REPORT OF THE WORKING GROUP ON COMPILATION OF FLOW OF FUNDS ACCOUNTS OF THE INDIAN ECONOMY

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Contents

Executive Summary

1. The Working Group on the compilation of Flow of Funds (FOF) Accounts for the Indian Economy was constituted by the RBI with the following terms of reference (TOR): to review the existing methodology for compilation of FOF accounts in India; In the light of the developments in the financial sector and in line with international best practices, to suggest changes, if any, in the coverage of institutions, instruments and sources of data in the compilation procedure, and accordingly, suggest necessary revisions in the format of the special returns for data collation; to suggest improvements in administrative, methodological and technological aspects to enhance the efficacy of the compilation process; to prepare a manual on the compilation of the FOF accounts in India and any other issue germane to Flow of Funds.

2. Apart from deliberations on the TOR in three meetings of its own, the Working Group set up eight sub-groups, of which seven were set up to separately examine issues relating to the compilation of FOF accounts relating to the following sectors, namely, Commercial Banking, Non-Banking Finance Companies, Private Corporate Business, Government, Insurance, Rest of the World and Cooperatives and the eighth sub-group on National Balance Sheet was formed to examine the issues and suggest methodology for the compilation of national balance sheet for the Indian economy.

3. The Working Group recognised that the extant structure of the FOF accounts provided very useful information, and while restructuring/consolidating the presentation of accounts in line with international best practices [the System of National Accounts (SNA) 2008, in particular] was important, the analytical insights provided by the extant compilation procedure may also need to be preserved, wherever relevant.

4. Second, it was important to align the concepts, definitions, institutional sectors and instruments with the National Accounts Statistics (NAS) to bring about greater consistency between the resource gaps emanating from the National Accounts and the financial balance generated by the FOF accounts – both sectorally and at the aggregate level.

5. Third, again from the viewpoint of enhanced accuracy, consistency and timeliness of compilation, greater reliance may need to be placed, to the extent possible, on information available with data repositories in order to supplement inferences drawn from sample-based studies.

6. In this backdrop, the Working Group makes two major categories of recommendations: the 'short-term recommendations' and the 'medium to long-term recommendations'.

Recommendations for the short-term

Sectorisation

7. The compilation of the FOF accounts for the Indian economy may be restructured with the adoption of the following five mutually exclusive institutional sectors: (i) Non-Financial Corporations, (ii) Financial Corporations, (iii) General Government, (iv) Households and Non-Profit Institutions serving Households (NPISHs), and (v) the Rest of the World, which is largely in line with the SNA 2008 framework except that the NPISHs would not be reported separately due to non-availability of data.

8. In the new framework, Non-Financial Corporations sector would include: (a) 'Non-Government Non-Financial Public and Private Limited Companies', (b) Government Non-Financial Departmental/Non-Departmental Commercial Undertakings (NDCUs), (c) Port Trusts (both public and private) and (d) the Cooperative Non-Credit Societies. The NDCUs would comprise the non-financial Central and State Public Sector Enterprises (CPSEs and SPSEs) and the Power Generation/Transmission/Distribution Companies/SEBs. The State level enterprises, would however, be covered in the medium to long term.

9. The Financial Corporations sector would constitute seven sub-sectors, namely, (a) the Central Bank, (b) 'deposit-taking corporations except the Central Bank', (c) Money Market funds (MMFs), (d) Non-MMFs, (e) other financial intermediaries except insurance corporations and pension funds, (f) insurance corporations, and (g) pension funds and non-government provident funds. The Central and State Government Employees Provident Fund would, however, be included under the Central and State Governments sectors, respectively.

10. The FOF accounts of the Central Bank, namely the Reserve Bank of India (RBI) will continue to be compiled as is done at present.

11. The 'deposit-taking corporations except central bank' would comprise (i) all scheduled Commercial Banks (including the Regional Rural Banks), (ii) all non-scheduled Commercial Banks (including the Local Area Banks) (iii) Cooperative Banks (State Cooperative Banks, DCCBs and UCBs), (iv) deposit-taking Non-Banking Finance Companies (NBFC-D), (v) deposit-taking housing finance companies (HFC-D) and (vi) deposit-taking Cooperative credit institutions (which include cooperative banks as well as both credit and non-credit societies).

12. The FOF accounts of the Money Market funds (MMFs) and Non-MMFs would be compiled and published separately instead of the Mutual Funds sector which was part of the other financial institutions in the extant FOF accounts.

13. The "Other financial intermediaries except insurance corporations and pension funds" would include the institutions such as: (i) Non-Deposit taking Non-Banking Finance Companies (NBFCs-ND) both systemically important and

others, (ii) Non-deposit taking Housing Finance Companies (HFC-ND) (including HUDCO and HDFC Limited) (iii) Non-deposit taking Cooperative Institutions including primary cooperative credit (agricultural and non-agricultural) and non-credit societies, Grain Banks and Industrial Cooperatives, (iv) EXIM Bank, (v) NABARD, (vi) IFCI, (vii) IDFC, (viii) REC, (ix) PFC, (x) SFCs, (x) SIDCs, (xi) SBI DFHI, (xii) TFCIL, (xiii) NHB, (xiv) IFCI Venture Capital Funds Limited, (xv) IIFC, (xvi) SIDBI, (xvii) NCDC, (xviii) IIBI, (xviii) SBI DFHI, (xix) NHB, (xx) IREDA, (xxi) IIFC, (xxii) IRFC, and (xxiii) SBI Capital. In addition, the non-departmental commercial undertakings covered in the central public sector enterprises survey which are financial corporations would be included here.

14. The FOF accounts of the insurance companies would continue to be compiled as is done at present.

15. The FOF accounts of the provident/pension funds may be compiled separately and comprise non-Government provident/pension funds. As indicated earlier, the Central and State Government Employees Provident Fund would be included under the Central and State Governments sectors, respectively.

16. The consolidated FOF data pertaining to Cooperative Banks and societies, Mutual Funds [Money Market Funds (MMF) and Non-MMFs], Insurance Companies, Housing Finance Companies could be provided by the respective regulators to RBI, namely NABARD, SEBI, IRDAI, and NHB.

17. The extant method of sub-sectoring of the general government may be continued.

18. The current practice of obtaining the data for the ROW sector, which is derived from the BOP statistics from RBI (DEPR) may be continued.

19. The current practice of obtaining the households sector as a residual may be continued.

Financial Instruments

20. In the short term, the following six main financial instruments may be covered in the FOF accounts: (a) Monetary gold and Special Drawing Rights (SDRs), (b) Currency and deposits, (c) Debt securities, (d) Loans, (e) Equity and investment fund shares and (g) 'Other accounts receivable or payable'.

21. The compilation and reporting of the 'monetary gold' and 'SDRs' may be aligned with that in SNA 2008.

22. The extant instrument of 'investments' may be sub-categorised into (i) Equity, (ii) Preference shares and (iii) Debt Securities. The Debt Securities may be further classified into (a) Central Government Securities, (b) State Government Securities, (c) Other Government Securities, (d) Corporate Securities (Bonds and Commercial Paper), (e) Bank Securities, (f) other

financial institutions' securities (g) foreign securities and (h) other securities. The categorisation of debt securities into short-term and long-term depending on the original term of maturity may be examined.

Other Recommendations

23. Once the sectoral FOF accounts are compiled, joint meetings could be held with the concerned data suppliers and other stakeholders to get the FOF accounts data of the respective sectors vetted and validated.

24. A review mechanism be put in place wherein the methodology, data gaps, and other issues are reviewed at periodic intervals (preferably once in three years).

Recommendations for the medium to long-term

25. The medium to long-term recommendations would be implemented as and when new data become available and it is feasible to compile them.

Sectorisation

26. In the Non-Financial Corporations sector, the inclusion of State Public Sector Enterprises (SPSEs), Producer Companies, 'Micro, Small and Medium Enterprises (MSMEs) and Water Users' Association may be examined.

27. In the Financial Corporations sector, the incorporation of the sub-sectors 'financial auxiliaries' and 'captive financial institutions and money lenders' may be examined.

28. The incorporation of Venture Capital Funds (VCFs), Portfolio Managers and Micro-Finance Institutions (MFIs) in the sub-sector 'Other financial intermediaries except insurance corporations and pension funds' may be assessed.

29. The Central Statistics Office (CSO) and the Directorate of Economics and Statistics (DES) in each State Government may be contacted for obtaining data regarding urban and rural local bodies for inclusion in the General Government sector.

30. The data availability and the feasibility of classifying each of the sub-sectors in the non-financial and financial corporations sectors into public, national private and foreign controlled corporations may be examined.

Financial Instruments

31. The methodology of and data availability for compiling the following financial instruments may be examined:

a. categorisation of 'deposits' into 'transferable deposits' and 'other deposits' and the further classification of 'transferable deposits' into 'inter-bank positions' and 'other transferable deposits',

b. bifurcation of the financial instruments ‘debt securities’ and loans’ into short-term and long-term,

c. reporting of ‘equity’ in three categories, ‘listed shares, unlisted shares, and ‘other equity’,

Other Recommendations

32. The feasibility of compiling and publishing separately the ‘valuation account’ and the ‘other changes in volume account’ could be assessed once the methodology to be adopted is finalised in consultation with the CSO.

33. The discrepancy between the stocks and flows could be recorded in a “Reconciliation Table”.

34. The RBI may examine the possibility of compiling and publishing the FOF accounts on quarterly basis beginning with the financial sector.

35. The data flow into the FOF database to be automated to the extent possible. Institution of a database system (such as Oracle) as the back-end for FOF data compilation and an appropriate front-end tool for report generation and data quality checks may be examined.

Report of the Working Group on the Compilation of Flow of Funds Accounts of the Indian Economy

Section I. Introduction

1.1 The Flow of Funds (FOF) accounts represent a systematic record of financial transactions through a variety of instruments among the various sectors of the economy during a given period of time. The FOF accounts serve as an important policy-supportive analytical tool in at least five major ways. First, the accounts help to assess the nature and pace of financial development of the economy. Second, these accounts unravel the relationship of the financial sector with the real economy (i.e. the non-financial sectors) and thereby provide insights into their saving, capital formation, wealth and indebtedness. Third, the FOF accounts can be used to check consistency with corresponding parameters derived independently from the national accounts and the balance of payments. In fact, the FOF projections undertaken in some countries serve to supplement and cross-check the macroeconomic projections based exclusively on the non-financial sectors. Fourth, the FOF accounts can help gauge the impact of monetary policy on the volume of financial resources mobilized by different sectors of the economy as also on the portfolio choice between money and other financial assets. Finally, the FOF accounts can be used to assess financial inter-connectedness as well as financial stability/vulnerability of the economy. Recognizing these inherent advantages, many advanced and emerging market countries have been compiling the FOF accounts over the years. In fact, it is the central banks in many of these countries - such as the Federal Reserve Board, the European Central Bank, the Bank of Japan, the People's Bank of China, the South African Reserve Bank and the Reserve Bank of India (RBI) – that have been compiling the FOF accounts.

1.2 The FOF accounts for India owe their origin to a suggestion of Sir C.D. Deshmukh, the then Union Finance Minister, in 1955. In 1956, the Central Statistics Office (CSO) initiated preparatory work along with the RBI. In 1959, Professor H. W. Arndt of the University of Australia carried out a study in consultation with CSO, Ministry of Finance and RBI, on FOF accounts. The memorandum entitled "Financial Flows in the Indian Economy 1951-52 – 1957-58", prepared by Prof. Arndt was discussed by representatives of the CSO and the RBI. They, in turn, referred the issue to a Working Group on Flow of Funds (Chairman: Shri P. C. Mathew) to formulate proposals for further work in this direction.

1.3 The Mathew Working Group took note of statistics then available and the important work done by Prof. H.W. Arndt and suggested a model set of accounts to be adopted. The compilation of the detailed FOF accounts for the

Indian economy was then initiated in 1959 under the joint auspices of the CSO and the RBI.

1.4 The Report of the Mathew Working Group, published in 1963, presented a consolidated FOF accounts for the year 1957-58. Subsequently, the RBI developed the work further and published the detailed FOF accounts since December 1964 starting with the data from 1951-52 onwards. The sectoral classification and financial instruments covered are in line with the recommendations of the Mathew Working Group. Since then, these accounts are being published periodically in the monthly RBI Bulletin. [1]

1.5 From the viewpoint of transparency, consistency and good practices, a detailed manual on the compilation of the FOF accounts was published in the December 1988 issue of the RBI bulletin.

1.6 In response to the many requests of scholars for making available a long time series data, the FOF accounts for the years 1951-52 through 1995-96 that were published in different issues of the RBI Bulletin or the Report on Currency and Finance, were published in a monograph in August 2000. Part 1 of the monograph contained a narrative on the conceptual and methodological aspects of the FOF accounts. It also contained a chronology of changes in the compilation procedure. The monograph noted in this context, *"[t]hough the basic steps in compiling FOF remain more or less the same over the years, there has been a continuous evolution in the compilation process of FOF so as to reflect the current economic reality*." Thereafter, in March 2007, the RBI prepared a 'Manual on Financial and Banking Statistics' on the recommendation of the Steering Committee set up by the Ministry of Statistics and Programme Implementation (MOSPI), Government of India. The objective of this reference manual was to provide a methodological framework for compilation of statistical indicators, encompassing various sectors, including the FOF accounts apart from monetary statistics, banking statistics, external sector statistics and fiscal sector statistics published by the RBI.

1.7 The methodology has been continuously updated keeping in view the changing structure of the Indian economy. Similarly, the data compilation processes are also being continuously updated. For instance, the consolidated data pertaining to some of the sectors, such as mutual funds, insurance corporations, NBFCs and some cooperative banks are being sourced from their respective regulators, which also form part of the recommendations of this Working Group.

1.8 Based on the evolving methodology as highlighted above the National Accounts Analysis Division (NAAD) in the Department of Economic and Policy Research (DEPR) of RBI has been compiling and publishing the annual FOF accounts in the RBI Bulletin. The latest published FOF data relate to 2012-13

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[1] Reserve Bank of India *(1967), '*Financial Flows in the Indian Economy - 1951-52 to 1962-63*',* *RBI Bulletin*, March.

(that was released in December 2014) and the data for 2013-14 are expected to be published in October/November 2015.

1.9 Notwithstanding the rich tradition of compiling the FOF accounts by the RBI and the continuous improvement in the compilation methodology, at least four developments, have necessitated a comprehensive review of the process. First, data gaps have arisen, reflecting changes in the financial sector as well as the inadequate availability of data in respect of certain sectors. These have resulted both from the entrenched inadequacies of existing statistical reporting framework and the sub-optimal pace of assimilating information on financial market developments including new financial market instruments in the FOF. Many of such statistical infirmities were discussed comprehensively by the High-Level Committee on the Estimation of Savings and Investment (Chairman: Dr. C. Rangarajan), 2009.

1.10 Second, the Central Statistics Office (CSO) which compiles the National Accounts Statistics (NAS) for the economy have adopted the underlying concepts, definitions and classifications of the System of National Accounts (SNA), which is being implemented in a phased manner.

1.11 Internationally, the standards for preparing macroeconomic statistics changed significantly following the publication of the SNA 1993, which set out the overarching conceptual framework for all macroeconomic statistics. The SNA 1993 incorporated two significant enhancements: the full integration of stocks (balance sheets) and flows, and a complete sets of accounts covering production, income, consumption, saving, investment, and financial activities for sectors of the economy as well as for the economy as a whole.

1.12 The SNA 2008 is the latest version of the international statistical standard for the national accounts, adopted by the United Nations Statistical Commission (UNSC). It is an update on the SNA 1993 which takes into account new developments in economic activities and analysis since 1993. The adoption of SNA 2008 in respect of the Indian national accounts may necessitates corresponding changes in the compilation of FOF.

1.13 Third, in the international sphere, in the context of the emerging market crises in the 1990s and the early 2000s that were characterised by sudden disruptions in the capital accounts of the key sectors of the economy, the IMF had increasingly started applying the Balance Sheet Approach (BSA) as part of its bilateral surveillance activities. In contrast to the conventional financial programming framework which focussed on flows (such as output, investment, fiscal balance and the current account balance), the BSA analysed the stock of assets and liabilities of various sectors (such as debt, foreign reserves and outstanding amount of loans) that can potentially set off disruptions in capital flows. Sectoral balance sheets were considered important in that they provide information that is netted out while compiling the aggregate balance sheet at the country level. The BSA has served to complement the flows-based analysis. In effect, compilation of data on sectoral assets and liabilities, in addition to those on flows, has assumed significance. This may entail extending the coverage of the extant FOF compilation in India from pure flows to sectoral assets and liabilities, as is the practice in some advanced economies.

1.14 Finally, the global financial crisis of 2008 underscored the imperative of understanding financial interconnectedness between domestic sectors on the one hand and between these sectors and the rest of the world, on the other [Shrestha *et al* (2012)][2]. In this context, international initiatives by the IMF and the Financial Stability Board (FSB) have been underway to close data gaps including those relating to the FOF accounts, which have been endorsed by the G20 Finance Ministers and Central Bank Governors. Recommendation 15[3] of the G20 data gap initiative stresses the need for developing "*a strategy to promote the compilation of the balance sheet approach (BSA), flow of funds, and sectoral data more generally, starting with the G20 economies. Data on nonbank financial institutions should be a particular priority… In the medium term, including more sectoral balance sheet data in the data categories of the Special Data Dissemination Standard (SDDS) could be considered...."* [4] Thus, the felt need to bridge data gaps and align the FOF methodology with the evolving developments in the financial sector and international best practices is part of an on-going international initiative covering many countries.

1.15 Accordingly, a Working Group on the compilation of the Flow of Funds Accounts was constituted by the RBI with the following members[5]:

Shri Deepak Mohanty Executive Director, RBI	Chairman
Senior-level Representative from Budget Division, Ministry of Finance, Government of India, New Delhi *(Shri A.S. Bhal, Additional Economic Adviser)*	Member

[2] Shrestha, M, R. Mink and S. Fassler (2012), "An Integrated Framework For Financial Positions and Flows on a From-Whom-To-Whom Basis: Concepts, Status and Prospects", IMF Working Paper WP/12/57.

[3] In the second phase of the Data Gap Initiative, this recommendation is at serial number eight.

[4] With a view to enhancing the oversight and regulation of the shadow banking sector, the FSB initiated an annual monitoring exercise in 2011 with a focus on a macro-mapping, based on national FOF and sectoral balance sheet data of non-bank financial intermediation. India participated in the FSB's monitoring exercise for 2012, 2013 and 2014 which revealed significant gaps in data availability. In this context, on the directions of the Inter-Regulatory Technical Group of the Sub-Committee of the Financial Stability and Development Council (FSDC) of India, a Working Group was constituted around mid-2012 to macro-map the shadow banking sector in India. The Working Group comprises representatives of the RBI, SEBI, IRDAI, NABARD and PFRDA. The Report of the Working Group observed that the extant FOF accounts falls short of the requirements of the FSB's monitoring exercise in that data are compiled annually (and not quarterly), data on stock positions in additions to the flows are not compiled and disaggregation in terms of deposit-taking and non-deposit taking institutions as well as data on several categories of OFIs such as money market funds, hedge funds, structured financial vehicles and other investment funds are not compiled. In this context, the Working Group recommended the FOF Working Group to consider incorporating the requirements of the FSB's annual monitoring exercise.

[5] The designations of the members are as at the time of the constitution of the Working Group.

Senior-level Representative from Central Statistics Office (CSO), New Delhi. (*Ms. T. Rajeswari, DDG*)	Member
Senior-level Representative from Securities and Exchange Board of India (SEBI), Mumbai (*Shri Prabhakar Patil, Joint Director*)	Member
Senior-level Representative from Insurance Regulatory and Development Authority of India (IRDAI), Hyderabad (*Shri V. Sai Kumar, OSD*)	Member
Senior-level Representative from National Bank for Agriculture and Rural Development (NABARD), Mumbai (*Shri B. Jayaraman, CGM*)	Member
CGM-in-Charge, Department of Banking Operations and Development, RBI (*Shri Deepak Singhal*)	Member
CGM-in-Charge, Department of Non-Banking Supervision, RBI (*Ms. Uma Subramaniam*)	Member
Dr. Sharad Kumar Adviser, Department of Statistics and Information Management, RBI	Member
Dr. Goutam Chatterjee Adviser, Department of Statistics and Information Management, RBI	Member
Dr. K.S. Ramachandra Rao Hyderabad	Member
Smt. Balbir Kaur Adviser, Department of Economic and Policy Research, RBI	Member
Shri Somnath Chatterjee, Director, National Accounts Analysis Division, Department of Economic and Policy Research, RBI	Member-Secretary

1.16 The terms of reference of the Working Group are:

a. To review the existing methodology for compilation of the FOF accounts in India.
b. In the light of the developments in the financial sector and in line with international best practices, to suggest changes, if any, in the coverage of institutions, instruments and sources of data in the compilation procedure, and accordingly, suggest necessary revisions in the format of the special returns for data collation.
c. To suggest improvements in administrative, methodological and technological aspects to enhance the efficacy of the compilation process.
d. To prepare a manual on the compilation of the FOF in India.
e. Any other issue germane to the FOF accounts.

1.17 The secretariat to the Working Group was provided by the National Accounts Analysis Division (NAAD) of the Department of Economic and Policy Research (DEPR) of the RBI. The Group places on record its appreciation for the sincere efforts of the officers of NAAD and, in particular, of Shri Arun Vishnu

Kumar, Assistant Adviser, for his invaluable and immense contribution towards the preparation of this Report and the associated Manual.

1.18 The Working Group, in its first meeting set up eight sub-groups, to separately examine issues relating to the compilation of the FOF accounts relating to the following viz., Commercial Banking, Non-Banking Finance Companies, Private Corporate Business, Government, Insurance, Rest of the World, Cooperatives and National Balance Sheet. The list of the sub-groups along with the respective convenors and members are given in Annex I. The sub-groups have since submitted their reports, which have formed the basis of the Working Group's observations and recommendations. As a follow-up to the Working Group meetings, separate meetings were held by the concerned officials of RBI with the officials of NABARD and SEBI.

1.19 The Working Group acknowledges the support from the Ministry of Finance (MoF), Central Statistics Office (CSO) in the Ministry of Statistics and Programme Implementation (MOSPI), Ministry of Corporate Affairs (MCA), Securities and Exchange Board of India (SEBI), Insurance Regulatory and Development Authority of India (IRDAI), National Bank for Agriculture and Rural Development (NABARD), National Housing Bank (NHB), HDFC Standard Life and Tata AIG General Life Insurance. The contributions of various Departments in the RBI, particularly Department of Banking Regulation (DBR), Department of Government and Bank Accounts (DGBA), Department of Non-Banking Regulation (DNBR), Department of Statistics and Information Management (DSIM), Financial Inclusion and Development Department (FIDD), and Department of Cooperative Bank Regulation (DCBR) are sincerely appreciated. The Working Group acknowledges the significant suggestions made by the conveners and the members of the eight sub-groups. The Working Group also acknowledges the contributions of various Divisions in the Department of Economic and Policy Research, in particular, Banking Research Division (BRD), Division of Financial Markets (DFM), Division of International Trade and Finance (DITF), Division of Money and Credit (DMC) and Fiscal Analysis Division (FAD).

1.20 The Working Group's approach in framing its recommendations was based on the following broad principles. First, it was recognised that the extant structure of the FOF accounts provided very useful information, and while expanding/restructuring/consolidating the presentation of accounts in line with international best practices (including the internationally accepted national accounting system embodied in SNA 2008) and evolving financial sector developments was important, it was also essential to preserve the analytical insights provided by the extant compilation procedure, wherever relevant. Secondly, it was important to bring about greater consistency between the resource gaps emanating from the NAS and the financial balance generated by the FOF accounts – both sectorally and at the aggregate level. Thirdly, again from the viewpoint of enhanced accuracy, consistency and timeliness of compilation, greater reliance may need to be placed, to the extent possible, on information available with data repositories in order to supplement inferences drawn from sample-based studies.

1.21 The Report is in two parts. Part one of the Report is organized as follows. Section I gives a brief introduction. Section II takes stock of the cross-country experiences in the compilation of the FOF accounts as a prelude to assess India's extant position, which is discussed in Section III. The recommendations of the Working Group are set out in Section IV, which have been grouped into two categories: the first category includes those recommendations that may be implemented in the short-term; the second category pertains to those recommendations that may be implemented in the medium to long-term. The revised Manual on the FOF accounts compilation forms the second Part of the Report.

Section II: International Experience in the Compilation of the Flow of Funds Accounts

2.1 As a prelude to the discussion on the international experience in the compilation of FOF, it may be apposite to briefly review the relevant changes that are envisaged under SNA 2008[6] – the updated statistical framework that is expected to be progressively adopted by most countries over the next few years – and the current status of implementation of the same.

2.2 SNA 2008 retains the basic theoretical framework of 1993 SNA. The broad institutional (sectoral) classification remains the same in SNA 2008 viz., in terms of (i) non-financial corporations; (ii) financial corporations; (iii) general government; (iv) households; and (v) and non-profit institutions serving households (NPISH).

2.3 Some of the changes in SNA 2008 over SNA 1993 include, for instance, explicit recognition of Special Purpose Vehicles as an institutional unit, classification of holding companies under the financial corporations sector, enlargement of the definition of financial services (to include, for example, financial risk management and liquidity transformation), increase in the number of sub-sectors within the financial corporations sector from five to nine to reflect new developments/markets/instruments, discussion on the treatment of allocated and unallocated metal (gold) accounts[7], recognition of the liability in Special Drawing Rights (SDRs)[8] and guidance on the treatment of employee stock options.

2.4 In sync with the developments in the financial market since the adoption of SNA 1993, the classification of financial instruments in the SNA 2008 has been changed as follows:

- Monetary gold and SDRs are shown as separate sub-categories.
- Under transferable deposits, a sub-category is introduced for inter-bank positions (with the objective of avoiding ambiguity between loans and deposits when both parties to the transactions are banks as per para A3.120 of the SNA 2008).

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[6] The SNA 2008 document can be accessed at: http://unstats.un.org/unsd/nationalaccount/docs/SNA2008.pdf

[7] According to SNA 2008, "*Monetary gold is defined as gold to which the monetary authorities (or others who are subject to the effective control of the monetary authorities) have title and is held as a reserve asset and comprises gold bullion and unallocated gold accounts with non-residents.*"

[8] SNA 1993 classified SDRs as assets without corresponding liabilities. SNA 2008 treats SDRs issued by the IMF as "*an asset of the country holding the SDR and a claim on the participants in the scheme collectively*."

- 'Securities other than shares' (in SNA 1993) are termed 'Debt securities'. Within this category, two sub-categories relating to 'short-term' and 'long-term' continue in SNA 2008.
- Categories such as 'Loans' (and its two sub-categories relating to 'short-term' and 'long-term') and 'Other accounts receivable/payable' continue in SNA 2008.
- Under the head 'equity', three sub-categories viz., equity shares, unlisted shares and other equity have been introduced.
- A new head 'investment fund shares/units' with two sub-categories viz., money market fund (MMF) shares/units and other investment fund shares/units has been introduced.
- Instead of the instrument 'insurance technical reserves' (under SNA 1993), a category termed 'insurance, pension and standardized guarantee schemes' with various sub-heads such as non-life insurance technical provisions, life insurance and annuity entitlements, pension entitlements, claims of pension funds on pension managers and entitlements to non-pension benefits, has been introduced.
- Two sub-heads viz., options and forwards, under the existing head 'Financial derivatives' have been added and a separate head viz., 'employee stock options' has been introduced.

Selected Cross-Country experience in the adoption of SNA 2008

2.5 While many countries have implemented the SNA 2008, others are in the process of doing so. As of July 2014, '*the following countries have published full datasets based on the SNA 2008: Australia, Canada, France, Ireland, Israel, Korea, Mexico, the Netherlands and USA. In September and early October 2014, according to EU-legislation on the implementation of the European System of Accounts (ESA) 2010, EU-countries, Iceland, Norway, and Switzerland will change over. Chile and Turkey have indicated that they will publish their results in 2015. Japan will close the ranks of OECD-countries in 2016.*[9] Against this backdrop, the cross-country experience on the compilation of the FOF accounts is discussed next.

2.6 A survey[10] of advanced economies in the G20[11] and emerging market[12] economies with regard to the compilation of the FOF accounts and balance sheets shows the following:

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[9] Peter van de Ven (2014). '*The Implementation of the 2008 SNA and the Main Challenges for the Future Development of National Accounts*' prepared for the 33rd General Conference of the International Association for Research in Income and Wealth (IARIW), Rotterdam, August 24 – 30, 2014 accessed from http://www.iariw.org/papers/2014/VanDeVenPaper.pdf (page 3) on August 22, 2014.

[10] Shreshta, M (2011), "A Status on the Availability of Sectoral Balance Sheets and Accumulation Accounts in G20 Economies". The paper was presented in the 'Conference on Strengthening Sectoral Position and Flow data in the Macro-economic Accounts', jointly organized by the IMF and the OECD, February-March 2011, Washington, DC.

[11] Australia, Canada, France, Germany, Italy, Japan, United Kingdom, and United States.

- All the advanced economies in the G20 (except Korea) compile and publish the Financial Accounts on a quarterly basis - both the stocks (balance sheet) as well as the flows (transactions) – adopting the minimum institutional sector and financial instruments as per the SNA framework (Annex II).
- Most of the advanced economies also publish some additional sectors/instruments breakdowns (disaggregates) in the balance sheets *vis-à-vis* the SNA framework. For instance, Australia compiles data for sectors such as 'Central Borrowing Authorities' and 'Securitisers' and instruments such as 'Bills of Exchange', 'One Name paper', and 'Unfunded Superannuation Claims'. The United States compiles data for instruments such as 'Open Market Paper,' and 'Security Credit'. The global financial crisis underlined the significance of the 'Other changes in assets accounts' viz., the 'Other Changes in Volume Account' (write-offs and reclassifications) and the 'Revaluation' Account (effect of changes in asset prices) on the net worth of the sectors. Data on these accounts are not well developed in the case of the advanced economies and do not exist for the emerging market countries. Even so, while France publishes these two accounts (the Revaluation account and the Other Changes in Volume account) by sectors and instruments, the United States publishes the two accounts by sectors only and Japan publishes the two accounts by instruments only.
- All the emerging market economies (EMEs) publish only the transactions accounts, except Mexico which publishes both the balance sheet and the transactions accounts as per the SNA framework. Further, the sectorisation and the instruments also vary among the countries. Mexico and South Africa have adopted both the main SNA institutional sectors and main instruments as per the SNA. China has adopted fully the main SNA institutional sectors and partially the instruments. Brazil and Indonesia publish the quarterly transactions accounts while the other economies publish the annual accounts.
- Many countries have original maturity breakdowns for some instruments (mainly, loans and debt securities).
- Financial instrument breakdowns in the balance sheets are not comparable across countries. Currency and resident/non-resident breakdowns are not available. Maturity (original maturity) breakdowns are available in a few cases and are not consistently applied across instruments within a country or across countries.
- Notwithstanding the compilation and dissemination of the FOF data, for the majority of countries, information on a 'from-whom-to-whom' basis is absent.

[12] Argentina, Brazil, China, India, Indonesia, Mexico, Russia, Saudi Arabia, South Africa and Turkey.

2.7 After the IMF-OECD conference in February-March 2011, the international working group came up with a proposal to enhance the sector and instrument details and developed a template for this purpose (Annex III). In this context, it may be mentioned that the IMF has aligned the detailed sectorisation and financial instruments with the SNA 2008. Therefore, once the SNA 2008 methodology is adopted for the Indian FOF accounts providing data for the templates would not be an issue.

2.8 According to the latest (fifth) progress report on the implementation of the G20 data gaps initiative (DGI), released by the IMF and the FSB Secretariat in September 2014, "*Significant progress has been made in implementing the DGI recommendations during the past five years but further work is needed and is critical to reaping the full benefits of the work undertaken to date. Most of the conceptual work has been completed. Enhancements of datasets are being made by all G-20 economies but at diverse rates of progress, primarily reflecting their varying levels of sophistication of statistical systems. Implementation efforts have also been reported by several non-G-20 economies. …… Based on the agreed implementation targets, it is feasible to envisage substantive completion of the DGI by end-2015 provided that there is continued cooperation at the national and international level, and statistical activities are appropriately resourced….. A second phase of the DGI could start in 2016 to strengthen and consolidate the progress to date and promote the regular flow of comparable and high-quality data across the G-20 economies. Close cooperation among national and international agencies would be needed. The specifics of a second phase of the DGI including a revised mandate would be discussed with G-20 economies as part of the 2015 work plan.*"

Section III: Review of the Extant FOF Compilation Process in India

Sectorisation

3.1 The present methodology of compilation of the FOF accounts for the Indian economy aggregates the domestic institutional units into five mutually exclusive sectors. The sectors are (i) Banking sector which comprises the RBI, Commercial Banks, Cooperative Banks and Credit Societies; (ii) Other Financial Institutions (OFIs) sector which comprises 'Financial Corporations and Companies', 'Financial and Investment Companies', Mutual Funds, Provident/Pension Funds and the Insurance corporations (both life and non-life); (iii) Private Corporate Business Sector consisting of Public and Private Limited Companies, and Cooperative Non-Credit Societies; (iv) Government Sector consisting of Central Government, State Governments, Non-Departmental Commercial Undertakings (NDCUs) comprising Central Public Sector Enterprises (CPSEs) and State Electricity Boards (SEBs) and Local Authorities wherein port trusts were included; and (v) the household sector. The financial flows of the 'households sector' are obtained as a residual. Therefore, this sector would comprise, apart from the pure households, unincorporated enterprises and the non-profit institutions serving households (NPISHs).The residents' financial transactions with non-residents are presented in the Rest of the World (ROW) sector. Thus, the FOF accounts cover six sectors in all.

3.2 The FOF accounts for India do not differentiate financial intermediaries according to their deposit-taking activity: the Banking sector, besides the RBI, comprises all Commercial Banks and Cooperative Banks and Credit societies. On the other hand, all Non-Banking Finance Companies (NBFCs), whether deposit-taking or not, are grouped under the OFI sector.

3.3 In India, the employees' social security in the organised sector is provided by institutional units called the Provident Funds that are set up by both government and non-government entities. In the existing system of FOF compilation for India, the Non-Government Provident Funds are included in the OFI sector under a specific head.

Financial Instruments

3.4 The FOF covers ten financial instruments viz., (i) currency, (ii) deposits, (iii) investments, (iv) loans and advances, (v) small savings, (vi) life fund, (vii) provident fund, (viii) trade debt, (ix) foreign claims not elsewhere classified and (x) other claims not elsewhere classified. The sectoral classification as per the extant methodology differs from the main SNA institutional sectors while the financial instruments covered largely match with the SNA's framework. In the existing FOF compilation, instruments 'monetary gold and SDRs' are not reported separately.

3.5 The instrument 'investment' on the asset side comprises investment in both equity and debt securities. Further, the instrument-wise classification of FOF accounts in India gives aggregate figures under the head 'loans and advances', which do not give details of the currency and tenor of loans.

3.6 In the present FOF accounts, information on financial derivatives and employee stock options are not being compiled.

Presentation of FOF Accounts in a 'From-Whom-to-Whom' Framework

3.7 For each sector and some of the major sub-sectors, the instrument-wise details of sources and uses of funds are provided. Furthermore, for each of the instruments, the sectoral source or sectoral destination of funds is provided, to the extent applicable/possible. Hence, the detailed FOF data are organized in a "**from-whom-to-whom**" framework. These data are also presented in two other formats. First, the aggregate sources and uses of funds are presented in a 6x6 matrix of all the sectors which provides a snapshot view of the FOF between the sectors. The second matrix presents instrument-wise flows under sources and uses of funds for each of the sectors. Since balance sheet information is not available for all the sectors, data on outstanding financial assets and liabilities are not provided.

Data Sources

3.8 The required data are culled out from various sources, namely published balance sheets, statements on sources and uses of funds of the concerned institutions, data available in surveys, special returns designed exclusively for constructing the FOF accounts, the Union Budget, State Government budgets and related documents, and the BOP statistics. Accounts for the household sector are prepared as residual based on the accounts of the other five organized sectors. The sources of data for the various sub-sectors are given in the Table 3.1 below.

Table 3.1: Major sources of data for the compilation of FOF accounts

Sector	Main Source of Data
1. Banking	
RBI	RBI (DGBA and DSIM)
Commercial Banks	RBI (DSIM)
Cooperative Banks & Credit Societies	RBI (FIDD and DCBR) and NABARD
2. Other Financial Institutions	
Financial Corporations (including NBFCs, SIDBI, NABARD, NHB, EXIM Bank, SIDCs and SFCs)	DNBR/DSIM/Special Returns/Annual Reports of relevant agencies
Mutual Funds	SEBI
Insurance	IRDAI

Non-Government Provident Funds[13]	Respective PFs
Housing Finance Companies	NHB
3. Private Corporate Business Sector	
Public Limited Companies	Statutory disclosures of corporates aggregated on a sample basis by RBI (DSIM)
Private Limited Companies	Statutory disclosures of corporates aggregated on a sample basis by RBI (DSIM)
Cooperative Non-Credit Societies	NABARD
4. Government Sector	
Central Government including autonomous bodies	(i) Union Budget Document (ii) Combined Finance Accounts (CAG)
State Government	RBI's Study on State Finance based on state government budgets/CAG
Non-Department Commercial Undertakings (including SEBs)	PSE Survey and respective SEBs
Port Trusts	Port Trusts
5. ROW Sector	RBI (DEPR)
6. Household sector	Derived as a residual

3.9 Consolidated balance sheet information is available for the Banking sector (though with a lag for the cooperative banking sector), NBFCs (registered with the RBI), HFCs (registered with the NHB), Private Corporate Business sector (for a sample of companies), General Government sector (Central and States). The data for the ROW sector is obtained from the BOP statistics. In the case of the OFI sector (Financial Corporations and Companies) and the power companies, consolidated information is not available in respect of all groups and therefore information is called from the individual institutional units and consolidated. The data on ownership pattern of government securities that is compiled and published by the RBI are also used to estimate the sectoral allocation of such securities. In the case of survey/sample-based data, the aggregate sector's accounts are arrived at by blowing-up each item under sources and uses of funds of the sample by the ratio of the global paid-up capital to the sample paid-up capital.

3.10 In the existing methodology of FOF compilation for the Private Corporate Business sector, corporate balance sheet data is based on survey of selected sample companies and then extrapolated or blown-up for the universe of companies in the sector. A single blow-up factor is used for all the instruments. In this context, the Working Group indicated in its first meeting that "the issues relating to the blow-up factor in the sample-based corporate finance studies brought out by DSIM and the possibility of using the database of the Ministry of Corporate Affairs (MCA) need to be looked into and perhaps highlighted in the Report of the Working Group, even if the issues are not fully resolved by then."

3.11 In this regard, it may be noted that the MCA mandated that companies falling in the following categories to file their Balance Sheet and Profit & Loss

[13] Government Provident Funds are shown under the Government sector.

Account under section 220 of the Companies Act, 1956 using the Extensible Business Reporting Language (XBRL) taxonomy for financial year ending on or after 31.03.2011: (1) all companies listed with any Stock Exchange(s) in India and their Indian subsidiaries; or (2) all companies having paid up capital of Rupees five crore and above; or (3) all companies having turnover of Rupees one hundred crore and above. Subsequently, the MCA has decided these companies would be required to file their Balance Sheet and Profit & Loss Account from 2011-12 onwards. However, banking companies, Power companies, Non Banking Financial Companies (NBFCs) and Insurance companies are exempted from XBRL filing as on date. Once this data stabilises, the data for the annual FOF accounts for the private corporate sector can be sourced from the MCA.

3.12 In the recent past, as suggested in the meetings of the Working Group, the NAAD had requested apex institutions/regulators such as SEBI, IRDAI and SIDBI for consolidated data in FOF format (i.e., sector-wise and instrument-wise) in order to minimize the extent of estimation or use of past ratios/blow-up factors and report 'actual' data. In response, consolidated data on mutual funds, insurance companies and state finance corporations/state industrial finance corporations were received. The coverage of Housing Finance Companies is now universal due to the consolidated data provided by the National Housing Bank. Additionally, the financial flows of the Non-Departmental Commercial Undertakings (NDCUs) which included, apart from the Public Sector Enterprises, the State Electricity Boards (SEBs) up to 2009-10, now include the power sector companies, wherein data were sourced from many of the individual companies. Furthermore, consolidated balance-sheet data on NBFCs registered with the RBI were obtained from DNBR of the RBI, instead of the earlier practice of estimating these from the DSIM's survey results of 'Financial and Investment Companies'. Similarly, in the co-operatives sector, consolidated balance sheet data of State Co-operative Banks and District Central Co-operative Banks were obtained from FIDD and DCBR of the RBI.

3.13 With this brief overview of the extant compilation methodology, the Working Group's recommendations are set out in the following section.

Section IV: Recommendations of the Working Group

4.1 The recommendations of the Working Group have been grouped into two categories: recommendations for the short term and those for the medium to long term.

A. Recommendations for the short- term

4.2 This section presents the short term recommendations of the Working Group under three major categories: Sectorisation, Financial instruments and processes and technology used in the compilation of the FOF accounts.

Sectorisation

4.3 The Working Group recommends that the broad sectoral/institutional break-up and the associated nomenclature of the FOF accounts may be aligned to that of SNA 2008, except that households and Non-Profit Institutions serving Households (NPISHs) may continue to be clubbed together largely on account of data issues (Table 4.1). **(Action: NAAD)**

Table 4.1: Main Sectorisation in FOF Accounts

India's extant FOF Sectors	SNA 2008 sectors	Recommended Sectorisation
1. Private Corporate Business	1. Non-financial corporations	1. Non-financial corporations
2. Banking	2. Financial corporations	2. Financial corporations
3. Other Financial Institutions (OFIs)		
4. Government	3. Government units, including social security funds	3. Government units, including social security funds
5. Households	4. Households	4. Households (including unincorporated enterprises and NPISHs
	5. NPIs serving households (NPISHs)	
6. Rest of the World	6. Rest of the World	5. Rest of the World

4.4 The SNA 2008, in principle, groups all institutional units engaged in commercial (non-financial) activities under the Non-Financial Corporation Sector. Accordingly, the Working Group recommends that the NDCUs comprising the Central Public Sector Enterprises (CPSEs) and SEBs, Port Trusts (both public and private), and the unbundled State Power Utilities (SPUs) be included under the non-financial corporations sector. The inclusion of other State Public Sector Enterprises (SPSEs) may be taken up in the medium to long term. Accordingly, the CPSEs, SEBs/SPUs and Port Trusts will not be included under the Government sector as per the current practice. **(Action: NAAD)**

4.5 As regards compiling the financial flows of the Central Public Sector Enterprises (CPSEs), it may be mentioned that the Central Public Sector Enterprises Survey done by the Department of Public Enterprises (DPE), Ministry of the Heavy Industries and Public Enterprises also includes some financial enterprises such as Export Credit Guarantee Corporation of India Ltd.(ECGC), Housing and Urban Development Corporation Ltd.(HUDCO), Indian Infrastructure Finance Company (IIFC), Indian Railway Financial Corporation Ltd (IRFC), Indian Renewable Energy Development Agency and Power Finance Corporation (PFC). The Working Group, therefore, recommends that while compiling the FOF accounts for the CPSEs, data pertaining to financial enterprises are excluded to avoid double-counting. **(Action: NAAD)**

4.6 The institutional units to be covered under the non-financial corporations sector in the short term are given in Table 4.2.

Table 4.2: Sub-sectors of Non-Financial Corporations

Extant FOF sub-sectors	**SNA 2008**	**Recommended FOF sectors**
Private Corporate Business sector	**Non-Financial Corporations**	**Non-Financial Corporations**
1. Private Non-Financial Companies a) Non-Government Non-Financial Public Limited Companies b) Non-Government Non-Financial Private Limited Companies 2. Cooperative non-credit societies	a) Public non-financial corporations b) National private non-financial corporations c) Foreign controlled non-financial corporations	1. Private Non-Financial Companies a) Non-Government Non-Financial Public Limited Companies b) Non-Government Non-Financial Private Limited Companies 2. Non-Departmental Commercial Undertakings a) Central (Non-Financial) Public Sector Enterprises[1] b) SEBs/State Power Utilities 3. Power Sector Companies[2] 4. Port Trusts[2] 5. Cooperative non-credit societies

1. As indicated earlier, State public sector enterprises may be taken up in the medium to long term.
2. Power sector companies and Port Trusts would include those in the public and private sectors.

4.7 As regards compilation of the FOF accounts for the non-financial companies, the Working Group recommends that MCA's/DSIM's database may be considered. Simultaneously, the Working Group recommends examining the possibility of collecting data relating to listed companies from the SEBI/exchanges. The use of data from two different sources could lead to the possibility of double counting which may be corrected by the compilers. **(Action: MCA, SEBI, DSIM and NAAD)**

4.8 In this regard, keeping in view the non-standard balance sheet formats adopted by non-financial and financial corporations, the Working Group recommends exploring the possibility of collecting information regarding ownership pattern of financial claims and assets from the Custodians and SEBI. **(Action: SEBI and NAAD)**

4.9 Recognising that the Co-operative non-credit societies are too marginal/small to have much impact on the overall co-operatives scenario, the Working Group recommends that the of estimation process based on the earlier method may continue to be used for the Co-operative non-credit societies wherever data is not available in time. **(Action: NAAD)**

4.10 The Working Group recommends that the Financial Corporations sector may be divided into seven sub-sectors as indicated in Table 4.3.

Table 4.3: Sub-sectors of the Financial Corporations

Extant FOF sectors	**Financial Corporations (SNA 2008)**	**Recommended FOF sectors**
Banking		**Financial Corporations**
RBI	1. Central Bank	1. Central Bank (RBI)
Commercial Banks Cooperative banks	2. Deposit-taking corporations except the Central Bank	2. Deposit-taking corporations except the Central Bank (a) All Scheduled Commercial banks (including RRBs) (b) All Non-Scheduled Commercial Banks (Local Area Banks) (c) Deposit- taking Cooperative Banks (StCBs, DCCBs and UCBs) (c) Deposit- taking NBFCs (NBFC-D) (d) Deposit- taking Housing Finance Companies (HFCs) (e) Deposit- taking Cooperative credit societies
Other Financial Institutions		
	3. Money Market Funds (MMF)	(3) Money Market Funds (MMFs)
	4. Non-MMFs	(4) Non-MMFs
1. Financial Corporations and Companies including	5. Other financial intermediaries except insurance corporations and	5. Other financial intermediaries except insurance corporations and pension funds including

Housing Finance Companies (including HUDCO, HDFC), EXIM Bank, NABARD, IFCI, IRBI, REC, State Finance Corporations (SFCs), State Industrial Development Corporations (SIDCs), SBI DFHI, TFCIL, NHB, IFCI Ventures, IDFC, ILFSL, SHCL, NSDL, SBI Capital, and Mutual Funds)	pension funds (ICPF)	Non-Deposit taking Non-Banking Systemically Important Finance Companies (NBFCs-ND-SI), Non-Deposit taking HFCs, IFCI, IDFC, REC, PFC, IFCI Venture Capital Funds Limited, Indian Renewable Energy Development Agency Limited (IREDA), India Infrastructure Finance Company Limited (IIFC), Indian Railway Finance Corporation (IRFC), NCDC, NABARD, NHB, EXIM Bank, SIDBI, Industrial Investment Bank of India, State Finance Corporations (SFCs), State Industrial Development Corporations (SIDCs), SBI DFHI and SBI Capital
2. Insurance companies	8. Insurance corporations	8. Insurance corporations including life, non-life and re-insurance corporations
Pension/Non-Government Provident funds	9. Pension funds	9. Pension/ Provident funds

4.11 The Working Group recommends that the financial flows of the RBI may be compiled as is being done currently. The source of data for the compilation of the FOF accounts for the RBI is the Statement of Affairs of the RBI provided by the DGBA/RBI. However, in the Statement of Affairs of the RBI, the sector-wise break-up of some items such as ‘other banks’ deposits, other deposits’, ‘bills payable’ are not furnished. The sector-wise break-up is estimated using ‘special returns’ called from all the regional offices of the RBI. With the implementation of the Core Banking System (CBS) in the RBI, the Working Group recommends examining whether sector-wise break-up can be obtained from the DGBA once the CBS stabilises. **(Action: NAAD)**

4.12 The Working Group recommends that the sector ‘deposit-taking corporations except central bank’ may comprise of institutional units as given in Table 4.3 above. As suggested by the sub-group on the Banking sector, the four Local Area Banks (LABs) which are non-scheduled commercial banks may be included in this sector. **(Action: NAAD)**

4.13 The consolidated data pertaining to cooperative banks and credit societies may be sourced from NABARD and RBI. (FIDD and DCBR). **(Action: NABARD and NAAD)**

4.14 In the current FOF accounts, the Mutual Funds are not shown separately and aggregated with the Financial Corporations and Companies and included under the OFI sector. The Working Group recommends that the Mutual Funds may be shown as two separate sub-sectors, Money-Market Funds (MMF) and Non-MMF under the financial corporations sector. The consolidated data for the MMFs and non-MMFs may be provided by SEBI. **(Action: SEBI and NAAD)**

4.15 The Working Group recommends that the institutional units as indicated in Table 4.3 may be included under the sector 'Other financial intermediaries except insurance corporations and pension/Provident funds'. **(Action: NAAD)**

4.16 Presently, the financial flows in the 'Financial and Investment Companies' sub-sector are estimated using a blow-up factor on the results of the 'Financial and Investment Companies' studies done by RBI/DSIM. The blow-up factor is uniformly applied across all instruments which is not appropriate. The sub-group on the NBFCs indicated that this approach underestimates the total financial assets/liabilities of the NBFCs. In this context, the sub-group on the NBFCs suggested that the data provided by the DNBR of the RBI on the 327 NBFC-ND-SI could be used and the DSIM could provide the data for the remaining NBFCs, based on its study. Accordingly, the Working Group recommends that the data provided by the DNBR on the NBFC-ND-SIs registered with RBI together with DSIM data may be used for the compilation of the FOF accounts of this sector. Further, the DNBR has initiated collection of information from non-deposit taking NBFCs (NBFC-ND) with assets of ₹Rs 50 to ₹100 crore and not systemically important, through online returns. The Working Group recommends that the NBFC-ND may also be included in the FOF accounts of this sector as the data collection stabilises and the coverage improves. The compilers should take into account the possibility of double counting **(Action: DNBR, DSIM and NAAD)**

4.17 The Working Group recommends that the financial flows of the insurance sector (including both life insurance and non-life insurance) may continue to be presented as a separate sub-sector under the 'financial corporations' sector. The consolidated data pertaining to insurance corporations may be sourced from IRDAI **(Action: IRDAI and NAAD)**

4.18 The Working Group recommends that consolidated data pertaining to Housing Finance Companies may be provided by the NHB. **(Action: NHB)**

4.19 The Working Group recommends that Provident Funds and Pension Funds may be published as a separate sub-sector. The Provident Funds comprise Central Government Employees Provident Fund, State Government Employees Provident Funds, Public Provident Fund (PPF), Employees Provident Fund Scheme (EPFO), Seamen's P.F. Scheme, Coal Mines P.F., Assam Tea plantation scheme, Local Authority Provident Fund, Dock Labour Board, as well as the Employees Provident Funds of RBI, Commercial Banks, L.I.C., ECGC, Employees State Insurance Corporation (ESIC), Port Trusts, Air

India, International Airport Authority and Other Statutory Corporations. However, as the investment/asset pattern of the Central Government Employees Provident Fund and State Government Employees Provident Funds are not available separately, these two funds would continue to be included in the Government sector as is the current practice. The Pension Funds may include the National Pension System (NPS) and the pension funds of the EPF scheme, Coal Mines, Assam Tea Plantation, Port Trusts and Dock Labour Board. **(Action: NAAD)**

4.20 The SNA 2008 adopts two methods of sub-sectoring of the general government sector. The first method of sub-sectoring of the general government is as follows: (a) Central government, (b) State governments, (c) Local governments and (d) Social security funds; where it is understood that each of the sub-sectors (a), (b) and (c) include NPIs but exclude social security funds at that level of government." The second method of sub-sectoring of the general government is as follows: (a) Central government, (b) State governments, (c) Local governments; where it is understood that each of the sub-sectors (a), (b) and (c) include both NPIs and social security funds at that level of government. The Working Group recommends that the extant method of sub-sectoring of the general government may be continued, which is closer to the second method under SNA framework. **(Action: NAAD)**

4.21 The Working Group recommends that the current practice of obtaining the data for the ROW sector, which is derived from the BOP statistics from RBI (DEPR) may be continued.

Financial Instruments

4.22 The Working Group recommends that the following financial instruments may be included in the FOF accounts in the short term (Table 4.4).

Table 4.4 : Financial Instruments in the FOF

Extant India's FOF	SNA 2008	Recommended Financial Instruments
	1. Monetary gold and SDRs	1. Monetary gold and SDRs
1. Currency 2. Deposits	2. Currency and deposits Currency Transferable deposits Inter-bank positions[1] Other Transferable deposits	2. Currency and deposits Currency Deposits (including certificate of deposits[2] and small savings excluding public provident fund)
3. Investments	3. Debt securities Short term Long term	3. Debt securities
	4. Equity and investment	4. Equity and investment fund

	fund shares Equity Listed Shares Unlisted Shares Other equity Investment fund shares/units Money market fund shares/units Other Investment fund shares/units	shares Equity Investment fund shares
4. Loans and Advances	5. Loans Short term Long term	5. Loans
5. Life Fund 6. Provident Fund	6. Insurance, pension and standardized guarantee schemes	6. Insurance, pension and standardized guarantee schemes
7. Trade credit/debt	7. Other accounts receivable or payable	7. Other accounts receivable or payable
	8. Memorandum items[3] a. Foreign direct investment b. Non-performing loans	
	9. Financial derivatives and employee stock options	
8. Small Savings		
9. Foreign Claims Not Elsewhere Classified		
10. Other Items not elsewhere classified		

1. The Inter-bank positions would be covered only in the non-consolidated tables and excluded from the consolidated tables (which exclude intra-sector transactions).
2. As suggested by the Sub-Group on the Banking Sector (Para 4.28).
3. The SNA 2008 includes two items under the Memorandum items, namely foreign direct investment (FDI) and non-performing loans (NPL). Transactions in financial assets and liabilities arising from the provision of, or receipt of, foreign direct investment are to be recorded under the appropriate categories: debt securities, loans, equity, trade credit or other. However, the amounts of foreign direct investment included within each of those categories should also be recorded separately as memorandum items. The SNA 2008 indicates that it is useful to identify transactions relating to nonperforming loans as memorandum items. In addition, when they are important it may be useful to group all arrears of interest and repayment under a memorandum item.

4.23 In the present FOF methodology, the transaction in ‘gold coin and bullion’ is taken for the FOF accounts. The Working Group recommends that this transaction be classified under the instrument ‘monetary gold’. **(Action: DGBA, DBR, DSIM)**

4.24 In India, the SDRs are held by the Government of India and thus appear in their balance sheet. As per the present FOF methodology, SDR holdings are being recorded under the head, 'SDR balances with IMF' in the Uses side of the Central Government statement of the FOF accounts. The sub-group on the ROW sector has indicated that this appears to be appropriate and that allocation of SDRs, on the other hand, should be considered as the liability of our country (in the books of the Government) and as assets of the RoW sector in the FOF compilation. The sub-group suggested that the allocation of SDRs may be captured and recorded under the Sources side of the Central Government sector as an additional item in the FOF accounts. For the ROW sector, the SDR allocation may be classified on the 'Uses' side under the head, increase in assets and under the sub-head, 'investments - Government'. The Working Group recommends that the transactions in SDRs be reported as suggested by the sub-group'. **(Action: NAAD and DITF)**

4.25 The Working Group recommends that the extant practice of compiling and reporting the transactions in currency and deposits may be continued.

4.26 The sub-group on the Banking sector reports that it may not be possible to classify certain deposits in India like savings bank deposits which though being checkable may not necessarily fulfil the criteria of "transferable deposits" as per SNA 2008. The sub-group, therefore, suggests that the present classification of deposits as per standard Indian convention into saving deposits, current deposits and term (fixed) deposits in the India's FOF accounts may be continued with appropriate explanatory notes that would aid a better understanding of these instruments to international users. The sub-group further suggests the bifurcation of term deposits into short-term and long-term deposits on the basis of original maturity, as suggested in SNA 2008. This information is available in the Section 42 returns of the scheduled commercial banks. The Working Group recommends that the above suggestions given by the sub-group may be adopted. **(Action: NAAD, DSIM)**

4.27 Considering the extent of development of securities market in India, the sub-group on the Banking Sector recommends the continuance of the practice of having a separate head "Investments" under Indian FOF. However, since the definition of capital for Indian banks and companies established under the Companies Act, 1956 include both paid-up equity shares and preference shares, the sub-group recommends the sub-categorisation of investments into (i) Debt Securities, (ii) Equity and (iii) Preference shares. The Debt Securities may be further classified into (a) Central Government Securities, (b) State Government Securities, (c) Other Government Securities, (d) Corporate Securities (including Commercial Papers), (e) Bank Securities, (f) other financial institutions' securities (of which mutual funds), (g) foreign securities and (h) other securities. The Working Group recommends that the suggestions made by the sub-group may be examined. **(Action: NAAD)**

4.28 In India, the Certificate of Deposits (CDs) are reported as part of aggregate deposits by the banks in their reporting. The sub-group on the Banking sector observed that the CDs are gaining importance in terms of outstanding amount with scheduled commercial banks. The sub-group, therefore, suggests that CDs could be made a separate sub-classification under the sub-head 'term deposits' of the major head 'Deposits', with a caveat that these are strictly not comparable to deposits as per SNA 2008. The Working Group recommends that the suggestion of showing CDs separately under deposits may be examined. **(Action: NAAD and DSIM)**

4.29 The sub-group on the cooperatives indicated that the issue of debentures by the State Cooperative Agriculture and Rural Development Banks (SCARDBs) is going to be discontinued though the debentures issued till now are likely to be held in the same form till maturity and that the NABARD has already issued circular to SCARDBs for switch over from debentures to loan system. In view of this, the Working Group recommends that necessary changes be made in the FOF accounts of the SCARDBs. **(Action: NAAD)**

4.30 The sub-group on the banking sector suggests that loans may be classified into two categories, *i.e.* 'in domestic currency' and 'in foreign currency', and these may be further classified into short-term and long-term depending on the original term of maturity. While short-term loans comprise loans that have an original maturity of one year or less, long-term loans have an original maturity of more than one year. The Working Group recommends that implementation of this suggestion may be examined **(Action:DBR, DGBA NAAD)**

4.31 All scheduled commercial banks are required to place certain amount of deposits (*RIDF Investments*) with NABARD/SIDBI/NHB *in lieu of* non-achievement of priority sector lending targets/sub-targets as on the last reporting Friday of March of every financial year. Though banks are classifying the same under investments in their balance sheets, these could be shown separately on the liability side of the sub-sector 'other financial intermediaries except insurance and pension funds' on the basis of information gathered from the concerned institutions in this regard. **(Action: NAAD)**

4.32 The extant FOF accounts do not give separately the information on borrowing of the StCBs and DCCBs from NABARD though it is the major source of borrowing for these StCBs and DCCBs. Hence, the Working Group recommends that the borrowing of the StCBs and DCCBs from NABARD may be shown separately in the format. The data on borrowing of the StCBs and DCCBs from NABARD are available with DCBR **(Action: NAAD)**

4.33 The sub-group on the ROW sector suggested that with a view to provide greater disaggregation, the data on Banking capital may be classified into deposits, loans, investments and others based on 'International Banking Statistics' published by RBI. **(Action: DEPR/DITF and DSIM)**

4.34 Presently, the RBI collects data on trade credit for imports into India through Form-Trade Credit (TC) submitted by banks to Division of International Trade and Finance (DITF) of DEPR. Form–TC submitted by banks has a flag of Buyer's / Supplier's credit from which Supplier's credit can be compiled. It only constitutes the credit given by the ROW to our country but not the credit given by us to the ROW. The sub-group on the ROW sector suggested that the possibility of using the data from export receipts shown as 'other capital' in BoP may be explored. The other option for collecting this information could be from the Export Outstanding Statement (XOS), received in FED, which gives the outstanding amount of exports not realized but use of BoP data item would be more appropriate from inter-aggregate consistency point of view. Going forward, the reports from the existing XOS System of FED are intended to be generated from their recently-introduced Export Data Processing and Monitoring System (EDPMS). The sub-group suggested that the trade credit data available with DITF of DEPR may be taken for data on trade credit given by ROW to India. Similarly, the possibility of inclusion of data on trade credit given by India to RoW from the item 'export receipts' shown as 'other capital' in BoP may be explored. The Working Group recommends that this suggestion may be examined. **(Action: DITF)**

4.35 The Liberalized Remittance Scheme (LRS) for resident individuals has been revised from time to time by the RBI depending on the prevalent economic situation. The LRS Scheme was introduced in February 2004 to facilitate resident individuals to freely remit up to USD 25,000 per calendar year, which was enhanced to US$ 50,000 per financial year in December 2006; to USD 1,00,000 per financial year in May 2007; and to USD 2,00,000 per financial year for any permitted current/capital account transactions or a combination of both with effect from September 26, 2007. On August 14, 2013, the LRS limit was reduced to USD 75,000 with immediate effect along with certain changes in the permitted current/capital account transactions. On June 3, 2014, however, as indicated in the Second Bi-Monthly Monetary Statement, 2014-15, the LRS limit was increased to USD 125,000[14] with immediate effect. Due to these developments, the sub-group on the ROW sector had suggested that these transactions need to be captured under a separate head. The Working Group recommends that this suggestion may be examined. **(Action: DITF)**.

Other Recommendations

4.36 *Separate Reporting of total sources/uses for the domestic economy and the rest of the World*: In the extant FOF sector Statements, the last column reports an amount denominated as TOTAL which is the sum of all the amounts recorded in each domestic institutional sector and also the rest of the world for a certain asset (uses)/liability (sources) category. However, the SNA 2008

[14] This limit has been increased to USD 250,000 with effect from June 1, 2015.

reports total for S1 (Domestic economy) and for S2 (Rest of the World) separately. The Working group recommends adoption of this terminology. **(Action: NAAD)**

4.37 One of the international practices (adopted by the Bank of Canada) is that once the financial flows for a sector is finalised, meetings are held with the concerned data supplier to get the data validated. The Working Group recommends a similar mechanism could be put in place in India. **(Action: NAAD)**

4.38 The Working Group recommends that review mechanism be put in place wherein the methodology, data gaps and other issues are reviewed at periodic intervals (preferably once in three years). **(Action: NAAD)**

B. Recommendations for the medium to long term

4.39 This section presents the recommendations of the Working Group to be implemented in the medium to long term under six categories. The first category pertains to expanding the coverage of institutional units in the FOF accounts, the second pertains to the financial instruments including financial derivatives, the third category is on the sub-sectorisation, the fourth category relates to the compilation of FOF accounts on quarterly basis, the fifth category presents the recommendations pertaining to the National Balance Sheet and the sixth category concerns improvement in the processes and technology used in the FOF compilation.

Sectorisation

4.40 In the Non-Financial Corporations sector, the Working Group recommends that the possibility of including the State Level Public Enterprises (SLPEs) may be examined. In this regard, the Report of the State Level Public Enterprises Survey pertaining to 2006-07 and 2007-08 released by the DPE may be examined. As these Reports are available with a considerable time lag, some estimations may be made while compiling the FOF accounts for recent years. Furthermore, it may be mentioned that the SLPE survey includes some state power sector companies and State Government owned NBFCs. Therefore, the Working Group recommends that while compiling the FOF accounts for the SLPEs data pertaining to financial enterprises are to be excluded to avoid double-counting. **(Action: NAAD)**

4.41 Furthermore, it is recommended that the CPSEs, SLPEs, SEBs and publicly owned port trusts are shown separately under the sub-sector Public Non-Financial Corporations, within the Non-Financial Corporation sector as encouraged by the IMF in their template (Annex III). As per the SNA, a corporation is a public corporation if a government unit, another public corporation, or some combination of government units and public corporations controls the entity, where control is defined as the ability to determine the general corporate policy of the corporation. **(Action: NAAD)**

4.42 As suggested by the sub-group on the Cooperative sector, the Working Group recommends that the feasibility of including Producer Companies, Micro, Small and Medium Enterprises (MSMEs) and Water Users' Associations (WUAs) in the FOF accounts as non-financial corporations may be examined depending upon the availability of data. **(Action: NABARD)**

4.43 As suggested by the sub-group on the cooperative sector, the Working Group recommends examining the inclusion of the Micro Finance Institutions (MFIs) established under the Society Registration Act, 1860, Indian Trusts Act, 1882, Self Help Co-operative Act, and Multi State Co-operative Societies Act, in the FOF accounts under the sector 'other financial intermediaries except insurance corporations and pension funds'. **(Action: NABARD and NAAD)**

4.44 In the Financial Corporations sector, the Working Group recommends that the feasibility of incorporating the sub-sectors 'financial auxiliaries' and 'captive financial institutions and money lenders' may be examined. **(Action: NAAD)**

4.45 The SNA 2008 classifies the following institutional units as financial auxiliaries: (i) Insurance brokers, (ii) loan brokers, (iii) share brokers, (iv) floatation corporations, (v) asset management companies, (vi) pension fund managers, (vii) companies engaged in foreign exchange activities, (vii) deposit account management services, (viii) credit-related services, (ix) financial leasing services, (x) trade finance related services, (xi) payment and money transmission services, (xii) fund management services, (xiii) financial consultancy and advisory services, (xiv) underwriting services, (xv) clearing and settlement services, (xvi) derivative, stock, securities and foreign exchange trading services, (xvii) Portfolio Managers, (xviii) Venture Capital Funds and (xix) other financial services. The Working Group recommends that the availability of data for these institutional units with MCA, SEBI and Stock Exchanges may be examined **(Action: NAAD)**

4.46 The sub-group on the Government Sector suggested that the Directorate of Economics and Statistics of each State may be contacted for obtaining data regarding urban and rural local bodies for FOF. The sub-group also stated that CSO can share available data on local authorities with RBI for FOF compilation, though the data is available with a time lag. The Working Group recommends that the availability of data pertaining to Local Governments such as Municipalities/Corporations, Urban Local Bodies and Panchayats may be examined in association with the CSO. **(Action: CSO and NAAD)**

4.47 The Working Group recommends that feasibility and data availability of classifying of the institutional units in the non-financial and financial corporations of the Indian economy into public, national private and foreign controlled corporations may be examined. This would enable generating financial flows in the public and private sector consistent with the CSO's National Accounts Statistics **(Action: DSIM, NABARD, DNBR, SEBI, NAAD).**

Financial Instruments

4.48 The Working Group recommends that the methodology of and data availability for compiling the following financial instruments may be examined:

a. categorisation of ‘deposits’ into ‘transferable deposits’ and ‘other deposits’ and the further classification of ‘transferable deposits’ into ‘inter-bank positions’ and ‘other transferable deposits’,
b. bifurcation of the financial instruments ‘Debt securities’ and Loans’ into short term and long term,
c. Reporting of ‘equity’ in three categories, ‘listed shares, unlisted shares, and ‘other equity’,

4.49 The Working Group recommends that the classification of deposits with the RBI into ‘transferable’ (‘inter-bank’ positions and ‘other transferable deposits’) and ‘other deposits’ may be examined. **(Action: DGBA, NAAD)**

4.50 Considering the recent/emerging developments in the financial sector and extent of usage of financial derivatives by several sectors/ units/ entities which is anticipated to increase in the future, the sub-group on the Banking sector has suggested the introduction of an additional instrument “Financial Derivatives and Employee Stock Options” in line with SNA 2008. As regards the compilation of sector-wise data in respect of financial derivatives, the sub-group identifies difficulty due to absence of counterparty details. It, however, recommends that efforts/ estimation methods could be made/devised for the same. The sub-group on the ROW sector suggests examining the possibility of capturing derivative transactions between residents and Non-residents as a separate instrument, ‘financial derivatives and employee stock option’ through Foreign Exchange Transactions Electronic Reporting System (FETERS) data (available with DSIM). The information on Forex Sale/Purchase on account of “Financial derivatives and employee stock options” is being captured under FETERS since April 1, 2012. **(Action: DSIM and NAAD).**

4.51 RBI has mandated reporting of all interbank OTC foreign exchange derivatives and all/selective trades in OTC foreign exchange and interest rate derivatives between the Banks/PDs and their clients to the Clearing Corporation of India Limited (CCIL)’s reporting platform. The CCIL’s reporting platform for OTC foreign exchange derivatives was introduced on July 9, 2012 and was expanded thereafter in three phases to cater to the reporting of interbank and client transactions (threshold of USD 1 million and equivalent in other currencies) in various actively used derivative instruments. The last phase was rolled out on December 30, 2013, in which reporting of client transactions in Rupee Interest Rate Swap (IRS)/Forward Rate Agreement (FRA) was also covered. RBI had put in place a reporting arrangement for interbank/PD transactions in Rupee Interest Rate Swap (IRS)/ Forward Rate Agreement

(FRA) in August 2007. The reporting platform for Credit Default Swaps (CDS) was put in place from the date of introduction of the instrument itself, i.e., December 1, 2011.

4.52 As far as exchange-traded derivatives (equity futures, currency futures and interest rate futures) are concerned, the data available with the regulator viz., SEBI, would be an important starting point. In this context, the Working Group suggests that the nature of data available with CCIL and SEBI with regard to OTC and exchange-traded derivative transactions, respectively, may be examined from the view point of incorporating the same in the FOF Accounts. **[Action: RBI (NAAD and Financial Markets Regulation Department), CCIL and SEBI]**

Other Recommendations

4.53 The SNA 2008 framework presents a full set of accounts so that for any financial instrument and sector, changes between opening and closing balance sheets are divided into financial transactions and "other flows". The "other flows" cover changes in volume not resulting from a transaction between units (OCVA) and changes resulting only from a change in price of financial assets and liabilities (including change in exchange rate), that is valuation change. It is recognised that estimating revaluation accounts is a complex exercise. Not surprisingly, according to the IMF (2011), only a few G-20 advanced economies and none of the G-20 emerging market economies are reporting revaluation accounts (Annex II). In this backdrop, the Working Group suggests examining the feasibility of compiling and publishing separately the 'valuation account' and the 'other changes in volume account' depending on the availability of data after the methodology to be adopted is finalised in consultation with the CSO. **(Action: RBI and CSO)**

4.54 In line with the practice adopted by most of the advanced economies and some developing economies in the G20 as also to facilitate more rapid policy analysis, the Working Group recommends that the RBI may examine the feasibility of compiling and publishing the FOF accounts on quarterly basis; this exercise may be focussed on the financial sector to begin with. **(Action: NAAD)**

4.55 The sub-group on National Balance Sheet (NBS) has suggested that the NBS may be compiled by the RBI on an annual basis using the same sectorisation as followed for the FOF accounts in the revised framework as per this Working Group Report and using the sectoral balance sheet data as received for the FOF accounts. The NBS may be prepared annually and be published by the RBI. There is a gap of six months to one year for banking/financial institutions and corporate accounts data; and two years for availability of final data in respect of government accounts. The sub-group suggested release of the provisional NBS with one year lag and final NBS data with a lag of two years. Furthermore, the sub-group suggests that the NBS may be compiled at current prices in the case of tangible assets and at historical prices in respect of financial assets (intangible assets). The valuation adjustment may be shown in discrepancy for matching total assets and total liabilities. Attempts may be made in future to revalue the financial assets also at current prices. The Working Group recommends that a pilot exercise on the compilation of National Balance Sheet may be undertaken in coordination with CSO. **(Action: CSO, NAAD)**

4.56 In order to enhance accuracy and the timeliness of compilation of the FOF accounts, as suggested by the sub-group on the Banking sector, the Working Group recommends examining the issue of making the data flow into the FOF database completely electronic. The compilation process may be automated to the extent possible with minimal manual intervention. Firstly, the RBI is in the process of implementing a core banking solution (RBI-CBS). The data for compiling the financial flows of the RBI from the RBI-CBS may be examined. Secondly, automated data flows from the CBS of the commercial banks could be examined from the view point of incorporating the same in the FOF Accounts. **(Action: DGBA, NAAD and DSIM)**

4.57 The sub-group on the Banking sector suggested the institution of a database system such as Oracle as the back-end and an appropriate front-end tool for report generation and data quality checks. The system should be designed in such a way that it allows automated data flow into the system, say for instance through (Extensible Markup Language) XML/(Extensible Business Reporting Language) XBRL documents. At an intermediate level, the system may allow manual data entries, but it must be disabled in a time bound manner. The proposed FOF compiler should also allow automated data from RBI-CBS and other systems such as returns from scheduled commercial banks (e.g. Form X or Form A/B returns). Such a system will greatly improve timeliness, accuracy and will enable moving towards quarterly FOF data release. The Working Group recommends that this suggestion may be examined for implementation. **(Action: DIT, DSIM and DEPR)**

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Annex I: List of Sub-Groups[15]			
	Sub-Group	**Convener**	**Members**
1	Banking Sector	Shri Deepak Singhal, CGM-in-Charge, DBOD, RBI	Dr. Deba Prasad Rath, Director, MPD, RBI Shri B. G. Mukhopadhyay, CGM, FSDD, NABARD Shri Sudhanshu Prasad, DGM, DBR RBI Shri Deepak Mathur, Director, DSIM, RBI Dr. N K Unnikrishnan, Assistant Adviser, DSIM, RBI
2	Cooperative Sector	Dr. B. Jayaraman, CGM, DEAR, NABARD *(since retired)*	Smt. Sangeeta Das, Director, DEPR, RBI Shri K. K. Ravindran, MD, NCARDB Federation Shri A. K. Sahoo, CGM, Chhattisgarh Regional Office, Raipur, NABARD Shri B. G. Mukhopadhyay, CGM, FSDD, NABARD Shri A. J. Sarma, DGM, DEAR, NABARD *(since retired)*
3	Non-Banking Finance Sector	Smt. Uma Subramaniam, CGM-I-C, DNBS	Shri Ashok Sahoo, Director, DEPR, RBI Shri Purnendu Kumar, Assistant Adviser, DSIM, RBI
4	Insurance Sector	Shri Sai Kumar, Officer on Special Duty, IRDAI	Shri Ashok Sahoo, Director, DEPR, RBI Ms. Vibha Padalkar, CFO, HDFC Standard Life Mr. Miranjit Mukherjee, CFO, Tata AIG General Insurance
5	Private Corporate Business Sector	Dr. Prabhakar R Patil, Joint Director, SEBI	Shri N.S. Rawat, Director, DSIM, RBI Dr. Pankaj Srivastava, Joint Director, MCA Dr. Sayee Srinivasan, , Head – Product Strategy, BSE
6	Government Sector	Smt. T. Rajeswari, Deputy Director General, NAD, CSO	Shri G.S.N. Murthy, DDG, NAD, CSO Shri S.S. Jakhar, Deputy Director, NAD, CSO Shri Rajeev Jain, Assistant Adviser, DEPR, RBI
7	Rest of the World Sector	Dr. Sharad Kumar, Adviser, DSIM, RBI *(since retired)*	Dr. O.P. Mall, Adviser, DSIM, RBI Shri Rajan Goyal, Director, DEPR, RBI Dr. Achamma Samuel, Asst. Adviser, DSIM, RBI
8	National Balance Sheet	Dr. K.S. Ramachandra Rao	Ms T. Rajeswari, DDG, NAD, CSO Shri Sanjib Bordoloi, Assistant Adviser, DSIM, RBI Shri Rakesh Kumar Arya, Research Officer, DEPR, RBI Shri Bichitrananda Seth, Research Officer, DEPR, RBI

[15] The designations of the members are as at the time of the constitution of the Working Group.

Annex II: Availability of Data on Financial Assets and Liabilities in G -20 Economies

	Balance Sheet					Transactions				Other volume changes	Revaluations
	Total Economy	SNA main institutional sectors	SNA main instruments	Frequency	Additional sectoral (S) or instrument (I) breakdowns	Total Economy	SNA main institutional sectors	SNA main instruments	Frequency	Sectors - (S) Instruments - (I)	Sectors - (S) Instruments - (I)
Advance Economies											
Australia	Yes	All sectors	All instruments	Quarterly	For some (S) or some (I)	Yes	All sectors	All instruments	Quarterly	?	?
Canada	Yes	All sectors	All instruments	Quarterly	For some (S) or some (I)	Yes	All sectors	All instruments	Quarterly	No	No
France	Yes	All sectors	All instruments	Quarterly	For some (I)	Yes	All sectors	All instruments	Quarterly	By (S) & (I)	By (S) & (I)
Germany	Yes	All sectors	All instruments	Quarterly	For some (S) or some (I)	Yes	All sectors	All instruments	Quarterly	No	No
Italy	Yes	All sectors	All instruments	Quarterly	For some (S) or some (I)	Yes	All sectors	All instruments	Quarterly	No	No
Japan	Yes	All sectors	All instruments	Quarterly	For some (S)	Yes	All sectors	All instruments	Quarterly	B (I)	B (I)
Korea	Yes	All sectors	All instruments	Annual (Q partial)	For some (I)	Yes	All sectors	All instruments	Annual (Q partial)	No	No
United Kingdom	Yes	All sectors	All instruments	Quarterly	For some (I)	Yes	All sectors	All instruments	Quarterly	No	No
United States	Yes	All sectors	All instruments	Quarterly	For some (I)	Yes	All sectors	All instruments	Quarterly	By (S)	By (S)
Emerging Market Economies											
Argentina	No	No	No	No	No	No	No	No	No	No	No
Brazil	No	No	No	No	No	Yes	No	Partial	Quarterly	No	No
China	No	No	No	No	No	Yes	All sectors	Partial	Annual	No	No
India	No	No	No	No	No	Yes	Different classification	Partial	Annual	No	No
Indonesia	No	No	No	No	No	Yes	Different classification	Partial	Quarterly	No	No
Mexico	Yes	All sectors	All instruments	Annual	No	Yes	All sectors	All instruments	Annual (Q for total economy)	No	No
Russia	No	No	No	No	No	No	No	No	No	No	No
Saudi Arabia	No	No	No	No	No	No	No	No	No	No	No
South Africa	No	No	No	No	No	Yes	All sectors	All instruments	Annual	No	No
Turkey	No	No	No	No	No	No	No	No	No	No	No

Source: Conference on Strengthening Sectoral Position and Flow Data in the Macro-economic Accounts, jointly organised by the IMF and OECD, February 28–March 2, 2011, Washington, DC.

Annex III: Template on Financial Stocks and Flows - Sectors and Instruments (Quarterly, with timeliness of one quarter)

	Total Economy	**Non-financial corporations**		**Financial corporations**														**General government**		**Households and NPISHs**			**Rest of the World**
		Total	*Of which*: Public non financial corporations	**Total**	Monetary financial institutions				Insurance corp. and pension funds			Other financial corporations					*Of which*: Public financial corporations	**Total**	*Of which*: Social Security Funds	**Total**	Households	NPISHs	
					Total	Central bank	Other deposit-taking corporations	Money market funds	Total	Insurance corporations	Pension funds	Total	Non MMF investment funds	Other financial Intermediaries except Insurance corporations and pension funds	Financial Auxiliaries	Captive financial institutions and money lenders							
	S1	**S11**	S11001	**S12**	S121+S122+S123	S121	S122	S123	S128+S129	S128	S129	S124+S125+S126+S127	S124	S125	S126	S127	S12001	**S13**	S1314	**S14+S15**	S14	S15	**S12**
F1 Monetary gold and SDRs																							
F11 Monetary gold																							
F12 SDRs																							
F2 Currency and deposits																							
Of which: Domestic currency																							
F21 Currency																							
F22 Transferable deposits																							
F221 Interbank positions																							
F229 Other transferable deposits																							

F29 Other deposits																							
F3 Debt securities																							
Of which: Domestic currency																							
F31 Short-term																							
F32 Long-term																							
With remaining maturity of one year and less																							
With remaining maturity of more than a year																							
F4 Loans																							
Of which: Domestic currency																							
F41 Short-term																							
F42 Long-term																							
With remaining maturity of one year and less																							
With remaining maturity of more than a year																							
F5 Equity and investment fund shares																							
F51 Equity																							
F511 Listed shares																							
F512 Unlisted shares																							
F519 Other equity																							
F52 Investment fund shares/units																							
F521 Money market fund shares/units																							
F522 Non MMF investment fund shares/units																							
F6 Insurance, pension and standardized guarantee																							

schemes																							
F61 Non-life insurance technical reserves																							
F62 Life insurance and annuity entitlements																							
F63+F64+F65 Retirement entitlements																							
F63 Pension entitlements																							
F64 Claim of pension fund on pension managers																							
F65 Entitlements to non-pension benefits																							
F66 Provisions for calls under standarized guarantees																							
F7 Financial derivatives and employee stock options																							
F71 Financial derivatives																							
F711 Options																							
F712 Forwards																							
F72 Employee stockoptions																							
F8 Other accounts receivable/payable																							
Of which: Domestic currency																							
F81 Trade credits and advances																							
F89 Other accounts receivable/payable																							

= Minimum

= Encouraged