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MONETARY POLICY STATEMENT FOR 2019-20

Fifth Bi-monthly Monetary Policy Statement, 2019-20

*Fifth Bi-monthly Monetary Policy Statement, 2019-20 Resolution of the Monetary Policy Committee (MPC) Reserve Bank of India**

On the basis of an assessment of the current and evolving macroeconomic situation, the Monetary Policy Committee (MPC) at its meeting today (December 5, 2019) decided to:

- keep the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 5.15 per cent.

Consequently, the reverse repo rate under the LAF remains unchanged at 4.90 per cent, and the marginal standing facility (MSF) rate and the Bank Rate at 5.40 per cent.

- The MPC also decided to continue with the accommodative stance as long as it is necessary to revive growth, while ensuring that inflation remains within the target.

These decisions are in consonance with the objective of achieving the medium-term target for consumer price index (CPI) inflation of 4 per cent within a band of +/- 2 per cent, while supporting growth.

The main considerations underlying the decision are set out in the statement below.

Assessment

Global Economy

2. Since the MPC's meeting in October 2019, global economic activity has remained subdued, though some signs of resilience are becoming visible. Among the advanced economies (AEs), GDP growth in the US picked up in Q3 on strong private investment and personal consumption expenditure. More recent data, however, indicate that factory activity contracted for the fourth consecutive month in November, while retail sales and industrial production declined in October. In the Euro area, GDP growth remained stable in Q3 relative to the previous quarter on improved household consumption and government spending, although manufacturing activity continued to struggle with lingering geo-political uncertainties. With weak global demand pulling down exports, the Japanese economy lost momentum in Q3. Economic activity in the UK accelerated in Q3, primarily driven by the services sector and construction activity.

3. Among emerging market economies (EMEs), GDP growth in China decelerated further in Q3, reflecting weak industrial production and declining exports amidst trade tensions with the US. While retail sales edged lower in October, fiscal and monetary stimuli are expected to temper the slowdown. In Russia, GDP growth accelerated in Q3 on the back of an upturn in agricultural output and industrial activity. In South Africa, economic activity contracted in Q3, pulled down by slowing mining and manufacturing activity. In Brazil, GDP growth accelerated further in Q3, driven by agriculture, industry and business investment activity.

4. Crude oil prices have moved in a narrow range in both directions since the last meeting of the MPC, reflecting changing sentiments relating to progress in US-China trade talks. Gold prices traded sideways before falling in early November as a revival of risk appetite eased safe haven demand. Inflation remained benign in major AEs and EMEs in Q3, except in China where it firmed up to its highest level in eight years.

5. Global financial markets were buoyed in October by risk-on sentiment stemming from renewed optimism on a trade truce between the US and China and possibility of a Brexit deal. In the US, equity markets rallied in this environment, also supported by better than expected corporate earnings and strong jobs data. Stock markets in EMEs too registered gains

* Released on December 05, 2019.

in October before some selling pressure took hold in the second half of November on renewed fears of US-China trade talks stalling on the Hong Kong stand-off. Bond yields in the US firmed up from early October on risk-on sell-offs; however, they softened from mid-November on waning hopes of a near-term resolution of trade disputes. Bond yields in the Euro area remained negative, but expectations that a no-deal Brexit is less likely improved sentiment. In EMEs, bond yields showed mixed movements, driven initially by optimism on US-China trade talks and country-specific factors. In currency markets, the US dollar weakened against other major currencies, while EME currencies have been trading with an appreciating bias.

Domestic Economy

6. On the domestic front, gross domestic product (GDP) growth moderated to 4.5 per cent year-on-year (y-o-y) in Q2:2019-20, extending a sequential deceleration to the sixth consecutive quarter. Real GDP growth was weighed down by a sharp slowdown in gross fixed capital formation (GFCF), cushioned by a jump in government final consumption expenditure (GFCE). Excluding GFCE, GDP growth would have been at 3.1 per cent. Growth in real private final consumption expenditure (PFCE) recovered from an 18-quarter trough. The drag from net exports eased on account of a sharper contraction in imports than in exports.

7. On the supply side, gross value added (GVA) growth decelerated to 4.3 per cent in Q2:2019-20, pulled down by a contraction in manufacturing. The slowdown in manufacturing activity was also reflected in a decline in capacity utilisation (CU) to 68.9 per cent in Q2:2019-20 from 73.6 per cent in Q1 in the early results of the Reserve Bank's order books, inventories and capacity utilisation survey (OBICUS). Seasonally adjusted CU also fell to 69.8 per cent from 74.6 per cent during the same period. Growth in the services sector moderated, weighed down mainly by trade, hotels, transport, communication, broadcasting services and construction activity. However, growth in public administration, defence and other services accelerated in line with the surge in government final consumption expenditure. Agricultural GVA growth increased marginally, despite contraction in kharif foodgrains production in the first advance estimates.

8. Looking beyond Q2, rabi sowing is catching up from the setback caused by delay in kharif harvesting and unseasonal rainfall in October and early November. By November 29, it was only 0.5 per cent lower than the acreage covered a year ago. North-east monsoon precipitation was 34 per cent above the long-period average up to December 4. Storage in major reservoirs, the main source of irrigation during the rabi season, was at 86 per cent of the full reservoir level as on November 28 as compared with 61 per cent in the same period a year ago.

9. Contraction in output of eight core industries – which constitute 40 per cent of the index of industrial production (IIP) – extended into the second consecutive month in October and became more pronounced, dragged down by coal, electricity, cement, natural gas and crude oil. However, output of fertilisers rose sharply, reflecting expectations of robust sowing activity in the rabi season. According to the early results of the Reserve Bank's industrial outlook survey, overall sentiment in the manufacturing sector remained in pessimism in Q3:2019-20 due to continuing downbeat sentiments on production, domestic and external demand, and the employment scenario. The purchasing managers' index (PMI) for manufacturing increased from 50.6 in October to 51.2 in November 2019, driven up by an increase in new orders and output.

10. High frequency indicators suggest that service sector activity generally remained weak in October. Tractors and motorcycles sales – indicators of rural demand – continued to contract but at a moderated pace; however, passenger vehicle sales – an indicator of urban demand – posted a slender positive growth in October after 11 months of decline, reflecting

festival season demand and promotional measures by auto companies. Commercial vehicle sales and railway freight traffic contracted. The PMI for services remained in negative zone in October (49.2) due to a decline in new export business and turning down of business expectations. However, it moved into expansion zone to 52.7 in November on a pick-up in new business.

11. Retail inflation, measured by y-o-y changes in the CPI, increased sharply to 4.6 per cent in October, propelled by a surge in food prices. Fuel group prices remained in deflation, while inflation in CPI excluding food and fuel moderated further from its level a month ago.

12. Turning to the drivers of CPI, food inflation spiked to 6.9 per cent in October – a 39-month high – pushed up by a sharp increase in prices of vegetables due to heavy unseasonal rains. Prices of onions, in particular, shot up by 45.3 per cent in September and further by 19.6 per cent in October. Inflation in several other food items such as fruits, milk, pulses and cereals also increased, reflecting diverse factors – the cost push of fodder prices in the case of milk; decline in production and sowing area of pulses; and minimum support price effects. Sugar and confectionery prices moved out of deflation in October as sugarcane output shrank on a y-o-y basis.

13. Fuel group prices remained weak for the fourth consecutive month in October due to deflation in prices of LPG, firewood and chips. Electricity prices, however, picked up in October following a rise in user charges by power distribution companies (DISCOMs) across 13 states as reflected in the CPI.

14. Inflation in CPI excluding food and fuel softened further from 4.2 per cent in September to 3.4 per cent in October, primarily due to favourable base effects. Price increases also moderated across several services as reflected in transportation fares, telephone charges, tuition fees and house rentals.

15. Households' inflation expectations, measured by the Reserve Bank's November 2019 round of the survey, increased by 120 basis points over the 3-month ahead horizon and 180 basis points over the 1-year ahead horizon as they adapted to the spike in food prices in recent months. Based on the Reserve Bank's consumer confidence survey, spending on non-essential items of consumption has shrunk compared to a year ago; however, consumers expect their overall spending to remain unchanged going forward largely due to an increase in prices. Manufacturing firms polled in the industrial outlook survey of the Reserve Bank expect (i) weak demand conditions and reduced input price pressures in Q3:2019-20 and Q4; and (ii) muted output prices reflecting further weakening of pricing power.

16. Overall liquidity in the system remained in surplus in October and November 2019 despite an expansion of currency in circulation due to festival demand. Average daily net absorption under the LAF amounted to ₹1,98,566 crore in October. The Centre availed of ways and means advances (WMA) in the first week and the last three days of the month to fund its expenditure. In November, the average daily net absorption of surplus liquidity soared to ₹2,40,566 crore with more frequent and larger recourse to WMA by the Government. Consequently, the Reserve Bank decided to conduct longer-term variable rate reverse repo auctions with effect from November 4, 2019 in addition to overnight variable rate reverse repo auctions. So far, four longer term reverse repo auctions have been conducted – two auctions of 21 days tenor and one each of 35 days and 42 days tenor – absorbing ₹78,934 crore. Reflecting easy liquidity conditions, the weighted average call rate (WACR) traded below the policy repo rate (on an average) by 8 basis points (bps) in October and by 10 bps in November.

17. Monetary transmission has been full and reasonably swift across various money market segments and the private corporate bond market. As against the cumulative reduction in the policy

repo rate by 135 bps during February-October 2019, transmission to various money and corporate debt market segments ranged from 137 bps (overnight call money market) to 218 bps (3-month CPs of non-banking finance companies). Transmission to the government securities market, however, has been partial at 113 bps (5-year government securities) and 89 bps (10-year government securities). Credit market transmission remains delayed but is picking up. The 1-year median marginal cost of funds-based lending rate (MCLR) has declined by 49 basis points. The weighted average lending rate (WALR) on fresh rupee loans sanctioned by banks declined by 44 basis points, while the WALR on outstanding rupee loans increased by 2 basis points during this period. However, transmission is expected to improve going forward as (i) the share of base rate loans, interest rates on which have remained sticky, declines; and (ii) MCLR-based floating rate loans, which typically have annual resets, become due for renewal.

18. After the introduction of the external benchmark system, most banks have linked their lending rates to the policy repo rate of the Reserve Bank. The median term deposit rate has declined by 47 bps during February-November 2019. The weighted average term deposit rate declined by 9 bps in October as against a decline of just 7 bps in eight months during February-September. This augurs well for transmission to lending rates, going forward.

19. Exports contracted in September-October 2019, reflecting the persisting weakness in global trade. Excluding petroleum products, however, the decline in exports was less pronounced and, in fact, non-oil export growth returned to positive territory in October after a hiatus of two months. Imports contracted faster than exports, with lower international crude oil prices resulting in a decline in the oil import bill. A sharp contraction in the volume of gold imports kept outgoes on this account in check. Non-oil non-gold imports also contracted, pulled down by electronics, coal and pearls and precious stones. Reflecting these developments, the trade deficit narrowed in September-October. On the financing side, net foreign direct investment rose to US$ 20.9 billion in H1:2019-20 from US$ 17.0 billion a year ago. Net foreign portfolio investment was of the order of US$ 8.8 billion in April-November 2019 as against net outflows of US$ 14.9 billion in the same period of last year. In addition, net investment by FPIs under the voluntary retention route have amounted to US$ 6.3 billion since March 11, 2019. Net disbursals of external commercial borrowings rose to US$ 11.5 billion during April-October 2019 as against US$ 1.2 billion during the same period a year ago. India's foreign exchange reserves were at US$ 451.7 billion on December 3, 2019 – an increase of US$ 38.8 billion over end-March 2019.

Outlook

20. In the fourth bi-monthly resolution of October 2019, CPI inflation was projected at 3.4 per cent for Q2:2019-20, 3.5-3.7 per cent for H2:2019-20 and 3.6 per cent for Q1:2020-21 with risks evenly balanced. The actual inflation outcome for Q2 evolved broadly in line with projections – averaging 3.5 per cent. The inflation print for October, however, was much higher than expected.

21. Going forward, the inflation outlook is likely to be influenced by several factors. First, the upsurge in prices of vegetables is likely to continue in immediate months; however, a pick-up in arrivals from the late kharif season along with measures taken by the Government to augment supply through imports should help soften vegetables prices by early February 2020. Second, incipient price pressures seen in other food items such as milk, pulses, and sugar are likely to be sustained, with implications for the trajectory of food inflation. Third, both the 3-month and 1-year ahead inflation expectations of households polled by the Reserve Bank have risen and these latent sentiment upsides are being reflected in other surveys as well. Fourth, domestic financial markets have exhibited volatility. Fifth, domestic demand

Chart 1: Quarterly Projection of CPI Inflation (y-o-y)

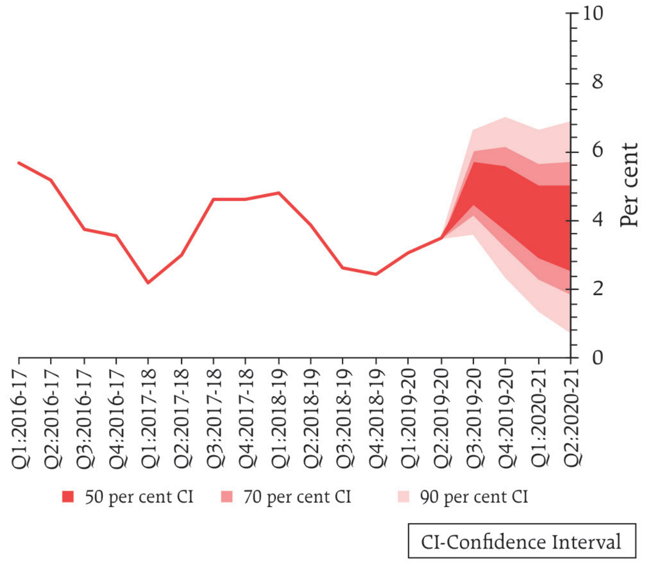
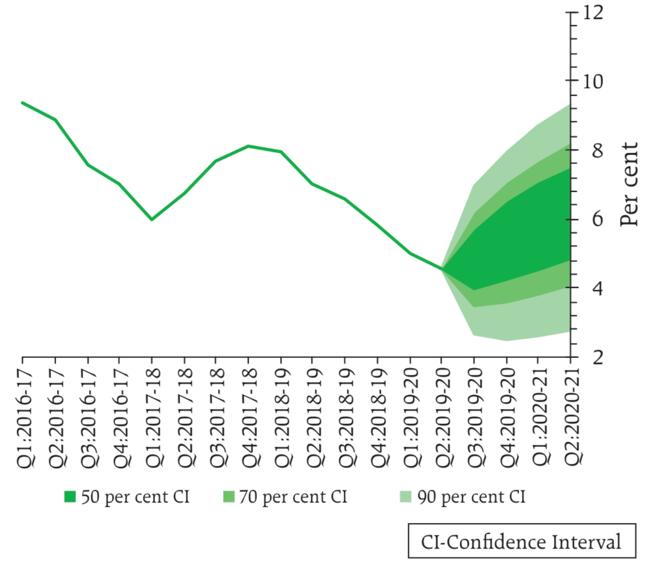


Chart 2: Quarterly Projection of Real GDP Growth (y-o-y)



has slowed down, which is being reflected in the softening of inflation excluding food and fuel. Sixth, crude oil prices are expected to remain range bound, barring any supply disruptions due to geo-political tensions. Taking into consideration these factors, the CPI inflation projection is revised upwards to 5.1-4.7 per cent for H2:2019-20 and 4.0-3.8 per cent for H1:2020-21, with risks broadly balanced (Chart 1).

22. Turning to the growth outlook, real GDP growth for 2019-20 in the October policy was projected at 6.1 per cent – 5.3 per cent in Q2:2019-20 and in the range of 6.6-7.2 per cent for H2:2019-20 – with risks evenly balanced; and 7.2 per cent for Q1:2020-21. GDP growth for Q2:2019-20 turned out to be significantly lower than projected. Various high frequency indicators suggest that domestic and external demand conditions have remained weak. Based on the early results, the business expectations index of the Reserve Bank's industrial outlook survey indicates a marginal pickup in business sentiments in Q4. On the positive side, however, monetary policy easing since February 2019 and the measures initiated by the Government over the last few months are expected to revive sentiment and spur domestic demand. Taking into consideration these factors, real GDP growth for 2019-20 is revised downwards from 6.1 per cent in the October policy to 5.0 per cent – 4.9-5.5 per cent in H2 and 5.9-6.3 per cent for H1:2020-21 (Chart 2). While improved monetary transmission and a quick resolution of global trade tensions are possible upsides to growth projections, a delay in revival of domestic demand, a further slowdown in global economic activity and geo-political tensions are downside risks.

23. The MPC notes that economic activity has weakened further and the output gap remains negative. However, several measures already initiated by the Government and the monetary easing undertaken by the Reserve Bank since February 2019 are gradually expected to further feed into the real economy. Data on corporate finance and on projects sanctioned by banks and financial institutions suggest some early signs of recovery in investment activity, though its sustainability needs to be watched closely. The need at this juncture is to address impediments, which are holding back investments. The introduction of external benchmarks is expected to strengthen monetary transmission. In this context, there is also a need for greater flexibility in the adjustment in interest rates on small saving schemes. In the

judgement of the MPC, inflation is rising in the near-term, but it is likely to moderate below target by Q2:2020-21. It is, therefore, prudent to carefully monitor incoming data to gain clarity on the inflation outlook. Similarly, the forthcoming union budget will provide better insight into further measures to be undertaken by the Government and their impact on growth.

24. The MPC recognises that there is monetary policy space for future action. However, given the evolving growth-inflation dynamics, the MPC felt it appropriate to take a pause at this juncture. Accordingly, the MPC decided to keep the policy repo rate unchanged and continue with the accommodative stance as long as it is necessary to revive growth, while ensuring that inflation remains within the target.

25. All members of the MPC – Dr. Chetan Ghate, Dr. Pami Dua, Dr. Ravindra H. Dholakia, Dr. Michael Debabrata Patra, Shri Bibhu Prasad Kanungo and Shri Shaktikanta Das – voted in favour of the decision.

26. The minutes of the MPC's meeting will be published by December 19, 2019.

27. The next meeting of the MPC is scheduled during February 4-6, 2020.

Statement on Developmental and Regulatory Policies

This Statement sets out various developmental and regulatory policy measures for strengthening regulation and supervision; broadening and deepening of financial markets; and improving payment and settlement systems.

I. Regulation and Supervision

1. Primary (Urban) Co-operative Banks – Exposure Limits and Priority Sector Lending

With a view to reducing concentration risk in the exposures of primary (urban) co-operative banks (UCBs) and to further strengthen the role of UCBs in promoting financial inclusion, it is proposed to amend certain regulatory guidelines relating to UCBs. The guidelines would primarily relate to exposure norms for single and group/interconnected borrowers, promotion of financial inclusion, priority sector lending, etc. These measures are expected to strengthen the resilience and sustainability of UCBs and protect the interest of depositors. An appropriate timeframe will be provided for compliance with the revised norms. A draft circular proposing the above changes for eliciting stakeholder comments will be issued shortly.

2. Primary (Urban) Co-operative Banks - Reporting to Central Repository of Information on Large Credits (CRILC)

The Reserve Bank has created a Central Repository of Information on Large Credits (CRILC) of scheduled commercial banks, all India financial institutions and certain non-banking financial companies with multiple objectives, which, among others, include strengthening offsite supervision and early recognition of financial distress. With a view to building a similar database of large credits extended by primary (urban) co-operative banks (UCBs), it has been decided to bring UCBs with assets of ₹500 crores and above under the CRILC reporting framework. Detailed instructions in this regard will be issued by December 31, 2019.

3. Comprehensive Cyber Security Framework for Primary (Urban) Cooperative Banks (UCBs) – A Graded Approach

The Reserve Bank had prescribed a set of baseline cyber security controls for primary (Urban) cooperative banks (UCBs) in October 2018. On further examination, it has been decided to prescribe a comprehensive cyber security framework for the UCBs, as a graded approach, based on their digital depth and interconnectedness with the payment systems landscape, digital products offered by them and assessment of cyber security risk. The framework would mandate implementation of progressively stronger security measures based on the nature, variety and scale of digital product offerings of banks. Such measures would, among others, include implementation of bank specific email domain; periodic security assessment of public facing websites/applications; strengthening the cybersecurity incident reporting mechanism; strengthening of governance framework; and setting up of Security Operations Center (SOC). This would bolster cyber security preparedness and ensure that the UCBs offering a range of payment services and higher Information Technology penetration are brought at par with commercial banks in addressing cyber security threats.

Detailed guidelines in this regard will be issued by December 31, 2019.

4. Development of Secondary Market for Corporate Loans – setting up of Self-Regulatory Body

As recommended by the Task Force on Development of Secondary Market for Corporate Loans, the Reserve Bank will facilitate the setting up of a self-regulatory body (SRB) as a first step towards the development of the secondary market for corporate loans. The SRB will be responsible, inter-alia, for standardising documents, covenants and practices related to secondary market transactions in corporate loans and promoting the growth of the secondary market in line with regulatory objectives.

5. On Tap Licensing of Small Finance Banks

In the Second Bi-monthly Monetary Policy Statement, 2019-20 of June 06, 2019, it was announced that the Draft Guidelines for 'On tap' Licensing of Small Finance Banks will be issued by the end of August 2019. Accordingly, the Draft Guidelines were placed on the RBI's website on September 13, 2019 inviting comments from the stakeholders and members of the public. After examining the responses received, the 'On tap' Licensing Guidelines for Small Finance Banks have now been finalised and are being issued today.

6. International Financial Service Centre Banking Unit (IBU)

With a view to facilitating ease of operations for IBUs and having regard to the Liquidity Coverage Ratio being maintained by them, it has been decided to allow IBUs to:

i. open foreign currency current accounts of their corporate borrowers subject to the provisions of FEMA 1999 and regulations issued thereunder, wherever applicable; and

ii. accept fixed deposits in foreign currency of tenor less than one year from non-bank entities and consequently remove the current restriction on premature withdrawal of deposits.

However, the current prohibition on acceptance of retail deposits including from high net worth individuals (HNIs) will continue. Necessary instructions are being issued shortly.

7. Review of NBFC-P2P Directions- Aggregate Lender Limit and escrow accounts

The Reserve Bank had issued directions for Non-Banking Financial Company-Peer to Peer Lending platform (NBFC-P2P) on October 4, 2017. At present, the aggregate limits for both borrowers and lenders across all P2P platforms stand at ₹10 lakh, whereas exposure of a single lender to a single borrower is capped at ₹50,000 across all NBFC-P2P platforms. A review of the functioning of the lending platforms and lending limit was carried out and it has been decided that in order to give the next push to the lending platforms, the aggregate exposure of a lender to all borrowers at any point of time, across all P2P platforms, shall be subject to a cap of ₹50 lakh. Further, it is also proposed to do away with the current requirement of escrow accounts to be operated by bank promoted trustee for transfer of funds having to be necessarily opened with the concerned bank. This will help provide more flexibility in operations. Necessary instructions in this regard will be issued shortly.

8. Baseline Cyber Security Controls for ATM Switch application service providers of RBI regulated entities

A number of commercial banks, urban cooperative banks and other regulated entities are dependent upon third party application service providers for shared services for ATM Switch applications. Since these service providers also have exposure to the payment system landscape and are, therefore, exposed to the associated cyber threats, it has been decided that certain baseline cyber security controls shall be mandated by the regulated entities in their contractual agreements with these service providers. The guidelines would require implementation of several measures to strengthen the process of deployment and changes in application softwares in the ecosystem; continuous surveillance; implementation of controls on storage, processing and transmission of sensitive data; building capacity for forensic examination; and making the incident response mechanism more robust. Detailed guidelines in this regard will be issued by December 31, 2019.

II. Financial Markets

9. Hedging of foreign exchange risk by residents and non-residents – Issue of final guidelines

An announcement regarding the review of foreign exchange hedging facilities was made in February 2019, followed by issue of draft regulations for public comments on February 15, 2019. The Task Force on Offshore Rupee markets (Chairperson: Smt. Usha Thorat) also suggested some changes based on its review. The draft regulations have been modified based on the feedback and the recommendations of the Task Force. The important changes are as follows: -

- Users may undertake over the counter (OTC) currency derivative transactions up to USD 10 million, without the need to evidence underlying exposure.
- Banks shall be provided with the discretion, in exceptional circumstances, to pass on net gains on hedge transactions booked on anticipated exposures.
- Strengthening of the safeguards to ensure, that complex derivatives are sold only to users that are capable of managing the risks.

The final directions will be issued after notification of the changes to Foreign Exchange Management Act (FEMA) Regulations.

III. Payment and Settlement System

10. New Pre-Paid Payment Instruments (PPI)

Prepaid Payment Instruments (PPIs) have been playing an important role in promoting digital payments. To further facilitate its usage, it is proposed to introduce a new type of PPI which can be used only for purchase of goods and services up to a limit of ₹10,000. The loading / reloading of such PPI will be only from a bank account and used for making only digital payments such as bill payments, merchant payments, etc. Such PPIs can be issued on the basis of essential minimum details sourced from the customer. Instructions in this regard will be issued by December 31, 2019.

SPEECHES

*Indian Banking at Crossroads: Some Reflections**

Shaktikanta Das

I am very happy to be amongst you today to address the first Annual Economics Conference being organised by the Amrut Mody School of Management, Ahmedabad University. The theme of the conference - '50 years of Bank Nationalisation: Indian Banking at Crossroads' - provides the perfect backdrop for a discussion on the evolution of Public Sector Banks(PSBs), their journey over the last 50 years and a vision for their future. The banking system has played a critical role in the upliftment of our country, especially in the recent decades which saw unprecedented economic growth. However, the banking system, especially the public sector banks, has experienced a large churn after the Global Financial Crisis(GFC) as it tries to grapple with multiple challenges, including high non-performing loans (NPLs), global and domestic economic downturns, adaptation of technology and competition from new age fintech companies. In my address today, I shall attempt to discuss the challenges that lay ahead for the broader banking sector and what we expect of them going forward. I shall also briefly touch upon our approach to tackling the issues in the non-banking finance companies and urban co-operative banks, which are important segments of the financial sector.

Many a time, to see through to the future, looking back at the past provides insights that are of much help. With that limited objective, I shall wade back a little to the past for the sake of contextualising our discussion. In 1967, credit to agriculture constituted only 2.2 per cent of the total advances of the Scheduled Commercial Banks in sharp contrast to industry which constituted 64.3 per cent. Five cities in the country, *viz.*, Ahmedabad, Mumbai, Delhi, Kolkata and Chennai accounted for around 44 per cent of the bank deposits and 60 per cent of the outstanding bank credit in1969. This led to the widespread political perception that, left to themselves, the private sector banks were not sufficiently aware of their larger responsibilities towards society. The solutions that the policy makers thought of at that time included exerting various degrees of control over the banking system, which ultimately culminated in the decision to nationalise 14 private sector banks in 1969, followed by the nationalisation of six more private sector banks in 1980. The impact of the decision to nationalise banks has been succinctly summarised in the History of RBI, Volume III: *'….at the time of nationalisation as many as 617 towns out of 2,700 in the country were not covered by commercial banks. And, even worse, out of about 600,000 villages, hardly 5,000 had banks. The spread, too, was uneven…..'*

Current Challenges and the Role of Exogenous Factors

Against this historical detour, let me come to the challenges faced by the banks today, many of which are a result of how various exogenous factors have played out over the years. Everyone concerned should realise that banks are in the business of taking bonafide risks. This means that out of a host of exposures which a bank chooses to take, a few may go bad. The PSBs, which have been used as vehicles to further the development agenda of the Government, had to achieve and maximise multiple objectives. The high growth phase prior to the GFC (2008) was aided by bank credit to a large extent, mostly by PSBs, leading to risk build ups in the balance sheet of the lenders. In particular, bank credit to infrastructure sector increased at an unprecedented rate. This exposed the PSBs to the travails of the infrastructure sector, which materialised significantly in the post-crisis years.

Further, the tail end of the above high growth period in advances to infrastructure coincided with a period of slowdown in economic growth and tightening

* Shri Shaktikanta Das, Governor, Reserve Bank of India Inaugural Address Delivered at the First Annual Economics Conference, Amrut Mody School of Management in Ahmedabad University, November 16, 2019.

of environmental clearances. Also, the transformation of major term lending institutions into universal banks/NBFCs led to commercial banks becoming the primary source of long-term debt financing to projects in infrastructure and core industries. An immediate consequence of these circumstances was that it led to a spurt in the level of 'restructured standard assets', *i.e.*, assets which were restructured without being downgraded as non-performing assets (NPAs). Eventually, most of the restructured assets which were allowed to be classified as 'standard' became NPAs as the restructuring packages proved to be unviable. Inadequate credit assessment by banks and governance issues also played their due part in the risk build-up.

As documented, the increase in NPAs was significantly higher in PSBs as compared to their private and foreign counterparts. PSBs, probably to fulfil the additional social objective of their mandate, had taken higher exposure in some of the critical sectors of the economy such as mining, iron and steel, and infrastructure. NPA levels in these sectors shot up as all these sectors suffered external shocks leading to the respective stress - mining and energy was hit by the cancellation of allocation of coal blocks; iron and steel sector faced cost pressures due to dumping of cheaper steel from China; telecommunications sector underwent a disruption in the form of cancellation of 2G spectrum allotment; and the construction sector was marred by delays in obtaining necessary government approvals, in particular environmental clearances.

To add to these issues, shocks in the form of debt waivers/moratoriums and payment issues of Distribution Companies (DISCOMs) also meant significant costs to the fisc and also affected the health of the banking sector as well as the credit culture. Interestingly, data put together by the Indian Banks Association shows that of the 10 states that announced debt waiver schemes since 2017, only three states have reimbursed almost completely as promised. Thus, it is imperative that write-off amounts are reimbursed to the banks and DISCOM payments are made in a time bound manner, so as to improve the health of banks and their capacity to lend in subsequent years.

Corporate Governance - The Elephant in the Room

This brings me to some of the internal challenges faced by the PSBs, and their governance could easily be identified as a central concern. In fact, many of the problems that currently seem to affect the PSBs such as the elevated levels of NPA, capital shortfalls, frauds and inadequate risk management can mostly be attributed to the manifestation of underlying corporate governance issues. The role of independent Boards in fostering a compliance culture by establishing the proper systems of control, audit and distinct reporting of business and risk management has been found wanting in some PSBs leading to build-up of NPAs. Also, the understanding of risks from a business perspective by the Boards in some banks has been inadequate due to skill gap and, competency issues. The fact remains that a strong corporate governance culture, with a focus on transparency and accountability, has to percolate from a strong Board which sets the example by leading.

Let me also touch upon governance issues in private sector banks (PVBs) which originate from altogether different set of concerns. The issues here mainly relate to incentive structure of their managements, quality of audits and compliance and also functioning of Audit and Risk Management Committees. The Reserve Bank has recently issued guidelines for compensation in private sector banks which include specification of minimum variable pay component and clawback arrangements, among others.

Resolution of Stressed Assets

Apart from governance, one of the biggest challenges faced by the PSBs, and the banking system in general, is the resolution of stressed assets. For a long time, India did not have a bankruptcy law in place, and hence the Reserve Bank introduced various restructuring frameworks which were designed to emulate the desirable attributes of a bankruptcy law. The enactment of the Insolvency and Bankruptcy Code, 2016 (IBC) has been a game changer in this regard. Despite the impression that IBC has been marred with numerous litigations leading to delays in resolution, I am optimistic that these are teething problems in a new law. Majority of the companies that went through insolvency proceedings under IBC and ended in liquidation so far were already stressed entities for a long time whose value had been eroded significantly and were pending before the Board for Industrial and Financial Reconstruction (BIFR). The real impact of the IBC is to be seen in the fresh cases where I expect the law to provide an efficient avenue to effect a resolution.

To complement these efforts, the Reserve Bank has put in place a framework for resolution of stressed assets through a circular dated June 7, 2019 which envisages a time bound implementation of a resolution plan, failing which disincentives in the form of additional provisions will kick in.

While these provisions are available for real sector firms, the situation is entirely different when it comes to resolution of financial firms. In this regard, the Government, on November 15, 2019 has notified the rules containing a framework for resolution of financial services providers (FSPs) under the IBC. The applicability of these rules would be limited to certain financial services providers to be separately notified by the Government in consultation with regulators.

Our resolute efforts towards recognition, repair and resolution have resulted in non-performing assets (NPAs) of the banking system declining for the first time in March 2019 after a gap of 7 years. Fresh slippages declined and the system-level provision coverage ratio jumped to 60.5 per cent from 48.3 per cent a year ago. The capital adequacy ratio of the banking system has increased to 14.3 per cent, much higher than the Basel norms. This has benefited from the recapitalisation of PSBs in the order of ₹ 2.9 lakh crore by the Government in the recent period.

Mergers of Public Sector Banks

The government, with an objective to create strong and competitive banks, has announced an amalgamation of PSBs in order to create stronger banks with global presence. This consolidation is in the direction of the recommendations of the first report of the Narasimham Committee in 1991, where the requirement for fewer but stronger banks for Indian economy had been highlighted. The idea was to enable such banks to compete at the national and international level. A well-executed merger generates synergies of workforce and capital, helps in streamlining of operations and leads to significant improvements in efficiency. It can also entail diffusion of best practices across the board between banks. The bigger and agile banks, in principle, could reposition themselves with better branding exercises. I must, however, hasten to add that the merger process has to be executed without creating any disruption in the normal functioning of these banks.

Non-Bank Financial Companies (NBFC) Sector

It is well recognised that NBFCs play a prominent role in the Indian financial system by catering to financial needs of a wide variety of customers and niche sectors, providing complementarity and competition to banks. The NBFC sector largely depends on market and bank borrowings, thereby creating a web of inter-linkages with banks and financial markets. As Housing Finance Companies (HFCs) now fall under the regulatory purview of the Reserve Bank, we are undertaking a review of extant regulations and are in the process of harmonising these regulations for HFCs with applicable regulations for NBFCs.

In the aftermath of the Infrastructure Leasing and Financial Services Limited (IL&FS) crisis and subsequent defaults by a few companies, asset quality concerns have emerged, which imposes liquidity constraints on NBFCs. The Reserve Bank has been proactive in taking several measures to address these concerns and strengthen the regulatory and supervisory architecture of the NBFC sector, thereby ensuring that the sector remains stable and robust.

We have attached considerable importance to make them resilient through harmonisation of regulations and a robust liquidity framework. Reserve Bank on November 4, 2019 has come out with guidelines on liquidity risk management framework for NBFCs. Our objective is to ensure proper governance and risk management structures in NBFCs.

Urban Co-operative Banks

Let me now turn to co-operative banks. They contribute significantly in credit delivery and in bringing other financial services to the people. The performance of some of these institutions, however, has been hampered due to operational and governance issues. The recent unearthing of fraud in one of the urban co-operative banks (UCBs) has brought up issues relating to their governance, prudent internal control mechanisms, and adequacy of checks and balances to the forefront.

Turning back to history, the Urban Co-operative Banks were brought under the ambit of the Banking Regulation (BR) Act, 1949 with effect from March 1, 1966. Certain provisions of the BR Act, however, were not made applicable to them, limiting the scope of regulation and supervision over them[1]. Broadly speaking, banking-related functions of cooperative banks are regulated by the Reserve Bank and management-related functions are controlled by the concerned State / Central Government. The Reserve Bank's regulatory control over UCBs is affected due to this duality of control. Reserve Bank has made concerted efforts in the past to mitigate the adverse impact of dual regulation in the form of MoUs with State/ Central Governments and setting up of a State-level Task Force for Co-operative Urban Banks (TAFCUB). However, challenges still persist. At present, the Reserve Bank is working with the Government to amend the Act governing co-operative banks. We have suggested several legislative changes to the Central Government for better regulation and supervision of UCBs. On our part, we are reviewing the existing architecture of regulation and supervision of UCBs and shall carry out necessary changes in sync with the evolving requirements.

Going forward, UCBs are likely to increasingly face competition from players such as Small Finance banks (SFBs), Payments Banks, NBFCs and Micro-Finance Institutions (MFis). It is, therefore, necessary for them to adopt robust technology to enable them to provide banking services at lower costs and with adequate safeguards. The Reserve Bank has been taking proactive steps to assist these institutions to adopt a robust IT infrastructure. The proposed national level Umbrella Organisation (UO) is expected to provide liquidity and capital support to member co-operative banks, and will therefore contribute to the strength and vibrancy of the sector.

New Frontiers of Banking

The emergence of new banking models, in the form of Payments Banks and Small Finance Banks, have widened the horizons of banking in India. The Government and the Reserve Bank have taken several initiatives to encourage greater use of electronic payments[2] to achieve a 'less cash' society. These measures have led to digital payments[3] to GDP ratio rising to 8.6 per cent at end-March 2019 from 6.7 per cent at end-March 2016. During the same period, the number of per capita digital transactions rose from 4.6 to 17.6. Similarly, Fin-Tech is offering alternative models of lending and capital raising. In this regard, crowdfunding, peer-to-peer lending, invoice financing (Trade Receivables Discounting System (TReDs)) and digital lending have made their presence felt. They have helped in improving the efficiency of intermediation by bringing down the

[1] Co-operative banks are regulated under Section 56 of the BR Act, 1949 subject to certain modifications. As Co-operative banks are exempted from certain provisions of the Act, the regulatory authority of the Reserve Bank over UCBs is limited.

[2] Such as Immediate Payments Service (IMPS), Unified Payments Interface (UPI), Bharat Interface for Money (BHIM), Bharat Bill Pay System (BBPS), Aadhaar-enabled Payment System (AePS), Bharat QR code and mobile wallets.

[3] Digital payments include RTGS (customer transactions and inter-bank transactions), retail electronic payments and card payments (credit and debit card transactions at point of sale (PoS) terminals, and payments made through pre-paid payment instruments).

costs, sachetisation of products and services and in expanding the reach of financial services to a greater number of people.

More recently, Artificial Intelligence (AI), Machine Learning (ML) and Big Data are becoming central to financial services innovation. Analysis of vast amount of data, both structured and unstructured, has been made possible using these techniques. Increasing levels of expectations of compliance to regulations and a greater focus on data and reporting has brought RegTech and SupTech into limelight. They are being applied in areas such as risk management, regulatory reporting, data management, compliance, e-KYC / anti-money laundering (AML)/ Combating the Financing of Terrorism (CFT), and fraud prevention.

In light of these developments, conventional banking is making way for next-generation banking with focus on digitisation and modernisation. The need for brick and mortar branches is being reviewed continuously as digitisation has brought banking to the fingertips of the people, obviating the need to physically visit a bank branch. The transformation of the financial services landscape caused by technological innovations can blur the difference between a bank and a technology company, as technological giants are making rapid strides into areas such as payments, traditionally the domain of banks. This will present testing grounds for the regulators to delicately balance promotion of innovation and applying uniform supervisory and regulatory framework.

Concluding Observations

Let me conclude by saying that banks have a critical role in the economy. The privilege of raising unsecured liabilities from the society and generating revenue by deploying them in various avenues and ventures necessitates prudent risk assessment of such deployment. In this process, the banks do have a responsibility to shoulder when it comes to contributing to the growth of productive sectors of the economy including infrastructure.

As we move forward, we at the RBI are focusing on governance, risk management, internal audit and compliance functions in banks more closely. In a bid to strengthen oversight of commercial banks, co-operative banks and NBFCs, we have created a unified department of supervision (DoS) and a unified department of regulation (DoR) with effect from November 1,2019. This move will enhance the efficacy of supervision and regulation as these entities operate in an increasingly integrated environment with overlapping business domains. It is our endeavour to update the knowledge and skill levels of supervisors on a continuous basis. We are adopting a multi-pronged approach in this aspect. We are in the process of setting up a College of Supervisors to augment and reinforce supervisory skills among regulatory and supervisory staff. In addition, an internal supervisory research and analysis wing is being created to supplement and support regulatory and supervisory activities. As indicated earlier, technology would continue to play a vital role in enhancing the efficacy of regulation and supervision in a continual manner.

We are also addressing some of the long persisting issues in our regulatory and supervisory framework in a systematic and time bound manner towards building a more efficient and robust financial system.

I hope the participants of the conference would deliberate on some of the issues highlighted in my remarks today in greater detail in the sessions that follow. I wish the conference all success.

*Seventeenth L. K. Jha Memorial Lecture by Shri N. K. Singh: Opening Remarks**

Shaktikanta Das

On behalf of the Reserve Bank of India, I am delighted to welcome Shri N. K. Singh to deliver the L. K. Jha Memorial Lecture, the seventeenth in the series. Incidentally, this day marks the 106th birth anniversary of Shri L.K. Jha. I am deeply honoured to have his daughter, Mrs. Deepika Maharaj Singh on this occasion. A hearty welcome to all the distinguished invitees of the Reserve Bank.

At the beginning, I would like to say a few words about Shri L. K. Jha to commemorate the occasion. Popularly known as 'LK', Shri Lakshmi Kant Jha, was born in Darbhanga district of Bihar. He was a graduate from the Banaras Hindu University and Trinity College, Cambridge. At Cambridge, he was a student of renowned economists like Keynes and Robertson. He joined the Indian Civil Service in 1936. He worked in the Government in several capacities. He was India's Principal Representative at the meetings of the General Agreement on Tariffs and Trade (GATT) and was its Chairman during 1957-58. He became Secretary, Department of Economic Affairs in the Ministry of Finance in 1960 and was appointed to the newly created post of Principal Secretary to the then Prime Minister Shri Lal Bahadur Shastri in 1964. Subsequently, he continued in the same capacity under Prime Minister Smt. Indira Gandhi.

From July 1, 1967 to May 3, 1970, Shri L. K. Jha held the office of the Governor of the Reserve Bank of India (RBI). As Governor of the RBI, he attached great importance to the developmental role of the Reserve Bank in enhancing growth prospects of the economy and strengthening the banking sector.

After Reserve Bank, he worked as Ambassador of India to the United States and later became Governor of Jammu & Kashmir. Shri L. K. Jha passed away in Pune on January 16, 1988 and remained fully committed to his work to the very last. This lecture series was instituted in 1990 in recognition of his contribution to the country and to the Reserve Bank.

About the Speaker

It is a great pleasure to have Shri N. K. Singh to deliver the Seventeenth L. K. Jha Memorial Lecture. In terms of the contribution to the nation, Shri N. K. Singh has carried forward the work done by Shri Jha in various capacities. He is currently the Chairman of the Fifteenth Finance Commission of which I was also a member before assuming the charge as Governor, Reserve Bank of India. Prior to that, Shri Singh headed the Fiscal Responsibility and Budget Management (FRBM) Review Panel. He is the prime architect of the revised FRBM Rule adopted by the Government last year.

Until recently, he was a member of the Rajya Sabha from the State of Bihar. In this capacity, he served on the Parliamentary Standing Committee on External Affairs, the Public Accounts Committee and the Consultative Committee on Finance. As a career bureaucrat, having joined the IAS in 1964, he has handled important portfolios such as India's Expenditure and Revenue Secretary, a Member of the Planning Commission as well as Secretary to the Prime Minister, Shri A.B. Vajpayee.

Shri N. K. Singh has a wide range of national and international experience. He was the principal interlocutor with multilateral institutions during India's BoP crisis in the early 1990s. He has also served in important advisory roles and pro-actively engaged in the economic reforms strategy of India over the last 20 years.

The theme of 'Fiscal federalism: Ideology and Practice', chosen by Shri N. K. Singh for today's

* Seventeenth L. K. Jha Memorial Lecture by Shri N. K. Singh on November 22, 2019.

lecture, is highly relevant and timely for the Indian economy in the aftermath of introduction of the GST and formation of NITI Aayog, which together, give greater role to the states in our federal setup.

The essence of Indian federalism is that both the Union and the States have to be fiscally strong. A weak Union is detrimental to both national sovereignty and growth; and weak States will not be able to deliver development. And there could be no better person today than Shri N. K. Singh to talk on these issues. The fact remains that the future contours of fiscal federalism is going to be shaped by the recommendations of the 15th Finance Commission.

Simultaneously, competitive federalism is also increasingly becoming a feature governing the Centre-State relationship. Niti Aayog's Aspirational Districts Programme is one such example of competition and development. Ranking of states based on ease of doing business is another such example that has the potential to improve long-term productivity. It is in this spirit that the State Finance Report, recently released by the Reserve Bank, has tried to assemble state-wise facts on certain fiscal parameters, drawing from their budgets so as to promote healthy competition among states to realise the potential revenue or minimize the risks by mutual learning. This time, we have also released time series database on State Finances to facilitate research in this area.

Another aspect of fiscal federalism which needs attention relates to the local bodies. In furtherance of the objective of fiscal decentralization, the Constitution provides for delegation of funds to the urban and rural local bodies under Article 243. There is a great need to strongly institutionalise State Finance Commissions and empower the third tier of governance by enhancing their revenue-generating capacity.

With these words, I would now like to invite Shri N. K. Singh to share his thoughts on ideologies underpinning fiscal federalism and practical challenges emanating from the same. The floor would be open for a brief Q&A session after the Lecture.

*Fiscal Federalism: Ideology and Practice**

N. K. Singh

I am greatly privileged and honoured to speak at this prestigious L K Jha Memorial Lecture. For me this is more than a lecture for several reasons. First and foremost, my own personal association, with Shri L K Jha, (to me LK Uncle), dates back from my childhood days. He not only came from the same district as my father but they went to London together - while he went to Cambridge my father was at the London School of Economics. Both joined the Indian Civil Service in the same year of 1936. By the time I joined the civil services, LK's fame and reputation as an administrator, policy maker, with domain understanding of economics and finance had spread far and wide. There are several anecdotes about him which I have mentioned in my forthcoming autobiography and would not like to repeat them here. Irresistibly I must mention one.

When I was serving as Minister of Economic and Commerce in the Indian Embassy in Japan, LK had led a preparatory mission to Japan in 1984 comprising of senior policy makers and senior corporates to prepare for the forthcoming visit of Prime Minister Indira Gandhi. I recall that during that visit, a small dinner was hosted for him by Nisho Iwai who was also part of the fabled Shoga-shosha - meaning a very large Japanese Company that trades internationally in a wide range of goods and services. During this dinner a very old gentleman, who had since retired from the company, shook hands with LK and then gave him a card that had his name and designation as Joint Secretary, Ministry of Industrial Development. He had met LK decades ago and since then LK had travelled a long distance - as Secretary Industry, Secretary Economic Affairs, Secretary to Prime Minister and Governor of RBI. LK was stunned on why and how he had preserved this old visiting card of his Joint Secretary era. The old man said he had been struck by LK's brilliance in his first meeting and decided to preserve this card for so many decades hoping that he might meet him again and certain that he would, no doubt, rise to a high public office. While LK was amused, the old man's quest had been realised.

LK represented what may be quintessentially called a liberal mind. He constantly endeavoured in multiple responsibilities to seek measures which would free up the economy, enhance productivity through competition, contribute to growth and provide enough fiscal room to address issues of poverty and welfare. Indeed, this mind set was endemic to him and anecdotes suggest that when he left the responsibility of Secretary to Indira Gandhi to move as Governor of the Reserve Bank of India, the South Block was bereft of a liberal approach. For successive years thereafter, there was the dominance of a left oriented approach believing excessively in enhanced public outlays and strengthening regulations.

My last meeting with him was when he came to Patna to file his nomination for the Rajya Sabha in 1986. By then I had already returned to Bihar and was Principal Secretary Industry. Sitting out on the lawns of my parental house, he recalled with nostalgia about the days gone by, his long association with our family and how he missed my parents with whom his family had a strong association. Regrettably, this was my last meeting with him because he passed away while he was still a Member of Rajya Sabha, from Bihar. Understandably the Washington Post in its obituary, said that *'Jha epitomised the steel frame of Indian government'*. It had also said a little earlier that *'Jha moved as comfortably with the power brokers of Washington and London as he did with those of New Delhi. Even after he ended his formal government service, his views were constantly sought out by*

* Seventeenth L K Jha Memorial lecture delivered at the Reserve Bank of India, Mumbai on November 22, 2019. The views and opinions expressed are those of the author alone.

leading political figures and as similarly were heeded whenever he felt it necessary to speak about on any major issues'.

I have selected today's broad theme on this subject of *fiscal federalism*, given the fact that one of the last public offices which he held was to head the Economic Administrative Reforms Commission in the 1980s which had multiple ideas on restructuring our governance rubric in an era of what he called Globalisation.

At today's lecture, I intend to discuss the *changing landscape of Centre-State relations* and the *Dynamic Federal Polity of India.* Federalism means different things to different people. There are federal romantics who believe that the future of India lies in greater autonomy and power to States and that the evolution of the polity has deprived the States to make a more meaningful contribution in our development process. They could equally say so about the third tier of the government namely Panchayat and Urban Local Bodies. There are others, however, who look at this issue in a more clinical way broadly examining the architecture of fiscal federalism and its adherence to the original architecture. But as Charles Kennedy said that *'we have to win vocabulary before we succeed in the vision'.* The same holds true for Fiscal Federalism.

Indeed, the term was first introduced by the German born American economist Richard Musgrave in 1959. According to Wallace E. Oakes writing in 1999 much later on Fiscal Federalism said that *'it is concerned with understanding of which functions and instruments are best centralised and which are best placed in the sphere of decentralised levels of government. This concept applies to all forms of government: unitary, federal and confederal'.*

Evolution

It would be useful to dwell for a while on the evolution of Fiscal Federalism in India. Many of its features are intertwined with the history of East India Company and the British Crown.

The East India Company was granted a Charter of incorporation by Queen Elizabeth in 1600 CE, which gave the Company exclusive right of trading with India.

East India Company set up a number of factories and trading centres at different places in India. Bombay, Madras, and Calcutta became the main settlements and were declared as presidencies.

Under the Act of 1773, the Calcutta Presidency was given full powers over the other two presidencies of Madras and Bombay, which for the first time resembled setting up of a Government. However, only in the Charter Act of 1833, did a central fiscal authority with Presidencies as constituents was formed, which vested the financial and legislative powers in India solely in the Governor-General of Bengal, who was designated the Governor-General of India making the entire administration centralised.

The current system of the financial year ending on 31st March along with the principles of the English budget system were adopted with crown taking direct control in 1858.

Union, State and Concurrent Lists in the current Indian Constitution have their genesis from the first Budget, which was presented in 1860-61 under the new system.

A system of diarchy, dividing the administrative subjects into two categories - Central and Provincial was a result of the Montague-Chelmsford reforms enacted in the Government of India Act, 1919. Under the Act, provinces got power by way of delegation and the Central Legislative retained the power to legislate for the entire country relating to any subject. The sources of revenue were also divided between the Centre and Provinces.

In 1927, to review the working of the Act of 1919, the Simon Commission was appointed. The commission favoured the formation of Indian Princely

States and Provinces, which were the administrative divisions of British Government.

The Government of India Act, 1935 established a federal system with Provinces and Indian States as two distinct units. Under the act, legislative powers were distributed under three lists - Federal List, Provincial List, and the Concurrent List. The Act made the revenues and finances of the Provincial Government distinct from those of the Federal Government. The act provided for collection and retention of levies by the Federal Government and spelled out details of the distribution of financial resources and grants-in-aids to provinces.

As per the Act, such sums as prescribed by his majesty in Council were to be charged on the revenues of the federation. *The Government of India Act, 1935 established the basic structure of fiscal federalism in India, one that survives even today.*

Constituent Assembly was constituted in 1946, which adopted a unitary form of government. The federal framework evolved, however, indigenously over a period. The final shape to the federal form of government and federal finance was incorporated in the Government of India Act, 1935. It also had some features of a parliamentary system. However, the nature of the relationship between the proposed federal Government and the Provinces of British India relative to that of the Princely States was resolved only after independence, but before the Constitution was adopted.

Post-Independence

At the time of Independence, India had nine Provinces and over 500 Princely States. The Princely States accounted for 40 per cent of the territory and 30 per cent of the population, and were diverse in size, character, systems, and in the nature of their relations with British India. They were integrated with India after Independence, and the Union of States came into existence on 26th January 1950.

The evolution of fiscal federalism in India thus has a long genesis. It primarily dates back to the government of India Act of 1919 and 1935. While the Act of 1919 provided for a separation of revenue heads between the Centre and the provinces, the 1935 Act allowed for the sharing of Centre's revenues and for the provision of grants- in-aid to provinces.

Article 1 of our Constitution describes India, that is, *'Bharat as a 'Union of States' rather than a 'Federation of States'.*

There was no unanimity in the Constituent Assembly with regard to the name of the country. Some members suggested the traditional name (Bharat) while others advocated the modern name (India). Hence, the Constituent Assembly had to adopt a mix of both ('India, that is, Bharat')

Secondly, the country is described as 'Union' although its Constitution is federal in structure. On November 4, 1948, while moving the Draft Constitution in the Constituent Assembly, B.R. Ambedkar responded to the question as to why India is a 'Union' and not a 'Federation of States':

'The Drafting Committee wanted to make it clear that though India was to be a federation, the federation was not the result of an agreement by the States to join in a federation and that the federation not being the result of an agreement no State has the right to secede from it. The Federation is a Union because it is indestructible.'

Political scientist Alfred Stepan classified India as a 'holding together' as opposed to a 'coming together' federation. Unlike the federal form of government in the United States, which is described as an indestructible Union composed of indestructible States, India is an indestructible Union of destructible States.

The units of Indian federation have undergone multiple transformations since 1947. This is because

Article 3 of the Constitution empowers Parliament to create new States. While such a provision can be seen as giving the Union too much power, it has arguably been central to holding India together since it allows the federation to evolve and respond to sub-national aspirations.

While initially, in 1950, the Constitution contained a fourfold classification of the States of the Indian Union, into Parts A, B, C, and D. By the States Reorganisation Act (1956), the distinction between Part-A and Part-B States was done away with, while Part-C and Part-D States were abolished. *After the State of Jamnku and Kashmir has become a Union Territory, we now have 28 States and nine Union Territories; the latest addition to the list of union territories are J&K and Ladakh, added on 31st October 2019.*

Broadly speaking, in the evolution of Fiscal Federalism there has been a marked stability in the process and procedures. The annual budgetary processes of both the Central and the Federal Governments are independent exercises and have to go through the Parliament or State Legislature. The Finance Commission which was first constituted in 1951 under Article 280 of the Constitution has had an unbroken legacy. It performs the functions broadly enshrined in the Article 280 of the Constitution.

Article 280 reads as:

(1) The President shall, within two years from the commencement of this Constitution and thereafter at the expiration of every fifth year or at such earlier time as the President considers necessary, by order constitute a Finance Commission which shall consist of a Chairman and four other members to be appointed by the President.

(2) It shall be the duty of the Commission to make recommendations to the President as to

(a) the distribution between the Union and the States of the net proceeds of taxes which are to be, or may be, divided between them under this Chapter and the allocation between the States of the respective shares of such proceeds;

(b) the principles which should govern the grants in aid of the revenues of the States out of the Consolidated Fund of India;

(c) any other matter referred to the Commission by the President in the interests of sound finance.

(3) The Commission shall determine their procedure and shall have such powers in the performance of their functions as Parliament may by law confer on them.

For most of the post-independence era, the existence of the Planning Commission injected centralising dependence in more ways than one. The Planning Commission became a parallel institution for the transfer of resources from the Union of States. While focus of the Finance Commission remained on the revenue account, the Planning Commission was concerned predominantly with the capital account. Successive Finance Commissions commented on this as being inconsistent with the spirit of the constitution in the devolution of resources. There were other developments like the 73rd and 74th amendments of the Constitution in 1992 giving status to Panchayat Raj institutions and Urban local bodies with specific functions assigned to them under the eleventh and twelfth schedules.

As a coordinating entity between the Centre and the States the two key institutions have remained, the National Development Council constituted in 1952 to oversee the work of the Planning Commission, to approve their five year plans and their mid-term appraisal and the formation of the Inter State Council by a Constitutional Amendment in 1990 based on the recommendations of the Sarkaria Commission Report. The question which I wish to ask myself is have Centre-State relations and their dynamics kept pace with the changing needs of the time? India has changed imperceptibly in its economic policies and its governance rubric.

As we Look Ahead I Perceive there are a Few Key Challenges.

First and foremost, the future of the VIIth Schedule. I need to dwell on this a bit. The VIIth Schedule of the Constitution broadly demarcates the functions of the governance into three entities. This schedule distributes the legislative and financial powers between the Union and the States. List I pertain to subjects of the Union, while List II pertains to subjects which belong to the States and List III in a category called the Concurrent List belong to both the Union and the States and in the event of conflicting legislation, the law passed by the Union shall prevail.

Over a period of time the Concurrent List has sought to occupy increasing space. This is not only by the 42nd Amendment of the Constitution (1975), which shifted the subjects of forest and education from the State List to the Concurrent List.

While this was formal act entirely through constitutional amendment there are other ways in which the original demarcation was sought to be whittled down and often metamorphasized. Take for instance the issue of Entitlement driven legislations. Some time ago we entered an era of Entitlement based Standalone Legislation. The classic examples are the Mahatma Gandhi National Rural Employment Guarantee Act of 2005, the Right of Children to Free and Compulsory Education Act 2009 and the National Food Security Act 2013. How do these stand-alone entitlement legislations mesh with the VIIth Schedule of the Constitution? Do they transgress the earmarked borders? And how is it that none of the States, at any stage opposed the transgression of these limits. This was the area where the fiscal romantics should have really intervened as employment, education and food were entirely intended to be in the domain of the States. The issue of the States autonomy, I scarcely remember ever came up for serious analytical critiques. Political expediency pervaded Constitutional misgivings.

Second, the issue of incongruence of Article 282 of the Constitution with the letter and spirit of the VIIth Schedule. Article 282 of the Constitution which says, 'The Union or a State may make any grants for any public purpose, notwithstanding that the purpose is not one with respect to which Parliament or the Legislature of the State, as the case may be, may make laws.'

Originally in the Constitution, it was not expected to be an overarching provision but an extra-ordinary one to be used very sparingly and If I quote Shri K Santhanam, Chairman of the 2nd Finance Commission on Article 282, he said - *'This was not intended to be one of the major provisions for making readjustments between the Union and the States, if that was the idea, then there was no purpose in evolving such a complicated set of relations of shares, assignments and grants. There is no purpose in having two Articles enabling the Centre to assist the States - one through the Finance Commission and the other by more executive discretion. In the latter case, even parliamentary legislation is not needed. Of course, it will have to be included in the Budget. But, beyond being an item in the Budget, no further sanction need to be taken. Therefore, in my view, this Article was a residuary, a reserve Article, to enable the Union to deal with unforeseen contingencies. That was how this Article was used both by the British Government and, after transfer of power, before the first year of the First Five Year Plan. Under this Article, only some grow-more-food grants and some rehabilitation grants were given.'*

N A Palkhivala, Constitutional expert, in his opinion given to 9th Finance Commission, opined - *'Art. 282 is not intended to enable the Union to make such grants as fall properly under Art. 275. Art. 282 embodies merely a residuary power which enables the Union or a State to make any grant for any purpose, irrespective of the question whether the purpose is one over which the grantor has legislative power.'*

The legitimacy of all Centrally Sponsored Schemes most of which are in the domain of the States emanates from the use or misuse through recourse to Article 282. Indeed, *raison-de-etre* of the Planning Commission in many ways emanated from excessive use of Article 282 in the plethora, if not the jungle of what has come to be known as the Centrally Sponsored Schemes. Here again notwithstanding the successive attempts to rationalise these schemes, the last being under the Committee headed by the former Chief Minister of Madhya Pradesh, Shivraj Singh Chauhan, their numbers and diversity remained very robust. Based on the internal exercise of the Fifteenth Finance Commission there are approx. 211 schemes/ sub-schemes under the 29 umbrella core and core of the core schemes. Many of these exist masked under the so called umbrella schemes. What is even most staggering being that the total outlay of the Central Government on these Centrally Sponsored Schemes is approx. 3.32 lakh crores in 2019-20 BE. Considering that the States often protest that these schemes are ill designed and not suited to their specific needs and entails significant financial outlays by them, no State has really decided to abandon them. Far from Centrally Sponsored Schemes facing the sunset, some large schemes in the shape of Ayushman Bharat, Jal Jeevan Mission seek to enlarge their reach and diversity.

In the Light of the Aforesaid Analysis what is the Forward Path

First, we must recognise that the Indian polity has evolved beyond recognition. When the constitution was drawn up, the interdependence among the States fostered by technology and migration had not gathered pace. But the autonomy of States in pre-globalised era was vastly different than an era where both migration and technology erode in perceptively the boundaries for State. While we talk of the global value added chain, we forget that there is Indian Value Added Chain (IVC). Products, Processes and Services commenced in one State could involve several States before it reaches the final consumer. Indeed, the philosophy of Competitive Federalism, the initialisation of Niti Aayog on ranking of States emanates from this approach.

The concept of National priorities and notable initiatives like Swachh Bharat, New Education Policy, Ayushman Bharat, Swachh Jal through Jal Jeevan Mission as major initiatives constitute integral part of the changing nature of obligations between the Centre and the States. The issues of National Priority transcend boundaries because they are designed to address the basic tenets of growth multiplier benefitting every segment of society and addressing welfare tenets on health, housing and employment as inescapable national priorities. This erodes administrative boundaries and their limitations.

View this along with the changes in Part XII of the constitution which resulted in the adoption of GST designed to make India in one common market and entity. In a sense the GST Council which is also a constitutional body takes decisions through its fitment committee on the rates of the GST tax as both the Parliament and State legislatures have assigned their financial powers to this Empowered Committee. In the States that we have visited being part of Finance Commission, the States have often complained that the fiscal autonomy has been circumscribed by the GST and the room for manoeuvre on revenues had been greatly circumscribed. It is a case of pooled sovereignty for the Betterment of Common Good. Nonetheless, GST Council is still in its nascent phase and needs to revisit its design and decision making process in a more fundamental way. This is also necessary to enable it to fulfil its original purpose.

So here are my Five Suggestions for Strengthening Fiscal Federalism

First and foremost, the nature of governance has changed fundamentally. Is it for instance reasonable for any Prime Minister while visiting a State to explain that he cannot provide any support for drinking water, improved power supply or enhanced agriculture because the subject happens to be in List II of the VIIth Schedule belonging to the State. This is not a practical proposition because Constitution must serve and must adopt these to the changing expectations of the people.

People invest confidence both at the National and State level in the political leadership that seeks to garner electoral support. As I mentioned before, the nature of polity, technology, increasingly aspirational society, the demographic profile and the power of technology has dramatically altered the contours of the Constitution.

Both in theory and practice, many beliefs and principles which prompted our forefathers to give the Constitution its present shape may need some basic reconsideration. Long before I said this in a report submitted in 1971 by a Committee called Rajamannar Committee formally known as the Centre-State relations Inquiry Committee, said 'that it is desirable to constitute a High Powered Commission consisting of eminent lawyers and jurists and elderly statesmen with administrative experience to examine the entries of List I and List III in the VIIth Schedule of the Constitution and suggest redistribution of entries'.

The substantive point is re-look of the VIIth Schedule in a contemporary context. Unless we re-draw the contours of the schedule, some of the incongruities between the contours of the VIIth Schedule and Article 282 of the Constitution and the standalone legislation of the subjects primarily will remain cluttered and opaque.

Second, the symmetry in the working of the GST Council and the Finance Commission deserves serious considerations. The Finance commissions recommend distribution of revenues between Union and the States and thereafter, among the States further to the third tier. They look at projections of the expenditure and revenue, but issue of GST rates exemptions, changes, and implementation of the indirect taxes are entirely within the domain of the GST Council. This leads to unsettled questions on the ways to monitor, scrutinise and optimise revenue outcomes. Since both the Finance Commission and the GST Council are constitutional bodies, the coordination mechanism between the two is now an inescapable necessity. For the first five years of the GST, a 14 per cent guaranteed compensation by the Goods and Services Tax (Compensation to states act) 2017 is provided to the States.

This arrangement will come to an end in 2022. But many States are seeking an extension of this mechanism thereafter. As far as the Finance Commission is concerned, the future roadmap on this has a bearing on the recommendations which it is expected to make on the likely revenues of States, the sustainable growth rates and the Revenue Deficit of Grants under Article 275.

Third, its linkage with the first, we need a far more credible policy for rationalisation of Centrally Sponsored Schemes and Central outlays that have been possible so far. Several Committees in the past have made attempts to do so but the outcome has been elusive. This is even more relevant since the role of NITI Aayog, which is primarily a Think Tank institution and not a financial body remains somewhat unclear in the financial sphere. There is no central entity now for an over-view of the Centrally Sponsored Schemes and how many and in what form many of these could be amalgamated with central sector outlays. We need to constitute an Empowered Group of domain experts to submit to the Finance Minister and Prime Minister on modalities of further and deeper rationalisation of these Centrally Sponsored Schemes.

Fourthly, with the abolition of the Planning Commission, many economists and policy makers have argued about an institutional vacuum. While the NDC is performing an important function, the States have pleaded for a credible institution acting as a link for a policy dialogue with the Centre. In many countries of the world like Australia, States came together in 2005 to set up the council for the Australian federation to jointly represent their interests in Canberra. We have an institutional entity and how to rejuvenate and rekindle Inter-State Council deserves serious consideration.

Fifth area of incongruity is the fiscal story. One of the Terms of Reference made to this Finance Commission is to review the current level of debt of the Union and the States and recommend a fiscal consolidation roadmap for sound fiscal management.

As per the amended FRBM Act, the Central Government shall take appropriate steps to ensure that:

a) The general government debt does not exceed 60 per cent;

b) The Central Government debt does not exceed 40 per cent of GDP by the end of FY 2024-25.

c) The Central Government debt is estimated at 48.4 per cent as a percentage of GDP for 2018-19 RE. It is expected that Central Government liabilities will come down to 48 per cent of GDP in 2019-20 BE.

d) The outstanding liabilities of the State Governments stands at 25.1 per cent of GSDP in 2017, with a range of 42.8 per cent in Punjab and 17 per cent in Chhattisgarh (as per the latest RBI Study on State Budgets)

Aligning the Fiscal and Debt path of both the Centre and the States is an arduous but inescapable task. A differentiated Debt path of States which recognises the present constraints and issues of legacy debt must be handled with sagacity and sensitivity.

These developments have posed an important and challenging task for the Commission to arrive at a roadmap for Commission's award period from 2020 to 2025.

Reforms in Public Finance Management Systems are a continuous process. Previous Finance Commissions recommended on various aspects of PFM systems of both Union and States with focus on budgetary and accounting processes, financial reporting, *etc.*

Conclusion

I do believe that if fresh initiatives are taken on some of the suggestions which I have made, it could impart new dynamism to Fiscal Federalism. The ideology is not in doubt but the practice has become increasingly opaque. Setting a new context both on ideology, and practice must receive serious attention. India of today, its governance matrix, its economic quest is vastly different than the India which crafted its Constitution in 1950.

Can we re-think the design and structure of a genuine fiscal partnership which is not merely a race to garner more resources but a creative attempt to move towards a vibrant Indian Value Added Chain which can catapult our growth rate closer to the quest for double digit growth. Times of economic slowdown must be viewed anecdotally as they are transient in nature and cannot impair our vision both on our potential and but more equally to our historical compulsions. I believe that, only when we recast our ideology in a more contemporary context, the practice will also become more transparent and more meaningful.

We would be doing service to L K Jha by, given his liberal mind set, seeking better synchronisation and symmetry between ideology and practice. Living in a deceitful world of one-upmanship either among the States or between the States and the Centre will only detract our ability to realise India's growth potential.

In the context of remark that markets may remain irrational longer than I can remain solvent, John Maynard Keynes is reported to have remarked that when facts and circumstances change, I change my mind - what do you do?

The facts and circumstances on Fiscal Federalism have changed. Time to change our mind.

Thank you

*Microfinance as the Next Wave of Financial Inclusion**

M. K. Jain

Shri Mohammad Mustafa, Chairman & MD, Small Industries Development Bank of India (SIDBI), Dr. Charan Singh, CEO and Director, Foundation for Economic Growth and Welfare, Mr. Gavin McGillivray Head, DFID India, other dignitaries, participants, Ladies and Gentlemen. Good Morning to all! I am very happy that senior bankers, sector specialists, academicians and practitioners are coming together on a single platform to deliberate on the Vision of Microfinance in India at this National Microfinance Congress and the means to achieve the same in the backdrop of an evolving regulatory, political and economic landscape. It is indeed a great pleasure to be amongst all of you here today.

This Congress is quite opportune and timely, as after nearly a decade and half of efforts in financial inclusion, where banks, Non-Banking Financial Companies (NBFCs), microfinance institutions (MFIs) and other financial institutions have played a significant role, today we are at an inflection point needing to unleash the next set of financial inclusion interventions for converting a large part of our population to efficient consumers of financial services. With the technological transformation taking place in associated areas, I see a significant role for the microfinance industry in this process, including in identifying, enabling and handholding a sizeable set of the last mile population to consume financial services rationally, to grow out of poverty and become productive citizens of the country.

The Indian microfinance sector has witnessed phenomenal growth over the past two decades. It is gratifying to note that both the number of institutions providing microfinance as also the quantum of credit made available to the financially excluded clients have increased significantly during this period. At this juncture, it is equally important to discuss the way forward. Therefore, I understand that the deliberations in this Congress will include emerging concerns / issues faced due to major changes in the sector in recent years; strategic drivers, trends and possible solutions for stimulating industry growth, innovative, futuristic and high-impact business models being adopted across the sector as also the opportunity areas of policy intervention and technological transformation in the industry.

Role of Microfinance in the Economy

Microfinance, involving extension of small loans and other financial services to low income groups, is a very important economic conduit designed to facilitate financial inclusion and assist the poor to work their way out of poverty. It is argued that microfinance can facilitate the achievement of national policies that target poverty reduction, empowerment of women, assisting vulnerable groups, and improving standards of living.

The journey of financial inclusion in the past two decades has been one of intensive efforts and incremental experimentation. However, the quantum jump came when Pradhan Mantri Jan Dhan Yojana (PMJDY) was launched in 2014, which enabled achievement of the objective of providing bank accounts to adult population in almost every household. The reach of mobile phones and e-KYC (Know your customer) has ensured these accounts are accessible to those who have been included in the financial services milieu.

The Reserve Bank of India has been making sustained efforts to increase the penetration of formal financial services in unbanked areas, while continuing with its policy of ensuring adequate flow of credit to productive sectors of the economy and also ensuring the availability of banking services to all sections of people in the country.

* Shri. M. K. Jain, Deputy Governor, Reserve Bank of India, Speech delivered at the SIDBI National Microfinance Congress 2019, Mumbai on November 26, 2019.

Till two decades ago, on the supply side, the absence of technology and infrastructure was a major impediment as it restricted expansion of banking services to far-flung areas of the country comprising over 600 thousand villages. The institutionalisation of the framework of Business Correspondents (BCs) has been a major step towards enhancing access to banking services. The Reserve Bank advocated a combination of 'Brick and Mortar' structure with technology for extending financial inclusion in the geographically dispersed areas. With all these measures, the number of banking outlets in villages has gone up significantly.

The new banking entities (*i.e.* two new universal banks and ten small finance banks) have also helped to further the cause of financial inclusion in the country. Considering the strong linkage between financial inclusion and payment systems, Reserve Bank has also taken several steps including encouraging use of mobile banking, pre-paid instruments such as digital and mobile wallets, *etc.* For more than a decade now, banks have worked hard to sustain the momentum for achieving the objective of financial inclusion.

Financial inclusion is becoming a focus area for banks, NBFCs, Financial Technology (FinTechs) and other financial entities. Small Finance Banks have also been set up to further financial inclusion with a client base comprising mainly of migrant labour workforce, low income households, small businesses and other unorganised sector entities. Today, when it comes to financial inclusion and microfinance, there are several channels such as universal banks, small finance banks, micro finance institutions, BCs, *etc.* Therefore, as a country that is determined to achieve universal financial inclusion at affordable cost, this is a defining moment, and we should seize the opportunity.

Several innovative measures have been undertaken by the Reserve Bank to facilitate the creation of a conducive environment and increase the level of penetration of the banking system to serve the unserved and underserved population for achieving the objective of sustainable and inclusive economic growth. A co-origination model, which enables the scheduled commercial banks (excluding Regional Rural Banks and Small Finance Banks) to co-originate loans with the non-deposit taking systemically important NBFCs has also been rolled out for credit delivery to the priority sector. This is expected to boost lending to micro enterprises, small and marginal farmers, Self Help Groups (SHGs), *etc.*

In order to boost credit to the needy segment of borrowers, the Reserve Bank has also advised all Scheduled Commercial Banks (excluding Regional Rural Banks and Small Finance Banks) that bank credit to registered NBFCs (other than MFIs) for on-lending will be eligible for classification as priority sector under respective categories subject to certain conditions.

The Micro, Small and Medium Enterprises (MSMEs) form a vital component of the economy in terms of their contribution to employment generation, innovation, exports, and inclusive growth. In view of this, the Reserve Bank had constituted an 'Expert Committee on Micro, Small and Medium Enterprises' (Chairman: Shri U. K. Sinha) to identify causes and propose long-term solutions for the economic and financial sustainability of the MSME sector. The Committee has made various recommendations in areas such as legislative and institutional framework, access to finance, capacity building and new technological interventions for lending to MSME sector. The recommendations are being examined for implementation.

Since 2006, the Reserve Bank has adopted a planned and structured approach to address the issues of financial inclusion by focusing both the supply and demand side. Having spoken about the supply side, let me now discuss the equally important, but less focussed, demand side aspects of financial inclusion. With the growing formalisation of financial services, we must now intensify our efforts on the demand side, which is to focus on enhancing capabilities so that individuals in the low income groups are in a position to not merely avail the offered services, but are also capable of demanding preferred products and services suitable to their needs / choices.

The Micro Units Development and Refinance Agency (MUDRA) is a case in point. While such a massive push would have lifted many beneficiaries out of poverty, there has been some concern at the growing level of non-performing assets among these borrowers. Banks need to focus on repayment capacity at the appraisal stage and monitor the loans through their life cycle much more closely.

The role and importance of the microfinance sector in our economy has also been steadily growing. According to the Bharat Microfinance Report 2019 prepared by Sa-Dhan, MFIs operate in 29 States, 5 Union Territories and 570 districts in India. The MFIs are also expanding into newer territories for reducing their concentration risk.

Tailored products for providing credit to those without a credit score, entrepreneurial and consumption credit, handholding, financial literacy, social occasion credits and insurance (life and non-life), are all waiting to be tapped in scale and size. Limited forays have been made but are yet to achieve their full potential.

The Reserve Bank defines Financial Inclusion as the 'process of ensuring access to appropriate financial products and services needed by all sections of the society in general and vulnerable groups such as weaker sections and low income groups in particular, at an affordable cost in a fair and transparent manner by regulated, mainstream institutional players'. The National Strategy for Financial Inclusion (NSFI) 2019-24 has been framed by us. It gives the Vision to make financial services available, accessible, and affordable to all citizens in a safe and transparent manner to support inclusive and resilient multi-stakeholder led growth.

Potential of Microfinance

A major demographic change is taking place in our country with a huge and growing working population. There is a big chunk aspiring to grow into the middle class with the support of institutional credit. Therefore, microfinance can play a big role in meeting their requirements and fulfilling their goals.

The credit needs of low-income groups range from emergency loans, consumption loans, business loans, working capital loans, housing, *etc.* In addition to credit, poor households would benefit from a combination of financial services, including savings, remittances, loans, micro-insurance, micro-pensions, and the like.

In today's world, technology is shaping the future of finance. All the key players are harnessing technology to provide an efficient experience to the end user. In the Indian context, improving the accessibility of financial platforms using FinTech is key. Therefore, designing suitable financial products that cater to specific needs of the financially excluded population, and provide facilities like digital on-boarding, is vital in achieving the objective of financial inclusion.

The goal of universal Financial Inclusion can be achieved only through synergistic efforts between the mainstream financial entities and other players like MFIs, Fintech *etc.* as they play a complementary role in championing this cause. Therefore, banks and NBFCs need to explore the possibility of establishing business collaboration among themselves, and with FinTech firms as it could be pivotal in accelerating the agenda of financial inclusion through innovation. In addition to incorporating emerging technology faster into their businesses, the entities engaged in microfinance could also look at collaborating with FinTechs and other entities who can help them mine customer and transaction data, cross- sell products and introduce new customer-centric products and services, and streamline operations. They will also have the opportunity and need to raise the digital literacy of their customers that is not highly informed and aware and, therefore, can be susceptible to frauds.

The Way Forward

Thanks to the growth of the internet and mobile phones, today we are seeing an explosion of data in several sectors of our economy. Likewise, in microfinance, a lot of formal and informal data is becoming available in the form of digital footprints by low income customers who also transact on e-commerce platforms and use the internet. These digital footprints are being used by leading banks and online lending firms to lend to individuals and micro and small enterprises. Artificial intelligence (AI) and machine learning are also finding greater application in the Indian banking and financial services industry.

It is interesting to see that leading e-commerce companies have tied up with banks and NBFCs to offer working capital loans to their suppliers at competitive terms. Most of the suppliers are micro and small entrepreneurs

The introduction of Goods and Services Tax (GST), which is one of the largest and most significant tax reforms in the world, is also helping formalise the informal economy in a significant way. As a result of a much-improved digital footprint, individuals engaged in proprietary businesses, micro and small enterprises, now become attractive clients for banks and NBFCs, thereby reducing their dependence on informal sources of funds. The cost of credit for the micro and small enterprises will also decrease significantly as lending will shift from collateral-based to cash flow-based.

While opening a new world of opportunities, the application of technology in finance has its own share of risks and challenges for the regulators and supervisors. Early recognition of these risks and initiating action to mitigate the related regulatory and supervisory challenges is key to harnessing the full potential of these developments. This also brings in the need for a transparent, technology and data-driven approach. Similarly, systemic risks may arise from unsustainable credit growth, increased inter-connectedness, pro-cyclicality, and financial risks manifested by lower profitability. Data confidentiality and consumer protection are major areas that also need to be addressed.

Summing up

To sum up, the microfinance sector is undergoing a multitude of changes amidst growing competition, rising expectations of masses, technological advancements and an evolving regulatory landscape. The sector is, therefore, expected to widen the horizon beyond micro credit to transform the livelihoods of the borrowers. Being constantly mindful of the technological transformation in the banking and financial services industry, the sector must continue to pursue the adoption of innovative, futuristic and high-impact business models. The focus of the sector must be on Digital Microfinance.

Keeping in view the need to increase transparency, address customer-centric issues and safeguard the interests of low-income customers, microfinance lenders must put the interests of their clients first and implement the Code for Responsible Lending and the Code of Conduct in both letter and spirit. Redressing consumer complaints quickly and effectively should be on top of the agenda for MFIs and the Self Regulatory Organisations (SROs).

The Microfinance institutions must broaden their client outreach to reduce concentration risk and to serve a wider clientele base. From a financial inclusion perspective, they should also critically review their operations to ensure that some of the regions do not remain underserved.

While the growth of the microfinance sector in the past few quarters has been quite healthy, we must be cognizant of the vulnerability of the sector to factors such as external developments, technological changes, event risks and income inconsistencies of the borrowers. The growing use of technology would give rise to operational risks and there would be concerns related to client data protection which would need to be addressed.

Banks, NBFCs and financial institutions are well placed to innovate in cutting-edge technologies be it Artificial Intelligence (AI), machine learning, blockchain *etc.* SIDBI could handhold the micro finance providers in this process, specifically with regard to lending to the micro and small enterprises, in areas such as alternate credit scoring methods, predicting probability of default, *etc.* With fast changing technology, SIDBI could also take the lead in hosting an ecosystem, within a well-defined regulatory sandbox, to create an infrastructure, which will reduce the turnaround time and provide customer-centric products with robust risk mitigation. This could also act as a crucible to test cutting-edge products for micro-entrepreneurs and a vehicle to provide feedback to regulators.

I am sure that the deliberations at this National Microfinance Congress would seek to arrive at concrete action points for time-bound implementation towards the betterment of the microfinance sector.

I wish the Microfinance Congress and its participants all the very best!

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*Rural and Agriculture Finance: Critical Input to Achieve Inclusive and Sustainable Development**

M. K. Jain

Mr Senarath Bandara, Chairman, APRACA (Asia Pacific Rural and Agricultural Credit Association), Dr. Harsh Kumar Bhanwala, Chairman National Bank for Agriculture and Rural Development (NABARD) and Vice-Chairman, APRACA, Dr. Prasun Kumar Das, Secretary General, APRACA, all other dignitaries present here, ladies and gentlemen, good afternoon!

At the outset, I would like to thank APRACA and NABARD for inviting me to give the valedictory address to the participants visiting from different countries here at the 6th World Congress. I would like to congratulate the organisers for having chosen the theme, *i.e.*, 'Rural and Agriculture Finance: Critical Input to Achieve Inclusive and Sustainable Development' with the aim of getting insights into the global best approaches to rural and agricultural finance. The topics of the business sessions are befitting the overarching objective of this forum for deliberating on policy priorities in developing sustainable and viable financial services to support and help in achieving the Sustainable Development Goals (SDGs) of the United Nations. Needless to say, all the topics resonate strongly with the development agenda of the Government and financial inclusion strategy of the Reserve Bank of India (RBI). We have been pursuing the goal of financial inclusion for a long time to ensure that access to formal finance becomes a greater enabler to achieve economic wellbeing of all sections of the economy. It is indeed a great pleasure for me to share my views on this subject.

The RBI's financial inclusion efforts can be traced back to the 1960s when the focus was on channelizing of credit to the neglected sectors of the economy and weaker sections of the population. While the Government of India nationalized banking operations of few commercial banks in two tranches in 1969 and 1980; RBI took initiatives like laying down priority sector lending requirements for banks, formulation of the Lead Bank Scheme, establishment of Regional Rural Banks (RRBs-1975-76), Service Area Approach (1989), Self-Help Group-Bank Linkage Programme (1989-90), setting up of Local Area Banks and of late, Small Finance Banks and Payment Banks, all aimed at making available banking services to all. All these developments brought in a sea change in the flow of institutional credit to the rural population, including population dependant on agriculture. Gradually the country moved towards a multi- agency approach to meet the credit needs of the rural areas including farmers.

I am sure all distinguished panellists, international and local participants and the organisers have had fruitful discussions and deliberations during the last two days and have been able to draw upon actionable points for formulating strategies and the way forward.

Sustainable Development Goals

The sustainable development framework, adopted by the global community consists of 17 SDGs and 169 targets, to be achieved by 2030. While Goal 2 of the SDGs includes targets on agricultural productivity and sustainability, yet agriculture is also critical to achieve many other SDGs relating to hunger, malnutrition, climate change, gender equality, natural resources protection and jobs. Hence, to attain the SDGs of ending poverty and bringing in inclusive growth, policy measures related to agriculture need to be closely integrated with the SDG targets. Further, the policies should focus on a combination of resource efficient methods, dynamic cropping patterns, farming that is adaptive and responsive to climate change and intensive use of Information & Communication Technology (ICT). Against this backdrop, let me dwell upon the Indian agriculture

* Shri. M. K. Jain, Deputy Governor, Reserve Bank of India, Speech Delivered on November 13, 2019.

sector and the existing institutional framework for providing credit to the farming community.

A Brief on Indian Agriculture

Agriculture plays a significant role in the Indian economy and provides employment and livelihood to a large section of the Indian population. Approximately 44 per cent (as per ILO estimate of 2018) of the working population is employed in agriculture and allied sector[1]. However, the contribution of agriculture to GDP has been declining from 52 per cent in the 1950s to 30 per cent in the 1990s and further below 20 per cent from 2010 onwards as per data from Ministry of Statistics and Programme Implementation (MoSPI)[2]. In 2018-19, the share of Agriculture & Allied Gross Value Added (GVA) in overall GVA was 16 per cent (Ministry of Agriculture and Farmers' Welfare (MoA&FW) Annual Report 2018-19). Economic Survey 2018-19 suggests that the growth rate in GVA (at 2011-12 prices) over past five-six years has been higher for livestocks, fishing and aquaculture as compared to crops[3]. Allied activities contribute approximately 40 per cent to agricultural output, whereas only 6-7 per cent of agricultural credit flows towards allied activities[4]. One important characteristic of Indian agriculture is that it is mainly small holders' farming with an average landholding size of 1.08 hectares[5]. The small and marginal farmers account for 86 per cent of all holdings and 47 percent of the operated area[6]. They contribute more than 50 per cent of the total agricultural and allied output. In smallholder farming, it remains a challenge to raise agricultural productivity and farmers' incomes. It requires appropriate solutions starting with easy access to modern inputs and then selling the produce in most remunerative markets. Institutional credit at reasonable cost all along the value chain is one such catalytic instrument that can facilitate the process by converting many subsistence farmers into vibrant commercial farmers. They can then diversify their agricultural operations in growing high value crops like fruits and vegetables, and engage in allied activities, like dairy, poultry, fishery, honey, beekeeping, *etc.* Allied has huge potential, which can be capitalised by improving credit flow towards it and by encouraging farmers to move towards allied activities.

From time to time, Government has given various policy thrusts, as a result of which, the Indian agriculture sector has not only become self-sufficient but has emerged as a net exporter of several commodities like rice, marine products, cotton, *etc.* Some of the important initiatives taken by the Government include the implementation of Interest Subvention Scheme (ISS) for providing credit for crop production at reduced interest rate, Soil Health Cards (SHC) for improving agricultural productivity, Pradhan Mantri Krishi Sinchai Yojana (PMKSY) to ensure irrigation facilities, Pradhan Mantri Fasal Bima Yojana (PMFBY), for providing a safety net against natural calamities and National Agriculture Market Scheme (e-NAM) for providing better price discovery through transparent auction process. There is also a renewed focus on allied activities to aid income of farmers.

Despite these initiatives, there are several challenges confronting Indian agriculture such as diminishing and degrading natural resources, rapidly growing demand for food (not just for quantity but also for quality), stagnating farm incomes, fragmented land holdings and unprecedented climate change, which need to be tackled for long term sustainability and viability of Indian agriculture.

What has been the Role of Institutional Credit in Indian Agriculture?

Banks in India have made commendable progress in terms of scale and outreach of formal credit to the agriculture sector. From ₹31.71 billion in 1981, the outstanding advances to agriculture and allied activities have grown significantly to

[1] https://data.worldbank.org/indicator/SL.AGR.EMPL.ZS
[2] Various reports of MoSPI
[3] Economic Survey 2018-19, Volume II, Chapter 7 'Agriculture and Food Management'
[4] RBI Report of the Internal Working Group to Review Agricultural Credit, 2019
[5] Agriculture Census 2015-16
[6] Agriculture Census 2015-16

₹13694.56 billion in 2017-18 (16 per cent of total bank credit). The long-term trend in institutional agricultural credit revealed that over time, significant progress has been achieved in terms of scale. Agricultural credit as a percentage to Agriculture GDP increased from 10 per cent in 1970s to 52 per cent by 2018, which shows that banks have made significant progress in lending to agriculture. In India, scheduled commercial banks (79 per cent) are the major players in supplying credit to agriculture sector followed by rural cooperative banks (15 per cent), regional rural banks (5 per cent) and micro finance institutions (1 per cent). Small finance banks set up with the objective of deepening financial inclusion have started their operations recently. They would be catering to small and marginal farmers, low income households, small businesses and other unorganised entities.

Challenges in Agriculture Financing

Despite the impressive growth in formal agricultural credit, there are still several challenges that need to be tackled. Data on the average loan taken by agricultural households, as per the NABARD's Financial Inclusion Survey Report 2016-17, indicated that 72 per cent of the credit requirement was met from institutional sources and 28 per cent from non-institutional sources. The report further states that out of the total agricultural households, approximately 30 percent still avail credit from non- institutional sources. The problem of financial exclusion gets aggravated due to lack of legal framework for landless cultivators as the absence of documentary evidence becomes a major hindrance for extending credit to this segment of the farming community, who take up cultivation work on oral lease. Further, the analysis of state wise flow of institutional agricultural credit has revealed uneven distribution of credit amongst states compared to their corresponding share in overall output. To a certain extent, such regional disparity is on account of variation in credit absorption capacity of these regions. Funds like Rural Infrastructure Development Fund (RIDF) have been created out of priority sector lending shortfall of banks and established with NABARD with the underlying philosophy of lending to state governments to facilitate creation of enabling rural infrastructure to deepen the credit absorption capacity in rural areas.

An analysis of sanctions from RIDF indicates that states with higher credit flow made higher demands for resources under the fund. On the contrary, states with lower credit flow were lagging in borrowing funds from RIDF. Thus, the least developed states which are already credit starved are getting lower share of funds from the RIDF. This highlights the need to break this vicious cycle and think of certain measures by which funds can be earmarked to the most backward/ credit starved regions to ensure speedier development of the most backward areas in the country. We may also have to think of ways to incentivise banks to lend in these backward areas so that both demand and supply side issues are addressed. These issues and challenges impinge on the efficiency, inclusiveness and sustainability of the agricultural credit system, which is a matter of concern.

Internal Working Group Set Up by RBI

Considering this, RBI had set up an Internal Working Group (IWG) in February 2019, to understand the issues and recommend workable solutions to address the constraints. The IWG based on extensive data analysis and research held extensive consultations and deliberations with experts and practitioners in the field and submitted its report in September 2019.

The recommendations of the IWG include building up of an enabling ecosystem through digitisation of land records, reforming of land leasing framework, creation of a national level agency to build consensus among the state governments and central government with regard to agriculture-related policy reforms and innovative digital solutions to bridge the information gap between the banks and farmers for expediting the credit delivery process.

Other policy interventions recommended are- suitable modifications in the Priority Sector Lending guidelines applicable to all banks and strengthening of credit delivery channels through Kisan Credit Cards, Self-Help Group Bank Linkage Programme, Farmer Producers Organisations, in a manner to make them more effective and efficient in ensuring credit flow to the credit starved regions of the country, as also to the excluded segments of the farming community. RBI would be initiating necessary steps for implementing these recommendations as these would go a long way in ensuring the long-term sustainability and viability of the Indian agriculture sector.

Financial Inclusion

Financial Inclusion (FI) is a policy thrust area for RBI and as a result of the various initiatives, tremendous progress has been made in the domain of financial inclusion since the country set out in mission mode about 10 years ago. Further, with the launch of Pradhan Mantri Jan Dhan Yojana (PMJDY), almost every household has been brought under the fold of formal financial system. Both in terms of deposit accounts and credit products there has been a steady improvement over the years. RBI has initiated setting up a National Strategy for Financial Inclusion with the objective of making financial products and services available, accessible, and affordable to all citizens in a safe and transparent manner to support inclusive and resilient multi- stakeholder led growth. The strategic pillars of the financial inclusion strategy would include universal access to financial services, providing basic bouquet of financial services, access to livelihood and skill development, financial literacy and education, customer protection and grievance redressal. The FI strategy aims for sustainable financial inclusion by leveraging technology and adopting a multi-stakeholder approach.

The key highlights of the FI strategy is enhancing digital infrastructure in the country through better networking of bank branches, Business Correspondent agents, Micro ATMs, PoS terminals and Internet connectivity facilitating a move towards digital onboarding of customers. This would encourage adoption and acceptance of digital payments and promote efficiency and transparency through digital transactions. The strategy adopted has a customer centric approach, accompanied by appropriate efforts towards financial literacy and awareness drive. Finally, for building of trust and confidence of the new entrants to the formal financial system the strategy focusses on customer grievance and protection framework. The implementation of the national level financial inclusion strategy would be successful by effective coordination of all the stakeholders and encouraging decentralized approach by creating a forum to actively involve Gram Panchayats/Civil Society/NGOs to accelerate financial inclusion. We have come a long way in delivering financial services to hitherto excluded sections and segments of our vast country. Going forward, the FI strategy would focus on deepening the reach, usage and sustainability of financial inclusion.

Technology - A key Driver for Sustainable Agriculture

Technology has powered Indian agriculture time and again by helping overcome productivity stagnation, strengthening market linkages, and enhancing farm management. Globally, it has been established that technology adoption modernizes farmers' production practices and leads to uniform annual returns for farmers, reduced risk of crop failure, and increased yields. Hence, at the macro level, the agricultural development policies should focus on leveraging technology with the goals of (i) achieving high growth by raising productivity (ii) inclusiveness by improving coverage of lagging regions, small and marginal farmers, landless/tenant/oral lessee and women farmers, and (iii) sustainability of agriculture.

I feel that new age technological solutions in the form of product, service or application by agri-start-ups can build up a smart agriculture value chain that will enhance the sustainability of agriculture. Agri-start-ups may focus on some key areas such as supply chain, infrastructure development, finance related solutions, farm data analytics and information platforms. In my opinion, agri-start-ups can succeed and can be scaled up only in a conducive ecosystem, which is possible if agri-business industry comes forward and deepens its engagement with agri-start-ups.

Conclusion

I would like to summarise that in the past, Indian agriculture faced a formidable challenge to grow more food. Today, we are a food surplus country and a net exporter of many agriculture and allied products. This requires the government policies related to agriculture to be shifted from that of managing food scarcity to managing food surplus. Today, agriculture in India faces an even more demanding challenge: to grow agri-produce sustainably, inclusively and responsibly. This can be achieved when all the stakeholders align their policies and actions towards the SDGs. As far as financing of agriculture is concerned, going forward, banks will have to integrate 'sustainability' into their business strategy and decision-making processes in order to support environmentally responsible and sustainable projects in the agriculture sector. For this, banks will have to undertake innovative agricultural financing models so that environment friendly and sustainable projects can be supported. With this, I conclude and wish you all the best.

ARTICLES

*Government Finances 2019-20: A Half-Yearly Review**

This article is second in the series of mid-year review of the Central and state government finances. Notwithstanding the challenges associated with availability of high-frequency fiscal data at a granular level, headline estimates on receipts and expenditure from the monthly dataset [released by Controller General of Accounts (CGA) and Comptroller and Auditor General of India (CAG) for Centre and states, respectively] are observed to be a closer approximation to actual accounts than revised/budget estimates available concurrently, thus providing the foundation for this review. Recognising the increasing demand from policy makers, multi-lateral institutions and market participants, the frequency of aggregation in this article has been improved from semi-annual to quarterly and a preliminary attempt has also been made to present the consolidated accounts of general government (Centre plus states) in line with the G20 Data Gaps Initiative (DGI 2) requirement.

Introduction

The importance of high-frequency data on government finances is paramount for policymakers, multi-lateral agencies and market participants. For policymakers, it enables availability of empirical findings from the improved modelling of macroeconomic phenomena at monthly or quarterly frequency. For multi-lateral agencies like International Monetary Fund (IMF), Financial Stability Board (FSB) and World Bank, regular analysis of government fiscal position forms a key component of their country-wise surveillance mandate. Also, monitoring of fiscal position of major economies can serve as an early warning signal of risks to the global economy. Recognising this, high frequency data on government finances is considered a key block under both the phases of the G-20 Data Gaps Initiative (DGI and DGI-2), formed in response to the Global Financial Crisis. For market participants, fiscal data is an important factor in investment decisions, both in national and sub-national government securities and in the private sector as investment decisions are influenced by the country risk perception.

While always a good housekeeping practice, high-frequency review of government finances gains additional significance in the current context of economic slowdown that has deepened as the financial year has progressed, magnifying the risk to the budget estimates presented for 2019-20. For governments at all levels, the slowdown in growth has a debilitating effect on their finances as lower revenue raising capacity and downward rigidities in various expenditure heads can force either an increase in future liabilities/ borrowings or a cut down in capital expenditure, thus, deepening the growth slowdown further (RBI, 2019). Mid-year review can help assess the fiscal space available to undertake fiscal stimulus measures to reinvigorate growth, while containing the fiscal cost of it.

Data challenges persist in the compilation and analysis of fiscal variables for Centre, states and general government at sub-annual frequency. These challenges stem from varying lags in availability, missing data, lack of consistency between aggregated monthly data and annual estimates obtained separately and lack of a standardised format for reporting data across various states. India has lagged behind in dissemination of Government Finance Statistics and Public Sector Debt Statistics, as noted in the successive progress reports of DGI and DGI-2.[1] Notwithstanding this, high-frequency data on finances of Centre and states has gathered momentum in recent years with a large volume of

* This article is prepared by Rahul Agarwal, Khaijamang Mate, Kaushiki Singh and Bichitrananda Seth under the leadership of Sangita Misra in the fiscal division of Department of Economic and Policy Research (DEPR), Reserve Bank of India. Contributions from Nirmal Kumar and Saksham Sood are also acknowledged. The team is thankful to Dr. Rajiv Ranjan, Adviser and Officer-in-Charge, DEPR, for his constant guidance and encouragement to work towards compilation and release of the general government data at quarterly frequency to meet the international standard. Usual disclaimer applies.

[1] India is the only country marked red indicating "target/intermediate target not met" in the fourth progress report of DGI-2 released in October, 2019.

monthly data being made available for Centre by the Comptroller General of Accounts (CGA) and for states by the Comptroller and Auditor General of India (CAG). However, the data is published for Centre and individual state governments. In a recent GOI report[2], it was highlighted *"It may prove to be very valuable if Centre's fiscal data and states' fiscal data are compiled on a common platform and aggregate fiscal data pertaining to all states also become available at a monthly frequency".*

"Government Finances 2018-19: A Mid-Year Review"[3] was a small step towards compilation and analysis of government finances on a semi-annual frequency. It conducted a mid-year review of finances of Central government and 24 states taken together for which a consistent time series of data were available. This article carries forward this practice, and additionally takes a few steps to bridge the gap in data availability. First, the frequency of aggregation is increased from semi-annual to quarterly and an analysis of the seasonality in revenues and expenditure is undertaken. Second, the consolidated accounts of general government (Centre plus states) are presented at quarterly frequency, after making suitable adjustments for inter-governmental transactions.

The rest of the article is divided into five sections. Section II provides a commentary on availability, quality and gaps in high-frequency fiscal data. This section also carries out an analysis of the seasonal pattern of Centre and states' receipts and expenditure. Section III analyses the receipts and expenditure outcomes in Q1 and Q2:2019-20 individually for Centre and all states taken together. Section IV details the outcomes in terms of key deficit indicators and addresses the financing-mix of the gross fiscal deficit. Section V presents the estimates of consolidated general government accounts at quarterly frequency and section VI concludes.

[2] The report of the Committee of Fiscal Statistics (September, 2018).

[3] RBI Bulletin, December 2018.

II. High-frequency Reporting of Fiscal Data

Monthly data on Central government finances is available from CGA since 1997-98 in a consistent format across time enabling the compilation of a long time-series data. The monthly release is made available with a lag of one month. With regard to states' fiscal data, its sub-annual analysis relies on compilation of monthly state accounts published by the CAG and publicly available on its website *(https://cag.gov.in/state-accounts).* CAG sources the data from the respective state finance departments; the figures are unaudited and provisional in nature. Monthly reports are available since 2008-09 for all states except Goa, *albeit,* with intermittent gaps and varying lags across states. Data availability has improved in the recent period – all states except Goa have reported monthly data consistently since April 2017. Also, with the implementation of a revised template by the CAG since November 2018, the granularity with which data is available has also improved.

The key shortcoming in data released by the CGA and the CAG for Centre and states, respectively, is in the level and consistency of disaggregation. Though the data made available are disaggregated, the level of disaggregation is inadequate to enable compilation of combined (Centre and states) government finances on a high-frequency basis. Also, in case of states data, it is observed that the headline numbers on tax revenue does not match the sum of its sub-components; in most cases this is due to data on states' share in union taxes being not provided (prior to the revised format) separately in the monthly reports.

Notwithstanding the limitations in data highlighted above, monthly reports by CAG could provide a useful tool for analysis of fiscal position of states in two ways: first, CAG data could provide a better guidance for actual accounts figures than the revised estimates; and second, they could enable an analysis of the seasonal pattern in government's revenue and expenditure.

Actual Accounts vis-à-vis CAG Data and Revised Estimates

Provisional estimates data of CAG are available almost concurrently with revised estimates in states' budgets while accounts figures come with an additional lag of about 8-12 months. A comparison of the deviations shows provisional estimates provided by the CAG to be significantly closer to states' accounts compared to budget and revised estimates – both in receipts and expenditure (Chart 1). Thus, policy analysis and decision-making as well as analytical reports and econometric models could benefit from using provisional estimates rather than revised estimates in the absence of accounts figures.

Seasonal Pattern of Government Receipts and Expenditure

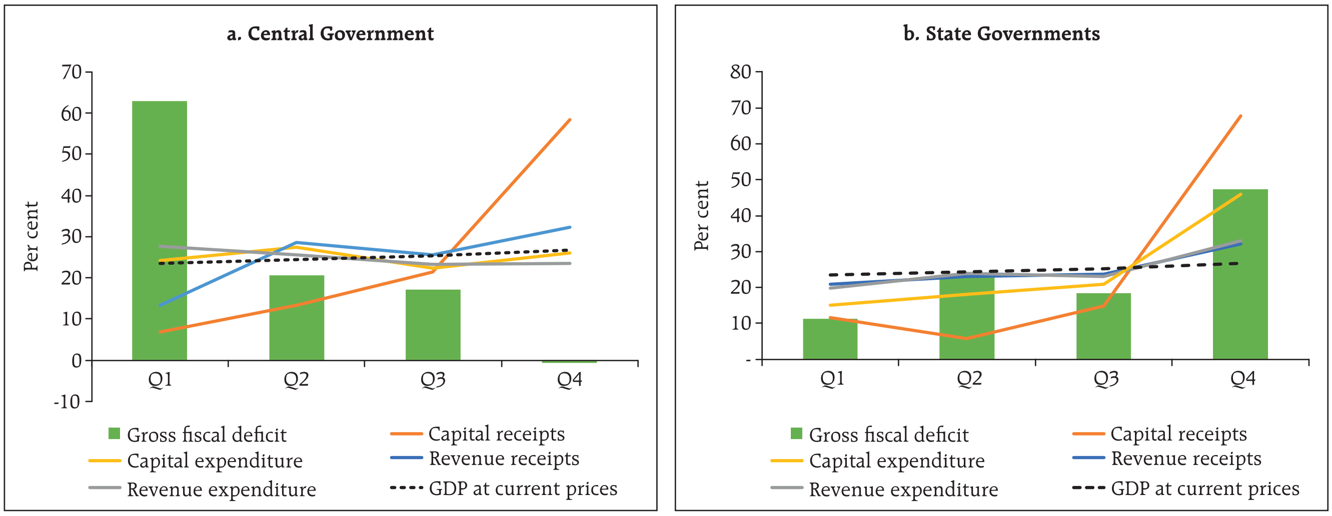
Receipts and expenditure on both revenue and capital account for the central government exhibit an asymmetrical seasonal pattern, with the former indicating a gradual build-up through the year with the highest share in Q4 while the latter being evenly spread throughout the year. About 60 per cent of the annual gross fiscal deficit of Centre is incident in Q1, mainly reflective of this asymmetry (Chart 2a). As regards states, there is broad symmetry in the seasonal pattern of receipts and expenditure on both revenue and capital account, with Q1 accounting for the lowest share and Q4 the highest share in

Chart 1: Deviation in States' Accounts Figures *vis-à-vis* Various Estimates

Notes: 1. Comparison is made based on aggregate data for 27 states (all states except Goa and Nagaland).
2. Capital Receipts = Recovery of Loans and Advances + Miscellaneous Capital Receipts.
3. Capital Expenditure = Capital Outlay + Loans and Advances disbursed.

Source: CAG; and e-STATES RBI Database.

Chart 2: Quarterly Share in Annual Governments Receipts and Expenditure (Average of 2014-15 to 2018-19)



Notes: Based on aggregate data for 27 states (all states except Goa and Nagaland).
Source: CGA and CAG.

their respective annual totals. This seasonality is particularly pronounced in capital account with half the annual capital expenditure and two-thirds of annual capital receipts accounted for in Q4. This seasonality is mirrored in Gross Fiscal Deficit of states with almost half the annual GFD accounted for in Q4 (Chart 2b).

The varying seasonal pattern in Centre and states' finances has implications for their fiscal management. For the Centre, the front-loading of revenue expenditure and fiscal deficit in Q1, results in the build-up of fiscal pressure in Q4 making revenue generation a key priority in the later part of the year to manage the fiscal deficit target. For states, the build-up of fiscal deficit is gradual, thus making the task of deficit management easier. However, the concentration of revenues and expenditure in Q4 relies on their ability to scale up their revenue raising and spending capacity for the quarter, failing which the overall size of the budget shrinks – overall expenditure of states was about 7 per cent lower than budgeted between 2014-15 and 2017-18.

III. Quarterly Outcomes: Q1 and Q2:2019-20

a. Receipts

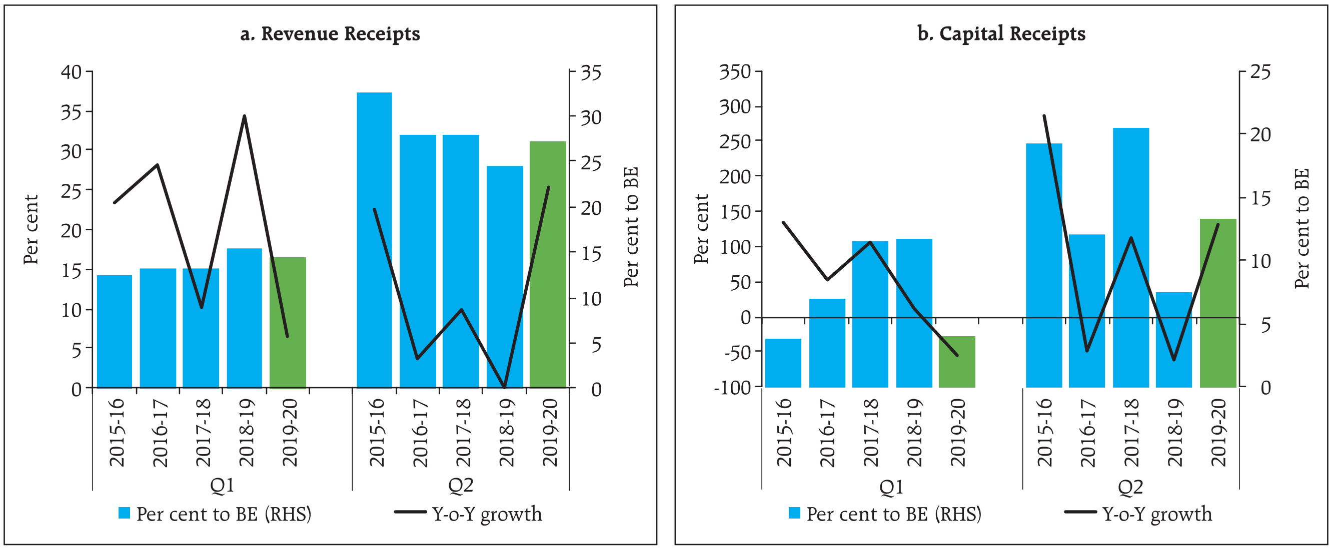
Revenue receipts for Centre rebounded strongly in Q2:2019-20 after subdued growth in Q1:2019-20. Cumulatively, H1:2019-20 revenue receipts are a marginally higher proportion of budget estimates than in the previous three years. However, capital receipts, despite picking up in Q2:2019-20 are still lagging in H1:2019-20 compared to the previous three years (Chart 3).

For states[4], revenue receipts registered nil growth in Q1:2019-20 but picked up in Q2:2019-20 to grow at 9.8 per cent on Y-o-Y comparison. Revenue collections of state governments cumulatively in H1:2019-20 is a lower proportion of the budget estimates than the previous two years. Also, capital receipts rebounded strongly in Q2 after registering decline in Q1. Cumulatively, H1:2019-20 capital receipts are a higher proportion of budget estimates than the previous two years (Chart 4).

Compositionally, the performance of Goods and Services Tax (GST) collections, accounting for about

[4] Based on aggregate data for 23 states for which complete historical and updated data up to Q2:2019-20 are available. All states except Arunachal Pradesh, Assam, Bihar, Goa and Nagaland are included.

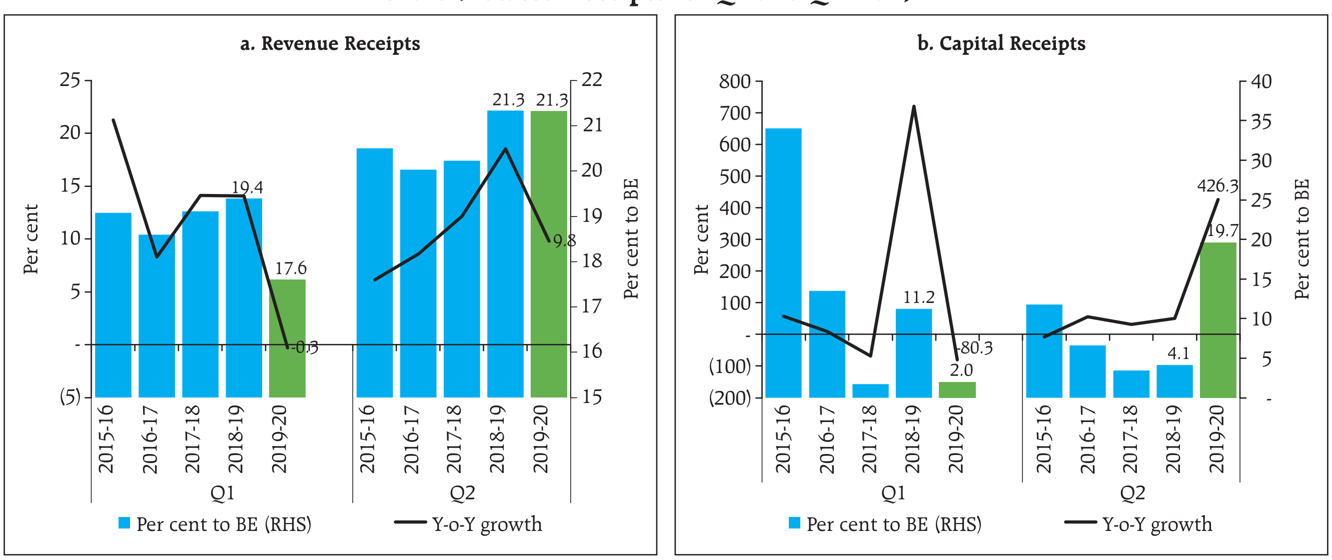
Chart 3: Centre's Receipts for Q1 and Q2: 2019-20



Notes: Capital Receipts = Recovery of Loans and Advances + Miscellaneous Capital Receipts.
Source: CGA.

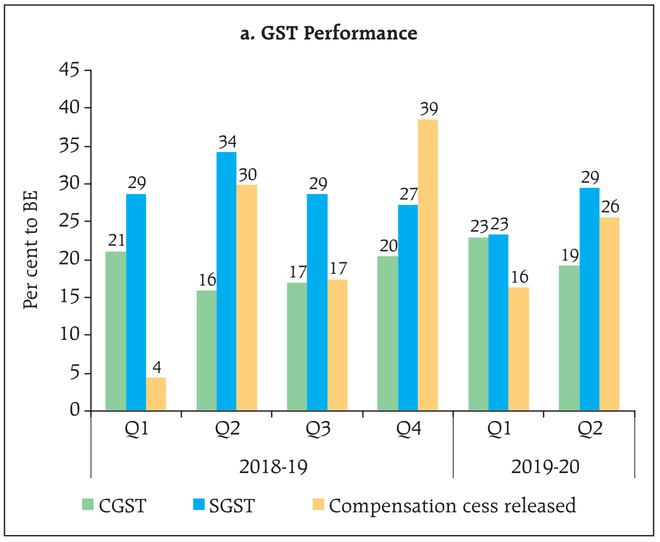
one-third of tax revenues for Centre and almost half of own tax revenues for states, is crucial. In Q1 and Q2 of 2019-20, SGST collections have moderated in comparison to the corresponding period of the previous year largely driven by the ongoing growth slowdown. Consequently, the compensation cess released to states has increased *vis-à-vis* the collections during Q1 and Q2 of 2019-20 (Chart 5a). As far as direct taxes are concerned, the performance of centre for the current fiscal has moderated in comparison to the similar periods in the previous few years due to cyclical slowdown coupled with corporate tax rate cut to revive growth. Considering that these central taxes remain a part of divisible pool, states' budgets are also likely to be hit from the tax devolution side (Chart 5b).

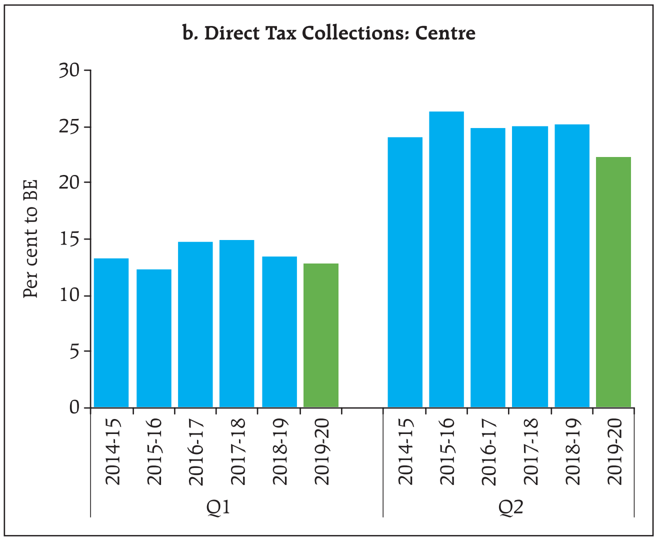
Chart 4: States' Receipts for Q1 and Q2: 2019-20



Notes: Capital Receipts = Recovery of Loans and Advances + Miscellaneous Capital Receipts.
Source: CAG; and e-STATES Database.

Chart 5: GST and Centre's Direct Taxes Performance in Q1 and Q2: 2019-20





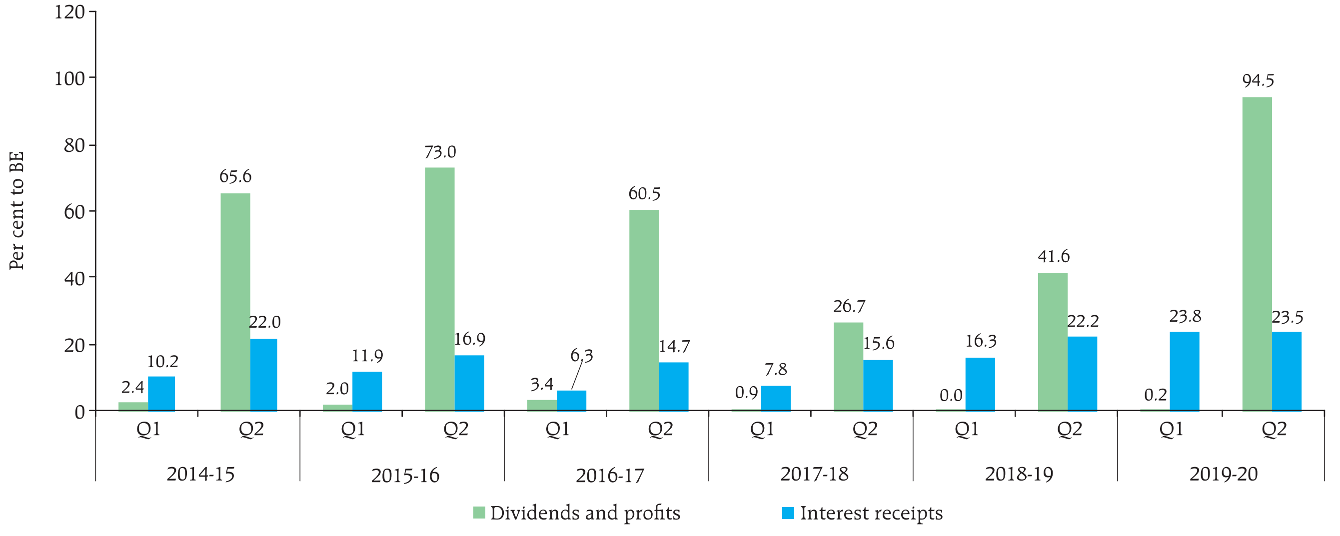
Note: Data for SGST pertains to states reporting this data.
Source: CAG; and e-STATES Database.

Contrary to states, Centre also relies significantly on non-tax sources for revenue, particularly since these are not shared with states (being outside the divisible pool). For the year 2019-20, the Centre has substantial collections under the non-tax` revenue pool led by transfer of surplus from the Reserve Bank of India. Interest receipts have also been the highest in 2019-20 in comparison to the previous few years (as per cent of BE) (Chart 6).

b. Expenditure

Revenue expenditure for the Union government after registering subdued growth in Q1:2019-20 rebounded strongly in Q2:2019-20 (Chart 7a). As general elections were held this year, revenue expenditure was not front-loaded as seen in the previous few years. As a per cent of BE, revenue expenditure in H1:2019-20 was marginally lower than the previous year[5]. Capital expenditure, on the

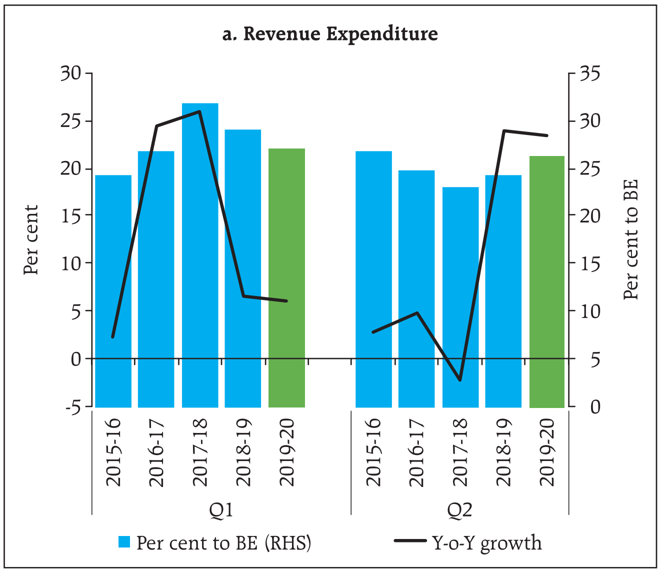
Chart 6: Non-Tax Revenue Collections



Source: CGA; and Union Budget Documents.

[5] This trend continues if one examines the April-October, 2019-20 data.

Chart 7: Centre's Expenditure for Q1 and Q2: 2019-20



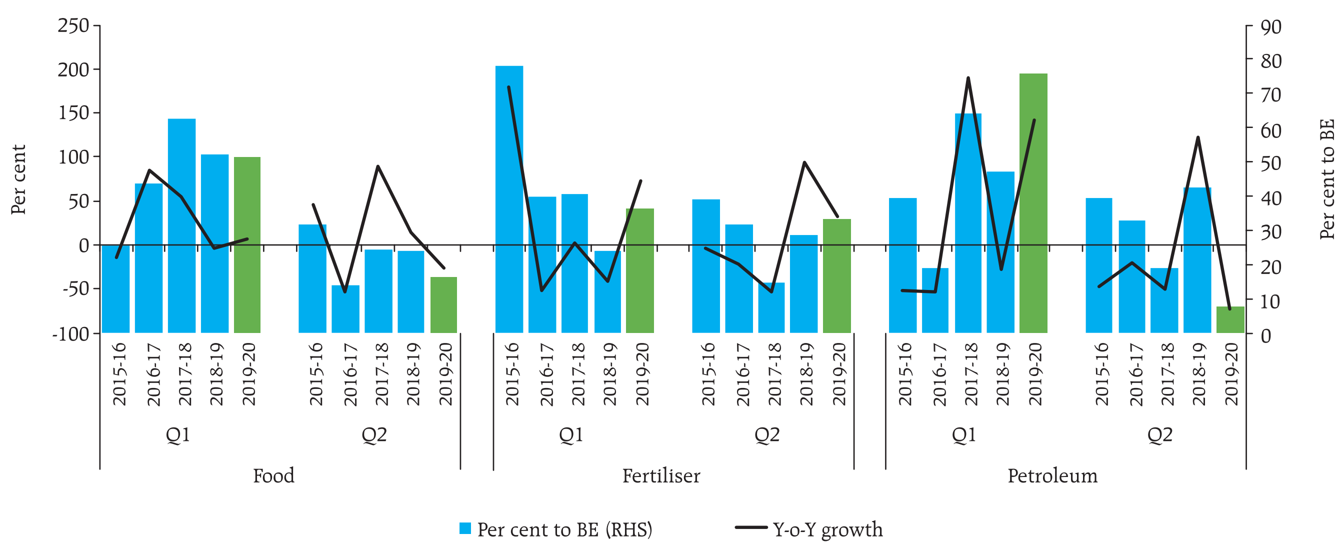
Source: CGA; and Union budget documents.

other hand, registered improvement in H1:2019-20, driven by its high growth in Q2 (Chart 7b).

The subsidy pay-out has been lower in case of food subsidy, while major portion of fertiliser and petroleum subsidies have already been expended in the current fiscal of 2019-20 (Chart 8).

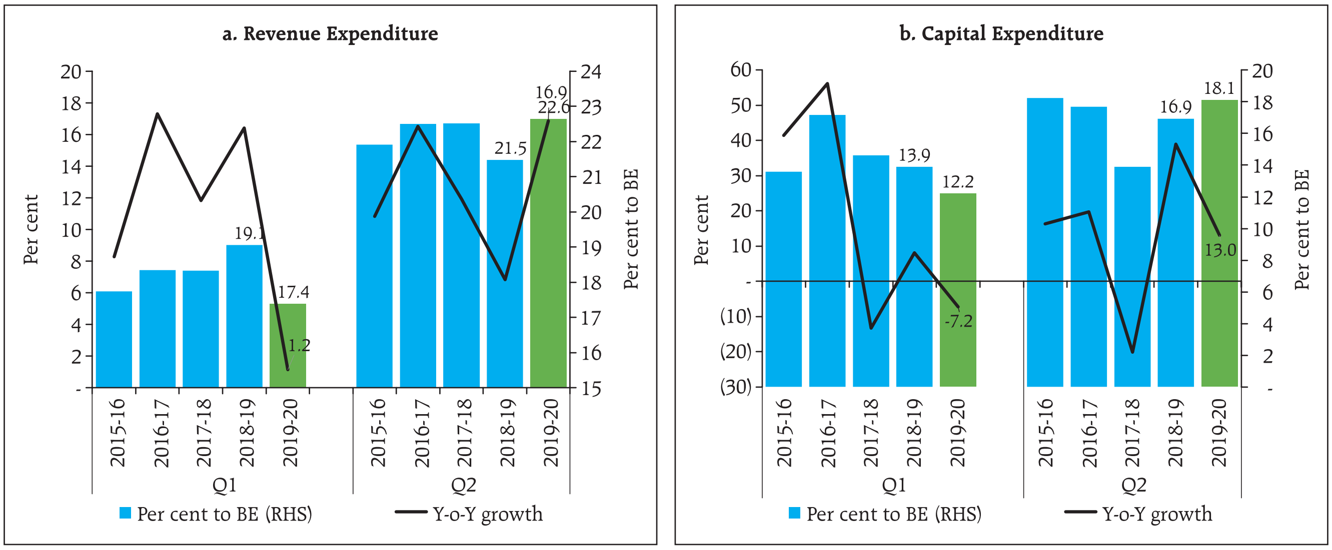
As in case of Centre, revenue expenditure of states, after registering almost nil growth in Q1:2019-20, rebounded sharply in Q2 (Chart 9a). Revenue expenditure as a proportion to BE in Q2:2019-20 was the highest in comparison to the last five years (y-o-y growth of 23.3 per cent in Q2:2019-20); however, cumulatively in H1: 2019-20, it was lower than the previous three years. Capital expenditure started on a subdued note with a decline registered in Q1:2019-20 though it has picked up in Q2 (Chart 9b). As a per cent to BE, capital expenditure was lower in H1:2019-20 than the previous year.

Chart 8: Expenditure on Major Subsidies for Q1 and Q2: 2019-20



Source: CGA; and Union budget documents.

Chart 9: States' Expenditure for Q1 and Q2: 2019-20



Notes: Capital Expenditure = Capital Outlay + Loans and Advances disbursed.
Source: CAG; and e-STATES Database.

IV. Fiscal Deficit and its Financing

a. Fiscal Deficit

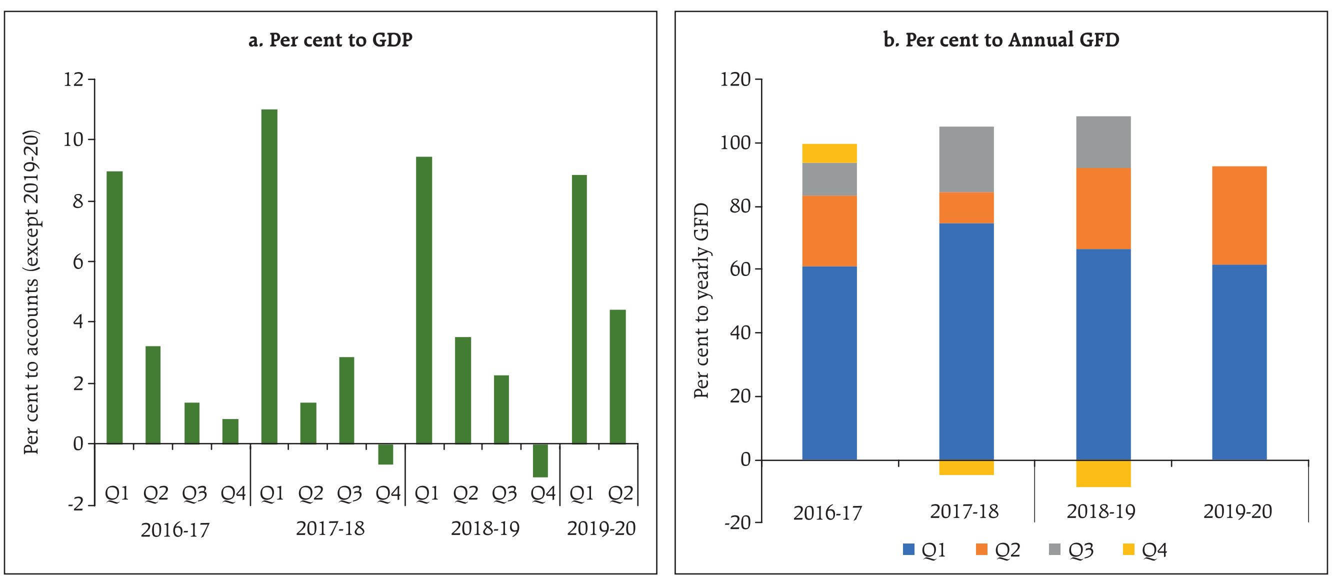
Central Government

With the Central government deviating from the gross fiscal deficit (GFD) target in 2018-19, government has budgeted a fiscal deficit target of 3.3 per cent for 2019-20 with the aim of consolidating government finances and achieving GFD of 3.0 per cent by 2020-21 as per the revised FRBM Act. In Q1 and Q2 of 2019-20, the fiscal deficits at 61.4 and 31.2 per cent of BE, respectively were lower for Q1, and higher for Q2 in comparison to last year (Chart 10).

State Governments

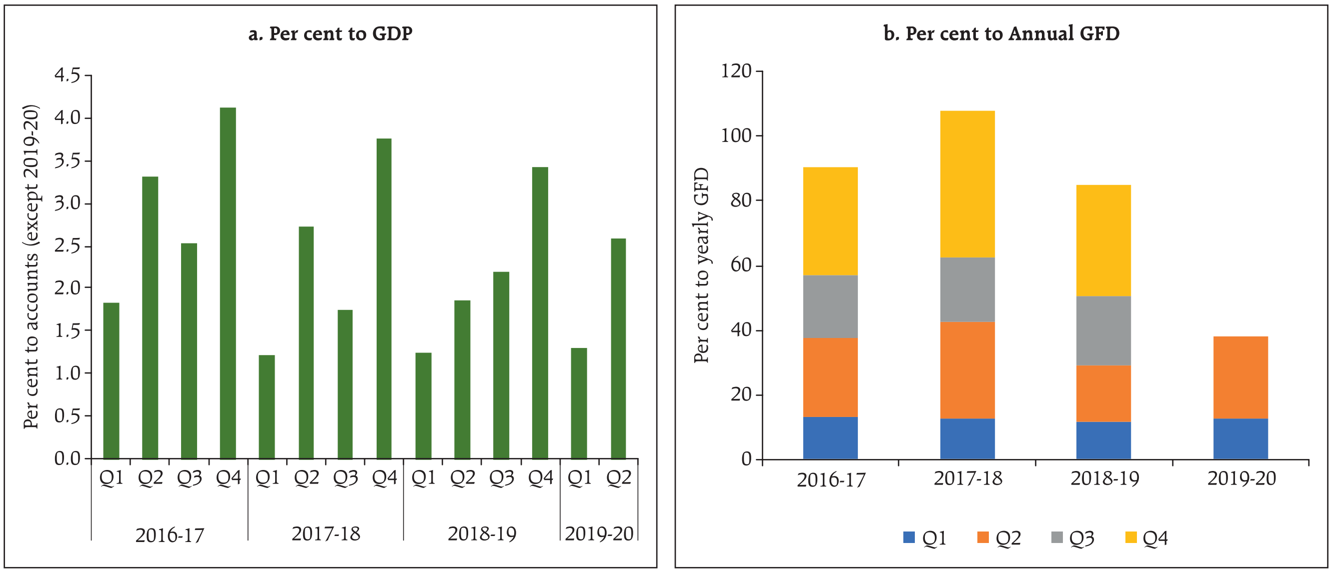
After UDAY-led pressure in 2015-16 and 2016-17, states consolidated their fiscal position in 2017-18 by bringing down GFD to 2.4 per cent

Chart 10: Centre's Gross Fiscal Deficit



Source: CGA; and Union Budget documents.

Chart 11: States' Gross Fiscal Deficit



Source: CAG; and State budget documents.

of GDP (from 3.5 in 2016-17). Preliminary data[6] indicates that GFD has hovered around 2.4 per cent in 2018-19, with a gradual uptrend from Q1 to Q4 (Chart 11a). The GFD to GDP ratio for states is budgeted at 2.6 per cent for 2019-20. Usual trend indicates that states' GFD remains higher in second half of each year, reflecting the backloading of spending by states. States have incurred around 38 per cent of their budgeted GFD in H1:2019-20 (Chart 11b), which is higher than in the corresponding period in 2018-19.

Slippages at the level of both Centre and states have been marked by a deterioration in the quality of expenditures, with the revenue expenditure to capital expenditure ratio rising for Centre and all states taken together during past few years. In H1:2019-20, the central government has improved its quality of expenditure with a lower ratio of revenue expenditure to capital expenditure compared to the previous year driven by strong improvement in Q2 (Chart 12a). Major beneficiaries of capital expenditure for Centre have been ministries of road transport and highways and railways along with departments of telecommunication and higher education. For states however, the quality of expenditure by the same metric has deteriorated in both Q1 and Q2 of 2019-20 compared to the previous year (Chart 12b).

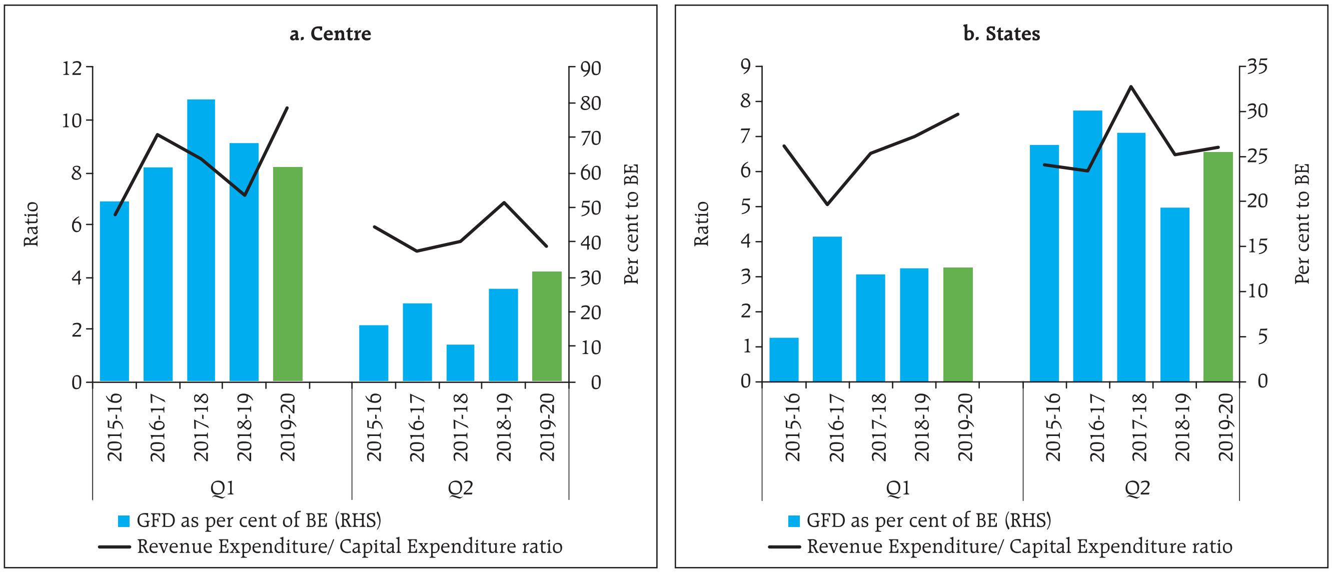
b. Financing of Fiscal Deficit and Market Borrowings

The GFD of Centre during Q1 and Q2 of 2019-20 continued to be financed mainly through market borrowings (58.8 per cent and 102.1 per cent, respectively) and its proportion in financing of GFD has increased as compared to the previous year. There was substantial disinvestment of surplus cash in Q1 and Q2 as also recourse to National Small Savings Fund (NSSF), though lower than previous year (Table 1).

Compared to States, the Centre's borrowing as percentage to BE are much higher in both 2018-19 and 2019-20 (so far) (Table 2). Considering that Centre has borrowed more than 75 per cent of its gross budgeted amount and more than 90 per cent of its net budgeted amount by end-November 2019 (average of 77 and 79 per cent, respectively, for gross and net borrowing

[6] While annual GFD for 2018-19 is for all states with a mix of accounts and revised estimates data, quarterly data are for 23 states – Andhra Pradesh, Chhattisgarh, Gujarat, Haryana, Jharkhand, Karnataka, Kerala, MP, Maharashtra, Manipur, Nagaland, Odisha, Punjab, Rajasthan, Tamil Nadu, Telangana, Tripura, UP and West Bengal.

Chart 12: Gross Fiscal Deficit and Quality of Expenditure for Centre and States



Source: CAG; CAG; Union budget documents; and Budget documents of state governmants

during 2016-2018), they would have to rely on alternate sources of financing, thus necessitating the need for greater revenue generation.

As of September 30, 2019, borrowing of all states constitutes around 36 per cent and 32 per cent of their budgeted gross and net market borrowing, respectively (Table 2) . State-wise data on borrowings indicates that Manipur, Rajasthan and Telangana have crossed 50 per cent, while Punjab, Andhra Pradesh and Kerala are close to reaching half of their budgeted gross market borrowings. Manipur stands out as its gross market and net borrowings have crossed the budget estimates (Chart 13). During April-September 2019, thirteen states resorted to Ways and Means Advances (WMA), while eight states availed the overdraft facility.

Table 1: Financing the Gross Fiscal Deficit of Central Government

(Amount in ₹ thousand crores)

Components	Q1:2018-19	Q2:2018-19	Q3:2018-19	Q4:2018-19	Q1:2019-20	Q2:2019-20
1	2	3	4	5	6	7
Gross Fiscal Deficit	429.0	165.7	106.7	-56.1	432.1	219.5
Market Borrowing	162.0	188.4	119.6	-33.7	254.1	224.2
State Provident Fund	2.3	2.0	1.1	10.5	2.2	0.4
National Small Savings Fund	47.0	15.1	19.4	-66.3	57.2	-6.4
Cash Balances {Decrease(+)/Increase(-)}	0.9	0.1	0.0	-2.3	4.9	0.1
Investment (-) / Disinvestment (+) of Surplus Cash	162.6	0.0	-17.8	-104.9	122.7	-33.5
External Assistance	3.9	-11.2	3.2	5.9	6.9	-2.4
Ways and Means Advances	55.4	-32.0	-23.4	0.0	26.5	-26.5
Others *	-5.1	3.4	4.6	134.7	-42.5	63.6

* Includes items such as special deposits, suspense and remittances and other capital receipts.
Source: CGA.

Table 2: Market Borrowings of Central and State Governments

(in ₹ crore)

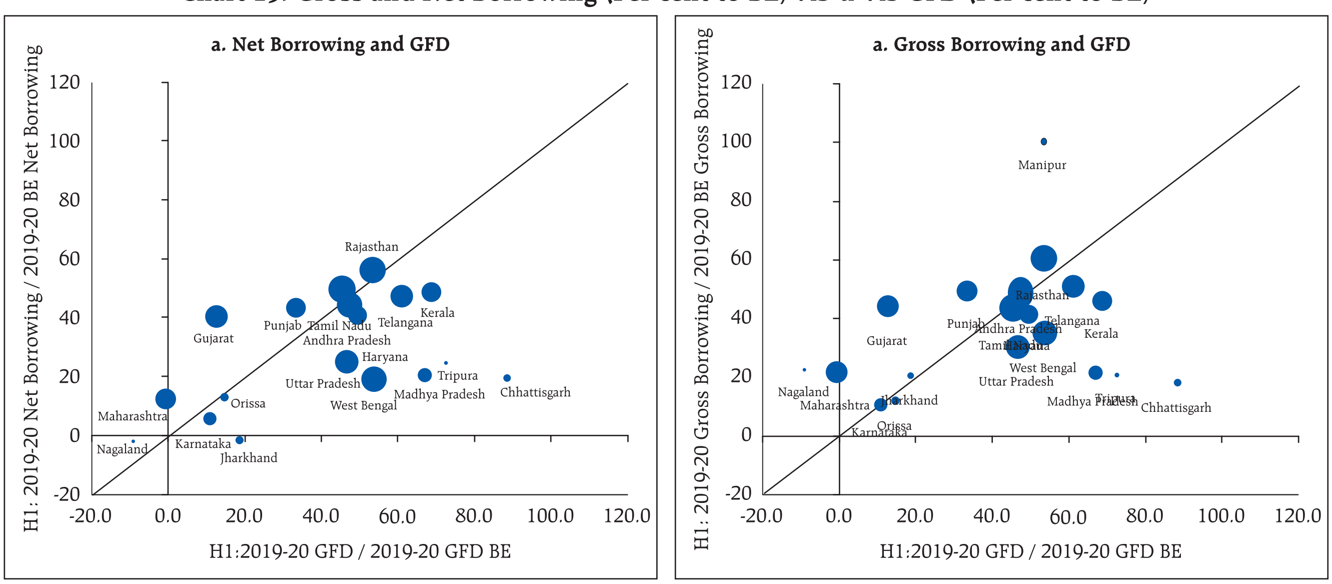
Item	2019-20 (April - Nov 22, 2019)	2018-19 (April - Nov 23, 2018)	2019 -20 H1 (April to Sep 30, 2019)	2018 -19 H1 (April to Sep 30, 2018)
Central Government				
Gross Market Borrowings	538000 (75.8)	355000 (58.6)	442000 (62.3)	276000 (45.6)
Net Market Borrowings	436972 (92.4)	254800 (55.1)	340972 (72.1)	188432 (40.8)
State Governments				
Gross Market Borrowings	316002 (50.7)	229313 (41.0)	225445 (36.2)	157502 (28.1)
Net Market Borrowings	226950 (46.7)	193453 (43.9)	156447 (32.2)	137650 (31.2)

Note: Figure in parentheses indicate percentage to budgeted gross and net borrowings for the financial year.
Source: Weekly Statistical Supplement, RBI.

V. General Government Finances[7]

Data gaps limit the ability of policymakers and market participants to understand economic developments in a timely and accurate manner (FSB, 2019). It was with this objective in view that in 2009 a report[8] was jointly published by the IMF and the FSB as a compliance to request of G20 Finance Ministers and Governors identifying the information gaps and also providing proposals to fill those gaps among the G20 countries. Consequently, the G20 Data Gap Initiative was launched and since 2015 has continued in its second phase. As part of this initiative, India is expected to meet the quarterly fiscal reporting standard for the combined government finances, *viz.*, Centre and states by 2020-21. Though the monthly data, as highlighted in the remaining portion of the article, is available for both Centre and states, combined government finances are not available in the public domain. As a first step towards fulfilling one of the G-20 data gaps to which India has committed, an attempt has been made to compile the quarterly combined government finances for India[9] (Appendix, Table 3). The analysis shows that as per cent of the budget estimates, the combined GFD performance is

Chart 13: Gross and Net Borrowing (Per cent to BE) *vis-à-vis* GFD (Per cent to BE)



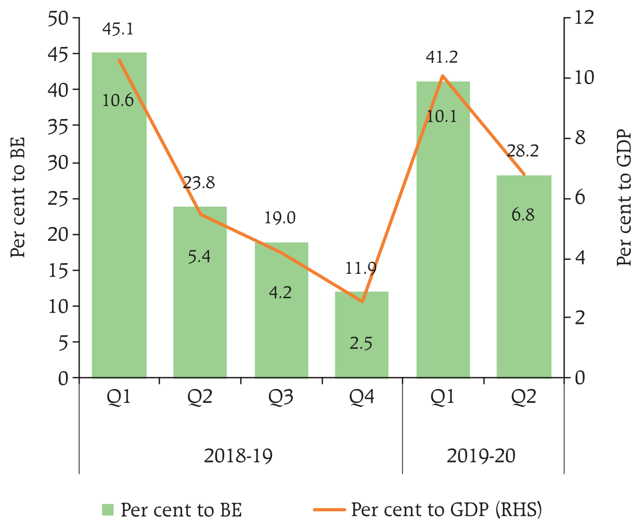
* Size of the bubbles indicate the relative share of states in gross market borrowings.

[7] Data for Union government and 23 states.

[8] The Financial Crisis and Information Gaps (IMF-FSB, 2009).

[9] Inter-governmental transactions data which has been used for netting out while compiling the quarterly combined finances has been obtained from two sources – a) Office of Chief Controller of Accounts, Ministry of Finance, Government of India; and b) Core Banking Solutions, Department of Information Technology, RBI.

Chart 14: Combined Gross Fiscal Deficit



Note:* Data are provisional. It pertains to Union Government and 23 states.
Source: CGA, CAG and Ministry of Finance

lower in Q1 2019-20 but higher in Q2 2019-20 *vis-a-vis* corresponding period of the previous year, primarily driven by expenditure push given by the Centre in Q2 2019-20. As regards the GFD performance as per cent to GDP, it may be noted that due to front loading of expenditure, the GFD-GDP ratio is high during Q1; it glides downward Q2 onwards, thus trying to remain within the committed path of fiscal consolidation (Chart 14).

VI. Going Forward

The GFD for the Union Government stood at ₹6.5 lakh crore during April-September 2019-20[10] as against the budgeted amount of ₹7.0 lakh crore for the full year. Thus, in H1:2019-20 itself, the Centre's GFD had reached 92.6 per cent of the BE. Furthermore, by October 2019, the Centre's fiscal deficit has crossed the full year budget target and stands at 102.4 per cent of BE. The Centre's fiscal deficit has a seasonal pattern with the first half of the financial year typically accounting for more than 80 per cent. For states, on the other hand, only about 35 per cent of their combined GFD is covered in H1. Given this seasonality, the combined GFD (Centre plus states) that stands at 69.5 per cent of BE in H1:2019-20 is likely to see lower accretions going forward.

On the revenue side, tax collections have been lagging behind targets. On the expenditure side, the government has announced various measures, *viz.*, relief to the export and housing sector, cut in corporate tax rates, among others. Notwithstanding relatively high fiscal deficit of the Centre and moderate tax collections in Q1 and Q2 of 2019-20, capital expenditure has not been compromised which augurs well for future growth.

Going forward, the counter-cyclical expenditure push is likely to come more from states as their expenditure is at 40 per cent of BE and they have the fiscal space with their GFD-GDP ratio being lower at 1.9 per cent in H1:2019-20. However, lower revenue collections could slowdown the pace of expenditure by states as witnessed during previous few years. Centre is depending on garnering higher revenues through alternate means to compensate for tax shortfall, while states also need to simultaneously explore all avenues, tax and non-tax, to augment revenues as highlighted in the Reserve Bank's State Finance Report, 2019-20. The unfolding of the overall fiscal situation for Union and state government would crucially hinge on indigenous revenue mobilisation efforts, prudent fiscal policy stance and overall macroeconomic conditions.

[10] ₹7.2 lakh crore during April-October 2019-20.

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Appendix

Table 1: Budgetary Position of the Central Government during April-September 2019

Item	(₹ thousand crore)				(Per cent)			
	Actuals		Budget Estimates		Percent to BE		Y-o-Y Growth Rate	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1. Revenue Receipts	**816.5**	**691.8**	**1962.8**	**1725.7**	**41.6**	**40.1**	**18.0**	**11.0**
1.1. Tax Revenue (Net)	607.4	582.8	1649.6	1480.6	36.8	39.4	4.2	7.5
1.2. Non-Tax Revenue	209.0	109.0	313.2	245.1	66.7	44.5	91.8	34.8
1.3. Interest Receipts	6.5	5.8	13.7	15.2	47.3	38.5	10.9	30.9
2. Capital Receipts	**20.6**	**17.7**	**119.8**	**92.2**	**17.2**	**19.2**	**16.2**	**-34.4**
2.1. Recovery of Loans	8.2	7.8	14.8	12.2	55.6	63.8	5.8	6.9
2.2. Other Receipts	12.4	9.9	105.0	80.0	11.8	12.4	24.3	-49.7
3. Total Receipts (1+2)	**837.1**	**709.5**	**2082.6**	**1817.9**	**40.2**	**39.0**	**18.0**	**9.1**
4. Revenue Expenditure	**1301.1**	**1141.6**	**2447.8**	**2141.8**	**53.2**	**53.3**	**14.0**	**13.8**
of which								
(i) Interest Payments	270.7	255.4	660.5	575.8	41.0	44.4	6.0	13.1
5. Capital Expenditure	**187.5**	**162.6**	**338.6**	**300.4**	**55.4**	**54.1**	**15.3**	**11.1**
of which								
(i) Loans and Advances	14.8	10.5	27.8	21.7	53.4	48.4	40.8	-47.1
6. Total Expenditure (4+5)	**1488.6**	**1304.2**	**2786.3**	**2442.2**	**53.4**	**53.4**	**14.1**	**13.5**
7. Revenue Deficit (4-1)	**484.6**	**449.8**	**485.0**	**416.0**	**99.9**	**108.1**	**7.7**	**18.5**
8. Fiscal Deficit (6-3)	**651.6**	**594.7**	**703.8**	**624.3**	**92.6**	**95.3**	**9.6**	**19.2**
9. Gross Primary Deficit {8-4 (i)}	**380.9**	**339.3**	**43.3**	**48.5**	**879.8**	**699.9**	**12.2**	**24.2**

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

Table 2: Quarterly Position of Central Government Finances

Item	(₹ thousand crore)				(Per cent)					
	Q1		Q2		Per cent to Budget Estimates				Y-o-Y Growth rate	
					Q1		Q2		2019-20	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	Q1	Q2
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1. Revenue Receipts	**284.9**	**267.8**	**531.6**	**424.0**	**14.5**	**15.5**	**27.1**	**24.6**	**6.4**	**25.4**
1.1. Tax Revenue (Net)	251.4	237.2	356.0	345.6	15.2	16.0	21.6	23.3	6.0	3.0
1.2. Non-Tax Revenue	33.5	30.6	175.6	78.4	10.7	12.5	56.1	32.0	9.4	124
1.3. Interest Receipts	3.3	2.5	3.2	3.4	23.8	16.3	23.5	22.2	31.8	-4.4
2. Capital Receipts	**4.8**	**10.8**	**15.8**	**6.9**	**4.0**	**11.8**	**13.2**	**7.5**	**-56.1**	**129.9**
2.1. Recovery of Loans	2.4	2.1	5.8	5.7	16.2	17.1	39.3	46.7	15.6	2.3
2.2. Other Receipts	2.4	8.8	10.0	1.2	2.2	11.0	9.5	1.5	-73.1	744.1
3. Total Receipts (1+2)	**289.7**	**278.6**	**547.4**	**430.9**	**13.9**	**15.3**	**26.3**	**23.7**	**4.0**	**27.0**
4. Revenue Expenditure	**658.7**	**620.7**	**642.4**	**520.9**	**26.9**	**29.0**	**26.2**	**24.3**	**6.1**	**23.3**
of which										
(i) Interest Payments	141.8	144.9	128.9	110.5	21.5	25.2	19.5	19.2	-2.2	16.7
5. Capital Expenditure	**63.0**	**87.0**	**124.5**	**75.6**	**18.6**	**29.0**	**36.8**	**25.2**	**-27.6**	**64.6**
of which										
(i) Loans and Advances	6.0	10.0	8.8	0.6	21.7	45.7	31.7	2.7	-39.4	1422.7
6. Total Expenditure (4+5)	**721.7**	**707.6**	**766.9**	**596.6**	**25.9**	**29**	**27.5**	**24.4**	**2.0**	**28.6**
7. Revenue Deficit (4-1)	**373.8**	**352.9**	**110.8**	**96.9**	**77.1**	**84.8**	**22.8**	**23.3**	**5.9**	**14.3**
8. Fiscal Deficit (6-3)	**432.1**	**429.0**	**219.5**	**165.7**	**61.4**	**68.7**	**31.2**	**26.5**	**0.7**	**32.5**
9. Gross Primary Deficit {8-4 (i)}	**290.3**	**284.1**	**90.6**	**55.2**	**670.6**	**586**	**209.2**	**113.8**	**2.2**	**64.1**

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

Table 3: Budgetary Position of the State Governments during April-September 2019

Item	(₹ thousand crore)			(Per cent)			
	Provisional actuals data			Per cent to BE		Y-o-Y Growth Rate	
	2017-18	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1. Revenue Receipts	865.9	1007.7	1058.1	40.7	38.9	16.4	5.0
1.1. Tax Revenue	677.6	770.1	789.5	42.5	39.7	13.7	2.5
1.2. Non-Tax Revenue	56.0	70.3	69.3	34.7	31.7	25.6	-1.5
1.3. Grants-in-aid and Contributions	132.3	167.3	199.3	36.2	39.0	26.5	19.2
2. Capital Receipts	2.1	8.0	12.4	15.3	21.7	272.2	56.0
2.1. Recovery of Loans and Advances	2.1	7.2	12.4	14.2	22.3	244.8	72.2
2.2. Other Receipts	0.1	0.8	0.1	65.4	3.1	1272.6	-92.3
3. Revenue Expenditure	908.7	1009.7	1105.4	40.5	40.0	11.1	9.5
of which							
(i) Interest Payments	99.2	107.9	123.3	39.0	40.1	8.8	14.4
4. Capital Expenditure	122.1	150.3	156.2	30.8	30.3	23.1	3.9
4.1. Capital Outlay	111.3	134.6	137.5	29.8	28.7	20.8	2.2
4.2. Loans and advances disbursed	10.7	15.8	18.7	43.9	50.9	46.9	18.4
5. Fiscal Deficit [(3+4) - (1+2)]	162.7	144.4	191.0	31.9	38.0	-11.2	26.0
6. Revenue Deficit (3-1)	42.8	2.0	47.3	11.9	107.7	-95.4	2281.1

Source: Comptroller and Auditor General of India.

Table 4: Quarterly Position of State Government Finances

Item	(₹ thousand crore)				(Per cent)					
	Provisional actuals data				Per cent to BE				Y-o-Y growth rate	
	Q1		Q2		Q1		Q2		2019-20	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	Q1	Q2
1. Revenue Receipts	**478.5**	**479.9**	**579.6**	**527.9**	**17.6**	**19.4**	**21.3**	**21.3**	**-0.3**	**9.8**
1.1. Tax Revenue	371.3	366.2	418.2	403.9	18.7	20.2	21.0	22.3	1.4	3.5
1.2. Non-Tax Revenue	32.2	34.8	37.1	35.5	14.7	17.2	17.0	17.5	-7.6	4.6
1.3. Grants-in-aid and Contributions	70.6	78.8	128.8	88.4	13.8	17.1	25.2	19.2	-10.5	45.6
2. Capital Receipts	**1.1**	**5.8**	**11.3**	**2.1**	**2.0**	**11.2**	**19.7**	**4.1**	**-80.3**	**426.3**
2.1. Recovery of Loans and Advances	1.1	5.7	11.2	1.4	2.0	11.3	20.3	2.8	-80.5	683.8
2.2. Other Receipts	0.0	0.1	0.0	0.7	1.6	6.1	1.5	59.3	-57.0	-96.0
3. Revenue Expenditure	**480.2**	**474.7**	**625.2**	**535.0**	**17.4**	**19.1**	**22.6**	**21.5**	**1.2**	**16.9**
of which										
(i) Interest Payments	50.2	41.8	73.2	66.1	16.3	15.1	23.8	23.9	20.1	10.7
4. Capital Expenditure	**62.9**	**67.8**	**93.3**	**82.6**	**12.2**	**13.9**	**18.1**	**16.9**	**-7.2**	**13.0**
4.1. Capital Outlay	57.6	62.4	80.0	72.1	12.0	13.8	16.7	16.0	-7.8	10.9
4.2. Loans and advances disbursed	5.3	5.3	13.4	10.5	14.5	14.9	36.4	29.1	-0.2	27.9
5. Fiscal Deficit [(3+4)-(1+2)]	**63.4**	**56.8**	**127.6**	**87.5**	**12.6**	**12.6**	**23.6**	**19.3**	**11.6**	**35.3**
6. Revenue Deficit (3-1)	**1.7**	**-5.1**	**45.6**	**7.1**	**3.8**	**-30.7**	**103.8**	**42.6**	**-133.0**	**541.1**

Source: Comptroller and Auditor General of India.

Table 5: Combined Government Finances (as per cent to GDP)

Item	2018-19				2019-20	
	Q1	Q2	Q3	Q4	Q1	Q2
Tax Revenue	13.4	15.9	16.2	17.8	12.7	15.6
Non-Tax Revenue	3.2	4.3	3.0	5.8	2.8	6.9
Capital Receipts	0.4	0.2	0.8	1.6	0.1	0.5
Total Receipts	17.0	20.4	19.9	25.2	15.6	23.0
Total Expenditure	27.4	25.8	24.2	27.8	25.7	29.8
Revenue Expenditure	24.2	22.6	21.2	22.6	23.3	25.5
Capital Expenditure	3.2	3.3	3.0	5.2	2.5	4.3
Gross Fiscal Deficit	10.6	5.4	4.2	2.5	10.1	6.8
Revenue Deficit	7.6	2.3	2.1	-1.0	7.8	3.1

Note: Data is as per Provisional Accounts of the Union and the State Government finances.
Data pertains to Union Government and 23 states.

Table 6: Combined Government Finances (as per cent to GDP)

	2018-19	2019-20
	April-September	April-September
Tax Revenue	14.7	14.2
Non-Tax Revenue	3.8	4.8
Capital Receipts	0.3	0.3
Total Receipts	18.7	19.4
Total Expenditure	26.6	27.8
Revenue Expenditure	23.4	24.4
Capital Expenditure	3.3	3.4
Gross Fiscal Deficit	8.0	8.4
Revenue Deficit	4.9	5.4

Note: Data is as per Provisional Accounts of the Union and the State Government finances.
Data pertains to Union Government and 23 states.

Households' Inflation Expectations: A Reflection *

This article studies the characteristics of households' inflation expectations in India vis-à-vis realised inflation at the aggregate level. It also examines the regional and occupational variations in inflation expectations observed during 2018-19. Majority of the survey centres and occupation categories recorded some hardening of inflation expectations in 2018-19. Analysis for a longer period suggests increasing alignment of respondents' inflation expectations with the inflation target. Empirical findings suggest that past forecast errors in households' inflation expectations are helpful in improving inflation forecasts.

Introduction

Households are economic agents who plan their activities such as savings, expenditure and investment based on several factors, including inflation expectations (IE). Wage negotiations are often benchmarked to changes in households' inflation outlook (Axelrod *et. al.*, 2018 and Bullard, 2016). The Reserve Bank has been conducting its Inflation Expectations Survey of Households (IESH) in major urban centres since September 2005 (Annex 1). Using the Wholesale Price Index (WPI) inflation and the Consumer Price Index of Industrial Workers (CPI-IW) inflation, Sharma and Bicchal (2018) had observed that inflation expectations in India are not rational. Subsequently, Shaw (2019) transformed the households' inflation expectations into rational expectations and assessed their forecasting ability *vis-à-vis* inflation expectations of the professional forecasters. This article studies three aspects of households' inflation expectations. First, it examines the characteristics of households' inflation expectations *vis-à-vis* the Consumer Price Index – Urban (CPI-U) inflation at the aggregate level during 2018-19. Second, it extends the analysis to investigate regional and occupational variations. Finally, using a longer time series data, the article aims to assess the magnitude of forecast error, using time-varying gaps between inflation expectations and the actual inflation.

The remainder of the article is organised as follows. Section 2 presents the movements in households' inflation expectations observed during the four quarters of 2018-19. It also presents an overview of the variations in inflation expectations across major cities and population groups. Section 3 studies changes in inflation expectations of households relative to the inflation target. In Section 4, the properties of inflation expectations have been studied using past deviations of households' anticipated inflation from realised inflation values. The concluding Section 5 summarises the findings of the study.

2. Households' Inflation Outlook – Broad Trends

Households' expectations on the general price level varied widely over the quarters during 2018-19. Net response[1] on general price level[2] showed moderation in price expectations noticeably in Q3:2018-19, before inching up in the next quarter (Chart Ia). In general, net responses remained in the positive terrain during the period and this was corroborated by the gradual increase in the corresponding urban index (CPI-U). Price expectations for various product groups were in line with those of the general prices, except housing prices (Annex 2, Charts 1a(i) to 1a(v)).

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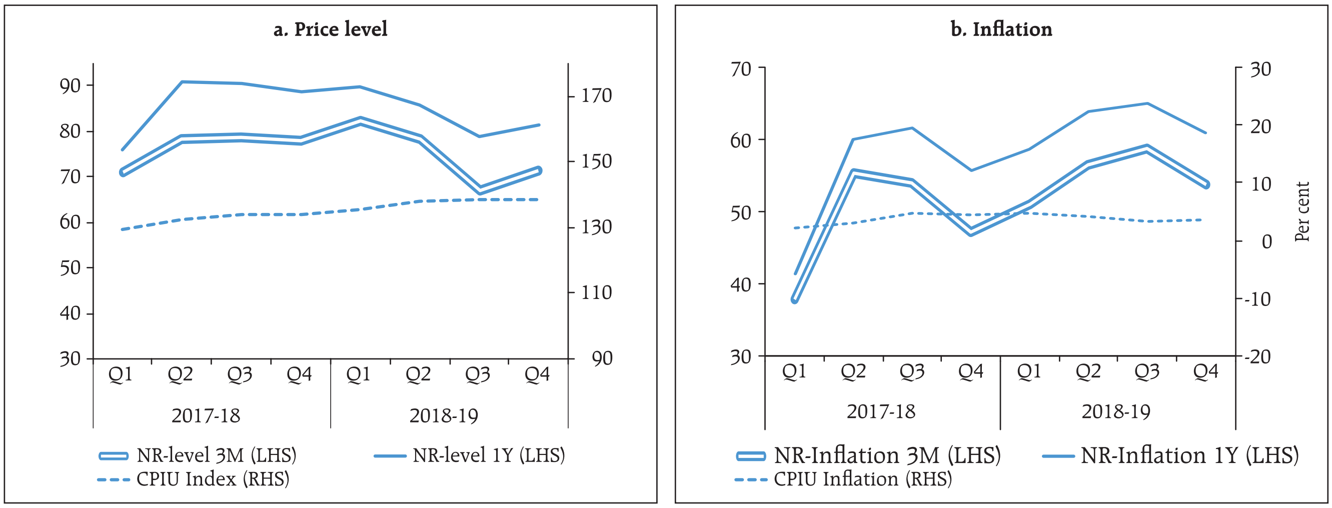
The views expressed in the article are those of the authors and do not represent the views of the Reserve Bank of India.

[1] Net response on price level is obtained by subtracting the proportion of respondents expecting "price decrease" from the proportion of respondents expecting "price increase".

[2] Based on three point response scale options, *viz,.* "Prices will increase", "No change in prices" and "Decline in prices".

Chart I: General Prices – Summary of Qualitative Responses



'NR-level 3M' denotes Net Response on price level for the three months ahead horizon
'NR-level 1Y' denotes Net Response on price level for the one year ahead horizon
'NR-Inflation 3M' denotes Net Response on rate of price increase for the three months ahead horizon
'NR-Inflation 1Y' denotes Net Response on rate of price increase for the one year ahead horizon

Moving to sentiments on inflation, three months ahead inflation expectations based on net response[3] on rate of price increase[4] picked up gradually during 2018-19, reaching a maximum in Q3:2018-19, concomitant with the sharp increase in petrol and diesel price inflation during the first half of the year (Chart Ib and Annex 2, Charts 1b(i) to 1b(v)). While the expectations of food inflation for the three months ahead horizon moved up in the first half of 2018-19 reflecting increase in inflation in some items within the food group such as fruits and eggs, sentiments remained at elevated level during the second half of the year in spite of the deflation experienced in vegetables. For the one year ahead horizon, households, in the survey round, Q4:2018-19, expected moderation in food inflation. The expectations on the cost of services remained high on the back of elevated health and education inflation despite moderation in inflation in the transport and communication sub-groups during the last quarter of 2018-19.

Despite muted food inflation, households' median inflation expectations rose sharply during the first half of 2018-19 (Chart IIb) on the back of higher fuel inflation due to rise in prices of liquefied petroleum gas (LPG), petroleum products and transport services. The median inflation expectations ranged between 7.8-9.4 per cent for the three months ahead period and between 8.1-10.1 per cent for the one year ahead period. On a net basis, however, the expectations dropped sharply by 110 basis points and 200 basis points, for three months ahead and a year ahead horizons respectively in Q4:2018-19 over Q1:2018-19 (Charts IIa and IIb). Despite a sharp increase in vegetable inflation in Q4:2018-19, it could not impact the inflation expectations adversely as it was still in deflation.

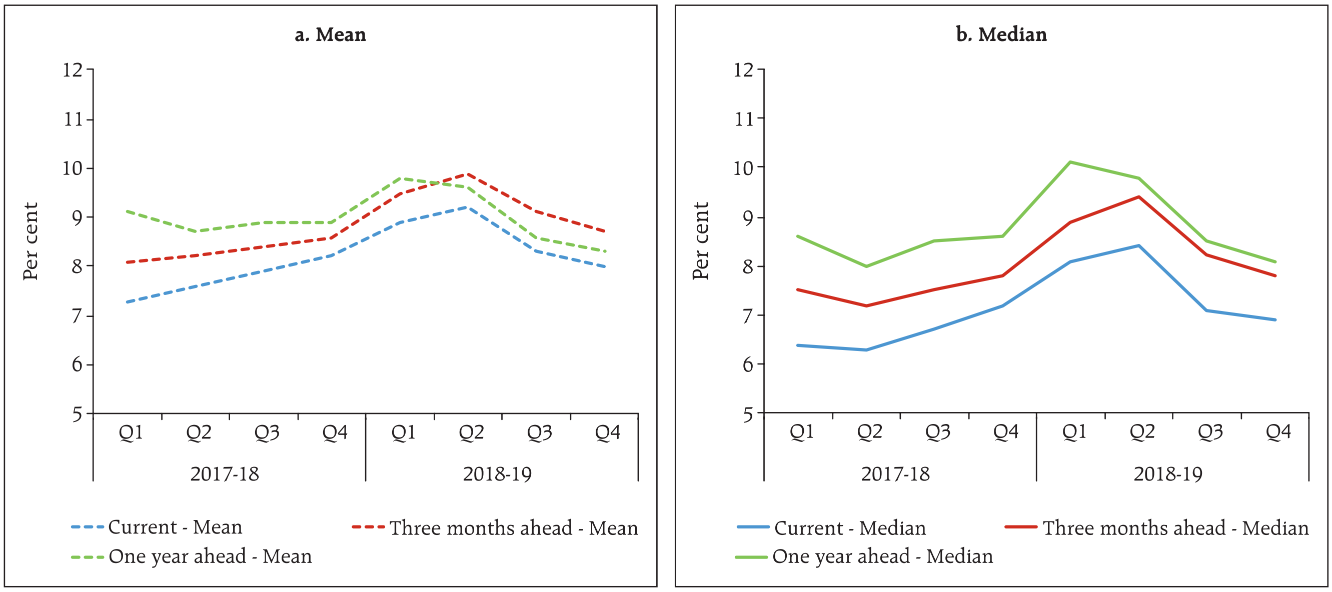
2a. Regional Variation in Inflation Expectations

The regional variation in the change in qualitative responses on inflation expectations from 2017-18 to 2018-19 has been studied in this section. The centres have been classified into optimistic and

[3] Net response on rate of price increase is obtained by subtracting the proportion of respondents (out of those expecting "price increase") expecting "price increase at less than the current rate" from the proportion of respondents (out of those expecting "price increase") expecting "price increase at more than the current rate".

[4] Based on three point response scale options, *viz.*, "Price increase more than current rate", "Price increase similar to current rate" and "Price increase less than current rate".

Chart II: General Prices – Summary of Quantitative Responses



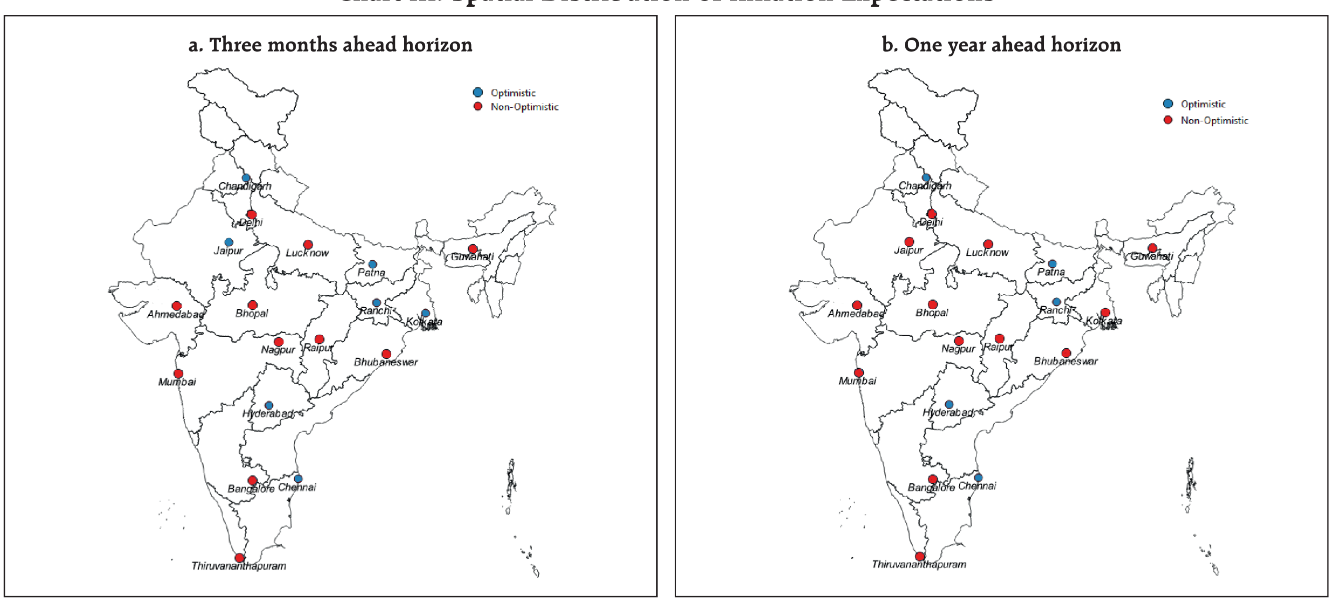
non-optimistic categories based on the observed decrease/ increase in net response (4 quarters' average) over this period. The classification presumes that an increase in net response as compared to the previous year denotes higher perceived inflation pressure in 2018-19 than that in 2017-18.

$$\begin{aligned} &\textit{Optimistic IE}: && NR_{2018\text{-}19} \leq NR_{2017\text{-}18} \\ &\textit{Non-optimistic IE}: && NR_{2018\text{-}19} > NR_{2017\text{-}18} \end{aligned} \qquad (1)$$

NR_y = average net response on rate of price increase during the year y

The centres classified as per the above manner are presented in Chart IIIa for the three months ahead expectations and in Chart IIIb for the one year ahead expectations. Out of the 18 survey centres, 11 centres were found to be non-optimistic for the three months ahead horizon and 13 centres for the one year

Chart III: Spatial Distribution of Inflation Expectations



ahead horizon. CPI-U inflation in most of the non-optimistic centres has increased through 2017-18 to 2018-19. Respondents in Thiruvananthapuram were the most non-optimistic for both the expectation horizons and they attributed their sentiments to the flood in the state.

2b. Occupation-wise Variation in Inflation Expectations

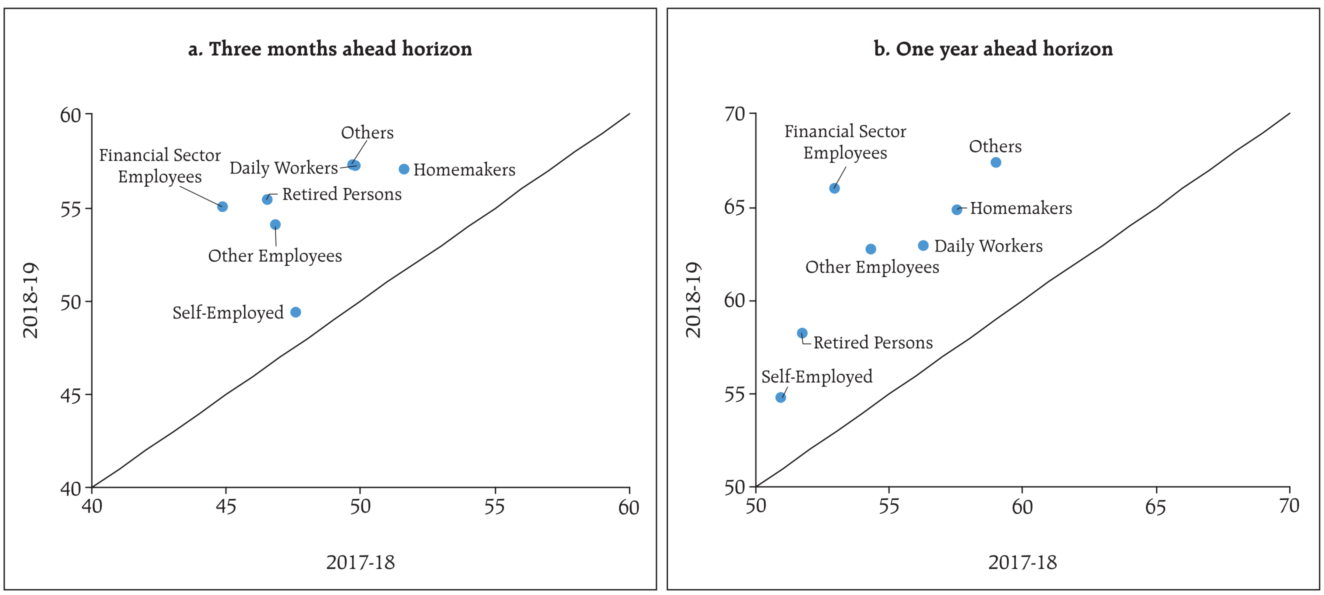
The same classification approach was also applied to various occupational categories (plotted in Chart IVa for the three months ahead horizon and Chart IVb for the one year ahead horizon). Occupational categories that appear above the diagonal line reflect non-optimistic sentiments in 2018-19. Inflation expectations for both the expectation horizons hardened in 2018-19 in comparison to 2017-18 for all occupation categories. Financial sector employees turned out to be the most non-optimistic respondents during 2018-19. Net response for most of the occupational categories was the highest during the second and third quarters of 2017-18 as well as 2018-19 (Annex 2, Tables A and B).

3. Inflation Expectations Relative to the Inflation Target

The Reserve Bank formally adopted the flexible inflation targeting (FIT) framework in June 2016 (RBI, 2016). On an average, the proportion of respondents expecting three months ahead inflation in the range of 2 per cent to 6 per cent (*i.e.*, the band of the 4 per cent inflation target) moved up from 16 per cent in the pre–FIT[5] period to 27 per cent in the post–FIT period. While there was a major increase in the share of respondents expecting inflation within the target range in Bengaluru, the minimum improvement was observed in Ahmedabad (Chart Va). In the post–FIT period, the highest share of respondents in Bengaluru reported three months ahead inflation within 2 per cent to 6 per cent.

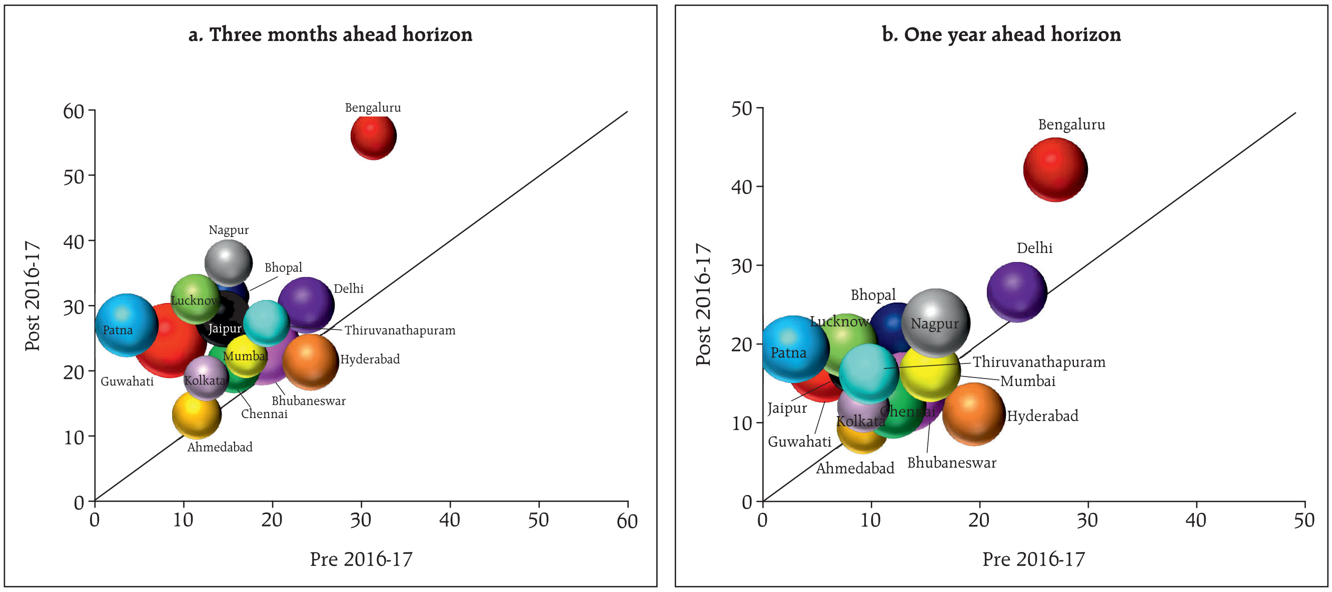
The degree of consensus among the respondents in polling inflation expectations within 2 per cent to 6 per cent range over the rounds has been analysed using coefficient of variation of the proportion of respondents expecting inflation at 2 per cent to 6 per cent over the post–FIT rounds. Smaller the size of

Chart IV: Occupation-wise Net Response on Rate of Price Increase



5 Survey rounds from Q1:2013-14 to Q4:2015-16 and from Q1:2016-17 to Q4:2018-19 form the pre-FIT and post-FIT periods, respectively. The analysis has been carried out for 15 cities, which have remained common throughout the pre–FIT and post–FIT periods.

Chart V: Proportion of Respondents Expecting Inflation Within 2 - 6 Per cent



the bubble, higher is the consensus in that centre. Among the centres showing greater convergence of expectations to the inflation target, respondents of Mumbai showed highest consensus in the post-FIT survey rounds and respondents of Bhubaneswar showed the minimum consensus.

The above analysis when repeated for the one year ahead horizon showed improved alignment to the inflation target among the respondents in all centres, barring Hyderabad. Patna showed the maximum improvement from pre–FIT to post–FIT. On the other hand, Kolkata recorded the maximum consensus in polling inflation expectations in the band of 2-6 per cent while Bhubaneswar recorded the minimum convergence. (Chart Vb).

4. Nature of Forecast Errors in Households' Inflation Expectations

Ever since the inception of the survey, households' inflation expectations are found to have an upward bias, when compared with the actual inflation, by about 300 basis points on an average for the three months ahead horizon and 400 basis points for the one year ahead horizon. Inflation expectations in India are not efficient, as the respondents do not make use of all the information contained in the past forecast errors in forming their inflation expectations (Sharma and Bicchal, 2018). It is of interest to explore, therefore, as to whether correction of inflation expectations using the past forecast errors can reduce errors in inflation forecast for the future period. To analyse this, three months ahead median inflation expectations were considered from Q2:2008-09 to Q4:2018-19 and CPI Urban[6] inflation for the realised period from Q3:2008-09 till Q1:2019-20. On regressing the deviation of the inflation expectations from the actual inflation on its lags, it was found that only the first lag of the deviation contributes significantly to the current deviation. If the median inflation expectation was higher than the realised inflation by 10 percentage points in the previous quarter, then the median inflation expectation is likely to be 8 percentage points higher than the realised inflation in the current quarter (Table 1). The highly negative and significant intercept largely reflects the above-

[6] The CPI Urban Inflation series for the quarters prior to Q4:2013-14 were back-casted using the Consumer Price Index of Industrial Workers (CPI-IW) series.

mentioned bias (*i.e.* the realised inflation on an average remains lower than the median inflation expectations).

$$D_t^{3M} = c + \sum_{j=1}^{k} D_{t-j}^{3M} + \epsilon_t \qquad (2)$$

$$\hat{I}_{t+1} = \hat{D}_{t+1}^{3M} + ie_{t+1}^{t} \qquad (3)$$

D_t^{3M} = $I_t - ie_t^{t-1}$

I_t = CPI-urban inflation at quarter t

ie_t^{t-1} = three months ahead median inflation expectation for quarter t made in the survey quarter (t - 1)

ϵ_t = residuals

k = number of lags, determined using Akaike Information Criterion

$\hat{D}_{t+1}^{3M}$ = one quarter ahead out-of-sample forecast of D_{t+1}^{3M}

$\hat{I}_{t+1}$ = one quarter ahead out-of-sample forecast of I_{t+1}

Out of sample one-quarter ahead inflation forecasts for Q2:2017-18 to Q1:2019-20 using equations (2) and (3) show that the forecasts deviated on an average by 96 basis points from the inflation numbers (Chart VIa). The CPI Urban inflation series generally remained inside the 50 per cent confidence interval and the overall trend in actual inflation was captured well in the predictions, except for a few blips. Also, the gap between the inflation forecasts and actual inflation was much less than the gap between the inflation expectations and actual inflation. Thus, in general, the inflation forecast error in the households' inflation expectations can be reduced using the past forecast errors.

Table 1: Results of Regression of D_t^{3M} on its Lags

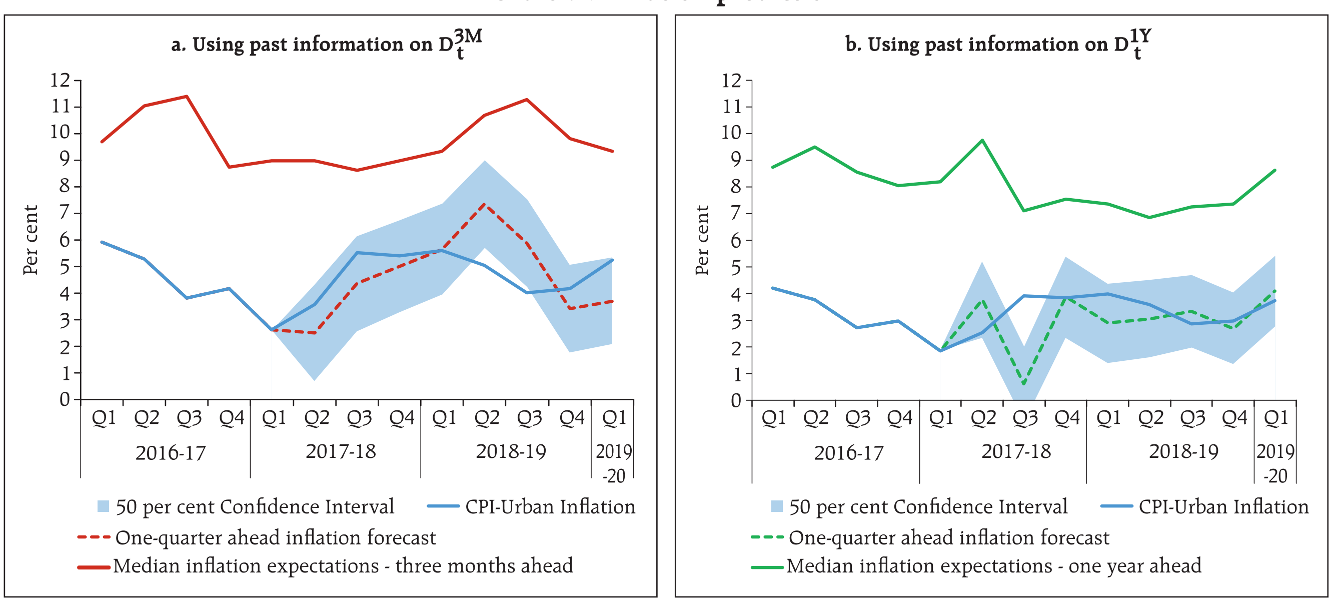
Variable	c	1st lag	2nd lag	3rd lag	4th lag
$I_t - ie_t^{t-1}$	-1.220*	0.692*	-0.078	0.320	-0.252

* significant at 5 per cent

Adjusted R-squared = 0.600, Probability (F-statistic) = 0.000, Durbin-Watson Statistic = 2.150, residuals are white noise.

The above exercise using one year ahead inflation expectations showed that a 10 percentage points' deviation of the inflation expectations from the realised inflation could result in the median inflation expectation to remain higher than the realised inflation by 9 percentage points in the next quarter (Annex 2, Table C). Out of sample forecasts during the study period deviated on an average by 106 basis points (Chart VIb). Also, the realised inflation remained in the 50 per cent confidence interval during the study period, barring the third quarter of 2017-18.

Chart VI: Inflation prediction



5. Conclusion

Households' sentiments on one quarter ahead general inflation picked up during the first half of the year 2018-19 on the back of higher petrol and diesel prices. Deflation in the vegetables led to moderation in food inflation expectations in the medium term. Compared to 2017-18, majority of the survey centres and occupation categories recorded some hardening of inflation expectations. Analysis for a longer period suggests increasing alignment of respondents' inflation expectations towards the inflation target. Hence, sustained low inflation helps in containing inflation expectations. Households' inflation expectations generally had an upward bias, which was higher for longer horizon. Empirical findings suggest that past forecast errors contain useful information to improve subsequent forecasting efficiency of inflation.

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Annex 1

Inflation Expectations Survey of Households - Sample Coverage and Survey Schedule

The quarterly rounds of the survey were conducted in 18 cities covering various occupation categories of respondents, *viz.*, financial sector employees, other employees, self-employed, homemakers, retired persons, daily workers and others. Up till the June 2018 round, a sample size of 5,500 households was targeted to be surveyed in each round, with 500 households from each of the four metropolitan cities, *viz.*, Delhi, Kolkata, Mumbai and Chennai, and 250 households from each of the fourteen major cities, *viz.*, Ahmedabad, Bengaluru, Bhopal, Bhubaneswar, Chandigarh, Guwahati, Hyderabad, Jaipur, Lucknow, Nagpur, Patna, Raipur, Ranchi, and Thiruvananthapuram. To improve the sampling procedure for getting population estimates, a two-stage probability sampling scheme has been implemented in place of quota sampling from the September 2018 round of the survey. The city-wise sample size has been revised in proportion to number of households of each city as per Census 2011, keeping the overall sample size 6,000.

The survey schedule of IESH is organised into four blocks. Block 1 collects information on respondent's profile like name, gender, age, category of respondent, etc. Blocks 2 and 3 capture qualitative responses on price expectations for general and various product groups, for three months and one year ahead, respectively, wherein, the respondent's price expectations are captured using five options, *viz.*, (i) price increase more than current rate, (ii) price increase similar to current rate, (iii) price increase less than current rate, (iv) no change in prices, and (v) decline in prices. Block 4 collects quantitative response on current and expected inflation rates for three months ahead and one year ahead periods, wherein, the inflation rate ranges from 'less than 1 per cent' to '16 per cent and above', with intermediate class intervals of size 100 basis points. The unit-level data, the data release and the questionnaire are available in the Bank's website.

Annex 2 - Charts and Tables

Chart 1a(i). Food Prices

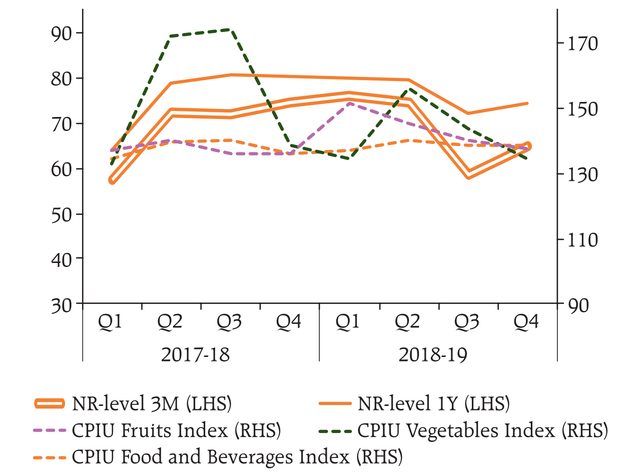

Chart 1b(i). Food Inflation

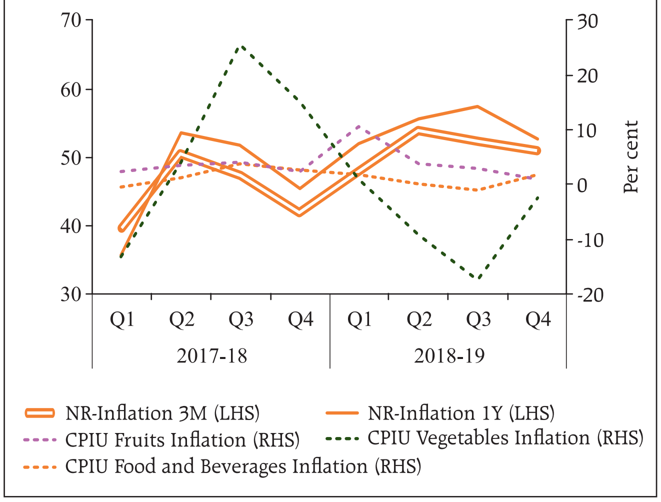

Chart 1a(ii). Non-Food Prices

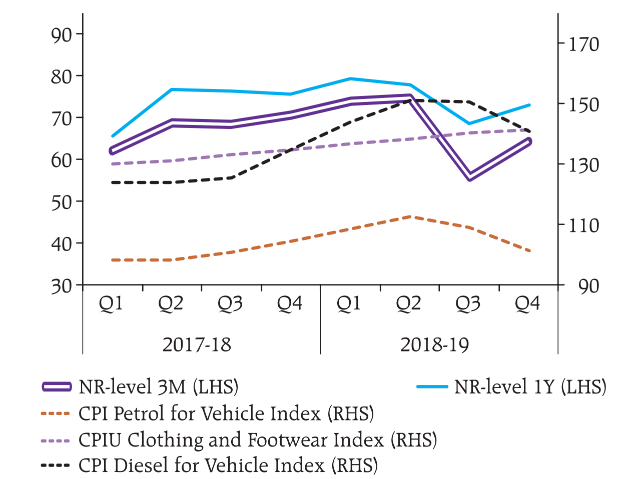

Chart 1b(ii). Non-Food Inflation

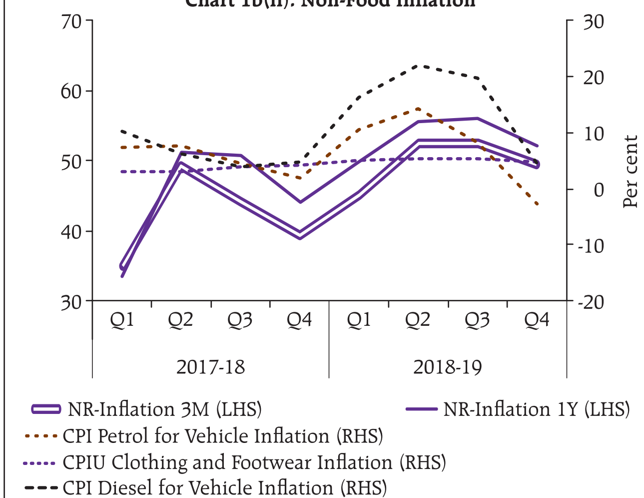

Chart 1a(iii). Prices of Household durables

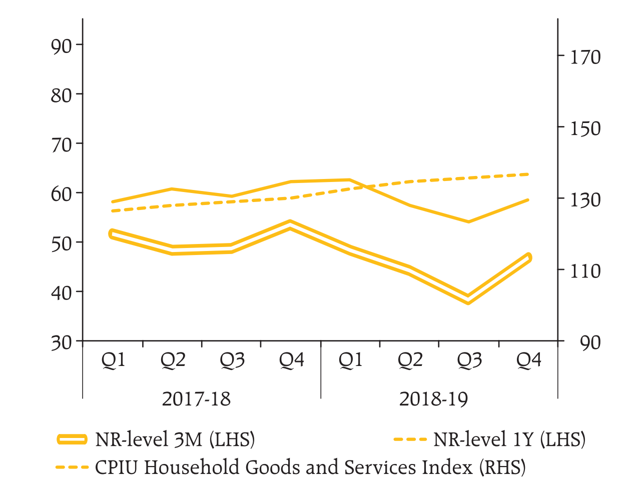

Chart 1b(iii). Inflation in Household durables

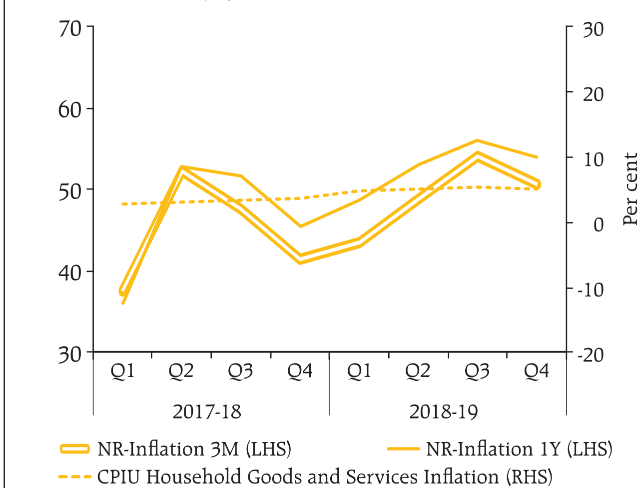

Chart 1a(iv). Cost of Housing

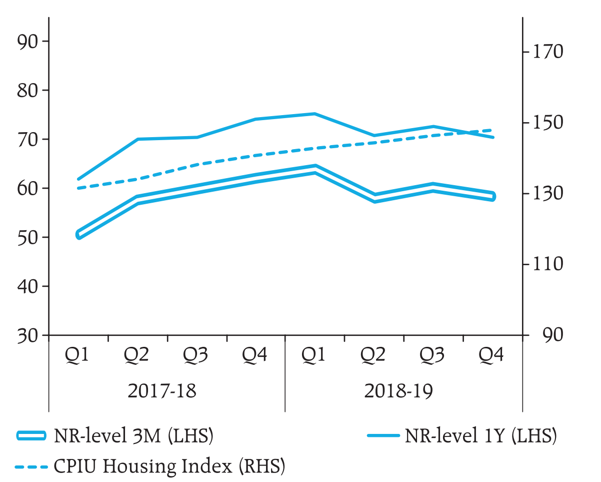

Chart 1b(iv). Inflation in Cost of Housing

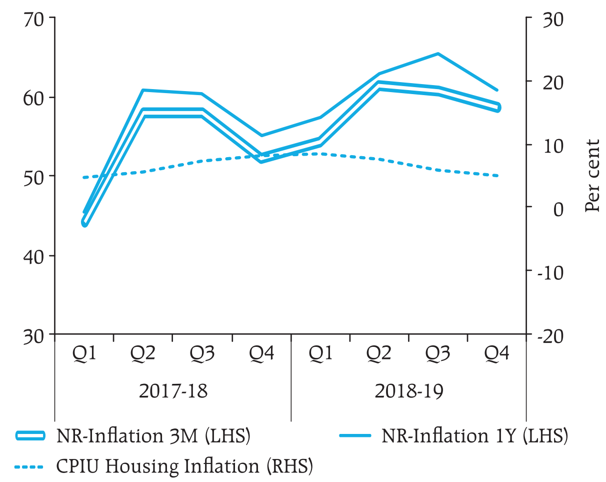

Chart 1a(v). Cost of Services

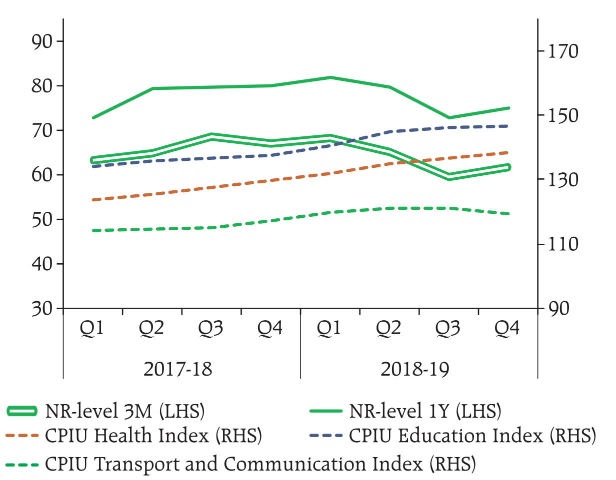

Chart 1b(v). Inflation in Cost of Services

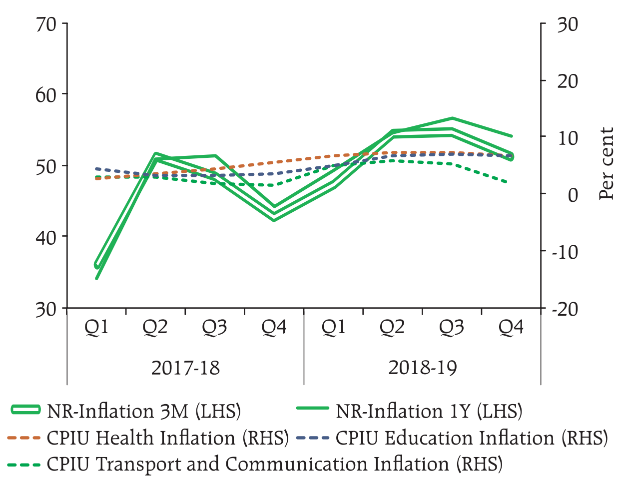

Table A: Net Response on Rate of Price Increase for three months ahead expectations

Occupation Category	Q1:2017-18	Q2:2017-18	Q3:2017-18	Q4:2017-18	Q1:2018-19	Q2:2018-19	Q3:2018-19	Q4:2018-19
Financial Sector Employees	40.4	50.4	44.0	44.6	55.7	59.0	57.6	47.9
Other Employees	37.9	52.0	52.0	45.3	48.9	56.2	58.9	52.5
Self-Employed	40.6	53.5	49.3	46.9	46.1	45.3	56.6	49.6
Homemakers	37.6	59.9	59.5	49.3	52.9	59.7	59.1	56.5
Retired Persons	35.9	56.5	49.8	43.8	53.3	55.6	53.6	59.5
Daily Workers	32.9	54.6	60.0	51.6	53.3	57.4	62.7	55.6
Other category	36.1	56.5	61.0	45.2	48.0	63.8	62.6	55.0

Table B: Net Response on Rate of Price Increase for one year ahead expectations

Occupation Category	Q1:2017-18	Q2:2017-18	Q3:2017-18	Q4:2017-18	Q1:2018-19	Q2:2018-19	Q3:2018-19	Q4:2018-19
Financial Sector Employees	38.9	57.7	59.4	55.5	57.3	74.1	69.4	63.2
Other Employees	45.5	55.9	59.0	56.8	59.1	64.7	66.7	60.5
Self-Employed	43.4	53.6	54.3	52.2	55.6	52.4	59.4	51.8
Homemakers	40.0	65.9	66.6	57.5	59.2	68.7	66.0	65.5
Retired Persons	39.1	59.2	58.3	50.3	58.5	52.1	56.6	65.9
Daily Workers	38.6	61.6	64.6	60.3	63.4	61.5	65.1	61.8
Other category	42.5	66.8	72.0	54.6	61.0	70.7	75.5	62.7

Table C: Results of Regression of D_t^{1Y} on its Lags

Variable	c	1st lag	2nd lag	3rd lag	4th lag
$I_t - ie_t^{t-4}$	-2.359*	0.671*	-0.088	0.049	-0.022

* significant at 5 per cent

Adjusted R-squared = 0.497, Probability (F-statistic) = 0.000, Durbin-Watson Statistic = 1.947, residuals are white noise.

*Efficacy of the Consumer Confidence Survey in Forecasting Macro-Economic Conditions**

Forward looking surveys on household sentiments are commonly used as leading indicators of economic conditions. This article focuses on the Consumer Confidence Survey for India. It examines the efficacy of the Survey parameters in forecasting some key macro-economic indicators, such as the Gross Domestic Product (GDP) growth and inflation. The article reveals that the survey contains useful leading information about economic conditions. In particular, it is observed that consumers' expectations about prices and general economic conditions have a reasonable ability to predict consumer price inflation.

Introduction

Consumer confidence is regarded as a common leading indicator on the prevailing economic conditions as well as their future outlook by central bankers and researchers alike (Greenspan, 2002; Dees and Brinca, 2013). The Organisation for Economic Cooperation and Development (OECD) defines consumer confidence as an indicator of future developments of households' consumption and saving based on their expectations about the financial and general economic situation, unemployment and savings, and considers it to be a leading indicator on the current economic situation as well as an early warning about the future turning points in the state of the economy (OECD, 2019).

Both advanced and emerging economies conduct regular consumer surveys, while customising these surveys to suit their local needs. To illustrate, in the US, the University of Michigan has been the pioneering organisation conducting monthly Survey of Consumers in the US and compiling the Index of Consumer Expectations. The focus of the index is three pronged *viz.*, the household prospects about their own financial situation, their opinion about the general economy in the near term, and their outlook about the general economy for the long term. Additionally, it also compiles an Index of Current Economic Conditions. The index gathers households' perception of their own current financial situation *vis-à-vis* a year ago and their assessment of whether the present times are suitable for major household expenditures, such as expenditure on furniture and consumer durables, among others. Similarly, the Consumer Confidence Survey of the European Commission garners households' responses on survey parameters, such as financial situation, general economic situation and spending, both for the previous and the ensuing year.

Among emerging economies, the Bureau of Economic Research of South Africa is responsible for conducting the consumer survey since 1975. The final confidence index, derived by the Bureau, is a combination of the responses on expectations about the performance of the economy, expected financial situation of households and suitability to buy durable goods. Similarly, in Brazil, the Index of Consumer Confidence, compiled by the Federaçao do comercio do Estado de São Paulo (FCESP), is based on the consumers' perceptions of their financial condition, their future prospects and the general economic conditions. Bank Indonesia too conducts a monthly consumer survey to gauge consumer confidence in the economy.

While the general utility of the consumer confidence surveys in providing leading information on economic conditions is well-accepted, this article goes a step further and attempts a statistical evaluation of the efficacy of such surveys in forecasting economic conditions in the Indian context. The article begins with a brief literature review on the inter-relationship brought out by studies from various economies between consumer sentiments and macroeconomic parameters in Section 2. It then provides a detailed

* This article is prepared by Nitin Kumar, D. P. Singh and Aditya Mishra, working in Department of Statistics and Information Management, Reserve Bank of India. The views expressed are those of the authors and do not represent the views of the Reserve Bank of India.

discussion on the Consumer Confidence Survey of the Reserve Bank in Section 3, followed by the details on the empirical methodology adopted in the article for establishing the interlinkage between consumer outlook and economic conditions in Section 4. The results from empirical exercise are discussed in Section 5 with conclusions in Section 6.

2. Literature Review

The empirical literature on the inter-relationship between consumer sentiment indicators and macroeconomic parameters is fairly rich, with studies on this subject available from both advanced and emerging economies. Mendicino and Punzi (2013) employ a Vector Autoregression (VAR) model to study the impact of consumer confidence on macroeconomic variables, such as inflation rate, nominal interest rate, as well as measures of economic activity, including industrial production and unemployment rate for Portugal. Their results suggest that an unexpected increase in consumer confidence raises industrial production and pushes up the inflation rate. Similarly, sudden improvements in consumer sentiments leads to decline in unemployment rate.

The significance of consumer confidence for predicting consumption spending has also been analysed for the US and the Euro area (Dees and Brinca, 2013). The authors utilise the University of Michigan's Consumer Sentiment Index for the US and the index constructed by European Commission for the Euro area from 1985 to 2010 at quarterly frequency. Employing again a VAR framework, the results show that the consumer confidence indices can be, under certain conditions, good predictors of consumption expenditure.

A time-series relationship between investor sentiments and stock returns has been explored, using consumer confidence as a measure of investor optimism, by Lemmon and Portniaguina (2006) for United States based on University of Michigan and Conference Board Survey of consumer confidence. The study reveals that consumer confidence has forecasting power for the returns on small stocks and future economic activity.

A rich cross-country data panel has been used by Golinelli and Parigi (2004) to assess the validity of consumer sentiment indices in anticipating the evolution of economic activity. Their panel extends to eight countries *viz.*, Australia, Canada, France, Germany, Italy, Japan, UK and USA over a period of about 30 years. Applying co-integrated VAR structure and considering a common set of variables for all countries, their findings suggest that consumer confidence cannot be simply summarised based on common macro-economic variables. Moreover, they show that consumer confidence indices have an ability to forecast economic activity, provided that their coincident nature is taken into account.

The Consumer Confidence Survey (CCS) of the Reserve Bank captures information about various demographic characteristics of respondents, including their occupations. An examination of whether households' assessment and expectations about their general economic situation is contingent on their occupation was attempted by Kumar *et al.* (2019). Applying an ordered logistic regression, the authors showed that opinions about general economic conditions do not vary across occupation groups.

3. Data

We have used the quarterly data of the CCS from June 2010 to December 2018 (35 quarters).[1] The CCS elicits households' responses on five parameters *viz.*, general economic situation, employment scenario, price level, household income and spending. The respondents' views on both current situation as compared to a year ago, and the future outlook over a one-year period are solicited. Responses are solicited on a three-point scale, *viz.*, improve/ will improve, worsened/ will worsen and remained/ will remain same. The aggregate sample size for each survey round is about 5,400 households. The details of the survey are elaborated in Annex A.

[1] The data are publicly available on the Reserve Bank website.

As the study focuses on forecasting ability of households' outlook, the net response[2] (NR) for one year ahead expectations regarding the various survey parameters is used in addition to the Future Expectations Index (FEI)[3]. The macro-economic variables used in this article include the rates of growth of GDP and Private Final Consumption Expenditure (PFCE) (both at current prices) as obtained from the National Statistical Office (NSO). Additionally, the quarterly average of CPI (Urban) inflation rate, as available from Ministry of Statistics and Programme Implementation (MOSPI), is also considered. The CPI (Urban) has been chosen instead of CPI (Combined) as the CCS, at present, covers only urban areas.

4. Methodology

Similar to the studies discussed earlier, we employ the VAR framework to analyse the impact of households' expectations about the survey parameters[4] on changes in our macro-economic variables and *vice versa.* The VAR(p) can be represented as:

$$y_t = A_1 y_{t-1} + \dots + A_p y_{t-p} + u_t \quad \text{....(1)}$$

where $y_t = (y_{1t}, \dots, y_{Kt})$ is a (K x 1) vector of endogenous variables at time t. A_i (i=1,…,p) are fixed (K x K) coefficient matrices and $u_t = (u_{1t}, \dots, u_{Kt})$ is a K-dimensional innovation process with $E(u_t) = 0$, $E(u_t u_s') = \Omega_u$, and $E(u_t u_s') = 0$ for $t \neq s$.

Consumer outlook variables and macro-economic indicators comprise the set of endogenous variables. Separate VAR formulations have been devised for each consumer outlook variable to examine its forecasting significance. Impulse response functions trace the reaction of current and future values of endogenous variables to a one-time external shock. Impulse responses were generated only for select cases, where survey variables were found to be significant.

The various VAR formulations are described in Table 1 (Annex B). The common set of macro variables studied for the CCS parameters, except for household spending and employment outlook, are GDP growth rate and CPI(U) inflation. As household spending is more closely related to consumption expenditure, PFCE growth has been chosen in addition to GDP growth rate for spending outlook. Also, since it is generally observed that levels of economic activity and employment are closely associated, only GDP growth rate has been selected while examining responses for employment.

5. Empirical Evidence

5.1 Stylised Facts

Before embarking on the discussion of the results from the empirical analysis, we bring out certain stylised facts about the representativeness of the CCS. First, we analyse the respondents' profile for select past rounds (Chart 1 in Annex B). It is evident that the distribution of households has been largely similar over these rounds. A majority of respondents (around 90 per cent) belong to the age group of 22 to 59 years. There is no significant gender variation across these rounds, with male and female respondents being equally represented. Majority of the households participating in the Survey have income of Rs. 3 lakh or below. The family size for most of the respondents ranges between three and four. Homemakers lead the survey respondents followed by employed (salaried) and self-employed categories.

Secondly, the respondents' distribution is validated using data from Census 2011. Broadly, the distribution of sampling units matches the Census 2011 distribution for various demographic factors, as depicted in Chart 2 (Annex B).

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[2] Percentage of positive responses minus percentage of negative responses.

[3] FEI reflects the consumer expectations one year ahead. It is calculated as, FEI = 100 + Average (Net Response of select survey parameters). FEI above 100 signify households' positive outlook and negative prospects are indicated by a FEI figure below 100.

[4] As per the survey, outlook for one year ahead is captured for five parameters viz., general economic situation, employment scenario, price level, households' income and spending. Additionally, FEI is also considered. Henceforth, these six variables collectively are referred to as consumer outlook or consumer expectations in the study.

Thirdly, Chart 3 (Annex B) traces changes in FEI along with other macro-economic variables, helping us to correlate it with some of the major economic developments. Post-December 2016, the FEI has been above 120, reaching a peak of 129 in December 2017 that seems to portray the upbeat outlook of households on account of demonetisation. Over the last few rounds, GDP and PFCE growth rates are found to be co-moving. Moreover, it is observed that inflation has been consistently below 6 per cent mark since December 2014.

5.2 Coherence[5] - General Economic Situation *vis-à-vis* Other Indicators

The future General Economic Situation (GES) may portray a combination of underlying factors. Therefore, it may be insightful to ascertain the parameter(s) that may influence consumers' expectations about future GES the most. Accordingly, coherence of expectations about future GES with expectations about other indicators are depicted in Table 1. It is observed that the outlook on employment has been the key driver for future GES; it is followed by the outlook on households' income, which has been consistently the second-most coherent driver of future GES.

The Spearman rank correlation coefficient depicts the strength and direction of correlation between two ordinal variables. Similar to the coherence outcome, the Spearman rank correlation coefficient between employment responses with GES expectations too is seen to be the highest and statistically significant (Table 2 in Annex B). Employment responses are followed by income responses, which too share a positive and significant relation with GES. Outlook on spending is observed to have negative association (although low) with future GES for certain survey rounds, suggesting that higher spending is associated with pessimism about future GES.

Apart from capturing households' outlook on various pertinent economic aspects for next 12 months, the CCS also gathers their perceptions about the current economic scenario *vis-à-vis* previous year. In this context, it may be useful to understand the key drivers of current GES. With this objective, both coherence and Spearman rank correlation tests have been performed for current GES. The coherence results again highlight employment to be the most important driving factor for current GES (Table 2). Spearman correlations also show that the responses on current employment scenario are highly correlated (with a positive sign) with current GES (Annex B - Table 3). Household income level turns out to be the second-most important variable determining current GES. In sum, the perceptions about the current and expectations about the future GES are more aligned with those of employment scenario followed by household income.

Table 1: Coherence of Expectation on General Economic Situation *vis-à-vis* Other Indicators

(Percentage of respondents)

Round	Employment	Price	Spending	Income
Sep-2016	55.4	23.0	53.9	54.6
Dec-2016	59.6	27.6	57.5	57.6
Mar-2017	62.6	33.6	49.3	49.8
Jun-2017	64.8	36.9	47.7	51.5
Sep-2017	67.0	33.4	47.9	52.6
Dec-2017	66.0	29.8	51.0	53.0
Mar-2018	64.8	34.3	47.7	50.8
Jun-2018	64.6	32.6	48.3	52.4
Sep-2018	68.9	36.3	48.4	49.4

Table 2: Coherence of Assessment on General Economic Situation *vis-à-vis* Other Indicators

(Percentage of respondents)

Round	Employment	Price	Spending	Income
Sep-2016	47.9	31.2	44.3	44.7
Dec-2016	48.3	33.8	41.9	44.4
Mar-2017	53.2	42.6	35.3	43.4
Jun-2017	54.7	43.7	34.0	42.9
Sep-2017	56.6	42.1	35.5	43.5
Dec-2017	55.5	39.3	36.8	44.2
Mar-2018	55.1	44.7	34.8	43.1
Jun-2018	56.5	44.0	35.2	43.0
Sep-2018	59.1	45.4	33.2	41.2

[5] Coherence coefficient is defined as the sum of similar responses on two variables as a proportion of the total number of responses.

5.3 CCS Indicators *vis-à-vis* Macroeconomic Indicators - Forecasting Ability

To analyse the forecasting ability of CCS parameters, we plot the rolling correlations over a two-year period[6] between net responses (NR) on CCS indicators and macro-economic indicators. The rolling correlations have been calculated for two-year window to assess the dynamic relationship between the variables. Also, a two-year window helps to reduce the impact of any shock/structural change in the component series. The rolling correlations reveal –

(i) a positive correlation for both NR on current and future GES with GDP growth rate, especially since September 2016; this, however, has declined in the recent period (Annex B - Chart 4a);

(ii) a mixed picture in respect of correlation between NR on employment scenario and GDP growth rate – To illustrate, improving correlations with NR on current employment scenario and declining correlations with NR on future employment scenario, more so in the recent rounds (Annex B - Chart 4b);

(iii) inverse correlations between the NR on price and CPI(U) during the period from 2013 to 2016 (Annex B - Chart 4c);

(iv) broadly, a positive correlation between NR on current household income and GDP growth rate, particularly since 2015 (Annex B - Chart 4d);

(v) negative correlation between NR on future spending and CPI(U) inflation for most part of our study period, although it has turned positive in the recent period (Annex B Chart 4e).

We investigate the Granger causality among the various pairs of variables. Granger causality enables to examine whether the joint lags of a variable are able to improve the overall estimation result. As our focus is to explore the possible impact of CCS expectations on macro indicators, we assess whether the various components of CCS are able to Granger cause relevant macro indicators. We apply the Toda and Yamamoto (1995) methodology, which is appropriate wherein variables may probably be integrated. The results of the Granger Causality reveal some cases wherein the impact of CCS variables is statistically significant (Annex B - Table 4). First, both price and GES responses of consumers seem to have forecasting information for inflation. Secondly, consumption expenditure seems to be driven by spending expectations. Thirdly, employment outlook has some impact on GDP growth rate.

As variables in our analysis are I(1)[7], Johansen Cointegrating test is performed for all specifications to examine if there exist any cointegrating relationship. It is found that in most of the cases there is no indication of any cointegration amongst the variables. So, we choose an unrestricted VAR wherein both CCS and other macro variables are included with first difference. VAR framework is modeled to assess the interplay of consumer sentiments on various indicators, including the relevant macro-economic factors. An appropriate lag specification of consumer NR series is selected in all VAR models such that it provides a better fit. Deeper lags imply more time may be required for transmission of the impact of consumer expectations to economic variables, whereas shorter lags imply quicker transmission.

The VAR[8] results indicate that the FEI does not have a significant relationship with both GDP growth and inflation (Annex B - Table 6). NR on price outlook has a statistically significant and negative impact on CPI(U) inflation (Annex B - Table 7). The result implies that an improvement in public outlook about prices results in easing of consumer inflation with a lag.

Generally, food prices are a major concern for households, which may even play a major role in

[6] The window span apart from two years had been also chosen. It was observed that the results do not vary significantly for other window sizes.

[7] Before carrying out the VAR regression, test of stationarity is performed. All the variables are found to be I(1)(Annex B Table 5).

[8] As regards selection of lag order (p) of the VAR, we have used standard information criterion that indicates 2 lags to be optimal for all the estimated models.

the formation of their future price and inflation expectations. Accordingly, the influence of future price NR on consumer food price inflation is also analysed (Annex C). As found earlier for price NR and CPI(U) relationship, the results reveal a significant impact of price outlook on food prices based on urban Consumer Food Price Index (CFPI(U)) inflation. The outcome underlines the strong influence of price expectations on food inflation in due course of time. It establishes the robustness of the result obtained earlier based on VAR estimation result of price NR with economic parameters.

Similarly, NR on future GES has a strong and inverse influence on CPI(U) inflation (Annex B - Table 8). A positive and significant impact of the spending outlook is evident both on GDP and PFCE growth rates (Annex B - Table 9 & Annex B - Table 10 respectively).[9] However, consumer outlook regarding future household income and future employment scenario do not seem to have a significant effect on economic variables (Annex B - Table 11 & Annex B - Table 12 respectively).

Impulse response function (IRF) traces the impact of one-time shock in one parameter on the current and future values of other variables. It is noted that the AR roots lie within unit circle, which is a vital diagnostic for the stability and validity of IRF (Lutkepohl, 2005). Similar to outcome from VAR, it is seen that a unit standard deviation (SD) positive shock (beneficial price regime) to NR on price outlook leads to a slight decline in growth rate, which is statistically insignificant (Annex B - Chart 5). On the other hand, a favourable shock to NR on price outlook leads to decline in CPI(U) inflation. Likewise, a unit SD positive shock in future GES has a positive impact on CPI(U) inflation (Annex B - Chart 6). A shock to NR on future spending has a beneficial impact on GDP growth, although it is not significant (Annex B - Chart 7). A similar impact is seen on PFCE growth as a result of the shock to NR on future spending (Annex B - Chart 8).

Proceeding further, the variance decomposition of each VAR formulation is carried out, as already enumerated in Table 1 (Annex B). The variance decomposition is a useful tool to understand the quantum, speed of adjustment and persistence due to a stochastic innovation in the system. The variance decomposition results for FEI is depicted in Chart 9A (Annex B). The results show that only 10 per cent of variation in GDP growth rate is explained by FEI by third quarter, which remains largely static over the rest of the period. The role of FEI is observed to be negligible in explaining the variation in inflation. More than 30 per cent of deviation in inflation is attributable to consumer price expectations by the second quarter, which shows a rising trend till the fifth quarter and stabilises thereafter (Chart 9B in Annex B). Although, household price expectations have a miniscule contribution in describing GDP growth rate, Chart 9C (Annex B) shows that more than 20 per cent variation in inflation is explained by public perception about the general economic conditions by the third quarter, which is quite similar to that obtained for price expectations.

Charts 9D (Annex B) and 9E (Annex B) focus on the influence of spending outlook on GDP and PFCE growth rates, respectively. In both cases, the influence of consumer expectations takes three quarters to reach their respective highest points. Nearly 20 per cent of divergence is explained by spending responses for GDP growth rate, while the explanatory power for consumption expenditure is relatively low. Roughly, only 4 per cent of variation in GDP growth is attributable to consumers' response for income (Annex B - Chart 9F). The impact of employment expectations on economic growth rate is seen to be trivial (Annex B - Chart 9G).

[9] This result is comparable to Dees and Brinca (2013) that finds a role of consumer sentiments in explaining consumption for the US and Euro area.

Table 3: Root Mean Square Error

Macro variable	Baseline Random Walk	Price NR	GES NR	Spending NR (GDP)	Spending NR (PFCE)
	[1]	[2]	[3]	[4]	[5]
GDP growth rate	1.71	2.72	2.97	3.32	---
PFCE growth rate	2.02	---	---	---	2.82
CPI(U) inflation	0.83	0.33	1.34	0.76	0.78

The out-of-sample evaluation of VAR forecasting results has been performed with a baseline random walk[10]. For comparison, economic indicators till 2017 have been considered. Thereafter, forecast evaluation is performed for next four data points based on the root mean square error (RMSE). VAR regressions were re-run for the sub-sample period, *i.e.,* June 2010 to December 2017, in addition to simple random walk. The RMSE based on four quarters of the next year are tabulated in Table 3 for various models. It is evident that the multivariate VAR framework provides considerable gains in inflation forecasting for models [2], [4] and [5] as the RMSE of said models is less than the baseline random walk.

Apart from the VAR framework, as indicated above, the impact of outlook on prices, controlling for 'inflation targeting', on CPI(U) based inflation has also been examined using a single equation regression. The details are provided in Annex D. The results corroborate a decline in CPI(U) inflation with the improvement in consumer expectations about price after controlling for the inflation targeting regime.

Summing up, it is found that net responses on price, GES and spending have valuable information about the future trajectory for CPI(U), GDP and PFCE growth rates. These results for India are not isolated; such outcomes are echoed in other studies as well.[11]

6. Conclusion

The study examines if the CCS indicators have any forecasting ability with respect to major macro-economic indicators. The findings suggest that consumers' outlook on price and general economic situation has significant forecasting power for inflation (CPI(U)). The NR on households' overall spending has a positive and significant impact on both GDP and PFCE growth rate. It may be mentioned that the strong impact of price outlook can be corroborated using consumer food price inflation data also. However, the statistical results presented in this article may be considered as indicative, due to a limited sample size. Future research can build on the research presented in this article using a larger information set.

[10] AR(1) model.

[11] See Golinelli and Parigi (2004).

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Annex - A

Consumer Confidence Survey

1. Sample Coverage and Survey Questionnaire

The survey elicits households' responses about five parameters *viz.*, general economic situation, employment scenario, price level, household's income and spending, with respect to the current situation as compared to a year ago and expectations one year ahead. Responses are solicited on a three-point scale (*viz.*, improve/ will improve, worsened/ will worsen and remained/ will remain same).

The survey is conducted in 13 cities since September 2017, *viz.*, Ahmedabad, Bengaluru, Bhopal, Chennai, Delhi, Guwahati, Hyderabad, Jaipur, Kolkata, Lucknow, Mumbai, Patna and Thiruvananthapuram. In each round of the survey, 5,400 respondents are selected; using a hybrid two stage sampling design. At the first stage in a city, the polling booths are selected by systematic random sampling after arranging all polling booths according to their constituencies. In second stage, 15 respondents are selected from each selected polling booth area, following the right-hand rule, skipping 10 houses. From Q4:2014-15 onwards, information relating to expenditure on essential and non-essential items, and households' current financial situation are also being collected.

2. Current Situation Index and Future Expectations Index

In standard opinion surveys, respondents generally have three reply options such as up/same/down; or above-normal/normal/ below-normal; or increase/remain-same/decrease. Because of the difficulty of interpreting all three percentages, the survey results are normally converted into a single quantitative number. One of the most common way of doing this is to use 'Net-Responses' (also called 'Balances' or 'Net Balances'). It is defined as the percentage of the respondents reporting a decrease (negative), subtracted from the percentage reporting an increase (positive). Net Responses can take values from –100 to +100. In this survey, Net Response is used to analyse the Consumer Confidence Survey results. To combine the consumer confidence perceptions on various factors, two indices are worked out. These are Current Situation Index (CSI) for reflecting current situation as compared to one year ago and Future Expectations Index (FEI) to reflect the expectations one year ahead. For calculating the index, the following formula has been used.

Overall Index = 100 + Average (Net Response of selected factors)

where, Net Response = Positive perceptions (%) – Negative perception (%)

The average net responses on the current perception on various factors, viz. economic conditions, employment, price level, income and spending are used for the calculation of the Current Situation Index.

The average net responses on the future perceptions on various factors, viz. economic conditions, employment, price level, income and spending are used for the calculation of the Future Expectations Index.

The range of CSI and the FEI lies between 0 to 200. An index value below 100 represents pessimism whereas a figure above 100 signals optimism.

Annex B

Chart 1: Distribution of Respondents' by Various Characteristics

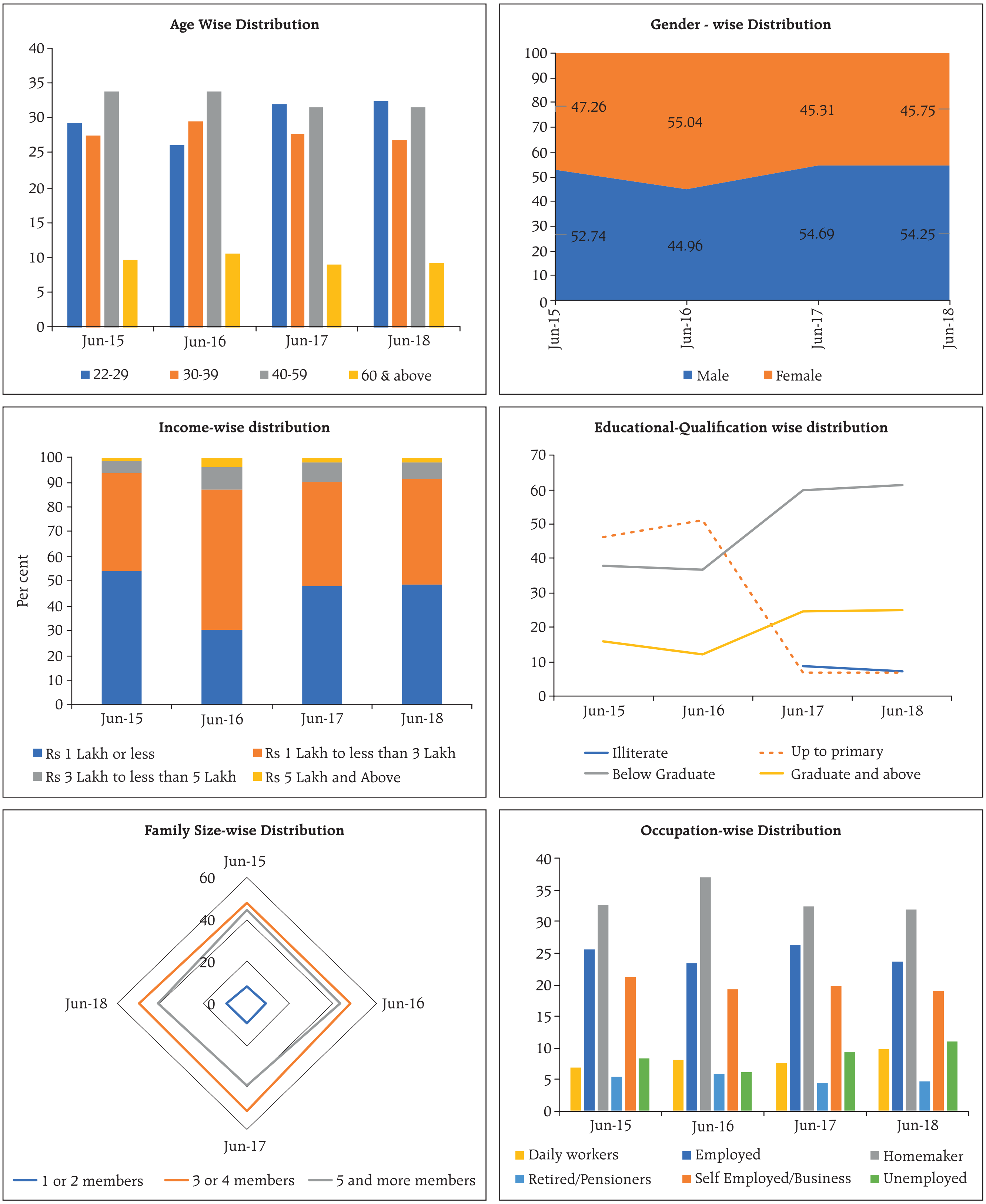


Chart 2: Major Characteristics as per Census 2011

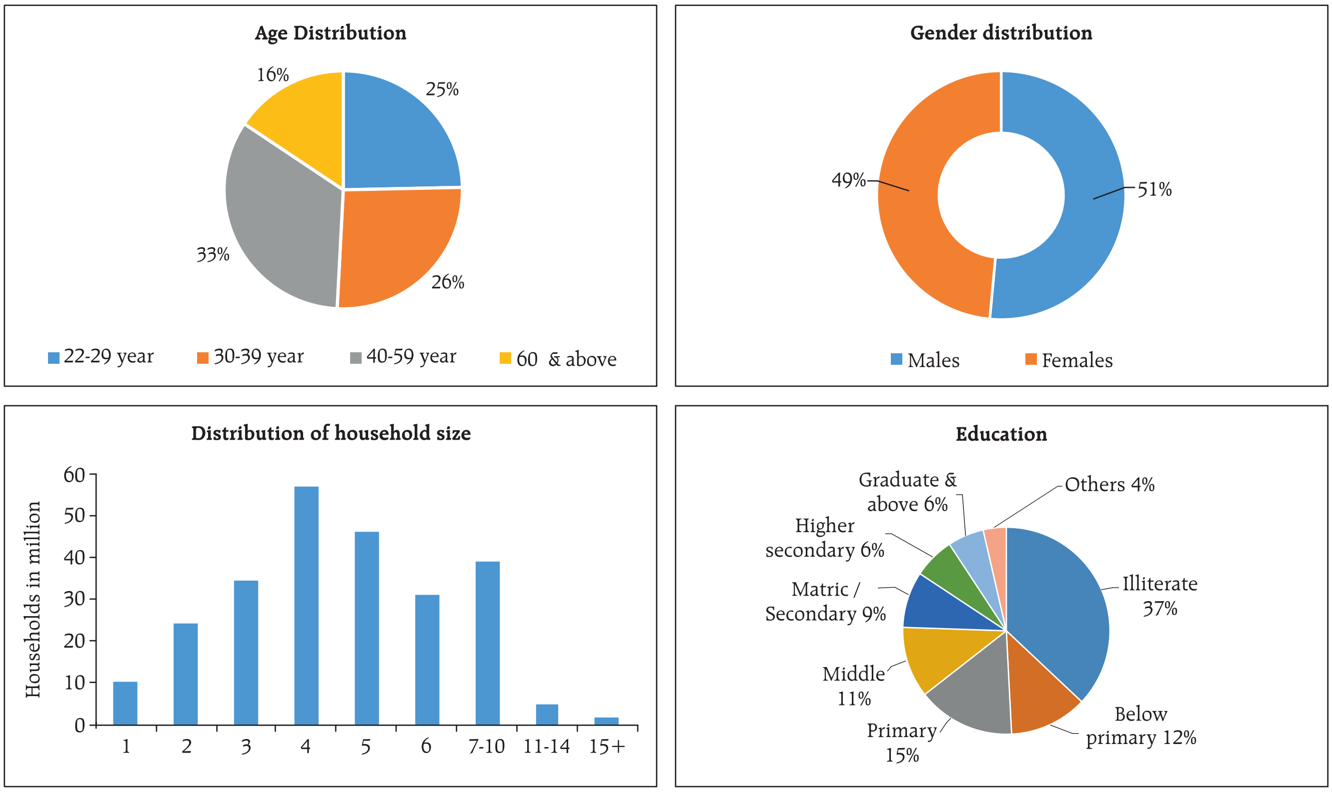


Chart 3: Movement of FEI and Select Macro Variables

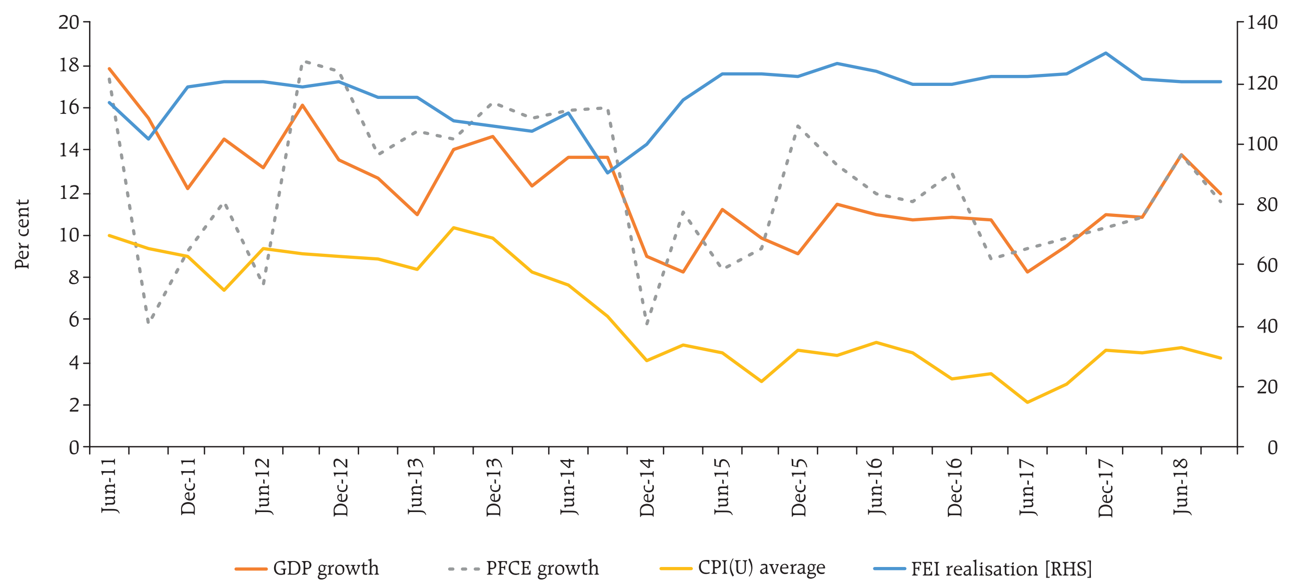
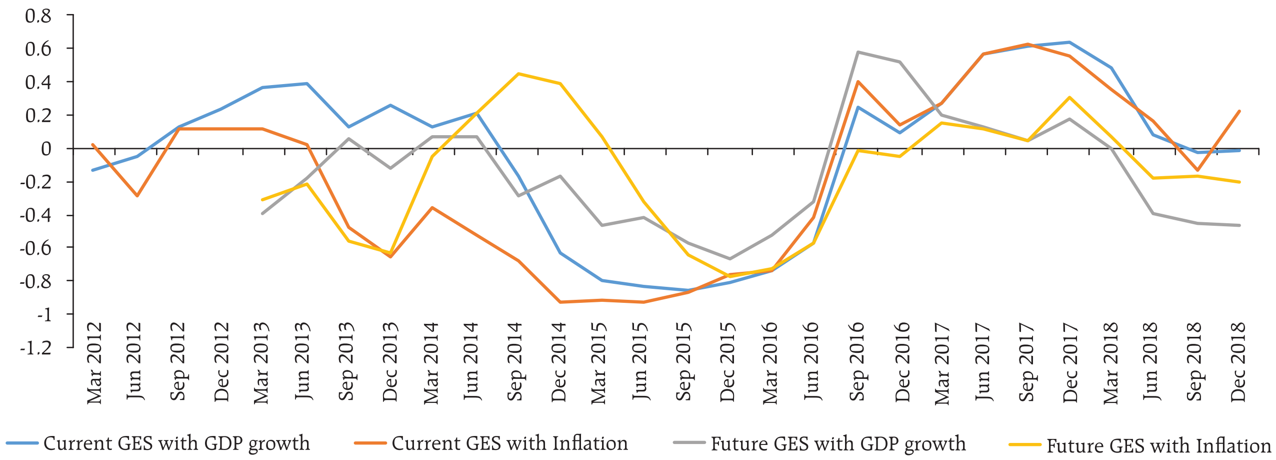
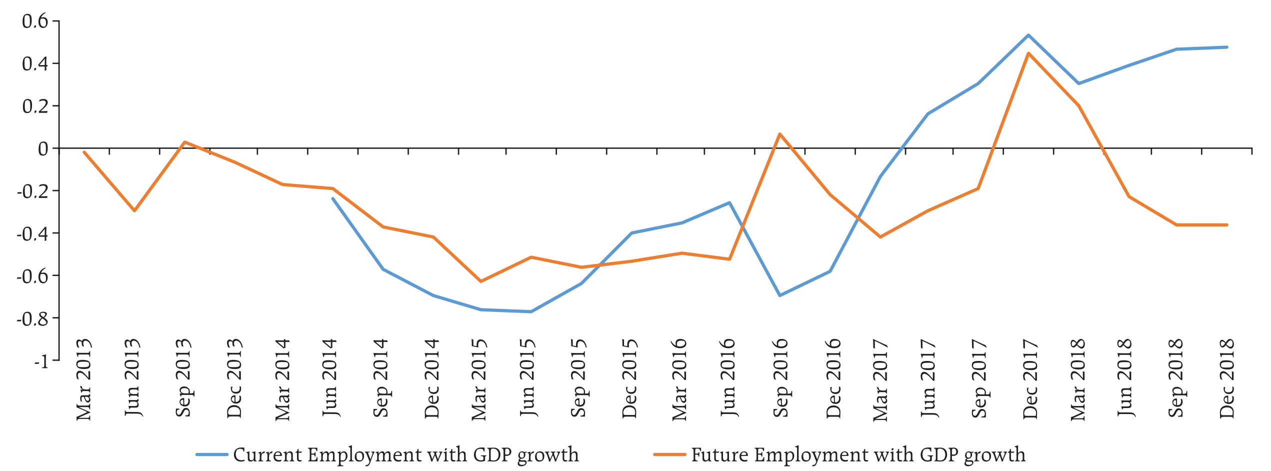


Chart 4: Rolling Correlation

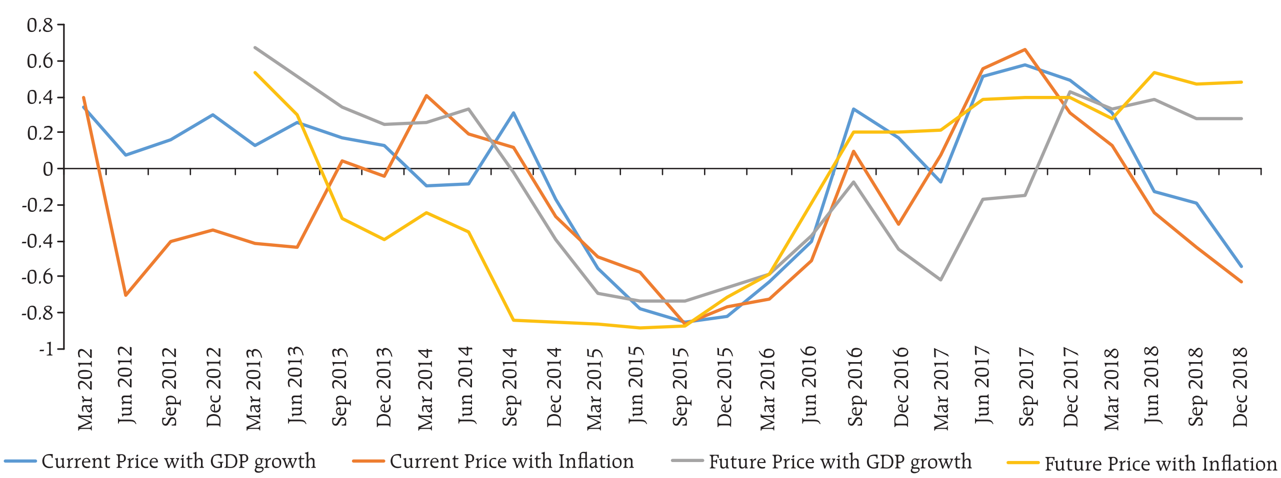
a. NR on General Economic Situation with GDP Growth and Inflation



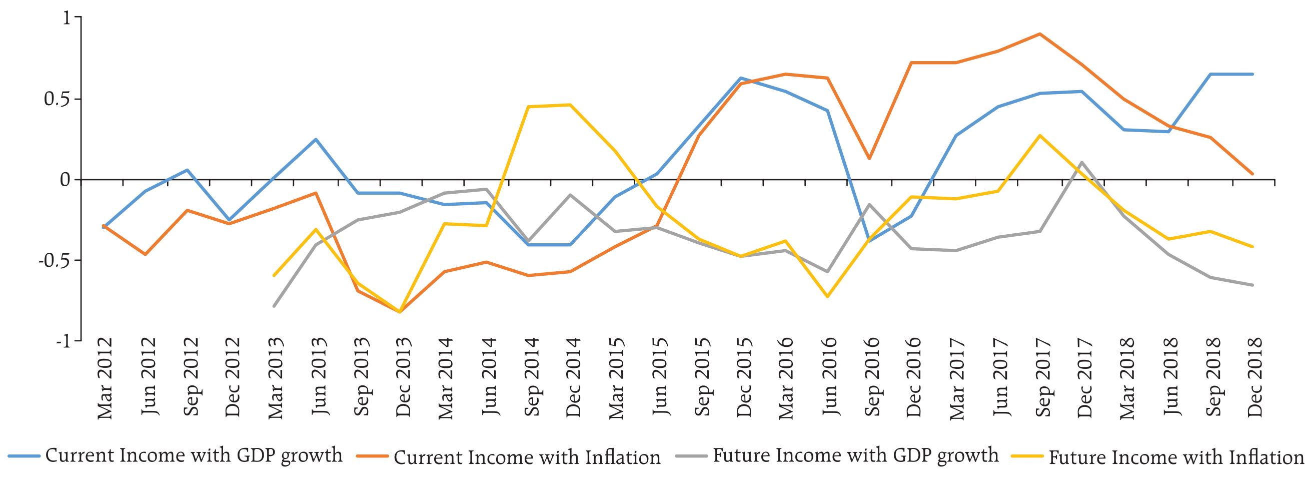
b. NR on Employment Situation with GDP Growth



c: NR on Price with GDP Growth and Inflation



d. NR on Income with GDP Growth and Inflation



e. NR on Spending with GDP Growth and Inflation

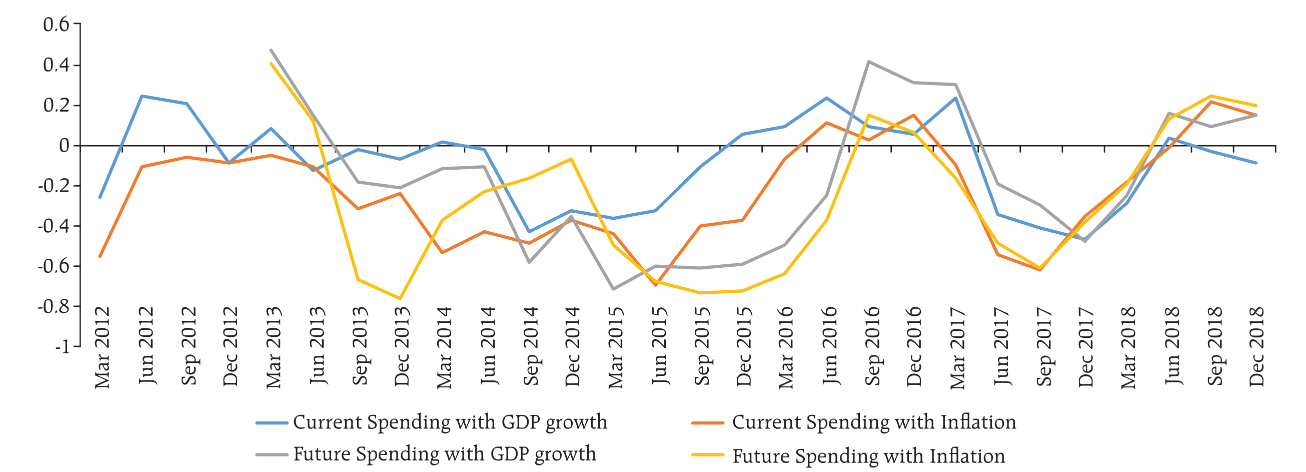


Chart 5: Accumulated Response to Generalized Unit SD Innovations to NR on Price[12]

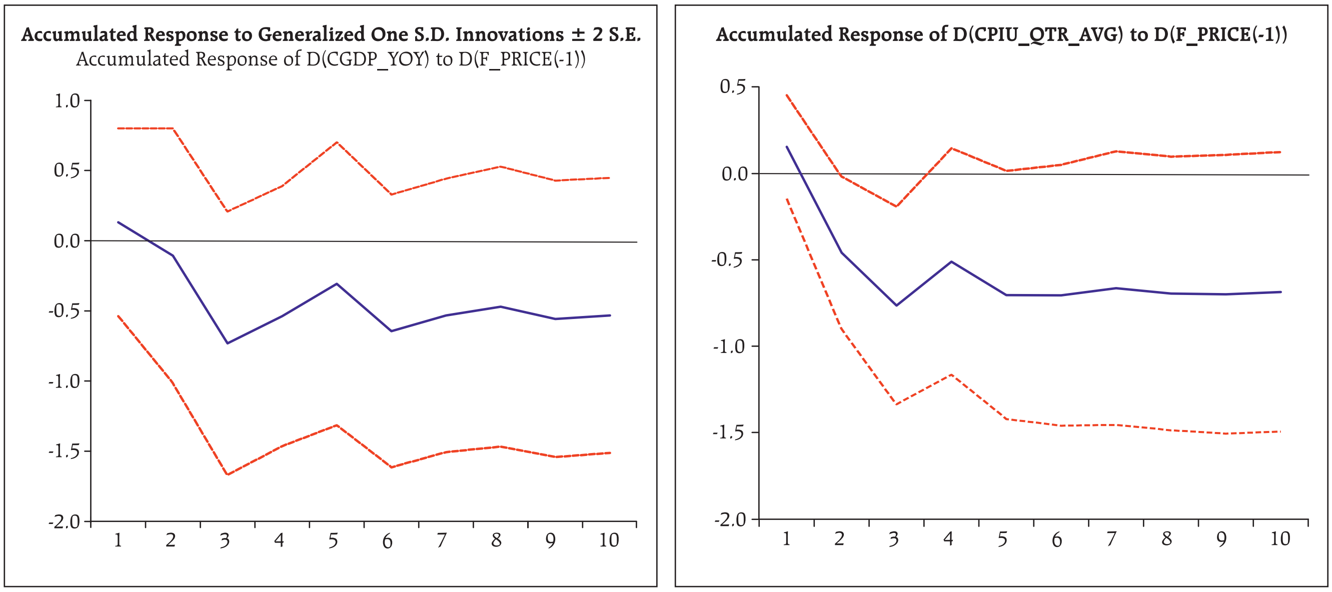
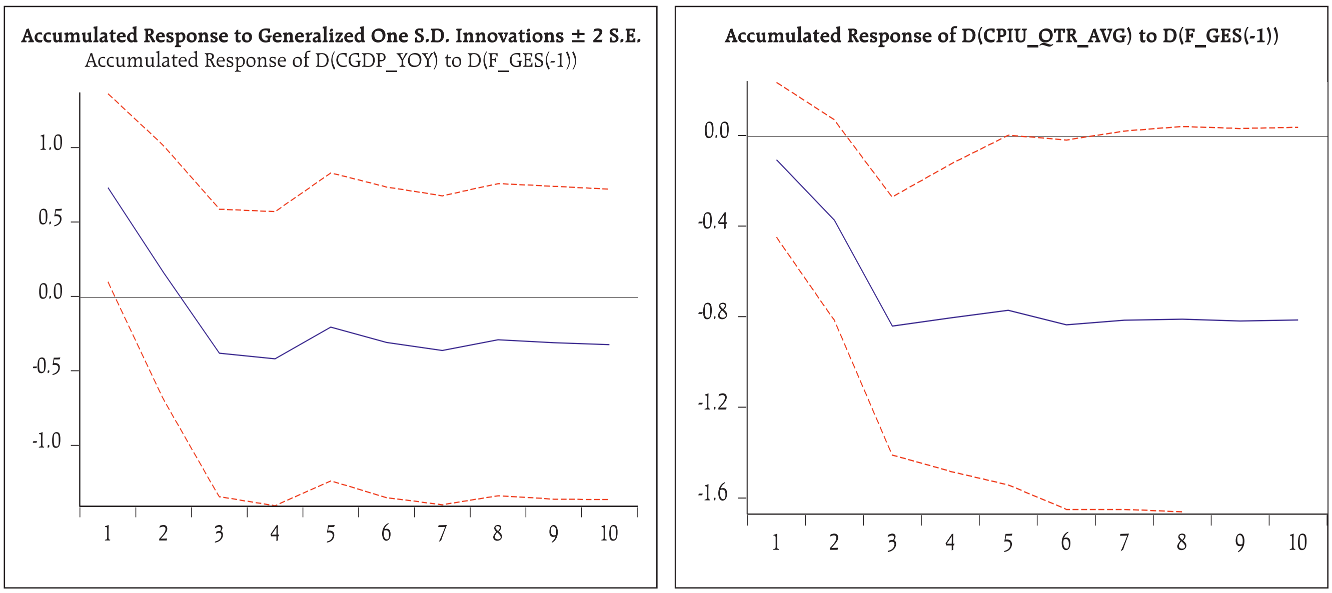


Chart 6: Accumulated Response to Generalized Unit SD Innovations to NR on General Economic Situation



[12] Symbol 'D' implies difference operator.

Chart 7: Accumulated Response to Generalized Unit SD Innovations to NR on Spending (A)

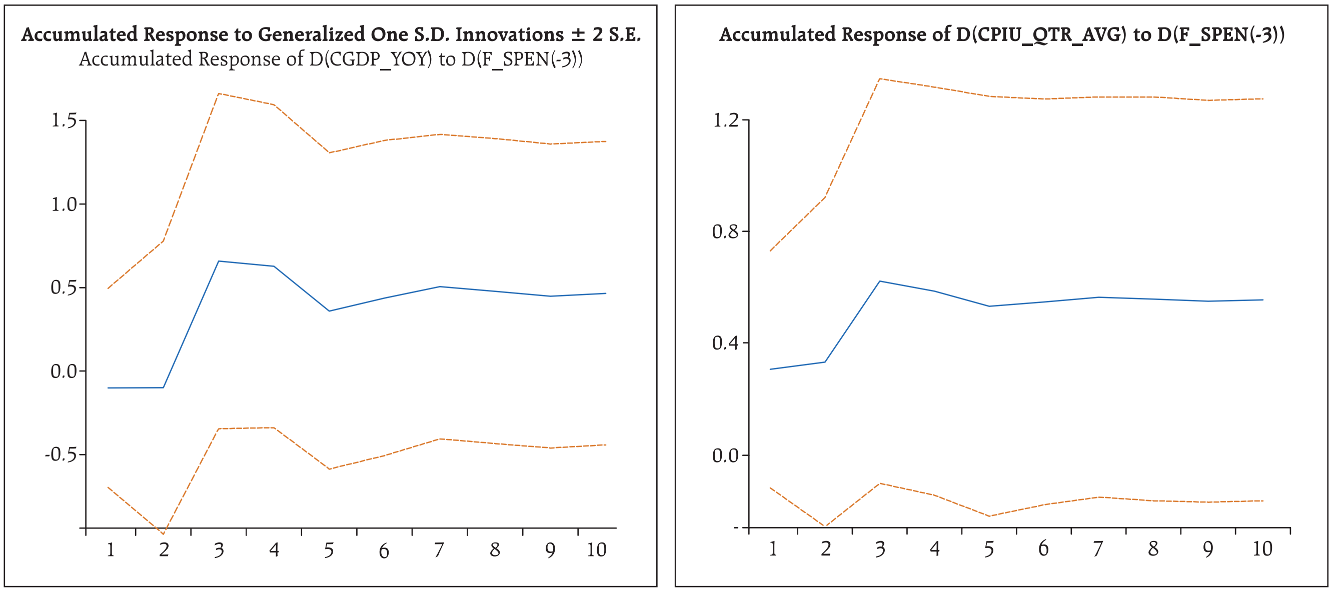


Chart 8: Accumulated Response to Generalized Unit SD Innovations to NR on Spending (B)

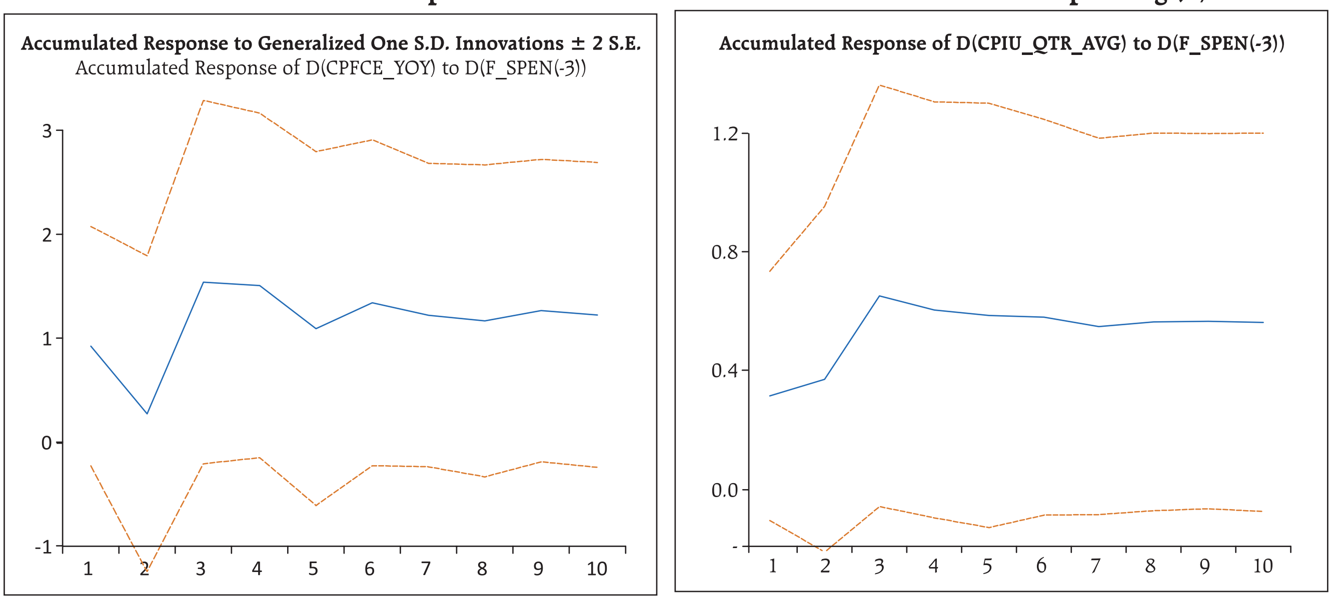


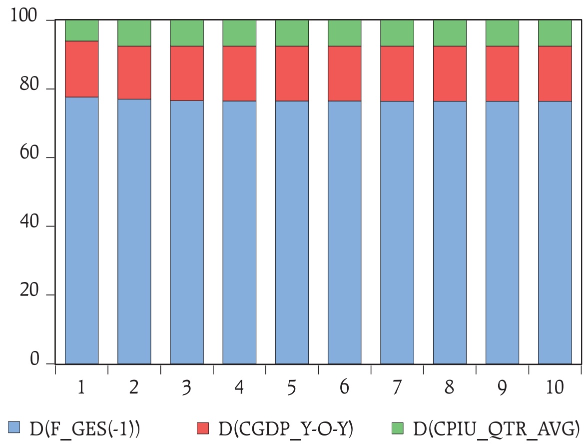
Chart 9: Variance Decomposition Outcomes[13]

[13] The Cholesky ordering followed is GDP growth rate/PFCE growth rate followed by CPI(U) inflation and finally FEI/CCS variable in all cases of variance decomposition. Such ordering is typical in monetary transmission literature (Christiano et al., 1997; Mendicino and Punzi, 2013). Although, other orderings were also tested that broadly provided similar outcomes.

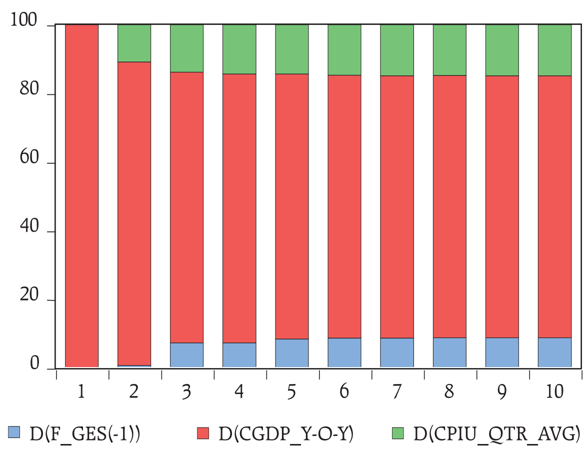
C: NR GES Impact

Variance Decomposition using Cholesky (d.f. adjusted) Factors

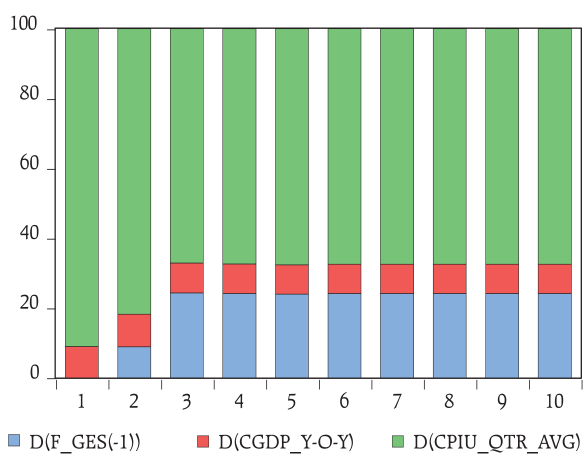
Variance Decomposition of D (F_GES(-1))



Variance Decomposition of D(CGDP_Y-O-Y)



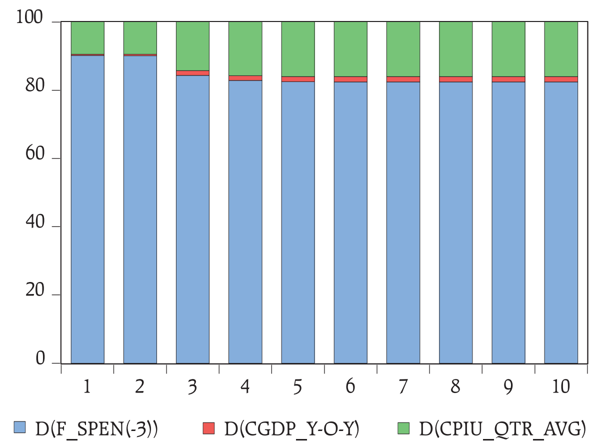
Variance Decomposition of D(CPIU_QTR_AVG)



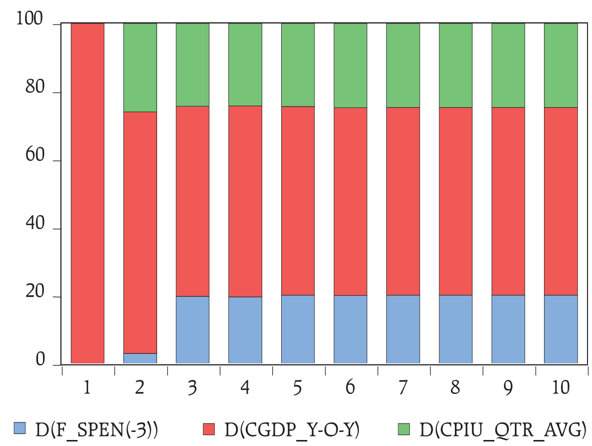
D: NR Spending Impact (GDP)

Variance Decomposition using Cholesky (d.f. adjusted) Factors

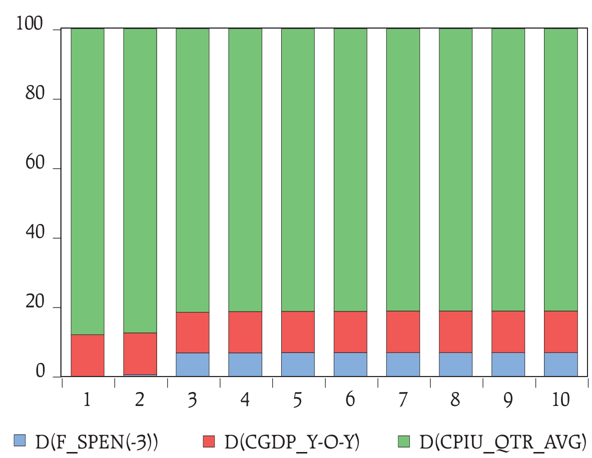
Variance Decomposition of D (F_SPEN(-3))



Variance Decomposition of D(CGDP_Y-O-Y)

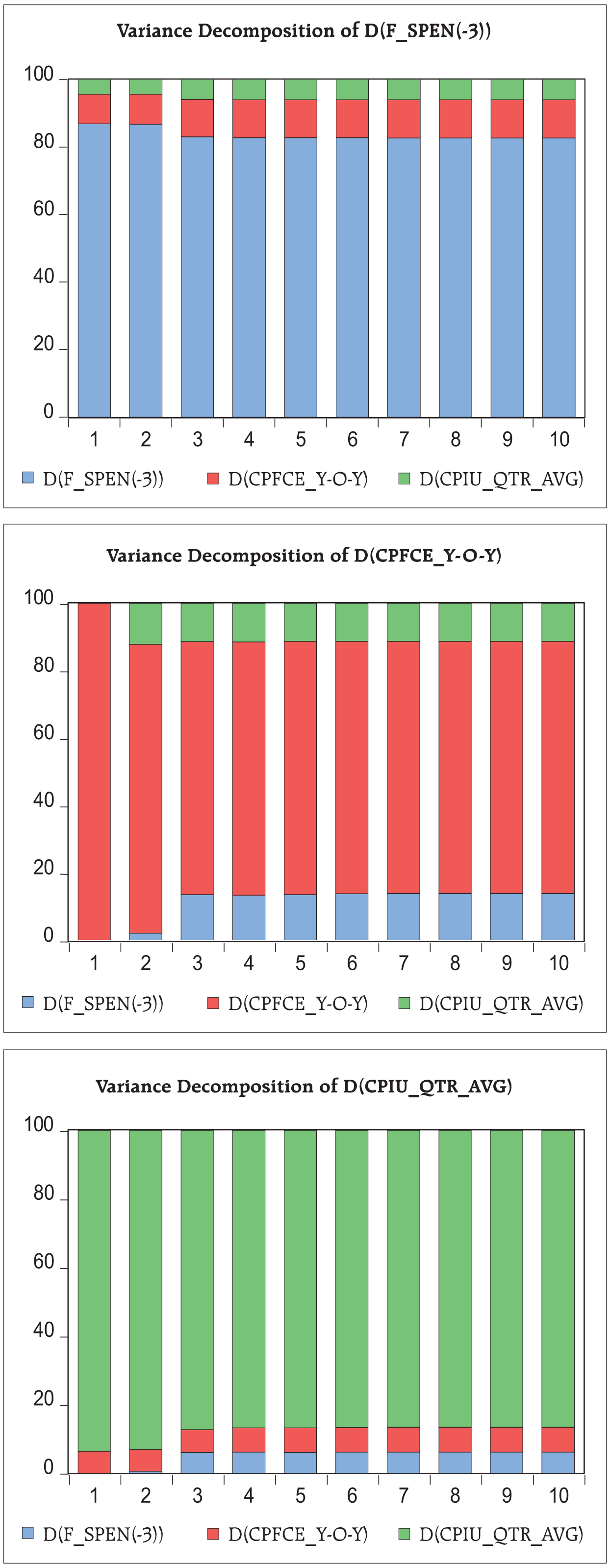


Variance Decomposition of D(CPIU_QTR_AVG)



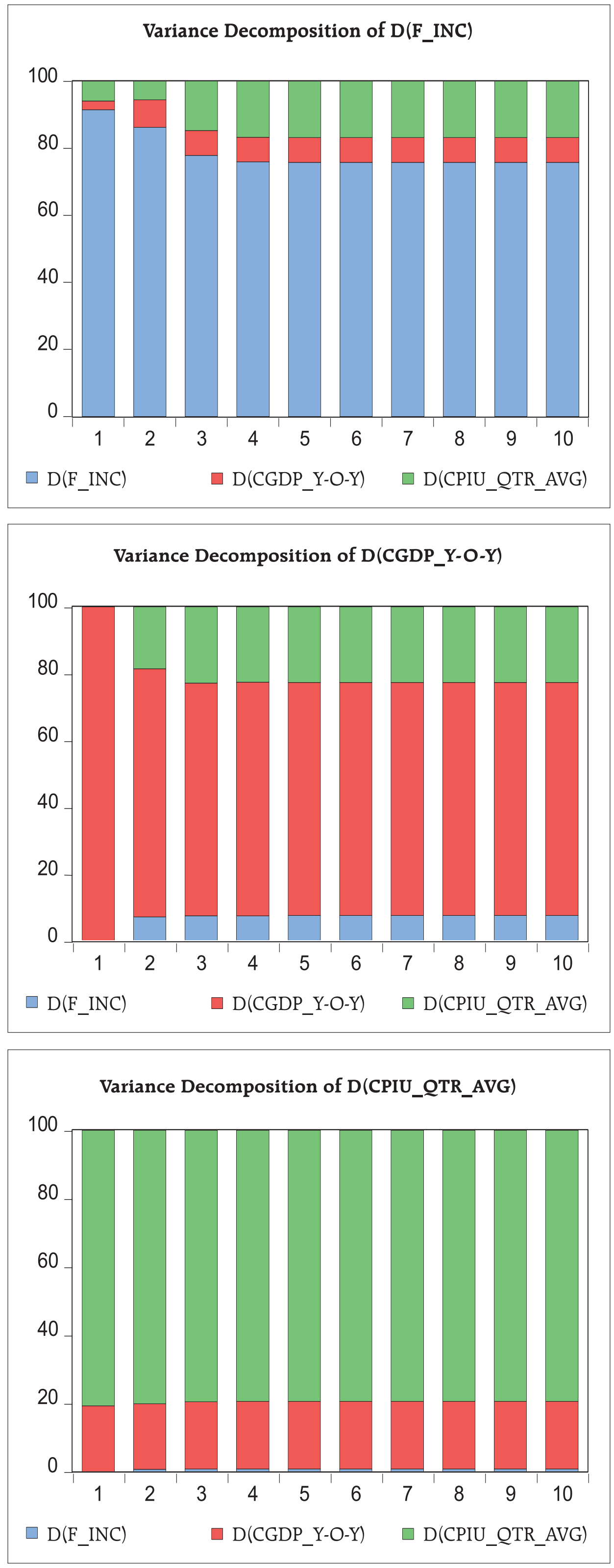
E: NR Spending Impact (PFCE)

Variance Decomposition using Cholesky (d.f. adjusted) Factors



F: NR Income Impact

Variance Decomposition using Cholesky (d.f. adjusted) Factors



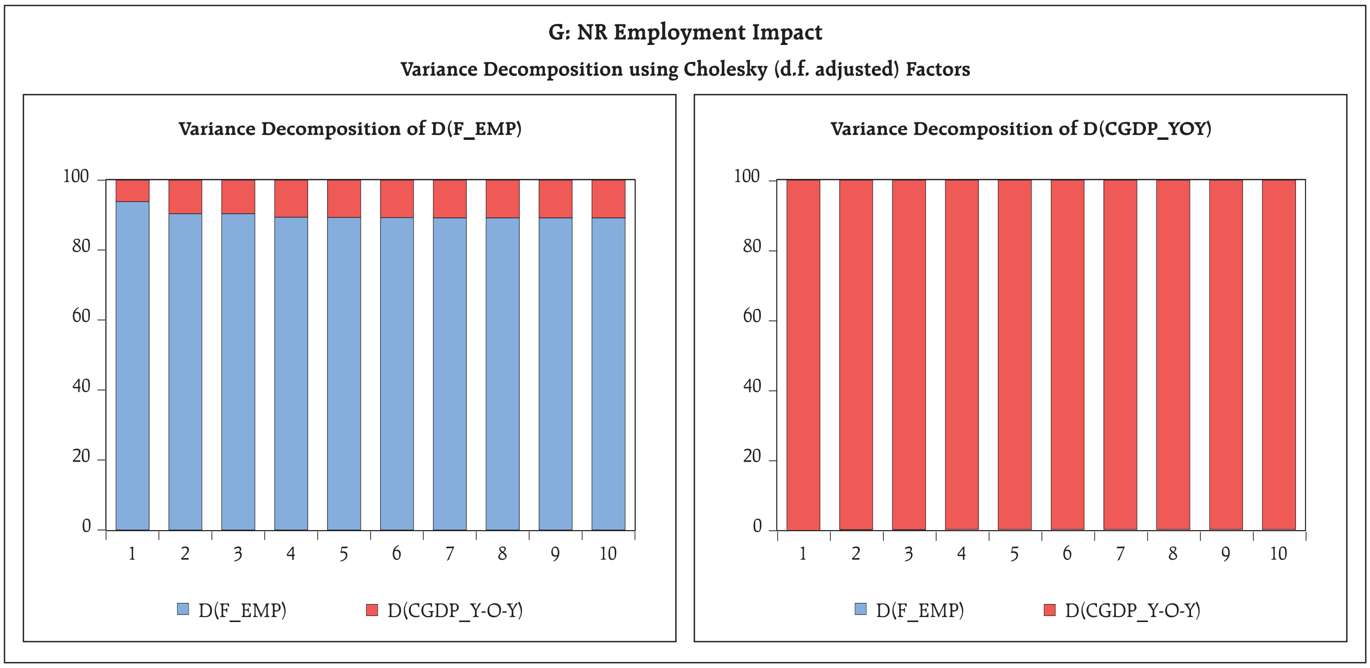


Table 1: Description of VAR Formulations

Sr. No.	CCS Variable	Macro Variables
1.	LN_FEI	CGDP_YOY, CPIU_QTR_AVG
2.	F_PRICE	CGDP_YOY, CPIU_QTR_AVG
3.	F_GES	CGDP_YOY, CPIU_QTR_AVG
4.	F_SPEN	CGDP_YOY, CPIU_QTR_AVG
5.	F_SPEN	CPFCE_YOY, CPIU_QTR_AVG
6.	F_INC	CGDP_YOY, CPIU_QTR_AVG
7.	F_EMP	CGDP_YOY

Note: a) All variables are taken as endogenous variables.
b) LN_FEI denotes log of Future Expectations Index, F_PRICE is NR (net response) of price expectations, F_GES is NR of general economic situation expectations, F_SPEN is NR of spending expectations, F_INC is NR of income expectations, F_EMP is NR of employment expectations, CGDP_YOY is nominal GDP growth rate, CPFCE_YOY is nominal PFCE growth rate, CPIU_QTR_AVG is quarterly average of CPI (Urban) inflation rate.

Table 2: Spearman Rank Correlation of Expectation on General Economic Situation *vis-à-vis* Other Indicators

Round	Employment	Price	Spending	Income
Sep-2016	0.32***	-0.04***	0.05***	0.29***
Dec-2016	0.33***	0.07***	0.04**	0.32***
Mar-2017	0.49***	0.12***	-0.05***	0.26***
Jun-2017	0.54***	0.13***	-0.02	0.28***
Sep-2017	0.56***	0.15***	-0.07***	0.33***
Dec-2017	0.52***	0.12***	-0.04***	0.31***
Mar-2018	0.52***	0.13***	-0.01	0.29***
Jun-2018	0.53***	0.12***	-0.01	0.32***
Sep-2018	0.59***	0.17***	0.04***	0.25***

*, **, *** indicate significance at 10%, 5%, 1% level respectively.

Table 3: Spearman Rank Correlation of Assessment on General Economic Situation *vis-à-vis* Other Indicators

Round	Employment	Price	Spending	Income
Sep-2016	0.27***	-4E-3	-0.01	0.23***
Dec-2016	0.30***	0.04***	-0.03**	0.27***
Mar-2017	0.37***	0.13***	-0.03*	0.24***
Jun-2017	0.39***	0.13***	-0.06***	0.20***
Sep-2017	0.43***	0.11***	-0.06***	0.27***
Dec-2017	0.39***	0.10***	-0.04***	0.27***
Mar-2018	0.37***	0.15***	-0.05***	0.24***
Jun-2018	0.42***	0.14***	-0.04***	0.27***
Sep-2018	0.48***	0.15***	-0.02	0.24***

Table 4: Granger Causality Test

Causal Variable	Effect Variables		
	CGDP_YOY	CPIU_QTR_AVG	CPFCE_YOY
LN_FEI	1.16	1.46	
F_PRICE	1.85	6.11***	
F_GES	1.31	2.73*	
F_SPEN	0.57	1.06	
F_SPEN		1.06	2.95**
F_INC	0.62	0.44	
F_EMP	2.42*		

*, **, *** indicate significance at 10%, 5%, 1% level respectively. F-statistics reported. 4 lags taken in each case.

Table 5: ADF Test Statistics for Stationarity

Variable	Level	First Difference
LN_FEI	-2.29	-6.87^
Future Price NR	-1.92	-8.05^
Future Employment NR	-0.82	-7.89^
Future Income NR	-2.53	-6.33^
Future Spending NR	-1.59	-5.97^
Future GES NR	-2.31	-5.32^
GDP growth rate	-1.35	-5.53^
CPI(U) inflation	-2.31	-6.39^
PFCE growth rate	-1.11	-7.90^

^ : indicates rejection of null hypothesis of unit root.

Table 6: Result of FEI Impact

	D(LN_FEI(-3))	D(CGDP_YOY)	D(CPIU_QTR_AVG)
D(LN_FEI(-4))	-0.088611	-9.159109	-0.287921
	(0.21603)	(5.78616)	(4.19226)
	[-0.41018]	[-1.58293]	[-0.06868]
D(LN_FEI(-5))	-0.086833	5.746392	1.340260
	(0.20393)	(5.46212)	(3.95748)
	[-0.42580]	[1.05204]	[0.33866]
D(CGDP_YOY(-1))	0.004892	-0.568585	-0.039266
	(0.00806)	(0.21575)	(0.15632)
	[0.60736]	[-2.63542]	[-0.25120]
D(CGDP_YOY(-2))	0.008346	-0.262087	-0.051336
	(0.00760)	(0.20367)	(0.14756)
	[1.09761]	[-1.28683]	[-0.34789]
D(CPIU_QTR_AVG(-1))	-0.014162	0.877226	-0.096442
	(0.01233)	(0.33020)	(0.23924)
	[-1.14876]	[2.65664]	[-0.40312]
D(CPIU_QTR_AVG(-2))	-0.017645	0.090200	0.016715
	(0.01348)	(0.36106)	(0.26160)
	[-1.30897]	[0.24982]	[0.06390]
C	-0.000657	-0.056045	-0.221138
	(0.01206)	(0.32290)	(0.23395)
	[-0.05452]	[-0.17357]	[-0.94523]
Log likelihood		-43.11277	
Akaike information criterion		4.579484	
Schwarz criterion		5.578637	

Note: Standard errors are reported in ( ) & t-statistics in [ ]. C denotes the intercept term.

Table 7: Result of NR Price Impact

	D(F_PRICE(-1))	D(CGDP_YOY)	D(CPIU_QTR_AVG)
D(F_PRICE(-2))	-0.436093	-0.047000	-0.088841
	(0.20910)	(0.05727)	(0.02588)
	[-2.08557]	[-0.82061]	[-3.43287]
D(F_PRICE(-3))	-0.178208	-0.045270	-0.098003
	(0.19830)	(0.05432)	(0.02454)
	[-0.89866]	[-0.83343]	[-3.99308]
D(CGDP_YOY(-1))	-0.381956	-0.447391	-0.013762
	(0.76226)	(0.20879)	(0.09434)
	[-0.50108]	[-2.14277]	[-0.14588]
D(CGDP_YOY(-2))	0.047081	-0.325693	-0.140756
	(0.74787)	(0.20485)	(0.09256)
	[0.06295]	[-1.58992]	[-1.52068]
D(CPIU_QTR_AVG(-1))	-2.047710	0.868260	-0.115307
	(1.41829)	(0.38848)	(0.17554)
	[-1.44379]	[2.23500]	[-0.65689]
D(CPIU_QTR_AVG(-2))	-0.494361	-0.039648	0.015664
	(1.52275)	(0.41710)	(0.18846)
	[-0.32465]	[-0.09506]	[0.08311]
C	0.012808	-0.217005	-0.176932
	(1.26455)	(0.34637)	(0.15651)
	[0.01013]	[-0.62651]	[-1.13050]
Log likelihood		-182.8805	
Akaike information criterion		13.59203	
Schwarz criterion		14.57287	

Table 8: Result of NR GES Impact

	D(F_GES(-1))	D(CGDP_YOY)	D(CPIU_QTR_AVG)
D(F_GES(-2))	0.234320	-0.018747	-0.032974
	(0.22238)	(0.03865)	(0.02006)
	[1.05369]	[-0.48506]	[-1.64374]
D(F_GES(-3))	-0.053710	-0.042423	-0.053377
	(0.20346)	(0.03536)	(0.01835)
	[-0.26398]	[-1.19972]	[-2.90823]
D(CGDP_YOY(-1))	-0.579608	-0.413182	0.053779
	(1.37160)	(0.23838)	(0.12373)
	[-0.42258]	[-1.73333]	[0.43465]
D(CGDP_YOY(-2))	-0.652209	-0.178660	0.092955
	(1.22167)	(0.21232)	(0.11020)
	[-0.53387]	[-0.84148]	[0.84348]
D(CPIU_QTR_AVG(-1))	-0.985100	0.694840	-0.340992
	(2.18113)	(0.37907)	(0.19675)
	[-0.45165]	[1.83304]	[-1.73308]
D(CPIU_QTR_AVG(-2))	0.714844	-0.193006	-0.268029
	(2.43339)	(0.42291)	(0.21951)
	[0.29377]	[-0.45638]	[-1.22103]
C	-0.817237	-0.263699	-0.254783
	(1.96745)	(0.34193)	(0.17748)
	[-0.41538]	[-0.77121]	[-1.43556]
Log likelihood		-196.6297	
Akaike information criterion		14.50865	
Schwarz criterion		15.48949	

Table 9: Result of NR Spending Impact (GDP)

	D(F_SPEN(-3))	D(CGDP_YOY)	D(CPIU_QTR_AVG)
D(F_SPEN(-4))	0.072706	-0.020505	0.003831
	(0.21636)	(0.01954)	(0.01418)
	[0.33604]	[-1.04911]	[0.27025]
D(F_SPEN(-5))	0.053437	0.043552	0.018157
	(0.20097)	(0.01815)	(0.01317)
	[0.26590]	[2.39908]	[1.37882]
D(CGDP_YOY(-1))	0.351660	-0.499517	-0.011466
	(2.16845)	(0.19588)	(0.14209)
	[0.16217]	[-2.55008]	[-0.08070]
D(CGDP_YOY(-2))	2.394625	-0.248878	-0.025184
	(2.06355)	(0.18641)	(0.13522)
	[1.16044]	[-1.33513]	[-0.18625]
D(CPIU_QTR_AVG(-1))	-0.805190	1.014716	-0.138650
	(3.70606)	(0.33478)	(0.24284)
	[-0.21726]	[3.03099]	[-0.57095]
D(CPIU_QTR_AVG(-2))	-4.576137	-0.110038	-0.096655
	(4.10340)	(0.37067)	(0.26888)
	[-1.11521]	[-0.29686]	[-0.35948]
C	0.788774	-0.120335	-0.278061
	(3.53945)	(0.31973)	(0.23193)
	[0.22285]	[-0.37636]	[-1.19893]
Log likelihood		-200.5123	
Akaike information criterion		15.82230	
Schwarz criterion		16.82146	

Table 10: Result of NR Spending Impact (PFCE)

	D(F_SPEN (-3))	D(CPFCE_ YOY)	D(CPIU_ QTR_AVG)
D(F_SPEN(-4))	0.010971	-0.033013	0.004837
	(0.20412)	(0.03588)	(0.01308)
	[0.05375]	[-0.92003]	[0.36981]
D(F_SPEN(-5))	0.013466	0.059537	0.018758
	(0.19876)	(0.03494)	(0.01274)
	[0.06775]	[1.70397]	[1.47290]
D(CPFCE_YOY(-1))	-0.115442	-0.503868	0.028648
	(0.87003)	(0.15294)	(0.05575)
	[-0.13269]	[-3.29447]	[0.51389]
D(CPFCE_YOY(-2))	-0.810151	-0.293171	0.030527
	(0.86787)	(0.15256)	(0.05561)
	[-0.93349]	[-1.92163]	[0.54895]
D(CPIU_QTR_AVG(-1))	-0.164316	1.279087	-0.179591
	(3.37936)	(0.59406)	(0.21653)
	[-0.04862]	[2.15313]	[-0.82940]
D(CPIU_QTR_AVG(-2))	-2.130785	0.265161	-0.159077
	(3.35207)	(0.58926)	(0.21478)
	[-0.63566]	[0.44999]	[-0.74064]
C	0.592024	0.319962	-0.279156
	(3.56396)	(0.62651)	(0.22836)
	[0.16611]	[0.51070]	[-1.22244]
Log likelihood		-219.9832	
Akaike information criterion		17.21309	
Schwarz criterion		18.21224	

Table 11: Result of NR Income Impact

	D(F_INC)	D(CGDP_ YOY)	D(CPIU_ QTR_AVG)
D(F_INC(-1))	-0.126304	0.072413	-0.011360
	(0.20315)	(0.04423)	(0.02861)
	[-0.62172]	[1.63703]	[-0.39704]
D(F_INC(-2))	0.027657	0.022550	-0.005354
	(0.20383)	(0.04438)	(0.02871)
	[0.13569]	[0.50810]	[-0.18650]
D(CGDP_YOY(-1))	1.175647	-0.452231	-0.012674
	(0.90911)	(0.19795)	(0.12804)
	[1.29318]	[-2.28457]	[-0.09899]
D(CGDP_YOY(-2))	-0.258854	-0.364762	-0.034137
	(0.91367)	(0.19894)	(0.12868)
	[-0.28331]	[-1.83351]	[-0.26528]
D(CPIU_QTR_AVG(-1))	-0.439862	1.019397	-0.142077
	(1.62081)	(0.35291)	(0.22828)
	[-0.27138]	[2.88851]	[-0.62239]
D(CPIU_QTR_AVG(-2))	1.665250	0.036419	-0.088045
	(1.62367)	(0.35354)	(0.22868)
	[1.02561]	[0.10301]	[-0.38501]
C	-0.082810	-0.134784	-0.229862
	(1.55828)	(0.33930)	(0.21947)
	[-0.05314]	[-0.39724]	[-1.04735]
Log likelihood		-201.1574	
Akaike information criterion		14.33274	
Schwarz criterion		15.30415	

Table 12: Result of NR Employment Impact

	D(F_EMP)	D(CGDP_YOY)
D(F_EMP(-1))	-0.247738	0.008246
	(0.18739)	(0.03657)
	[-1.32207]	[0.22547]
D(F_EMP(-2))	-0.227108	0.004615
	(0.17388)	(0.03394)
	[-1.30610]	[0.13599]
D(CGDP_YOY(-1))	0.765000	-0.301489
	(1.00214)	(0.19558)
	[0.76337]	[-1.54149]
D(CGDP_YOY(-2))	0.477226	-0.288019
	(0.99858)	(0.19489)
	[0.47791]	[-1.47787]
C	0.373844	-0.329330
	(1.86423)	(0.36383)
	[0.20054]	[-0.90517]
Log likelihood		-174.7512
Akaike information criterion		11.91943
Schwarz criterion		12.38201

Annex C

Assessment of Outlook on Prices on Consumer Food Price

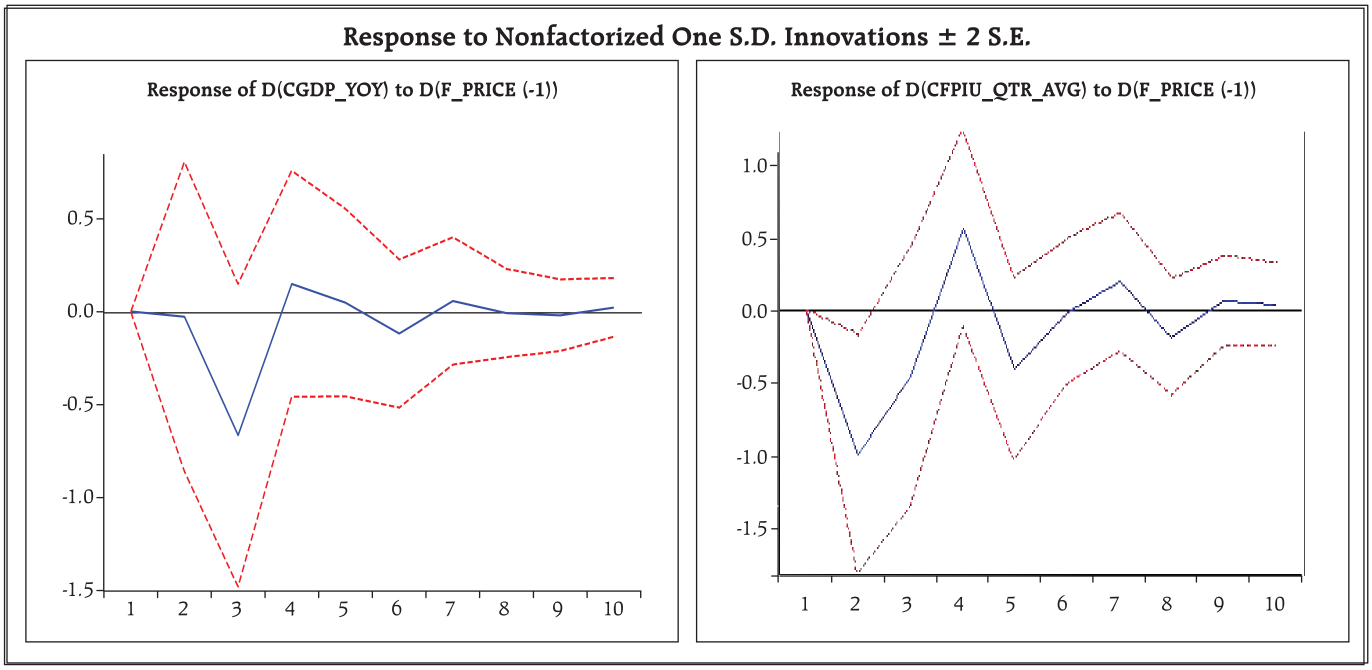
Objective: To assess the impact of outlook on prices on consumer food price inflation.

Methodology: The simple VAR has been applied. Consumer food price inflation (Urban) has been selected instead of CPI(U) as food prices are perceived to be major driver of consumer opinion. Other variables viz., price outlook of consumers (F_PRICE) and GDP growth rate (CGDP_YOY) remain the same.

Results: The VAR estimation results are reproduced below. It is noted that NR on price outlook has a negative and statistically significant influence on CFPI(U) inflation. The result is similar to as obtained for CPI(U) earlier. The impulse response function output shows decline in CFPI(U) inflation in the second and third quarters for a unit positive shock in households' price outlook.

Vector Autoregression Estimates

	D(F_PRICE(-1))	D(CGDP_YOY)	D(CFPIU_QTR_AVG)
D(F_PRICE(-2))	-0.358258	-0.004421	-0.160053
	(0.21222)	(0.06747)	(0.06219)
	[-1.68815]	[-0.06553]	[-2.57342]
D(F_PRICE(-3))	-0.167571	-0.083494	-0.180405
	(0.17877)	(0.05683)	(0.05239)
	[-0.93735]	[-1.46910]	[-3.44336]
D(CGDP_YOY(-1))	-0.563549	-0.348940	-0.147654
	(0.61401)	(0.19520)	(0.17995)
	[-0.91781]	[-1.78757]	[-0.82054]
D(CGDP_YOY(-2))	-0.209170	-0.304952	-0.249959
	(0.63758)	(0.20269)	(0.18685)
	[-0.32807]	[-1.50450]	[-1.33773]
D(CFPIU_QTR_AVG(-1))	-1.515160	0.171402	-0.304225
	(0.59238)	(0.18833)	(0.17361)
	[-2.55774]	[0.91014]	[-1.75237]
D(CFPIU_QTR_AVG(-2))	-0.268130	0.194583	-0.129990
	(0.67198)	(0.21363)	(0.19693)
	[-0.39902]	[0.91084]	[-0.66007]
C	-0.155411	-0.238638	-0.429229
	(1.16018)	(0.36884)	(0.34001)
	[-0.13395]	[-0.64700]	[-1.26240]
Log likelihood		-207.5551	
Akaike information criterion		15.23701	
Schwarz criterion		16.21785	



Diagnostics: The normality and serial correlation tests have been performed to ascertain validity of VAR. The normality test indicates that the residuals are normally distributed. The test for serial correlation broadly points to absence of serial correlation till a considerable lag level.

VAR Residual Normality Tests
Null Hypothesis: residuals are multivariate normal

Component	Skewness	Chi-sq	df	Prob.
1	-0.114410	0.065448	1	0.7981
2	-0.459247	1.054537	1	0.3045
3	-0.590983	1.746303	1	0.1863
Joint		2.866288	3	0.4127
Component	**Kurtosis**	**Chi-sq**	**df**	**Prob.**
1	3.123091	0.018939	1	0.8905
2	2.641624	0.160542	1	0.6887
3	4.594247	3.177031	1	0.0747
Joint		3.356511	3	0.3399
Component	**Jarque-Bera**	**df**	**Prob.**	
1	0.084388	2	0.9587	
2	1.215078	2	0.5447	
3	4.923334	2	0.0853	
Joint	6.222800	6	0.3987	

VAR Residual Serial Correlation LM Tests
Null Hypothesis: no serial correlation at lag order h

Lags	LM-Stat	Prob
1	3.252131	0.9535
2	7.317485	0.6041
3	9.792047	0.3676
4	5.926342	0.7473
5	16.66884	0.0542
6	5.029615	0.8317
7	5.351994	0.8026
8	15.27051	0.0838
9	3.621473	0.9345
10	2.451907	0.9821
11	5.759237	0.7638
12	6.085299	0.7314

Probs from chi-square with 9 df.

Conclusion: The consumers' outlook on price has a statistically significant impact on consumer food price inflation that is in tandem as noted for consumer price inflation.

Annex D

Analysis Including Dummy for Implementation of 'Inflation Targeting'

Objective: To assess the impact of outlook on prices controlling for 'inflation targeting' on CPI(U) inflation.

Methodology: The following simple linear regression is run.

$$\Delta Y_t = \alpha + \beta_1 D + \beta_2 D\Delta X_{1t} + \beta_3 \Delta X_{2t} + \beta_4 \Delta Y_{t-1} + \varepsilon_t$$

Y represents CPI(U) inflation. D is a dummy variable that captures inflation targeting period. D takes value unity from March 2015[14] onwards and zero otherwise. X_1 stands for future NR on price. X_2 represents GDP growth rate (current). All variables are first differenced to make them stationary before running OLS.

Results:

Dependent Variable: D(CPIU_QTR_AVG)

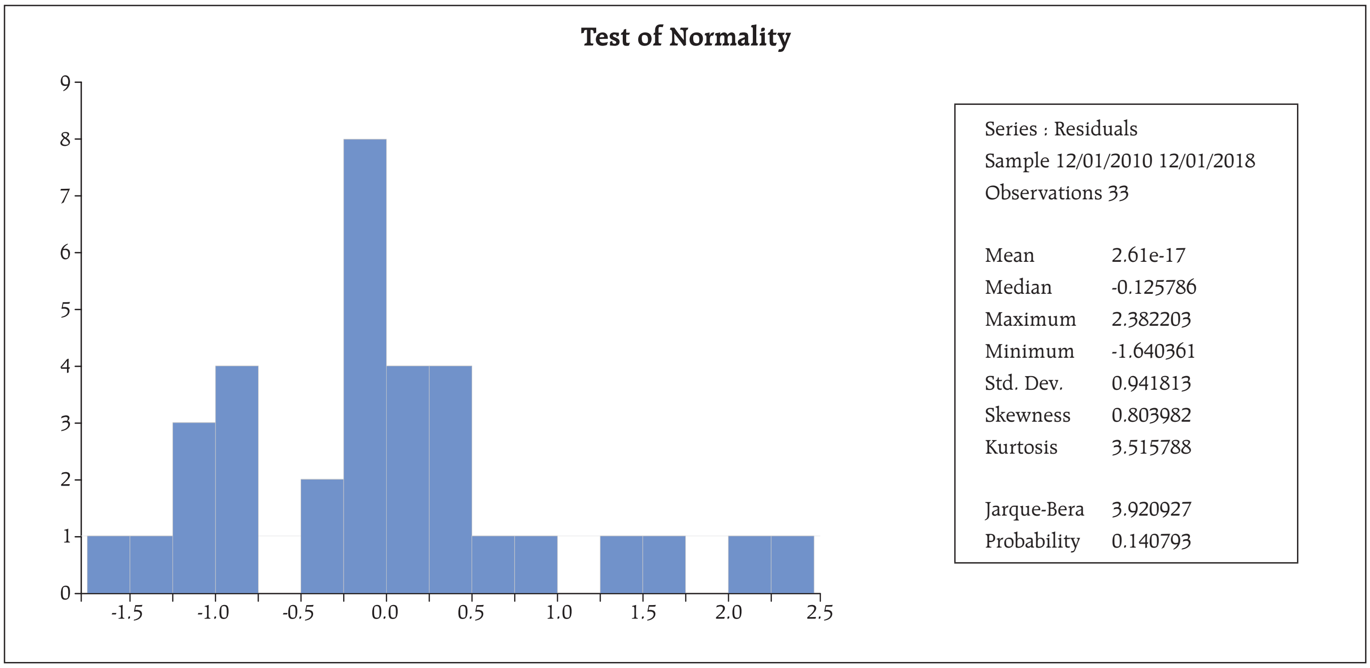
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.356478	0.254213	-1.402282	0.1718
DUM1	0.294839	0.354665	0.831317	0.4128
DUM1*D(F_PRICE)	-0.062603	0.031304	-1.999852	0.0553
D(CPIU_QTR_AVG(-1))	-0.004275	0.168584	-0.025356	0.9800
D(CGDP_YOY(-1))	0.019908	0.097676	0.203819	0.8400

R-squared	0.147673	Mean dependent var	-0.210685
Adjusted R-squared	0.025912	S.D. dependent var	1.020144
S.E. of regression	1.006840	Akaike info criterion	2.990238
Sum squared resid	28.38436	Schwarz criterion	3.216982
Log likelihood	-44.33893	Hannan-Quinn criter.	3.066530
F-statistic	1.212808	Durbin-Watson stat	2.037184
Prob(F-statistic)	0.327538		

The result shows consumers' outlook on price to be having negative impact on CPI(U) inflation since March 2015 onwards. It essentially implies improvement of consumer expectations about price leads to decline in inflation since the implementation of inflation targeting regime of Reserve Bank.

Diagnostics: Certain post estimation diagnostics are provided here. The Jarque-Bera test indicates normality of residuals. Moreover, test for serial correlation is also satisfactory.

[14] Inflation targeting was formally adopted by RBI as on 20 February, 2015.



Breusch-Godfrey Serial Correlation LM Test: Null hypothesis: No serial correlation at up to 2 lags			
F-statistic	0.121139	Prob. F(2,26)	0.8864
Obs*R-squared	0.304667	Prob. Chi-Square(2)	0.8587

Conclusion: The result indicates improvement of consumer expectations about price leads to decline in inflation since the implementation of inflation targeting regime of Reserve Bank.

CURRENT STATISTICS

Contents

Notes: .. = Not available.

– = Nil/Negligible.

P = Preliminary/Provisional. PR = Partially Revised.

No. 1: Select Economic Indicators

Item	2018-19	2018-19		2019-20	
		Q1	Q2	Q1	Q2
	1	2	3	4	5
1 Real Sector (% Change)					
1.1 GVA at Basic Prices	6.6	7.7	6.9	4.9	4.3
1.1.1 Agriculture	2.9	5.1	4.9	2.0	2.1
1.1.2 Industry	6.2	9.9	6.1	1.7	-0.5
1.1.3 Services	7.7	7.5	7.5	6.7	6.4
1.1a Final Consumption Expenditure	8.3	7.2	10.0	4.1	6.9
1.1b Gross Fixed Capital Formation	10.0	13.3	11.8	4.0	1.0
	2018-19	**2018**		**2019**	
		Sep.	**Oct.**	**Sep.**	**Oct.**
	1	2	3	4	5
1.2 Index of Industrial Production	3.80	4.6	8.4	-4.3	-
2 Money and Banking (% Change)					
2.1 Scheduled Commercial Banks					
2.1.1 Deposits	10.0	8.1	9.0	9.4	10.3
2.1.2 Credit	13.3	12.5	14.6	8.7	8.9
2.1.2.1 Non-food Credit	13.4	12.6	14.8	8.6	8.8
2.1.3 Investment in Govt. Securities	1.9	3.7	3.2	7.1	7.0
2.2 Money Stock Measures					
2.2.1 Reserve Money (M0)	14.5	18.7	17.4	12.0	15.3
2.2.2 Broad Money (M3)	10.5	9.4	10.0	9.7	10.6
3 Ratios (%)					
3.1 Cash Reserve Ratio	4.00	4.00	4.00	4.00	4.00
3.2 Statutory Liquidity Ratio	19.25	19.50	19.50	18.75	18.50
3.3 Cash-Deposit Ratio	5.1	4.9	4.7	4.8	4.9
3.4 Credit-Deposit Ratio	77.7	76.1	76.7	75.7	75.8
3.5 Incremental Credit-Deposit Ratio	99.9	95.3	118.3	-1.5	17.0
3.6 Investment-Deposit Ratio	26.9	29.2	29.2	28.6	28.3
3.7 Incremental Investment-Deposit Ratio	5.4	34.5	34.0	93.3	73.3
4 Interest Rates (%)					
4.1 Policy Repo Rate	6.25	6.50	6.50	5.40	5.15
4.2 Reverse Repo Rate	6.00	6.25	6.25	5.15	4.90
4.3 Marginal Standing Facility (MSF) Rate	6.50	6.75	6.75	5.65	5.40
4.4 Bank Rate	6.50	6.75	6.75	5.65	5.40
4.5 Base Rate	8.95/9.40	8.85/9.45	8.85/9.45	8.95/9.40	8.95/9.40
4.6 MCLR (Overnight)	8.05/8.55	7.90/8.30	8.05/8.40	7.80/8.30	7.70/8.20
4.7 Term Deposit Rate >1 Year	6.25/7.50	6.25/7.25	6.25/7.25	6.25/7.00	6.25/6.85
4.8 Savings Deposit Rate	3.50/4.00	3.50/4.00	3.50/4.00	3.25/3.50	3.25/3.50
4.9 Call Money Rate (Weighted Average)	6.35	6.49	6.50	5.31	5.07
4.10 91-Day Treasury Bill (Primary) Yield	6.31	7.19	6.94	5.41	5.04
4.11 182-Day Treasury Bill (Primary) Yield	6.35	7.42	7.23	5.50	5.21
4.12 364-Day Treasury Bill (Primary) Yield	6.39	7.73	7.48	5.60	5.30
4.13 10-Year G-Sec Par Yield (FBIL)	7.34	8.00	7.84	6.85	6.54
5 Reference Rate and Forward Premia					
5.1 INR-US$ Spot Rate (Rs. Per Foreign Currency)	69.17	72.55	73.37	70.84	70.96
5.2 INR-Euro Spot Rate (Rs. Per Foreign Currency)	77.70	84.44	83.41	77.32	78.81
5.3 Forward Premia of US$ 1-month (%)	6.07	4.96	4.58	3.98	3.38
3-month (%)	4.80	4.58	4.36	3.95	3.61
6-month (%)	4.16	4.36	4.33	4.23	3.99
6 Inflation (%)					
6.1 All India Consumer Price Index	3.4	3.7	3.4	4.0	4.6
6.2 Consumer Price Index for Industrial Workers	5.4	5.6	5.2	7.0	7.6
6.3 Wholesale Price Index	4.3	5.2	5.5	0.3	0.2
6.3.1 Primary Articles	2.7	3.0	2.5	5.5	6.4
6.3.2 Fuel and Power	11.5	17.3	18.7	-7.1	-8.3
6.3.3 Manufactured Products	3.7	4.1	4.6	-0.4	-0.8
7 Foreign Trade (% Change)					
7.1 Imports	10.4	12.8	19.1	-13.8	-16.3
7.2 Exports	8.7	-2.5	16.5	-6.3	-1.1

Note : Financial Benchmark India Pvt. Ltd. (FBIL) has commenced publication of the G-Sec benchmarks with effect from March 31, 2018 as per RBI circular FMRD.DIRD.7/14.03.025/2017-18 dated March 31, 2018. FBIL has started dissemination of reference rates w.e.f. July 10, 2018.

Reserve Bank of India

No. 2: RBI - Liabilities and Assets *

(₹ Crore)

Item	As on the Last Friday/ Friday						
	2018-19	2018	2019				
		Nov.	Nov. 1	Nov. 8	Nov. 15	Nov. 22	Nov. 29
	1	2	3	4	5	6	7
1 Issue Department							
1.1 Liabilities							
1.1.1 Notes in Circulation	2113764	1970113	2231666	2245619	2243130	2241262	2230697
1.1.2 Notes held in Banking Department	11	10	12	11	11	11	12
1.1/1.2 Total Liabilities (Total Notes Issued) or Assets	**2113775**	**1970123**	**2231678**	**2245630**	**2243141**	**2241273**	**2230709**
1.2 Assets							
1.2.1 Gold Coin and Bullion	79481	71943	90562	89423	89111	89051	88261
1.2.2 Foreign Securities	2033559	1897340	2140435	2155544	2153189	2151395	2141628
1.2.3 Rupee Coin	735	840	681	664	841	827	820
1.2.4 Government of India Rupee Securities	–	–	–	–	–	–	–
2 Banking Department							
2.1 Liabilities							
2.1.1 Deposits	806012	641865	908421	873673	893329	866155	896950
2.1.1.1 Central Government	101	101	101	100	101	101	100
2.1.1.2 Market Stabilisation Scheme	–	–	–	–	–	–	–
2.1.1.3 State Governments	43	42	42	42	42	42	42
2.1.1.4 Scheduled Commercial Banks	565707	501779	540091	525365	537618	517462	542975
2.1.1.5 Scheduled State Co-operative Banks	4197	3404	4429	4187	4312	4255	4657
2.1.1.6 Non-Scheduled State Co-operative Banks	3494	1985	2722	2798	2795	2771	2784
2.1.1.7 Other Banks	32036	28147	31062	31705	31045	30920	31479
2.1.1.8 Others	199734	104997	329974	306654	317416	310604	313483
2.1.1.9 Financial Institution Outside India	700	1410	–	2821	–	–	1430
2.1.2 Other Liabilities	1087686	1043729	1104664	1105083	1137917	1136900	1135150
2.1/2.2 Total Liabilities or Assets	**1893698**	**1685594**	**2013085**	**1978756**	**2031246**	**2003055**	**2032100**
2.2 Assets							
2.2.1 Notes and Coins	11	10	13	11	11	11	12
2.2.2 Balances held Abroad	646640	694210	815017	831408	863645	863732	891144
2.2.3 Loans and Advances	–	–	–	–	–	–	–
2.2.3.1 Central Government	–	31659	61916	6360	25915	–	–
2.2.3.2 State Governments	10	718	4026	8423	7630	598	1261
2.2.3.3 Scheduled Commercial Banks	180688	113296	22235	23526	23340	24246	23012
2.2.3.4 Scheduled State Co-op.Banks	–	–	–	35	–	–	–
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	13463	5628	5302	5386	5417	5181	4913
2.2.3.9 Financial Institution Outside India	700	1410	–	37	–	–	–
2.2.4 Bills Purchased and Discounted							
2.2.4.1 Internal	–	–	–	–	–	–	–
2.2.4.2 Government Treasury Bills	–	–	–	–	–	–	–
2.2.5 Investments	923080	756065	997085	997118	998162	1001544	1003900
2.2.6 Other Assets	129106	82598	107491	106451	107125	107743	107858
2.2.6.1 Gold	87169	75382	103273	102260	102757	103256	102903

* Data are provisional

No. 3: Liquidity Operations by RBI

(₹ Crore)

Date	Liquidity Adjustment Facility				MSF	Standing Liquidity Facilities	Market Stabilisation Scheme	OMO (Outright)		Net Injection (+)/ Absorption (-) (1+3+5+6+9-2-4-7-8)
	Repo	Reverse Repo	Variable Rate Repo	Variable Rate Reverse Repo				Sale	Purchase	
	1	2	3	4	5	6	7	8	9	10
Oct. 1, 2019	3907	43169	2050	217302	895	82	-	-	-	-253537
Oct. 3, 2019	3833	40548	-	270009	619	–	-	-	-	-306105
Oct. 4, 2019	3832	19120	–	258487	1825	-191	-	-	20	-272121
Oct. 5, 2019	103	12937	-	-	3275	–	-	-	-	-9559
Oct. 7, 2019	3932	14887	12350	253533	5890	–	-	-	-	-246248
Oct. 9, 2019	4617	14930	-	210221	4645	-157	-	-	-	-216046
Oct. 10, 2019	4391	31185	-	202346	5335	-27	-	-	20	-223812
Oct. 11, 2019	4232	34578	5000	213569	6825	-135	-	-	-	-232225
Oct. 14, 2019	3817	24721	-	201099	4535	–	-	-	-	-217468
Oct. 15, 2019	3842	32977	1150	188625	5550	–	-	-	-	-211060
Oct. 16, 2019	3794	19391	-	207829	4401	-108	-	-	-	-219133
Oct. 17, 2019	3812	37676	-	195659	5275	–	-	-	-	-224248
Oct. 18, 2019	3832	12644	250	179156	4975	176	-	-	-	-182567
Oct. 19, 2019	9171	2052	-	-	1550	–	-	-	-	8669
Oct. 21, 2019	-	12836	-	-	10107	–	-	-	-	-2729
Oct. 22, 2019	3872	11753	11180	147761	4690	-56	-	-	-	-139828
Oct. 23, 2019	5789	16076	-	132146	5000	56	-	-	-	-137377
Oct. 24, 2019	4035	46683	-	133052	4790	–	-	5	15	-170900
Oct. 25, 2019	4152	37055	5000	142172	4373	–	-	-	-	-165702
Oct. 28, 2019	-	24917	-	-	352	–	-	-	-	-24565
Oct. 29, 2019	3882	47574	200	185024	3400	–	-	-	-	-225116
Oct. 30, 2019	3832	35523	-	210037	3375	–	-	-	-	-238353
Oct. 31, 2019	4382	23141	-	255359	5100	–	-	-	-	-269018

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

i) Operations in OTC segment

Item	2018-19	2018	2019	
		Oct.	Sep.	Oct.
	1	2	3	4
1 Net Purchase/ Sale of Foreign Currency (US $ Million) (1.1–1.2)	-15377	-7204	5614	7102
1.1 Purchase (+)	40804	945	6514	7302
1.2 Sale (–)	56181	8149	900	200
2 ₹ equivalent at contract rate (₹ Crores)	-111946	-53610	39595	50257
3 Cumulative (over end-March) (US $ Million)	-15377	-25866	11351	18453
(₹ Crores)	-111945	-182525	75009	125266
4 Outstanding Net Forward Sales (–)/ Purchase (+) at the end of month (US $ Million)	-13774	-2888	-7483	-7473

ii) Operations in currency futures segment

Item	2018-19	2018	2019	
		Oct.	Sep.	Oct.
	1	2	3	4
1 Net Purchase/ Sale of Foreign Currency (US $ Million) (1.1–1.2)	0	0	0	0
1.1 Purchase (+)	13935	2875	475	0
1.2 Sale (–)	13935	2875	475	0
2 Outstanding Net Currency Futures Sales (–)/ Purchase (+) at the end of month (US $ Million)	0	-51	0	0

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

(US $ Million)

Item	As on October 31, 2019		
	Long (+)	Short (-)	Net (1-2)
	1	2	3
1. Upto 1 month	530	430	100
2. More than 1 month and upto 3 months	1875	1875	0
3. More than 3 months and upto 1 year	5492	3165	2327
4. More than 1 year	120	10020	-9900
Total (1+2+3+4)	**8017**	**15490**	**-7473**

No. 5: RBI's Standing Facilities

(₹ Crore)

Item		As on the Last Reporting Friday						
	2018-19	2018	2019					
		Nov. 23	Jun. 21	Jul. 19	Aug. 30	Sep. 27	Oct. 25	Nov. 22
	1	2	3	4	5	6	7	8
1 MSF	12882	753	1400	1151	55	48	4373	3231
2 Export Credit Refinance for Scheduled Banks								
2.1 Limit	–	-	-	-	-	–	-	-
2.2 Outstanding	–	-	-	-	-	–	-	-
3 Liquidity Facility for PDs								
3.1 Limit	2800	2800	2800	2800	2800	2800	2800	2800
3.2 Outstanding	2678	2120	2453	2356	1879	2372	1884	1604
4 Others								
4.1 Limit	–	-	-	-	-	–	-	-
4.2 Outstanding	–	-	-	-	-	–	-	-
5 Total Outstanding (1+2.2+3.2+4.2)	15560	2873	3853	3507	1934	2420	6257	4835

Money and Banking

No. 6: Money Stock Measures

(₹ Crore)

Item	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2018-19	2018	2019		
		Oct. 26	Sep. 27	Oct. 11	Oct. 25
	1	2	3	4	5
1 Currency with the Public (1.1 + 1.2 + 1.3 – 1.4)	2052234	1875135	2089198	2130219	2161881
1.1 Notes in Circulation	2110883	1935566	2160124	2200573	2231090
1.2 Circulation of Rupee Coin	25144	24954	25281	25302	25302
1.3 Circulation of Small Coins	743	743	743	743	743
1.4 Cash on Hand with Banks	84536	86128	96950	96400	95254
2 Deposit Money of the Public	1658051	1375494	1557208	1490019	1508717
2.1 Demand Deposits with Banks	1626309	1350916	1525227	1457172	1477505
2.2 ‘Other’ Deposits with Reserve Bank	31742	24578	31981	32847	31212
3 M_1 (1 + 2)	**3710285**	**3250630**	**3646406**	**3620238**	**3670598**
4 Post Office Saving Bank Deposits	140599	125620	140599	140599	140599
5 M_2 (3 + 4)	**3850884**	**3376250**	**3787005**	**3760837**	**3811197**
6 Time Deposits with Banks	11720589	11175750	12167762	12266300	12284764
7 M_3 (3 + 6)	**15430874**	**14426380**	**15814168**	**15886538**	**15955362**
8 Total Post Office Deposits	367287	337263	367287	367287	367287
9 M_4 (7 + 8)	**15798161**	**14763643**	**16181455**	**16253825**	**16322649**

No. 7: Sources of Money Stock (M_3)

(₹ Crore)

Sources	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2018-19	2018	2019		
		Oct. 26	Sep. 27	Oct. 11	Oct. 25
	1	2	3	4	5
1 Net Bank Credit to Government	**4387788**	**4293037**	**4837135**	**4905540**	**4852157**
1.1 RBI's net credit to Government (1.1.1–1.1.2)	801951	651066	936889	998186	966959
1.1.1 Claims on Government	929686	688939	999374	998328	993464
1.1.1.1 Central Government	928166	687157	998915	993149	992794
1.1.1.2 State Governments	1520	1782	459	5179	670
1.1.2 Government deposits with RBI	127735	37873	62485	142	26505
1.1.2.1 Central Government	127693	37830	62443	100	26462
1.1.2.2 State Governments	42	43	42	42	43
1.2 Other Banks' Credit to Government	3585837	3641971	3900246	3907354	3885198
2 Bank Credit to Commercial Sector	**10380180**	**9623709**	**10378946**	**10403816**	**10457195**
2.1 RBI's credit to commercial sector	15363	9230	8103	7612	7680
2.2 Other banks' credit to commercial sector	10364817	9614479	10370843	10396204	10449515
2.2.1 Bank credit by commercial banks	9769185	9033975	9766854	9789381	9840562
2.2.2 Bank credit by co-operative banks	585931	572074	592065	591795	592379
2.2.3 Investments by commercial and co-operative banks in other securities	9701	8429	11924	15028	16574
3 Net Foreign Exchange Assets of Banking Sector (3.1 + 3.2)	**3070841**	**3003465**	**3259327**	**3322293**	**3338248**
3.1 RBI's net foreign exchange assets (3.1.1–3.1.2)	2848587	2871271	3048039	3111005	3126960
3.1.1 Gross foreign assets	2848800	2871485	3048248	3111214	3127169
3.1.2 Foreign liabilities	213	214	209	209	209
3.2 Other banks' net foreign exchange assets	222254	132194	211288	211288	211288
4 Government's Currency Liabilities to the Public	**25887**	**25697**	**26024**	**26045**	**26045**
5 Banking Sector's Net Non-monetary Liabilities	**2433823**	**2519529**	**2687264**	**2771156**	**2718283**
5.1 Net non-monetary liabilities of RBI	1058795	1149256	1065938	1095838	1094490
5.2 Net non-monetary liabilities of other banks (residual)	1375028	1370273	1621326	1675318	1623793
M_3 (1+2+3+4–5)	**15430874**	**14426380**	**15814168**	**15886538**	**15955362**

No. 8: Monetary Survey

(₹ Crore)

Item	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2018-19	2018	2019		
		Oct. 26	Sep. 27	Oct. 11	Oct. 25
	1	2	3	4	5
Monetary Aggregates					
NM_1 (1.1 + 1.2.1+1.3)	3710285	3250630	3646406	3620238	3670598
NM_2 (NM_1+ 1.2.2.1)	8910877	8204729	9041399	9058861	9117554
NM_3 (NM_2 + 1.2.2.2 + 1.4 = 2.1 + 2.2 + 2.3 – 2.4 – 2.5)	15645209	14631206	15976308	16048682	16111023
1 Components					
1.1 Currency with the Public	2052234	1875135	2089198	2130219	2161881
1.2 Aggregate Deposits of Residents	13183179	12360027	13514101	13543001	13581853
1.2.1 Demand Deposits	1626309	1350916	1525227	1457172	1477505
1.2.2 Time Deposits of Residents	11556870	11009111	11988874	12085829	12104348
1.2.2.1 Short-term Time Deposits	5200592	4954100	5394993	5438623	5446957
1.2.2.1.1 Certificates of Deposit (CDs)	284993	162204	182922	178084	167104
1.2.2.2 Long-term Time Deposits	6356279	6055011	6593881	6647206	6657391
1.3 'Other' Deposits with RBI	31742	24578	31981	32847	31212
1.4 Call/Term Funding from Financial Institutions	378054	371465	341028	342615	336077
2 Sources					
2.1 Domestic Credit	15656096	14787971	16085854	16213675	16210359
2.1.1 Net Bank Credit to the Government	4387788	4293037	4837135	4905540	4852157
2.1.1.1 Net RBI credit to the Government	801951	651066	936889	998186	966959
2.1.1.2 Credit to the Government by the Banking System	3585837	3641971	3900246	3907354	3885198
2.1.2 Bank Credit to the Commercial Sector	11268307	10494934	11248719	11308134	11358201
2.1.2.1 RBI Credit to the Commercial Sector	15363	9230	8103	7612	7680
2.1.2.2 Credit to the Commercial Sector by the Banking System	11252944	10485704	11240616	11300522	11350521
2.1.2.2.1 Other Investments (Non-SLR Securities)	879849	861665	859018	894435	892285
2.2 Government's Currency Liabilities to the Public	25887	25697	26024	26045	26045
2.3 Net Foreign Exchange Assets of the Banking Sector	2801726	2761862	2995699	3054496	3046312
2.3.1 Net Foreign Exchange Assets of the RBI	2848587	2871271	3048039	3111005	3126960
2.3.2 Net Foreign Currency Assets of the Banking System	-46861	-109409	-52340	-56509	-80647
2.4 Capital Account	2346743	2425279	2385844	2449896	2440799
2.5 Other items (net)	491757	519045	745425	795637	730894

No. 9: Liquidity Aggregates

(₹ Crore)

Aggregates	2018-19	2018	2019		
		Oct.	Aug.	Sep.	Oct.
	1	2	3	4	5
1 NM_3	**15645209**	**14631206**	**15844365**	**15976308**	**16111023**
2 Postal Deposits	367287	337263	367287	367287	367287
3 L_1 (1 + 2)	**16012496**	**14968469**	**16211652**	**16343595**	**16478310**
4 Liabilities of Financial Institutions	2932	2932	2932	2932	2932
4.1 Term Money Borrowings	2656	2656	2656	2656	2656
4.2 Certificates of Deposit	31	31	31	31	31
4.3 Term Deposits	245	245	245	245	245
5 L_2 (3 + 4)	**16015428**	**14971401**	**16214584**	**16346527**	**16481242**
6 Public Deposits with Non-Banking Financial Companies	31905	..	..	31905	..
7 L_3 (5 + 6)	**16047333**	..	..	**16378432**	..

No. 10: Reserve Bank of India Survey

(₹ Crore)

Item	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2018-19	2018	2019		
		Oct. 26	Sep. 27	Oct. 11	Oct. 25
	1	2	3	4	5
1 Components					
1.1 Currency in Circulation	2136770	1961263	2186148	2226618	2257135
1.2 Bankers' Deposits with the RBI	601969	508016	570065	566023	587853
1.2.1 Scheduled Commercial Banks	558496	474761	532442	527675	548240
1.3 'Other' Deposits with the RBI	31742	24578	31981	32847	31212
Reserve Money (1.1 + 1.2 + 1.3 = 2.1 + 2.2 + 2.3 – 2.4 – 2.5)	2770481	2493857	2788194	2825488	2876200
2 Sources					
2.1 RBI's Domestic Credit	954802	746145	780069	784276	817685
2.1.1 Net RBI credit to the Government	801951	651066	936889	998186	966959
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)	800473	649327	936472	993049	966332
2.1.1.1.1 Loans and Advances to the Central Government	–	–	–	402	–
2.1.1.1.2 Investments in Treasury Bills	–	–	–	–	–
2.1.1.1.3 Investments in dated Government Securities	927427	686283	998152	992010	992089
2.1.1.1.3.1 Central Government Securities	927427	686283	998152	992010	992089
2.1.1.1.4 Rupee Coins	739	874	763	737	705
2.1.1.1.5 Deposits of the Central Government	127693	37830	62443	100	26462
2.1.1.2 Net RBI credit to State Governments	1478	1739	417	5137	627
2.1.2 RBI's Claims on Banks	137488	85849	-164923	-221522	-156954
2.1.2.1 Loans and Advances to Scheduled Commercial Banks	137488	85849	-164923	-221522	-156954
2.1.3 RBI's Credit to Commercial Sector	15363	9230	8103	7612	7680
2.1.3.1 Loans and Advances to Primary Dealers	2678	2032	2373	1816	1884
2.1.3.2 Loans and Advances to NABARD	–	–	–	–	–
2.2 Government's Currency Liabilities to the Public	25887	25697	26024	26045	26045
2.3 Net Foreign Exchange Assets of the RBI	2848587	2871271	3048039	3111005	3126960
2.3.1 Gold	159585	148890	190217	190277	191868
2.3.2 Foreign Currency Assets	2689019	2722399	2857839	2920745	2935109
2.4 Capital Account	970265	1124905	950734	981107	982299
2.5 Other Items (net)	88530	24351	115204	114731	112191

No. 11: Reserve Money - Components and Sources

(₹ Crore)

Item	2018-19	Outstanding as on March 31/ last Fridays of the month/ Fridays					
		2018	2019				
		Oct. 19	Sep. 27	Oct. 4	Oct. 11	Oct. 18	Oct. 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)	2770481	2536477	2788194	2833150	2825488	2860906	2876200
1 Components							
1.1 Currency in Circulation	2136770	1968762	2186148	2205847	2226618	2226264	2257135
1.2 Bankers' Deposits with RBI	601969	543538	570065	592354	566023	602990	587853
1.3 'Other' Deposits with RBI	31742	24177	31981	34949	32847	31652	31212
2 Sources							
2.1 Net Reserve Bank Credit to Government	801951	665218	936889	1046981	998186	975782	966959
2.2 Reserve Bank Credit to Banks	137488	111762	-164923	-252282	-221522	-168075	-156954
2.3 Reserve Bank Credit to Commercial Sector	15363	9210	8103	7930	7612	7680	7680
2.4 Net Foreign Exchange Assets of RBI	2848587	2883989	3048039	3093900	3111005	3125464	3126960
2.5 Government's Currency Liabilities to the Public	25887	25697	26024	26045	26045	26045	26045
2.6 Net Non- Monetary Liabilities of RBI	1058795	1159399	1065938	1089424	1095838	1105990	1094490

No. 12: Commercial Bank Survey

(₹ Crore)

Item	Outstanding as on last reporting Fridays of the month/ reporting Fridays of the month				
	2018-19	2018	2019		
		Oct. 26	Sep. 27	Oct. 11	Oct. 25
	1	2	3	4	5
1 Components					
1.1 Aggregate Deposits of Residents	12408835	11604616	12727573	12757424	12797668
1.1.1 Demand Deposits	1511084	1237590	1408886	1341165	1361293
1.1.2 Time Deposits of Residents	10897751	10367026	11318687	11416259	11436375
1.1.2.1 Short-term Time Deposits	4903988	4665162	5093409	5137316	5146369
1.1.2.1.1 Certificates of Deposits (CDs)	284993	162204	182922	178084	167104
1.1.2.2 Long-term Time Deposits	5993763	5701864	6225278	6278942	6290006
1.2 Call/Term Funding from Financial Institutions	378054	371465	341028	342615	336077
2 Sources					
2.1 Domestic Credit	14028966	13332357	14320681	14390293	14416362
2.1.1 Credit to the Government	3378300	3434871	3689379	3698800	3675526
2.1.2 Credit to the Commercial Sector	10650666	9897486	10631302	10691493	10740836
2.1.2.1 Bank Credit	9769185	9033975	9766854	9789381	9840562
2.1.2.1.1 Non-food Credit	9727575	8978940	9706769	9729090	9770784
2.1.2.2 Net Credit to Primary Dealers	8542	9823	11018	10147	8984
2.1.2.3 Investments in Other Approved Securities	2053	986	3374	6493	7967
2.1.2.4 Other Investments (in non-SLR Securities)	870886	852702	850056	885473	883322
2.2 Net Foreign Currency Assets of Commercial Banks (2.2.1–2.2.2–2.2.3)	-46861	-109409	-52340	-56509	-80647
2.2.1 Foreign Currency Assets	262383	186801	250991	253318	229900
2.2.2 Non-resident Foreign Currency Repatriable Fixed Deposits	163719	166639	178888	180471	180416
2.2.3 Overseas Foreign Currency Borrowings	145526	129571	124442	129356	130131
2.3 Net Bank Reserves (2.3.1+2.3.2–2.3.3)	538079	465249	784346	835418	790274
2.3.1 Balances with the RBI	565707	474761	532442	527675	548240
2.3.2 Cash in Hand	74852	76337	86981	86221	85079
2.3.3 Loans and Advances from the RBI	102480	85849	-164923	-221522	-156954
2.4 Capital Account	1352307	1276203	1410939	1444619	1434329
2.5 Other items (net) (2.1+2.2+2.3–2.4–1.1–1.2)	380987	435913	573146	624544	557914
2.5.1 Other Demand and Time Liabilities (net of 2.2.3)	397976	361382	407969	377286	380922
2.5.2 Net Inter-Bank Liabilities (other than to PDs)	-48452	-39396	-44722	-53899	-42589

No. 13: Scheduled Commercial Banks' Investments

(₹ Crore)

Item	As on March 29, 2019	2018	2019		
		Oct. 26	Sep. 27	Oct. 11	Oct. 25
	1	2	3	4	5
1 SLR Securities	3381056	3435857	3692753	3705292	3683493
2 Commercial Paper	90362	119631	93829	98224	97516
3 Shares issued by					
3.1 PSUs	11535	11212	11508	11383	11329
3.2 Private Corporate Sector	69592	73309	66724	67005	65652
3.3 Others	6379	6112	5595	5572	5519
4 Bonds/Debentures issued by					
4.1 PSUs	134819	123261	121042	119339	124702
4.2 Private Corporate Sector	268783	224765	248672	246244	241135
4.3 Others	170047	123141	174520	176497	177913
5 Instruments issued by					
5.1 Mutual funds	20988	43641	22829	55883	56587
5.2 Financial institutions	98382	81813	87433	84984	83314

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

(Amount in ₹ Crore)

Item	As on the Last Reporting Friday (in case of March)/ Last Friday							
	All Scheduled Banks				All Scheduled Commercial Banks			
	2018-19	2018	2019		2018-19	2018	2019	
		Oct.	Sep.	Oct.		Oct.	Sep.	Oct.
	1	2	3	4	5	6	7	8
Number of Reporting Banks	222	223	219	219	147	149	142	142
1 Liabilities to the Banking System	**276350**	**242072**	**267832**	**260624**	**271426**	**236780**	**262670**	**255643**
1.1 Demand and Time Deposits from Banks	181651	150127	192431	188936	176828	145689	187729	184140
1.2 Borrowings from Banks	79487	77430	63486	59888	79459	76721	63163	59827
1.3 Other Demand and Time Liabilities	15212	14514	11916	11799	15139	14370	11777	11675
2 Liabilities to Others	**13835976**	**12946693**	**14141052**	**14185100**	**13495672**	**12633673**	**13779901**	**13825214**
2.1 Aggregate Deposits	12901579	12071507	13253770	13324486	12573772	11771255	12906461	12978084
2.1.1 Demand	1542554	1265284	1440859	1393197	1511287	1237590	1408886	1361293
2.1.2 Time	11359025	10806223	11812911	11931290	11062484	10533665	11497575	11616791
2.2 Borrowings	381864	376082	344756	339829	378254	371465	341028	336077
2.3 Other Demand and Time Liabilities	552533	499104	542526	520784	543646	490953	532412	511053
3 Borrowings from Reserve Bank	**180688**	**132608**	**47478**	**22273**	**180688**	**132608**	**47478**	**22273**
3.1 Against Usance Bills /Promissory Notes	–	–	–	–	–	–	–	–
3.2 Others	180688	132608	47478	22273	180688	132608	47478	22273
4 Cash in Hand and Balances with Reserve Bank	657555	564942	634626	649787	640584	551098	619423	633320
4.1 Cash in Hand	76554	78121	88943	87247	74877	76337	86981	85079
4.2 Balances with Reserve Bank	581001	486821	545683	562540	565707	474761	532442	548240
5 Assets with the Banking System	**372670**	**319999**	**375036**	**359561**	**327814**	**285999**	**318410**	**307216**
5.1 Balances with Other Banks	245880	213608	264299	261683	223048	196460	237242	236433
5.1.1 In Current Account	17216	14676	15901	16449	13329	12720	13081	14136
5.1.2 In Other Accounts	228663	198932	248397	245235	209719	183740	224162	222297
5.2 Money at Call and Short Notice	47047	43213	37829	26632	32252	29604	20426	11047
5.3 Advances to Banks	32950	34474	28373	29524	29635	34380	25585	25437
5.4 Other Assets	46793	28704	44536	41722	42879	25553	35157	34298
6 Investment	**3475607**	**3529766**	**3791535**	**3781138**	**3381056**	**3435857**	**3692753**	**3683493**
6.1 Government Securities	3467845	3523277	3781817	3766504	3379001	3434871	3689379	3675526
6.2 Other Approved Securities	7762	6489	9719	14634	2055	986	3374	7967
7 Bank Credit	**10047125**	**9301231**	**10050171**	**10127057**	**9771722**	**9033975**	**9766854**	**9840562**
7a Food Credit	64636	78062	87117	96809	41610	55034	60085	69778
7.1 Loans, Cash-credits and Overdrafts	9792287	9075444	9838009	9917170	9521994	8812811	9558550	9634456
7.2 Inland Bills-Purchased	27641	21816	25150	26014	26223	20463	24352	24720
7.3 Inland Bills-Discounted	160984	142489	128567	126797	158296	140001	126360	125199
7.4 Foreign Bills-Purchased	24914	24365	24504	24353	24588	24172	24243	24071
7.5 Foreign Bills-Discounted	41299	37117	33940	32723	40622	36527	33348	32117

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

(₹ Crore)

Item	Outstanding as on				Growth (%)	
	Mar. 29, 2019	2018	2019		Financial year so far	Y-o-Y
		Oct. 26	Sep. 27	Oct. 25	2019-20	2019
	1	2	3	4	5	6
1 Gross Bank Credit	**8674892**	**8057449**	**8680216**	**8733112**	**0.7**	**8.4**
1.1 Food Credit	**41474**	**54868**	**59887**	**69555**	**67.7**	**26.8**
1.2 Non-food Credit	**8633418**	**8002581**	**8620329**	**8663557**	**0.3**	**8.3**
1.2.1 Agriculture & Allied Activities	**1111300**	**1059739**	**1127794**	**1134705**	**2.1**	**7.1**
1.2.2 Industry	**2885778**	**2696159**	**2774883**	**2786751**	**–3.4**	**3.4**
1.2.2.1 Micro & Small	375505	364172	361328	359018	–4.4	-1.4
1.2.2.2 Medium	106395	104256	104989	105558	–0.8	1.2
1.2.2.3 Large	2403878	2227731	2308566	2322175	–3.4	4.2
1.2.3 Services	**2415609**	**2208080**	**2361866**	**2352418**	**–2.6**	**6.5**
1.2.3.1 Transport Operators	138524	128586	142605	139103	0.4	8.2
1.2.3.2 Computer Software	18535	19390	18771	19063	2.8	-1.7
1.2.3.3 Tourism, Hotels & Restaurants	39005	38404	40419	43399	11.3	13.0
1.2.3.4 Shipping	7748	6431	5963	5893	–23.9	-8.4
1.2.3.5 Professional Services	171517	171399	171733	169783	–1.0	-0.9
1.2.3.6 Trade	528158	479961	508039	505037	–4.4	5.2
1.2.3.6.1 Wholesale Trade	250528	209599	217325	218722	–12.7	4.4
1.2.3.6.2 Retail Trade	277630	270362	290714	286315	3.1	5.9
1.2.3.7 Commercial Real Estate	202291	186811	218088	220300	8.9	17.9
1.2.3.8 Non-Banking Financial Companies (NBFCs)	641208	562615	713510	713344	11.3	26.8
1.2.3.9 Other Services	668623	614483	542738	536499	–19.8	-12.7
1.2.4 Personal Loans	**2220732**	**2038603**	**2355785**	**2389684**	**7.6**	**17.2**
1.2.4.1 Consumer Durables	6299	3269	5445	5557	–11.8	70.0
1.2.4.2 Housing	1160111	1062344	1253190	1268734	9.4	19.4
1.2.4.3 Advances against Fixed Deposits	82873	69394	64192	62902	–24.1	-9.4
1.2.4.4 Advances to Individuals against share & bond	6265	6058	5105	5056	–19.3	-16.5
1.2.4.5 Credit Card Outstanding	88262	83393	99372	105026	19.0	25.9
1.2.4.6 Education	67988	69338	68229	67238	–1.1	-3.0
1.2.4.7 Vehicle Loans	202154	196792	203446	206720	2.3	5.0
1.2.4.8 Other Personal Loans	606780	548015	656806	668451	10.2	22.0
1.2A Priority Sector	**2739021**	**2600970**	**2759852**	**2766084**	**1.0**	**6.3**
1.2A.1 Agriculture & Allied Activities	1104988	1053205	1118871	1125522	1.9	6.9
1.2A.2 Micro & Small Enterprises	1067175	996112	1056600	1053403	–1.3	5.8
1.2A.2.1 Manufacturing	375505	364172	361328	359018	–4.4	-1.4
1.2A.2.2 Services	691670	631940	695271	694385	0.4	9.9
1.2A.3 Housing	432703	404077	454566	455536	5.3	12.7
1.2A.4 Micro-Credit	24101	23139	32077	32525	35.0	40.6
1.2A.5 Education Loans	53950	56805	53921	53736	–0.4	-5.4
1.2A.6 State-Sponsored Orgs. for SC/ST	397	347	410	397	0.0	14.4
1.2A.7 Weaker Sections	662628	595764	696626	704413	6.3	18.2
1.2A.8 Export Credit	15566	19682	14454	14040	–9.8	-28.7

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

(₹ Crore)

Industry	Outstanding as on				Growth (%)	
	Mar. 29, 2019	2018	2019		Financial year so far	Y-o-Y
		Oct. 26	Sep. 27	Oct. 25	2019-20	2019
	1	2	3	4	5	6
1 Industry	**2885778**	**2696159**	**2774883**	**2786751**	**–3.4**	**3.4**
1.1 Mining & Quarrying (incl. Coal)	**41752**	**42916**	**41380**	**41176**	**–1.4**	**–4.1**
1.2 Food Processing	**157058**	**139543**	**142388**	**139693**	**–11.1**	**0.1**
1.2.1 Sugar	29705	24445	27424	25914	–12.8	6.0
1.2.2 Edible Oils & Vanaspati	21343	20419	17923	17681	–17.2	–13.4
1.2.3 Tea	4966	5531	5558	5497	10.7	–0.6
1.2.4 Others	101044	89148	91483	90601	–10.3	1.6
1.3 Beverage & Tobacco	**14662**	**13559**	**14973**	**14717**	**0.4**	**8.5**
1.4 Textiles	**203549**	**196818**	**186773**	**187677**	**–7.8**	**–4.6**
1.4.1 Cotton Textiles	97726	97099	84020	83999	–14.0	–13.5
1.4.2 Jute Textiles	2119	2038	2168	2209	4.2	8.4
1.4.3 Man-Made Textiles	26748	23529	25295	25763	–3.7	9.5
1.4.4 Other Textiles	76956	74152	75290	75706	–1.6	2.1
1.5 Leather & Leather Products	**11071**	**11258**	**11044**	**11052**	**–0.2**	**–1.8**
1.6 Wood & Wood Products	**11968**	**11289**	**12082**	**11992**	**0.2**	**6.2**
1.7 Paper & Paper Products	**30319**	**30114**	**29973**	**30507**	**0.6**	**1.3**
1.8 Petroleum, Coal Products & Nuclear Fuels	**63136**	**50438**	**53576**	**52477**	**–16.9**	**4.0**
1.9 Chemicals & Chemical Products	**191484**	**169696**	**180523**	**176120**	**–8.0**	**3.8**
1.9.1 Fertiliser	40043	25193	36835	34080	–14.9	35.3
1.9.2 Drugs & Pharmaceuticals	50500	51821	49177	48873	–3.2	–5.7
1.9.3 Petro Chemicals	46717	41146	39110	39743	–14.9	–3.4
1.9.4 Others	54224	51536	55401	53424	–1.5	3.7
1.10 Rubber, Plastic & their Products	**45803**	**43592**	**47007**	**46919**	**2.4**	**7.6**
1.11 Glass & Glassware	**9887**	**10254**	**9387**	**8687**	**–12.1**	**–15.3**
1.12 Cement & Cement Products	**55683**	**51263**	**60809**	**60587**	**8.8**	**18.2**
1.13 Basic Metal & Metal Product	**371564**	**377886**	**354021**	**351144**	**–5.5**	**–7.1**
1.13.1 Iron & Steel	282878	288089	269955	268259	–5.2	–6.9
1.13.2 Other Metal & Metal Product	88686	89797	84066	82885	–6.5	–7.7
1.14 All Engineering	**168621**	**157607**	**163374**	**166861**	**–1.0**	**5.9**
1.14.1 Electronics	37856	36404	35168	35706	–5.7	–1.9
1.14.2 Others	130765	121203	128206	131155	0.3	8.2
1.15 Vehicles, Vehicle Parts & Transport Equipment	**79859**	**77683**	**83038**	**82552**	**3.4**	**6.3**
1.16 Gems & Jewellery	**72014**	**69334**	**65637**	**62792**	**–12.8**	**–9.4**
1.17 Construction	**99473**	**91989**	**100074**	**99394**	**–0.1**	**8.0**
1.18 Infrastructure	**1055921**	**954981**	**1003786**	**1019784**	**–3.4**	**6.8**
1.18.1 Power	568966	533950	557170	559953	–1.6	4.9
1.18.2 Telecommunications	115585	95295	115017	127493	10.3	33.8
1.18.3 Roads	186852	178864	185293	185424	–0.8	3.7
1.18.4 Other Infrastructure	184518	146872	146306	146914	–20.4	0.0
1.19 Other Industries	**201954**	**195939**	**215038**	**222620**	**10.2**	**13.6**

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

(₹ Crore)

Item	Last Reporting Friday (in case of March)/Last Friday/ Reporting Friday								
	2018-19	2018	2019						
		Sep, 28	Jul, 19	Jul, 26	Aug, 02	Aug, 16	Aug, 30	Sep, 13	Sep, 27
	1	2	3	4	5	6	7	8	9
Number of Reporting Banks	32	32	30	30	30	30	30	30	30
1 Aggregate Deposits (2.1.1.2+2.2.1.2)	**62003.4**	**55879.1**	**63060.7**	**63046.8**	**62315.4**	**62450.6**	**63160.4**	**63423.7**	**62908.4**
2 Demand and Time Liabilities									
2.1 Demand Liabilities	**18241.3**	**17636.3**	**17837.9**	**18127.7**	**17663.1**	**18031.6**	**18487.0**	**18611.6**	**18621.8**
2.1.1 Deposits									
2.1.1.1 Inter-Bank	5842.3	5136.0	5230.5	5530.1	5177.3	5344.5	5227.3	5229.1	5430.0
2.1.1.2 Others	9,808.6	8974.5	9462.0	9777.3	9306.0	9146.7	9680.7	9467.8	9639.3
2.1.2 Borrowings from Banks	0.0	749.9	0.0	0.0	0.0	0.0	0.0	0.0	20.0
2.1.3 Other Demand Liabilities	2590.5	2775.9	3145.4	2820.3	3179.9	3540.4	3579.0	3914.6	3532.4
2.2 Time Liabilities	**98531.4**	**87993.4**	**103111.7**	**105734.7**	**105587.4**	**106075.6**	**106261.7**	**106990.8**	**107416.5**
2.2.1 Deposits									
2.2.1.1 Inter-Bank	45655.9	39707.8	48885.5	51637.1	51747.2	51932.3	51940.4	52259.6	53251.8
2.2.1.2 Others	52194.8	46904.6	53598.7	53269.4	53009.5	53304.0	53479.7	53955.9	53269.0
2.2.2 Borrowings from Banks	0.0	725.6	0.0	0.0	0.0	13.5	54.5	0.0	0.0
2.2.3 Other Time Liabilities	680.7	655.5	627.6	828.2	830.8	825.7	787.1	775.3	895.6
3 Borrowing from Reserve Bank	0.0	35.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4 Borrowings from a notified bank / Government	50375.4	44994.5	45658.8	44603.4	44584.5	42502.1	42578.1	44323.7	44794.9
4.1 Demand	16826.7	15153.4	14211.5	14152.3	14372.5	14323.1	14751.5	13879.2	13568.4
4.2 Time	33548.7	29841.2	31447.3	30451.2	30212.0	28179.0	27826.7	30444.5	31226.5
5 Cash in Hand and Balances with Reserve Bank	**5721.0**	**4627.9**	**5174.5**	**5408.2**	**5186.6**	**5717.7**	**5376.6**	**5927.0**	**5487.0**
5.1 Cash in Hand	319.1	333.0	316.0	302.6	282.0	302.0	320.8	296.8	286.7
5.2 Balance with Reserve Bank	5401.9	4294.9	4858.5	5105.6	4904.6	5415.7	5055.8	5630.3	5200.3
6 Balances with Other Banks in Current Account	**1543.2**	**1117.5**	**800.6**	**936.2**	**1268.7**	**3558.1**	**1008.4**	**1005.7**	**796.9**
7 Investments in Government Securities	**30885.3**	**31691.8**	**29989.5**	**30332.3**	**30989.5**	**30631.9**	**30772.2**	**30656.8**	**31724.0**
8 Money at Call and Short Notice	**16190.2**	**15573.7**	**22900.7**	**19088.4**	**17738.0**	**18008.4**	**16730.6**	**18098.5**	**20083.3**
9 Bank Credit (10.1+11)	**60089.8**	**54622.3**	**62981.9**	**62462.4**	**62015.8**	**62273.3**	**61704.0**	**61037.6**	**62865.8**
10 Advances									
10.1 Loans, Cash-Credits and Overdrafts	**60086.2**	**54619.9**	**62981.4**	**62461.9**	**62015.3**	**62272.8**	**61703.4**	**61037.1**	**62865.3**
10.2 Due from Banks	82610.9	76196.5	77832.9	77427.1	76748.4	75814.1	74819.4	75750.4	74965.4
11 Bills Purchased and Discounted	3.7	2.4	0.6	0.6	0.6	0.6	0.6	0.5	0.6

Prices and Production

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

Group/Sub group	2018-19			Rural			Urban			Combined		
	Rural	Urban	Combined	Oct '18	Sep '19	Oct '19	Oct '18	Sep '19	Oct '19	Oct '18	Sep '19	Oct '19
	1	2	3	4	5	6	7	8	9	10	11	12
1 Food and beverages	**139.5**	**138.4**	**139.1**	**140.2**	**145.5**	**148.3**	**139.4**	**149.5**	**151.9**	**139.9**	**147.0**	**149.6**
1.1 Cereals and products	137.7	137.2	137.5	139.3	140.1	141.0	137.6	142.7	143.5	138.8	140.9	141.8
1.2 Meat and fish	149.5	147.5	148.8	147.6	161.9	161.6	144.9	158.7	159.8	146.7	160.8	161.0
1.3 Egg	137.3	137.3	137.3	134.6	138.3	141.2	133.5	141.6	144.7	134.2	139.6	142.6
1.4 Milk and products	142.7	141.3	142.2	141.9	145.7	146.5	141.5	144.9	145.6	141.8	145.4	146.2
1.5 Oils and fats	124.0	117.6	121.6	123.5	125.1	125.6	118.0	120.8	121.1	121.5	123.5	123.9
1.6 Fruits	146.8	143.4	145.2	144.5	143.8	145.7	139.5	149.8	150.6	142.2	146.6	148.0
1.7 Vegetables	141.4	142.1	141.6	147.6	163.4	178.7	153.0	192.4	207.2	149.4	173.2	188.4
1.8 Pulses and products	124.1	115.3	121.1	121.4	132.2	133.1	113.2	130.3	131.2	118.6	131.6	132.5
1.9 Sugar and confectionery	111.9	110.8	111.5	112.3	112.8	113.6	112.8	114.0	114.8	112.5	113.2	114.0
1.10 Spices	138.8	140.7	139.4	139.5	144.2	145.5	141.1	143.8	145.2	140.0	144.1	145.4
1.11 Non-alcoholic beverages	134.9	127.5	131.8	134.6	138.5	138.6	127.6	130.0	130.2	131.7	135.0	135.1
1.12 Prepared meals, snacks, sweets	155.3	151.3	153.4	155.2	157.2	157.4	152.0	156.4	156.8	153.7	156.8	157.1
2 Pan, tobacco and intoxicants	**159.4**	**162.9**	**160.4**	**159.6**	**165.7**	**166.3**	**164.0**	**168.6**	**169.3**	**160.8**	**166.5**	**167.1**
3 Clothing and footwear	**150.3**	**139.3**	**145.9**	**149.8**	**151.0**	**151.0**	**139.7**	**143.3**	**143.9**	**145.8**	**147.9**	**148.2**
3.1 Clothing	151.2	141.0	147.2	150.7	151.7	151.7	141.5	145.3	145.9	147.1	149.2	149.4
3.2 Footwear	145.2	129.5	138.7	144.5	146.6	146.7	129.8	132.2	132.4	138.4	140.6	140.8
4 Housing	--	**145.6**	**145.6**	--	--	--	**146.3**	**152.2**	**153.0**	**146.3**	**152.2**	**153.0**
5 Fuel and light	**147.0**	**129.3**	**140.3**	**149.7**	**146.9**	**147.7**	**133.4**	**126.6**	**128.9**	**143.5**	**139.2**	**140.6**
6 Miscellaneous	**138.6**	**131.1**	**134.9**	**139.8**	**145.4**	**145.7**	**132.5**	**135.7**	**136.0**	**136.3**	**140.7**	**141.0**
6.1 Household goods and services	145.9	134.8	140.6	147.5	150.3	150.6	135.1	138.3	138.7	141.6	144.6	145.0
6.2 Health	143.5	135.5	140.5	144.8	153.4	153.7	136.2	141.9	142.4	141.5	149.0	149.4
6.3 Transport and communication	128.5	120.3	124.2	130.8	131.6	131.7	123.3	121.2	121.5	126.9	126.1	126.3
6.4 Recreation and amusement	140.4	130.3	134.7	140.1	148.3	148.6	130.7	135.9	136.2	134.8	141.3	141.6
6.5 Education	149.4	144.5	146.5	148.0	160.2	160.6	145.5	151.6	151.7	146.5	155.2	155.4
6.6 Personal care and effects	132.6	129.9	131.5	134.4	140.2	140.3	130.4	139.0	139.5	132.7	139.7	140.0
General Index (All Groups)	**141.3**	**137.7**	**139.6**	**142.2**	**146.7**	**148.3**	**138.9**	**144.7**	**146.0**	**140.7**	**145.8**	**147.2**

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

No. 19: Other Consumer Price Indices

Item	Base Year	Linking Factor	2018-19	2018	2019	
				Oct.	Sep.	Oct.
	1	2	3	4	5	6
1 Consumer Price Index for Industrial Workers	2001	4.63	300	302	322	325
2 Consumer Price Index for Agricultural Labourers	1986-87	5.89	907	913	976	987
3 Consumer Price Index for Rural Labourers	1986-87	–	915	920	983	993

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

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

Item	2018-19	2018	2019	
		Oct.	Sep.	Oct.
	1	2	3	4
1 Standard Gold (₹ per 10 grams)	31193	31489	37927	38214
2 Silver (₹ per kilogram)	38404	38307	46682	45578

Source: India Bullion & Jewellers Association Ltd., Mumbai for Gold and Silver prices in Mumbai.

No. 21: Wholesale Price Index
(Base: 2011-12 = 100)

Commodities	Weight	2018-19	2018	2019		
			Oct.	Aug.	Sep. (P)	Oct. (P)
	1	2	3	4	5	6
1 ALL COMMODITIES	**100.000**	**119.8**	**122.0**	**121.5**	**121.3**	**122.2**
1.1 PRIMARY ARTICLES	**22.618**	**134.2**	**137.2**	**144.0**	**143.0**	**146.0**
1.1.1 FOOD ARTICLES	**15.256**	**143.7**	**145.9**	**156.1**	**155.3**	**160.2**
1.1.1.1 Food Grains (Cereals+Pulses)	3.462	146.7	146.7	159.2	160.1	160.8
1.1.1.2 Fruits & Vegetables	3.475	147.3	157.8	180.1	175.3	194.1
1.1.1.3 Milk	4.440	143.1	144.1	145.9	145.4	146.0
1.1.1.4 Eggs,Meat & Fish	2.402	138.0	135.3	144.4	144.3	145.6
1.1.1.5 Condiments & Spices	0.529	129.6	131.7	141.6	146.9	148.8
1.1.1.6 Other Food Articles	0.948	144.4	143.1	142.8	143.0	143.2
1.1.2 NON-FOOD ARTICLES	**4.119**	**123.1**	**123.4**	**129.8**	**126.7**	**126.3**
1.1.2.1 Fibres	0.839	127.0	130.1	130.1	129.1	127.3
1.1.2.2 Oil Seeds	1.115	140.5	137.6	151.7	154.5	151.4
1.1.2.3 Other non-food Articles	1.960	107.3	108.1	105.8	104.2	103.1
1.1.2.4 Floriculture	0.204	164.1	166.7	239.2	181.7	207.4
1.1.3 MINERALS	**0.833**	**136.5**	**140.4**	**158.4**	**163.6**	**158.4**
1.1.3.1 Metallic Minerals	0.648	123.0	128.1	153.7	159.5	153.7
1.1.3.2 Other Minerals	0.185	183.5	183.6	175.0	177.8	175.0
1.1.4 CRUDE PETROLEUM & NATURAL GAS	**2.410**	**92.4**	**104.1**	**86.4**	**86.4**	**85.8**
1.2 FUEL & POWER	**13.152**	**104.1**	**111.3**	**101.2**	**100.2**	**102.1**
1.2.1 COAL	**2.138**	**123.3**	**123.4**	**124.0**	**124.8**	**124.8**
1.2.1.1 Coking Coal	0.647	132.9	133.3	133.9	136.5	136.5
1.2.1.2 Non-Coking Coal	1.401	119.0	119.0	119.0	119.0	119.0
1.2.1.3 Lignite	0.090	120.3	120.0	129.9	129.9	131.1
1.2.2 MINERAL OILS	**7.950**	**96.7**	**107.6**	**91.4**	**90.5**	**93.0**
1.2.3 ELECTRICITY	**3.064**	**109.6**	**112.4**	**110.7**	**108.3**	**110.0**
1.3 MANUFACTURED PRODUCTS	**64.231**	**117.9**	**118.9**	**117.8**	**117.9**	**117.9**
1.3.1 MANUFACTURE OF FOOD PRODUCTS	**9.122**	**128.6**	**129.7**	**132.5**	**133.6**	**134.5**
1.3.1.1 Processing and Preserving of meat	0.134	136.7	138.1	138.1	138.3	138.6
1.3.1.2 Processing and Preserving of fish, Crustaceans, Molluscs and products thereof	0.204	132.1	140.6	136.6	138.2	139.3
1.3.1.3 Processing and Preserving of fruit and Vegetables	0.138	114.3	114.1	114.5	114.2	113.9
1.3.1.4 Vegetable and Animal oils and Fats	2.643	117.6	118.8	113.9	114.9	116.4
1.3.1.5 Dairy products	1.165	136.2	136.0	143.1	144.7	146.2
1.3.1.6 Grain mill products	2.010	141.6	143.0	146.6	147.2	148.0
1.3.1.7 Starches and Starch products	0.110	116.6	113.3	136.9	136.9	137.0
1.3.1.8 Bakery products	0.215	129.3	129.8	132.3	132.4	133.2
1.3.1.9 Sugar, Molasses & honey	1.163	111.2	113.2	119.0	120.4	120.1
1.3.1.10 Cocoa, Chocolate and Sugar confectionery	0.175	126.7	129.2	127.2	126.8	128.6
1.3.1.11 Macaroni, Noodles, Couscous and Similar farinaceous products	0.026	134.5	133.5	131.7	137.9	138.1
1.3.1.12 Tea & Coffee products	0.371	137.7	138.5	143.8	143.7	140.9
1.3.1.13 Processed condiments & salt	0.163	122.2	120.5	129.8	131.8	133.9
1.3.1.14 Processed ready to eat food	0.024	127.0	126.6	128.5	128.4	126.8
1.3.1.15 Health supplements	0.225	143.6	139.6	159.6	165.6	167.5
1.3.1.16 Prepared animal feeds	0.356	157.5	159.4	177.2	179.3	180.1
1.3.2 MANUFACTURE OF BEVERAGES	**0.909**	**120.7**	**121.4**	**123.7**	**124.1**	**123.4**
1.3.2.1 Wines & spirits	0.408	113.8	114.8	117.8	118.2	118.2
1.3.2.2 Malt liquors and Malt	0.225	120.5	121.4	126.8	126.9	126.5
1.3.2.3 Soft drinks; Production of mineral waters and Other bottled waters	0.275	131.2	131.1	129.8	130.8	128.6
1.3.3 MANUFACTURE OF TOBACCO PRODUCTS	**0.514**	**150.4**	**149.9**	**153.9**	**154.0**	**155.2**
1.3.3.1 Tobacco products	0.514	150.4	149.9	153.9	154.0	155.2
1.3.4 MANUFACTURE OF TEXTILES	**4.881**	**117.9**	**119.2**	**118.1**	**117.9**	**117.7**
1.3.4.1 Preparation and Spinning of textile fibres	2.582	110.6	112.6	109.0	108.5	107.7
1.3.4.2 Weaving & Finishing of textiles	1.509	127.3	127.8	129.3	129.3	130.0
1.3.4.3 Knitted and Crocheted fabrics	0.193	112.9	113.6	115.4	115.3	114.7
1.3.4.4 Made-up textile articles, Except apparel	0.299	130.3	129.1	135.8	136.2	134.8
1.3.4.5 Cordage, Rope, Twine and Netting	0.098	138.7	140.7	140.8	140.8	143.0
1.3.4.6 Other textiles	0.201	118.3	120.4	116.4	117.7	118.1
1.3.5 MANUFACTURE OF WEARING APPAREL	**0.814**	**138.8**	**138.4**	**137.6**	**138.9**	**138.4**
1.3.5.1 Manufacture of Wearing Apparel (woven), Except fur Apparel	0.593	139.4	139.3	138.4	139.7	138.8
1.3.5.2 Knitted and Crocheted apparel	0.221	137.0	136.2	135.4	136.8	137.4

No. 21: Wholesale Price Index (Contd.)
(Base: 2011-12 = 100)

Commodities	Weight	2018-19	2018	2019		
			Oct.	Aug.	Sep. (P)	Oct. (P)
	1	2	3	4	5	6
1.3.6 MANUFACTURE OF LEATHER AND RELATED PRODUCTS	**0.535**	**121.8**	**121.9**	**119.2**	**118.8**	**118.6**
1.3.6.1 Tanning and Dressing of leather; Dressing and Dyeing of fur	0.142	111.0	110.7	108.6	106.3	104.8
1.3.6.2 Luggage, HandbAgs, Saddlery and Harness	0.075	134.7	137.4	136.6	135.7	136.2
1.3.6.3 Footwear	0.318	123.5	123.2	119.9	120.4	120.7
1.3.7 MANUFACTURE OF WOOD AND PRODUCTS OF WOOD AND CORK	**0.772**	**133.5**	**132.5**	**134.3**	**134.0**	**134.4**
1.3.7.1 Saw milling and Planing of wood	0.124	124.5	123.6	120.1	120.3	121.8
1.3.7.2 Veneer sheets; Manufacture of plywood, Laminboard, Particle board and Other panels and Boards	0.493	136.3	135.9	136.0	135.7	135.2
1.3.7.3 Builder's carpentry and Joinery	0.036	158.7	158.5	174.9	176.1	176.1
1.3.7.4 Wooden containers	0.119	124.1	119.8	129.7	128.7	131.5
1.3.8 MANUFACTURE OF PAPER AND PAPER PRODUCTS	**1.113**	**123.3**	**124.7**	**121.4**	**120.9**	**120.3**
1.3.8.1 Pulp, Paper and Paperboard	0.493	129.3	131.9	125.3	125.5	123.4
1.3.8.2 Corrugated paper and Paperboard and Containers of paper and Paperboard	0.314	116.5	116.0	115.5	113.6	114.9
1.3.8.3 Other articles of paper and Paperboard	0.306	120.6	121.8	121.2	120.9	121.0
1.3.9 PRINTING AND REPRODUCTION OF RECORDED MEDIA	**0.676**	**146.6**	**146.7**	**149.2**	**149.4**	**153.2**
1.3.9.1 Printing	0.676	146.6	146.7	149.2	149.4	153.2
1.3.10 MANUFACTURE OF CHEMICALS AND CHEMICAL PRODUCTS	**6.465**	**119.1**	**120.5**	**118.2**	**117.9**	**117.4**
1.3.10.1 Basic chemicals	1.433	125.0	127.6	121.2	120.9	119.4
1.3.10.2 Fertilizers and Nitrogen compounds	1.485	121.1	121.6	123.0	123.1	122.9
1.3.10.3 Plastic and Synthetic rubber in primary form	1.001	117.6	120.3	114.3	114.1	112.7
1.3.10.4 Pesticides and Other agrochemical products	0.454	120.2	119.9	122.9	121.9	123.0
1.3.10.5 Paints, Varnishes and Similar coatings, Printing ink and Mastics	0.491	112.7	112.4	115.5	114.4	114.5
1.3.10.6 Soap and Detergents, Cleaning and Polishing preparations, Perfumes and Toilet preparations	0.612	116.8	116.7	118.8	118.8	118.6
1.3.10.7 Other chemical products	0.692	116.6	118.7	114.0	113.4	113.7
1.3.10.8 Man-made fibres	0.296	104.0	107.0	98.9	98.4	97.5
1.3.11 MANUFACTURE OF PHARMACEUTICALS, MEDICINAL CHEMICAL AND BOTANICAL PRODUCTS	**1.993**	**123.5**	**123.2**	**126.4**	**125.6**	**125.9**
1.3.11.1 Pharmaceuticals, Medicinal chemical and Botanical products	1.993	123.5	123.2	126.4	125.6	125.9
1.3.12 MANUFACTURE OF RUBBER AND PLASTICS PRODUCTS	**2.299**	**109.6**	**109.9**	**108.3**	**108.1**	**108.3**
1.3.12.1 Rubber Tyres and Tubes; Retreading and Rebuilding of Rubber Tyres	0.609	98.9	99.0	99.7	99.3	98.8
1.3.12.2 Other Rubber Products	0.272	91.7	91.6	94.0	93.4	93.8
1.3.12.3 Plastics products	1.418	117.6	118.2	114.8	114.7	115.2
1.3.13 MANUFACTURE OF OTHER NON-METALLIC MINERAL PRODUCTS	**3.202**	**115.9**	**115.5**	**116.7**	**116.8**	**115.8**
1.3.13.1 Glass and Glass products	0.295	121.4	122.0	126.8	126.2	120.9
1.3.13.2 Refractory products	0.223	111.1	111.5	109.7	109.8	109.3
1.3.13.3 Clay Building Materials	0.121	98.0	95.8	101.3	102.3	103.4
1.3.13.4 Other Porcelain and Ceramic Products	0.222	112.7	112.2	114.5	114.5	112.7
1.3.13.5 Cement, Lime and Plaster	1.645	114.3	113.0	118.5	118.7	118.6
1.3.13.6 Articles of Concrete, Cement and Plaster	0.292	121.5	120.5	120.9	121.1	121.3
1.3.13.7 Cutting, Shaping and Finishing of Stone	0.234	118.8	118.7	122.7	121.8	120.4
1.3.13.8 Other Non-Metallic Mineral Products	0.169	130.4	139.5	90.4	89.8	84.9
1.3.14 MANUFACTURE OF BASIC METALS	**9.646**	**112.2**	**114.8**	**104.6**	**104.8**	**103.6**
1.3.14.1 Inputs into steel making	1.411	113.0	119.0	96.2	96.5	95.3
1.3.14.2 Metallic Iron	0.653	117.8	121.6	104.1	103.9	102.1
1.3.14.3 Mild Steel - Semi Finished Steel	1.274	99.5	101.2	93.6	93.3	92.9
1.3.14.4 Mild Steel -Long Products	1.081	110.2	111.5	104.2	103.6	102.7
1.3.14.5 Mild Steel - Flat products	1.144	119.6	123.0	107.9	106.5	103.3
1.3.14.6 Alloy steel other than Stainless Steel- Shapes	0.067	111.7	114.3	99.9	100.6	98.9
1.3.14.7 Stainless Steel - Semi Finished	0.924	112.7	114.1	98.3	101.1	98.7
1.3.14.8 Pipes & tubes	0.205	126.6	127.6	124.5	125.3	124.7
1.3.14.9 Non-ferrous metals incl. precious metals	1.693	112.2	112.9	106.9	107.1	106.5
1.3.14.10 Castings	0.925	109.8	110.7	115.1	115.1	115.7
1.3.14.11 Forgings of steel	0.271	126.8	136.7	145.1	149.8	147.8
1.3.15 MANUFACTURE OF FABRICATED METAL PRODUCTS, EXCEPT MACHINERY AND EQUIPMENT	**3.155**	**115.1**	**116.0**	**114.7**	**115.1**	**115.0**
1.3.15.1 Structural Metal Products	1.031	112.8	114.2	114.0	113.5	113.2
1.3.15.2 Tanks, Reservoirs and Containers of Metal	0.660	127.3	129.6	121.9	122.4	125.0
1.3.15.3 Steam generators, Except Central Heating Hot Water Boilers	0.145	105.9	103.8	100.9	106.0	106.3
1.3.15.4 Forging, Pressing, Stamping and Roll-Forming of Metal; Powder Metallurgy	0.383	96.3	93.8	101.6	102.0	99.6
1.3.15.5 Cutlery, Hand Tools and General Hardware	0.208	99.7	99.5	100.3	100.3	100.5
1.3.15.6 Other Fabricated Metal Products	0.728	123.1	125.1	123.2	123.7	122.5
1.3.16 MANUFACTURE OF COMPUTER, ELECTRONIC AND OPTICAL PRODUCTS	**2.009**	**111.8**	**113.1**	**110.2**	**110.1**	**109.8**
1.3.16.1 Electronic Components	0.402	100.9	101.3	98.0	97.3	97.5
1.3.16.2 Computers and Peripheral Equipment	0.336	132.5	135.1	135.1	135.1	135.1

No. 21: Wholesale Price Index (Concld.)
(Base: 2011-12 = 100)

Commodities	Weight	2018-19	2018	2019		
			Oct.	Aug.	Sep. (P)	Oct. (P)
	1	2	3	4	5	6
1.3.16.3 Communication Equipment	0.310	116.7	117.3	117.2	117.6	117.5
1.3.16.4 Consumer Electronics	0.641	103.8	105.5	99.0	98.9	97.2
1.3.16.5 Measuring, Testing, Navigating and Control equipment	0.181	109.1	111.2	110.5	110.5	112.9
1.3.16.6 Watches and Clocks	0.076	137.9	138.5	138.7	138.7	136.5
1.3.16.7 Irradiation, Electromedical and Electrotherapeutic equipment	0.055	103.2	101.9	100.3	100.3	102.5
1.3.16.8 Optical instruments and Photographic equipment	0.008	108.7	107.2	109.5	109.5	109.5
1.3.17 MANUFACTURE OF ELECTRICAL EQUIPMENT	**2.930**	**111.7**	**111.7**	**110.9**	**110.5**	**111.2**
1.3.17.1 Electric motors, Generators, Transformers and Electricity distribution and Control apparatus	1.298	107.7	106.7	108.0	107.6	108.5
1.3.17.2 Batteries and Accumulators	0.236	117.7	118.3	117.5	117.1	117.0
1.3.17.3 Fibre optic cables for data transmission or live transmission of images	0.133	126.1	128.5	106.6	106.3	108.4
1.3.17.4 Other electronic and Electric wires and Cables	0.428	111.2	112.3	109.9	109.1	109.7
1.3.17.5 Wiring devices, Electric lighting & display equipment	0.263	108.6	109.8	112.1	111.7	112.5
1.3.17.6 Domestic appliances	0.366	121.6	121.0	120.5	119.5	120.6
1.3.17.7 Other electrical equipment	0.206	108.6	108.9	107.7	108.7	107.7
1.3.18 MANUFACTURE OF MACHINERY AND EQUIPMENT	**4.789**	**111.3**	**111.5**	**113.6**	**113.9**	**112.8**
1.3.18.1 Engines and Turbines, Except aircraft, Vehicle and Two wheeler engines	0.638	103.0	102.5	105.0	105.0	104.5
1.3.18.2 Fluid power equipment	0.162	118.2	118.8	120.3	120.4	120.1
1.3.18.3 Other pumps, Compressors, Taps and Valves	0.552	108.9	109.0	111.5	111.8	111.0
1.3.18.4 Bearings, Gears, Gearing and Driving elements	0.340	111.2	110.2	110.8	111.7	111.6
1.3.18.5 Ovens, Furnaces and Furnace burners	0.008	78.2	77.4	79.8	80.0	80.1
1.3.18.6 Lifting and Handling equipment	0.285	110.4	110.0	112.4	112.6	111.7
1.3.18.7 Office machinery and Equipment	0.006	130.2	130.2	130.2	130.2	130.2
1.3.18.8 Other general-purpose machinery	0.437	129.6	130.2	135.2	135.2	128.4
1.3.18.9 Agricultural and Forestry machinery	0.833	116.9	117.6	120.6	121.0	120.9
1.3.18.10 Metal-forming machinery and Machine tools	0.224	101.8	102.5	108.0	108.8	107.9
1.3.18.11 Machinery for mining, Quarrying and Construction	0.371	75.7	76.5	74.5	76.1	75.7
1.3.18.12 Machinery for food, Beverage and Tobacco processing	0.228	124.7	128.0	123.7	121.5	120.4
1.3.18.13 Machinery for textile, Apparel and Leather production	0.192	119.9	118.9	118.7	118.6	117.6
1.3.18.14 Other special-purpose machinery	0.468	123.8	123.2	127.6	127.8	127.1
1.3.18.15 Renewable electricity generating equipment	0.046	67.3	67.0	66.6	66.6	66.6
1.3.19 MANUFACTURE OF MOTOR VEHICLES, TRAILERS AND SEMI-TRAILERS	**4.969**	**112.8**	**113.4**	**113.0**	**112.9**	**114.6**
1.3.19.1 Motor vehicles	2.600	113.3	114.0	114.5	114.4	115.2
1.3.19.2 Parts and Accessories for motor vehicles	2.368	112.2	112.8	111.3	111.2	114.0
1.3.20 MANUFACTURE OF OTHER TRANSPORT EQUIPMENT	**1.648**	**111.7**	**111.8**	**117.7**	**118.0**	**118.0**
1.3.20.1 Building of ships and Floating structures	0.117	158.8	158.8	158.8	158.8	158.8
1.3.20.2 Railway locomotives and Rolling stock	0.110	104.7	103.6	106.6	106.6	106.6
1.3.20.3 Motor cycles	1.302	106.6	106.8	113.9	114.3	114.4
1.3.20.4 Bicycles and Invalid carriages	0.117	127.8	128.7	128.2	128.2	128.0
1.3.20.5 Other transport equipment	0.002	123.5	124.8	124.7	125.7	125.9
1.3.21 MANUFACTURE OF FURNITURE	**0.727**	**127.3**	**127.7**	**131.9**	**132.2**	**130.8**
1.3.21.1 Furniture	0.727	127.3	127.7	131.9	132.2	130.8
1.3.22 OTHER MANUFACTURING	**1.064**	**107.0**	**107.6**	**114.3**	**113.8**	**116.7**
1.3.22.1 Jewellery and Related articles	0.996	103.9	104.5	111.6	111.0	114.1
1.3.22.2 Musical instruments	0.001	174.1	167.5	173.4	176.0	166.4
1.3.22.3 Sports goods	0.012	127.4	128.8	129.1	129.1	129.2
1.3.22.4 Games and Toys	0.005	132.2	131.1	137.1	136.5	135.9
1.3.22.5 Medical and Dental instruments and Supplies	0.049	159.2	160.6	162.1	162.1	162.5
2 FOOD INDEX	**24.378**	**138.1**	**139.9**	**147.3**	**147.2**	**150.6**

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

No. 22: Index of Industrial Production (Base:2011-12=100)

Industry	Weight	2017-18	2018-19	April-September		September	
				2018-19	2019-20	2018	2019
	1	2	3	4	5	6	7
General Index	100.00	125.3	130.1	127.1	128.7	128.8	123.3
1 Sectoral Classification							
1.1 Mining	14.37	104.9	107.9	99.5	100.5	94.5	86.5
1.2 Manufacturing	77.63	126.6	131.5	128.6	129.9	131.6	126.5
1.3 Electricity	7.99	149.2	156.9	161.7	167.9	162.9	158.7
2 Use-Based Classification							
2.1 Primary Goods	34.05	121.8	126.1	123.4	124.9	120.0	113.9
2.2 Capital Goods	8.22	105.6	108.4	106.5	95.5	115.0	91.2
2.3 Intermediate Goods	17.22	125.1	126.2	123.2	134.7	125.6	134.4
2.4 Infrastructure/ Construction Goods	12.34	132.0	141.7	138.5	137.0	137.2	128.4
2.5 Consumer Durables	12.84	123.6	130.4	132.8	126.2	136.9	123.4
2.6 Consumer Non-Durables	15.33	139.9	145.5	136.8	143.9	145.6	145.0

Source : National Statistical 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 ₹ Crore)

Item	Financial Year	April - October			
	2019-20 (Budget Estimates)	2019-20 (Actuals)	2018-19 (Actuals)	Percentage to Budget Estimates	
				2019-20	2018-19
	1	2	3	4	5
1 Revenue Receipts	**1962761**	**907634**	**788829**	**46.2**	**45.7**
1.1 Tax Revenue (Net)	1649582	683486	661113	41.4	44.7
1.2 Non-Tax Revenue	313179	224148	127716	71.6	52.1
2 Non-Debt Capital Receipt	**119828**	**26826**	**19181**	**22.4**	**20.8**
2.1 Recovery of Loans	14828	9461	9080	63.8	74.4
2.2 Other Receipts	105000	17365	10101	16.5	12.6
3 Total Receipts (excluding borrowings) (1+2)	**2082589**	**934460**	**808010**	**44.9**	**44.4**
4 Revenue Expenditure	2447780	1453632	1279494	59.4	59.7
4.1 Interest Payments	660471	289565	292093	43.8	50.7
5 Capital Expenditure	338569	201273	177099	59.4	58.9
6 Total Expenditure (4+5)	**2786349**	**1654905**	**1456593**	**59.4**	**59.6**
7 Revenue Deficit (4-1)	**485019**	**545998**	**490665**	**112.6**	**117.9**
8 Fiscal Deficit (6-3)	**703760**	**720445**	**648583**	**102.4**	**103.9**
9 Gross Primary Deficit (8-4.1)	**43289**	**430880**	**356490**	**995.4**	**735.3**

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

No. 24: Treasury Bills – Ownership Pattern

(₹ Crore)

Item	2018-19	2018	2019					
		Oct. 26	Sep. 20	Sep. 27	Oct. 4	Oct. 11	Oct. 18	Oct. 25
	1	2	3	4	5	6	7	8
1 91-day								
1.1 Banks	18521	37881	11341	24901	20356	18326	20826	20364
1.2 Primary Dealers	17878	19150	7369	10155	10456	8338	8115	9730
1.3 State Governments	26999	62572	69796	70211	70131	65049	67689	71344
1.4 Others	27747	73454	88183	70022	76182	80350	81032	82056
2 182-day								
2.1 Banks	31953	38022	73205	77199	74598	77877	77275	80120
2.2 Primary Dealers	38738	36983	44696	48024	47611	40881	34117	33701
2.3 State Governments	28036	35728	8035	8104	8100	8082	7942	7327
2.4 Others	18567	26928	32473	27026	27008	28587	33144	27799
3 364-day								
3.1 Banks	48811	51073	62007	62849	62972	62870	63555	62695
3.2 Primary Dealers	74170	70020	66713	67912	65445	62811	61378	61223
3.3 State Governments	18892	18092	17960	18060	18000	16950	16950	17930
3.4 Others	62393	57477	55746	53578	55221	57243	57147	57226
4 14-day Intermediate								
4.1 Banks								
4.2 Primary Dealers								
4.3 State Governments	165605	129484	141042	131653	77125	73572	79850	128165
4.4 Others	252	467	452	375	485	1000	261	220
Total Treasury Bills (Excluding 14 day Intermediate T Bills) #	412704	527380	537523	538041	536079	527363	529170	531515

14D intermediate T-Bills are non-marketable unlike 91D, 182D and 364D T-Bills. These bills are 'intermediate' by nature as these are liquidated to replenish shortfall in the daily minimum cash balances of State Governments

No. 25: Auctions of Treasury Bills

(Amount in ₹ Crore)

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										
2019-20										
Oct. 1	9000	57	94338	2102	28	8998	2102	11100	98.69	5.3241
Oct. 9	9000	55	75902	79	25	8921	79	9000	98.72	5.2006
Oct. 16	9000	62	110191	5511	44	8989	5511	14500	98.74	5.1183
Oct. 23	9000	52	88887	6430	21	8970	6430	15400	98.75	5.0772
Oct. 30	9000	48	103917	6003	12	8997	6003	15000	98.76	5.0361
182-day Treasury Bills										
2019-20										
Oct. 1	4000	62	29330	0	17	4000	0	4000	97.36	5.4381
Oct. 9	4000	54	21302	0	27	4000	0	4000	97.41	5.3323
Oct. 16	4000	47	22850	1	6	3999	1	4000	97.45	5.2478
Oct. 23	4000	54	37689	0	11	4000	0	4000	97.47	5.2056
Oct. 30	4000	55	27042	0	32	4000	0	4000	97.47	5.2056
364-day Treasury Bills										
2019-20										
Oct. 1	3000	74	17345	225	25	2850	150	3000	94.77	5.5338
Oct. 9	3000	55	13520	0	23	3000	0	3000	94.88	5.4111
Oct. 16	3000	66	16238	1	11	2999	1	3000	94.92	5.3666
Oct. 23	3000	81	15560	1021	30	2999	1021	4020	94.96	5.3221
Oct. 30	3000	65	17115	0	27	3000	0	3000	94.98	5.2998

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
October 1, 2019	4.00-5.45	5.25
October 3, 2019	4.00-5.45	5.22
October 4, 2019	4.00-5.45	5.16
October 5, 2019	3.50-5.05	4.85
October 7, 2019	3.70-5.25	5.12
October 9, 2019	3.70-5.25	5.07
October 10, 2019	3.70-5.20	5.07
October 11, 2019	3.70-5.50	5.04
October 14, 2019	3.70-5.20	5.06
October 15, 2019	3.60-5.25	5.05
October 16, 2019	3.60-5.25	5.05
October 17, 2019	3.60-5.25	5.04
October 18, 2019	3.60-5.25	5.06
October 19, 2019	3.60-5.25	4.86
October 22, 2019	3.60-5.30	5.09
October 23, 2019	3.60-5.25	5.06
October 24, 2019	3.60-5.40	5.06
October 25, 2019	3.60-5.27	5.08
October 29, 2019	3.70-5.25	5.08
October 30, 2019	3.70-5.35	5.09
October 31, 2019	3.70-5.35	5.10
November 1, 2019	3.70-5.25	5.04
November 2, 2019	3.20-5.15	4.86
November 4, 2019	3.70-5.25	5.03
November 5, 2019	3.70-5.25	5.04
November 6, 2019	3.70-5.25	5.07
November 7, 2019	3.70-5.25	5.05
November 8, 2019	3.70-5.25	5.02
November 11, 2019	3.70-5.25	5.06
November 13, 2019	3.70-5.25	5.09
November 14, 2019	3.70-5.35	5.06
November 15, 2019	3.70-5.35	5.07

Note: Includes Notice Money.

No. 27: Certificates of Deposit

Item	2018	2019			
	Oct. 26	Sep. 13	Sep. 27	Oct. 11	Oct. 25
	1	2	3	4	5
1 Amount Outstanding (₹Crore)	154067.75	168671.00	188101.00	181011.00	171396.00
1.1 Issued during the fortnight (₹ Crore)	10241.76	6149.62	25997.21	3073.99	4406.72
2 Rate of Interest (per cent)	6.98-8.45	5.33-6.65	5.30-6.76	5.31-6.35	5.33-7.28

No. 28: Commercial Paper

Item	2018	2019			
	Oct. 31	Sep. 15	Sep. 30	Oct. 15	Oct. 31
	1	2	3	4	5
1 Amount Outstanding (₹ Crore)	587688.66	506326.90	459742.10	486121.25	462308.75
1.1 Reported during the fortnight (₹ Crore)	94931.15	71069.70	94892.90	106083.50	80459.45
2 Rate of Interest (per cent)	6.87-10.38	5.29-9.93	5.30-11.99	5.19-13.22	5.03-14.08

No. 29: Average Daily Turnover in Select Financial Markets

(₹ Crore)

Item	2018-19	2018	2019					
		Oct. 19	Sep. 20	Sep. 27	Oct. 4	Oct. 11	Oct. 18	Oct. 25
	1	2	3	4	5	6	7	8
1 Call Money	31280	31169	32753	34535	20121	24812	22434	19676
2 Notice Money	4930	9944	7702	662	6385	383	5169	995
3 Term Money	740	419	591	660	1357	545	855	771
4 CBLO/TRIPARTY REPO	213010	309711	310190	250695	317322	279729	349002	271001
5 Market Repo	200970	288325	246359	167207	236125	175746	242956	194202
6 Repo in Corporate Bond		1887	1191	871	251	180	80	40
7 Forex (US $ million)	67793	60502	71264	82200	82120	64144	62360	61785
8 Govt. of India Dated Securities	65800	61720	91751	97160	89725	78755	76575	41074
9 State Govt. Securities	4320	3148	3832	8198	3469	4411	5660	3699
10 Treasury Bills								
10.1 91-Day	3380	1730	3746	9037	4001	5139	4293	4462
10.2 182-Day	1450	1733	2272	3621	4097	5912	4400	1391
10.3 364-Day	1620	2052	5772	6024	6240	4573	2162	3580
10.4 Cash Management Bills	1400	2428						
11 Total Govt. Securities (8+9+10)	77970	72813	107373	124040	107530	98790	93089	54206
11.1 RBI	–	3010	161	355	152	148	2	128

Note : Collateralised Borrowing and Lending Obligation (CBLO) segment of the money market has been discontinued and replaced with Triparty Repo with effect from November 05, 2018.

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

(Amount in ₹ Crore)

Security & Type of Issue	2018-19		2018-19 (Apr.-Oct.)		2019-20 (Apr.-Oct.) *		Oct. 2018		Oct. 2019 *	
	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	**129**	**16754**	**97**	**13700**	**49**	**59508**	**14**	**182**	**6**	**333**
1A Premium	124	16083	95	13270	48	37975	14	137	5	283
1.1 Public	119	14606	93	12572	38	8087	14	182	4	98
1.1.1 Premium	115	14123	91	12221	37	7936	14	137	3	78
1.2 Rights	10	2149	4	1128	11	51420	–	–	2	235
1.2.1 Premium	9	1962	4	1049	11	30038	–	–	2	205
2 Preference Shares	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2.1 Public	–	–	–	–	–	–	–	–	–	–
2.2 Rights	–	–	–	–	–	–	–	–	–	–
3 Bonds & Debentures	**25**	**36680**	**13**	**28040**	**23**	**8766**	**2**	**707**	**3**	**973**
3.1 Convertible	–	–	–	–	–	–	–	–	–	–
3.1.1 Public	–	–	–	–	–	–	–	–	–	–
3.1.2 Rights	–	–	–	–	–	–	–	–	–	–
3.2 Non-Convertible	25	36680	13	28040	23	8766	2	707	3	973
3.2.1 Public	25	36680	13	28040	23	8766	2	707	3	973
3.2.2 Rights	–	–	–	–	–	–	–	–	–	–
4 Total(1+2+3)	**154**	**53434**	**110**	**41740**	**72**	**68274**	**16**	**889**	**9**	**1306**
4.1 Public	144	51284	106	40611	61	16854	16	889	7	1071
4.2 Rights	10	2149	4	1128	11	51420	–	–	2	235

Note : Since April 2018, monthly data is compiled on the basis of closing date of issues as against the earlier practice of compilation on the basis of opening date.

Source : Securities and Exchange Board of India.

* : Data is Provisional

External Sector

No. 31: Foreign Trade

Item	Unit	2018-19	2018	2019				
			Oct.	Jun.	Jul.	Aug.	Sep.	Oct.
		1	2	3	4	5	6	7
1 Exports	₹ Crore	2307726	196406	173714	180561	185650	186250	187382
	US $ Million	330078	26674	25017	26241	26094	26110	26377
1.1 Oil	₹ Crore	325929	31254	18298	23992	23494	25100	25750
	US $ Million	46554	4245	2635	3487	3302	3519	3625
1.2 Non-oil	₹ Crore	1981797	165152	155416	156570	162156	161149	161632
	US $ Million	283525	22429	22382	22754	22792	22591	22752
2 Imports	₹ Crore	3585672	328974	284294	273909	281446	263203	265628
	US $ Million	514078	44678	40942	39808	39559	36897	37392
2.1 Oil	₹ Crore	986275	103865	77184	66350	77381	64054	68400
	US $ Million	140921	14106	11115	9643	10876	8979	9628
2.2 Non-oil	₹ Crore	2599397	225109	207110	207559	204066	199149	197228
	US $ Million	373158	30572	29826	30165	28683	27918	27763
3 Trade Balance	₹ Crore	-1277945	-132567	-110580	-93348	-95796	-76953	-78246
	US $ Million	-184000	-18004	-15925	-13566	-13465	-10788	-11014
3.1 Oil	₹ Crore	-660346	-72611	-58886	-42359	-53887	-38954	-42650
	US $ Million	-94367	-9861	-8480	-6156	-7574	-5461	-6004
3.2 Non-oil	₹ Crore	-617599	-59956	-51695	-50989	-41909	-38000	-35596
	US $ Million	-89633	-8143	-7445	-7410	-5891	-5327	-5011

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

No. 32: Foreign Exchange Reserves

Item	Unit	2018	2019					
		Nov. 23	Oct. 18	Oct. 25	Nov. 1	Nov. 8	Nov. 15	Nov. 22
		1	2	3	4	5	6	7
1 Total Reserves	**₹ Crore**	**2801520**	**3137627**	**3139068**	**3161242**	**3189825**	**3219968**	**3219474**
	US $ Million	**392785**	**440751**	**442583**	**446098**	**447808**	**448249**	**448596**
1.1 Foreign Currency Assets	₹ Crore	2617070	2910248	2911171	2931325	2962020	2991738	2990717
	US $ Million	367700	408811	410453	413654	415828	416472	416725
1.2 Gold	₹ Crore	155360	191215	191868	193835	191683	191868	192307
	US $ Million	20998	26861	27052	27353	26910	26709	26796
1.3 SDRs	SDRs Million	1052	1046	1046	1046	1046	1046	1046
	₹ Crore	10370	10250	10219	10228	10256	10309	10333
	US $ Million	1457	1440	1441	1443	1440	1435	1440
1.4 Reserve Tranche Position in IMF	₹ Crore	18720	25914	25810	25855	25866	26053	26118
	US $ Million	2630	3640	3637	3648	3630	3633	3635

*** Difference,if any, is due to rounding off.**

No. 33: NRI Deposits

(US$ Million)

Scheme	Outstanding				Flows	
	2018-19	2018	2019		2018-19	2019-20
		Oct.	Sep.	Oct.	Apr.-Oct.	Apr.-Oct.
	1	2	3	4	5	6
1 NRI Deposits	**130,423**	**121,532**	**132,894**	**133,720**	**7,573**	**6,045**
1.1 FCNR(B)	23,170	22,163	24,500	24,710	137	1,540
1.2 NR(E)RA	92,017	85,573	92,552	93,045	6,087	3,376
1.3 NRO	15,236	13,796	15,842	15,965	1,349	1,128

No. 34: Foreign Investment Inflows

(US$ Million)

Item	2018-19	2018-19	2019-20	2018	2019	
		Apr.-Oct.	Apr.-Oct.	Oct.	Sep.	Oct.
	1	2	3	4	5	6
1.1 Net Foreign Direct Investment (1.1.1–1.1.2)	**30712**	**20103**	**23350**	**3120**	**1931**	**2155**
1.1.1 Direct Investment to India (1.1.1.1–1. 1.1.2)	**43302**	**27691**	**29623**	**4544**	**2550**	**3027**
1.1.1.1 Gross Inflows/Gross Investments	**62001**	**37293**	**40127**	**6257**	**4475**	**4952**
1.1.1.1.1 Equity	45055	27752	29696	4756	2797	3269
1.1.1.1.1.1 Government (SIA/FIPB)	2429	1822	2925	72	55	61
1.1.1.1.1.2 RBI	36315	22178	22604	3918	2150	2496
1.1.1.1.1.3 Acquisition of shares	5622	3363	3778	709	536	654
1.1.1.1.1.4 Equity capital of unincorporated bodies	689	389	389	58	56	58
1.1.1.1.2 Reinvested earnings	13672	7722	7687	1150	1115	1150
1.1.1.1.3 Other capital	3274	1820	2744	351	564	533
1.1.1.2 Repatriation/Disinvestment	**18699**	**9602**	**10504**	**1713**	**1925**	**1925**
1.1.1.2.1 Equity	18452	9415	10457	1700	1918	1918
1.1.1.2.2 Other capital	247	186	46	13	7	7
1.1.2 Foreign Direct Investment by India (1.1.2.1+1.1.2.2+1.1.2.3–1.1.2.4)	**12590**	**7588**	**6274**	**1424**	**619**	**872**
1.1.2.1 Equity capital	7201	4496	3601	794	439	896
1.1.2.2 Reinvested Earnings	3032	1769	1781	253	253	253
1.1.2.3 Other Capital	5202	2558	2724	585	565	361
1.1.2.4 Repatriation/Disinvestment	2845	1235	1832	208	638	638
1.2 Net Portfolio Investment (1.2.1+1.2.2+1.2.3–1.2.4)	**-618**	**-11701**	**4980**	**-3758**	**-56**	**2040**
1.2.1 GDRs/ADRs	1820	1820	–	–	–	–
1.2.2 FIIs	-2225	-15289	7311	-3783	684	2780
1.2.3 Offshore funds and others	–	–	–	–	–	–
1.2.4 Portfolio investment by India	213	-1768	2332	-26	740	740
1 Foreign Investment Inflows	**30094**	**8402**	**28329**	**-637**	**1875**	**4195**

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

(US$ Million)

Item	2018-19	2018	2019		
		Oct.	Aug.	Sep.	Oct.
	1	2	3	4	5
1 Outward Remittances under the LRS	**13,787.6**	**1,093.6**	**1,875.8**	**1,592.4**	**1,523.8**
1.1 Deposit	455.9	29.7	33.7	46.9	39.6
1.2 Purchase of immovable property	84.5	9.0	6.8	7.4	8.7
1.3 Investment in equity/debt	422.9	29.7	25.5	34.7	38.8
1.4 Gift	1,370.2	90.9	177.2	129.3	148.4
1.5 Donations	8.7	0.3	10.3	1.6	0.7
1.6 Travel	4,803.8	373.8	784.7	642.9	579.0
1.7 Maintenance of close relatives	2,800.9	192.9	281.6	242.8	256.8
1.8 Medical Treatment	28.6	2.6	2.7	2.2	3.2
1.9 Studies Abroad	3,569.9	344.0	531.2	467.2	432.7
1.10 Others	242.2	20.8	22.2	17.4	16.1

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

Item	2017-18	2018-19	2018	2019	
			November	October	November
	1	2	3	4	5
36-Currency Export and Trade Based Weights (Base: 2004-05=100)					
1 Trade-Based Weights					
1.1 NEER	76.94	72.64	71.64	73.23	72.54
1.2 REER	119.71	114.01	113.05	116.78	115.68
2 Export-Based Weights					
2.1 NEER	78.89	74.18	72.97	74.50	73.84
2.2 REER	121.94	116.32	115.05	119.11	118.05
6-Currency Trade Based Weights					
1 Base: 2004-05 (April-March) =100					
1.1 NEER	67.91	63.07	62.40	63.90	63.28
1.2 REER	129.19	121.70	121.25	126.70	125.96
2 Base: 2017-18 (April-March) =100					
2.1 NEER	100.00	92.88	91.89	94.10	93.18
2.2 REER	100.00	94.20	93.86	98.07	97.50

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

(Amount in US$ Million)

Item	2018-19	2018	2019	
		Oct.	Sep.	Oct.
	1	2	3	4
1 Automatic Route				
1.1 Number	999	79	118	100
1.2 Amount	28,387	1,402	4,139	2,877
2 Approval Route				
2.1 Number	21	1	1	2
2.2 Amount	13,537	9	750	538
3 Total (1+2)				
3.1 Number	1,020	80	119	102
3.2 Amount	41,924	1,411	4,889	3,415
4 Weighted Average Maturity (in years)	5.20	7.00	6.10	5.30
5 Interest Rate (per cent)				
5.1 Weighted Average Margin over 6-month LIBOR or reference rate for Floating Rate Loans	1.20	1.53	1.17	1.46
5.2 Interest rate range for Fixed Rate Loans	0.00-15.00	0.20-11.50	0.00-11.30	0.00-10.50

No. 38: India's Overall Balance of Payments

(US $ Million)

Item	Apr-Jun 2018			Apr-Jun 2019 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
Overall Balance of Payments(1+2+3)	**286992**	**298331**	**-11338**	**302166**	**288182**	**13984**
1 CURRENT ACCOUNT (1.1+ 1.2)	**155749**	**171552**	**-15803**	**160686**	**175031**	**-14345**
1.1 MERCHANDISE	**83389**	**129140**	**-45751**	**82729**	**128941**	**-46212**
1.2 INVISIBLES (1.2.1+1.2.2+1.2.3)	**72360**	**42413**	**29947**	**77957**	**46091**	**31867**
1.2.1 Services	48200	29524	18676	52197	32166	20031
1.2.1.1 Travel	6448	5914	534	6950	6203	747
1.2.1.2 Transportation	4863	4776	87	5344	6104	-760
1.2.1.3 Insurance	606	373	233	588	409	179
1.2.1.4 G.n.i.e.	170	278	-108	151	307	-155
1.2.1.5 Miscellaneous	36114	18183	17930	39164	19143	20021
1.2.1.5.1 Software Services	20121	1516	18605	22811	1812	20998
1.2.1.5.2 Business Services	9436	9479	-43	11475	11715	-239
1.2.1.5.3 Financial Services	1111	744	367	1287	519	769
1.2.1.5.4 Communication Services	522	232	290	700	284	415
1.2.2 Transfers	18803	1772	17031	19963	2012	17951
1.2.2.1 Official	41	225	-184	35	307	-272
1.2.2.2 Private	18763	1547	17216	19928	1705	18224
1.2.3 Income	5356	11117	-5760	5797	11913	-6116
1.2.3.1 Investment Income	4213	10514	-6301	4446	11274	-6829
1.2.3.2 Compensation of Employees	1144	603	541	1352	639	713
2 CAPITAL ACCOUNT (2.1+2.2+2.3+2.4+2.5)	**131243**	**126456**	**4787**	**141032**	**113150**	**27882**
2.1 Foreign Investment (2.1.1+2.1.2)	**77688**	**76261**	**1427**	**88393**	**69659**	**18734**
2.1.1 Foreign Direct Investment	17235	7663	9573	21215	7323	13891
2.1.1.1 In India	16960	3834	13126	20830	3976	16854
2.1.1.1.1 Equity	12914	3821	9093	16492	3957	12535
2.1.1.1.2 Reinvested Earnings	3228		3228	3193		3193
2.1.1.1.3 Other Capital	817	12	805	1145	19	1126
2.1.1.2 Abroad	276	3829	-3554	384	3347	-2963
2.1.1.2.1 Equity	276	2326	-2050	384	1336	-952
2.1.1.2.2 Reinvested Earnings	0	758	-758	0	770	-770
2.1.1.2.3 Other Capital	0	745	-745	0	1241	-1241
2.1.2 Portfolio Investment	60453	68598	-8145	67178	62335	4843
2.1.2.1 In India	59138	68244	-9106	67073	61916	5156
2.1.2.1.1 FIIs	59138	68244	-9106	67073	61916	5156
2.1.2.1.1.1 Equity	49357	52107	-2749	50491	47378	3112
2.1.2.1.1.2 Debt	9781	16137	-6356	16582	14538	2044
2.1.2.1.2 ADR/GDRs	0	0	0	0	0	0
2.1.2.2 Abroad	1315	354	961	105	419	-314
2.2 Loans (2.2.1+2.2.2+2.2.3)	**18774**	**23046**	**-4272**	**22450**	**12597**	**9853**
2.2.1 External Assistance	1876	1350	526	3021	1551	1470
2.2.1.1 By India	12	31	-19	5	30	-25
2.2.1.2 To India	1864	1319	545	3016	1521	1495
2.2.2 Commercial Borrowings	4749	6057	-1308	10001	3608	6393
2.2.2.1 By India	1718	1519	199	881	742	140
2.2.2.2 To India	3031	4538	-1507	9119	2866	6253
2.2.3 Short Term to India	12149	15639	-3490	9428	7438	1990
2.2.3.1 Buyers' credit & Suppliers' Credit >180 days	5613	15639	-10026	8028	7438	590
2.2.3.2 Suppliers' Credit up to 180 days	6536	0	6536	1400	0	1400
2.3 Banking Capital (2.3.1+2.3.2)	**28806**	**18745**	**10061**	**16877**	**20761**	**-3884**
2.3.1 Commercial Banks	28806	18231	10575	16877	20378	-3501
2.3.1.1 Assets	11158	5690	5468	5503	10076	-4573
2.3.1.2 Liabilities	17648	12541	5106	11375	10302	1072
2.3.1.2.1 Non-Resident Deposits	15578	12067	3512	10780	8026	2754
2.3.2 Others	0	513	-513	0	383	-383
2.4 Rupee Debt Service	0	23	-23	0	60	-60
2.5 Other Capital	5975	8381	-2406	13312	10073	3239
3 Errors & Omissions		**322**	**-322**	**447**	**0**	**447**
4 Monetary Movements (4.1+ 4.2)	**11338**	**0**	**11338**	**0**	**13984**	**-13984**
4.1 I.M.F.	0	0	0	0	0	0
4.2 Foreign Exchange Reserves (Increase - / Decrease +)	11338	0	11338		13984	-13984

Note : P : Preliminary

No. 39: India's Overall Balance of Payments

(₹ Crore)

Item	Apr-Jun 2018 Credit	Apr-Jun 2018 Debit	Apr-Jun 2018 Net	Apr-Jun 2019 (P) Credit	Apr-Jun 2019 (P) Debit	Apr-Jun 2019 (P) Net
	1	2	3	4	5	6
Overall Balance of Payments(1+2+3)	**1922549**	**1998504**	**-75956**	**2101454**	**2004201**	**97254**
1 CURRENT ACCOUNT (1.1+ 1.2)	**1043356**	**1149222**	**-105867**	**1117517**	**1217281**	**-99764**
1.1 MERCHANDISE	**558619**	**865100**	**-306482**	**575351**	**896736**	**-321385**
1.2 INVISIBLES (1.2.1+1.2.2+1.2.3)	**484737**	**284122**	**200615**	**542166**	**320545**	**221621**
1.2.1 Services	322893	197782	125111	363010	223703	139307
1.2.1.1 Travel	43194	39615	3579	48335	43139	5196
1.2.1.2 Transportation	32574	31994	581	37162	42451	-5289
1.2.1.3 Insurance	4060	2497	1563	4089	2846	1243
1.2.1.4 G.n.i.e.	1138	1865	-727	1052	2133	-1081
1.2.1.5 Miscellaneous	241926	121810	120116	272372	133133	139238
1.2.1.5.1 Software Services	134790	10153	124636	158640	12604	146036
1.2.1.5.2 Business Services	63210	63496	-286	79808	81470	-1663
1.2.1.5.3 Financial Services	7446	4986	2460	8953	3608	5346
1.2.1.5.4 Communication Services	3496	1556	1940	4865	1976	2889
1.2.2 Transfers	125962	11871	114092	138837	13991	124846
1.2.2.1 Official	273	1508	-1235	242	2136	-1894
1.2.2.2 Private	125689	10363	115326	138595	11855	126740
1.2.3 Income	35882	74470	-38588	40319	82851	-42532
1.2.3.1 Investment Income	28220	70433	-42213	30918	78408	-47490
1.2.3.2 Compensation of Employees	7662	4037	3625	9401	4443	4958
2 CAPITAL ACCOUNT (2.1+2.2+2.3+2.4+2.5)	**879193**	**847122**	**32071**	**980828**	**786920**	**193908**
2.1 Foreign Investment (2.1.1+2.1.2)	520428	510868	9561	614739	484452	130287
2.1.1 Foreign Direct Investment	115458	51333	64126	147540	50932	96608
2.1.1.1 In India	113612	25681	87931	144867	27655	117212
2.1.1.1.1 Equity	86514	25598	60915	114698	27522	87176
2.1.1.1.2 Reinvested Earnings	21623	0	21623	22208	0	22208
2.1.1.1.3 Other Capital	5475	83	5392	7961	133	7828
2.1.1.2 Abroad	1847	25652	-23805	2673	23277	-20604
2.1.1.2.1 Equity	1847	15580	-13734	2673	9291	-6618
2.1.1.2.2 Reinvested Earnings	0	5078	-5078	0	5357	-5357
2.1.1.2.3 Other Capital	0	4993	-4993	0	8628	-8628
2.1.2 Portfolio Investment	404970	459535	-54565	467199	433520	33679
2.1.2.1 In India	396161	457162	-61000	466467	430607	35860
2.1.2.1.1 FIIs	396161	457162	-61000	466467	430607	35860
2.1.2.1.1.1 Equity	330642	349060	-18419	351144	329501	21644
2.1.2.1.1.2 Debt	65520	108102	-42582	115323	101107	14216
2.1.2.1.2 ADR/GDRs	0	0	0	0	0	0
2.1.2.2 Abroad	8809	2374	6435	732	2913	-2181
2.2 Loans (2.2.1+2.2.2+2.2.3)	**125766**	**154384**	**-28619**	**156133**	**87608**	**68525**
2.2.1 External Assistance	12567	9043	3524	21010	10790	10221
2.2.1.1 By India	81	209	-128	36	211	-174
2.2.1.2 To India	12486	8834	3652	20974	10579	10395
2.2.2 Commercial Borrowings	31814	40576	-8762	69552	25089	44463
2.2.2.1 By India	11511	10176	1335	6131	5157	974
2.2.2.2 To India	20303	30400	-10097	63421	19932	43489
2.2.3 Short Term to India	81385	104766	-23381	65571	51730	13841
2.2.3.1 Buyers' credit & Suppliers' Credit >180 days	37600	104766	-67165	55835	51730	4105
2.2.3.2 Suppliers' Credit up to 180 days	43784	0	43784	9737	0	9737
2.3 Banking Capital (2.3.1+2.3.2)	**192971**	**125569**	**67401**	**117376**	**144387**	**-27011**
2.3.1 Commercial Banks	192971	122132	70839	117376	141724	-24348
2.3.1.1 Assets	74749	38118	36631	38270	70077	-31806
2.3.1.2 Liabilities	118221	84013	34208	79106	71648	7458
2.3.1.2.1 Non-Resident Deposits	104358	80835	23523	74973	55820	19153
2.3.2 Others	0	3438	-3438	0	2662	-2662
2.4 Rupee Debt Service	0	154	-154	0	418	-418
2.5 Other Capital	40028	56146	-16118	92580	70054	22525
3 Errors & Omissions	0	**2160**	**-2160**	**3109**	0	**3109**
4 Monetary Movements (4.1+ 4.2)	**75956**	0	**75956**	0	**97254**	**-97254**
4.1 I.M.F.	0	0	0	0	0	0
4.2 Foreign Exchange Reserves (Increase - / Decrease +)	75956	0	75956	0	97254	-97254

Note : P: Preliminary

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

(US $ Million)

Item	Apr-Jun 2018			Apr-Jun 2019 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
1 Current Account (1.A+1.B+1.C)	**155748**	**171530**	**-15782**	**160686**	**175002**	**-14316**
1.A Goods and Services (1.A.a+1.A.b)	**131589**	**158664**	**-27074**	**134926**	**161107**	**-26181**
1.A.a Goods (1.A.a.1 to 1.A.a.3)	**83389**	**129140**	**-45751**	**82729**	**128941**	**-46212**
1.A.a.1 General merchandise on a BOP basis	84567	120697	-36129	82205	117492	-35287
1.A.a.2 Net exports of goods under merchanting	-1178	0	-1178	524	0	524
1.A.a.3 Nonmonetary gold		8443	-8443		11449	-11449
1.A.b Services (1.A.b.1 to 1.A.b.13)	**48200**	**29524**	**18676**	**52197**	**32166**	**20031**
1.A.b.1 Manufacturing services on physical inputs owned by others	25	10	15	33	18	14
1.A.b.2 Maintenance and repair services n.i.e.	40	207	-167	45	413	-368
1.A.b.3 Transport	4863	4776	87	5344	6104	-760
1.A.b.4 Travel	6448	5914	534	6950	6203	747
1.A.b.5 Construction	1010	649	361	754	754	0
1.A.b.6 Insurance and pension services	606	373	233	588	409	179
1.A.b.7 Financial services	1111	744	367	1287	519	769
1.A.b.8 Charges for the use of intellectual property n.i.e.	228	2087	-1859	319	2091	-1771
1.A.b.9 Telecommunications, computer, and information services	20746	1882	18864	23604	2207	21397
1.A.b.10 Other business services	9436	9479	-43	11475	11715	-239
1.A.b.11 Personal, cultural, and recreational services	496	565	-69	532	631	-99
1.A.b.12 Government goods and services n.i.e.	170	278	-108	151	307	-155
1.A.b.13 Others n.i.e.	3021	2561	461	1114	796	318
1.B Primary Income (1.B.1 to 1.B.3)	**5356**	**11117**	**-5760**	**5797**	**11913**	**-6116**
1.B.1 Compensation of employees	1144	603	541	1352	639	713
1.B.2 Investment income	3563	10337	-6774	3230	11074	-7844
1.B.2.1 Direct investment	1789	4391	-2602	1590	4634	-3044
1.B.2.2 Portfolio investment	34	2361	-2326	46	2503	-2457
1.B.2.3 Other investment	210	3574	-3363	163	3922	-3758
1.B.2.4 Reserve assets	1530	12	1518	1431	15	1415
1.B.3 Other primary income	650	177	472	1216	200	1016
1.C Secondary Income (1.C.1+1.C.2)	**18803**	**1750**	**17053**	**19963**	**1982**	**17981**
1.C.1 Financial corporations, nonfinancial corporations, households, and NPISHs	18763	1547	17216	19928	1705	18224
1.C.1.1 Personal transfers (Current transfers between resident and non-resident households)	18172	1141	17031	19303	1217	18086
1.C.1.2 Other current transfers	591	406	184	625	487	138
1.C.2 General government	40	203	-163	34	278	-243
2 Capital Account (2.1+2.2)	**111**	**94**	**17**	**87**	**910**	**-824**
2.1 Gross acquisitions (DR.)/disposals (CR.) of non-produced nonfinancial assets	66	16	51	11	824	-813
2.2 Capital transfers	45	78	-33	76	86	-10
3 Financial Account (3.1 to 3.5)	**142471**	**126384**	**16087**	**140946**	**126253**	**14692**
3.1 Direct Investment (3.1A+3.1B)	**17235**	**7663**	**9573**	**21215**	**7323**	**13891**
3.1.A Direct Investment in India	16960	3834	13126	20830	3976	16854
3.1.A.1 Equity and investment fund shares	16142	3821	12321	19685	3957	15728
3.1.A.1.1 Equity other than reinvestment of earnings	12914	3821	9093	16492	3957	12535
3.1.A.1.2 Reinvestment of earnings	3228		3228	3193		3193
3.1.A.2 Debt instruments	817	12	805	1145	19	1126
3.1.A.2.1 Direct investor in direct investment enterprises	817	12	805	1145	19	1126
3.1.B Direct Investment by India	276	3829	-3554	384	3347	-2963
3.1.B.1 Equity and investment fund shares	276	3084	-2808	384	2106	-1722
3.1.B.1.1 Equity other than reinvestment of earnings	276	2326	-2050	384	1336	-952
3.1.B.1.2 Reinvestment of earnings		758	-758		770	-770
3.1.B.2 Debt instruments	0	745	-745	0	1241	-1241
3.1.B.2.1 Direct investor in direct investment enterprises		745	-745		1241	-1241
3.2 Portfolio Investment	**60453**	**68598**	**-8145**	**67178**	**62335**	**4843**
3.2.A Portfolio Investment in India	59138	68244	-9106	67073	61916	5156
3.2.1 Equity and investment fund shares	49357	52107	-2749	50491	47378	3112
3.2.2 Debt securities	9781	16137	-6356	16582	14538	2044
3.2.B Portfolio Investment by India	1315	354	961	105	419	-314
3.3 Financial derivatives (other than reserves) and employee stock options	**3631**	**5113**	**-1482**	**6703**	**5182**	**1521**
3.4 Other investment	**49813**	**45010**	**4803**	**45850**	**37429**	**8421**
3.4.1 Other equity (ADRs/GDRs)	0	0	0	0	0	0
3.4.2 Currency and deposits	15578	12580	2998	10780	8409	2371
3.4.2.1 Central bank (Rupee Debt Movements; NRG)	0	513	-513	0	383	-383
3.4.2.2 Deposit-taking corporations, except the central bank (NRI Deposits)	15578	12067	3512	10780	8026	2754
3.4.2.3 General government						
3.4.2.4 Other sectors						
3.4.3 Loans (External Assistance, ECBs and Banking Capital)	19853	13572	6281	19119	17511	1608
3.4.3.A Loans to India	18122	12021	6101	18232	16739	1493
3.4.3.B Loans by India	1730	1550	180	887	772	115
3.4.4 Insurance, pension, and standardized guarantee schemes	102	635	-533	46	176	-131
3.4.5 Trade credit and advances	12149	15639	-3490	9428	7438	1990
3.4.6 Other accounts receivable/payable - other	2132	2585	-453	6477	3894	2582
3.4.7 Special drawing rights						
3.5 Reserve assets	**11338**	0	**11338**	0	**13984**	**-13984**
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)	11338	0	11338	0	13984	-13984
4 Total assets/liabilities	**142471**	**126384**	**16087**	**140946**	**126253**	**14692**
4.1 Equity and investment fund shares	70823	65114	5709	77415	59219	18196
4.2 Debt instruments	58178	58685	-507	57054	49156	7898
4.3 Other financial assets and liabilities	13470	2585	10885	6477	17878	-11402
5 Net errors and omissions		**322**	**-322**	**447**		**447**

Note : P : Preliminary

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

(₹ Crore)

Item	Apr-Jun 2018			Apr-Jun 2019 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
1 Current Account (1.A+1.B+1.C)	**1043352**	**1149073**	**-105721**	**1117515**	**1217075**	**-99561**
1.A Goods and Services (1.A.a+1.A.b)	**881511**	**1062882**	**-181371**	**938361**	**1120439**	**-182078**
1.A.a Goods (1.A.a.1 to 1.A.a.3)	**558619**	**865100**	**-306482**	**575351**	**896736**	**-321385**
1.A.a.1 General merchandise on a BOP basis	566511	808541	-242030	571705	817114	-245409
1.A.a.2 Net exports of goods under merchanting	-7893	0	-7893	3646	0	3646
1.A.a.3 Nonmonetary gold	0	56559	-56559	0	79622	-79622
1.A.b Services (1.A.b.1 to 1.A.b.13)	**322893**	**197782**	**125111**	**363010**	**223703**	**139307**
1.A.b.1 Manufacturing services on physical inputs owned by others	165	67	98	227	127	100
1.A.b.2 Maintenance and repair services n.i.e.	270	1385	-1116	312	2872	-2560
1.A.b.3 Transport	32574	31994	581	37162	42451	-5289
1.A.b.4 Travel	43194	39616	3579	48335	43139	5196
1.A.b.5 Construction	6767	4346	2421	5245	5244	1
1.A.b.6 Insurance and pension services	4060	2497	1563	4089	2846	1243
1.A.b.7 Financial services	7446	4986	2460	8953	3608	5346
1.A.b.8 Charges for the use of intellectual property n.i.e.	1528	13981	-12453	2221	14539	-12318
1.A.b.9 Telecommunications, computer, and information services	138980	12609	126370	164159	15349	148809
1.A.b.10 Other business services	63210	63496	-286	79808	81470	-1663
1.A.b.11 Personal, cultural, and recreational services	3322	3786	-465	3700	4390	-690
1.A.b.12 Government goods and services n.i.e.	1138	1865	-727	1052	2133	-1081
1.A.b.13 Others n.i.e.	20239	17153	3086	7746	5534	2213
1.B Primary Income (1.B.1 to 1.B.3)	**35882**	**74470**	**-38588**	**40319**	**82851**	**-42532**
1.B.1 Compensation of employees	7662	4037	3625	9401	4443	4958
1.B.2 Investment income	23869	69247	-45378	22464	77019	-54555
1.B.2.1 Direct investment	11985	29417	-17433	11059	32231	-21172
1.B.2.2 Portfolio investment	229	15813	-15585	321	17407	-17086
1.B.2.3 Other investment	1408	23939	-22531	1136	27274	-26138
1.B.2.4 Reserve assets	10248	78	10170	9949	107	9842
1.B.3 Other primary income	4351	1186	3165	8454	1389	7065
1.C Secondary Income (1.C.1+1.C.2)	**125959**	**11722**	**114237**	**138835**	**13785**	**125049**
1.C.1 Financial corporations, nonfinancial corporations, households, and NPISHs	125689	10363	115326	138595	11855	126740
1.C.1.1 Personal transfers (Current transfers between resident and non-resident households)	121733	7642	114090	134248	8465	125782
1.C.1.2 Other current transfers	3957	2721	1236	4347	3390	957
1.C.2 General government	270	1359	-1089	239	1930	-1691
2 Capital Account (2.1+2.2)	**746**	**629**	**117**	**603**	**6331**	**-5728**
2.1 Gross acquisitions (DR.)/disposals (CR.) of non-produced nonfinancial assets	444	104	340	76	5731	-5655
2.2 Capital transfers	302	525	-224	527	600	-72
3 Financial Account (3.1 to 3.5)	**954406**	**846641**	**107765**	**980227**	**878048**	**102179**
3.1 Direct Investment (3.1A+3.1B)	**115458**	**51333**	**64126**	**147540**	**50932**	**96608**
3.1.A Direct Investment in India	113612	25681	87931	144867	27655	117212
3.1.A.1 Equity and investment fund shares	108137	25598	82538	136906	27522	109384
3.1.A.1.1 Equity other than reinvestment of earnings	86514	25598	60915	114698	27522	87176
3.1.A.1.2 Reinvestment of earnings	21623	0	21623	22208	0	22208
3.1.A.2 Debt instruments	5475	83	5392	7961	133	7828
3.1.A.2.1 Direct investor in direct investment enterprises	5475	83	5392	7961	133	7828
3.1.B Direct Investment by India	1847	25652	-23805	2673	23277	-20604
3.1.B.1 Equity and investment fund shares	1847	20659	-18812	2673	14649	-11976
3.1.B.1.1 Equity other than reinvestment of earnings	1847	15580	-13734	2673	9291	-6618
3.1.B.1.2 Reinvestment of earnings	0	5078	-5078	0	5357	-5357
3.1.B.2 Debt instruments	0	4993	-4993	0	8628	-8628
3.1.B.2.1 Direct investor in direct investment enterprises	0	4993	-4993	0	8628	-8628
3.2 Portfolio Investment	**404970**	**459535**	**-54565**	**467199**	**433520**	**33679**
3.2.A Portfolio Investment in India	396161	457162	-61000	466467	430607	35860
3.2.1 Equity and investment fund shares	330642	349060	-18419	351144	329501	21644
3.2.2 Debt securities	65520	108102	-42582	115323	101107	14216
3.2.B Portfolio Investment by India	8809	2374	6435	732	2913	-2181
3.3 Financial derivatives (other than reserves) and employee stock options	**24326**	**34253**	**-9927**	**46618**	**36037**	**10581**
3.4 Other investment	**333696**	**301521**	**32176**	**318871**	**260305**	**58565**
3.4.1 Other equity (ADRs/GDRs)	0	0	0	0	0	0
3.4.2 Currency and deposits	104358	84273	20086	74973	58482	16490
3.4.2.1 Central bank (Rupee Debt Movements; NRG)	0	3438	-3438	0	2662	-2662
3.4.2.2 Deposit-taking corporations, except the central bank (NRI Deposits)	104358	80835	23523	74973	55820	19153
3.4.2.3 General government	0	0	0	0	0	0
3.4.2.4 Other sectors	0	0	0	0	0	0
3.4.3 Loans (External Assistance, ECBs and Banking Capital)	132993	90915	42078	132966	121783	11183
3.4.3.A Loans to India	121401	80531	40870	126799	116416	10383
3.4.3.B Loans by India	11592	10385	1208	6167	5367	799
3.4.4 Insurance, pension, and standardized guarantee schemes	681	4252	-3571	318	1226	-908
3.4.5 Trade credit and advances	81385	104766	-23381	65571	51730	13841
3.4.6 Other accounts receivable/payable - other	14279	17315	-3036	45043	27084	17959
3.4.7 Special drawing rights	0	0	0	0	0	0
3.5 Reserve assets	**75956**	**0**	**75956**	**0**	**97254**	**-97254**
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)	75956	0	75956	0	97254	-97254
4 Total assets/liabilities	**954406**	**846641**	**107765**	**980227**	**878048**	**102179**
4.1 Equity and investment fund shares	474441	436196	38245	538390	411846	126544
4.2 Debt instruments	389731	393130	-3399	396793	341864	54930
4.3 Other financial assets and liabilities	90235	17315	72920	45043	124338	-79295
5 Net errors and omissions	**0**	**2160**	**-2160**	**3109**	**0**	**3109**

Note : P: Preliminary

No. 42: International Investment Position

(US$ Million)

Item	As on Financial Year /Quarter End							
	2018-19		2018		2019			
			Jun.		Mar.		Jun.	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	1	2	3	4	5	6	7	8
1 Direct Investment Abroad/in India	169964	399218	160927	372276	169964	399218	172926	417272
1.1 Equity Capital and Reinvested Earnings	111122	382105	106542	356524	111122	382105	112844	399381
1.2 Other Capital	58841	17113	54385	15752	58841	17113	60082	17891
2 Portfolio Investment	4699	260313	3070	254254	4699	260313	5012	267073
2.1 Equity	590	147479	1941	144433	590	147479	1806	151162
2.2 Debt	4109	112834	1129	109821	4109	112834	3206	115912
3 Other Investment	54538	419296	41343	391991	54538	419296	54511	429581
3.1 Trade Credit	924	105191	1357	99584	924	105191	2140	107224
3.2 Loan	9884	168129	7034	156573	9884	168129	9765	173982
3.3 Currency and Deposits	25158	130644	16294	124506	25158	130644	24169	133846
3.4 Other Assets/Liabilities	18574	15332	16658	11328	18574	15332	18437	14529
4 Reserves	412871		405740		412871		429837	
5 Total Assets/ Liabilities	642072	1078827	611079	1018521	642072	1078827	662287	1113926
6 IIP (Assets - Liabilities)		-436755		-407441		-436755		-451640

Payment and Settlement Systems

No. 43: Payment System Indicators

System	Volume (Lakh)				Value (₹ Crore)			
	2018-19	2019			2018-19	2019		
		Aug.	Sep.	Oct.		Aug.	Sep.	Oct.
	1	2	3	4	5	6	7	8
1 RTGS	**1366.30**	**118.79**	**114.42**	**128.92**	**171552061**	**14842138**	**14298230**	**13861415**
1.1 Customer Transactions	1332.96	116.56	112.28	126.66	118436812	9829147	9383142	8937536
1.2 Interbank Transactions	33.07	2.21	2.11	2.24	17251375	1694482	1700328	1475446
1.3 Interbank Clearing	0.267	0.024	0.023	0.024	35863874	3318509	3214761	3448433
2 CCIL Operated Systems	**36.17**	**3.34**	**2.83**	**2.60**	**116551038**	**10510799**	**10186796**	**10134698**
2.1 CBLO	1.30	–	–	–	18140463	–	–	–
2.2 Govt. Securities Clearing	11.11	1.30	1.01	0.90	50931587	6471125	5929702	6266764
2.2.1 Outright	8.06	0.93	0.67	0.53	9355007	1292195	952087	777816
2.2.2 Repo	2.162	0.186	0.179	0.185	27124989	2162777	2075682	2220319
2.2.3 Tri-party Repo	0.89	0.18	0.17	0.18	14451590	3016154	2901933	3268630
2.3 Forex Clearing	23.76	2.05	1.82	1.71	47478988	4039674	4257094	3867933
3 Paper Clearing	**11237.61**	**878.22**	**828.04**	**898.07**	**8246065**	**637093**	**591754**	**660305**
3.1 Cheque Truncation System (CTS)	11116.69	875.55	826.55	896.75	8153592	635055	590478	659144
3.2 MICR Clearing	–	–	–	–	–	–	–	–
3.2.1 RBI Centres	–	–	–	–	–	–	–	–
3.2.2 Other Centres	–	–	–	–	–	–	–	–
3.3 Non-MICR Clearing	120.92	2.67	1.50	1.32	92473	2039	1277	1161
4 Retail Electronic Clearing	**71132.65**	**7299.24**	**7091.86**	**8399.57**	**25875581**	**2136863**	**2140501**	**2274223**
4.1 ECS DR	9.26	0.04	0.00	0.00	1260	7	–	–
4.2 ECS CR (includes NECS)	53.57	3.38	0.01	0.00	13235	914	15	–
4.3 EFT/NEFT	23188.87	2212.60	2167.00	2424.00	22793608	1796153	1811781	1860790
4.4 Immediate Payment Service (IMPS)	17529.09	2003.10	2041.60	2369.30	1590257	189113	183747	212660
4.5 National Automated Clearing House (NACH)	30351.84	3080.12	2883.25	3606.27	1477221	150676	144958	200772
5 Cards	**160462.56**	**14240.58**	**13892.43**	**15176.60**	**4512210**	**405536**	**389350**	**457099**
5.1 Credit Cards	17723.61	1804.31	1802.88	2033.79	607946	60011	59845	71517
5.1.1 Usage at ATMs	97.71	8.58	8.18	8.23	4533	410	392	411
5.1.2 Usage at POS	17625.90	1795.73	1794.71	2025.56	603413	59601	59453	71106
5.2 Debit Cards	142738.96	12436.28	12089.55	13142.81	3904264	345525	329505	385582
5.2.1 Usage at ATMs	98596.15	8143.08	7940.22	8592.32	3310789	287448	273786	315432
5.2.2 Usage at POS	44142.81	4293.19	4149.34	4550.49	593475	58078	55718	70150
6 Prepaid Payment Instruments (PPIs)	**46072.29**	**4070.66**	**4033.61**	**4848.26**	**213323**	**18324**	**17835**	**18658**
6.1 m-Wallet	41412.86	3491.18	3402.11	3393.25	183295	15462	14675	15109
6.2 PPI Cards	4658.88	579.49	631.50	1455.01	29941	2861	3161	3549
6.3 Paper Vouchers	0.54	0.00	0.00	0.00	87	–	–	–
7 Mobile Banking	**62003.19**	**10157.79**	**11076.39**	**12525.39**	**2958407**	**328043**	**470168**	**532731**
8 Cards Outstanding	**9529.02**	**8778.96**	**8881.84**	**8969.81**	–	–	–	–
8.1 Credit Card	470.89	517.65	525.90	533.59	–	–	–	–
8.2 Debit Card	9058.13	8261.30	8355.94	8436.22	–	–	–	–
9 Number of ATMs (in actuals)	**221703**	**228170**	**227886**	**229374**	–	–	–	–
10 Number of POS (in actuals)	**3722229**	**4409250**	**4589727**	**4825074**	–	–	–	–
11 Grand Total (1.1+1.2+2+3+4+5+6)	**290307.30**	**26610.82**	**25963.18**	**29454.00**	**291086405**	**25232243**	**24409707**	**23957966**

Note : Data for latest 12 month period is provisional.
Mobile Banking - The data from July 2017 includes only individual payments and corporate payments initiated, processed, and authorised using mobile device. Other corporate payments which are not initiated, processed, and authorised using mobile device are excluded.
2.1: With effect from November 05, 2018, CCIL has discontinued CBLO.
2.2.3: Tri-party Repo under the Securities segment has been operationalised from November 05, 2018.

Occasional Series

No. 44: Small Savings

(₹ Crore)

Scheme		2017-18	2018		2019	
			Feb.	Dec.	Jan.	Feb.
		1	2	3	4	5
1 Small Savings	**Receipts**	**72,898.00**	**5,921.00**	**10,415.00**	**8,567.00**	**9,839.00**
	Outstanding	**803,971.00**	**791,997.00**	**880,698.00**	**889,396.00**	**899,191.00**
1.1 Total Deposits	**Receipts**	**58,332.00**	**4,620.00**	**8,579.00**	**6,358.00**	**7,130.00**
	Outstanding	**527,310.00**	**519,772.00**	**593,432.00**	**599,790.00**	**606,920.00**
1.1.1 Post Office Saving Bank Deposits	Receipts	17,145.00	1,511.00	2,915.00	2,318.00	2,360.00
	Outstanding	109,210.00	106,694.00	130,185.00	132,503.00	134,863.00
1.1.2 MGNREG	Receipts	0.00	0.00	0.00	0.00	0.00
	Outstanding	0.00	0.00	0.00	0.00	0.00
1.1.3 National Saving Scheme, 1987	Receipts	–162.00	–19.00	–30.00	–21.00	–19.00
	Outstanding	3,138.00	3,032.00	2,917.00	2,896.00	2,877.00
1.1.4 National Saving Scheme, 1992	Receipts	5.00	–68.00	–1.00	4.00	0.00
	Outstanding	–43.00	–46.00	–12.00	–8.00	–8.00
1.1.5 Monthly Income Scheme	Receipts	1,625.00	527.00	1,036.00	966.00	928.00
	Outstanding	181,691.00	180,801.00	189,759.00	190,725.00	191,653.00
1.1.6 Senior Citizen Scheme 2004	Receipts	12,264.00	1,039.00	1,232.00	1,190.00	1,184.00
	Outstanding	41,718.00	40,590.00	52,072.00	53,262.00	54,446.00
1.1.7 Post Office Time Deposits	Receipts	19,633.00	1,500.00	2,317.00	2,508.00	2,451.00
	Outstanding	99,292.00	97,390.00	116,728.00	119,236.00	121,687.00
1.1.7.1 1 year Time Deposits	Outstanding	59,818.00	59,068.00	67,662.00	68,920.00	70,179.00
1.1.7.2 2 year Time Deposits	Outstanding	4,597.00	4,559.00	5,617.00	5,734.00	5,824.00
1.1.7.3 3 year Time Deposits	Outstanding	6,140.00	6,036.00	6,860.00	6,888.00	6,910.00
1.1.7.4 5 year Time Deposits	Outstanding	28,737.00	27,727.00	36,589.00	37,694.00	38,774.00
1.1.8 Post Office Recurring Deposits	Receipts	7,868.00	130.00	1,110.00	–607.00	215.00
	Outstanding	92,320.00	91,357.00	101,799.00	101,192.00	101,407.00
1.1.9 Post Office Cumulative Time Deposits	Receipts	–45.00	0.00	0.00	0.00	11.00
	Outstanding	–37.00	–68.00	–37.00	–37.00	–26.00
1.1.10 Other Deposits	Receipts	–1.00	0.00	0.00	0.00	0.00
	Outstanding	21.00	22.00	21.00	21.00	21.00
1.2 Saving Certificates	**Receipts**	**7,943.00**	**790.00**	**1,500.00**	**1,623.00**	**1,732.00**
	Outstanding	**206,676.00**	**205,953.00**	**215,815.00**	**217,569.00**	**219,257.00**
1.2.1 National Savings Certificate VIII issue	Receipts	–65.00	583.00	1,124.00	1,159.00	1,262.00
	Outstanding	87,174.00	86,205.00	92,374.00	93,533.00	94,795.00
1.2.2 Indira Vikas Patras	Receipts	–956.00	–1.00	5.00	9.00	3.00
	Outstanding	–71.00	1,104.00	288.00	297.00	300.00
1.2.3 Kisan Vikas Patras	Receipts	–15,592.00	–1,280.00	–1,895.00	–1,655.00	–1,609.00
	Outstanding	37,981.00	38,877.00	24,496.00	22,841.00	21,232.00
1.2.4 Kisan Vikas Patras - 2014	Receipts	24,588	1,489	2,259	2,095	2,065
	Outstanding	70,612	68,783.00	87,154.00	89,249.00	91,314.00
1.2.5 National Saving Certificate VI issue	Receipts	–29.00	0.00	7.00	15.00	12.00
	Outstanding	–140.00	–145.00	–74.00	–59.00	–47.00
1.2.6 National Saving Certificate VII issue	Receipts	–3.00	–1.00	0.00	0.00	–1.00
	Outstanding	–64.00	–64.00	–81.00	–81.00	–82.00
1.2.7 Other Certificates	Outstanding	11,184.00	11,193.00	11,658.00	11,789.00	11,745.00
1.3 Public Provident Fund	**Receipts**	**6,623.00**	**511.00**	**336.00**	**586.00**	**977.00**
	Outstanding	**69,985.00**	**66,272.00**	**71,451.00**	**72,037.00**	**73,014.00**

Note: The data on receipts from April 2017 are net receipts, i.e., gross receipts minus gross payments.
Source: Accountant General, Post and Telegraphs.

No. 45: Ownership Pattern of Central and State Governments Securities

(Per cent)

Central Government Dated Securities

Category	2018		2019		
	Sep.	Dec.	Mar.	Jun.	Sep.
	1	2	3	4	5
(A) Total (in ₹. Crore)	**5602830**	**5758103**	**5921026**	**6072243**	**6314426**
1 Commercial Banks	41.41	40.51	40.28	39.05	39.66
2 Non-Bank PDs	0.37	0.33	0.31	0.36	0.42
3 Insurance Companies	24.61	24.57	24.34	24.88	24.86
4 Mutual Funds	1.41	0.64	0.35	0.64	0.77
5 Co-operative Banks	2.51	2.38	2.29	2.17	2.01
6 Financial Institutions	0.97	1.01	1.05	1.05	1.15
7 Corporates	1.01	1.05	0.97	0.99	0.92
8 Foreign Portfolio Investors	3.65	3.60	3.22	3.27	3.31
9 Provident Funds	5.71	5.54	5.47	5.35	4.87
10 RBI	11.76	13.81	15.27	15.67	14.99
11. Others	6.58	6.55	6.46	6.57	7.05
11.1 State Governments	1.99	1.97	2.00	2.02	1.99

State Governments Securities

Category	2018		2019		
	Sep.	Dec.	Mar.	Jun.	Sep.
	1	2	3	4	5
(B) Total (in ₹. Crore)	**2566833**	**2669393**	**2777229**	**2826935**	**2905169**
1 Commercial Banks	34.66	34.00	33.87	32.57	32.53
2 Non-Bank PDs	0.58	0.60	0.58	0.81	0.72
3 Insurance Companies	33.74	33.90	33.04	33.94	33.39
4 Mutual Funds	1.05	1.23	1.20	1.24	1.12
5 Co-operative Banks	4.75	4.67	4.55	4.65	4.24
6 Financial Institutions	0.43	0.37	0.42	0.44	0.33
7 Corporates	0.17	0.22	0.29	0.32	0.28
8 Foreign Portfolio Investors	0.10	0.09	0.09	0.08	0.05
9 Provident Funds	21.04	21.29	22.15	21.88	22.36
10 RBI	0.00	0.00	0.00	0.00	0.00
11. Others	3.48	3.64	3.81	4.08	4.98
11.1 State Governments	0.07	0.07	0.11	0.14	0.16

Treasury Bills

Category	2018		2019		
	Sep.	Dec.	Mar.	Jun.	Sep.
	1	2	3	4	5
(C) Total (in ₹. Crore)	**565750**	**529826**	**412704**	**524618**	**538041**
1 Commercial Banks	47.84	53.76	57.56	53.60	50.81
2 Non-Bank PDs	1.86	2.06	2.68	1.85	1.92
3 Insurance Companies	4.55	4.74	6.61	5.13	5.55
4 Mutual Funds	10.69	5.65	2.78	13.00	14.08
5 Co-operative Banks	1.20	1.21	2.48	2.54	2.55
6 Financial Institutions	1.67	1.88	2.49	2.14	1.82
7 Corporates	6.67	1.86	2.23	1.67	1.57
8 Foreign Portfolio Investors	0.00	0.09	0.00	0.00	0.00
9 Provident Funds	0.01	0.02	0.08	0.07	0.01
10 RBI	0.00	0.00	0.00	0.00	0.00
11. Others	25.50	28.72	23.10	19.99	21.70
11.1 State Governments	21.36	24.04	17.91	15.59	17.91

No. 46: Combined Receipts and Disbursements of the Central and State Governments

(₹ Crore)

Item	2014-15	2015-16	2016-17	2017-18	2018-19 RE	2019-20 BE
	1	2	3	4	5	6
1 Total Disbursements	**3285210**	**3760611**	**4265969**	**4515946**	**5516932**	**6071777**
1.1 Developmental	1872062	2201287	2537905	2635110	3344948	3660857
1.1.1 Revenue	1483018	1668250	1878417	2029044	2543965	2830634
1.1.2 Capital	332262	412069	501213	519356	694352	732102
1.1.3 Loans	56782	120968	158275	86710	106630	98121
1.2 Non-Developmental	1366769	1510810	1672646	1812455	2089516	2315637
1.2.1 Revenue	1269520	1379727	1555239	1741432	2002766	2204742
1.2.1.1 Interest Payments	584542	648091	724448	814757	901783	1009776
1.2.2 Capital	94687	127306	115775	69370	85375	109030
1.2.3 Loans	2563	3777	1632	1654	1375	1865
1.3 Others	46379	48514	55417	68381	82469	95284
2 Total Receipts	**3189737**	**3778049**	**4288432**	**4528422**	**5364245**	**6003162**
2.1 Revenue Receipts	2387693	2748374	3132201	3376416	4205473	4653758
2.1.1 Tax Receipts	2020728	2297101	2622145	2978134	3512454	3910428
2.1.1.1 Taxes on commodities and services	1212348	1440952	1652377	1853859	2186529	2399337
2.1.1.2 Taxes on Income and Property	805176	852271	965622	1121189	1323113	1506912
2.1.1.3 Taxes of Union Territories (Without Legislature)	3204	3878	4146	3086	2812	4179
2.1.2 Non-Tax Receipts	366965	451272	510056	398282	693019	743330
2.1.2.1 Interest Receipts	39622	35779	33220	34224	36739	33619
2.2 Non-debt Capital Receipts	60955	59827	69063	142433	136636	170056
2.2.1 Recovery of Loans & Advances	22072	16561	20942	42213	56398	63131
2.2.2 Disinvestment proceeds	38883	43266	48122	100219	80238	106926
3 Gross Fiscal Deficit [1 - (2.1 + 2.2)]	**836563**	**952410**	**1064704**	**997097**	**1174823**	**1247962**
3A Sources of Financing: Institution-wise						
3A.1 Domestic Financing	823630	939662	1046708	989167	1179716	1250914
3A.1.1 Net Bank Credit to Government	-37476	231090	617123	144792	386389	...
3A.1.1.1 Net RBI Credit to Government	-334185	60472	195816	-144847	325987	...
3A.1.2 Non-Bank Credit to Government	861106	708572	429585	844375	793327	-----
3A.2 External Financing	12933	12748	17997	7931	-4893	-2952
3B Sources of Financing: Instrument-wise						
3B.1 Domestic Financing	823630	939662	1046708	989167	1179716	1250914
3B.1.1 Market Borrowings (net)	664058	673298	689821	794856	831554	959294
3B.1.2 Small Savings (net)	-56580	-78515	-105038	-163222	-217165	-208528
3B.1.3 State Provident Funds (net)	34339	35261	45688	42351	42703	42482
3B.1.4 Reserve Funds	5109	-3322	-6436	18423	-14577	-871
3B.1.5 Deposits and Advances	27545	13470	17792	25138	16011	13706
3B.1.6 Cash Balances	95474	-17438	-22463	-12476	152688	68615
3B.1.7 Others	53684	316908	427343	284095	368504	376216
3B.2 External Financing	12933	12748	17997	7931	-4893	-2952
4 Total Disbursements as per cent of GDP	*26.3*	*27.3*	*27.8*	*26.4*	*29.0*	*28.8*
5 Total Receipts as per cent of GDP	*25.6*	*27.4*	*27.9*	*26.5*	*28.2*	*28.5*
6 Revenue Receipts as per cent of GDP	*19.2*	*20.0*	*20.4*	*19.8*	*22.1*	*22.1*
7 Tax Receipts as per cent of GDP	*16.2*	*16.7*	*17.1*	*17.4*	*18.5*	*18.5*
8 Gross Fiscal Deficit as per cent of GDP	*6.7*	*6.9*	*6.9*	*5.8*	*6.2*	*5.9*

…: Not available.   RE: Revised Estimates; BE: Budget Estimates

Source : Budget Documents of Central and State Governments.

No. 47: Financial Accommodation Availed by State Governments under various Facilities

(₹ Crore)

Sr. No	State/Union Territory	During October-2019					
		Special Drawing Facility (SDF)		Ways and Means Advances (WMA)		Overdraft (OD)	
		Average amount availed	Number of days availed	Average amount availed	Number of days availed	Average amount availed	Number of days availed
	1	2	3	4	5	6	7
1	Andhra Pradesh	1441	20	923	13	626	2
2	Arunachal Pradesh	-	-	-	-	-	-
3	Assam	-	-	-	-	-	-
4	Bihar	-	-	-	-	-	-
5	Chhattisgarh	-	-	-	-	-	-
6	Goa	9	2	-	-	-	-
7	Gujarat	-	-	-	-	-	-
8	Haryana	-	-	-	-	-	-
9	Himachal Pradesh	-	-	-	-	-	-
10	Jammu & Kashmir	-	-	448	27	303	1
11	Jharkhand	-	-	-	-	-	-
12	Karnataka	-	-	-	-	-	-
13	Kerala	309	24	935	22	175	9
14	Madhya Pradesh	-	-	-	-	-	-
15	Maharashtra	1346	3	-	-	-	-
16	Manipur	67	2	-	-	-	-
17	Meghalaya	-	-	-	-	-	-
18	Mizoram	-	-	-	-	-	-
19	Nagaland	133	12	-	-	-	-
20	Odisha	-	-	-	-	-	-
21	Puducherry	-	-	-	-	-	-
22	Punjab	236	30	615	28	347	6
23	Rajasthan	-	-	-	-	-	-
24	Tamil Nadu	-	-	-	-	-	-
25	Telangana	830	13	-	-	-	-
26	Tripura	-	-	-	-	-	-
27	Uttar Pradesh	-	-	-	-	-	-
28	Uttarakhand	-	-	-	-	-	-
29	West Bengal	1666	20	-	-	-	-

Notes: 1. SDF is availed by State Governments against the collateral of Consolidated Sinking Fund (CSF), Guarantee Redemption Fund (GRF) & Auction Treasury Bills (ATBs) balances and other investments in government securities.
2. WMA is advance by Reserve Bank of India to State Governments for meeting temporary cash mismatches.
3. OD is advanced to State Governments beyond their WMA limits.
4. Average Availed is the total accommodation (SDF/WMA/OD) availed divided by number of days for which accommodation was extended during the month.
5. - : Nil.

Source: Reserve Bank of India.

No. 48: Investments by State Governments

(₹ Crore)

Sr. No	State/Union Territory	As on end of October 2019			
		Consolidated Sinking Fund (CSF)	Guarantee Redemption Fund (GRF)	Government Securities	Auction Treasury Bills (ATBs)
	1	2	3	4	5
1	Andhra Pradesh	7776	766	2	0
2	Arunachal Pradesh	1161	1	--	0
3	Assam	4033	49	--	4000
4	Bihar	6620	--	--	14000
5	Chhattisgarh	4148	--	1	5700
6	Goa	560	281	--	0
7	Gujarat	12821	448	--	0
8	Haryana	1948	1121	--	0
9	Himachal Pradesh	--	--	--	1200
10	Jammu & Kashmir	--	--	--	0
11	Jharkhand	--	--	--	0
12	Karnataka	3959	--	--	9500
13	Kerala	2017	--	--	0
14	Madhya Pradesh	--	866	--	0
15	Maharashtra	36693	402	--	23000
16	Manipur	353	94	--	0
17	Meghalaya	573	28	9	0
18	Mizoram	517	37	--	0
19	Nagaland	1538	31	--	0
20	Odisha	12555	1359	79	26290
21	Puducherry	302	--	--	1031
22	Punjab	227	--	8	0
23	Rajasthan	--	--	129	1800
24	Tamil Nadu	6213	--	45	11583
25	Telangana	5311	1155	1	0
26	Tripura	307	5	--	0
27	Uttar Pradesh	--	--	180	0
28	Uttarakhand	2963	75	--	0
29	West Bengal	10366	500	214	0
	Total	**122963**	**7216**	**667**	**98103**

No. 49: Market Borrowings of State Governments

(₹ Crore)

Sr. No.	State	2017-18		2018-19		2019-20						Total amount raised, so far in 2019-20	
						August		September		October			
		Gross Amount Raised	Net Amount Raised	Gross Amount Raised	Net Amount Raised	Gross Amount Raised	Net Amount Raised	Gross Amount Raised	Net Amount Raised	Gross Amount Raised	Net Amount Raised	Gross	Net
	1	2	3	4	5	6	7	8	9	10	11	12	13
1	**Andhra Pradesh**	22800	18922	30200	23824	3000	1834	4000	3184	4170	3003	24248	17249
2	**Arunachal Pradesh**	888	703	719	693	-	-	-	-	-	-	472	472
3	**Assam**	7760	6797	10595	8089	1200	1200	1000	1000	1000	1000	3700	3700
4	**Bihar**	10000	8908	14300	10903	4000	4000	4000	4000	3042	2249	14642	12849
5	**Chhattisgarh**	8100	8100	12900	12900	1000	1000	1000	1000	-	-	2000	2000
6	**Goa**	1800	1400	2350	1850	300	100	100	100	200	100	1200	800
7	**Gujarat**	24000	15785	36971	27457	2300	600	2600	1300	3500	2000	19400	12400
8	**Haryana**	16640	15840	21265	17970	3000	3000	2500	1300	3500	3500	14501	12601
9	**Himachal Pradesh**	4600	2551	4210	2108	500	500	-	-	400	400	2000	2000
10	**Jammu & Kashmir**	6200	3974	6684	4927	400	400	800	800	334	334	3883	3344
11	**Jharkhand**	6000	4807	5509	4023	-	-474	-	-600	-	-252	1500	-344
12	**Karnataka**	22098	17348	39600	31383	2000	1000	1000	250	8200	8200	13200	10450
13	**Kerala**	20500	16203	19500	14784	2453	2453	600	-750	1400	550	13682	10882
14	**Madhya Pradesh**	15000	13125	20496	14971	1000	1000	-	-1560	-	-	6000	4440
15	**Maharashtra**	45000	36480	20869	3117	-	-2000	2000	-1250	8000	6250	22500	12500
16	**Manipur**	525	278	970	667	200	200	-	-	-	-189	803	614
17	**Meghalaya**	1116	920	1122	863	150	150	100	50	-	-124	450	226
18	**Mizoram**	424	277	0	-123	100	100	-	-	100	-1	358	257
19	**Nagaland**	1135	766	822	355	-	-	150	150	-	-	250	-10
20	**Odisha**	8438	8438	5500	4500	-	-	-	-	1000	1000	3000	3000
21	**Puducherry**	825	488	825	475	-	-	-	-	200	200	200	200
22	**Punjab**	17470	13349	22115	17053	2200	900	2300	1000	2800	1100	15920	8720
23	**Rajasthan**	24914	16777	33178	20186	2000	1000	6000	5000	1700	430	23582	16500
24	**Sikkim**	995	745	1088	795	-	-	238	238	-	-	451	451
25	**Tamil Nadu**	40965	36023	43125	32278	4000	4000	3575	575	5500	3300	28690	23490
26	**Telangana**	24600	21828	26740	22183	2500	1666	3000	2416	3000	2166	18800	13798
27	**Tripura**	1137	1137	1543	1387	450	450	-	-	615	465	1065	915
28	**Uttar Pradesh**	41600	37178	46000	33307	7000	5500	6000	4500	9000	6524	26000	17024
29	**Uttarakhand**	6660	5830	6300	5289	300	300	300	300	-	-	1600	1000
30	**West Bengal**	36911	25304	42828	30431	4500	2500	7500	5614	2500	2407	21510	9531
	Grand Total	419100	340281	478323	348643	44553	31379	48763	28617	60161	44614	285606	201060

- : Nil.

Source : Reserve Bank of India.

Explanatory Notes to the Current Statistics

Table No. 1

1.2& 6: Annual data are average of months.

3.5 & 3.7: Relate to ratios of increments over financial year so far.

4.1 to 4.4, 4.8,4.9 &5: Relate to the last friday 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.

4.10 to 4.12: Relate to the last auction day of the month/financial year.

4.13: Relate to last day of the month/ financial year

7.1&7.2: Relate to Foreign trade in US Dollar.

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. 13

Data in column Nos. (4) & (5) are Provisional.

Table No. 14
Data in column Nos. (4) & (8) are Provisional.

Table No. 15 & 16
Data are provisional and relate to select 41 scheduled commercial banks, accounting for about 90 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 2016-17 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 three centres – Mumbai, New Delhi and Chennai.
3.3: Pertain to clearing houses managed by 21 banks.
6: Available from December 2010.
7: Include IMPS transactions.
9: Includes ATMs deployed by Scheduled Commercial banks and White Label ATMs (WLA). WLA are included from April 2014 onwards.
Mobile Banking - The data from July 2017 includes only individual payments and corporate payments initiated, processed, and authorised using mobile device. Other corporate payments which are not initiated, processed, and authorised using mobile device are excluded.

Table No. 45

(-): represents nil or negligible
The revised table format since June 2016, incorporates the ownership pattern of State Governments Securities and Treasury Bills along with the Central Government Securities.
State Government Securities include special bonds issued under Ujwal DISCOM Assurance Yojana (UDAY) scheme.
Bank PDs are clubbed under Commercial Banks. However, they form very small fraction of total outstanding securities.
The category 'Others' comprises State Governments, Pension Funds, PSUs, Trusts, HUF/Individuals etc.

Table No. 46

GDP data is based on 2011-12 base. GDP data from 2018-19 pertains to the Provisional Estimates of National Income released by Central Statistics Office on 31st May 2019. GDP for 2019-20 is from Union Budget 2019-20.
Data for 2017-18 onwards also includes NCT of Delhi and Puducherry.
Total receipts and total expenditure exclude National Calamity Contingency Fund expenditure.
1 & 2: Data are net of repayments of the Central Government (including repayments to the NSSF) and State Governments.
1.3: Represents compensation and assignments by States to local bodies and Panchayati Raj institutions.
2: Data are net of variation in cash balances of the Central and State Governments and includes borrowing receipts of the Central and State Governments.
3A.1.1: Data as per RBI records.

3B.1.1: Includes borrowings through dated securities.
3B.1.2: Represent net investment in Central and State Governments' special securities by the National Small Savings Fund (NSSF).
3B.1.6: Include Ways and Means Advances by the Centre to the State Governments.
3B.1.7: Include Treasury Bills, loans from financial institutions, insurance and pension funds, remittances, cash balance investment account.

Table No. 47
SDF is availed by State Governments against the collateral of Consolidated Sinking Fund (CSF), Guarantee Redemption Fund (GRF) & Auction Treasury Bills (ATBs) balances and other investments in government securities.
WMA is advance by Reserve Bank of India to State Governments for meeting temporary cash mismatches.
OD is advanced to State Governments beyond their WMA limits.
Average amount Availed is the total accommodation (SDF/WMA/OD) availed divided by number of days for which accommodation was extended during the month.
- : Nil.

Table No. 48
CSF and GRF are reserve funds maintained by some State Governments with the Reserve Bank of India.
ATBs include Treasury bills of 91 days, 182 days and 364 days invested by State Governments in the primary market.
--: Not Applicable (not a member of the scheme).

The concepts and methodologies for Current Statistics are available in Comprehensive Guide for Current Statistics of the RBI Monthly Bulletin **(https://rbi.org.in/Scripts/PublicationsView.aspx?id=17618)**

Time series data of 'Current Statistics' is available at https://dbie.rbi.org.in.
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**.

Indicative Calendar for Bulletin Articles, 2020

Sr. No.	Theme	Release Month of the Bulletin
1	Inflation Expectations Survey of Households: 2019-20	July
2	Financial Stocks and Flows of the Indian Economy, 2018-19	July
3	India's Balance of Payments 2019-20	August
4	Finances of Non-Government Non-Financial Companies - 2018-19	September
5	Consumer Confidence Survey: 2019-20	September
6	Union Budget 2020-21: An Assement	September
7	Profile of India's External Debt	September
8	Corporate Investment: Growth in 2019-20 and Prospects for 2020-21	October
9	Survey of Professional Forecasters, 2019-20	November
10	Performance of Private Corporate Business Sector: 2019-20	November
11	Mid Year Review: Government Finances 2020-21	December

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2. Handbook of Statistics on the Indian States 2018-19	₹650 (Normal) ₹700 (inclusive of postage)	US$ 24 (inclusive of air mail courier charges)
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9. Reserve Bank of India Occasional Papers Vol. 38, 2017	₹200 per copy (over the counter) ₹250 per copy (inclusive of postal charges)	US$ 18 per copy ((inclusive of air mail courier charges)
10. Reserve Bank of India Occasional Papers Vol. 39, 2018	₹200 per copy (over the counter) ₹250 per copy (inclusive of postal charges)	US$ 18 per copy ((inclusive of air mail courier charges)
11. Reserve Bank of India Occasional Papers Vol. 40, No. 1, 2019	₹200 per copy (over the counter) ₹250 per copy (inclusive of postal charges)	US$ 18 per copy ((inclusive of air mail courier charges)
12. Perspectives on Central Banking Governors Speak (1935-2010) Platinum Jubilee	₹1400 per copy (over the counter)	US$ 50 per copy (inclusive of air mail courier 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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