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**MONETARY POLICY STATEMENT
FOR 2015-16**

Second Bi-monthly Monetary Policy Statement, 2015-16

*Second Bi-monthly Monetary
Policy Statement, 2015-16
Dr. Raghuram G. Rajan,
Governor**

Monetary and Liquidity Measures

On the basis of an assessment of the current and evolving macroeconomic situation, it has been decided to:

- reduce the policy repo rate under the liquidity adjustment facility (LAF) by 25 basis points from 7.5 per cent to 7.25 per cent with immediate effect;
- keep the cash reserve ratio (CRR) of scheduled banks unchanged at 4.0 per cent of net demand and time liabilities (NDTL);
- continue to provide liquidity under overnight repos at 0.25 per cent of bank-wise NDTL at the LAF repo rate and liquidity under 14-day term repos as well as longer term repos of up to 0.75 per cent of NDTL of the banking system through auctions; and
- continue with overnight/term variable rate repos and reverse repos to smooth liquidity.

Consequently, the reverse repo rate under the LAF stands adjusted to 6.25 per cent, and the marginal standing facility (MSF) rate and the Bank Rate to 8.25 per cent.

Assessment

2. Since the first bi-monthly monetary policy statement of 2015-16 issued in April 2015, incoming

data suggest that the global recovery is still slow and getting increasingly differentiated across regions. In the United States, the economy shrank in Q1 owing to harsh weather conditions, the strength of the US dollar weighing on exports and a decline in non-residential fixed investment. In the euro area, financial conditions have eased due to the European Central Bank's (ECB) quantitative easing and a depreciating euro. There has, however, been some moderation in composite purchasing managers' indices (PMI), economic sentiment and consumer confidence in April. In Japan, growth surprised on the upside in Q1, supported by private demand as business spending boosted inventories and personal consumption. For most emerging market economies (EMEs), macroeconomic conditions remain challenging due to domestic fragilities, exacerbated by bouts of financial market turbulence. China continues to decelerate in spite of monetary easing. The recent firming up of crude prices has reduced headwinds to growth for some energy exporters, while increasing them for importers. Even absent a decisive economic recovery or adverse geopolitical shocks, oil prices appear to be volatile.

3. Global financial markets have also been volatile, with risk-on risk-off shifts induced by changing perceptions of monetary policies in the advanced economies. Global currency markets continue to be dominated by the strength of the US dollar, with the G3 currencies reflecting the asynchronicity of their monetary policy stances. Volatility in global bond markets has increased with a number of factors at play: unwinding of European assets by investors due to the Greek crisis; rapidly changing expectations around the Fed's forward guidance; sharp movements

* Released on June 2, 2015.

in crude prices; and market corrections due to changes in risk tolerance.

4. As anticipated, the Central Statistics Office has revised downwards its estimate of India's gross value added (GVA) at basic prices for 2014-15 by 30 basis points from the advance estimates. Domestic economic activity remains moderate in Q1 of 2015-16. Agricultural activity was adversely affected by unseasonal rains and hailstorms in north India during March 2015, impinging on an estimated 94 lakh hectares of area sown under the *rabi* crop. Reflecting this, the third advance estimates of the Ministry of Agriculture indicate a contraction in foodgrains production by more than 5 per cent in relation to the preceding year's level. Successive estimates have been pointing to a worsening of the situation, with the damage to crops like pulses and oilseeds – where buffer foodstocks are not available in the central pool – posing an upside risk to food inflation. For the *kharif* season, the outlook is clouded by the first estimates of the India Meteorological Department (IMD), predicting that the southwest monsoon will be 7 per cent below the long period average. This has been exacerbated by the confirmation of the onset of *El Nino* by the Australian Bureau of Meteorology.

5. What is clear is that contingency plans for food management, including storage of adequate quantity of seeds and fertilisers for timely supply, crop insurance schemes, credit facilities, timely release of food stocks and the repair of disruptions in food supply chains, including through imports and de-hoarding, need to be in place to manage the impact of low production on inflation. Inflation control will

also be helped by limiting the increase in agricultural support prices.

6. Industrial production has been recovering, *albeit* unevenly. The sustained weakness of consumption spending, especially in rural areas as indicated in the slowdown in sales of two-wheelers and tractors, continues to operate as a drag. Corporate sales have contracted. The disappointing earnings performance could have been worse if not for the decline in input costs. Capacity utilisation has been falling in several industries, indicative of the slack in the economy. While an upturn in capital goods production seems underway, clear evidence of a revival in investment demand will need to build on the tentative indications of unclogging of stalled investment projects, stabilising of private new investment intentions and improving sales of commercial vehicles. In April, output from core industries constituting 38 per cent of the index of industrial production declined across the board, barring coal production. The sustained revival of coal output augurs well for electricity generation and mining and quarrying, going forward. There is some optimism on gas pricing and availability. The resolution of power purchase processes has to be expedited and power distribution companies' financial stress has to be addressed on a priority basis. Some public sector banks will need more capital to clean up their balance sheets and support lending as investment revives.

7. Leading indicators of services sector activity are emitting mixed signals. A pick-up in service tax collections, sales of trucks, railway freight, domestic

air passenger and air freight traffic could augur well for transport and communication and trade. On the other hand, the slowdown in tourist arrivals, railway traffic and international air passenger and freight traffic could affect hotels, restaurants and some constituents of transportation services adversely. The services PMI declined in April 2015, mainly on account of slowdown in new business orders. Community and personal services are likely to be held back by the ongoing fiscal consolidation.

8. In April, retail inflation measured by the consumer price index (CPI) decelerated for the second month in a row, supported by favourable base effects [of about (-) 0.8 per cent] that moderated the rise in the price index for the fourth successive month. Food inflation softened to a contra-seasonal four-month low, with the impact of unseasonal rains yet to show up. Vegetables inflation continued to ease, along with that of other sub-groups such as cereals, oil, sugar and spices. On the other hand, protein items, especially milk and pulses, continued to impart upward inflationary pressures.

9. Fuel inflation rose for the fourth successive month to a twelve-month high, driven by prices of electricity and firewood. Inflation in these components was accentuated by base effects – the recent price uptick coming on top of muted increases a year ago. Inflation excluding food and fuel rose marginally. House rent, education, medical and transport expenses were among the major drivers of inflation in this category. Rural wage growth, although still moderate, picked up. Inflation expectations remain in high single digits, although they may adapt further

to current low inflation. Yet, both input and output price pressures remain muted as reflected in the Reserve Bank's industrial outlook survey. Purchasing managers' indices also corroborate these developments.

10. Liquidity conditions eased in April 2015 after the tightness in the second half of March 2015 on account of advance tax outflows and financial year-end behaviour of banks. The Reserve Bank's liquidity management operations were reversed in view of the improvement in liquidity conditions through April. During May, however, rapid increases in currency in circulation and a build-up of government balances resulted in liquidity conditions tightening again. Accordingly, fine tuning operations of varying tenors were conducted, besides the regular overnight repo at fixed rate and 14-day variable rate repo auctions. These injections helped meet the frictional liquidity requirements. In May, the average daily net liquidity injected through LAF fixed rate repos, besides regular 14-day variable rate repos, additional variable rate repos and MSF, was ₹1031 billion as compared with ₹819 billion in April. As a result, weighted average money market rates shadowed the policy rate. Longer term interest rates, particularly gilts, hardened in early May on international cues but eased in the second half of the month, particularly after the issuance of the new benchmark bond.

11. Merchandise export growth has weakened steadily since July 2014 and entered into contraction from January 2015 through April, with a recent shrinking of even volumes exported. The deterioration in export performance affected economies across Asia as global demand fell and the fall in commodity prices

impacted terms of trade for commodity exporters. From December 2014 onwards, merchandise import growth also turned negative, led by a sharp decline in the volume of oil imports as inventory build-up by refineries subsided. Gold imports spiked in the month of March and remained elevated in April owing to festival demand and regulatory relaxations. Notably, the volume of imports has been recording increases, despite the value decline. Given these developments, the reduction in the current account deficit resulting from the sharp decline in oil prices has begun to reverse, though the size of the deficit is expected to be contained to about 1.5 per cent of GDP this year. Net exports are, therefore, unlikely to contribute as much to growth going forward as they did in the past financial year. Consequently growth will depend more on a strengthening of domestic final demand. While portfolio and direct foreign investment flows were buoyant during 2014-15, with net foreign direct investment to India at US\$ 36.6 billion and net portfolio inflows at US\$ 41 billion, the year 2015-16 has begun with net portfolio outflows in the wake of a reduction in global portfolio allocations to India. Foreign exchange reserves are around US\$ 350 billion, providing a strong second line of defence to good macroeconomic policies if external markets turn significantly volatile.

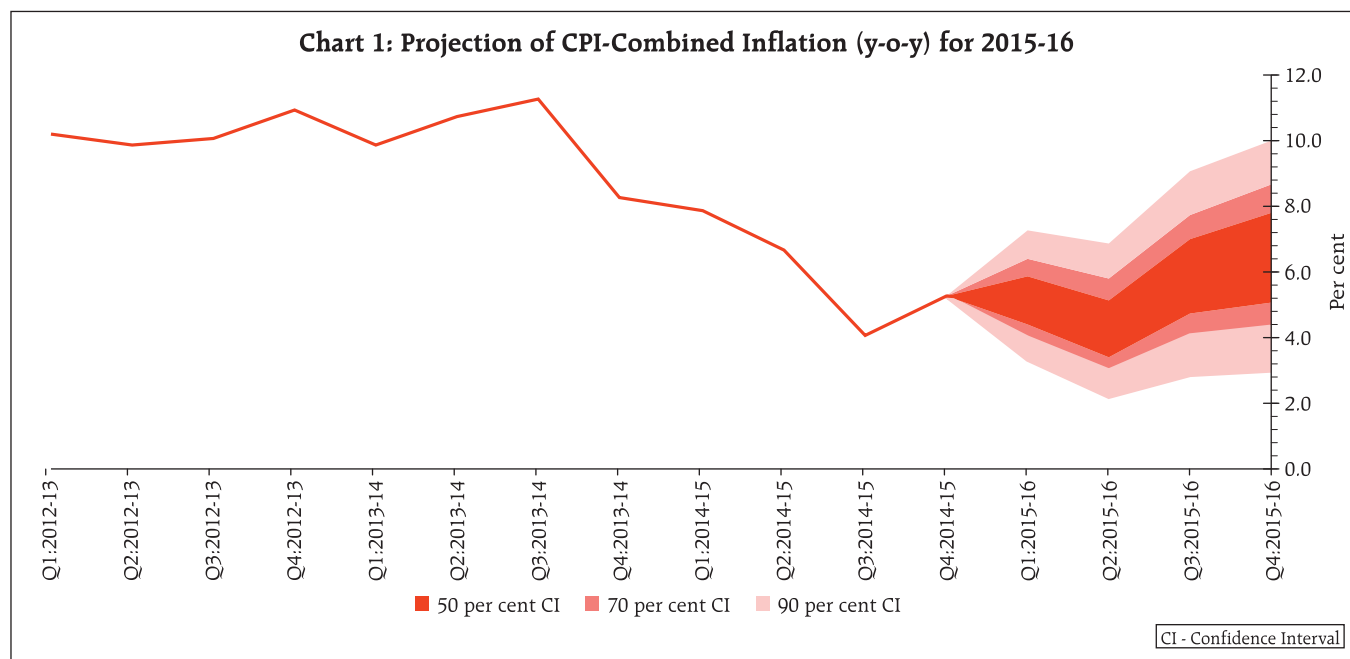
Policy Stance and Rationale

12. Banks have started passing through some of the past rate cuts into their lending rates, headline inflation has evolved along the projected path, the impact of unseasonal rains has been moderate so far, administered price increases remain muted, and the timing of normalisation of US monetary policy seems

to have been pushed back. With low domestic capacity utilization, still mixed indicators of recovery, and subdued investment and credit growth, there is a case for a cut in the policy rate today.

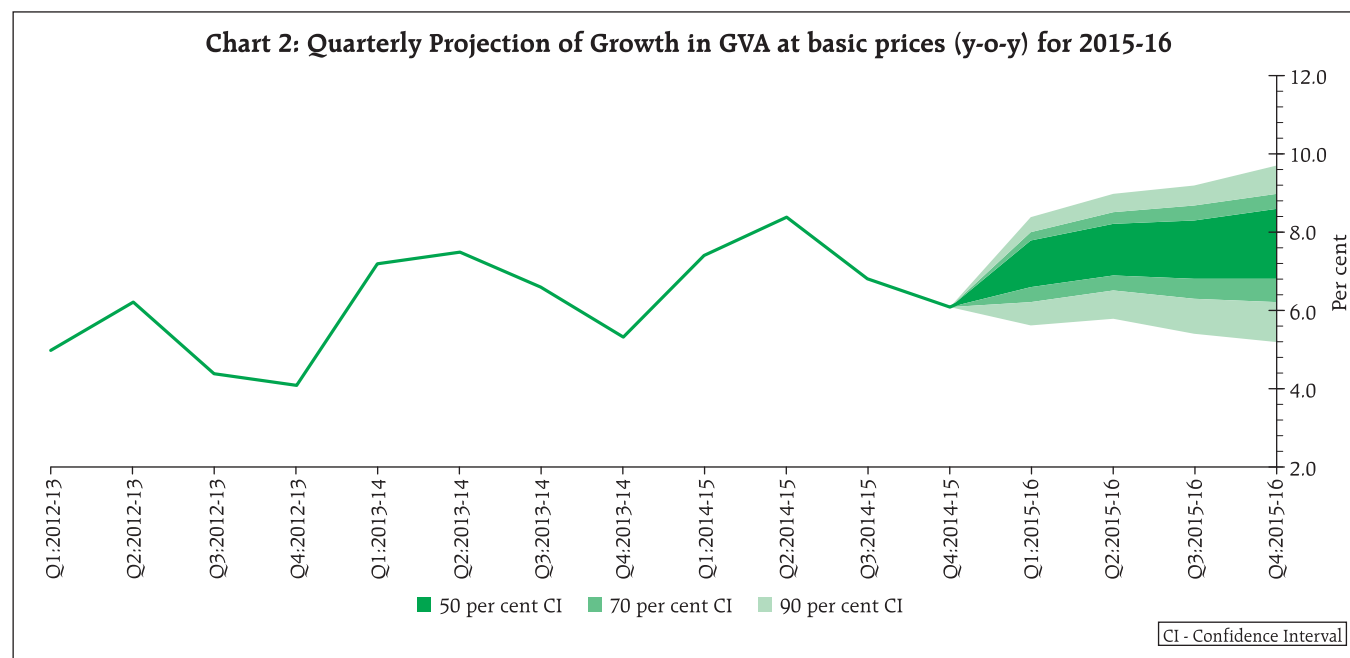
13. Yet, of the risks to inflation identified in April, three still cloud the picture. First, some forecasters, notably the IMD, predict a below-normal southwest monsoon. Astute food management is needed to mitigate possible inflationary effects. Second, crude prices have been firming amidst considerable volatility, and geo-political risks are ever present. Third, volatility in the external environment could impact inflation. Therefore, a conservative strategy would be to wait, especially for more certainty on both the monsoon outturn as well as the effects of government responses if it turns out to be weak. With still weak investment and the need to reduce supply constraints over the medium term to stay on the proposed disinflationary path (to 4 per cent in early 2018), however, a more appropriate stance is to front-load a rate cut today and then wait for data that clarify uncertainty. Meanwhile banks should pass through the sequence of rate cuts into lending rates.

14. Assuming reasonable food management, inflation is expected to be pulled down by base effects till August but to start rising thereafter to about 6.0 per cent by January 2016 – slightly higher than the projections in April. Putting more weight on the IMD's monsoon projections than the more optimistic projections of private forecasters as well as accounting for the possible inflationary effects of the increases in the service tax rate to 14 per cent, the risks to the central trajectory are tilted to the upside (Chart 1).



15. Reflecting the balance of risks and the downward revision to GVA estimates for 2014-15, the projection for output growth for 2015-16 has been marked down from 7.8 per cent in April to 7.6 per cent with a downward bias to reflect the uncertainties surrounding these various risks (Chart 2).

16. Strong food policy and management will be important to help keep inflation and inflationary expectations contained over the near term. Furthermore, monetary easing can only create the enabling conditions for a fuller government policy thrust that hinges around a step up in public investment in several



areas that can also crowd in private investment. This will be important to relieve supply constraints and aid disinflation over the medium term. A targeted infusion of bank capital into scheduled public sector commercial banks, especially those that implement concerted

strategies to clean up stressed assets, is also warranted so that adequate credit flows to the productive sectors as investment picks up.

17. The third bi-monthly monetary policy statement will be announced on August 4, 2015.

SPEECH

Going Bust for Growth
Raghuram G. Rajan

Indian Banking Sector: Emerging Challenges and Way Forward
S. S. Mundra

Indian Payments System Kaleidoscope
S. S. Mundra

*Going Bust for Growth**

Raghuram G. Rajan

There are few areas of robust growth around the world, with the IMF repeatedly reducing its growth forecasts in recent quarters. This period of slow growth is particularly dangerous because both industrial countries and emerging markets need high growth to quell rising domestic political tensions. Policies that attempt to divert growth from others rather than create new growth are more likely under these circumstances. Even as we create conditions for sustainable growth, we need new rules of the game, enforced impartially by multilateral organisations, to ensure countries adhere to international responsibilities.

The conventional diagnosis and remedy

Why is the world finding it so hard to restore pre-Great Recession growth rates? The obvious answer is that the financial boom preceding the Great Recession left industrial countries with an overhang of debt, and debt, whether on governments, households, or banks, is holding back growth.¹ While the remedy may be to write down debt so as to revive demand from the indebted, it is debatable whether additional debt fuelled demand is sustainable in the long run. At any rate, large-scale debt write-offs (or fiscal transfers to the heavily indebted) seem politically difficult even if they are economically warranted.

* Remarks by Dr. Raghuram G. Rajan, Governor of the Reserve Bank of India on May 19, 2015 to the Economic Club of New York. Dr. Rajan thanks Dr. Prachi Mishra of the Reserve Bank for very useful comments and research support.

¹ See the interesting evidence in Atif Mian and Amir Sufi, *House of Debt* (Princeton University Press, New Jersey, 2014) and the cross-country evidence in Carmen Reinhart and Kenneth Rogoff, *This Time is Different* (Princeton University Press, New Jersey, 2008). For an illuminating overall view of the global financial crisis and the policy remedies, see Martin Wolf, *The Shifts and the Shocks: What We've Learned and Have Still to Learn from the Financial Crisis* (Penguin USA 2015).

How does one offset weak household and government demand if debt write-downs are off the table? Ideally, the response would be to incentivize investment and job creation through low interest rates and tax incentives. But if final demand from consumers is likely to be very weak for a considerable period of time because of debt overhang, the real return on new investment may collapse. The Wicksellian neutral real rate – loosely speaking the interest rate required to bring the economy back to full employment with stable inflation – may even be strongly negative.² This typically has been taken as grounds for aggressive monetary policy. Because policy rates cannot be reduced significantly below zero (though a number of European countries are testing these limits), equilibrium long term interest rates may stay higher than levels necessary to incentivize investment. Hence, central banks have embarked on unconventional monetary policy (UMP), which would directly lower long rates.

Another way to stimulate demand is for governments that still have the ability to borrow to increase spending. Since this will increase already-high levels of government debt, proponents suggest investing in infrastructure, which may have high returns today when construction costs and interest rates are low. However, high-return infrastructure investment is harder to identify and implement in developed countries where most obvious investments have already been made – political influence is as likely to create bridges to nowhere or unviable high speed train networks as needed infrastructure. Also, while everyone can see the need for repair and renovation of existing infrastructure, this requires far more

² Though see a thoughtful piece by Claudio Borio and Piti Disyatat at <http://www.voxeu.org/article/low-interest-rates-secular-stagnation-and-debt> suggesting that the real neutral interest rate may be influenced by low policy rates. Intuitively, the authors argue that low policy rates can sow the seeds for investment misallocation, financial distress, and debt overhang, all of which can combine to drive down the future real return on investment, and therefore the real neutral long term rate today.

decentralised spending than mega projects, and may be harder to initiate and finance from the centre.

Put differently, high-return infrastructure investment is a good idea but may be hard to implement on a large scale for most advanced country governments. To the extent that such debt fuelled spending creates a self-fulfilling virtuous cycle of confidence and activity, it can be a bridge to sustainable growth. But to the extent that it misallocates capital (because there are insufficient 'shovel-ready' projects, so much of the emergency spending is diverted to rent-seeking pork), it can worsen public anxieties about the future, reducing corporate investment and increasing household savings.

All this highlights another concern. Even if stimulus works in raising growth temporarily – and the above discussion suggests it may not – this growth has to be a bridge to sustained aggregate demand. But what if it isn't?

The Productivity Puzzle, Secular Stagnation, and other concerns.

The arguments I have just enunciated for action apply to an economy where nothing fundamentally is wrong except perhaps excessive debt – what is needed is a cyclical return of growth to potential growth. Yet a number of economists such as Tyler Cowen, Robert Gordon, and Larry Summers have raised the possibility that potential growth in industrial countries had fallen even before the Great Recession. Perhaps then the growth that we are trying to return to is unachievable without serious distortions.

The term 'secular stagnation' used by Larry Summers to describe the current persistent economic malaise, echoing Alvin Hansen's speech in 1938 in the midst of the Great Depression, has caught on.³ But

³ Summers, L. (2014), 'U.S. Economic Prospects: Secular Stagnation, Hysteresis and Zero Lower Bound', speech delivered to the National Association for Business Economics, Economic Policy Conference, February 24, 2014.

different economists focus on different aspects and causes of the stagnation.⁴ Summers emphasises the inadequacy of aggregate demand, and the fact that the zero lower bound as well as the potential for financial instability prevents monetary policy from being more active. Among the reasons for weak aggregate demand include ageing populations that want to consume less and the increasing income share of the very rich, whose marginal propensity to consume is small.

Tyler Cowen and Robert Gordon on the other hand, emphasise a weak supply potential.⁵ They argue that the post-World War II years were an aberration because growth was helped in industrial countries by reconstruction, the spread of technologies such as electricity, telephones, and automobiles, rising educational attainment, higher labour participation rates as women entered the work force, a restoration of global trade, and increasing investments of capital. However, post-war total factor productivity growth – the part of growth stemming from new ideas and methods of production – was lower than its 1920-50 high. More recently, not only has productivity growth fallen further (with a temporary positive uptick towards the end of the 1990s because of the IT revolution), but growth has been held back by the headwinds of plateauing education levels and labour participation rates, as well as a shrinking labour force in some countries because of population ageing.

It is obvious from these lists of factors that it is hard to disentangle the effects of weak aggregate demand from slow growth in potential supply. Population ageing contributes to both. Indeed, one may cause the other. For example, anticipating a slowdown

⁴ See, for example, 'The Crises of Democratic Capitalism', Wolfgang Streeck, *New Left Review* 71, Sept/Oct 2011 or 'The True Lessons of the Recession: The West Can't Borrow and Spend its Way to Recovery', Raghuram Rajan, *Foreign Affairs*, Volume 91, no 3, May/June 2012 .

⁵ Tyler Cowen (2013), *The Great Stagnation*, Ebook, Gordon, R. (2012), 'Is US Economic Growth Over? Faltering Innovation Confronts Six Headwinds', NBER Working Paper 18315.

in growth potential, households, worried about impending retirement in the face of undeliverable pension and healthcare entitlements, may try and build savings. This will depress demand further. Conversely, anticipated weak demand may reduce incentives for corporations to invest in physical and human capital, causing supply potential to grow more slowly.

Structural reforms, typically ones that increase competition, foster innovation, and drive institutional change, are the way to raise potential growth. But these immediately hurt protected constituencies that have become accustomed to the rents they get from the status quo. Moreover, the gains to constituencies that are benefited are typically later and uncertain while the pain is immediate and its incidence clear. No wonder Jean-Claude Juncker, then Luxembourg's prime minister, said at the height of the Euro crisis, 'We all know what to do, we just don't know how to get re-elected after we've done it!'

The Growth Imperative

If indeed fundamentals are such that the industrial world has, and will, grow slowly for a while before new technologies and new markets come to the rescue, would it be politically easy to settle for slower growth? After all, per capita income is high in industrial countries, and a few years of slow growth would not be devastating at the aggregate level. Why is there so much of a political need for growth?

One reason is the need to fulfil government commitments. As sociologist Wolfgang Streeck writes, in the strong growth years of the 1960s when visions of a 'Great Society' seemed attainable, industrial economies made enormous promises of social security to the wider public.⁶ Promises have been augmented since then in some countries by politically convenient (because hidden from budgets) but fiscally unsound

increases in pension and old age healthcare commitments to public sector workers. And most recently, the government debt taken on before and after the Great Recession has added to government commitments, even while the Baby Boomer generation has started retiring in large numbers. Without the immediate promise of growth, all these commitments could soon be seen as unsustainable.

Another reason to desire growth is that economies tend to favour insiders – those who have jobs for example. The brunt of the joblessness caused by slow growth is born by new entrants to the labour market. Not only are they unemployed in larger numbers, but the lifetime earnings of cohorts that enter the labour force in difficult times is lower. Growth is necessary for inter-generational equity, especially because these are the generations that will be working to pay off commitments to older generations. Given these are also the cohorts that can take to the streets, growth is essential for social harmony.

Not only are the benefits of growth unequally distributed across generations, they are also very unequally distributed within generation. Because of changes in technology and the expansion of global competition, routine repetitive jobs, whether done by the skilled or the unskilled, have diminished greatly in industrial countries. Many of these jobs, ranging from assembly line worker to legal aides or insurance clerks, have either been automated or outsourced. The desirable high-paying jobs are non-routine skilled ones such as that of a consultant or an app designer, but they require skills. The middle class recognises that they need quality higher education and training to not slip into competing with the poor for low-skilled non-routine jobs such as security guard or gardener. But the poor quality early education they have received, as well as the prohibitive cost of quality higher education, puts many better livelihoods out of reach. With every percentage point of growth creating fewer 'good' jobs

⁶ See 'The Crises of Democratic Capitalism', Wolfgang Streeck, *New Left Review* 71, Sept/Oct 2011.

for the unskilled or moderately skilled, more growth is needed to keep them happily employed. Equally, the rapid deterioration in skills for the unemployed is an additional reason to push for growth.

The Deflation Fear

Finally, a big factor persuading authorities in industrial countries to push for higher growth is the fear of deflation. The canonical example here is Japan, where many are persuaded that the key mistake it made was to slip into deflation, which has persisted and held back growth.

A closer look at the Japanese experience suggests that it is by no means clear that its growth has been slower than warranted let alone that deflation caused slow growth. It is true that after its devastating crisis in the early 1990s, Japan may have prolonged the slowdown by not taking early action to clean up its banking system or restructure over-indebted corporations. But once it took decisive action in the late 1990s and early 2000s, Japanese growth per capita or per worker looks comparable with other industrial countries (Table 1).⁷ Slow aggregate Japanese economic growth may simply be because its population is shrinking, and fewer people are entering the labour force rather than because it is underperforming other developed economies.

**Table 1. Growth in Real GDP Per Capita:
Advanced Economies: 1996-2014**

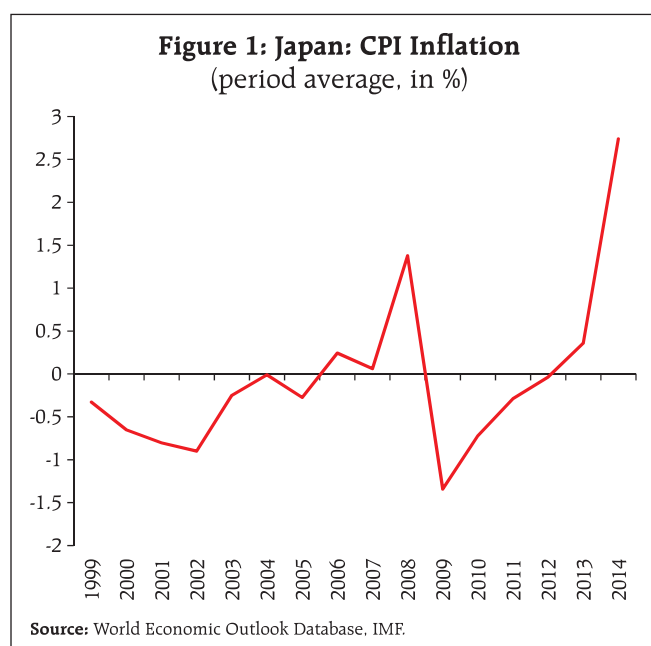
	Japan	United States	Euro area
1996-2000	0.63	3.10	2.41
2001-2005	1.05	1.56	0.99
2006-2010	0.35	-0.12	0.41
2011-2014	0.91	1.38	0.13

Source: World Economic Outlook Database, IMF.

⁷ I first learnt of these facts from Jean Claude Trichet. For a more comprehensive look at deflation, see Claudio Borio, Magdalena Erdem, Andrew Filardo and Boris Hofmann, 'The costs of deflations: a historical perspective', BIS Quarterly Review March 2015.

What about the deleterious effects of deflation? One worrisome effect of deflation is that if wages are downwardly-sticky, real wages rise and cause unemployment. Yet Japanese unemployment has averaged 4.5 per cent between 2000-2014, compared to 6.4 per cent in the US and 9.4 per cent in the Euro area during the same period.⁸ In part, the Japanese have obtained wage flexibility by moving away from the old lifetime unemployment contracts for new hires to short term contracts. Indeed, with the decline in union power across industrial countries and the increase in temporary or even 'zero hour' workers, downward wage flexibility may be significantly higher than previously estimated. While not without social costs, such flexibility allows an economy to cope with sustained deflation.

Another concern has been that moderately low inflation spirals down into seriously large deflation, where the zero lower bound on nominal interest rates keeps real interest rates unconscionably high. Once again, it is not clear this happened in Japan. In the years 1999 to 2012, average CPI deflation ranged between -0.01 per cent in 2004 to -1.3 per cent in 2009, but without any clear spiralling pattern (Figure 1).



⁸ Source: World Economic Outlook Database, IMF.

Even if deflation is moderate, it may cause customers to postpone purchases and increase savings in anticipation of a lower price in the future, especially if the zero lower bound raises real interest rates above their desired value. In Fig 2, we plot household savings as a share of GDP in Japan against the deflation rate. Again, it is hard to see a sustained pattern of higher savings with higher deflation.

Finally, it is true that deflation increases the real burden of existing debt, thus exacerbating debt overhang. But this is true of any unanticipated disinflation, and is not specific to deflation. If debt is excessive, a targeted restructuring is better than inflating it away across the board.

Regardless of all these arguments, the spectre of deflation haunts central bankers. When coupled with the other political concerns raised by slow and unequal growth listed above, it is no wonder that the authorities in developed countries do not want to settle for low growth, even if that is indeed their economy's potential.

So the central dilemma in industrial economies has been how to reconcile the political imperative for strong growth with the reality that cyclical stimulus

measures have proved ineffective in restoring high growth, debt write-offs are politically unacceptable, and structural reforms have the wrong timing, politically speaking, of pain versus gain. There is, however, one other channel for growth – exports.

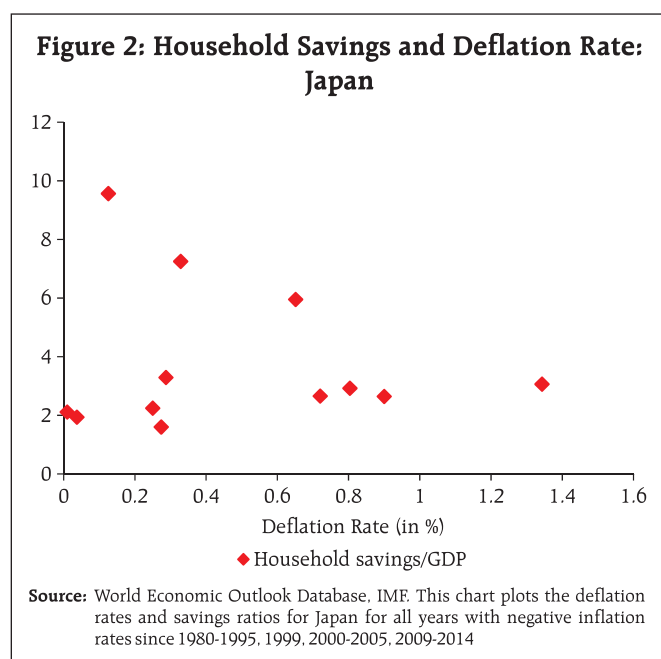
Emerging Market Response

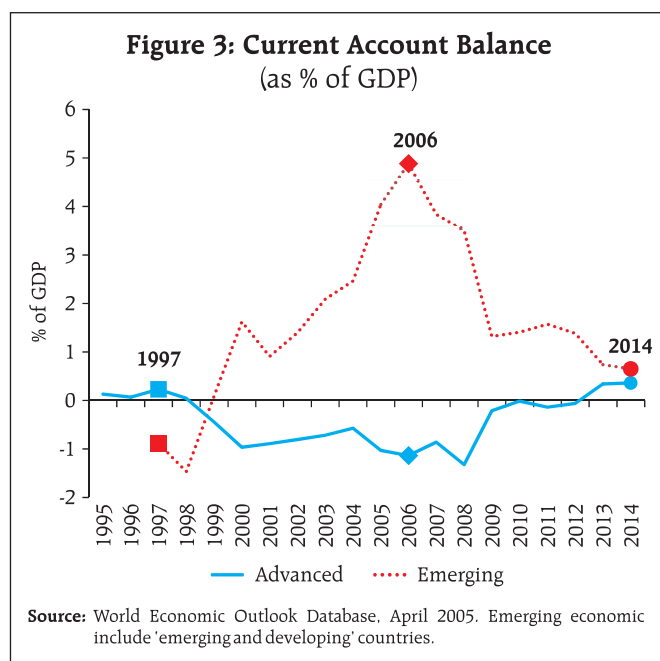
If industrial countries are stuck in low growth, can emerging markets (I use the term broadly to also stand for developing or frontier markets) take up the global slack in demand? After all, emerging markets have a clear need for infrastructure investment, as well as growing populations that can be a source of final demand. Why cannot industrial countries export to emerging markets as a way to bolster growth? After all, they have done so in the past.

Emerging markets have no less of an imperative for growth than industrial countries. While many do not have past entitlement promises to deliver on, some have ageing populations that have to be provided for, and many have young, poor, populations with sky-high expectations of growth. Ideally, emerging markets would invest for the future, funded by the rich world, thus bolstering aggregate world demand.

The 1990s were indeed a period when emerging markets borrowed from the rest of the world in attempting to finance infrastructure and development. It did not end well, with credit booms, large unviable prestige projects, and eventual busts. The Mexican Crisis of 1994, the Asian Crisis of 1997-98, and the Argentinian Crisis of 2001 highlighted the inability of emerging markets to manage large increases in domestic investment funded by foreign capital inflows. The lesson from the 1990s crises was that emerging market reliance on foreign capital for growth was dangerous. With investment prudently limited to domestic savings, this naturally curtailed their ability to serve as growth engines for the world.

Following the 1990s crises, as the dotted line in Figure 3 indicates, a number of emerging markets





went further to run current account surpluses after cutting investment sharply, and started accumulating foreign exchange reserves to preserve exchange competitiveness. Rather than generating excess demand for the world's goods, they became suppliers (or equivalently, savers), searching for demand elsewhere. And the debt-fuelled demand from the industrial countries before the Global Financial Crisis, as indicated by their current account deficits, spilled over into a demand for emerging market goods. The years before the crisis were years of plenty for countries like China that catered directly to industrial country demand, and countries in Africa, Asia, and Latin America that sold commodities and intermediate goods to the direct suppliers.

In 2005, Ben Bernanke, then a governor at the Federal Reserve, coined the term 'Global Savings Glut' to describe the current account surpluses, especially of emerging markets, that were finding their way into the United States.⁹ He argued that these depressed US

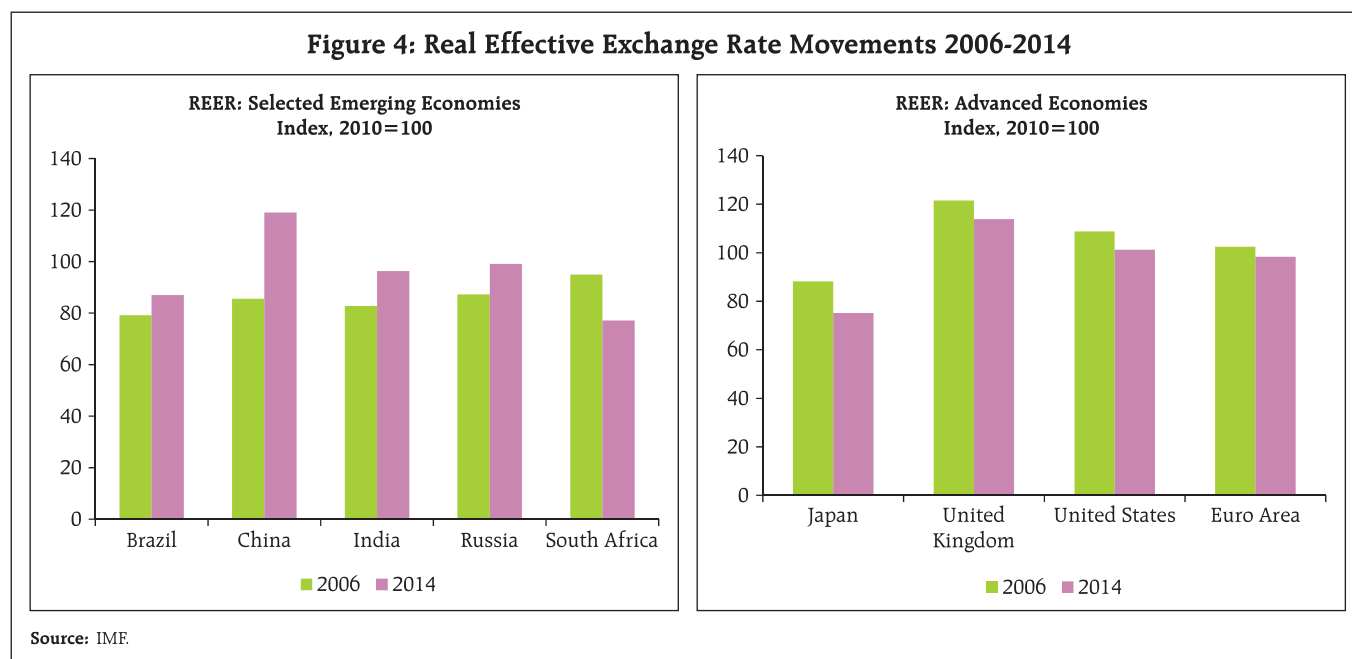
⁹ 'The Global Saving Glut and the U.S. Current Account Deficit', remarks by Governor Bernanke at the Sandridge Lecture, Virginia Association of Economists, Richmond, Virginia on March 10, 2005. <http://www.federalreserve.gov/boarddocs/speeches/2005/20050310/>

interest rates, enhancing consumption, and the US current account deficit. Bernanke pointed to a number of adverse consequences to the United States from these flows including the misallocation of resources to non-traded goods like housing away from tradable manufacturing. He suggested that it would be good if United States' current account deficit shrank, but that primarily required emerging markets to reduce their exchange rate intervention rather than actions on the part of the United States.

So pre-global financial crisis, emerging markets and industrial countries were locked in a dangerous relationship of capital flows and demand that reversed the equally dangerous pattern before the emerging market crises in the late 1990s. Sustained exchange rate intervention by emerging market central banks, as well as an excessive tolerance for leverage in industrial countries contributed to the eventual global disaster. But post-financial crisis, the pattern is reversing once again.

Post global financial crisis, much like the emerging markets in the early 2000s, industrial countries have curtailed their investment without increasing their consumption (as a fraction of GDP), thus reducing their demand for foreign goods and their reliance on foreign finance. Indeed, as the solid line in Figure 3 indicates, advanced economies ran current account surpluses in 2013 and were also projected to do so in 2014, a shift in current account balances of about 1.5 percentage points of GDP since 2008.

The counterpart of this shift of advanced economies from current account deficit (demand creating) to surplus (supply creating) has been a substantial fall in current account surpluses in emerging markets over the same period. This relative increase in demand for foreign goods from emerging markets has come about through a ramp up in investment from 2008, rather than a fall in savings – a shift of 2.7



percentage points of GDP in current account balances between 2008 and 2014. Facilitating or causing this shift has been a broad appreciation of real effective exchange rates in emerging markets and a depreciation in industrial country rates between 2006-2014.

Have industrial country central banks policies, similar to the sustained exchange rate intervention by emerging market central banks in the early 2000s, accelerated this current account adjustment? Possibly, and likely candidates would be what are broadly called unconventional monetary policies (UMP).

Unconventional Monetary Policy

Unconventional monetary policies include both policies where the central bank attempts to commit to hold interest rates at near zero for long, as well as policies that affect central bank balance sheets such as buying assets in certain markets, including exchange markets, in order to affect market prices.¹⁰

¹⁰ For an excellent overview, see Claudio Borio and P. Disyatat, 'Unconventional monetary policies: An appraisal', The Manchester School, Vol. 78, Issue s1, pp. 53-89, September 2010

There clearly is a role for unconventional policies – when markets are broken or grossly dysfunctional, central bankers may step in with their balance sheets to mend markets. The key question is what happens when these policies are prolonged long beyond repairing markets to actually distorting them. The benefit to cost ratio there is less clear.

Take, for instance, the zero-lower-bound problem. Because short term policy rates cannot be pushed much below zero, and because long rates tack on a risk premium to short rates, central banks may use UMP to directly affect long rates. Direct action by a risk tolerant central bank, such as purchasing long bonds, effectively shrinks the risk premium available on remaining long assets.¹¹

This has two effects. First, those who can rebalance between short and long assets now prefer holding short term assets because, risk adjusted, these are a better deal. Thus as the central bank increases bond purchases under quantitative easing, the willingness of commercial

¹¹ For instance, because the most risk averse holders of existing long bonds sell first and move to holding short term assets.

banks to hold unremunerated reserves rather than long term assets increases. Second, those institutions that cannot shift to short term assets, such as pension funds, bond mutual funds, and insurance companies, will either continue holding their assets and suffer a relative under-compensation for risk, or turn to riskier assets. This behaviour, also termed the "*search for yield*", will occur if the relative under-compensation for risk in more exotic assets is lower, or simply because institutions have to meet a fixed nominal rate of return constraint on their portfolios. Of course, such portfolio rebalancing will also take place because the central bank buys long duration bonds out of institutional portfolios, leaving them cash to redeploy.

None of this need be a problem if everyone knows when to stop. Unfortunately, there are few constraints on central banks undertaking these policies since they are self-financing (commercial banks become more willing to hold central bank reserves as the risk premium on long bonds shrinks). If the policy does not seem to be increasing growth, one can simply do more. All the while, the distortion in asset prices and the mis-allocation of funds can increase, which can be very costly when the central bank decides to exit.

Equally important though, is that domestic fund managers can search for yield abroad, depreciating the sending country's currency and causing the receiving country's currency to appreciate, perhaps significantly more so than ordinary monetary policy. This may indeed cause the increase in domestic competitiveness that could energize the sending country's exports. But such increases in competitiveness and 'demand shifting' can be very detrimental for global stability, especially if unaccompanied by domestic demand creation.

Spill Overs to Emerging Markets and Musical Crises

If UMP enhances financial risk taking in the originating country without enhancing domestic

investment or consumption, the exchange rate impact of UMP may simply shift demand away from countries not engaging in UMP, without creating much compensating domestic demand for their goods. If so, UMP would resemble very much the exchange rate intervention policies of the emerging markets pre-global financial crisis.

Indeed, the post-global crisis capital flows into emerging markets have been huge, despite the best efforts of emerging markets to push them back by accumulating reserves (net capital flows to emerging economies reached US\$ 550 bn in 2013 compared to US\$120 bn in 2006).¹² ¹³ These flows have increased local leverage, not just due to the direct effect of cross-border banking flows but also the indirect effect, as the appreciating exchange rate and rising asset prices, especially of real estate, make it seem that emerging market borrowers have more equity than they really have. Bernanke's concerns in 2005 about mal-investment in the United States resulting from capital inflows from emerging markets have surfaced in emerging markets post-crisis as a result of capital inflows from industrial countries.

Have crises in emerging markets in the 1990s been transformed into crises in industrial countries in the 2000s and once again into vulnerabilities in emerging markets in the 2010s, as countries react to the problem of inadequate global demand by exporting their problems to other countries? The 'taper tantrum' in July 2013 certainly seemed to suggest that emerging markets that ran large current account deficits were

¹² Based on the World Economic Outlook database. Emerging economies include 'emerging and developing' countries. Net capital flows include net direct investment, net portfolio investment, and 'other' net investment.

¹³ Indeed, similar to the behavior of commercial banks, the willingness of emerging market central banks to hold short term paper in response to capital inflows enhances the ability of the industrial country central bank to engage in further UMP. In a sense, emerging market central banks provide liquidity for foreign investors by holding precautionary reserves.

vulnerable once again.¹⁴ Is the world engaged in a macabre game of musical crises as each country attempts to boost growth? If possibly yes, as suggested by the previous discussion, how do we break this cycle?

Good Policies...and Good Behaviour

In an ideal world, the political imperative for growth would not outstrip the economy's potential. Given that we do not live in such a world, and given that social security commitments, over-indebtedness, and poverty are not going to disappear, it is probably wiser to look for ways to enhance sustainable growth.

Clearly, the long run response to weak global growth should be policies that promote innovation as well as structural reforms that enhance efficiency. Given that growth within countries is poorly distributed, policies that improve the domestic distribution of capabilities and opportunities without significantly dampening incentives for innovation and efficiency are also needed.

In the short run though, the need for sensible investment is paramount. In industrial countries, green energy initiatives such as carbon taxes or emission limits, while giving industry clear signals on where to invest, also have the ability to move the needle on aggregate investment and help long run goals on environment protection.

Most emerging markets have large infrastructure investment needs. We still need to understand how to improve project selection and finance – too much public sector involvement results in sloth and rent seeking, too much private sector involvement leads to risk

intolerance and profiteering. Going forward, well-designed public private partnerships, drawing on successful experiences elsewhere, should complement private initiative.

The Australian Presidency of the G 20 created a welcome mechanism to share best investment practices across countries. At the same time, we must recognise that large scale investment projects need patient risk capital, which is in short supply in emerging markets. Private investors rarely have the risk tolerance that governments or multilateral institutions have. So, in addition to knowledge sharing, global growth would benefit from an augmentation of the capital base of multilateral institutions like the World Bank, the African Development Bank, and the Asian Development Bank, so that they can provide part of the patient risk tolerant capital the emerging world needs. Despite competing domestic demands, industrial countries should recognise the important catalytic role that the development banks can play and help bolster their capital. At the very least, they should not stand in the way of others augmenting capital and taking more ownership.

Clearly, sensible investment has a much better chance of paying dividends when macroeconomic policies are sound. And such policies are easier when the adverse spill overs from cross-border capital flows are limited. This may require new rules of the game for policy making.

New Rules of the Game?

How do we focus on domestic demand creation and avoid this game of musical crises with countries trying to depreciate their exchange rate through sustained direct exchange rate intervention or through unconventional monetary policies (where demand creating transmission channels are blocked)?¹⁵ It might

¹⁴ For those who advocate allowing exchange rate adjustment as central to macro-management, it should be sobering that countries that allowed the real exchange rate to appreciate the most during the prior period of quantitative easing suffered the greatest adverse impact to financial conditions (see Eichengreen, Barry and Poonam Gupta (2013), 'Tapering Talk: The Impact of Expectations of Reduced Federal Reserve Security Purchases on Emerging Markets', Working Paper, University of California, Berkeley and Mishra, Prachi, Kenji Moriyama, Papa N'Diaye and Lam Nguyen (2014), 'The Impact of Fed Tapering Announcements on Emerging Markets', IMF working paper).

¹⁵ See also a very thoughtful piece by Fabrizio Saccomanni, 'Monetary spillovers? Boom and bust? Currency wars?', The international monetary system strikes back', BIS Special Governors Meeting, Manila, February 2015.

be useful to examine and challenge the rationales used to justify such actions.

Rationale 1: Would the world not be better off if we grew strongly?

Undoubtedly, if there were no negative spill overs from a country's actions, the world would indeed be better off if the country grew. But the whole point about policies that primarily affect domestic growth by depreciating the domestic exchange rate is that they work by pulling growth from others, not creating growth for others.

Rationale 2: We are in a deep recession. We need to use any means available to jump start growth. Once we get out of recession, the payoff for other countries from our growth will be considerable.

This may be a legitimate rationale if the policy is a 'one-off' and once the country gets out of its growth funk, it is willing to let its currency appreciate so that it absorbs imports, thus pulling other countries with it. But if the strengthening currency leads to a continuation of the unconventional policies as the country's authorities become unwilling to give back the growth they obtained by undervaluing their currency, or if the strengthening currency leads to greater domestic political clamour about foreign countries undervaluing their currencies, this rationale is suspect. Moreover, policies that encourage sustained unidirectional capital outflows to other countries can be very debilitating for the recipient's financial stability, over and above any effects on their competitiveness. Thus any 'one-off' has to be limited in duration.

Rationale 3: Our domestic mandate requires us to do what it takes to fulfil our inflation objective, and unconventional monetary policy is indeed necessary when we hit against the zero lower bound.

This rationale has two weaknesses. First, it places a domestic mandate above an international

responsibility. If this were seen to be legitimate, then no country would ever respect international responsibilities when inconvenient. Second, it implicitly assumes that the only way to achieve the inflation mandate is through unconventional monetary policy (even assuming UMPs are successful in elevating inflation on a sustained basis, for which there is little evidence).

Rationale 4: We take into account the feedback effects to our economy from the rest of the world while setting policy. Therefore, we are not oblivious to the consequences of unconventional monetary policies on other countries.

Ideally, responsible global citizenship would require a country to act as it would act in a world without boundaries. In such a world, a policy maker should judge whether the overall positive domestic and international benefits of a policy, discounted over time, outweigh its costs. Some policies may have largely domestic benefits and foreign costs, but they may be reasonable in a world without boundaries because more people are benefited than are hurt.

By this definition, Rationale 4 does not necessarily amount to responsible global citizenship because a country only takes into account the global 'spillbacks' to itself from any policies it undertakes, instead of the spill overs also. So, for example, Country A may destroy industry I in country B through its policies, but will only take into account the spillback from industry I purchasing less of country A's exports.

Rationale 5: Monetary policy with a domestic focus is already very complicated and hard to communicate. It would be impossibly complex if we were additionally burdened with having to think about the effects of (unconventional) monetary policies on other countries.

This widely-heard rationale is really an abandonment of responsibility. It amounts to asserting

that the monetary authority only has a domestic mandate, which is Rationale 3 above. In an interconnected globalised world, 'complexity' cannot be a defense.

Rationale 6: We will do what we must, you can adjust.

Adjustments are never easy, and sometimes very costly – one reason why Ben Bernanke placed the burden of change in his 'Savings Glut' speech outside the United States. Emerging markets may not have the institutions that can weather the exchange rate volatility and credit growth associated with large capital flows – for instance, sharp exchange rate depreciations can translate quickly into inflation if the emerging market central bank does not have credibility, while exchange rate depreciations may be more easily endured by an industrial country.

The bottom line is that multilateral institutions like the IMF should re-examine the 'rules of the game' for responsible policy, and develop a consensus around new ones. No matter what a central bank's domestic mandate, international responsibilities should not be ignored. The IMF should analyse each new unconventional monetary policy (including sustained unidirectional exchange rate intervention), and based on their effects and the agreed rules of the game, declare them in- or out-of-bounds. By halting policies that primarily work through the exchange rate, it will also contribute to solving a classic Prisoner's Dilemma problem associated with policies that depreciate the exchange rate – once some countries undertake these policies, staying out is difficult (the country that eschews these policies sees its currency appreciate and demand fall). Exit is also difficult (the exiting country faces sharp appreciation). Therefore, in the absence of collective action, these policies will be undertaken even when sub-optimal, and will carry on too long.

Of course, with country authorities in almost every industrial country focused on appeasing populist anti-trade anti-finance (and anti-central bank) political movements, there is little appetite for taking on further international commitments. We clearly need further dialogue and public debate on the issues that have been raised, while recognising that progress will require strong political leadership.

International Safety Nets

Emerging economies have to work to reduce vulnerabilities in their economies, to get to the point where, like Australia or Canada, they can allow exchange rate flexibility to do much of the adjustment for them to capital inflows. But the needed institutions take time to develop. In the meantime, the difficulty for emerging markets in absorbing large amounts of capital quickly and in a stable way should be seen as a constraint, much like the zero lower bound, rather than something that can be altered quickly. Even while resisting the temptation of absorbing flows, emerging markets will look to safety nets.

So another way to prevent a repeat of substantial emerging market reserve accumulation, this time for precautionary rather than competitive purposes, is to build stronger international safety nets. For instance, one possibility is an unsolicited liquidity line from the IMF, where countries are pre-qualified by the IMF and told (perhaps privately) how much of a line they would qualify for under current policy – with access limits revised in the annual dialogue the Fund has with a country, and any curtailment becoming effective 6 months later. Access to the line would get activated by the IMF Board in a situation of generalised liquidity shortage (as, for example, when policy tightening in source countries after an extended period of low rates causes investment managers to become risk averse).

In turn, the Fund could finance this liquidity by intermediating swaps with central banks (and thus

guaranteeing central banks against default). Such proposals allow countries access to liquidity without the stigma of approaching the Fund, and without the conditionality that accompanies most Fund arrangements, and thus are more likely to be acceptable as precautionary measures. It would also be a useful exercise for the Fund, in a period of growing vulnerability to capital flow reversals, to determine those countries that do not have own, bilateral, regional, or multilateral liquidity arrangements to fall back on, and to work to improve their access to some safety net.

Conclusion

The current non-system in international monetary policy is, in my view, a source of substantial risk, both to sustainable growth as well as to the financial sector. It is not an industrial country problem, nor an emerging market problem, it is a problem of collective action. We

are being pushed towards competitive monetary easing and musical crises.

I use Depression era terminology because I fear that in a world with weak aggregate demand, we may be engaged in a risky competition for a greater share of it. We are thereby also creating financial sector risks for when unconventional policies end.

We need stronger well-capitalised multilateral institutions with widespread legitimacy, some of which can provide patient capital and others that can monitor new rules of the game. We also need better international safety nets. And each one of us has to work hard in our own countries to develop a consensus for free trade, open markets, and responsible global citizenry. If we can achieve all this even as recent economic events make us more parochial and inward-looking, we will truly have set the stage for the strong sustainable growth we all desperately need.

*Indian Banking Sector: Emerging Challenges and Way Forward**

S. S. Mundra

Shri Sharad Sharma, Managing Director, State Bank of Mysore; Shri Karthak, Regional Director for Karnataka, RBI; senior colleagues from the banking fraternity; ladies and gentlemen! It is a privilege for me to deliver the inaugural memorial lecture in the honour of His Highness Sri Nalwadi Krishnaraja Wadiyar, former Maharaja of Mysore. It is quite apt that a memorial lecture has been instituted by State Bank of Mysore in the honour of Sri Krishnaraja Wadiyar. The prophetic Maharaja of Mysore, during his lifetime, had earned sobriquets of being a philosopher-king and a 'Rajarshi' or a "saintly king" from no less a person than the Father of the Nation. It is a glowing testimony of his popularity and prowess that Mysore in his times was regarded as "the best administered state in the world". As Lord Sankey noted "princes from other sections of India were sent to Mysore for administrative training" and hence, holding this memorial lecture at this newly opened learning Centre holds an added significance. During his reign, Maharaja Wadiyar worked towards social causes like poverty alleviation and economic regeneration by improving rural reconstruction, public health, industry and education; some of the goals that the policy makers are presently pursuing with support from the banking sector.

2. The banks are the lifelines of the economy and play a catalytic role in activating and sustaining economic growth, especially, in developing countries

* Lecture delivered by Shri S.S.Mundra, Deputy Governor, Reserve Bank of India at Bangalore on April 29, 2015 as part of the Memorial Lecture series launched by State Bank of Mysore in the memory of His Highness Sri Nalwadi Krishnaraja Wadiyar.

and India is no exception. Our banking system, at the present juncture is, however, facing significant challenges from several quarters. These challenges, if not addressed quickly and adequately, may result in loss of opportunities as and when the economic growth starts picking up momentum. In a sense, it has implications for both- the banks as well as for the economy as a whole, because as I mentioned earlier, a strong banking system is one of the essential prerequisites in the quest for growth. In my lecture today, I intend to focus on the economic landscape and the emerging challenges for the banking system at the current juncture.

Macroeconomic Landscape

3. Since the onset of the Financial Crisis in 2008, the global economy has continued to face rough weather and the Indian economy and our banking system have not remained immune. Recovery has been moderate and sometimes uneven. Different jurisdictions continue to be tormented by financial fragilities and macroeconomic imbalances. Geopolitical risks surrounding oil prices and the uneven effects of currency and commodity price movements also pose significant threat to economic stability. Sustenance of highly accommodative monetary policy in the Advanced Economies has also created monetary policy challenges in emerging markets like India.

Challenges for the Banking System

4. It is against this challenging backdrop that the banking system in India has been operating for a relatively long period of time which has resulted in an adverse impact on the asset quality, capital adequacy and profitability of our banks. But the tough situation in which the banking system finds itself is also attributable in a large measure to the bankers' inexperience and aggression. Let me delve upon these challenges and the way forward in a bit of detail.

i) **Asset Quality**

Though on the whole, the banking system has remained resilient, asset quality has seen sustained pressure due to continued economic slowdown. The levels of gross non-performing advances (GNPAs) and net NPAs (NNPAs) for the system have been elevated. As per preliminary data received at the RBI for March 15, while the GNPAs have increased to 4.45 per cent for the system as a whole, the NNPAs have also climbed up to 2.36 per cent. When seen in isolation, the NPA ratios do not appear very distressing; however, if we add the portfolio of restructured assets to the GNPA numbers, this rises alarmingly. Stressed Assets Ratio (Gross NPA+ Restructured Standard Advances to Gross Advances) for the system as a whole stood at 10.9 per cent as at the end of March 2015. The level of distress is not uniform across the bank groups and is more pronounced in respect of public sector banks. The Gross NPAs for PSBs as on March 2015 stood at 5.17 per cent while the stressed assets ratio stood at 13.2 per cent, which is nearly 230 bps more than that for the system.

It is pertinent here to also note the observations made in the Global Financial Stability Report released by IMF recently. Referring to the high levels of corporate leverage, the report highlights that 36.9 per cent of India's total debt is at risk, which is among the highest in the emerging economies while India's banks have only 7.9 per cent loss absorbing buffer, which is among the lowest. While these numbers might need an independent validation, regardless of that, it underscores the relative riskiness of the asset portfolio of the Indian banks.

As you all know, the RBI has taken various steps to improve the system's ability to deal with

corporate and financial institution distress. This includes issuance of guidelines on "Early Recognition of Financial Distress, Prompt Steps for Resolution and Fair Recovery for Lenders: Framework for Revitalising Distressed Assets in the Economy, detailed guidelines on formation of Joint Lenders' Forum (JLF), Corrective Action Plan (CAP), 'Refinancing of Project Loans', 'Sale of NPAs by Banks' and other regulatory measures, which emphasised the need for early recognition of financial distress and for taking prompt steps for rectification, restructuring or recovery, thereby ensuring that interests of lenders and investors are protected.

Various reports that I get suggest that the implementation of JLF framework needs further improvement on the ground level. We have received representations from bigger lenders about non-cooperation from a few lenders. On the other hand, smaller lenders have voiced their concerns about being arm twisted by bigger lenders. Unless, there is proper co-ordination between the interested parties, all the revival efforts are likely to fall flat.

The RBI had given a road map for ending the regulatory forbearance on asset classification of restructured accounts long back and accordingly, the forbearance has come to an end on March 31, 2015. There has been a lot of clamor from all quarters for extending this forbearance. Our stand on this issue has been absolutely clear. I wish to highlight that 'Restructuring' *per se* is not necessarily a forbidden word. It is a legitimate financial activity practiced the world over to help the borrowers tide over short term problems and to preserve economic value in the system. I don't know why restructuring a loan which is under short term stress should not be done. What we are saying is that, the banks must acknowledge

the problem, admit that the account is facing stress as of now, but is expected to recover in future. Hence, make a small provision and reverse it when the account becomes satisfactory and starts paying. Staying in denial mode does not help anyone especially in an interconnected world where regulation making has become global and so has the public scrutiny. Any forbearance extended by the regulator will be discounted by the investor/analyst community while assessing the bank's financials.

ii) Capital Adequacy of Banks

Concerns have been raised about the ability of our banks to raise additional capital to support their business and I would admit that these concerns are not entirely misplaced, especially for the public sector banks. Higher level of capital adequacy is needed due to higher provisioning requirements resulting from deterioration in asset quality, kicking in of the Basel III Capital norms, capital required to cover additional risk areas under the risk based supervision framework as also to sustain and meet the impending growth in credit demand, going forward.

Though at present, the banking system is adequately capitalised, challenges are on the horizon for some of the banks. For the system as a whole, the CRAR has been steadily declining and as at the end of March 2015, it stood at 12.70 per cent as against 13.01 per cent as at the end of March 2014. Our concerns are larger in respect of the PSBs where the CRAR has declined further to 11.24 per cent from 11.40 per cent over the last year.

The poor valuations of bank stocks, especially the PSBs, are not helping matters either, as raising equity has become difficult. When even the best performing PSBs have been hesitant to tap the

markets for augmenting their capital levels, it would be difficult for the weaker PSBs to raise resources from the market. There is a constraint on the owners insofar as meeting the capital needs of the PSBs and hence, the underperforming banks are faced with the challenge of looking at newer ways of meeting their capital needs. A singular emphasis on profitability ratios (based on RoA and RoE) perhaps fails to capture other aspects of performance of banks and could perhaps encourage a short term profitability-oriented view by bank management. However, without getting into the merits of this approach, from a regulatory stand point, we feel that some of these poorly managed banks could slide below the minimum regulatory threshold of capital if they don't get their acts together soon enough. Of course, the pressure may lessen somewhat if, going forward, the asset quality improves on account of higher growth, resulting in higher retained earnings for banks. The need of the hour for all banks, and more specifically, in respect of the PSBs, is that capital must be conserved and utilised as efficiently as possible.

iii) LCR Framework

As you are aware, the Liquidity Coverage Ratio (LCR) regime has kicked in for the banks from January 1, 2015 with a minimum requirement of 60 per cent to be gradually increased to 100 per cent by January 1, 2019 in a phased manner. The LCR is a ratio of High Quality Liquid Assets (HQLA) to the Total Net Cash Outflows prescribed to address the short term liquidity risk of banks and the banks would be required to maintain a stock of HQLAs on an ongoing basis equal to the Total Net Cash Outflows.

Banks have been asking for reduction in SLR citing the implementation of the LCR framework. To a

certain extent their request has merit. SLR essentially serves the same purpose as the LCR. However, SLR does not assume certain outflow rates for liabilities while outflow and inflow rates under the LCR framework are based on certain assumptions of stress. Presently, apart from maintaining LCR at 60 per cent, the banks have to maintain SLR of 21.5 per cent of the NDTL. Going forward, as the LCR requirements gradually increase, it may be desirable to reduce the SLR progressively. Presently, there is a special dispensation wherein RBI has permitted banks to reckon up to 7 per cent of the SLR towards LCR (2 per cent of MSF and 5 per cent under FALLCR¹). Our regulatory department is seized of the issue and would take appropriate measures to address this issue going forward.

iv) **Unhedged Forex Exposures**

The wild gyrations in the forex market have the potential to inflict significant stress in the books of Indian companies who have heavily borrowed abroad. This stress, besides impacting repayment of forex liabilities, eventually hampers their debt repayment capability to the domestic lenders as well. It is precisely with this consideration that the RBI has been advocating a curb on the increasing tendency of the corporates to dollarise their debts without adequate risk mitigation.

Our supervision of banks' books has highlighted the need for the banks to have more robust policies for risk mitigation on account of unhedged foreign currency exposure of their corporate borrowers. Inadequacies of data further complicate the impact assessment of such exposures across the banking system. The banks have been advised to factor in this risk into their policies/pricing decision and also devise means for sharing of information on such exposures amongst

themselves. Regulatory guidelines have also since been issued outlining the capital and provisioning requirements for exposure to entities with significant unhedged forex exposures.

v) **Human Resource Issues**

I do not need to emphasise the HR issues in banks. This is a decade of retirement for the PSBs and I am sure those working there are already feeling the pinch of the loss of experienced hands in their day-to-day operations. While the recruitments would be happening at the junior levels, there would be a virtual vacuum at the middle and senior level for some time to come. The absence of middle management could lead to adverse impact on banks' decision making process as this segment of officers played a critical role in translating the top management's strategy into workable action plans. Some of the major banks are also suffering on account of prolonged leadership vacuums at the top. All banks, including those in the private sector, are witnessing high attrition rates, giving rise to resource gaps. The problem is set to get accentuated further once the banks that have been newly licensed/likely to be licensed, start hiring. Therefore, bridging resource gaps and managing employee turnover are major challenges that banks need to be prepared to address.

The banks need to continuously enhance the skill levels of their employees so as to remain viable and competitive and to take advantage of new opportunities. The banking personnel, across the cadres need to be suitably trained to acquire necessary skill sets to perform their jobs more efficiently. The biggest challenge is to build capacity at a rate which matches the loss of existing talent and skills to retirement, poaching and resignations. The training initiatives must

¹ Facility to Avail Liquidity for Liquidity Coverage Ratio.

ensure that the available talent pool in the banks is able to always keep pace with the fast changing ways in which banking is conducted. Of course, in these challenges also lie an inherent opportunity for banks to redraw their organisational profile and to create HR systems and processes best suited to the needs of the future.

vi) Revision to the Priority Sector Lending Guidelines

The revised priority sector lending guidelines have been released last week. Lending to a few new sub-sectors like renewable energy, social infrastructure and to the medium enterprises would now be treated as priority sector lending. Concept of a tradable Priority Sector Lending Certificate (PSLC) has also been introduced, which would enable the 'deficit' banks to buy these certificates from 'surplus' banks to meet their targets.

There is also readjustment in some sub-targets, whereby the banks are now required to progressively achieve 8 per cent of lending to Small and Marginal Farmers and 7.5 per cent to the micro enterprises among the MSEs in a phased manner. This has been brought about with an underlying objective of making available finance to the most needy and the most alienated of the borrowers. This may probably pose a bit of a challenge initially but I believe with proper planning, these targets could be achieved sooner rather than later.

vii) PMJDY and beyond

I must compliment the banking sector for wholeheartedly working for the success of the PMJDY scheme. The numbers speak for themselves. More than 14.5 crore accounts opened. That leads to the question- what next? Flow of individual savings, albeit howsoever small combined with flows from direct benefit transfer would be crucial

to give an initial push to keep these accounts active while extending productive/need-based credit would be the second crucial step. The onus is upon all of us to ensure that the window of opportunity that has been presented by the opening of such a large number of accounts, is not put to waste by allowing the accounts to turn inactive.

The credit absorption capacity of the farmers can be enhanced through consolidation of fragmented landholdings by ushering in land reforms or through pooling of land holdings in a SHG format. Similarly, customers may also be trained to undertake non-farm activities. Efforts to enhance the credit absorption capacity must also be supplemented through financial literacy and vocational training initiatives. Improved financial literacy would aid the inculcation of a savings culture and investment habit amongst the customers, which can be leveraged by the banks by offering suitable small savings, investment and pension products.

A major challenge for the banks would be to manage their banking correspondent model effectively. The problems relating to their viability, governance, cash management, linkage and oversight from a base branch need to be quickly addressed. The entire financial inclusion ecosystem must progressively develop, if the momentum gathered under the PMJDY exercise has to be sustained for all-round benefit of all stakeholders.

viii) Globalisation of Regulation- making process

As I alluded to a little earlier, banking regulations are getting increasingly globalised, subject of course to certain national discretions. As members of the standard setting bodies like BCBS and FSB, we are committed to implement these regulations in our jurisdictions. There is a process for peer review of regulatory guidelines issued by various

jurisdictions to ascertain compliance with the global standards, failure to adhere to which would render the jurisdiction non-compliant to the standards. While we do participate in the regulation making process and suggest modifications to protect the rightful interests of the domestic economy, very often, we have to abide by the larger framework. I will give just one example *viz.* the large exposures regime, for which a consultation paper on new SBL/GBL norms has already been released by the RBI.

ix) Technology and its impact

Let me briefly touch upon an issue which is relatively much more pertinent for the PSBs, *i.e.* use of technology in banking. All PSBs are now on CBS platform and have developed capabilities to offer anywhere banking. Few have also started offering basic banking transactions on mobile for their customers. But this is just scrapping the surface as the technology can be leveraged for a far greater effect. PSBs must be able to leverage technology for building data warehouses and then be able to do data mining and analytics. The goal should be to use data for effective decision making at various levels, including product customisation, developing business models and delivery channels, *etc.*

PSBs must be able to pitch suitable products for their customers through internet and mobile banking channels. Traditional businesses are slowly moving on-line and e-commerce is the preferred choice of the gen-next customer. The challenge before the PSBs is to upscale their capabilities, train their employees on the new technologies to benefit from the possibilities that adoption of technology can open up.

A good thing going for the banks is the current recruitment of youngsters in the work force. This new-generation staff is tech-savvy and can quickly

connect with technology. The enterprising among them must be accorded freedom to experiment and suggest ways in which the bank could reengineer its processes for its own benefit and that of its customers. This would require a change in mind-set of the senior/Top Management and this must happen if the PSBs have to compete efficiently and effectively with the private sector counterparts in future.

x) Treating Customers Fairly

Protection of bank customers has been one of the thrust areas for the RBI in recent times. As you may be aware, the RBI has issued a Charter of Customer Rights based on the global best practices. The Charter comprises of following five rights:

- Right to Fair Treatment
- Right to Transparency, Fair and Honest Dealing
- Right to Suitability
- Right to Privacy
- Right to Grievances Redress and Compensation

A model customer rights policy jointly prepared by IBA and BCSBI incorporating these rights has been circulated to all banks by IBA. The banks have been advised to prepare a Board Approved Policy based on the model policy before July 31, 2015. The RBI may review the policies framed by the banks and their implementation as part of our supervisory assessment over the next 12-18 months.

xi) KYC/AML Compliance

Let me now turn to another very important issue which is equally challenging for the private sector banks as well and that is, compliance with the KYC/AML norms. A majority of the enforcement action by the banking sector regulator in the recent past has been on account of these violations.

The instances of fake e-mails soliciting unsuspecting customers to make payments to certain bank accounts as a precursor to receiving prize or lottery winnings from abroad, have become quite rampant. It is surprising that even well-educated individuals are falling prey to such incredulous offers. While spreading financial literacy remains a huge challenge, the banks cannot be absolved of their responsibilities in the sequence of events. Most of this money is being transferred through banking channels and obviously, there is a deficiency in KYC compliance. Money muling is another common occurrence which highlights deficiencies in risk categorisation of customers and monitoring of transactions.

I am emphasising on this issue because banks need to be sensitive to the possibility of regulatory strictures/penalties for non-compliance. Consistent monitoring of transactions is necessary to prevent money muling. A few banks in the past have already been fined for deficiencies in adherence to KYC/AML norms and with our commitment to comply with the FATF norms; I can only forewarn you that the frequency and severity of such penalties would rise in future.

xii) Balance Sheet Management

Over the past few years we have witnessed an increasing propensity to defer or delay provisions in an apparent attempt to post higher net profits. Probably, this short term vision is also in part attributable to short term tenure which the CEOs/CMDs get. It must be appreciated that CEOs/CMDs would come and go but the institutions are perpetual entities. The only thing which can perpetuate their existence is a stronger and healthier balance sheet. It must be realised that the first step towards resolving a problem is to acknowledge its existence. The problems which

are swept under the carpet for a quarter or two would need to be encountered thereafter, with the issue getting further complicated in the interim.

Making higher provisions would not only add strength to the balance sheet, but also lead to better control over tax out-go and the dividend pay-out, besides adding credibility to the bank's financial statements. While a lower net profit would make headlines for a day or two, believe me the savvy long-term investors/analysts do not read too much into the short term blips. If they understand that the Management is sincere about repairing the balance sheet, they would drive up the valuation of your stocks, which would help you in the long-term. With most banks in dire need of capital, the retained earnings need to increase progressively.

As a part of balance sheet management exercise, the Board/Top Management would have to proactively take a call on the likely components of their balance sheets and what shape they would like the balance sheet to take in future. The objective of optimal utilisation of capital would have to be necessarily kept in mind while evolving balance sheet management strategies.

xiii) Risk Management

Risk is inevitable in the banking business and hence, a sound risk management framework is the touchstone of an efficient bank. The risk management effectively aims at balancing the Risk-Return Trade-off which is "maximising return for a given risk" and "minimising risk for a given return". The responsibility of setting a risk appetite for the bank as a whole is that of the Board and the Top Management. In practice, however, we seldom see the articulation of an objective risk appetite statement by the PSBs. If you haven't set out a risk limit for each type of risk that the bank

runs and an aggregate risk appetite for the bank as a whole, how do you measure and monitor risk? We must understand that risk management is integral to the success of the bank and hence, the Top Management should strive to put in place an efficient risk management framework keeping in view the changing market dynamics and the regulatory prescriptions.

Conclusion

5. In conclusion, I would once again like to invoke Krishnaraja Wadiyar in whose memory this lecture has been instituted. Maharaja was known to be a man of action, a man of deeds and a person of compassion and empathy for his subjects. The bankers present here would do a great service to the memory of the Maharaja if they could imbibe these qualities in their day-to-day operations, particularly while dealing with their customers.

6. As we have noted, these are challenging times for the banking sector but as the clichéd proverb goes "Every cloud has a silver lining". The future leaders in the banking industry would be those who identify this silver lining early and initiate necessary steps to leverage the opportunity. The impending competition from new banks and the large number of new accounts opened under the PMJDY Scheme are two instances that readily come to mind of the challenges that could be turned into opportunities. Besides this, banks as the key players in the country's financial system also carry the responsibility of supporting economic growth, once the economic cycle turns favourable. Banks have to prepare themselves for meeting this responsibility by nurturing a healthier balance sheet.

I conclude by wishing the State Bank of Mysore management the very best on this occasion and thank you all for patient hearing!

*Indian Payments System Kaleidoscope**

S. S. Mundra

Shri. M. Balachandran, Chairman, National Payments Corporation of India (NPCI); Shri A.P.Hota, MD & CEO, NPCI; members of the NPCI Board, other distinguished guests, delegates to the Conference from India and abroad; ladies and gentlemen! It is a privilege to be in the midst of this distinguished gathering to deliver the valedictory address at the "International Conference on National Payment Schemes" this afternoon. Indeed, this is a unique initiative by NPCI, the first of its kind to be held in India, which has provided a forum for interaction amongst the market participants and institutions from various jurisdictions engaged in various payment system related activities.

2. I observe that over the past day and a half of the conference, representatives from various countries- both developed and developing- have made presentations about innovative ways in which they have been making a difference to the payment systems in their respective countries through diverse product and service offerings. I understand that evolution and growth of card payment mechanism and mobile payments have been deliberated upon and so also, the issues of cyber security, innovation in payment systems, challenges/opportunities faced by the global payment systems, *etc.* I am sure all of you present here must have immensely benefitted from this experience sharing exercise and I believe that you have a better appreciation of the national payment schemes operating in different economies across the

* Valedictory address delivered by Shri S. S. Mundra, Deputy Governor, Reserve Bank of India at the International Conference on National Payment Schemes organised by NPCI on May 22, 2015.

globe. What I propose to do in my address is to briefly trace the recent developments in the area of payment systems in India, highlight some of the issues and challenges that are likely to assume importance in the foreseeable future and the way forward in dealing with these challenges. Let me, however, begin with emphasising the importance of the payment system for the economy.

Importance of Payment Systems

3. We all know that safe, secure and efficient payment systems are vital for the working of financial markets and more generally for the economy itself. Any disruption to the payment system has the potential to disrupt the functioning of the financial markets and lead to systemic instability. When we talk about such large scale disruption probably we have in mind the bigger and systemically important payment infrastructure and larger payment system members, *viz.* Financial Institutions, Exchange Settlement System, Central Counter Parties and so on. At the other end of the spectrum, the payment system has to also serve the retail customers. In that sense, the payment systems also have an inclusion mandate so that the day to day needs of the people like remittance of funds and small value payments are met. It is also important to emphasise here that the Central Bank and the Government are also interested in weaning people away from cash and induce them to use cashless mode of payments like card, mobile, direct debit *etc.*

Role of payment system in promoting financial inclusion

4. Let me briefly touch upon the role of payment system in promoting financial inclusion. There is a strong linkage between financial inclusion and the payment systems. The financial inclusion in its simplest form refers to banking inclusion where the

endeavour is to link the unbanked population with the formal banking system by opening their bank accounts. To inculcate the banking and savings habit amongst the people, it is important that all individuals have bank accounts where funds could be held - which initially could be through remittances in form of direct benefit transfers under the Central/State Government schemes.

5. The PMJDY scheme launched by the Government of India has achieved stupendous success in linking the unbanked with the banking system. Bank accounts have been opened for nearly 99.99 per cent of the households in India which has brought in 150 mn new customers coming into the banking system fold while nearly 135 mn RuPay debit cards have also been issued. These are huge numbers on a standalone basis and the payment system must be geared to handle this multi-fold increase in transaction volume. The payment system would need to be robust enough to process, settle and reconcile millions of new transactions day in and day out. I am sure that the Indian participants present here would leverage upon the intricacies of a wide variety of payment system infrastructure learnt during the course of the conference to improve the payment system infrastructure in the country to be able to cater to the needs of a billion people.

Evolution of payment systems in India

6. I now turn to some of the important developments that have taken place in the area of payment system in India under the guidance and oversight of Reserve Bank of India.

- Introduction of MICR clearing to mechanise the cheque clearing system in early 1980s
- Setting up of the Institute for Development and Research in Banking Technology (IDRBT)

in 1996 with an aim of technological upgradation and development of a reliable communication network

- Introduction of Electronic Clearing Service and Electronic Funds Transfer in the 1990s
- Permitting issuance of Credit and Debit cards by the banks in 1990s
- Interconnectivity of ATMs across the country by introducing the National Financial Switch in 2003
- Following the improvement in the Information Technology and introduction of CBS by banks, RTGS and NEFT introduced by the RBI in 2004
- Introduction of Cheque Truncation System (February 2008) and new RTGS with enhanced features (October 2013)
- The second factor authentication for the 'card not present' transaction, the first of its kind in the world, introduced by the RBI (February 2009)
- Launch of RuPay – a domestic card payment network (March 2012)

7. Let me also give you a sense of the manner in which the volume and value of payment system transactions have gone up in recent years. In volume terms, the no. of transactions handled in the RTGS has gone up to 92.77 mn as at the end of March 2015 from 68.51 mn as at the end of March 2013. During the same period, in value terms, these transactions have gone up from ₹677 tn to ₹754 tn. Under the retail payments (including paper clearing and retail electronic clearing), the volume handled more than doubled from 694 mn as at the end of March 2013 to 1687 mn as at the end of March 2015. Similarly, in

value terms also, this has more than doubled to ₹65 tn from about ₹32 tn. Further, the volume and value of card payments have also more than doubled in both volume and value terms during this period. The volume handled as at the end of March 2015 was 1,737 mn transactions with a value of ₹3.3 tn. These numbers are mighty impressive considering the level of economic development in the country but as I mentioned earlier, there is much more work needed to be done going forward. We need to develop the capabilities to handle more and more number of transactions in a safe, secure and efficient manner, if our objective of weaning consumers away from cash has to be achieved.

8. Several initiatives for infrastructure enhancements are currently on which include implementation of Trade Receivables and Discounting System and the Bharat Bill Payment System. The RBI had come out with a Vision Document for 2012-15 earlier and most of the objectives set out therein have been accomplished. The vision of RBI is to ensure that all "Payments and Settlement Systems in the country are safe, efficient, interoperable, authorised, accessible, inclusive and compliant with international standards". As I mentioned earlier, a sound and efficient payment system is a pre-requisite for a stable financial system and with the increasing volume and value of transactions, Central Banks can ill-afford to ignore payment systems. The RBI has also initiated the process of setting up of Payment Banks to further financial inclusion.

Role of NPCI

9. You would have gone into the details of the role of NPCI in the sessions during the course of this conference. Since, I had the distinction of serving on the Board of NPCI for some time, I would briefly say a few words on the role and achievements of NPCI. It

was set up with an objective of ensuring pan-India payment systems with uniform business processes and standards and has already created an enabling eco system necessary for handling this huge task. Some of the achievements of NPCI which have significantly altered the retail payments landscape in the country are as under:

- The National Financial Switch (NFS), a vast network of ATMs, has enhanced accessibility to cash withdrawal and other basic banking facilities for customers, besides facilitating value added services such as bill payments.
- Cheque Truncation System (CTS) - It has been rolled out successfully in three grid locations across the country covering over 85 per cent of cheque volume processed. NPCI has now begun to facilitate the repository of images of cheques processed in CTS.
- Immediate Payment Service (IMPS) which started in October 2010 as an inter-bank mobile payment system has, over the years, transformed into a multi-channel 24x7 remittance platform in the country, accessible through net banking, mobile banking, at BC point, at branches as well as at ATMs.
- RuPay - the domestic card system which was launched in 2011 has slowly gained popularity and with its linkage under the Jan DhanYojana has become a household name.
- Aadhaar based payments, through linkage of biometric identifier with bank accounts, is facilitating the benefit payments to bank accounts of millions of beneficiaries, and will have significance on financial inclusion efforts in the country.

- National Unified USSD Platform (NUUP) – The setting up of National Unified USSD Platform for providing an interoperable USSD based mobile banking system is an unparalleled feat in itself as it links all telcos and all major banks, and offers services in over 11 languages. It has a lot of expectations as well as its potential for enabling financial inclusion is enormous.

10. The above are some of the milestones in the journey of NPCI thus far. I fervently hope NPCI is geared up to handle the huge volume of payments arising out of recent initiatives of the Government to distribute social benefits to the citizens in the electronic mode.

Replicating global success stories

11. There are many success stories within different geographies across the globe in the arena of payment systems. To mention a few – the m-pesa system of Kenya, the 'tap and go' card scheme at Singapore, the union pay card scheme of China. If these models have worked so well and have been so successful in their respective countries, can we not simply replicate the model in our jurisdictions? The answer, I am afraid, is a big NO. Let me say why with the example of India.

12. India is diverse - in the sense of social customs, culture, religious beliefs. The diversity and multitude of population and geographic spread of the country are some factors which make our task extremely complex. The ease with which people can handle technology also differs across people of different age groups, income levels, literacy levels *etc.* Hence, it is difficult to design product which can work seamlessly across all sections of the society. Thus, while it is true that no scheme or model can work seamlessly across

all economies; what might indeed be best is learn from the other successful delivery models and customise the product and service offerings to suit the DNA of the respective economy and society.

Technology and the payment systems

13. Growing mobile and internet penetration has opened new avenues for the payment systems services. This is reflected in the way the new age customer transacts her business. To quote Brett King, the author of 'Bank 3.0':

"Customers don't use channel or products in isolation of one another. Everyday customers would interact with banks in various ways. They might wire money to a third party, visit ATM to withdraw cash, go online to check salary credit, pay an utility bill, use their credit card to purchase some goods from a retailer, fill out a personal loan application online, ring up the call centre to see what their credit card balance is or report a lost card. More sophisticated they are, they may also trade some stocks, transfer some cash from their Euro A/c to USD a/c put up a lump sum in a Mutual Fund or sign up a home insurance policy online".

14. The above statement denotes the diverse set of banking applications which technology can support. In fact, there is a need of a single channel solution to multiple product offerings. It must, however, be remembered that technology is just an enabler. Almost all banks in India have invested heavily in web-based and mobile-based delivery banking and payment solutions. Very often, these channels are supported by different vendors and also one use different technology which increases complexity and involves cost. Technology is ever evolving and adoption of new technology for staying contemporaneous is a costly

proposition. It is pertinent, therefore, that all the capabilities of the technology enabled delivery solutions are optimally exploited, so that we are not saddled with unproductive investments.

15. While there is a lot of euphoria around the adoption of mobile banking and mobile payments, the model has been relatively less successful barring a few countries where the right environmental factors existed. I am talking here about the delivery of financial and payment services by using the mobile device rather than its use as an access channel for internet banking *etc.* In the Indian context, an objective analysis would reveal various reasons for slow adoption. There are technical issues like type of handsets, variety of operating systems, encryption requirements, inter-operable platforms or the lack of it, absence of standardised communication structures, difficulty in downloading application, time lag in activation *etc.* These get accentuated by the operational difficulties in on-boarding merchants and customers and customer ownership issues. The interplay of these factors has stymied the deployment and adoption of mobile banking as an effective and widely accepted delivery channel. Issues of co-ordination and cooperation between banks and telcos, is another aspect which acts as either a driver or a barrier to the adoption of mobile banking. These issues need to be quickly resolved if the mobile payments have to succeed in our country.

Emerging Scenario

16. It would be interesting here to visualise few scenarios which may emerge in future:

- Simultaneous impact of playing out of Reed's law and Moore's law where both "the payment space" and "the pinpoints" within the space would grow exponentially.

- Whether some of the technology companies and retail banks can undergo transformation to such an extent that the technology firm would appear more like a retail bank and *vice-a-versa*.
- More and more collaboration between a bank and non-bank.
- The gradual shifting of micro payments to mobiles leading to reduction in requirements of physical currency notes and coins.
- Salaries and payments distributed directly on the mobile wallet akin to currency distribution.
- With the reduction in cash transaction, ATMs might have to offer other services rather than only dispensing cash in order to remain relevant.
- Ease of credit through KYC, Mass Market Credit Rating at the click of a button.
- Whether cross-border transactions can also happen on mobiles in future?

The payment system players would have to gear up to accommodate and leverage upon such possibilities going ahead.

Regulatory Challenges

17. The innovations in the payment system space and introduction of new products are already posing challenges for the regulators and these challenges are likely to intensify going forward. Some of the possible dilemmas/challenges that the regulators would be faced with in future are:

- Whether payment and settlement would remain banks' preserve? If not, what would be regulatory stance?

- What would be the way forward in regulating virtual currencies?
- Cloud computing and Cyber Security.
- Striking the right balance between ease of doing business and ensuring security.
- Challenges from mobile transactions becoming more user centric than transaction centric.
- Monitoring of cross-currency/cross-border mobile transactions, not if but when they happen.

The most important challenge for the regulator would be to do a tight rope walk between providing the "Right Guidance but not at the cost of stifling innovation".

Conclusion

18. Let me conclude by once again congratulating NPCI for organising this international Conference. The institution has so far overcome difficult challenges and made significant achievements in different spheres of retail payment arena. However, it is just the beginning. It would need to be nimble-footed and innovate continuously to meet the challenges emanating from a dynamic world. As I said before, such conferences serve as an important forum to exchange ideas. I do hope that there are significant takeaways for the participants, which would help shape the design of robust and efficient payment systems to handle multitude of transactions and contribute to the economic growth in the respective jurisdictions.

Thank you!

ARTICLES

Industrial Outlook Survey: 2014-15

Inflation Expectations Survey of Households: 2014-15

*Industrial Outlook Survey: 2014-15**

This annual article, third in the series, presents the findings of Industrial Outlook Survey (IOS) conducted quarterly during FY:2014-15 (covering 66th to 69th rounds of the survey). In the first two quarters, the business sentiments in the manufacturing sector reflected improvements followed by weaker conditions in third quarter. However, the fourth quarter witnessed some reversal with improving business sentiments, which is partly due to seasonality. On an annual basis, the business situation remained better during FY:2014-15 as compared to FY:2013-14.

I. Introduction

The Reserve Bank of India monitors trends in various macroeconomic indicators in the process of formulating the monetary policy in India. However, most of these indicators are available with a time lag. In order to bridge the gap, the Reserve Bank conducts a few forward looking surveys covering corporate and household sectors. With more economic activities coming in the ambit of organised sector and the corporate sector being one of the key sectors in the economy, business sentiment surveys, which capture the sentiments that drive the current and near term business decisions, provide key information inputs for policy formulation. Many other central banks also conduct such business sentiment surveys seeking qualitative information on various business parameters.

In line with international practices, the Reserve Bank has been conducting the Industrial Outlook Survey (IOS) for Indian manufacturing sector on a quarterly basis, since 1998. The survey captures the assessment of business sentiments for the current quarter and expectation for the ensuing quarter, based on qualitative responses on a set of parameters pertaining to the demand conditions, financial conditions, employment conditions and price situation.

* Prepared in the Division of Enterprise Surveys, Department of Statistics and Information Management, Reserve Bank Of India, Mumbai. The latest round of the survey data was released on April 7, 2015 on RBI website and is available at <http://rbidocs.rbi.org.in/rdocs/Publications/PDFs/IOSDAS070415.pdf>. The survey results are those of the respondents and are not necessarily shared by the Reserve Bank of India.

The survey schedule is canvassed among a fixed panel of 2,500 manufacturing companies, mostly with paid-up capital above ₹5 million, representing a good mix of size and industry groups. The panel of respondents is kept uniform to the extent possible and is updated with addition of new companies or deletion of closed/merged companies as and when felt necessary. The survey is voluntary and the response rates have been around 70 per cent in 2014-15.

This article analyses the survey responses for four quarters- from April-June 2014 to January-March 2015 (*i.e.* FY:2014-15). The quarterly survey results are regularly disseminated through the RBI website. The related data tables (annual series) are presented in Annex.

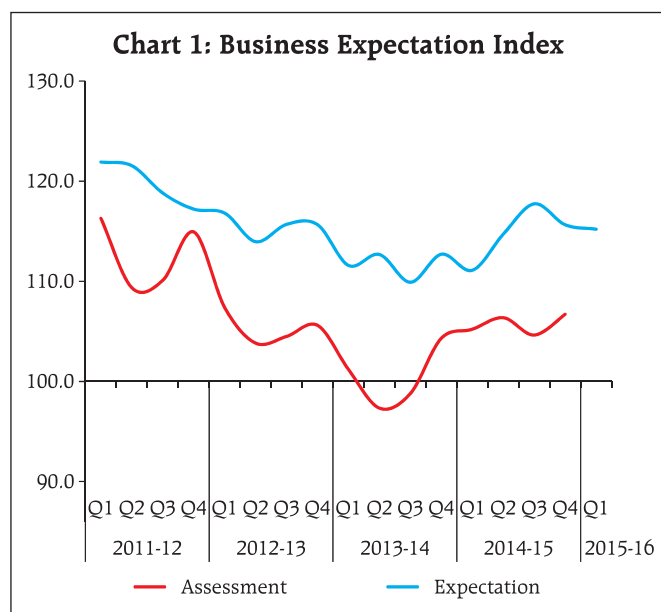
II. Business sentiments improved

The Business Expectation Index (BEI), which is computed as a weighted average of the Net Response (NR)¹ of nine select performance parameters², gives a single snapshot of the industrial outlook in each quarter. For each of the survey round, two indices are computed – one based on the assessment of current quarter and another based on expectation of next quarter.

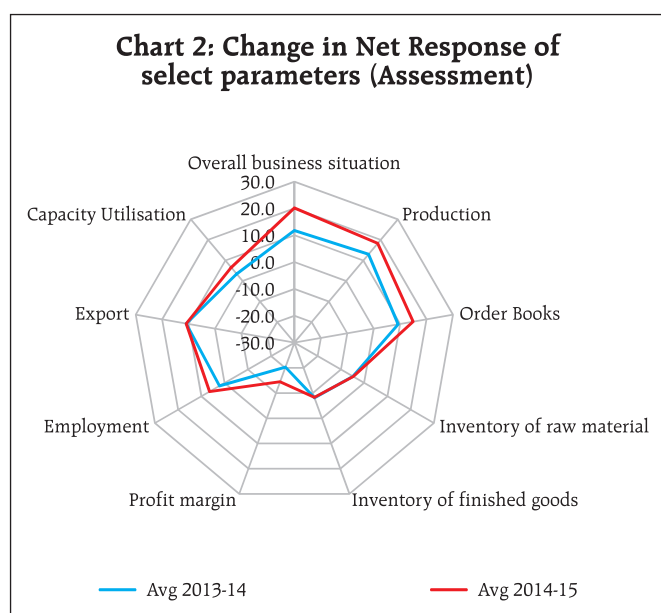
During the financial year 2014-15, the BEI (based on assessment) remained optimistic, hovering over the threshold level of 100, which separates contraction and expansion in the economy. The BEI (assessment) fell below 100 during Q2 and Q3 of the previous year (FY:2013-14). The BEI (assessment) showed improvement in the business situation in the first two quarters of FY:2014-15 and moderated in the third quarter. However, it again showed a pick-up in the last quarter, which is partly due to seasonality (Chart 1).

¹ Net Response is the percentage difference between the optimistic (positive) and pessimistic (negative) responses.

² The detailed 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. However, for ready reference, the nine parameters considered for computation of BEI are – (1) overall business situation, (2) production, (3) order books, (4) inventory of raw material, (5) inventory of finished goods, (6) profit margin, (7) employment, (8) exports and (9) capacity utilisation.



On an annual basis, the 4-quarter average³ BEI for 2014-15 stands at 105.7, which was 100.4 in the previous year. The improvement in business situation in the 2014-15, as indicated by BEI is seen across most of the parameters (which constitute BEI), except three, viz., 'Inventory of raw material', 'inventory of finished goods' and 'exports'. Significant improvements are seen in the parameters 'overall business situation', 'production', 'order books' and 'profit margin' (Chart 2).



³ Simple arithmetic average of the net responses of nine business parameters of BEI, over the four quarters of the Financial Year.

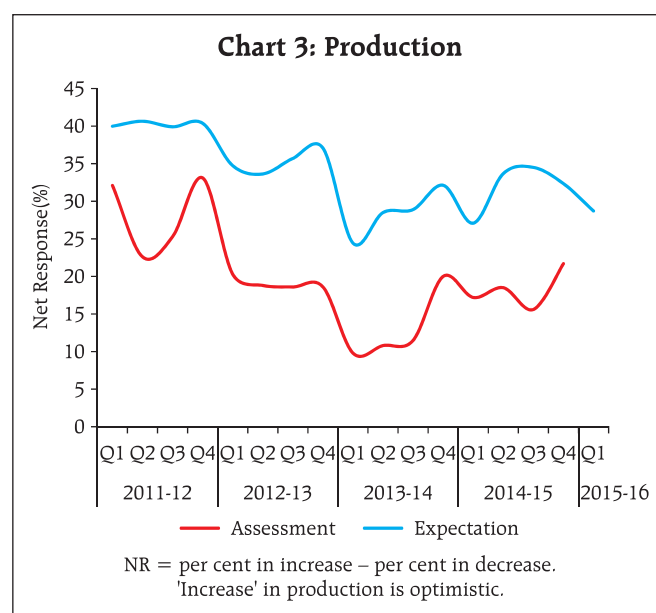
Generally the index based on expectation remains higher than the index based on assessment. The BEI (outlook/expectation) continued to be above the BEI (assessment) in FY:2014-15; and their gap widened in the third quarter of the year and narrowed down subsequently in Q4. On an annual basis, the 4-quarter average BEI (outlook) stood higher at 114.8 in FY:2014-15 as compared to 111.7 in FY:2013-14.

III. Demand conditions indicate improvement in FY:2014-15

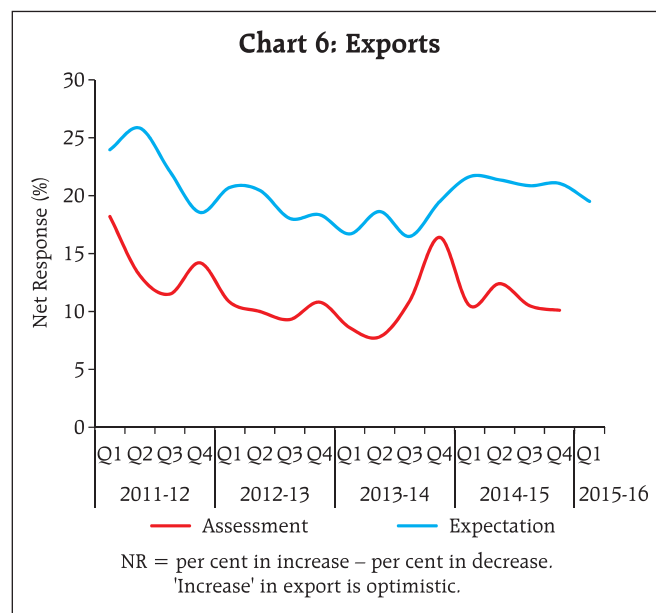
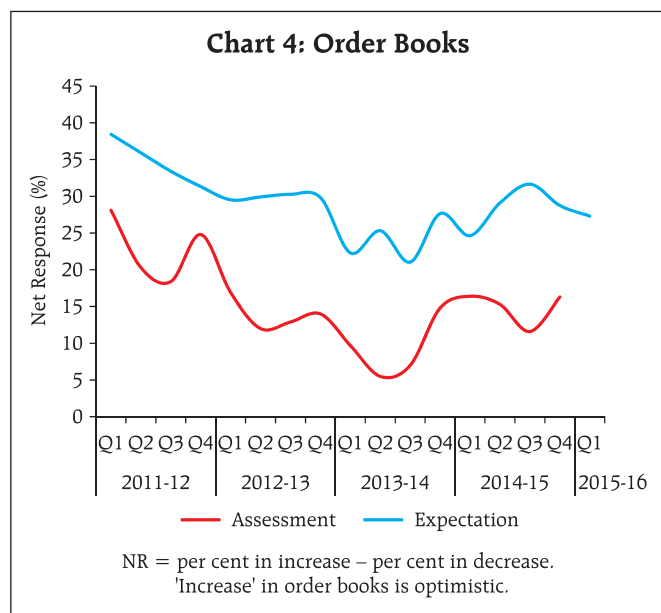
The survey collects perceptions of Indian manufacturers on the demand conditions through various parameters, namely, production, order books, capacity utilisation, level of inventory, exports and imports. In respect of most of the above parameters, outlook during 2014-15 improved as compared to the corresponding position a year ago.

Outlook on production declined in the quarter Q1:2014-15, partly reflecting seasonality; it improved gradually in the next two quarters and again went down in Q4. The outlook matched the assessment in the first half of the financial year. However, the sentiments appeared to be somewhat opposite in the second half (Chart 3).

The assessment of order book improved in Q1:2014-15 and gradually declined in the next two quarters and again picked-up significantly in the last quarter. Nevertheless, in absolute sense, the net



NR = per cent in increase – per cent in decrease.
'Increase' in production is optimistic.

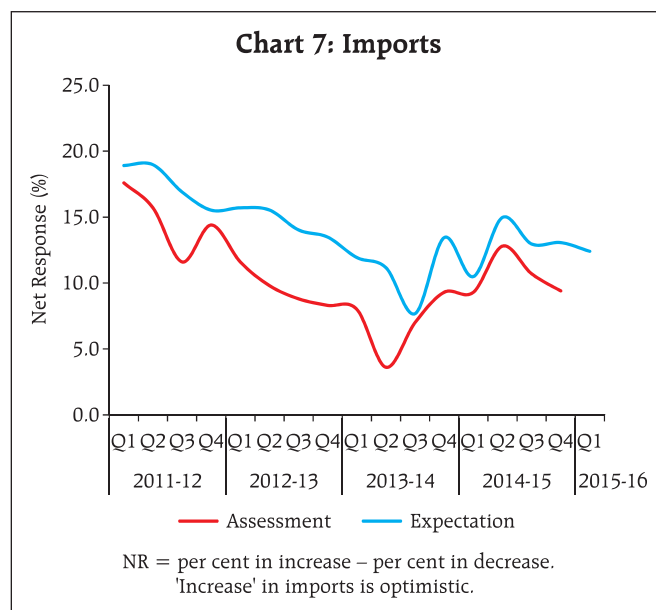
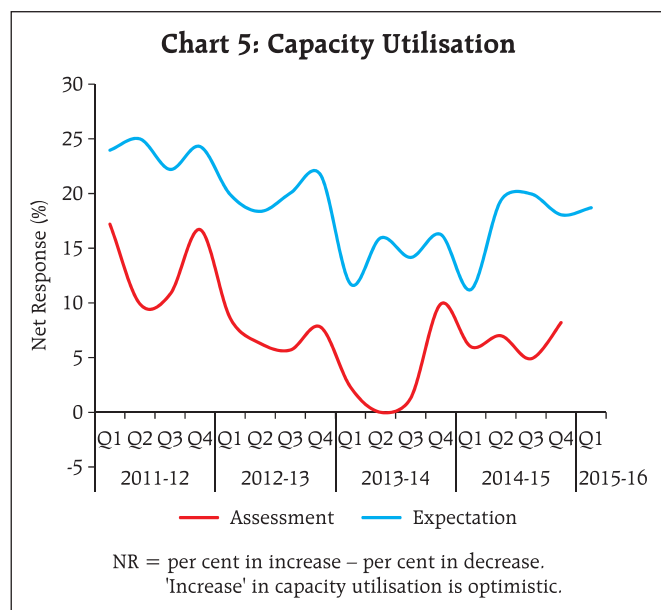


response for production and order books remained in the positive territory throughout the year, which is indicative of sustained growth (Chart 4).

The outlook on capacity utilisation (CU) reflected similar movement as of production (Chart 5). The net response of capacity utilisation (assessment) also remained in the positive zone throughout the year since Q2:2013-14, when it touched the neutral (zero) level. However, it bounced back significantly in Q4:2013-14. On an annual basis, the CU remained marginally higher in FY:2014-15 from previous year.

Outlook on exports remained range bound during 2014-15 and the assessment showed a gradual decline except for a marginal improvement in Q2:2014-15 (Chart 6). As indicated in the earlier section, this is one of the nine parameters used for the computation of BEI and one of the three parameters, which remained less optimistic in 2014-15 as compared to the previous year on an annual basis.

The outlook on imports continued to fluctuate during the first three quarters in FY:2014-15 (Chart 7). However, the outlook remained flat during the last



quarter of the year as well as in the first quarter of 2015-16. The assessment of Imports showed a declining trend since Q2:2014-15.

According to the survey, in FY:2014-15 most of the responding firms (about 80 per cent) reported 'average' in the inventory levels of both raw material and finished goods on a quarterly basis. Of the remaining, on annual basis, relatively higher percentage of respondents reported with 'above average' level of inventory than those reported 'below average' during FY:2014-15. As indicated in the earlier section, both these components of BEI, did not contribute towards the increase of the composite index.

IV. Revival of Financial situation is in a modest pace

The survey assesses the financial situation based on several parameters. In addition to an evaluation of the overall financial situation, responses are obtained specifically on availability of finance, cost of external finance and profit margin.

The optimism level in the assessment of overall financial situation gradually increased except in Q3:2014-15 when it dipped marginally. However, improvement was observed in the last quarter (Chart 8).

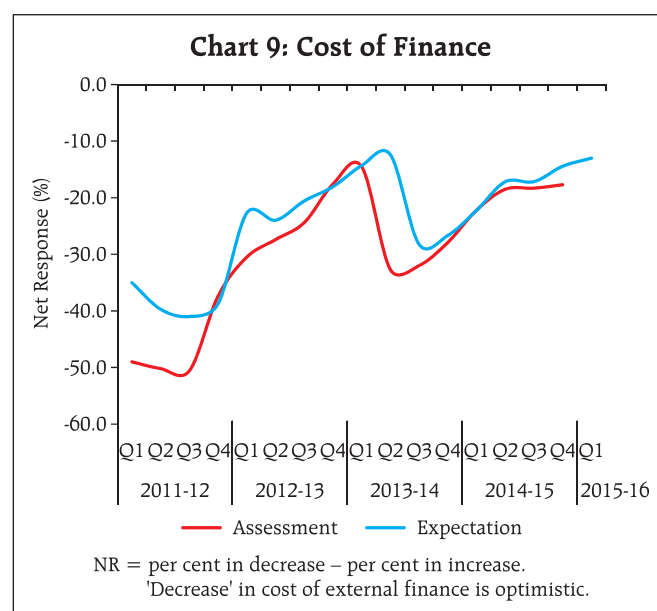
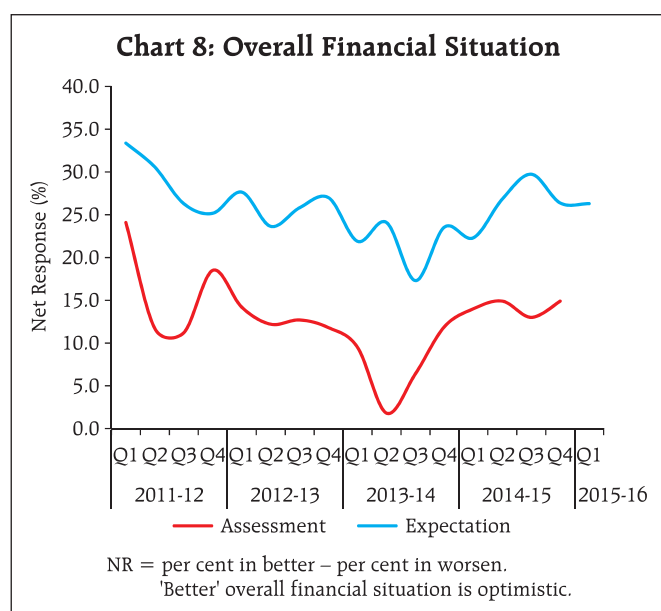
The optimism level in the expectation of overall financial situation continued to be upward since

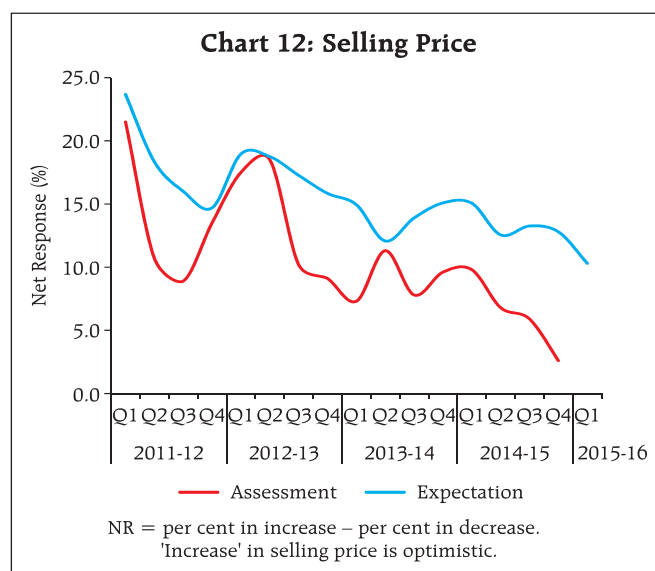
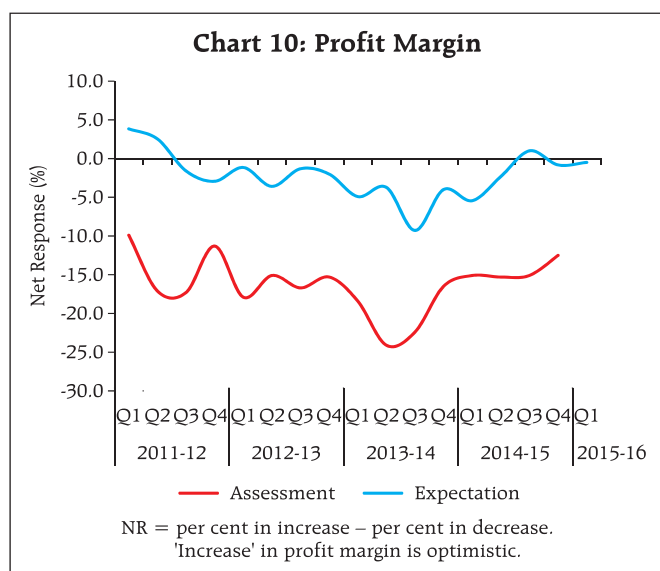
Q3:2013-14. This happened subsequent to the declining period from Q1:2011-12 to Q3:2013-14. Nevertheless, during these period it remained in the positive territory. The outlook for Q1:2015-16 remains flat.

As regards availability of finance (different sources like, internal accruals, banks/other financial institutions and overseas are covered separately), majority of companies (varying in the range of 65-90 per cent for different sources) reported 'no change' in the situation. Based on the remaining responses, the assessment remained optimistic but range bound in the first three quarters of FY:2014-15 and showed some improvement in the last quarter.

Though most of the companies indicated 'increase' or 'no change' in 'cost of finance', the sentiment has improved gradually during 2014-15; the outlook for Q1:2015-16 indicated further improvement (Chart 9).

The assessment of 'profit margin' continued to remain negative since Q1:2008-09. During the year, the assessment remained range bound for the first three quarters. However, in the last quarter it improved substantially although it continued to remain in the zone of pessimism (Chart 10). The outlook (expectation) improved substantially in Q3:2014-15 and entered in the zone of optimism, which was not witnessed since Q2:2011-12. The outlook for Q1:2015-16 remained range bound.

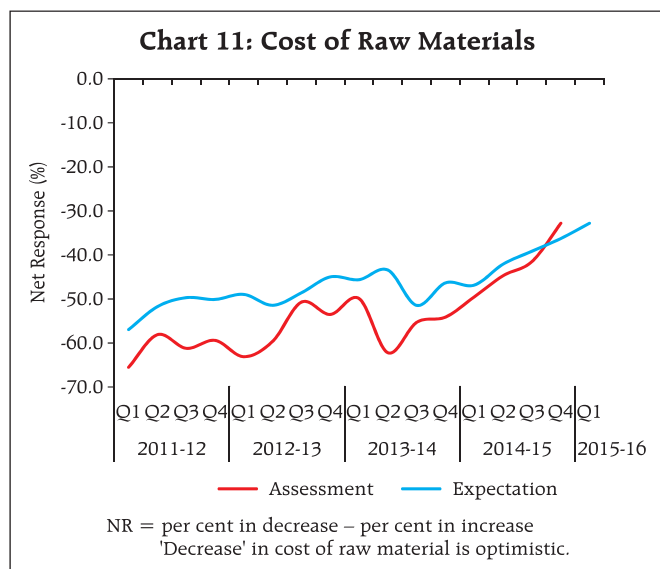




V. Employment and Price Situation

The survey seeks perception of the companies on employment. Generally 70-80 per cent of companies reported 'no change' in the employment level on quarter-to-quarter basis and based on the remaining responses the optimism level was the highest in Q4:2014-15. However, the outlook for Q1:2015-16 indicated a reversal in the optimism level.

As regards price situation, the survey elicits current assessment as well as one quarter ahead outlook on cost of raw material and selling prices from the respondent companies. The sentiment on cost of raw material, which improved during the year, extended the trend since Q3:2013-14 (Chart 11).



Although, net response of 'cost of raw material' continued to remain pessimistic, the secular (upward) trend indicates that lesser number of companies assessed and expected that cost of raw material would rise. The outlook for Q1:2015-16 indicated further easing in the cost of raw material.

The percentage of respondent reporting 'decrease' in the cost of finance and cost of raw material has increased gradually during the year. Further, the net response of selling price continued to witness downward trend during the year. The downward trend in selling price was sharper in the assessment than in the expectation (Chart 12).

VI. Conclusion

During the FY:2014-15, the BEI (assessment) showed improvement over FY:2013-14 except in Q3:2014-15. Majority of individual parameters (used for BEI computation) showed improvement during FY:2014-15 over FY:2013-14. In particular, the net responses of production, capacity utilisation and order books showed marked improvement in FY:2014-15 over FY:2013-14. Going forward, BEI (expectation) for Q1:2015-16 indicates no change in the business sentiments.

Improved sentiments on cost of finance and cost of raw material were observed during FY:2014-15 along with the declining selling price. The net response of profit margin, although in negative terrain, has improved during FY:2014-15 over the previous year.

Annex

Table 1: Assessment & Expectation for Production

(Percentage responses)@

Year \$	Total response	Assessment				Expectation			
		Increase	Decrease	No change	Net response#	Increase	Decrease	No change	Net response#
2009-10	1189	41.8	18.0	40.2	23.7	41.5	14.6	43.9	26.8
2010-11	1395	51.5	11.4	37.1	40.2	51.7	8.2	40.1	43.5
2011-12	1429	44.1	15.8	40.1	28.3	49.5	9.3	41.2	40.2
2012-13	1414	37.7	18.7	43.6	19.1	45.8	10.5	43.7	35.3
2013-14	1216	33.0	20.0	47.0	13.0	40.5	12.0	47.5	28.5
2014-15	1533	35.4	17.2	47.4	18.2	42.2	10.3	47.4	31.9
Q1:2015-16						39.6	10.9	49.5	28.7

'Increase' in production is optimistic.

@: Due to rounding off percentage may not add up to 100.

#: Net Response (NR) is the difference of percentage of the respondents reporting optimism and that reporting pessimism.

\$: Annual responses are arithmetic mean of quarterly responses.

The above footnotes (@, # and \$) are applicable for all the tables from 1 to 17.

Table 2: Assessment & Expectation for Order Books

(Percentage responses)

Year	Total response	Assessment				Expectation			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
2009-10	1189	37.4	18.0	44.5	19.4	38.7	15.9	45.4	22.8
2010-11	1395	44.7	9.7	45.5	35.0	46.5	6.9	46.5	39.6
2011-12	1429	39.1	16.2	44.8	22.9	44.3	9.5	46.2	34.8
2012-13	1414	32.7	18.7	48.6	14.0	40.4	10.5	49.1	29.9
2013-14	1216	29.7	20.4	49.9	9.3	36.3	12.2	51.5	24.1
2014-15	1533	31.4	16.5	52.0	14.9	38.3	9.7	52.0	28.5
Q1:2015-16						37.8	10.5	51.7	27.3

'Increase' in order books is optimistic.

Table 3: Assessment & Expectation for Pending Orders

(Percentage responses)

Year	Total response	Assessment				Expectation			
		Below Normal	Above Normal	Normal	Net response	Below Normal	Above Normal	Normal	Net response
2009-10	1189	5.1	20.7	74.2	15.6	4.8	19.6	73.7	14.8
2010-11	1395	7.2	12.6	80.2	5.4	7.3	10.7	82.0	3.5
2011-12	1429	5.4	16.2	78.4	10.7	6.6	12.4	81.0	5.8
2012-13	1414	5.1	18.4	76.4	13.3	5.6	14.2	80.2	8.7
2013-14	1216	4.5	19.1	76.4	14.6	4.9	16.1	79.0	11.2
2014-15	1533	5.1	17.1	77.8	11.9	5.5	12.6	81.9	7.1
Q1:2015-16						6.9	13.1	80.1	6.2

'Below Normal' in pending orders is optimistic.

Table 4: Assessment & Expectation for Capacity Utilisation

(Percentage responses)

Parameter	Options	Assessment				Expectation			
		2011-12	2012-13	2013-14	2014-15	2011-12	2012-13	2013-14	2014-15
Capacity Utilisation (CU)-(main product)	Increase	28.5	24.2	22.2	23.0	33.1	30.6	26.6	27.8
	No Change	56.7	58.7	58.9	60.5	57.6	58.7	61.3	61.6
	Decrease	14.8	17.1	18.9	16.5	9.3	10.6	12.1	10.6
	Net Response	13.6	7.6	3.4	6.6	20.0	14.5	17.1	17.1
Level of CU (compared to the average in last 4 quarters)	Above normal	12.6	9.8	9.0	9.8	13.5	11.2	10.3	10.2
	Normal	71.0	71.4	70.9	71.4	75.6	76.6	74.8	76.5
	Below Normal	16.4	18.9	20.0	18.8	10.9	12.3	14.9	13.2
	Net Response	-3.8	-9.1	-11.0	-9.0	2.5	-1.1	-4.6	-3.0
Assessment of Production Capacity (with regard to expected demand in next 6 months)	More than adequate	11.9	13.3	14.9	13.9	12.2	12.6	14.5	13.0
	Adequate	80.3	78.4	77.0	77.2	81.3	80.5	78.1	80.3
	Less than adequate	7.8	8.3	8.5	8.4	6.5	6.9	7.4	6.7
	Net Response	4.2	4.9	6.0	5.5	5.6	5.7	7.0	6.3

'Increase' in capacity utilisation is optimistic.

Table 5: Assessment & Expectation for Exports

(Percentage responses)

Year	Total response	Assessment				Expectation			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
2009-10	1189	23.6	22.3	54.1	1.4	24.6	17.3	58.2	7.3
2010-11	1395	31.8	12.5	55.6	19.3	32.4	9.5	58.1	22.9
2011-12	1429	28.8	14.6	56.7	14.2	32.5	9.9	57.6	22.6
2012-13	1414	25.3	15.0	59.7	10.2	29.6	10.2	60.1	19.4
2013-14	1216	25.6	14.6	59.8	10.9	27.9	10.0	62.1	17.8
2014-15	1533	24.8	14.0	61.2	10.9	29.8	8.6	61.5	21.2
Q1:2015-16						27.6	8.1	64.3	19.5

'Increase' in exports is optimistic.

Table 6: Assessment & Expectation for Imports

(Percentage responses)

Year	Total response	Assessment				Expectation			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
2009-10	1189	21.9	12.8	65.3	9.1	19.2	11.2	69.6	7.9
2010-11	1395	27.7	6.7	65.6	20.9	26.0	5.4	68.6	20.6
2011-12	1429	22.9	8.1	69.0	14.8	24.1	6.5	69.4	17.6
2012-13	1414	20.3	10.7	69.0	9.6	22.1	7.4	70.5	14.7
2013-14	1216	18.8	11.9	69.3	7.0	20.0	9.0	71.0	11.1
2014-15	1533	19.8	9.3	70.9	10.5	19.8	7.0	73.2	12.9
Q1:2015-16						20.3	7.9	71.8	12.4

'Increase' in imports is optimistic.

Table 7: Assessment & Expectation for level of Inventory (Raw Material and Finished Goods)

(Percentage responses)

Parameter	Options	Assessment				Expectation			
		2011-12	2012-13	2013-14	2014-15	2011-12	2012-13	2013-14	2014-15
Inventory of raw material	Below average	6.9	7.6	8.2	8.1	5.6	5.6	6.0	6.2
	Average	79.5	80.4	78.9	79.2	84.2	84.3	83.8	84.0
	Above average	13.6	12.0	13.0	12.7	10.2	10.0	10.2	9.8
	Net Response	10.2	10.0	10.2	9.8	-4.7	-4.4	-4.2	-3.6
Inventory of finished goods	Below average	6.3	7.0	7.6	7.7	5.7	6.4	6.5	6.7
	Average	78.9	78.6	76.6	76.3	83.9	84.1	82.3	82.6
	Above average	14.8	14.3	15.8	16.6	10.5	9.5	11.2	10.7
	Net Response	-8.5	-7.3	-8.1	-8.3	-4.8	-3.2	-4.7	-4.0

'Below average' in inventory of raw material and finished goods is optimistic.

Table 8: Assessment & Expectation for Employment Outlook

(Percentage responses)

Year	Total response	Assessment				Expectation			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
2009-10	1189	16.3	10.1	73.6	6.2	14.0	9.7	76.4	4.3
2010-11	1395	24.0	6.1	70.0	17.9	22.7	4.7	72.5	18.0
2011-12	1429	21.4	6.9	71.6	14.5	22.0	5.3	72.8	16.7
2012-13	1414	17.3	9.7	73.0	7.7	19.2	6.6	74.2	12.6
2013-14	1216	13.7	11.5	74.8	2.2	14.9	8.1	77.0	6.8
2014-15	1533	15.4	9.0	75.6	6.5	15.8	6.7	77.6	9.1
Q1:2015-16						15.8	7.0	77.2	8.8

'Increase' in employment is optimistic.

Table 9: Assessment & Expectation for Overall Financial Situation

(Percentage responses)

Year	Total response	Assessment				Expectation			
		Better	Worsen	No change	Net response	Better	Worsen	No change	Net response
2009-10	1189	35.5	11.9	52.6	23.5	36.4	11.1	52.6	25.3
2010-11	1395	39.1	7.3	53.6	31.7	42.9	5.2	51.9	37.8
2011-12	1429	30.2	13.8	56.0	16.4	36.7	7.9	55.4	28.9
2012-13	1414	27.0	14.3	58.7	12.8	34.7	8.6	56.7	26.0
2013-14	1216	23.3	15.9	60.7	7.4	31.9	10.1	58.0	21.7
2014-15	1533	27.1	12.9	60.0	14.2	33.7	7.4	58.9	26.3
Q1:2015-16						34.3	8.0	57.7	26.3

'Better' overall financial situation is optimistic.

Table 10: Assessment & Expectation for Working Capital Finance Requirement

(Percentage responses)

Year	Total response	Assessment				Expectation			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
2009-10	1189	39.8	10.9	46.9	26.9	33.7	5.6	60.7	28.2
2010-11	1395	38.1	4.8	57.0	33.3	36.6	3.7	59.7	32.8
2011-12	1429	39.2	5.5	55.3	33.7	38.1	4.5	57.4	33.6
2012-13	1414	36.0	6.2	57.8	29.8	36.0	4.3	59.6	31.7
2013-14	1216	33.4	7.2	59.4	26.2	33.0	5.8	61.2	27.3
2014-15	1533	32.5	6.5	61.0	26.1	32.8	5.0	62.2	27.8
Q1:2015-16						32.3	5.1	62.6	27.2

'Increase' in working capital finance is optimistic.

Table 11: Assessment & Expectation for Availability of Finance

(Percentage responses)

Parameter	Options	Assessment		Expectation	
		2013-14	2014-15	2013-14	2014-15
Availability of finance (from internal accruals)	Improve	20.4	23.0	24.6	25.7
	No Change	67.2	66.2	67.9	67.5
	Worsen	12.3	10.7	7.5	6.8
	Net Response	8.1	12.3	17.1	19.0
Availability of Finance (from banks & other sources)	Improve	17.1	19.7	19.0	20.8
	No Change	74.2	73.1	76.2	24.6
	Worsen	8.7	7.2	4.8	4.6
	Net Response	8.4	12.6	14.2	16.2
Availability of Finance (from overseas, if applicable)	Improve	9.8	11.3	10.9	11.8
	No Change	80.9	83.3	84.4	84.6
	Worsen	6.3	5.4	4.8	3.6
	Net Response	3.5	5.9	6.1	8.2

'Improvement' in availability of finance is optimistic.

Table 12: Assessment & Expectation for Cost of External Finance

(Percentage responses)

Year	Total response	Assessment				Expectation			
		Decrease	Increase	No change	Net response	Decrease	Increase	No change	Net response
2009-10	1189	23.7	8.4	67.9	-15.3	25.1	6.8	68.1	-18.3
2010-11	1395	36.5	4.9	58.6	-31.7	30.7	4.8	64.5	-25.9
2011-12	1429	50.2	3.4	46.4	-46.8	42.5	3.8	53.7	-38.6
2012-13	1414	32.1	7.1	60.9	-25.0	29.7	8.4	61.9	-21.3
2013-14	1216	33.2	6.4	60.4	-26.8	27.4	7.0	65.6	-20.4
2014-15	1533	25.7	6.6	67.7	-19.2	23.9	6.1	70.0	-17.8
Q1:2015-16						21.8	8.8	69.4	-13.0

'Decrease' in cost of external finance is optimistic.

Table 13: Assessment & Expectation for Cost of Raw Material

(Percentage responses)

Year	Total response	Assessment				Expectation			
		Decrease	Increase	No change	Net response	Decrease	Increase	No change	Net response
2009-10	1189	51.5	7.7	40.7	-43.8	39.4	7.9	47.3	-31.5
2010-11	1395	66.7	2.5	30.7	-64.2	52.8	2.6	44.5	-50.2
2011-12	1429	65.6	4.5	29.9	-61.0	55.9	3.8	40.4	-52.1
2012-13	1414	60.7	4.0	35.3	-56.7	51.7	3.2	45.2	-48.5
2013-14	1216	58.9	3.5	37.5	-55.4	50.0	3.3	46.7	-46.7
2014-15	1533	48.3	6.1	45.6	-42.1	45.0	3.9	51.0	-41.1
Q1:2015-16						38.8	6.0	55.2	-32.8

'Decrease' in cost of raw material is optimistic.

Table 14: Assessment & Expectation for Selling Price

(Percentage responses)

Year	Total response	Assessment				Expectation			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
2009-10	1189	19.9	17.9	62.0	2.0	17.9	16.2	65.9	1.7
2010-11	1395	30.8	11.4	57.8	19.5	24.8	8.8	66.4	16.0
2011-12	1429	28.0	14.4	57.6	13.6	27.9	9.7	62.4	18.2
2012-13	1414	25.6	11.7	62.7	13.8	25.6	7.9	66.5	17.7
2013-14	1216	22.7	13.7	63.6	9.0	22.7	8.8	68.5	14.0
2014-15	1533	20.1	13.8	66.1	6.3	21.4	8.0	70.5	13.4
Q1:2015-16						19.1	8.8	72.1	10.3

'Increase' in selling price is optimistic.

Table 15: Assessment & Expectation for Profit Margin

(Percentage responses)

Year	Total response	Assessment				Expectation			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
2009-10	1189	17.5	30.8	51.7	-13.3	18.2	26.6	55.2	-8.4
2010-11	1395	21.2	24.3	54.5	-3.0	23.8	17.8	58.4	5.9
2011-12	1429	16.5	30.4	53.1	-13.9	21.2	20.7	58.1	0.5
2012-13	1414	15.6	31.8	52.6	-16.2	19.9	22.0	58.1	-2.0
2013-14	1216	13.2	33.5	53.3	-20.3	17.7	23.2	59.0	-5.5
2014-15	1533	14.1	28.5	57.4	-14.5	18.3	20.2	61.6	-1.9
Q1:2015-16						18.8	19.3	61.9	-0.5

'Increase' in profit margin is optimistic.

Table 16: Assessment & Expectation for Overall Business Situation

(Percentage responses)

Year	Total response	Assessment				Expectation			
		Better	Worsen	No change	Net response	Better	Worsen	No change	Net response
2009-10	1189	41.6	13.0	45.4	28.7	42.0	12.0	46.0	30.0
2010-11	1395	48.0	7.0	45.0	41.0	50.4	5.4	44.2	45.1
2011-12	1429	37.5	13.6	48.9	23.9	45.1	7.6	47.3	37.5
2012-13	1414	32.7	15.2	52.1	17.5	42.3	8.5	49.1	33.8
2013-14	1216	29.3	17.5	53.3	11.8	39.1	9.9	50.9	29.2
2014-15	1533	33.3	13.1	53.6	20.2	42.2	7.2	50.6	35.0
Q1:2015-16						42.7	6.7	50.6	36.0

'Better' Overall Business Situation is optimistic.

Table 17: Assessment & Expectation for Salary/Other Remuneration

(Percentage responses)

Year	Total response	Assessment				Expectation			
		Better	Worsen	No change	Net response	Better	Worsen	No change	Net response
2013-14	1216	29.5	3.5	67.0	26.1	23.9	2.9	73.2	21.0
2014-15	1533	31.1	3.9	65.0	27.2	26.9	3.3	69.8	23.6
Q1:2015-16						27.4	3.9	68.7	23.5

'Increase in Salary / other remuneration' is optimistic.

Table 18: Business Expectation Index (BEI)

Year	BEI-Assessment	BEI-Expectation
2009-10	109.5	110.8
2010-11	119.9	122.7
2011-12	112.7	119.9
2012-13	105.3	115.5
2013-14	100.4	111.7
2014-15	105.7	114.8
Q1:2015-16		115.2

*Inflation Expectations Survey of Households: 2014-15**

Introduction

The Reserve Bank has been conducting Inflation Expectations Survey of Households (IESH) on a quarterly basis, since September 2005. The survey elicits qualitative and quantitative responses on expected price changes and inflation for the next three-month period and the next one-year period. Inflation expectations of households are subjective assessments, based on their individual consumption baskets and therefore, may not match the actual inflation numbers released periodically by the Government. These inflation expectations should not be treated as forecast of the official measure of inflation, though they may indicate the course of inflation in the near-term.

The quarterly survey results of IESH are released regularly on RBI website. This article presents analysis over a longer horizon covering the last four (36th to 39th) rounds of survey.

2. Sample Coverage and Information Sought

The survey is conducted in 16 cities. The major metropolitan cities, *viz.*, Delhi, Kolkata, Mumbai and Chennai are represented by 500 households each, while another twelve cities, *viz.*, Jaipur, Lucknow, Bhopal, Ahmedabad, Patna, Guwahati, Bengaluru, Hyderabad, Kolhapur, Nagpur, Thiruvananthapuram and Bhubaneswar are represented by 250 households each. Total sample size for this survey is 5,000. The respondents are selected from each city to provide a good geographical coverage and ensuring adequate representation of gender and occupation.

The survey schedule is organized in four blocks covering the respondent profile in Block 1, general and product group-wise price expectations in Blocks 2 and

3 respectively, and current and expected inflation rates in Block 4.

The qualitative response options for price changes are (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. The quantitative response on inflation rate is collected in terms of specified intervals - the lowest being 'less than 1 per cent' and the highest being '16 per cent and above', with size of each intermediate class being 100 basis points.

3. Survey Results

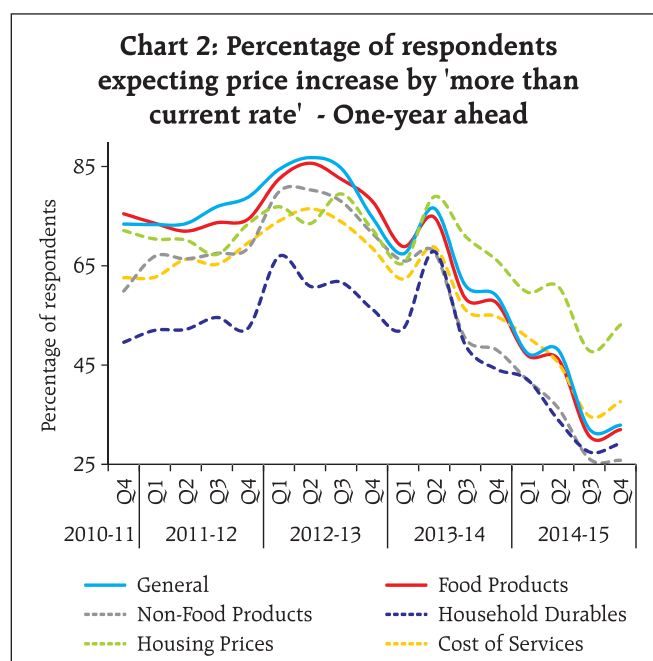
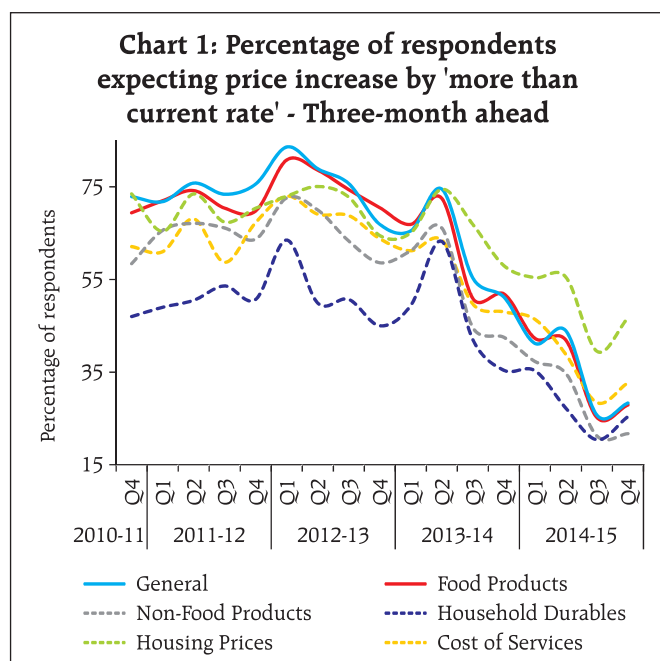
3.1 Movements of Price Expectations for the next Three-Month and the next One-Year periods:

The percentage of respondents, expecting increase in general prices in the next three-month and the next one-year moderated during the financial year 2014-15. These proportions reached a minimum (72.4 per cent and 79.8 per cent respectively) in Q3:2014-15 before moving up marginally in Q4:2014-15. The percentage of respondents, expecting general price to increase by 'more than current rate' in the next three-month period decreased from 41.2 per cent in Q1: 2014-15 to 28.3 per cent in Q4:2014-15. Similarly, the said expectations for the next one-year period decreased from 47.4 per cent to 32.9 per cent for the same time horizon.

The cross-tabulation of three-month ahead and one-year ahead general price expectations in the last four survey rounds are presented in Tables 3.1 to 3.4. Out of the respondents expecting 'price increase more than current rate' during three-month ahead, majority also expected the same for the next one-year period in all the four survey rounds during the year indicating consistently aligned opinion.

Moderation in price expectations, as reflected in the decline in percentage of households expecting price increase *more than current rate*, occurred across all the product groups since Q2:2013-14 (Chart-1). However, the general price expectations are more closely aligned with price expectations on food-product group as

* Prepared in the Division of Household Surveys, Department of Statistics and Information Management, Reserve Bank of India, Mumbai. The previous annual article was published in June, 2014 issue of the RBI Bulletin. The survey results are based on replies of the respondents and are not necessarily shared by the Reserve Bank.

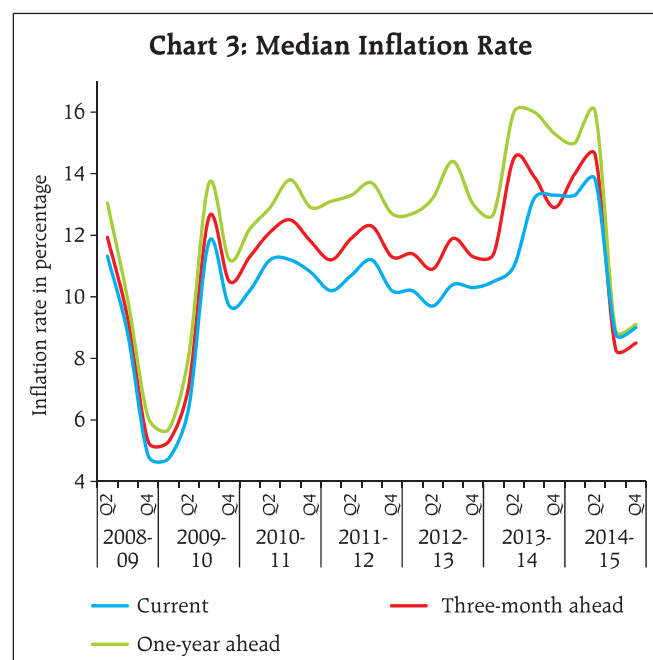


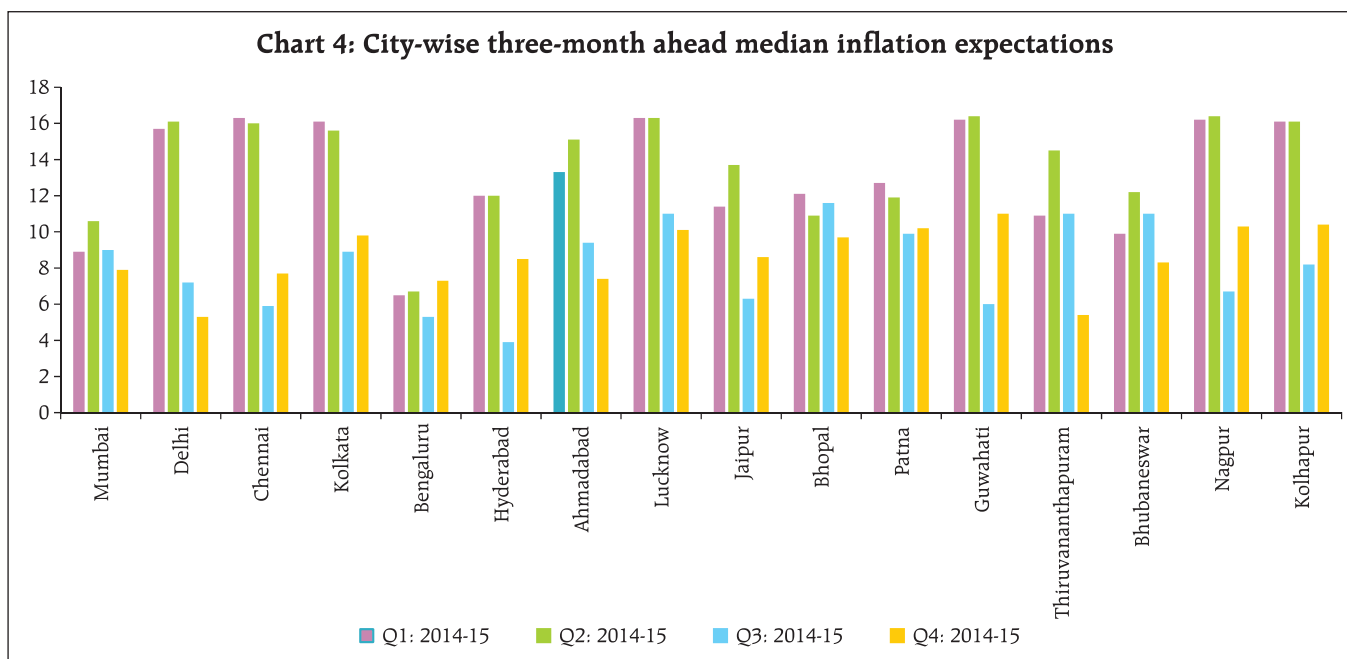
compared to other product groups. Comparatively, less number of households expected price to increase more than current rate for 'household durables'. On the other hand, since Q2:2013-14, highest proportion of households expected price to increase more than current rate for 'housing prices'. However, this percentage has also declined over time. The trend is similar for both three-month ahead and one-year ahead expectations (Chart 2).

3.2 Respondents' Current Inflation Perception vis-à-vis Expectations

In terms of quantitative responses on inflation rates, the average inflation perception and expectations (three-month ahead and one-year ahead) remained elevated till Q2:2014-15 and then declined sharply to single digit in the last two quarters (Charts 3). It can be observed that inflation expectations broadly moved in tandem with the current inflation perceptions. Also, inflation expectations have been generally higher than the current perceptions. However, the median inflation expectations for three-month ahead period was lower than the current perception in Q3:2014-15 and Q4:2014-15 - a phenomenon, last observed in Q4:2013-14.

Distribution of households' responses on inflation rate is presented in Table 1. It shows that highest proportion of respondents reported inflation rate as 'more than 16 per cent' during the first two quarters of 2014-15. Subsequently, the distribution shifted towards the lower rates with higher share of respondents in the range 'upto 10 per cent'.





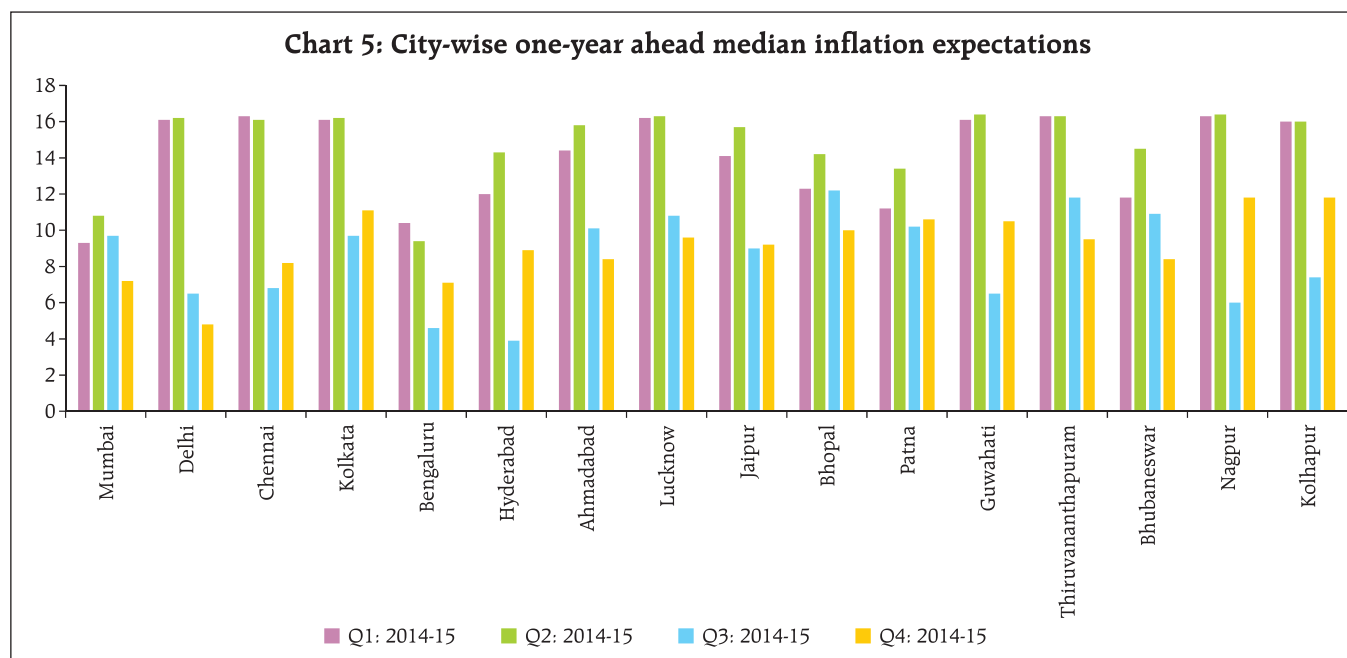
3.3 Identification of Major Sources of Variation

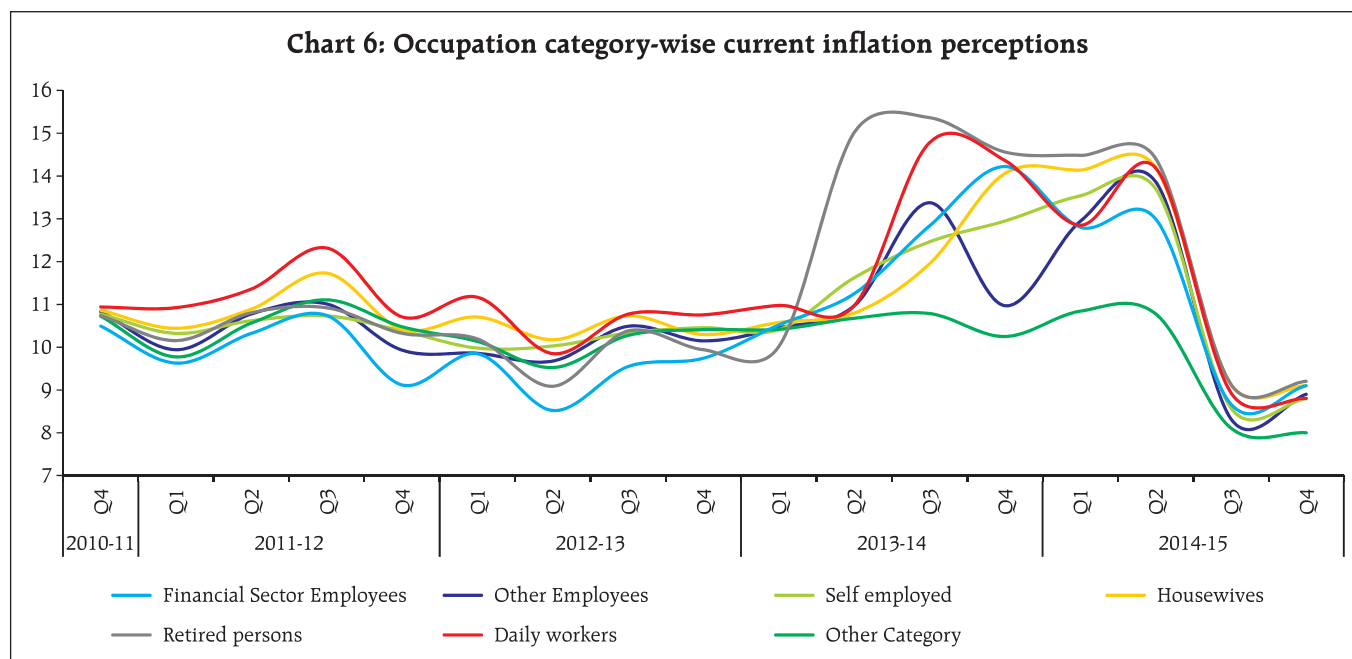
An analysis of variance (ANOVA) revealed that city has been a significant source of variation for current inflation perceptions and inflation expectations in every round (Table 4). Other significant sources of variation were age-group and occupation-category of the respondents. Age-group was the significant source of variation for current inflation perceptions and three-

month ahead inflation expectations in Q2: 2014-15, whereas occupation-category was the significant source of variation for current inflation perceptions, three-month and one-year ahead inflation expectations in Q3:2014-15.

3.4 City-wise Inflation Expectations

From Charts 4 and 5, it can be seen that in each quarter of the year 2014-15, city-wise expected inflation





rates varied considerably reflecting the divergence in consumption and price pattern in each city. Moderation in rate of inflation expectations during the last two quarters of 2014-15 was well spread across the cities (Charts 4 and 5). Hyderabad recorded the lowest inflation expectations for both periods of three-month ahead and one-year ahead in Q3:2014-15 whereas Delhi recorded the lowest in Q4:2014-15 (Table 5).

3.5 Occupation-wise Inflation Perceptions and Expectations

Respondents from various occupation categories showed similar trend with respect to inflation perception over the quarters (Chart 6). Generally, retired persons and housewives reported relatively higher inflation rates whereas others category respondents, mainly unemployed and students, reported relatively lower inflation rates.

3.6 Bootstrap Confidence Interval for Estimates of Inflation Rates

Drawing 10,000 re-samples using Simple Random Sampling with Replacement (SRSWR), the 99 per cent

bootstrap confidence intervals for mean inflation are given in Table 6. It is observed that the confidence interval has a small width indicating that the point estimates are quite precise for estimating the population mean of households' inflation perceptions and expectations.

4. Conclusions

The median rates of inflation perceptions and expectations of households moderated to single digit in second half of 2014-15. The moderation is well spread across the cities and occupational categories covered in the survey. The moderation in price expectations was also observed across various product-groups. Among the product-groups, highest proportion of households expected 'housing prices' to increase more than current rate whereas lowest proportion was for 'household durables'. The general price expectations are more closely aligned with price expectations on food products as compared to other product groups. City has been a significant source of variation for inflation perceptions and expectations as observed throughout the survey history.

Annex-Data Tables

Inflation Rate	Current Inflation Rates				Inflation Expectations Three-month Ahead				Inflation Expectations One-year Ahead			
	Q1: 2014-15	Q2: 2014-15	Q3: 2014-15	Q4: 2014-15	Q1: 2014-15	Q2: 2014-15	Q3: 2014-15	Q4: 2014-15	Q1: 2014-15	Q2: 2014-15	Q3: 2014-15	Q4: 2014-15
<1	0.20	0.16	1.04	0.48	0.67	0.09	1.68	0.89	1.92	0.73	0.80	0.72
1-2	0.41	0.53	1.86	0.80	1.27	1.06	2.42	1.64	0.39	0.40	1.53	1.64
2-3	0.79	0.71	3.74	2.22	1.39	1.61	4.29	2.80	0.75	0.67	3.39	2.92
3-4	0.63	0.75	4.14	3.24	0.87	1.70	4.82	6.02	0.71	0.71	5.45	5.51
4-5	2.62	2.47	6.52	11.33	3.17	3.69	9.57	8.92	1.99	2.07	10.34	7.74
5-6	3.47	3.16	9.60	8.31	3.71	4.08	11.66	8.65	3.17	2.36	11.04	6.18
6-7	2.88	2.15	6.68	7.25	4.00	2.32	7.74	7.16	2.97	1.73	6.75	7.84
7-8	2.56	3.22	9.54	10.07	3.44	3.20	6.12	9.42	3.29	2.20	5.38	9.59
8-9	3.93	2.84	8.26	6.18	3.93	2.47	5.76	9.44	3.47	2.76	6.08	6.33
9-10	9.88	10.54	13.56	16.47	5.50	6.97	7.64	9.21	7.40	7.67	8.20	10.60
10-11	15.47	13.24	12.78	9.63	7.85	7.70	6.82	7.84	8.70	7.05	7.88	7.82
11-12	3.18	2.59	2.56	4.30	4.05	5.21	6.44	5.44	4.59	4.00	4.16	4.19
12-13	3.51	3.69	1.34	1.04	6.24	4.88	4.67	2.37	3.72	3.18	3.53	1.96
13-14	1.52	4.72	0.56	0.60	3.93	2.36	2.02	1.74	2.35	1.96	2.04	1.75
14-15	4.50	6.89	3.38	3.72	4.72	4.35	3.79	3.71	4.52	5.65	4.29	4.90
15-16	6.83	4.34	2.58	3.46	8.14	5.16	3.28	2.45	8.06	6.18	3.78	4.44
>=16	37.62	37.99	11.86	10.89	37.13	43.15	11.28	12.28	42.02	50.67	15.35	15.88
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

Survey Round	Survey Quarter ended	Current		Expectations			
		Mean	Median	Three-month Ahead		One-year Ahead	
				Mean	Median	Mean	Median
30	Q3:2012-13	11.0	10.4	11.9	11.9	13.3	14.4
31	Q4:2012-13	10.7	10.3	11.3	11.3	12.5	13.0
32	Q1:2013-14	11.0	10.5	11.7	11.4	12.4	12.7
33	Q2:2013-14	11.8	11.0	12.8	14.5	13.5	16.0
34	Q3:2013-14	12.3	13.2	12.2	13.9	13.5	16.0
35	Q4:2013-14	12.2	13.3	12.3	12.9	13.1	15.3
36	Q1:2014-15	12.6	13.3	12.5	14.0	12.8	15.0
37	Q2:2014-15	12.7	13.8	12.7	14.6	13.5	16.0
38	Q3:2014-15	9.0	8.8	8.8	8.3	9.3	8.9
39	Q4:2014-15	9.1	9.0	9.0	8.5	9.6	9.1

Note: Derived from the distribution observed in Table-1

		General price expectations Three-month Ahead					
General price expectations One-year Ahead		Price increase more than current rate	Price increase similar to current rate	Price increase less than current rate	No change in price	Decline in price	Total
		32.3	6.3	3.3	4.0	1.6	47.4
	Price increase more than current rate	4.4	11.7	2.8	2.2	0.9	22.0
	Price increase similar to current rate	1.8	2.0	6.9	2.3	1.2	14.2
	Price increase less than current rate	1.6	0.9	1.0	2.5	1.4	7.4
	No change in price	1.0	0.7	1.0	1.7	4.6	9.0
	Decline in price	Total	41.2	21.5	14.8	12.7	9.8

		General price expectations Three-month Ahead					
General price expectations One-year Ahead		Price increase more than current rate	Price increase similar to current rate	Price increase less than current rate	No change in price	Decline in price	Total
		33.5	8.7	2.7	2.3	0.9	48.0
	Price increase more than current rate	5.9	15.0	3.3	2.4	0.9	27.4
	Price increase similar to current rate	2.6	3.0	6.6	1.8	0.5	14.6
	Price increase less than current rate	1.3	1.3	0.7	1.6	0.6	5.5
	No change in price	0.6	0.9	0.4	0.9	1.7	4.5
	Decline in price	Total	43.9	28.8	13.7	9.0	4.6

		General price expectations Three-month Ahead					
General price expectations One-year Ahead		Price increase more than current rate	Price increase similar to current rate	Price increase less than current rate	No change in price	Decline in price	Total
		18.5	6.3	3.9	2.7	0.8	32.1
	Price increase more than current rate	3.9	16.1	4.2	4.7	1.1	29.9
	Price increase similar to current rate	1.4	2.7	9.2	3.2	1.3	17.8
	Price increase less than current rate	1.3	1.3	1.8	4.5	2.3	11.2
	No change in price	0.7	0.6	0.7	1.5	5.5	9.0
	Decline in price	Total	25.7	27.0	19.8	16.5	11.0

Table 3.4. Cross-tabulation of General Price Expectations for Three-month Ahead and One-year Ahead (Q4:2014-15: Round 39)

General price expectations One-year Ahead	General price expectations Three-month Ahead						Total
	Price increase more than current rate	Price increase similar to current rate	Price increase less than current rate	No change in price	Decline in price		
Price increase more than current rate	19.8	5.0	2.4	4.2	1.4	32.9	
Price increase similar to current rate	4.6	13.4	5.4	3.4	2.0	28.8	
Price increase less than current rate	1.9	2.7	10.8	3.7	1.4	20.6	
No change in price	1.5	1.6	1.8	2.8	2.3	10.0	
Decline in price	0.5	1.3	0.7	1.4	3.9	7.8	
Total	28.3	24.0	21.2	15.4	11.1	100.0	

Table 4: ANOVA Results: Factors that Explain the Total Variability

Survey Round	Survey Quarter	Current	Three-month Ahead	One-year Ahead
30	Q3:2012-13	City, Age, Category	City, Category	City, Category, Age
31	Q4:2012-13	City, Category	City, Category	City, Category, Age
32	Q1:2013-14	City, Category	City	City
33	Q2:2013-14	City, Age	City, Age	City
34	Q3:2013-14	City, Gender, Age	City, Category	City, Category
35	Q4:2013-14	City, Category, Gender, Age	City, Category, Gender	City, Category, Gender
36	Q1:2014-15	City	City	City
37	Q2:2014-15	City, Age	City, Age	City
38	Q3:2014-15	City, Category	City, Category	City, Category
39	Q4:2014-15	City	City	City

	Current				Three-month Ahead				One-year Ahead			
	Q1: 2014-15	Q2: 2014-15	Q3: 2014-15	Q4: 2014-15	Q1: 2014-15	Q2: 2014-15	Q3: 2014-15	Q4: 2014-15	Q1 : 2014-15	Q2: 2014-15	Q3: 2014-15	Q4: 2014-15
Ahmadabad	12.9	13.8	9.7	6.9	13.3	15.1	9.4	7.4	14.4	15.8	10.1	8.4
Bengaluru	9.0	9.1	4.8	5.3	6.5	6.7	5.3	7.3	10.4	9.4	4.6	7.1
Bhopal	10.3	9.7	9.7	9.1	12.1	10.9	11.6	9.7	12.3	14.2	12.2	10.0
Bhubaneswar	10.7	11.0	9.4	9.3	9.9	12.2	11.0	8.3	11.8	14.5	10.9	8.4
Chennai	16.2	15.5	8.9	8.6	16.3	16.0	5.9	7.7	16.3	16.1	6.8	8.2
Delhi	14.1	15.5	6.0	5.4	15.7	16.1	7.2	5.3	16.1	16.2	6.5	4.8
Guwahati	16.2	16.3	8.3	9.9	16.2	16.4	6.0	11.0	16.1	16.4	6.5	10.5
Hyderabad	10.0	10.4	3.3	9.5	12.0	12.0	3.9	8.5	12.0	14.3	3.9	8.9
Jaipur	14.2	11.6	9.4	8.0	11.4	13.7	6.3	8.6	14.1	15.7	9.0	9.2
Kolhapur	16.1	13.9	8.7	11.6	16.1	16.1	8.2	10.4	16.0	16.0	7.4	11.8
Kolkata	16	15.4	9.6	10.4	16.1	15.6	8.9	9.8	16.1	16.2	9.7	11.1
Lucknow	16.4	16.2	9.8	7.9	16.3	16.3	11.0	10.1	16.2	16.3	10.8	9.6
Mumbai	9.7	10.8	9.7	8.0	8.9	10.6	9.0	7.9	9.3	10.8	9.7	7.2
Nagpur	16.2	16.2	5.7	11.3	16.2	16.4	6.7	10.3	16.3	16.4	6.0	11.8
Patna	10.7	10.5	8.8	9.2	12.7	11.9	9.9	10.2	11.2	13.4	10.2	10.6
Thiruvananthapuram	16.2	16.1	9.9	8.1	10.9	14.5	11.0	5.4	16.3	16.3	11.8	9.5

Survey Round	Survey Quarter	Current		Three-month Ahead		One-year Ahead	
		99% BCI for Mean	Interval width	99% BCI for Mean	Interval width	99% BCI for Mean	Interval width
36	Q1:2014-15	(12.41, 12.71)	0.30	(12.31, 12.65)	0.34	(12.65, 12.98)	0.33
37	Q2:2014-15	(12.54, 12.83)	0.29	(12.49, 12.82)	0.33	(13.37, 13.67)	0.30
38	Q3:2014-15	(8.81, 9.11)	0.30	(8.64, 8.97)	0.33	(9.11, 9.45)	0.34
39	Q4:2014-15	(8.91, 9.20)	0.29	(8.80, 9.13)	0.33	(9.39, 9.72)	0.33

CURRENT STATISTICS

Select Economic Indicators

Reserve Bank of India

Money and Banking

Prices and Production

Government Accounts and Treasury Bills

Financial Markets

External Sector

Payment and Settlement Systems

Occasional Series

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

No. 1: Select Economic Indicators

Item	2014-15	2013-14		2014-15	
		Q3	Q4	Q3	Q4
	1	2	3	4	5
1 Real Sector (% Change)					
1.1 GDP	7.2	6.6	5.3	6.8	6.1
1.1.1 Agriculture	0.2	3.8	4.4	-1.1	-1.4
1.1.2 Industry	6.6	5.5	5.5	3.8	7.2
1.1.3 Services	9.4	8.3	5.6	11.1	8.0
1.1a Final Consumption Expenditure	6.4	5.4	4.7	7.1	5.5
1.1b Gross Fixed Capital Formation	4.6	5.3	-1.4	2.4	4.1
	2014-15	2014		2015	
		Mar.	Apr.	Mar.	Apr.
	1	2	3	4	5
1.2 Index of Industrial Production	2.2	-0.5	3.7	2.1	..
2 Money and Banking (% Change)					
2.1 Scheduled Commercial Banks					
2.1.1 Deposits	11.4	14.2	14.7	11.4	11.8
2.1.2 Credit	9.5	14.0	13.8	9.5	9.8
2.1.2.1 Non-food Credit	9.7	14.2	14.2	9.8	10.1
2.1.3 Investment in Govt. Securities	13.2	10.3	12.6	13.2	14.0
2.2 Money Stock Measures					
2.2.1 Reserve Money (M0)	11.3	14.4	8.9	11.3	11.4
2.2.2 Broad Money (M3)	11.1	8.3	11.4	11.1	11.0
3 Ratios (%)					
3.1 Cash Reserve Ratio	4.00	4.00	4.00	4.00	4.00
3.2 Statutory Liquidity Ratio	21.50	23.00	23.00	21.50	21.50
3.3 Cash-Deposit Ratio	5.0	4.7	4.9	5.0	4.9
3.4 Credit-Deposit Ratio	76.5	77.8	76.8	76.5	75.4
3.5 Incremental Credit-Deposit Ratio	64.8	76.8	15.2	64.8	29.2
3.6 Investment-Deposit Ratio	29.2	28.7	28.9	29.2	29.5
3.7 Incremental Investment-Deposit Ratio	33.2	21.6	41.1	33.2	40.3
4 Interest Rates (%)					
4.1 Policy Repo Rate	7.50	8.00	8.00	7.50	7.50
4.2 Reverse Repo Rate	6.50	7.00	7.00	6.50	6.50
4.3 Marginal Standing Facility (MSF) Rate	8.50	9.00	9.00	8.50	8.50
4.4 Bank Rate	8.50	9.00	9.00	8.50	8.50
4.5 Base Rate	10.00/10.25	10.00/10.25	10.00/10.25	10.00/10.25	9.75/10.25
4.6 Term Deposit Rate >1 Year	8.00/8.75	8.00/9.25	8.00/9.25	8.00/8.75	8.00/8.50
4.7 Savings Deposit Rate	4.00	4.00	4.00	4.00	4.00
4.8 Call Money Rate (Weighted Average)	7.36	8.59	8.46	7.36	7.51
4.9 91-Day Treasury Bill (Primary) Yield	8.27	8.86	8.86	8.27	7.94
4.10 182-Day Treasury Bill (Primary) Yield	8.14	8.86	8.90	8.14	7.90
4.11 364-Day Treasury Bill (Primary) Yield	7.98	8.96	8.92	7.98	7.91
4.12 10-Year Government Securities Yield	7.80	8.84	8.89	7.80	7.89
5 RBI Reference Rate and Forward Premia					
5.1 INR-US\$ Spot Rate (₹ Per Foreign Currency)	62.59	60.10	60.34	62.59	63.40
5.2 INR-Euro Spot Rate (₹ Per Foreign Currency)	67.51	82.58	83.31	67.51	68.49
5.3 Forward Premia of US\$ 1-month (%)	9.78	9.78	8.34	9.78	7.67
3-month (%)	8.50	8.79	8.38	8.50	7.51
6-month (%)	8.11	8.95	8.21	8.11	7.44
6 Inflation (%)					
6.1 All India Consumer Price Index	5.5	8.3	8.6	5.3	4.9
6.2 Consumer Price Index for Industrial Workers	6.9	6.7	7.1	6.3	5.8
6.3 Wholesale Price Index	1.5	6.0	5.6	-2.3	-2.7
6.3.1 Primary Articles	3.1	7.3	7.0	0.1	-0.3
6.3.2 Fuel and Power	-2.9	11.8	9.3	-12.6	-13.0
6.3.3 Manufactured Products	2.2	3.7	3.7	-0.2	-0.5
7 Foreign Trade (% Change)					
7.1 Imports	0.3	0.9	-14.1	-13.5	-7.5
7.2 Exports	-2.8	-0.7	4.5	-21.3	-14.0

Reserve Bank of India

No. 2: RBI - Liabilities and Assets

(₹ Billion)

Item	As on the Last Friday/ Friday						
	2014-15	2014	2015				
		May	Apr. 24	May 8	May 15	May 22	May 29
	1	2	3	4	5	6	7
1 Issue Department							
1.1 Liabilities							
1.1.1 Notes in Circulation	14,264.95	13,480.32	14,727.51	14,963.62	15,052.83	15,004.81	14,918.94
1.1.2 Notes held in Banking Department	0.12	0.12	0.12	0.14	0.13	0.11	0.13
1.1/1.2 Total Liabilities (Total Notes Issued) or Assets	14,265.06	13,480.45	14,727.63	14,963.75	15,052.96	15,004.92	14,919.07
1.2 Assets							
1.2.1 Gold Coin and Bullion	642.29	662.88	624.40	644.17	644.17	644.17	644.17
1.2.2 Foreign Securities	13,609.92	12,805.27	14,090.03	14,307.31	14,397.01	14,349.52	14,262.20
1.2.3 Rupee Coin	2.38	1.84	2.73	1.81	1.31	0.76	2.23
1.2.4 Government of India Rupee Securities	10.46	10.46	10.46	10.46	10.46	10.46	10.46
2 Banking Department							
2.1 Liabilities							
2.1.1 Deposits	5,953.69	3,712.07	5,183.32	5,281.44	5,202.25	5,224.94	5,276.19
2.1.1.1 Central Government	1.01	1.01	1.00	1.00	1.01	1.01	1.01
2.1.1.2 Market Stabilisation Scheme	–	–	–	–	–	–	–
2.1.1.3 State Governments	21.40	0.43	0.42	0.42	0.42	0.42	0.42
2.1.1.4 Scheduled Commercial Banks	3,573.56	3,344.67	3,732.24	3,541.58	3,605.23	3,616.32	3,708.87
2.1.1.5 Scheduled State Co-operative Banks	35.10	34.82	32.55	33.14	33.00	32.74	32.72
2.1.1.6 Non-Scheduled State Co-operative Banks	11.24	4.98	11.91	11.77	11.69	11.64	11.92
2.1.1.7 Other Banks	189.63	168.81	189.14	187.54	186.90	185.85	187.60
2.1.1.8 Others	2,121.76	157.36	1,216.05	1,505.98	1,363.99	1,376.96	1,333.64
2.1.2 Other Liabilities	8,002.15	8,278.70	8,361.76	8,756.46	8,773.41	8,571.30	8,555.48
2.1/2.2 Total Liabilities or Assets	13,955.84	11,990.77	13,545.08	14,037.90	13,975.65	13,796.23	13,831.66
2.2 Assets							
2.2.1 Notes and Coins	0.12	0.12	0.12	0.14	0.13	0.11	0.13
2.2.2 Balances held Abroad	6,408.77	4,151.78	6,417.18	6,878.27	6,754.11	6,653.87	6,860.09
2.2.3 Loans and Advances							
2.2.3.1 Central Government	–	147.04	–	–	–	–	–
2.2.3.2 State Governments	57.60	4.10	17.33	9.23	13.68	6.79	3.50
2.2.3.3 Scheduled Commercial Banks	1,403.93	312.50	1,130.90	1,165.27	1,212.19	1,139.43	967.66
2.2.3.4 Scheduled State Co-op.Banks	–	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	107.73	71.63	52.58	40.91	49.43	49.16	51.70
2.2.4 Bills Purchased and Discounted							
2.2.4.1 Internal	–	–	–	–	–	–	–
2.2.4.2 Government Treasury Bills	–	–	–	–	–	–	–
2.2.5 Investments	5,260.32	6,553.39	5,216.19	5,212.83	5,212.87	5,212.66	5,212.63
2.2.6 Other Assets	717.38	749.86	710.78	730.91	733.23	734.21	735.95
2.2.6.1 Gold	583.45	602.14	567.20	585.15	585.15	585.15	585.15

No. 3: Liquidity Operations by RBI

(₹ Billion)

Date	Liquidity Adjustment Facility				MSF	Standing Liquidity Facilities	OMO (Outright)		Net Injection (+)/ Absorption (-) (1+3+5+6+8-2-4-7)
	Repo	Reverse Repo	Term Repo/ Overnight Variable Rate Repo	Term Reverse Repo/ Overnight Variable Rate Reverse Repo			Sale	Purchase	
	1	2	3	4			5	6	
Apr. 1, 2015	-	-	-	-	-	-	-	-	-
Apr. 2, 2015	-	1,014.93	-	-	2.25	-	-	-	-1,012.68
Apr. 4, 2015	-	108.78	-	-	22.50	-	-	-	-86.28
Apr. 6, 2015	12.67	421.90	-	503.63	9.00	-0.50	-	-	-904.36
Apr. 7, 2015	17.17	228.98	155.02	396.64	0.90	-	6.00	-	-458.53
Apr. 8, 2015	19.29	37.02	-	184.84	19.49	-3.34	2.30	-	-188.72
Apr. 9, 2015	61.31	30.47	-	97.06	2.50	-	1.55	-	-65.27
Apr. 10, 2015	55.88	40.03	155.04	-	26.31	-	5.70	-	191.50
Apr. 11, 2015	-	45.22	-	-	-	-	-	-	-45.22
Apr. 13, 2015	81.49	25.28	150.06	3.76	3.30	-3.00	2.55	-	200.26
Apr. 15, 2015	119.67	28.07	84.70	-	33.70	-0.39	3.00	-	206.61
Apr. 16, 2015	157.48	59.15	-	-	-	-	2.05	-	96.28
Apr. 17, 2015	189.62	143.45	235.08	-	2.15	0.19	2.55	-	281.04
Apr. 18, 2015	-	9.41	-	-	28.30	-	-	-	18.89
Apr. 20, 2015	201.64	31.38	100.05	-	2.62	-	4.30	-	268.63
Apr. 21, 2015	192.24	46.39	247.04	-	0.42	-	3.00	-	390.31
Apr. 22, 2015	51.36	58.56	100.04	-	1.45	-3.39	5.00	-	85.90
Apr. 23, 2015	141.47	116.12	-	-	74.43	1.45	3.90	-	97.33
Apr. 24, 2015	210.89	80.47	176.75	-	-	-0.70	3.40	-	303.07
Apr. 25, 2015	-	64.22	-	-	-	-	-	-	-64.22
Apr. 27, 2015	193.69	135.12	100.02	-	3.30	-0.50	-	-	161.39
Apr. 28, 2015	195.71	115.99	180.78	-	2.25	-2.03	-	-	260.72
Apr. 29, 2015	188.38	136.78	86.90	-	1.00	-0.90	-	-	138.60
Apr. 30, 2015	190.28	64.49	365.06	-	28.50	1.47	-	-	520.82

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

Item	2014-15	2014	2015	
		Apr.	Mar.	Apr.
	1	2	3	4
1 Net Purchase/ Sale of Foreign Currency (US\$ Million) (1.1-1.2)	56,882.00	5,870.00	7,671.00	5,431.00
1.1 Purchase (+)	126,604.00	7,850.00	10,651.00	9,756.00
1.2 Sale (-)	69,722.00	1,980.00	2,980.00	4,325.00
2 ₹ equivalent at contract rate (₹ Billion)	3,430.69	366.41	481.28	346.36
3 Cumulative (over end-March) (US \$ Million)	56,882.00	5,870.00	56,882.00	5,431.00
(₹ Billion)	3,430.69	366.41	3,430.69	346.36
4 Outstanding Net Forward Sales (-)/ Purchase (+) at the end of month (US\$ Million)	8,322.00	-32,062.00	8,322.00	5,172.00

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

Item	As on April 30, 2015		
	Long (+)	Short (-)	Net (1-2)
	1	2	3
1. Upto 1 month	3,660	610	3,050
2. More than 1 month and upto 3 months	7,670	530	7,140
3. More than 3 months and upto 1 year	23,132	2,181	20,951
4. More than 1 year	0	25,969	-25,969
Total (1+2+3+4)	34,462	29,290	5,172

No. 5: RBI's Standing Facilities

(₹ Billion)

Item	As on the Last Reporting Friday							
	2014-15	2014		2015				
		Apr. 18	Dec. 26	Jan. 23	Feb. 20	Mar. 20	Apr. 17	May 29
	1	2	3	4	5	6	7	8
1 MSF	41.9	15.7	33.3	14.2	0.9	41.9	2.2	13.1
2 Export Credit Refinance for Scheduled Banks								
2.1 Limit	128.2	572.4	129.6	129.0	131.0	128.2	127.1	127.1
2.2 Outstanding	51.8	312.9	68.4	69.4	56.8	51.8	45.5	39.9
3 Liquidity Facility for PDs								
3.1 Limit	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0
3.2 Outstanding	17.0	26.7	17.1	18.8	19.8	17.0	20.6	20.6
4 Others								
4.1 Limit	–	–	–	–	–	–	–	–
4.2 Outstanding	–	–	–	–	–	–	–	–
5 Total Outstanding (1+2.2+3.2+4.2)	110.7	355.3	118.8	102.4	77.5	110.7	68.3	73.5

Money and Banking

No. 6: Money Stock Measures

(₹ Billion)

Item	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2014-15	2014	2015		
		Apr. 18	Mar. 20	Apr. 3	Apr. 17
	1	2	3	4	5
1 Currency with the Public (1.1 + 1.2 + 1.3 – 1.4)	13,869.9	12,909.3	13,870.1	13,884.9	14,318.3
1.1 Notes in Circulation	14,288.8	13,276.1	14,289.1	14,293.5	14,746.0
1.2 Circulation of Rupee Coin	187.0	167.4	187.0	187.0	187.0
1.3 Circulation of Small Coins	7.4	7.4	7.4	7.4	7.4
1.4 Cash on Hand with Banks	613.4	541.6	613.4	603.1	622.2
2 Deposit Money of the Public	9,109.3	8,296.9	9,053.1	10,352.5	9,073.0
2.1 Demand Deposits with Banks	8,963.5	8,273.5	8,963.5	10,459.8	8,977.7
2.2 'Other' Deposits with Reserve Bank	145.9	23.4	89.6	-107.3	95.4
3 M₁ (1 + 2)	22,979.2	21,206.2	22,923.2	24,237.4	23,391.3
4 Post Office Saving Bank Deposits	467.0	435.1	467.0	467.0	467.0
5 M₂ (3 + 4)	23,446.2	21,641.2	23,390.2	24,704.4	23,858.3
6 Time Deposits with Banks	82,777.5	75,668.7	82,777.5	84,564.2	84,139.6
7 M₃ (3 + 6)	105,756.8	96,874.9	105,700.7	108,801.6	107,530.9
8 Total Post Office Deposits	1,729.2	1,594.2	1,729.2	1,729.2	1,729.2
9 M₄ (7 + 8)	107,485.9	98,469.1	107,429.9	110,530.8	109,260.1

No. 7: Sources of Money Stock (M₃)

(₹ Billion)

Sources	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2014-15	2014	2015		
		Apr. 18	Mar. 20	Apr. 3	Apr. 17
	1	2	3	4	5
1 Net Bank Credit to Government	30,151.2	30,550.7	30,057.1	30,647.9	31,706.9
1.1 RBI's net credit to Government (1.1.1-1.1.2)	3,734.1	6,568.8	3,640.0	3,782.7	4,549.2
1.1.1 Claims on Government	5,307.3	6,570.6	5,295.3	5,266.3	5,237.9
1.1.1.1 Central Government	5,258.3	6,551.1	5,260.4	5,258.3	5,233.2
1.1.1.2 State Governments	49.0	19.4	34.8	7.9	4.7
1.1.2 Government deposits with RBI	1,573.3	1.8	1,655.3	1,483.5	688.7
1.1.2.1 Central Government	1,572.8	1.0	1,630.7	1,475.4	688.3
1.1.2.2 State Governments	0.4	0.8	24.6	8.1	0.4
1.2 Other Banks' Credit to Government	26,417.1	23,981.9	26,417.1	26,865.2	27,157.6
2 Bank Credit to Commercial Sector	70,558.0	64,688.0	70,464.2	73,241.7	70,875.0
2.1 RBI's credit to commercial sector	148.5	89.9	54.6	148.5	63.8
2.2 Other banks' credit to commercial sector	70,409.6	64,598.1	70,409.6	73,093.3	70,811.2
2.2.1 Bank credit by commercial banks	65,646.8	60,130.4	65,646.8	68,309.6	66,039.2
2.2.2 Bank credit by co-operative banks	4,710.3	4,414.2	4,710.3	4,735.9	4,724.4
2.2.3 Investments by commercial and co-operative banks in other securities	52.5	53.4	52.5	47.7	47.6
3 Net Foreign Exchange Assets of Banking Sector (3.1 + 3.2)	22,021.1	19,630.3	21,840.5	22,104.6	22,045.1
3.1 RBI's net foreign exchange assets (3.1.1-3.1.2)	21,272.8	18,416.1	21,092.2	21,356.2	21,296.8
3.1.1 Gross foreign assets	21,273.0	18,416.4	21,092.4	21,356.5	21,297.0
3.1.2 Foreign liabilities	0.2	0.3	0.2	0.2	0.2
3.2 Other banks' net foreign exchange assets	748.3	1,214.2	748.3	748.3	748.3
4 Government's Currency Liabilities to the Public	194.4	174.7	194.4	194.4	194.4
5 Banking Sector's Net Non-monetary Liabilities	17,168.0	18,168.8	16,855.5	17,387.0	17,290.5
5.1 Net non-monetary liabilities of RBI	7,941.6	8,625.2	7,972.4	8,024.9	7,996.0
5.2 Net non-monetary liabilities of other banks (residual)	9,226.4	9,543.6	8,883.2	9,362.1	9,294.5
M₃ (1+2+3+4-5)	105,756.8	96,874.9	105,700.7	108,801.6	107,530.9

No. 8: Monetary Survey

(₹ Billion)

Item	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2014-15	2014	2015		
		Apr. 18	Mar. 20	Apr. 3	Apr. 17
	1	2	3	4	5
Monetary Aggregates					
NM ₁ (1.1 + 1.2.1+1.3)	22,979.2	21,206.2	22,923.2	24,237.4	23,391.3
NM ₂ (NM ₁ + 1.2.2.1)	59,021.3	54,109.1	58,965.3	61,081.5	60,051.5
NM ₃ (NM ₂ + 1.2.2.2 + 1.4 = 2.1 + 2.2 + 2.3 – 2.4 – 2.5)	105,331.5	96,488.6	105,275.4	108,419.1	107,062.8
1 Components					
1.1 Currency with the Public	13,869.9	12,909.3	13,870.1	13,884.9	14,318.3
1.2 Aggregate Deposits of Residents	89,057.0	81,391.1	89,057.0	92,335.6	90,444.7
1.2.1 Demand Deposits	8,963.5	8,273.5	8,963.5	10,459.8	8,977.7
1.2.2 Time Deposits of Residents	80,093.5	73,117.6	80,093.5	81,875.8	81,467.1
1.2.2.1 Short-term Time Deposits	36,042.1	32,902.9	36,042.1	36,844.1	36,660.2
1.2.2.1.1 Certificates of Deposit (CDs)	2,974.5	3,865.2	2,974.5	3,234.9	2,967.7
1.2.2.2 Long-term Time Deposits	44,051.5	40,214.7	44,051.5	45,031.7	44,806.9
1.3 'Other' Deposits with RBI	145.9	23.4	89.6	-107.3	95.4
1.4 Call/Term Funding from Financial Institutions	2,258.7	2,164.8	2,258.7	2,306.0	2,204.5
2 Sources					
2.1 Domestic Credit	105,399.2	99,577.3	105,207.7	108,323.0	107,391.1
2.1.1 Net Bank Credit to the Government	30,151.2	30,550.7	30,057.1	30,647.9	31,706.9
2.1.1.1 Net RBI credit to the Government	3,734.1	6,568.8	3,640.0	3,782.7	4,549.2
2.1.1.2 Credit to the Government by the Banking System	26,417.1	23,981.9	26,417.1	26,865.2	27,157.6
2.1.2 Bank Credit to the Commercial Sector	75,248.0	69,026.6	75,150.6	77,675.1	75,684.2
2.1.2.1 RBI Credit to the Commercial Sector	148.5	89.9	54.6	148.5	63.8
2.1.2.2 Credit to the Commercial Sector by the Banking System	75,099.6	68,936.7	75,096.0	77,526.7	75,620.5
2.1.2.2.1 Other Investments (Non-SLR Securities)	4,653.3	4,318.5	4,653.3	4,396.6	4,756.8
2.2 Government's Currency Liabilities to the Public	194.4	174.7	194.4	194.4	194.4
2.3 Net Foreign Exchange Assets of the Banking Sector	19,441.0	16,314.4	19,260.4	19,071.4	19,474.2
2.3.1 Net Foreign Exchange Assets of the RBI	21,272.8	18,416.1	21,092.2	21,356.2	21,296.8
2.3.2 Net Foreign Currency Assets of the Banking System	-1,831.8	-2,101.6	-1,831.8	-2,284.8	-1,822.6
2.4 Capital Account	16,773.5	16,142.8	16,773.5	16,788.8	16,892.1
2.5 Other items (net)	2,929.6	3,435.1	2,613.6	2,381.0	3,104.7

No. 9: Liquidity Aggregates

(₹ Billion)

Aggregates	2014-15	2014	2015		
	1	Apr.	Feb.	Mar.	Apr.
		2	3	4	5
1 NM₃	105,331.5	96,488.6	104,006.9	105,331.5	107,062.8
2 Postal Deposits	1,729.2	1,594.2	1,716.1	1,729.2	1,729.2
3 L₁ (1 + 2)	107,060.7	98,082.8	105,723.0	107,060.7	108,792.0
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 L₂ (3 + 4)	107,090.0	98,112.1	105,752.3	107,090.0	108,821.3
6 Public Deposits with Non-Banking Financial Companies	251.3	251.3	..
7 L₃ (5 + 6)	107,341.3	107,341.3	..

No. 10: Reserve Bank of India Survey

(₹ Billion)

Item	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2014-15	2014	2015		
		Apr. 18	Mar. 20	Apr. 3	Apr. 17
	1	2	3	4	5
1 Components					
1.1 Currency in Circulation	14,483.2	13,450.9	14,483.5	14,487.9	14,940.4
1.2 Bankers' Deposits with the RBI	4,655.6	3,470.4	3,959.0	3,940.2	3,831.4
1.2.1 Scheduled Commercial Banks	4,396.7	3,266.2	3,730.7	3,682.0	3,598.6
1.3 'Other' Deposits with the RBI	145.9	23.4	89.6	-107.3	95.4
Reserve Money (1.1 + 1.2 + 1.3 = 2.1 + 2.2 + 2.3 - 2.4 - 2.5)	19,284.7	16,944.7	18,532.1	18,320.9	18,867.2
2 Sources					
2.1 RBI's Domestic Credit	5,759.1	6,979.1	5,217.9	4,795.1	5,372.0
2.1.1 Net RBI credit to the Government	3,734.1	6,568.8	3,640.0	3,782.7	4,549.2
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)	3,685.5	6,550.1	3,629.8	3,782.9	4,544.9
2.1.1.1.1 Loans and Advances to the Central Government	-	-	-	-	-
2.1.1.1.2 Investments in Treasury Bills	-	-	-	-	-
2.1.1.1.3 Investments in dated Government Securities	5,256.2	6,548.6	5,257.6	5,256.2	5,231.9
2.1.1.1.3.1 Central Government Securities	5,245.7	6,538.1	5,247.1	5,245.7	5,221.5
2.1.1.1.4 Rupee Coins	2.2	2.5	2.8	2.2	1.3
2.1.1.1.5 Deposits of the Central Government	1,572.8	1.0	1,630.7	1,475.4	688.3
2.1.1.2 Net RBI credit to State Governments	48.6	18.6	10.3	-0.2	4.3
2.1.2 RBI's Claims on Banks	1,876.6	320.4	1,523.2	863.9	759.0
2.1.2.1 Loans and Advances to Scheduled Commercial Banks	1,876.1	318.7	1,522.8	863.4	758.6
2.1.3 RBI's Credit to Commercial Sector	148.5	89.9	54.6	148.5	63.8
2.1.3.1 Loans and Advances to Primary Dealers	24.1	26.7	17.0	24.1	20.6
2.1.3.2 Loans and Advances to NABARD	-	-	-	-	-
2.2 Government's Currency Liabilities to the Public	194.4	174.7	194.4	194.4	194.4
2.3 Net Foreign Exchange Assets of the RBI	21,272.8	18,416.1	21,092.2	21,356.2	21,296.8
2.3.1 Gold	1,191.6	1,296.2	1,225.7	1,191.6	1,191.6
2.3.2 Foreign Currency Assets	20,081.4	17,120.1	19,866.6	20,164.8	20,105.4
2.4 Capital Account	8,166.4	8,231.3	8,166.4	8,166.4	8,166.4
2.5 Other Items (net)	-224.8	393.8	-194.0	-141.5	-170.4

No. 11: Reserve Money - Components and Sources

(₹ Billion)

Item	Outstanding as on March 31/ last Fridays of the month/ Fridays						
	2014-15	2014	2015				
		Apr. 25	Mar. 27	Apr. 3	Apr. 10	Apr. 17	Apr. 24
	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)	19,284.7	16,974.6	18,365.0	18,320.9	18,607.5	18,867.2	18,988.7
1 Components							
1.1 Currency in Circulation	14,483.2	13,421.6	14,459.4	14,487.9	14,761.2	14,940.4	14,921.9
1.2 Bankers' Deposits with RBI	4,655.6	3,529.8	3,809.5	3,940.2	3,750.7	3,831.4	3,965.8
1.3 'Other' Deposits with RBI	145.9	23.2	96.2	-107.3	95.5	95.4	100.9
2 Sources							
2.1 Net Reserve Bank Credit to Government	3,734.1	6,437.5	3,820.9	3,782.7	4,468.2	4,549.2	4,362.6
2.2 Reserve Bank Credit to Banks	1,876.6	474.8	1,018.2	863.9	568.6	759.0	1,050.9
2.3 Reserve Bank Credit to Commercial Sector	148.5	89.9	120.3	148.5	67.5	63.8	65.1
2.4 Net Foreign Exchange Assets of RBI	21,272.8	18,654.9	21,244.2	21,356.2	21,131.5	21,296.8	21,698.6
2.5 Government's Currency Liabilities to the Public	194.4	174.7	194.4	194.4	194.4	194.4	194.4
2.6 Net Non- Monetary Liabilities of RBI	7,941.6	8,857.2	8,033.0	8,024.9	7,822.7	7,996.0	8,382.9

No. 12: Commercial Bank Survey

(₹ Billion)

Item	Outstanding as on last reporting Fridays of the month/ reporting Fridays of the month				
	2014-15	2014	2015		
		Apr. 18	Mar. 20	Apr. 3	Apr. 17
	1	2	3	4	5
1 Components					
1.1 Aggregate Deposits of Residents	83,172.5	75,733.9	83,172.5	86,426.4	84,530.6
1.1.1 Demand Deposits	8,034.1	7,313.0	8,034.1	9,523.4	8,041.5
1.1.2 Time Deposits of Residents	75,138.3	68,420.9	75,138.3	76,903.0	76,489.1
1.1.2.1 Short-term Time Deposits	33,812.2	30,789.4	33,812.2	34,606.4	34,420.1
1.1.2.1.1 Certificates of Deposits (CDs)	2,974.5	3,865.2	2,974.5	3,234.9	2,967.7
1.1.2.2 Long-term Time Deposits	41,326.1	37,631.5	41,326.1	42,296.7	42,069.0
1.2 Call/Term Funding from Financial Institutions	2,258.7	2,164.8	2,258.7	2,306.0	2,204.5
2 Sources					
2.1 Domestic Credit	95,298.5	87,005.9	95,298.5	98,157.8	96,545.8
2.1.1 Credit to the Government	25,028.5	22,606.1	25,028.5	25,482.2	25,764.5
2.1.2 Credit to the Commercial Sector	70,270.0	64,399.7	70,270.0	72,675.6	70,781.3
2.1.2.1 Bank Credit	65,646.8	60,130.4	65,646.8	68,309.6	66,039.2
2.1.2.1.1 Non-food Credit	64,702.6	59,203.5	64,702.6	67,617.4	65,167.9
2.1.2.2 Net Credit to Primary Dealers	35.7	22.7	35.7	39.5	55.1
2.1.2.3 Investments in Other Approved Securities	23.9	17.6	23.9	19.6	19.9
2.1.2.4 Other Investments (in non-SLR Securities)	4,563.7	4,228.9	4,563.7	4,306.9	4,667.1
2.2 Net Foreign Currency Assets of Commercial Banks (2.2.1-2.2.2-2.2.3)	-1,831.8	-2,101.6	-1,831.8	-2,284.8	-1,822.6
2.2.1 Foreign Currency Assets	1,647.0	1,357.5	1,647.0	1,700.9	1,634.9
2.2.2 Non-resident Foreign Currency Repatriable Fixed Deposits	2,684.0	2,539.3	2,684.0	2,688.5	2,672.6
2.2.3 Overseas Foreign Currency Borrowings	794.8	919.8	794.8	1,297.2	784.9
2.3 Net Bank Reserves (2.3.1+2.3.2-2.3.3)	2,745.4	3,415.4	2,745.4	3,345.7	3,385.9
2.3.1 Balances with the RBI	3,730.7	3,266.2	3,730.7	3,682.0	3,598.6
2.3.2 Cash in Hand	537.4	467.8	537.4	527.2	545.8
2.3.3 Loans and Advances from the RBI	1,522.8	318.7	1,522.8	863.4	758.6
2.4 Capital Account	8,365.4	7,669.7	8,365.4	8,380.7	8,484.0
2.5 Other items (net) (2.1+2.2+2.3-2.4-1.1-1.2)	2,415.5	2,751.1	2,415.5	2,105.6	2,889.9
2.5.1 Other Demand and Time Liabilities (net of 2.2.3)	3,796.6	3,182.2	3,796.6	3,696.7	3,507.5
2.5.2 Net Inter-Bank Liabilities (other than to PDs)	-766.1	-564.9	-766.1	-704.2	-640.5

No. 13: Scheduled Commercial Banks' Investments

(₹ Billion)

Item	As on March 20, 2015	2014	2015		
		Apr. 18	Mar. 20	Apr. 03	Apr. 17
	1	2	3	4	5
1 SLR Securities	24,918.3	22,623.8	24,918.3	25,501.8	25,784.4
2 Commercial Paper	467.9	147.3	467.9	402.4	453.1
3 Shares issued by					
3.1 PSUs	81.8	81.5	81.8	81.5	80.6
3.2 Private Corporate Sector	365.8	330.4	365.8	370.7	372.6
3.3 Others	32.7	9.8	32.7	53.7	32.2
4 Bonds/Debentures issued by					
4.1 PSUs	809.5	797.6	809.5	792.8	760.8
4.2 Private Corporate Sector	1,159.2	1,207.3	1,159.2	1,208.7	1,149.2
4.3 Others	505.1	490.8	505.1	606.7	579.4
5 Instruments issued by					
5.1 Mutual funds	585.6	520.2	585.6	184.0	646.3
5.2 Financial institutions	627.6	644.1	627.6	606.5	592.8

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			
	2014-15	2014	2015		2014-15	2014	2015	
		Apr.	Mar.	Apr.		Apr.	Mar.	Apr.
	1	2	3	4	5	6	7	8
Number of Reporting Banks	214	212	214	214	147	145	147	147
1 Liabilities to the Banking System	1,619.2	1,288.7	1,619.2	1,628.4	1,561.5	1,239.0	1,561.5	1,572.3
1.1 Demand and Time Deposits from Banks	1,153.7	876.0	1,153.7	1,202.3	1,102.0	829.3	1,102.0	1,148.9
1.2 Borrowings from Banks	404.1	347.4	404.1	371.1	398.2	344.4	398.2	368.5
1.3 Other Demand and Time Liabilities	61.5	65.3	61.5	55.0	61.4	65.3	61.4	54.9
2 Liabilities to Others	94,577.6	87,153.3	94,577.6	96,673.9	92,163.6	84,852.0	92,163.6	94,225.0
2.1 Aggregate Deposits	87,651.2	80,541.3	87,651.2	89,902.1	85,332.9	78,331.3	85,332.9	87,551.1
2.1.1 Demand	8,125.7	7,591.0	8,125.7	8,482.6	7,940.3	7,412.0	7,940.3	8,292.0
2.1.2 Time	79,525.6	72,950.3	79,525.6	81,419.6	77,392.6	70,919.3	77,392.6	79,259.2
2.2 Borrowings	2,279.0	2,354.8	2,279.0	2,503.3	2,258.7	2,339.0	2,258.7	2,479.2
2.3 Other Demand and Time Liabilities	4,647.3	4,257.3	4,647.3	4,268.5	4,572.0	4,181.7	4,572.0	4,194.7
3 Borrowings from Reserve Bank	1,582.5	474.8	1,582.5	1,131.4	1,582.0	472.5	1,582.0	1,130.9
3.1 Against Usance Bills /Promissory Notes	—	—	—	—	—	—	—	—
3.2 Others	1,582.5	474.8	1,582.5	1,131.4	1,582.0	472.5	1,582.0	1,130.9
4 Cash in Hand and Balances with Reserve Bank	4,379.4	3,911.0	4,379.4	4,393.5	4,264.3	3,799.9	4,264.3	4,280.2
4.1 Cash in Hand	544.9	489.8	544.9	559.6	533.5	478.8	533.5	548.0
4.2 Balances with Reserve Bank	3,834.6	3,421.2	3,834.6	3,834.0	3,730.7	3,321.1	3,730.7	3,732.2
5 Assets with the Banking System	2,581.2	2,248.4	2,581.2	2,677.7	2,217.7	1,860.9	2,217.7	2,299.5
5.1 Balances with Other Banks	1,540.2	1,253.2	1,540.2	1,742.0	1,374.1	1,123.5	1,374.1	1,568.4
5.1.1 In Current Account	109.3	129.9	109.3	117.1	91.3	112.8	91.3	103.2
5.1.2 In Other Accounts	1,430.9	1,123.3	1,430.9	1,624.9	1,282.7	1,010.8	1,282.7	1,465.2
5.2 Money at Call and Short Notice	374.3	391.7	374.3	256.0	225.9	213.3	225.9	104.0
5.3 Advances to Banks	192.5	155.7	192.5	194.7	189.2	151.3	189.2	191.3
5.4 Other Assets	474.2	447.8	474.2	485.1	428.5	372.8	428.5	435.8
6 Investment	25,610.7	23,340.0	25,610.7	26,502.1	24,918.3	22,653.0	24,918.3	25,812.8
6.1 Government Securities	25,586.6	23,318.9	25,586.6	26,477.8	24,897.5	22,634.6	24,897.5	25,791.7
6.2 Other Approved Securities	24.0	21.1	24.0	24.3	20.7	18.5	20.7	21.0
7 Bank Credit	67,426.9	61,976.5	67,426.9	68,041.2	65,364.2	60,134.7	65,364.2	66,012.6
7a Food Credit	1,078.0	1,098.3	1,078.0	1,032.5	944.2	987.9	944.2	898.7
7.1 Loans, Cash-credits and Overdrafts	65,154.2	59,702.7	65,154.2	65,782.6	63,123.9	57,888.1	63,123.9	63,785.3
7.2 Inland Bills-Purchased	348.6	374.9	348.6	350.9	344.1	371.3	344.1	345.7
7.3 Inland Bills-Discounted	1,221.1	1,172.7	1,221.1	1,248.2	1,199.9	1,156.2	1,199.9	1,228.4
7.4 Foreign Bills-Purchased	242.6	255.2	242.6	217.1	241.2	251.9	241.2	216.0
7.5 Foreign Bills-Discounted	460.3	470.9	460.3	442.5	455.2	467.3	455.2	437.2

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

(₹ Billion)

Item	Outstanding as on				Growth (%)	
	Mar. 20, 2015	2014	2015		Financial year so far 2015-16	Y-o-Y 2015
		Apr. 18	Mar. 20	Apr. 17		
	1	2	3	4	5	6
1 Gross Bank Credit	61,023	56,370	61,023	61,282	0.4	8.7
1.1 Food Credit	994	887	994	868	-12.6	-2.2
1.2 Non-food Credit	60,030	55,483	60,030	60,414	0.6	8.9
1.2.1 Agriculture & Allied Activities	7,659	6,865	7,659	7,835	2.3	14.1
1.2.2 Industry	26,488	24,987	26,488	26,582	0.4	6.4
1.2.2.1 Micro & Small	3,800	3,533	3,800	3,887	2.3	10.0
1.2.2.2 Medium	1,265	1,233	1,265	1,266	0.1	2.7
1.2.2.3 Large	21,422	20,221	21,422	21,429	0.0	6.0
1.2.3 Services	13,994	13,234	13,994	14,221	1.6	7.5
1.2.3.1 Transport Operators	878	904	878	924	5.2	2.1
1.2.3.2 Computer Software	166	169	166	176	6.0	4.1
1.2.3.3 Tourism, Hotels & Restaurants	363	390	363	376	3.6	-3.7
1.2.3.4 Shipping	100	95	100	101	1.2	5.8
1.2.3.5 Professional Services	745	717	745	843	13.2	17.6
1.2.3.6 Trade	3,556	3,186	3,556	3,624	1.9	13.7
1.2.3.6.1 Wholesale Trade	1,795	1,644	1,795	1,751	-2.4	6.5
1.2.3.6.2 Retail Trade	1,762	1,542	1,762	1,872	6.3	21.4
1.2.3.7 Commercial Real Estate	1,665	1,530	1,665	1,664	-0.0	8.8
1.2.3.8 Non-Banking Financial Companies (NBFCs)	3,117	3,119	3,117	3,222	3.3	3.3
1.2.3.9 Other Services	3,404	3,122	3,404	3,292	-3.3	5.4
1.2.4 Personal Loans	11,889	10,397	11,889	11,775	-1.0	13.3
1.2.4.1 Consumer Durables	153	137	153	156	1.8	13.8
1.2.4.2 Housing	6,256	5,467	6,256	6,419	2.6	17.4
1.2.4.3 Advances against Fixed Deposits	625	588	625	627	0.3	6.7
1.2.4.4 Advances to Individuals against share & bonds	45	34	45	53	17.7	58.6
1.2.4.5 Credit Card Outstanding	305	254	305	313	2.6	22.9
1.2.4.6 Education	634	601	634	638	0.7	6.2
1.2.4.7 Vehicle Loans	1,505	1,337	1,505	1,265	-15.9	-5.3
1.2.4.8 Other Personal Loans	2,366	1,979	2,366	2,304	-2.6	16.4
1.2A Priority Sector	20,103	18,493	20,103	20,192	0.4	9.2
1.2A.1 Agriculture & Allied Activities	7,659	6,865	7,659	7,835	2.3	14.1
1.2A.2 Micro & Small Enterprises	8,003	7,292	8,003	8,126	1.5	11.4
1.2A.2.1 Manufacturing	3,800	3,533	3,800	3,887	2.3	10.0
1.2A.2.2 Services	4,203	3,759	4,203	4,240	0.9	12.8
1.2A.3 Housing	3,224	3,068	3,224	3,203	-0.6	4.4
1.2A.4 Micro-Credit	177	178	177	176	-0.6	-1.1
1.2A.5 Education Loans	592	569	592	592	0.0	4.0
1.2A.6 State-Sponsored Orgs. for SC/ST	3	3	3	4	0.5	2.0
1.2A.7 Weaker Sections	4,049	3,679	4,049	4,015	-0.8	9.2
1.2A.8 Export Credit	426	482	426	440	3.3	-8.7

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

(₹ Billion)

Industry	Outstanding as on				Growth (%)	
	Mar. 20, 2015	2014	2015		Financial year so far	Y-o-Y
		Apr. 18	Mar. 20	Apr. 17	2015-16	2015
	1	2	3	4	5	6
1 Industry	26,488	24,987	26,488	26,582	0.4	6.4
1.1 Mining & Quarrying (incl. Coal)	354	357	354	360	1.7	0.8
1.2 Food Processing	1,710	1,487	1,710	1,687	-1.4	13.4
1.2.1 Sugar	414	365	414	426	3.0	16.8
1.2.2 Edible Oils & Vanaspati	211	218	211	209	-0.5	-3.8
1.2.3 Tea	32	29	32	32	-0.8	7.3
1.2.4 Others	1,054	875	1,054	1,019	-3.3	16.5
1.3 Beverage & Tobacco	186	180	186	190	2.2	5.5
1.4 Textiles	2,013	2,002	2,013	2,032	1.0	1.5
1.4.1 Cotton Textiles	1,000	999	1,000	1,000	-0.0	0.1
1.4.2 Jute Textiles	22	20	22	22	-3.1	8.8
1.4.3 Man-Made Textiles	204	213	204	212	4.1	-0.4
1.4.4 Other Textiles	787	770	787	798	1.5	3.7
1.5 Leather & Leather Products	102	99	102	103	0.9	3.6
1.6 Wood & Wood Products	97	91	97	98	1.8	7.8
1.7 Paper & Paper Products	340	326	340	339	-0.2	4.2
1.8 Petroleum, Coal Products & Nuclear Fuels	560	583	560	558	-0.5	-4.4
1.9 Chemicals & Chemical Products	1,542	1,620	1,542	1,516	-1.7	-6.5
1.9.1 Fertiliser	254	253	254	213	-16.1	-15.9
1.9.2 Drugs & Pharmaceuticals	493	478	493	509	3.3	6.5
1.9.3 Petro Chemicals	331	445	331	333	0.7	-25.3
1.9.4 Others	465	444	465	461	-0.8	3.8
1.10 Rubber, Plastic & their Products	376	359	376	373	-0.7	3.9
1.11 Glass & Glassware	88	93	88	90	2.3	-3.0
1.12 Cement & Cement Products	559	547	559	568	1.6	3.9
1.13 Basic Metal & Metal Product	3,851	3,555	3,851	3,834	-0.4	7.8
1.13.1 Iron & Steel	2,833	2,638	2,833	2,838	0.2	7.6
1.13.2 Other Metal & Metal Product	1,018	917	1,018	996	-2.2	8.6
1.14 All Engineering	1,529	1,436	1,529	1,545	1.1	7.6
1.14.1 Electronics	367	356	367	372	1.4	4.6
1.14.2 Others	1,162	1,081	1,162	1,173	1.0	8.6
1.15 Vehicles, Vehicle Parts & Transport Equipment	680	659	680	692	1.8	5.0
1.16 Gems & Jewellery	717	676	717	715	-0.4	5.7
1.17 Construction	725	668	725	741	2.3	10.8
1.18 Infrastructure	9,234	8,435	9,234	9,326	1.0	10.6
1.18.1 Power	5,576	4,898	5,576	5,652	1.4	15.4
1.18.2 Telecommunications	918	899	918	978	6.5	8.7
1.18.3 Roads	1,678	1,590	1,678	1,669	-0.5	5.0
1.18.4 Other Infrastructure	1,062	1,047	1,062	1,027	-3.3	-2.0
1.19 Other Industries	1,824	1,811	1,824	1,815	-0.5	0.2

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					
	2013-14	2014		2015		
		Jan. 31	Dec. 26	Jan. 9	Jan. 23	Jan. 30
	1	2	3	4	5	6
Number of Reporting Banks	31	31	31	31	31	31
1 Aggregate Deposits (2.1.1.2+2.2.1.2)	417.9	406.0	404.6	406.5	405.9	406.3
2 Demand and Time Liabilities						
2.1 Demand Liabilities	139.7	127.5	139.8	137.4	138.9	135.4
2.1.1 Deposits						
2.1.1.1 Inter-Bank	25.4	14.9	28.1	24.7	27.8	28.2
2.1.1.2 Others	76.2	73.8	76.7	78.1	76.2	74.5
2.1.2 Borrowings from Banks	7.2	13.2	8.5	6.8	7.2	5.5
2.1.3 Other Demand Liabilities	30.9	32.1	26.4	27.8	27.6	27.1
2.2 Time Liabilities	899.5	848.9	852.3	850.6	852.8	851.3
2.2.1 Deposits						
2.2.1.1 Inter-Bank	541.4	506.0	512.6	511.1	512.7	511.2
2.2.1.2 Others	341.7	332.2	327.8	328.4	329.7	331.8
2.2.2 Borrowings from Banks	5.9	–	0.6	0.2	–	0.4
2.2.3 Other Time Liabilities	10.2	10.4	11.3	10.9	10.4	7.9
3 Borrowing from Reserve Bank	–	–	–	–	–	–
4 Borrowings from a notified bank / State Government	337.9	370.3	433.9	432.6	431.5	431.5
4.1 Demand	162.6	152.7	173.9	172.1	171.7	171.7
4.2 Time	175.3	217.6	260.0	260.5	259.7	259.7
5 Cash in Hand and Balances with Reserve Bank	43.0	37.7	40.2	40.4	38.0	40.8
5.1 Cash in Hand	2.2	2.2	2.4	2.2	2.1	2.2
5.2 Balance with Reserve Bank	40.8	35.5	37.8	38.3	35.8	38.6
6 Balances with Other Banks in Current Account	8.3	10.5	7.5	7.7	6.7	5.8
7 Investments in Government Securities	289.4	265.4	281.3	281.4	274.8	276.9
8 Money at Call and Short Notice	213.9	186.6	201.7	203.6	191.9	191.5
9 Bank Credit (10.1+11)	388.2	369.1	380.1	404.9	378.8	409.9
10 Advances						
10.1 Loans, Cash-Credits and Overdrafts	388.2	369.0	380.0	404.8	378.8	409.9
10.2 Due from Banks	650.1	645.6	697.5	698.8	697.3	697.3
11 Bills Purchased and Discounted	–	0.1	0.1	0.1	0.1	0.1

Prices and Production

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

Group/Sub group	2014-15			Rural			Urban			Combined		
	Rural	Urban	Combined	Apr. 14	Mar. 15	Apr. 15	Apr. 14	Mar. 15	Apr. 15	Apr. 14	Mar. 15	Apr. 15
	1	2	3	4	5	6	7	8	9	10	11	12
1 Food and beverages	122.6	124.1	123.1	117.2	123.1	123.5	118.2	123.9	124.6	117.6	123.4	123.9
1.1 Cereals and products	122.0	123.9	122.6	120.2	123.3	123.3	122.5	124.0	123.8	120.9	123.5	123.5
1.2 Meat and fish	122.3	125.5	123.5	118.9	124.7	125.6	121.7	126.7	128.2	119.9	125.4	126.5
1.3 Egg	119.0	118.4	118.7	118.1	118.9	117.3	113.3	113.5	110.0	116.2	116.8	114.5
1.4 Milk and products	122.3	122.7	122.5	117.0	126.0	126.7	117.0	125.9	126.3	117.0	126.0	126.6
1.5 Oils and fats	110.6	103.7	108.1	109.7	111.8	112.0	103.1	104.8	104.5	107.3	109.2	109.2
1.6 Fruits	128.6	126.1	127.4	125.5	130.9	134.1	126.7	123.8	130.6	126.1	127.6	132.5
1.7 Vegetables	140.0	146.7	142.3	120.5	128.0	127.7	121.2	131.4	130.7	120.7	129.2	128.7
1.8 Pulses and products	115.1	117.8	116.0	111.0	119.9	121.6	111.0	127.2	131.3	111.0	122.4	124.9
1.9 Sugar and confectionery	102.8	99.5	101.7	102.6	98.9	97.8	100.3	93.2	91.6	101.8	97.0	95.7
1.10 Spices	115.0	122.6	117.5	111.2	119.4	119.8	115.3	127.4	127.7	112.6	122.1	122.4
1.11 Non-alcoholic beverages	116.4	114.9	115.8	113.5	118.9	119.4	112.7	117.0	117.2	113.2	118.1	118.5
1.12 Prepared meals, snacks, sweets	123.0	125.4	124.1	118.7	127.7	128.5	121.0	129.2	129.5	119.8	128.4	129.0
2 Pan, tobacco and intoxicants	120.0	123.7	120.9	115.4	124.7	125.4	117.6	128.8	130.1	116.0	125.8	126.7
3 Clothing and footwear	121.7	118.5	120.5	117.8	125.5	126.1	115.7	120.9	121.3	117.0	123.7	124.2
3.1 Clothing	122.1	119.2	121.0	118.1	126.0	126.6	116.3	121.7	122.1	117.4	124.3	124.8
3.2 Footwear	119.6	114.7	117.6	116.1	122.9	123.4	112.5	116.9	117.2	114.6	120.4	120.8
4 Housing	-	116.1	116.1	-	-	-	113.9	118.6	119.2	113.9	118.6	119.2
5 Fuel and light	116.5	112.3	114.9	113.4	120.6	121.3	110.9	114.4	114.7	112.5	118.3	118.8
6 Miscellaneous	113.6	113.1	113.4	111.5	115.5	116.1	111.4	113.8	114.2	111.5	114.7	115.2
6.1 Household goods and services	116.9	115.8	116.4	113.7	120.2	120.9	113.4	118.0	118.4	113.6	119.2	119.7
6.2 Health	114.9	112.5	114.0	111.8	118.2	118.7	111.0	114.3	114.6	111.5	116.7	117.1
6.3 Transport and communication	112.0	110.3	111.1	111.2	111.6	112.1	111.2	108.4	108.4	111.2	109.9	110.2
6.4 Recreation and amusement	112.8	113.3	113.1	110.5	115.5	116.0	111.2	115.4	115.6	110.9	115.4	115.8
6.5 Education	116.4	118.4	117.6	113.0	119.4	119.9	112.5	120.6	121.7	112.7	120.1	121.0
6.6 Personal care and effects	109.4	110.2	109.7	108.9	110.8	111.5	109.1	111.3	111.8	109.0	111.0	111.6
General Index (All Groups)	119.5	118.1	118.9	115.4	121.1	121.6	114.7	119.1	119.7	115.1	120.2	120.7

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

No. 19: Other Consumer Price Indices

Item	Base Year	Linking Factor	2014-15	2014	2015	
				Apr.	Mar.	Apr.
	1	2	3	4	5	6
1 Consumer Price Index for Industrial Workers	2001	4.63	251	242	254	256
2 Consumer Price Index for Agricultural Labourers	1986-87	5.89	800	771	803	805
3 Consumer Price Index for Rural Labourers	1986-87	-	802	773	807	809

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

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

Item	2014-15	2014	2015	
		Apr.	Mar.	Apr.
	1	2	3	4
1 Standard Gold (₹ per 10 grams)	27,415	29,329	26,168	26,683
2 Silver (₹ per kilogram)	40,558	43,607	37,176	37,491

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

No. 21: Wholesale Price Index

(Base: 2004-05 = 100)

Commodities	Weight	2014-15	2014	2015		
			Apr.	Feb.	Mar. (P)	Apr. (P)
			1	2	3	4
I ALL COMMODITIES	100.000	181.2	180.8	175.6	176.1	176.0
1.1 PRIMARY ARTICLES	20.118	248.9	242.4	240.9	239.6	241.8
1.1.1 Food articles	14.337	253.4	239.0	250.7	249.4	252.7
1.1.1.1 Food Grains	4.090	235.0	230.2	237.6	235.6	237.1
1.1.1.1.1 Cereals	3.373	233.6	230.5	233.5	230.9	231.4
1.1.1.1.2 Pulses	0.717	241.4	228.9	256.7	257.8	264.1
1.1.1.2 Fruits & Vegetables	3.843	257.4	225.4	234.9	232.0	242.1
1.1.1.2.1 Vegetables	1.736	276.7	220.0	227.8	217.6	217.1
1.1.1.2.2 Fruits	2.107	241.5	229.9	240.8	243.9	262.6
1.1.1.3 Milk	3.238	242.6	230.5	247.4	247.3	247.6
1.1.1.4 Eggs, Meat & Fish	2.414	282.3	279.6	288.4	290.1	290.8
1.1.1.5 Condiments & Spices	0.569	298.8	266.0	314.3	311.1	310.2
1.1.1.6 Other Food Articles	0.183	249.5	252.5	233.9	232.1	233.9
1.1.2 Non-Food Articles	4.258	212.0	216.9	205.8	202.2	203.5
1.1.2.1 Fibres	0.877	215.2	235.3	191.8	192.5	202.8
1.1.2.2 Oil Seeds	1.781	208.9	210.8	202.6	204.2	207.0
1.1.2.3 Other Non-Food Articles	1.386	215.5	216.7	213.8	209.4	207.3
1.1.2.4 Flowers	0.213	203.5	192.0	238.6	178.7	152.7
1.1.3 Minerals	1.524	309.3	345.6	247.7	252.1	246.6
1.1.3.1 Metallic Minerals	0.489	391.6	378.1	353.0	382.0	353.0
1.1.3.2 Other Minerals	0.135	212.0	206.3	217.8	218.3	217.8
1.1.3.3 Crude Petroleum	0.900	279.1	348.8	195.1	186.7	193.2
1.2 FUEL & POWER	14.910	203.4	211.8	181.2	187.3	184.2
1.2.1 Coal	2.094	189.8	189.8	189.8	189.8	189.8
1.2.2 Mineral Oils	9.364	219.6	233.1	183.4	194.1	188.6
1.2.3 Electricity	3.452	167.8	167.6	170.1	167.6	169.1
1.3 MANUFACTURED PRODUCTS	64.972	155.1	154.6	154.0	153.9	153.8
1.3.1 Food Products	9.974	172.9	171.6	170.6	170.1	169.8
1.3.1.1 Dairy Products	0.568	199.6	187.0	206.3	206.8	207.0
1.3.1.2 Canning, Preserving & Processing of Food	0.358	167.3	172.8	165.8	167.9	165.3
1.3.1.3 Grain Mill Products	1.340	175.1	172.8	176.3	174.7	172.9
1.3.1.4 Bakery Products	0.444	149.0	148.2	146.6	147.5	150.6
1.3.1.5 Sugar, Khandasari & Gur	2.089	182.8	183.8	173.7	171.2	168.8
1.3.1.6 Edible Oils	3.043	145.1	146.1	145.6	145.4	144.6
1.3.1.7 Oil Cakes	0.494	227.0	220.8	222.4	228.8	227.0
1.3.1.8 Tea & Coffee Processing	0.711	189.6	187.6	174.9	172.8	177.8
1.3.1.9 Manufacture of Salt	0.048	196.2	185.0	204.8	196.8	209.7
1.3.1.10 Other Food Products	0.879	194.0	188.8	197.0	197.7	200.5
1.3.2 Beverages, Tobacco & Tobacco Products	1.762	200.8	197.4	202.7	203.2	203.5
1.3.2.1 Wine Industries	0.385	137.1	136.1	136.2	136.8	136.3
1.3.2.2 Malt Liquor	0.153	177.5	171.7	179.4	179.4	179.4
1.3.2.3 Soft Drinks & Carbonated Water	0.241	162.5	159.1	167.1	167.4	167.5
1.3.2.4 Manufacture of Bidi, Cigarettes, Tobacco & Zarda	0.983	238.7	234.8	241.3	241.7	242.4
1.3.3 Textiles	7.326	142.6	143.1	140.4	139.9	140.3
1.3.3.1 Cotton Textiles	2.605	162.6	165.5	157.9	157.9	156.8
1.3.3.1.1 Cotton Yarn	1.377	179.4	185.8	170.0	170.1	168.9
1.3.3.1.2 Cotton Fabric	1.228	143.9	142.7	144.4	144.2	143.4
1.3.3.2 Man-Made Textiles	2.206	135.2	134.7	132.4	130.6	133.1
1.3.3.2.1 Man-Made Fibre	1.672	134.3	134.0	131.2	129.5	132.9
1.3.3.2.2 Man-Made Fabric	0.533	138.0	137.0	136.3	134.1	133.7
1.3.3.3 Woollen Textiles	0.294	159.5	157.5	159.9	160.0	160.0
1.3.3.4 Jute, Hemp & Mesta Textiles	0.261	192.8	188.8	200.0	201.1	202.6
1.3.3.5 Other Misc. Textiles	1.960	115.0	114.5	115.3	115.2	115.2
1.3.4 Wood & Wood Products	0.587	187.7	189.0	189.5	189.0	192.0
1.3.4.1 Timber/Wooden Planks	0.181	156.9	155.5	157.5	158.0	159.6
1.3.4.2 Processed Wood	0.128	191.1	190.8	191.8	190.1	192.0
1.3.4.3 Plywood & Fibre Board	0.241	214.7	218.7	218.6	217.9	222.7
1.3.4.4 Others	0.038	152.5	153.8	149.5	149.6	151.7

No. 21: Wholesale Price Index (Concl'd.)

(Base: 2004-05 = 100)

Commodities	Weight	2014-15	2014		2015	
			Apr.	Feb.	Mar. (P)	Apr. (P)
	1	2	3	4	5	6
1.3.5 Paper & Paper Products	2.034	150.6	149.4	151.4	152.6	153.1
1.3.5.1 Paper & Pulp	1.019	149.9	149.1	149.8	152.4	151.8
1.3.5.2 Manufacture of boards	0.550	133.8	132.0	134.7	134.6	134.3
1.3.5.3 Printing & Publishing	0.465	172.2	170.7	175.0	174.4	178.4
1.3.6 Leather & Leather Products	0.835	145.0	144.9	142.0	142.0	141.8
1.3.6.1 Leathers	0.223	116.0	115.6	113.9	114.2	114.0
1.3.6.2 Leather Footwear	0.409	161.8	160.4	157.7	157.5	157.3
1.3.6.3 Other Leather Products	0.203	143.1	146.2	141.1	141.2	141.1
1.3.7 Rubber & Plastic Products	2.987	149.9	150.1	147.9	148.4	148.1
1.3.7.1 Tyres & Tubes	0.541	177.3	176.3	177.2	177.3	176.4
1.3.7.1.1 Tyres	0.488	177.5	176.3	177.7	177.8	177.3
1.3.7.1.2 Tubes	0.053	176.1	176.4	172.3	172.8	168.9
1.3.7.2 Plastic Products	1.861	140.2	140.8	137.2	137.6	137.5
1.3.7.3 Rubber Products	0.584	155.3	155.3	155.3	156.1	155.9
1.3.8 Chemicals & Chemical Products	12.018	152.8	153.2	150.6	150.8	150.7
1.3.8.1 Basic Inorganic Chemicals	1.187	156.2	156.6	155.2	155.6	155.1
1.3.8.2 Basic Organic Chemicals	1.952	150.9	153.3	143.8	144.1	144.3
1.3.8.3 Fertilisers & Pesticides	3.145	152.0	150.8	152.9	153.2	153.1
1.3.8.3.1 Fertilisers	2.661	154.9	154.4	155.6	156.1	156.3
1.3.8.3.2 Pesticides	0.483	135.8	130.6	138.1	137.3	135.9
1.3.8.4 Paints, Varnishes & Lacquers	0.529	149.9	149.5	149.7	150.0	149.9
1.3.8.5 Dyestuffs & Indigo	0.563	144.8	146.5	142.1	142.3	142.6
1.3.8.6 Drugs & Medicines	0.456	129.3	128.5	129.7	129.7	130.0
1.3.8.7 Perfumes, Cosmetics, Toiletries etc.	1.130	160.6	160.7	160.4	160.6	160.3
1.3.8.8 Turpentine, Plastic Chemicals	0.586	156.5	157.0	154.5	154.7	154.2
1.3.8.9 Polymers including Synthetic Rubber	0.970	152.4	152.9	150.7	150.6	147.8
1.3.8.10 Petrochemical Intermediates	0.869	161.8	165.5	149.7	151.1	152.8
1.3.8.11 Matches, Explosives & other Chemicals	0.629	153.5	150.9	154.4	153.8	153.9
1.3.9 Non-Metallic Mineral Products	2.556	172.8	166.7	176.2	177.9	177.6
1.3.9.1 Structural Clay Products	0.658	192.1	184.5	195.3	193.3	196.3
1.3.9.2 Glass, Earthenware, Chinaware & their Products	0.256	135.4	133.5	137.7	138.7	139.7
1.3.9.3 Cement & Lime	1.386	169.6	162.7	174.0	177.7	175.5
1.3.9.4 Cement, Slate & Graphite Products	0.256	177.7	176.3	177.8	178.4	178.8
1.3.10 Basic Metals, Alloys & Metal Products	10.748	165.6	166.5	163.6	162.4	162.0
1.3.10.1 Ferrous Metals	8.064	155.6	156.5	152.8	151.4	150.9
1.3.10.1.1 Iron & Semis	1.563	156.8	159.0	151.3	149.4	150.3
1.3.10.1.2 Steel: Long	1.630	164.7	165.1	161.0	159.5	159.3
1.3.10.1.3 Steel: Flat	2.611	150.8	153.5	147.4	145.4	144.7
1.3.10.1.4 Steel: Pipes & Tubes	0.314	133.4	132.9	133.7	134.0	132.3
1.3.10.1.5 Stainless Steel & alloys	0.938	167.2	164.8	167.7	167.1	164.8
1.3.10.1.6 Castings & Forgings	0.871	145.6	144.6	146.3	146.5	146.6
1.3.10.1.7 Ferro alloys	0.137	159.1	159.0	155.7	157.2	153.7
1.3.10.2 Non-Ferrous Metals	1.004	168.7	166.7	168.1	167.9	167.4
1.3.10.2.1 Aluminium	0.489	144.9	141.0	145.2	144.6	144.3
1.3.10.2.2 Other Non-Ferrous Metals	0.515	191.2	191.1	189.9	190.1	189.4
1.3.10.3 Metal Products	1.680	211.7	214.0	212.7	211.8	211.8
1.3.11 Machinery & Machine Tools	8.931	134.7	133.4	135.2	135.3	134.9
1.3.11.1 Agricultural Machinery & Implements	0.139	148.7	145.1	149.8	149.3	149.8
1.3.11.2 Industrial Machinery	1.838	152.4	151.9	153.3	153.2	153.2
1.3.11.3 Construction Machinery	0.045	141.1	138.4	141.5	141.5	141.5
1.3.11.4 Machine Tools	0.367	165.0	164.3	165.8	165.8	165.7
1.3.11.5 Air Conditioner & Refrigerators	0.429	120.6	120.3	120.6	120.6	120.5
1.3.11.6 Non-Electrical Machinery	1.026	126.9	124.5	127.9	127.8	127.6
1.3.11.7 Electrical Machinery, Equipment & Batteries	2.343	138.6	138.4	139.0	138.3	137.8
1.3.11.8 Electrical Accessories, Wires, Cables etc.	1.063	156.1	151.6	156.8	158.9	157.0
1.3.11.9 Electrical Apparatus & Appliances	0.337	119.8	117.4	121.4	121.6	121.7
1.3.11.10 Electronics Items	0.961	89.7	89.6	89.3	89.1	89.2
1.3.11.11 IT Hardware	0.267	91.5	90.0	91.7	91.7	91.7
1.3.11.12 Communication Equipments	0.118	98.8	96.8	99.6	99.6	98.5
1.3.12 Transport, Equipment & Parts	5.213	136.2	135.7	137.1	136.8	137.4
1.3.12.1 Automotives	4.231	135.3	135.0	136.1	135.6	136.4
1.3.12.2 Auto Parts	0.804	138.1	136.3	139.7	139.8	140.0
1.3.12.3 Other Transport Equipments	0.178	150.0	150.6	150.2	150.1	150.2

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

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

Industry	Weight	2013-14	2014-15	April-March		March	
				2013-14	2014-15	2014	2015
				1	2	3	4
General Index	100.00	172.0	176.8	172.0	176.8	193.3	197.3
1 Sectoral Classification							
1.1 Mining and Quarrying	14.16	124.7	126.5	124.7	126.5	147.2	148.5
1.2 Manufacturing	75.53	181.9	186.0	181.9	186.0	204.7	209.3
1.3 Electricity	10.32	164.7	178.6	164.7	178.6	173.0	176.4
2 Use-Based Classification							
2.1 Basic Goods	45.68	156.9	167.7	156.9	167.7	176.3	180.4
2.2 Capital Goods	8.83	242.6	257.7	242.6	257.7	303.8	326.9
2.3 Intermediate Goods	15.69	151.3	153.7	151.3	153.7	160.3	163.4
2.4 Consumer Goods	29.81	185.3	178.9	185.3	178.9	203.9	202.5
2.4.1 Consumer Durables	8.46	264.2	231.1	264.2	231.1	274.4	261.4
2.4.2 Consumer Non-Durables	21.35	154.0	158.3	154.0	158.3	175.9	179.2

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

Government Accounts and Treasury Bills

No. 23: Union Government Accounts at a Glance

(Amount in ₹ Billion)

Item	Financial Year			April 2015	Percentage to Revised Estimates	Percentage to Budget Estimates
	2014-15	2015-16	2015-16			
	(Revised Estimates)	(Provisional Accounts)	(Budget Estimates)			
	1	2	3			
1 Revenue Receipts	11,262.9	10,994.4	11,415.8	253.1	97.6	2.2
1.1 Tax Revenue (Net)	9,084.6	9,024.8	9,198.4	-28.1	99.3	-0.3
1.2 Non-Tax Revenue	2,178.3	1,969.6	2,217.3	281.3	90.4	12.7
2 Capital Receipts	5,548.6	5,453.2	6,359.0	1,293.0	98.3	20.3
2.1 Recovery of Loans	108.9	134.4	107.5	1.7	123.4	1.6
2.2 Other Receipts	313.5	300.0	695.0	16.1	95.7	2.3
2.3 Borrowings and Other Liabilities	5,126.3	5,018.8	5,556.5	1,275.2	97.9	23.0
3 Total Receipts (1+2)	16,811.6	16,447.6	17,774.8	1,546.2	97.8	8.7
4 Non-Plan Expenditure	12,132.2	11,911.4	13,122.0	1,194.6	98.2	9.1
4.1 On Revenue Account	11,219.0	11,002.6	12,060.3	1,043.0	98.1	8.6
4.1.1 Interest Payments	4,113.5	4,040.2	4,561.5	169.9	98.2	3.7
4.2 On Capital Account	913.3	908.8	1,061.7	151.6	99.5	14.3
5 Plan Expenditure	4,679.3	4,536.2	4,652.8	351.6	96.9	7.6
5.1 On Revenue Account	3,668.8	3,574.9	3,300.2	241.1	97.4	7.3
5.2 On Capital Account	1,010.5	961.4	1,352.6	110.5	95.1	8.2
6 Total Expenditure (4+5)	16,811.6	16,447.6	17,774.8	1,546.2	97.8	8.7
7 Revenue Expenditure (4.1+5.1)	14,887.8	14,577.5	15,360.5	1,284.1	97.9	8.4
8 Capital Expenditure (4.2+5.2)	1,923.8	1,870.1	2,414.3	262.1	97.2	10.9
9 Revenue Deficit (7-1)	3,624.9	3,583.1	3,944.7	1,031.0	98.8	26.1
10 Fiscal Deficit {6-(1+2.1+2.2)}	5,126.3	5,018.8	5,556.5	1,275.2	97.9	23.0
11 Gross Primary Deficit [10-4.1.1]	1,012.7	978.6	995.0	1,105.3	96.6	111.1

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

No. 24: Treasury Bills – Ownership Pattern

(₹ Billion)

Item	2014-15	2014		2015				
		Apr. 25	Mar. 20	Mar. 27	Apr. 3	Apr. 10	Apr. 17	Apr. 24
	1	2	3	4	5	6	7	8
1 14-day								
1.1 Banks	–	–	–	–	–	–	–	–
1.2 Primary Dealers	–	–	–	–	–	–	–	–
1.3 State Governments	838.1	738.4	924.5	838.1	1,090.8	869.0	791.5	681.5
1.4 Others	14.7	8.5	10.2	14.7	14.9	8.5	10.6	8.5
2 91-day								
2.1 Banks	446.9	346.4	411.3	446.9	416.7	460.6	441.8	485.1
2.2 Primary Dealers	284.1	368.3	237.6	284.1	256.7	259.8	273.2	307.7
2.3 State Governments	368.3	416.9	449.1	368.3	368.3	361.8	361.8	448.8
2.4 Others	264.9	358.4	351.8	264.9	240.5	283.2	289.0	262.3
3 182-day								
3.1 Banks	231.5	259.8	243.7	231.5	226.6	256.9	257.9	277.3
3.2 Primary Dealers	408.9	258.1	317.8	408.9	398.3	378.4	385.5	416.3
3.3 State Governments	13.9	74.1	14.9	13.9	13.9	7.1	7.1	7.1
3.4 Others	113.9	172.2	181.9	113.9	129.5	122.6	114.6	129.2
4 364-day								
4.1 Banks	330.8	409.7	328.0	330.8	307.1	379.2	366.6	344.1
4.2 Primary Dealers	657.3	538.9	652.2	657.3	614.5	633.2	671.6	681.2
4.3 State Governments	12.0	6.9	12.0	12.0	12.0	12.0	12.0	12.0
4.4 Others	483.4	432.5	492.1	483.4	489.6	458.2	432.4	454.3
5 Total	4,468.7	4,389.0	4,627.0	4,468.7	4,579.5	4,490.4	4,415.5	4,515.7

No. 25: Auctions of Treasury Bills

(Amount in ₹ Billion)

Date of Auction	Notified Amount	Bids Received			Bids Accepted			Total Issue (6+7)	Cut-off Price	Implicit Yield at Cut-off Price (per cent)
		Number	Total Face Value		Number	Total Face Value				
			Competitive	Non-Competitive		Competitive	Non-Competitive			
1	2	3	4	5	6	7	8	9	10	
91-day Treasury Bills										
2015-16										
Apr. 6	80	56	214.19	8.02	18	80.00	8.02	88.02	98.08	7.8519
Apr. 8	80	84	328.00	46.00	31	80.00	46.00	126.00	98.08	7.8519
Apr. 15	80	83	264.04	30.27	50	80.00	30.27	110.27	98.08	7.8519
Apr. 22	80	71	192.58	89.54	53	80.00	89.54	169.54	98.07	7.8936
Apr. 29	80	66	180.03	29.00	55	80.00	29.00	109.00	98.06	7.9353
182-day Treasury Bills										
2014-15										
Mar. 25	60	45	176.45	5.35	19	60.00	5.35	65.35	96.10	8.1388
2015-16										
Apr. 8	60	64	193.67	1.81	16	60.00	1.81	61.81	96.22	7.8786
Apr. 22	60	54	141.84	0.41	28	60.00	0.41	60.41	96.21	7.9002
364-day Treasury Bills										
2014-15										
Mar. 18	60	79	188.53	0.02	21	60.00	0.02	60.02	92.63	7.9782
2015-16										
Apr. 6	60	69	147.00	–	46	60.00	–	60.00	92.74	7.8498
Apr. 15	60	74	177.19	0.10	28	60.00	0.10	60.10	92.71	7.8848
Apr. 29	60	70	178.72	0.13	31	60.00	0.13	60.13	92.69	7.9082

Financial Markets

No. 26: Daily Call Money Rates

(Per cent per annum)

As on 05 Jun,2015	Range of Rates		Weighted Average Rates	
	Borrowings/ Lendings		Borrowings/ Lendings	
	1		2	
April	4, 2015	4.00-7.50	6.57	
April	6, 2015	5.00-7.80	7.25	
April	7, 2015	5.75-7.75	7.29	
April	8, 2015	6.00-7.70	7.35	
April	9, 2015	6.00-7.90	7.44	
April	10, 2015	5.00-8.05	7.56	
April	11, 2015	4.00-7.00	6.45	
April	13, 2015	5.00-8.00	7.42	
April	15, 2015	6.00-8.00	7.42	
April	16, 2015	6.20-7.75	7.37	
April	17, 2015	5.00-7.80	7.36	
April	18, 2015	4.00-8.45	7.56	
April	20, 2015	6.20-8.00	7.65	
April	21, 2015	6.20-7.85	7.27	
April	22, 2015	6.00-8.10	7.37	
April	23, 2015	6.10-8.75	7.73	
April	24, 2015	5.50-7.95	7.45	
April	25, 2015	4.00-7.06	6.50	
April	27, 2015	6.20-7.90	7.47	
April	28, 2015	6.00-7.80	7.44	
April	29, 2015	6.00-7.85	7.51	
April	30, 2015	5.50-8.50	7.68	
May	2, 2015	4.50-6.92	5.81	
May	5, 2015	5.75-7.80	7.30	
May	6, 2015	6.00-7.60	7.33	
May	7, 2015	6.00-8.85	7.78	
May	8, 2015	5.50-7.80	7.14	
May	9, 2015	5.00-7.50	6.38	
May	11, 2015	6.00-8.25	7.61	
May	12, 2015	6.00-7.75	7.24	
May	13, 2015	6.00-7.80	7.39	
May	14, 2015	6.00-7.75	7.46	
May	15, 2015	5.25-7.82	7.26	

No. 27: Certificates of Deposit

Item	2014	2015			
	Apr. 18	Mar. 6	Mar. 20	Apr. 3	Apr. 17
	1	2	3	4	5
1 Amount Outstanding (₹ Billion)	3,877.3	2,742.7	2,809.7	3,291.0	2,981.9
1.1 Issued during the fortnight (₹ Billion)	117.7	668.6	650.9	443.3	151.1
2 Rate of Interest (per cent)	8.45-9.88	7.55-9.16	8.38-9.10	8.10-8.90	7.76-8.36

No. 28: Commercial Paper

Item	2014	2015			
	Apr. 30	Mar. 15	Mar. 31	Apr. 15	Apr. 30
	1	2	3	4	5
1 Amount Outstanding (₹ Billion)	1,538.1	2,561.2	1,932.7	2,443.2	2,682.7
1.1 Reported during the fortnight (₹ Billion)	349.1	596.5	694.3	684.8	678.9
2 Rate of Interest (per cent)	8.58-13.30	7.91-13.06	7.44-14.92	7.78-11.36	7.84-12.03

No. 29: Average Daily Turnover in Select Financial Markets

(₹ Billion)

Item	2014-15	2014	2015				
		Apr. 25	Mar. 27	Apr. 3	Apr. 10	Apr. 17	Apr. 24
	1	2	3	4	5	6	7
1 Call Money	190.3	215.1	285.1	185.7	246.7	171.0	171.7
2 Notice Money	65.4	88.5	3.1	139.6	64.0	72.2	44.7
3 Term Money	4.1	4.4	5.8	7.9	5.9	3.4	11.4
4 CBLO	1,168.3	989.1	1,794.4	1,426.5	1,676.9	1,285.9	1,247.4
5 Market Repo	1,097.6	1,000.5	1,097.6	996.9	987.1	1,282.6	1,107.5
6 Repo in Corporate Bond	0.3	–	–	–	–	–	–
7 Forex (US \$ million)	56,541	48,124	68,251	77,297	65,471	54,100	63,422
8 Govt. of India Dated Securities	772.4	809.3	553.1	559.7	656.4	572.3	839.5
9 State Govt. Securities	15.8	25.1	18.2	17.4	13.3	29.4	19.8
10 Treasury Bills							
10.1 91-Day	35	32.3	33.3	45.0	61.2	28.9	29.4
10.2 182-Day	12.1	17.7	12.1	6.2	18.8	23.5	23.0
10.3 364-Day	21.4	32.8	19.0	32.5	44.1	64.5	34.7
10.4 Cash Management Bills	0.7	–	–	–	–	–	–
11 Total Govt. Securities (8+9+10)	857.4	917.1	635.7	660.8	793.9	718.7	946.3
11.1 RBI	–	1.4	2.0	–	3.7	3.3	7.0

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

(Amount in ₹ Billion)

Security & Type of Issue	2014-15		2014-15 (Apr.-Apr.)		2015-16 (Apr.-Apr.) *		Apr. 2014		Apr. 2015 *	
	No. of Issues	Amount	No. of Issues	Amount	No. of Issues	Amount	No. of Issues	Amount	No. of Issues	Amount
	1	2	3	4	5	6	7	8	9	10
1 Equity Shares	63	93.1	4	7.8	5	88.9	4	7.8	5	88.9
1A Premium	53	76.8	3	7.0	5	87.7	3	7.0	5	87.7
1.1 Prospectus	46	30.4	1	1.8	3	13.9	1	1.8	3	13.9
1.1.1 Premium	40	28.0	1	1.7	3	13.1	1	1.7	3	13.1
1.2 Rights	17	62.8	3	6.0	2	75.0	3	6.0	2	75.0
1.2.1 Premium	13	48.8	2	5.3	2	74.6	2	5.3	2	74.6
2 Preference Shares	–	–	–	–	–	–	–	–	–	–
2.1 Prospectus	–	–	–	–	–	–	–	–	–	–
2.2 Rights	–	–	–	–	–	–	–	–	–	–
3 Debentures	23	77.7	2	3.0	1	4.1	2	3.0	1	4.1
3.1 Convertible	–	–	–	–	–	–	–	–	–	–
3.1.1 Prospectus	–	–	–	–	–	–	–	–	–	–
3.1.2 Rights	–	–	–	–	–	–	–	–	–	–
3.2 Non-Convertible	23	77.7	2	3.0	1	4.1	2	3.0	1	4.1
3.2.1 Prospectus	23	77.7	2	3.0	1	4.1	2	3.0	1	4.1
3.2.2 Rights	–	–	–	–	–	–	–	–	–	–
4 Bonds	–	–	–	–	–	–	–	–	–	–
4.1 Prospectus	–	–	–	–	–	–	–	–	–	–
4.2 Rights	–	–	–	–	–	–	–	–	–	–
5 Total (1+2+3+4)	86	170.9	6	10.8	6	93.0	6	10.8	6	93.0
5.1 Prospectus	69	108.1	3	4.8	4	18.0	3	4.8	4	18.0
5.2 Rights	17	62.8	3	6.0	2	75.0	3	6.0	2	75.0

* : Data is Provisional

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

External Sector

No. 31: Foreign Trade

Item	Unit	2014-15	2014		2015			
			Apr.	Dec.	Jan.	Feb.	Mar.	Apr.
		1	2	3	4	5	6	7
1 Exports	₹ Billion	18,916.4	1,547.2	1,639.5	1,516.5	1,356.5	1,491.6	1,384.0
	US \$ Million	309,566.6	25,634.1	26,126.8	24,370.3	21,866.6	23,884.5	22,054.7
1.1 Oil	₹ Billion	3,458.0	311.0	283.0	187.3	157.1	159.9	172.9
	US \$ Million	56,749.1	5,153.1	4,509.5	3,009.6	2,531.9	2,560.3	2,755.2
1.2 Non-oil	₹ Billion	15,458.4	1,236.2	1,356.5	1,329.2	1,199.5	1,331.7	1,211.1
	US \$ Million	252,817.5	20,481.0	21,617.3	21,360.7	19,334.7	21,324.2	19,299.6
2 Imports	₹ Billion	27,339.4	2,155.9	2,212.4	1,998.0	1,754.2	2,229.7	2,073.8
	US \$ Million	447,521.7	35,720.0	35,255.6	32,108.6	28,276.8	35,703.9	33,047.0
2.1 Oil	₹ Billion	8,428.6	783.3	625.2	512.8	378.7	463.2	467.1
	US \$ Million	138,336.0	12,977.8	9,962.9	8,241.2	6,104.8	7,417.2	7,442.9
2.2 Non-oil	₹ Billion	18,910.8	1,372.6	1,587.2	1,485.2	1,375.5	1,766.5	1,606.7
	US \$ Million	309,185.8	22,742.2	25,292.8	23,867.5	22,171.9	28,286.7	25,604.1
3 Trade Balance	₹ Billion	-8,422.9	-608.8	-572.9	-481.5	-397.7	-738.1	-689.8
	US \$ Million	-137,955.2	-10,086.0	-9,128.8	-7,738.4	-6,410.2	-11,819.4	-10,992.3
3.1 Oil	₹ Billion	-4,970.6	-472.3	-342.2	-325.5	-221.7	-303.3	-294.2
	US \$ Million	-81,586.9	-7,824.7	-5,453.3	-5,231.6	-3,572.9	-4,856.9	-4,687.8
3.2 Non-oil	₹ Billion	-3,452.3	-136.5	-230.6	-156.0	-176.0	-434.8	-395.6
	US \$ Million	-56,368.2	-2,261.2	-3,675.5	-2,506.8	-2,837.3	-6,962.5	-6,304.5

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

No. 32: Foreign Exchange Reserves

Item	Unit	2014	2015					
		May 30	Apr. 24	May 1	May 8	May 15	May 22	May 29
		1	2	3	4	5	6	7
1 Total Reserves	₹ Billion	18,468	21,810	22,110	22,500	22,466	22,317	22,433
	US \$ Million	312,383	344,606	351,869	352,131	353,876	351,557	352,474
1.1 Foreign Currency Assets	₹ Billion	16,842	20,277	20,538	20,926	20,893	20,746	20,865
	US \$ Million	285,292	320,264	327,153	327,416	329,124	326,839	327,820
1.2 Gold	₹ Billion	1,265	1,192	1,229	1,229	1,229	1,229	1,229
	US \$ Million	20,966	19,038	19,336	19,336	19,336	19,336	19,336
1.3 SDRs	SDRs Million	2,888	2,889	2,889	2,889	2,889	2,889	2,889
	₹ Billion	263	259	258	260	260	258	256
1.4 Reserve Tranche Position in IMF	US \$ Million	4,449	4,005	4,063	4,063	4,091	4,065	4,017
	₹ Billion	99	82	84	84	84	84	83
	US \$ Million	1,676	1,298	1,317	1,317	1,326	1,317	1,302

No. 33: NRI Deposits

(US\$ Million)

Scheme	Outstanding				Flows	
	2014-15	2014	2015		2014-15	2015-16
		Apr.	Mar.	Apr.	Apr.	Apr.
	1	2	3	4	5	6
1 NRI Deposits	115,163	105,116	115,163	116,380	1,399	2,352
1.1 FCNR(B)	42,824	42,295	42,824	42,933	472	109
1.2 NR(E)RA	62,746	53,792	62,746	63,905	992	2,145
1.3 NRO	9,593	9,030	9,593	9,543	-65	97

No. 34: Foreign Investment Inflows

(US\$ Million)

Item	2014-15	2014-15	2015-16	2014	2015	
		Apr.	Apr.	Apr.	Mar.	Apr.
	1	2	3	4	5	6
1.1 Net Foreign Direct Investment (1.1.1–1.1.2)	32,628	1,981	2,721	1,981	1,714	2,721
1.1.1 Direct Investment to India (1.1.1.1–1.1.2)	34,427	1,969	2,761	1,969	2,267	2,761
1.1.1.1 Gross Inflows/Gross Investments	44,291	2,622	4,724	2,622	3,483	4,724
1.1.1.1.1 Equity	31,885	1,779	3,679	1,779	2,206	3,679
1.1.1.1.1.1 Government (SIA/FIPB)	2,219	99	79	99	241	79
1.1.1.1.1.2 RBI	22,530	1,141	3,225	1,141	1,640	3,225
1.1.1.1.1.3 Acquisition of shares	6,185	465	301	465	236	301
1.1.1.1.1.4 Equity capital of unincorporated bodies	952	74	74	74	89	74
1.1.1.1.2 Reinvested earnings	8,983	686	686	686	819	686
1.1.1.1.3 Other capital	3,423	156	358	156	458	358
1.1.1.2 Repatriation/Disinvestment	9,864	652	1,962	652	1,215	1,962
1.1.1.2.1 Equity	9,612	635	1,957	635	1,191	1,957
1.1.1.2.2 Other capital	252	18	6	18	24	6
1.1.2 Foreign Direct Investment by India (1.1.2.1+1.1.2.2+1.1.2.3–1.1.2.4)	1,799	–11	41	–11	553	41
1.1.2.1 Equity capital	4,075	221	284	221	556	284
1.1.2.2 Reinvested Earnings	1,092	92	92	92	87	92
1.1.2.3 Other Capital	3,280	196	332	196	482	332
1.1.2.4 Repatriation/Disinvestment	6,649	521	668	521	572	668
1.2 Net Portfolio Investment (1.2.1+1.2.2+1.2.3–1.2.4)	40,934	–77	3,174	–77	2,038	3,174
1.2.1 GDRs/ADRs	–	–	–	–	–	–
1.2.2 FIIIs	40,923	–69	3,129	–69	2,032	3,129
1.2.3 Offshore funds and others	–	–	–	–	–	–
1.2.4 Portfolio investment by India	–11	8	–45	8	–5	–45
1 Foreign Investment Inflows	73,562	1,904	5,894	1,904	3,752	5,894

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

(US\$ Million)

Item	2013-14	2014		2015	
		Feb.	Dec.	Jan.	Feb.
	1	2	3	4	5
1 Outward Remittances under the LRS	1,093.9	74.8	95.1	150.9	122.5
1.1 Deposit	31.6	2.5	3.4	3.1	3.6
1.2 Purchase of immovable property	58.7	1.4	3.2	5.1	7.0
1.3 Investment in equity/debt	165.5	10.6	15.8	13.7	18.6
1.4 Gift	267.1	16.6	30.1	33.6	38.8
1.5 Donations	2.0	–	0.2	0.1	0.5
1.6 Travel	15.9	0.7	0.8	0.7	0.8
1.7 Maintenance of close relatives	173.9	8.6	11.1	20.0	14.6
1.8 Medical Treatment	4.7	0.3	0.8	0.6	0.4
1.9 Studies Abroad	159.3	9.6	20.2	51.4	24.8
1.10 Others	215.3	24.4	9.4	22.6	13.3

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

Item	2013-14	2014-15	2014	2015	
			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	72.32	74.08	74.13	76.13	74.45
1.2 REER	103.27	108.93	107.05	112.09	109.63
2 Export-Based Weights					
2.1 NEER	73.56	75.21	75.31	77.41	75.69
2.2 REER	105.48	111.24	109.26	114.72	112.17
6-Currency Trade Based Weights					
1 Base: 2004-05 (April-March) =100					
1.1 NEER	67.75	68.63	68.58	70.90	68.94
1.2 REER	112.77	120.02	117.51	125.68	122.21
2 Base: 2013-14 (April-March) =100					
2.1 NEER	100.00	101.30	101.23	104.65	101.76
2.2 REER	100.00	106.43	104.20	111.45	108.37

No. 37: External Commercial Borrowings (ECBs)

(Amount in US\$ Million)

Item	2014-15	2014	2015	
		Apr.	Mar.	Apr.
	1	2	3	4
1 Automatic Route				
1.1 Number	733	34	105	47
1.2 Amount	19,215	1,677	1,943	669
2 Approval Route				
2.1 Number	88	11	6	2
2.2 Amount	9,170	1,526	722	58
3 Total (1+2)				
3.1 Number	821	45	111	49
3.2 Amount	28,385	3,203	2,665	729
4 Weighted Average Maturity (in years)	6.49	6.61	5.22	5.27
5 Interest Rate (per cent)				
5.1 Weighted Average Margin over 6-month LIBOR or reference rate for Floating Rate Loans	2.12	2.08	1.83	1.86
5.2 Interest rate range for Fixed Rate Loans	0.00-13.50	0.00-9.28	0.00-10.60	0.00-12.00

No. 38: India's Overall Balance of Payments

(US \$ Million)

Item	Oct-Dec 2013 (PR)			Oct-Dec 2014 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
Overall Balance of Payments(1+2+3)	266,988	247,885	19,103	261,893	248,712	13,182
1 CURRENT ACCOUNT (1.1+ 1.2)	138,057	142,154	-4,097	139,114	147,509	-8,395
1.1 MERCHANDISE	79,795	112,947	-33,152	78,999	118,246	-39,247
1.2 INVISIBLES (1.2.1+1.2.2+1.2.3)	58,262	29,207	29,054	60,115	29,263	30,852
1.2.1 Services	37,643	19,523	18,120	39,639	19,352	20,287
1.2.1.1 Travel	5,091	2,748	2,343	5,461	3,676	1,786
1.2.1.2 Transportation	4,114	3,421	693	4,657	4,125	532
1.2.1.3 Insurance	487	290	197	565	314	251
1.2.1.4 G.n.i.e.	104	171	-67	158	224	-66
1.2.1.5 Miscellaneous	27,847	12,893	14,953	28,797	11,013	17,784
1.2.1.5.1 Software Services	17,475	654	16,821	18,692	848	17,844
1.2.1.5.2 Business Services	6,905	6,720	186	7,207	7,068	139
1.2.1.5.3 Financial Services	1,708	1,277	432	1,334	736	598
1.2.1.5.4 Communication Services	516	219	297	537	222	315
1.2.2 Transfers	17,649	1,269	16,380	17,542	1,150	16,392
1.2.2.1 Official	401	229	172	130	265	-135
1.2.2.2 Private	17,247	1,040	16,208	17,412	885	16,527
1.2.3 Income	2,970	8,416	-5,446	2,934	8,760	-5,827
1.2.3.1 Investment Income	2,150	7,763	-5,613	2,008	8,144	-6,136
1.2.3.2 Compensation of Employees	820	653	167	926	617	309
2 CAPITAL ACCOUNT (2.1+2.2+2.3+2.4+2.5)	128,931	105,144	23,787	122,779	99,427	23,352
2.1 Foreign Investment (2.1.1+2.1.2)	54,564	46,108	8,456	67,179	53,543	13,636
2.1.1 Foreign Direct Investment	9,689	3,623	6,066	11,596	4,240	7,356
2.1.1.1 In India	7,188	1,410	5,778	9,796	2,152	7,644
2.1.1.1.1 Equity	4,224	1,324	2,900	6,588	2,084	4,504
2.1.1.1.2 Reinvested Earnings	2,374	-	2,374	2,379	-	2,379
2.1.1.1.3 Other Capital	590	86	504	829	68	761
2.1.1.2 Abroad	2,501	2,213	288	1,799	2,088	-288
2.1.1.2.1 Equity	2,501	1,292	1,209	1,799	1,179	620
2.1.1.2.2 Reinvested Earnings	-	297	-297	-	260	-260
2.1.1.2.3 Other Capital	-	624	-624	-	649	-649
2.1.2 Portfolio Investment	44,875	42,485	2,390	55,583	49,303	6,280
2.1.2.1 In India	44,777	42,243	2,534	55,354	49,204	6,150
2.1.2.1.1 FIIs	44,777	42,243	2,534	55,354	49,204	6,150
2.1.2.1.1.1 Equity	36,278	30,057	6,221	40,972	40,728	243
2.1.2.1.1.2 Debt	8,498	12,186	-3,688	14,382	8,475	5,906
2.1.2.1.2 ADR/GDRs	-	-	-	-	-	-
2.1.2.2 Abroad	98	242	-144	230	99	130
2.2 Loans (2.2.1+2.2.2+2.2.3)	31,440	28,429	3,012	28,456	27,792	664
2.2.1 External Assistance	1,044	1,084	-40	1,387	1,130	258
2.2.1.1 By India	11	61	-50	15	128	-113
2.2.1.2 To India	1,033	1,023	10	1,372	1,002	370
2.2.2 Commercial Borrowings	7,551	3,340	4,211	9,498	7,739	1,759
2.2.2.1 By India	234	90	144	410	38	373
2.2.2.2 To India	7,317	3,250	4,067	9,088	7,702	1,386
2.2.3 Short Term to India	22,846	24,005	-1,159	17,570	18,923	-1,353
2.2.3.1 Suppliers' Credit > 180 days & Buyers' Credit	22,846	23,255	-409	16,821	18,923	-2,102
2.2.3.2 Suppliers' Credit up to 180 days	-	750	-750	749	-	749
2.3 Banking Capital (2.3.1+2.3.2)	38,288	22,530	15,758	23,650	13,149	10,501
2.3.1 Commercial Banks	38,100	22,530	15,570	23,335	13,149	10,186
2.3.1.1 Assets	3,191	7,811	-4,620	6,526	446	6,081
2.3.1.2 Liabilities	34,909	14,719	20,190	16,809	12,703	4,105
2.3.1.2.1 Non-Resident Deposits	33,025	11,577	21,448	14,493	10,910	3,583
2.3.2 Others	188	-	188	315	-	315
2.4 Rupee Debt Service	-	-	-	-	-	-
2.5 Other Capital	4,638	8,077	-3,439	3,495	4,944	-1,449
3 Errors & Omissions	-	586	-586	-	1,776	-1,776
4 Monetary Movements (4.1+ 4.2)	-	19,103	-19,103	-	13,182	-13,182
4.1 I.M.F.	-	-	-	-	-	-
4.2 Foreign Exchange Reserves (Increase - / Decrease +)	-	19,103	-19,103	-	13,182	-13,182

No. 39: India's Overall Balance of Payments

(₹ Billion)

Item	Oct-Dec 2013 (PR)			Oct-Dec 2014 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
Overall Balance of Payments(1+2+3)	16,567	15,382	1,185	16,220	15,403	816
1 CURRENT ACCOUNT (1.1+ 1.2)	8,567	8,821	-254	8,616	9,136	-520
1.1 MERCHANDISE	4,951	7,009	-2,057	4,893	7,323	-2,431
1.2 INVISIBLES (1.2.1+1.2.2+1.2.3)	3,615	1,812	1,803	3,723	1,812	1,911
1.2.1 Services	2,336	1,211	1,124	2,455	1,199	1,256
1.2.1.1 Travel	316	171	145	338	228	111
1.2.1.2 Transportation	255	212	43	288	255	33
1.2.1.3 Insurance	30	18	12	35	19	16
1.2.1.4 G.n.i.e.	6	11	-4	10	14	-4
1.2.1.5 Miscellaneous	1,728	800	928	1,784	682	1,101
1.2.1.5.1 Software Services	1,084	41	1,044	1,158	53	1,105
1.2.1.5.2 Business Services	428	417	12	446	438	9
1.2.1.5.3 Financial Services	106	79	27	83	46	37
1.2.1.5.4 Communication Services	32	14	18	33	14	20
1.2.2 Transfers	1,095	79	1,016	1,086	71	1,015
1.2.2.1 Official	25	14	11	8	16	-8
1.2.2.2 Private	1,070	65	1,006	1,078	55	1,024
1.2.3 Income	184	522	-338	182	543	-361
1.2.3.1 Investment Income	133	482	-348	124	504	-380
1.2.3.2 Compensation of Employees	51	41	10	57	38	19
2 CAPITAL ACCOUNT (2.1+2.2+2.3+2.4+2.5)	8,001	6,525	1,476	7,604	6,158	1,446
2.1 Foreign Investment (2.1.1+2.1.2)	3,386	2,861	525	4,161	3,316	845
2.1.1 Foreign Direct Investment	601	225	376	718	263	456
2.1.1.1 In India	446	88	359	607	133	473
2.1.1.1.1 Equity	262	82	180	408	129	279
2.1.1.1.2 Reinvested Earnings	147	-	147	147	-	147
2.1.1.1.3 Other Capital	37	5	31	51	4	47
2.1.1.2 Abroad	155	137	18	111	129	-18
2.1.1.2.1 Equity	155	80	75	111	73	38
2.1.1.2.2 Reinvested Earnings	-	18	-18	-	16	-16
2.1.1.2.3 Other Capital	-	39	-39	-	40	-40
2.1.2 Portfolio Investment	2,785	2,636	148	3,442	3,053	389
2.1.2.1 In India	2,779	2,621	157	3,428	3,047	381
2.1.2.1.1 FII's	2,779	2,621	157	3,428	3,047	381
2.1.2.1.1.1 Equity	2,251	1,865	386	2,538	2,522	15
2.1.2.1.1.2 Debt	527	756	-229	891	525	366
2.1.2.1.2 ADR/GDRs	-	-	-	-	-	-
2.1.2.2 Abroad	6	15	-9	14	6	8
2.2 Loans (2.2.1+2.2.2+2.2.3)	1,951	1,764	187	1,762	1,721	41
2.2.1 External Assistance	65	67	-2	86	70	16
2.2.1.1 By India	1	4	-3	1	8	-7
2.2.1.2 To India	64	63	1	85	62	23
2.2.2 Commercial Borrowings	469	207	261	588	479	109
2.2.2.1 By India	15	6	9	25	2	23
2.2.2.2 To India	454	202	252	563	477	86
2.2.3 Short Term to India	1,418	1,490	-72	1,088	1,172	-84
2.2.3.1 Suppliers' Credit > 180 days & Buyers' Credit	1,418	1,443	-25	1,042	1,172	-130
2.2.3.2 Suppliers' Credit up to 180 days	-	47	-47	46	-	46
2.3 Banking Capital (2.3.1+2.3.2)	2,376	1,398	978	1,465	814	650
2.3.1 Commercial Banks	2,364	1,398	966	1,445	814	631
2.3.1.1 Assets	198	485	-287	404	28	377
2.3.1.2 Liabilities	2,166	913	1,253	1,041	787	254
2.3.1.2.1 Non-Resident Deposits	2,049	718	1,331	898	676	222
2.3.2 Others	12	-	12	20	-	20
2.4 Rupee Debt Service	-	-	-	-	-	-
2.5 Other Capital	288	501	-213	216	306	-90
3 Errors & Omissions	-	36	-36	-	110	-110
4 Monetary Movements (4.1+ 4.2)	-	1,185	-1,185	-	816	-816
4.1 I.M.F.	-	-	-	-	-	-
4.2 Foreign Exchange Reserves (Increase - / Decrease +)	-	1,185	-1,185	-	816	-816

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

(US \$ Million)

Item	Oct-Dec 2013 (PR)			Oct-Dec 2014 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
1 Current Account (1.A+1.B+1.C)	137,707	141,930	-4,223	139,025	147,251	-8,226
1.A Goods and Services (1.A.a+1.A.b)	117,438	132,469	-15,032	118,638	137,598	-18,960
1.A.a Goods (1.A.a.1 to 1.A.a.3)	79,795	112,947	-33,152	78,999	118,246	-39,247
1.A.a.1 General merchandise on a BOP basis	79,214	109,812	-30,597	78,999	107,168	-28,169
1.A.a.2 Net exports of goods under merchandising	580	-	580	-	-	-
1.A.a.3 Nonmonetary gold	-	3,135	-3,135	-	11,078	-11,078
1.A.b Services (1.A.b.1 to 1.A.b.13)	37,643	19,523	18,120	39,639	19,352	20,287
1.A.b.1 Manufacturing services on physical inputs owned by others	18	5	13	28	5	24
1.A.b.2 Maintenance and repair services n.i.e.	30	63	-33	66	54	12
1.A.b.3 Transport	4,114	3,421	693	4,657	4,125	532
1.A.b.4 Travel	5,091	2,748	2,343	5,461	3,676	1,786
1.A.b.5 Construction	299	320	-21	351	273	78
1.A.b.6 Insurance and pension services	487	290	197	565	314	251
1.A.b.7 Financial services	1,708	1,277	432	1,334	736	598
1.A.b.8 Charges for the use of intellectual property n.i.e.	179	1,024	-845	181	1,300	-1,120
1.A.b.9 Telecommunications, computer, and information services	18,035	932	17,102	19,279	1,155	18,124
1.A.b.10 Other business services	6,905	6,720	186	7,207	7,068	139
1.A.b.11 Personal, cultural, and recreational services	301	193	109	289	403	-114
1.A.b.12 Government goods and services n.i.e.	104	171	-67	158	224	-66
1.A.b.13 Others n.i.e.	371	2,360	-1,989	62	20	42
1.B Primary Income (1.B.1 to 1.B.3)	2,970	8,416	-5,446	2,934	8,760	-5,827
1.B.1 Compensation of employees	820	653	167	926	617	309
1.B.2 Investment income	1,819	7,711	-5,892	1,616	8,089	-6,473
1.B.2.1 Direct investment	824	3,469	-2,645	745	2,936	-2,190
1.B.2.2 Portfolio investment	90	1,190	-1,100	29	1,662	-1,633
1.B.2.3 Other investment	130	3,052	-2,922	97	3,490	-3,393
1.B.2.4 Reserve assets	775	-	775	744	1	744
1.B.3 Other primary income	331	52	279	392	55	338
1.C Secondary Income (1.C.1+1.C.2)	17,299	1,045	16,254	17,454	893	16,561
1.C.1 Financial corporations, nonfinancial corporations, households, and NPISHs	17,247	1,040	16,208	17,412	885	16,527
1.C.1.1 Personal transfers (Current transfers between resident and/ non-resident households)	16,713	986	15,728	16,773	803	15,970
1.C.1.2 Other current transfers	534	54	480	639	82	557
1.C.2 General government	52	6	47	41	8	34
2 Capital Account (2.1+2.2)	406	297	110	271	317	-45
2.1 Gross acquisitions (DR.)/disposals (CR.) of non-produced nonfinancial assets	41	35	6	152	23	129
2.2 Capital transfers	365	261	103	119	293	-174
3 Financial Account (3.1 to 3.5)	128,909	124,209	4,700	122,597	112,550	10,047
3.1 Direct Investment (3.1.A+3.1.B)	9,689	3,623	6,066	11,596	4,240	7,356
3.1.A Direct Investment in India	7,188	1,410	5,778	9,796	2,152	7,644
3.1.A.1 Equity and investment fund shares	6,598	1,324	5,274	8,967	2,084	6,883
3.1.A.1.1 Equity other than reinvestment of earnings	4,224	1,324	2,900	6,588	2,084	4,504
3.1.A.1.2 Reinvestment of earnings	2,374	-	2,374	2,379	-	2,379
3.1.A.2 Debt instruments	590	86	504	829	68	761
3.1.A.2.1 Direct investor in direct investment enterprises	590	86	504	829	68	761
3.1.B Direct Investment by India	2,501	2,213	288	1,799	2,088	-288
3.1.B.1 Equity and investment fund shares	2,501	1,589	912	1,799	1,439	361
3.1.B.1.1 Equity other than reinvestment of earnings	2,501	1,292	1,209	1,799	1,179	620
3.1.B.1.2 Reinvestment of earnings	-	297	-297	-	260	-260
3.1.B.2 Debt instruments	-	624	-624	-	649	-649
3.1.B.2.1 Direct investor in direct investment enterprises	-	624	-624	-	649	-649
3.2 Portfolio Investment	44,875	42,485	2,390	55,583	49,303	6,280
3.2.A Portfolio Investment in India	44,777	42,243	2,534	55,354	49,204	6,150
3.2.1 Equity and investment fund shares	36,278	30,057	6,221	40,972	40,728	243
3.2.2 Debt securities	8,498	12,186	-3,688	14,382	8,475	5,906
3.2.B Portfolio Investment by India	98	242	-144	230	99	130
3.3 Financial derivatives (other than reserves) and employee stock options	2,286	1,498	788	1,866	4,209	-2,343
3.4 Other investment	72,059	57,500	14,558	53,553	41,616	11,936
3.4.1 Other equity (ADRs/GDRs)	-	-	-	-	-	-
3.4.2 Currency and deposits	33,213	11,577	21,636	14,808	10,910	3,898
3.4.2.1 Central bank (Rupee Debt Movements; NRG)	188	-	188	315	-	315
3.4.2.2 Deposit-taking corporations, except the central bank (NRI Deposits)	33,025	11,577	21,448	14,493	10,910	3,583
3.4.2.3 General government	-	-	-	-	-	-
3.4.2.4 Other sectors	-	-	-	-	-	-
3.4.3 Loans (External Assistance, ECBs and Banking Capital)	13,670	15,377	-1,707	19,728	11,108	8,619
3.4.3.A Loans to India	13,425	15,226	-1,801	19,302	10,943	8,359
3.4.3.B Loans by India	245	151	94	426	165	260
3.4.4 Insurance, pension, and standardized guarantee schemes	13	181	-168	211	135	76
3.4.5 Trade credit and advances	22,846	24,005	-1,159	17,570	18,923	-1,353
3.4.6 Other accounts receivable/payable - other	2,317	6,361	-4,043	1,237	541	696
3.4.7 Special drawing rights	-	-	-	-	-	-
3.5 Reserve assets	-	19,103	-19,103	-	13,182	-13,182
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)	-	19,103	-19,103	-	13,182	-13,182
4 Total assets/liabilities	128,909	124,209	4,700	122,597	112,550	10,047
4.1 Equity and investment fund shares	47,775	34,891	12,884	54,044	48,694	5,350
4.2 Debt instruments	78,817	63,855	14,962	67,316	50,133	17,183
4.3 Other financial assets and liabilities	2,317	25,463	-23,146	1,237	13,722	-12,486
5 Net errors and omissions	-	586	-586	-	1,776	-1,776

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

(₹ Billion)

Item	Oct-Dec 2013 (PR)			Oct-Dec 2014 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
1 Current Account (1.A+1.B+1.C)	8,545	8,807	-262	8,610	9,120	-509
1.A Goods and Services (1.A.a+1.A.b)	7,287	8,220	-933	7,348	8,522	-1,174
1.A.a Goods (1.A.a.1 to 1.A.a.3)	4,951	7,009	-2,057	4,893	7,323	-2,431
1.A.a.1 General merchandise on a BOP basis	4,915	6,814	-1,899	4,893	6,637	-1,745
1.A.a.2 Net exports of goods under merchanting	36	—	36	—	—	—
1.A.a.3 Nonmonetary gold	—	195	-195	—	686	-686
1.A.b Services (1.A.b.1 to 1.A.b.13)	2,336	1,211	1,124	2,455	1,199	1,256
1.A.b.1 Manufacturing services on physical inputs owned by others	1	—	1	2	0	1
1.A.b.2 Maintenance and repair services n.i.e.	2	4	-2	4	3	1
1.A.b.3 Transport	255	212	43	288	255	33
1.A.b.4 Travel	316	171	145	338	228	111
1.A.b.5 Construction	19	20	-1	22	17	5
1.A.b.6 Insurance and pension services	30	18	12	35	19	16
1.A.b.7 Financial services	106	79	27	83	46	37
1.A.b.8 Charges for the use of intellectual property n.i.e.	11	64	-52	11	81	-69
1.A.b.9 Telecommunications, computer, and information services	1,119	58	1,061	1,194	72	1,122
1.A.b.10 Other business services	428	417	12	446	438	9
1.A.b.11 Personal, cultural, and recreational services	19	12	7	18	25	-7
1.A.b.12 Government goods and services n.i.e.	6	11	-4	10	14	-4
1.A.b.13 Others n.i.e.	23	146	-123	4	1	3
1.B Primary Income (1.B.1 to 1.B.3)	184	522	-338	182	543	-361
1.B.1 Compensation of employees	51	41	10	57	38	19
1.B.2 Investment income	113	478	-366	100	501	-401
1.B.2.1 Direct investment	51	215	-164	46	182	-136
1.B.2.2 Portfolio investment	6	74	-68	2	103	-101
1.B.2.3 Other investment	8	189	-181	6	216	-210
1.B.2.4 Reserve assets	48	—	48	46	0	46
1.B.3 Other primary income	21	3	17	24	3	21
1.C Secondary Income (1.C.1+1.C.2)	1,073	65	1,009	1,081	55	1,026
1.C.1 Financial corporations, nonfinancial corporations, households, and NPISHs	1,070	65	1,006	1,078	55	1,024
1.C.1.1 Personal transfers (Current transfers between resident and/ non-resident households)	1,037	61	976	1,039	50	989
1.C.1.2 Other current transfers	33	3	30	40	5	35
1.C.2 General government	3	—	3	3	0	2
2 Capital Account (2.1+2.2)	25	18	7	17	20	-3
2.1 Gross acquisitions (DR.) / disposals (CR.) of non-produced nonfinancial assets	3	2	—	9	1	8
2.2 Capital transfers	23	16	6	7	18	-11
3 Financial Account (3.1 to 3.5)	7,999	7,708	292	7,593	6,971	622
3.1 Direct Investment (3.1A+3.1B)	601	225	376	718	263	456
3.1.A Direct Investment in India	446	88	359	607	133	473
3.1.A.1 Equity and investment fund shares	409	82	327	555	129	426
3.1.A.1.1 Equity other than reinvestment of earnings	262	82	180	408	129	279
3.1.A.1.2 Reinvestment of earnings	147	—	147	147	—	147
3.1.A.2 Debt instruments	37	5	31	51	4	47
3.1.A.2.1 Direct investor in direct investment enterprises	37	5	31	51	4	47
3.1.B Direct Investment by India	155	137	18	111	129	-18
3.1.B.1 Equity and investment fund shares	155	99	57	111	89	22
3.1.B.1.1 Equity other than reinvestment of earnings	155	80	75	111	73	38
3.1.B.1.2 Reinvestment of earnings	—	18	-18	—	16	-16
3.1.B.2 Debt instruments	—	39	-39	—	40	-40
3.1.B.2.1 Direct investor in direct investment enterprises	—	39	-39	—	40	-40
3.2 Portfolio Investment	2,785	2,636	148	3,442	3,053	389
3.2.A Portfolio Investment in India	2,779	2,621	157	3,428	3,047	381
3.2.1 Equity and investment fund shares	2,251	1,865	386	2,538	2,522	15
3.2.2 Debt securities	527	756	-229	891	525	366
3.2.B Portfolio Investment by India	6	15	-9	14	6	8
3.3 Financial derivatives (other than reserves) and employee stock options	142	93	49	116	261	-145
3.4 Other investment	4,471	3,568	903	3,317	2,577	739
3.4.1 Other equity (ADRs/GDRs)	—	—	—	—	—	—
3.4.2 Currency and deposits	2,061	718	1,343	917	676	241
3.4.2.1 Central bank (Rupee Debt Movements; NRG)	12	—	12	20	—	20
3.4.2.2 Deposit-taking corporations, except the central bank (NRI Deposits)	2,049	718	1,331	898	676	222
3.4.2.3 General government	—	—	—	—	—	—
3.4.2.4 Other sectors	—	—	—	—	—	—
3.4.3 Loans (External Assistance, ECBs and Banking Capital)	848	954	-106	1,222	688	534
3.4.3.A Loans to India	833	945	-112	1,195	678	518
3.4.3.B Loans by India	15	9	6	26	10	16
3.4.4 Insurance, pension, and standardized guarantee schemes	1	11	-10	13	8	5
3.4.5 Trade credit and advances	1,418	1,490	-72	1,088	1,172	-84
3.4.6 Other accounts receivable/payable - other	144	395	-251	77	33	43
3.4.7 Special drawing rights	—	—	—	—	—	—
3.5 Reserve assets	—	1,185	-1,185	—	816	-816
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)	—	1,185	-1,185	—	816	-816
4 Total assets/liabilities	7,999	7,708	292	7,593	6,971	622
4.1 Equity and investment fund shares	2,965	2,165	799	3,347	3,016	331
4.2 Debt instruments	4,891	3,962	928	4,169	3,105	1,064
4.3 Other financial assets and liabilities	144	1,580	-1,436	77	850	-773
5 Net errors and omissions	—	36	-36	—	110	-110

No. 42: International Investment Position

(US\$ Million)

Item	As on Financial Year /Quarter End							
	2013-14		2013		2014			
			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	128,709	242,741	119,838	226,552	129,290	252,294	129,578	252,331
1.1 Equity Capital and Reinvested Earnings	90,902	231,724	82,733	215,631	89,967	241,017	89,607	241,210
1.2 Other Capital	37,807	11,017	37,105	10,920	39,322	11,277	39,972	11,122
2 Portfolio Investment	1,206	197,489	1,340	179,588	1,282	212,371	1,430	211,772
2.1 Equity	946	139,661	1,184	132,348	947	144,848	1,095	141,157
2.2 Debt	261	57,828	156	47,241	335	67,523	335	70,615
3 Other Investment	49,554	380,433	43,849	371,346	44,055	381,535	38,799	382,857
3.1 Trade Credit	8,742	83,938	10,859	88,369	7,474	82,483	6,341	81,028
3.2 Loan	6,863	179,472	5,553	171,071	5,142	177,419	4,169	178,670
3.3 Currency and Deposits	17,862	103,993	13,867	98,772	14,972	108,870	11,935	110,199
3.4 Other Assets/Liabilities	16,087	13,030	13,570	13,134	16,468	12,763	16,354	12,960
4 Reserves	304,223	–	293,878	–	313,841	–	320,649	–
5 Total Assets/ Liabilities	483,693	820,663	458,904	777,485	488,468	846,199	490,456	846,961
6 IIP (Assets - Liabilities)		–336,970		–318,581		–357,731		–356,505

Payment and Settlement Systems

No. 43: Payment System Indicators

System	Volume (Million)				Value (₹ Billion)			
	2014-15	2015			2014-15	2015		
		Feb.	Mar.	Apr.		Feb.	Mar.	Apr.
	1	2	3	4	5	6	7	8
1 RTGS	92.78	7.69	9.67	7.90	929,332.89	70,910.56	106,712.08	82,958.17
1.1 Customer Transactions	88.39	7.34	9.26	7.54	631,050.74	48,516.93	75,649.95	54,876.54
1.2 Interbank Transactions	4.38	0.35	0.41	0.36	122,981.62	8,897.18	11,771.54	10,323.29
1.3 Interbank Clearing	0.012	0.001	0.001	0.001	175,300.73	13,496.46	19,290.59	17,758.34
2 CCIL Operated Systems	3.03	0.23	0.27	0.23	752,000.42	58,540.05	73,780.35	65,647.89
2.1 CBLO	0.21	0.02	0.02	0.02	167,645.96	14,190.98	18,444.70	14,589.10
2.2 Govt. Securities Clearing	1.09	0.07	0.08	0.07	258,916.76	20,525.10	21,077.25	19,754.22
2.2.1 Outright	0.98	0.07	0.07	0.06	101,561.62	6,839.66	7,476.18	7,329.24
2.2.2 Repo	0.109	0.009	0.010	0.009	157,355.15	13,685.44	13,601.07	12,424.98
2.3 Forex Clearing	1.73	0.13	0.17	0.14	325,437.69	23,823.97	34,258.41	31,304.57
3 Paper Clearing	1,196.51	93.66	102.80	94.37	85,434.14	6,808.13	8,027.11	7,650.61
3.1 Cheque Truncation System (CTS)	964.86	76.65	88.54	80.91	66,769.93	5,447.55	6,666.52	6,414.51
3.2 MICR Clearing	22.43	-	-	-	1,850.40	-	-	-
3.2.1 RBI Centres	7.50	-	-	-	614.51	-	-	-
3.2.2 Other Centres	14.93	-	-	-	1,235.89	-	-	-
3.3 Non-MICR Clearing	209.82	17.01	14.25	13.46	16,939.34	1,360.59	1,360.59	1,236.10
4 Retail Electronic Clearing	1,687.44	208.98	242.07	211.40	65,365.51	5,513.03	7,718.51	6,586.90
4.1 ECS DR	226.01	19.11	20.27	19.69	1,739.78	149.81	155.17	152.10
4.2 ECS CR (includes NECS)	115.35	8.34	8.57	4.86	2,019.14	159.34	151.26	128.10
4.3 EFT/NEFT	927.55	81.19	106.00	83.53	59,803.83	5,046.41	7,173.02	6,043.58
4.4 Immediate Payment Service (IMPS)	78.37	10.08	12.02	12.37	581.87	75.90	94.15	100.89
4.5 National Automated Clearing House (NACH)	340.17	90.27	95.21	90.96	1,220.88	81.56	144.92	162.23
5 Cards	8,423.99	688.21	757.66	753.85	25,415.27	1,906.21	2,277.09	2,297.09
5.1 Credit Cards	619.41	49.92	57.34	57.74	1,922.63	156.50	181.33	181.51
5.1.1 Usage at ATMs	4.29	0.37	0.44	0.43	23.47	1.96	2.34	2.29
5.1.2 Usage at POS	615.12	49.55	56.91	57.31	1,899.16	154.55	178.99	179.22
5.2 Debit Cards	7,804.57	638.29	700.31	696.11	23,492.65	1,749.70	2,095.76	2,115.58
5.2.1 Usage at ATMs	6,996.48	570.39	624.21	615.76	22,279.16	1,668.06	1,987.48	2,000.73
5.2.2 Usage at POS	808.09	67.90	76.11	80.35	1,213.49	81.64	108.28	114.85
6 Prepaid Payment Instruments (PPIs)	314.46	30.31	54.10	74.36	213.42	24.42	29.80	27.57
6.1 m-Wallet	255.00	24.08	46.11	67.05	81.84	8.76	10.82	11.96
6.2 PPI Cards	58.91	6.19	7.94	7.26	105.35	13.64	16.24	13.64
6.3 Paper Vouchers	0.55	0.04	0.06	0.04	26.24	2.01	2.74	1.97
7 Mobile Banking	171.92	18.53	19.67	19.75	1,035.30	148.88	168.85	188.62
8 Cards Outstanding	574.56	558.89	574.56	585.92	-	-	-	-
8.1 Credit Card	21.11	20.86	21.11	21.29	-	-	-	-
8.2 Debit Card	553.45	538.03	553.45	564.64	-	-	-	-
9 Number of ATMs (in actuals)	181398	178747	181398	182475	-	-	-	-
10 Number of POS (in actuals)	1126735	1095356	1126735	1125952	-	-	-	-
11 Grand Total (1.1+1.2+2.3+4+5+6)	11,718.19	1,029.07	1,166.56	1,142.11	1,682,461.11	130,205.94	179,254.36	147,409.88

Occasional Series

No. 44: Small Savings

(₹ Billion)

Scheme		2013-14	2013	2014		
			Nov.	Sep.	Oct.	Nov.
		1	2	3	4	5
1 Small Savings	Receipts	2,020.60	151.02	193.77	178.60	180.81
	Outstanding	6,214.97	6,127.59	6,235.30	6,239.66	6,241.25
1.1 Total Deposits	Receipts	1,780.40	137.42	175.46	163.71	164.50
	Outstanding	3,866.31	3,798.09	3,930.92	3,936.53	3,939.16
1.1.1 Post Office Saving Bank Deposits	Receipts	946.50	71.85	92.39	87.34	85.71
	Outstanding	430.17	392.39	447.74	450.74	449.23
1.1.2 MGNREG	Receipts	–	–	–	–	–
	Outstanding	–	–	–	–	–
1.1.3 National Saving Scheme, 1987	Receipts	0.80	0.02	0.01	0.10	0.04
	Outstanding	38.69	38.64	37.02	37.21	37.02
1.1.4 National Saving Scheme, 1992	Receipts	0.05	–	–0.02	–	–
	Outstanding	2.77	2.85	2.42	2.38	2.39
1.1.5 Monthly Income Scheme	Receipts	179.91	13.33	18.00	14.70	16.21
	Outstanding	2,020.85	2,026.46	2,016.75	2,016.27	2,015.64
1.1.6 Senior Citizen Scheme	Receipts	19.94	1.30	2.27	2.56	2.52
	Outstanding	224.92	228.15	207.30	199.65	195.20
1.1.7 Post Office Time Deposits	Receipts	246.74	19.13	28.14	23.75	25.73
	Outstanding	407.14	375.12	466.35	473.88	482.39
1.1.7.1 1 year Time Deposits	Outstanding	273.43	249.31	321.28	327.29	334.30
1.1.7.2 2 year Time Deposits	Outstanding	17.67	16.65	19.11	19.29	19.49
1.1.7.3 3 year Time Deposits	Outstanding	39.15	38.19	40.02	40.14	40.29
1.1.7.4 5 year Time Deposits	Outstanding	76.89	70.97	85.94	87.16	88.31
1.1.8 Post Office Recurring Deposits	Receipts	386.46	31.79	34.67	35.26	34.29
	Outstanding	741.49	734.32	753.06	756.12	757.01
1.1.9 Post Office Cumulative Time Deposits	Outstanding	0.06	–0.06	0.06	0.06	0.06
1.1.10 Other Deposits	Outstanding	0.22	0.22	0.22	0.22	0.22
1.2 Saving Certificates	Receipts	169.46	10.98	13.17	10.74	11.18
	Outstanding	1,882.58	1,902.79	1,834.69	1,830.23	1,825.66
1.2.1 National Savings Certificate VIII issue	Receipts	169.24	10.94	13.09	10.77	11.07
	Outstanding	750.86	699.88	807.29	814.47	821.32
1.2.2 Indira Vikas Patras	Receipts	0.04	–	–	–	–
	Outstanding	8.96	8.99	8.91	8.86	8.91
1.2.3 Kisan Vikas Patras	Receipts	0.18	0.04	0.08	–0.03	0.07
	Outstanding	1,067.54	1,153.00	940.37	925.72	910.91
1.2.4 Kisan Vikas Patras - 2014	Receipts					0.04
	Outstanding					0.04
1.2.5 National Saving Certificate VI issue	Outstanding	–0.77	–0.76	–0.81	–0.81	–0.80
1.2.6 National Saving Certificate VII issue	Outstanding	–0.50	–0.57	–0.52	–0.52	–0.52
1.2.7 Other Certificates	Outstanding	56.49	42.25	79.45	82.51	85.80
1.3 Public Provident Fund	Receipts	70.74	2.62	5.14	4.15	5.13
	Outstanding	466.08	426.71	469.69	472.90	476.43

Source: Accountant General, Post and Telegraphs.

No. 45: Ownership Pattern of Government of India Dated Securities

(Per cent)

Category	2014				2015
	Mar.	Jun.	Sep.	Dec.	Mar.
	1	2	3	4	5
1 Commercial Banks	44.46	43.43	42.95	42.77	43.30
2 Non-Bank PDs	0.11	0.28	0.20	0.34	0.31
3 Insurance Companies	19.54	20.21	20.55	21.02	20.87
4 Mutual Funds	0.78	1.29	1.26	1.68	1.89
5 Co-operative Banks	2.76	2.76	2.71	2.57	2.62
6 Financial Institutions	0.72	1.51	1.44	0.73	2.07
7 Corporates	0.79	0.89	1.06	1.12	1.25
8 Foreign Portfolio Investors	1.68	2.45	3.37	3.62	3.67
9 Provident Funds	7.18	7.21	7.13	7.47	7.58
10 RBI	16.05	15.03	14.33	13.23	9.54
11 Others	5.92	4.94	4.99	5.45	6.90

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

(₹ Billion)

Item	2009-10	2010-11	2011-12	2012-13	2013-14 RE	2014-15 BE
	1	2	3	4	5	6
1 Total Disbursements	18,521.19	21,451.45	24,217.68	26,949.34	31,953.34	35,985.06
1.1 Developmental	10,628.08	12,676.97	14,209.38	15,741.62	18,717.73	21,000.74
1.1.1 Revenue	8,513.03	10,260.24	11,394.64	12,807.14	15,048.07	16,582.49
1.1.2 Capital	1,868.38	1,935.80	2,163.39	2,446.11	3,184.40	4,028.47
1.1.3 Loans	246.67	480.93	651.35	488.38	485.26	389.78
1.2 Non-Developmental	7,687.34	8,520.46	9,695.88	10,850.47	12,751.57	14,454.37
1.2.1 Revenue	7,086.94	7,765.94	8,923.61	9,991.40	11,663.72	13,158.12
1.2.1.1 Interest Payments	3,145.70	3,485.61	4,000.03	4,543.06	5,436.70	6,118.51
1.2.2 Capital	594.08	747.48	754.79	837.14	1,065.99	1,257.51
1.2.3 Loans	6.32	7.04	17.48	21.93	21.86	38.73
1.3 Others	205.77	254.02	312.42	357.24	484.04	529.95
2 Total Receipts	18,458.08	21,535.61	24,540.62	27,690.29	31,390.86	35,701.74
2.1 Revenue Receipts	12,105.59	15,788.20	16,926.79	19,716.19	23,522.48	27,028.75
2.1.1 Tax Receipts	9,846.11	12,500.67	14,427.52	16,879.59	19,208.73	22,028.85
2.1.1.1 Taxes on commodities and services	5,580.66	7,393.66	8,745.55	10,385.91	11,768.52	13,536.10
2.1.1.2 Taxes on Income and Property	4,249.31	5,087.19	5,654.12	6,462.73	7,409.54	8,458.74
2.1.1.3 Taxes of Union Territories (Without Legislature)	16.14	19.82	27.85	30.94	30.67	34.01
2.1.2 Non-Tax Receipts	2,259.48	3,287.53	2,499.27	2,836.60	4,313.75	4,999.90
2.1.2.1 Interest Receipts	257.48	250.78	288.70	355.43	360.44	347.54
2.2 Non-debt Capital Receipts	368.92	322.93	441.23	389.20	376.21	727.23
2.2.1 Recovery of Loans & Advances	114.99	82.06	253.70	129.29	113.20	79.64
2.2.2 Disinvestment proceeds	253.93	240.87	187.53	259.91	263.01	647.59
3 Gross Fiscal Deficit [1 - (2.1 + 2.2)]	6,046.68	5,340.32	6,849.66	6,843.95	8,054.64	8,229.07
3A Sources of Financing: Institution-wise						
3A.1 Domestic Financing	5,936.30	5,104.76	6,725.18	6,771.94	8,000.24	8,171.74
3A.1.1 Net Bank Credit to Government	3,918.53	3,147.10	3,898.30	3,352.80	3,295.90	..
3A.1.1.1 Net RBI Credit to Government	1,500.10	1,849.70	1,391.80	548.40	1,081.30	..
3A.1.2 Non-Bank Credit to Government	2,017.77	1,957.66	2,826.88	3,419.14	4,704.34	..
3A.2 External Financing	110.38	235.56	124.48	72.01	54.40	57.34
3B Sources of Financing: Instrument-wise						
3B.1 Domestic Financing	5,936.30	5,104.76	6,725.18	6,771.94	8,000.24	8,171.74
3B.1.1 Market Borrowings (net)	5,070.19	4,151.75	6,195.07	6,536.94	6,609.87	7,106.01
3B.1.2 Small Savings (net)	-374.62	-545.34	190.88	-85.70	-121.35	-34.31
3B.1.3 State Provident Funds (net)	355.35	362.36	334.33	329.94	331.59	366.85
3B.1.4 Reserve Funds	-155.71	35.62	178.51	-4.12	58.28	-153.49
3B.1.5 Deposits and Advances	175.68	342.92	122.10	27.22	78.92	61.28
3B.1.6 Cash Balances	63.12	-84.16	-322.94	-740.96	562.48	283.32
3B.1.7 Others	802.30	841.61	27.23	708.62	480.45	542.07
3B.2 External Financing	110.38	235.56	124.48	72.01	54.40	57.34
4 Total Disbursements as per cent of GDP	28.6	27.5	26.9	27.0	28.2	28.4
5 Total Receipts as per cent of GDP	28.5	27.6	27.2	27.7	27.7	28.2
6 Revenue Receipts as per cent of GDP	18.7	20.3	18.8	19.7	20.7	21.4
7 Tax Receipts as per cent of GDP	15.2	16.0	16.0	16.9	16.9	17.4
8 Gross Fiscal Deficit as per cent of GDP	9.3	6.9	7.6	6.9	7.1	6.5

Source : Budget Documents of Central and State Governments.

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

NM₂ and NM₃ 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.

L₁ and L₂ are compiled monthly and L₃ quarterly.

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

Table No. 15

Data are provisional and relate to select banks which cover 95 per cent of total non-food credit extended by all scheduled commercial banks.

1.2A.2.1 : Manufacturing include ₹335 billion and item 1.2A.2.2 : Services includes ₹34 billion credit to medium enterprises for the month of March 2014 only.

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 & 1.1.1.1.4: Estimates.

1.1.1.2: Estimates for latest months.

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

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

Table No. 35

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

Table No. 36

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

Table No. 37

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

Table Nos. 38, 39, 40 & 41

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

Table No. 43

1.3: Pertain to multilateral net settlement batches.

3.1: Pertain to two centres - New Delhi and Chennai.

3.3: Pertain to clearing houses managed by 21 banks.

6: Available from December 2010.

7: Include IMPS transactions.

Table No. 44

1.1.1: Receipts include interest credited to depositors' account from time to time.

1.1.9: Relate to 5-year, 10-year and 15-year cumulative time deposits. Exclude Public Provident Fund.

1.2.4 to 1.2.6: Negative figures are due to rectification of misclassification.

1.3: Data relate to Post Office transactions.

Table 45

Includes securities issued under the Market Stabilisation Scheme and the special securities, *e.g.*, issued to the oil marketing companies.

Table 46

(-): Indicates surplus/net outflow.

Total receipts and total expenditure exclude National Calamity Contingency Fund expenditure.

1 & 2: Data are net of repayments of the Central Government (including repayments to the NSSF) and State Governments.

1.3: Represents compensation and assignments by States to local bodies and Panchayati Raj institutions.

2: Data are net of variation in cash balances of the Central and State Governments and includes borrowing receipts of the Central and State Governments.

3A.1.1: Data as per RBI records.

3B.1.1: Includes borrowings through dated securities and 364-day Treasury Bills.

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

3B.1.6: Include Ways and Means Advances by the Centre to the State Governments.

3B.1.7: Include Treasury Bills (excluding 364-day Treasury Bills), loans from financial institutions, insurance and pension funds, remittances, cash balance investment account.

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 2015	₹200 per copy (over the counter) ₹240 per copy (inclusive of postage) ₹2,800 (one year subscription - inclusive of postage)	US\$ 11 per copy (inclusive of postage) US\$ 130 (one-year subscription) (inclusive of air mail courier charges)
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3. Report on Currency and Finance 2009-12 Fiscal-Monetary Co-ordination	₹515 (normal) ₹555 (inclusive of postage)	US\$ 16 per copy (inclusive air mail courier charges)
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6. 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)
7. CD Compendium of Articles on State Finances (1950-51 to 2010-11)	₹280 (over the counter) ₹305 (inclusive of postal charges) ₹210 (concessional) ₹235 (concessional inclusive of postage)	US\$ 8 (inclusive of air mail book post charges)
8. Mint Road Milestones RBI at 75	₹1,650 per copy (over the counter)	US\$ 50 per copy (inclusive of air mail courier charges)
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