RESERVE BANK OF INDIA

BULLETIN

JANUARY 2021

VOLUME LXXV NUMBER 1

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SPEECH

National Strategy on Financial Education 2020-25
Shaktikanta Das

*National Strategy on Financial Education 2020-25**

Shaktikanta Das

I wish to thank NCAER for inviting me to deliver the key note address at this webinar on National Strategy for Financial Education. I appreciate the thoughtful initiative of NCAER in choosing this topic for the webinar. As we inch towards the close of what has been an unprecedented year in terms of loss of lives and livelihood and the way of living in general, it would be appropriate to look at the area of financial inclusion and literacy which has both broad macro level implications for financial stability as also a micro connotation towards an individual's financial wellbeing.

Introduction

India, with a large section of population in the working age group, is already the third largest economy in the world in terms of purchasing power parity and is aiming to become a USD 5 trillion economy. The Government has been undertaking a series of calibrated macro measures through wide ranging structural reforms. We need to harness the demographic dividend by meeting the aspirations of a large young population. This necessitates creating an enabling environment and infrastructure in the form of education, training and opportunity. Among all the prerequisites for achieving demographic dividend and accelerated growth, quality of human resources, greater formalisation of economy, a higher credit to gross domestic product (GDP) ratio and greater financial inclusion are the differentiating factors that would elevate our economy to the desired level.

To improve the credit to GDP ratio, access to credit and cost of credit need to be addressed by lesser reliance on collateral security and greater cash-flow based lending. Credit bureaus and the proposed Public Credit Registry (PCR) framework are expected to improve the flow of credit as well as credit culture. As regards financial inclusion, a number of steps have been taken by the government and the Reserve Bank. As a result, large and hitherto excluded, sections of the population have been brought into the formal financial fold. In this context, promoting and deepening financial education would play a very important part in our endeavour to realise our collective potential.

Financial inclusion initiatives so far

Financial inclusion initiatives in India started in the aftermath of first All India Rural Credit Survey in 1954 with promotion of cooperatives, followed later by expansion of branch network after nationalisation of major private sector banks, launch of Lead Bank Scheme, promotion of Self Help Groups(SHGs), Joint Liability Groups (JLGs), implementation of Banking Correspondents (BC) model, expansion of banking outlets, creation of payments banks, small finance banks, *etc.* The largest impact in recent years came from the opening of Jan Dhan accounts and implementation of the Pradhan Mantri MUDRA Yojana (PMMY).

The launch of Pradhan Mantri Jan Dhan Yojana (PMJDY) in 2014 has resulted in almost every household having access to formal banking services[1] along with a platform for availing low value credit, insurance and pension schemes. This has been ably supported by initiatives to ensure last-mile delivery of banking services through innovative banking channels like the BC Model. Thanks to technology, there has been massive improvement in deepening of digital financial services. The Jan Dhan, Aadhaar and Mobile

* Keynote Address by Shri Shaktikanta Das, Governor, Reserve Bank of India at the webinar on 'Investing in Investor Education in India: Priorities for Action' organised by National Council of Applied Economic Research (NCAER), New Delhi on December 16, 2020.

[1] 41.38 crore beneficiaries banked, ₹130,932.33 crore balance in beneficiary accounts as on December 2, 2020 - *https://www.pmjdy.gov.in*

(JAM) eco system has made a significant difference in the universe of financial inclusion.

Further, several initiatives have been taken for the creation of enabling digital infrastructure at the ground level and accelerate the progress towards universalising digital payments in a convenient, safe, secure and affordable manner. Among those, the pilot project launched by the Reserve Bank in October 2019 to make one identified district in every State/Union Territory 100 per cent digitally enabled by March 2021 is significant. Forty-two such districts including 8 aspirational districts are part of this initiative. In addition to putting in place the necessary digital ecosystem, focussed attention by stakeholders on imparting financial education to the target groups will go a long way towards fulfilling the objectives of the pilot and provide a blueprint for scaling up similar initiatives in other districts.

The Financial Stability and Development Council (FSDC) approved the National Strategy for Financial Inclusion (NSFI) document which was launched by RBI earlier this year[2] on January 10, 2020. The NSFI envisions to make financial services available, accessible, and affordable to all the citizens in a safe and transparent manner to support inclusive growth through multi-stakeholder approach.

Financial Education in India

An important policy agenda for the Government and the fnancial sector regulators

With greater financial inclusion, there is a need to enhance customer protection and financial education so that people continue to access the formal financial services without hesitation. Needless to add that financial education plays a vital role in creating demand side response by enabling greater awareness and access to appropriate financial products and services through regulated entities. Financial resilience of individuals and their families can also be strengthened through financial education. To achieve these multiple objectives, several steps have been taken. Let me touch upon two such initiatives.

Setting of a National Centre for Financial Education (NCFE)

The NCFE has been set up by the four financial sector regulators as a Section 8 (Not for Profit) Company to promote Financial Education across India for all sections of the population as per the National Strategy for Financial Education (NSFE)[3]. NCFE undertakes financial education campaigns across the country through seminars, workshops, conclaves, training programmes, campaigns, etc. to help people manage money more effectively and achieve financial wellbeing in the process.

Centre for Financial Literacy (CFL) project - An innovative way to impart financial education through community approach

The CFL project has been conceptualised by the Reserve Bank in 2017 as an innovative and participatory approach to financial literacy at the Block level involving select banks and non-governmental organisation (NGOs). Initially set up in 100 blocks on a pilot basis, the project is now being scaled up across the country to every block in a phased manner by March 2024. This was one of the announcements made on 4th December 2020 as part of the monetary policy committee (MPC) statement. Going forward, the project is envisaged to change the paradigm of financial inclusion as well as education by ensuring greater involvement and receptibility of the community on the demand side so as to align with the expansion of institutional initiatives on the supply side.

[2] *https://rbidocs.rbi.org.in/rdocs/content/pdfs/NSFIREPORT100119.pdf.*

[3] The NSFE was launched on August 20, 2020. *https://rbidocs.rbi.org.in/rdocs/PublicationReport/Pdfs/NSFIREPORT100119FF91DAA6B73B497A923CC11E0811776D.PDF*

Insights from dissemination of financial education during the COVID-19 Pandemic

The COVID-19 related nationwide lockdown and restrictions on mass gathering of people at various public places has resulted in disruption in conducting conventional financial literacy camps. During this period, various approaches like using social media, mass media (including local TV channels, Radio), reaching out to local school education boards, training missions of the SHGs were undertaken across the country to continue dissemination of financial education.

National Strategy for Financial Education (NSFE 2020-2025)

Vision, Strategic Objectives and 5C approach

Financial Education is one of the strategic pillars which sets the broad context for the National Strategy for Financial Education (2020-2025). The NSFE (2020-2025) has set an ambitious vision of creating a financially aware and empowered India. It focusses on various aspects of financial education across banking, insurance, pension and investments through greater role for financial institutions (both banks and non-banks), educational institutions, industry bodies and other stakeholders. In order to reach out to the various target groups [school children, teachers, young adults, women, new entrants at workplace/ entrepreneurs (MSMEs), senior citizens, Divyang persons, illiterate people, *etc.*], innovative techniques and digital modes of delivery including targeted modules for specific categories of customers have been envisaged. Further, due emphasis has also been given to safe usage of digital financial services and enhancing awareness about grievance redress measures. Keeping in view the importance of evidence-based policy making, evaluation methods to assess progress in financial education have also been identified as one of the strategic objectives.

The strategy includes a **'5Cs' approach** for dissemination of financial education through emphasis on development of relevant **Content** (including Curriculum in schools, colleges and training establishments); **Capacity** of the intermediaries who provide financial services and education; leveraging on the positive effect of **Community** led model for financial literacy through appropriate **Communication** Strategy; and enhancing **Collaboration** among various stakeholders.

The Way Forward and Conclusion

Financial inclusion in the country is poised to grow exponentially with digital savvy millennials joining the workforce, social media blurring the urban-rural divide and technology shaping the policy interventions. Going forward, harnessing the near universal reach of bank accounts across the length and breadth of the country, there needs to be greater focus on penetration of sustainable credit, investment, insurance and pension products by addressing demand side constraints with enhanced customer protection.

The interventions in financial education would have to be customised (local language and local settings) keeping the different target audience in mind. The scaling up of CFL project across the country at the block level would be the cornerstone of community led participatory approaches in our journey towards greater financial literacy.

Technology, though being a great enabler, can also lead to exclusion of certain segments of society. It is imperative to build trust in formal financial services among the hitherto excluded population. Adequate safeguards need to be reinforced to address issues of cyber security, data confidentiality, mis-selling, customer protection and grievance redress through appropriate financial education and awareness. These cast great responsibility on financial education providers.

To conclude, I would like to say that in a large country like ours with an aspiring population, financial education cannot remain just the responsibility of financial sector regulators. This aspect is highlighted in the NSFE document which recommends a multi stakeholder led approach to achieve financial wellbeing of all. Going forward, increasingly, educational institutions, industry bodies and other stakeholders like think tanks, research institutions should come forward to shoulder the responsibility of increasing financial literacy through appropriate awareness campaigns. I invite every such person and institution to be associated with our mission of nation building through creation of a financially aware and empowered India.

Thank you.

ARTICLES

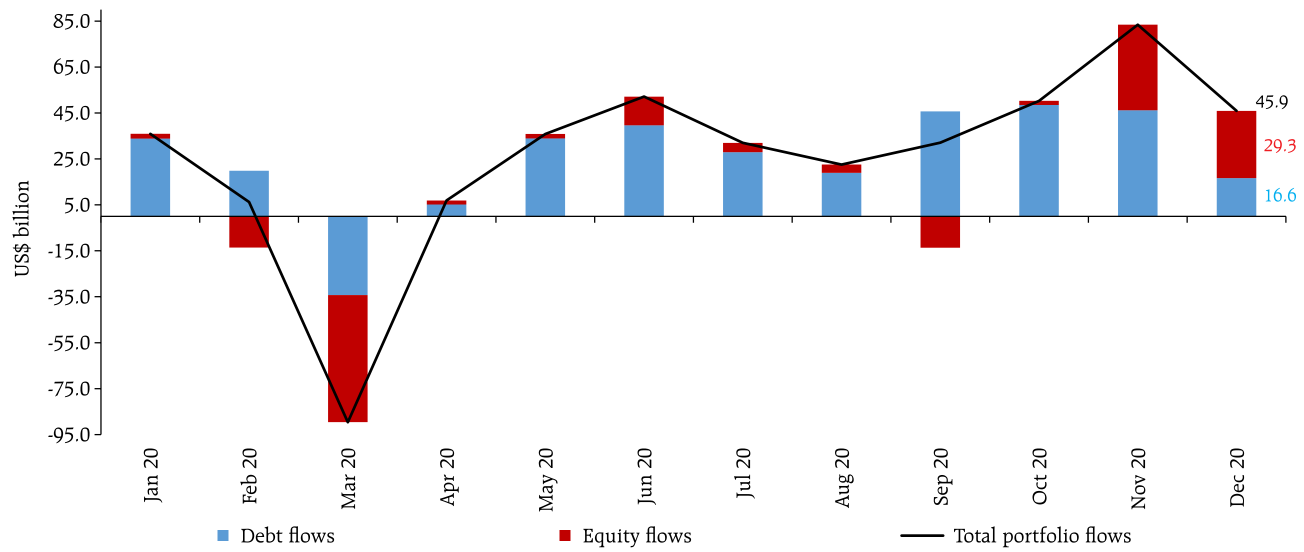
State of the Economy

2020 turned out to be a year in which everything changed. The year 2021 has commenced with countries across the world in a massive vaccination drive. In India, recent shifts in the macroeconomic landscape have brightened the outlook, with GDP in striking distance of attaining positive territory and inflation easing closer to the target. Financial markets remain ebullient with EMEs receiving strong portfolio inflows and India on track for receiving record annual inflows of foreign direct investment.

What a year 2020 turned out to be! It began like any other, just a day longer than 2019, with what looked like pneumonia reported to the World Health Organization (WHO) from a distant wet market in Wuhan, China. By the end of the year, COVID-19 had officially infected 81 million people, and possibly 500 million more were never diagnosed (The Economist, December 19, 2020). It caused 1.8 million recorded deaths, but many hundreds of thousands have gone unrecorded. The two world wars and the Spanish flu caused far more deaths, but COVID-19 has altered people's daily lives in ways that these events did not. Millions of survivors still struggle with the scars and exhaustion left by the virus, and the world is witnessing an unparalleled scale of suffering, poverty (according to the UN, over 200 million people will be thrust into extreme poverty), inequality and danger. Children have lost education, graduates placements, labour has endured forced migration, and people of all ages have faced loneliness.

Unemployment has soared and so have stock markets. Foreign investors have rushed into emerging markets – while US$ 90 billion left emerging market economies (EMEs) in March alone, portfolio flows have staged a return since then which accelerated to US$ 83.4 billion in the month of November and in December, US$ 16.6 billion has poured into debt and US$ 29.3 billion into equities (IIF, 2021) (Chart 1). Among EMEs, China and India pulled flows on account of growth prospects.

Chart 1: Portfolio Flows in EMEs



Source: Institute of International Finance (IIF).

* This article has been prepared by Deba Prasad Rath, Praggya Das, Asish Thomas George, Sangeetha Mathews, Abhilasha, Krishna Mohan Kushawaha, Madhuresh Kumar, Kunal Priyadarshi, Abhinandan Borad, Jitendra Sokal, Manu Sharma, Shobhit Goel, Saksham Sood, Avnish Kumar, Rishabh Kumar, Sreerupa Sengupta, Rajas Saroy, Shashidhar M. Lokare and Michael Debabrata Patra. Views expressed in this article are those of the authors and do not necessarily represent the views of the Reserve Bank of India.

As the optimism in projections sobers, world output could be at least 7 per cent lower than without COVID-19 (The Economist, January 9, 2021) – the biggest slump since the second world war, world merchandise trade by 9.2 per cent (WTO, 2020) and world trade in services by 15 per cent (UNCTAD, 2020). History shows that social unrest surges 14 months after a pandemic and peaks at 24 months (IMF, 2020). The clear blue skies during lockdowns revealed that within the fast-moving COVID-19 crisis is a slow-moving climate crisis, impervious to populist denial, global in its disruptive capacity and far costlier.

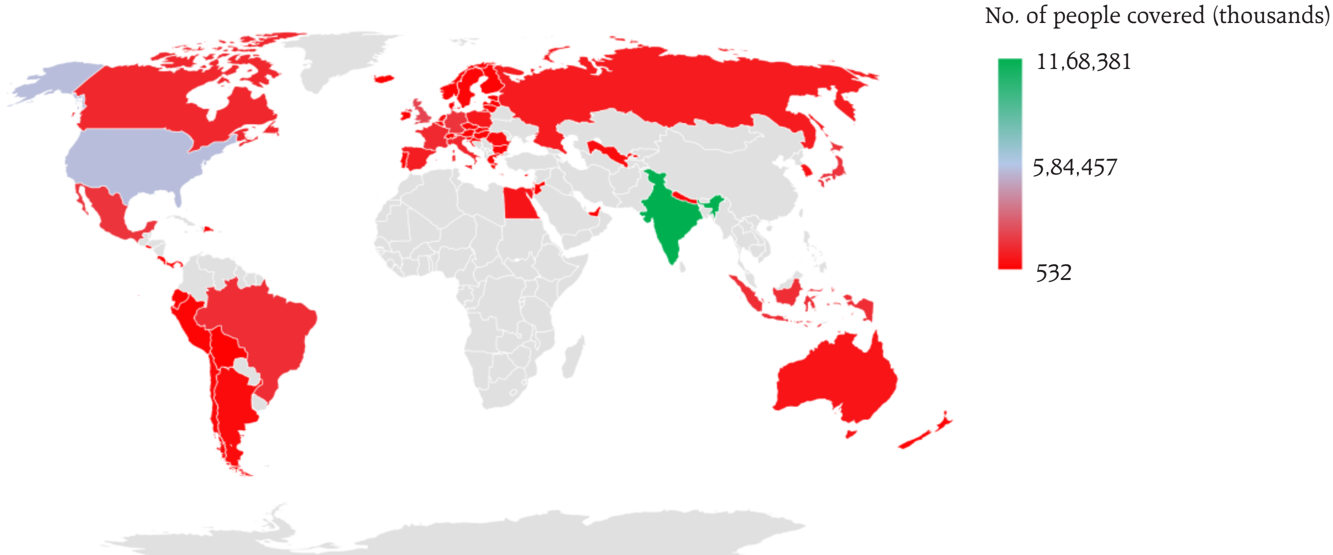
Yet, impossibly, it appears that the world is rounding the corner on this once-in-a-century year that changed everything. As 2021 arrived, more than 12 million people had received their first doses of the vaccine (Chart 2). Newspapers have reported that 8.25 billion doses of vaccines have been secured by various countries through advance contracts (COVID-19 vaccines are two-dose regimens).

On January 3, 2021 India formally approved the emergency use of two vaccines and on January 16, it launched the world's biggest vaccination drives, with plans to inoculate about 300 million people on a priority list this year. It is reported that India has secured 1.2 billion advance doses, covering 85 per cent of the population (Bloomberg, 2020).

Four other features set India apart from the rest of the world, increasing the probability that our recovery may overtake most projections, as this article has consistently maintained. The 27-indicator economic activity index (EAI) (Kumar, 2020) has updated its nowcast for Q3:2020-21 and estimates the quarter's real GDP growth at 0.1 per cent, as expected in the December 2020 issue. This is also reflected in the first advance estimates of national income for 2020-21 released by the National Statistical Office (NSO) on January 7 in which real GDP growth in 2020-21 is estimated at (-) 7.7 per cent as against (-) 10.3 per cent by the International Monetary Fund (IMF) in October 2020 and (-) 7.5 per cent by the monetary policy committee (MPC) in December 2020 (Chart 3).

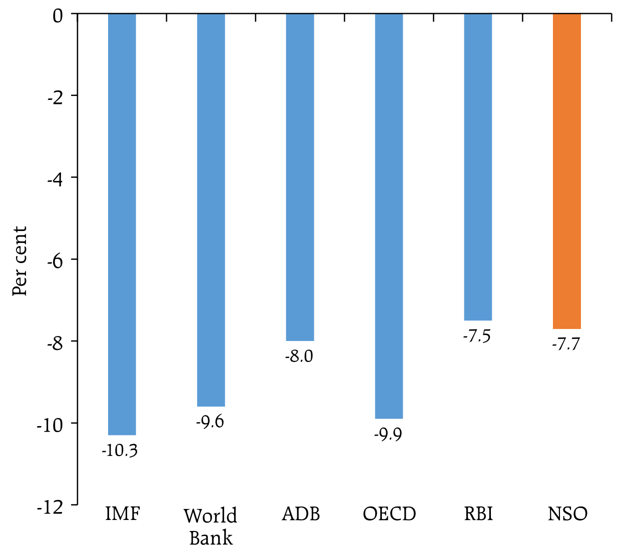
First, India has so far succeeded in ducking the second wave of COVID-19. Moreover, since mid-

Chart 2: Number of COVID-Vaccine Doses Contracted



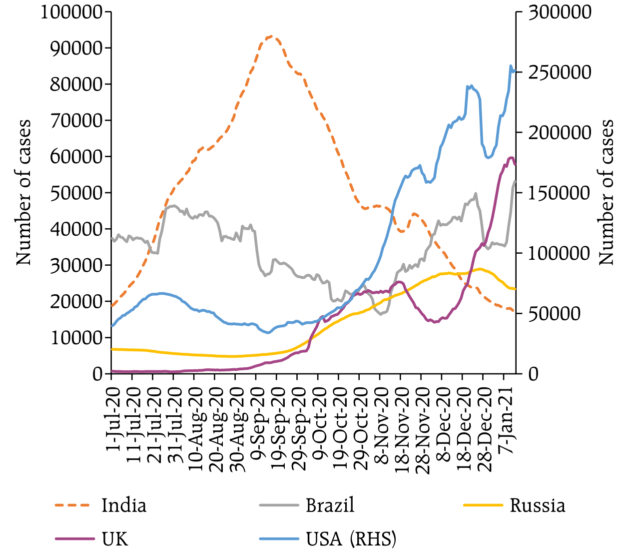
Source: Bloomberg.

Chart 3: India GDP Forecasts for 2020-21



Sources: IMF; World Bank; ADB; OECD; RBI; and NSO.

Chart 4: Seven-day Average COVID-19 Cases

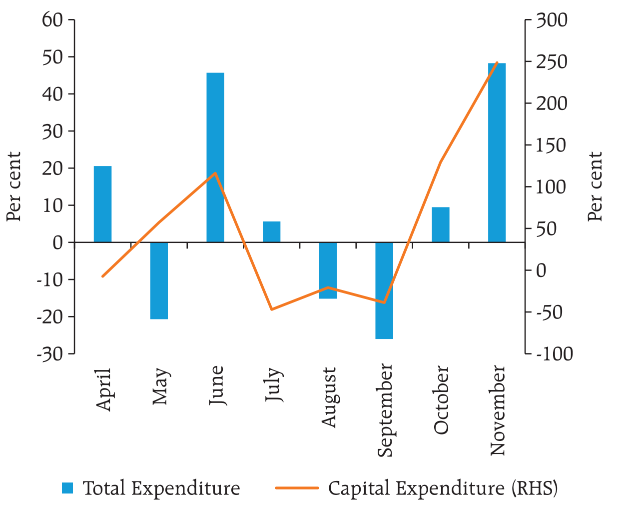


Sources: WHO; and Ministry of Health and Family Welfare (MoHFW).

September, India has 'bent it like Beckham' – by the end of 2020, the number of active cases had fallen to 2,54,254 from a peak of 10,17,754 on September 17. The recovery rate in India has improved to 96.1 per cent, the second highest in the world. The mortality rate is 1.4 per cent, lower than the world death rate (2.2 per cent), and the second lowest among countries with over a million infections (Chart 4).

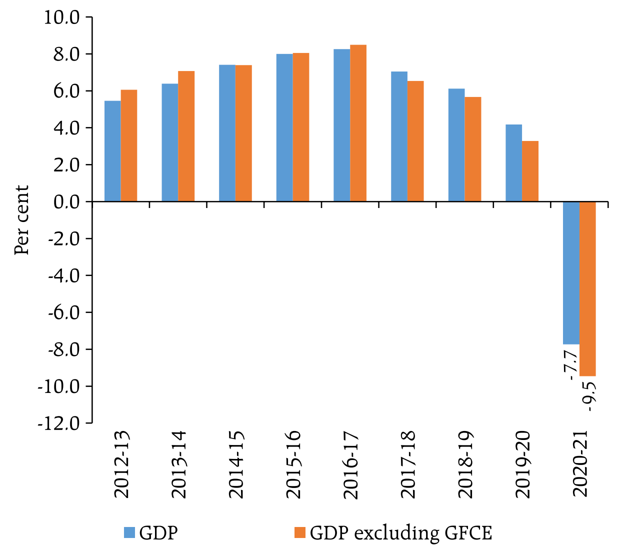
Second, after a hiatus of four months during which total expenditure of the central government went into contraction or remained muted, it rejoined the celebration of the recovery in November 2020, surging by 48.3 per cent on a year-on-year (y-o-y) basis. Within this expenditure push, growth-nurturing capital expenditure shrugged off a three-month contraction and expanded by 248.5 per cent, close to half of which is due to increase in transfers to states for capex in line with *Aatma Nirbhar* 2.0 announcements (Chart 5). At the sub-national level, information for 20 states show that the growth in capital expenditure turned positive during October 2020 after contracting consecutively for 8 months. These are significant developments from the point of view of the economy gaining a stronger foothold, because government final consumption expenditure (GFCE) has provided valuable counter-cyclical support to GDP continuously from Q4:2016-17. Without this support, real GDP growth of 7.0 per cent in 2017-18 would have been only 6.5 per cent, while it would have been 5.7 per cent instead of 6.1 per cent in 2018-19 and 3.3 per cent instead of 4.2 per cent in Q1:2019-20 (Chart 6). In Q1:2020-21 when the full brunt of COVID-19 took real GDP down by an unprecedented 23.9 per cent,

Chart 5: Monthly Union Government Expenditure in 2020-21



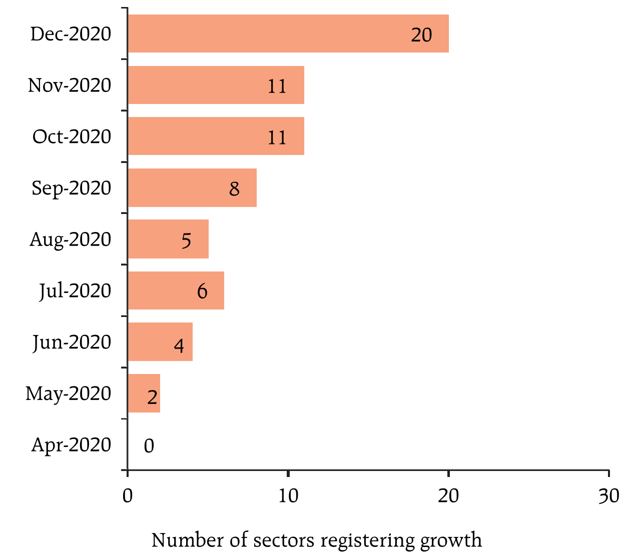
Source: Controller General of Accounts (CGA).

Chart 6: GDP excluding GFCE



Source: NSO.

Chart 7: Broad-based Revival in Import Demand



Source: DGCI&S.

GFCE prevented an even more precipitous fall of 29.3 per cent.

Third, merchandise imports finally emerged out of contraction over 9 consecutive months and grew by 7.6 per cent (y-o-y) in December 2020 (Chart 7). The rebound in imports was broad-based, with as many as 20 out of 30 major commodities registering expansion. Many of these items are of the nature of intermediate goods in supply chains, which augurs well for domestic industrial activity and import-intensive exports. This suggests that moribund absorptive capacity of the economy is coming back to life, rekindled by domestic demand. Surges of capital inflows, which the Indian economy is enjoying currently as a preferred destination, may from hereon, support investment and growth and even crowd-in domestic saving instead of passively flowing back uphill through reserve accumulations. The days of the tail wagging the dog[1] of India's balance of payments may finally be drawing to a close.

Fourth, bank credit demand has increased at a pace above 6 per cent, reversing a 5-month stretch of sub-6 per cent growth. On top of robust credit flow to agriculture, micro and small enterprises and the services sector led by transport, trade and tourism have powered the turning around of the credit cycle.

Set against this backdrop, the remainder of the article is structured into five Sections. Section II captures in a nutshell the rapidly evolving developments in the global economy. The underlying impulses in the domestic economy are distilled in Section III. Section IV evaluates financial conditions, while the last Section puts out some perspectives.

II. The Global Setting

It was a lockdown Christmas for a swathe of advanced economies (AEs) as a new and more virulent strain of the virus and the rapid spread of the second/ third wave dampened not just the season's cheer but also the optimism generated by the vaccine. Disruptions from the pandemic in a few EMEs have turned out to be more severe than previously anticipated, with the brunt being faced by commodity exporters. Overall, following the initial rebound since mid-2020, the global economy recovery

[1] For a developing economy like India, it is the merchandise trade account that dominates its Balance of Payments, and the capital account usually plays a smaller financing role. In recent years, however, especially since 2019, net capital flows to India have risen to a level at which they play a predominant role in Balance of Payments, resulting in the phenomenon of the 'tail wagging the dog'. For further reading, please refer to *https://www.bostonfed.org/-/media/Documents/conference/28/conf28h.pdf?la=en.*

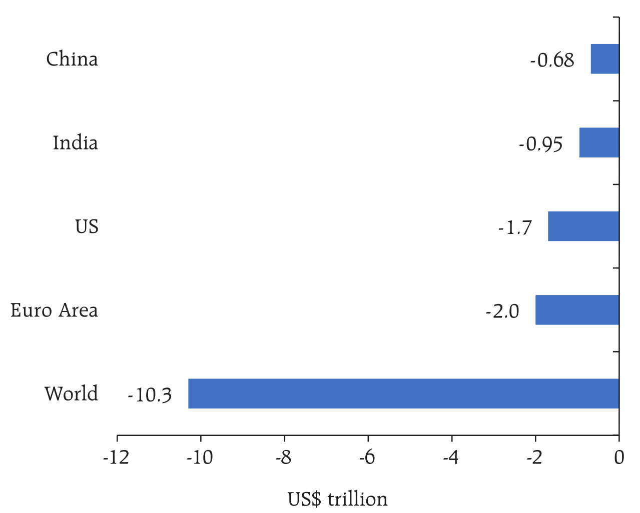
has slowed. The improvement in manufacturing activity and trade has been marred by depressed services sectors. The fall in global investment has been pronounced. While financial conditions remain ultra-easy, financial fragilities are mounting, leading to fears that the COVID-19 crisis would eventually morph into a financial crisis (Reinhart, 2020). With January, the season of projection updates has arrived, and the World Bank has led off. In its latest Global Economic Prospects (GEP) released on January 5, 2021, the global economy is estimated to have contracted by 4.3 per cent in 2020 – AEs by 5.4 per cent; EMEs ex-China by 5.0 per cent (Table 1). In 2021, global output is forecast to expand by 4 per cent but remain 5.3 per cent below pre-pandemic projections, or by about US$ 4.7 trillion. AEs and EMEs ex-China will roughly look alike in growth profiles, eking out modest expansions of 3.3-3.4 per cent. India is expected to expand by 5.4 per cent, a pale shadow of its historical record. It is estimated that COVID-19 will cause a loss of US$ 10.3 trillion in world GDP in 2020 and 2021 (Chart 8). Among the developing economies, India will suffer the biggest loss of US$ 950 billion (The Economist, January 9, 2021). The pandemic may exacerbate risks around the accumulation of debt on the one hand and a prolonged slowdown in potential output on the other. Consequently, downside risks to projections predominate the horizon.

Table 1: GDP Growth Projections – Select AEs and EMEs

Country	2020		2021	
	Jun 2020	Jan 2021	Jun 2020	Jan 2021
World	-5.2	-4.3	4.2	4.0
Advanced Economies				
US	-6.1	-3.6	4.0	3.5
Euro area	-9.1	-7.4	4.5	3.6
Japan	-6.1	-5.3	2.5	2.5
Emerging Market Economies				
Brazil	-8.0	-4.5	2.2	3.0
Russia	-6.0	-4.0	2.7	2.6
India	-3.2	-9.6	3.1	5.4
China	1.0	2.0	6.9	7.9
South Africa	-7.1	-7.8	2.9	3.3

Source: World Bank.

Chart 8: GDP Shortfall in 2020-21, Relative to Pre-pandemic Projections



Source: The Economist, January 9, 2021.

On the price situation, economies are struggling to meet inflation targets, AEs from below and several EMEs from above (Table 2). Food prices have registered a surge, particularly in EMEs, owing to a confluence of factors working in conjunction, *viz.*, governments shoring up their food reserves, logistical hassles, and *La Nina* adversely affecting crop production in Latin America[2]. The Food and Agriculture Organization's food price index rose by 3.1 per cent in 2020, with the monthly index at a six-year high in December.

[2] *https://www.ft.com/content/20a5e763-4d2f-4872-a1f9-7852a5be6d68*

Table 2: Inflation Projections for 2020 – Select AEs and EMEs Projections in December

(Per cent)

Country	Projection	Target/ Mid-point of control range or tolerance band for 2020
Advanced Economies		
 US	1.2	2.0
 Euro area	0.2	2.0
 Canada	0.6	2.0
Emerging Market Economies		
 Brazil	4.3	4.0
 Russia	4.6 to 4.9	4.0
 India	6.6*	4.0
 Thailand	-0.9	2.0
 Indonesia	below 1 per cent	3.0

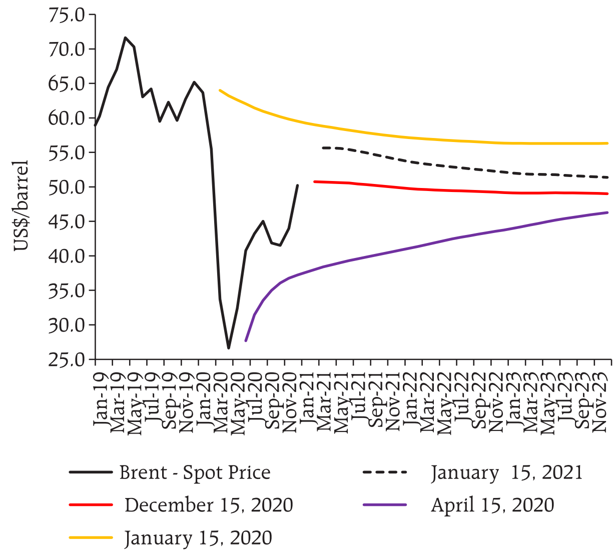
*: Approximate average for 2020-21, based on actuals (June-September 2020) and forecasts for Q3 and Q4:2020-21 in the MPC statement of December 4, 2020.

Source: Central bank websites.

Meanwhile, crude oil prices continued to rise in December and the first half of January on the back of positive developments on the vaccine front and extension of production cuts by organization of the petroleum exporting countries (OPEC) *plus.* At an average of US$ 49.9 per barrel in December, Brent was 15.5 per cent dearer in December (Chart 9). The average Brent price in 2020, however, was about 34 per cent lower than in 2019. The World Bank estimates oil demand to have declined by a historic 9 per cent in 2020.

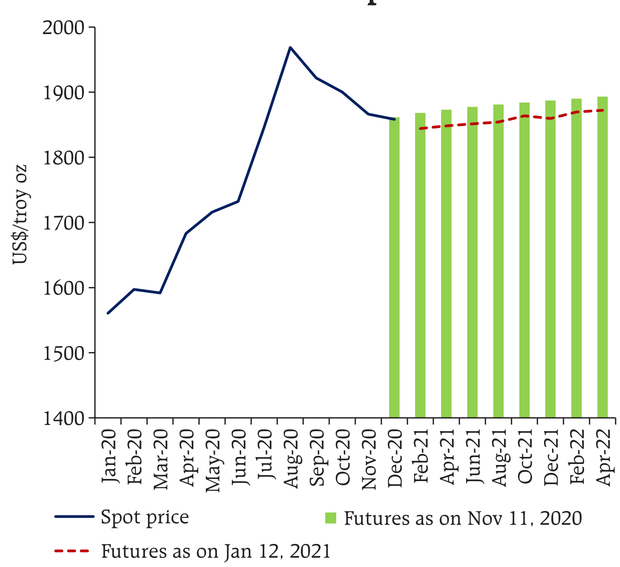
Gold wrapped up a phenomenal year, which saw bullion prices scaling an all-time high in August, with gains of 25.1 per cent, following up the 18.3 per cent ascent in the previous year. Safe haven demand and unprecedented monetary accommodation made bullion a top-performing asset in 2020. Gold prices have corrected in 2021 so far with sell-offs due to waning safe haven demand as also due to the dollar gaining strength (Chart 10). Basking in gold's glory, silver had a good year too in 2020. Base metals,

Chart 9: Brent Futures



Source: Bloomberg.

Chart 10: Gold Prices - Spot and Futures



Source: Bloomberg.

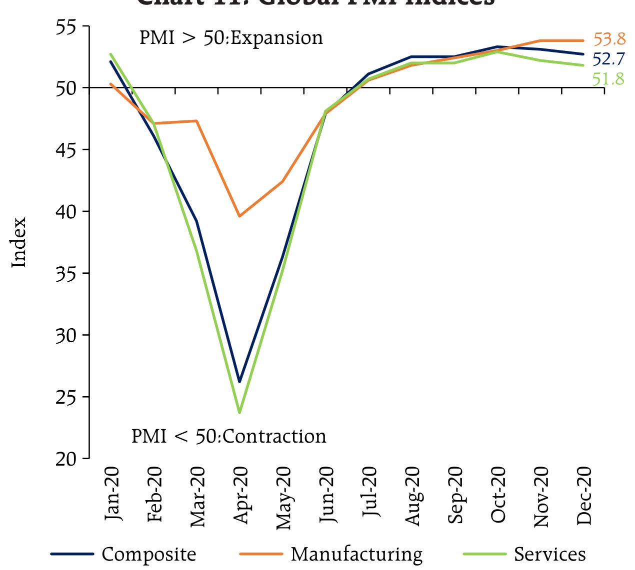
which had seen a sharp dip in the initial months of the year, recovered strongly in H2:2020, and ended the year in gains.

The global composite purchasing managers' index (PMI) moderated to 52.7 in December, mainly on account of the services PMI sliding to a five-month low of 51.8. The good news is that it has remained in expansion zone for the whole of H2:2020. The global manufacturing PMI in December maintained the 33-month high level of November. Industrial output has risen continuously in H2:2020 after the severe decline observed between February and June (Chart 11). Meanwhile, price momentum continues to build incipiently - input prices rose in December at their highest pace since May 2011.

The volume of world merchandise trade showed sequential improvement of 11.6 per cent in Q3:2020 after a contraction of 12.7 per cent in the previous quarter, according to the World Trade Organization (WTO). There was, however, a contraction of 5.6 per cent in Q3 on a y-o-y basis (Chart 12). This effectively means that the volume of merchandise trade during the first three quarters of 2020 was 8.2 per cent lower than in the corresponding period of the previous year, though still favourable *vis-à-vis* the WTO's estimate of a 9.2 per cent contraction in world trade in 2020 as a whole. The World Bank estimates that world trade volume (goods and non-factor services) declined by 9.5 per cent in 2020 and the level of trade uncertainty remains higher than trend, notwithstanding recent developments such as the African Continental Free Trade Area agreement and the Regional Comprehensive Economic Partnership.

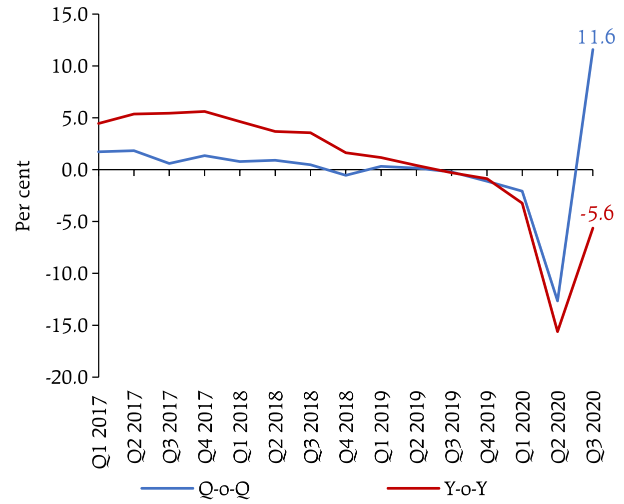
The improving macroeconomic outlook and rapid vaccination led equity markets to build on the record gains registered in November 2020, also benefitting from the Brexit deal and the US stimulus towards end-December. Despite the rising tide of valuations, stock markets in the UK, EU, Indonesia, Thailand and Chile, ended the year in the red. On the other hand, surging gains in stock markets of EMEs pulled in strong portfolio flows. The total portfolio flows into EMEs in December were US$ 45.9 billion, and for the year as a whole, they amounted to US$ 313.6 billion (IIF, 2021). Reflation trade and risk-on sentiments caused bond yields in the AEs to move up. On the other hand, bond yields in EMEs continued to ease,

Chart 11: Global PMI Indices



Source: IHS Markit.

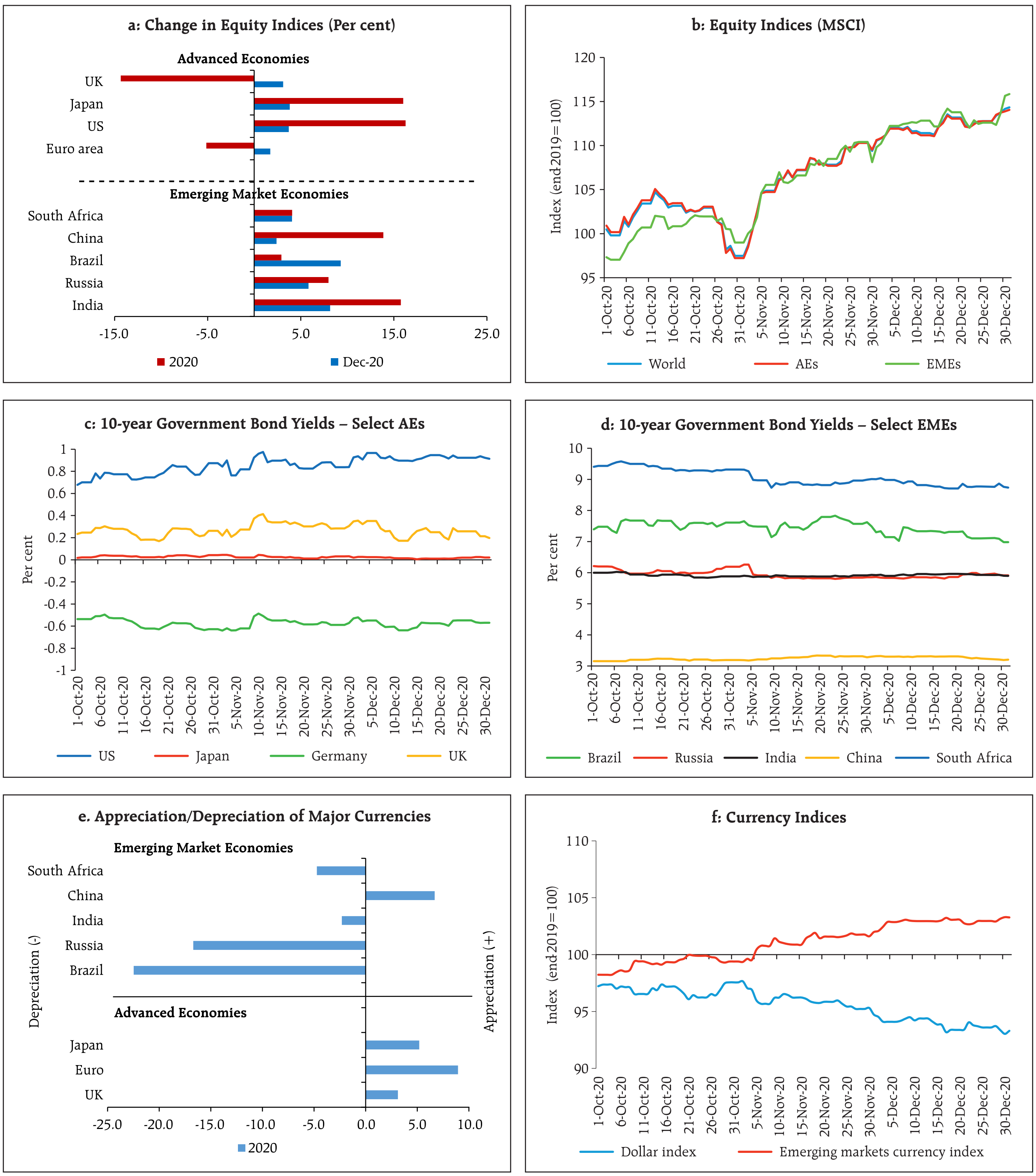
Chart 12: Growth in World Merchandise Trade Volume



Source: World Trade Organization.

reflecting the strong portfolio flows (Chart 13). The upbeat outlook engendered by the COVID-19 vaccine kept the US dollar on a downward slide in December and currencies of AEs and EMEs rallied to multi-year highs. Overall, the dollar index weakened by 2.1 per cent in December, ending the year 2020 lower by 6.7

Chart 13: Financial Market Developments



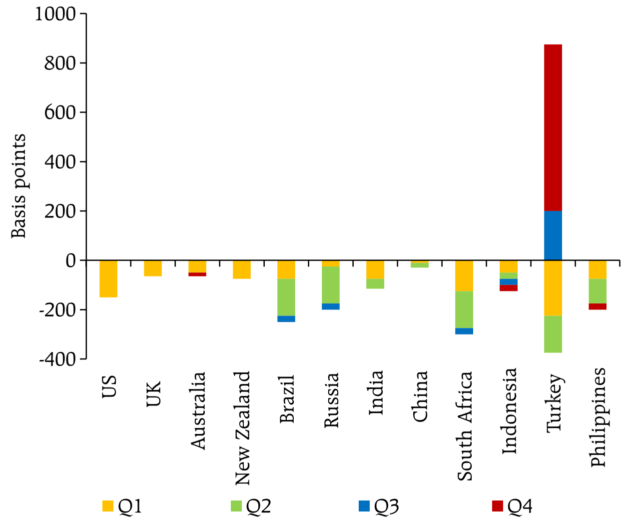
Sources: Bloomberg; and Thomson Reuters.

per cent. As a corollary, the Morgan Stanley Capital International Emerging Markets (MSCI-EM) index appreciated by 1.6 per cent in December and by 3.3 per cent over the year as a whole. In 2021 so far, however, the dollar has strengthened, mostly against AE currencies such as the euro.

On the monetary policy front, amidst the general tendency among central banks of staying on hold on interest rates while engendering abundant liquidity conditions, there was a further expansion of monetary stimulus by the European Central Bank and the Bank of Japan in December. The Federal Reserve gave forward guidance of continuing asset purchases till it made progress on maximum employment and price stability goals. On the contrary, the central bank of Turkey effected a third policy rate hike in four months, battling high and surging inflation (Chart 14).

As the global economy steps into the new year, the near-term outlook remains clouded by a considerable amount of uncertainty as AEs struggle with virulent outbreaks of infections and stricter lockdowns, and EMEs stare at poverty levels last seen in 2017.

Chart 14: Policy Rate Action in 2020 - Select Central Banks

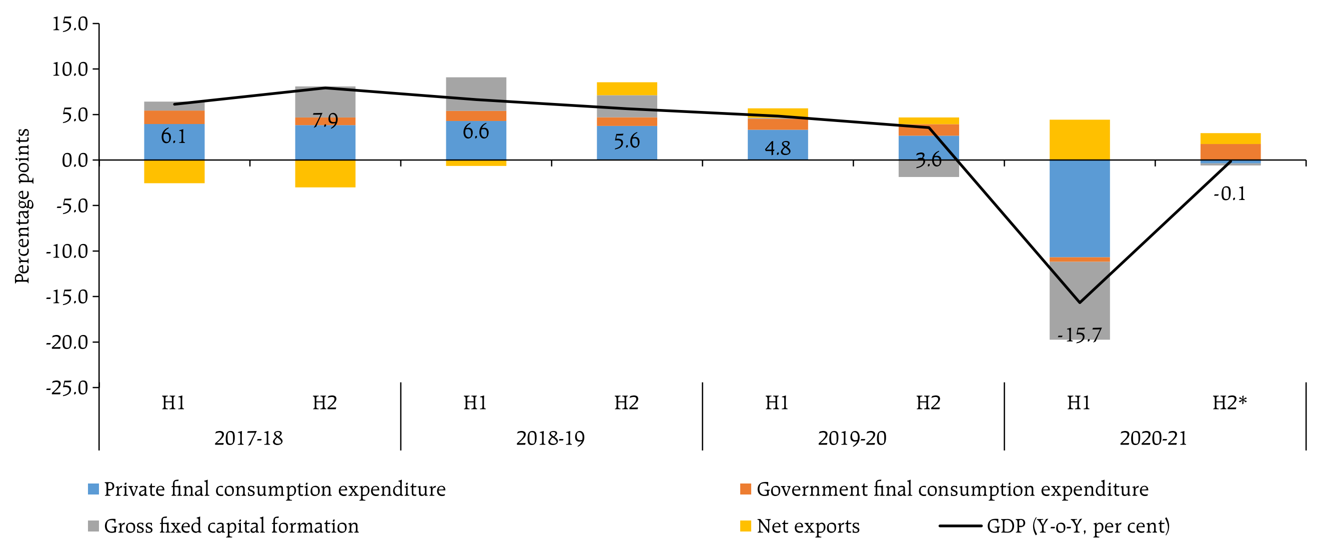


Source: Central bank websites.

III. Domestic Developments

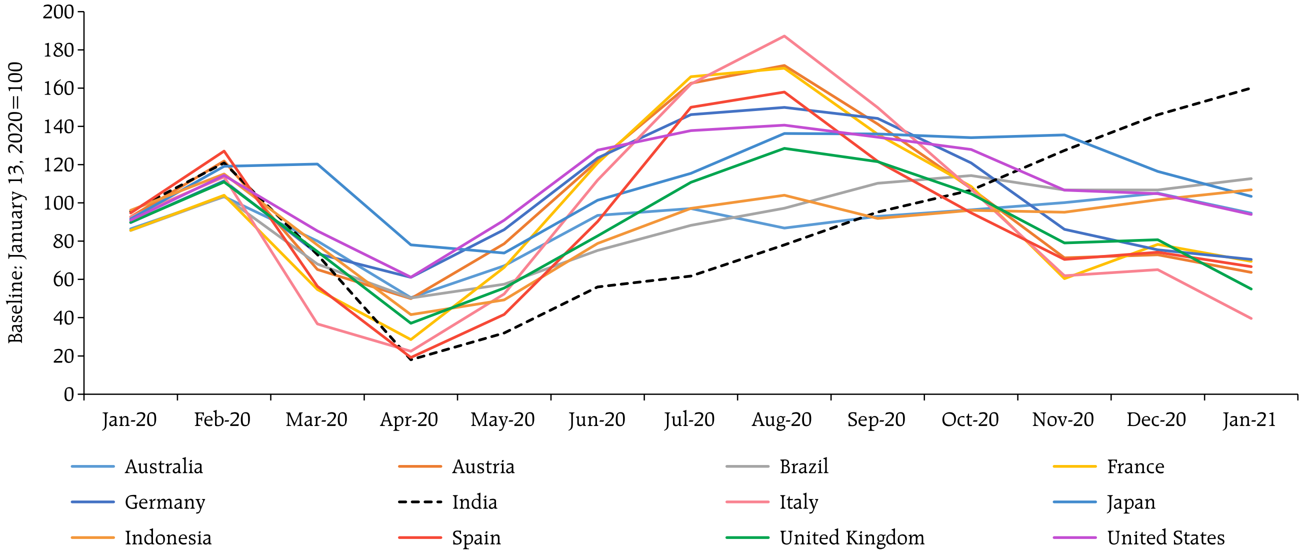
Implicit in the January 7 GDP release is what this article has been anticipating – barring the visitation of another wave, the worst is behind us (Chart 15). Recent high frequency indicators suggest that the recovery is getting stronger in its traction

Chart 15: Half-Yearly GDP Growth



*: Implicit Growth.
Source: NSO.

Chart 16: Cross-Country Mobility Trends



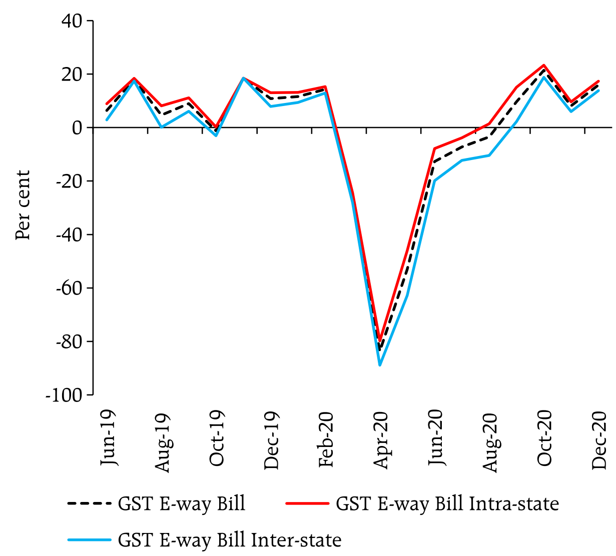
Source: Apple Mobility Trends.

and soon the winter of our discontent will be made glorious summer[3]. Cross-country comparison indicates that India is on the move, ahead of other economies (Chart 16). The six largest states – Maharashtra, Tamil Nadu, Uttar Pradesh, Karnataka, Gujarat and West Bengal – recorded 87 per cent of normal footfalls in public places, the best levels so far in the pandemic (Mint tracker). Domestic trading activity as reflected in issuance of E-way bills expanded at a brisk pace, even over a high base, posting a growth of 15.9 per cent y-o-y – intra-state by 17.3 per cent and inter-state by 13.8 per cent. In fact, the number of E-way bills issued during December 2020 was the highest, suggesting that the recovery is no longer aloft on the fleeting tailwinds of festival spending but is rising Phoenix-like on the wings of an intrinsic momentum (Chart 17).

Aggregate Demand

Aggregate demand conditions have either consolidated recent gains or vaulted up on strengthening pace in December 2020. Electricity consumption expanded at 5.0 per cent y-o-y, maintaining its growth for the fourth successive month (Chart 18). Northern and central states such as Madhya Pradesh (15 per cent), Rajasthan (12 per cent), Bihar (14 per cent), Punjab (12 per cent) and Uttar Pradesh (10 per cent) experienced a surge in power demand in December due to increased heating load. Mercury levels plunged to multi-year lows as an unusually intense winter took hold with *La*

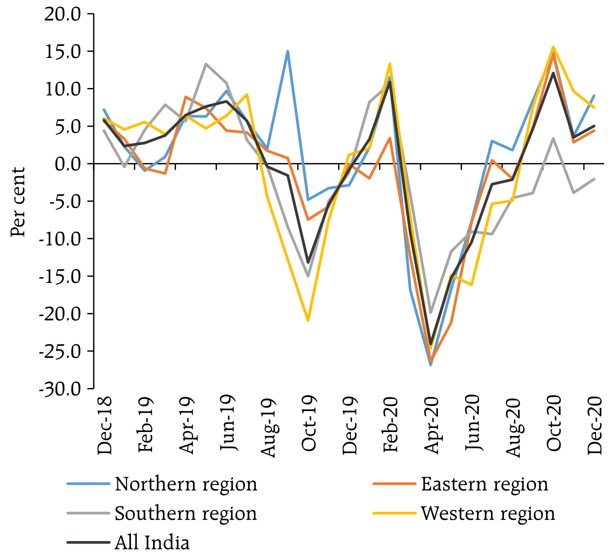
Chart 17: Issuance of E-way Bills



Source: CEIC.

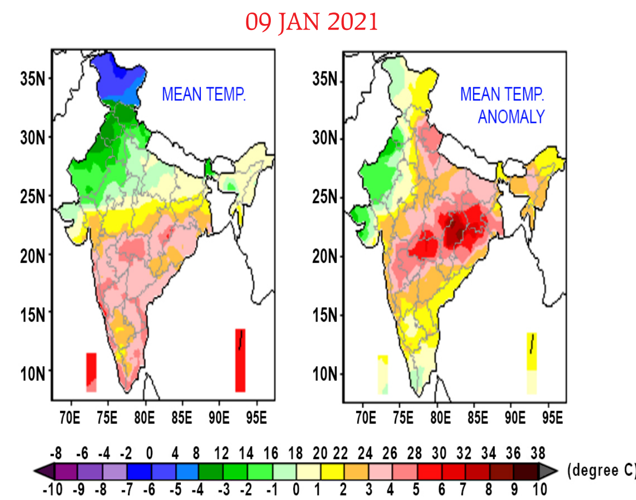
3 Adapted from William Shakespeare in Richard III.

Chart 18: Region-wise Power Demand



Source: Power System Operation Corporation (POSOCO).

Chart 19: Temperature Across Country



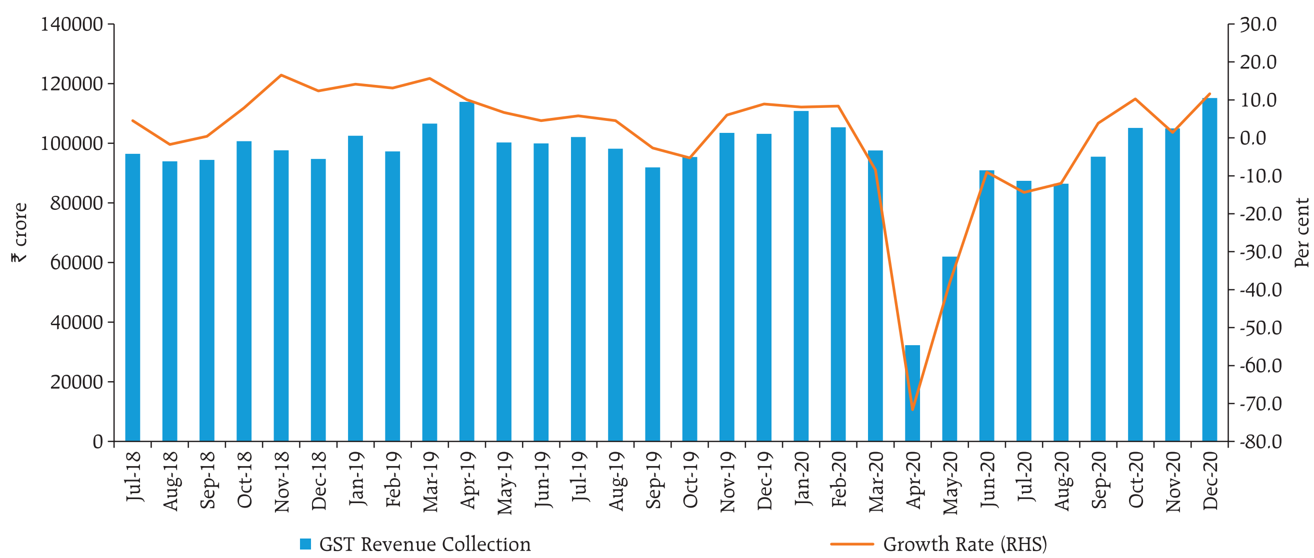
Source: India Meteorological Department.

Nina cooling the waters of the Pacific and a cold wave gripped most of upper India, interspersed with sporadic unseasonal showers in these states (Chart 19).

Domestic spending is normalising rapidly, and in sync, collections under the goods and services tax (GST) surged to an all time high of ₹1.15 lakh crore in December, breaking out of the ₹1 lakh crore 'barrier' for the third month in succession, and higher by 11.6 per cent over a year ago (Chart 20). Business activity is regenerating in an 'unlock' mood, incentivised in substantial measure by a simplified return filing system.

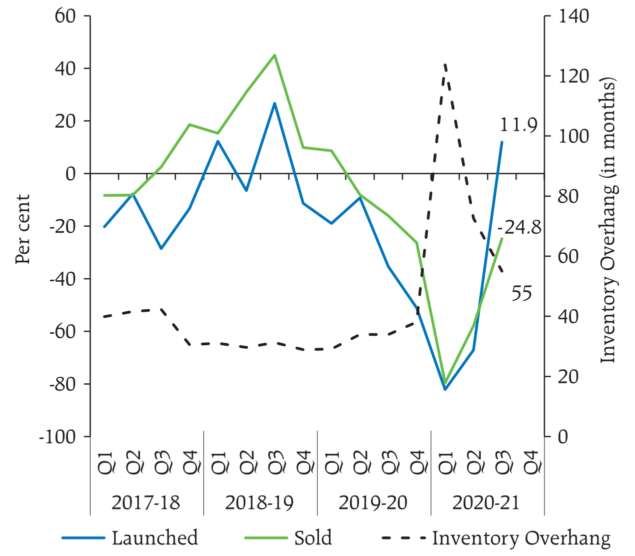
Consumer confidence is regaining its groove. The Refinitiv-Ipsos consumer sentiment index inched up by 2.1 percentage points in December. Improvement was recorded on employment conditions, personal

Chart 20: GST Collections



Source: Press Information Bureau.

Chart 21: Housing Sector



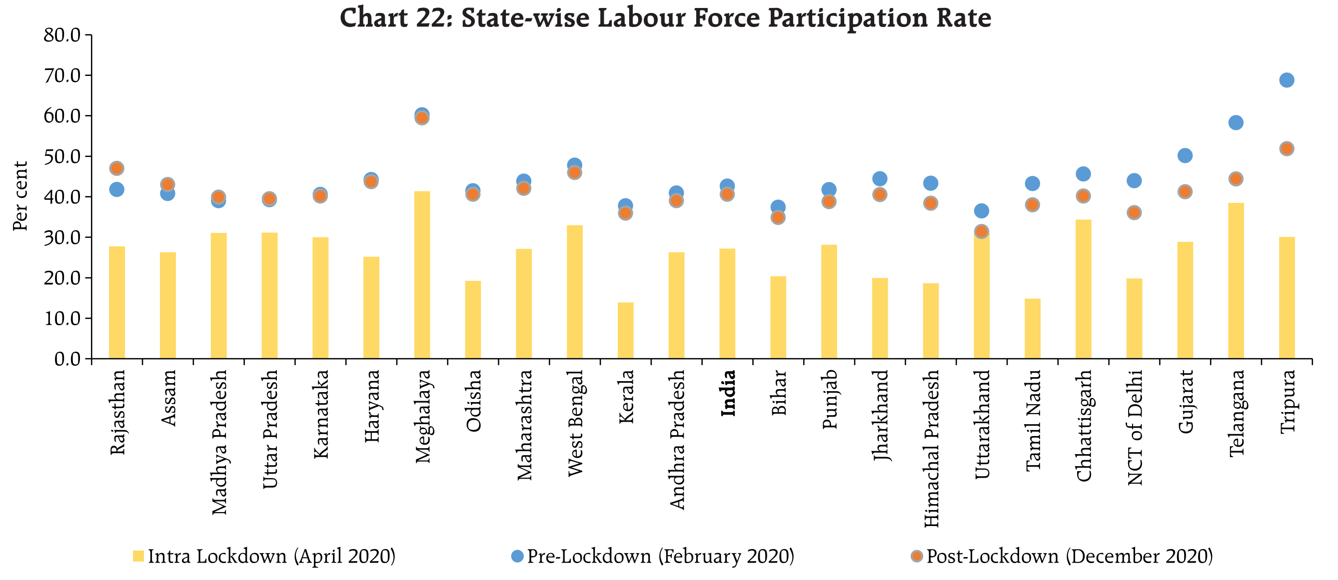
Source: Proptiger.

and well-being products, ahead of a bigger shift to value added goods and essentials *via* digital and omni-channel sales. Alliances between e-commerce players and *kirana* stores are expected to expand to increase service delivery to meet rising demand. Upbeat consumer sentiment is also expressing itself in housing. There are signs of the housing sector turning around, with a sharp uptick in Q3:2020-21 in sales of residential units - almost double the level of the preceding quarter - supported by favourable interest rates, still restrained housing prices, steep discounts by developers to clear inventory, and reduction in stamp duty by a few states (Chart 21). The revival in consumer spending is also evident in India's fast- moving consumer goods (FMCG) market, which expanded by 17.0 per cent[4].

finance, investment climate and confidence in the outlook for the economy. This is corroborated by Dun and Bradstreet's report that consumer confidence will improve from January 2021, peak in July and continue till September ahead of the next festival season. Purchasing behaviour is expected to reveal a preference online and offline towards health

Labour market conditions are also improving *pari passu*, with a gradual pick up in employment across space and time, as indicated by the household survey of the Centre for Monitoring Indian Economy (CMIE). The labour force participation rate recovered to 40.06 in December from a low of 35.57 in April 2020 (Chart 22). With gradual lifting of inter-state movement restrictions, labour force participation rates across

Chart 22: State-wise Labour Force Participation Rate



Source: CMIE Household Survey.

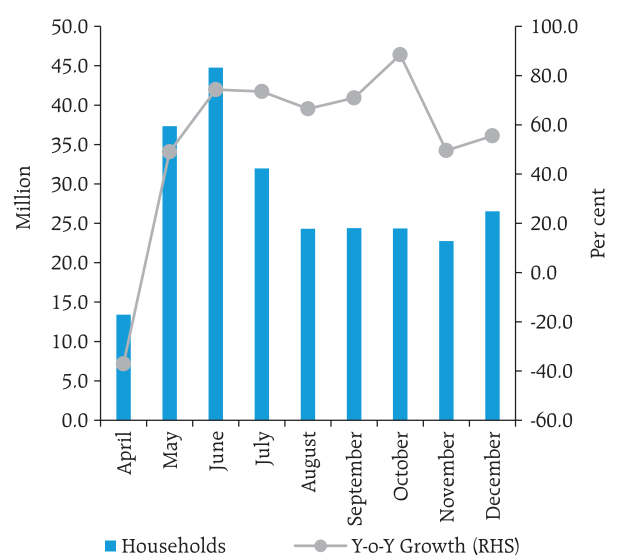
4 *https://economictimes.indiatimes.com/industry/cons-products/fmcg/faster-moving-consumer-goods-sales-up-17-in-q3/articleshow/80124785.cms.*

states have picked up to around pre-pandemic levels with the exception of Delhi, Gujarat, Telangana and Tripura. Some states like Rajasthan, Assam, Madhya Pradesh and Uttar Pradesh have notched up swifter recoveries, with labour force participation rates recorded in December rising higher than those seen in the pre-lockdown period (Chart 23). Under the Mahatma Gandhi National Rural Employment Act (MGNREGA), around 26.5 million households sought employment in December – 16.5 per cent higher than in the preceding month and over 55.5 per cent a year ago. By the close of December, 130 per cent of the budgeted amount was spent.

It is likely that the employment situation would brighten even more in the coming months. According to staffing solutions provider TeamLease, hiring by information technology (IT) firms across various skill sets is likely to increase by 10-12 per cent in 2021.

As mentioned earlier, a heartening development that improves the prospects of recovery is the vigorous resumption of government spending. The growth-giving role of government final consumption expenditure is invaluable at a time when all other

Chart 23: Demand for MGNREGA in 2020-21



Source: Ministry of Rural Development.

components of GDP are in deep retrenchment under the metastasis purveyed by the pandemic. It is difficult to fully appreciate the importance of this development for the near-term outlook without a close understanding of the underlying dynamics that were etched out for the first time this year in the December 2020 issue of the Bulletin in an article titled 'Government Finances 2020-21: A Half Yearly Review' (RBI, 2020) which, incidentally, fulfils India's compliance with the Special Data Dissemination Standard (SDDS) of the IMF.

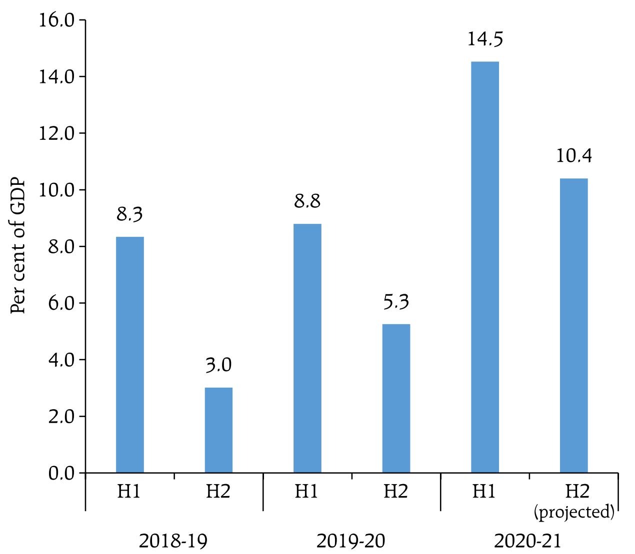
The November 2020 edition of this article vivisected and laid out the 'system' in the stimulus given by the centre. Earlier, the Reserve Bank's report on State Finances (RBI, 2020) showed how the states assumed the mantle of frontline warriors in the defence against the pandemic with several setbacks but also with some shining successes that caught the attention of the world. Underneath this logged chronicle, the reality is that the pandemic has inflicted a 'scissor effect' on government finances. On the one hand, it stretched expenditure on account of the fiscal support to the economy that was completely unanticipated at the time of drawing up budgets for 2020-21. On the other, there was contraction in revenues as activity in the economy went into catatonic withdrawal with lockdowns and other containment measures. As a result, the general government gross fiscal deficit (GFD) rose to 14.5 per cent in H1:2020-21, with Q1 recording a spike to 22.0 per cent that necessitated consolidation in Q2 in the form of rationalisation and reprioritisation of expenditure (Chart 24). Going forward, two positive features are going to shape up the fiscal landscape in H2. First, the general government GFD-GDP ratio is likely to moderate to 10.4 per cent (within a 50 per cent confidence band of 9.7-10.9 per cent). This development will be revenue-driven as the war effort of H2 bears fruit and receipts return to positive territory. Second, the quality of the fiscal deficit is also likely to be better in H2 as a substantial part of investment-oriented stimulus under *Aatma Nirbhar* 2.0 and 3.0 (announced in October and November 2020, respectively) is expected to fructify in this period. This is already evident in the November 2020 monthly data on capex; however, both centre and states must resist resorting to large scale expenditure cuts to allay fiscal concerns.

Turning to external demand, India's merchandise exports have reached pre-COVID-19 levels and exhibited a growth of 0.1 per cent in December 2020. Non-oil exports actually expanded by 5.6 per cent, marking the fourth consecutive month of positive growth.

More noteworthy was the pickup in merchandise imports, which have rebounded by 7.6 per cent in December 2020 after a protracted nine months of contraction. The revival was led by gold, electronic goods and vegetable oils. Rising imports of pearls and precious stones, machinery, electronic goods and textiles reflect the revival of domestic activity as they are of the nature of intermediate goods in supply chains. This also augurs well for exports going forward. Even in the case of oil imports, moderation was seen in the rate of contraction, with oil imports declining by only 10.6 per cent in December as against a sharp contraction of 43.4 per cent in November. With robust growth in imports, the trade deficit scaled to a seventeen- month high at US$ 15.4 billion in December (Chart 25).

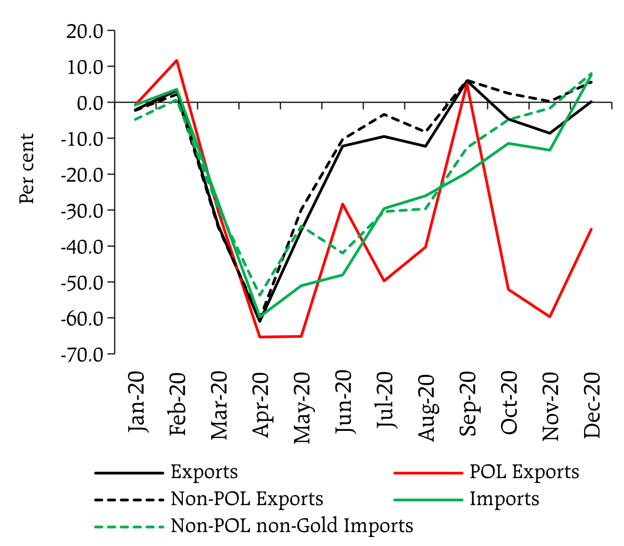
The faster revival seen in non-oil exports can be attributed to shipments of drugs and pharmaceuticals, agricultural items and iron ore, all of which have displayed resilience in the face of the pandemic and the massive contraction in world trade. As vaccination gathers pace across the globe, Indian pharma firms will exploit the edge they have in terms of the largest capacity globally in vaccine manufacturing - India is already manufacturing 60 per cent of the vaccines sold globally. Furthermore, the production linked incentive (PLI) scheme introduced for bulk drugs and medical devices has received a positive response and is expected to support pharmaceutical and medical exports going forward, while reducing India's vulnerability to supply shocks in respect of raw materials and intermediates.

Chart 24: General Government Gross Fiscal Deficit



Source: RBI Staff Calculations.

Chart 25: Merchandise Trade

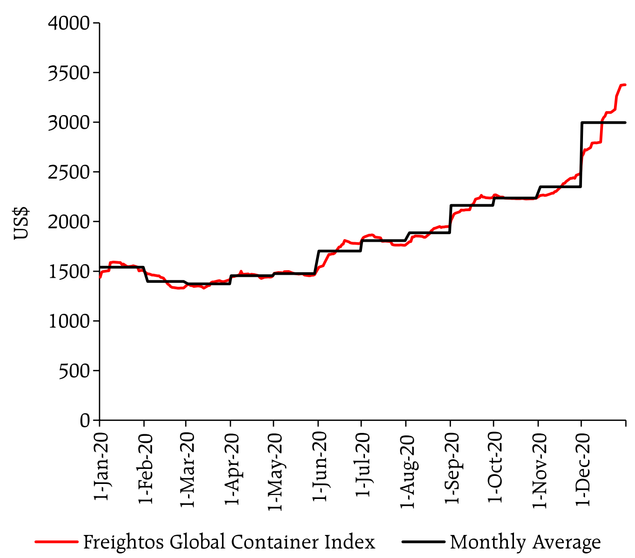


Source: DGCI&S.

The extension of benefits under the Scheme for Remission of Duties and Taxes on Exported Products (RoDTEP) to all export goods with effect from January 1, 2021 is expected to scale up the competitiveness of India's exports[5]. The risks to India's export prospects stem from the shortage of container supplies caused by supply chain disruptions across the globe, reduced capacity of shipping lines, empty containers getting stranded at ports during lockdowns, reduction in port manpower limiting the speed of cargo handling, and consequent congestion in the ports. For Indian exports in particular, the situation was aggravated by the huge congestion at Colombo port, which acts as the transhipment hub for Indian cargo. The result has been that a sizeable chunk of cargo traffic from Colombo has been diverted to Kochi port. This has led to a surge in freight costs as also reflected in the rising Global Container Freight Index during November-December 2020 (Chart 26).

India's current account remained in surplus for the third consecutive quarter in July-September 2020 (2.4 per cent of GDP), although it moderated in tandem with the resumption of domestic demand (Chart 27). While the coexistence of surpluses in the current and capital accounts of the balance of payments strengthens the buffer provided by foreign exchange reserves, India continues to contend with sluggish absorptive capacity. The silver lining is that the current account surplus has started to shrink in Q2 and may moderate further in H2:2020-21.

Chart 26: Freightos Global Container Index



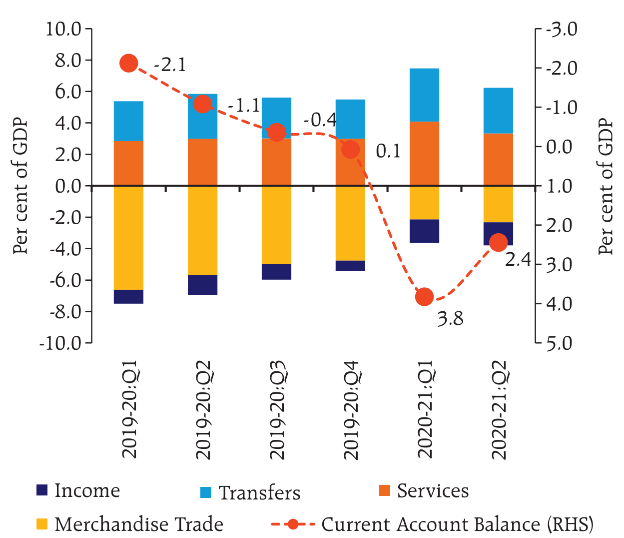
Source: Reuters.

Aggregate Supply

Aggregate supply conditions strengthened through December 2020 on the back of resilience in agriculture and revival in manufacturing activity. Services sector activity too seems to be turning around, though contact-intensive services remain subdued and below pre-COVID levels.

Agriculture remains unscathed by the pandemic. Sowing of major crops has exceeded the normal acreage levels. *Rabi* sowing covered an area of 651.9 lakh hectare by January 15, 2021, 1.6 per cent higher than in the preceding year, and surpassing the full season normal acreage (Table 3). The reservoir levels stood at 68 per cent of

Chart 27: Composition of India's Current Account Balance



Source: RBI.

[5] The RoDTEP scheme would refund to exporters the central, state and local duties/taxes paid by them, which were not being rebated/refunded so far.

Table 3: All India Crop Situation - *Rabi* (2020-21) as on January 15, 2021.

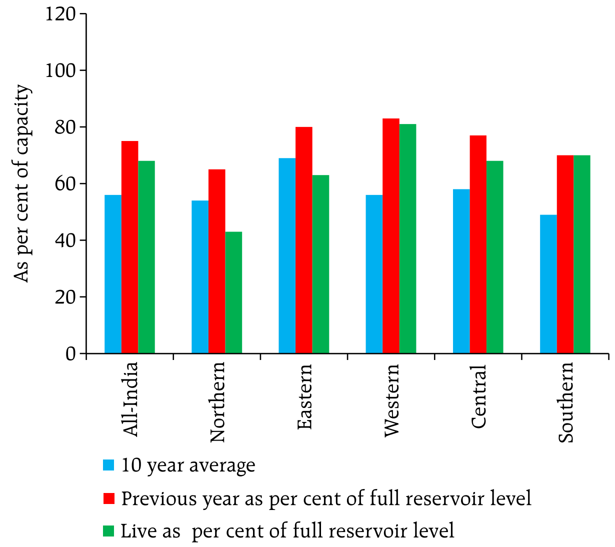
(Area in lakh hectares)

Crop Name	Normal area		Sowing as on date		Percentage variation	
	Full season	As on date	This year (2021)	Last year (2020)	Over normal as on date	Over last Year
1. Wheat	**303.3**	**306.8**	**337.1**	**330.6**	**9.9**	**2.0**
2. Rice	**41.8**	**19.7**	**21.0**	**20.0**	**6.8**	**5.0**
3. Coarse Cereals	**57.1**	**52.9**	**49.1**	**53.5**	**-7.2**	**-8.2**
a. Jowar	33.4	30.3	26.5	29.4	-12.7	-10.0
b. Barley	6.4	7.4	6.8	7.6	-7.5	-10.5
c. Maize	17.4	14.5	14.8	15.1	4.1	-4.9
4. Total Pulses	**144.9**	**152.4**	**162.1**	**158.8**	**6.4**	**2.1**
a. Gram	92.8	98.9	109.1	105.5	10.4	3.5
b. Lentil	14.2	16.3	16.4	16.0	1.1	2.5
c. Peas	8.8	10.4	10.6	10.9	1.9	-2.3
d. Kulthi (Horse Gram)	2.2	4.5	3.8	5.1	-15.8	-26.0
e. Urad	8.9	7.6	7.6	7.1	-0.2	6.5
f. Moong	9.9	5.4	5.2	5.5	-3.5	-4.2
g. Lathyrus	4.0	3.5	3.1	3.1	-11.7	0.0
I. Total Foodgrains (1+2+3+4)	**547.1**	**531.8**	**569.4**	**562.9**	**7.1**	**1.1**
5. Oilseeds	**73.2**	**79.2**	**82.6**	**79.0**	**4.3**	**4.6**
a. Rapeseed & Mustard	59.4	79.2	73.2	68.6	-7.5	6.7
b. Groundnut	7.3	4.6	4.3	4.5	-6.3	-5.1
c. Sunflower	2.4	1.6	1.0	1.0	-41.4	-1.9
d. Sesame	0.0	0.5	0.4	0.5	-20.2	-22.3
e. Safflower	1.2	0.8	0.6	0.6	-25.5	-6.4
f. Linseed	2.7	3.5	2.8	3.3	-18.4	-14.3
All- Crops (1+2+3+4+5)	**620.3**	**610.9**	**651.9**	**641.9**	**6.7**	**1.6**

Note: Area figures are as per eye assessment of State Agriculture Departments.
Normal Area: Average area during the period of 2014-15 to 2018-19.
Normal Area as on date: Average area during the corresponding period of 2015-16 to 2019-20.
Source: Ministry of Agriculture and Farmers' Welfare (MoAFW).

full capacity as on January 14 as against the decennial average of 56 per cent; this is an important force multiplier for the *rabi* season (Chart 28). Wheat – the primary *rabi* staple – has recorded an increase in sowing acreage (2.0 per cent), mainly due to higher sowing in major producer states, notably Haryana (1.2 per cent) and Madhya Pradesh (12.7 per cent). Pulses and oilseeds have also registered an impressive turnaround in acreage. With record *kharif* production,

Chart 28: Reservoir Level

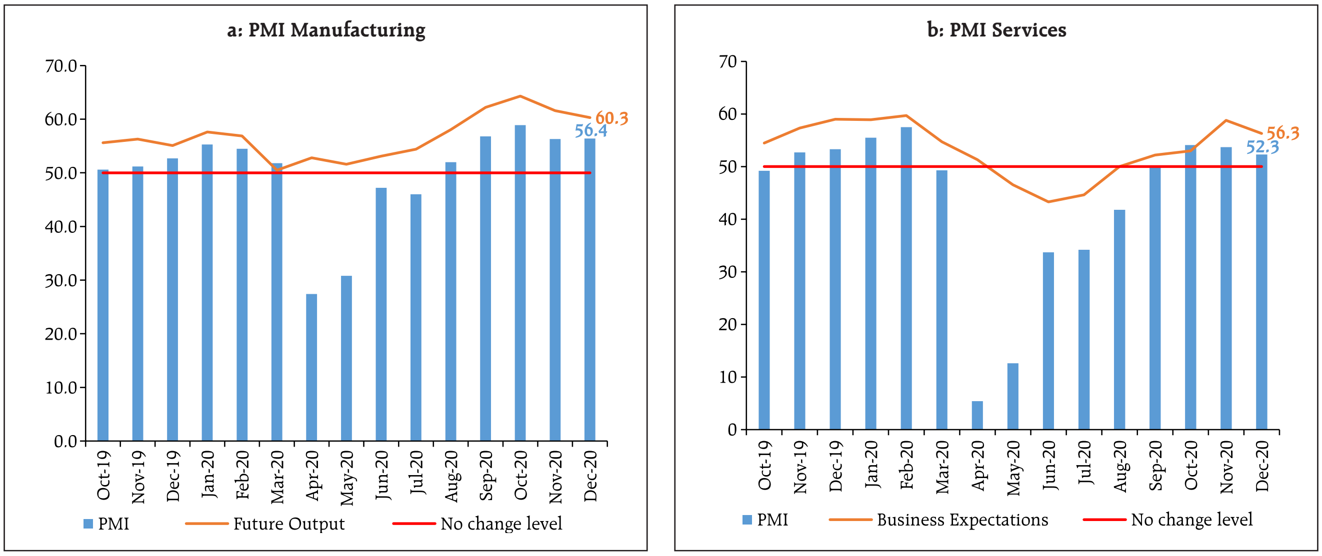


Source: Central Water Commission (CWC).

procurement of *kharif* rice at 51.3 million tonnes was 26.2 per cent higher than a year ago, taking the cereals (rice and wheat) buffer stock to 3.7 times the norm by January 1, 2021.

Although industrial output remains volatile, contracting by 1.9 per cent in November 2020 after a record expansion in October by 4.2 per cent, industrial activity is finally turning around. The headline purchasing managers' index (PMI) manufacturing expanded in December 2020 to 56.4, a tick higher than November's reading of 56.3 (Chart 29). Both new orders and output continued to grow strongly. The future output index expanded to 60.3 on hopes of improved market conditions, though confidence was stymied by worries on inflationary pressures. With gradual revival in industrial activity, Coal India Limited (CIL) recorded a 6.3 per cent growth in coal production in Q3. With regard to sales of passenger car vehicles, most of the original equipment manufacturers (OEMs) clocked double digit growth in December, ending the year on a bright note, as they restocked their exhausted inventories. Early data from the Ministry of Road and Transport reveal that over 1.8 million vehicles

Chart 29: Purchasing Managers' Index (PMI)



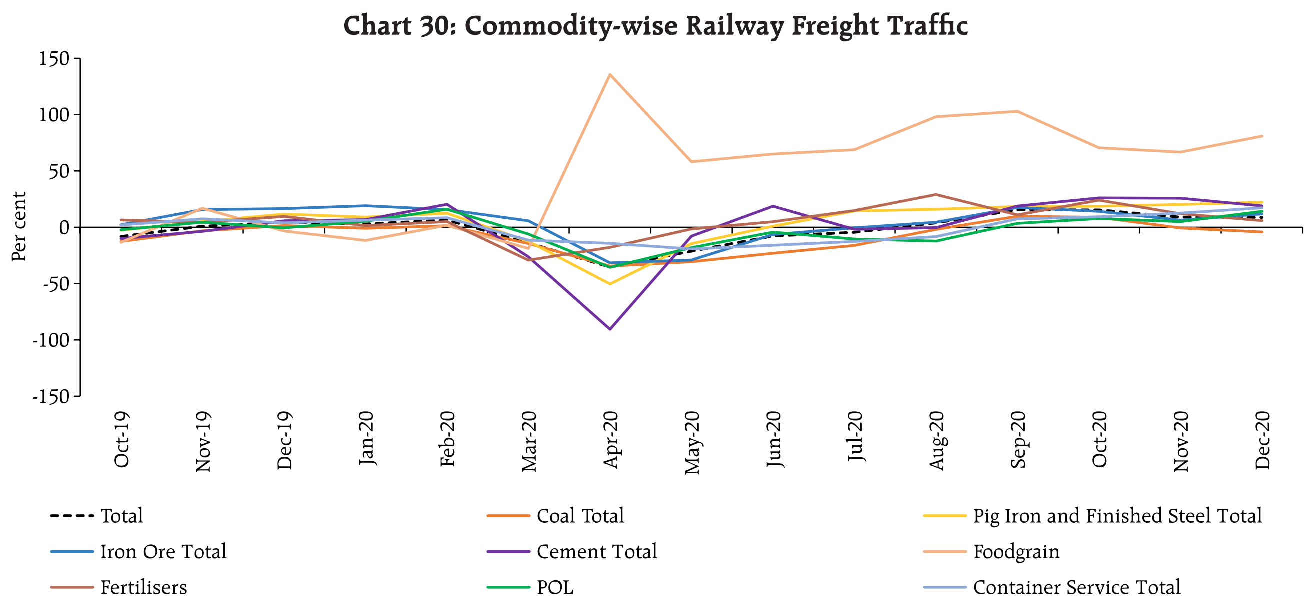
Source: IHS Markit.

were registered across India in December 2020, the highest ever since April - a growth of 10.3 per cent for the first time in the pandemic period. The quickening of activity was mainly driven in the non-transport vehicles segment. Sales of mini-trucks, pick-up vans and other light commercial vehicles are showing an uptick as more Indians turn to online shopping, increasing the need for last-mile delivery logistics.

In the services sector, a silent improvement is underway. The services PMI for December at 52.3 expanded for the third consecutive month, driven by an increase in new domestic work intakes. Steel consumption – a proximate indicator for construction activity - also registered an expansion for the third consecutive month, recording 5.7 per cent y-o-y growth. Transportation services through railways continue to exhibit strong momentum, both in terms of loading and earnings. Freight traffic grew at 8.7 per cent in December, extending an acceleration phase that began in August to the fifth successive month (Chart 30). The uptick was broad-based across all categories of commodities, with the exception of coal. Exuberant expansion also continued to characterise port cargo, which registered growth for the second consecutive month in December after eight successive months of contraction. With growing preference for personal mobility to avoid contact, passenger vehicle sales registered an acceleration for the fifth consecutive month in December.

Inflation

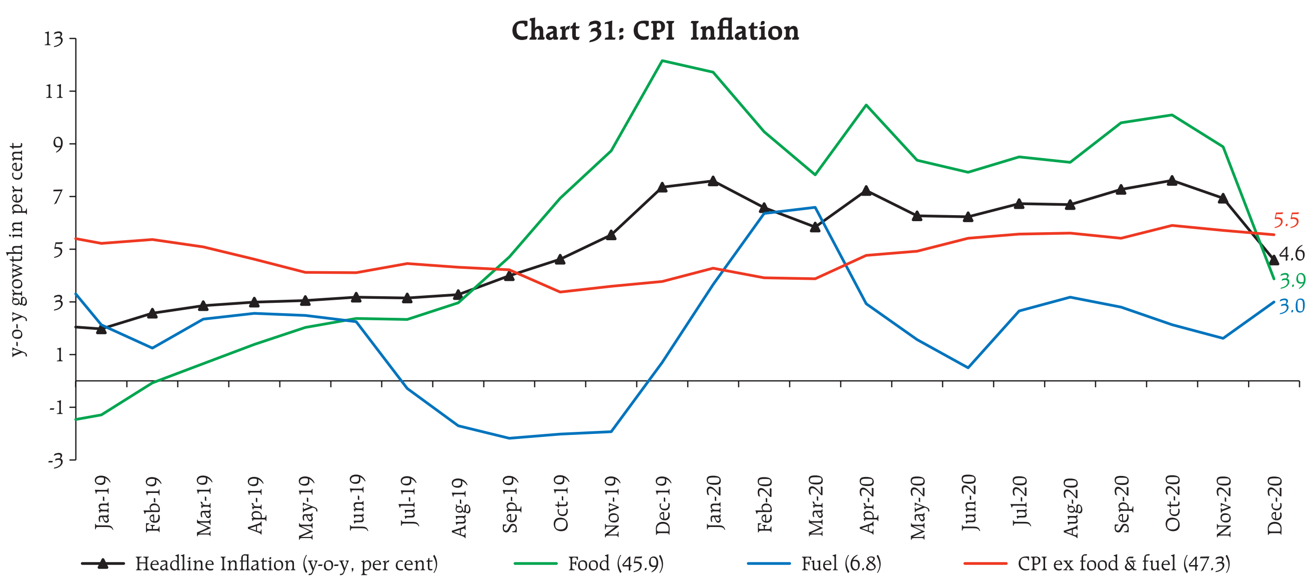
CPI inflation in December 2020 eased sharply to 4.6 per cent from 6.9 per cent in the last month. This was primarily on account of a substantial correction in food inflation - by 5 percentage points - to 3.9 per cent in December from 8.9 per cent in November (Chart 31). Vegetables and cereals drove the sharp disinflation in food inflation. Prices of onions and potatoes, which had seen a substantial increase in the recent months, registered a sharp fall in December. There was also a broad-based seasonal decline in prices of other vegetables. Along with a favourable base effect, these developments pushed vegetable prices into double digit deflation in December. Early indications of price movements of key food items for January (January 1-13, 2021), based on the high frequency food price data from the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs), point to further



Source: CMIE.

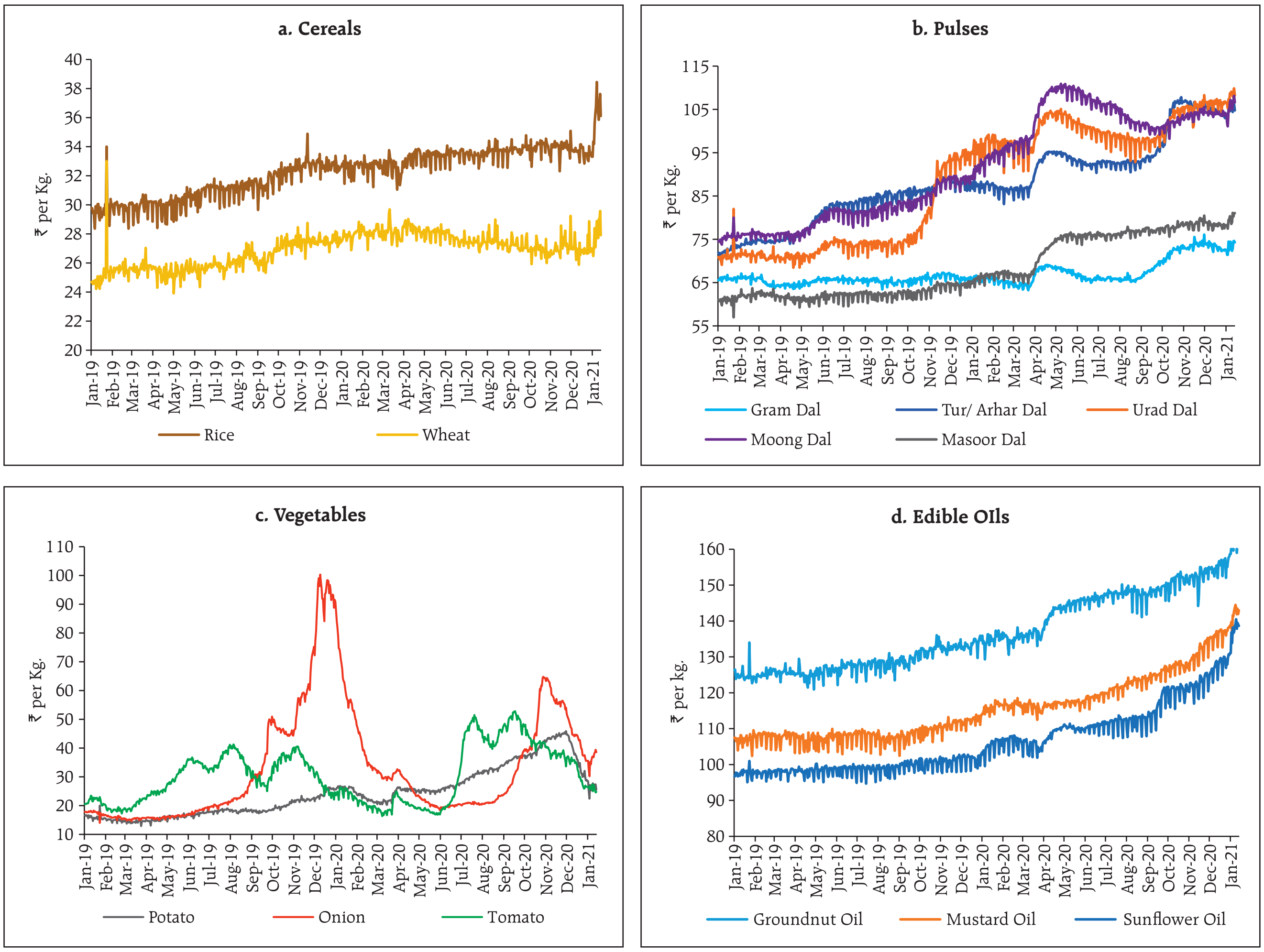
moderation in prices of vegetables. However, price pressures in respect of edible oils have continued in January so far (Chart 32).

The Indian basket of crude oil prices edged up to US$ 53 per barrel in January so far (January 1-13, 2021) from US$ 50 a barrel in December. This has resulted in further increases in domestic pump prices in January so far. Along with it, the non-reversal of the steep increase in domestic excise duties and state taxes is pushing up pump prices to historically high



Note: Figures in parentheses indicate weights in CPI-Headline.
Sources: NSO; and RBI staff estimates.

Chart 32: DCA Essential Commodity Prices



Sources: Department of Consumer Affairs, GoI; and RBI staff estimates.

levels. Domestic kerosene prices also rose further in January. LPG prices, after a sharp increase of around ₹100 per cylinder in December, were kept unchanged in January 2021 (Table 4).

Table 4: Petroleum Product Prices (Average of Four Major Metros)

Item	Unit	Domestic Prices			Month-over-month (per cent)	
		Jan-20	Dec-20	Jan-21	Dec-20	Jan-21
Petrol	₹/litre	77.79	86.27	86.73^	2.5	0.5
Diesel	₹/litre	70.52	77.59	78.08^	3.8	0.6
Kerosene	₹/litre	28.80	23.21	25.83	4.7	11.3
LPG	₹/cylinder	699.88	704.63*	704.63	16.5	0.0

*: Applicable from December 15, 2020
^: For the period January 1 -13, 2021
Note: Average of prices charged by Indian Oil Corporation Limited (IOCL) in four major metros (Chennai, Delhi, Mumbai and Kolkata).
Sources: IOCL; Petroleum Planning and Analysis Cell (PPAC); and RBI staff estimates.

CPI excluding food and fuel remained elevated at 5.5 per cent in December, even while exhibiting a small moderation from the November reading of 5.7 per cent, primarily due to telephone charges, education expenses and some softening in gold prices. Prices in respect of personal care and effects and also pan, tobacco and intoxicants continued to exhibit double-digit inflation in December. In spite of some softening, transport and communications inflation remained elevated in December due to motor vehicles prices, petroleum product prices and transportation fares.

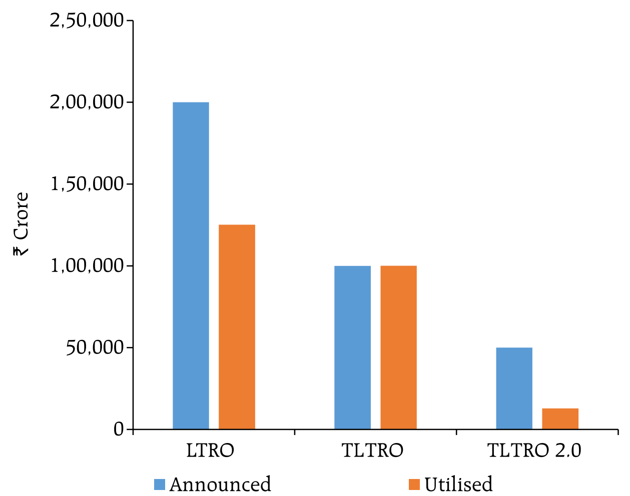
CPI food inflation is seeing considerable softening primarily due to sharp corrections in vegetables prices. In near months, prices of eggs and poultry, meat and fish could also ease on account of a likely collapse in demand for poultry products due to sharp rise in the incidence of bird flu infections in January. On the other hand, price pressures in respect of CPI core components are likely to remain. PMIs for manufacturing and services sectors point to an intensification of input price pressures in December. This is coming from an increase in fuel costs, industrial metal prices, edible oil prices and increased cost of doing business in the post-lockdown situation. In a scenario where demand conditions are getting normalised and firms are regaining pricing power, this poses the risk of higher pass-through of rising inputs costs to output prices.

IV. Financial Conditions

The Reserve Bank has been ensuring through its market operations that congenial financial conditions prevail to nurture the recovery in the form of easy monetary and credit conditions. Through December 2020, the average daily net absorptions under the liquidity adjustment facility (LAF) surged to ₹5,90,822 crore, notwithstanding an advance tax flow out of the banking system in the second half of the month. The surplus liquidity was mopped up through overnight reverse repos under the LAF, which rose to ₹7,37,314 crore as on December 31, 2020. In order to enable banks to exploit the synergies between central bank liquidity under on tap targeted long-term repo operations (TLTRO) scheme[6] and the Emergency Credit Line Guarantee Scheme 2.0 (ECLGS 2.0) of the Central Government, the Reserve Bank expanded the scope of the on tap TLTRO on December 4, 2020 to all stressed sectors identified by the Kamath Committee in addition to five sectors announced under the scheme on October 21, 2020. Banks can avail funds from the Reserve Bank under the on tap TLTRO and seek guarantee under ECLGS 2.0 to provide credit support to stressed sectors (Chart 33).

During the month, an outright open market operation (OMO) in State Development Loans (SDLs) was conducted on December 23, 2020 amounting to ₹10,000 crore, taking the total number of OMOs in SDLs to three starting from October 22, 2020. Two special OMOs (operation twist) were also conducted on December 17 and 30 to rein in term premia.

Chart 33: Utilisation of LTRO and TLTRO



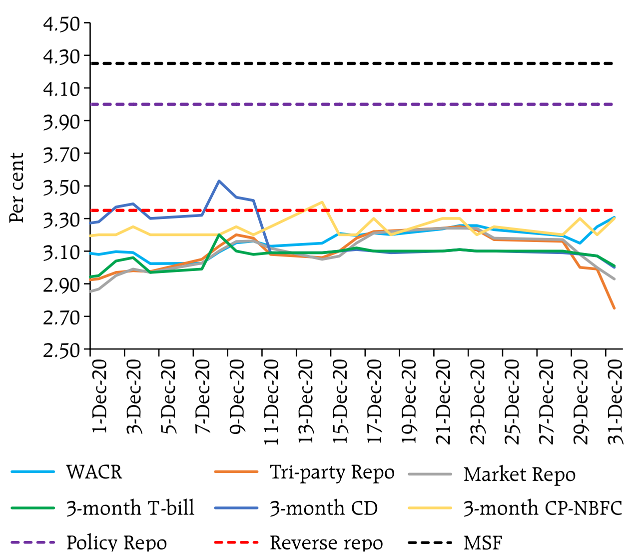
Note: Banks have repaid 98.8 per cent, 32.4 per cent and 38.1 per cent of funds availed under LTRO, TLTRO and TLTRO 2.0, respectively.
Source: RBI.

6 Liquidity availed by banks under the scheme should be deployed in corporate bonds, commercial paper, and non-convertible debentures issued by the entities in specific sectors over and above the outstanding level of their investments in such instruments as on September 30, 2020. The liquidity availed under the scheme can also be used to extend bank loans and advances to these sectors.

Money market rates edged up briefly on account of advance tax outflows, moving closer to the reverse repo rate from sub-LAF levels characterising the whole spectrum since mid of October 2020. The spread of the collateralised tri-party repo rate and market repo rate *vis-à-vis* the weighted average call rate (WACR) narrowed from (-) 32 basis points (bps) and (-) 29 bps in November to (-) 7 bps each in December 2020. Even rates on certificates of deposit (CDs), 91-day treasury bills and on commercial paper (CP) moved closer to overnight rates, although they continued to trade below the reverse repo rate (Chart 34).

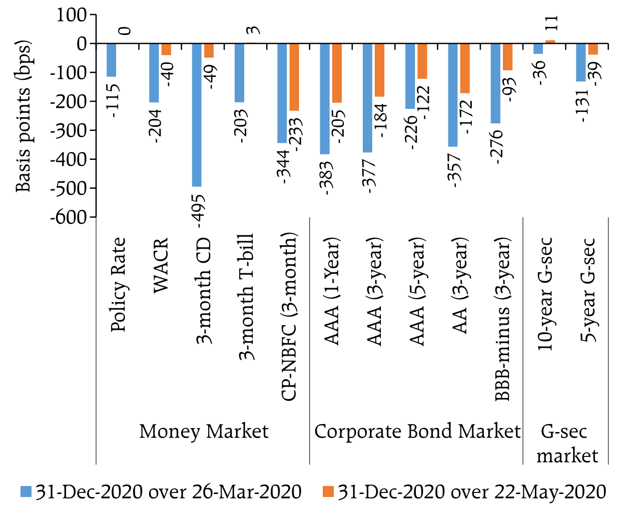
Spreads in the other segments of financial market have narrowed considerably, mirroring the salutary impact of liquidity measures, regulatory relaxations and forward guidance. Corporate bond yields softened across the rating spectrum with yield on 1-year, 3-year and 5-year AAA-rated bonds declining by 205 bps, 184 bps and 122 bps, respectively, through May 22 and December 31, 2020 (Chart 35). Even the yield on 3-year BBB- (BBB minus)-rated corporate bond – lowest rated investment grade bond – declined by 93 bps, reflecting how liquidity stress has been eased across the board, impervious to ratings. Consequently, the spread on 1-year, 3-year, 5-year AAA and 3-year BBB-rated corporate bonds declined by 180 bps, 145 bps, 96 bps and 54 bps, respectively, during the period (Chart 36). The yield on the old 10-year G-sec benchmark (5.77 GS 2030) slid on a declining trajectory to close at 5.90 per cent on December 31, 2020 while the yield on the new 10-year G-sec benchmark (5.85 GS 2030) closed even lower at around 5.87 per cent on December 31, 2020. With the gradual unlocking of the economy and normalisation of activity setting in, improving demand conditions, easy rates and ample liquidity are expected to propel the flow of resources from the financial to the real sector.

Chart 34: Policy Corridor and Money Market Rates



Sources: RBI; and Bloomberg.

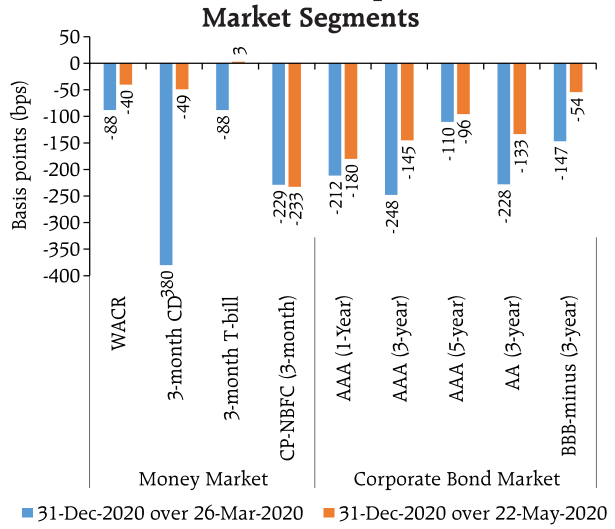
Chart 35: Variation in Yields across Market Segments



Sources: RBI; FIMMDA; and Bloomberg.

Broader measures of liquidity mirrored these easy monetary conditions. Reserve money (RM) adjusted for the first-round impact of changes in the cash reserve ratio (CRR) increased by 18.3 per cent y-o-y as on January 8, 2021 (11.3 per cent a year ago), powered by the ongoing surge in currency in circulation (CiC) on the components side and net foreign assets (NFA) on the sources side (Chart 37). Money supply recorded a y-o-y growth of 12.5 per cent as on January 1, 2021 (10.1 per cent a year ago), backed up by aggregate deposits growing by 10.9 per cent (9.8 per

Chart 36: Variation in Spreads across Market Segments

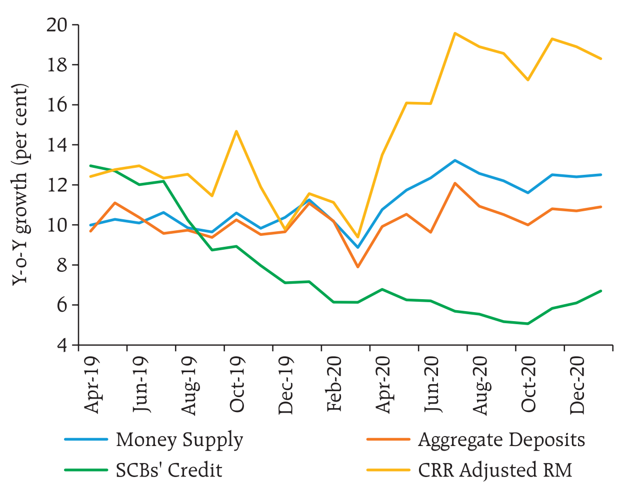


Note: Spreads are computed over policy rate for money market and over G-sec yield for corporate bond market.
Sources: RBI; FIMMDA; and Bloomberg.

cent a year ago). After a hiatus of five months, growth in scheduled commercial banks' (SCBs) credit to commercial sector broke out of sub-6 per cent levels and picked up to 6.7 per cent as on January 1, 2021 (7.5 per cent a year ago), responding to green shoots of recovery. SCBs' investments in commercial paper, bonds, debentures and shares of corporate bodies on incremental terms stood at ₹434 crore during the year 2020-21 so far (up to January 1) as against a decline of ₹10,524 crore a year ago. On a cumulative basis, banks have extended credit of ₹2,93,007 crore to the commercial sector through April to January 1, 2021 – an increase of 31.7 per cent over a year ago. The share of bank credit in the overall flow of funds increased from 29.8 per cent to 34.1 per cent during the period. Credit growth to agriculture and services sectors accelerated in November 2020, while credit to industry continued to contract (Chart 38). Personal loan growth slowed across the board with the exception of personal vehicle loans. Within the services sector, loans to transport, trade and tourism rose at a faster pace. While there was decline in overall credit growth to industry, credit to medium industry posted a robust increase and that to micro and small enterprises edged out of contraction, supported by measures designed by the Government and the Reserve Bank for these sectors.

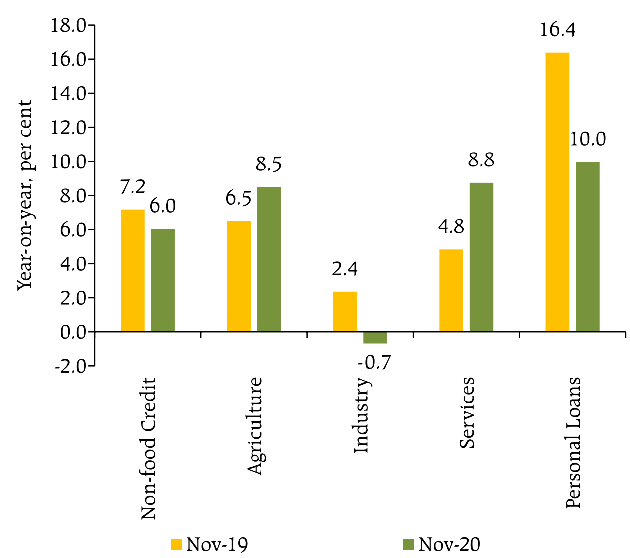
Surplus liquidity conditions permeated into the credit market, easing interest rates all around. The median term deposit rate (MTDR) declined by 146 bps through March to December 2020, with a perceptible decline occurring in shorter tenor deposits of maturity

Chart 37: Monetary and Credit Aggregates



Note: Data pertain to last reporting Friday of every month for money supply, aggregate deposits and SCBs' credit; and last Friday of every month for reserve money.
Source: RBI.

Chart 38: Sectoral Credit Growth



Source: RBI.

Table 5: Transmission from the Repo Rate to Banks' Deposit and Lending Rates

(Basis points)

Period	Repo Rate	Term Deposit Rates		Lending Rates		
		Median Term Deposit Rate	WADTDR	1 - Yr. Median MCLR	WALR - Outstanding Rupee Loans	WALR - Fresh Rupee Loans
Feb 19 - Sep 19	-110	-9	-7	-30	2	-40
Oct 19 – Dec 20*	-140	-177	-120	-115	-85	-125
Mar 20 - Dec 20*	-115	-146	-81	-95	-67	-94
Feb 19 – Dec 20*	-250	-210	-127	-145	-83	-165

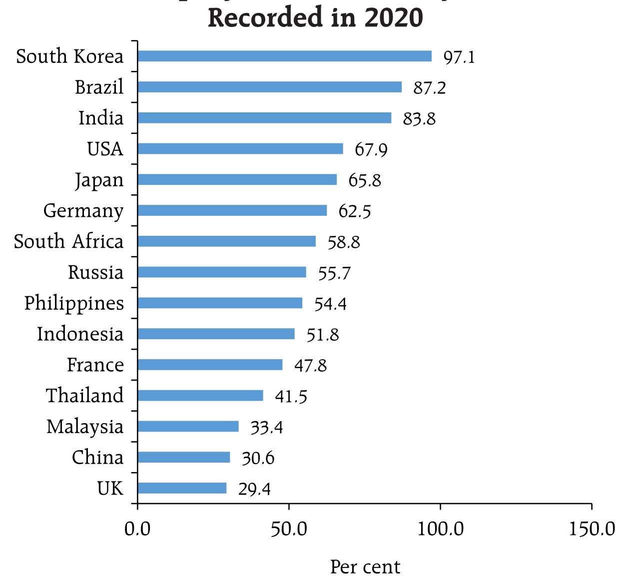
*: Latest data on WALRs and WADTDR pertain to November 2020.
WALR: Weighted Average Lending Rate. WADTDR: Weighted Average Domestic Term Deposit Rate;
MCLR: Marginal Cost of Funds-based Lending Rate.
Source: RBI.

of up to one year (163 bps). The early adjustment in deposit rates, which is otherwise lagged, bodes well for transmission to lending rates, going forward. During the same period, the 1-year median MCLR softened cumulatively by 95 bps (Table 5). The asymmetry in transmission between deposit and lending rates needs to be seen in the context of persisting structural rigidities, with banks increasingly relying on retail deposits in preference to wholesale or market based funding.

With the gradual roll-back of the lockdown by easing restrictions and resumption of normal activities, trading hours for markets regulated by the Reserve Bank, which were earlier truncated effective April 7, 2020 were restored in a phased manner since November 9, 2020. Subsequently, it was announced on January 8, 2021 that normal liquidity management operations would be restored in a phased manner, beginning with a variable rate reverse repo auction conducted on January 15, 2021 under the revised liquidity management framework. At the same time, the fixed rate reverse repo remained fully operational with average daily absorption of liquidity of the order of ₹4.4 lakh crore between January 15 and the time of release of this article. While calibrating the gradual restoration of normal operations, the Reserve Bank has committed to ensure the availability of ample liquidity in the system to support congenial financial conditions and nurture the recovery.

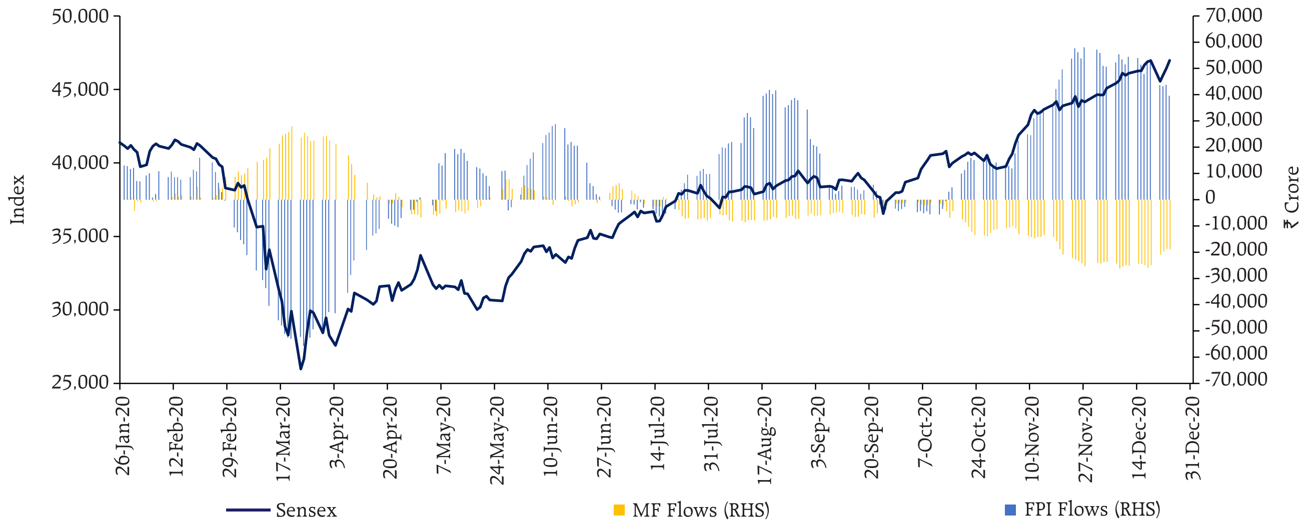
The equity market hit new highs in its rally in December, lifted by increasing evidence that the recovery is gaining traction and supported by positive global cues in the form of the passage of the US stimulus package and the Brexit trade deal. Market exuberance led to Indian equities outpacing most global peers, with the BSE Sensex touching 47,751 on December 31, 2020 - an increase of 83.8 per cent from its low of March 23, 2020 (25,981) (Chart 39 and 40).

Chart 39: Equity Market Recovery from Lows Recorded in 2020



Source: Bloomberg.

Chart 40: BSE Sensex and Institutional Flows

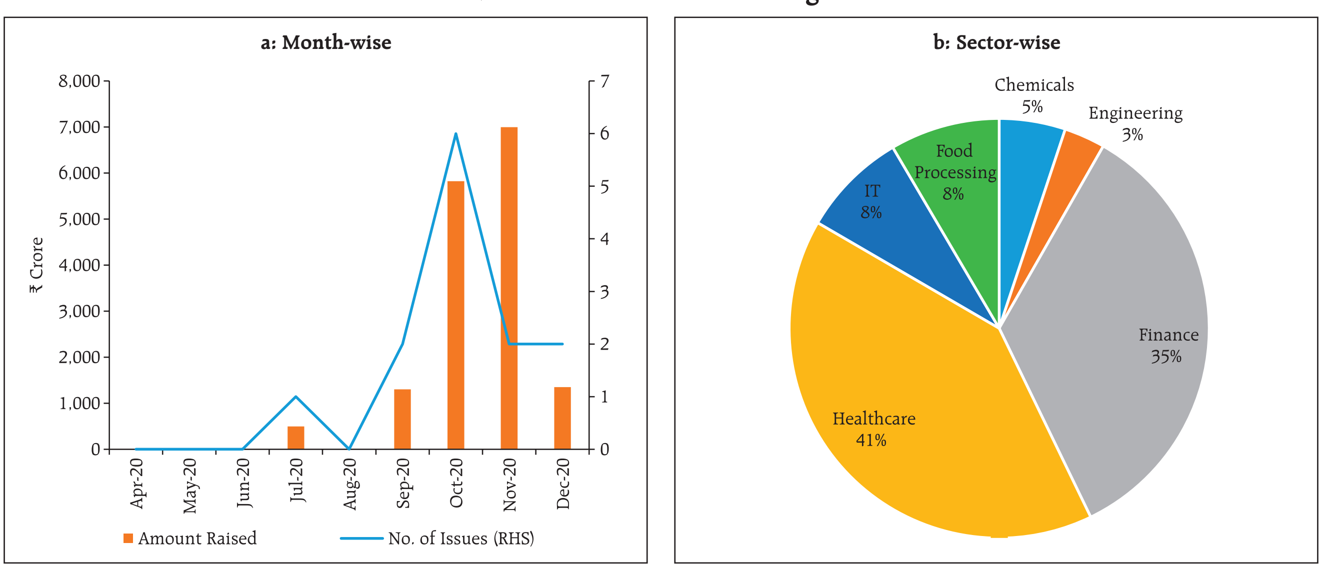


Note: FPI and Mutual Fund (MF) investments are represented on 15 days rolling sum basis.
Source: Bloomberg.

During December 2020, the listing of two initial public offerings (IPOs), aggregating ₹1,351 crore, took the total resource mobilisation through main board IPOs to ₹15,971 crore during 2020-21 (up to December 2020), marking a sharp rebound from ₹10,487 crore in the corresponding period of the previous year (Chart 41). Beginning with the first IPO issued in July 2020, healthcare and finance sector companies have garnered the maximum amount of resources among all initial offerings.

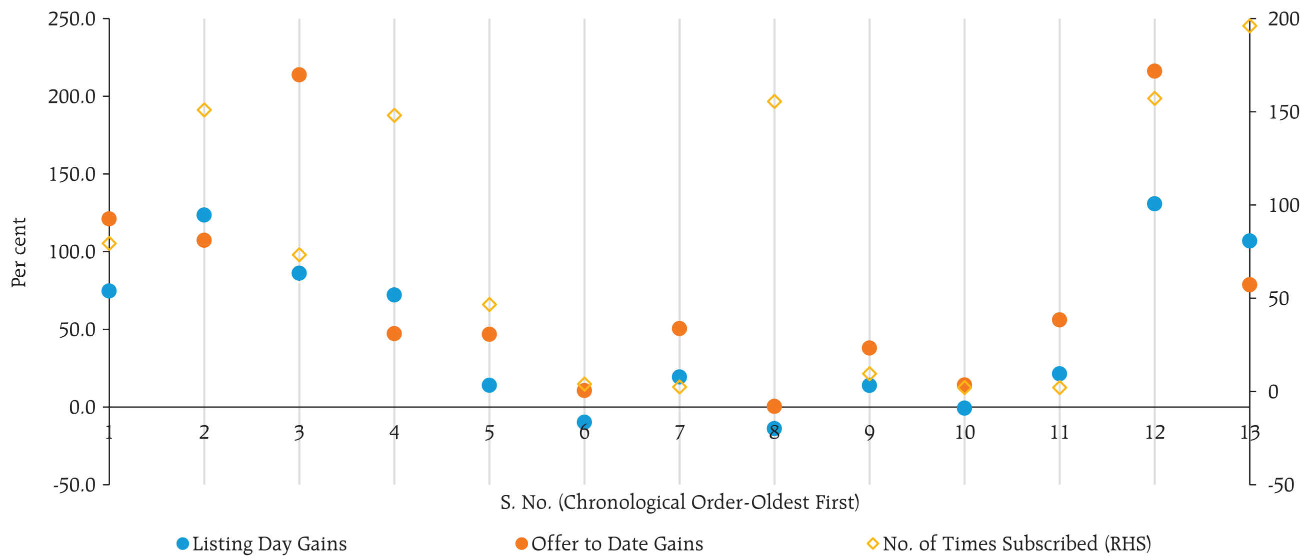
Increased retail participation and high system-wide liquidity helped IPOs deliver stellar returns

Chart 41: Main Board IPOs during 2020-21



Note: Classified on the basis of listing date.
Source: SEBI.

Chart 42: Performance of IPOs during 2020-21 (up to December 2020)



Sources: SEBI; Prime Database; and staff calculations.

to investors, with 10 out of 13 IPOs generating positive listing day gains and all IPOs generating positive returns on an offer to date basis (Chart 42). Furthermore, most of these IPOs rallied beyond the listing day.

The listing day returns generated by IPOs for investors ranged between (-) 14.0 per cent and 130.7 per cent. In sectoral terms, food processing, information technology (IT) and chemicals sector generated the highest returns for investors (Table 6).

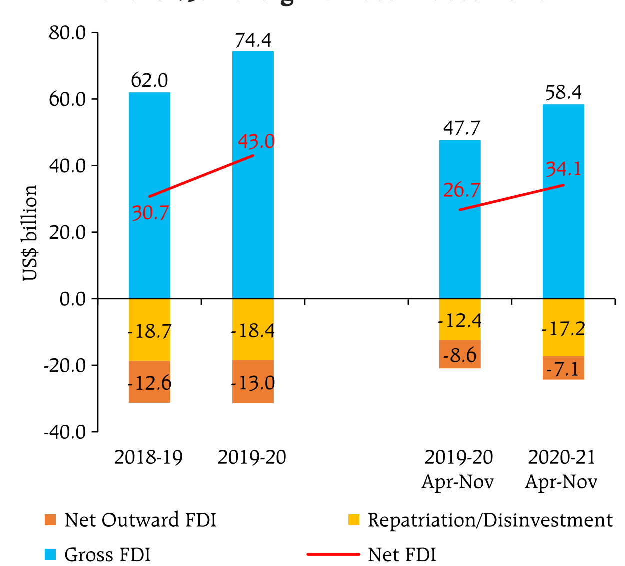
Net foreign direct investment (FDI) flows surged through August-November 2020, driven by fresh equity investments. Consequently, net FDI increased to US$ 34.1 billion in April-November 2020 from US$ 26.7 billion a year ago (Chart 43).

Table 6: Listing Day Returns of IPOs (Sector-wise)

S. No.	Sector	Minimum	Maximum	Mean
1	Chemicals	72.0	74.7	73.3
2	Engineering	13.8	19.3	16.6
3	Finance	-14.0	14.0	-2.7
4	Healthcare	21.4	21.4	21.4
5	IT	86.0	123.5	104.8
6	Food Processing	106.8	130.7	118.7

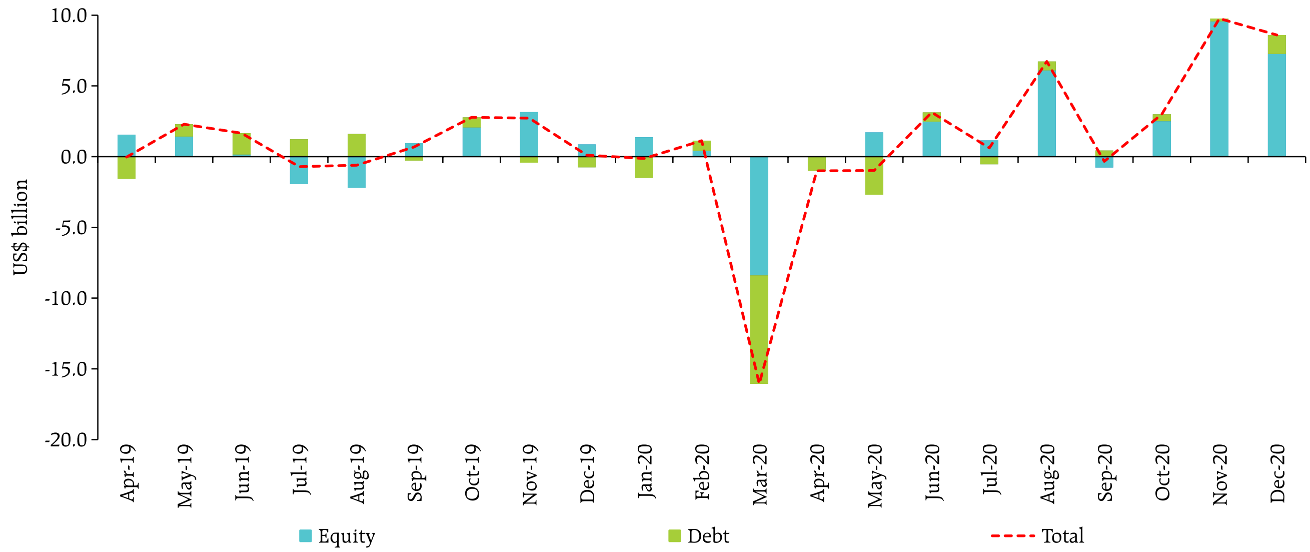
Net foreign portfolio investment (FPI) inflows remained robust in December 2020, following an all-time intra-month high in November 2020. This may be attributed to the continued global monetary and fiscal stimulus, weakening of the US dollar and a robust revival in appetite for emerging market economies including India. In December 2020, net FPI inflows of US$ 8.6 billion were largely driven by equity purchases of US$ 7.3 billion by foreign

Chart 43: Foreign Direct Investment



Source: RBI.

Chart 44: Net Foreign Portfolio Investment

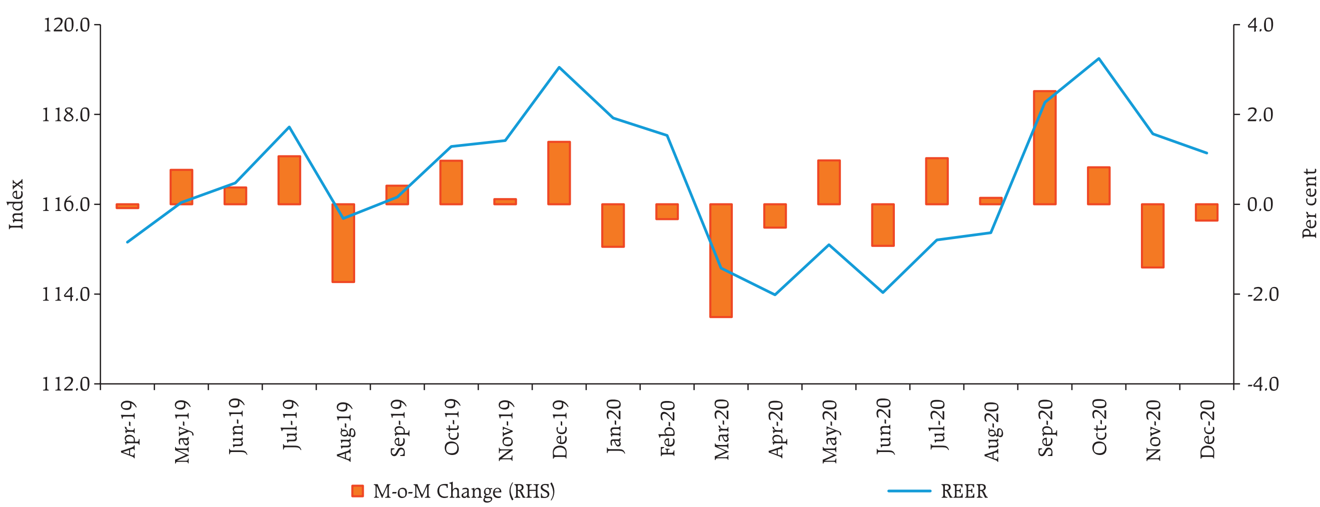


Source: National Securities Depository Limited (NSDL).

portfolio investors. In the debt segment, there were FPI inflows of US$ 1.3 billion, the highest monthly accretion so far in the current financial year (Chart 44). Net investment under voluntary retention route (VRR) were to the tune of US$ 0.2 billion.

In the foreign exchange market, the Indian rupee (INR), buoyed by robust capital inflows on vaccine news, appreciated by 0.9 per cent against the US dollar in December 2020 over the previous month. By end-December 2020, the INR appreciated by 3.2 per cent over its level at end-March 2020, and closed at ₹73.05 against the US dollar, a level last seen in the beginning of September 2020. In terms of the 36-currency real effective exchange rate (REER), the INR appreciated by 2.2 per cent in December 2020 over March 2020 (Chart 45).

Chart 45: Monthly Movements in 36-Currency REER of Indian Rupee
(Base: 2004-05=100)

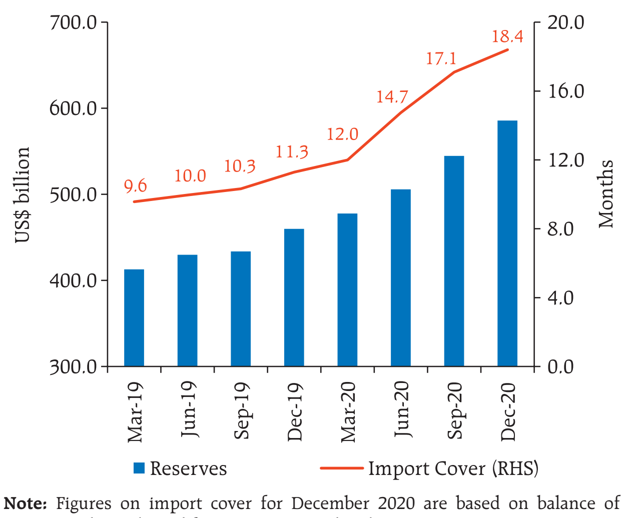


Source: RBI.

India's external debt statistics as at end-September 2020 were released by the Ministry of Finance, Government of India, on December 31, 2020. India's external debt remained contained at US$ 556.2 billion. Lower external commercial borrowings, portfolio debt investment and short-term trade credit caused the moderation in external debt. As at end-December 2020, reserves touched an all-time high of US$ 585.8 billion, equivalent to 18.4 months of imports or 105.3 per cent of outstanding external debt as at end-September 2020 (Chart 46).

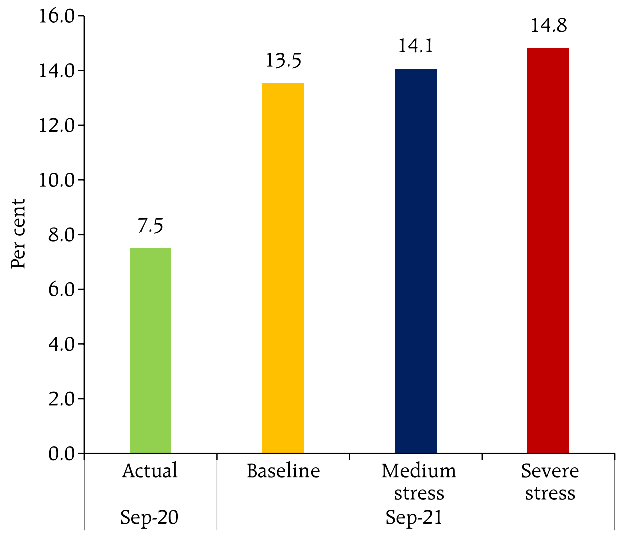
The regulatory measures to deal with the COVID-19 pandemic entail forbearance across asset classes while maintaining credit supply and systemic resilience. Gross non-performing assets (GNPA) ratio of all SCBs has declined in successive quarters from 9.2 per cent in December 2019 to 7.5 per cent in September 2020, which was aided significantly by the regulatory dispensations. Macro stress tests carried out in the latest Financial Stability Report (FSR) of January 2021 indicate that the GNPA ratio of SCBs may increase to 13.5 per cent by September 2021 under the baseline scenario, which

Chart 46: Foreign Exchange Reserves and Import Cover



Note: Figures on import cover for December 2020 are based on balance of payments data released for Q2:2020-21 and earlier quarters.
Source: RBI.

Chart 47: SCBs' GNPA Ratio Projections

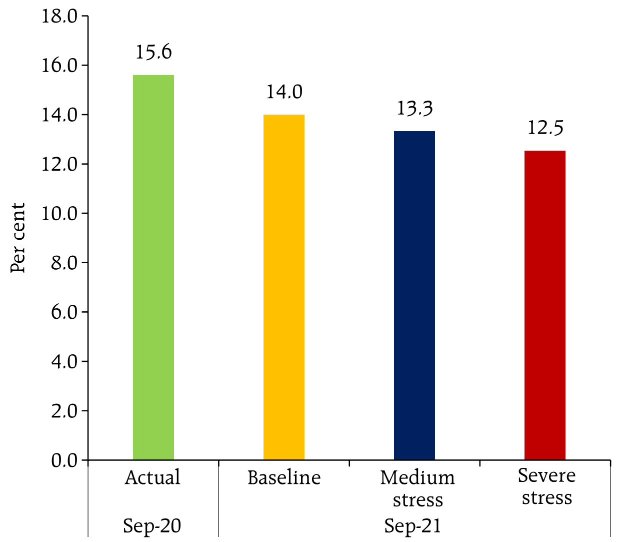


Source: RBI.

may escalate to 14.8 per cent under a severe stress scenario (Chart 47).

At the aggregate level, SCBs have sufficient capital cushions[7] even in the severe stress scenario (Chart 48). At the individual level, however, the capital buffers

Chart 48: System* Level CRAR Projections



***:** For a system of 46 SCBs accounting for 98 per cent of the assets of all SCBs.
Source: RBI.

[7] The minimum capital to risk weighted assets ratio (CRAR) required to be maintained by SCBs is 9 per cent.

of some banks may deplete below the regulatory minimum. Hence, going forward, mitigating actions such as phase-wise capital augmentation or other strategic actions would become relevant for these banks, from a micro prudential perspective.

Network analysis reveals that total bilateral exposures among entities in the financial system increased marginally during the quarter-ended September 2020; on the other hand, shrinking inter-bank market and capitalisation of banks reduced contagion risk to the banking system as compared with the March 2020 position.

Payment System

In the payments space, digital transactions continued to surge in December 2020, with both retail and wholesale transactions expanding in alignment with the broad basing of the economic recovery. As the real-time gross settlement (RTGS) system, characterising the wholesale segment, was made available round the clock with effect from December 14, 2020, its volume growth (y-o-y) turned around sharply and rose by 20.0 per cent in December 2020 from 2.9 per cent a month ago. Transaction values through RTGS, which had started declining since October 2019 and had plummeted through the pandemic, posted a growth of 3.3 per cent in December 2020.

In the retail segment, national electronic funds transfer (NEFT) transactions grew by 31.6 per cent in volume in December 2020 as compared with 24.6 per cent recorded a month ago. In value terms, NEFT transactions rose by 31.7 and 27.9 per cent, respectively. Unified payment interface (UPI) transaction volume remained above the historic 2.2 billion mark attained last month, while transaction values increased by 105.5 per cent over December 2019 (Table 7). Transactions through immediate payment service (IMPS), national electronic toll collection (NETC) and Bharat bill payment system (BBPS) surged, hitting double digit levels in both volume and value growth. Cash withdrawals also point towards the economy poised on the cusp of a recovery.

Table 7: Payment Transactions in 2020-21

(in ₹ crore)

	RTGS	NEFT	UPI	IMPS
Apr-20	64,43,653	13,06,406	1,51,141	1,21,141
May-20	70,41,869	14,81,750	2,18,392	1,69,402
Jun-20	86,51,978	19,06,586	2,61,835	2,06,951
Jul-20	83,35,279	19,63,113	2,90,538	2,25,775
Aug-20	72,92,380	19,30,552	2,98,308	2,35,137
Sep-20	94,89,066	21,65,515	3,29,032	2,48,662
Oct-20	84,96,046	22,35,389	3,86,107	2,74,645
Nov-20	79,87,655	22,18,252	3,90,999	2,76,459
Dec-20	1,06,59,120	25,58,304	4,16,176	2,92,325

Source: RBI.

A distinct pattern of preference shifting towards digital payments is becoming evident this year, with increasing e-commerce penetration, the growing footprint of BigTech in the payment space and competitive pressures on banks to upgrade their payment eco-systems. Incentives such as cashbacks, discounts on e-commerce portals, easy EMI and buy now, pay later schemes have built a widening customer base. They have also promoted increasing use of digital payments and are driving up transaction volumes in retail payment systems, especially on the UPI. As competition in the payments industry is set to intensify, with newer entrants offering greater incentives for people to pay digitally, India may emerge from the pandemic more digital than ever before. This can bolster consumer spending and increase the degree of formalisation of economy.

The Reserve Bank now announced opening of the second cohort under its Regulatory Sandbox (RS) with 'Cross Border Payments,' as its theme. India is the largest recipient of inbound remittances across the globe, accounting for 15 per cent of global flows. In the year 2019, India received US$ 83 billion and in the first half year of 2020, US$ 27.4 billion has been received. The cohort is expected to spur innovations capable of recasting the cross-border payments landscape by leveraging new technologies to meet the needs of a low cost, secure, convenient and transparent remittance system. Net worth requirements for participating entities have been reduced from ₹25 lakh to ₹10 lakh to encourage innovation and to broad base the eligibility criteria, Partnership firms and limited liability partnerships (LLPs) are now allowed to participate in the RS.

V. Conclusion

What will 2021 look like? The shape of the recovery will be v-shaped after all and the 'v' stands for vaccine. On January 16, India launched the biggest vaccination drive in the world, backed by its comparative advantage of having the largest vaccine manufacturing capacity in the world and a rich experience of mass inoculation drives against polio and measles. If successful, it will tilt the balance of risks upwards. E-commerce and digital technologies will likely be the bright spots in India's recovery in a world in which there will be rebounds for sure, but pre-pandemic levels of output and employment are a long way off. Japanification stares at much of the advanced world, while for emerging economies, potential output will be a lot flatter.

Recent shifts in the macroeconomic landscape have brightened the outlook, with GDP in striking distance of attaining positive territory and inflation easing closer to the target. If these movements sustain, policy space could open up to further support the recovery. Merchandise trade has rebounded in early January, attesting the slow healing of domestic demand and the unlocking of export energies. Current account surpluses are ebbing as domestic activity regains vigour. Foreign investment flows are already scenting the imminent upturn. The recent new highs scaled by equity markets are driven by optimism around early Q3 corporate earnings results, with IT majors including Tata Consultancy Services, Infosys and Wipro recording strong growth.

In H1:2021-22, GDP growth will benefit from statistical support and is likely to be mostly consumption-driven. With *rabi* sowing surpassing the normal acreage way before the end of the season, bumper agriculture production is expected in 2021. India being the global capital for vaccine manufacturing, pharmaceuticals exports are expected to receive a big impetus with the start of vaccination drives globally. Agricultural exports remain resilient and under the recent production linked (PLI) scheme, food processing industry has been accorded priority. Harnessing the synergies by transforming low-value semi-processed agri products through food processing would not only improve productivity but also boost India's competitiveness.

Developments in 2020 have ushered in a new digital transformation on the back of strengthening consumption demand and growing corporate sector business transactions. According to the World Economic Forum's report - Indian Cities in the Post Pandemic - released on January 7, 2021, the pandemic presents a historic opportunity to build back better and create a new urban paradigm – one that enables Indian cities to be healthier, more inclusive, and more resilient. An urban reform agenda can be set up across seven thematic pillars: planning; housing; transport; environment; public health; gender; and vulnerable populations.

The need to kickstart investment is acquiring urgency to secure a durable turnaround and a sustainable growth trajectory. India must look for ways in which cash sitting idly in balance sheets of corporations and banks and reverse repo balances with the Reserve Bank finds their way into credit to productive sectors and into real spending on investment activity before it imposes a persistent deflationary weight on real activity. Stress in the financial sector's balance sheet could intensify as the camouflage of moratorium, asset classification standstill and restructuring fades, but banks have entered the health crisis with stronger capital buffers than the global financial crisis.

Slippage ratios have been falling and loan recoveries are improving even as provisioning coverage ratios have risen above 70 per cent. Capital infusion and innovative ways of dealing with loan delinquencies will occupy policy attention in order to ensure that finance greases the wheels of growth on a durable basis before the demographic dividend slips away. It will take years for the economy to mend and heal, but innovative approaches can convert the pandemic into opportunities. Will the Union Budget 2021-22 be the game-changer?

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*Effective Exchange Rate Indices of the Indian Rupee**

Structural changes in the Indian economy and shifts in pattern of India's foreign trade warrant updates to the broad (existing 36-currency-based) indices of nominal/real effective exchange rate (NEER/REER) of the Indian rupee. This article presents the updated series, with two important innovations: the base year is shifted from 2004-05 to 2015-16; and, the existing basket is expanded from 36 to 40 currencies, with the inclusion of eight new currencies and exclusion of four currencies. The new REER indices have remained around the benchmark (i.e., base year value of 100) for most part of the sample period from 2004-05 to 2019-20, reflecting India's external competitiveness better than the old series. Inflation differentials between India and its major trading partners have declined and stabilised since the adoption of flexible inflation targeting (FIT) framework, boding well for India's external competitiveness.

Introduction

Effective exchange rates (EERs) serve as a gauge for assessing the fair value of a currency, the external competitiveness of an economy and even serve as guideposts for setting monetary and financial conditions.[1] An EER is a summary indicator of movements of the home currency against a basket of currencies of trading partners. The nominal effective exchange rate (NEER) is an index of the weighted average of bilateral exchange rates of home currency *vis-à-vis* currencies of trading partners, with weights derived from their shares in the trade basket of the home currency. A real effective exchange rate (REER) is the NEER adjusted by relative prices or costs, typically captured in inflation differentials between the home economy and trading partners. Conceptually, EERs are founded on the purchasing power parity (PPP) hypothesis (Balassa, 1964; Froot and Rogoff, 1994; Sarno and Taylor, 2002).

The Reserve Bank compiles and disseminates indices of NEER and REER of the Indian rupee (both trade- and export-weighted), the latest series being constructed with the base year 2004-05.[2] Structural changes in the Indian economy and shifts in the relative importance of India's trading partners since 2004-05 warrant a review of the existing basket of currencies and the weighting scheme. Based on the assessment of India's macroeconomic and external sector performance in a 'normal' year, 2015-16 is chosen as the new base year for the NEER/REER indices. In view of the growing importance of emerging market and developing economies (EMDEs) in India's foreign trade and to better reflect shifts in external competitiveness, the coverage of the NEER/REER basket has been expanded from 36 to 40 currencies. The new indices of NEER/REER will replace the old series from 2004-05 onwards.

The remainder of the article is organised as follows. Section II discusses the rationale for choosing 2015-16 as the new base year. The coverage and criteria for selection of currencies in the new currency basket are addressed in Section III and the new weighting diagram is presented. This is followed by a review of the methodology for computing the NEER/REER indices in Section IV. An analysis of the main inferences that can be drawn from the new series of NEER/REER indices are discussed in Section V, followed by concluding remarks and some policy perspectives.

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* The article is prepared by John V. Guria and Jitendra Sokal of Department of Economic and Policy Research. The contribution by Anand Shankar is acknowledged. Authors thank Dr. Rajeev Jain for his valuable suggestions.

[1] Singapore has the exchange rate-based monetary policy framework. The Monetary Authority of Singapore (MAS) uses nominal effective exchange rate (NEER) of Singapore dollar as operational target. It intervenes in foreign exchange market to maintain the NEER within the policy band (see, MAS, 2013).

[2] The Reserve Bank has been publishing indices of CPI-based REER for 6- and 36-currency baskets since April 2014 in its monthly Bulletin and other publications. Reference is invited to the article titled 'Real Effective Exchange Rate based on CPI as Price Index for India' published in the April 2014 issue of the RBI Bulletin.

II. Choice of Base Year

The identification of an appropriate base year for the construction/rebasing of indices of NEER and REER involves an assessment of macroeconomic and external sector performance to check for broad correspondence with internal and external balance[3]. Internal balance implies that real output is at or close to its potential level, and the inflation is low and nonaccelerating (Wong, 2002). External balance refers to a situation in which the current account balance is sustained by capital inflows, and foreign exchange reserves are adequate and relatively stable (Montiel, 2002; Wong, 2002). Based on these definitions, 2015-16 is found to be a suitable year to rebase NEER/REER indices, with real GDP growth at 8.0 per cent, CPI inflation at 4.9 per cent and the current account deficit (CAD) at 1.1 per cent of GDP.

III. Coverage and Selection of Currencies

Reflecting India's changing foreign trade pattern, the coverage of NEER/REER indices for the new base year, *i.e.*, 2015-16, has been expanded from 36 to 40 currencies.

The selection of currencies for the new NEER/REER series is based on two major criteria. First, trading partners with extremely high and volatile inflation are excluded as their currencies tend to experience rapid nominal declines, undermining the stability of the NEER/REER indices and obscuring their usefulness in the assessment of external competitiveness.[4] Second, data on inflation and exchange rates of trading partners should be available on a regular basis.

Taking into account these *caveats*, bilateral merchandise trade shares are worked out as three-year arithmetic means of trade flows with major trading partners for the period from 2014-15 to 2016-17 (*i.e.*, centred around 2015-16). The evolution of bilateral trade shares of major trading partners warranted the inclusion of eight new countries in the 40-currency basket, *viz.*, Angola, Chile, Ghana, Iraq, Nepal, Oman, Tanzania, and Ukraine. Four countries included in the earlier 36-currency basket, *viz.*, Argentina, Pakistan, Philippines, and Sweden, were replaced. The eight new entrants accounted for 5.4 per cent of India's total merchandise trade *vis-à-vis* 1.4 per cent by the exiting countries. The new NEER/REER basket represents 88 per cent of India's total trade as compared with 84 per cent in the case of the 36-currency basket.

Time-varying bilateral trade weights are used to compute indices of NEER/REER of the rupee to reflect the dynamically changing pattern of India's foreign trade.[5] In order to derive the trade-based currency weights, the geometric means of India's trade (exports plus imports) with trading partners during the preceding three years are computed and then normalised to 100. For instance, weights for 2020-21 are based on geometric means of bilateral trade flows during the preceding three years, *i.e.*, 2017-18 to 2019-20 (Table 1). The new trade-weighted basket is dominated by the currencies of EMDEs. While the euro area retains its top position in the trade basket, the US is assigned the highest weight in the export basket in 2015-16.

[3] See Wong (2002) for a detailed discussion on the concept of macroeconomic balance real exchange rate and its correspondence with internal and external balance.

[4] Accordingly, Venezuela and Argentina, despite being India's major trading partners, are not included in the new NEER/REER basket.

[5] Under the bilateral trade weighting scheme, each currency is assigned a weight in proportion to the share of that trading partner's trade flows in home economy's total trade flows.

Table 1: New 40-Currency NEER/REER Basket – Normalised Weights

(Per cent)

Country/Area	2015-16		2020-21 (P)	
	Trade-based Weight	Export-based Weight	Trade-based Weight	Export-based Weight
1. Euro Area	11.4	14.0	11.6	14.7
2. China	10.0	5.0	12.0	5.6
3. UAE	9.4	12.4	7.8	10.4
4. US	9.1	14.7	11.6	18.4
5. Saudi Arabia	6.4	4.1	4.4	2.1
6. Switzerland	3.7	0.5	2.7	0.4
7. Hong Kong	2.9	4.8	3.9	4.6
8. Indonesia	2.9	1.8	2.8	1.6
9. Singapore	2.8	4.4	3.2	3.7
10. Iraq	2.7	0.4	3.2	0.6
11. Korea	2.5	1.6	2.9	1.7
12. Kuwait	2.5	0.4	1.3	0.5
13. Japan	2.5	2.3	2.3	1.7
14. Qatar	2.4	0.3	1.5	0.5
15. Nigeria	2.3	1.0	1.8	1.0
16. UK	2.2	3.5	2.2	3.3
17. Malaysia	2.2	1.8	2.2	2.2
18. Iran	2.1	1.5	1.4	1.1
19. Australia	2.0	0.9	2.2	1.2
20. South Africa	1.8	1.9	1.5	1.4
21. Brazil	1.5	2.2	1.1	1.3
22. Thailand	1.3	1.4	1.6	1.5
23. Vietnam	1.1	1.9	1.8	2.3
24. Bangladesh	0.9	2.2	1.3	3.1
25. Taiwan	0.9	0.9	0.9	0.8
26. Angola	0.9	0.2	0.6	0.1
27. Russia	0.9	0.8	1.3	0.9
28. Turkey	0.9	1.7	1.0	1.9
29. Mexico	0.9	0.8	1.2	1.3
30. Israel	0.9	1.3	0.7	1.3
31. Sri Lanka	0.8	1.9	0.7	1.6
32. Canada	0.8	0.8	0.9	1.0
33. Egypt	0.7	1.1	0.6	0.9
34. Oman	0.7	1.0	0.8	0.8
35. Nepal	0.6	1.4	1.1	2.6
36. Kenya	0.6	1.5	0.3	0.7
37. Tanzania	0.5	1.0	0.4	0.6
38. Chile	0.5	0.2	0.3	0.3
39. Ukraine	0.4	0.2	0.4	0.1
40. Ghana	0.2	0.3	0.5	0.2
Total	**100.0**	**100.0**	**100.0**	**100.0**
Memo Items:				
AE Currencies	41.7	49.7	45.0	52.6
EMDE Currencies	58.3	50.3	55.0	47.4

AE: Advanced economies. EMDE: Emerging market and developing economies. P: Provisional.
Source: RBI staff calculations.

IV. Methodology

The methodology of computing NEER/REER indices is explained below.

The NEER is calculated as the geometric weighted average of bilateral exchange rates of the home currency in terms of trading partner currencies. Specifically, the NEER can be calculated as follows:

$$NEER = \prod_{i=1}^{n} \left(\frac{e}{e_i}\right)^{w_i} \tag{1}$$

and the REER, which is the NEER adjusted by the weighted average of ratio of domestic price to foreign prices, is calculated as:

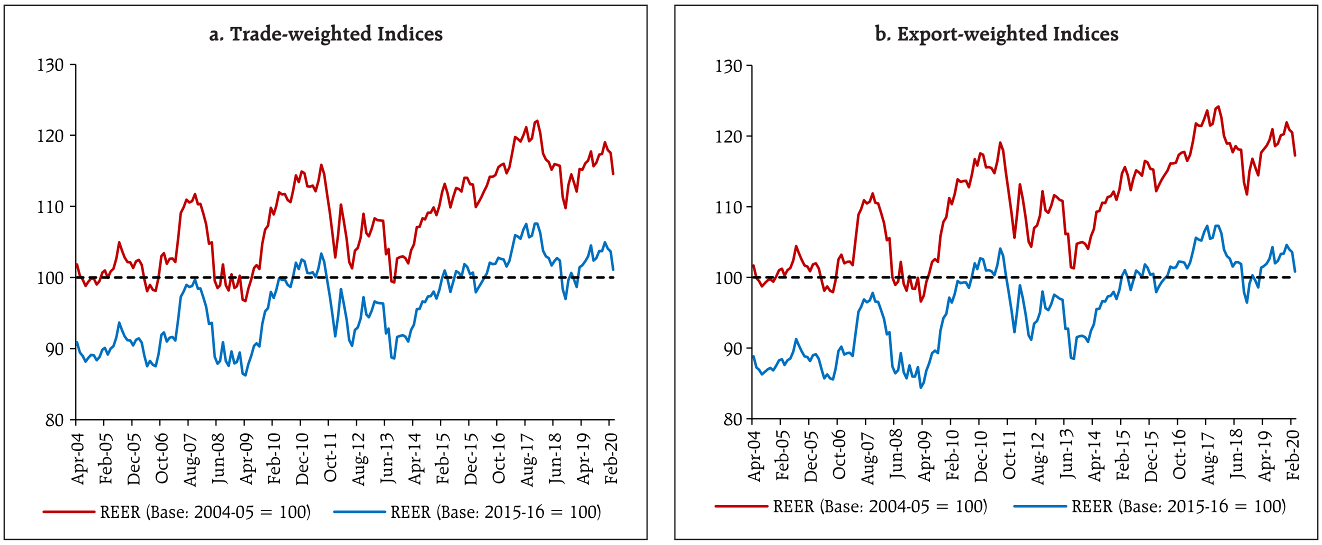
$$REER = \prod_{i=1}^{n} \left[\left(\frac{e}{e_i}\right)\left(\frac{P}{P_i}\right)\right]^{w_i} \tag{2}$$

where 'e' represents the exchange rate of the rupee against a numeraire, *i.e.*, the IMF's Special Drawing Right (SDR), in index form, and 'e_i' is the exchange rate of the foreign currency 'i' against the numeraire in index form. A rise in 'e' or 'e/e_i' represents an appreciation of the rupee relative to currency 'i' and *vice versa*. 'P' and 'P_i' represent price indices of the home economy and the trading partner 'i', respectively. 'w_i' denotes trade-/export-based weight assigned to foreign currency/trading partner 'i', while 'n' is the number of currencies (other than home currency) included in NEER/REER basket.

V. Performance of New NEER/REER Indices

The new 40-currency NEER and REER indices (both trade- and export-weighted) and the old series, *i.e.*, the 36-currency series, move closely, with a statistically significant correlation coefficient of almost 1 (Appendix Table 1). The new REER indices (both trade- and export-weighted), which have remained around the benchmark (*i.e.*, base year value of 100), show a modest appreciation/higher depreciation relative to the old series during November 2015 to May 2019 (Charts 1a and 1b, and Appendix Tables 2 and 3).

Chart 1: REER Indices – New and Old Series

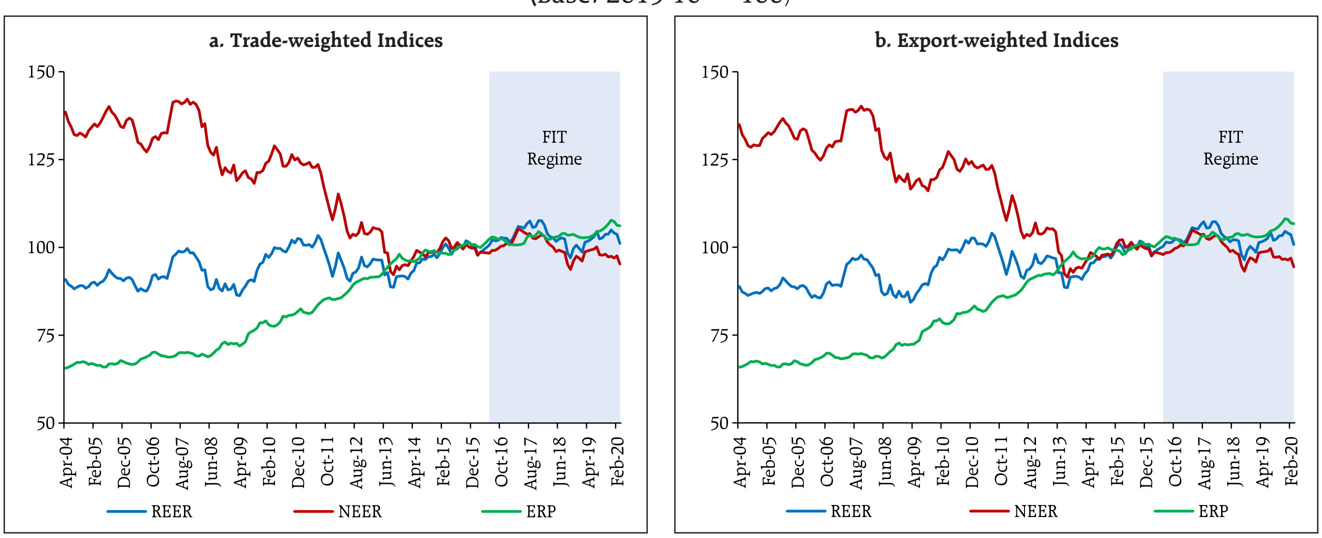


Source: RBI staff calculations.

V.1. Inflation Differentials and REER

The decomposition of REER into NEER and weighted average or effective relative price (ERP)[6] shows that inflation differentials have remained broadly stable in recent years, following a steady increase during 2008-09 to 2014-15 (Charts 2a and 2b, and Appendix Table 4). This may be attributed to the formal adoption of flexible inflation targeting (FIT) framework by the Reserve Bank in June 2016. The mandate of maintaining price stability (defined

Chart 2: Inflation Differentials and REER
(Base: 2015-16 = 100)



Source: RBI staff calculations.

[6] Joshi (1984) has used the term 'effective relative price (ERP)' for the weighted average of relative prices.

by a target of 4 per cent for CPI headline inflation with a tolerance band of +/- 2 per cent around it), while keeping in mind the objective of growth has reduced inflation and anchored inflation expectations in the FIT regime (Eichengreen, Gupta and Choudhary, 2020). Average CPI-based inflation declined to below 4 per cent during 2017-18 to 2019-20 from more than 8 per cent during 2009-10 to 2015-16 (*i.e.*, pre-FIT regime after the global financial crisis).

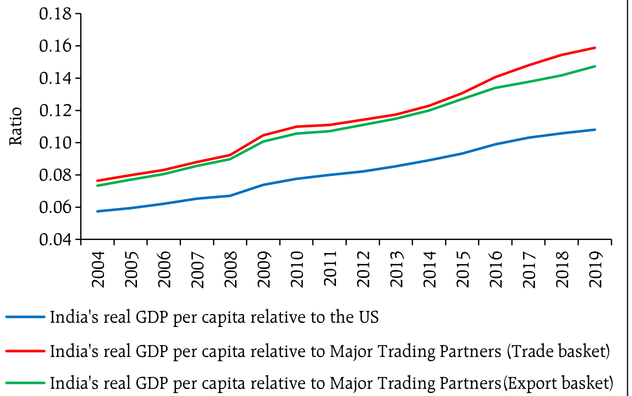
NEER is negatively correlated with inflation differentials during the sample period, with a statistically significant correlation coefficient of 0.95. This is consistent with the basic premise of the PPP hypothesis, according to which a rise in inflation differentials between the home economy and its trading partners induces a depreciation of the home currency and *vice versa* (Caginalp, 1982; Carbaugh, 2002; Sawyer and Sprinkle, 2015). The new REER indices have shown an appreciating trend since 2004-05, reflecting India's rising productivity *vis-à-vis* its trading partners, *i.e.*, the Balassa-Samuelson effect (Box I).

Box I: Balassa-Samuelson Effect and New REER

The standard version of the Balassa-Samuelson hypothesis (Balassa, 1964; Samuelson, 1964) assumes that purchasing power parity (PPP) holds for traded goods only in the long-run, and predicts that an increase in relative productivity of traded versus nontraded goods in a (fast growing) country *vis-à-vis* its trading partners induces an appreciation in the real exchange rate of the home currency (Ito *et al.*, 1997; Choudhri and Schembri, 2009; Bordo *et al.*, 2014). A positive relationship between real exchange rate and productivity differentials has been confirmed by a large body of evidence in the empirical literature (Choudhri and Khan, 2005; Ricci *et al.*, 2008; Meshulam and Sanfey, 2019).

Following Balassa (1964), Rogoff (1996), and Chong *et al.* (2010), India's real GDP per capita relative to the US and a group of major trading partners (including the US) is taken as a proxy for productivity differentials. Using data from 2004 to 2019 on real GDP per capita in PPP terms (at constant 2017 international dollar) for India and its major trading partners (which figure in both old and new NEER/REER baskets), it is observed that India's real GDP per capita relative to the US and its major trading partners has risen since 2004 (Chart I.1).[1] For empirical analysis, monthly data on the new REER indices (trade- and export-weighted) are used for the period from 2004-05 to 2019-20.

Chart I.1: Productivity Differentials – India *vis-à-vis* the US and Major Trading Partners



Source: World Bank; and RBI staff calculations.

The correlations between REER and relative real GDP per capita are positive and statistically significant (Table I.1). The unit root test results suggest that the variables are difference-stationary, *i.e.*, integrated of order 1 (Appendix Table 5).

The evidence on direction of causation from productivity differentials to real exchange rate is supported in the literature; however, another strand of empirical literature provides evidence in support of the impact of real exchange rate changes on productivity (Harris, 2001; Guillaumont Jeanneney and Hua, 2003; Fung, 2008).

(Contd...)

[1] Data on real GDP per capita in PPP terms (at constant 2017 international dollar) for India and its major trading partners are taken from the World Bank's World Development Indicators database. As data on real GDP per capita are not available for Taiwan, only 31 India's major trading partners (representing 93 per cent of total trade weights in the new NEER/REER basket) are included in the analysis.

Table I.1: Correlations between Productivity Differentials and New REER
(Sample Period: 2004M04 to 2020M03)

	LPDUS	LPDMPT	LPDMPX
LREERT	0.76*	0.76*	-
LREERX	0.81*	-	0.80*

LREERT: log(REER, trade-weighted);
LREERX: log(REER, export-weighted);
LPDUS: log(India's real GDP per capita relative to the US);
LPDMPT: log[India's real GDP per capita relative to major trading partners (Trade basket)]
LPDMPX: log[India's real GDP per capita relative to major trading partners (Export basket)]
* indicates significant at 1 per cent level.
Source: RBI staff calculations.

Table I.2: Granger Causality Test Results@
(Sample Period: 2004M04 to 2020M03)

Dependent Variable	ΔLREERT	ΔLREERX	ΔLPDUS	ΔLPDMPT	ΔLPDMPX
ΔLREERT	-	-	27.42**	27.61*	-
ΔLREERX	-	-	28.60**	-	34.89**
ΔLPDUS	22.62*	23.29*	-	-	-
ΔLPDMPT	26.68*	-	-	-	-
ΔLPDMPX	-	25.99*	-	-	-

@: Reported figures are Chi-sq. (χ^2) statistics. Optimal lag length is based on Akaike Information Criterion (AIC).
Δ: First difference operator.
** and * indicate significant at 1 per cent and 5 per cent levels, respectively.
Source: RBI staff estimates.

The literature on the impact of changes in real exchange rate on productivity argues that the appreciation of real exchange rate reduces the cost of imported capital goods and enhances the capital-labour ratio, thereby boosting technical progress and productivity. The appreciation in real exchange rate may also induce a rise in real wages and, thus, labour productivity in a country where wages of unskilled labourers are relatively low. Furthermore, the appreciation in real exchange rate may boost foreign competition, thereby inducing a rise in technical efficiency and productivity of firms.

Given the evidence of bi-directional causation between the real exchange rate and productivity differentials in the literature, a vector autoregression (VAR) Granger causality test for new REER and productivity differentials is conducted.

The results suggest that there is a bi-directional Granger causation between these variables (Table I.2). The direction of causality from productivity differentials to REER confirms the Balassa-Samuelson hypothesis, while the direction of causality from REER to productivity differentials indicates the real exchange rate driven productivity growth in the Indian economy.

In empirical literature, REER also serves as a useful variable for assessing the Marshall-Lerner condition to gauge the efficacy of exchange rate in correcting external trade imbalances. In the Indian context, Hsing (2010) and RBI (2015), among others, have found that the Marshall-Lerner condition holds. RBI (2015) estimates the real exchange rate (*i.e.*, price) elasticity of exports to be in the range of 0.7 to 0.9, while elasticity of imports is found to be in the range of 0.3 to 0.5. In contrast, studies such as Raissi and Tulin (2015), and Chinoy and Jain (2019) have found real exchange rate elasticity of exports to be slightly higher in the range of 0.9 to 2.3.

VI. Concluding Remarks and Policy Perspectives

Since the adoption of floating exchange rates, EERs have become a prominent summary measure of external competitiveness of an economy's tradables sector relative to foreign tradables. For policymakers, movements in REER serve as a useful guidepost of the overall misalignment of the exchange rate of home currency. In fact, the issue relating to under/overvaluation of currencies has been at the core of several global trade disputes. The International Monetary Fund (IMF) uses REER models (along with current account model) to make external balance assessments for individual economies and produce multilaterally consistent estimates for the current account and real exchange rate norms and gaps.

Given the fact that the global trade environment is undergoing a shift, it is important that the NEER/REER basket of the rupee is reviewed regularly. In the case of India, the relative importance of trading partners has shifted mainly towards EMDEs since 2004-05. Taking cognisance of these factors, the broad basket of NEER/REER indices of the rupee has been expanded from 36 to 40 currencies and rebased to 2015-16. The new REER, on average, was 0.8 per cent above its base year level during 2016-17 to 2019-20, a period coinciding with moderate inflation observed since the adoption of FIT framework. This implies that the inflation differentials between India and its trading partners were less of a concern for former's external competitiveness under FIT regime. Going forward, large capital inflows unless fully absorbed through current account deficit and/or mopped up as foreign exchange reserves can cause appreciation of the rupee and potentially undermine the export competitiveness. In such a milieu, focus on price stability under FIT regime should remain a policy priority to offset the erosion in external competitiveness which may emanate from appreciation of the rupee in nominal terms.

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Appendix Table 1: NEER/REER Indices – New and Old Series

a. NEER Indices				
Year	Trade-weighted		Export-weighted	
	Base: 2004-05 = 100	Base: 2015-16 = 100	Base: 2004-05 = 100	Base: 2015-16 = 100
2004-05	100.0	133.8	100.0	130.8
2005-06	102.2	136.8	102.2	133.7
2006-07	97.6	130.6	98.0	128.2
2007-08	104.8	140.1	105.6	138.1
2008-09	93.3	124.9	94.0	123.0
2009-10	90.9	121.6	91.4	119.6
2010-11	93.5	125.1	94.7	123.9
2011-12	87.4	116.9	89.1	116.6
2012-13	78.3	104.8	80.1	104.7
2013-14	72.3	96.7	73.6	96.2
2014-15	74.1	99.1	75.2	98.4
2015-16	74.8	100.0	76.4	100.0
2016-17	74.7	100.1	76.4	99.6
2017-18	76.9	103.2	78.9	103.1
2018-19 (P)	72.6	97.5	74.2	97.1
2019-20 (P)	73.3	98.0	74.3	97.4
b. REER Indices				
Year	Trade-weighted		Export-weighted	
	Base: 2004-05 = 100	Base: 2015-16 = 100	Base: 2004-05 = 100	Base: 2015-16 = 100
2004-05	100.0	89.2	100.0	87.4
2005-06	102.4	91.3	102.0	89.1
2006-07	100.8	89.9	100.5	87.8
2007-08	109.2	97.4	109.2	95.4
2008-09	99.6	88.9	99.7	87.1
2009-10	103.9	92.7	105.0	91.7
2010-11	112.7	100.5	115.0	100.5
2011-12	110.3	98.4	113.2	98.9
2012-13	105.6	94.2	108.7	95.0
2013-14	103.3	92.1	105.5	92.2
2014-15	109.0	97.2	111.2	97.2
2015-16	112.1	100.0	114.4	100.0
2016-17	114.5	101.8	116.4	101.4
2017-18	119.7	105.9	121.9	105.7
2018-19 (P)	114.0	100.6	116.3	100.3
2019-20 (P)	116.8	103.2	119.6	102.8

P: Provisional.
Source: RBI staff calculations.

Appendix Table 2: NEER Indices (Base: 2015-16 = 100)

	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
a. Trade-weighted Index												
2004-05	138.5	135.8	134.2	132.1	131.8	132.6	132.0	131.4	133.2	134.1	135.1	134.4
2005-06	135.5	137.0	138.8	140.1	138.4	137.6	136.2	134.4	134.1	136.1	136.8	136.3
2006-07	133.3	129.9	129.4	128.1	127.1	128.7	131.0	131.5	130.6	132.4	132.6	132.5
2007-08	137.0	141.3	141.7	141.5	140.8	141.2	142.2	140.7	141.3	140.7	138.9	134.3
2008-09	135.2	129.1	127.1	126.2	128.5	123.8	120.6	122.7	121.6	121.2	123.4	119.0
2009-10	119.9	121.2	121.8	119.8	119.5	118.2	121.3	121.3	121.9	123.9	124.5	126.5
2010-11	128.9	127.8	126.6	123.1	123.1	124.2	126.4	124.9	125.4	124.0	123.5	123.7
2011-12	124.2	122.8	122.7	123.6	121.1	117.2	114.0	110.7	107.8	111.0	115.2	112.4
2012-13	108.8	104.7	102.7	103.8	103.3	104.2	107.1	103.9	103.7	104.3	105.6	105.3
2013-14	105.2	104.4	98.6	98.4	93.1	92.2	94.7	93.6	94.8	95.1	94.7	96.2
2014-15	97.4	99.1	98.6	98.2	97.3	98.4	98.6	98.9	98.5	99.7	101.7	102.7
2015-16	101.9	99.6	100.1	101.4	100.3	99.5	100.8	100.1	99.7	99.8	97.7	98.7
2016-17	98.5	98.5	98.3	99.2	99.1	99.7	100.3	100.5	101.2	100.7	101.6	103.4
2017-18	105.2	104.9	104.3	103.8	103.9	102.6	102.4	103.0	103.6	103.1	101.5	100.7
2018-19 (P)	100.0	98.8	99.2	98.9	98.5	95.1	93.7	96.1	97.5	96.9	96.1	98.7
2019-20 (P)	99.0	99.3	99.4	100.1	97.9	97.8	98.1	97.3	97.4	96.9	97.6	95.3
b. Export-weighted Index												
2004-05	134.9	132.1	130.8	128.9	128.4	129.2	129.0	129.0	131.1	131.8	132.6	132.1
2005-06	132.9	134.3	135.7	136.7	135.4	134.5	132.8	131.0	130.8	133.1	133.7	133.3
2006-07	130.6	127.7	126.9	125.6	124.8	126.1	128.3	129.2	128.5	130.0	130.3	130.3
2007-08	134.6	138.9	139.2	139.3	138.4	139.0	140.2	139.0	139.3	139.1	137.5	133.3
2008-09	133.8	127.6	125.7	125.0	126.9	122.1	118.6	120.4	119.4	118.7	120.9	116.6
2009-10	117.6	119.0	119.5	117.5	117.2	116.1	119.3	119.3	119.9	122.0	122.7	124.9
2010-11	127.3	126.1	125.0	122.3	121.6	122.9	125.2	123.7	124.5	123.1	122.6	123.0
2011-12	123.4	122.1	122.2	123.3	121.0	117.0	113.8	110.5	107.6	110.8	114.8	112.3
2012-13	108.8	104.6	102.6	103.7	103.3	104.1	107.0	103.9	103.7	104.2	105.5	105.1
2013-14	105.3	104.4	98.7	97.7	92.4	91.5	93.9	92.9	94.1	94.3	94.0	95.5
2014-15	96.7	98.5	97.9	97.5	96.6	97.8	97.9	98.1	97.6	98.9	101.1	102.1
2015-16	102.1	99.9	100.4	101.5	100.3	99.4	100.8	100.1	99.6	99.6	97.5	98.6
2016-17	98.4	98.2	97.9	98.5	98.5	99.0	99.7	99.9	100.7	100.3	101.2	103.0
2017-18	104.9	104.5	104.0	103.5	103.7	102.5	102.2	102.8	103.4	103.1	101.6	100.7
2018-19 (P)	100.0	98.7	99.2	98.4	98.0	94.7	93.1	95.6	97.0	96.6	95.8	98.4
2019-20 (P)	98.6	98.7	98.9	99.7	97.2	97.1	97.3	96.6	96.7	96.4	96.9	94.4

P: Provisional.
Source: RBI staff calculations.

Appendix Table 3: REER Indices (Base: 2015-16 = 100)

	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
a. Trade-weighted Index												
2004-05	90.9	89.4	88.9	88.2	88.7	89.1	89.1	88.4	88.8	89.9	90.1	89.2
2005-06	90.0	90.3	91.6	93.7	92.6	91.8	91.2	91.1	90.4	91.2	91.4	90.8
2006-07	89.0	87.5	88.3	87.7	87.5	89.2	91.9	92.3	91.0	91.5	91.6	91.1
2007-08	94.2	97.3	98.0	99.0	98.7	98.8	99.7	98.4	98.5	97.3	95.9	93.5
2008-09	93.6	88.8	87.9	88.2	90.9	88.3	87.6	89.6	87.9	88.1	89.5	86.5
2009-10	86.2	87.8	88.9	90.4	90.8	90.3	93.5	95.3	95.7	98.0	97.1	98.2
2010-11	99.9	99.7	99.7	99.0	98.7	100.1	102.1	101.2	102.5	102.3	100.7	100.6
2011-12	100.8	100.0	101.3	103.4	102.2	99.8	97.3	94.8	91.7	94.6	98.4	96.3
2012-13	94.0	91.2	90.4	92.6	93.0	94.2	97.2	94.8	94.4	95.4	96.7	96.4
2013-14	96.4	96.3	92.1	92.8	88.7	88.6	91.6	91.8	91.9	91.7	91.0	92.6
2014-15	93.4	95.5	95.6	96.7	96.5	97.3	97.4	98.0	97.0	98.2	100.0	101.0
2015-16	99.8	98.0	99.4	100.9	100.6	100.1	101.9	101.5	100.4	100.7	97.9	98.6
2016-17	99.2	99.9	100.6	102.1	101.9	101.9	102.8	102.6	102.5	101.6	102.3	104.1
2017-18	106.0	105.7	105.5	106.7	107.5	105.6	105.9	107.6	107.6	106.3	103.8	103.0
2018-19 (P)	102.8	101.7	102.3	102.7	102.4	98.4	97.0	99.6	100.6	99.7	98.6	101.4
2019-20 (P)	101.7	102.3	103.0	104.5	102.4	102.7	103.7	103.7	105.0	104.1	103.7	101.0
b. Export-weighted Index												
2004-05	88.8	87.2	86.9	86.3	86.6	87.0	87.2	86.8	87.5	88.2	88.4	87.6
2005-06	88.2	88.5	89.4	91.3	90.4	89.5	88.8	88.7	88.1	89.0	89.1	88.5
2006-07	86.9	85.7	86.2	85.7	85.5	87.0	89.6	90.2	89.1	89.3	89.3	88.9
2007-08	92.0	95.1	95.8	96.9	96.5	96.7	97.8	96.6	96.5	95.3	94.1	91.9
2008-09	92.2	87.4	86.4	86.9	89.3	86.6	85.7	87.6	86.0	85.9	87.3	84.4
2009-10	85.1	86.8	87.9	89.3	89.6	89.3	92.5	94.2	94.8	97.1	96.4	97.6
2010-11	99.5	99.2	99.3	99.3	98.5	100.0	102.0	101.2	102.7	102.5	100.9	101.0
2011-12	100.9	100.3	101.7	104.0	103.0	100.4	97.9	95.3	92.2	95.1	98.8	97.0
2012-13	94.7	91.8	91.1	93.5	93.8	95.0	98.0	95.6	95.3	96.2	97.5	97.3
2013-14	97.0	96.8	92.7	92.7	88.6	88.5	91.5	91.6	91.7	91.5	90.9	92.4
2014-15	93.3	95.5	95.6	96.6	96.6	97.3	97.4	98.0	96.9	98.2	100.2	101.0
2015-16	100.0	98.2	99.5	101.0	100.6	100.0	101.8	101.4	100.3	100.5	97.9	98.7
2016-17	99.3	99.8	100.2	101.5	101.3	101.4	102.2	102.2	102.1	101.2	102.0	103.7
2017-18	105.6	105.3	105.2	106.5	107.3	105.5	105.6	107.3	107.3	106.2	103.9	103.0
2018-19 (P)	102.6	101.5	102.1	102.1	101.8	97.9	96.4	99.1	100.3	99.5	98.6	101.3
2019-20 (P)	101.6	101.9	102.6	104.3	102.0	102.3	103.3	103.3	104.6	104.0	103.6	100.7

P: Provisional.
Source: RBI staff calculations.

Appendix Table 4: Inflation Differentials and REER
(Base: 2015-16 = 100)

Year	a. Trade-weighted Index			b. Export-weighted Index		
	REER	NEER	ERP	REER	NEER	ERP
2004-05	89.2	133.8	66.7	87.4	130.7	66.8
2005-06	91.3	136.8	66.8	89.1	133.7	66.7
2006-07	89.9	130.6	68.8	87.8	128.2	68.5
2007-08	97.4	140.1	69.5	95.4	138.1	69.1
2008-09	88.9	124.9	71.2	87.1	123.0	70.9
2009-10	92.7	121.6	76.2	91.7	119.6	76.7
2010-11	100.5	125.1	80.4	100.5	123.9	81.1
2011-12	98.4	116.9	84.2	98.9	116.6	84.9
2012-13	94.2	104.8	89.9	95.0	104.7	90.7
2013-14	92.1	96.7	95.3	92.2	96.2	95.9
2014-15	97.2	99.1	98.1	97.2	98.4	98.8
2015-16	100.0	100.0	100.0	100.0	100.0	100.0
2016-17	101.8	100.1	101.7	101.4	99.6	101.8
2017-18	105.9	103.2	102.6	105.7	103.1	102.6
2018-19 (P)	100.5	97.4	103.2	100.3	97.1	103.2
2019-20 (P)	103.2	98.0	105.3	102.8	97.4	105.6

P: Provisional.
Source: RBI staff calculations.

Appendix Table 5: Unit Root Test Results

Variable	Level					
	Constant			Constant, Trend		
	ADF	PP	KPSS	ADF	PP	KPSS
LREERT	-1.94	-2.05	1.20	-3.31	-2.88	0.05**
LREERX	-1.78	-1.89	1.31	-3.22	-2.74	0.05**
LPDUS	-1.62	-1.09	1.69	-1.64	-3.51*	0.23
LPDMPT	-1.29	-0.89	1.67	-2.52	-3.27	0.16**
LPDMPX	-1.68	-1.44	1.68	-1.57	-2.68	0.33
Variable	**First Difference**					
	Constant			**Constant, Trend**		
	ADF	**PP**	**KPSS**	**ADF**	**PP**	**KPSS**
LREERT	-12.05**	-11.96**	0.03**	-12.02**	-11.93**	0.03**
LREERX	-11.81**	-11.72**	0.04**	-11.78**	-11.69**	0.03**
LPDUS	-2.20	-16.96**	0.15**	-2.55	-17.27**	0.07**
LPDMPT	-2.23	-17.03**	0.11**	-2.36	-17.15**	0.06**
LPDMPX	-2.31	-16.97**	0.20**	-2.70	-17.16**	0.05**

** and * indicate significant at 1 per cent and 5 per cent levels, respectively.
ADF: Augmented Dickey-Fuller.
PP: Phillips-Perron.
KPSS: Kwiatkowski-Phillips-Schmidt-Shin.
Source: RBI staff estimates.

*Small Finance Banks: Balancing Financial Inclusion and Viability**

Small Finance Banks are a new entrant into the Indian banking system with a differentiated focus on financial inclusion. They have witnessed a rapid growth in their branch network and asset base while maintaining a healthy asset quality and generating high return on assets. These banks have been reasonably successful in reaching out to under-served sectors, such as the Micro, Small and Medium Enterprises (MSMEs), and have an impressive coverage of borrowers with small credit needs.

Introduction

Since 2005, India has actively pursued the policy of financial inclusion. As part of this policy, the Reserve Bank has undertaken a number of measures, which among others, include opening bank branches in unbanked areas, roping in business correspondents and facilitators for ensuring last-mile connectivity of banking, and opening small business accounts linked to debit cards to promote financial inclusion along with financial literacy. The introduction of Board-approved financial inclusion plans in 2010 has given a definite direction and structure to the efforts for financial inclusion. The alignment of the financial inclusion plan objectives with those laid out as part of the Pradhan Mantri Jan-Dhan Yojana in 2014 has imparted a mission mode to these efforts.

Alongside the efforts to introduce new products and platforms, the Reserve Bank has introduced newer institutional variants for promoting financial inclusion. One such institution has been the Small Finance Banks (SFBs). The specific mandate assigned to SFBs is to further the cause of financial inclusion by (i) providing savings vehicles, and (ii) supplying credit to small business units, including small and marginal farmers, micro and small industries; and other unorganised sector entities, and various low income groups and the migrant work force through high technology-low cost operations.[1] These can be defined as differentiated financial institutions, considering their focus on serving the population with small finance needs. They have been set up in the private sector, and thus, differ from Regional Rural Banks (RRBs) - banking institutions created with the objective of including the under-served sections with predominant government shareholding.[2]

Following the issuance of the licensing guidelines in 2014, 10 SFBs have commenced operations so far. The first two, Capital Small Finance Bank and Equitas Small Finance Bank, started operations in 2016 followed by seven more in 2017, and one more in 2018. Most of the SFBs were previously microfinance institutions (MFIs) with a few notable exceptions, such as the Capital Small Finance Bank which was a local area bank. As MFIs, most of these institutions already had a well-developed network of customers, belonging mostly to the middle and low-income groups. These MFIs chose to convert into SFBs, in a bid, among others, to expand their reach further, while benefitting from lower cost of funds following the access to deposits that they could enjoy as SFBs.

This article analyses the performance of SFBs with specific reference to their objective of financial inclusion and viability of their business models. In addition, their compliance to various regulatory guidelines, wherever directly measurable, is also

* Prepared by Richa Saraf and Pallavi Chavan from the Department of Supervision, Reserve Bank of India. The views expressed are those of the authors and do not reflect the views of the organisation to which they are affiliated.

[1] RBI Press Release, "Guidelines for Licensing of Small Finance Banks in Private Sector", November 27, 2014.

[2] The original mandate of the RRBs was to exclusively serve the credit needs of rural poor, including small and marginal farmers and agricultural labourers, see Maheshwari (1995).

examined. Although constrained by a relatively short time span since their inception, the analysis can throw light on the way the operations of these institutions are shaping up.

The data used for this article are taken from various supervisory returns, Basic Statistical Return of credit and deposits of Scheduled Commercial Banks (SCBs) (BSR-1 and BSR-2) as well as Branch Banking Statistics. The study period starts from June 2016, when the first SFB began its operations. Although the sample size of SFBs has varied over the study period, the period from 2018 can be taken as comparable considering that most SFBs had started their operations during 2017-18.

The rest of the article is divided into five sections. Section II provides an overview of the regulatory guidelines governing SFBs, as differentiated banking institutions. Section III provides a few indicators about the size and scale of operations of SFBs in a comparative perspective with their bank and non-bank counterparts. Section IV presents the key findings from the analysis of supervisory and banking data on SFBs and Section V concludes.

II. A Brief Overview of the Regulatory Guidelines for SFBs

SFBs, which operate as SCBs, are subject to the prudential regulatory norms similar to other SCBs. However, being differentiated in their nature of business, there are certain differences. Some of these differentiated guidelines for SFBs are as follows:

(i) Being a differentiated or niche bank, the minimum net worth for an SFB has been fixed at a lower level than other SCBs. SFBs need to have a minimum net worth of ₹2 billion (increased from ₹1 billion following the issuance of the guidelines for on-tap licensing for these banks), as compared to ₹5 billion for other SCBs;[3]

(ii) Considering their focus on financial inclusion, SFBs have to provide at least 75 per cent of their Adjusted Net Bank Credit (ANBC) to priority sectors as compared to 40 per cent in the case of other SCBs (excluding RRBs);

(iii) Considering their focus on small-sized credit, at least 50 per cent of their loan portfolio should comprise loans of upto ₹25 lakh;

(iv) In view of the inherent business risks, the minimum Capital to Risk-weighted Assets Ratio (CRAR) for SFBs has been fixed at 15 per cent.

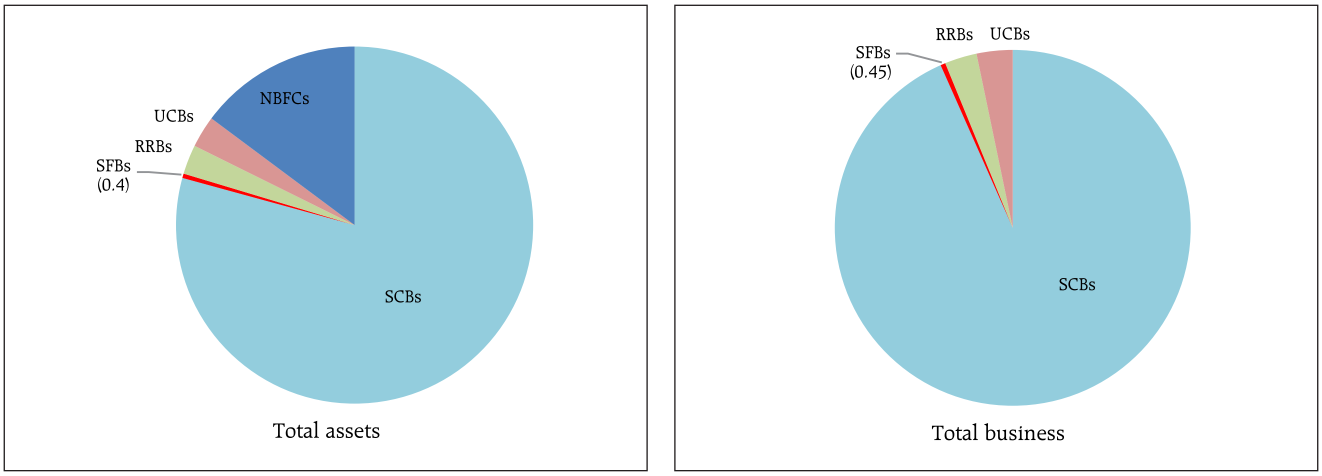
III. SFBs in Comparison with the Banking and Non-Banking Segments

At present, SFBs constitute a minuscule portion of the financial sector (comprising the SCB (including RRBs and UCBs) and NBFC segments) (Chart 1). The share of SFBs in total assets of the financial sector was 0.4 per cent in March 2019. In 2018-19, the banking business of SFBs had a ratio of 15 per cent to that of RRBs, another banking institution with a differentiated focus.

Starting from a low base, SFBs have expanded their branch presence rapidly, rising to 4,307 branches by March 2020. The ratio of SFB branches

[3] The exception to this regulatory requirement is of Urban Cooperative Banks (UCBs) desirous of voluntarily converting themselves into SFBs; the minimum net worth requirement for such UCBs is ₹1 billion.

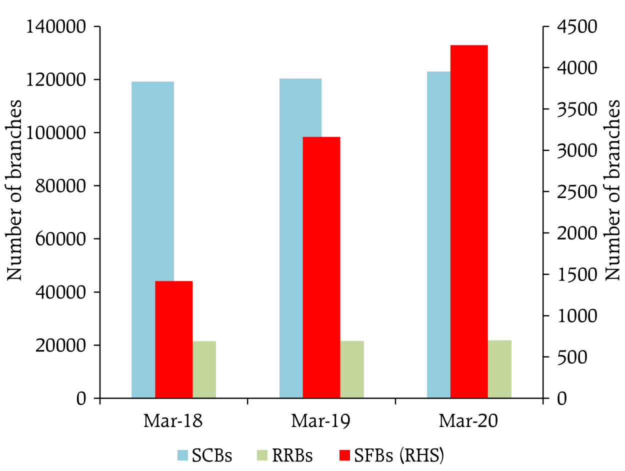
Chart 1: Share of SFBs in Total Assets and Banking Business (in per cent)



Notes: 1) Total Business = Total Deposits + Total Credit.
2) SCBs include Public Sector Banks (PSBs), Private Sector Banks (PVBs) and Foreign Banks (FBs).
3) Based on March 2019 data.
Source: Supervisory returns.

to SCB branches (excluding RRBs) was 3.5 per cent in March 2020 as compared to 1 per cent in March 2018 (Chart 2). The ratio of SFB branches to RRB branches was about 20 per cent in March 2020.

Chart 2: Comparison of Bank Branches of SFBs with Other SCBs



Note: SCBs includes PSBs, PVBs and FBs only.
Source: Branch Banking Statistics.

IV. Major Features of the Operations of SFBs

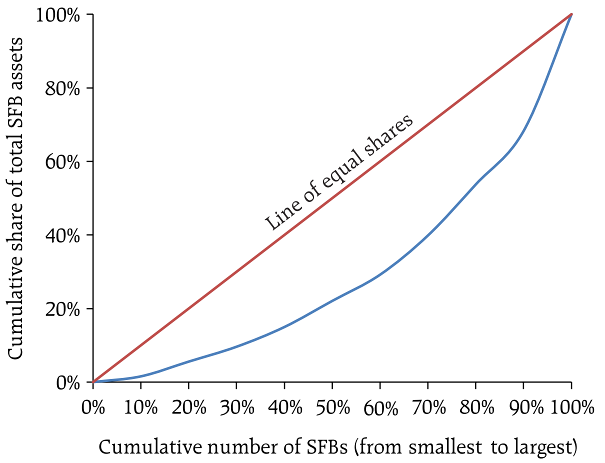
Structural Features

High degree of concentration within SFBs

SFBs have shown high asset growth since their inception. Between 2017 and 2020, the average growth of assets of SFBs was about 150 per cent per annum owing to a low base, as most SFBs began their operations in 2017-18. The average growth moderated between 2018 and 2020 to about 61 per cent.

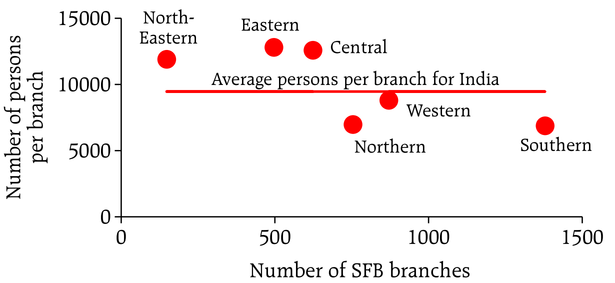
At present, there is considerable concentration of assets within the SFB group. Top-two SFBs accounted for 46 per cent of total assets of all SFBs in March 2020 with top-three SFBs accounting for 60 per cent share (Chart 3). However, the relatively big-sized SFBs have displayed lower growth of assets in more recent years (Chart 4). Hence, the concentration of assets within the SFB group may come down over time.

Chart 3: Asset Concentration among SFBs



Note: Lorenz curve measures the cumulative share of total assets corresponding to a certain per cent of the total number of SFB, when the SFBs are arranged in an ascending order of their assets.
Based on March 2020 data.
Source: Supervisory returns, RBI staff calculations.

Chart 5: Region-wise Population Per Branch and Number of SFB Branches



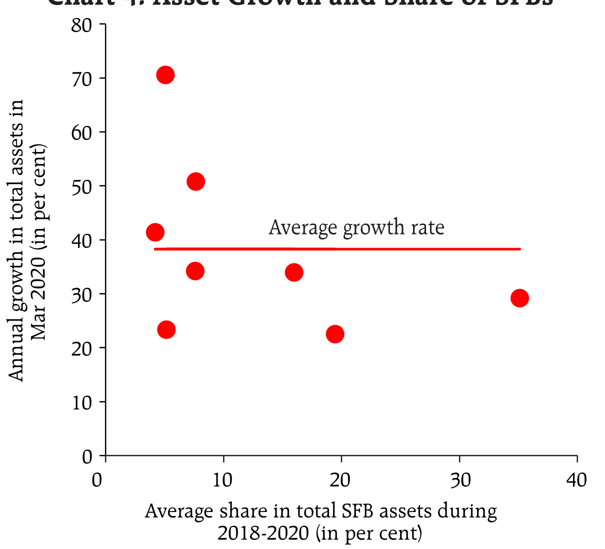
Note: Population per bank branch is worked out taking branches of SCBs (including RRBs) excluding SFBs.
Based on March 2020 data.
Central region-Chhattisgarh, Madhya Pradesh, Uttar Pradesh, Uttarakhand; Eastern region- A and N Islands, Bihar, Jharkhand, Odisha, Sikkim, West Bengal; North-eastern region- Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura; Northern region- Chandigarh, Haryana, Himachal Pradesh, Jammu and Kashmir, Ladakh, NCT of Delhi, Punjab, Rajasthan; Southern region- Andhra Pradesh, Karnataka, Kerala, Lakshadweep, Puducherry, Tamil Nadu, Telangana; Western region- Dadra and Nagar Haveli and Daman and Diu, Goa, Gujarat and Maharashtra.
Source: Unique Identification Authority of India, Branch Banking Statistics.

Regional and Sectoral Features

Greater concentration of branch network in relatively well-banked states

While there has been a rapid growth in the branch network of SFBs since their inception, this growth has been markedly concentrated in the southern, western and northern regions, which are known as the relatively well-banked regions in the country (Chart 5). Their penetration in the north-eastern region, which is known to be the least banked region, remains low.

Chart 4: Asset Growth and Share of SFBs



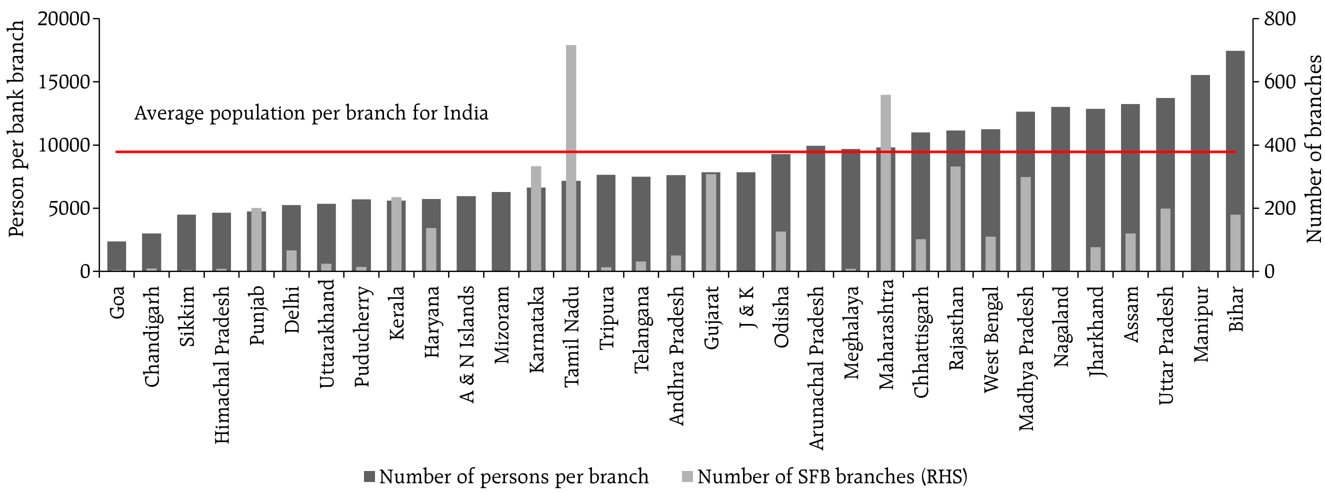
Note: Every point represents an SFB.
Source: Supervisory returns, RBI staff calculations.

At the state level, while SFBs are making their presence felt in some of the under-served states of Madhya Pradesh and Rajasthan, they continue to be concentrated in Tamil Nadu, Maharashtra, Karnataka, Kerala and Punjab - states with some of the lowest population per bank branch in the country (Chart 6). Among these, the states from the southern region have had a high concentration of MFIs since the time micro finance originated in India in the early-1990s (Golait and Kumar, 2009). SFBs too, many of which are MFIs turned into banks, have largely followed this pattern of branch expansion. Furthermore, there appears to be some similarity in the branch spread of private sector banks and SFBs, with both showing a greater concentration in the relatively well-banked regions/states (Appendix Table 1).

Greater focus on semi-urban centres

The rapid increase of SFB branches has been in semi-urban and urban centres; in March 2020, about

Chart 6: State-wise Population Per Bank Branch and Number of SFB Branches

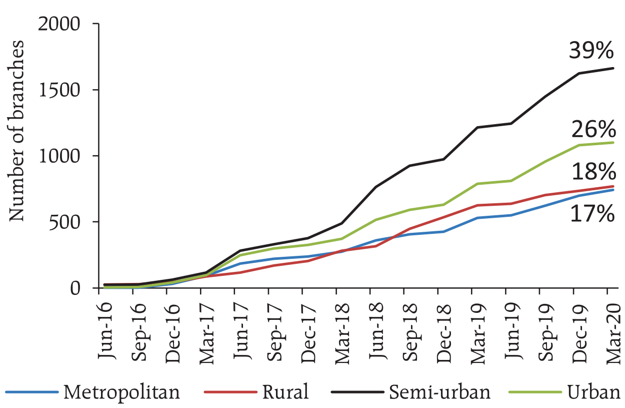


Note: Population and Number of branches of all banks are for March 31, 2020.
Population per bank branch is worked out taking branches of SCBs (including RRBs) excluding SFBs.
Source: Unique Identification Authority of India, Branch Banking Statistics.

39 per cent of the total SFB branches were semi-urban in nature followed by 26 per cent in urban centres (Chart 7).

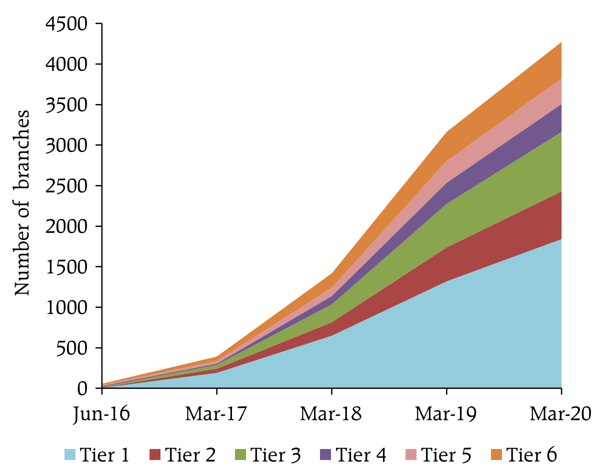
As the semi-urban category covers centres with a population of 10,000 to 1 lakh, covering a fairly broad spectrum of centres, a tier-wise distribution of branches for SFBs has been attempted. It suggests that about 31 per cent of the branches of SFBs are located in Tier 2 and 3 centres (with population ranging between 20,000 and 1 lakh), and about 8 per cent of the branches are located at Tier 4 centres (population ranging between 10,000 and 19,999), with Tier 5 and 6 centres (rural) (population less than 10,000) accounting for only 18 per cent of the SFB branches (Chart 8). In the case of only three SFBs, the share of

Chart 7: SFB Branch Distribution across Different Centres/Population Groups



Note: 1) Definitions of centres are based on population as follows: Rural is <10,000; Semi-urban is 10,000 to <1 lakh; Urban is 1 lakh to <10 lakh and Metropolitan is >=10 lakh.
2) The percentages represent share of each population group in March 2020.
Source: Branch Banking Statistics.

Chart 8: Tier-wise Branch Distribution of SFBs



Note: Tier Definitions: Tier 1- 100,000 and above, Tier 2- 50,000 to 99,999, Tier 3- 20,000 to 49,999, Tier 4- 10,000 to 19,999, Tier 5- 5,000 to 9,999, Tier 6- Less than 5,000.
Source: Branch Banking Statistics.

rural branches to total was more than 25 per cent as on March 2020, while for others, the share ranged between 10 per cent and 22 per cent. Considering their small finance focus, the limited spread of SFBs at rural centres and even at smaller semi-urban centres leaves much to be desired.

Interestingly again, SFBs show a branch distribution pattern similar to Private Sector Banks (PVBs); semi-urban centres had the highest share of about 32 per cent in total branches of PVBs with rural centres having a share of 21 per cent in March 2020.

Dominant presence of priority sectors in the lending portfolio

Given their differentiated priority sector lending (PSL) targets and also the fact that most of them, as MFIs, were serving the under-served economic sectors/sections of the population, SFBs have seen a dominant presence of priority sectors in their lending portfolio (Chart 9). At the systemic level, priority sectors accounted for about 75 per cent of the total credit of SFBs. At the bank level too, there was little variation with most SFBs reporting a share of over 75 per cent of priority sectors (Table 1).

Table 1: Distribution of SFBs by Share of PSL

Share of PSL in total advances*	Percentage of SFBs
> =75%	60
50% =< & <75%	40

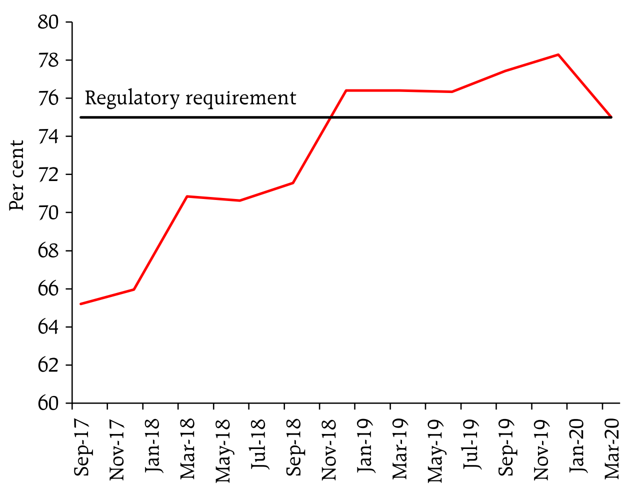
* The size categories and reported shares are based on data for March 2020. Most of the SFBs are either above or very close to the target of 75 per cent.

Source: Supervisory returns.

SFBs targeting the sectors relatively under-served by commercial banks

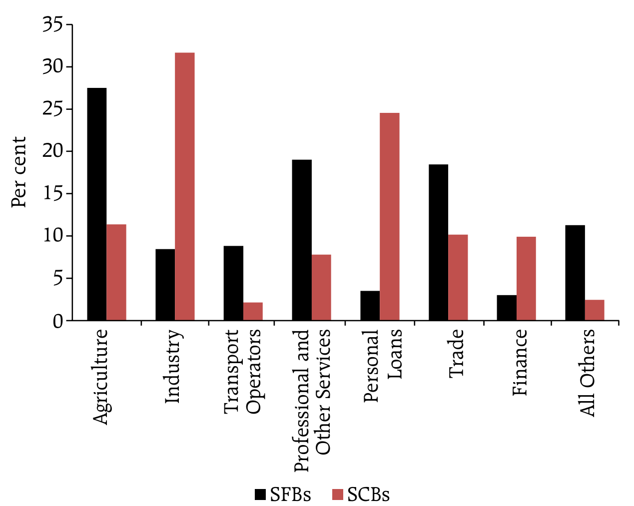
SFBs reported a greater concentration of loans to agriculture, trade and professional services. These three sectors accounted for about 65 per cent of the total credit of SFBs in March 2020 as compared to SCBs which lent about 66 per cent of their credit to industry, personal loans and finance (Chart 10). Considering that SFBs, by design, were expected to extend small-sized loans, it may not be wrong to assume that they financed small agriculturists, small traders and small businesses. In fact, Micro, Small and Medium Enterprises (MSMEs) had a prominent presence in their overall loan portfolio as well as their portfolio of industrial and services sector credit (Table 2).

Chart 9: Share of PSL in Total Advances of SFBs



Note: The shares are with respect to total advances rather than ANBC due to data limitations.
Source: Supervisory returns.

Chart 10: Sector-wise Distribution of Outstanding Credit



Note: SCBs includes PSBs, PVBs and FBs only. Based on March 2020 data.
Source: BSR-1.

Table 2: MSME Share in Total Credit

Year	SFBs (%)	SCBs (%)
Mar 2018	42 (81)	17
Mar 2019	40 (83)	18
Mar 2020	41 (82)	17

Note: MSME shares in industry plus services sector credit are shown in brackets.
SCBs includes PSBs, PVBs and FBs only.
Based on March 2020 data.
Source: Supervisory returns.

Credit portfolio featuring a large share of small-sized loans

SFBs have been meeting the regulatory requirement relating to the size-wise distribution of their loan portfolio. In March 2020, 99.9 per cent and 83 per cent of their total loan accounts and total loan amount, respectively, had a credit limit of up to ₹25 lakh. Even within these, an impressive focus on very small-sized loans by these banks was evident; about 96 per cent and 48 per cent of their total loan accounts and total loan amount, respectively, had a credit limit of ₹2 lakh, or what are called as small borrowal accounts (Chart 11).

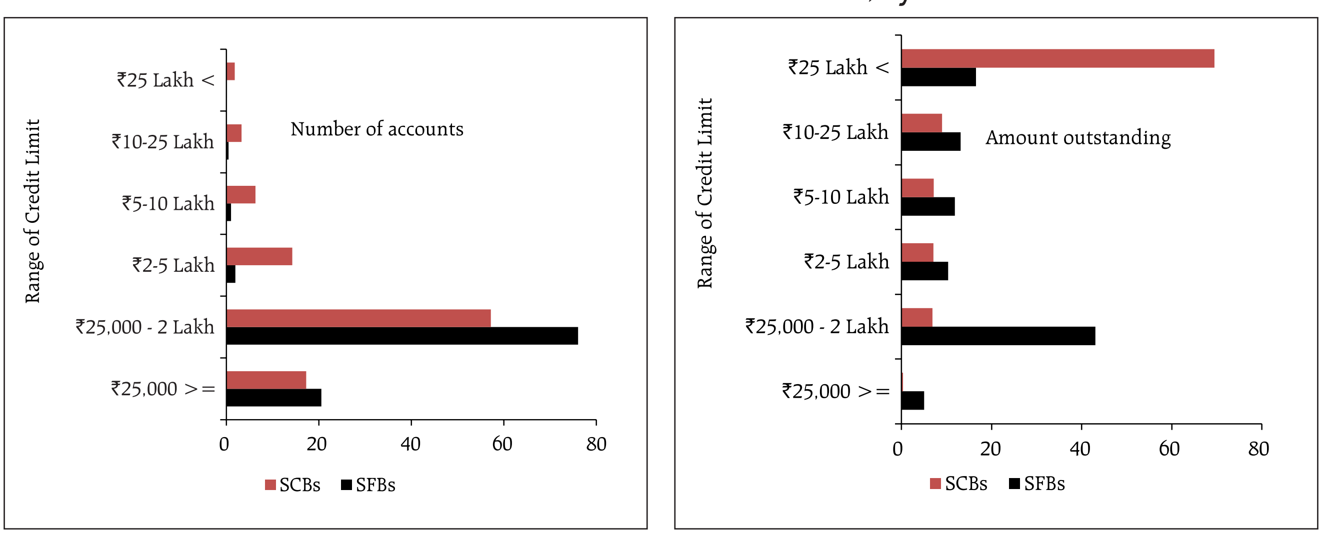
Balance Sheet-related Features

Rapid increase in deposit base

As already noted, most SFBs were originally MFIs and one of the factors that was instrumental in their conversion to SFBs was the access to deposits. Expectedly, their deposits-to-assets ratio has been rising rapidly since inception. Moreover, there is little differential across SFBs in the growth of deposits (Chart 12).

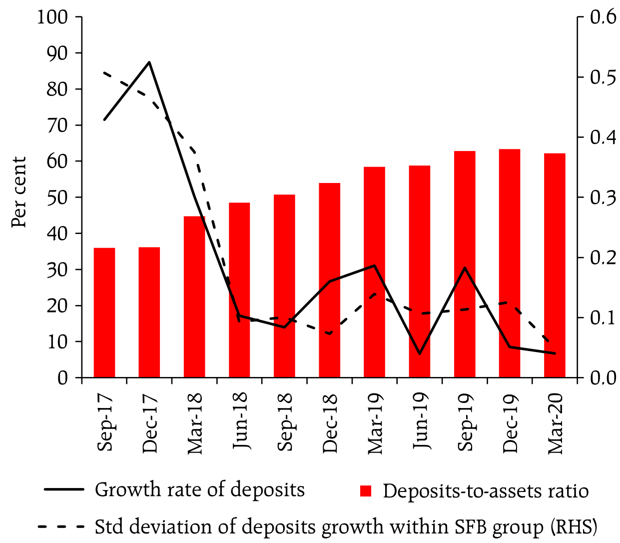
While the deposit base of SFBs has been expanding, they still have a long distance to cover as compared to other SCBs in mobilisation of current and savings accounts or CASA. While there has been a pick-up in the share of CASA in total deposits for SFBs, it stood at 15 per cent in March 2020 as compared to 41 per cent for other SCBs.

Chart 11: Distribution of Credit of SFBs and SCBs, by Credit Limit



Note: SCBs includes PSBs, PVBs and FBs only. Based on March 2020 data.
Source: BSR-1.

Chart 12: Deposits-to-Assets Ratio of SFBs



Source: Supervisory returns, RBI staff calculations.

A high credit-to-deposits (CD) ratio

SFBs started with a high CD ratio, which was more than 2.5 times that of other SCBs in the initial years (Chart 13). It fell over time with the growth in deposits but was still high at 111 per cent in March 2020. CD ratio varied widely across SFBs in 2017, after which the dispersion has come down.

Financial Operations-related Features

Higher cost of funds

Despite an increasing access to deposits as discussed earlier, the cost of funds for SFBs has remained high (Chart 14). The high cost of funds needs to be seen in light of their lower percentage of CASA as compared to other SCBs.

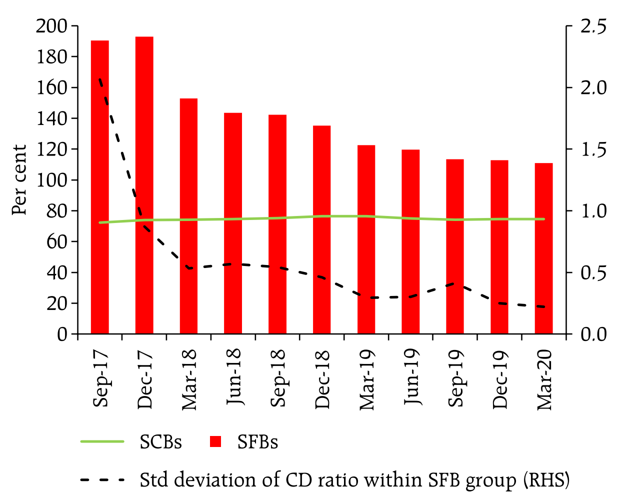
Higher return on funds

The return on funds has been higher due to higher spreads maintained by the SFBs (Charts 15 and 16). Interestingly, there was not much differential across SFBs with regard to the cost of and return on funds (Table 3).

Higher return on assets

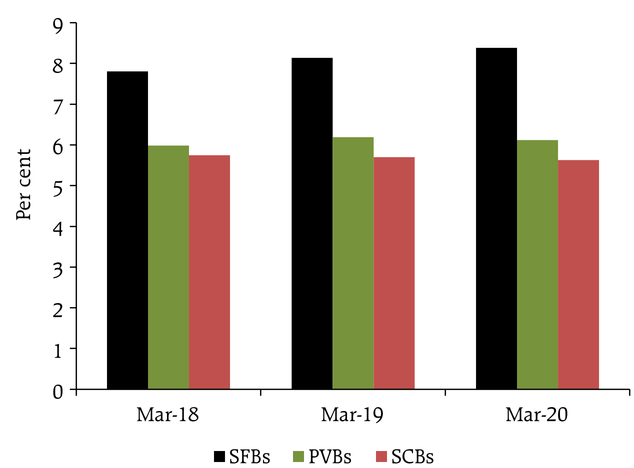
SFBs, on an average, reported a higher return on assets (RoA) (net profits/average total assets) as

Chart 13: Comparison of Credit to Deposit (CD) Ratio of SFBs with Other SCBs

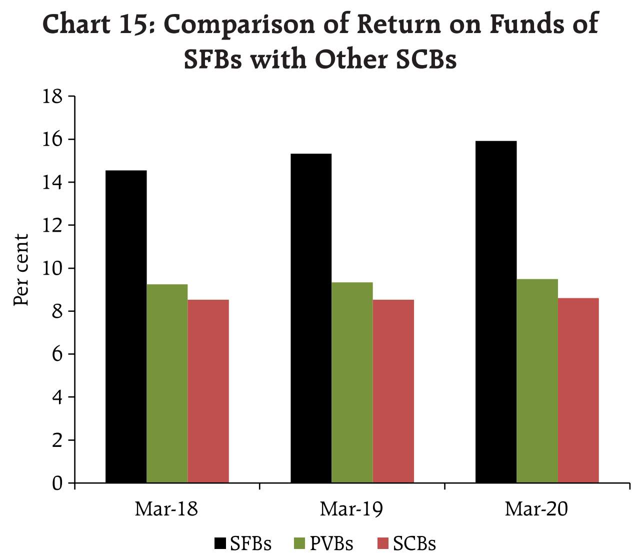


Note: SCBs include PSBs, PVBs and FBs only.
Source: Supervisory returns.

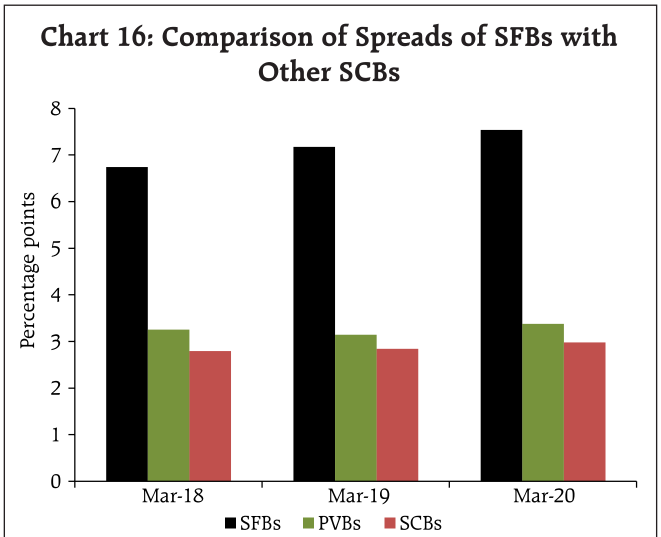
Chart 14: Comparison of Average Cost of Funds of SFBs with Other SCBs



Note: Cost of funds are annualised figures and asset-weighted averages. SCBs include PSBs, PVBs and FBs only.
Source: Supervisory returns.



Note: Return on funds are annualised figures and asset-weighted averages. SCBs include PSBs, PVBs and FBs only.
Source: Supervisory returns.



Note: Spread equals return on funds minus cost of funds. Bank-group spread is calculated as asset-weighted average of bank-level spreads. SCBs include PSBs, PVBs and FBs only.
Source: Supervisory returns.

compared to other SCBs, following the higher return on funds as discussed earlier. However, such a comparison may be misleading considering that (a) the asset size of SFBs is much smaller than the other SCBs; (b) the other SCBs, particularly PSBs, have a legacy of NPAs, which has adversely affected their profitability over time. Hence, a better point of comparison of RoA for SFBs could be NBFC-MFIs. During the period under study, NBFC-MFIs have reported a higher RoA than SFBs but the gap between the two entities has been narrowing over time (Chart 17).

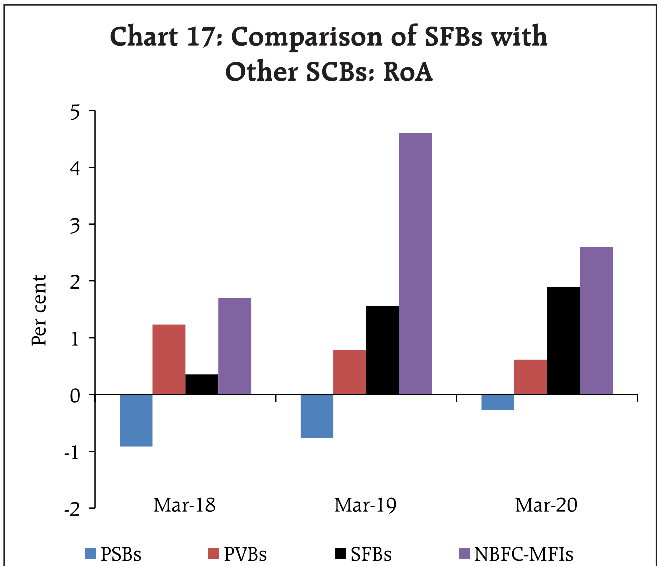
Lower NPA ratio

Non-performing assets (NPAs) affect the profitability and thereby the internal accretion of capital of any financial institution. One of the

Table 3: Distribution of SFBs, by Return on Funds, Cost of Funds and Spread

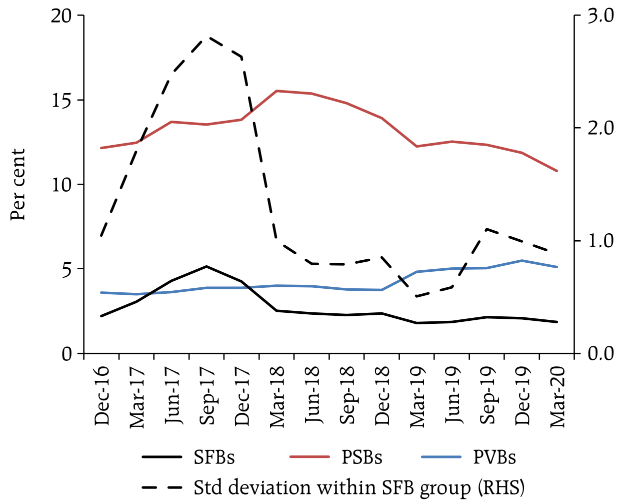
Range of RoF/ CoF/Spread	Percentage of SFBs		
	Return on funds (RoF)	Cost of funds (CoF)	Spread
3%-5%	-	-	20
5%-8%	-	20	10
8%-10%	-	80	50
10%-11%	10	-	20
11%-15%	10	-	-
15%-20%	70	-	-
>20%	10	-	-

Note: Data relate to March 2020.
Source: Supervisory returns.



Note: Return on assets are annualised figures and asset-weighted averages. SCBs include PSBs, PVBs and FBs only.
Source: Supervisory returns.

Chart 18: SFBs Compared with Other SCBs: NPA ratio



Note: GNPA ratio is defined as Gross NPA as a ratio of gross advances.
Source: Supervisory returns.

creditable features associated with micro finance has been its lower loan defaults, which have been made possible by better management and supervision of the credit portfolio through the employment of social collateral of self-help groups. SFBs, many of which were erstwhile NBFC-MFIs, too have reported low NPA ratios. Furthermore, the dispersion in the NPA ratio among SFBs has also declined over time (Chart 18).

In the near future, the NPA positions in SFBs, as in other SCBs, may be shaped by various regulatory interventions, including the moratorium and Resolution Framework, introduced to address the COVID-related stress. In the case of MSMEs, the COVID-related Resolution Framework has been aligned with the MSME restructuring package announced earlier in January 2019. Effectively, this has ensured a continued regulatory support to MSMEs, which form a major part of the loan portfolio of SFBs.

V. Concluding Observations

SFBs are a new entrant into the Indian banking system with a differentiated focus on financial inclusion. A preliminary assessment of these banks, based on supervisory and BSR data since the time of introduction of these institutions, is attempted in this article.

SFBs have witnessed a rapid growth in terms of their balance sheet size and branch network. At present, however, they constitute a minuscule part of the financial system. There is a high degree of concentration within the SFB group, with top-two and top-three banks accounting for about 46 per cent and 60 per cent of total assets of the group, respectively. There is a noticeable trend of dissipating concentration in more recent years, as some of the small-sized SFBs have been posting a higher asset growth as compared to their large-sized counterparts.

While there has been a rapid expansion in the branch network of SFBs, their branches, similar to PVBs, are concentrated in regions/states that are already well-banked. These include the southern, western and northern regions. More specifically, the states with high concentration of SFB branches are Tamil Nadu, Maharashtra, Karnataka, Kerala and Punjab, which have a much lower population per bank branch as compared to the national average. SFB branches also display concentration in the urban and semi-urban centres or more specifically Tier 1 to Tier 3 centres having population of 20,000 persons and above. Tier 5-6 (rural) centres with population of less than 10,000 persons accounted for only about 18 per cent of the SFB branches in March 2020.

These banks are catering to the economic sectors that are relatively under-served by other SCBs. The sectors include agriculture, (small scale) trade and professional services. Moreover, even within the industrial and services sector credit, these banks have succeeded reasonably in reaching out to MSMEs. Apart from serving the under-served sectors, the loan portfolio of SFBs is also geared towards small-sized borrowers. At the aggregate level, about 83 per cent of their loan portfolio had a credit limit of up to ₹25 lakh in March 2020.

Although the deposit base of SFBs has been on a striking rise, their percentage of CASA remains lower than other SCBs. An increase in the CASA base can augur well towards lowering the cost of funds for these banks, going forward.

The return on funds of SFBs has been higher than other SCBs. Similarly, spread, which decides the return on funds, has been much higher. Consequently, the profitability of these institutions measured by RoA is much higher than their peers in the banking segment. It is, however, lower than NBFC-MFIs, their counterparts in the non-banking segment.

The NPA ratio of SFBs has been moderate since their inception, underlining a healthy asset quality. This may be expected as these banks do not suffer from a legacy of NPAs as other SCBs. However, their low NPA ratio also reflects better management of credit risk despite serving a small-sized clientele.

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Appendix

Appendix Table 1: State-wise Distribution of Bank Branches

State	Number of branches of			State's share in total branches of		
	PVBs	PSBs	SFBs	PVBs	PSBs	SFBs
Tamil Nadu	3701	6486	716	10.6%	7.4%	16.6%
Maharashtra	3920	7809	563	11.3%	8.9%	13.1%
Rajasthan	1490	4219	343	4.3%	4.8%	8.0%
Karnataka	2488	5913	332	7.1%	6.7%	7.7%
Gujarat	2166	5222	310	6.2%	5.9%	7.2%
Madhya Pradesh	1320	4117	302	3.8%	4.7%	7.0%
Kerala	2334	3393	235	6.7%	3.9%	5.5%
Punjab	1650	4271	204	4.7%	4.9%	4.7%
Uttar Pradesh	2141	10900	199	6.2%	12.4%	4.6%
Bihar	1037	4000	180	3.0%	4.6%	4.2%
Haryana	1409	2861	138	4.0%	3.3%	3.2%
Odisha	922	3087	126	2.6%	3.5%	2.9%
Assam	758	1458	123	2.2%	1.7%	2.9%
West Bengal	2459	5419	112	7.1%	6.2%	2.6%
Chhattisgarh	574	1488	103	1.6%	1.7%	2.4%
Jharkhand	438	2120	77	1.3%	2.4%	1.8%
NCT of Delhi	1226	2290	72	3.5%	2.6%	1.7%
Andhra Pradesh	1199	4627	48	3.4%	5.3%	1.1%
Telangana	1187	3137	31	3.4%	3.6%	0.7%
Uttarakhand	346	1471	24	1.0%	1.7%	0.6%
Puducherry	59	146	14	0.2%	0.2%	0.3%
Tripura	162	236	14	0.5%	0.3%	0.3%
Chandigarh	127	255	10	0.4%	0.3%	0.2%
Himachal Pradesh	175	1170	8	0.5%	1.3%	0.2%
Meghalaya	62	196	8	0.2%	0.2%	0.2%
Goa	199	473	4	0.6%	0.5%	0.1%
Sikkim	49	105	4	0.1%	0.1%	0.1%
Arunachal Pradesh	20	108	3	0.1%	0.1%	0.1%
Manipur	42	131	3	0.1%	0.1%	0.1%
Mizoram	35	77	1	0.1%	0.1%	-
Andaman & Nicobar Islands	13	57	0	0.0%	0.1%	-
Dadra & Nagar Haveli And Daman & Diu	42	69	0	0.1%	0.1%	-
Jammu & Kashmir	958	446	0	2.8%	0.5%	-
Ladakh	46	20	0	0.1%	0.0%	-
Nagaland	43	120	0	0.1%	0.1%	-
Lakshadweep	1	12	0	0.0%	0.0%	-
India	34798	87909	4307	100%	100%	100%

Note: '-' represents nil/negligible.
Based on March 2020 data.
Source: Branch Banking Statistics.

*Green Finance in India: Progress and Challenges**

Green finance is fast emerging as a priority for public policy. This paper reviews the developments in green finance globally and in India. We use a variety of data sources to assess both the extent of public awareness (Google Trends) and financing options (bank credit and bond issuances) for green projects. Our findings indicate that while there have been improvements in public awareness and financing options in India, a reduction in asymmetric information through better information management systems and increased coordination amongst stakeholders could pave the way towards a greener and sustainable long term economic growth.

Introduction

Green finance refers to the financial arrangements that are specific to the use for projects that are environmentally sustainable or projects that adopt the aspects of climate change. Environmentally sustainable projects include the production of energy from renewable sources like solar, wind, biogas, *etc.*; clean transportation that involves lower greenhouse gas emission; energy efficient projects like green building; waste management that includes recycling, efficient disposal and conversion to energy, *etc.* Moreover, project defined sustainable under the disclosure requirement for Green Debt Securities include climate change adaptation, sustainable waste and water managements, sustainable land use including sustainable forestry and agriculture, and biodiversity conservation (SEBI 2017). In order to meet the financial needs for these types of projects, new financial instruments such as green bonds; carbon market instruments (*e.g.* carbon tax); and new financial institutions (*e.g.* green banks and green funds) are being established. They together constitute green finance[1].

Green finance is central to the overall discussion on sustainability of economic growth. Rapid economic development is often achieved at the cost of environment. Dwindling natural resources, degraded environment and rampant pollution are hazardous to public health and pose challenges to the sustainable economic growth. In order to protect and substantially improve the environment, nations around the world have been increasingly focusing on the use of eco-friendly technologies. However, it requires appropriate incentive structure for increased allocation of funds towards setting up or adopting environmentally sustainable projects. Once funds are freed from the conventional industries and are channeled into the green and environment- friendly sectors, other resources including land and labour may also follow. This eventually leads to an optimal allocation of resources[2] that support sustainable growth in the long run. In order to achieve these objectives, targeted policies on green finance have been formed in major countries involving all stakeholders of economic growth, *viz.*, corporates, governments and central banks.

In this article, we assess the progress of green finance in India. In Section II, we briefly discuss some of the best practices followed across the globe for promoting green finance and some of the major initiatives taken in India. In Section III, we outline the progress of green finance in India. In Section IV, we discuss the challenges and way forward and Section V concludes.

II.Public Policy towards Green Finance

(a) International best practices

Climate change has been on the G20 agenda ever since its first summit in 2008, though more recently

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* This article is prepared by Saurabh Ghosh, Siddhartha Nath and Abhishek Ranjan of the Strategic Research Unit of Department of Economic and Policy Research (DEPR). The views expressed in this article are those of the authors and do not necessarily represent the views of the Bank. Support extended by the research interns are acknowledged.

[1] *https://development.asia/explainer/green-finance-explained* (Asian Development Bank)

[2] Establishing China's Green Financial System, Report of the Green Finance Task Force, April 2015.

the focus has been on circular carbon economy (CCE) to deal with harmful emissions. There are several flagship programmes that aim at increasing the awareness and promoting the funding of green initiatives across the globe. These programmes encourage financial and non-financial firms to embed environmental considerations into their financing. Major flagship programmes like Principles for Responsible Investment (PRI), Equator Principles (EP) for financial institutions, United Nation's Environment Programme (UNEP) and Statement of Commitment by financial institutions on sustainable development suggest ways for implementing green finance among the signatories. Several entities from India are signatory to these programmes (Table 1). However, it is possible to ensure a steady flow of finance into sustainable projects only if there is any reliable source of information on the entities' overall management of environmental and social risks, track record on entities' identification of opportunities that bring both a decent rate of return and environmental benefits (UNEP)[3]. In this regard, Sustainable Stock Exchange is an initiative that recommends the signatory countries' stock exchanges to come up with stock price indices that track the stock performance of a set of companies operating in these countries, which are leaders in recognising the Environmental, Social and Governance (ESG) principles[4] into their financing aspects . These indices are aimed at guiding investors who are interested in investing in green activities. Two major stock exchanges in India, the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) are part of this initiative and publish separate ESG indices.

Table 1: Participation of Asian Financial Institutions in Global Initiatives

Name of the initiative	Global signatories	Asian Signatories	Global signatories	Asian Signatories
	From Volz, 2018		As at end 2019	
Principles for Responsible Investment	1,874	122	2,698	387 *
Equator Principles Financial Institutions	91	12	101	22 **
UNEP Statement of Commitment by Financial Institutions on Sustainable Development (2011)	214	38		
Sustainable Stock Exchanges	66	14 ***		

Source: Volz, U. (2018, March). The latest information collected from the programmes' websites.
Notes: Asia includes Australia and New Zealand.
*: Includes 3 from India: SBI Funds Management Private Limited, Equicap Asia Management Private Limited and Indus Environmental Services Pvt. Ltd.
**: Only IDFC from India.
***: Includes both Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) from India.

The regulatory framework across the globe can be broadly categorised into four. First is the **sustainability disclosure** by financial and non-financial companies, by which the companies are asked to periodically report their exposure to the ESG related risks from their operations. Such disclosures have picked up following the thrust given by G20 by encouraging a voluntary adoption by corporates of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). As of June 2020, 60 per cent of the world's 100 largest public companies committed supporting the TCFD recommendation[5]. The leading stock exchanges, financial market regulators and the ministries dealing with the corporate affairs in China (2008)[6], Hong Kong (2012), UK (2012), India (2012), the Philippines (2013), Vietnam (2013), Singapore (2016) were among the nations to implement the framework for disclosure of ESG-related risks by the listed companies in their jurisdiction (Volz, 2018)[7]. Bangladesh mandated bi-

[3] See *https://www.unenvironment.org/regions/asia-and-pacific/regional-initiatives/supporting-resource-efficiency/green-financing*

[4] Environmental, social and governance (ESG) principles are a set of standards for a company's operations that are compliant with certain social, environmental and governance standards. It is a benchmark that many investors use to assess sustainability of their potential investments. Environmental criteria consider how a company balances its operation with environmental costs. Social criteria deal with companies' relationships with their employees, suppliers, customers, and the communities where it operates. Governance deals with a company's leadership, executive pay, audits, internal controls, and shareholder rights.

[5] Third TCFD Status Report Shows Progress & Highlights Need for Greater Climate-Related Disclosures and Transparency

[6] Stock exchange in Shanghai.

[7] Parentheses indicate the years of adoption of the sustainability disclosure by these stock exchanges.

annual reporting of Corporate Social Responsibilities (CSR) undertaken by the commercial banks in 2008, incentivised systematic environmental risk analysis as part of the credit appraisal by the banks in 2011 with the extension of the norm to Non-Banking Financial Institutions (NBFIs) in 2013 and further included assessment of social risks in 2017 (Volz, 2018). Bangladesh released a uniform risk reporting format for the banks as early as 2013. The Energy Transition for Green Growth Law passed by France in 2015 mandated the asset owners and managers to report on how physical and transition risks impact their activities and assets. This policy aims to link disclosures to the broader efforts to decarbonise the energy sector in France[8]. Second is the **directed and concessional lending,** that is practised in several countries. For example, a 'revolving fund' of US$26mn was set up under the green re-financing scheme in Bangladesh in 2009 to disburse low interest loans to over 50 renewable energy and green industries. Further, an additional fund of US$200mn was set up for the leather-textile industry for switching to green technology in 2016. Since 2015, Bangladesh mandated the commercial banks to allocate at least 5 per cent of their lending to the renewable energy sector and other green technologies (Volz, 2018). Third are the **micro and macro-prudential regulations** of financial and non-financial institutions. In 2006, China introduced credit restriction to the companies based on their environmental compliances. Lebanon implemented the policy of differential reserve requirement for the commercial banks in 2010, wherein the banks with larger share of green projects in their loan portfolio are required to hold less reserves (Dikau and Volz, 2018). In 2011, Brazil embedded environmental considerations into the banks' Internal Process of Capital Adequacy Assessment by considering lending exposure to the projects containing environmental and social risks (Dikau and Volz, 2018). Eventually, Brazil recommended banks to outline their risk assessment methods and exposure to social and environmental damages into their annual reports in 2017. Fourth is the establishment of **green financial institutions.** The UK Green Investment Bank plc, a GBP 3 billion (USD 3.9 bn) institution, fully owned by the UK government was established in 2012 (Geddes *et al.*, 2018). Since 2013, Nordic Countries formed alliances of local and regional governments which issued bonds in the financial market and distributed the proceeds to its sub-national members (Kommuninvest (Sweden), Kommunalbanken and KLP Kommunekreditt AS (Norway), KommuneKredit (Denmark), and MuniFin (Finland)) (Nassiry, 2018). Asian Development Bank and United States Agency for International Development provide partial credit and bond guarantees to the partner banks and countries in their respective jurisdiction for green finance. In line with these international practices, India has also implemented several policy tools during the last decade as detailed in the following sections.

(b) Public policy in India

India has started emphasising on green finance as early as 2007. In December 2007, the Reserve Bank issued a notification on "Corporate Social Responsibility, Sustainable Development and Non-financial Reporting – Role of Banks" and mentions the importance of global warming and climate change in the context of sustainable development. In 2008, The National Action Plan on Climate Change (NAPCC) was formulated with a vision to outline the broad policy framework for mitigating the impact of climate change (Jain, 2020). The Climate Change Finance Unit (CCFU) was formed in 2011 within the Ministry of Finance as a coordinating agency for the various institutions responsible for green finance in India. The major strategic move since 2012 included implementation of the sustainability disclosure requirements. Security and Exchange Board of India (SEBI) made it mandatory for top 100 listed entities based on market capitalisation at BSE and NSE to publish annual business responsibility reports since 2012 and

8 Future of Finance, (2019), Bank of England, June.

revised it from time to time. In May 2017, SEBI issued guidelines for green bond issuance specifying the disclosure requirements. In addition, the Ministry of Corporate Affairs imposed mandatory reporting of the progress on Corporate Social Responsibilities (CSR) under the Companies Act, 2013.[9] In October 2017, Report of the Committee on Corporate Governance has proposed that the board of directors shall meet at least once a year to specifically discuss strategy, budgets, board evaluation, risk management, ESG and succession planning.

There have been several fiscal and financial incentives at work in India. These incentives are in line with India's commitments under the 2015 Paris Agreement to reduce greenhouse gas emission intensity by 33 to 35 per cent below 2005 levels, and to achieve 40 per cent of installed electric power capacity from non-fossil sources by 2030[10]. The Government of India (GoI) offers 30 per cent of the installation cost of the rooftop solar panels as subsidy to the institutional, residential and social sectors in most states[11]. In some of the special category states[12], the subsidy is up to 70 per cent of the installation cost. In addition, beneficiaries can avail a generation-based incentive wherein they can receive ₹ 2 per unit of generation, if the generation exceeds 1100kWh-1500kWh per year. Further, the excess power can be sold at a tariff set by the government. Moreover, the GoI launched two phases of Faster Adoption and Manufacturing of Hybrid and Electric Vehicles (FAME) scheme in 2015 and 2019, to enhance the flow of credit, reducing the up-front purchase price of all vehicles and developing the infrastructures (such as charging stations) to encourage green vehicle production and sales (Jain, 2020). In order to counter the high up-front cost of such vehicles, the State Bank of India has introduced a 'green car loans' scheme for electric vehicles with 20 basis points lower interest rate and longer repayment window, compared to the existing car loans (Jain, 2020). The Government has also brought in a Production Linked Incentive (PLI) Scheme for manufacturing of high efficiency modules in the arena of renewable energy.

The Reserve Bank has also been taking proactive policy measures to promote and support green finance initiatives. It has included the small renewable energy sector under its Priority Sector Lending (PSL) scheme in 2015. Under this scheme, firms in renewable energy sector[13] are eligible for loans upto ₹ 30 crore (increased from ₹ 15 Crore since September 4, 2020) while the households are eligible for loans upto ₹ 10 lakh for investing into renewable energy. In September 2019, India announced a target to reach 450 GW of renewable energy generation by 2030.

The Reserve Bank is sensitising public, investors and banks regarding the need, opportunities, and challenges of green finance through its regular reports and other communications. For instance, in its Annual Report (2015-16), the Reserve Bank has mentioned the findings of the G20 Green Finance Study Group (GFSG[14]) on the need for development of local green bond markets, facilitating cross-border investments in green bonds, knowledge sharing on environmental risks, and improving overall green finance activities. The annual report further mentions the broader issues related to green finance that need future consideration. These include definition of green activities, aspects of intellectual property rights in development and transfer of technology from developed countries,

[9] *https://www.mca.gov.in/Ministry/pdf/FAQ_CSR.pdf*

[10] *https://climateactiontracker.org/countries/india/pledges-and-targets/*

[11] *https://economictimes.indiatimes.com/small-biz/productline/power-generation/solar-subsidies-government-subsidies-and-other-incentives-for-installing-rooftop-solar-system-in-india/articleshow/69338706.cms?from=mdr*

[12] Uttarakhand, Sikkim, Himachal Pradesh, Jammu and Kashmir, Lakshadweep, as of May 2019.

[13] Renewable energy comprises of solar energy, biomass energy, wind-based energy, and micro-hydel energy.

[14] The G20 Green Finance Study Group (GFSG)'s work supports the G20's strategic goal of strong, sustainable and balanced growth. It was set up post G20 Finance and Central Bank Deputies Meeting at Sanya, China in December 2015.

and environmental risk assessment by the banks. In its Report on Trend and Progress of Banking in India (2018-19), the Reserve Bank noted the risk of a climate change on financial assets and the need to accelerate the green finance for environment-friendly sustainable development. It acknowledges the challenges in the development of green finance, such as "greenwashing" or false claims of environmental compliance, plurality of definitions, maturity mismatches between long-term green investment and short-term interests of investors. It further notes the need for policy action to establish a framework that promotes the green finance ecosystem in India by fostering awareness through coordinated efforts.

In the context of green financial institutions, Indian Renewable Energy Development Agency (IREDA), a government-backed agency for promoting clean energy investments, announced plans to become India's first Green bank in May 2016. India Infrastructure Finance Corporation Limited (IIFCL) also launched a dedicated scheme known as the 'credit enhancement scheme' for funding viable infrastructure projects with bond tenors above five years (Jain, 2020). Considering these steps, we will assess the progress of green finance in India, including the general awareness about environmental sustainability in the next section.

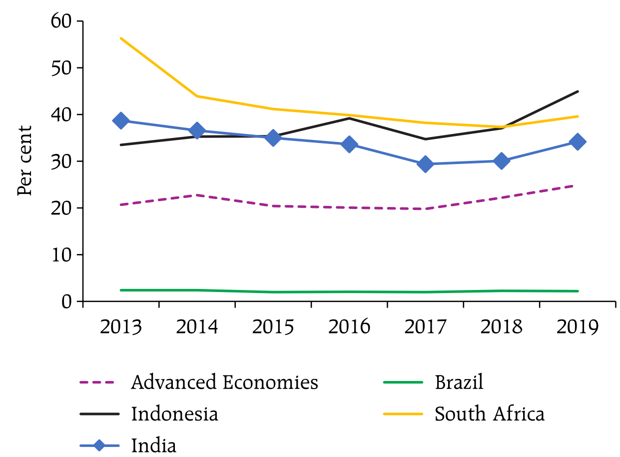
III.Progress and Challenges of Green Finance in India

a) Improvements in general awareness

There is a paucity of data for assessing the awareness regarding green finance and sustainable development from conventional sources. In this regard, Google Trends can be a powerful tool for understanding the pattern of google searches made in different locations at different point in time. It can help us understand the interest on a given topic, based on the number of searches made in Google. In Google Trends, the information on the number of searches made in Google on any topic is normalised as the proportion of the number of searches made on all topics in a region during the specified period. This normalisation removes the bias caused due to the change in overall search activities on Google across time. For example, the number of overall search volume today is much larger than it was in 2004 on account of general expansion of internet accessibility across the globe. Therefore, the absolute number of searches in any topic may not give an insightful comparison of general interest in that topic over time. Evidence based on Google Trends suggests an increase in awareness in green finance and its role in sustainable economic development.

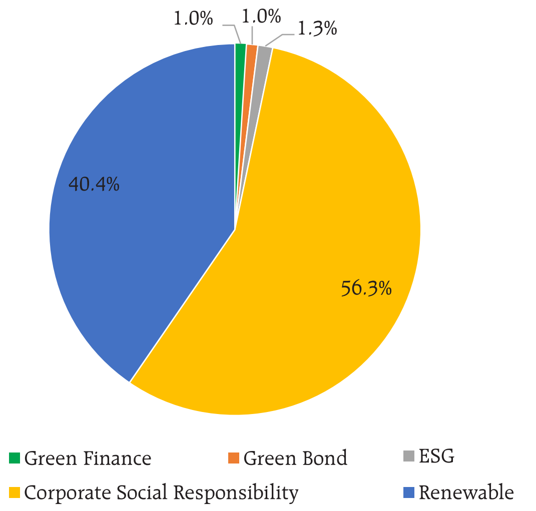
We extract the search intensity, *i.e.* the number of searches as proportion to the overall searches in a country over time, for five keywords: green finance, green bond, ESG, corporate social responsibility and renewable. Chart 1 shows that the intensity of Google searches related to the climate change and green finance in India is no less than those in the advanced and major emerging economies. Chart 1 shows that India's comparative score is higher than the advanced economies. As mentioned above, Google Trends reports the normalised search intensities for the chosen keywords. While normalising, the country

Chart 1: Google Search Related to Green Finance: India's Comparative Score



Note: Advanced economies include the USA, UK, France, Germany, Italy, Spain, Switzerland, Netherlands, Norway, Japan and Australia. Individual country scores are aggregated using GDP at purchasing power parity as weight.
Source: Authors' calculation, Google Trend.

Chart 2: Distribution of Google Search of Keywords (Per cent of total): 2013-2019 Average



Source: Authors' calculation, Google Trend.

with maximum value of the search intensity is set to 100. Then the search intensity for other countries are proportionately adjusted. The country scores in Chart 1 represent the weighted average of these scores for the five keywords, where the weights are the percentage shares of searches on a particular keyword in the total number of searches across these five keywords. Chart 2 shows that the topics related to corporate social responsibility and renewable sources of energy dominate the public interest in India. Web-search related to the specific instruments such as green finance and green bonds, however, are still limited (about 2 per cent of all five keyword searches).

b) Green lending

For the data on bank lending to the sustainable projects, we move to the conventional sources such as Database on the Indian Economy by the Reserve Bank that contains publicly available data on policy rates, aggregate credit, sectoral credit and key financial ratios relating to Scheduled Commercial Banks (SCBs) in India. The number of individual SCBs in the sample varies from 88 in 2005 to 95 in 2019.

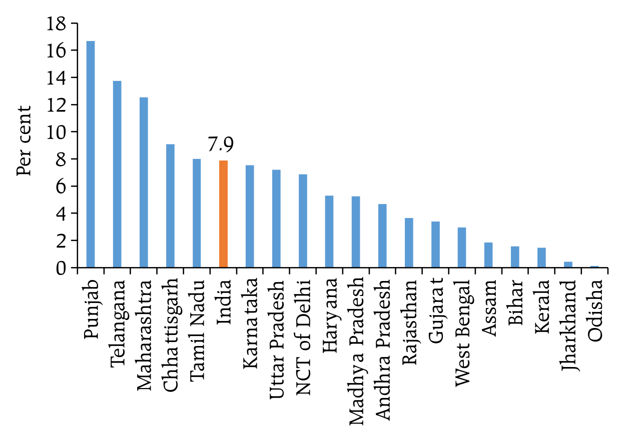
Table 2: Bank Credit Outstanding to the Non-conventional Energy as on March, 2020

	Public Sector Banks	Private Sector Banks	Foreign Banks	All Banks
Amount outstanding (₹ Cr.)	21,655	12,302	2,586	36,543
As per cent of power sector credit	6.2	11.9	27.1	7.9
As per cent of total bank credit (excluding personal loans)	0.5	0.5	0.7	0.5

Note: Excludes Regional Rural Banks and Small Finance Banks.
Source: BSR, RBI, Authors' calculations.

As part of the green finance initiative, the Reserve Bank has included the small renewable energy sector under its Priority Sector Lending (PSL) scheme in 2015. As at end-march 2020, the aggregate outstanding bank credit to the non-conventional energy sector was around ₹36,543 crore, constituting 7.9 per cent of the outstanding bank credit to the power generation (Table 2) compared to 5.4 per cent in March 2015. The commercial banks' exposure to the non-conventional energy sector varied among bank groups (Table 2) and the major states in India (Chart 3).

Chart 3: Share of Non-conventional Energy Finance: As on March 2020



Note: This chart shows the share (in per cent) of non-conventional energy into the outstanding bank credit to the electricity generation. Excludes Regional Rural Banks and Small Finance Banks.
Source: Basic Statistical Returns, Reserve Bank of India and Authors' calculations.

c) Green bonds

Green bonds are the bonds issued by any sovereign entity, inter-governmental groups or alliances and corporates with the aim that the proceeds of the bonds are utilised for projects classified as environmentally sustainable. We have used Bloomberg for the detailed information on green bonds issued in India and in other countries by the corporates and governments. For India, we first extracted most bonds issued by the corporate and government since January 21, 2015, irrespective of whether they are green bonds or not. In this regard, we have taken those bonds where the country of risk has been marked as India, irrespective of the issuers' country of incorporation. Our data includes the initial issuance amount in US$, coupon rate, debt to total assets ratio, and we then looked at whether the bond proceed was to be utilised for green projects or not, for over 5000 bonds issued in Indian market since 2015. For the international comparison, we have extracted the summary information using Bloomberg terminal, without extracting detailed information.

India started issuing green bonds since 2015. As of February 12, 2020, the outstanding amount of green bonds in India was US$16.3 billion India issued green bonds of about US$8 billion since January 1, 2018, which constituted about 0.7 per cent of all the bonds issued in the Indian financial market. Although the value of green bonds issued in India since 2018 constituted a very small portion of the total bond issuance, India maintained a favourable position compared to several advanced and emerging economies (Table 3).

Most of the green bonds issued since 2015 had maturities of five years or above, but less than 10 years. However, some issuers such as Yes Bank Ltd. (2015), Indian Renewable Energy Development Agency Ltd. (2017, 2019), Rural Electrification Corporation Limited or REC Ltd. (2017), Power Finance Corporation Ltd. (2017), Indian Railway Finance Corporation Ltd. (2017), Adani Renewable Energy Ltd. (2019)[15] have issued green bonds with the maturity of 10 or more years. ReNew Power Pvt. Ltd. has issued green bonds with maturity period of less than 5 years in 2019. Around 76 per cent of the green bonds issued in India since 2015 were denominated in US$. In addition to corporates and government, the World Bank has issued green bonds towards several projects in India from time to time (Appendix Table 1). Based on the Green Bond Impact report (2019) by the World Bank, it is estimated that the outstanding amount of Green Bond proceeds allocated to support the financing of such projects in India is US$640mn, as on June 30, 2019[16].

Table 3: Green Bonds Issuance Since January 1, 2018 (Corporate and Government: All Maturities)

Country	Amount issued ($Mn)	Number of bond issued	Amount issued as per cent of all bond issuance (per cent)	Number of bonds issued as per cent of all bond issuance (per cent)
Euro Area[1]	1,96,854	594	1.7	0.4
China	63,023	183	0.3	0.2
USA	35,421	71	0.2	0.2
Japan	11,815	88	0.1	1.1
South Korea	11,781	44	1.0	0.4
Central and Southern America[3]	8,869	53	0.5	1.0
India	**7,992**	**22**	**0.7**	**0.3**
South-east Asia[2]	7,208	86	0.6	1.4
Australia and New Zealand	5,878	15	1.1	0.8
UK	5,311	17	0.4	0.5
Hong Kong	4,781	19	0.5	1.0
Singapore	496	9	0.05	1.2

Source: Authors' calculations, Bloomberg.
Notes: Includes both corporate and government bonds.
1: Euro area includes all the European countries except the UK, Russia and Switzerland.
2: South-east Asia includes Indonesia, Malaysia, Philippines, Thailand and Vietnam.
3: Central and Southern America includes Mexico, Brazil, Argentina and Chile.

15 The parentheses indicate the year of issuance.

16 The aggregate amount for active projects.

In sum, green finance in India is still at the nascent stage. Green bonds constituted only 0.7 per cent of all the bonds issued in India since 2018, and bank lending to the non-conventional energy constituted about 7.9 per cent of outstanding bank credit to the power sector, as on March 2020. In the next section, we will highlight some of the major challenges faced by the green bond market in India.

IV. Challenges and Way forward

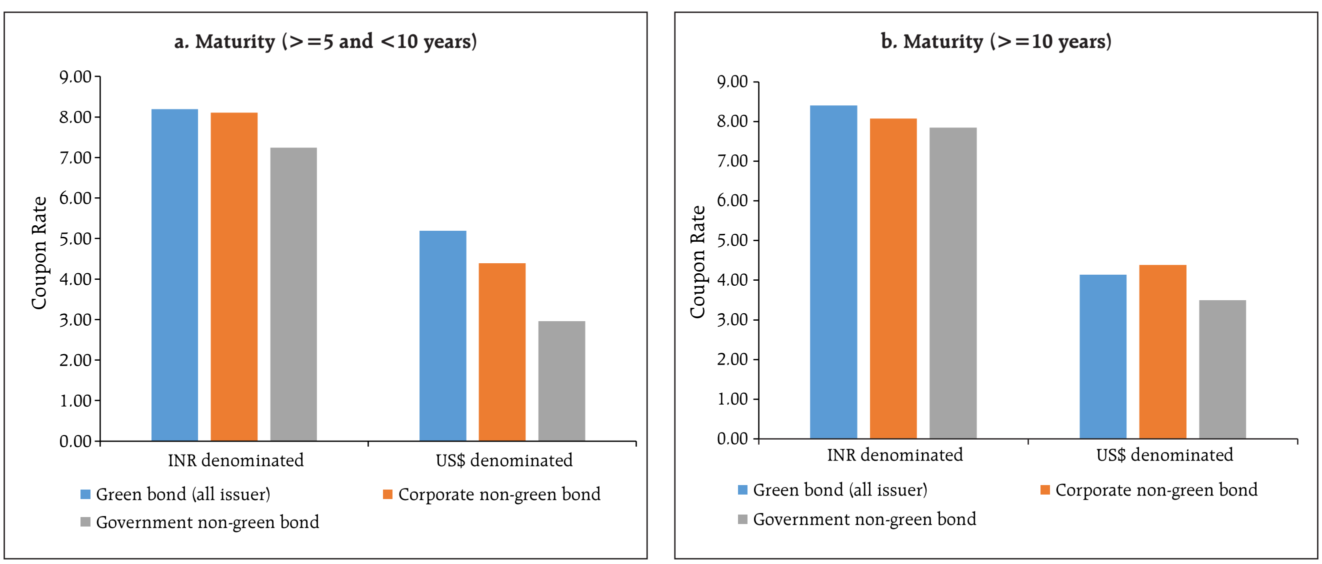
Existing literature and global experiences suggest that integrated policy approach towards green finance is gradually gaining momentum. In India, while there have been improvements in public awareness and financing options, the major challenges could be high borrowing costs, false claims of environmental compliance, plurality of green loan definitions, maturity mismatches between long-term green investment and relatively short-term interests of investors. In this section, we elaborate some of these challenges and discuss a few possible policy measures.

Borrowing costs

The cost of issuing green bonds has generally remained higher than the other bonds in India. Panel a in chart 4 shows that the average coupon rate for green bonds issued since 2015 with maturities between 5 to 10 years have generally remained higher than the corporate and government bonds with similar tenure. Panel b in chart 4 shows a similar pattern for the INR denominated green bonds. For the US$ denominated green bonds with tenure of more than or equal to 10 years, the coupon rate was, however lower than the corporate bonds.

It may be mentioned that most of the green bonds in India are issued by the public sector units[17] or corporates with better financial health. It is evident from the fact that the private sector issuers of green bonds, on average, reported lower debt-to-assets ratio compared to the non-issuers of green bonds[18] (Table 6). Their better financial health is also evident from their stock prices. Chart 5 shows that the ratio

Chart 4: Average Coupon Rate (per cent) for Bonds Issued



Source: Authors' calculations based on Bloomberg Data.

17 For instance, Indian Railway Finance corporation ltd., Rural Electrification Corporation Limited or REC Ltd. and Power Finance Corporation Ltd.

18 These entities, however, issued other bonds.

Table 6: Debt as Percentage of Total Assets for Corporates: By Category based on Green Bond Issuances
(Average between January 1, 2015 and February 12, 2020)

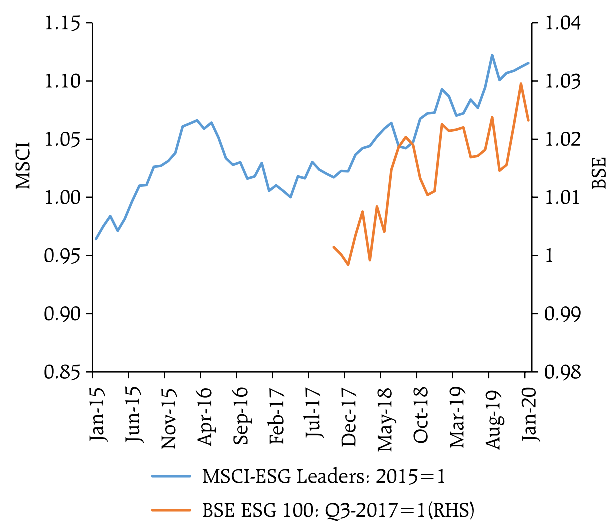
Sector	Issuer	Non-issuer
All	63.8	72.9
Power	67.6	77.7
Renewable/non-conventional energy	69.4	96.6

Source: Authors' calculations based on Bloomberg Data.
Notes: Bonds with maturity of strictly less than 10 years (but>=5 years) are only included. Does not include government bonds.
An entity is tagged as issuer if it has issued at least one green bond in a calendar year.

of ESG leaders' stock price indices to the headline stock price indices have been consistently rising in the recent period. This implies that the stock prices of the entities that generally focussed in ESG-related initiatives are the ones that outperformed others in the market[19].

Despite being relatively secured, the higher borrowing cost of green bonds in India could be on account of asymmetric information (discussed later in this section), higher risk perception and other governance issues. Existing literature suggests that green projects often have a high up-front cost with some cost-saving features only applicable in the long-term. Maturity-mismatches in green projects and their financing increase the cost of borrowing (G20 GFSG, 2016)[20]. Absence of a universal definition of green finance and information asymmetry often result in "green-washing", wherein the investors end up receiving false signals about the green bonds (Berensmann and Lindenberg, 2016). Several of these issues are also likely to be present in India, where the financial market is still emerging as compared to the developed markets.

Chart 5: ESG Compared to General Stock Index



Source: Authors' calculations based on MSCI official website and CEIC. BSE ESG index was available from October 2017.

Borrowing cost and information asymmetry

High borrowing cost has been perhaps the most important challenge and our analysis indicates that it could be due to the asymmetric information. Therefore, developing a better information management system in India may help in reducing maturity mismatches, borrowing costs and lead to efficient resource allocation in this segment. It may be mentioned that to overcome such information gap, several countries including Australia, China, India and the United States have database related to green building projects in the country (Shen *et al* 2020). While India does monitor green house gas emissions through various reporting mechanisms including PAT (perform-achieve trade) and RPO (renewable purchase obligations), like many other countries it does not have a national measurement, reporting and verification platform for tracking climate finance (Jain, 2020).

Market infrastructure development

Given the large size of domestic market and much smaller penetration of green instruments so far, there remain vast opportunities to be tapped. In this context, some of the studies noted the importance of

[19] We took the ratio of MSCI ESG Leaders' index to the MSCI overall index for India with 2015 as base. Similarly, we have plotted the ratio of BSE ESG 100 index to the BSE 100 index with Q3 2017 as base. All years are calendar years.

[20] *https://www.bankofengland.co.uk/-/media/boe/files/quarterly-bulletin/2017/the-banks-response-to-climate-change.pdf?la=en&hash=7DF676C781E5FAEE994C2A210A6B9EEE44879387.*

(a) increased coordination between investment and environmental policies and (b) an implementable policy framework for both national and state levels in addressing the existing frictions. In this vein, some of the policy measures such as deepening of corporate bond market, standardisation of green investment terminology, consistent corporate reporting, and removing information asymmetry between investors and recipients can make a significant contribution in addressing some of the shortcomings of the green finance market (RBI, 2019).

Other public policies

Other approach could be engaging with industry bodies that have taken initiatives towards expanding 'green buildings' that are designed to consume less water and energy resources, maintain better waste management and provide healthier spaces for living. The Government at all levels can possibly engage with these bodies to better assess their financial and operational needs. It may also undertake policies that make production and distribution of non-conventional energy profitable, especially for smaller firms. There is a scope of well calibrated policies for providing fiscal incentives for green projects in India, while taking cognisance of their impact on supply-chain, inflationary pressure and fiscal consolidation.

V. Conclusion

Green finance is fast emerging as a priority for public policy. In this study we review the developments of green finance in India and our findings indicate that there have been some improvements in public awareness and financing options in India in recent years. Existing literature suggests that a reduction in the asymmetric information regarding Green Projects through better information management systems and increased coordination amongst stakeholders could pave the way towards sustainable long term economic growth.

At this juncture, the world is fighting COVID-19 and its impact on global economic growth. Undoubtedly, the immediate policy challenge is to kick-start the global economy. However, the pandemic has also offered an opportunity to all stakeholders to rethink about the policies, and financial and operational strategies that they have adopted so far and espouse an approach that is more environmentally sustainable in the long run. Green finance is definitely an important mean that can facilitate such a shift towards sustainable economic growth.

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Appendix Table 1: World Bank Green Bond Commitment Towards India

Sector	Project Name	Status	Approval date	Closing Date	Total Project Cost (US$mn)	Allocated Amount (US$mn)
Renewable Energy & Energy Efficiency	Power System Development Project IV	Closed	March 18, 2008	July 31, 2014	2114	400
Renewable Energy & Energy Efficiency	Rampur Hydropower Project	Closed	September 13, 2007	December 31, 2014	670	400
Renewable Energy & Energy Efficiency	Grid-Connected Rooftop Solar Program	Active	May 13, 2016	November 30, 2021	915	282.2
Renewable Energy & Energy Efficiency	Shared Infrastructure for Solar Parks Project	Active	March 30, 2017	July 31, 2022	200	8.5
Clean Transportation	Sustainable Urban Transport	Closed	December 10, 2009	March 31, 2018	328.33	88.8
Clean Transportation	Eastern Dedicated Freight Corridor - II	Active	April 22, 2014	December 31, 2020	1650	295.7
Water & Wastewater Management	Andhra Pradesh Water Sector Improvement	Closed	June 3, 2010	July 28, 2018	988.97	399.2
Agriculture, Land Use, Forests & Ecological Resources	Maharashtra Project on Climate Resilient Agriculture	Active	February 27, 2018	June 30, 2024	599.55	4.2
Agriculture, Land Use, Forests & Ecological Resources	Meghalaya Community-led Landscapes Management Project	Active	March 13, 2018	June 30, 2023	60	0.3
Agriculture, Land Use, Forests & Ecological Resources	Tamil Nadu Irrigated Agriculture Modernization Project	Active	December 1, 2017	June 2, 2025	455.8	48.9

Source: World Bank.
Note: The allocated amount is the amount of Green Bond proceeds allocated to support the financing of the projects as on June 30, 2019.

CURRENT STATISTICS

Select Economic Indicators

Reserve Bank of India

Money and Banking

Prices and Production

Government Accounts and Treasury Bills

Financial Markets

External Sector

Payment and Settlement Systems

Occasional Series

Contents

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

No. 1: Select Economic Indicators

Item	2019-20	2019-20		2020-21	
		Q1	Q2	Q1	Q2
	1	2	3	4	5
1 Real Sector (% Change)					
1.1 GVA at Basic Prices	3.9	4.8	4.3	-22.8	-7.0
1.1.1 Agriculture	4.0	3.0	3.5	3.4	3.4
1.1.2 Industry	0.8	3.8	-0.2	-33.8	0.1
1.1.3 Services	5.0	5.5	6.1	-24.3	-11.1
1.1a Final Consumption Expenditure	6.3	5.6	7.8	-19.2	-13.3
1.1b Gross Fixed Capital Formation	-2.8	4.6	-3.9	-47.1	-7.3
	2019-20	2019		2020	
		Oct.	Nov.	Oct.	Nov.
	1	2	3	4	5
1.2 Index of Industrial Production	-0.8	-6.6	2.1	3.6	-
2 Money and Banking (% Change)					
2.1 Scheduled Commercial Banks					
2.1.1 Deposits	7.9	10.3	9.5	11.1	10.5
2.1.2 Credit	6.1	8.9	7.2	5.6	5.7
2.1.2.1 Non-food Credit	6.1	8.8	7.2	5.6	5.8
2.1.3 Investment in Govt. Securities	10.6	7.0	8.6	21.5	19.2
2.2 Money Stock Measures					
2.2.1 Reserve Money (M0)	9.4	15.3	12.4	12.8	15.3
2.2.2 Broad Money (M3)	8.9	10.6	9.8	11.6	12.5
3 Ratios (%)					
3.1 Cash Reserve Ratio	3.00	4.00	4.00	3.00	3.00
3.2 Statutory Liquidity Ratio	18.25	18.50	18.50	18.00	18.00
3.3 Cash-Deposit Ratio	4.6	4.9	4.8	3.8	3.8
3.4 Credit-Deposit Ratio	76.4	75.8	75.5	72.0	72.2
3.5 Incremental Credit-Deposit Ratio	60.3	17.0	22.5	2.0	9.5
3.6 Investment-Deposit Ratio	27.6	28.3	28.3	31.0	30.5
3.7 Incremental Investment-Deposit Ratio	36.2	73.3	62.4	85.4	74.7
4 Interest Rates (%)					
4.1 Policy Repo Rate	4.40	5.15	5.15	4.00	4.00
4.2 Reverse Repo Rate	4.00	4.90	4.90	3.35	3.35
4.3 Marginal Standing Facility (MSF) Rate	4.65	5.40	5.40	4.25	4.25
4.4 Bank Rate	4.65	5.40	5.40	4.25	4.25
4.5 Base Rate	8.15/9.40	8.95/9.40	8.95/9.40	7.40/8.80	7.40/8.80
4.6 MCLR (Overnight)	7.40/7.90	7.70/8.20	7.65/8.10	6.65/7.10	6.60/7.10
4.7 Term Deposit Rate >1 Year	5.90/6.40	6.25/6.85	6.25/6.60	4.90/5.50	4.90/5.50
4.8 Savings Deposit Rate	3.00/3.50	3.25/3.50	3.25/3.50	2.70/3.00	2.70/3.00
4.9 Call Money Rate (Weighted Average)	5.05	5.07	5.03	3.19	3.10
4.10 91-Day Treasury Bill (Primary) Yield	4.36	5.04	4.99	3.20	2.93
4.11 182-Day Treasury Bill (Primary) Yield	4.97	5.21	5.12	3.36	3.26
4.12 364-Day Treasury Bill (Primary) Yield	4.94	5.30	5.14	3.45	3.39
4.13 10-Year G-Sec Par Yield (FBIL)	6.71	6.54	6.65	5.91	5.84
5 Reference Rate and Forward Premia					
5.1 INR-US$ Spot Rate (Rs. Per Foreign Currency)	74.84	70.96	71.73	73.97	73.80
5.2 INR-Euro Spot Rate (Rs. Per Foreign Currency)	82.64	78.81	78.98	86.97	88.02
5.3 Forward Premia of US$ 1-month (%)	8.98	3.38	3.35	3.24	3.36
3-month (%)	5.93	3.61	3.35	3.46	3.52
6-month (%)	5.05	3.99	3.76	3.89	4.23
6 Inflation (%)					
6.1 All India Consumer Price Index	4.76	4.6	5.5	7.6	6.9
6.2 Consumer Price Index for Industrial Workers	7.54	7.6	8.6	5.9	5.3
6.3 Wholesale Price Index	1.69	0.0	0.6	1.5	1.6
6.3.1 Primary Articles	6.77	6.0	7.6	4.7	2.7
6.3.2 Fuel and Power	-1.63	-8.1	-7.3	-10.9	-9.9
6.3.3 Manufactured Products	0.29	-0.9	-0.8	2.1	3.0
7 Foreign Trade (% Change)					
7.1 Imports	-7.66	-15.0	-11.8	-11.5	-13.3
7.2 Exports	-5.06	-1.7	-1.2	-5.1	-8.7

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						
	2019-20	2019	2020				
		Dec.	Nov. 27	Dec. 4	Dec. 11	Dec. 18	Dec. 25
	1	2	3	4	5	6	7
1 Issue Department							
1.1 Liabilities							
1.1.1 Notes in Circulation	2412993	2244106	2744155	2746809	2758409	2749859	2751458
1.1.2 Notes held in Banking Department	10	12	12	13	11	11	12
1.1/1.2 Total Liabilities (Total Notes Issued) or Assets	**2413003**	**2244118**	**2744167**	**2746822**	**2758420**	**2749870**	**2751470**
1.2 Assets							
1.2.1 Gold	103439	89990	113222	114371	114890	117642	116647
1.2.2 Foreign Securities	2308718	2153365	2630160	2631676	2642769	2631474	2633880
1.2.3 Rupee Coin	846	763	785	775	761	754	942
1.2.4 Government of India Rupee Securities	–	–	–	–	–	–	–
2 Banking Department							
2.1 Liabilities							
2.1.1 Deposits	1187409	913132	1445616	1468534	1460553	1454026	1460970
2.1.1.1 Central Government	100	101	100	101	100	101	100
2.1.1.2 Market Stabilisation Scheme							
2.1.1.3 State Governments	43	42	42	42	43	42	42
2.1.1.4 Scheduled Commercial Banks	536186	541417	461900	476750	445715	488262	457719
2.1.1.5 Scheduled State Co-operative Banks	7603	6593	5547	5613	5262	5437	5507
2.1.1.6 Non-Scheduled State Co-operative Banks	3445	2698	2414	2411	2383	2510	2586
2.1.1.7 Other Banks	32641	31221	27334	25782	26871	25967	27481
2.1.1.8 Others	605100	331060	944501	944440	966883	926924	962753
2.1.1.9 Financial Institution Outside India	2291	–	3778	13395	13296	4783	4782
2.1.2 Other Liabilities	1350333	1145007	1462954	1469301	1462455	1480676	1476078
2.1/2.2 Total Liabilities or Assets	**2537742**	**2058139**	**2908570**	**2937835**	**2923008**	**2934702**	**2937049**
2.2 Assets							
2.2.1 Notes and Coins	10	12	12	13	11	11	12
2.2.2 Balances held Abroad	1006357	903533	1349768	1362970	1336197	1353079	1348295
2.2.3 Loans and Advances							
2.2.3.1 Central Government	50477	–	–	–	–	–	–
2.2.3.2 State Governments	1967	2112	2112	10576	13017	6303	3946
2.2.3.3 Scheduled Commercial Banks	285623	30427	77097	77097	77097	77098	77318
2.2.3.4 Scheduled State Co-op.Banks	–	–	–	–	–	–	–
2.2.3.5 Industrial Dev. Bank of India	–	–	–	–	–	–	–
2.2.3.6 NABARD	–	–	23596	25833	25833	26133	26133
2.2.3.7 EXIM Bank	–	–	–	–	–	–	–
2.2.3.8 Others	10064	4479	9216	9242	9242	9241	9241
2.2.3.9 Financial Institution Outside India	2300	–	9703	10451	18479	15828	15826
2.2.4 Bills Purchased and Discounted							
2.2.4.1 Internal	–	–	–	–	–	–	–
2.2.4.2 Government Treasury Bills	–	–	–	–	–	–	–
2.2.5 Investments	1042951	1005802	1284031	1286500	1286421	1285853	1296115
2.2.6 Other Assets	137993	111774	153035	155153	156711	161156	160163
2.2.6.1 Gold	127644	105494	147429	149289	150333	154686	153378

* Data are provisional

No. 3: Liquidity Operations by RBI

(₹ Crore)

Date	Repo	Reverse Repo	Variable Rate Repo	Variable Rate Reverse Repo	MSF	Standing Liquidity Facilities	Market Stabilisation Scheme	Sale	Purchase	Long Term Repo Operations &	Targeted Long Term Repo Operations #	Special Liquidity Facility for Mutual Funds	Special Liquidity Scheme for NBFCs/ HFCs **	Net Injection (+)/ Absorption (-) (1+3+5+6+9+10+ 11+12+13-2-4-7-8)
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Nov. 1, 2020	-	148	-	-	1	–	-	-	-	-	-	-	-	-147
Nov. 2, 2020	-	679830	-	-	165	–	-	–	20000	-	-	-	-	-659665
Nov. 3, 2020	-	692072	-	-	0	–	-	-	-	-	-	-	-	-692072
Nov. 4, 2020	-	682680	-	-	159	–	-	-	2830	-	-	-	-	-679691
Nov. 5, 2020	-	691021	-	-	15	–	-	-	-	-	-	-	-984	-691990
Nov. 6, 2020	-	647614	-	-	18	–	-	–	10000	-	-	-	-	-637596
Nov. 7, 2020	-	10386	-	-	2958	–	-	-	-	-	-	-	-	-7428
Nov. 8, 2020	-	215	-	-	78	–	-	-	-	-	-	-	-	-137
Nov. 9, 2020	-	642236	-	-	8	–	-	-	-	-	-	-	-	-642228
Nov. 10, 2020	-	670096	-	-	1	–	-	-	-	-	-	-	-	-670095
Nov. 11, 2020	-	659861	-	-	300	–	-	-	-	-	-	-	-	-659561
Nov. 12, 2020	-	698316	-	-	12	–	-	-	-	-	-	-	-491	-698795
Nov. 13, 2020	-	666219	-	-	143	–	-	10000	10000	-	-	-	-236	-666312
Nov. 14, 2020	-	298	-	-	37	–	-	-	-	-	-	-	-	-261
Nov. 15, 2020	-	193	-	-	13	–	-	-	-	-	-	-	-	-180
Nov. 16, 2020	-	22358	-	-	632	–	-	-	-	-	-	-	-	-21726
Nov. 17, 2020	-	717800	-	-	330	-2525	-	-	-	-	-	-	-493	-720488
Nov. 18, 2020	-	715755	-	-	140	–	-	-	-	-	-	-	-	-715615
Nov. 19, 2020	-	730129	-	-	0	–	-	-	-	-	-	-	-1025	-731154
Nov. 20, 2020	-	668078	-	-	266	–	-	10000	10000	-	-	-	-	-667812
Nov. 21, 2020	-	8016	-	-	718	–	-	-	-	-	-	-	-	-7298
Nov. 22, 2020	-	219	-	-	10	–	-	-	-	-	-	-	-	-209
Nov. 23, 2020	-	652825	-	-	34	350	-	-	-	-	-	-	-493	-652934
Nov. 24, 2020	-	653535	-	-	44	–	-	-	-	-	-12773	-	-	-666264
Nov. 25, 2020	-	646452	-	-	0	-1325	-	-	-	-	-8091	-	-493	-656361
Nov. 26, 2020	-	673385	-	-	84	1	-	-	-	-	-6974	-	-	-680274
Nov. 27, 2020	-	646182	-	-	0	–	-	10000	10000	-	-9510	-	-	-655692
Nov. 28, 2020	-	2290	-	-	70	–	-	-	-	-	-	-	-	-2220
Nov. 29, 2020	-	588	-	-	142	–	-	-	-	-	-	-	-	-446
Nov. 30, 2020	-	27353	-	-	4950	–	-	-	-	-	-	-	-	-22403

Notes: # Includes Targeted Long Term Repo Operations (TLTRO) and Targeted Long Term Repo Operations 2.0(TLTRO 2.0). Negative (-) sign indicates repayments done by Banks.
**As per RBI Notification No. 2020-21/01 dated July 01, 2020.
Negative (-) sign indicates maturity proceeds received for RBI's investment in the Special Liquidity Scheme.
& Negative (-) sign indicates repayments done by Banks.

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

i) Operations in onshore / offshore OTC segment

Item	2019-20	2019	2020	
		Nov.	Oct.	Nov.
	1	2	3	4
1 Net Purchase/ Sale of Foreign Currency (US $ Million) (1.1–1.2)	45097	6928	15640	10261
1.1 Purchase (+)	72205	7458	15640	14289
1.2 Sale (–)	27108	530	0	4028
2 ₹ equivalent at contract rate (₹ Crores)	312005	49142	114896	76326
3 Cumulative (over end-March) (US $ Million)	45097	25381	58127	68388
(₹ Crores)	312005	174408	432863	509189
4 Outstanding Net Forward Sales (–)/ Purchase (+) at the end of month (US $ Million)	-4939	-6143	13556	28344

ii) Operations in currency futures segment

Item	2019-20	2019	2020	
		Nov.	Oct.	Nov.
	1	2	3	4
1 Net Purchase/ Sale of Foreign Currency (US $ Million) (1.1–1.2)	0	0	0	0
1.1 Purchase (+)	7713	0	0	0
1.2 Sale (–)	7713	0	0	0
2 Outstanding Net Currency Futures Sales (–)/ Purchase (+) at the end of month (US $ Million)	-500	0	0	780

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

Item	As on November 30, 2020		
	Long (+)	Short (-)	Net (1-2)
	1	2	3
1. Upto 1 month	2637	0	2637
2. More than 1 month and upto 3 months	5692	0	5692
3. More than 3 months and upto 1 year	24864	0	24864
4. More than 1 year	5171	10020	-4849
Total (1+2+3+4)	**38364**	**10020**	**28344**

No. 5: RBI's Standing Facilities

(₹ Crore)

Item	As on the Last Reporting Friday							
	2019-20	2019	2020					
		Dec. 20	Jul. 31	Aug. 28	Sep. 25	Oct. 23	Nov. 20	Dec. 18
	1	2	3	4	5	6	7	8
1 MSF	1262	3856	80	300	50	6	266	1
2 Export Credit Refinance for Scheduled Banks								
2.1 Limit	-	-	-	-	-	-	-	-
2.2 Outstanding	-	-	-	-	-	-	-	-
3 Liquidity Facility for PDs								
3.1 Limit	10000	2800	4900	4900	4900	4900	4900	4900
3.2 Outstanding	4782	1615	30	0	0	-	0	0
4 Others								
4.1 Limit	-	-	65000	65000	65000	65000	75000	82500
4.2 Outstanding	-	-	34376	34166	37691	36488	33234	34760
5 Total Outstanding (1+2.2+3.2+4.2)	6044	5471	34486	34466	37741	36494	33500	34761

Note :1.Special refinance facility to Others, i.e. to the EXIM Bank, is reopened since May 22, 2020
2.Refinance facility to Others, i.e. to the NABARD/SIDBI/NHB U/S 17(4H) of RBI ACT,1934, since, April 17, 2020.

Money and Banking

No. 6: Money Stock Measures

(₹ Crore)

Item	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2019-20	2019	2020		
		Nov. 22	Oct. 23	Nov. 6	Nov. 20
	1	2	3	4	5
1 Currency with the Public (1.1 + 1.2 + 1.3 – 1.4)	2349748	2172488	2619578	2637687	2673534
1.1 Notes in Circulation	2420964	2241262	2688064	2707002	2743952
1.2 Circulation of Rupee Coin	25605	25380	25738	25798	25798
1.3 Circulation of Small Coins	743	743	743	743	743
1.4 Cash on Hand with Banks	97563	94897	94967	95856	96958
2 Deposit Money of the Public	1776200	1480272	1666403	1657494	1674841
2.1 Demand Deposits with Banks	1737692	1447960	1625686	1615836	1632938
2.2 'Other' Deposits with Reserve Bank	38507	32312	40717	41658	41904
3 M_1 (1 + 2)	**4125948**	**3652760**	**4285981**	**4295180**	**4348375**
4 Post Office Saving Bank Deposits	150963	139402	150963	150963	150963
5 M_2 (3 + 4)	**4276911**	**3792162**	**4436944**	**4446143**	**4499338**
6 Time Deposits with Banks	12674016	12292989	13517758	13639674	13589563
7 M_3 (3 + 6)	**16799963**	**15945749**	**17803739**	**17934854**	**17937939**
8 Total Post Office Deposits	433441	401165	433441	433441	433441
9 M_4 (7 + 8)	**17233404**	**16346914**	**18237180**	**18368295**	**18371380**

No. 7: Sources of Money Stock (M_3)

(₹ Crore)

Sources	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2019-20	2019	2020		
		Nov. 22	Oct. 23	Nov. 6	Nov. 20
	1	2	3	4	5
1 Net Bank Credit to Government	**4960362**	**4890841**	**5587218**	**5716069**	**5691514**
1.1 RBI's net credit to Government (1.1.1–1.1.2)	992192	965438	905454	996346	1023947
1.1.1 Claims on Government	1047808	1001006	1248802	1291718	1293290
1.1.1.1 Central Government	1045314	1000408	1242339	1282681	1282559
1.1.1.2 State Governments	2494	598	6463	9037	10731
1.1.2 Government deposits with RBI	55616	35568	343348	295372	269343
1.1.2.1 Central Government	55573	35526	343305	295330	269301
1.1.2.2 State Governments	43	42	43	42	42
1.2 Other Banks' Credit to Government	3968170	3925403	4681764	4719723	4667567
2 Bank Credit to Commercial Sector	**11038644**	**10468270**	**10999620**	**11079549**	**11092385**
2.1 RBI's credit to commercial sector	13166	7144	14792	14934	12173
2.2 Other banks' credit to commercial sector	11025478	10461126	10984828	11064615	11080212
2.2.1 Bank credit by commercial banks	10370861	9860303	10338868	10419271	10434880
2.2.2 Bank credit by co-operative banks	637776	588692	636209	635748	635516
2.2.3 Investments by commercial and co-operative banks in other securities	16842	12132	9750	9597	9815
3 Net Foreign Exchange Assets of Banking Sector (3.1 + 3.2)	**3801036**	**3425222**	**4365595**	**4447921**	**4493779**
3.1 RBI's net foreign exchange assets (3.1.1–3.1.2)	3590402	3207225	4120941	4203267	4249125
3.1.1 Gross foreign assets	3590636	3207434	4121184	4203510	4249368
3.1.2 Foreign liabilities	234	209	243	243	243
3.2 Other banks' net foreign exchange assets	210634	217997	244655	244655	244655
4 Government's Currency Liabilities to the Public	**26348**	**26123**	**26481**	**26541**	**26541**
5 Banking Sector's Net Non-monetary Liabilities	**3026427**	**2864707**	**3175175**	**3335226**	**3366279**
5.1 Net non-monetary liabilities of RBI	1378342	1137091	1412121	1471603	1464944
5.2 Net non-monetary liabilities of other banks (residual)	1648085	1727616	1763054	1863623	1901335
M_3 (1+2+3+4–5)	**16799963**	**15945749**	**17803739**	**17934854**	**17937939**

No. 8: Monetary Survey

(₹ Crore)

Item	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2019-20	2019	2020		
		Nov. 22	Oct. 23	Nov. 6	Nov. 20
	1	2	3	4	5
Monetary Aggregates					
NM_1 (1.1 + 1.2.1+1.3)	4125948	3652760	4285981	4295180	4348375
NM_2 (NM_1+ 1.2.2.1)	9745776	9103488	10294913	10358590	10389164
NM_3 (NM_2 + 1.2.2.2 + 1.4 = 2.1 + 2.2 + 2.3 – 2.4 – 2.5)	16923893	16087659	17894503	18027697	18036372
1 Components					
1.1 Currency with the Public	2349748	2172488	2619578	2637687	2673534
1.2 Aggregate Deposits of Residents	14226198	13560689	14978869	15090079	15056913
1.2.1 Demand Deposits	1737692	1447960	1625686	1615836	1632938
1.2.2 Time Deposits of Residents	12488506	12112729	13353183	13474243	13423975
1.2.2.1 Short-term Time Deposits	5619828	5450728	6008932	6063409	6040789
1.2.2.1.1 Certificates of Deposit (CDs)	169419	158123	180512	74470	66156
1.2.2.2 Long-term Time Deposits	6868678	6662001	7344251	7410834	7383186
1.3 'Other' Deposits with RBI	38507	32312	40717	41658	41904
1.4 Call/Term Funding from Financial Institutions	309439	322170	255339	258274	264021
2 Sources					
2.1 Domestic Credit	16857025	16251859	17549226	17769707	17737777
2.1.1 Net Bank Credit to the Government	4960362	4890841	5587218	5716069	5691514
2.1.1.1 Net RBI credit to the Government	992192	965438	905454	996346	1023947
2.1.1.2 Credit to the Government by the Banking System	3968170	3925403	4681764	4719723	4667567
2.1.2 Bank Credit to the Commercial Sector	11896663	11361017	11962008	12053638	12046263
2.1.2.1 RBI Credit to the Commercial Sector	13166	7144	38919	38336	35419
2.1.2.2 Credit to the Commercial Sector by the Banking System	11883497	11353873	11923089	12015302	12010844
2.1.2.2.1 Other Investments (Non-SLR Securities)	846284	883989	926628	940632	919780
2.2 Government's Currency Liabilities to the Public	26348	26123	26481	26541	26541
2.3 Net Foreign Exchange Assets of the Banking Sector	3612303	3141351	4222595	4298103	4366249
2.3.1 Net Foreign Exchange Assets of the RBI	3590402	3207225	4120941	4203267	4249125
2.3.2 Net Foreign Currency Assets of the Banking System	21900	-65874	101655	94836	117124
2.4 Capital Account	2670439	2482957	2862261	2910875	2900745
2.5 Other items (net)	901344	848715	1041538	1155778	1193449

No. 9: Liquidity Aggregates

(₹ Crore)

Aggregates	2019-20	2019	2020		
		Nov.	Sep.	Oct.	Nov.
	1	2	3	4	5
1 NM_3	**16923893**	**16087659**	**17826724**	**17894503**	**18036372**
2 Postal Deposits	433441	401165	433441	433441	433441
3 L_1 (1 + 2)	**17357334**	**16488824**	**18260165**	**18327944**	**18469813**
4 Liabilities of Financial Institutions	57479	56839	38481	35342	34778
4.1 Term Money Borrowings	7928	3262	5700	3114	2645
4.2 Certificates of Deposit	46249	49162	29300	28700	28600
4.3 Term Deposits	3302	4415	3481	3528	3533
5 L_2 (3 + 4)	**17414813**	**16545663**	**18298646**	**18363286**	**18504591**
6 Public Deposits with Non-Banking Financial Companies	31905	..	31905	..	..
7 L_3 (5 + 6)	**17446718**	..	**18330551**	..	..

Note : Since November 2019, updated data on liabilities of financial institutions have been incorporated in this table , and hence, are not comparable with past data.

No. 10: Reserve Bank of India Survey

(₹ Crore)

Item	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2019-20	2019	2020		
		Nov. 22	Oct. 23	Nov. 6	Nov. 20
	1	2	3	4	5
1 Components					
1.1 Currency in Circulation	2447312	2267385	2714545	2733543	2770493
1.2 Bankers' Deposits with the RBI	543888	555408	470552	484539	504678
1.2.1 Scheduled Commercial Banks	505131	517462	437010	450857	471488
1.3 'Other' Deposits with the RBI	38507	32312	40717	41658	41904
Reserve Money (1.1 + 1.2 + 1.3 = 2.1 + 2.2 + 2.3 – 2.4 – 2.5)	3029707	2855104	3225814	3259739	3317074
2 Sources					
2.1 RBI's Domestic Credit	791299	758848	490513	501535	506353
2.1.1 Net RBI credit to the Government	992192	965438	905454	996346	1023947
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)	989741	964882	899034	987351	1013258
2.1.1.1.1 Loans and Advances to the Central Government	–	–	–	–	–
2.1.1.1.2 Investments in Treasury Bills	–	–	–	–	–
2.1.1.1.3 Investments in dated Government Securities	1044468	999581	1241461	1281845	1281765
2.1.1.1.3.1 Central Government Securities	1044468	999581	1241461	1281845	1281765
2.1.1.1.4 Rupee Coins	846	827	878	836	794
2.1.1.1.5 Deposits of the Central Government	55573	35526	343305	295330	269301
2.1.1.2 Net RBI credit to State Governments	2451	556	6420	8995	10689
2.1.2 RBI's Claims on Banks	-214059	-213734	-453860	-533147	-553013
2.1.2.1 Loans and Advances to Scheduled Commercial Banks	-214059	-213734	-429733	-509745	-529767
2.1.3 RBI's Credit to Commercial Sector	13166	7144	38919	38336	35419
2.1.3.1 Loans and Advances to Primary Dealers	5920	1604	–	–	–
2.1.3.2 Loans and Advances to NABARD	–	–	24127	23402	23246
2.2 Government's Currency Liabilities to the Public	26348	26123	26481	26541	26541
2.3 Net Foreign Exchange Assets of the RBI	3590402	3207225	4120941	4203267	4249125
2.3.1 Gold	230527	192307	271325	278941	267074
2.3.2 Foreign Currency Assets	3359893	3014935	3849633	3924343	3982068
2.4 Capital Account	1165066	1012649	1251601	1300949	1288399
2.5 Other Items (net)	213276	124442	160520	170654	176545

No. 11: Reserve Money - Components and Sources

(₹ Crore)

Item	2019-20	Outstanding as on March 31/ last Fridays of the month/ Fridays					
		2019	2020				
		Nov. 29	Oct. 30	Nov. 6	Nov. 13	Nov. 20	Nov. 27
	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)	3029707	2874296	3244482	3259739	3313435	3317074	3313212
1 Components							
1.1 Currency in Circulation	2447312	2256875	2715266	2733543	2777389	2770493	2770773
1.2 Bankers' Deposits with RBI	543888	581895	488063	484539	494286	504678	497195
1.3 'Other' Deposits with RBI	38507	35526	41154	41658	41761	41904	45244
2 Sources							
2.1 Net Reserve Bank Credit to Government	992192	1001249	944911	996346	1022936	1023947	1036501
2.2 Reserve Bank Credit to Banks	-214059	-247355	-467693	-509745	-528027	-529767	-545484
2.3 Reserve Bank Credit to Commercial Sector	13166	6877	14795	14934	14736	12173	11175
2.4 Net Foreign Exchange Assets of RBI	3590402	3222285	4150295	4203267	4258517	4249125	4246261
2.5 Government's Currency Liabilities to the Public	26348	26178	26541	26541	26541	26541	26618
2.6 Net Non- Monetary Liabilities of RBI	1378342	1134938	1424366	1471603	1481267	1464944	1461859

No. 12: Commercial Bank Survey

(₹ Crore)

Item	Outstanding as on last reporting Fridays of the month/ reporting Fridays of the month				
	2019-20	2019	2020		
		Nov. 22	Oct. 23	Nov. 6	Nov. 20
	1	2	3	4	5
1 Components					
1.1 Aggregate Deposits of Residents	13381983	12778214	14126937	14237881	14204846
1.1.1 Demand Deposits	1617003	1331740	1505254	1495022	1511516
1.1.2 Time Deposits of Residents	11764979	11446474	12621683	12742859	12693330
1.1.2.1 Short-term Time Deposits	5294241	5150913	5679757	5734287	5711999
1.1.2.1.1 Certificates of Deposits (CDs)	169419	158123	180512	74470	66156
1.1.2.2 Long-term Time Deposits	6470739	6295561	6941925	7008573	6981332
1.2 Call/Term Funding from Financial Institutions	309439	322170	255339	258274	264021
2 Sources					
2.1 Domestic Credit	14967529	14463919	15708663	15837921	15782139
2.1.1 Credit to the Government	3738696	3715868	4438623	4475235	4423853
2.1.2 Credit to the Commercial Sector	11228833	10748051	11270040	11362686	11358285
2.1.2.1 Bank Credit	10370861	9860303	10338868	10419271	10434880
2.1.2.1.1 Non-food Credit	10319097	9768999	10272209	10335640	10345924
2.1.2.2 Net Credit to Primary Dealers	11997	9021	11896	10318	11115
2.1.2.3 Investments in Other Approved Securities	8653	3700	1610	1428	1472
2.1.2.4 Other Investments (in non-SLR Securities)	837321	875027	917666	931670	910818
2.2 Net Foreign Currency Assets of Commercial Banks (2.2.1–2.2.2–2.2.3)	21900	-65874	101655	94836	117124
2.2.1 Foreign Currency Assets	315641	236374	330844	324993	348921
2.2.2 Non-resident Foreign Currency Repatriable Fixed Deposits	185510	180260	164575	165431	165588
2.2.3 Overseas Foreign Currency Borrowings	108231	121989	64614	64726	66208
2.3 Net Bank Reserves (2.3.1+2.3.2–2.3.3)	899410	816180	951675	1046118	1087871
2.3.1 Balances with the RBI	536186	517462	437010	450857	471488
2.3.2 Cash in Hand	87260	84984	84932	85516	86616
2.3.3 Loans and Advances from the RBI	-275964	-213734	-429733	-509745	-529767
2.4 Capital Account	1481202	1446137	1586490	1585756	1588175
2.5 Other items (net) (2.1+2.2+2.3–2.4–1.1–1.2)	716216	667703	793227	896965	930091
2.5.1 Other Demand and Time Liabilities (net of 2.2.3)	495445	385783	499287	541929	570401
2.5.2 Net Inter-Bank Liabilities (other than to PDs)	66273	-45368	68612	62107	62737

No. 13: Scheduled Commercial Banks' Investments

(₹ Crore)

Item	As on March 27, 2020	2019	2020		
		Nov. 22	Oct. 23	Nov. 6	Nov. 20
	1	2	3	4	5
1 SLR Securities	3747349	3719568	4440234	4476662	4425325
2 Commercial Paper	104526	99328	88751	88669	85133
3 Shares issued by					
3.1 PSUs	14106	11286	11363	11225	11380
3.2 Private Corporate Sector	75415	66368	71675	71981	71283
3.3 Others	5734	5515	5430	5095	5416
4 Bonds/Debentures issued by					
4.1 PSUs	125710	123067	126857	123301	122421
4.2 Private Corporate Sector	226559	239223	306444	306410	304812
4.3 Others	191690	199063	146949	146379	144147
5 Instruments issued by					
5.1 Mutual funds	35610	48279	31082	35432	35074
5.2 Financial institutions	97665	82173	128920	131050	131153

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

(₹ Crore)

Item	As on the Last Reporting Friday (in case of March)/ Last Friday							
	All Scheduled Banks				All Scheduled Commercial Banks			
	2019-20	2019	2020		2019-20	2019	2020	
		Nov.	Oct.	Nov.		Nov.	Oct.	Nov.
	1	2	3	4	5	6	7	8
Number of Reporting Banks	219	219	209	208	142	142	133	132
1 Liabilities to the Banking System	**320240**	**249308**	**277233**	**263597**	**314513**	**244433**	**272101**	**258505**
1.1 Demand and Time Deposits from Banks	239943	187449	210335	208057	234348	182731	205405	203177
1.2 Borrowings from Banks	64001	49892	50821	38428	64001	49866	50821	38428
1.3 Other Demand and Time Liabilities	16295	11967	16077	17112	16163	11836	15875	16901
2 Liabilities to Others	**14905949**	**14314792**	**15733984**	**15770273**	**14480607**	**13953219**	**15303052**	**15340848**
2.1 Aggregate Deposits	13975551	13447567	14835260	14891439	13567492	13098829	14420000	14478103
2.1.1 Demand	1653242	1448683	1606832	1605873	1617003	1416506	1571374	1570449
2.1.2 Time	12322309	11998884	13228427	13285566	11950489	11682323	12848625	12907654
2.2 Borrowings	313908	335569	266583	273826	309439	331841	262285	269599
2.3 Other Demand and Time Liabilities	616491	531656	632141	605007	603676	522549	620767	593146
3 Borrowings from Reserve Bank	**285623**	**23012**	**115757**	**77097**	**285623**	**23012**	**115757**	**77097**
3.1 Against Usance Bills /Promissory Notes	–	–	–	–	–	–	–	–
3.2 Others	285623	23012	115757	77097	285623	23012	115757	77097
4 Cash in Hand and Balances with Reserve Bank	643038	642086	557017	570196	623446	626159	541682	554866
4.1 Cash in Hand	89671	85089	89874	95116	87260	83184	87683	92966
4.2 Balances with Reserve Bank	553367	556997	467143	475081	536186	542975	453999	461900
5 Assets with the Banking System	**323680**	**262359**	**276923**	**264846**	**260238**	**207281**	**216919**	**205766**
5.1 Balances with Other Banks	181460	168690	189036	181133	155401	142276	155579	147537
5.1.1 In Current Account	17204	14405	21643	14218	14457	12215	19438	12120
5.1.2 In Other Accounts	164256	154285	167393	166914	140945	130062	136141	135417
5.2 Money at Call and Short Notice	43335	24263	29193	28166	20273	7015	7747	7305
5.3 Advances to Banks	38266	28990	22005	21766	30531	24968	21494	21321
5.4 Other Assets	60619	40416	36689	33782	54032	33022	32099	29602
6 Investment	**3865544**	**3814598**	**4597987**	**4552090**	**3747349**	**3716854**	**4468088**	**4419911**
6.1 Government Securities	3850819	3797839	4590080	4544271	3738696	3706537	4466431	4418470
6.2 Other Approved Securities	14724	16759	7907	7819	8653	10317	1656	1441
7 Bank Credit	**10705336**	**10176213**	**10721829**	**10791739**	**10370861**	**9890071**	**10387948**	**10457104**
7a Food Credit	82172	117557	100684	123083	51763	90526	70281	92681
7.1 Loans, Cash-credits and Overdrafts	10480934	9969053	10548573	10620894	10149509	9686695	10217564	10288180
7.2 Inland Bills-Purchased	26214	24641	24977	23595	25658	23902	23826	23324
7.3 Inland Bills-Discounted	147209	126309	102181	99515	145683	124288	101193	98610
7.4 Foreign Bills-Purchased	20866	23182	17127	17344	20458	22762	16877	17091
7.5 Foreign Bills-Discounted	30114	33028	28971	30391	29554	32424	28488	29899

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

(₹ Crore)

Item	Outstanding as on				Growth (%)	
	Mar. 27, 2020	2019	2020		Financial year so far	Y-o-Y
		Nov. 22	Oct. 23	Nov. 20	2020-21	2020
	1	2	3	4	5	6
1 Gross Bank Credit	**9263134**	**8764913**	**9213059**	**9286902**	**0.3**	**6.0**
1.1 Food Credit	**51590**	**91005**	**66428**	**88662**	**71.9**	**-2.6**
1.2 Non-food Credit	**9211544**	**8673908**	**9146631**	**9198240**	**–0.1**	**6.0**
1.2.1 Agriculture & Allied Activities	**1157796**	**1134004**	**1218717**	**1230526**	**6.3**	**8.5**
1.2.2 Industry	**2905151**	**2772248**	**2739841**	**2753281**	**–5.2**	**-0.7**
1.2.2.1 Micro & Small	381825	362758	361563	364515	–4.5	0.5
1.2.2.2 Medium	105598	102601	123150	124028	17.5	20.9
1.2.2.3 Large	2417728	2306889	2255128	2264738	–6.3	-1.8
1.2.3 Services	**2594945**	**2362955**	**2576581**	**2569834**	**–1.0**	**8.8**
1.2.3.1 Transport Operators	144466	139754	148172	154752	7.1	10.7
1.2.3.2 Computer Software	20051	19052	19368	19120	–4.6	0.4
1.2.3.3 Tourism, Hotels & Restaurants	45977	43468	48594	51309	11.6	18.0
1.2.3.4 Shipping	6557	6704	5364	5329	–18.7	-20.5
1.2.3.5 Professional Services	177085	170660	178191	128577	–27.4	-24.7
1.2.3.6 Trade	552392	501677	575886	575549	4.2	14.7
1.2.3.6.1 Wholesale Trade	263397	217569	268058	275279	4.5	26.5
1.2.3.6.2 Retail Trade	288995	284108	307828	300270	3.9	5.7
1.2.3.7 Commercial Real Estate	229770	220685	227992	233150	1.5	5.6
1.2.3.8 Non-Banking Financial Companies (NBFCs)	807383	730907	778739	788222	–2.4	7.8
1.2.3.9 Other Services	611264	530048	594275	613826	0.4	15.8
1.2.4 Personal Loans	**2553652**	**2404701**	**2611492**	**2644599**	**3.6**	**10.0**
1.2.4.1 Consumer Durables	9298	5499	6881	6937	–25.4	26.2
1.2.4.2 Housing	1338964	1274747	1373277	1383427	3.3	8.5
1.2.4.3 Advances against Fixed Deposits	79496	62892	61460	64512	–18.8	2.6
1.2.4.4 Advances to Individuals against share & bond	5334	4982	6296	4655	–12.7	-6.6
1.2.4.5 Credit Card Outstanding	108094	105860	110207	114307	5.7	8.0
1.2.4.6 Education	65745	66902	65432	65180	–0.9	-2.6
1.2.4.7 Vehicle Loans	220609	207996	224022	228758	3.7	10.0
1.2.4.8 Other Personal Loans	726112	675823	763917	776823	7.0	14.9
1.2A Priority Sector	**2897461**	**2694733**	**2930417**	**2934836**	**1.3**	**8.9**
1.2A.1 Agriculture & Allied Activities	1146624	1125474	1203789	1214929	6.0	7.9
1.2A.2 Micro & Small Enterprises	1149394	1057378	1125326	1122053	–2.4	6.1
1.2A.2.1 Manufacturing	381826	362758	361562	364515	–4.5	0.5
1.2A.2.2 Services	767568	694620	763764	757538	–1.3	9.1
1.2A.3 Housing	449945	454000	462216	462488	2.8	1.9
1.2A.4 Micro-Credit	38237	33526	32760	32644	–14.6	-2.6
1.2A.5 Education Loans	51906	53410	51789	51506	–0.8	-3.6
1.2A.6 State-Sponsored Orgs. for SC/ST	388	387	540	588	51.5	51.9
1.2A.7 Weaker Sections	731409	698449	727814	766575	4.8	9.8
1.2A.8 Export Credit	16114	13219	13850	12916	–19.8	-2.3

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

(₹ Crore)

Industry	Outstanding as on				Growth (%)	
	Mar. 27, 2020	2019	2020		Financial year so far	Y-o-Y
		Nov. 22	Oct. 23	Nov. 20	2020-21	2020
	1	2	3	4	5	6
1 Industry	**2905151**	**2772248**	**2739841**	**2753281**	**–5.2**	**–0.7**
1.1 Mining & Quarrying (incl. Coal)	**43927**	**41372**	**42944**	**43831**	**–0.2**	**5.9**
1.2 Food Processing	**154146**	**136930**	**144158**	**147775**	**–4.1**	**7.9**
1.2.1 Sugar	27382	24624	18371	20291	–25.9	–17.6
1.2.2 Edible Oils & Vanaspati	19240	17430	17956	18354	–4.6	5.3
1.2.3 Tea	5375	5832	5851	5809	8.1	–0.4
1.2.4 Others	102149	89044	101980	103321	1.1	16.0
1.3 Beverage & Tobacco	**16522**	**14030**	**14830**	**14454**	**–12.5**	**3.0**
1.4 Textiles	**192424**	**186324**	**185856**	**186774**	**–2.9**	**0.2**
1.4.1 Cotton Textiles	89283	83448	84289	84853	–5.0	1.7
1.4.2 Jute Textiles	2116	2181	2318	2429	14.8	11.4
1.4.3 Man-Made Textiles	26074	25821	26628	27251	4.5	5.5
1.4.4 Other Textiles	74951	74874	72621	72241	–3.6	–3.5
1.5 Leather & Leather Products	**11098**	**10813**	**11368**	**11404**	**2.8**	**5.5**
1.6 Wood & Wood Products	**12233**	**11968**	**12786**	**12795**	**4.6**	**6.9**
1.7 Paper & Paper Products	**30965**	**30230**	**33159**	**33986**	**9.8**	**12.4**
1.8 Petroleum, Coal Products & Nuclear Fuels	**75834**	**52466**	**61172**	**60025**	**–20.8**	**14.4**
1.9 Chemicals & Chemical Products	**202949**	**173231**	**171479**	**177799**	**–12.4**	**2.6**
1.9.1 Fertiliser	49066	34112	36560	37894	–22.8	11.1
1.9.2 Drugs & Pharmaceuticals	53427	48501	48477	48875	–8.5	0.8
1.9.3 Petro Chemicals	42233	37445	35172	39564	–6.3	5.7
1.9.4 Others	58223	53173	51270	51466	–11.6	–3.2
1.10 Rubber, Plastic & their Products	**50415**	**47029**	**47580**	**49523**	**–1.8**	**5.3**
1.11 Glass & Glassware	**8777**	**8686**	**8748**	**8785**	**0.1**	**1.1**
1.12 Cement & Cement Products	**58689**	**59309**	**57789**	**57993**	**–1.2**	**–2.2**
1.13 Basic Metal & Metal Product	**350325**	**347906**	**337746**	**334078**	**–4.6**	**–4.0**
1.13.1 Iron & Steel	262396	265599	247448	245072	–6.6	–7.7
1.13.2 Other Metal & Metal Product	87929	82307	90298	89006	1.2	8.1
1.14 All Engineering	**157259**	**162680**	**137361**	**137233**	**–12.7**	**–15.6**
1.14.1 Electronics	30159	32895	27146	27488	–8.9	–16.4
1.14.2 Others	127100	129785	110215	109745	–13.7	–15.4
1.15 Vehicles, Vehicle Parts & Transport Equipment	**82606**	**81472**	**88400**	**86153**	**4.3**	**5.7**
1.16 Gems & Jewellery	**59515**	**61310**	**57374**	**60910**	**2.3**	**–0.7**
1.17 Construction	**104288**	**100091**	**104447**	**101379**	**–2.8**	**1.3**
1.18 Infrastructure	**1053913**	**1025154**	**999104**	**1007085**	**–4.4**	**–1.8**
1.18.1 Power	559774	562711	552553	551731	–1.4	–2.0
1.18.2 Telecommunications	143760	130961	100969	103550	–28.0	–20.9
1.18.3 Roads	190676	186528	197379	201550	5.7	8.1
1.18.4 Other Infrastructure	159703	144954	148203	150254	–5.9	3.7
1.19 Other Industries	**239266**	**221247**	**223540**	**221299**	**–7.5**	**0.0**

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								
	2019-20	2019	2020						
		Oct, 25	Aug, 14	Aug, 28	Sep, 11	Sep, 25	Oct, 09	Oct, 23	Oct, 30
	1	2	3	4	5	6	7	8	9
Number of Reporting Banks	32	32	31	31	31	31	31	31	31
1 Aggregate Deposits (2.1.1.2+2.2.1.2)	**124101.8**	**64187.1**	**125939.1**	**126547.5**	**126582.5**	**126143.1**	**126795.8**	**127166.1**	**127348.2**
2 Demand and Time Liabilities									
2.1 Demand Liabilities	**26213.8**	**18520.0**	**24074.5**	**24751.6**	**24479.0**	**22274.4**	**23152.3**	**20866.1**	**22714.0**
2.1.1 Deposits									
2.1.1.1 Inter-Bank	5295.0	5179.8	3821.7	3773.1	3873.1	4189.6	4308.6	3860.0	4028.2
2.1.1.2 Others	14,523.6	9889.1	13677.4	14264.3	14492.2	13472.0	13419.2	13039.0	13517.3
2.1.2 Borrowings from Banks	100.0	20.0	135.0	264.9	209.9	229.9	70.0	0.0	0.0
2.1.3 Other Demand Liabilities	6295.2	3431.1	6440.4	6449.2	5903.7	4382.9	5354.5	3967.1	5168.5
2.2 Time Liabilities	**167684.5**	**109889.9**	**172745.5**	**171640.9**	**171314.7**	**172128.5**	**172383.8**	**174055.4**	**172354.2**
2.2.1 Deposits									
2.2.1.1 Inter-Bank	56564.0	54683.9	58983.7	57209.2	57723.3	56835.6	57391.0	57259.1	56969.6
2.2.1.2 Others	109578.2	54297.9	112261.6	112283.2	112090.2	112671.1	113376.6	114127.1	113830.9
2.2.2 Borrowings from Banks	630.2	0.0	629.9	629.9	629.9	673.0	656.5	749.9	629.9
2.2.3 Other Time Liabilities	912.1	908.1	870.2	1518.6	871.2	1948.9	959.6	1919.2	923.8
3 Borrowing from Reserve Bank	0.0	0.0	0.0	0.0	0.0	35.0	0.0	0.0	0.0
4 Borrowings from a notified bank / Government	52772.2	45401.3	57354.0	53795.3	56629.9	57927.2	58455.2	56285.3	55909.0
4.1 Demand	13764.4	12636.9	14067.2	13174.5	13809.3	14065.7	14318.1	13606.7	13041.1
4.2 Time	39007.8	32764.4	43286.7	40620.8	42820.6	43861.5	44137.2	42678.5	42867.9
5 Cash in Hand and Balances with Reserve Bank	**9428.2**	**6024.3**	**6875.5**	**6841.4**	**6879.6**	**7000.4**	**6955.6**	**6734.9**	**7238.4**
5.1 Cash in Hand	750.5	302.8	572.4	592.3	575.6	555.1	528.6	572.3	558.9
5.2 Balance with Reserve Bank	8677.8	5721.5	6303.2	6249.1	6304.0	6445.3	6426.9	6162.6	6679.5
6 Balances with Other Banks in Current Account	**1521.7**	**774.5**	**809.9**	**807.4**	**983.9**	**988.1**	**795.4**	**824.5**	**935.7**
7 Investments in Government Securities	**50626.9**	**32529.2**	**58199.1**	**55743.6**	**56942.0**	**59312.3**	**59137.6**	**59110.5**	**58774.4**
8 Money at Call and Short Notice	**25283.9**	**18737.1**	**25269.1**	**25414.9**	**27749.8**	**26346.6**	**25721.7**	**24240.2**	**24871.2**
9 Bank Credit (10.1+11)	**110905.5**	**63418.9**	**112631.8**	**113285.8**	**112267.8**	**111857.3**	**111842.7**	**110711.2**	**111109.5**
10 Advances									
10.1 Loans, Cash-Credits and Overdrafts	**110901.5**	**63417.1**	**112631.2**	**113285.2**	**112252.0**	**111841.4**	**111826.8**	**110695.3**	**111093.5**
10.2 Due from Banks	81300.1	78322.8	79793.4	77827.8	79526.6	79397.4	81562.1	82624.9	82258.8
11 Bills Purchased and Discounted	4.0	1.8	0.6	0.6	15.7	15.9	15.9	15.9	16.0

Prices and Production

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

Group/Sub group	2019-20			Rural			Urban			Combined		
	Rural	Urban	Combined	Nov.'19	Oct.'20	Nov.'20(P)	Nov.'19	Oct.'20	Nov.'20(P)	Nov.'19	Oct.'20	Nov.'20(P)
	1	2	3	4	5	6	7	8	9	10	11	12
1 Food and beverages	**146.3**	**149.6**	**147.5**	**150.9**	**163.4**	**164.4**	**153.6**	**167.0**	**166.7**	**151.9**	**164.7**	**165.2**
1.1 Cereals and products	140.7	143.2	141.4	141.8	145.4	144.4	144.1	149.7	148.8	142.5	146.8	145.8
1.2 Meat and fish	163.3	161.4	162.6	163.7	188.6	188.5	162.4	195.5	194.0	163.2	191.0	190.4
1.3 Egg	142.1	145.7	143.5	143.8	171.6	173.3	148.4	176.9	177.9	145.6	173.6	175.1
1.4 Milk and products	146.5	146.0	146.3	147.1	153.8	153.9	145.9	153.9	154.3	146.7	153.8	154.0
1.5 Oils and fats	127.1	121.8	125.1	126.0	145.4	150.0	121.5	138.0	140.5	124.3	142.7	146.5
1.6 Fruits	144.0	148.8	146.2	146.2	146.5	145.9	148.8	150.5	149.9	147.4	148.4	147.8
1.7 Vegetables	163.5	187.8	171.7	191.4	222.2	225.4	215.7	245.3	241.2	199.6	230.0	230.8
1.8 Pulses and products	133.7	132.0	133.1	136.2	155.9	159.5	134.6	158.7	161.1	135.7	156.8	160.0
1.9 Sugar and confectionery	112.0	113.4	112.5	113.8	114.9	114.3	115.0	117.2	117.0	114.2	115.7	115.2
1.10 Spices	145.6	145.1	145.5	147.3	162.0	163.5	146.3	161.4	161.2	147.0	161.8	162.7
1.11 Non-alcoholic beverages	138.8	130.2	135.2	138.7	150.0	153.2	130.5	141.5	143.1	135.3	146.5	149.0
1.12 Prepared meals, snacks, sweets	157.6	156.7	157.2	157.7	162.7	163.6	157.2	165.1	165.9	157.5	163.8	164.7
2 Pan, tobacco and intoxicants	**166.3**	**169.0**	**167.0**	**167.2**	**183.4**	**183.6**	**169.9**	**188.8**	**189.8**	**167.9**	**184.8**	**185.3**
3 Clothing and footwear	**151.3**	**143.7**	**148.3**	**151.5**	**155.5**	**156.3**	**144.2**	**148.8**	**149.3**	**148.6**	**152.8**	**153.5**
3.1 Clothing	152.0	145.7	149.5	152.3	156.3	157.1	146.3	151.1	151.6	149.9	154.3	154.9
3.2 Footwear	146.9	132.4	140.9	147.0	151.0	151.6	132.6	136.4	136.6	141.0	144.9	145.4
4 Housing	**--**	**152.2**	**152.2**	**--**	**--**	**--**	**153.5**	**158.0**	**158.4**	**153.5**	**158.0**	**158.4**
5 Fuel and light	**148.6**	**131.5**	**142.2**	**148.4**	**147.5**	**148.8**	**132.2**	**137.3**	**138.7**	**142.3**	**143.6**	**145.0**
6 Miscellaneous	**145.6**	**135.9**	**140.9**	**146.1**	**154.5**	**155.2**	**136.3**	**146.6**	**146.8**	**141.3**	**150.7**	**151.1**
6.1 Household goods and services	150.6	138.7	145.0	150.9	152.8	153.3	139.1	145.1	145.4	145.3	149.2	149.6
6.2 Health	153.6	142.1	149.3	154.3	160.4	161.6	142.8	152.0	152.6	149.9	157.2	158.2
6.3 Transport and communication	132.6	122.2	127.1	132.1	146.1	146.3	121.7	135.2	135.5	126.6	140.4	140.6
6.4 Recreation and amusement	148.3	135.9	141.3	149.1	153.6	154.1	136.7	144.4	144.4	142.1	148.4	148.6
6.5 Education	159.8	150.9	154.5	160.8	161.6	162.7	151.8	156.4	156.7	155.5	158.6	159.2
6.6 Personal care and effects	139.2	138.4	138.9	140.6	156.2	156.6	139.8	157.9	157.8	140.3	156.9	157.1
General Index (All Groups)	**147.3**	**145.1**	**146.3**	**149.9**	**159.8**	**160.7**	**147.0**	**156.7**	**156.9**	**148.6**	**158.4**	**158.9**

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

P: Provisional.

No. 19: Other Consumer Price Indices

Item	Base Year	Linking Factor	2019-20	2019	2020	
				Nov.	Oct.	Nov.
	1	2	3	4	5	6
1 Consumer Price Index for Industrial Workers	2016	2.88	--	–	119.5	119.9
2 Consumer Price Index for Agricultural Labourers	1986-87	5.89	980	1000	1052	1060
3 Consumer Price Index for Rural Labourers	1986-87	–	986	1006	1057	1065

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

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

Item	2019-20	2019	2020	
		Nov.	Oct.	Nov.
	1	2	3	4
1 Standard Gold (₹ per 10 grams)	37018	38122	50698	50429
2 Silver (₹ per kilogram)	42514	44938	61320	62256

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	2019-20	2019	2020		
			Nov.	Sep.	Oct. (P)	Nov. (P)
	1	2	3	4	5	6
1 ALL COMMODITIES	**100.000**	**121.8**	**122.3**	**122.9**	**123.8**	**124.2**
1.1 PRIMARY ARTICLES	**22.618**	**143.3**	**147.2**	**148.8**	**152.4**	**151.2**
1.1.1 FOOD ARTICLES	**15.256**	**155.8**	**162.6**	**168.4**	**170.4**	**169.0**
1.1.1.1 Food Grains (Cereals+Pulses)	3.462	159.6	162.5	158.6	158.1	158.8
1.1.1.2 Fruits & Vegetables	3.475	174.7	199.5	211.1	222.3	213.2
1.1.1.3 Milk	4.440	146.7	146.6	153.8	154.3	154.7
1.1.1.4 Eggs,Meat & Fish	2.402	147.0	148.7	150.7	148.0	149.6
1.1.1.5 Condiments & Spices	0.529	143.9	153.0	149.1	153.0	156.5
1.1.1.6 Other Food Articles	0.948	144.0	142.2	172.1	167.0	166.9
1.1.2 NON-FOOD ARTICLES	**4.119**	**128.7**	**127.0**	**124.5**	**129.7**	**137.7**
1.1.2.1 Fibres	0.839	128.2	123.5	110.6	114.2	119.8
1.1.2.2 Oil Seeds	1.115	151.4	149.6	155.5	158.0	162.0
1.1.2.3 Other non-food Articles	1.960	104.8	104.1	104.6	109.6	113.9
1.1.2.4 Floriculture	0.204	238.0	238.5	203.4	231.7	308.3
1.1.3 MINERALS	**0.833**	**154.5**	**142.6**	**145.5**	**167.6**	**145.5**
1.1.3.1 Metallic Minerals	0.648	147.4	133.0	136.8	162.6	136.8
1.1.3.2 Other Minerals	0.185	179.0	176.4	176.1	185.1	176.1
1.1.4 CRUDE PETROLEUM & NATURAL GAS	**2.410**	**85.3**	**86.0**	**67.4**	**72.0**	**64.0**
1.2 FUEL & POWER	**13.152**	**102.2**	**101.3**	**91.9**	**91.1**	**91.3**
1.2.1 COAL	**2.138**	**125.3**	**126.5**	**126.4**	**126.4**	**126.5**
1.2.1.1 Coking Coal	0.647	138.1	141.9	141.6	141.6	141.9
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	129.1	131.1	131.1	131.1	131.1
1.2.2 MINERAL OILS	**7.950**	**92.3**	**91.1**	**77.5**	**76.2**	**76.5**
1.2.3 ELECTRICITY	**3.064**	**111.8**	**110.0**	**105.3**	**105.3**	**105.3**
1.3 MANUFACTURED PRODUCTS	**64.231**	**118.3**	**117.8**	**120.1**	**120.3**	**121.3**
1.3.1 MANUFACTURE OF FOOD PRODUCTS	**9.122**	**133.9**	**135.4**	**140.7**	**140.7**	**142.1**
1.3.1.1 Processing and Preserving of meat	0.134	137.5	137.6	138.3	136.9	136.9
1.3.1.2 Processing and Preserving of fish, Crustaceans, Molluscs and products thereof	0.204	136.1	137.9	142.1	136.3	136.0
1.3.1.3 Processing and Preserving of fruit and Vegetables	0.138	114.3	114.9	119.7	118.4	122.4
1.3.1.4 Vegetable and Animal oils and Fats	2.643	119.3	119.4	137.3	140.5	147.1
1.3.1.5 Dairy products	1.165	145.0	147.6	145.8	145.7	144.6
1.3.1.6 Grain mill products	2.010	146.3	148.1	143.8	142.9	142.0
1.3.1.7 Starches and Starch products	0.110	135.5	135.1	105.8	107.5	110.9
1.3.1.8 Bakery products	0.215	133.5	133.9	138.1	137.9	138.6
1.3.1.9 Sugar, Molasses & honey	1.163	118.3	119.5	119.7	118.6	118.6
1.3.1.10 Cocoa, Chocolate and Sugar confectionery	0.175	127.2	126.8	127.5	127.8	129.8
1.3.1.11 Macaroni, Noodles, Couscous and Similar farinaceous products	0.026	132.7	132.6	132.4	131.3	131.6
1.3.1.12 Tea & Coffee products	0.371	139.7	142.8	191.6	183.9	174.8
1.3.1.13 Processed condiments & salt	0.163	132.4	137.1	145.9	145.8	146.6
1.3.1.14 Processed ready to eat food	0.024	128.7	128.3	131.4	130.7	130.4
1.3.1.15 Health supplements	0.225	159.9	163.9	143.2	141.9	140.4
1.3.1.16 Prepared animal feeds	0.356	173.6	178.2	170.6	170.0	171.0
1.3.2 MANUFACTURE OF BEVERAGES	**0.909**	**123.6**	**123.7**	**123.9**	**123.8**	**124.2**
1.3.2.1 Wines & spirits	0.408	117.8	118.4	120.0	120.2	120.2
1.3.2.2 Malt liquors and Malt	0.225	125.7	125.1	126.8	124.8	126.0
1.3.2.3 Soft drinks; Production of mineral waters and Other bottled waters	0.275	130.5	130.5	127.4	128.5	128.5
1.3.3 MANUFACTURE OF TOBACCO PRODUCTS	**0.514**	**153.4**	**153.0**	**155.3**	**155.3**	**156.1**
1.3.3.1 Tobacco products	0.514	153.4	153.0	155.3	155.3	156.1

No. 21: Wholesale Price Index (Contd.)

(Base: 2011-12 = 100)

Commodities		Weight	2019-20	2019	2020		
				Nov.	Sep.	Oct. (P)	Nov. (P)
1.3.4	**MANUFACTURE OF TEXTILES**	**4.881**	**117.7**	**116.5**	**113.6**	**114.7**	**116.4**
1.3.4.1	Preparation and Spinning of textile fibres	2.582	107.9	105.2	101.2	102.3	105.1
1.3.4.2	Weaving & Finishing of textiles	1.509	130.1	130.2	128.6	129.9	130.3
1.3.4.3	Knitted and Crocheted fabrics	0.193	114.5	114.7	114.2	113.8	114.7
1.3.4.4	Made-up textile articles, Except apparel	0.299	134.5	134.8	131.4	130.8	132.3
1.3.4.5	Cordage, Rope, Twine and Netting	0.098	143.1	146.0	154.6	155.6	157.2
1.3.4.6	Other textiles	0.201	116.8	117.9	113.2	115.5	114.7
1.3.5	**MANUFACTURE OF WEARING APPAREL**	**0.814**	**138.3**	**138.6**	**138.3**	**138.2**	**139.6**
1.3.5.1	Manufacture of Wearing Apparel (woven), Except fur Apparel	0.593	139.2	139.6	137.7	137.1	138.4
1.3.5.2	Knitted and Crocheted apparel	0.221	135.9	136.1	140.0	141.1	142.7
1.3.6	**MANUFACTURE OF LEATHER AND RELATED PRODUCTS**	**0.535**	**118.6**	**119.2**	**118.7**	**118.0**	**118.8**
1.3.6.1	Tanning and Dressing of leather; Dressing and Dyeing of fur	0.142	105.5	106.0	102.7	102.8	103.0
1.3.6.2	Luggage, HandbAgs, Saddlery and Harness	0.075	136.3	136.3	138.4	138.6	138.3
1.3.6.3	Footwear	0.318	120.3	121.1	121.3	119.9	121.2
1.3.7	**MANUFACTURE OF WOOD AND PRODUCTS OF WOOD AND CORK**	**0.772**	**133.7**	**133.1**	**133.9**	**133.5**	**134.9**
1.3.7.1	Saw milling and Planing of wood	0.124	122.2	121.0	119.0	120.3	119.9
1.3.7.2	Veneer sheets; Manufacture of plywood, Laminboard, Particle board and Other panels and Boards	0.493	135.5	135.8	135.2	134.7	136.6
1.3.7.3	Builder's carpentry and Joinery	0.036	176.2	176.3	188.2	189.6	189.5
1.3.7.4	Wooden containers	0.119	125.7	121.6	127.5	125.5	127.5
1.3.8	**MANUFACTURE OF PAPER AND PAPER PRODUCTS**	**1.113**	**121.1**	**119.7**	**119.1**	**119.2**	**119.6**
1.3.8.1	Pulp, Paper and Paperboard	0.493	125.0	122.6	120.9	120.6	121.5
1.3.8.2	Corrugated paper and Paperboard and Containers of paper and Paperboard	0.314	115.0	114.0	119.8	120.9	122.8
1.3.8.3	Other articles of paper and Paperboard	0.306	121.2	120.8	115.5	115.0	113.2
1.3.9	**PRINTING AND REPRODUCTION OF RECORDED MEDIA**	**0.676**	**150.6**	**151.7**	**154.2**	**155.2**	**153.5**
1.3.9.1	Printing	0.676	150.6	151.7	154.2	155.2	153.5
1.3.10	**MANUFACTURE OF CHEMICALS AND CHEMICAL PRODUCTS**	**6.465**	**117.5**	**116.5**	**116.1**	**116.8**	**117.7**
1.3.10.1	Basic chemicals	1.433	119.9	117.0	114.8	115.2	116.6
1.3.10.2	Fertilizers and Nitrogen compounds	1.485	123.1	123.4	123.1	123.1	122.9
1.3.10.3	Plastic and Synthetic rubber in primary form	1.001	112.4	110.8	112.4	115.5	118.5
1.3.10.4	Pesticides and Other agrochemical products	0.454	122.6	122.9	125.4	125.8	125.7
1.3.10.5	Paints, Varnishes and Similar coatings, Printing ink and Mastics	0.491	114.7	114.0	114.6	114.3	112.9
1.3.10.6	Soap and Detergents, Cleaning and Polishing preparations, Perfumes and Toilet preparations	0.612	118.6	117.8	119.6	120.0	120.8
1.3.10.7	Other chemical products	0.692	114.2	114.0	112.9	112.9	114.7
1.3.10.8	Man-made fibres	0.296	97.9	96.6	88.3	89.4	91.6
1.3.11	**MANUFACTURE OF PHARMACEUTICALS, MEDICINAL CHEMICAL AND BOTANICAL PRODUCTS**	**1.993**	**127.3**	**127.5**	**130.0**	**131.0**	**131.2**
1.3.11.1	Pharmaceuticals, Medicinal chemical and Botanical products	1.993	127.3	127.5	130.0	131.0	131.2
1.3.12	**MANUFACTURE OF RUBBER AND PLASTICS PRODUCTS**	**2.299**	**108.5**	**107.7**	**109.5**	**109.7**	**110.8**
1.3.12.1	Rubber Tyres and Tubes; Retreading and Rebuilding of Rubber Tyres	0.609	98.9	97.8	97.5	97.9	96.7
1.3.12.2	Other Rubber Products	0.272	93.5	94.1	92.2	90.8	93.2
1.3.12.3	Plastics products	1.418	115.4	114.5	117.9	118.3	120.2
1.3.13	**MANUFACTURE OF OTHER NON-METALLIC MINERAL PRODUCTS**	**3.202**	**116.7**	**115.7**	**116.8**	**116.5**	**117.1**
1.3.13.1	Glass and Glass products	0.295	124.5	121.2	128.3	127.6	126.4
1.3.13.2	Refractory products	0.223	108.7	108.5	108.5	109.0	110.3
1.3.13.3	Clay Building Materials	0.121	102.8	103.3	112.7	107.5	113.3
1.3.13.4	Other Porcelain and Ceramic Products	0.222	113.9	112.5	107.9	108.0	108.0
1.3.13.5	Cement, Lime and Plaster	1.645	119.5	118.5	119.6	119.1	119.5

No. 21: Wholesale Price Index (Contd.)

(Base: 2011-12 = 100)

Commodities		Weight	2019-20	2019	2020		
				Nov.	Sep.	Oct. (P)	Nov. (P)
1.3.13.6	Articles of Concrete, Cement and Plaster	0.292	121.6	122.1	123.9	125.0	125.6
1.3.13.7	Cutting, Shaping and Finishing of Stone	0.234	120.2	119.1	120.8	121.3	121.5
1.3.13.8	Other Non-Metallic Mineral Products	0.169	86.6	84.9	77.6	77.6	81.3
1.3.14	**MANUFACTURE OF BASIC METALS**	**9.646**	**106.2**	**103.4**	**108.2**	**108.9**	**110.8**
1.3.14.1	Inputs into steel making	1.411	100.6	96.0	104.9	105.3	107.9
1.3.14.2	Metallic Iron	0.653	107.7	101.8	110.8	111.4	113.2
1.3.14.3	Mild Steel - Semi Finished Steel	1.274	95.1	93.2	97.3	97.3	99.4
1.3.14.4	Mild Steel -Long Products	1.081	105.5	101.9	106.3	108.0	109.6
1.3.14.5	Mild Steel - Flat products	1.144	108.7	102.2	111.6	115.4	117.5
1.3.14.6	Alloy steel other than Stainless Steel- Shapes	0.067	102.8	99.5	102.7	102.6	104.9
1.3.14.7	Stainless Steel - Semi Finished	0.924	102.9	99.4	105.9	105.7	106.0
1.3.14.8	Pipes & tubes	0.205	126.2	123.7	123.2	123.3	128.9
1.3.14.9	Non-ferrous metals incl. precious metals	1.693	107.0	106.7	110.9	111.0	113.5
1.3.14.10	Castings	0.925	112.8	112.6	108.6	108.5	108.9
1.3.14.11	Forgings of steel	0.271	146.5	151.4	143.0	143.6	145.4
1.3.15	**MANUFACTURE OF FABRICATED METAL PRODUCTS, EXCEPT MACHINERY AND EQUIPMENT**	**3.155**	**115.5**	**115.7**	**113.3**	**114.4**	**115.8**
1.3.15.1	Structural Metal Products	1.031	113.9	113.5	110.1	111.9	113.1
1.3.15.2	Tanks, Reservoirs and Containers of Metal	0.660	124.4	125.6	123.0	125.4	126.9
1.3.15.3	Steam generators, Except Central Heating Hot Water Boilers	0.145	104.7	106.3	98.6	98.6	98.7
1.3.15.4	Forging, Pressing, Stamping and Roll-Forming of Metal; Powder Metallurgy	0.383	100.5	101.4	96.1	96.3	99.4
1.3.15.5	Cutlery, Hand Tools and General Hardware	0.208	100.5	100.3	102.5	102.6	102.9
1.3.15.6	Other Fabricated Metal Products	0.728	124.0	123.5	123.9	123.9	125.4
1.3.16	**MANUFACTURE OF COMPUTER, ELECTRONIC AND OPTICAL PRODUCTS**	**2.009**	**110.4**	**109.7**	**109.2**	**108.9**	**108.2**
1.3.16.1	Electronic Components	0.402	98.1	97.8	97.9	98.8	99.2
1.3.16.2	Computers and Peripheral Equipment	0.336	135.0	135.0	135.2	135.2	134.0
1.3.16.3	Communication Equipment	0.310	117.0	118.8	114.3	113.8	114.4
1.3.16.4	Consumer Electronics	0.641	98.8	95.3	97.9	96.5	94.7
1.3.16.5	Measuring, Testing, Navigating and Control equipment	0.181	111.5	113.5	106.1	106.1	106.1
1.3.16.6	Watches and Clocks	0.076	139.1	139.7	142.9	142.6	141.7
1.3.16.7	Irradiation, Electromedical and Electrotherapeutic equipment	0.055	103.6	103.1	101.6	101.6	102.5
1.3.16.8	Optical instruments and Photographic equipment	0.008	110.2	109.4	102.0	102.0	95.7
1.3.17	**MANUFACTURE OF ELECTRICAL EQUIPMENT**	**2.930**	**111.3**	**112.1**	**112.6**	**112.5**	**113.4**
1.3.17.1	Electric motors, Generators, Transformers and Electricity distribution and Control apparatus	1.298	109.0	111.2	112.2	111.7	112.8
1.3.17.2	Batteries and Accumulators	0.236	117.0	117.9	117.9	119.0	118.9
1.3.17.3	Fibre optic cables for data transmission or live transmission of images	0.133	109.9	104.1	93.3	94.0	98.0
1.3.17.4	Other electronic and Electric wires and Cables	0.428	109.7	109.5	114.7	114.0	115.6
1.3.17.5	Wiring devices, Electric lighting & display equipment	0.263	111.1	111.7	110.1	110.7	110.8
1.3.17.6	Domestic appliances	0.366	119.9	120.3	119.4	119.0	118.9
1.3.17.7	Other electrical equipment	0.206	108.6	107.3	108.5	109.0	110.3
1.3.18	**MANUFACTURE OF MACHINERY AND EQUIPMENT**	**4.789**	**113.1**	**112.8**	**113.7**	**113.9**	**113.7**
1.3.18.1	Engines and Turbines, Except aircraft, Vehicle and Two wheeler engines	0.638	104.8	104.2	105.6	105.9	105.5
1.3.18.2	Fluid power equipment	0.162	119.9	120.0	119.9	119.9	120.3
1.3.18.3	Other pumps, Compressors, Taps and Valves	0.552	111.2	111.0	111.0	111.1	111.2
1.3.18.4	Bearings, Gears, Gearing and Driving elements	0.340	110.1	107.4	110.4	111.2	110.5
1.3.18.5	Ovens, Furnaces and Furnace burners	0.008	80.0	80.4	81.9	82.0	81.7
1.3.18.6	Lifting and Handling equipment	0.285	111.5	111.9	113.8	113.6	112.4

No. 21: Wholesale Price Index (Concld.)

(Base: 2011-12 = 100)

Commodities	Weight	2019-20	2019	2020		
			Nov.	Sep.	Oct. (P)	Nov. (P)
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	130.9	130.4	128.4	129.7	128.2
1.3.18.9 Agricultural and Forestry machinery	0.833	120.6	120.9	121.7	121.2	121.6
1.3.18.10 Metal-forming machinery and Machine tools	0.224	108.1	107.9	108.7	107.9	108.1
1.3.18.11 Machinery for mining, Quarrying and Construction	0.371	75.1	75.4	75.3	75.0	75.3
1.3.18.12 Machinery for food, Beverage and Tobacco processing	0.228	125.2	123.6	127.7	128.6	128.4
1.3.18.13 Machinery for textile, Apparel and Leather production	0.192	119.7	119.9	122.4	122.4	123.3
1.3.18.14 Other special-purpose machinery	0.468	126.3	126.7	128.3	128.8	128.3
1.3.18.15 Renewable electricity generating equipment	0.046	66.0	65.6	64.4	64.3	64.4
1.3.19 MANUFACTURE OF MOTOR VEHICLES, TRAILERS AND SEMI-TRAILERS	**4.969**	**114.5**	**115.0**	**118.3**	**117.3**	**117.8**
1.3.19.1 Motor vehicles	2.600	115.2	115.2	120.4	119.2	119.9
1.3.19.2 Parts and Accessories for motor vehicles	2.368	113.7	114.8	116.0	115.3	115.5
1.3.20 MANUFACTURE OF OTHER TRANSPORT EQUIPMENT	**1.648**	**118.0**	**118.4**	**126.2**	**126.7**	**127.5**
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	106.4	106.6	104.7	104.7	104.7
1.3.20.3 Motor cycles	1.302	114.3	114.7	124.9	125.6	126.5
1.3.20.4 Bicycles and Invalid carriages	0.117	128.9	130.5	128.2	128.2	128.7
1.3.20.5 Other transport equipment	0.002	126.1	126.9	127.5	127.7	127.7
1.3.21 MANUFACTURE OF FURNITURE	**0.727**	**130.9**	**129.2**	**130.5**	**132.9**	**132.9**
1.3.21.1 Furniture	0.727	130.9	129.2	130.5	132.9	132.9
1.3.22 OTHER MANUFACTURING	**1.064**	**112.7**	**113.5**	**136.9**	**134.8**	**136.1**
1.3.22.1 Jewellery and Related articles	0.996	109.9	110.6	135.4	133.2	134.5
1.3.22.2 Musical instruments	0.001	174.0	175.9	163.0	166.4	170.2
1.3.22.3 Sports goods	0.012	129.7	130.9	131.1	131.0	130.8
1.3.22.4 Games and Toys	0.005	136.9	137.0	142.6	142.9	142.8
1.3.22.5 Medical and Dental instruments and Supplies	0.049	162.1	162.5	166.9	168.1	168.1
2 FOOD INDEX	**24.378**	**147.6**	**152.4**	**158.0**	**159.3**	**158.9**

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	2018-19	2019-20	April-October		October	
				2019-20	2020-21	2019	2020
	1	2	3	4	5	6	7
General Index	100.00	130.1	129.0	128.0	105.6	124.0	128.5
1 Sectoral Classification							
1.1 Mining	14.37	107.9	109.6	100.4	87.0	99.5	98.0
1.2 Manufacturing	77.63	131.5	129.6	129.3	103.8	126.3	130.7
1.3 Electricity	7.99	156.9	158.4	164.9	155.7	145.8	162.2
2 Use-Based Classification							
2.1 Primary Goods	34.05	126.1	127.0	124.4	108.6	121.7	117.7
2.2 Capital Goods	8.22	108.4	93.3	94.6	62.0	88.5	91.4
2.3 Intermediate Goods	17.22	126.2	137.7	135.1	108.6	136.4	137.5
2.4 Infrastructure/ Construction Goods	12.34	141.7	136.6	135.6	107.4	129.9	140.0
2.5 Consumer Durables	12.84	130.4	119.0	124.1	84.7	113.3	133.2
2.6 Consumer Non-Durables	15.33	145.5	145.3	143.1	134.6	138.6	149.0

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

(₹ Crore)

Item	Financial Year	April - November			
	2020-21 (Budget Estimates)	2020-21 (Actuals)	2019-20 (Actuals)	Percentage to Budget Estimates	
				2020-21	2019-20
	1	2	3	4	5
1 Revenue Receipts	**2020926**	**812710**	**983214**	**40.2**	**50.1**
1.1 Tax Revenue (Net)	1635909	688430	750614	42.1	45.5
1.2 Non-Tax Revenue	385017	124280	232600	32.3	74.3
2 Non-Debt Capital Receipt	**224967**	**18141**	**29009**	**8.1**	**24.2**
2.1 Recovery of Loans	14967	11962	10910	79.9	73.6
2.2 Other Receipts	210000	6179	18099	2.9	17.2
3 Total Receipts (excluding borrowings) (1+2)	**2245893**	**830851**	**1012223**	**37.0**	**48.6**
4 Revenue Expenditure	2630145	1665200	1606215	63.3	65.6
4.1 Interest Payments	708203	383425	341812	54.1	51.8
5 Capital Expenditure	412085	241158	213842	58.5	63.2
6 Total Expenditure (4+5)	**3042230**	**1906358**	**1820057**	**62.7**	**65.3**
7 Revenue Deficit (4-1)	**609219**	**852490**	**623001**	**139.9**	**128.4**
8 Fiscal Deficit (6-3)	**796337**	**1075507**	**807834**	**135.1**	**114.8**
9 Gross Primary Deficit (8-4.1)	**88134**	**692082**	**466022**	**785.3**	**1076.5**

Source: Controller General of Accounts, Ministry of Finance, Government of India and Union Budget 2020-21.

No. 24: Treasury Bills – Ownership Pattern

(₹ Crore)

Item	2019-20	2019	2020					
		Nov. 29	Oct. 23	Oct. 30	Nov. 6	Nov. 13	Nov. 20	Nov. 27
	1	2	3	4	5	6	7	8
1 91-day								
1.1 Banks	10165	15658	2885	2540	2262	2360	2357	2001
1.2 Primary Dealers	9190	14558	12884	15647	11331	10912	11215	12584
1.3 State Governments	8173	62729	68665	70665	69680	72680	70680	71680
1.4 Others	48004	93697	134685	128809	131556	128879	125634	121644
2 182-day								
2.1 Banks	66419	72356	152639	152250	153121	149567	140282	126536
2.2 Primary Dealers	43302	27263	57664	61725	55035	49692	39002	38808
2.3 State Governments	13386	6078	4033	4033	4103	4103	4233	4233
2.4 Others	22465	26531	118301	101876	94930	90606	93761	94013
3 364-day								
3.1 Banks	49660	61801	136500	135642	132932	132610	138677	140904
3.2 Primary Dealers	70672	61512	124833	129471	129001	127705	120149	120831
3.3 State Governments	11945	17890	15842	15842	15757	15757	15627	16367
3.4 Others	70576	53155	122816	119782	123958	126313	132045	131253
4 14-day Intermediate								
4.1 Banks								
4.2 Primary Dealers								
4.3 State Governments	155112	129972	117945	116438	96693	79718	119046	159713
4.4 Others	617	243	392	392	63	714	198	233
Total Treasury Bills (Excluding 14 day Intermediate T Bills) #	423957	513228	951749	938281	923666	911184	893661	880853

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										
2020-21										
Oct. 28	9000	88	38386	8053	39	8997	8053	17050	99.21	3.1972
Nov. 4	9000	99	49324	7052	26	8998	7052	16050	99.22	3.1735
Nov. 11	9000	88	57933	5062	13	8989	5062	14050	99.22	3.1442
Nov. 18	9000	80	43532	5059	7	8992	5059	14050	99.26	2.9789
Nov. 25	9000	70	41371	5052	16	8998	5052	14050	99.28	2.9292
182-day Treasury Bills										
2020-21										
Oct. 28	3000	59	17305	0	26	3000	0	3000	98.35	3.3594
Nov. 4	3000	64	19311	1	13	2999	1	3000	98.35	3.3598
Nov. 11	3000	61	19019	1	13	2999	1	3000	98.36	3.3497
Nov. 18	3000	77	17144	3	25	2997	3	3000	98.36	3.3356
Nov. 25	3000	103	27304	8	7	2992	8	3000	98.40	3.2599
364-day Treasury Bills										
2020-21										
Oct. 28	4000	69	13985	0	33	4000	0	4000	96.67	3.4542
Nov. 4	4000	53	13466	0	3	4000	0	4000	96.69	3.4331
Nov. 11	4000	70	17260	1	10	3999	1	4000	96.67	3.4491
Nov. 18	4000	62	17261	0	8	4000	0	4000	96.70	3.4168
Nov. 25	4000	70	18108	741	14	3999	741	4740	96.73	3.3949

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
November	2, 2020	1.80-3.45	3.17
November	3, 2020	1.80-3.50	3.18
November	4, 2020	1.80-3.45	3.15
November	5, 2020	1.80-3.45	3.15
November	6, 2020	1.75-3.50	3.17
November	7, 2020	2.45-3.90	3.61
November	9, 2020	1.80-3.50	3.20
November	10, 2020	1.80-3.50	3.13
November	11, 2020	1.80-3.50	3.18
November	12, 2020	1.80-3.45	3.18
November	13, 2020	1.80-3.50	3.21
November	17, 2020	1.80-3.45	3.13
November	18, 2020	1.80-3.40	3.12
November	19, 2020	1.80-3.50	3.13
November	20, 2020	2.10-3.50	3.14
November	21, 2020	2.50-3.50	2.78
November	23, 2020	1.90-3.40	3.11
November	24, 2020	1.90-3.40	3.07
November	25, 2020	1.90-3.40	3.11
November	26, 2020	1.90-3.40	3.13
November	27, 2020	1.90-3.50	3.13
December	1, 2020	1.90-3.40	3.08
December	2, 2020	1.90-3.40	3.10
December	3, 2020	1.90-3.40	3.09
December	4, 2020	1.50-3.40	3.02
December	5, 2020	2.50-3.45	2.92
December	7, 2020	1.90-3.40	3.03
December	8, 2020	1.90-3.50	3.09
December	9, 2020	1.90-3.50	3.15
December	10, 2020	1.90-3.50	3.17
December	11, 2020	1.90-3.50	3.13
December	14, 2020	1.90-3.50	3.15
December	15, 2020	1.90-3.50	3.21

Note: Includes Notice Money.

No. 27: Certificates of Deposit

Item	2019	2020			
	Nov. 22	Oct. 9	Oct. 23	Nov. 6	Nov. 20
	1	2	3	4	5
1 Amount Outstanding (₹ Crore)	162443.00	74825.00	78340.00	76335.00	67680.00
1.1 Issued during the fortnight (₹ Crore)	15649.53	876.88	4634.88	1686.58	791.91
2 Rate of Interest (per cent)	5.04-7.24	3.53-5.75	3.65-4.25	3.83-3.84	3.35-4.54

No. 28: Commercial Paper

Item	2019	2020			
	Nov. 30	Oct. 15	Oct. 31	Nov. 15	Nov. 30
	1	2	3	4	5
1 Amount Outstanding (₹ Crore)	458415.60	395015.55	380112.20	389427.10	373146.10
1.1 Reported during the fortnight (₹ Crore)	80022.90	81950.20	40838.65	57001.85	64386.20
2 Rate of Interest (per cent)	5.01-13.30	3.25-11.94	3.19-14.19	3.09-11.32	2.79-8.80

No. 29: Average Daily Turnover in Select Financial Markets

(₹ Crore)

Item	2019-20	2019	2020					
		Nov. 29	Oct. 23	Oct. 30	Nov. 6	Nov. 13	Nov. 20	Nov. 27
	1	2	3	4	5	6	7	8
1 Call Money	26815	18304	13824	10675	9975	14308	10765	12157
2 Notice Money	3660	3595	804	4481	3082	306	4103	632
3 Term Money	790	757	816	545	560	301	755	687
4 CBLO/TRIPARTY REPO	300691	379116	336437	397522	349122	385681	515057	411117
5 Market Repo	221719	259645	313102	350328	321779	326228	380750	273258
6 Repo in Corporate Bond	2468	2953	3099	5545	172	3320	8110	1208
7 Forex (US $ million)	67793	70279	46714	56477	49601	53816	57482	57492
8 Govt. of India Dated Securities	93960	70233	59684	91127	59096	51551	54335	70609
9 State Govt. Securities	5800	4846	4546	4932	4759	4399	5400	4965
10 Treasury Bills								
10.1 91-Day	3720	2223	5238	5243	4164	1381	758	1555
10.2 182-Day	2380	1505	2112	4644	5720	5118	8518	7120
10.3 364-Day	2900	1901	2841	2662	1839	2540	11587	4704
10.4 Cash Management Bills	2310	6						
11 Total Govt. Securities (8+9+10)	111070	80714	74420	108608	75578	64989	80598	88953
11.1 RBI	–	240	3265	429	6988	4614	5196	4325

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	2019-20		2019-20 (Apr.-Nov.)		2020-21 (Apr.-Nov.) *		Nov. 2019		Nov. 2020 *	
	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	**72**	**64926**	**52**	**59771**	**43**	**87789**	**4**	**440**	**4**	**7070**
1A Premium	70	43259	51	38378	43	84220	4	411	4	6905
1.1 Public	57	9867	41	8516	28	27174	4	440	3	6999
1.1.1 Premium	55	9434	40	8340	28	24377	4	411	3	6837
1.2 Rights	15	55059	11	51255	15	60615	–	–	1	71
1.2.1 Premium	15	33825	11	30038	15	59843	–	–	1	68
2 Preference Shares	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2.1 Public	–	–	–	–	–	–	–	–	–	–
2.2 Rights	–	–	–	–	–	–	–	–	–	–
3 Bonds & Debentures	**34**	**14984**	**24**	**9227**	**10**	**3871**	**1**	**461**	**1**	**143**
3.1 Convertible	–	–	–	–	–	–	–	–	–	–
3.1.1 Public	–	–	–	–	–	–	–	–	–	–
3.1.2 Rights	–	–	–	–	–	–	–	–	–	–
3.2 Non-Convertible	34	14984	24	9227	10	3871	1	461	1	143
3.2.1 Public	34	14984	24	9227	10	3871	1	461	1	143
3.2.2 Rights	–	–	–	–	–	–	–	–	–	–
4 Total(1+2+3)	**106**	**79910**	**76**	**68998**	**53**	**91660**	**5**	**901**	**5**	**7213**
4.1 Public	91	24851	65	17743	38	31045	5	901	4	7141
4.2 Rights	15	55059	11	51255	15	60615	–	–	1	71

Note : Since April 2020, monthly data on equity issues is compiled on the basis of their listing date.

Source : Securities and Exchange Board of India.

* : Data is Provisional

External Sector

No. 31: Foreign Trade

Item	Unit	2019-20	2019	2020				
			Nov.	Jul.	Aug.	Sep.	Oct.	Nov.
		1	2	3	4	5	6	7
1 Exports	₹ Crore	2219854	184142	177954	170329	202583	183535	174559
	US $ Million	313361	25772	23729	22810	27569	24887	23519
1.1 Oil	₹ Crore	292340	27279	13146	14292	26511	12117	11412
	US $ Million	41289	3818	1753	1914	3608	1648	1538
1.2 Non-oil	₹ Crore	1927514	156863	164808	156037	176072	171417	163148
	US $ Million	272072	21954	21976	20896	23961	23239	21982
2 Imports	₹ Crore	3360954	275255	217931	231601	224168	247051	247840
	US $ Million	474709	38523	28478	29474	30307	33605	33393
2.1 Oil	₹ Crore	925168	79091	49069	48104	42808	44081	46530
	US $ Million	130550	11069	6533	6441	5826	5981	6269
2.2 Non-oil	₹ Crore	2435787	196165	168862	183497	181361	202970	201310
	US $ Million	344159	27454	21945	23033	24481	27624	27124
3 Trade Balance	₹ Crore	-1141100	-91113	-39977	-61272	-21585	-63517	-73280
	US $ Million	-161348	-12752	-4748	-6664	-2738	-8718	-9873
3.1 Oil	₹ Crore	-632828	-51812	-35923	-33812	-16297	-31964	-35118
	US $ Million	-89262	-7251	-4780	-4526	-2218	-4332	-4732
3.2 Non-oil	₹ Crore	-508273	-39301	-4055	-27460	-5288	-31553	-38163
	US $ Million	-72087	-5500	31	-2137	-520	-4385	-5142

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

No. 32: Foreign Exchange Reserves

Item	Unit	2019	2020					
		Dec. 27	Nov. 20	Nov. 27	Dec. 4	Dec. 11	Dec. 18	Dec. 25
		1	2	3	4	5	6	7
1 Total Reserves	**₹ Crore**	**3264729**	**4266200**	**4257257**	**4275361**	**4261092**	**4274948**	**4272332**
	US $ Million	**457468**	**575290**	**574821**	**579346**	**578568**	**581131**	**580841**
1.1 Foreign Currency Assets	₹ Crore	3032614	3953351	3951006	3965740	3950143	3955679	3953337
	US $ Million	424936	533103	533455	537386	536344	537727	537474
1.2 Gold	₹ Crore	195484	267075	260651	263659	265223	272327	270026
	US $ Million	27392	36015	35192	35728	36012	37020	36711
	Volume (Metric Tonnes)	634.96	670.12	672.92	673.85	674.78	676.65	676.65
1.3 SDRs	SDRs Million	1046	1049	1049	1049	1049	1049	1049
	₹ Crore	10281	11067	11069	11117	11070	11142	11108
	US $ Million	1441	1492	1494	1506	1503	1515	1510
1.4 Reserve Tranche Position in IMF	₹ Crore	26349	34707	34532	34845	34657	35800	37862
	US $ Million	3700	4680	4679	4725	4709	4870	5145

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

No. 33: NRI Deposits

(US$ Million)

Scheme	Outstanding				Flows	
	2019-20	2019	2020		2019-20	2020-21
		Nov.	Oct.	Nov.	Apr.-Nov.	Apr.-Nov.
	1	2	3	4	5	6
1 NRI Deposits	**130581**	**132699**	**137965**	**139261**	**6190**	**7010**
1.1 FCNR(B)	24244	24326	21958	21924	1156	-2320
1.2 NR(E)RA	90367	92325	98992	100070	3651	8272
1.3 NRO	15969	16049	17015	17267	1384	1058

No. 34: Foreign Investment Inflows

(US$ Million)

Item	2019-20	2019-20	2020-21	2019	2020	
		Apr.-Nov.	Apr.-Nov.	Nov.	Oct.	Nov.
	1	2	3	4	5	6
1.1 Net Foreign Direct Investment (1.1.1–1.1.2)	**43013**	**26724**	**34090**	**2770**	**4562**	**5746**
1.1.1 Direct Investment to India (1.1.1.1–1. 1.1.2)	**56006**	**35309**	**41156**	**3657**	**5075**	**6888**
1.1.1.1 Gross Inflows/Gross Investments	**74390**	**47671**	**58368**	**5609**	**6838**	**10153**
1.1.1.1.1 Equity	51734	33032	45153	2924	5451	8635
1.1.1.1.1.1 Government (SIA/FIPB)	3265	2982	265	58	45	48
1.1.1.1.1.2 RBI	39364	24814	38599	2210	4357	7355
1.1.1.1.1.3 Acquisition of shares	7348	4314	4985	536	929	1112
1.1.1.1.1.4 Equity capital of unincorporated bodies	1757	922	1303	120	120	120
1.1.1.1.2 Reinvested earnings	14175	9206	10206	1197	1197	1197
1.1.1.1.3 Other capital	8482	5433	3009	1489	191	321
1.1.1.2 Repatriation/Disinvestment	**18384**	**12363**	**17212**	**1952**	**1763**	**3265**
1.1.1.2.1 Equity	18212	12234	17187	1916	1754	3263
1.1.1.2.2 Other capital	173	128	26	36	9	2
1.1.2 Foreign Direct Investment by India (1.1.2.1+1.1.2.2+1.1.2.3–1.1.2.4)	**12993**	**8585**	**7065**	**887**	**513**	**1142**
1.1.2.1 Equity capital	7572	4865	3799	492	578	614
1.1.2.2 Reinvested Earnings	3151	2101	2141	263	263	263
1.1.2.3 Other Capital	5674	3198	3186	342	493	387
1.1.2.4 Repatriation/Disinvestment	3403	1578	2061	209	821	122
1.2 Net Portfolio Investment (1.2.1+1.2.2+1.2.3–1.2.4)	**1403**	**15760**	**20010**	**5860**	**2943**	**9427**
1.2.1 GDRs/ADRs	–	–	–	–	–	–
1.2.2 FIIs	552	15805	21594	5962	2998	9763
1.2.3 Offshore funds and others	–	–	–	–	–	–
1.2.4 Portfolio investment by India	-851	45	1584	101	55	336
1 Foreign Investment Inflows	**44417**	**42483**	**54100**	**8631**	**7505**	**15173**

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

(US$ Million)

Item	2019-20	2019	2020		
		Nov.	Sep.	Oct.	Nov.
	1	2	3	4	5
1 Outward Remittances under the LRS	**18760.69**	**1482.00**	**1648.17**	**938.37**	**942.44**
1.1 Deposit	623.37	39.42	123.46	23.34	23.32
1.2 Purchase of immovable property	86.43	7.14	8.26	3.85	3.53
1.3 Investment in equity/debt	431.41	73.99	73.61	22.80	25.39
1.4 Gift	1907.71	153.02	225.36	108.89	110.55
1.5 Donations	22.33	0.48	0.61	1.29	0.65
1.6 Travel	6955.98	522.28	358.12	272.98	253.26
1.7 Maintenance of close relatives	3439.74	262.96	416.70	162.64	160.81
1.8 Medical Treatment	33.90	3.04	2.51	3.66	2.92
1.9 Studies Abroad	4991.07	400.98	427.87	333.45	355.77
1.10 Others	268.75	18.69	11.68	5.47	6.24

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

Item	2018-19	2019-20	2019	2020	
			December	November	December
	1	2	3	4	5
36-Currency Export and Trade Based Weights (Base: 2004-05=100)					
1 Trade-Based Weights					
1.1 NEER	72.64	73.28	72.78	69.36	69.11
1.2 REER	114.01	116.75	119.05	117.57	117.14
2 Export-Based Weights					
2.1 NEER	74.18	74.33	73.77	70.69	70.51
2.2 REER	116.32	119.61	121.91	121.55	121.24
6-Currency Trade Based Weights					
1 Base: 2004-05 (April-March) =100					
1.1 NEER	63.07	63.59	63.35	58.53	58.33
1.2 REER	121.70	125.76	128.72	125.27	125.17
2 Base: 2017-18 (April-March) =100					
2.1 NEER	92.88	93.63	93.28	86.20	85.90
2.2 REER	94.20	97.32	99.64	96.96	96.89

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

(Amount in US$ Million)

Item	2019-20	2019	2020	
		Nov.	Oct.	Nov.
	1	2	3	4
1 Automatic Route				
1.1 Number	1292	122	76	87
1.2 Amount	38011	2116	1733	2045
2 Approval Route				
2.1 Number	41	-	1	-
2.2 Amount	14921	-	300	-
3 Total (1+2)				
3.1 Number	1333	122	77	87
3.2 Amount	52932	2116	2033	2045
4 Weighted Average Maturity (in years)	6.00	7.10	3.62	5.48
5 Interest Rate (per cent)				
5.1 Weighted Average Margin over 6-month LIBOR or reference rate for Floating Rate Loans	1.34	2.03	1.25	1.87
5.2 Interest rate range for Fixed Rate Loans	0.00-25.00	0.00-15.00	0.00-9.00	0.00-10.30

No. 38: India's Overall Balance of Payments

(US $ Million)

Item	Jul-Sep 2019			Jul-Sep 2020(P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
Overall Balance of Payments(1+2+3)	**303790**	**298671**	**5118**	**304250**	**272682**	**31568**
1 CURRENT ACCOUNT (1.1+ 1.2)	**161553**	**169132**	**-7579**	**150955**	**135448**	**15507**
1.1 MERCHANDISE	**79952**	**119602**	**-39650**	**75591**	**90375**	**-14784**
1.2 INVISIBLES (1.2.1+1.2.2+1.2.3)	**81601**	**49530**	**32070**	**75364**	**45072**	**30292**
1.2.1 Services	52777	31836	20941	49902	28733	21169
1.2.1.1 Travel	7643	6031	1611	2020	2737	-717
1.2.1.2 Transportation	5181	6009	-828	5410	4759	651
1.2.1.3 Insurance	602	354	248	590	537	53
1.2.1.4 G.n.i.e.	169	298	-128	144	190	-46
1.2.1.5 Miscellaneous	39182	19144	20038	41738	20510	21228
1.2.1.5.1 Software Services	23247	2182	21064	25069	2769	22299
1.2.1.5.2 Business Services	10878	11211	-333	11624	12379	-755
1.2.1.5.3 Financial Services	1239	594	645	1003	1107	-104
1.2.1.5.4 Communication Services	635	354	281	661	355	306
1.2.2 Transfers	21986	2034	19952	20421	2023	18398
1.2.2.1 Official	50	286	-236	36	258	-221
1.2.2.2 Private	21936	1748	20188	20385	1766	18619
1.2.3 Income	6838	15660	-8822	5041	14316	-9275
1.2.3.1 Investment Income	5434	14997	-9563	3596	13615	-10020
1.2.3.2 Compensation of Employees	1404	663	741	1445	700	745
2 CAPITAL ACCOUNT (2.1+2.2+2.3+2.4+2.5)	**142237**	**128657**	**13580**	**152658**	**137234**	**15424**
2.1 Foreign Investment (2.1.1+2.1.2)	**85751**	**75960**	**9791**	**97269**	**65689**	**31581**
2.1.1 Foreign Direct Investment	15650	8336	7314	30475	5892	24583
2.1.1.1 In India	14875	4482	10393	29501	2450	27051
2.1.1.1.1 Equity	10113	4446	5668	23989	2445	21544
2.1.1.1.2 Reinvested Earnings	3464		3464	4024	0	4024
2.1.1.1.3 Other Capital	1298	37	1262	1488	5	1483
2.1.1.2 Abroad	775	3854	-3079	974	3442	-2468
2.1.1.2.1 Equity	775	1703	-928	974	1391	-417
2.1.1.2.2 Reinvested Earnings	0	788	-788	0	808	-808
2.1.1.2.3 Other Capital	0	1363	-1363	0	1243	-1243
2.1.2 Portfolio Investment	70101	67625	2476	66794	59796	6998
2.1.2.1 In India	68312	66307	2005	66420	58684	7736
2.1.2.1.1 FIIs	68312	66307	2005	66420	58684	7736
2.1.2.1.1.1 Equity	48252	51608	-3355	55007	48183	6824
2.1.2.1.1.2 Debt	20059	14699	5361	11413	10501	912
2.1.2.1.2 ADR/GDRs	0	0	0	0	0	0
2.1.2.2 Abroad	1789	1318	471	375	1113	-738
2.2 Loans (2.2.1+2.2.2+2.2.3)	**21544**	**18472**	**3072**	**20225**	**24468**	**-4243**
2.2.1 External Assistance	1802	1366	435	3201	1330	1870
2.2.1.1 By India	2	29	-27	2	28	-26
2.2.1.2 To India	1800	1338	462	3199	1302	1897
2.2.2 Commercial Borrowings	9011	5728	3283	8362	12659	-4297
2.2.2.1 By India	1287	1082	205	769	1005	-235
2.2.2.2 To India	7724	4646	3078	7593	11654	-4061
2.2.3 Short Term to India	10731	11378	-646	8662	10479	-1817
2.2.3.1 Buyers' credit & Suppliers' Credit >180 days	10731	10940	-209	8662	9770	-1108
2.2.3.2 Suppliers' Credit up to 180 days	0	437	-437	0	709	-709
2.3 Banking Capital (2.3.1+2.3.2)	**23881**	**25699**	**-1818**	**18850**	**30025**	**-11175**
2.3.1 Commercial Banks	23881	25364	-1483	18837	30025	-11188
2.3.1.1 Assets	9914	10148	-235	7295	16747	-9451
2.3.1.2 Liabilities	13967	15216	-1249	11541	13279	-1737
2.3.1.2.1 Non-Resident Deposits	13458	11178	2280	10311	8377	1934
2.3.2 Others	0	335	-335	13	0	13
2.4 Rupee Debt Service	0	2	-2	0	2	-2
2.5 Other Capital	11061	8523	2538	16314	17050	-737
3 Errors & Omissions		**882**	**-882**	**637**	0	**637**
4 Monetary Movements (4.1+ 4.2)	0	**5118**	**-5118**	0	**31568**	**-31568**
4.1 I.M.F.				0	0	0
4.2 Foreign Exchange Reserves (Increase - / Decrease +)		5118	-5118	0	31568	-31568

Note : P : Preliminary

No. 39: India's Overall Balance of Payments

(₹ Crore)

Item	Jul-Sep 2019			Jul-Sep 2020(P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
Overall Balance of Payments(1+2+3)	**2139568**	**2103519**	**36049**	**2263084**	**2028270**	**234814**
1 CURRENT ACCOUNT (1.1+ 1.2)	**1137803**	**1191185**	**-53382**	**1122840**	**1007492**	**115348**
1.1 MERCHANDISE	**563094**	**842346**	**-279252**	**562264**	**672233**	**-109969**
1.2 INVISIBLES (1.2.1+1.2.2+1.2.3)	**574709**	**348839**	**225870**	**560576**	**335259**	**225317**
1.2.1 Services	371704	224219	147485	371185	213726	157459
1.2.1.1 Travel	53826	42478	11348	15024	20359	-5335
1.2.1.2 Transportation	36488	42320	-5833	40241	35397	4843
1.2.1.3 Insurance	4243	2494	1749	4385	3994	391
1.2.1.4 G.n.i.e.	1193	2096	-904	1074	1414	-339
1.2.1.5 Miscellaneous	275955	134831	141124	310461	152561	157899
1.2.1.5.1 Software Services	163725	15370	148355	186466	20598	165868
1.2.1.5.2 Business Services	76611	78960	-2348	86464	92076	-5612
1.2.1.5.3 Financial Services	8729	4187	4543	7462	8233	-771
1.2.1.5.4 Communication Services	4475	2494	1981	4914	2638	2275
1.2.2 Transfers	154844	14327	140517	151896	15051	136845
1.2.2.1 Official	349	2014	-1665	269	1916	-1647
1.2.2.2 Private	154495	12313	142182	151627	13134	138492
1.2.3 Income	48161	110294	-62133	37495	106483	-68988
1.2.3.1 Investment Income	38270	105623	-67353	26745	101274	-74529
1.2.3.2 Compensation of Employees	9891	4671	5220	10750	5209	5541
2 CAPITAL ACCOUNT (2.1+2.2+2.3+2.4+2.5)	**1001765**	**906125**	**95640**	**1135504**	**1020778**	**114725**
2.1 Foreign Investment (2.1.1+2.1.2)	**603940**	**534984**	**68957**	**723512**	**488607**	**234905**
2.1.1 Foreign Direct Investment	110224	58709	51515	226681	43826	182855
2.1.1.1 In India	104766	31568	73198	219436	18223	201213
2.1.1.1.1 Equity	71226	31310	39916	178436	18184	160252
2.1.1.1.2 Reinvested Earnings	24395	0	24395	29930		29930
2.1.1.1.3 Other Capital	9145	258	8886	11070	39	11032
2.1.1.2 Abroad	5458	27141	-21682	7245	25603	-18358
2.1.1.2.1 Equity	5458	11997	-6538	7245	10348	-3103
2.1.1.2.2 Reinvested Earnings	0	5548	-5548	0	6009	-6009
2.1.1.2.3 Other Capital	0	9596	-9596	0	9247	-9247
2.1.2 Portfolio Investment	493716	476275	17441	496831	444780	52050
2.1.2.1 In India	481114	466993	14122	494044	436504	57540
2.1.2.1.1 FIIs	481114	466993	14122	494044	436504	57540
2.1.2.1.1.1 Equity	339837	363469	-23632	409153	358396	50757
2.1.2.1.1.2 Debt	141277	103523	37754	84891	78108	6783
2.1.2.1.2 ADR/GDRs	0	0	0	0	0	0
2.1.2.2 Abroad	12602	9283	3320	2786	8276	-5490
2.2 Loans (2.2.1+2.2.2+2.2.3)	**151732**	**130099**	**21633**	**150435**	**181998**	**-31563**
2.2.1 External Assistance	12689	9624	3065	23807	9895	13911
2.2.1.1 By India	14	201	-187	12	208	-197
2.2.1.2 To India	12675	9423	3252	23795	9687	14108
2.2.2 Commercial Borrowings	63463	40344	23119	62198	94158	-31960
2.2.2.1 By India	9066	7623	1444	5722	7473	-1751
2.2.2.2 To India	54397	32721	21675	56476	86685	-30209
2.2.3 Short Term to India	75580	80132	-4551	64430	77945	-13515
2.2.3.1 Buyers' credit & Suppliers' Credit >180 days	75580	77050	-1470	64430	72671	-8241
2.2.3.2 Suppliers' Credit up to 180 days	0	3081	-3081	0	5273	-5273
2.3 Banking Capital (2.3.1+2.3.2)	**168191**	**180998**	**-12807**	**140212**	**223336**	**-83124**
2.3.1 Commercial Banks	168191	178639	-10448	140113	223336	-83222
2.3.1.1 Assets	69820	71474	-1654	54265	124564	-70299
2.3.1.2 Liabilities	98370	107165	-8794	85848	98771	-12923
2.3.1.2.1 Non-Resident Deposits	94785	78728	16056	76699	62311	14387
2.3.2 Others	0	2359	-2359	99	0	99
2.4 Rupee Debt Service	0	15	-15	0	15	-15
2.5 Other Capital	77902	60029	17873	121345	126824	-5479
3 Errors & Omissions	0	**6210**	**-6210**	**4740**		**4740**
4 Monetary Movements (4.1+ 4.2)	0	**36049**	**-36049**	0	**234814**	**-234814**
4.1 I.M.F.	0	0	0	0	0	0
4.2 Foreign Exchange Reserves (Increase - / Decrease +)	0	36049	-36049		234814	-234814

Note : P: Preliminary

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

(US $ Million)

Item	Jul-Sep 2019			Jul-Sep 2020(P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
1 Current Account (1.A+1.B+1.C)	**161551**	**169104**	**-7553**	**150953**	**135423**	**15531**
1.A Goods and Services (1.A.a+1.A.b)	**132729**	**151438**	**-18709**	**125493**	**119109**	**6385**
1.A.a Goods (1.A.a.1 to 1.A.a.3)	**79952**	**119602**	**-39650**	**75591**	**90375**	**-14784**
1.A.a.1 General merchandise on a BOP basis	79293	115248	-35955	75243	84287	-9044
1.A.a.2 Net exports of goods under merchanting	658	0	658	348	0	348
1.A.a.3 Nonmonetary gold		4354	-4354	0	6088	-6088
1.A.b Services (1.A.b.1 to 1.A.b.13)	**52777**	**31836**	**20941**	**49902**	**28733**	**21169**
1.A.b.1 Manufacturing services on physical inputs owned by others	58	33	25	68	11	56
1.A.b.2 Maintenance and repair services n.i.e.	44	253	-208	35	204	-169
1.A.b.3 Transport	5181	6009	-828	5410	4759	651
1.A.b.4 Travel	7643	6031	1611	2020	2737	-717
1.A.b.5 Construction	677	714	-37	589	563	26
1.A.b.6 Insurance and pension services	602	354	248	590	537	53
1.A.b.7 Financial services	1239	594	645	1003	1107	-104
1.A.b.8 Charges for the use of intellectual property n.i.e.	248	1776	-1528	313	1456	-1143
1.A.b.9 Telecommunications, computer, and information services	23947	2654	21293	25793	3290	22503
1.A.b.10 Other business services	10878	11211	-333	11624	12379	-755
1.A.b.11 Personal, cultural, and recreational services	551	923	-372	530	817	-287
1.A.b.12 Government goods and services n.i.e.	169	298	-128	144	190	-46
1.A.b.13 Others n.i.e.	1539	984	555	1782	683	1099
1.B Primary Income (1.B.1 to 1.B.3)	**6838**	**15660**	**-8822**	**5041**	**14316**	**-9275**
1.B.1 Compensation of employees	1404	663	741	1445	700	745
1.B.2 Investment income	4379	14782	-10403	2808	13314	-10507
1.B.2.1 Direct investment	1763	7056	-5293	1327	8038	-6711
1.B.2.2 Portfolio investment	54	3760	-3706	49	2126	-2076
1.B.2.3 Other investment	602	3951	-3349	78	3150	-3072
1.B.2.4 Reserve assets	1960	15	1945	1354	1	1353
1.B.3 Other primary income	1055	215	840	788	301	487
1.C Secondary Income (1.C.1+1.C.2)	**21984**	**2006**	**19978**	**20419**	**1998**	**18421**
1.C.1 Financial corporations, nonfinancial corporations, households, and NPISHs	21936	1748	20188	20385	1766	18619
1.C.1.1 Personal transfers (Current transfers between resident and/	21291	1336	19955	19711	1287	18424
1.C.1.2 Other current transfers	645	412	233	674	479	195
1.C.2 General government	48	258	-210	35	232	-198
2 Capital Account (2.1+2.2)	**90**	**190**	**-100**	**109**	**197**	**-87**
2.1 Gross acquisitions (DR.)/disposals (CR.) of non-produced nonfinancial assets	9	93	-84	8	100	-92
2.2 Capital transfers	81	97	-16	101	96	5
3 Financial Account (3.1 to 3.5)	**142149**	**133614**	**8535**	**152550**	**168631**	**-16081**
3.1 Direct Investment (3.1A+3.1B)	**15650**	**8336**	**7314**	**30475**	**5892**	**24583**
3.1.A Direct Investment in India	14875	4482	10393	29501	2450	27051
3.1.A.1 Equity and investment fund shares	13577	4446	9131	28013	2445	25568
3.1.A.1.1 Equity other than reinvestment of earnings	10113	4446	5668	23989	2445	21544
3.1.A.1.2 Reinvestment of earnings	3464		3464	4024	0	4024
3.1.A.2 Debt instruments	1298	37	1262	1488	5	1483
3.1.A.2.1 Direct investor in direct investment enterprises	1298	37	1262	1488	5	1483
3.1.B Direct Investment by India	775	3854	-3079	974	3442	-2468
3.1.B.1 Equity and investment fund shares	775	2491	-1716	974	2199	-1225
3.1.B.1.1 Equity other than reinvestment of earnings	775	1703	-928	974	1391	-417
3.1.B.1.2 Reinvestment of earnings		788	-788	0	808	-808
3.1.B.2 Debt instruments	0	1363	-1363	0	1243	-1243
3.1.B.2.1 Direct investor in direct investment enterprises		1363	-1363	0	1243	-1243
3.2 Portfolio Investment	**70101**	**67625**	**2476**	**66794**	**59796**	**6998**
3.2.A Portfolio Investment in India	68312	66307	2005	66420	58684	7736
3.2.1 Equity and investment fund shares	48252	51608	-3355	55007	48183	6824
3.2.2 Debt securities	20059	14699	5361	11413	10501	912
3.2.B Portfolio Investment by India	1789	1318	471	375	1113	-738
3.3 Financial derivatives (other than reserves) and employee stock options	**7395**	**7138**	**257**	**9664**	**12339**	**-2675**
3.4 Other investment	**49003**	**45398**	**3605**	**45617**	**59035**	**-13418**
3.4.1 Other equity (ADRs/GDRs)	0	0	0	0	0	0
3.4.2 Currency and deposits	13458	11513	1945	10325	8377	1948
3.4.2.1 Central bank (Rupee Debt Movements; NRG)	0	335	-335	13	0	13
3.4.2.2 Deposit-taking corporations, except the central bank (NRI Deposits)	13458	11178	2280	10311	8377	1934
3.4.2.3 General government				0	0	0
3.4.2.4 Other sectors				0	0	0
3.4.3 Loans (External Assistance, ECBs and Banking Capital)	21235	21281	-45	20088	35637	-15549
3.4.3.A Loans to India	19946	20170	-224	19317	34605	-15287
3.4.3.B Loans by India	1289	1111	178	771	1033	-262
3.4.4 Insurance, pension, and standardized guarantee schemes	54	71	-17	78	62	16
3.4.5 Trade credit and advances	10731	11378	-646	8662	10479	-1817
3.4.6 Other accounts receivable/payable - other	3524	1155	2369	6464	4480	1984
3.4.7 Special drawing rights			0	0	0	0
3.5 Reserve assets	0	**5118**	**-5118**	0	**31568**	**-31568**
3.5.1 Monetary gold				0	0	0
3.5.2 Special drawing rights n.a.				0	0	0
3.5.3 Reserve position in the IMF n.a.				0	0	0
3.5.4 Other reserve assets (Foreign Currency Assets)	0	5118	-5118	0	31568	-31568
4 Total assets/liabilities	**142149**	**133614**	**8535**	**152550**	**168631**	**-16081**
4.1 Equity and investment fund shares	71843	67071	4772	94110	66340	27770
4.2 Debt instruments	66783	60270	6513	51976	66242	-14267
4.3 Other financial assets and liabilities	3524	6273	-2750	6464	36048	-29584
5 Net errors and omissions		**882**	**-882**	**637**	0	**637**

Note : P : Preliminary

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

(₹ Crore)

Item	Jul-Sep 2019			Jul-Sep 2020(P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
1 Current Account (1.A+1.B+1.C)	**1137790**	**1190988**	**-53198**	**1122827**	**1007305**	**115522**
1.A Goods and Services (1.A.a+1.A.b)	**934798**	**1066564**	**-131766**	**933449**	**885959**	**47490**
1.A.a Goods (1.A.a.1 to 1.A.a.3)	**563094**	**842346**	**-279252**	**562264**	**672233**	**-109969**
1.A.a.1 General merchandise on a BOP basis	558456	811684	-253228	559675	626945	-67270
1.A.a.2 Net exports of goods under merchanting	4638	0	4638	2588	0	2588
1.A.a.3 Nonmonetary gold	0	30661	-30661		45287	-45287
1.A.b Services (1.A.b.1 to 1.A.b.13)	**371704**	**224219**	**147485**	**371185**	**213726**	**157459**
1.A.b.1 Manufacturing services on physical inputs owned by others	408	235	173	505	85	420
1.A.b.2 Maintenance and repair services n.i.e.	310	1779	-1468	263	1519	-1256
1.A.b.3 Transport	36488	42320	-5833	40241	35397	4843
1.A.b.4 Travel	53826	42478	11348	15024	20359	-5335
1.A.b.5 Construction	4770	5031	-261	4383	4186	197
1.A.b.6 Insurance and pension services	4243	2494	1749	4385	3994	391
1.A.b.7 Financial services	8729	4187	4543	7462	8233	-771
1.A.b.8 Charges for the use of intellectual property n.i.e.	1749	12511	-10762	2330	10833	-8503
1.A.b.9 Telecommunications, computer, and information services	168656	18693	149963	191855	24472	167382
1.A.b.10 Other business services	76611	78960	-2348	86464	92076	-5612
1.A.b.11 Personal, cultural, and recreational services	3882	6503	-2621	3944	6078	-2135
1.A.b.12 Government goods and services n.i.e.	1193	2096	-904	1074	1414	-339
1.A.b.13 Others n.i.e.	10839	6933	3906	13255	5078	8178
1.B Primary Income (1.B.1 to 1.B.3)	**48161**	**110294**	**-62133**	**37495**	**106483**	**-68988**
1.B.1 Compensation of employees	9891	4671	5220	10750	5209	5541
1.B.2 Investment income	30842	104107	-73266	20884	99036	-78152
1.B.2.1 Direct investment	12418	49694	-37276	9869	59790	-49921
1.B.2.2 Portfolio investment	380	26481	-26100	366	15810	-15445
1.B.2.3 Other investment	4241	27830	-23589	579	23428	-22848
1.B.2.4 Reserve assets	13803	103	13700	10070	7	10063
1.B.3 Other primary income	7428	1515	5913	5861	2238	3623
1.C Secondary Income (1.C.1+1.C.2)	**154831**	**14130**	**140701**	**151883**	**14863**	**137020**
1.C.1 Financial corporations, nonfinancial corporations, households, and NPISHs	154495	12313	142182	151627	13134	138492
1.C.1.1 Personal transfers (Current transfers between resident and/	149953	9410	140544	146616	9573	137043
1.C.1.2 Other current transfers	4542	2903	1639	5011	3561	1450
1.C.2 General government	336	1817	-1481	257	1729	-1472
2 Capital Account (2.1+2.2)	**632**	**1337**	**-705**	**813**	**1463**	**-649**
2.1 Gross acquisitions (DR.)/disposals (CR.) of non-produced nonfinancial assets	63	656	-593	62	747	-685
2.2 Capital transfers	569	680	-112	751	716	36
3 Financial Account (3.1 to 3.5)	**1001146**	**941034**	**60112**	**1134703**	**1254317**	**-119614**
3.1 Direct Investment (3.1A+3.1B)	**110224**	**58709**	**51515**	**226681**	**43826**	**182855**
3.1.A Direct Investment in India	104766	31568	73198	219436	18223	201213
3.1.A.1 Equity and investment fund shares	95621	31310	64312	208366	18184	190182
3.1.A.1.1 Equity other than reinvestment of earnings	71226	31310	39916	178436	18184	160252
3.1.A.1.2 Reinvestment of earnings	24395	0	24395	29930		29930
3.1.A.2 Debt instruments	9145	258	8886	11070	39	11032
3.1.A.2.1 Direct investor in direct investment enterprises	9145	258	8886	11070	39	11032
3.1.B Direct Investment by India	5458	27141	-21682	7245	25603	-18358
3.1.B.1 Equity and investment fund shares	5458	17544	-12086	7245	16356	-9111
3.1.B.1.1 Equity other than reinvestment of earnings	5458	11997	-6538	7245	10348	-3103
3.1.B.1.2 Reinvestment of earnings	0	5548	-5548		6009	-6009
3.1.B.2 Debt instruments	0	9596	-9596	0	9247	-9247
3.1.B.2.1 Direct investor in direct investment enterprises	0	9596	-9596		9247	-9247
3.2 Portfolio Investment	**493716**	**476275**	**17441**	**496831**	**444780**	**52050**
3.2.A Portfolio Investment in India	481114	466993	14122	494044	436504	57540
3.2.1 Equity and investment fund shares	339837	363469	-23632	409153	358396	50757
3.2.2 Debt securities	141277	103523	37754	84891	78108	6783
3.2.B Portfolio Investment by India	12602	9283	3320	2786	8276	-5490
3.3 Financial derivatives (other than reserves) and employee stock options	**52083**	**50270**	**1813**	**71882**	**91780**	**-19898**
3.4 Other investment	**345123**	**319731**	**25392**	**339309**	**439117**	**-99808**
3.4.1 Other equity (ADRs/GDRs)	0	0	0	0	0	0
3.4.2 Currency and deposits	94785	81087	13697	76798	62311	14486
3.4.2.1 Central bank (Rupee Debt Movements; NRG)	0	2359	-2359	99	0	99
3.4.2.2 Deposit-taking corporations, except the central bank (NRI Deposits)	94785	78728	16056	76699	62311	14387
3.4.2.3 General government	0	0	0			
3.4.2.4 Other sectors	0	0	0			
3.4.3 Loans (External Assistance, ECBs and Banking Capital)	149558	149878	-320	149419	265077	-115658
3.4.3.A Loans to India	140478	142055	-1577	143686	257396	-113711
3.4.3.B Loans by India	9080	7823	1257	5734	7681	-1947
3.4.4 Insurance, pension, and standardized guarantee schemes	383	501	-117	580	462	117
3.4.5 Trade credit and advances	75580	80132	-4551	64430	77945	-13515
3.4.6 Other accounts receivable/payable - other	24817	8134	16683	48082	33321	14761
3.4.7 Special drawing rights	0	0	0			0
3.5 Reserve assets	**0**	**36049**	**-36049**	**0**	**234814**	**-234814**
3.5.1 Monetary gold	0	0	0			
3.5.2 Special drawing rights n.a.	0	0	0			
3.5.3 Reserve position in the IMF n.a.	0	0	0			
3.5.4 Other reserve assets (Foreign Currency Assets)	0	36049	-36049	0	234814	-234814
4 Total assets/liabilities	**1001146**	**941034**	**60112**	**1134703**	**1254317**	**-119614**
4.1 Equity and investment fund shares	505985	472376	33609	700013	493455	206557
4.2 Debt instruments	470345	424475	45870	386609	492727	-106118
4.3 Other financial assets and liabilities	24817	44183	-19366	48082	268134	-220052
5 Net errors and omissions	**0**	**6210**	**-6210**	**4740**	**0**	**4740**

Note : P: Preliminary

No. 42: International Investment Position

(US$ Million)

Item	As on Financial Year /Quarter End							
	2019-20		2019		2020			
			Sep.		Jun.		Sep.	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	1	2	3	4	5	6	7	8
1 Direct Investment Abroad/in India	182957	418243	176244	417145	185898	419426	188366	455989
1.1 Equity Capital and Reinvested Earnings	118442	395426	114834	398819	120322	395835	121546	430881
1.2 Other Capital	64515	22817	61410	18327	65577	23591	66820	25108
2 Portfolio Investment	3847	246701	4541	260195	4303	241581	5041	253289
2.1 Equity	602	134778	2344	144039	830	138961	1906	149095
2.2 Debt	3246	111923	2197	116155	3474	102621	3136	104195
3 Other Investment	52422	427272	54980	428886	53694	432321	64921	432817
3.1 Trade Credit	1460	104276	1633	106581	1271	104001	2917	102193
3.2 Loan	6741	179601	7892	174823	7435	184391	9048	180264
3.3 Currency and Deposits	26011	130761	27563	133105	27741	132942	34864	137519
3.4 Other Assets/Liabilities	18210	12634	17892	14378	17247	10987	18092	12841
4 Reserves	477807		433707		505702		544687	
5 Total Assets/ Liabilities	717033	1092216	669472	1106226	749597	1093328	803016	1142095
6 IIP (Assets - Liabilities)		-375183		-436754		-343730		-339079

Payment and Settlement Systems

No.43: Payment System Indicators

PART I - Payment System Indicators - Payment & Settlement System Statistics

System	Volume (Lakh)				Value (₹ Crore)			
	FY 2019-20	2019	2020		FY 2019-20	2019	2020	
		Nov.	Oct.	Nov.		Nov.	Oct.	Nov.
	1	2	3	4	5	6	7	8
A. Settlement Systems								
Financial Market Infrastructures (FMIs)								
1 CCIL Operated Systems (1.1 to 1.3)	–	2.78	2.44	2.45	–	10655649	12416671	10692192
1.1 Govt. Securities Clearing (1.1.1 to 1.1.3)	–	1.01	1.06	0.79	–	6869045	8849617	6942678
1.1.1 Outright	–	0.63	0.61	0.48	–	862104	900488	727023
1.1.2 Repo	–	0.19	0.27	0.12	–	2359755	4108317	1762647
1.1.3 Tri-party Repo	–	0.19	0.18	0.19	–	3647186	3840812	4453008
1.2 Forex Clearing	–	1.74	1.36	1.64	–	3525359	3435633	3625849
1.3 Rupee Derivatives @	–	0.04	0.02	0.02	–	261245	131420	123665
B. Payment Systems								
I Financial Market Infrastructures (FMIs)	–	–	–	–	–	–	–	–
1 Credit Transfers - RTGS (1.1 to 1.2)	–	133.87	138.22	137.80	–	8679806	8496046	7987655
1.1 Customer Transactions	–	131.61	136.54	136.13	–	7469569	7226105	6802206
1.2 Interbank Transactions	–	2.27	1.68	1.67	–	1210237	1269941	1185449
II Retail								
2 Credit Transfers - Retail (2.1 to 2.6)	–	18750.31	28646.23	30269.97	–	2226286	2993114	2986234
2.1 AePS (Fund Transfers) @	–	0.64	1.02	0.93	–	33	57	54
2.2 APBS $	–	1364.56	961.85	927.29	–	6908	5531	4400
2.3 IMPS	–	2280.75	3189.72	3391.14	–	202904	274645	276459
2.4 NACH Cr $	–	722.06	1015.80	1114.23	–	92562	91386	96069
2.5 NEFT	–	2194.59	2761.65	2734.10	–	1734651	2235389	2218252
2.6 UPI @	–	12187.71	20716.19	22102.28	–	189229	386107	390999
2.6.1 of which USSD @	–	0.74	0.97	0.91	–	13	16	15
3 Debit Transfers and Direct Debits (3.1 to 3.3)	–	766.41	920.15	944.24	–	70199	79305	78709
3.1 BHIM Aadhaar Pay @	–	6.46	10.55	9.39	–	97	192	181
3.2 NACH Dr $	–	758.18	848.34	869.63	–	70097	79022	78433
3.3 NETC (linked to bank account) @	–	1.77	61.26	65.22	–	5	91	96
4 Card Payments (4.1 to 4.2)	–	6062.09	5863.58	5633.00	–	137707	168169	163940
4.1 Credit Cards (4.1.1 to 4.1.2)	–	1762.12	1718.03	1662.58	–	60130	64652	62350
4.1.1 PoS based $	–	1033.52	818.33	874.82	–	31730	26956	30495
4.1.2 Others $	–	728.60	899.70	787.76	–	28401	37696	31855
4.2 Debit Cards (4.2.1 to 4.2.1)	–	4299.96	4145.55	3970.43	–	77577	103517	101591
4.2.1 PoS based $	–	2483.18	1983.98	2112.56	–	37007	37110	42289
4.2.2 Others $	–	1816.79	2161.57	1857.87	–	40570	66408	59302
5 Prepaid Payment Instruments (5.1 to 5.2)	–	4672.07	4591.51	4193.78	–	17844	17802	16704
5.1 Wallets	–	3354.08	3639.88	3420.83	–	14652	13718	12717
5.2 Cards (5.2.1 to 5.2.2)	–	1317.99	951.63	772.96	–	3192	4084	3987
5.2.1 PoS based $	–	123.86	37.11	39.38	–	738	1045	1111
5.2.2 Others $	–	1194.13	914.52	733.57	–	2454	3039	2877
6 Paper-based Instruments (6.1 to 6.2)	–	866.12	643.08	596.35	–	644802	524090	494383
6.1 CTS (NPCI Managed)	–	864.86	643.08	596.35	–	643678	524090	494383
6.2 Others	–	1.26	0.00	0.00	–	1124	–	–
Total - Retail Payments (2+3+4+5+6)	–	31117.01	40664.55	41637.35	–	3096840	3782480	3739970
Total Payments (1+2+3+4+5+6)	–	31250.88	40802.76	41775.15	–	11776646	12278526	11727625
Total Digital Payments (1+2+3+4+5)	–	30384.76	40159.68	41178.79	–	11131843	11754436	11233243

PART II - Payment Modes and Channels

System	Volume (Lakh)				Value (₹ Crore)			
	FY 2019-20	2019	2020		FY 2019-20	2019	2020	
		Nov.	Oct.	Nov.		Nov.	Oct.	Nov.
	1	2	3	4	5	6	7	8
A. Other Payment Channels								
1 Mobile Payments (mobile app based) (1.1 to 1.2)	–	13534.23	22713.54	22521.45	–	471295	796402	778380
1.1 Intra-bank $	–	1234.84	2103.16	2191.98	–	96802	158866	165155
1.2 Inter-bank $	–	12299.40	20610.38	20329.47	–	374494	637535	613225
2 Internet Payments (Netbanking / Internet Browser Based) @ (2.1 to 2.2)	–	2719.42	2977.78	2814.17	–	2539143	3407315	3419474
2.1 Intra-bank @	–	592.01	619.27	585.09	–	1058811	1646090	1653359
2.2 Inter-bank @	–	2127.41	2358.51	2229.09	–	1480333	1761225	1766114
B. ATMs								
3 Cash Withdrawal at ATMs $ (3.1 to 3.3)	–	6305.28	5688.24	5913.87	–	285376	271622	280522
3.1 Using Credit Cards $	–	7.99	4.85	4.64	–	381	240	231
3.2 Using Debit Cards $	–	6269.60	5658.36	5883.59	–	284083	270488	279379
3.3 Using Pre-paid Cards $	–	27.68	25.04	25.63	–	912	893	912
4 Cash Withdrawal at PoS $ (4.1 to 4.2)	–	67.02	34.11	37.91	–	134	134	143
4.1 Using Debit Cards $	–	62.70	29.24	32.33	–	129	129	137
4.2 Using Pre-paid Cards $	–	4.32	4.87	5.58	–	5	5	6
5 Cash Withrawal at Micro ATMs @	–	339.83	720.69	684.78	–	9648	18354	18820
5.1 AePS @	–	339.83	720.69	684.78	–	9648	18354	18820

PART III - Payment Infrastructures (Lakh)

System	FY 2019-20	2019	2020	
		Nov.	Oct.	Nov.
	1	2	3	4
Payment System Infrastructures				
1 Number of Cards (1.1 to 1.2)	–	8851.69	9335.85	9528.15
1.1 Credit Cards	–	544.11	594.20	601.13
1.2 Debit Cards	–	8307.59	8741.65	8927.02
2 Number of PPIs @ (2.1 to 2.2)	–	17253.28	20143.54	20443.15
2.1 Wallets @	–	16243.87	18578.62	18857.67
2.2 Cards @	–	1009.41	1564.92	1585.48
3 Number of ATMs (3.1 to 3.2)	–	2.32	2.34	2.34
3.1 Bank owned ATMs $	–	2.10	2.10	2.09
3.2 White Label ATMs $	–	0.22	0.24	0.25
4 Number of Micro ATMs @	–	2.35	3.49	3.57
5 Number of PoS Terminals	–	48.83	53.94	54.19
6 Bharat QR @	–	15.94	26.05	30.46
7 UPI QR *	–	–	657.45	697.82

@: New inclusion w.e.f. November 2019
$: Inclusion separately initiated from November 2019 - would have been part of other items hitherto.
*: New inclusion w.e.f. September 2020; Includes only static UPI QR Code

Note : 1. Data is provisional.
2. ECS (Debit and Credit) has been merged with NACH with effect from January 31, 2020.
3. The data from November 2019 onwards for card payments (Debit/Credit cards) and Prepaid Payment Instruments (PPIs) may not be comparable with earlier months/ periods, as more granular data is being published along with revision in data definitions.
4. Only domestic financial transactions are considered. The new format captures e-commerce transactions; transactions using FASTags, digital bill payments and card-to-card transfer through ATMs, etc.. Also, failed transactions, chargebacks, reversals, expired cards/ wallets, are excluded.

Occasional Series

No. 44: Small Savings

(₹ Crore)

Scheme		2018-19	2019		2020	
			Feb.	Dec.	Jan.	Feb.
		1	2	3	4	5
1 Small Savings	**Receipts**	**115714**	**9839**	**15814**	**15184**	**16911**
	Outstanding	**918459**	**899191**	**1015010**	**1030037**	**1046766**
1.1 Total Deposits	**Receipts**	**91108**	**7130**	**12117**	**11091**	**11460**
	Outstanding	**618418**	**606920**	**693812**	**704903**	**716363**
1.1.1 Post Office Saving Bank Deposits	Receipts	31037	2360	3455	3106	2690
	Outstanding	140247	134863	150462	153568	156258
1.1.2 MGNREG	Receipts					
	Outstanding					
1.1.3 National Saving Scheme, 1987	Receipts	-31	-19	-31	-25	-20
	Outstanding	3107	2877	2984	2959	2939
1.1.4 National Saving Scheme, 1992	Receipts	53	0	-827	-2	-3
	Outstanding	10	-8	-18	-20	-23
1.1.5 Monthly Income Scheme	Receipts	10967	928	1753	1712	1887
	Outstanding	192658	191653	203460	205172	207059
1.1.6 Senior Citizen Scheme 2004	Receipts	13990	1184	2070	2133	2131
	Outstanding	55708	54446	69464	71597	73728
1.1.7 Post Office Time Deposits	Receipts	25000	2451	4296	3999	4494
	Outstanding	124292	121687	152622	156621	161115
1.1.7.1 1 year Time Deposits	Outstanding	71534	70179	86344	88247	90327
1.1.7.2 2 year Time Deposits	Outstanding	5910	5824	6749	6854	6970
1.1.7.3 3 year Time Deposits	Outstanding	6901	6910	7328	7397	7464
1.1.7.4 5 year Time Deposits	Outstanding	39947	38774	52201	54123	56354
1.1.8 Post Office Recurring Deposits	Receipts	10081	215	1401	168	281
	Outstanding	102401	101407	114842	115010	115291
1.1.9 Post Office Cumulative Time Deposits	Receipts	11	11	0	0	0
	Outstanding	-26	-26	-25	-25	-25
1.1.10 Other Deposits	Receipts	0	0	0	0	0
	Outstanding	21	21	21	21	21
1.2 Saving Certificates	**Receipts**	**16067**	**1732**	**3326**	**3524**	**3937**
	Outstanding	**221517**	**219257**	**240900**	**244267**	**248022**
1.2.1 National Savings Certificate VIII issue	Receipts	11318	1262	2272	2458	2619
	Outstanding	98492	94795	110050	112508	115127
1.2.2 Indira Vikas Patras	Receipts	334	3	0	0	1
	Outstanding	263	300	-289	-289	-288
1.2.3 Kisan Vikas Patras	Receipts	-18678	-1609	-971	-1713	-1120
	Outstanding	19303	21232	6782	5069	3949
1.2.4 Kisan Vikas Patras - 2014	Receipts	23018	2065	2025	2782	2452
	Outstanding	93630	91314	113273	116055	118507
1.2.5 National Saving Certificate VI issue	Receipts	93	12	0	-1	0
	Outstanding	2	-47	-179	-180	-180
1.2.6 National Saving Certificate VII issue	Receipts	-18	-1	0	-2	-15
	Outstanding	-80	-82	-82	-84	-99
1.2.7 Other Certificates	Outstanding	9907	11745	11345	11188	11006
1.3 Public Provident Fund	**Receipts**	**8539**	**977**	**371**	**569**	**1514**
	Outstanding	**78524**	**73014**	**80298**	**80867**	**82381**

Source: Accountant General, Post and Telegraphs.

Note : Data on receipts from April 2017 are net receipts, *i.e.*, gross receipt minus gross payment.

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

(Per cent)

Central Government Dated Securities					
Category	2019		2020		
	Sep.	Dec.	Mar.	Jun.	Sep.
	1	2	3	4	5
(A) Total (in ₹. Crore)	**6314426**	**6512659**	**6486585**	**6704983**	**7137069**
1 Commercial Banks	39.66	39.05	40.41	38.98	38.55
2 Non-Bank PDs	0.42	0.39	0.39	0.36	0.34
3 Insurance Companies	24.86	24.90	25.09	26.24	25.33
4 Mutual Funds	0.77	1.53	1.43	2.02	2.42
5 Co-operative Banks	2.01	1.97	1.90	1.86	1.86
6 Financial Institutions	1.15	1.14	0.53	1.19	1.42
7 Corporates	0.92	0.84	0.81	0.78	0.94
8 Foreign Portfolio Investors	3.31	3.33	2.44	1.79	2.05
9 Provident Funds	4.87	4.93	4.72	4.96	4.77
10 RBI	14.99	14.72	15.13	14.70	15.00
11. Others	7.05	7.23	7.17	7.11	7.32
11.1 State Governments	1.99	1.97	2.05	1.99	1.86

State Governments Securities					
Category	2019		2020		
	Sep.	Dec.	Mar.	Jun.	Sep.
	1	2	3	4	5
(B) Total (in ₹. Crore)	**2905169**	**3047353**	**3265990**	**3393099**	**3564979**
1 Commercial Banks	32.53	32.46	34.99	33.54	34.60
2 Non-Bank PDs	0.72	0.64	0.76	0.74	0.54
3 Insurance Companies	33.39	32.50	31.63	30.85	30.26
4 Mutual Funds	1.12	1.20	1.14	1.74	1.96
5 Co-operative Banks	4.24	4.16	4.12	4.38	4.19
6 Financial Institutions	0.33	0.31	0.11	1.96	1.92
7 Corporates	0.28	0.31	0.30	0.31	0.39
8 Foreign Portfolio Investors	0.05	0.04	0.02	0.02	0.02
9 Provident Funds	22.36	23.66	22.22	21.70	21.31
10 RBI	0.00	0.00	0.00	0.00	0.00
11. Others	4.98	4.73	4.71	4.78	4.80
11.1 State Governments	0.16	0.17	0.18	0.18	0.18

Treasury Bills					
Category	2019		2020		
	Sep.	Dec.	Mar.	Jun.	Sep.
	1	2	3	4	5
(C) Total (in ₹. Crore)	**538041**	**514588**	**538409**	**881362**	**982286**
1 Commercial Banks	50.81	45.19	61.06	46.11	53.50
2 Non-Bank PDs	1.92	2.07	2.26	1.48	2.16
3 Insurance Companies	5.55	5.76	7.45	4.64	4.06
4 Mutual Funds	14.08	20.42	13.24	23.45	19.90
5 Co-operative Banks	2.55	2.07	2.55	1.95	1.63
6 Financial Institutions	1.82	2.12	0.58	1.67	1.34
7 Corporates	1.57	1.66	1.89	1.43	1.63
8 Foreign Portfolio Investors	0.00	0.00	0.00	0.00	0.00
9 Provident Funds	0.01	0.01	0.02	0.05	0.00
10 RBI	0.00	0.00	0.00	11.27	4.80
11. Others	21.70	20.70	10.95	7.95	10.99
11.1 State Governments	17.91	16.36	6.22	4.35	7.76

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

(₹ Crore)

Item	2015-16	2016-17	2017-18	2018-19	2019-20 RE	2020-21 BE
	1	2	3	4	5	6
1 Total Disbursements	**3760611**	**4265969**	**4515946**	**5040747**	**5875914**	**6470254**
1.1 Developmental	2201287	2537905	2635110	2882758	3486519	3818358
1.1.1 Revenue	1668250	1878417	2029044	2224367	2708218	2920507
1.1.2 Capital	412069	501213	519356	596774	694262	794599
1.1.3 Loans	120968	158275	86710	61617	84038	103252
1.2 Non-Developmental	1510810	1672646	1812455	2078276	2295105	2556504
1.2.1 Revenue	1379727	1555239	1741432	1965907	2171963	2421566
1.2.1.1 Interest Payments	648091	724448	814757	894520	969344	1091617
1.2.2 Capital	127306	115775	69370	111029	121159	132961
1.2.3 Loans	3777	1632	1654	1340	1984	1977
1.3 Others	48514	55417	68381	79713	94290	95393
2 Total Receipts	**3778049**	**4288432**	**4528422**	**5023352**	**5779396**	**6524526**
2.1 Revenue Receipts	2748374	3132201	3376416	3797731	4338225	4828088
2.1.1 Tax Receipts	2297101	2622145	2978134	3278947	3547958	3951657
2.1.1.1 Taxes on commodities and services	1440952	1652377	1853859	2030050	2157126	2436871
2.1.1.2 Taxes on Income and Property	852271	965622	1121189	1246083	1386652	1510287
2.1.1.3 Taxes of Union Territories (Without Legislature)	3878	4146	3086	2814	4180	4500
2.1.2 Non-Tax Receipts	451272	510056	398282	518783	790267	876430
2.1.2.1 Interest Receipts	35779	33220	34224	36273	33272	30911
2.2 Non-debt Capital Receipts	59827	69063	142433	140287	129507	232172
2.2.1 Recovery of Loans & Advances	16561	20942	42213	44667	62499	18302
2.2.2 Disinvestment proceeds	43266	48122	100219	95621	67008	213870
3 Gross Fiscal Deficit [1 - (2.1 + 2.2)]	**952410**	**1064704**	**997097**	**1102729**	**1408183**	**1409995**
3A Sources of Financing: Institution-wise						
3A.1 Domestic Financing	939662	1046708	989167	1097210	1403250	1405373
3A.1.1 Net Bank Credit to Government	231090	617123	144792	387091	518093	-----
3A.1.1.1 Net RBI Credit to Government	60472	195816	-144847	325987	190241	-----
3A.1.2 Non-Bank Credit to Government	708572	429585	844375	710119	885156	-----
3A.2 External Financing	12748	17997	7931	5519	4933	4622
3B Sources of Financing: Instrument-wise						
3B.1 Domestic Financing	939662	1046708	989167	1097210	1403250	1405373
3B.1.1 Market Borrowings (net)	673298	689821	794856	795845	962386	1105573
3B.1.2 Small Savings (net)	80015	35038	71222	88961	213430	213430
3B.1.3 State Provident Funds (net)	35261	45688	42351	51004	42900	42529
3B.1.4 Reserve Funds	-3322	-6436	18423	-18298	-241	2978
3B.1.5 Deposits and Advances	13470	17792	25138	66289	32949	35987
3B.1.6 Cash Balances	-17438	-22463	-12476	17395	96518	-54272
3B.1.7 Others	158378	287268	49653	96014	55309	59147
3B.2 External Financing	12748	17997	7931	5519	4933	4622
4 Total Disbursements as per cent of GDP	*27.3*	*27.7*	*26.4*	*26.6*	*28.9*	*28.8*
5 Total Receipts as per cent of GDP	*27.4*	*27.9*	*26.5*	*26.5*	*28.4*	*29.0*
6 Revenue Receipts as per cent of GDP	*20.0*	*20.3*	*19.7*	*20.0*	*21.3*	*21.5*
7 Tax Receipts as per cent of GDP	*16.7*	*17.0*	*17.4*	*17.3*	*17.4*	*17.6*
8 Gross Fiscal Deficit as per cent of GDP	*6.9*	*6.9*	*5.8*	*5.8*	*6.9*	*6.3*

…: 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 November-2020					
		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	978	27	1439	24	2064	4
2	Arunachal Pradesh	-	-	-	-	-	-
3	Assam	-	-	-	-	-	-
4	Bihar	-	-	-	-	-	-
5	Chhattisgarh	476	18	-	-	-	-
6	Goa	122	24	152	17	-	-
7	Gujarat	-	-	-	-	-	-
8	Haryana	-	-	-	-	-	-
9	Himachal Pradesh	-	-	242	6	-	-
10	Jammu & Kashmir UT	-	-	1100	29	561	13
11	Jharkhand	-	-	-	-	-	-
12	Karnataka	-	-	-	-	-	-
13	Kerala	205	22	487	18	-	-
14	Madhya Pradesh	-	-	-	-	-	-
15	Maharashtra	4503	16	-	-	-	-
16	Manipur	49	29	152	27	-	-
17	Meghalaya	-	-	-	-	-	-
18	Mizoram	-	-	-	-	-	-
19	Nagaland	120	25	87	8	-	-
20	Odisha	-	-	-	-	-	-
21	Puducherry	-	-	-	-	-	-
22	Punjab	464	19	408	12	-	-
23	Rajasthan	1277	29	897	12	-	-
24	Tamil Nadu	-	-	-	-	-	-
25	Telangana	1056	27	1611	26	685	18
26	Tripura	-	-	-	-	-	-
27	Uttar Pradesh	-	-	-	-	-	-
28	Uttarakhand	-	-	-	-	-	-
29	West Bengal	-	-	-	-	-	-

Note: The State of J&K has ceased to exist constitutionally from October 31, 2019 and the liabilities of the State continue to remain as liabilities of the new UT of Jammu and Kashmir.
Source: Reserve Bank of India.

No. 48: Investments by State Governments

(₹ Crore)

Sr. No	State/Union Territory	As on end of November 2020			
		Consolidated Sinking Fund (CSF)	Guarantee Redemption Fund (GRF)	Government Securities	Auction Treasury Bills (ATBs)
	1	2	3	4	5
1	Andhra Pradesh	8418	828	--	-
2	Arunachal Pradesh	1541	2	--	-
3	Assam	4572	55	--	-
4	Bihar	7091	0	--	-
5	Chhattisgarh	4501	0	1	4750
6	Goa	605	304	--	-
7	Gujarat	7756	491	--	-
8	Haryana	1411	1229	--	-
9	Himachal Pradesh	--	--	--	-
10	Jammu & Kashmir UT	--	--	--	-
11	Jharkhand	183	0	--	-
12	Karnataka	4282	0	--	26500
13	Kerala	2181	0	--	-
14	Madhya Pradesh	0	932	--	-
15	Maharashtra	41789	432	--	25000
16	Manipur	384	102	--	-
17	Meghalaya	673	36	9	-
18	Mizoram	504	40	--	-
19	Nagaland	1661	34	--	-
20	Odisha	12717	1479	86	18545
21	Puducherry	298	0	--	806
22	Punjab	938	0	8	-
23	Rajasthan	0	0	129	2000
24	Tamil Nadu	6737	0	40	14678
25	Telangana	5755	1251	--	-
26	Tripura	379	9	--	-
27	Uttar Pradesh	3216	81	--	-
28	Uttarakhand	664	0	180	-
29	West Bengal	8946	539	214	-
	Total	**127201**	**7844**	**666**	**92279**

Note: The State of J&K has ceased to exist constitutionally from October 31, 2019 and the liabilities of the State continue to remain as liabilities of the new UT of Jammu and Kashmir.

No. 49: Market Borrowings of State Governments

(₹ Crore)

Sr. No.	State	2018-19		2019-20		2020-21						Total amount raised, so far in 2020-21	
						September		October		November			
		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	30200	23824	42415	33444	7000	6417	6000	5417	2000	1417	39250	34001
2	Arunachal Pradesh	719	693	1366	1287	-	-	-	-	53	53	481	481
3	Assam	10595	8089	12906	10996	2300	2300	2000	2000	2500	2500	7800	7800
4	Bihar	14300	10903	25601	22601	4000	4000	4000	4000	4000	4000	20000	19000
5	Chhattisgarh	12900	12900	11680	10980	700	700	2000	1000	2000	2000	6000	5000
6	Goa	2350	1850	2600	2000	400	400	200	-	300	300	2000	1700
7	Gujarat	36971	27437	38900	28600	5500	4500	3000	1000	5500	3500	28280	20323
8	Haryana	21265	17970	24677	20677	4500	4500	2000	1200	2000	2000	22500	19900
9	Himachal Pradesh	4210	2108	6580	4460	-	-	1500	1500	1000	1000	3000	2200
10	Jammu & Kashmir UT	6684	4927	7869	6760	1405	1405	500	500	1605	1605	6810	5310
11	Jharkhand	5509	4023	7500	5656	-	-	2600	2600	-	-	2600	2100
12	Karnataka	39600	32183	48500	42500	10000	10000	8000	6000	8000	5400	45000	40400
13	Kerala	19500	13984	18073	12617	2000	2000	-	-	636	-364	16566	15566
14	Madhya Pradesh	20496	15001	22371	16550	2000	2000	3000	3000	4000	4000	18000	18000
15	Maharashtra	20869	3107	48498	32998	14000	12000	11000	8673	5500	350	65000	52800
16	Manipur	970	667	1757	1254	-	-	-	-	-	-	700	700
17	Meghalaya	1122	863	1344	1070	600	550	250	250	-	-100	1050	900
18	Mizoram	0	-123	900	745	132	132	-	-	232	232	674	574
19	Nagaland	822	355	1000	423	150	150	250	150	314	314	1064	864
20	Odisha	5500	4500	7500	6500	-	-	-	-	-	-1000	3000	2000
21	Puducherry	825	475	970	470	225	225	125	125	200	-	550	350
22	Punjab	22115	17053	27355	18470	4410	3010	2785	535	3321	1871	18216	11816
23	Rajasthan	33178	20186	39092	24686	3500	3500	3000	1730	3761	3261	34211	27129
24	Sikkim	1088	795	809	481	148	148	-	-	312	312	927	927
25	Tamil Nadu	43125	32278	62425	49826	3250	2000	6000	4125	4000	3375	58000	49569
26	Telangana	26740	22183	37109	30697	4500	4083	3000	2583	3573	3156	29534	25783
27	Tripura	1543	1387	2928	2578	400	400	300	300	413	413	1113	1013
28	Uttar Pradesh	46000	33307	69703	52744	6000	4000	8000	5524	4000	4000	25500	12791
29	Uttarakhand	6300	5289	5100	4500	1500	1500	1200	1200	-	-	3700	3000
30	West Bengal	42828	30431	56992	40882	4500	3000	3500	2500	4000	3500	29500	20000
	Grand Total	478323	348643	634521	487454	83120	72920	74210	55912	63219	47094	491026	401996

- : Nil.

Note: The State of J&K has ceased to exist constitutionally from October 31, 2019 and the liabilities of the State continue to remain as liabilities of the new UT of Jammu and Kashmir.

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 against column Nos. (1), (2) & (3) are Final (including RRBs) and for column Nos. (4) & (5) data are Provisional (excluding RRBs)

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

Part I-A. Settlement systems

1.1.3: Tri- party Repo under the securities segment has been operationalised from November 05, 2018.

Part I-B. Payments systems

4.1.2: 'Others' includes e-commerce transactions and digital bill payments through ATMs, etc.

4.2.2: 'Others' includes e-commerce transactions, card to card transfers and digital bill payments through ATMs, etc.

5: Available from December 2010.

5.1: includes purchase of goods and services and fund transfer through wallets.

5.2.2: includes usage of PPI Cards for online transactions and other transactions.

6.1: Pertain to three grids – Mumbai, New Delhi and Chennai.

6.2: 'Others' comprises of Non-MICR transactions which pertains to clearing houses managed by 21 banks.

Part II-A. Other payment channels

1: Mobile Payments –
- o Include transactions done through mobile apps of banks and UPI apps.
- o 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: Internet Payments – includes only e-commerce transactions through 'netbanking' and any financial transaction using internet banking website of the bank.

Part II-B. ATMs

3.3 and 4.2: only relates to transactions using bank issued PPIs.

Part III. Payment systems infrastructure

3: Includes ATMs deployed by Scheduled Commercial Banks (SCBs) and White Label ATM Operators (WLAOs). WLAs are included from April 2014 onwards.

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 2019-20 pertains to the Provisional Estimates of National Income released by National Statistics Office on 29th May 2020. GDP for 2020-21 is from Union Budget 2020-21.

Data pertains to all States and Union Territories.

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: Borrowings through dated securities.

3B.1.2: Represent net investment in Central and State Governments' special securities by the National Small Savings Fund (NSSF).

This data may vary from previous publications due to adjustments across components with availability of new data.

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**.

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1. Reserve Bank of India Bulletin 2021	₹300 per copy (over the counter) ₹350 per copy (inclusive of postage) ₹4,200 (one year subscription - inclusive of postage) ₹3,150 (one year concessional rate*) ₹3,360 (one year subscription - inclusive of postage@) ₹2,520 (one year concessional rate@)	US$ 15 per copy (inclusive of postage) US$ 180 (one-year subscription) (inclusive of air mail courier charges)
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4. State Finances - A Study of Budgets of 2020-21	₹600 per copy (over the counter) ₹650 per copy (inclusive of postal charges)	US$ 24 per copy (inclusive of air mail courier charges)
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8. Bank Me Rajbhasha Niti Ka Karyanvayan: Dasha Aur Disha (Hindi)	₹150 per copy (over the counter) ₹200 per copy (inclusive of postal charges)	
9. 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)
10. Reserve Bank of India Occasional Papers Vol. 40, No. 1 &2, 2019	₹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. 41, No. 1, 2020	₹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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