



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

वेबसाइट : www.rbi.org.in/hindi

Website : www.rbi.org.in

ई-मेल/email: 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: 022- 22660502

April 26, 2021

RBI Bulletin – April 2021

The Reserve Bank of India today released the [April 2021](#) issue of its monthly Bulletin. The Bulletin includes [Monetary Policy Statement, 2021-22](#), [Resolution of the Monetary Policy Committee \(MPC\) April 5-7, 2021](#), [Monetary Policy Report – April 2021](#), one Speech, four Articles and Current Statistics.

The four articles are: [I. State of the Economy](#); [II. ARCs in India: A Study of their Business Operations and Role in NPA Resolution](#); [III. The Relationship between Capacity Utilisation and Inflation: A Study of Indian Manufacturing Sector](#); and [IV. Retail Payment Habits in India - Evidence from a Pilot Survey](#).

I. State of the Economy

As India battles the ferocious rise of new infections, a strong policy response is building. Economic activity in India is holding up against COVID -19's renewed onslaught. Apart from contact-intensive sectors, activity indicators largely remained resilient in March and grew beyond pre-pandemic levels. The resurgence in COVID-19, if not contained in time, risks protracted restrictions and disruptions in supply chains with consequent inflationary pressures. Pandemic protocols, speedier vaccination, ramping up hospital and ancillary capacity, and remaining resolutely focused on a post pandemic future of strong and sustainable growth with macroeconomic and financial stability is the way forward.

II. ARCs in India: A Study of their Business Operations and Role in NPA Resolution

Asset reconstruction companies (ARCs) are important players in the asset resolution mechanism in India. Unlike many other countries that experimented with a public sector model of asset management companies marked by their existence for a pre-defined period following banking crises or crises-like situations, India introduced ARCs as private sector institutions as part of its ongoing financial sector reforms.

Highlights:

- Notwithstanding the increase in the number of ARCs over time, there has been a concentration in the ARC industry in terms of the assets under management, and the security receipts (SRs) issued.
- Despite the policy push to broaden and enhance the capital base of these companies, they have remained reliant primarily on domestic sources of capital, particularly banks.
- The cost of acquisition to book value ratio, although posting a slow rise, remains low and is marked by wide variations across ARCs and economic sectors.

- The ARCs have predominantly resorted to rescheduling of payment obligations as a method of resolution.
- There is considerable concentration of older SRs in the books of the ARCs.

III. The Relationship between Capacity Utilisation and Inflation: A Study of Indian Manufacturing Sector

This article attempts to assess the efficacy of the capacity utilisation (CU) in the manufacturing sector in predicting inflation path.

Highlights:

- The Order Books, Inventories and Capacity Utilisation Survey (OBICUS) based CU rate in the manufacturing sector provides useful insights into demand conditions in the economy.
- The article computes a long time series of CU using an alternate (Wharton) method to study the cyclical pattern in CU and its relationship with price change.
- The study finds that the relationship between CU and WPI-manufacturing based inflation varies with time and aggregate level CU needs to be interpreted prudently for gauging future path of manufacturing inflation.

IV. Retail Payment Habits in India - Evidence from a Pilot Survey

The article presents the results of a pilot survey on retail payment habits of individuals in six cities between December 2018 and January 2019 with a focus on the awareness and usage of digital payments.

Highlights:

- The survey results indicated a widespread awareness about digital payments among respondents, with the point in favour of digital payment being its convenience.
- Econometric assessment suggested that awareness was positively associated with ownership of bank accounts, levels of literacy and income of the users.
- More importantly, the survey results indicated the need for imparting greater awareness among the general public regarding basic safety norms while using digital modes of payment.

From the next issue onwards, the RBI's monthly Bulletin will be released around the 15th of every month.