RESERVE BANK OF INDIA

BULLETIN

JUNE 2017

VOLUME LXXI NUMBER 6

EDITORIAL COMMITTEE
Janak Raj
Brajamohan Misra
Gautam Chatterjee
Amitava Sardar

EDITOR
Sunil Kumar

The Reserve Bank of India Bulletin is issued monthly by the Department of Economic and Policy Research, Reserve Bank of India, under the direction of the Editorial Committee.
The Central Board of the Bank is not responsible for interpretation and opinions expressed. In the case of signed articles, the responsibility is that of the author.

© Reserve Bank of India 2017

All rights reserved.
Reproduction is permitted provided an acknowledgment of the source is made.

For subscription to Bulletin, please refer to Section 'Recent Publications'

The Reserve Bank of India Bulletin can be accessed at **http://www.bulletin.rbi.org.in**

CONTENTS

MONETARY POLICY STATEMENT FOR 2017-18

Second Bi-monthly Monetary Policy Statement, 2017-18

*Second Bi-monthly Monetary Policy Statement, 2017-18 Resolution of the Monetary Policy Committee (MPC), Reserve Bank of India**

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

- keep the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 6.25 per cent.

Consequently, the reverse repo rate under the LAF remains at 6.0 per cent, and the marginal standing facility (MSF) rate and the Bank Rate at 6.50 per cent.

The decision of the MPC is consistent with a neutral stance of monetary policy in consonance with the objective of achieving the medium-term target for consumer price index (CPI) inflation of 4 per cent within a band of +/- 2 per cent, while supporting growth. The main considerations underlying the decision are set out in the statement below.

Assessment

2. Since the April 2017 meeting of the MPC, global economic activity has expanded at a modest pace, supported by firming growth in major advanced economies (AEs) and in some emerging market economies (EMEs) as well. In the US, a tightening labour market is generating wage gains. Alongside, industrial production has steadily improved in recent months and retail sales remain robust, although home sales ebbed in April. Political risks remain high, however. In the Euro area, the recovery has been underpinned by consistently falling unemployment, rising retail sales and a brighter outlook for manufacturing reflected in purchasing managers' and business surveys. In Japan, exports supported by a depreciated yen and industrial activity are driving an acceleration in growth. Wages and inflation, however, are depressed and holding back domestic demand. Among EMEs, the Chinese economy is stabilising, especially in manufacturing, but financial risks in the form of the credit-fuelled debt overhang could impinge on the outlook. Brazil appears to be emerging out of recession, although growth dynamics remain fragile due to worsening labour market conditions and political turmoil. In Russia, the strengthening global environment is supporting the recovery with improving macro fundamentals. South Africa is grappling with structural constraints which are depressing economic activity.

3. The pick-up in global merchandise trade volume since the start of the year has been sustained in Q2 of 2017, buoyed by strengthening global demand as reflected in rising international air freight and container throughput. Crude prices fell to a five-month low in early May on higher output from Canada and the US, and remain soft, undermining the OPEC's recent efforts to tighten the market by trimming supply. Among non-fuel commodity prices, metal prices have been retreating on expectations of weak demand from China. Bullion prices remain range-bound, while food prices eased in April but rose in May. These developments suggest that the inflation outlook is still relatively benign for AEs and EMEs alike.

4. International financial markets have been lifted by improving global growth prospects, broadly accommodative monetary policy stances of systemic central banks and generally positive incoming data. Increasingly, financial markets have shown resilience to geo-political events and have swiftly priced them in. This has been reflected in the reinvigoration of the reach for returns. Country-specific factors have modulated investor sentiment. Equity markets in most

* Released on June 07, 2017.

AEs have gained in Q2, surpassing past peaks in the US; boosted by corporate profits in Japan; and supported by easing political tensions and upbeat data in the case of the Euro area. In EMEs, equities have turned in a mixed performance, with high valuations across Asia, but weaker in Latin America on softer commodity prices. Bond yields in major AEs have been largely range-bound. In EMEs, yields have hardened in the few countries facing inflation pressures and political uncertainties, but for commodity exporters, there has been some recent decline. In the currency markets, the US dollar has weakened in May after dovish guidance by the Fed and unexpected political events. Since mid-May, the yen has shed its depreciating bias and appears to have gained safe haven appeal. EME currencies, which had depreciated on the strength of the US dollar, have steadied more recently on renewal of capital flows and risk-on investor appetite.

5. On May 31, 2017 India's Central Statistics Office (CSO) released quarterly estimates of national income accounts for Q4 of 2016-17, provisional estimates for 2016-17 and revisions for the preceding five years. The growth of real gross value added (GVA) for 2016-17 has been pegged at 6.6 per cent, 0.1 percentage point lower than the second advance estimates released in February 2017. Underlying the revision is a downward adjustment in services sector growth in Q4 for the constituents of construction, financial and professional services, and real estate. Estimates of agriculture and allied activities have been upgraded to incorporate the all-time high production of foodgrains and horticulture in the year. GVA in industry has also been placed higher in the provisional estimates relative to the earlier reading to reflect the impact of new indices of industrial production (IIP) and wholesale prices (WPI) rebased to 2011-12. The new data reveal that a slowdown in activity in both industry and services set in as early as Q1 of 2016-17 and became pronounced in Q4. Moreover, the deceleration of activity coursing through the year has had underlying drivers that have been in operation since Q2. Components of aggregate demand reflect a contraction in gross fixed investment in Q4, reversing the turnaround evident in the second half of the year in the advance estimates. This is also reflected in the contraction in the production of capital goods in the new IIP. However, private final consumption expenditure recorded robust year-on-year growth.

6. On May 9, the Ministry of Agriculture (MoA) released its third advance estimates of foodgrains production, which confirmed the record level of output achieved in 2016-17 and, in fact, revised it upwards to 273 million tonnes. The MoA also set out its second advance estimates of fruits and vegetables on May 30, which was also a historical record. Benefiting from the bumper harvest, *rabi* procurement during Q1 of 2017-18 so far has been significantly higher than a year ago, replenishing food stocks and taking them to 61.9 million tonnes in May 2017, three times the buffer norm. On June 6, the India Meteorological Department (IMD) re-affirmed its forecast of a normal and well-distributed south-west (June-September) monsoon, which augurs well for the agricultural outlook.

7. The new series on the IIP released by the CSO on May 12 improves the coverage of industrial activity, realigns weights and reclassifies sub-sectors to better capture the underlying structural dynamics of the sector, and smoothens the impact of lumpy items on the index. As a result, industrial production expanded by 5.0 per cent during 2016-17 based on the new series (as against 0.7 per cent in the old series). Turning to the current financial year, the output of eight core industries decelerated sharply in April on account of contraction in coal, crude oil and cement due to structural constraints and low demand. Furthermore, electricity generation decelerated due to depressed demand pricing out relatively expensive thermal output. By contrast, the production of steel and fertiliser picked up, the former driven up by exports and the latter by expectations of a normal monsoon.

8. The business expectations index generated by the Reserve Bank's April round of the Industrial Outlook

Survey reflects optimism in the manufacturing sector in Q2 of 2017-18, driven by expectations of rising rural demand, exports and profit margins. On the other hand, the manufacturing purchasing managers' index (PMI) moderated sequentially in May as employment contracted and new orders, both domestic and exports, slowed down. The index, however, remained in the expansion zone and the future output index accelerated for the third month in succession.

9. High frequency real indicators of activity in the services sector point to a mixed performance in April. In the transportation sub-sector, freight carriage by air and rail gathered momentum, and passenger car sales accelerated on the back of sustained strength of urban demand. Sales of commercial vehicles and three-wheelers contracted, however, reflecting in part the effects of new emission norms and technology changes. Two-wheeler sales remained depressed, indicative of still subdued rural demand. In the communication sub-sector, there was a strong growth in the subscriber base of voice and data services. The sustained growth of foreign tourist arrivals and air passenger traffic, both domestic and international, supported activity in the hotels, restaurants and the hospitality sub-sector. Both steel consumption and cement production were, however, sluggish, pointing to continuing weakness in construction activity. The services PMI for May rose to its highest reading since November 2016, with an expansion in new business reflecting improving underlying demand conditions, alongside optimism on employment.

10. Retail inflation measured by year-on-year changes in the consumer price index (CPI) plunged to a historic low in April, pulled down by a large favourable base effect which overwhelmed a momentum that was feeble relative to the historical record for the month. Underlying this surprising softness was a sharp fall in food inflation brought about by a deflation in the prices of pulses and vegetables. In addition, moderation in the prices of cereals, eggs, oils and fats and spices contributed to the loss of momentum. In the case of pulses, the large-scale augmentation of supply on account of expansion in acreage, procurement, buffer stocking and imports caused a sharp decline in prices starting in August 2016. Propelled by significantly higher arrivals in *mandis* relative to the seasonal pattern, prices of vegetables also fell markedly from July and bottomed out in January 2017, with fire sales during the demonetisation period accentuating the fall. The seasonal uptick that typically occurs in the pre-monsoon months has been muted so far. In the fuel group by contrast, inflation surged across the board. Prices of liquefied petroleum gas (LPG) and kerosene rose in sympathy with international prices even as the subsidy was set on a path of calibrated reduction. Fuel used by rural households rose for the third month in succession, narrowing the wedge between fuel inflation facing rural and urban households. In response to these developments, inflation expectations three months ahead and a year ahead surveyed in the Reserve Bank's inflation expectations survey of households have ticked down marginally.

11. Excluding food and fuel, inflation dipped 60 basis points from a month ago to 4.4 per cent. The delayed and cumulative downward adjustment of domestic petrol and diesel prices in April to the softening of international crude prices in preceding months was among the factors at work. Inflation in respect of services embedded in transport and communication, education, recreation and health also moderated. The industrial outlook survey and the PMIs for manufacturing and services indicate that pricing power remains weak.

12. Even as surplus liquidity in the banking system post-demonetisation was drained by the ramping up of new currency in circulation by ₹1.5 trillion in April and May, massive spending by the Government re-injected liquidity into the system, raising the daily average overall surplus liquidity in the banking system to ₹4.2 trillion in April and ₹3.5 trillion in May. Unwinding of the excess reserves that banks used to dress up balance sheets for end-March also resulted

in an accretion of ₹0.8 trillion to the surplus liquidity. Absorption operations undertaken by the Reserve Bank in the context of these developments and the consequent downward pressure on money market rates consisted of ₹1 trillion impounded through issuance of treasury bills (TBs) of tenors ranging from 312 days to 329 days under the market stabilisation scheme (MSS), auctions of cash management bills (CMBs) of ₹0.7 trillion triggered by the decline in cash balances of the Government, and variable rate reverse repo auctions of different tenors which took in the remaining surplus liquidity averaging ₹3.8 trillion in April and ₹3.4 trillion in May. With the narrowing of the the LAF corridor from +/- 50 bps to +/- 25 bps in April 2017, these operations ensured that the weighted average call money rate (WACR) – the operating target of monetary policy– broadly traded within the corridor. The spread between the WACR and the policy repo rate narrowed from 29-32 basis points (bps) in March-April to 21 bps in May.

13. Merchandise exports posted double digit growth in March and April 2017 in an environment of slowly improving global trade, with 80 per cent of this expansion contributed by engineering goods, petroleum products, gems and jewellery, readymade garments and chemicals. Merchandise imports also increased sharply, propelled by domestic demand, with the jump of 47.2 per cent in US dollar terms not recorded since 2011. Imports of petroleum and products rose strongly on price effects as international crude prices firmed up in the wake of OPEC's productions cut. Gold imports also surged in volume terms, initially driven by seasonal and festival demand but subsequently by stockpiling in anticipation of the roll out of the goods and services tax (GST). Non-oil non-gold imports contributed about half of the total import growth in March and April, reflecting higher recourse to electronic goods, pearls and precious stones, coal, machinery and machine tools from overseas markets. With import growth significantly outpacing export growth, the trade deficit increased sizably. The current account deficit (CAD) for the year 2016-17 is likely to remain within 1 per cent of GDP. Unlike in the immediately preceding quarter, capital flows in April-May 2017 were dominated by foreign portfolio investment (FPI), pushed out by risk-on investor sentiment as global growth prospects improved. Also, clarity emerged on taxation issues in the Union Budget and the expectations of faster structural reforms were fuelled by the decisive outcome of State elections. The level of foreign exchange reserves as on June 2, 2017 was US$ 381.2 billion.

Outlook

14. The abrupt and significant retreat of inflation in April from the firming trajectory that was developing in February and March has raised several issues that have to be factored into the inflation projections. First, it needs to be assessed as to whether or not the unusually low momentum in the reading for April will endure. Second, the prices of pulses are clearly reeling under the impact of a supply glut caused by record output and imports. Policy interventions, including access to open trade, may be envisaged to arrest the slump in prices. Third, the accumulated downward adjustment in the prices of petrol and diesel effected in April has been largely reversed on June 1. Fourth, the easing of inflation excluding food and fuel may be transient in view of its underlying stickiness in a situation of rising rural wage growth and strong consumption demand. Thus, the April reading has imparted considerable uncertainty to the evolving inflation trajectory, especially for the near months. If the configurations evident in April are sustained, then absent policy interventions, headline inflation is projected in the range of 2.0-3.5 per cent in the first half of the year and 3.5-4.5 per cent in the second half (Chart 1). Risks are evenly balanced, although the spatial and temporal distribution of the monsoon and the government staying the course in effective food management will play a critical role in the evolution of risks. The risk of fiscal slippages, which, by and large, can entail inflationary spillovers,

Chart 1: Quarterly Projection of CPI Inflation (y-o-y) for Q1:2017-18 to Q4:2017-18

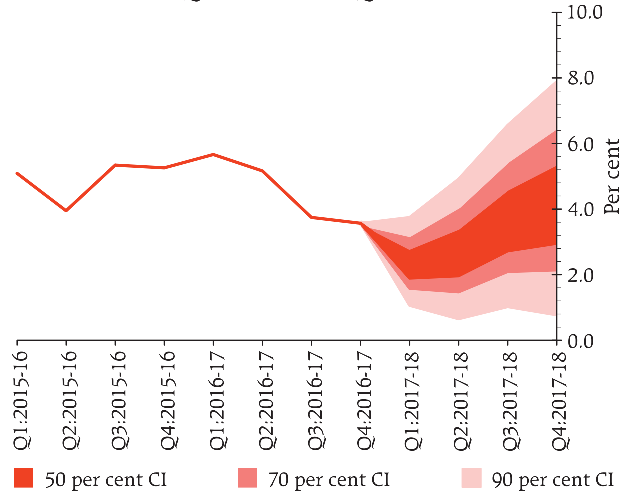
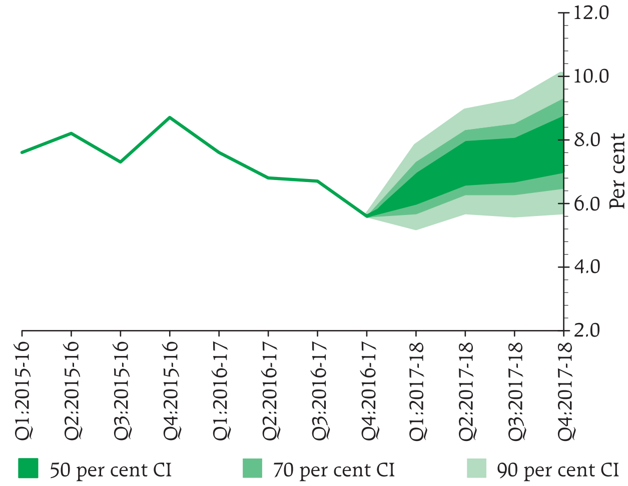


Chart 2: Quarterly Projection of Growth in GVA at Basic Prices (y-o-y) for Q1:2017-18 to Q4:2017-18



has risen with the announcements of large farm loan waivers. At the current juncture, global political and financial risks materialising into imported inflation and the disbursement of allowances under the 7th central pay commission's award are upside risks. The date of implementation of the latter is still not announced and as such, it is not factored into the baseline projections. The implementation of the GST is not expected to have a material impact on overall inflation.

15. With the CSO's provisional estimates for 2016-17, the projection of real GVA growth for 2017-18 has accordingly been revised 10 bps downwards from the April 2017 projection to 7.3 per cent, with risks evenly balanced (Chart 2). The continuing remonetisation should enable a pick-up in discretionary consumer spending, especially in cash-intensive segments of the economy. Furthermore, the reductions in banks' lending rates post-demonetisation should support both consumption and investment demand of households and stress-free corporates. Moreover, Government spending continues to be robust, cushioning the impact of a slowdown in other constituents. The implementation of proposals in the Union Budget should crowd in private investment as the business environment improves with structural reforms, including the GST, the Insolvency and Bankruptcy Code, and the abolition of the Foreign Investment Promotion Board. Strengthening external demand will likely play a more decisive role in supporting the domestic economy. In addition, the new IIP broadens the recognition of industrial activity. On the downside, global political risks remain elevated and could materialise. Second, rising input costs and wage pressures may prove a drag on the profitability of firms, pulling down overall GVA growth. Third, the twin balance sheet problem - over-leveraged corporate sector and stressed banking sector - may delay the revival in private investment demand.

16. The MPC noted that incoming data suggest that the transitory effects of demonetisation have lingered on in price formations relating to salient food items, entangled with excess supply conditions with respect to fruits and vegetables, pulses and cereals. At the same time, however, the CSO's latest releases on national income accounts and industrial production attest to the effects of demonetisation on the broader economy being sector specific and transient, as well as to the noteworthy resilience of private consumption. At this stage, it is difficult to isolate these factors or

to judge the strength of their persistence. As the year progresses, underlying inflation pressures, especially input costs, wages and imported inflation, will have to be closely and continuously monitored.

17. Noting that inflation has fallen below 4 per cent only since November 2016, the MPC remains focused on its commitment to keeping headline inflation close to 4 per cent on a durable basis keeping in mind the output gap. The current state of the economy underscores the need to revive private investment, restore banking sector health and remove infrastructural bottlenecks. Monetary policy can play a more effective role only when these factors are in place. Premature action at this stage risks disruptive policy reversals later and the loss of credibility. Accordingly, the MPC decided to keep the policy rate unchanged with a neutral stance and remain watchful of incoming data.

18. The Reserve Bank will continue to work in partnership with the government to address the stress in banks' balance sheets. Better alignment of administered interest rates on small savings with market rates and stepped-up recapitalisation of banks to facilitate adequate flow of credit to productive sectors are important steps to follow through.

19. Five members were in favour of the monetary policy decision, while Dr. Ravindra H. Dholakia was not in favour. The minutes of the MPC's meeting will be published by June 21, 2017.

20. The next meeting of the MPC is scheduled on August 1 and 2, 2017.

MONETARY POLICY STATEMENT FOR 2017-18

Statement on Developmental and Regulatory Policies

Statement on Developmental and Regulatory Policies

This Statement sets out macro-prudential measures for strengthening the banking regulatory framework and the guidelines with regard to bond issuances overseas.

I. Reduction of Statutory Liquidity Ratio (SLR)

As per the existing roadmap, commercial banks have to reach the minimum Liquidity Coverage Ratio (LCR) of 100 percent on January 1, 2019. Government securities held by banks in excess of the minimum SLR requirement, Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR) and Marginal Standing Facility (MSF) are included in the stock of High Quality Liquid Assets (HQLAs). In order to give greater flexibility to banks to comply with the LCR requirement in an efficient manner, it has been decided to reduce the SLR from 20.5 per cent of NDTL to 20.0 per cent of NDTL with effect from the fortnight beginning June 24, 2017. The other prescriptions in respect of FALLCR and MSF carve out from SLR for LCR purposes remain unchanged.

Since currently the SLR requirement is uniform across banks, Primary (Urban) Cooperative Banks, State and Central Cooperative Banks shall also maintain SLR at 20.0 per cent of NDTL with effect from the fortnight beginning June 24, 2017.

II. Reduction in Risk-Weight for Housing Loans

Considering the importance of the housing sector and given its forward and backward linkages to the economy, it has been decided, as a countercyclical measure, to reduce the risk weight on certain categories of housing loans sanctioned on and after today. It has also been decided to reduce the standard asset provisioning rate on such loans.

III. Issuance of Rupee Denominated Bonds Overseas

The framework for issuance of Rupee Denominated Bonds (RDBs) overseas is in operation for some time. With a view to harmonising the various parameters of the extant framework with ECB guidelines, it has been decided to revise the provisions relating to the maturity period, all-in-cost ceiling and recognized investors for issuance of RDBs.

SPEECH

Customer Service in Banks: Time to Raise the Bar!
S. S. Mundra

Customer Service in Banks: Time to Raise the Bar!*

S. S. Mundra

Shri A. C. Mahajan, Chairman, Banking Codes and Standards Board of India (BCSBI); Shri Anand Aras, CEO, BCSBI; colleagues from the banking industry; representatives from the media; ladies and gentlemen! At the outset, I would like to thank BCSBI for inviting me for this annual conference of the Principal Code Compliance Officers (PCCOs) in the banks.

2. During the past 12 years of its existence, BCSBI has played a pivotal role in enhancing awareness about customer service in banks. The Code of Bank's Commitment to Customers and the Code of Bank's Commitment to Micro and Small Enterprises developed by BCSBI set out common minimum standards for customer service in banks.

3. Monitoring of compliance to the Codes by member banks is one of the mandates of BCSBI which is fulfilled through visits to a representative sample of branches by authorised representatives of BCSBI. BCSBI, thus, helps the banks by providing an independent review and feedback on their adherence in practice, to the self-prescribed standards. From 2013, BCSBI has been rating banks on Code Compliance based on the inputs from branch visits and customers feedback. This rating indicates level of implementation of important provisions of these Codes at the first customer touch point in the bank. A release now of these ratings in public domain is intended to increase transparency, generate public awareness and also instill a sense of competition among the member banks for achieving a higher level of customer service. A perusal of the ratings, however, does not exhibit any significant improvement in consumer service rating of banks. Only 12 of the 46 banks rated by BCSBI received 'high' rating in terms of performance while 24 were above average and 10 remained as 'average' performers. In fact, the position has marginally worsened since 2015 survey.

4. Despite outlining of minimum standards for customer service through codification of banks' commitments to customers, we observe that the number of complaints received by the offices of Banking Ombudsmen (BO) continues to rise. For the first time since its inception in 1995, the number of complaints to BOs exceeded one lakh last year. The one lakh mark has already been crossed in the current year (July 2016 to May 2017). Our analysis has shown that percentage of complaints on non-Adherence of BCSBI Code – Clause 8(1)(s) and 8(2)(d) of BOs over a six year period from 2010-11 to 2015-16 has increased from 24 per cent to 34 per cent. A survey conducted by BCSBI suggests that the increase could be on account of disconnect in application and understanding of Codes among frontline staff of the member banks. Perhaps, engagement of the Top Management with implementation of codes in their respective banks has also declined. I urge PCCOs to take effective steps for creating greater awareness and understanding amongst the frontline bank staff by ensuring buy-in from the Top Management.

5. In my address today, I intend to focus on few important measures which BCSBI, the PCCOs and the banks can initiate to further the cause of customer service in the sector.

a. **Updation of Codes:** I am aware that BCSBI has been periodically updating the Codes of Banks' Commitments by factoring in the relevant regulatory guidelines, developments in the banking sector and evolving customer expectations. I am glad to learn that the Code of Banks' Commitment to Customers is

---

* Keynote address delivered by Shri S. S. Mundra, Deputy Governor, Reserve Bank of India at the Annual Conference of Principal Code Compliance Officers organised by the Banking Codes and Standards Board of India in Mumbai on May 30, 2017.

currently under review. As you are all aware, in 2014 the RBI had released the "Charter of Customer Rights" declaring five basic rights of bank customers as broad, overarching principles for protection of bank customers. All banks have since reportedly adopted/incorporated the Model "Customer Rights Policy" based on the Charter formulated jointly by IBA and BCSBI. I am sure that the committee reviewing the Code of Banks' Commitments to their Customers would be guided by the spirit of the principles listed out in the 'Charter of Customer Rights'. On its part, Reserve Bank will be monitoring aberrations/non-adherence to the Charter during supervisory process. Specifically, I would urge the committee to factor in following recent developments in the sector and weave them into the Codes appropriately while reviewing the same:

(i) **New Branch Authorisation Policy: Use of Banking Correspondents**

Business Correspondent (BC) Model has been a major facilitator for financial inclusion especially in unbanked/under-banked areas. Recent RBI circular on 'Rationalisation of Branch Authorisation Policy' recognises BCs as an important pillar for delivery of banking services in under-banked areas of the country. Some of the BCs in the past have abused the trust placed in them by the banking system and defrauded their customers. As BCs generally serve a less 'financially literate' population, it is important that their activities are brought under closer scrutiny by the banks. The banks have to take ownership of BCs that they employ and also put in place appropriate grievance redressal mechanism for cases involving them.

(ii) **MSMEs:** The RBI has recently set out guidelines on 'Framework for Revival and Rehabilitation of Micro, Small and Medium Enterprises' for early resolution of stress in the accounts of MSMEs, following an ordinance by Government of India. Under this framework, the revival and rehabilitation of MSME units having loan limits up to ₹25 crore is envisaged. Further, with a view to provide timely financial support to MSMEs facing financial difficulties during their life cycle, the RBI had advised the banks to review their existing lending policies and incorporating therein, among others, provisions for sanctioning of Standby Credit Facility in case of term loans, additional working capital limits, mid term review of regular working capital limits, and timelines for credit decisions.

b. **Synergising the roles of PCCOs and Internal Banking Ombudsmen (IBOs) in the banks:** As I understand the customer grievance redressal architecture in the banking sector suffers from certain structural inconsistencies. I am compelled to make this statement as I see scope for greater role clarity and synergy in how the PCCOs & the IBOs in the banks operate. I believe the PCCOs which act as BCSBI's nodal Point of contact with the member banks and serve as extended arms of BCSBI for monitoring implementation of Codes in the banks at all levels must play a more preventive role. For that to happen, the **PCCO needs to be suitably senior in hierarchy with reporting lines to the CEO/Customer Service Committee of the Board**. I understand, however, that currently this is not uniformly so.

Similarly, the office of the Internal Banking Ombudsman which has been in place in the banks for almost last two years does not seem to have become an effective forum. Our objective in institutionalising the office of IBO was to ensure resolution of a majority of the complaints at the level of bank itself. Office of IBO was envisaged as the ultimate authority to which all unresolved/partially resolved complaints were to be escalated before giving final verdict to the complainant. Only in cases where the customer remained unsatisfied with the resolution should she need to approach the BO. A continuous rise in the number of complaints to the BO is perhaps a pointer to the fact that **the institution of IBO has not been very effective or has not been empowered enough by the Management**.

It would be appropriate for the banks to invest in an efficient technology platform which doesn't merely aggregates and tracks the complaints but also undertakes a root cause analysis of various complaints received, thereby enabling proactive preventive action. The PCCOs and IBO could collaborate in identifying areas where the frontline staff needed clearer operational instructions and provide them training/handholding. This is extremely important in a scenario where pace of staff attrition/staff rotation have risen significantly. The banks could also contemplate investing in a technology-aided FAQ platform which the frontline staff could consult for addressing customers' queries rather than misinforming them.

I wonder whether time has come to prescribe **some mandatory qualifications for the PCCOs also** in line with that for the Chief Financial officers (CFOs)/Chief Technical Officers (CTOs). That said, RBI would be conducting an assessment of the efficacy of the IBOs during the supervisory visits and would expect the bank management to bring more synergy into the working of the PCCOs and the IBOs for a speedier and efficient grievance redressal.

c. Electronic Banking – Security Issues

Technology is being increasingly used in delivery of banking services in recent years. However, it has also brought in associated risks of security as is evident in few high profile cyber-incidents in the recent past. There have been several incidents of theft of personal information, fraudulent use of ATMs, net banking frauds, ATM/Debit card incidents or cases of unauthorised access to bank servers. Hence, there is an immediate need for plugging all the gaps and vulnerabilities in tech-enabled service delivery.

With greater thrust on digital banking especially in the wake of withdrawal of legal tender status of specified bank notes and consequent increase in complaints relating to unauthorised/fraudulent transactions, a need for having a comprehensive policy to limit the liability of customers cannot be over-emphasised. The RBI had come out with a draft circular on 'Customer Protection – Limiting Liability of Customers in Unauthorised Electronic Banking Transactions' earlier and based on feedback received from the concerned stakeholders, final guidelines are expected to be issued shortly. In view of the impending guidelines it would be prudent on part of the banks to internally tighten their IT security systems and operating procedures so that grievances are minimised.

d. Customer Service in the emerging Regulatory/Supervisory Environment

i) As you are aware, several new small finance banks and payment Banks have started their operations in the recent past. A significant chunk of the customer base of these banks would comprise of first – time bank customers belonging to rural and semi-urban population. It is imperative that these people are made adequately aware about the need for exercising due prudence while transacting else they can fall easy prey to fraudsters.

The RBI has already advised the Small Finance Banks and Payment Banks to put in place a high powered Customer Grievances Cell to handle customer complaints as part of their licensing conditions. These banks are also to be covered under the RBI's Banking Ombudsman Scheme as per the licensing conditions. On their part, BCSBI would need to enroll these new entities as member banks so as to ensure compliance to its codes and standards.

ii) The banks also need to be prepared for following impending regulatory changes as well as enhance their focus on some of the supervisory concerns relating to customer complaints that have been observed by the RBI. On the face of it, these might look quite obvious but these are extremely important from the view point of customers.

- The narration in the passbooks/ bank statements at present is quite cryptic and generally inscrutable. This is despite extant RBI guidelines that mandate recoding of intelligible particulars in the statements. Of late, we have received numerous complaints not only from customers but also from the investigative agencies who find it extremely difficult to understand the transactions during the course of their investigations. The RBI is in the process of reiterating its guidelines to banks to provide essential minimum relevant details in respect of various transactions in the passbook/ statement.
- The safety of cheques put in the cheque drop boxes as also the quality of cheque leaves enabling printing of fake cheque leaves is a matter of concern for the RBI.
- Customer service to senior citizens is an area of major concern for the RBI. Difficulties faced by pensioners in receiving updated pension, issuance of life certificates, verification of signature, need for periodic KYC *etc.* Several grievances have also been received from nominees of deceased customers while seeking settlement of death claims.
- Documents to serve as an address proof for KYC compliance continues to remain a major irritant even while the customers are permitted to submit a simple declaration about the current address which may be different from the address proof which was originally submitted to banks. Similarly, the customers are

also allowed to open a small account in the banks even without 'proof of identity and address' by submitting a recent photograph and signature.

- While banks have been **granted autonomy in fixing minimum average balance** or for charging for premium services, it **should not be used as an excuse to deny service or to drive away common man.**

6. Some of these and many similar issues facing customers would have emerged from the root cause analysis which I alluded to a little earlier paving the way for banks to take corrective action. I would like to use this forum to inform that the RBI would be extensively focused on mis-selling of third party products, instances of violation of KYC guidelines, imposition of usurious service charges during the current year's supervisory cycle. Further as you are aware, the RBI has specifically established a department for examining the instances of regulatory violations with a view to taking enforcement actions on the errant banks.

Way forward

7. In view of new developments in the area of banking, BCSBI would have to proactively identify the areas in which the Codes need to be revised and made contemporaneous. Before concluding my talk, by way of setting out customer service agenda for the banks and a few specifically for the PCCOs for the ensuing year, I would like to reiterate following points:

- Work towards operationalising a query portal which will be useful for the inexperienced frontline staff especially in view of higher attrition/rotation. This would enable them to impart correct information rather than avoiding or giving wrong information.
- Updation of Code of Bank's Commitment to Micro and Small Enterprises should include commitment on revival and rehabilitation framework and lifecycle financing of MSMEs.
- Though the BOs don't intervene in credit decisions, several complaints about delayed decision making in granting of loans to MSMEs, education and housing loans are received. There is a need to include a suitable clause in the code for setting deadline for decision-making on such loans.
- The payment system area has become quite integrated with customers of non-bank players utilising the banking channels to fund their e-wallets *etc.* In situations where conflict arises, it would be expected of banks, being the senior and long – established players to take initiative for quick resolution so that the customer is not put to harassment
- Lessen the frustration faced by the customers while dealing with call centres or automated response systems. In this context, while the efforts by some of the banks to use artificial intelligence-driven chatbot for enhancing customer service are welcome, it needs to be ensured that the customers do not end up receiving robotic responses!

8. I would like to end this section by once again reiterating the idea of '**account number portability**' which I first advocated a couple of years ago. Back then the concept might have appeared somewhat abstract but with technological advancements in the field of payment system such as UPI *etc.* coupled with massive enrolments under Aadhaar and their linkage to individual bank accounts, it has come within the realms of possibility. As such, the prospect of an aggrieved customer silently moving her account to another bank in the near future has become very real.

Conclusion

9. I would like to conclude by acknowledging BCSBI's role in the area of customer protection and in formulation of policies for elimination of customer grievance. I have briefly spoken on the role of the Codes of BCSBI and the need to keep them dynamic. In the current scenario, the Codes have to respond to three significant developments in the banking sector – (a) the growing challenges and realities of industry mainly arising from adoption of technology; (b) addition of new customers in the formal banking structure arising from the financial inclusion efforts and (c) emergence of new entities like payment banks and small finance banks. Under the circumstances, it is imperative to design an architecture where BCSBI, BOs, IBOs and PCCOs complement the efforts of each other without any friction/overlap. I am sure the forum will deliberate upon some of these issues in greater detail in course of the conference.

I once again thank BCSBI for inviting me and wish the conference all success!

ARTICLES

*Finances of Non-Government Non-Financial Private Limited Companies, 2015-16**

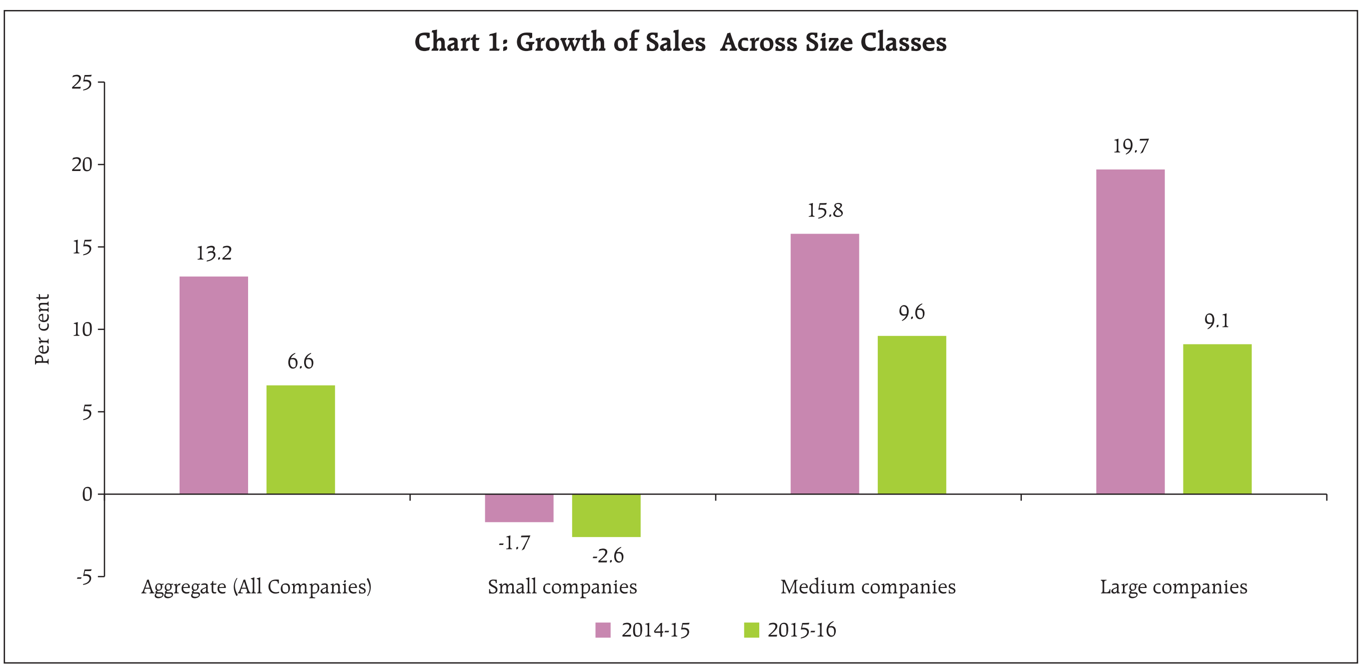
The select 2,92,308 non-government non-financial (NGNF) private limited companies witnessed deceleration in sales as well as output growth in 2015-16 as compared with the previous year. Lower raw material costs helped in containing operating expenses and resulted in a higher profit margin. In turn, debt serviceability of the companies improved. More than half of the funds generated by the companies were utilised in fixed assets formation, indicating improvement in business expectations.

This article presents the financial performance of select 2,92,308 NGNF private limited companies, based on their audited annual accounts for the period from 2013-14 to 2015-16. The data are available on the Reserve Bank's website at https://dbie.rbi.org.in/DBIE/dbie.rbi?site=statistics#!2_45. These companies covered 32.9 per cent of the paid-up capital (PUC) of all NGNF private limited companies registered with the Ministry of Corporate Affairs (MCA) as on March 31, 2016. The distribution of NGNF private limited companies is skewed, with 95 per cent classified as small[1] (with net sales below ₹250 million) and their share in aggregate sales being only 20 per cent.

1. *Income and Expenditure*

1.1. Sales growth of the private limited companies halved in 2015-16 as compared with the previous year. Although softening of prices of raw materials restrained the increase in operating expenses, the growth of operating profits decelerated. In this context, the deceleration in the growth of gross value added (GVA), was noteworthy (Statement 1, Chart 1, Chart 2 and Chart 3).

1.2. Large companies (with snet sales ₹1 billion and above) benefitted the most from the decline in raw material prices and as a result, their operating profits picked up in 2015-16 despite significant sales deceleration. While sales of small companies contracted, the sharper contraction in operating expenses resulted in reasonable growth of profits. Medium sized companies (net sales between ₹250



* Prepared in the Company Finances Division of the Department of Statistics and Information Management, Reserve Bank of India. In the previous article published in the June 2016 issue of the RBI Bulletin the PUC coverage was 23.3 per cent.

[1] Companies have been classified into large, medium and small classes as per their net sales in the year 2015-16.

Chart 2: Growth of Operating Expenses Across Size Classes

million to ₹1 billion) – many of them belongs to the service sector-did not benefit as much from the decline in raw material costs (Statement 1).

1.3. The poor performance of companies in textiles; chemicals and chemical products; and iron and steel industries pulled down the sales growth of the manufacturing sector as a whole. The growth of sales as well as operating profits of the services sector companies plummeted due to weak demand conditions. Operating profits of the companies in the mining and quarrying sector contracted on the back of deceleration in sales, coupled with increased operating expenditure (Statement 1).

1.4. Lower operating expenses growth improved the profitability of the companies in the aggregate. For both small and large sized companies, operating

Chart 3: Growth of Gross Value Added Across Size Classes

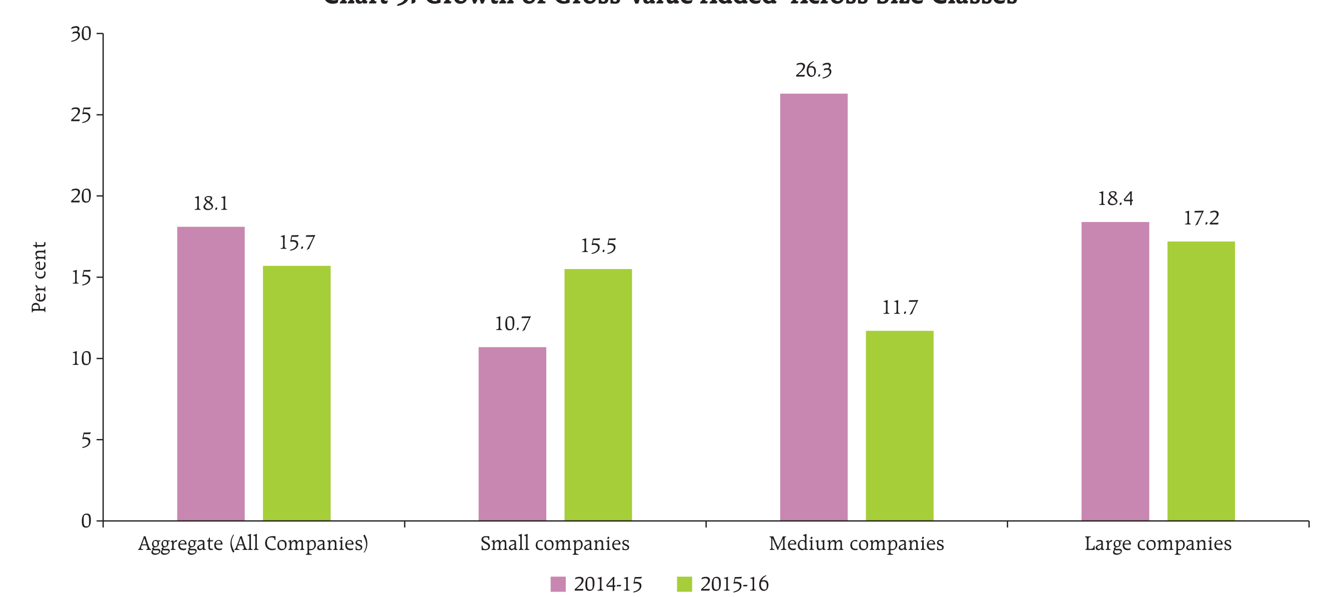
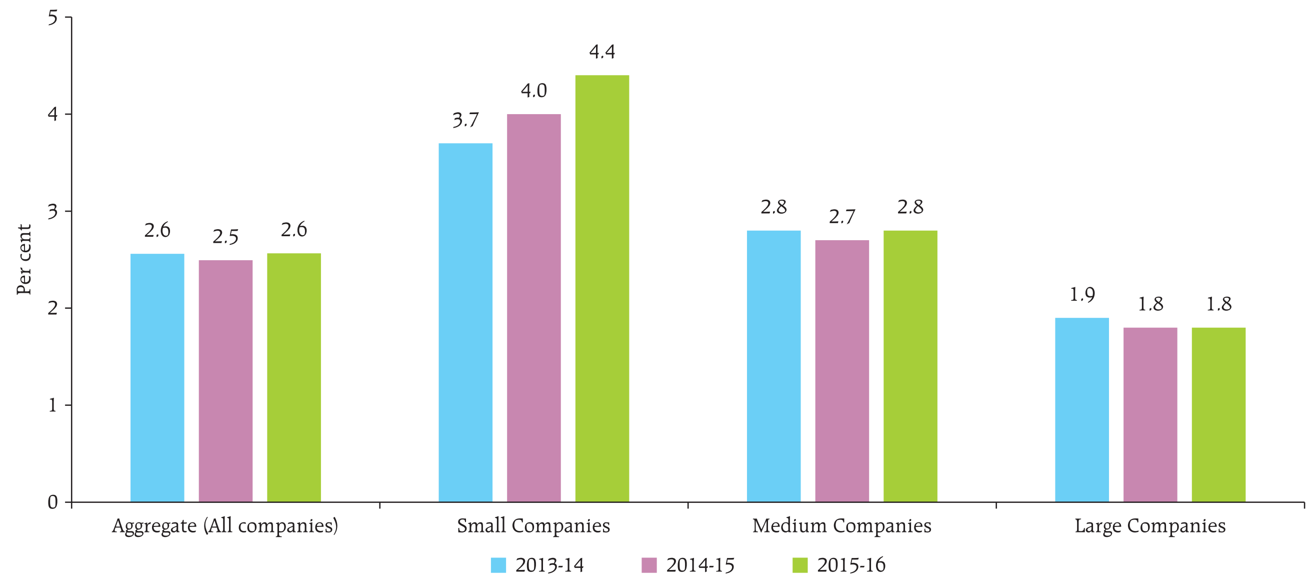


Chart 4: Interest Expenses to Sales Ratio Across Size Classes



profit margin and return on equity were higher in 2015-16 than in the previous year (Statement 1 and Statement 2).

1.5. Across sales size classes, interest expenses of small companies (as a proportion to sales) continued to increase, mainly due to high growth in total borrowings (Chart 4 and Statement 1).

2. Leverage and Vulnerability

2.1. Rising indebtedness of the companies remained a concern as their debt (long term borrowings) to equity ratio increased successively during the period from 2013-14 to 2015-16. However, on the positive side, companies' debt servicing capacity (in terms of interest coverage ratio, *i.e.*, ICR, defined as EBIT[2] to interest expenses) improved due to increased profitability (Statement 2).

2.2. Heightened risk aversion among banks and their reluctance to reduce lending rates resulted in sluggish growth in bank borrowings by the companies. The share of banks in total borrowings declined in 2015-16 over the previous year and across all size classes (Chart 5).

2.3. Highly leveraged companies (with debt to equity ratio of more than 200 per cent or with negative net worth) held more than 50 per cent of total bank borrowings and had poor debt serviceability. The profitability of these companies was lower than other companies and half of them made losses in 2015-16.

2.4. Vulnerable companies *i.e.*, companies with debt to equity ratio more than 200 per cent and ICR less than 1 (including companies with negative net worth) held a larger share of bank borrowings in 2015-16 than in 2014-15 (Table 1).

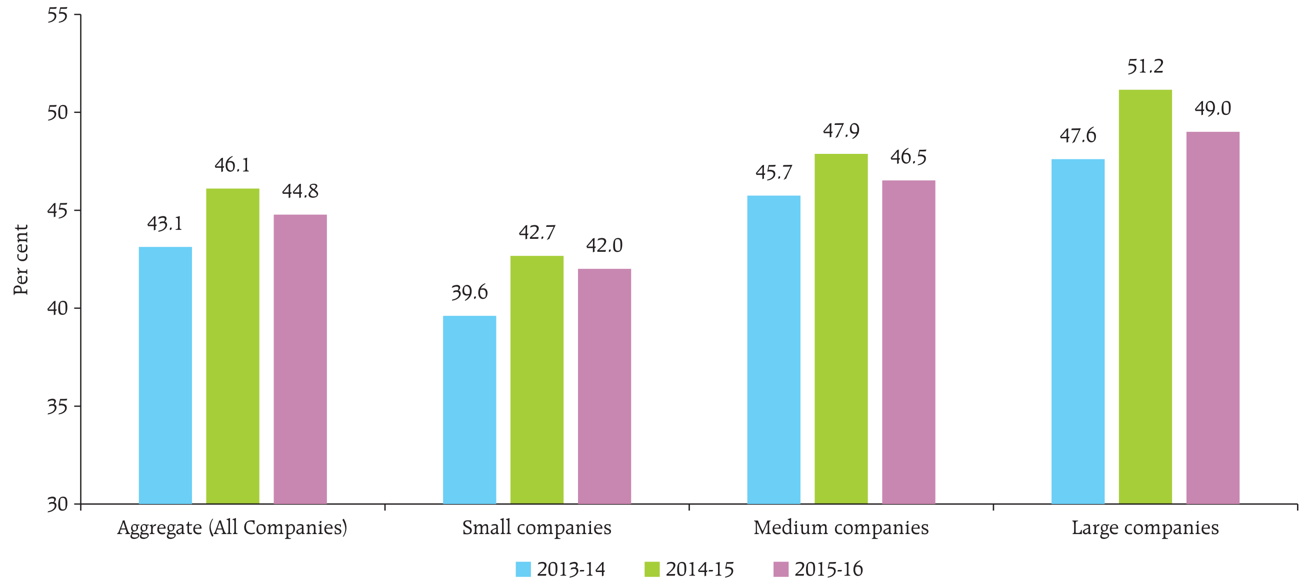
Table 1: Share of Bank Borrowings Held by Vulnerable Companies

Year	Number of Vulnerable Companies*	Share of Debt of Vulnerable Companies in 2,92,308 Companies' Total Debt (Per cent)	Share of Bank Borrowings of Vulnerable Companies in 2,92,308 Companies' Bank Borrowings (Per cent)
2013-14	30050	43.1	30.4
2014-15	28274	41.2	28.5
2015-16	29733	40.6	29.0

* Includes companies with negative net worth

[2] Earnings before interest and tax.

Chart 5: Share of Bank Borrowings in Total Borrowings Across Size Classes



2.5. At the industry level, the construction sector and real estate industry in the services sector had high and increasing debt to equity ratio. Debt servicing capacity of the companies in the iron and steel industry weakened further in 2015-16 (Statement 2).

3. Sources and Uses of Funds

3.1. Of the funds raised by the companies, the share of total borrowings remained the same. The share of bank borrowings, however, declined sharply from 18.3 per cent in 2014-15 to 7.5 per cent in 2015-16. On the other hand, accounts payable registered a decline in share, implying slowdown in new purchases by the companies during the year (Statement 4).

3.2. More than half of the funds generated during 2015-16 were utilised for fixed assets formation by the companies. Correspondingly, depreciation provisions also increased. On the other hand, inventories were drawn down and companies kept less cash with themselves (Statement 4).

4. Conclusion

The select NGNF private limited companies covered in this article experienced deceleration in sales as well as in nominal GVA, pointing to the overall sluggishness in the manufacturing and services sector of the economy. Saving on raw material costs shored up their profitability especially in the manufacturing sector. Increasing leverage in the companies emerged as a major concern, particularly with the more leveraged among them suffering erosion in debt service capacity. Higher fixed capital formation in uses of funds could be reflecting some optimism on the business outlook.

Statement 1: Growth Rates of Select Parameters of 292,308 NGNF Private Limited Companies *(Contd.)*

(Per cent)

	Growth Rates							
	Sales		Operating expenses		Operating profit		Net profit	
	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16
Aggregate (All Companies)	**13.2**	**6.6**	**13.2**	**5.3**	**21.9**	**12.9**	**19.0**	**13.9**
Sales-wise								
Less than ₹ 250 million	-1.7	-2.6	-2.4	-4.2	16.9	9.7	11.4	16.4
₹ 250 million – ₹1 billion	15.8	9.6	14.2	9.1	33.4	7.1	36.5	4.3
₹ 1 billion and above	19.7	9.1	20.4	7.6	18.2	19.4	13.5	21.0
Industry-wise								
Mining and quarrying	**7.9**	**5.2**	**6.7**	**7.4**	**7.8**	**-13.9**	**1.1**	**-38.3**
Manufacturing	**10.6**	**5.0**	**10.8**	**3.5**	**9.4**	**21.1**	**2.4**	**28.7**
Food products and beverages	10.2	10.1	10.0	9.6	14.6	17.0	4.6	25.0
Textiles	7.1	2.7	6.0	2.9	15.0	-0.8	14.8	-2.5
Chemicals and chemical products	10.4	5.2	8.9	4.4	22.7	17.1	25.2	25.4
Iron and steel	10.4	0.7	10.0	-0.4	42.5	-3.5	#	#
Machinery and equipments'	12.0	12.8	10.8	12.3	22.2	8.9	45.0	-3.5
Electrical machinery and apparatus	11.1	18.3	8.7	19.8	25.1	11.6	62.8	21.6
Motor vehicles and other transport equipment's	7.2	10.3	5.5	11.3	42.4	3.4	#	-23.7
Construction	**8.8**	**8.9**	**8.3**	**5.0**	**58.1**	**10.2**	**118.5**	**17.1**
Services	**16.7**	**8.2**	**16.7**	**7.5**	**27.2**	**9.4**	**23.4**	**8.5**
Wholesale and retail trade	24.2	4.7	26.5	4.1	25.3	-3.4	13.0	-2.3
Transport, storage and communication	14.0	5.2	14.3	5.4	10.2	7.2	13.6	-2.1
Real Estate	17.7	4.8	12.0	2.2	#	-2.9	#	-9.5
Computer and related activities	17.0	15.2	15.3	16.1	24.6	11.0	23.5	15.1

Denominator negative nil or negligible

Statement 1: Growth Rates of Select Parameters of 292,308 NGNF Private Limited Companies *(Concld.)*

(Per cent)

	Growth Rates					
	Net worth		Total borrowings		Total net asset	
	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16
Aggregate (All Companies)	**10.5**	**7.8**	**10.1**	**9.9**	**12.3**	**8.4**
Sales-wise						
Less than ₹ 250 million	5.6	4.0	11.6	13.3	8.2	7.7
₹ 250 million – ₹1 billion	13.2	9.0	11.5	7.2	13.4	9.0
₹ 1 billion and above	18.0	13.3	6.7	5.6	18.0	9.0
Industry-wise						
Mining and quarrying	**23.2**	**9.3**	**1.2**	**24.3**	**8.1**	**13.2**
Manufacturing	**11.8**	**10.5**	**6.4**	**3.3**	**9.8**	**8.1**
Food products and beverages	12.0	8.8	9.3	10.1	11.3	12.8
Textiles	12.0	9.1	6.0	6.8	8.7	7.8
Chemicals and chemical products	16.9	11.2	8.0	4.6	12.2	10.2
Iron and steel	-1.9	-3.5	9.5	3.2	9.6	1.2
Machinery and equipments'	12.8	11.7	13.0	5.5	9.6	9.2
Electrical machinery and apparatus	12.8	15.4	0.1	-0.7	7.9	12.8
Motor vehicles and other transport equipment's	14.2	13.8	2.2	-1.3	8.2	7.1
Construction	**5.2**	**4.9**	**13.1**	**10.5**	**12.8**	**7.2**
Services	**10.6**	**7.0**	**10.8**	**13.3**	**13.7**	**8.5**
Wholesale and retail trade	8.9	2.1	7.5	14.1	14.6	4.2
Transport, storage and communication	13.5	9.1	4.9	15.1	8.4	10.7
Real Estate	6.1	3.8	15.3	16.1	14.6	9.8
Computer and related activities	18.9	17.3	36.3	10.0	20.5	13.7

Statement 2: Ratios of Select Parameters of 292,308 NGNF Private Limited Companies *(Contd.)*

(Per cent)

	Ratios								
	Operating profit to Sales			PAT to net worth			Total borrowings to equity		
	2013-14	2014-15	2015-16	2013-14	2014-15	2015-16	2013-14	2014-15	2015-16
Aggregate (All Companies)	**8.8**	**9.5**	**10.1**	**11.9**	**12.8**	**13.6**	**86.3**	**86.0**	**87.6**
Sales-wise									
Less than ₹ 250 million	10.7	12.7	14.3	9.0	9.5	10.7	81.4	86.0	93.7
₹ 250 million – ₹1 billion	10.4	12.0	11.7	24.3	29.3	28.0	112.6	110.9	109.1
₹ 1 billion and above	7.2	7.1	7.8	11.6	11.2	11.9	83.4	75.4	70.3
Industry-wise									
Mining and quarrying	**9.7**	**9.7**	**8.0**	**12.0**	**9.8**	**5.5**	**114.1**	**93.7**	**106.7**
Manufacturing	**6.9**	**6.8**	**7.9**	**13.4**	**12.3**	**14.3**	**95.6**	**91.0**	**85.1**
Food products and beverages	5.1	5.3	5.6	10.2	9.6	11.0	100.3	97.8	99.0
Textiles	7.1	7.6	7.4	18.3	18.8	16.8	145.4	137.6	134.7
Chemicals and chemical products	8.8	9.7	10.8	13.5	14.4	16.3	69.6	64.3	60.5
Iron and steel	2.8	3.6	3.4	-0.1	-1.2	-6.1	135.2	150.9	161.2
Machinery and equipments'	11.6	12.6	12.2	18.5	23.8	20.5	55.7	55.8	52.7
Electrical machinery and apparatus	7.8	8.8	8.3	13.4	19.4	20.4	91.2	80.9	69.6
Motor vehicles and other transport equipment's	3.7	4.9	4.6	3.7	10.4	7.0	125.8	112.6	97.6
Construction	**11.4**	**16.6**	**16.8**	**3.1**	**6.5**	**7.3**	**179.0**	**192.4**	**200.7**
Services	**10.4**	**11.3**	**11.5**	**13.1**	**14.6**	**14.8**	**64.7**	**64.8**	**68.6**
Wholesale and retail trade	2.3	2.3	2.1	2.5	2.6	2.5	45.8	45.3	50.6
Transport storage and communication	12.1	11.7	11.9	22.8	22.9	20.5	119.9	110.9	117.0
Real Estate	4.1	16.1	14.9	-1.3	4.0	3.5	135.8	147.6	165.0
Computer and related activities	18.7	19.9	19.2	37.1	38.5	37.8	29.3	33.6	31.5

Statement 2: Ratios of Select Parameters of 292,308 NGNF Private Limited Companies *(Concld.)*

(Per cent)

	Ratios					
	Debt to equity			Interest coverage ratio*		
	2013-14	2014-15	2015-16	2013-14	2014-15	2015-16
Aggregate (All Companies)	51.2	52.2	53.8	3.4	3.5	3.7
Sales-wise						
Less than ₹ 250 million	52.7	57.0	63.0	3.5	3.7	3.9
₹ 250 million – ₹1 billion	68.5	67.5	66.1	3.6	4.0	3.9
₹ 1 billion and above	41.0	38.1	35.4	3.0	3.1	3.4
Industry-wise						
Mining and quarrying	65.9	58.1	64.2	2.8	2.7	2.0
Manufacturing	47.9	46.9	44.7	2.8	2.7	3.2
Food products and beverages	45.6	43.6	44.2	2.6	2.5	2.8
Textiles	76.6	74.5	73.1	2.5	2.5	2.4
Chemicals and chemical products	35.6	36.3	36.5	3.5	4.1	5.0
Iron and steel	70.4	80.1	82.4	1.0	0.9	0.7
Machinery and equipments'	26.9	25.4	24.2	5.2	6.4	6.3
Electrical machinery and apparatus	43.7	41.1	35.6	2.8	3.7	4.1
Motor vehicles and other transport equipment's	58.2	57.0	53.6	1.4	1.8	1.8
Construction	123.4	130.1	137.2	1.6	1.9	1.9
Services	39.1	39.8	42.5	4.8	5.2	5.1
Wholesale and retail trade	23.4	24.0	27.9	2.0	1.9	1.9
Transport storage and communication	71.4	66.8	72.1	3.7	3.9	3.6
Real Estate	87.3	94.5	101.1	1.0	1.9	1.6
Computer and related activities	19.7	20.3	19.2	21.8	24.7	24.9

* Actual ratio

Statement 3: Composition of Liabilities and Assets of 292,308 NGNF Private Limited Companies

(Per cent)

A. Composition of liabilities				B. Composition of assets			
Year	**2013-14**	**2014-15**	**2015-16**	**Year**	**2013-14**	**2014-15**	**2015-16**
1. Shareholders' Funds	39.2	37.5	37.0	1. Gross Fixed Assets	34.7	32.2	36.1
(i) Share Capital	9.2	9.3	9.4	(a) Tangible assets	27.1	24.8	28.2
(ii) Reserves and Surplus	29.9	28.1	27.6	(b) Capital work in progress	3.4	2.8	3.2
(a) Capital reserve	17.7	17.6	17.0	(c) Intangible asset	3.9	4.4	4.5
2. Long-term borrowings (debt)	17.3	17.9	18.4	2. Depreciation (i) Tangible	8.2	5.3	9.3
(a) Bonds/ Debentures	1.8	1.7	2.0	(ii) Intangible	0.6	0.7	0.8
(b) Term loans from banks	8.8	8.8	8.9	3. Net fixed assets	25.9	26.3	25.9
3. Short-term borrowings	10.9	11.6	11.4	4. Non-current investments	12.1	11.2	11.2
of which, from banks	4.7	3.3	3.6	5. Current investments	2.8	2.8	2.8
4. Trade payable	10.8	10.5	10.9	6. Loans and advances	16.0	15.4	15.6
5. Provision	2.7	2.7	2.7	7. Inventories	17.9	18.2	18.2
6. Other Liability	19.2	19.8	19.6	8. Trade receivables	14.9	15.3	15.2
(i) Non-current	2.4	3.0	2.8	9. Cash and cash equivalents	5.4	6.8	6.9
(ii) Current	9.8	8.9	9.5	10. Other assets	5.0	4.0	4.1
TOTAL	**100.0**	**100.0**	**100.0**	(i) Non-current	1.2	1.4	1.3
				(ii) Current	3.8	2.6	2.8
				TOTAL	**100.0**	**100.0**	**100.0**

Statement 4: Sources and Uses of Funds of 292,308 NGNF Private Limited Companies

(Per cent)

Sources of Funds

Period	2014-15	2015-16
By Increase in Equity and Liability		
1. Paid-Up Capital	11.2	7.0
2. Reserves and Surplus	4.3	4.5
3. Provisions	1.9	39.4
(a) Depreciation provision	-	37.5
(b) Other provisions	1.9	1.9
4. Share Capital and Premium	13.8	10.3
5. Long Term Borrowings	18.0	16.1
of which, (a) Bonds, Debentures	5.6	3.9
(b) From Banks	7.7	5.1
6. Short-term borrowings	6.2	7.7
of which, From Banks	10.6	2.4
7. Trade Payables	16.8	5.0
8. Other Liabilities	17.9	9.9
(i) Non-Current	5.2	0.9
(ii) Current	12.7	9.0
TOTAL	**90.2**	**99.8**
By Decrease in Assets		
9. Plant and machinery	2.4	-
10. Capital Work-in-progress	**1.9**	**-**
11. Other assets	5.5	0.2
(i) Non-current	-	0.2
(ii) Current	5.5	-
TOTAL	**9.8**	**0.2**
GRAND TOTAL	**100.0**	**100.0**

Uses of Funds

Period	2014-15	2015-16
By Increase in Assets		
1. Gross Fixed Assets	15.3	50.9
(i) Tangible Assets	7.6	42.7
of which, Plant and machinery	-	20.4
(ii) Capital Work-in-progress	-	4.7
(iii) Intangible assets	7.7	3.6
2. Non-current investments	3.9	6.7
3. Current investments	2.5	1.5
4. Loans and advances	9.6	11.1
5. Inventories	18.7	11.6
6. Trade Receivables	16.6	9.3
7. Cash and cash equivalents	16.2	5.5
8. Other assets	2.0	3.4
(i) Non-current	2.0	-
(ii) Current	-	3.4
TOTAL	**84.7**	**100.0**
By Decrease in Equity and Liability		
9. Depreciation provision	15.3	-
TOTAL	**15.3**	**-**
GRAND TOTAL	**100.0**	**100.0**

'-' : Nil or Negligible.

*The Industrial Outlook Survey, 2016-17**

This article, the fifth in the series, presents the broad features of the results obtained in quarterly rounds of the Reserve Bank's Industrial Outlook Survey (IOS) in the year 2016-17 against the backdrop of salient macroeconomic developments. It provides useful insights into the performance of the manufacturing sector, including price developments relating to industrial raw materials and manufactured products.

1. Introduction

The Industrial Outlook Survey (IOS) of the Indian manufacturing sector is conducted by the Reserve Bank on a quarterly basis since 1998[1]. The survey assesses business sentiment for the current quarter and expectations for the ensuing quarter, based on qualitative responses on a set of indicators pertaining to demand conditions, financial conditions, employment conditions and the price situation.

By design, the results of the survey are expected to track manufacturing activity in India and provides lead indicators thereof. Although the survey is focused on the manufacturing sector, it also provides some information about the state of the overall economy.

Against this backdrop, this article aims at (a) presenting underlying central tendencies in the survey results; and (b) analysing empirically their tracking performance in respect of relevant official statistics. The rest of the article is organised as follows: section two describes broad features of the survey with a focus on the process of summarising individual survey responses, while Section three presents broad central tendencies in the survey results and Section four provides empirical results on tracking performance of the survey with respect to a few official statistics. Section five summarises the observations.

2. Survey Responses and Aggregation

The survey questionnaire is canvassed among a panel of about 2,500 manufacturing companies – mostly with paid-up capital above ₹5 million – which represents a mix of size and industry groups. The list is updated periodically with addition of new companies and deletion of closed/merged companies. Participation in the survey is voluntary. The response rates have been around 45 per cent in 2016-17.

The questionnaire contains questions/parameters relating to demand conditions, price situation, employment and financial conditions. Respondents are asked to offer qualitative answers on each question on a three-point scale – 'improvement', 'no change/status quo', and 'worsening'. The two extremes, *viz.*, 'improvement' and 'worsening' refer to positive (optimistic) and negative (pessimistic) responses, respectively.

Survey responses on each question or parameter are aggregated/summarised through a measure called 'Net Response (NR)', which is the difference between the proportions of 'optimistic (positive)' and 'pessimistic (negative)' responses. Thus, by construction, NRs can take values between (-)100 and 100, zero being interpreted as 'no change/status quo'. Larger value of NR indicates improved optimism (or declining pessimism).

The results of the survey are summarised in a composite 'Business Expectation Index (BEI)', which is based on NRs relating to nine select performance

* Prepared in the Division of Enterprise Surveys, Department of Statistics and Information Management, Reserve Bank of India. The latest round of the survey data was released on April 6, 2017 on the RBI website and is available at https://rbidocs.rbi.org.in/rdocs/Publications/PDFs/IOSED05042017141845951743420C8BD77C5FDAB831D4. PDF. The business sentiments (assessment and expectations) reflected in the survey results are those of the respondents and are not necessarily shared by the Reserve Bank of India.

1 The 74th to 77th rounds of the survey cover the four quarters of 2016-17. The quarterly survey results are regularly disseminated on the RBI website.

indicators[2]. The BEI, scaled between 0 and 200, gives a snapshot of industrial performance and outlook in each quarter – the value 100 representing the threshold of no change (status quo) and a reading above (below) 100 indicates an expansion (a contraction) of the overall business activity. For each of the survey round, two forms of BEI are computed – one based on the assessment of the current quarter (BEI-Asmt) and another based on expectations for the ensuing quarter (BEI-Expt).

3. Highlights in Recent Survey Results

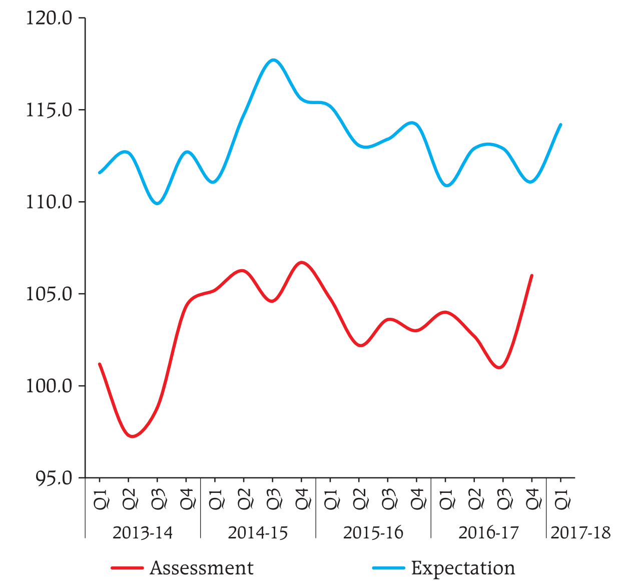
The results of the IOS rounds for 2016-17 has been encapsulated under three broad heads, *i.e.*, overall business sentiment, demand conditions and price situation, in the context of the findings from the survey rounds since Q1:2013-14. The trends observed since 2013-14 throws up interesting insights into the state of the industrial sector in the medium term.

3.1 Overall Business Sentiment

The BEI-Asmt reached an inflection point in Q4:2016-17, reversing successive declines in the previous two quarters. By the end of the year, it reached a level of 106.2, which was close to the most recent peak observed in Q4:2014-15 (Chart 1). Expectations of the respondents were generally formed in an adaptive manner and the BEI-Expt tracked the BEI-Asmt with a one quarter lag[3].

On the basis of the average of quarters, the year 2016-17 was not very different from the previous year (Chart 2). Production, order books and the overall

Chart 1: Business Expectation Index

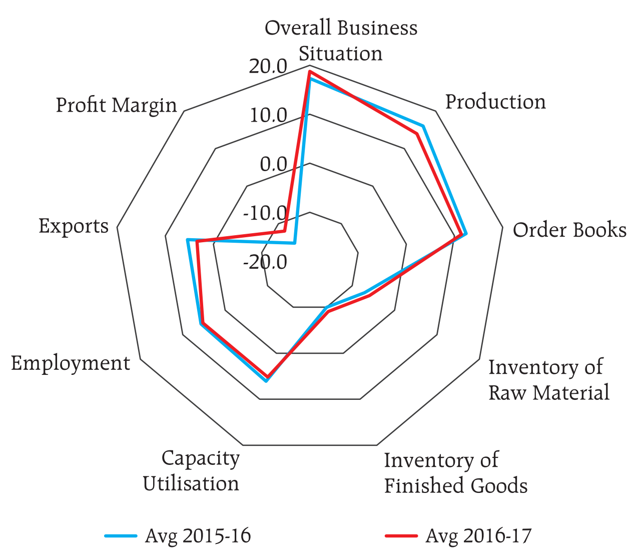


business situation lifted the BEI measurement in both the years, while lower profit margin and the pile up of inventories operated as drags.

3.2 Demand Conditions

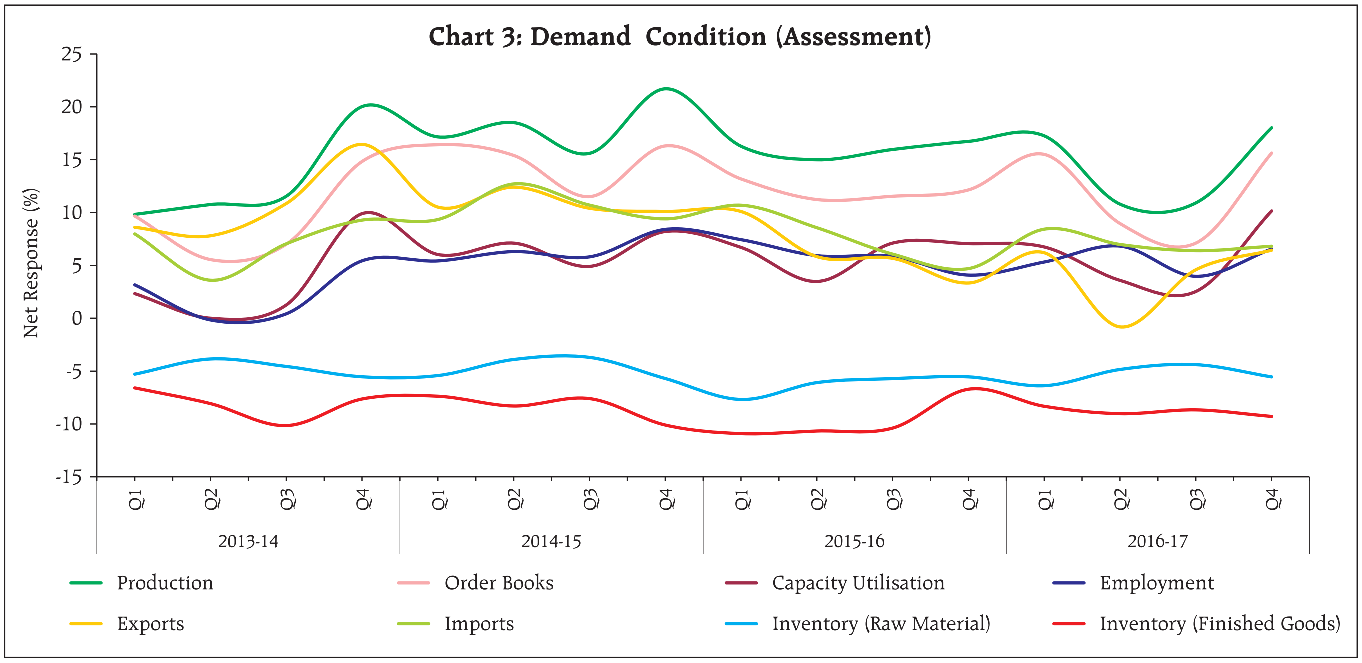
On most of the parameters reflecting demand conditions, there was dip in optimism in the middle two quarters of 2016-17, but the situation reversed in the fourth quarter. However, manufacturers'

Chart 2: Change in Net Response (Average) of Select Indicators (Assessment)



[2] The methodology used for the analysis of survey data was published in the article 'Quarterly Industrial Outlook Survey: Trends since 2000-01' in the RBI Monthly Bulletin of October 2009. For ready reference, the nine parameters/indicators considered for computation of the BEI are – (1) overall business situation; (2) production; (3) order books; (4) inventory of raw materials; (5) inventory of finished goods; (6) profit margin; (7) employment; (8) exports; and (9) capacity utilisation.

[3] Generally, the BEI-Expt remains higher than the BEI-Asmt. This is not unique to the RBI's IOS; a similar phenomenon is found in the Manufacturing Business Outlook Survey conducted by the Federal Reserve Bank of Philadelphia and in the Empire State Manufacturing Survey conducted by the Federal Reserve Bank of New York among others.

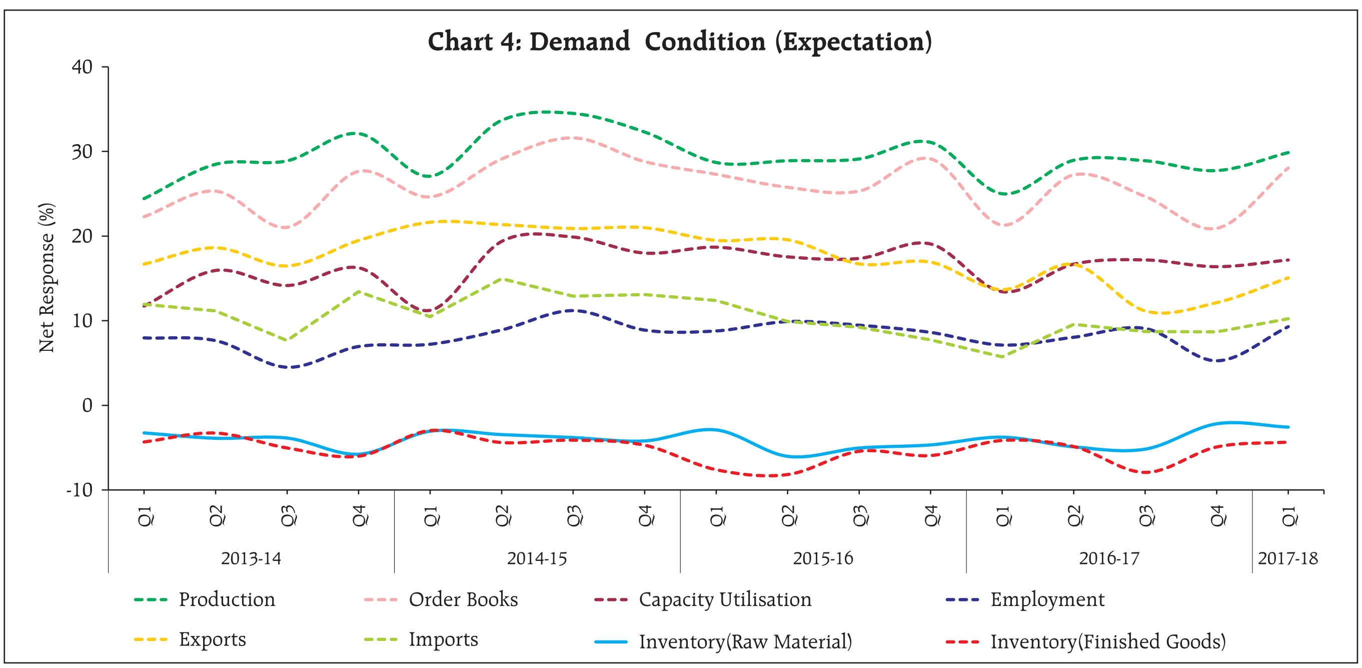


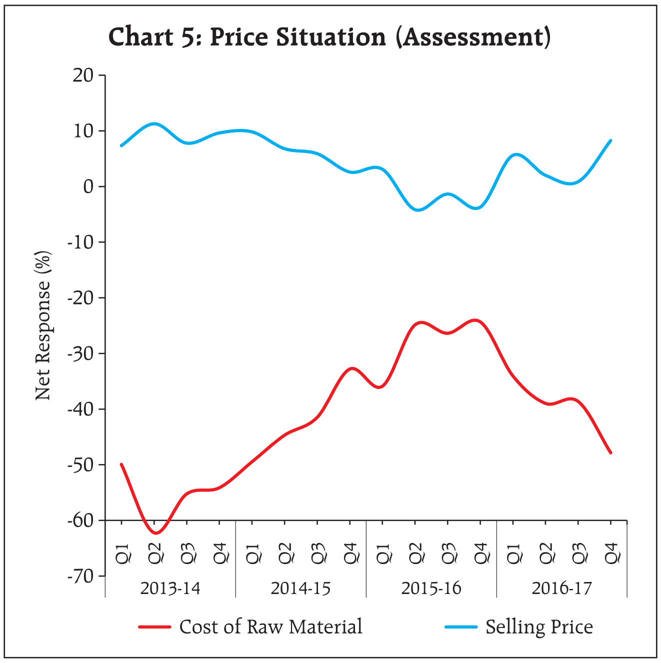
sentiment on inventory positions remained persistently negative (Chart 3).

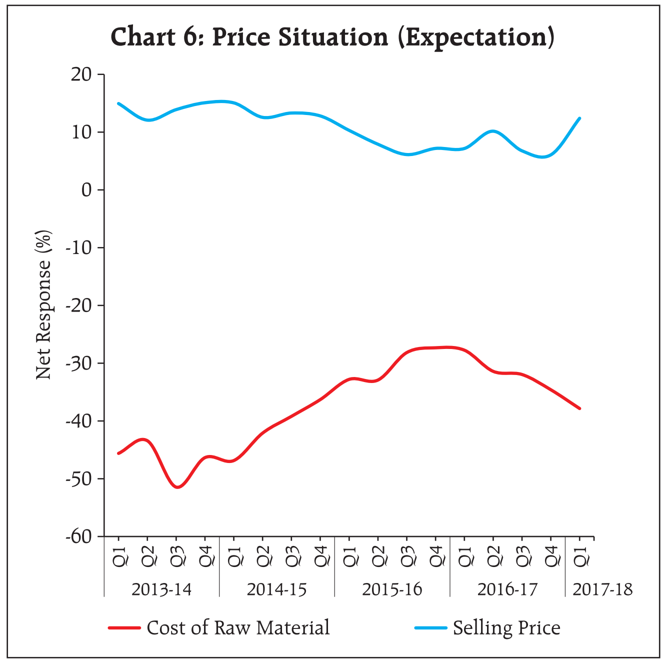
The outlook for Q1:2017-18 shows further improvement, contributed by parameters like production, order books, capacity utilisation, exports and employment. Negative sentiment on inventory positions, however, remain unchanged (Chart 4).

3.3 Price Situation

The survey assesses the price situation through the parameters for cost of raw materials, and the selling price. Manufacturers' pessimism on the cost of raw materials has gradually increased in the recent period, whereas the sentiment on the selling price has been improving (Chart 5-6 and Annex 2).







4. Tracking Performance of the Survey

Are the survey results able to track select official statistics on output and prices? In particular, the ability of BEIs (*i.e.*, BEI-Asmt and BEI-Expt) to track the official statistics on output, and the co-movement of NRs on cost of raw materials (CRM) and the selling price (SP) with the wholesale price index (WPI) for industrial raw materials and manufactured products, respectively, assume significance.

4.1 Output

Chart 7 shows that both BEI-Asmt and BEI-Expt track alternative output measures – the index of industrial production for the manufacturing sector (IIP-Manf), and gross value added in the manufacturing

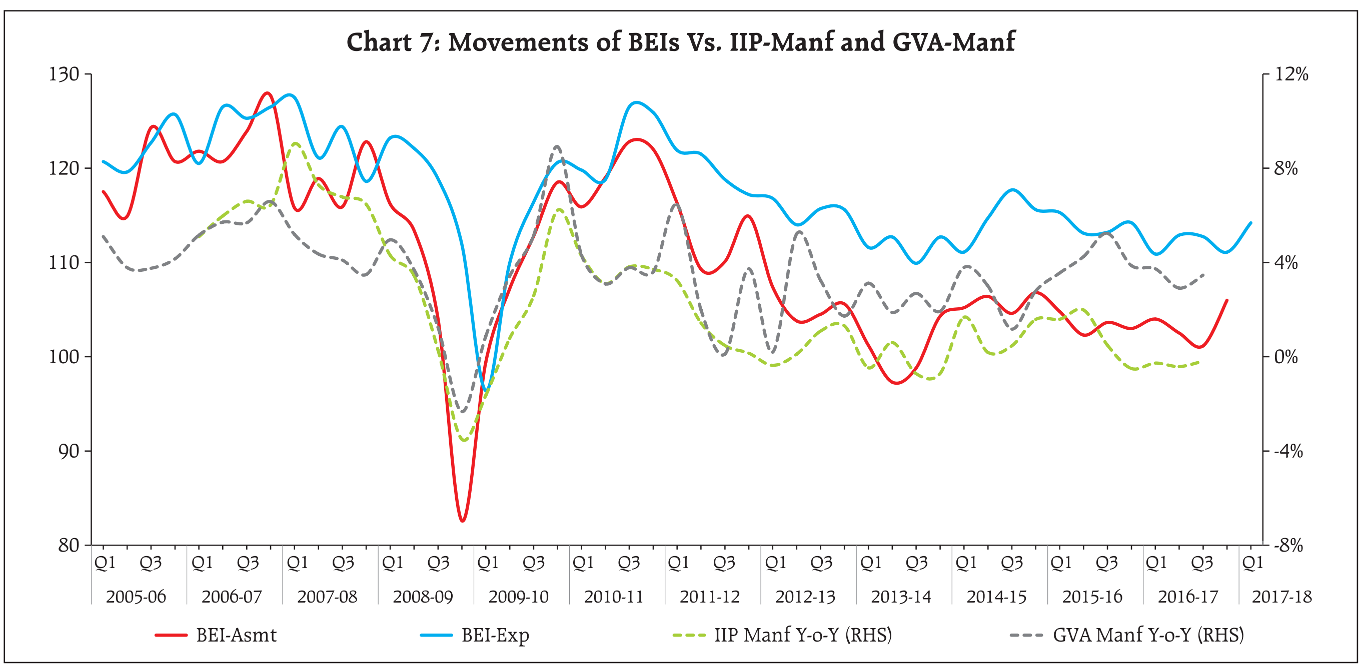


Table 1: Correlation Coefficient between Survey Indices and Official Statistics on Output

Annual Growth in Output Measure	Survey Index	
	BEI-Asmt	BEI-Expt
IIP-Manf	0.8505*	0.7745*
GVA-Manf	0.6311*	0.4518*

'*' Significant at 1 per cent level.

Table 2: The Adjusted-R^2 Statistics for Fitted Regression Equations

Dependent Variable (Annual Growth in Output Measure)	Survey Index as Explanatory Variable*	
	BEI-Asmt	BEI-Expt
IIP-Manf	0.7896	0.7020
GVA-Manf	0.5374	0.2510

'*' Explanatory variables in each regression equation include a constant, past values of the dependent variable (lags upto 4 quarters) and BEI.

sector (GVA-Manf)[4] – reasonably well. The pair-wise correlation coefficients between survey-based indices and annual growth in the alternative output measures are statistically significant. Further, the relationship appears to be relatively stronger in case of the BEI-Asmt (Table 1).

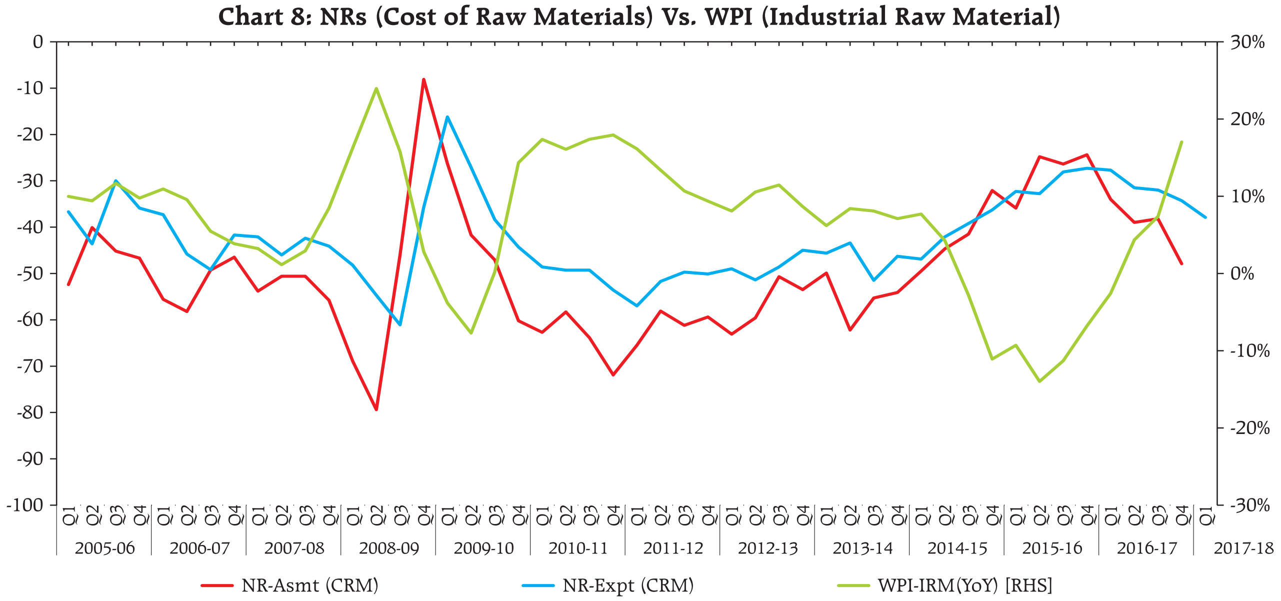
To buttress these results, the annual growth in the output measure is regressed on a constant, its own past values (lags upto 4 quarters) and the BEI-Asmt/BEI-Expt. The explanatory power of the regression (as measured by the adjusted-R^2 statistics) indicates a reasonably good fit (Table 2).

4.2 Prices

Given that IOS results usually come out before the release of provisional data on wholesale price index (WPI), it would be interesting to examine what insight the survey results offer regarding the WPI, even for the assessment quarter. By definition, higher value of NRs on any parameter indicates improvement or greater optimism with respect to the parameter. Thus, the NRs on CRM should be negatively correlated with changes in WPI for industrial raw materials (WPI-IRM). On the other hand, the NRs on SP should be positively correlated with changes in WPI for manufactured products (WPI-Manf).

The NR-Asmt and NR-Expt on cost of raw materials seemed to have moved reasonably well with Y-o-Y changes in the WPI-IRM, but in the opposite direction – the correlation coefficients between the NR-Asmt and growth in WPI-IRM at (-)0.7731 and the same for NR-Expt at (-)0.6876 are statistically significant (Chart 8, Table 3). NRs on the selling price

Chart 8: NRs (Cost of Raw Materials) Vs. WPI (Industrial Raw Material)



4 Base Year for IIP and GVA data are 2004-05 and 2011-12 respectively. Since the data on GVA (Basic Price) is available only since 2011-12; GDP at factor cost price were spliced (using linking factor) to get GVA for earlier period.

Table 3: Correlation Coefficient between NRs and Price Indices

Annual Growth in Price Index	Cost of Raw Materials		Selling Price	
	NR-Asmt	NR-Expt	NR-Asmt	NR-Expt
WPI-IRM	-0.7731*	-0.6876*	-	-
WPI-Manf	-	-	0.6546*	0.7098*

'*' Significant at 1 per cent level.

and annual change in WPI-Manf also exhibited strong co-movement in the same direction – the correlation coefficients for NR-Asmt and NR-Expt at 0.6546 and 0.7098, respectively, are statistically significant (Chart 9, Table 3).

Regression analysis indicates a strong relationship between NR-Asmt (CRM) and WPI-IRM, and between NR-Asmt (SP) and WPI-Manf. The adjusted-R^2 statistics for these equations turn out to be robust (Table 4).

Table 4: Performance of NR-Asmt in Explaining WPI

Dependent Variable (Y)	NR-Asmt on the Parameter (X)	Adjusted-R^2
YoY Change in WPI-IRM	Cost of Raw Materials	0.9123
YoY Change in WPI-Manf	Selling Price	0.9234

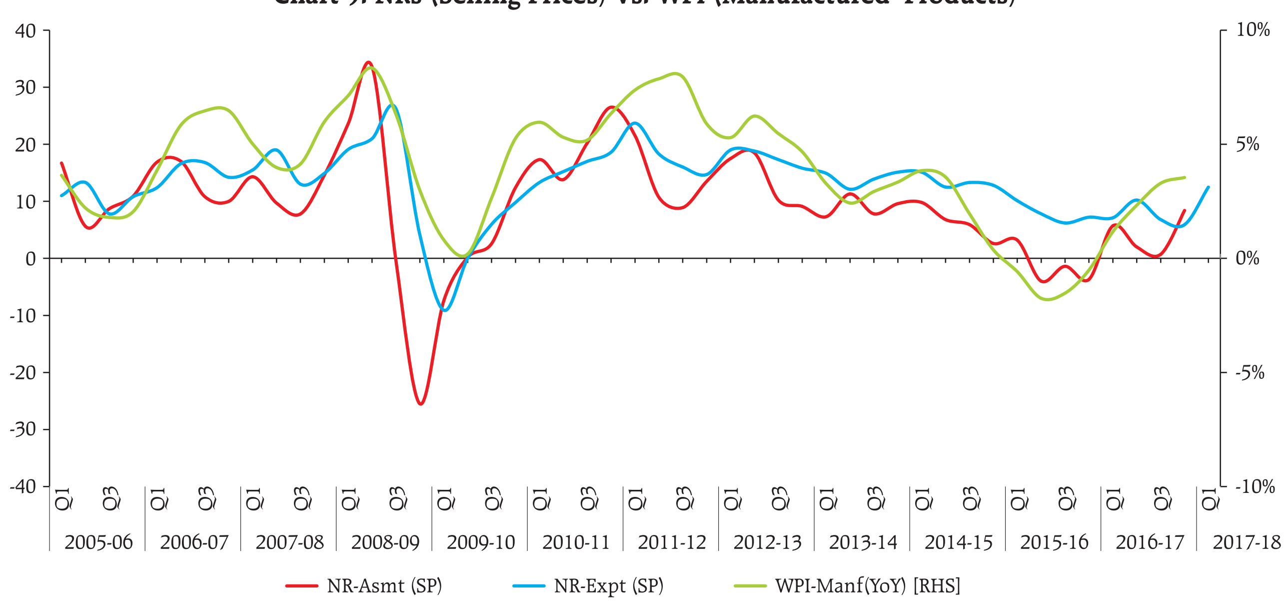
'*' Explanatory variables in each regression equation include a constant, past values of the dependent variable (lags upto 4 quarters) and BEI.

The corresponding results for NR-Expt are similar, though relationship is relatively weaker.

5. Summary

The demand conditions as assessed by the manufacturing sector companies in the recent rounds of IOS, through the parameters production, order books, exports, capacity utilisation and the employment, indicate an upturn in Q4:2016-17, which is likely to persist in Q1:2017-18. However, the inventory positions are yet to improve. On the price front, sentiments on cost of raw materials have deteriorated during 2016-17. However, the survey results reflect moderate improvement in the pricing power of the manufacturing sector. Overall, the survey results for 2016-17 indicate that the sector is poised in the absence of any clear-cut turnaround.

Chart 9: NRs (Selling Prices) Vs. WPI (Manufactured Products)



In this article, empirical analyses were carried out to examine if the survey results provide some insights into the direction of change in relevant official statistics. It is found that the BEIs track the activities of the manufacturing sector reasonably well, more so for concurrent period assessment. Further, price parameters of the survey contain useful information in tracking the corresponding WPI-inflation. Thus, the survey results provide useful information on short-term movements in Indian manufacturing for policymakers as well as for practitioners in financial markets and business.

Annex 1:
Business Expectation Index (BEI)

Quarter	BEI-Assessment Quarter	BEI-Expectation Quarter
Q1:2015-16	104.8	115.2
Q2:2015-16	102.4	113.1
Q3:2015-16	103.6	113.4
Q4:2015-16	103.0	114.2
Q1:2016-17	104.0	110.9
Q2:2016-17	102.7	112.9
Q3:2016-17	101.1	112.9
Q4:2016-17	106.0	111.1
Q1:2017-18		114.2

Annex 2

Table 2.1: Assessment & Expectation – Production

(Percentage responses)@

Quarter	Total response	Assessment				Expectation			
		Increase	Decrease	No change	Net response#	Increase	Decrease	No change	Net response
Q1:2015-16	1299	34.1	17.8	48.1	16.3	39.6	10.9	49.5	28.7
Q2:2015-16	1304	34.1	18.9	46.9	15.2	40.3	11.4	48.3	28.9
Q3:2015-16	1337	34.2	18.2	47.6	16.0	40.5	11.3	48.2	29.2
Q4:2015-16	1342	35.6	18.8	45.6	16.8	41.2	10.2	48.6	31.1
Q1:2016-17	1275	34.5	17.2	48.3	17.3	38.8	13.8	47.4	25.0
Q2:2016-17	723	31.4	20.6	48.0	10.8	40.2	11.2	48.6	29.0
Q3:2016-17	1221	32.0	21.2	46.8	10.8	40.9	12.0	47.2	28.9
Q4:2016-17	1244	35.8	17.8	46.4	18.0	41.1	13.3	45.6	27.8
Q1:2017-18						41.6	11.7	46.7	29.9

'Increase' in production is optimistic

@: Due to rounding off percentage may not add up to 100. This is applicable for all the tables from 2.1 to 2.22.

#:. Net Response (NR) is the difference of percentage of the respondents reporting optimism and that reporting pessimism. The range is (-) 100 to 100. Any value greater than zero indicates expansion and any value less than zero indicates contraction.

Table 2.2: Assessment & Expectation – Order Books

(Percentage responses)

Quarter	Total response	Assessment				Expectation			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
Q1:2015-16	1299	30.8	17.7	51.5	13.2	37.8	10.5	51.7	27.3
Q2:2015-16	1304	31.1	19.7	49.3	11.4	37.4	11.6	51.0	25.8
Q3:2015-16	1337	30.4	18.8	50.8	11.5	37.4	11.9	50.8	25.5
Q4:2015-16	1342	31.8	19.7	48.5	12.1	39.7	10.6	49.8	29.1
Q1:2016-17	1275	32.1	16.5	51.3	15.6	35.5	14.3	50.3	21.2
Q2:2016-17	723	29.3	20.4	50.3	9.0	38.1	10.8	51.1	27.3
Q3:2016-17	1221	29.1	22.0	48.9	7.1	36.4	11.7	51.9	24.7
Q4:2016-17	1244	34.8	19.2	46.0	15.6	35.1	14.2	50.7	20.9
Q1:2017-18						39.5	11.5	49.0	28.0

'Increase' in order books is optimistic. Footnotes '@' and '#' given in Table 2.1 are applicable here.

Table 2.3: Assessment & Expectation – Pending Orders

(Percentage responses)

Quarter	Total response	Assessment				Expectation			
		Below Normal	Above Normal	Normal	Net response	Below Normal	Above Normal	Normal	Net response
Q1:2015-16	1299	18.6	5.1	76.3	13.6	13.1	6.9	80.1	6.2
Q2:2015-16	1304	18.6	5.1	76.3	13.5	14.6	6.1	79.4	8.5
Q3:2015-16	1337	19.2	5.0	75.8	14.3	14.1	6.5	79.4	7.6
Q4:2015-16	1342	18.2	4.3	77.4	13.9	13.3	7.0	79.7	6.3
Q1:2016-17	1275	16.7	5.7	77.6	11.0	15.1	4.9	80.0	10.2
Q2:2016-17	723	18.9	5.2	75.9	13.7	12.9	6.3	80.8	6.6
Q3:2016-17	1222	19.0	5.3	75.7	13.7	12.9	6.7	80.4	6.2
Q4:2016-17	1244	18.1	5.1	76.9	13.0	15.3	5.0	79.7	10.3
Q1:2017-18						13.4	4.9	81.8	8.5

Pending orders 'Below Normal' is optimistic. Footnotes '@' and '#' given in Table 2.1 are applicable here.

Table 2.4: Assessment & Expectation – Capacity Utilisation (Main Product)

(Percentage responses)

Quarter	Total response	Assessment				Expectation			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
Q1:2015-16	1299	23.3	16.7	60.0	6.7	27.5	8.8	63.7	18.7
Q2:2016-16	1304	21.7	18.1	60.2	3.6	27.7	10.2	62.1	17.6
Q3:2015-16	1337	23.4	16.3	60.4	7.1	27.8	10.2	62.0	17.5
Q4:2015-16	1342	24.6	17.5	57.9	7.1	27.8	8.7	63.5	19.1
Q1:2016-17	1275	21.8	15.1	63.1	6.7	26.3	12.9	60.8	13.4
Q2:2016-17	723	21.5	17.9	60.7	3.6	26.5	9.7	63.9	16.8
Q3:2016-17	1222	20.2	17.9	61.9	2.3	27.4	10.2	62.5	17.2
Q4:2016-17	1244	25.9	15.7	58.4	10.2	27.6	11.2	61.2	16.4
Q1:2017-18						28.1	10.9	61.0	17.2

'Increase' in capacity utilisation is optimistic. Footnotes '@' and '#' given in Table 2.1 are applicable here.

Table 2.5: Assessment & Expectation – Level of CU (compared to the average in last 4 quarters)

(Percentage responses)

Quarter	Total response	Assessment				Expectation			
		Above Normal	Below Normal	Normal	Net response	Above Normal	Below Normal	Normal	Net response
Q1:2015-16	1299	10.2	18.6	71.3	-8.4	12.1	12.3	75.6	-0.2
Q2:2016-16	1304	8.8	19.3	71.9	-10.5	10.5	13.9	75.5	-3.4
Q3:2015-16	1337	8.7	18.6	72.6	-9.9	9.2	13.1	77.6	-3.9
Q4:2015-16	1342	9.8	19.2	71.0	-9.4	9.4	12.4	78.2	-3.0
Q1:2016-17	1275	10.9	16.6	72.5	-5.7	9.8	14.6	75.6	-4.8
Q2:2016-17	723	9.3	15.4	75.3	-6.0	10.3	11.9	77.8	-1.6
Q3:2016-17	1222	8.7	16.4	74.9	-7.7	10.8	11.5	77.7	-0.7
Q4:2016-17	1244	9.3	16.1	74.6	-6.8	10.6	12.9	76.5	-2.3
Q1:2017-18						9.9	12.2	77.9	-2.3

'Above Normal' in Level of capacity utilisation is optimistic. Footnotes '@' and '#' given in Table 2.1 are applicable here.

Table 2.6: Assessment & Expectation – Assessment of Production Capacity (with regard to expected demand in next 6 months)

(Percentage responses)

Quarter	Total response	Assessment				Expectation			
		More than adequate	Less than adequate	Adequate	Net response	More than adequate	Less than adequate	Adequate	Net response
Q1:2015-16	1299	15.1	8.0	76.9	7.2	13.9	6.9	79.2	7.0
Q2:2016-16	1304	14.1	7.7	78.3	6.4	15.8	6.8	77.5	9.0
Q3:2015-16	1337	14.3	8.5	77.2	5.8	14.4	6.8	78.8	7.5
Q4:2015-16	1342	13.9	8.5	77.7	5.4	14.5	7.0	78.5	7.5
Q1:2016-17	1275	14.6	8.6	76.8	6.0	13.8	7.1	79.1	6.7
Q2:2016-17	723	14.4	8.2	77.3	6.2	13.6	7.6	78.8	6.0
Q3:2016-17	1222	12.3	9.1	78.6	3.2	14.2	7.4	78.4	6.8
Q4:2016-17	1244	14.1	7.1	78.7	7.0	11.9	7.4	80.7	4.5
Q1:2017-18						13.3	6.7	79.9	6.6

(Percentage responses) 'More than adequate' in Assessment of Production Capacity is optimistic. Footnotes '@' and '#' given in Table 2.1 are applicable here.

Table 2.7: Assessment & Expectation – Exports

(Percentage responses)

Quarter	Total response	Assessment				Expectation			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
Q1:2015-16	1299	24.1	14.0	62.0	10.1	27.6	8.1	64.3	19.5
Q2:2015-16	1304	23.5	17.8	58.7	5.7	27.5	8.0	64.5	19.6
Q3:2015-16	1337	23.3	17.7	59.0	5.7	27.3	10.6	62.1	16.7
Q4:2015-16	1342	22.1	18.8	59.1	3.3	26.9	10.0	63.1	16.9
Q1:2016-17	1275	21.5	15.3	63.1	6.2	25.7	12.0	62.3	13.7
Q2:2016-17	723	19.8	20.6	59.6	-0.8	26.3	9.5	64.2	16.8
Q3:2016-17	1221	22.9	18.5	58.6	4.4	24.3	13.2	62.5	11.2
Q4:2016-17	1244	24.3	17.7	58.0	6.6	25.3	13.2	61.5	12.1
Q1:2017-18						26.5	11.3	62.2	15.2

'Increase' in exports is optimistic. Footnotes '@' and '#' given in Table 2.1 are applicable here.

Table 2.8: Assessment & Expectation – Imports

(Percentage responses)

Quarter	Total response	Assessment				Expectation			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
Q1:2015-16	1299	19.8	9.1	71.0	10.7	20.3	7.9	71.8	12.4
Q2:2015-16	1304	18.8	10.4	70.7	8.4	18.0	8.1	73.9	9.9
Q3:2015-16	1337	17.2	11.1	71.8	6.1	18.0	8.8	73.2	9.2
Q4:2015-16	1342	17.6	12.9	69.4	4.7	16.4	8.6	75.0	7.7
Q1:2016-17	1275	18.1	9.7	72.3	8.4	16.7	10.9	72.4	5.8
Q2:2016-17	723	17.5	10.6	71.9	7.0	17.5	7.9	74.6	9.6
Q3:2016-17	1221	17.9	11.7	70.4	6.2	18.1	9.4	72.5	8.7
Q4:2016-17	1244	17.5	10.7	71.8	6.8	17.7	9.3	73.1	8.4
Q1:2017-18						17.3	7.2	75.5	10.1

'Increase' in imports is optimistic. Footnotes '@' and '#' given in Table 2.1 are applicable here.

Table 2.9: Assessment & Expectation – Level of Raw Materials Inventory

(Percentage responses)

Quarter	Total response	Assessment				Expectation			
		Below average	Above average	Average	Net response	Below average	Above average	Average	Net response
Q1:2015-16	1299	6.5	14.2	79.3	-7.7	7.1	10.0	83.0	-2.9
Q2:2015-16	1304	7.4	13.7	78.9	-6.3	5.5	11.5	83.0	-6.0
Q3:2015-16	1337	6.5	12.2	81.4	-5.7	5.5	10.6	83.9	-5.1
Q4:2015-16	1342	7.0	12.5	80.5	-5.5	5.3	9.9	84.8	-4.7
Q1:2016-17	1275	6.0	12.4	81.7	-6.4	5.9	9.7	84.4	-3.8
Q2:2016-17	723	7.0	11.8	81.2	-4.8	5.8	10.8	83.5	-5.0
Q3:2016-17	1221	7.3	11.7	81.2	-4.4	5.2	10.3	84.5	-5.2
Q4:2016-17	1244	6.9	12.4	81.1	-5.5	6.8	9.0	84.2	-2.2
Q1:2017-18						6.1	8.7	85.2	-2.6

'Below average' Inventory of raw materials is optimistic. Footnotes '@' and '#' given in Table 2.1 are applicable here.

Table 2.10: Assessment & Expectation – Level of Finished Goods Inventory

(Percentage responses)

Quarter	Total response	Assessment				Expectation			
		Below average	Above average	Average	Net response	Below average	Above average	Average	Net response
Q1:2015-16	1299	7.2	18.1	74.7	-10.9	5.8	13.4	80.9	-7.6
Q2:2015-16	1304	6.9	17.5	75.6	-10.6	6.4	14.6	78.9	-8.2
Q3:2015-16	1337	7.0	17.4	75.7	-10.4	6.3	11.6	82.1	-5.3
Q4:2015-16	1342	8.7	15.4	75.9	-6.7	6.2	12.1	81.6	-5.9
Q1:2016-17	1275	7.0	15.3	77.7	-8.3	7.0	11.1	81.9	-4.9
Q2:2016-17	723	6.7	15.8	77.5	-9.0	7.1	12.1	80.8	-5.0
Q3:2016-17	1221	6.4	15.3	78.3	-8.9	4.5	12.5	83.0	-7.9
Q4:2016-17	1244	7.3	16.6	76.1	-9.3	6.5	11.6	81.9	-5.1
Q1:2017-18						6.4	10.7	82.8	-4.3

'Below average' Inventory of finished goods is optimistic. Footnotes '@' and '#' given in Table 2.1 are applicable here.

Table 2.11: Assessment & Expectations – Employment

(Percentage responses)

Quarter	Total response	Assessment				Expectation			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
Q1:2015-16	1299	16.7	9.3	74.0	7.4	15.8	7.0	77.2	8.8
Q2:2015-16	1304	15.2	9.3	75.5	5.9	16.5	6.6	76.8	9.9
Q3:2015-16	1337	15.3	9.4	75.3	5.8	15.7	6.1	78.2	9.6
Q4:2015-16	1342	14.2	10.1	75.7	4.1	15.3	6.7	78.0	8.6
Q1:2016-17	1275	15.0	9.7	75.3	5.3	15.1	8.0	76.9	7.1
Q2:2016-17	723	14.5	7.7	77.8	6.8	15.8	7.7	76.5	8.1
Q3:2016-17	1221	13.5	9.7	76.8	3.8	14.7	5.6	79.7	9.1
Q4:2016-17	1244	15.9	9.3	74.8	6.6	12.1	6.9	81.0	5.2
Q1:2017-18						15.9	6.6	77.5	9.3

'Increase' in employment is optimistic. Footnotes '@' and '#' given in Table 2.1 are applicable here.

Table 2.12: Assessment & Expectation – Overall Financial Situation

(Percentage responses)

Quarter	Total response	Assessment				Expectation			
		Better	Worsen	No change	Net response	Better	Worsen	No change	Net response
Q1:2015-16	1299	27.9	13.2	59.1	14.4	34.3	8.0	57.7	26.3
Q2:2015-16	1304	27.5	14.0	58.6	13.5	34.2	9.1	56.7	25.1
Q3:2015-16	1337	26.2	12.9	60.9	13.2	34.8	8.8	56.4	26.0
Q4:2015-16	1342	26.6	12.3	61.0	14.3	33.3	8.5	58.2	24.7
Q1:2016-17	1275	27.9	11.9	60.1	16.0	33.1	8.3	58.6	24.8
Q2:2016-17	723	27.7	11.3	61.1	16.4	35.2	8.3	56.5	26.9
Q3:2016-17	1221	26.0	14.1	59.9	11.9	33.9	6.8	59.3	27.1
Q4:2016-17	1244	30.6	13.6	55.9	17.0	34.1	9.5	56.4	24.6
Q1:2017-18						37.9	7.0	55.1	30.9

'Better' overall financial situation is optimistic. Footnotes '@' and '#' given in Table 2.1 are applicable here.

Table 2.13: Assessment & Expectation – Working Capital Finance Requirement

(Percentage responses)

Quarter	Total response	Assessment				Expectation			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
Q1:2015-16	1299	30.2	6.8	63.0	23.5	32.3	5.1	62.6	27.2
Q2:2015-16	1304	30.2	6.0	63.8	24.2	29.6	4.7	65.7	25.0
Q3:2015-16	1337	30.3	6.7	62.9	23.6	29.9	4.3	65.8	25.5
Q4:2015-16	1342	31.7	6.8	61.4	24.9	30.1	4.9	65.0	25.2
Q1:2016-17	1275	28.1	7.2	64.7	20.8	30.0	5.4	64.6	24.6
Q2:2016-17	723	26.0	6.6	67.4	19.4	29.7	5.6	64.7	24.1
Q3:2016-17	1221	28.9	6.9	64.3	22.0	28.1	4.1	67.8	24.1
Q4:2016-17	1244	30.2	5.6	64.2	24.6	29.2	5.3	65.5	23.9
Q1:2017-18						29.4	5.1	65.5	24.3

'Increase' in working capital finance is optimistic. Footnotes '@' and '#' given in Table 2.1 are applicable here.

Table 2.14: Assessment & Expectation – Availability of Finance (from Internal Accruals)

(Percentage responses)

Quarter	Total response	Assessment				Expectation			
		Improve	Worsen	No change	Net response	Improve	Worsen	No change	Net response
Q1:2015-16	1299	21.5	10.1	68.3	11.4	24.7	6.6	68.8	18.1
Q2:2015-16	1304	21.1	10.8	68.1	10.4	23.9	7.2	68.9	16.7
Q3:2015-16	1337	22.3	9.4	68.3	12.9	23.5	6.7	69.8	16.8
Q4:2015-16	1342	21.7	9.3	69.0	12.4	26.1	6.1	67.8	20.0
Q1:2016-17	1275	22.4	8.9	68.6	13.5	25.6	6.1	68.3	19.5
Q2:2016-17	723	21.0	8.5	70.5	12.5	25.9	5.8	68.3	20.1
Q3:2016-17	1221	21.6	11.7	66.7	9.9	25.2	5.0	69.8	20.2
Q4:2016-17	1244	25.6	10.3	64.1	15.3	25.4	8.0	66.6	17.4
Q1:2017-18						27.5	6.2	66.3	21.3

'Improvement' in availability of finance is optimistic. Footnotes '@' and '#' given in Table 2.1 are applicable here.

Table 2.15: Assessment & Expectation – Availability of Finance (from banks & other sources)

(Percentage responses)

Quarter	Total response	Assessment				Expectation			
		Improve	Worsen	No change	Net response	Improve	Worsen	No change	Net response
Q1:2015-16	1299	19.1	5.4	75.6	13.7	22.6	4.9	72.4	17.7
Q2:2015-16	1304	19.3	5.7	75.0	13.6	21.2	3.8	75.0	17.3
Q3:2015-16	1337	19.2	6.3	74.4	12.9	20.0	3.8	76.3	16.2
Q4:2015-16	1342	18.3	7.5	74.2	10.8	20.6	4.7	74.7	16.0
Q1:2016-17	1275	18.7	7.7	73.6	11.0	21.6	5.2	73.2	16.4
Q2:2016-17	723	18.3	5.6	76.1	12.7	21.7	5.5	72.7	16.2
Q3:2016-17	1221	19.6	7.9	72.5	11.7	21.8	3.3	74.9	18.5
Q4:2016-17	1244	21.3	7.6	71.1	13.7	22.5	5.6	71.9	16.9
Q1:2017-18						24.8	4.9	70.3	19.9

'Improvement' in availability of finance is optimistic. Footnotes '@' and '#' given in Table 2.1 are applicable here.

Table 2.16: Assessment & Expectation – Availability of Finance (from overseas, if applicable)

(Percentage responses)

Quarter	Total response	Assessment				Expectation			
		Improve	Worsen	No change	Net response	Improve	Worsen	No change	Net response
Q1:2015-16	1299	13.0	4.8	82.2	8.2	14.4	4.0	81.6	10.4
Q2:2015-16	1304	11.1	5.0	83.9	6.1	12.9	3.5	83.6	9.3
Q3:2015-16	1337	11.3	5.2	83.5	6.2	11.5	3.5	85.0	8.0
Q4:2015-16	1342	8.8	5.9	85.3	2.9	12.1	3.9	84.1	8.2
Q1:2016-17	1275	10.6	5.0	84.4	5.6	10.0	4.7	85.4	5.3
Q2:2016-17	723	10.0	3.3	86.6	6.7	12.2	3.8	84.1	8.4
Q3:2016-17	1221	9.1	4.8	86.1	4.3	10.3	2.0	87.7	8.3
Q4:2016-17	1244	8.1	3.3	88.6	4.8	10.0	3.5	86.5	6.5
Q1:2017-18						9.8	2.8	87.4	7.0

'Improvement' in availability of finance is optimistic. Footnotes '@' and '#' given in Table 2.1 are applicable here.

Table 2.17: Assessment & Expectation – Cost of Finance

(Percentage responses)

Quarter	Total response	Assessment				Expectation			
		Decrease	Increase	No change	Net response	Decrease	Increase	No change	Net response
Q1:2015-16	1299	10.2	22.3	67.5	-12.1	8.8	21.8	69.4	-13.0
Q2:2015-16	1304	9.4	20.8	69.7	-11.4	9.9	18.7	71.4	-8.7
Q3:2015-16	1337	14.0	19.4	66.6	-5.4	10.2	17.9	71.9	-7.6
Q4:2015-16	1342	11.0	19.7	69.2	-8.7	10.5	15.9	73.6	-5.5
Q1:2016-17	1275	10.1	19.9	70.0	-9.8	8.8	17.1	74.1	-8.3
Q2:2016-17	723	9.4	17.3	73.3	-7.9	9.9	17.4	72.6	-7.5
Q3:2016-17	1221	12.9	16.1	71.1	-3.2	9.4	16.9	73.8	-7.5
Q4:2016-17	1244	15.8	16.7	67.6	-0.9	14.5	14.8	70.8	-0.3
Q1:2017-18						12.9	15.4	71.7	-2.5

'Decrease' in cost of finance is optimistic. Footnotes '@' and '#' given in Table 2.1 are applicable here.

Table 2.18: Assessment & Expectation – Cost of Raw Materials

(Percentage responses)

Quarter	Total response	Assessment				Expectation			
		Decrease	Increase	No change	Net response	Decrease	Increase	No change	Net response
Q1:2015-16	1299	8.6	44.5	46.9	-35.9	6.0	38.8	55.2	-32.8
Q2:2015-16	1304	13.2	38.1	48.7	-24.8	5.2	38.1	56.6	-32.9
Q3:2015-16	1337	12.4	38.7	48.9	-26.4	7.1	35.2	57.7	-28.1
Q4:2015-16	1342	13.3	37.7	49.0	-24.4	6.9	34.2	58.9	-27.3
Q1:2016-17	1275	7.5	41.5	51.0	-34.0	8.3	36.0	55.7	-27.7
Q2:2016-17	723	4.2	43.1	52.7	-39.0	6.0	37.5	56.5	-31.5
Q3:2016-17	1221	6.4	44.6	48.9	-38.2	5.5	37.4	57.1	-32.0
Q4:2016-17	1244	3.5	51.4	45.0	-47.9	5.1	39.4	55.6	-34.3
Q1:2017-18						4.1	42.0	54.0	-37.9

'Decrease' in cost of raw materials is optimistic. Footnotes '@' and '#' given in Table 2.1 are applicable here.

Table 2.19: Assessment & Expectation – Selling Price

(Percentage responses)

Quarter	Total response	Assessment				Expectation			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
Q1:2015-16	1299	18.3	15.2	66.5	3.1	19.1	8.8	72.1	10.3
Q2:2015-16	1304	15.8	19.8	64.4	-4.0	19.5	11.6	68.8	7.9
Q3:2015-16	1337	16.7	18.0	65.3	-1.4	18.3	12.2	69.5	6.2
Q4:2015-16	1342	15.9	19.6	64.5	-3.7	17.9	10.7	71.4	7.2
Q1:2016-17	1275	18.9	13.2	67.9	5.7	20.2	13.1	66.7	7.1
Q2:2016-17	723	16.5	14.5	69.0	2.0	19.8	9.7	70.5	10.1
Q3:2016-17	1221	16.9	16.2	66.9	0.7	17.2	10.4	72.4	6.8
Q4:2016-17	1244	21.4	13.0	65.6	8.4	16.8	10.9	72.3	5.9
Q1:2017-18						21.6	9.1	69.3	12.5

'Increase' in selling price is optimistic. Footnotes '@' and '#' given in Table 2.1 are applicable here.

Table 2.20: Assessment & Expectation – Profit Margin

(Percentage responses)

Quarter	Total response	Assessment				Expectation			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
Q1:2015-16	1299	14.2	28.5	57.3	-14.2	18.8	19.3	61.9	-0.5
Q2:2015-16	1304	13.1	30.0	56.9	-16.9	18.5	20.0	61.5	-1.6
Q3:2015-16	1337	14.3	29.5	56.2	-15.3	18.4	19.7	61.9	-1.3
Q4:2015-16	1342	13.4	30.1	56.5	-16.7	18.1	20.1	61.8	-2.0
Q1:2016-17	1275	14.4	27.4	58.2	-12.8	18.5	22.1	59.4	-3.6
Q2:2016-17	723	15.8	28.8	55.4	-12.9	19.1	19.3	61.6	-0.2
Q3:2016-17	1221	15.3	28.3	56.4	-13.0	19.5	19.4	61.2	0.1
Q4:2016-17	1244	16.7	27.8	55.5	-11.1	18.5	21.3	60.2	-2.8
Q1:2017-18						20.3	19.2	60.4	1.1

'Increase' in profit margin is optimistic. Footnotes '@' and '#' given in Table 2.1 are applicable here.

Table 2.21: Assessment & Expectation – Overall Business Situation

(Percentage responses)

Quarter	Total response	Assessment				Expectation			
		Better	Worsen	No change	Net response	Better	Worsen	No change	Net response
Q1:2015-16	1299	32.5	12.9	54.6	19.6	42.7	6.7	50.6	36.0
Q2:2015-16	1304	30.2	16.3	53.6	13.9	40.3	8.2	51.5	32.0
Q3:2015-16	1337	31.3	14.0	54.7	17.4	39.9	8.3	51.8	31.6
Q4:2015-16	1342	30.8	14.6	54.6	16.2	40.9	7.6	51.5	33.3
Q1:2016-17	1275	33.3	12.1	54.6	21.2	39.4	8.9	51.7	30.5
Q2:2016-17	723	31.4	14.0	54.6	17.4	41.2	7.7	51.1	33.5
Q3:2016-17	1221	29.4	16.4	54.2	13.0	40.1	8.7	51.2	31.3
Q4:2016-17	1244	36.3	14.3	49.5	22.0	39.4	11.5	49.1	27.9
Q1:2017-18						43.6	7.6	48.8	36.0

'Better' Overall Business Situation is optimistic. Footnotes '@' and '#' given in Table 2.1 are applicable here.

Table 2.22: Assessment & Expectation – Salary/Other Remuneration

(Percentage responses)

Quarter	Total response	Assessment				Expectation			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
Q1:2015-16	1299	36.9	2.6	60.5	34.2	27.4	3.9	68.7	23.5
Q2:2015-16	1304	31.7	2.8	65.6	28.9	30.0	2.7	67.3	27.3
Q3:2015-16	1337	28.4	3.2	68.4	25.1	24.3	2.3	73.4	22.0
Q4:2015-16	1342	30.5	3.0	66.5	27.5	25.0	2.8	72.2	22.1
Q1:2016-17	1275	34.9	2.9	62.2	32.0	33.2	2.9	63.9	30.3
Q2:2016-17	723	35.8	3.0	61.2	32.8	30.0	3.1	66.9	26.9
Q3:2016-17	1222	28.9	2.8	68.3	26.1	26.6	2.0	71.4	24.7
Q4:2016-17	1244	30.0	2.7	67.3	27.3	25.0	3.3	71.8	21.7
Q1:2017-18						38.8	2.2	59	36.6

'Increase in Salary / other remuneration' is optimistic. Footnotes '@' and '#' given in Table 2.1 are applicable here.

*Inflation Expectations Survey of Households, 2016-17**

1 Introduction

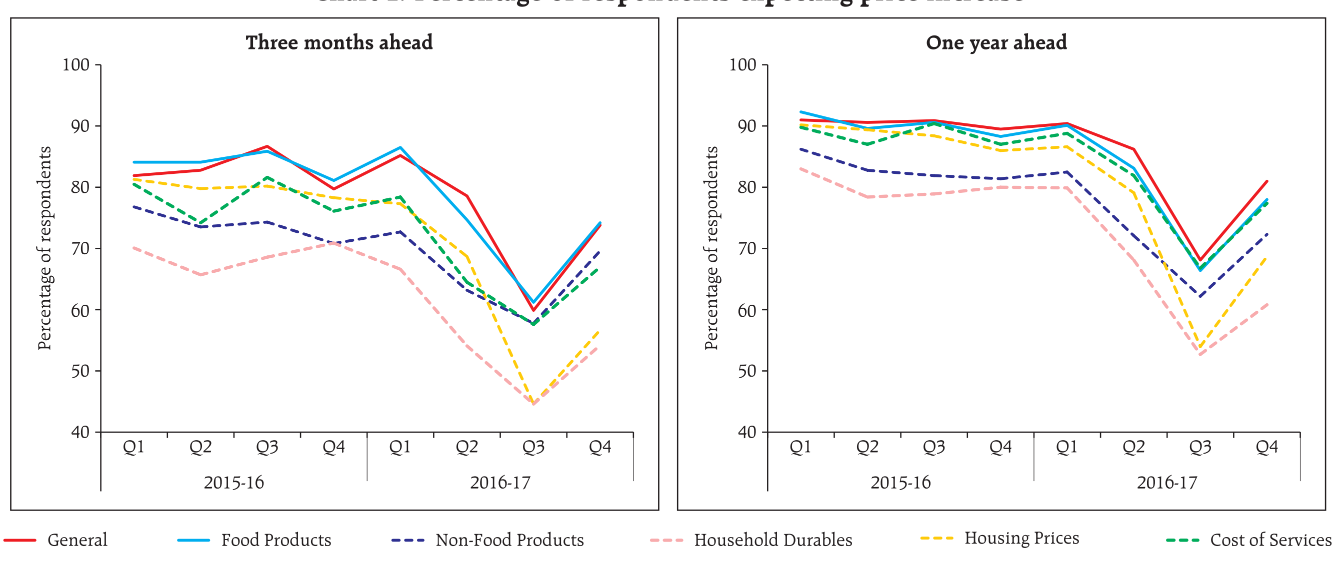
1.1 Inflation expectations of households play an important role in their decision on spending and saving, which, in turn, inform the setting of monetary policy. In this context, the Reserve Bank of India (RBI) has been conducting the Inflation Expectations Survey of Households (IESH) since September 2005. At present, the survey is conducted in 18 cities covering a sample size of 5500 households in each round (Annex). The survey elicits qualitative and quantitative responses of households' perceptions and expectations on prices and inflation, three months ahead and one year ahead[1]. The present annual article analyses the results of four quarterly rounds of the survey (Rounds: 44-47)[2] conducted during 2016-17.

2 Survey Results

2.1 The proportion of respondents expecting general prices to rise in the ensuing three months and one year were lower in Q2:2016-17 to Q4:2016-17 than in the corresponding quarter of 2015-16. On a quarter-to-quarter basis, the share of such responses for the three months ahead period declined from 85.2 per cent in Q1:2016-17 to 73.8 per cent in Q4:2016-17, with a low at 59.9 per cent in Q3:2016-17. Similarly, the proportions for the one year ahead period declined from 90.4 per cent in Q1:2016-17 to 81.0 per cent in Q4:2016-17, with a low at 68.1 per cent in Q3:2016-17 (Chart 1). The coincidence of the seasonal decline in prices of many food products and demonetisation could have led to the sharp moderation in households' inflation outlook in Q3:2016-17.

2.2 Respondents expecting the general price level to go up were asked to assess the rate of increase in prices in the next three months and in the year ahead. On

Chart 1: Percentage of respondents expecting price increase

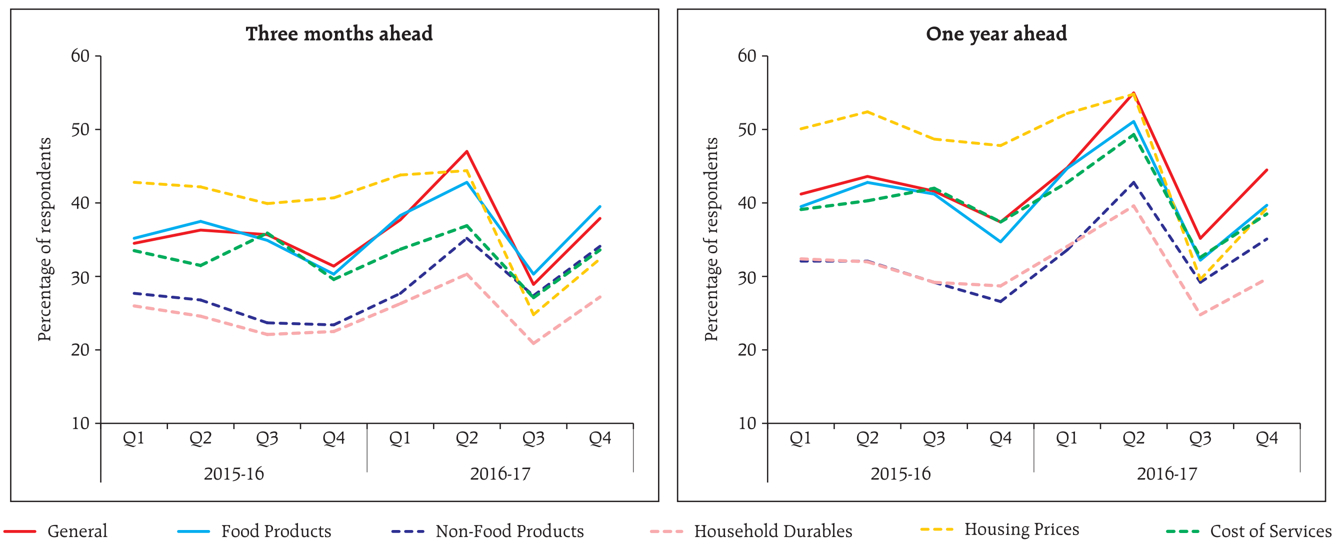


* Prepared by the Division of Household Surveys, Department of Statistics and Information Management, Reserve Bank of India, Mumbai. The previous annual article was published in June, 2016 issue of the RBI Bulletin. Survey results are regularly published on the RBI website.

1 Household inflation expectations are generally not comparable with official measures of inflation, since they relate to their own consumption basket.

2 Besides quarterly rounds of survey, the RBI introduced two additional rounds of IESH in May and November from 2014, on a pilot basis, to align the survey with bi-monthly monetary policy. The results of the additional round (November 2016 round) were placed in the public domain for the first time during 2016-17.

Chart 2: Percentage of respondents expecting price increase at 'more than current rate'



a year-on-year (y-o-y) basis, the share of respondents expecting general prices to increase at more than the current rate was higher in each quarter of 2016-17, barring Q3, with a peak in Q2:2016-17, in line with the seasonal pattern.

2.3 Price expectations relating to various product groups also witnessed significant moderation during 2016-17, both three months ahead and one year ahead. It was observed most prominently for housing and household durables, with a significant shift in the proportion of respondents expecting decline in prices. Nonetheless, the share of respondents expecting product level prices to go up at more than the current rate remained generally at a higher level than a year ago across product groups, except for Q3 (Chart 2).

2.4 In terms of respondents' quantitative assessment of the level of expected inflation (within a band of 1 percentage point) for the next three months as well as for the next one year, three months ahead median inflation expectations were lower in each quarter of 2016-17 on a y-o-y basis (Table 6). While the decline ranged between 60 and 90 basis points, it fell sharply by 260 basis points in Q3:2016-17. A similar pattern was observed in the case of one year ahead expectations, except in Q2:2016-17, when the median was slightly higher than in Q2:2015-16 (Chart 3 and Table 6). Median inflation expectations in Q3:2016-17 was the lowest in the survey's history, except for the period of the global financial crisis. The gap between median current perceptions and three months ahead

Chart 3: Inflation Rates - Mean & Median

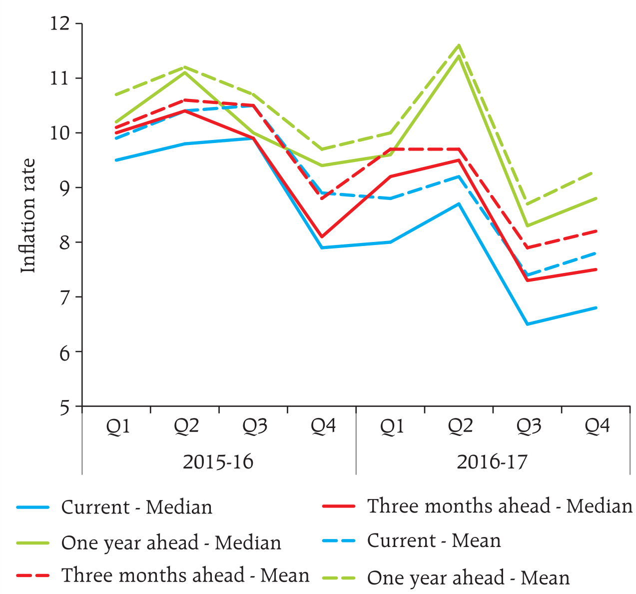
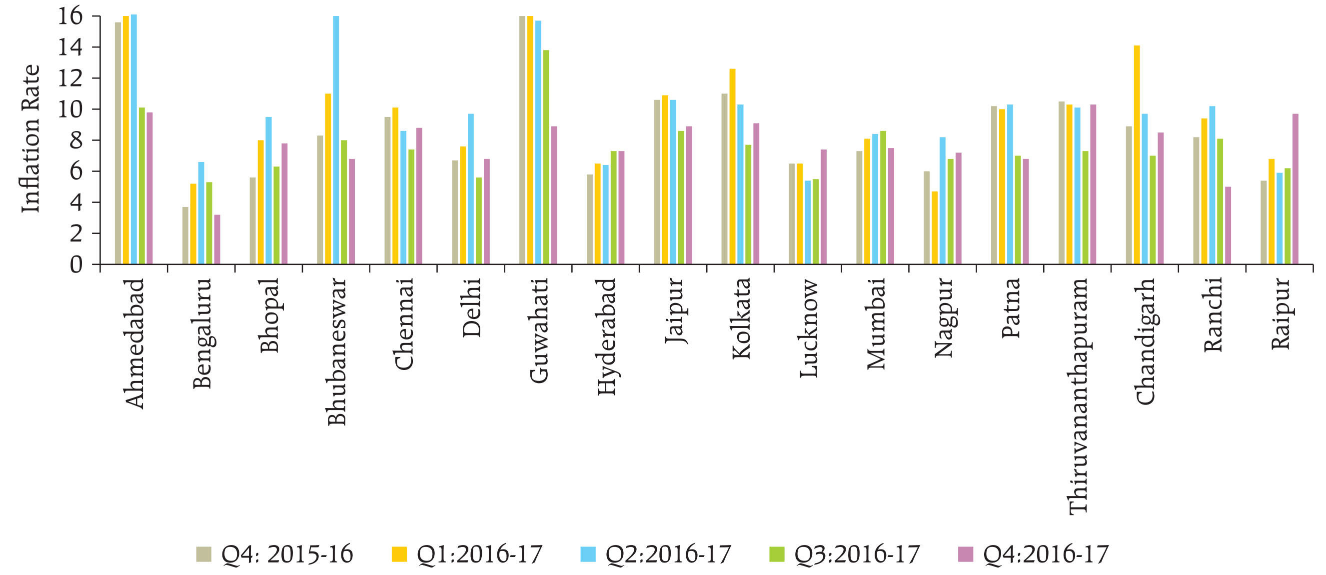


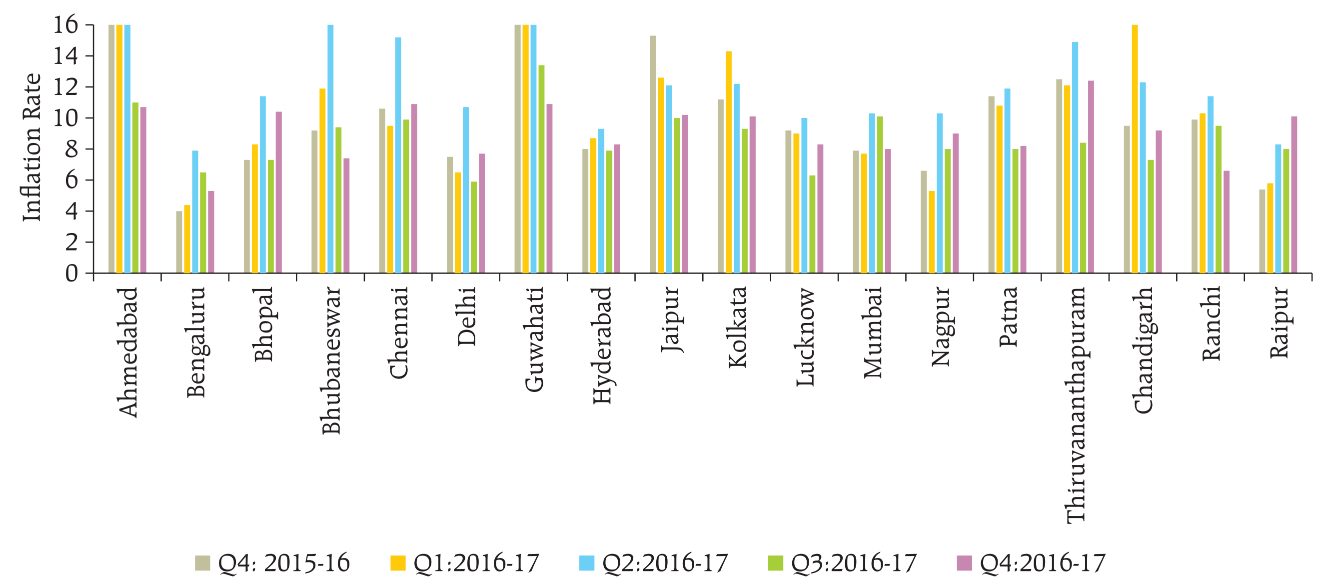
Chart 4: City-wise Three months ahead median inflation expectations



inflation expectations, which had narrowed sharply in the second half of 2015-16, widened again during 2016-17, with mean inflation expectations exhibiting similar movements.

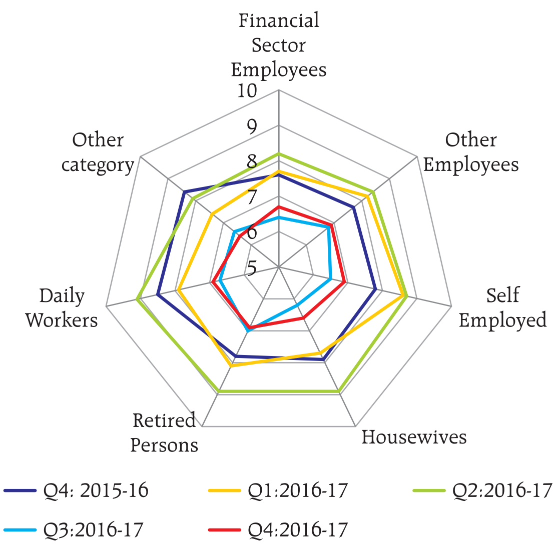
2.5 Analysis of variance (ANOVA) shows that 'city' has been a significant source of variation for inflation perceptions and expectations (Table 7). Inter-city disparity has reduced somewhat in recent quarters. Guwahati and Ahmedabad, which recorded relatively higher median inflation expectations during the first half of 2016-17, polled a sharp decline during the second half. On the other hand, Raipur recorded an increase in median inflation through 2016-17, with a peak in Q4:2016-17 (Chart 4 and 5, Table 8).

Chart 5: City-wise One year ahead median inflation expectations



2.6 Retired persons and daily workers generally reported relatively higher median inflation perceptions and expectations, while financial sector employees and others reported lower median inflation perceptions and expectations (Chart 6).

Chart 6: Occupation category-wise median current inflation perceptions



2.7 The smaller bootstrap confidence intervals (99 per cent) for mean inflation[3] with a width of around 0.30 indicate that point estimates are reasonably precise for estimating the population mean of households' inflation perceptions and expectations (Table 9)

3 Conclusions

3.1 Inflation expectations of households moderated during 2016-17 and most significantly in the post demonetisation period. This ebbing spanned all product groups, but more prominently in respect of prices of housing and household durables. The cities of Guwahati and Ahmedabad, where the median inflation expectations were much higher than the all-India average till the first half of 2016-17, also recorded a sizeable decline. However, the gap between currently perceived inflation and the outlook for three months and one year ahead reflected persistence.

[3] Bootstrap confidence intervals for mean inflation (99 per cent) were calculated by drawing 10,000 re-samples using simple random sampling with replacement (SRSWR).

Annex-Data Tables

Table 1: Cross-tabulation of General Price Expectations for Three Months Ahead and One Year Ahead Q1: 2016-17

One Year Ahead	General price expectations Three Months Ahead					
	Price increase more than current rate	Price increase similar to current rate	Price increase less than current rate	No change in prices	Decline in prices	Total
Price increase more than current rate	29.4	8.8	3.2	2.8	0.6	44.8
Price increase similar to current rate	4.2	16.1	3.9	2.9	0.4	27.6
Price increase less than current rate	2.3	2.3	9.9	2.9	0.5	18.0
No change in prices	1.1	1.1	1.2	2.3	0.5	6.3
Decline in prices	0.7	0.4	0.5	0.5	1.3	3.4
Total	**37.7**	**28.7**	**18.8**	**11.4**	**3.4**	**100.0**

General price expectations for one year ahead dependent on general price expectations for three months ahead at 5 per cent level of significance, across the study period (Table 1-4)

Table 2: Cross-tabulation of General Price Expectations for Three Months Ahead and One Year Ahead Q2: 2016-17

One Year Ahead	General price expectations Three Months Ahead					
	Price increase more than current rate	Price increase similar to current rate	Price increase less than current rate	No change in prices	Decline in prices	Total
Price increase more than current rate	36.2	7.0	5.0	5.5	1.3	55.0
Price increase similar to current rate	5.4	7.9	2.1	4.1	0.9	20.4
Price increase less than current rate	2.1	1.4	4.6	2.2	0.5	10.8
No change in prices	2.4	1.7	0.8	3.0	1.3	9.2
Decline in prices	0.8	0.6	0.5	0.9	1.8	4.6
Total	**47.0**	**18.5**	**13.0**	**15.7**	**5.8**	**100.0**

Table 3: Cross-tabulation of General Price Expectations for Three Months Ahead and One Year Ahead Q3: 2016-17

One Year Ahead	General price expectations Three Months Ahead					
	Price increase more than current rate	Price increase similar to current rate	Price increase less than current rate	No change in prices	Decline in prices	Total
Price increase more than current rate	22.5	5.3	1.5	4.9	0.9	35.2
Price increase similar to current rate	3.3	13.5	1.5	5.7	1.0	24.9
Price increase less than current rate	0.6	0.9	3.6	2.4	0.5	8.0
No change in prices	2.0	2.4	0.9	11.5	3.0	19.8
Decline in prices	0.7	0.8	0.4	2.4	7.8	12.1
Total	**28.9**	**23.0**	**8.0**	**26.9**	**13.3**	**100.0**

Table 4: Cross-tabulation of General Price Expectations for Three Months Ahead and One Year Ahead Q4: 2016-17

		General price expectations Three Months Ahead					
		Price increase more than current rate	**Price increase similar to current rate**	**Price increase less than current rate**	**No change in prices**	**Decline in prices**	**Total**
One Year Ahead	Price increase more than current rate	30.5	6.6	1.4	5.4	0.6	44.5
	Price increase similar to current rate	4.3	16.0	1.8	6.0	0.4	28.5
	Price increase less than current rate	0.8	1.5	4.3	1.3	0.1	8.0
	No change in prices	1.8	2.7	0.8	7.4	1.0	13.6
	Decline in prices	0.5	0.6	0.3	1.4	2.7	5.4
Total		**37.9**	**27.3**	**8.6**	**21.5**	**4.7**	**100.0**

Table 5: Distribution of Inflation Rate – Perception and Expectations (2016-17)

(in per cent)

Inflation Rate	Current				Three Months Ahead				One Year Ahead			
	Q1	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
<1	0.9	0.8	3.3	1.8	1.0	1.2	3.2	1.8	0.7	0.3	3.6	1.6
1-2	1.8	0.6	1.3	1.2	2.0	1.2	1.6	2.7	1.8	0.4	1.8	1.7
2-3	2.5	1.9	4.5	4.3	3.2	5.3	4.5	5.1	2.3	0.8	3.6	2.5
3-4	3.6	3.2	6.5	5.5	3.2	4.4	5.6	4.9	4.1	1.3	3.5	3.6
4-5	10.0	4.7	7.9	8.2	5.0	3.5	7.0	5.5	9.1	2.3	5.1	4.7
5-6	16.0	14.5	21.4	21.2	7.1	6.5	13.2	11.6	8.6	3.7	10.1	8.5
6-7	7.6	7.5	9.8	10.3	10.1	6.3	11.4	11.5	5.2	5.5	8.1	8.5
7-8	8.0	10.2	10.8	11.6	9.5	9.3	13.0	13.5	6.5	5.8	10.6	10.3
8-9	7.1	9.7	7.1	6.5	7.1	8.3	8.3	9.5	6.4	6.3	10.4	10.7
9-10	10.5	4.4	2.8	3.9	8.9	7.2	5.2	5.4	9.4	6.7	6.6	7.6
10-11	8.9	20.1	12.1	9.7	7.7	11.3	9.2	8.0	7.6	13.8	12.4	12.5
11-12	1.6	1.7	0.9	1.8	5.2	4.6	2.5	2.6	4.4	7.8	2.7	2.9
12-13	1.2	1.9	0.8	0.8	3.9	6.7	2.7	3.5	3.1	7.5	3.9	4.6
13-14	0.5	0.7	0.3	0.6	2.4	2.4	1.0	1.3	2.2	3.0	1.4	1.6
14-15	2.4	0.7	0.5	0.8	3.4	1.4	0.8	1.0	4.2	3.3	1.2	1.7
15-16	3.1	5.0	2.7	2.4	4.2	5.6	3.2	3.6	5.5	8.6	6.3	5.5
>=16	14.4	12.4	7.4	9.3	16.0	14.8	7.5	8.5	19.0	22.9	8.6	11.6
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Table 6: Inflation Rate – Mean, Median and Std. Dev.

Survey Round	Quarter	Current			Expectation					
					Three Months Ahead			One Year Ahead		
		Mean	Median	SD	Mean	Median	SD	Mean	Median	SD
40	Q1:2015-16	9.9	9.5	4	10.1	10	4.4	10.7	10.2	4.4
41	Q2:2015-16	10.4	9.8	4.3	10.6	10.4	4.3	11.2	11.1	4.5
42	Q3:2015-16	10.5	9.9	4.2	10.5	9.9	4.1	10.7	10	4.3
43	Q4:2015-16	8.9	7.9	4.4	8.8	8.1	4.6	9.7	9.4	4.6
44	Q1:2016-17	8.8	8.0	4.4	9.7	9.2	4.4	10.0	9.6	4.7
45	Q2:2016-17	9.2	8.7	4.0	9.7	9.5	4.4	11.6	11.4	3.9
46	Q3:2016-17	7.4	6.5	3.9	7.9	7.3	4.1	8.7	8.3	4.3
47	Q4:2016-17	7.8	6.8	4.0	8.2	7.5	4.1	9.3	8.8	4.2

Table 7: ANOVA Results: Factors that Explain the Total Variability

Survey Round	Survey Quarter	Current	Three Months Ahead	One Year Ahead
43	Q4:2015-16	City, Age-Group	City	City, Category
44	Q1:2016-17	City, Age-Group, Category	City, Category	City, Category
45	Q2:2016-17	City, Age-Group	City, Age-Group	City
46	Q3:2016-17	City, Gender, Age-Group	City, Category, Age-Group	City, Category
47	Q4:2016-17	City, Age-Group	City, Category	City, Category

Table 8: City-wise Median Inflation Perceptions and Expectations

City	Current				Three Months Ahead				One Year Ahead			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Ahmedabad	16.0	15.6	10.1	8.5	16.2	16.1	10.1	9.8	16.2	16.3	11.0	10.7
Bengaluru	5.1	6.8	4.2	5.0	5.2	6.6	5.3	3.2	4.4	7.9	6.5	5.3
Bhopal	5.8	8.9	5.5	5.7	8.0	9.5	6.3	7.8	8.3	11.4	7.3	10.4
Bhubaneswar	9.1	15.6	6.6	5.6	11.0	16.2	8.0	6.8	11.9	16.3	9.4	7.4
Chennai	7.7	8.5	5.9	6.7	10.1	8.6	7.4	8.8	9.5	15.2	9.9	10.9
Delhi	5.8	7.7	5.1	6.2	7.6	9.7	5.6	6.8	6.5	10.7	5.9	7.7
Guwahati	16.2	15.4	11.9	11.8	16.2	15.7	13.8	8.9	16.2	16.3	13.4	10.9
Hyderabad	6.5	6.7	7.3	6.7	6.5	6.4	7.3	7.3	8.7	9.3	7.9	8.3
Jaipur	9.4	10.3	8.1	8.0	10.9	10.6	8.6	8.9	12.6	12.1	10.0	10.2
Kolkata	10.6	9.8	7.9	8.5	12.6	10.3	7.7	9.1	14.3	12.2	9.3	10.1
Lucknow	7.8	7.3	5.3	6.2	6.5	5.4	5.5	7.4	9.0	10.0	6.3	8.3
Mumbai	7.1	7.2	7.5	6.9	8.1	8.4	8.6	7.5	7.7	10.3	10.1	8.0
Nagpur	3.6	8.2	5.7	5.9	4.7	8.2	6.8	7.2	5.3	10.3	8.0	9.0
Patna	8.7	9.0	6.0	6.1	10.0	10.3	7.0	6.8	10.8	11.9	8.0	8.2
Thiruvananthapuram	12.7	10.7	7.1	10.4	10.3	10.1	7.3	10.3	12.1	14.9	8.4	12.4
Chandigarh	13.3	8.3	7.8	7.9	14.1	9.7	7.0	8.5	16.0	12.3	7.3	9.2
Ranchi	8.1	9.1	7.4	4.6	9.4	10.2	8.1	5.0	10.3	11.4	9.5	6.6
Raipur	5.0	5.7	6.8	9.3	6.8	5.9	6.2	9.7	5.8	8.3	8.0	10.1

Table 9: Bootstrap Confidence Intervals (BCI) based on 10,000 resamples - 99 Percent							
Survey Round	Survey Quarter	Current		Three Months Ahead		One Year Ahead	
		BCI for Mean	Interval Width	BCI for Mean	Interval Width	BCI for Mean	Interval Width
44	Q1:2016-17	(8.62, 8.93)	0.30	(9.52, 9.83)	0.31	(9.78, 10.12)	0.33
45	Q2:2016-17	(9.10, 9.38)	0.29	(9.55, 9.86)	0.31	(11.48, 11.77)	0.29
46	Q3:2016-17	(7.30, 7.58)	0.29	(7.75, 8.04)	0.29	(8.58, 8.89)	0.31
47	Q4:2016-17	(7.62, 7.91)	0.29	(8.03, 8.33)	0.30	(9.14, 9.45)	0.31

Annex: Inflation Expectations Survey of Households - Sample Coverage and Survey Schedule

The quarterly rounds of the survey were conducted in 18 cities covering a sample size of 5500 households in each round, with 500 households each from four metropolitan cities, *viz.*, Delhi, Kolkata, Mumbai and Chennai, and 250 households each from fourteen major cities *viz.*, Ahmedabad, Bengaluru, Bhopal, Bhubaneswar, Chandigarh, Guwahati, Hyderabad, Jaipur, Lucknow, Nagpur, Patna, Raipur, Ranchi, and Thiruvananthapuram[4].

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

4 Spread of samples across the cities and adequate representation of samples from gender and occupation groups were ensured.

Capital Requirement for Sovereign Assets: Some Issues and Concerns*

Post global financial crisis and particularly, after the euro zone crisis of 2011, the near risk free status of sovereign bonds has come into question. The BCBS decided to include the review of capital requirement for sovereign exposures in its work plan for 2015 and 2016, which is gradually seeping into discussions at other global fora like CGFS, FSB and even the G20. While the jury is still out on preferential treatment for sovereign exposure of banks, any imposition of risk weights on sovereign assets implies a complete paradigm shift and is bound to have far reaching repercussions especially for bank dominated financial systems.

I. Background

Post global financial crisis, and in view of the on-going strains on public debt sustainability in the euro-area, *the conventional wisdom that government bonds are 'risk free' is being questioned and debated by academia and policymakers.* As such, sovereign distress could have an impact on the banking system and on financial stability. The 'zero risk weights' assigned to sovereign bonds could make banks vulnerable to systemic risks in case of any country getting into serious fiscal stress. While prudential regulation cannot prevent sovereign crises, a robust regulatory framework can act as an important mitigant to the impact of sovereign distress on the banking system. Policy makers are now deliberating ways to address the linkages between sovereign debt and banks' balance sheet.

Against this backdrop, the Bank for International Settlements (BIS) is currently examining the credit risk treatment of sovereign exposures in capital regulation, under both the standardised approach (SA) and the internal ratings based (IRB) approach. The Economic and Financial Committee (EFC) High Level Working Group at the EU level is also examining these issues related to risks posed by sovereign exposures.

Against this backdrop, the next section sets out the standardised treatment of sovereign risk in the Basel Capital framework, including in India. Section III presents the literature so far supporting

* Prepared by Dr. Anupam Prakash and Smt. Sangita Misra of International Department and Shri. Ajay Kumar Choudhary, CGM, Kolkotta office, Reserve Bank of India. The views expressed in this paper are those of the authors and do not represent the views of the Reserve Bank of India.

Authorised for publication by Dr. Mridul Saggar, Adviser, International Department, Reserve Bank of India.

the imposition of a risk weight on sovereign assets. Indian perspective on the issue is given in Section IV, and Section V summarises the issues going forward.

II. How is sovereign risk treated under Basel Capital Framework?

Under Basel I treatment of sovereign risk, banks used to assign a zero risk weight to sovereign exposures of OECD member countries, while for exposures to non-OECD countries, the treatment was diametrically opposite that of assigning a cent per cent risk weight. Currently, most of the jurisdictions follow the Basel II framework in treatment of sovereign exposures in the banking book. Basel III has not brought about any change in this. Annex 1 summarises the existing regulatory treatment of sovereign exposures, which clearly is more favourable than other asset classes.

As per Basel II norms, jurisdictions have the flexibility to adopt either the SA, or the IRB approach, or both the methodologies. While the SA relies on external credit ratings, the IRB relies on bank's own risk assessments.

Standardised Approach

Under SA for credit risk based on external credit ratings, except the highest-quality credits (AAA to AA) which bears a nil risk, the rest of the rating categories are assigned a positive risk weight (Table 1). However, the SA approach also states, "At national discretion, a lower risk weight may be applied to banks' exposures to the sovereign denominated in domestic currency and funded in that currency."[1]

Table1: Risk Weights for Sovereign Assets under the Standardised Approach

(in per cent)

Credit Ratings	Risk Weight
AAA to AA-	0
A+ to A-	20
BBB+ to BBB-	50
BB+ to B-	100
Below B-	150
Unrated	100

Source: Basel Committee on Banking Supervision, Bank for International Settlements, December 2015.

Internal Ratings Based Approach- Credit Risk

This is the most relevant standard for internationally active banks including global systemically important banks (GSIBs). In this approach, the risk weights for sovereign exposures are derived using a granular ratings scale, based on a model developed by the BCBS. Risk weights are primarily dependent on bank's own estimates of probability of default (PD), loss given default (LGD), exposure at default (EAD) and effective maturity (M) for a given exposure. The Foundation IRB approach allows banks to rely on their risk assessments for PDs but requires them to use a standardised LGD of 45 per cent set by supervisors with a maturity of 2.5 years. The PDs are subject to supervisory validation. The PDs and the corresponding risk weights are given in Table 2.

While the IRB approach does not automatically result in a zero risk weight for sovereigns, it nevertheless allows preferential treatement in two ways. First, unlike other corporate and bank exposures, there is no PD floor for sovereign exposures so that banks may apply a nil or zero per cent risk weight to them (if the internally estimated PD is zero). Second, banks are authorised under conditions, particularly

Table 2: Illustrative IRB Risk Weights for Sovereign Exposures

Probability of default (%)	Risk Weight (%)
0.01	7.53
0.02	11.32
0.03	14.44
0.05	19.65
0.10	29.65
0.25	49.47
0.50	69.61
1.00	92.32
5.00	149.86
10.00	193.09

Assuming LGD 45 per cent and maturity 2.5 years.
Source: BCBS.

1 Para 54 of Basel II document.

where computation of PD is challenging, the 'IRB partial use' (*i.e.*, to use standardised approach for sovereign exposures (implying a zero risk weight) and the IRB approach for other exposures).

Thus, a lower risk weight, mostly zero, is generally applied to sovereign exposures either using the national discretion under the standardised approach or using the no-floor for PD or IRB partial use clause.[2]

Treatment of Sovereign Exposures under Large Exposure Framework

The Basel framework includes requirements/ ceilings in relation to banks' large exposures to minimise large losses resulting from the sudden default of a single counterparty. Exposures to sovereigns and central banks as well as public sector enterprises (PSEs) treated as sovereigns in the Basel framework are exempted from large exposure limits. The appropriate treatment of concentrated sovereign exposures are being discussed by the BCBS as part of a broader review of the treatment of sovereign risk.

Treatment of Sovereign Exposures under LCR Framework

LCR requires a bank to have an adequate stock of unencumbered high-quality liquid assets (HQLA) to address an acute liquidity stress scenario lasting for 30 days. Subject to certain specified conditions, marketable securities issued by sovereign and central bank may be considered HQLA without any haircut (although haircut is possible with supervisory discretion). Thus, banks are encouraged to have higher sovereign exposure (which is a part of the HQLA) under LCR framework. In such a scenario, it would be imperative to ensure consistency across applicable financial regulations.

Treatment of Claims on Sovereign in India

All banks in India are presently under Basel II Standardised Approach for credit risk. Securities issued as well as guaranteed by domestic sovereign are assigned zero risk weight as per the national discretion permitted under Basel II. As regards claims on foreign sovereigns, they attract risk weight as per the ratings assigned to those sovereigns by international credit rating agencies. The claims denominated in domestic currency of the foreign sovereign met out of the resources in the same currency raised in that jurisdiction of that sovereign, however, attracts a risk weight of zero per cent, as allowed under Basel framework[3] (RBI, 2012).

As per RBI's guidelines, in the absence of sufficient data points, if banks find it difficult to apply IRB approach to the sovereign exposures, these may be treated as per standardised approach, subject to a ceiling of total partial use under IRB. They are, however, required to make an endeavour to apply IRB approaches to these exposures at the earliest.

Pillar 2 (supervisory review process) covers the monitoring of sovereign risk and its impact on bank's risk profile. Risks that are not fully captured by Pillar 1 should be particularly suited for treatment under Pillar 2. Sovereign risk is not flagged as such but in view of the global developments, supervisors could consider specific measures, particularly when credit risk exceeds manageable levels. The prudential measures in Pillar 2 that supervisors can apply for sovereign risks could cover a broad scope ranging

2 While the United States still uses the standardised approach, the EU till recently was using a generalised zero risk weight through the IRB permanent partial use rules to be phased out between 2017-2020. The new EU framework, that came into force from January 2014 requires that, following the phasing-out, credit rating agencies' assessments need to be used. In this direction, Belgium's biggest bank, the KBC Group, ended its practice of ascribing no risk to government bond holdings in May 2014.

3 As regards sub-sovereign entities, while claims issued by state governments are assigned zero risk weight, the ones guaranteed by them are given 20 per cent risk weight.

from dialogue with the senior management to actions such as the adjustment of the valuation of exposures or to strengthen the capital base.

III. Why Capital Requirements for Sovereign Assets?

Post global financial crisis, particularly after the European sovereign debt crisis, it was clear that the sovereign exposures that are largely regarded by financial regulation as risk free assets and hence accorded zero risk weight may not be actually risk free (Nouy, 2012). On the related issue, Caruana (2011) underlines that the global financial crisis that initially exposed the fragilities of private final institutions, overtime interacted with weak public finances to open up the fault lines in both financial systems as well as the economies in general.

Sovereign risk arises when government spends far in excess of tax revenues for a significant period, and go for large borrowings and eventually may not comply with its contractual debt obligations. This risk falls under the category of credit/default risk. And this is immaterial whether debt is denominated in local currency or foreign currency. While the latter is more prone to credit risk, the former is prone to credit risk in an indirect way. In case of former, since the debt is in local currency, sovereign can easily print the desired amount of money to repay debts and avoid a default, *i.e.*, it can monetise the debt. Monetisation of public debt implicitly amounts to a default as the consequent inflation may reduce the holdings of real money balances as in an explicit default (Goodhart, 2012). The other option through which sovereign can repay local currency denominated debt, especially held by foreign investors, is by devaluation of the currency. In this case, while sovereign credit risk is eliminated, the devaluation of currency itself could be a source of risk through risk off sentiment, capital outflows and rating downgrades. Devaluation risk (depreciation risk in a floating rate regime) as well as risk of monetising the debt have therefore been identified in market debt as key components of sovereign risk, along with default risk (ESRB Report, 2015). Thus, while the crystallisation of sovereign risk is a low-probability, high-impact event, sovereign distress can take several forms, ranging from outright default (“fundamental default”), an unwillingness to pay (“strategic default”), a temporary inability to pay (“technical default”), redenomination (“real default”) or inflating away obligations. Sovereign distress can also comprise non-default events, such as multi-notch ratings downgrades and falling market valuations. Historically, such events have been more frequent than outright defaults.

Given the above logic, it was argued that if the objective of regulation is to provide for any loss absorption capacity, it is compromised by assigning a zero risk weight on sovereign exposures. Such preferential regulatory treatment for sovereign exposures could make investments in these risky sovereign debt particularly attractive as happened in case of euro area peripheral countries (Acharya and Steffen, 2014) and in the long run lead to the bank-sovereign nexus and the corresponding systemic risks (*e.g.*, contagion and moral hazard risks). This nexus was visible in case of Ireland where, to address banking sector stress, government provided large scale support in the form of capital injections and guarantees which ultimately led the Government to approach for EU/IMF fundings (Acharya, Drechsler and Schnabl, 2011). In case of Greece, fiscal stress of the government and its subsequent restructuring practically led to the collapse of the Greek and Cyprus banking sectors in 2013 (Zettlemeyer, Trebesch and Gulati, 2013). Since then, the so-called “doom loop” (Gros, 2013), “deadly embrace” (Farhi and Tirole, 2015) or “hazardous tango” (Merler and Pisani-Ferry, 2012) between banks and sovereigns have become the topic of intensive policy and academic discussions. It can also be seen as supporting financial repression (*i.e.*, policies that require private savings to be invested in government bonds and are likely to end up with long term misallocation of capital) (Hannoun, 2011). Assuming a zero risk weight on sovereign exposures could possibly crowed out credit to private sector, particularly in a low growth environment (Gray *et al*, 2014). Hence, this school of thought argued that some risk weight should be assigned to sovereign debt as per the inherent risks.

Studies have also attempted to quantify the extent to which banks are undercapitalised due to zero risk weights, calling it the 'sovereign subsidy'. The alternate methods to compute the appropriate risk weights for sovereign exposures suggest that the sovereign subsidy amounted to almost 100 per cent of banks' tier 1 capital, on average in 2013 for Euro zone (Korte and Steffen, 2014). Among the regulatory ratios already prescribed by the BCBS, while the scope of the leverage ratio includes sovereign exposures, it may be insufficient to mitigate sovereign risk as it is not the constraining metric for most banks. Also, capital requirements for other asset categories have increased in recent years post Basel III, which has increased the relative capital requirements "gap" between sovereign exposures and other asset classes.

IV. Indian Perspective on the issue

The verdict is far from clear on the issue. There are equally strong reasons for restraining from any universal approach towards sovereign risks, as it is widely felt that it is a pure EU-specific issue and should be dealt with as such. It is generally felt that even a small risk weight could have significant impact in the financial markets in particular and the overall economy in general, while the modalities of deciding the extent of risk weight as well as the likely benefits are still uncertain. Some EMEs including India, along with some AEs such as Japan and Italy, have voiced concern on change in regulatory treatment of sovereign exposures.

Not all sovereign debt can be painted with the same brush. Default histories are important, and so are the inflation records and central bank commitments to inflation targets. The government's commitment to fiscal prudence as well as the economy's growth rate and the ability to service debt are other important considerations. In the light of the above, there are practical problems in assigning risk weights to sovereign assets. Sovereign debt defaults are not the order of the day but are one-off events. Hence, any modeling is constrained by non-availability of data points and are influenced by judgment and other factors which might not be credible. Any mechanistic risk weighting framework, whether based on external credit ratings or on other possible market indicators like corporate default swap (CDS) spreads, may potentially aggravate the sovereign/bank feedback loops in a future crisis.[4] Assessing sovereign risks based on sovereign ratings is likely to make us fall again in the trap of adverse consequence of regulatory reliance on ratings witnessed during the global financial crisis. Notwithstanding some revisions in the ratings agencies' methodologies post crisis, their reliability and role is still being questioned.[5] Empirical evidence has shown that rating agencies give higher ratings to AEs regardless of their fundamentals, thus supporting the existence of a bias against EMEs (Chee *et al*, 2015; Karakas *et al*, 2011). All the BIS EME countries have emphasised in one tone that improvements in their fundamentals in recent years have not been recognised by better ratings (Annex 2). Cases of ratings inertia is also stark. As regards CDS spreads, they are contaminated, and reflect market sentiments and exhibit significant co-movement across EMEs. Both ratings and spreads tend to remain unjustifiably indulgent for a long time, during which risks build up, only to shift abruptly when it is too late. Thus, both are not reliable indicators for credit risk.

Another important aspect is the nature of currency. Any risk weighting framework should also take due cognizance of the extent of sovereign borrowings in local and foreign currency, which

4 Many of the market based indicators such as CDS spreads are contaminated and may not be a very reliable indicator for credit risk.

5 This issue is being discussed at global fora.

brings an element of externality to potential default situations. Howsoever independent a central bank is, it will support the central government in meeting its local currency obligations even at the cost of some depreciation or inflation, making a default in local currency practically an improbable event. The case is very different for monetary unions where the organic link between the central bank and the central government breaks down. For EMEs, including India, sovereign default on local currency is somewhat difficult to conceive. To illustrate, in a monetary union, unsound national fiscal policies in some nations can spillover to other nations and can influence the single monetary policy (Benoit, 2014). Most studies have found evidence of bad bank sovereign nexus and the consequent regulatory capital arbitrage essentially in euro area nations, which is a monetary union. Even Korte and Steffen (2014) while computing sovereign subsidy clearly state that a bank with non-domestic sovereign subsidy may require much larger public backstop by the respective governments.

Also, bank-sovereign linkage need not always be detrimental. To the extent that a crisis also reflects factors that are not entirely justified by fundamentals, purchases by banks and other domestic financial actors may play an important role in stabilising the sovereign as well as the domestic banking sector. In India, domestic banks were able to buy sovereign debt at a time when many other players (*i.e.*, foreign banks, asset managers, *etc.*) were retreating from the market and thereby, contributed to significantly limiting the stress by stabilising yields and spreads, and arguably, to avoiding the materialisation of a sovereign liquidity crisis, as it happened in Italy and Spain. However, when the crisis is mainly driven by fundamentals, increasing exposures can be very detrimental for banks' stakeholders as the cases of Greece and Cyprus suggest.

Sovereign debt market provides the base yield curve for the financial system, and therefore even a small change in their regulatory treatment may have repercussions for the financial markets. As we are aware, in financial theory, the returns earned on the government securities normally serve as the benchmark rates and are referred to as the risk free return, which in turn is used to price all other non-government securities in financial markets. If risk weight for Government bonds is increased, the return on the entire gamut of financial instruments that are priced out of the risk-free rate will increase. This could have a magnification effect on the cost of capital, and thereby, hurt investment and growth. At a time when economy is on the recovery path, this may not be a prudent route to take. If sovereign debt in a country were to be risk weighted, the local currency would be a currency explicitly without a 'risk free rate', unless a new common 'risk free' (anchor) asset is created. According to Nielsen (2016), 'To imagine a well-functioning market economy without a 'risk free rate' in its own currency would defy the finance theories underpinning any known market economy'.

Furthermore, it needs to be kept in mind that while there are areas of the regulatory framework with known exemptions for these exposures, there are pockets of the regulatory framework which do set positive capital requirements for such exposures (*e.g.*, the leverage ratio). Leverage ratio ensures that at all times a certain amount of capital is maintained for all the components of bank assets, including sovereign exposures. Moreover, other post-crisis reforms, such as total loss-absorbing capacity (TLAC) requirements for global systemically-important banks, bail-in rules and progress in recovery and resolution frameworks, will help loosen the bank-sovereign nexus, at least with regard to the "bank to sovereign" channel. Besides, assigning a risk weight to sovereign debt may be contradicting the already established LCR norms and hence, may not be desirable. While LCR encourages banks to hold more sovereign debt (which is a part of the high quality liquid assets), the current proposal of assigning a risk weight could act as a disincentive to hold sovereign debt.[6]

6 It may be noted that except leverage ratio, all other regulatory ratios will get altered because of imposition of risk weight on sovereign exposures.

In this context, it may be mentioned that as of end-March 2017 banks in India held about 47 per cent of the total outstanding domestic central government debt. Any risk weight on such exposures could lead to a major shift in banks' securities portfolio causing financial market volatility and impairing monetary policy transmission. Assigning a risk weight to G-sec for capital adequacy purpose will immediately alter the demand for G-sec (and therefore yields) and will also require higher haircuts for repos [both liquidity adjustment facility (LAF) and market repos][7], which in turn will alter the pricing of collaterals and levels of access to liquidity against any given stock of excess statutory liquidity ratio (SLR)[8] maintained by banks. In an easing cycle of monetary policy, both money market rates and yields will harden, which will be a hypothetical case of regulatory policies working directly in conflict with monetary policy. Generally, capital charge for capital adequacy purpose would be treated as a cost factor by banks, whereas non-banks may not face such a regulatory constraint and therefore the bidding pattern of banks and non-banks may change in primary/secondary markets, possibly adding volatility to yields. Till such time that banks and non-banks adjust to the new capital charge for banks on their G-sec portfolios, volatility in yields will add complications for the monetary policy transmission. Constraints on banks' ability to absorb large amounts of domestic government debt can restrict fiscal space of government and amplify the dynamics of fiscal positions in a procyclical manner.

As mentioned before, an alternative regulatory requirement being pondered to restrict sovereign risk is to remove the exemption given to sovereign exposures under Large Exposure (LE) framework. However, there are other concerns associated with this. When the LE constraint becomes binding, the marginal capital needs are expected to be much higher than the risk weights on sovereign exposures. This is because while risk weights leave some room of adjustment, no such room will be available in the case of LE limits. Banks faced with a risk weight on government debt can satisfy the maximum capital requirements by reducing the exposure to other assets, with no need to raise further capital. However, the hard LE limit would require either off loading of banks' exposure in government debt or increase in capital. It is significant to note that not only in India, but banks in many other economies, both AEs and EMEs, hold a sizeable share of government debt in their portfolio. Even in Japan and Italy, government debt constitutes around 18 per cent of banks' asset portfolio. Thus, LE limits could, in general, be more challenging for monetary policy transmission than risk weights. In the absence of adequate availability of other liquid assets such as corporate bonds, banks rely largely on sovereign bonds to meet the requirements of liquid assets. It may have the prospect of creating significant disruption in the government securities market, and banks' ability to meet the LCR. The LE limit may also have serious implications for financing of government debt by way of raising the cost of borrowing for the government.

V. Going Forward

Historically outright defaults on domestic currency denominated sovereign debts have been highly infrequent. As many sovereigns like Government of India have never defaulted on their domestic currency denominated debt, there is no justification to necessarily require a non-zero risk weight for such exposures. India along with many EMEs are supportive of the present framework that provides adequate flexibility to national regulators to prescribe an appropriate risk weight and thereby, to take care of all eventualities.

7 Currently, 4 per cent haircut on repo transactions under the LAF and 2 to 5 per cent for market repos depending on the liquidity of securities.

8 Effective June 24, 2017, banks in India are statutorily required to maintain 20% of their net demand and time liabilities (NDTL) as cash, gold and unencumbered securities.

Going forward, some of the prominent policy options being discussed (based on ESRB Report, 2015; Visco 2016; Nielson, 2016; Patrick, 2016) are

a) First, the current baseline treatment of sovereign exposures should continue as any change in the regulatory treatment of sovereign exposures would entail severe repercussions on the bond markets, on the banking system, monetary policy transmission and on the financial system in general which may not be desirable at this stage. Besides, imposing a capital requirement on sovereign assets has practical difficulties given the cross country differences, absence of data points and no unanimity on a suitable indicator to price sovereign risks.

b) Introducing positive yet low standardised risk weights for domestic currency denominated sovereign exposures while exempting central bank exposures

c) Reducing excessive banks' sovereign concentrations.

d) Enhancements to the Pillar 2 and the Pillar 3 treatment of sovereign exposures .

While the issue of sovereign risk weight is still a work in progress and it is premature to say which way it would end, but it looks like that we will soon be out of this world of risk free assets. The critical question is when and by how much. Unless some credible alternatives are devised which can be implemented across jurisdictions in a consistent manner, the present SA framework providing uniform treatment to the sovereign risk across jurisdictions should continue for the time being. In any case, the leverage ratio addresses to some extent the concerns in this regard. Moreover, the various channels of transmission, *viz.*, size of sovereign holdings, home bias, capital resources and funding patterns also need to be built in any impact assessment which would consider impact on several areas such as government bond markets, other securities markets, the business models of banks, and above all the macro-financial stability. To conclude, given the sensitivities of the issues involved, a careful, holistic and gradual approach is desirable.

References

Acharya, Viral, Itamar Drechsler and Philipp Schnabl (2011), "A Pyrrhic victory? Bank bailouts and sovereign credit risk", *NBER Working Paper Series* No. 17136.

Acharya V.V. and Sascha Steffen (2014), "The greatest carry trade ever? Understanding Euro zone bank risks", *Journal of Financial Economics,* November.

Bank for International Settlements (2013), "Treatment of sovereign risk in the Basel capital framework**",** BIS Quarterly Review, December.

Basel Committee on Banking Supervision (2015), "Revisions to the Standardised Approach for credit risk – second consultative document", December (http://www.bis.org/bcbs/publ/d347.htm).

Benoît Cœuré, (2016), "Sovereign debt in the euro area- too safe or too risky?" Key note address at Harvard University's Minda de Gunzburg Center for European Studies, Cambridge, November.

Caruana Jaime (2011),"Basel III: New strains and Old debates – Challenges for supervisors, risk managers and auditors", BIS, October 14.

Chee S.W., Cheng Fan Fah and Annuar Md. Nassir (2015), "Macroeconomic Determinants of Sovereign Credit Ratings", *International Business Research,* Vol 8 No.2.

European Systemic Risk Board (ESRB) Report on the Regulatory Treatment of Sovereign Exposures, March 2015.

Farhi Emmanuel and Jean Tirole, "Deadly Embrace: Sovereign and Financial Balance Sheets Doom Loops, Harvard University, October 27.

Goodhart, C. (2012), "Sovereign ratings when default can come explicitly or via inflation", VoxEU, 2 February.

Gray S, Phillipe Karam and Rima Tusk (2014), "Are Banks really lazy? Evidence from Middle East and North Africa", *IMF Working Paper,* May.

Gros, D. (2013), "Banking Union with a Sovereign Virus: The self-serving regulatory treatment of sovereign debt in the euro area", *CEPS Working Paper* No 289.

Hannoun, H. (2011), "Sovereign Risk in Bank Regulation and Supervision: Where Do We Stand?" Conference contribution, Financial Stability Institute High-Level Meeting, Bank for International Settlements.

Karakas D. G., Mehtap Hisarcıklılar and Hüseyin Öztürk (2011), "Sovereign Risk Ratings: Biased Toward Developed Countries?", *Emerging Markets Finance & Trade*, May–June 2011, Vol. 47, Supplement 2, pp. 69–87.

Korte, J, and S Steffen (2014),"A 'Sovereign Subsidy' – zero risk Weights and Sovereign Risk Spillovers", Vox *CEPR Policy Portal,* September. http://voxeu.org/article/sovereign-subsidy-zero-risk-weights-and-sovereign-risk-spillovers

Merler Silvia and Jean Pissani Ferry (2012), "Hazardous tango:sovereign-bank interdependence and financial stability in the euro area, *Public debt, monetary policy and financial stability,* Banque de France, Financial Stability Review No. 16, April.

Nielsen, Erik F. (2016), "Risk Weighting Sovereign debt is the wrong way to go", Sovereign and Banking Risks: What policies, European Economy, July.

Nouy Daniele (2012), "Is sovereign risk properly addressed by financial regulation?" Banque de France, *Financial Stability Review,* No. 16, April.

Patrick Jenkins(2016), "Sovereign risk system needs reforming", Financial times;

Reserve Bank of India (2012), Master Circular – Prudential Guidelines on Capital Adequacy and Market Discipline – New Capital Adequacy Framework (NCAF), July 2.

Visco Ignazio (2016), "Banks' sovereign exposures and the feedback loop between banks and their sovereigns", concluding remarks by Governor of the Bank of Italy, at the conference "Euro50 Group. The Future of European Government Bonds Markets", Rome, 2 May

Zettelmayer, Trebesch and Gulati (2013), "The Greek Debt Restructuring: An Autopsy", *Peterson Institute for International Economics Working Paper* No. 2013- 13-8.

Annex 1:
Summary of Current Regulatory Treatment of Sovereign Exposures

Credit risk: standardised approach

- Ratings-based look-up table. National discretion to apply a preferential default risk weight for sovereign exposures denominated and funded in domestic currency.
- In practice, a 0% risk weight is applied by all BCBS members (although this is not always reflected at the consolidated level for some banking groups).

Credit risk: internal ratings-based (IRB) approach

- Exemption of 0.03% PD floor for sovereign exposures (ie a 0% PD may be applied).
- In practice, most IRB sovereign exposures have positive risk weights. **Credit risk: credit risk**

mitigation framework

- National discretion to apply a zero haircut for repo-style sovereign transactions with core market participants.

Revised market risk framework

- Default risk: national discretion to apply a preferential default risk change for sovereign exposures denominated and funded in domestic currency in the standardised approach. In practice, a 0% charge is applied by all BCBS members.
- Credit spread risk: positive credit spread risk charge in both the standardised and internal model approaches
- General interest rate risk: capitalised as part of market risk requirements.

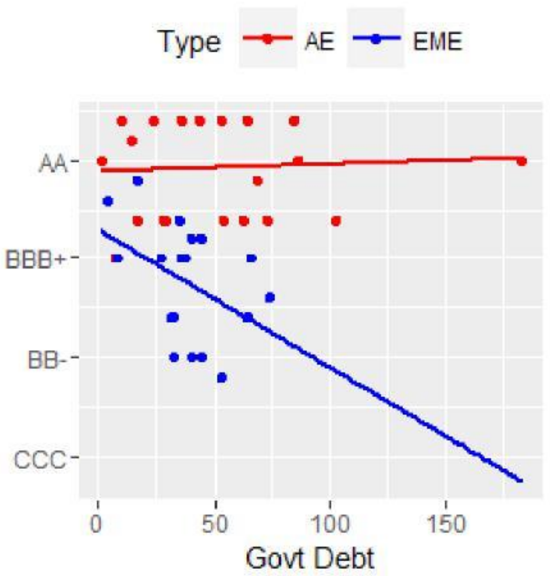
Large exposures framework

- Exemption of sovereign exposures. **Leverage ratio framework**
- Inclusion of sovereign exposures. **Liquidity standards**
- No limits on amount of domestic sovereign debt eligible as high-quality liquid assets, with no haircuts applied.

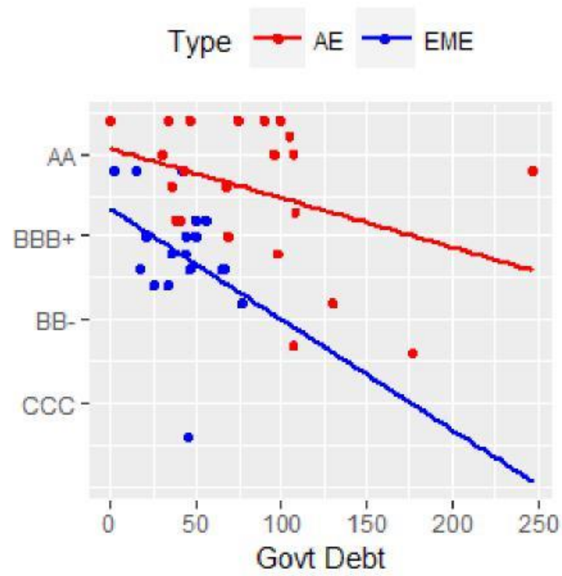
Annex 2:
Ratings vs Government Debt and GDP Growth

Rating vs Govt. Debt

2007

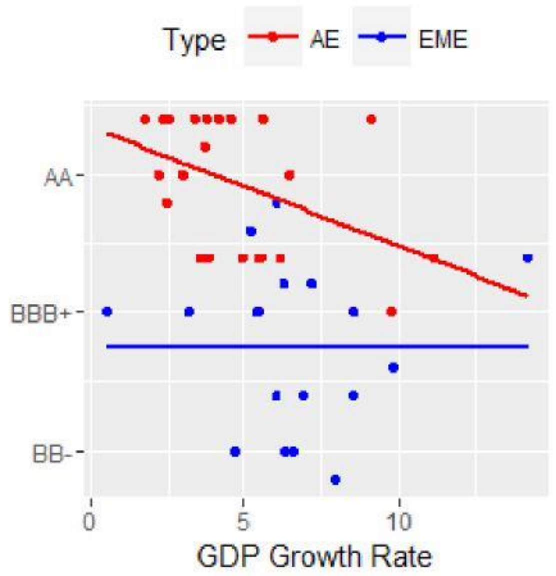


2014

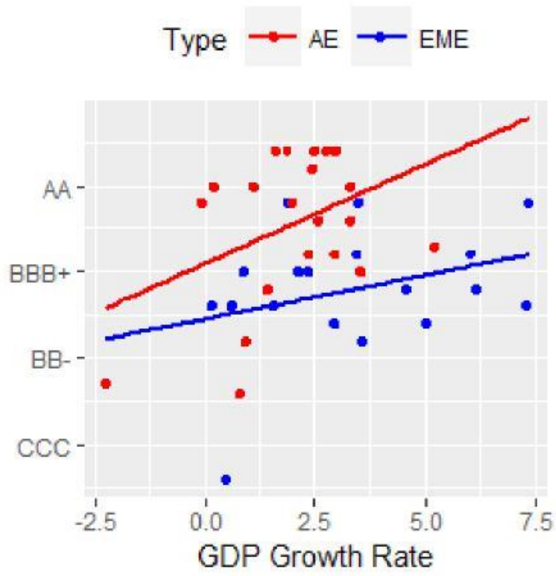


Rating vs GDP growth

2007



2014



*Global Banking – Recent Developments and Future Perspectives**

Against the backdrop of the slowdown in global growth and trade, the global banking system has continued to grapple with several challenges in recent years. The wait for a widespread revival in global banking activity has continued as concerns about low profitability and weakening asset quality mar the performance of the banking systems in some advanced economies and most emerging economies, including India. Notwithstanding these concerns, emerging economies have continued to consolidate their positions in the global banking system. On the positive side, various regulatory/supervisory reforms being undertaken since the global financial crisis have helped in strengthening the capital positions of global banks.

I. Introduction

The global financial crisis and the ensuing sovereign debt crisis brought to the fore the fragility of the global banking system and its adverse impact on the global economy through real, financial and confidence channels. Moreover, it also underlined the need for global regulatory and supervisory cooperation. Since then, there have been several vistas of actions, both national and multi-lateral. By the year 2016, some new concerns have emerged.

In an environment of sluggish global growth and trade, the global banking system has been undergoing a mix of trials and tribulations – regulatory/ supervisory reforms; improvement in the capital positions of global banks; muted global banking activity; tepid credit growth, low profitability; and asset quality concerns.

This article reviews the growth and health of the global banking system and analyses the progress achieved in global regulatory reforms. The broad focus is on the decade of the 2010s with a more detailed discussion for the year 2016. The rest of the article is organised as follows. The second section analyses banking performance using generic indicators of soundness and profitability for select advanced economies (AEs) and emerging market and developing economies (EMDEs) against the backdrop of global economic trends. The third section evaluates performance of banking systems in certain major economies/economy groups. The performance of the top 100 global banks is presented in Section four. The major regulatory and supervisory policy initiatives are discussed in Section five. Section six provides conclusions and future perspectives.

II. Global Banking Trends

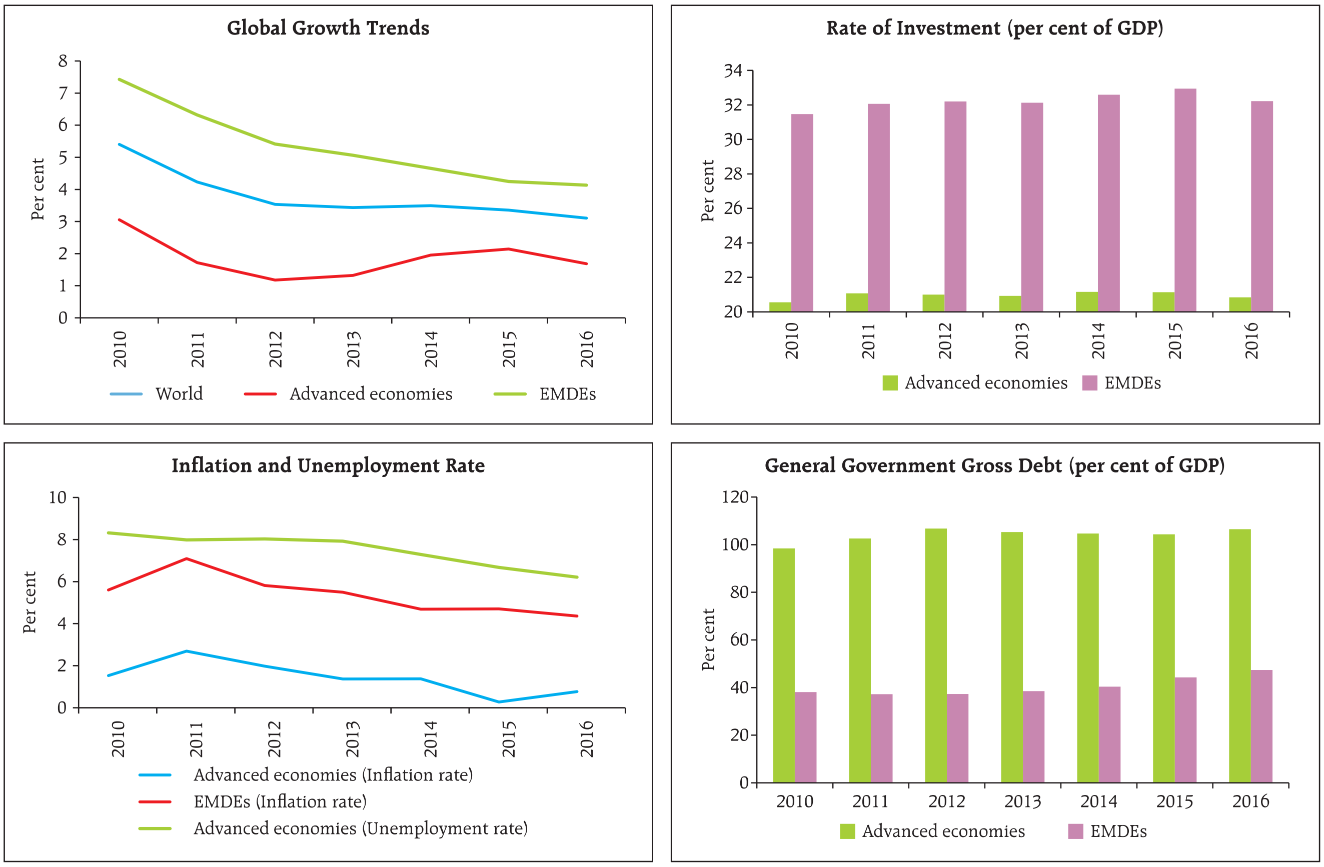
Macro-financial risks persisted

The global economy was marked by a decelerating growth in 2016 witnessed across both AEs and EMDEs. According to the World Economic Outlook, April 2017 of the International Monetary Fund (IMF), global economic growth for 2016 was reported to be 3.1 per cent, lower than growth recorded in 2015. The growth in gross domestic product (GDP) for AEs and EMDEs was 1.7 per cent and 4.1 per cent, respectively. Although the rate of unemployment in AEs posted a decline in 2016, inflation has been picking up in these economies due to higher commodity prices. In EMDEs, however, these pressures eased slightly. Debt in the general government balance sheets remained high. However, there remained an uncertainty about future economic prospects given the uncertainty surrounding the policy stance in the US and its ramifications for the global economy (Chart 1).

* This article is prepared by Dr. Rajmal, Dr. Pallavi Chavan, Shri Radheshyam Verma and Smt. Anwesha Das under the guidance of Smt. Rekha Misra in the Banking Research Division of the Department of Economic and Policy Research, Reserve Bank of India. The views expressed in this article are those of the authors and do not represent the views of the Reserve Bank of India.

Authorised for publication by Shri B. M. Misra, Principal Adviser, Department of Economic and Policy Research, Reserve Bank of India.

Chart 1: Global Macro-economic Trends



Note: The rate of unemployment is not reported for EMDEs.
Source: Calculated from World Economic Outlook database.

Divergent pattern of credit growth across AEs and EMDEs

Reflecting varying growth and differential stages of bank balance sheet repairs, credit growth displayed divergent trends across economies. However, in general, credit growth slowed down in most economies in 2016. While AEs, such as the US, Germany and France maintained their credit growth, the growth in the UK and Japan showed some resilience. Spain and Portugal continued to record negative growth.

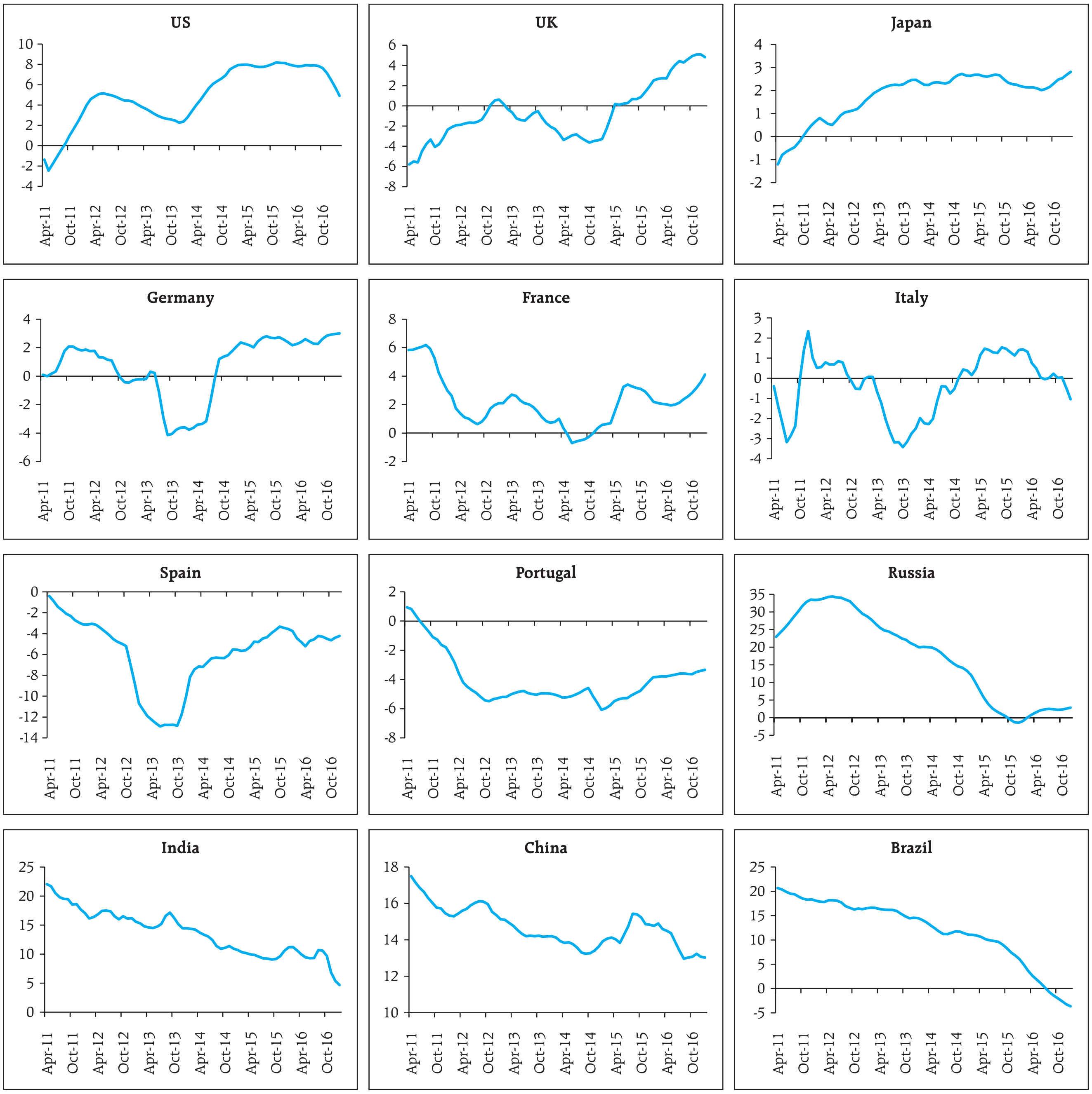
Among EMDEs, high loan delinquencies took a toll on credit growth in India and Russia. Brazil recorded negative credit growth in recent months. However, credit growth in China continued to be excessive at more than 10 per cent given the already highly leveraged condition of Chinese corporates. (Chart 2). Given these weakening trends in credit growth, the IMF's Global Financial Stability Report – October 2016 highlighted the revival of credit growth as a challenge for these economies along with smooth deleveraging of weakened corporate balance sheets, which will have implications for growth prospects of these economies in the near term.

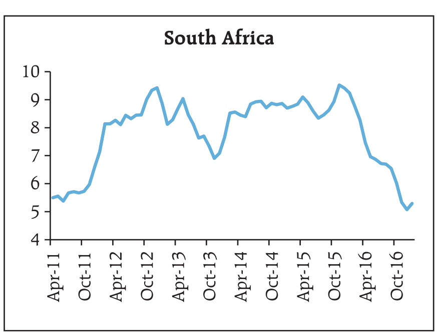
Return on Assets remained low

The weak credit growth reflected in low return on assets (RoA)[1] is expected to further affect the ability of banks to support growth and sustain capital levels

[1] Ratio of net profit to average total assets.

Chart 2: Moving Averages of Bank Credit Growth taken over Three Months, in per cent

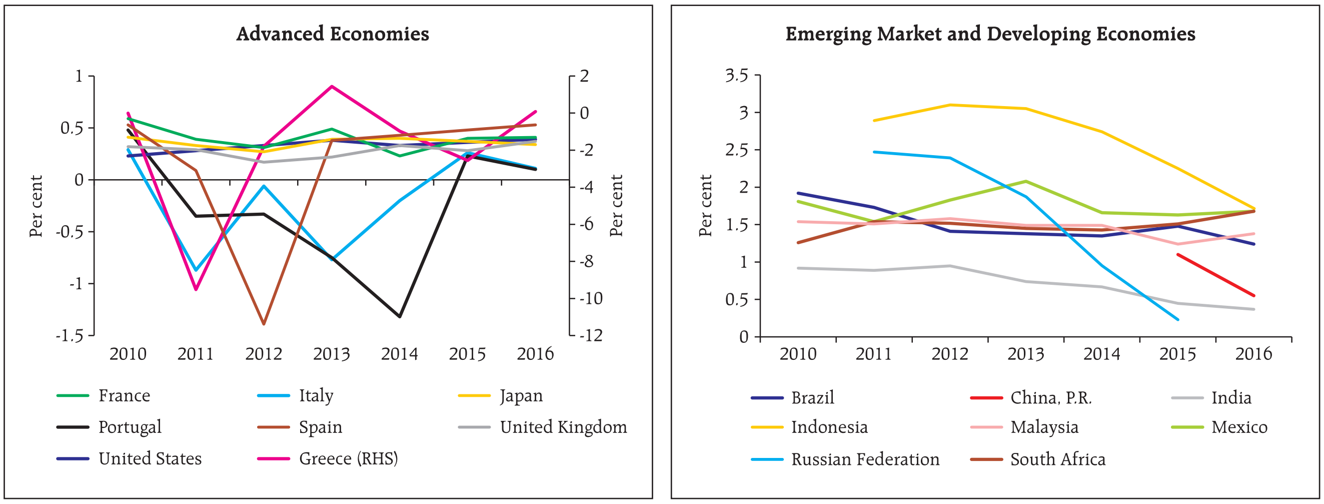




Note: Growth rates are reported on a monthly year-on-year (y-o-y) basis using the three-month moving average method.

Source: Calculated from Thomson Reuters Eikon and CEIC.

Chart 3: Return on Assets of Banks for Select Economies



Note: Data pertain to end-December. For 2016, data pertain to end-September except Brazil, China and France, for which they pertain to end-June. Data for China pertain to years 2015 and 2016.
Source: Compiled from FSI, IMF.

through adverse economic cycles. Among AEs, banks in the US and the UK showed marginal improvement in RoA in recent years. In peripheral economies of the Euro-zone such as Greece, Italy, Portugal and Spain, banks reported an increase in RoA from the earlier negative levels. Among EMDEs, due to the huge burden of stressed assets, banks in Russia and India witnessed significant declines in RoAs. The RoA of Chinese banks too declined sharply. Indonesian banks' profitability metrics steadily declined in recent years dragged down by rising credit costs, although, their profitability remained relatively high compared to banks of other EMDEs (Chart 3).

Capital adequacy remained stable

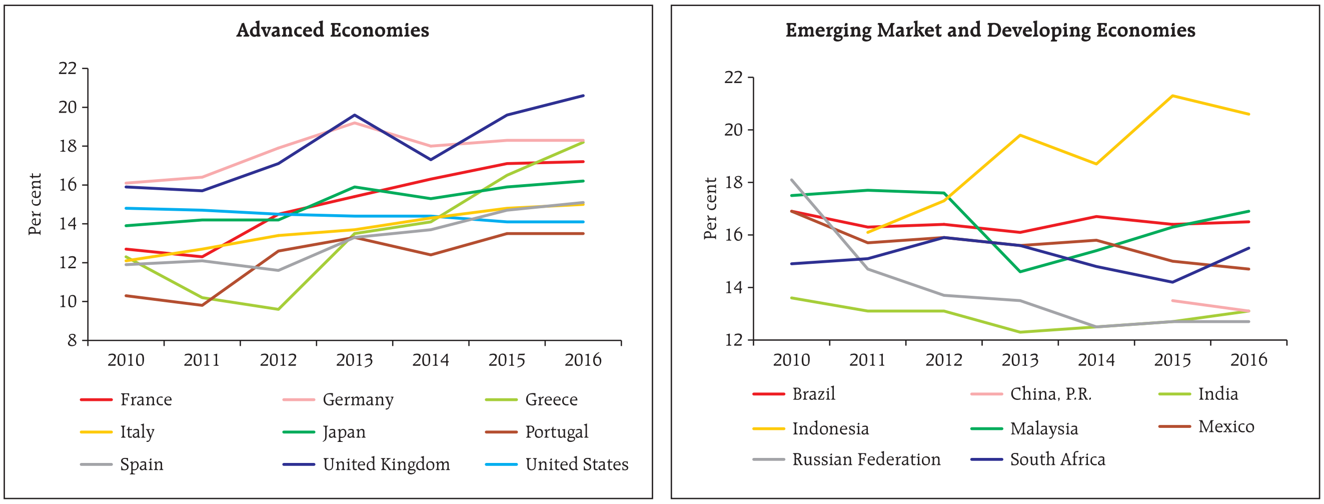
The capital adequacy positions of banks defined as regulatory capital to risk-weighted assets ratio in major countries remained stable at end-September 2016 as compared to the corresponding quarter of the previous year. Since 2010, the capital positions had improved consistently in major AEs except for the US spurred by stronger capital requirements and gradual implementation of Basel III. However, for EMDEs, such as Russia and Mexico, capital positions either deteriorated or remained unchanged due to various banking sector issues which had constrained banks in these countries from building higher capital buffers. Capital adequacy position of banks in India showed a marginal improvement, though, it was lower when compared with that of banks in most of the major EMDEs (Chart 4).

Divergent trend in the leverage ratio with EMDEs showing an improvement

The leverage ratio[2] acts as a credible supplementary measure to the risk-based capital requirements and is intended to constrain the build-up of leverage in the banking sector. Basel III norms mandate a minimum leverage ratio of 3 per cent. The long-term trend since 2010 across both AEs and EMDEs suggests an improvement in the leverage ratio due to the regulatory requirements under the Basel III framework (Chart 5).

[2] Ratio of capital to assets.

Chart 4: Capital to Risk Weighted Assets Ratio (CRAR) in Select Economies

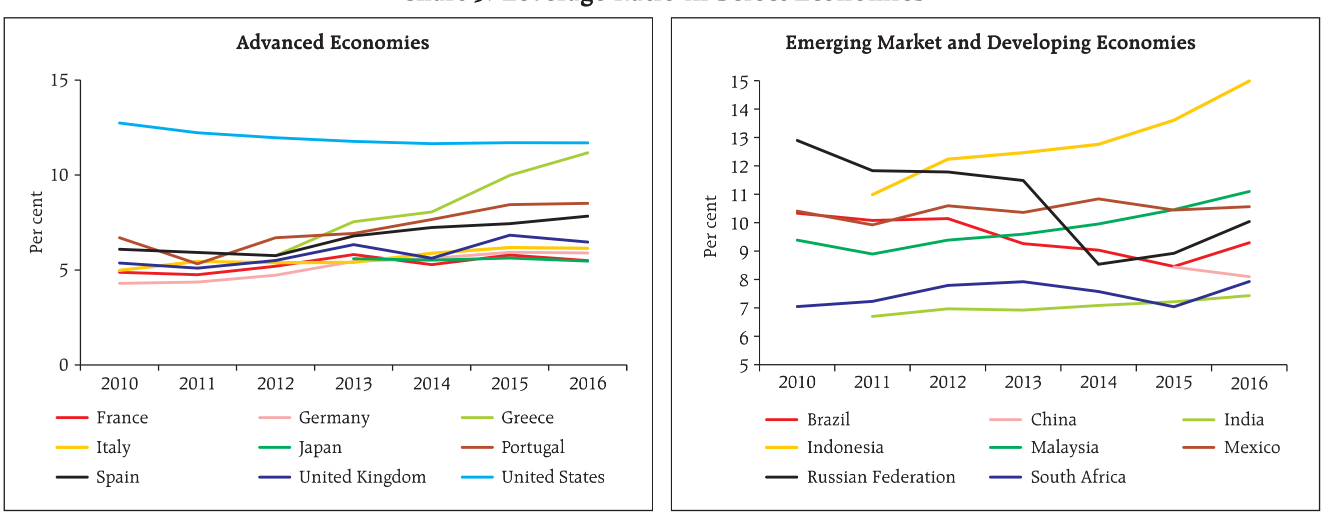


Note: Data pertain to end-December. For 2016, data pertain to end-September except Brazil, China and France, for which they pertain to end-June. Data for China pertain to years 2015 and 2016.
Source: Compiled from FSI, IMF.

Deterioration in asset quality in most EMDEs

The non-performing loans (NPLs) ratio[3] of peripheral economies of the Euro-zone remained much higher than core economies. For most EMDEs, the general trend was that of a rise in the NPL ratio, including India, Russia, Indonesia and Brazil (Chart 6). Various factors are responsible for worsening asset quality in these countries, e.g., sector specific problems in case of India, economic weakness in case of Brazil and Russia and excessive corporate leverage in case of China.[4] Deteriorating asset quality of banks adversely affects the lending capacity of banks,

Chart 5: Leverage Ratio in Select Economies

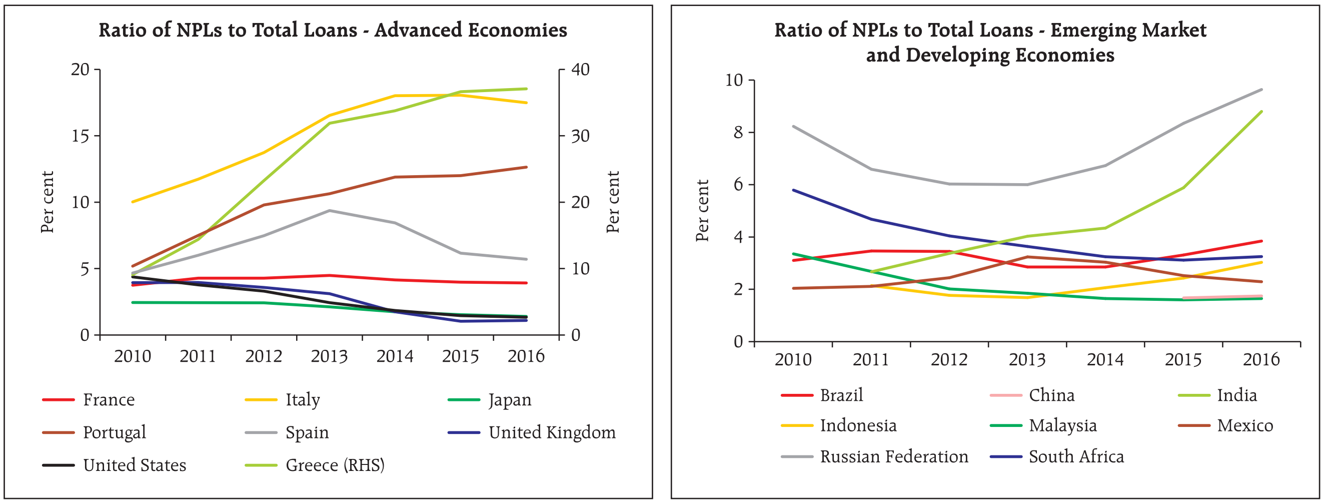


Note: Data pertain to end-December. For 2016, data pertain to end-September except Brazil, China and France, for which they pertain to end-June. Data for China pertain to years 2015 and 2016.
Source: Compiled from FSI, IMF.

[3] Ratio of NPLs to total loans.

[4] Global Financial Stability Report, April 2017, International Monetary Fund.

Chart 6: Asset Quality of Banks in Select Economies



Note: Data pertain to end-December. For 2016, data pertain to end-September except for Brazil, China, France and Italy, for which they pertain to end-June. Data for China pertain to years 2015 and 2016.
Source: Compiled from FSI, IMF.

reduces their profitability, erodes their bank capital and can pose challenge to these economies.

Bank stock indices rallied

Bank stock indices, an indicator of banks' profitability, market sentiments and general economic environment, gained more than 30 per cent in the US in H2 of 2016 largely due to the improved profitability of US banks, expectation of more frequent rate hikes by the Fed, and expectation about revision in the Dodd-Frank Wall Street Reform and Consumer Protection Act. In the Eurozone, though bank stock indices corrected in the initial months of H1 of 2016, in the later part of the year, they recovered. The returns on bank stocks in EMDEs were muted during 2016 on account of poor performance of banks and emerging market sell-off (Chart 7).

Chart 7: Bank Stock Indices in Select Economies/Economy Groups

Note: EMU refers to European Monetary Union.
Source: Compiled from Thomson Reuters, DataStream.

CDS spreads in Euro-zone remained high

Sovereign credit default swaps (CDS), which protect investors against losses on sovereign debt, are important tools in the management of credit risks. Relative to bond spreads, sovereign CDS spreads tend to reveal new information more rapidly during periods of stress (IMF – GFSR, April 2013).

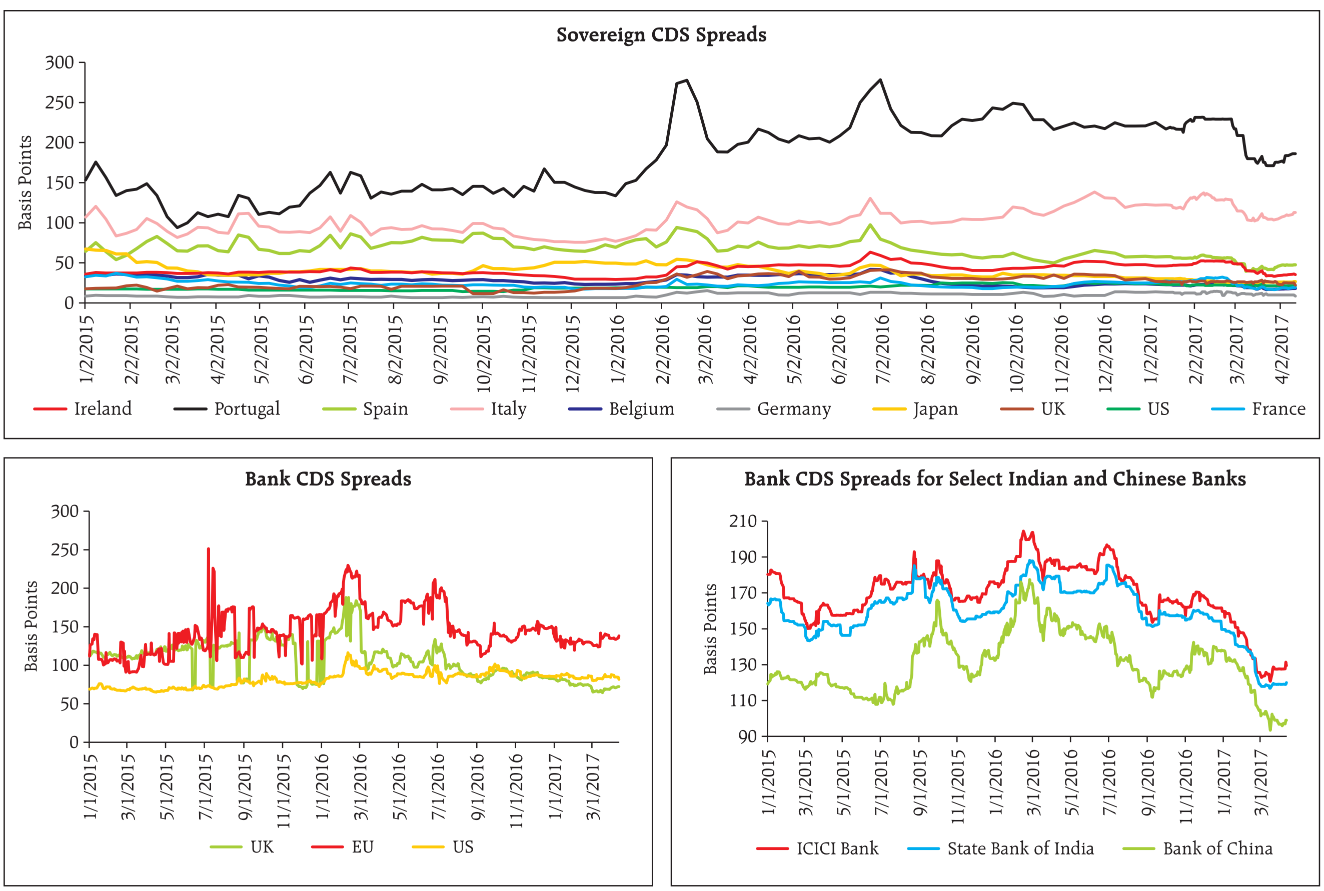
Sovereign CDS spreads of peripheral economies of the Euro-zone remained high given the vulnerabilities in these economies. In June 2016, bank CDS spreads of the UK and EU banks rose sharply on account of the UK referendum result of June 2016, popularly known as Brexit. However, they ebbed subsequently. Euro zone bank spreads remained higher than those in the US and UK. CDS spread of major Indian banks *viz.*, State Bank of India and ICICI Bank have narrowed since July 2016 following proactive steps for balance sheet clean up. However, uptick was witnessed in the CDS spread of ICICI Bank in recent months (Chart 8).

III. Banking Trends in Select Advanced Regions and Countries

i) *US banking system – Signs of recovery*

After a severe setback following the global financial crisis, bank credit growth in the US rose from the third quarter of 2011 till the beginning of 2016. However, it showed some moderation in the second and third quarters of 2016.[5] A rising trend in

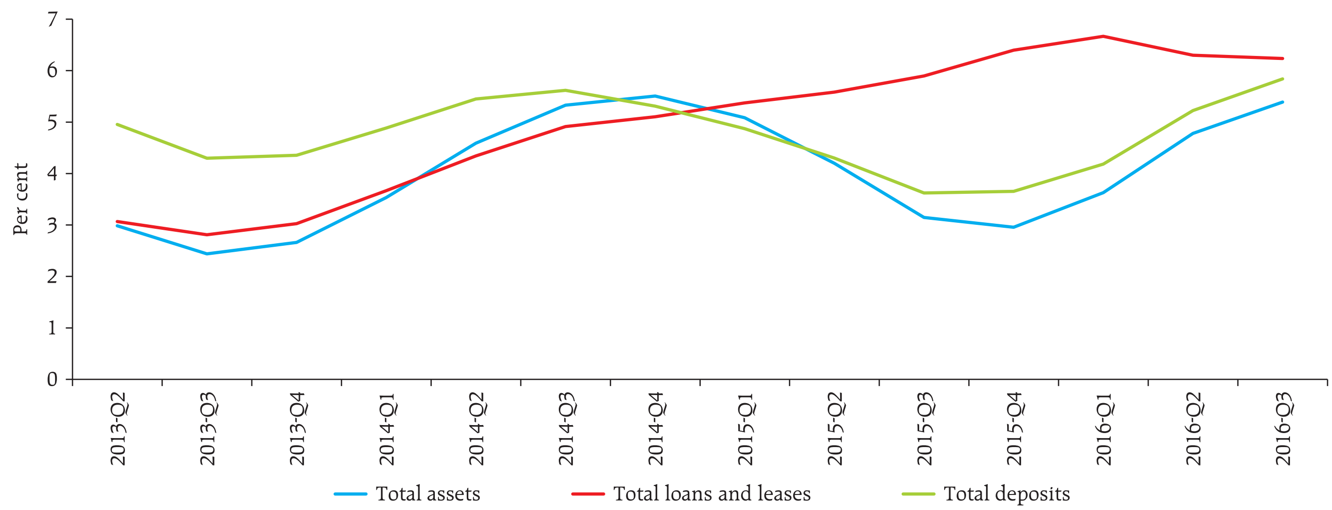
Chart 8: Sovereign and Bank CDS Spreads in Select Economies



Source: Thomson Reuters Eikon.

[5] The year in this article refers to calendar year unless otherwise specified.

Chart 9: Growth in Major Aggregates for the US Banking Sector



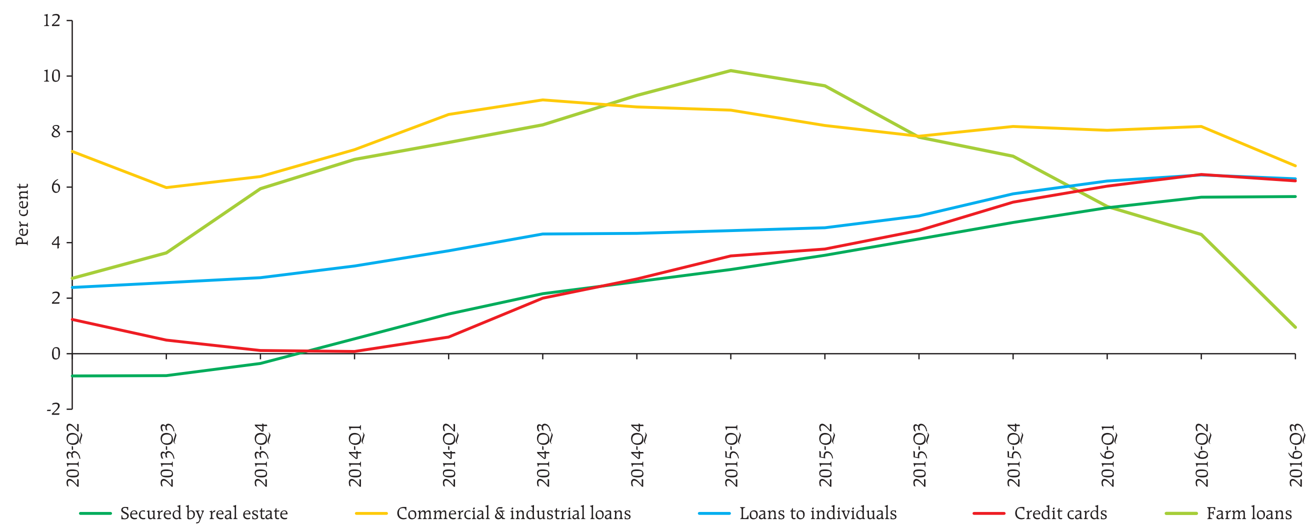
Note: The growth rates are three year moving averages of seasonally adjusted series.
Source: Calculated using data from FDIC database.

the growth of bank deposits too could be seen in 2016, but the growth in deposits remained distinctly lower than that in credit (Chart 9).

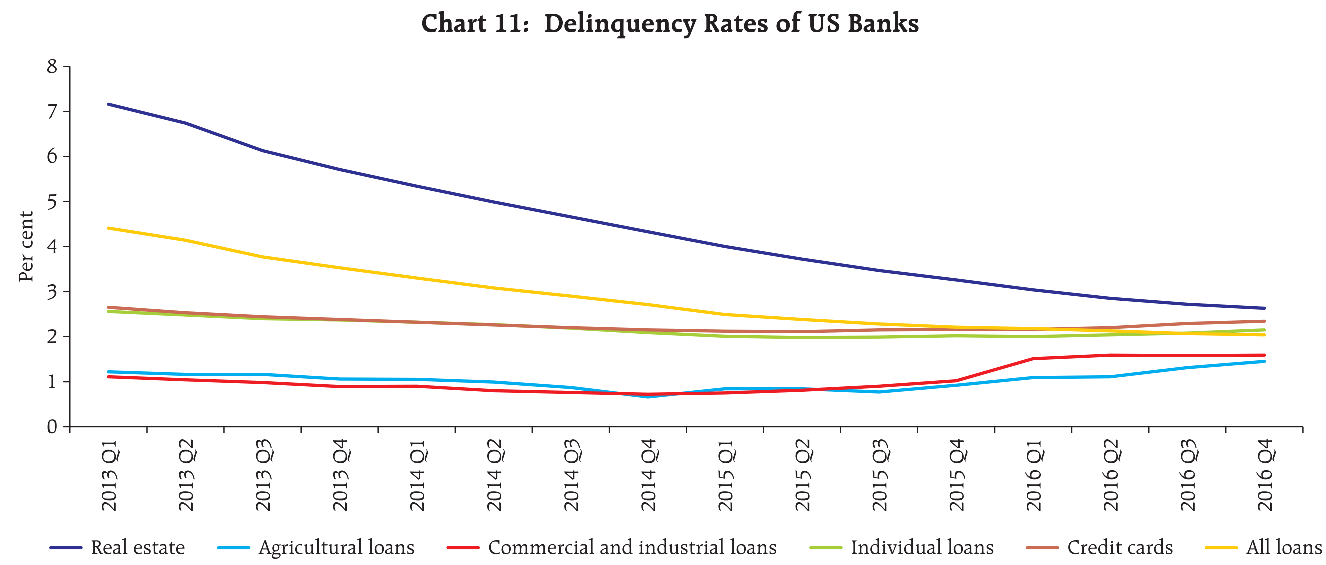
A broad-based revival in credit growth

While credit flow to every sector/segment had received a setback with the onset of the global financial crisis, commercial and industrial sector, and credit secured by real estate sector were worst affected. The revival following the crisis was generally broad-based with all recipient sectors posting an increase in credit growth, including the two aforementioned sectors. After Q3 of 2012, however, growth in credit to the commercial and industrial sector stagnated, although it remained higher than that in other sectors. By contrast, credit secured by real estate continued to

Chart 10: Growth in Credit of US Banks by Sectors



Note: The growth rates are three year moving averages of seasonally adjusted series.
Source: Calculated using data from FDIC database.



Note: Quarterly delinquency rates are smoothened by working out three-quarter moving average.
Source: Calculated from Federal Reserve database.

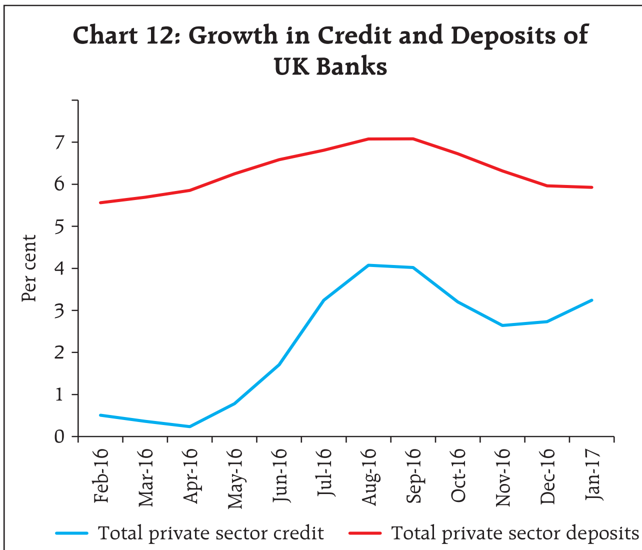
rise (Chart 10). Retail credit too showed a steady rise during this period. On the back of an improvement in consumer confidence and decline in unemployment, retail credit continued to grow in 2016.

Declining trend in NPLs

NPLs, particularly in the real estate sector, which had been the weakest spot in the US banking system post-crisis, showed a steady decline in the following years. However, delinquency rates in this sector have continued to be the highest.[6] Delinquency rates in commercial and industrial sector, although the lowest, have shown a marginal rise in 2016 so far (Chart 11).

ii) *UK banking system – exhibiting a healthy growth but marked by uncertainty*

Following the Brexit, the banking system in the UK has been under scrutiny of all stakeholders, including regulators, investors and depositors. The analysis about the UK banking system from various sources, including the IMF, showed UK banks in good health with adequate liquidity and capital buffers to absorb adverse shocks resulting from the Brexit.[7] The key banking indicators too have shown a healthy growth in 2017 so far. Private sector credit growth rose from April 2016 through January 2017 except for a dip between September and November 2016. Growth in private sector deposits too maintained its momentum till September 2016 after which, however, there was a moderate slowdown (Chart 12).



Note: Figures are three-year moving averages of seasonally adjusted series.
Source: Calculated from BoE database.

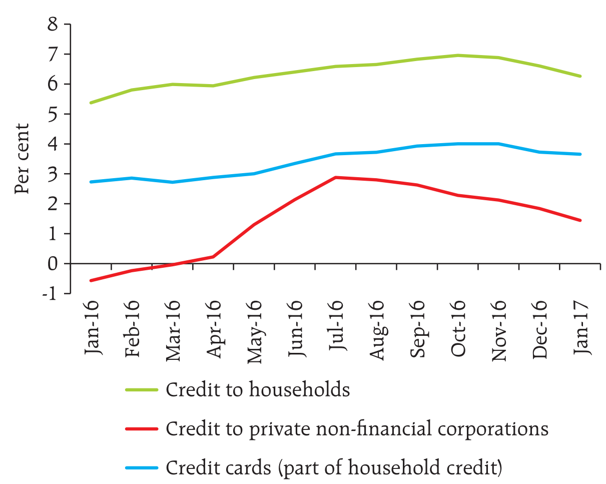
[6] Delinquency rates are seasonally adjusted. They refer to loans that are past due for 30 days or more and may be still accruing interest or even those with a non-accrual status.

[7] GFSR – October 2016, IMF.

Data from the Bank of England (BoE) suggests that household credit (including credit to individuals and unincorporated enterprises), a segment of private sector credit, has been on the rise. However, in line with the two indicators of bank credit and deposits discussed earlier, there were some signs of slowdown after October 2016. Credit to private non-financial corporations, the second segment of private sector credit, showed a sharp and continued fall after July 2016, possibly in the aftermath of the Brexit (Chart 13). Moreover, credit to large businesses too showed a distinct break in July 2016; the growth in credit to these corporations after July was slower than before (Chart 14).

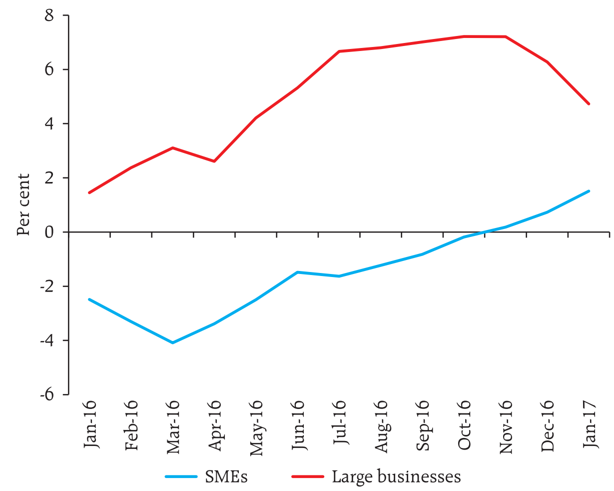
The credit growth to Small and Medium Enterprises (SMEs), the second major segment of businesses, remained in the negative zone during a major part of 2016 (Chart 14). However, the pace of decline in SME credit has slowed down in 2017 so far. This was also borne out by the Credit Conditions Survey of the BoE showing the sentiments of banks about credit flow, repayments and defaults. As per this survey, past observations as well as future expectations about the availability of bank credit to both small and medium enterprises in the pre-Brexit period extending up to the first quarter of 2016 were broadly positive (Chart 15).[8]

Chart 13: Growth in Credit to Select Sectors in the UK



Note: Data are moving averages taking three years.
Source: Calculated based on BoE database.

Chart 14: Growth in Credit to Non-financial Corporations by Size of Business



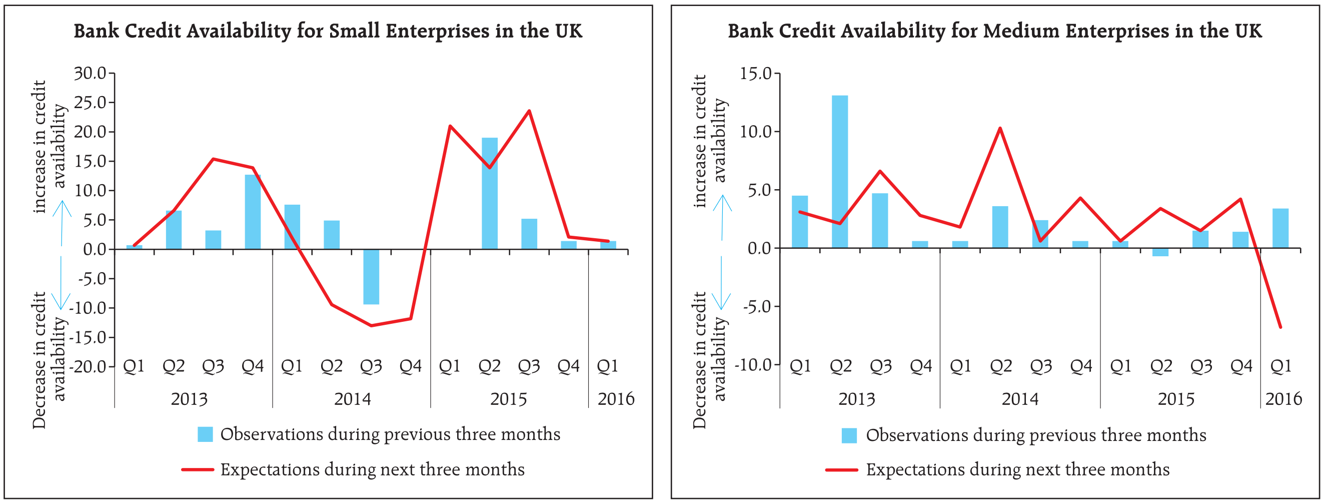
Note: Figures are three-year moving averages.
Source: Calculated from BoE database.

Given that UK is marked by high levels of household indebtedness, the ongoing adjustments in the real estate market following the Brexit may have implications for household defaults. Data available till Q4 of 2016 showed a decline in defaults on secured household credit (Chart 16).

Going forward, many factors signal an uncertain environment for UK banks. These include (a) deteriorating economic outlook and employment in the UK; (b) tightening credit access for SMEs following adjustments in real estate market given that SMEs rely heavily on real estate for bank credit; (c) adjustments in real estate markets also affecting repayments in the household sector adversely; and (d) a persistently weak profitability following low interest rates along with high operating costs for UK banks.

8 Data for Q2 of 2016 are not yet available.

Chart 15: Expectations Regarding Availability of Credit to SMEs in the UK



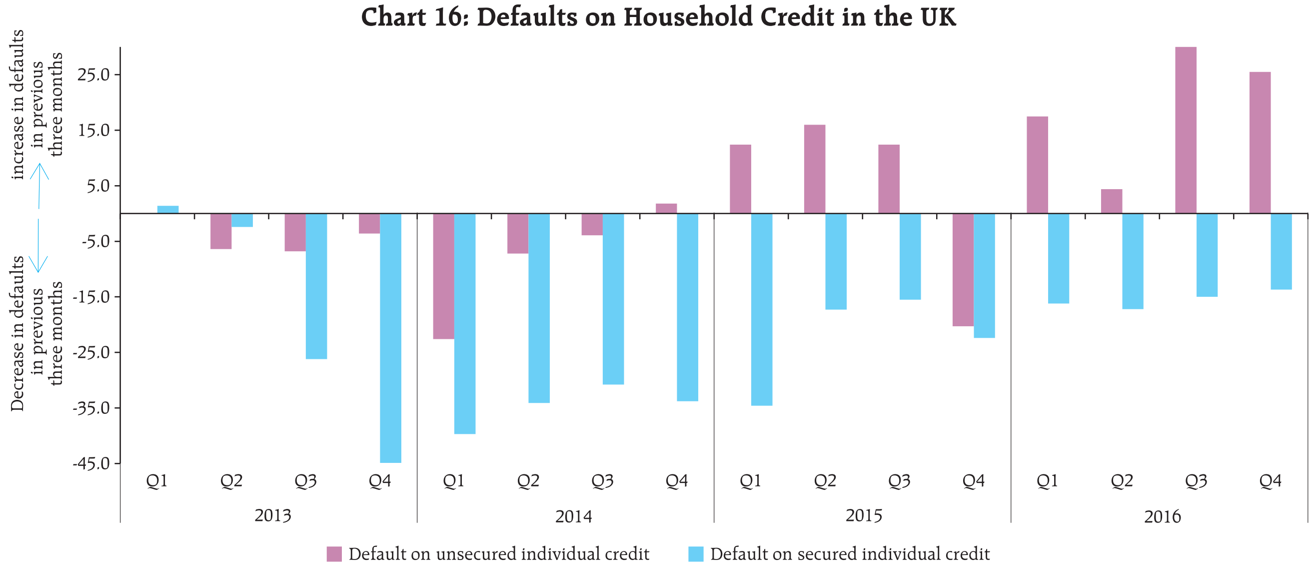
Note: Data are net balances estimated after weighing the responses of lenders answering the question by their market shares.
Source: BoE, Credit Conditions Survey.

iii) *Euro Zone banking system – increase in credit growth with a shift to stable sources of funding*

At the aggregate level, there was a pickup in the balance sheet growth of Euro Zone banks in 2016. Moreover, the formation of the asset growth cycle too was at a relatively high level since the latter half of 2015. Another positive feature during this period was that the growth cycle of banks' funding through issuance of debt securities was restricted to a much lower level, suggesting reduced reliance on wholesale funding (Chart 17).

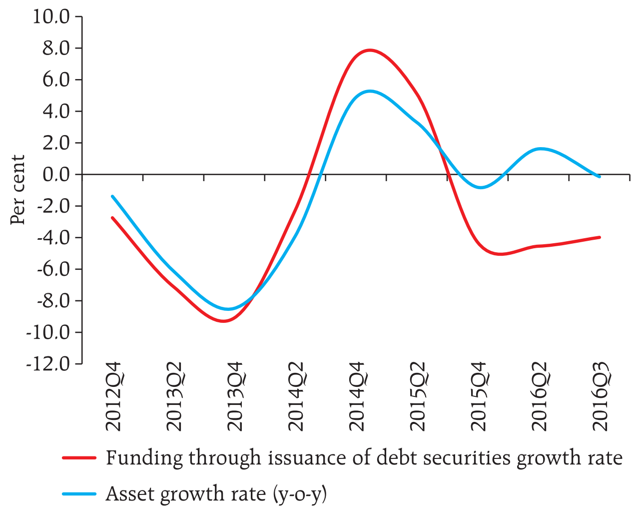
The credit growth to private non-financial sector turned positive since June 2015. Among the major member countries, while France and Germany

Chart 16: Defaults on Household Credit in the UK



Note: Data are net balances estimated after weighing the responses of lenders answering the question by their market shares.
Source: BoE, Credit Conditions Survey.

Chart 17: Balance Sheet Indicators of Banks in the Euro Zone



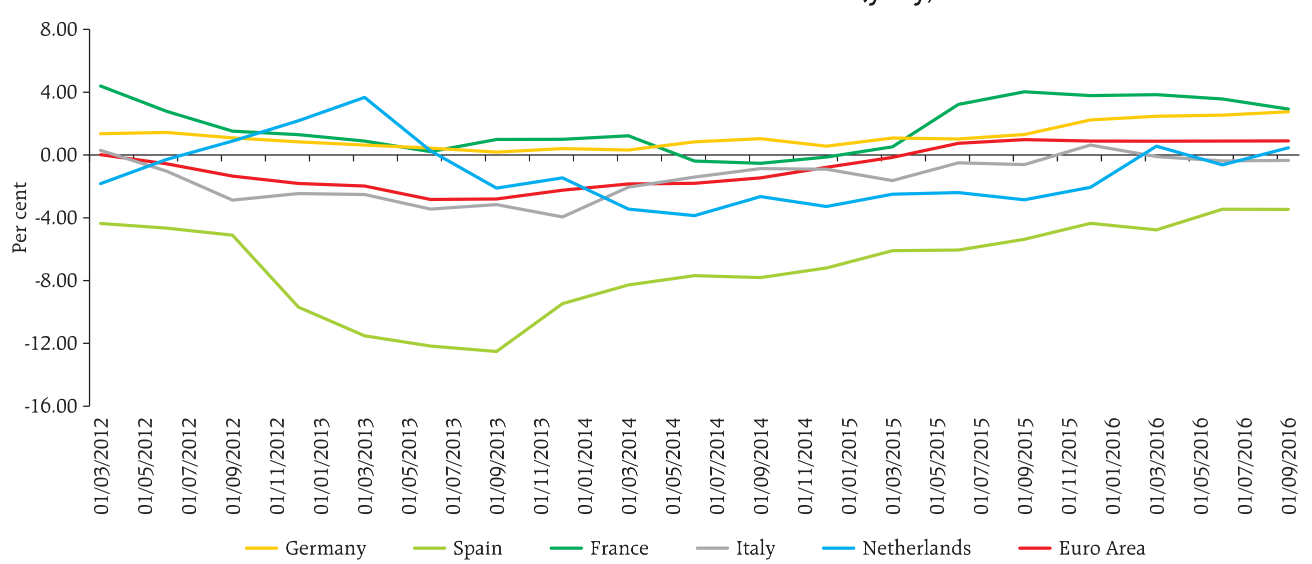
Source: Calculated from ECB database.

followed this trend closely through September 2016, in Italy and Netherlands, the growth turned negative again in June 2016. However, growth picked up once more in the Netherlands in September 2016. In Spain, by contrast, the credit growth continued to fall (Chart 18).

SMEs account for 99.8 per cent of the total firms in the euro area, 60 per cent of turnover and 70 per cent of employment, and are largely dependent on bank finance.[9] The ECB survey of access to finance for SMEs in euro area showed that the expectations about an improvement in the availability of credit to these enterprises outweighed those of a possible decline since H2 of 2014 (Chart 19).

In the GFSR of October 2016, the IMF observed that at the close of 2015, euro area banks were earning less than half of their average profits during 2004-06. The upward movement in growth of euro area bank credit to private non-financial sector, despite weak bank profitability, could be attributed to steps taken by the ECB since June 2014 to encourage banks to lend more. The introduction of negative deposit rate was one of these steps taken by the ECB. The rate on the deposit facility, which banks use to keep their money in the form of overnight deposits with the ECB was made negative to encourage more lending (Chart 20). This policy supplemented the ongoing reduction in

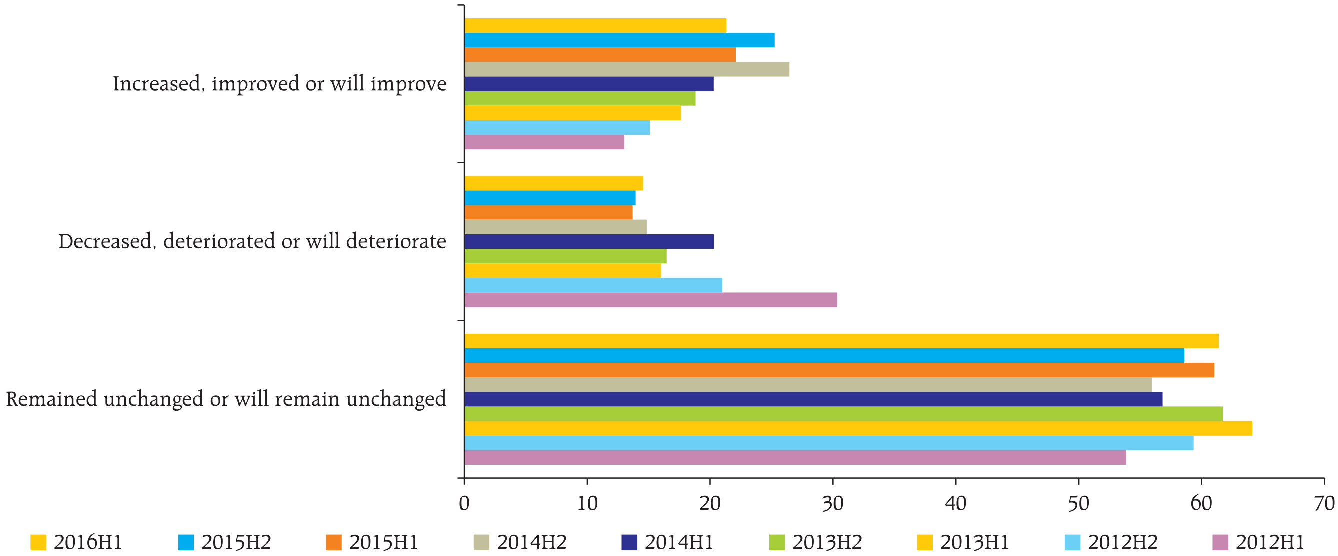
Chart 18: Bank Credit to Private Non-financial Sector (y-o-y) Growth Rate



Source: Calculated from BIS credit database.

[9] Data taken from ECB/survey of access to finance of enterprises/survey description and methodological information.

Chart 19: Credit Conditions-related Expectations for SMEs in Euro Area



Source: Survey on Access to Finance for Enterprises by ECB.

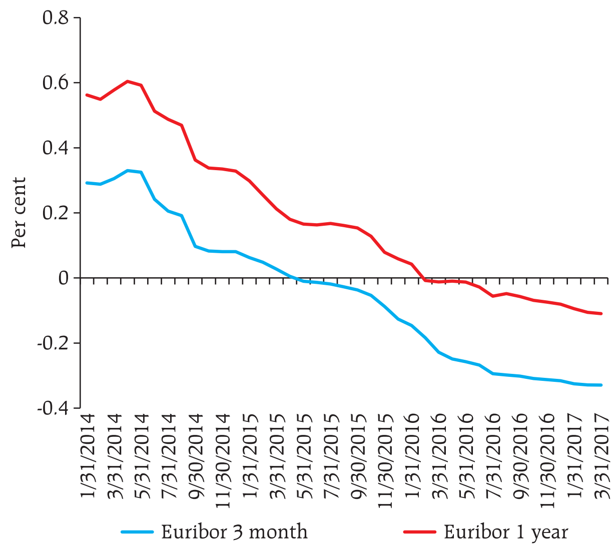
the interest rate on the main refinancing operations (the rate at which the bulk of liquidity is provided to the banking system) and the rate on the marginal lending facility (the rate at which overnight credit is offered to banks).

Till 2014, the injection of liquidity made available through the ongoing policies of ECB was used by banks to mostly deleverage, without transmitting funds to the non-financial sector. The ECB, therefore, introduced the negative rate and

Chart 20: Policy Rates by ECB

Note: dep rate - rate on the ECB deposit facility; MRO – main refinancing options; mlrate – marginal lending facility.
Source: Compiled from ECB data warehouse.

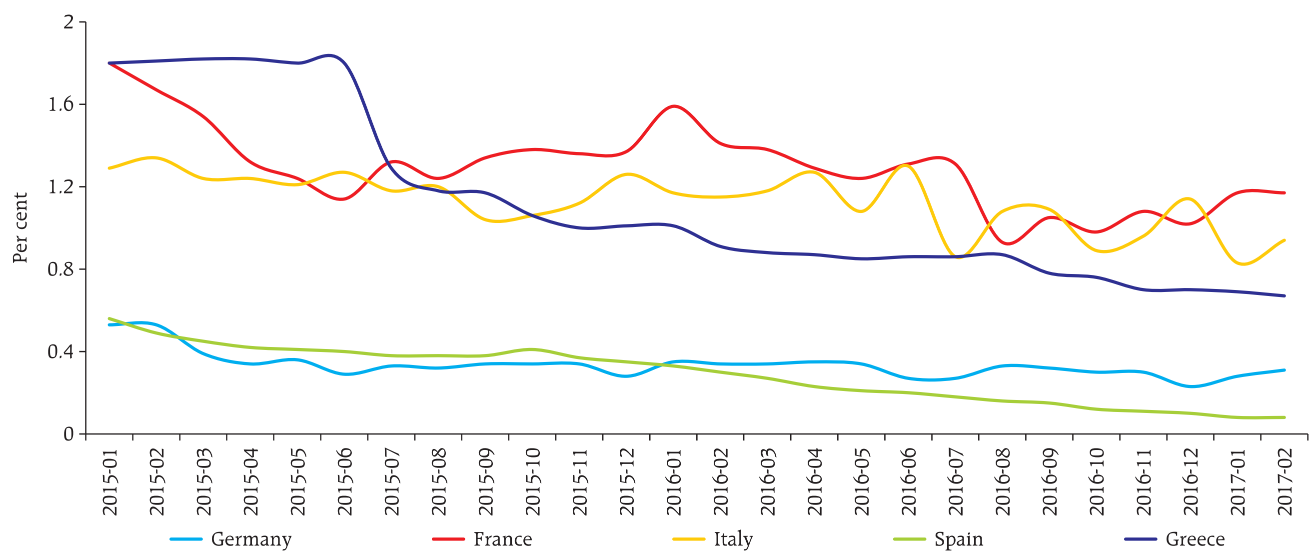
Chart 21: Movements in Euribor Offer Rate



Source: Compiled from ECB data warehouse.

also restarted its quantitative easing in September 2014. There has been a steady decline in Euribor (Euro Inter-bank Offered Rate) since 2014 with the rates moving into the negative territory since 2015 (Chart 21). This reflected (a) an excess liquidity in the interbank market and (b) an improvement in the credit worthiness of the euro area sovereigns. As already noted, on the funding side, euro area banks have seen, in the past year, a move away from wholesale funding through issuance of debt securities. The latter development has evidently helped member countries to move to more stable funding options like deposits. The downward movement of short-term deposit rates in select member countries[10] suggests that there has been a relaxation in the funding strains of banks in these countries (Chart 22). In fact, the loan to deposit ratio of all euro area banks taken together declined from 102.4 per cent in 2015 Q1 to 100.7 per cent in 2016 Q3 as growth in total deposits of euro area's banking sector increased at a higher rate than the growth in the sector's total loans (Charts 23a and 23b).

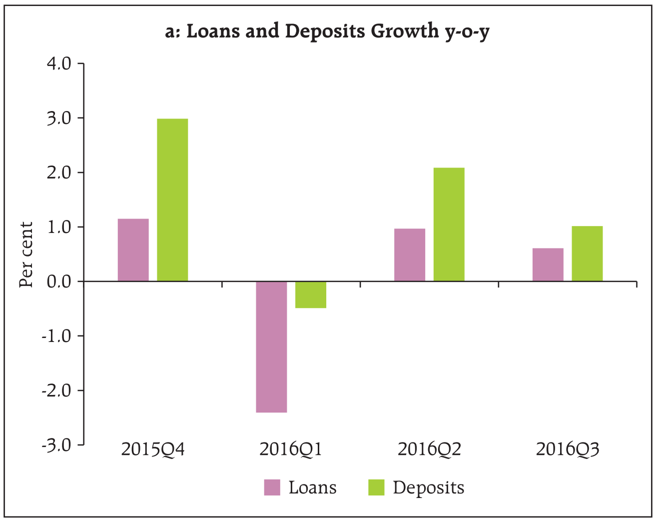
Chart 22: Deposit Rates (less than one year maturity) for Households

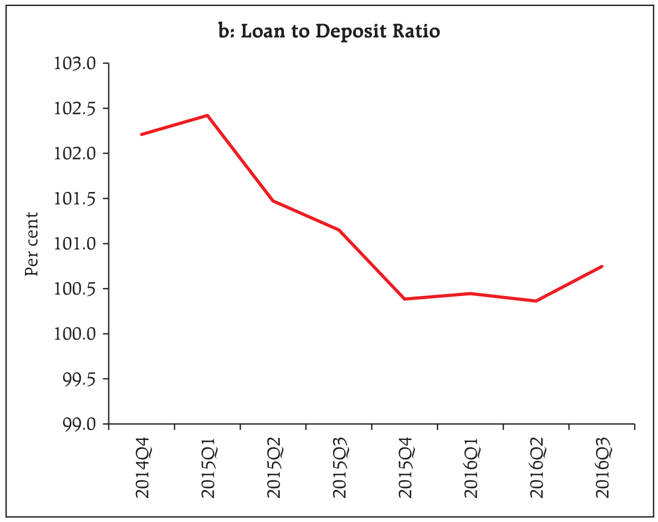


Source: Compiled from www.euro-area-statistics.org.

[10] At least till December 2016, the period up until which balance sheet data is available, all major euro area countries except Italy witnessed this trend.

Chart 23: Loans and Deposits of Euro Area Banks





Source: Compiled from ECB data warehouse.

IV. Performance of Top 100 Global Banks

Banks maintained their positions in top 100

The top global banks did not see much movement in their ranks (global rank by tier 1 capital) between 2015 and 2016; the rank correlation coefficient being 0.95 for top-20 banks and 0.97 for top-50 banks.[11]

Increase in asset share of emerging economies

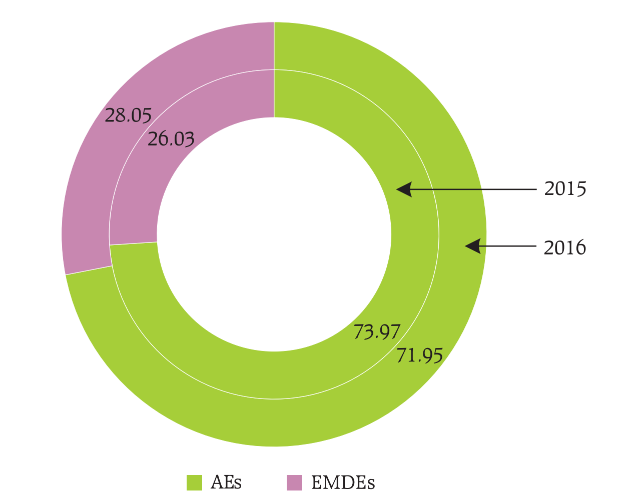
Although the number of banks populating the top 100 from the AEs and EMDEs remained broadly similar across 2015 and 2016, there was an increase in the share of assets held by banks from the EMDEs which was generally the trend observed following the global financial crisis (Chart 24).

The asset share of individual AEs in the top 100 banks, barring Japan and the US, declined between 2015 and 2016 with the decline being more pronounced for France, Germany and the UK. By contrast, the rise in the share of EMDEs was boosted by China (Chart 25).

Growing differential in the profitability of top 100 banks

There was a growing differential in the profitability of top 100 banks with the share of banks reporting negative Return on Assets (RoA) going up to 4 per cent in 2016 from 2 per cent in 2015, and an

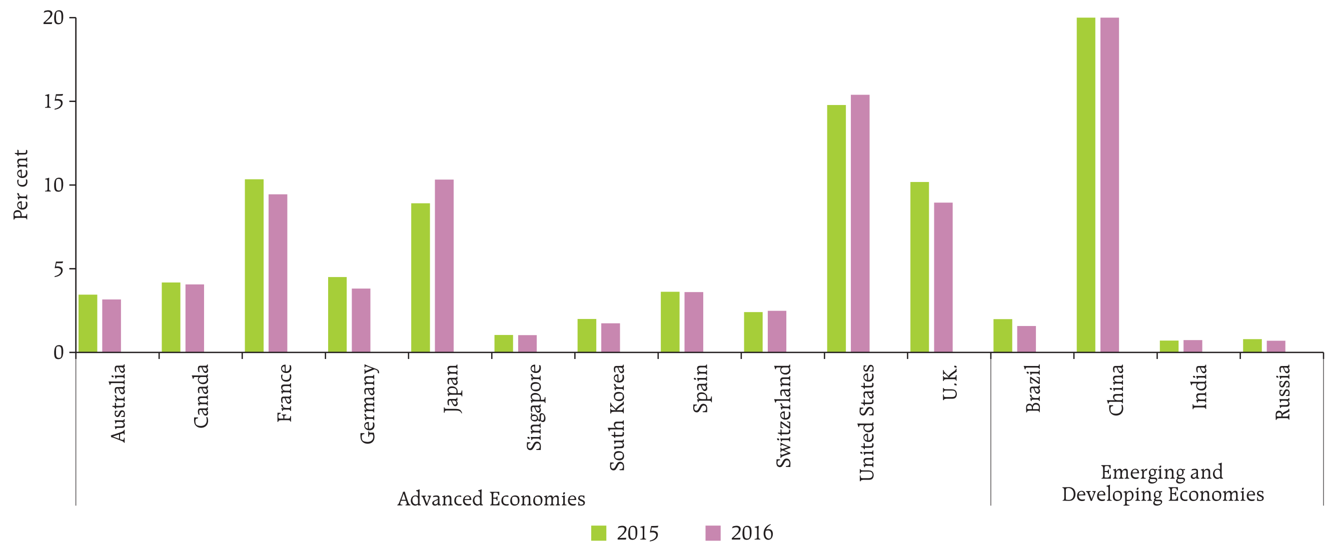
Chart 24: Share of Country Groups in the Total Assets of Top 100 Global Banks



Source: Calculated using Banker Database.

[11] These calculations are based on the Banker database. The coefficients were estimated based on the assumption that the sample of banks was the same between the two years. The ranking was thus re-worked after removing the new additions/deletions of banks between these years. Given that majority of countries follow calendar year, data series for a particular year in this database is mostly available up to December of the previous year.

Chart 25: Share of Countries in Total Assets of Top 100 Global Banks (By tier 1 capital)



Source: Calculated using Banker Database.

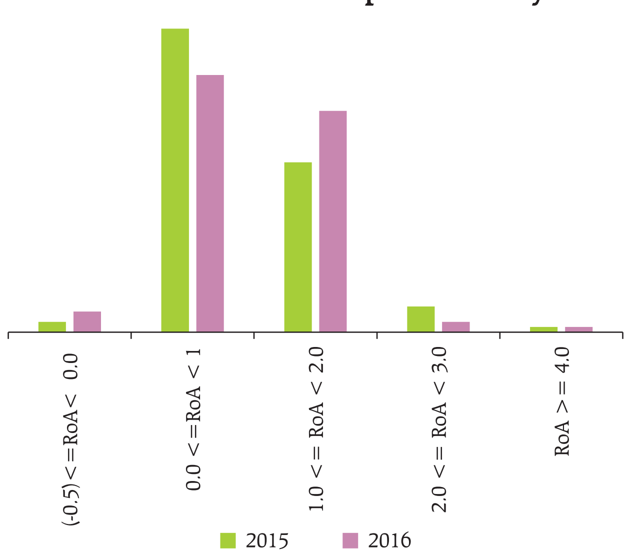
increase in the share of banks reporting higher RoA (ranging between 0 and 2 per cent) from 92 per cent to 93 per cent (Chart 26).

Improvement in the financial soundness of top 100 banks

Between 2015 and 2016, there was an increase in the concentration of banks reporting higher capital-to-assets ratio (lower financial leverage) (ranging between 6 and 10 per cent) from 36 per cent to 47 per cent (Chart 27).

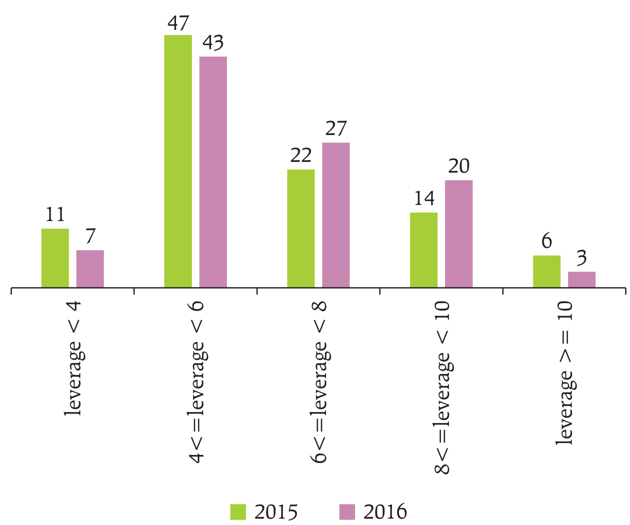
The second positive development was an overall improvement in the asset quality of top 100 banks. First, there was no change in the shares of banks in the higher NPL size classes ranging above 3 per cent.

Chart 26: Distribution of Top 100 Banks by RoA



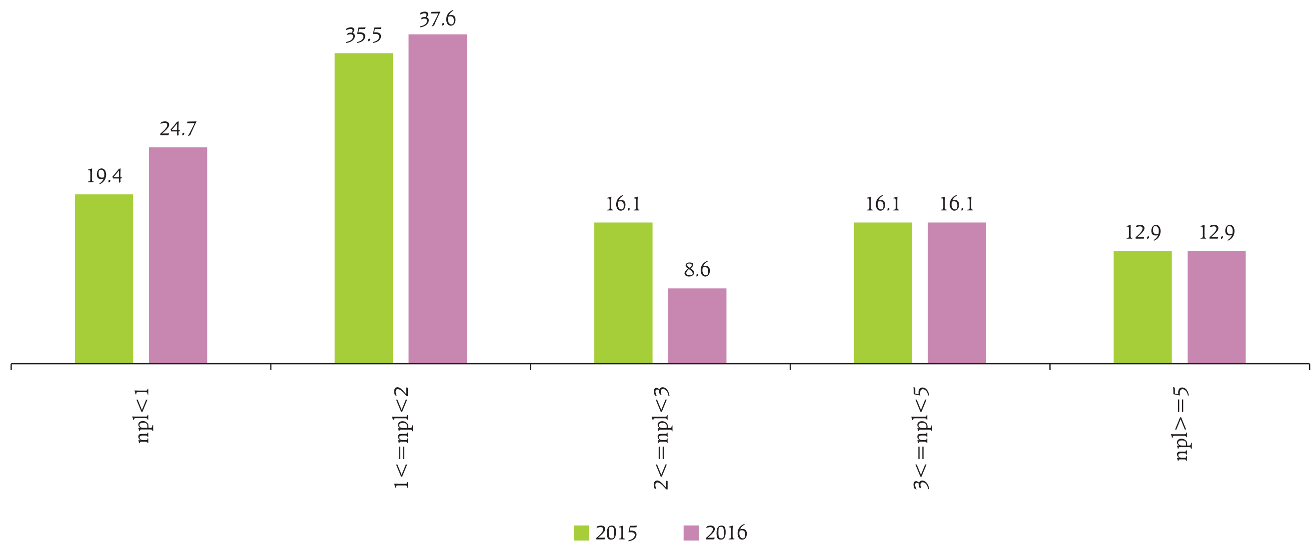
Source: Calculated using Banker Database.

Chart 27: Distribution of Top 100 Banks by Capital to Assets Ratio



Source: Calculated using Banker Database.

Chart 28: Distribution of Top 100 Banks by NPL Ratio



Source: Calculated using Banker Database.

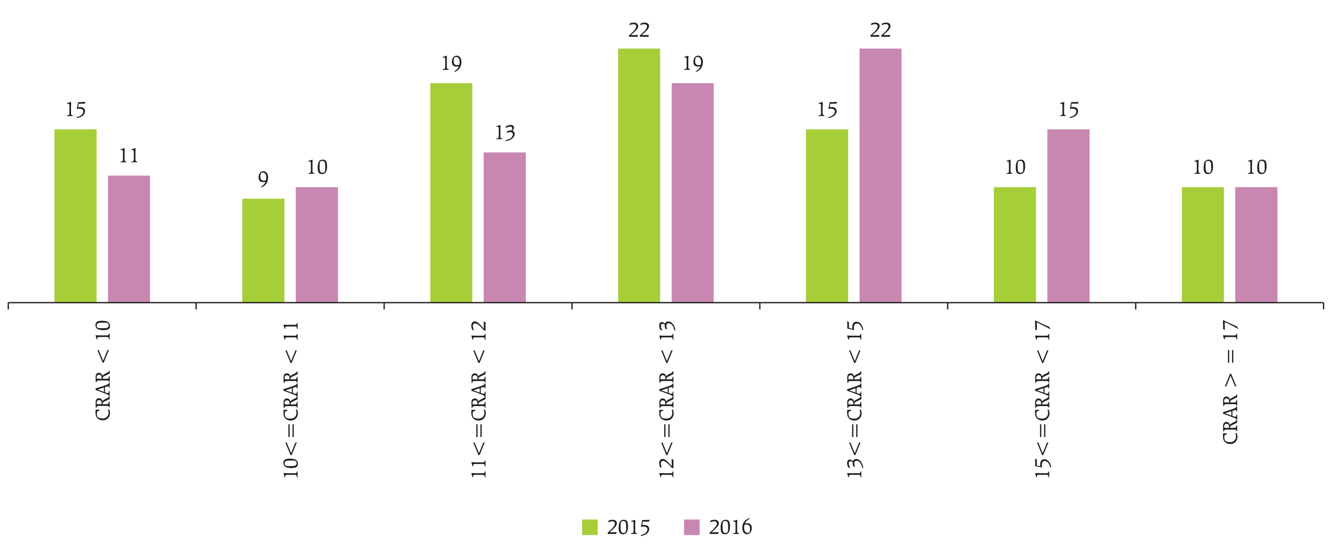
Secondly, there was a sharp decline in the shares of banks reporting NPLs in the range of 2-3 per cent (Chart 28).

Thirdly, an increased focus on strengthening capital adequacy positions could also be seen. The concentration of banks with CRAR ranging from 13 to 17 per cent increased from 25 to 37 per cent (Chart 29).

V. Global Banking Policy Reforms

There has been an increasing recognition for regulatory reforms and an improved consistent framework for supervising globally active banks. Accordingly, the global regulatory standards continued to be strengthened in 2016. Improved resilience in the banking reflected the impact of Basel III capital adequacy norms. Recently, policies aimed at

Chart 29: Distribution of Top 100 Banks by CRAR



Source: Calculated using Banker Database.

promoting public confidence and upholding the safety and soundness of banks have also been in focus. The implementation of global regulatory reforms has led to an increase in capital and liquidity buffers of major banks.

Banks' attempt to reduce bad loans and strengthen their balance sheet through adapting to new business realities and regulatory standards has been necessitated by the era of low growth and low interest rates. The policy makers' role in this era of rising uncertainties, has become even more crucial in order to complete the regulatory reform agenda.

Some of the major developments in the global regulatory standards in the recent period include:

Total loss-absorbing capacity Holdings Standard

The final standard released in October 2016 by the Basel Committee on Banking Supervision (BCBS) applies to both global systemically important banks (G-SIBs) and non-G-SIBs and aims to reduce the risk of contagion within the financial system should a G-SIB enter resolution. An important element of the standard is that banks must deduct, subject to a threshold, Total Loss-Absorbing Capacity (TLAC) holdings that do not otherwise qualify as regulatory capital from their own Tier 2 capital.

Standards for Interest Rate Risk in the Banking Book (IRRBB)

The new standards were issued by the BCBS in April 2016, revising the 2004 principles for the management and supervision of interest rate risk. The standards set out supervisory expectations for banks' identification, measurement, monitoring and control of IRRBB as well as its supervision. The enhancements to the 2004 standards, among others, include more extensive guidance on the expectance for a bank's IRRBB management process, better disclosure requirements, an updated standardised framework and a stricter threshold for identifying outlier banks which has been reduced from 20 per cent of a bank's total capital to 15 per cent of bank's Tier 1 capital. The standards are expected to be implemented by 2018.

Regulatory treatment of accounting provisions

A consultative document and also a discussion paper on policy considerations related to the regulatory treatment of accounting provisions were released by the BCBS in October 2016. The new accounting standards modify provisioning standards to incorporate forward-looking assessments in the estimation of credit losses. The Committee's proposal to retain, for an *interim* period, the current regulatory treatment of provisions under the standardised and the internal ratings-based approaches is set out in the consultative document. It contains the policy options for the long-term regulatory treatment of provisions under the new expected credit loss standards.

Revisions to the securitisation framework

The BCBS in July 2016 published an updated standard for the regulatory capital treatment of securitisation exposures to include the regulatory capital treatment for "simple, transparent and comparable" (STC) securitisations, amending 2014 capital standards for securitisations. The capital treatment for STC securitisations builds on the 2015 STC criteria published by the Basel Committee and the International Organisation of Securities Commission. This sets out additional criteria for differentiating the capital treatment of STC securitisations from that of other securitisation transactions. The standard once effective (*i.e.,* in January 2018) is expected to contribute to a more resilient banking sector.

The key achievements in the implementation of the various regulatory reforms include:

Implementation of the G20 Agenda for Reforms

The Financial Stability Board (FSB) in its 2nd annual report to the G20 on the implementation and effects of reforms (August 31, 2016) highlighted four core elements of the reform programme, which include: (i) making financial institutions more resilient; (ii) ending too-big-to-fail; (iii) making derivatives markets safer; and (iv) transforming shadow banking into resilient market-based finance. As far as implementation progress of reforms is concerned, it remains steady but uneven across the core areas.

Adoption of Basel III

Generally, the implementation of Basel III capital and liquidity standards remained timely, and banks were on track to meet the requirements. A number of major AEs, however, could not address deviations in their rules from the Basel framework. All 24 FSB jurisdictions had the core elements of the Basel III risk-based capital and liquidity regulations in force. Final rules on higher loss absorbency requirements for G-SIBs remained in force in all jurisdictions that had G-SIBs headquartered in them.

G-SIBS

In case of G-SIBs the implementation of higher loss absorbency and more intensive supervision is well on track. For the year 2016, the list of G-SIBs was published by the FSB and 30 institutions were identified. During 2016, four banks moved to a higher bucket and three banks to a lower bucket.

VI. Conclusions and Future Perspectives

Four broad observations can be made based on the analysis in this article. First, bank credit growth – a key to the expansion of the assets of the global banking system – was marked by a striking differential between AEs and EMDEs, with AEs showing a resilient pattern of growth. In most AEs, including the US, it was the retail sector that imparted this resilience. The outlook about credit access to sectors that relied heavily on bank financing and were crucial for revival in employment and growth, namely, SMEs too remained broadly positive. In the fiscally strained AEs, namely, Spain, Portugal and Italy, however, the slowdown in credit growth continued to be a concern. In absolute contrast, the credit growth in most EMDEs was declining or even negative, weighed down heavily by persistent asset quality concerns. Interestingly, notwithstanding the slowdown in credit growth for EMDEs, banks from these economies witnessed a rise in their shares in global banking assets.

Asset quality, the second area of concern, remained weak in EMDEs. For most AEs except Spain, Portugal and Italy, however, there was a distinct improvement in asset quality. Thirdly, profitability, linked closely to credit growth and asset quality concerns, showed a modest improvement in most AEs as reflected in the increase in RoA. Yet, RoA remained less than 1 per cent in all these economies. By contrast, banking systems in most EMDEs were marked by deterioration in profitability. Fourthly, however, the trend emerging from both AEs and EMDEs was similar with regard to an improvement in the capital adequacy levels.

Globally, policy makers have been in the process of fortifying the regulatory framework for their banking systems. While some of these policies have shown immediate results, others may pay off in the medium to long run. All these together are expected to make the global banking system more sound and resilient.

However, despite the positive efforts towards enhancing soundness, several downside risks and challenges continue to afflict the global banking system. These risks have arisen not just from within the banking system but from the state of the global economy in general, and fiscal policies and trends in household and corporate leverage, in particular. Furthermore, the impact of these risks differs across AEs and EMDEs. Even within AEs, these risks have manifested differently for the European economies that were affected by the sovereign debt crisis.

At the present juncture, given that risks continue to weigh heavily on the outlook for the global banking system, there is need for both AEs and EMDEs to continue to work individually and jointly towards strengthening and reviving the global banking system. These efforts assume importance particularly in light of the emerging concern about a possible regulatory rollback from certain AEs. There has to be greater commitment towards consistently implementing the banking regulatory reforms while strengthening the macro-prudential oversight over banks. There is a need, however, to rightly calibrate the transition in order to avoid any adverse impact on the global economy, particularly since global growth remains weak. Furthermore, following the changes in the macro-prudential framework for banks, regulatory arbitrage resulting in the migration of risks to the shadow banking sector also needs to be closely monitored.

Going forward, the policy reforms along with the global economic outlook will decide the future trajectory for the global banking system. Moreover, various other global events, including the execution of Brexit and the related directions regarding the financial services industry, pace and timing of the reversal from the unconventional monetary policy by the US, effective resolution of fiscal strain in the peripheral European economies and corporate deleveraging in most EMDEs, including China and India, will shape the global banking outlook.

CURRENT STATISTICS

Contents

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

No. 1: Select Economic Indicators

Item	2016-17	2015-16		2016-17	
		Q3	Q4	Q3	Q4
	1	2	3	4	5
1 Real Sector (% Change)					
1.1 GVA at Basic Prices	6.6	7.3	8.7	6.7	5.6
1.1.1 Agriculture	4.9	-2.1	1.5	6.9	5.2
1.1.2 Industry	7.0	12.0	11.9	7.2	5.5
1.1.3 Services	6.7	9.0	9.4	6.4	5.7
1.1a Final Consumption Expenditure	10.5	5.8	10.6	12.5	10.2
1.1b Gross Fixed Capital Formation	2.4	7.0	3.9	1.7	-2.1
	2016-17	2016		2017	
		Mar.	Apr.	Mar.	Apr.
	1	2	3	4	5
1.2 Index of Industrial Production	5.0	5.5	6.5	2.7	-
2 Money and Banking (% Change)					
2.1 Scheduled Commercial Banks					
2.1.1 Deposits	11.3	9.3	8.7	11.3	11.5
2.1.2 Credit	4.6	10.9	8.7	4.6	5.2
2.1.2.1 Non-food Credit	5.3	10.9	8.9	5.3	6.0
2.1.3 Investment in Govt. Securities	17.4	5.4	4.6	17.4	18.7
2.2 Money Stock Measures					
2.2.1 Reserve Money (M0)	-12.9	13.1	14.4	-12.9	-10.6
2.2.2 Broad Money (M3)	10.6	10.1	10.8	10.6	7.1
3 Ratios (%)					
3.1 Cash Reserve Ratio	4.00	4.00	4.00	4.00	4.00
3.2 Statutory Liquidity Ratio	20.50	21.50	21.25	20.50	20.50
3.3 Cash-Deposit Ratio	4.8	4.8	4.8	4.8	4.9
3.4 Credit-Deposit Ratio	72.9	77.7	75.9	72.9	71.7
3.5 Incremental Credit-Deposit Ratio	41.8	89.8	-8.7	41.8	164.9
3.6 Investment-Deposit Ratio	28.2	28.1	28.3	28.2	30.1
3.7 Incremental Investment-Deposit Ratio	28.3	16.9	33.9	28.3	-114.4
4 Interest Rates (%)					
4.1 Policy Repo Rate	6.25	6.75	6.50	6.25	6.25
4.2 Reverse Repo Rate	5.75	5.75	6.00	5.75	6.00
4.3 Marginal Standing Facility (MSF) Rate	6.75	7.75	7.00	6.75	6.50
4.4 Bank Rate	6.75	7.75	7.00	6.75	6.50
4.5 Base Rate	9.25/9.60	9.30/9.70	9.30/9.70	9.25/9.60	9.10/9.60
4.6 MCLR	7.75/8.20	-	8.90/9.15	7.8/8.2	7.8/8.2
4.7 Term Deposit Rate >1 Year	6.50/7.00	7.0/7.9	7.0/8.0	6.5/7.0	6.5/7.0
4.8 Savings Deposit Rate	4.00	4.00	4.00	4.00	4.00
4.9 Call Money Rate (Weighted Average)	5.97	6.91	6.49	5.97	6.00
4.10 91-Day Treasury Bill (Primary) Yield	5.82	7.27	6.81	5.82	6.19
4.11 182-Day Treasury Bill (Primary) Yield	6.05	7.17	6.91	6.05	6.31
4.12 364-Day Treasury Bill (Primary) Yield	6.14	7.11	6.91	6.14	6.45
4.13 10-Year G-Sec Par Yield (FIMMDA)	7.08	7.34	7.44	7.08	7.20
5 RBI Reference Rate and Forward Premia					
5.1 INR-US$ Spot Rate (₹ Per Foreign Currency)	64.84	66.86	66.52	64.84	64.22
5.2 INR-Euro Spot Rate (₹ Per Foreign Currency)	69.25	74.91	75.73	69.25	69.88
5.3 Forward Premia of US$ 1-month (%)	5.09	9.69	7.22	5.09	5.61
3-month (%)	4.97	7.69	6.80	4.97	5.23
6-month (%)	4.90	7.13	6.57	4.90	5.15
6 Inflation (%)					
6.1 All India Consumer Price Index	3.8	4.8	5.5	3.8	3.0
6.2 Consumer Price Index for Industrial Workers	4.1	5.5	5.9	2.6	2.2
6.3 Wholesale Price Index	1.7	-2.0	-1.1	5.3	3.9
6.3.1 Primary Articles	3.5	2.4	3.8	4.0	1.8
6.3.2 Fuel and Power	-0.1	-16.8	-14.2	23.7	18.5
6.3.3 Manufactured Products	1.3	-1.1	-0.8	3.0	2.7
7 Foreign Trade (% Change)					
7.1 Imports	-0.2	-22.9	-23.0	45.3	46.8
7.2 Exports	4.7	-4.7	-5.6	27.2	17.9

Reserve Bank of India

No. 2: RBI - Liabilities and Assets *

(₹ Billion)

Item	As on the Last Friday/ Friday						
	2016-17	2016	2017				
		May	Apr. 28	May 5	May 12	May 19	May 26
	1	2	3	4	5	6	7
1 Issue Department							
1.1 Liabilities							
1.1.1 Notes in Circulation	13,101.81	17,110.79	14,069.52	14,304.35	14,491.75	14,568.41	14,627.57
1.1.2 Notes held in Banking Department	0.12	0.14	0.16	0.17	0.19	0.19	0.18
1.1/1.2 Total Liabilities (Total Notes Issued) or Assets	**13,101.93**	**17,110.94**	**14,069.68**	**14,304.52**	**14,491.94**	**14,568.60**	**14,627.75**
1.2 Assets							
1.2.1 Gold Coin and Bullion	675.08	698.63	675.08	687.79	687.79	687.79	687.79
1.2.2 Foreign Securities	12,422.35	16,399.40	13,386.86	13,609.20	13,796.80	13,873.68	13,933.04
1.2.3 Rupee Coin	4.50	2.44	7.74	7.53	7.35	7.14	6.93
1.2.4 Government of India Rupee Securities	–	10.46	–	–	–	–	–
2 Banking Department							
2.1 Liabilities							
2.1.1 Deposits	10,389.43	4,996.03	9,426.27	9,675.84	9,128.75	9,409.58	9,312.46
2.1.1.1 Central Government	50.00	1.00	1.00	1.00	1.01	1.01	1.00
2.1.1.2 Market Stabilisation Scheme	–	–	473.06	709.81	946.73	946.73	946.73
2.1.1.3 State Governments	0.42	0.42	0.42	0.42	0.42	0.42	0.42
2.1.1.4 Scheduled Commercial Banks	5,087.73	3,839.48	4,482.13	4,434.02	4,319.86	4,519.35	4,329.50
2.1.1.5 Scheduled State Co-operative Banks	55.13	33.73	40.82	38.47	38.42	38.36	38.26
2.1.1.6 Non-Scheduled State Co-operative Banks	18.92	14.37	17.18	15.71	17.28	16.33	16.91
2.1.1.7 Other Banks	279.49	209.61	253.46	252.03	250.92	250.47	253.53
2.1.1.8 Others	4,897.74	897.40	4,158.20	4,224.38	3,554.11	3,636.91	3,726.10
2.1.2 Other Liabilities	8,411.18	9,957.08	8,326.55	8,351.48	8,338.38	8,723.98	8,565.84
2.1/2.2 Total Liabilities or Assets	**18,800.61**	**14,953.10**	**17,752.83**	**18,027.33**	**17,467.13**	**18,133.55**	**17,878.30**
2.2 Assets							
2.2.1 Notes and Coins	0.12	0.14	0.16	0.17	0.19	0.19	0.18
2.2.2 Balances held Abroad	10,263.49	6,340.45	9,259.47	9,228.10	9,011.26	9,437.02	9,200.77
2.2.3 Loans and Advances							
2.2.3.1 Central Government	–	–	157.41	510.82	139.18	349.88	348.55
2.2.3.2 State Governments	12.62	5.56	8.25	0.63	5.22	16.39	10.16
2.2.3.3 Scheduled Commercial Banks	218.10	957.40	18.25	15.20	32.35	34.50	22.85
2.2.3.4 Scheduled State Co-op.Banks	–	–	–	–	0.35	0.35	0.35
2.2.3.5 Industrial Dev. Bank of India	–	–	–	–	–	–	–
2.2.3.6 NABARD	–	–	–	–	–	–	–
2.2.3.7 EXIM Bank	–	–	–	–	–	–	–
2.2.3.8 Others	39.91	52.81	20.73	20.98	23.48	38.05	33.41
2.2.4 Bills Purchased and Discounted							
2.2.4.1 Internal	–	–	–	–	–	–	–
2.2.4.2 Government Treasury Bills	–	–	–	–	–	–	–
2.2.5 Investments	7,528.11	6,761.01	7,530.60	7,480.74	7,481.40	7,482.07	7,482.73
2.2.6 Other Assets	738.26	835.72	757.97	770.69	773.69	775.10	779.30
2.2.6.1 Gold	613.19	634.58	613.19	624.73	624.73	624.73	624.73

* Data are provisional

No. 3: Liquidity Operations by RBI

(₹ Billion)

Date	Liquidity Adjustment Facility				MSF	Standing Liquidity Facilities	Market Stabilisation Scheme	OMO (Outright)		Net Injection (+)/ Absorption (-) (1+3+5+6+9-2-4-7-8)
	Repo	Reverse Repo	Variable Rate Repo	Variable Rate Reverse Repo				Sale	Purchase	
	1	2	3	4	5	6	7	8	9	10
Apr. 3, 2017	17.21	850.88	3.00	1,645.08	7.55	–2.71	–	–	–	–2,470.91
Apr. 4, 2017	–	292.33	–	–	41.85	–	–	–	–	–250.48
Apr. 5, 2017	12.55	677.89	–	1,685.90	0.10	–	–	–	–	–2,351.14
Apr. 6, 2017	10.45	527.28	–	1,258.44	2.20	–	–	–	–	–1,773.07
Apr. 7, 2017	12.05	749.26	–	748.80	–	–	–	–	–	–1,486.01
Apr. 10, 2017	12.55	276.92	–	1,081.98	–	–	–	–	–	–1,346.35
Apr. 11, 2017	9.05	278.91	–	359.94	0.10	–	–	–	–	–629.70
Apr. 12, 2017	9.05	155.36	–	1,012.63	100.40	–	–	–	–	–1,058.54
Apr. 13, 2017	9.70	258.62	2.50	806.01	12.25	–	–	–	–	–1,040.18
Apr. 15, 2017	–	161.72	–	–	–	–	–	–	–	–161.72
Apr. 17, 2017	9.05	86.94	–	891.81	0.90	–	250.00	–	–	–1,218.80
Apr. 18, 2017	9.05	115.74	–	311.04	29.20	–	–	–	–	–388.53
Apr. 19, 2017	9.05	147.50	–	831.03	–	–0.90	–	–	–	–970.38
Apr. 20, 2017	9.05	211.56	–	662.66	2.10	–0.70	–	–	–	–863.77
Apr. 21, 2017	9.05	255.90	–	437.08	0.20	–	–	–	–	–683.73
Apr. 24, 2017	9.05	79.39	–	431.97	5.00	–1.60	250.00	0.10	–	–749.01
Apr. 25, 2017	10.25	154.88	4.50	38.70	1.00	–	–	–	–	–177.83
Apr. 26, 2017	10.25	192.71	–	394.26	1.50	1.20	–	–	–	–574.02
Apr. 27, 2017	14.55	196.21	–	574.53	0.80	1.48	–	–	–	–753.91
Apr. 28, 2017	11.70	509.90	8.25	419.96	2.85	–	–	–	–	–907.06
Apr. 29, 2017	60.00	24.66	–	–	1.10	–	–	–	–	36.44

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

i) Operations in OTC segment

Item	2016-17	2016	2017	
		Apr.	Mar.	Apr.
	1	2	3	4
1 Net Purchase/ Sale of Foreign Currency (US $ Million) (1.1–1.2)	12,351.00	1,339.00	3,538.00	566.00
1.1 Purchase (+)	71,764.00	2,639.00	5,024.00	1,751.00
1.2 Sale (–)	59,413.00	1,300.00	1,486.00	1,185.00
2 ₹ equivalent at contract rate (₹ Billion)	822.16	88.36	233.84	38.07
3 Cumulative (over end-March) (US $ Million)	12,351.00	1,339.00	12,351.00	566.00
(₹ Billion)	822.17	88.36	822.17	38.07
4 Outstanding Net Forward Sales (–)/ Purchase (+) at the end of month (US $ Million)	10,835.00	–4,053.00	10,835.00	13,553.00

ii) Operations in currency futures segment

Item	2016-17	2016	2017	
		Apr.	Mar.	Apr.
	1	2	3	4
1 Net Purchase/ Sale of Foreign Currency (US $ Million) (1.1–1.2)	0.00	0.00	0.00	0.00
1.1 Purchase (+)	10456.00	260.00	0.00	0.00
1.2 Sale (–)	10456.00	260.00	0.00	0.00
2 Outstanding Net Currency Futures Sales (–)/ Purchase (+) at the end of month (US $ Million)	0.00	0.00	0.00	0.00

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

Item	As on April 30, 2017		
	Long (+)	Short (-)	Net (1-2)
	1	2	3
1. Upto 1 month	2,893	1,917	976
2. More than 1 month and upto 3 months	4,488	3,620	868
3. More than 3 months and upto 1 year	15,256	1,414	13,842
4. More than 1 year	0	2,133	-2,133
Total (1+2+3+4)	**22,637**	**9,084**	**13,553**

No. 5: RBI's Standing Facilities

(₹ Billion)

Item	As on the Last Reporting Friday							
	2016-17	2016		2017				
		May 27	Dec. 23	Jan. 20	Feb. 17	Mar. 31	Apr. 28	May 26
	1	2	3	4	5	6	7	8
1 MSF	19.3	–	4.2	–	–	19.3	2.9	0.4
2 Export Credit Refinance for Scheduled Banks								
2.1 Limit	–	–	–	–	–	–	–	–
2.2 Outstanding	–	–	–	–	–	–	–	–
3 Liquidity Facility for PDs								
3.1 Limit	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0
3.2 Outstanding	14.8	23.4	12.3	12.3	10.6	14.8	11.6	17.8
4 Others								
4.1 Limit	–	–	–	–	–	–	–	–
4.2 Outstanding	–	–	–	–	–	–	–	–
5 Total Outstanding (1+2.2+3.2+4.2)	34.1	23.4	16.4	12.3	10.6	34.1	14.5	18.2

Money and Banking

No. 6: Money Stock Measures

(₹ Billion)

Item	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2015-16	2016	2017		
		Apr. 29	Mar. 31	Apr. 14	Apr. 28
	1	2	3	4	5
1 Currency with the Public (1.1 + 1.2 + 1.3 – 1.4)	15,972.5	16,486.2	12,637.1	13,286.6	13,523.7
1.1 Notes in Circulation	16,415.6	16,979.8	13,101.8	13,646.2	14,069.5
1.2 Circulation of Rupee Coin	211.6	213.9	243.4	243.4	243.4
1.3 Circulation of Small Coins	7.4	7.4	7.4	7.4	7.4
1.4 Cash on Hand with Banks	662.1	714.9	715.6	610.4	796.6
2 Deposit Money of the Public	10,052.8	10,226.7	14,317.2	12,326.1	12,571.2
2.1 Demand Deposits with Banks	9,898.3	10,093.6	14,106.3	12,113.4	12,394.5
2.2 ‘Other’ Deposits with Reserve Bank	154.5	133.1	210.9	212.8	176.6
3 M_1 (1 + 2)	**26,025.4**	**26,713.0**	**26,954.3**	**25,612.8**	**26,094.9**
4 Post Office Saving Bank Deposits	615.7	647.0	930.9	930.9	930.9
5 M_2 (3 + 4)	**26,641.1**	**27,360.0**	**27,885.2**	**26,543.7**	**27,025.8**
6 Time Deposits with Banks	90,150.8	92,147.5	101,489.5	101,408.6	101,166.5
7 M_3 (3 + 6)	**116,176.2**	**118,860.5**	**128,443.9**	**127,021.4**	**127,261.4**
8 Total Post Office Deposits	2,084.1	2,121.4	2,542.2	2,542.2	2,542.2
9 M_4 (7 + 8)	**118,260.3**	**120,981.9**	**130,986.0**	**129,563.5**	**129,803.6**

No. 7: Sources of Money Stock (M_3)

(₹ Billion)

Sources	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2015-16	2016	2017		
		Apr. 29	Mar. 31	Apr. 14	Apr. 28
	1	2	3	4	5
1 Net Bank Credit to Government	**32,384.8**	**35,015.9**	**38,690.9**	**40,952.6**	**41,204.4**
1.1 RBI's net credit to Government (1.1.1–1.1.2)	4,250.0	6,168.5	6,208.1	7,097.2	7,196.3
1.1.1 Claims on Government	6,167.0	6,492.3	7,512.0	7,505.9	7,670.8
1.1.1.1 Central Government	6,162.2	6,473.9	7,499.4	7,500.4	7,662.6
1.1.1.2 State Governments	4.8	18.4	12.6	5.5	8.3
1.1.2 Government deposits with RBI	1,917.0	323.8	1,303.9	408.7	474.5
1.1.2.1 Central Government	1,916.6	323.3	1,303.5	408.2	474.1
1.1.2.2 State Governments	0.4	0.4	0.4	0.4	0.4
1.2 Other Banks' Credit to Government	28,134.9	28,847.4	32,482.8	33,855.4	34,008.0
2 Bank Credit to Commercial Sector	**78,030.7**	**77,914.4**	**84,514.3**	**82,118.7**	**81,769.2**
2.1 RBI's credit to commercial sector	200.8	82.7	72.9	54.3	53.7
2.2 Other banks' credit to commercial sector	77,829.9	77,831.7	84,441.4	82,064.5	81,715.5
2.2.1 Bank credit by commercial banks	72,496.1	72,322.9	78,815.3	76,467.8	76,113.2
2.2.2 Bank credit by co-operative banks	5,285.3	5,460.5	5,548.9	5,512.2	5,518.1
2.2.3 Investments by commercial and co-operative banks in other securities	48.4	48.2	77.2	84.5	84.2
3 Net Foreign Exchange Assets of Banking Sector (3.1 + 3.2)	**25,337.2**	**25,590.3**	**24,920.1**	**24,734.0**	**24,880.7**
3.1 RBI's net foreign exchange assets (3.1.1–3.1.2)	23,834.8	24,087.8	23,972.1	23,786.0	23,932.7
3.1.1 Gross foreign assets	23,836.8	24,089.8	23,974.1	23,788.1	23,934.6
3.1.2 Foreign liabilities	2.0	2.0	2.0	2.0	1.9
3.2 Other banks' net foreign exchange assets	1,502.5	1,502.5	948.0	948.0	948.0
4 Government's Currency Liabilities to the Public	**219.1**	**221.4**	**250.9**	**250.9**	**250.9**
5 Banking Sector's Net Non-monetary Liabilities	**19,795.6**	**19,881.4**	**19,932.3**	**21,034.8**	**20,843.7**
5.1 Net non-monetary liabilities of RBI	9,541.7	9,716.0	8,333.5	8,120.9	8,228.9
5.2 Net non-monetary liabilities of other banks (residual)	10,253.9	10,165.4	11,598.9	12,913.9	12,614.9
M_3 (1+2+3+4–5)	**116,176.2**	**118,860.5**	**128,443.9**	**127,021.4**	**127,261.4**

No. 8: Monetary Survey

(₹ Billion)

Item	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2015-16	2016	2017		
		Apr. 29	Mar. 31	Apr. 14	Apr. 28
	1	2	3	4	5
Monetary Aggregates					
NM_1 (1.1 + 1.2.1+1.3)	26,025.4	26,713.0	26,954.4	25,612.8	26,094.9
NM_2 (NM_1+ 1.2.2.1)	65,238.9	66,812.3	72,005.3	70,629.9	71,007.5
NM_3 (NM_2 + 1.2.2.2 + 1.4 = 2.1 + 2.2 + 2.3 – 2.4 – 2.5)	116,156.4	118,782.2	130,222.1	128,841.1	128,885.6
1 Components					
1.1 Currency with the Public	15,972.5	16,486.2	12,637.2	13,286.6	13,523.7
1.2 Aggregate Deposits of Residents	97,039.6	99,203.3	114,219.5	112,151.4	112,200.3
1.2.1 Demand Deposits	9,898.3	10,093.6	14,106.3	12,113.4	12,394.5
1.2.2 Time Deposits of Residents	87,141.2	89,109.7	100,113.2	100,038.0	99,805.8
1.2.2.1 Short-term Time Deposits	39,213.5	40,099.4	45,050.9	45,017.1	44,912.6
1.2.2.1.1 Certificates of Deposit (CDs)	2,068.2	2,506.0	1,570.6	1,846.0	1,779.8
1.2.2.2 Long-term Time Deposits	47,927.7	49,010.3	55,062.2	55,020.9	54,893.2
1.3 'Other' Deposits with RBI	154.5	133.1	210.9	212.8	176.6
1.4 Call/Term Funding from Financial Institutions	2,989.8	2,959.6	3,154.5	3,190.3	2,985.0
2 Sources					
2.1 Domestic Credit	115,922.7	118,607.6	129,709.2	129,924.2	129,767.6
2.1.1 Net Bank Credit to the Government	32,384.8	35,015.9	38,691.0	40,952.6	41,204.4
2.1.1.1 Net RBI credit to the Government	4,250.0	6,168.5	6,208.1	7,097.2	7,196.3
2.1.1.2 Credit to the Government by the Banking System	28,134.9	28,847.4	32,482.9	33,855.4	34,008.0
2.1.2 Bank Credit to the Commercial Sector	83,537.9	83,591.7	91,018.3	88,971.6	88,563.3
2.1.2.1 RBI Credit to the Commercial Sector	200.8	82.7	72.9	54.3	53.7
2.1.2.2 Credit to the Commercial Sector by the Banking System	83,337.0	83,509.0	90,945.4	88,917.4	88,509.5
2.1.2.2.1 Other Investments (Non-SLR Securities)	5,412.0	5,605.6	6,462.5	6,777.6	6,718.9
2.2 Government's Currency Liabilities to the Public	219.1	221.4	250.9	250.9	250.9
2.3 Net Foreign Exchange Assets of the Banking Sector	21,586.9	22,159.9	23,819.8	23,677.6	23,605.0
2.3.1 Net Foreign Exchange Assets of the RBI	23,834.8	24,087.8	23,972.1	23,786.0	23,932.7
2.3.2 Net Foreign Currency Assets of the Banking System	–2,247.8	–1,927.8	–152.3	–108.4	–327.8
2.4 Capital Account	18,310.9	18,946.3	18,195.5	18,080.5	18,292.0
2.5 Other items (net)	3,261.5	3,260.3	5,362.3	6,931.1	6,445.8

No. 9: Liquidity Aggregates

(₹ Billion)

Aggregates	2015-16	2016	2017		
		Apr.	Feb.	Mar.	Apr.
	1	2	3	4	5
1 NM_3	**116,156.4**	**118,782.2**	**125,040.2**	**130,222.1**	**128,885.6**
2 Postal Deposits	2,084.1	2,121.4	2,542.2	2,542.2	2,542.2
3 L_1 (1 + 2)	**118,240.5**	**120,903.7**	**127,582.3**	**132,764.2**	**131,427.8**
4 Liabilities of Financial Institutions	29.3	29.3	29.3	29.3	29.3
4.1 Term Money Borrowings	26.6	26.6	26.6	26.6	26.6
4.2 Certificates of Deposit	0.3	0.3	0.3	0.3	0.3
4.3 Term Deposits	2.5	2.5	2.5	2.5	2.5
5 L_2 (3 + 4)	**118,269.8**	**120,933.0**	**127,611.6**	**132,793.6**	**131,457.1**
6 Public Deposits with Non-Banking Financial Companies	394.7	..	..	451.5	..
7 L_3 (5 + 6)	**118,664.5**	..	..	**133,245.0**	..

No. 10: Reserve Bank of India Survey

(₹ Billion)

Item	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2015-16	2016	2017		
		Apr. 29	Mar. 31	Apr. 14	Apr. 28
	1	2	3	4	5
1 Components					
1.1 Currency in Circulation	16,634.6	17,201.2	13,352.7	13,897.0	14,320.4
1.2 Bankers' Deposits with the RBI	5,018.3	4,244.8	5,441.3	4,616.3	4,793.6
1.2.1 Scheduled Commercial Banks	4,738.7	3,982.7	5,087.7	4,304.1	4,482.1
1.3 'Other' Deposits with the RBI	154.5	133.1	210.9	212.8	176.6
Reserve Money (1.1 + 1.2 + 1.3 = 2.1 + 2.2 + 2.3 – 2.4 – 2.5)	21,807.4	21,579.1	19,004.8	18,726.1	19,290.6
2 Sources					
2.1 RBI's Domestic Credit	7,295.3	6,985.9	3,115.3	2,810.2	3,335.9
2.1.1 Net RBI credit to the Government	4,250.0	6,168.5	6,208.1	7,097.2	7,196.3
2.1.1.1 Net RBI credit to the Central Government (2.1.1.1.1 + 2.1.1.1.2 + 2.1.1.1.3 + 2.1.1.1.4 – 2.1.1.1.5)	4,245.6	6,150.5	6,195.9	7,092.2	7,188.5
2.1.1.1.1 Loans and Advances to the Central Government	–	–	–	–	157.4
2.1.1.1.2 Investments in Treasury Bills	–	–	–	–	–
2.1.1.1.3 Investments in dated Government Securities	6,159.5	6,471.0	7,494.9	7,496.2	7,497.4
2.1.1.1.3.1 Central Government Securities	6,149.0	6,460.6	7,494.9	7,496.2	7,497.4
2.1.1.1.4 Rupee Coins	2.8	2.8	4.5	4.2	7.7
2.1.1.1.5 Deposits of the Central Government	1,916.6	323.3	1,303.5	408.2	474.1
2.1.1.2 Net RBI credit to State Governments	4.3	18.0	12.2	5.1	7.8
2.1.2 RBI's Claims on Banks	2,844.5	734.8	-3,165.7	-4,341.3	-3,914.2
2.1.2.1 Loans and Advances to Scheduled Commercial Banks	2,844.5	734.8	-3,165.7	-4,341.3	-3,914.2
2.1.3 RBI's Credit to Commercial Sector	200.8	82.7	72.9	54.3	53.7
2.1.3.1 Loans and Advances to Primary Dealers	27.0	25.8	14.8	12.1	11.6
2.1.3.2 Loans and Advances to NABARD	–	–	–	–	–
2.2 Government's Currency Liabilities to the Public	219.1	221.4	250.9	250.9	250.9
2.3 Net Foreign Exchange Assets of the RBI	23,834.8	24,087.8	23,972.1	23,786.0	23,932.7
2.3.1 Gold	1,334.3	1,334.3	1,288.3	1,288.3	1,288.3
2.3.2 Foreign Currency Assets	22,500.6	22,753.7	22,684.0	22,497.9	22,644.6
2.4 Capital Account	8,728.0	8,878.9	7,512.8	7,307.0	7,378.5
2.5 Other Items (net)	813.7	837.1	820.6	814.0	850.4

No. 11: Reserve Money - Components and Sources

(₹ Billion)

Item	Outstanding as on March 31/ last Fridays of the month/ Fridays						
	2015-16	2016	2017				
		Apr. 29	Mar. 31	Apr. 7	Apr. 14	Apr. 21	Apr. 28
	1	2	3	4	5	6	7
Reserve Money (1.1 + 1.2 + 1.3 = 2.1 + 2.2 + 2.3 + 2.4 + 2.5 – 2.6)	21,807.4	21,579.1	19,004.8	18,268.9	18,726.1	19,096.1	19,290.6
1 Components							
1.1 Currency in Circulation	16,634.6	17,201.2	13,352.7	13,616.6	13,897.0	14,174.8	14,320.4
1.2 Bankers' Deposits with RBI	5,018.3	4,244.8	5,441.3	4,473.0	4,616.3	4,745.2	4,793.6
1.3 'Other' Deposits with RBI	154.5	133.1	210.9	179.4	212.8	176.1	176.6
2 Sources							
2.1 Net Reserve Bank Credit to Government	4,250.0	6,168.5	6,208.1	6,948.3	7,097.2	7,536.1	7,196.3
2.2 Reserve Bank Credit to Banks	2,844.5	734.8	-3,165.7	-4,654.3	-4,341.3	-4,424.8	-3,914.2
2.3 Reserve Bank Credit to Commercial Sector	200.8	82.7	72.9	59.7	54.3	52.6	53.7
2.4 Net Foreign Exchange Assets of RBI	23,834.8	24,087.8	23,972.1	23,755.6	23,786.0	23,954.5	23,932.7
2.5 Government's Currency Liabilities to the Public	219.1	221.4	250.9	250.9	250.9	250.9	250.9
2.6 Net Non- Monetary Liabilities of RBI	9,541.7	9,716.0	8,333.5	8,091.2	8,120.9	8,273.2	8,228.9

No. 12: Commercial Bank Survey

(₹ Billion)

Item	Outstanding as on last reporting Fridays of the month/ reporting Fridays of the month				
	2015-16	2016	2017		
		Apr. 29	Mar. 31	Apr. 14	Apr. 28
	1	2	3	4	5
1 Components					
1.1 Aggregate Deposits of Residents	90,263.3	92,215.4	106,728.9	104,742.2	104,804.2
1.1.1 Demand Deposits	8,890.0	9,037.6	12,953.3	10,976.9	11,261.0
1.1.2 Time Deposits of Residents	81,373.4	83,177.8	93,775.6	93,765.3	93,543.2
1.1.2.1 Short-term Time Deposits	36,618.0	37,430.0	42,199.0	42,194.4	42,094.4
1.1.2.1.1 Certificates of Deposits (CDs)	2,068.2	2,506.0	1,570.6	1,846.0	1,779.8
1.1.2.2 Long-term Time Deposits	44,755.4	45,747.8	51,576.6	51,570.9	51,448.8
1.2 Call/Term Funding from Financial Institutions	2,989.8	2,959.6	3,154.5	3,190.3	2,985.0
2 Sources					
2.1 Domestic Credit	104,171.4	104,839.0	115,665.6	115,024.2	114,777.7
2.1.1 Credit to the Government	26,239.3	26,910.3	30,422.4	31,774.6	31,940.6
2.1.2 Credit to the Commercial Sector	77,932.1	77,928.7	85,243.2	83,249.5	82,837.1
2.1.2.1 Bank Credit	72,496.1	72,322.9	78,815.3	76,467.8	76,113.2
2.1.2.1.1 Non-food Credit	71,443.6	71,282.2	78,279.6	75,982.3	75,556.4
2.1.2.2 Net Credit to Primary Dealers	97.8	74.4	44.2	77.9	77.7
2.1.2.3 Investments in Other Approved Securities	15.8	15.5	10.9	15.9	16.9
2.1.2.4 Other Investments (in non-SLR Securities)	5,322.4	5,516.0	6,372.9	6,688.0	6,629.3
2.2 Net Foreign Currency Assets of Commercial Banks (2.2.1–2.2.2–2.2.3)	–2,247.8	–1,927.8	–152.3	–108.4	–327.8
2.2.1 Foreign Currency Assets	1,847.4	2,137.3	1,983.5	2,054.9	1,715.6
2.2.2 Non-resident Foreign Currency Repatriable Fixed Deposits	3,009.6	3,037.8	1,376.3	1,370.6	1,360.7
2.2.3 Overseas Foreign Currency Borrowings	1,085.6	1,027.3	759.5	792.8	682.7
2.3 Net Bank Reserves (2.3.1+2.3.2–2.3.3)	2,290.1	3,868.7	8,871.2	9,159.2	9,093.2
2.3.1 Balances with the RBI	3,874.4	3,982.7	5,087.7	4,304.1	4,482.1
2.3.2 Cash in Hand	574.4	620.7	617.7	513.7	696.9
2.3.3 Loans and Advances from the RBI	2,158.7	734.8	–3,165.7	–4,341.3	–3,914.2
2.4 Capital Account	9,341.1	9,825.8	10,441.0	10,531.8	10,671.8
2.5 Other items (net) (2.1+2.2+2.3–2.4–1.1–1.2)	1,619.5	1,779.1	4,060.1	5,610.5	5,082.2
2.5.1 Other Demand and Time Liabilities (net of 2.2.3)	3,954.8	3,779.3	3,995.0	5,817.0	5,041.6
2.5.2 Net Inter-Bank Liabilities (other than to PDs)	–256.0	–239.0	–108.8	–163.4	–194.1

No. 13: Scheduled Commercial Banks' Investments

(₹ Billion)

Item	As on March 31, 2017	2016	2017		
		Apr. 15	Mar. 31	Apr. 14	Apr. 28
	1	2	3	4	5
1 SLR Securities	30,309.3	27,045.8	30,309.3	31,790.5	31,957.5
2 Commercial Paper	1,159.4	741.9	1,159.4	1,104.0	1,114.1
3 Shares issued by					
3.1 PSUs	92.0	76.7	92.0	82.4	95.3
3.2 Private Corporate Sector	567.3	436.5	567.3	580.8	588.6
3.3 Others	51.8	73.9	51.8	49.0	48.2
4 Bonds/Debentures issued by					
4.1 PSUs	1,118.5	1,180.0	1,118.5	1,072.6	1,048.9
4.2 Private Corporate Sector	1,685.6	1,322.4	1,685.6	1,595.1	1,554.0
4.3 Others	810.8	658.8	810.8	757.8	755.6
5 Instruments issued by					
5.1 Mutual funds	134.0	586.1	134.0	631.9	610.6
5.2 Financial institutions	844.8	623.2	844.8	814.3	814.0

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

(₹ Billion)

Item	As on the Last Reporting Friday (in case of March)/ Last Friday							
	All Scheduled Banks				All Scheduled Commercial Banks			
	2016-17	2016	2017		2016-17	2016	2017	
		Apr.	Mar.	Apr.		Apr.	Mar.	Apr.
	1	2	3	4	5	6	7	8
Number of Reporting Banks	221	218	221	215	150	148	150	144
1 Liabilities to the Banking System	**2,472.4**	**2,329.4**	**2,472.4**	**2,459.4**	**2,405.4**	**2,260.0**	**2,405.4**	**2,395.7**
1.1 Demand and Time Deposits from Banks	1,841.8	1,604.4	1,841.8	1,726.2	1,774.9	1,537.7	1,774.9	1,663.1
1.2 Borrowings from Banks	572.2	642.5	572.2	685.7	572.1	639.8	572.1	685.1
1.3 Other Demand and Time Liabilities	58.4	82.5	58.4	47.6	58.4	82.5	58.4	47.6
2 Liabilities to Others	**118,470.8**	**105,726.6**	**118,470.8**	**117,961.3**	**115,442.3**	**103,019.4**	**115,442.3**	**114,874.1**
2.1 Aggregate Deposits	110,510.3	97,840.3	110,510.3	109,128.8	107,601.1	95,253.2	107,601.1	106,164.9
2.1.1 Demand	13,091.9	9,258.1	13,091.9	11,534.0	12,801.5	9,037.6	12,801.5	11,261.0
2.1.2 Time	97,418.4	88,582.2	97,418.4	97,594.8	94,799.6	86,215.6	94,799.6	94,903.9
2.2 Borrowings	3,181.5	2,997.9	3,181.5	3,014.8	3,151.9	2,959.6	3,151.9	2,985.0
2.3 Other Demand and Time Liabilities	4,779.0	4,888.4	4,779.0	5,817.7	4,689.3	4,806.6	4,689.3	5,724.2
3 Borrowings from Reserve Bank	**218.1**	**886.5**	**218.1**	**18.3**	**218.1**	**886.5**	**218.1**	**18.3**
3.1 Against Usance Bills /Promissory Notes	–	–	–	–	–	–	–	–
3.2 Others	218.1	886.5	218.1	18.3	218.1	886.5	218.1	18.3
4 Cash in Hand and Balances with Reserve Bank	5,868.7	4,727.3	5,868.7	5,323.6	5,700.8	4,603.4	5,700.8	5,179.0
4.1 Cash in Hand	629.9	633.9	629.9	716.6	613.02	620.7	613.0	696.9
4.2 Balances with Reserve Bank	5,238.8	4,093.4	5,238.8	4,607.1	5,087.7	3,982.7	5,087.7	4,482.1
5 Assets with the Banking System	**2,918.9**	**2,963.2**	**2,918.9**	**3,153.6**	**2,421.6**	**2,573.4**	**2,421.6**	**2,667.5**
5.1 Balances with Other Banks	1,889.6	1,760.6	1,889.6	2,109.0	1,691.7	1,605.1	1,691.7	1,911.7
5.1.1 In Current Account	191.4	152.6	191.4	157.0	154.8	134.0	154.8	137.0
5.1.2 In Other Accounts	1,698.2	1,608.0	1,698.2	1,952.0	1,536.9	1,471.1	1,536.9	1,774.7
5.2 Money at Call and Short Notice	296.9	478.0	296.9	376.3	77.0	325.5	77.0	182.6
5.3 Advances to Banks	373.1	275.7	373.1	366.5	372.1	260.9	372.1	355.3
5.4 Other Assets	359.2	448.9	359.2	301.8	280.8	381.9	280.8	217.9
6 Investment	**31,160.8**	**27,695.3**	**31,160.8**	**32,885.9**	**30,309.3**	**26,925.7**	**30,309.3**	**31,957.5**
6.1 Government Securities	31,144.4	27,668.7	31,144.4	32,821.1	30,297.1	26,910.3	30,297.1	31,940.6
6.2 Other Approved Securities	16.4	26.6	16.4	64.8	12.2	15.5	12.2	16.9
7 Bank Credit	**80,885.3**	**74,535.7**	**80,885.3**	**78,529.9**	**78,482.2**	**72,322.9**	**78,482.2**	**76,113.2**
7a Food Credit	652.4	1,203.4	652.4	749.2	539.3	1,040.7	539.3	556.8
7.1 Loans, Cash-credits and Overdrafts	78,556.4	72,337.0	78,556.4	76,427.5	76,214.7	70,166.8	76,214.7	74,072.5
7.2 Inland Bills-Purchased	263.0	276.1	263.0	233.9	245.5	267.1	245.5	216.9
7.3 Inland Bills-Discounted	1,403.1	1,303.2	1,403.1	1,289.4	1,366.2	1,275.8	1,366.2	1,251.2
7.4 Foreign Bills-Purchased	248.6	227.5	248.6	212.2	246.4	226.3	246.4	210.1
7.5 Foreign Bills-Discounted	414.2	391.8	414.2	366.9	409.4	386.9	409.4	362.5

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

(₹ Billion)

Item	Outstanding as on				Growth (%)	
	Mar. 31, 2017	2016	2017		Financial year so far	Y-o-Y
		Apr. 29	Mar. 31	Apr. 28	2017-18	2017
	1	2	3	4	5	6
1 Gross Bank Credit	**68,352**	**63,205**	**68,352**	**65,935**	**-3.5**	**4.3**
1.1 Food Credit	**393**	**888**	**393**	**485**	**23.3**	**-45.4**
1.2 Non-food Credit	**67,959**	**62,317**	**67,959**	**65,451**	**–3.7**	**5.0**
1.2.1 Agriculture & Allied Activities	**9,373**	**8,471**	**9,373**	**9,148**	**–2.4**	**8.0**
1.2.2 Industry	**25,475**	**25,197**	**25,475**	**24,941**	**–2.1**	**-1.0**
1.2.2.1 Micro & Small	3,485	3,421	3,485	3,404	–2.3	-0.5
1.2.2.2 Medium	1,001	1,038	1,001	944	–5.7	-9.1
1.2.2.3 Large	20,989	20,738	20,989	20,593	–1.9	-0.7
1.2.3 Services	**17,627**	**15,254**	**17,627**	**15,987**	**–9.3**	**4.8**
1.2.3.1 Transport Operators	1,087	1,022	1,087	1,071	–1.5	4.7
1.2.3.2 Computer Software	175	187	175	171	–2.3	-8.6
1.2.3.3 Tourism, Hotels & Restaurants	362	358	362	347	–4.2	-3.0
1.2.3.4 Shipping	111	95	111	70	–37.2	-26.4
1.2.3.5 Professional Services	1,344	1,174	1,344	1,307	–2.8	11.3
1.2.3.6 Trade	4,103	3,659	4,103	3,876	–5.5	5.9
1.2.3.6.1 Wholesale Trade	1,905	1,645	1,905	1,749	–8.2	6.3
1.2.3.6.2 Retail Trade	2,199	2,014	2,199	2,127	–3.3	5.6
1.2.3.7 Commercial Real Estate	1,823	1,801	1,823	1,788	–1.9	-0.7
1.2.3.8 Non-Banking Financial Companies (NBFCs)	3,817	3,501	3,817	3,400	–10.9	-2.9
1.2.3.9 Other Services	4,805	3,458	4,805	3,958	–17.6	14.4
1.2.4 Personal Loans	**15,484**	**13,395**	**15,484**	**15,375**	**–0.7**	**14.8**
1.2.4.1 Consumer Durables	169	151	169	171	1.2	13.5
1.2.4.2 Housing	8,183	7,197	8,183	8,160	–0.3	13.4
1.2.4.3 Advances against Fixed Deposits	621	600	621	542	–12.7	-9.7
1.2.4.4 Advances to Individuals against share & bond	54	50	54	51	–4.7	1.8
1.2.4.5 Credit Card Outstanding	521	410	521	541	3.9	32.1
1.2.4.6 Education	669	648	669	668	–0.1	3.1
1.2.4.7 Vehicle Loans	1,634	1,431	1,634	1,645	0.7	14.9
1.2.4.8 Other Personal Loans	3,634	2,907	3,634	3,596	–1.0	23.7
1.2A Priority Sector	**22,996**	**21,232**	**22,996**	**22,366**	**–2.7**	**5.3**
1.2A.1 Agriculture & Allied Activities	9,358	8,460	9,358	9,128	–2.5	7.9
1.2A.2 Micro & Small Enterprises	8,621	8,065	8,621	8,344	–3.2	3.5
1.2A.2.1 Manufacturing	3,499	3,421	3,499	3,404	–2.7	-0.5
1.2A.2.2 Services	5,122	4,643	5,122	4,939	–3.6	6.4
1.2A.3 Housing	3,449	3,231	3,449	3,389	–1.7	4.9
1.2A.4 Micro-Credit	150	152	150	143	–5.0	-6.3
1.2A.5 Education Loans	574	565	574	575	0.1	1.7
1.2A.6 State-Sponsored Orgs. for SC/ST	3	2	3	2	–9.1	18.6
1.2A.7 Weaker Sections	5,261	4,588	5,261	5,010	–4.8	9.2
1.2A.8 Export Credit	425	452	425	421	–0.9	-6.9

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

(₹ Billion)

Industry	Outstanding as on				Growth (%)	
	Mar. 31, 2017	2016	2017		Financial year so far	Y-o-Y
		Apr. 29	Mar. 31	Apr. 28	2017-18	2017
	1	2	3	4	5	6
1 Industry	**25,475**	**25,197**	**25,475**	**24,941**	**–2.1**	**–1.0**
1.1 Mining & Quarrying (incl. Coal)	**328**	**349**	**328**	**336**	**2.3**	**–3.7**
1.2 Food Processing	**1,345**	**1,366**	**1,345**	**1,317**	**–2.1**	**–3.5**
1.2.1 Sugar	316	375	316	309	–2.1	–17.4
1.2.2 Edible Oils & Vanaspati	168	179	168	169	0.6	–5.5
1.2.3 Tea	35	31	35	34	–0.9	11.0
1.2.4 Others	826	781	826	804	–2.6	3.0
1.3 Beverage & Tobacco	**168**	**165**	**168**	**163**	**–2.9**	**–1.4**
1.4 Textiles	**1,807**	**1,875**	**1,807**	**1,792**	**–0.8**	**–4.4**
1.4.1 Cotton Textiles	888	943	888	889	0.1	–5.8
1.4.2 Jute Textiles	22	19	22	22	–0.2	14.8
1.4.3 Man-Made Textiles	201	198	201	198	–1.9	–0.1
1.4.4 Other Textiles	696	715	696	683	–1.8	–4.4
1.5 Leather & Leather Products	**104**	**101**	**104**	**100**	**–4.1**	**–0.9**
1.6 Wood & Wood Products	**101**	**96**	**101**	**98**	**–3.0**	**1.5**
1.7 Paper & Paper Products	**316**	**327**	**316**	**312**	**–1.2**	**–4.5**
1.8 Petroleum, Coal Products & Nuclear Fuels	**577**	**505**	**577**	**535**	**–7.2**	**6.0**
1.9 Chemicals & Chemical Products	**1,666**	**1,506**	**1,666**	**1,521**	**–8.7**	**1.0**
1.9.1 Fertiliser	328	248	328	220	–32.9	–11.3
1.9.2 Drugs & Pharmaceuticals	445	495	445	428	–3.9	–13.6
1.9.3 Petro Chemicals	514	343	514	485	–5.6	41.5
1.9.4 Others	393	421	393	389	–1.1	–7.6
1.10 Rubber, Plastic & their Products	**372**	**342**	**372**	**355**	**–4.6**	**3.8**
1.11 Glass & Glassware	**77**	**81**	**77**	**76**	**–0.9**	**–6.3**
1.12 Cement & Cement Products	**523**	**520**	**523**	**519**	**–0.7**	**–0.2**
1.13 Basic Metal & Metal Product	**3,920**	**3,869**	**3,920**	**3,850**	**–1.8**	**–0.5**
1.13.1 Iron & Steel	2,937	2,868	2,937	2,931	–0.2	2.2
1.13.2 Other Metal & Metal Product	983	1,000	983	919	–6.6	–8.2
1.14 All Engineering	**1,420**	**1,435**	**1,420**	**1,370**	**–3.5**	**–4.6**
1.14.1 Electronics	314	346	314	304	–3.3	–12.1
1.14.2 Others	1,106	1,090	1,106	1,066	–3.6	–2.2
1.15 Vehicles, Vehicle Parts & Transport Equipment	**709**	**655**	**709**	**691**	**–2.6**	**5.5**
1.16 Gems & Jewellery	**705**	**667**	**705**	**671**	**–4.8**	**0.7**
1.17 Construction	**814**	**773**	**814**	**798**	**–2.0**	**3.1**
1.18 Infrastructure	**8,675**	**8,725**	**8,675**	**8,597**	**–0.9**	**–1.5**
1.18.1 Power	5,048	5,120	5,048	5,020	–0.6	–2.0
1.18.2 Telecommunications	833	921	833	811	–2.7	–11.9
1.18.3 Roads	1,685	1,633	1,685	1,659	–1.5	1.6
1.18.4 Other Infrastructure	1,109	1,052	1,109	1,108	–0.1	5.3
1.19 Other Industries	**1,892**	**1,840**	**1,892**	**1,840**	**–2.7**	**0.0**

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

(₹ Billion)

Item	Last Reporting Friday (in case of March)/Last Friday/ Reporting Friday					
	2015-16	2016		2017		
		Jan, 29	Dec, 30	Jan, 06	Jan, 20	Jan, 27
	1	2	3	4	5	6
Number of Reporting Banks	32	32	30	30	30	30
1 Aggregate Deposits (2.1.1.2+2.2.1.2)	**420.2**	**398.6**	**475.4**	**472.8**	**475.4**	**470.3**
2 Demand and Time Liabilities						
2.1 Demand Liabilities	**152.3**	**149.4**	**171.1**	**174.5**	**154.5**	**154.3**
2.1.1 Deposits						
2.1.1.1 Inter-Bank	34.2	29.9	39.9	44.3	37.5	37.2
2.1.1.2 Others	77.8	77.2	93.4	89.2	88.8	88.4
2.1.2 Borrowings from Banks	9.5	7.6	10.0	11.4	0.0	0.0
2.1.3 Other Demand Liabilities	30.9	34.6	27.8	29.7	28.3	28.6
2.2 Time Liabilities	**840.5**	**840.0**	**897.9**	**907.0**	**905.2**	**895.9**
2.2.1 Deposits						
2.2.1.1 Inter-Bank	491.8	511.7	508.5	515.8	511.4	506.7
2.2.1.2 Others	342.4	321.4	382.0	383.7	386.6	381.8
2.2.2 Borrowings from Banks	0.0	0.0	0.0	0.0	0.0	0.0
2.2.3 Other Time Liabilities	6.3	6.9	7.4	7.5	7.2	7.3
3 Borrowing from Reserve Bank	0.0	0.4	0.0	0.0	0.0	0.0
4 Borrowings from a notified bank / Government	435.4	444.0	421.7	415.7	453.6	464.1
4.1 Demand	164.0	149.8	148.7	146.0	153.6	156.0
4.2 Time	271.5	294.2	272.9	269.6	299.9	308.1
5 Cash in Hand and Balances with Reserve Bank	**46.1**	**42.4**	**55.9**	**48.8**	**48.6**	**50.6**
5.1 Cash in Hand	2.4	2.3	11.7	4.4	4.9	4.9
5.2 Balance with Reserve Bank	43.8	40.1	44.2	44.4	43.7	45.7
6 Balances with Other Banks in Current Account	**6.8**	**5.5**	**13.9**	**15.0**	**8.6**	**8.2**
7 Investments in Government Securities	**298.8**	**293.9**	**302.7**	**305.5**	**306.8**	**304.9**
8 Money at Call and Short Notice	**191.3**	**183.0**	**265.2**	**251.3**	**273.8**	**272.7**
9 Bank Credit (10.1+11)	**446.8**	**430.8**	**423.8**	**437.5**	**436.5**	**439.6**
10 Advances						
10.1 Loans, Cash-Credits and Overdrafts	**446.8**	**430.8**	**423.8**	**437.5**	**436.5**	**439.6**
10.2 Due from Banks	727.9	732.0	710.2	708.7	722.9	732.1
11 Bills Purchased and Discounted	0.0	0.0	0.0	0.0	0.0	0.0

Prices and Production

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

Group/Sub group	2016-17			Rural			Urban			Combined		
	Rural	Urban	Combined	Apr. 16	Mar. 17	Apr. 17	Apr. 16	Mar. 17	Apr. 17	Apr. 16	Mar. 17	Apr. 17
	1	2	3	4	5	6	7	8	9	10	11	12
1 Food and beverages	**135.3**	**134.9**	**135.2**	**131.8**	**133.4**	**133.5**	**131.8**	**132.6**	**133.3**	**131.8**	**133.1**	**133.4**
1.1 Cereals and products	130.8	128.9	130.2	127.4	133.6	133.2	124.9	132.7	132.7	126.6	133.3	133.0
1.2 Meat and fish	137.9	140.1	138.7	135.4	138.8	138.8	139.3	139.4	140.5	136.8	139.0	139.4
1.3 Egg	128.9	130.7	129.6	123.4	128.8	127.2	119.9	128.4	124.6	122.0	128.6	126.2
1.4 Milk and products	135.2	132.4	134.1	131.3	137.2	137.6	130.2	134.9	136.3	130.9	136.3	137.1
1.5 Oils and fats	120.3	112.0	117.3	118.2	121.6	121.3	108.9	114.0	113.5	114.8	118.8	118.4
1.6 Fruits	138.1	132.8	135.6	138.1	139.7	142.0	131.1	136.8	137.6	134.8	138.3	139.9
1.7 Vegetables	139.2	144.8	141.1	134.1	119.7	121.5	136.8	122.2	127.0	135.0	120.5	123.4
1.8 Pulses and products	165.6	170.3	167.2	162.7	148.0	144.4	176.9	135.8	133.8	167.5	143.9	140.8
1.9 Sugar and confectionery	112.1	114.9	113.0	105.0	116.9	117.4	109.1	120.3	120.8	106.4	118.0	118.5
1.10 Spices	135.1	143.8	138.0	131.4	135.6	134.4	140.4	142.6	141.4	134.4	137.9	136.7
1.11 Non-alcoholic beverages	128.1	122.4	125.7	125.4	129.8	130.1	121.1	123.6	123.8	123.6	127.2	127.5
1.12 Prepared meals, snacks, sweets	141.7	139.2	140.5	137.4	145.4	145.5	135.9	142.4	142.6	136.7	144.0	144.2
2 Pan, tobacco and intoxicants	**140.1**	**144.2**	**141.2**	**135.5**	**144.2**	**144.4**	**141.5**	**147.5**	**148.0**	**137.1**	**145.1**	**145.4**
3 Clothing and footwear	**137.9**	**127.8**	**133.9**	**134.4**	**140.8**	**141.6**	**125.8**	**129.6**	**130.0**	**131.0**	**136.4**	**137.0**
3.1 Clothing	138.6	128.9	134.8	135.0	141.6	142.4	126.8	130.8	131.2	131.8	137.3	138.0
3.2 Footwear	133.7	121.7	128.7	130.6	136.2	136.9	120.5	122.8	123.0	126.4	130.6	131.1
4 Housing	**--**	**128.0**	**128.0**	**--**	**--**	**--**	**125.6**	**131.1**	**131.7**	**125.6**	**131.1**	**131.7**
5 Fuel and light	**130.1**	**116.4**	**124.9**	**127.0**	**134.2**	**134.9**	**114.6**	**120.8**	**121.4**	**122.3**	**129.1**	**129.8**
6 Miscellaneous	**125.0**	**120.6**	**122.9**	**121.7**	**127.4**	**127.5**	**118.2**	**122.6**	**122.5**	**120.0**	**125.1**	**125.1**
6.1 Household goods and services	131.3	124.3	128.0	128.0	134.1	134.3	122.8	125.6	126.0	125.5	130.1	130.4
6.2 Health	128.1	121.6	125.6	125.2	130.6	131.0	120.0	123.1	123.4	123.2	127.8	128.1
6.3 Transport and communication	117.4	112.8	114.9	114.4	119.8	119.2	110.0	115.6	114.2	112.1	117.6	116.6
6.4 Recreation and amusement	125.9	121.0	123.2	123.2	128.3	128.3	119.5	122.4	122.6	121.1	125.0	125.1
6.5 Education	132.3	131.1	131.6	127.9	135.2	135.8	127.6	132.8	133.6	127.7	133.8	134.5
6.6 Personal care and effects	121.7	120.3	121.1	118.4	123.3	123.8	117.6	121.7	122.2	118.1	122.6	123.1
General Index (All Groups)	**132.4**	**127.9**	**130.3**	**129.0**	**132.8**	**132.9**	**125.3**	**128.7**	**129.1**	**127.3**	**130.9**	**131.1**

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

No. 19: Other Consumer Price Indices

Item	Base Year	Linking Factor	2016-17	2016	2017	
				Apr.	Mar.	Apr.
	1	2	3	4	5	6
1 Consumer Price Index for Industrial Workers	2001	4.63	276	271	275	277
2 Consumer Price Index for Agricultural Labourers	1986-87	5.89	870	848	866	870
3 Consumer Price Index for Rural Labourers	1986-87	–	875	854	872	876

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

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

Item	2016-17	2016	2017	
		Apr.	Mar.	Apr.
	1	2	3	4
1 Standard Gold (₹ per 10 grams)	29,665	28,818	28,758	29,010
2 Silver (₹ per kilogram)	42,748	38,656	42,100	42,142

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

No. 21: Wholesale Price Index

(Base: 2011-12 = 100)

Commodities	Weight	2016-17	2016	2017		
			Apr.	Feb.	Mar. (P)	Apr. (P)
	1	2	3	4	5	6
1 ALL COMMODITIES	**100.000**	**111.6**	**109.0**	**113.0**	**113.4**	**113.2**
1.1 PRIMARY ARTICLES	**22.618**	**128.9**	**126.1**	**127.0**	**127.9**	**128.4**
1.1.1 FOOD ARTICLES	**15.256**	**140.4**	**137.8**	**136.6**	**138.5**	**139.4**
1.1.1.1 Food Grains (Cereals+Pulses)	3.462	152.0	143.5	150.2	146.8	146.6
1.1.1.2 Fruits & Vegetables	3.475	138.7	136.6	120.6	128.0	131.0
1.1.1.3 Milk	4.440	134.3	131.9	135.4	136.5	137.4
1.1.1.4 Eggs,Meat & Fish	2.402	133.5	136.3	135.0	140.2	141.1
1.1.1.5 Condiments & Spices	0.529	140.5	140.1	135.3	127.8	126.6
1.1.1.6 Other Food Articles	0.948	150.5	150.9	155.8	157.0	157.0
1.1.2 NON-FOOD ARTICLES	**4.119**	**122.2**	**121.4**	**123.9**	**121.6**	**121.2**
1.1.2.1 Fibres	0.839	117.1	103.7	123.0	124.9	121.8
1.1.2.2 Oil Seeds	1.115	136.0	142.0	128.8	128.7	129.9
1.1.2.3 Other non-food Articles	1.960	114.8	115.2	116.5	114.4	114.6
1.1.2.4 Floriculture	0.204	137.4	140.1	171.0	139.0	135.2
1.1.3 MINERALS	**0.833**	**112.9**	**104.3**	**112.7**	**112.7**	**112.7**
1.1.3.1 Metallic Minerals	0.648	98.2	88.2	98.7	98.7	98.7
1.1.3.2 Other Minerals	0.185	164.3	160.6	161.7	161.7	161.7
1.1.4 CRUDE PETROLEUM & NATURAL GAS	**2.410**	**73.4**	**68.1**	**77.0**	**76.7**	**76.5**
1.2 FUEL & POWER	**13.152**	**86.4**	**78.3**	**94.5**	**94.6**	**92.8**
1.2.1 COAL	**2.138**	**108.9**	**106.4**	**115.9**	**116.1**	**116.3**
1.2.1.1 Coking Coal	0.647	108.2	101.4	130.8	131.5	132.3
1.2.1.2 Non-Coking Coal	1.401	110.5	109.6	110.7	110.7	110.7
1.2.1.3 Lignite	0.090	89.8	92.5	89.9	89.9	89.9
1.2.2 MINERAL OILS	**7.950**	**73.3**	**61.9**	**83.8**	**83.9**	**80.8**
1.2.3 ELECTRICITY	**3.064**	**104.5**	**101.1**	**107.4**	**107.4**	**107.4**
1.3 MANUFACTURED PRODUCTS	**64.231**	**110.7**	**109.2**	**111.8**	**112.1**	**112.1**
1.3.1 MANUFACTURE OF FOOD PRODUCTS	**9.122**	**125.4**	**120.0**	**128.0**	**127.4**	**127.3**
1.3.1.1 Processing and Preserving of meat	0.134	137.1	132.7	138.0	136.3	136.3
1.3.1.2 Processing and Preserving of fish, Crustaceans, Molluscs and products thereof	0.204	127.7	123.9	130.6	127.6	127.8
1.3.1.3 Processing and Preserving of fruit and Vegetables	0.138	120.1	118.4	118.9	118.8	119.2
1.3.1.4 Vegetable and Animal oils and Fats	2.643	107.0	103.1	110.0	108.4	108.1
1.3.1.5 Dairy products	1.165	132.2	125.7	138.6	139.6	139.8
1.3.1.6 Grain mill products	2.010	136.2	126.6	138.6	137.4	137.3
1.3.1.7 Starches and Starch products	0.110	114.6	114.3	112.9	112.9	112.9
1.3.1.8 Bakery products	0.215	127.1	124.6	128.0	129.7	129.7
1.3.1.9 Sugar, Molasses & honey	1.163	124.8	117.0	132.9	133.2	132.9
1.3.1.10 Cocoa, Chocolate and Sugar confectionery	0.175	125.5	128.1	124.1	122.7	122.6
1.3.1.11 Macaroni, Noodles, Couscous and Similar farinaceous products	0.026	137.9	121.0	133.4	141.4	141.4
1.3.1.12 Tea & Coffee products	0.371	126.2	130.0	117.2	121.9	122.0
1.3.1.13 Processed condiments & salt	0.163	124.8	122.3	120.9	120.1	119.3
1.3.1.14 Processed ready to eat food	0.024	126.3	127.6	124.7	125.9	126.2
1.3.1.15 Health supplements	0.225	143.2	140.7	142.2	142.2	142.2
1.3.1.16 Prepared animal feeds	0.356	165.4	162.9	159.9	157.5	157.5
1.3.2 MANUFACTURE OF BEVERAGES	**0.909**	**116.1**	**115.5**	**116.9**	**117.1**	**117.2**
1.3.2.1 Wines & spirits	0.408	113.3	111.8	114.1	114.3	114.4
1.3.2.2 Malt liquors and Malt	0.225	114.2	112.4	115.0	115.6	115.6
1.3.2.3 Soft drinks; Production of mineral waters and Other bottled waters	0.275	121.7	123.5	122.7	122.6	122.8
1.3.3 MANUFACTURE OF TOBACCO PRODUCTS	**0.514**	**141.9**	**142.7**	**141.1**	**145.9**	**145.7**
1.3.3.1 Tobacco products	0.514	141.9	142.7	141.1	145.9	145.7
1.3.4 MANUFACTURE OF TEXTILES	**4.881**	**111.2**	**109.5**	**112.0**	**113.1**	**113.3**
1.3.4.1 Preparation and Spinning of textile fibres	2.582	103.2	100.1	104.8	106.3	106.6
1.3.4.2 Weaving & Finishing of textiles	1.509	120.9	121.3	119.7	120.5	120.7
1.3.4.3 Knitted and Crocheted fabrics	0.193	107.1	107.4	108.5	108.6	108.6
1.3.4.4 Made-up textile articles, Except apparel	0.299	121.7	119.6	123.4	123.6	123.7
1.3.4.5 Cordage, Rope, Twine and Netting	0.098	143.1	142.3	145.1	146.7	146.7
1.3.4.6 Other textiles	0.201	112.9	112.1	116.2	117.3	116.8
1.3.5 MANUFACTURE OF WEARING APPAREL	**0.814**	**131.1**	**127.0**	**132.1**	**133.3**	**134.1**
1.3.5.1 Manufacture of Wearing Apparel (woven), Except fur Apparel	0.593	133.9	131.2	134.9	135.8	136.8
1.3.5.2 Knitted and Crocheted apparel	0.221	123.4	116.0	124.6	126.5	126.7

No. 21: Wholesale Price Index (Contd.)

(Base: 2011-12 = 100)

Commodities	Weight	2016-17	2016	2017		
			Apr.	Feb.	Mar. (P)	Apr. (P)
	1	2	3	4	5	6
1.3.6 MANUFACTURE OF LEATHER AND RELATED PRODUCTS	**0.535**	**122.6**	**123.7**	**120.4**	**120.0**	**120.2**
1.3.6.1 Tanning and Dressing of leather; Dressing and Dyeing of fur	0.142	120.0	122.3	116.6	118.0	118.0
1.3.6.2 Luggage, HandbAgs, Saddlery and Harness	0.075	132.2	132.0	131.1	129.4	129.6
1.3.6.3 Footwear	0.318	121.4	122.4	119.5	118.6	119.0
1.3.7 MANUFACTURE OF WOOD AND OF PRODUCTS OF WOOD AND CORK	**0.772**	**129.9**	**129.8**	**130.7**	**130.9**	**131.3**
1.3.7.1 Saw milling and Planing of wood	0.124	122.9	121.8	122.6	122.2	122.0
1.3.7.2 Veneer sheets; Manufacture of plywood, Laminboard, Particle board and Other panels and Boards	0.493	127.4	127.8	128.2	129.2	129.8
1.3.7.3 Builder's carpentry and Joinery	0.036	153.8	143.2	159.4	159.5	160.5
1.3.7.4 Wooden containers	0.119	140.3	142.5	140.6	138.4	138.4
1.3.8 MANUFACTURE OF PAPER AND PAPER PRODUCTS	**1.113**	**113.6**	**112.3**	**114.6**	**115.6**	**115.6**
1.3.8.1 Pulp, Paper and Paperboard	0.493	117.7	116.5	119.8	121.1	121.3
1.3.8.2 Corrugated paper and Paperboard and Containers of paper and Paperboard	0.314	114.8	112.3	114.1	114.4	114.4
1.3.8.3 Other articles of paper and Paperboard	0.306	105.9	105.6	106.6	107.7	107.7
1.3.9 PRINTING AND REPRODUCTION OF RECORDED MEDIA	**0.676**	**141.0**	**139.3**	**143.1**	**143.3**	**142.7**
1.3.9.1 Printing	0.676	141.0	139.3	143.1	143.3	142.7
1.3.10 MANUFACTURE OF CHEMICALS AND CHEMICAL PRODUCTS	**6.465**	**111.0**	**111.5**	**111.3**	**111.6**	**111.4**
1.3.10.1 Basic chemicals	1.433	104.6	103.9	106.2	106.4	106.3
1.3.10.2 Fertilizers and Nitrogen compounds	1.485	118.7	121.3	116.7	116.7	116.8
1.3.10.3 Plastic and Synthetic rubber in primary form	1.001	113.7	114.7	114.4	114.4	113.4
1.3.10.4 Pesticides and Other agrochemical products	0.454	116.8	116.7	117.0	117.4	115.7
1.3.10.5 Paints, Varnishes and Similar coatings, Printing ink and Mastics	0.491	108.5	108.3	109.1	110.4	111.0
1.3.10.6 Soap and Detergents, Cleaning and Polishing preparations, Perfumes and Toilet preparations	0.612	113.7	113.5	113.7	114.4	114.5
1.3.10.7 Other chemical products	0.692	106.5	105.9	107.3	107.9	107.6
1.3.10.8 Man-made fibres	0.296	94.1	94.3	98.3	97.6	97.7
1.3.11 MANUFACTURE OF PHARMACEUTICALS, MEDICINAL CHEMICAL AND BOTANICAL PRODUCTS	**1.993**	**119.7**	**118.4**	**121.1**	**120.9**	**121.0**
1.3.11.1 Pharmaceuticals, Medicinal chemical and Botanical products	1.993	119.7	118.4	121.1	120.9	121.0
1.3.12 MANUFACTURE OF RUBBER AND PLASTICS PRODUCTS	**2.299**	**107.5**	**107.4**	**108.8**	**108.7**	**108.7**
1.3.12.1 Rubber Tyres and Tubes; Retreading and Rebuilding of Rubber Tyres	0.609	101.4	100.4	102.8	103.4	103.4
1.3.12.2 Other Rubber Products	0.272	90.5	89.5	92.3	91.6	91.4
1.3.12.3 Plastics products	1.418	113.3	113.9	114.6	114.2	114.4
1.3.13 MANUFACTURE OF OTHER NON-METALLIC MINERAL PRODUCTS	**3.202**	**109.8**	**109.2**	**108.9**	**109.2**	**109.3**
1.3.13.1 Glass and Glass products	0.295	116.6	116.7	116.7	116.8	116.7
1.3.13.2 Refractory products	0.223	116.1	113.1	114.3	116.5	116.8
1.3.13.3 Clay Building Materials	0.121	94.3	101.8	88.4	92.5	92.7
1.3.13.4 Other Porcelain and Ceramic Products	0.222	111.8	111.4	112.0	112.7	112.7
1.3.13.5 Cement, Lime and Plaster	1.645	110.6	108.9	109.3	109.3	109.5
1.3.13.6 Articles of Concrete, Cement and Plaster	0.292	115.4	115.5	116.8	116.8	115.9
1.3.13.7 Cutting, Shaping and Finishing of Stone	0.234	117.3	115.0	117.8	116.8	116.9
1.3.13.8 Other Non-Metallic Mineral Products	0.169	70.9	77.1	68.8	69.5	69.5
1.3.14 MANUFACTURE OF BASIC METALS	**9.646**	**91.1**	**89.9**	**93.7**	**94.8**	**94.9**
1.3.14.1 Inputs into steel making	1.411	82.9	81.4	88.1	88.2	88.2
1.3.14.2 Metallic Iron	0.653	79.2	78.1	82.6	83.5	83.5
1.3.14.3 Mild Steel - Semi Finished Steel	1.274	89.8	91.2	89.2	90.0	90.0
1.3.14.4 Mild Steel -Long Products	1.081	85.2	86.0	87.1	88.4	88.7
1.3.14.5 Mild Steel - Flat products	1.144	89.0	87.6	91.4	92.3	92.3
1.3.14.6 Alloy steel other than Stainless Steel- Shapes	0.067	85.6	88.5	90.8	93.2	92.8
1.3.14.7 Stainless Steel - Semi Finished	0.924	84.1	79.4	86.9	90.9	91.2
1.3.14.8 Pipes & tubes	0.205	108.1	104.4	112.0	112.0	111.6
1.3.14.9 Non-ferrous metals incl. precious metals	1.693	100.1	97.9	104.8	104.8	104.5
1.3.14.10 Castings	0.925	102.4	101.5	102.0	105.1	105.6
1.3.14.11 Forgings of steel	0.271	118.2	118.0	117.5	118.0	118.0
1.3.15 MANUFACTURE OF FABRICATED METAL PRODUCTS, EXCEPT MACHINERY AND EQUIPMENT	**3.155**	**105.0**	**103.7**	**107.6**	**107.5**	**106.9**
1.3.15.1 Structural Metal Products	1.031	102.2	102.7	105.2	101.9	101.7
1.3.15.2 Tanks, Reservoirs and Containers of Metal	0.660	109.2	106.9	116.3	119.6	119.8
1.3.15.3 Steam generators, Except Central Heating Hot Water Boilers	0.145	108.5	108.2	105.5	105.5	105.5
1.3.15.4 Forging, Pressing, Stamping and Roll-Forming of Metal; Powder Metallurgy	0.383	94.7	94.9	91.7	93.0	89.5
1.3.15.5 Cutlery, Hand Tools and General Hardware	0.208	111.5	108.1	114.4	114.5	113.3
1.3.15.6 Other Fabricated Metal Products	0.728	108.1	104.9	110.1	110.4	110.3
1.3.16 MANUFACTURE OF COMPUTER, ELECTRONIC AND OPTICAL PRODUCTS	**2.009**	**108.4**	**107.4**	**108.8**	**108.4**	**108.5**
1.3.16.1 Electronic Components	0.402	106.8	105.3	106.0	106.4	106.6
1.3.16.2 Computers and Peripheral Equipment	0.336	127.3	127.3	127.3	127.3	127.3

No. 21: Wholesale Price Index (Concld.)

(Base: 2011-12 = 100)

Commodities	Weight	2016-17	2016	2017		
			Apr.	Feb.	Mar. (P)	Apr. (P)
	1	2	3	4	5	6
1.3.16.3 Communication Equipment	0.310	104.1	104.1	104.1	104.1	104.1
1.3.16.4 Consumer Electronics	0.641	100.0	99.7	100.8	99.8	99.8
1.3.16.5 Measuring, Testing, Navigating and Control equipment	0.181	103.1	101.5	106.1	103.7	103.7
1.3.16.6 Watches and Clocks	0.076	137.9	126.8	140.6	140.6	142.0
1.3.16.7 Irradiation, Electromedical and Electrotherapeutic equipment	0.055	104.3	105.4	102.8	102.8	102.8
1.3.16.8 Optical instruments and Photographic equipment	0.008	96.6	98.3	95.7	96.3	99.1
1.3.17 MANUFACTURE OF ELECTRICAL EQUIPMENT	**2.930**	**108.2**	**108.6**	**108.0**	**108.4**	**108.5**
1.3.17.1 Electric motors, Generators, Transformers and Electricity distribution and Control apparatus	1.298	105.0	105.6	104.9	104.7	104.7
1.3.17.2 Batteries and Accumulators	0.236	120.5	121.7	121.3	121.5	122.1
1.3.17.3 Fibre optic cables for data transmission or live transmission of images	0.133	118.8	118.5	117.2	116.2	116.2
1.3.17.4 Other electronic and Electric wires and Cables	0.428	99.7	99.9	101.8	102.0	101.9
1.3.17.5 Wiring devices, Electric lighting & display equipment	0.263	108.8	110.0	105.8	110.6	110.9
1.3.17.6 Domestic appliances	0.366	119.4	118.8	118.8	118.8	118.7
1.3.17.7 Other electrical equipment	0.206	104.4	104.5	103.0	103.9	103.9
1.3.18 MANUFACTURE OF MACHINERY AND EQUIPMENT	**4.789**	**107.9**	**107.8**	**108.2**	**108.3**	**108.4**
1.3.18.1 Engines and Turbines, Except aircraft, Vehicle and Two wheeler engines	0.638	104.1	104.8	103.7	103.8	104.2
1.3.18.2 Fluid power equipment	0.162	114.3	114.0	113.9	114.8	114.8
1.3.18.3 Other pumps, Compressors, Taps and Valves	0.552	106.4	106.1	106.4	104.5	104.5
1.3.18.4 Bearings, Gears, Gearing and Driving elements	0.340	104.4	104.1	105.3	105.4	105.4
1.3.18.5 Ovens, Furnaces and Furnace burners	0.008	77.8	83.7	74.9	74.9	74.9
1.3.18.6 Lifting and HandlIng equipment	0.285	103.2	102.9	104.3	105.4	105.4
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	124.9	123.1	125.7	126.1	125.6
1.3.18.9 Agricultural and Forestry machinery	0.833	112.4	112.6	112.2	112.9	112.9
1.3.18.10 Metal-forming machinery and Machine tools	0.224	100.2	101.8	102.5	101.2	101.2
1.3.18.11 Machinery for mining, Quarrying and Construction	0.371	79.6	83.0	76.8	77.5	77.5
1.3.18.12 Machinery for food, Beverage and Tobacco processing	0.228	116.9	114.3	122.1	122.6	123.9
1.3.18.13 Machinery for textile, Apparel and Leather production	0.192	116.1	113.7	115.9	115.9	115.9
1.3.18.14 Other special-purpose machinery	0.468	115.8	114.9	116.7	117.0	117.5
1.3.18.15 Renewable electricity generating equipment	0.046	73.7	75.7	72.4	72.6	71.7
1.3.19 MANUFACTURE OF MOTOR VEHICLES, TRAILERS AND SEMI-TRAILERS	**4.969**	**110.4**	**110.1**	**110.2**	**110.6**	**110.6**
1.3.19.1 Motor vehicles	2.600	113.4	112.9	113.3	113.5	113.4
1.3.19.2 Parts and Accessories for motor vehicles	2.368	107.2	107.1	106.9	107.5	107.6
1.3.20 MANUFACTURE OF OTHER TRANSPORT EQUIPMENT	**1.648**	**107.7**	**104.1**	**109.7**	**109.9**	**108.1**
1.3.20.1 Building of ships and Floating structures	0.117	158.7	158.6	158.8	158.7	158.7
1.3.20.2 Railway locomotives and Rolling stock	0.110	100.6	95.6	102.6	103.8	103.8
1.3.20.3 Motor cycles	1.302	102.8	98.9	104.9	105.1	102.8
1.3.20.4 Bicycles and Invalid carriages	0.117	117.9	115.1	120.2	120.2	120.2
1.3.20.5 Other transport equipment	0.002	116.5	113.8	118.9	119.4	119.8
1.3.21 MANUFACTURE OF FURNITURE	**0.727**	**114.2**	**112.2**	**115.9**	**117.1**	**117.3**
1.3.21.1 Furniture	0.727	114.2	112.2	115.9	117.1	117.3
1.3.22 OTHER MANUFACTURING	**1.064**	**119.7**	**113.8**	**114.1**	**115.1**	**115.1**
1.3.22.1 Jewellery and Related articles	0.996	118.4	112.0	112.9	113.7	113.7
1.3.22.2 Musical instruments	0.001	158.0	166.2	150.5	149.4	149.4
1.3.22.3 Sports goods	0.012	124.7	119.7	126.6	126.2	126.8
1.3.22.4 Games and Toys	0.005	125.2	125.3	127.2	127.2	127.2
1.3.22.5 Medical and Dental instruments and Supplies	0.049	143.3	147.3	134.9	138.5	138.5
2 FOOD INDEX	**24.378**	**134.8**	**131.1**	**133.4**	**134.3**	**134.9**

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	2015-16	2016-17	March 2016	March 2017
	1	2	3	4	5
General Index	**100.00**	**114.9**	**120.7**	**128.0**	**131.5**
1 Sectoral Classification					
1.1 Mining & Quarring	14.37	97.3	102.5	116.0	127.2
1.2 Manufacturing	77.63	116.2	121.9	129.1	130.6
1.3 Electricity	7.99	133.8	141.6	139.3	147.9
2 Use-Based Classification					
2.1 Primary Goods	34.05	112.0	117.5	125.2	132.3
2.2 Capital Goods	8.22	98.0	99.9	122.4	121.2
2.3 Intermediate Goods	17.22	118.4	121.9	130.2	128.4
2.4 Infrastructure/ construction goods	12.34	120.3	124.9	134.1	135.2
2.5 Consumer Durables	12.84	120.3	127.7	132.4	131.4
2.6 Consumer Non-Durables	15.33	117.6	128.2	126.4	136.0

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

Government Accounts and Treasury Bills

No. 23: Union Government Accounts at a Glance

(Amount in ₹ Billion)

Item	2017-18			2016-17		
	Budget Estimates	April 2017 Actuals	April 2017 Percent to Budget Estimates	Provisional Accounts	Revised Estimates	Provisional Accounts as per cent to Revised Estimates
	1	2	3	4	5	6
1 Revenue Receipts	**15,157.7**	**350.8**	**2.3**	**13762.8**	**14,235.6**	**96.7**
1.1 Tax Revenue (Net)	12,270.1	230.3	1.9	11020.6	10,887.9	101.2
1.2 Non-Tax Revenue	2,887.6	120.5	4.2	2742.2	3,347.7	81.9
2 Capital Receipts	**6,309.6**	**2,070.7**	**32.8**	**5985.7**	**5,908.5**	**101.3**
2.1 Recovery of Loans	119.3	2.6	2.1	157.6	110.7	142.3
2.2 Other Receipts	725.0	11.9	1.6	477.5	455.0	104.9
2.3 Borrowings and Other Liabilities	5,465.3	2,056.2	37.6	5350.7	5,342.7	100.1
3 Total Receipts (1+2)	**21,467.4**	**2,421.5**	**11.3**	**19748.6**	**20,144.1**	**98.0**
4 Revenue Expenditure	18,369.3	2,134.6	11.6	16845.6	17,345.6	97.1
4. 1 Interest Payments	5,230.8	194.2	3.7	4805.2	4,830.7	99.5
5 Capital Expenditure	3,098.0	286.9	9.3	2903.0	2,798.5	103.7
6 Total Expenditure (4+5)	**21,467.4**	**2,421.5**	**11.3**	**19748.6**	**20,144.1**	**98.0**
7 Revenue Deficit (4-1)	**3,217.3**	**1,783.8**	**55.4**	**3082.7**	**3,110.0**	**99.1**
8 Fiscal Deficit {6-(1+2.1+2.2)}	**5,465.3**	**2,056.2**	**37.6**	**5350.7**	**5,342.7**	**100.1**
9 Gross Primary Deficit (8-4.1)	**234.5**	**1,862.0**	**793.9**	**545.5**	**512.1**	**106.5**

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

No. 24: Treasury Bills – Ownership Pattern

(₹ Billion)

Item	2016-17	2016	2017					
		Apr. 29	Mar. 24	Mar. 31	Apr. 7	Apr. 14	Apr. 21	Apr. 28
	1	2	3	4	5	6	7	8
1 91-day								
1.1 Banks	323.7	471.1	272.9	323.7	354.6	372.8	360.9	354.9
1.2 Primary Dealers	243.5	345.9	202.0	243.5	195.8	185.1	172.3	167.0
1.3 State Governments	146.2	452.1	247.5	146.2	171.2	296.2	381.2	331.2
1.4 Others	343.4	297.6	453.3	343.4	377.0	390.2	434.8	460.5
2 182-day								
2.1 Banks	216.2	243.6	267.0	216.2	278.6	281.9	313.1	303.2
2.2 Primary Dealers	316.5	347.4	271.2	316.5	251.0	194.1	204.1	181.6
2.3 State Governments	193.6	55.7	193.6	193.6	220.9	220.9	220.9	220.9
2.4 Others	120.9	128.1	115.4	120.9	121.3	174.5	132.9	165.3
3 364-day								
3.1 Banks	512.3	426.4	637.3	512.3	627.4	599.9	631.8	551.8
3.2 Primary Dealers	551.8	650.6	478.7	551.8	459.2	414.4	450.0	481.0
3.3 State Governments	26.3	19.6	26.9	26.3	26.3	25.2	25.2	25.2
3.4 Others	326.4	383.1	293.9	326.4	299.6	373.0	304.8	353.9
4 14-day Intermediate								
4.1 Banks	–	–	–	–	–	–	–	–
4.2 Primary Dealers	–	–	–	–	–	–	–	–
4.3 State Governments	1,560.6	1,071.4	1,793.2	1,560.6	1,604.7	1,428.7	1,373.3	1,520.5
4.4 Others	5.1	7.8	7.1	5.1	6.5	8.5	12.7	13.2
Total Treasury Bills (Excluding 14 day Intermediate T Bills) #	3,320.8	3,821.4	3,459.8	3,320.8	3,383.0	3,528.1	3,632.1	3,596.5

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 ₹ Billion)

Date of Auction	Notified Amount	Bids Received			Bids Accepted			Total Issue (6+7)	Cut-off Price	Implicit Yield at Cut-off Price (per cent)
		Number	Total Face Value		Number	Total Face Value				
			Competitive	Non-Competitive		Competitive	Non-Competitive			
	1	2	3	4	5	6	7	8	9	10
91-day Treasury Bills										
2016-17										
Mar. 29	60	61	277.72	12.00	26	60.00	12.00	72.00	98.57	5.8189
2017-18										
Apr. 5	80	60	358.60	39.61	24	80.00	39.61	119.61	98.56	5.8602
Apr. 12	80	84	412.56	125.40	51	80.00	125.40	205.40	98.53	5.9841
Apr. 19	80	80	758.31	95.52	54	80.00	95.52	175.52	98.50	6.1081
Apr. 26	80	70	653.92	75.50	38	80.00	75.50	155.50	98.48	6.1908
182-day Treasury Bills										
2016-17										
Mar. 22	40	63	163.86	15.47	20	40.00	15.47	55.47	97.07	6.0535
2017-18										
Apr. 5	60	58	161.01	27.26	34	60.00	27.26	87.26	97.01	6.1812
Apr. 19	60	82	283.05	0.02	44	60.00	0.02	60.02	96.95	6.3092
364-day Treasury Bills										
2016-17										
Mar. 15	40	63	138.73	–	31	40.00	–	40.00	94.19	6.1853
Mar. 29	40	48	86.67	0.02	30	40.00	0.02	40.02	94.23	6.1401
2017-18										
Apr. 12	60	88	227.52	–	53	60.00	–	60.00	94.16	6.2192
Apr. 26	60	92	276.33	–	41	60.00	–	60.00	93.96	6.4459

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
April 3, 2017	4.05-6.25	5.79
April 5, 2017	5.00-6.10	5.80
April 6, 2017	3.85-6.15	5.85
April 7, 2017	3.80-6.20	5.92
April 10, 2017	3.75-6.15	5.93
April 11, 2017	3.75-6.15	5.95
April 12, 2017	3.50-6.25	5.92
April 13, 2017	3.50-6.20	5.94
April 15, 2017	4.60-6.10	5.71
April 17, 2017	3.50-6.25	5.97
April 18, 2017	3.50-6.25	5.94
April 19, 2017	3.50-6.25	5.97
April 20, 2017	3.50-6.20	5.91
April 21, 2017	3.50-6.20	5.93
April 24, 2017	3.50-6.30	5.99
April 25, 2017	3.50-6.30	6.02
April 26, 2017	3.50-6.25	5.99
April 27, 2017	3.50-6.25	5.98
April 28, 2017	3.50-6.25	6.02
April 29, 2017	4.60-6.25	6.10
May 2, 2017	3.50-6.25	5.99
May 3, 2017	3.50-6.25	5.99
May 4, 2017	3.50-6.25	5.98
May 5, 2017	3.50-6.25	5.98
May 6, 2017	4.60-6.20	5.90
May 8, 2017	3.50-6.40	6.08
May 9, 2017	3.50-6.30	6.08
May 11, 2017	3.50-6.25	6.01
May 12, 2017	3.50-6.25	6.11
May 15, 2017	3.50-6.40	6.05

Note: Includes Notice Money.

No. 27: Certificates of Deposit

Item	2016	2017			
	Apr. 29	Mar. 17	Mar. 31	Apr. 14	Apr. 28
	1	2	3	4	5
1 Amount Outstanding (₹ Billion)	2,541.3	1,388.3	1,557.4	1,830.9	1,723.1
1.1 Issued during the fortnight (₹ Billion)	206.6	240.9	246.0	302.7	48.9
2 Rate of Interest (per cent)	7.10-7.80	6.16-6.68	6.21-6.70	6.00-6.72	6.10-6.72

No. 28: Commercial Paper

Item	2016	2017			
	Apr. 30	Mar. 15	Mar. 31	Apr. 15	Apr. 30
	1	2	3	4	5
1 Amount Outstanding (₹ Billion)	3,356.8	4,590.5	3,979.7	4,367.4	4,399.8
1.1 Reported during the fortnight (₹ Billion)	564.6	1,500.2	1,094.1	644.8	655.2
2 Rate of Interest (per cent)	6.88-13.23	5.90-14.92	5.99-13.33	5.90-11.97	5.99-11.97

No. 29: Average Daily Turnover in Select Financial Markets

(₹ Billion)

Item	2016-17	2016	2017					
		Apr. 29	Mar. 24	Mar. 31	Apr. 7	Apr. 14	Apr. 21	Apr. 28
	1	2	3	4	5	6	7	8
1 Call Money	259.0	317.3	258.4	338.7	355.6	250.8	270.0	222.6
2 Notice Money	46.8	110.4	5.7	21.0	18.7	110.3	6.2	64.8
3 Term Money	8.4	8.8	6.2	9.7	18.2	8.3	7.0	6.7
4 CBLO	1,700.2	1,386.8	2,721.7	2,229.6	2,505.7	2,174.0	2,064.6	2,194.9
5 Market Repo	1,753.3	1,702.8	1,343.3	2,384.7	1,428.4	1,965.2	1,462.1	2,030.9
6 Repo in Corporate Bond	2.5	0.8	12.1	5.0	2.6	6.6	2.5	4.5
7 Forex (US $ million)	55,345	68,409	58,787	88,386	64,369	56,900	54,793	64,279
8 Govt. of India Dated Securities	1,249.1	1,034.0	734.6	783.5	756.5	726.5	698.1	714.3
9 State Govt. Securities	50.7	25.5	96.9	73.0	58.1	44.6	42.1	47.8
10 Treasury Bills								
10.1 91-Day	45.1	38.0	34.4	86.2	50.7	22.5	26.9	24.2
10.2 182-Day	11.8	13.5	8.3	9.9	12.4	10.9	12.8	4.4
10.3 364-Day	18.5	30.3	20.3	16.4	12.3	19.8	4.0	8.6
10.4 Cash Management Bills	13.8	–	–	–	–	–	–	21.4
11 Total Govt. Securities (8+9+10)	1388.8	1,141.5	894.5	969.0	890.0	824.4	784.0	820.8
11.1 RBI	–	30.3	7.9	3.0	0.0	0.8	7.3	2.5

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

(Amount in ₹ Billion)

Security & Type of Issue	2016-17 *		2016-17 (Apr.-Apr.)		2017-18 (Apr.-Apr.) *		Apr. 2016		Apr. 2017 *	
	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	**116**	**303.6**	**5**	**35.7**	**11**	**12.3**	**5**	**35.7**	**11**	**12.3**
1A Premium	113	291.3	4	33.2	11	11.8	4	33.2	11	11.8
1.1 Public	105	280.7	5	35.7	9	8.6	5	35.7	9	8.6
1.1.1 Premium	102	270.4	4	33.2	9	8.4	4	33.2	9	8.4
1.2 Rights	11	22.9	–	–	2	3.7	–	–	2	3.7
1.2.1 Premium	11	20.9	–	–	2	3.4	–	–	2	3.4
2 Preference Shares	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2.1 Public	–	–	–	–	–	–	–	–	–	–
2.2 Rights	–	–	–	–	–	–	–	–	–	–
3 Debentures	**16**	**295.6**	**2**	**6.6**	**1**	**19.7**	**2**	**6.6**	**1**	**19.7**
3.1 Convertible	–	–	–	–	–	–	–	–	–	–
3.1.1 Public	–	–	–	–	–	–	–	–	–	–
3.1.2 Rights	–	–	–	–	–	–	–	–	–	–
3.2 Non-Convertible	16	295.6	2	6.6	1	19.7	2	6.6	1	19.7
3.2.1 Public	16	295.6	2	6.6	1	19.7	2	6.6	1	19.7
3.2.2 Rights	–	–	–	–	–	–	–	–	–	–
4 Bonds	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
4.1 Public	–	–	–	–	–	–	–	–	–	–
4.2 Rights	–	–	–	–	–	–	–	–	–	–
5 Total (1+2+3+4)	**132**	**599.2**	**7**	**42.4**	**12**	**32.0**	**7**	**42.4**	**12**	**32.0**
5.1 Public	121	576.2	7	42.4	10	28.3	7	42.4	10	28.3
5.2 Rights	11	22.9	–	–	2	3.7	–	–	2	3.7

* : Data is Provisional

Source : Securities and Exchange Board of India

External Sector

No. 31: Foreign Trade

Item	Unit	2016-17	2016		2017			
			Apr.	Dec.	Jan.	Feb.	Mar.	Apr.
		1	2	3	4	5	6	7
1 Exports	₹ Billion	18,541.0	1,388.6	1,632.2	1,517.2	1,713.3	1,919.9	1,589.1
	US $ Million	276,547.0	20,891.2	24,037.5	22,285.6	25,543.5	29,144.5	24,635.1
1.1 Oil	₹ Billion	2,120.3	138.9	195.7	186.9	171.0	245.0	190.0
	US $ Million	31,622.3	2,089.5	2,882.4	2,744.7	2,549.6	3,718.4	2,954.0
1.2 Non-oil	₹ Billion	16,420.7	1,249.7	1,436.4	1,330.4	1,542.3	1,675.0	1,399.2
	US $ Million	244,924.7	18,801.7	21,155.1	19,540.9	22,993.9	25,426.1	21,681.1
2 Imports	₹ Billion	25,668.2	1,715.3	2,342.1	2,173.4	2,229.0	2,613.3	2,443.8
	US $ Million	382,740.9	25,805.6	34,493.5	31,924.3	33,231.4	39,668.9	37,884.3
2.1 Oil	₹ Billion	5,825.6	379.9	519.9	555.8	516.7	639.9	474.7
	US $ Million	86,865.7	5,716.1	7,656.2	8,164.5	7,703.3	9,714.0	7,359.3
2.2 Non-oil	₹ Billion	19,842.6	1,335.3	1,822.3	1,617.6	1,712.3	1,973.3	1,969.1
	US $ Million	295,875.2	20,089.5	26,837.3	23,759.7	25,528.1	29,954.9	30,525.0
3 Trade Balance	₹ Billion	–7,127.2	–326.7	–710.0	–656.2	–515.7	–693.3	–854.7
	US $ Million	–106,193.9	–4,914.4	–10,455.9	–9,638.7	–7,687.9	–10,524.4	–13,249.2
3.1 Oil	₹ Billion	–3,705.4	–241.1	–324.1	–369.0	–345.7	–395.0	–284.7
	US $ Million	–55,243.4	–3,626.6	–4,773.8	–5,419.9	–5,153.7	–5,995.6	–4,405.2
3.2 Non-oil	₹ Billion	–3,421.9	–85.6	–385.8	–287.2	–170.0	–298.3	–569.9
	US $ Million	–50,950.6	–1,287.9	–5,682.2	–4,218.8	–2,534.2	–4,528.8	–8,844.0

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

No. 32: Foreign Exchange Reserves

Item	Unit	2016	2017					
		May 27	Apr. 21	Apr. 28	May 5	May 12	May 19	May 26
		1	2	3	4	5	6	7
1 Total Reserves	**₹ Billion**	**24,021**	**23,965**	**23,944**	**24,156**	**24,126**	**24,630**	**24,453**
	US $ Million	**360,194**	**371,138**	**372,732**	**375,718**	**375,274**	**379,311**	**378,764**
1.1 Foreign Currency Assets	₹ Billion	22,425	22,432	22,411	22,602	22,573	23,072	22,897
	US $ Million	336,227	347,486	349,056	351,530	351,101	355,097	354,542
1.2 Gold	₹ Billion	1,333	1,288	1,288	1,313	1,313	1,313	1,313
	US $ Million	20,043	19,869	19,869	20,439	20,439	20,439	20,439
1.3 SDRs	SDRs Million	1,066	1,065	1,065	1,065	1,065	1,064	1,064
	₹ Billion	101	94	94	94	94	96	95
	US $ Million	1,498	1,452	1,460	1,460	1,454	1,469	1,472
1.4 Reserve Tranche Position in IMF	₹ Billion	163	151	151	147	147	150	149
	US $ Million	2,425	2,331	2,347	2,289	2,280	2,305	2,310

No. 33: NRI Deposits

(US$ Million)

Scheme	Outstanding				Flows	
	2016-17	2016	2017		2016-17	2017-18
		Apr.	Mar.	Apr.	Apr.	Apr.
	1	2	3	4	5	6
1 NRI Deposits	**116,867**	**127,079**	**116,867**	**117,217**	**377**	**–575**
1.1 FCNR(B)	21,002	45,468	21,002	21,054	152	52
1.2 NR(E)RA	83,213	71,548	83,213	83,654	279	–363
1.3 NRO	12,652	10,063	12,652	12,509	–54	–264

No. 34: Foreign Investment Inflows

(US$ Million)

Item	2016-17	2016-17	2017-18	2016	2017	
		Apr.	Apr.	Apr.	Mar.	Apr.
	1	2	3	4	5	6
1.1 Net Foreign Direct Investment (1.1.1–1.1.2)	**34,981**	**1,230**	**3,100**	**1,230**	**596**	**3,100**
1.1.1 Direct Investment to India (1.1.1.1–1. 1.1.2)	**41,956**	**2,794**	**3,581**	**2,794**	**3,084**	**3,581**
1.1.1.1 Gross Inflows/Gross Investments	**59,961**	**4,745**	**4,648**	**4,745**	**4,151**	**4,648**
1.1.1.1.1 Equity	44,705	3,456	3,323	3,456	2,560	3,323
1.1.1.1.1.1 Government (SIA/FIPB)	5,900	453	36	453	82	36
1.1.1.1.1.2 RBI	30,417	1,154	2,521	1,154	1,585	2,521
1.1.1.1.1.3 Acquisition of shares	7,161	1,755	671	1,755	782	671
1.1.1.1.1.4 Equity capital of unincorporated bodies	1,227	95	95	95	112	95
1.1.1.1.2 Reinvested earnings	12,176	1,054	1,054	1,054	1,033	1,054
1.1.1.1.3 Other capital	3,079	234	270	234	558	270
1.1.1.2 Repatriation/Disinvestment	**18,005**	**1,951**	**1,067**	**1,951**	**1,067**	**1,067**
1.1.1.2.1 Equity	17,318	1,928	939	1,928	939	939
1.1.1.2.2 Other capital	687	23	128	23	128	128
1.1.2 Foreign Direct Investment by India (1.1.2.1+1.1.2.2+1.1.2.3–1.1.2.4)	**6,974**	**1,564**	**480**	**1,564**	**2,488**	**480**
1.1.2.1 Equity capital	9,922	1,497	781	1,497	2,757	781
1.1.2.2 Reinvested Earnings	3,190	278	278	278	278	278
1.1.2.3 Other Capital	4,444	597	658	597	689	658
1.1.2.4 Repatriation/Disinvestment	10,582	808	1,236	808	1,236	1,236
1.2 Net Portfolio Investment (1.2.1+1.2.2+1.2.3–1.2.4)	**6,913**	**3,429**	**1,639**	**3,429**	**8,021**	**1,639**
1.2.1 GDRs/ADRs	–	–	–	–	–	–
1.2.2 FIIs	7,735	3,141	2,653	3,141	9,034	2,653
1.2.3 Offshore funds and others	–	–	–	–	–	–
1.2.4 Portfolio investment by India	822	–288	1,014	–288	1,014	1,014
1 Foreign Investment Inflows	**41,894**	**4,659**	**4,740**	**4,659**	**8,617**	**4,740**

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

(US$ Million)

Item	2016-17	2016	2017		
		Apr.	Feb.	Mar.	Apr.
	1	2	3	4	5
1 Outward Remittances under the LRS	**8,170.7**	**632.2**	**570.3**	**872.3**	**761.3**
1.1 Deposit	283.8	18.6	21.2	66.3	49.0
1.2 Purchase of immovable property	92.9	11.7	9.1	10.2	6.7
1.3 Investment in equity/debt	443.6	29.2	27.0	95.6	43.1
1.4 Gift	749.5	70.5	57.6	87.1	105.3
1.5 Donations	8.8	0.5	0.3	2.2	2.5
1.6 Travel	2,568.0	182.0	163.2	203.3	200.4
1.7 Maintenance of close relatives	2,169.5	202.3	168.6	267.9	244.8
1.8 Medical Treatment	17.3	1.5	1.1	2.2	2.2
1.9 Studies Abroad	1,536.4	68.3	114.5	115.1	90.3
1.10 Others	300.8	47.6	7.7	22.3	17.0

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

Item	2015-16	2016-17	2016	2017	
			May	April	May
	1	2	3	4	5
36-Currency Export and Trade Based Weights (Base: 2004-05=100)					
1 Trade-Based Weights					
1.1 NEER	74.76	74.66	73.37	78.82	78.30
1.2 REER	112.07	114.50	112.11	120.03	119.24
2 Export-Based Weights					
2.1 NEER	76.45	76.39	75.30	80.72	80.12
2.2 REER	114.44	116.45	114.45	121.82	120.92
6-Currency Trade Based Weights					
1 Base: 2004-05 (April-March) =100					
1.1 NEER	67.52	67.17	65.81	70.98	70.44
1.2 REER	122.71	125.99	123.11	132.67	131.66
2 Base: 2015-16 (April-March) =100					
2.1 NEER	100.00	99.47	97.46	105.11	104.31
2.2 REER	100.00	102.67	100.33	108.11	107.29

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

(Amount in US$ Million)

Item	2016-17	2016	2017	
		Apr.	Mar.	Apr.
	1	2	3	4
1 Automatic Route				
1.1 Number	729	45	86	55
1.2 Amount	16,247	303	2,588	1,660
2 Approval Route				
2.1 Number	37	1	1	1
2.2 Amount	5,738	2	759	39
3 Total (1+2)				
3.1 Number	766	46	87	56
3.2 Amount	21,985	305	3,347	1,699
4 Weighted Average Maturity (in years)	5.30	5.60	5.90	6.20
5 Interest Rate (per cent)				
5.1 Weighted Average Margin over 6-month LIBOR or reference rate for Floating Rate Loans	1.62	2.27	1.92	2.53
5.2 Interest rate range for Fixed Rate Loans	0.00-14.75	0.00-13.20	0.00-11.50	0.00-12.00

No. 38: India's Overall Balance of Payments

(US $ Million)

Item	Oct-Dec 2015 (PR)			Oct-Dec 2016 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
Overall Balance of Payments(1+2+3)	**237,940**	**233,883**	**4,056**	**268,138**	**269,380**	**–1,242**
1 CURRENT ACCOUNT (1.1+ 1.2)	**122,575**	**129,697**	**–7,121**	**130,151**	**138,069**	**–7,919**
1.1 MERCHANDISE	**64,937**	**98,913**	**–33,975**	**68,755**	**102,032**	**–33,277**
1.2 INVISIBLES (1.2.1+1.2.2+1.2.3)	**57,638**	**30,784**	**26,854**	**61,395**	**36,037**	**25,358**
1.2.1 Services	37,904	19,891	18,013	42,148	24,508	17,639
1.2.1.1 Travel	5,761	3,357	2,404	6,187	3,710	2,476
1.2.1.2 Transportation	3,310	3,450	–140	3,797	3,268	529
1.2.1.3 Insurance	449	334	115	522	413	109
1.2.1.4 G.n.i.e.	147	123	25	176	135	40
1.2.1.5 Miscellaneous	28,237	12,627	15,610	31,467	16,981	14,486
1.2.1.5.1 Software Services	19,195	639	18,556	18,967	945	18,021
1.2.1.5.2 Business Services	6,667	7,646	–979	8,319	8,067	253
1.2.1.5.3 Financial Services	958	887	72	1,210	1,624	–414
1.2.1.5.4 Communication Services	483	223	260	559	231	327
1.2.2 Transfers	15,936	687	15,250	15,276	1,382	13,894
1.2.2.1 Official	163	218	–55	110	212	–102
1.2.2.2 Private	15,773	469	15,305	15,166	1,170	13,996
1.2.3 Income	3,798	10,206	–6,408	3,972	10,147	–6,176
1.2.3.1 Investment Income	2,918	9,640	–6,722	2,965	9,516	–6,552
1.2.3.2 Compensation of Employees	880	566	314	1,007	631	376
2 CAPITAL ACCOUNT (2.1+2.2+2.3+2.4+2.5)	**115,102**	**104,187**	**10,915**	**137,465**	**131,310**	**6,155**
2.1 Foreign Investment (2.1.1+2.1.2)	**63,614**	**52,358**	**11,256**	**66,972**	**68,498**	**–1,527**
2.1.1 Foreign Direct Investment	16,982	6,280	10,702	18,567	8,753	9,814
2.1.1.1 In India	16,315	2,399	13,916	18,086	4,871	13,216
2.1.1.1.1 Equity	13,127	2,363	10,763	14,532	4,812	9,720
2.1.1.1.2 Reinvested Earnings	2,631	0	2,631	3,046	0	3,046
2.1.1.1.3 Other Capital	558	36	522	508	59	449
2.1.1.2 Abroad	667	3,881	–3,214	480	3,882	–3,401
2.1.1.2.1 Equity	667	1,934	–1,267	480	2,241	–1,760
2.1.1.2.2 Reinvested Earnings	0	834	–834	0	688	–688
2.1.1.2.3 Other Capital	0	1,113	–1,113	0	953	–953
2.1.2 Portfolio Investment	46,632	46,078	554	48,405	59,746	–11,341
2.1.2.1 In India	46,521	45,957	563	48,250	59,564	–11,314
2.1.2.1.1 FIIs	46,521	45,957	563	48,250	59,564	–11,314
2.1.2.1.1.1 Equity	36,520	37,148	–629	37,637	42,371	–4,733
2.1.2.1.1.2 Debt	10,001	8,809	1,192	10,613	17,194	–6,581
2.1.2.1.2 ADR/GDRs	0	0	0	0	0	0
2.1.2.2 Abroad	111	121	–9	154	181	–27
2.2 Loans (2.2.1+2.2.2+2.2.3)	**28,768**	**31,095**	**–2,328**	**31,179**	**29,495**	**1,685**
2.2.1 External Assistance	1,513	1,175	338	1,601	1,058	543
2.2.1.1 By India	15	129	–113	14	57	–43
2.2.1.2 To India	1,498	1,047	451	1,587	1,001	586
2.2.2 Commercial Borrowings	6,525	7,405	–880	6,121	7,943	–1,822
2.2.2.1 By India	432	200	232	963	280	683
2.2.2.2 To India	6,093	7,205	–1,112	5,158	7,663	–2,505
2.2.3 Short Term to India	20,729	22,515	–1,786	23,457	20,493	2,964
2.2.3.1 Suppliers' Credit > 180 days & Buyers' Credit	20,062	22,515	–2,453	22,700	20,493	2,207
2.2.3.2 Suppliers' Credit up to 180 days	667	0	667	757	0	757
2.3 Banking Capital (2.3.1+2.3.2)	**17,348**	**16,033**	**1,315**	**30,610**	**27,430**	**3,180**
2.3.1 Commercial Banks	17,347	16,033	1,314	30,610	27,427	3,182
2.3.1.1 Assets	3,731	3,941	–211	19,123	107	19,016
2.3.1.2 Liabilities	13,616	12,092	1,524	11,487	27,321	–15,834
2.3.1.2.1 Non-Resident Deposits	11,829	10,279	1,550	7,450	25,980	–18,530
2.3.2 Others	2	0	2	0	2	–2
2.4 Rupee Debt Service	0	0	0	0	0	0
2.5 Other Capital	5,372	4,701	672	8,705	5,888	2,817
3 Errors & Omissions	**262**	0	**262**	**522**	0	**522**
4 Monetary Movements (4.1+ 4.2)	0	**4,056**	**–4,056**	**1,242**	0	**1,242**
4.1 I.M.F.	0	0	0	0	0	0
4.2 Foreign Exchange Reserves (Increase - / Decrease +)	0	4,056	–4,056	1,242	0	1,242

No. 39: India's Overall Balance of Payments

(₹ Billion)

Item	Oct-Dec 2015 (PR)			Oct-Dec 2016 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
Overall Balance of Payments(1+2+3)	**15,686**	**15,418**	**267**	**18,079**	**18,163**	**–84**
1 CURRENT ACCOUNT (1.1+ 1.2)	**8,081**	**8,550**	**–469**	**8,775**	**9,309**	**–534**
1.1 MERCHANDISE	**4,281**	**6,521**	**–2,240**	**4,636**	**6,879**	**–2,244**
1.2 INVISIBLES (1.2.1+1.2.2+1.2.3)	**3,800**	**2,029**	**1,770**	**4,140**	**2,430**	**1,710**
1.2.1 Services	2,499	1,311	1,187	2,842	1,652	1,189
1.2.1.1 Travel	380	221	158	417	250	167
1.2.1.2 Transportation	218	227	–9	256	220	36
1.2.1.3 Insurance	30	22	8	35	28	7
1.2.1.4 G.n.i.e.	10	8	2	12	9	3
1.2.1.5 Miscellaneous	1,861	832	1,029	2,122	1,145	977
1.2.1.5.1 Software Services	1,265	42	1,223	1,279	64	1,215
1.2.1.5.2 Business Services	439	504	–65	561	544	17
1.2.1.5.3 Financial Services	63	58	5	82	110	–28
1.2.1.5.4 Communication Services	32	15	17	38	16	22
1.2.2 Transfers	1,051	45	1,005	1,030	93	937
1.2.2.1 Official	11	14	–4	7	14	–7
1.2.2.2 Private	1,040	31	1,009	1,023	79	944
1.2.3 Income	250	673	–422	268	684	–416
1.2.3.1 Investment Income	192	636	–443	200	642	–442
1.2.3.2 Compensation of Employees	58	37	21	68	43	25
2 CAPITAL ACCOUNT (2.1+2.2+2.3+2.4+2.5)	**7,588**	**6,868**	**720**	**9,269**	**8,854**	**415**
2.1 Foreign Investment (2.1.1+2.1.2)	4,194	3,452	742	4,516	4,618	–103
2.1.1 Foreign Direct Investment	1,120	414	706	1,252	590	662
2.1.1.1 In India	1,076	158	917	1,219	328	891
2.1.1.1.1 Equity	865	156	710	980	324	655
2.1.1.1.2 Reinvested Earnings	173	0	173	205	0	205
2.1.1.1.3 Other Capital	37	2	34	34	4	30
2.1.1.2 Abroad	44	256	–212	32	262	–229
2.1.1.2.1 Equity	44	127	–84	32	151	–119
2.1.1.2.2 Reinvested Earnings	0	55	–55	0	46	–46
2.1.1.2.3 Other Capital	0	73	–73	0	64	–64
2.1.2 Portfolio Investment	3,074	3,038	37	3,264	4,028	–765
2.1.2.1 In India	3,067	3,030	37	3,253	4,016	–763
2.1.2.1.1 FIIs	3,067	3,030	37	3,253	4,016	–763
2.1.2.1.1.1 Equity	2,407	2,449	–41	2,538	2,857	–319
2.1.2.1.1.2 Debt	659	581	79	716	1,159	–444
2.1.2.1.2 ADR/GDRs	0	0	0	0	0	0
2.1.2.2 Abroad	7	8	–1	10	12	–2
2.2 Loans (2.2.1+2.2.2+2.2.3)	**1,896**	**2,050**	**–153**	**2,102**	**1,989**	**114**
2.2.1 External Assistance	100	77	22	108	71	37
2.2.1.1 By India	1	8	–7	1	4	–3
2.2.1.2 To India	99	69	30	107	67	40
2.2.2 Commercial Borrowings	430	488	–58	413	536	–123
2.2.2.1 By India	28	13	15	65	19	46
2.2.2.2 To India	402	475	–73	348	517	–169
2.2.3 Short Term to India	1,367	1,484	–118	1,582	1,382	200
2.2.3.1 Suppliers' Credit > 180 days & Buyers' Credit	1,323	1,484	–162	1,531	1,382	149
2.2.3.2 Suppliers' Credit up to 180 days	44	0	44	51	0	51
2.3 Banking Capital (2.3.1+2.3.2)	**1,144**	**1,057**	**87**	**2,064**	**1,849**	**214**
2.3.1 Commercial Banks	1,144	1,057	87	2,064	1,849	215
2.3.1.1 Assets	246	260	–14	1,289	7	1,282
2.3.1.2 Liabilities	898	797	100	774	1,842	–1,068
2.3.1.2.1 Non-Resident Deposits	780	678	102	502	1,752	–1,249
2.3.2 Others	0	0	0	0	0	0
2.4 Rupee Debt Service	0	0	0	0	0	0
2.5 Other Capital	354	310	44	587	397	190
3 Errors & Omissions	**17**	0	**17**	**35**	0	**35**
4 Monetary Movements (4.1+ 4.2)	0	**267**	**–267**	**84**	0	**84**
4.1 I.M.F.	0	0	0	0	0	0
4.2 Foreign Exchange Reserves (Increase - / Decrease +)	0	267	–267	84	0	84

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

(US $ Million)

Item	Oct-Dec 2015 (PR)			Oct-Dec 2016 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
1 Current Account (1.A+1.B+1.C)	122,564	129,675	–7,112	130,142	138,049	–7,907
1.A Goods and Services (1.A.a+1.A.b)	102,841	118,804	–15,963	110,903	126,540	–15,637
1.A.a Goods (1.A.a.1 to 1.A.a.3)	64,937	98,913	–33,975	68,755	102,032	–33,277
1.A.a.1 General merchandise on a BOP basis	64,162	89,886	–25,725	69,539	92,220	–22,681
1.A.a.2 Net exports of goods under merchanting	776	0	776	–784	0	–784
1.A.a.3 Nonmonetary gold	0	9,027	–9,027	0	9,812	–9,812
1.A.b Services (1.A.b.1 to 1.A.b.13)	37,904	19,891	18,013	42,148	24,508	17,639
1.A.b.1 Manufacturing services on physical inputs owned by others	24	10	14	22	6	16
1.A.b.2 Maintenance and repair services n.i.e.	37	93	–56	47	72	–25
1.A.b.3 Transport	3,310	3,450	–140	3,797	3,268	529
1.A.b.4 Travel	5,761	3,357	2,404	6,187	3,710	2,476
1.A.b.5 Construction	345	180	165	591	224	367
1.A.b.6 Insurance and pension services	449	334	115	522	413	109
1.A.b.7 Financial services	958	887	72	1,210	1,624	–414
1.A.b.8 Charges for the use of intellectual property n.i.e.	130	1,245	–1,114	144	1,509	–1,366
1.A.b.9 Telecommunications, computer, and information services	19,728	949	18,779	19,614	1,247	18,367
1.A.b.10 Other business services	6,667	7,646	–979	8,319	8,067	253
1.A.b.11 Personal, cultural, and recreational services	261	161	100	328	439	–111
1.A.b.12 Government goods and services n.i.e.	147	123	25	176	135	40
1.A.b.13 Others n.i.e.	86	1,457	–1,371	1,192	3,793	–2,601
1.B Primary Income (1.B.1 to 1.B.3)	3,798	10,206	–6,408	3,972	10,147	–6,176
1.B.1 Compensation of employees	880	566	314	1,007	631	376
1.B.2 Investment income	2,318	9,535	–7,217	2,323	9,365	–7,042
1.B.2.1 Direct investment	1,352	4,062	–2,710	1,174	4,620	–3,445
1.B.2.2 Portfolio investment	42	2,336	–2,294	20	1,656	–1,636
1.B.2.3 Other investment	159	3,136	–2,978	265	3,090	–2,826
1.B.2.4 Reserve assets	766	1	766	865	0	865
1.B.3 Other primary income	600	105	495	641	151	490
1.C Secondary Income (1.C.1+1.C.2)	15,925	665	15,259	15,268	1,362	13,906
1.C.1 Financial corporations, nonfinancial corporations, households, and NPISHs	15,773	469	15,305	15,166	1,170	13,996
1.C.1.1 Personal transfers (Current transfers between resident and/ non-resident households)	15,282	412	14,869	14,579	959	13,620
1.C.1.2 Other current transfers	492	57	435	587	211	376
1.C.2 General government	151	197	–46	101	192	–90
2 Capital Account (2.1+2.2)	64	46	18	59	78	–19
2.1 Gross acquisitions (DR.)/disposals (CR.) of non-produced nonfinancial assets	10	5	5	15	28	–12
2.2 Capital transfers	54	41	13	44	51	–7
3 Financial Account (3.1 to 3.5)	115,050	108,218	6,831	138,656	131,252	7,404
3.1 Direct Investment (3.1A+3.1B)	16,982	6,280	10,702	18,567	8,753	9,814
3.1.A Direct Investment in India	16,315	2,399	13,916	18,086	4,871	13,216
3.1.A.1 Equity and investment fund shares	15,757	2,363	13,394	17,578	4,812	12,766
3.1.A.1.1 Equity other than reinvestment of earnings	13,127	2,363	10,763	14,532	4,812	9,720
3.1.A.1.2 Reinvestment of earnings	2,631	0	2,631	3,046	0	3,046
3.1.A.2 Debt instruments	558	36	522	508	59	449
3.1.A.2.1 Direct investor in direct investment enterprises	558	36	522	508	59	449
3.1.B Direct Investment by India	667	3,881	–3,214	480	3,882	–3,401
3.1.B.1 Equity and investment fund shares	667	2,768	–2,101	480	2,928	–2,448
3.1.B.1.1 Equity other than reinvestment of earnings	667	1,934	–1,267	480	2,241	–1,760
3.1.B.1.2 Reinvestment of earnings	0	834	–834	0	688	–688
3.1.B.2 Debt instruments	0	1,113	–1,113	0	953	–953
3.1.B.2.1 Direct investor in direct investment enterprises	0	1,113	–1,113	0	953	–953
3.2 Portfolio Investment	46,632	46,078	554	48,405	59,746	–11,341
3.2.A Portfolio Investment in India	46,521	45,957	563	48,250	59,564	–11,314
3.2.1 Equity and investment fund shares	36,520	37,148	–629	37,637	42,371	–4,733
3.2.2 Debt securities	10,001	8,809	1,192	10,613	17,194	–6,581
3.2.B Portfolio Investment by India	111	121	–9	154	181	–27
3.3 Financial derivatives (other than reserves) and employee stock options	3,066	2,788	278	5,931	2,811	3,120
3.4 Other investment	48,370	49,016	–646	64,512	59,943	4,569
3.4.1 Other equity (ADRs/GDRs)	0	0	0	0	0	0
3.4.2 Currency and deposits	11,831	10,279	1,552	7,450	25,982	–18,532
3.4.2.1 Central bank (Rupee Debt Movements; NRG)	2	0	2	0	2	–2
3.4.2.2 Deposit-taking corporations, except the central bank (NRI Deposits)	11,829	10,279	1,550	7,450	25,980	–18,530
3.4.2.3 General government	–	–	–	–	–	–
3.4.2.4 Other sectors	–	–	–	–	–	–
3.4.3 Loans (External Assistance, ECBs and Banking Capital)	13,556	14,334	–778	30,882	10,449	20,433
3.4.3.A Loans to India	13,108	14,005	–897	29,904	10,112	19,793
3.4.3.B Loans by India	447	329	118	978	338	640
3.4.4 Insurance, pension, and standardized guarantee schemes	311	441	–130	229	223	5
3.4.5 Trade credit and advances	20,729	22,515	–1,786	23,457	20,493	2,964
3.4.6 Other accounts receivable/payable - other	1,943	1,447	496	2,494	2,795	–301
3.4.7 Special drawing rights	0	0	0	0	0	0
3.5 Reserve assets	0	4,056	–4,056	1,242	0	1,242
3.5.1 Monetary gold	–	–	–	–	–	–
3.5.2 Special drawing rights n.a.	–	–	–	–	–	–
3.5.3 Reserve position in the IMF n.a.	–	–	–	–	–	–
3.5.4 Other reserve assets (Foreign Currency Assets)	0	4,056	–4,056	1,242	0	1,242
4 Total assets/liabilities	115,050	108,218	6,831	138,656	131,252	7,404
4.1 Equity and investment fund shares	56,431	45,629	10,802	62,010	53,326	8,684
4.2 Debt instruments	56,675	57,086	–411	72,910	75,130	–2,220
4.3 Other financial assets and liabilities	1,943	5,504	–3,560	3,736	2,795	941
5 Net errors and omissions	262	–	262	522	–	522

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

(₹ Billion)

Item	Oct-Dec 2015 (PR)			Oct-Dec 2016 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
1 Current Account (1.A+1.B+1.C)	**8,080**	**8,549**	**–469**	**8,775**	**9,308**	**–533**
1.A Goods and Services (1.A.a+1.A.b)	**6,780**	**7,832**	**–1,052**	**7,478**	**8,532**	**–1,054**
1.A.a Goods (1.A.a.1 to 1.A.a.3)	**4,281**	**6,521**	**–2,240**	**4,636**	**6,879**	**–2,244**
1.A.a.1 General merchandise on a BOP basis	4,230	5,926	–1,696	4,689	6,218	–1,529
1.A.a.2 Net exports of goods under merchanting	51	0	51	–53	0	–53
1.A.a.3 Nonmonetary gold	0	595	–595	0	662	–662
1.A.b Services (1.A.b.1 to 1.A.b.13)	**2,499**	**1,311**	**1,187**	**2,842**	**1,652**	**1,189**
1.A.b.1 Manufacturing services on physical inputs owned by others	2	1	1	1	0	1
1.A.b.2 Maintenance and repair services n.i.e.	2	6	–4	3	5	–2
1.A.b.3 Transport	218	227	–9	256	220	36
1.A.b.4 Travel	380	221	158	417	250	167
1.A.b.5 Construction	23	12	11	40	15	25
1.A.b.6 Insurance and pension services	30	22	8	35	28	7
1.A.b.7 Financial services	63	58	5	82	110	–28
1.A.b.8 Charges for the use of intellectual property n.i.e.	9	82	–73	10	102	–92
1.A.b.9 Telecommunications, computer, and information services	1,301	63	1,238	1,322	84	1,238
1.A.b.10 Other business services	439	504	–65	561	544	17
1.A.b.11 Personal, cultural, and recreational services	17	11	7	22	30	–7
1.A.b.12 Government goods and services n.i.e.	10	8	2	12	9	3
1.A.b.13 Others n.i.e.	6	96	–90	80	256	–175
1.B Primary Income (1.B.1 to 1.B.3)	**250**	**673**	**–422**	**268**	**684**	**–416**
1.B.1 Compensation of employees	58	37	21	68	43	25
1.B.2 Investment income	153	629	–476	157	631	–475
1.B.2.1 Direct investment	89	268	–179	79	311	–232
1.B.2.2 Portfolio investment	3	154	–151	1	112	–110
1.B.2.3 Other investment	10	207	–196	18	208	–191
1.B.2.4 Reserve assets	51	0	50	58	0	58
1.B.3 Other primary income	40	7	33	43	10	33
1.C Secondary Income (1.C.1+1.C.2)	**1,050**	**44**	**1,006**	**1,029**	**92**	**938**
1.C.1 Financial corporations, nonfinancial corporations, households, and NPISHs	1,040	31	1,009	1,023	79	944
1.C.1.1 Personal transfers (Current transfers between resident and/ non-resident households)	1,007	27	980	983	65	918
1.C.1.2 Other current transfers	32	4	29	40	14	25
1.C.2 General government	10	13	–3	7	13	–6
2 Capital Account (2.1+2.2)	**4**	**3**	**1**	**4**	**5**	**–1**
2.1 Gross acquisitions (DR.)/disposals (CR.) of non-produced nonfinancial assets	1	0	0	1	2	–1
2.2 Capital transfers	4	3	1	3	3	0
3 Financial Account (3.1 to 3.5)	**7,584**	**7,134**	**450**	**9,349**	**8,850**	**499**
3.1 Direct Investment (3.1A+3.1B)	**1,120**	**414**	**706**	**1,252**	**590**	**662**
3.1.A Direct Investment in India	1,076	158	917	1,219	328	891
3.1.A.1 Equity and investment fund shares	1,039	156	883	1,185	324	861
3.1.A.1.1 Equity other than reinvestment of earnings	865	156	710	980	324	655
3.1.A.1.2 Reinvestment of earnings	173	0	173	205	0	205
3.1.A.2 Debt instruments	37	2	34	34	4	30
3.1.A.2.1 Direct investor in direct investment enterprises	37	2	34	34	4	30
3.1.B Direct Investment by India	44	256	–212	32	262	–229
3.1.B.1 Equity and investment fund shares	44	182	–139	32	197	–165
3.1.B.1.1 Equity other than reinvestment of earnings	44	127	–84	32	151	–119
3.1.B.1.2 Reinvestment of earnings	0	55	–55	0	46	–46
3.1.B.2 Debt instruments	0	73	–73	0	64	–64
3.1.B.2.1 Direct investor in direct investment enterprises	0	73	–73	0	64	–64
3.2 Portfolio Investment	**3,074**	**3,038**	**37**	**3,264**	**4,028**	**–765**
3.2.A Portfolio Investment in India	3,067	3,030	37	3,253	4,016	–763
3.2.1 Equity and investment fund shares	2,407	2,449	–41	2,538	2,857	–319
3.2.2 Debt securities	659	581	79	716	1,159	–444
3.2.B Portfolio Investment by India	7	8	–1	10	12	–2
3.3 Financial derivatives (other than reserves) and employee stock options	**202**	**184**	**18**	**400**	**190**	**210**
3.4 Other investment	**3,189**	**3,231**	**–43**	**4,350**	**4,042**	**308**
3.4.1 Other equity (ADRs/GDRs)	0	0	0	0	0	0
3.4.2 Currency and deposits	780	678	102	502	1,752	–1,250
3.4.2.1 Central bank (Rupee Debt Movements; NRG)	0	0	0	0	0	0
3.4.2.2 Deposit-taking corporations, except the central bank (NRI Deposits)	780	678	102	502	1,752	–1,249
3.4.2.3 General government	–	–	–	–	–	–
3.4.2.4 Other sectors	–	–	–	–	–	–
3.4.3 Loans (External Assistance, ECBs and Banking Capital)	894	945	–51	2,082	705	1,378
3.4.3.A Loans to India	864	923	–59	2,016	682	1,335
3.4.3.B Loans by India	29	22	8	66	23	43
3.4.4 Insurance, pension, and standardized guarantee schemes	20	29	–9	15	15	0
3.4.5 Trade credit and advances	1,367	1,484	–118	1,582	1,382	200
3.4.6 Other accounts receivable/payable - other	128	95	33	168	188	–20
3.4.7 Special drawing rights	0	0	0	0	0	0
3.5 Reserve assets	0	**267**	**–267**	**84**	0	**84**
3.5.1 Monetary gold	–	–	–	–	–	–
3.5.2 Special drawing rights n.a.	–	–	–	–	–	–
3.5.3 Reserve position in the IMF n.a.	–	–	–	–	–	–
3.5.4 Other reserve assets (Foreign Currency Assets)	0	267	–267	84	0	84
4 Total assets/liabilities	**7,584**	**7,134**	**450**	**9,349**	**8,850**	**499**
4.1 Equity and investment fund shares	3,720	3,008	712	4,181	3,595	585
4.2 Debt instruments	3,736	3,763	–27	4,916	5,066	–150
4.3 Other financial assets and liabilities	128	363	–235	252	188	63
5 Net errors and omissions	**17**	**–**	**17**	**35**	**–**	**35**

No. 42: International Investment Position

(US$ Million)

Item	As on Financial Year /Quarter End							
	2015-16		2015		2016			
			Dec.		Sep.		Dec.	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	1	2	3	4	5	6	7	8
1 Direct Investment Abroad/in India	141,626	293,854	139,038	282,609	140,733	311,691	144,134	318,502
1.1 Equity Capital and Reinvested Earnings	96,961	280,267	95,122	269,456	94,176	297,517	96,623	304,514
1.2 Other Capital	44,665	13,587	43,916	13,153	46,557	14,174	47,511	13,988
2 Portfolio Investment	2,461	224,783	1,710	225,292	2,256	232,086	2,283	221,183
2.1 Equity	1,541	141,864	1,568	141,693	1,943	148,085	2,280	140,567
2.2 Debt	919	82,919	143	83,599	313	84,001	4	80,616
3 Other Investment	45,850	392,571	41,656	386,525	50,396	390,049	36,124	366,419
3.1 Trade Credit	2,913	82,284	4,548	79,551	2,236	81,964	1,949	84,778
3.2 Loan	6,713	170,472	3,683	170,749	6,258	166,897	4,245	160,295
3.3 Currency and Deposits	20,861	127,109	17,322	122,800	26,535	130,220	14,594	110,019
3.4 Other Assets/Liabilities	15,363	12,706	16,103	13,425	15,368	10,968	15,335	11,327
4 Reserves	360,177	–	350,381	–	371,990	–	358,898	–
5 Total Assets/ Liabilities	550,114	911,208	532,786	894,426	565,376	933,826	541,439	906,104
6 IIP (Assets - Liabilities)		–361,094		–361,640		–368,450		–364,664

Payment and Settlement Systems

No. 43: Payment System Indicators

System	Volume (Million)				Value (₹ Billion)			
	2016-17	2017			2016-17	2017		
		Feb.	Mar.	Apr.		Feb.	Mar.	Apr.
	1	2	3	4	5	6	7	8
1 RTGS	**107.86**	**9.11**	**12.54**	**9.54**	**1,253,652.08**	**95,266.75**	**154,094.85**	**111,743.70**
1.1 Customer Transactions	103.66	8.80	12.14	9.23	849,950.51	66,382.31	111,825.01	73,603.70
1.2 Interbank Transactions	4.17	0.31	0.39	0.31	131,953.25	7,836.50	11,550.82	14,908.49
1.3 Interbank Clearing	0.018	0.002	0.002	0.002	271,748.31	21,047.93	30,719.02	23,231.51
2 CCIL Operated Systems	**3.65**	**0.25**	**0.29**	**0.25**	**1,056,173.36**	**75,377.92**	**94,415.57**	**80,878.53**
2.1 CBLO	0.22	0.02	0.02	0.01	229,528.33	20,269.84	27,536.97	21,151.19
2.2 Govt. Securities Clearing	1.51	0.08	0.09	0.08	404,389.08	27,361.26	29,315.32	24,111.22
2.2.1 Outright	1.34	0.07	0.07	0.07	168,741.46	8,366.97	8,522.45	7,482.65
2.2.2 Repo	0.168	0.012	0.015	0.014	235,647.62	18,994.29	20,792.87	16,628.57
2.3 Forex Clearing	1.93	0.16	0.19	0.16	422,255.95	27,746.83	37,563.28	35,616.13
3 Paper Clearing	**1,206.69**	**107.94**	**127.98**	**99.97**	**80,958.15**	**6,406.73**	**8,654.94**	**7,351.49**
3.1 Cheque Truncation System (CTS)	1,111.86	100.44	119.21	95.26	74,035.22	5,993.95	8,062.77	6,990.65
3.2 MICR Clearing	–	-	-	-	–	–	–	–
3.2.1 RBI Centres	–	-	-	-	–	–	–	–
3.2.2 Other Centres	–	-	-	-	–	–	–	–
3.3 Non-MICR Clearing	94.83	7.50	8.78	4.71	6,922.93	412.78	592.17	360.84
4 Retail Electronic Clearing	**4,196.88**	**367.54**	**446.28**	**431.10**	**132,190.35**	**12,023.05**	**17,769.89**	**13,700.63**
4.1 ECS DR	8.76	0.19	0.23	0.19	39.14	1.31	1.55	1.21
4.2 ECS CR (includes NECS)	10.10	0.68	0.92	0.49	144.08	8.04	9.69	9.68
4.3 EFT/NEFT	1,622.10	148.21	186.70	143.17	120,039.68	10,877.91	16,294.50	12,156.17
4.4 Immediate Payment Service (IMPS)	506.73	59.75	67.41	65.08	4,111.06	482.21	564.68	562.06
4.5 National Automated Clearing House (NACH)	2,057.27	158.71	191.01	222.17	7,916.17	653.59	899.47	971.50
5 Cards	**12,055.87**	**1,039.67**	**1,089.38**	**1,035.38**	**30,214.00**	**2,575.77**	**2,952.64**	**2,877.17**
5.1 Credit Cards	1,093.51	95.35	108.10	107.06	3,312.21	288.95	336.20	333.76
5.1.1 Usage at ATMs	6.37	0.42	0.49	0.48	28.39	1.91	2.29	2.33
5.1.2 Usage at POS	1,087.13	94.93	107.61	106.58	3,283.82	287.04	333.90	331.43
5.2 Debit Cards	10,962.36	944.32	981.28	928.32	26,901.79	2,286.82	2,616.45	2,543.41
5.2.1 Usage at ATMs	8,563.06	692.57	710.11	660.32	23,602.73	1,928.38	2,259.46	2,168.60
5.2.2 Usage at POS	2,399.30	251.75	271.17	268.00	3,299.07	358.43	356.99	374.82
6 Prepaid Payment Instruments (PPIs)	**1,963.66**	**280.02**	**342.09**	**352.23**	**838.01**	**96.28**	**106.77**	**103.71**
6.1 m-Wallet	1,629.98	246.95	307.45	320.87	532.42	69.11	73.12	74.42
6.2 PPI Cards	333.11	33.03	34.58	31.32	277.52	25.19	30.88	27.45
6.3 Paper Vouchers	0.51	0.04	0.06	0.04	25.36	1.98	2.77	1.85
7 Mobile Banking	**976.85**	**95.41**	**113.65**	**106.18**	**13,104.76**	**1,279.93**	**1,730.88**	**1,612.17**
8 Cards Outstanding	**884.72**	**869.06**	**884.72**	**898.33**	–	–	–	–
8.1 Credit Card	29.84	29.08	29.84	31.32	–	–	–	–
8.2 Debit Card	854.87	839.98	854.87	867.00	–	–	–	–
9 Number of ATMs (in actuals)	**222475**	**221302**	**222475**	**221959**	–	–	–	–
10 Number of POS (in actuals)	**2529141**	**2224977**	**2529141**	**2614584**	–	–	–	–
11 Grand Total (1.1+1.2+2+3+4+5+6)	**19,534.58**	**1,804.52**	**2,018.57**	**1,928.48**	**2,282,277.63**	**170,698.56**	**247,275.65**	**193,423.72**

Note : Data for latest 12 month period is provisional.

Occasional Series

No. 44: Small Savings

(₹ Billion)

Scheme		2015-16	2015	2016		
			Nov.	Sep.	Oct.	Nov.
		1	2	3	4	5
1 Small Savings	**Receipts**	**3,224.88**	**299.51**	**341.09**	**309.41**	**498.25**
	Outstanding	**6,805.58**	**6,533.80**	**6,915.02**	**6,936.94**	**7,191.30**
1.1 Total Deposits	**Receipts**	**2,820.87**	**262.92**	**308.43**	**284.77**	**471.74**
	Outstanding	**4,287.13**	**4,122.42**	**4,387.16**	**4,399.98**	**4,640.64**
1.1.1 Post Office Saving Bank Deposits	Receipts	1,574.15	147.59	187.74	173.10	368.23
	Outstanding	615.67	550.64	714.21	720.56	925.56
1.1.2 MGNREG	Receipts	0.00	0.00	0.00	0.00	0.00
	Outstanding	0.00	0.00	0.00	0.00	0.00
1.1.3 National Saving Scheme, 1987	Receipts	0.51	0.00	0.00	0.04	–0.03
	Outstanding	34.97	35.11	33.63	33.53	33.37
1.1.4 National Saving Scheme, 1992	Receipts	0.06	0.01	0.00	0.00	–0.01
	Outstanding	1.21	1.87	–0.24	–0.26	–0.28
1.1.5 Monthly Income Scheme	Receipts	315.26	30.00	31.65	28.20	20.65
	Outstanding	1,938.08	1,959.13	1,842.63	1,831.03	1,823.48
1.1.6 Senior Citizen Scheme	Receipts	103.21	12.19	7.99	7.66	5.44
	Outstanding	228.76	187.85	254.47	257.83	262.14
1.1.7 Post Office Time Deposits	Receipts	424.53	36.19	41.95	36.16	30.28
	Outstanding	706.35	623.19	745.78	751.69	761.04
1.1.7.1 1 year Time Deposits	Outstanding	498.16	445.10	507.76	508.54	512.97
1.1.7.2 2 year Time Deposits	Outstanding	29.96	24.27	32.80	33.31	33.82
1.1.7.3 3 year Time Deposits	Outstanding	47.82	43.64	49.48	49.76	50.11
1.1.7.4 5 year Time Deposits	Outstanding	130.41	110.18	155.74	160.08	164.14
1.1.8 Post Office Recurring Deposits	Receipts	403.15	36.94	39.10	39.61	47.18
	Outstanding	761.79	764.28	796.28	805.20	834.93
1.1.9 Post Office Cumulative Time Deposits	Outstanding	0.08	0.08	0.18	0.18	0.18
1.1.10 Other Deposits	Receipts	0.05	0.00	0.00	0.00	0.00
	Outstanding	0.22	0.27	0.22	0.22	0.22
1.2 Saving Certificates	**Receipts**	**326.10**	**28.71**	**23.28**	**20.87**	**17.79**
	Outstanding	**1,942.42**	**1,877.07**	**1,944.25**	**1,951.67**	**1,957.79**
1.2.1 National Savings Certificate VIII issue	Receipts	98.26	6.65	7.49	7.40	6.76
	Outstanding	881.39	872.72	866.96	868.20	870.23
1.2.2 Indira Vikas Patras	Receipts	0.00	0.00	0.00	0.00	0.00
	Outstanding	8.91	8.90	8.91	8.88	8.89
1.2.3 Kisan Vikas Patras	Receipts	14.66	2.10	–0.10	0.01	0.01
	Outstanding	648.58	716.99	586.98	579.65	572.70
1.2.4 Kisan Vikas Patras - 2014	Receipts	213.18	19.95	15.89	13.46	11.02
	Outstanding	291.18	169.09	368.81	382.30	393.31
1.2.5 National Saving Certificate VI issue	Receipts	0.04	0.01	0.00	0.00	0.00
	Outstanding	–0.89	–0.86	–1.00	–1.00	–1.02
1.2.6 National Saving Certificate VII issue	Outstanding	–0.57	–0.54	–0.61	–0.60	–0.60
1.2.7 Other Certificates	Outstanding	113.82	110.77	114.20	114.24	114.28
1.3 Public Provident Fund	**Receipts**	**77.91**	**7.88**	**9.38**	**3.77**	**8.72**
	Outstanding	**576.03**	**534.31**	**583.61**	**585.29**	**592.87**

Source: Accountant General, Post and Telegraphs.

TABLE 45 : OWNERSHIP PATTERN OF CENTRAL AND STATE GOVERNMENTS SECURITIES

(Per cent)

Central Government Dated Securities					
Category	2016				2017
	Mar.	Jun.	Sep.	Dec.	Mar.
	1	2	3	4	5
(A) Total (in ₹. Billion)	**45324.73**	**46422.34**	**47967.49**	**49246.98**	**49109.75**
1 Commercial Banks	41.81	39.90	40.00	40.92	40.46
2 Non-Bank PDs	0.33	0.45	0.14	0.28	0.16
3 Insurance Companies	22.18	22.63	22.68	22.55	22.90
4 Mutual Funds	2.09	2.09	2.13	1.96	1.49
5 Co-operative Banks	2.75	2.68	2.47	2.63	2.70
6 Financial Institutions	0.72	0.71	0.84	0.86	0.81
7 Corporates	1.28	1.31	1.09	1.05	1.05
8 Foreign Portfolio Investors	3.65	3.63	3.82	3.13	3.53
9 Provident Funds	6.01	5.89	6.25	6.24	6.27
10 RBI	13.47	14.88	14.80	14.61	14.65
11. Others	5.72	5.83	5.79	5.77	5.98
11.1 State Governments	1.84	1.84	1.84	1.83	1.92

State Governments Securities					
Category	2016				2017
	Mar.	Jun.	Sep.	Dec.	Mar.
	1	2	3	4	5
(B) Total (in ₹. Billion)	**16313.95**	**17277.70**	**18114.95**	**19343.91**	**20893.41**
1 Commercial Banks	42.11	41.20	40.22	41.25	39.01
2 Non-Bank PDs	0.27	0.38	0.35	0.30	0.39
3 Insurance Companies	32.50	32.53	32.67	31.87	32.50
4 Mutual Funds	1.05	1.36	1.62	1.36	2.42
5 Co-operative Banks	3.92	4.01	4.21	4.47	4.75
6 Financial Institutions	0.25	0.25	0.27	0.29	0.30
7 Corporates	0.13	0.13	0.14	0.13	0.17
8 Foreign Portfolio Investors	0.27	0.22	0.08	0.06	0.07
9 Provident Funds	15.95	16.39	16.84	16.81	17.27
10 RBI	0.04	0.02	0.01	0.03	0.06
11. Others	3.51	3.52	3.59	3.43	3.05
11.1 State Governments	-	-	-	-	-

Treasury Bills					
Category	2016				2017
	Mar.	Jun.	Sep.	Dec.	Mar.
	1	2	3	4	5
(C) Total (in ₹. Billion)	**3644.02**	**4310.09**	**4202.40**	**4366.47**	**3320.80**
1 Commercial Banks	71.79	54.41	52.58	50.47	57.85
2 Non-Bank PDs	1.93	1.85	1.38	1.80	1.25
3 Insurance Companies	1.50	1.83	1.91	2.02	4.58
4 Mutual Funds	1.66	11.77	16.06	12.91	7.85
5 Co-operative Banks	2.75	2.23	3.52	3.28	5.62
6 Financial Institutions	3.61	3.09	2.75	2.76	4.57
7 Corporates	1.79	2.22	1.21	1.81	1.83
8 Foreign Portfolio Investors	-	-	-	-	-
9 Provident Funds	0.25	0.03	0.45	0.43	0.35
10 RBI	0.31	0.25	0.16	0.09	0.02
11. Others	14.42	22.30	19.96	24.44	16.09
11.1 State Governments	10.52	18.26	15.98	20.51	11.02

Explanatory Notes to the Current Statistics

Table No. 1

1.2 & 6: Annual data are averages of months.

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

4.1 to 4.4, 4.8, 4.12 & 5: Relate to the last day of the month/financial year.

4.5, 4.6 & 4.7: Relate to five major banks on the last Friday of the month/financial year.

4.9 to 4.11: Relate to the last auction day of the month/financial year.

Table No. 2

2.1.2: Include paid-up capital, reserve fund and Long-Term Operations Funds.

2.2.2: Include cash, fixed deposits and short-term securities/bonds, *e.g.*, issued by IIFC (UK).

Table No. 4

Maturity-wise position of outstanding forward contracts is available at http://nsdp.rbi.org.in under ''Reserves Template''.

Table No. 5

Special refinance facility to Others, i.e. to the EXIM Bank, is closed since March 31, 2013.

Table No. 6

For scheduled banks, March-end data pertain to the last reporting Friday.

2.2: Exclude balances held in IMF Account No.1, RBI employees' provident fund, pension fund, gratuity and superannuation fund.

Table Nos. 7 & 11

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

Table No. 8

NM_2 and NM_3 do not include FCNR (B) deposits.

2.4: Consist of paid-up capital and reserves.

2.5: includes other demand and time liabilities of the banking system.

Table No. 9

Financial institutions comprise EXIM Bank, SIDBI, NABARD and NHB.

L_1 and L_2 are compiled monthly and L_3 quarterly.

Wherever data are not available, the last available data have been repeated.

Table No. 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. 15 & 16

Data are provisional and relate to select banks which cover about 90 per cent of total non-food credit extended by all scheduled commercial banks. Exclude data for four erstwhile associates of SBI (State Bank of Bikaner & Jaipur, State Bank of Hyderabad, State Bank of Mysore and State Bank of Patiala) on account of post-merger data reconciliation exercise that is underway.

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.

Data pertains to sectoral deployment of bank credit collected from select 41 scheduled commercial banks, accounting for about 90 per cent of the total non-food credit deployed by all scheduled commercial banks.

Table No. 17

2.1.1: Exclude reserve fund maintained by co-operative societies with State Co-operative Banks

2.1.2: Exclude borrowings from RBI, SBI, IDBI, NABARD, notified banks and State Governments.

4: Include borrowings from IDBI and NABARD.

Table No. 24

Primary Dealers (PDs) include banks undertaking PD business.

Table No. 30

Exclude private placement and offer for sale.

1: Exclude bonus shares.

2: Include cumulative convertible preference shares and equi-preference shares.

Table No. 32

Exclude investment in foreign currency denominated bonds issued by IIFC (UK), SDRs transferred by Government of India to RBI and foreign currency received under SAARC SWAP arrangement. Foreign currency assets in US dollar take into account appreciation/depreciation of non-US currencies (such as Euro, Sterling, Yen and Australian Dollar) held in reserves. Foreign exchange holdings are converted into rupees at rupee-US dollar RBI holding rates.

Table No. 34

1.1.1.1.2 & 1.1.1.1.1.4: Estimates.

1.1.1.2: Estimates for latest months.

'Other capital' pertains to debt transactions between parent and subsidiaries/branches of FDI enterprises.

Data may not tally with the BoP data due to lag in reporting.

Table No. 35

1.10: Include items such as subscription to journals, maintenance of investment abroad, student loan repayments and credit card payments.

Table No. 36

Increase in indices indicates appreciation of rupee and vice versa. For 6-Currency index, base year 2012-13 is a moving one, which gets updated every year. REER figures are based on Consumer Price Index (combined). Methodological details are available in December 2005 and April 2014 issues of the Bulletin.

Table No. 37

Based on applications for ECB/Foreign Currency Convertible Bonds (FCCBs) which have been allotted loan registration number during the period.

Table Nos. 38, 39, 40 & 41

Explanatory notes on these tables are available in December issue of RBI Bulletin, 2012.

Table No. 43

1.3: Pertain to multiateral net settlement batches.
3.1: Pertain to three centres – Mumbai, New Delhi and Chennai.
3.3: Pertain to clearing houses managed by 21 banks.
6: Available from December 2010.
7: Include IMPS transactions.
9: Includes ATMs deployed by Scheduled Commercial banks and White Label ATMs (WLA). WLA are included from April 2014 onwards.

Table No. 45

(-): represents nil or negligible

The table format incorporates the ownership pattern of State Governments Securities and Treasury Bills along with the Central Government Securities. In addition, State Governments' holding of securities are shown as a separate category for the first time.

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.

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

Recent Publications of the Reserve Bank of India

Name of Publication	Price	
	India	Abroad
1. Reserve Bank of India Bulletin 2017	₹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)
2. Handbook of Statistics on the Indian States 2015-16	₹550 (Normal) ₹600 (inclusive of postage)	US$ 22 (inclusive of air mail courier charges)
3. Handbook of Statistics on the Indian Economy 2015-16	₹500 (Normal) ₹550 (inclusive of postage) ₹375 (concessional) ₹425 (concessional with postage)	US$ 50 (inclusive of air mail courier charges)
4. Report on Currency and Finance 2009-12 Fiscal-Monetary Co-ordination	₹515 (normal) ₹555 (inclusive of postage)	US$ 16 per copy (inclusive air mail courier charges)
5. Report on Currency and Finance 2003-08 Vol. I to V (Special Issue)	₹1,100 (normal) ₹ 1,170 (inclusive of postage) ₹ 830 (concessional) ₹ 900 (concessional inclusive of postage)	US$ 55 per copy (inclusive air mail courier charges)
6. State Finances - A Study of Budgets of 2016-17	₹500 per copy (over the counter) ₹550 per copy (inclusive of postal charges)	US$ 23 per copy (inclusive air mail courier charges)
7. Handbook of Statistics on State Government Finances 2010	CD-ROM ₹80 (normal) ₹105 (inclusive of postage) ₹60 (concessional) ₹85 (concessional inclusive of postage)	US$ 16 per CD (inclusive of air mail courier charges) US$ 4 per CD (inclusive of registered air mail charges)
8. CD Compendium of Articles on State Finances (1950-51 to 2010-11)	₹280 (over the counter) ₹305 (inclusive of postal charges) ₹210 (concessional) ₹235 (concessional inclusive of postage)	US$ 8 (inclusive of air mail book post charges)
9. Mint Road Milestones RBI at 75	₹1,650 per copy (over the counter)	US$ 50 per copy (inclusive of air mail courier charges)
10. India's Financial Sector, An Assessment Vol. I to VI 2009	₹2,000 per copy (over the counter) ₹2,300 per copy (inclusive postal charges) ₹1,500 per copy (concessional price) ₹1,800 per copy (concessional inclusive of postage)	US$ 40 per set and US$ 120 per set (inclusive of air mail courier charges)
11. The Paper and the Promise: A Brief History of Currency & Banknotes in India, 2009	₹200 per copy (over the counter)	US$ 30 per copy (inclusive of air mail courier charges)
12. Report of the committee on Fuller Capital account Convertibility (Tarapore Committee Report II)	₹140 per copy (normal) ₹170 (per copy by post)	US$ 25 per copy ((inclusive of air mail courier charges)
13. A Profile of Banks 2012-13	₹80 per copy (over the counter) ₹110 per copy (inclusive of postal charges)	US$ 7 per copy (inclusive of air mail courier charges)
14. Selected Banking Indicators 1981 to 2002 (On CD-ROM)	₹250 per CD (over the counter) ₹300 per CD (including postal charges)	US$ 75 (per CD) (inclusive of air mail courier charges)

Name of Publication	Price	
	India	Abroad
15. Statistical Tables Relating to Banks in India 2012-13	₹240 per copy (over the counter) ₹300 (inclusive of postage)	US$ 13 per copy (inclusive of air mail courier charges)
16. Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks 1981-2003 (on CD-ROM)	₹185 per copy (over the counter) ₹240 per copy (including postal charges)	US$ 20 per copy US$ 55 per copy (inclusive of air mail courier charges)
17. Basic Statistical Returns of Scheduled Commercial Banks in India Vol. 41 March 2012	₹270 per copy (over the counter) ₹310 per copy (inclusive of postal charges)	US$ 10 per copy (inclusive of air mail courier charges)
18. Private Corporate Business Sector in India - Selected Financial Statistics from 1950-51 to 1997-98	₹500 per CD (over the counter)	US$ 100 per CD ROM (inclusive of air mail courier charges)
19. Banking Glossary (2012)	₹80 per copy (over the counter) ₹120 per copy (inclusive of postal charges)	
20. Anuvad Ke Vividh Aayam (Hindi)	₹165 per copy (over the counter) ₹205 per copy (inclusive of postal charges)	
21. Bank Me Rajbhasha Niti Ka Karyanvayan: Dasha Aur Disha (Hindi)	₹150 per copy (over the counter) ₹200 per copy (inclusive of postal charges)	

Notes

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

* Discount of 25% is available for students, teahers/lecturers, academic/educaation institutions, public libraries and Booksellers in India provided the proof of eligibility is submitted from institution.

@ In order to promote electronic payments it has been decided to offer 20% discount to domestic subscribers who are willing to pay through NEFT.

General Instructions

1. Publications once sold will not be taken back.
2. Publications will not be supplied on a consignment VPP basis.
3. Wherever concessional price is not indicated, a discount of 25 per cent is available for students, teachers/lecturers, academic/education institutions, public libraries and book sellers in India provided the proof of eligibility is submitted from the concerned institution. Back issues of the publication are generally not available.
4. The publications are available for sale (Monday to Friday), at the Sales and Distribution Division, Department of Corporate Services, Reserve Bank of India, Amar Building, Ground Floor, Sir P. M. Road, Fort, P. B. No.1036, Mumbai - 400 001. The contact number of Sales Section is 022-2260 3000 Extn.: 4002, Email: spsdcs@rbi.org.in.
5. Subscription should be made preferably by NEFT & forwarding letter enclosing NEFT details should be address to to the Chief General Manager, Department of Corporate Services, Reserve Bank of India, 2nd floor, Main Building, Mumbai - 400 001.
   Following information is required to be filled in NEFT form by you:

Beneficiary Name	Department of Corporates Services, RBI
Name of the Bank	Reserve Bank of India
Branch and addess	Fort, Mumbai
IFSC of Bank Branch	RBIS0MBPA04
Type of Account	Current Account
Account Number	41-8691632-86
Sender to reciver information	Name of Subscriber........ Subscriber No. ....

6. Every endeavour will be made to despatch publications expeditiously. In case of rush of orders, dispatch will be executed on a first-come first-served basis. It may take a minimum of a month's time to complete formalities and then to dispatch the available publications. Complaints regarding 'non-receipt of publication' may be sent within a period of 2 months.
7. **Kindly send your subscription number, name, address, and email id to spsdcs@rbi.org.in enabling us to communicate with you in an efficient manner.**