



**भारतीय रिज़र्व बैंक**  
**RESERVE BANK OF INDIA**

वेबसाइट : [www.rbi.org.in/hindi](http://www.rbi.org.in/hindi)

Website : [www.rbi.org.in](http://www.rbi.org.in)

इ-मेल email: [helpdoc@rbi.org.in](mailto:helpdoc@rbi.org.in)

संचार विभाग, केंद्रीय कार्यालय, एस.बी.एस.मार्ग, मुंबई-400001

DEPARTMENT OF COMMUNICATION, Central Office, S.B.S.Marg, Mumbai-400001

फोन/Phone: 91 22 2266 0502 फैक्स/Fax: 91 22 22660358

October 28, 2013

**Macroeconomic and Monetary Developments,  
Second Quarter Review 2013-14**

The Reserve Bank of India today released the [Macroeconomic and Monetary Developments, Second Quarter Review 2013-14](#). The document serves as a backdrop to the Second Quarter Review of Monetary of Policy 2013-14 to be announced on October 29, 2013. Highlights:

**Growth**

- Modest improvement in growth is expected in the second half (H2) of 2013-14 following a rebound in agriculture and an improvement in exports. However, a fuller recovery is likely to start taking shape towards the end of the fiscal year on the back of current steps to clear impediments that were stalling projects.
- With deceleration in private consumption and fall in investment, overall demand conditions remain weak. However, a good monsoon and pick-up in exports, if sustained, could provide some momentum. At this stage, demand management requires balancing fiscal consolidation with investment support.

**Inflation**

- WPI inflation is ruling above the Reserve Bank's comfort level and may remain range-bound around the current level during H2 of 2013-14. Moreover, the persistence of high CPI inflation remains a concern.
- The good monsoon should have a salutary effect on food inflation, but second-round effects from already high food and fuel inflation could impart upside pressures on prices of other commodities and services.

**Other macro-aspects**

- External sector risks have reduced as CAD is likely to moderate since Q2 of 2013-14. The trade balance has responded to the policy measures taken; exports have picked up and gold imports have declined.
- Broad money growth is largely in line with the Reserve Bank's indicative trajectory and credit growth has accelerated with greater recourse to bank finance by corporates. While financial markets have rallied, near-term uncertainties on account of 'tapering' continue to be a concern.

**Overall Outlook**

- Monetary policy faces an unenviable task of anchoring inflation expectations, amid tepid growth and weak business confidence. It is, therefore, important to craft policy responses so that growth concerns are addressed in an environment of stable prices.

- With the normalisation of exceptional liquidity measures under way, incremental calibration of monetary policy will be shaped by changes in the growth-inflation balance, keeping overall macroeconomic stability in consideration. For supporting growth, complementary action aimed at productivity enhancement, structural reforms and quick project implementation will be needed.

**Press Release : 2013-2014/868**

**Alpana Killawala**  
Principal Chief General Manager