the Reserve Bank of India. The overarching philosophy behind the framework would be to permit more than one electronic platform subject to eligibility and demand. The transactions on such platforms could be piped to the related settlement agency for post-trade processing, *etc.*

VII. OTC Derivative Reforms

41. In response to concerns about systemic risks in over-the-counter (OTC) derivatives markets, the G-20 leaders agreed in 2009 to a comprehensive reform agenda to improve transparency in these markets, mitigate systemic risk, and protect against market abuse. All the jurisdictions, including the Emerging Market Developing Economies (EMDEs) have progressed substantially on the above as brought out in the last Financial Stability Board (FSB) progress report on implementation. Implementation is almost complete for trade reporting and higher capital requirements for non-centrally cleared derivatives. As observed in the Report, the authorities, however, continue to report challenges concerning the quality and completeness of the data being reported to Trade Repositories (TRs) and the ability to access, use and aggregate this data. FSB's Thematic Review on OTC Derivatives Trade Reporting which came out in November 2015 identified several recurring issues that are posing challenges including concerns over data quality, capacity to effectively aggregate information across TRs, existence of barriers to reporting complete data to TRs, and barriers to authorities' access to TR-held data.

42. From an EMDE perspective, the cross-border reporting and access to TR data has come out as a major issue which, as recommended, needs to be addressed legally. While the imperatives behind this are appreciated, their implementation would require navigating the existing privacy provisions nationally which may be challenging. As an alternative, to achieve early compliance, cooperative arrangements may also be considered pending legal frameworks. As the legislative process is usually long drawn and requires political support, the approach should not mandate legislative changes for all aspects of the reform agenda.

43. One of the biggest challenges for EMDEs remains meeting recognition/ equivalence requirements of major financial centres in OTC derivatives. While the concerns relating to uneven implementation of reforms may be an issue, forcing home country jurisdictional requirements onto host country entities, particularly financial market infrastructure entities could become a sensitive subject. From an EMDE perspective, this also comes in the way of achieving other objectives, such as, mandating central clearing for certain standardised OTC products. If the CCP is not recognised, participation of banks from other jurisdictions could be hampered affecting market development adversely. Some segments of the contributors to market liquidity may be forced to withdraw from the market thereby making the markets shallower. This could impact the longer term market development. This will also have an adverse impact on ability of market participants to hedge various risks using these derivative instruments.

44. Such an approach defeats the very purpose of an internationally-coordinated approach. Once any entity is recognised as compliant with the internationally accepted principles, subject to all the review mechanisms, additional bilateral requirements are difficult to justify. We are aware that the regulators in respective countries requiring this recognition are bound by the legal provisions in their jurisdictions but it is best to address such issues on a multi-lateral basis. The Report of the IOSCO Task Force on Cross-Border Regulation, which was published in September 2015, examined various issues comprehensively. There is an urgent need to agree on a broad set of equivalence

principles internationally and not to insist on introduction of country specific requirements over other jurisdictions. Mutual reliance among the regulators within the framework of agreed global best practices and sound principles should be the ideal way to resolve avoidable frictions.

45. Beyond the above agenda, there are several other work-streams whose recommendations have a bearing on the functioning of the markets. For instance, the FSB work-stream on resolution of financial entities requires host country jurisdictions to allow bail-in clauses for all deposit liabilities raised by home country entities. The implications of such a sweeping mandate could be serious for the interests of domestic depositors. The challenge would be to strike a balance of the interest of various stakeholders.

46. In India, a Standing Committee under the Technical Advisory Committee (TAC) on Financial Markets has been constituted to assess, on a continuing basis, the implications of recommendations of various international standard setting bodies, through different work-streams, on domestic OTC markets. The Committee would also help in formulating appropriate policy response in this area.

VIII. Corporate Bonds

47. Based on recommendations of a Working Group set up under the aegis of FSDC-SC, certain measures have been announced in the Union Budget for 2016-17 for development of the corporate bond market:

- Setting up of a dedicated fund to provide credit enhancement to infrastructure projects by the Life Insurance Corporation (LIC);
- Issue of guidelines by the Reserve Bank of India to encourage large borrowers to access a certain portion of their financing needs through market mechanism instead of the banks;
- Expansion of investment basket of foreign portfolio investors to include unlisted debt securities and pass through securities issued by securitisation SPVs;
- Introduction of electronic auction platform for developing an enabling eco system for the private placement market in corporate bonds by SEBI for primary debt offer;
- Development of a complete information repository for corporate bonds, covering both primary and secondary market segments; and
- Development of a framework for an electronic platform for repo market in corporate bonds.

48. We are in the process of implementing the recommendations. In addition, certain other measures will be announced after finalisation of the recommendations of the Committee.

49. Enactment of the Bankruptcy Act will be a defining event as regards the development of the corporate debt market. Some of the recommendations of the Companies Law Committee, particularly relating to private placement of securities, could also have far reaching implications for easing the issuance process. Another significant recommendation of the Committee is to exclude instruments covered under Chapter III D of the Reserve Bank of India Act, 1934 in the term 'debenture' as defined in Section 2 (30) of the Companies Act, 2013. This will provide the necessary clarity regarding issuance of CPs and other money market instruments.

IX. Use of Financial technology

50. Use of financial technology (fintech) in strengthening market infrastructure has been the buzzword in international fora. In particular, use of distributed ledger technology (DLT) holds a lot of promise for all transaction networks requiring non-repudiation and finality through maintenance of real time updated transaction ledgers. Conventional 'non-distributed' systems like payment systems and clearing/settlement systems use centralised ledgers. DLT achieves this in a decentralised manner while (i) keeping the identities of the participants unknown and

(ii) without any central agency regulating the participants or the flow of transactions. Bitcoin represents one end of the applications spectrum of 'permissionless', completely decentralised transactions. Several applications are, however, being attempted across the spectrum, trying to marry the technology with the conventional centralised systems for efficiency gains.

51. While it may be premature to talk about regulating block-chains, there is need to continually engage with the industry to try to understand various applications being developed around the technology and monitor the developments in this space. The regulatory focus will be on identifying potential use cases, in close collaboration with the industry, where this technology could be leveraged. Controlled adoption in identified areas will be the preferred approach.

52. Towards leveraging the benefits of fintech, particularly block-chain technology, it would be our constant endeavour to engage with industry participants to explore the adoption of various innovations in strengthening market infrastructure. Concept papers exploring possible use cases of these technologies in the financial market infrastructure would be prepared and placed in public domain for wider feedback.

X. Role of FIMMDA

53. As a person who has been involved with the development of the debt market in India under various capacities, I can see the growing importance and role of FIMMDA in the fixed income and derivatives market. The consultations between the Reserve Bank of India and the FIMMDA, both formally and informally, on various issues of policy have not only helped us in understanding the point of view of the participants but have also entrusted greater responsibility on FIMMDA as a market body.

54. Today, apart from coming out with price valuations for G-Sec and non-G-Sec, FIMMDA has been given added responsibilities of developing and operating critical market infrastructure like reporting platform for corporate bonds, repo in corporate bonds, CPs and CDs. Further, FIMMDA has been appointed as the accrediting body for brokers in the OTC interest rate derivatives market. In the immediate future, FIMMDA will have a greater role to play in the rollout of CDS in India. This has widened the scope and responsibility of FIMMDA and it has been successful, so far, in fulfilling these responsibilities. Now it is time to reflect upon the past achievements and have a vision for the future. One such vision could be conferring SRO status to FIMMDA.

55. Changing nature of financial markets necessitate that organisations that are not from traditional regulatory structure participate in bringing orderliness in activities. Self-regulation is an important part of the regulatory structure of securities markets. Self-regulation and Self-Regulatory Organisations (SROs) are considered important in improving the effectiveness of securities regulation and market integrity. Use of SROs may lead to more efficient financial markets, thus enhancing businesses' access to public equity and debt markets for accessing capital at a reasonable cost, which supports business expansion and economic development. The regulators designate SRO as a 'competent authority', to implement certain rules and regulations.

56. SROs exercise certain regulatory authority over an industry or profession, which could be in addition to existing Government regulations or fill the vacuum of absence of regulations. FIMMDA was created as a voluntary body for the interest rate market, and is a not-for-profit organisation. The activities of FIMMDA and its role in the underlying market clearly indicate its self-regulatory role in the concerned markets and it could be termed as a 'Quasi-SRO'. Certain activities typical of a SRO like prescription of Code of Conduct for members, oversight over brokers, and arbitration of disputes (in a limited way) are already being carried out by FIMMDA. Presently FIMMDA, through the Financial Benchmarks India Ltd (FBIL), is also part of benchmark administration which is vital to market integrity. There is, however, an urgent need for FIMMDA to strengthen itself and broaden its mission

to carry out tasks commensurate with the developments in the market and the role envisaged by the Reserve Bank of India. In this regard, there is a need for active participation from all the members of FIMMDA, especially the public sector banks (PSB) who are major players in the banking/financial sector.

57. FIMMDA may have to play a more proactive and pre-eminent role and for this there is an urgent need to build competencies – both technical and financial, to undertake additional responsibilities as SRO. The focus needs to be on creating on robust organisational capabilities, by expanding its membership base, to undertake the functions for effective self-regulation within a broad framework of public accountability. I would suggest that FIMMDA draws up an action plan in this direction with clear goalposts to be achieved within appropriate time lines.

Conclusion

58. As laid out above, over the next few years, it can be expected that the Indian debt markets will evolve into a syncretic ecosystem connecting more varied investor classes alongside multiple platforms and trading venues with a seamless integration at the depository level. This will be achieved in a non-disruptive manner without radically disorienting the existing setup. The market infrastructure would also be greater aligned with the global reform process with greater role for innovative fintech.

59. As announced in terms of the Medium Term Framework for FPIs, the total investment by FPIs in G-Secs is expected to reach 5 per cent of the outstanding by March 2018. This, along with the additional space created for SDLs, is expected to create a predictable regime. Based on experience, the feasibility of gradually opening up certain segments/tenors fully in order to enable inclusion of Indian G-Sec in global bond indices could be a possibility.

60. With incremental opening up of the capital account and the increasing internationalisation of Indian Rupee, greater play by global investors in onshore markets would become inevitable. The issue of guidelines for 'Masala' bonds and agreeing to open up investment route for foreign investors through ICSDs all point in this direction. The effort would be facilitate this in a non-disruptive manner.

61. In conclusion, I would like to come back to the theme of intellectual openness in the context of changing role of institutions. I can do no better than quote from the a commencement address given by John W. Gardner in 1968 where he talks about the reasons for failure of institutions:

Twentieth century institutions were caught in savage crossfire between uncritical lovers and unloving critics. On the one side, those who loved their institutions tended to smother them in an embrace of death, loving their rigidities more than their promise, shielding them from life-giving criticism. On the other side, there arose a breed of critics without love, skilled in demolition but untutored in the arts by which human institutions are nurtured and strengthened and made to flourish. Between the two, the institutions perished.

62. It is in the spirit of this open debate that we, as critical lovers or loving critics rather than uncritical lovers or unloving critics, have to keep reassessing our institutional philosophy without disassociating ourselves from our core values. Keeping this spirit in view, I wish the ensuing sessions will see very high quality, open and productive discussions.

63. Thank you for patient listening.

*Consolidation among Public Sector Banks**

R. Gandhi

At present banking system in India is evolving with a mixture of bank types serving different segments of the economy. In the last few years, the system has seen entry of new banks and emergence of new bank types targeted to serve niche segments of the society. However, banking system continues to be dominated by Public Sector Banks (PSBs) which still have more than 70 per cent market share of the banking system assets. At present there are 27 PSBs with varying sizes. State Bank of India, the largest bank, has balance sheet size which is roughly 17 times the size of smallest public sector bank. Most PSBs follow roughly similar business models and many of them are also competing with each other in most market segments they are active in. Further, PSBs have broadly similar organisational structure and human resource policies. It has been argued that India has too many PSBs with similar characteristics and a consolidation among PSBs can result in reaping rich benefits of economies of scale and scope.

2. The suggestion of consolidation among PSBs has quite old history. Narasimham Committee Report in 1991 (NC-I), recommended a three tier banking structure in India through establishment of three large banks with international presence, eight to ten national banks and a large number of regional and local banks. Narasimham Committee Report in 1998 (NC-II) also reiterated the recommendations on NC-I. Recently, in the budget speech for 2016-17, Finance Minister mentioned that a roadmap for consolidation of PSBs would be spelt out. The desirability of consolidation in Indian banking sector is widely felt across the spectrum.

Current Imperatives

3. There are at present times several congruent factors that indicate that consolidation in Indian banking scene has its right time. They are as follows:

4. The need for consolidation is specially felt now, due to the fact that although India is seventh largest economy in the world in terms of nominal GDP, there is no Indian bank in the list of 70 large banks in terms of asset size. We can easily see that large banks reap certain advantages in terms of efficiency, risk diversification and capacity to finance large projects. The efficiency gains resulting from lower cost of services and higher quality of services is too attractive to ignore.

5. It is also felt that a larger bank may be less risky than a smaller bank as the larger bank will have a more diversified portfolio resulting in less volatility in its earnings. Consequently, a large bank may command higher credit rating than a smaller bank. In a March 2016 report, Fitch rating agency mentioned following: *'More stable banking systems tend to be structured around a number of large 'pillar' banking groups. These large banks in a consolidated banking system enjoy scale benefits leading to better diversification of risks and stronger overall profitability contributing to higher credit ratings.'*

6. Large banks do benefit from economies of scale in terms of risk diversification, although this benefit disappears when banks become excessively large beyond a certain threshold size. This threshold size has been subject of much debate in the discipline of finance. However, there is no clear research which may point towards an optimum size for a bank in a

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* Speech delivered by Shri R. Gandhi, Deputy Governor, Reserve Bank of India at the MINT South Banking Enclave, Bangalore on April 22, 2016. Assistance provided by Shri Santosh Pandey is gratefully acknowledged.

particular country. Perhaps in future, research will throw light on the optimum size of banks. However, in the context of India, it is felt that there is ample room for consolidation in the banking sector, especially among PSBs without creating issues of moral hazard or too big to fail concerns. It does appear that the banking system in India is too fragmented at present. There is evidence, as measured by Herfindahl-Hirschmann Index (HHI) for Indian banking sector using square of on-balance sheet market share of all banks in the system which works out to be 518.53. This indicates that our banking system is highly fragmented and diffused. In fact there is evidence which shows that this index has been falling over the years in India.

7. There are 48 domestic banks (excluding RRBs and LABs) out of which there are 27 PSBs having a market share of around 70 per cent in terms of asset size. A comparison of performance of larger PSBs with smaller PSBs does indicate that larger PSBs perform better. For example, among all PSBs, larger PSBs like SBI and Bank of Baroda are trading at higher Price to Book Value ratio in comparison to other smaller PSBs. SBI has been able to maintain relatively strong capital ratios and appears to be in a better position to withstand shocks to asset-quality. This indicates that under Indian conditions, there is lot of scope for banks to grow in size to become efficient and diversify their risks.

8. The other important aspect which needs to be considered is credit demand of a growing economy. As Indian companies increase their business and become global in nature, their demand for large scale credit will become higher. Banks also have to grow in size to meet the higher demand of credit. The banking system will be required to enhance its capacity to lend to larger companies and to larger projects. With increase in credit penetration and as credit to GDP ratio increases from present levels of 50 per cent, PSBs with a market share of over 70 per cent need to contribute significantly in the process. Without strong PSBs which are efficient, competitive and well-capitalised, meeting higher demands of bank credit would be quite challenging in future.

9. Recent proposals on Large Exposure norms which limit banks' exposure to a group by 25 per cent of their common equity will further limit their capacity to fund large credit demands. It is therefore imperative that some consolidation among PSBs do happen to support the growth potential of the economy.

10. After the crisis, internationally there has been a significant tightening of regulatory norms. As mentioned earlier, Global Systemically Important Banks (G-SIBs) are required to maintain higher amount of common equity capital than other banks. Further, Financial Stability Board has agreed on Total Loss-Absorbing Capacity (TLAC) standard for G-SIBs. G-SIBs will be required to meet the TLAC requirement alongside the minimum regulatory requirements set out in the Basel III framework. Specifically, they will be required to meet a Minimum TLAC of at least 16 per cent of the resolution group's risk-weighted assets (TLAC RWA Minimum) from 1 January 2019 and at least 18 per cent from 1 January 2022. These regulatory requirements have compelled many of these internationally active banks to reframe their business strategies into downsizing, quitting some businesses and some jurisdictions. This provides an opportunity for EME banks who have global ambitions, a ready business and market space. If we have good large banks, such banks can tap these opportunities and can become global banks.

11. Thus we can see that right now the time is ripe for consolidation in the public sector bank space.

Consolidation in Indian banking system in the past

12. There have been two types of bank consolidation in India. One and most obvious has been voluntary merger of banks driven by the need for synergy, growth and operational efficiency in operations. Recent merger of ING Vysya Bank with Kotak Mahindra Bank is an example of this kind of consolidation. ING Vysya Bank had a stronger presence in South India while Kotak had an extended franchise in the West and North India. The merger created a large financial institution with a pan-India presence. This kind of voluntary merger driven by synergy and clear economic logic has been rather common in the private banks segment. Other examples of this kind of merger may be acquisition of Bank of Madura in 2001 and Sangli Bank in 2007 by ICICI Bank, acquisition of Centurion Bank of Punjab by HDFC Bank in 2008, *etc.* The Reserve Bank has been given powers under Section 44A of Banking Regulation Act 1949 to approve such voluntary mergers. The Reserve Bank has been quite supportive of voluntary mergers of banks which have the prospect of creating value for those banks. However, such examples are not many in public sector banks sphere. Recent merger of State Bank of Saurashtra and State Bank of Indore into State Bank of India may be seen as basically merger among group companies. The only example of merger of two PSBs is merger of New Bank of India with Punjab National Bank in 1993. However, this was not a voluntary merger.

13. The other type of merger of banks has been from the perspective of resolution of a weak bank. Section 45 of Banking Regulation Act 1949 empowers the Reserve Bank to make a scheme of amalgamation of a bank with another bank if it is in the depositors' interest or in the interest of overall banking system. The operation of the weak bank may be kept under moratorium for a certain period of time to ensure smooth implementation of the scheme. Many private sector banks have been merged with other private sector banks or the PSBs under this mechanism. The merger of Global Trust Bank with Oriental Bank of Commerce in 2004 was an example of this kind of merger. Earlier way back in 1960s, post Palai Central Bank's failure, there were several such mergers guided by the Reserve Bank.

14. Since the onset of reforms, there have been about 32 mergers/amalgamations in the banking sector. Prior to 1999, most of the mergers were driven by resolution of weak banks under Section 45 of Banking Regulation Act 1949. However, after 1999, there has been increasing trend of voluntary mergers under Section 44A of Banking Regulation Act 1949. As noted above, most of these Section 44A mergers were among private sector banks. PSBs have bypassed this trend despite the fact that there might have been ample opportunities of creating value through strategic mergers and acquisitions among two PSBs.

Some caveats

15. Having said that Consolidation in PSBs is worth considering, I would hasten to add certain caveats.

16. It is not that a large size is always beneficial for the banking system and overall economy. The benefit of size is observed up to a threshold level of size. A size beyond this threshold size may have negative consequences for the economy. Existence of excessively large banks may also create significant moral hazard costs for the entire system. A failure of a very large bank may have systemic implications and therefore, there is a perception that large banks may be bailed out during stress periods. This expectation of government support create the perception of too big to fail, and this may improve their creditworthiness

resulting in significant funding advantages. This implicit government subsidy enjoyed by these banks incentivises them to grow even bigger and makes them use higher leverage and engage in risky market-based activities. During the recent financial crisis, it was learnt that problems created by large banks (seen as too big to fail) can only be addressed by specific regulations targeted to these banks only. One of the important aspects of the post crisis regulatory reforms has been formulation of specific regulatory requirements targeted at larger banks.

17. PSBs as a group have not been performing well during the last few years. There has been a large increase in Non-Performing Assets (NPAs). As a part of managing large NPAs, some suggestions have been made that perhaps a consolidation of PSBs can render them more capable of managing such challenges relatively better. The basic argument is that a large bank will have been well capitalised, will have deeper expertise to handle large credits and large NPAs and hence can ride off troughs with relative ease.

18. It has to be ensured that mergers among two banks should not be seen as a fix to short term problems as being faced by certain PSBs. Merger may be useful only if it has strategic vision driven by synergy and creating value for both the banks. Merger of a weak bank with a strong bank may make combined entity weak if the merger process is not handled properly. The problems of capital shortages and higher NPAs may get transmitted to stronger bank due to unduly haste or a mechanical merger process. Consolidation should not be seen from the sole perspective of creating larger sized banks. While it is agreed that under present banking structure in India, creating a few large size banks is desirable, it has to be a well calibrated and cautious process.

Suggested Consolidation Process

19. Ideally, the process has to be initiated by the boards of individual banks themselves. NC-I had also mentioned that any move towards restructuring and reducing the number of banks through mergers and acquisitions should evolve on the basis of market driven and profitability considerations and with understanding and support from bank officers and staff. The committee had emphasised on the voluntary character of the exercise to avoid the type of problems associated with a top down approach.

20. However, as discussed above the examples of two PSBs coming together voluntarily and planning for merger have not been seen, although such examples have been quite numerous in private banking sector. So the question is how to ensure consolidation among PSBs when PSBs themselves are not coming forward voluntarily. One way forward may be a nudge from large shareholder of PSBs *i.e.* Government of India. As the Honourable Finance Minister, in his Budget speech of 2016-17 has mentioned, that a road map in this regard will be announced soon. An approach in this direction may be constitution of an expert committee which may thoroughly examine the business of each PSB, their forward looking business plans and try to find out opportunities of consolidation based on sound business strategy and synergy in the operations of concerned banks. The areas of synergies are to be properly identified encompassing, inter alia, compatibility of businesses, culture, treasury and IT and locational advantage. The committee may interact with the boards of banks on the tentative plans it might be having with respect to individual banks and try to understand their reactions. Further, interests of all stakeholders like depositors, borrowers, supervisor, employees, *etc.* also need to be balanced. Perhaps, the recently constituted Banks Board Bureau (BBB) can perform such an advisory role.

21. It also needs to be emphasised that PSBs are listed and their shares are held by diversified private institutions and individuals and interests of these minority shareholders need to be protected. Any plan for merger or acquisition has to be a Board led process in which all stakeholders have to be involved from beginning.

22. Further, mergers among PSBs may reduce competition in certain segments or geographies substantially and may alter competition between banks and non-banks. As discussed above HHI of the Indian banking system is about 518 which is very low and therefore there is room for consolidation. However, as the HHI scores approach a level of 1800, the competition authorities are usually alarmed about competition issues. Hence, the aspects related to competition and consumer protection need to be evaluated diligently in the context of consolidation.

23. There may also be significant implementation challenges in the merger of two entities even if it is based on sound business logic and synergy. Integration of two different organisation cultures and technological platforms may not be a simple process. The treatment of legacy issues, closure of redundant branches, redeployment of human resources and efficient allocation of capital post-merger are not straight forward decisions. The considerations related to implementation challenges also need to be adequately factored in.

Consolidation beyond Mergers

24. Very often, we understand consolidation means mergers and acquisitions. It need not be so. There is another type of consolidation *viz.*, consolidation of businesses. This is distinctly different from consolidation of entities. Under this type of consolidation, a bank consciously decides to be in particular types of businesses and sheds or quits certain types of businesses. Why a bank would decide so? One set of circumstances, as I have alluded earlier, relates to reaction and readjustment to the new regulatory structure. The TLAC requirements, the Dodd-Frank Act compliance, the Vickers Commission reforms, the Likanen Group reforms, *etc.* have forced banks in the USA, UK and EU to rethink and rearrange their businesses. I believe this is also a type of consolidation.

25. Our PSBs can take a leaf out of this type and can examine whether every one of them need necessarily be a universal bank or can each of them choose to be a differentiated bank in its own area or business of strength. For example, there are a few PSBs whose major presence, strength and expertise is in agriculture and rural segment. There are a couple of PSBs whose assets and reach are predominantly in the SME segment. These PSBs can choose to be Small Finance Banks. This way they can conserve capital, do not dissipate their energy in the highly complex and specialised corporate and project financing business.

26. Similarly, there are a few other PSBs who are effectively Payments Banks, as they primarily undertake deposit acceptance business and their loan book has been built only to comply with the Priority Sector Lending requirements. They even give an impression that such loan book was built reluctantly. These banks may better be Payments Banks and undertake that activity in full vigour and generate value for its stakeholders.

27. Likewise, there may be opportunities for some other PSBs to be wholesale / infrastructure banks, about which the Reserve Bank in the recent Monetary Policy Statement expressed its intention to usher in such differentiated banks in the coming times.

28. The advantage of being a differentiated bank is that its capital can be conserved and put to its best use. It can leverage its core strength, in a focussed manner.

Conclusion

29. Let me conclude by saying that there is tremendous scope for consolidation among PSBs. Consolidation will bring efficiency and synergy of operations and will ensure that Indian banking sector is capable of meeting credit demand of our growing economy. However, the consolidation needs to be a well-calibrated process based on sound economic logic. A hasty top-down approach which does not adequately consider synergies in the business models and compatibility in the business cultures and technology platforms of the merging banks may not be sustainable in the long run. And, finally, consolidation does not mean only merger of banks; consolidation also means focussing on chosen businesses only.

30. Thank you very much for your patient attention.

*Green Finance – Early Initiatives**

R. Gandhi

Friends,

2. Recognition is growing of the pressing challenge of financing sustainable development, and the opportunity it offers for channeling financial capital to productive, profitable and more broadly beneficial uses. The year 2016 is set to be the year of green finance. Across the world, we are seeing a growing number of countries aligning their financial systems with the sustainability imperative. We welcome this new green finance initiative.

3. In this context, it gives me great pleasure to be here this morning to release the final UNEP India Inquiry Report titled "Delivering a Sustainable Financial System in India". The interim report on designing a sustainable financial system for India issued in February 2015 had flagged certain key issues in making the Indian financial system ready to respond to climate change and other sustainable development priorities. I understand that the UNEP India Inquiry led by FICCI has had continuous dialogue and deliberations with various stakeholders. I would like to compliment the India Advisory Council, of UNEP India Inquiry, chaired by Ms Naina Lal Kidwai, FICCI and the UNEP India Inquiry for this initiative. I am sure that the final India Inquiry Report gives a clear overview of the stakeholders' expectations. I suppose it brings out specific recommendations to urge the financial sector towards the sustainable development agenda. We will look forward to be examining any recommendation on policy changes that will help the financial sector to channel finance towards sustainable development.

* Keynote speech delivered by Shri R. Gandhi, Deputy Governor, Reserve Bank of India at the launch of the Final UNEP India Inquiry Report titled "Delivering a Sustainable Financial System in India" on April 29, 2016 in Mumbai. Assistance provided by Ms Latha Vishwanath is greatly appreciated.

4. In order to have a meaningful conversation on this topic, let me start with the definition of Sustainable Development:

5. Sustainable development has been defined in many ways, but the most frequently quoted definition is from the Brundtland Report which says that "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It contains within it two key concepts:

- The concept of needs, in particular the essential needs of the world's poor, to which overriding priority should be given; and
- The idea of limitations imposed by the state of technology and social organization on the environment's ability to meet present and future needs."

So how does sustainable development work?

6. Sustainable Development is often described as being built on three, equally important foundations or pillars:

Pillar 1: Social Development

To have a sustainable future, the needs of people must be met equally. Needs are things like access to food, suitable housing, medical care, and sanitation *i.e.* basically what is popularly known in India as 'roti', 'kapda' aur 'makan'. Additionally, people will want as high a standard of living as possible and this must be achieved in a way that does not harm or exploit others.

Pillar 2: Environmental Protection

Planet Earth has a limited amount of resources. We all need clean air, clean water, and land to live on that also is productive enough to provide good quality food for all. Sustainable human activities look to protect the Earth's environment to make sure it is not damaged for future generations.

Pillar 3: Economic Development

People throughout the world deserve the best standard of living that is sustainable. Improving medical care, sanitation, education, and enabling people to support themselves with a good standard of living requires the generation of wealth by economic activity. Sustainable economies also need to be competitive in a world market. Products that are too expensive to buy cannot be sustainable, even if they are environmentally friendly.

What are the challenges to sustainable development?

7. The High-level Panel of the UN Secretary-General on Global Sustainability had observed that by 2030, the world will need at least 50 per cent more food, 45 per cent more energy and 30 per cent more water. Only 13 per cent of global energy comes, at present, from renewable sources, but the imperatives of climate changes requires that the contribution of renewable energy must increase. As highlighted by the High–level panel, the challenge is 'to eradicate poverty, reduce inequality and make growth inclusive, and production and consumption more sustainable, while combating climate change and respecting other planetary boundaries'.

8. One of the important medium of attaining sustainable development is through cleaner production. It enables the manufacturer or service provider to adopt green, energy efficient technologies which helps in lesser waste, positive impact on environment and thus, leading to greater sustainability.

9. However, developing and adopting environment-friendly technology measures require a tremendous amount of capital. UNCTAD estimates that realizing the sustainable development goals (SDGs) will require US $5-7 trillion annually over the next 15 years. Over the coming 15 years, the world will need to invest around US $90 trillion in sustainable infrastructure assets in key areas such as buildings, energy, transport, water and waste - more than twice the current stock of global public capital. Estimates from the International Energy Agency (IEA), Organisation for Economic Co-operation and Development (OECD), World Bank and World Economic Forum confirm these orders of magnitude. Green financing is a potent instrument to accelerate the process of sustainable development.

So what is the position in India?

10. Historically, India has always incorporated sustainable development as a way of doing business. In Vedanta, business is viewed as legitimate and an integral part of society, but essentially it should create wealth for the society through the right means of action. 'Sarva loka hitam' in the Vedic literature refers to 'wellbeing of stakeholders'. This means an ethical and socially responsible system must be fundamental to all business undertakings.

11. More recently, as was the case with other developing economies, the era of globalisation and privatisation of the 1990s witnessed increased capital investment with asset creation through new economically viable projects, production of more goods and services, widening market outreach from local to regional to national and even global levels. The attendant adverse impact of wider industrialisation on environment was also a focus. However, climate change concerns received wider recognition and acceptance with the signing of the Kyoto Protocol. India demonstrated its commitment to combating global warming by ratifying the protocol in August 2002.

12. Since Sustainable development goals demand immense capital contribution which cannot be provided by Governments and public sector institutions alone, a framework has been put in place to involve a number of stakeholders. As part of the Legislative framework, The Companies Act, 2013 mandates that larger companies should contribute atleast 2 per cent of their average net profits annually towards Corporate Social Responsibility (CSR) activities which includes, inter-alia, the following:

a. promoting preventive health care and sanitation and making available safe drinking water;

b. ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water;

c. contributions or funds provided to technology incubators located within academic institutions; and

d. rural development projects

13. The Government of India has, in turn, launched a number of niche specialised funds / schemes such as Textile Upgradation Fund, Credit Linked Capital Subsidy Scheme, and Tannery Modernisation Scheme with a desire to move Indian enterprises towards cleaner production.

14. India is among the few countries in the world to have introduced a carbon tax. The clean energy cess imposed on coal mined in India or imported into India is collected into the 'National Clean Energy Fund' set up for funding research and innovative projects in clean energy technologies.

15. The Government of India has also kept a plan outlay of ₹10,192.83 crore in the annual budget plan for the year 2016-17 towards utilizing new and renewable energy resources of energy for supplementing energy requirements of the country in an eco-friendly and sustainable manner. Government is proposing to set up new missions on Wind Energy, Health, Waste to Energy, Coastal Areas and redesigning the National Water Mission & National Mission on Sustainable Agriculture. These steps indicate the Government of India's commitment towards energy efficiency and will help to meet our national mission to reduce emission intensity by about 30 per cent to 35 per cent between 2005 and 2030. India is looking forward to enhance its renewable energy capacity in line with our vision of providing 24×7 electricity to all households. Accordingly, the Ministry of New and Renewable Energy (MNRE) is looking forward to install 1,00,000 MW of renewable capacity in the country in the next five years. In order to fulfil the ambitious renewable energy targets, the country would require huge investments.

Role of financial entities in sustainable development

16. Since no development is possible without a sound financial system supporting it, the spotlight is now on aligning the financial system with sustainable development. We, in the RBI, have been conscious of the role of banks in providing finance for sustainable development. As early as in December 2007, banks in India were sensitized to the various international initiatives including the Equator principles and were asked to keep abreast of the developments in the field of sustainable development and corporate social responsibility and dovetail / modify their lending strategies / plans in the light of such developments.

17. India's focus on harnessing the financial system to provide to socially important segments actually dates back to even pre-nationalisation days and got great impetus after bank nationalisation. A core of the financial policy in India is the Priority Sector Lending requirement for banks to allocate 40 per cent of lending to key socially important sectors such as agriculture and small and medium-sized enterprises. In 2015, the Reserve Bank of India included lending to social infrastructure and small renewable energy projects within the targets, thereby, giving a further fillip to green financing. In the renewable energy segment, bank loans of up to ₹15 crore for solar-based power generators, biomass-based power generators, wind mills, micro-hydel plants, *etc.* will be considered part of PSL. For individual households, the loan limit will be ₹10,00,000 a borrower. The RBI has also recently introduced market for trading priority sector lending obligations, incentivizing lower cost delivery.

18. The External Commercial Borrowing (ECB) norms have been further liberalized so that green projects can tap this window for raising finance across the borders. Extant guidelines permit use of ECB proceeds to retire outstanding Rupee loans provided minimum average

maturity of ECB is 10 years or ECB is denominated in Rupees. ECB can also be raised to refinance existing ECB provided all-in-cost is lower than that of existing one and residual maturity is not reduced.

19. The Securities and Exchange Board of India (SEBI) has, in January this year, put in place the framework for issuance of green bonds and the listing requirements for such bonds. 2015 was the year India entered the green bond market, with a total of US $1.1 bn of green bonds issued from a handful of pioneer issuers (Yes Bank, Export-Import Bank of India, CLP Wind Farms and IDBI).

Sustainability Reporting

20. In 2012, the SEBI, mandated the Annual Business Responsibility Reporting (ABRR), a reporting framework based on the National Voluntary guidelines on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs. These guidelines serve as a driver to pursue sustainable management practices as a means to reaching sustainable development goals.

Way Forward

21. The challenge, before developing economies like us is to mainstream green finance so as to incorporate the environmental impact into commercial lending decisions while simultaneously balancing the needs of economic growth and social development. This will necessarily mean setting out on the journey of integrating financial system and sustainable development which has numerous goal-posts. These goal-posts could include:

a. Developing awareness about environmental vulnerabilities and risks among the stakeholders especially market intermediaries.

b. Develop a commonly accepted set of green finance definitions and indicators that can be used to make cross-country or cross-market comparisons.

c. Identify and develop green financial products and services which can be introduced in the market.

d. Develop a framework of metrics for measuring progress.

e. Develop innovative financial solutions for supporting the needs of long gestation environment-friendly projects.

f. Enhance capabilities for assessing the risks including environment risks in order to dovetail them into lending decisions.

22. While the time taken to achieve these milestones could vary in view of the balanced emphasis on economic development and environment, it would go a long way in aligning the Indian financial system with sustainable agenda.

23. I wish FICCI and UNEP the very best for all the future endeavors in this area.

*Empowering MSMEs: Issues & Challenges**

S. S. Mundra

Shri Rajkumar Dhoot, Member of Parliament; Shri K. K. Jalan, Secretary, Ministry of MSME, Govt. of India; Shri Ashwani Kumar Chairman, Indian Banks' Association & CMD, Dena Bank; Dr. Kshatrapati Shivaji, Chairman & Managing Director, SIDBI; Shri Sunil Kanoria, President, ASSOCHAM; dignitaries on the dais; distinguished colleagues from the banking fraternity; members of ASSOCHAM; representatives of the print and electronic media; ladies and gentlemen! Bringing the bankers and the borrowers together on a common platform to deliberate on issues and challenges that afflict businesses is a very novel idea and hence, I could not refuse an invite to address this gathering for the second year in a row. So, I begin by complimenting ASSOCHAM for conceptualising this 'Bankers-Borrowers-Business' meet and more so, for choosing 'Empowering MSMEs' as the theme for the second edition of the Meet. The theme is extremely significant for a number of reasons: continued moderation in economic growth; rising pile of stressed assets in the corporate loan book of banks; need for employment generation; fulfilling entrepreneurial ambitions and so on.

2. I understand that three fundamental issues pertaining to the MSME sector are getting covered during the deliberations here: firstly, enabling better understanding of the sector by the banking community; secondly, ensuring timely financial support to distressed Micro and Small enterprises; thirdly empowering MSMEs, an objective that is closely linked to the first two.

3. Let me set the ball rolling by briefly speaking on each of these three issues which can then be deliberated upon in greater detail in the technical sessions that follow. To put things in context, I would like to recall that the MSME Sector has emerged as a vibrant and dynamic sector of the Indian economy, contributing 37.5 per cent of India's GDP, with its vast network of 48 million enterprises providing employment to 111.4 million persons.[1] It may not be out of place to mention here that in the face of adverse economic conditions prevalent in the country today, the MSME sector stands as a beacon of hope. Realising the potential that the sector holds, both Government of India and Reserve Bank of India have been laying substantial emphasis on means to energise the sector. Among the GOI initiatives that have a bearing on the sector are provision for Udyog Aadhaar, Start-up India, Make in India and steps for improving 'Ease of Doing Business' in the country. Likewise, the Reserve Bank of India has also been very conscious of the needs of the MSMEs and has hence, initiated a plethora of steps to support them through their lifecycle. I will delve upon some of these measures in the course of my address today.

Strengthening the Banking System for lending to MSMEs

4. With a view to strengthen the reach and scope of credit delivery mechanism for small entrepreneurs and businesses, the RBI has recently issued in-principle

* Inaugural address delivered by Shri S. S. Mundra, Deputy Governor, Reserve Bank of India, at the 2nd Bankers Borrowers Business Meet 2016 held in New Delhi on April 6, 2016. Assistance provided by Shri Jose Kattoor and Ms. Chaithanya Devi is gratefully acknowledged.

1 Annual Report Ministry of Micro, Small and Medium Enterprises 2014-15.

approvals for setting up of 10 Small Finance Banks (SFBs). The SFBs are mandated to extend 75 per cent of their Adjusted Net Bank Credit (ANBC) to the sectors eligible for classification as priority sector lending (PSL) by the RBI. Further, these banks are also mandated to ensure that at least 50 per cent of their loan portfolio should constitute of loans and advances of up to ₹25 lakh. This is intended to ensure that these SFBs have a diversified loan book with exposures to small entrepreneurs. We believe that together with the existing players, these banks would be able to meet the credit needs of small businesses in a holistic and timely manner, which is so central to the financing needs of the MSMEs.

5. The recent revision to the priority sector lending guidelines has also sought to facilitate flow of credit to the sector. While on the one hand, the target for banks' lending to micro enterprises has been progressively increased to 7 per cent by March 2016 and 7.5 per cent by March 2017, medium enterprises have been brought within the ambit of priority sector, whereby all loans to medium enterprises in the manufacturing sector and those up to Rs. 10 crore in the service sector now qualify for priority sector classification.

6. An extremely important, but relatively much less appreciated aspect of credit delivery system is the availability of trained human capital within the banks. Bankers ought to have a sound understanding of the businesses that they finance. In respect of established businesses with predictable cash flows, conducting a credit appraisal, developing a proper understanding of the business cycle and analysing problems is a lot easier when compared to small businesses, which often do not follow a set business cycle, are too dependent on idiosyncratic events and where promoters are not in a position to bring additional equity quickly. In this decade of retirements for the PSBs, the number of trained personnel has been dwindling very fast while the relatively inexperienced bottom rung does not possess appropriate skill-sets to lend to the MSME sector, which is perceived to be risky and costlier to service.

7. To overcome this human resource deficit in the banking sector, we at the Reserve Bank of India have embarked upon a fairly ambitious national level skill building programme for the bankers titled National Mission for Capacity Building of Bankers for Financing MSME Sector (NAMCABS) in July 2015. A major facet of the NAMCABS initiative is 'Training the trainer', which is intended to serve as a force- multiplier. I am happy to state that close to 1800 bankers have undergone an intensive entrepreneurial sensitivity and skill building programme in the last 8 months. I would like to re-emphasise the 'Entrepreneurial sensitivity' content of the capacity building efforts, as this is the key to responding to the lifecycle needs of the small and medium enterprises.

8. Of course, the banking system needs to walk a fair bit to create an environment where an aspiring entrepreneur is more worried about embracing technology, improving productivity and efficiency at his/her unit rather than worrying about the availability, timeliness and adequacy of finance. This would require more enablers in the nature of a more robust and responsive financial infrastructure. There are several initiatives on the anvil towards this objective. Let me give a peek into some of them:

9. Timely availability of credit from the formal financial sector is a very critical issue which the small entrepreneur faces. I receive a fair bit of complaints about the cumbersome processes involved, documentation requirements and concomitant delays that are associated with getting finance from the banks. We have issued guidelines on maintaining electronic records of the loan applications from MSME borrowers and some of the banks have implemented a Credit Proposal and Tracking System. However, that has not been universally implemented. Under the circumstances, the potential borrowers continue to face uncertainty over quantum and timelines after making a loan application. To ease the process, bridge information gaps, enable monitoring of processing time and reducing transaction costs, the RBI is in active discussions with GOI, IBA, SIDBI and e-governance experts to set up a universal 'Udyami' Portal for access by small entrepreneur.

10. The Committee on Medium Term Path on Financial Inclusion (Chairman: Shri Deepak Mohanty) has recommended exploring a system of professional credit advisors for MSMEs, which could help bridge the information gap between bank and the borrower that is a major constraint in the flow of credit to the MSME sector today. As announced by the Governor in yesterday's Monetary Policy statement, there is a proposal to accord accreditation to few credit counsellors who would act as facilitators for the micro and small entrepreneurs for accessing the formal financial system with greater ease and flexibility. Since MSMEs are typically enterprises with weak credit histories and inadequate expertise in preparing financial statements, credit counsellors can help bridge the information gap and thereby help banks make better credit decisions. The Reserve Bank will hold consultations with all the stakeholders and come out with guidelines for this by September 2016.

11. Another financial infrastructure, which could have a multiplier effect on lending to small businesses, is a Movable Asset Registry. Today CERSAI provides a facility for registering charge on immovable property. However, most of the small business entrepreneurs do not possess immovable property to offer as collateral and instead they own machinery, stocks, receivables or livestock, which can be leveraged to obtain finance from banking channels if a 'Movable Asset' Registry is available. We are working towards this as well.

Tiding Over the Life Cycle Issues- MSME Way

12. Predicting the lifecycle of MSMEs, particularly the Micro units, is a difficult proposition. The micro entrepreneurs neither have keen business acumen nor sizeable resources. As opposed to larger businesses, the inability to respond in time to the vagaries of these business cycles can often prove fatal to the Micro enterprise. With timeliness of resource support being such a critical element at different stages during the life cycle of small businesses, let me flag a few initiatives which the RBI has taken to address the issue.

13. The RBI has recently issued licenses to three entities for operating the Trade Receivable Discounting System (TReDS), which when operational, would address a major issue faced by the sector, *i.e.,* timely realisation of receivables. This is a path-breaking initiative with very few parallels in other countries. However, the implementation would need wholehearted support from all the major stakeholders,

i.e., the large corporates, the PSUs and eventually, the Government enterprises.

14. The RBI has also recently issued guidelines to streamline the credit flow to the MSME sector. The banks have been advised to review their existing lending policies to the MSE sector and fine-tune these policies by incorporating provisions for sanctioning of Standby Credit Facility in case of term loans, Additional Working Capital Limits, Mid Term Review of Regular Working Capital Limits, setting timelines for making credit decisions, *etc.* I take this opportunity to urge the banks to be sensitive to the requirements of the small entrepreneurs and offer a helping hand in times of crisis.

15. Thirdly, it is seen that the life cycle issues of micro entrepreneurs like weavers, artisans, *etc.* in far flung areas, in agglomerations and unrecognised clusters are much more acute. More often than not they are compelled to borrow towards their working capital needs from local money lenders and informal sources. The RBI has carried out a dip stick survey of agglomerations/clusters recently and observed a huge scope for deepening of banking services in such areas. I urge the banks to proactively open their banking outlets in and around clusters/agglomerations as it makes prudent business sense.

Empowering the entrepreneur

16. Having delved into the supply side issues and focusing mainly on institutional infrastructure, let me now talk about the demand side of things. While it is not difficult to find people with entrepreneurial ambitions, there is a need to imbue the budding entrepreneurs with a keen business sense and awareness about the intricacies of the markets and banking, the demand-supply conundrum, understanding of technology, *etc.*

17. Preparing an individual for an entrepreneurial venture is as important to the resource provider as it is to the entrepreneur himself. One of the major initiatives in this direction has been the institution of Rural Self Employment Training Institutes (R-SETI) which trains the rural youth to take up micro entrepreneurial ventures. Close to three lakh youngsters are trained through around 600 RSETIs every year. While conceptually, it is an excellent mechanism, I observe that certain infirmities have come to grip the institution of R-SETIs over time. In my opinion, such institutions require well-defined objectives, a robust process for selection of trainees, constant up-gradation of training methodologies, hand-holding, ensuring credit linkage *etc.* I feel that there is a need for a fundamental shift in our approach towards operations and management of R-SETIs. It may, perhaps, be ideal to pool the R-SETIs into a single National Trust with a separate Governance framework for achieving better synergy. This would ensure an arms' length distance with the banks in terms of their operations even while they continue to receive funding support from the banks. We have done some internal studies and see a clear possibility for achieving this. I would request the banks and the IBA to work together to make this institution truly meaningful.

18. The second issue that I want to highlight in this regard is the recently announced Framework for Revival and Rehabilitation of MSMEs. GOI, in consultation with the RBI and other stakeholders, has

provided an institutionalised framework for rehabilitation of enterprises which are potentially viable, but under temporary duress. From a bank's perspective, the most critical period in the lifecycle of small enterprises is the little time window between the unit operating smoothly and turning sick. The Framework provides for a structured mechanism, which could be triggered either by the banker or by the entrepreneur when first signs of stress appear. The problem resolution is scaled up to a committee with a time bound schedule. I am sure, if implemented effectively, it would greatly help in saving productive enterprises rather than letting them slip into morass. I trust, the entrepreneurs would find this mechanism truly empowering.

19. Thirdly, it is time we took a relook at whether we need to change our approach towards the sector from a 'one size fits all' approach to a more differentiated approach towards the Micro sector. The Micro sector itself consists of a diverse set of enterprises. The banking fraternity needs to look at how they can differentiate in their procedures and products by making them more attuned to the unique needs of the Micro sector.

20. While on the institutional mechanism, just as a reassuring thought, I would like to mention that we at the RBI are extremely mindful of the trials and tribulations of small enterprises and we have put in place institutional mechanism for deliberating and generating solutions for issues concerning the MSME sector. First, there is the Standing Advisory Committee at the national level which I chair and in which some of the industry bodies participate. Then there is an Empowered Committee at the Regional Offices of the RBI and then there are town hall meetings held at periodic intervals to serve as a forum for feedback. Each of these fora have evolved into vibrant platforms for deliberating and sorting out policy and operational issues with specific focus on this sector. I would urge the industry bodies, including ASSOCHAM, to use these platforms extensively to deliberate on critical issues (and not merely raising rhetoric for reducing interest rates) and put forward suggestions for policy interventions.

Conclusion

21. Before I conclude, let me reemphasise that an entrepreneur would feel empowered when he/she is able to bridge the asymmetry of knowledge. There is no better way to do this than peer help. Be it in skilling, assisting or hand holding, the industry bodies have a major role to play in empowering the MSMEs. International experience, you might know, is towards industry bodies serving as peer counsellors for small businesses. I visualise a significant role for industry associations like ASSOCHAM in empowering the entrepreneurs. I am happy that ASSOCHAM has been actively working in this area and the report released today is a testimony to their efforts.

22. I stated this at the close of my address last year and at the cost of repetition, would like to re-emphasise the importance of borrower education (especially for small businesses). The banks and borrowers share a symbiotic relationship and hence, both the lenders as well as the borrowers have to understand their basic responsibilities, co-operate with each other and adhere to a general code of conduct and discipline. We have to realise that only

if the business survives would both, the borrowers and the bankers flourish.

23. As I said at the beginning of my address, the MSMEs are key to a sustainable economic growth and hence, it is in our collective interest that these enterprises thrive. To paraphrase Mao-Tse-Tung, ' Let a billion MSMEs bloom!'

I thank ASSOCHAM for inviting me to share my thoughts and wish the conference great success.

Thank you!

*Asset Quality Challenges in India: Diagnosis and Prognosis**

S. S. Mundra

Shri Rashesh Shah, Chairman and CEO - Edelweiss Group; members of the finance fraternity; delegates to the Conclave; ladies and gentlemen! It is indeed a pleasure to be here this morning. In my address, I primarily intend to focus on some of the contemporary issues around our banking sector that have come to dominate news rooms, court rooms, board rooms and drawing rooms alike. I am hinting at loud vilification of bankers and promoters without distinguishing between the victim and the black sheep. This is not an endeavor to bat for either the banks or the promoters but only an attempt to put the things in right perspective and to encourage an objective assessment of the situation. But before I do that, let me begin with some good news on the economic front.

2. Amidst the continued global sluggishness, domestic growth outlook remains positive for 2016-17 mainly on account of various structural reforms undertaken, expectations of a normal monsoon, easing of CPI inflation and rising private consumption. Focus on rural and social infrastructure sector and decline in subsidy outgo have resulted in improvements in the fiscal front, both quantitatively and qualitatively. Over the recent past, steel prices have strengthened both, globally and domestically, especially after introduction of the Minimum Import Price. Cement and auto sectors have also shown signs of growth pick up while the demand for oil has also increased by about 11 per cent in terms of quantity conveying some signs of buoyancy in economic activity in the country.

3. Let me now come to the main issue that I wanted to focus on this morning. What I am going to speak may sound like a medical script but that is how this story can be best described. I begin with talking about the symptoms of the disease that had shown signs of turning malignant.

Symptoms

4. The signs of rising stress in the banking system became increasingly evident in the years beginning 2012. The stressed assets (GNPA+ Restd. Std. assets +Written off Accounts) for the banking system as a whole, which stood at 9.8 per cent as at the end of March 2012, moved up sharply to 14.5 per cent as at the end of December 2015. During the same period, the stressed assets for the PSBs spiked from 11.0 per cent to 17.7 per cent.

5. Similarly, the growth in net profits of SCBs was also on a declining trend since 2011-12 and turned negative in 2013-14. This decline in net profits of SCBs during this period was primarily the result of higher provisioning on banks' delinquent loans during the period 2012-14. This in turn impacted their Return on Assets (RoA) and Return on Equity (RoE). The banks'

Return on assets and return on equity of SCBs: Bank group-wise

(Per cent)

Sr. No.	Bank Group/Year	Return on Assets			Return on Equity		
		2012-13	2013-14	2014-15	2012-13	2013-14	2014-15
1	Public sector banks	0.80	0.50	0.46	13.24	8.48	7.76
2	Private sector banks	1.63	1.65	1.68	16.46	16.22	15.74
3	Foreign banks	1.92	1.54	1.87	11.53	9.03	10.25
	All SCBs	1.04	0.81	0.81	13.84	10.69	10.42

Notes: Return on Assets = Net profit/Average total assets.
Return on Equity = Net profit/Average total equity.
Source: Annual accounts of respective banks.

* Keynote address delivered by Shri S. S. Mundra, Deputy Governor, Reserve Bank of India, at the Edelweiss Credit Conclave held in Mumbai on April 28, 2016.

spread and net interest margin (NIM) also witnessed a decline during the period.

Diagnostic or Root Cause Analysis

6. As in any medical exercise, the next step is to run a diagnostic check to understand the root cause of the problems. The asset quality problems can be fundamentally ascribed to one of the following four factors:

a) Environmental factors

The economic downturn that has engulfed the global economy since the onset of the Financial Crisis in 2008 can be counted as one of the major cause for the asset quality problems in India. Then, there are other external factors like fall in commodity prices, dumping by China *etc.* which has led to reduced competitiveness and consequently idle capacities and cash flow problems. The situation got aggravated due to the policy logjam that followed in the country. Several large scale projects in the country have remained stalled due to lack of environmental clearances, cancellation of coal block allocation, falling through of the fuel supply arrangements, local protests etc. Now, where do you bracket these promoters or the lending banks? Do you brand such promoters as wilful defaulters or such lenders as ill-motivated?

b) Corporate Imprudence

The imprudence of the corporates can be attributed as the second most important factor for poor asset quality in the system. Some of the major failings that the corporates exhibited are:

- Overleverage - All debt, no equity; Veiled corporate structures impeded assessment by banks.
- Obsession for higher growth- Excess capacities, Unrelated diversification. The liquidity generated due to ultra-accommodative monetary policy stance by Central Banks in advanced economies also created misaligned incentives.
- Chasing profits eg. ignoring risks inherent in unhedged forex exposures.

c) Corporate Misdemeanors

Not all promoters/borrowers have had a clear conscience and some of them were out to dupe the system by using foul means. They are willful defaulters in banks' books as they have been unwilling to honour their payment obligations even while having a capacity to do so. Some of the promoters have diverted borrowed funds for purposes other than for which the finance was availed. There are also occasions where some of the borrowers have siphoned off funds for personal gains and not created any productive asset. A section of the promoters have also disposed off movable fixed assets or immovable property given for the purpose of securing a term loan without the knowledge of the lender. The consequent defaults, in such cases are intentional, deliberate and calculated and hence willful. It is this set of promoters that need to be singled out and quickly brought to justice.

d) Banks' failings

It is not corporates alone that caused pain in the system. In several instances, the bankers have also not exercised due caution while conducting due diligence on the projects that they have financed. Some of the common shortcomings that the banks exhibited include:

- Governance deficit;
- Poor credit appraisal particularly in infra financing such as highways where contracts were 'gold plated'; Power which suffered from Faulty FSAs, absence of Pass through arrangements, lack of provision for termination payments etc.;
- Weak risk management;
- Chasing quick growth;
- Pretend and Extend

7. The mistakes committed by the banks and the corporates, whether incidental or intentional, have resulted in a massive pile up of non-performing assets in the banking system. While the banks needed to guard against growing credit concentration risks especially in sectors which had witnessed excessively high growth, the corporates should have had the foresight of analysing the emerging market dynamics. There was a general reluctance from the banking community to admit the level of stress in their books. It was built on the premise that NPAs are taboo and no one would be willing to lend to such accounts. Though, this perception has some real life truth, my question is should we not administer drug to the sick? Sometimes, there are overblown fears of unknown. If we don't address the stressed accounts, what are our alternatives? Company position would deteriorate further, hit banks' books and would still invite further scrutinies. Having said that, it is important to quickly decipher whether the disease is curable or terminal and also if curable, medicinal or surgical.

Pre-operative procedures

8. As any surgery is preceded by certain medication or other pre-operative procedure, here also, the RBI did prescribe them. It started with creation of the Central Repository of Information on Large Credits (CRILC) database which enabled compilation of information on level of indebtedness of various groups to the financial system. This was followed by issuance of Guidelines on 'Early Recognition of Financial Distress', Prompt Steps for Resolution and Fair Recovery for Lenders: Framework for Revitalising Distressed Assets in the Economy by the RBI, which were aimed at improving the system's ability to deal with corporate and financial institution distress. Detailed Guidelines on formation of Joint Lenders' Forum (JLF), Corrective Action Plan (CAP), 'Refinancing of Project Loans', 'Sale of NPAs by Banks' and other regulatory measures were also issued to banks for enabling prompt steps for early identification of problem cases, timely restructuring of accounts considered to be viable and recovery or sale of unviable accounts. The 5/25 scheme and the Strategic Debt Restructuring scheme were also introduced with a view to enable reduction in stress levels and early resolution.

Surgical procedure

9. After the pre-operative procedures, the RBI undertook a surgical procedure in the form of Asset Quality Review (AQR) at banks. The exercise was aimed at tracing the sources of pain and pressure points so that remedial procedure could be administered. GOI must be complimented for extending total support by infusing capital /committing to infuse capital in the weaker PSBs.

10. Whether this surgery is successful? Did it have the desired impact? I would think so. In my interaction with various players, I sense it has a very positive impact, even in Tier II and Tier III towns. The promoters have realised that the banks are going to come hard after them if they don't observe credit discipline. Of course, there are skeptics who say whether it was the right time to the RBI to undertake this initiative especially at a stage when the economy is growing slowly. Interestingly, some of these are the very same people who earlier criticised the RBI for letting things drift and banks being allowed too much of forbearance. In sum, the larger fallout of the exercise is that there is a 'better credit discipline in the country'.

Unsolicited Advices

11. You must have experienced how many advices come your way if you suffer from an ailment. Every other person has an opinion and a remedy for the same, including weird alternate therapies. Situation here is not much different. Even as the RBI has launched steps to cleanse the banking system of its ill-health, everyone seems to have become wiser about the issue and have a prescription to offer. Some blame the patient, some blame the doctor and still others are blaming the procedure. So called expert opinions are being voiced about the credit appraisal process of banks, collateral availability, personal guarantee, restructuring, staff accountability and so on. If all these prescriptions are

followed, the outcome would be akin to a successful operation, but a dead patient. In other words, the lending process would freeze.

Post-Operative Care

12. All post-operative cases require rehabilitation and so would the banking system. There is a need for the system to pause and reflect on what has gone wrong. The form of life style change for the banks would be to concentrate on credit risks that they understand and which fall well within their risk appetite. Going forward, they have to refrain from binging on what their neighbours are eating. More simply put, the Board and the Top Management have to steer the bank in a manner that they have a robust credit appraisal process, effective post-disbursement supervision system, a diversified portfolio and better risk governance. The lifestyle changes for the borrowers on the other hand would entail adoption of a regimen more attuned to a marathon runner than a sprinter. Running enterprises is not a one-off sprint. Like a marathoner, one has to be conscious of the external environment at all times and run at a steady pace without exhausting himself.

Remedial Measures

13. Even post AQR, challenges abound. What are the possible solutions? That a vast majority of the corporates are overleveraged with severely diminished debt servicing ability is common knowledge. There are projects which need fresh capital, new management and new promoters. Banks are wary of increasing their commitments to accounts which are in stress, for a variety of reasons. It may be extremely difficult to operate the enterprise profitably without paring down debt levels and hence, a first step could possibly be to bring down the debt to a manageable level. This might involve writing down a part of the debt by the lenders and/or converting them into equity and bring in a new promoter to run the enterprise. This might, however, be a time consuming process and hence, in the interim the banks may need to appoint an O & M agent to run the operations.

14. In certain cases, there may be a need for additional funding for some residual investment or for working capital needs. A major impediment observed in JLF functioning is slow evolution of consensus among the consortium members and hence, the resultant action plan gets delayed invariably. The delay somehow defeats the very purpose for which the JLF mechanism is set up. There are some views about setting up an investment fund which might come in as a last mile lender. The investment fund could lend to the truncated enterprise and help it get back to profitability at which level banks could profitably dilute their equity holdings in the firm. Question is who would fund this investment fund? My sense is it would have to be joint endeavor of multiple players in this arena. Moreover, extending financial support would not be sufficient. Such fund would also need to have capability to provide management bandwidth to the concerned projects.

Conclusion

15. Let me conclude by saying that the global economy has been passing through a difficult phase and vulnerabilities remain. Against this backdrop and that in a globally integrated economy, a general decline in the asset quality was not totally unexpected. However, the extent being witnessed could have been avoided. It is probably because neither the banks nor the corporates resorted to preventive healthcare. I am sure that everyone would emerge much wiser after enduring the pain and be circumspect in the approach and get a periodic checkup done so that they can stay healthy and live longer.

16. For the enterprises under temporary duress, we must stretch every sinew to ensure that a productive enterprise does not become terminally ill. There are suppliers sometimes in the form of small ancillary units or MSMEs and then, there are workers and their families. Each enterprise supports many lives. There is an entire ecosystem around a factory or company. Closure of any running unit would impact the lives of scores of people and hence, I feel it's a collective societal responsibility that productive enterprises don't run aground.

I thank Edelweiss Management for inviting me to this Credit Conclave today and wish the deliberations all success.

Thank you!

ARTICLES

Finances of Non-Government Non-Financial Public Limited Companies, 2014-15*

The aggregate results of the select non-government non-financial public limited companies revealed fall in sales growth rate in 2014-15, which was visible across all major sectors except Construction. Operating profits as well as net profits growth improved in 2014-15 over previous year. However, gross value added (GVA) growth improved marginally in 2014-15. Except for Mining, Electricity and Construction Sectors, operating profit margin improved in other sectors in 2014-15. Leverage of the companies continued to increase gradually and interest coverage ratio was stable. There was fall in funds raised through external sources by the companies. Share of funds used for fixed assets formation was higher whereas that of non-current investments was lower.

This article presents the financial performance of select 16,923 non-government non-financial (NGNF) public limited companies for the financial year 2014-15 based on their audited annual accounts closed during April 2014 to March 2015. The current study analyses data for the period from 2012-13 to 2014-15. The detailed data have been made available on the RBI website in March 2016. The select 16,923 companies covered in the latest data release accounted for 29.5 per cent of population paid-up capital (PUC) (provisional estimate supplied by Ministry of Corporate Affairs, GoI) of all NGNF public limited companies as on March 31, 2015. Of these select companies, data pertaining to 16,587 companies are based on Ministry of Corporate Affairs (MCA) system [both XBRL and non-XBRL (Form AOC-4)] and remaining 336 companies' data obtained from other sources.

* Prepared in the Company Finances Division (CFD) of the Department of Statistics and Information Management, Reserve Bank of India, Mumbai Reference may be made to the April 2015 issue of the RBI Bulletin for the previous year study.

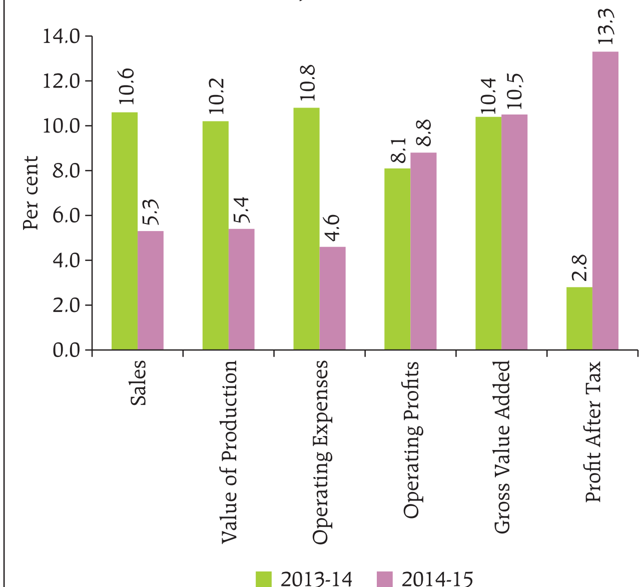
1. Sales growth declined and GVA growth improved marginally due to steep fall in operating expenses

1.1. Sales growth of the select companies halved during 2014-15 as compared to the previous year. Sharp fall in operating expenses growth was predominantly led by lower raw materials prices. As expenditure growth declined at a higher rate than sales, performance of select companies improved in terms of operating profit. Net profits also grew sharply in 2014-15 (Statement 1 and Chart 1).

1.2. The share of major expenditure items as percentage of sales revealed that cost of raw materials to sales declined steadily during the study period , *i.e.*, 2012-13 to 2014-15. Staff cost to sales ratio as well as interest expenses to sales ratio increased gradually during this period (Table 1).

1.3. Based on sales size classifications[1], it has been observed that large companies (sales more than ₹10 billion) recorded higher operating profits as well as net profit growth despite sales growth moderation. On the contrary, small companies (sales less than ₹1 billion) as well as companies with sales between ₹5 billion

Chart 1: Major Growth Rates



[1] Sales-size classifications are based on the latest year's, *i.e.*, 2014-15, sales of the companies.

Table 1: Major items as share of sales

(Per cent)

Item	2012-13	2013-14	2014-15
Raw Materials	53.1	51.9	50.1
Staff Cost	7.3	7.8	8.3
Interest Expenses	3.6	3.9	4.1
Other Income	2.9	2.9	3.6

to ₹10 billion recorded improvement in sales growth but contraction in net profits in 2014-15. Net profits contracted for two consecutive years for companies with sales between ₹1 billion to ₹5 billion, though at a lower rate in 2014-15 as compared to 2013-14 (Statement 1).

1.4. Gross value added (GVA) growth of select companies improved marginally in 2014-15. However, GVA of the companies in the sales size group of '₹5 billion to ₹10 billion' improved significantly (Table 2).

1.5. Performance of companies in Mining Sector suffered major setback as these companies witnessed contraction in sales, operating profits as well as net profits in 2014-15. Performance of companies in Manufacturing and Services sector was in line with that at aggregate level. Construction Sector registered improved sales growth as well as profits growth in 2014-15. Sharp decline in sales growth was recorded by companies in Electricity Sector, resulting in contraction in operating profits in 2014-15 (Statement 1).

1.6. Among major industries in Manufacturing Sector, 'cement' as well as 'motor vehicles' recovered in terms of sales and profits growth despite higher growth in their expenses in 2014-15. Performance of 'textile'

Table 2: Growth Rate in Gross Value Added for Select 16,923 Public Limited Companies

(Per cent)

Sales Class Wise	2013-14	2014-15
Less than ₹ 1 billion	14.7	10.7
₹ 1 – ₹ 5 billion	10.9	10.5
₹ 5 – ₹ 10 billion	8.5	14.8
₹ 10 billion and above	10.3	10.2
Aggregate	10.4	10.5

industry worsened although on the positive side, the total borrowings growth of these companies slowed down.

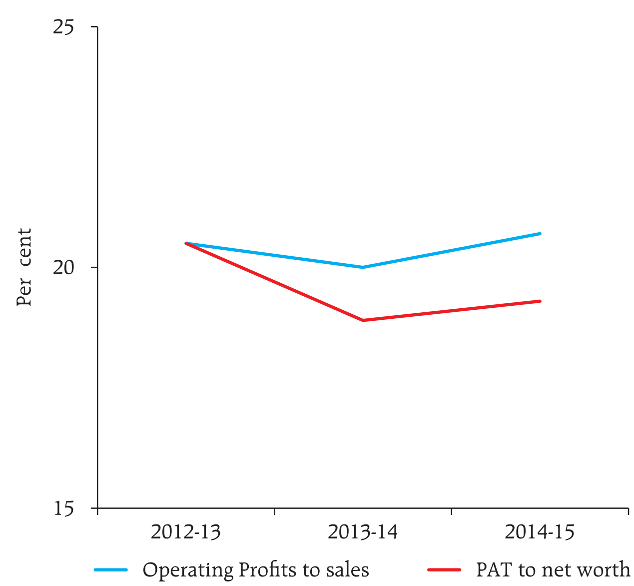
1.7. In the Services Sector, 'transportation and storage' and 'computer and related activities' industries recovered in terms of sales growth. However, their expenditure growth also increased sharply resulting in contraction in net profits. Telecommunication industry recorded weak sales growth and profit growth in 2014-15. Real estate industry showed signs of recovery in terms of profits growth, though its assets growth slowed down.

2. Operating profit margin as well as return on equity improved

2.1. The operating profit margin (operating profit as percentage of sales) improved to 20.7 per cent in 2014-15 after recording marginal decline in 2013-14 to 20 per cent from 20.5 per cent in 2012-13. Return on equity (PAT as a percentage of net worth) also exhibited similar pattern. Total borrowings to equity ratio improved in 2014-15 with slowdown in growth in total borrowings (Statement 2).

2.2. The improvement in operating profit margin was observed across all sales-size groups (Statement 2).

Chart 2: Profit Margin and Return on Equity



Return on equity improved only for large companies (sales size ₹10 billion and above) while it declined for all other sales size groups. Small companies witnessed increase in total borrowings to equity ratio whereas for all other sales size groups, it improved (Statement 2).

2.3. Profitability of Mining Sector declined further in 2014-15. Profitability of Manufacturing Sector remained stagnant along with improvement in its total borrowings to equity ratio. Electricity Sector recorded high and steadily increasing total borrowings to equity ratio. Construction Sector witnessed very low although increasing return on equity with its total borrowings to equity ratio declining after registering increase in previous year (Statement 2).

2.4. During 2014-15, among major industries in Manufacturing Sector, food products industry recorded improved profitability in terms of both operating profit margin as well as return on equity. Profitability of cement industry also improved after registering decline in earlier year. Iron and steel industry was characterised by low profit margin ratio and high total borrowing to equity ratio. Among service sector companies, transportation industry recorded steady decline in return on equity however continuously improving profit margin. Real estate industry witnessed increase in total borrowings to equity ratio after remaining steady in 2012-13 and 2013-14. Profitability of computer and related service industry slowed down in 2014-15 after picking up in the previous year.

3. Total assets grew at a slower rate

3.1. There was slowdown in growth of total assets of select companies in 2014-15 over 2013-14 (from 12.9 per cent to 9.6 per cent). The trend was seen across all sales-size groups as well as across all major sectors. (Statement 1). Mining Sector witnessed sharp fall in total assets growth. However some constituent industries in Manufacturing Sector *viz.* 'chemical and chemical products', 'pharmaceuticals and medicines', and 'cement and cement products' recorded jump in total assets growth 2014-15 over previous year. Transportation and storage industry in Services Sector also witnessed improved total assets growth in 2014-15.

4. Gradual increase in leverage ratio and steady interest coverage ratio

4.1. Leverage, as measured by debt (long term borrowings) as a percentage of equity (net worth) recorded gradual increase during 2012-13 to 2014-15. Total borrowings to equity ratio of the companies declined in 2014-15 after recording a jump in the previous year. Interest coverage ratio (measured by EBIT to interest expenses ratio) which reflects ability of companies to service debt, remained steady in 2014-15 after falling in previous year (Chart 3).

4.2. Total borrowings to equity ratio for small companies (sales less than ₹1 billion) witnessed continuous increase from 97.2 per cent in 2012-13 to 128.3 per cent in 2014-15. (Statement 2).

4.3. At sectoral level, for Manufacturing Sector and its major constituent industries' (except for cement and cement products) total borrowings to equity ratio improved in 2014-15 as compared to 2013-14. Electricity sector was vulnerable in terms of high and increasing total borrowing to equity ratio during

Chart 3: Leverage and Interest Coverage Ratio

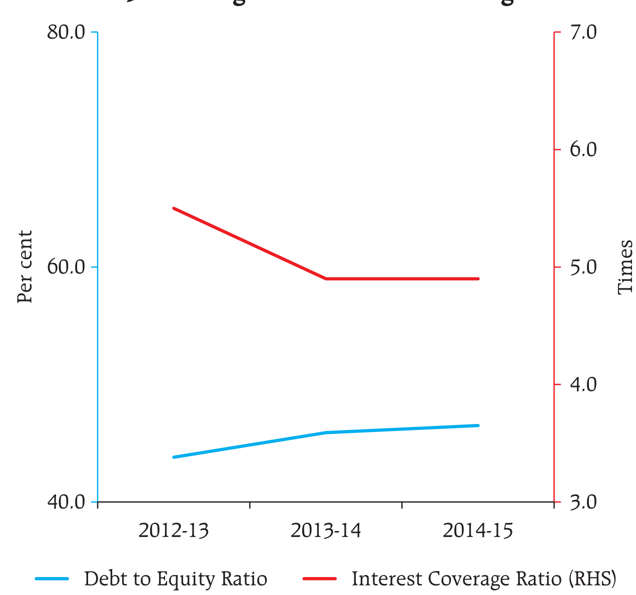


Table 3: Share of long term borrowings to total borrowings for companies as per leverage class

Leverage Class (Per cent)	Share of Long Term Borrowings in Total Borrowings			Share of Bank Borrowings in Total Borrowings		
	2012-13	2013-14	2014-15	2012-13	2013-14	2014-15
0- 100	60.4	58.4	61.9	56.1	51.4	49.2
100 - 200	84.3	78.7	76.3	63.2	58.8	55.9
200 - 300	83.9	85.3	87.1	60.0	61.7	64.5
300 - 400	89.4	91.5	91.0	60.1	57.9	59.0
Above 400	89.7	85.7	84.1	56.0	58.1	55.0
Net worth <0	71.0	61.2	55.4	43.9	34.6	33.2
Total	70.5	68.4	70.2	56.6	53.3	51.5

the study period. Total borrowings to equity ratio in the Services Sector deteriorated continuously (Statement 2).

4.4. Long term borrowings constituted around 70 per cent of total borrowings of companies in 2014-15 with predominant share of bank borrowings (more than 50 per cent). However, the share of bank borrowings declined over the years. Distribution of share of long term borrowings (debt) in total borrowings in different leverage classes revealed that companies with very high leverage ratio (more than 400 per cent) had 55 per cent of their total borrowings as bank borrowings. Loss making companies (companies with their net worth less than zero) had 33.2 per cent of their total borrowings as bank borrowings. (Table 3).

4.5. 9.1 per cent companies had their leverage ratio more than 200 per cent and ICR less than one or negative net worth in 2014-15. Such companies had 21.8 per cent share in total bank borrowings of select 16,923 companies (Table 4).

Table 4: Share of NGNF Public Limited Companies having Leverage Ratio >=200 and ICR <1* in Select 16923 Companies

(per cent)

Year	Share of companies	Share of Long term Borrowings in select 16923 companies' total borrowings	Share of Bank Borrowings in select 16923 companies' total bank borrowings
2012-13	8.7	15.2	17.8
2013-14	8.6	14.4	18.2
2014-15	9.1	16.8	21.8

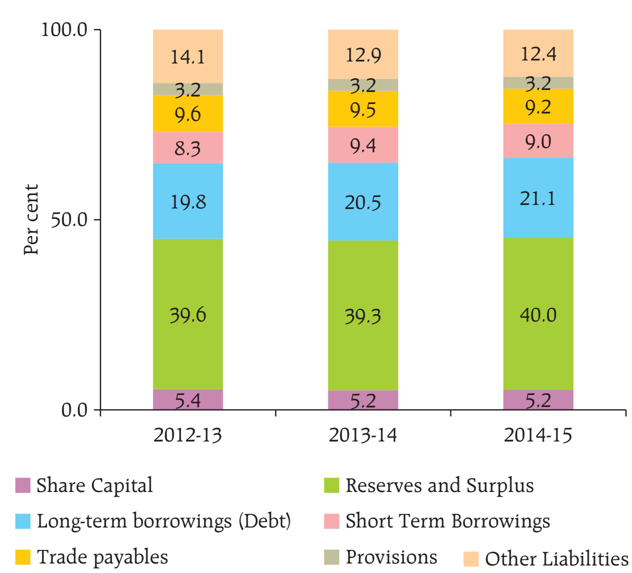
* includes companies with negative net worth

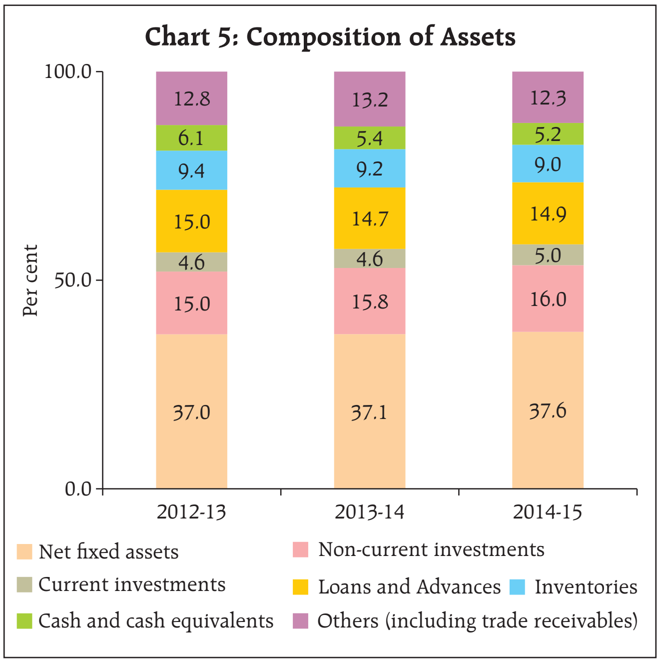
5. Share of funds raised through external sources declined

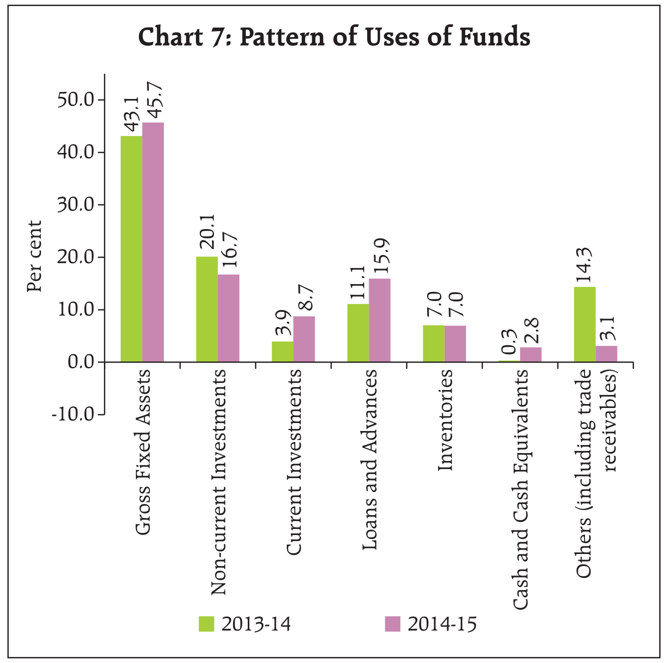
5.1. During the three year study period *i.e.*, 2012-13 to 2014-15, composition of liabilities of the select companies was characterised by continuous increase in the share of 'long term borrowings'. 'Reserves and surplus' also recorded improvement in their share in 2014-15 after witnessing a decline in previous year (Statement 3A and Chart 4). On the assets side, share of inventories recorded gradual decline whereas that of non-current investments increased (Statement 3B and Chart 5).

5.2. Of the funds raised during 2014-15, there was preference for long term over short term

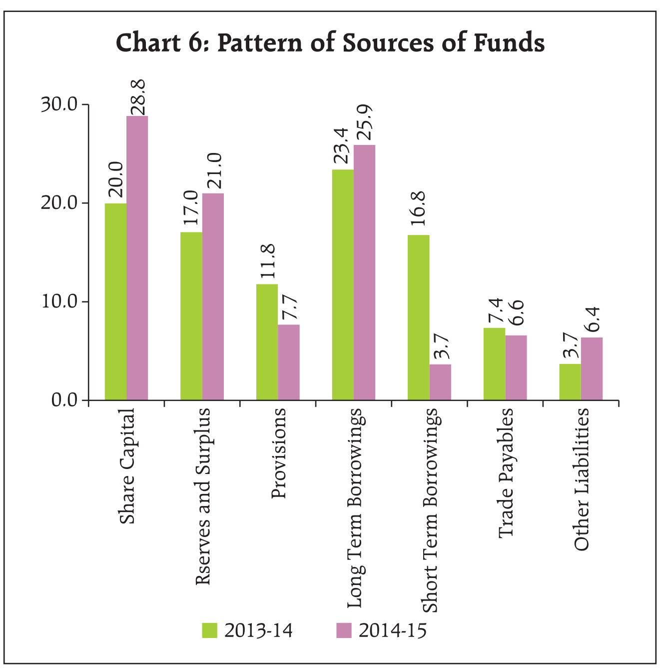
Chart 4: Composition of Liabilities







borrowings. Short term borrowings witnessed sharp decline in their share in 2014-15 over previous year. This resulted in decline in share of funds raised through external sources (*i.e.*, other than companies own). Among internal sources, share of provisions (including depreciation provision) declined whereas that of reserves and surplus improved on account of improved profits in 2014-15(Statement 4A, Chart 6).



5.3. Share of gross fixed assets formation in uses of funds increased during 2014-15 mainly due to higher investment in tangible assets (*i.e.* 41.1 per cent in 2014-15 as compared to 38.8 per cent in 2013-14). Share of funds parked in non-current investments declined from 20.1 per cent in 2013-14 to 16.7 per cent in 2014-15. However, there was an increase in share of current investments and loans and advances in 2014-15. Share of fresh funds kept as 'cash and cash equivalents' increased in 2014-15 (2.8 per cent as against its share of 0.3 per cent in the previous year) (Statement 4B, Chart 7).

6. Conclusion

The aggregate results of the select NGNF public limited companies in 2014-15 revealed moderation in sales growth but marginal improvement in gross value added growth. Resultantly, profitability of the select companies also improved in 2014-15. Leverage ratio of select companies recorded gradual increase while interest coverage ratio remained stable during the study period. Share of funds used for fixed assets formation was higher whereas that for fresh non-current investments was lower as compared to the previous year.

Statement 1: Growth rates of select parameters of select 16,923 NGNF public limited companies								
	Growth Rates							
	Sales		Operating expenses		Operating Profits		Net profit (PAT)	
	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15
Aggregate (All Cos.)	10.6	5.3	10.8	4.6	8.1	8.8	2.8	13.3
Sales-wise								
Less than ₹1 billion	0.3	4.2	0.3	3.3	16.9	10.8	39.5	-18.4
₹1 billion - ₹5 billion	8.1	6.4	6.7	6.0	12.1	8.3	-11.8	-8.3
₹5 billion - ₹10 billion	8.7	9.5	8.2	7.4	7.6	15.7	7.7	-0.5
₹10 billion and above	11.5	5.1	12.0	4.3	7.8	8.5	2.7	14.8
Industry-wise								
Mining and quarrying	84.6	-0.8	154.4	4.4	9.1	-19.4	11.0	-64.4
Manufacturing	9.0	4.6	8.6	3.7	8.9	9.7	3.5	15.5
Food products and beverages	13.7	7.6	16.7	2.6	11.8	15.3	3.3	20.1
Textile	9.3	-11.7	9.1	-13.6	2.6	0.6	4.2	1.1
Chemicals and chemical products	13.3	13.9	13.2	14.9	9.7	14.4	-8.9	30.0
Pharmaceuticals and medicines	15.6	18.4	19.9	16.9	3.4	29.6	-22.1	53.4
Cement and cement products	0.2	9.7	2.8	9.1	-6.5	12.3	1.4	12.0
Iron and steel	14.8	1.4	12.6	5.8	18.1	-4.5	8.0	11.8
Machinery and equipments *n.e.c.*	4.0	9.8	3.7	10.3	2.9	11.8	-3.5	25.2
Electrical machinery and apparatus	8.5	12.4	8.1	10.7	8.8	21.3	0.5	42.1
Motor vehicles and other transport equipments	-4.5	16.2	-5.5	16.2	-1.1	26.3	-7.7	12.2
Electricity, gas, steam and air conditioning supply	26.7	9.4	16.8	15.1	97.3	-18.0	#	#
Construction	4.8	7.9	5.5	7.6	2.8	3.8	10.6	26.8
Services	10.2	7.0	10.5	5.9	7.6	10.1	5.7	21.9
Transportation and storage	-5.1	5.0	-11.6	6.2	7.2	5.6	11.6	-0.6
Telecommunications	47.0	12.3	46.9	15.6	49.2	3.3	94.0	34.5
Real Estate	7.2	6.0	1.1	0.5	-8.0	14.8	13.1	37.8
Computer and related activities	4.3	12.1	0.9	12.4	30.6	8.0	88.3	-10.0

Denominator negative, nil or negligible.

Statement 1: Growth rates of select parameters of select 16,923 NGNF public limited companies *(Concld.)*

	Growth rates					
	Net worth		Total borrowings		Total net assets	
	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15
Aggregate (All Cos.)	11.6	11.3	20.3	9.9	12.9	9.6
Sales-wise						
Less than ₹1 billion	8.2	6.1	26.3	19.9	12.5	11.3
₹1 billion - ₹5 billion	6.5	10.8	16.1	9.5	10.0	8.0
₹5 billion - ₹10 billion	10.2	14.3	20.9	14.1	13.9	9.7
₹10 billion and above	12.5	11.7	19.4	7.2	13.3	9.4
Industry-wise						
Mining and quarrying	38.7	4.3	120.4	4.0	64.2	1.2
Manufacturing	10.5	12.3	19.5	4.6	11.5	10.1
Food products and beverages	2.9	5.7	15.6	-6.2	9.4	4.7
Textile	9.3	8.9	36.9	2.7	14.0	7.2
Chemicals and chemical products	8.0	25.2	5.5	11.2	9.8	19.8
Pharmaceuticals and medicines	10.6	40.1	17.4	36.8	14.1	36.7
Cement and cement products	8.5	8.4	6.9	16.5	5.4	11.2
Iron and steel	9.6	7.0	21.4	5.2	11.2	6.9
Machinery and equipments *n.e.c.*	8.5	11.0	8.0	-7.6	7.0	5.7
Electrical machinery and apparatus	8.5	9.9	13.6	5.3	10.6	8.4
Motor vehicles and other transport equipments	10.6	11.0	6.5	-30.8	7.6	7.1
Electricity, gas, steam and air conditioning supply	11.1	5.6	19.6	21.6	13.9	10.7
Construction	3.4	11.9	10.3	5.1	8.8	7.0
Services	12.4	12.1	16.9	15.1	11.6	10.7
Transportation and storage	25.1	16.6	15.8	18.0	12.5	13.0
Telecommunications	12.9	19.2	9.7	-4.5	13.8	9.1
Real Estate	9.3	4.1	8.1	15.8	5.6	0.6
Computer and related activities	-2.1	30.8	88.7	12.9	16.7	12.5

Statement 2: Ratios of select parameters of 16,923 NGNF public limited companies									
	Ratios								
	Operating Profits to sales			PAT to net worth			Total borrowings to equity		
	2012-13	2013-14	2014-15	2012-13	2013-14	2014-15	2012-13	2013-14	2014-15
Aggregate (All Cos.)	20.5	20.0	20.7	20.5	18.9	19.3	62.2	67.1	66.3
Sales-wise									
Less than ₹1 billion	9.5	11.1	11.8	1.8	2.3	1.8	97.2	113.5	128.3
₹1 billion - ₹5 billion	12.3	12.7	13.0	7.9	6.6	5.4	76.9	83.9	83.0
₹5 billion - ₹10 billion	16.9	16.7	17.7	12.0	11.7	10.2	67.1	73.6	73.5
₹10 billion and above	22.0	21.2	21.9	24.7	22.6	23.2	56.0	59.4	57.0
Industry-wise									
Mining and quarrying	48.9	28.9	23.5	16.1	12.9	4.4	39.1	62.1	61.9
Manufacturing	19.1	19.1	20.0	25.1	23.5	24.1	46.5	50.2	46.8
Food products and beverages	16.7	16.5	17.7	58.3	58.5	66.4	82.2	92.3	81.9
Textile	12.0	11.2	12.8	17.2	16.4	15.2	42.1	52.7	49.7
Chemicals and chemical products	24.0	23.3	23.4	30.1	25.4	26.4	40.2	39.3	34.9
Pharmaceuticals and medicines	26.8	24.0	26.3	31.9	22.5	24.6	27.3	29.0	28.3
Cement and cement products	40.6	37.9	38.8	44.2	41.3	42.7	35.4	34.9	37.5
Iron and steel	19.3	19.9	18.7	12.7	12.5	13.1	72.7	80.6	79.2
Machinery and equipments *n.e.c.*	16.1	15.9	16.2	24.2	21.5	24.3	32.8	32.6	27.2
Electrical machinery and apparatus	15.6	15.7	16.9	12.8	11.8	15.3	79.1	82.8	79.4
Motor vehicles and other transport equipments	15.3	15.9	17.3	35.0	29.2	29.5	28.5	27.5	17.1
Electricity, gas, steam and air conditioning supply	10.3	16.1	12.1	-3.0	0.9	-10.4	136.4	146.8	168.9
Construction	22.6	22.1	21.3	5.1	5.5	6.2	126.3	134.7	126.5
Services	22.9	22.3	23.0	20.4	19.2	20.9	68.6	71.3	73.2
Transportation and storage	26.8	30.3	30.5	20.5	18.3	15.6	113.1	104.7	106.0
Telecommunications	27.9	28.3	26.0	9.9	16.9	19.1	52.5	51.0	40.9
Real Estate	29.1	25.0	27.1	3.5	3.6	4.7	64.8	64.0	71.2
Computer and related activities	12.6	15.8	15.2	14.7	28.3	19.5	177.9	#	#

Denominator nil, negative or negligible

Statement 3: Composition of liabilities and assets of 16,923 NGNF public limited companies

(Per cent)

A. Composition of Liabilities

CAPITAL AND LIABILITIES	2012-13	2013-14	2014-15
1. Shareholder's Funds	45.0	44.5	45.2
of which, (i) Share Capital	5.4	5.2	5.2
(ii) Reserves and Surplus	39.6	39.3	40.0
of which, Capital Reserve	21.5	22.1	22.5
2. Long-term borrowings (debt)	19.8	20.5	21.1
of which, (i) Bonds / Debentures	1.6	1.7	2.3
(ii) Term loans from banks	12.2	13.2	13.2
3. Short-term borrowings	8.3	9.4	9.0
of which, from banks	3.7	2.7	2.3
4. Trade payables	9.6	9.5	9.2
5. Provisions	3.2	3.2	3.2
6. Other liabilities	14.0	12.9	12.3
(i) non-current	3.5	2.9	2.6
(ii) current	10.5	10.0	9.7
7. TOTAL	**100.0**	**100.0**	**100.0**

B: Composition of assets

ASSETS	2012-13	2013-14	2014-15
1. Gross Fixed Assets	40.6	41.4	42.0
(i) Tangible assets	34.9	35.8	36.5
(ii) Capital work in progress	3.9	3.6	3.4
(iii) Intangible assets	1.3	1.2	1.6
2. Depreciation (i) Tangible	3.3	4.0	4.1
(ii) Intangible	0.2	0.3	0.3
3. Net fixed assets	37.0	37.1	37.6
4. Non-current investments	15.0	15.8	16.0
5. Current investments	4.6	4.6	5.0
6. Loans and Advances	15.0	14.7	14.9
7. Inventories	9.4	9.2	9.0
8. Trade receivables	9.0	8.6	8.4
9. Cash and cash equivalents	6.1	5.4	5.2
10. Other assets	3.8	4.6	3.9
(i) non-current	1.2	1.6	1.2
(ii) current	2.7	3.0	2.7
11. TOTAL	**100.0**	**100.0**	**100.0**

Statement 4: Composition of sources and uses of funds of 16,923 NGNF public limited companies

(Per cent)

A. Composition of sources of funds during the year

	2013-14	2014-15
Internal sources (Own sources)	**32.3**	**33.9**
1. Paid-up Capital	3.5	5.3
2. Reserves and Surplus	17.0	21.0
3. Provisions	11.8	7.7
of which, Depreciation	8.9	4.7
External sources (Other than own sources)	**67.7**	**66.1**
4. Share Capital and Premium	16.5	23.6
5. Long-term borrowings	23.4	25.9
of which, (i) Bonds / Debentures	2.3	8.9
(ii) From banks	19.3	12.0
6. Short-term borrowings	16.8	3.7
of which, From banks	-4.3	-2.1
7. Trade payables	7.4	6.6
8. Other liabilities	3.7	6.4
(i) non-current	-1.9	0.1
(ii) current	5.6	6.3
9. TOTAL	**100.0**	**100.0**

B. Composition of uses of funds during the year

	2013-14	2014-15
1. Gross Fixed Assets	43.1	45.7
(i) Tangible assets	38.8	41.1
(ii) Capital Work-in-progress	0.5	1.5
(iii) Intangible assets	3.8	3.0
2. Non-current investments	20.1	16.7
3. Current investments	3.9	8.7
4. Loans and advances	11.1	15.9
5. Inventories	7.0	7.0
6. Trade Receivables	5.0	5.6
7. Cash and cash equivalents	0.3	2.8
8. Other assets	9.4	-2.5
(i) non-current	4.7	-2.5
(ii) current	4.7	0.0
9. TOTAL	**100.0**	**100.0**

*Performance of Non-Government Non-Banking Financial and Investment Companies, 2014-15**

An analysis of financial performance of select 23,293 non-government non-banking financial and investment companies (NGNBF&I) for the year 2014-15, based on their audited annual accounts showed that the overall performance of NGNBF&I companies had improved during 2014-15 as compared to the previous year. Gross value added of NGNBF&I companies grew at significantly higher rate in 2014-15 as compared to the previous year. Financial income witnessed higher growth rate during 2014-15 as compared to the previous year, mainly contributed by higher interest income. Growth rate of operating profits (EBDT) as well as net profit increased significantly in 2014-15 as compared to the previous year. Also, the operating profit margin, return on assets and return on shareholders' equity increased in 2014-15 as compared to the previous year. However, leverage and bad debt to expected receivables ratios increased in 2014-15 as compared to the previous year. The share of short-term and long-term borrowings in total equity and liabilities increased during 2014-15 as compared to the previous year. Correspondingly, shareholders' fund declined gradually over the three years period. On the assets side, share of short-term loans and advances in total assets increased during 2014-15, whereas the share of long-term loans and advances along with non-current investment declined in 2014-15. The select NGNBF&I companies continued to rely mainly on external sources for funds in business expansion; however their share in total sources of funds declined marginally during 2014-15. The share of funds mobilised through debt finance increased in 2014-15. The funds were used predominantly for expanding their investment and short term loans and advances portfolios.

This article presents an analysis of the performance of non-government non-banking financial and investment (NGNBF&I) companies (*excluding insurance and banking companies*) for the financial year 2014-15, based on the audited annual accounts of 23,293 companies which closed their accounts during the period April 2014 to March 2015. Of these, data pertaining to 22,899 companies are based on Ministry of Corporate Affairs (MCA)[1] systems Extensible Business Reporting Language (XBRL) and Form AOC-4 (Non-XBRL) platform, data for 363 companies are as collated by Department of Statistics and Information Management (DSIM) from Department of Non-Banking Supervision (DNBS), Regional Offices of the Reserve Bank of India, while the data for the remaining 31 companies are obtained from other sources (*not included in the select NGNBF&I of MCA and DSIM database*). A comparative picture on performance of these companies during the last three years period *i.e.*, from 2012-13 to 2014-15 has been assessed in this article. The detailed data for select 23,293 companies for the study year 2014-15 along with explanatory notes have been made available in the Data Release section of the Reserve Bank of India website in March 2016. As per provisional estimate of population paid-up capital (PUC) supplied by Ministry of Corporate Affairs (MCA), Government of India (GoI), the select 23,293 NGNBF&I companies accounted for 77.8 per cent of total PUC of all NGNBF&I as on March 31, 2015.

Identification of NGNBF&I companies were based on National Industrial Classification (NIC) 2004 code and they were further classified into five major activity groups, *viz.*, (1) Share Trading and Investment Holding, (2) Loan Finance, (3) Asset Finance, (4) Diversified and (5) Miscellaneous (*including Chit Fund and Mutual*

* Prepared in the Company Finances Division (CFD) of the Department of Statistics and Information Management, Reserve Bank of India, Mumbai. The previous article was published in October 2015 issue of the Reserve Bank of India Bulletin, which covered 18,225 non-government non-banking financial and investment companies during 2013-14.

[1] The CFD has been receiving corporate data from MCA, which collects corporate sector statistics, *i.e.*, annual balance sheet and profit and loss accounts data, through two mutually exclusive systems *viz.*, Extensible Business Reporting language (XBRL) and Form AOC-4 (Non-XBRL) platform. Under XBRL based system, corporate with PUC ₹5 crore and above or having turnover ₹100 crore and above or listed companies submit their complete annual accounts, whereas through 'Form AOC-4 system, data on select variables from annual accounts of remaining companies are submitted.

Table 1: Composition of Select 23,293 Companies by Activity Group : 2014-15

(Per cent)

Activity	No. of Companies	Paid-up Capital	Financial Income	Total Net Assets
Share Trading and Investment Holding	44.9	32.5	17.6	15.4
Loan Finance	12.8	29.4	39.3	36.6
Asset Finance	18.3	20.7	26.1	32.6
Diversified	4.2	3.1	1.2	1.6
Miscellaneous	19.8	14.4	15.8	13.7
Of which:				
Chit Fund/Kuri and Mutual Fund including UTI	6.3	1.0	0.7	0.7
All Activities	**100.0 (23,293)**	**100.0 (9,42,630)**	**100.0 (21,22,637)**	**100.0 (179,34,570)**

Note: Figures in parentheses represent total under respective column. The amounts are in ₹ million.

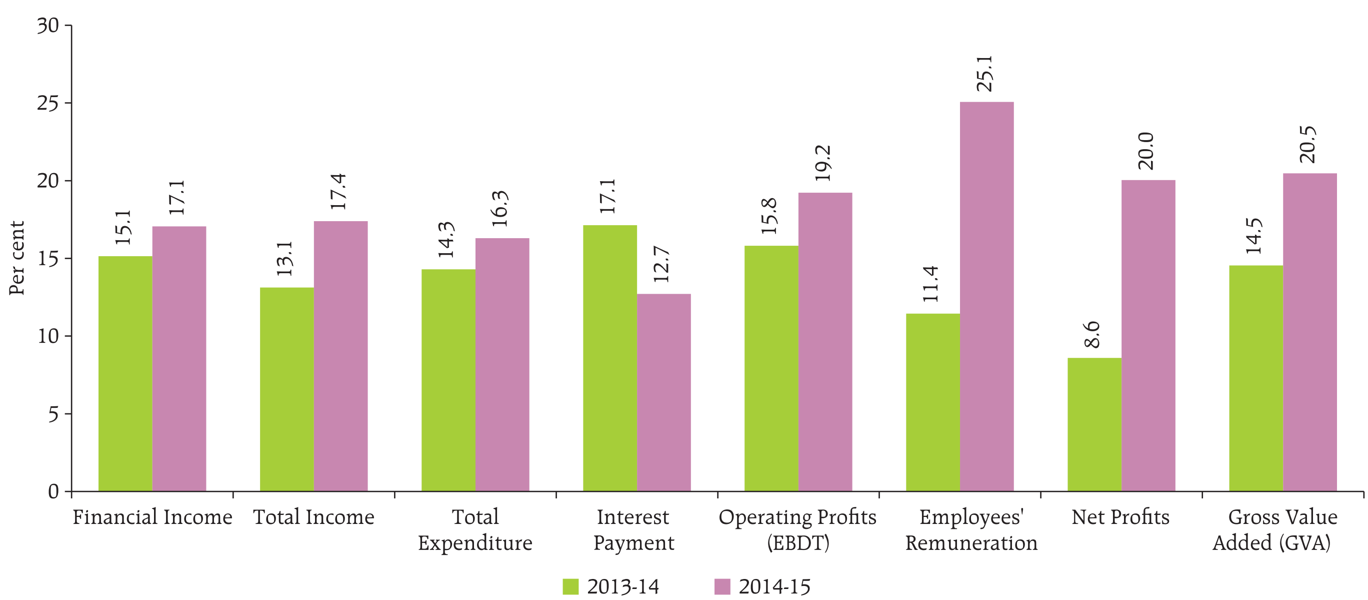
Fund companies). In terms of PUC, the composition of select 23,293 NGNBF&I companies showed that 'Share Trading and Investment Holding' has the largest share followed by 'Loan Finance' and 'Asset Finance' companies. However, 'Loan Finance' companies dominated the sample in terms of financial parameters *viz.*, financial income and total net assets during 2014-15 (Table 1).

1. *Growth Rates: Gross Value Added improved significantly*

1.1 Gross value added (GVA) of select NGNBF&I companies increased significantly by 20.5 per cent in 2014-15 as against 14.5 per cent registered in 2013-14. The improvement in GVA was mainly on account of significant growth in operating profit along with employees' remuneration during 2014-15. (Chart 1 and Statement 1).

1.2 Financial income of the select 23,293 NGNBF&I companies witnessed a growth of 17.1 per cent in 2014-15 as against 15.1 per cent in 2013-14. This growth in financial income was mainly driven by higher interest income during the year. However, dividend income contracted significantly by 31.7 per cent in 2014-15 from 2.5 per cent growth registered in 2013-14. The increase

Chart 1: Growth rates of select items: 2013-14 and 2014-15



in financial income had resulted in significant growth in total income, which grew at 17.4 per cent in 2014-15 as compared to 13.1 per cent in 2013-14 (Chart 1 and Statement 1).

1.3 Total expenditure on the other hand increased at lower rate as compared with total income, resulting in higher operating profit (EBDT) growth of 19.2 per cent in 2014-15 as against 15.8 per cent in 2013-14. Significant reduction in the growth rate of interest payment was seen in 2014-15. Interest expenses grew at lower rate of 12.7 per cent in 2014-15 as against 17.1 per cent in 2013-14 (Chart 1).

1.4 Dividend payment contracted by 7.8 per cent during 2014-15 as compared 17.1 per cent growth recorded in the previous year, leading to higher growth rate in the retained profit during 2014-15 (Statement 1).

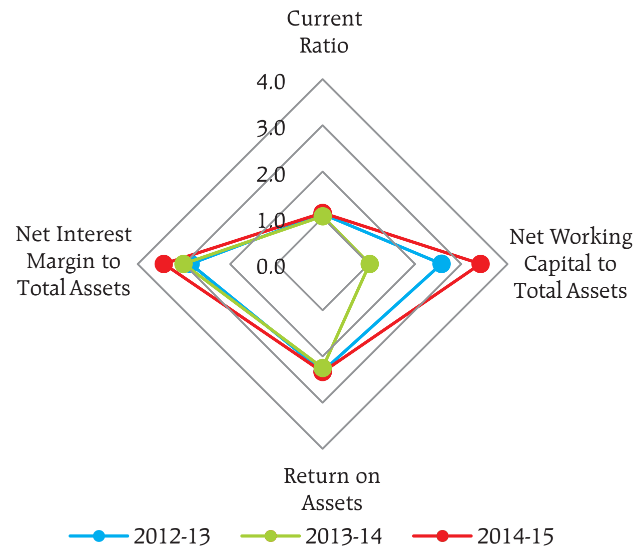
1.5 Growth rate of total borrowings increased to 19.1 per cent in 2014-15 from 12.5 per cent in 2013-14. However, the growth in borrowings from banks had moderated to 11.7 per cent in 2014-15 from 12.0 per cent in the previous year. It was also observed that the investment (short and long term investment together) had increased significantly by 19.9 per cent in 2014-15 from 4.5 per cent witnessed in the previous year (Statement 1).

1.6 Among the activity groups, 'Loan Finance' and 'Miscellaneous' companies, witnessed significant increase in GVA during 2014-15 as compared to the previous year (Statement 1).

2. Liquidity Position and Operating Efficiency: Net Working Capital and Net Interest Margin Improved

2.1 The liquidity position of select NGNBF&I companies to meet its short-term obligations as measured by current ratio (ratio of current asset to current liability) increased marginally to 1.1 in 2014-15 from 1.0 in the previous year. Further, solvency ratio (measured as a ratio of operating profit to total outside liabilities) and net working capital (measured as current assets minus current liabilities expressed as a percentage of total assets) also improved to 3.5 per cent

Chart 2: Liquidity Position and Operating Efficiency: 2012-13 to 2014-15



and 3.4 per cent in 2014-15, respectively, from 3.4 per cent and 1.0 per cent in 2013-14 (Chart 2 and Statement 2).

2.2 On the operational side, the select NGNBF&I companies employed their assets more efficiently in 2014-15 as compared to the previous year. The net interest margin expressed as a percentage of total assets had gone up by 3.4 per cent in 2014-15 as compared to 3.0 per cent in 2013-14 (Chart 2 and Statement 2).

3. Profitability Ratios: Operating Profit margin as well as RoA and RoE improved

3.1 The operating profit margin, measured as a ratio of operating profits to financial income of select NGNBF&I companies increased marginally to 29.4 per cent in 2014-15 from 28.8 per cent in the previous year. Among the activity groups, 'Share Trading and Investment Holding', 'Loan Finance' and 'Diversified' companies witnessed increase in operating profit margin during 2014-15 as compared to the previous year (Statement 2).

3.2 Return on assets (RoA) (measured as a ratio of net profits to total net assets) and return on equity (RoE) (measured as a ratio of net profit to net worth) of select NGNBF&I companies increased gradually to 2.3 per cent and 8.9 per cent, respectively, in 2014-15 from 2.2 per cent and 8.2 per cent in 2013-14. All the activity groups, except 'Miscellaneous' companies witnessed a marginal increase in RoA and RoE during 2014-15 as compared to the previous year (Statement 2).

3.3 The dividend payout ratio (measured as a ratio of dividends paid to net profits) declined considerably to 22.3 per cent in 2014-15 from 29.1 per cent recorded in the previous year. All the activity groups, except 'Miscellaneous' companies witnessed decrease in dividend payout ratio during 2014-15 as compared to the previous year (Statement 2).

4. Vulnerability: Leverage and Bad Debt to Expected Receivables Ratios had increased

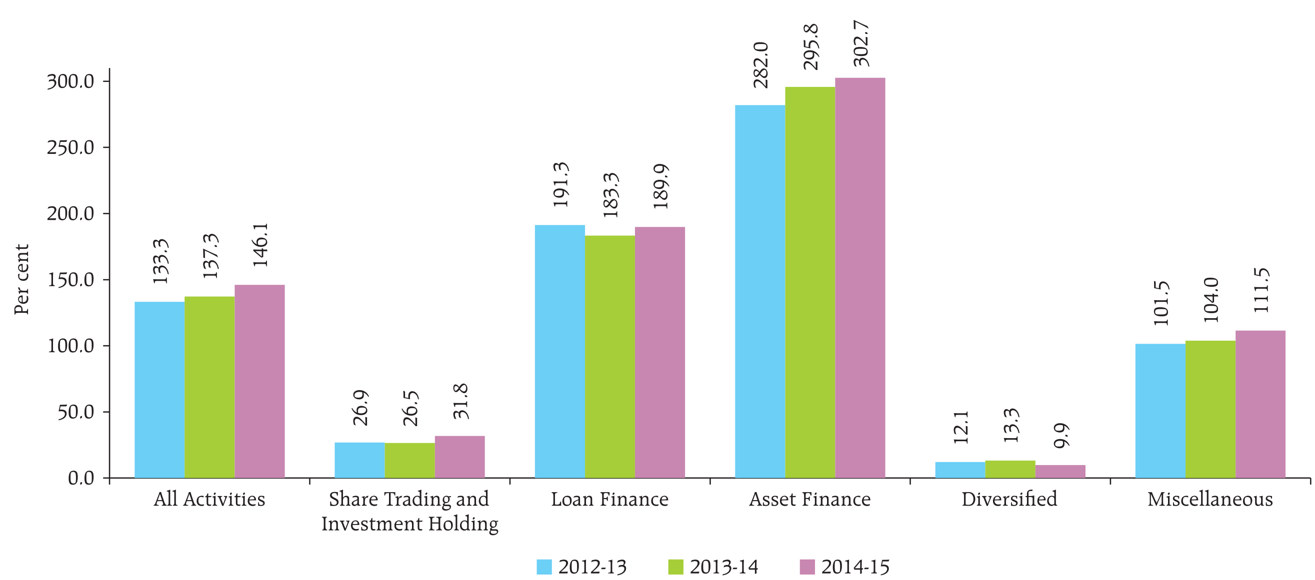
4.1 The select NGNBF&I companies continue to witness gradual increase in leverage ratio (measured as a ratio of debt to equity) from 133.3 per cent in 2012-13 to 146.1 per cent in 2014-15. The leverage ratio of 'Asset Finance' companies was at significantly high level during the three years period as compared to other activity groups and had gone up more than 300.0 per cent in 2014-15 (Chart 3).

4.2 Though the overall performance of select NGNBF&I companies in terms of their liquidity position and operational efficiency had improved in 2014-15 as compared to the previous year, their bad debt to expected receivable[2] ratio had gone up to 5.0 per cent in 2014-15 from 2.8 per cent in 2013-14, which is a drain on their profits. This increase in bad debt to expected receivable ratio is primarily on account of 'Loan Finance' companies (Chart 4 and Statement 2).

5. Income and Expenditure: Share of Interest Income in Total Income increased and share of Interest Expenses in Total Expenditure declined

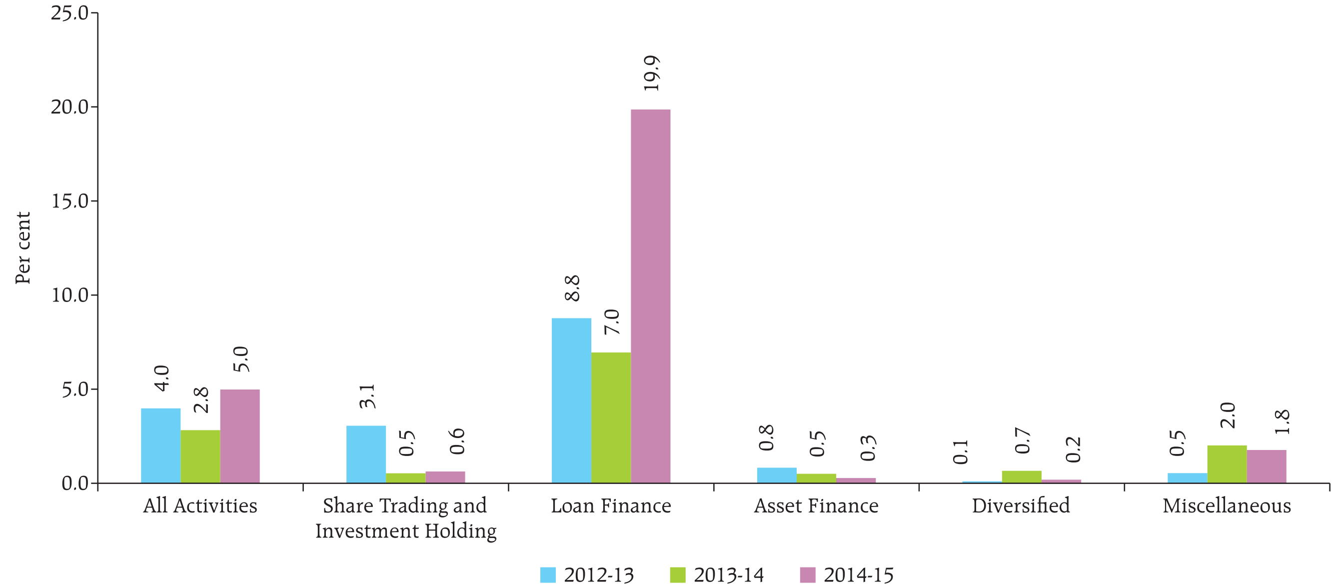
5.1 The fund based income continued to play a dominant role in generating income for NGNBF&I companies as compared to the fee-based income. The share of interest income, which is the main source of fund-based income for NGNBF&I companies, in total income increased to 72.1 per cent during 2014-15 from 70.8 per cent witnessed in the previous year. This increase in share of interest income during the year was observed for all the activity groups, except for 'Loan Finance' companies, which experienced marginal

Chart 3: Leverage Ratio: 2012-13 to 2014-15



[2] Expected receivable is defined as bad debt plus receivables and bad debt include provision for doubtful debt.

Chart 4: Bad Debt to Expected Receivable Ratio: 2012-13 to 2014-15



declined in 2014-15 as compared to the previous year (Statement 3).

5.2 On the expenditure side, the share of interest expenses in total expenditure of select NGNBF&I companies declined from 62.2 per cent in 2013-14 to 60.3 per cent in 2014-15. However, the shares of employees benefit expenses (Salaries, Wages and Bonus *plus* Provident Fund *plus* Employees Welfare Expenses) in total expenditure increased during 2014-15. This increase in the share of employees benefit expenses was witnessed in all the activity groups, except for 'Share Trading and Investment Holding' companies (Statement 3).

6. *Liabilities Structure: Share of Shareholders' Funds declined gradually but share of Short and Long term Borrowings increased*

6.1 The share of shareholders' funds in total equity and liabilities witnessed a gradual decline from 28.3 per cent in 2012-13 to 26.2 per cent in 2014-15 (Chart 5). Similar trends were also witnessed for reserve and surplus as well as share capital. The decline in the share of shareholders' funds in total equity and liabilities during 2014-15 was witnessed among all the activity groups (Statement 4).

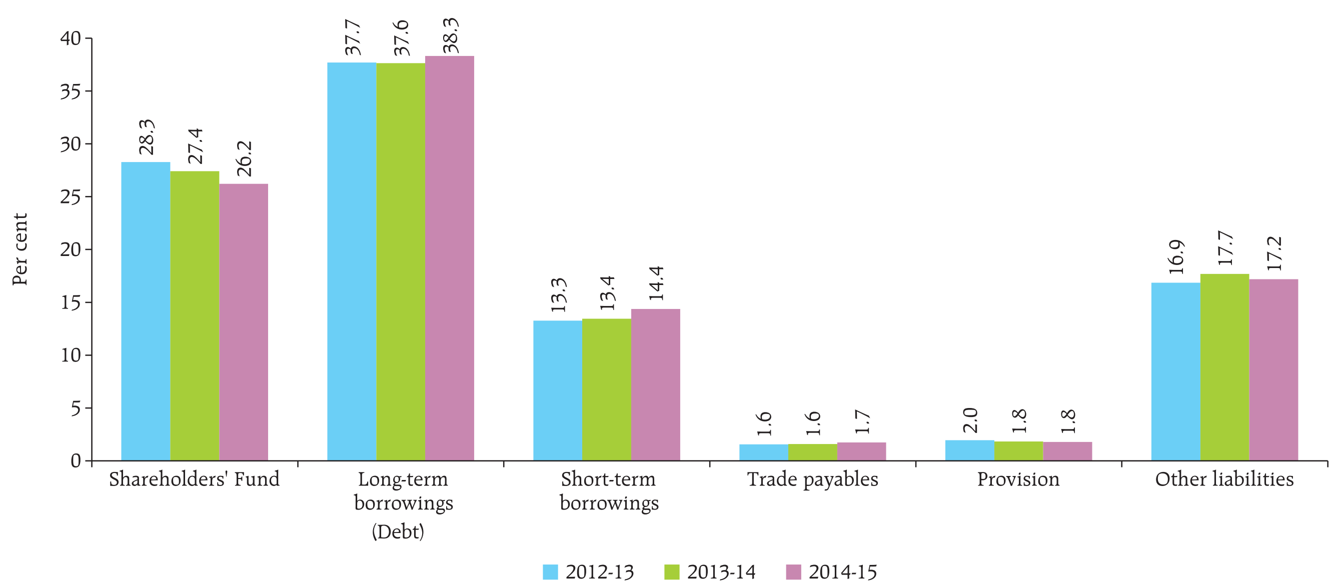
6.2 The capital structure of select NGNBF&I companies showed that the share of short-term and long-term borrowings in total equity and liabilities increased to 14.4 per cent and 38.3 per cent, respectively, in 2014-15 from 13.4 per cent and 37.6 per cent in 2013-14. Further, the share of long-term loans from banks also increased to 15.7 per cent in 2014-15 from 14.4 per cent registered in 2013-14 (Chart 5 and Statement 4).

6.3 An increase in the share of long-term borrowings in total equity and liabilities was seen among all activity groups, except for 'Diversified' companies, which declined to 5.9 per cent in 2014-15 from 8.4 per cent in 2013-14. For 'Share Trading and Investment Holding', 'Loan Finance' and 'Miscellaneous' companies, the share of both short-term and long-term borrowings in total equity and liabilities increased during 2014-15 (Statement 4).

7. *Assets Pattern: Share of Short-term Loans and Advances increased while that of Long-term Loans and Advances as well as Non-current Investment in Total Assets declined*

7.1 The composition of assets for select NGNBF&I companies showed that loans and advances (inclusive of both short and long-term loans and advances)

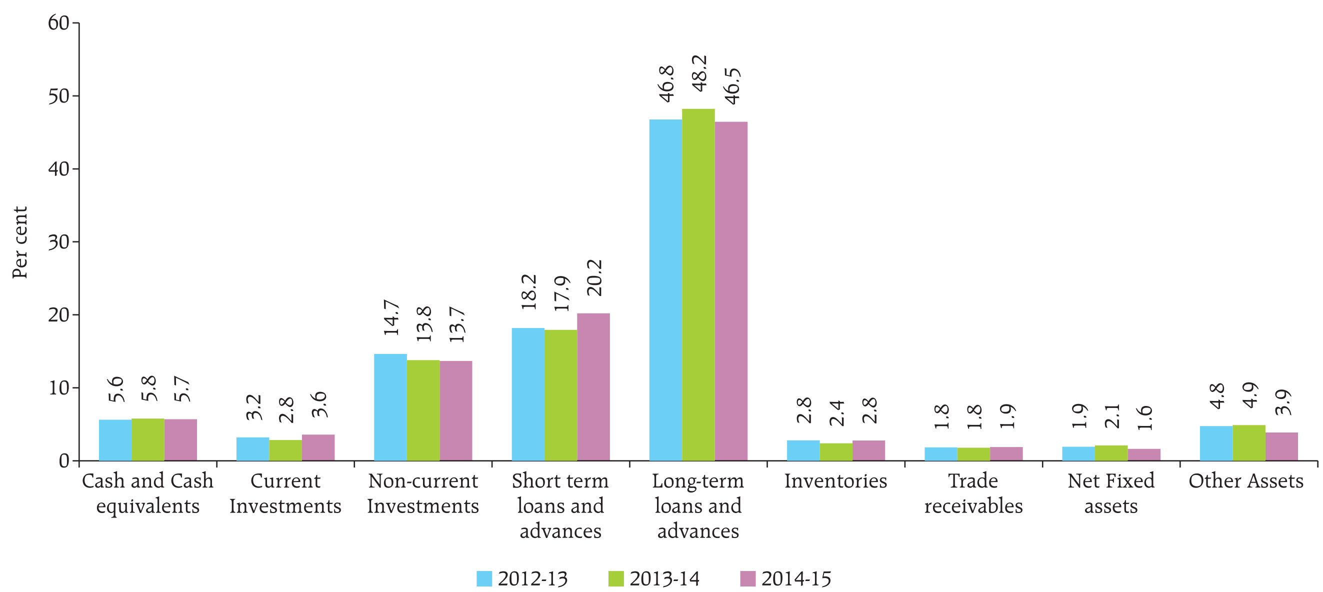
Chart 5: Profile of Liabilities Structure: 2012-13 to 2014-15



constituted more than 60.0 per cent of the total assets. The share of long-term loans and advances in total assets had gone down to 46.5 per cent during 2014-15 from 48.2 per cent in 2013-14, whereas the share of short-term loans and advances had increased to 20.2 per cent in 2014-15 from 17.9 per cent in the previous year. The increase in the share of short-term loans and advances in total assets was seen among all activity groups during 2014-15, except for 'Miscellaneous' companies (Chart 6 and Statement 5).

7.2 The share of non-current investments in total assets declined gradually to 13.7 per cent in 2014-15 from 14.7 per cent in 2012-13. This gradual decline in the share of non-current investment in total assets was witnessed among all the activity groups, except for 'Miscellaneous' companies (Chart 6 and Statement 5).

Chart 6: Profile of Assets Structure: 2012-13 to 2014-15



7.3 However, the share of current investments in total assets increased to 3.6 per cent from 2.8 per cent in 2013-14. Further, the share of cash and cash equivalents in total assets declined marginally to 5.7 per cent in 2014-15 from 5.8 per cent in 2013-14 (Chart 6).

8. *Sources of Funds: Share of Fund raised through Debt Finance in Total Sources of Funds increased*

8.1 With larger role of short-term and long-term borrowings in total equity and liabilities structure of select NGNBF&I companies (covering more than 50.0 per cent in total equity and liabilities), the external sources continued to play a major role in expanding the business. However, the share of fund mobilised through external sources in total sources of funds declined marginally to 84.2 per cent in 2014-15 as against 84.8 per cent recorded in 2013-14. The decline in the share of external sources of funds in total sources of funds was observed among all the activity groups, except for 'Asset Finance' companies (Statement 6).

8.2 The fund raised through debt finance (both short-term and long-term borrowings) increased during the year. The share of funds mobilised from short-term and long-term borrowings in total sources of funds increased to 20.3 per cent and 42.6 per cent, respectively, in 2014-15 from 14.8 per cent and 36.9 per cent in 2013-14. This increase in the share of funds mobilised through short-term and long-term borrowings was mainly on account of funds raised through other short-term loans and advances along with long-term bond/ debenture and term loans from banks. The share of fund raised through term loans from banks in total sources of funds increased significantly to 24.4 per cent in 2014-15 from 6.4 per cent in the previous year (Statement 6).

8.3 The share of internal sources of funds in total sources of funds increased marginally to 15.8 per cent in 2014-15 from 15.2 per cent in the previous year, which was largely contributed by the increase in the share of reserve and surplus during 2014-15. The increase in the share of internal sources of funds in total sources of funds was observed only for 'Asset Finance' companies, among the activity groups (Statement 6).

9. *Uses of Funds: Short-term loans financing and Investment pick-up in business activity*

9.1 The short-term and long-term loans and advances constituted around 70.0 per cent in total uses of funds. The share of short-term loans and advances extended by select NGNBF&I companies in total uses of funds increased significantly to 34.7 per cent in 2014-15 from 15.9 per cent recorded in 2013-14, whereas the share of long-term loans and advances in total uses of funds declined to 34.9 per cent in 2014-15 from 59.6 per cent registered in the previous year. Further, the share of non-current investments in total uses of funds improved to 13.0 per cent in 2014-15 from 6.7 per cent in 2013-14 (Statement 7).

9.2 An increase in the share of short-term loans and advances in total uses of funds during 2014-15 was witnessed among all the activity groups, except for 'Miscellaneous' companies. While, decline in the share of long-term loans and advances in total uses of funds was seen for 'Share Trading and Investment Holding', 'Asset Finance' and 'Miscellaneous' companies. For 'Loan Finance' companies, share of long-term loans and advances in total uses of funds increased to 70.0 per cent in 2014-15 from 61.5 per cent in 2013-14 (Statement 7).

10. *Performance of Chit Fund and Mutual Fund Companies: Operating Profit margin, RoA and RoE improved*

10.1 In contrast to the improvement observed in the financial performance of the select NGNBF&I companies at aggregate level, the financial income for select 1,465 Chit Fund and Mutual Fund companies grew at lower rate of 9.0 per cent during 2014-15 as against 10.4 per cent registered in previous year. However, their total income grew at a higher rate of 11.1 per cent in 2014-15 as compared to 9.4 per cent in 2013-14 (Table 2).

10.2 The total expenditure of select Chit Fund and Mutual Fund companies increased by 6.6 per cent in 2014-15 as compared to 10.5 per cent in 2013-14. As a result of lower total expenditure growth as compared

Table 2: Select Growth Rates and Ratios of Chit and Mutual Fund Companies (1,465)

Per cent

Item	2012-13	2013-14	2014-15
Select Growth Rates			
1. Financial Income	-	10.4	9.0
2. Total Income	-	9.4	11.1
3. Total Expenditure	-	10.5	6.6
4. Operating Profits (EBDT)	-	5.2	17.8
5. Net Profits	-	-3.2	46.2
Select Ratios			
1. EBDT to Financial Income	18.5	17.7	19.1
2. Debt to Equity	39.4	39.2	40.1
3. Net profits to Total Net Assets	1.6	1.4	1.9
4. Net profits to Net Worth	7.8	6.8	9.5
5. Borrowings to Total Net Assets	17.9	17.8	15.5
6. Bank Borrowings to Total Borrowings	23.3	14.4	15.1

Note: Figures in parentheses represent total number of chit and mutual fund Companies.

with total income, operating profits of select Chit Fund and Mutual Fund companies grew at much higher rate of 17.8 per cent in 2014-15 as compared to 5.2 per cent in the previous year. Further, net profits of select Chit Fund and Mutual Fund companies expanded significantly by 46.2 per cent in 2014-15 after contracting by 3.2 per cent during 2013-14 (Table 2).

10.3 Similar to the trend at aggregate level, the leverage ratio (debt to equity ratio) of select Chit Fund and Mutual Fund companies increased gradually over the last three years. However, operating profit margin, RoA and RoE of select Chit Fund and Mutual Fund companies improved in 2014-15 after slipping marginally in the previous year (Table 2).

10.4 The share of borrowings in total net assets declined to 15.5 per cent in 2014-15 from 17.8 per cent in 2013-14, however the share of borrowings from banks in total borrowings by select Chit Fund and Mutual Fund companies increased marginally to 15.1 per cent in 2014-15 from 14.4 per cent in 2013-14 (Table 2).

11. *Concluding Observations*

11.1 The aggregate results shows that the overall performance of the select 23,293 NGNBF&I companies had improved in 2014-15. Gross value added (GVA) along with total income had accelerated in 2014-15 as compared to the previous year. Total expenditure grew at lower rate as compared with total income, leading to significant growth in operating profit (EBDT) during 2014-15. The growth in interest expenses, which constituted around 60.0 per cent of total expenditure, had moderated in 2014-15 as compared to the previous year.

11.2 Further, the liquidity position and operating efficiency of select NGNBF&I companies had improved in 2014-15. However, leverage ratio and bad debt to expected receivables ratio increased in 2014-15.

11.3 The shares of both short-term and long-term borrowings in total equity and liabilities of select NGNBF&I companies increased in 2014-15 as compared to the previous year, whereas the share of shareholders' funds in total equity and liabilities declined gradually over the three years period. On the assets side, share of short-term loans and advances in total assets increased, while share of long-term loans and advances as well as non-current investments declined in 2014-15.

11.4 The select NGNBF&I companies continued to rely mainly on external sources for their business expansion, though their share decreased marginally in 2014-15. The share of funds raised through debt finance increased in 2014-15 as compared to the previous year. Select NGNBF&I companies used their funds predominantly in expanding their investment and short-term loans and advances, portfolios in 2014-15.

Statement 1: Growth Rates of the Select Items of the Select 23,293 NGNBF&I Companies : 2013-14 and 2014-15

(Per cent)

Item	All Activities		Share Trading and Investment Holding		Loan Finance	
	(22,293)		(10,460)		(2,978)	
	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15
1. Financial Income	15.1	17.1	12.9	22.2	17.4	16.3
Of which; (a) Interest Received	17.5	19.6	15.4	30.3	18.1	15.9
(b) Dividend Received	2.5	-31.7	42.3	-70.3	7.3	-1.1
2. Total Income	13.1	17.4	10.1	20.7	17.4	16.0
3. Total Expenditure	14.3	16.3	5.2	17.9	19.2	14.9
4. Interest Payment	17.1	12.7	9.6	14.4	20.5	11.3
5. Employees' Remuneration	11.4	25.1	19.6	15.9	15.2	32.9
6. Depreciation Provision	6.3	27.1	-0.3	36.8	5.3	19.6
7. Operating Profits (EBDT)	15.8	19.2	24.4	26.5	10.7	22.1
8. Gross Value Added(GVA)$	14.5	20.5	21.8	24.0	11.3	24.5
9. Net Profits	8.6	20.0	21.8	24.7	7.8	20.5
10. Dividend Paid	17.1	-7.8	20.8	-11.3	8.5	8.1
11. Profits Retained	5.5	31.4	22.3	45.0	7.5	25.7
12. Investments	4.5	19.9	1.0	12.6	3.0	11.3
13. Total Net Assets	12.3	15.5	7.0	12.1	14.4	15.8
14. Borrowings	12.5	19.1	3.4	39.7	9.8	17.6
Of which; from Banks	12.0	11.7	-6.4	-6.2	31.4	-10.1
15. Net Worth	8.8	10.2	5.6	5.7	11.2	12.1

Item	Asset Finance		Diversified		Miscellaneous	
	(4,267)		(987)		(4,601)	
1. Financial Income	12.9	14.5	15.6	26.6	16.0	17.2
Of which; (a) Interest Received	16.8	18.0	-19.0	52.5	21.8	31.0
(b) Dividend Received	-73.2	-11.2	-41.0	46.2	52.2	-35.4
2. Total Income	9.8	17.5	-22.5	24.5	16.3	16.6
3. Total Expenditure	8.9	17.0	25.7	11.4	19.4	17.9
4. Interest Payment	13.5	13.4	80.6	18.7	17.1	14.8
5. Employees' Remuneration	-4.2	17.8	5.3	20.2	14.7	31.4
6. Depreciation Provision	11.2	28.0	17.6	14.7	10.1	27.2
7. Operating Profits (EBDT)	22.0	10.2	-18.9	92.8	6.5	12.9
8. Gross Value Added(GVA)$	17.4	11.5	-9.6	55.9	8.7	18.5
9. Net Profits	10.9	18.7	-64.8	56.4	12.0	9.1
10. Dividend Paid	29.2	-42.6	4.8	-22.7	12.1	28.6
11. Profits Retained	5.2	41.7	-67.3	65.4	12.0	4.1
12. Investments	10.9	18.6	3.4	-9.0	7.7	62.1
13. Total Net Assets	14.8	16.3	4.2	11.0	8.3	17.3
14. Borrowings	17.0	15.1	5.4	21.1	13.7	23.9
Of which; from Banks	5.5	33.3	22.5	20.8	-17.9	28.3
15. Net Worth	12.1	14.3	2.1	4.1	9.0	12.0

Note: Figures in brackets below the activity name represents the number of companies in the activity.

$ GVA is calculated as Financial Income + Non-Financial Income - Total Expenditure + Salaries, wages,& Bonus + Employee Welfare Expenses + Depreciation Provision

Statement 2: Select Financial Ratios of the Select 23,293 NGNBF&I Companies : 2012-13 to 2014-15

(Per cent)

Item	All Activities			Share Trading and Investment Holding			Loan Finance		
	(23,293)			(10,460)			(2,978)		
	2012-13	2013-14	2014-15	2012-13	2013-14	2014-15	2012-13	2013-14	2014-15
1. Dividends to Net Profits	27.0	29.1	22.3	36.5	36.2	25.7	29.5	29.7	26.6
2. Operating Profits to Financial Income	28.7	28.8	29.4	38.6	42.5	44.0	25.9	24.5	25.7
3. Net profits to Total Net Assets	2.3	2.2	2.3	3.3	3.7	4.1	2.1	2.0	2.1
4. Net profits to Net Worth	8.2	8.2	8.9	5.8	6.7	7.9	10.3	10.0	10.7
5. Debt to Equity	133.3	137.3	146.1	26.9	26.5	31.8	191.3	183.3	189.9
6. Borrowings to Total Net Assets	51.0	51.1	52.7	26.0	25.1	31.3	55.5	53.2	54.1
7. Bank Borrowings to Total Borrowings	40.7	40.5	38.0	34.7	31.4	21.1	38.5	46.0	35.2
8. Current ratio$	1.1	1.0	1.1	1.5	1.4	1.5	0.9	0.8	0.8
9. Net working capital to Total Assets	2.6	1.0	3.4	13.2	12.0	14.0	-3.6	-6.3	-7.5
10. Solvency Ratio	3.5	3.4	3.5	8.2	9.1	9.5	2.9	2.7	2.8
11. Net Interest Margin to Total Assets	2.9	3.0	3.4	2.6	3.0	3.9	4.5	4.5	4.8
12. Bad Debt to Expected Receivables	4.1	2.9	5.2	3.2	0.5	0.6	9.6	7.5	24.8

Item	Asset Finance			Diversified			Miscellaneous		
	(4,267)			(987)			(4,601)		
1. Dividends to Net Profits	23.4	27.3	13.2	3.4	10.2	5.0	20.6	20.7	24.3
2. Operating Profits to Financial Income	27.0	29.2	28.1	27.0	19.0	28.9	27.5	25.2	24.3
3. Net profits to Total Net Assets	1.8	1.7	1.7	6.6	2.2	3.2	2.5	2.5	2.4
4. Net profits to Net Worth	9.5	9.4	9.8	10.2	3.5	5.3	7.4	7.6	7.4
5. Debt to Equity	282.0	295.8	302.7	12.1	13.3	9.9	101.5	104.0	111.5
6. Borrowings to Total Net Assets	63.9	65.1	64.5	21.4	21.7	23.7	43.7	45.9	48.5
7. Bank Borrowings to Total Borrowings	46.3	41.8	48.4	48.7	56.6	56.5	33.2	24.0	24.8
8. Current ratio$	1.0	1.0	1.3	1.5	1.4	1.3	1.4	1.4	1.3
9. Net working capital to Total Assets	-0.1	-1.0	8.1	10.2	8.6	7.7	10.8	11.8	9.1
10. Solvency Ratio	2.4	2.3	2.3	19.7	7.0	8.6	3.9	4.0	3.7
11. Net Interest Margin to Total Assets	2.4	2.5	2.8	1.1	-0.4	0.1	0.2	0.4	1.2
12. Bad Debt to Expected Receivables	0.8	0.5	0.3	0.1	0.7	0.2	0.5	2.0	1.8

Note: Figures in brackets below the activity name represents the number of companies in the activity.

$ Actual ratio (in times)

Statement 3: Composition of Income and Expenditure of Select 23,293 NGNBF&I Companies : 2012-13 to 2014-15

(Per cent)

Items	All Activities			Share Trading and Investment Holding			Loan Finance		
	(23,293)			(10,460)			(2,978)		
	2012-13	2013-14	2014-15	2012-13	2013-14	2014-15	2012-13	2013-14	2014-15
Income									
1. Financial Income$	97.3	99.1	98.8	95.7	98.1	99.3	98.9	98.9	99.2
A. Fund-based Income	94.9	97.0	96.3	94.9	97.2	98.3	96.2	96.2	95.7
Of which, (a) Interest	68.2	70.8	72.1	43.5	45.5	49.2	88.1	88.7	88.6
(b) Dividends	2.0	1.8	1.1	3.1	4.0	1.0	2.1	1.9	1.6
(c) Net Profit/Loss in Share Dealings	2.3	3.6	4.8	16.6	16.8	20.6	0.7	0.8	1.3
(d) Net Earnings From Hire Purchase Financing	2.9	2.2	2.2	1.5	1.5	3.5	0.3	0.3	0.4
(e) Other Fund-based Income	18.4	17.4	15.1	29.8	28.9	23.7	4.9	4.5	3.7
B. Fee-based Income	2.4	2.1	2.5	0.8	0.9	1.0	2.7	2.7	3.5
Of which, (a) Brokerage	0.3	0.3	0.3	0.1	-	-	0.6	0.5	0.6
(b) Other Fee-based Income	2.1	1.8	2.2	0.8	0.8	0.9	2.2	2.2	2.9
2. Non-Financial Income	0.8	0.6	0.5	1.6	1.4	0.5	0.4	0.2	0.5
3. Non-Operating Surplus(+)/Deficit(-)	1.8	0.3	0.7	2.7	0.5	0.2	0.7	0.9	0.3
Total Income	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Expenditure									
1. Interest	60.7	62.2	60.3	35.1	36.6	35.5	68.9	69.7	67.5
2. Salaries, Wages and Bonus	11.1	10.8	11.6	16.9	19.2	18.9	8.7	8.4	9.7
3. Provident Fund	0.7	0.8	0.9	1.5	1.4	1.9	0.5	0.5	0.6
4. Employees Welfare Expenses	0.8	0.7	0.7	1.7	0.9	0.8	0.6	0.4	0.5
5. Bad Debts #	0.9	0.6	1.1	1.2	0.2	0.2	1.7	1.1	2.5
6. Other Expenses	21.8	20.9	22.7	39.4	37.7	38.1	15.8	16.3	17.0
7. Other Provisions (Other than Tax and Depreciation)	1.6	1.8	0.2	0.1	0.1	-	1.8	1.9	0.3
8. Depreciation Provision	2.4	2.2	2.4	4.1	3.9	4.6	2.0	1.7	1.8
Total Expenditure	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Note: Figures in brackets below the activity name represents the number of companies in the activity.
- Nil or Negligible # include provision for doubtful debt
$ Financial Income and its sub-components for were arrived after recategorising the operating revenue as interest income, dividend income, etc., according to the nature of activity of each company and then adding the corresponding relevant item from other income.

Statement 3: Composition of Income and Expenditure of Select 23,293 NGNBF&I Companies : 2012-13 to 2014-15 *(Concld.)*

(Per cent)

Items	Asset Finance			Diversified			Miscellaneous		
	(4,267)			(987)			(4,601)		
	2012-13	2013-14	2014-15	2012-13	2013-14	2014-15	2012-13	2013-14	2014-15
Income									
1. Financial Income$	99.2	101.9	99.3	54.8	81.7	83.1	97.5	97.3	97.8
A. Fund-based Income	97.0	100.9	98.2	50.6	73.9	80.8	93.8	94.3	93.7
Of which, (a) Interest	76.7	81.6	81.9	18.5	19.3	23.6	38.6	40.4	45.4
(b) Dividends	1.6	0.4	0.3	2.6	2.0	2.4	1.2	1.6	0.9
(c) Net Profit/Loss in Share Dealings	-3.8	0.2	0.4	1.9	3.6	7.0	0.5	1.8	3.0
(d) Net Earnings From Hire Purchase Financing	8.5	5.8	4.3	0.6	11.1	1.9	1.6	1.2	2.0
(e) Other Fund-based Income	10.1	8.7	7.9	27.1	37.9	46.0	51.7	49.2	42.4
B. Fee-based Income	2.1	1.0	1.1	4.2	7.8	2.3	3.7	3.0	4.1
Of which, (a) Brokerage	-	-	-	0.3	0.4	0.1	0.3	0.3	0.3
(b) Other Fee-based Income	2.0	0.9	1.0	3.9	7.5	2.2	3.4	2.6	3.8
2. Non-Financial Income	0.7	0.3	0.6	1.4	1.0	0.9	1.1	1.2	0.6
3. Non-Operating Surplus(+)/Deficit(-)	0.1	-2.3	0.1	43.8	17.3	15.9	1.3	1.6	1.6
Total Income	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Expenditure									
1. Interest	70.5	73.5	71.2	23.2	33.3	35.5	50.6	49.6	48.3
2. Salaries, Wages and Bonus	9.0	7.9	8.0	24.6	20.7	22.3	13.9	13.4	14.9
3. Provident Fund	0.5	0.8	0.8	1.3	0.9	0.8	0.8	0.9	1.0
4. Employees Welfare Expenses	0.6	0.9	0.9	1.7	0.8	0.5	0.8	0.7	0.8
5. Bad Debts #	0.1	0.1	0.1	-	0.2	0.1	0.2	0.6	0.4
6. Other Expenses	16.6	14.0	16.2	43.9	36.4	35.3	27.5	28.2	33.0
7. Other Provisions (Other than Tax and Depreciation)	0.3	0.3	-	0.3	3.0	0.7	4.7	5.3	-
8. Depreciation Provision	2.4	2.5	2.7	5.1	4.8	4.9	1.5	1.4	1.5
Total Expenditure	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Note: Figures in brackets below the activity name represents the number of companies in the activity.
- Nil or Negligible # include provision for doubtful debt
$ Financial Income and its sub-components for were arrived after recategorising the operating revenue as interest income, dividend income, etc., according to the nature of activity of each company and then adding the corresponding relevant item from other income.

Statement 4: Profile of Liabilities Structure of the select 23,293 NGNBF&I Companies : 2012-13 to 2014-15

(Per cent)

Items	All Activities			Share Trading and Investment Holding			Loan Finance		
	(23,293)			(10,460)			(2,978)		
	2012-13	2013-14	2014-15	2012-13	2013-14	2014-15	2012-13	2013-14	2014-15
1. Shareholders' Fund	28.3	27.4	26.2	56.1	55.3	52.4	20.5	20.0	19.4
Of which, (i) Share Capital	5.9	5.7	5.3	12.1	11.7	11.1	4.9	4.6	4.2
(ii) Reserves and Surplus	22.3	21.6	20.9	43.7	43.3	41.1	15.6	15.3	15.1
2. Non-current liabilities	39.6	39.5	40.3	16.2	15.7	18.0	40.7	38.1	38.4
(a) Long-term borrowings (debt)$	37.7	37.6	38.3	15.1	14.7	16.7	39.3	36.6	36.8
Of which, (i) Bonds/Debentures	7.6	6.5	11.5	-	0.3	0.8	16.4	14.2	14.6
(ii) Term loans	17.8	24.3	20.1	4.4	4.7	4.5	15.0	14.9	13.8
Of which, from banks	15.3	14.4	15.7	4.0	3.6	3.4	12.0	12.3	12.7
(iii) Deposits	3.1	1.3	1.7	5.8	5.5	6.1	5.3	0.6	0.3
(iv) Loan and Advances from related parties	7.8	2.7	2.2	1.9	3.2	3.3	2.3	2.7	3.0
(b) Long-term provisions	0.8	0.8	0.8	0.4	0.5	0.5	0.8	0.7	0.8
(c) Other long-term liabilities	0.9	0.8	0.9	0.6	0.6	0.8	0.7	0.8	0.7
3. Current liabilities	31.9	33.0	33.4	27.4	28.6	29.5	38.7	41.9	42.3
(a) Short-term borrowings$	13.3	13.4	14.4	10.9	10.5	14.6	16.2	16.6	17.3
Of which, (i) Loans repayable on demand	8.5	9.7	7.0	7.2	6.4	5.1	11.8	13.0	6.5
Of which, from banks	5.4	6.3	4.3	5.0	4.3	3.2	9.3	12.1	6.3
(ii) Loan and Advances from related parties	1.5	1.2	-	2.6	3.0	-	0.2	0.2	-
(iii) Other loans and advances	2.6	2.1	6.4	1.1	1.0	8.0	2.6	2.1	8.8
(b) Trade payables	1.6	1.6	1.7	4.5	4.8	4.5	1.1	1.0	0.8
(c) Short-term provisions	1.1	1.1	1.0	2.0	1.9	1.8	1.2	1.1	1.0
(d) Other current liabilities	16.0	16.9	16.3	9.9	11.4	8.6	20.3	23.2	23.2
Total Equity and Liabilities	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Note: Figures in brackets below the activity name represents the number of companies in the activity.
- Nil or Negligible
$ Sub-components of long-term borrowings and short-term borrowings for Non-XBRL data were estimated based on corresponding proportions in XBRL data for each activity groups.

Statement 4: Profile of Liabilities Structure of the select 23,293 NGNBF&I Companies : 2012-13 to 2014-15 *(Concld.)*

(Per cent)

Items	Asset Finance			Diversified			Miscellaneous		
	(4,267)			(987)			(4,601)		
	2012-13	2013-14	2014-15	2012-13	2013-14	2014-15	2012-13	2013-14	2014-15
1. Shareholders' Fund	18.2	17.9	17.6	64.9	63.6	59.7	33.1	33.2	31.8
Of which, (i) Share Capital	3.4	3.6	3.3	10.9	10.7	9.7	6.0	6.0	5.5
(ii) Reserves and Surplus	14.8	14.3	14.2	53.3	52.2	50.0	27.0	27.1	26.3
2. Non-current liabilities	53.2	54.8	55.2	16.1	15.3	12.7	37.1	37.5	38.5
(a) Long-term borrowings (debt)$	51.3	52.9	53.1	7.9	8.4	5.9	33.6	34.5	35.5
Of which, (i) Bonds/Debentures	1.6	1.0	14.4	0.3	0.2	0.6	8.1	7.3	9.6
(ii) Term loans	29.3	48.6	36.2	4.6	5.9	3.0	16.7	16.7	18.4
Of which, from banks	27.5	24.7	28.5	2.8	3.2	2.6	11.4	9.2	8.8
(iii) Deposits	0.2	0.5	-	0.1	0.1	0.3	0.9	0.4	4.9
(iv) Loan and Advances from related parties	18.5	1.1	1.3	2.3	1.3	1.3	5.6	6.6	0.7
(b) Long-term provisions	0.6	0.6	0.6	7.5	6.1	5.5	1.1	1.0	1.0
(c) Other long-term liabilities	0.5	0.5	0.6	0.7	0.8	1.2	2.4	2.0	2.0
3. Current liabilities	28.4	27.3	27.1	18.9	21.0	27.6	29.7	29.1	29.7
(a) Short-term borrowings$	12.6	12.2	11.4	13.6	13.3	17.8	10.1	11.4	13.0
Of which, (i) Loans repayable on demand	6.0	8.7	7.6	10.7	12.1	15.5	6.9	6.6	8.1
Of which, from banks	2.1	2.5	2.7	7.6	9.1	10.8	3.1	1.8	3.2
(ii) Loan and Advances from related parties	2.1	1.3	-	2.5	0.1	-	1.9	1.8	0.1
(iii) Other loans and advances	4.3	2.3	3.7	0.3	1.0	2.2	1.1	3.0	4.8
(b) Trade payables	0.5	0.5	1.4	1.8	1.9	1.9	1.6	1.9	1.9
(c) Short-term provisions	0.8	0.7	0.5	0.6	0.7	0.8	0.8	0.9	1.1
(d) Other current liabilities	14.6	13.8	13.8	2.9	5.1	7.2	17.2	15.0	13.6
Total Equity and Liabilities	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Note: Figures in brackets below the activity name represents the number of companies in the activity.
- Nil or Negligible
$ Sub-components of long-term borrowings and short-term borrowings for Non-XBRL data were estimated based on corresponding proportions in XBRL data for each activity groups.

Statement 5: Profile of Assets Structure of the select 23,293 NGNBF&I Companies : 2012-13 to 2014-15

(Per cent)

Items	All Activities			Share Trading and Investment Holding			Loan Finance		
	(23,293)			(10,460)			(2,978)		
	2012-13	2013-14	2014-15	2012-13	2013-14	2014-15	2012-13	2013-14	2014-15
1. Current Assets	**34.5**	**34.0**	**36.8**	**40.6**	**40.6**	**43.5**	**35.1**	**35.6**	**34.8**
(a) Cash and Cash equivalents	5.6	5.8	5.7	10.0	10.0	9.5	5.0	4.8	4.5
(b) Current Investments	3.2	2.8	3.6	5.6	5.2	6.8	2.1	1.6	1.5
(c) Inventories	2.8	2.4	2.8	5.1	5.1	5.9	1.6	1.0	1.3
(d) Trade receivables	1.8	1.8	1.9	2.8	3.3	2.9	1.6	1.4	1.0
(e) Short term loans and advances	18.2	17.9	20.2	15.6	15.4	16.9	20.2	21.0	23.1
(f) Other current assets	2.8	3.2	2.7	1.4	1.5	1.6	4.6	5.6	3.3
2. Non-Current Assets	**65.5**	**66.0**	**63.2**	**59.4**	**59.4**	**56.5**	**64.9**	**64.4**	**65.2**
(a) Non-current Investments$	14.7	13.8	13.7	35.9	34.0	32.6	8.0	7.4	7.2
Of which, Indian Securities	14.4	13.5	13.5	35.3	33.1	32.6	7.6	7.0	6.8
(b) Long-term loans and advances	46.8	48.2	46.5	16.4	17.0	17.5	52.2	53.0	55.3
(c) Gross Fixed Assets$	2.9	3.1	2.5	7.4	8.9	6.4	2.2	2.1	2.1
Of which, Tangible assets	2.3	2.6	2.0	5.8	7.4	5.2	1.7	1.7	1.6
(d) Net Fixed assets	1.9	2.1	1.6	5.0	6.6	4.2	1.4	1.3	1.2
(e) Other Non-Current Assets	1.9	1.7	1.2	1.9	1.6	1.9	3.1	2.5	1.3
Total Assets	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Items	Asset Finance			Diversified			Miscellaneous		
	(4,267)			(987)			(4,601)		
1. Current Assets	**28.3**	**26.3**	**35.2**	**29.2**	**29.6**	**35.3**	**40.5**	**40.9**	**38.7**
(a) Cash and Cash equivalents	4.1	4.6	5.8	4.3	4.6	3.6	5.8	6.3	4.5
(b) Current Investments	1.4	1.5	2.2	9.5	9.2	2.2	6.6	5.7	8.8
(c) Inventories	2.5	2.0	2.1	3.6	3.4	14.7	3.9	3.7	3.3
(d) Trade receivables	1.0	1.0	2.3	2.4	2.1	2.0	2.9	2.9	2.1
(e) Short term loans and advances	17.3	15.2	19.7	8.3	9.0	11.8	19.3	20.3	18.4
(f) Other current assets	2.0	2.0	3.0	1.1	1.2	1.0	2.0	2.1	1.7
2. Non-Current Assets	**71.7**	**73.7**	**64.8**	**70.8**	**70.4**	**64.7**	**59.5**	**59.1**	**61.3**
(a) Non-current Investments$	9.0	8.6	8.1	59.9	59.6	54.2	13.2	13.9	18.4
Of which, Indian Securities	9.0	8.6	8.1	59.9	59.6	54.2	13.2	13.9	18.4
(b) Long-term loans and advances	60.6	62.9	55.1	7.4	7.2	6.6	42.8	42.0	39.5
(c) Gross Fixed Assets$	1.6	1.6	1.4	4.5	4.6	4.3	2.2	2.3	2.0
Of which, Tangible assets	1.3	1.4	1.1	4.0	4.0	3.8	1.9	2.0	1.8
(d) Net Fixed assets	1.1	1.1	0.9	3.0	2.9	2.7	1.5	1.5	1.4
(e) Other Non-Current Assets	0.8	1.0	0.7	0.5	0.7	1.0	1.6	1.3	1.5
Total Assets	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Note: Figures in brackets below the activity name represents the number of companies in the activity.
$ Sub-components for investments and gross fixed assets for Non-XBRL data were estimated based on corresponding proportion in XBRL data for each activity groups.

Statement 6: Composition of Sources of Funds of the Select 23,293 NGNBF&I Companies : 2013-14 and 2014-15

(Per cent)

Item	All Activities		Share Trading and Investment Holding		Loan Finance	
	(23,293)		(10,460)		(2,978)	
	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15
Internal Sources	15.2	15.8	30.0	27.2	15.2	11.1
1. Paid-up Capital	3.4	2.0	6.0	6.2	1.7	1.3
2. Reserves and Surplus	10.2	11.8	21.5	18.3	11.9	7.0
3. Provisions	1.7	1.9	2.5	2.7	1.6	2.9
External Sources	**84.8**	**84.2**	**70.0**	**72.8**	**84.8**	**88.9**
4. Share Capital and Premium on shares	6.7	5.0	15.4	4.7	2.3	7.3
A. Non-current liabilities	37.9	44.4	8.4	35.3	19.3	37.9
5. Long-term borrowings	36.9	42.6	8.3	32.6	17.8	37.5
Of which, (a) Bonds / Debentures	-1.8	43.5	3.7	5.4	-1.2	17.0
(b) Term loans	76.4	-6.7	8.4	2.6	14.2	6.9
Of which, from banks	6.4	24.4	-2.0	1.1	14.3	15.1
(c) Deposits	-12.9	4.5	2.2	10.7	-31.9	-1.7
(d) Loan and advances from related parties	-38.4	-1.5	21.1	4.4	5.2	5.4
6. Other long-term liabilities	0.7	1.2	0.3	2.5	1.5	0.3
B. Current liabilities	40.3	35.6	44.4	36.2	63.2	44.0
7. Short-term borrowings	14.8	20.3	4.2	48.3	19.4	21.6
Of which, (a) Loans repayable on demand	19.1	-10.0	-4.5	-5.9	20.9	-34.3
Of which, from banks	13.8	-8.8	-6.2	-5.0	31.8	-30.8
(b) Loan and advances from related parties	-1.0	-7.5	8.7	-24.0	0.4	-1.0
(c) Deposits	-0.8	3.7	0.4	13.2	-0.3	5.6
(d) Other loans and advances	-2.5	34.0	-0.5	65.1	-1.6	51.3
8. Trade payables	1.9	2.7	8.6	2.2	0.5	-0.6
9. Other current liabilities	23.6	12.7	31.6	-14.2	43.2	23.0
Total Sources of Funds	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Note: Figures in brackets below the activity name represents the number of companies in the activity.
- Nil or negligible

Statement 6: Composition of Sources of Funds of the Select 23,293 NGNBF&I Companies : 2013-14 and 2014-15 *(Concld.)*

(Per cent)

Item	Asset Finance		Diversified		Miscellaneous	
	(4,267)		(987)		(4,601)	
	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15
Internal Sources	5.8	13.7	11.0	10.1	37.9	23.0
1. Paid-up Capital	4.8	1.7	4.9	-0.3	1.9	1.3
2. Reserves and Surplus	-0.4	12.0	23.9	7.8	32.9	18.4
3. Provisions	1.3	-0.1	-17.8	2.6	3.1	3.3
External Sources	**94.2**	**86.3**	**89.0**	**89.9**	**62.1**	**77.0**
4. Share Capital and Premium on shares	11.4	2.0	2.7	22.3	-0.8	4.7
A. Non-current liabilities	64.9	57.5	23.6	-11.7	42.0	43.0
5. Long-term borrowings	63.3	54.6	20.6	-16.9	44.8	41.0
Of which, (a) Bonds / Debentures	-3.7	97.5	-1.1	4.0	-2.8	22.9
(b) Term loans	177.9	-39.9	34.9	-23.7	16.3	28.1
Of which, from banks	5.7	52.1	10.6	-2.7	-17.2	6.7
(c) Deposits	2.1	-2.6	0.3	1.6	-5.0	30.7
(d) Loan and advances from related parties	-116.0	3.0	-22.6	0.9	18.8	-33.6
6. Other long-term liabilities	0.9	1.1	2.6	5.2	-2.8	2.0
B. Current liabilities	18.8	26.7	63.7	85.7	19.7	30.6
7. Short-term borrowings	9.6	6.1	5.8	58.1	26.0	22.4
Of which, (a) Loans repayable on demand	26.8	1.3	43.2	45.7	2.3	16.8
Of which, from banks	5.3	3.7	42.6	25.7	-13.5	11.3
(b) Loan and advances from related parties	-4.5	-7.8	-55.0	-0.8	0.5	-9.8
(c) Deposits	-1.3	-0.1	0.2	-	-2.2	0.1
(d) Other loans and advances	-11.4	12.6	17.4	13.2	25.2	15.4
8. Trade payables	1.0	6.7	2.8	2.0	4.8	2.4
9. Other current liabilities	8.3	13.9	55.0	25.6	-11.0	5.8
Total Sources of Funds	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Note: Figures in brackets below the activity name represents the number of companies in the activity.
- Nil or negligible

Statement 7: Composition of Uses of Funds of the Select 23,293 NGNBF&I Companies : 2013-14 and 2014-15

(Per cent)

Items	All Activities		Share Trading and Investment Holding		Loan Finance	
	(23,293)		(10,460)		(2,978)	
	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15
1. Current Assets	**29.4**	**55.0**	**39.5**	**66.5**	**38.5**	**30.0**
(a) Cash and cash equivalents	6.8	5.1	10.3	5.2	3.6	2.5
(b) Current Investments	-0.3	8.3	-0.5	19.2	-1.5	1.1
(c) Inventories	-0.9	5.2	5.5	12.5	-2.7	3.3
(d) Trade receivables	1.4	2.5	10.0	-0.9	0.1	-2.0
(e) Short term loans and advances	15.9	34.7	12.2	28.4	26.8	36.2
(f) Other current assets	6.4	-0.8	2.1	2.1	12.3	-11.3
2. Non-Current Assets	**70.6**	**45.0**	**60.5**	**33.5**	**61.5**	**70.0**
(a) Non-Current Investments	6.7	13.0	6.6	21.0	3.5	5.3
Of which, Indian Securities	6.1	13.7	2.2	27.8	3.0	5.1
(b) Long term Loans and Advances	59.6	34.9	26.5	21.1	57.8	70.0
(c) Deferred tax assets	0.4	-0.2	0.4	0.6	0.8	-0.7
(d) Gross Fixed Assets	4.3	-1.0	29.7	-13.3	1.3	1.8
(e) Other non-current Assets	-0.5	-1.7	-2.7	4.1	-2.0	-6.4
Total Uses of Funds	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Items	Asset Finance		Diversified		Miscellaneous	
	(4,267)		(987)		(4,601)	
1. Current Assets	**12.5**	**89.7**	**37.7**	**86.6**	**45.4**	**26.2**
(a) Cash and cash equivalents	8.2	12.9	10.7	-4.8	11.8	-5.6
(b) Current Investments	2.1	6.6	3.2	-60.8	-4.1	26.6
(c) Inventories	-0.9	2.5	-1.2	116.2	1.2	0.6
(d) Trade receivables	0.5	10.8	-3.4	0.4	2.2	-2.3
(e) Short term loans and advances	0.9	47.4	25.3	36.8	30.9	7.3
(f) Other current assets	1.6	9.5	3.0	-1.3	3.3	-0.5
2. Non-Current Assets	**87.5**	**10.3**	**62.3**	**13.4**	**54.6**	**73.8**
(a) Non-Current Investments	5.6	4.9	50.5	5.1	22.1	44.1
Of which, Indian Securities	5.6	4.9	50.5	5.1	22.1	44.1
(b) Long term Loans and Advances	78.0	6.9	2.9	0.5	31.3	25.2
(c) Deferred tax assets	0.1	-0.4	0.7	1.7	0.4	0.9
(d) Gross Fixed Assets	1.7	-0.2	5.0	2.2	3.0	0.6
(e) Other non-current Assets	2.2	-1.0	3.3	3.9	-2.2	3.0
Total Uses of Funds	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Note: Figures in brackets below the activity name represents the number of companies in the activity.

*Union Budget 2016-17: An Assessment**

This article, based on the Union Budget 2016-17 presented to the Parliament on February 29, 2016, analyses the key features of the Budget and makes an assessment of the likely fiscal situation in 2016-17. The Budget was presented against a backdrop of deceleration in global growth, turbulent financial markets and shrinking global trade. In this milieu, the Budget has factored in the challenges arising from the global slowdown and the looming fiscal burden from implementation of pay commission/one rank one pension (OROP) by setting its priorities on transforming India through a nine pillar-pronged strategy while accelerating structural reforms and placing the economy on a higher growth trajectory.

Union Budget 2016-17: Highlights

- Budgeted targets for the revenue deficit (RD) and gross fiscal deficit (GFD) for 2015-16 were met through a combination of higher tax and non-tax revenue and lower non-plan capital expenditure.
- The commitment to fiscal consolidation is set to lower the GFD by 0.4 percentage points of GDP in 2016-17 (BE) marking a stepped-up pace of fiscal adjustment and imparting credibility to the achievement of the target of 3.0 per cent for 2017-18 under the amended FRBM rules.
- The growth in revenue expenditure is set to accelerate in 2016-17, reflecting provisions made for implementation of the seventh central pay commission (CPC VII) and one rank one pension (OROP) in defence services. Central government's expenditure on pensions is budgeted to grow by 28.9 per cent as against 2.3 per cent in 2015-16 (RE).
- In continuation of the process of subsidy reforms, expenditure on major subsidies is estimated to reduce to 1.5 per cent of GDP in 2016-17 from 1.8 per cent of GDP in 2015-16 (RE).
- Growth of capital expenditure is budgeted to decelerate sharply to 3.9 per cent in 2016-17 with capital outlay (excluding defence) estimated to grow at a modest rate of 2.3 per cent.
- Notwithstanding the shortfall in achieving the targets set in the past, including in 2015-16 (about 64 per cent), aggregate disinvestment receipts are budgeted to grow by 123.2 per cent in 2016-17.
- The Union Budget 2016-17 strives to balance growth-stimulating investment thrust and structural reforms with more empowering federalism. Rationalisation of duties and tax structuring, the introduction of the goods and services tax (GST), better targeting of subsidies and robust efforts to step up disinvestment hold the key to enriching the quality and sustainability of central finances.

The major policy initiatives proposed in the Budget are highlighted in Box 1.

I. Fiscal Performance in 2015-16 (Revised Estimates)

Revised estimates meet fiscal targets without compromising expenditure

Revised estimates (RE) show that the budgeted targets of RD and GFD as per cent of GDP for 2015-16 were met through a combination of higher tax and non-tax revenue and lower non-plan capital expenditure. As proportion to GDP, RD at 2.5 per cent was 0.3 percentage points lower than the Budget estimate, while GFD adhered to the budgeted target of

* Prepared in the Fiscal Analysis Division of the Department of Economic and Policy Research, Reserve Bank of India, Mumbai. The previous article on Union Budget 2015-16 was published in the Reserve Bank of India Bulletin, May 2015.

Box 1: Union Budget 2016-17- Policy Initiatives

The nine pillars of development strategy announced in the Budget are: (i) Agriculture and Farmers' Welfare with focus on doubling farmers' income in five years; (ii) Rural Sector with emphasis on rural employment and infrastructure; (iii) Social Sector including Healthcare to cover all under welfare and health services; (iv) Education, Skills and Job Creation to make India a knowledge based and productive society; (v) Infrastructure and Investment to enhance efficiency and quality of life; (vi) Financial Sector Reforms to bring transparency and stability; (vii) Governance and Ease of Doing Business to enable the people to realise their full potential; (viii) Fiscal Discipline - prudent management of government finances and delivery of benefits to the needy; and (ix) Tax Reforms to reduce compliance burden with faith in the citizenry.

The nine different pillars can be categorized under three broad areas as follows:

I. Fiscal Discipline

The fiscal deficit target in RE 2015-16 and BE 2016-17 have been retained at 3.9 per cent and 3.5 per cent of GDP, respectively; (ii) Plan-Non-Plan classification will be done away with from fiscal 2017-18 to give greater focus to Revenue and Capital classification of government expenditure; (iii) quality of government expenditure to improve with every new scheme being sanctioned by government to have a sunset date and outcome review; (iv) the working of the FRBM Act to be reviewed; (v) incentivise domestic value addition to help Make in India; (vi) additional resource mobilization for agriculture, rural economy and clean environment; and (vii) simplification and rationalization of taxation.

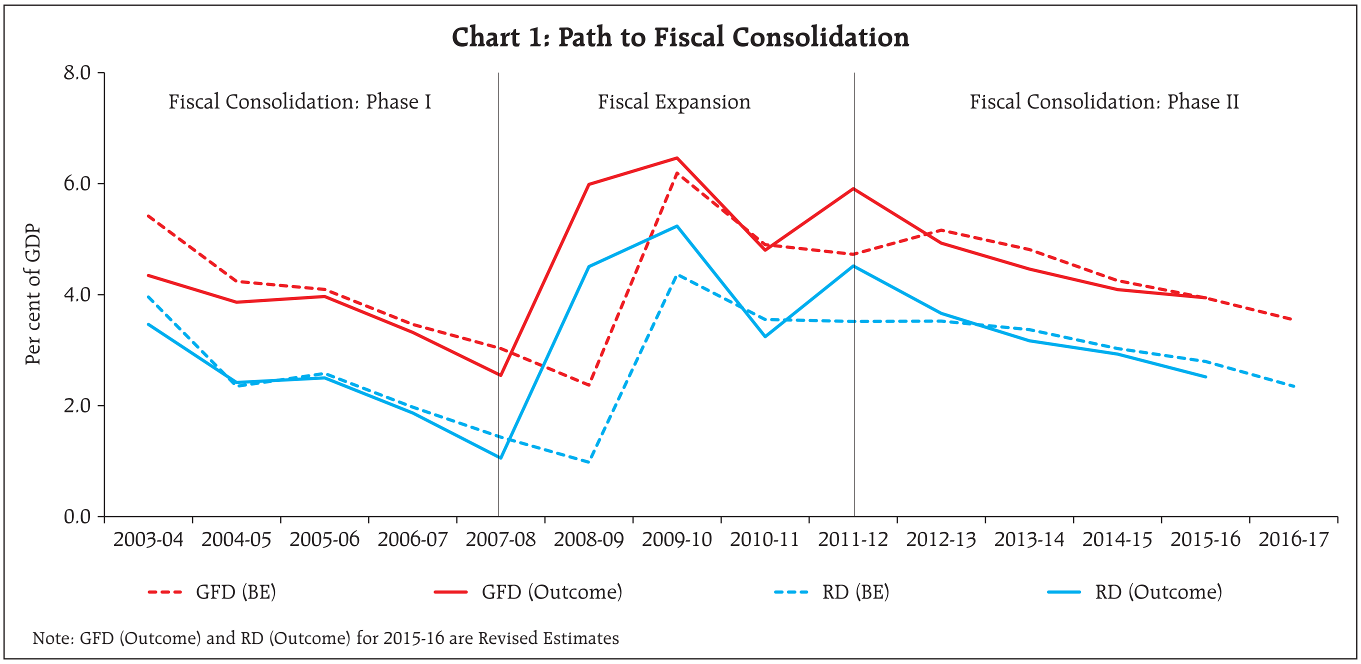
II. Structural Reforms

The major structural reform measures *inter alia* include (i) provision of ₹150 billion towards interest subvention for farmers; (ii) improving market access for farmers through a Unified Agricultural Marketing eplatform; (iii) digital literacy mission scheme to be launched for rural India; (iv) introduction of a new health protection scheme to provide health cover up to ₹ One lakh per family; (v) setting up a National Board for Skill Development Certification; (vi) ₹150 billion to be raised by NHAI through bonds; (vii) augment investment in nuclear power generation; (viii) NITI Aayog to identify the Public Sector Enterprises (PSEs) for strategic sale; (ix) 100 per cent FDI will be allowed through FIPB route in marketing of food products produced and manufactured in India; (x) bill will be introduced for targeted delivery of subsidies, benefits and services by using the Aadhar framework; (xi) DBT to be introduced on pilot basis for fertilizer in a few districts across the country; and (xii) Price Stabilisation Fund will be provided with a corpus of ₹9 billion to support market interventions.

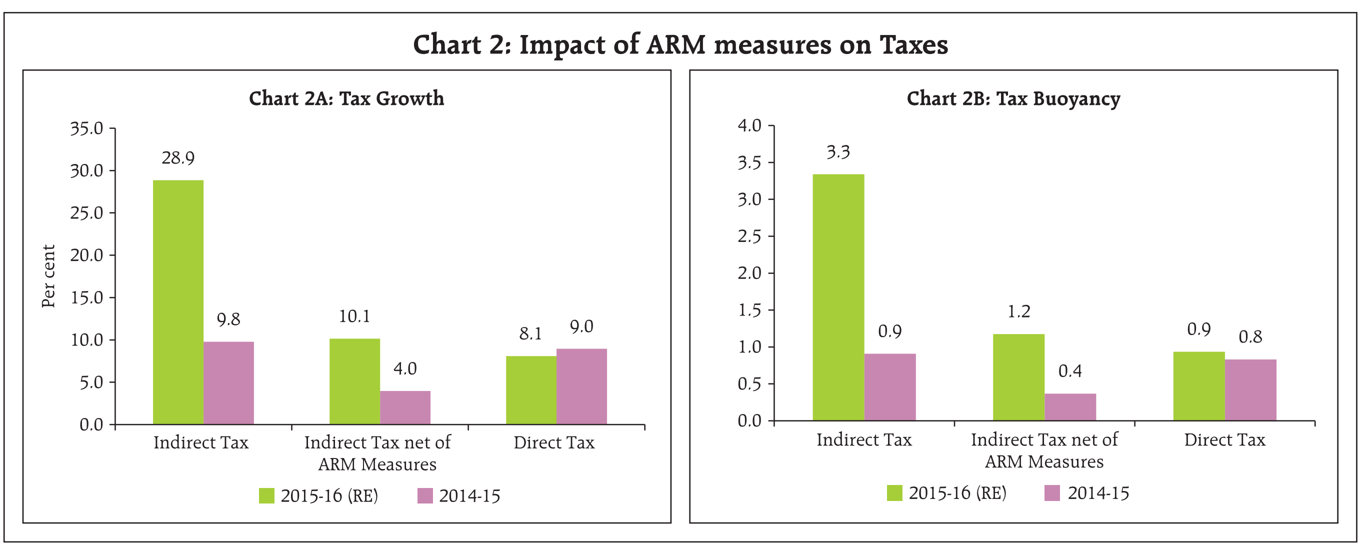
III. Financial Sector Reforms

(i) The RBI Act 1934 would be amended to provide statutory basis for a Monetary Policy Framework and a Monetary Policy Committee; (ii) ₹ 250 billion to be allocated towards recapitalisation of public sector banks (PSBs); (iii) Bank Board Bureau will be operationalized during 2016-17 and a roadmap for consolidation of PSBs will be spelt out; (iv) bill on code on resolution of financial firms will be introduced; (v) necessary amendments in the SARFAESI Act 2002 to be made to enable the sponsor of an ARC to hold up to 100 per cent stake in the ARC and permit non-institutional investors to invest in Securitization Receipts; (vi) new derivative products will be developed by SEBI in the Commodity Derivatives market; (vii) RBI to facilitate retail participation in the primary and secondary markets through stock exchanges and access to NDS-OM trading platform to improve greater retail participation in government securities; (viii) SEBI Act 1992 will be amended to provide for more members and benches of the securities appellate tribunal; and (ix) general insurance companies owned by the government will be listed in the stock exchanges.

3.9 per cent of GDP (Chart 1). This reduction in RD, despite maintaining the revenue expenditure around the budgeted target, was achieved through higher than budgeted tax and non-tax revenues.



Both gross and net tax collections were marginally higher than their budgeted amounts on account of 8.6 per cent increase in indirect tax collections over the Budget estimate, notwithstanding the shortfall in direct tax revenues (Chart 2a). Within indirect taxes, revenues from Union excise duty were 23.6 per cent higher than budgeted and 49.6 per cent higher than in 2014-15 on account of additional revenue mobilisation (ARM) measures like frequent duty revisions on petrol and diesel. Illustratively, resources raised through ARM constituted around 15 per cent of indirect tax collections during 2015-16 as compared with about 5 per cent during 2014-15. As a result, the buoyancy of indirect taxes was significantly higher than in the previous year (Chart 2b). Non-tax revenue exceeded the budgetary targets by 16.6 per cent due to higher receipts from dividends and profits and improved earnings from spectrum auction. As a result, total non-debt receipts were marginally higher than budgeted despite 63.6 per cent shortfall in disinvestment



proceeds. Realisation of the budgeted target for non-debt receipts allowed plan expenditure to exceed the budgeted target by 2.6 per cent. Non-plan expenditure was marginally lower than budgeted amount (by 0.3 per cent), with the non-plan capital expenditure bearing the brunt of adjustment.

II. Budget Estimates for 2016-17

Committed to fiscal consolidation with a focus on revenue mobilisation

The Budget estimates for 2016-17 depict commitment of the government to continue the process of fiscal consolidation with all key deficit indicators (relative to GDP) set to decline. The RD and GFD are budgeted to decline from 2015-16 (RE) by 0.2 percentage point and 0.4 percentage point, respectively, to 2.3 per cent and 3.5 per cent of GDP, respectively, in 2016-17 (BE) (Statement 1). The effective revenue deficit[1] is estimated at 1.2 per cent of GDP – an improvement of 0.3 per cent of GDP over 2015-16 (RE). The expected reduction in GFD reflects the combined impact of an estimated increase in non-debt receipts, while making room for enhanced budgetary allocation for implementation of Seventh Pay Commission's recommendations and OROP scheme. In accordance with the amended FRBM targets in 2015, a GFD of 3.0 per cent is projected to be achieved from 2017-18 onwards.[2]

II.1 Non-debt receipts

Non-debt receipts to accelerate

Non-debt receipts are estimated to grow by 15.5 per cent in 2016-17, reflecting robust growth in tax revenues, spectrum proceeds, dividends, and disinvestment receipts (Table 1).

Table 1: Fiscal Position of the Central Government

	As Percentages to GDP			Growth Rate (Per cent)		
	2014-15	2015-16 (RE)	2016-17 (BE)	2014-15	2015-16 (RE)	2016-17 (BE)
1	2	3	4	5	6	7
Receipts						
Revenue Receipts	**8.8**	**8.9**	**9.1**	**8.5**	**9.5**	**14.2**
(i) Tax Revenue (Net)	7.2	7.0	7.0	10.8	4.9	11.2
(ii) Non-Tax Revenue	1.6	1.9	2.1	-0.5	30.7	24.9
Non Debt Capital Receipts	**0.4**	**0.3**	**0.4**	**23.0**	**-14.1**	**51.8**
of which: Disinvestment receipts	0.3	0.2	0.4	28.5	-32.9	123.2
Expenditure						
Revenue Expenditure	**11.7**	**11.4**	**11.5**	**6.9**	**5.5**	**11.8**
Capital Expenditure	**1.6**	**1.8**	**1.6**	**4.8**	**20.9**	**3.9**
Total Expenditure	**13.3**	**13.2**	**13.1**	**6.7**	**7.3**	**10.8**
Non Plan	**9.6**	**9.6**	**9.5**	**8.6**	**8.9**	**9.2**
of which:						
1. Interest Payments	3.2	3.3	3.3	7.5	10.0	11.3
2. Grants to States	0.6	0.8	0.8	27.4	40.3	9.4
3. Subsidies	2.1	1.9	1.7	1.4	-0.2	-2.9
Plan	**3.7**	**3.5**	**3.7**	**2.1**	**3.1**	**15.3**
1. Central Plan	1.5	1.9	2.0	-43.7	36.1	18.0
2. Central Assistance for state and UT plans	2.2	1.6	1.6	140	-20.2	11.9

[1] Effective Revenue Deficit is the difference between revenue deficit and grants for creation of capital assets to the States signifying that amount of capital receipts that are being used for actual consumption expenditure of the Government.

[2] The Budget introduced the revision to the FRBM Act/Rules in the Parliament in the Finance Bill 2015.

II.1.a Tax revenue

Gross and net tax revenues are budgeted to grow by 11.7 per cent and 11.2 per cent, respectively, in 2016-17 although, as proportion to GDP, their respective shares are unchanged from the previous year. Direct and indirect taxes are budgeted to grow by 12.6 per cent and 10.8 per cent, respectively. Consequently, implicit buoyancy in direct taxes is higher while that in indirect taxes is lower than the realised level of last year reflective of the high base of indirect taxes realised in 2015-16 on account of ARM measures (Table 2). The tax measures announced in the Budget demonstrate the government's intent on revenue side corrections by broadening the tax base for direct taxes and minimizing exemptions in a regime of moderate tax rates.

II.1.b Non-Tax Revenue

Non-tax revenues, which have experienced high growth in the last few years due to higher dividend payments from public sector enterprises (PSEs), PSU banks, the Reserve Bank of India and spectrum allocation charges, are budgeted to grow by 24.9 per cent in 2016-17 as against 30.7 per cent last year. Total dividends and profits from PSEs (including PSU banks) and surplus transferred by RBI to government are budgeted to grow by 4.7 per cent in 2016-17. Net receipts from communication services are budgeted at ₹ 990 billion in anticipation of revenue collections from spectrum auctions, licence fees and one time spectrum charges. The licenses issued 20 years ago are likely to come up for renewal in 2016-17.

II.1.c Non-debt Capital Receipts

Disinvestment proceeds are budgeted at ₹ 565 billion in 2016-17 of which resources to the tune of ₹205 billion are estimated to flow from strategic disinvestments[3]. Notwithstanding the shortfall in achieving the targets in the past, receipts from disinvestment are estimated to grow by 123.2 per cent in 2016-17. In view of this, non-debt capital receipts are estimated to grow by 51.8 per cent during the year.

II.2 Total Expenditure

Growth in expenditure to accelerate in 2016-17

Total expenditure of the central government is budgeted to grow by 10.8 per cent in 2016-17 as against 7.3 per cent in 2015-16 (RE) although it is 2.9 per cent higher than the medium term expenditure framework (MTEF) statement raising issues related to fiscal marksmanship (Box 2). The focus of the Budget is on enhancing expenditure in priority areas *viz.*, farm and rural sector, social sector, infrastructure, employment generation and recapitalization of public sector banks.

Table 2 : Tax Buoyancy

	Average Tax Buoyancy (2008-09 to 2015-16)	Post Crisis Tax Buoyancy (2010-11 to 2015-16)	2015-16 (Revised Estimates)	Budgeted Tax Buoyancy for 2016-17
1	2	3	4	5
Gross Tax Revenue	**0.92**	**1.17**	**2.00**	**1.06**
Corporation Tax	0.81	0.78	0.65	0.82
Income Tax	0.95	1.15	1.45	1.64
Customs Duty	0.71	1.18	1.32	0.89
Union Excise Duty	1.10	1.68	5.74	1.10
Service Tax	1.55	1.88	2.90	0.91

[3] Strategic disinvestment includes sale of Government holdings in non-governmental commercial entities, Specified Undertaking of Unit Trust of India (SUTTI), Bharat Aluminium Company Ltd. (BALCO), Hindustan Zinc Ltd. (HZL) *etc.*

Box 2: Budget estimates *vis-à-vis* the MTEF Statement

The Medium Term Expenditure Framework (MTEF) Statement, a FRBM document, was laid before the Parliament in August 2015. It presented a medium-term perspective on fiscal indicators and expenditure categories. A comparison of the Budget estimates with the MTEF reveals that pension expenditure is budgeted to be significantly higher than the MTEF, resulting in a cut back in other areas *viz.*, capital expenditure, interest payments and fertilizer and petroleum subsidies (Table).

Table: Deviation in Budget Estimate from MTEF Statement

(₹ Billion)

Expenditure Items	2016-17		Difference	
	Budget Estimate	Projection by MTEF	Amount	%
1	2	3	4	5
Revenue Expenditure	**17310.4**	**16604.8**	**705.7**	**4.2**
of which				
(i) Interest	4926.7	4960.0	-33.3	-0.7
(ii) Pension	1233.7	1026.4	207.3	20.2
(iii) Major Subsidies	2317.9	2390.0	-72.1	-3.0
a. Fertiliser	700.0	750.0	-50.0	-6.7
b. Food	1348.4	1320.0	28.4	2.2
c. Petroleum	269.5	320.0	-50.5	-15.8
Capital Expenditure	**2470.2**	**2609.7**	**-139.5**	**-5.3**
Total Expenditure	**19780.6**	**19214.4**	**566.2**	**2.9**

The Budget has identified the limited scope for further expenditure rationalization in view of higher committed components and persistent expenditure rationalization exercises carried out over the last few years.

II.2.a Revenue Expenditure

Revenue expenditure is estimated to grow by 11.8 per cent in 2016-17 reflecting the provisions made for implementation of CPC VII and OROP in defence services. Central government's expenditure on pension is budgeted to grow by 28.9 per cent as against 2.3 per cent in 2015-16 (RE); in terms of GDP, expenditure on pension works out to 0.8 per cent in 2016-17 as compared with 0.7 per cent in 2015-16 (RE). In continuation of the process of subsidy reforms, expenditure on major subsidies *viz.,* food, fuel and fertilizer is estimated to reduce to 1.5 per cent of GDP in 2016-17 from 1.8 per cent of GDP in 2015-16 (RE) (Table 3). The government is on track to further

Table 3: Subsidies

(₹ Billion)

Items	2014-15(Actual)		2015-16 (BE)		2015-16 (RE)		2016-17 (BE)	
	Amount	Per cent to GDP	Amount	Per cent to GDP	Amount	Per cent to GDP	Amount	Per cent to GDP
1	2	3	4	5	6	7	8	9
Total Subsidies	**2,583**	**2.1**	**2,438**	**1.7**	**2,578**	**1.9**	**2,504**	**1.7**
i. Food	1,177	0.9	1,244	0.9	1,394	1.0	1,348	0.9
ii. Fertiliser	711	0.6	730	0.5	724	0.5	700	0.5
iii. Petroleum	603	0.5	300	0.2	300	0.2	269	0.2
iv. Interest subsidy	76	0.1	149	0.1	138	0.1	155	0.1
v. Other subsidies	16	0.0	15	0.0	21	0.0	31	0.0

rationalize subsidy expenditure through various initiatives such as Direct Benefit Transfer (DBT), reform in LPG subsidies as well as in the fertilizer sector through the New Urea Policy. Given the anticipated expansion and full implementation of the National Food Security Act (NFSA) across all states, it is necessary to undertake reforms in order to increase efficiency of procurement and distribution system.

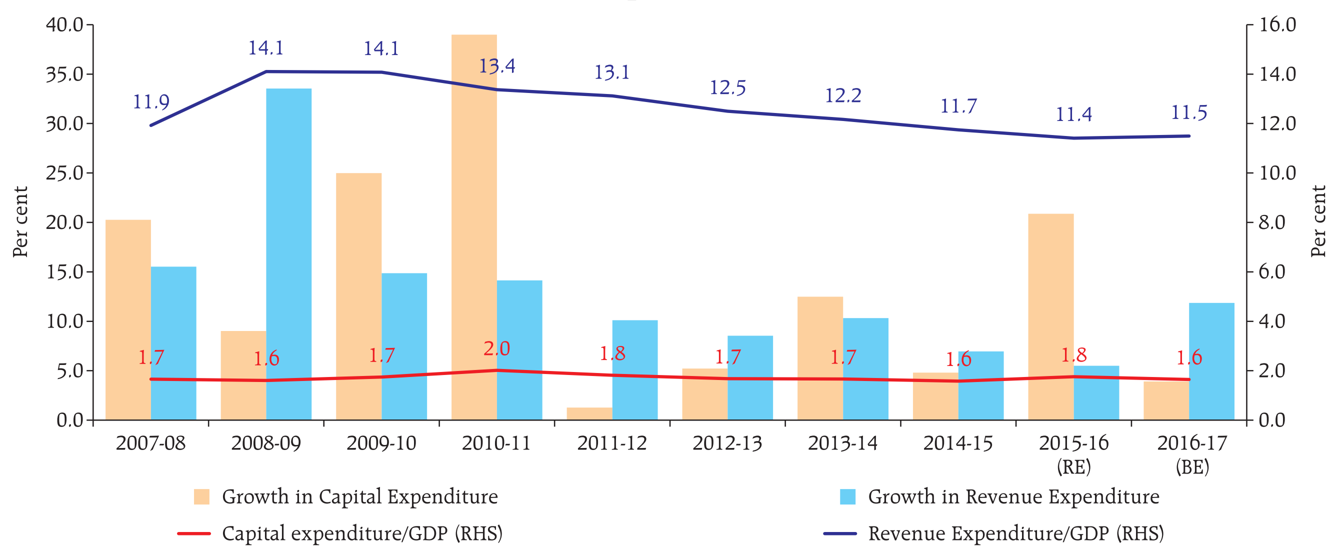
II.2.b Capital Expenditure

The growth in capital expenditure is budgeted to decelerate sharply to 3.9 per cent in 2016-17 with capital outlay (excluding defence) estimated to grow at a modest rate of 2.3 per cent (Chart 3). This is partly due to a base effect since non-defence capital outlay grew by 51.7 per cent in 2015-16 (RE) over 2014-15. As proportion to GDP, capital expenditure is estimated to decline to 1.6 per cent from 1.8 per cent in 2015-16 (RE). Capital expenditure on major infrastructure is estimated to grow by only 3.0 per cent in 2016-17 (BE). While capital expenditure on 'roads and bridges' is budgeted lower at ₹147.2 billion in 2016-17, revenue expenditure on the same has more than doubled to ₹549.4 billion. In line with the recapitalization path outlined by the government under the Indradhanush plan[4], the Budget has allocated ₹250 billion for recapitalization of the PSBs. The Budget has also allowed additional extra budgetary resources of ₹313 billion to be mobilized by NHAI, PFC, REC, IERDA, NABARD and Inland Water Authority by raising bonds from the market.

III. Resource Transfers to States

States' share in central taxes is budgeted to increase by 13 per cent in 2016-17 (BE) over and above a 50 per cent increase in 2015-16 (RE), pursuant to the recommendations by the Fourteenth Finance Commission for higher devolution of taxes[5] (Table 4). Gross and net transfers, as ratios to GDP, are budgeted at 6.2 per cent and 6.1 per cent, respectively. Based on

Chart 3: Expenditure Trends



Note: Capital Expenditure in 2007-08 excludes government purchase of RBI's stake in SBI

[4] The plan had estimated capital requirement of ₹1800 billion for PSBs during 2015-16 to 2018-19 in order to meet the Basel III capital requirements, of which budgetary support would be around ₹700 billion while the rest have to be raised from the market by PSBs.

[5] The Union Government accepted the recommendations of the Fourteenth Finance Commission (FFC) to increase the states' share in the divisible pool of taxes from 32 per cent to 42 per cent.

Table 4: Gross and Net Transfers from Centre to States

(₹ billion)

Items	2014-15	2015-16 (BE)	2015-16 (RE)	2016-17 (BE)
1	2	3	4	5
1. States' share in Central Taxes	3,378.1	5,239.6	5,061.9	5,703.4
2. Non-Plan Grants & Loans	772.0	1,086.3	1,083.1	1,184.4
3. Central Assistance for State & UT (with Legislature) Plans*	2,708.3	2,196.5	2,161.1	2,419.0
4. Total Grants & Loans (2+3)	3,480.3	3,282.8	3,244.2	3,603.4
Grants	3,360.2	3,157.0	3,118.4	3,477.6
Loans	120.1	125.8	125.8	125.8
5. Less-Recovery of Loans & Advances	106.6	92.7	90.9	94.7
6. Net Resources transferred to State and UT Governments (1+4-5)	6,751.8	8,429.6	8,215.2	9,212.0
Gross Transfers / GDP (per cent)	5.5	6.0	6.1	6.2
Net Transfers / GDP (per cent)	5.4	6.0	6.1	6.1

* With effect from 2014-15, funds for centrally sponsored schemes are routed through the state budgets as part of central assistance to state plans.
Note: The data on resource transfer from Centre to the states as presented in the Union Budget may vary from those in the state budgets. States, generally, tend to overestimate grants in aid from the Centre while underestimating the amount of shareable central taxes.

the recommendations of Sub-Group of Chief Ministers constituted under NITI Aayog, the government has decided that the funding of the core schemes[6] will be retained as per the existing sharing pattern. The sharing pattern of the core schemes which form part of the National Development Agenda will be at 60:40 except for 8 North-Eastern and 3 Himalayan States for whom it has been kept at 90:10. The non-core schemes have been kept in the optional category with a sharing pattern of 50:50.

IV. Market Borrowings and Liabilities

The Budget has estimated that out of the total borrowing requirements of ₹ 5,339 billion, net market borrowings (dated securities and 364-day treasury bills) would finance 79.6 per cent of GFD in 2016-17 as against 84.4 per cent in 2015-16 (RE) (Table 5).

[6] Krishi Vikas Yojana, Pradhan Manti Krishi Sinchai Yojana, National Health Mission, ICDS, etc., which form part of National Development Agenda

Table 5: Financing Pattern of Gross Fiscal Deficit

(₹ Billion)

Items	2014-15 (Actual)	2015-16 (RE)	2016-17 (BE)
1	2	3	4
Gross Fiscal Deficit	5,107	5,351	5,339
	(100.0)	(100.0)	(100.0)
Financed by			
Net Market Borrowings*	4,576.2	4,514.9	4,251.8
	(89.6)	(84.4)	(79.6)
Other treasury bills	30	578	166
	(0.6)	(10.8)	(3.1)
Securities Issued against Small Savings (net)	322	534	221
	(6.3)	(10.0)	(4.1)
External Assistance	129	115	191
	(2.5)	(2.1)	(3.6)
State Provident Fund	119	110	120
	(2.3)	(2.1)	(2.2)
NSSF	-180	-127	0
	-(3.5)	-(2.4)	(0.0)
Reserve Fund	51	-5	-80
	(1.0)	-(0.1)	-(1.5)
Deposits and Advances	275	304	240
	(5.4)	(5.7)	(4.5)
Draw Down of Cash Balances	778	-221	132
	(15.2)	-(4.1)	(2.5)
Others	-994	-453	97
	-(19.5)	-(8.5)	(1.8)

*Includes Dated Securities and 364-day Treasury Bills taking into account the net impact of switching off securities.
Note: Figures in parenthesis represent percentages to GFD.

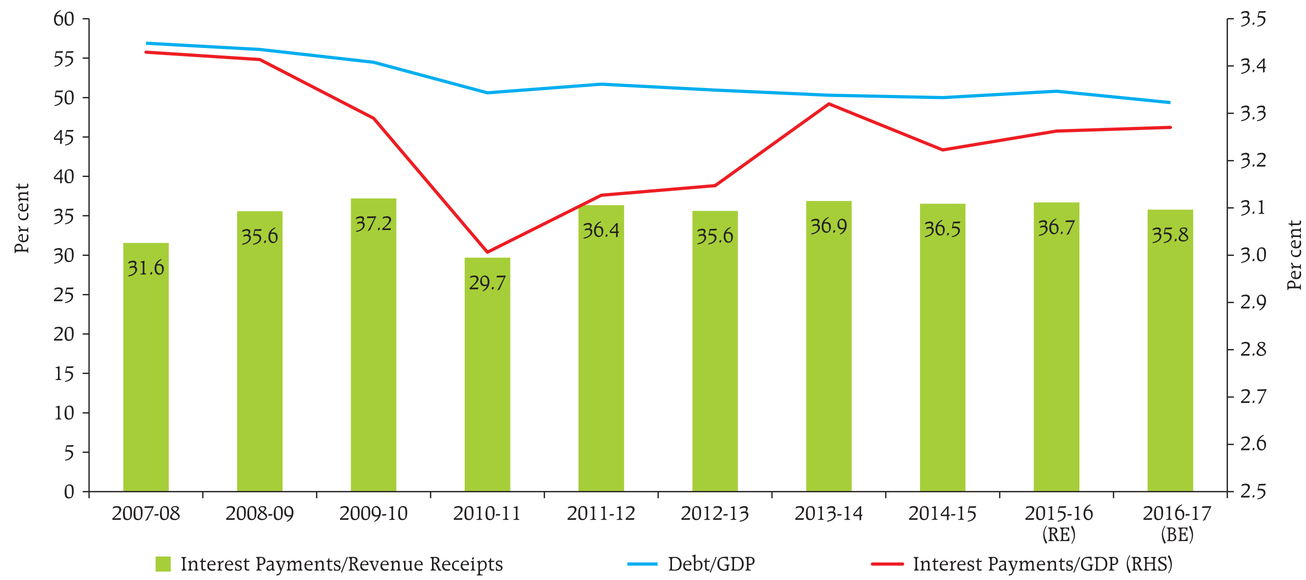
Interest payments to net tax revenue to remain unchanged in 2016-17

Reflecting the fiscal consolidation efforts, total liabilities-GDP ratio of the Central government is budgeted to decline to 49.4 per cent in 2016-17 from 50.8 per cent in 2015-16 (RE). Interest payments as a ratio to net tax revenue are budgeted to remain at the same level of 46.7 per cent as in the previous year (Chart 4).

V. Overall Assessment

The Union Budget for 2016-17 emphasizes on reviving rural demand for a more balanced and inclusive approach to growth. Given the constraints and the macroeconomic environment, the Budget 2016-17 reflects the strategy of boosting the economy while adhering to the path of fiscal

Chart 4: Debt and Interest Burden of the Central Government



consolidation. On structural reforms, the intent of the Budget announcements has been to encourage entrepreneurship through incentives, cutting red tape and building the necessary infrastructure. The Budget includes measures to ease doing business, including opening up road transport to the private sector, allowing greater FDI, and providing tax incentives for manufacturing start-ups, among others.

By adhering to the fiscal targets for 2015-16, the Budget has given a credibility boost to its stated goals of fiscal consolidation. All deficit indicators are projected to be at their lowest since the global financial crisis of 2008 which would help in anchoring inflation expectations and facilitate monetary policy transmission.

The increase in the gross tax revenues includes the impact of additional resource mobilization measures taken by the government on direct and indirect taxes as well as rationalization of certain tax exemptions. The estimated increase in non-tax revenues factors in higher receipts through spectrum auction and dividends receipts. The reliance on disinvestment receipts, however, continues to be high, despite poor marksmanship in attaining the target in earlier years. Relying on disinvestment and spectrum sales more than tax revenues, however, implies a smaller drag on growth.

The revenue component of total expenditure of the Centre is estimated to increase at a higher rate than capital expenditure in 2016-17. Even while accommodating the substantial increase in the revenue component of the Centre's expenditure due to pay and pension revision and OROP, efforts have been made to boost capital expenditure in 2016-17.

Finally, the Budget proposes to constitute a Committee to review the implementation of the FRBM Act, while reiterating its commitment to fiscal consolidation. Although both the central and state governments have made significant gains from implementation of FRBM, there is a gathering belief that a fiscal deficit range as opposed to a single target may be more appropriate in providing the necessary policy space to the government to deal with evolving situations.

Statement 1: Budget at a Glance

(₹ billion)

Items	2014-15 (Accounts)	2015-16 (Budget Estimates)	2015-16 (Revised Estimates)	2016-17 (Budget Estimates)	Variation in per cent	
					Col.4 over Col. 2	Col. 5 over Col.4
1	2	3	4	5	6	7
1. Revenue Receipts (i+ii)	**11,014.7**	**11,415.8**	**12,060.8**	**13,770.2**	**9.5**	**14.2**
i) Tax Revenue (Net to Centre)	9,036.2	9,198.4	9,475.1	10,541.0	4.9	11.2
ii) Non-tax Revenue	1,978.6	2,217.3	2,585.8	3,229.2	30.7	24.9
of which:						
Interest Receipts	238.0	236.0	231.4	296.2	-2.8	28.0
2. Capital Receipts	**5,622.0**	**6,359.0**	**5,793.1**	**6,010.4**	**3.0**	**3.8**
of which:						
i) Market Borrowings *	4,576.17	4,645.31	4,514.89	4,251.81	-1.3	-5.8
ii) Recoveries of Loans	137.4	107.5	189.1	106.3	37.6	-43.8
iii) Miscellaneous Capital Receipts	377.4	695.0	253.1	565.0	-32.9	123.2
3. Total Receipts (1+2)	**16,636.7**	**17,774.8**	**17,853.9**	**19,780.6**	**7.3**	**10.8**
4. Revenue Expenditure (i + ii)	**14,669.9**	**15,360.5**	**15,476.7**	**17,310.4**	**5.5**	**11.8**
i) Non-Plan	11,093.9	12,060.3	12,126.7	13,274.1	9.3	9.5
ii) Plan	3,576.0	3,300.2	3,350.0	4,036.3	-6.3	20.5
5. Capital Expenditure (i + ii)	**1,966.8**	**2,414.3**	**2,377.2**	**2,470.2**	**20.9**	**3.9**
i) Non-Plan	916.4	1,061.7	955.3	1,006.4	4.2	5.4
ii) Plan	1,050.5	1,352.6	1,421.9	1,463.8	35.4	2.9
6. Total Non-Plan Expenditure (4i + 5i)	**12,010.3**	**13,122.0**	**13,081.9**	**14,280.5**	**8.9**	**9.2**
of which:						
i) Interest Payments	4,024.4	4,561.5	4,426.2	4,926.7	10.0	11.3
ii) Defence	2,186.9	2,467.3	2,246.4	2,491.0	2.7	10.9
iii) Major Subsidies	2,490.2	2,273.9	2,418.6	2,317.8	-2.9	-4.2
7. Total Plan Expenditure (4ii + 5ii)	**4,626.4**	**4,652.8**	**4,772.0**	**5,500.1**	**3.1**	**15.3**
8. Total Expenditure (6+7=4+5)	**16,636.7**	**17,774.8**	**17,853.9**	**19,780.6**	**7.3**	**10.8**
9. Revenue Deficit (4-1)	**3,655.2**	**3,944.7**	**3,415.9**	**3,540.2**	**-6.5**	**3.6**
	(2.9)	**(2.8)**	**(2.5)**	**(2.3)**		
10. Effective Revenue Deficit	**2,347.6**	**2,839.2**	**2,095.9**	**1,871.8**	**-10.7**	**-10.7**
	(1.9)	**(2.0)**	**(1.5)**	**(1.2)**		
11. Gross Fiscal Deficit (8-(1+2ii+2iii))	**5,107.3**	**5,556.5**	**5,350.9**	**5,339.0**	**4.8**	**-0.2**
	(4.1)	**(3.9)**	**(3.9)**	**(3.5)**		
12. Gross Primary Deficit (11-6i)	**1,082.8**	**995.0**	**924.7**	**412.3**	**-14.6**	**-55.4**
	(0.9)	**(0.7)**	**(0.7)**	**(0.3)**		

Notes : 1) Capital Receipts are net of repayments.
2) *Includes Dated Securities and 364-day Treasury Bills ,taking into account the net impact of switching off of securities.
3) Figures in parenthesis are as per cent of GDP

Source : Budget documents of the Government of India, 2016-17

CURRENT STATISTICS

Contents

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

No. 1: Select Economic Indicators

Item	2015-16	2014-15		2015-16	
		Q2	Q3	Q2	Q3
	1	2	3	4	5
1 Real Sector (% Change)					
1.1 GVA at Basic Prices	7.3	8.1	6.7	7.5	7.1
1.1.1 Agriculture	1.1	2.8	-2.4	2.0	-1.0
1.1.2 Industry	8.8	6.2	3.4	8.4	11.2
1.1.3 Services	8.4	9.9	11.7	8.5	8.6
1.1a Final Consumption Expenditure	6.9	10.3	5.3	5.4	6.1
1.1b Gross Fixed Capital Formation	5.3	2.2	3.7	7.6	2.8
	2015-16	2015		2016	
		Feb.	Mar.	Feb.	Mar.
	1	2	3	4	5
1.2 Index of Industrial Production	..	4.9	2.5	2.0	..
2 Money and Banking (% Change)					
2.1 Scheduled Commercial Banks					
2.1.1 Deposits	9.9	11.0	11.4	10.3	9.9
2.1.2 Credit	11.3	8.9	9.5	11.5	11.3
2.1.2.1 Non-food Credit	11.3	9.2	9.8	11.5	11.3
2.1.3 Investment in Govt. Securities	6.0	13.2	13.2	6.8	6.0
2.2 Money Stock Measures					
2.2.1 Reserve Money (M0)	13.1	11.2	11.3	14.2	13.1
2.2.2 Broad Money (M3)	10.5	11.2	10.9	11.4	10.5
3 Ratios (%)					
3.1 Cash Reserve Ratio	4.00	4.00	4.00	4.00	4.00
3.2 Statutory Liquidity Ratio	21.50	21.50	21.50	21.50	21.50
3.3 Cash-Deposit Ratio	4.7	4.9	5.0	4.8	4.7
3.4 Credit-Deposit Ratio	77.6	76.0	76.5	76.8	77.6
3.5 Incremental Credit-Deposit Ratio	87.7	58.7	64.8	79.2	87.7
3.6 Investment-Deposit Ratio	28.1	29.8	29.2	28.8	28.1
3.7 Incremental Investment-Deposit Ratio	17.6	40.2	33.2	25.2	17.6
4 Interest Rates (%)					
4.1 Policy Repo Rate	6.75	7.75	7.50	6.75	6.75
4.2 Reverse Repo Rate	5.75	6.75	6.50	5.75	5.75
4.3 Marginal Standing Facility (MSF) Rate	7.75	8.75	8.50	7.75	7.75
4.4 Bank Rate	7.75	8.75	8.50	7.75	7.75
4.5 Base Rate	9.30/9.70	10.00/10.25	10.00/10.25	9.30/9.70	9.30/9.70
8.1 MCLR	..	..	..	..	..
4.6 Term Deposit Rate >1 Year	7.00/7.50	8.00/8.75	8.00/8.75	7.00/7.90	7.00/7.50
4.7 Savings Deposit Rate	4.00	4.00	4.00	4.00	4.00
4.8 Call Money Rate (Weighted Average)	7.35	7.65	7.36	6.73	7.35
4.9 91-Day Treasury Bill (Primary) Yield	7.27	8.39	8.27	0.00	7.27
4.10 182-Day Treasury Bill (Primary) Yield	7.17	8.33	8.14	0.00	7.17
4.11 364-Day Treasury Bill (Primary) Yield	7.11	8.04	7.98	7.28	7.11
4.12 10-Year Government Securities Yield	7.42				
5 RBI Reference Rate and Forward Premia		..	..	..	..
5.1 INR-US$ Spot Rate (₹ Per Foreign Currency)	66.33	61.79	62.59	68.78	66.33
5.2 INR-Euro Spot Rate (₹ Per Foreign Currency)	75.10	69.29	67.51	76.04	75.10
5.3 Forward Premia of US$ 1-month (%)	6.78	9.32	9.78	8.29	6.78
3-month (%)	6.63	8.29	8.50	7.36	6.63
6-month (%)	6.57				
6 Inflation (%)		..	..	..	..
6.3 Wholesale Price Index	-2.5	-2.2	-2.3	-0.9	-0.9
6.3.1 Primary Articles	0.2	1.0	0.1	1.6	2.1
6.3.2 Fuel and Power	-11.6	-14.8	-12.6	-6.4	-8.3
6.3.3 Manufactured Products	-1.1	0.3	-0.2	-0.6	-0.1
6.1 All India Consumer Price Index	4.9	5.4	5.3	5.3	5.4
6.2 Consumer Price Index for Industrial Workers	5.6				
7 Foreign Trade (% Change)		..	..	..	..
7.1 Imports	-15.3	-16.0	-13.5	-5.5	-21.6
7.2 Exports	-15.9	-13.8	-21.3	-5.9	-5.5

Reserve Bank of India

No. 2: RBI - Liabilities and Assets

(₹ Billion)

Item	As on the Last Friday/ Friday						
	2015-16	2015	2016				
		Apr.	Mar. 25	Apr. 8	Apr. 15	Apr. 22	Apr. 29
	1	2	3	4	5	6	7
1 Issue Department							
1.1 Liabilities							
1.1.1 Notes in Circulation	16,512.44	14,727.51	16,512.44	16,721.05	16,955.03	17,023.94	16,979.79
1.1.2 Notes held in Banking Department	0.16	0.12	0.16	0.14	0.13	0.12	0.13
1.1/1.2 Total Liabilities (Total Notes Issued) or Assets	**16,512.60**	**14,727.63**	**16,512.60**	**16,721.19**	**16,955.17**	**17,024.07**	**16,979.92**
1.2 Assets							
1.2.1 Gold Coin and Bullion	694.86	624.40	694.86	699.20	699.20	699.20	699.20
1.2.2 Foreign Securities	15,804.14	14,090.03	15,804.14	16,009.21	16,243.57	16,311.03	16,267.43
1.2.3 Rupee Coin	3.14	2.73	3.14	2.32	1.94	3.38	2.83
1.2.4 Government of India Rupee Securities	10.46	10.46	10.46	10.46	10.46	10.46	10.46
2 Banking Department							
2.1 Liabilities							
2.1.1 Deposits	6,481.57	5,183.32	6,481.57	5,215.79	4,786.76	4,767.34	4,897.15
2.1.1.1 Central Government	1.01	1.00	1.01	1.01	1.01	1.01	1.01
2.1.1.2 Market Stabilisation Scheme	–	–	–	–	–	–	–
2.1.1.3 State Governments	1.99	0.42	1.99	0.42	4.95	0.42	0.42
2.1.1.4 Scheduled Commercial Banks	3,906.19	3,732.24	3,906.19	3,858.63	3,895.20	4,048.89	3,982.72
2.1.1.5 Scheduled State Co-operative Banks	37.97	32.55	37.97	36.23	36.87	37.60	35.87
2.1.1.6 Non-Scheduled State Co-operative Banks	14.07	11.91	14.07	13.82	14.95	14.15	13.37
2.1.1.7 Other Banks	211.08	189.14	211.08	212.33	214.87	214.50	212.88
2.1.1.8 Others	2,309.26	1,216.05	2,309.26	1,093.35	618.92	450.76	650.87
2.1.2 Other Liabilities	9,627.82	8,361.76	9,627.82	9,670.16	9,690.44	9,773.39	9,869.16
2.1/2.2 Total Liabilities or Assets	**16,109.39**	**13,545.08**	**16,109.39**	**14,885.95**	**14,477.21**	**14,540.74**	**14,766.32**
2.2 Assets							
2.2.1 Notes and Coins	0.16	0.12	0.16	0.14	0.13	0.12	0.13
2.2.2 Balances held Abroad	6,553.25	6,417.18	6,553.25	6,519.19	6,294.57	6,336.79	6,488.08
2.2.3 Loans and Advances							
2.2.3.1 Central Government	–	–	–	–	–	–	–
2.2.3.2 State Governments	11.92	17.33	11.92	10.16	30.23	23.96	18.39
2.2.3.3 Scheduled Commercial Banks	2,465.69	1,130.90	2,465.69	1,267.41	939.95	964.16	886.50
2.2.3.4 Scheduled State Co-op.Banks	–	–	–	–	–	–	–
2.2.3.5 Industrial Dev. Bank of India	–	–	–	–	–	–	–
2.2.3.6 NABARD	–	–	–	–	–	–	–
2.2.3.7 EXIM Bank	–	–	–	–	–	–	–
2.2.3.8 Others	145.93	52.58	145.93	93.15	60.35	61.51	59.69
2.2.4 Bills Purchased and Discounted							
2.2.4.1 Internal	–	–	–	–	–	–	–
2.2.4.2 Government Treasury Bills	–	–	–	–	–	–	–
2.2.5 Investments	6,122.94	5,216.19	6,122.94	6,173.03	6,326.89	6,327.60	6,483.76
2.2.6 Other Assets	809.50	710.78	809.50	822.86	825.07	826.60	829.75
2.2.6.1 Gold	631.16	567.20	631.16	635.10	635.10	635.10	635.10

No. 3: Liquidity Operations by RBI

(₹ Billion)

Date	Liquidity Adjustment Facility				MSF	Standing Liquidity Facilities	OMO (Outright)		Net Injection (+)/ Absorption (-) (1+3+5+6+8-2-4-7)
	Repo	Reverse Repo	Variable Rate Repo	Variable Rate Reverse Repo			Sale	Purchase	
	1	2	3	4	5	6	7	8	9
Mar. 1, 2016	142.76	46.24	450.05	–	5.00	–	–	–	551.57
Mar. 2, 2016	70.42	48.89	150.04	–	4.20	–	–	–	175.77
Mar. 3, 2016	164.59	19.68	–	–	6.60	–	–	–	151.51
Mar. 4, 2016	79.97	72.91	270.04	110.91	20.50	–	–	120.00	306.69
Mar. 5, 2016	157.06	4.12	–	–	23.75	–	–	–	176.69
Mar. 7, 2016	–	68.51	–	–	24.30	–	–	–	–44.21
Mar. 8, 2016	236.17	33.81	405.10	–	39.15	–	–	–	646.61
Mar. 9, 2016	216.14	37.29	421.86	–	3.50	–	–	–	604.21
Mar. 10, 2016	69.51	51.15	150.01	–	–	–	–	–	168.37
Mar. 11, 2016	67.60	85.08	354.02	–	12.90	1.70	–	150.00	501.14
Mar. 14, 2016	93.63	33.62	–	–	17.93	0.40	–	–	78.34
Mar. 15, 2016	93.89	75.83	450.04	–	43.91	–	–	–	512.01
Mar. 16, 2016	201.37	37.87	722.00	–	23.45	–	–	–	908.95
Mar. 17, 2016	67.15	256.66	114.70	–	1.25	1.30	–	–	–72.26
Mar. 18, 2016	75.73	166.00	275.04	–	0.10	–	–	144.09	328.96
Mar. 19, 2016	15.00	40.11	–	–	0.35	–	–	–	–24.76
Mar. 21, 2016	207.58	84.75	200.06	–	0.80	–	–	–	323.69
Mar. 22, 2016	213.16	212.88	441.11	–	0.50	–	–	–	441.89
Mar. 23, 2016	224.85	177.43	373.05	–	7.25	–	–	–	427.72
Mar. 24, 2016	–	157.18	–	–	6.65	–	–	–	–150.53
Mar. 28, 2016	158.26	341.56	321.24	–	3.76	–2.90	–	–	138.80
Mar. 29, 2016	60.86	352.87	487.02	–	2.90	–2.70	–	–	195.21
Mar. 30, 2016	66.07	430.56	447.01	–	18.31	4.90	–	–	105.73
Mar. 31, 2016	178.54	419.50	685.76	–	600.54	–	–	–	1,045.34

No. 4: Sale/ Purchase of U.S. Dollar by the RBI

i) Operations in OTC segment

Item	2014-15	2015	2016	
		Mar.	Feb.	Mar.
	1	2	3	4
1 Net Purchase/ Sale of Foreign Currency (US $ Million) (1.1–1.2)	54,837.00	7,671.00	–3,341.00	4,686.00
1.1 Purchase (+)	124,414.00	10,651.00	3,462.00	8,034.00
1.2 Sale (–)	69,577.00	2,980.00	6,803.00	3,348.00
2 ₹ equivalent at contract rate (₹ Billion)	3,308.59	481.28	–233.71	309.51
3 Cumulative (over end-March) (US $ Million)	56,882.00	56,882.00	5,523.00	10,209.00
(₹ Billion)	3,430.69	3,430.69	321.38	630.89
4 Outstanding Net Forward Sales (–)/ Purchase (+) at the end of month (US $ Million)	8,322.00	8,322.00	–2,410.00	–4,253.00

ii) Operations in currency futures segment

Item	2014-15	2015	2016	2016
		Mar.	Feb.	Mar.
	1	2	3	4
1 Net Purchase/ Sale of Foreign Currency (US $ Million) (1.1–1.2)	0.00	0.00	–970.00	970.00
1.1 Purchase (+)	0.00	0.00	1,780.00	970.00
1.2 Sale (–)	0.00	0.00	2,750.00	0.00
2 Outstanding Net Currency Futures Sales (–)/ Purchase (+) at the end of month (US $ Million)	0.00	0.00	–970.00	0.00

No. 4 A : Maturity Breakdown (by Residual Maturity) of Outstanding Forwards of RBI (US $ Million)

Item	As on March 31, 2016		
	Long (+)	Short (-)	Net (1-2)
	1	2	3
1. Upto 1 month	800	800	0
2. More than 1 month and upto 3 months	5,295	740	4,555
3. More than 3 months and upto 1 year	17,972	25,018	-7,046
4. More than 1 year	455	2,217	-1,762
Total (1+2+3+4)	**24,522**	**28,775**	**-4,253**

No. 5: RBI's Standing Facilities

(₹ Billion)

Item	As on the Last Reporting Friday							
	2014-15	2015			2016			
		Mar. 20	Nov. 27	Dec. 25	Jan. 22	Feb. 19	Mar. 18	Apr. 29
	1	2	3	4	5	6	7	8
1 MSF	41.9	41.9	57.5	0.8	26.2	21.5	0.1	12.5
2 Export Credit Refinance for Scheduled Banks								
2.1 Limit	128.2	128.2	–	–	–	–	–	–
2.2 Outstanding	51.8	51.8	–	–	–	–	–	–
3 Liquidity Facility for PDs								
3.1 Limit	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0
3.2 Outstanding	17.0	17.0	22.2	22.1	22.3	22.9	27.7	27.6
4 Others								
4.1 Limit	–	–	–	–	–	–	–	–
4.2 Outstanding	–	–	–	–	–	–	–	–
5 Total Outstanding (1+2.2+3.2+4.2)	110.7	110.7	79.7	22.9	48.5	44.4	27.8	40.1

Money and Banking

No. 6: Money Stock Measures

(₹ Billion)

Item	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2015-16	2015	2016		
		Mar. 20	Feb. 19	Mar. 4	Mar. 18
	1	2	3	4	5
1 Currency with the Public (1.1 + 1.2 + 1.3 – 1.4)	15,981.0	13,862.0	15,587.4	15,694.7	15,944.7
1.1 Notes in Circulation	16,415.6	14,289.1	16,023.9	16,135.3	16,379.4
1.2 Circulation of Rupee Coin	211.6	186.9	209.8	209.8	211.6
1.3 Circulation of Small Coins	7.4	7.4	7.4	7.4	7.4
1.4 Cash on Hand with Banks	653.7	621.3	653.8	657.8	653.7
2 Deposit Money of the Public	10,124.7	9,006.0	9,750.7	9,787.9	10,105.4
2.1 Demand Deposits with Banks	9,970.2	8,916.3	9,479.4	9,659.2	9,970.2
2.2 'Other' Deposits with Reserve Bank	154.5	89.6	271.3	128.7	135.2
3 M_1 (1 + 2)	**26,105.7**	**22,868.0**	**25,338.1**	**25,482.6**	**26,050.1**
4 Post Office Saving Bank Deposits	606.6	474.3	606.6	606.6	606.6
5 M_2 (3 + 4)	**26,712.3**	**23,342.3**	**25,944.7**	**26,089.2**	**26,656.8**
6 Time Deposits with Banks	90,437.7	82,577.6	90,620.1	91,018.6	90,437.7
7 M_3 (3 + 6)	**116,543.4**	**105,445.7**	**115,958.2**	**116,501.2**	**116,487.9**
8 Total Post Office Deposits	2,039.0	1,737.3	2,039.0	2,039.0	2,039.0
9 M_4 (7 + 8)	**118,582.4**	**107,182.9**	**117,997.2**	**118,540.3**	**118,526.9**

No. 7: Sources of Money Stock (M_3)

(₹ Billion)

Sources	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2015-16	2015	2016		
		Mar. 20	Feb. 19	Mar. 4	Mar. 18
	1	2	3	4	5
1 Net Bank Credit to Government	**32,410.3**	**30,068.7**	**33,373.1**	**34,323.3**	**32,459.4**
1.1 RBI's net credit to Government (1.1.1–1.1.2)	4,250.0	3,640.0	4,444.8	5,246.4	4,299.0
1.1.1 Claims on Government	6,167.0	5,295.3	5,721.1	5,811.1	6,120.2
1.1.1.1 Central Government	6,162.2	5,260.4	5,689.9	5,810.5	6,111.1
1.1.1.2 State Governments	4.8	34.8	31.2	0.6	9.1
1.1.2 Government deposits with RBI	1,917.0	1,655.3	1,276.3	564.7	1,821.1
1.1.2.1 Central Government	1,916.6	1,630.7	1,269.6	564.3	1,820.7
1.1.2.2 State Governments	0.4	24.6	6.7	0.4	0.4
1.2 Other Banks' Credit to Government	28,160.3	26,428.7	28,928.3	29,076.9	28,160.3
2 Bank Credit to Commercial Sector	**78,219.1**	**70,332.5**	**77,025.3**	**77,794.0**	**78,105.2**
2.1 RBI's credit to commercial sector	200.8	54.6	80.2	78.5	86.9
2.2 Other banks' credit to commercial sector	78,018.3	70,277.9	76,945.1	77,715.5	78,018.3
2.2.1 Bank credit by commercial banks	72,776.5	65,364.2	71,727.4	72,485.1	72,776.5
2.2.2 Bank credit by co-operative banks	5,203.2	4,855.4	5,166.8	5,191.6	5,203.2
2.2.3 Investments by commercial and co-operative banks in other securities	38.5	58.3	50.8	38.8	38.5
3 Net Foreign Exchange Assets of Banking Sector (3.1 + 3.2)	**24,907.1**	**22,325.9**	**24,938.2**	**24,612.2**	**24,699.0**
3.1 RBI's net foreign exchange assets (3.1.1–3.1.2)	23,834.8	21,092.2	23,865.9	23,539.9	23,626.7
3.1.1 Gross foreign assets	23,836.8	21,092.4	23,868.0	23,542.0	23,628.8
3.1.2 Foreign liabilities	2.0	0.2	2.1	2.1	2.1
3.2 Other banks' net foreign exchange assets	1,072.3	1,233.7	1,072.3	1,072.3	1,072.3
4 Government's Currency Liabilities to the Public	**219.1**	**194.3**	**217.2**	**217.2**	**219.1**
5 Banking Sector's Net Non-monetary Liabilities	**19,212.1**	**17,475.8**	**19,595.7**	**20,445.4**	**18,994.8**
5.1 Net non-monetary liabilities of RBI	9,541.7	7,972.3	9,776.9	9,558.0	9,528.2
5.2 Net non-monetary liabilities of other banks (residual)	9,670.4	9,503.4	9,818.8	10,887.4	9,466.6
M_3 (1+2+3+4–5)	**116,543.4**	**105,445.7**	**115,958.2**	**116,501.2**	**116,487.9**

No. 8: Monetary Survey

(₹ Billion)

Item	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2015-16	2015	2016		
		Mar. 20	Feb. 19	Mar. 4	Mar. 18
	1	2	3	4	5
Monetary Aggregates					
NM_1 (1.1 + 1.2.1+1.3)	26,105.7	22,868.0	25,338.1	25,482.6	26,050.1
NM_2 (NM_1+ 1.2.2.1)	65,448.3	58,820.2	64,724.0	65,070.1	65,392.8
NM_3 (NM_2 + 1.2.2.2 + 1.4 = 2.1 + 2.2 + 2.3 – 2.4 – 2.5)	116,523.6	105,020.4	115,903.4	116,533.6	116,468.1
1 Components					
1.1 Currency with the Public	15,981.0	13,862.0	15,587.4	15,694.7	15,944.7
1.2 Aggregate Deposits of Residents	97,398.4	88,810.0	97,003.7	97,631.3	97,398.4
1.2.1 Demand Deposits	9,970.2	8,916.3	9,479.4	9,659.2	9,970.2
1.2.2 Time Deposits of Residents	87,428.2	79,893.7	87,524.3	87,972.2	87,428.2
1.2.2.1 Short-term Time Deposits	39,342.7	35,952.1	39,385.9	39,587.5	39,342.7
1.2.2.1.1 Certificates of Deposit (CDs)	2,068.2	2,974.5	2,182.1	2,085.7	2,068.2
1.2.2.2 Long-term Time Deposits	48,085.5	43,941.5	48,138.4	48,384.7	48,085.5
1.3 ‘Other’ Deposits with RBI	154.5	89.6	271.3	128.7	135.2
1.4 Call/Term Funding from Financial Institutions	2,989.8	2,258.7	3,041.0	3,078.8	2,989.8
2 Sources					
2.1 Domestic Credit	116,136.6	105,087.6	115,818.9	117,535.8	116,071.8
2.1.1 Net Bank Credit to the Government	32,410.3	30,068.7	33,373.1	34,323.3	32,459.4
2.1.1.1 Net RBI credit to the Government	4,250.0	3,640.0	4,444.8	5,246.4	4,299.0
2.1.1.2 Credit to the Government by the Banking System	28,160.3	26,428.7	28,928.3	29,076.9	28,160.3
2.1.2 Bank Credit to the Commercial Sector	83,726.3	75,018.9	82,445.8	83,212.5	83,612.4
2.1.2.1 RBI Credit to the Commercial Sector	200.8	54.6	80.2	78.5	86.9
2.1.2.2 Credit to the Commercial Sector by the Banking System	83,525.5	74,964.3	82,365.6	83,134.0	83,525.5
2.1.2.2.1 Other Investments (Non-SLR Securities)	5,412.0	4,653.3	5,364.3	5,354.6	5,412.0
2.2 Government’s Currency Liabilities to the Public	219.1	194.3	217.2	217.2	219.1
2.3 Net Foreign Exchange Assets of the Banking Sector	21,586.9	19,260.4	21,191.6	21,133.3	21,378.9
2.3.1 Net Foreign Exchange Assets of the RBI	23,834.8	21,092.2	23,865.9	23,539.9	23,626.7
2.3.2 Net Foreign Currency Assets of the Banking System	–2,247.8	–1,831.8	–2,674.3	–2,406.6	–2,247.8
2.4 Capital Account	18,310.9	16,773.5	18,684.6	18,417.8	18,381.1
2.5 Other items (net)	3,108.1	2,748.4	2,639.7	3,934.8	2,820.6

No. 9: Liquidity Aggregates

(₹ Billion)

Aggregates	2015-16	2015	2016		
		Mar.	Jan.	Feb.	Mar.
	1	2	3	4	5
1 NM_3	**116,523.6**	**105,076.4**	**113,923.1**	**115,903.4**	**116,523.6**
2 Postal Deposits	2,039.0	1,737.3	2,006.9	2,039.0	2,039.0
3 L_1 (1 + 2)	**118,562.6**	**106,813.7**	**115,930.0**	**117,942.4**	**118,562.6**
4 Liabilities of Financial Institutions	29.3	29.3	29.3	29.3	29.3
4.1 Term Money Borrowings	26.6	26.6	26.6	26.6	26.6
4.2 Certificates of Deposit	0.3	0.3	0.3	0.3	0.3
4.3 Term Deposits	2.5	2.5	2.5	2.5	2.5
5 L_2 (3 + 4)	**118,591.9**	**106,843.0**	**115,959.3**	**117,971.7**	**118,591.9**
6 Public Deposits with Non-Banking Financial Companies	351.6	321.2	..	..	351.6
7 L_3 (5 + 6)	**118,943.5**	**107,164.2**	..	..	**118,943.5**

No. 10: Reserve Bank of India Survey

(₹ Billion)

Item	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2015-16	2015	2016		
		Mar. 20	Feb. 19	Mar. 4	Mar. 18
	1	2	3	4	5
1 Components					
1.1 Currency in Circulation	16,634.6	14,483.3	16,241.1	16,352.5	16,598.4
1.2 Bankers' Deposits with the RBI	5,018.3	3,959.0	4,124.9	4,158.7	4,128.6
1.2.1 Scheduled Commercial Banks	4,738.7	3,730.7	3,871.1	3,905.3	3,874.4
1.3 'Other' Deposits with the RBI	154.5	89.6	271.3	128.7	135.2
Reserve Money (1.1 + 1.2 + 1.3 = 2.1 + 2.2 + 2.3 – 2.4 – 2.5)	21,807.4	18,532.0	20,637.3	20,640.0	20,862.2
2 Sources					
2.1 RBI's Domestic Credit	7,295.3	5,217.9	6,331.1	6,440.9	6,544.6
2.1.1 Net RBI credit to the Government	4,250.0	3,640.0	4,444.8	5,246.4	4,299.0
2.1.1.1 Net RBI credit to the Central Government (2.1.1.1.1 + 2.1.1.1.2 + 2.1.1.1.3 + 2.1.1.1.4 – 2.1.1.1.5)	4,245.6	3,629.8	4,420.3	5,246.2	4,290.4
2.1.1.1.1 Loans and Advances to the Central Government	–	–	–	–	–
2.1.1.1.2 Investments in Treasury Bills	–	–	–	–	–
2.1.1.1.3 Investments in dated Government Securities	6,159.5	5,257.6	5,688.3	5,807.9	6,109.5
2.1.1.1.3.1 Central Government Securities	6,149.0	5,247.1	5,677.8	5,797.5	6,099.0
2.1.1.1.4 Rupee Coins	2.8	2.8	1.6	2.6	1.6
2.1.1.1.5 Deposits of the Central Government	1,916.6	1,630.7	1,269.6	564.3	1,820.7
2.1.1.2 Net RBI credit to State Governments	4.3	10.3	24.4	0.2	8.7
2.1.2 RBI's Claims on Banks	2,844.5	1,523.2	1,806.1	1,116.1	2,158.7
2.1.2.1 Loans and Advances to Scheduled Commercial Banks	2,844.5	1,522.8	1,805.7	1,115.7	2,158.7
2.1.3 RBI's Credit to Commercial Sector	200.8	54.6	80.2	78.5	86.9
2.1.3.1 Loans and Advances to Primary Dealers	27.0	17.0	22.9	24.3	27.7
2.1.3.2 Loans and Advances to NABARD	–	–	–	–	–
2.2 Government's Currency Liabilities to the Public	219.1	194.3	217.2	217.2	219.1
2.3 Net Foreign Exchange Assets of the RBI	23,834.8	21,092.2	23,865.9	23,539.9	23,626.7
2.3.1 Gold	1,334.3	1,225.7	1,201.2	1,326.0	1,326.0
2.3.2 Foreign Currency Assets	22,500.6	19,866.6	22,664.9	22,214.1	22,300.9
2.4 Capital Account	8,728.0	8,166.4	9,078.8	8,831.6	8,798.3
2.5 Other Items (net)	813.7	-194.1	698.1	726.5	729.9

No. 11: Reserve Money - Components and Sources

(₹ Billion)

Item	Outstanding as on March 31/ last Fridays of the month/ Fridays						
	2015-16	2015	2016				
		Mar. 27	Feb. 26	Mar. 4	Mar. 11	Mar. 18	Mar. 25
	1	2	3	4	5	6	7
Reserve Money (1.1 + 1.2 + 1.3 = 2.1 + 2.2 + 2.3 + 2.4 + 2.5 – 2.6)	21,807.4	18,365.0	20,450.5	20,640.0	20,779.0	20,862.2	21,029.2
1 Components							
1.1 Currency in Circulation	16,634.6	14,459.2	16,209.8	16,352.5	16,548.2	16,598.4	16,731.5
1.2 Bankers' Deposits with RBI	5,018.3	3,809.5	4,113.2	4,158.7	4,103.6	4,128.6	4,169.3
1.3 'Other' Deposits with RBI	154.5	96.2	127.5	128.7	127.2	135.2	128.4
2 Sources							
2.1 Net Reserve Bank Credit to Government	4,250.0	3,820.9	4,487.7	5,246.4	4,903.0	4,299.0	4,319.9
2.2 Reserve Bank Credit to Banks	2,844.5	1,018.2	1,662.8	1,116.1	1,574.2	2,158.7	2,131.1
2.3 Reserve Bank Credit to Commercial Sector	200.8	120.3	80.7	78.5	83.3	86.9	168.9
2.4 Net Foreign Exchange Assets of RBI	23,834.8	21,244.2	23,707.9	23,539.9	23,606.2	23,626.7	23,681.3
2.5 Government's Currency Liabilities to the Public	219.1	194.3	217.2	217.2	217.2	219.1	219.1
2.6 Net Non- Monetary Liabilities of RBI	9,541.7	8,032.9	9,705.7	9,558.0	9,604.9	9,528.2	9,491.1

No. 12: Commercial Bank Survey

(₹ Billion)

Item	Outstanding as on last reporting Fridays of the month/ reporting Fridays of the month				
	2015-16	2015	2016		
		Mar. 20	Feb. 19	Mar. 4	Mar. 18
	1	2	3	4	5
1 Components					
1.1 Aggregate Deposits of Residents	90,777.0	82,648.9	90,416.6	91,019.3	90,777.0
1.1.1 Demand Deposits	8,984.4	7,940.3	8,496.4	8,675.1	8,984.4
1.1.2 Time Deposits of Residents	81,792.6	74,708.6	81,920.2	82,344.2	81,792.6
1.1.2.1 Short-term Time Deposits	36,806.7	33,618.9	36,864.1	37,054.9	36,806.7
1.1.2.1.1 Certificates of Deposits (CDs)	2,068.2	2,974.5	2,182.1	2,085.7	2,068.2
1.1.2.2 Long-term Time Deposits	44,986.0	41,089.7	45,056.1	45,289.3	44,986.0
1.2 Call/Term Funding from Financial Institutions	2,989.8	2,258.7	3,041.0	3,078.8	2,989.8
2 Sources					
2.1 Domestic Credit	104,595.6	94,881.9	104,231.6	105,124.5	104,595.6
2.1.1 Credit to the Government	26,384.0	24,897.5	27,153.3	27,292.4	26,384.0
2.1.2 Credit to the Commercial Sector	78,211.6	69,984.3	77,078.2	77,832.2	78,211.6
2.1.2.1 Bank Credit	72,776.5	65,364.2	71,727.4	72,485.1	72,776.5
2.1.2.1.1 Non-food Credit	71,724.0	64,420.0	70,649.6	71,411.2	71,724.0
2.1.2.2 Net Credit to Primary Dealers	97.8	35.7	58.8	66.6	97.8
2.1.2.3 Investments in Other Approved Securities	14.9	20.7	17.3	15.6	14.9
2.1.2.4 Other Investments (in non-SLR Securities)	5,322.4	4,563.7	5,274.7	5,265.0	5,322.4
2.2 Net Foreign Currency Assets of Commercial Banks (2.2.1–2.2.2–2.2.3)	–2,247.8	–1,831.8	–2,674.3	–2,406.6	–2,247.8
2.2.1 Foreign Currency Assets	1,847.4	1,647.0	1,564.2	1,740.2	1,847.4
2.2.2 Non-resident Foreign Currency Repatriable Fixed Deposits	3,009.6	2,684.0	3,095.8	3,046.5	3,009.6
2.2.3 Overseas Foreign Currency Borrowings	1,085.6	794.8	1,142.7	1,100.3	1,085.6
2.3 Net Bank Reserves (2.3.1+2.3.2–2.3.3)	2,294.6	2,741.5	2,644.2	3,372.7	2,294.6
2.3.1 Balances with the RBI	3,874.4	3,730.7	3,871.1	3,905.3	3,874.4
2.3.2 Cash in Hand	578.9	533.5	578.9	583.1	578.9
2.3.3 Loans and Advances from the RBI	2,158.7	1,522.8	1,805.7	1,115.7	2,158.7
2.4 Capital Account	9,341.1	8,365.4	9,364.1	9,344.6	9,341.1
2.5 Other items (net) (2.1+2.2+2.3–2.4–1.1–1.2)	1,534.5	2,518.6	1,379.8	2,647.9	1,534.5
2.5.1 Other Demand and Time Liabilities (net of 2.2.3)	3,960.4	3,777.2	3,576.0	3,904.2	3,960.4
2.5.2 Net Inter-Bank Liabilities (other than to PDs)	–431.8	–620.4	–538.8	–471.8	–431.8

No. 13: Scheduled Commercial Banks' Investments

(₹ Billion)

Item	As on March 18, 2016	2015	2016		
		Mar. 20	Feb. 19	Mar. 04	Mar. 18
	1	2	3	4	5
1 SLR Securities	26,399.0	24,918.3	27,044.8	27,308.0	26,399.0
2 Commercial Paper	813.7	467.9	818.3	828.2	813.7
3 Shares issued by					
3.1 PSUs	80.7	81.8	80.6	80.8	80.7
3.2 Private Corporate Sector	433.2	365.8	431.3	442.3	433.2
3.3 Others	55.9	32.7	45.7	40.9	55.9
4 Bonds/Debentures issued by					
4.1 PSUs	896.8	809.5	835.9	780.7	896.8
4.2 Private Corporate Sector	1,315.0	1,159.2	1,261.3	1,286.2	1,315.0
4.3 Others	498.1	505.1	591.9	549.4	498.1
5 Instruments issued by					
5.1 Mutual funds	625.8	585.6	685.4	645.9	625.8
5.2 Financial institutions	603.2	627.6	622.1	610.7	603.2

No. 14: Business in India - All Scheduled Banks and All Scheduled Commercial Banks

(₹ Billion)

Item	As on the Last Reporting Friday (in case of March)/ Last Friday							
	All Scheduled Banks				All Scheduled Commercial Banks			
	2015-16	2015	2016		2015-16	2015	2016	
		Mar.	Feb.	Mar.		Mar.	Feb.	Mar.
	1	2	3	4	5	6	7	8
Number of Reporting Banks	214	214	214	214	147	147	147	147
1 Liabilities to the Banking System	**2,308.2**	**1,619.2**	**2,211.3**	**2,308.2**	**2,244.8**	**1,561.5**	**2,149.7**	**2,244.8**
1.1 Demand and Time Deposits from Banks	1,575.8	1,153.7	1,614.3	1,575.8	1,513.4	1,102.0	1,553.8	1,513.4
1.2 Borrowings from Banks	648.3	404.1	532.4	648.3	647.3	398.2	531.2	647.3
1.3 Other Demand and Time Liabilities	84.2	61.5	64.7	84.2	84.2	61.4	64.7	84.2
2 Liabilities to Others	**104,444.4**	**94,577.6**	**104,074.0**	**104,444.4**	**101,822.3**	**92,163.6**	**101,492.7**	**101,822.3**
2.1 Aggregate Deposits	96,307.8	87,651.2	95,671.3	96,307.8	93,786.5	85,332.9	93,205.0	93,786.5
2.1.1 Demand	9,191.0	8,125.7	8,854.9	9,191.0	8,984.4	7,940.3	8,654.2	8,984.4
2.1.2 Time	87,116.9	79,525.6	86,816.4	87,116.9	84,802.2	77,392.6	84,550.8	84,802.2
2.2 Borrowings	3,011.2	2,279.0	3,426.9	3,011.2	2,989.8	2,258.7	3,395.3	2,989.8
2.3 Other Demand and Time Liabilities	5,125.4	4,647.3	4,975.7	5,125.4	5,046.1	4,572.0	4,892.4	5,046.1
3 Borrowings from Reserve Bank	**2,324.7**	**1,582.5**	**1,775.0**	**2,324.7**	**2,324.7**	**1,582.0**	**1,774.6**	**2,324.7**
3.1 Against Usance Bills /Promissory Notes	–	–	–	–	–	–	–	–
3.2 Others	2,324.7	1,582.5	1,775.0	2,324.7	2,324.7	1,582.0	1,774.6	2,324.7
4 Cash in Hand and Balances with Reserve Bank	4,575.4	4,379.4	4,609.8	4,575.4	4,453.3	4,264.3	4,491.3	4,453.3
4.1 Cash in Hand	591.0	544.9	640.3	591.0	578.86	533.5	628.8	578.9
4.2 Balances with Reserve Bank	3,984.4	3,834.6	3,969.5	3,984.4	3,874.4	3,730.7	3,862.5	3,874.4
5 Assets with the Banking System	**3,158.0**	**2,581.2**	**2,929.6**	**3,158.0**	**2,774.4**	**2,217.7**	**2,566.0**	**2,774.4**
5.1 Balances with Other Banks	1,919.7	1,540.2	1,842.3	1,919.7	1,771.7	1,374.1	1,703.1	1,771.7
5.1.1 In Current Account	128.1	109.3	127.2	128.1	113.7	91.3	109.4	113.7
5.1.2 In Other Accounts	1,791.6	1,430.9	1,715.1	1,791.6	1,658.1	1,282.7	1,593.7	1,658.1
5.2 Money at Call and Short Notice	526.7	374.3	333.6	526.7	359.2	225.9	188.4	359.2
5.3 Advances to Banks	273.3	192.5	288.6	273.3	260.5	189.2	278.6	260.5
5.4 Other Assets	438.3	474.2	465.0	438.3	383.0	428.5	395.9	383.0
6 Investment	**27,162.7**	**25,610.7**	**27,663.3**	**27,162.7**	**26,398.9**	**24,918.3**	**26,902.8**	**26,398.9**
6.1 Government Securities	27,142.9	25,586.6	27,641.4	27,142.9	26,384.0	24,897.5	26,883.9	26,384.0
6.2 Other Approved Securities	19.8	24.0	21.9	19.8	14.9	20.7	18.9	14.9
7 Bank Credit	**74,998.7**	**67,426.9**	**73,893.2**	**74,998.7**	**72,776.5**	**65,364.2**	**71,729.8**	**72,776.5**
7a Food Credit	1,215.2	1,078.0	1,223.1	1,215.2	1,052.5	944.2	1,060.4	1,052.5
7.1 Loans, Cash-credits and Overdrafts	72,803.0	65,154.2	71,665.4	72,803.0	70,617.3	63,123.9	69,536.4	70,617.3
7.2 Inland Bills-Purchased	264.5	348.6	264.1	264.5	257.4	344.1	258.2	257.4
7.3 Inland Bills-Discounted	1,311.8	1,221.1	1,341.4	1,311.8	1,288.7	1,199.9	1,319.1	1,288.7
7.4 Foreign Bills-Purchased	205.8	242.6	201.8	205.8	204.4	241.2	200.3	204.4
7.5 Foreign Bills-Discounted	413.6	460.3	420.5	413.6	408.8	455.2	415.8	408.8

No. 15: Deployment of Gross Bank Credit by Major Sectors

(₹ Billion)

Item	Outstanding as on				Growth (%)	
	Mar. 18, 2016	2015	2016		Financial year so far	Y-o-Y
		Mar. 20	Feb. 19	Mar. 18	2015-16	2016
	1	2	3	4	5	6
1 Gross Bank Credit	**66,500**	**61,023**	**65,779**	**66,500**	**0.0**	**9.0**
1.1 Food Credit	**1,031**	**994**	**1,041**	**1,031**	**0.0**	**3.7**
1.2 Non-food Credit	**65,469**	**60,030**	**64,738**	**65,469**	**0.0**	**9.1**
1.2.1 Agriculture & Allied Activities	**8,829**	**7,659**	**8,564**	**8,829**	**0.0**	**15.3**
1.2.2 Industry	**27,307**	**26,576**	**27,455**	**27,307**	**0.0**	**2.7**
1.2.2.1 Micro & Small	3,715	3,800	3,759	3,715	0.0	–2.3
1.2.2.2 Medium	1,148	1,245	1,144	1,148	0.0	–7.8
1.2.2.3 Large	22,444	21,531	22,552	22,444	0.0	4.2
1.2.3 Services	**15,411**	**14,131**	**14,970**	**15,411**	**0.0**	**9.1**
1.2.3.1 Transport Operators	997	916	986	997	0.0	8.9
1.2.3.2 Computer Software	191	172	188	191	0.0	10.9
1.2.3.3 Tourism, Hotels & Restaurants	371	370	375	371	0.0	0.0
1.2.3.4 Shipping	104	101	106	104	0.0	3.1
1.2.3.5 Professional Services	1,046	844	1,041	1,046	0.0	23.9
1.2.3.6 Trade	3,811	3,657	3,730	3,811	0.0	4.2
1.2.3.6.1 Wholesale Trade	1,686	1,801	1,686	1,686	0.0	–6.4
1.2.3.6.2 Retail Trade	2,125	1,856	2,044	2,125	0.0	14.5
1.2.3.7 Commercial Real Estate	1,776	1,665	1,766	1,776	0.0	6.7
1.2.3.8 Non-Banking Financial Companies (NBFCs)	3,527	3,117	3,311	3,527	0.0	13.2
1.2.3.9 Other Services	3,587	3,289	3,467	3,587	0.0	9.1
1.2.4 Personal Loans	**13,922**	**11,663**	**13,749**	**13,922**	**0.0**	**19.4**
1.2.4.1 Consumer Durables	178	153	171	178	0.0	16.0
1.2.4.2 Housing	7,468	6,285	7,359	7,468	0.0	18.8
1.2.4.3 Advances against Fixed Deposits	667	625	680	667	0.0	6.7
1.2.4.4 Advances to Individuals against share & bonds	64	54	59	64	0.0	18.1
1.2.4.5 Credit Card Outstanding	377	305	385	377	0.0	23.7
1.2.4.6 Education	682	633	682	682	0.0	7.7
1.2.4.7 Vehicle Loans	1,529	1,246	1,432	1,529	0.0	22.7
1.2.4.8 Other Personal Loans	2,958	2,362	2,982	2,958	0.0	25.2
1.2A Priority Sector	**22,259**	**20,103**	**21,853**	**22,259**	**0.0**	**10.7**
1.2A.1 Agriculture & Allied Activities	8,826	7,659	8,560	8,826	0.0	15.2
1.2A.2 Micro & Small Enterprises	8,476	8,003	8,380	8,476	0.0	5.9
1.2A.2.1 Manufacturing	3,715	3,800	3,759	3,715	0.0	–2.3
1.2A.2.2 Services	4,761	4,203	4,621	4,761	0.0	13.3
1.2A.3 Housing	3,423	3,224	3,416	3,423	0.0	6.2
1.2A.4 Micro-Credit	188	177	188	188	0.0	6.5
1.2A.5 Education Loans	601	592	605	601	0.0	1.6
1.2A.6 State-Sponsored Orgs. for SC/ST	5	3	5	5	0.0	47.7
1.2A.7 Weaker Sections	4,774	4,049	4,703	4,774	0.0	17.9
1.2A.8 Export Credit	424	426	371	424	0.0	–0.6

No. 16: Industry-wise Deployment of Gross Bank Credit

(₹ Billion)

Industry	Outstanding as on				Growth (%)	
	Mar. 18, 2016	2015	2016		Financial year so far	Y-o-Y
		Mar. 20	Feb. 19	Mar. 18	2015-16	2016
	1	2	3	4	5	6
1 Industry	**27,307**	**26,576**	**27,455**	**27,307**	**0.0**	**2.7**
1.1 Mining & Quarrying (incl. Coal)	**390**	**360**	**392**	**390**	**0.0**	**8.5**
1.2 Food Processing	**1,501**	**1,715**	**1,534**	**1,501**	**0.0**	**–12.5**
1.2.1 Sugar	400	414	380	400	0.0	–3.5
1.2.2 Edible Oils & Vanaspati	199	211	196	199	0.0	–5.5
1.2.3 Tea	36	32	36	36	0.0	12.6
1.2.4 Others	866	1,058	923	866	0.0	–18.1
1.3 Beverage & Tobacco	**181**	**186**	**185**	**181**	**0.0**	**–2.7**
1.4 Textiles	**2,058**	**2,019**	**2,044**	**2,058**	**0.0**	**1.9**
1.4.1 Cotton Textiles	1,035	1,000	1,029	1,035	0.0	3.4
1.4.2 Jute Textiles	22	22	22	22	0.0	–2.7
1.4.3 Man-Made Textiles	208	204	209	208	0.0	2.2
1.4.4 Other Textiles	793	793	784	793	0.0	0.1
1.5 Leather & Leather Products	**105**	**102**	**104**	**105**	**0.0**	**2.4**
1.6 Wood & Wood Products	**95**	**98**	**96**	**95**	**0.0**	**–3.4**
1.7 Paper & Paper Products	**355**	**341**	**358**	**355**	**0.0**	**4.2**
1.8 Petroleum, Coal Products & Nuclear Fuels	**512**	**561**	**475**	**512**	**0.0**	**–8.8**
1.9 Chemicals & Chemical Products	**1,645**	**1,545**	**1,589**	**1,645**	**0.0**	**6.5**
1.9.1 Fertiliser	285	254	256	285	0.0	12.1
1.9.2 Drugs & Pharmaceuticals	535	493	518	535	0.0	8.4
1.9.3 Petro Chemicals	365	331	354	365	0.0	10.5
1.9.4 Others	461	467	462	461	0.0	–1.4
1.10 Rubber, Plastic & their Products	**374**	**378**	**368**	**374**	**0.0**	**–1.1**
1.11 Glass & Glassware	**89**	**88**	**88**	**89**	**0.0**	**0.6**
1.12 Cement & Cement Products	**543**	**560**	**537**	**543**	**0.0**	**–3.1**
1.13 Basic Metal & Metal Product	**4,160**	**3,854**	**4,145**	**4,160**	**0.0**	**7.9**
1.13.1 Iron & Steel	3,115	2,834	3,090	3,115	0.0	9.9
1.13.2 Other Metal & Metal Product	1,046	1,020	1,055	1,046	0.0	2.5
1.14 All Engineering	**1,542**	**1,540**	**1,539**	**1,542**	**0.0**	**0.1**
1.14.1 Electronics	382	368	382	382	0.0	3.9
1.14.2 Others	1,159	1,172	1,157	1,159	0.0	–1.1
1.15 Vehicles, Vehicle Parts & Transport Equipment	**690**	**682**	**678**	**690**	**0.0**	**1.1**
1.16 Gems & Jewellery	**727**	**718**	**728**	**727**	**0.0**	**1.3**
1.17 Construction	**745**	**743**	**746**	**745**	**0.0**	**0.3**
1.18 Infrastructure	**9,648**	**9,245**	**9,944**	**9,648**	**0.0**	**4.4**
1.18.1 Power	5,799	5,576	6,045	5,799	0.0	4.0
1.18.2 Telecommunications	913	919	939	913	0.0	–0.7
1.18.3 Roads	1,775	1,687	1,794	1,775	0.0	5.2
1.18.4 Other Infrastructure	1,161	1,064	1,166	1,161	0.0	9.2
1.19 Other Industries	**1,945**	**1,839**	**1,904**	**1,945**	**0.0**	**5.8**

No. 17: State Co-operative Banks Maintaining Accounts with the Reserve Bank of India

(₹ Billion)

Item	Last Reporting Friday (in case of March)/Last Friday/ Reporting Friday					
	2014-15	2014	2015			
		Dec. 26	Nov. 13	Nov. 27	Dec. 11	Dec. 25
	1	2	3	4	5	6
Number of Reporting Banks	31	31	31	31	31	31
1 Aggregate Deposits (2.1.1.2+2.2.1.2)	**422.3**	**404.6**	**71.1**	**365.8**	**464.0**	**457.5**
2 Demand and Time Liabilities						
2.1 Demand Liabilities	**148.1**	**139.8**	**32.1**	**117.9**	**150.5**	**144.8**
2.1.1 Deposits						
2.1.1.1 Inter-Bank	33.7	28.1	7.0	26.9	30.0	28.9
2.1.1.2 Others	77.7	76.7	19.8	53.5	75.3	72.6
2.1.2 Borrowings from Banks	9.3	8.5	–	8.3	8.7	8.7
2.1.3 Other Demand Liabilities	27.4	26.4	5.2	29.2	36.5	34.6
2.2 Time Liabilities	**854.6**	**852.3**	**91.2**	**722.0**	**879.3**	**880.5**
2.2.1 Deposits						
2.2.1.1 Inter-Bank	499.2	512.6	39.5	404.5	474.8	485.9
2.2.1.2 Others	344.6	327.8	51.2	312.3	388.7	384.9
2.2.2 Borrowings from Banks	0.1	0.6	–	–	5.7	0.6
2.2.3 Other Time Liabilities	10.8	11.3	0.5	5.1	10.1	9.2
3 Borrowing from Reserve Bank	–	–	–	–	0.4	0.4
4 Borrowings from a notified bank / State Government	450.9	433.9	1.2	308.1	429.3	425.5
4.1 Demand	174.9	173.9	–	61.0	159.5	153.0
4.2 Time	276.0	260.0	1.2	247.1	269.8	272.5
5 Cash in Hand and Balances with Reserve Bank	**40.5**	**40.2**	**4.0**	**33.7**	**41.3**	**41.3**
5.1 Cash in Hand	2.4	2.4	0.5	2.0	2.1	2.1
5.2 Balance with Reserve Bank	38.1	37.8	3.5	31.7	39.1	39.1
6 Balances with Other Banks in Current Account	10.0	7.5	1.7	3.6	6.4	6.1
7 Investments in Government Securities	282.4	281.3	35.9	230.6	279.9	282.5
8 Money at Call and Short Notice	198.8	201.7	4.7	140.8	191.8	187.1
9 Bank Credit (10.1+11)	**426.4**	**380.1**	**57.0**	**363.7**	**436.4**	**435.5**
10 Advances						
10.1 Loans, Cash-Credits and Overdrafts	**426.4**	**380.0**	**57.0**	**363.7**	**436.4**	**435.4**
10.2 Due from Banks	709.2	697.5	12.9	487.6	694.7	692.5
11 Bills Purchased and Discounted	0.1	0.1	–	–	–	–

Prices and Production

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

Group/Sub group	2015-16			Rural			Urban			Combined		
	Rural	Urban	Combined	Mar. 15	Feb. 16	Mar. 16	Mar. 15	Feb. 16	Mar. 16	Mar. 15	Feb. 16	Mar. 16
	1	2	3	4	5	6	7	8	9	10	11	12
1 Food and beverages	**129.2**	**129.8**	**129.4**	**123.1**	**130.3**	**130.5**	**123.9**	**129.1**	**128.9**	**123.4**	**129.9**	**129.9**
1.1 Cereals and products	125.3	123.9	124.9	123.3	127.1	127.3	124.0	124.8	124.8	123.5	126.4	126.5
1.2 Meat and fish	130.9	132.1	131.3	124.7	133.7	134.4	126.7	135.1	136.3	125.4	134.2	135.1
1.3 Egg	122.1	120.5	121.5	118.9	127.7	125.1	113.5	130.3	123.7	116.8	128.7	124.6
1.4 Milk and products	129.2	128.2	128.8	126.0	130.7	130.5	125.9	129.6	129.7	126.0	130.3	130.2
1.5 Oils and fats	115.7	107.6	112.7	111.8	118.5	118.3	104.8	108.4	107.9	109.2	114.8	114.5
1.6 Fruits	132.7	125.6	129.4	130.9	130.4	131.8	123.8	118.6	119.8	127.6	124.9	126.2
1.7 Vegetables	142.1	148.5	144.2	128.0	130.9	130.8	131.4	129.2	128.1	129.2	130.3	129.9
1.8 Pulses and products	146.4	166.1	153.0	119.9	162.8	161.1	127.2	176.4	170.3	122.4	167.4	164.2
1.9 Sugar and confectionery	96.0	91.7	94.5	98.9	98.7	100.3	93.2	99.1	101.8	97.0	98.8	100.8
1.10 Spices	125.9	134.7	128.8	119.4	130.6	130.7	127.4	139.7	140.1	122.1	133.6	133.8
1.11 Non-alcoholic beverages	122.3	119.2	121.0	118.9	124.8	124.8	117.0	120.6	120.6	118.1	123.0	123.0
1.12 Prepared meals, snacks, sweets	133.2	132.6	132.9	127.7	136.4	137.1	129.2	135.2	135.5	128.4	135.8	136.4
2 Pan, tobacco and intoxicants	**130.9**	**135.6**	**132.2**	**124.7**	**134.4**	**135.0**	**128.8**	**140.0**	**140.6**	**125.8**	**135.9**	**136.5**
3 Clothing and footwear	**130.2**	**123.5**	**127.5**	**125.5**	**133.4**	**133.8**	**120.9**	**125.3**	**125.5**	**123.7**	**130.2**	**130.5**
3.1 Clothing	130.7	124.3	128.2	126.0	133.9	134.4	121.7	126.2	126.4	124.3	130.9	131.3
3.2 Footwear	127.0	118.7	123.6	122.9	129.8	130.3	116.9	120.1	120.3	120.4	125.8	126.1
4 Housing	**--**	**121.7**	**121.7**	**--**	**--**	**--**	**118.6**	**124.4**	**124.9**	**118.6**	**124.4**	**124.9**
5 Fuel and light	**124.4**	**115.3**	**120.9**	**120.6**	**127.5**	**126.9**	**114.4**	**116.0**	**114.8**	**118.3**	**123.1**	**122.3**
6 Miscellaneous	**118.9**	**116.3**	**117.6**	**115.5**	**120.9**	**121.2**	**113.8**	**117.2**	**117.3**	**114.7**	**119.1**	**119.3**
6.1 Household goods and services	124.5	120.4	122.6	120.2	127.1	127.7	118.0	121.8	122.3	119.2	124.6	125.1
6.2 Health	121.9	117.3	120.1	118.2	124.3	124.8	114.3	119.5	119.7	116.7	122.5	122.9
6.3 Transport and communication	113.7	109.7	111.5	111.6	113.9	113.6	108.4	109.1	108.5	109.9	111.4	110.9
6.4 Recreation and amusement	119.7	117.4	118.4	115.5	122.3	122.9	115.4	118.8	119.1	115.4	120.3	120.8
6.5 Education	124.2	125.4	124.9	119.4	127.1	127.5	120.6	126.3	126.4	120.1	126.6	126.9
6.6 Personal care and effects	114.0	113.4	113.7	110.8	116.8	117.5	111.3	116.2	117.1	111.0	116.6	117.3
General Index (All Groups)	**126.1**	**123.0**	**124.7**	**121.1**	**127.9**	**128.0**	**119.1**	**123.8**	**123.8**	**120.2**	**126.0**	**126.0**

Source: Central Statistics Office, Ministry of Statistics and Programme Implementation, Government of India.

No. 19: Other Consumer Price Indices

Item	Base Year	Linking Factor	2015-16	2015	2016	
				Mar.	Feb.	Mar.
	1	2	3	4	5	6
1 Consumer Price Index for Industrial Workers	2001	4.63	265	254	267	268
2 Consumer Price Index for Agricultural Labourers	1986-87	5.89	835	803	843	843
3 Consumer Price Index for Rural Labourers	1986-87	–	839	807	849	848

Source: Labour Bureau, Ministry of Labour and Employment, Government of India.

No. 20: Monthly Average Price of Gold and Silver in Mumbai

Item	2015-16	2015	2016	
		Mar.	Feb.	Mar.
	1	2	3	4
1 Standard Gold (₹ per 10 grams)	26,534	26,168	28,252	28,794
2 Silver (₹ per kilogram)	36,318	37,176	36,917	37,500

Source: Business Standard/Business Line/The Economic Times, Mumbai for Gold and Silver prices in Mumbai.

No. 21: Wholesale Price Index

(Base: 2004-05 = 100)

Commodities	Weight	2015-16	2015	2016		
			Mar.	Jan.	Feb. (P)	Mar. (P)
	1	2	3	4	5	6
1 ALL COMMODITIES	**100.000**	**176.6**	**176.1**	**175.4**	**174.0**	**174.6**
1.1 PRIMARY ARTICLES	**20.118**	**249.3**	**239.0**	**252.5**	**244.7**	**244.1**
1.1.1 Food articles	**14.337**	**261.9**	**249.3**	**268.7**	**259.1**	**258.6**
1.1.1.1 Food Grains	4.090	252.4	235.7	263.3	257.1	256.1
1.1.1.1.1 Cereals	3.373	234.4	231.1	240.6	236.1	236.8
1.1.1.1.2 Pulses	0.717	336.8	257.8	370.4	356.4	346.6
1.1.1.2 Fruits & Vegetables	3.843	253.9	231.6	258.2	229.0	226.5
1.1.1.2.1 Vegetables	1.736	268.4	216.8	289.9	220.2	211.9
1.1.1.2.2 Fruits	2.107	242.0	243.8	231.9	236.1	238.6
1.1.1.3 Milk	3.238	250.6	247.3	250.8	251.7	253.9
1.1.1.4 Eggs, Meat & Fish	2.414	288.0	290.1	297.9	298.4	300.8
1.1.1.5 Condiments & Spices	0.569	342.6	311.1	363.2	357.2	347.4
1.1.1.6 Other Food Articles	0.183	245.3	230.4	246.9	246.8	239.1
1.1.2 Non-Food Articles	**4.258**	**219.2**	**202.6**	**226.8**	**217.9**	**219.0**
1.1.2.1 Fibres	0.877	206.8	193.4	214.1	210.1	206.3
1.1.2.2 Oil Seeds	1.781	214.9	204.4	215.0	210.0	210.9
1.1.2.3 Other Non-Food Articles	1.386	233.2	211.6	238.3	228.4	239.2
1.1.2.4 Flowers	0.213	215.7	168.1	304.1	249.2	206.9
1.1.3 Minerals	**1.524**	**215.3**	**243.3**	**171.8**	**183.0**	**178.5**
1.1.3.1 Metallic Minerals	0.489	285.6	345.2	224.7	243.6	240.7
1.1.3.2 Other Minerals	0.135	204.1	215.0	197.0	198.3	197.6
1.1.3.3 Crude Petroleum	0.900	178.9	192.3	139.4	147.8	141.9
1.2 FUEL & POWER	**14.910**	**179.9**	**188.0**	**170.3**	**169.6**	**172.4**
1.2.1 Coal	2.094	189.9	189.8	189.9	189.9	189.9
1.2.2 Mineral Oils	9.364	179.5	194.1	165.1	162.3	168.5
1.2.3 Electricity	3.452	174.7	170.5	172.3	177.2	172.3
1.3 MANUFACTURED PRODUCTS	**64.972**	**153.4**	**153.9**	**152.7**	**153.1**	**153.7**
1.3.1 Food Products	**9.974**	**174.0**	**170.1**	**176.7**	**178.1**	**177.7**
1.3.1.1 Dairy Products	0.568	206.6	206.1	204.1	203.8	204.6
1.3.1.2 Canning, Preserving & Processing of Food	0.358	165.2	166.7	164.7	165.3	167.5
1.3.1.3 Grain Mill Products	1.340	178.8	174.8	183.4	184.2	184.3
1.3.1.4 Bakery Products	0.444	150.5	150.5	148.7	148.9	149.8
1.3.1.5 Sugar, Khandsari & Gur	2.089	166.6	170.6	174.4	178.4	178.6
1.3.1.6 Edible Oils	3.043	148.7	144.8	148.9	150.2	150.0
1.3.1.7 Oil Cakes	0.494	250.8	228.9	258.2	259.6	258.8
1.3.1.8 Tea & Coffee Proccessing	0.711	191.6	173.6	187.0	185.8	176.4
1.3.1.9 Manufacture of Salt	0.048	201.5	209.7	199.8	199.8	199.8
1.3.1.10 Other Food Products	0.879	207.7	198.9	213.5	214.1	216.9
1.3.2 Beverages, Tobacco & Tobacco Products	**1.762**	**206.3**	**203.2**	**206.1**	**207.2**	**210.2**
1.3.2.1 Wine Industries	0.385	137.5	136.3	137.1	137.0	145.1
1.3.2.2 Malt Liquor	0.153	181.0	179.4	181.0	183.0	184.1
1.3.2.3 Soft Drinks & Carbonated Water	0.241	167.2	168.3	167.0	166.3	168.5
1.3.2.4 Manufacture of Bidi, Cigarettes, Tobacco & Zarda	0.983	246.7	241.6	246.6	248.6	250.0
1.3.3 Textiles	**7.326**	**140.1**	**140.4**	**139.5**	**139.6**	**139.8**
1.3.3.1 Cotton Textiles	2.605	156.5	157.7	155.3	155.4	155.3
1.3.3.1.1 Cotton Yarn	1.377	166.0	168.7	163.4	163.8	163.5
1.3.3.1.2 Cotton Fabric	1.228	145.7	145.4	146.2	145.8	145.9
1.3.3.2 Man-Made Textiles	2.206	131.3	132.6	128.9	129.1	129.1
1.3.3.2.1 Man-Made Fibre	1.672	130.2	132.0	127.3	127.6	127.3
1.3.3.2.2 Man-Made Fabric	0.533	134.8	134.3	133.7	133.4	134.6
1.3.3.3 Woollen Textiles	0.294	153.3	159.9	151.5	151.2	151.6
1.3.3.4 Jute, Hemp & Mesta Textiles	0.261	219.0	202.3	233.6	234.0	238.0
1.3.3.5 Other Misc. Textiles	1.960	115.8	115.2	116.1	116.2	116.3
1.3.4 Wood & Wood Products	**0.587**	**195.6**	**189.7**	**195.9**	**195.9**	**196.9**
1.3.4.1 Timber/Wooden Planks	0.181	164.5	158.0	165.7	165.9	165.8
1.3.4.2 Processed Wood	0.128	193.9	190.3	195.3	193.7	195.3
1.3.4.3 Plywood & Fibre Board	0.241	227.2	219.6	226.4	227.3	227.9
1.3.4.4 Others	0.038	149.7	150.1	148.8	147.5	154.4

No. 21: Wholesale Price Index (Concld.)

(Base: 2004-05 = 100)

Commodities	Weight	2015-16	2015	2016		
			Mar.	Jan.	Feb. (P)	Mar. (P)
	1	2	3	4	5	6
1.3.5 Paper & Paper Products	**2.034**	**154.6**	**152.9**	**155.5**	**155.5**	**156.1**
1.3.5.1 Paper & Pulp	1.019	151.3	151.8	151.1	150.9	151.2
1.3.5.2 Manufacture of boards	0.550	135.6	134.8	135.9	135.4	136.5
1.3.5.3 Printing & Publishing	0.465	184.4	176.8	188.7	189.2	189.8
1.3.6 Leather & Leather Products	**0.835**	**144.8**	**142.3**	**145.1**	**145.2**	**146.0**
1.3.6.1 Leathers	0.223	116.0	113.9	114.3	114.9	115.5
1.3.6.2 Leather Footwear	0.409	160.6	158.3	161.3	161.2	162.2
1.3.6.3 Other Leather Products	0.203	144.7	141.2	146.3	146.1	146.9
1.3.7 Rubber & Plastic Products	**2.987**	**147.2**	**148.3**	**145.3**	**145.0**	**145.6**
1.3.7.1 Tyres & Tubes	0.541	176.8	176.8	176.7	176.1	176.5
1.3.7.1.1 Tyres	0.488	177.5	177.7	177.4	176.4	176.4
1.3.7.1.2 Tubes	0.053	170.9	168.8	169.8	172.8	177.6
1.3.7.2 Plastic Products	1.861	136.3	137.7	133.7	133.1	134.0
1.3.7.3 Rubber Products	0.584	154.6	155.6	153.4	154.0	153.9
1.3.8 Chemicals & Chemical Products	**12.018**	**150.5**	**150.9**	**149.5**	**149.5**	**149.5**
1.3.8.1 Basic Inorganic Chemicals	1.187	155.3	155.1	154.6	154.3	154.5
1.3.8.2 Basic Organic Chemicals	1.952	140.1	143.8	137.4	136.9	137.4
1.3.8.3 Fertilisers & Pesticides	3.145	155.0	153.3	155.7	155.4	155.7
1.3.8.3.1 Fertilisers	2.661	158.1	156.3	158.7	158.4	158.7
1.3.8.3.2 Pesticides	0.483	137.6	136.7	139.4	139.0	139.1
1.3.8.4 Paints, Varnishes & Lacquers	0.529	152.2	150.0	152.2	152.2	151.8
1.3.8.5 Dyestuffs & Indigo	0.563	142.0	142.3	142.5	142.0	142.8
1.3.8.6 Drugs & Medicines	0.456	129.6	129.9	128.5	128.5	128.5
1.3.8.7 Perfumes, Cosmetics, Toiletries etc.	1.130	163.2	160.9	162.9	163.7	163.2
1.3.8.8 Turpentine, Plastic Chemicals	0.586	154.1	153.9	153.4	153.3	153.5
1.3.8.9 Polymers including Synthetic Rubber	0.970	146.2	149.8	146.0	147.6	144.3
1.3.8.10 Petrochemical Intermediates	0.869	150.1	153.2	142.7	142.8	144.0
1.3.8.11 Matches, Explosives & other Chemicals	0.629	153.9	154.1	153.0	153.0	152.6
1.3.9 Non-Metallic Mineral Products	**2.556**	**177.4**	**178.7**	**178.1**	**177.7**	**178.3**
1.3.9.1 Structural Clay Products	0.658	198.5	196.1	201.0	200.0	200.0
1.3.9.2 Glass, Earthenware, Chinaware & their Products	0.256	141.4	139.0	143.2	142.2	142.5
1.3.9.3 Cement & Lime	1.386	173.7	177.7	173.5	173.6	174.8
1.3.9.4 Cement, Slate & Graphite Products	0.256	179.3	178.8	178.8	178.9	177.5
1.3.10 Basic Metals, Alloys & Metal Products	**10.748**	**154.5**	**161.9**	**149.3**	**150.4**	**153.1**
1.3.10.1 Ferrous Metals	8.064	141.7	151.1	135.7	135.9	138.9
1.3.10.1.1 Iron & Semis	1.563	139.4	148.9	132.5	132.4	135.3
1.3.10.1.2 Steel: Long	1.630	148.8	158.7	142.3	142.5	146.8
1.3.10.1.3 Steel: Flat	2.611	132.4	145.4	124.4	124.5	130.1
1.3.10.1.4 Steel: Pipes & Tubes	0.314	127.8	134.0	123.0	124.5	122.6
1.3.10.1.5 Stainless Steel & alloys	0.938	160.6	167.8	157.7	158.7	157.5
1.3.10.1.6 Castings & Forgings	0.871	144.1	146.3	141.9	141.8	141.1
1.3.10.1.7 Ferro alloys	0.137	149.8	154.0	148.4	148.7	148.2
1.3.10.2 Non-Ferrous Metals	1.004	164.2	167.3	162.6	163.0	162.9
1.3.10.2.1 Aluminium	0.489	137.3	144.3	134.6	135.0	135.0
1.3.10.2.2 Other Non-Ferrous Metals	0.515	189.7	189.1	189.2	189.6	189.6
1.3.10.3 Metal Products	1.680	210.2	210.4	206.8	212.5	215.6
1.3.11 Machinery & Machine Tools	**8.931**	**135.0**	**135.0**	**134.7**	**135.1**	**134.9**
1.3.11.1 Agricultural Machinery & Implements	0.139	149.1	149.8	149.0	149.0	149.0
1.3.11.2 Industrial Machinery	1.838	153.5	153.1	153.6	153.7	153.3
1.3.11.3 Construction Machinery	0.045	141.5	141.5	141.5	141.5	141.5
1.3.11.4 Machine Tools	0.367	167.2	165.9	167.7	170.8	175.8
1.3.11.5 Air Conditioner & Refrigerators	0.429	120.8	120.6	121.2	121.2	121.2
1.3.11.6 Non-Electrical Machinery	1.026	127.6	127.5	127.7	127.9	127.6
1.3.11.7 Electrical Machinery, Equipment & Batteries	2.343	138.2	138.2	138.3	138.2	138.0
1.3.11.8 Electrical Accessories, Wires, Cables etc.	1.063	155.7	157.1	152.7	154.6	153.1
1.3.11.9 Electrical Apparatus & Appliances	0.337	121.8	121.6	122.0	122.0	122.0
1.3.11.10 Electronics Items	0.961	89.2	89.0	89.3	89.4	89.1
1.3.11.11 IT Hardware	0.267	91.7	91.7	91.7	91.7	91.7
1.3.11.12 Communication Equipments	0.118	99.0	99.0	99.6	99.6	99.6
1.3.12 Transport, Equipment & Parts	**5.213**	**138.0**	**137.3**	**138.9**	**138.2**	**139.0**
1.3.12.1 Automotives	4.231	137.0	136.3	138.2	137.3	138.3
1.3.12.2 Auto Parts	0.804	140.4	139.9	140.5	140.4	140.2
1.3.12.3 Other Transport Equipments	0.178	151.0	150.2	150.6	150.6	150.4

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

No. 22: Index of Industrial Production (Base:2004-05=100)

Industry	Weight	2013-14	2014-15	April-February		February	
				2014-15	2015-16	2015	2016
	1	2	3	4	5	6	7
General Index	**100.00**	**172.0**	**176.9**	**174.9**	**179.5**	**181.0**	**184.6**
1 Sectoral Classification							
1.1 Mining and Quarrying	14.16	124.7	126.5	124.5	127.5	129.6	136.1
1.2 Manufacturing	75.53	181.9	186.1	183.9	188.1	192.7	194.1
1.3 Electricity	10.32	164.7	178.6	178.8	187.9	166.0	181.9
2 Use-Based Classification							
2.1 Basic Goods	45.68	156.9	167.8	166.6	172.4	164.6	173.5
2.2 Capital Goods	8.83	242.6	258.0	251.3	247.7	254.9	230.0
2.3 Intermediate Goods	15.69	151.3	153.8	152.8	156.4	151.8	160.4
2.4 Consumer Goods	29.81	185.3	178.9	176.8	182.5	199.6	201.1
2.4.1 Consumer Durables	8.46	264.2	231.0	228.2	254.2	251.2	275.5
2.4.2 Consumer Non-Durables	21.35	154.0	158.3	156.4	154.1	179.2	171.6

Source : Central Statistics Office, Ministry of Statistics and Programme Implementation, Government of India.

Government Accounts and Treasury Bills

No. 23: Union Government Accounts at a Glance

(Amount in ₹ Billion)

Item	Financial Year	April–February			
	2015-16 (Revised Estimates)	2014-15 (Actuals)	2015-16 (Actuals)	Percentage to Revised Estimates	
				2014-15	2015-16
	1	2	3	4	5
1 Revenue Receipts	12,060.8	8,162.4	9,470.5	72.5	78.5
1.1 Tax Revenue (Net)	9,475.1	6,514.2	7,357.8	71.7	77.7
1.2 Non-Tax Revenue	2,585.8	1,648.2	2,112.7	75.7	81.7
2 Capital Receipts	5,793.1	6,433.0	6,088.2	115.9	105.1
2.1 Recovery of Loans	189.1	110.6	174.3	101.6	92.2
2.2 Other Receipts	253.1	297.0	185.2	94.7	73.2
2.3 Borrowings and Other Liabilities	5,350.9	6,025.3	5,728.7	117.5	107.1
3 Total Receipts (1+2)	17,853.9	14,595.4	15,558.7	86.8	87.1
4 Non-Plan Expenditure	13,081.9	10,582.2	11,586.6	87.2	88.6
4.1 On Revenue Account	12,126.7	9,770.9	10,615.8	87.1	87.5
4.1.1 Interest Payments	4,426.2	3,462.6	3,794.9	84.2	85.7
4.2 On Capital Account	955.3	811.3	970.8	88.8	101.6
5 Plan Expenditure	4,772.0	4,013.2	3,972.2	85.8	83.2
5.1 On Revenue Account	3,350.0	3,224.0	2,762.8	87.9	82.5
5.2 On Capital Account	1,421.9	789.1	1,209.4	78.1	85.1
6 Total Expenditure (4+5)	17,853.9	14,595.4	15,558.7	86.8	87.1
7 Revenue Expenditure (4.1+5.1)	15,476.7	12,994.9	13,378.6	87.3	86.4
8 Capital Expenditure (4.2+5.2)	2,377.2	1,600.4	2,180.1	83.2	91.7
9 Revenue Deficit (7-1)	3,415.9	4,832.5	3,908.1	133.3	114.4
10 Fiscal Deficit {6-(1+2.1+2.2)}	5,350.9	6,025.3	5,728.7	117.5	107.1
11 Gross Primary Deficit [10-4.1.1]	924.7	2,562.8	1,933.9	253.1	209.1

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

No. 24: Treasury Bills – Ownership Pattern

(₹ Billion)

Item	2015-16	2015	2016					
		Mar. 27	Feb. 19	Feb. 26	Mar. 4	Mar. 11	Mar. 18	Mar. 25
	1	2	3	4	5	6	7	8
1 14-day								
1.1 Banks	–	–	–	–	–	–	–	–
1.2 Primary Dealers	–	–	–	–	–	–	–	–
1.3 State Governments	1,224.9	838.1	650.4	1,046.2	1,157.1	1,346.3	1,248.5	1,224.9
1.4 Others	10.1	14.7	10.3	15.8	8.1	6.8	8.8	10.1
2 91-day								
2.1 Banks	436.1	446.9	377.7	386.6	374.0	395.3	426.1	436.1
2.2 Primary Dealers	219.0	284.1	265.1	268.2	221.1	224.7	204.0	219.0
2.3 State Governments	453.0	368.3	673.7	514.9	569.9	558.9	453.0	453.0
2.4 Others	362.4	264.9	456.2	356.0	420.4	395.6	387.4	362.4
3 182-day								
3.1 Banks	186.5	231.5	199.7	181.9	176.2	192.9	193.7	186.5
3.2 Primary Dealers	412.7	408.9	435.1	415.8	387.0	427.5	396.0	412.7
3.3 State Governments	50.0	13.9	92.8	62.8	62.8	77.8	77.8	50.0
3.4 Others	62.9	113.9	117.6	104.9	139.4	92.1	122.8	62.9
4 364-day								
4.1 Banks	442.8	330.8	470.2	467.5	465.2	469.6	449.4	442.8
4.2 Primary Dealers	662.6	657.3	658.0	652.2	595.2	627.2	573.0	662.6
4.3 State Governments	19.6	12.0	19.6	19.6	19.6	19.6	19.6	19.6
4.4 Others	354.9	483.4	332.3	340.7	400.0	363.6	438.0	354.9
5 Total	4,897.3	4,468.7	4,758.6	4,833.0	4,996.0	5,197.9	4,998.2	4,897.3

No. 25: Auctions of Treasury Bills

(Amount in ₹ Billion)

Date of Auction	Notified Amount	Bids Received			Bids Accepted			Total Issue (6+7)	Cut-off Price	Implicit Yield at Cut-off Price (per cent)
		Number	Total Face Value		Number	Total Face Value				
			Competitive	Non-Competitive		Competitive	Non-Competitive			
	1	2	3	4	5	6	7	8	9	10
91-day Treasury Bills										
2015-16										
Mar. 2	80	100	503.08	124.07	54	80.00	124.07	204.07	98.22	7.2689
Mar. 9	80	78	361.69	19.12	55	80.00	19.12	99.12	98.22	7.2689
Mar. 16	80	99	320.97	57.13	80	80.00	57.13	137.13	98.22	7.2689
Mar. 23	80	83	230.16	13.02	57	80.00	13.02	93.02	98.23	7.2274
Mar. 30	80	77	187.64	16.17	55	80.00	16.17	96.17	98.22	7.2689
182-day Treasury Bills										
2015-16										
Feb. 24	60	50	152.89	–	–	–	–	–	–	–
Mar. 9	60	59	210.23	40.02	21	60.00	40.02	100.02	96.52	7.2308
Mar. 23	60	57	269.27	5.69	22	60.00	5.69	65.69	96.55	7.1662
364-day Treasury Bills										
2015-16										
Feb. 17	60	55	182.24	–	22	60.00	–	60.00	93.23	7.2816
Mar. 2	60	93	293.56	–	28	60.00	–	60.00	93.31	7.1893
Mar. 16	60	79	372.21	0.02	25	60.00	0.02	60.02	93.33	7.1663
Mar. 30	60	59	324.90	–	3	60.00	–	60.00	93.38	7.1088

Financial Markets

No. 26: Daily Call Money Rates

(Per cent per annum)

As on		Range of Rates	Weighted Average Rates
		Borrowings/ Lendings	Borrowings/ Lendings
		1	2
March	1, 2016	5.60-7.25	6.69
March	2, 2016	5.00-7.05	6.72
March	3, 2016	5.00-7.00	6.72
March	4, 2016	2.50-6.90	6.71
March	5, 2016	4.80-8.00	7.07
March	8, 2016	5.00-7.55	6.92
March	9, 2016	5.00-8.00	6.88
March	10, 2016	5.60-7.10	6.70
March	11, 2016	5.00-7.30	6.54
March	14, 2016	5.10-7.60	6.95
March	15, 2016	5.00-7.10	6.75
March	16, 2016	5.70-7.50	7.02
March	17, 2016	5.00-7.60	6.92
March	18, 2016	5.00-7.40	6.79
March	19, 2016	4.90-6.75	5.91
March	21, 2016	5.70-7.55	6.89
March	22, 2016	5.50-8.50	6.96
March	23, 2016	5.50-7.55	6.94
March	28, 2016	5.75-8.30	6.92
March	29, 2016	5.00-9.50	6.82
March	30, 2016	5.00-9.25	6.76
March	31, 2016	5.80-16.00	10.05
April	2, 2016	4.75-8.50	5.81
April	4, 2016	5.00-7.00	6.79
April	5, 2016	5.60-6.80	6.46
April	6, 2016	5.00-6.70	6.39
April	7, 2016	5.00-6.55	6.36
April	11, 2016	5.40-6.90	6.52
April	12, 2016	5.40-6.70	6.46
April	13, 2016	4.50-6.60	6.37

Note: Includes Notice Money.

No. 27: Certificates of Deposit

Item	2015	2016			
	Mar. 20	Feb. 5	Feb. 19	Mar. 4	Mar. 18
	1	2	3	4	5
1 Amount Outstanding (₹ Billion)	2,809.7	2,177.3	2,243.8	2,059.7	2,105.9
1.1 Issued during the fortnight (₹ Billion)	650.9	182.1	282.4	492.7	678.6
2 Rate of Interest (per cent)	8.38-9.10	7.25-8.25	7.30-8.51	7.50-8.71	7.18-8.55

No. 28: Commercial Paper

Item	2015	2016			
	Mar. 31	Feb. 15	Feb. 29	Mar. 15	Mar. 31
	1	2	3	4	5
1 Amount Outstanding (₹ Billion)	1,932.7	3,876.1	3,557.8	3,455.9	2,602.4
1.1 Reported during the fortnight (₹ Billion)	694.3	911.8	671.8	826.6	673.6
2 Rate of Interest (per cent)	7.44-14.92	7.14-11.31	7.33-12.00	7.27-13.09	7.35-13.14

No. 29: Average Daily Turnover in Select Financial Markets

(₹ Billion)

Item	2014-15	2015	2016				
		Mar. 27	Feb. 26	Mar. 4	Mar. 11	Mar. 18	Mar. 25
	1	2	3	4	5	6	7
1 Call Money	190.3	285.1	284.9	247.9	301.8	373.1	369.7
2 Notice Money	65.4	3.1	11.2	96.8	3.6	123.5	10.1
3 Term Money	4.1	5.8	6.4	9.2	5.0	4.6	2.3
4 CBLO	1,168.3	1,794.4	1,252.6	1,517.1	1,221.5	1,459.8	1,053.7
5 Market Repo	1,097.6	1,097.6	1,265.6	1,869.5	1,176.7	1,551.7	909.2
6 Repo in Corporate Bond	0.3	–	1.5	0.4	0.9	0.6	1.3
7 Forex (US $ million)	56,541	68,251	64,117	69,783	64,761	63,537	61,657
8 Govt. of India Dated Securities	712.8	553.1	646.8	880.2	699.6	783.2	955.0
9 State Govt. Securities	27.5	18.2	45.9	29.1	49.4	49.9	50.7
10 Treasury Bills							
10.1 91-Day	40.8	33.3	24.6	32.4	40.5	40.5	26.8
10.2 182-Day	11.8	12.1	12.0	4.8	14.4	9.4	0.9
10.3 364-Day	19	19.0	14.4	16.6	12.2	12.3	9.0
10.4 Cash Management Bills		–	–	–	–	–	–
11 Total Govt. Securities (8+9+10)	811.9	635.7	743.8	963.0	816.3	895.3	1,042.4
11.1 RBI	–	2.0	1.1	117.4	38.4	29.4	6.7

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

(Amount in ₹ Billion)

Security & Type of Issue	2014-15		2014-15 (Apr.-Mar.)		2015-16 (Apr.-Mar.)*		Mar. 2015		Mar. 2016 *	
	No. of Issues	Amount	No. of Issues	Amount	No. of Issues	Amount	No. of Issues	Amount	No. of Issues	Amount
	1	2	3	4	5	6	7	8	9	10
1 Equity Shares	**63**	**93.1**	**63**	**93.1**	**87**	**240.0**	**13**	**32.0**	**17**	**16.9**
1A Premium	53	76.8	53	76.8	78	225.7	11	30.3	14	15.9
1.1 Prospectus	46	30.4	46	30.4	73	142.5	11	16.1	15	12.4
1.1.1 Premium	40	28.0	40	28.0	65	134.2	9	15.4	12	11.6
1.2 Rights	17	62.8	17	62.8	14	97.5	2	16.0	2	4.5
1.2.1 Premium	13	48.8	13	48.8	13	91.4	2	14.9	2	4.3
2 Preference Shares	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2.1 Prospectus	–	–	–	–	–	–	–	–	–	–
2.2 Rights	–	–	–	–	–	–	–	–	–	–
3 Debentures	**23**	**77.4**	**23**	**77.4**	**9**	**27.1**	**1**	**3.0**	**–**	**–**
3.1 Convertible	–	–	–	–	–	–	–	–	–	–
3.1.1 Prospectus	–	–	–	–	–	–	–	–	–	–
3.1.2 Rights	–	–	–	–	–	–	–	–	–	–
3.2 Non-Convertible	23	77.4	23	77.4	9	27.1	1	3.0	–	–
3.2.1 Prospectus	23	77.4	23	77.4	9	27.1	1	3.0	–	–
3.2.2 Rights	–	–	–	–	–	–	–	–	–	–
4 Bonds	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
4.1 Prospectus	–	–	–	–	–	–	–	–	–	–
4.2 Rights	–	–	–	–	–	–	–	–	–	–
5 Total (1+2+3+4)	**86**	**170.6**	**86**	**170.6**	**96**	**267.2**	**14**	**35.0**	**17**	**16.9**
5.1 Prospectus	69	107.8	69	107.8	82	169.7	12	19.1	15	12.4
5.2 Rights	17	62.8	17	62.8	14	97.5	2	16.0	2	4.5

* : Data is Provisional

Source: Based on prospectus/advertisements issued by companies, replies to Reserve Bank's questionnaire and information received from SEBI, stock exchanges, press reports, etc.

External Sector

No. 31: Foreign Trade

Item	Unit	2015-16	2015			2016		
			Mar.	Nov.	Dec.	Jan.	Feb.	Mar.
		1	2	3	4	5	6	7
1 Exports	₹ Billion	17,088.4	1,500.8	1,291.1	1,499.4	1,416.3	1,412.1	1,522.6
	US $ Million	261,136.8	24,032.6	19,527.9	22,514.6	21,059.4	20,693.9	22,718.7
1.1 Oil	₹ Billion	1,904.5	165.2	152.7	167.1	135.8	127.8	139.3
	US $ Million	29,183.9	2,646.1	2,309.4	2,508.4	2,018.9	1,873.1	2,078.9
1.2 Non-oil	₹ Billion	15,183.9	1,335.6	1,138.4	1,332.3	1,280.5	1,284.3	1,383.3
	US $ Million	231,953.0	21,386.5	17,218.5	20,006.1	19,040.4	18,820.8	20,639.8
2 Imports	₹ Billion	24,813.7	2,212.5	1,963.3	2,267.5	1,929.4	1,852.9	1,862.5
	US $ Million	379,596.2	35,428.7	29,695.0	34,048.9	28,689.2	27,154.2	27,789.6
2.1 Oil	₹ Billion	5,386.5	463.3	426.9	444.2	338.6	325.4	321.7
	US $ Million	82,662.3	7,418.5	6,457.3	6,670.6	5,034.6	4,768.7	4,800.0
2.2 Non-oil	₹ Billion	19,427.2	1,749.2	1,536.4	1,823.3	1,590.8	1,527.5	1,540.8
	US $ Million	296,933.9	28,010.2	23,237.7	27,378.3	23,654.7	22,385.5	22,989.6
3 Trade Balance	₹ Billion	–7,725.3	–711.7	–672.2	–768.1	–513.1	–440.8	–339.9
	US $ Million	–118,459.4	–11,396.2	–10,167.1	–11,534.3	–7,629.9	–6,460.3	–5,070.9
3.1 Oil	₹ Billion	–3,482.0	–298.0	–274.2	–277.2	–202.8	–197.6	–182.4
	US $ Million	–53,478.4	–4,772.4	–4,147.9	–4,162.1	–3,015.7	–2,895.6	–2,721.1
3.2 Non-oil	₹ Billion	–4,243.2	–413.7	–398.0	–491.0	–310.3	–243.2	–157.5
	US $ Million	–64,981.0	–6,623.7	–6,019.2	–7,372.2	–4,614.2	–3,564.7	–2,349.8

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

No. 32: Foreign Exchange Reserves

Item	Unit	2015	2016					
		May 1	Mar. 25	Apr. 1	Apr. 8	Apr. 15	Apr. 22	Apr. 29
		1	2	3	4	5	6	7
1 Total Reserves	**₹ Billion**	**22,110**	**23,690**	**23,760**	**23,813**	**23,823**	**23,932**	**24,041**
	US $ Million	**351,869**	**355,560**	**359,760**	**359,917**	**360,251**	**361,601**	**363,121**
1.1 Foreign Currency Assets	₹ Billion	20,538	22,091	22,163	22,216	22,226	22,335	22,442
	US $ Million	327,153	332,147	335,687	335,846	336,187	337,537	339,025
1.2 Gold	₹ Billion	1,229	1,326	1,334	1,334	1,334	1,334	1,334
	US $ Million	19,336	19,325	20,115	20,115	20,115	20,115	20,115
1.3 SDRs	SDRs Million	2,889	1,066	1,066	1,066	1,066	1,066	1,066
	₹ Billion	258	100	100	100	100	100	101
	US $ Million	4,063	1,488	1,502	1,501	1,498	1,498	1,511
1.4 Reserve Tranche Position in IMF	₹ Billion	84	174	163	163	163	163	164
	US $ Million	1,317	2,600	2,456	2,455	2,451	2,451	2,471

No. 33: NRI Deposits

(US$ Million)

Scheme	Outstanding				Flows	
	2015-16	2015	2016		2014-15	2015-16
		Mar.	Feb.	Mar.	Apr.-Mar.	Apr.-Mar.
	1	2	3	4	5	6
1 NRI Deposits	**126,854**	**115,163**	**121,736**	**126,854**	**14,057**	**15,977**
1.1 FCNR(B)	45,316	42,824	44,743	45,316	1,001	2,492
1.2 NR(E)RA	71,393	62,746	67,518	71,393	12,200	12,384
1.3 NRO	10,145	9,593	9,475	10,145	856	1,101

No. 34: Foreign Investment Inflows

(US$ Million)

Item	2015-16	2014-15	2015-16	2015	2016	
		Apr.-Mar.	Apr.-Mar.	Mar.	Feb.	Mar.
	1	2	3	4	5	6
1.1 Net Foreign Direct Investment (1.1.1–1.1.2)	**36,422**	**31,252**	**36,422**	**1,588**	**3,046**	**1,850**
1.1.1 Direct Investment to India (1.1.1.1–1. 1.1.2)	**45,185**	**35,284**	**45,185**	**2,318**	**3,465**	**2,913**
1.1.1.1 Gross Inflows/Gross Investments	**55,458**	**45,148**	**55,458**	**3,533**	**4,376**	**3,824**
1.1.1.1.1 Equity	41,043	31,911	41,043	2,206	3,206	2,556
1.1.1.1.1.1 Government (SIA/FIPB)	3,574	2,219	3,574	241	496	98
1.1.1.1.1.2 RBI	32,494	22,530	32,494	1,640	2,379	1,736
1.1.1.1.1.3 Acquisition of shares	3,933	6,185	3,933	236	241	633
1.1.1.1.1.4 Equity capital of unincorporated bodies	1,042	978	1,042	89	89	89
1.1.1.1.2 Reinvested earnings	10,049	9,988	10,049	912	912	912
1.1.1.1.3 Other capital	4,365	3,249	4,365	415	258	356
1.1.1.2 Repatriation/Disinvestment	**10,273**	**9,864**	**10,273**	**1,215**	**911**	**911**
1.1.1.2.1 Equity	10,154	9,612	10,154	1,191	906	906
1.1.1.2.2 Other capital	119	252	119	24	4	4
1.1.2 Foreign Direct Investment by India (1.1.2.1+1.1.2.2+1.1.2.3–1.1.2.4)	**8,763**	**4,031**	**8,763**	**730**	**419**	**1,063**
1.1.2.1 Equity capital	6,406	3,867	6,406	541	505	1,100
1.1.2.2 Reinvested Earnings	3,337	3,337	3,337	278	278	278
1.1.2.3 Other Capital	3,367	3,476	3,367	482	215	263
1.1.2.4 Repatriation/Disinvestment	4,347	6,649	4,347	572	579	579
1.2 Net Portfolio Investment (1.2.1+1.2.2+1.2.3–1.2.4)	**–2,762**	**42,205**	**–2,762**	**3,308**	**–2,325**	**4,384**
1.2.1 GDRs/ADRs	373	1,271	373	1,271	–	–
1.2.2 FIIs	–3,516	40,923	–3,516	2,032	–2,381	4,328
1.2.3 Offshore funds and others	–	–	–	–	–	–
1.2.4 Portfolio investment by India	–381	–11	–381	–5	–56	–56
1 Foreign Investment Inflows	**33,659**	**73,457**	**33,659**	**4,897**	**720**	**6,234**

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

(US$ Million)

Item	2015-16	2015	2016		
		Mar.	Jan.	Feb.	Mar.
	1	2	3	4	5
1 Outward Remittances under the LRS	**4,642.6**	**173.0**	**534.1**	**449.3**	**635.2**
1.1 Deposit	109.9	16.2	10.4	7.3	17.7
1.2 Purchase of immovable property	90.8	12.1	4.7	8.7	13.2
1.3 Investment in equity/debt	317.9	31.7	18.4	19.9	72.3
1.4 Gift	533.0	56.1	35.2	38.7	60.2
1.5 Donations	3.9	0.2	0.1	0.1	0.5
1.6 Travel	651.4	1.8	40.8	131.5	117.4
1.7 Maintenance of close relatives	1,372.1	20.4	151.6	137.2	208.2
1.8 Medical Treatment	17.2	0.3	2.0	1.1	2.0
1.9 Studies Abroad	1,200.0	15.8	213.9	87.0	117.1
1.10 Others	346.4	18.5	56.9	17.8	26.7

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

Item	2014-15	2015-16	2015	2016	
			April	March	April
	1	2	3	4	5
36-Currency Export and Trade Based Weights (Base: 2004-05=100)					
1 Trade-Based Weights					
1.1 NEER	74.07	74.75	76.30	73.66	73.51
1.2 REER	108.96	112.08	111.84	110.86	110.62
2 Export-Based Weights					
2.1 NEER	75.22	76.45	78.21	75.30	75.17
2.2 REER	111.25	114.46	114.39	113.28	113.09
6-Currency Trade Based Weights					
1 Base: 2004-05 (April-March) =100					
1.1 NEER	68.60	67.86	70.78	66.49	66.40
1.2 REER	119.92	123.57	125.45	121.95	121.78
2 Base: 2014-15 (April-March) =100					
2.1 NEER	100.00	98.93	103.19	96.93	96.79
2.2 REER	100.00	103.04	104.61	101.69	101.56

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

(Amount in US$ Million)

Item	2015-16	2015	2016	
		Mar.	Feb.	Mar.
	1	2	3	4
1 Automatic Route				
1.1 Number	671	105	65	77
1.2 Amount	13,412	1,943	1,023	1,320
2 Approval Route				
2.1 Number	46	6	1	4
2.2 Amount	10,961	722	330	201
3 Total (1+2)				
3.1 Number	717	111	66	81
3.2 Amount	24,373	2,665	1,353	1,521
4 Weighted Average Maturity (in years)	6.20	5.22	7.10	5.70
5 Interest Rate (per cent)				
5.1 Weighted Average Margin over 6-month LIBOR or reference rate for Floating Rate Loans	1.45	1.83	1.70	2.27
5.2 Interest rate range for Fixed Rate Loans	0.00-13.00	0.00-10.60	0.00-11.50	0.00-13.00

No. 38: India's Overall Balance of Payments

(US $ Million)

Item	Oct-Dec 2014 (PR)			Oct-Dec 2015 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
Overall Balance of Payments(1+2+3)	**263,890**	**250,709**	**13,182**	**238,119**	**234,062**	**4,056**
1 CURRENT ACCOUNT (1.1+ 1.2)	**140,757**	**148,478**	**–7,721**	**122,556**	**129,637**	**–7,081**
1.1 MERCHANDISE	**80,102**	**118,736**	**–38,635**	**64,937**	**98,941**	**–34,004**
1.2 INVISIBLES (1.2.1+1.2.2+1.2.3)	**60,655**	**29,742**	**30,913**	**57,619**	**30,696**	**26,923**
1.2.1 Services	39,648	19,666	19,982	37,885	19,802	18,083
1.2.1.1 Travel	5,461	3,676	1,786	5,761	3,352	2,409
1.2.1.2 Transportation	4,698	4,125	573	3,310	3,450	–140
1.2.1.3 Insurance	570	314	256	449	334	115
1.2.1.4 G.n.i.e.	158	224	–66	147	123	25
1.2.1.5 Miscellaneous	28,761	11,328	17,433	28,217	12,543	15,675
1.2.1.5.1 Software Services	18,692	848	17,844	19,057	639	18,418
1.2.1.5.2 Business Services	7,207	7,068	139	6,667	7,633	–967
1.2.1.5.3 Financial Services	1,334	736	598	958	887	72
1.2.1.5.4 Communication Services	537	222	315	483	223	260
1.2.2 Transfers	17,536	1,108	16,428	15,936	687	15,250
1.2.2.1 Official	130	222	–92	163	218	–55
1.2.2.2 Private	17,406	885	16,521	15,773	469	15,305
1.2.3 Income	3,471	8,968	–5,497	3,798	10,207	–6,409
1.2.3.1 Investment Income	2,545	8,351	–5,806	2,918	9,643	–6,725
1.2.3.2 Compensation of Employees	926	617	309	880	564	316
2 CAPITAL ACCOUNT (2.1+2.2+2.3+2.4+2.5)	**123,133**	**100,270**	**22,864**	**114,962**	**104,426**	**10,536**
2.1 Foreign Investment (2.1.1+2.1.2)	**67,209**	**54,015**	**13,194**	**62,919**	**52,343**	**10,576**
2.1.1 Foreign Direct Investment	11,625	4,712	6,913	17,050	6,265	10,785
2.1.1.1 In India	9,826	2,152	7,674	16,383	2,399	13,984
2.1.1.1.1 Equity	6,605	2,084	4,521	13,127	2,363	10,763
2.1.1.1.2 Reinvested Earnings	2,569	–	2,569	2,631	–	2,631
2.1.1.1.3 Other Capital	652	68	584	626	36	590
2.1.1.2 Abroad	1,799	2,560	–761	667	3,866	–3,199
2.1.1.2.1 Equity	1,799	1,025	775	667	1,921	–1,254
2.1.1.2.2 Reinvested Earnings	–	834	–834	–	834	–834
2.1.1.2.3 Other Capital	–	701	–701	–	1,111	–1,111
2.1.2 Portfolio Investment	55,583	49,303	6,280	45,869	46,078	–209
2.1.2.1 In India	55,354	49,204	6,150	45,758	45,957	–200
2.1.2.1.1 FIIs	55,354	49,204	6,150	45,758	45,957	–200
2.1.2.1.1.1 Equity	40,972	40,728	243	35,921	37,148	–1,228
2.1.2.1.1.2 Debt	14,382	8,475	5,906	9,837	8,809	1,028
2.1.2.1.2 ADR/GDRs	–	–	–	–	–	–
2.1.2.2 Abroad	230	99	130	111	121	–9
2.2 Loans (2.2.1+2.2.2+2.2.3)	**26,575**	**27,763**	**–1,188**	**28,999**	**31,356**	**–2,358**
2.2.1 External Assistance	1,387	1,099	288	1,513	1,175	338
2.2.1.1 By India	15	97	–82	15	129	–113
2.2.1.2 To India	1,372	1,002	370	1,498	1,047	451
2.2.2 Commercial Borrowings	7,618	7,741	–123	6,756	7,666	–910
2.2.2.1 By India	410	38	373	432	200	232
2.2.2.2 To India	7,208	7,704	–496	6,324	7,466	–1,142
2.2.3 Short Term to India	17,570	18,923	–1,353	20,729	22,515	–1,786
2.2.3.1 Suppliers' Credit > 180 days & Buyers' Credit	16,821	18,923	–2,102	20,062	22,515	–2,453
2.2.3.2 Suppliers' Credit up to 180 days	749	–	749	667	–	667
2.3 Banking Capital (2.3.1+2.3.2)	**23,650**	**13,149**	**10,501**	**17,348**	**16,033**	**1,315**
2.3.1 Commercial Banks	23,335	13,149	10,186	17,347	16,033	1,314
2.3.1.1 Assets	6,526	446	6,081	3,731	3,941	–211
2.3.1.2 Liabilities	16,809	12,703	4,105	13,616	12,092	1,524
2.3.1.2.1 Non-Resident Deposits	14,493	10,910	3,583	11,829	10,279	1,550
2.3.2 Others	315	–	315	2	–	2
2.4 Rupee Debt Service	–	–	–	–	–	–
2.5 Other Capital	5,700	5,343	357	5,696	4,694	1,002
3 Errors & Omissions	**–**	**1,961**	**–1,961**	**601**	**–**	**601**
4 Monetary Movements (4.1+ 4.2)	–	**13,182**	**–13,182**	–	**4,056**	**–4,056**
4.1 I.M.F.	–	–	–	–	–	–
4.2 Foreign Exchange Reserves (Increase - / Decrease +)	–	13,182	–13,182	–	4,056	–4,056

No. 39: India's Overall Balance of Payments

(₹ Billion)

Item	Oct-Dec 2014 (PR)			Oct-Dec 2015 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
Overall Balance of Payments(1+2+3)	**16,344**	**15,527**	**816**	**15,698**	**15,430**	**267**
1 CURRENT ACCOUNT (1.1+ 1.2)	**8,717**	**9,196**	**–478**	**8,079**	**8,546**	**–467**
1.1 MERCHANDISE	**4,961**	**7,354**	**–2,393**	**4,281**	**6,523**	**–2,242**
1.2 INVISIBLES (1.2.1+1.2.2+1.2.3)	**3,757**	**1,842**	**1,915**	**3,798**	**2,024**	**1,775**
1.2.1 Services	2,456	1,218	1,238	2,497	1,305	1,192
1.2.1.1 Travel	338	228	111	380	221	159
1.2.1.2 Transportation	291	255	35	218	227	–9
1.2.1.3 Insurance	35	19	16	30	22	8
1.2.1.4 G.n.i.e.	10	14	–4	10	8	2
1.2.1.5 Miscellaneous	1,781	702	1,080	1,860	827	1,033
1.2.1.5.1 Software Services	1,158	53	1,105	1,256	42	1,214
1.2.1.5.2 Business Services	446	438	9	439	503	–64
1.2.1.5.3 Financial Services	83	46	37	63	58	5
1.2.1.5.4 Communication Services	33	14	20	32	15	17
1.2.2 Transfers	1,086	69	1,017	1,051	45	1,005
1.2.2.1 Official	8	14	–6	11	14	–4
1.2.2.2 Private	1,078	55	1,023	1,040	31	1,009
1.2.3 Income	215	555	–340	250	673	–423
1.2.3.1 Investment Income	158	517	–360	192	636	–443
1.2.3.2 Compensation of Employees	57	38	19	58	37	21
2 CAPITAL ACCOUNT (2.1+2.2+2.3+2.4+2.5)	**7,626**	**6,210**	**1,416**	**7,579**	**6,884**	**695**
2.1 Foreign Investment (2.1.1+2.1.2)	4,162	3,345	817	4,148	3,451	697
2.1.1 Foreign Direct Investment	720	292	428	1,124	413	711
2.1.1.1 In India	609	133	475	1,080	158	922
2.1.1.1.1 Equity	409	129	280	865	156	710
2.1.1.1.2 Reinvested Earnings	159	–	159	173	–	173
2.1.1.1.3 Other Capital	40	4	36	41	2	39
2.1.1.2 Abroad	111	159	–47	44	255	–211
2.1.1.2.1 Equity	111	63	48	44	127	–83
2.1.1.2.2 Reinvested Earnings	–	52	–52	–	55	–55
2.1.1.2.3 Other Capital	–	43	–43	–	73	–73
2.1.2 Portfolio Investment	3,442	3,053	389	3,024	3,038	–14
2.1.2.1 In India	3,428	3,047	381	3,017	3,030	–13
2.1.2.1.1 FIIs	3,428	3,047	381	3,017	3,030	–13
2.1.2.1.1.1 Equity	2,538	2,522	15	2,368	2,449	–81
2.1.2.1.1.2 Debt	891	525	366	648	581	68
2.1.2.1.2 ADR/GDRs	–	–	–	–	–	–
2.1.2.2 Abroad	14	6	8	7	8	–1
2.2 Loans (2.2.1+2.2.2+2.2.3)	**1,646**	**1,719**	**–74**	**1,912**	**2,067**	**–155**
2.2.1 External Assistance	86	68	18	100	77	22
2.2.1.1 By India	1	6	–5	1	8	–7
2.2.1.2 To India	85	62	23	99	69	30
2.2.2 Commercial Borrowings	472	479	–8	445	505	–60
2.2.2.1 By India	25	2	23	28	13	15
2.2.2.2 To India	446	477	–31	417	492	–75
2.2.3 Short Term to India	1,088	1,172	–84	1,367	1,484	–118
2.2.3.1 Suppliers' Credit > 180 days & Buyers' Credit	1,042	1,172	–130	1,323	1,484	–162
2.2.3.2 Suppliers' Credit up to 180 days	46	–	46	44	–	44
2.3 Banking Capital (2.3.1+2.3.2)	**1,465**	**814**	**650**	**1,144**	**1,057**	**87**
2.3.1 Commercial Banks	1,445	814	631	1,144	1,057	87
2.3.1.1 Assets	404	28	377	246	260	–14
2.3.1.2 Liabilities	1,041	787	254	898	797	100
2.3.1.2.1 Non-Resident Deposits	898	676	222	780	678	102
2.3.2 Others	20	–	20	–	–	–
2.4 Rupee Debt Service	–	–	–	–	–	–
2.5 Other Capital	353	331	22	375	309	66
3 Errors & Omissions	–	**121**	**–121**	**40**	–	**40**
4 Monetary Movements (4.1+ 4.2)	–	**816**	**–816**	–	**267**	**–267**
4.1 I.M.F.	–	–	–	–	–	–
4.2 Foreign Exchange Reserves (Increase - / Decrease +)	–	816	–816	–	267	–267

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

(US $ Million)

Item	Oct-Dec 2014 (PR)			Oct-Dec 2015 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
1 Current Account (1.A+1.B+1.C)	**140,748**	**148,457**	**–7,709**	**122,544**	**129,615**	**–7,071**
1.A Goods and Services (1.A.a+1.A.b)	**119,750**	**138,403**	**–18,653**	**102,822**	**118,743**	**–15,921**
1.A.a Goods (1.A.a.1 to 1.A.a.3)	**80,102**	**118,736**	**–38,635**	**64,937**	**98,941**	**–34,004**
1.A.a.1 General merchandise on a BOP basis	80,102	107,593	–27,491	64,162	89,915	–25,753
1.A.a.2 Net exports of goods under merchanting	–	–	–	776	–	776
1.A.a.3 Nonmonetary gold	–	11,143	–11,143	–	9,027	–9,027
1.A.b Services (1.A.b.1 to 1.A.b.13)	**39,648**	**19,666**	**19,982**	**37,885**	**19,802**	**18,083**
1.A.b.1 Manufacturing services on physical inputs owned by others	28	5	24	24	10	14
1.A.b.2 Maintenance and repair services n.i.e.	66	54	12	37	93	–56
1.A.b.3 Transport	4,698	4,125	573	3,310	3,450	–140
1.A.b.4 Travel	5,461	3,676	1,786	5,761	3,352	2,409
1.A.b.5 Construction	351	273	78	345	180	165
1.A.b.6 Insurance and pension services	570	314	256	449	334	115
1.A.b.7 Financial services	1,334	736	598	958	887	72
1.A.b.8 Charges for the use of intellectual property n.i.e.	181	1,300	–1,120	130	1,245	–1,114
1.A.b.9 Telecommunications, computer, and information services	19,279	1,155	18,124	19,590	949	18,641
1.A.b.10 Other business services	7,207	7,068	139	6,667	7,633	–967
1.A.b.11 Personal, cultural, and recreational services	289	403	–114	261	161	100
1.A.b.12 Government goods and services n.i.e.	158	224	–66	147	123	25
1.A.b.13 Others n.i.e.	26	334	–309	205	1,385	–1,180
1.B Primary Income (1.B.1 to 1.B.3)	**3,471**	**8,968**	**–5,497**	**3,798**	**10,207**	**–6,409**
1.B.1 Compensation of employees	926	617	309	880	564	316
1.B.2 Investment income	2,153	8,296	–6,143	2,318	9,538	–7,220
1.B.2.1 Direct investment	1,283	3,126	–1,843	1,352	4,062	–2,710
1.B.2.2 Portfolio investment	29	1,662	–1,633	42	2,336	–2,294
1.B.2.3 Other investment	97	3,507	–3,410	159	3,139	–2,981
1.B.2.4 Reserve assets	744	1	744	766	1	766
1.B.3 Other primary income	392	55	338	600	105	495
1.C Secondary Income (1.C.1+1.C.2)	**17,527**	**1,086**	**16,441**	**15,925**	**665**	**15,259**
1.C.1 Financial corporations, nonfinancial corporations, households, and NPISHs	17,406	885	16,521	15,773	469	15,305
1.C.1.1 Personal transfers (Current transfers between resident and/ non-resident households)	16,773	803	15,970	15,282	412	14,869
1.C.1.2 Other current transfers	633	82	551	492	57	435
1.C.2 General government	121	201	–80	151	197	–46
2 Capital Account (2.1+2.2)	**191**	**81**	**111**	**64**	**46**	**18**
2.1 Gross acquisitions (DR.)/disposals (CR.) of non-produced nonfinancial assets	152	23	129	10	5	5
2.2 Capital transfers	39	58	–18	54	41	13
3 Financial Account (3.1 to 3.5)	**122,951**	**113,392**	**9,559**	**114,909**	**108,457**	**6,452**
3.1 Direct Investment (3.1A+3.1B)	**11,625**	**4,712**	**6,913**	**17,050**	**6,265**	**10,785**
3.1.A Direct Investment in India	9,826	2,152	7,674	16,383	2,399	13,984
3.1.A.1 Equity and investment fund shares	9,174	2,084	7,090	15,757	2,363	13,394
3.1.A.1.1 Equity other than reinvestment of earnings	6,605	2,084	4,521	13,127	2,363	10,763
3.1.A.1.2 Reinvestment of earnings	2,569	–	2,569	2,631	–	2,631
3.1.A.2 Debt instruments	652	68	584	626	36	590
3.1.A.2.1 Direct investor in direct investment enterprises	652	68	584	626	36	590
3.1.B Direct Investment by India	1,799	2,560	–761	667	3,866	–3,199
3.1.B.1 Equity and investment fund shares	1,799	1,859	–59	667	2,755	–2,088
3.1.B.1.1 Equity other than reinvestment of earnings	1,799	1,025	775	667	1,921	–1,254
3.1.B.1.2 Reinvestment of earnings	–	834	–834	–	834	–834
3.1.B.2 Debt instruments	–	701	–701	–	1,111	–1,111
3.1.B.2.1 Direct investor in direct investment enterprises	–	701	–701	–	1,111	–1,111
3.2 Portfolio Investment	**55,583**	**49,303**	**6,280**	**45,869**	**46,078**	**–209**
3.2.A Portfolio Investment in India	55,354	49,204	6,150	45,758	45,957	–200
3.2.1 Equity and investment fund shares	40,972	40,728	243	35,921	37,148	–1,228
3.2.2 Debt securities	14,382	8,475	5,906	9,837	8,809	1,028
3.2.B Portfolio Investment by India	230	99	130	111	121	–9
3.3 Financial derivatives (other than reserves) and employee stock options	**3,146**	**4,209**	**–1,063**	**3,362**	**2,788**	**574**
3.4 Other investment	**52,596**	**41,987**	**10,610**	**48,628**	**49,270**	**–642**
3.4.1 Other equity (ADRs/GDRs)	–	–	–	–	–	–
3.4.2 Currency and deposits	14,808	10,910	3,898	11,831	10,279	1,552
3.4.2.1 Central bank (Rupee Debt Movements; NRG)	315	–	315	2	–	2
3.4.2.2 Deposit-taking corporations, except the central bank (NRI Deposits)	14,493	10,910	3,583	11,829	10,279	1,550
3.4.2.3 General government	–	–	–	–	–	–
3.4.2.4 Other sectors	–	–	–	–	–	–
3.4.3 Loans (External Assistance, ECBs and Banking Capital)	17,847	11,079	6,768	13,787	14,595	–808
3.4.3.A Loans to India	17,422	10,945	6,477	13,339	14,266	–927
3.4.3.B Loans by India	425	135	291	447	329	118
3.4.4 Insurance, pension, and standardized guarantee schemes	211	135	76	311	441	–130
3.4.5 Trade credit and advances	17,570	18,923	–1,353	20,729	22,515	–1,786
3.4.6 Other accounts receivable/payable - other	2,161	940	1,221	1,970	1,440	530
3.4.7 Special drawing rights	–	–	–	–	–	–
3.5 Reserve assets	–	**13,182**	**–13,182**	–	**4,056**	**–4,056**
3.5.1 Monetary gold	–	–	–	–	–	–
3.5.2 Special drawing rights n.a.	–	–	–	–	–	–
3.5.3 Reserve position in the IMF n.a.	–	–	–	–	–	–
3.5.4 Other reserve assets (Foreign Currency Assets)	–	13,182	–13,182	–	4,056	–4,056
4 Total assets/liabilities	**122,951**	**113,392**	**9,559**	**114,909**	**108,457**	**6,452**
4.1 Equity and investment fund shares	55,531	49,114	6,417	56,129	45,616	10,513
4.2 Debt instruments	65,259	50,156	15,103	56,810	57,345	–535
4.3 Other financial assets and liabilities	2,161	14,121	–11,961	1,970	5,497	–3,526
5 Net errors and omissions	–	**1,961**	**–1,961**	**601**	–	**601**

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

(₹ Billion)

Item	Oct-Dec 2014 (PR)			Oct-Dec 2015 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
1 Current Account (1.A+1.B+1.C)	**8,717**	**9,194**	**-477**	**8,079**	**8,545**	**-466**
1.A Goods and Services (1.A.a+1.A.b)	**7,416**	**8,572**	**-1,155**	**6,778**	**7,828**	**-1,050**
1.A.a Goods (1.A.a.1 to 1.A.a.3)	**4,961**	**7,354**	**-2,393**	**4,281**	**6,523**	**-2,242**
1.A.a.1 General merchandise on a BOP basis	4,961	6,664	-1,703	4,230	5,927	-1,698
1.A.a.2 Net exports of goods under merchanting	–	–	–	51	–	51
1.A.a.3 Nonmonetary gold	–	690	-690	–	595	-595
1.A.b Services (1.A.b.1 to 1.A.b.13)	**2,456**	**1,218**	**1,238**	**2,497**	**1,305**	**1,192**
1.A.b.1 Manufacturing services on physical inputs owned by others	2	–	1	2	1	1
1.A.b.2 Maintenance and repair services n.i.e.	4	3	1	2	6	-4
1.A.b.3 Transport	291	255	35	218	227	-9
1.A.b.4 Travel	338	228	111	380	221	159
1.A.b.5 Construction	22	17	5	23	12	11
1.A.b.6 Insurance and pension services	35	19	16	30	22	8
1.A.b.7 Financial services	83	46	37	63	58	5
1.A.b.8 Charges for the use of intellectual property n.i.e.	11	81	-69	9	82	-73
1.A.b.9 Telecommunications, computer, and information services	1,194	72	1,122	1,291	63	1,229
1.A.b.10 Other business services	446	438	9	439	503	-64
1.A.b.11 Personal, cultural, and recreational services	18	25	-7	17	11	7
1.A.b.12 Government goods and services n.i.e.	10	14	-4	10	8	2
1.A.b.13 Others n.i.e.	2	21	-19	14	91	-78
1.B Primary Income (1.B.1 to 1.B.3)	**215**	**555**	**-340**	**250**	**673**	**-423**
1.B.1 Compensation of employees	57	38	19	58	37	21
1.B.2 Investment income	133	514	-380	153	629	-476
1.B.2.1 Direct investment	79	194	-114	89	268	-179
1.B.2.2 Portfolio investment	2	103	-101	3	154	-151
1.B.2.3 Other investment	6	217	-211	10	207	-197
1.B.2.4 Reserve assets	46	–	46	51	0	50
1.B.3 Other primary income	24	3	21	40	7	33
1.C Secondary Income (1.C.1+1.C.2)	**1,085**	**67**	**1,018**	**1,050**	**44**	**1,006**
1.C.1 Financial corporations, nonfinancial corporations, households, and NPISHs	1,078	55	1,023	1,040	31	1,009
1.C.1.1 Personal transfers (Current transfers between resident and/ non-resident households)	1,039	50	989	1,007	27	980
1.C.1.2 Other current transfers	39	5	34	32	4	29
1.C.2 General government	7	12	-5	10	13	-3
2 Capital Account (2.1+2.2)	**12**	**5**	**7**	**4**	**3**	**1**
2.1 Gross acquisitions (DR.)/disposals (CR.) of non-produced nonfinancial assets	9	1	8	1	0	0
2.2 Capital transfers	2	4	-1	4	3	1
3 Financial Account (3.1 to 3.5)	**7,615**	**7,023**	**592**	**7,575**	**7,150**	**425**
3.1 Direct Investment (3.1A+3.1B)	**720**	**292**	**428**	**1,124**	**413**	**711**
3.1.A Direct Investment in India	609	133	475	1,080	158	922
3.1.A.1 Equity and investment fund shares	568	129	439	1,039	156	883
3.1.A.1.1 Equity other than reinvestment of earnings	409	129	280	865	156	710
3.1.A.1.2 Reinvestment of earnings	159	–	159	173	–	173
3.1.A.2 Debt instruments	40	4	36	41	2	39
3.1.A.2.1 Direct investor in direct investment enterprises	40	4	36	41	2	39
3.1.B Direct Investment by India	111	159	-47	44	255	-211
3.1.B.1 Equity and investment fund shares	111	115	-4	44	182	-138
3.1.B.1.1 Equity other than reinvestment of earnings	111	63	48	44	127	-83
3.1.B.1.2 Reinvestment of earnings	–	52	-52	–	55	-55
3.1.B.2 Debt instruments	–	43	-43	–	73	-73
3.1.B.2.1 Direct investor in direct investment enterprises	–	43	-43	–	73	-73
3.2 Portfolio Investment	**3,442**	**3,053**	**389**	**3,024**	**3,038**	**-14**
3.2.A Portfolio Investment in India	3,428	3,047	381	3,017	3,030	-13
3.2.1 Equity and investment fund shares	2,538	2,522	15	2,368	2,449	-81
3.2.2 Debt securities	891	525	366	648	581	68
3.2.B Portfolio Investment by India	14	6	8	7	8	-1
3.3 Financial derivatives (other than reserves) and employee stock options	**195**	**261**	**-66**	**222**	**184**	**38**
3.4 Other investment	**3,257**	**2,600**	**657**	**3,206**	**3,248**	**-42**
3.4.1 Other equity (ADRs/GDRs)	–	–	–	–	–	–
3.4.2 Currency and deposits	917	676	241	780	678	102
3.4.2.1 Central bank (Rupee Debt Movements; NRG)	20	–	20	–	–	0
3.4.2.2 Deposit-taking corporations, except the central bank (NRI Deposits)	898	676	222	780	678	102
3.4.2.3 General government	–	–	–	–	–	–
3.4.2.4 Other sectors	–	–	–	–	–	–
3.4.3 Loans (External Assistance, ECBs and Banking Capital)	1,105	686	419	909	962	-53
3.4.3.A Loans to India	1,079	678	401	879	940	-61
3.4.3.B Loans by India	26	8	18	29	22	8
3.4.4 Insurance, pension, and standardized guarantee schemes	13	8	5	20	29	-9
3.4.5 Trade credit and advances	1,088	1,172	-84	1,367	1,484	-118
3.4.6 Other accounts receivable/payable - other	134	58	76	130	95	35
3.4.7 Special drawing rights	–	–	–	–	–	–
3.5 Reserve assets	–	**816**	**-816**	–	**267**	**-267**
3.5.1 Monetary gold	–	–	–	–	–	–
3.5.2 Special drawing rights n.a.	–	–	–	–	–	–
3.5.3 Reserve position in the IMF n.a.	–	–	–	–	–	–
3.5.4 Other reserve assets (Foreign Currency Assets)	–	816	-816	–	267	-267
4 Total assets/liabilities	**7,615**	**7,023**	**592**	**7,575**	**7,150**	**425**
4.1 Equity and investment fund shares	3,439	3,042	397	3,700	3,007	693
4.2 Debt instruments	4,042	3,106	935	3,745	3,780	-35
4.3 Other financial assets and liabilities	134	875	-741	130	362	-232
5 Net errors and omissions	**–**	**121**	**-121**	**40**	**–**	**40**

No. 42: International Investment Position

(US$ Million)

Item	As on Financial Year /Quarter End							
	2014-15		2014		2015			
			Dec.		Sep.		Dec.	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	1	2	3	4	5	6	7	8
1 Direct Investment Abroad/in India	132,741	265,521	131,524	252,817	135,768	271,019	138,967	282,273
1.1 Equity Capital and Reinvested Earnings	91,457	254,055	91,145	241,931	92,975	258,420	95,063	269,456
1.2 Other Capital	41,283	11,466	40,379	10,887	42,794	12,599	43,904	12,817
2 Portfolio Investment	1,429	233,393	1,412	215,142	1,701	225,555	1,692	224,823
2.1 Equity	1,050	153,641	1,034	145,045	1,581	143,583	1,572	141,098
2.2 Debt	378	79,752	379	70,097	120	81,972	120	83,725
3 Other Investment	46,594	388,359	38,207	380,436	41,736	390,734	41,656	387,570
3.1 Trade Credit	5,495	83,690	6,840	81,062	4,712	81,314	4,548	79,541
3.2 Loan	5,664	177,158	4,169	176,215	4,273	172,700	3,683	171,804
3.3 Currency and Deposits	19,432	115,313	11,935	110,199	16,667	122,008	17,322	122,800
3.4 Other Assets/Liabilities	16,003	12,199	15,263	12,960	16,084	14,712	16,103	13,425
4 Reserves	341,639	–	320,649	–	350,288	–	350,381	–
5 Total Assets/ Liabilities	522,402	887,273	491,792	848,396	529,493	887,307	532,697	894,666
6 IIP (Assets - Liabilities)		–364,871		–356,603		–357,814		–361,969

Payment and Settlement Systems

No. 43: Payment System Indicators

System	Volume (Million)				Value (₹ Billion)			
	2015-16	2016			2015-16	2016		
		Jan.	Feb.	Mar.		Jan.	Feb.	Mar.
	1	2	3	4	5	6	7	8
1 RTGS	**98.34**	**8.22**	**8.23**	**9.87**	**1,035,551.79**	**82,659.68**	**86,727.77**	**122,783.90**
1.1 Customer Transactions	93.95	7.86	7.87	9.48	700,899.97	55,307.40	59,496.12	84,662.08
1.2 Interbank Transactions	4.37	0.36	0.35	0.39	123,678.19	11,210.31	10,845.84	15,383.37
1.3 Interbank Clearing	0.016	0.001	0.001	0.001	210,973.63	16,141.98	16,385.82	22,738.44
2 CCIL Operated Systems	**3.12**	**0.26**	**0.27**	**0.30**	**807,370.42**	**65,553.48**	**67,673.94**	**75,011.74**
2.1 CBLO	0.22	0.02	0.02	0.02	178,335.28	13,104.45	12,827.82	14,477.88
2.2 Govt. Securities Clearing	1.02	0.08	0.08	0.10	269,778.20	23,750.43	24,179.71	24,457.10
2.2.1 Outright	0.88	0.07	0.07	0.09	97,285.41	7,702.02	7,370.78	9,671.40
2.2.2 Repo	0.134	0.012	0.015	0.013	172,492.78	16,048.41	16,808.93	14,785.70
2.3 Forex Clearing	1.89	0.16	0.17	0.18	359,256.94	28,698.60	30,666.41	36,076.76
3 Paper Clearing	**1,101.91**	**87.49**	**93.33**	**98.05**	**82,206.76**	**6,376.98**	**6,732.62**	**7,716.89**
3.1 Cheque Truncation System (CTS)	963.92	77.58	83.54	88.24	70,235.12	5,546.26	5,946.61	6,928.50
3.2 MICR Clearing	–	-	-	-	–	–	–	–
3.2.1 RBI Centres	–	-	-	-	–	–	–	–
3.2.2 Other Centres	–	-	-	-	–	–	–	–
3.3 Non-MICR Clearing	137.98	9.91	9.78	9.81	11,971.64	830.72	786.01	788.39
4 Retail Electronic Clearing	**3,141.60**	**290.25**	**298.50**	**328.29**	**91,407.92**	**7,863.67**	**7,985.59**	**11,136.11**
4.1 ECS DR	224.78	13.36	11.04	9.26	1,651.89	99.01	82.13	68.94
4.2 ECS CR (includes NECS)	39.05	2.94	1.61	3.55	1,058.84	71.54	71.30	87.10
4.3 EFT/NEFT	1,252.88	118.97	110.17	129.24	83,273.11	7,086.75	7,278.60	10,226.36
4.4 Immediate Payment Service (IMPS)	220.81	22.48	23.86	25.98	1,622.26	165.59	169.67	198.73
4.5 National Automated Clearing House (NACH)	1,404.08	132.50	151.82	160.26	3,801.83	440.77	383.89	554.98
5 Cards	**10,036.73**	**887.73**	**864.39**	**917.42**	**29,323.57**	**2,516.85**	**2,468.78**	**2,572.56**
5.1 Credit Cards	791.73	70.22	67.69	72.83	2,411.60	188.86	209.21	229.74
5.1.1 Usage at ATMs	6.00	0.55	0.56	0.61	30.40	2.66	2.70	2.80
5.1.2 Usage at POS	785.73	69.68	67.14	72.22	2,381.20	186.20	206.51	226.94
5.2 Debit Cards	9,245.00	817.51	796.69	844.59	26,911.96	2,327.99	2,259.57	2,342.82
5.2.1 Usage at ATMs	8,071.48	707.63	691.73	731.72	25,322.77	2,181.88	2,130.04	2,208.19
5.2.2 Usage at POS	1,173.52	109.88	104.96	112.87	1,589.20	146.11	129.54	134.63
6 Prepaid Payment Instruments (PPIs)	**747.96**	**65.25**	**65.37**	**72.00**	**490.14**	**49.09**	**49.98**	**59.72**
6.1 m-Wallet	603.99	48.74	49.02	53.44	205.84	22.14	22.51	23.79
6.2 PPI Cards	143.41	16.46	16.31	18.50	256.34	24.62	25.30	32.76
6.3 Paper Vouchers	0.56	0.05	0.04	0.06	27.97	2.34	2.17	3.17
7 Mobile Banking	**386.55**	**42.80**	**42.75**	**48.43**	**4,017.84**	**465.21**	**464.73**	**625.01**
8 Cards Outstanding	**686.33**	**677.14**	**682.20**	**686.33**	–	–	–	–
8.1 Credit Card	24.51	23.78	24.13	24.51	–	–	–	–
8.2 Debit Card	661.82	653.36	658.07	661.82	–	–	–	–
9 Number of ATMs (in actuals)	**199100**	**195933**	**197292**	**199100**	–	–	–	–
10 Number of POS (in actuals)	**1382981**	**1337310**	**1363344**	**1382981**	–	–	–	–
11 Grand Total (1.1+1.2+2+3+4+5+6)	**15,129.65**	**1,339.20**	**1,330.08**	**1,425.92**	**1,835,376.97**	**148,877.77**	**155,252.86**	**196,542.47**

Note : Data for latest 12 month period is provisional.

Explanatory Notes to the Current Statistics

Table No. 1
1.2 & 6: Annual data are averages of months.
3.5 & 3.7: Relate to ratios of increments over financial year so far.
4.1 to 4.4, 4.8, 4.12 & 5: Relate to the last day of the month/financial year.
4.5, 4.6 & 4.7: Relate to five major banks on the last Friday of the month/financial year.
4.9 to 4.11: Relate to the last auction day of the month/financial year.

Table No. 2
2.1.2: Include paid-up capital, reserve fund and Long-Term Operations Funds.
2.2.2: Include cash, fixed deposits and short-term securities/bonds, *e.g.*, issued by IIFC (UK).

Table No. 4
Maturity-wise position of outstanding forward contracts is available at http://nsdp.rbi.org.in under ''Reserves Template''.

Table No. 5
Special refinance facility to Others, i.e. to the EXIM Bank, is closed since March 31, 2013.

Table No. 6
For scheduled banks, March-end data pertain to the last reporting Friday.
2.2: Exclude balances held in IMF Account No.1, RBI employees' provident fund, pension fund, gratuity and superannuation fund.

Table Nos. 7 & 11
3.1 in Table 7 and 2.4 in Table 11: Include foreign currency denominated bonds issued by IIFC (UK).

Table No. 8
NM_2 and NM_3 do not include FCNR (B) deposits.
2.4: Consist of paid-up capital and reserves.
2.5: includes other demand and time liabilities of the banking system.

Table No. 9
Financial institutions comprise EXIM Bank, SIDBI, NABARD and NHB.
L_1 and L_2 are compiled monthly and L_3 quarterly.
Wherever data are not available, the last available data have been repeated.

Table No. 15 & 16
Data are provisional and relate to select banks which cover 95 per cent of total non-food credit extended by all scheduled commercial banks (excludes ING Vysya which has been merged with Kotak Mahindra since April 2015).
Export credit under priority sector relates to foreign banks only.
Micro & small under item 2.1 includes credit to micro & small industries in manufacturing sector.
Micro & small enterprises under item 5.2 includes credit to micro & small enterprises in manufacturing as well as services sector.
Priority Sector is as per old definition and does not conform to FIDD Circular FIDD.CO.Plan.BC.54/04.09.01/2014-15 dated April 23, 2015.

Table No. 17
2.1.1: Exclude reserve fund maintained by co-operative societies with State Co-operative Banks
2.1.2: Exclude borrowings from RBI, SBI, IDBI, NABARD, notified banks and State Governments.
4: Include borrowings from IDBI and NABARD.

Table No. 24
Primary Dealers (PDs) include banks undertaking PD business.

Table No. 30
Exclude private placement and offer for sale.
1: Exclude bonus shares.
2: Include cumulative convertible preference shares and equi-preference shares.

Table No. 32
Exclude investment in foreign currency denominated bonds issued by IIFC (UK), SDRs transferred by Government of India to RBI and foreign currency received under SAARC SWAP arrangement. Foreign currency assets in US dollar take into account appreciation/depreciation of non-US currencies (such as Euro, Sterling, Yen and Australian Dollar) held in reserves. Foreign exchange holdings are converted into rupees at rupee-US dollar RBI holding rates.

Table No. 34
1.1.1.1.2 & 1.1.1.1.1.4: Estimates.
1.1.1.2: Estimates for latest months.
'Other capital' pertains to debt transactions between parent and subsidiaries/branches of FDI enterprises.
Data may not tally with the BoP data due to lag in reporting.

Table No. 35
1.10: Include items such as subscription to journals, maintenance of investment abroad, student loan repayments and credit card payments.

Table No. 36
Increase in indices indicates appreciation of rupee and vice versa. For 6-Currency index, base year 2012-13 is a moving one, which gets updated every year. REER figures are based on Consumer Price Index (combined). Methodological details are available in December 2005 and April 2014 issues of the Bulletin.

Table No. 37
Based on applications for ECB/Foreign Currency Convertible Bonds (FCCBs) which have been allotted loan registration number during the period.

Table Nos. 38, 39, 40 & 41
Explanatory notes on these tables are available in December issue of RBI Bulletin, 2012.

Table No. 43
1.3: Pertain to multilateral net settlement batches.
3.1: Pertain to two centres - New Delhi and Chennai.
3.3: Pertain to clearing houses managed by 21 banks.
6: Available from December 2010.
7: Include IMPS transactions.

Table No. 45
The holdings of RBI have been revised since December 2014, based on the revised liquidity management framework.

Detailed explanatory notes are available in the relevant press releases issued by RBI and other publications/releases of the Bank such as **Handbook of Statistics on the Indian Economy**.

Recent Publications of the Reserve Bank of India

Name of Publication	Price	
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1. Reserve Bank of India Bulletin 2016	₹200 per copy (over the counter) ₹240 per copy (inclusive of postage) ₹2,800 (one year subscription - inclusive of postage)	US$ 11 per copy (inclusive of postage) US$ 130 (one-year subscription) (inclusive of air mail courier charges)
2. Handbook of Statistics on the Indian Economy 2014-15	₹400 (Normal) ₹450 (inclusive of postage) ₹300 (concessional) ₹375 (concessional with postage)	US$ 40 (inclusive of air mail courier charges)
3. Report on Currency and Finance 2009-12 Fiscal-Monetary Co-ordination	₹515 (normal) ₹555 (inclusive of postage)	US$ 16 per copy (inclusive air mail courier charges)
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7. CD Compendium of Articles on State Finances (1950-51 to 2010-11)	₹280 (over the counter) ₹305 (inclusive of postal charges) ₹210 (concessional) ₹235 (concessional inclusive of postage)	US$ 8 (inclusive of air mail book post charges)
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11. Report of the committee on Fuller Capital account Convertibility (Tarapore Committee Report II)	₹140 per copy (normal) ₹170 (per copy by post)	US$ 25 per copy ((inclusive of air mail courier charges)
12. A Profile of Banks 2012-13	₹80 per copy (over the counter) ₹110 per copy (inclusive of postal charges)	US$ 7 per copy (inclusive of air mail courier charges)

Name of Publication	Price	
	India	Abroad
13. Selected Banking Indicators 1981 to 2002 (On CD-ROM)	₹250 per CD (over the counter) ₹300 per CD (including postal charges)	US$ 75 (per CD) (inclusive of air mail courier charges)
14. Statistical Tables Relating to Banks in India 2012-13	₹240 per copy (over the counter) ₹300 (inclusive of postage)	US$ 13 per copy (inclusive of air mail courier charges)
15. Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks 1981-2003 (on CD-ROM)	₹185 per copy (over the counter) ₹240 per copy (including postal charges)	US$ 20 per copy US$ 55 per copy (inclusive of air mail courier charges)
16. Basic Statistical Returns of Scheduled Commercial Banks in India Vol. 41 March 2012	₹270 per copy (over the counter) ₹310 per copy (inclusive of postal charges)	US$ 10 per copy (inclusive of air mail courier charges)
17. Private Corporate Business Sector in India - Selected Financial Statistics from 1950-51 to 1997-98	₹500 per CD (over the counter)	US$ 100 per CD ROM (inclusive of air mail courier charges)
18. Banking Glossary (2012)	₹80 per copy (over the counter) ₹120 per copy (inclusive of postal charges)	
19. Anuvad Ke Vividh Aayam (Hindi)	₹165 per copy (over the counter) ₹205 per copy (inclusive of postal charges)	

Notes

1. Many of the above publications are available at the RBI website (www.rbi.org.in).
2. Time Series data are available at the Database on Indian Economy (http://dbie.rbi.org.in).
3. The Reserve Bank of India History 1935-1997 (4 Volumes), Challenges to Central Banking in the Context of Financial Crisis and the Regional Economy of India: Growth and Finance are available at leading book stores in India.

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