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MONETARY POLICY STATEMENT FOR 2017-18

Sixth Bi-monthly Monetary Policy Statement, 2017-18

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

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

- keep the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 6.0 per cent.

Consequently, the reverse repo rate under the LAF remains at 5.75 per cent, and the marginal standing facility (MSF) rate and the Bank Rate at 6.25 per cent.

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

Assessment

2. Since the MPC's last meeting in December 2017, global economic activity has gained further pace with growth impulses becoming more synchronised across regions. Among advanced economies (AEs), the Euro area expanded at a robust pace, supported by consumption and investment. Economic optimism alongside falling unemployment and low interest rates are supporting the recovery. The US economy lost some momentum with growth slowing down in Q4 of 2017 even as manufacturing activity touched a multi-month high in December. The Japanese economy continued to grow as manufacturing activity gathered pace in January on strong external demand, providing fillip to the already bullish business confidence.

3. Economic activity accelerated in emerging market economies (EMEs) in the final quarter of 2017. The Chinese economy grew above the official target, driven by strong domestic consumption and robust exports. However, some downside risks to growth remain, especially from easing fixed asset investment and surging debt levels. In Russia, strong private consumption, rising oil prices and high exports are supporting economic activity, although weak investment and economic sanctions are weighing on its growth prospects. In Brazil, data on household spending and unemployment were positive in Q4. However, recovery remains vulnerable to political uncertainty, which has dampened consumer confidence. South Africa continues to face challenges on both domestic and external fronts, including high unemployment and declining factory activity.

4. Global trade continued to expand, underpinned by strong investment and robust manufacturing activity. Crude oil prices touched a three-year high as production cuts by the OPEC coupled with falling inventories weighed on the global demand-supply balance. Bullion prices touched a multi-month high on a weak US dollar. Inflation remained contained in most AEs, barring the UK, on subdued wage pressures. Inflation was divergent in key EMEs due to country-specific factors.

5. Financial markets have become volatile in recent days due to uncertainty over the pace of normalisation of the US Fed monetary policy in view of January payrolls data showing rapidly accelerating wage growth and better than expected employment. The volatility index (VIX) has climbed to its highest

* Released on February 07, 2018.

level since Brexit. Equity markets have witnessed a sharp correction, both in AEs and EMEs. Bond yields in the US have hardened sharply, adding to the upward pressures seen during January, with concomitant rise in bond yields in other AEs and EMEs. Forex markets have become volatile as well. Until this episode of recent volatility, global financial markets were buoyed by investor appetite for risk, corporate tax cuts by the US, and stable economic conditions. Equity markets had gained significantly in January, driven by robust Chinese growth, uptick in commodity prices, and positive corporate sentiment in general. In currency markets, the US dollar had touched a multi-month low on February 1 on fiscal risks and improving growth prospects in other AEs.

6. On the domestic front, the real gross value added (GVA) growth as per the first advance estimates (FAE) released by the Central Statistics Office (CSO) is estimated to decelerate to 6.1 per cent in 2017-18 from 7.1 per cent in 2016-17 mainly due to slowdown in agriculture and allied activities, mining and quarrying, manufacturing, and public administration and defence (PADO) services.

7. Information available after the release of FAE by the CSO has, however, been generally positive. Manufacturing output boosted the growth of index of industrial production (IIP) in November. After a period of prolonged weakness, cement production registered robust growth in November-December, which along with continuing healthy growth in steel production led to acceleration of infrastructure goods production in November. The manufacturing purchasing managers' index (PMI) expanded for the sixth consecutive month in January led by new orders. Assessment of overall business sentiment in the Indian manufacturing sector improved in Q3 as reflected in the Reserve Bank's Industrial Outlook Survey (IOS). However, core sector growth decelerated in December due to contraction/ deceleration in production of coal, crude oil, steel and electricity. Acreage in the case of wheat, oilseeds and coarse cereals was lower than last year. As a result, the shortfall in area sown for *rabi* crops increased to (-)1.5 per cent as on February 2 as compared with (-)1.0 per cent on December 29, 2017.

8. In the services sector, some of the high frequency indicators improved. Commercial vehicle sales growth touched an eight-year high in December. Cargo carried by sea, rail and air also registered higher growth in November, but showed mixed performance in December. Other indicators such as domestic and international air passenger traffic and foreign tourist arrivals grew at a fast pace in November-December. The services PMI expanded sequentially in December and January on the back of higher business activity.

9. Retail inflation, measured by the year-on-year change in the consumer price index (CPI), increased for the sixth consecutive month in December on account of a strong unfavourable base effect. After rising abruptly in November, food prices reversed partly in December, reflecting mainly the seasonal moderation, *albeit* muted, in prices of vegetables along with continuing decline in prices of pulses. Cereals inflation moderated with prices remaining steady in December. However, inflation in some components of food – eggs; meat and fish; oils and fats; and milk – increased. Fuel and light group inflation, which showed a sharp increase in November, softened somewhat in December, driven by moderation in electricity, LPG and kerosene inflation.

10. CPI inflation excluding food and fuel increased further in November and December, largely on account of increase in housing inflation following the implementation of higher house rent allowances (HRA) for government employees under the 7th central pay commission (CPC) award. Inflation also picked up in health and personal care and effects. Reflecting incomplete pass-through to domestic

petroleum product prices, inflation in transport and communication remained muted in December. Inflation also slowed down in clothing and footwear, household goods and services, recreation, and education.

11. Households' inflation expectations, measured by the Reserve Bank's survey of households, remained elevated for both three-month ahead and one-year ahead horizons even as inflation expectation for one-year ahead horizon moderated marginally. Firms responding to the Reserve Bank's Industrial Outlook Survey (IOS) continued to report input price pressures and increase in selling prices in Q3. This is also confirmed by manufacturing and services firms polled by PMI. Organised sector wage growth remained firm, while the rural wage growth decelerated.

12. The liquidity in the system continues to be in surplus mode, but it is moving steadily towards neutrality. The weighted average call rate (WACR) traded 12 basis points (bps) below the repo rate during December-January as against 15 bps below the repo rate in November. On some days in December and January, the system turned into deficit due to slow down in government spending and large tax collections, which necessitated injection of liquidity by the Reserve Bank. During the two weeks beginning December 16, 2017, the Reserve Bank injected average daily net liquidity of ₹ 388 billion into the system. For December as a whole, however, the Reserve Bank absorbed ₹ 316 billion (on a net daily average basis). As the system turned into deficit again in the fourth week of January, the Reserve Bank injected average net liquidity of ₹ 145 billion. For January, on the whole, the Reserve Bank absorbed ₹ 353 billion (on a net daily average basis).

13. Merchandise exports bounced back in November and December. While petroleum products, engineering goods and chemicals accounted for three-fourths of this growth, exports of readymade garments contracted. During the same period, merchandise import growth accelerated sequentially with over one-third of the growth emanating from petroleum (crude and products) due largely to high international prices. Gold imports increased – both in value and volume terms – in December, after declining in the preceding three months. Pearls and precious stones, electronic goods and coal were major contributors to non-oil non-gold import growth. With import growth exceeding export growth, the trade deficit for December was US$ 14.9 billion.

14. Even though the current account deficit narrowed sharply in Q2 of 2017-18 on a sequential basis, it was higher than its level a year ago, mainly due to widening of the trade deficit. While net foreign direct investment (FDI) inflows moderated in April-October 2017 from their level a year ago, net foreign portfolio investment (FPI) inflows were buoyant in 2017-18 (up to February 1). India's foreign exchange reserves were at US$ 421.9 billion on February 2, 2018.

Outlook

15. The December bi-monthly resolution projected inflation in the range of 4.3-4.7 per cent in the second half of 2017-18, including the impact of increase in HRA. In terms of actual outcomes, headline inflation averaged 4.6 per cent in Q3, driven primarily by an unusual pick-up in food prices in November. Though prices eased in December, the winter seasonal food price moderation was less than usual. Domestic pump prices of petrol and diesel rose sharply in January, reflecting lagged pass-through of the past increases in international crude oil prices. Considering these factors, inflation is now estimated at 5.1 per cent in Q4, including the HRA impact.

16. The inflation outlook beyond the current year is likely to be shaped by several factors. First, international crude oil prices have firmed up sharply since August 2017, driven by both demand and supply side factors. Second, non-oil industrial raw

material prices have also witnessed a global uptick. Firms polled in the Reserve Bank's IOS expect input prices to harden in Q4. In a scenario of improving economic activity, rising input costs are likely to be passed on to consumers. Third, the inflation outlook will depend on the monsoon, which is assumed to be normal. Taking these factors into consideration, CPI inflation for 2018-19 is estimated in the range of 5.1-5.6 per cent in H1, including diminishing statistical HRA impact of central government employees, and 4.5-4.6 per cent in H2, with risks tilted to the upside (Chart 1). The projected moderation in inflation in the second half is on account of strong favourable base effects, including unwinding of the 7th CPC's HRA impact, and a softer food inflation forecast, given the assumption of normal monsoon and effective supply management by the Government.

17. Turning to the growth outlook, GVA growth for 2017-18 is projected at 6.6 per cent. Beyond the current year, the growth outlook will be influenced by several factors. First, GST implementation is stabilising, which augurs well for economic activity. Second, there are early signs of revival in investment activity as reflected in improving credit offtake, large resource mobilisation from the primary capital market, and improving capital goods production and imports. Third, the process of recapitalisation of public sector banks has got underway. Large distressed borrowers are being referenced for resolution under the Insolvency and Bankruptcy Code (IBC). This should improve credit flows further and create demand for fresh investment. Fourth, although export growth is expected to improve further on account of improving global demand, elevated commodity prices, especially of oil, may act as a drag on aggregate demand. Taking into consideration the above factors, GVA growth for 2018-19 is projected at 7.2 per cent overall – in the range of 7.3-7.4 per cent in H1 and 7.1-7.2 per cent in H2 – with risks evenly balanced (Chart 2).

18. The MPC notes that the inflation outlook is clouded by several uncertainties on the upside. First, the staggered impact of HRA increases by various state governments may push up headline inflation further over the baseline in 2018-19, and potentially induce second-round effects. Second, a pick-up in global growth may exert further pressure on crude oil and commodity prices with

Chart 1: Quarterly Projection of CPI Inflation (y-o-y) for Q4:2017-18 to Q4:2018-19

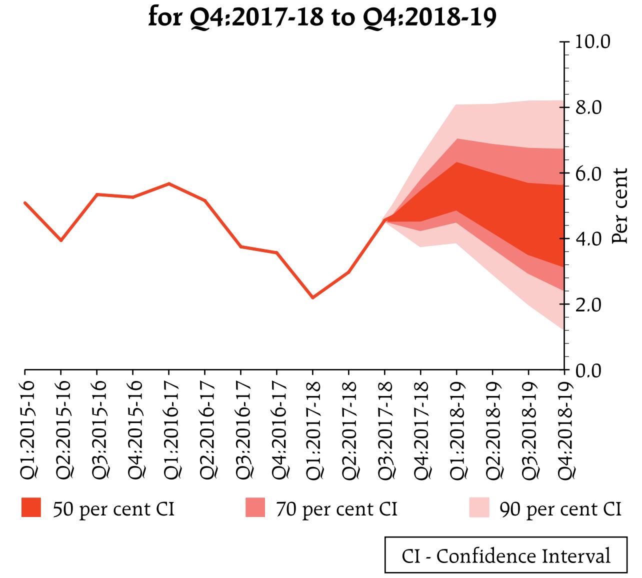
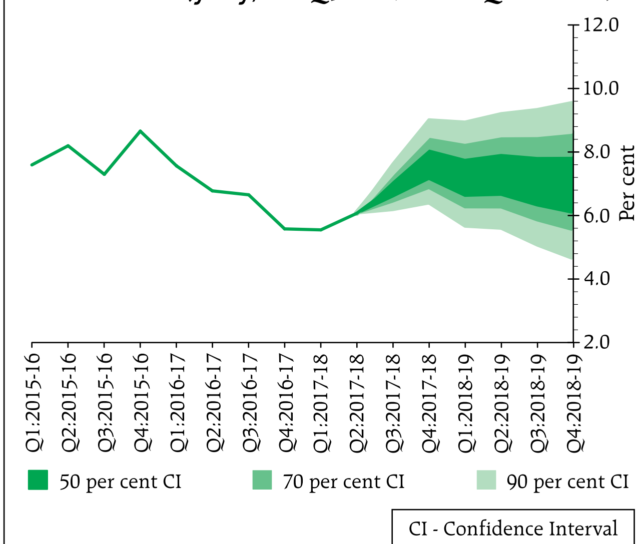


Chart 2: Quarterly Projection of Growth in GVA at Basic Prices (y-o-y) for Q3:2017-18 to Q4:2018-19



implications for domestic inflation. Third, the Union Budget 2018-19 has proposed revised guidelines for arriving at the minimum support prices (MSPs) for *kharif* crops, although the exact magnitude of its impact on inflation cannot be fully assessed at this stage. Fourth, the Union Budget has also proposed an increase in customs duty on a number of items. Fifth, fiscal slippage as indicated in the Union Budget could impinge on the inflation outlook. Apart from the direct impact on inflation, fiscal slippage has broader macro-financial implications, notably on economy-wide costs of borrowing which have already started to rise. This may feed into inflation. Sixth, the confluence of domestic fiscal developments and normalisation of monetary policy by major advanced economies could further adversely impact financing conditions and undermine the confidence of external investors. There is, therefore, need for vigilance around the evolving inflation scenario in the coming months.

19. There are also mitigating factors. First, capacity utilisation remains subdued. Second, oil prices have moved both ways in the recent period and can potentially soften from current levels based on production response. Third, rural real wage growth is moderate.

20. Accordingly, the MPC decided to keep the policy repo rate on hold and continue with the neutral stance. The MPC reiterates its commitment to keep headline inflation close to 4 per cent on a durable basis.

21. The MPC notes that the economy is on a recovery path, including early signs of a revival of investment activity. Global demand is improving, which should help strengthen domestic investment activity. The focus of the Union Budget on the rural and infrastructure sectors is also a welcome development as it would support rural incomes and investment, and in turn provide a further push to aggregate demand and economic activity. On the downside, the deterioration in public finances risks crowding out of private financing and investment. The Committee is of the view that the nascent recovery needs to be carefully nurtured and growth put on a sustainably higher path through conducive and stable macro-financial management.

22. Dr. Chetan Ghate, Dr. Pami Dua, Dr. Ravindra H. Dholakia, Dr. Viral V. Acharya and Dr. Urjit R. Patel voted in favour of the monetary policy decision. Dr. Michael Debabrata Patra voted for an increase in the policy rate of 25 basis points. The minutes of the MPC's meeting will be published by February 21, 2018.

23. The next meeting of the MPC is scheduled on April 4 and 5, 2018.

SPEECHES

*Understanding and Managing Interest Rate Risk at Banks**

Viral V. Acharya

Let me at the outset wish all of you a happy and healthy New Year.

Thank you to Fixed Income Money Markets and Derivatives Association (FIIMDA) and its organising team for inviting me to deliver this keynote address at its annual meet. I will speak today about understanding and managing better the interest rate risk at Indian banks. I will start, however, by looking elsewhere and historically, often a very good place to start.

In the period after the Global Financial Crisis, bank exposures to sovereign debt have increased significantly in many economies, including advanced ones, deepening the linkage of bank balance sheets with sovereign debt. Several important drivers are deemed to be at work behind this phenomenon:

a. Exceptionally accommodative monetary policy in advanced economies, coupled with a general post-crisis fall in the risk appetite of global investors, created a natural demand to hold sovereign debt of safe-haven economies.

b. Under Basel capital regulations for banks, sovereign bond exposures continue to attract zero per cent risk weight in home countries and some currency unions, besides not being subject to concentration limits. This makes sovereign bonds a more attractive investment for banks *vis-à-vis* other assets of similar riskiness. Liquidity of sovereign bonds as well as such securities being eligible collateral for refinance by central banks only further adds to their attractiveness.

c. Liquidity Coverage Ratio (LCR) regulation (under Basel-III) also requires banks to hold High Quality Liquid Assets (HQLA). Though there are other securities eligible as HQLA, the cost and ease of holding are the most attractive for sovereign bonds.

While sovereign bonds may be safer and more liquid than other instruments at a given point of time, there is no guarantee that they will remain so as both credit risk and liquidity risk of sovereign debt are dynamic in nature, and in fact, can shift deceptively so as these risks materialise from seemingly calm initial states.

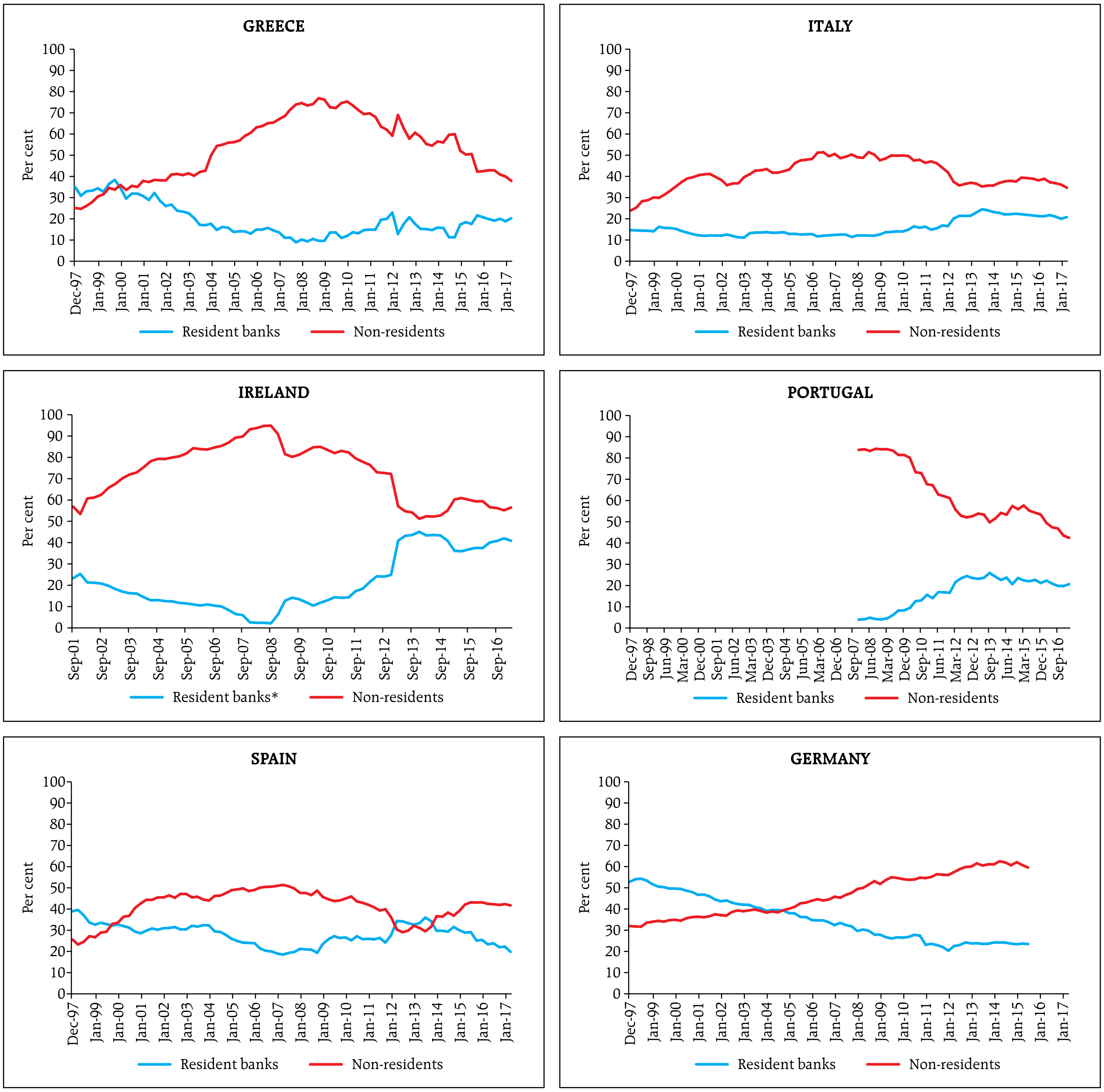
Sovereign Debt-Bank Nexus and Eurozone Sovereign Debt Crisis

The potential negative impact of sovereign debt-bank nexus and the need for addressing it has attracted much international attention, particularly in Europe. Exposures of resident banks to domestic sovereign debts in countries that faced debt crisis (Greece, Italy, Ireland, Portugal, and Spain, or GIIPS) increased significantly during and after the crisis. Moreover, the increased exposure of banks to sovereign debts exhibited a domestic bias in case of the riskier sovereigns, *i.e.*, the GIIPS, with share of resident banks increasing while that of non-residents declining; the holdings of resident banks continue to be at a high level (Chart 1).

The large holdings of domestic sovereign debt by banks played a key role in exacerbating the sovereign debt crisis in peripheral European countries. From January 2007 until the first bank bailout announcement in late September 2008, there was a sustained rise in bank credit spreads while sovereign credit spreads remained low. During September-October 2008, bank bailouts became a pervasive feature across developed economies and there was

* The speech was delivered by Dr. Viral V. Acharya, Deputy Governor, Reserve Bank of India at the FIMMDA Annual Dinner, 2018 organised by the Fixed Income Money Market and Derivatives Association of India (FIMMDA) on January 15, 2018 at Hotel Taj Mahal Palace, Mumbai.

Chart 1: Holding of Sovereign Bonds by Resident Banks and Non-residents for GIIPS & Germany



Data for Germany is based on 'General Government Debt' and includes both sovereign bonds as well as loans.
*'Resident banks' in Ireland does not exclude holdings by the Bank of Ireland.
Source: Bruegel database of sovereign bond holdings developed in Merler and Pisani-Ferry (2012) updated as of March 2017.

a significant decline in bank credit spreads with a corresponding increase in sovereign credit spreads. In effect, bank bailouts transferred credit risk from the financial sector to the sovereigns (Acharya, Drechsler and Schnabl, 2012; 2015). However, and especially post the Greek default in 2010, sovereign spreads in the GIIPS widened too over the German Bunds due to macroeconomic concerns in the European periphery, causing significant valuation losses for banks and casting doubt on their solvency.

Concomitantly, rising yields on sovereign bonds enticed banks to stock up on their domestic sovereign exposures. With continuing access to short-term funding, notably in deposit and money markets, banks in GIIPS and even some non-GIIPS countries increased investments in GIIPS sovereign bonds so as to purchase "carry" over the German Bunds, hoping for future convergence of yield (Acharya and Steffen, 2015). This "carry trade" was particularly attractive for under-capitalised banks as a way to gamble for resurrection, effectively chasing quick Treasury gains with no additional capital requirement, but doubling up on economic risks if the carry were to widen even further... and it did. The Greek default and ensuing sovereign debt crises in the GIIPS countries showed that banks having significant exposures to sovereign debt were the most susceptible to fluctuations in sovereign borrowing costs and faced attendant market plus funding consequences.

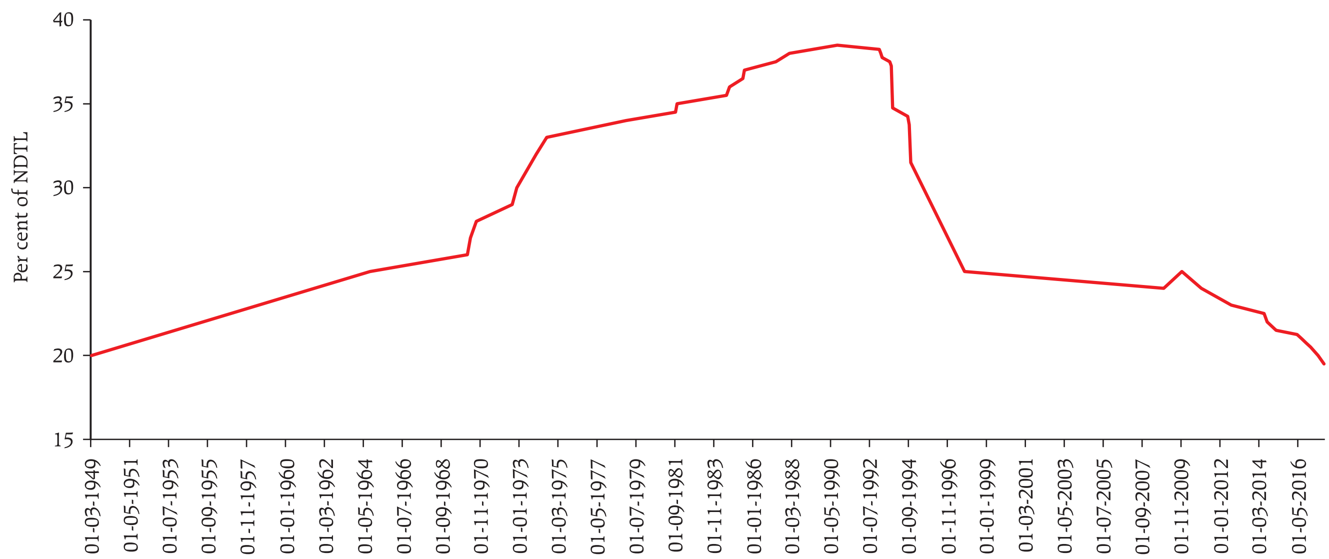
Such sovereign debt-bank nexus creates a two-way feedback loop. As banks are highly exposed to the domestic sovereign, any adverse movement in yields or materialisation of a sovereign event could trigger bank under-capitalisation and bailouts, which imply further sovereign borrowing and rising sovereign yields, leading to further erosion of bank capital and need for further bailouts, and so on (Acharya, Drechsler and Schnabl, 2012; 2015).

Understanding and managing well the banking sector's exposure to risks embedded in domestic sovereign debt is thus not just a matter of banking sector's profits and capital, but in fact it is one of overall macroeconomic stability.

The Indian Context

In India, the linkage between sovereign debt and bank balance sheets has always been strong given the Statutory Liquidity Ratio (SLR) prescriptions for banks and the historical role that banks have played in supporting public debt. Banks, under section 24 of the Banking Regulation Act, 1949, are required to maintain minimum liquid assets (basically Government securities – both Central Government securities or G-Secs, and sub-sovereign securities called State Development Loans (SDLs)) as a percentage of Demand and Time Liabilities (DTL). This ratio has historically been as high as 38.5 per cent, but has gradually come down to 19.5 per cent now (Chart 2),

Chart 2: Statutory Liquidity Ratio



Source: Database on Indian Economy, RBI.

being brought steadily in line with international levels of the Liquidity Coverage Ratio (LCR) under Basel-III.

The resulting large holding of G-Secs and SDLs by banks exposes them to re-pricing of governments' borrowing costs which could rise due to inflationary, fiscal or other domestic as well as global macroeconomic developments. I propose to (i) draw attention to the significance of this interest rate risk exposure of Indian banks; (ii) urge banks to pay greater attention and devote more resources to their Treasury operations; and, (iii) lay out some options available to banks for managing the risk efficiently.

Understanding Interest Rate Risk at Banks

Let us start by first principles. Interest rate risk is most simply understood by looking at the (approximate) price equation for a bond portfolio when there is a (small) change in the underlying interest rates, such as the level of government's borrowing cost:

$$\Delta P = - P \times D \times \Delta Y, \text{ where}$$

Δ denotes change; P denotes the portfolio's market value;

D denotes the "duration", a measure of the interest rate sensitivity of the portfolio; and, Y denotes an underlying interest rate (or portfolio yield).

In other words, the value of the investment portfolio is a function of three factors:

a. The size of the portfolio denoted by P;

b. The duration denoted by D, which roughly captures the weighted average maturity of cash-flows of bonds in the portfolio; and,

c. The increase in yields denoted by ΔY.

For example, a portfolio of size 1 trillion with 10 years of duration, falls in value by 10 billion upon a 0.1 per cent or 10 basis points (bps) rise in the 10-year G-Sec benchmark yield.

Let us consider each of these factors, in turn, in the present and historical Indian context.

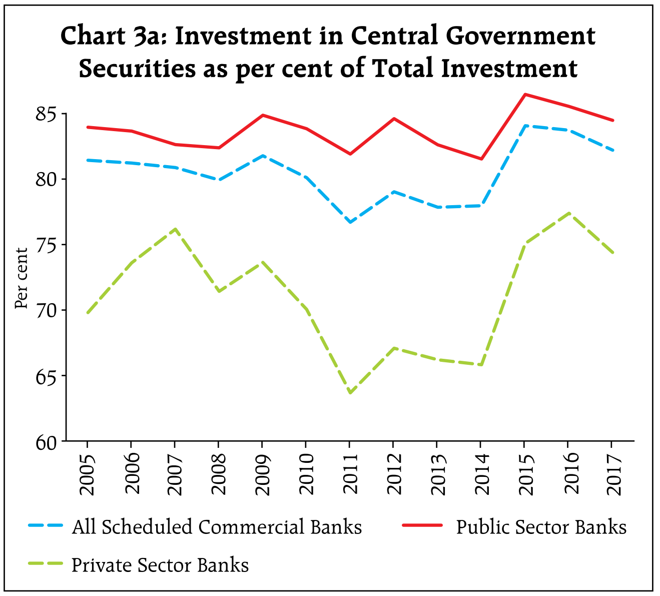
Size of the Portfolio[1]

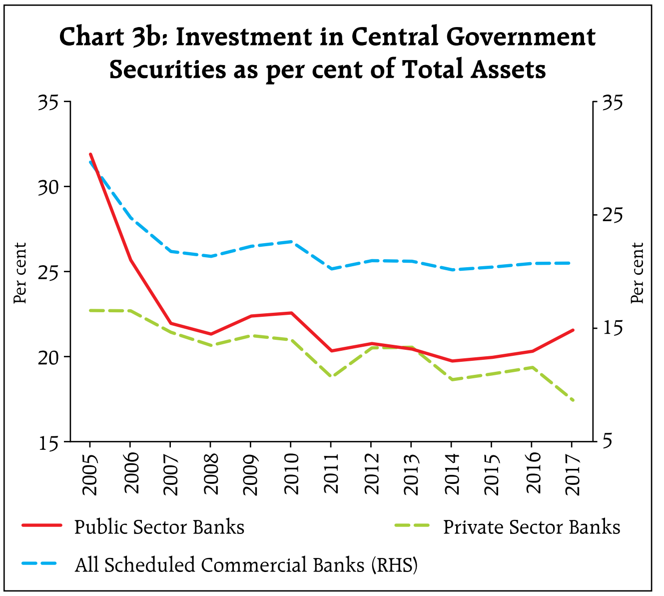
The share of commercial banks in outstanding G-Secs is around 40 per cent (June 2017). Investment of Scheduled Commercial Banks (SCBs) in G-Secs as a percentage of their total investment was around 82 per cent for FY 2016-17. The corresponding figure for Public Sector Banks (PSBs) for FY 2016-17 is slightly higher at 84 per cent. This exposure has noticeably increased since 2014 (Chart 3a).

In spite of the relative stability of the consolidated Debt/GDP ratio of the government, the investor base for G-Secs in India is primarily limited to domestic institutions. As a result, there are often situations of oversupply of government bonds relative to demand. This appears to be the case especially for Indian banks going by their high excess SLR holdings. One reason banks end up holding high levels of government debt is because in the Indian milieu, they end up as residual holders in case of relative oversupply, as the appetite of other major institutional investor categories like insurance and pension funds is limited by their investment mandates. Another important reason in recent times has been that excess liquidity in the banking system did not end up being parked at the Reserve Bank's liquidity mop-up operations which would have kept duration risk minimal. Instead, the surplus liquidity found its way into G-Secs as domestic sovereign debt is the most attractive investment for capital-starved banks looking for short-term gains even if at the expense of greater duration (as I explained earlier, this was the case also in the European context).

As a result, the size of banking sector's balance-sheet exposure to G-Secs, and hence, its interest rate risk, is high in an absolute sense, and is relatively elevated, when measured in proportion to total

[1] Government securities are defined under law as both Central Government securities (G-Secs) and State Development Loans (SDLs). In terms of management of interest rate risk in the investment book, both are equally important. In this speech, however, data and charts pertain to only G-Secs for simplicity. Inclusion of SDLs would not change the broad conclusions, and as they contribute to interest-rate risk, would only strengthen them.



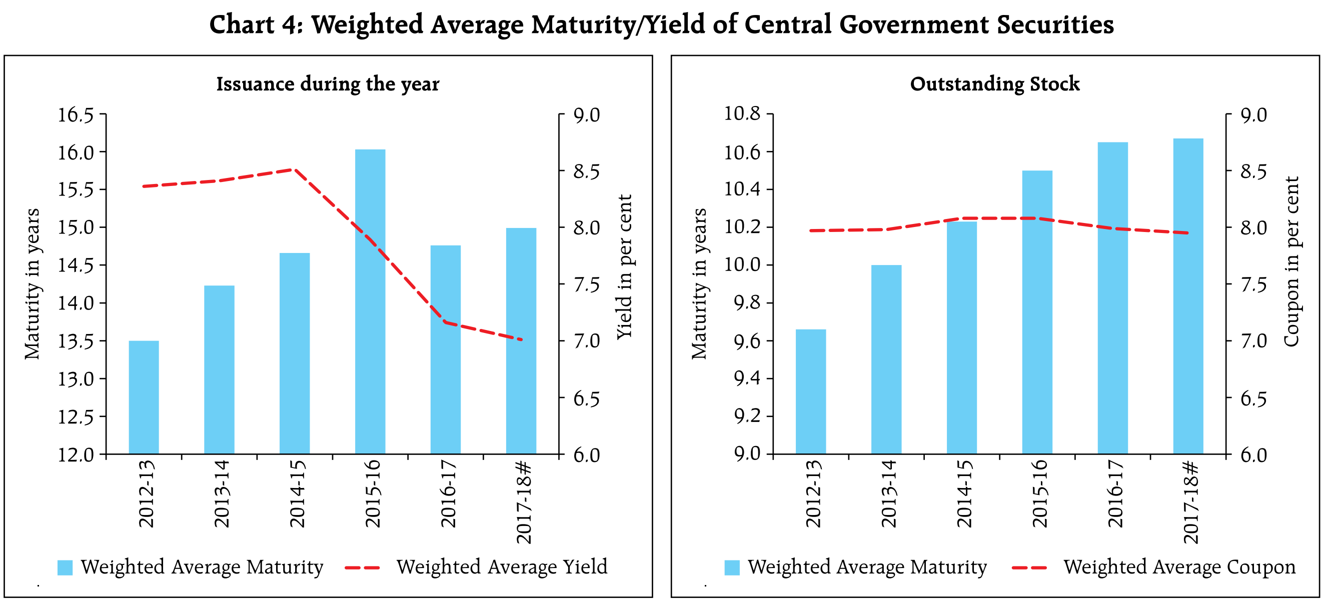


Source: Database on Indian Economy, RBI.

assets, for public sector banks relative to private banks (Chart 3b).

Duration of investment book and the maturity structure of G-Secs

The high interest rate exposure of banks from their G-Sec portfolios is attributable to not only the size of their holdings, but also to the increasing maturity of primary issuance. The weighted average maturity of the stock of Government securities has increased steadily from 9.66 yrs in 2012-13 to 10.67 yrs in 2017-18 (Chart 4). The average tenor of annual issuance during the last five years has been high at around 15 years.



Source: RBI Annual Report

What are implications of this changing maturity structure of G-Secs for the duration of bank investment portfolios?

The investment portfolio of banks is classified under three categories, *viz.*, 'Held to Maturity (HTM)', 'Available for Sale (AFS)' and 'Held for Trading (HFT)'. Banks normally hold securities acquired by them with the intention to hold them up to maturity under HTM category. Only debt securities are permitted to be held under HTM with a few exceptions, *e.g.*, equity held in subsidiaries. Holding securities under HTM provides cushion for banks from valuation changes. However, holding in HTM book is subjected to a ceiling.

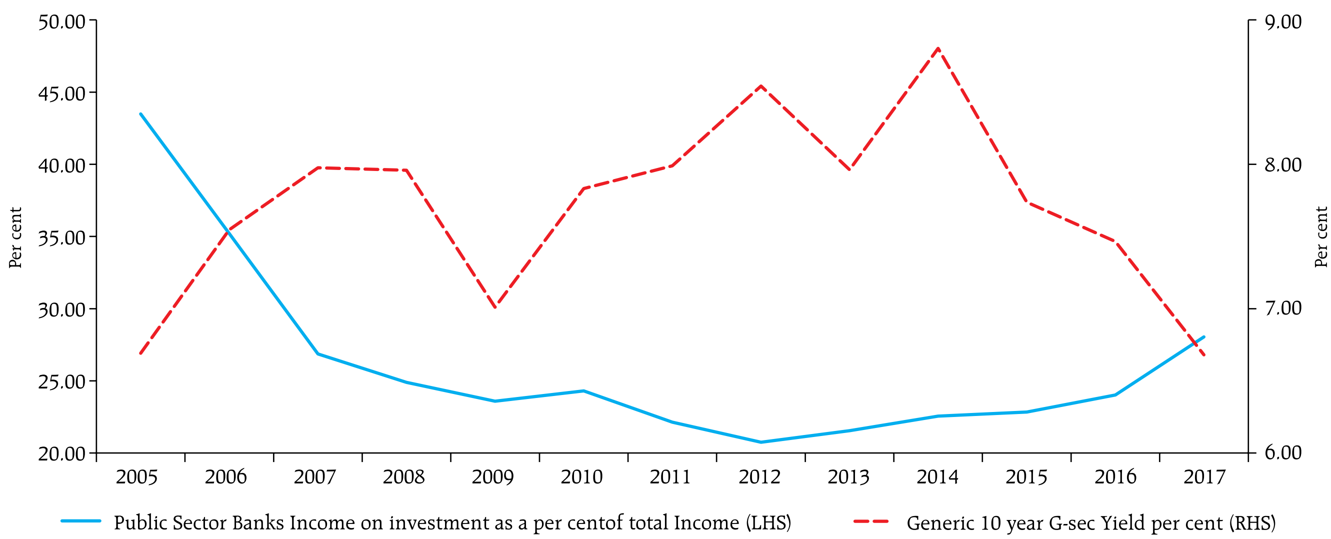
AFS and HFT categories together form the trading book of banks. Banks are permitted to decide on the extent of holdings under AFS and HFT based on their trading strategy, risk appetite, capital position, *etc.* Securities held under both these books are required to be marked to market. HFT book is required to be marked to market on a more frequent basis than AFS. Valuation frequency of investment is typically a determinant in the composition of investment book of banks. Correspondingly, shares of HTM, AFS and HFT are 55.4 per cent, 42.5 per cent and 2.1 per cent, respectively, as on September 2017 (Financial Stability Report, RBI, December 2017). The average modified duration of the AFS book of banks is currently around 2.9 years. The comparable figure for PSBs is higher at 3.5 years and for private sector banks is at 2.0 years.

With relatively high duration and concentration of G-Secs in investment portfolio, bank earnings and capital remain exposed to adverse yield moves, especially as the share of investment income has been on the rise in the last five years. Chart 5 captures this fact succinctly that investment income of banks is highly sensitive to G-Sec yields – yields had by and large fallen in recent years, and consequently, investment income went up. In turn, and given the muted credit growth over this period, especially at PSBs, investment income has again started playing a rather important role in determining bank earnings.

Movement in yields – Phases of sustained yield rise

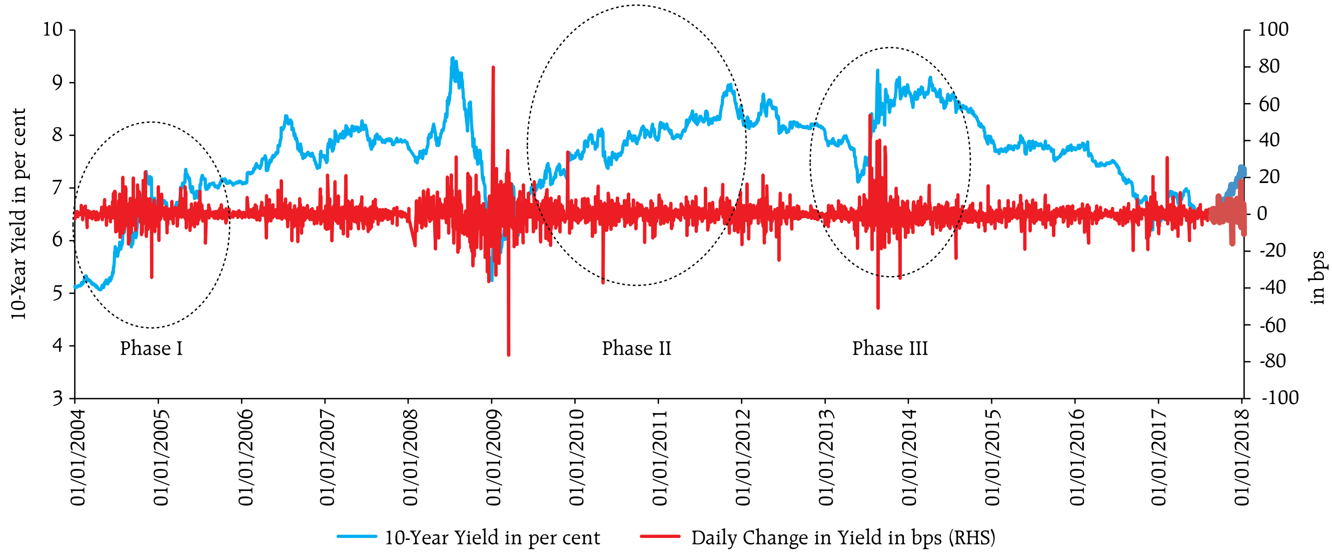
G-Sec yields in India have undergone episodic phases of sustained rise of close to 200 bps at regular intervals. Chart 6 identifies three major phases for the 10-year benchmark yield over the past 15 years:

Chart 5: PSBs' Income on Investment as per cent of Total Income vs Generic Yield Movement



Note: Income on investments includes interest and dividend flows, plus profit/loss from sale of investments.
Source: Database on Indian Economy, RBI and Bloomberg

Chart 6: 10-Year Generic G-Sec Yield and Daily Change in Yield



Source: Bloomberg.

a. Phase I – second half of 2004 when interest rate cycle turned up from 5.00 per cent to over 7.00 per cent, following a prolonged rally;

b. Phase II – post the global financial crisis when yields rose from around 5.25 per cent in December 2008 to around 8.80 per cent by November 2011; and,

c. Phase III – during the taper tantrum episode when yields rose from around 7.25 per cent at end-May 2013 to just below 9 per cent by end-December 2013;

My point in showing this time-series and episodic phases of G-Sec yield movements is that banks should not be surprised repeatedly when government bond yields rise sharply and their investment profits drop. RBI's Financial Stability Reports (FSR) have regularly pointed out the impact of such large interest rate moves on capital and profitability of banks. Banks should know and understand this risk rather well. Perhaps they do, and the issue is really one of incentives that lead to their ignoring this risk, which I will turn to next.

Heads I Win, Tails the Regulator Dispenses

How have these episodic phases of sustained rise in G-Sec yield played out?

During Phase I, responding to the clamour for regulatory forbearance, banks were permitted to hold G-Secs up to the mandated Statutory Liquidity Ratio (SLR) of 25 per cent of Demand and Time Liabilities (DTL) under the Held to Maturity (HTM) accounting category. Regulation also enabled banks to shift securities from other accounting categories into the HTM category, as a one-time measure, a feature that has now acquired an annual dimension.

A similar one-time transfer was extended during Phase III, in addition to deferment in recognition of valuation losses by six months, from September 2013 to March 2014.

The impact of the persistent rise in yields during Phase II was eased to a great degree by regular open market purchases by RBI, which are typically employed for durable liquidity management and to ensure the proximity of money market rates to the overnight policy rate, rather than for management of long-term G-Sec yields.

These are also the sort of measures some banks have again requested Reserve Bank to adopt in the current phase of rising yields, wherein yields have moved up from around 6.50 per cent at end-August 2017 to around 7.45 per cent now.

Interest rate risk of banks cannot be managed over and over again by their regulator. The regulator, in interest of financial stability, is caught in such situations between a rock and a hard place, and often obliges. However, the trend of regular use of *ex post* regulatory dispensation to ease the interest rate risk of banks is not desirable from the point of view of efficient price discovery in the G-Sec market and effective market discipline on the G-Sec issuer. Nor does it augur well for developing a sound risk management culture at banks. Recourse to such asymmetric options – heads I win, tails the regulator dispenses – is akin to the use of steroids. They get addictive and have long-term adverse effects in the form of frequent relapse even though their use may be justified to relieve occasional intense pain. Hence, it would be better for the banking system to build its own immunity and strength, *i.e.*, emphasise internally – and put in place processes for – efficient management of interest-rate risk.[2]

Let me then discuss what could be done by banks to achieve this.

[2] There are other reasons for banks to focus more closely on interest rate risk that I haven't touched upon in interest of simplicity and brevity. For instance, banks face not just the interest rate risk of the investment portfolio but also to the risk in the banking book. The present guidelines require banks in India to compute change in economic value of equity (ΔEVE) and net interest income (ΔNII) for the entire balance sheet and not just for the banking book positions. However, in order to promote global consistency, transparency and comparability of interest rate risk in the banking book (IRRBB) with that of global banks, banks would be required going forward to compute IRRBB separately and disclose it based on revised BCBS standards. Similarly, the Report of RBI's Internal Study Group to Review the Working of the Marginal Cost of Funds based Lending Rate (MCLR) System has recommended that floating rate loans be referenced to an external benchmark. Once introduced, this would expose banks to higher market risk, necessitating more active management of interest rate risks.

Managing Interest Rate Risk at Banks

Management of the increasing interest rate exposure of the banking system needs to address both sides of the sovereign-bank nexus. While the long-term investor participation in government bond market needs to be deepened – both domestically and internationally, and the maturity structure of government debt kept sensitive to implications for bank balance-sheets, banks also need to manage the interest rate risk on the balance sheet by dynamically managing its size and duration as well as accessing markets for risk transfer.

The desirable options follow from the bond price equation I presented earlier:

$$\Delta P = - P \times D \times \Delta Y.$$

Interest rate risk management options can thus be categorised as follows:

a. Measures that address P, *viz.*, the G-Sec portfolio size of banks;

b. Measures that address D, *viz.*, the duration risk; and,

c. Measures that address the valuation impact in scenarios with potentially large changes in yield.

Measures that address the G-Sec portfolio size of banks

The size of the G-Sec portfolio of banks is mainly a function of balance sheet choices made by banks among competing assets. Recognising at the outset that G-Sec portfolio is subject to interest rate risk, a risk-management strategy can be put in place along the following lines:

1. The bank's Board in discussions with the Treasury head and Chief Risk Officer (CRO) can approve the risk limit for the portfolio in terms of the capital that can be put at

risk. This assigned risk capital, much like a corporate budget, should transform into a risk strategy and be guarded in a manner that adjusts for changing risks rather than merely serving as an easy-to-game compliance limit.

2. The assigned risk capital should not get wiped out under reasonable stress scenarios, which can be modelled as high confidence level tail events for bond yields under value at risk or expected loss approach. In other words, banks should not lose capital allocated to the Treasury function other than with an extremely small likelihood.

3. Given the non-linearity in yield movements (the risk that risk will change, or in other words, yield volatility being stochastic), as manifested in the episodic volatility phases I showed, banks should also factor in historical stress scenarios. Under these historical stress tests as well, capital allocated to the Treasury function should not get wiped out.

4. In addition, banks should conduct reverse stress tests, *i.e.*, ask the question as to what kind of G-Sec yield movements, parallel shift at a minimum but ideally also yield-curve steepening, would wipe out the allocated capital? Indeed, such reverse stress tests have been recommended by the Reserve Bank and could become part of Board-level risk discussions.

5. However, no stress test is perfect; and, no risk measure such as value at risk or expected losses which use historical distributions can anticipate fully the nature of future yield movements. Hence, banks also need to adopt robust risk controls for resilience. This can involve concentration limits, so banks do not exceed their exposure to G-Secs beyond an internally agreed total proportion of assets; or the excess SLR should be commensurate in risk terms with the bank's capital allocation for investments.

6. In order to further address Treasury-level incentive issues, banks may consider imposing dynamic stop loss limits. In order to avoid further losses once they exceed a particular percentage of assigned risk capital, any risk addition must slow down, potentially even stop (depending on the extent of realised capital loss), and not be gerrymandered through security rotation or by senior management turning a blind eye. Instead, the realised losses and residual risks should escalate through CRO to the bank Board and the risk in the investment portfolio gradually scaled down in a time-bound manner depending on its size.

7. In addition, there should be ex-post settling up as a career incentive for the Treasury head and all significant risk-takers: those who swing bank investment portfolio for the fences and put bank capital at excessive limits relative to the approved levels should be held accountable when their bets go bad due to poor or no risk management. Not all volatility is due to "black swan" events that deserve risk-takers being carried through.

8. Finally, there is usually an uninspiring chatter every time G-Sec yields show a sustained rise that the market is irrational in its movements. Not only is it not difficult to separate rational market movements from irrational ones at high frequency, such proclamations are a sign that those betting on government bonds while chatting such are clueless about the drivers of market movements. Isn't that a good time for the bank senior management to rein in their Treasury portfolio risks?

None of this is rocket science but does require at the highest level of bank governance mechanisms a recognition of interest rate risk, an incentive to manage it, and a top-down organisational strategy to implement it.

Measures that address the duration risk of banks

How may banks better manage their duration risk?

The efficiency with which this risk is currently managed leaves a lot to be desired. While duration risk management is constrained by the G-Secs issuer's choice of maturity structure and liquidity in the secondary bond market, the risk can be managed more nimbly by also availing of hedging markets. PSBs account for about 70.6 per cent of the banking sector assets. However, their participation in such hedging markets is limited or negligible. While their share in secondary market trading of G-Secs is about 33 per cent, their share in hedging activity in the Interest Rate Swap (IRS) and Interest Rate Future (IRF) segments is only 4.61 per cent and 13.40 per cent, respectively.

Let me elaborate. RBI introduced Rupee interest rate derivatives in the OTC market, *viz.*, Interest Rate Swaps (IRS) and Forward Rate Agreement (FRA), in 1999. Interest Rate Futures (IRFs) were first introduced in the Indian markets in 2003 but only the current bond future contract, introduced in 2014, has seen reasonable activity. Liquidity in the interest rate products has generally been low. The open interest and daily volume in the interest rate futures market are usually between ₹20-30 billion while the daily volume in the Overnight Indexed Swap (OIS) interest rate swap market is around ₹150 billion. Besides, only a section of the banks are active in the OIS market. Compared to an average daily bond market volume of ₹400-500 billion, interest rate derivative markets are thus rather thin.

Wider participation by banks in interest rate derivative markets – both futures and swaps – is necessary for improving liquidity in these markets, which is necessary for banks to off-load their significant duration risk onto others. As more hedgers access these markets, there would be incentives for market makers to allocate more capital to these activities, kicking off a virtuous cycle of interest rate risk-sharing and leading over time to a more vibrant derivative market.

In other words, the Treasury functions at banks need to be modernised with urgency, subjected to careful scrutiny by Boards, overlaid with prudent risk management practices, and trained to employ hedging instruments specifically targeted at managing interest rate risk.

This takes me to the important issue of how banks should manage large changes in yields.

Measures that manage the impact of potentially large changes in yield

Given the nascent stage of our interest rate derivative markets, banks need to manage exposures to large changes in yield with a multitude of instruments and trading platforms. All options should be on the table. An oft-cited reason for the lack of such comprehensive risk management by banks is that hedging markets that can enable neutralisation of large changes in yield lack the size or depth or liquidity to meet the needs of large banks. True as this argument is at some level, it is the very lack of participation by large banks that makes these markets illiquid and small. RBI systematically engages with the market to take necessary steps to create an enabling environment for markets to develop – creating trading, settlement and reporting infrastructure; introducing products; easing processes; *etc.*

India's G-Sec market infrastructure is arguably the best in the world. We have enabled guaranteed settlement in G-Secs, forex and interest rate swaps. Despite the existence of the facility to short sell and availability of futures and swap markets, it appears that for most banks investment activity essentially consists of two steps – buying and hoping for the best. But hope should not be a Treasury desk's primary trading strategy.

RBI has also permitted money market futures about a year back. Those directions were a significant deviation from the earlier prescriptive approach. Exchanges were given complete freedom to design and introduce products. We are yet to receive any proposal for approval.

Similarly, interest rate options were also permitted sometime back, but market has still not kicked off. Years back RBI introduced the When Issued market and Separate Trading of Registered Interest and Principal Securities (STRIPS), but neither has gained traction.

Does all this imply that these interest rate products have no use for any participant? Or is it just that the market, dominated by banks, is not used to availing of risk management options, hoping instead for regulatory forbearance when episodic yield increase rears its ugly head?

Conclusion

Let me summarize. Market liberalisation does not just involve the regulator easing business processes, introducing new products and creating new markets; it also requires participants to take initiative to reskill themselves for constantly evolving market conditions and products. Market development is a two-way interactive process between market participants and regulators. We are hoping that FIMMDA can rally banks and play its part going forward.

Finally, it is encouraging that FIMMDA is developing the code of conduct covering its members' activities in the interest rate markets. Along with Foreign Exchange Dealers' Association of India's (FEDAI's) recent adoption of the Global Foreign Exchange Code, the entire range of bond, currency and related derivative markets would be subject to professional conduct in line with best international practice, once FIMMDA adopts the code. I hope that this process can be hastened and FIMMDA members adopt the code signing it on a public website by the end of the current quarter.

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India's Economic Reforms: Reflections on the Unfinished Agenda *

Vijay Joshi

Introduction

Governor Patel and friends,

The Reserve Bank of India (RBI) has occupied a special place in my thoughts ever since I was here as a Special Adviser thirty-four years ago. It was an immensely enjoyable period of my life, not least because my ring-side position taught me more about public policy than any number of scholarly books and papers. Public policy was also the mission of Mr. L.K. Jha's exceptionally distinguished career. He was, without question, one of independent India's foremost public servants, and a truly remarkable man. For most of his time in the Government of India (GOI) and the RBI, extensive and intrusive state intervention was the order of the day. But he was far too good an economist and far too wise an administrator to be taken in by the pretensions of centralized planning and quantitative controls; and, in consequence, he became an advocate of economic reform well before it came to pass. I am, therefore, greatly honoured to be delivering a lecture that bears his name. I would like to thank Governor Patel for the gracious invitation to speak on this occasion. Since he took office, the RBI has faced many severe pressures. His astute, creative, and resolute leadership, as well as his nerves of steel, have enabled this institution to enhance its reputation as a pillar of India's stability.

My lecture today will necessarily be limited by a time constraint. The story goes that President Harry Truman was at one point so exasperated with his economic advisers that he said: "All my economists say 'on the one hand this' and 'on the other hand that'. Give me a one-handed economist!" Today, given the time constraint, I am going to be a one-handed economist. For nuance and qualification you can turn to my recent book, *India's Long Road – The Search for Prosperity*, which covers the topic of this lecture in greater depth and detail.[1]

There can be no doubt that India has done remarkably well in the past three decades, and I could easily spend an hour singing the praises of the country's success. However, in today's lecture, I want to focus on the half-empty, not the half-full, cup of achievement. India still has around a quarter of its billion-plus population surviving in extreme poverty, and two-thirds of its people poor enough to have extremely circumscribed opportunities to lead a fulfilling life. To become a prosperous, high-income country in the next two decades, India will have to achieve, over that time-span, economic growth that is super-fast and inclusive. By 'super-fast growth', I mean a growth rate of 8 per cent a year or more; by 'inclusive growth', I mean growth that is widely shared. The magnitude of the task can be understood by contemplating the sobering fact that fewer than half-a-dozen of the 200-odd countries in the world have achieved super-fast and inclusive growth for two or more decades on the run, and almost all of them were autocracies during their rapid sprints. Can a *democratic* India do a China or a South Korea? That is the overwhelming question. However, the current context is that far from speeding up, India's growth has shown signs of slowing down. While some temporary and special factors are involved, it is also the case that the 'partial reform model' that has been in operation since 1991 has been running into diminishing returns. India urgently needs another round of radical reforms

* Fifteenth L. K Jha Memorial lecture delivered by Professor Vijay Joshi, Emeritus Fellow, Merton College, Oxford at the Reserve Bank of India, Mumbai on December 11, 2017. The views and opinions expressed are those of the author alone.

[1] See Vijay Joshi (2016), *India's Long Road – The Search for Prosperity*, Penguin Random House, New Delhi, and Oxford University Press, New York.

to keep the engine of productivity growth firing on all cylinders.

The list of desirable reforms is long but in my opinion they should have a common thread or theme, which is to put right the balance between the state, the market, and the private sector. Despite some liberalisation, India has not fully recovered from a bad case of old-fashioned socialism, with its fond belief in the benefits of state ownership of the means of production, and its marked propensity for arbitrary state intervention in the operation of the markets. We have yet to complete the move to becoming a modern social democracy. This implies retaining the socialist emphasis on *shared* prosperity, and the liberal-democratic emphasis on individual freedom and rights, while moving towards greater reliance on private ownership and the market mechanism, with the state performing competently its essential core functions. These core functions include provision of macroeconomic stability, smart regulation, correction of market failures, efficient income redistribution, and effective supply of public services.

What does the social-democratic agenda imply for various areas of economic activity? Given the time constraint, I have to be selective. I shall discuss five areas in which radical reforms are required to achieve super-fast and inclusive growth for an extended period: State Ownership; Employment Creation; Deep Fiscal Adjustment; Quality of Education; and State Capacity.

I. State Ownership

A wide swathe of economic activities was nationalised in India after independence, and especially during Mrs. Indira Gandhi's prime ministership, for predominantly political reasons. In addition, state ownership was justified as a way to correct market failures, increase investible surpluses, and pursue wider social goals. The results have been blatantly unsatisfactory. Public sector managers who were given a multiplicity of aims, and were backed by the deep pockets of the state, lacked the rewards and penalties to innovate, cut costs, and respond to consumer preferences. At the same time, there was a good deal of unproductive scrutiny by investigative agencies, which served to make managers risk-averse, and opt for a quiet life. Efficiency was also compromised by the incestuous relationship between nationalised industries and the government, which opened the door to political manipulation in operational matters as well as board appointments. Supervision of public sector enterprises (PSEs), via 'memoranda of understanding' with the government, has not worked to increase productivity. What *has* worked, up to a point, is allowing private-sector entry. Even so, success has been far from complete. This is because the logic of competition requires that the government maintain a level playing field between PSEs and private companies, which includes allowing PSEs to die if they continually underperform. Not surprisingly, the government has been unwilling and unable to follow such a path.

The consequences can be seen in the most recent *Public Enterprises Survey*, which makes depressing reading.[2] One-third of the 244 non-financial Central PSEs made losses in 2015/16; and of the 78 loss-makers, more than a half made losses for three years in row. There are also several perennial loss-makers, including Air India and two public telecom companies; and some profitable companies such as Coal India owe their performance not to efficiency but to their monopoly positions. The profitability of Central PSEs, as a whole, has been declining steadily for the past 10 years. In addition to Central PSEs, there are around 1000-odd State PSEs, of which two-thirds make losses, including notably the zombie electricity distribution companies. The aggregate losses of all PSEs, central and state, amount to about one per cent of GDP annually.

[2] See Government of India, *Public Enterprises Survey, 2015/16, Vol. I.*

So far, successive Indian governments have been stuck with the fetish of 51 per cent ownership and have only flirted with the idea of privatisation (though it appears that Air India is at last being considered for strategic sale). Most sell-offs have taken the form of so-called 'disinvestment', *i.e.,* the sale of small slices of state-owned companies. Unlike privatisation, disinvestment does not bring the full advantages of a change in managerial incentives and autonomy. The sale price is also bound to be adversely affected when the government does not relinquish control, which means that the minority sales have surely been made at unfavourable prices. It is high time the government grasped the nettle of mounting a substantial programme of privatisation, at least of those PSEs that make losses or meagre profits. This applies especially to the tradable goods industries where the prevalence of domestic and international competition would prevent monopolistic pricing and exploitation of consumers. Privatisation is likely to bring not only higher productivity growth but also a fiscal gain since non-performing PSEs could be sold at prices that exceed the present value of future dividends under state ownership. This gain could be used by the government to invest in socially beneficial activities that the private sector would normally avoid, such as rural roads and irrigation.[3] The case for privatisation is less clear-cut in those non-tradable industries where competition is hard to introduce. But in India's tradable sectors, the case for a major boost to privatisation is, in my judgement, conclusive.

Does banking constitute a special case? I do not think so. Banking is amenable to competition; it is not a 'natural monopoly', so it is not a natural candidate for state ownership. Of course, there is some truth in the view that state-owned banks inspire confidence in depositors, thereby encouraging financial savings and making bank-runs less likely. However, in India, these considerations have been decisively offset by the downsides of state ownership. There is clear evidence that the performance of India's public sector banks (PSBs) is sub-standard. The situation has got worse since the global credit crisis: stressed advances of PSBs now stand at around 16 per cent of total advances, compared with about 4.5 per cent in private banks (see Table 1). With other financial and productivity indicators, it is same story. Poor performance in PSBs is the result of the way in which they are governed, as documented in detail in the report of the Nayak Committee on bank governance.[4] And poor governance, in turn, stems from the disempowerment of bank boards by the government, which has proved to be impossible to alter in India's political culture.

As this audience knows well, the RBI, armed with the Banking Resolution Ordinance, has now directed banks to file insolvency applications under the Insolvency and Bankruptcy Code for 12 large accounts that amount to around 25 per cent of non-performing assets; and it has also identified many other accounts to be similarly treated if they are not resolved by the banks within a tight time-frame. In addition, the GOI has separately announced a large recapitalisation programme which will go quite some way towards restoring the capital adequacy of PSBs, in the face of the significant 'haircuts' that they will have to undergo in the course of their balance sheet clean-ups.[5]

All this is highly commendable. But the basic problem of poor governance in PSBs will remain after recapitalisation, with a high chance of a return to square one in future. Radical reform of bank governance is thus imperative, and in this context

[3] See Vijay Kelkar (2010), "On Strategies for Disinvestment and Privatization" in U. Kapila , *Indian Economy since Independence(21st edition),* Academic Foundation; and Vijay Joshi, (*op.cit.*), Chapter 7.

[4] Reserve Bank of India (2014), *Report of the Expert Committee to Review Governance of Boards of Banks* (Chair: Dr. P.J. Nayak).

[5] For an analysis of public sector banking, past, present, and future, see Y.V. Reddy (2017), "Future of Public Sector Banking", *Professor D.T.Lakdawala Memorial Lecture*, 17 November.

privatisation has a major role to play. A triple-track approach would be desirable. Firstly, some non-viable PSBs should be forced to become 'narrow' banks. Secondly, in some viable PSBs, governance should be radically reformed, while retaining the state's controlling stake. Thirdly, some viable PSBs should be privatised quite quickly. To modernise the banking system and improve its overall efficiency, India clearly needs large private sector banks to compete with large public sector banks. An essential first step would be to repeal the Bank Nationalisation Act and bring PSBs under the Companies Act. This would give the government the flexibility to reduce ownership to any extent it chooses. To privatise, *i.e.* to cede control, it would, in practice, have to reduce its stake to 25 per cent or even lower, though it could, for a short transitional period, retain a so-called 'golden share'. Needless to say, private banks can also become reckless and delinquent, so both public and private banks will need to be firmly regulated. In doing so, India would simply be following international best practice.

All previous attempts to put real distance between the government and the PSBs have run into the sand. The ongoing extreme stress in the banking system has raised public consciousness about the dire state of PSBs, thereby offering a golden opportunity to make a radical departure. The current crisis is too good a crisis to waste.

II. Employment Creation

'Employment' is now regarded by many commentators as the central long-term challenge facing the country. The crux of the problem is the shortage of 'good jobs' that have high labour productivity and therefore provide decent incomes. Such jobs are largely to be found in the organised sector, while most workers are bottled up in the unorganised sector. My focus here is on how to increase employment for *low-skilled* workers in the organised sector. I emphasise *low-skilled* workers because India cannot in one giant leap become a high-skill economy. To ask for a swift short-cut to hi-tech jobs for most workers is to ask for the moon. Even on optimistic assumptions, half of India's labour force 10 years from now will have completed only secondary education or less; and one-third of the labour force will have completed only primary education or less.[6] In the land of reality, not fantasy, India has perforce to create productive employment for millions of workers with modest education and skills who are already present in the unorganised sector or who will enter the labour force in the course of the demographic bulge. Needless to say, India's capital and skill intensive activities could and should continue to grow rapidly, provided they are internationally competitive, which many of them now are. But India urgently needs *extra* growth of an inclusive variety, which can only come from expansion of relatively low-skilled jobs in the organised sector. Question: Where could the demand for labour-intensive products come from? Answer: Partly from India's large internal market but also partly from the world market, which is very much larger. It follows that exports of labour-intensive goods will have to play a major role in driving employment growth. India has a decade or a decade and a half before this window is closed by automation. It is idle to pretend that there exists some other magical solution to the employment problem.

How should the employment problem be addressed? Faster growth is itself part of the solution. Wage subsidies could play a helpful role. It goes without saying that we will need to address infrastructure and credit constraints, land-acquisition constraints, skill constraints, and the numerous and onerous bureaucratic obstacles to the 'ease of doing business' that deter the growth of firms, particularly the small firms that numerically dominate industry and services. A serious export promotion programme is also needed, especially to enable India to enter global

6 See World Bank (2011), *More and Better Jobs in South Asia.*

value chains. Trade facilitation, trade liberalisation (unilateral and *via* regional trade agreements), and genuine coastal economic zones where firms enjoy free trade conditions, will have to be pursued aggressively. However, without downplaying any of these policies, I want to focus today on two other elements of the policy package to underpin employment-intensive growth.

The first is labour market reform.[7] A major factor underlying the weak demand for low-skilled labour in the organised sector is India's labour laws and regulations, which are some of the most rigid in the world. They were enacted years ago with the best of intentions but have ended up being profoundly job-destructive and anti-labour. Quite simply, they protect the interests of a small minority of incumbent workers in the organised sector at the expense of the vast majority. For any firm that employs more than a hundred workers, the Industrial Disputes Act makes retrenchment of jobs legally impossible without prior government permission. Just as bad, if not worse, the Act makes even flexible redeployment of labour within an enterprise very difficult. One legal way round is to employ contract labour. But contract labour leads to poor-quality jobs. Moreover, the Contract Labour Act prohibits the employment of contract labour in 'core' activities; and the definition of 'core' is left to administrative discretion. These and many other restrictions raise the effective cost of labour directly; or they raise it indirectly, given the hassle and uncertainty involved in circumventing them. As a result, domestic and foreign companies have every incentive to minimise labour use and avoid investing in labour-intensive industries. (In this connection, it is notable that foreign direct investment into India does not go into industries that use low-skilled labour). Exports of labour-intensive mass consumer goods require large-scale production in factories that employ large numbers of workers. There are many examples of such companies in China, and increasingly in Bangladesh and Vietnam, but very few in India. None of this will change without a drastic revision of labour laws. But trade unions would obviously be unwilling to give up iron-clad job security without some tangible benefits in exchange. So, labour market reform would be possible only it were negotiated with trade unions as part of a deal that includes more generous severance benefits, a better overall safety net, and more effective schemes for job-search and training, in other words, some strengthening of *income* security in exchange for some weakening of extreme *job* security. Such a negotiation would require high-level leadership by both the Union and State governments.

The second element of the policy package for labour-intensive growth that I want to focus on today is exchange rate management, which is a joint responsibility of GOI and RBI. The medium-run evolution of India's real effective exchange rate (REER) is striking (see Table 2 and Charts 1 and 2). From 1993/94 to 2004/05, the real effective exchange rate moved within a fairly narrow band of +/- 5 per cent around a nearly flat trend. From 2004/05 to 2017/18, however, there has been a significant real appreciation. Indeed, in the nine years after the 2008/09 global crisis, the REER has appreciated at a trend rate of about 2.5 per cent a year. The question arises: Is it wise to have a strongly appreciating real exchange rate, given the need to maintain the competitiveness of exports, especially labour-intensive exports? It is hard to think of any country that has achieved sustained rapid growth without rapid growth in its exports. But India's exports have been growing slowly. Slow growth of world trade has obviously harmed India's exports in the present decade, in common with other countries. But India's *share* of world exports, which need not be tied to the growth of world trade, has been totally stagnant over the same period. One has to wonder whether the real exchange rate is partly responsible.

[7] See Jagdish Bhagwati and Arvind Panagariya, *Why Growth Matters*, Public Affairs, Chapter 8; and Vijay Joshi (*op.cit*), Chapter 5.

A possible justification of the trend of real exchange rate appreciation is that it simply reflects India's faster productivity growth relative to the advanced countries. I mention this because such a view seems to have had some policy traction in India. There is a well-known proposition in international economics, attributed to Bela Balassa and Paul Samuelson, that if the home country were to have faster productivity growth in tradable goods than in non-tradable goods, relative to foreign countries, it would experience an equilibrium appreciation of the measured real exchange rate. (The 'measured real exchange rate' is the real exchange rate defined in the conventional way, wherein the overall consumer price index is used to deflate the nominal exchange rate index). A corollary of this proposition is that, in the specified circumstances, the home country's measured real exchange rate appreciation would *not* indicate an equivalent decline in the international competitiveness of its tradable goods in general, and of its exports in particular. But attempts to test the Balassa-Samuelson hypothesis empirically have led to ambiguous and mixed results. One reason for this could be that the assumption that productivity grows faster in tradable than in non-tradable industries may not hold in general, or may hold in some periods but not in others. After all, telecom and financial services, large parts of which are in the non-tradable sector, have experienced very rapid technical progress. Moreover, there is no reason why a Balassa-Samuelson real appreciation is likely or desirable in countries characterised by surplus labour; and, correspondingly, we know that many fast-growing countries in East Asia have not shown a trend of sustained real exchange rate appreciation.[8] It is doubtful, therefore, that the Balassa-Samuelson hypothesis is a reliable guide to exchange rate policy in India's circumstances. (The implication is that India's measured real exchange rate appreciation *does* correctly indicate a decline in the international competitiveness of its tradable goods, including its exports). I suggest that the relevant theory to understand India's current situation is not the Balassa-Samuelson hypothesis but the 'Dutch Disease' hypothesis. India is in danger of succumbing to the so-called Dutch Disease because the exchange rate is being propped up by capital inflows to the detriment of manufacturing and services, especially tradable and labour-intensive manufacturing and services.

Admittedly, preventing real exchange rate appreciation can be tricky.[9] The policy instrument is not the real exchange rate but the nominal exchange rate. If home inflation is rapid, there is a temptation to prevent a nominal depreciation, and thus to permit a real appreciation, in order to help with inflation control. I suspect that this consideration influenced the exchange rate policy response to high inflation in 2009 and 2010. The downside was that the real appreciation contributed thereafter to a rise in the current account deficit to a dangerous level in excess of 4 per cent of GDP in 2011 and 2012, with various untoward effects. The lesson I would draw is that inflation control should, in general, be assigned to monetary and fiscal policy, not to exchange rate policy, thus liberating the exchange rate to achieve external objectives. This separation of monetary policy and exchange rate policy is of course a departure from the pure doctrine of inflation targeting. But it is made possible by the use of sterilised intervention and targeted capital controls. These policies are particularly useful when confronting another temptation to let the nominal and the real exchange rate appreciate, *viz.* large inflows of unstable foreign capital. To the extent that

[8] If the Balassa-Samuelson theory had empirical validity, one would see a sustained trend of bilateral real exchange rate appreciation of fast-growing East Asian countries against the U.S. dollar. This has not been the case for most of them (the exception is Japan for three decades from 1960). This implies that these countries at least maintained and perhaps improved their international competitiveness in tradable goods over time. I am grateful to Dr. Kamakshya Trivedi for making the relevant data available to me.

[9] For an analysis of India's exchange rate policies, see Vijay Joshi (2016), (*op.cit*), Chapter 8.

substantial inflows cannot confidently be expected to be permanent, there is a good case for resisting real appreciation. Of course, there are trade-offs. Sterilised intervention requires appropriate instruments. These do exist in India but need to be strengthened, as rightly argued in the report of the Patel Committee on the Monetary Policy Framework.[10] Another well-known limitation of sterilised intervention is that it can impose some costs, economic and quasi-fiscal. It is sensible, therefore, to combine sterilised intervention with targeted capital-inflow controls and/or currency-based prudential controls. Some of these devices are difficult to re-introduce once they are taken off. But there are others, *e.g.* taxes, withholding taxes, and reserve requirements on certain non-FDI inflows, which can be tightened or relaxed as circumstances require.[11] The costs of these various measures may well be less than their benefits for employment, exports, and growth. One other important point to bear in mind is that exchange rate policy, like monetary policy, operates with long and variable lags, so a competitive real exchange rate has to be in place for a fair length of time if it is to have an impact.

An outsider should be wary of commenting on exchange rate policy without knowledge of all the policy compulsions; and I am certainly not going to talk in a public lecture about the appropriate numerical value or path of the exchange rate.[12] Even so, I wonder about the wisdom of allowing significant real exchange rate appreciation in India, given a) the major importance of an export drive in achieving the country's employment and growth objectives, and b) the more immediate danger that a large current account deficit could open up and interrupt an economic recovery. My overall view is that the GOI and RBI should lean less towards liberalisation of debt inflows and inflows of hot money, and more towards maintaining a stable and competitive real exchange rate than has been the case in recent years.

It bears re-emphasis that export promotion and employment creation will require a whole package of inter-connected policies, of which exchange rate policy is by no means the most important. Even so, I am convinced that a competitive real exchange rate will be needed as a supportive element of such a package. I now turn to a brief discussion of my remaining three topics.

III. Deep Fiscal Adjustment

India has had substantial liberalisation, domestic and external, in the markets for goods and services. The recent introduction of a goods and services tax (GST) is also an extremely positive step. Though rationalisation of the numerous tax rates and exemptions in the GST is urgently needed, a beginning has been made in creating an efficient indirect tax regime that will at last make India a genuine common market.[13]

Even so, the process of removing distortions in the markets for goods and services is far from complete. Perhaps the most flagrant problem concerns price controls. Extensive price controls still remain on food, fuels such as kerosene and cooking gas, and many other key inputs such as fertilisers, electricity, water,

[10] See Reserve Bank of India (2014), *Report of the Expert Committee to Revise and Strengthen the Monetary Policy Framework* (Chair: Dr.Urjit Patel).

[11] See Jonathan. Ostry et.al. (2011), "Managing Capital Inflows: What Tools to Use", *IMF Staff Discussion Note 11/06*; and Atish Ghosh and Mahavash Qureshi (2016), "What's In a Name? That Which We Call Capital Controls", *IMF Working Paper WP/16/25.*

[12] A possible 'compulsion' is to avoid being put on the U.S.Treasury's 'monitoring list' for 'exchange rate manipulation'. I do not think that being put on the list matters all that much. India is very far away from having a persistent current account surplus of three per cent of GDP, which is one of the criteria for being classified as a 'manipulator'. In any case, the aim of faster export growth in India is not to produce current account surpluses but to boost employment-intensive growth, and enable further import liberalization on efficiency grounds. Higher growth of GDP, along with import liberalization, would raise import growth. There is no reason why an increase in export and import growth should result in a current account surplus.

[13] The introduction of the GST was also marred by various design problems in addition to the multiplicity of tax rates and exemptions: see Indira Rajaraman (2017), "Further Reforms are Needed for the GST to Succeed" *Mint*, November 3.

and rail fares. These controls have a number of harmful effects. Firstly, they damage resource allocation. Since the prices charged are well below costs of production, investment in supply is discouraged and wasteful consumption is stimulated. Secondly, they create a fiscal burden since they require subsidies, either explicitly from the budget or implicitly in the form of losses or reduced profits for producers. Thirdly, they are hugely regressive, which is not surprising since a price subsidy per unit consumed provides larger benefits to those who consume more, *i.e.* to well-off people. The subsidies also leak all over the place and much of the money that is meant for the poor is pocketed by intermediaries. Investment and growth would be boosted by removing the subsidies and charging cost-reflective prices, while distributional concerns are handled by direct cash transfers, which are now increasingly feasible. The fiscal savings that would be created by the elimination of subsidies would be more than sufficient to compensate the poor for the loss of subsidies.

The quantitative magnitude of central and state 'non-merit' subsidies is very large. A careful recent study has estimated that the total of such subsidies was 6.7 per cent of GDP in 2011/12.[14] My calculations show that recent changes have brought this total down to around 6 per cent of GDP. However, the fiscal space would be considerably larger than 6 per cent of GDP, indeed as large as 10 per cent of GDP, if a few other obviously desirable measures were implemented, such as eliminating dysfunctional tax exemptions, selling off non-performing state enterprises, taxing agricultural incomes above a threshold level, and winding up some badly targeted poverty programmes (while retaining the ones that are effective). Thus, there is, in principle, enough potential fiscal space not merely to compensate the poor for the removal of subsidies but to: i) finance a basic income supplement for half of the population, or the whole of it (so as to avoid the problem of identifying the poor); ii) make large increases in public investment and desirable social expenditures such as education and health care; and iii) make a contribution to reducing the fiscal deficit.[15] Combined with the improvement in resource allocation from the removal of price controls, the scheme as a whole would thus boost inclusive growth on several counts. Needless to say, a radical programme of 'deep fiscal adjustment' would require close coordination between the union and state governments. It would also face many political obstacles. But the prize would be enormous because there are so many constructive uses to which the fiscal savings could be put.

IV. Primary Education

Every country that has had rapid long-run growth has progressively improved its stock of human capital. To this end, all levels of education and training deserve attention but primary education, which is the base of the educational system, is particularly important. Unfortunately, although India has made impressive progress in increasing school enrolments, the quality of primary education is atrocious and declining. For example, in rural India, according to the 2016 Pratham report, less than half the children in Grade V (normal age 11) can read a simple story in vernacular of Grade II standard (normal age 7); and only a quarter of the children in Grade V can divide a three digit number by a one digit number.[16]

Part of the problem arises from teaching methods. The system places an enormous emphasis on 'finishing the curriculum' in each year, whether

[14] See Sudipto Mundle and Shatadru Sikdar, (2017), "Budget Subsidies of the Central Government and 14 Indian States", Ideas *for India*, 14 March.

[15] See Vijay Joshi (2016), *op.cit.*, Chapters 6 and 10; and Vijay Joshi (2017), "Universal Basic Income Supplement for India: A Proposal" *Indian Journal of Human Development, Vol.11(2).* My calculations show that a universal basic income supplement set at a level equal to the difference between the Tendulkar poverty line and the current average income of the poor would cost 3.5 per cent of GDP.

[16] See Pratham Educational Foundation (2017), *Annual Status of Education Report (Rural), 2016.*

or not children are actually learning. As a result, only a small layer of students at the top of the distribution keeps up; the rest fall behind and become progressively less interested. Another major problem is lack of commitment on the part of teachers. Teacher absenteeism is rife. Government teachers are well paid and heavily unionised; it is impossible to dismiss a teacher even for gross delinquency. Incentives are sharper in the private sector, and teachers put in more effort. Private schools also have somewhat better learning outcomes. Not surprisingly, people are voting with their feet and deserting government schools for private schools, even though they charge fees. Notably, private schools are considerably cheaper than government schools from the national standpoint because they pay teachers far less than their counterparts in government schools.

Unfortunately, the Right to Education Act (2010) continues the mistaken educational policy of focusing on inputs, not learning outcomes.[17] In particular, it fudges the crucial issue of teacher accountability. One controversial way forward would be a voucher system in which parents are given education vouchers, with the option to choose a public or private school for their children, with the government's role confined to overall regulation. The implication would be that all schools would in effect receive a per-student grant, not a block grant; and if government schools were unable to attract students, they would have to close down. I am inclined towards this view, not on ideological but on pragmatic grounds. Starting from where we are, it is hard to see how teaching in government schools can be improved on the basis of internal reform alone, without the credible threat of competition and closure. Be that as it may, this much is clear: Unless India improves the quality of primary education by *either* a voucher-style competitive system *or* by undertaking a massive systemic reform within the existing framework, economic development is likely to be severely damaged.

V. State Capacity

Reform of the state is just as important as repairing the relation between the state and the market. It is incomplete, even misleading, to characterise the content of economic reform as 'rolling back the state', pure and simple. There are limits to how much the state can leave or outsource to the private sector. There are some valuable things that only the state can do.

The competence of the Indian state has been declining relative to the increasing demands placed on it by the political awakening of disadvantaged groups, the high aspirations of the people, and the requirements of a complex and rapidly growing economy. State dysfunction in India takes two main forms: weak capacity in delivering its core functions; and the prevalence of corruption in state-business and state-citizen relations. Corruption is a large issue which I do not have time to discuss. Suffice it to say that a major ingredient of the solution to corruption is reform of election funding. I shall, instead, briefly discuss some other quantitative and qualitative aspects of state capacity.[18]

On the quantitative side, it is not widely appreciated that though the state is over-bureaucratised, as evidenced by the complications that inhibit the ease of doing business, it is also under-staffed. Public sector employment is smaller now than it was 25 years ago, while the economy has grown massively. Even the elite Indian Administrative Service has shrunk by 10 per cent in the past two decades. The police force in the country has 25 per cent of posts

[17] See Karthik Muralidharan (2013), "Priorities for Primary Education Policy in India's 12th Five Year Plan", *India Policy Forum 2012/13, Vol. 9*; Jean Dreze and Amartya Sen (2013), *An Uncertain Glory: India and its Contradictions*, Penguin Books, Chapter 5; and Vijay Joshi, *(op.cit.)*, Chapter 9.

[18] See T. N. Ninan (2015), *The Turn of the Tortoise*, Penguin Random House, Chapters 5, 8, 9, and 10; Devesh Kapur, Pratap Mehta and Milan Vaishnav (2017), *Rethinking Public Institutions in India*, Oxford University Press; and Vijay Joshi, (*op.cit.*), Chapter 11.

vacant. India also has the lowest number of judges per head among G20 countries. The incidence of vacant posts in the judiciary is startling: 13 per cent in the Supreme Court, 29 per cent in the High Courts, and 21 per cent in the district courts. On the qualitative front, the situation is equally bad. The police force is stuck in the colonial tradition of crowd control rather than crime prevention. It is also deeply politicised, even at the top levels of investigative agencies. The judiciary has a huge backlog of cases: 32 million cases were pending in 2015, of which around 25 per cent have been outstanding for 5 years and 10 per cent for 10 years. The top civil service remains 'generalist' with little professional and lateral entry, and has become susceptible to intense political manipulation via staff transfers and postings. As already noted, at lower levels of government, productivity is extremely low in frontline services such as education and health care.

Another area in which there are large quantity and quality deficits is regulation. This is a complex field that has seen many advances in analytical theory and international best practice. India is behind the curve. We need efficient regulation in many fields but many of our regulatory bodies suffer from lack of expertise, lack of independence, and weak human resources. Shortfalls are glaringly evident in regulating infrastructure services, and in designing and monitoring public-private partnerships. Too often, regulators are retired bureaucrats who are unwilling to stand up to politicians.

India began at independence with relatively strong institutions. But there has been little effort to build on this platform, and the problem has now reached a stage where it needs urgent attention. There have been many committee reports but nothing much to show for them. Continued neglect would be hazardous because rapid and inclusive growth will be impossible in the long run without strong institutional foundations. One problem is particularly worth highlighting. Human resource management in government is very poor. Unsatisfactory processes of selection, training, and promotion are widely prevalent, and account, in no small measure, for the incompetence of personnel and their lack of accountability to citizens. How to get government functionaries to internalise the mission of serving the public interest is an unsolved problem of cardinal importance.

Concluding Remarks

I shall end with one final remark about desirable reform in India: India needs both less of the state and more of the state. It needs 'less of the state' because the state has become over-extended in areas outside its comparative advantage. But it also needs 'more of the state' because the state does not perform competently the core functions that lie squarely in its domain. How to combine 'less of the state' with 'more of the state' will be the central challenge of India's economic reforms.

Thank you for listening to me.

Table 1
Stressed Advances of Indian Banks

(% Total Advances)

	March 2008	March 2014	March 2017
Public Sector Banks	3.5	11.6	15.6
Private Sector Banks	4.2	4.2	4.6
Foreign Banks	3.0	4.0	4.5
All Banks	3.5	9.8	12.1

Source: Reserve Bank of India

Table 2
Real Effective Exchange Rate of the Indian Rupee

(1993/94 = 100)	
1993/94	100.0
1994/95	104.9
1995/96	100.1
1996/97	99.0
1997/98	103.1
1998/99	94.3
1999/00	95.3
2000/01	98.7
2001/02	98.6
2002/03	96.0
2003/04	99.1
2004/05	98.3

(2004/05 = 100)	
2004/05	100.0
2005/06	102.0
2006/07	100.5
2007/08	109.2
2008/09	99.7
2009/10	104.5
2010/11	115.0
2011/12	113.2
2012/13	108.7
2013/14	105.5
2014/15	111.3
2015/16	114.4
2016/17	116.4
(H1) 2017/18	120.5

Note: The REER index is based on 36-country bilateral export weights.
Source: Reserve Bank of India

Chart 1

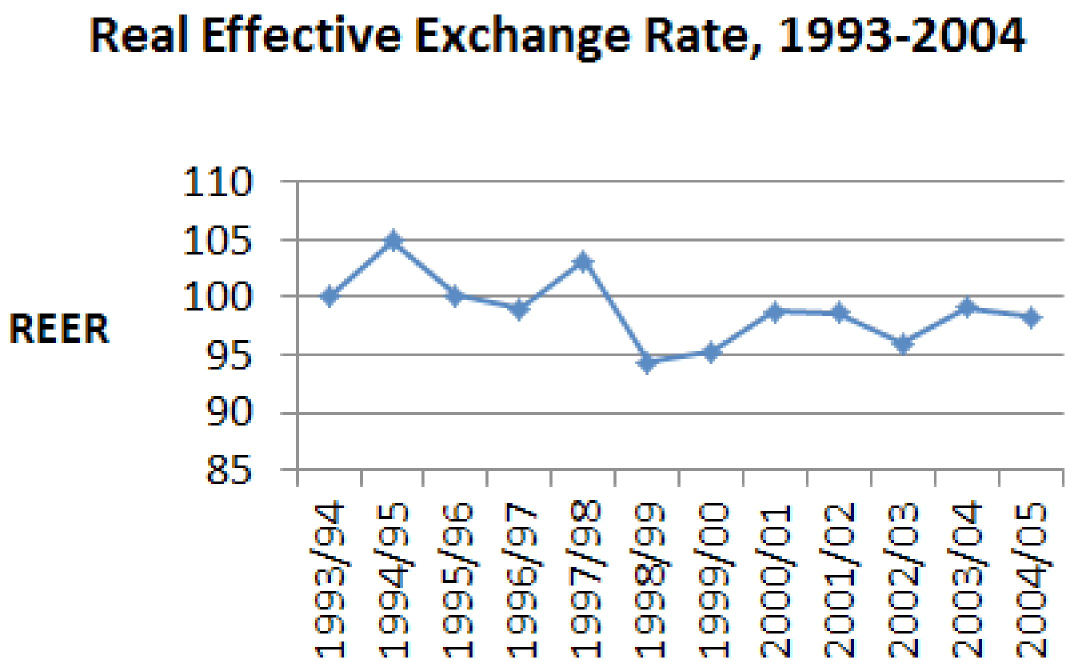
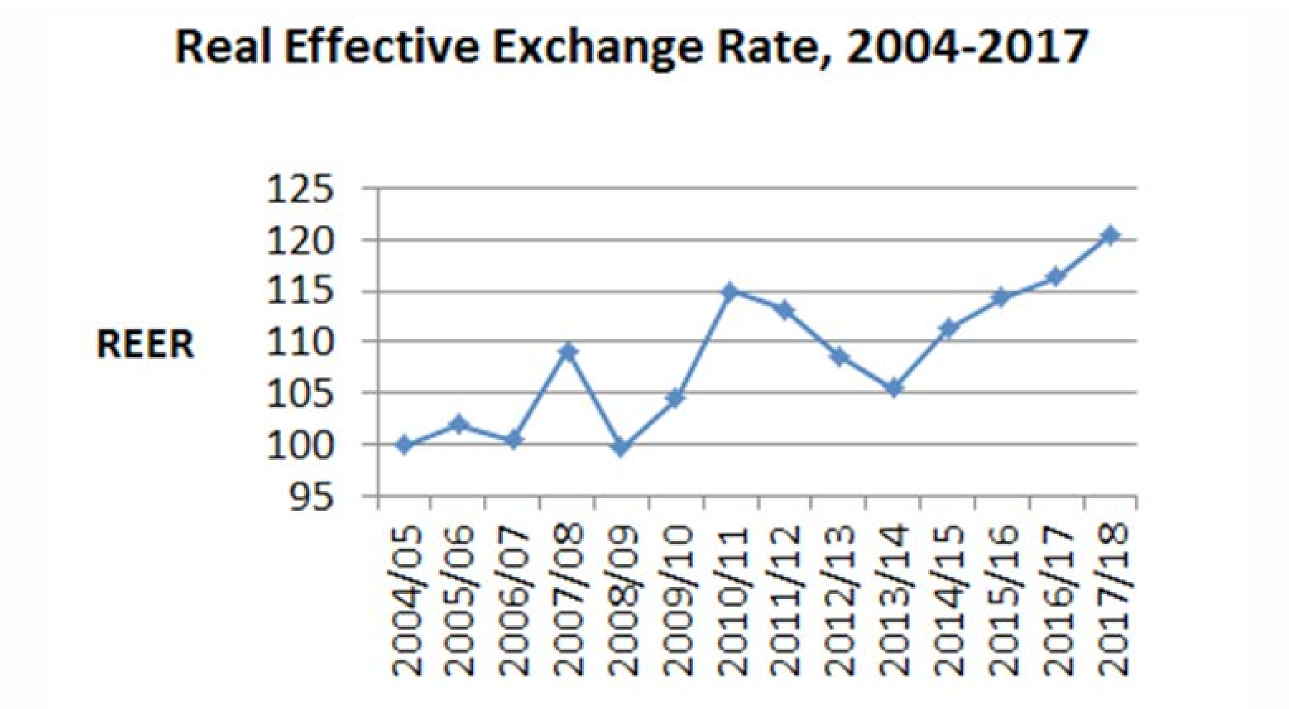


Chart 2



ARTICLE

Statistical Discrepancies in GDP Data: Evidence from India

*Statistical Discrepancies in GDP Data: Evidence from India**

Statistical discrepancies (SDs) in the measurement of gross domestic product (GDP) is an empirical challenge worldwide. In India's GDP data, SDs have been both large and volatile but with the rebasing of national accounts to 2011-12, along with improved coverage and refinements in methodology, measurement errors have reduced. Currently SDs in India's GDP compare well with other developed and emerging market economies. Examining this experience, this article recommends that the Central Statistics Office (CSO) may consider using supply-use tables for reconciliation of SDs going forward.

I. Introduction

Real gross domestic product (GDP) is the most important measure of economic activity and is widely used by policy makers, analysts and academicians (Chakravarty, 2016; Keohane, 2016; Zhong, 2016). GDP can be measured by production, expenditure and income approaches. In the production approach, gross value added (GVA) at basic prices is added with net product taxes to arrive at GDP at market prices. In the income approach, gross domestic income (GDI) is a sum of compensation to employees, gross operating surplus/mixed income, consumption of fixed capital, and net production and product taxes. In the expenditure approach, GDP at market prices is arrived at by adding consumption expenditure (both private and government), investment and net exports (exports minus imports).

Technically, GDP estimated by using these three approaches should be the same; however, in practice, this is rarely so. Differences in GDP aggregates arrived at through different methods are known as SDs which are recognised in the *United Nation's System of National Accounts 2008* (henceforth SNA 2008). The SNA 2008 suggests two approaches to overcome this problem: (i) publish SD by attaching it with a less accurate variant of GDP; and (ii) remove SD by making the best judgement possible as to where the errors have likely arisen and modifying it accordingly. In India's *National Accounts Statistics* (NAS), the production approach for estimation of GDP is considered to be more accurate and SDs are explicitly provided on the expenditure side (CSO, 2012). Hence, the Indian system is akin to the first recommendation of the SNA 2008.

SDs pose serious problems to analysts, researchers and policy makers in explaining GDP growth in terms of its components. For instance, during 2012-13, 2013-14 and 2015-16, the contribution of SDs to GDP growth was (+) 14.9 per cent, (-) 12.7 per cent and (+) 24.2 per cent, respectively.

Globally, several efforts have been made to analyse the sources, size and trends of SDs in GDP (Bajada, 2001; Bloem *et al.*, 1997; Chang and Li, 2015; Ellis, 2014). Notwithstanding the animated debate on the subject, especially with the availability of the new series of national accounts with 2011-12 as the base year, a detailed investigation is a gap in the Indian context, which this article attempts to fill. The remainder of the article is organised as follows: Section II focuses on the concept, trend and composition of SD in the Indian GDP data; Section III presents a brief cross-country experience; and Section IV offers some pragmatic conclusions.

II. The Stylised Facts on SDs in India's National Accounts

In the Indian context, SDs are a combination of discrepancies in (i) national disposable income and its appropriation account, (ii) the capital finance

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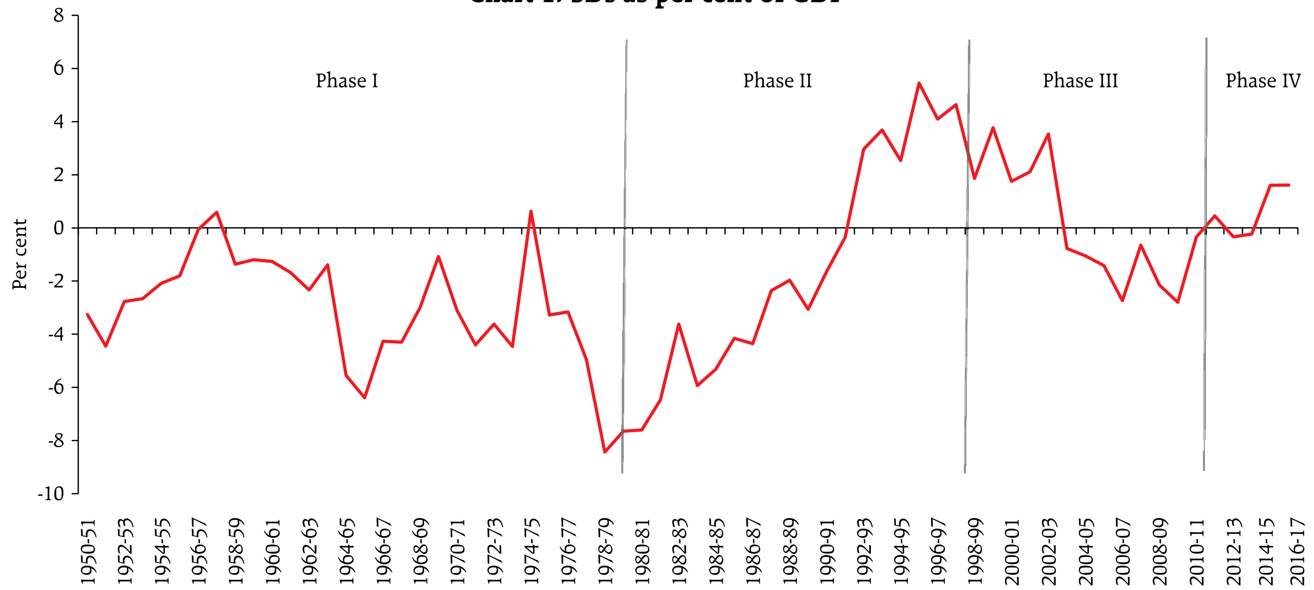
account, and (iii) the external transactions account.[1] The consolidated discrepancy is reported in GDP on the expenditure account[2].

Disposable income and its appropriation account is derived from final consumption expenditure (both private and government) and saving as well as from the production account, *i.e.*, net value added at basic prices plus net factor flows from the rest of the world plus net indirect taxes plus other current transfers from the rest of the world. SDs are the overall difference between the production approach and the disposable income derived from consumption and saving.

The capital finance account provides information on gross capital formation (GCF) and gross savings. GCF is estimated using two approaches: (i) through the flow of funds approach, derived as gross savings plus net capital inflow from abroad; and (ii) through the commodity flow approach, derived by the type of assets. By convention, GCF estimated through the flow of funds approach is treated as firmer, and the difference between the two approaches is taken as 'errors and omissions'.

In an external transactions account, SDs relate to the difference in two sources of data—the Reserve Bank of India (RBI) and Directorate General of Commercial Intelligence and Statistics (DGCIS)—on merchandise exports and imports. The difference between the two approaches is taken as 'net adjustments'. The consolidated SDs are shown in GDP using the expenditure approach[3]. Therefore,

Chart 1: SDs as per cent of GDP



Source : CSO

[1] http://mospiold.nic.in/Mospi_New/upload/NAS2014/NAS14.htm

[2] The CSO revised the series of national accounts with base year 2011–12 in alignment with SNA 2008. New series of national accounts (base year: 2011–12) gives consolidated amount of SD.

[3] The procedure adopted for compilation of GDP is to measure the production activity in each producer unit by means of GVA plus net indirect taxes, where GVA is the value of output less the value of input used up in the process of production.

The GDP can also be measured by adding up the use or expenditure components, *i.e.*, GDP= Final Consumption + Gross Fixed Capital Formation + Change in Stock +Valuables+ Net export. It can also be measured by the income approach, where the income is distributed within the two primary factor inputs, namely, capital and labour. GDP at market prices= Consumption of Fixed Capital + Compensation of Employee + Operating Surplus/Mixed Income + Product taxes less product subsidies.

SDs give a measure of the overall difference between production and expenditure approaches. As a matter of convention, GDP from the production approach, which is considered to be firmer, is treated as the final GDP (CSO, 2012). For the sake of analytical convenience, the period under study (1950–51 to 2016–17) is divided into four phases[4] (Chart 1). Each phase has a distinct characteristic.

In Phase I, the share of SDs in GDP was mostly negative and it fluctuated without any specific trend. In Phase II, however, it followed an increasing trend with relatively damped fluctuations. This reversed in Phase III with SDs, moving towards zero, indicating the sustained endeavour of CSO to improve data quality.

In terms of magnitude, average SDs have remained small, ranging from (-) 3.0 per cent of GDP to (+) 0.5 per cent across the four phases (Table 1). However, the coefficient of variation of the share of SDs in GDP indicates that they are the most volatile component relative to other components of GDP.

Interesting stylised facts relating to SD that emanate from empirical analysis are set out below:

i. Chart 2a and annex tables show the wide range in which SDs have moved, resulting in contributions[5] to real GDP growth, the number has varied between extremes of (-) 426 per cent (in 1957–58) to 1514 per cent (in 1965–66) and in seven[6] years, the

Table 1: Descriptive Statistics of Expenditure Side of GDP

	Private Consumption	Government Consumption	Fixed Investment	Exports	Imports	Statistical Discrepancies
Mean (Share in GDP)						
Phase I	78.8	8.0	16.9	5.1	6.8	-3.0 (3.0)
Phase II	69.2	11.9	21.7	7.3	9.2	-2.0 (4.1)
Phase III	60.3	11.5	28.6	17.3	21.3	0.5 (1.8)
Phase IV	56.2	10.3	32.3	23.3	26.4	0.5 (0.8)
Volatility (Standard Deviation)						
Phase I	4.9	2.0	2.6	1.2	1.6	2.0
Phase II	4.1	0.7	1.1	1.4	2.1	4.2
Phase III	1.8	0.9	4.2	4.8	6.1	2.6
Phase IV	0.3	0.5	1.7	2.1	4.3	0.9
Volatility (Coefficient of Variation)						
Phase I	6.2	25.0	15.4	23.5	23.5	-66.7
Phase II	5.9	5.9	5.1	19.2	22.8	-210.1
Phase III	2.9	7.8	14.8	27.9	28.6	555.4
Phase IV	0.6	4.4	5.2	9.1	16.2	203.8

Note: Calculations are based on share in GDP; share will not add up to 100 per cent as some components of GDP are not reported here.
Figures in parentheses are absolute average share.
Source: CSO and staff calculations.

[4] Phase I is from 1950–51 to 1979–80, Phase II is from 1980–81 to 1997–98, Phase III is from 1998–99 to 2010–11 and Phase IV is from 2011–12 onwards. The phasing of the reference period has been done on the basis of the peaks and ebbs observed in the data.

[5] Contribution to GDP growth = $((SD_t - SD_{t-1})/(Y_t - Y_{t-1}))*100$

[6] The seven years are: 1956–57 (-425.7 per cent), 1964–65 (152.4 per cent), 1965–66 (1514.0 per cent), 1970–71 (-126.7 per cent), 1971–72 (230.6 per cent), 1975–76 (-238.0 per cent) and 1990–91(133.1 per cent). These years have been dropped in the chart.

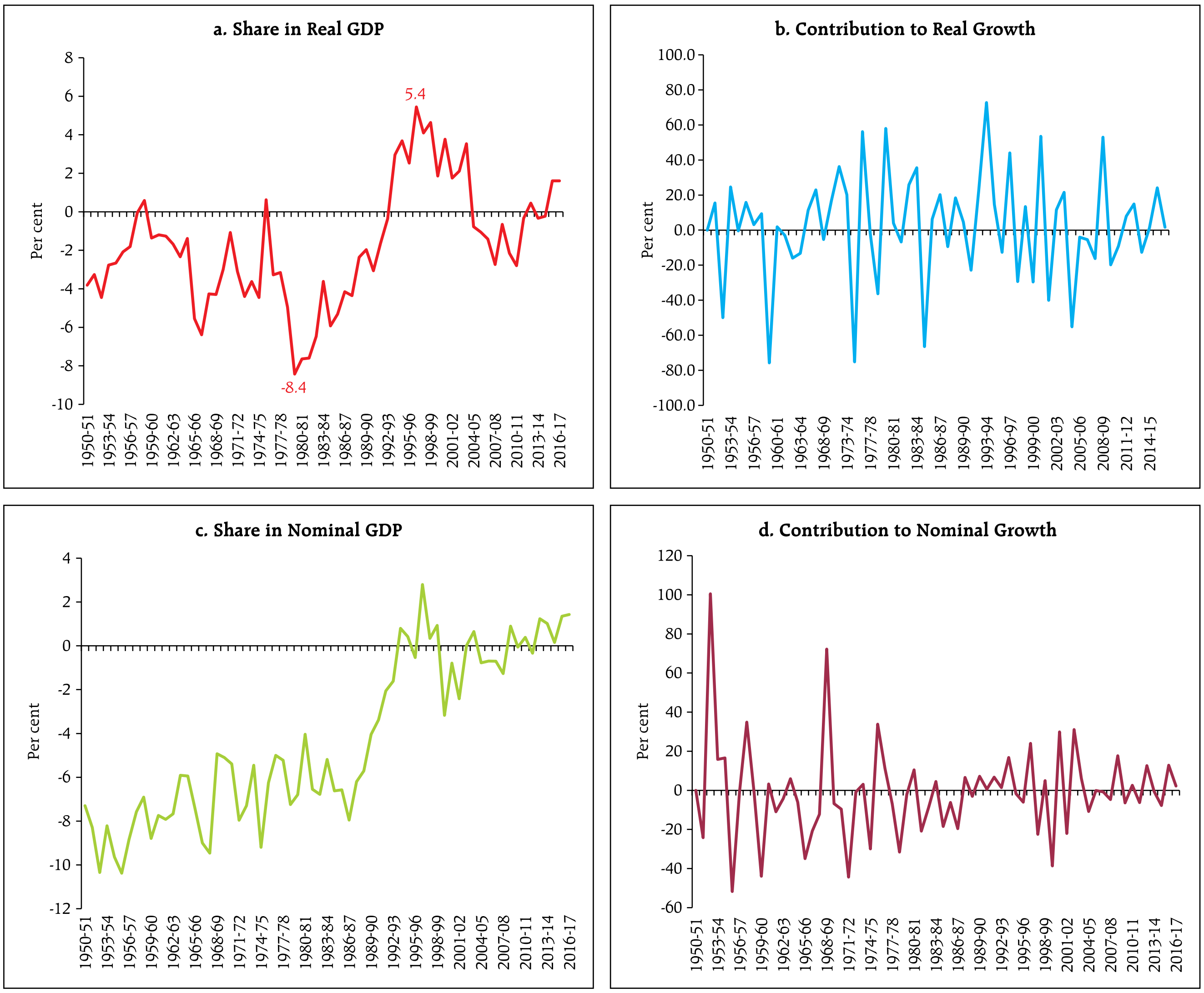
contribution of SD to real GDP growth has been more than (+/-) 100 per cent (Chart 2b).

ii. At nominal prices, the share of SDs in GDP (Chart 2c) has mostly remained in the negative zone, moving into positive territory only in the most recent years and contributions have declined over time (Chart 2d) – symptomatic of non-availability of suitable price indices for deflating nominal GDP.

iii. In terms of quarterly data, SDs are larger and more volatile in real terms than in nominal terms, both as shares to GDP and contributions to growth (Chart 3[7] and Table 2).

iv. Similarly, share in GDP and contribution to growth are more volatile for quarterly data than annual data.

Chart 2: Movement of SD in Annual GDP at Market Prices



Source : CSO

7 Values above (+/-) 100 per cent in Chart 3b and 3d have been truncated.

Chart 3: Movement of SD in Quarterly GDP

Source : CSO

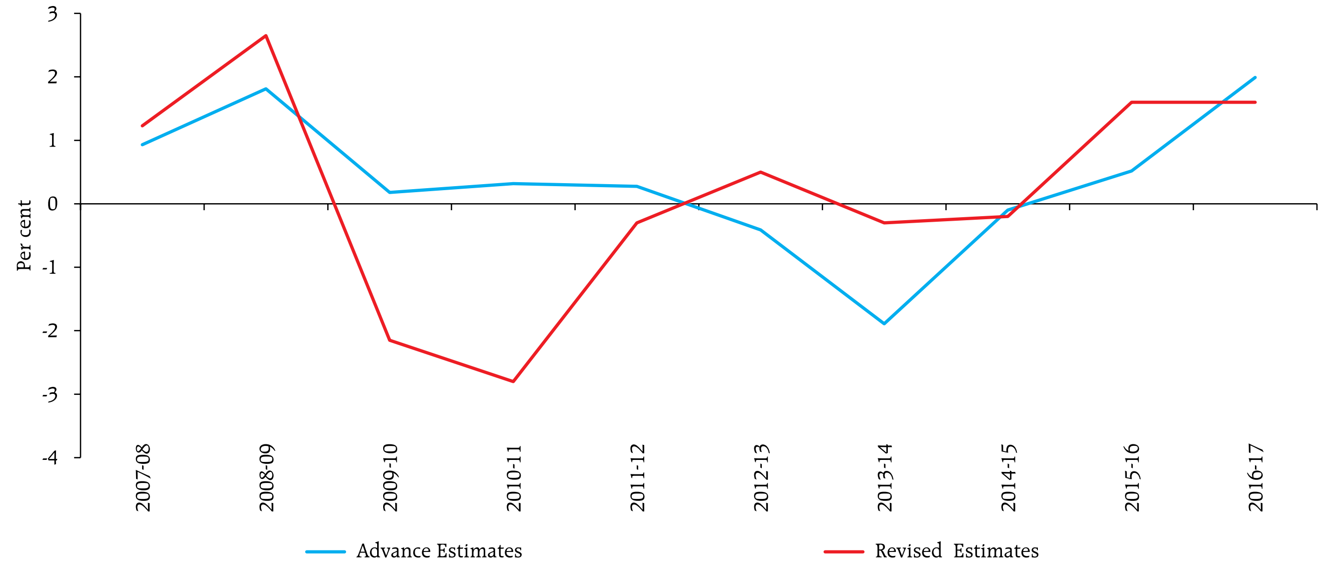
The CSO has started publishing information on SDs in advance estimates from 2007–08. A comparison with SDs in final revised estimates from 2007–08 onwards shows that SDs in the latter are higher in absolute mean terms (Chart 4).

Table 2: Descriptive Statistics for SD in Quarterly GDP

	Real Prices		Nominal Prices	
Parameters	**Share**	**Contribution to growth**	**Share**	**Contribution to growth**
Mean	-0.5	3.0	0.5	-0.7
Mean absolute	2.2	47.1	1.8	18.2
Standard deviation	2.6	124.7	2.1	23.5

Source: CSO and staff calculations.

Chart 4: SDs in Advance Estimates *Vs.* Revised Estimates as per cent of GDP



Source : CSO

III. Cross-Country Experience

SDs are not unique to Indian national accounts. A cross-country survey indicates similar experiences in many advanced and emerging market economies. In the United Kingdom (UK), SDs are shown in quarterly data, but are reconciled by the time the annual numbers arrive (Table 3). A similar practice is followed in Australia and Germany. These countries have issued detailed methodological notes on statistical reconciliation[8]. On the other hand, the United States of America (USA), Canada and China do not reconcile SDs. While the USA incorporates SDs in its income account, Canada uses the average of GDP from both sides as final GDP and allocates SDs in both estimates. In Singapore, reconciliation of GDP accounts occurs once every five years. A survey of country practices indicates that 'supply-use tables' are the most important avenue for reconciling SDs.

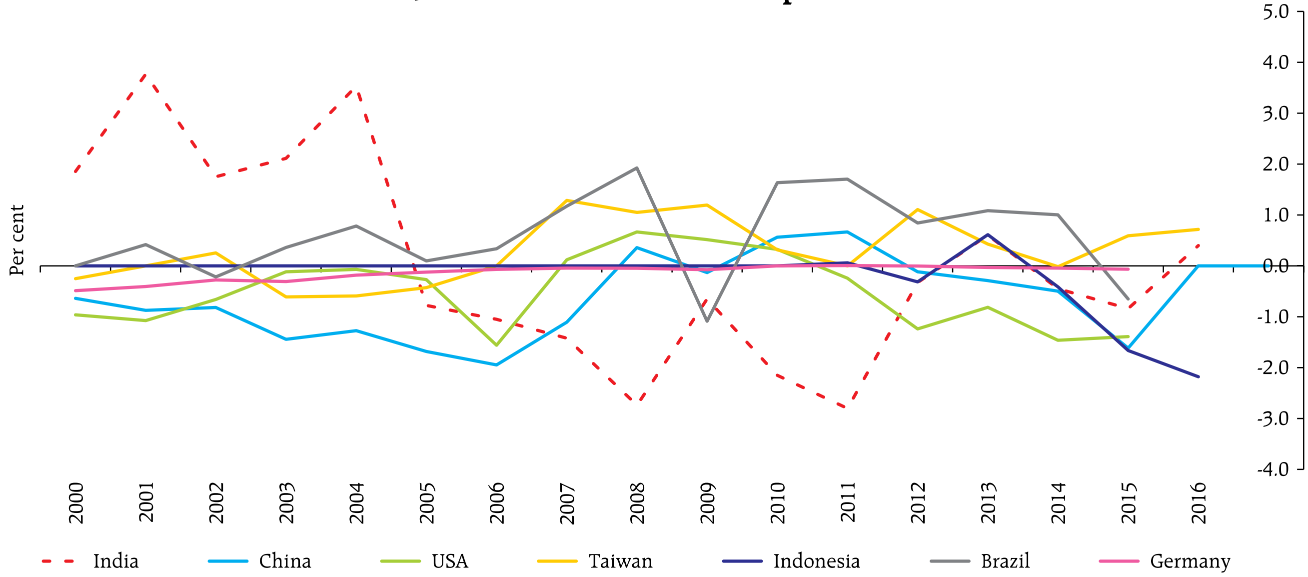
A historical comparison across countries indicates that SDs have been relatively large in India. In the

Table 3: Treatment of SDs in National Accounts: Select Country Practices

Country	Practice relating to SD
USA	Difference between GDP (expenditure) and Gross Domestic Income (GDI) is treated as SD, which is accounted for in the GDI account. It is distinctly reported in national accounts data. However, efforts are being made to minimise the size of SD through improving quality of data, balancing and benchmarking.
UK	Annual supply-use balancing eliminates discrepancy prior to balancing, GDP is based on output approach; discrepancies are shown in GDP estimated from income approach and expenditure approach.
Canada	GDP is the average of income and expenditure methods. SD is shown on both sides of GDP. Annual fully balanced supply-use tables are used for reconciliation, but it isn't fully benchmarked to eliminate SD.
Australia	For eliminating SD annual supply-use tables are used. Quarterly real GDP is the average of three approaches.
Singapore	Differences between GDP compiled from the production approach and the expenditure approach are allocated to a SD item in the expenditure-based estimates. The reconciliation of the separate measures of GDP (production, expenditure and income) is conducted once every five years.

[8] https://www.ons.gov.uk/.../an-introduction-to-reconciled-estimates-of-gdp.pdf

Chart 5: Share of SDs in Real GDP as per cent of GDP



Source : CEIC

recent period, however, SDs in India have declined, and moved closer to peer levels (Chart 5).

IV. Conclusion

GDP is commonly used as the metric for evaluating the state of economic activity, since it approximates aggregate demand conditions and is amenable to cross-country comparison. In India, however, there is an overwhelming preference of statisticians, the academia and policy makers for the use of gross value added (GVA) in view of the latter's superior sectoral coverage and tractability in terms of explaining primary, secondary and tertiary areas of activity that together constitute aggregate supply. GVA is also a better reflection of the productivity of producers as it excludes indirect taxes which could distort an analytical view of the production process. As a result, high frequency indicators of activity have developed around the constituents of GVA and less robustly around GDP. In the same vein, however, it can be argued that GDP is distorted by the presence of subsidies. Moreover, the compulsion of international comparison is increasingly becoming binding for India as it integrates rapidly into the global economy and contributes increasingly to global growth.

From a practitioner's perspective, an important factor hindering the use of GDP in India is the size of SDs embedded in it, relative to advanced economies and peer emerging economies as well, as this article points out. Until recently too, SDs in Indian national accounts have also proved to be volatile - and more so in terms of constant prices – which disfigures an accurate assessment of the underlying macroeconomic situation. In fact, GDP excluding SDs compares favorably with GVA in terms of means and volatility.

What is heartening from the point of view of this article though, is the noteworthy progress made in more recent years in improving coverage and data collection process as well as in refining methodologies of enumeration/estimation. As a result, measurement errors have been reduced. Carrying this improvement forward to the logical end of adopting GDP as the formal headline measure of activity has gained renewed interest. In the UK, supply-use tables are employed for making adjustments to data on output, expenditure and income aggregates. India has started publishing supply-use tables, with data for 2011-12 and 2012-13 available in the public domain. Going forward, the CSO may consider using these tables for reconciliation of final GDP estimates and for eliminating SDs or minimising their size and volatility to peer country levels.

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Annexure

A1: Statistical Discrepancy in Annual GDP at current prices *(contd.)*					
Year	GDP at market prices (₹ billion)	Discrepancies (₹ billion)	Growth rate (%)	Share of SDs in GDP (%)	Contribution to GDP Growth*
1	2	3	4	5	6
1950-51	104.0	-7.6		-7.3	
1951-52	110.5	-9.2	6.3	-8.3	-24.2
1952-53	108.5	-11.2	-1.8	-10.3	100.5
1953-54	118.1	-9.7	8.8	-8.2	15.8
1954-55	111.7	-10.8	-5.4	-9.6	16.6
1955-56	113.7	-11.8	1.8	-10.4	-51.7
1956-57	135.5	-12.0	19.1	-8.8	-0.8
1957-58	139.5	-10.6	3.0	-7.6	34.9
1958-59	155.5	-10.7	11.5	-6.9	-1.1
1959-60	163.8	-14.4	5.4	-8.8	-43.9
1960-61	179.4	-13.9	9.5	-7.7	3.3
1961-62	190.1	-15.1	6.0	-7.9	-11.0
1962-63	204.3	-15.7	7.5	-7.7	-4.3
1963-64	234.6	-13.9	14.8	-5.9	5.9
1964-65	273.7	-16.3	16.6	-5.9	-6.1
1965-66	288.6	-21.5	5.4	-7.4	-34.9
1966-67	326.7	-29.4	13.2	-9.0	-20.8
1967-68	382.6	-36.2	17.1	-9.5	-12.2
1968-69	405.1	-20.0	5.9	-4.9	72.2
1969-70	446.1	-22.8	10.1	-5.1	-6.8
1970-71	476.4	-25.7	6.8	-5.4	-9.7
1971-72	510.0	-40.6	7.1	-8.0	-44.4
1972-73	562.1	-41.0	10.2	-7.3	-0.8
1973-74	684.2	-37.3	21.7	-5.4	3.1
1974-75	807.7	-74.3	18.1	-9.2	-30.0
1975-76	867.1	-54.2	7.4	-6.2	33.9
1976-77	934.2	-46.7	7.7	-5.0	11.2
1977-78	1058.5	-55.3	13.3	-5.2	-6.9
1978-79	1146.5	-83.1	8.3	-7.2	-31.5
1979-80	1257.3	-85.4	9.7	-6.8	-2.1

A1: Statistical Discrepancy in Annual GDP at current prices *(concld.)*					
Year	**GDP at market prices (₹ billion)**	**Discrepancies (₹ billion)**	**Growth rate (%)**	**Share of SDs in GDP (%)**	**Contribution to GDP Growth***
1	2	3	4	5	6
1980-81	1496.4	-60.4	19.0	-4.0	10.4
1981-82	1758.1	-115.1	17.5	-6.5	-20.9
1982-83	1966.4	-133.3	11.9	-6.8	-8.8
1983-84	2290.2	-118.8	16.5	-5.2	4.5
1984-85	2566.1	-169.8	12.0	-6.6	-18.5
1985-86	2895.2	-190.4	12.8	-6.6	-6.2
1986-87	3239.5	-257.7	11.9	-8.0	-19.6
1987-88	3682.1	-228.4	13.7	-6.2	6.6
1988-89	4368.9	-249.5	18.7	-5.7	-3.1
1989-90	5019.3	-202.8	14.9	-4.0	7.2
1990-91	5862.1	-198.0	16.8	-3.4	0.6
1991-92	6738.8	-138.9	15.0	-2.1	6.7
1992-93	7745.5	-125.0	14.9	-1.6	1.4
1993-94	8913.6	71.0	15.1	0.8	16.8
1994-95	10455.9	43.5	17.3	0.4	-1.8
1995-96	12267.3	-65.6	17.3	-0.5	-6.0
1996-97	14192.8	396.7	15.7	2.8	24.0
1997-98	15723.9	52.8	10.8	0.3	-22.5
1998-99	18033.8	167.8	14.7	0.9	5.0
1999-00	20122.0	-638.8	11.6	-3.2	-38.6
2000-01	21686.5	-170.9	7.8	-0.8	29.9
2001-02	23483.3	-566.9	8.3	-2.4	-22.0
2002-03	25306.6	-0.6	7.8	0.0	31.1
2003-04	28379.0	185.5	12.1	0.7	6.1
2004-05	32422.1	-251.5	14.2	-0.8	-10.8
2005-06	36933.7	-256.5	13.9	-0.7	-0.1
2006-07	42947.1	-303.6	16.3	-0.7	-0.8
2007-08	49870.9	-632.6	16.1	-1.3	-4.8
2008-09	56300.6	506.2	12.9	0.9	17.7
2009-10	64778.3	-37.9	15.1	-0.1	-6.4
2010-11	77841.2	302.3	20.2	0.4	2.6
2011-12	87363.3	-296.2	12.2	-0.3	-6.3
2012-13	99440.1	1225.7	13.8	1.2	12.6
2013-14	112335.2	1143.9	13.0	1.0	-0.6
2014-15	124679.6	186.9	11.0	0.1	-7.8
2015-16	137640.4	1853.2	10.4	1.3	12.9
2016-17	152537.1	2181.4	10.8	1.4	2.2

*: Contribution to GDP growth= $((SD_t - SD_{t-1})/(Y_t - Y_{t-1}))*100$
Note: Data from 2011-12 onwards are on 2011-12 base year prices, while earlier are on 2004-05 prices.
Source: CSO.

A2: Statistical Discrepancy in Annual GDP at constant prices *(contd.)*					
Year	**GDP at market prices (₹ billion)**	**Discrepancies (₹ billion)**	**Growth rate (%)**	**Share of SDs in GDP (%)**	**Contribution to GDP Growth***
1	2	3	4	5	6
1950-51	2939.4	-112.1		-3.8	
1951-52	3026.0	-98.7	2.9	-3.3	15.5
1952-53	3105.4	-138.3	2.6	-4.5	-49.9
1953-54	3296.4	-91.3	6.2	-2.8	24.6
1954-55	3455.0	-92.0	4.8	-2.7	-0.5
1955-56	3566.8	-74.3	3.2	-2.1	15.9
1956-57	3765.8	-68.1	5.6	-1.8	3.1
1957-58	3750.3	-2.2	-0.4	-0.1	-425.7
1958-59	4027.5	23.7	7.4	0.6	9.3
1959-60	4133.2	-56.4	2.6	-1.4	-75.8
1960-61	4360.4	-52.2	5.5	-1.2	1.8
1961-62	4522.7	-57.2	3.7	-1.3	-3.1
1962-63	4655.3	-78.4	2.9	-1.7	-16.0
1963-64	4934.3	-115.4	6.0	-2.3	-13.3
1964-65	5302.1	-73.6	7.5	-1.4	11.4
1965-66	5162.3	-286.5	-2.6	-5.6	152.4
1966-67	5159.5	-329.8	-0.1	-6.4	1514.0
1967-68	5563.2	-237.2	7.8	-4.3	22.9
1968-69	5751.7	-247.3	3.4	-4.3	-5.3
1969-70	6127.9	-183.8	6.5	-3.0	16.9
1970-71	6443.9	-69.2	5.2	-1.1	36.3
1971-72	6549.8	-203.4	1.6	-3.1	-126.7
1972-73	6513.5	-286.9	-0.6	-4.4	230.6
1973-74	6728.2	-243.7	3.3	-3.6	20.2
1974-75	6807.9	-303.6	1.2	-4.5	-75.2
1975-76	7430.8	46.5	9.1	0.6	56.2
1976-77	7554.4	-247.6	1.7	-3.3	-238.0
1977-78	8102.5	-256.0	7.3	-3.2	-1.5
1978-79	8565.3	-424.2	5.7	-5.0	-36.3
1979-80	8116.7	-684.5	-5.2	-8.4	58.0

A2: Statistical Discrepancy in Annual GDP at constant prices *(concld.)*					
Year	**GDP at market prices (₹ billion)**	**Discrepancies (₹ billion)**	**Growth rate (%)**	**Share of SDs in GDP (%)**	**Contribution to GDP Growth***
1	2	3	4	5	6
1980-81	8663.4	-662.7	6.7	-7.6	4.0
1981-82	9183.7	-698.0	6.0	-7.6	-6.8
1982-83	9502.9	-615.3	3.5	-6.5	25.9
1983-84	10195.6	-368.8	7.3	-3.6	35.6
1984-85	10585.2	-627.8	3.8	-5.9	-66.5
1985-86	11141.3	-592.8	5.3	-5.3	6.3
1986-87	11673.5	-485.2	4.8	-4.2	20.2
1987-88	12136.4	-528.6	4.0	-4.4	-9.4
1988-89	13304.9	-314.1	9.6	-2.4	18.4
1989-90	14096.1	-277.5	5.9	-2.0	4.6
1990-91	14876.1	-455.6	5.5	-3.1	-22.8
1991-92	15033.4	-246.3	1.1	-1.6	133.1
1992-93	15857.6	-56.8	5.5	-0.4	23.0
1993-94	16610.9	491.5	4.8	3.0	72.8
1994-95	17717.0	652.5	6.7	3.7	14.6
1995-96	19059.0	482.4	7.6	2.5	-12.7
1996-97	20497.9	1116.7	7.5	5.4	44.1
1997-98	21328.0	872.8	4.0	4.1	-29.4
1998-99	22647.0	1049.9	6.2	4.6	13.4
1999-00	24650.3	457.4	8.8	1.9	-29.6
2000-01	25597.1	964.2	3.8	3.8	53.5
2001-02	26831.9	470.0	4.8	1.8	-40.0
2002-03	27852.6	588.5	3.8	2.1	11.6
2003-04	30041.9	1060.9	7.9	3.5	21.6
2004-05	32422.1	-251.5	7.9	-0.8	-55.1
2005-06	35432.4	-372.9	9.3	-1.1	-4.0
2006-07	38714.9	-550.0	9.3	-1.4	-5.4
2007-08	42509.5	-1164.7	9.8	-2.7	-16.2
2008-09	44163.5	-287.8	3.9	-0.7	53.0
2009-10	47908.5	-1030.6	8.5	-2.2	-19.8
2010-11	52823.9	-1480.4	10.3	-2.8	-9.2
2011-12	87363.3	-296.2	6.6	-0.3	8.0
2012-13	92130.2	416.4	5.5	0.5	14.9
2013-14	98013.7	-330.6	6.4	-0.3	-12.7
2014-15	105276.8	-244.9	7.4	-0.2	1.2
2015-16	113861.5	1828.4	8.2	1.6	24.2
2016-17	121960.1	1962.3	7.1	1.6	1.7

*: Contribution to GDP growth= $((SD_t - SD_{t-1})/(Y_t - Y_{t-1}))*100$

Note: Data from 2011-12 onwards are on 2011-12 base year prices, while earlier are on 2004-05 prices.

Source: CSO.

A3: Statistical Discrepancy in Quarterly GDP at current prices *(contd.)*						
Year	**Quarter**	**GDP at market prices (₹ billion)**	**Discrepancies (₹ billion)**	**GDP Growth (%)**	**Share of SDs in GDP (%)**	**Contribution to GDP Growth***
1	2	3	4	5	6	7
1997-98	Q1	3530.2	97.5	11.3	2.8	-9.0
	Q2	3326.6	91.8	10.6	2.8	-9.8
	Q3	4129.3	114.0	9.6	2.8	-11.0
	Q4	4285.6	118.3	11.6	2.8	-8.6
1998-99	Q1	3991.8	108.2	13.1	2.7	2.3
	Q2	3900.9	105.7	17.3	2.7	2.4
	Q3	4801.9	130.1	16.3	2.7	2.4
	Q4	4817.5	130.5	12.4	2.7	2.3
1999-00	Q1	4523.2	-57.3	13.3	-1.3	-31.1
	Q2	4361.8	-143.4	11.8	-3.3	-54.0
	Q3	5239.4	-62.2	9.1	-1.2	-44.0
	Q4	5396.0	4.3	12.0	0.1	-21.8
2000-01	Q1	4935.0	124.0	9.1	2.5	44.0
	Q2	4794.6	52.7	9.9	1.1	45.3
	Q3	5633.5	38.6	7.5	0.7	25.6
	Q4	5660.0	-121.9	4.9	-2.2	-47.8
2001-02	Q1	5309.1	89.4	7.6	1.7	-9.2
	Q2	5197.5	109.6	8.4	2.1	14.1
	Q3	6154.6	-47.2	9.2	-0.8	-16.5
	Q4	6128.3	-159.6	8.3	-2.6	-8.0
2002-03	Q1	5744.5	199.9	8.2	3.5	25.4
	Q2	5683.8	115.0	9.4	2.0	1.1
	Q3	6505.9	-88.5	5.7	-1.4	-11.7
	Q4	6611.4	-48.0	7.9	-0.7	23.1
2003-04	Q1	6287.0	179.0	9.4	2.8	-3.9
	Q2	6315.4	-55.1	11.1	-0.9	-26.9
	Q3	7481.1	135.0	15.0	1.8	22.9
	Q4	7462.8	1.9	12.9	0.0	5.9

A3: Statistical Discrepancy in Quarterly GDP at current prices *(contd.)*						
Year	**Quarter**	**GDP at market prices (₹ billion)**	**Discrepancies (₹ billion)**	**GDP Growth (%)**	**Share of SDs in GDP (%)**	**Contribution to GDP Growth***
1	2	3	4	5	6	7
2004-05	Q1	7353.6	-117.4	17.0	-1.6	-28.2
	Q2	7599.4	72.9	20.3	1.0	20.9
	Q3	8575.6	99.4	14.6	1.2	13.9
	Q4	8893.5	-306.4	19.2	-3.4	-4.5
2005-06	Q1	8369.9	150.3	13.8	1.8	26.3
	Q2	8553.4	-101.7	12.6	-1.2	-18.3
	Q3	9762.3	-169.3	13.8	-1.7	-22.6
	Q4	10248.2	-135.7	15.2	-1.3	12.6
2006-07	Q1	9522.6	-268.9	13.8	-2.8	-36.4
	Q2	10041.6	56.1	17.4	0.6	10.6
	Q3	11393.1	28.0	16.7	0.2	12.1
	Q4	11989.8	-118.8	17.0	-1.0	1.0
2007-08	Q1	11264.8	-319.7	18.3	-2.8	-2.9
	Q2	11508.0	-377.9	14.6	-3.3	-29.6
	Q3	13216.5	-61.0	16.0	-0.5	-4.9
	Q4	13881.6	126.1	15.8	0.9	12.9
2008-09	Q1	13334.6	130.9	18.4	1.0	21.8
	Q2	13661.8	571.8	18.7	4.2	44.1
	Q3	14652.9	-296.9	10.9	-2.0	-16.4
	Q4	14651.3	100.4	5.5	0.7	-3.3
2009-10	Q1	14326.5	-280.4	7.4	-2.0	-41.5
	Q2	14976.5	-449.1	9.6	-3.0	-77.7
	Q3	17004.9	-216.1	16.1	-1.3	3.4
	Q4	18470.5	907.6	26.1	4.9	21.1
2010-11	Q1	17441.8	185.9	21.7	1.1	15.0
	Q2	17869.8	-323.8	19.3	-1.8	4.3
	Q3	20451.6	-243.1	20.3	-1.2	-0.8
	Q4	22078.0	683.4	19.5	3.1	-6.2

A3: Statistical Discrepancy in Quarterly GDP at current prices *(concld.)*						
Year	**Quarter**	**GDP at market prices (₹ billion)**	**Discrepancies (₹ billion)**	**GDP Growth (%)**	**Share of SDs in GDP (%)**	**Contribution to GDP Growth***
1	2	3	4	5	6	7
2011-12	Q1	20435.0	-43.8	18.6	-0.2	-4.8
	Q2	20294.7	-495.3	16.7	-2.4	1.4
	Q3	22448.5	335.5	15.2	1.5	17.5
	Q4	24185.1	-92.6	13.2	-0.4	21.2
2012-13	Q1	22977.4	135.3	12.4	0.6	7.0
	Q2	24201.9	-353.6	19.3	-1.5	3.6
	Q3	25207.2	986.7	12.3	3.9	23.6
	Q4	27053.6	457.3	11.9	1.7	19.2
2013-14	Q1	25495.2	-80.0	11.0	-0.3	-8.6
	Q2	27542.1	551.6	13.8	2.0	27.1
	Q3	28893.2	100.7	14.6	0.3	-24.0
	Q4	30404.8	571.6	12.4	1.9	3.4
2014-15	Q1	29135.9	-1092.0	14.3	-3.7	-27.8
	Q2	30565.8	-463.7	11.0	-1.5	-33.6
	Q3	31753.3	795.1	9.9	2.5	24.3
	Q4	32996.3	602.3	8.5	1.8	1.2
2015-16	Q1	32202.8	281.7	10.5	0.9	44.8
	Q2	33264.7	381.4	8.8	1.1	31.3
	Q3	34444.8	115.2	8.5	0.3	-25.3
	Q4	36908.0	747.2	11.9	2.0	3.7
2016-17	Q1	35549.4	-175.1	10.4	-0.5	-13.6
	Q2	36757.9	-44.1	10.5	-0.1	-12.2
	Q3	38020.4	-554.2	10.4	-1.5	-18.7
	Q4	41509.5	1742.2	12.5	4.2	21.6
2017-18	Q1	38837.8	286.7	9.3	0.7	14.0
	Q2	40223.4	548.7	9.4	1.4	17.1

*: Contribution to GDP growth= $((SD_t - SD_{t-1})/(Y_t - Y_{t-1}))*100$

Note: Data from 1997-98 to 2003-04 are on 1999-00 base year, 2004-05 to 2010-11 are on 2004-05 base year and 2011-12 onwards are on 2001-12 base year.

Source: CSO.

A4: Statistical Discrepancy in Quarterly GDP at constant prices *(contd.)*						
Year	**Quarter**	**GDP at market prices (₹ billion)**	**Discrepancies (₹ billion)**	**GDP Growth (%)**	**Share of SDs in GDP (%)**	**Contribution to GDP Growth***
1	2	3	4	5	6	7
1997-98	Q1	4011.3	99.4	3.3	2.5	-18.5
	Q2	3755.2	93.1	4.8	2.5	-11.7
	Q3	4616.5	114.4	3.5	2.5	-16.9
	Q4	4734.4	117.3	4.6	2.5	-12.3
1998-99	Q1	4265.4	141.5	6.3	3.3	16.6
	Q2	4048.4	134.3	7.8	3.3	14.1
	Q3	4870.5	161.6	5.5	3.3	18.6
	Q4	4993.2	165.7	5.5	3.3	18.7
1999-00	Q1	4596.6	-186.1	7.8	-4.0	-98.9
	Q2	4368.0	-83.9	7.9	-1.9	-68.3
	Q3	5200.3	1.5	6.8	0.0	-48.6
	Q4	5355.5	9.8	7.3	0.2	-43.0
2000-01	Q1	4837.5	-15.8	5.2	-0.3	70.7
	Q2	4657.8	132.6	6.6	2.8	74.7
	Q3	5397.8	64.5	3.8	1.2	31.9
	Q4	5414.0	-156.4	1.1	-2.9	-284.1
2001-02	Q1	5023.1	-98.3	3.8	-2.0	-44.4
	Q2	4860.7	204.1	4.4	4.2	35.2
	Q3	5737.4	37.2	6.3	0.6	-8.0
	Q4	5745.3	-97.8	6.1	-1.7	17.7
2002-03	Q1	5277.8	-91.2	5.1	-1.7	2.8
	Q2	5120.5	106.3	5.3	2.1	-37.6
	Q3	5850.6	-140.3	2.0	-2.4	-156.8
	Q4	5922.6	-177.0	3.1	-3.0	-44.7
2003-04	Q1	5536.5	-68.9	4.9	-1.2	8.6
	Q2	5535.2	28.6	8.1	0.5	-18.7
	Q3	6506.7	100.8	11.2	1.5	36.7
	Q4	6448.8	-76.9	8.9	-1.2	19.0

A4: Statistical Discrepancy in Quarterly GDP at constant prices *(contd.)*						
Year	**Quarter**	**GDP at market prices (₹ billion)**	**Discrepancies (₹ billion)**	**GDP Growth (%)**	**Share of SDs in GDP (%)**	**Contribution to GDP Growth***
1	2	3	4	5	6	7
2004-05	Q1	7500.4	-129.3	8.3	-1.7	-81.0
	Q2	7580.8	57.4	8.8	0.8	3.2
	Q3	8503.9	87.0	5.9	1.0	-17.8
	Q4	8837.0	-266.7	10.3	-3.0	-20.8
2005-06	Q1	8192.3	105.1	9.2	1.3	33.9
	Q2	8220.9	-147.2	8.4	-1.8	-32.0
	Q3	9267.0	-197.6	9.0	-2.1	-37.3
	Q4	9752.3	-133.2	10.4	-1.4	14.6
2006-07	Q1	8799.0	-313.7	7.4	-3.6	-69.0
	Q2	9062.7	-30.2	10.2	-0.3	13.9
	Q3	10145.2	-49.0	9.5	-0.5	16.9
	Q4	10708.0	-157.1	9.8	-1.5	-2.5
2007-08	Q1	9750.1	-465.1	10.8	-4.8	-15.9
	Q2	9891.0	-410.1	9.1	-4.1	-45.9
	Q3	11215.3	-210.9	10.5	-1.9	-15.1
	Q4	11653.1	-78.7	8.8	-0.7	8.3
2008-09	Q1	10538.3	-308.2	8.1	-2.9	19.9
	Q2	10557.2	171.0	6.7	1.6	87.2
	Q3	11387.4	-351.9	1.5	-3.1	-81.9
	Q4	11680.6	201.3	0.2	1.7	1018.4
2009-10	Q1	11064.6	-447.1	5.0	-4.0	-26.4
	Q2	11291.8	-534.3	7.0	-4.7	-96.0
	Q3	12322.4	-423.5	8.2	-3.4	-7.7
	Q4	13229.6	374.2	13.3	2.8	11.2
2010-11	Q1	12203.5	-126.7	10.3	-1.0	28.1
	Q2	12384.8	-444.5	9.7	-3.6	8.2
	Q3	13639.8	-810.9	10.7	-5.9	-29.4
	Q4	14595.7	-98.3	10.3	-0.7	-34.6

A4: Statistical Discrepancy in Quarterly GDP at constant prices *(concld.)*

Year	Quarter	GDP at market prices (₹ billion)	Discrepancies (₹ billion)	GDP Growth (%)	Share of SDs in GDP (%)	Contribution to GDP Growth*
1	2	3	4	5	6	7
2011-12	Q1	21028.6	-103.6	8.3	-3.6	-34.8
	Q2	20428.7	-504.4	6.7	-3.8	-7.5
	Q3	22251.4	383.4	6.2	-3.4	38.2
	Q4	23654.6	-71.6	5.6	1.8	45.4
2012-13	Q1	22052.2	168.0	4.9	0.8	26.5
	Q2	21959.5	-1156.7	7.5	-5.3	-42.6
	Q3	23447.7	1128.8	5.4	4.8	62.3
	Q4	24670.8	276.2	4.3	1.1	34.2
2013-14	Q1	23474.0	91.3	6.4	0.4	-5.4
	Q2	23570.8	-391.4	7.3	-1.7	47.5
	Q3	24980.0	-5.5	6.5	0.0	-74.0
	Q4	25989.0	-25.1	5.3	-0.1	-22.9
2014-15	Q1	25337.9	-548.2	7.9	-2.2	-34.3
	Q2	25647.5	-381.0	8.8	-1.5	0.5
	Q3	26506.7	338.4	6.1	1.3	22.5
	Q4	27877.7	145.3	7.3	0.5	9.0
2015-16	Q1	27258.7	693.6	7.6	2.5	64.6
	Q2	27701.0	532.1	8.0	1.9	44.5
	Q3	28427.4	151.6	7.2	0.5	-9.7
	Q4	30422.9	300.8	9.1	1.0	6.1
2016-17	Q1	29418.5	376.0	7.9	1.3	-14.7
	Q2	29788.2	365.8	7.5	1.2	-8.0
	Q3	30407.6	-409.8	7.0	-1.3	-28.3
	Q4	32284.3	506.9	6.1	1.6	11.1
2017-18	Q1	31101.5	330.5	5.7	1.1	-2.7
	Q2	31656.6	592.7	6.3	1.9	12.1

*: Contribution to GDP growth= $((SD_t - SD_{t-1})/(Y_t - Y_{t-1}))*100$

Note: Data from 1997-98 to 2003-04 are on 1999-00 base year, 2004-05 to 2010-11 are on 2004-05 base year and 2011-12 onwards are on 2001-12 base year.

Source: CSO.

CURRENT STATISTICS

Contents

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

No. 1: Select Economic Indicators

Item	2016-17	2016-17		2017-18	
		Q1	Q2	Q1	Q2
	1	2	3	4	5
1 Real Sector (% Change)					
1.1 GVA at Basic Prices	7.1	7.6	6.8	5.6	6.1
1.1.1 Agriculture	6.3	2.5	4.1	2.3	1.7
1.1.2 Industry	8.7	9.0	6.5	1.5	6.9
1.1.3 Services	6.7	8.2	7.4	7.8	6.6
1.1a Final Consumption Expenditure	8.0	9.8	9.5	8.5	6.0
1.1b Gross Fixed Capital Formation	10.1	7.4	3.0	1.6	4.7

	2016-17	2016		2017	
		Nov.	Dec.	Nov.	Dec.
	1	1	2	3	4
1.2 Index of Industrial Production	4.6	5.1	2.4	8.4	-
2 Money and Banking (% Change)					
2.1 Scheduled Commercial Banks					
2.1.1 Deposits	11.3	15.6	15.7	3.0	4.1
2.1.2 Credit	4.5	6.2	6.0	9.3	11.1
2.1.2.1 Non-food Credit	5.2	6.5	6.2	9.6	12.0
2.1.3 Investment in Govt. Securities	17.4	20.5	33.5	3.6	-6.4
2.2 Money Stock Measures					
2.2.1 Reserve Money (M0)	-12.9	-16.8	-28.9	30.4	55.9
2.2.2 Broad Money (M3)	10.6	8.1	6.2	8.4	10.6
3 Ratios (%)					
3.1 Cash Reserve Ratio	4.00	4.00	4.00	4.00	4.00
3.2 Statutory Liquidity Ratio	20.50	20.75	20.75	19.50	19.50
3.3 Cash-Deposit Ratio	5.3	6.5	5.4	4.7	5.1
3.4 Credit-Deposit Ratio	72.9	69.3	70.1	73.5	74.9
3.5 Incremental Credit-Deposit Ratio	41.4	1.0	12.9	250.9	161.5
3.6 Investment-Deposit Ratio	28.2	30.8	33.9	31.0	30.5
3.7 Incremental Investment-Deposit Ratio	28.4	52.5	77.0	853.3	131.8
4 Interest Rates (%)					
4.1 Policy Repo Rate	6.25	6.25	6.25	6.00	6.00
4.2 Reverse Repo Rate	5.75	5.75	5.75	5.75	5.75
4.3 Marginal Standing Facility (MSF) Rate	6.75	6.75	6.75	6.25	6.25
4.4 Bank Rate	6.75	6.75	6.75	6.25	6.25
4.5 Base Rate	9.25/9.60	9.30/9.65	9.30/9.65	8.95/9.45	8.85/9.45
4.6 MCLR (Overnight)	7.75/8.20	8.65/9.00	8.65/9.00	7.70/8.05	7.65/8.05
4.7 Term Deposit Rate >1 Year	6.50/7.00	6.50/7.10	6.50/7.00	6.00/6.75	6.00/6.75
4.8 Savings Deposit Rate	4.00	4.00	4.00	3.50/4.00	3.50/4.00
4.9 Call Money Rate (Weighted Average)	5.97	5.94	6.12	5.89	5.99
4.10 91-Day Treasury Bill (Primary) Yield	5.82	5.94	6.27	6.15	6.19
4.11 182-Day Treasury Bill (Primary) Yield	6.05	6.07	6.35	6.25	6.33
4.12 364-Day Treasury Bill (Primary) Yield	6.14	5.96	6.34	6.28	6.42
4.13 10-Year G-Sec Par Yield (FIMMDA)	7.00	6.30	6.63	7.25	7.51
5 RBI Reference Rate and Forward Premia					
5.1 INR-US$ Spot Rate (Rs. Per Foreign Currency)	64.84	68.46	67.95	64.73	63.93
5.2 INR-Euro Spot Rate (Rs. Per Foreign Currency)	69.25	72.39	71.62	76.72	76.39
5.3 Forward Premia of US$ 1-month (%)	5.09	2.19	3.88	4.26	4.32
3-month (%)	4.97	3.16	4.15	4.08	4.44
6-month (%)	4.90	3.67	4.44	4.39	4.47
6 Inflation (%)					
6.1 All India Consumer Price Index	4.5	3.6	3.4	4.9	5.2
6.2 Consumer Price Index for Industrial Workers	4.1	2.6	2.2	4.0	4.0
6.3 Wholesale Price Index	1.7	1.8	2.1	3.9	3.6
6.3.1 Primary Articles	3.4	1.3	0.1	5.3	3.9
6.3.2 Fuel and Power	-0.3	2.1	4.2	8.8	9.2
6.3.3 Manufactured Products	1.3	2.0	2.5	2.6	2.6
7 Foreign Trade (% Change)					
7.1 Imports	0.5	11.9	1.5	20.8	21.0
7.2 Exports	5.4	2.6	6.5	30.1	12.5

Reserve Bank of India

No. 2: RBI - Liabilities and Assets *

(₹ Billion)

Item	As on the Last Friday/ Friday						
	2016-17	2017		2018			
		Jan.	Dec. 29	Jan. 5	Jan. 12	Jan. 19	Jan. 26
	1	2	3	4	5	6	7
1 Issue Department							
1.1 Liabilities							
1.1.1 Notes in Circulation	13,101.81	9,921.05	16,676.69	16,793.10	17,002.80	17,076.63	17,129.62
1.1.2 Notes held in Banking Department	0.12	0.16	0.16	0.15	0.17	0.17	0.17
1.1/1.2 Total Liabilities (Total Notes Issued) or Assets	**13,101.93**	**9,921.21**	**16,676.85**	**16,793.26**	**17,002.97**	**17,076.80**	**17,129.79**
1.2 Assets							
1.2.1 Gold Coin and Bullion	675.08	661.77	699.06	683.75	683.75	683.75	683.75
1.2.2 Foreign Securities	12,422.35	9,243.70	15,970.44	16,102.22	16,312.00	16,385.91	16,438.93
1.2.3 Rupee Coin	4.50	5.27	7.35	7.28	7.21	7.14	7.11
1.2.4 Government of India Rupee Securities	–	10.46	–	–	–	–	–
2 Banking Department							
2.1 Liabilities							
2.1.1 Deposits	10,389.43	13,044.62	8,505.63	8,186.70	7,789.54	7,868.33	8,124.68
2.1.1.1 Central Government	50.00	1.00	1.01	1.01	1.01	1.01	1.01
2.1.1.2 Market Stabilisation Scheme	–	3,922.70	946.73	946.73	946.73	946.73	946.73
2.1.1.3 State Governments	0.42	0.42	0.42	0.42	0.42	0.42	0.42
2.1.1.4 Scheduled Commercial Banks	5,087.73	4,341.85	4,883.32	4,485.57	4,488.14	4,523.22	4,566.12
2.1.1.5 Scheduled State Co-operative Banks	55.13	39.07	36.14	38.51	35.78	36.69	38.83
2.1.1.6 Non-Scheduled State Co-operative Banks	18.92	16.66	18.48	19.15	19.40	19.38	18.91
2.1.1.7 Other Banks	279.49	253.55	260.05	255.83	257.90	260.26	264.03
2.1.1.8 Others	4,897.74	4,469.36	2,359.47	2,439.48	2,040.17	2,080.62	2,288.63
2.1.1.9 Financial Institution Outside India	–	–	–	–	–	–	–
2.1.2 Other Liabilities	8,411.18	9,603.41	8,613.90	8,362.12	8,494.87	8,636.42	8,675.15
2.1/2.2 Total Liabilities or Assets	**18,800.61**	**22,648.03**	**17,119.52**	**16,548.82**	**16,284.42**	**16,504.75**	**16,799.84**
2.2 Assets							
2.2.1 Notes and Coins	0.12	0.16	0.17	0.15	0.17	0.17	0.17
2.2.2 Balances held Abroad	10,263.49	14,154.91	8,882.23	8,669.59	8,686.61	8,748.18	8,798.57
2.2.3 Loans and Advances							
2.2.3.1 Central Government	–	–	–	–	–	–	–
2.2.3.2 State Governments	12.62	18.63	41.42	47.99	52.29	23.90	31.80
2.2.3.3 Scheduled Commercial Banks	218.10	132.00	869.66	618.35	334.25	526.27	756.72
2.2.3.4 Scheduled State Co-op.Banks	–	–	–	–	–	–	–
2.2.3.5 Industrial Dev. Bank of India	–	–	–	–	–	–	–
2.2.3.6 NABARD	–	–	–	–	–	–	–
2.2.3.7 EXIM Bank	–	–	–	–	–	–	–
2.2.3.8 Others	39.91	24.67	57.77	47.38	49.03	36.02	41.17
2.2.3.9 Financial Institution Outside India	–	–	–	–	–	–	–
2.2.4 Bills Purchased and Discounted							
2.2.4.1 Internal	–	–	–	–	–	–	–
2.2.4.2 Government Treasury Bills	–	–	–	–	–	–	–
2.2.5 Investments	7,528.11	7,630.87	6,558.20	6,468.81	6,463.54	6,469.07	6,469.59
2.2.6 Other Assets	738.26	686.79	710.08	696.56	698.53	701.14	701.82
2.2.6.1 Gold	613.19	601.10	635.74	621.75	621.75	621.75	621.75

* Data are provisional

No. 3: Liquidity Operations by RBI

(₹ Billion)

Date	Liquidity Adjustment Facility				MSF	Standing Liquidity Facilities	Market Stabilisation Scheme	OMO (Outright)		Net Injection (+)/ Absorption (-) (1+3+5+6+9-2-4-7-8)
	Repo	Reverse Repo	Variable Rate Repo	Variable Rate Reverse Repo				Sale	Purchase	
	1	2	3	4	5	6	7	8	9	10
Dec. 1, 2017	–	117.99	–	–	0.55	–	–	–	–	–117.44
Dec. 2, 2017	–	247.29	–	–	–	–	–	–	–	–247.29
Dec. 4, 2017	30.21	401.59	–	375.35	0.02	–	–	–	–	–746.71
Dec. 5, 2017	29.20	133.18	34.50	322.04	–	–3.38	–	–	–	–394.90
Dec. 6, 2017	29.70	227.08	–	133.23	–	–2.31	–	–	–	–332.92
Dec. 7, 2017	27.95	290.19	–	227.97	–	2.31	–	–	–	–487.90
Dec. 8, 2017	126.67	182.76	22.65	28.50	11.80	–	–	–	–	–50.14
Dec. 11, 2017	74.30	89.48	–	93.37	3.00	3.17	–	–	–	–102.38
Dec. 12, 2017	36.15	205.06	124.00	117.33	–	–	–	–	–	–162.24
Dec. 13, 2017	31.15	190.75	–	169.42	–	–1.10	–	–	–	–330.12
Dec. 14, 2017	30.20	136.87	–	245.12	–	1.10	–	–	0.20	–350.49
Dec. 15, 2017	167.89	41.23	219.75	–	96.61	–	–	–	–	443.02
Dec. 16, 2017	117.07	37.40	–	–	293.40	–	–	–	–	373.07
Dec. 18, 2017	240.22	39.19	556.13	–	22.75	0.70	–	–	–	780.61
Dec. 19, 2017	248.94	138.56	510.06	–	1.00	0.90	–	–	–	622.34
Dec. 20, 2017	101.75	82.92	200.04	–	0.76	1.51	–	–	–	221.14
Dec. 21, 2017	40.10	81.16	–	185.11	16.30	–	–	–	–	–209.87
Dec. 22, 2017	185.45	402.85	92.10	101.31	4.85	–	–	–	–	–221.76
Dec. 26, 2017	107.75	97.81	342.55	–	–	–	–	–	–	352.49
Dec. 27, 2017	254.80	81.45	30.75	–	8.85	–0.05	–	–	–	212.90
Dec. 28, 2017	182.29	330.35	–	–	6.20	–	–	–	–	–141.86
Dec. 29, 2017	78.55	440.07	215.00	250.03	93.15	2.77	–	–	–	–300.63
Dec. 30, 2017	32.99	511.24	–	–	40.25	–	–	–	–	–438.00

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

i) Operations in OTC segment

Item	2016-17	2016	2017	
		Dec.	Nov.	Dec.
	1	2	3	4
1 Net Purchase/ Sale of Foreign Currency (US $ Million) (1.1–1.2)	12,351.00	463.00	864.00	5,647.00
1.1 Purchase (+)	71,764.00	4,997.00	2,570.00	6,008.00
1.2 Sale (–)	59,413.00	4,534.00	1,706.00	361.00
2 ₹ equivalent at contract rate (₹ Billion)	822.16	34.89	60.55	371.46
3 Cumulative (over end-March) (US $ Million)	12,351.00	8,037.00	18,017.00	23,664.00
(₹ Billion)	822.17	535.03	1,184.25	1,555.71
4 Outstanding Net Forward Sales (–)/ Purchase (+) at the end of month (US $ Million)	10,835.00	586.00	30,615.00	29,099.00

ii) Operations in currency futures segment

Item	2016-17	2016	2017	
		Dec.	Nov.	Dec.
	1	2	3	4
1 Net Purchase/ Sale of Foreign Currency (US $ Million) (1.1–1.2)	0.00	582.00	0.00	0.00
1.1 Purchase (+)	10,456.00	2,498.00	0.00	0.00
1.2 Sale (–)	10,456.00	1,916.00	0.00	0.00
2 Outstanding Net Currency Futures Sales (–)/ Purchase (+) at the end of month (US $ Million)	0.00	–438.00	0.00	0.00

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

Item	As on December 31, 2017		
	Long (+)	Short (-)	Net (1-2)
	1	2	3
1. Upto 1 month	3,308	260	3,048
2. More than 1 month and upto 3 months	6,648	140	6,508
3. More than 3 months and upto 1 year	21,480	2,723	18,757
4. More than 1 year	786	0	786
Total (1+2+3+4)	**32,222**	**3,123**	**29,099**

No. 5: RBI's Standing Facilities

(₹ Billion)

Item	As on the Last Reporting Friday							
	2016-17	2017						2018
		Jan. 20	Aug. 18	Sep. 29	Oct. 27	Nov. 24	Dec. 22	Jan. 19
	1	2	3	4	5	6	7	8
1 MSF	19.3	–	3.5	194.8	–	5.5	4.9	–
2 Export Credit Refinance for Scheduled Banks								
2.1 Limit	–	–	–	–	–	–	–	–
2.2 Outstanding	–	–	–	–	–	–	–	–
3 Liquidity Facility for PDs								
3.1 Limit	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0
3.2 Outstanding	14.8	12.3	18.1	19.3	19.4	17.9	20.8	9.8
4 Others								
4.1 Limit	–	–	–	–	–	–	–	–
4.2 Outstanding	–	–	–	–	–	–	–	–
5 Total Outstanding (1+2.2+3.2+4.2)	34.1	12.3	21.5	214.1	19.4	23.3	25.6	9.8

Money and Banking

No. 6: Money Stock Measures

(₹ Billion)

Item	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2016-17	2016	2017		
		Dec. 23	Nov. 24	Dec. 8	Dec. 22
	1	2	3	4	5
1 Currency with the Public (1.1 + 1.2 + 1.3 – 1.4)	12,641.2	7,858.6	15,815.5	16,059.6	16,159.9
1.1 Notes in Circulation	13,101.8	9,185.9	16,344.5	16,570.3	16,717.7
1.2 Circulation of Rupee Coin	243.4	238.7	248.2	248.2	248.5
1.3 Circulation of Small Coins	7.4	7.4	7.4	7.4	7.4
1.4 Cash on Hand with Banks	711.4	1,573.5	784.7	766.3	813.7
2 Deposit Money of the Public	14,178.3	12,087.1	12,495.2	12,574.1	12,927.4
2.1 Demand Deposits with Banks	13,967.4	11,934.5	12,266.0	12,341.8	12,698.5
2.2 'Other' Deposits with Reserve Bank	210.9	152.6	229.2	232.3	228.9
3 M_1 (1 + 2)	**26,819.6**	**19,945.7**	**28,310.7**	**28,633.7**	**29,087.3**
4 Post Office Saving Bank Deposits	920.6	937.5	968.8	968.8	968.8
5 M_2 (3 + 4)	**27,740.2**	**20,883.2**	**29,279.6**	**29,602.6**	**30,056.2**
6 Time Deposits with Banks	101,099.8	100,112.1	103,162.4	104,153.9	103,638.0
7 M_3 (3 + 6)	**127,919.4**	**120,057.8**	**131,473.1**	**132,787.6**	**132,725.3**
8 Total Post Office Deposits	2,562.1	2,549.6	2,717.2	2,717.2	2,717.2
9 M_4 (7 + 8)	**130,481.4**	**122,607.4**	**134,190.3**	**135,504.8**	**135,442.5**

No. 7: Sources of Money Stock (M_3)

(₹ Billion)

Sources	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2016-17	2016	2017		
		Dec. 23	Nov. 24	Dec. 8	Dec. 22
	1	2	3	4	5
1 Net Bank Credit to Government	**38,566.1**	**38,111.9**	**40,039.7**	**41,045.3**	**39,391.7**
1.1 RBI's net credit to Government (1.1.1–1.1.2)	6,208.1	36.6	4,474.1	5,287.0	3,868.4
1.1.1 Claims on Government	7,512.0	7,788.8	6,603.4	6,564.8	6,552.1
1.1.1.1 Central Government	7,499.4	7,751.8	6,574.3	6,529.9	6,531.3
1.1.1.2 State Governments	12.6	36.9	29.0	34.9	20.8
1.1.2 Government deposits with RBI	1,303.9	7,752.1	2,129.2	1,277.8	2,683.7
1.1.2.1 Central Government	1,303.5	7,751.7	2,128.8	1,277.4	2,683.3
1.1.2.2 State Governments	0.4	0.4	0.4	0.4	0.4
1.2 Other Banks' Credit to Government	32,358.0	38,075.2	35,565.6	35,758.2	35,523.3
2 Bank Credit to Commercial Sector	**84,114.9**	**78,653.9**	**85,124.7**	**85,986.7**	**86,701.7**
2.1 RBI's credit to commercial sector	72.9	54.4	80.6	77.0	86.9
2.2 Other banks' credit to commercial sector	84,042.0	78,599.6	85,044.1	85,909.7	86,614.7
2.2.1 Bank credit by commercial banks	78,414.7	73,173.9	79,347.1	80,271.8	80,966.2
2.2.2 Bank credit by co-operative banks	5,548.9	5,367.6	5,609.1	5,551.3	5,562.2
2.2.3 Investments by commercial and co-operative banks in other securities	78.4	58.0	87.9	86.5	86.3
3 Net Foreign Exchange Assets of Banking Sector (3.1 + 3.2)	**25,582.3**	**25,385.2**	**27,206.6**	**27,108.6**	**27,221.9**
3.1 RBI's net foreign exchange assets (3.1.1–3.1.2)	23,972.1	24,437.2	25,930.3	25,832.3	25,945.6
3.1.1 Gross foreign assets	23,974.1	24,439.2	25,932.2	25,834.3	25,947.5
3.1.2 Foreign liabilities	2.0	2.0	2.0	2.0	1.9
3.2 Other banks' net foreign exchange assets	1,610.2	948.0	1,276.3	1,276.3	1,276.3
4 Government's Currency Liabilities to the Public	**250.9**	**246.2**	**255.7**	**255.7**	**256.0**
5 Banking Sector's Net Non-monetary Liabilities	**20,594.8**	**22,339.3**	**21,153.6**	**21,608.6**	**20,846.0**
5.1 Net non-monetary liabilities of RBI	8,333.5	9,469.5	8,853.4	8,632.3	8,557.9
5.2 Net non-monetary liabilities of other banks (residual)	12,261.3	12,869.8	12,300.2	12,976.3	12,288.1
M_3 (1+2+3+4–5)	**127,919.4**	**120,057.8**	**131,473.1**	**132,787.6**	**132,725.3**

No. 8: Monetary Survey

(₹ Billion)

Item	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2016-17	2016	2017		
		Dec. 23	Nov. 24	Dec. 8	Dec. 22
	1	2	3	4	5
Monetary Aggregates					
NM_1 (1.1 + 1.2.1+1.3)	26,819.6	19,945.7	28,310.7	28,633.7	29,087.3
NM_2 (NM_1+ 1.2.2.1)	71,695.2	64,345.6	74,107.4	74,868.6	75,094.1
NM_3 (NM_2 + 1.2.2.2 + 1.4 = 2.1 + 2.2 + 2.3 – 2.4 – 2.5)	129,706.3	122,002.5	133,278.1	134,549.7	134,544.0
1 Components					
1.1 Currency with the Public	12,641.2	7,858.6	15,815.5	16,059.6	16,159.9
1.2 Aggregate Deposits of Residents	113,690.9	110,601.0	114,036.3	115,085.8	114,935.6
1.2.1 Demand Deposits	13,967.4	11,934.5	12,266.0	12,341.8	12,698.5
1.2.2 Time Deposits of Residents	99,723.5	98,666.5	101,770.3	102,744.0	102,237.2
1.2.2.1 Short-term Time Deposits	44,875.6	44,399.9	45,796.6	46,234.8	46,006.7
1.2.2.1.1 Certificates of Deposit (CDs)	1,570.6	1,479.4	1,273.8	1,238.9	1,281.5
1.2.2.2 Long-term Time Deposits	54,847.9	54,266.6	55,973.7	56,509.2	56,230.4
1.3 ‘Other’ Deposits with RBI	210.9	152.6	229.2	232.3	228.9
1.4 Call/Term Funding from Financial Institutions	3,163.2	3,390.3	3,197.1	3,171.9	3,219.5
2 Sources					
2.1 Domestic Credit	129,185.0	123,446.2	132,496.5	134,346.1	133,304.8
2.1.1 Net Bank Credit to the Government	38,566.1	38,111.9	40,039.7	41,045.3	39,391.7
2.1.1.1 Net RBI credit to the Government	6,208.1	36.6	4,474.1	5,287.0	3,868.4
2.1.1.2 Credit to the Government by the Banking System	32,358.0	38,075.2	35,565.6	35,758.2	35,523.3
2.1.2 Bank Credit to the Commercial Sector	90,618.9	85,334.3	92,456.8	93,300.9	93,913.1
2.1.2.1 RBI Credit to the Commercial Sector	72.9	54.4	80.6	77.0	86.9
2.1.2.2 Credit to the Commercial Sector by the Banking System	90,546.0	85,280.0	92,376.2	93,223.9	93,826.2
2.1.2.2.1 Other Investments (Non-SLR Securities)	6,462.5	6,587.5	7,250.5	7,218.2	7,108.2
2.2 Government’s Currency Liabilities to the Public	250.9	246.2	255.7	255.7	256.0
2.3 Net Foreign Exchange Assets of the Banking Sector	23,819.8	23,353.3	25,536.0	25,340.8	25,495.2
2.3.1 Net Foreign Exchange Assets of the RBI	23,972.1	24,437.2	25,930.3	25,832.3	25,945.6
2.3.2 Net Foreign Currency Assets of the Banking System	–152.3	–1,083.9	–394.3	–491.5	–450.4
2.4 Capital Account	18,195.5	18,883.2	19,739.5	19,575.3	19,510.2
2.5 Other items (net)	5,353.9	6,160.0	5,270.5	5,817.6	5,001.7

No. 9: Liquidity Aggregates

(₹ Billion)

Aggregates	2016-17	2016	2017		
		Dec.	Oct.	Nov.	Dec.
	1	2	3	4	5
1 NM_3	**129,706.3**	**122,002.5**	**133,013.3**	**133,278.1**	**134,544.0**
2 Postal Deposits	2,562.1	2,549.6	2,717.2	2,717.2	2,717.2
3 L_1 (1 + 2)	**132,268.3**	**124,552.1**	**135,730.5**	**135,995.4**	**137,261.2**
4 Liabilities of Financial Institutions	29.3	29.3	29.3	29.3	29.3
4.1 Term Money Borrowings	26.6	26.6	26.6	26.6	26.6
4.2 Certificates of Deposit	0.3	0.3	0.3	0.3	0.3
4.3 Term Deposits	2.5	2.5	2.5	2.5	2.5
5 L_2 (3 + 4)	**132,297.7**	**124,581.4**	**135,759.8**	**136,024.7**	**137,290.6**
6 Public Deposits with Non-Banking Financial Companies	317.9	314.0	..	..	313.6
7 L_3 (5 + 6)	**132,615.6**	**124,895.5**	..	..	**137,604.2**

No. 10: Reserve Bank of India Survey

(₹ Billion)

Item	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2016-17	2016	2017		
		Dec. 23	Nov. 24	Dec. 8	Dec. 22
	1	2	3	4	5
1 Components					
1.1 Currency in Circulation	13,352.7	9,432.1	16,600.2	16,825.9	16,973.6
1.2 Bankers' Deposits with the RBI	5,441.3	4,622.7	4,680.6	4,669.1	4,790.6
1.2.1 Scheduled Commercial Banks	5,087.7	4,311.6	4,365.9	4,360.7	4,476.7
1.3 'Other' Deposits with the RBI	210.9	152.6	229.2	232.3	228.9
Reserve Money (1.1 + 1.2 + 1.3 = 2.1 + 2.2 + 2.3 – 2.4 – 2.5)	19,004.8	14,207.4	21,510.0	21,727.3	21,993.1
2 Sources					
2.1 RBI's Domestic Credit	3,115.3	-1,006.5	4,177.4	4,271.7	4,349.5
2.1.1 Net RBI credit to the Government	6,208.1	36.6	4,474.1	5,287.0	3,868.4
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)	6,195.9	0.1	4,445.5	5,252.6	3,848.0
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	7,494.9	7,744.6	6,566.7	6,522.5	6,523.9
2.1.1.1.3.1 Central Government Securities	7,494.9	7,734.2	6,566.7	6,522.5	6,523.9
2.1.1.1.4 Rupee Coins	4.5	7.2	7.7	7.5	7.4
2.1.1.1.5 Deposits of the Central Government	1,303.5	7,751.7	2,128.8	1,277.4	2,683.3
2.1.1.2 Net RBI credit to State Governments	12.2	36.5	28.6	34.5	20.4
2.1.2 RBI's Claims on Banks	-3,165.7	-1,097.5	-377.3	-1,092.4	394.2
2.1.2.1 Loans and Advances to Scheduled Commercial Banks	-3,165.7	-1,097.5	-377.3	-1,092.4	394.2
2.1.3 RBI's Credit to Commercial Sector	72.9	54.4	80.6	77.0	86.9
2.1.3.1 Loans and Advances to Primary Dealers	14.8	12.3	17.9	14.5	20.8
2.1.3.2 Loans and Advances to NABARD	–	–	–	–	–
2.2 Government's Currency Liabilities to the Public	250.9	246.2	255.7	255.7	256.0
2.3 Net Foreign Exchange Assets of the RBI	23,972.1	24,437.2	25,930.3	25,832.3	25,945.6
2.3.1 Gold	1,288.3	1,369.4	1,338.7	1,334.0	1,334.8
2.3.2 Foreign Currency Assets	22,684.0	23,068.0	24,591.7	24,498.5	24,610.9
2.4 Capital Account	7,512.8	8,443.9	8,150.1	7,980.3	7,890.8
2.5 Other Items (net)	820.6	1,025.6	703.2	652.0	667.1

No. 11: Reserve Money - Components and Sources

(₹ Billion)

Item	Outstanding as on March 31/ last Fridays of the month/ Fridays						
	2016-17	2016	2017				
		Dec. 30	Nov. 24	Dec. 8	Dec. 15	Dec. 22	Dec. 29
	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)	19,004.8	14,355.7	21,510.0	21,727.3	22,333.2	21,993.1	22,375.9
1 Components							
1.1 Currency in Circulation	13,352.7	9,383.8	16,600.2	16,825.9	16,918.8	16,973.6	16,932.7
1.2 Bankers' Deposits with RBI	5,441.3	4,809.8	4,680.6	4,669.1	5,187.1	4,790.6	5,198.0
1.3 'Other' Deposits with RBI	210.9	162.2	229.2	232.3	227.4	228.9	245.2
2 Sources							
2.1 Net Reserve Bank Credit to Government	6,208.1	523.2	4,474.1	5,287.0	5,051.8	3,868.4	4,276.0
2.2 Reserve Bank Credit to Banks	-3,165.7	-1,468.6	-377.3	-1,092.4	-266.0	394.2	158.6
2.3 Reserve Bank Credit to Commercial Sector	72.9	58.9	80.6	77.0	85.3	86.9	91.3
2.4 Net Foreign Exchange Assets of RBI	23,972.1	24,501.4	25,930.3	25,832.3	25,723.7	25,945.6	26,185.5
2.5 Government's Currency Liabilities to the Public	250.9	246.2	255.7	255.7	255.7	256.0	256.0
2.6 Net Non- Monetary Liabilities of RBI	8,333.5	9,505.4	8,853.4	8,632.3	8,517.3	8,557.9	8,591.4

No. 12: Commercial Bank Survey

(₹ Billion)

Item	Outstanding as on last reporting Fridays of the month/ reporting Fridays of the month				
	2016-17	2016	2017		
		Dec. 23	Nov. 24	Dec. 8	Dec. 22
	1	2	3	4	5
1 Components					
1.1 Aggregate Deposits of Residents	106,200.3	103,252.5	106,556.2	107,610.9	107,450.7
1.1.1 Demand Deposits	12,814.4	10,785.3	11,132.3	11,210.5	11,568.0
1.1.2 Time Deposits of Residents	93,385.9	92,467.2	95,423.8	96,400.4	95,882.7
1.1.2.1 Short-term Time Deposits	42,023.6	41,610.2	42,940.7	43,380.2	43,147.2
1.1.2.1.1 Certificates of Deposits (CDs)	1,570.6	1,479.4	1,273.8	1,238.9	1,281.5
1.1.2.2 Long-term Time Deposits	51,362.2	50,856.9	52,483.1	53,020.2	52,735.5
1.2 Call/Term Funding from Financial Institutions	3,163.2	3,390.3	3,197.1	3,171.9	3,219.5
2 Sources					
2.1 Domestic Credit	115,141.3	115,817.3	120,080.7	121,184.8	121,530.4
2.1.1 Credit to the Government	30,297.5	36,018.6	33,469.0	33,669.2	33,422.9
2.1.2 Credit to the Commercial Sector	84,843.8	79,798.7	86,611.7	87,515.6	88,107.5
2.1.2.1 Bank Credit	78,414.7	73,173.9	79,347.1	80,271.8	80,966.2
2.1.2.1.1 Non-food Credit	77,875.4	72,123.3	78,603.4	79,584.1	80,301.8
2.1.2.2 Net Credit to Primary Dealers	44.2	95.6	84.3	98.6	105.9
2.1.2.3 Investments in Other Approved Securities	12.2	31.4	19.4	16.6	16.9
2.1.2.4 Other Investments (in non-SLR Securities)	6,372.9	6,497.8	7,160.9	7,128.6	7,018.6
2.2 Net Foreign Currency Assets of Commercial Banks (2.2.1–2.2.2–2.2.3)	–152.3	–1,083.9	–394.3	–491.5	–450.4
2.2.1 Foreign Currency Assets	1,983.5	1,379.5	1,855.7	1,769.1	1,840.4
2.2.2 Non-resident Foreign Currency Repatriable Fixed Deposits	1,376.3	1,445.6	1,392.1	1,409.8	1,400.8
2.2.3 Overseas Foreign Currency Borrowings	759.5	1,017.9	857.9	850.7	890.0
2.3 Net Bank Reserves (2.3.1+2.3.2–2.3.3)	8,867.0	6,807.0	5,429.0	6,122.5	4,798.3
2.3.1 Balances with the RBI	5,087.7	4,311.6	4,365.9	4,360.7	4,476.7
2.3.2 Cash in Hand	613.6	1,397.9	685.8	669.4	715.8
2.3.3 Loans and Advances from the RBI	–3,165.7	–1,097.5	–377.3	–1,092.4	394.2
2.4 Capital Account	10,441.0	10,197.6	11,347.7	11,353.3	11,377.7
2.5 Other items (net) (2.1+2.2+2.3–2.4–1.1–1.2)	4,051.6	4,700.1	4,014.5	4,679.7	3,830.4
2.5.1 Other Demand and Time Liabilities (net of 2.2.3)	3,877.6	4,068.3	3,894.0	5,552.5	4,099.0
2.5.2 Net Inter-Bank Liabilities (other than to PDs)	–62.4	–253.1	–254.4	–358.8	–230.0

No. 13: Scheduled Commercial Banks' Investments

(₹ Billion)

Item	As on March 31, 2017	2016	2017		
		Dec. 23	Nov. 24	Dec. 8	Dec. 22
	1	2	3	4	5
1 SLR Securities	30,309.6	36,050.0	33,488.4	33,685.8	33,439.8
2 Commercial Paper	1,159.6	1,237.1	1,059.4	1,072.0	1,095.5
3 Shares issued by					
3.1 PSUs	91.9	78.9	113.4	111.0	115.5
3.2 Private Corporate Sector	567.3	496.7	717.8	723.6	727.9
3.3 Others	51.8	43.7	42.2	42.1	42.9
4 Bonds/Debentures issued by					
4.1 PSUs	1,118.5	1,170.1	1,133.0	1,080.7	1,062.8
4.2 Private Corporate Sector	1,680.0	1,480.9	1,893.0	1,935.6	2,031.1
4.3 Others	810.9	630.0	666.1	642.8	616.7
5 Instruments issued by					
5.1 Mutual funds	134.0	895.9	903.4	768.5	549.4
5.2 Financial institutions	844.3	649.2	770.3	752.4	776.7

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

(₹ Billion)

Item	As on the Last Reporting Friday (in case of March)/ Last Friday							
	All Scheduled Banks				All Scheduled Commercial Banks			
	2016-17	2016	2017		2016-17	2016	2017	
		Dec.	Nov.	Dec.		Dec.	Nov.	Dec.
	1	2	3	4	5	6	7	8
Number of Reporting Banks	221	219	223	223	150	148	149	149
1 Liabilities to the Banking System	**2,397.7**	**2,349.1**	**2,203.3**	**2,196.5**	**2,330.7**	**2,275.6**	**2,152.1**	**2,145.7**
1.1 Demand and Time Deposits from Banks	1,765.5	1,873.2	1,429.5	1,532.3	1,698.6	1,800.6	1,379.9	1,483.1
1.2 Borrowings from Banks	573.6	430.7	619.4	600.8	573.5	429.9	619.2	600.8
1.3 Other Demand and Time Liabilities	58.6	45.2	154.4	63.4	58.6	45.2	153.0	61.8
2 Liabilities to Others	**118,405.4**	**117,516.3**	**118,977.0**	**121,753.8**	**115,376.9**	**114,505.7**	**115,897.2**	**118,655.6**
2.1 Aggregate Deposits	110,485.7	108,578.8	110,896.5	112,971.8	107,576.6	105,686.2	107,948.3	110,018.8
2.1.1 Demand	13,104.8	11,648.5	11,407.0	12,363.7	12,814.4	11,359.9	11,132.3	12,097.1
2.1.2 Time	97,381.0	96,930.3	99,489.5	100,607.9	94,762.2	94,326.3	96,815.9	97,921.6
2.2 Borrowings	3,192.8	3,551.5	3,231.7	3,656.6	3,163.2	3,525.8	3,197.1	3,611.0
2.3 Other Demand and Time Liabilities	4,726.9	5,386.0	4,848.9	5,125.5	4,637.1	5,293.8	4,751.9	5,025.8
3 Borrowings from Reserve Bank	**218.1**	**154.8**	**562.7**	**869.7**	**218.1**	**154.8**	**562.7**	**869.7**
3.1 Against Usance Bills /Promissory Notes	–	–	–	–	–	–	–	–
3.2 Others	218.1	154.8	562.7	869.7	218.1	154.8	562.7	869.7
4 Cash in Hand and Balances with Reserve Bank	5,869.3	5,903.3	5,191.3	5,701.8	5,701.3	5,695.7	5,051.7	5,561.5
4.1 Cash in Hand	630.5	1,282.7	704.7	696.4	613.60	1,200.0	685.8	678.2
4.2 Balances with Reserve Bank	5,238.8	4,620.6	4,486.7	5,005.4	5,087.7	4,495.8	4,365.9	4,883.3
5 Assets with the Banking System	**2,934.5**	**3,149.4**	**2,910.6**	**2,896.9**	**2,437.3**	**2,645.1**	**2,490.7**	**2,474.8**
5.1 Balances with Other Banks	1,898.0	2,065.3	1,855.5	2,031.6	1,700.1	1,855.3	1,677.6	1,842.5
5.1.1 In Current Account	197.3	232.1	132.1	173.7	160.6	180.5	110.9	149.4
5.1.2 In Other Accounts	1,700.7	1,833.1	1,723.4	1,857.9	1,539.5	1,674.8	1,566.7	1,693.2
5.2 Money at Call and Short Notice	296.9	279.0	527.6	312.1	77.0	69.9	344.4	142.5
5.3 Advances to Banks	380.4	321.4	250.9	293.8	379.5	319.9	249.9	286.5
5.4 Other Assets	359.1	483.7	276.6	259.3	280.7	400.0	218.8	203.3
6 Investment	**31,161.1**	**36,689.2**	**34,449.8**	**34,490.0**	**30,309.6**	**35,808.3**	**33,488.4**	**33,527.3**
6.1 Government Securities	31,144.8	36,668.0	34,381.2	34,430.1	30,297.5	35,792.0	33,469.0	33,516.6
6.2 Other Approved Securities	16.4	21.2	68.6	60.0	12.2	16.3	19.4	10.7
7 Bank Credit	**80,817.8**	**76,312.1**	**81,802.9**	**84,871.3**	**78,414.7**	**74,100.6**	**79,347.1**	**82,359.2**
7a Food Credit	652.4	1,224.4	935.2	776.1	539.3	1,061.7	743.8	584.6
7.1 Loans, Cash-credits and Overdrafts	78,490.1	74,169.0	79,679.3	82,612.8	76,148.5	72,010.1	77,281.1	80,158.6
7.2 Inland Bills-Purchased	263.5	224.0	198.7	210.4	246.0	209.6	182.6	190.9
7.3 Inland Bills-Discounted	1,402.8	1,265.8	1,310.6	1,365.7	1,365.9	1,234.9	1,275.8	1,334.0
7.4 Foreign Bills-Purchased	248.6	241.6	230.3	258.6	246.4	238.9	228.1	256.2
7.5 Foreign Bills-Discounted	412.7	411.7	384.0	423.8	407.9	407.2	379.5	419.5

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

(₹ Billion)

Item	Outstanding as on				Growth (%)	
	Mar. 31, 2017	2016	2017		Financial year so far	Y-o-Y
		Dec. 23	Nov. 24	Dec. 22	2017-18	2017
	1	2	3	4	5	6
1 Gross Bank Credit	**71,347**	**66,458**	**71,501**	**72,631**	**1.8**	**9.3**
1.1 Food Credit	**400**	**669**	**356**	**238**	**–40.7**	**-64.5**
1.2 Non-food Credit	**70,947**	**65,790**	**71,145**	**72,393**	**2.0**	**10.0**
1.2.1 Agriculture & Allied Activities	**9,924**	**9,113**	**9,882**	**9,981**	**0.6**	**9.5**
1.2.2 Industry	**26,800**	**25,791**	**26,041**	**26,341**	**–1.7**	**2.1**
1.2.2.1 Micro & Small	3,697	3,436	3,592	3,683	–0.4	7.2
1.2.2.2 Medium	1,048	1,060	947	957	–8.7	-9.7
1.2.2.3 Large	22,055	21,295	21,502	21,701	–1.6	1.9
1.2.3 Services	**18,022**	**15,794**	**17,593**	**18,119**	**0.5**	**14.7**
1.2.3.1 Transport Operators	1,104	1,021	1,145	1,152	4.3	12.8
1.2.3.2 Computer Software	179	180	169	179	0.2	-0.3
1.2.3.3 Tourism, Hotels & Restaurants	375	375	368	367	–2.0	-1.9
1.2.3.4 Shipping	84	107	75	73	–13.0	-31.6
1.2.3.5 Professional Services	1,377	1,194	1,353	1,422	3.3	19.1
1.2.3.6 Trade	4,279	3,785	4,328	4,406	3.0	16.4
1.2.3.6.1 Wholesale Trade	1,932	1,708	1,909	1,935	0.1	13.3
1.2.3.6.2 Retail Trade	2,347	2,077	2,419	2,471	5.3	19.0
1.2.3.7 Commercial Real Estate	1,856	1,778	1,819	1,825	–1.7	2.6
1.2.3.8 Non-Banking Financial Companies (NBFCs)	3,910	3,221	3,603	3,682	–5.8	14.3
1.2.3.9 Other Services	4,859	4,134	4,732	5,013	3.2	21.3
1.2.4 Personal Loans	**16,200**	**15,092**	**17,630**	**17,952**	**10.8**	**18.9**
1.2.4.1 Consumer Durables	208	194	180	182	–12.4	-6.3
1.2.4.2 Housing	8,601	8,197	9,221	9,362	8.8	14.2
1.2.4.3 Advances against Fixed Deposits	661	600	537	557	–15.8	-7.1
1.2.4.4 Advances to Individuals against share & bond	48	47	55	58	21.5	21.8
1.2.4.5 Credit Card Outstanding	521	471	637	642	23.1	36.2
1.2.4.6 Education	701	713	717	704	0.4	-1.3
1.2.4.7 Vehicle Loans	1,705	1,674	1,808	1,831	7.3	9.3
1.2.4.8 Other Personal Loans	3,755	3,194	4,475	4,617	22.9	44.5
1.2A Priority Sector	**24,357**	**22,443**	**24,017**	**24,224**	**–0.5**	**7.9**
1.2A.1 Agriculture & Allied Activities	9,909	9,081	9,844	9,932	0.2	9.4
1.2A.2 Micro & Small Enterprises	9,020	8,194	8,953	9,066	0.5	10.6
1.2A.2.1 Manufacturing	3,697	3,436	3,592	3,683	–0.4	7.2
1.2A.2.2 Services	5,322	4,759	5,361	5,383	1.1	13.1
1.2A.3 Housing	3,683	3,575	3,701	3,727	1.2	4.3
1.2A.4 Micro-Credit	189	179	160	169	–10.6	-5.5
1.2A.5 Education Loans	604	608	597	592	–2.1	-2.7
1.2A.6 State-Sponsored Orgs. for SC/ST	6	6	3	3	–56.0	-54.3
1.2A.7 Weaker Sections	5,546	5,120	5,421	5,493	–1.0	7.3
1.2A.8 Export Credit	425	458	414	409	–3.8	-10.7

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

(₹ Billion)

Industry	Outstanding as on				Growth (%)	
	Mar. 31, 2017	2016	2017		Financial year so far	Y-o-Y
		Dec. 23	Nov. 24	Dec. 22	2017-18	2017
	1	2	3	4	5	6
1 Industry	**26,800**	**25,791**	**26,041**	**26,341**	**–1.7**	**2.1**
1.1 Mining & Quarrying (incl. Coal)	**345**	**342**	**326**	**334**	**–3.3**	**–2.3**
1.2 Food Processing	**1,455**	**1,289**	**1,389**	**1,439**	**–1.1**	**11.6**
1.2.1 Sugar	327	285	265	270	–17.5	–5.4
1.2.2 Edible Oils & Vanaspati	184	167	189	194	5.7	16.4
1.2.3 Tea	35	36	47	48	35.1	32.2
1.2.4 Others	909	801	888	927	1.9	15.7
1.3 Beverage & Tobacco	**173**	**171**	**166**	**170**	**–1.6**	**–0.8**
1.4 Textiles	**1,963**	**1,866**	**1,949**	**2,007**	**2.2**	**7.6**
1.4.1 Cotton Textiles	964	897	967	1,002	4.0	11.7
1.4.2 Jute Textiles	23	20	24	25	6.4	22.4
1.4.3 Man-Made Textiles	204	195	228	235	15.5	20.5
1.4.4 Other Textiles	773	753	730	745	–3.5	–1.1
1.5 Leather & Leather Products	**107**	**101**	**107**	**109**	**2.1**	**8.4**
1.6 Wood & Wood Products	**105**	**99**	**105**	**106**	**0.7**	**6.5**
1.7 Paper & Paper Products	**326**	**339**	**308**	**310**	**–5.1**	**–8.8**
1.8 Petroleum, Coal Products & Nuclear Fuels	**596**	**490**	**466**	**471**	**–21.0**	**–4.0**
1.9 Chemicals & Chemical Products	**1,724**	**1,444**	**1,549**	**1,598**	**–7.3**	**10.6**
1.9.1 Fertiliser	335	242	240	244	–27.1	0.6
1.9.2 Drugs & Pharmaceuticals	464	471	447	474	2.2	0.5
1.9.3 Petro Chemicals	507	324	430	443	–12.7	36.6
1.9.4 Others	419	407	431	438	4.5	7.6
1.10 Rubber, Plastic & their Products	**392**	**363**	**405**	**408**	**4.1**	**12.4**
1.11 Glass & Glassware	**79**	**80**	**82**	**82**	**3.5**	**3.2**
1.12 Cement & Cement Products	**542**	**531**	**532**	**531**	**–2.2**	**–0.2**
1.13 Basic Metal & Metal Product	**4,211**	**4,127**	**4,133**	**4,132**	**–1.9**	**0.1**
1.13.1 Iron & Steel	3,192	3,118	3,223	3,223	0.9	3.4
1.13.2 Other Metal & Metal Product	1,018	1,009	910	910	–10.6	–9.8
1.14 All Engineering	**1,496**	**1,470**	**1,503**	**1,514**	**1.2**	**3.0**
1.14.1 Electronics	336	341	347	350	4.2	2.7
1.14.2 Others	1,160	1,129	1,157	1,164	0.3	3.0
1.15 Vehicles, Vehicle Parts & Transport Equipment	**736**	**715**	**712**	**730**	**–0.8**	**2.0**
1.16 Gems & Jewellery	**690**	**686**	**681**	**690**	**0.0**	**0.7**
1.17 Construction	**822**	**791**	**855**	**862**	**4.8**	**8.9**
1.18 Infrastructure	**9,064**	**8,962**	**8,796**	**8,898**	**–1.8**	**–0.7**
1.18.1 Power	5,254	5,278	5,121	5,200	–1.0	–1.5
1.18.2 Telecommunications	851	799	844	854	0.4	6.9
1.18.3 Roads	1,800	1,798	1,707	1,703	–5.4	–5.3
1.18.4 Other Infrastructure	1,160	1,087	1,124	1,140	–1.7	4.9
1.19 Other Industries	**1,973**	**1,925**	**1,977**	**1,952**	**–1.1**	**1.4**

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					
	2016-17	2016	2017			
		Sep, 30	Aug, 25	Sep, 01	Sep, 15	Sep, 29
	1	2	3	4	5	6
Number of Reporting Banks	32	31	29	30	30	30
1 Aggregate Deposits (2.1.1.2+2.2.1.2)	**527.8**	**444.5**	**515.4**	**534.4**	**535.8**	**530.9**
2 Demand and Time Liabilities						
2.1 Demand Liabilities	**183.2**	**152.4**	**162.9**	**158.1**	**154.4**	**158.2**
2.1.1 Deposits						
2.1.1.1 Inter-Bank	45.0	43.1	41.9	37.7	37.4	40.5
2.1.1.2 Others	106.3	79.2	95.2	94.2	91.1	90.4
2.1.2 Borrowings from Banks	2.0	2.6	0.0	0.0	0.0	0.0
2.1.3 Other Demand Liabilities	30.0	27.4	25.8	26.2	25.9	27.2
2.2 Time Liabilities	**947.6**	**834.2**	**848.3**	**870.3**	**873.5**	**868.5**
2.2.1 Deposits						
2.2.1.1 Inter-Bank	512.6	460.3	419.0	423.5	422.3	420.2
2.2.1.2 Others	421.5	365.2	420.2	440.2	444.7	440.5
2.2.2 Borrowings from Banks	4.4	0.0	2.8	0.0	0.0	0.0
2.2.3 Other Time Liabilities	9.2	8.6	6.4	6.6	6.4	7.7
3 Borrowing from Reserve Bank	0.0	0.0	0.0	0.0	0.0	0.0
4 Borrowings from a notified bank / Government	517.2	436.4	444.4	432.4	434.6	464.0
4.1 Demand	180.4	137.1	168.4	155.6	156.9	162.9
4.2 Time	336.8	299.3	276.0	276.9	277.7	301.2
5 Cash in Hand and Balances with Reserve Bank	**66.6**	**43.2**	**47.0**	**45.8**	**46.0**	**44.6**
5.1 Cash in Hand	3.7	2.6	2.9	3.0	3.3	2.9
5.2 Balance with Reserve Bank	62.9	40.6	44.1	42.9	42.8	41.8
6 Balances with Other Banks in Current Account	**17.5**	**6.9**	**6.3**	**7.3**	**6.9**	**9.8**
7 Investments in Government Securities	**329.8**	**282.4**	**312.1**	**531.2**	**310.1**	**311.4**
8 Money at Call and Short Notice	**254.4**	**239.6**	**216.2**	**211.9**	**207.8**	**205.0**
9 Bank Credit (10.1+11)	**458.7**	**434.9**	**473.9**	**471.1**	**466.7**	**465.4**
10 Advances						
10.1 Loans, Cash-Credits and Overdrafts	**458.6**	**434.8**	**473.9**	**471.1**	**466.7**	**465.4**
10.2 Due from Banks	777.0	721.6	724.0	725.9	730.5	741.1
11 Bills Purchased and Discounted	0.1	0.0	0.0	0.0	0.0	0.0

Prices and Production

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

Group/Sub group	2016-17			Rural			Urban			Combined		
	Rural	Urban	Combined	Dec. 16	Nov. 17	Dec. 17	Dec. 16	Nov. 17	Dec. 17	Dec. 16	Nov. 17	Dec. 17
	1	2	3	4	5	6	7	8	9	10	11	12
1 Food and beverages	**135.3**	**134.9**	**135.2**	**134.7**	**142.4**	**141.5**	**132.8**	**141.5**	**138.8**	**134.0**	**142.1**	**140.5**
1.1 Cereals and products	130.8	128.9	130.2	132.6	136.3	136.3	131.6	134.3	134.4	132.3	135.7	135.7
1.2 Meat and fish	137.9	140.1	138.7	137.3	142.5	143.8	138.2	142.1	142.6	137.6	142.4	143.4
1.3 Egg	128.9	130.7	129.6	131.6	140.5	145.2	134.9	146.7	145.9	132.9	142.9	145.5
1.4 Milk and products	135.2	132.4	134.1	136.3	141.5	141.9	133.1	139.5	139.5	135.1	140.8	141.0
1.5 Oils and fats	120.3	112.0	117.3	121.6	121.6	122.9	113.5	115.2	115.9	118.6	119.2	120.3
1.6 Fruits	138.1	132.8	135.6	135.6	147.3	147.2	129.3	136.4	135.0	132.7	142.2	141.5
1.7 Vegetables	139.2	144.8	141.1	127.5	168.0	161.1	121.1	185.2	163.2	125.3	173.8	161.8
1.8 Pulses and products	165.6	170.3	167.2	167.9	135.8	133.8	170.3	122.2	119.8	168.7	131.2	129.1
1.9 Sugar and confectionery	112.1	114.9	113.0	113.8	122.5	121.9	115.5	123.9	120.7	114.4	123.0	121.5
1.10 Spices	135.1	143.8	138.0	137.5	136.0	135.8	145.5	138.3	139.7	140.2	136.8	137.1
1.11 Non-alcoholic beverages	128.1	122.4	125.7	129.1	131.9	131.1	123.1	125.4	125.7	126.6	129.2	128.8
1.12 Prepared meals, snacks, sweets	141.7	139.2	140.5	143.6	151.4	151.4	140.9	146.0	146.3	142.3	148.9	149.0
2 Pan, tobacco and intoxicants	**140.1**	**144.2**	**141.2**	**142.4**	**152.1**	**153.2**	**145.0**	**156.2**	**157.0**	**143.1**	**153.2**	**154.2**
3 Clothing and footwear	**137.9**	**127.8**	**133.9**	**139.7**	**147.3**	**147.1**	**128.8**	**133.5**	**134.0**	**135.4**	**141.8**	**141.9**
3.1 Clothing	138.6	128.9	134.8	140.4	148.2	148.0	130.0	135.0	135.6	136.3	143.0	143.1
3.2 Footwear	133.7	121.7	128.7	135.2	141.5	141.9	122.2	125.4	125.6	129.8	134.8	135.1
4 Housing	**--**	**128.0**	**128.0**	**--**	**--**	**--**	**128.5**	**138.6**	**139.1**	**128.5**	**138.6**	**139.1**
5 Fuel and light	**130.1**	**116.4**	**124.9**	**132.0**	**141.1**	**142.6**	**117.8**	**125.7**	**126.8**	**126.6**	**135.3**	**136.6**
6 Miscellaneous	**125.0**	**120.6**	**122.9**	**126.3**	**131.7**	**131.8**	**121.4**	**124.9**	**125.1**	**123.9**	**128.4**	**128.6**
6.1 Household goods and services	131.3	124.3	128.0	132.9	139.4	139.4	125.0	128.8	129.3	129.2	134.4	134.6
6.2 Health	128.1	121.6	125.6	129.7	135.8	136.2	122.3	127.4	128.2	126.9	132.6	133.2
6.3 Transport and communication	117.4	112.8	114.9	118.6	121.6	122.0	113.7	115.3	115.3	116.0	118.3	118.5
6.4 Recreation and amusement	125.9	121.0	123.2	127.3	133.7	133.4	121.8	125.1	125.6	124.2	128.9	129.0
6.5 Education	132.3	131.1	131.6	134.2	141.5	141.0	132.3	136.6	136.7	133.1	138.6	138.5
6.6 Personal care and effects	121.7	120.3	121.1	121.9	128.1	127.8	119.9	124.9	124.6	121.1	126.8	126.5
General Index (All Groups)	**132.4**	**127.9**	**130.3**	**132.8**	**140.0**	**139.8**	**127.6**	**134.8**	**134.1**	**130.4**	**137.6**	**137.2**

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

No. 19: Other Consumer Price Indices

Item	Base Year	Linking Factor	2016-17	2016	2017	
				Dec.	Nov.	Dec.
	1	2	3	4	5	6
1 Consumer Price Index for Industrial Workers	2001	4.63	276	275	288	286
2 Consumer Price Index for Agricultural Labourers	1986-87	5.89	870	876	905	900
3 Consumer Price Index for Rural Labourers	1986-87	–	875	881	910	906

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

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

Item	2016-17	2016	2017	
		Dec.	Nov.	Dec.
	1	2	3	4
1 Standard Gold (₹ per 10 grams)	29,665	27,754	29,399	28,763
2 Silver (₹ per kilogram)	42,748	40,289	39,332	37,270

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

No. 21: Wholesale Price Index

(Base: 2011-12 = 100)

Commodities	Weight	2016-17	2016	2017		
			Dec.	Oct.	Nov. (P)	Dec. (P)
	1	2	3	4	5	6
1 ALL COMMODITIES	**100.000**	**111.6**	**111.7**	**115.6**	**116.3**	**115.7**
1.1 PRIMARY ARTICLES	**22.618**	**128.9**	**126.8**	**133.9**	**135.6**	**131.7**
1.1.1 FOOD ARTICLES	**15.256**	**140.3**	**137.6**	**148.0**	**150.6**	**144.1**
1.1.1.1 Food Grains (Cereals+Pulses)	3.462	152.0	157.5	143.1	141.7	140.8
1.1.1.2 Fruits & Vegetables	3.475	138.7	120.5	177.1	188.8	162.2
1.1.1.3 Milk	4.440	134.3	135.0	140.2	139.9	140.2
1.1.1.4 Eggs,Meat & Fish	2.402	133.0	132.0	135.9	137.4	134.2
1.1.1.5 Condiments & Spices	0.529	140.5	140.6	124.9	126.3	128.2
1.1.1.6 Other Food Articles	0.948	150.5	153.1	139.0	140.4	141.5
1.1.2 NON-FOOD ARTICLES	**4.119**	**122.2**	**119.4**	**118.5**	**116.9**	**119.0**
1.1.2.1 Fibres	0.839	117.1	113.4	112.8	112.9	119.0
1.1.2.2 Oil Seeds	1.115	136.0	130.0	128.0	127.1	129.2
1.1.2.3 Other non-food Articles	1.960	114.9	114.2	112.1	108.8	106.5
1.1.2.4 Floriculture	0.204	137.4	135.1	151.8	154.8	184.0
1.1.3 MINERALS	**0.833**	**113.1**	**113.8**	**122.3**	**129.3**	**122.3**
1.1.3.1 Metallic Minerals	0.648	98.4	97.0	109.1	118.3	109.1
1.1.3.2 Other Minerals	0.185	164.4	172.4	168.5	168.0	168.5
1.1.4 CRUDE PETROLEUM & NATURAL GAS	**2.410**	**73.1**	**75.7**	**74.6**	**74.5**	**78.1**
1.2 FUEL & POWER	**13.152**	**86.3**	**88.4**	**93.8**	**95.0**	**96.5**
1.2.1 COAL	**2.138**	**109.0**	**107.0**	**118.3**	**117.6**	**118.3**
1.2.1.1 Coking Coal	0.647	108.2	101.4	135.5	135.5	135.5
1.2.1.2 Non-Coking Coal	1.401	110.5	110.7	110.7	110.7	110.7
1.2.1.3 Lignite	0.090	90.2	88.8	112.5	95.9	113.5
1.2.2 MINERAL OILS	**7.950**	**73.3**	**76.6**	**82.4**	**84.6**	**87.0**
1.2.3 ELECTRICITY	**3.064**	**104.2**	**106.2**	**106.1**	**106.1**	**106.1**
1.3 MANUFACTURED PRODUCTS	**64.231**	**110.7**	**111.1**	**113.7**	**113.9**	**114.0**
1.3.1 MANUFACTURE OF FOOD PRODUCTS	**9.122**	**125.4**	**127.7**	**128.2**	**127.9**	**127.4**
1.3.1.1 Processing and Preserving of meat	0.134	137.1	141.4	133.0	132.9	135.0
1.3.1.2 Processing and Preserving of fish, Crustaceans, Molluscs and products thereof	0.204	127.7	126.6	130.5	125.9	131.1
1.3.1.3 Processing and Preserving of fruit and Vegetables	0.138	120.2	120.3	119.5	118.8	119.4
1.3.1.4 Vegetable and Animal oils and Fats	2.643	107.0	110.1	108.5	110.1	111.2
1.3.1.5 Dairy products	1.165	132.3	134.6	143.8	142.4	141.6
1.3.1.6 Grain mill products	2.010	136.2	141.6	138.5	137.4	137.2
1.3.1.7 Starches and Starch products	0.110	114.6	110.5	112.2	112.0	111.7
1.3.1.8 Bakery products	0.215	127.0	128.0	128.4	128.8	128.3
1.3.1.9 Sugar, Molasses & honey	1.163	124.8	125.7	131.9	130.8	124.5
1.3.1.10 Cocoa, Chocolate and Sugar confectionery	0.175	125.5	125.9	126.5	126.5	127.5
1.3.1.11 Macaroni, Noodles, Couscous and Similar farinaceous products	0.026	137.1	146.8	128.0	128.0	132.0
1.3.1.12 Tea & Coffee products	0.371	125.9	122.5	132.2	131.5	128.8
1.3.1.13 Processed condiments & salt	0.163	124.5	127.2	118.4	119.6	121.5
1.3.1.14 Processed ready to eat food	0.024	126.3	126.7	128.5	127.6	127.1
1.3.1.15 Health supplements	0.225	143.2	141.4	141.2	138.7	139.1
1.3.1.16 Prepared animal feeds	0.356	165.4	163.2	150.5	150.6	150.2
1.3.2 MANUFACTURE OF BEVERAGES	**0.909**	**116.1**	**117.0**	**118.9**	**119.5**	**119.7**
1.3.2.1 Wines & spirits	0.408	113.3	115.1	114.1	114.0	113.2
1.3.2.2 Malt liquors and Malt	0.225	114.2	114.1	117.8	118.6	118.1
1.3.2.3 Soft drinks; Production of mineral waters and Other bottled waters	0.275	121.8	122.0	127.0	128.3	130.7
1.3.3 MANUFACTURE OF TOBACCO PRODUCTS	**0.514**	**141.6**	**142.8**	**149.9**	**155.3**	**152.1**
1.3.3.1 Tobacco products	0.514	141.6	142.8	149.9	155.3	152.1
1.3.4 MANUFACTURE OF TEXTILES	**4.881**	**111.2**	**110.9**	**112.7**	**113.5**	**113.0**
1.3.4.1 Preparation and Spinning of textile fibres	2.582	103.3	102.9	104.7	104.9	105.4
1.3.4.2 Weaving & Finishing of textiles	1.509	120.9	120.2	122.2	124.6	122.2
1.3.4.3 Knitted and Crocheted fabrics	0.193	107.1	106.5	108.4	107.7	108.2
1.3.4.4 Made-up textile articles, Except apparel	0.299	121.7	122.5	124.5	124.4	124.1
1.3.4.5 Cordage, Rope, Twine and Netting	0.098	143.0	142.2	143.0	141.1	137.9
1.3.4.6 Other textiles	0.201	112.9	114.7	116.8	116.5	117.9
1.3.5 MANUFACTURE OF WEARING APPAREL	**0.814**	**131.0**	**132.5**	**138.0**	**137.5**	**138.9**
1.3.5.1 Manufacture of Wearing Apparel (woven), Except fur Apparel	0.593	133.9	134.7	136.9	138.2	138.6
1.3.5.2 Knitted and Crocheted apparel	0.221	123.3	126.7	140.8	135.7	139.7

No. 21: Wholesale Price Index (Contd.)

(Base: 2011-12 = 100)

Commodities	Weight	2016-17	2016	2017		
			Dec.	Oct.	Nov. (P)	Dec. (P)
	1	2	3	4	5	6
1.3.6 MANUFACTURE OF LEATHER AND RELATED PRODUCTS	**0.535**	**122.6**	**120.5**	**120.4**	**119.5**	**120.3**
1.3.6.1 Tanning and Dressing of leather; Dressing and Dyeing of fur	0.142	119.9	116.2	111.5	110.8	110.0
1.3.6.2 Luggage, HandbAgs, Saddlery and Harness	0.075	132.3	132.1	133.5	131.0	133.0
1.3.6.3 Footwear	0.318	121.5	119.7	121.2	120.7	121.9
1.3.7 MANUFACTURE OF WOOD AND PRODUCTS OF WOOD AND CORK	**0.772**	**129.8**	**129.6**	**131.7**	**131.6**	**130.3**
1.3.7.1 Saw milling and Planing of wood	0.124	122.9	121.8	120.9	121.1	119.9
1.3.7.2 Veneer sheets; Manufacture of plywood, Laminboard, Particle board and Other panels and Boards	0.493	127.3	126.7	130.7	130.7	131.0
1.3.7.3 Builder's carpentry and Joinery	0.036	153.8	158.8	160.4	160.4	157.8
1.3.7.4 Wooden containers	0.119	140.3	140.5	138.4	137.7	129.7
1.3.8 MANUFACTURE OF PAPER AND PAPER PRODUCTS	**1.113**	**113.6**	**114.4**	**119.4**	**118.1**	**118.4**
1.3.8.1 Pulp, Paper and Paperboard	0.493	117.7	118.0	121.5	121.5	122.4
1.3.8.2 Corrugated paper and Paperboard and Containers of paper and Paperboard	0.314	114.7	117.5	117.9	113.6	113.4
1.3.8.3 Other articles of paper and Paperboard	0.306	105.9	105.6	117.6	117.3	117.1
1.3.9 PRINTING AND REPRODUCTION OF RECORDED MEDIA	**0.676**	**141.1**	**141.9**	**143.0**	**142.5**	**143.7**
1.3.9.1 Printing	0.676	141.1	141.9	143.0	142.5	143.7
1.3.10 MANUFACTURE OF CHEMICALS AND CHEMICAL PRODUCTS	**6.465**	**111.0**	**110.2**	**111.9**	**112.2**	**112.8**
1.3.10.1 Basic chemicals	1.433	104.7	104.4	110.2	111.2	113.1
1.3.10.2 Fertilizers and Nitrogen compounds	1.485	118.7	116.7	116.8	116.8	116.8
1.3.10.3 Plastic and Synthetic rubber in primary form	1.001	113.7	112.5	112.7	112.6	112.9
1.3.10.4 Pesticides and Other agrochemical products	0.454	116.8	115.5	112.9	114.0	114.6
1.3.10.5 Paints, Varnishes and Similar coatings, Printing ink and Mastics	0.491	108.5	108.9	107.7	106.4	107.5
1.3.10.6 Soap and Detergents, Cleaning and Polishing preparations, Perfumes and Toilet preparations	0.612	113.7	114.1	115.2	115.3	115.3
1.3.10.7 Other chemical products	0.692	106.5	106.3	109.7	109.4	109.4
1.3.10.8 Man-made fibres	0.296	94.1	93.2	96.8	98.6	99.0
1.3.11 MANUFACTURE OF PHARMACEUTICALS, MEDICINAL CHEMICAL AND BOTANICAL PRODUCTS	**1.993**	**119.7**	**119.7**	**122.1**	**121.6**	**123.1**
1.3.11.1 Pharmaceuticals, Medicinal chemical and Botanical products	1.993	119.7	119.7	122.1	121.6	123.1
1.3.12 MANUFACTURE OF RUBBER AND PLASTICS PRODUCTS	**2.299**	**107.5**	**107.9**	**107.5**	**107.6**	**107.5**
1.3.12.1 Rubber Tyres and Tubes; Retreading and Rebuilding of Rubber Tyres	0.609	101.4	101.4	99.8	100.4	100.4
1.3.12.2 Other Rubber Products	0.272	90.4	90.7	91.8	90.8	90.0
1.3.12.3 Plastics products	1.418	113.3	114.0	113.9	113.9	113.9
1.3.13 MANUFACTURE OF OTHER NON-METALLIC MINERAL PRODUCTS	**3.202**	**109.8**	**108.9**	**111.7**	**111.4**	**111.6**
1.3.13.1 Glass and Glass products	0.295	116.6	114.7	117.1	116.6	116.9
1.3.13.2 Refractory products	0.223	116.2	115.1	113.2	111.7	111.8
1.3.13.3 Clay Building Materials	0.121	94.3	87.8	90.5	92.0	94.3
1.3.13.4 Other Porcelain and Ceramic Products	0.222	111.8	111.8	113.1	112.1	112.3
1.3.13.5 Cement, Lime and Plaster	1.645	110.6	109.5	113.3	113.0	113.3
1.3.13.6 Articles of Concrete, Cement and Plaster	0.292	115.3	115.9	120.0	119.0	119.7
1.3.13.7 Cutting, Shaping and Finishing of Stone	0.234	117.4	119.0	116.7	117.3	116.8
1.3.13.8 Other Non-Metallic Mineral Products	0.169	70.9	68.8	77.4	77.4	76.9
1.3.14 MANUFACTURE OF BASIC METALS	**9.646**	**91.1**	**92.7**	**100.7**	**101.0**	**102.0**
1.3.14.1 Inputs into steel making	1.411	82.9	87.5	97.0	96.9	97.7
1.3.14.2 Metallic Iron	0.653	79.4	81.6	98.6	99.2	100.4
1.3.14.3 Mild Steel - Semi Finished Steel	1.274	89.8	88.8	92.4	92.6	94.3
1.3.14.4 Mild Steel -Long Products	1.081	85.3	86.0	91.7	92.5	91.4
1.3.14.5 Mild Steel - Flat products	1.144	89.4	91.6	104.8	104.9	105.9
1.3.14.6 Alloy steel other than Stainless Steel- Shapes	0.067	85.6	86.3	93.8	93.7	95.5
1.3.14.7 Stainless Steel - Semi Finished	0.924	84.1	86.1	95.5	96.1	100.8
1.3.14.8 Pipes & tubes	0.205	107.8	111.2	116.4	118.0	120.0
1.3.14.9 Non-ferrous metals incl. precious metals	1.693	100.1	102.3	109.9	110.2	109.5
1.3.14.10 Castings	0.925	102.2	101.2	104.5	104.5	106.1
1.3.14.11 Forgings of steel	0.271	118.2	117.5	120.3	120.3	119.6
1.3.15 MANUFACTURE OF FABRICATED METAL PRODUCTS, EXCEPT MACHINERY AND EQUIPMENT	**3.155**	**105.1**	**105.6**	**109.6**	**111.1**	**110.9**
1.3.15.1 Structural Metal Products	1.031	102.5	102.9	104.0	105.2	106.3
1.3.15.2 Tanks, Reservoirs and Containers of Metal	0.660	109.2	111.5	126.6	128.7	126.1
1.3.15.3 Steam generators, Except Central Heating Hot Water Boilers	0.145	108.5	109.3	109.4	109.4	109.4
1.3.15.4 Forging, Pressing, Stamping and Roll-Forming of Metal; Powder Metallurgy	0.383	94.7	93.7	89.2	90.9	91.0
1.3.15.5 Cutlery, Hand Tools and General Hardware	0.208	111.5	110.5	94.3	97.8	97.7
1.3.15.6 Other Fabricated Metal Products	0.728	108.1	108.4	117.2	118.5	118.2
1.3.16 MANUFACTURE OF COMPUTER, ELECTRONIC AND OPTICAL PRODUCTS	**2.009**	**108.3**	**108.2**	**111.2**	**110.3**	**110.7**
1.3.16.1 Electronic Components	0.402	106.7	108.3	104.4	103.7	102.8
1.3.16.2 Computers and Peripheral Equipment	0.336	127.3	127.3	127.4	127.4	127.4

No. 21: Wholesale Price Index (Concld.)

(Base: 2011-12 = 100)

Commodities	Weight	2016-17	2016	2017		
			Dec.	Oct.	Nov. (P)	Dec. (P)
	1	2	3	4	5	6
1.3.16.3 Communication Equipment	0.310	104.1	104.1	115.7	115.7	116.0
1.3.16.4 Consumer Electronics	0.641	100.0	98.6	103.5	101.6	102.9
1.3.16.5 Measuring, Testing, Navigating and Control equipment	0.181	103.1	102.3	106.2	106.5	107.8
1.3.16.6 Watches and Clocks	0.076	137.9	139.8	137.2	136.1	136.1
1.3.16.7 Irradiation, Electromedical and Electrotherapeutic equipment	0.055	104.3	103.5	104.3	102.3	102.3
1.3.16.8 Optical instruments and Photographic equipment	0.008	96.6	95.0	113.6	113.6	113.1
1.3.17 MANUFACTURE OF ELECTRICAL EQUIPMENT	**2.930**	**108.2**	**108.3**	**110.2**	**110.0**	**110.0**
1.3.17.1 Electric motors, Generators, Transformers and Electricity distribution and Control apparatus	1.298	105.0	104.9	106.5	106.3	105.9
1.3.17.2 Batteries and Accumulators	0.236	120.4	120.8	115.6	116.4	116.3
1.3.17.3 Fibre optic cables for data transmission or live transmission of images	0.133	118.8	118.3	117.2	114.2	114.2
1.3.17.4 Other electronic and Electric wires and Cables	0.428	99.7	101.4	106.0	107.3	107.3
1.3.17.5 Wiring devices, Electric lighting & display equipment	0.263	108.5	107.2	111.9	111.0	111.2
1.3.17.6 Domestic appliances	0.366	119.4	119.9	121.7	121.7	121.5
1.3.17.7 Other electrical equipment	0.206	104.4	103.8	108.1	106.7	108.8
1.3.18 MANUFACTURE OF MACHINERY AND EQUIPMENT	**4.789**	**107.9**	**108.3**	**109.0**	**109.4**	**109.2**
1.3.18.1 Engines and Turbines, Except aircraft, Vehicle and Two wheeler engines	0.638	104.1	104.1	101.4	101.3	101.8
1.3.18.2 Fluid power equipment	0.162	114.3	114.7	115.7	115.2	115.2
1.3.18.3 Other pumps, Compressors, Taps and Valves	0.552	106.6	107.7	108.3	108.7	109.0
1.3.18.4 Bearings, Gears, Gearing and Driving elements	0.340	104.5	106.8	110.2	110.2	109.9
1.3.18.5 Ovens, Furnaces and Furnace burners	0.008	77.8	74.0	79.1	79.5	79.5
1.3.18.6 Lifting and Handling equipment	0.285	103.2	103.3	107.4	109.0	107.8
1.3.18.7 Office machinery and Equipment	0.006	130.2	130.2	130.2	130.2	130.2
1.3.18.8 Other general-purpose machinery	0.437	124.9	126.1	127.6	128.7	127.4
1.3.18.9 Agricultural and Forestry machinery	0.833	112.3	112.2	112.7	112.8	113.1
1.3.18.10 Metal-forming machinery and Machine tools	0.224	100.1	99.9	98.9	98.7	99.8
1.3.18.11 Machinery for mining, Quarrying and Construction	0.371	79.6	76.7	74.0	74.7	74.0
1.3.18.12 Machinery for food, Beverage and Tobacco processing	0.228	116.9	121.2	121.3	122.8	121.8
1.3.18.13 Machinery for textile, Apparel and Leather production	0.192	116.2	115.7	118.7	119.2	119.2
1.3.18.14 Other special-purpose machinery	0.468	115.8	116.7	120.2	120.7	119.6
1.3.18.15 Renewable electricity generating equipment	0.046	73.7	72.4	71.0	71.0	70.3
1.3.19 MANUFACTURE OF MOTOR VEHICLES, TRAILERS AND SEMI-TRAILERS	**4.969**	**110.4**	**110.1**	**110.3**	**110.4**	**110.3**
1.3.19.1 Motor vehicles	2.600	113.4	113.6	112.2	112.0	111.9
1.3.19.2 Parts and Accessories for motor vehicles	2.368	107.2	106.3	108.2	108.6	108.6
1.3.20 MANUFACTURE OF OTHER TRANSPORT EQUIPMENT	**1.648**	**107.7**	**109.3**	**110.5**	**110.8**	**110.6**
1.3.20.1 Building of ships and Floating structures	0.117	158.7	158.8	158.8	158.8	158.7
1.3.20.2 Railway locomotives and Rolling stock	0.110	100.6	102.5	104.7	104.7	104.7
1.3.20.3 Motor cycles	1.302	102.8	104.7	105.8	106.1	106.0
1.3.20.4 Bicycles and Invalid carriages	0.117	118.0	117.6	120.1	120.1	120.1
1.3.20.5 Other transport equipment	0.002	116.5	115.1	119.7	119.0	119.7
1.3.21 MANUFACTURE OF FURNITURE	**0.727**	**114.1**	**113.6**	**122.1**	**122.5**	**120.1**
1.3.21.1 Furniture	0.727	114.1	113.6	122.1	122.5	120.1
1.3.22 OTHER MANUFACTURING	**1.064**	**119.7**	**112.6**	**108.4**	**108.7**	**111.7**
1.3.22.1 Jewellery and Related articles	0.996	118.4	110.7	105.7	105.8	109.0
1.3.22.2 Musical instruments	0.001	158.0	160.6	185.2	181.2	181.3
1.3.22.3 Sports goods	0.012	124.7	126.5	126.1	125.9	125.3
1.3.22.4 Games and Toys	0.005	125.2	123.2	125.8	126.3	128.5
1.3.22.5 Medical and Dental instruments and Supplies	0.049	143.3	144.5	155.3	157.6	157.6
2 FOOD INDEX	**24.378**	**134.7**	**133.9**	**140.6**	**142.1**	**137.8**

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

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

Industry	Weight	2015-16	2016-17	April-November		November	
				2016-17	2017-18	2016	2017
	1	2	3	4	5	6	7
General Index	100.00	114.7	120.0	117.8	121.6	115.9	125.6
1 Sectoral Classification							
1.1 Mining	14.37	97.3	102.5	95.5	98.4	106.2	107.4
1.2 Manufacturing	77.63	115.9	121.0	119.3	123.0	115.7	127.5
1.3 Electricity	7.99	133.8	141.6	143.1	150.5	134.9	140.1
2 Use-Based Classification							
2.1 Primary Goods	34.05	112.0	117.5	114.6	118.5	117.0	120.7
2.2 Capital Goods	8.22	98.4	101.5	98.2	100.3	98.7	108.0
2.3 Intermediate Goods	17.22	118.4	122.3	120.9	122.0	117.7	124.2
2.4 Infrastructure/ Construction Goods	12.34	120.3	125.0	123.4	128.1	113.7	129.1
2.5 Consumer Durables	12.84	119.1	122.6	124.2	122.4	118.3	121.2
2.6 Consumer Non-Durables	15.33	117.2	126.5	122.1	133.6	120.5	148.3

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 - Dec			
	2017-18 (Budget Estimates)	2017-18 (Actuals)	2016-17 (Actuals)	Percentage to Budget Estimates	
				2017-18	2016-17
	1	2	3	4	5
1 Revenue Receipts	**15,157.7**	**10,136.2**	**9,345.7**	**66.9**	**67.9**
1.1 Tax Revenue (Net)	12,270.1	9,001.2	7,521.2	73.4	71.4
1.2 Non-Tax Revenue	2,887.6	1,135.0	1,824.5	39.3	56.5
2 Capital Receipts	**6,309.6**	**6,853.3**	**5,351.8**	**108.6**	**89.0**
2.1 Recovery of Loans	119.3	106.4	104.0	89.2	97.8
2.2 Other Receipts	725.0	537.4	235.3	74.1	41.6
2.3 Borrowings and Other Liabilities	5,465.3	6,209.5	5,012.5	113.6	93.9
3 Total Receipts (1+2)	**21,467.4**	**16,989.6**	**14,697.5**	**79.1**	**74.3**
4 Revenue Expenditure	18,369.3	14,623.6	12,888.6	79.6	74.5
4.1 Interest Payments	5,230.8	3,739.6	3,256.8	71.5	66.1
5 Capital Expenditure	3,098.0	2,366.0	1,808.9	76.4	73.2
6 Total Expenditure (4+5)	**21,467.4**	**16,989.6**	**14,697.5**	**79.1**	**74.3**
7 Revenue Deficit (4-1)	**3,211.6**	**4,487.4**	**3,543.0**	**139.7**	**100.1**
8 Fiscal Deficit {6-(1+2.1+2.2)}	**5,465.3**	**6,209.5**	**5,012.5**	**113.6**	**93.9**
9 Gross Primary Deficit (8-4.1)	**234.5**	**2,469.9**	**1,755.7**	**1,053.1**	**425.8**

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

No. 24: Treasury Bills – Ownership Pattern

(₹ Billion)

Item	2016-17	2016	2017					
		Dec. 30	Nov. 24	Dec. 1	Dec. 8	Dec. 15	Dec. 22	Dec. 29
	1	2	3	4	5	6	7	8
1 91-day								
1.1 Banks	323.7	275.3	230.0	291.0	197.5	224.3	179.0	274.3
1.2 Primary Dealers	243.5	218.4	265.9	221.3	194.8	203.0	224.1	182.7
1.3 State Governments	146.2	691.9	894.9	894.9	864.9	959.0	1,004.0	1,022.0
1.4 Others	343.4	677.6	689.8	643.5	741.9	676.8	673.2	589.3
2 182-day								
2.1 Banks	216.2	320.4	333.8	379.9	334.8	365.3	362.7	361.4
2.2 Primary Dealers	316.5	361.0	244.1	219.5	209.8	210.7	218.1	193.2
2.3 State Governments	193.6	177.3	110.2	80.3	80.3	76.2	76.2	61.2
2.4 Others	120.9	81.8	172.5	116.2	189.0	117.8	122.0	108.7
3 364-day								
3.1 Banks	512.3	682.1	341.2	364.6	336.6	340.8	332.6	339.8
3.2 Primary Dealers	551.8	561.8	586.2	609.6	550.4	602.0	555.9	606.0
3.3 State Governments	26.3	26.2	29.7	29.7	29.7	29.7	29.7	29.7
3.4 Others	326.4	292.6	378.0	351.1	390.1	351.8	378.9	341.2
4 14-day Intermediate								
4.1 Banks	–	–	–	–	–	–	–	–
4.2 Primary Dealers	–	–	–	–	–	–	–	–
4.3 State Governments	1,560.6	1,172.9	1,261.0	1,328.7	1,003.1	1,264.4	1,391.5	1,564.5
4.4 Others	5.1	4.7	4.6	4.7	5.1	5.4	5.7	4.7
Total Treasury Bills (Excluding 14 day Intermediate T Bills) #	3,320.8	4,366.5	4,276.5	4,201.6	4,119.8	4,157.4	4,156.4	4,109.3

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

No. 25: Auctions of Treasury Bills

(Amount in ₹ Billion)

Date of Auction	Notified Amount	Bids Received			Bids Accepted			Total Issue (6+7)	Cut-off Price	Implicit Yield at Cut-off Price (per cent)
		Number	Total Face Value		Number	Total Face Value				
			Competitive	Non-Competitive		Competitive	Non-Competitive			
	1	2	3	4	5	6	7	8	9	10
91-day Treasury Bills										
2017-18										
Nov. 29	70	49	1,113.44	70.32	44	70.00	70.32	140.32	98.49	6.1495
Dec. 6	70	47	1,418.87	52.00	44	70.00	52.00	122.00	98.49	6.1495
Dec. 13	70	47	867.86	180.51	38	70.00	180.51	250.51	98.49	6.1495
Dec. 20	70	50	434.01	122.37	28	70.00	122.37	192.37	98.48	6.1908
Dec. 27	70	47	568.79	70.58	18	70.00	70.58	140.58	98.48	6.1908
182-day Treasury Bills										
2017-18										
Nov. 29	20	30	64.68	0.02	16	20.00	0.02	20.02	96.98	6.2452
Dec. 6	20	43	82.75	–	21	20.00	–	20.00	96.97	6.2665
Dec. 13	20	43	84.00	35.01	26	20.00	35.01	55.01	96.95	6.3092
Dec. 20	20	50	111.99	0.01	24	20.00	0.01	20.01	96.94	6.3305
Dec. 27	20	35	86.78	–	8	20.00	–	20.00	96.94	6.3305
364-day Treasury Bills										
2017-18										
Nov. 29	20	40	105.73	–	7	20.00	–	20.00	94.11	6.2758
Dec. 6	20	40	88.83	–	2	20.00	–	20.00	94.13	6.2532
Dec. 13	20	48	68.32	–	31	20.00	–	20.00	94.04	6.3551
Dec. 20	20	39	69.48	–	18	20.00	–	20.00	94.00	6.4005
Dec. 27	20	48	91.78	–	18	20.00	–	20.00	93.98	6.4232

Financial Markets

No. 26: Daily Call Money Rates

(Per cent per annum)

As on			Range of Rates	Weighted Average Rates
			Borrowings/ Lendings	Borrowings/ Lendings
			1	2
December	2,	2017	4.30-5.85	5.30
December	4,	2017	5.05-6.05	5.83
December	5,	2017	4.95-6.00	5.82
December	6,	2017	4.95-6.00	5.80
December	7,	2017	4.80-6.00	5.76
December	8,	2017	4.80-6.05	5.90
December	11,	2017	4.85-6.05	5.86
December	12,	2017	4.85-6.05	5.82
December	13,	2017	4.85-6.05	5.82
December	14,	2017	4.85-6.10	5.83
December	15,	2017	4.85-6.40	5.97
December	16,	2017	5.00-6.25	5.68
December	18,	2017	4.90-6.30	6.01
December	19,	2017	4.90-6.25	6.02
December	20,	2017	4.90-6.20	5.98
December	21,	2017	4.90-6.25	5.94
December	22,	2017	4.90-6.06	5.97
December	26,	2017	4.85-6.50	5.96
December	27,	2017	4.95-6.40	5.96
December	28,	2017	4.95-6.80	6.00
December	29,	2017	4.20-6.55	6.04
December	30,	2017	5.00-6.50	6.04
January	1,	2018	4.80-6.25	5.92
January	2,	2018	4.80-6.07	5.87
January	3,	2018	4.80-6.00	5.84
January	4,	2018	4.90-6.00	5.80
January	5,	2018	4.70-6.02	5.87
January	6,	2018	4.50-6.10	5.83
January	8,	2018	4.80-6.05	5.87
January	9,	2018	4.90-6.05	5.86
January	10,	2018	4.90-6.00	5.89
January	11,	2018	4.90-6.15	5.88
January	12,	2018	4.90-6.10	5.90
January	15,	2018	4.90-6.05	5.91

Note: Includes Notice Money.

No. 27: Certificates of Deposit

Item	2016	2017			
	Dec. 23	Nov. 10	Nov. 24	Dec. 8	Dec. 22
	1	2	3	4	5
1 Amount Outstanding (₹ Billion)	1,468.0	1,216.5	1,218.9	1,196.6	1,269.8
1.1 Issued during the fortnight (₹ Billion)	16.7	61.8	135.1	122.2	185.2
2 Rate of Interest (per cent)	6.00-6.49	6.18-6.65	6.18-6.61	6.21-6.65	6.21-7.75

No. 28: Commercial Paper

Item	2016	2017			
	Dec. 31	Nov. 15	Nov. 30	Dec. 15	Dec. 31
	1	2	3	4	5
1 Amount Outstanding (₹ Billion)	3,618.0	4,815.8	4,736.8	4,815.3	4,090.5
1.1 Reported during the fortnight (₹ Billion)	906.9	1,034.1	960.2	961.9	916.0
2 Rate of Interest (per cent)	6.02-12.66	6.08-11.26	6.01-37.73	5.98-11.19	6.22-10.76

No. 29: Average Daily Turnover in Select Financial Markets

(₹ Billion)

Item	2016-17	2016	2017					
		Dec. 30	Nov. 24	Dec. 1	Dec. 8	Dec. 15	Dec. 22	Dec. 29
	1	2	3	4	5	6	7	8
1 Call Money	259.0	283.6	295.8	203.3	282.6	192.8	264.5	300.7
2 Notice Money	46.8	51.6	4.2	61.4	1.9	49.5	2.4	50.0
3 Term Money	8.4	5.9	8.1	8.9	8.9	8.2	3.4	5.3
4 CBLO	1,700.2	2,360.2	2,132.7	2,748.5	2,099.4	2,373.0	1,972.4	2,691.9
5 Market Repo	1,753.3	2,133.7	2,021.9	2,003.7	2,004.3	2,078.8	1,940.2	2,345.3
6 Repo in Corporate Bond	2.5	1.0	3.0	1.1	3.8	12.3	3.5	1.2
7 Forex (US $ million)	55,345	51,765	56,366	77,794	65,910	59,964	62,997	69,022
8 Govt. of India Dated Securities	1,249.1	689.3	1,170.8	913.1	828.2	834.5	680.9	760.2
9 State Govt. Securities	50.7	49.1	23.5	19.1	14.9	20.7	23.5	19.7
10 Treasury Bills								
10.1 91-Day	45.1	77.2	11.8	7.2	8.1	8.9	14.5	44.9
10.2 182-Day	11.8	8.8	4.6	7.1	11.7	3.7	0.5	4.4
10.3 364-Day	18.5	10.0	0.7	0.8	2.2	3.4	5.7	11.7
10.4 Cash Management Bills	13.8	42.6	–	–	–	–	–	–
11 Total Govt. Securities (8+9+10)	1388.8	877.0	1,211.4	947.3	865.1	871.3	725.2	840.9
11.1 RBI	–	0.8	41.8	1.7	3.1	2.3	2.3	0.6

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

(Amount in ₹ Billion)

Security & Type of Issue	2016-17		2016-17 (Apr.-Dec.)		2017-18 (Apr.-Dec.) *		Dec. 2016		Dec. 2017 *	
	No. of Issues	Amount	No. of Issues	Amount	No. of Issues	Amount	No. of Issues	Amount	No. of Issues	Amount
	1	2	3	4	5	6	7	8	9	10
1 Equity Shares	**116**	**303.6**	**74**	**247.7**	**143**	**369.7**	**5**	**13.8**	**18**	**22.4**
1A Premium	113	291.3	71	237.9	142	356.7	5	13.4	18	20.7
1.1 Public	105	280.7	69	234.8	130	324.5	5	13.8	16	13.9
1.1.1 Premium	102	270.4	66	226.3	129	313.8	5	13.4	16	13.1
1.2 Rights	11	22.9	5	13.0	13	45.1	–	–	2	8.5
1.2.1 Premium	11	20.9	5	11.7	13	42.9	–	–	2	7.6
2 Preference Shares	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2.1 Public	–	–	–	–	–	–	–	–	–	–
2.2 Rights	–	–	–	–	–	–	–	–	–	–
3 Debentures	**16**	**295.5**	**12**	**271.6**	**5**	**41.2**	**2**	**32.7**	**1**	**2.3**
3.1 Convertible	–	–	–	–	–	–	–	–	–	–
3.1.1 Public	–	–	–	–	–	–	–	–	–	–
3.1.2 Rights	–	–	–	–	–	–	–	–	–	–
3.2 Non-Convertible	16	295.5	12	271.6	5	41.2	2	32.7	1	2.3
3.2.1 Public	16	295.5	12	271.6	5	41.2	2	32.7	1	2.3
3.2.2 Rights	–	–	–	–	–	–	–	–	–	–
4 Bonds	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
4.1 Public	–	–	–	–	–	–	–	–	–	–
4.2 Rights	–	–	–	–	–	–	–	–	–	–
5 Total (1+2+3+4)	**132**	**599.0**	**86**	**519.3**	**148**	**410.9**	**7**	**46.5**	**19**	**24.7**
5.1 Public	121	576.1	81	506.4	135	365.8	7	46.5	17	16.2
5.2 Rights	11	22.9	5	13.0	13	45.1	–	–	2	8.5

* : Data is Provisional

Source : Securities and Exchange Board of India

External Sector

No. 31: Foreign Trade

Item	Unit	2016-17	2016	2017				
			Dec.	Aug.	Sep.	Oct.	Nov.	Dec.
		1	2	3	4	5	6	7
1 Exports	₹ Billion	18,541.0	1,633.4	1,490.7	1,846.3	1,486.9	1,693.3	1,738.9
	US $ Million	276,547.0	24,056.5	23,304.2	28,651.5	22,846.5	26,105.9	27,068.5
1.1 Oil	₹ Billion	2,120.3	196.1	181.5	231.7	201.8	231.2	210.8
	US $ Million	31,622.3	2,887.4	2,837.9	3,594.8	3,100.9	3,564.0	3,281.8
1.2 Non-oil	₹ Billion	16,420.7	1,437.4	1,309.2	1,614.7	1,285.1	1,462.1	1,528.1
	US $ Million	244,924.7	21,169.0	20,466.3	25,056.7	19,745.6	22,541.9	23,786.7
2 Imports	₹ Billion	25,668.2	2,349.5	2,306.3	2,443.8	2,439.0	2,622.8	2,690.7
	US $ Million	382,740.9	34,602.5	36,053.8	37,923.2	37,475.7	40,436.2	41,883.3
2.1 Oil	₹ Billion	5,825.6	520.6	498.7	527.4	605.8	619.5	664.6
	US $ Million	86,865.7	7,667.0	7,795.7	8,184.8	9,309.1	9,550.9	10,345.5
2.2 Non-oil	₹ Billion	19,842.6	1,828.9	1,807.6	1,916.4	1,833.1	2,003.3	2,026.1
	US $ Million	295,875.2	26,935.5	28,258.1	29,738.4	28,166.6	30,885.3	31,537.8
3 Trade Balance	₹ Billion	–7,127.2	–716.1	–815.6	–597.5	–952.1	–929.5	–951.7
	US $ Million	–106,193.9	–10,546.0	–12,749.6	–9,271.7	–14,629.3	–14,330.3	–14,814.7
3.1 Oil	₹ Billion	–3,705.4	–324.5	–317.1	–295.8	–404.0	–388.3	–453.8
	US $ Million	–55,243.4	–4,779.6	–4,957.8	–4,590.0	–6,208.2	–5,986.9	–7,063.7
3.2 Non-oil	₹ Billion	–3,421.9	–391.5	–498.4	–301.7	–548.1	–541.2	–497.9
	US $ Million	–50,950.6	–5,766.4	–7,791.9	–4,681.8	–8,421.1	–8,343.4	–7,751.0

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

No. 32: Foreign Exchange Reserves

Item	Unit	2017			2018			
		Jan. 27	Dec. 22	Dec. 29	Jan. 5	Jan. 12	Jan. 19	Jan. 26
		1	2	3	4	5	6	7
1 Total Reserves	**₹ Billion**	**24,642**	**25,936**	**26,177**	**26,067**	**26,294**	**26,431**	**26,535**
	US $ Million	**361,558**	**404,922**	**409,367**	**411,125**	**413,825**	**414,785**	**417,789**
1.1 Foreign Currency Assets	₹ Billion	23,123	24,376	24,615	24,536	24,762	24,896	25,000
	US $ Million	339,211	380,680	385,104	387,149	389,834	390,769	393,744
1.2 Gold	₹ Billion	1,263	1,335	1,335	1,306	1,306	1,306	1,306
	US $ Million	18,584	20,716	20,716	20,422	20,422	20,422	20,422
1.3 SDRs	SDRs Million	1,065	1,061	1,061	1,061	1,061	1,061	1,061
	₹ Billion	99	96	97	96	97	98	98
	US $ Million	1,444	1,503	1,512	1,515	1,521	1,531	1,544
1.4 Reserve Tranche Position in IMF	₹ Billion	158	130	130	129	130	131	132
	US $ Million	2,318	2,023	2,035	2,039	2,049	2,063	2,080

No. 33: NRI Deposits

(US$ Million)

Scheme	Outstanding				Flows	
	2016-17	2016	2017		2016-17	2017-18
		Dec.	Nov.	Dec.	Apr.-Dec.	Apr.-Dec.
	1	2	3	4	5	6
1 NRI Deposits	**116,867**	**109,831**	**120,879**	**123,315**	**–15,065**	**5,040**
1.1 FCNR(B)	21,002	20,859	21,170	21,808	–24,456	806
1.2 NR(E)RA	83,213	77,513	86,870	88,135	7,824	3,703
1.3 NRO	12,652	11,458	12,839	13,372	1,568	531

No. 34: Foreign Investment Inflows

(US$ Million)

Item	2016-17	2016-17	2017-18	2016	2017	
		Apr.-Dec.	Apr.-Dec.	Dec.	Nov.	Dec.
	1	2	3	4	5	6
1.1 Net Foreign Direct Investment (1.1.1–1.1.2)	**35,612**	**30,616**	**24,169**	**1,990**	**–1,336**	**4,323**
1.1.1 Direct Investment to India (1.1.1.1–1. 1.1.2)	**42,215**	**33,076**	**31,155**	**3,006**	**–709**	**4,724**
1.1.1.1 Gross Inflows/Gross Investments	**60,220**	**47,880**	**48,201**	**4,630**	**4,307**	**6,290**
1.1.1.1.1 Equity	44,701	36,735	36,759	3,451	3,191	4,923
1.1.1.1.1.1 Government (SIA/FIPB)	5,900	5,762	6,488	248	18	55
1.1.1.1.1.2 RBI	30,417	24,467	22,663	2,411	2,327	2,995
1.1.1.1.1.3 Acquisition of shares	7,161	5,615	6,789	687	741	1,769
1.1.1.1.1.4 Equity capital of unincorporated bodies	1,223	890	818	104	104	104
1.1.1.1.2 Reinvested earnings	12,343	9,102	9,016	1,020	1,020	1,020
1.1.1.1.3 Other capital	3,176	2,043	2,426	158	97	347
1.1.1.2 Repatriation/Disinvestment	**18,005**	**14,804**	**17,046**	**1,624**	**5,016**	**1,565**
1.1.1.2.1 Equity	17,318	14,500	16,861	1,604	5,004	1,561
1.1.1.2.2 Other capital	687	305	185	20	13	4
1.1.2 Foreign Direct Investment by India (1.1.2.1+1.1.2.2+1.1.2.3–1.1.2.4)	**6,603**	**2,459**	**6,986**	**1,016**	**626**	**401**
1.1.2.1 Equity capital	9,792	6,321	3,859	670	390	357
1.1.2.2 Reinvested Earnings	2,925	2,194	2,294	244	244	244
1.1.2.3 Other Capital	4,450	2,851	3,578	263	241	277
1.1.2.4 Repatriation/Disinvestment	10,564	8,907	2,746	160	248	476
1.2 Net Portfolio Investment (1.2.1+1.2.2+1.2.3–1.2.4)	**7,612**	**–3,187**	**19,838**	**–4,380**	**2,662**	**–351**
1.2.1 GDRs/ADRs	–	–	–	–	–	–
1.2.2 FIIs	7,766	–3,365	19,788	–4,371	2,731	–355
1.2.3 Offshore funds and others	–	–	–	–	–	–
1.2.4 Portfolio investment by India	154	–178	–51	9	69	–4
1 Foreign Investment Inflows	**43,224**	**27,429**	**44,008**	**–2,391**	**1,326**	**3,972**

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

(US$ Million)

Item	2016-17	2016	2017		
		Dec.	Oct.	Nov.	Dec.
	1	2	3	4	5
1 Outward Remittances under the LRS	**8,170.7**	**619.1**	**811.3**	**830.8**	**981.4**
1.1 Deposit	283.8	21.6	22.0	22.2	31.6
1.2 Purchase of immovable property	92.9	6.3	6.2	5.6	10.9
1.3 Investment in equity/debt	443.6	37.5	33.2	43.1	31.0
1.4 Gift	749.5	55.9	85.1	99.0	107.9
1.5 Donations	8.8	1.3	0.6	0.4	0.4
1.6 Travel	2,568.0	201.8	279.9	271.0	361.6
1.7 Maintenance of close relatives	2,169.5	160.2	201.1	235.2	255.3
1.8 Medical Treatment	17.3	1.5	2.0	2.9	2.7
1.9 Studies Abroad	1,536.4	120.3	167.4	136.3	147.0
1.10 Others	300.8	12.8	13.8	15.1	32.9

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

Item	2015-16	2016-17	2017		2018
			January	December	January
	1	2	3	4	5
36-Currency Export and Trade Based Weights (Base: 2004-05=100)					
1 Trade-Based Weights					
1.1 NEER	74.75	74.65	75.22	77.22	76.88
1.2 REER	112.08	114.51	114.69	122.57	122.03
2 Export-Based Weights					
2.1 NEER	76.45	76.38	76.98	79.16	79.01
2.2 REER	114.44	116.44	116.43	124.69	124.45
6-Currency Trade Based Weights					
1 Base: 2004-05 (April-March) =100					
1.1 NEER	67.52	66.86	67.39	68.07	67.57
1.2 REER	122.71	125.17	125.13	131.96	129.87
2 Base: 2016-17 (April-March) =100					
2.1 NEER	101.00	100.00	100.79	101.81	101.07
2.2 REER	98.04	100.00	99.97	105.43	103.75

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

(Amount in US$ Million)

Item	2016-17	2016	2017	
		Dec.	Nov.	Dec.
	1	2	3	4
1 Automatic Route				
1.1 Number	729	67	63	56
1.2 Amount	16,247	1,023	2,012	905
2 Approval Route				
2.1 Number	37	5	6	1
2.2 Amount	5,738	1,778	1,027	400
3 Total (1+2)				
3.1 Number	766	72	69	57
3.2 Amount	21,985	2,801	3,039	1,305
4 Weighted Average Maturity (in years)	5.30	3.40	6.80	6.20
5 Interest Rate (per cent)				
5.1 Weighted Average Margin over 6-month LIBOR or reference rate for Floating Rate Loans	1.62	1.10	0.80	2.39
5.2 Interest rate range for Fixed Rate Loans	0.00-14.75	0.00-14.75	0.00-11.00	0.00-10.50

No. 38: India's Overall Balance of Payments

(US $ Million)

Item	Jul-Sep 2016 (PR)			Jul-Sep 2017 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
Overall Balance of Payments(1+2+3)	**266,603**	**258,092**	**8,512**	**292,468**	**282,969**	**9,499**
1 CURRENT ACCOUNT (1.1+ 1.2)	**127,666**	**131,133**	**–3,467**	**145,566**	**152,793**	**–7,227**
1.1 MERCHANDISE	**67,411**	**93,023**	**–25,612**	**76,082**	**108,880**	**–32,798**
1.2 INVISIBLES (1.2.1+1.2.2+1.2.3)	**60,255**	**38,110**	**22,146**	**69,484**	**43,913**	**25,571**
1.2.1 Services	40,880	24,586	16,295	47,408	28,987	18,421
1.2.1.1 Travel	5,534	4,525	1,009	6,962	5,332	1,630
1.2.1.2 Transportation	3,931	3,492	439	4,206	4,175	31
1.2.1.3 Insurance	577	357	220	635	542	92
1.2.1.4 G.n.i.e.	146	156	–10	126	145	–19
1.2.1.5 Miscellaneous	30,692	16,055	14,637	35,479	18,793	16,686
1.2.1.5.1 Software Services	18,644	994	17,650	19,290	1,325	17,965
1.2.1.5.2 Business Services	8,249	8,008	241	9,084	9,559	–475
1.2.1.5.3 Financial Services	1,479	1,530	–51	1,321	1,574	–253
1.2.1.5.4 Communication Services	611	266	345	536	215	321
1.2.2 Transfers	15,247	1,345	13,902	17,522	1,883	15,640
1.2.2.1 Official	67	212	–146	108	245	–137
1.2.2.2 Private	15,180	1,133	14,048	17,414	1,638	15,776
1.2.3 Income	4,128	12,179	–8,051	4,554	13,044	–8,490
1.2.3.1 Investment Income	3,226	11,612	–8,386	3,524	12,480	–8,956
1.2.3.2 Compensation of Employees	902	566	336	1,030	564	466
2 CAPITAL ACCOUNT (2.1+2.2+2.3+2.4+2.5)	**138,938**	**126,103**	**12,835**	**146,541**	**130,176**	**16,365**
2.1 Foreign Investment (2.1.1+2.1.2)	**86,378**	**63,328**	**23,050**	**87,185**	**72,721**	**14,464**
2.1.1 Foreign Direct Investment	24,066	7,066	17,000	20,040	7,642	12,398
2.1.1.1 In India	18,064	4,081	13,983	18,973	4,288	14,685
2.1.1.1.1 Equity	14,328	3,904	10,424	15,203	4,253	10,950
2.1.1.1.2 Reinvested Earnings	2,874	–	2,874	3,037	–	3,037
2.1.1.1.3 Other Capital	863	177	686	732	34	698
2.1.1.2 Abroad	6,002	2,985	3,016	1,067	3,355	–2,288
2.1.1.2.1 Equity	6,002	1,612	4,390	1,067	978	89
2.1.1.2.2 Reinvested Earnings	0	731	–731	0	781	–781
2.1.1.2.3 Other Capital	0	643	–643	0	1,595	–1,595
2.1.2 Portfolio Investment	62,312	56,262	6,050	67,145	65,079	2,066
2.1.2.1 In India	62,146	55,437	6,709	67,016	64,579	2,437
2.1.2.1.1 FIIs	62,146	55,437	6,709	67,016	64,579	2,437
2.1.2.1.1.1 Equity	49,356	44,833	4,523	52,492	55,924	–3,432
2.1.2.1.1.2 Debt	12,790	10,604	2,186	14,524	8,655	5,869
2.1.2.1.2 ADR/GDRs	0	0	0	0	0	0
2.1.2.2 Abroad	167	825	–658	128	500	–372
2.2 Loans (2.2.1+2.2.2+2.2.3)	**28,893**	**30,583**	**–1,690**	**33,429**	**30,585**	**2,843**
2.2.1 External Assistance	1,014	1,133	–119	1,259	1,215	44
2.2.1.1 By India	14	58	–43	14	70	–56
2.2.1.2 To India	999	1,075	–75	1,245	1,145	100
2.2.2 Commercial Borrowings	6,154	7,542	–1,388	8,146	9,341	–1,195
2.2.2.1 By India	859	596	263	2,964	2,672	292
2.2.2.2 To India	5,295	6,946	–1,651	5,182	6,669	–1,487
2.2.3 Short Term to India	21,726	21,908	–182	24,023	20,029	3,994
2.2.3.1 Suppliers' Credit > 180 days & Buyers' Credit	21,400	21,908	–508	23,614	20,029	3,585
2.2.3.2 Suppliers' Credit up to 180 days	326	0	326	409	0	409
2.3 Banking Capital (2.3.1+2.3.2)	**15,881**	**22,487**	**–6,606**	**16,876**	**16,702**	**174**
2.3.1 Commercial Banks	15,624	22,487	–6,862	16,790	16,702	88
2.3.1.1 Assets	943	8,992	–8,049	2,566	4,936	–2,370
2.3.1.2 Liabilities	14,682	13,495	1,187	14,224	11,766	2,458
2.3.1.2.1 Non-Resident Deposits	13,611	11,523	2,088	12,187	11,476	711
2.3.2 Others	256	0	256	86	0	86
2.4 Rupee Debt Service	0	17	–17	0	2	–2
2.5 Other Capital	7,785	9,688	–1,903	9,052	10,165	–1,114
3 Errors & Omissions	**–**	**857**	**–857**	**360**	**–**	**360**
4 Monetary Movements (4.1+ 4.2)	0	**8,512**	**–8,512**	0	**9,499**	**–9,499**
4.1 I.M.F.	0	0	0	–	–	–
4.2 Foreign Exchange Reserves (Increase - / Decrease +)	0	8,512	–8,512	–	9,499	–9,499

No. 39: India's Overall Balance of Payments

(₹ Billion)

Item	Jul-Sep 2016 (PR)			Jul-Sep 2017 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
Overall Balance of Payments(1+2+3)	**17,852**	**17,282**	**570**	**18,802**	**18,192**	**611**
1 CURRENT ACCOUNT (1.1+ 1.2)	**8,549**	**8,781**	**–232**	**9,358**	**9,823**	**–465**
1.1 MERCHANDISE	**4,514**	**6,229**	**–1,715**	**4,891**	**7,000**	**–2,109**
1.2 INVISIBLES (1.2.1+1.2.2+1.2.3)	**4,035**	**2,552**	**1,483**	**4,467**	**2,823**	**1,644**
1.2.1 Services	2,737	1,646	1,091	3,048	1,864	1,184
1.2.1.1 Travel	371	303	68	448	343	105
1.2.1.2 Transportation	263	234	29	270	268	2
1.2.1.3 Insurance	39	24	15	41	35	6
1.2.1.4 G.n.i.e.	10	10	–1	8	9	–1
1.2.1.5 Miscellaneous	2,055	1,075	980	2,281	1,208	1,073
1.2.1.5.1 Software Services	1,248	67	1,182	1,240	85	1,155
1.2.1.5.2 Business Services	552	536	16	584	615	–31
1.2.1.5.3 Financial Services	99	102	–3	85	101	–16
1.2.1.5.4 Communication Services	41	18	23	34	14	21
1.2.2 Transfers	1,021	90	931	1,126	121	1,005
1.2.2.1 Official	4	14	–10	7	16	–9
1.2.2.2 Private	1,017	76	941	1,120	105	1,014
1.2.3 Income	276	816	–539	293	839	–546
1.2.3.1 Investment Income	216	778	–562	227	802	–576
1.2.3.2 Compensation of Employees	60	38	22	66	36	30
2 CAPITAL ACCOUNT (2.1+2.2+2.3+2.4+2.5)	**9,303**	**8,444**	**859**	**9,421**	**8,369**	**1,052**
2.1 Foreign Investment (2.1.1+2.1.2)	5,784	4,241	1,543	5,605	4,675	930
2.1.1 Foreign Direct Investment	1,612	473	1,138	1,288	491	797
2.1.1.1 In India	1,210	273	936	1,220	276	944
2.1.1.1.1 Equity	959	261	698	977	273	704
2.1.1.1.2 Reinvested Earnings	192	0	192	195	0	195
2.1.1.1.3 Other Capital	58	12	46	47	2	45
2.1.1.2 Abroad	402	200	202	69	216	–147
2.1.1.2.1 Equity	402	108	294	69	63	6
2.1.1.2.2 Reinvested Earnings	0	49	–49	0	50	–50
2.1.1.2.3 Other Capital	0	43	–43	0	103	–103
2.1.2 Portfolio Investment	4,173	3,767	405	4,317	4,184	133
2.1.2.1 In India	4,161	3,712	449	4,308	4,152	157
2.1.2.1.1 FIIs	4,161	3,712	449	4,308	4,152	157
2.1.2.1.1.1 Equity	3,305	3,002	303	3,375	3,595	–221
2.1.2.1.1.2 Debt	856	710	146	934	556	377
2.1.2.1.2 ADR/GDRs	0	0	0	0	0	0
2.1.2.2 Abroad	11	55	–44	8	32	–24
2.2 Loans (2.2.1+2.2.2+2.2.3)	**1,935**	**2,048**	**–113**	**2,149**	**1,966**	**183**
2.2.1 External Assistance	68	76	–8	81	78	3
2.2.1.1 By India	1	4	–3	1	5	–4
2.2.1.2 To India	67	72	–5	80	74	6
2.2.2 Commercial Borrowings	412	505	–93	524	601	–77
2.2.2.1 By India	58	40	18	191	172	19
2.2.2.2 To India	355	465	–111	333	429	–96
2.2.3 Short Term to India	1,455	1,467	–12	1,544	1,288	257
2.2.3.1 Suppliers' Credit > 180 days & Buyers' Credit	1,433	1,467	–34	1,518	1,288	231
2.2.3.2 Suppliers' Credit up to 180 days	22	0	22	26	0	26
2.3 Banking Capital (2.3.1+2.3.2)	**1,063**	**1,506**	**–442**	**1,085**	**1,074**	**11**
2.3.1 Commercial Banks	1,046	1,506	–460	1,079	1,074	6
2.3.1.1 Assets	63	602	–539	165	317	–152
2.3.1.2 Liabilities	983	904	79	914	756	158
2.3.1.2.1 Non-Resident Deposits	911	772	140	783	738	46
2.3.2 Others	17	0	17	6	0	6
2.4 Rupee Debt Service	0	1	–1	0	0	–
2.5 Other Capital	521	649	–127	582	654	–72
3 Errors & Omissions	–	**57**	**–57**	**23**	–	**23**
4 Monetary Movements (4.1+ 4.2)	0	**570**	**–570**	0	**611**	**–611**
4.1 I.M.F.	0	0	0	–	–	–
4.2 Foreign Exchange Reserves (Increase - / Decrease +)	0	570	–570	0	611	–611

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

(US $ Million)

Item	Jul-Sep 2016 (PR)			Jul-Sep 2017 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
1 Current Account (1.A+1.B+1.C)	**127,663**	**131,112**	**–3,449**	**145,558**	**152,770**	**–7,213**
1.A Goods and Services (1.A.a+1.A.b)	**108,291**	**117,608**	**–9,318**	**123,490**	**137,867**	**–14,377**
1.A.a Goods (1.A.a.1 to 1.A.a.3)	**67,411**	**93,023**	**–25,612**	**76,082**	**108,880**	**–32,798**
1.A.a.1 General merchandise on a BOP basis	67,072	89,024	–21,951	75,534	103,167	–27,633
1.A.a.2 Net exports of goods under merchanting	338	0	338	548	0	548
1.A.a.3 Nonmonetary gold	–	3,999	–3,999	–	5,713	–5,713
1.A.b Services (1.A.b.1 to 1.A.b.13)	**40,880**	**24,586**	**16,295**	**47,408**	**28,987**	**18,421**
1.A.b.1 Manufacturing services on physical inputs owned by others	24	8	15	32	9	24
1.A.b.2 Maintenance and repair services n.i.e.	34	88	–53	52	109	–58
1.A.b.3 Transport	3,931	3,492	439	4,206	4,175	31
1.A.b.4 Travel	5,534	4,525	1,009	6,962	5,332	1,630
1.A.b.5 Construction	526	180	346	517	366	152
1.A.b.6 Insurance and pension services	577	357	220	635	542	92
1.A.b.7 Financial services	1,479	1,530	–51	1,321	1,574	–253
1.A.b.8 Charges for the use of intellectual property n.i.e.	113	1,241	–1,128	142	1,290	–1,147
1.A.b.9 Telecommunications, computer, and information services	19,351	1,325	18,026	19,981	1,653	18,328
1.A.b.10 Other business services	8,249	8,008	241	9,084	9,559	–475
1.A.b.11 Personal, cultural, and recreational services	356	633	–277	371	723	–353
1.A.b.12 Government goods and services n.i.e.	146	156	–10	126	145	–19
1.A.b.13 Others n.i.e.	561	3,043	–2,481	3,978	3,510	468
1.B Primary Income (1.B.1 to 1.B.3)	**4,128**	**12,179**	**–8,051**	**4,554**	**13,044**	**–8,490**
1.B.1 Compensation of employees	902	566	336	1,030	564	466
1.B.2 Investment income	2,786	11,465	–8,679	2,795	12,358	–9,563
1.B.2.1 Direct investment	1,237	5,719	–4,483	1,486	5,899	–4,413
1.B.2.2 Portfolio investment	36	2,645	–2,608	70	3,442	–3,372
1.B.2.3 Other investment	522	3,100	–2,578	153	3,009	–2,856
1.B.2.4 Reserve assets	991	1	990	1,086	8	1,078
1.B.3 Other primary income	440	147	293	728	122	607
1.C Secondary Income (1.C.1+1.C.2)	**15,244**	**1,325**	**13,919**	**17,514**	**1,860**	**15,654**
1.C.1 Financial corporations, nonfinancial corporations, households, and NPISHs	15,180	1,133	14,048	17,414	1,638	15,776
1.C.1.1 Personal transfers (Current transfers between resident and/ non-resident households)	14,668	891	13,777	16,854	1,352	15,502
1.C.1.2 Other current transfers	513	242	271	560	286	274
1.C.2 General government	64	192	–129	100	222	–122
2 Capital Account (2.1+2.2)	**58**	**72**	**–14**	**83**	**118**	**–35**
2.1 Gross acquisitions (DR.)/disposals (CR.) of non-produced nonfinancial assets	5	14	–9	20	41	–22
2.2 Capital transfers	53	58	–5	64	76	–13
3 Financial Account (3.1 to 3.5)	**138,882**	**134,562**	**4,320**	**146,466**	**139,580**	**6,887**
3.1 Direct Investment (3.1A+3.1B)	**24,066**	**7,066**	**17,000**	**20,040**	**7,642**	**12,398**
3.1.A Direct Investment in India	18,064	4,081	13,983	18,973	4,288	14,685
3.1.A.1 Equity and investment fund shares	17,201	3,904	13,297	18,241	4,253	13,987
3.1.A.1.1 Equity other than reinvestment of earnings	14,328	3,904	10,424	15,203	4,253	10,950
3.1.A.1.2 Reinvestment of earnings	2,874	–	2,874	3,037	–	3,037
3.1.A.2 Debt instruments	863	177	686	732	34	698
3.1.A.2.1 Direct investor in direct investment enterprises	863	177	686	732	34	698
3.1.B Direct Investment by India	6,002	2,985	3,016	1,067	3,355	–2,288
3.1.B.1 Equity and investment fund shares	6,002	2,343	3,659	1,067	1,760	–693
3.1.B.1.1 Equity other than reinvestment of earnings	6,002	1,612	4,390	1,067	978	89
3.1.B.1.2 Reinvestment of earnings	–	731	–731	–	781	–781
3.1.B.2 Debt instruments	0	643	–643	0	1,595	–1,595
3.1.B.2.1 Direct investor in direct investment enterprises	–	643	–643	–	1,595	–1,595
3.2 Portfolio Investment	**62,312**	**56,262**	**6,050**	**67,145**	**65,079**	**2,066**
3.2.A Portfolio Investment in India	62,146	55,437	6,709	67,016	64,579	2,437
3.2.1 Equity and investment fund shares	49,356	44,833	4,523	52,492	55,924	–3,432
3.2.2 Debt securities	12,790	10,604	2,186	14,524	8,655	5,869
3.2.B Portfolio Investment by India	167	825	–658	128	500	–372
3.3 Financial derivatives (other than reserves) and employee stock options	**5,986**	**5,180**	**806**	**4,617**	**5,670**	**–1,053**
3.4 Other investment	**46,518**	**57,542**	**–11,024**	**54,665**	**51,690**	**2,975**
3.4.1 Other equity (ADRs/GDRs)	0	0	0	0	0	0
3.4.2 Currency and deposits	13,867	11,523	2,344	12,273	11,476	797
3.4.2.1 Central bank (Rupee Debt Movements; NRG)	256	0	256	86	0	86
3.4.2.2 Deposit-taking corporations, except the central bank (NRI Deposits)	13,611	11,523	2,088	12,187	11,476	711
3.4.2.3 General government	–	–	–	–	–	–
3.4.2.4 Other sectors	–	–	–	–	–	–
3.4.3 Loans (External Assistance, ECBs and Banking Capital)	9,181	19,638	–10,457	14,008	15,783	–1,775
3.4.3.A Loans to India	8,308	18,984	–10,677	11,030	13,041	–2,011
3.4.3.B Loans by India	873	654	219	2,979	2,742	236
3.4.4 Insurance, pension, and standardized guarantee schemes	40	63	–23	42	203	–161
3.4.5 Trade credit and advances	21,726	21,908	–182	24,023	20,029	3,994
3.4.6 Other accounts receivable/payable - other	1,705	4,410	–2,705	4,317	4,199	118
3.4.7 Special drawing rights	–	–	–	–	–	0
3.5 Reserve assets	0	**8,512**	**–8,512**	–	**9,499**	**–9,499**
3.5.1 Monetary gold	–	–	–	–	–	–
3.5.2 Special drawing rights n.a.	–	–	–	–	–	–
3.5.3 Reserve position in the IMF n.a.	–	–	–	–	–	–
3.5.4 Other reserve assets (Foreign Currency Assets)	0	8,512	–8,512	–	9,499	–9,499
4 Total assets/liabilities	**138,882**	**134,562**	**4,320**	**146,466**	**139,580**	**6,887**
4.1 Equity and investment fund shares	78,751	57,148	21,603	76,588	68,310	8,277
4.2 Debt instruments	58,427	64,493	–6,066	65,561	57,572	7,989
4.3 Other financial assets and liabilities	1,705	12,921	–11,217	4,317	13,698	–9,380
5 Net errors and omissions	–	**857**	**–857**	**360**	–	**360**

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

(₹ Billion)

Item	Jul-Sep 2016 (PR)			Jul-Sep 2017 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
1 Current Account (1.A+1.B+1.C)	**8,549**	**8,780**	**–231**	**9,358**	**9,821**	**–464**
1.A Goods and Services (1.A.a+1.A.b)	**7,251**	**7,875**	**–624**	**7,939**	**8,863**	**–924**
1.A.a Goods (1.A.a.1 to 1.A.a.3)	**4,514**	**6,229**	**–1,715**	**4,891**	**7,000**	**–2,109**
1.A.a.1 General merchandise on a BOP basis	4,491	5,961	–1,470	4,856	6,632	–1,776
1.A.a.2 Net exports of goods under merchanting	23	0	23	35	0	35
1.A.a.3 Nonmonetary gold	–	268	–268	–	367	–367
1.A.b Services (1.A.b.1 to 1.A.b.13)	**2,737**	**1,646**	**1,091**	**3,048**	**1,864**	**1,184**
1.A.b.1 Manufacturing services on physical inputs owned by others	2	1	1	2	1	2
1.A.b.2 Maintenance and repair services n.i.e.	2	6	–4	3	7	–4
1.A.b.3 Transport	263	234	29	270	268	2
1.A.b.4 Travel	371	303	68	448	343	105
1.A.b.5 Construction	35	12	23	33	24	10
1.A.b.6 Insurance and pension services	39	24	15	41	35	6
1.A.b.7 Financial services	99	102	–3	85	101	–16
1.A.b.8 Charges for the use of intellectual property n.i.e.	8	83	–76	9	83	–74
1.A.b.9 Telecommunications, computer, and information services	1,296	89	1,207	1,285	106	1,178
1.A.b.10 Other business services	552	536	16	584	615	–31
1.A.b.11 Personal, cultural, and recreational services	24	42	–19	24	47	–23
1.A.b.12 Government goods and services n.i.e.	10	10	–1	8	9	–1
1.A.b.13 Others n.i.e.	38	204	–166	256	226	30
1.B Primary Income (1.B.1 to 1.B.3)	**276**	**816**	**–539**	**293**	**839**	**–546**
1.B.1 Compensation of employees	60	38	22	66	36	30
1.B.2 Investment income	187	768	–581	180	794	–615
1.B.2.1 Direct investment	83	383	–300	96	379	–284
1.B.2.2 Portfolio investment	2	177	–175	5	221	–217
1.B.2.3 Other investment	35	208	–173	10	193	–184
1.B.2.4 Reserve assets	66	0	66	70	1	69
1.B.3 Other primary income	29	10	20	47	8	39
1.C Secondary Income (1.C.1+1.C.2)	**1,021**	**89**	**932**	**1,126**	**120**	**1,006**
1.C.1 Financial corporations, nonfinancial corporations, households, and NPISHs	1,017	76	941	1,120	105	1,014
1.C.1.1 Personal transfers (Current transfers between resident and/ non-resident households)	982	60	923	1,084	87	997
1.C.1.2 Other current transfers	34	16	18	36	18	18
1.C.2 General government	4	13	–9	6	14	–8
2 Capital Account (2.1+2.2)	**4**	**5**	**–1**	**5**	**8**	**–2**
2.1 Gross acquisitions (DR.)/disposals (CR.) of non-produced nonfinancial assets	0	1	–1	1	3	–1
2.2 Capital transfers	4	4	–0	4	5	–1
3 Financial Account (3.1 to 3.5)	**9,300**	**9,011**	**289**	**9,416**	**8,973**	**443**
3.1 Direct Investment (3.1A+3.1B)	**1,612**	**473**	**1,138**	**1,288**	**491**	**797**
3.1.A Direct Investment in India	1,210	273	936	1,220	276	944
3.1.A.1 Equity and investment fund shares	1,152	261	890	1,173	273	899
3.1.A.1.1 Equity other than reinvestment of earnings	959	261	698	977	273	704
3.1.A.1.2 Reinvestment of earnings	192	0	192	195	0	195
3.1.A.2 Debt instruments	58	12	46	47	2	45
3.1.A.2.1 Direct investor in direct investment enterprises	58	12	46	47	2	45
3.1.B Direct Investment by India	402	200	202	69	216	–147
3.1.B.1 Equity and investment fund shares	402	157	245	69	113	–45
3.1.B.1.1 Equity other than reinvestment of earnings	402	108	294	69	63	6
3.1.B.1.2 Reinvestment of earnings	0	49	–49	0	50	–50
3.1.B.2 Debt instruments	0	43	–43	0	103	–103
3.1.B.2.1 Direct investor in direct investment enterprises	0	43	–43	0	103	–103
3.2 Portfolio Investment	**4,173**	**3,767**	**405**	**4,317**	**4,184**	**133**
3.2.A Portfolio Investment in India	4,161	3,712	449	4,308	4,152	157
3.2.1 Equity and investment fund shares	3,305	3,002	303	3,375	3,595	–221
3.2.2 Debt securities	856	710	146	934	556	377
3.2.B Portfolio Investment by India	11	55	–44	8	32	–24
3.3 Financial derivatives (other than reserves) and employee stock options	**401**	**347**	**54**	**297**	**365**	**–68**
3.4 Other investment	**3,115**	**3,853**	**–738**	**3,514**	**3,323**	**191**
3.4.1 Other equity (ADRs/GDRs)	0	0	0	0	0	0
3.4.2 Currency and deposits	929	772	157	789	738	51
3.4.2.1 Central bank (Rupee Debt Movements; NRG)	17	0	17	6	0	6
3.4.2.2 Deposit-taking corporations, except the central bank (NRI Deposits)	911	772	140	783	738	46
3.4.2.3 General government	–	–	–	–	–	–
3.4.2.4 Other sectors	–	–	–	–	–	–
3.4.3 Loans (External Assistance, ECBs and Banking Capital)	615	1,315	–700	901	1,015	–114
3.4.3.A Loans to India	556	1,271	–715	709	838	–129
3.4.3.B Loans by India	58	44	15	191	176	15
3.4.4 Insurance, pension, and standardized guarantee schemes	3	4	–2	3	13	–10
3.4.5 Trade credit and advances	1,455	1,467	–12	1,544	1,288	257
3.4.6 Other accounts receivable/payable - other	114	295	–181	278	270	8
3.4.7 Special drawing rights	–	–	–	0	0	0
3.5 Reserve assets	0	**570**	**–570**	0	**611**	**–611**
3.5.1 Monetary gold	–	–	–	–	–	–
3.5.2 Special drawing rights n.a.	–	–	–	–	–	–
3.5.3 Reserve position in the IMF n.a.	–	–	–	–	–	–
3.5.4 Other reserve assets (Foreign Currency Assets)	0	570	–570	0	611	–611
4 Total assets/liabilities	**9,300**	**9,011**	**289**	**9,416**	**8,973**	**443**
4.1 Equity and investment fund shares	5,273	3,827	1,447	4,924	4,392	532
4.2 Debt instruments	3,912	4,319	–406	4,215	3,701	514
4.3 Other financial assets and liabilities	114	865	–751	278	881	–603
5 Net errors and omissions	**–**	**57**	**–57**	**23**	**–**	**23**

No. 42: International Investment Position

(US$ Million)

Item	As on Financial Year /Quarter End							
	2016-17		2016		2017			
			Sep.		Jun.		Sep.	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	1	2	3	4	5	6	7	8
1 Direct Investment Abroad/in India	148,229	342,642	140,624	311,682	151,291	353,354	153,578	364,246
1.1 Equity Capital and Reinvested Earnings	99,114	327,845	94,035	297,528	100,968	337,563	101,661	348,134
1.2 Other Capital	49,115	14,796	46,588	14,153	50,323	15,791	51,918	16,112
2 Portfolio Investment	2,615	238,604	2,256	232,069	2,084	251,152	2,456	253,991
2.1 Equity	1,593	153,978	1,943	148,085	2,021	154,901	2,408	150,062
2.2 Debt	1,022	84,627	313	83,984	63	96,251	48	103,928
3 Other Investment	43,433	377,436	52,402	390,273	36,605	378,671	38,859	381,642
3.1 Trade Credit	1,793	88,896	2,236	81,966	1,154	89,580	1,263	93,589
3.2 Loan	7,305	159,873	6,248	166,982	5,146	158,633	5,882	156,925
3.3 Currency and Deposits	20,073	117,110	26,813	130,220	16,083	118,475	17,208	118,266
3.4 Other Assets/Liabilities	14,261	11,557	17,104	11,105	14,222	11,983	14,506	12,862
4 Reserves	369,955	–	371,990	–	386,539	–	400,205	–
5 Total Assets/ Liabilities	564,231	958,682	567,272	934,024	576,520	983,178	595,099	999,878
6 IIP (Assets - Liabilities)		–394,451		–366,751		–406,658		–404,779

Payment and Settlement Systems

No. 43: Payment System Indicators

System	Volume (Million)				Value (₹ Billion)			
	2016-17	2017			2016-17	2017		
		Oct.	Nov.	Dec.		Oct.	Nov.	Dec.
	1	2	3	4	5	6	7	8
1 RTGS	**107.86**	**10.00**	**10.83**	**10.90**	**1,253,652.08**	**115,808.00**	**123,579.36**	**128,098.85**
1.1 Customer Transactions	103.66	9.71	10.51	10.58	849,950.51	82,084.42	87,550.13	90,557.83
1.2 Interbank Transactions	4.17	0.29	0.32	0.31	131,953.25	9,971.68	10,860.36	10,349.96
1.3 Interbank Clearing	0.018	0.002	0.002	0.002	271,748.31	23,751.90	25,168.88	27,191.06
2 CCIL Operated Systems	**3.65**	**0.27**	**0.33**	**0.28**	**1,056,173.36**	**86,873.56**	**101,377.16**	**88,062.67**
2.1 CBLO	0.22	0.02	0.02	0.02	229,528.33	22,981.83	27,794.59	23,657.46
2.2 Govt. Securities Clearing	1.51	0.08	0.11	0.09	404,389.08	27,863.13	35,379.85	30,067.97
2.2.1 Outright	1.34	0.06	0.09	0.07	168,741.46	7,604.53	10,840.19	8,453.70
2.2.2 Repo	0.168	0.016	0.020	0.016	235,647.62	20,258.60	24,539.65	21,614.27
2.3 Forex Clearing	1.93	0.18	0.20	0.18	422,255.95	36,028.59	38,202.72	34,337.24
3 Paper Clearing	**1,206.69**	**96.41**	**98.60**	**96.44**	**80,958.15**	**6,478.86**	**6,774.71**	**6,752.50**
3.1 Cheque Truncation System (CTS)	1,111.86	94.44	96.30	94.57	74,035.22	6,340.16	6,633.94	6,563.97
3.2 MICR Clearing	–	-	-	-	–	–	–	–
3.2.1 RBI Centres	–	-	-	-	–	–	–	–
3.2.2 Other Centres	–	-	-	-	–	–	–	–
3.3 Non-MICR Clearing	94.83	1.97	2.30	1.86	6,922.93	138.70	140.77	188.53
4 Retail Electronic Clearing	**4,204.96**	**444.62**	**460.10**	**469.96**	**132,250.12**	**15,598.70**	**15,620.80**	**17,464.68**
4.1 ECS DR	8.76	0.12	0.13	0.13	39.14	0.83	0.83	0.84
4.2 ECS CR (includes NECS)	10.10	0.50	0.54	0.51	144.08	10.72	10.38	7.24
4.3 EFT/NEFT	1,622.10	158.78	161.97	169.05	120,039.68	13,851.28	13,884.00	15,779.20
4.4 Immediate Payment Service (IMPS)	506.73	88.12	89.49	98.01	4,111.06	750.42	782.58	871.06
4.5 National Automated Clearing House (NACH)	2,057.27	197.09	207.97	202.26	7,916.17	985.45	943.02	806.34
5 Cards	**12,055.87**	**1,144.31**	**1,118.88**	**1,175.09**	**30,214.00**	**3,364.50**	**3,254.08**	**3,459.55**
5.1 Credit Cards	1,093.51	124.04	116.59	124.42	3,312.21	422.60	396.17	421.84
5.1.1 Usage at ATMs	6.37	0.68	0.69	0.71	28.39	3.21	3.20	3.34
5.1.2 Usage at POS	1,087.13	123.36	115.90	123.71	3,283.82	419.39	392.96	418.50
5.2 Debit Cards	10,962.36	1,020.27	1,002.30	1,050.67	26,901.79	2,941.90	2,857.91	3,037.71
5.2.1 Usage at ATMs	8,563.06	741.87	731.33	760.32	23,602.73	2,533.21	2,492.72	2,633.10
5.2.2 Usage at POS	2,399.30	278.40	270.96	290.35	3,299.07	408.69	365.19	404.61
6 Prepaid Payment Instruments (PPIs)	**1,963.66**	**245.18**	**236.16**	**319.85**	**838.01**	**116.98**	**133.21**	**143.34**
6.1 m-Wallet	1,629.98	201.23	186.67	288.37	532.42	86.60	93.88	125.68
6.2 PPI Cards	333.11	43.91	49.45	31.44	277.52	28.80	37.71	16.34
6.3 Paper Vouchers	0.51	0.04	0.04	0.03	25.36	1.58	1.63	1.33
7 Mobile Banking	**976.85**	**150.68**	**184.98**	**250.61**	**13,104.76**	**917.02**	**1,054.24**	**1,108.40**
8 Cards Outstanding	**801.49**	**860.13**	**867.66**	**877.97**	–	–	–	–
8.1 Credit Card	29.84	33.87	34.78	35.50	–	–	–	–
8.2 Debit Card	771.65	826.25	832.89	842.47	–	–	–	–
9 Number of ATMs (in actuals)	**222475**	**221314**	**221350**	**221832**	–	–	–	–
10 Number of POS (in actuals)	**2529141**	**2958301**	**2998733**	**3027382**	–	–	–	–
11 Grand Total (1.1+1.2+2+3+4+5+6)	**19,542.66**	**1,940.78**	**1,924.90**	**2,072.51**	**2,282,337.40**	**204,488.69**	**225,570.44**	**216,790.53**

Note : Data for latest 12 month period is provisional.

Occasional Series

No. 44: Small Savings

(₹ Billion)

Scheme		2016-17	2016	2017		
			May	Mar.	Apr.	May
		1	2	3	4	5
1 Small Savings	**Receipts**	**4,341.75**	**308.59**	**480.30**	**27.29**	**48.03**
	Outstanding	**7,312.73**	**6,817.61**	**7,312.73**	**7,339.92**	**7,387.84**
1.1 Total Deposits	**Receipts**	**3,879.55**	**282.04**	**397.56**	**27.92**	**37.33**
	Outstanding	**4,689.77**	**4,319.89**	**4,689.77**	**4,717.69**	**4,755.02**
1.1.1 Post Office Saving Bank Deposits	Receipts	2,474.46	180.68	239.64	10.63	4.43
	Outstanding	920.64	667.94	920.64	931.27	935.69
1.1.2 MGNREG	Receipts	0.00	0.00	0.00	0.00	0.00
	Outstanding	0.00	0.00	0.00	0.00	0.00
1.1.3 National Saving Scheme, 1987	Receipts	0.56	0.01	0.49	–0.36	–0.32
	Outstanding	33.01	34.27	33.01	32.65	32.33
1.1.4 National Saving Scheme, 1992	Receipts	0.01	0.00	0.02	–0.06	–0.04
	Outstanding	–0.48	1.09	–0.48	–0.54	–0.58
1.1.5 Monthly Income Scheme	Receipts	353.34	26.48	41.41	–4.23	–1.19
	Outstanding	1,800.66	1,897.58	1,800.66	1,796.43	1,795.24
1.1.6 Senior Citizen Scheme	Receipts	100.02	6.90	13.93	8.40	12.01
	Outstanding	294.53	234.79	294.53	302.93	314.94
1.1.7 Post Office Time Deposits	Receipts	476.65	34.94	56.00	9.74	15.26
	Outstanding	796.58	717.78	796.58	806.32	821.58
1.1.7.1 1 year Time Deposits	Outstanding	518.38	501.48	518.38	521.44	527.91
1.1.7.2 2 year Time Deposits	Outstanding	36.58	30.66	36.58	37.33	38.38
1.1.7.3 3 year Time Deposits	Outstanding	51.77	48.33	51.77	52.12	52.64
1.1.7.4 5 year Time Deposits	Outstanding	189.85	137.31	189.85	195.43	202.65
1.1.8 Post Office Recurring Deposits	Receipts	474.51	33.03	46.07	3.80	7.18
	Outstanding	844.53	766.14	844.53	848.33	855.52
1.1.9 Post Office Cumulative Time Deposits	Outstanding	0.08	0.08	0.08	0.08	0.08
1.1.10 Other Deposits	Receipts	0	0.00	0.00	0.00	0.00
	Outstanding	0.22	0.22	0.22	0.22	0.22
1.2 Saving Certificates	**Receipts**	**289.85**	**18.35**	**53.84**	**0.03**	**7.32**
	Outstanding	**1,989.35**	**1,925.33**	**1,989.35**	**1,989.28**	**1,996.49**
1.2.1 National Savings Certificate VIII issue	Receipts	120.63	4.97	29.88	–7.13	–5.04
	Outstanding	872.39	869.15	872.39	865.26	860.23
1.2.2 Indira Vikas Patras	Receipts	0.00	0.00	0.00	0.00	0.02
	Outstanding	8.86	8.87	8.86	8.86	8.87
1.2.3 Kisan Vikas Patras	Receipts	–0.01	0.01	–0.49	–10.55	–11.88
	Outstanding	535.72	625.01	535.72	525.17	513.30
1.2.4 Kisan Vikas Patras - 2014	Receipts	169.23	13.37	24.45	17.73	24.27
	Outstanding	460.23	309.96	460.23	477.96	502.21
1.2.5 National Saving Certificate VI issue	Receipts	0	0.00	–	–0.02	–0.05
	Outstanding	–1.12	–0.95	–1.12	–1.14	–1.18
1.2.6 National Saving Certificate VII issue	Outstanding	–0.62	–0.60	–0.62	–0.62	–0.62
1.2.7 Other Certificates	Outstanding	113.89	113.89	113.89	113.79	113.68
1.3 Public Provident Fund	**Receipts**	**172.35**	**8.20**	**28.90**	**–0.66**	**3.38**
	Outstanding	**633.61**	**572.39**	**633.61**	**632.95**	**636.33**

Source: Accountant General, Post and Telegraphs.

TABLE 45 : OWNERSHIP PATTERN OF CENTRAL AND STATE GOVERNMENTS SECURITIES

(Per cent)

Central Government Dated Securities					
Category	2016		2017		
	Sep.	Dec.	Mar.	Jun.	Sep.
	1	2	3	4	5
(A) Total (in ₹. Billion)	**47967.49**	**49246.98**	**49109.75**	**50430.94**	**51451.83**
1 Commercial Banks	40.00	40.92	40.46	39.68	40.37
2 Non-Bank PDs	0.14	0.28	0.16	0.31	0.33
3 Insurance Companies	22.68	22.55	22.90	23.13	23.49
4 Mutual Funds	2.13	1.96	1.49	1.44	1.86
5 Co-operative Banks	2.47	2.63	2.70	2.65	2.62
6 Financial Institutions	0.84	0.86	0.81	0.73	0.78
7 Corporates	1.09	1.05	1.05	1.29	1.04
8 Foreign Portfolio Investors	3.82	3.13	3.53	4.29	4.58
9 Provident Funds	6.25	6.24	6.27	6.13	5.99
10 RBI	14.80	14.61	14.65	14.29	12.84
11. Others	5.79	5.77	5.98	6.07	6.11
11.1 State Governments	1.84	1.83	1.92	1.91	1.92

State Governments Securities					
Category	2016		2017		
	Sep.	Dec.	Mar.	Jun.	Sep.
	1	2	3	4	5
(B) Total (in ₹. Billion)	**18114.95**	**19343.91**	**20893.41**	**21467.07**	**22488.35**
1 Commercial Banks	40.22	41.25	39.01	37.94	37.64
2 Non-Bank PDs	0.35	0.30	0.39	0.38	0.33
3 Insurance Companies	32.67	31.87	32.50	33.53	34.00
4 Mutual Funds	1.62	1.36	2.42	1.89	1.92
5 Co-operative Banks	4.21	4.47	4.75	4.82	4.82
6 Financial Institutions	0.27	0.29	0.30	0.27	0.22
7 Corporates	0.14	0.13	0.17	0.11	0.11
8 Foreign Portfolio Investors	0.08	0.06	0.07	0.08	0.16
9 Provident Funds	16.84	16.81	17.27	18.10	18.37
10 RBI	0.01	0.03	0.06	0.06	0.06
11. Others	3.59	3.43	3.05	2.81	2.37
11.1 State Governments	-	-	-	-	-

Treasury Bills					
Category	2016		2017		
	Sep.	Dec.	Mar.	Jun.	Sep.
	1	2	3	4	5
(C) Total (in ₹. Billion)	**4202.40**	**4366.47**	**3320.80**	**6135.01**	**5704.50**
1 Commercial Banks	52.58	50.47	57.85	53.96	52.15
2 Non-Bank PDs	1.38	1.80	1.25	1.09	1.32
3 Insurance Companies	1.91	2.02	4.58	3.20	4.32
4 Mutual Funds	16.06	12.91	7.85	15.31	12.44
5 Co-operative Banks	3.52	3.28	5.62	2.48	2.33
6 Financial Institutions	2.75	2.76	4.57	2.60	3.54
7 Corporates	1.21	1.81	1.83	1.54	1.64
8 Foreign Portfolio Investors	-	-	-	-	-
9 Provident Funds	0.45	0.43	0.35	0.06	0.20
10 RBI	0.16	0.09	0.02	0.05	0.06
11. Others	19.96	24.44	16.09	19.72	22.01
11.1 State Governments	15.98	20.51	11.02	16.71	18.73

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

(₹ Billion)

Item	2012-13	2013-14	2014-15	2015-16	2016-17 RE	2017-18 BE
	1	2	3	4	5	6
1 Total Disbursements	**26,949.34**	**30,002.99**	**32,852.10**	**33,782.60**	**40,599.68**	**43,957.96**
1.1 Developmental	15,741.62	17,142.21	18,720.62	19,429.44	24,271.15	26,194.51
1.1.1 Revenue	12,807.14	13,944.26	14,830.18	14,971.45	18,457.92	19,701.57
1.1.2 Capital	2,446.11	2,785.08	3,322.62	3,400.51	4,471.03	5,515.05
1.1.3 Loans	488.38	412.88	567.82	1,057.49	1,342.20	977.89
1.2 Non-Developmental	10,850.47	12,427.83	13,667.69	13,984.15	15,870.24	17,261.83
1.2.1 Revenue	9,991.40	11,413.65	12,695.20	12,739.11	15,031.91	16,430.73
1.2.1.1 Interest Payments	4,543.06	5,342.30	5,845.42	6,134.74	6,881.68	7,536.87
1.2.2 Capital	837.14	990.37	946.87	1,207.71	816.42	807.16
1.2.3 Loans	21.93	23.81	25.63	37.33	21.92	23.94
1.3 Others	357.24	432.95	463.79	369.01	458.29	501.62
2 Total Receipts	**27,690.29**	**30,013.72**	**31,897.37**	**34,487.63**	**39,810.09**	**42,551.06**
2.1 Revenue Receipts	19,716.19	22,114.75	23,876.93	24,504.58	30,356.58	33,511.38
2.1.1 Tax Receipts	16,879.59	18,465.45	20,207.28	20,754.42	23,917.47	27,066.67
2.1.1.1 Taxes on commodities and services	10,385.91	11,257.81	12,123.48	12,912.47	15,168.50	16,914.54
2.1.1.2 Taxes on Income and Property	6,462.73	7,176.34	8,051.76	7,803.16	8,706.20	10,105.34
2.1.1.3 Taxes of Union Territories (Without Legislature)	30.94	31.30	32.04	38.78	42.77	46.79
2.1.2 Non-Tax Receipts	2,836.60	3,649.30	3,669.65	3,750.16	6,439.11	6,444.71
2.1.2.1 Interest Receipts	355.43	401.62	396.22	347.38	322.08	275.25
2.2 Non-debt Capital Receipts	389.20	391.13	609.55	588.52	595.33	1,245.96
2.2.1 Recovery of Loans & Advances	129.29	93.85	220.72	155.86	136.03	519.12
2.2.2 Disinvestment proceeds	259.91	297.28	388.83	432.66	459.30	726.84
3 Gross Fiscal Deficit [1 - (2.1 + 2.2)]	**6,843.95**	**7,497.11**	**8,365.63**	**8,689.51**	**9,647.78**	**9,200.62**
3A Sources of Financing: Institution-wise						
3A.1 Domestic Financing	6,771.94	7,424.19	8,236.30	8,562.02	9,499.05	9,042.73
3A.1.1 Net Bank Credit to Government	3,352.80	3,358.58	–374.76	2,310.90	6,306.09	...
3A.1.1.1 Net RBI Credit to Government	548.40	1,081.30	–3,341.85	604.72	1,958.16	...
3A.1.2 Non-Bank Credit to Government	3,419.14	4,065.61	8,611.06	6,251.12	3,192.96	...
3A.2 External Financing	72.01	72.92	129.33	127.48	148.73	157.89
3B Sources of Financing: Instrument-wise						
3B.1 Domestic Financing	6,771.94	7,424.19	8,236.30	8,562.02	9,499.05	9,042.73
3B.1.1 Market Borrowings (net)	6,536.94	6,391.99	6,640.58	6,354.19	6,472.74	6,970.13
3B.1.2 Small Savings (net)	–85.70	–142.81	–565.80	–785.15	–1,091.76	–941.16
3B.1.3 State Provident Funds (net)	329.94	312.90	343.39	298.82	326.18	332.03
3B.1.4 Reserve Funds	–4.12	34.63	51.09	–33.22	–82.42	–10.45
3B.1.5 Deposits and Advances	27.22	255.45	275.45	134.70	386.99	502.14
3B.1.6 Cash Balances	–740.96	–10.72	954.74	–705.03	789.59	1,406.90
3B.1.7 Others	708.62	582.75	536.84	3,297.71	2,697.73	783.13
3B.2 External Financing	72.01	72.92	129.33	127.48	148.73	157.89
4 Total Disbursements as per cent of GDP	*27.1*	*26.7*	*26.4*	*24.7*	*26.7*	*26.1*
5 Total Receipts as per cent of GDP	*27.8*	*26.7*	*25.6*	*25.2*	*26.2*	*25.3*
6 Revenue Receipts as per cent of GDP	*19.8*	*19.7*	*19.2*	*17.9*	*20.0*	*19.9*
7 Tax Receipts as per cent of GDP	*17.0*	*16.4*	*16.2*	*15.2*	*15.8*	*16.1*
8 Gross Fiscal Deficit as per cent of GDP	*6.9*	*6.7*	*6.7*	*6.4*	*6.4*	*5.5*

Source : Budget Documents of Central and State Governments.

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

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

(₹ Billion)

Sr. No	State/Union Territory	During December-2017					
		Special Drawing Facility (SDF)		Ways and Means Advances (WMA)		Overdraft (OD)	
		Average amount availed	Number of days availed	Average amount availed	Number of days availed	Average amount availed	Number of days availed
	1	2	3	4	5	6	7
1	Andhra Pradesh	6.58	18	12.16	16	8.44	11
2	Arunachal Pradesh	-	-	-	-	-	-
3	Assam	-	-	-	-	-	-
4	Bihar	-	-	-	-	-	-
5	Chhattisgarh	-	-	-	-	-	-
6	Goa	0.88	17	0.48	7	-	-
7	Gujarat	-	-	-	-	-	-
8	Haryana	-	-	-	-	-	-
9	Himachal Pradesh	-	-	-	-	-	-
10	Jammu & Kashmir	-	-	2.90	14	-	-
11	Jharkhand	-	-	-	-	-	-
12	Karnataka	-	-	-	-	-	-
13	Kerala	-	-	-	-	-	-
14	Madhya Pradesh	-	-	-	-	-	-
15	Maharashtra	-	-	-	-	-	-
16	Manipur	-	-	-	-	-	-
17	Meghalaya	-	-	-	-	-	-
18	Mizoram	-	-	-	-	-	-
19	Nagaland	1.70	23	1.49	12	0.16	6
20	Odisha	-	-	-	-	-	-
21	Puducherry	-	-	-	-	-	-
22	Punjab	0.07	23	4.79	23	1.15	3
23	Rajasthan	-	-	-	-	-	-
24	Tamilnadu	-	-	-	-	-	-
25	Telangana	3.05	14	2.45	6	-	-
26	Tripura	-	-	-	-	-	-
27	Uttar Pradesh	-	-	-	-	-	-
28	Uttarakhand	-	-	-	-	-	-
29	West Bengal	-	-	-	-	-	-

No. 48: Investments by State Governments

(₹ Billion)

Sr. No	State/Union Territory	During December-2017			
		Consolidated Sinking Fund (CSF)	Guarantee Redemption Fund (GRF)	Government Securities	Auction Treasury Bills (ATBs)
	1	2	3	4	5
1	Andhra Pradesh	63.89	6.64	0.10	0
2	Arunachal Pradesh	7.60	--	--	0
3	Assam	40.19	0.34	0	14.00
4	Bihar	43.90	--	0	0
5	Chhattisgarh	31.05	--	0.01	0
6	Goa	4.41	2.20	--	0
7	Gujarat	111.36	3.92	0	20.00
8	Haryana	17.04	9.55	0	0
9	Himachal Pradesh	--	--	--	0
10	Jammu & Kashmir	--	--	--	0
11	Jharkhand	0	--	0	0
12	Karnataka	25.21	--	0	228.00
13	Kerala	17.52	--	0.03	0
14	Madhya Pradesh	--	7.49	0.00	0
15	Maharashtra	251.49	--	--	400.00
16	Manipur	2.77	0.65	0	0
17	Meghalaya	4.55	0.17	0.09	0
18	Mizoram	4.06	0.20	--	0
19	Nagaland	9.95	0.25	--	0
20	Odisha	109.11	11.80	0.69	70.00
21	Puducherry	2.72	--	--	7.67
22	Punjab	0	0	0.08	0
23	Rajasthan	--	--	1.29	59.74
24	Tamilnadu	50.99	--	0.48	263.50
25	Telangana	39.16	5.70	0.07	0
26	Tripura	3.65	0.03	--	0
27	Uttar Pradesh	--	--	1.82	0
28	Uttarakhand	24.39	0.65	0.01	0
29	West Bengal	86.30	2.95	4.30	50.00
	Total	**951.31**	**52.54**	**8.97**	**1112.91**

Explanatory Notes to the Current Statistics

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

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

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

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

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

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

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

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

Table No. 13
Data against column Nos. (1), (2) & (3) are Final (including RRBs) and for column Nos. (4) & (5) data are Provisional (excluding RRBs)

Table No. 15 & 16
Data are provisional and relate to select 41 scheduled commercial banks, accounting for about 90 per cent of total non-food credit extended by all scheduled commercial banks (excludes ING Vysya which has been merged with Kotak Mahindra since April 2015).

Export credit under priority sector relates to foreign banks only.

Micro & small under item 2.1 includes credit to micro & small industries in manufacturing sector.

Micro & small enterprises under item 5.2 includes credit to micro & small enterprises in manufacturing as well as services sector.

Priority Sector is as per old definition and does not conform to FIDD Circular FIDD.CO.Plan.BC.54/04.09.01/2014-15 dated April 23, 2015.

Table No. 17

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

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

4: Include borrowings from IDBI and NABARD.

Table No. 24

Primary Dealers (PDs) include banks undertaking PD business.

Table No. 30

Exclude private placement and offer for sale.

1: Exclude bonus shares.

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

Table No. 32

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

Table No. 34

1.1.1.1.2 & 1.1.1.1.1.4: Estimates.

1.1.1.2: Estimates for latest months.

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

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

Table No. 35

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

Table No. 36

Increase in indices indicates appreciation of rupee and vice versa. For 6-Currency index, base year 2016-17 is a moving one, which gets updated every year. REER figures are based on Consumer Price Index (combined). Methodological details are available in December 2005 and April 2014 issues of the Bulletin.

Table No. 37

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

Table Nos. 38, 39, 40 & 41

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

Table No. 43

1.3: Pertain to multiateral net settlement batches.

3.1: Pertain to three centres – Mumbai, New Delhi and Chennai.

3.3: Pertain to clearing houses managed by 21 banks.

6: Available from December 2010.

7: Include IMPS transactions.

9: Includes ATMs deployed by Scheduled Commercial banks and White Label ATMs (WLA). WLA are included from April 2014 onwards.

Mobile Banking - The data from July 2017 includes only individual payments and corporate payments initiated, processed, and authorised using mobile device. Other corporate payments which are not initiated, processed, and authorised using mobile device are excluded.

Table No. 45

(-): represents nil or negligible

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

State Government Securities include special bonds issued under Ujwal DISCOM Assurance Yojana (UDAY) scheme.

Bank PDs are clubbed under Commercial Banks. However, they form very small fraction of total outstanding securities.

The category 'Others' comprises State Governments, Pension Funds, PSUs, Trusts, HUF/Individuals etc.

Table No. 46

GDP data from 2011-12 onwards are based on 2011-12 base. Data from year 2015-16 pertains to 26 states.

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.

Table No. 47

SDF is availed by State Governments against the collateral of Consolidated Sinking Fund (CSF), Guarantee Redemption Fund (GRF) & Auction Treasury Bills (ATBs) balances and other investments in government securities.

WMA is advance by Reserve Bank of India to State Governments for meeting temporry cash mismatches.

OD is advanced to State Governments beyond their WMA limits.

Average amount availed is the total accommodation (SDF/WMA/OD) availed divided by number of days for which accommodation was extended during the month.

- : Nil.

Table No. 48

CSF and GRF are reserve funds maintained by some State Governments with the Reserve Bank of India.

ATBs include Treasury bills of 91 days, 182 days and 364 days invested by State Governments in the primary market.

--: Not Applicable (not a member of the scheme).

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

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

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Name of Publication	Price	
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10. Administrative Glossary (English-Hindi)	₹110 per copy (over the counter)	

Notes

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

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