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Third Quarter Review of Monetary Policy 2010-11
by Duvvuri Subbarao, Governor, Reserve Bank of India

Macroeconomic and Monetary Developments
Third Quarter Review 2010-11

*Third Quarter Review of Monetary Policy 2010-11**

Introduction

There have been significant changes in the macroeconomic environment since the Second Quarter Review issued on November 2, 2010. Globally, the recovery in the advanced economies appears to be consolidating and expectations of growth during 2011, particularly in the US, are generally being revised upwards. However, inflationary tendencies are clearly visible. Though still subdued in the advanced economies, inflationary pressures in emerging market economies (EMEs), which were already strong, have intensified due to sharp increases in food, energy and commodity prices.

2. The Indian economy has reverted to its pre-crisis growth trajectory, with growth in the first half of 2010-11 estimated at 8.9 per cent. Recent data on agricultural output and service sector indicators suggest that the growth momentum continued in the third quarter. The robustness of growth is also reflected in corporate sales, tax revenues and bank credit, notwithstanding some moderation in the index of industrial production (IIP).

3. Inflation is clearly the dominant concern. Even as the rate itself remains uncomfortably high, the reversal in the direction of inflation is striking. After some moderation between August and November 2010, inflation rose again in December 2010 on the back of sharp increase in the prices of primary food articles and the recent spurt in global oil prices. Non-food manufacturing inflation has remained sticky, reflecting both buoyant demand conditions and rising costs.

4. Against this backdrop, this statement sets out the Reserve Bank's assessment of the current macroeconomic situation and forward projections. It is organised in four sections. Section I provides an overview of global and domestic macroeconomic developments. Section II sets out the outlook and projections for growth, inflation and monetary aggregates. Section III explains the stance of monetary policy. Section IV specifies the policy measures. This statement should be read and understood together with the detailed review in *Macroeconomic and Monetary Developments* released yesterday by the Reserve Bank.

* Announced by Dr. Duvvuri Subbarao, Governor, Reserve Bank of India on January 25, 2011 in Mumbai.

I. The State of the Economy

The Global Economy

5. Global growth prospects have improved in recent weeks. The recovery in major advanced economies, which had weakened during Q2 of 2010, regained strength in Q3 of 2010. Real GDP growth in the US, which had moderated from 3.7 per cent in Q1 of 2010 to 1.7 per cent in Q2 of 2010, improved to 2.6 per cent in Q3. Corporate capital spending and retail sales in the US have improved. While uncertainty persists in the Euro area and Japan, the baseline outlook for both is improving. Growth in EMEs has remained strong, supported largely by domestic demand.

6. In advanced economies, the earlier fears of deflation have given way to early signs of inflation. In EMEs, inflation has accentuated significantly in the recent period. Rapidly rising food prices in several economies such as China, India, Indonesia, Brazil and Russia are a major contributory factor. According to the Food and Agriculture Organisation (FAO), international food prices rose by 25 per cent in December 2010 in comparison with the level at the end of 2009. The increase in global food prices has been led by prices of edible oils (55 per cent), cereals (39 per cent) and sugar (19 per cent). Significantly, the FAO expects food prices to further harden during 2011, intensifying global inflationary pressures.

7. These pressures are likely to be reinforced by trends in energy and commodity prices. The crude oil (Brent) price perked from US$ 85 per barrel on November 2, 2010 to US$ 97 per barrel on January 21, 2011. The price of crude (ICE Brent) in the futures market is ruling at US$ 98 per barrel for March 2011 delivery. Many other commodities have seen similar movements. As growth prospects in the US improve, the consequent increase in global demand for energy and commodities will exert further pressure on prices.

Already, the 10-year benchmark US government securities yield increased from 2.4 per cent in early October 2010 to 3.4 per cent in mid-January 2011, indicating, among other things, rising inflationary expectations.

The Domestic Economy

8. Real GDP in India increased by 8.9 per cent during the first half of 2010-11, reflecting strong domestic demand, especially private consumption and investment, and improving external demand. Although on a cumulative basis, the IIP grew by 9.5 per cent during April-November 2010, it has been volatile in the current financial year with growth rates ranging between 2.7 per cent and 16.6 per cent. Overall, robust corporate sales, large indirect tax collections, advance tax payments and leading indicators of service sector activity suggest persistence of the growth momentum.

9. On the other hand, the latest quarterly Industrial Outlook Survey conducted by the Reserve Bank during October-December 2010 indicates a marginal moderation in overall business expectations during January-March 2011 from their high level in the previous quarter. The Reserve Bank's order book, inventories and capacity utilisation survey for July-September 2010 showed a marginal improvement in capacity utilisation in Q2 of 2010-11, while the HSBC Purchasing Managers' Index (PMI) showed some moderation in the pace of manufacturing sector expansion in December 2010.

10. Headline inflation, based on year-on-year changes in the wholesale price index (WPI), moderated to a single digit in August 2010 and softened further to 7.5 per cent in November 2010, the lowest level attained during 2010. However, inflation reversed course to rise to 8.4 per cent in December 2010, driven primarily by food and fuel inflation.

11. Year-on-year primary food articles inflation spiked to 13.5 per cent in December from 9.4 per cent in November due to severe supply constraints in respect of some food items. In particular, vegetable prices increased by 22.9 per cent in December 2010 over the previous month's level. Month-on-month price increases were very high for some vegetables such as brinjals (65 per cent), onions (35 per cent), garlic (26 per cent), cabbage (22 per cent), tomatoes (19 per cent) and potatoes (16 per cent).

12. Year-on-year fuel inflation, which had moderated from 14.4 per cent in May 2010 to 10.3 per cent in November 2010, rose again to 11.2 per cent in December 2010 due to a rise in non-administered domestic fuel prices, reflecting the sharp increase in international prices. In the first fortnight of January 2011, oil marketing companies further raised the prices of petroleum products (petrol and aviation turbine fuel) which will further add to fuel inflation. The year-on-year WPI non-food manufactured products (weight: 55 per cent) inflation, which moderated from 5.9 per cent in April 2010 to 5.1 per cent in September 2010, increased to 5.4 per cent in November, though it softened marginally to 5.3 per cent in December. Significantly, non-food manufactured products inflation continues to remain above its medium-term trend of 4.0 per cent. Moreover, in recent months, the underlying inflation momentum in this segment has been positive.

13. Between November and December 2010, as WPI inflation moved up from 7.5 per cent (year-on-year) to 8.4 per cent, the wholesale price index increased by 1.3 per cent. Of this increase in index, 82 per cent was contributed by primary articles and fuel groups and 18 per cent by the manufactured products group. At a disaggregated level, vegetables alone contributed as much as 40 per cent to the increase in the index in December, followed by mineral oil (13 per cent), condiment and spices (8 per cent) and minerals (7 per cent).

14. Money supply (M_3) growth moderated during the year, reflecting slower deposit growth and faster currency expansion which reduced the money multiplier. Several banks raised their deposit rates after the Second Quarter Review of 2010-11 which contributed to a larger deposit mobilisation in December. Consequently, M_3 growth increased to 16.5 per cent by end-December 2010, close to the indicative projection of 17 per cent for 2010-11.

15. However, year-on-year non-food credit growth has been above the Reserve Bank's indicative projection of 20 per cent since early October 2010, rising to 24 per cent by end-December 2010. The wide gap between credit growth and deposit growth resulted in a sharp increase in the incremental non-food credit-deposit

ratio to 102 per cent by end-December 2010, up from 58 per cent in the corresponding period of previous year.

16. Disaggregated data suggest that credit growth, which was earlier driven by the infrastructure sector, is becoming increasingly broad-based across sectors and industries, evidencing growth momentum and demand pressures. Credit flow to the services sector increased significantly for transport operators, tourism, hotel and restaurant and commercial real estate, besides retail housing and personal loans. As regards industry, apart from infrastructure, increase in credit was significant for metals, engineering, textiles, food processing and chemical and chemical products.

17. Rough estimates showed that the total flow of financial resources from banks and non-banks to the commercial sector during April-December 2010 was ₹9,01,000 crore, up from ₹6,36,000 crore during the corresponding period of last year. While bank credit to the commercial sector surged, the flow of funds from other sources was lower than last year's level mainly on account of lower net inflows from foreign direct investment (FDI).

18. As part of the calibrated exit from the crisis driven expansionary monetary stance, the Reserve Bank increased the repo rate by 150 basis points (bps) and the reverse repo rate by 200 bps during March–November 2010. In addition, the cash reserve ratio (CRR) was raised by 100 bps. In response to these monetary policy measures, scheduled commercial banks (SCBs) raised their deposit rates in the range of 25-250 bps during March 2010-January 2011 across various maturities, indicating strong monetary policy transmission.

19. The Base Rate system replaced the Benchmark Prime Lending Rate system with effect from July 1, 2010. Several banks reviewed and increased their Base Rates by 25-100 bps between July 2010 and January 2011. Base Rates of 67 banks with a share of 98 per cent in the total bank credit were in the range of 7.5-9.0 per cent in December 2010.

20. Tight liquidity conditions persisted throughout the third quarter of 2010-11. The average daily net injection of liquidity through the liquidity adjustment facility (LAF) increased from around ₹62,000 crore in October to around ₹99,000 crore in November and further to around ₹1,20,000 crore in December, with the peak injection of around ₹1,71,000 crore on December 22, 2010. While the overall liquidity in the system has remained in deficit consistent with the policy stance, the extent of tightness after the Second Quarter Review of 2010-11 was outside the comfort zone of the Reserve Bank, *i.e.*, (+)/(-) one per cent of net demand and time liabilities (NDTL) of banks. Above-normal government cash balances, which rose from an average of ₹73,000 crore in October to ₹1,53,000 crore by the second half of December 2010, contributed to the frictional component of liquidity deficit. However, the widening difference between credit and deposit growth rates coupled with high currency growth accentuated the structural liquidity deficit.

21. The Reserve Bank instituted a number of measures to mitigate the liquidity deficit. First, the statutory liquidity ratio (SLR) of SCBs was reduced from 25 per cent of their NDTL to 24 per cent with effect from December 18, 2010. Second, it conducted open market operation (OMO) purchase of government securities of the order of over ₹67,000 crore. Third, additional liquidity support to SCBs was provided under the LAF. This facility, which was initially available up to 2 per cent of their NDTL, was brought down to one per cent of NDTL after reduction in the SLR by one percentage point. Fourth, a second LAF window was introduced.

22. Government spending resulted in a reduction of its cash balances during January 2011 (up to January 21, 2011). As a result, the average daily net liquidity injection through the LAF declined from around ₹1,20,000 crore during December 2010 to around ₹90,000 crore in January 2011 (up to January 21, 2011).

23. Reflecting the improvement in the tight liquidity conditions, the average daily call rate moderated from 6.7 per cent during December 2010 to 6.5 per cent in January 2011 (up to January 21, 2011). At the longer end, 10-year government security (G-Sec) yield, which had generally remained above 8 per cent during most of October-November 2010 on account of inflationary pressures and persistent liquidity tightness, also

softened in the second half of December 2010. However, the yield on 10-year G-sec moved up again to 8.2 per cent by January 21, 2011, reflecting both liquidity conditions and inflationary expectations.

24. Over 95 per cent of the Central Government's budgeted borrowing programme (net) was completed by January 24, 2011. During the first eight months of 2010-11, the fiscal deficit of the Central Government was less than 50 per cent of the budget estimates. The one-off revenue generated from spectrum auctions, estimated to be around 1.5 per cent of GDP for the year, has been a major contributor to the current improvement on the revenue side.

25. During 2010-11 (up to December 2010), the real exchange rate of the rupee showed a mixed trend. It appreciated by 3.7 per cent on the basis of the trade based 6-currency real effective exchange rate (REER), reflecting both nominal appreciation of the rupee against the US dollar and the higher inflation differential with major advanced countries. However, against broader baskets of 36-currency and 30-currency REER, the rupee depreciated over its March 2010 levels by 0.6 per cent and 2.5 per cent, respectively.

26. On a balance of payments (BoP) basis, the trade deficit widened to US$ 35.4 billion in Q2 of 2010-11 from US$ 31.6 billion in Q1. Coupled with stagnation in invisibles receipts, this led to a widening of the current account deficit (CAD) from US$ 12.1 billion in Q1 of 2010-11 to US$ 15.8 billion in Q2 of 2010-11. In the first half of 2010-11, the CAD expanded to 3.7 per cent of GDP from 2.2 per cent in the corresponding period of last year. Subsequent trade data indicate faster growth in exports *vis-a-vis* imports which may help improve the CAD in Q3 of 2010-11. However, the sharp increase in global commodity prices, particularly oil, could have an adverse impact on our trade balance going forward. For the year as a whole, India's CAD is expected to be close to 3.5 per cent of GDP.

II. Outlook and Projections

Global Outlook

Growth

27. With advanced economies showing firmer signs of sustainable recovery, global growth in 2010 is expected to have been less imbalanced than before. While growth in advanced economies may improve, growth in EMEs, which have been the main engine of global economic growth in the recent period, may moderate due to tightening of monetary policy to address rising inflationary concerns and the waning impact of the fiscal stimulus measures taken in the wake of the global financial crisis.

Inflation

28. Even as a large slack persists, inflation has edged up in major advanced economies owing mainly to increase in food and energy prices. Inflation in the Euro area exceeded the European Central Bank's (ECB) medium-term target for the first time in more than two years in December 2010. Similarly in the UK, the headline inflation has persisted above the target of the Bank of England. In the US, the headline CPI rose to 1.5 per cent in December 2010 from 1.1 per cent in November 2010. Whereas signs of inflation in the advanced countries are only incipient, many EMEs have been facing strong inflationary pressures, reflecting higher international commodity prices and rising domestic demand pressures.

29. Significantly, food, energy and commodity prices are widely expected to harden during 2011, driven by a combination of supply constraints and rising global demand, as the advanced economies consolidate their recovery. This suggests that inflation could be a global concern in 2011.

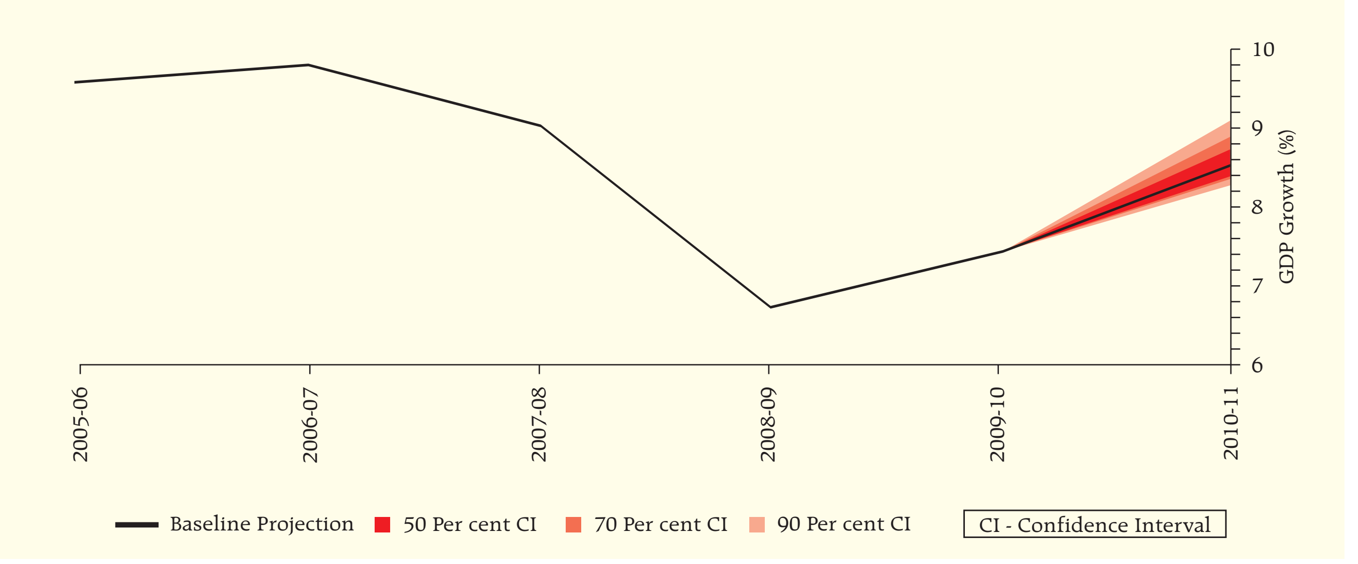
Domestic Outlook

Growth

30. On the domestic front, the 8.9 per cent GDP growth in the first half of 2010-11 suggests that the economy is operating close to its trend growth rate, powered mainly by domestic factors. The *kharif* harvest has been good and *rabi* prospects look promising. Good agricultural growth has boosted rural demand. Export performance in recent months has been encouraging.

31. With the risks to growth in 2010-11 being mainly on the upside, the baseline projection of real GDP growth is retained at 8.5 per cent as set out in the Second Quarter Review of Monetary Policy of July 2010 but with an upside bias (Chart 1).

Chart 1 : Projection of GDP Growth for 2010-11



Inflation

32. The moderation in headline inflation observed between August and November 2010 was along the projected trajectory of the Reserve Bank. This trend, however, reversed in December 2010 due mainly to sharp increase in the prices of vegetables, mineral oils and minerals.

33. While the current spike in food prices is expected to be transitory, structural demand-supply mismatches in several non-cereal food items such as pulses, oilseeds, eggs, fish and meat and milk are likely to keep food inflation high. Non-food manufacturing inflation also remains significantly above its medium-term trend of 4 per cent. The Reserve Bank's quarterly inflation expectations survey, conducted during the first fortnight of December 2010, indicates that expectations of households remain elevated.

34. Going forward, the inflation outlook will be shaped by the following factors. First, it will depend on how the food price situation – both domestic and global – evolves. Domestic food price inflation has witnessed high volatility since mid-2009 due to both structural and transitory factors. A significant part of the recent increase in food price inflation is due to structural constraints. This is reflected in the less than expected moderation in food price inflation even in a normal monsoon year. There has also been a sharp increase in the prices of some food items due to transitory supply shocks. What is more worrying is the substantial increase in prices of several food items even though their production has not been affected. As a result, the usual moderation in vegetable prices in the winter season has not materialised.

35. Notably, high food price inflation is not unique to India. Food prices have spiked in many countries in the recent period. India is a large importer of certain food items such as edible oils, and the domestic food price situation could be exacerbated by the increase in global food prices. This, therefore, poses an additional risk to domestic food price inflation.

36. The second factor that will shape the inflation outlook is how global commodity prices behave. Prices of some commodities rose sharply in the recent period even as the global recovery was fragile. Should these trends continue, they will impact inflation, domestically and globally.

37. The third factor is the extent to which demand side pressures may manifest. This risk arises from three sources, viz., the spill-over of rising food inflation; rising input costs, particularly industrial raw materials and oil; and pressure on wages, both in the formal and informal sectors. The rise in food inflation has not only persisted for more than two years now, the increase has been rather sharp in the recent period. This cannot but have some spill-over effects on generalised inflation, particularly when the growth momentum is

strong and both workers and producers are likely to have pricing power. There are indications that, in the corporate sector, the share of wages in total costs is increasing. The indexation of the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) wages will also raise the wage rate in the agricultural sector. Further, besides oil, the prices of some primary non-food articles have risen sharply in the recent period. Since these are inputs into manufactured products, the risk to headline inflation is not only from the increase in non-food items but also because the increase in input costs will ultimately impact output prices. As the output gap closes, corporates will also be able to sustain higher output prices. In the absence of commensurate increase in capacity, there is the risk of demand side pressures accentuating.

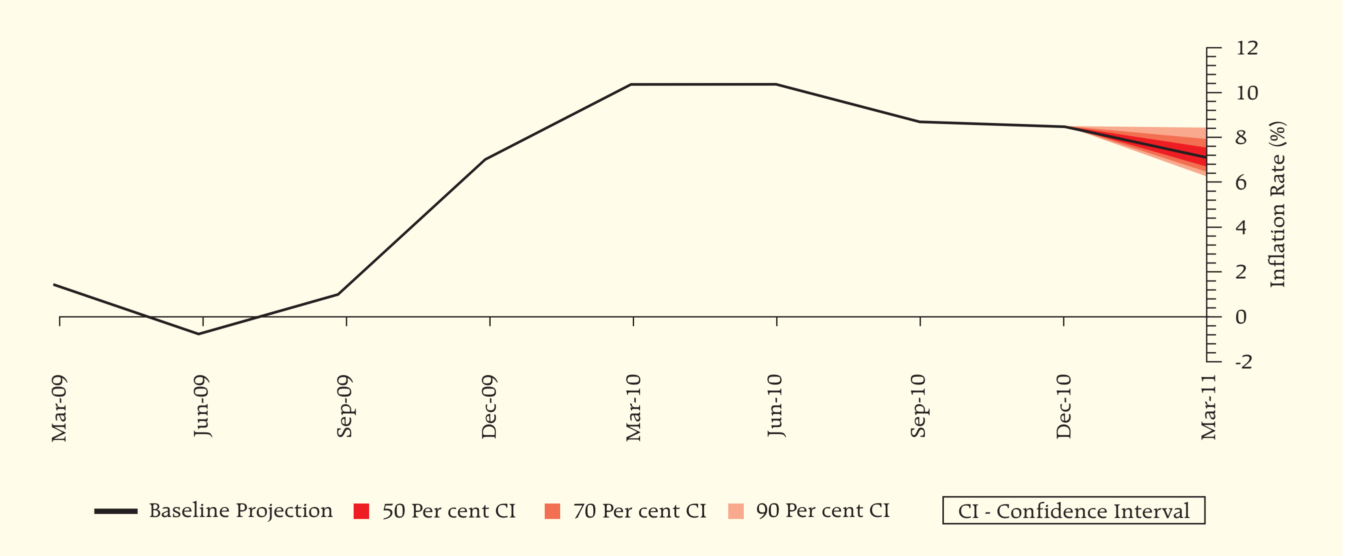
38. In the Second Quarter Review of November 2010, the Reserve Bank set out the baseline projection of WPI inflation for March 2011 at 5.5 per cent, based on the new WPI series (2004-05=100). The Mid-Quarter Review of December 2010 indicated that the risks to inflation going forward were largely on the upside. Some of these risks have materialised as reflected in the increase in the prices of metals and non-administered fuel. There have also been some transitory supply shocks as reflected in the sharp increase in vegetable prices. In addition, petroleum and aviation turbine fuel prices were raised in early January which will add 9 bps to WPI inflation. While the impact of transitory factors is expected to wane, the price pressures on account of demand-supply imbalances in respect of some commodities will persist. Considering the increase that has already occurred and the emerging domestic and external scenario, the baseline projection of WPI inflation for March 2011 is revised upwards to 7.0 per cent from 5.5 per cent (Chart 2).

Monetary Aggregates

39. While the year-on-year money supply (M_3) growth at 16.5 per cent in December 2010 was close to the indicative projection of 17 per cent, non-food credit growth at 24.4 per cent was much above the indicative projection of 20 per cent. Credit expansion in the recent period has been rather sharp, far outpacing the expansion in deposits. Rapid credit growth without a commensurate increase in deposits is not sustainable.

40. As a result of injection of primary liquidity of over ₹67,000 crore through OMO auctions since early November 2010, the structural liquidity deficit in the system has declined significantly. While the Reserve Bank will endeavour to provide liquidity to meet the productive credit requirements of a growing economy, it is important that credit growth moderates to conform broadly to the indicative projections. This will prevent any further build-up of demand side pressures. Accordingly, the projection for 2010-11 of M_3 growth has been retained at 17 per cent and that for non-food

Chart 2 : Projection Path of Y-o-Y Inflation



credit growth at 20 per cent. As always, these numbers are indicative projections and not targets.

Risk Factors

41. The growth and inflation projections as outlined above are subject to several risks.

i) Food inflation has remained at an elevated level for more than two years now. It is not only that the moderation in food price inflation as expected during a normal monsoon year has not occurred to the extent expected, but also that there has been sharp unusual increase in prices. It is also significant that food inflation is not confined to a few items which were affected by unseasonal rains in some parts of the country but is fairly widespread across several food items. The inflation rates for primary articles and fuel items have risen sharply. Inflationary expectations remain at elevated levels. As high food inflation persists, the prospect of it spilling over to the general inflation process is rapidly becoming a reality.

ii) Non-food manufacturing inflation is persistent and has remained sticky in recent months as several industries are operating close to their capacity levels. Imports as a means to supplement domestic availability for many commodities will become less of an option as global growth consolidates and capacity utilisation increases. This may accentuate demand side pressures.

iii) India's CAD has widened significantly. Although recent trade data suggest moderation of the trade deficit in the latter part of the year, overall CAD for 2010-11 is expected to be about 3.5 per cent of GDP. A CAD of this magnitude is not sustainable. Further, commodity prices, which rose sharply even when the global recovery was sluggish, may rise further if the global recovery is faster than expected. This has implications for both the CAD and inflation. There is, therefore, a need for concerted policy efforts to diversify exports and contain the CAD within prudent limits.

iv) Apart from the level of CAD, financing of CAD also poses a risk. Global growth prospects have improved significantly in the recent period. Should global recovery be faster than expected, it may also have implication for the financing of CAD. Capital flows, which so far have been broadly sufficient to finance the CAD, may be adversely affected. Faster than expected global recovery may enhance the attractiveness of investment opportunities in advanced economies, which may impact capital flows to India. This may increase the vulnerability of our external sector. Hence, the composition of capital inflows needs to shift towards longer-term commitments such as FDI.

v) The recent improvement in the fiscal situation has been mainly the result of one-off revenue generated from spectrum auctions. The Government also had the benefit of disinvestment proceeds, which may continue to occur for some more time. However, fiscal consolidation based on one-off receipts is not sustainable. As emphasised in the Second Quarter Review of November 2010, fiscal consolidation is important for several reasons, including the fact that monetary policy works most efficiently while dealing with an inflationary situation when the fiscal situation is under control. Apart from this, the commodity price developments that have been referred to earlier pose significant risks for fiscal consolidation in the year ahead. Rising oil prices will impact prices of both petroleum products and fertilisers. If the Government chooses to restrict the pass-through to consumers and farmers, it will have to make adequate budgetary provisions, which will constrain its ability to reduce the fiscal deficit. If it does not, either fiscal credibility will be undermined or inflationary expectations will be reinforced by the likelihood of higher prices of these key inputs, both of which will further complicate inflation management.

vi) The combined risks from inflation, the CAD and fiscal situation contribute to an increase in uncertainty about economic stability that consumers and investors will have to deal with. To the extent that this deters consumption and investment decisions, growth may be impacted. While slower growth may contribute to some dampening of inflation and a narrowing of the CAD, it can also have significant impact on capital inflows, asset prices and fiscal consolidation, thereby aggravating some of the risks that have already been identified.

III. The Policy Stance

42. The Reserve Bank began exiting from the crisis driven expansionary monetary policy as early as in October 2009. Since then, it has cumulatively raised the CRR by 100 bps, and the repo and reverse repo rates under the LAF by 150 and 200 bps, respectively. As the overall liquidity in the system has transited from a surplus to a deficit mode, the effective tightening in the policy rate has been of 300 bps. The monetary policy response was calibrated on the basis of India specific growth-inflation dynamics in the broader context of global uncertainty.

43. While the Reserve Bank decided to leave the policy rates unchanged in the Mid-Quarter Review of December 2010, developments on the inflation front since then have reinforced the already elevated concern in this regard. Accordingly, our monetary policy stance for the remaining period of 2010-11 has been guided by the following considerations:

- First, since the Second Quarter Review of November 2010, inflationary pressures, which were abating until then, have re-emerged significantly. Primary food articles inflation has risen again sharply after moderating for a brief period. Non-food articles and fuel inflation are already at elevated levels. Importantly, non-food manufacturing inflation has remained sticky. There are, therefore, signs of rapid food and fuel price increases spilling over into generalised inflation. As it is, there is some evidence of rising demand side pressures which are reflected in rapid bank credit growth, robust corporate sales and rising input and output prices, and buoyancy in tax revenues. The need, therefore, is to persist with measures to contain inflation and anchor inflationary expectations.
- Second, global commodity prices have risen sharply which has heightened upside risks to domestic inflation.
- Third, growth has moved close to its pre-crisis growth trajectory as reflected in the 8.9 per cent GDP growth in the first half of 2010-11, even in the face of an uncertain global recovery.
- Fourth, the global economic situation has improved in the recent period. The uncertainty with regard to global recovery, which was prevailing at the time of the Second Quarter Review, has reduced with the US economy showing signs of stabilising. Although uncertainty continues in the Euro area, there is an overall improvement in the global growth prospects.

44. To sum up, the current growth-inflation dynamics in the last few weeks suggest that the balance of risk has tilted towards intensification of inflation. In this scenario, the stance of the monetary policy is intended to :

- Contain the spill-over of high food and fuel inflation into generalised inflation and anchor inflationary expectations, while being prepared to respond to any further build-up of inflationary pressures.
- Maintain an interest rate regime consistent with price, output and financial stability.
- Manage liquidity to ensure that it remains broadly in balance, with neither a surplus diluting monetary transmission nor a deficit choking off fund flows.

45. It is important to emphasise that the role of monetary policy in the current inflationary situation is confined to containment and prevention of food and energy prices from spilling over into generalised inflation and anchoring inflation expectations. While energy prices are driven by global developments, the food price scenario is primarily a reflection of persistent structural constraints in the domestic agricultural sector. While these have been known and debated upon for a long time, the recent price dynamics highlight the need for rapid action to increase the output of a number of products, the demand for which is being

driven by changing consumption patterns reflecting increasing incomes. Unless meaningful output enhancing measures are taken, the risks of food inflation becoming entrenched loom large and threaten both the sustainability of the current growth momentum and the realisation of its benefits by a large number of households.

46. Another challenge to effective management of inflation by monetary policy arises from the persistence of a large fiscal deficit. While the Government may succeed in raising receipts, both from high tax buoyancy and one-off sources, the real measure of fiscal consolidation lies in improving the quality of expenditure. If the Government is able to commit more resources to capital expenditure, it will help deal with some of the bottlenecks that contribute to supply-side inflationary pressures. With reference to revenue expenditure, while large and diffused subsidies may contribute in the short term to keeping supply-side inflationary pressures in check, they may more than offset this benefit by adding to aggregate demand.

IV. Policy Measures

Monetary Measures

47. On the basis of the current assessment and in line with the policy stance as outlined in Section III, the following monetary policy measures are announced.

Bank Rate

48. The Bank Rate has been retained at 6.0 per cent.

Repo Rate

49. It has been decided to:

- increase the repo rate under the liquidity adjustment facility (LAF) by 25 basis points from 6.25 per cent to 6.5 per cent with immediate effect.

Reverse Repo Rate

50. It has been decided to:

- increase the reverse repo rate under the LAF by 25 basis points from 5.25 per cent to 5.50 per cent with immediate effect.

Cash Reserve Ratio

51. The cash reserve ratio (CRR) of scheduled banks has been retained at 6.0 per cent of their net demand and time liabilities (NDTL).

Liquidity Management Measures

52. On the basis of an assessment of the current liquidity situation, it has been decided to extend the following liquidity management measures:

i) The additional liquidity support to scheduled commercial banks under the LAF to the extent of up to one per cent of their net demand and time liabilities (NDTL), currently set to expire on January 28, 2011, is now extended up to April 8, 2011. For any shortfall in maintenance of the SLR arising out of availment of this facility, banks may seek waiver of penal interest purely as an *ad hoc* measure.

ii) The second LAF (SLAF) will be conducted on a daily basis up to April 8, 2011.

53. The Reserve Bank will constantly monitor the credit growth and, if necessary, will engage with banks which show an abnormal incremental credit-deposit ratio.

Expected Outcomes

54. These actions are expected to:

(i) Contain the spill-over from rise in food and fuel prices to generalised inflation.

(ii) Rein in rising inflationary expectations, which may be aggravated by the structural and transitory nature of food price increases.

(iii) Be moderate enough not to disrupt growth.

(iv) Continue to provide comfort to banks in their liquidity management operations.

Guidance

55. Current growth and inflation trends warrant persistence with the anti-inflationary monetary stance. Looking beyond 2010-11, the Reserve Bank expects domestic growth momentum to stabilise, though the GDP growth rate may decline somewhat as agriculture reverts to its trend (assuming a normal monsoon). Inflation is likely to resume its moderating trend in

the first quarter of 2011-12, but several upside risks are already visible in the global environment and more may surface domestically. The monetary stance will be determined by how these factors impact the overall inflationary scenario. For the fiscal consolidation process to be credible and effective, it is important that apart from augmenting revenue, the composition and quality of expenditure improves. Any slippage in the fiscal consolidation process at this stage may render the process of inflation management even harder.

56. The frictional liquidity shortage is expected to ease as government balances adjust to the expenditure schedule. However, banks need to focus on the underlying structural cause of liquidity tightness arising out of the gap between the credit and deposit growth rates.

Mid-Quarter Review of Monetary Policy

57. The next mid-quarter review of Monetary Policy for 2010-11 will be announced through a press release on March 17, 2011.

Monetary Policy 2011-12

58. The Monetary Policy for 2011-12 will be announced on Tuesday, May 3, 2011.

Mumbai
January 25, 2011

Macroeconomic and Monetary Developments Third Quarter Review 2010-11

Overview

Global Economic Conditions

While the outlook for recovery in advanced economies has improved, concerns persist over the durability of the momentum

1. Global economic activity in the second half of 2010 turned out to be stronger than earlier expectations. However, the uneven pace of growth across regions and uncertainty about the durability of recovery in the advanced economies persist. The positive sentiments arising from the growth momentum in major advanced economies was neutralised by the persistence of high unemployment and downside risks from weak housing markets and unfinished deleveraging. The combination of developments resulted in additional policy stimulus. While in the US the second dose of quantitative easing (QE2) was followed up with extension of fiscal stimulus, other advanced economies faced a difficult choice between delaying fiscal exit to support growth on the one hand and early exit to contain the sovereign debt concerns on the other. The risk of sovereign debt crisis spreading from the Euro-zone periphery has resurfaced in recent months.

EMEs face the risk of inflation from potential overheating and hardening of commodity prices

2. Emerging Market Economies (EMEs), which had recovered ahead of the advanced economies, exhibited robust growth momentum driven by domestic demand. Inflation and overheating risks have, however, prompted monetary tightening at varied pace. Commodity prices also firmed up, largely reflecting easy liquidity conditions in advanced economies, as well as growing demand pressures in EMEs.

3. The asymmetry in monetary and liquidity conditions between the advanced and the emerging economies and the imbalance in their growth outlook have led to larger capital inflows to EMEs. The familiar policy challenges of asset price inflation and upward pressure on exchange rates have re-emerged. A number of EMEs resorted to soft capital controls and exchange market intervention to limit the adverse impact of excess capital inflows on their economies.

Indian Economy: Developments and Outlook

Output

Robust broad-based growth puts the economy back on its earlier high growth trajectory but sectoral imbalances pose risks to inflation

4. The robust GDP growth in the first half of 2010-11 suggests that the economy has returned to its earlier high growth path. Satisfactory kharif production and higher rabi sowing point to stronger contribution of the agriculture sector to overall GDP growth in 2010-11. Industrial production has exhibited near double digit growth but the significant volatility adds uncertainty to the outlook. Lead indicators of the services sector show sustained buoyancy. In certain sectors, particularly non-cereal food items, however, the supply response to market signals in the form of higher prices has been weak, thereby exerting upward pressures on inflation. Core infrastructure sector has grown slower than both the overall GDP and the industrial sector, suggesting that it remains a constraint to higher growth. Capacity utilisation levels have generally remained steady, which juxtaposed with high growth suggests that capacity addition is keeping pace with growth in demand.

Aggregate Demand

Private consumption expenditure and gross capital formation emerge as the key growth drivers

5. Growth in private consumption expenditure, after remaining subdued over several quarters, exhibited significant acceleration in the first half of 2010-11. As per trends in the growth of gross fixed capital formation, the recovery in investment demand

that had started in the last quarter of the previous year, has consolidated and remained strong. Fiscal trends during the year to date suggest that the fiscal deficit could remain within the budgeted level, but high growth in capital expenditure would add to the overall growth momentum from private demand. Lead indicators of private demand, such as corporate sales, capital expenditure plans, non-oil imports and credit demand point to sustained momentum in growth. Weak demand conditions in advanced economies have not affected the domestic growth momentum much in 2010-11 so far, even though global uncertainty remains a downside risk to the growth process.

External Sector

Higher current account deficit remains fully buffered by higher capital inflows, but sustainability concerns could stem from the composition of capital flows

6. As expected, the current account deficit widened significantly in the second quarter of the year. Even as exports expanded faster than imports, the trade deficit widened. From the current account perspective, the cushion to a widening trade deficit from net invisibles declined. While higher net capital inflows did not pose any immediate challenge, unlike in many other EMEs, because of the widening deficit in the current account, the shift in the composition of capital flows, particularly the sharp jump in portfolio inflows and significant decline in net FDI inflows raises questions about the sustainability of the external sector in the medium-term.

Monetary and Liquidity Conditions

Large primary liquidity injected by the Reserve Bank eased the liquidity pressures without diluting its anti-inflationary focus

7. The liquidity conditions had started to tighten by mid-2010 reflecting the normalisation of monetary policy and large increase in Government's surplus balances with the Reserve Bank due to revenues generated through 3G/BWA spectrum auctions. While sustained deficit liquidity conditions were consistent with the anti-inflationary monetary policy stance of the Reserve Bank during the year, the magnitude of the deficit widened significantly in the terminal months of 2010 to the point of posing concerns for growth. The severe tightness in liquidity was caused by both frictional factors associated with unusually large surplus balances of the Government and structural factors as reflected in stronger credit growth relative to deposit growth as well as higher demand for currency. The Reserve Bank introduced a number of measures with the aim of limiting the scale of the deficit, including reduction in SLR by 1 per cent of NDTL accompanied by a roughly equivalent amount of OMOs, which remained consistent with its anti-inflationary policy stance. The magnitude of liquidity deficit has moderated in recent weeks.

8. The growth in non-food credit has remained above the indicative trajectory of the Reserve Bank since October 2010, reflecting growing credit demand associated with robust economic growth. Flow of financing from non-banking sources lagged behind the incremental flow of bank credit. Money supply (M_3) growth, however, was slightly below the projected level on account of sluggish deposit growth as well as some moderation in money multiplier resulting from higher growth in currency.

Financial Markets

Deficit liquidity conditions strengthened the transmission of policy rate actions to deposit and lending rates

9. The global financial markets continued to reflect the uncertainty about sovereign debt sustainability and the changing growth outlook of advanced economies. Markets in EMEs, including India, were influenced more by the domestic growth outlook, normalisation of monetary policy, corporate earnings prospects and the portfolio capital inflows that entailed a potential source of pressure on exchange rate and asset prices. In India, reflecting the tight liquidity conditions, interest rates in the money market, particularly in CBLO, T-bill, CP and CD segments hardened significantly. Recognising the structural imbalance between deposit growth and credit growth as well as the underlying signals of the anti-inflationary monetary policy stance, banks raised their deposit rates to improve deposit mobilisation while also raising the lending rates, which could be expected to moderate

the aggregate demand, going forward. Asset prices generally remained firm, notwithstanding some correction in equity prices that partly reflected expectations about monetary policy actions associated with the abrupt reversal in the inflation path. The pace of increase in housing prices varied across cities. The Reserve Bank has recently used macroprudential measures to restrain the role of excessive leverage in asset price build-up.

Inflation

Upside risks from structural demand supply imbalance in certain sectors and firming global commodity prices have increased

10. WPI inflation had witnessed modest softening during August-November 2010 after remaining in double digits for five consecutive months. In December 2010, however, renewed price pressures surfaced, driven by factors that were largely unanticipated. Food inflation exhibited a strong rebound, led by onion and other vegetables, largely due to unseasonal rains and supply chain frictions. The Reserve Bank has already recognised the upside risks to inflation from higher global commodity prices, but this hardening happened sooner than anticipated. The pace of moderation in WPI inflation over a few months prior to December 2010 was also weak due to persistent elevated levels of food and fuel inflation, which are largely insensitive to anti-inflationary monetary policy measures. The expected significant softening of food inflation after a normal monsoon did not materialise, reflecting the impact of growing structural imbalances in certain sectors, particularly non-cereal food items. While the high growth in per capita income and the shift in the composition of demand have led to stronger growth in demand for items such as vegetables, fruits, pulses, eggs and meat, the supply response has generally lagged behind. The impact of this imbalance on food inflation has been magnified by rigidities in the supply chain management.

11. Non-food manufactured inflation, which is a broad indicator of generalised and demand side price pressures, has remained stable in the range of 5.1 to 5.9 per cent so far in the year. Besides the expected better supply response in non-food manufactured items to price signals and the pressure of imports, normalisation of the policy rate would have contributed to this trend. High month-over-month (annualised) inflation in recent months as also the rising price index of the non-food manufactured group, however, suggest the combined impact of both input costs and demand pressures. The factors underlying the inflation process pose a major challenge for monetary policy since the impact of anti-inflationary monetary policy measures on inflation expectations and core inflation could be weakened considerably by structural factors, particularly in an environment of firming global commodity prices.

Growth and Inflation Outlook

Robust broad-based growth is expected to coexist with elevated inflation in the near-term

12. The return to the high growth path in 2010-11 materialised despite an uncertain global environment. Though the overall global outlook suggests some moderation in growth in both advanced and emerging economies in 2011, downside risks to India's growth momentum have receded considerably. The inflation outlook, which is being conditioned by both demand side and supply side factors, suggests slow paced moderation in inflation, with the possibility of rigidity at above the comfort level in the near-term. Recognising the need to firmly anchor inflationary expectations and contain inflation, the Reserve Bank has raised policy rates six times since the beginning of March 2010. As a result, along with the impact of the shift in the LAF mode from reverse repo to repo, the effective increase in policy rate has been 300 basis points.

13. Going forward, the Reserve Bank's monetary policy measures would have to be guided by not only the anti-inflationary thrust that is necessary in an environment of persistent high inflation, but also their expected effectiveness in a condition of entrenched supply side pressures on inflation. Oil prices moving permanently to a higher trading range looks more probable now. Moreover, sectoral imbalances in several non-cereal food items that reflect weak supply side adjustments in response to rising demand could persist in the near-term, and higher policy rates may not ensure the desirable degree of demand adjustment, even with the usual

transmission lags, given the nature of the items in which the imbalances are growing. Aggregate demand side pressures on inflation, however, would have to be contained in a forward looking manner. Recent trends in sales growth and earnings of corporates point to their improving pricing power. MGNREGS, in turn, has the potential to raise the wage bargaining power even in the unorganised sector, particularly in the agriculture and construction sectors, besides raising rural demand at a faster pace relative to production of cereals and non-cereal food items. The demand side risks are also visible in the growing size of the current account deficit, and high inflation differential is a potential factor for eroding export competitiveness.

14. Thus, given the fact that elevated inflation and current account deficit are the two major macroeconomic concerns at the current juncture, demand management measures need to acquire centre stage in the near-term, with structural measures in the medium-run addressing sectoral imbalances and export competitiveness. The anti-inflationary focus of monetary policy would have to continue, recognising though the limits of monetary policy in dealing with structural pressures on inflation, and the need for forward looking response to demand side pressures. Since a lower inflation regime is essential for sustainable high growth, containing inflation becomes the dominant policy objective in the current environment.

I. Output

GDP growth is reverting to its earlier high growth trajectory led by broad-based growth momentum. Services sector growth and enhanced agricultural output supported the strengthening of the growth process. Industrial growth was robust, albeit with greater volatility. With both services sector and agriculture performing well, sustainability of growth requires continued buoyancy in the industrial sector. Robust growth has coincided with growing sectoral imbalances, particularly in some items where demand is growing faster than capacity, thereby exerting pressure on inflation. For high growth to coexist with a low inflation regime, structural policy measures to limit the magnitude of imbalances would be critical.

As downside risks recede, economy is back on the high growth trajectory

I.1 With 8.9 per cent growth in the first half of 2010-11, India continues to be one of the fastest growing economies in the world. The uncertainty about the durability of the robust growth seen in Q1 of 2010-11 waned significantly with the momentum continuing in Q2. Notwithstanding the impact of a lower base, the first half GDP growth suggests return to the high growth path (Table I.1). The robust growth momentum in Q2 reflected the continued buoyancy of services sector and further pick-up in agricultural performance due to a normal South-West monsoon. Industrial growth, though moderated on account of the base effect, remained on the higher side, but volatile.

Rabi outlook suggests continuation of the growth momentum in agriculture sector

I.2 Normal rainfall during South-West monsoon and satisfactory progress of North-East monsoon (121 per cent of long period average as on December 31, 2010) have brightened the prospects of agricultural performance during 2010-11. While, the area sown during *kharif* 2010-11 was 7 per cent higher than that in last year, the area sown during *rabi* season so far (January 14, 2011) with respect to major *rabi* crops, namely – wheat and pulses - had surpassed the levels achieved during the corresponding period of last year as well as the normal area sown for the respective crops (Table I.2). Improved sowing positions due to satisfactory monsoon along with improved reservoir positions indicate promising progress for *rabi* crop.

I.3 As per the First Advance Estimates for *kharif* production, total *kharif* foodgrain production during 2010-11 is estimated to be 10.4 per cent higher than the previous year. As regards *rabi* crop, based on

Table I.1: Sectoral GDP Growth (Base: 2004-05)

(Per cent)

Item	2008-09*	2009-10#	2009-10 Q1	2009-10 Q2	2009-10 Q3	2009-10 Q4	2010-11 Q1	2010-11 Q2	2009-10 H1	2010-11 H1
1	2	3	4	5	6	7	8	9	10	11
1. Agriculture & allied activities	**1.6**	**0.2**	**1.9**	**0.9**	**-1.8**	**0.7**	**2.5**	**4.4**	**1.0**	**3.8**
2. Industry	**3.1**	**10.4**	**4.6**	**8.5**	**12.3**	**15.1**	**11.7**	**9.0**	**6.5**	**10.3**
2.1 Mining & quarrying	1.6	10.6	8.2	10.1	9.6	14.0	8.4	8.0	9.1	8.2
2.2 Manufacturing	3.2	10.8	3.8	8.4	13.8	16.3	13.0	9.8	6.1	11.3
2.3 Electricity, gas & water supply	3.9	6.5	6.4	7.7	4.7	7.1	6.2	3.4	7.1	4.8
3. Services	**9.3**	**8.3**	**8.0**	**10.2**	**7.3**	**8.5**	**9.4**	**9.7**	**9.1**	**9.6**
3.1 Construction	5.9	6.5	8.4	8.3	8.1	8.7	10.3	8.8	8.4	9.6
3.2 Trade, hotels, restaurants, transport & communication, *etc.*	7.6	9.3	5.6	8.2	10.2	12.4	10.9	12.1	6.9	11.5
3.3 Financing, insurance, real estate & business services	10.1	9.7	11.7	11.3	7.9	7.9	7.9	8.3	11.5	8.1
3.4 Community, social & personal services	13.9	5.6	7.6	14.0	0.8	1.6	7.9	7.3	11.0	7.6
4. GDP at factor cost	**6.7**	**7.4**	**6.3**	**8.7**	**6.5**	**8.6**	**8.9**	**8.9**	**7.5**	**8.9**

* Quick Estimates. # Revised Estimates.

Source: Central Statistics Office.

Table I.2: *Rabi* Area Sown

(Million hectares)

Crop	Normal Area	Sowing*		
		2008-09	2009-10	2010-11
1	2	3	4	5
Wheat	27.33	27.41	27.91	28.84
			(1.9)	(3.3)
Rice	4.25	1.02	1.27	0.92
			(23.9)	(-27.3)
Total Coarse Cereals	6.32	6.74	6.36	5.88
			(-5.7)	(-7.4)
Total Cereals	37.91	35.17	35.54	35.65
			(1.0)	(0.3)
Total Pulses	12.02	13.46	13.69	14.53
			(1.8)	(6.1)
Total Foodgrains	49.93	48.62	49.23	50.18
			(1.2)	(1.9)
Total Oilseeds	9.98	9.10	8.73	8.94
			(-4.1)	(2.4)
All Crops	59.91	57.73	57.96	59.12
			(0.4)	(2.0)

* As on January 14.
Note: Figures in parentheses are percentage change over previous year.
Source: Ministry of Agriculture, Government of India.

rainfall pattern, higher sowing and improved reservoir positions, production of wheat, *rabi* pulses (which accounted for around 70 per cent of the overall pulses production in 2009-10) and oilseeds is expected to be higher than the previous year. The year on year growth over a very low base, however, masks the stagnation in per capita availability of food grains. As a result, strong growth in the agriculture sector and a normal monsoon have not eased the pressure on food inflation.

Widening demand-supply gaps in some sectors exerting sustained pressures on food inflation

I.4 Notwithstanding stronger growth outlook for the agriculture sector, prices of several agricultural commodities continue to remain downward sticky, reflecting structural imbalances. The Eleventh Plan Document estimates the demand-supply gap to be around 13.4 per cent in oilseeds, 18.7 per cent in pulses and around 2.0 per cent in food grains during 2009-10[1].

[1]Report of the Working Group for the Eleventh Five Year Plan (2007-12) on Crop Husbandry, Agricultural Inputs, Demand and Supply Projections and Agricultural Statistics. Supply pertains to actual domestic production based on Fourth Advance Estimates, while demand estimates in case of oilseeds is based on normative approach, and as regard pulses and foodgrains, the estimates are based on behavioural approach.

I.5 Average growth rate of foodgrains production, at 1.6 per cent during 1990-2010, trailed behind the average population growth of 1.9 per cent. With robust growth, the pace of increase in per capita disposable income has far exceeded the rate at which supply is growing. The per capita net availability of foodgrains per day has declined from 510 grams in 1991 to 436 grams in 2008. Supply of major agricultural crops has not kept pace with demand on account of lower rate of increase in yield, inadequate irrigation coverage and excessive dependence on monsoon.

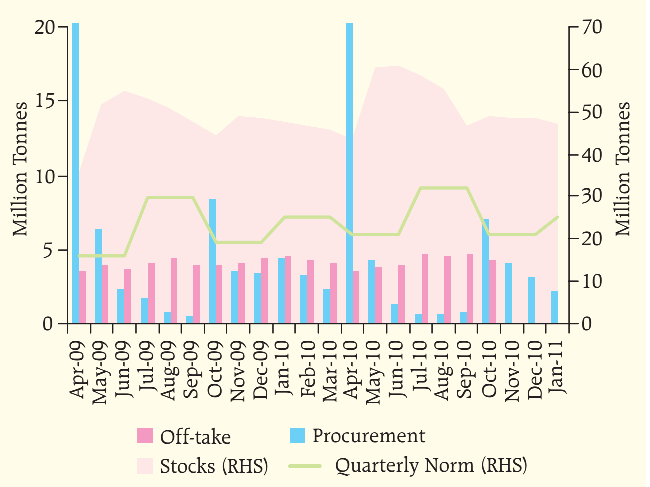
While low yield and increased cost of inputs have pushed dairy prices up, untimely and erratic rainfall affected supply of onions and vegetables in markets

I.6 Growing population coupled with rising income levels has altered dietary habits causing substantial increase in demand for various agricultural products, particularly pulses and vegetables as well as other protein-based products like meat, eggs, milk and fish. Inadequate response of production to structural changes in demand pattern continues to fuel demand-supply mismatch in these products. In the case of milk, supply side constraints have put pressure on prices. Also, the rise in input prices of items such as feedstock, labour and fuel have contributed to further pressure on prices. For poultry products like eggs and chicken, a rise in poultry feed prices resulted in higher prices. Excess rainfall in various parts of the country led to damage to crops like onion, potato and tomato, as well as various fruit items. The onion crop was affected in Andhra Pradesh and Karnataka due to cyclonic rainfall in October 2010 and in other states such as Maharashtra, Madhya Pradesh, Gujarat and Rajasthan due to untimely and erratic rainfall in November 2010. Pest infestation has also been a major cause of shortfall in supply of onions.

Ample food stocks provide food security, but do not ease pressure on food inflation, partly due to the nature of items driving food inflation which lie beyond the ambit of food security

I.7 Food stocks with public procurement agencies, though declining in recent months, continued to

Chart I.1: Food Stocks and its Determinants



Note: 1. Data for off-take is available only up to October, 2010.
2. Procurement and off-take data are monthly figures.

remain much higher than their respective buffer stock norms and food security reserve requirements. Lower monthly average procurement of food grains, *viz.*, rice and wheat (up to January 14, 2011) coupled with higher monthly average off-take (up to October 2010) resulted in a decline in food stocks in recent months. The total stock of food grains with the Food Corporation of India (FCI) and other government agencies, which stood at 60.9 million tonnes on June 1, 2010 came down to 47.3 million tonnes on January 1, 2011 (Chart I.1). The policy on food management has to focus on better supply management in relation to demand, besides addressing the structural capacity constraints in food items.

Industrial growth has been robust, but also volatile

I.8 The industrial sector recorded a growth of 9.5 per cent during April-November 2010, mainly driven by the performance of the manufacturing and mining sectors (Table I.3). The growth pattern has, however, been volatile through the months of the current year (Chart I.2).

I.9 Growth in electricity generation remained modest. Acceleration in manufacturing sector growth was driven by the production of capital goods and consumer durables. Consumer non-durables continued to remain subdued, primarily on account of deceleration in growth of industries such as wheat flour/*maida*, rice bran oil, coffee, hair oil, hsl lamps, fluorescent tubes and rubber foot wear.

Manufacturing sector growth yet to become broad-based

I.10 During April-November 2010, despite nine out of seventeen industries (contributing to about 36 per cent of the weight in the IIP) exhibiting higher growth than last year, manufacturing sector growth is yet to become broad-based. Nearly 73 per cent of the overall growth during the period was contributed by the top five

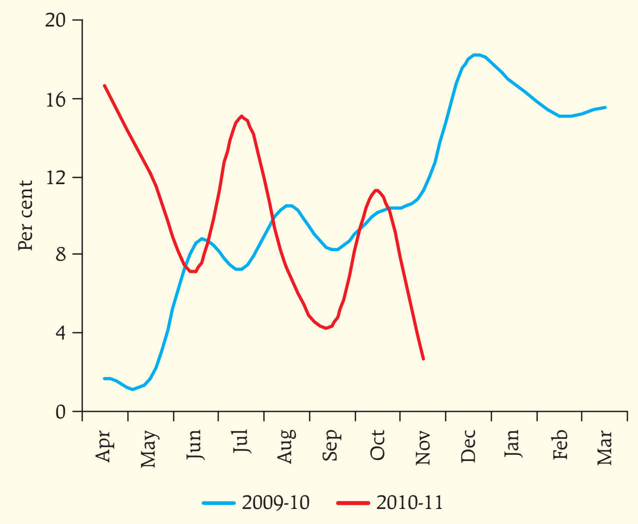
Table I.3: Index of Industrial Production: Sectoral and Use-Based Classification of Industries

(Per cent)

Industry Group	Weight in IIP	Growth Rate			Weighted Contribution#		
		Apr-Mar	Apr-Nov		Apr-Mar	Apr-Nov	
		2009-10	2009-10	2010-11 P	2009-10	2009-10	2010-11 P
1	2	3	4	5	6	7	8
Sectoral							
Mining	10.5	9.9	8.4	8.0	6.0	7.2	5.4
Manufacturing	79.4	11.0	7.5	10.0	89.4	86.5	90.8
Electricity	10.2	6.0	5.7	4.5	4.6	6.3	3.9
Use-Based							
Basic Goods	35.6	7.2	5.8	5.8	19.5	22.6	17.5
Capital Goods	9.3	20.9	6.6	22.5	29.4	12.8	33.7
Intermediate Goods	26.5	13.6	11.2	9.6	32.4	39.0	26.9
Consumer Goods (a+b)	28.7	6.2	6.1	6.8	18.7	25.5	21.9
a) Consumer Durables	5.4	24.6	20.6	21.7	17.9	21.8	20.2
b) Consumer Non-durables	23.3	0.4	1.2	0.7	0.9	3.7	1.7
General	**100.0**	**10.5**	**7.4**	**9.5**	**100.0**	**100.0**	**100.0**

: Figures may not add up to 100 due to rounding off. P : Provisional.
Source: Central Statistics Office.

Chart I.2: Growth in Index of Industrial Production (y-o-y)



manufacturing industries, with a combined weight of 24.6 per cent in IIP (Chart I.3).

Capacity utilisation in core sector remains broadly unchanged, but robust growth entails the risk of capacity pressures

I.11 During April-October 2010, capacity utilisation levels in the infrastructure sector did not stretch much relative to last year (Table I.4). The lower capacity utilisation in the cement sector partly reflects larger capacity addition relative to demand.

I.12 The Order Books, Inventories and Capacity Utilisation Survey (OBICUS) of the Reserve Bank

Table I.4: Capacity Utilisation in Infrastructure Sector

(Per cent)

Sector	Apr-Oct	
	2009-10	2010-11
1	2	3
Finished Steel (SAIL+VSP+ Tata Steel)	87.7	88.9
Cement	80.0	75.0
Fertilizer	94.1	94.2
Refinery Production-Petroleum	101.3	102.7
Thermal Power*	72.9	76.2

*: Data represent plant load factor and pertain to April-December.
Source: Capsule Report on Infrastructure Sector Performance (April 2010-October 2010), Ministry of Statistics and Programme Implementation, GoI and Central Electricity Authority.

indicates that capacity utilisation increased during Q2 of 2010-11 but remained below the previous peak (Chart 1.4).

I.13 During the second quarter of 2010-11 employment growth situation improved as compared with the previous quarter as well as the corresponding quarter of last year (Table I.5).

Growth in core infrastructure lags behind both GDP and industrial sector growth

I.14 The six core industries (26.6 per cent of the total weight in IIP) recorded a moderate 5 per cent growth during April-November 2010 over that of the preceding year (Chart I.5). Electricity generation exhibited subdued growth, primarily due to under performance of thermal power generation constrained by negative or very low growth in each type of fossil fuel, especially

Chart I.3 : Growth Concentration in Manufacturing Sector

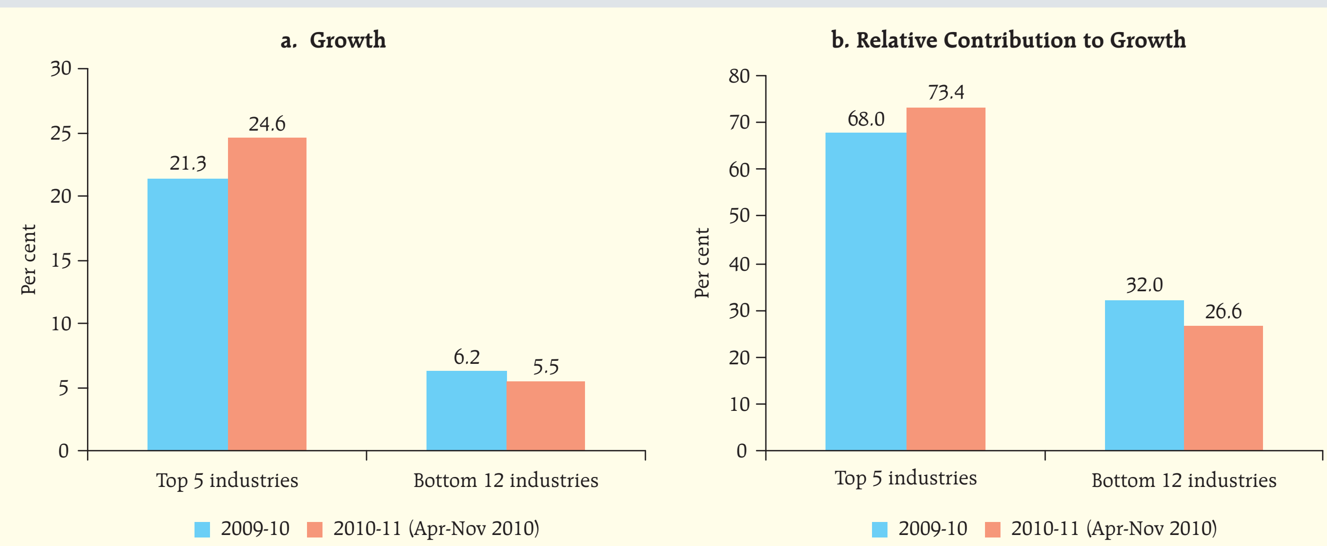
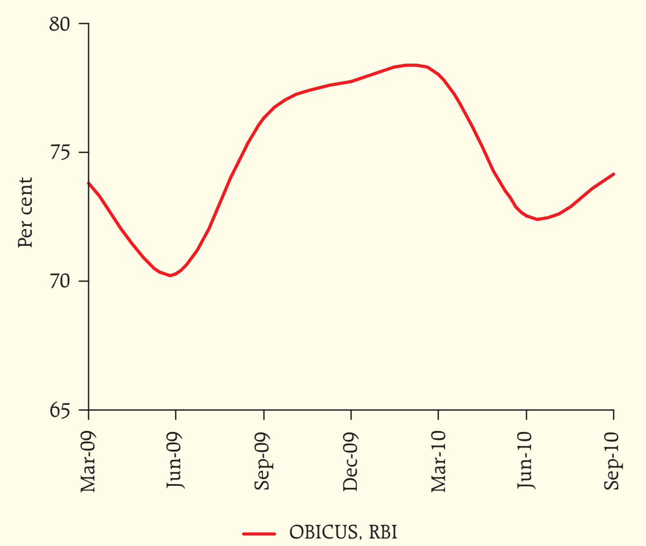


Chart I.4: Capacity Utilisation



coal. Coal production, which remained subdued during the current financial year, may continue to fall short of target on account of increasing sensitivity to environmental norms.

Services sector, which has the dominant share in GDP, exhibits sustained momentum

I.15 Led by "trade, hotel, restaurant, transport, storage and communication" and "financing, insurance, real estate and business services", service sector growth during Q2 of 2010-11 showed gradual acceleration over the previous three quarters. The strong growth of various lead indicators, including commercial vehicles production, cell phone connections, air cargo and passengers handled at domestic and international terminals during the year so far, suggest continuation of the recent growth pattern (Table I.6).

Table I.6: Indicators of Services Sector Activity

(Growth in Per cent)

Services Sector Indicators	2008-09	2009-10	Apr-Oct 2009-10	Apr-Oct 2010-11
1	2	3	4	5
Tourist arrivals $	-3.3	3.5	0.2	8.5
Commercial vehicles production $	-24	35.9	15.1	41.3
Cement*	7.2	10.5	11	4.1
Steel*	1.6	4.9	2.9	6.9
Railway revenue earning freight traffic $	4.9	6.6	8.8	7.7
Cell phone connections	80.9	47.3	49.5	26.6
Cargo handled at major ports	2.2	5.7	3.6	1.7
Civil aviation				
Export cargo handled	3.4	10.4	5.2	20.5
Import cargo handled	-5.7	7.9	-6.9	27.4
Passengers handled at international terminals	3.8	5.7	2.7	12.7
Passengers handled at domestic terminals	-12.1	14.5	8.7	14.8

$: Data pertains to April-December.
* : Data pertains to April-November.
Source: Ministry of Tourism; Ministry of Statistics and Programme Implementation and SIAM.

For growth momentum to become sustainable, risks to inflation from structural imbalances needs priority attention

I.16 The improved *kharif* production thus far, favourable prospects for *rabi* production on account of the satisfactory progress of the North-East monsoon and the resultant increase in area coverage under *rabi* crop in 2010-11 would, going forward, sustain the growth momentum of the agriculture sector. Serious disruptions to supply of agricultural products due to temporary as well as structural shocks call for immediate focus on removal of bottlenecks, minimisation of post-harvest losses, reduction in

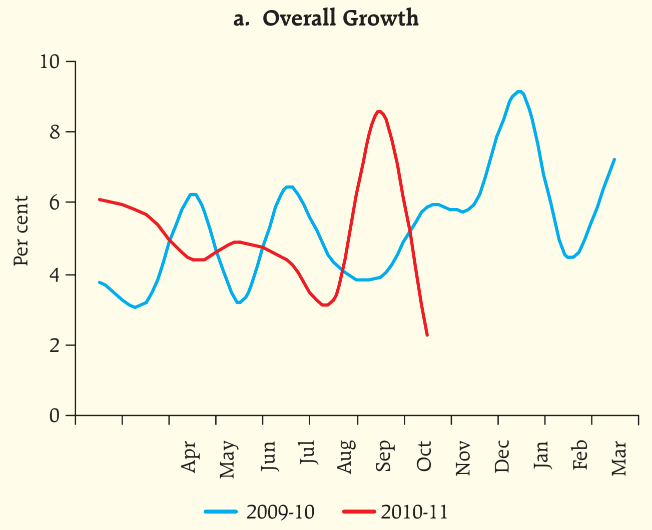
Table I.5: Changes in Estimated Employment

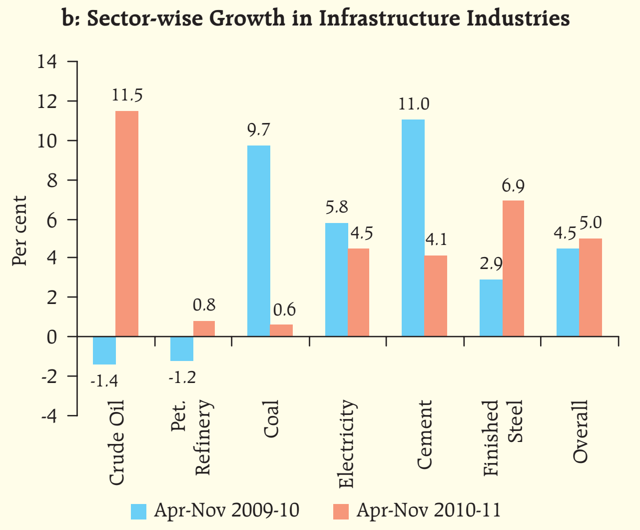
(in '000s)

Industry/Group	Mar 2010 over Dec 2009	Jun 2010 over Mar 2010	Sep 2010 over Jun 2010	Sep 2010 over Sep 2009
1	2	3	4	5
1. Textiles including apparels	-119	-63	245	79
2. Leather	0	21	4	34
3. Metals	4	45	27	99
4. Automobiles	29	51	29	115
5. Gems and jewellery	24	4	4	39
6. Transport	-2	-21	13	-12
7. IT/BPO	129	129	108	936
8. Handloom/Powerloom	-5	-3	6	7
Overall	**61**	**162**	**435**	**1296**

Source: Eighth Quarterly Quick Employment Survey, July–September, 2010; Ministry of Labour and Employment, Labour Bureau, GoI.

Chart I.5 : Growth in Infrastructure Industries





transaction costs, improvement in cold storage and warehouse facilities and promotion of coordinated supply chains. Services sector growth momentum could continue, as reflected by its various lead indicators. Industrial production, however, is expected to moderate on account of the base effect. The deceleration in the growth of core infrastructure during November 2010 and slowdown in Manufacturing PMI during December 2010 indicate uncertainty about the course of IIP growth in the near term. Downside risks to growth from global uncertainty and increase in oil and commodity prices remain, though a major disruption to growth from these risks appears unlikely.

II. Aggregate Demand

The domestic demand led growth process continued and was characterised by stronger growth in private consumption expenditure and higher contribution of fixed capital formation to growth. Reflecting fiscal consolidation and slowdown in government expenditure in recent few months, contribution of government consumption expenditure to growth moderated. Corporate sales growth remained high while earnings improved, suggesting buoyancy in demand. As the external sector outlook broadly suggests widening of current account deficit, the contribution of net exports to growth could remain negligible.*

Private consumption expenditure and government capital expenditure have been the major growth drivers in the first half of the year

II.1 During the first half of 2010-11, the growth impulse from the expenditure side of GDP emanated predominantly from the acceleration in private consumption expenditure and gross fixed capital formation (Table II.1 and Chart II.1). Private final consumption expenditure gathered pace reflecting partly the pick-up in agricultural growth. Gross fixed capital formation also showed higher growth supported by robust corporate sector performance and strong growth in capital expenditure by the Government. Overall, real GDP at market prices increased by 10.4 per cent during the first half of 2010-11, which was higher than the growth of 8.9 per cent in real GDP at factor cost. The differential in growth rates reflected higher net indirect taxes accruing to the government from stronger overall and industrial sector growth in the year. Furthermore, with substantial revision in expenditure side data for the first quarter of 2010-11, the trends in gross fixed capital formation and capital goods segment in IIP are now better aligned for the first half of the current fiscal.

Table II.1: Expenditure Side of GDP (2004-05 Prices)

(Per cent)

	2008-09@	2009-10#	2009-10				2010-11		2009-10	2010-11
			Q1	Q2	Q3	Q4	Q1	Q2	H1	H1
1	2	3	4	5	6	7	8	9	10	11
Growth Rate										
Real GDP at market prices	5.1	7.7	5.6	6.6	7.3	11.2	10.3	10.6	6.1	10.4
Total final consumption expenditure	8.3	5.3	5.9	9.8	4.8	2.6	8.0	9.3	7.8	8.7
(i) Private	6.8	4.3	4.3	6.7	5.3	2.6	7.8	9.3	5.5	8.6
(ii) Government	16.7	10.5	15.4	30.2	2.5	2.1	9.0	9.2	22.4	9.1
Gross fixed capital formation	4.0	7.2	3.1	4.0	8.8	17.7	19.0	11.1	3.6	14.9
Changes in stocks	-61.2	5.9	-0.8	3.5	8.7	11.1	15.3	12.4	1.4	13.8
Net Exports	40.2	-9.7	13.2	-7.6	-0.3	-113.4	12.2	-2.9	0.1	3.4
Relative Share										
Total final consumption expenditure	70.9	69.4	73.1	72.6	73.4	62.3	71.6	71.7	72.8	71.6
(i) Private	59.5	57.6	61.6	61.3	60.4	51.1	60.3	60.6	61.4	60.4
(ii) Government	11.5	11.8	11.4	11.3	13.1	11.2	11.3	11.2	11.4	11.2
Gross fixed capital formation	32.9	32.8	32.4	34.3	31.9	34.6	35.0	34.4	33.4	34.7
Changes in stocks	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.4	1.3	1.3
Net Exports	-6.1	-5.1	-5.7	-7.8	-6.7	0.4	-5.8	-6.8	-6.7	-6.3
Memo:										₹ Crore
Real GDP at Market Prices	44,65,360	48,07,222	10,85,993	11,08,537	12,42,858	13,39,454	11,97,587	12,25,554	21,94,530	24,23,141

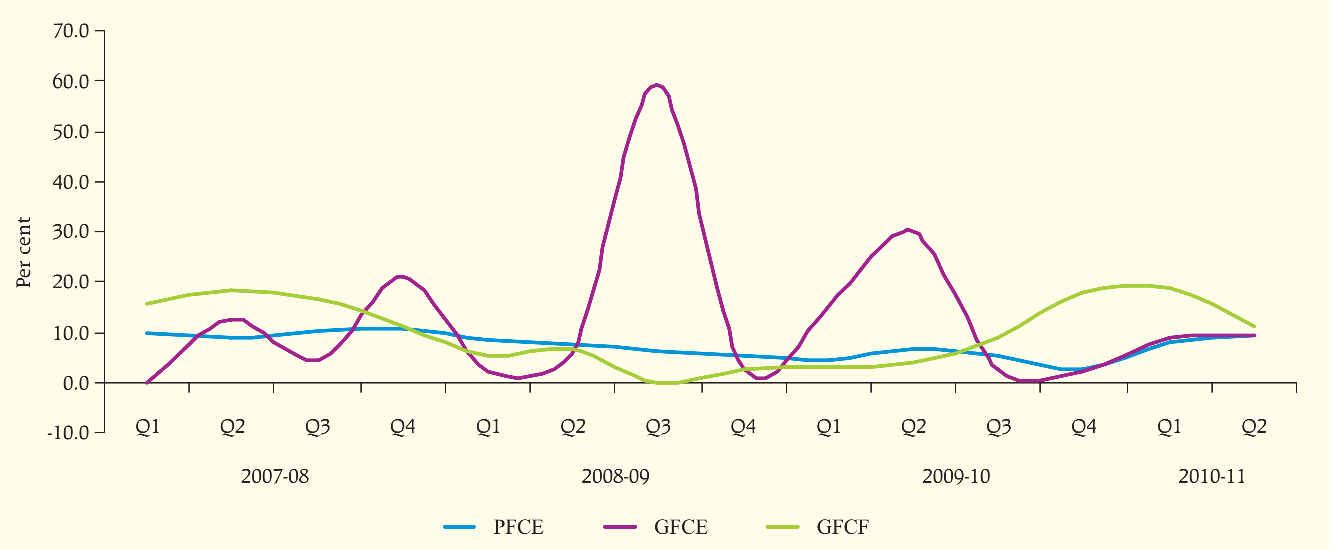
@ : Quick Estimates # : Revised Estimates.

Note: As only major items are included in the table, data will not add up to 100.

Source: Central Statistics Office.

* Demand as measured by expenditure side GDP data

Chart II.1: Quarterly Y-o-Y Growth



Contribution of government final consumption expenditure and net exports to overall growth reflects fiscal consolidation and widening current account deficit

II.2 Government final consumption expenditure continued to grow at a robust pace but showed noticeable slackening relative to higher growth of last year, reflecting the impact of the resumption of the fiscal consolidation process (Table II.1).

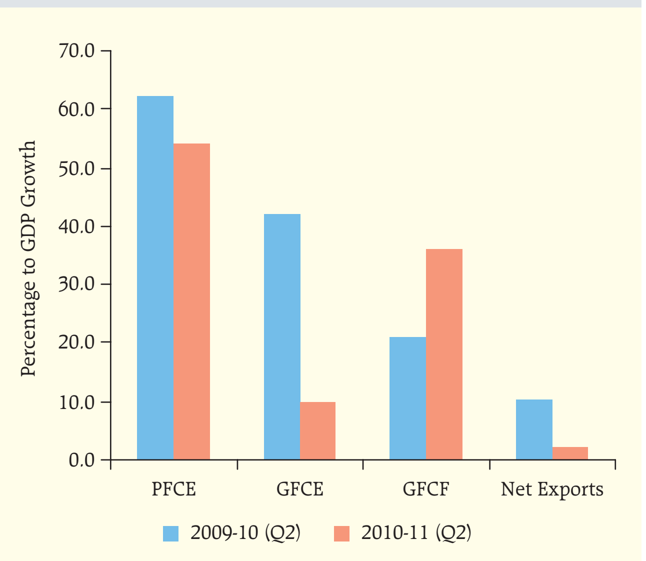
II.3 The contribution of net exports fell for the second successive quarter, though it still remained positive, even as the deficit in the goods and services account persisted (Chart II.2).

The composition of government expenditure has shifted towards capital expenditure

II.4 The Centre had budgeted a sharp reduction in expenditure growth for 2010-11 as a part of its gradual exit from the crisis-driven expansionary fiscal policy stance. However, the progress during 2010-11 (April-November) indicates a higher than budgeted growth in expenditure. The capital component of expenditure exhibited strong growth, which needs to be continued to address the growing infrastructure gap. Total expenditure growth, however, was substantially lower than the growth recorded during the corresponding period of 2009-10, as the Government lowered its expenditure since August 2010. The government intends to boost its expenditure in priority sectors, given the fiscal space available on account of higher than budgeted revenue receipts, which potentially could exert demand pressures.

II.5 The higher than budgeted revenue receipts during 2010-11 (April-November) resulted from better than expected tax and non-tax collections. Apart from substantial non-tax revenues in the form of receipts through the 3G and broadband wireless access (BWA) spectrum auctions, gross tax revenue increased strongly (26.8 per cent) as against a decline (7.8 per cent) in 2009-10 (April-November). There have been significant increases in revenues from customs duty (64.2 per cent)

Chart II.2: Contribution to Real GDP Growth



and union excise duty (37.3 per cent) along with high growth in personal income tax collections (11.8 per cent) and corporate tax collections (19.9 per cent), reflecting mainly the buoyancy in domestic economic activity and international trade as well as the partial rollback of indirect tax rate reductions as part of the fiscal exit.

II.6 The Government is on track in anchoring its fiscal deficit to 5.5 per cent of GDP in 2010-11. The mid-year targets for its key fiscal indicators were met for the first time since the enactment of Fiscal Responsibility and Budget Management (FRBM) Rules, 2004, benefiting from strong buoyancy in its revenue receipts. The progress in Central Government finances during 2010-11 (April-November) shows a lower growth in expenditure as compared to 2009-10, along with strong growth observed in tax and non-tax revenues. Consequently, revenue deficit (RD) and gross fiscal deficit (GFD) during 2010-11 (April-November) were substantially lower in absolute terms and as proportions of budget estimates, than those during the corresponding period of the previous year (Table II.2).

Higher development expenditure necessary for inclusive growth

II.7 Sector-wise profile of Government expenditure shows higher than budgeted growth in expenditure during 2010-11 (April-November) in agriculture, rural development, education and health, reflecting the Government's commitment to inclusive and sustainable growth. The higher resource availability from excess revenues has created fiscal space for allocating higher outlays to these priority sectors, which was reflected in the Government's additional supplementary demand for grants. Since lower inflation is a key factor to promote inclusive growth, the higher demand resulting from social expenditure also suggests the need to step up the rate of growth of essential items on the supply side.

Risks to fiscal consolidation over the medium term and quality of fiscal consolidation are important concerns

II.8 Although Central Government finances are in line with the Medium Term Fiscal Policy Statement (MTFPS) roadmap, in order to meet the Thirteenth Finance Commission (TFC) target for RD and GFD (zero per cent and 3.0 per cent of GDP, respectively), steeper corrections would be necessary by 2013-14. The Government recognises that the envisaged elimination of RD by 2013-14 would be difficult. Furthermore, an abiding medium-term objective is to use borrowings for financing capital expenditure as indicated by the Government in its Mid-Year Analysis, 2010-11. As per the economic and functional classification, expenditure of Central Government administration and departmental commercial undertakings in gross capital formation was budgeted to remain low (1.0 per

Table II.2: Central Government Finances: April-November

Items	Amount (₹ crore)		Percentages to Budget Estimates for		Growth Rate (Per cent)	
	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11
1	2	3	4	5	6	7
1. Revenue Receipts	3,07,125	4,76,716	50.0	69.9	-2.5	55.2
i) Tax Revenue (Net)	2,32,873	2,96,634	49.1	55.5	-8.2	27.4
ii) Non-tax Revenue	74,252	1,80,082	52.9	121.6	20.9	142.5
2. Non-Debt Capital Receipts	8,326	27,449	155.8	60.8	215.4	229.7
3. Non-Plan Expenditure	4,47,995	4,79,771	64.4	65.2	25.1	7.1
of which:						
i) Interest Payments	1,19,504	1,34,544	53.0	54.1	7.0	12.6
ii) Defence	78,955	86,404	55.7	58.6	50.2	9.4
iii) Major Subsidies	90,766	90,137	85.6	82.6	-8.1	-0.7
4. Plan Expenditure	1,73,677	2,10,916	53.4	56.5	27.6	21.4
5. Revenue Expenditure	5,65,027	6,16,874	63.0	64.3	23.8	9.2
6. Capital Expenditure	56,645	73,813	45.8	49.2	49.9	30.3
7. Total Expenditure	6,21,672	6,90,687	60.9	62.3	25.8	11.1
8. Revenue Deficit	2,57,902	1,40,158	91.2	50.7	82.4	-45.7
9. Gross Fiscal Deficit	3,06,221	1,86,522	76.4	48.9	73.5	-39.1
10. Gross Primary Deficit	1,86,717	51,978	106.4	39.2	188.0	-72.2

Source: Controller General of Accounts, Ministry of Finance.

cent of GDP) during 2010-11. Moreover, there is a likelihood of further increase in subsidies, in view of the rising international oil and fertiliser prices. Finally, global uncertainty, especially in Europe, continues to be a key downside risk to fiscal consolidation.

II.9 The emphasis in the current phase of consolidation should be on the quality of adjustment, while also building adequate fiscal space to deal with future adverse shocks to growth and inflation. The fiscal correction envisaged during 2010-11 seems to rely significantly on one-off items (such as receipts from telecom spectrum auction and disinvestment proceeds). Furthermore, substantial proportion of the budgeted fiscal correction in 2010-11 is to be realised from the savings on account of lower than expected expenditure in respect of pay and pension arrears and loan waiver scheme. Durable fiscal consolidation, however, would require measures to augment revenue collection on a sustainable basis and rationalisation of recurring expenditure, with a focus on curtailing non-plan revenue expenditure.

Combined fiscal gap likely to moderate as state government finances show improvement

II.10 After witnessing deterioration in the previous two years, consolidated revenue deficit and gross fiscal deficit of State governments are estimated to fall in 2010-11 (BE) (Table II.3). The correction in the revenue account in 2010-11 is expected to come through increase in revenue receipts as well as compression in revenue expenditure (as ratio to GDP) and thus appears to be more balanced. Lower consolidated revenue deficit of State governments along with lower capital outlay as ratio to GDP is likely to result in lower GFD-GDP ratio.

II.11 Combined finances of the Central and State governments budgeted for 2010-11 indicate that the key deficit indicators as per cent of GDP would moderate compared to the elevated levels of 2009-10 (Table II.3).

Corporate sales growth remained high suggesting buoyancy in demand

II.12 The private corporate sector contributed to the robust economic activity, and in turn, benefited from strong sales growth during the second quarter of 2010-11 (Table II.4). However, the build-up in inventory accumulation relative to sales moderated during the second quarter of 2010-11 compared to the recent peak observed during the first quarter of the financial year (Chart II.3). Compared to moderate growth in PAT of the private corporate sector, Government non-financial companies witnessed a noticeable rise driven by the robust performance of oil companies.

Table II.3: Key Fiscal Indicators

(Per cent to GDP)

Year	Primary Deficit	Revenue Deficit	Gross Fiscal Deficit	Outstanding Liabilities*
1	2	3	4	5
Centre				
2008-09	2.6	4.5	6.0	59.2
2009-10 RE	3.2	5.3	6.7	58.2
2010-11 BE	1.9	4.0	5.5	57.8
States #				
2008-09	0.6	-0.2	2.4	26.2
2009-10 RE	1.6	0.8	3.4	26.2
2010-11 BE	1.0	0.4	2.9	25.8
Combined				
2008-09	3.4	4.3	8.5	74.5
2009-10 RE	4.8	6.0	10.0	74.3
2010-11 BE	3.0	4.4	8.3	74.3

RE : Revised Estimates. BE : Budget Estimates.

* : Includes external liabilities at current exchange rates based on the report, *Government Debt Status and Road Ahead*, Ministry of Finance, Government of India, November 2010.

\# : Data pertain to 27 State governments.

Note: Negative sign indicates surplus.

Table II.4: Private Corporate Sector- Financial Performance

(Growth rates/Ratios in per cent)

Item	2008-09				2009-10				2010-11	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
1	2	3	4	5	6	7	8	9	10	11
No. of Companies	2500	2386	2486	2561	2530	2531	2562	2565	2546	2586
Sales	29.3	31.8	9.5	1.9	-0.9	0.1	22.5	29.1	24.2	18.7
Other Income*	-8.4	-0.6	-4.8	39.4	50.2	6.0	7.4	10.3	-21.2	58.5
Expenditure	33.5	37.5	12.6	-0.5	-4.4	-2.5	20.6	30.7	29.0	19.9
Depreciation provision	15.3	16.5	16.8	19.6	21.5	20.7	21.6	20.1	19.9	16.8
Gross profits (PBIT)	11.9	8.7	-26.7	-8.8	5.8	10.9	60.0	36.7	8.2	10.3
Interest payments	58.1	85.3	62.9	36.5	3.7	-1.0	-12.3	-2.9	26.9	5.9
Profits after tax	6.9	-2.6	-53.4	-19.9	5.5	12.0	99.3	44.0	2.4	10.8
Select Ratios										
Change in stock-in-trade to Sales#	2.9	2.2	-1.7	-1.8	0.6	2.3	0.8	1.1	2.9	1.0
Gross Profits to Sales	14.5	13.5	11.0	13.7	15.7	14.9	14.3	14.6	13.9	13.6
Profits After Tax to Sales	9.7	8.6	5.3	8.1	10.2	9.4	8.8	9.0	8.6	8.5
Interest to Sales	2.4	2.9	3.8	3.2	2.8	3.1	2.7	2.4	2.9	2.7
Interest to Gross Profits	16.8	21.5	34.6	23.3	18.0	20.5	19.1	16.6	21.1	19.9
Interest Coverage (Times)	6.0	4.6	2.9	4.3	5.6	4.9	5.2	6.0	4.7	5.0

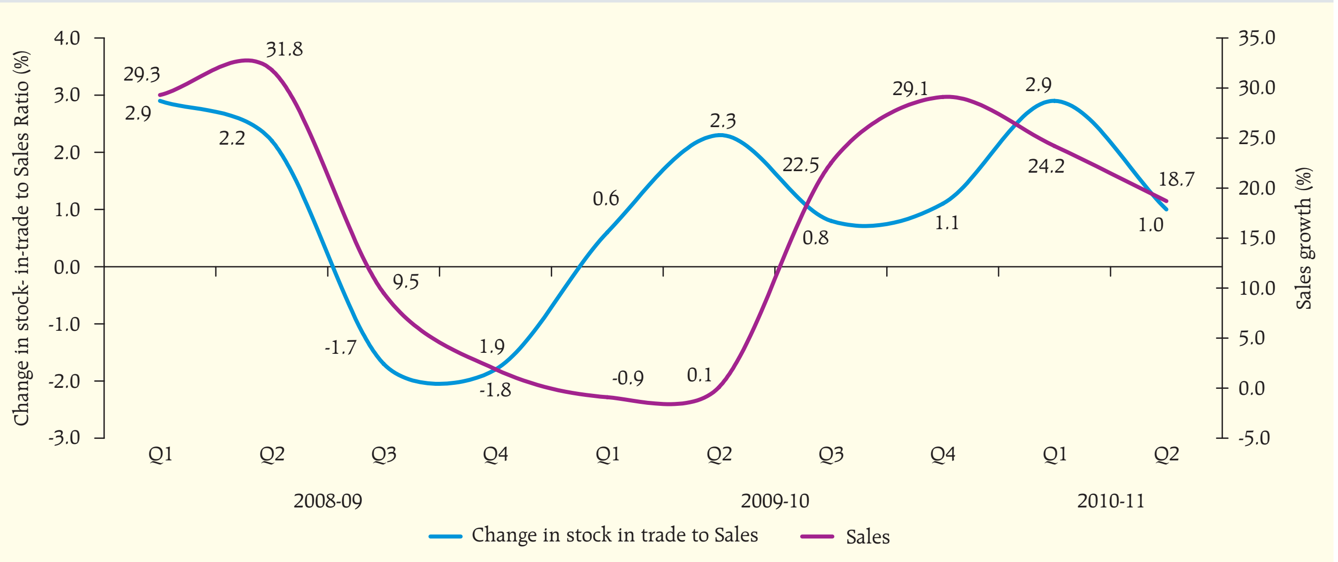
: For companies reporting this item explicitly.
* : Other income excludes extraordinary income/expenditure if reported explicitly
Note: Growth rates are percentage changes in the level for the period under reference over the corresponding period of the previous year for common set of companies.

II.13 Strong investment intentions, as reflected in higher envisaged capital expenditure of companies which approached banks/FIs for financial assistance during April-September 2010, indicate optimistic outlook for fixed capital formation. In the first half of 2010-11, 338 projects were sanctioned assistance by banks/FIs involving about ₹2,42,000 crore as against 251 projects worth ₹2,31,000 crore during the corresponding period of the previous year.

Sectoral imbalances require structural policies

II.14 The rebound in private consumption partly reflected the low base effect, and hence, does not signal any broad based demand side pressure as yet. Sectoral demand-supply imbalances require structural policy intervention to improve the supply situation more than any demand compressing measures at the aggregate level. The stronger growth in private

Chart II.3 : Sales Growth and Change in Stock-in-Trade to Sales Ratio (%)



consumption expenditure partly reflects the change in terms-of-trade in favour of agriculture in view of the supply side constraints and the Government's commitment towards its flagship programmes, such as MGNREGA. With the waning of the base effect, the recent momentum in sales growth of corporates, however, would be contingent, *inter alia*, on the sustained growth in final consumption expenditure. Fiscal consolidation ushered in by the Government is expected to further lower the relative contribution of government final consumption expenditure to growth even though the share of government fixed capital formation may increase. Fiscal consolidation, if sustained, can contribute to a low inflation regime to coexist with high growth. In the near-term, India's policy option could be to pursue further diversification of exports in the fast growing emerging market economies to increase the contribution of the external sector to overall economic growth.

III. The External Sector

India's external sector situation was characterised by a higher level of current account deficit and dominance of portfolio flows in Q2 of 2010-11. This may pose policy concerns going forward. Higher trade deficit and lower support from net invisibles led to a higher current account deficit. Even though export growth remained reasonably strong, robust import demand resulting from high domestic growth led to a large expansion in the size of the trade deficit. Higher net capital flows were better absorbed by the widening current account deficit, leading to a moderate accretion to reserves. External liabilities, however, increased at a faster pace than external assets. The composition of capital flows also changed considerably, with large increase in portfolio flows and lower FDI inflows. India's export growth remained strong in Q3 of 2010-11 notwithstanding persisting positive inflation differential. Ongoing developments such as volatility in the exchange rate of key currencies and pressure on commodity prices could have implications for India.

Uneven pace of growth across regions continues, though the recent performance of advanced economies has been better than earlier expected

III.1 The multi-speed recovery in the global economy that was observed in the first half of 2010 became more entrenched in the second half, as the advanced economies faced greater uncertainty while the emerging market economies (EMEs) experienced consolidation of growth around trend. The advanced economies which faced the prospect of double-dip recession, have in fact outperformed GDP growth forecasts made a year ago. The sovereign debt crises of Greece in May 2010 and Ireland in November 2010 and the evolving fiscal situation in Portugal, Italy and Spain added to the uncertainty regarding global recovery. EMEs, led by China and India, continue to grow at a faster rate compared to the advanced economies. In December 2010, OECD projected world real GDP growth at 4.6 per cent. In October 2010, IMF had projected world real GDP growth at 4.8 per cent (Chart III.Ia). Among advanced economies, there was a divergent trend in growth during the third quarter *vis-a-vis* the previous quarter (Chart III.1b). Apart from the possibility of sovereign debt crisis spreading to other advanced economies, the downside risks to growth projections for advanced economies could stem from the vulnerabilities related to continued weakness in financial systems, ongoing household balance sheet deleveraging and tensions that may arise from country specific response to global imbalances. The ILO expects the employment situation in advanced economies to reach the pre-crisis level only by 2015. Persistent high unemployment and uncertain growth outlook have complicated decisions on policy exit.

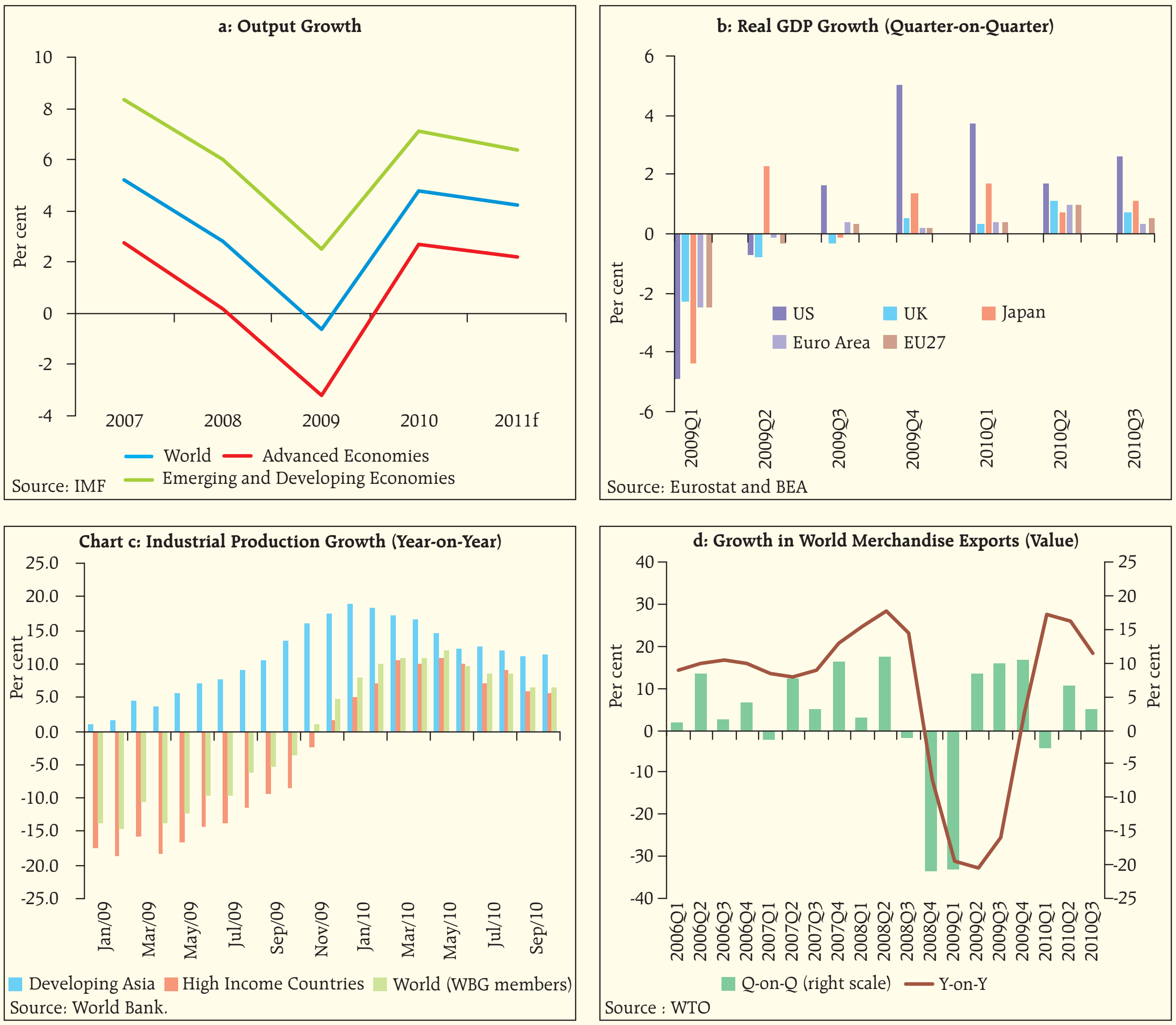
World trade recovery continues, though industrial output growth decelerates

III.2 Growth in world industrial production exhibited signs of deceleration after attaining a peak in May 2010, partly reflecting the base effect (Chart III.1c). Trade activities, however, have sustained the momentum of a strong recovery, prompting the WTO in December 2010 to retain its September 2010 estimates for growth in merchandise trade volume at 13.5 per cent for 2010 (Chart III.1d). This high growth, however, needs to be seen against the low base that resulted from the sharp 12.2 per cent contraction experienced in 2009. In value terms, even after expanding by 23 per cent during the first three quarters of 2010, world merchandise trade remained below the peak level attained before the financial crisis. At 30 per cent, Asian exports increased at a significantly faster rate during the third quarter of 2010 on a year-on-year basis than the 18 per cent growth for world merchandise trade. With deficient domestic demand and high unemployment rate in advanced economies, protectionism remains a possible response, which could hinder overall global recovery.

Emerging Asia exhibits robust growth but rising inflation and larger capital flows pose policy dilemma for central banks

III.3 In December 2010, the ADB revised upward its assessment of growth of developing Asia to 8.5 per

Chart III.1: Key Global Indicators

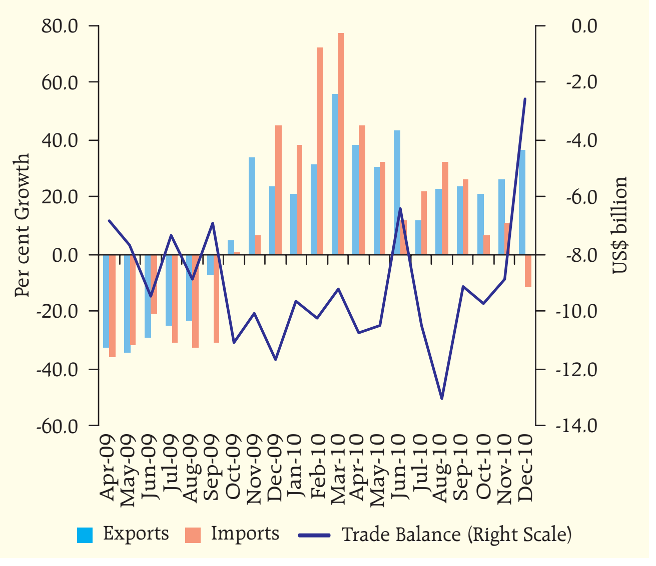


cent for 2010 from 8.2 per cent made in September, to reflect the robust expansion of the third quarter, mainly in Eastern and Central Asian countries. Recent data, however, point to some deceleration in economic activity and accordingly, real GDP growth for the region is projected at 7.3 per cent for 2011. IMF projections made in January 2011 also suggest real GDP growth of 7 per cent for 2011 for Asia, down from 8 per cent in 2010. Going forward, emerging inflationary pressures reflecting the shrinking output gap and firming global commodity prices could prompt monetary tightening. Sensitivity of capital inflows to such actions and policy options to deal with larger inflows that, at times, could be distortive, will complicate policy decisions.

India's export growth has remained strong but trade deficit for the year so far has widened

III.4 After witnessing a turnaround in October 2009, India's export growth maintained the momentum despite the fading out of the base effect (Chart III.2). India's export growth has also been better than the global recovery in exports, reflecting the diversification of the export basket as well as the export destinations. Since October 2009, imports have also registered strong

Chart III.2: India's Merchandise Trade



growth. During October and November 2010, however, there was a slowdown followed by a decline during December. The growth in imports has primarily been led by oil, pearls and semi precious stones. Rising crude oil prices along with growth in quantity of oil imports has led to the higher oil import bill (Chart III.3). Though the growth of exports has outpaced imports growth during April-December 2010, the trade deficit has widened in absolute terms (Table III.1). In Q3 of 2010-11, with export growth significantly exceeding the import growth, the trade balance improved relative to the first two quarters.

Current account deficit widened significantly reflecting larger trade deficit and subdued net invisibles surplus

III.5 The rise in trade deficit (on BoP basis) led to a further widening of the current account deficit during the second quarter of 2010-11, on the back of stagnation in net invisibles surplus, partly due to the continuing growth imbalance between India and the rest of the world (Table III.2).

III.6 The moderation in net invisibles surplus during the quarter relative to the corresponding quarter of the previous year was mainly on account of decline in net investment income and private transfers, which offset the increase in net services (Table III.3). The decline in net income was mainly on account of decline in investment income receipts by 62.0 per cent during the quarter (as against an increase of 17.9 per cent a year ago), reflecting the persistence of lower interest rates abroad. Within services, software exports continued to be robust reflecting geographical diversification as well as enhanced operational efficiencies. Business services (mainly covering trade related, business & management consultancy, architectural & engineering services as well as maintenance of offices abroad) recorded lower net outflows mainly on account of robust recovery in receipts.

Chart III.3: India's POL Imports and International Crude Oil Prices

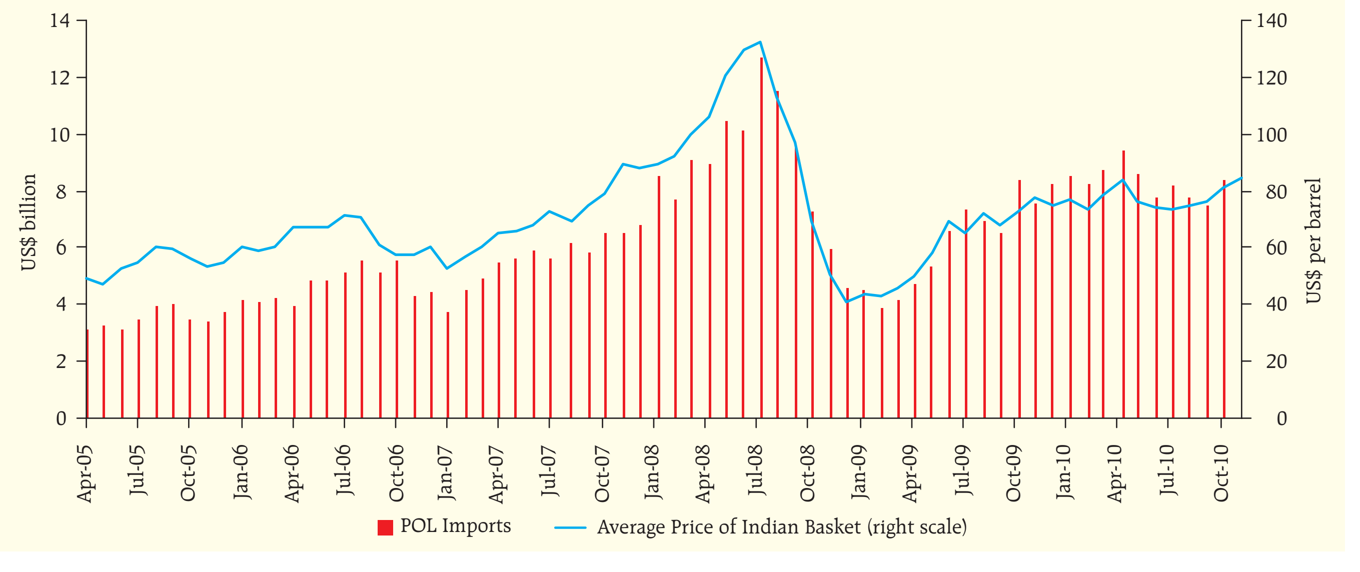


Table III.1: India's Merchandise Trade

(US$ billion)

Item	April-March		April-December			
	2009-10 (P)		2009-10 (R)		2010-11 (P)	
	Absolute	Growth (%)	Absolute	Growth (%)	Absolute	Growth (%)
1	2	3	4	5	6	7
Exports	178.7	-3.6	127.2	-13.8	164.7	29.5
Oil	28.1	2.1	19.5	-16.8	..	..
Non-oil	150.5	-4.6	107.7	-13.2	..	..
Imports	286.8	-5.6	206.2	-18.8	247.1	19.0
Oil	87.1	-7.0	61.6	-24.0	64.8*	21.4
Non-oil	199.7	-4.9	144.6	-16.3	157.1*	25.0
Trade Balance	**-108.2**	**-8.6**	**-79.0**	**-25.6**	**-82.4**	**4.3**
Non-Oil Trade Balance	**-49.2**	**-5.9**	**-36.9**	**-24.1**	**..**	**..**

* : Figures pertain to April-November. R : Revised. P : Provisional. .. Not Available.
Source: Directorate General of Commercial Intelligence & Statistics.

Larger net capital inflows were absorbed in financing the higher current account deficit, but the composition of capital flows poses sustainability risks

III.7 The buoyancy in capital inflows continued during the second quarter of 2010-11 driven by large inflows under FII investments along with steady inflows under short-term trade credits and external commercial borrowings (ECBs) (Table III.4). FDI, however, moderated mainly on account of lower FDI inflows under construction, real estate, business and financial services. Equity flows accounted for about 79 per cent of net capital flows during the first half of 2010-11, of which the share of FII investment was 77 per cent. Net inflows under ECBs and short- term trade credits reflected improved access to global financial markets and the need for financing higher demand for imports. Non-resident Indian (NRI) deposits continued to be steady, largely reflecting the interest rate differentials.

III.8 Latest available information on certain lead indicators of capital flows suggests continued buoyancy (Table III.5). However, FII inflows have exhibited large volatility during the year so far. This pattern has contributed to the volatility in equity prices and the exchange rate. Moderation in FDI inflows has continued, which needs to be reversed (Chart III.4). ECB approvals, however, continue to increase on the back of strong domestic demand and interest rate differentials.

Table III.2: India's Balance of Payments

(US$ billion)

Item	2009-10	2009-10 (PR)				2010-11	
		Q1	Q2	Q3	Q4	Q1 (PR)	Q2 (P)
1	2	3	4	5	6	7	8
1. Exports	182.2	39.2	43.4	47.2	52.5	56.3	54.3
2. Imports	300.6	65.4	73.0	78.1	84.1	87.8	89.6
3. Trade Balance (1-2)	-118.4	-26.3	-29.6	-30.9	-31.6	-31.6	-35.4
4. Net Invisibles	80.0	22.1	20.4	18.7	18.8	19.4	19.6
5. Current Account Balance (3+4)	-38.4	-4.2	-9.2	-12.2	-12.8	-12.1	-15.8
6. Gross Capital Inflows	345.7	77.8	96.0	81.6	90.3	95.0	112.8
7. Gross Capital Outflows	292.3	74.2	76.7	66.9	74.5	78.8	92.3
8. Net Capital Account (6-7)	53.4	3.7	19.3	14.6	15.8	16.2	20.5
9. Overall Balance (5+8)#	13.4	0.1	9.4	1.8	2.1	3.7	3.3

: Overall balance also includes errors and omissions apart from items 5 and 8.
PR: Partially Revised. P: Preliminary.

Table III.3: Net Invisibles

(US $ billion)

Item	July-September		April-September	
	2009-10 (PR)	2010-11 (P)	2009-10 (PR)	2010-11 (P)
1	2	3	4	5
1. Services	7.7	10.5	19.1	19.5
Of which:				
Travel	0.4	0.6	0.6	1.3
Transportation	0.3	-0.2	0.1	-0.2
Software Services	10.7	12.2	21.4	24.3
Business Services	-2.1	-1.0	-2.8	-2.1
Financial Services	-0.4	-0.1	-0.1	-0.3
2. Transfers (Private)	13.8	13.0	26.7	26.1
3. Income	-1.1	-3.9	-3.3	-6.5
Investment Income	-0.9	-3.7	-3.0	-6.1
Compensation of Employees	-0.1	-0.2	-0.3	-0.5
Total (1+2+3)	**20.4**	**19.6**	**42.5**	**39.1**

PR: Partially Revised. P: Preliminary.

Moderation in FDI flows needs policy attention

III.9 The recent moderation in FDI flows to India has to be seen in the context of overall global trends, particularly, flows to other EMEs. During 2009-10, the decline in net FDI flows to India was relatively moderate (12 per cent) compared to EMEs (estimated to be 33 per cent in 2009), which partly reflected subdued cross-border merger and acquisition (M&A) activities and weaker return prospects for foreign affiliates. Subsequently, FDI flows to EMEs recovered modestly on the back of improved corporate profitability and some improvement in M&A activities. However, net FDI flows to India declined by almost 36 per cent, year-on-year, during April-September 2010. According to the latest estimates of UNCTAD (January 2011), FDI flows to major EMEs like China, Brazil, Mexico and Thailand recorded increases in the range of 6-53 per cent in 2010. Notably, Indonesia recorded about a three-fold rise in FDI inflows.

Table III.5: Capital Flows in 2010-11 so far

(US $ billion)

Component	Period	2009-10	2010-11
1	2	3	4
FDI to India	April-November	25.3	19.0
FIIs (net)	April-January 14	24.7	31.6
ADRs/GDRs	April-December	3.2	1.8
ECB Approvals	April-December	13.1	16.0
NRI Deposits (Net)	April-December	3.5	2.3

FDI : Foreign Direct Investment.
FII : Foreign Institutional Investors.
ECB : External Commercial Borrowings.
ADR : American Depository Receipts.
GDR : Global Depository Receipts.
NRI : Non Resident Indians.

III.10 The moderation in FDI inflows to India during April-November 2010 has been driven by sectors such as construction, mining and business services. A major reason for the decline in inward FDI is reported to have been the environment sensitive policies pursued, as manifested in the recent episodes in the mining sector, integrated township projects and construction of ports, which appear to have affected the investors' sentiments. Added to this are the persistent procedural delays, land acquisition issues and availability of quality infrastructure, which remain at the centre of the

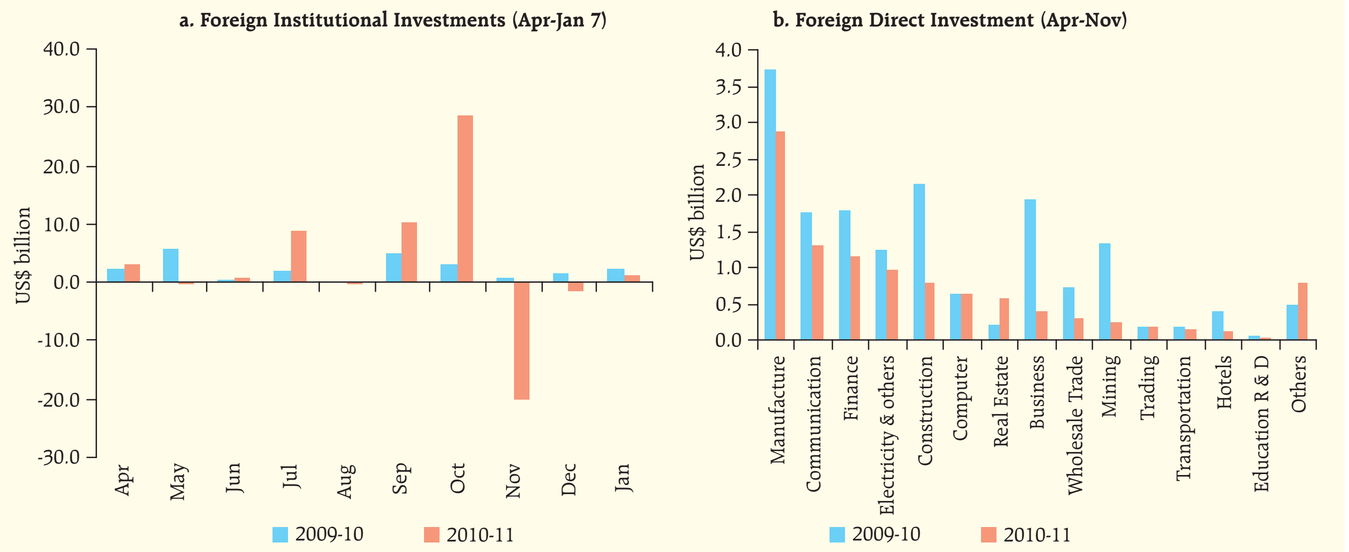
Table III.4: Net Capital Flows

(US $ billion)

Item	July-September		April-September	
	2009-10 (PR)	2010-11 (P)	2009-10 (PR)	2010-11 (P)
1	2	3	4	5
Net Capital flows	19.3	20.5	23.0	36.7
Of which:				
1. Foreign Direct Investment (FDI)	7.5	2.5	12.3	5.3
Inward FDI	10.9	6.7	19.8	12.6
Outward FDI	3.4	4.2	7.4	7.2
2. Portfolio Investment	9.7	19.2	17.9	23.8
FIIs	7.0	18.8	15.3	22.3
ADR/GDRs	2.7	0.5	2.7	1.6
3. External Assistance	0.7	0.6	1.0	3.0
4. ECBs	1.2	3.7	0.7	6.0
5. NRI Deposits	1.0	1.0	2.9	2.2
6. Short-term Trade Credits	1.2	2.6	0.0	6.7

PR: Partially Revised. P: Preliminary.

Chart III.4: Recent Trends in Foreign Investment Flows



Government's policy focus. These factors, which are more structural in nature, if addressed expeditiously, could raise the share of India in the projected FDI flows to EMEs in the near future. According to the IIF, net FDI flows to EMEs are forecast to increase by 11 per cent in 2011.

Reserve accretion during the year so far has been moderate as, despite higher net capital inflows, the financing need in the current account increased

III.11 As the surplus in the capital account exceeded the financing gap in the current account, India's foreign exchange reserves (excluding valuation effects) increased by US$ 7.0 billion during the first half of 2010-11. Inclusive of valuation effects, the foreign exchange reserves increased by US$ 13.8 billion. Foreign exchange reserves as on January 14, 2011 stood at US$ 297.4 billion.

Indicators of Real Effective Exchange Rate (REER) showed a divergence reflecting inflation differential

III.12 There has been a distinct divergence between the movements of 6-currency and 36-currency REER indices during the year so far. While the 6-currency REER remained above the base level by 16 to 20 per cent, signifying higher inflation differentials with these economies, the 36 country REER largely remained below or around the base level, implying that inflation in India has been comparable or below the level prevailing in its trading partners in the developing world. The magnitude of nominal exchange rate appreciation/depreciation of the currencies of these countries also differed. This is reflected in the 30-currency REER (which is derived after the exclusion of 6-currency index from the 36-currency index) (Chart III.5).

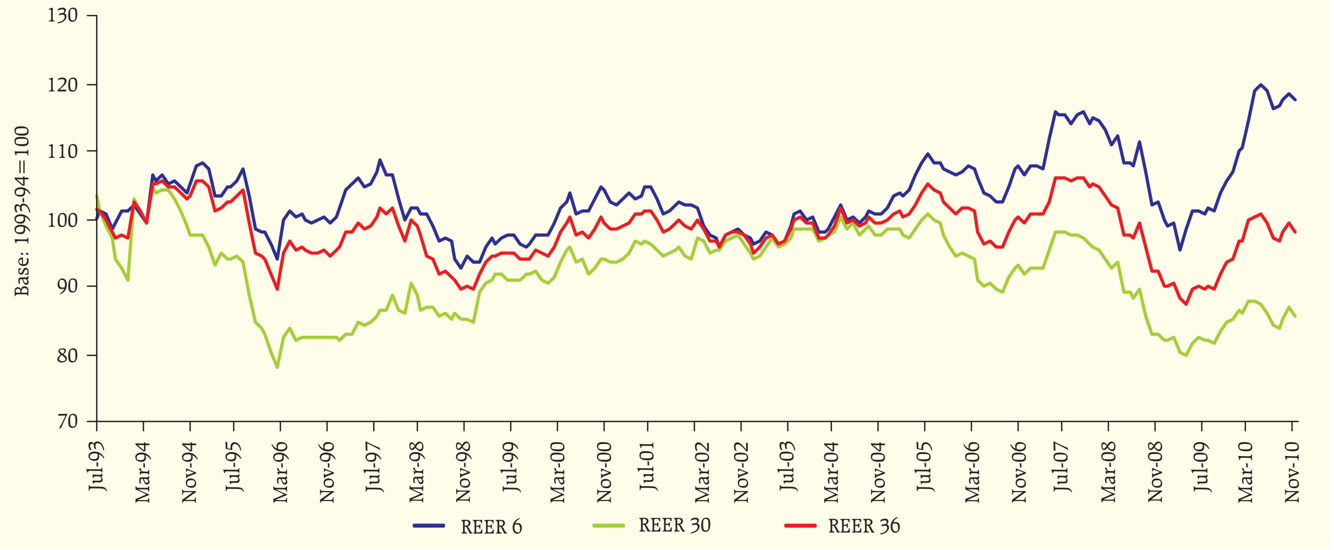
Some external debt parameters have deteriorated

III.13 External debt stock as at end-September 2010 increased by 12.8 per cent to US$ 295.8 billion from US$ 262.3 billion at end-March 2010, with ECBs and short-term debt contributing around 71 per cent of the total increase (Table III.6). Valuation effects due to depreciation of the US dollar against other major currencies accounted for nearly 19 per cent of the rise in external debt during this period. With higher private debt flows, there has been some worsening of debt parameters during the first half of 2010-11, though still very much within the comfort zone.

International Investment Position (IIP) shows deterioration

III.14 Incremental liabilities outpaced incremental assets in the IIP in the second quarter of 2010-11. Net international liabilities increased by US$ 33.2 billion

Chart III.5: Real Effective Exchange Rate



during the second quarter to US$ 211.1 billion at end-September 2010 (Chart III.6).

Significant widening of current account deficit would necessitate larger and stable long-term capital flows to limit risks to medium-term sustainability

III.15 Recent trends in export growth suggest the possibility of exports surpassing the annual target for the current year. It is, however, imperative to diversify the exports further in terms of commodities and destinations, given the weak and uncertain demand conditions in advanced economies. Higher global crude oil prices and non-oil commodity prices accompanied by stronger domestic economic activity could raise India's import growth trajectory. If the improvement in the trade deficit witnessed in Q3 of 2010-11 continues, there may be some moderation in CAD from the high levels seen during the first two quarters. The upbeat growth outlook of India and rising interest rate differentials could be expected to attract even larger net capital inflows. A higher level of CAD along with

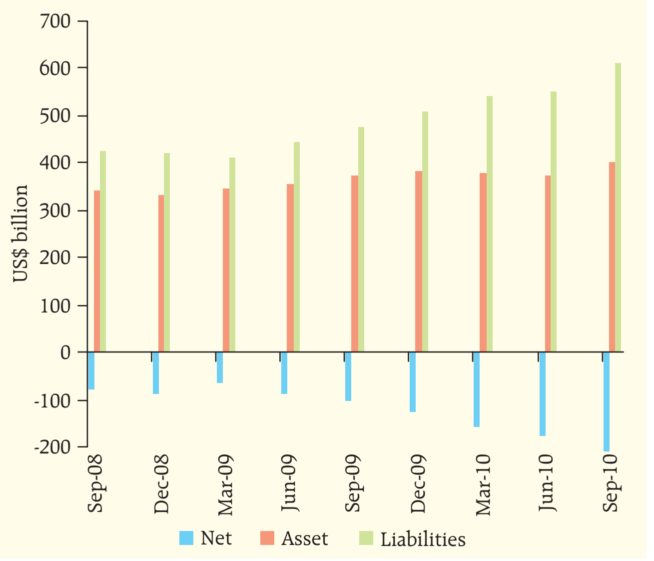
Table III.6: India's External Debt

(US$ billion)

Item	Outstanding			Variation	
	End-March 2009	End-March 2010 PR	End-September 2010 P	September 2010 over March 2010 Amount	Per cent
1	2	3	4	5	6
1. Multilateral	39.5	42.8	46.8	3.9	9.1
2. Bilateral	20.6	22.6	24.7	2.1	9.2
3. IMF	1.0	6.0	6.2	0.1	2.5
4. Trade Credit (above 1 year)	14.5	16.9	18.5	1.6	9.3
5. ECBs	62.5	71.9	82.2	10.3	14.3
6. NRI Deposits	41.6	47.9	49.9	2.0	4.2
7. Rupee Debt	1.5	1.7	1.6	0.0	-1.0
8 Long-Term Debt (1 to 7)	**181.2**	**209.8**	**229.8**	**20.0**	**9.5**
9. Short-Term Debt	**43.4**	**52.5**	**66.0**	**13.5**	**25.8**
Total Debt (8+9)	**224.6**	**262.3**	**295.8**	**33.5**	**12.8**
Memo Item					
Total Debt/GDP (in per cent)	20.5	19.0			

PR: Partially Revised. P: Provisional.
Source: Ministry of Finance, Government of India and Reserve Bank of India.

Chart III.6: International Investment Position



the dominance of volatile and short-term debt creating flows could, however, pose some sustainability risks. A low inflation regime is also necessary so that any real appreciation of the exchange rate does not erode the competiveness of Indian exports. It is important to monitor the magnitude and composition of capital flows in the near term, given its potential implications for asset prices, exchange rate and the overall sustainability of the external sector.

Changing dynamics of BoP suggests the need to guard against vulnerabilities

III.16 The dynamics of the balance of payments altered significantly in 2010-11. A higher current account deficit, compositional shifts in capital flows in favour of short-term debt and portfolio flows, lower order of reserve accretion and faster increase in external liabilities of the country relative to external assets are some key areas of concerns surfacing in the external sector. The BoP data released by the Reserve Bank report a CAD of 3.7 per cent of GDP during April-September 2010, which is higher than the sustainable level of around 3 per cent in the medium-term. Although financing of such a deficit has not been a problem so far, the changing composition of capital flows for financing the deficit calls for an assessment of the external sector vulnerability indicators.

III.17 Reflecting the dominance of debt creating flows during April-September 2010 (almost 50 per cent compared to the average share of about 44 per cent during the last one decade), debt sustainability indicators witnessed some deterioration at end-September 2010 (Table III.7). The debt service ratio, however, remained at a comfortable level. Given the dominance of debt creating flows and volatile FII flows, any unforeseen adverse global developments may pose risks and this warrants close monitoring of the evolving situation.

III.18 Widening of CAD and deterioration in vulnerability indicators are a result of several factors: First, lower growth in services receipts relative to payments reflecting the uneven pace of global recovery. Second, significant increase in imports relative to exports reflecting the steep rise in international crude oil prices, though in recent months trade balance has improved. Third, moderation in FDI inflows that was reported to have occurred on account of environment sensitive policies, land acquisition issues and availability of quality infrastructure. While the subdued growth of services receipts is cyclical in nature and can be expected to resolve with the global recovery

Table III.7: External Sector Vulnerability Indicators

(Per cent)

	Indicator	End-September 2009	End-March 2010	End-September 2010
	1	2	3	4
1.	Ratio of Short-term to Total Debt (Original Maturity)	17.5	20.0	22.3
2.	Ratio of Short-term to Total Debt (Residual Maturity)	38.4	41.2	42.9
3.	Ratio of Concessional Debt to Total Debt	18.4	16.7	15.6
4.	Ratio of Reserves to Total Debt	115.9	106.4	99.0
5.	Ratio of Short-term Debt to Reserves	15.1	18.8	22.5
6.	Import Cover of Reserves (in months)	12.4	11.1	10.3
7.	Reserves Cover of Imports and Debt Service Payments (in months)	11.7	10.5	9.8
8.	Debt Service Ratio (Debt Service Payments to Current Receipts)	5.1	5.5	4.0

becoming more broad-based and robust, the rise in crude oil prices and reasons for moderation in FDI are more structural in nature. Since supply of crude oil is relatively inelastic, the economy needs to adjust itself in the medium-term by investing in the use of non-conventional sources of energy. As regards FDI flows, the reform process needs to be expedited to address the impediments.

III.19 The above assessment suggests that going forward, the external sector needs to be monitored closely. The economy is very well poised to absorb a higher current account deficit for a couple of years but this cannot remain a persisting trend. The challenge in this regard is to reduce the current account deficit in the medium-term and readjust its financing in the short term. The prospects for the medium-term adjustment will improve with the global recovery consolidating, FDI flows to India strengthening on the promise of growth prospects and the reform process being accelerated.

IV. Monetary and Liquidity Conditions

Liquidity conditions remained tight during the third quarter of 2010-11, warranting liquidity easing measures by the Reserve Bank. The normalisation of monetary policy during the year, as intended, has been non-disruptive. Conditions for enhancing the effectiveness of monetary policy, however, improved in the third quarter of the year, as the tightness in liquidity prompted competition among banks, leading to higher deposit and lending rates. The Reserve Bank injected large primary liquidity through repo and open market operations, which was reflected in the high growth of base money. This was necessary to avoid the risk of liquidity stress adversely impacting the real economy, even though the overall anti-inflationary stance was sustained throughout.

While the goal of non-disruptive normalisation of monetary stance has been achieved with the return of robust growth, persistent high inflation has emerged as the key challenge for monetary policy

IV.1 The Reserve Bank achieved non-disruptive normalisation between March and November 2010 through calibrated tightening of the policy interest rates and liquidity conditions. The predominant objective behind adopting such an approach to normalisation was to gradually raise the anti-inflationary accent of the policy without disrupting growth. While growth has firmly consolidated around the trend now, inflation remains elevated with significant downward inflexibility. The interest rate and liquidity conditions altered significantly during the course of the year on the back of policy normalisation. In the terminal months of 2010, liquidity conditions tightened beyond the comfort level, driven by both frictional and structural factors, and interest rate transmission also strengthened as banks responded to the liquidity deficit by raising deposit and lending rates. The Reserve Bank undertook measures to ease the liquidity pressures to avoid the risk of liquidity stress affecting the flow of credit to productive activities. The anti-inflationary stance of monetary policy, however, continued.

Liquidity conditions started to tighten on the back of policy, but got exacerbated by autonomous factors

IV.2 In 2010, the repo and the reverse repo rates were raised by 150 basis points and 200 basis points, respectively, as part of the normalisation of policy (Table IV.1). With repo rate emerging as the operative policy rate, there was an effective tightening of policy rate by 300 basis points between March and November 2010. The increase in cash reserve ratio (CRR) in February and April 2010 contributed to the gradual tightening of liquidity and the effective switch of the Liquidity Adjustment Facility (LAF) from absorption through reverse repo to injection through repo (Chart IV.1). From end-May 2010, liquidity tightened on account of the monetary policy actions, which was

Table IV.1: Movements in Key Policy Rates in India

(Per cent)

Effective Since	Reverse Repo Rate	Repo Rate	Cash Reserve Ratio
1	2	3	4
October 11, 2008	6.00	9.00	6.50 (–2.50)
October 20, 2008	6.00	8.00 (–1.00)	6.50
October 25, 2008	6.00	8.00	6.00 (–0.50)
November 3, 2008	6.00	7.50 (–0.50)	6.00
November 8, 2008	6.00	7.50	5.50 (–0.50)
December 8, 2008	5.00 (-1.00)	6.50 (–1.00)	5.50
January 5, 2009	4.00 (-1.00)	5.50 (–1.00)	5.50
January 17, 2009	4.00	5.50	5.00 (–0.50)
March 4, 2009	3.50 (-0.50)	5.00 (-0.50)	5.00
April 21, 2009	3.25 (-0.25)	4.75 (-0.25)	5.00
February 13, 2010	3.25	4.75	5.50 (+0.50)
February 27, 2010	3.25	4.75	5.75 (+0.25)
March 19, 2010	3.50 (+0.25)	5.00 (+0.25)	5.75
April 20, 2010	3.75 (+0.25)	5.25 (+0.25)	5.75
April 24, 2010	3.75	5.25	6.00 (+0.25)
July 2, 2010	4.00 (+0.25)	5.50 (+0.25)	6.00
July 27, 2010	4.50 (+0.50)	5.75 (+0.25)	6.00
September 16, 2010	5.00 (+0.50)	6.00 (+0.25)	6.00
November 2, 2010	5.25 (+0.25)	6.25 (+0.25)	6.00

Note: 1. Reverse repo indicates absorption of liquidity and repo indicates injection of liquidity.
2. Figures in parentheses indicate change in policy rates in percentage points.

exacerbated by autonomous factors such as large increase in government surplus with the Reserve Bank as well as the unusually high demand for currency on account of high inflation, increased asset prices and payments under government schemes such as MGNREGS. As deficit liquidity conditions persisted for most part of the year and the severity of the pressure at times became excessive, the Reserve Bank operationalised several liquidity-easing measures at regular intervals in order to reduce the liquidity deficit (Table IV.2).

IV.3 The tight liquidity conditions during the third quarter of the year were mainly the result of autonomous factors, *i.e.*, increase in the government's surplus balance with the Reserve Bank and currency with the public. The Reserve Bank managed the liquidity conditions primarily through operations under the LAF and OMO, by means of which large amount of primary liquidity was injected into the system (Table IV.3).

Chart IV.1: LAF Volumes

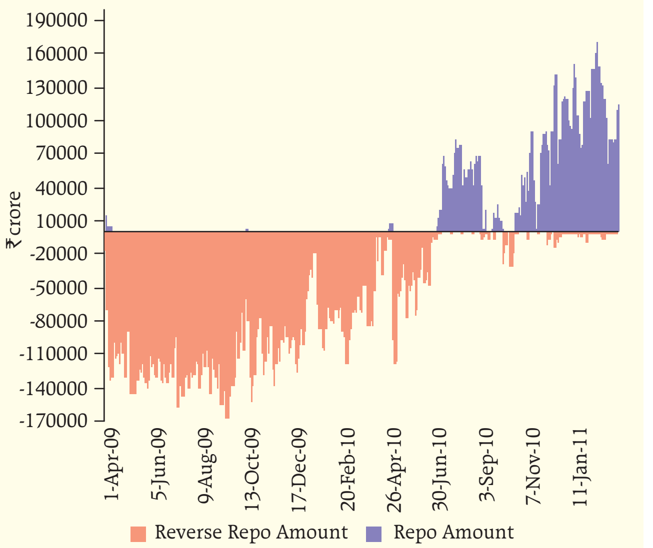


Table IV.2: Liquidity Management Measures taken by the Reserve Bank in 2010-11

Time Period/Event	Measures
1	2
End-May 2010: Larger than anticipated collection for 3G/BWA spectrum in addition to advance tax outflow resulted in migration of liquidity to central government's cash balance account with the Reserve Bank	For the period May 28, 2010-July 2, 2010, SCBs were: (i) Allowed to avail additional liquidity support under the LAF to the extent of up to 0.5 per cent of their NDTL (for any shortfall in maintenance of SLR arising out of availment of this facility, banks were allowed to seek waiver of penal interest). (ii) Given access to second LAF (SLAF) on a daily basis. With the persistence of deficit liquidity conditions, measure (i) was extended up to July 16, 2010 and measure (ii) up to July 30, 2010.
End-October 2010: Frictional liquidity pressure due to autonomous factors compounded by banks' high CRR requirement (since the fortnight ended October 22, 2010 had seen a large increase in NDTL)	(i) The Reserve Bank conducted special SLAF on October 29 and November 1, 2010, a special two-day repo auction under the LAF on October 30, 2010, and allowed waiver of penal interest on shortfall in maintenance of SLR (on October 30-31, 2010) to the extent of 1.0 per cent of NDTL for availing additional liquidity support under the LAF. (ii) The Reserve Bank extended these liquidity easing measures further and conducted SLAF on all days during November 1-4, 2010 and extended the period of waiver of penal interest on shortfall in maintenance of SLR (to the extent of 1.0 per cent of NDTL) for availing additional liquidity support under the LAF till November 7, 2010. (iii) The Reserve Bank re-started purchase of government securities under its open market operations (OMO) from November 4, 2010. (iv) On November 9, 2010, the Reserve Bank reintroduced daily SLAF and extended the period of waiver of penal interest on shortfall in maintenance of SLR to the extent of 1.0 per cent of NDTL for availing additional liquidity support under the LAF till December 16, 2010. (v) On November 29, 2010, the Reserve Bank extended the daily SLAF and allowed additional liquidity support to the SCBs under the LAF to the extent of up to 2.0 per cent of their NDTL till January 28, 2011.
Mid-December 2010: Continued build up in government balances on account of third quarterly advance tax collections	In the mid-Quarter Review of December 2010, the Reserve Bank: (i) Reduced the SLR of SCBs from 25 per cent of NDTL to 24 per cent with effect from December 18, 2010. Given the permanent reduction in the SLR, additional liquidity support of 1.0 per cent of NDTL under the LAF would be available from December 18, 2010 till January 28, 2011. (ii) Announced conduct of OMO auctions for purchase of government securities for an aggregate amount of ₹48,000 crore in the next one month (staggered as purchases of ₹12,000 crore per week).

Note: The central government, in consultation with the Reserve Bank, undertook a number of measures for cash management which also helped in management of liquidity. These included repurchase of dated securities in tranches, reduction in the amount of borrowing in the indicative calendar for the second half of 2010-11 by ₹10,000 crore and rescheduling of auction amount of g-secs from that mentioned in the indicative calendar on a few occassions.

Table IV.3: Reserve Bank's Liquidity Management Operations

(₹ crore)

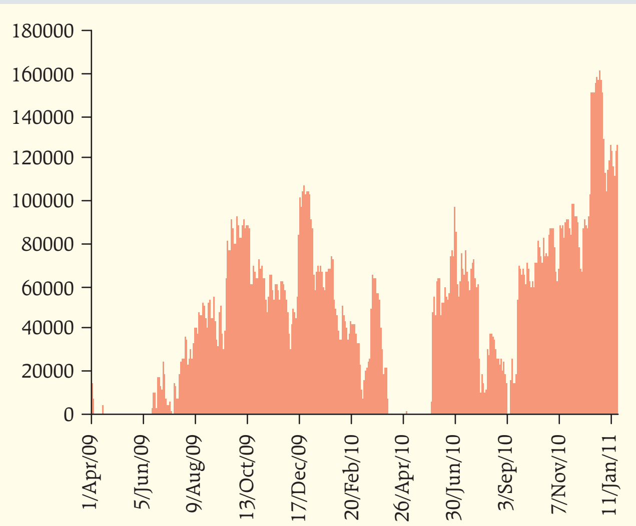
Item	2009-10				2010-11		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
1	2	3	4	5	6	7	8
A. Drivers of Liquidity (1+2+3+4)	**-45,110**	**-44,514**	**-66,785**	**55,055**	**-1,04,914**	**27,034**	**-1,09,215**
1. RBI's net Purchase from Authorised Dealers	-15,874	2,523	436	910	816	751	5,991
2. Currency with the Public	-18,690	-9,020	-43,224	-31,650	-58,210	54	-42,730
3.a. Centre's surplus balances with RBI	3,382	-67,938	-22,663	85,257	-58,249	10,953	-78,960
3.b. WMA and OD	0	0	0	0	0	0	0
4. Others (residual)	-13,928	29,921	-1,334	538	10,729	15,275	6,484
B. Management of Liquidity (5+6+7+8)	**-21,674**	**62,376**	**89,870**	**1,618**	**67,255**	**-41,456**	**1,34,075**
5. Liquidity impact of LAF	-1,30,020	25,390	86,330	18,795	75,785	-44,545	83,165
6. Liquidity impact of OMO* (net)	43,159	32,869	3,540	2,787	1,550	2,772	50,910
7. Liquidity impact of MSS	65,187	4,117	0	16,036	2,420	317	0
8. First round impact of CRR change	0	0	0	-36,000	-12,500	0	0
C. Bank Reserves # (A+B)	**-66,784**	**17,863**	**23,085**	**56,673**	**-37,659**	**-14,422**	**24,860**

(+) : Injection of liquidity into the banking system.
(-) : Absorption of liquidity from the banking system.
* : Includes oil bonds but excludes purchases of government securities on behalf of State Governments.
# : Includes vault cash with banks and adjusted for first round liquidity impact due to CRR change.
Note: Data pertain to March 31 for Q4 and last Friday for all other quarters. Data are provisional.

Frictional tightness in liquidity reflected unusually large government surplus balances with the Reserve Bank

IV.4 The tight liquidity conditions since end-October 2010 were primarily on account of unusually large unspent cash balances of the government. During the third quarter of 2010-11, the government surplus with the Reserve Bank hovered in the range of 1.0 to 3.0 per cent of net demand and time liabilities (NDTL) of banks (Chart IV.2). The effective impact on liquidity, therefore, was equivalent to an increase in CRR by 100-300 basis points.

Chart IV.2: GoI Balance with the Reserve Bank (₹ crore)

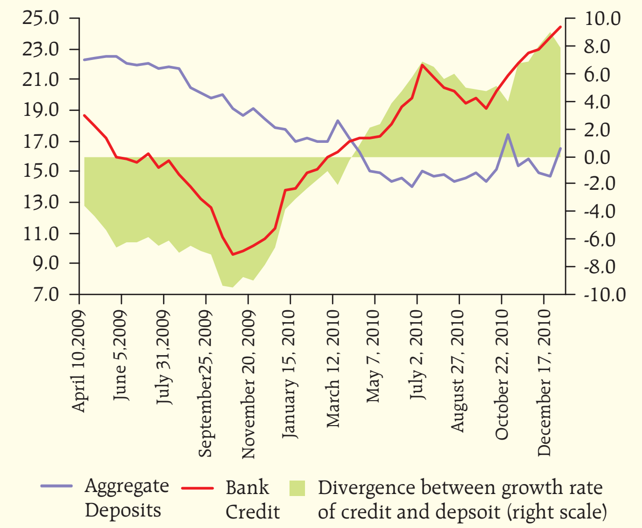


IV.5 It may be noted that in 2009-10, the surplus balance of the government helped in modulating the liquidity overhang in the system. With the change in the liquidity conditions from the previous year, however, the same factor widened the deficit in liquidity to the extent of becoming a source of stress for the financial system. Since government's surplus balances only reflect the temporary mismatch in their cash flows on receipts and expenditure side, this factor is generally seen as a frictional determinant of autonomous liquidity. The unusually tight liquidity in the system in recent months has been a result of this frictional factor persisting longer than usual.

Structural imbalance between deposit and credit growth and above trend growth in currency added to the liquidity pressure

IV.6 The divergence between the growth rates of credit and aggregate deposits of SCBs widened during the third quarter of 2010-11 (the gap peaked at 9 percentage points in mid-December), emerging thereby as a structural source of pressure on liquidity (Chart IV.3). During the quarter, up to mid-December, banks mobilised ₹88,514 crore of deposits and lent out

Chart IV.3: Aggregate Deposits and Bank Credit (Y-o-Y growth rate in per cent)



₹2,14,638 crore of credit. This mismatch partly reflected the delayed response of banks in raising deposit rates, even though the monetary policy stance had provided the signals for timely response by the banks. With active deposit mobilisation in the last reporting fortnight of December 2010, the mismatch narrowed considerably.

IV.7 The subdued deposit growth partly reflected the higher growth in currency demand in 2010-11 (Chart IV.4). Increase in currency with the public is another autonomous factor which drains liquidity from the system. The growth rate of currency with the public during the year so far has been, on average, 3.4 percentage points higher than during the corresponding period of last year. Moreover, the third quarter of the financial year typically registers an increase in currency demand due to the festive season. The observed pattern in currency demand and deposit, reflected partly the normal response to high inflation and persistent low or even negative real return on deposits.

With room for collateralised borrowing by banks from the Reserve Bank getting smaller, lowering of SLR requirement helped ease the pressure

IV.8 On account of the tight liquidity conditions and the consequent measures taken by the Reserve Bank, *i.e.*, reduction and temporary reprieve in SLR maintenance, the excess SLR investments of SCBs moderated to ₹1,77,694 crore as on December 31, 2010 from ₹2,56,566 crore a year ago. After the reduction in SLR, banks could use the additional space for accessing liquidity through OMOs and the repo window. Excess SLR holdings for the system as a whole are much lower than last year, with large divergence across banks (Chart IV.5).

Liquidity tightness could ease further with increase in government spending

IV.9 Alongside the build up of government surplus with the Reserve Bank that drained liquidity from the system, the injection of liquidity under the LAF scaled

Chart IV.4: Currency Demand

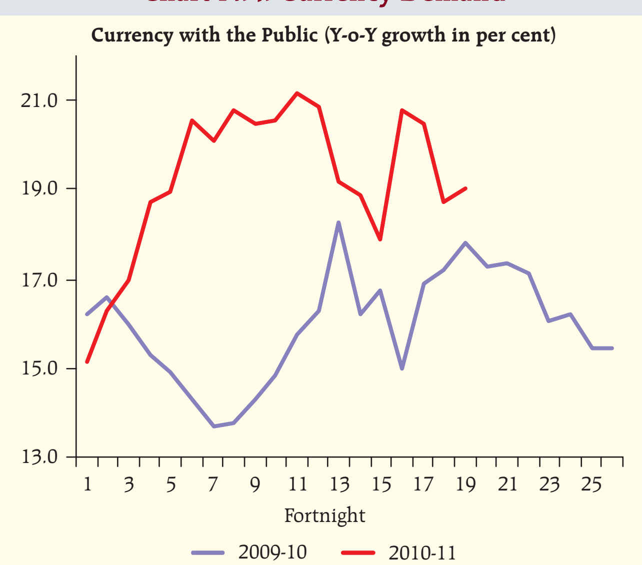


Chart IV.5: SLR Maintenance by Banks (per cent of NDTL)

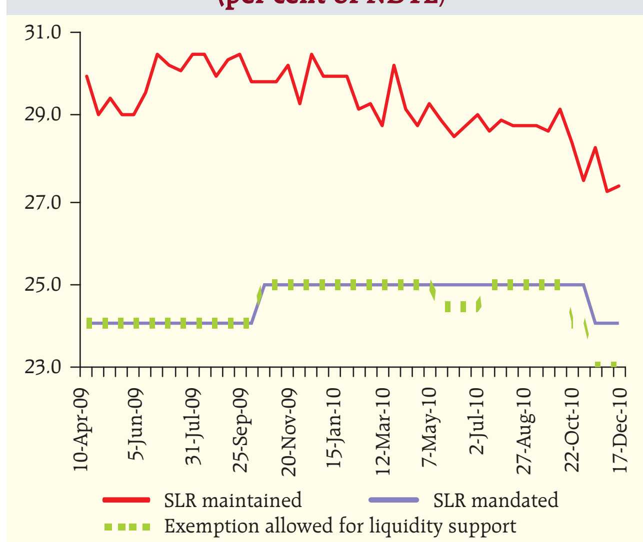


Table IV.4: Liquidity Position

(₹ crore)

Outstanding as on Last Friday	LAF	MSS	Centre's Surplus@	Total
1	2	3	4	5=(2+3+4)
2009				
April	1,08,430	70,216	-40,412	1,38,234
May	1,10,685	39,890	-6,114	1,44,461
June	1,31,505	22,890	12,837	1,67,232
July	1,39,690	21,063	26,440	1,87,193
August	1,53,795	18,773	45,127	2,17,695
September	1,06,115	18,773	80,775	2,05,663
October	84,450	18,773	69,391	1,72,614
November	94,070	18,773	58,460	1,71,303
December	19,785	18,773	1,03,438	1,41,996
2010				
January	88,290	7,737	54,111	1,50,138
February	47,430	7,737	33,834	89,001
March*	990	2,737	18,182	21,909
April	35,720	2,737	-28,868	9,589
May	6,215	317	-7,531	-999
June	-74,795	317	76,431	1,953
July	1,775	0	16,688	18,463
August	11,815	0	20,054	31,869
September	-30,250	0	65,477	35,227
October	-1,17,660	0	86,459	-31,201
November	-1,03,090	0	93,425	-9,665
December	-1,13,415	0	1,44,437	31,022
2011				
January 14	-82,570	0	1,14,290	31,720

@ : Excludes minimum cash balances with the Reserve Bank in case of surplus.
* : Data pertain to March 31.
Note: 1. Negative sign in column 2 indicates injection of liquidity through LAF.
2. Negative sign in column 4 indicates WMA/OD availed by the central government.

up significantly (Table IV.4). The surplus peaked in December 2010 reflecting advance tax collections. The salutary effect of higher government spending since end-December 2010 is mirrored in the lower surplus balances and the corresponding decline in LAF volumes. The gradual easing of liquidity conditions is also reflective of the staggered OMOs carried out by the Reserve Bank since the mid-quarter Review of December 2010. It is expected that the government would spend in order to meet its committed expenditure for the year during the ongoing quarter, which is the last quarter of the financial year. With government cash surplus beginning to flow back into the system, the liquidity position would improve.

Money supply growth deceleration continued reflecting the deposit pattern, but reached closer to the indicative trajectory of the Reserve Bank

IV.10 At the end of the third quarter of 2010-11, money growth remained below the Reserve Bank's indicative trajectory as set out in the Second Quarter Review of Monetary Policy (Table IV.5). Broad money (M_3) growth trend is largely influenced by the pattern of growth in aggregate deposits of the banking system, which account for over 85 per cent of the stock of M_3 (Chart IV.6). There has been a sharp moderation in both time (which are nearly 87 per cent of total deposits) and demand deposits, partly reflecting the response to lower deposit rates in an environment of high inflation. There was, however, a sharp

Table IV.5: Monetary Indicators

(Growth in per cent)

Item	Year-on-Year		Financial year to date	
	2010-11	2009-10	2010-11	2009-10
1	2	3	4	5
Broad Money (M_3)	16.5	17.9	10.8	11.0
Narrow Money (M_1)	15.6	19.8	5.7	8.5
Main Components of M_3				
Currency with the Public	19.1	17.2	13.1	9.6
Aggregate Deposits	16.1	18.1	10.4	11.3
of which: Demand Deposits	11.7	23.6	-2.1	7.6
Time Deposits	16.8	17.3	12.6	11.9
Main Sources of M_3				
Net Bank Credit to the Government	17.0	34.3	7.5	19.9
Bank Credit to the Commercial Sector	23.2	13.5	15.3	8.4
Net Foreign Assets of the Banking Sector	2.2	3.9	6.5	-1.2
Reserve Money	22.5	14.8	8.7	3.8
Reserve Money adjusted for CRR changes	17.3	16.9	7.7	3.7
Scheduled Commercial Banks				
Non-food Credit	24.1	14.4	15.7	9.1
Aggregate Deposits	16.5	17.7	10.7	11.3

Note: 1. Data are provisional.
2. Data pertain to December 31, 2010 except reserve money, which is for January 14, 2011.

Chart IV.6: Money and Aggregate Deposit (Y-o-Y growth in per cent)

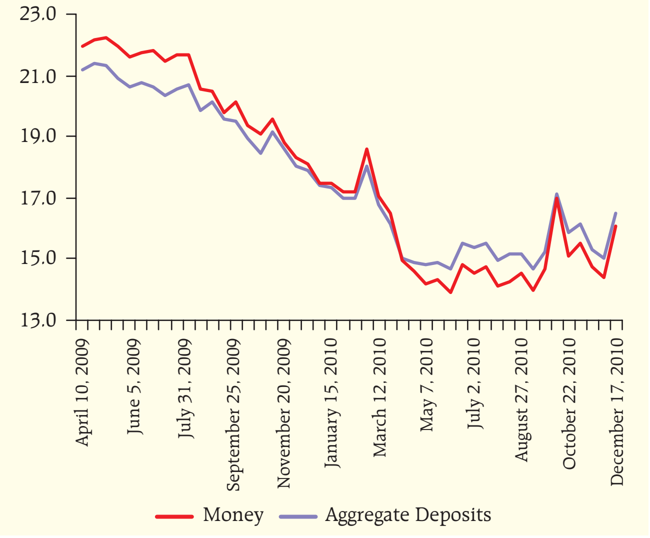
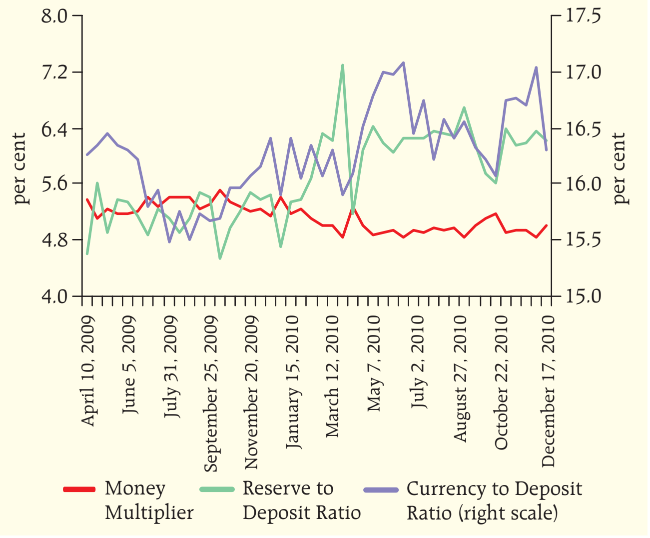


Chart IV.7: Money Multiplier and Behavioural Ratios



turnaround in the last fortnight of the quarter when banks mobilised almost 66 per cent of the total incremental deposits for the entire quarter. This reflected active mobilisation as well as quarter-end/ month-end accruals of interest payments and salaries/ pensions credited to accounts[1]. Besides, there were two fortnights during the third quarter of 2010-11, during which deposit growth, and hence, money growth, registered notable increase. This was on account of inflows for subscription to Coal India and Power Grid capital issues in the second fortnights of October and November 2010, respectively.

IV.11 The moderation in the growth rate of money is also on account of the change in the key determinants of the money multiplier. During the current year, currency growth has been much higher than deposit growth, which led to a higher currency to deposit ratio. The reserve to deposit ratio has also gone up on account of the increase in the CRR that was effected in February and April 2010. The increase in both these ratios has had some moderating influence on the money multiplier, thereby lowering M_3 growth (Chart IV.7). Higher incremental deposits in the last fortnight of 2010, however, led to a significant moderation in the currency to deposit ratio.

[1]Reporting fortnight for data compilation coincided with the last day of the month and the quarter, *i.e.*, December 31, 2010. Hence, interest payments and accruals to salary/pension accounts contributed partly to the higher incremental deposits.

IV.12 Among the major sources of M_3 growth, the banking system's credit to the commercial sector has steadily gone up since November 2009, reflecting the growth momentum and the associated demand for credit, while the growth in banking system's credit to the government has decelerated.

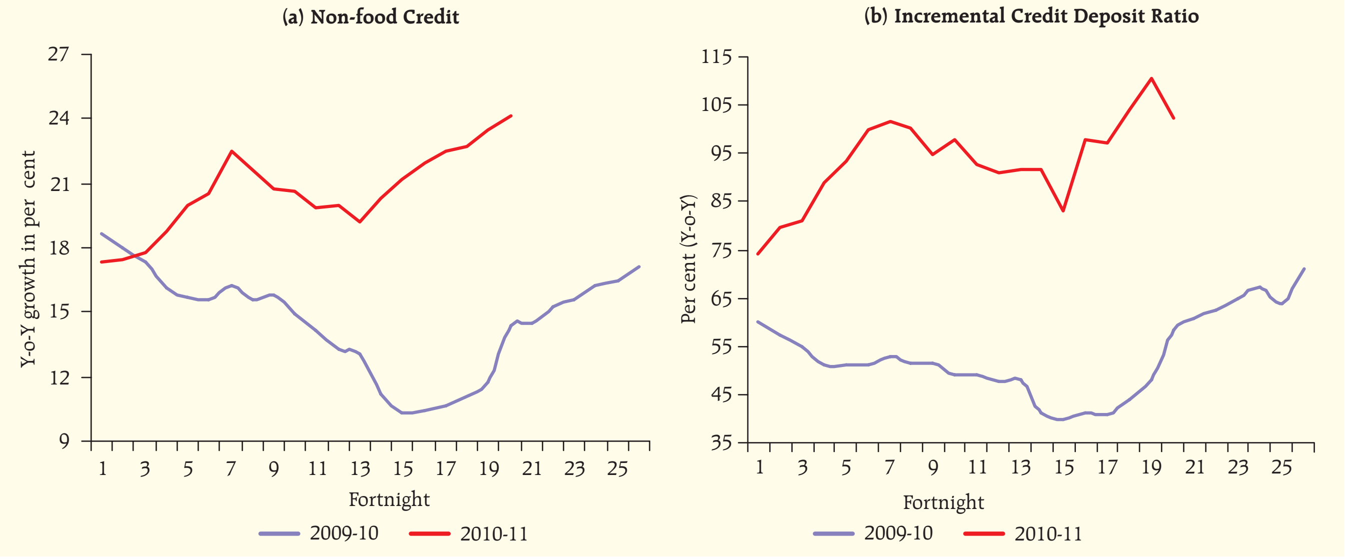
Base money expansion remains strong reflecting injection of primary liquidity by the Reserve Bank

IV.13 Reserve money continued to grow at an accelerated pace during the third quarter of 2010-11, reflecting the injection of primary liquidity in the face of tight liquidity conditions. The third quarter registered the highest quarterly increment in base money during the current financial year. The injection of primary liquidity during the third quarter in the form of repo operations under the LAF and open market purchases was ₹1,32,902 crore, roughly 60 per cent of which was offset by the incremental build-up in government surplus with the Reserve Bank.

Credit growth, though still dominated by infrastructure, is gradually getting broad-based

IV.14 With economic growth consolidating around the pre-crisis trend, non-food credit continued to grow at an accelerated pace during the third quarter of the year. Also, with deposit mobilisation lagging behind the fast

Chart IV. 8: Credit Indicators



pace of increase in credit, the incremental non-food credit to deposit ratio peaked at 110.5 per cent in mid-December 2010, an indication of the role of the structural squeeze on liquidity during the quarter. The ratio, however, dipped by over 8 percentage points by end-December 2010 (Chart IV.8).

IV.15 The increased credit off-take was seen across all bank groups (Table IV.6). Even as private sector banks and foreign banks registered high growth in credit flow as compared to the previous year, public sector banks remained the dominant lenders in the banking system, accounting for nearly three-fourths of the incremental year-on-year credit off-take at the end of the third quarter of 2010-11.

IV.16 Data on sectoral deployment of gross non-food credit show the increasing broad-based pattern (Chart IV.9). Disaggregated data suggest that credit flow to industry has been robust. Infrastructure, basic metal and metal products and engineering industries accounted for two-third of the annual incremental credit off-take as on December 17, 2010.

IV.17 Due to the buoyancy in credit flow from the banking system, banks accounted for nearly three-fifth of total incremental financing to the commercial sector during April-December 2010 (Table IV.7). For the period under consideration, funding from non-bank sources registered a decline compared to the previous year, on account of a decline in both domestic and foreign non-bank sources. The funding from foreign sources decreased on account of lower amount of net FDI inflow into India as well as lower subscription to ADRs/GDRs.

Table IV.6: Credit Flow from Scheduled Commercial Banks

(Amount in ₹ crore)

Item	Outstanding as on Dec 31, 2010	Variation (Y-on-Y)			
		As on Jan 1, 2010		As on Dec 31, 2010	
		Amount	Per cent	Amount	Per cent
1	2	3	4	5	6
1. Public Sector Banks	27,93,705	3,25,608	16.9	5,41,737	24.1
2. Foreign Banks	1,90,766	-14,028	-8.1	31,474	19.8
3. Private Banks	6,89,232	41,424	8.4	1,51,618	28.2
4. All Scheduled Commercial Banks*	37,63,213	3,66,914	13.8	7,38,641	24.4

*** :** Including Regional Rural Banks.
Note: Data for December 31, 2010 are provisional.

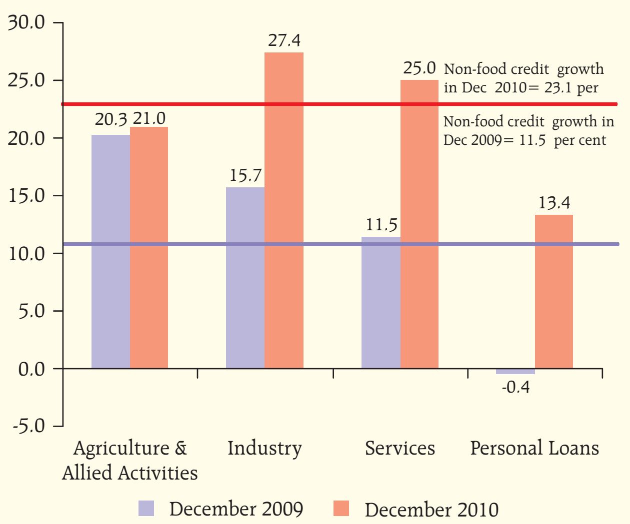
Table IV.7: Flow of Financial Resources to the Commercial Sector

(₹ crore)

Item	April-March		April-December	
	2008-09	2009-10	2009-10	2010-11
1	2	3	4	5
A. Adjusted Non-food Bank Credit (NFC)	**4,21,091**	**4,80,258**	**2,51,774**	**5,34,276**
i) Non-Food Credit	4,11,824	4,66,960	2,48,874	5,00,966
of which petroleum and fertiliser credit	31,159	8,491	-181	-23,136 *
ii) Non-SLR Investment by SCBs	9,267	13,298	2,900	33,310
B. Flow from Non-banks (B1+B2)	**4,51,399**	**5,88,559**	**3,84,661**	**3,66,238**
B1. Domestic Sources	**2,58,132**	**3,64,989**	**2,37,733**	**2,27,255**
1. Public issues by non-financial entities	14,205	31,956	19,791	23,224
2. Gross private placements by non-financial entities	77,856	1,41,964	70,991	43,280 ^
3. Net issuance of CPs subscribed to by non-banks	4,936	25,835	69,603	34,390 #
4. Net credit by housing finance companies	25,876	28,485	9,852	22,911 *
5. Total gross accommodation by the four RBI regulated AIFIs - NABARD, NHB, SIDBI and EXIM Bank	31,408	33,871	-1,443	32,361
6. Systemically important non-deposit taking NBFCs (net of bank credit)	42,277	60,663	40,611	51,534 *
7. LIC's gross investment in corporate debt, infrastructure and social sector	61,574	42,215	28,328	19,556
B2. Foreign Sources	**1,93,267**	**2,23,570**	**1,46,928**	**1,38,983**
1. External commercial borrowings/FCCBs	30,948	15,674	13,552	27,947
2. ADR/GDR issues excluding banks and financial institutions	4,788	15,124	15,164	8,490
3. Short-term credit from abroad	-13,288	34,878	-283	31,016 ^
4. FDI to India	1,70,819	1,57,894	1,18,495	71,530 *
C. Total Flow of Resources (A+B)	**8,72,017**	**10,68,817**	**6,36,435**	**9,00,514**
Memo Item:				
Net resource mobilisation by Mutual Funds through Debt (non-Gilt) Schemes	-32,168	96,578	1,50,085	-29,961

* : April-November ^ : April-September # : April-Dec 15, 2010.

Chart IV.9: Sector-wise Credit Flow (Y-o-Y growth in per cent)



Stronger monetary policy transmission is expected to enhance the effectiveness of policy

IV.18 The anti-inflationary monetary policy measures taken during the course of the year could become more effective with the stronger transmission in the financial system that has become visible since the third quarter of the financial year. The tight liquidity conditions would improve as the government steps up its expenditure, but the magnitude of the deficit may have to continue at around 1.0 per cent of NDTL for monetary transmission to remain effective.

V. Financial Markets

The global financial market conditions largely reflected concerns relating to sovereign debt in the Euro-zone, ample global liquidity resulting from quantitative easing (QE2) in the US and uncertain growth outlook in other advanced economies. Indian markets functioned in an orderly manner although there was a rise in equity prices in the third quarter of 2010-11, partly driven by higher portfolio flows, in line with the trend in other EMEs. In January 2011, equity prices moderated, partly reflecting market expectations of tighter monetary policy in response to higher inflation. The forex market also remained orderly and witnessed two way movements. Severe tightness in liquidity that developed in the last few months of 2010 impacted rates in different segments of the money market. The interest rates/yields on overnight, CPs, CDs, CBLO, Treasury Bills, government dated securities and bank deposits increased. Housing prices in major cities rose in general in the second quarter of 2010-11 and to contain excessive leveraging in the housing sector, the Reserve Bank tightened prudential measures for housing credit.

Global asset price trends and capital inflows influenced the domestic markets

V.1 Renewed concerns regarding sovereign debt crisis in the Euro area and the multi-paced global recovery dominated global financial markets, which underpinned frequent re-pricing of risks. The emerging market economies (EMEs) attracted greater portfolio flows in search of better returns, given the easy availability of liquidity in developed countries especially after the announcement of QE2. These flows, in turn, exerted upward pressures on currencies and asset prices in EMEs, leading some of these economies to resort to macroprudential measures and soft capital controls.

V.2 The Indian financial markets remained orderly, notwithstanding the impact of global developments and tight liquidity conditions in domestic markets. Call rate firmed up in step with policy rates and tight liquidity conditions. It mostly remained above the upper bound of the LAF corridor during the third quarter of 2010-11. Both commercial paper (CP) and certificate of deposit (CD) markets remained active as alternative sources of finance. The yield curve for Government Securities (G-Sec) shifted, reflecting expectation of policy rate changes in an inflationary environment. The Indian Rupee appreciated moderately against the US dollar and stock prices rose on the back of strong foreign portfolio inflows. Prices in the housing market in general continued the rising trend during the second quarter of 2010-11.

Frequent re-pricing of risks in the international financial markets reflected persisting uncertainties

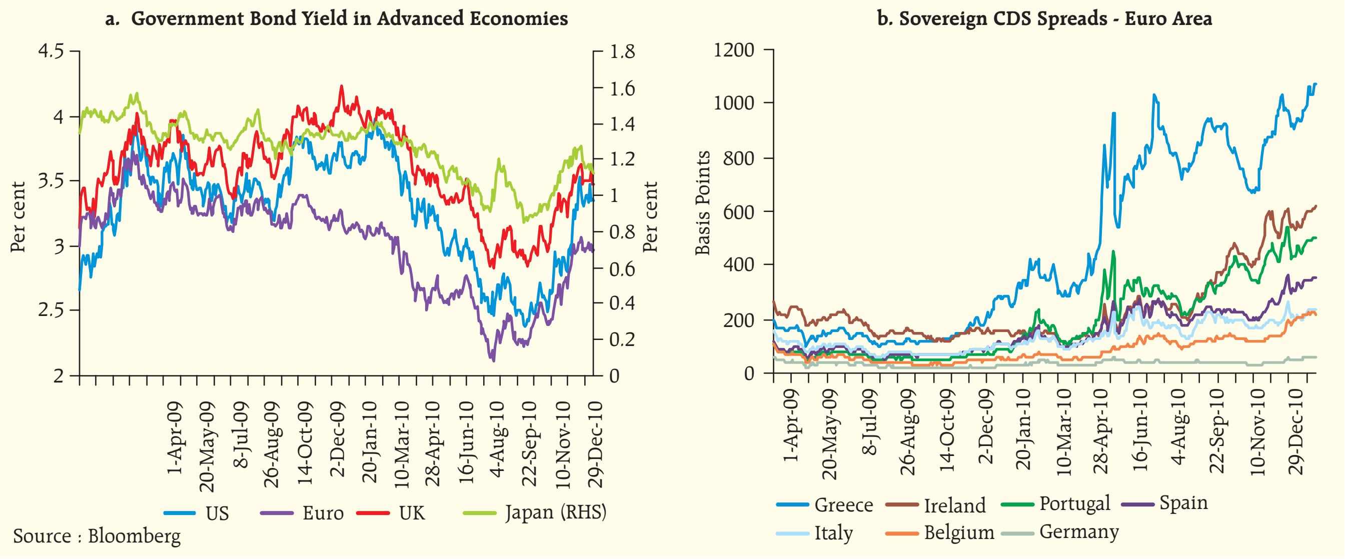
V.3 Sovereign risks in the Euro-area resurfaced during the fourth quarter of 2010 which resulted in higher G-Sec yields and widening of CDS spreads (Charts V.1 a and b). Increased capital inflows into the EMEs exerted upward pressures on their currencies and equity prices (Table V.1).

V.4 Indian financial markets, particularly the equity and foreign exchange markets were impacted by the global developments. Widening interest rate differential due to divergent monetary policies followed by advanced economies and India led corporates to take greater recourse to external commercial borrowings (ECBs). Easy global liquidity and the strong growth prospects of the Indian economy encouraged inflows from foreign institutional investors (FIIs) seeking higher returns. The rupee appreciated against major currencies during the beginning of the third quarter of 2010-11, mainly due to strong FII inflows, but corrected subsequently, in line with the movement of the US dollar *vis-a-vis* other major currencies and moderation of FII inflows (Table V.2).

Policy measures were taken to manage liquidity conditions as money market rates hardened

V.5 During the third quarter of 2010-11, there was a tightening of liquidity on account of persistence of large government cash balances, above-trend currency expansion and mismatch between growth in bank

Chart V.1: Indicators of Global Fnancial Market Developments



credit and deposits. The call rate mostly remained above the upper bound of the LAF corridor during the third quarter, reflecting the tight liquidity conditions (Chart V.2a). The rates in the collateralised segments (which accounted for more than 80 per cent of the total volume) generally moved in tandem, with the call rate *albeit* below it. In order to stabilise overnight inter-bank rates closer to the operative policy rate, the Reserve Bank implemented liquidity management measures (see Table IV.2 of Chapter IV for details). The activity in the collateralised borrowing and lending obligation (CBLO) and market repo segments showed marginal moderation *vis-a-vis* the uncollateralised market, reflecting demand for funds in excess of available securities for collateral backing (Chart V.2b). Secondary market yields on CDs and CPs witnessed higher increases by the end of the third quarter as compared to the overnight rates as well as the Treasury Bills of comparable maturity (Table V.3, Chart V.2c).

V.6 The average fortnightly issuance of CDs during the third quarter was higher than that in the previous quarter; issuances of CPs also increased as companies accessed alternative avenues for funds, given the tight liquidity conditions. Leasing and finance, and manufacturing companies continued to be the major issuers of CPs (Table V.4). The Weighted Average

Table V.1: Currency and Stock Price Movement in EMEs

(Per cent)

Appreciation (+)/Depreciation (-) of the US Dollar				Stock Price Variations			
Items	End-March 2009@	End-March 2010@	End-Dec. 2010*	Items	End-March 2009@	End-March 2010@	End-Dec. 2010*
1	2	3	4	5	6	7	8
Japanese Yen	0.7	5.9	15.2	Indonesia	-41.4	93.7	33.3
Chinese Renminbi	2.6	0.1	3.3	(Jakarta Composite)			
Russian Ruble	-30.8	15.4	-3.7	Brazil (Bovespa)	-32.9	71.9	-1.5
Turkish Lira	-20.5	9.7	-1.7	Thailand (SET Composite)	-47.2	82.6	31.1
Indian Rupee	-20.9	12.9	0.5	India (BSE Sensex)	-37.9	80.5	17.0
Indonesian Rupiah	-21.1	28.6	1.2	South Korea (KOSPI)	-29.2	40.3	21.2
Malaysian Ringgit	-12.4	11.8	6.5	China	-31.7	31.0	-9.7
South Korea Won	-28.4	22.3	0.5	(Shanghai Composite)			
Thai Baht	-11.4	9.8	7.6	Taiwan (Taiwan Index)	-39.2	52.0	13.3
Argentine Peso	-14.8	-4.1	-2.5	Russia (RTS)	-66.4	128.0	12.6
Brazilian Real	-24.6	30.4	7.2	Malaysia (KLSI)	-30.1	51.3	15.0
Mexican Peso	-24.9	14.6	0.2	Singapore (Straits Times)	-43.5	69.9	10.5

@ : Year-on-year variation. * : Variation over End-March.
Source: Bloomberg, IFS, IMF.

Table V.2: Domestic Financial Markets at a Glance

Year/Month	Money Market			Bond Market				Forex Market			Stock Markets		
				G-Sec		Corporate Bonds							
	Call Money daily turnover (₹crore)	Call rates* (Per cent)	Avg daily LAF (₹crore)	Daily Turn-over^ (₹Crore)	10-year yield (Per cent)	Daily Turn-over (₹ Crore)	Yield - AAA 5-Yr Bonds	Daily inter bank turnover (US$ mn)	Exchange rate @ (₹/US$)	RBI's net purchase (+)/sale(-) (US$ mn)	Daily NSE turnover (₹crore)	CNX Nifty **	BSE Sensex **
1	2	3	4	5	6	7	8	9	10	11	12	13	14
2008-09	**22,436**	**7.06**	**2,885**	**10,879**	**7.54**	**610**	**10.07**	**34,812**	**45.92**	**-34,922†**	**11,325**	**3713**	**12303**
2009-10	**15,924**	**3.24**	**1,00,015**	**13,936**	**7.23**	**1,644**	**8.23**	**30,107**	**47.42**	**-2,505†**	**16,959**	**4658**	**15585**
Oct-09	15,776	3.17	1,01,675	12,567	7.33	1,474	8.50	28,402	46.72	75	18,148	4994	16826
Nov-09	13,516	3.19	1,01,719	17,281	7.33	1,571	8.14	27,599	46.57	-36	16,224	4954	16684
Dec-09	13,302	3.24	68,522	14,110	7.57	1,457	8.23	27,439	46.63	-25	13,948	5100	17090
Jan-10	12,822	3.23	81,027	12,614	7.62	2,769	8.32	32,833	45.96	0	17,813	5156	17260
Feb-10	13,618	3.17	78,661	12,535	7.79	1,988	8.53	34,040	46.33	0	12,257	4840	16184
Mar-10	17,624	3.51	37,640	8,544	7.94	3,196	8.61	32,755	45.50	155	13,631	5178	17303
Apr-10	16,374	3.49	57,150	14,242	8.01	3,342	8.37	36,821	44.5	0	13,828	5295	19679
May-10	16,786	3.83	32,798	24,225	7.56	3,305	8.15	40,243	45.81	0	12,937	5053	16845
Jun-10	14,258	5.16	-47,347	21,300	7.59	2,473	8.21	36,953	46.57	110	13,005	5188	17300
Jul-10	18,954	5.54	-46,653	13,691	7.69	2,899	8.27	34,252	46.84	0	12,661	5360	17848
Aug-10	15,916	5.17	-1,048	16,919	7.93	2,291	8.52	36,528	46.57	0	14,182	5457	18177
Sep-10	17,212	5.50	-24,155	16,215	7.96	2,508	8.52	37,574	46.06	260	15,708	5811	19353
Oct-10	17,840	6.39	-61,658	14,029	7.68	2,299	8.58	49,880P	44.41	450	17,165	6069	20250
Nov-10	17,730	6.81	-99,311	10,193	8.03	1,843	8.64	44,104P	45.02	870	17,333	6055	20126
Dec-10	18,872	6.67	-1,20,495	9,849	8.03	1,723	8.89	34,894P	45.16	-	13,440	5971	19228

* : Average of daily weighted call money rates. ^: Average of daily outright turnover in Central Government dated securities
@: Average of closing rates. **: Average of daily closing indices.
† : Cumulative for the financial year. NSE: National Stock Exchange of India Limited. P: Provisional - : Not available.
Note : In col 4 (-)ve indicates injection of liquidity while (+)ve indicates absorption of liquidity.

Effective Interest Rate (WAEIR) on CDs and Weighted Average Discount Rate (WADR) of CPs in the primary markets increased during the third quarter reflecting demand for funds.

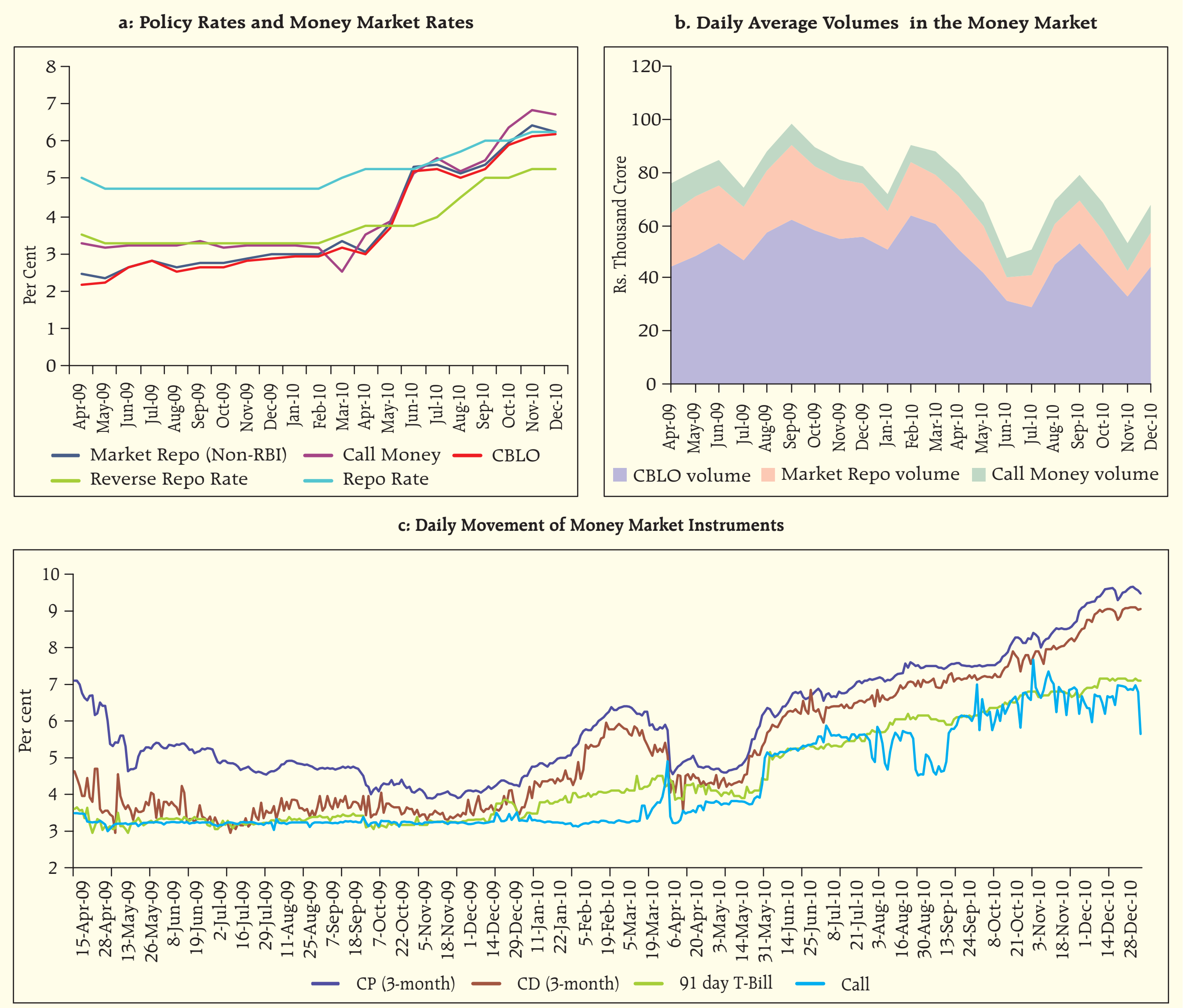
Table V.3: Activity in Money Market Segments

(₹ Crore)

Year/Month	Average Daily Volume (One leg)			Commercial Paper		Certificates of Deposit	
	Call Money	Market Repo	CBLO	Outstanding	WADR (%)	Outstanding	WAEIR (%)
1	2	3	4	5	6	7	8
Sep-09	8,059	27,978	62,388	79,228	5.04	2,16,691	5.30
Oct-09	7,888	23,444	58,313	98,835	5.06	2,27,227	4.70
Nov-09	6,758	22,529	54,875	1,03,915	5.17	2,45,101	4.86
Dec-09	6,651	20,500	55,338	90,305	5.40	2,48,440	4.92
Jan-10	6,411	14,565	50,571	91,564	4.80	2,82,284	5.65
Feb-10	6,809	19,821	63,645	97,000	4.99	3,09,390	6.15
Mar-10	8,812	19,150	60,006	75,506	6.29	3,41,054	6.07
Apr-10	8,187	20,319	50,891	98,769	5.37	3,36,807	5.56
May-10	8,393	17,610	42,274	1,09,039	6.85	3,40,343	5.17
Jun-10	7,129	9,481	31,113	99,792	6.82	3,21,589	6.37
Jul-10	9,477	12,011	29,102	1,12,704	6.93	3,24,810	6.69
Aug-10	7,958	15,553	45,181	1,26,549	7.32	3,41,616	7.17
Sep-10	8,606	15,927	53,223	1,12,003	7.82	3,37,322	7.34
Oct-10	8,920	14,401	43,831	1,49,620	12.15	3,43,353	7.67
Nov-10	8,865	9,967	32,961	1,17,793	12.22	3,32,982	8.16
Dec-10	9,436	12,989	43,784	1,02,156 @	12.52	3,28,566 #	9.01

@: As on December 15, 2010 #: As on December 17, 2010
CBLO : Collateralised Borrowing and Lending Obligation WADR : Weighted Average Discount Rate
WAEIR : Weighted Average Effective Interest Rate.

Chart V.2: Movement in Money Market Rates and Turnover



V.7 The yield on Treasury Bills in the primary market firmed up during the third quarter of 2010-11 (Table V.5). The calendar for issuance of Treasury Bills for the fourth quarter of 2010-11, released on December 31, 2010, projected mobilisation of ₹17,000 crore, over and above the rollover during the quarter.

G-Sec yield curve shift reflects expectation of policy rate changes in an inflationary environment

V.8 The prevalence of tight liquidity conditions and expectations of further hike in the Reserve Bank's policy rates were reflected in an upward movement in primary as well as secondary yields for short and medium-term G-Secs during the third quarter. Though long-term yields remained range-bound, the short-term and medium-term yields eased temporarily in November, reflecting improvement in liquidity conditions due to reduction in Government cash balances and OMO purchases of G-Sec by the Reserve Bank. In January 2011, the short-term as well as long-term yields have again hardened on inflation concerns (Chart V.3a). The average daily turnover of G-Sec in the secondary market declined during the third quarter of 2010-11.

Table V.4: Major Issuers of Commercial Paper

(₹ Crore)

End of Period	Leasing and Finance		Manufacturing		Financial Institutions		Total Outstanding
	Amount	Share (%)	Amount	Share(%)	Amount	Share(%)	
1	2	3	4	5	6	7	8
Mar-09	27,183	62	12,738	29	4,250	10	44,171
Jun-09	34,437	50	23,454	34	10,830	16	68,721
Sep-09	31,648	40	31,509	40	16,071	20	79,228
Dec-09	36,027	40	42,443	47	11,835	13	90,305
Mar-10	39,477	52	22,344	30	13,685	18	75,506
Jun-10	42,572	43	43,330	43	13,890	14	99,792
Aug-10	57,161	45	55,933	44	13,455	11	1,26,549
Sep-10	58,098	52	40,485	36	13,420	12	1,12,003
Oct-10	80,305	54	54,894	37	14,421	9	1,49,620
Nov-10	58,871	50	45,457	39	13,465	11	1,17,793
Dec-10	53,329	52	35,767	35	13,060	13	1,02,156 @

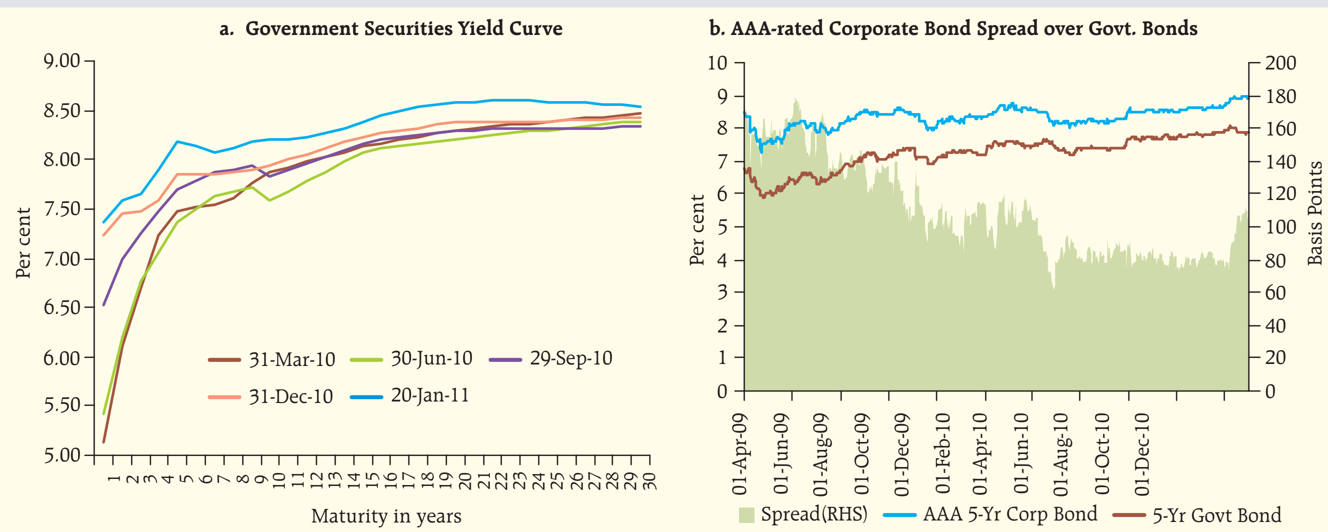
@ As on Dec 15, 2010

V.9 The spreads on five-year corporate bonds over the corresponding government bond yield hovered in a narrow range of 73-85 basis points during October-November 2010, but increased during the second half of December 2010, partly reflecting the deficit liquidity conditions (Chart V.3b).

V.10 Taking into account the need for fiscal consolidation and the strong buoyancy in tax and non-tax revenue (particularly receipts under 3G spectrum auctions), the indicative calendar for the issuance of dated securities during the second half of 2010-11 was scaled down by ₹ 10,000 crore. Nearly 89 per cent of the GOI's gross market borrowing programme for 2010-11 was completed during the year (up to January 19, 2011). Both the average maturity of debt issuances and weighted average yield increased during 2010-11 (up to January 19, 2011), as compared with the corresponding period of the previous year (Table V.6). Despite hardening of yields, investors' sentiment remained positive, as evident from the bid-cover ratio of the auctions that stood in the range of 1.4-3.9 during 2010-11 so far and 1.7-3.1 during the third quarter. As the yield curve flattened at the longer end, more long dated securities were issued during the second half so far, taking advantage of the yield curve movements.

V.11 As regards State Government market borrowings, about 50 per cent of the gross allocations for the States for 2010-11 were raised by 22 States up to January 19,

Chart V.3: Turnover and Yield in the Bond Market



Source : FIMMDA

Source : Bloomberg

Table V.5: Treasury Bills in the Primary Market

Year/ Month	Notified Amount (₹ crore)	Average Implicit Yield at Minimum Cut-off Price (Per cent)		
		91-day	182-day	364-day
1	2	3	4	5
2008-09	2,99,000	7.10	7.22	7.15
2009-10	3,80,000	3.57	3.99	4.37
2010-11				
(up to Jan. 12, 2011)	2,27,000	5.90	6.18	6.30
Apr-10	36,000	4.14	4.64	5.07
May-10	36,000	4.39	4.76	4.92
Jun-10	12,000	5.29	5.31	5.49
Jul-10	16,000	5.56	5.86	5.99
Aug-10	33,000	6.15	6.41	6.48
Sep-10	13,000	6.14	6.46	6.59
Oct-10	27,500	6.65	6.94	6.97
Nov-10	24,000	6.82	7.20	7.14
Dec-10	19,000	7.14	7.32	7.37

2011 as compared with nearly 90 per cent of the gross borrowings raised during the comparable period of 2009-10. Taking into account the comfortable cash balances of the State Governments coupled with buoyant National Savings Scheme Fund (NSSF) flows there may be a moderation in their borrowings for 2010-11. Weighted average yields on market borrowings went up by 34 basis points so far during 2010-11.

The credit market exhibits strengthening of monetary policy transmission

V.12 The scheduled commercial banks (SCBs) raised the deposit rates to step up their deposit mobilisation to support the high credit growth (Table V.7). Several banks revised their base rates upwards in the range of 25-100 basis points during July-January 17, 2011. Forty SCBs also increased their BPLR in the range of 50-150 bps during July-January 17, 2011.

Table V.6: Issuances of Central and State Government Dated Securities

(₹ Crore)

Item	2009-10	2009-10*	2010-11*
1	2	3	4
Central Government			
Gross amount raised (₹ crore)	4,18,000	4,03,000	4,06,000
Devolvement on Primary Dealers (₹crore)	7,219	7,219	5,773
Bid-cover ratio (Range)	1.4-4.3	1.4-4.3	1.4-3.9
Weighted average maturity (years)	11.20	11.15	11.56
Weighted average yield (per cent)	7.23	7.39	7.94
State Governments			
Gross amount raised (₹crore)	1,31,122	1,00,085	82,464
Cut-off yield (Per cent)	7.04-8.68	7.04-8.49	8.1-8.6
Weighted average yield (per cent)	8.11	8.03	8.37

* : Up to January 19, 2011.

The forex market remains orderly, despite larger capital inflows

V.13 The Indian rupee exhibited a two-way movement against major international currencies with minimal intervention or capital account management during the third quarter of 2010-11(Chart V.4a). With the sharp appreciation of the rupee during October 2010, forward premia firmed up across maturities, reflecting the increased demand for forward cover. Forward premia eased subsequently, but remained higher than in the first two quarters of 2010-11. The turnover in both inter-bank and merchant segments of the forex market

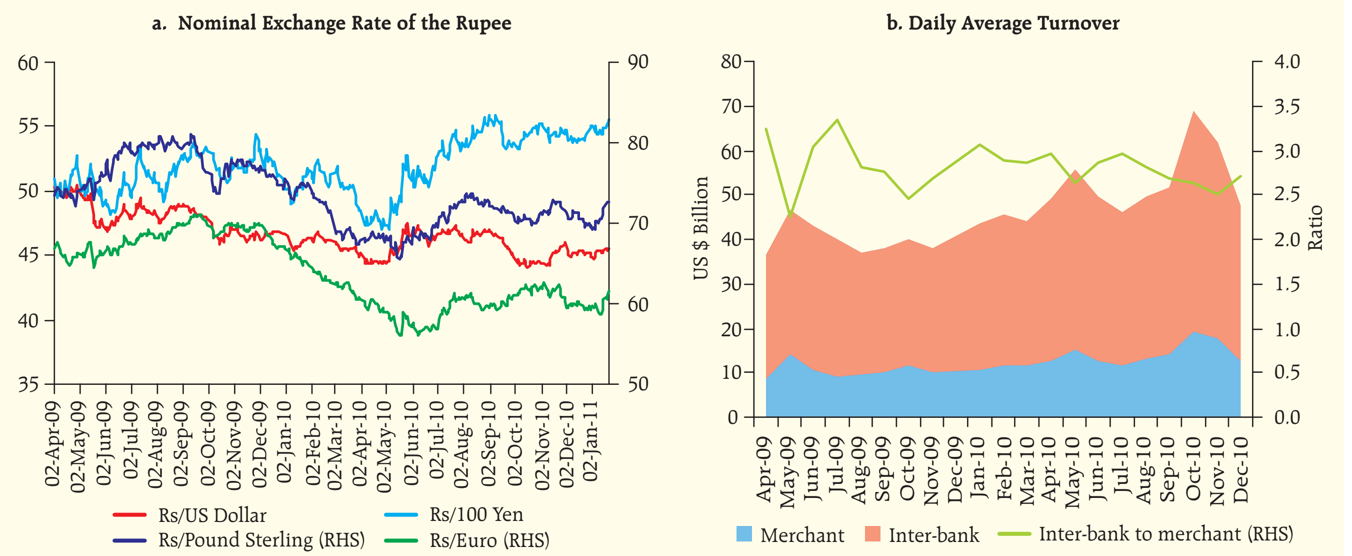
Table V.7: Deposit and Lending Rates of Banks

(Per cent)

	Dec-09	Mar-10	Jun-10	Sep-10	Jan-11@
1	2	3	4	5	6
1. Domestic Deposit Rate (1-3 years tenor)					
Public Sector Banks	6.00-7.25	6.00-7.25	6.00-7.25	6.75-7.75	7.00-9.25
Private Sector Banks	5.25-7.50	5.25-7.75	6.25-7.50	6.50-8.25	7.75-9.00
Foreign Banks	2.25-7.75	2.25-8.00	3.00-8.00	3.00-8.00	3.50-8.75
2. BPLR/Base Rate#					
1. Public Sector Banks	11.00-13.50	11.00-13.50	11.00-13.50	7.50-8.25	8.00-9.00
2. Private Sector Banks	12.50-16.75	12.50-16.75	12.50-16.75	7.00-8.75	7.75-9.50
3. Foreign Banks	10.50-16.00	10.50-16.00	10.50-16.00	5.50-9.00	6.25-9.00
3. Actual Lending Rate*					
1. Public Sector Banks	3.25-18.00	3.25-18.00	3.25-18.00	3.50-25.00	-
2. Private Sector Banks	3.50-25.84	3.00-28.00	2.80-26.00	4.00-27.00	-
3. Foreign Banks	3.50-22.00	3.60-23.00	3.60-25.00	2.25-35.98	-

* : Interest rate on non-export demand and term loans above ₹ 2 lakh excluding lending rates at the extreme five per cent on both sides.
# : With effect from July 1, 2010, the BPLR system was replaced with the Base Rate system.
@: As on January 17, 2011.

Chart V.4: Trends in Forex Market



increased in October 2010 but declined thereafter (Chart V.4b).

V.14 The offshore market for Indian Rupee grew in size in the past five years reflecting the increasing globalisation of the economy and the need for non-residents to hedge the rupee risk in their portfolio. The preliminary triennial central bank survey results published by the Bank for International Settlements (BIS) in April 2010 shows that more than half of the average daily turnover in forex derivatives on Indian Rupees took place offshore. Trading volumes in currency futures, which had spiked in September 2010, with the commencement of operations by the United Stock Exchange of India (USEI), declined thereafter up to December 2010. The volumes recovered in January 2011, so far.

Volatile equity markets reflect largely the impact of volatile portfolio flows

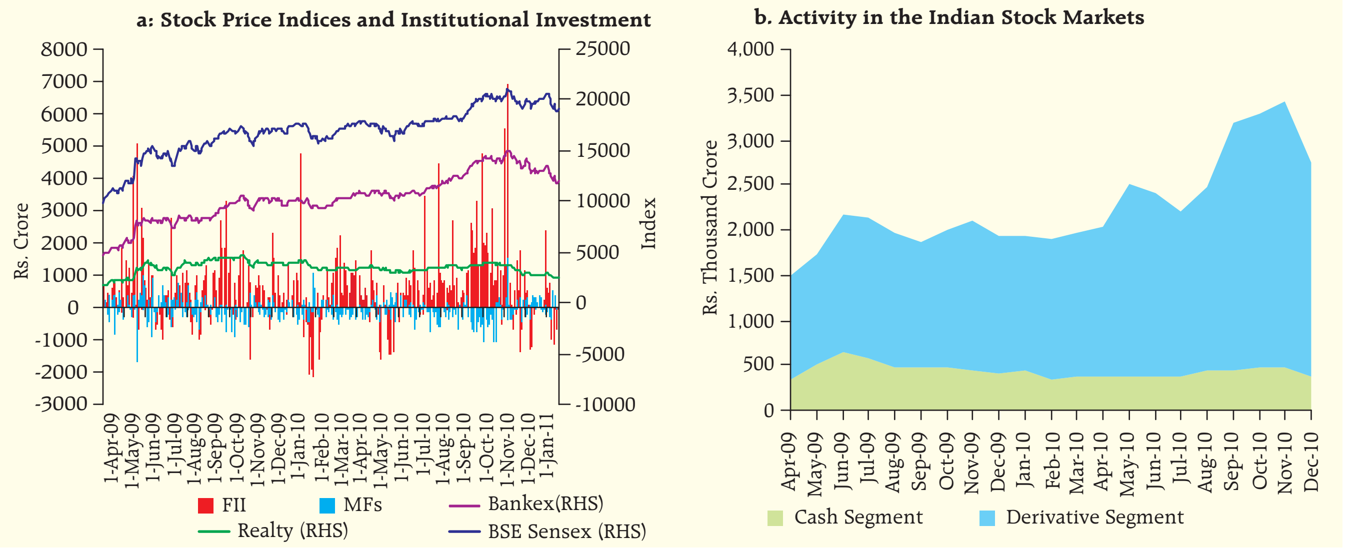
V.15 The Indian equity markets remained volatile, in line with the global trend during the third quarter of 2010-11. Strong domestic fundamentals helped in attracting FII flows in equities, even though mutual funds turned net sellers. However, as concerns relating to Ireland's debt rating resurfaced in November 2010, the volume of FII support to the equity markets declined considerably since the last week of the month. The market regained some strength by the end of the third quarter, in view of strong growth prospects of the Indian economy and expectations of encouraging corporate results (Table V.8). As compared to the rise in the benchmark BSE Sensex by 2.2 per cent during the third quarter, the banking and reality indices

Table V.8: Key Stock Market Indicators

Indicator	BSE			NSE		
	2009-10	2009-10 (Apr- Dec)	2010-11 (Apr- Dec)	2009-10	2009-10 (Apr-Dec)	2010-11 (Apr-Dec)
1	2	3	4	5	6	7
1. BSE Sensex/S&PCNX Nifty						
(i) End-period	17528	17465	20509	5249	5201	6135
(ii) Average	15585	15151	18610	4658	4527	5587
2. Coefficient of Variation	11.88	12.6	6.96	11.33	11.9	7.04
3. Price-Earning Ratio (end-period)*	21.32	22.36	23.56	22.33	23.17	24.48
4. Price-Book Value Ratio	3.90	4.20	3.84	3.70	3.65	3.87
5. Market Capitalisation to GDP Ratio (per cent)@	98.9	97.6	101.9	96.4	91.5	103.0

* : Based on 30 scrips included in the BSE Sensex and 50 scrips included in the S&P CNX Nifty. @ : As at end-period.
Source: Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE).

Chart V.5 : Movement in Stock Prices and Turnover



declined by 4.6 per cent and 23.4 per cent, respectively, in view of the concerns relating to the banks' financing of the reality sector (Chart V.5a). In the recent period, particularly from the beginning January 2011, equity markets have witnessed some correction in anticipation of policy response to high inflation. FIIs turned net sellers in 2011 (up to January 19).

V.16 The activity in the primary segment of the domestic capital market continued to display signs of buoyancy during October-November 2010. Resources raised through public issues increased considerably during April-December 2010 as compared to the corresponding period last year (Table V.9). There was a net outflow of resources mobilised by mutual funds during April-December 2010 as compared to an inflow during the corresponding period of the previous year due to tight liquidity conditions exerting pressure on redemptions. Mobilisation of resources through private placement increased by 2.7 per cent during April-September 2010 largely on account of debt issuances by the financial companies.

V.17 The FIIs were net buyers and mutual funds turned net sellers during April-December 2010 and this trend reversed in January 2011 (up to January 11) (Chart V.5a). Net FII investment in Indian equities increased strongly during the first two months of the third quarter, while investment in debt remained subdued. FII investments, however, witnessed some slowdown in December 2010, mainly on account of year-end redemption pressures which resulted in a moderation of turnover in both cash and derivative segments (Chart V.5b).

Table V.9: Resource Mobilisation from Capital Market

(₹ crore)

Category	2009-10 (Apr-Mar)	2009-10 (Apr-Dec)	2010-11 (Apr- Dec)
1	2	3	4
A. Prospectus and Rights Issues*	32,607	20,104	27,697
1. Private Sector (a+b)	25,479	13,301	18,799
a) Financial	326	313	3,420
b) Non-financial	25,153	12,988	15,379
2. Public Sector	7,128	6,803	9,079
B. Euro Issues	15,967	15,164	8,491
C. Mutual Fund Mobilisation(net)@	83,080	1,41,639	-32,164
1. Private Sector	54,928	1,08,170	-8,949
2. Public Sector #	28,152	33,469	-23,214

* : Excluding offer for sale. @ : Net of redemptions. # : Including UTI Mutual fund.

Source: Mutual Fund data are sourced from SEBI and exclude funds mobilised under Fund of Funds Schemes.

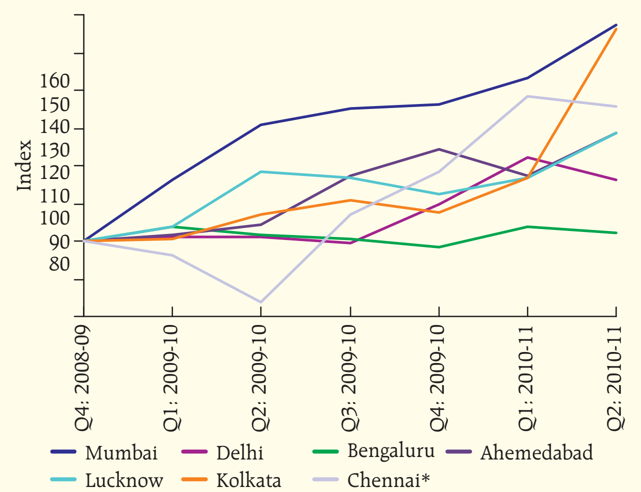
Rise in property prices continues

V.18 Property prices continued to rise in most cities during the second quarter of 2010-11, as reflected in the quarterly House Price Index (HPI) based on data collected from the Department of Registration and Stamps (DRS). However, property prices in Delhi and Chennai recorded some moderation (Chart V.6). In November 2010, with a view to preventing excessive leveraging, the Reserve Bank had tightened the prudential norms for housing credit.

While orderly financial markets would support the growth momentum, liquidity conditions would reflect the anti-inflationary stance

V.19 During the third quarter of 2010-11, the interest rates in most segments of financial markets shot up, mainly reflecting the deficit liquidity conditions. Going forward, the recent substantial easing of liquidity conditions on account of policy actions initiated by the Reserve Bank and reduction in the unusually high Government balances may reduce the pressure on the rates. The expected continuation of the robust growth momentum suggests that demand for financing economic activities would increase, which have to be met by banks and markets in a more competitive environment. Banks would have to respond to the structural mismatch between deposit and credit growth through appropriate rate adjustments. The risk of volatile portfolio flows impacting asset prices and exchange rate could be expected to persist, while maintaining orderly conditions in various segments of the financial markets would continue to be a policy priority.

Chart V.6: Trends in House Price Index



* Chennai index is Property Price Index containing both residential and commercial properties

VI. Price Situation

Reflecting favourable base effects and modest softening of manufactured products price pressures aided by past monetary tightening, headline inflation exhibited moderation during August-November 2010 relative to double digit levels experienced during March-July 2010. However, renewed inflationary pressures became evident in December 2010 as headline WPI inflation increased to 8.4 percent from 7.5 per cent in November 2010. New drivers are seen from fuel and non-fuel international commodity prices and demand-supply imbalances in some food items. Food inflation in particular has remained stubbornly in double digits for over two years now, which has welfare costs. The sources of price pressure in this segment, however, could be largely non-responsive to monetary policy actions. While inflation is likely to soften in coming months it is likely to stay elevated above the earlier anticipated path. The upside risks to inflation, particularly from the impact of supply rigidities and hardening commodity prices have increased, which could dampen the expected impact of monetary policy to some extent. Policy response ahead has to recognise these risks.

Inflation rebound in December 2010 was largely driven by unanticipated factors

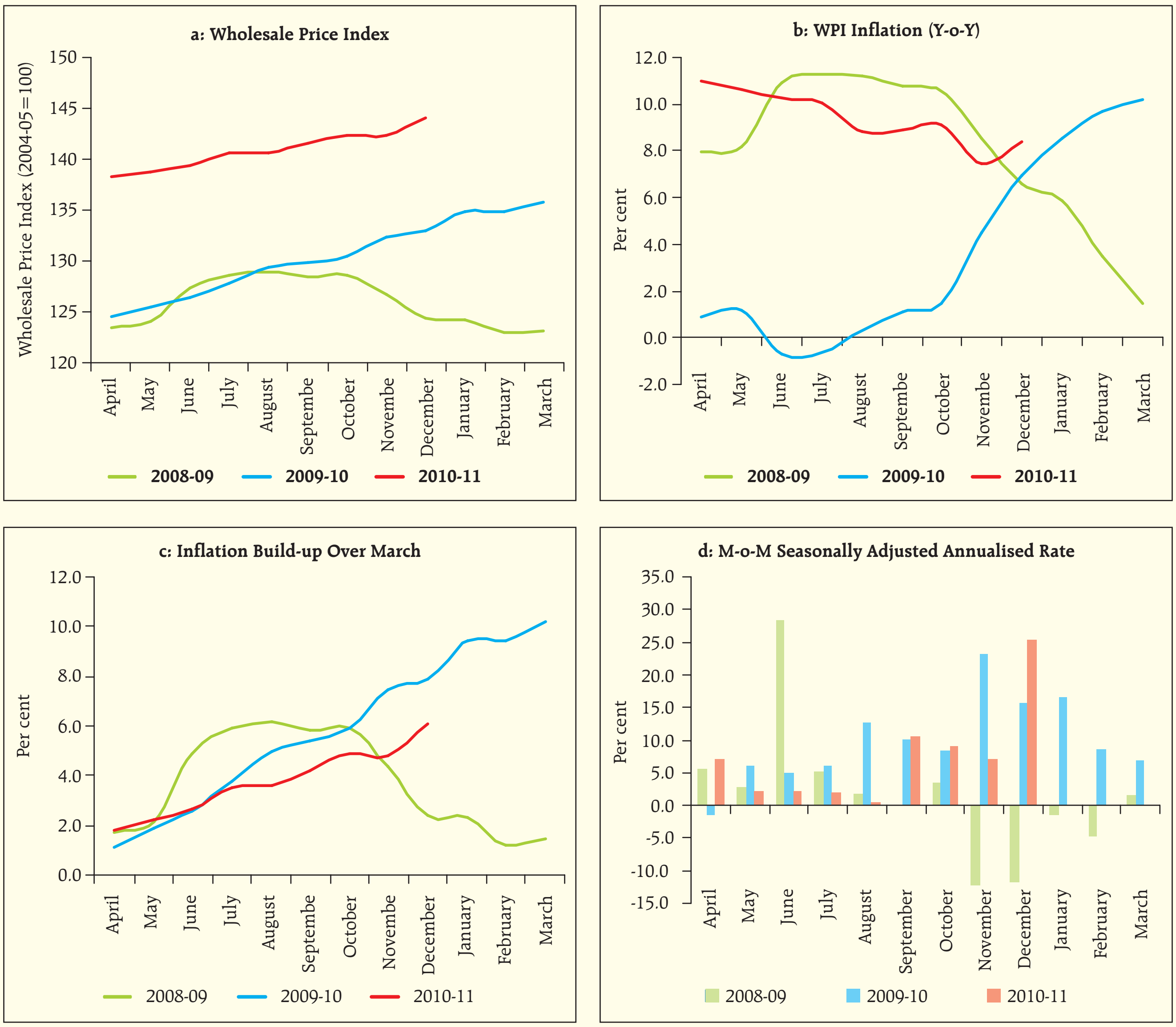
VI.1 Inflation resurgence during December 2010 was mainly led by a sudden spurt in prices of primary food articles, especially vegetables, and fuels. These together accounted for nearly 60 per cent of the WPI increase during the month. Currently inflation remains above the Reserve Bank's comfort level and the long-term average that was experienced during the pre-crisis high growth phase. Price expectations also remain elevated and price-level changes have not yet dampened (Chart VI.1a). Base effects have helped lower inflation on a year-on-year basis, but price pressures persist (Chart VI.1b). Food inflation moderated for a significant part of the year but still remains elevated and has witnessed renewed pressures in recent weeks. Though non-food manufactured products inflation remained range-bound during 2010-11 so far, the price index has shown some uptick in recent months and the risks to more generalised inflation appear to have re-emerged.

VI.2 Apart from food inflation, inflationary pressures have increased both from higher global commodity prices and domestic demand. Increasing trends in international commodity prices, especially crude oil and metals, entail the risk that rising international commodity prices will spill over into domestic inflation. Furthermore, significant price pressures in domestic non-food primary articles such as raw cotton, raw rubber and minerals may lead to increase in input costs for the manufacturing sector. The persistent price pressures are also evident from the high month-over-month seasonally adjusted annualised inflation in recent months (Chart VI.1d).

Changing dynamics underlying the inflation rebound

VI.3 Since the second quarter review of monetary policy in October 2010, there have been significant changes in the factors conditioning the inflation path. First, the primary food articles inflation declined to single digit after almost two years in November 2010 along the expected lines, but rose again on the back of significant rise in prices of vegetables like onion, tomato, okra, cabbage and brinjal owing to loss of output caused by unseasonal rains and supply chain rigidities. Some price pressures emerged in condiments and spices as well. Second, the global crude oil prices were averaging at about US$ 75 per barrel in the second quarter of 2010-11 with most forecasts and even futures prices indicating only gradual recovery going forward. Contrary to the expectations, crude oil prices have firmed up significantly and crossed US$90 per barrel now. This exerted upward pressure on prices of freely priced products under the fuel group and increased risks ahead for further pass-through. Third, the global commodity prices, especially food, primary commodities and metals have increased substantially and the pass-through of global increases to domestic prices have so far been limited, suggesting risks from imported inflation going forward. Finally, the sharp increase in prices of non-food primary articles and minerals, like raw cotton and iron ore could put pressure on input costs for the manufactured products.

Chart VI.1: Trends in Wholesale Price Inflation



Therefore, a host of factors, both anticipated and unanticipated, contributed to the upside surprise on expected inflation trajectory.

VI.4 As a result of newer factors and increased risks, the inflation trajectory is likely to show some persistence and moderate only gradually. In the Second Quarter Review of Monetary Policy, the inflation projection for March 2011 was placed at 5.5 per cent. In the mid-Quarter review of December 16, 2010, it was indicated that the risks to this projection are on the upside. Some of these upside risks have since materialised. First, the seasonal decline in food prices has still not occurred as a result of persistent inflation in primary food items. Second, global commodity prices are again on the upswing. This occurred due to: (a) better-than-anticipated growth outlook for certain key advanced economies, especially the US, (b) supply-disruptions in a number of primary commodities and (c) spillover effects of further quantitative easing (QE-2) in the US. The FAO food price index in December 2010 surpassed the peak it reached during the global food price shock of 2008, indicating significant price pressures. Crude oil prices have firmed up further, putting pressure on the prices of the freely priced petroleum products, even while pass-through remains incomplete for the administered items. Third, input cost pressures from high primary commodity prices are exerting further pressure on manufactured products prices, combined with robust growth and strong demand.

Global inflation outlook suggests growing divergence and the associated asymmetry in the stance of monetary policy

VI.5 The global inflation environment continues to remain moderate but a rising divergence in inflation trends between advanced and emerging economies is perceptible (Table VI.1). Some of the advanced economies like the US and Japan face the macroeconomic challenge of generating some inflation to stimulate economic activity. Others like the euro area and UK are witnessing acceptable level of core inflation but with rising headline inflation and high rates of unemployment. Among emerging economies, China recorded a two year high in CPI inflation in November 2010. With the exception of Malaysia, all major South East Asian economies are facing inflationary pressures, just as is the case with most Latin American and East European economies.

VI.6 Subdued growth in advanced economies along with slack labour market conditions and well anchored inflation expectations provide room to sustain policy accommodation. However, advanced economies face enhanced risks of higher long-term inflation expectations, in the context of further fiscal stimulus being used in conjunction with enhanced monetary stimulus. Policy rates in advanced economies continue to remain near zero/very low as the concerns relating to sustainability of recovery still persist (Table VI.1). For EMEs, however, further quantitative easing by advanced economies and its potential impact on commodity prices could raise the upside risks to their

Table VI.1: Global Inflation Indicators

(Per cent)

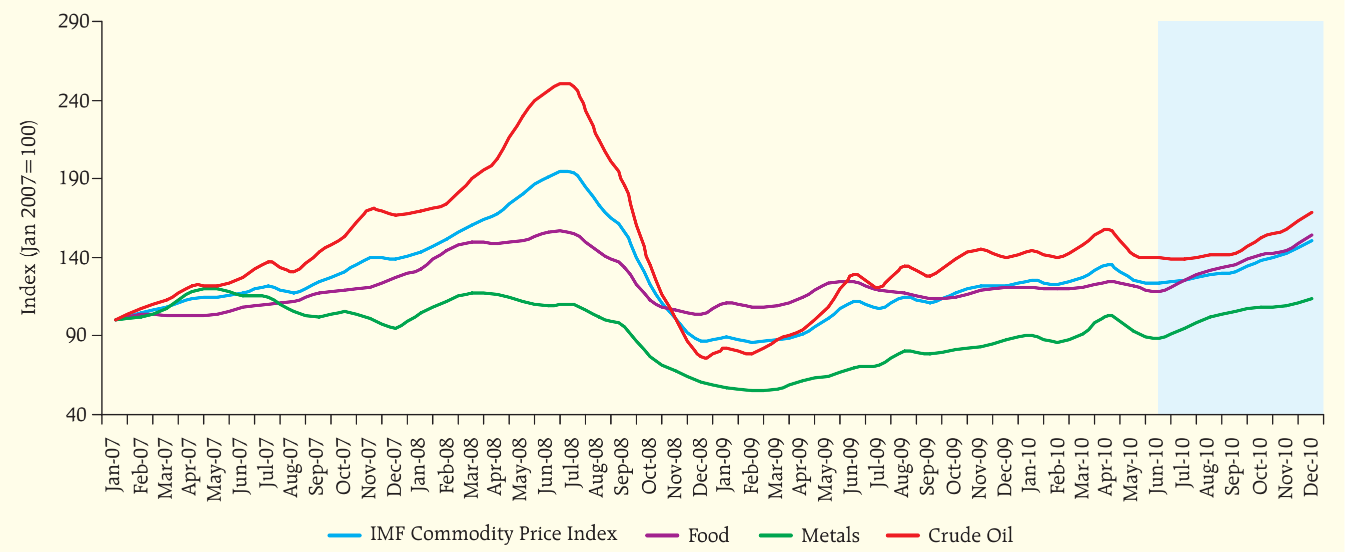
Country/ Region	Key Policy Rate	Policy Rate (as on Jan. 21, 2011)		Changes in Policy Rates (basis points)		CPI Inflation (y-o-y)	
				Apr-09 to Aug-09	Since Sep-09	Dec-09	Dec-10
1	2	3		4	5	6	7
Developed Economies							
Australia	Cash Rate	4.75	(Nov. 3, 2010)	(-)25	175	1.3^	2.8^
Canada	Overnight Rate	1.00	(Sep. 8, 2010)	(-) 25	75	1.0*	2.0*
Euro area	Interest Rate on Main Refinancing Operations	1.00	(May 13,2009)	(-) 50	0	0.9	2.2
Japan	Uncollateralised Overnight Call Rate	0.0 to 0.10	(Oct. 5, 2010)	0	0	-1.9*	0.1*
UK	Official Bank Rate	0.50	(Mar. 5,2009)	0	0	2.9	3.7
US	Federal Funds Rate	0.0 to 0.25	(Dec.16,2008)	0	0	2.7	1.5
Developing Economies							
Brazil	Selic Rate	11.25	(Jan. 20, 2011)	(-) 250	250	4.3	5.9
India	Reverse Repo Rate	5.25	(Nov. 2, 2010)	(-)25	200	13.5*	8.3*
	Repo Rate	6.25	(Nov. 2, 2010)	(-) 25	150(100)		
China	Benchmark 1-year Deposit Rate	2.75	(Dec.26, 2010)	0	50	1.9	4.6
	Benchmark 1-year Lending Rate	5.81	(Dec.26, 2010)	0	50 (350)		
Indonesia	BI Rate	6.50	(Aug. 5, 2009)	(-) 125	0	2.8	7.0
Israel	Key Rate	2.00	(Oct. 1, 2010)	(-)25	150	3.9	2.7
Korea	Base Rate	2.75	(Jan 13, 2011)	0	75	2.8	3.5
Philippines	Reverse Repo Rate	4.00	(Jul. 9, 2009)	(-)75	0	4.4	3.0
	Repo Rate	6.00	(Jul. 9, 2009)	(-)75	0		
Russia	Refinancing Rate	7.75	(Jun. 1, 2010)	(-)225	(-)300	8.8	8.8
South Africa	Repo Rate	5.50	(Nov. 19, 2010)	(-)250	(-) 150	6.3	3.5
Thailand	1-day Repurchase Rate	2.25	(Jan.12, 2011)	(-) 25	100	3.5	3.0

^ : Q2 of 2010-11 * : November

Note: 1. For India, data on inflation pertain to CPI for Industrial Workers.
2. Figures in parentheses in column (3) indicate the dates when the policy rates were last revised.
3. Figures in parentheses in column (5) indicate the variation in the cash reserve ratio during the period.

Source: Websites of respective central banks/statistical agencies.

Chart VI.2: International Commodity Prices



domestic inflation. Several EMEs have started normalisation of their monetary policy stance, and the anti-inflationary monetary policy could become a more common response, going forward.

Risks of imported inflation from rising global commodity prices have amplified

VI.7 Upside risks to domestic inflation emanate from further hardening of global commodity prices, which have already started to rise since mid-2010. Global non-fuel commodity prices, especially food and metals, have been firming up since July 2010. Supply disruptions in many commodities and indications of further quantitative easing by some advanced economies initiated these trends (Chart VI.2). Since October 2010, international commodity price pressures have been exacerbated by hardening of global crude oil prices. On the back of easy global liquidity and severe winters in Europe and US, global crude oil prices crossed US$90 per barrel, in spite of ample spare capacities with some OPEC members. Simultaneous increase in prices of a number of commodities poses the risk of higher imported inflation.

VI.8 The magnitude of the spillover impact of rising prices of commodities in the world markets to India's inflation path would depend upon four factors: (a) the extent of increase in world prices of imported items, (b) movements in the exchange rate of rupee, (c) share of imported items in India's consumption basket, and (d) the degree of pass-through that may be suppressed by policy intervention in the domestic market. The pass-through from global prices to domestic prices has been particularly low in case of wheat, maize, sugar and edible oils (Table VI.2). These could be attributed to local supply conditions and administrative price measures in place. With significant increase in world prices of cotton, iron ore, gold and silver, domestic wholesale prices also rose significantly, though the pass-through was incomplete in many cases. Overall, domestic prices are now significantly impacted by the global commodity price movements, and hence, rising

Table VI. 2: Movement in International and Domestic Commodity Prices

(Per cent change in December over March 2010)

Item	International Prices	Domestic Prices (WPI)
1	2	3
Rice	5.9	1.9
Wheat	60.4	-0.7
Maize	57.4	12.0
Soyabean oil	44.5	7.4
Sugar	50.0	-8.9
Cotton	95.8	31.6
Coal	21.9	0.0
Crude Petroleum	13.5	1.0 (9.5*)
Iron ore	80.3	23.9
Fertilizers	29.9	5.9
Aluminium	6.6	2.4
Copper	22.6	-0.7
Gold	24.9	31.7
Silver	71.2	39.7

Source: World Bank and Ministry of Commerce and Industry, GOI.
* Mineral Oils.

international prices is an important source of upward risk to domestic inflation.

Persistence of high food inflation reflects both structural imbalances and supply chain rigidities

VI.9 Persistence of food inflation has become a primary impediment to faster moderation of inflation. The expected degree of correction in food prices after a normal monsoon did not materialise. Primary food articles with a weight of 14.3 per cent in WPI, contributed 38.6 per cent to the increase in overall WPI during Q3 of 2010-11 (Table VI.3). The decomposition of food inflation indicates that during the recent period the key drivers of food inflation are non-cereals (Chart VI.3). These were, apart from vegetables, the

Table VI.3: Wholesale Price Inflation in India (2004-05=100)

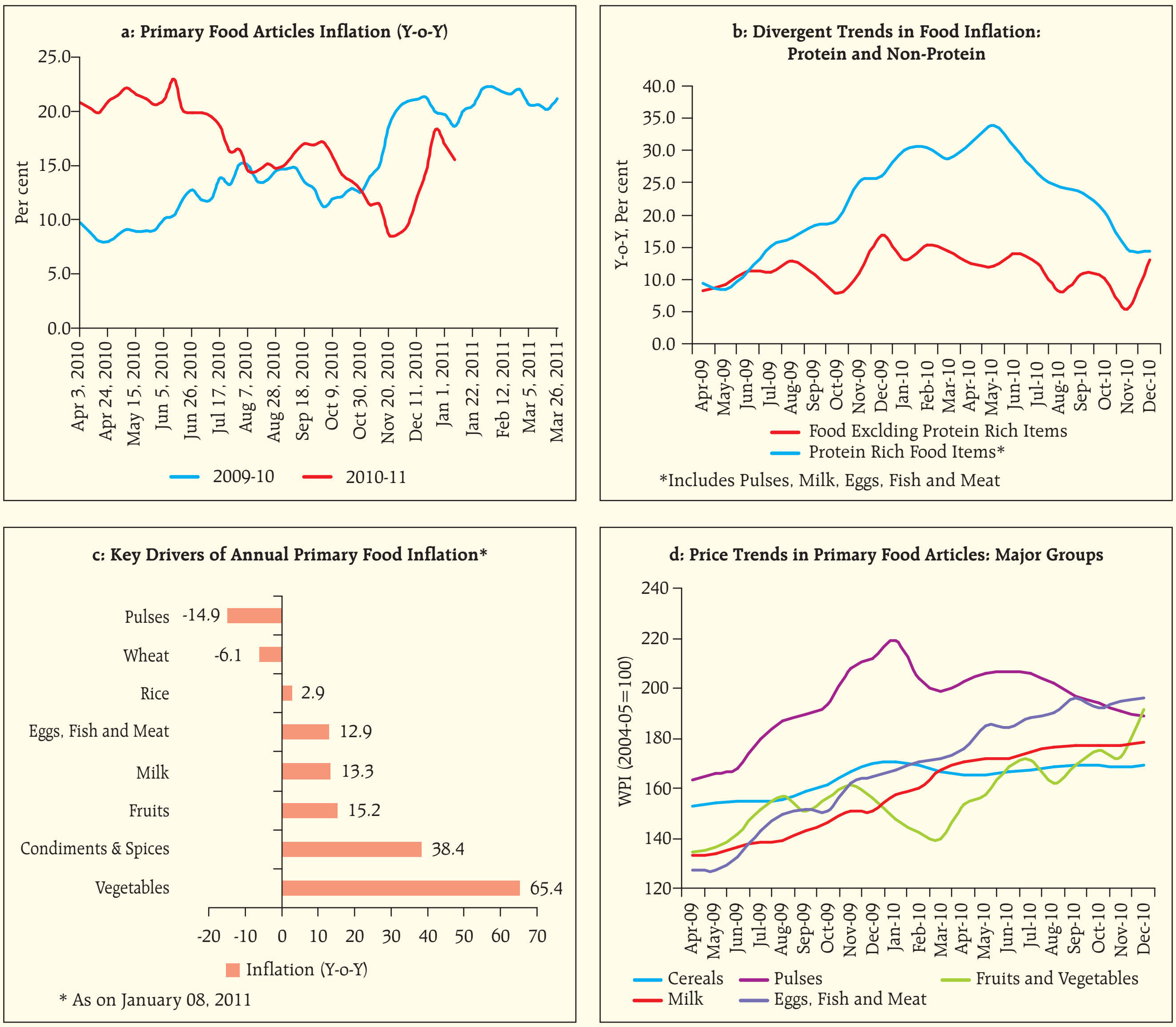
Per cent

Commodity	Weight	2009-10 (March-10)		Year on Year Variation December-10		Financial Year Variation (Mar-10 to Dec-10)		Quarterly Variation (Sep-10 to Dec-10)	
		Inflation (y-o-y)	C *	Change in WPI	C*	Change in WPI	C*	Change in WPI	C*
1	2	3	4	5	6	7	8	9	10
All Commodities	**100.0**	**10.2**	**100.0**	**8.4**	**100.0**	**6.1**	**100.0**	**1.8**	**100.0**
1. Primary Articles	**20.1**	**22.2**	**48.1**	**16.5**	**48.0**	**13.9**	**55.7**	**4.5**	**62.7**
Food Articles	14.3	20.6	31.9	13.5	28.5	14.2	40.2	3.9	38.6
i. Rice	1.8	8.1	1.7	1.2	0.3	1.9	0.7	-0.1	-0.1
ii. Wheat	1.1	14.7	2.0	-5.1	-0.9	-0.7	-0.2	0.0	0.0
iii. Pulses	0.7	25.0	2.3	-10.9	-1.5	-5.0	-0.9	-3.8	-2.1
iv. Vegetables	1.7	13.6	2.2	24.9	7.0	70.4	19.4	18.7	23.6
v. Fruits	2.1	18.2	3.7	20.4	5.2	12.5	4.6	7.3	9.0
vi. Milk	3.2	24.9	8.6	18.2	8.0	6.8	4.4	0.8	1.7
vii. Eggs, Fish and Meat	2.4	35.5	8.6	19.2	6.8	13.8	6.9	-0.1	-0.2
Non-Food Articles	4.3	20.4	8.6	22.3	11.9	14.2	10.9	6.8	18.0
i. Raw Cotton	0.7	20.0	1.4	31.8	3.0	31.6	4.0	8.8	4.3
ii. Oilseeds	1.8	6.7	1.2	2.5	0.6	3.5	1.0	0.9	0.8
iii. Sugarcane	0.6	53.3	2.7	49.8	2.9	0.0	0.0	0.0	0.0
Minerals	1.5	37.9	7.7	27.7	7.5	10.3	4.4	4.2	6.0
2. Fuel Group	**14.9**	**13.8**	**20.1**	**11.2**	**20.1**	**7.1**	**18.0**	**1.7**	**14.3**
i. Coal	2.1	7.9	2.0	0.2	0.1	0.0	0.0	0.0	0.0
ii. Mineral Oils	9.4	18.6	17.1	15.8	18.3	9.5	15.7	2.5	14.0
iii. Electricity	3.5	3.4	1.0	5.0	1.7	5.0	2.2	0.0	0.0
3. Manufactured Products	**65.0**	**5.2**	**32.0**	**4.5**	**31.9**	**2.6**	**25.8**	**0.8**	**25.0**
i. Food Products	10.0	15.1	14.7	0.4	0.4	0.7	1.2	1.6	8.8
of which: Sugar	1.7	44.3	7.8	-9.9	-2.9	-8.9	-3.4	4.7	5.0
Edible Oils	3.0	0.4	0.1	5.3	1.7	7.0	2.9	1.9	2.7
ii. Cotton Textiles	2.6	12.7	2.7	14.1	3.7	9.4	3.4	3.6	4.4
iii. Man Made Fibres	1.7	10.5	1.4	11.9	1.8	5.3	1.1	3.2	2.3
iv. Chemicals and Chemical Products	12.0	3.7	4.1	4.4	5.6	2.6	4.5	0.6	3.2
of which : Fertilisers	2.7	1.9	0.4	6.7	1.7	5.9	2.1	-0.2	-0.2
v. Non-Metallic Mineral Products	2.6	3.2	0.9	3.6	1.1	1.0	0.4	0.7	1.0
of which: Cement & Lime	1.4	2.3	0.4	2.5	0.5	-0.7	-0.2	0.0	0.0
vi. Basic Metals, Alloys and Metal Products	10.7	1.4	1.5	7.9	9.5	4.3	7.3	0.6	3.3
of which: Iron and Semis	1.6	-0.2	0.0	9.3	1.5	1.7	0.4	1.5	1.1
vii. Machinery and Machine Tools	8.9	1.5	1.3	2.8	2.6	1.3	1.7	0.0	0.0
of which: Electrical Machinery	2.3	-1.1	-0.3	2.5	0.6	0.7	0.3	-0.1	-0.1
viii. Transport Equipment and Parts	5.2	1.2	0.6	2.6	1.4	1.4	1.0	0.3	0.8
Memo:									
Food Items (Composite)#	**24.3**	**18.5**	**46.6**	**8.6**	**29.0**	**9.2**	**41.4**	**3.1**	**47.4**
Food Items (Protein Based)$	**6.4**	**28.7**	**19.5**	**14.3**	**13.3**	**7.9**	**10.5**	**-0.1**	**-0.5**
Manufactured Non-food Products	**55.0**	**3.3**	**17.2**	**5.3**	**31.5**	**3.0**	**24.6**	**0.6**	**16.2**
WPI Excluding Food	**75.7**	**7.4**	**53.4**	**8.4**	**71.0**	**4.9**	**58.6**	**1.3**	**52.6**
WPI Excluding Fuel	**85.1**	**9.6**	**79.9**	**7.9**	**79.9**	**5.9**	**82.0**	**1.9**	**85.7**
Essential Commodities	**14.4**	**18.6**	**28.3**	**4.5**	**9.2**	**5.5**	**15.0**	**2.1**	**18.8**

* : Weighted contribution to increase in WPI. # : Primary Food Articles + Manufactured Food Products.

$: Includes milk, 'eggs, fish and meat' and pulses.

Chart VI.3: Primary Food Articles Inflation



protein rich items. The supply response to growing demand in some of these items has been weak, leading to growing imbalances. Medium-term supply augmenting measures would be critical to contain the persistent pressure of inflation from this source. Import option to deal with this challenge on a permanent basis remains limited, given the size of demand and high global food prices.

VI.10 Extended spells of South-West monsoon and unseasonal rains in certain parts of the country have led to loss of vegetables output. Given its perishable nature and also the lack of adequate warehousing and storage facilities, the prices of vegetables increased significantly in December 2010 (Table VI.4). This is in contrast to the trend witnessed in previous years as the prices of vegetables usually show some seasonal decline during December following the arrival of winter crop in the market.

Contribution of non-food manufactured products inflation to headline inflation remains steady

VI.11 On a year-on-year basis, the moderation in inflation witnessed up to November 2010 was largely on account of the decline in the contribution of food inflation to overall inflation (Chart VI.4). The

Table VI.4: Increase in Vegetables Wholesale Price Index

Per cent

Commodity	2009-10				2010-11			
	November		December		November		December	
	Variation	C*	Variation	C*	Variation	C*	Variation	C*
1	2	3	4	5	6	7	8	9
All Vegetables	1.7	100.0	-14.3	100.0	2.1	100.0	41.0	100
Potato	-12.1	-137.9	-27.3	-31.7	-0.5	-2.1	12.6	2.9
Onion	8.5	64.1	0.7	0.7	11.0	85.5	46.4	19.9
Tomato	46.7	359.6	-42.8	-56.1	-14.9	-93.7	116.8	31.1
Cauliflower	-12.1	-81.3	-4.6	-3.2	-18.6	-137.9	33.4	10.0
Brinjal	-14.1	-132.7	-13.8	-13.0	22.5	127.6	65.1	22.5
Okra (Lady Finger)	7.2	23.1	17.8	7.1	9.0	26.2	35.4	5.6
Cabbage	-14.8	-92.2	-5.9	-3.6	42.1	236.9	19.1	7.6

* Weighted contribution to overall increase in vegetable price index (in per cent).

contribution of manufactured non-food products increased marginally in November 2010 and remained unchanged in December 2010. Fuel group and non-food primary articles also continue to contribute significantly to overall inflation pointing towards persisting and generalised inflationary pressures.

VI.12 Among the major sub-groups of WPI, inflation remains higher in primary articles and 'fuel and power' group relative to manufactured products (Chart VI.5.a). Manufactured products inflation moderated largely on account of decline in sugar prices. Currently, all segments of primary articles - food, non-food and minerals are showing double-digit inflation. Non-food primary articles inflation has been exacerbated by revision in sugarcane index by about 50 per cent in March 2010 and increase in iron ore and raw cotton prices. Iron ore prices have doubled since December 2009, while raw cotton prices increased by more than 42 per cent since September 2010. Inflation in essential commodities declined significantly, more on account of the high base recorded a year ago.

Non-food manufactured products inflation remains range-bound, but some indication of price pressures visible

VI.13 Manufactured non-food products, which account for 55 percent weight in the WPI basket and seen as a broad indicator of generalised inflationary pressures exhibited near stable inflation path during 2010-11 (Chart VI.6). The flattening of inflation in non-food manufactured items in past few months could be partly in response to the monetary tightening of the past, but upside risks to this segment persist. This is

Chart VI.4: Contribution to Overall Inflation - Major Groups

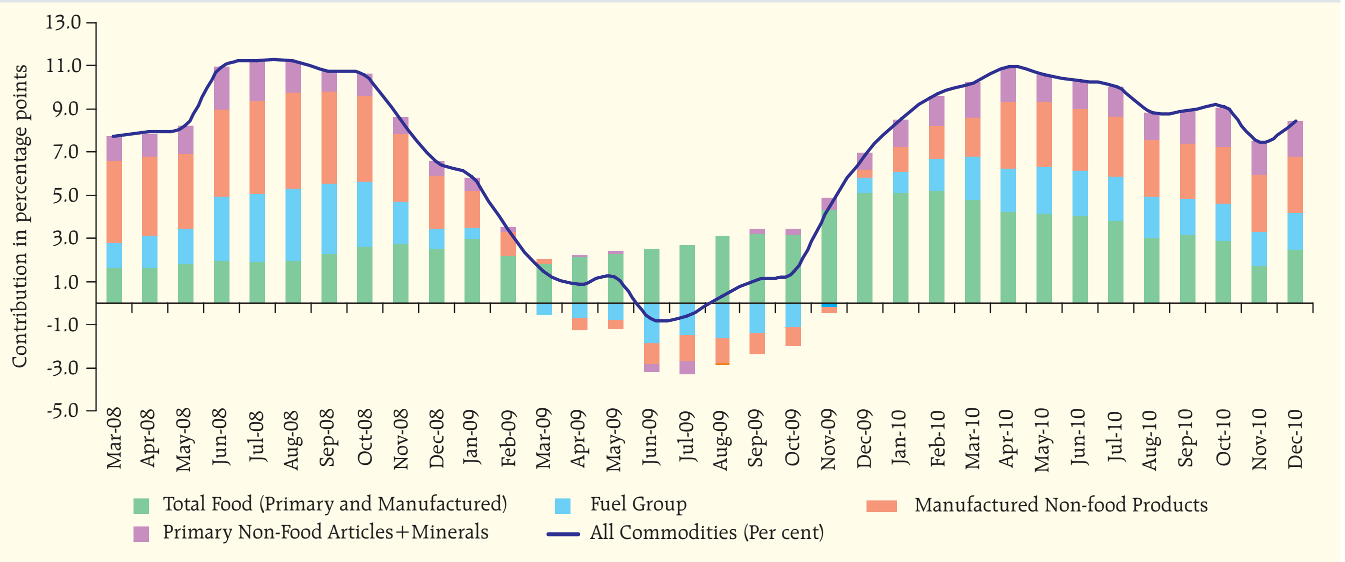
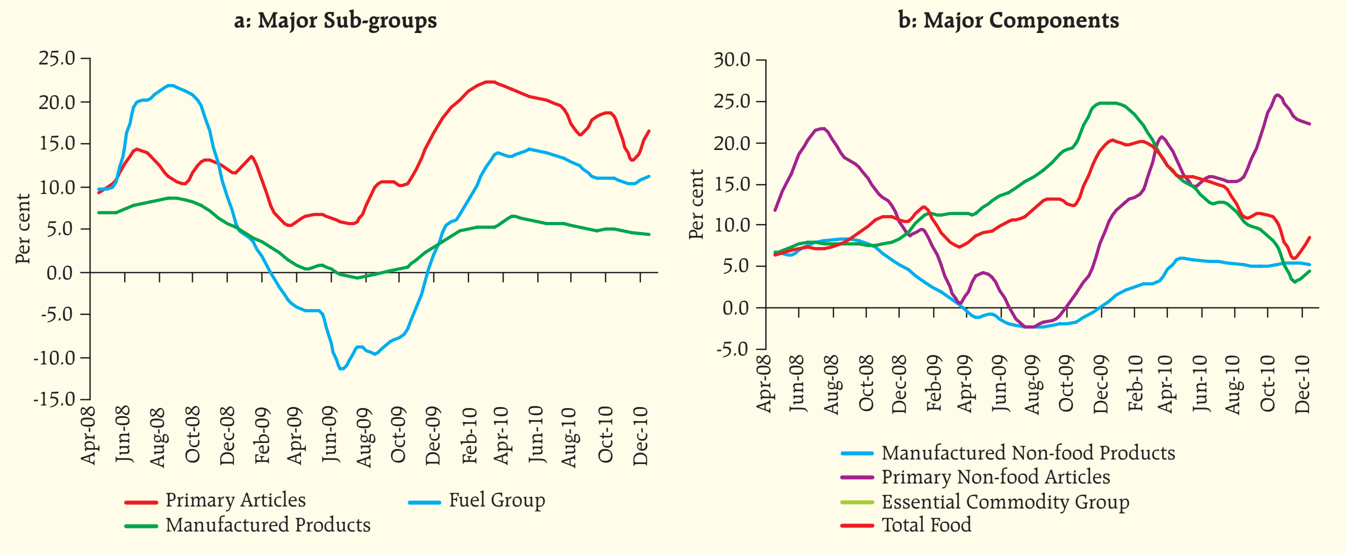


Chart VI.5 : Annual WPI Inflation

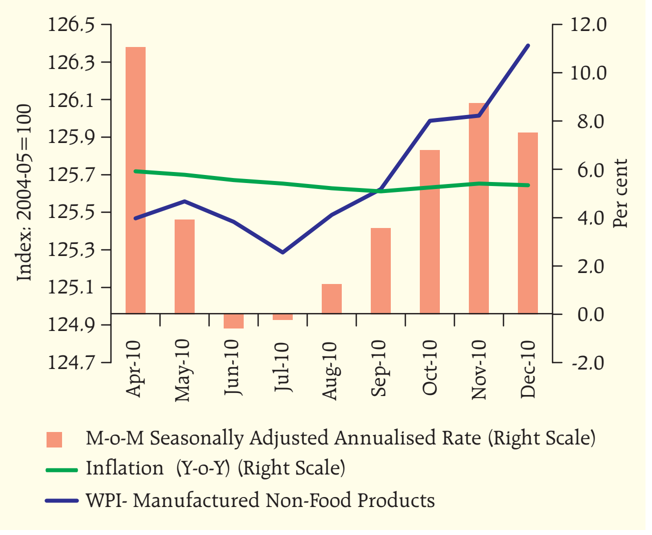


corroborated by both upward trend in the price index and high month-over-month seasonally adjusted annualised inflation. This could largely be on account of the significant input cost pressures emanating from high primary commodity prices translating to higher output prices in the wake of buoyant demand.

Divergence between CPI and WPI inflation narrows, but elevated levels point to persistence of welfare costs

VI.14 Inflation, as measured by various consumer price indices, generally moderated during 2010-11, with some reversal witnessed in December 2010 (for CPI-Agricultural and Rural Labourers). Various measures of inflation remained in the range of 8.0-8.4 per cent in November/December 2010. While the extent of divergence between WPI and CPI inflation narrowed significantly, both remained elevated leading to significant welfare costs (Chart VI.7).

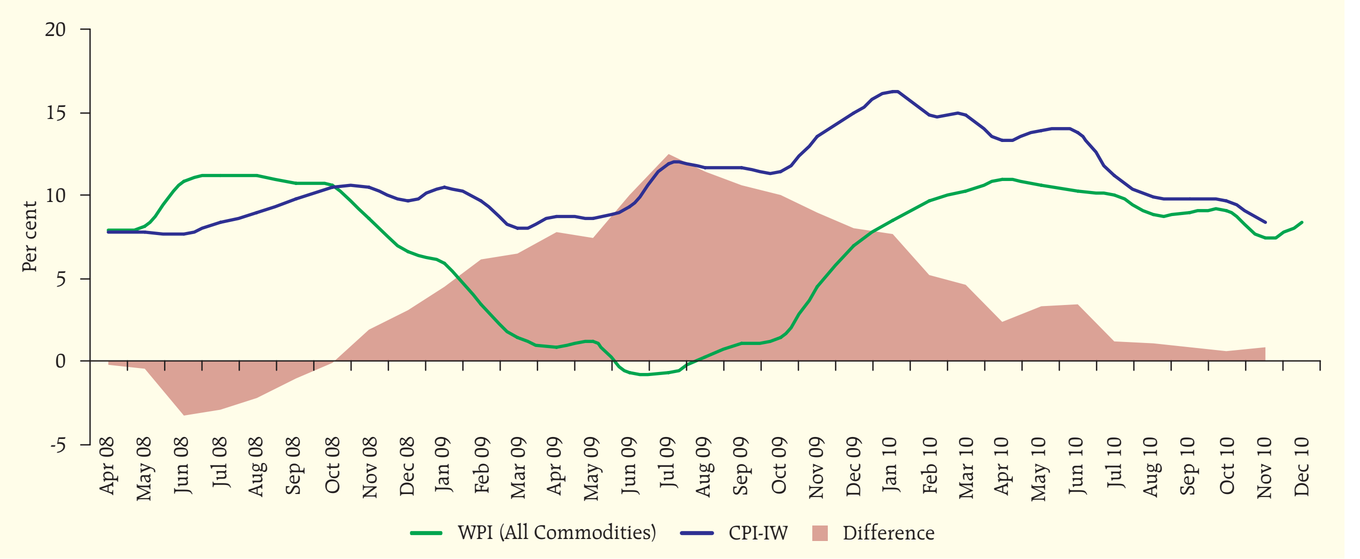
Chart VI.6: Trends in Manufactured Non-food Products Inflation



Upside risks to inflation have increased, suggesting the need for sustained anti-inflationary policy focus

VI.15 The underlying inflation trends suggest that the return of inflation to a more acceptable level could at best be gradual. Some of the domestic supply-side pressures could be transient in nature, and administrative steps to curb the price spiral and seasonal correction could soften prices, going ahead. However, the expected moderation can get offset by rising risk of transmission from increasing global commodity prices. Hardening international commodity prices, particularly petroleum, minerals and metal prices have already begun to seep through to domestic prices. As a result, some price pressures could persist, even as inflation softens. Suppressed inflation in the near-term due to administrative price interventions to insulate domestic prices from global price surges, particularly in respect of some of the petroleum products, could also become more open at a later stage.

Chart VI.7: WPI and CPI Inflation (Y-o-Y)



VI.16 Even if inflation softens in the near-term, sustaining a low inflation regime would require addressing structural issues at a micro level. In the near-term, closer monitoring of production, consumption and price patterns in specific commodities with a focus on supply-chain management to contain market pressures would be helpful. There is also a need to focus on supply augmentation in the short-run, *inter alia,* through timely imports, wherever feasible.

VI.17 While inflation upsurge has largely come from supply-side elements, monetary policy would need to factor in near-term risks to inflation from high input cost pressures transmitting to output prices. The risks to generalised inflation cannot be overlooked as inflation expectations are currently ruling high. Anchoring inflationary expectations would be necessary to mute the second-round impact of supply-side shocks.

VII. Macroeconomic Outlook

Indian economy has moved to a higher growth trajectory with the outlook remaining optimistic. Various forward looking surveys also indicate receding downside risks to growth in the near term. This is broadly corroborated by the Reserve Bank's Industrial Outlook Survey and the Professional Forecasters' Survey. Persistence of inflation at a high level and widening current account deficit are the two major policy concerns at the present juncture. While sensitivity of inflation to past monetary policy measures has remained subdued due to the very nature of the inflation process, larger capital inflows have met the financing need of the current account. Going forward, waning risks to the robust growth outlook and visible upside risks to the inflation outlook would shape the stance of monetary policy in the near term.

Growth optimism continues but high inflation could dent the process

VII.1 The robust growth momentum seen so far and the lead indications that this performance would be sustained in the near future are reflected in the forward looking surveys conducted by various agencies, which generally show significant y-o-y gains. The Reserve Bank's Industrial Outlook Survey also mirrors the optimism, especially regarding improvement in demand and overall financial conditions. The Professional Forecasters' Survey shows an improvement in (median) GDP growth rate to 8.7 per cent from 8.5 per cent reported in the previous survey. The growth projections of various domestic and international agencies also reflect the buoyant optimism.

Business expectations surveys exhibit optimism

VII.2 Various business expectations surveys show an optimistic picture about the near-term outlook (Table VII.1). Factors which provided a boost to the overall business expectations include possibility of improvement in exports (the CII Survey) and buoyant future demand conditions, alongwith rise in volume of sales and new orders (Dun and Bradstreet Survey). Factors that affected the business sentiment adversely include: (i) deterioration in investment climate and financial position of the firm relative to the previous round (the NCAER Survey), and (ii) concerns regarding the mounting inflationary pressures (the Dun and Bradstreet Survey and NCAER Survey).

VII.3 The seasonally adjusted HSBC Markit Manufacturing Purchasing Managers' Index (PMI) witnessed a slowdown in December 2010 even though the survey indicated strong momentum in manufacturing sector and rapid growth in order books. The survey, however, suggests that tight capacity constraints are getting reflected in higher outstanding business orders, lengthening of delivery times and increase in both input and output prices.

VII.4 The pace of growth in the HSBC Markit Services PMI showed a moderation in December 2010, even though the outlook about future business prospects remained generally optimistic. On the downside, the input costs as well as the output prices of the services

Table VII.1: Business Expectations Surveys

Period Index	NCAER- Jan. 2011 Business Confidence Index	FICCI Q2:2010-11 Overall Business Confidence Index	Dun & Bradstreet Q1: 2011 Business Optimism Index	CII Oct.-Dec. 2010-11 Business Confidence Index
1	2	3	4	5
Current level of the Index	158.5	76.2	171.2	66.2
Index as per previous survey	162.1	71.9	163.5	67.6
Index levels one year back	153.8	72.4	137.3	66.1
percentage change (q-on-q)	-2.2	6.0	4.7	-2.1*
percentage change (y-on-y)	3.1	5.2	24.7	0.2**

* : Change over the previous survey.

** : Change over October-March 2009-10 survey.

sector rose substantially, suggesting that Indian companies passed on higher costs to customers.

The Industrial Outlook Survey of the Reserve Bank shows improvement in demand and overall financial conditions

VII.5 The 52nd round of the Industrial Outlook Survey of the Reserve Bank conducted during October-December 2010, based on a sample of 1,561 companies, showed an improvement for the assessment quarter (October–December 2010) and a marginal moderation for the expectation quarter (January-March 2011) (Chart VII.1a and b). The modest moderation at a high level of the index suggests expectations of sustained buoyancy in economic activities. The indices for both assessment and expectation quarter remained in the growth terrain (*i.e.* above 100, which is the threshold that separates contraction from expansion).

VII.6 The survey shows that the Indian manufacturing sector has an optimistic view about improvement in demand conditions *viz.* production, order books, capacity utilisation and exports for the assessment quarter. However, a slight moderation is indicated for the expectation quarter. Overall financial situation, working capital finance requirement as well as availability of finance showed improvement for both assessment and expectation quarters, *albeit* at higher costs. The survey results suggest that manufacturers expect selling prices and profit margins to increase despite expectations of rising input costs, which reflect their pricing power. On the employment outlook, Indian manufacturers were perceived to be net hirers (Table VII.2).

Survey of Professional Forecasters[1]

VII.7 The results of the 14th round of 'Survey of Professional Forecasters' conducted by the Reserve Bank in December 2010 shows overall (median) GDP growth rate for 2010-11 at 8.7 per cent, as against 8.5 per cent reported in the previous survey (Table VII.3).

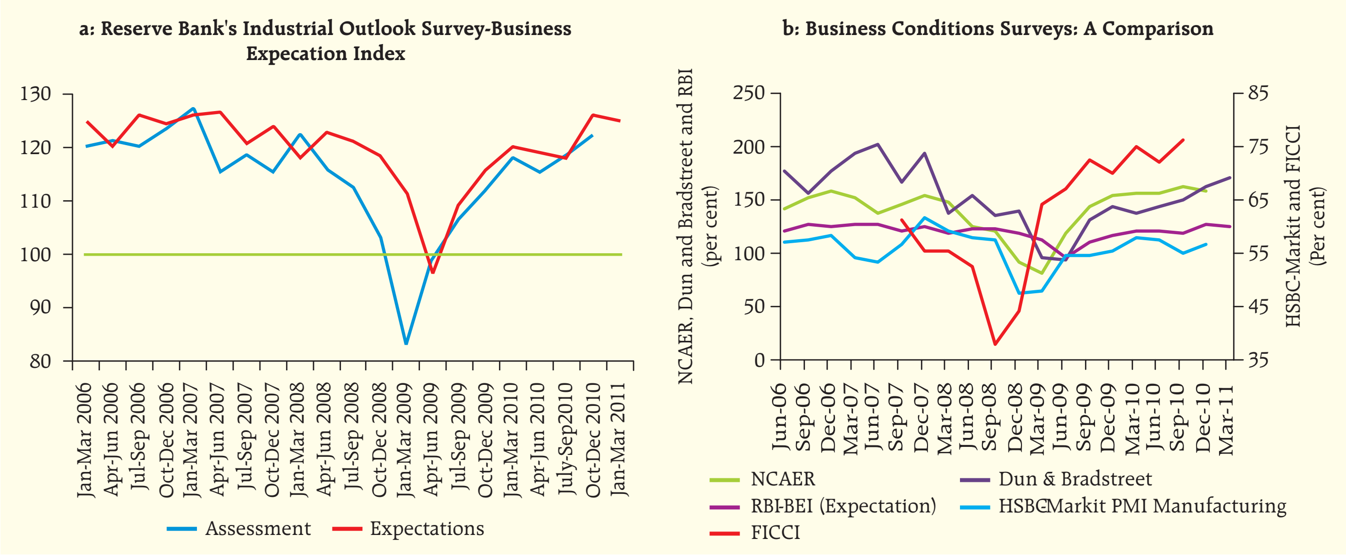
Projections of different agencies peg growth in the range of 8.4 to 9.1 per cent

VII.8 All available projections for GDP growth in 2010-11 generally suggest an optimistic picture (Table VII.4). Recently, the IMF and World Bank revised their growth projections for India upwards.

While downside risks to growth have receded, upside risks to inflation have increased

VII.9 The outlook for growth remains buoyant. The inflation persistence led by stubbornly high food inflation in double digits for close to two years, however, remains a major concern. Going forward, the factors that may lend further support to the growth momentum include: (a) improved *kharif* production (that will be reflected in Q3 GDP data) and favourable

Chart VII.1: Industrial Outlook Surveys



[1] Introduced by the Reserve Bank from the quarter ended September 2007. The forecasts reflect the views of professional forecasters and not of the Reserve Bank.

Table VII.2: Reserve Bank's Industrial Outlook Survey

Parameter	Optimistic Response	Net Response Apr-Jun 2010 E	Apr-Jun 2010 A	July-Sep 2010 E	July-Sep 2010 A	Oct-Dec 2010 E	Oct-Dec 2010 A	Jan-Mar 2011 E
1	2	3	4	5	6	7	8	9
1 Overall business situation	Better	41.2	40.7	41.5	38.7	47.5	45.9	50.1
2 Overall financial situation	Better	36.3	32.2	34.1	30.6	39.6	37.1	41.1
3 Availability of finance	Improve	26.8	26.4	28.5	26.6	31.3	30.3	32.3
4 Cost of external finance	Decrease	-20.6	-21.9	-23.3	-28.3	-28.3	-33.9	-31.3
5 Production	Increase	35.9	35.4	40.2	40.0	49.1	43.9	48.6
6 Order books	Increase	33.4	31.3	36.3	36.1	44.8	37.9	44.0
7 Cost of raw material	Decrease	-48.6	-62.7	-49.3	-58.3	-49.3	-63.9	-53.6
8 Capacity utilisation	Increase	19.7	21.1	26.5	23.3	32.3	27.9	33.1
9 Employment in the company	Increase	13.6	14.7	16.8	18.7	21.0	19.4	20.6
10 Selling prices	Increase	13.3	17.3	15.2	13.8	17.0	20.2	18.6
11 Profit margin	Increase	3.2	-4.8	3.1	-2.5	9.2	-0.4	8.3

Note: 1. 'Net response' is measured as the percentage share differential between the companies reporting 'optimistic' (positive) and 'pessimistic' (negative) responses; responses indicating *status quo* (no change) are not reckoned. Higher 'net response' indicates higher level of confidence and *vice versa*.
2. E: Expectations and A: Assessment.

prospects of *rabi* production on account of satisfactory north-east monsoon and higher reservoir levels, (b) robust growth in lead indicators of services sector, (c) sharp rise in tax revenues indicating strong economic activity, (d) stronger growth in corporate sales and earnings, (e) improvement in employment indicators, (f) pick-up in private consumption demand, (g) continuing strong credit growth, especially to the infrastructure sector, (h) buoyancy in various business expectation surveys, (i) possibility of fiscal

Table VII.3: Professional Forecasters' Survey

	Actual 2009-10	Annual Forecasts 2010-11 E	2010-11 L	2011-12 E	2011-12 L	Quarterly Forecast 2010-11 Q3 E	Q3 L	Q4 E	Q4 L	2011-12 Q1 E	Q1 L	Q2 E	Q2 L	Q3 E	Q3 L
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1. Real GDP growth rate at factor cost (in per cent)	7.4R	8.5	8.7	8.5	8.5	8.7	8.9	8.3	8.5	8.1	8.4	8.5	8.5	-	8.3
a. Agriculture & Allied Activities	0.2R	4.6	5.0	3.2	3.3	6.5	6.8	5.1	5.0	3.2	3.5	3.0	3.1	-	3.4
b. Industry	10.4R	9.0	9.0	9.1	8.7	8.7	8.5	7.9	7.3	8.1	7.6	8.0	8.1	-	8.8
c. Services	8.3R	9.2	9.6	9.5	9.5	9.4	9.8	9.2	9.6	9.5	9.5	9.6	9.5	-	9.6
2. Gross Domestic Saving (per cent of GDP at current market price)	-	34.0	34.0	35.3	35.5	-	-	-	-	-	-	-	-	-	-
3. Gross Domestic Capital Formation (per cent of GDP at current market price)	-	36.0	36.0	37.0	37.0	35.5	35.1	37.5	36.3	36.0	35.7	36.5	35.9	-	36.8
4. Corporate profit after tax (growth rate in per cent)*	28.8	20.0	20.0	23.0	21.2	15.0	12.8	20.0	15.8	20.0	17.5	20.0	14.1	-	16.0
5. Inflation WPI (Avg.)	3.6	8.1	8.5	5.6	6.6	7.4	7.8	6.0	6.6	5.4	6.4	5.9	6.9	-	7.0
6. Exchange Rate (INR/US$ end period)	45.1	44.5	44.5	43.5	43.5	45.0	44.9	44.4	44.5	44.3	44.1	43.5	43.9	-	43.9
7. T-Bill 91 days Yield (per cent-end period)	4.4	6.0	6.8	5.8	6.9	-	-	-	-	-	-	-	-	-	-
8. 10-year Govt. Securities Yield (per cent-end period)	7.8	7.9	8.0	7.9	8.0	-	-	-	-	-	-	-	-	-	-
9. Exports (growth rate in per cent)!	-3.6	15.9	18.0	15.0	17.8	-	-	-	-	-	-	-	-	-	-
10. Imports (growth rate in per cent)!	-5.6	19.7	20.0	15.7	18.0	-	-	-	-	-	-	-	-	-	-
11. Trade Balance (US$ billion)	-108.2	-	-	-	-	-38.5	-31.5	-37.9	-35.7	-37.3	-38.1	-36.9	-40.7	-	-41.2

E: Previous Round Projection. L: Latest Round Projection. R: Revised Estimate
P: Preliminary Value - : Not Available. *: BSE listed companies. !: US$ on BoP basis.
Note: The latest round refers to fourteenth round for the quarter ended December 2010, while previous round refers to the thirteenth round for the quarter ended September 2010.
Source: Survey of Professional Forecasters, Third Quarter 2010-11.

Table VII.4: Agencies' Projections for 2010-11

Agency	Latest Projection		Earlier Projection	
	Real GDP Growth (Per cent)	Month	Real GDP Growth (Per cent)	Month
1	2	3	4	5
World Bank	8.7	Jan-11	8.5	Jun-10
IMF	8.8	Jan-11	8.0	Feb-10
Ministry of Finance	8.8(+/-0.35)	Dec-10	8.5(+/-0.25)	Feb-10
OECD@	9.1	Nov-10	8.3	May-10
NCAER	8.4	Oct-10	8.1	July-10
ADB	8.5	Sep-10	8.2	July-10
Economic Advisory Council to the PM	8.5	July-10	8.2	Feb-10

@: At market prices, while others are at factor cost.

consolidation, which would reduce crowding out risks and (j) easing of liquidity conditions, as the government spends more from its surplus balances, which in turn may ease the concerns of liquidity stress impacting flow of credit.

VII.10 However, certain downside risks to growth remain, which include: (a) sovereign debt risks spreading from the Euro zone periphery, which may adversely affect external demand, (b) strong capital inflows beyond the absorptive capacity putting pressure on the exchange rate, which could also weaken price competitiveness of Indian exports, (c) volatile industrial growth, which adds to uncertainty to the industrial growth outlook, (d) growth in core infrastructure lagging behind GDP growth as well as industrial growth and, (e) inflationary pressures.

VII.11 The persistence of inflation at an elevated level and the significant pick-up in December 2010 suggest the amplification of upside risks to inflation. Going forward, factors which may exert further upward pressure on inflation are: (a) higher international commodity prices, especially oil, (b) increase in global food prices and the regional outlook suggesting continuation of the trend, which could further limit the import option as countries may ban/restrict exports to ease potential pressures on their domestic inflation, (c) return of pricing power to corporates, (d) improving bargaining power of both organised and unorganised labour, with MGNREGS contributing to the wage pressures in the farming and unorganised manufacturing sectors, (e) capacity constraints in several sectors, particularly farm products, where supply response to high prices may continue to be slow, (f) continuous upward revision in minimum support prices reflecting rising input costs, (g) risk of suppressed inflation becoming open, resulting from revision of diesel and other administered petroleum product prices, when the implicit subsidy burden increases significantly and (h) prevalence of high inflationary expectations.

VII.12 Notwithstanding these risks, factors that may help in restraining the inflationary pressures include: (a) government measures to improve bottlenecks in the supply chain from farm gate to retail, (b) expected moderation in food inflation with a good *rabi* crop, (c) subdued risk to inflation in advanced economies due to large excess capacity and high unemployment, even though in the Euro-area and the UK headline inflation has edged up in the recent period and (d) the impact of monetary policy actions taken by the Reserve Bank, particularly after the strengthening of transmission in recent months.

VII.13 To sum up, while growth prospects remain robust, persistence of high inflationary expectations poses a complex challenge for the conduct of monetary policy. The challenge is exacerbated by the fact that inflationary pressures are emanating from sources that are not very sensitive to monetary policy measures. Growing demand-supply imbalances in several non-cereal food items have led to sharp relative price changes, which in turn have pushed up the headline inflation. While non-food manufactured inflation has been stable in a range of 5.1-5.9 per cent, the month-over-month increase in price index in recent months reflects emerging demand side pressures as well as rising input costs. In an environment of high food and fuel inflation, the risk of spillover to the core inflation through higher input costs and inflationary expectations, remains. As long as the structural factors underpinning the relative price pressures persist, the impact of anti-inflationary monetary policy could remain dampened. The 300 basis points effective increase in the policy rate from March 2010 so far, was carefully calibrated by the Reserve Bank reflecting the need for sensitivity of monetary policy to both growth and inflation objectives. Since persistent high inflation could endanger the growth objective and also amplify risks to inclusive growth, containing inflation will have to remain as the predominant objective of monetary policy in the near-term.

Speeches

Dilemmas in Central Bank Communication: Some Reflections Based on Recent Experience
by Duvvuri Subbarao

Implications of the Expansion of Central Bank Balance Sheets
by Duvvuri Subbarao

Centrality of Banks in the Financial System
by Shyamala Gopinath

Emerging Trends in Payment Systems and Challenges
by K. C. Chakrabarty

Dilemmas in Central Bank Communication: Some Reflections Based on Recent Experience*

Duvvuri Subbarao

First of all my thanks to Business Standard, and to my good friends T.N. Ninan and Sanjaya Baru, for inviting me to deliver this second Business Standard Annual lecture. This is an honour to which I attach a lot of value.

Central Bank Communication

2. As a part of my job, I accept several speaking commitments, and often I struggle to determine the topic for my speech and the key message I should be delivering. From that perspective, deciding on a topic for this lecture has been relatively easy. I have chosen to speak on 'Dilemmas in Central Bank Communication', and that choice has been motivated by three reasons.

3. First, over two years into the job as Governor of the Reserve Bank, I am still traversing a steep learning curve. I have learnt many things, and one of them is that communication of policy is as important as the content of policy, and is oftentimes more challenging.

4. The second motivation for my choice of the lecture topic comes from the experience of the recent crisis when central bankers around the world realised how communication is critical to the effectiveness of crisis management policy. This bias towards openness actually reflects a remarkable shift in stance on the part of central bankers. As Liaquat Ahamad says in his best selling book, 'Lords of Finance', central bankers had previously believed that in times of crisis, it is prudent to obey the admonition of mothers, across cultures, to their children: "If you can't say anything nice, don't say anything at all." This follows from the recurring dilemma that central bankers face in times of panic. If you make an honest public statement, you end up feeding the frenzy. On the other hand, if you try to be reassuring, you have to twist the truth. In recent decades, however, central bankers have been increasingly persuaded that even in times of stress, they are better off communicating rather than not communicating. The recent crisis reinforced this growing faith in communication as central bankers realised, much to their relief, that keeping the public informed and updated actually reduced rather than exacerbated anxiety and panic.

5. The final reason for my choosing this topic is quite straight-forward. This lecture is sponsored by a media house, and what better platform than this to share with the public some of the dilemmas and challenges we face in our communication strategy.

Domain of Communication

6. Central bank communication has been the subject matter of much intellectual discourse, but this has almost always been in the context of communication of monetary policy. That is understandable because monetary policy is at the heart of central banking and also possibly because communication of monetary policy is arguably more challenging than communicating other policies. In my lecture today though, I will speak about communication in a broader context – not just with reference to monetary policy but also encompassing other dimensions of the Reserve Bank's mandate such as, for example, regulation and supervision, currency management and external sector management.

Alan Greenspan – the Doyen of Communication!

7. It would be blasphemous to speak about central bank communication without first paying homage to that doyen of central bankers – Alan Greenspan. So let me get on with it.

*Second Business Standard Annual Lecture delivered by Dr. Duvvuri Subbarao, Governor, Reserve Bank of India, at New Delhi on January 7, 2011.

8. Greenspan is notoriously famous for several things including for transforming central bank communication to an art form. 'Since I've become a central banker', he said in 1987, 'I've learned to mumble with great incoherence. If I seem unduly clear to you, you must have misunderstood what I said.'

9. After nearly 15 years on the job, in October 2001, Greenspan took a U-turn saying that, "Openness is more than just useful in shaping better economic performance. Openness is an obligation of a central bank in a free and democratic society. Transparency of our activities is the means by which we make ourselves accountable to our fellow citizens to aid them in judging whether we are worthy of that task". Indeed, we owe it to Greenspan, and perhaps his Delphic utterances, for generating much learned commentary on why central bank communication is important.

Why is Central Bank Communication Important?

10. Over the last two decades, central banks have moved towards clearer communication and greater transparency. This has been driven by several motivations.

11. First and foremost, central banks have realised that open and transparent communication enhances policy effectiveness by way of achieving expected outcomes. This shift in central bank theology from deliberate obscurity to greater transparency actually reflects a shift in the theory of monetary policy. Up until the early 1990s, monetary policy was strongly influenced by Nobel Laureate Robert Lucas' argument that monetary policy affected real variables, like growth, only if the policy changes were unanticipated. This encouraged obscurity over openness and clarity. However, lost in the message was that monetary policy always affected nominal variables like inflation, even if fully anticipated. In the 1980s, two economists, also Nobel winners, Finn Kydland and Ed Prescott, argued that fully transparent rules rather than discretionary policy changes were more efficient and credible. This was the beginning of the push towards rules over discretion and greater central bank transparency.

12. The most eloquent illustration of this shift towards transparency is the change in the communication strategy of the US Fed. Hard as it might be to imagine from today's perspective, prior to 1994, the US Fed was not even announcing the target Fed Funds Rate; the market was expected to infer the rate from the timing, sequencing and magnitude of its open market operations. In sharp contrast, today the Fed not only announces the rate but also gives a clear indication of future policy trajectory. Indeed, it is standard practice for central banks these days to indicate the policy rates, the rationale behind the policy action, the expected outcomes, and oftentimes to give forward guidance on future policy actions.

13. While communicating policy *after* it is made is the standard mode of communication, central banks are also increasingly taking to communication *before* policy action. This again is a lesson of experience – that the market does not like unexpected news, and that surprises should be avoided unless surprise is, in rare circumstances, part of the strategy itself. When the Fed announced last August that it would reinvest the proceeds of maturing securities purchased under the first phase of quantitative easing QE1, markets were unnerved. In contrast, the elaborate communication exercise that preceded the recent QE2 brought much clarity to the Fed action and delivered the expected 'announcement effect'. QE2 has, of course, come in for extensive criticism, but that is certainly not owing to any shortfall in communication.

14. We have had a similar experience at the Reserve Bank. Both on the way up to the crisis and on the way down, we had to make several 'off-cycle' policy adjustments. There was wide agreement that these measures were expedient; nevertheless they did not go down well with the market because of the surprise element. This has prompted us to revise our communication strategy by introducing, with effect from September 2010, more structured scheduled mid-quarter reviews. While we have not surrendered our flexibility to take policy action as and when warranted, more frequent scheduling of policy reviews reduces the need for off-cycle action and thereby minimises the surprise element.

15. Sometimes, communication, instead of being a vehicle for policy, can be the policy itself. Drawing yet again from the US experience during the crisis, the Fed

realised that its repeated announcement of keeping rates low 'for an extended period' led markets to reach a certain inference on what 'extended period' could mean. In this context, some policy analysts argued that a step that the Fed could consider was to modify the language of the statement to communicate to investors that it anticipates keeping the target Federal Funds rate low for a longer period than was currently priced in the markets. This, it was believed, would have eased financial conditions as was desired.

16. Communication can be a potentially powerful tool for getting feedback when the implications and the impact of proposed policy are uncertain. For example, the Reserve Bank has thrown open the issue of whether we should deregulate the interest rate on savings accounts, which incidentally is one of the very few interest rates that remains administered. There are persuasive arguments both for and against deregulating this. In the Reserve Bank, we realised that this is, like all big decisions, a judgement call and that we needed the 'wisdom of the crowds' in reaching a judgement. Discerning people would no doubt have realised that eliciting views and feedback is now standard practice for most policy decisions of the Reserve Bank.

17. Yet another factor that has motivated central banks into placing larger emphasis on communication is their hard–earned autonomy in the years before the crisis. Central banks have increasingly embraced more open communication to counter the criticism that an autonomous central bank comprising unelected decision–makers was inconsistent with a democratic structure.

18. Finally, central bank communication is important for the institution to learn, listen and understand. This is a lesson that we have taken to heart in the Reserve Bank. I am referring here not to the standard one–way oral or written communication but to two–way communication between the central bank and its stakeholders, with the central bank remaining largely in a listening mode. During our Platinum Jubilee last year, we launched the 'Outreach' programme whereby all of us in the senior management together with our field office staff and accompanied by senior functionaries of commercial banks visited remote villages across the country. This was an immensely rewarding learning experience in several ways. Most of all, we found that listening to people and understanding their concerns enriches our policy making in a very powerful way. Because of its enormous value addition, we are continuing the outreach programme as a regular activity.

Communication – Illustration of Dilemmas

19. I have so far told you, with the help of some recent examples, why central bank communication is growing in importance. I have debated about how to go on from here. One option is to list all that we have done in the Reserve Bank to improve communication, but that may be a boring litany. Another is to give a scholarly discourse on central bank communication but there are people around with greater expertise than I to do that. I have, therefore, decided that I will give you ten illustrations of the communication dilemmas and challenges that we have faced in the Reserve Bank in the recent period.

(i) Monetary Policy – To Pause or Not to Pause

20. As all of you know, in calibrating the exit from the expansionary monetary stance of the crisis period, the Reserve Bank has been struggling with the growth-inflation dynamics over the last one year. By the time of the second quarter review in early November 2010, we had already raised policy interest rates five times. The central issue before this policy review was whether we should continue on the tightening spree or pause before resuming tightening later on. We consulted experts and economists and found that opinion was divided among them. One view was that we must pause for a bit in order for the rate hikes already effected to play out, and then resume tightening. The opposing view was that we should continue tightening to a point that would deliver RBI's inflation projection and pause only after that. Inside the Reserve Bank, the view was that within the policy trajectory, it did not matter if we paused briefly as long as we remained committed to the eventual outcome. The dilemma then boiled down to communicating to the market that our action should be interpreted only as a comma and not a full stop. Whether or not we managed the dilemma effectively is, of course, for you to judge.

(ii) Monetary Policy Stance – Forward Guidance

21. Central banks have learnt that giving forward guidance on the policy trajectory is an effective way of managing market expectations. But they have also learnt that this is not a totally benign option. The forward guidance is typically conditional on certain expected macroeconomic developments. The dilemma then is how precisely is the conditionality to be communicated, and how to ensure that the market does not ignore the conditionality and interpret the guidance as an irrevocable commitment. In keeping with the best practice, we in the Reserve Bank too have started giving some forward guidance. And as expected, we too have confronted the classic communication dilemma. Let me illustrate. In the Second Quarter Review of early November 2010, we had said:

"Based purely on current growth and inflation trends, the Reserve Bank believes that the likelihood of further rate actions in the immediate future is relatively low. However, in an uncertain world, we need to be prepared to respond appropriately to shocks that may emanate from either the global or domestic environment."

22. Many analysts commended us for the forward guidance, but a few thought that we were imprecise on the conditionality as well as on the time horizon implied by 'immediate future'. I can only say that the element of ambiguity was deliberate because it was unavoidable.

(iii) Monetary Policy Stance – Close to Normal or Closer to Normal?

23. Let me give you another illustration of how we agonise over how every word might be interpreted. In the mid-quarter review of September 2010, as part of the forward guidance, we had said: 'the Reserve Bank believes that the tightening that has been carried out over this period has taken the monetary situation *close* to normal'.

24. There were two communication dilemmas here. The first was whether we should say 'close to' or 'closer to'. In the end, we determined that the forward guidance would be meaningful only if we had said 'close to', thereby giving ourselves room for further action. The second dilemma was about whether 'normal' would be interpreted as 'neutral'. This dilemma arises in the context of the frequently asked question, 'Have the policy rates become neutral?' The neutral policy rate, as the economists here would know, is the policy interest rate consistent with potential growth and low and stable inflation. It is, however, not possible to precisely define the neutral rate for a rapidly growing and structurally transforming economy like that of India. On the other hand, 'normal' rates can be broadly inferred from the crest and trough of the policy rates over the growth-inflation cycle. In the post–policy dissemination, we made an extra effort to communicate this distinction between 'normal' and 'neutral' rates.

(iv) Monetary Policy Stance – Communicating Uncertainty

25. A frequent dilemma we face is about how much of the uncertainty surrounding a policy decision we should communicate. Our policy decisions are based, among other criteria, on macroeconomic data, all of which is in the public domain. The media has more than enough expertise to interpret and analyse this data. Nonetheless, the market is eager to know the Reserve Bank's interpretation of the data because, in the ultimate analysis, it is our interpretation that informs the policy decision.

26. To give you an example, the index of industrial production (IIP) data has been fluctuating in recent months bewildering analysts about the underlying trend and even raising doubts about the quality of the data itself. The market was understandably anxious about how the Reserve Bank might read the data. In order to let the market know that we do not know anything more than it does and to convey the extent of our uncertainty, in our September 2010 mid-quarter review we said '....the high volatility [of the IIP] over the past two months raises some doubts about how effectively the index reflects the underlying momentum in the industrial sector.'

(v) Disclosing Inflation Expectations Survey

27. The Reserve Bank conducts a quarterly inflation expectations survey based on a sample of 4,000 respondents spread over 12 cities including the four

metros. We have been doing this since September 2005 and have gradually refined the survey methodology over time. Although the survey was originally intended to be an internal exercise to improve our appreciation of the inflation situation, by 2009 there was a growing view within the Reserve Bank that we should 'communicate' the survey results to the public on the principle that, as far as possible, there should be no information asymmetry between the public and us. We resolved that issue fairly quickly. We got the data quality and data analysis peer–reviewed by a high level technical committee, and based on the committee's endorsement, decided on disclosure.

28. The real communication dilemma was the one that followed, whether we will be able to convey the arm's–length relationship between the 'Reserve Bank' and the 'Reserve Bank Survey', and make the broader public appreciate that the survey results are the opinion of the respondents and not of the Reserve Bank. We made a serious effort to maintain that distinction. Initial reports showed that some segments of the public remain confused but we are hoping that that confusion will be resolved in due course.

Communication Dilemmas Outside Monetary Policy Arena

29. As I said earlier, communication dilemmas arise not just in the domain of monetary policy but also with respect to other dimensions of the Reserve Bank's work. Let me give you some illustrations from those.

(vi) Guidelines for New Bank Licences

30. As you know, there is a proposal to licence some new banks. The last time the Reserve Bank had formulated guidelines for bank licencing was way back in 2001; the world has changed a lot since then. We realised that the guidelines for bank licensing need to be revisited in the changed context. The broad issues in new bank licensing are by now quite familiar: the initial size of capital, the period to be allowed for capital dilution, conversion of Non-Banking Financial Companies (NBFCs) to banks or promotion of banks by NBFCs and the advisability of allowing corporates to start banks. On several of these issues, the world view has changed; many heresies of the past have become orthodoxies today.

31. We were eager to evaluate our bank licencing guidelines in the light of later experience and to get broad-based feedback from all stakeholders. Accordingly we decided to put out a discussion paper listing the pros and cons of each of the decision criteria. We were genuinely open-minded and made deliberate efforts to communicate our 'open-mindedness'. Most media and a majority of the analysts had thought we came across quite well on that count. But a small segment said that we had betrayed our 'biases' causing some consternation within the Reserve Bank. It is not clear whether we had fallen short in our communication effort or whether our interlocutors were superimposing their own prejudices in evaluating us. Regardless, there is a lesson here for us to improve our communication.

(vii) Basel III – Getting the Message Across

32. As many of you know, the G-20, at its Seoul meeting in November 2010, endorsed the Basel III package for bank regulation and supervision. At the heart of Basel III are efforts to fortify the banking system, correct the incentive framework and ensure its long-term stability. We, in India, are in the process of evaluating the impact of Basel III on Indian banks and I have spoken about that at length elsewhere[2]. Basel III poses several challenges including communication challenges. Let me illustrate two of the important ones.

33. First, central to Basel III is the idea that banks should build up capital and provisioning buffers during good times and draw these down during downturns so as to be able to continue lending while absorbing losses. The underlying rationale is sound, but somewhat counter-intuitive. Experience shows that markets demand that banks maintain higher capital and provisioning during a downturn to withstand higher risks. If markets continue with such expectation, banks would likely 'hoard' capital and stop lending which will exacerbate the downturn. The communication challenge, therefore, is to educate the market on the Basel III notion of buffers and their manner of use so that these safeguards function the way they are intended to.

[2] '*Post-Crisis Reforms to Banking Regulation and Supervision - Think Global, Act Local*', Inaugural address by Dr. Duvvuri Subbarao, Governor, Reserve Bank of India, at the FICCI-IBA Conference on 'Global Banking: Paradigm Shift' at Mumbai on September 7, 2010.

34. The second communication challenge under the proposed Basel III package comes from the 'comply or explain' framework under which countries have the option to deviate from certain components of the package and explain why they have deviated. The concern really is that the market, known for its unfailing ruthlessness, will penalise any deviation, and the communication challenge for regulators is to persuade the markets to evaluate the country's compliance based on the explanation.

(viii) Systemically Important Financial Institutions (SIFIs)

35. The Basel Committee on Banking Supervision (BCBS) and the Financial Stability Board (FSB) are currently engaged in devising a framework for regulating and supervising systemically important financial institutions (SIFIs). SIFIs, as is well known, were at the centre of the recent crisis. Since they are 'too big to fail' and 'too interconnected to fail', they had to be rescued at a huge cost to the tax payers. The international level work, currently in progress, is engaged in identifying ways to reduce the moral hazard of SIFIs, defining the criteria for their identification and designing differential capital and liquidity surcharge for them.

36. Under the arrangement presently under discussion, SIFIs will be pre-identified on the basis of some defined criteria and subjected to graded prudential surcharges and other safeguards. These are intended to eliminate the moral hazard, reduce their systemic risk potential, and should it become inevitable, allow them to fail in an orderly manner. The intent is to pre-identify SIFIs for the purpose of greater supervision but not to disclose the list as that would accentuate the moral hazard.

37. The dilemma is how the market might actually respond to this deliberate non-transparency. Will the market guess the list of SIFIs, as indeed it will, and interpret the intent behind the enhanced regulation as a way of preserving the 'too big to fail' syndrome, continue to give SIFIs competitive advantage in funding markets on such a flawed understanding and thereby encourage risky behaviour? Or will the market appreciate that the true intent behind the pre-identification and more stringent regulation and supervision of SIFIs is to reduce the probability of their failure, and in the event of failure, to make their resolution feasible and apportion the burden across all stakeholders without burdening the taxpayers?

Limits to Transparency – Some Practical Challenges

38. As many of you will appreciate, there is a difference between appropriate openness and inappropriate openness. Greater transparency is not always better communication and white noise often complicates understanding. Also, central banks may sometimes withhold information for strategic reasons. Many of you will recall the intense debate that preceded the release of the results of bank stress testing in the US. There was an apprehension that banks that come out as 'stressed' will be pushed into a vicious circle of further stress as a result of the disclosure thereby losing the wriggle room to turn around. Let me give you two examples from our own experience to illustrate the communication challenges of this type.

(ix) Security Features of Currency Notes

39. We face a classic communication dilemma in disclosing the security features of our currency notes. We are deeply conscious that to check counterfeiting, we need to constantly enhance the security features of the currency. That is necessary but not sufficient. The sufficiency condition will be met when people become aware of the security features so that they can tell a forged note from a genuine one. The dilemma is that when we launch an awareness drive, we are providing information also to counterfeiters. We resolve this issue by making the replication of security features technically complex and prohibitively expensive, and also by incorporating some additional security features that can be detected only by sophisticated gadgets and equipment. An added challenge in this regard is that our awareness campaign has to educate the public without unduly alarming them. This has prompted us to opt for a soft campaign rather than a hard-hitting one; it might take longer to create the necessary impact, but it will be more lasting.

(x) Disclosing the Composition of Foreign Exchange Reserves

40. Let me give you another illustration of the limits to transparency. The Reserve Bank puts out the data on foreign exchange reserves every week with a lag of one week. We also publish a half yearly report on the management of foreign exchange reserves indicating several details including the objectives of the reserve management strategy, the adequacy of the reserves, risk management practices, *etc.* However, we do not disclose the currency composition of our reserves and we have been criticised for our lack of communication in this regard. The reason we do not disclose the currency composition is because, as the forex reserves manager, we are like any other commercial entity in the market. The information is market-sensitive and disclosure could potentially impact our commercial interests adversely. Disclosure also has wider implications for our international relations. Furthermore, market efficiency is in no way affected by our non-disclosure. Indeed non-disclosure is the norm around the world; a majority of the countries, particularly the large reserve holders, do not disclose the composition of their foreign exchange reserves.

41. We have, however, progressively moved towards greater disclosure in line with international best practices. The Reserve Bank is among the 68 central banks from around the world to have adopted the Special Data Dissemination Standards (SDDS) template for publication of detailed data on foreign exchange reserves, including some information on currency composition, investment pattern and forward positions. These data are put out on a monthly basis on the Reserve Bank's website. The Reserve Bank is also one of the very few central banks which publish market intervention numbers in its monthly Bulletin with a lag of two months.

Role and Responsibility of the Media

42. A lecture on communication dilemmas of central banks would be incomplete without a comment on the role and responsibilities of the media. So, let me address that issue briefly.

43. First of all, I want to compliment the Indian media – both print and electronic – for the useful intermediation role they play between policymakers and stakeholders. The media disseminates, interprets and explains the news to the public, and in the reverse direction, conveys stakeholder concerns, perceptions and opinions to the policymakers. In the Reserve Bank, we enjoy a professional and mutually beneficial relationship with the media. They add value by informing and educating the stakeholders on Reserve Bank policies and actions and keep us on our toes through their feedback and critique. I am often impressed by the depth of media analysis and their insightful opinion pieces and leaders. I will also let you in on a secret. My staff tutor me painstakingly before scheduled media interactions, but the depth of my understanding is oftentimes put to test by the media interlocutors who spring questions that we had not thought of.

44. Even as the media has been an effective intermediary between the Reserve Bank and its stakeholders, there are ways in which it can become even more effective. Let me make a few suggestions in this regard.

45. Sometimes, I find that the competition among the media militates against the quality of analysis. The media disseminates economic and financial news, indeed any news, at three levels. The first level is 'news' as 'news' and I can appreciate the race to be the first at this level. The second level is analysis and interpretation and the third level is 'opinion'. It is at these latter two levels that competition to be 'the first with it' compromises quality. The media will probably be more effective and value adding if it allows time for digesting the news and thinks through before 'analysis and interpretation', and does some research before coming out with 'opinion'. I am no expert in journalism, but as a consumer of journalism, I think my interests will be better served by more in-depth analysis and critique rather than of the 'get up and go' variety of opinion dissemination.

46. Second, media reporting is sometimes inaccurate, and the risk of misinformation in such cases is high. If Dr. Reddy's Labs in Hyderabad projects 9 per cent earnings growth and if that is reported under a large headline of 'Dr. Reddy projects 9 per cent growth', even the intelligent reader can be forgiven for believing it

to be Dr. Y.V. Reddy, the then RBI Governor, projecting 9 per cent GDP growth. Surely, more stringent quality control will make the media a more useful and effective 'news intermediator'.

47. Third, as much as I can appreciate the unwavering focus of the media on news that sells, the media has a responsibility also for broadbasing its reporting. You often report what policymakers say on the sidelines of an event in broad headlines and completely ignore the event itself. This tendency, I believe, is unfair to the event organisers as well as to your broader audience who should know of the event.

48. I am also intrigued by how the media picks up a tiny segment of a speech and reports only that, and that too often out of context. For example, a few months ago, I spoke at a bankers' conference on the implications of Basel III for the Indian banking system, and in passing I had made a comment about how the salary structure of public sector banks needs to be revisited to attract and retain talent. I was puzzled by how this bit alone got extensively reported and commented upon. Admittedly the reporting was constructive but I still feel that the larger issues of Basel III too should have made it to news and comments.

49. Finally, a brief but important comment on the role of the media during the recent crisis. It has played an effective and largely useful role in disseminating news and views, but also on occasion fuelled the frenzy. Some of the panic during the crisis could have been avoided, and at any rate contained, if the media opted for restraint instead of sensationalism.

50. I have critiqued the media not so much to find fault but to share my perceptions. I do want to reiterate that the media plays a constructive and value adding role and they are a critical instrumentality for the RBI as an institution and for me as the Governor in delivering on our mandate.

Conclusion

51. Let me now conclude. In matters of communication, central banks have certainly come a long, long way from their haughty indifference of the past to cautious eagerness of the present. Consider this. In the 1930s, in response to some criticism of the Bank of England by Lord Keynes, Sir Ernst Harvey, the Deputy Governor, deposed before the Macmillan Committee: 'As regards criticism, we (at the Bank of England) do not admit there is a need for defence; to defend ourselves is somewhat akin to a lady starting to defend her virtue.' Fast forward to today. Lady of virtue or no virtue, mystique and secrecy are no longer the bywords of central banks. On the other hand, central banks are now wise to the fact that in this age of globalisation, they can leverage on communication to enhance their effectiveness.

52. Increasingly, central bank communication is not just a matter of openness and transparency, but also of education, guidance, persuasion and dialogue; and of listening and learning. My interest in sharing with you the dilemmas and challenges we face in our communication has been to convey to you how we carefully weigh the various policy options and how, once we have made a policy choice, deliberate on what to say and how to say it. The Reserve Bank takes its communication role seriously. It is our continuing endeavour to communicate in a clear manner so as to minimise scope for misinterpretation; in an effective manner so that the diverse target groups get the relevant information and message; in an honest manner such that we explain the known knowns and indicate the known unknowns; and in a consistent manner such that people can link our policies and action to past trends and future projections.

53. No doubt, in the Reserve Bank, we still have some way to go to reach the best practice in communication. All I can say is we will make every effort to get there.

Reserve Bank of India

Some Recent Initiatives Towards Enhancing Communication

Substantive

- Increased the frequency of monetary policy reviews
- Pre-policy consultations with academics and media in addition to other stakeholders
- Rationale behind the policy decisions and context to the decisions clearly communicated in the monetary policy

- Forward guidance provided as and when expedient
- Expected outcomes from the policy actions are spelt out
- Rationalised macro and monetary developments and monetary policy documents to avoid overlaps and duplication – shorter, crisper
- Publication of Financial Stability Report twice a year
- Draft policies on website for feedback
- Explicit efforts to keep the consultation documents on major policy decisions clear of RBI biases
- Real-time handbook of statistics on the website
- Placing more and more research and data in public domain, including various surveys that provide inputs for the policy.

Procedure

- Publication of Governor's and Deputy Governors' public engagement schedule on RBI website to demystify these offices
- Live webcast/telecast of Governor's press conference and archiving it on website
- Publishing transcript of Governor's press conference on website
- Teleconferencing with media
- Editors' Conference once every year
- Post-policy interaction with researchers/analysts
- Streamlined major Reserve Bank publications, including monetary policy, to make them concise and reader-friendly
- Seminars and briefings with media and academics on important publications and research
- Informal briefings and training programmes for media persons to explain role and functions of the Reserve Bank and to explain specific immediate issues
- Publication of comic books on banking and central banking to reach out to children
- Outreach programmes to remote areas across the country for financial literacy/inclusion
- Participation in local exhibitions and melas
- Town hall events, outside of metros, to bring central bank closer to the layperson
- Special exhibitions (in Mumbai and Kolkata) to depict history of the Reserve Bank and money
- Opening of financial literacy centres in regional offices
- Focussed awareness advertising campaigns on matters of public interest

Implications of the Expansion of Central Bank Balance Sheets*

Duvvuri Subbarao

At the outset, let me congratulate the Bank for International Settlements (BIS) for bringing out a very analytical and comprehensive paper on the subject. The topic for the session has been thrown into prominence by the experience of the recent financial crisis when many central banks were forced to adopt an expansionary stance of monetary policy. The expansion of balance sheets of central banks has important monetary and financial implications. In normal times, a central bank's balance sheet attracts little attention. The relevance of the paper during the turbulent times marked with the fears of hard landing cannot be understated. The paper analyses the huge growth in Asian central bank balance sheets during the past decade, and as the trend does not show signs of abating, it throws open for debate the possible global implications and policy challenges.

2. The analysis of the liabilities side of the balance sheet exhibiting diversity across the Asian panorama is more interesting. Apart from currency and reserve money, liability items like issuance of central bank paper, the use of deposit facilities and changes in government deposits – all of them have an interesting story to tell. The efficacy of various instruments for sterilisation of large capital inflows have also been covered comprehensively in the paper. The challenges for central banks also include managing these more complex operational issues while ensuring that the structure of the assets and liabilities are consistent with central banks' overarching policy objectives.

3. Against this background, I will put forward my remarks under the following heads with our own experience, wherever, necessary.

i. Behaviour of Balance Sheets of Advance Economies and Emerging Market Economies (EMEs) during and after the Crisis

ii. Relative Efficacy of Different Instruments in the Context of Sterilisation

iii. Management of Capital Account

iv. Behavior of Reserve Bank's Balance Sheet

v. Market Stabilisation Scheme – India's Unique Sterilisation Scheme

vi. Use of Macroprudential Tools

vii. Reserve Management

viii. Communication Challenges of Holding Foreign Assets

Behaviour of Balance Sheets of Advance Economies and EMEs During and After the Crisis

4. The quantitative easing in the wake of the global financial crisis led to dramatic changes in the size and composition of central bank balance sheets. While both developed economies and EMEs resorted to unconventional monetary measures, there were differences in terms of their timing, types and magnitudes.

5. First, in the advanced economies, the switchover was from conventional monetary tools to unconventional measures due to policy rates reaching zero or nearing zero. In contrast, in many EMEs, unconventional foreign exchange easing measures such as currency swap preceded domestic liquidity-easing measures due to the sudden tightening of global liquidity. Thereafter, the conventional measures of loosening policy rates followed.

6. Second, to ease liquidity, advanced countries resorted to measures such as widening the availability of counterparties and extending the maturity of liquidity-providing operations. On the other hand, central banks in EMEs relied mostly on direct instruments such as reserve requirements.

* Comments of Dr. Duvvuri Subbarao, Governor, Reserve Bank of India at the Special Governors' Meeting in Kyoto, Japan, on January 31, 2011.

7. Third, the central banks in advanced countries extensively used credit and quantitative easing measures, while they were barely used in the EMEs. As a result of the extensive use of credit and quantitative easing, the enlargement in the balance sheet of central banks in the advanced countries was far greater than those of the EMEs[1]. As at end-May 2010, central banks' balance sheet of advanced economies amounted to US$ 7 trillion (Hannoun, 2010)[2]. In the Bank of England (BoE), from an average of size of 4.0 per cent of annual nominal GDP, BoE balance sheet expanded to over 17.0 per cent of GDP in 2010 (BoE Quarterly Bulletin, 2010Q1[3]). The Fed has been by far the most aggressive in expanding the size of its balance sheet, increasing it by 134 per cent in April 2009 as compared to a year ago (Sheard, 2009)[4]. In the EMEs, the size of the central banks' balance sheets had already expanded considerably before the crisis as central banks had built up reserves. The combined foreign exchange reserves of major emerging market economies stood at US$ 5 trillion in mid-2008 (Hannoun, 2010). Post–crisis, the size of assets of some of the EMEs like Indonesia, Malaysia and India witnessed a precipitous decline.

8. Fourth, the nature of expansion of liabilities of Asian central banks has been more diverse than that of assets. Currency and reserve money has risen sharply because of imposition of higher reserve requirements in order to curb growth of bank lending. In China and Indonesia, greater issuance of central bank paper and use of deposit facilities at central banks showed up significantly.

Relative Efficacy of Different Instruments in the Context of Sterilisation

9. The note from the BIS discusses in detail the efficacy of various instruments for sterilisation. It is important to recognise that the various instruments have differential impact on the balance sheets of the central bank, government and the financial sector. For example, in the case of open market operation (OMO) sales, owing to the difference between international and domestic interest rates, there is a positive cost of sterilisation in case the domestic interest rates are higher than the reserves. This cost is borne by the central bank. Sales of government securities under OMO also involve a transfer of market risks to the financial intermediaries, mostly banks. In the context of an increase in cash reserve ratio (CRR) or reserve requirements, the cost is borne by the banking sector if CRR balances are not remunerated. However, if the CRR balances are remunerated, the cost could be shared between the banking sector and the central bank. The central Government has to bear the cost in case of Market Stabilisation Scheme (MSS), a unique facility used in India, the details of which I will discuss in later part of my remarks. The repo operations have a direct cost to the central bank. The foreign institutional investors and the corporates have to share the cost of any capital controls used by the country. The extent of capital flows to be sterilised and the choice of instruments, thus, also depend upon the impact on the balance sheets of these entities.

10. In our case, in order to sterilise the impact of additional liquidity in the system generated through large capital inflows, open market operations (OMO) have been supplemented by daily liquidity adjustment facility (LAF) to deal with frictional liquidity. As mentioned above, since 2004, the Reserve Bank has instituted additional instruments of sterilisation, namely, the market stabilisation scheme (MSS). As and when necessary, the Reserve Bank has also used traditional instruments like CRR and statutory liquidity ratio (SLR) to absorb excess liquidity in the system. The cost of sterilisation is shared among the Reserve Bank, Government and the banks. Since, surpluses of the Reserve Bank are transferred to the Central Government, on a combined balance sheet basis, the relative burdens of cost between the Government and Reserve Bank are not of great relevance. However, the direct cost borne by the Government is transparently shown in its budget accounts.

[1] Ishi, Kotaro, Mark Stone, and Etienne B. Yehoue. 2009. 'Unconventional Central Bank Measures for Emerging Economies'. IMF Working Paper WP/09/226.

[2] Hannoun, H (2010) : 'The Expanding Role of Central Banks since the Crisis: What are the Limits?, BIS Speech.

[3] Cross et al (2010): The Bank's Balance Sheet During the Crisis, BoE Quarterly Bulletin, 2010Q1.

[4] Sheard, P (2009): 'Central Bank Balance Sheet Expansion', Nomura, 2010.

11. Greater flexibility in exchange rate movements, liberalisation of capital outflows, prepayment of external debt obligations and modulation of interest rate ceilings on non-resident deposits have also been used to manage capital account inflows from time to time. Given the availability of multiple instruments at its command, the Reserve Bank has the flexibility to use these instruments and modulate the liquidity and interest rate conditions amidst large capital flows. The use of specific instrument is contextual, depending not only on the nature and size of flows but also domestic considerations.

Management of Capital Account

12. When we talk of large capital inflows and the subsequent impact on balance sheet, we should be reminded that managing capital flows should not be treated as an exclusive problem of EMEs. The burden of adjustment has to be shared. How this burden has to be measured and shared raises both intellectual and practical policy challenges. The intellectual challenge is that we do not have a good theory that explains the role of capital flows in the determination of exchange rates. We, of course, have an established theory of current account management and the role of exchange rate as a variable in that. What we now need is a theory that encompasses both current and capital accounts and one that gives a better understanding of what capital controls work and in what situations. That is the intellectual challenge. What is the practical challenge? The practical challenge is that once we have such a theory, we need to reach a shared understanding on two specific aspects: first, to what extent are advanced economies responsible for the cross-border spillover impact of their domestic policies, and second, what is the framework of rules that should govern currency interventions in the face of volatile capital flows.

13. One option for EMEs, now more prominently discussed and even imposed by many countries, is capital controls on inflows. Experience in this regard has been mixed. Protagonists of controls have argued that capital controls are distortionary, difficult to implement, easy to evade, and that they become ineffective fairly quickly and entail negative externalities. On the other hand, proponents of capital controls contend that controls are desirable because they preserve monetary policy autonomy, save sterilisation costs, tilt the composition of foreign liabilities toward long-term maturities, and ensure macroeconomic and financial stability. The challenge for policymakers is to design and implement controls where the cost of compliance is lower than the cost of evasion. Refreshingly, the International Monetary Fund (IMF) has shed its long-held orthodoxy against capital controls. The policy note of the IMF published in February 2010[5] has referred to certain 'circumstances in which capital controls can be a legitimate component of the policy response to surges in capital flows'.

14. India has experienced both 'floods' and 'sudden stops' of capital flows. India has followed a consistent policy on allowing capital inflows in general and on capital account management in particular. Our position is that capital account convertibility is not a stand-alone objective but a means for higher and stable growth. We believe our economy should traverse towards capital convertibility along a gradual path – the path itself being recalibrated on a dynamic basis in response to domestic and global developments. Among the components of capital flows, we prefer long-term flows to short-term flows and non-debt flows to debt flows. Historically, we have used policy levers on the debt side of the flows to manage volatility. Contrary to popular perception, we have used both quantity and price-based variables to moderate debt flows. There is a ceiling on the extent of foreign institutional investors (FII) investment in sovereign and corporate debt (quantity variable) and there is also a withholding tax (price variable). External commercial borrowings (ECB) by corporates come in through both an automatic route and an approval route. ECB flows under both the automatic and approval routes are moderated by interest rate ceilings (a price variable) and those under the automatic route through an additional ceiling on total quantity (a quantity variable). Non-Resident Indians (NRI) deposits are monitored through an interest rate ceiling, a price variable.

[5] Ostry, Jonathan D. and Others (2010), 'Capital Inflows: The Role of Controls', IMF Staff Position Note, SPN/10/04, February 19, 2010.

Behaviour of Reserve Bank's Balance Sheet

15. For India, the size of central bank assets (as a percentage of GDP) increased between end–2001 and end–2007 but declined thereafter during the crisis period. The increase in the size during the period 2001 to end–2007 reflected the efforts of the monetary authority to prevent the destabilising impact of large–scale capital inflows on the domestic economy through intervention in the forex market. The Reserve Bank subsequently conducted sterilisation operations to offset the monetary impact of forex accretion. After 2007, unlike the significant expansion in the balance sheets of the central banks of several advanced economies that resulted from their policy responses to the crisis, the behaviour of the Reserve Bank's balance sheet was distinctly different since specific measures, such as, reduction in CRR and unwinding of Government's MSS balances implied corresponding contraction in Reserve Bank's liabilities, even as both measures were the key channels for injecting large liquidity to the financial system. Thus, through contraction in the balance sheet size, the Reserve Bank could expand the availability of liquidity. On the asset side of the balance sheet also, the contraction was driven by the decline in foreign assets in sync with capital outflows. The size of the Reserve Bank's balance sheet, however, increased significantly in 2009-10 (July-June)[7] as we exited from the liquidity enhancing measures undertaken during the period of crisis. It is interesting to note that unlike the advanced economies, India did not have to use large–scale policy stimulus to bail out failing institutions and freezing markets. Also, there was no purchase of private sector assets using central bank reserves

Market Stabilisation Scheme – India's Unique Sterilisation Scheme

16. Faced with large–scale capital inflows since 2003-04, the market-based sterilisation operations led to a progressive reduction in the quantum of securities with the Reserve Bank. In view of the finite stock of government securities available with the Reserve Bank for sterilisation, particularly, as the option of issuing central bank securities is not permissible under the RBI Act, a new instrument named as the Market Stabilisation Scheme (MSS) was introduced since April 2004 purely for sterilisation purposes as the capital inflows surged. Under this scheme, the Reserve Bank has been empowered to issue Government Treasury Bills and medium duration dated securities for the purpose of liquidity absorption. The scheme works by impounding the proceeds of auctions of Treasury bill and Government securities in a separate identifiable MSS cash account maintained and operated by the Reserve Bank. The amounts credited into the MSS cash Account are appropriated only for the purpose of redemption and/or buy back of the Treasury Bills and/or dated securities issued under the MSS. MSS securities are indistinguishable from normal Treasury Bills and Government dated securities in the hands of the lender. The payments for interest and discount on MSS securities are not made from the MSS Account, but shown in the Union budget and other related documents transparently as distinct components under separate sub-heads.

17. The ceiling for issuance of securities under MSS is fixed annually through mutual consultation between the Government and the Reserve Bank and indicated in the Union Budget estimates. The use of MSS (as against central bank bills where the cost is borne by the central bank) has contributed to the central bank independence since the central bank is not dependent on the government for its recapitalisation in the event of making losses and is, thus, able to carry out its monetary policy operations independently.

18. The introduction of MSS has succeeded broadly in restoring LAF to its intended function of daily liquidity management. The MSS has served as a very useful instrument for medium-term monetary and liquidity management. It has been unwound at times of low capital flows and built up when excess capital flows could lead to excess domestic liquidity. In the face of reversal of capital flows during the recent crisis, MSS balances provided a liquidity buffer which could be unwound to ease liquidity conditions and finance the fisc.

[7] The financial year of the Reserve Bank Balance Sheet begins from July 1 and ends on June 30.

Use of Macroprudential Tools

19. India like some other EMEs has by now accumulated a rich experience in the use of macroprudential tools. This has been acknowledged widely including in the ongoing work by the Committee on the Global Financial System (CGFS) to develop the framework and standards on maroprudential instruments which I am sure will popularise the use of macroprudential tools the world over. India's experience with the use of macroprudential instruments is unique. While the recently announced Basel III standards lays down counter-cyclical capital requirements at the aggregate level, India has used a sectoral approach to contain sharp build-up of credit in the housing and real estate sectors by imposing higher risk weights and provisioning norms. The same tool was used in the reverse direction when the boom conditions turned adverse, thus highlighting its feature as a countercyclical tool.

20. To give some examples of our use of macroprudential tools, during the expansionary phase since 2004, the rapid growth in housing and consumer credit was flagged as a concern and as a temporary counter-cyclical measure, the risk weight applicable to these loans was increased by 25 basis points in October 2004. Second, in the context of continuing high credit growth, the limitations of the prudential framework in capturing the ex-ante risks of pro-cyclical nature of bank credit were explicitly recognised in October 2005 which triggered an across-the-board increase in provisioning requirement for standard assets. Third, to counter the possibility of an asset bubble in addition to concerns about credit quality led to risk weight on banks' exposure to the commercial real estate (CRE) and capital market being increased from 100 per cent to 125 per cent in July 2005. Fourth, given the continued rapid expansion in credit to the commercial real estate sector, the risk weight on exposure to this sector was increased to 150 per cent in May 2006. Fifth, the general provisioning requirement on standard advances in specific sectors, *i.e.*, personal loans, loans and advances qualifying as capital market exposures, residential housing loans beyond Rs.20 lakh and commercial real estate loans was increased from 0.40 per cent to one per cent in April 2006 and further to two per cent on January 31, 2007.

Reserve Management

21. The BIS paper notes that large foreign exchange reserves expose central bank balance sheets to significant losses mainly from two sources: losses on holding of reserves due to exchange rate appreciation and carrying costs–the difference between the interest rate cost of funding the reserves and the return on foreign assets is the carrying cost of reserves. The guiding objectives of foreign exchange reserves management in India are similar to those of many central banks in the world – safety, liquidity and returns. In India, given that the domestic interest rates are higher than return on reserves, the carrying cost is positive. This cost has to be traded-off with the benefits associated with higher reserves in terms of confidence it provides to the market and serving as key ammunition to face crisis. The exchange rate movement of major currencies is exogenously given to any reserve manager. The reserve manager has to devise strategies so as to minimise the losses or gain from the movement in exchange rate.

22. The foreign currency assets are invested in multi-currency, multi-asset portfolios as per the existing norms which are similar to the best international practices followed in this regard. The broad strategy for reserve management including currency composition and investment policy is decided in consultation with the Government of India. The management of risks – credit risk, market risk, liquidity risk and operational risk and the systems employed to manage these risks are aimed at ensuring development of sound governance structure in line with the best international practices, improved accountability, a culture of risk awareness across all operations and efficient allocation of resources for development of in-house skills and expertise.

23. Although India does not have a deliberate strategy of building up reserves for self-insurance, our reserves got built up as a result of our relatively flexible exchange rate policy. The reserves so built up have been used to contain volatility in the event of capital flow

reversals. There has been much discussion post-crisis on the cost effectiveness of self-insurance. The main refrain has been that accumulation of reserves by EMEs as safety-net entails domestic costs while also leading to global imbalances. Be that as it may, but in evaluating the level of reserves and the quantum of self-insurance, it is important to distinguish between countries whose reserves are a consequence of current account surpluses and countries with current account deficits whose reserves are a result of capital inflows in excess of their economy's absorptive capacity. India falls in the latter category. Our reserves comprise essentially borrowed resources, and we are, therefore, more vulnerable to sudden stops and reversals as compared with countries with current account surpluses.

Communication Challenges of Foreign Assets

24. Over the last two decades, central banks have moved towards clearer communication and greater transparency. This has been driven by several motivations. Central banks have realised that open and transparent communication enhances policy effectiveness by way of achieving expected outcomes. Our communication on foreign assets reflects this philosophy. We have, however, progressively moved towards greater disclosure in line with international best practices. Every week we disclose the changes in foreign exchange reserves with a week's lag. Every six months, we publish a detailed report giving details of the objectives, risks and developments relating to reserve management operations. The Reserve Bank is among 68 central banks from around the world to have adopted the Special Data Dissemination Standards (SDDS) template for publication of detailed data on foreign exchange reserves. These data are put out on a monthly basis on the Reserve Bank's website. The Reserve Bank is also one of the very few central banks which publish market intervention numbers in its monthly Bulletin with a lag of two months.

25. We do not disclose the currency composition of our reserves and we have been criticised for our lack of communication in this regard. The reason we do not disclose the currency composition is because, as the forex reserves manager, we are like any other commercial entity in the market. The information is market-sensitive and disclosure could potentially impact our commercial interests adversely. Disclosure also has wider implications for our international relations. Furthermore, market efficiency is in no way affected by our non-disclosure. Indeed non-disclosure is the norm around the world; a majority of the countries, particularly the large reserve holders, do not disclose the composition of their foreign exchange reserves.

Centrality of Banks in the Financial System*

Shyamala Gopinath

I am delighted to be present here amongst you all on the occasion of the 12th Annual Conference of FIMMDA-PDAI. These conferences have, over the years assumed importance in not just bringing the participants together to tally notes and network but to take a pause and reflect over the issues arising out of fast-changing times.

2. I see from the agenda for the Conference that the focus is on the emerging post-crisis regulatory landscape for the financial sector – Basel III framework for banks, over-the-counter (OTC) derivative markets *etc.* There has been quite some progress internationally in repairing the financial system – strengthening the regulation of institutions – banks/non-banks – and markets as well as the support framework.

3. But increasingly, the central role of banks in the entire network enmeshed through the financial system is coming out in a much sharper way. Even in market-based financial systems, which were supposed to contribute to disintermediation of the role of banks in a big way, the vital support functions being performed by banks came out clearly during the crisis. The recent crisis was, as much as other things, about the centrality of banks as the supporting lifelines of financial markets. There is a clear recognition of the inadequacies of the regulatory approach based on the assumption of self-contained, well-functioning markets which ignored the risks these markets passed on to the banking system.

4. There is a rich literature on comparative benefits of bank-based versus market-based financial systems. The bank-based view highlights the positive role of banks in leveraging informational advantage about the firms for capital allocation and ensuring better credit discipline. In contrast, the market-based view highlights the growth-enhancing role of well-functioning markets in fostering greater innovation; enhancing greater market discipline and corporate governance. Market-based systems were supposed to reduce the problem of moral hazard inherent in bank-based systems. However, it is increasingly being recognised that any system is essentially an interplay of dynamic interaction between banks and markets and right interpretation of this interplay would be critical for addressing systemic stability.

5. In my address today, I intend to focus on this intriguing interface between banks and financial markets which has undergone a fundamental shift in the recent times–banks have become intricately linked to financial markets and hence, more susceptible to strains in financial markets; at the same time, functioning of markets has become intricately linked to banks which then emerge as the receptacle for most of the risks within the financial markets.

Banks Getting Linked to Capital Markets

6. Banks' increasing interdependence on the capital markets was largely driven by the gradual blurring of lines between commercial banking and investment banking in developed markets. Adoption of the universal banking model and the repeal of the Glass-Steagall Act in the US largely settled the debate at the time. The transition had a significant impact on the balance sheet profiles of banks which became more exposed to market forces and the incentive frameworks clearly worked to favour this.

Assets

7. Increased recourse to 'originate and distribute' model of asset creation and increased reliance on wholesale, market funding of balance sheets were two most evident signs of this shifting paradigm and which also contributed significantly to the intensification of the global crisis.

8. The 'originate and distribute' model was at the heart of complex securitisation and credit derivative

* Inaugural address by Shyamala Gopinath, Deputy Governer, Reserve Bank of India at the 12th FIMMDA-PDAI Annual Conference, Udaipur, January 8, 2011.

structures that accentuated the crisis. The underlying incentive at work behind the engineered supply of highly rated instruments was the regulatory framework for capital adequacy. The instruments of financial engineering had provided a simple mechanism to convert a portfolio of loans originated by the entity into tranched securities with differential ratings. There seemed to be an insatiable demand for highly rated instruments and the underlying nature and risks of the instruments were not important as long as the rating agencies assigned the required ratings. The ironical feature was that most of these structured high-quality securities were held within the banking system itself as, for banks, investing in these securities was much more optimal from the capital perspective than holding on to the loans originated by them. It was a reverse maturity transformation in action on the asset side – long-term assets getting re-transformed into shorter duration market-linked instruments.

9. At a more fundamental level, the above trend was supported by the conception of treating financial risks as commoditised products which can be transferred and traded in the market. From this perspective, all that should matter is the ultimate risk exposure and not the nature of the underlying transaction. Originating loans was, thus, treated on par with taking on credit exposure through purchase of bonds or even writing of credit protection through credit default swaps. The adverse incentives such an approach induced in banks' behavior and its impact on the stability of the financial system are still to be fully appreciated in the regulatory frameworks.

Liabilities

10. On the liability side, a similar transformation was evident from reliance on low-cost, durable retail deposits to short-term, wholesale, market-linked funding. Financial institutions worldwide increasingly started relying on wholesale funding to supplement demand deposits as a source of funds becoming, therefore, vulnerable to a sudden drying up of these sources of funds. The deep and liquid global inter-bank markets were supposed to have mitigated the requirement and need for costly stored-liquidity. More than that, there was the benefit of leveraged liquidity – the repo markets provided a mechanism for banks to use/re-use liquid, high-quality securities to raise requisite funding.

11. Unregulated repo markets, resembling a fractional reserve banking model with similar multiplier effect, emerged as one of the weakest points escalating the crisis. Banks were relying heavily on the wholesale market funding through repo markets. During the crisis, however, there were sharp contractions in available market liquidity, which have been explained based on the interaction between margin calls and market liquidity, the cyclicality of leverage. In fact, although the ongoing crisis was initially dubbed the 'subprime crisis' some authors have started to refer to it as the 'liquidity crunch of 2007-2008' (Brunnermeier, 2009).

12. Another problem with the repo markets was that a substantial part of 'good assets' of the banks got utilised as collateral for short-term borrowings. This raises serious issues as far as the interest of depositors and other unsecured creditors are concerned – in times of crisis the available assets backing them would be greatly reduced. What incentivised this framework was a supposedly market-friendly provision in the US laws which gave the repo contracts an exemption from the bankruptcy proceedings.

Capital

13. The above transformations on the asset and liability sides were extremely capital-efficient. These made possible for banks to have a greater balance sheet size on a smaller capital base. More so, the very capital held by the banks became linked to market demands. Increasingly, the Basel norms have permitted quasi-equity, subordinated debt instruments to be held and counted as capital for capital adequacy purposes. Such instruments, pre-crisis, constituted almost 75 per cent of the total capital held by banks in developed countries. These were essentially capital market instruments with some optionalities attached to them.

Income Composition

14. The overall balance sheet transformation was clearly evident in the increased reliance on non-traditional business activities that generated fee income, trading revenue, and other types of non-interest income. A significant proportion of bank

revenues came from such activities and there was a view that this diversification of income streams was healthier for bank profits. Consequently, there was a conscious shift towards larger proprietary books and greater investment in 'owning, investing in and sponsoring' hedge funds and private equity ventures. Banks were effectively working as leverage-providing conduits for hedge funds and like entities which ran huge positions across all markets.

15. There was an entire set of market microstructure which facilitated the above transition – the rating agencies, accounting standards and legal documentation practices. The role of rating agencies was particularly critical as they, blessed by the regulators, provided the requisite comfort and legitimacy to riskier instruments and enabled deployment of a substantial chunk of institutional funds into such securities. The accounting standards, while aiming at reflecting the 'true and fair' picture of the balance sheets, made the balance sheets much more procyclical and market-skewed. The legal documentation, particularly related to bilateral contracts on the OTC markets, by reinforcing the collateralisation discipline, also exposed the entities to contagion effect from extraneous developments. Additional margin calls and liquidation of securities kept as collaterals added to the negative feedback loop.

16. The end result of the banks' increasing reliance on capital markets and capital market intermediaries was an explosion in the total size of financial markets. Based on the leverage provided by bank balance sheets, the market volumes and liquidity increased tremendously. This trend also put the banks at the centre of the entire financial market. At the slightest problem with these banks, the entire financial system could come unstuck – this is what precisely happened during the crisis.

17. The next section deals with the numerous implicit support systems provided by banks for a well-functioning capital market.

Capital Markets' Linkage with Banks

18. Market-based financial systems were supposed to have reduced the dependence of the financial system on banks. However, with increased market-orientation of bank balance sheets, banks emerged as the proverbial gorilla in the room. Their presence was everywhere, implicit or explicit – as providers of liquidity and leverage, as market-makers, as repositories of credit risk, as support for other market intermediaries – this was particularly true of non-equity markets. As major market participants, it is the banks which create and enhance market liquidity by virtue of their participation without which it would be difficult to envisage the success of markets.

19. For any market to gather huge volumes and carry out its function of enabling efficient price discovery, the critical factor is the presence of entities with deep pockets which can act as market-makers and provide necessary funding support when required. Banks running large proprietary books with the backing of huge balance sheets carry out this function in the institutional markets. Banks remain the ultimate warehouses of liquidity and provide easy and convenient access to liquidity in times of need. In this role, banks also expose themselves to considerable liquidity risks as liquidity providers and as conduits for flow of funds in a market-based system. The more developed the markets are, the more are the requirements for such liquidity providers. Capital markets continue to depend upon banks as providers of liquidity and the success of the market greatly depends upon the extent to which banks are able to fulfil such requirements.

20. Efficient markets are based on the assumption that the participants can borrow and lend unlimited quantities of funds. While in practice that is not completely true, banks do provide funds to various market participants enabling them to trade. Such a facilitation of leverage helps the markets in achieving their optimal efficiency. However, in their role as providers of such funds to entities involved in leverage, banks expose themselves to significant credit risks, since any wrong decision by the leveraged participant results in a loss not only to him but also in potential loss to the lending bank. Banks' lending activity and the concomitant credit risks are only increasing with the increase in the financial market activity, indicating the growing reliance of markets on banks. In the process of providing leverage, banks themselves can

become highly leveraged which may result in systemic risk for markets.

21. The off-balance sheet support by banks to the Structured Investment Vehicle (SIVs) emerged as one of the critical, unrecognised linkages which were responsible for the crisis. As it turned out, the SIVs were involved in proxy-maturity transformation on behalf of banks. They were investing in long-term asset-backed-securities and other tranched instruments and funding themselves through short term commercial paper market with banks being the major investors. The implicit liquidity support provided to banks was nowhere recognised on the bank books and as the crisis unfolded, many such SIVs came under stress and it were the bank balance sheets which got directly impacted.

22. It is now very evident that non-bank market participants are, in general, cautious about taking on credit risk. It is either the banks or some sovereign supported entities which, as credit support providers in the form of guarantees, letters of comfort *etc.*, take on the credit risk.

23. Even the Centeral Counter Parties (CCPs), which guarantee market transactions and assume counterparty risks through novation, ultimately depend on banks for the settlement guarantee funds. In many cases, even the margins to be kept by the participants with the CCP are in the form of bank guarantees. Banks not only provide Line of Credit (LoC) and Securities Lines of Credit (SLoC) for the participants in the CCP mechanism but also expose themselves, as owners of CCPs, to residual risks of CCP in the waterfall structure of default settlement mechanism. Despite the advancements in market infrastructure leading to development of markets, the dependence of markets on banks continues to exist.

What has Happened Post-Crisis?

24. Many of the above issues came out very clearly during the crisis and are being sought to be addressed.

25. There is now a generally accepted consensus on improving the quality of capital of banks and the new Basel norms prescribe a higher portion of pure equity. There are also proposals for a new form of instrument – contingent capital – which would be nothing but a convertible debt security that would automatically convert into equity as the institution's financial condition weakened. This mandatory conversion feature means that the debt security would not default and thus bankruptcy would be avoided. In essence, a pre-planned contract replaces the bankruptcy process and gives greater certainty. The key criticism against this proposal, apart from the interest among the investor community, is that it does not address the adverse incentive of risk-taking on part of the shareholders. There is also a need to ensure that the equity-holders bear the loss and the hierarchy of subordination is maintained.

26. The new Basel norms for trading book, finalised in July 2009, attempted to improve the management of risks in bank trading books, as well as enhance the treatment of risk concentrations, off-balance-sheet exposures and securitisations. Central to the proposals was the introduction of an Incremental Capital Charge (ICC) for trading book risks, which will supplement the existing value-at-risk (VaR) modelling framework and introduction of a stressed VaR requirement, using historical data from a one-year period of significant losses. Securitisation exposures have been made subject to a much stringent banking book charge based on credit ratings, and the specific risk capital changes for securitisation and re-securitisation have been enhanced.

27. In the US, the comprehensive Dodd-Frank Act has been enacted which addresses, among others, the issue of separation of proprietary trading from banks – the Volcker rule. The Act contains a diluted version of the original Volcker proposal, which will restrict banks' proprietary trading[2], impose additional capital requirements on shadow banks engaged in proprietary trading, and restrict banks' ownership stakes in hedge funds and private equity funds. Banks are allowed to own or sponsor hedge funds and

[2]Proprietary trading is broadly defined as engaging as a principal for the trading account of the banking entity or non-bank financial company supervised by the Board in any transaction to purchase or sell, or otherwise acquire or dispose of, any security, any derivative, any contract of sale of a commodity for future delivery, any option on any such security, derivative, or contract, or any other security or financial instrument that the appropriate Federal banking agencies, the Securities and Exchange Commission(SEC), and the Commodity Futures Trading Commission (CFTC) may…determine.

private equity funds and even to invest in them as long as their holdings do not account for more than 3 per cent of the bank's capital or 3 per cent of the fund's capital.

28. There have been concerted attempts at addressing the adverse incentives available to senior, secured creditors of banks. It is being accepted, much to the chagrin of markets, that investments in market-based instruments such as bonds do not imply complete protection in default cases. 'Bail-in' provisions, which would require the senior bondholders to write-down the value of their investments *albeit* after the equity holders have taken the losses, are being discussed as viable options.

29. In regard to addressing concentration of risk in the CCPs, work presently being undertaken by Financial Stability Boards (FSB) and Basel Committee on Banking Supervision (BCBS) include proposals for capital requirement on banks for contribution to default guarantee funds maintained by CCPs based on the amount of initial margin posted with the clearing house and its own financial resources. It is being argued that capital benefit to market participants should be provided only for the transactions settled through those CCPs which are fully compliant with the principles enunciated by Committee on Payment and Settlement System (CPSS) and International Organisation of Securities Commission (IOSCO). The exposure to non-compliant CCPs would attract higher capital charge.

Indian context

30. In India, the bank balance sheets are relatively less aligned with capital market – both on the asset side as well as liability side. Capital in the form of subordinated debt and other non-equity instruments constitutes only around 38 per cent of total capital. Issuance of such instruments is restricted by the limit on non-equity elements of regulatory capital. The investments in such instruments by other banks and Financial Institutions (FIs) is constrained by aggregate limit on cross holdings between banks and FIs (10 per cent of investing bank's/FI's total capital). This limit is aimed at reducing the inter-connectedness among the financial institutions. It also ensures that the capital in the banking system comes primarily from outside the banking system. Even though preference shares have been added to the list of eligible capital instruments, there have hardly been any issuances in the market.

31. There are prudential limits on banks' reliance on short-term funding markets. The overnight unsecured market for funds is restricted only to banks and primary dealers (PD) and for these too there are limits on both lending as well as borrowing. Inter-bank liabilities in all forms for any bank have to be within 200 per cent of its networth. There are collateralised segments such as market repo and Collateralised Borrowing and Landing obligations (CBLO) but access to these is contingent on the availability of securities, which is floored by the SLR requirements, currently 24 per cent.

32. On the asset side, fundamental guiding principles, as far as banks' investment activities is concerned, have been:

i. *Nature of different credit exposures is different and all exposures cannot be treated on par.* The regulatory prescriptions have not recognised the concept of 'risk as a fungible commodity' and the fundamental distinction between banks taking credit exposure through giving loans and investing in bonds has not been lost. There are stipulations capping banks' investments in corporate bonds, particularly unrated bonds which are nothing but proxy loans. Recently, a limited relaxation from these norms has been permitted in the case of bonds issued by companies engaged in infrastructure development.

ii. *Underlying intent and spirit of a particular transaction is more relevant than the form.* Illustratively, the legal framework in India recognises repo transactions as lending and borrowing and the Reserve Bank has issued accounting guidelines to reflect the substance of these transactions.

iii. *Contamination risks arising from off-balance sheet activities need to be contained.* The off-balance sheet activities of Indian banks consist mainly of sponsoring of mutual funds (MFs) and venture capital funds. There are reputational concerns regarding banks' excessive involvement in mutual and venture capital funds. Such concerns mainly emanate from the use of bank's name by all the entities sponsored by it. Such association extends the perimeter of the parent bank's support to the sponsored entities much beyond the obligations defined by the share-holding or voting power. While such concerns can be mitigated to some extent by holding additional capital using some sort of proxy, the effective containment of such risks rests only in limiting such activities.

33. I must, however, admit that it is impossible to have a straightjacket framework and in the recent past, there have been many instances which have tested the scope and nature of banks' involvement with market-based systems.

- *Corporate bond market:* The interplay between bank-based and market-based models has been very prominent in the case of corporate finance. Traditionally, the financing needs of the corporates were met by banks in the form of loans, cash credits, *etc.*, With the development of financial markets, it was generally believed that migrating to market-based model and the resultant disintermediation would enable higher allocative efficiency of capital and enlarge the base of lenders. But international experience largely shows that while almost all developed markets have corporate bond markets, relatively few are regarded as large or active. In India too, inspite of persistent policy focus, this is one area where the outcomes have been less than satisfactory. The intractable issues pertain to the structural elements relating to the lack of appetite for credit risk among non-bank institutional investors. The issuances have, therefore, been largely restricted to financial institutions and public sector entities.

  A case has been sought to be built in favour of allowing banks to guarantee bonds. While this may increase attractiveness in the short- run, the underlying objective of de-risking the bank balance sheets will not be met. Further, this would hamper with the process of true price discovery for credit risk in the market through corporate bonds.

  The critical need for an explicit bank support even a partial credit enhancement, came out during our interactions with market participants on issues plaguing corporate bond market – surprisingly nobody referred to Credit Default Swap (CDS) as being an answer.

- *Securitisation:* Much of the adverse incentives related to 'originate and distribute' model were addressed in the 2006 guidelines which primarily reinforced the true sale characteristic of the transaction and disallowed booking of profit on securitisation upfront. However, much of the securitisation market has since moved to single loan securitisations. While there is nothing inherently wrong in such transactions, these securitisations may not be sustainable as these are confined to particular class of loans and dependant on a particular class of investors, and hence, do not benefit from any diversification of risk. Another trend is the direct assignment of loans to the investors without any securitisation. Such transactions are similar to securitisation in substance and there should not be any difference in the application of the prudential norms.

  The Reserve Bank is in the process of finalisation of the guidelines which, apart from aligning the prudential norms for securitisation and direct sales, also include guidance on minimum retention requirement (MRR) and minimum holding period (MHP). A critical issue in this context relates to the impact on short-tenor loans – some market participants feel that the proposal to have MHP of 9 months would practically take the short-term loans out of the purview of securitisation. However, encouraging securitisation of short-term loans may only accentuate the adverse incentives that are sought to be addressed.

- *Issuance of Irrevocable Payment Commitments by banks to stock exchanges*: The issue of banks undertaking custodian services issuing Irrevocable Payment Commitment (IPC) to exchanges on behalf of Mutual Funds/FIIs has been engaging our attention for some time. These IPCs were in the nature of non-fund based credit facility but were not being included for computation of Capital Market Exposure (CME).

  After giving multiple extensions to banks in this regard, it was recently decided that the potential risk on T+1 would be reckoned at 50 per cent of the settlement amount. Also, this amount would be reckoned as CME at the end of T+1 if margin payment/early pay-in does not come in. IPC would also be reckoned for the purpose of capital adequacy.

- *Issue of structured forex derivatives by banks*: In view of the huge losses booked by many corporate on structured forex derivatives sold by banks, it was decided to revisit the regulatory stipulations in this regard. Initially, it was proposed that no cost-reduction structures would be permitted. However, we received a lot of representations from the corporate sector about the usefulness of some of these structures in risk management. After detailed, protracted consultations with all stakeholders, it has recently been decided to permit certain un-leveraged, non-exotic structures only for large corporates with minimum net worth of ₹100 crores and following accounting and disclosure norms as stipulated under AS 30 and AS 32.

- *Introduction of CDS*: The overarching argument for introduction of CDS is that it enables stripping and trading of credit risk and it eventually helps in diversifying the credit risk inherent in banks' balance sheets. While ideally it would make sense to start with an enlarged pool of protection sellers, the regulators concerned may not be comfortable in allowing their regulated entities to write credit protection. So, to begin with, the only natural protection sellers and effective market makers may again be banks and NBFCs.

  In spite of the basic economic rationale behind CDS, it has been subject to many criticisms internationally, in particular the adversarial incentives it provides to the protection sellers *vis-a-vis* the underlying entity on whom the CDS is written. Our endeavour is to facilitate introduction of CDS while trying to address the concerns. Only covered CDS buying is envisaged and loans have been kept out of the eligible underlying obligations. Restructuring is not envisaged as a recognised 'credit event'. It would be critical for the real sector to see the value in this product while being cognizant of the dynamics of the product and its potential impact on the corporates whose bonds would be the underlying credit.

Conclusion

34. It is clearly evident that the migration to a market-based model, from the conventional bank-based model where banks used to play a very critical role in intermediation, has not diminished the importance of banks in the financial system. In fact, with higher growth in the financial markets, the responsibilities cast on the banks are on the increase. Therefore, it would be a fallacy to assume that with the migration to a market-based model, banks' role in the financial system and, therefore, the need for regulatory focus is less than critical. Rather, I would say, the regulatory challenges have grown manifold due to this new evolving relation between banks and financial markets.

35. It will be imperative for any regulatory framework to recognise this close inter-linkage and frame the regulations accordingly. The critical focus area, as part of the emerging macro-prudential and systemic risk frameworks, would have to be identification of where the risks lie.

36. Let me conclude by underlining some of the broad issues that would need to be addressed in the Indian context going forward:

a. *How to strengthen capital requirements for market risk when most banks are on Standardised Approach?* The Basel III regulatory initiatives under Market Risk are largely focussed on the Internal Model based approach. Banks in India are currently on the standardised approach and, in any case, most of the banks would continue to remain under the standardised approach. There is, therefore, a need to address the upgradation of the standardised approaches also. We are considering calibrating the capital requirement under standardised approaches with the available data for market risk.

b. *How to strike a balance in regard to fee-based revenue streams of banks?* While non-interest income does offer diversification benefits, it may not necessarily be less risky than conventional loans. Apart from the financial risks, there are significant reputational risks, particularly when banks engage in distribution of third party products. There cannot be rule-based prescriptions in this regard. But it would be imperative for the bank Boards to closely understand the underlying risks, assess whether returns are commensurate with the risks and monitor such businesses of banks. For market discipline to work, increased, granular disclosures of fee-based income may have to be looked into.

c. *How to address conflicts of interest in banks' lending relationships and capital market activities?* Can the Chinese walls be really effective in ensuring real separation of these activities within a bank? This issue is also relevant in respect of banks being allowed to trade on exchanges for clients.

d. *How to strengthen the rating regime*? The rating requirements in India are essentially driven by regulatory policies applicable to exposures of the regulated entities to various asset classes. It would, therefore, be imperative that the rating methodology employed for such activities is looked into by the regulator concerned.

The credit rating agencies (CRAs) are supposed to adopt a through-the-cycle approach while assigning ratings. The regulators will need to modulate the risk weights applicable to the external ratings dynamically as per their assessment of systemic risk.

Towards strengthening the framework for CRAs, the system needs to shift away from issue-rating to issuer rating – the rating assigned to a particular instrument cannot be taken as reflective of the credit risk of the issuing entity.

e. *How to address excessive collateralisation of balance sheets?* In view of the SLR requirement, such collateralisation may not, as yet, be posing serious risks to bank balance sheets in India. However, significant reliance of market entities on collateralised overnight funding market (CBLO/market repo) and increasing use of collateralisation for OTC derivatives may still put strain on banks, particularly in times of systemic crisis. This aspect may have to be considered in framing leverage requirements for banks.

f. *How to increase the appetite for credit risk among non-bank institutional investors?* This would be a big challenge for the development of credit markets. At the structural level, two things would be critical here: an efficient legal framework to enforce security and a sound bankruptcy regime.

g. *Lastly, how to encourage true market development without the support of banks?* This can be a challenging task in a financial system still dependent on banks for financial intermediation. It is really a chicken-and-egg situation – without banks' support, markets may not develop but once having allowed banks to provide support, it becomes impossible to withdraw it. Perhaps a middle ground many have to be explored.

37. I hope some of these issues will get deliberated during the course of this Conference. These are broader policy issues which need to be debated and discussed among all stakeholders.

*Emerging Trends in Payment Systems and Challenges**

K. C. Chakrabarty

It is a pleasure and privilege to be here at the Banknet's 7th Annual Conference on Payment Systems. The theme of conference – 'Moving to Next Generation Payment Systems & Solutions' – is fitting especially at a time when the banking industry is going through a transitional phase of broadening, deepening and strengthening the financial services available to the masses. I take this opportunity to congratulate Banknet for providing this platform for the banks, the IT industry and other stakeholders to interact in an attempt to outperform the global benchmarks and in ensuring greater reach of the banking sector amongst the masses.

2. An efficient and well-run payment system is *sine qua non* for the efficient functioning of any economy. The smooth functioning of the market infrastructure for enabling payment and settlement systems is essential for market and financial stability, as also for economic efficiency, and for the smooth functioning of financial markets. The central bank plays a crucial role by providing the ultimate settlement asset in the form of central bank money.

3. The importance of a well-run payment system was recognised in its entirety as the financial crisis of 2008 unfolded. But we need to recognise that the financial crisis also brought to the fore another important lesson. The financial sector and the payment and settlement system infrastructure have to be subservient to the real sector and no country can attempt to reverse it as it would be akin to the classical case of putting the cart before the horse or the tail wagging the dog. The euphoria of financial alchemy might have created a mirage of the financial sector existing on its own; but the reality is different. Financial sector is like a wheel which derives its strength and resilience from the real economy which is the engine of growth. It is this engine which drives the financial sector. Smooth running of these wheels calls for an efficient payment system which is safe, secure and efficient, thereby, enabling faster and safer movement of funds in the economy. The legislation of the Payment and Settlement System (PSS) Act in India has given a boost to the confidence in the Indian payment system.

4. The topic of my address today – 'Emerging Trends in Payment Systems and Challenges' – is a dynamic one. Although banks are major players in this arena, there are non-banks players also and any discussion on this would be incomplete without including them. My speech would, therefore, cover payment products provided both by banks and non-banks. Let me share some thoughts on (i) initiatives in electronic payment systems, (ii) other payment products & payment channels and (iii) challenges for banks and regulators.

Initiatives in Electronic Payment Systems

5. Electronic payment products are expected to provide speedier, cheaper and hassle-free payment experience to customers in comparison to traditional paper-based payment instruments. The evolution of electronic payment products in the country have progressed through two main phases – (i) introductory phase and (ii) rationalisation phase. During the introductory phase, electronic products like ECS and EFT were introduced in the country by the Reserve Bank. These systems were decentralised serving the population of specific areas. Straight through pan-India coverage was not provided by these systems. The focus of the Reserve Bank during the rationalisation phase has been to introduce centralised payment solutions. This coincided with the implementation of Core Banking Solutions/centralised liquidity management solutions in banks. The Real Time Gross Settlement System (RTGS), National Electronic Funds Transfer

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(NEFT) and National Electronic Clearing Service (NECS) provided settlement at a central location.

6. The vision for the next phase was set out in the 'Vision Document' on Payment and Settlement Systems for the year 2009-2012. The document clearly identifies the new frontiers and a road-map for implementation of new projects. The vision includes implementation of a new RTGS system which would provide additional features including that for liquidity management, India MoneyLine – a 24x7 system for one-to-one funds transfers, India Card – a domestic card initiative, redesigned ECS to function as a truly Automated Clearing House (ACH) for bulk transactions, and mobile payments settlement network.

7. The growing trend in the usage of various modes of payment is a clear indication of the momentum acquired in the area of payment systems. (Annex)

Other Products and Payment Channels

8. The card-based payment systems have been evolving over the period. The card-based payment system in the country covers credit/debit and prepaid cards. About 230 million cards have been issued in the country. We have been witnessing an increase in the usage of cards (debit, credit) across various delivery channels like ATMs, Point of Sale (POS), internet transactions, etc. On an average, 396 million transactions of value ₹ one lakh crore is being processed during a month using these cards. The challenging canvas for the central bank and operators of the various payment systems lies in ensuring that while the various products are increasingly used across various delivery channels, the security of the payment systems is not compromised and the customer's funds are protected. This is a big challenge to be faced to avoid erosion of customer confidence in the new-age payment systems. It was towards this endeavour that the Reserve Bank mandated the additional factor of authentication for all card-not-present transactions, which is perhaps the first attempt made in this direction by any regulator. We are also in discussion with banks and the card companies to introduce an authentication system for transactions at POS. At the same time, given the sprouting instances of cloning happening, particularly with regard to ATM cards, we have also started contemplating a move over to more secure 'Chip and Pin' cards.

9. Subsequent to issuance of the guidelines on prepaid payment instruments, this segment has also seen a spurt in activity. Banks as well as non-banks currently operate in the prepaid payments segment. This product segment is being leveraged by non-bank providers for entry into payments arena. Sixteen non-bank entities have been given approval to issue these products. It is heartening to see that these players have been able to bring in many innovative payment products leveraging payment channels like internet and mobiles. Currently, on an average Five lakh payment transactions are processed by these entities. Reserve Bank would promote the activities of these players so as to make the payments scenario more vibrant.

10. Mobile phone-based payments are one of the important evolutions in payment systems. The guidelines on mobile banking issued by the Reserve Bank were an initiative to promote the orderly development in the use of this channel by banks. Currently, 39 banks have been granted approval by the Reserve Bank to provide payment services using this channel. 34 of these banks have started operations. On an average, 5.5 lakh payment transactions of value ₹56 crore are being processed through this channel during a month.

11. Banking is an activity which only banks can undertake. For development of mobile banking, co-operation between the banks and the mobile service providers is important. World over, the race for mobile companies to become banks and banks to become mobile service providers have failed. Mobile transaction platforms initially designed by banks or mobile service providers based on this race have resulted in silos, which provide only limited transaction ability and almost nil interoperability. This has resulted in stagnation in the growth potential for such services. A successful model requires building up of partnership arrangements which leverage on the respective strengths of the stakeholders. The roles and responsibilities of each partner have to be clearly defined and agreed to. No entity can consider itself to be the dominant partner for deciding on issues like

revenue-sharing. Further, no entity can operate a successful service independently in the long-run. This realisation has resulted in coming together of operators in the US to provide a transaction channel to their customers which would facilitate the use of bank-issued payment instruments – effectively leading to the clear demarcation of the role of each service provider.

Financial Inclusion

12. Although I have listed out the efforts taken by the Reserve Bank in the promotion of payment systems and for ensuring the operations of efficient and risk-free payment systems, none of these would receive applause unless financial concerns of the underprivileged sections in the rural and urban areas is addressed by the various participants. The banks have been including savings and credit/overdraft as major components of the financial inclusion plans. However, in a country like India where there is a large proportion of migrant labour, the crying need of the hour is to provide hassle-free remittance services to this segment of the population. It is an unsavoury truth that, today, a migrant category house maid, even in metropolitan cities like Mumbai, face challenges in remitting funds back to her village. Let alone an uneducated maid, even the privileged class of people face challenges in remitting money. The other day, one of our own officers (who obviously believed in maintaining his anonymity) was turned away by a bank branch in Mumbai when approached to remit money to his own account maintained with the same bank at an urban centre in a different part of the country. The reason given by the branch manager – the need to adhere to Know Your Customer (KYC) norms! If the KYC norms are carried by the banks to this extreme to deny service, despite the person offering to prove his identity, in no time the banking sector will lose this business to alternative models. Another reason often stated by the bank branches for denying service is the cash management-related issues. While this issue can be reason for imposing a reasonable charge, I find no justification for denial of service for this reason. Therefore, addressing this issue needs a clear mind-set change on the part of the financial institutions. Having stated this, I also do clearly appreciate the challenges before the banks which ranges from identification of various delivery channels, decision making on whether to leverage on existing technology or adopt a big bang approach, extension of the existing risk management practices to various delivery channels, acquisition of all these transactions over the existing settlement networks, adoption of various services as part of their existing cross-selling and co-branding initiatives, fraud prevention and security standards, safeguards against money laundering, KYC issues and, above all, ability to leverage their existing reporting, auditing, and campaign management at back-end.

13. The Information & Communication Technology (ICT) enabled channel, including the mobile channel, is the most cost- effective way to achieve this. As stated earlier, leveraging this channel requires participation from all stakeholders. In this regard, it is encouraging to note that such partnership arrangements have started to happen. We would be monitoring the developments. Any residual issues in scaling up the models would be examined once these arrangements reach a critical mass. However, we have an open approach and would be ready to intermediate if the specific issues in this regard are brought to our notice.

14. New initiatives in the oversight of payment systems domain have begun and efforts to necessitate standards through a consultative process that is need-based and appropriately calibrated to reflect rational expectations have taken full form. An effort to comply with the general principles enunciated in the 'Report on Central Bank Oversight of Payment and Settlement Systems' published by the Committee on Payment and Settlement Systems (CPSS) duly taking into account our practices and requirements has been initiated. The general principles of oversight are (i) transparency, (ii) international standards, (iii) effective powers and capacity, (iv) consistency and (v) co-operation with other authorities. The Reserve Bank contributes to international oversight and co-operation initiatives as a member of the CPSS, the SAARC Payments Council and other such bodies.

Challenges Ahead

15. The developments in electronic payment products present challenges for both banks and the regulators. For banks, the challenges arise from technology, customer service and fraud control points of view. Further, banks would also have to gear up for competition from non-bank players. Let me discuss the challenges for banks first.

Outsourcing

16. The fast-paced developments in electronic payment products have posed technological challenges for many banks. In order to provide their customer the latest payment products, many banks have outsourced these activities to specialised entities. The numbers of such specialised entities are limited and many of these entities sub-contract the activities. The concentration of such activities among few service providers is a matter of major concern. Outsourcing of activities should not result in outsourcing of controls by banks. That would be tantamount to abdication. I find it strange when banks often approach us for permitting outsourcing of performing KYC checks. This would be the opposite extreme of the example I stated earlier. Outsourcing activities should be monitored by banks on a continuous basis. The operational and concentration risk aspects have to be assessed with due care on a continuous basis. Outsourcing has to be a measure undertaken to reduce cost and bring in more efficiency. Outsourcing cannot be a conduit for abdication of responsibility.

Cost

17. Technology-driven innovation have to have two effects – (i) speed, auditability/security etc, (ii) reduction in cost for the consumers. In his recent book 'Global Crisis, Recession and Uneven Recovery', Dr Y. V. Reddy writes, 'Ethics in globalised finance…..tended to comply with the formality of transparency, but attached no value to the fairness of transactions between the contracting parties…The level of interest charged, the level of profits made, or the level of remunerations to individuals were not required to be justified as morally right or wrong, because it was left to the markets to determine the appropriateness of compensations'. Extending this to the area of payment and settlement system which touches the lives of every citizen in a country, I would venture to say that no technology-driven payment system can be called fair unless it is able to bring about an overall overwhelming reduction in the cost of transactions – achieved through decreased overheads and increased processing volumes.

18. A review of the progress we have achieved so far makes one conclude that while we have been able to achieve the first aspect, we are yet to pass on the benefit of reduction in cost to the customers. In fact, in many cases, the cost of transactions has often increased. Banks have also found innovative means of sustaining the income even when the regulatory interventions on charges have happened. What else can justify the customers being charged for moving money within the same bank from one branch to another? We have often been confronted with complaints where the customers are charged more for moving funds intra-bank *vis-à-vis* inter-bank since the latter is regulated by the central bank. Such happenings defy all logic and needs to be debated in forums like the Indian Banks' Association. The banks often counter this concern raised by the central bank by arguing that such charges should be best left to the market. As a person who has seen both sides, I am of the view that while the central bank need not intervene in the pricing of various payment products, it should not hesitate to step in if it finds a large section of the customers that cannot afford or are shying away from such products on account of arbitrary fixing of charges linked to the value of the transactions in a technology-driven scenario. Rationalisation of service charges for paper and electronic products by the Reserve Bank was an attempt in this direction. Acquiring space in the payment systems arena is a huge opportunity for bank and non-bank entities if adopted with a level playing-field attitude where the increasing number of customers coming into its fold is the game-changer for pricing strategy. But above all, no attempt would be considered fruitful without the benefits percolating to the *aam aadmi*.

19. Having stated the above, I must admit that one reason for costing of electronic products at a higher band in comparison with the traditional products has

been the banks' attempt to part-recover the cost of deployment of technology. The process of introducing innovative products in India has been costly for the banks due to the unsystematic developments during the initial stage of technology deployment by the banking industry. In a country of our size, co-operative efforts and sharing of infrastructure while deploying technology is a lost opportunity story.

Customer Service – Dispute Resolution and Frauds

Dispute resolution

20. The customer dispute resolution has to be given a greater attention in the promotion of electronic payment products. Appropriate processes have to be implemented for speedy resolution of such complaints. The time taken for resolution of such disputes should be reasonable. In an electronic payment scenario, a time period of 45 to 50 days for dispute resolution cannot be accepted as normal. Our intervention in the resolution of disputes related to failed ATM transactions was necessitated by this unreasonable time period. Outlier issues cannot be the bottlenecks or benchmarks for dispute resolution process. By this logic, we feel that banks can bring down the 12-day period currently prescribed by the Reserve Bank for failed ATM transactions by implementing systems for automatic reversals. The outlier issues like part cash disbursal have to be resolved through modifications in the ATMs.

21. In this context, the continuing of customer complaints related to failed ATM transactions is also a matter of concern. We are often asked to mediate cases where the credits are passed on within the mandatory period and later reversed. Few instances have come to our notice where the banks take written approvals from customers stating that they would forego the penalty amount.

22. The role of system providers in timely redressal of such complaints is important. National Financial Switch (NFS) accounts for around 98 per cent of the inter-bank ATM transactions in the country. The operators – National Payment Corporation of India (NPCI) – have a role in ensuring that failed transactions involving their network are conclusively resolved. Being authorised arrangements, they have to also monitor the practices followed by system participants and report these to the regulator. Let me state in this connection that the Reserve Bank has commissioned a survey of customers using the ATMs and based on the findings appropriate regulatory action would be taken.

Fraud

23. Frauds in an non-electronic payment system were mainly related to tampering of cheques (Fake/printed cheques and material alterations) or presentation of fraudulent cheques. These were detectable on close examination at the drawee/drawer bank level. However, in an electronic payment scenario, funds are disbursed on genuine authentications stolen by the fraudsters. The establishment of liability in such cases has become challenging. Identification and prevention of such frauds requires investment in risk management processes. The risk management process should have built in logic to alert customers or reach out to customers in case of suspected transactions. I believe that it would be unfair to dismiss instances of frauds in a technology-driven scenario as customer carelessness/compromise. Banks have to recognise that investment in technology has to take into account customer education for change over to the new system. Further, the efforts must be made to put in place checks and balances to prevent such frauds. Customers have to be made aware of the importance of following certain best practices in a technology-driven scenario and an attempt must be made to put the onus of proving the carelessness/compromise on the banks rather than the less savvy customers. The system must also move towards a zero customer liability principle wherever feasible. This alone can result in increased customer confidence in such technology-driven systems. Otherwise, the acceptance and adoption are bound to be low.

24. Another challenge that has to be highlighted is the growing complexity of payment products and their impact. The internet and mobile channels are emerging as the most important channels for commerce. In sync with this, payment products are being developed to facilitate transactions on these channels. These include customisation of existing products and development of new products. The developments in this field

internationally pose a challenge for regulators. The 'World Wide Web' offers options for development of 'World Wide payment systems'. Many payment service providers already operate in this domain. Many of these operators, who are licensed to operate by regulators of their country of incorporation, solicit customers from across the globe. They do not seek to comply with the legal/regulatory requirements of the countries covered. Instead, in many such cases the responsibility of compliance to the local legal/regulatory requirements are bestowed on the customers who sign-up for such services from these countries, through the 'Terms and Conditions' for online signing-up for such services. These operators do not have any obligations towards the local regulatory/legal authorities, pose challenges from KYC/Anti-Money Laundering (AML)/Combating the Financing of Terrorism (CFT) angle. Further, they also do not fall within the gamut of the local customer redressal measures. We have also initiated action against some such operators. We have been monitoring the activities of few such operators and would take appropriate action in due course.

25. The payment card network has been one of the major revolutions in the payment world. The international network put in place by these multinational organisations have transformed the payment and settlements arrangements for travel and commerce. However, the development of these networks has been based on the standard, rules and regulations of few developed countries. Further, the legal requirements on the country of operation are also not fully taken into consideration. Our experience shows that the product development procedures in these organisations do not take into consideration the rules and regulations of most countries while promoting new products globally. In this context, unlike other countries, these entities are legally authorised service providers in India. The authorisation granted makes it mandatory for them to comply with all the legal/regulatory requirements of this country. However, we have come across instances where these local requirements were repeatedly violated due to poor internal controls in these organisations. For instance, we had come across instances where some entities have been leveraging the card network to extend payment and money transfer services across border to domestic residents, without consideration of the local legal/regulatory requirements. Their *modus operandi* include shipping prepaid cards denominated in foreign currency into the country, and facilitating the funding of these cards from other prepaid cards or any other international payments channel. Another instance is the proliferation of non-bank payment gateway service providers. These entities based across the globe, acquire merchants in any country. Domestic transactions are masked as foreign currency transactions and settled through overseas acquiring banks.

26. The card payment network has become a conduit for facilitation of initial funding and customer verification for internet-based payment service providers stated earlier. It would be appropriate that card companies and the member banks take note of these developments and initiate appropriate and timely action so as to guard themselves against any reputational risk. We are continuously monitoring the developments and will take strong action against such violations.

27. This does not mean that Reserve Bank is averse to innovations in payment systems/products. We have an open mind towards all innovations. Innovations within the existing legal/regulatory framework are easier to access and authorise; innovations which require modifications to these would require further debate and above all the enabling legal mandate. However, all payment system providers would have to be approved under the payment system act to operate in the country. In this regard, we need to note that the US, a country which permitted free development of such products, has also started discussions on licensing and regulation of products.

Conclusion

28. The evolving payment systems scenario offers new challenges and opportunities to all segments of this industry. To leverage on the opportunities provided by new products, the system providers/banks need to ensure that the challenges are adequately addressed. It also has to be ensured that the products cover all segments of the population and provide an incentive

to adopt these products. The regulatory process would support all orderly development of new systems and processes, within the legal mandate. I hope this Conference will deliberate on all these issues especially how the *aam aadmi* can be provided cost-effective, safe, speedier and hassle-free payment and settlement products and solutions. The challenge before all the stakeholders including banks and non-bank players, IT vendors, other service providers, *etc.* is how to introduce such a next generation payment and settlement system and solutions that is needed to take the country into the 21st century .

Annex: Statistics – At Glance

	December 2010	November 2010	December 2009	December 2008	Remarks
REAL TIME GROSS SETTLEMENT SYSTEM - RTGS					
Branches	72,928	72,201	62,847	52,770	
Transactions Volume	3.90 mn	4.01 mn	3.27 mn	1.37 mn	
- Inter-bank	0.30 mn	0.30 mn	0.24 mn	0.19 mn	
- Customer	3.60 mn	3.72 mn	3.03mn	1.18 mn	
No. of MNSB batches	926	818	728	1725	
Transactions Value (Rs)	111.06 tr	95.11 tr	76.68 tr	24.89 tr	
- Inter-bank	11.53 tr	11.34 tr	7.76 tr	10.71 tr	
- Customer	34.50 tr	30.06 tr	26.98 tr	17.34 tr	
- MNSB Value	65.03 tr	53.71 tr	41.94 tr	24.89 tr	
CENTRAL FUNDS MANAGEMENT SYSTEM – CFMS					
Banks using CFTS	76	76	76	73	
Transactions - Volume	2,882	2,628	2,478	2,653	
- Value (Rs)	2.49 tr	1.97 tr	2.26 tr	2.24 tr	
NATIONAL ELECTRONIC FUNDS TRANSFER – NEFT					
Branch network	73,603	72,412	63,004	52,427	
Transactions - Volume	13.46 mn	11.75 mn	6.29 mn	3.17 mn	
- Value (Rs)	936.64 bn	773.61 bn	337.39 bn	191.45 bn	
ELECTRONIC CLEARING SERVICE – ECS					
Debit - Volume		13.18 mn	12.65 mn	13.59 mn	
- Value (Rs)		60.90 bn	60.35 bn	59.01 bn	
Credit - Volume		9.13 mn	5.83 mn	4.83 mn	
- Value (Rs)		174.88 bn	73.86 bn	72.02 bn	
NATIONAL ELECTRONIC CLEARING SERVICE – NECS-Launched in Oct-2008					
Banks Participating	116	115	114	42	NECS figure is also included in ECS (Credit)
Branches Covered	50,647	50,190	32,195	24,265	
Transactions - Volume	3.69 mn	5.54 mn	2.59 mn	0.04mn	
- Value (Rs)	165.27 bn	125.96 bn	34.1 bn	0.47 bn	
OTHER STATISTICS					
No. of Clearing Houses (CHs)	1,150	1,149	1,134	1,104	
- Computerised	1,140	1,139	1,126	1,083	
- Manual	10	10	8	21	
MICR Codes - MICR Centres	35,502	35,457	33,271	28,022	
- Non-MICR Centres	31,752	31,507	23,437	19,563	
Speed Clearing Centres	91	66	66	24	
High Value Clearing Centres	Nil	Nil	11	26	
Cheque Truncation - Volume (mn.)	13.8	12.59	13.63	5.8	
- Value (`.bn.)	1,200.9	1,042.45	1,031.86	267.06	

Articles

Developments in India's Balance of Payments during Second Quarter (July- September) of 2010-11: Trade, Invisibles and Capital Account

Developments in India's Balance of Payments during Second Quarter (July-September) of 2010-11: Trade, Invisibles and Capital Account*

The data on India's Balance of Payments (BoP) are compiled and published by the Reserve Bank on a quarterly basis with a lag of one quarter. Accordingly, the preliminary data on India's BoP for the Second Quarter (Q2), *i.e.*, July-September 2010 of the financial year 2010-11 along with the partially revised data for the first quarter (Q1), *i.e.*, April-June 2010 and revised data for 2008-09 and 2009-10 were released by the Reserve Bank on December 31, 2010.

As per the revision policy, the data on India's BoP for the previous two years are revised only once in a year when the data for the July-September quarter are published at end-December (*i.e.*, December 31). Accordingly, the data for the financial years 2008-09 and 2009-10 have been revised now. The data for 2008-09 are now final and is frozen, except under extraordinary circumstances in the event of methodological changes in respect of data collection and compilation procedures and/or significant changes indicated by data sources that could cause structural shift in the data series. The data for the financial year 2009-10 are now partially revised. This will be finalised and frozen in December 2011. Data revisions for the previous quarters of the same financial year are also undertaken while compiling data for the current quarter. Accordingly, the revision of the data on BoP for the first quarter of 2010-11 has been undertaken.

The Working Group on Balance of Payments Manual for India (Chairman: Shri Deepak Mohanty) had recommended that the break-up of invisibles be published on a quarterly basis. Accordingly, to begin with the disaggregated data on invisibles for the second quarter (July-September 2010) is being published as part of this article. Similar details for the preceding quarter (April-June 2010) are also disseminated for comparison purpose (Attachment I). With a view to augment information on trade in banking services, RBI conducts an annual survey on 'International Trade in Banking Services', the details of which are published in the RBI Bulletin and can be accessed at http://www.rbi.org.in/scripts/BS_ViewBulletin.aspx?Id =11609.

The developments in India's BoP for 2010-11 (April-September) are presented here below.

Major Highlights of BoP during July–September (Q2) of 2010-11

(i) On a BoP basis, exports recorded a growth of 25.0 per cent, year-on-year, during Q2 of 2010-11 as against a decline of 19.1 per cent during the corresponding quarter of 2009-10.

(ii) Similarly, on a BoP basis, imports registered a growth of 22.8 per cent, year-on-year, during the quarter as against a decline of 21.3 per cent during same quarter last year.

(iii) Despite higher growth in exports relative to imports, in absolute terms, the trade deficit widened to US$ 35.4 billion during July-September 2010 as compared to US$ 29.6 billion during the corresponding quarter of last year.

(iv) Services receipts recorded a growth of 39.6 per cent, on a year-on-year basis, led by travel, transportation, software, business and financial services. During the corresponding quarter of last year, services receipts had declined by 26.3 per cent.

(v) Services payments increased by 40.7 per cent to US$ 19.3 billion during the quarter from US$ 13.7 billion in the corresponding quarter of last year.

(vi) Private transfer receipts declined by 5.0 per cent to US$ 13.5 billion during the quarter.

* Prepared in the Division of International Trade and Finance, Department of Economic and Policy Research, Reserve Bank of India. This article sets out the developments in the India's Balance of Payments during the second quarter of 2010-11 (July-September 2010) and also incorporates revision in data for 2008-09, 2009-10 and first quarter (April-June 2010) of 2010-11.

(vii) Consequently, net invisibles receipts declined by 3.9 per cent to US$ 19.6 billion.

(viii) The higher trade deficit combined with the lower invisibles surplus resulted in the widening of the current account deficit.

(ix) The capital account surplus increased over the corresponding quarter of last year, mainly due to portfolio investments, short-term credit and external commercial borrowings (ECBs). Net inflows under FDI witnessed significant moderation during the second quarter compared to the corresponding quarter of last year.

(x) With net capital account receipts being higher than the current account deficit, the overall balance was in surplus at US$ 3.3 billion, which resulted in a net accretion to foreign exchange reserves of equivalent amount during the Q2 of 2010-11.

Major Highlights of BoP during April-September (H1) of 2010-11

(i) During April-September 2010, the current account deficit widened reflecting higher trade deficit combined with lower net invisibles surplus.

(ii) While net foreign investments were largely of the similar order as last year, net capital inflows increased significantly mainly due to short-term trade credit and ECBs.

(iii) Despite a significant increase in net capital inflows, accretion to reserves during April-September 2010 was relatively lower mainly due to more than doubling of the current account deficit over April-September 2009.

1. Balance of Payments for July–September (Q2) of 2010-11

The major items of the BoP for the second quarter (Q2) of 2010-11 are set out below in Table 1.

Table 1 : Major Items of India's Balance of Payments

(US$ billion)

Item	April-June		July-September	
	2009-10 (PR)	2010-11 (PR)	2009-10 (PR)	2010-11 (P)
1	2	3	4	5
1. Exports	39.2	56.3	43.4	54.3
2. Imports	65.4	87.8	73.0	89.6
3. Trade Balance (1-2)	-26.3	-31.6	-29.6	-35.4
4. Invisibles, net	22.1	19.4	20.4	19.6
5. Current Account Balance (3+4)	-4.2	-12.1	-9.2	-15.8
6. Capital Account Balance*	4.3	15.9	18.6	19.0
7. Change in Reserves# (-Indicates increase; + indicates decrease)	-0.1	-3.7	-9.4	-3.3

* Including errors and omissions.
# On BoP basis (*i.e.*, excluding valuation).
P: Preliminary. PR: Partially Revised.
Note: Difference in totalling is due to rounding off.

Merchandise Trade

(i) After witnessing a turnaround in October 2009, India's exports growth maintained their momentum during the second quarter of 2010-11 despite the fading out of the base effect. On a BoP basis, India's merchandise exports recorded a growth of 25.0 per cent, year-on-year, during Q2 of 2010-11 as against a decline of 19.1 per cent in the same quarter last year.

(ii) Since October 2009, imports have also registered strong growth through the second quarter of 2010-11. On a BoP basis, imports payments registered a growth of 22.8 per cent in Q2 of 2010-11 as against a decline of 21.3 per cent in the corresponding period of last year.

(iii) According to the data released by the Directorate General of Commercial Intelligence and Statistics (DGCI&S), oil imports and non-oil imports recorded growth of 9.3 per cent and 25.6 per cent, respectively, during Q2 of 2010-11. Oil imports accounted for about 28.8 per cent of total imports during Q2 of 2010-11 (31.7 per cent in Q2 of 2009-10). The higher oil imports mainly reflected rising crude oil prices along with growth in quantity of oil imports (Chart 1).

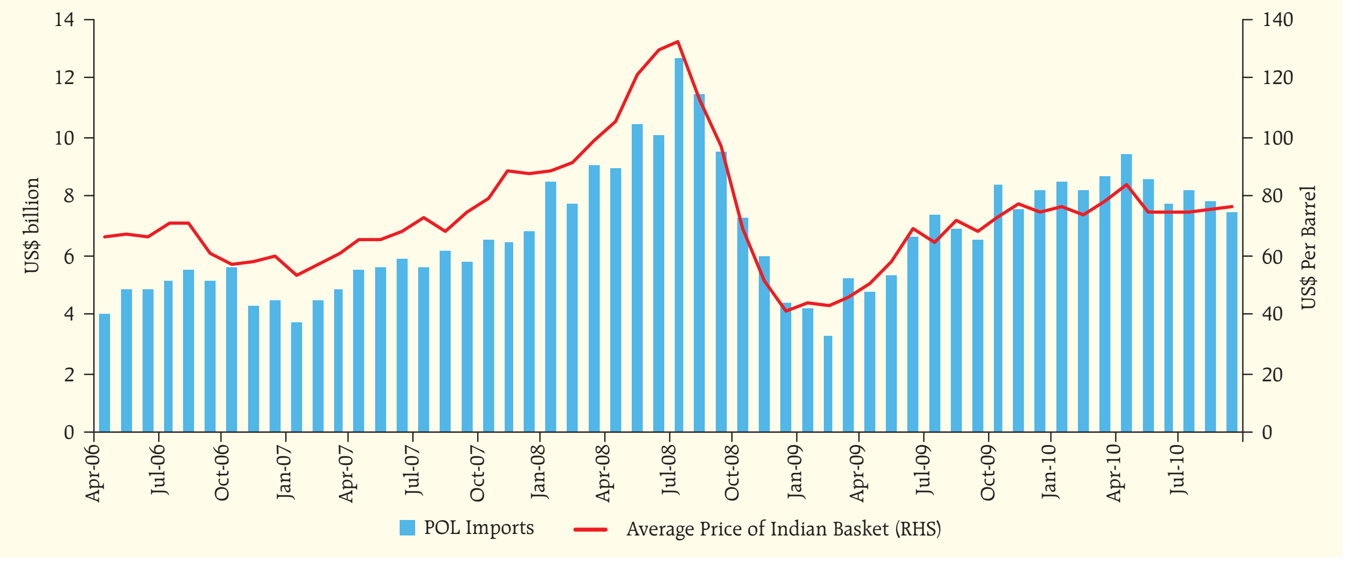
Trade Deficit

(i) Notwithstanding higher growth in exports relative to imports, on a BoP basis, the trade deficit in absolute terms was higher at US$ 35.4 billion in Q2 of 2010-11 as compared with US$ 29.6 billion during Q2 of 2009-10 (Chart 2).

Invisibles

(i) Invisibles receipts (comprising services, current transfers and income) recorded a growth of 12.2

Chart 1: India's POL Imports and International Crude Prices



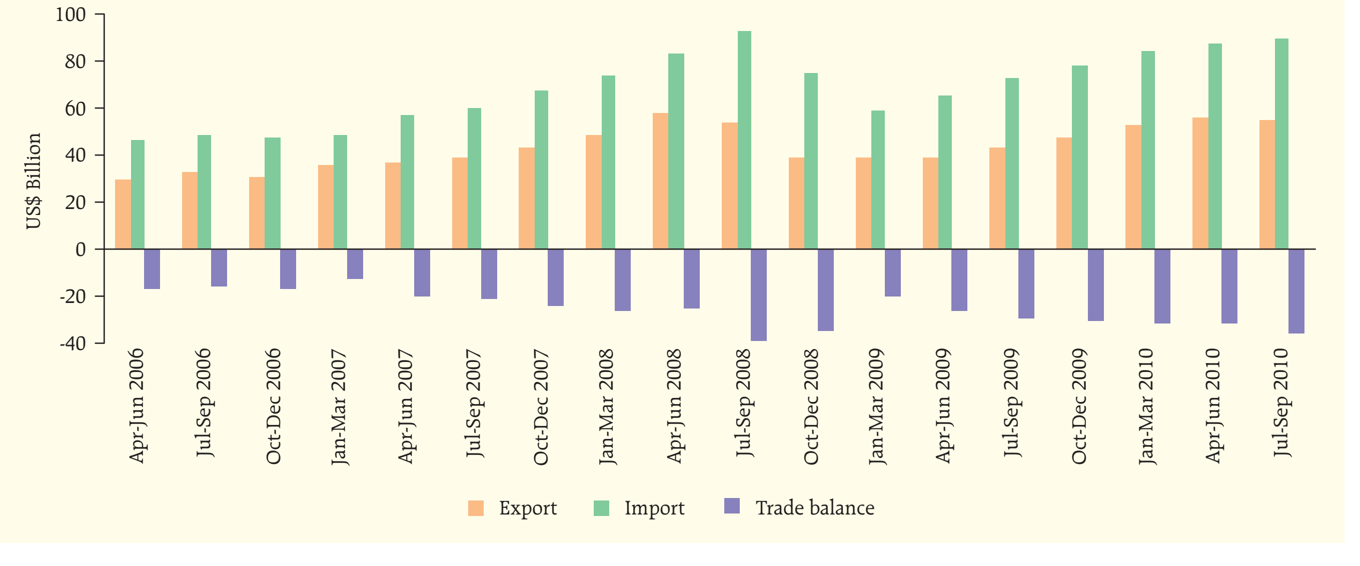
per cent, year-on-year, during Q2 of 2010-11 (as against a decline of 13.7 per cent in Q2 of 2009-10) mainly led by services exports. Almost all items of services registered growth during the quarter, while receipts under income and private transfers witnessed some moderation.

(ii) Services exports registered a growth of 39.6 per cent (as against a decline of 26.3 per cent a year ago) led by travel and transportation as well as miscellaneous services such as software, business and financial services.

(iii) Software exports registered a growth of 14.3 per cent (as against a decline of 7.5 per cent a year ago) to US$ 12.8 billion. Software services exports continued to be robust reflecting geographical diversification along with enhanced operational efficiencies. According to NASSCOM estimates (February 2010), the software exports are expected to grow by about 13-15 per cent to about US$ 56-57 billion during 2010-11.

(iv) Net business services (mainly covering business and management consultancy, architectural and

Chart 2: Quarterly Movements in Trade Balance



engineering services as well as maintenance of offices abroad) recorded lower net outflows mainly on account of robust recovery in receipts. Continuing the trend of recovery witnessed since the last quarter of 2009-10, business services receipts increased to US$ 5.9 billion during Q2 of 2010-11 (US$ 2.5 billion a year ago).

(v) Private transfer receipts, comprising mainly remittances from Indians working overseas, declined by 5.0 per cent (as compared with the growth of 3.6 per cent a year ago) to US$ 13.5 billion during the quarter (Chart 3).

(vi) Investment income receipts declined significantly by 62.0 per cent during the quarter (as against an increase of 17.9 per cent a year ago) mainly due to persistence of lower interest rates abroad.

(vii) Invisibles payments recorded a growth of 28.5 per cent (as against a marginal increase a year ago) mainly due to higher payments under travel, transportation, business and financial services.

(viii) As growth in invisibles payments was higher than the growth in receipts, net invisibles (invisibles receipts minus invisibles payments) recorded a moderate decline of 3.9 per cent to US$ 19.6 billion during the quarter (US$ 20.4 billion during Q2 of 2009-10) (Table 2).

Table 2: Net Invisibles

(US$ billion)

Item	April-June		July-September	
	2009-10 (PR)	2010-11 (PR)	2009-10 (PR)	2010-11 (P)
1	2	3	4	5
A. Services (1 to 5)	**11.4**	**9.0**	**7.7**	**10.5**
1. Travel	0.3	0.6	0.4	0.6
2. Transportation	-0.3	0.0	0.3	-0.2
3. Insurance	0.1	0.1	0.0	0.1
4. GNIE	0.0	0.0	0.0	-0.1
5. Miscellaneous	11.4	8.3	6.9	10.2
of which:				
Software	10.6	12.1	10.8	12.2
Non-Software	0.8	-3.8	-3.8	-2.0
B. Transfers	**12.9**	**13.1**	**13.8**	**13.0**
Private	12.9	13.1	13.8	13.0
Official	-0.1	-0.1	0.1	0.0
C. Income	**-2.2**	**-2.6**	**-1.1**	**-3.9**
Investment Income	-2.1	-2.3	-0.9	-3.7
Compensation of Employees	-0.1	-0.3	-0.1	-0.2
Invisibles (A+B+C)	**22.1**	**19.4**	**20.4**	**19.6**

P: Preliminary. PR: Partially Revised.

Current Account Deficit

(i) The lower size of invisibles surplus coupled with a higher trade deficit resulted in an increase in current account deficit to US$ 15.8 billion during the Q2 of 2010-11 (US$ 9.2 billion a year ago) (Chart 4).

Capital Account and Reserves

(i) Both gross capital inflows and outflows increased during Q2 of 2010-11 as compared with the

Chart 3: Key Components of Invisibles Receipts

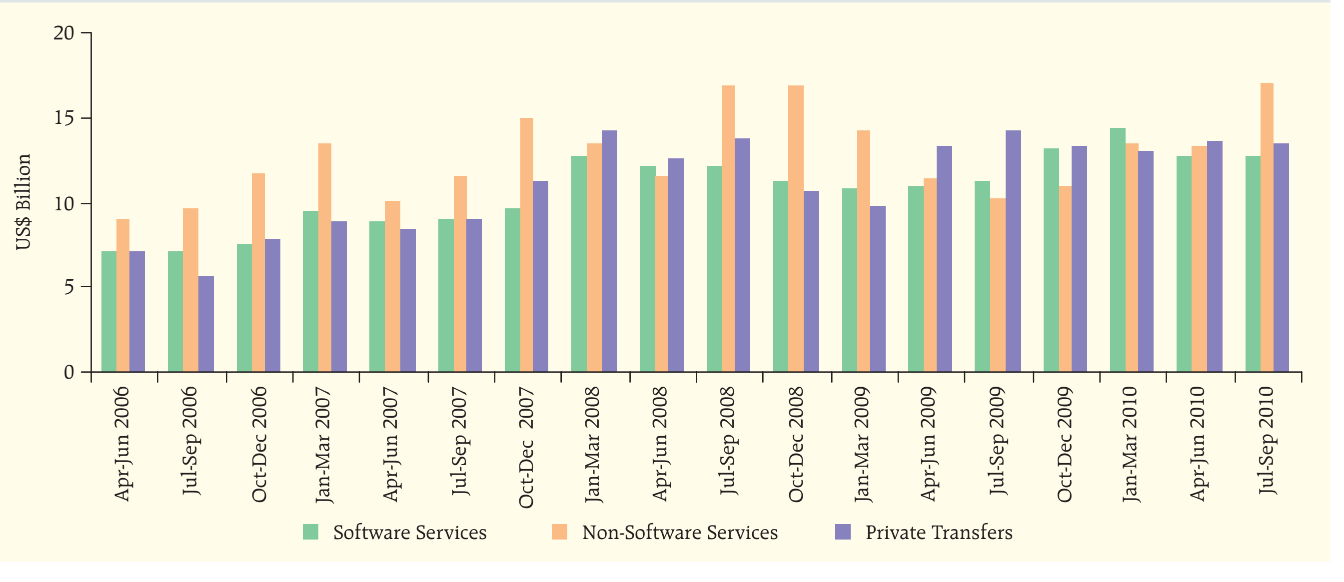
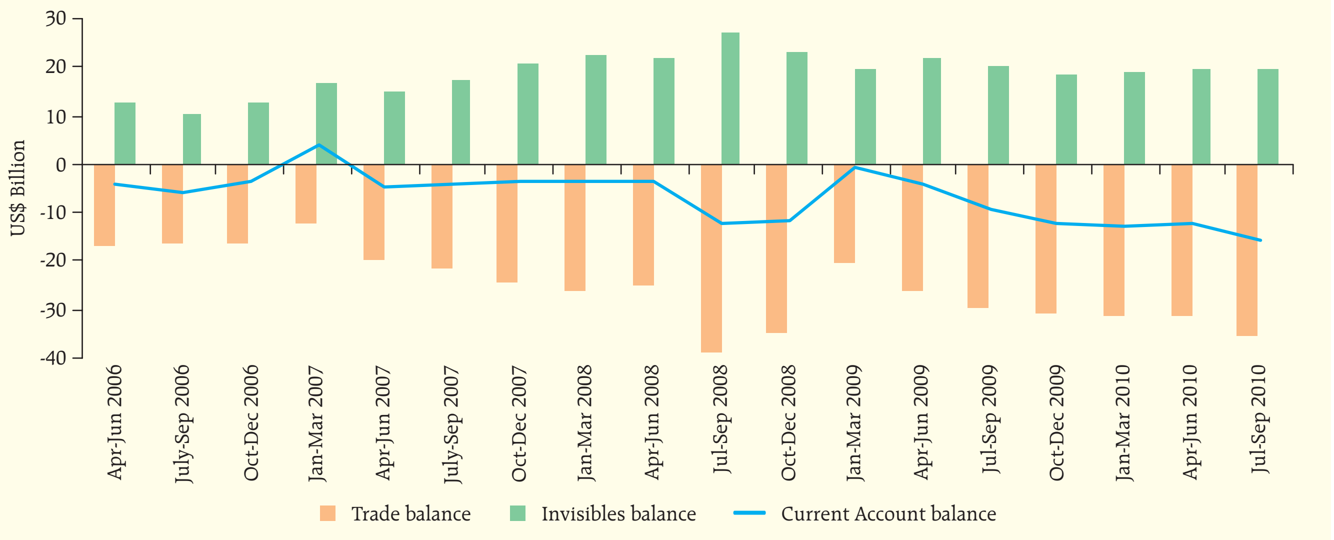


Chart 4: Movement in Current Account Balance



corresponding period of last year. The gross capital inflows to India amounted to US$ 112.8 billion during Q2 of 2010-11 (US$ 96.0 billion a year ago) mainly on account of higher portfolio investment inflows, external commercial borrowings and short-term credit to India. Higher gross capital outflows during the period at US$ 92.3 billion (US$ 76.7 billion a year ago) was led by outflows under FII investments, repayments under short-term credit to India and build-up of assets abroad by commercial banks.

(ii) Net capital flows were marginally higher at US$ 20.5 billion during Q2 of 2010-11 (US$ 19.3 billion a year ago) mainly reflecting larger net inflows under FII investments along with steady inflows under short-term credit and ECBs (Table 3).

(iii) Net FDI flows (net inward FDI minus net outward FDI) moderated to a mere US$ 2.5 billion during the quarter (almost a third of the level in Q2 of 2009-10) mainly due to lower net inward FDI during the quarter.

(iv) Net inflows under portfolio investment almost doubled to US$ 19.2 billion during the quarter (US$ 9.7 billion during the same quarter last year), mainly due to large inflows under FIIs on the back of attractive returns in the Indian stock markets.

(v) Short-term trade credit to India recorded net inflows of US$ 2.6 billion during the quarter (as compared with a net inflow of US$ 1.2 billion last year) in line with increase in imports associated with strong domestic economic activity.

(vi) Net ECBs were significantly higher at US$ 3.7 billion during the quarter (as compared with US$ 1.2 billion last year) reflecting improvement in international financial markets and lower cost

Table 3: Net Capital Flows

(US$ billion)

Item	April-June		July-September	
	2009-10 (PR)	2010-11 (PR)	2009-10 (PR)	2010-11 (P)
1	2	3	4	5
1. Foreign Direct Investment	4.8	2.8	7.5	2.5
Inward FDI	8.9	5.9	10.9	6.7
Outward FDI	-4.1	-3.1	-3.4	-4.2
2. Portfolio Investment	8.3	4.6	9.7	19.2
Of which:				
FIIs	8.2	3.5	7.0	18.8
ADR/GDRs	0.0	1.1	2.7	0.5
3. External Assistance	0.3	2.4	0.7	0.6
4. External Commercial Borrowings	-0.5	2.3	1.2	3.7
5. NRI Deposits	1.8	1.1	1.0	1.0
6. Banking Capital excluding NRI Deposits	-5.2	2.9	3.4	-4.2
7. Short-term Trade Credits	-1.3	4.2	1.2	2.6
8. Rupee Debt Service	0.0	0.0	0.0	0.0
9. Other Capital	-4.6	-4.1	-5.4	-4.9
Total (1 to 9)	**3.7**	**16.2**	**19.3**	**20.5**

P: Preliminary. PR: Partially Revised.

of funds. Banking capital recorded net outflows of US$ 3.2 billion during the quarter (as against net inflows of US$ 4.4 billion last year) mainly due to build-up of foreign assets of commercial banks.

(vii) Despite higher net capital inflows, increase in foreign exchange reserves on BoP basis (*i.e.*, excluding valuation) was lower at US$ 3.3 billion during Q2 of 2010-11 (as compared with accretion of US$ 9.4 billion during Q2 of 2009-10) due to larger current account deficit. In nominal terms (*i.e.*, including valuation changes), foreign exchange reserves increased by US$ 17.2 billion during the quarter reflecting depreciation of US dollar against major international currencies during the quarter.

2. Balance of Payments for April–September (H1) of 2010-11

As alluded to earlier, taking into account the partially revised data for Q1 and preliminary data for Q2, the BoP data for the first half of the financial year 2010-11 (April-September) have been compiled. While the detailed data are set out in Statement I in standard format of BoP presentation, the major items are presented in Table 4.

Merchandise Trade

(i) On a BoP basis, India's merchandise exports recorded a growth of 33.8 per cent in April-September 2010 (as against a decline of 25.7 per cent in the same period of the previous year).

(ii) Import payments, on a BoP basis, also registered a growth of 28.2 per cent during April-September 2010 as against a decline of 21.1 per cent in the corresponding period of the previous year.

(iii) According to the DGCI&S data at the disaggregated level, the increase in merchandise exports during April-September 2010 has been mainly driven by petroleum, crude oil & products, engineering goods, gems and jewellery, and chemicals and related products. Growth in imports has primarily been led by oil, and pearls and semi-precious stones. Oil imports recorded an increase of 29.7 per cent during April-September 2010 (as against a decline of 40.8 per cent a year ago). In absolute terms, oil imports accounted for 30.1 per cent of total imports during April-September 2010 (29.2 per cent in the corresponding period of the previous year).

Table 4: Major Items of India's Balance of Payments

(US$ billion)

Item	April-March		April-September	
	2008-09 (R)	2009-10 (PR)	2009-10 (PR)	2010-11 (P)
1	2	3	4	5
1. Exports	189.0	182.2	82.6	110.5
2. Imports	308.5	300.6	138.4	177.5
3. Trade Balance (1-2)	-119.5	-118.4	-55.9	-66.9
4. Invisibles, net	91.6	80.0	42.5	39.1
5. Current Account Balance (3+4)	-27.9	-38.4	-13.3	-27.9
6. Capital Account Balance*	7.8	51.8	22.9	34.9
7. Change in Reserves# (-Indicates increase; +indicates decrease)	20.1	-13.4	-9.5	-7.0

* Including errors and omissions.
\# On BoP basis (i.e., excluding valuation).
P Preliminary. PR Partially Revised. R Revised.

Trade Deficit

(i) On BoP basis, the merchandise trade deficit widened to US$ 66.9 billion during April-September 2010 (US$ 55.9 billion during April-September 2009). It was mainly due to significant increase in imports in line with robust domestic economic performance.

Invisibles

Invisibles Receipts

(i) Invisibles receipts recorded an increase of 11.1 per cent during April-September 2010 (as against the decline of 8.9 per cent a year ago) mainly due to the higher receipts under almost all components of services (Table 5). However, receipts under private transfers and investment income declined by 1.1 per cent and 40.1 per cent, respectively, during the first half of 2010-11.

(ii) Software receipts at US$ 25.5 billion during April-September 2010 recorded an increase of 14.7 per cent as against a decline of 8.2 per cent a year ago.

Table 5: Invisibles Gross Receipts and Payments

(US$ billion)

Item	Invisibles Receipts				Invisibles Payments			
	April-March		April-September		April-March		April-September	
	2008-09 (R)	2009-10 (PR)	2009-10 (PR)	2010-11 (P)	2008-09 (R)	2009-10 (PR)	2009-10 (PR)	2010-11 (P)
1	2	3	4	5	6	7	8	9
A. Services (1 to 5)	**106.0**	**95.8**	**43.8**	**55.7**	**52.0**	**60.0**	**24.7**	**36.2**
1. Travel	10.9	11.9	5.0	6.3	9.4	9.3	4.4	5.1
2. Transportation	11.3	11.2	5.1	6.4	12.8	11.9	5.0	6.7
3. Insurance	1.4	1.6	0.8	0.9	1.1	1.3	0.7	0.7
4. GNIE	0.4	0.4	0.2	0.2	0.8	0.5	0.2	0.3
5. Miscellaneous	81.9	70.7	32.7	41.9	27.9	36.9	14.4	23.5
Of Which:								
Software	46.3	49.7	22.2	25.5	2.6	1.5	0.8	1.2
Non-Software	35.6	21.0	10.5	16.5	25.3	35.5	13.6	22.3
B. Transfers	**47.5**	**54.6**	**27.7**	**27.4**	**2.7**	**2.3**	**1.0**	**1.4**
Private	46.9	53.9	27.5	27.2	2.3	1.8	0.8	1.1
Official	0.6	0.7	0.2	0.2	0.4	0.5	0.2	0.2
C. Income	**14.3**	**13.0**	**7.7**	**4.8**	**21.4**	**21.1**	**11.0**	**11.3**
Investment Income	13.5	12.1	7.3	4.4	20.1	19.4	10.3	10.4
Compensation of Employees	0.8	0.9	0.4	0.5	1.3	1.7	0.7	0.9
Invisibles (A+B+C)	**167.8**	**163.4**	**79.2**	**88.0**	**76.2**	**83.4**	**36.7**	**48.9**

P: Preliminary. PR: Partially Revised. R: Revised.

(iii) Miscellaneous receipts, excluding software exports, increased by 56.9 per cent to US$ 16.5 billion during April-September 2010 (US$ 10.5 billion a year ago) mainly due to business and financial services (Table 6). The details of these data are presented in the Attachment I.

(iv) The key components of the business services receipts and payments were mainly the trade-related services, business and management consultancy services, architectural, engineering and other technical services and services relating to maintenance of offices abroad. Under business services, receipts were higher in almost all components during the first half of 2010-11 (Table 7).

(v) Private transfers are mainly in the form of (a) Inward remittances from Indian workers abroad for family maintenance, (b) Local withdrawal from

Table 6: Break-up of Non-Software Miscellaneous Receipts and Payments

(US$ billion)

Item	Receipts				Payments			
	April-March		April-September		April-March		April-September	
	2008-09 (R)	2009-10 (PR)	2009-10 (PR)	2010-11 (P)	2008-09 (R)	2009-10 (PR)	2009-10 (PR)	2010-11 (P)
1	2	3	4	5	6	7	8	9
1. Communication	2.3	1.2	0.7	0.7	1.1	1.4	0.6	0.5
2. Construction	1.0	0.6	0.3	0.3	0.9	1.0	0.5	0.5
3. Financial	4.4	3.7	1.8	3.0	3.0	4.6	2.0	3.3
4. News Agency	0.9	0.4	0.2	0.2	0.4	0.6	0.2	0.1
5. Royalties, Copyrights & License Fees	0.1	0.2	0.1	0.01	1.7	2.0	0.8	1.1
6. Business Services	18.6	11.4	5.1	10.8	15.3	18.0	7.9	12.9
7. Personal, Cultural, and Recreational	0.7	0.5	0.2	0.1	0.3	0.3	0.1	0.2
8. Others	7.6	3.0	2.0	1.3	2.6	7.5	1.4	3.7
Total (1 to 8)	**35.6**	**21.0**	**10.5**	**16.5**	**25.3**	**35.5**	**13.6**	**22.3**

P: Preliminary; PR: Partially Revised; R: Revised.

Note: Details of Business Services (item 6) are given in Table 7.

Table 7: Details of Business Services

(US$ billion)

Item	Receipts				Payments			
	April-March		April-September		April-March		April-September	
	2008-09 (R)	2009-10 (PR)	2009-10 (PR)	2010-11 (P)	2008-09 (R)	2009-10 (PR)	2009-10 (PR)	2010-11 (P)
1	2	3	4	5	6	7	8	9
1. Trade Related	2.1	1.7	0.7	2.5	1.7	1.8	0.9	0.9
2. Business & Management Consultancy	6.1	3.8	1.8	3.9	3.5	5.4	2.3	4.8
3. Architectural, Engineering, and other Technical Services	1.9	1.4	0.7	1.0	3.1	4.3	1.7	2.5
4. Maintenance of offices abroad	3.5	1.5	0.7	1.3	3.4	3.6	1.6	2.8
5. Others	5.0	3.0	1.3	2.1	3.6	2.9	1.4	1.9
Total (1 to 5)	**18.6**	**11.4**	**5.1**	**10.8**	**15.3**	**18.0**	**7.9**	**12.9**

P: Preliminary. PR: Partially Revised. R: Revised.

Non-Resident Indian Rupee deposits, (c) Gold and silver brought through passenger baggage, and (d) Personal gifts/donations to charitable/religious institutions. Private transfer receipts have declined marginally to US$ 27.2 billion during April-September 2010 (US$ 27.5 billion a year ago). Private transfer receipts constituted 13.7 per cent of current receipts during April-September 2010 (17.0 per cent a year ago).

(vi) NRI deposits, when withdrawn domestically, form part of private transfers because once withdrawn for local use these become unilateral transfers and do not have any *quid pro quo.* During April-September 2010, the share of local withdrawals in total outflows from NRI deposits at 64.4 per cent (63.4 per cent a year ago) constituted another major portion of private transfers (Table 8).

(vii) Under Private transfers, the inward remittances for family maintenance accounted for 47.4 per cent of the total private transfer receipts, while local withdrawals accounted for 49.1 per cent during April-September 2010 (Table 9).

Table 8: Inflows and Outflows from NRI Deposits and Local Withdrawals

(US$ billion)

Year	Inflows	Outflows	Local Withdrawals
1	2	3	4
2008-09 (R)	37.1	32.9	20.6
2009-10 (PR)	41.4	38.4	23.6
April-Sept 2009 (PR)	21.5	18.6	11.8
April-Sept 2010 (P)	22.9	20.8	13.4

P: Preliminary. PR: Partially Revised. R: Revised.

(viii) Investment income receipts stood lower at US$ 4.4 billion during the first half of 2010-11 as compared with US$ 7.3 billion in the corresponding period last year.

Invisibles Payments

(i) Invisibles payments recorded strong growth of 33.4 per cent during April-September 2010 (as against a decline of 4.1 per cent a year ago) mainly on account of increase in payments under categories of services like travel, transportation, business and financial services.

(ii) Investment income payments, reflecting mainly the interest payments on commercial borrowings, external assistance, non-resident deposits, and reinvested earnings of the FDI enterprises operating in India, amounted to US$ 10.4 billion during April-September 2010 (Table 10).

Invisibles Balance

(i) Net invisibles surplus stood lower at US$ 39.1 billion during April-September 2010 (US$ 42.5 billion a year ago) essentially due to higher invisibles payments under almost all major categories of services and decline in gross investment income receipts by about US$ 3 billion. At this level, the invisibles surplus financed about 58.3 per cent of trade deficit during

Table 9: Details of Private Transfers to India

(US$ billion)

Year	Total Private Transfers	Of Which:			
		Inward remittances for family maintenance		Local withdrawals/redemptions from NRI Deposits	
		Amount	Percentage Share in Total	Amount	Percentage Share in Total
1	2	3	4	5	6
2008-09 (R)	46.9	23.9	50.9	20.6	44.0
2009-10 (PR)	53.9	28.4	52.7	23.6	43.7
Apr-Sep 2009 (PR)	27.5	14.7	53.3	11.8	43.0
Apr-Sep 2010 (P)	27.2	12.9	47.4	13.4	49.1

P: Preliminary. PR: Partially Revised. R: Revised.

April-September 2010 as compared with 76.1 per cent during April-September 2009.

Current Account Balance

(i) The higher trade deficit combined with lower net invisibles surplus resulted in the widening of the current account deficit to US$ 27.9 billion during April-September 2010 (US$ 13.3 billion last year).

Capital Account

(i) Both gross capital inflows and outflows were higher during April-September 2010 (Table 11). Gross capital inflows were driven by higher inflows under FIIs, external assistance, ECBs and short-term credit. On the other hand, gross capital outflows were led by higher outflows under FIIs, FDI and short-term credit.

(ii) Net capital flows, however, increased significantly to US$ 36.7 billion during April-September 2010 (US$ 23.0 billion a year ago) mainly due to larger FII inflows, short-term trade credits and ECBs. These were partly offset by the moderation in net FDI inflows to India which amounted to US$ 12.6 billion (US$ 19.8 billion a year ago).

(iii) Moderation in net FDI inflows was mainly due to significant moderation in gross FDI inflows to India to US$ 16.0 billion during April-September 2010 (US$ 21.3 billion a year ago).

(iv) Sector-wise, the deceleration in gross FDI to India (*i.e.*, inward FDI) was mainly on account of lower FDI inflows under services and construction, real estate and mining (Table 12).

Table 10: Details of Receipts and Payments of Investment Income

(US$ billion)

Item	April-March		April-September	
	2008-09 (R)	2009-10 (PR)	2009-10 (PR)	2010-11 (P)
1	2	3	4	5
A. Receipts	**13.5**	**12.1**	**7.3**	**4.4**
Of which:				
1. Reinvested Earnings on Indian Investment Abroad	1.1	1.1	0.5	0.5
2. Interest/discount Earnings on Foreign Exchange Reserves	10.5	5.9	3.9	2.2
B. Payments	**20.1**	**19.4**	**10.3**	**10.4**
Of which:				
1. Interest Payment on NRI deposits	1.5	1.6	0.8	0.8
2. Interest Payment on ECBs	2.7	2.4	1.3	1.2
3. Interest Payments on External Assistance	1.0	0.9	0.4	0.4
4. Dividends and Profits	3.2	3.8	2.2	2.5
5. Reinvested Earnings of FDI Companies in India	9.0	8.7	4.3	4.2
C. Net Investment Income (A-B)	**-6.6**	**-7.2**	**-3.0**	**-6.1**

P: Preliminary. PR: Partially Revised. R: Revised.

Table 11: Gross Capital Inflows and Outflows

(US$ billion)

Item	Gross Inflows				Gross Outflows			
	April-March		April-September		April-March		April-September	
	2008-09 (R)	2009-10 (PR)	2009-10 (PR)	2010-11 (P)	2008-09 (R)	2009-10 (PR)	2009-10 (PR)	2010-11 (P)
1	2	3	4	5	6	7	8	9
1. Foreign Direct Investment	38.9	38.5	21.5	16.9	19.1	19.7	9.2	11.5
2. Portfolio Investment	128.7	160.2	83.0	103.3	142.7	127.8	65.0	79.5
Of which:								
FIIs	127.3	156.6	80.3	101.5	142.4	127.5	65.0	79.2
ADR/GDRs	1.2	3.3	2.7	1.6	-	-	-	-
3. External Assistance	5.2	5.9	2.5	4.4	2.8	3.0	1.5	1.4
4. External Commercial Borrowings	15.2	15.0	5.2	10.6	7.4	12.1	4.5	4.7
5. NRI Deposits	37.1	41.4	21.5	22.9	32.9	38.4	18.6	20.8
6. Banking Capital Excluding NRI Deposits	28.1	20.1	10.6	10.8	35.6	21.0	12.4	12.1
7. Short-term Trade Credit	41.8	53.3	22.1	35.1	43.8	45.7	22.1	28.3
8. Rupee Debt Service	-	-	-	-	0.1	0.1	0.02	0.02
9. Other Capital	18.6	11.4	7.5	3.8	22.6	24.4	17.5	12.8
Total (1 to 9)	**313.6**	**345.7**	**173.8**	**207.8**	**306.9**	**292.3**	**150.9**	**171.1**

P: Preliminary PR: Partially Revised. R: Revised.

(v) Country-wise, investment routed through Mauritius remained the largest component of gross FDI inflows to India during the first half of 2010-11 followed by Singapore and the Netherlands (Table 13).

(vi) Net outward FDI by India decreased marginally to US$ 7.2 billion during April-September 2010 mainly due to higher repatriation of FDI by India.

(vii) Sector-wise, the increase in outward FDI was mainly in the areas of services. Nonetheless, manufacturing accounted for a significant share in outward FDI at 34.8 per cent during April-September 2010 (Table 12).

(viii) Direction-wise (*i.e.*, in terms of recipient countries), investment going to Singapore constituted the largest component of gross outward FDI during first half of 2010-11, followed by Mauritius and the USA reflecting the concessional and liberal policies of these countries (Table 13).

(ix) With slower gross inward FDI and rise in gross outward FDI, the net FDI (*i.e.*, net inward FDI minus net outward FDI) to India stood significantly lower at US$ 5.3 billion during April-September 2010 (US$ 12.3 billion a year ago).

Table 12: Sector-wise FDI – Inflows and Outflows

(US$ billion)

Industry	Inward FDI#				Outward FDI*		
	April-March	April-September			April-March	April-September	
	2009-10	2009-10	2010-11		2009-10	2009-10	2010-11
1	2	3	4	5	6	7	8
Manufacturing	5.1	2.8	2.2	Manufacturing	4.4	2.8	2.3
Services@	7.5	5.1	2.7	Services@@	3.2	2.1	2.8
Construction, Real Estate & Mining	6.0	3.1	1.3	Construction	0.7	0.4	0.2
Others	3.9	2.1	1.7	Others	2.0	0.9	1.3
Total	**22.5**	**13.1**	**7.9**	**Total**	**10.3**	**6.2**	**6.6**

Includes equity FDI through SIA/FIPB and RBI routes only and, hence, are not comparable with data in other tables.
* Includes equity (except that of individuals and banks), loans and guarantee invoked, and, hence, are not comparable with data in other tables.
@ Include communication, financial, business, computer and miscellaneous services.
@@ Include 'financial, insurance, real estate & business services', 'community, social & personal services' and 'transportation, storage & communication services'.

Table 13: Country-wise FDI – Inflows and Outflows

(US$ billion)

	Inward FDI#				Outward FDI*		
	April-March	April-September			April-March	April-September	
	2009-10	2009-10	2010-11		2009-10	2009-10	2010-11
1	2	3	4	5	6	7	8
1. Mauritius	9.8	6.3	2.9	1. Mauritius	1.3	0.6	1.8
2. Singapore	2.2	1.1	1.1	2. Singapore	3.7	2.7	2.0
3. Netherlands	0.8	0.6	0.7	3. USA	0.7	0.4	0.7
4. USA	2.2	1.5	0.6	4. Netherlands	0.7	0.3	0.3
5. Japan	1.0	0.7	0.4	5. Switzerland	0.1	0.1	0.2
6. UK	0.6	0.3	0.3	6. UAE	0.5	0.3	0.5
7. Cyprus	1.6	0.8	0.2	7. British Virgin Islands	0.5	0.5	0.2
8. Hong Kong	0.1	0.1	0.1	8. Cyprus	0.4	0.3	0.2
9. Others	4.2	1.9	1.6	9. Others	2.4	1.0	0.7
Total	**22.5**	**13.3**	**7.9**	**Total**	**10.3**	**6.2**	**6.6**

Includes equity FDI through SIA/FIPB and RBI routes only and, hence, are not comparable with data in other tables.

* Includes equity (except that of individuals and banks), loans and guarantee invoked, and, hence, are not comparable with data in other tables.

(x) Banking capital recorded lower net inflows at US$ 0.8 billion during April-September 2010 (US$ 1.0 billion a year ago) mainly due to higher build-up of foreign assets of commercial banks.

(xi) 'Other capital' that includes leads and lags in exports, SDR allocation, net funds held abroad, advances received pending issue of shares under FDI and other capital not included elsewhere (n.i.e) recorded a lower net outflow of US$ 9.0 billion during April-September 2010 as compared with a higher net outflow of US$ 10.0 billion during the corresponding period of previous year (Table 14).

Reserve Variation

(i) Notwithstanding significant increase in net capital inflows, accretion to reserves during April-September 2010 was lower as current account deficit has been more than double of that during April-September 2009. The accretion in foreign exchange reserves on BoP basis (*i.e.*, excluding valuation) was US$ 7.0 billion during April-September 2010 (US$ 9.5 billion a year ago) (Chart 5). Taking into account the valuation gain, foreign exchange reserves recorded an increase of US$ 13.8 billion during April-September 2010 (as against a decline in reserves of US$ 29.3 billion a year ago) (Annex A).

(ii) At the end of September 2010, outstanding foreign exchange reserves stood at US$ 292.9 billion.

Difference in DGCI&S and Balance of Payments Imports

(i) During April-September 2010, as per the records of the DGCI&S imports (based on Customs data)

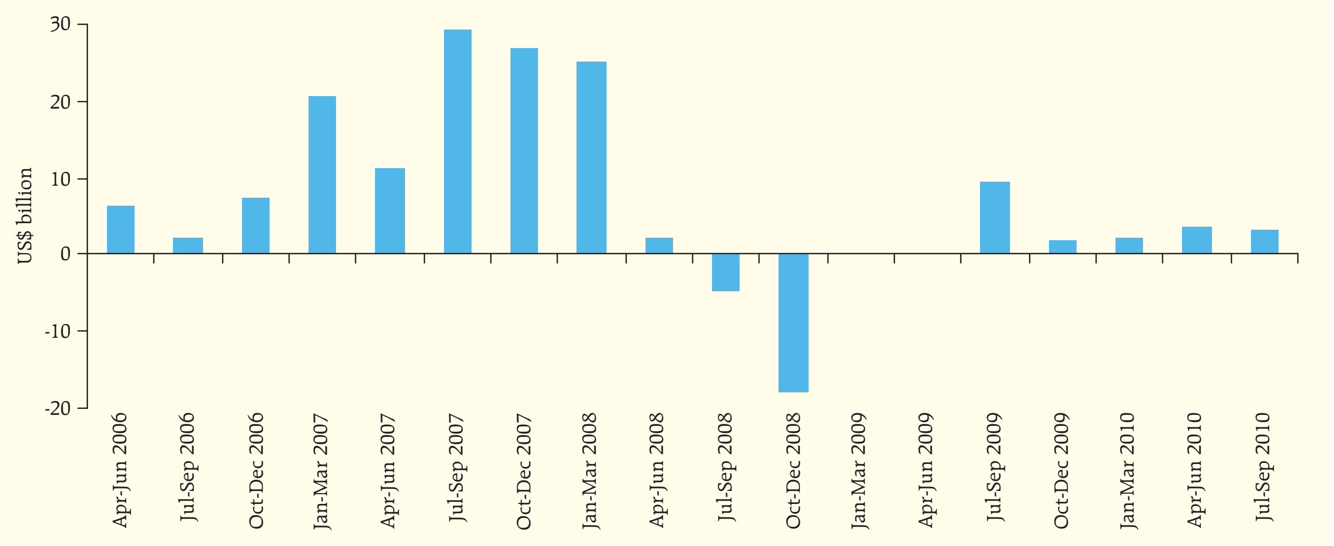
Table 14: Details of 'Other Capital' (Net)

(US$ billion)

Item	April-March		April-September	
	2008-09 (R)	2009-10 (PR)	2009-10 (PR)	2010-11 (P)
1	2	3	4	5
1 Lead and Lags in Exports	-14.6	-4.7	-2.4	-6.6
2 Net Funds Held Abroad	-0.3	-6.9	-5.0	-3.6
3 Advances Received Pending Issue of Shares under FDI	3.0	3.1	0.1	2.0
4 SDR Allocation	–	5.2	5.2	–
5 Other capital not included elsewhere (n.i.e) *(Inclusive of derivatives and hedging, migrant transfers and other capital transfers)*	8.0	-9.7	-7.9	-0.8
Total (1 to 5)	**-4.0**	**-13.0**	**-10.0**	**-9.0**

P: Preliminary. PR: Partially Revised. R: Revised. —: Nil/NA.

Chart 5: Variation in India's Foreign Exchange Reserve (BOP Basis)



and the BoP merchandise imports (based on banking channel data), the difference between the two data sets works out to about US$ 11.0 billion (Table 15).

To sum up, the key features of India's BoP that emerged during April-September 2010 were: (i) higher trade deficit (US$ 66.9 billion) led by higher import bills, (ii) lower net invisibles surplus (US$ 39.1 billion) led by lower investment income receipts and higher services payments, (iii) higher current account deficit (US$ 27.9 billion) due to higher trade deficit coupled with lower net invisibles surplus, (iv) higher net capital inflows driven by large inflows under FII investments along with steady inflows under short-term credit and ECBs, and (v) lower increase in reserves on BoP basis (*i.e*, excluding valuation) of US$ 7.0 billion (as compared with an increase in reserves of US$ 9.5 billion in April-September 2009) due to more than doubling of current account deficit. The details of key indicators are set out in Table 16.

Table 15: DGCI&S and the BoP Import Data

(US$ billion)

Item	April-March		Apr-Sept 2010-11 P
	2008-09 R	2009-10 PR	
1	2	3	4
1. BoP Imports	308.5	300.6	177.5
2. DGCI&S Imports	303.7	286.8	166.5
3. Difference (1-2)	4.8	13.8	11.0

P: Preliminary. PR: Partially Revised. R: Revised.

Table 16: Key Indicators of India's Balance of Payments

Item	April-March		April-September	
	2008-09	2009-10	2009-10	2010-11
1	2	3	4	5
Merchandise Trade				
1. Exports (US$ on BoP basis) Growth Rate (%)	13.7	-3.6	-25.7	33.8
2. Imports(US$ on BoP basis) Growth Rate (%)	19.8	-2.6	-21.1	28.2
3. Crude Oil Prices US$ Per Barrel (Indian Basket)	82.7	69.6	63.6	76.7
4. Trade Balance (US$ billion)	-119.5	-118.4	-55.9	-66.9
5. Exports/GDP (%)	15.6	13.2	13.9	14.5
6. Imports/GDP (%)	25.4	21.8	23.4	23.2
7. Trade Balance/GDP (%)	-9.8	-8.6	-9.4	-8.8
Invisibles				
8. Net Invisibles (US$ billion)	91.6	80.0	42.5	39.1
9. Net Invisible Surplus/Trade Deficit (%)	-76.6	-67.6	-76.1	-58.3
10. Invisibles Receipts/Current Receipts (%)	47.0	47.3	49.0	44.3
11. Services Receipts/Current Receipts (%)	29.7	27.7	27.1	28.1
12. Private Transfers Receipts/Current Receipts (%)	13.1	15.6	17.0	13.7
13. Net Invisibles/GDP (%)	7.5	5.8	7.2	5.1
14. Private Transfers Receipts/GDP (%)	3.9	3.9	4.6	3.6
15. Software exports/GDP (%)	3.8	3.6	3.7	3.3
16. Services(net)/GDP (%)	4.4	2.6	3.2	2.6
Current Account				
17. Current Receipts (US$ billion)	356.8	345.6	161.8	198.5
18. Current Payments (US$ billion)	384.7	384.0	175.1	226.4
19. Current Account Balance (US$ billion)	-27.9	-38.4	-13.3	-27.9
20. Current Account Balance/GDP (%)	-2.3	-2.8	-2.3	-3.7
Capital Account				
21. Gross Capital Inflows (US$ billion)	313.6	345.7	173.8	207.8
22. Gross Capital Outflows (US$ billion)	306.9	292.3	150.9	171.1
23. Net Capital Flows (US$ billion)	6.8	53.4	23.0	36.7
24. Net FDI/Net Capital Flows (%)	292.8	35.2	53.7	14.6
25. Net Portfolio Investment/Net Capital Flows (%)	-207.3	60.7	78.1	64.9
26. Net ECBs/Net Capital Flows (%)	116.2	5.3	3.2	16.3
Openess Indicators				
27. Exports plus Imports of Goods/GDP (%)	41.0	35.0	37.3	37.7
28. Current Receipts plus Current Payments/GDP (%)	61.1	52.8	56.8	55.6
29. Net Capital Inflows/GDP (%)	0.6	3.9	3.9	4.8
30. Gross Capital Inflows plus Outflows/GDP (%)	51.1	46.2	54.8	49.6
31. Current Receipts plus Current Payments & Gross Capital Inflows & Outflows/GDP (%)	112.2	99.1	111.6	105.3
Reserves				
32. Import Cover of Reserves (in months)	9.8	11.1	12.4	10.3
33. Outstanding Reserves as at end period (US$ billion)	252.0	279.1	281.3	292.9

Annex A: Sources of Variation in Foreign Exchange Reserves: April-September 2010

During April-September 2010, there was an accretion to the foreign exchange reserves in BoP terms (*i.e.*, excluding valuation effects). The sources of variation in the foreign exchange reserves are set out in Table 1.

Table 1: Sources of Variation in Foreign Exchange Reserves

(US $ billion)

Items	2009-10 April-September	2010-11 April-September
I. Current Account Balance	**-13.3**	**-27.9**
II. Capital Account (net) (a to f)	**22.8**	**34.9**
a. Foreign Investment (i+ii)	30.3	29.1
(i) Foreign Direct Investment	12.3	5.3
(ii) Portfolio Investment	17.9	23.8
Of which:		
FIIs	15.3	22.3
ADRs/GDRs	2.7	1.6
b. External Commercial Borrowings	0.7	6.0
c. Banking Capital	1.0	0.8
of which: NRI Deposits	2.9	2.2
d. Short-Term Trade Credit	-0.05	6.7
e. External Assistance	1.0	3.0
f. Other Items in Capital Account*	-10.2	-10.7
III. Valuation Change	**19.8**	**6.8**
Total (I+II+III) @	**29.3**	**13.8**

Note: * : (i) 'Other items in capital account' apart from 'Errors and Omissions' also include SDR allocations, leads and lags in exports, funds held abroad, advances received pending issue of shares under FDI and transactions of capital receipts not included elsewhere.
(ii) Increase in reserves (+)/Decrease in reserves (-).
@: Difference, if any, is due to rounding off.

On a balance of payments basis (*i.e.*, excluding valuation effects), the foreign exchange reserves increased by US$ 7.0 billion during April-September 2010 as against an increase of US$ 9.5 billion during April-September 2009. The foreign exchange reserves (including the valuation effects) increased by US$ 13.8 billion during April-September 2010 as compared with an increase of US$ 29.3 billion during April-September 2009 (Table 2).

Table 2: Comparative Position

(US$ billion)

Items	2009-10 April-September	2010-11 April-September
1 Change in Foreign Exchange Reserves (Including Valuation Effects)	29.3	13.8
2 Valuation Effects (Gain (+)/Loss (-))	19.8	6.8
3 Change in Foreign Exchange Reserves on BoP basis (*i.e.*, Excluding Valuation Effects)	9.5	7.0
4 Percentage of increase/decline in Reserves explained by Valuation Gain/Loss	67.7	49.3

Note: Increase in reserves (+)/Decrease in reserves (-).

The valuation gains, reflecting the depreciation of the US dollar against major currencies, accounted for US$ 6.8 billion during April-September 2010 as compared with valuation gains of US$ 19.8 billion during April-September 2009. Accordingly, valuation gains accounted for 49.3 per cent of the total increase in foreign exchange reserves during April-September 2010.

Statement 1: India's Overall Balance of Payments

(US$ million)

Item	2008-09			2009-10 PR		
	Credit	Debit	Net	Credit	Debit	Net
1	2	3	4	5	6	7
A. CURRENT ACCOUNT						
I. MERCHANDISE	**189,001**	**308,521**	**-119,520**	**182,235**	**300,609**	**-118,374**
II. INVISIBLES (a+b+c)	**167,819**	**76,214**	**91,605**	**163,404**	**83,413**	**79,991**
a) Services	105,963	52,047	53,916	95,759	60,033	35,726
i) Travel	10,894	9,425	1,469	11,859	9,342	2,517
ii) Transportation	11,310	12,820	-1,509	11,177	11,934	-757
iii) Insurance	1,422	1,130	292	1,603	1,286	317
iv) G.n.i.e.	389	793	-404	440	526	-86
v) Miscellaneous	81,948	27,878	54,070	70,680	36,945	33,735
of which						
Software Services	46,300	2,564	43,736	49,705	1,469	48,236
Business Services	18,603	15,317	3,286	11,368	18,049	-6,681
Financial Services	4,428	2,958	1,470	3,736	4,643	-907
Communication Services	2,298	1,087	1,211	1,229	1,355	-126
b) Transfers	47,547	2,749	44,798	54,623	2,318	52,305
i) Official	645	413	232	723	473	250
ii) Private	46,903	2,336	44,567	53,900	1,845	52,055
c) Income	14,309	21,418	-7,110	13,022	21,062	-8,040
i) Investment Income	13,483	20,109	-6,626	12,108	19,357	-7,249
ii) Compensation of Employees	825	1,309	-484	914	1,705	-791
Total Current Account (I+II)	**356,820**	**384,735**	**-27,915**	**345,639**	**384,022**	**-38,383**
B. CAPITAL ACCOUNT						
1. Foreign Investment (a+b)	**167,594**	**161,809**	**5,785**	**198,669**	**147,502**	**51,167**
a) Foreign Direct Investment (i+ii)	38,940	19,124	19,816	38,500	19,729	18,771
i) In India	37,837	166	37,672	37,762	4,638	33,124
Equity	28,029	166	27,863	27,149	4,242	22,907
Reinvested Earnings	9,032	–	9,032	8,668	–	8,668
Other Capital	776	–	776	1,945	396	1,549
ii. Abroad	1,103	18,958	-17,855	738	15,091	-14,353
Equity	1,103	14,791	-13,688	738	10,052	-9,314
Reinvested Earnings	–	1,084	-1,084	–	1,084	-1,084
Other Capital	–	3,083	-3,083	–	3,955	-3,955
b) Portfolio Investment	128,654	142,685	-14,031	160,169	127,773	32,396
i) In India	128,511	142,365	-13,854	159,897	127,521	32,376
of which						
FIIs	127,349	142,366	-15,017	156,570	127,521	29,049
GDRs/ADRs	1,162	–	1,162	3,328	–	3,328
ii) Abroad	142	319	-177	272	252	20
2. Loans (a+b+c)	**62,219**	**53,901**	**8,318**	**74,116**	**60,857**	**13,259**
a) External Assistance	5,232	2,791	2,441	5,898	3,005	2,893
i) By India	72	416	-344	52	420	-368
ii) To India	5,160	2,375	2,785	5,846	2,585	3,261
b) Commercial Borrowings	15,223	7,361	7,862	14,954	12,146	2,808
i) By India	1,997	783	1,214	974	1,505	-531
ii) To India	13,226	6,578	6,648	13,980	10,641	3,339
c) Short Term to India	41,765	43,750	-1,985	53,264	45,706	7,558
i) Suppliers' Credit >180 days & Buyers' Credit	38,815	38,352	463	48,571	43,914	4,657
ii) Suppliers' Credit up to 180 days	2,950	5,398	-2,448	4,693	1,792	2,901
3. Banking Capital (a+b)	**65,207**	**68,453**	**-3,246**	**61,499**	**59,415**	**2,084**
a) Commercial Banks	65,094	67,868	-2,774	60,893	58,966	1,927
i) Assets	25,823	28,725	-2,902	17,097	15,259	1,838
ii) Liabilities	39,270	39,142	128	43,796	43,707	89
of which: Non-Resident Deposits	37,147	32,858	4,290	41,356	38,432	2,924
b) Others	113	585	-472	606	449	157
4. Rupee Debt Service	**–**	**100**	**-100**	**–**	**97**	**-97**
5. Other Capital	**18,612**	**22,602**	**-3,990**	**11,390**	**24,406**	**-13,016**
Total Capital Account (1 to 5)	**313,632**	**306,864**	**6,768**	**345,674**	**292,277**	**53,397**
C. Errors & Omissions	**1,067**	**–**	**1,067**	**–**	**1,573**	**-1,573**
D. Overall Balance (Total Current Account, Capital Account and Errors & Omissions (A+B+C))	**671,519**	**691,599**	**-20,080**	**691,313**	**677,872**	**13,441**
E. Monetary Movements (i+ii)	**20,080**	**–**	**20,080**	**–**	**13,441**	**-13,441**
i) I.M.F.	–	–	-	–	–	–
ii) Foreign Exchange Reserves (Increase - / Decrease +)	20,080	–	20,080	–	13,441	-13,441
of which : SDR Allocation	–	–	–	–	5,160	-5,160

PR : Partially Revised.

Statement 1: India's Overall Balance of Payments *(Contd.)*

(US$ million)

Item	Apr-Jun 2008			Jul-Sep 2008		
	Credit	Debit	Net	Credit	Debit	Net
1	8	9	10	11	12	13
A. CURRENT ACCOUNT						
I. MERCHANDISE	**57,454**	**82,655**	**-25,201**	**53,630**	**92,752**	**-39,121**
II. INVISIBLES (a+b+c)	**39,986**	**18,186**	**21,800**	**46,919**	**20,062**	**26,857**
a) Services	23,616	12,344	11,272	29,001	13,525	15,476
i) Travel	2,504	2,164	341	2,786	2,711	75
ii) Transportation	2,615	3,328	-713	3,041	3,751	-710
iii) Insurance	350	227	123	377	306	71
iv) G.n.i.e.	130	110	19	81	95	-14
v) Miscellaneous	18,017	6,515	11,502	22,716	6,662	16,054
of which						
Software Services	12,081	844	11,237	12,120	685	11,435
Business Services	4,087	3,217	870	5,410	3,916	1,494
Financial Services	615	620	-5	1,673	966	707
Communication Services	510	227	284	740	296	444
b) Transfers	12,797	654	12,143	13,773	831	12,942
i) Official	148	107	40	51	97	-46
ii) Private	12,649	547	12,102	13,722	734	12,988
c) Income	3,573	5,187	-1,615	4,145	5,706	-1,561
i) Investment Income	3,418	4,859	-1,441	3,855	5,375	-1,520
ii) Compensation of Employees	155	328	-174	290	331	-41
Total Current Account (I+II)	**97,440**	**100,841**	**-3,400**	**100,550**	**112,814**	**-12,264**
B. CAPITAL ACCOUNT						
1. Foreign Investment (a+b)	**53,674**	**48,684**	**4,989**	**52,550**	**48,251**	**4,299**
a) Foreign Direct Investment (i+ii)	12,906	3,710	9,196	9,920	4,309	5,610
i) In India	12,670	21	12,649	9,604	52	9,552
Equity	10,248	21	10,227	7,312	52	7,260
Reinvested Earnings	2,258	–	2,258	2,258	–	2,258
Other Capital	164	–	164	34	–	34
ii. Abroad	236	3,688	-3,452	316	4,257	-3,941
Equity	236	2,661	-2,425	316	3,299	-2,983
Reinvested Earnings	–	271	-271	–	271	-271
Other Capital	–	756	-756	–	687	-687
b) Portfolio Investment	40,768	44,975	-4,207	42,630	43,942	-1,311
i) In India	40,745	44,923	-4,177	42,618	43,919	-1,302
of which						
FIIs	39,746	44,923	-5,177	42,482	43,919	-1,437
GDRs/ADRs	999	–	999	136	–	136
ii) Abroad	22	52	-29	13	22	-10
2. Loans (a+b+c)	**15,901**	**9,704**	**6,197**	**16,305**	**13,739**	**2,566**
a) External Assistance	941	655	286	1,122	673	449
i) By India	18	104	-86	18	104	-86
ii) To India	923	551	372	1,104	569	535
b) Commercial Borrowings	2,754	1,270	1,484	3,574	1,859	1,714
i) By India	403	190	213	532	138	393
ii) To India	2,351	1,080	1,271	3,042	1,721	1,321
c) Short Term to India	12,206	7,779	4,427	11,609	11,207	402
i) Suppliers' Credit >180 days & Buyers' Credit	9,256	7,779	1,477	11,609	9,766	1,843
ii) Suppliers' Credit up to 180 days	2,950	–	2,950	–	1,441	-1,441
3. Banking Capital (a+b)	**21,987**	**19,291**	**2,696**	**16,360**	**14,086**	**2,275**
a) Commercial Banks	21,987	19,140	2,847	16,360	14,083	2,277
i) Assets	11,457	10,533	924	6,596	5,154	1,442
ii) Liabilities	10,530	8,607	1,923	9,764	8,929	835
of which : Non-Resident Deposits	9,098	8,284	814	9,176	8,917	259
b) Others	–	151	-151	–	3	-3
4. Rupee Debt Service	**–**	**30**	**-30**	**–**	**3**	**-3**
5. Other Capital	**4,604**	**13,015**	**-8,411**	**4,886**	**7,682**	**-2,796**
Total Capital Account (1 to 5)	**96,166**	**90,724**	**5,442**	**90,101**	**83,760**	**6,341**
C. Errors & Omissions	**194**	**–**	**194**	**1,189**	**–**	**1,189**
D. Overall Balance (Total Current Account, Capital Account and Errors & Omissions (A+B+C))	**193,800**	**191,565**	**2,235**	**191,840**	**196,574**	**-4,734**
E. Monetary Movements (i+ii)	**–**	**2,235**	**-2,235**	**4,734**	**–**	**4,734**
i) I.M.F.	–	–	–	–	–	–
ii) Foreign Exchange Reserves (Increase - / Decrease +)	–	2,235	-2235	4,734	–	4,734

Statement 1: India's Overall Balance of Payments *(Contd.)*

(US$ million)

Item	Oct-Dec 2008			Jan-Mar 2009		
	Credit	Debit	Net	Credit	Debit	Net
1	14	15	16	17	18	19
A. CURRENT ACCOUNT						
I. MERCHANDISE	**39,436**	**74,428**	**-34,992**	**38,481**	**58,686**	**-20,205**
II. INVISIBLES (a+b+c)	**42,416**	**19,294**	**23,122**	**38,498**	**18,673**	**19,825**
a) Services	28,227	13,099	15,128	25,119	13,078	12,040
i) Travel	2,924	1,946	979	2,680	2,606	74
ii) Transportation	2,738	3,241	-503	2,916	2,499	416
iii) Insurance	347	268	79	348	329	18
iv) G.n.i.e.	97	233	-136	81	355	-273
v) Miscellaneous	22,121	7,412	14,709	19,094	7,289	11,805
of which						
Software Services	11,274	580	10,694	10,825	455	10,370
Business Services	4,851	3,568	1,283	4,255	4,616	-361
Financial Services	1,112	740	372	1,028	633	395
Communication Services	547	257	290	501	308	193
b) Transfers	10,997	845	10,151	9,980	419	9,562
i) Official	285	98	187	161	111	50
ii) Private	10,712	748	9,964	9,820	308	9,512
c) Income	3,192	5,349	-2,157	3,399	5,176	-1,777
i) Investment Income	3,000	5,011	-2,011	3,210	4,864	-1,654
ii) Compensation of Employees	192	338	-146	189	312	-123
Total Current Account (I+II)	**81,851**	**93,722**	**-11,870**	**76,979**	**77,359**	**-380**
B. CAPITAL ACCOUNT						
1. Foreign Investment (a+b)	**33,709**	**38,820**	**-5,111**	**27,661**	**26,053**	**1,608**
a) Foreign Direct Investment (i+ii)	7,112	6,402	710	9,003	4,703	4,300
i) In India	6,901	29	6,872	8,662	63	8,599
Equity	4,117	29	4,088	6,352	63	6,289
Reinvested Earnings	2,258	–	2,258	2,258	–	2,258
Other Capital	526	–	526	52	–	52
ii. Abroad	210	6,373	-6,163	341	4,640	-4,299
Equity	210	5,020	-4,810	341	3,811	-3,470
Reinvested Earnings	–	271	-271	–	271	-271
Other Capital	–	1,082	-1,082	–	558	-558
b) Portfolio Investment	26,597	32,418	-5,821	18,658	21,350	-2,692
i) In India	26,568	32,355	-5,787	18,580	21,169	-2,588
of which						
FIIs	26,561	32,355	-5,794	18,560	21,169	-2,609
GDRs/ADRs	7	–	7	20	–	20
ii) Abroad	29	63	-34	78	182	-104
2. Loans (a+b+c)	**15,803**	**15,419**	**384**	**14,210**	**15,039**	**-829**
a) External Assistance	1,692	759	933	1,477	704	773
i) By India	18	104	-86	18	104	-86
ii) To India	1,674	655	1,019	1,459	600	859
b) Commercial Borrowings	5,395	1,724	3,671	3,499	2,507	992
i) By India	662	148	514	399	306	93
ii) To India	4,733	1,576	3,157	3,100	2,201	899
c) Short Term to India	8,715	12,936	-4,221	9,234	11,828	-2,594
i) Suppliers' Credit >180 days & Buyers' Credit	8,715	10,357	-1,642	9,234	10,450	-1,216
ii) Suppliers' Credit up to 180 days	–	2,579	-2,579	0	1,378	-1,378
3. Banking Capital (a+b)	**14,830**	**19,786**	**-4,956**	**12,030**	**15,290**	**-3,260**
a) Commercial Banks	14,827	19,355	-4,528	11,919	15,290	-3,371
i) Assets	5,192	7,541	-2,349	2,578	5,498	-2,920
ii) Liabilities	9,636	11,814	-2,178	9,341	9,792	-451
of which : Non-Resident Deposits	9,543	8,501	1,042	9,331	7,155	2,176
b) Others	2	431	-429	111	–	111
4. Rupee Debt Service	**–**	**–**	**–**	**–**	**68**	**-68**
5. Other Capital	**5,005**	**693**	**4,312**	**4,117**	**1,212**	**2,905**
Total Capital Account (1 to 5)	**69,346**	**74,718**	**-5,372**	**58,019**	**57,662**	**357**
C. Errors & Omissions	**–**	**639**	**-639**	**323**	**–**	**323**
D. Overall Balance (Total Current Account, Capital Account and Errors & Omissions (A+B+C))	**151,197**	**169,079**	**-17,881**	**135,321**	**135,021**	**300**
E. Monetary Movements (i+ii)	**17,881**	**–**	**17,881**	**–**	**300**	**-300**
i) I.M.F.	–	–	–	–	–	–
ii) Foreign Exchange Reserves (Increase - / Decrease +)	17,881	–	17,881	–	300	-300

Statement 1: India's Overall Balance of Payments *(Contd.)*

(US$ million)

Item	Apr-June 2009 PR			July-Sept 2009 PR		
	Credit	Debit	Net	Credit	Debit	Net
1	20	21	22	23	24	25
A. CURRENT ACCOUNT						
I. MERCHANDISE	**39,166**	**65,434**	**-26,268**	**43,403**	**72,985**	**-29,582**
II. INVISIBLES (a+b+c)	**38,686**	**16,583**	**22,103**	**40,502**	**20,094**	**20,408**
a) Services	22,391	10,956	11,435	21,368	13,705	7,663
i) Travel	2,297	2,035	262	2,719	2,357	362
ii) Transportation	2,501	2,777	-276	2,570	2,221	349
iii) Insurance	388	314	74	384	341	43
iv) G.n.i.e.	100	103	-3	100	130	-30
v) Miscellaneous	17,105	5,727	11,378	15,595	8,656	6,939
of which						
Software Services	11,004	391	10,613	11,207	438	10,769
Business Services	2,586	3,295	-709	2,504	4,612	-2,108
Financial Services	1,116	835	281	732	1,135	-403
Communication Services	418	278	140	307	313	-6
b) Transfers	13,345	470	12,875	14,385	568	13,817
i) Official	47	110	-63	168	108	60
ii) Private	13,298	360	12,938	14,217	460	13,757
c) Income	2,950	5,157	-2,207	4,749	5,821	-1,072
i) Investment Income	2,723	4,806	-2,083	4,544	5,479	-935
ii) Compensation of Employees	227	351	-124	205	342	-137
Total Current Account (I+II)	**77,852**	**82,017**	**-4,165**	**83,905**	**93,079**	**-9,174**
B. CAPITAL ACCOUNT						
1. Foreign Investment (a+b)	**48,576**	**35,481**	**13,095**	**55,940**	**38,760**	**17,180**
a) Foreign Direct Investment (i+ii)	9,951	5,124	4,827	11,580	4,077	7,503
i) In India	9,826	926	8,900	11,485	632	10,853
Equity	7,290	900	6,390	8,547	597	7,950
Reinvested Earnings	2,167	–	2,167	2,167	–	2,167
Other Capital	369	26	343	771	35	736
ii. Abroad	125	4,198	-4,073	95	3,445	-3,350
Equity	125	2,983	-2,858	95	2,137	-2,042
Reinvested Earnings	–	271	-271	–	271	-271
Other Capital	–	944	-944	–	1,037	-1,037
b) Portfolio Investment	38,625	30,357	8,268	44,360	34,683	9,677
i) i) In India	38,602	30,332	8,270	44,356	34,655	9,701
of which						
FIIs	38,559	30,332	8,227	41,693	34,655	7,038
GDRs/ADRs	43	–	43	2,664	–	2,664
ii) Abroad	23	25	-2	4	28	-24
2. Loans (a+b+c)	**13,112**	**14,543**	**-1,431**	**16,628**	**13,495**	**3,133**
a) External Assistance	1,014	728	286	1,477	740	737
i) By India	13	105	-92	13	105	-92
ii) To India	1,001	623	378	1,464	635	829
b) Commercial Borrowings	1,972	2,433	-461	3,223	2,034	1,189
i) By India	244	333	-89	206	215	-9
ii) To India	1,728	2,100	-372	3,017	1,819	1,198
c) Short Term to India	10,126	11,382	-1,256	11,928	10,721	1,207
i) Suppliers' Credit >180 days & Buyers' Credit	10,126	9,590	536	10,994	10,721	273
ii) Suppliers' Credit up to 180 days	–	1,792	-1,792	934	–	934
3. Banking Capital (a+b)	**15,577**	**18,943**	**-3,366**	**16,543**	**12,132**	**4,411**
a) Commercial Banks	15,577	18,704	-3,127	16,543	11,989	4,554
i) Assets	4,368	6,946	-2,578	6,131	1,730	4,401
ii) Liabilities	11,209	11,758	-549	10,412	10,259	153
of which : Non-Resident Deposits	11,172	9,354	1,818	10,342	9,295	1,047
b) Others	–	239	-239	–	143	-143
4. Rupee Debt Service	**–**	**23**	**-23**	**–**	**1**	**-1**
5. Other Capital	**552**	**5,169**	**-4,617**	**6,898**	**12,315**	**-5,417**
Total Capital Account (1 to 5)	**77,817**	**74,159**	**3,658**	**96,009**	**76,703**	**19,306**
C. Errors & Omissions	**622**	**–**	**622**	**–**	**714**	**-714**
D. Overall Balance (Total Current Account, Capital Account and Errors & Omissions (A+B+C))	**156,291**	**156,176**	**115**	**179,914**	**170,496**	**9,418**
E. Monetary Movements (i+ii)	**–**	**115**	**-115**	**–**	**9,418**	**-9,418**
i) I.M.F.	–	–	–	–	–	–
ii) Foreign Exchange Reserves (Increase - / Decrease +)	–	115	-115	–	9,418	-9,418
of which: SDR Allocation	–	–	–	–	5160	-5160

Statement 1: India's Overall Balance of Payments *(Contd.)*

(US$ million)

Item	Oct-Dec 2009 PR			Jan-Mar 2010 PR		
	Credit	Debit	Net	Credit	Debit	Net
1	26	27	28	29	30	31
A. CURRENT ACCOUNT						
I. MERCHANDISE	**47,170**	**78,097**	**-30,927**	**52,496**	**84,093**	**-31,597**
II. INVISIBLES (a+b+c)	**40,472**	**21,748**	**18,724**	**43,744**	**24,988**	**18,756**
a) Services	24,159	15,993	8,166	27,841	19,379	8,462
i) Travel	3,440	2,312	1,128	3,403	2,638	765
ii) Transportation	2,991	3,366	-375	3,115	3,570	-455
iii) Insurance	408	305	103	423	326	97
iv) G.n.i.e.	124	134	-10	116	159	-43
v) Miscellaneous	17,196	9,876	7,320	20,784	12,686	8,098
of which						
Software Services	13,197	333	12,864	14,297	307	13,990
Business Services	2,460	4,571	-2,111	3,818	5,571	-1,753
Financial Services	785	1,156	-371	1,103	1,517	-414
Communication Services	259	381	-122	245	383	-138
b) Transfers	13,677	638	13,039	13,216	642	12,574
i) Official	382	113	269	126	142	-16
ii) Private	13,295	525	12,770	13,090	500	12,590
c) Income	2,636	5,117	-2,481	2,687	4,967	-2,280
i) Investment Income	2,385	4,597	-2,212	2,456	4,475	-2,019
ii) Compensation of Employees	251	520	-269	231	492	-261
Total Current Account (I+II)	**87,642**	**99,845**	**-12,203**	**96,240**	**109,081**	**-12,841**
B. CAPITAL ACCOUNT						
1. Foreign Investment (a+b)	**44,689**	**35,965**	**8,724**	**49,464**	**37,296**	**12,168**
a) Foreign Direct Investment (i+ii)	8,908	5,869	3,039	8,061	4,659	3,402
i) In India	8,714	1,469	7,245	7,737	1,611	6,126
Equity	5,959	1,233	4,726	5,353	1,512	3,841
Reinvested Earnings	2,167	–	2,167	2,167	–	2,167
Other Capital	588	236	352	217	99	118
ii. Abroad	194	4,400	-4,206	324	3,048	-2,724
Equity	194	3,403	-3,209	324	1,529	-1,205
Reinvested Earnings	–	271	-271	–	271	-271
Other Capital	–	726	-726	–	1,248	-1,248
b) Portfolio Investment	35,781	30,096	5,685	41,403	32,637	8,766
i) In India	35,770	30,041	5,729	41,169	32,493	8,676
of which						
FIIs	35,295	30,041	5,254	41,023	32,493	8,530
GDRs/ADRs	475	–	475	146	–	146
ii) Abroad	11	55	-44	234	144	90
2. Loans (a+b+c)	**20,103**	**14,398**	**5,705**	**24,273**	**18,421**	**5,852**
a) External Assistance	1,646	802	844	1,761	735	1,026
i) By India	13	105	-92	13	105	-92
ii) To India	1,633	697	936	1,748	630	1,118
b) Commercial Borrowings	4,550	2,842	1,708	5,209	4,837	372
i) By India	227	570	-343	297	387	-90
ii) To India	4,323	2,272	2,051	4,912	4,450	462
c) Short Term to India	13,907	10,754	3,153	17,303	12,849	4,454
i) Suppliers' Credit >180 days & Buyers' Credit	12,055	10,754	1,301	15,396	12,849	2,547
ii) Suppliers' Credit up to 180 days	1,852	–	1,852	1,907	–	1,907
3. Banking Capital (a+b)	**15,172**	**13,232**	**1,940**	**14,207**	**15,109**	**-902**
a) Commercial Banks	14,578	13,165	1,413	14,195	15,109	-914
i) Assets	3,067	1,874	1,193	3,531	4,709	-1,178
ii) Liabilities	11,511	11,291	220	10,664	10,399	265
of which : Non-Resident Deposits	10,177	9,568	609	9,665	10,215	-550
b) Others	594	67	527	12	–	12
4. Rupee Debt Service	**–**	**–**	**–**	**–**	**73**	**-73**
5. Other Capital	**1,597**	**3,338**	**-1,741**	**2,343**	**3,584**	**-1,241**
Total Capital Account (1 to 5)	**81,561**	**66,933**	**14,628**	**90,287**	**74,483**	**15,804**
C. Errors & Omissions	**–**	**658**	**-658**	**–**	**822**	**-822**
D. Overall Balance (Total Current Account, Capital Account and Errors & Omissions (A+B+C))	**169,203**	**167,436**	**1,767**	**186,527**	**184,386**	**2,141**
E. Monetary Movements (i+ii)	**–**	**1767**	**-1767**	**–**	**2,141**	**-2,141**
i) I.M.F.	–	–	–	–	–	-
ii) Foreign Exchange Reserves (Increase - / Decrease +)	–	1767	-1767	–	–	-2,141
of which: SDR Allocation	–	–	–	–	–	–

Statement 1: India's Overall Balance of Payments *(Contd.)*

(US$ million)

Item	Apr-June 2010 PR			Jul-Sep 2010 P		
	Credit	Debit	Net	Credit	Debit	Net
1	32	33	34	35	36	37
A. CURRENT ACCOUNT						
I. MERCHANDISE	**56,253**	**87,809**	**-31,556**	**54,265**	**89,648**	**-35,383**
II. INVISIBLES (a+b+c)	**42,533**	**23,097**	**19,436**	**45,449**	**25,827**	**19,622**
a) Services	25,924	16,956	8,968	29,822	19,280	10,542
i) Travel	2,950	2,319	631	3,378	2,759	619
ii) Transportation	3,143	3,134	9	3,277	3,524	-247
iii) Insurance	410	310	100	442	386	56
iv) G.n.i.e.	94	143	-49	125	205	-80
v) Miscellaneous	19,327	11,050	8,277	22,600	12,406	10,194
of which						
Software Services	12,655	575	12,080	12,814	585	12,229
Business Services	4,819	5,902	-1,083	5,942	6,977	-1,035
Financial Services	1,228	1,404	-176	1,819	1,905	-86
Communication Services	325	241	84	417	266	151
b) Transfers	13,754	700	13,054	13,654	651	13,003
i) Official	59	115	-56	141	111	30
ii) Private	13,695	585	13,110	13,513	540	12,973
c) Income	2,855	5,441	-2,586	1,973	5,896	-3,923
i) Investment Income	2,628	4,954	-2,326	1,726	5,456	-3,730
ii) Compensation of Employees	227	487	-260	247	440	-193
Total Current Account (I+II)	**98,786**	**110,906**	**-12,120**	**99,714**	**115,475**	**-15,761**
B. CAPITAL ACCOUNT						
1. Foreign Investment (a+b)	**52,564**	**45,146**	**7,418**	**67,615**	**45,896**	**21,719**
a) Foreign Direct Investment (i+ii)	8,498	5,685	2,813	8,358	5,831	2,527
i) In India	8,204	2,302	5,902	7,780	1,097	6,683
Equity	5,991	2,278	3,713	5,452	1,034	4,418
Reinvested Earnings	2,119	–	2,119	2,119	–	2,119
Other Capital	94	24	70	209	63	146
ii. Abroad	294	3,383	-3,089	578	4,734	-4,156
Equity	294	2,010	-1,716	578	2,501	-1,923
Reinvested Earnings	–	271	-271	–	271	-271
Other Capital	–	1,102	-1,102	–	1,962	-1,962
b) Portfolio Investment	44,066	39,461	4,605	59,257	40,065	19,192
i) In India	43,972	39,320	4,652	59,106	39,854	19,252
of which						
FIIs	42,858	39,320	3,538	58,614	39,854	18,760
GDRs/ADRs	1,114	–	1,114	492	–	492
ii) Abroad	94	141	-47	151	211	-60
2. Loans (a+b+c)	**23,299**	**14,431**	**8,868**	**26,811**	**19,963**	**6,848**
a) External Assistance	3,172	748	2,424	1,251	682	569
i) By India	14	20	-6	14	20	-6
ii) To India	3,158	728	2,430	1,237	662	575
b) Commercial Borrowings	4,435	2,177	2,258	6,196	2,480	3,716
i) By India	185	243	-58	297	556	-259
ii) To India	4,250	1,934	2,316	5,899	1,924	3,975
c) Short Term to India	15,692	11,506	4,186	19,364	16,801	2,563
i) Suppliers' Credit >180 days & Buyers' Credit	14,681	11,506	3,175	18,252	16,801	1,451
ii) Suppliers' Credit up to 180 days	1,011	–	1,011	1,112	–	1,112
3. Banking Capital (a+b)	**16,745**	**12,742**	**4,003**	**16,990**	**20,159**	**-3,169**
a) Commercial Banks	16,743	12,718	4,025	16,990	19,555	-2,565
i) Assets	3,263	2,558	705	4,193	8,029	-3,836
ii) Liabilities	13,480	10,160	3,320	12,797	11,526	1,271
of which: Non-Resident Deposits	11,252	10,133	1,119	11,672	10,628	1,044
b) Others	2	24	-22	–	604	-604
4. Rupee Debt Service	**–**	**16**	**-16**	**–**	**1**	**-1**
5. Other Capital	**2,384**	**6,462**	**-4,078**	**1,372**	**6,303**	**-4,931**
B. Total Capital Account (1 to 5)	**94,992**	**78,797**	**16,195**	**112,788**	**92,322**	**20,466**
C. Errors & Omissions	**–**	**334**	**-334**	**–**	**1,416**	**-1,416**
D. Overall Balance (Total Current Account, Capital Account and Errors & Omissions (A+B+C))	**193,778**	**190,037**	**3,741**	**212,502**	**209,213**	**3,289**
E. Monetary Movements (i+ii)	**–**	**3,741**	**-3,741**	**–**	**3,289**	**-3,289**
i) I.M.F.	–	–	–	–	–	–
ii) Foreign Exchange Reserves (Increase - / Decrease +)	–	3,741	-3,741	–	3,289	-3,289
of which: SDR Allocation	–	–	–	–	–	–

Statement 1: India's Overall Balance of Payments *(Concld.)*

(US$ million)

Item	Apr-Sep 2009 PR			Apr-Sep 2010 P		
	Credit	Debit	Net	Credit	Debit	Net
1	38	39	40	41	42	43
A. CURRENT ACCOUNT						
I. MERCHANDISE	**82,569**	**138,419**	**-55,850**	**110,518**	**177,457**	**-66,939**
II. INVISIBLES (a+b+c)	**79,188**	**36,677**	**42,511**	**87,982**	**48,924**	**39,058**
a) Services	43,759	24,661	19,098	55,746	36,236	19,510
i) Travel	5,016	4,392	624	6,328	5,078	1,250
ii) Transportation	5,071	4,998	73	6,420	6,658	-238
iii) Insurance	772	655	117	852	696	156
iv) G.n.i.e.	200	233	-33	219	348	-129
v) Miscellaneous	32,700	14,383	18,317	41,927	23,456	18,471
of which						
Software Services	22,211	829	21,382	25,469	1,160	24,309
Business Services	5,090	7,907	-2,817	10,761	12,879	-2,118
Financial Services	1,848	1,970	-122	3,047	3,309	-262
Communication Services	725	591	134	742	507	235
b) Transfers	27,730	1,038	26,692	27,408	1,351	26,057
i) Official	215	218	-3	200	226	-26
ii) Private	27,515	820	26,695	27,208	1,125	26,083
c) Income	7,699	10,978	-3,279	4,828	11,337	-6,509
i) Investment Income	7,267	10,285	-3,018	4,354	10,410	-6,056
ii) Compensation of Employees	432	693	-261	474	927	-453
Total Current Account (I+II)	**161,757**	**175,096**	**-13,339**	**198,500**	**226,381**	**-27,881**
B. CAPITAL ACCOUNT						
1. Foreign Investment (a+b)	**104,516**	**74,241**	**30,275**	**120,179**	**91,042**	**29,137**
a) Foreign Direct Investment (i+ii)	21,531	9,201	12,330	16,856	11,516	5,340
i. In India	21,311	1,558	19,753	15,984	3,399	12,585
Equity	15,837	1,497	14,340	11,443	3,312	8,131
Reinvested Earnings	4,334	–	4,334	4,238	–	4,238
Other Capital	1,140	61	1,079	303	87	216
ii. Abroad	220	7,643	-7,423	872	8,117	-7,245
Equity	220	5,120	-4,900	872	4,511	-3,639
Reinvested Earnings	–	542	-542	–	542	-542
Other Capital	–	1,981	-1,981	–	3,064	-3,064
b) Portfolio Investment	82,985	65,040	17,945	103,323	79,526	23,797
i) In India	82,958	64,987	17,971	103,078	79,174	23,904
of which						
FIIs	80,252	64,987	15,265	101,472	79,174	22,298
GDRs/ADRs	2,707	–	2,707	1,606	–	1,606
ii) Abroad	27	53	-26	245	352	-107
2. Loans (a+b+c)	**29,740**	**28,038**	**1,702**	**50,110**	**34,394**	**15,716**
a) External Assistance	2,491	1,468	1,023	4,423	1,430	2,993
i) By India	26	210	-184	28	40	-12
ii) To India	2,465	1,258	1,207	4,395	1,390	3,005
b) Commercial Borrowings	5,195	4,467	728	10,631	4,657	5,974
i) By India	450	548	-98	482	799	-317
ii) To India	4,745	3,919	826	10,149	3,858	6,291
c) Short Term to India	22,054	22,103	-49	35,056	28,307	6,749
i) Suppliers' Credit >180 days & Buyers' Credit	21,120	20,311	809	32,933	28,307	4,626
ii) Suppliers' Credit up to 180 days	934	1,792	-858	2,123	–	2,123
3. Banking Capital (a+b)	**32,120**	**31,075**	**1,045**	**33,735**	**32,901**	**834**
a) Commercial Banks	32,120	30,693	1,427	33,733	32,273	1,460
i) Assets	10,499	8,676	1,823	7,456	10,587	-3,131
ii) Liabilities	21,621	22,017	-396	26,277	21,686	4,591
of which: Non-Resident Deposits	21,514	18,649	2,865	22,924	20,761	2,163
b) Others	–	382	-382	2	628	-626
4. Rupee Debt Service	**–**	**24**	**-24**	**–**	**17**	**-17**
5. Other Capital	**7,450**	**17,484**	**-10,034**	**3,756**	**12,765**	**-9,009**
B. Total Capital Account (1 to 5)	**173,826**	**150,862**	**22,964**	**207,780**	**171,119**	**36,661**
C. Errors & Omissions	**–**	**92**	**-92**	**–**	**1,750**	**-1,750**
D. Overall Balance (Total Current Account, Capital Account and Errors & Omissions (A+B+C))	**335,583**	**326,050**	**9,533**	**406,280**	**399,250**	**7,030**
E. Monetary Movements (i+ii)	**–**	**9,533**	**-9,533**	**–**	**7,030**	**-7,030**
i) I.M.F.	–	–	–	–	–	–
ii) Foreign Exchange Reserves (Increase - / Decrease +)	–	9,533	-9,533	–	7,030	-7,030
of which: SDR Allocation	–	5,160	-5,160	–	–	–

Attachment I: Invisibles Receipts by Category of Transactions

(US$ million)

Item	April-June 2010-11 PR	July-Sept 2010-11 P	April-September 2010-11 P
1	2	3	4
I. Invisibles Receipts (A+B+C)	**42,533**	**45,449**	**87,982**
A) SERVICES (1 to 5)	**25,924**	**29,822**	**55,746**
1) TRAVEL ACCOUNT			
Tourist Expenses in India	2,950	3,378	6,328
TOTAL	**2,950**	**3,378**	**6,328**
2) TRANSPORTATION ACCOUNT			
a) Sea Transport			
i) Surplus remitted by Indian companies operating abroad	133	185	318
ii) Operating expenses of foreign companies in India	182	203	385
iii) Charter hire charges	28	35	63
b) Air Transport			
i) Surplus remitted by Indian companies operating abroad	138	122	260
ii) Operating expenses of foreign Companies in India	8	10	18
iii) Charter hire charges	0	7	7
c) Freight on exports	2,258	2,318	4,576
d) Others	396	397	793
TOTAL (a to d)	**3,143**	**3,277**	**6,420**
3) INSURANCE ACCOUNT			
a) Insurance on export	295	303	598
b) Premium			
i) Life	20	7	27
ii) Non-life	25	25	50
iii) Reinsurance from foreign companies	29	29	58
c) Commission on Business received from foreign companies	7	8	15
d) Others	34	70	104
TOTAL (a to d)	**410**	**442**	**852**
4) Government Not Included Elsewhere			
a) Maintenance of foreign embassies and diplomatic missions in India	65	90	155
b) Maintenance of international and regional institutions in India	29	35	64
TOTAL (a to b)	**94**	**125**	**219**
5) MISCELLANEOUS ACCOUNT			
a) Communication services	325	417	742
b) Construction services	122	173	295
c) Financial services	1,228	1,819	3,047
d) Software services	12,655	12,814	25,469
e) News agency services	82	108	190
f) Royalties, copyright and license fees	35	27	62
g) Business services (i to xii)	**4,819**	**5,942**	**10,761**
i) Merchanting services	183	358	541
ii) Trade related services	1,226	1,299	2,525
iii) Operational Leasing services	175	127	302
iv) Legal services	124	122	246
v) Accounting/Auditing services	51	62	113
vi) Business Management & Consultancy services	1,605	2,279	3,884
vii) Advertising/trade fairs	134	134	268
viii) Research & Development services	170	286	456
ix) Architectural, Engineering & other technical services	513	483	996
x) Agricultural, Mining & on-site processing services	78	54	132
xi) Maintanence of offices abroad services	535	725	1,260
xii) Environmental services	25	14	39
h) Personal, Cultural & Recreational services	49	56	105
i) Refunds/rebates	9	209	218
j) Other services	3	1,035	1,038
TOTAL (a to j)	**19,327**	**22,600**	**41,927**

Attachment I: Invisibles Receipts by Category of Transactions *(Concld.)*

(US$ million)

Item	April-June 2010-11 PR	July-Sept 2010-11 P	April-September 2010-11 P
1	2	3	4
B) TRANSFERS (1 + 2)	**13,754**	**13,654**	**27,408**
1) OFFICIAL TRANSFERS			
i) Donations received from Non- residents	25	18	43
ii) Grant under PL 480 II	0	0	0
iii) Grants from other Governments	34	123	157
TOTAL (i to iii)	**59**	**141**	**200**
2) PRIVATE TRANSFERS			
i) Inward remittance from Indian workers abroad for family maintenance etc.	6,900	5,999	12,899
ii) Local withdrawals/redemptions from non-resident deposits	6,319	7,052	13,371
iii) Gold and silver brought through passenger baggage	5	6	11
iv) Personal gifts/donations to charitable/religious institutions in India.	471	456	927
TOTAL (i to iv)	**13,695**	**13,513**	**27,208**
C) INCOME ACCOUNT (1 + 2)	**2,855**	**1,973**	**4,828**
1) Compensation of Employees			
Wages received by Indians working on foreign contracts	227	247	474
TOTAL	**227**	**247**	**474**
2) Investment Income			
i) Interest received on loans to non-residents	1,313	112	1,425
ii) Dividend/profit received by Indians on foreign investment	38	60	98
Of which:			
Dividend received by Indians on foreign investment	15	47	62
Profit received by Indians on foreign investment	23	13	36
iii) Reinvested Earnings	271	271	542
iv) Interest received on debentures,FRNs,CPs, fixed deposits and funds held abroad by ADs out of foreign currency loans/export proceeds	18	3	21
v) Interest received on overdraft of VOSTRO accounts of foreign correspondents/branches by the ADs	4	3	7
vi) Payment of taxes by the non-residents/refund of taxes by foreign governments to Indians	41	62	103
vii) Interest/discount earnings on RBI investment	939	1,211	2,150
viii) Interest/remuneration on SDR holdings	4	4	8
TOTAL (i to viii)	**2,628**	**1,726**	**4,354**

Attachment I: Invisibles Payments by Category of Transactions

(US$ million)

Item	April-June 2010-11 PR	July-Sept 2010-11 P	April-September 2010-11 P
1	2	3	4
Invisibles Payments (A+B+C)	**23,097**	**25,827**	**48,924**
A) SERVICES (1 to 5)	**16,956**	**19,280**	**36,236**
1) TRAVEL ACCOUNT			
i) Business	867	1,019	1,886
ii) Health Related	41	6	47
iii) Education Related	325	664	989
iv) Basic travel quota (BTQ)	802	669	1,471
v) Pilgrimage	3	119	122
vi) Others	281	282	563
TOTAL (i to vi)	**2,319**	**2,759**	**5,078**
2) TRANSPORTATION ACCOUNT			
a. Sea Transport			
i) Surplus remitted by Foreign companies operating in India	313	472	785
ii) Operating expenses of Indian companies abroad	211	221	432
iii) Charter hire charges	25	23	48
iv) Freight on imports	944	1,115	2,059
v) Freight on Exports	302	218	520
vi) Remittance of passage booking abroad	1	6	7
b. Air Transport			
i) Surplus remitted by Foreign companies operating in India	773	779	1,552
ii) Operating expenses of Indian companies abroad	159	238	397
iii) Charter hire charges	139	88	227
iv) Freight on imports	26	35	61
v) Freight on Exports	22	13	35
vi) Remittance of passage booking abroad	8	12	20
c. Others	211	304	515
TOTAL (a to c)	**3,134**	**3,524**	**6,658**
3) INSURANCE ACCOUNT			
a. Premium			
i) Life	2	3	5
ii) Non-life	25	24	49
iii) Reinsurance	147	192	339
b. Commission on Business	20	16	36
c. Others	116	151	267
TOTAL (a to c)	**310**	**386**	**696**
4) Government Not Included Elsewhere			
a. Maintenance of Indian embassies and diplomatic missions abroad	99	133	232
b. Remittances by foreign embassies and missions in India	44	72	116
TOTAL (a to b)	**143**	**205**	**348**
5) MISCELLANEOUS ACCOUNT			
a) Communication services	241	266	507
b) Construction services	345	136	481
c) Financial services	1,404	1,905	3,309
d) Software services	575	585	1,160
e) News agency services	75	68	143
f) Royalties, copyright and license fees	566	560	1,126
g) Business services (i to xii)	**5,902**	**6,977**	**12,879**
i) Merchanting services	284	343	627
ii) Trade related services	496	362	858
iii) Operational Leasing services	301	282	583
iv) Legal services	37	36	73
v) Accounting/Auditing services	17	126	143
vi) Business Management & Consultancy services	2,172	2,632	4,804
vii) Advertising/trade fair	163	202	365
viii) Research & Development services	66	51	117
ix) Architectural, Engineering & other technical services	1,110	1,366	2,476
x) Agricultural, Mining & on-site processing services	35	16	51
xi) Maintanence of offices abroad services	1,221	1,560	2,781
xii) Environmental services	1	1	2
h) Personal, Cultural & Recreational services	71	105	176
i) Refunds/rebates	57	68	125
j) Other services	1,814	1,736	3,550
TOTAL (a to j)	**11,050**	**12,406**	**23,456**

Attachment I: Invisibles Payments by Category of Transactions *(Concld.)*

(US$ million)

Item	April-June 2010-11 PR	July-Sept 2010-11 P	April-September 2010-11 P
1	2	3	4
B) TRANSFERS	**700**	**651**	**1,351**
1) OFFICIAL TRANSFERS (1 + 2)			
Grants/donations from official sector	115	111	226
TOTAL	**115**	**111**	**226**
2) PRIVATE TRANSFERS			
i) Remittance by non-residents towards family maintenance and savings	486	443	929
ii) Personal gifts/donations to charitable/religious institutions	99	97	196
Of which:			
Remittance towards personal gifts and donations	3	3	6
Remittance towards donations to religious and charitable institutions abroad	0	0	0
Remittance towards grants and donations to other governments and charitable institutions established by the governments	0	0	0
TOTAL (i to ii)	**585**	**540**	**1,125**
C) INCOME (1 + 2)	**5,441**	**5,896**	**11,337**
1) Compensation of Employees			
Payment of wages/salary to Non-residents working in India	487	440	927
TOTAL	**487**	**440**	**927**
2) Investment Income			
i) Payment of interest on NRI deposits	416	423	839
ii) Payment of interest on loans from non-residents	1,035	1,174	2,209
iii) Payment of dividend/profit to non-resident share holders	1,038	1,446	2,484
Of which:			
Payment of dividend to non-resident share holders	947	1,352	2,299
Payment of profit to non-resident share holders	91	94	185
iv) Reinvested Earnings	2,119	2,119	4,238
v) Payment of interest on debentures,FRNs, CPs fixed deposits, Government securities etc.	69	112	181
vi) Charges on SDRs	4	4	8
vii) Interest paid on overdraft on VOSTRO a/c Holders/ Overdraft on NOSTRO a/c	232	102	334
viii) Payment of taxes by the Indians/refund of taxes by government to non-residents	41	76	117
TOTAL (i to viii)	**4,954**	**5,456**	**10,410**

P: Preliminary. PR: Partially Revised.

Other Items

Press Releases

Regulatory and Other Measures

Foreign Exchange Developments

*Press Releases**

January 2011

RBI makes Public the Engagement Schedule of its Top Executives

January 3, 2011

From January 3, 2011, the Reserve Bank of India will place on its website, the public engagement schedule of the Governor and the Deputy Governors. The engagement schedule will include public speeches and outreach activities undertaken by the executives.The initiative is one more step towards demystifying the central bank and the offices of the Governor and the Deputy Governors.

RBI releases Draft Guidelines on Advanced Measurement Approach (AMA) for Calculating Operational Risk Capital Charge

January 6, 2011

The Reserve Bank of India today released on its website, draft guidelines on advanced measurement approach (AMA) for calculating operational risk capital charge. Comments/feedback on the draft guidelines may please be emailed before February 7, 2011 email to the Chief General Manager-in-Charge, Department of Banking Operations and Development, Reserve Bank of India, Central Office Building, 12th Floor, S.B. Singh Marg, Mumbai-400001.

The Reserve Bank had announced timeline for implementation of advanced approaches for computation of regulatory capital under the Basel II framework in India in July 2009. The guidelines for the standardised approach (TSA)/alternate standardised approach (ASA) for operational risk were issued in March 2010 and those for internal models approach (IMA) for market risk were issued in April 2010. The Reserve Bank had, in July 7, 2009, advised banks that they can, among other things, apply for migrating to Advanced Measurement Approach (AMA) for Operational Risk from April 1, 2012 onwards. Guidelines for advanced measurement approach (AMA) for Operational Risk were expected to be finalised by December 2010.

RBI Measures to extend Credit Support to Micro Finance Institutions

January 19, 2011

The Reserve Bank of India has today advised certain relaxation to banks in its present restructuring guidelines in order to enable them to extend credit support to micro finance institutions (MFIs). The relaxation is purely a temporary measure and would be applicable to bank loans to MFIs restructured by banks up to March 31, 2011, the Reserve Bank has stated.

Relaxation considered

The Reserve Bank has asked banks to extend the regulatory asset classification benefit to standard restructured MFI accounts, even if they were not fully secured. This relaxation was given considering the fact that the problems afflicting the MFI sector were not necessarily on account of any credit weakness *per-se* but were mainly due to environmental factors. This measure initiated by the Reserve Bank is expected to impart some liquidity support by banks to MFIs and facilitate a 'holding on' operation for some time till the Malegam Committee submits its report and measures are taken to bring about long-term and structural changes in the functioning of MFIs. The Reserve Bank has also advised banks that they should endeavour to recycle the collections to MFIs so as to ensure that the intended 'holding on' operation is successful.

Background

The Reserve Bank of India had held discussions with select banks on December 22, 2010 to get an assessment regarding the ground level situation in microfinance sector in Andhra Pradesh and other States

* Important Press Releases during January 2011

and the need for any interim measures. The banks informed that collections by MFIs in Andhra Pradesh had deteriorated considerably and there were some incipient signs of contagion spreading to other States. Subsequently, the Indian Banks' Association (IBA) based on the banks' feedback came up with a proposal that there was a need for extending certain relaxations in the restructuring guidelines of the Reserve Bank for the MFI sector. It observed that bank loans to MFIs were mostly unsecured but to avail of the regulatory asset classification benefits under the present restructuring guidelines of the Reserve Bank, the accounts had to be fully secured. The banks had also stressed on the need to work out an interim arrangement involving, among other things, rescheduling of exposures to MFIs subject to certain covenants, such as, MFIs agreeing to reduce their leverage and growth projections.

Anand Sinha takes over as RBI Deputy Governor

January 19, 2011

Shri Anand Sinha took over today as Deputy Governor of the Reserve Bank of India. As Deputy Governor, Shri Sinha has been appointed for a period upto February 28, 2013. He will look after two regulatory departments, namely, Department of Banking Operations and Development and Urban Banks Department. He will also look after the Departments of Information Technology, Expenditure and Budgetary Control, Inspection, Legal and Premises. Prior to being appointed as the Deputy Governor, Shri Sinha was Executive Director, Reserve Bank of India and looked after Department of Banking Operations and Development, Financial Stability Unit and the Department of Expenditure and Budgetary Control. Shri Sinha's central banking career has spanned over 34 years. He has been involved with formulation of several major regulatory and supervisory policies for commercial banks. He has also been on several internal committees. He has handled, among others, foreign exchange, deposit insurance and regional office work during his career. As Executive Director, he represented India and the Reserve Bank on several international committees. He was Reserve Bank of India's alternate representative in the Basel Committee on Banking Supervision (BCBS), Bank for International Settlements (BIS), Basel, Switzerland. He also represented the Reserve Bank on three sub-committees/work streams of the BCBS, namely, Policy Development Group (PDG), Macro Prudential Supervision Group (MPG) and Macro Variable Task Force (MVTF). Till recently, he represented the Reserve Bank on the Committee on Global Financial Systems (CGFS), BIS since December 2005. He was a member of the CGFS Working Group on Capital Flows to Emerging Market Economies. He represented India on the G20 Working Group on 'Enhancing Sound Regulation and Strengthening Transparency' set up in the aftermath of the crisis. Shri Sinha was also the Reserve Bank's nominee director on the boards of Dena Bank, Allahabad Bank, Bank of Baroda, Indian Overseas Bank, Deposit Insurance and Credit Guarantee Corporation and Export Credit and Guarantee Corporation at different phases of his career. Shri Sinha joined the Reserve Bank in 1976 after his Masters in Physics from the Indian Institute of Technology, Delhi. He is married to Sheela and has two sons.

RBI releases Report of the Sub-Committee of its Central Board of Directors to study Issues and concerns in the MFI Sector

January 19, 2011

The Reserve Bank of India today released on its website the Report of the Reserve Bank Sub-Committee of its Central Board of Directors to study Issues and concerns in the micro finance institutions (MFI) Sector. The Sub-Committee has recommended creation of a separate category of Non-Banking Financial Companies (NBFCs) operating in the microfinance sector to be designated as NBFC-MFIs. To qualify as a NBFC-MFI, the Sub-Committee has stated that the NBFC should be 'a company which provides financial services pre-dominantly to low-income borrowers, with loans of small amounts, for short-terms, on unsecured basis, mainly for income-generating activities, with repayment schedules which are more frequent than those normally stipulated by commercial banks' and which further satisfies the regulations specified in that behalf. The Sub-Committee has also recommended some additional qualifications for NBFC to be classified as NBFC-MFI. These are:

a. The NBFC-MFI will hold not less than 90 per cent of its total assets (other than cash and bank balances and money market instruments) in the form of qualifying assets.
b. There are limits of an annual family income of ₹50,000 and an individual ceiling on loans to a single borrower of ₹25,000
c. Not less than 75 per cent of the loans given by the MFI should be for income-generating purposes.
d. There is a restriction on the other services to be provided by the MFI which has to be in accordance with the type of service and the maximum percentage of total income as may be prescribed.

The Sub-Committee has recommended that bank lending to NBFCs which qualify as NBFC-MFIs will be entitled to 'priority lending' status. With regard to the interest chargeable to the borrower, the Sub-Committee has recommended an average 'margin cap' of 10 per cent for MFIs having a loan portfolio of ₹100 crore and of 12 per cent for smaller MFIs and a cap of 24 per cent for interest on individual loans. It has also proposed that, in the interest of transparency, an MFI can levy only three charges, namely, (a) processing fee (b) interest and (c) insurance charge.

The Sub-committee has made a number of recommendations to mitigate the problems of multiple-lending, over borrowing, ghost borrowers and coercive methods of recovery. These include:

a. A borrower can be a member of only one Self-Help Group (SHG) or a Joint Liability Group (JLG)
b. Not more than two MFIs can lend to a single borrower
c. There should be a minimum period of moratorium between the disbursement of loan and the commencement of recovery
d. The tenure of the loan must vary with its amount
e. A Credit Information Bureau has to be established
f. The primary responsibility for avoidance of coercive methods of recovery must lie with the MFI and its management
g. The Reserve Bank must prepare a draft Customer Protection Code to be adopted by all MFIs
h. There must be grievance redressal procedures and establishment of ombudsmen
i. All MFIs must observe a specified Code of Corporate Governance

For monitoring compliance with regulations, the Sub-Committee has proposed a four-pillar approach with the responsibility being shared by (a) MFI (b) industry associations (c) banks and (d) the Reserve Bank.

While reviewing the proposed Micro Finance (Development and Regulation) Bill 2010, the Sub-Committee has recommended that entities governed by the proposed Act should not be allowed to do business of providing thrift services. It has also suggested that NBFC-MFIs should be exempted from the State Money Lending Acts and also that if the recommendations of the Sub-Committee are accepted, the need for the Andhra Pradesh Micro Finance Institutions (Regulation of Money Lending) Act will not survive.

The Sub-Committee has cautioned that while recognising the need to protect borrowers, it is also necessary to recognise that if the recovery culture is adversely affected and the free flow of funds in the system interrupted, the ultimate sufferers will be the borrowers themselves as the flow of fresh funds to the microfinance sector will inevitably be reduced.

Background

It may be recalled that the Reserve Bank of India in October 2010 set up a Sub-Committee of its Central Board of Directors to study the issues and concerns in microfinance sector, under the Chairmanship of Shri Y H Malegam, a senior member on the Reserve Bank's Central Board of Directors. Other members of the Sub-Committee included Shri Kumar Mangalam Birla, Dr. K C Chakrabarty, Deputy Governor, Smt. Shashi Rajagopalan and Prof. U R Rao. Shri V K Sharma, Executive Director, Reserve Bank of India was the Member Secretary to the Sub-Committee.

RBI Releases Report of Working Group on Information Security, Electronic Banking, Technology Risk Management and Cyber Frauds

January 21, 2011

The Reserve Bank of India has today placed on its website the report of the Working Group on information security, electronic banking, technology risk management, and cyber frauds.

The Working Group (Chairman: Shri G.Gopalakrishna, Executive Director, Reserve Bank of India) was established following the announcement in the April 2010 Monetary Policy Statement, which recommended enhancing Reserve Bank guidelines relating to the governance of IT, information security measures to tackle cyber fraud apart from enhancing independent assurance about the effectiveness of Information Technology (IT) controls.

The report covers various areas such as IT Governance, information security (including electronic banking channels like internet banking, ATMs, cards), IT operations, IT services outsourcing, Information System Audit, Cyber frauds, business continuity planning, customer education and legal issues.

The objective of the Working Group was to provide a set of guidelines to banks covering the entire gamut of electronic banking. This would serve as a common minimum standard for all banks to adopt as well as lay down the best practices for banks to adopt in a phased manner for a safer and sounder banking environment. The Group felt that there was a need for banks to follow a consistent approach in each focus area, to minimise differing interpretations.

Some of the major recommendations of the Working Group are provided here. The Group recognised that the recommendations are not 'one-size-fits-all' and the implementation of these recommendations need to be based on the nature and scope of activities engaged by banks and the technology environment prevalent in the bank and the support rendered by technology to the business processes.

The Reserve Bank will begin implementing the recommendations of the Working Group shortly.

Background

Rapid strides in IT and its swift adoption by the commercial banks in India have enabled banks to use IT extensively to offer products and services to customers apart from automating internal processes. Some opportunities arising from intensive use of IT are multiple delivery channels to customers, development of new products and processes, reduction in service delivery costs and potential for financial inclusion initiatives.

Developments in IT have also brought along a whole set of challenges to deal with. These include rapid changes in technology, complexities, high costs, security and data privacy issues, new laws and regulations and inadequate trained manpower.. Inadequate IT controls could result in cyber frauds and poor implementation of technology could lead to unsound decision making based on inaccurate information/data. The cyber threat landscape is also changing over the years and needs to be factored in while considering mitigating measures.

Given this context, there was a need to enhance the governance of IT and institute robust information security measures in the Indian banking sector based on extant international standards and best practices. IT risk assessment and management was required to be made a part of the risk management framework of a bank, while internal audits/information system audits needed to independently provide assurance that IT-related processes and controls were working as intended. Given the instances of cyber fraud in banks recently, it was necessary to improve controls and examine the need for pro-active fraud risk assessments and management processes in commercial banks. With the increase in transactions in electronic mode, it was also critical to examine the legal implications for banks arising out of cyber laws and steps that were required to be taken to suitably mitigate the legal risks. To consider these issues, the Governor had announced, in the Annual Monetary Policy Statement 2010-11 in April, 2010, the creation of a Working Group on Information Security, Electronic Banking, Technology Risk Management and Tackling Cyber Fraud.

Agreement with Government of Jammu & Kashmir

January 21, 2011

The Reserve Bank of India has entered into a Supplementary Agreement under Section 21A of the Reserve Bank of India Act, 1934 with the Government of Jammu & Kashmir. Under the agreement, which shall be effective from April 1, 2011, the Reserve Bank of India shall carry on the general banking business of the Government of Jammu & Kashmir and act as the sole agent for investment of Government's funds. On the recommendation of the State Government, the Reserve Bank of India has entered into an agreement with J&K Bank Ltd. whereby J&K Bank would act as an agent of the Reserve Bank of India, for conduct of general banking business of the State Government.

The Reserve Bank of India has already been acting as a debt manager to the Government of Jammu & Kashmir pursuant to an agreement entered into with the State Government under Section 21 A of the Reserve Bank of India Act, 1934, with effect from September 1, 1972.

Application for Certificate of Registration of Nirma Capital Private Limited – Rejected

January 24, 2011

The Reserve Bank of India has rejected on January 4, 2011 the application for certificate of registration of Nirma Capital Private Limited, having its registered office at Nirma House, Ashram Road, Ahmedabad – 380 009 for carrying on the business of a non-banking financial institution. Following rejection of the application for certificate of registration Nirma Capital Private Limited cannot transact the business of a non-banking financial institution.

By the powers conferred under Section 45-IA (6) of the Reserve Bank of India Act, 1934, the Reserve Bank can reject the application for registration certificate of a non-banking financial company. The business of a non-banking financial institution is defined in clause (a) of Section 45-I of the Reserve Bank of India Act, 1934.

RBI invites Comments on Malegam Committee Report on MFIs

January 28, 2011

The Reserve Bank of India has invited views/ comments of all stakeholders and the public at large on the Malegam Committee report on microfinance institutions (MFIs). Comments/suggestions/views may be forwarded to the Chief General Manager-in-Charge, Rural Planning and Credit Department, Reserve Bank of India, Central Office Building, 10th floor, S.B.S. Road, Mumbai-400001 or emailed to latest by February 13, 2011.

It may be recalled that the Reserve Bank had appointed a Sub-Committee of its Central Board of Directors to study issues and concerns in the MFI Sector. The Sub-Committee submitted its report on January 19, 2011. The report was placed on the Reserve Bank website on the same day.

Regulatory and Other Measures

January 2010

RBI/2010-11/352DPSS. CO. CHD. No. 1514/03.01.03/2010-2011 dated January 4, 2011

Enhancing the scope of Speed Clearing

The Chairman and Managing Director/
Chief Executive Officer
All Scheduled Commercial Banks including Regional Rural Banks/Urban Co-operative Banks/State Co-operative Banks/District Central Co-operative Banks

A reference is invited to our circulars DPSS.CO. 1808/03.01.02/2007-08 dated May 5, 2008 and DPSS.CO.No. 517/03.01.02(P)/2008-09 dated September 22, 2008 on implementation of Speed Clearing. Speed Clearing leverages on the Core Banking Solutions (CBS) implemented in banks across the country and facilitates realisation of outstation cheques drawn on CBS-enabled branches at the local centre itself, thus obviating the need of such cheques to physically move to the outstation centre.

2. Roll-out of Speed Clearing is one of the many initiatives taken by Reserve Bank of India for improving efficiency in the time-frame for and process of collection of outstation cheques – the time-frame has reduced from 7-45 days to 2-3 days, while the monthly volume of outstation cheques collected through Speed Clearing has increased significantly to more than 2 million. In terms of coverage, Speed Clearing facility is available at all the 66 MICR centres and reaches more than 50,000 bank branches in the country. Efforts are on to increase the coverage, both in terms of centres and bank branches.

3. Speed Clearing is currently enabled for cheques issued by account holders with transaction codes 10 (savings bank), 11 (current account) and 13 (cash credit). Keeping in view the benefits to customers as also the infrastructural and processing preparedness of banks, it has been decided to extend the scope of Speed Clearing to cover all transaction codes, other than those relating to government cheques. Banks may exercise usual care and caution while handling such instruments.

4. The revised instructions will be effective from February 1, 2011. Please confirm that necessary arrangements will be in place to ensure compliance.

RBI/2010-11/361DBOD.No.Dir.BC.73/13.03.00/2010-11 dated January 6, 2011

Guidelines on the Base Rate

All Scheduled Commercial Banks (excluding RRBs)

Please refer to our circular DBOD.No.Dir.BC.88/13.03.00/2009-10 dated April 9, 2010.

2. In partial modification of paragraph 2 (iii) of the above mentioned circular, we advise that banks are permitted to change the benchmark and methodology used in the computation of Base Rate for a further period of six months, *i.e.,* upto June 30, 2011.

RBI/2010-11/363 UBD. CO. BPD. No. 35/12.05.001/2010-11 dated January 10, 2011

Opening of bank accounts - salaried employees

The Chief Executive Officers
All Primary (urban) Co-operative Banks

Please refer to circular UBD. No. DS. PCB. Cir. 17/13.01.00/2002-03 dated September 18, 2002 and UBD. PCB. Cir. 30/09.161.00/2004-05 dated December 15, 2004 on Know Your Customer (KYC) norms/Anti-Money Laundering (AML) standards/Combating of Financing of Terrorism (CFT)/Obligation of banks under PMLA, 2002. In Annex I to the circular of December 15, 2004 an indicative list of the nature and type of documents/information that may be relied upon for customer identification and address verification for opening bank accounts has been given.

2. It has been brought to our notice that for opening bank accounts of salaried employees some banks rely on a certificate/letter issued by the employer as the only KYC document for the purposes of certification of identity as well as address proof. Such a practice is open to misuse and fraught with risk. It is, therefore, clarified that with a view to containing the risk of fraud, banks need to rely on such certification only from corporates and other entities of repute and should be aware of the competent authority designated by the concerned employer to issue such certificate/letter. Further, in addition to the certificate from employer, banks should insist on at least one of the officially valid documents as provided in the Prevention of Money Laundering Rules (*viz.* passport, driving licence, PAN Card, Voter's Identity card *etc.*) or utility bills for KYC purposes for opening bank account of salaried employees of corporates and other entities.

3. These guidelines are issued under Section 35 A of the Banking Regulation Act, 1949 (AACS) and Rule 7 of Prevention of Money-Laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005. Any contravention thereof or non-compliance shall attract penalties under the Banking Regulation Act, 1949 (AACS).

RBI/2010-11/368 DBS.CO.PPD.BC.No. 5/11.01.005/2010-11 dated January 14, 2011

End Use of Funds - Monitoring

The Chairman/Chief Executives Officer
All Scheduled Commercial Banks (excluding RRBs)

The Reserve Bank, as a part of ongoing supervision, had undertaken an assessment of the practices in vogue at certain banks for ensuring the end-use of funds. The review revealed that the expected level of due diligence had not been exercised in some cases facilitating diversion of funds by the borrowers. The shortcomings, amongst others, included, crediting of term loan disbursements to the current/cash credit accounts of borrowers and utilisation thereof for day-to-day operations, as also, exclusive reliance on Chartered Accountants' certification both in regard to infusion of promoters' contribution and deployment of banks' funds.

2. In the context of the above, it is advised that the efficacy of the existing machinery in your bank for post-sanction supervision and follow-up of advances may please be evaluated and made robust, wherever considered necessary. Illustratively, the systems and procedures may broadly include the following:

i. meaningful scrutiny of the periodical progress reports and operating/financial statements of the borrowers;

ii. regular visits to the assisted units and inspection of securities charged/ hypothecated to the banks;

iii. periodical scrutiny of the books of accounts of the borrowers;

iv. introduction of stock audits depending upon the extent of exposure;

v. obtention of certificates from the borrowers that the funds have been utilised for the purposes approved and in case of incorrect certification, initiation of prompt action as may be warranted, which may include withdrawal of the facilities sanctioned and legal recourse as well. In case a specific certification regarding diversion/siphoning of funds is desired from the auditors of the borrowers, a separate mandate may be awarded to them and appropriate covenants incorporated in the loan agreements; and

vi. examination of all aspects of diversion of funds during internal audit/inspection of the branches and at the time of periodical reviews.

3. As would be appreciated, effective monitoring of the end-use of funds lent is of critical importance in safeguarding a bank's interest. Further, this would also act as a deterrent for borrowers to misuse the credit facilities sanctioned, and in the process, help build a healthy credit culture in the Indian banking system.

RBI/2010-11/376DBOD.BP.BC.No. 74/21.04.132/2010-11 dated January 19, 2011

Credit Support to Micro Finance Institutions (MFIs)

The Chairman and Managing Directors/Chief Executive Officers of All Scheduled Commercial Banks (Excluding RRBs & LABs)

The Reserve Bank of India had held discussions with select banks on December 22, 2010 to get an assessment regarding the ground level situation in the microfinance sector in Andhra Pradesh and other States and the need for any interim measures. The banks informed that collections by MFIs in Andhra Pradesh had deteriorated considerably and there were some incipient signs of contagion spreading to other States. Subsequently, Indian Bankers' Association (IBA) based on the feedback received by them from banks had come up with a proposal that there is a need for extending certain relaxations in the restructuring guidelines of the Reserve Bank for the MFI sector. They had observed that bank loans to MFIs are mostly unsecured but to avail of the regulatory asset classification benefits under the present restructuring guidelines of the Reserve Bank, the accounts have to be fully secured. As far as the banks' exposures to MFIs were concerned, the banks stressed on the need to work out an interim arrangement involving, *inter alia*, rescheduling of exposures to MFIs subject to certain covenants such as MFIs agreeing to reduce their leverage and growth projections.

2. In terms of paragraph 6.2.2 of our circular DBOD.No.BP.BC.No.37/21.04.132/2008-09 dated August 27, 2008 on 'Prudential Guidelines on Restructuring of Advances by Banks', special regulatory asset classification benefits are available to restructured accounts provided, *inter alia*, the dues to the banks are fully secured. Considering the fact that the current problems afflicting the Micro Finance Institutions (MFIs) sector are not necessarily on account of any credit weakness *per-se* but are mainly due to environmental factors, it has been decided that the special regulatory asset classification benefit could be extended to restructured MFI accounts, which are standard at the time of restructuring, even if they are not fully secured. This relaxation is granted purely as a temporary measure and would be applicable to Standard MFI accounts restructured by banks up to March 31, 2011. The other conditions specified in the above mentioned circular for getting the special asset classification benefits would remain unchanged. It is advised that a consortium approach for restructuring may be preferred and all the banks financing a MFI unit should come together and decide on the course of action to be pursued for that unit.

3. The above measure is likely to impart some liquidity support to MFIs and facilitate a 'holding on' operation for some time till the Malegam Committee submits its report and measures are taken to bring about long term and structural changes in the functioning of MFIs. Banks are advised that they should endeavour to recycle the collections to MFIs so as to ensure that the intended 'holding on' operation is successful.

RBI/2010-11/377 DPSS.CO.CHD.No. 1671/03.06.01/ 2010-11 dated January 19, 2011

The Chairman and Managing Director/
Chief Executive Officer
All Scheduled Commercial Banks includin RRBs/UCBs/ State Co-operative Banks/District Central Co-operative Banks

Review of Service Charges for Cheque Collection – Local, Outstation and Speed Clearing

Given the advantages of using electronic modes for initiating payments, especially for large value transactions, Reserve Bank of India has been taking concerted steps towards increasing the acceptability, reach and efficiency of electronic transactions. Paper-based instruments, however, continue to account for a significant volume of payments in the country. Reserve Bank has, therefore, been encouraging the use of technology and the core-banking infrastructure of the banking system for reducing the clearing cycle and movement of cheques, both local and outstation.

2. In this regard, attention of banks is invited to our circulars DPSS.CO.No.611/03.01.03(P)/2008-09 dated

October 8, 2008 and DPSS.CO.No.829/03.01.03(SC)/2008-09 dated November 17, 2008 in terms of which, charges for Outstation Cheque Collection as also cheques collected under the Speed Clearing arrangement were mandated by the Reserve Bank for different value bands.

3. On a review of the developments in this regard, it has been decided to revise the charges structure. While Reserve Bank would continue to mandate charges for smaller value transactions relating to savings account customers, greater freedom is being accorded to banks to determine charges for larger value transactions, subject to such charges being levied by the banks in a fair and transparent manner. These measures are expected to hasten the migration of transactions to electronic mode.

4. Accordingly, the following service charge structure will come into effect from April 1, 2011.

(a) Service (Processing) Charges for Local Clearing (by Clearing Houses from Member Banks) –

System	Existing (₹)		Revised (₹)	
	Presenting Bank	Drawee Bank	Presenting Bank	Drawee Bank
Clearing at MICR-CPCs	1.00	1.00	1.00	1.50
Cheque Truncation	0.50	0.50	0.50	1.00

(b) Service Charges for Outstation Cheque Collection–

Existing (₹)		Revised (₹)	
Value	Service charge from all customers	Value	Service charge from Savings a/c customers
Up to and including 10,000	50	Up to and including 5,000	25 ^
		Above 5,000 and up to and including 10,000	50* ^
Above 10,000 and up to and including 1,00,000	100	Above 10,000 and up to and including 1,00,000	100* ^
Above 1,00,000	150	Above 1,00,000	Left to the banks to decide

* : No change.
^ : All inclusive maximum amount chargeable by banks to the customers.

(c) Service Charges for Cheque Collection under Speed Clearing (by Collecting Banks from customers) –

Existing (₹)		Revised (₹)	
Value	Service charge from all customers	Value	Service charge from Savings a/c customers
Up to and including 1,00,000	Nil	Up to and including 1,00,000	Nil*
Above 1,00,000	150	Above 1,00,000	Left to the banks to decide

* No change.

5. Banks are free to fix charges for collection of instruments for credit to other types of accounts.

6. While fixing service charges not mandated herein, banks may note the following –

(a) The service charge structure put in place by the bank should have the approval of the Board of Directors.

(b) Charges fixed should be reasonable and computed on a cost-plus-basis and not as an arbitrary percentage of the value of the instrument. The service charges-structure should not be open-ended and should clearly specify the maximum charges that would be levied on customers including charges if any, payable to other banks.

(c) While sharing service charges, banks may be guided by the provisions of circular CIR/RB-I/CCP/64 dated April 8, 2010 issued by the Indian Banks' Association.

(d) Banks may note to ensure that collection charges fixed for instruments of any value is lower under Speed Clearing *vis-a-vis* Outstation Cheque Collection so as to encourage the use of Speed Clearing.

(e) The service charges mandated/fixed by banks are inclusive of all charges (postal, courier, handling, *etc.*) other than service tax.

7. Banks shall use electronic modes like RTGS/NEFT to remit clearing proceeds to the collecting bank branch availing of Outstation Cheque Collection facility.

8. These directions are issued by the Reserve Bank of India in exercise of the powers conferred by Section 18 of the Payment and Settlement Systems Act, 2007 (Act 51 of 2007).

RBI/2010-11/385 DBOD.FID.FIC.No.10 /01.02.00/2010-11 dated January 25, 2011

The CEOs of select All-India Term Lending and Refinancing Institutions (Exim Bank, NABARD, NHB and SIDBI)

Prudential Guidelines on Restructuring of Advances by select All-India Financial Institutions (AIFIs): Credit Support to MFIs

In continuation of our letter DBOD.No.FID.FIC.6/01.02.00/2010-11 dated October 14, 2010 on the captioned subject, please find enclosed DBOD.BP.BC.No. 74/21.04.132/2010-11 dated January 19, 2011 on 'Credit Support to Micro Finance Institutions (MFIs)' issued to scheduled commercial banks. In this connection, it is advised that these guidelines, shall apply *mutatis mutandis* to the select All-India Financial Institutions (AIFIs)

2. However, certain activities are generally not undertaken by FIs, such as extending working capital, overdrafts and personal loans, *etc.* The provision of the circular relating to such activities shall not be applicable to the AIFIs.

RBI/2010-11/389 DBOD.AML.No. 77/14.01.001/2010-11 dated January 27, 2011

Opening of "Small Account"

The Chairmen/CEOs of all Scheduled Commercial Banks (Excluding RRBs)/Local Area Banks/All India Financial Institutions

Please find enclosed a copy of the Government of India, Notification No. 14/2010/F.No.6/2/2007-E.S. dated December 16, 2010, amending the Prevention of Money-laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005.

A. Small Accounts

2. In terms of Rule 2 clause (fb) of the Notification 'small account' means a savings account in a banking company where

(i) the aggregate of all credits in a financial year does not exceed rupees one lakh;

(ii) the aggregate of all withdrawals and transfers in a month does not exceed rupees ten thousand; and

(iii) the balance at any point of time does not exceed rupees fifty thousand .

3. Rule (2A) of the Notification lays down the detailed procedure for opening 'small accounts'. Banks are advised to ensure adherence to the procedure provided in the Rules for opening of small accounts.

B. Officially Valid Documents

4. The Notification has also expanded the definition of 'officially valid document' as contained in clause (d) of Rule 2(1)of the PML Rules to include job card issued by NREGA duly signed by an officer of the State Government or the letters issued by the Unique Identification Authority of India containing details of name, address and Aadhaar number.

5. It is further advised that where a bank has relied exclusively on any of these two documents, viz. NREGA job card or Aadhaar letter, as complete KYC document for opening of an account (ref. paragraph 2.4 (f) of the Master circular dated July 1,2010) the bank account so opened will also be subjected to all conditions and limitations prescribed for small account in the Notification.

6. Accordingly, all accounts opened in terms of procedure prescribed in Rule 2A of the Notification enclosed and all other accounts opened ONLY on the basis of NREGA card or Aadhaar letter should be treated as 'small accounts' subject to the conditions stipulated in clause (i) to (v) of the sub-rule (2A) of Rule 9.

RBI/2010-11/390 DBOD.No.BL.BC. 78/22.01.001/2010-11 dated January 27, 2011 7 Magha, 1932 (Saka)

Section 23 of the Banking Regulation Act, 1949 Relaxations in Branch Authorisation Policy

All Scheduled Commercial Banks (excluding RRBs)

In terms of Circular DBOD.No.BL.BC. 65/ 22.01.001/2009-10 dated December 1, 2009, general permission was granted to domestic scheduled commercial banks (other than RRBs) to open branches in Tier-3 to Tier-6 centres (with population upto 49,999 as per Census 2001) and in rural, semi-urban and urban centres in the North-Eastern States and Sikkim, subject to reporting.

2. We have been receiving queries from banks regarding applicability of distance criteria envisaged in paragraph 6.3(b) of the Master Circular on Branch Authorisation DBOD.No. BL.BC. 8/22.01.001/2010-11 dated July 1, 2010 for opening of branches under general permission. It is clarified that conditions mentioned at paragraph 6.3 (b) of the Master Circular referred to above is not applicable to opening of branches under general permission.

3. Further, it has been decided to grant general permission to domestic scheduled commercial banks (other than RRBs) to open Administrative Offices and Central Processing Centres (CPC)/service branches in Tier- 3 to Tier- 6 centres (with population upto 49,999 as per census 2001) and in rural, semi urban and urban centres in the North Eastern States and Sikkim, subject to reporting. Administrative Office (Controlling Offices) would be carrying out administrative work. Central Processing Centres (CPCs)/Service branches would exclusively attend to back office functions. These Central Processing Centres (CPCs)/Service branches should not have direct interface with customers.

4. Banks should ensure that the centres where the branches are opened under general permission are not the outgrowth (locality developed around bigger centre) of a bigger centre. Department of Statistics and Information Management (DSIM) has clarified that outgrowth of a bigger centre would have the same population group classification as that of the bigger centre.

5. Details of Administrative Offices and Central Processing Centres (CPC)/service branches opened by banks under general permission should be reported to the Reserve Bank in terms of the existing reporting system envisaged in paragraph 19 of the Master circular on Branch Authorisation dated July 1, 2010.

RBI/2010-11/391 DNBS.CC.PD.No.208/03.10.01/2010-11 dated January 27, 2011

Services to Persons with Disability – Training Programme for Employees All NBFCs

In terms of DNBS.CC.PD.No. 191/03.10.01/2010-11 dated July 27, 2010, NBFCs were advised that there shall be no discrimination in extending products and facilities including loan facilities to the physically/ visually challenged applicants on grounds of disability and that they may also advise their branches to render all possible assistance to such persons for availing of the various business facilities.

2. In continuation to the above, NBFCs are advised that they may include a suitable module containing the rights of persons with disabilities guaranteed to them by the law and international conventions, in all the training programmes conducted for their employees at all levels. Further, NBFCs may ensure redressal of grievances of persons with disabilities under the Grievance Redressal Mechanism already set up by them.

RBI/2010-11/393 RPCD.CO.Plan.BC. 49/04.09.01/2010-11 dated January 28, 2011

Annual Financial Inspection – Priority Sector Loans – Mis-classification by Banks

The Chairman/Managing Director/
Chief Executive Officer
All scheduled commercial banks (excluding Regional Rural Banks)

The Annual Financial Inspection conducted by the Department of Banking Supervision, Reserve Bank of India, *inter-alia*, reports cases of misclassification of loans under priority sector and/ or its sub-sectors.

2. It has been decided that henceforth the amount of loans wrongly classified under priority sector identified and reported by Principal Inspecting Officers (PIOs) during Annual Financial Inspection of banks will be taken into account for arriving at the shortfall under priority sector lending targets.

3. Accordingly, to begin with, such misclassifications reported during the current year will be added to the shortfall reported by banks as on the last reporting Friday of following year, for allocation to various funds.

4. Besides, it has also been reported that typically when banks buy loans from intermediaries like MFI/ NBFCs given to eligible priority sector borrowers, they reckon the present value of the loans arrived at by discounting at their rate of lending which is typically much lower than the actual rate charged to end–borrowers by such intermediaries. This has the effect of overstating the actual amount of priority sector loans to the extent of premium paid by banks to such intermediaries. Banks must, therefore, report the nominal amount actually disbursed to end-priority sector borrowers and not the premium-embedded amount paid to the intermediaries.

Foreign Exchange Developments

January 2011

Exim Bank's Line of Credit of USD 61.60 million to the Government of the Republic of Kenya

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated November 16, 2010 with the Government of the Republic of Kenya making available to the latter, a Line of Credit (LOC) of USD 61.60 million (USD sixty one million six hundred thousand) for financing eligible goods and services including consultancy services from India for the purpose of financing Power Transmission Lines in Kenya. The Credit Agreement under the LOC is effective from December 14, 2010 and the date of execution of Agreement is November 16, 2010. Under the LOC, the last date for opening of Letters of Credit and Disbursement will be 48 months from the scheduled completion date(s) of contract(s) in the case of project exports and 72 months (November 15, 2016) from the execution date of the Credit Agreement in the case of supply contracts.

[A.P. (DIR Series) Circular No. 33 dated January 5, 2011]

Exim Bank's Line of Credit of USD 30 million to the Government of the Republic of Cote d'Ivoire

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated December 30, 2009 with the Government of the Republic of Cote d'Ivoire making available to the latter, a Line of Credit (LOC) of USD 30 million (USD thirty million) for financing eligible goods and services including machinery, equipment and consultancy services from India for the purpose of financing electricity interconnection project between Cote d'Ivoire and Mali. The Credit Agreement under the LOC is effective from November 26, 2010 and the date of execution of Agreement is December 30, 2009. Under the LOC, the last date for opening of Letters of Credit and Disbursement will be 48 months from the scheduled completion date(s) of contract(s) in the case of project exports and 72 months (December 29, 2015) from the execution date of the Credit Agreement in the case of supply contracts.

[A.P. (DIR Series) Circular No. 34 dated January 5, 2011]

Exim Bank's Line of Credit of USD 15 million to the Government of the Kingdom of Cambodia

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated September 14, 2010 with the Government of the Kingdom of Cambodia making available to the latter, a Line of Credit (LOC) of USD 15 million (USD fifteen million) for financing eligible goods and services including machinery, equipment and consultancy services from India for the purpose of financing completion of Stung Tassal Water Development project in Cambodia. The Credit Agreement under the LOC is effective from December 14, 2010 and the date of execution of Agreement is September 14, 2010. Under the LOC, the last date for opening of Letters of Credit and Disbursement will be 48 months from the scheduled completion date(s) of contract(s) in the case of project exports and 72 months (September 13, 2016) from the execution date of the Credit Agreement in the case of supply contracts.

[A.P. (DIR Series) Circular No. 35 dated January 5, 2011]

Exim Bank's Line of Credit of USD 30 million to the Government of the Republic of Cote d'Ivoire

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated March 31, 2010 with the Government of the Republic of Cote D'Ivoire making available to the latter, a Line of Credit (LOC) of USD 30 million (USD thirty million) for financing eligible goods and services including machinery, equipment and consultancy services from India for the purpose of financing Rice Production Programme in

Cote d'Ivoire. The Credit Agreement under the LOC is effective from November 26, 2010 and the date of execution of Agreement is March 31, 2010. Under the LOC, the last date for opening of Letters of Credit and Disbursement will be 48 months from the scheduled completion date(s) of contract(s) in the case of project exports and 72 months (March 30, 2016) from the execution date of the Credit Agreement in the case of supply contracts.

[A.P. (DIR Series) Circular No. 36
dated January 5, 2011]

Exim Bank's Line of Credit to the Government of the Republic of Senegal

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated March 15, 2010 with the Government of the Republic of Senegal making available to the latter, a Line of Credit (LOC) of USD 5 million (USD five million) for financing eligible goods and services including machinery, equipment and consultancy services from India for the purpose of financing supply of medical equipments, furniture and other accessories to four hospitals in Senegal. The Credit Agreement under the LOC is effective from December 8, 2010 and the date of execution of Agreement is March 15, 2010. Under the LOC, the last date for opening of Letters of Credit and Disbursement will be 48 months from the scheduled completion date(s) of contract(s) in the case of project exports and 72 months (March 14, 2016) from the execution date of the Credit Agreement in the case of supply contracts.

[A.P. (DIR Series) Circular No. 37
dated January 5, 2011]

Exim Bank's Line of Credit to the Government of the Republic of Mozambique

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated July 5, 2010 with the Government of the Republic of Mozambique making available to the latter, a Line of Credit (LOC) of USD 25 million (USD twenty five million) for financing eligible goods and services including machinery, equipment and consultancy services from India for rural electrification of Cabo Delgado, Manica and Niassa Provinces in Mozambique. The Credit Agreement under the LOC is effective from December 13, 2010 and the date of execution of Agreement is July 5, 2010. Under the LOC, the last date for opening of Letters of Credit and Disbursement will be 48 months from the scheduled completion date(s) of contract(s) in the case of project exports and 72 months (July 4, 2016) from the execution date of the Credit Agreement in the case of supply contracts.

[A.P. (DIR Series) Circular No. 38
dated January 5, 2011]

Exim Bank's Line of Credit to the Government of the Federal Democratic Republic of Ethiopia

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated December 1, 2010 with the Government of the Federal Democratic Republic of Ethiopia making available to the latter, a Line of Credit (LOC) of USD 213.31 million (USD two hundred thirteen million three hundred ten thousand) for financing eligible goods and services including machinery and equipment from India for the purpose of financing development of sugar industry in Ethiopia. The Credit Agreement under the LOC is effective from January 10, 2011 and the date of execution of Agreement is December 1, 2010. Under the LOC, the last date for opening of Letters of Credit and Disbursement will be 48 months from the scheduled completion date(s) of contract(s) in the case of project exports and 72 months (November 30, 2016) from the execution date of the Credit Agreement in the case of supply contracts.

[A.P. (DIR Series) Circular No. 39
dated January 21, 2011]

Participation by FFMCs and ADs Category-II in the Currency Futures and Exchange Traded Currency Options Markets

Attention of all the Authorised Persons, who are Full Fledged Money Changers (FFMCs) and Authorised Dealers Category-II (ADs Category-II) is invited to the A.P.(DIR Series) Circular No. 5 dated August 6, 2008 and A.P.(DIR Series) Circular No. 5 dated July 30, 2010 enumerating the guidelines on trading of currency options contracts on recognized stock/new Exchanges. It has now been decided that the FFMCs and the ADs Category-II [which are not Regional Rural Banks (RRBs), Local Area Banks (LABs), Urban Co-operative Banks (UCBs) and Non-Banking Financial Companies (NBFCs)], having a minimum net worth of ₹5 crore, may participate in the designated currency futures and currency options on exchanges recognized by the Securities and Exchange Board of India (SEBI) as clients only for the purpose of hedging their underlying foreign exchange exposures.

FFMCs and the ADs Category–II which are RRBs, LABs, UCBs and NBFCs, may be guided by the instructions issued by the respective regulatory Departments of the Reserve Bank in this regard.

[A.P. (DIR Series) Circular No. 40 {A.P. (FL Series) Circular No. 10} dated January 25, 2011]

Current Statistics

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Notes: (1) The coverage of data will be expanded from time to time to include new statistical information as and when it becomes available.

(2) Some of the figures included in the tables are provisional and may be revised in later issues. Each issue contains all the revisions made upto the date of publication of the Bulletin.

(3) The following symbols have been used throughout this Section:

.. = Figure is not available.

- = Figure is nil or negligible.

P = Provisional.

(4) Where necessary, each figure has been rounded off to the nearest final digit. For this reason, there may be, in some tables, a slight discrepancy between the sum of the constituent items and the total.

(5) A line drawn across a column between two consecutive figures indicates that the figures above and below the line have been compiled on different basis and are not strictly comparable. In each case, a suitable footnote is added.

(6) For definitions of important items, sources of data, coverage, scope, method of compilation, etc. a reference may be made to the Explanatory Notes, issued as a supplement to the October 1978 issue of the Bulletin.

(7) 1 Lakh = 1.00.000. 1 Million = 10 lakh. 1 Crore = 10 Million.

General

No. 1: Selected Economic Indicators

Item	Unit / Base	1990-91	2007-08	2008-09	2009-10	2010		
						Oct.	Nov.	Dec.
1	2	3	4	5	6	7	8	9
Output								
1. Gross Domestic Product at Factor Cost (at 2004-05 prices)	₹ crore	10,83,572 **	38,98,958	41,62,509	44,93,743 (Q.E.)			
2. Index number of Agricultural Production (All crops)	Triennium ended 1993-94=100	148.4	173.1	161.2	150.4			
a. Foodgrains Production	Million tonnes	176.4	230.8	234.5	218.2 £			
3. General Index of Industrial Production (1)	1993-94=100	212.6 *	277.1	286.1	316.2	331.5 (P)	317.9 (P)	
Money and Banking								
Reserve Bank of India (2)								
4. Notes in Circulation	₹ crore	53,784	5,82,055	6,81,058	7,90,223	8,61,891	8,89,288	8,94,599
5. Rupee Securities (3)	"	86,035	83,707	1,21,962	1,76,755	3,13,967	3,06,709	3,58,344
6. Loans and Discount	"	19,900	4,579	21,562	3,822	7,353	6,221	5,404
(a) Scheduled Commercial Banks (4)	"	8,169	4.000	11,728	42	5,576	4,582	4,976
(b) Scheduled State Co-operative Banks (4)	"	38	–	–	–	30	30	60
(c) Bills Purchased and Discounted (internal)	"	–	–	–	–	–	–	–
Scheduled Commercial Banks								
7. Aggregate Deposits (5)	₹ crore	1,92,541	31,96,939	38,34,110	44,92,826	49,67,022	47,94,376	49,71,390 (P)
8. Bank Credit (5)	"	1,16,301	23,61,914	27,75,549	32,44,788	35,26,665	35,68,380	37,63,213 (P)
9. Investment in Govt. Securities (5)	"	49,998	9,58,661	11,55,786	13,78,395	14,49,780	14,61,791	14,43,484 (P)
10. Cheque Clearances (6)	₹ thousand crore	1,703	7,044	6,020	4,528 (P)	401 (P)	325 (P)	373 (P)
11. Money Stock Measures (7)								
(a) M_1	₹ crore	92,892	11,55,837	12,59,707	14,94,611	15,70,977	15,81,436	15,80,098
(b) M_3	"	2,65,828	40,17,883	47,94,812	55,99,762	60,74,058	60,79,863	62,02,428
Cash Reserve Ratio and Interest Rates								
12. Cash Reserve Ratio (2), (14)	Per cent	15.00	7.50	5.00	5.75	6.00	6.00	6.00
13. Bank Rate	Per cent Per annum	10.00	6.00	6.00	6.00	6.00	6.00	6.00
14. Inter-bank Call Money Rate (Mumbai) (8)	"	4.00-70.00	6.15-9.30	2.50-5.75	2.25-5.75	4.75-8.00	4.20-6.80	5.50-9.25
15. Deposit Rate (9)								
(a) 30 days and 1 year	"	8.00 (11)	} 3.00-7.50	3.25-8.00	1.50-6.50	2.50-6.50	2.50-6.75	2.50-7.50
(b) 1 year and above	"	9.00-11.00	8.25-9.00	8.00-8.50	6.00-7.50	7.00-8.00	7.00-8.00	7.75-8.75

Q.E. : Quick Estimate.
** Data for 1990-91 corresponds to 1999-2000 base. R: Revised.
£ Fourth Advance Estimates for 2009-10.
* Base : 1980-81 = 100. + Base Triennium ending 1981-82=100.
^ Base : 2001 = 100 from January 2006 onwards.
^ ^ CPI (UNME) are Linked All - India Index from the April 2008 onwards.
Also see 'Notes on Tables'.

No. 1: Selected Economic Indicators *(Concld.)*

Item	Unit / Base	1990-91	2007-08	2008-09	2009-10	2010		
						Oct.	Nov.	Dec.
1	2	3	4	5	6	7	8	9
16. Base Rate (10)	"		12.25-12.75	11.50-12.50		7.50-8.50	7.50-8.50	7.60-9.00
17. Yield on 7.40% Loan 2012	"		7.83	7.26	6.08			
Government Securities Market (2)								
18. Govt. of India 91-day Treasury Bills (Total outstandings)	₹ crore		39,957	75,549	71,503	65,334	54,359	62,859
Price Indices								
19. Wholesale Prices (11)	2004-05=100							
(a) All Commodities	"	182.7 +	116.5	125.9	130.4	142.4	142.3 (P)	144.1 (P)
(b) Primary Articles	"	184.9 +	123.9	137.5	154.9	183.4	182.6 (P)	188.9 (P)
(c) Fuel and Power	"	175.8 +	121.0	135.0	132.1	148.1	148.6 (P)	150.1 (P)
(d) Manufactured Products	"	182.8 +	113.3	120.2	122.4	128.3	128.4 (P)	128.9 (P)
(e) Foodgrains (Cereals + Pulses)	"	179.2 +	130.9	145.3	166.4	173.4	172.3 (P)	172.7 (P)
(f) Edible Oils	"	223.3 +	116.0	121.6	114.4	119.9	120.3 (P)	122.0 (P)
(g) Sugar, Khandsari & Gur	"	152.3 +	90.9	106.8	161.9	157.7	159.3 (P)	162.1 (P)
(h) Raw Cotton	"	145.5 +	111.8	141.2	138.6	189.6	190.0 (P)	196.1 (P)
20. Consumer Prices (All-India) (1)								
(a) Industrial Workers ^	2001=100	193	133	145	163	181	182	185
(b) Urban Non-Manual Employees ^ ^	1984-85=100	161	515	561	634	705	710	
(c) Agricultural Labourers	July 1986-June 1987=100	"	417	462	530	566	570	581
Foreign Trade								
21. Value of Imports	U.S. $ Million	24,073	251,439	303,696	286,823	27,689 (P)	27,796 (P)	
22. Value of Exports	"	18,145	162,904	185,295	178,662	17,960 (P)	18,895 (P)	
23. Balance of Trade	"	–5,927	–88,535	–118,401	–108,161	-9,729 (P)	-8,901 (P)	
24. Foreign Exchange Reserves (12)								
(a) Foreign Currency Assets	U.S. $ Million	2,236	299,230	241,426	254,685	269,093	263,281	267,814
(b) Gold	"	3,496	10,039	9,577	17,986	21,668	22,124	22,470
(c) SDRs	"	102	18	1	5,006	5,182	5,031	5,078
Employment Exchange Statistics (13)								
25. Number of Registrations	Thousand	6,541	5,434.2	..	..	..	..	
26. Number of Applicants								
(a) Placed in Employment	"	265	263.5	..	..	..	..	
(b) On live Register (12)	"	34,632	39,974.0	..	..	..	..	

Note : Data for 2007-08 Employment Exchange Statistics are End-Decemeber 2007.

Money and Banking

No. 2: Reserve Bank of India

(₹ crore)

Last Friday / Friday	1990-91	2008-09	2009-10	2010							2011			
				Jan.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan. 7	Jan. 14	Jan. 21	Jan. 28
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Issue Department Liabilities														
Notes in Circulation	53,784	6,81,058	7,90,223	7,61,622	8,36,216	8,44,980	8,48,684	8,61,891	8,89,288	8,94,599	9,04,059	9,14,444	9,14,510	9,12,514
Notes held in Banking Department	23	16	16	19	20	15	17	22	16	16	9	16	17	8
Total Liabilities (Total Notes Issued) or Assets	**53,807**	**6,81,074**	**7,90,239**	**7,61,641**	**8,36,237**	**8,44,996**	**8,48,701**	**8,61,913**	**8,89,304**	**8,94,615**	**9,04,068**	**9,14,459**	**9,14,527**	**9,12,522**
Assets														
Gold Coin and Bullion	6,654	40,390	43,411	43,871	46,932	46,932	49,360	50,571	50,571	52,760	52,760	52,760	52,760	52,760
Foreign Securities	200	6,39,531	7,45,491	7,16,617	7,88,059	7,96,944	7,98,134	8,10,087	8,37,579	8,40,622	8,50,100	8,60,522	8,60,617	8,58,634
Rupee Coin (1)	29	106	291	107	199	74	160	208	107	187	162	131	105	82
Government of India Rupee Securities	46,924	1,046	1,046	1,046	1,046	1,046	1,046	1,046	1,046	1,046	1,046	1,046	1,046	1,046
Banking Department Liabilities														
Deposits	**38,542**	**3,52,156**	**3,18,934**	**2,73,219**	**3,31,810**	**3,27,865**	**3,38,150**	**4,18,262**	**3,87,340**	**4,38,169**	**4,07,475**	**4,03,081**	**4,36,005**	**3,99,600**
Central Government	61	101	3,933	4,211	100	101	15,577	36,559	43,525	94,537	65,302	64,390	66,704	68,471
Market Stabilisation Scheme	–	88,077	2,737	7,737	–	–	–	–	–	–	–	–	–	–
State Governments	33	1,045	41	41	41	41	41	41	41	41	41	41	41	41
Scheduled Commercial Banks	33,484	2,38,195	2,81,390	2,34,244	3,00,305	2,96,830	2,91,765	3,49,160	3,10,878	3,12,868	3,11,476	3,08,283	3,28,182	2,90,630
Scheduled State Co-operative Banks	244	3,142	3,917	3,202	3,969	3,952	3,718	3,852	3,858	3,675	3,781	3,785	3,759	3,454
Non-Scheduled State Co-operative Banks	13	96	77	73	89	65	65	72	70	76	67	68	70	61
Other Banks	88	9,732	13,120	11,157	14,010	14,074	14,190	15,189	15,169	14,640	14,969	14,846	15,426	14,875
Others	4,619	11,768	13,719	12,553	13,295	12,802	12,794	13,390	13,799	12,330	11,840	11,668	21,822	22,068
Other Liabilities (2)	28,342	3,96,402	3,16,642	3,63,646	3,62,614	3,44,176	3,50,278	3,44,728	3,52,601	3,39,002	3,37,541	3,51,056	3,72,401	3,70,701
Total Liabilities or Assets	**66,884**	**7,48,557**	**6,35,577**	**6,36,865**	**6,94,424**	**6,72,040**	**6,88,428**	**7,62,990**	**7,39,941**	**7,77,171**	**7,45,017**	**7,54,138**	**8,08,406**	**7,70,301**

See 'Notes on Tables.'

No. 2: Reserve Bank of India *(Concld.)*

(₹ crore)

Last Friday / Friday	1990-91	2008-09	2009-10	2010							2011			
				Jan.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan. 7	Jan. 14	Jan. 21	Jan. 28
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Assets														
Notes and Coins	23	16	17	19	21	15	18	22	16	16	9	16	18	8
Balances held Abroad (3)	4,008	5,82,537	4,01,429	4,73,081	4,14,119	4,06,672	4,07,460	3,89,361	3,76,633	3,60,370	3,51,136	3,53,836	3,72,164	3,73,991
Loans and Advances														
Central Government	–	–	–	–	–	–	–	–	–	–	–	–	–	–
State Governments (4)	916	–	558	778	–	361	–	1,439	1,242	–	–	458	853	750
Scheduled Commercial Banks	8,169	11,728	42	–	2,041	895	2,316	5,576	4,582	4,976	3,850	3,280	5,165	4,374
Scheduled State Co-op.Banks	38	–	–	–	–	–	30	30	30	60	69	39	30	50
Industrial Dev. Bank of India	3,705	–	–	–	–	–	–	–	–	–	–	–	–	–
NABARD	3,328	–	–	–	–	–	–	–	–	–	–	–	–	–
EXIM Bank	745	–	–	–	–	–	–	–	–	–	–	–	–	–
Others	1,615	9,834	3,222	4,168	25	25	25	308	367	368	124	124	123	69
Bills Purchased and Discounted														
Internal	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Government Treasury Bills	1,384	–	–	–	–	–	–	–	–	–	–	–	–	–
Investments	40,286	1,23,891	1,78,663	1,03,235	2,24,490	2,09,232	2,24,131	3,14,449	3,07,192	3,58,823	3,37,170	3,43,608	3,76,993	3,37,469
Other Assets (5)	2,666	20,552	51,646	55,583	53,728	54,840	54,448	51,805	49,879	52,559	52,660	52,778	53,061	53,590
	(-)	(9,050)	(39,434)	(39,852)	(42,632)	(42,632)	(44,838)	(45,938)	(45,938)	(47,926)	(47,926)	(47,926)	(47,926)	(47,926)

No. 3: All Scheduled Banks - Business in India

(₹ crore)

Last Reporting Friday (in case of March)/ Last Friday	1990-91	2008-09	2009-10	2009	2010						
				Dec.	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec. (P)
1	2	3	4	5	6	7	8	9	10	11	12
Number of Reporting Banks	299	235	232	234	234	234	232	232	232	232	232
Liabilities to the Banking System (1)	**6,673**	**1,04,419**	**1,05,729**	**88,386**	**99,784**	**1,03,300**	**97,999**	**1,00,551**	**1,04,358**	**94,188**	**1,08,172**
Demand and Time Deposits from Banks (2)	5,598	53,134	67,371	56,210	65,517	65,829	64,624	69,339	67,603	65,537	72,209
Borrowings from Banks (3)	998	29,504	32,376	26,630	27,126	30,030	26,290	22,408	29,649	21,591	26,836
Other Demand and Time Liabilities (4)	77	21,780	5,983	5,546	7,140	7,441	7,085	8,804	7,106	7,061	9,127
Liabilities to Others (1)	**2,13,125**	**43,79,668**	**50,76,365**	**47,94,326**	**51,61,355**	**52,92,654**	**52,77,917**	**53,12,314**	**55,95,776**	**54,06,828**	**55,70,153**
Aggregate Deposits (5)	**1,99,643**	**39,52,603**	**46,35,225**	**43,53,579**	**47,05,121**	**48,19,511**	**48,18,590**	**48,55,659**	**51,11,128**	**49,38,902**	**51,16,397**
Demand	34,823	5,34,791	6,60,446	5,63,827	6,04,585	6,36,860	6,19,972	6,34,153	7,55,709	6,08,998	6,52,563
Time (5)	1,64,820	34,17,813	39,74,778	37,89,752	41,00,536	41,82,651	41,98,618	42,21,506	43,55,418	43,29,904	44,63,834
Borrowings (6)	645	1,15,355	1,06,191	1,22,766	1,23,114	1,30,259	1,30,188	1,20,954	1,10,885	1,38,684	1,19,355
Other Demand and Time Liabilities (4)	12,838	3,11,709	3,34,950	3,17,981	3,33,120	3,42,883	3,29,139	3,35,701	3,73,763	3,29,242	3,34,401
Borrowings from Reserve Bank (7)	**3,483**	**11,728**	**42**	**–**	**2,373**	**2,041**	**895**	**2,346**	**5,642**	**4,653**	**5,078**
Against Usance Bills / Promissory Notes	–	–	–	–	–	–	–	–	–	–	–
Others (8)	3,483	11,728	42	–	2,373	2,041	895	2,346	5,642	4,653	5,078
Cash in Hand and Balances with Reserve Bank	**25,995**	**2,65,699**	**3,16,120**	**2,80,602**	**3,46,058**	**3,38,883**	**3,35,472**	**3,31,248**	**3,90,774**	**3,52,287**	**3,55,682**
Cash in Hand	1,847	20,825	26,296	25,783	29,039	29,790	29,867	30,891	32,102	32,001	34,038
Balances with Reserve Bank (9)	24,147	2,44,874	2,89,824	2,54,819	3,17,019	3,09,093	3,05,605	3,00,357	3,58,672	3,20,286	3,21,644

See "Notes on Tables"

No. 3: All Scheduled Banks - Business in India *(Concld.)*

(₹ crore)

Last Reporting Friday (in case of March)/ Last Friday	1990-91	2008-09	2009-10	2009	2010						
				Dec.	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec. (P)
1	2	3	4	5	6	7	8	9	10	11	12
Assets with the Banking System	**6,848**	**1,47,546**	**1,66,945**	**1,32,448**	**1,51,837**	**1,50,443**	**1,42,012**	**1,43,645**	**1,49,039**	**1,34,828**	**1,50,714**
Balances with Other Banks	3,347	59,896	70,372	58,734	61,282	55,776	52,831	55,661	54,116	52,348	61,278
In Current Account	1,926	13,280	14,853	12,495	11,695	10,781	9,913	10,772	10,926	10,032	12,466
In Other Accounts	1,421	46,616	55,520	46,239	49,587	44,996	42,919	44,889	43,191	42,316	48,812
Money at Call and Short Notice	2,201	26,295	33,135	33,513	25,460	31,592	25,761	24,756	29,593	21,881	25,684
Advances to Banks (10)	902	3,215	10,149	3,354	9,790	5,985	6,628	4,826	4,829	4,511	7,848
Other Assets	398	58,140	53,289	36,847	55,305	57,089	56,792	58,403	60,501	56,088	55,904
Investment	**76,831**	**12,05,544**	**14,37,770**	**14,11,209**	**14,59,145**	**15,06,940**	**15,30,283**	**15,26,932**	**15,06,219**	**15,17,685**	**14,98,155**
Government Securities (11)	51,086	11,93,456	14,28,470	14,01,184	14,51,316	14,99,623	15,23,173	15,20,095	14,99,756	15,11,496	14,92,165
Other Approved Securities	25,746	12,089	9,300	10,025	7,829	7,317	7,110	6,837	6,462	6,188	5,990
Bank Credit	**1,25,575**	**28,59,554**	**33,37,548**	**30,56,482**	**34,49,702**	**34,78,734**	**34,54,737**	**35,28,024**	**36,31,931**	**36,74,709**	**38,72,640**
Loans, Cash-credits and Overdrafts	1,14,982	27,57,577	32,12,787	29,47,518	33,27,756	33,52,637	33,31,033	34,02,086	35,05,120	35,44,052	37,33,807
Inland Bills-Purchased	3,532	12,470	12,686	11,765	10,649	10,714	10,829	11,356	11,383	11,618	14,124
Inland Bills-Discounted	2,409	43,987	63,322	54,708	62,752	66,762	64,395	63,479	66,596	69,145	70,657
Foreign Bills-Purchased	2,788	18,651	16,205	16,367	16,627	17,215	16,452	17,167	17,340	17,483	19,122
Foreign Bills-Discounted	1,864	26,868	32,548	26,123	31,918	31,405	32,028	33,937	31,492	32,412	34,929
Cash-Deposit Ratio	13.0	6.7	6.8	6.4	7.4	7.0	7.0	6.8	7.6	7.1	7.0
Investment-Deposit Ratio	38.5	30.5	31.0	32.4	31.0	31.3	31.8	31.4	29.5	30.7	29.3
Credit-Deposit Ratio	62.9	72.3	72.0	70.2	73.3	72.2	71.7	72.7	71.1	74.4	75.7

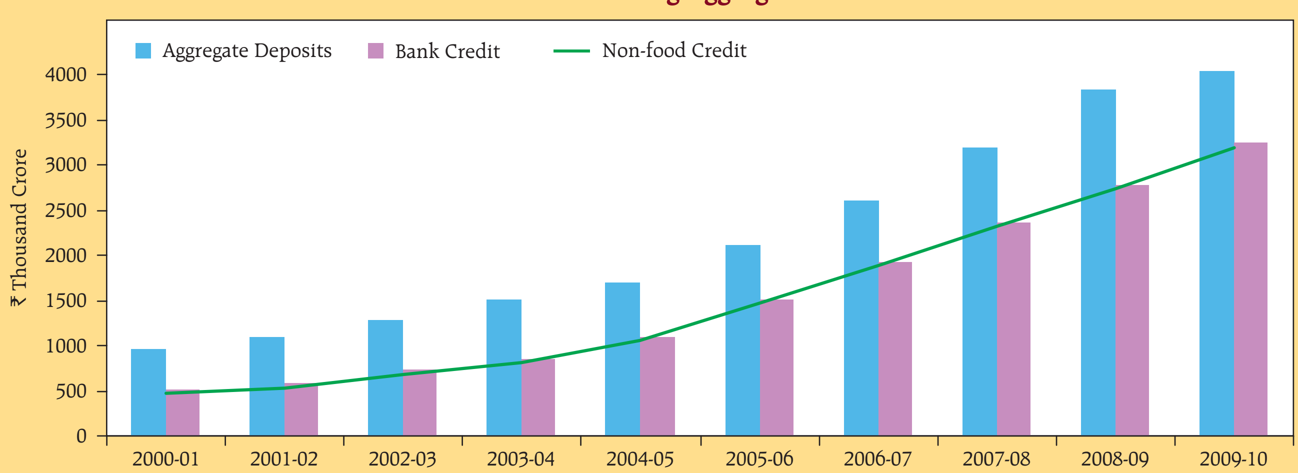
No. 4: All Scheduled Commercial Banks – Business in India

(₹ crore)

Last Reporting Friday (in case of March)/ Last Friday	1990-91	2008-09	2009-10	2009	2010						
				Dec.	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec. (P)
1	2	3	4	5	6	7	8	9	10	11	12
Number of Reporting Banks	271	166	163	165	165	165	163	163	163	163	163
Liabilities to the Banking System (1)	**6,486**	**1,00,116**	**1,03,267**	**86,146**	**97,037**	**1,00,428**	**95,075**	**97,573**	**1,01,433**	**91,315**	**1,05,259**
Demand and Time Deposits from Banks **(2)**, **(12)**	5,443	48,856	64,931	53,994	62,787	63,048	61,829	66,537	64,852	62,785	69,500
Borrowings from Banks (3)	967	29,487	32,358	26,615	27,113	29,944	26,166	22,238	29,494	21,479	26,638
Other Demand and Time Liabilities (4)	76	21,773	5,978	5,538	7,136	7,436	7,080	8,798	7,087	7,051	9,121
Liabilities to Others (1)	**2,05,600**	**42,55,566**	**49,26,524**	**46,49,444**	**50,09,706**	**51,40,949**	**51,27,149**	**51,61,718**	**54,43,324**	**52,54,189**	**54,16,929**
Aggregate Deposits (5)	**1,92,541**	**38,34,110**	**44,92,826**	**42,15,348**	**45,61,200**	**46,74,743**	**46,74,117**	**47,11,275**	**49,67,022**	**47,94,376**	**49,71,390**
Demand	33,192	5,23,085	6,45,610	5,50,004	5,89,704	6,21,634	6,04,671	6,16,131	7,40,869	5,94,503	6,36,525
Time (5)	1,59,349	33,11,025	38,47,216	36,65,345	39,71,496	40,53,108	40,69,446	40,95,144	42,26,153	41,99,874	43,34,865
Borrowings (6)	470	1,13,936	1,04,278	1,20,830	1,20,809	1,28,832	1,28,961	1,19,955	1,07,973	1,35,867	1,16,738
Other Demand and Time Liabilities (4), (13)	12,589	3,07,520	3,29,420	3,13,265	3,27,697	3,37,374	3,24,071	3,30,488	3,68,329	3,23,946	3,28,800
Borrowings from Reserve Bank (7)	**3,468**	**11,728**	**42**	**–**	**2,332**	**2,041**	**895**	**2,316**	**5,576**	**4,582**	**4,976**
Against Usance Bills/ Promissory Notes	–	–	–	–	–	–	–	–	–	–	–
Others	3,468	11,728	42	–	2,332	2,041	895	2,316	5,576	4,582	4,976

See 'Notes on Tables'.

Select Banking Aggregates



No. 4: All Scheduled Commercial Banks – Business In India *(Concld.)*

(₹ crore)

Last Reporting Friday (in case of March)/ Last Friday	1990-91	2008-09	2009-10	2009	2010						
				Dec.	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.(P)
1	2	3	4	5	6	7	8	9	10	11	12
Cash in Hand and Balances with Reserve Bank	**25,665**	**2,58,475**	**3,06,968**	**2,72,330**	**3,35,822**	**3,29,275**	**3,25,909**	**3,21,818**	**3,80,258**	**3,41,974**	**3,46,137**
Cash in Hand	1,804	20,281	25,578	25,133	28,252	28,970	29,079	30,053	31,098	31,097	33,268
Balances with Reserve Bank (9)	23,861	2,38,195	2,81,390	2,47,196	3,07,570	3,00,305	2,96,830	2,91,765	3,49,160	3,10,878	3,12,868
Assets with the Banking System	**5,582**	**1,22,571**	**1,34,444**	**1,01,048**	**1,24,389**	**1,23,900**	**1,17,365**	**1,20,459**	**1,26,622**	**1,12,760**	**1,26,981**
Balances with Other Banks	2,846	52,909	62,421	50,420	53,452	47,955	45,199	47,899	46,586	44,831	53,108
In Current Account	1,793	11,810	13,210	11,270	10,181	9,288	8,457	9,289	9,528	8,538	10,555
In Other Accounts	1,053	41,099	49,211	39,150	43,271	38,667	36,742	38,611	37,057	36,292	42,552
Money at Call and Short Notice	1,445	15,038	17,668	20,795	12,939	19,381	14,545	14,206	18,986	11,481	15,615
Advances to Banks (10)	902	2,904	9,892	2,954	9,526	5,721	6,364	4,562	4,551	4,190	7,521
Other Assets	388	51,721	44,463	26,879	48,472	50,843	51,257	53,792	56,499	52,258	50,738
Investment	**75,065**	**11,66,410**	**13,84,752**	**13,61,410**	**14,08,048**	**14,54,604**	**14,77,883**	**14,74,206**	**14,54,782**	**14,66,633**	**14,48,238**
Government Securities (11)	49,998	11,55,786	13,78,395	13,54,262	14,01,814	14,48,907	14,72,339	14,68,847	14,49,780	14,61,791	14,43,484
Other Approved Securities	25,067	10,624	6,358	7,148	6,234	5,697	5,544	5,359	5,001	4,842	4,755
Bank credit (14)	**1,16,301**	**27,75,549**	**32,44,788**	**29,71,932**	**33,54,193**	**33,79,999**	**33,53,977**	**34,25,228**	**35,26,665**	**35,68,380**	**37,63,213**
	(4,506)	**(46,211)**	**(48,489)**	**(45,239)**	**(53,710)**	**(51,427)**	**(47,285)**	**(50,232)**	**(50,683)**	**(59,125)**	**(65,948)**
Loans,Cash-Credits and Overdrafts	1,05,982	26,75,677	31,22,158	28,64,741	32,34,157	32,56,184	32,32,764	33,01,772	34,02,201	34,39,906	36,26,501
Inland Bills-Purchased	3,375	11,714	12,014	11,243	9,866	9,775	9,728	10,209	10,416	10,872	13,482
Inland Bills-Discounted	2,336	43,157	62,218	53,802	61,967	65,748	63,303	62,444	65,534	68,078	69,498
Foreign Bills-Purchased	2,758	18,522	16,132	16,323	16,544	17,143	16,397	17,096	17,284	17,386	19,051
Foreign Bills-Discounted	1,851	26,479	32,266	25,823	31,659	31,149	31,785	33,707	31,231	32,138	34,681
Cash-Deposit Ratio	13.3	6.7	6.8	6.5	7.4	7.0	7.0	6.8	7.7	7.1	7.0
Investment- Deposit Ratio	39.0	30.4	30.8	32.3	30.9	31.1	31.6	31.3	29.3	30.6	29.1
Credit-Deposit Ratio	60.4	72.4	72.2	70.5	73.5	72.3	71.8	72.7	71.0	74.4	75.7

No. 5: Scheduled Commercial Banks' Investments

(₹ crore)

Outstanding as on	SLR Securities	Commercial Paper	Shares issued by			Bonds / Debentures issued by			Instruments issued by	
			PSUs	Private Corporate Sector	Others	PSUs	Private Corporate Sector	Others	Mutual funds	Financial instituations
1	2	3	4	5	6	7	8	9	10	11
March 19, 2004	6,77,588	3,835	1,565	7,400	41	49,720	27,966	5,232	11,930	32,988
March 18, 2005	7,39,154	3,944	1,886	10,289	44	46,939	31,994	6,980	12,744	31,557
March 31, 2006	7,17,454	4,837	2,627	10,502	41	33,018	29,550	15,153	10,410	29,203
March 30, 2007	7,91,516	9,038	2,129	16,225	74	29,232	27,641	17,787	11,761	26,568
March 28, 2008	9,71,715	13,270	3,025	23,389	294	27,935	28,700	29,230	18,824	25,942
March 27, 2009	11,66,410	20,001	2,769	25,060	407	25,456	33,131	31,073	37,035	32,585
March 26, 2010	13,84,752	25,188	4,625	25,481	86	22,710	40,067	30,902	52,887	32,597
January 1, 2010	14,15,697	18,583	2,749	25,539	63	25,101	37,345	30,078	46,668	28,433
January 15, 2010	13,81,417	14,077	2,676	25,296	63	22,885	36,531	29,647	103,756	26,896
January 29, 2010	14,02,421	15,219	2,962	25,475	85	22,902	37,220	30,113	108,946	28,033
February 12, 2010	13,94,915	15,623	3,037	25,935	106	21,566	38,807	29,308	121,008	27,816
February 26, 2010	13,80,674	16,372	4,147	26,188	100	21,930	38,674	30,022	111,994	30,285
March 12, 2010	13,88,424	21,799	4,069	25,782	88	23,228	39,563	31,827	108,990	31,244
March 26, 2010	13,84,752	25,188	4,625	25,481	86	22,710	40,067	30,902	52,887	32,597
April 9, 2010	14,64,987	19,600	5,318	27,192	87	21,768	36,773	31,569	112,415	30,804
April 23, 2010	14,39,858	17,158	5,351	27,870	83	21,034	37,342	30,936	105,758	28,928
May 7, 2010	14,30,211	16,419	7,150	26,145	80	22,449	41,293	33,680	114,481	25,971
May 21, 2010	14,47,258	16,856	7,148	27,189	29	21,469	42,144	34,511	109,207	25,662
June 4, 2010	14,39,722	26,926	7,113	27,146	29	22,071	42,081	40,315	47,853	26,247
June 18, 2010	14,15,850	27,125	6,950	26,943	304	21,865	44,495	38,339	35,181	27,115
July 2, 2010	14,33,331	27,502	6,804	26,839	443	21,169	45,858	37,410	20,752	27,379
July 16, 2010	14,41,573	27,830	6,954	27,394	327	23,273	45,968	32,906	26,209	28,227
July 30, 2010	14,54,604	31,152	7,030	27,383	375	22,589	48,009	33,698	36,787	26,615
August 13, 2010	14,53,904	35,079	7,164	27,486	651	22,908	48,796	34,579	40,830	26,464
August 27, 2010	14,77,883	38,297	7,227	27,480	4,226	23,091	49,874	39,376	61,818	27,223
September 10, 2010	14,59,910	40,158	7,218	27,435	375	23,048	49,482	39,050	85,271	27,942
September 24, 2010	14,74,206	43,990	7,100	27,019	374	21,937	50,611	35,222	30,436	28,215
October 8, 2010	14,77,093	42,676	6,894	26,979	376	22,115	52,092	31,618	60,404	28,789
October 22, 2010	15,03,713	40,760	7,125	27,157	375	25,493	50,663	37,825	49,521	28,908
November 5, 2010	14,87,012	39,327	7,480	27,600	378	22,927	53,513	31,977	28,755	26,874
November 19, 2010	14,74,599	40,717	7,693	27,186	384	21,909	53,190	29,316	45,530	27,074
December 3, 2010	14,82,340	35,394	8,089	27,345	566	21,737	53,844	31,443	39,289	27,027
December 17, 2010	14,43,303	32,688	8,225	27,239	385	21,566	54,483	31,300	24,516	27,605
December 31, 2010	14,48,238	35,564	8,269	27,240	414	24,052	58,372	33,889	13,483	29,612

Note : Data on Investments are based on Statutory Section 42(2) Returns.
Final upto : October 22, 2010

No. 6: State Co-operative Banks Maintaining Accounts with the Reserve Bank of India

(₹ crore)

Last Reporting Friday (in case of March)/Last Friday/ Reporting Friday	1990-91	2008-09	2009-10	2009 Sep.	2010 Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.10	Sep.24
1	2	3	4	5	6	7	8	9	10	11	14	13	14
Number of Reporting Banks	28	31	31	31	31	31	31	31	31	31	31	31	31
Demand and Time Liabilities													
Aggregate Deposits (1)	**2,152**	**22,588**	**26,896**	**24,676**	**26,659**	**26,896**	**27,646**	**27,383**	**26,917**	**28,023**	**27,757**	**27,780**	**28,085**
Demand Liabilities	**1,831**	**8,051**	**9,746**	**7,704**	**8,503**	**9,746**	**10,025**	**9,299**	**9,651**	**10,368**	**9,890**	**9,756**	**9,710**
Deposits													
Inter-Bank	718	1,936	2,021	1,497	1,493	2,021	1,502	1395	1,487	1,438	1,457	1,315	1,370
Others	794	4,058	4,887	4,323	4,595	4,887	5,586	5335	5,421	5,832	5,740	5,677	5,892
Borrowings from Banks	181	367	905	321	549	905	1,084	783	806	804	830	841	647
Others	139	1,689	1,933	1,562	1,866	1,933	1,853	1785	1,936	2,293	1,862	1,922	1,801
Time Liabilities	**3,963**	**59,625**	**71,485**	**66,425**	**70,450**	**71,485**	**73,718**	**72,239**	**70,953**	**70,478**	**69,242**	**68,890**	**68,478**
Deposits													
Inter-Bank	2,545	40,589	48,489	45,533	47,799	48,489	50,947	49,489	48,747	47,625	46,657	46,263	45,755
Others	1,359	18,530	22,010	20,353	22,064	22,010	22,060	22,048	21,496	22,191	22,017	22,103	22,193
Borrowings from Banks	–	7	205	73	55	205	205	205	205	155	63	5	5
Others	59	500	780	466	532	780	505	497	505	507	504	520	525
Borrowing from Reserve Bank	**15**	–	–	–	–	–	–	–	–	–	–	–	–
Borrowings from the State Bank and / or a Notified bank (2) and State Government	**1,861**	**11,879**	**13,505**	**10,363**	**10,870**	**13,505**	**12,198**	**12,037**	**12,685**	**13,551**	**12,965**	**13,327**	**13,365**
Demand	116	3,057	3,687	2,368	3,084	3,687	3,707	3,708	3,701	3,974	4,093	4,303	4,263
Time	1,745	8,822	9,817	7,995	7,786	9,817	8,491	8,328	8,984	9,577	8,873	9,024	9,101
Assets													
Cash in Hand and Balances with Reserve Bank	**334**	**3,387**	**4,140**	**3,325**	**4,087**	**4,140**	**4,539**	**4,562**	**4,464**	**4,225**	**4,179**	**4,581**	**3,961**
Cash in Hand	24	149	151	152	144	151	155	151	154	173	163	163	178
Balance with Reserve Bank	310	3,238	3,988	3,174	3,943	3,988	4,384	4,410	4,310	4,052	4,017	4,417	3,784
Balances with Other Banks in Current Account	93	554	683	508	590	683	1,237	572	568	571	496	486	465
Investments in Government Securities (3)	1,058	18,432	24,896	22,308	24,908	24,896	25,260	25,627	25,893	25,952	25,555	25,490	26,049
Money at Call and Short Notice	498	15,801	19,010	16,317	15,494	19,010	17,383	15,991	16,126	15,776	14,668	14,666	14,662
Bank Credit (4)	**2,553**	**18,501**	**19,449**	**16,865**	**19,159**	**19,449**	**22,238**	**21,630**	**21,574**	**22,070**	**22,095**	**22,001**	**21,947**
Advances													
Loans, Cash-Credits and Overdrafts	2,528	18,490	19,436	16,858	19,143	19,436	22,224	21,616	21,560	22,057	22,081	21,984	21,935
Due from Banks (5)	5,560	27,239	28,288	25,925	26,991	28,288	27,020	27,458	28,741	30,820	31,771	32,394	32,808
Bills Purchased and Discounted	25	10	13	7	16	13	14	15	14	14	14	17	11
Cash - Deposit Ratio	15.5	15.0	15.4	13.5	15.3	15.4	16.4	16.7	16.6	15.1	15.1	16.5	14.1
Investment - Deposit Ratio	49.2	81.6	92.6	90.4	93.4	92.6	91.4	93.6	96.2	92.6	92.1	91.8	92.7
Credit - Deposit Ratio	118.6	81.9	72.3	68.3	71.9	72.3	80.4	79.0	80.2	78.8	79.6	79.2	78.1

See 'Notes on Tables'.

No. 7: Reserve Bank's Standing Facilities to Scheduled Commercial Banks

(₹ crore)

As on last reporting Friday of	Export Credit Refinance (1)		General Refinance (2)		Special Liquidity Support (3)		Total Refinance (4)	
	Limit	Outstanding	Limit	Outstanding	Limit	Outstanding	Limit	Outstanding
1	2	3	4	5	6	7	8	9
1996-97	6,654.40	559.97	–	–			6,654.40	559.97
1997-98	2,402.96	394.52	1,115.02	0.11			3,517.98	394.63
1998-99	7,269.27	2,616.57	1,115.02	19.23	3,235.02	258.00	11,619.31	2,893.80
March 1999	7,269.27	2,616.57	1,115.02	19.23	3,235.02	258.00	11,619.31	2,893.80
April 1999	8,638.29	5,164.76	1,115.02	56.31	–	–	9,753.31	5,221.07

As on Last Reporting Friday Of	Export Credit Refinance (1)						Others @						Total	
	Normal *		Back Stop **		Total ***		Normal *		Back Stop **		Total		Standing Facility	
	Limit	Out-standing	Limit	Out-standing	Limit	Out-standing	Limit	Out-standing	Limit	Out-standing	Limit	Out-standing	Limit	Out-standing
1	2	3	4	5	6 =(2+4)	7 =(3+5)	8	9	10	11	12 =(8+10)	13 =(9+11)	14 =(6+12)	15 =(7+13)
2001-02	6,060.29	3,144.11	3,025.60	49.83	9,085.89	3,193.94	837.62	422.35	218.70	–	1,056.27	422.35	10,142.16	3,616.29
2002-03	2,524.13	61.51	2,524.13	23.00	5,048.26	84.51	399.66	–	–	–	399.66	–	5,447.92	84.51
2003-04	1,553.25	–	3,111.17	–	4,664.42	–	399.66	–	–	–	399.66	–	5,064.08	–
2004-05	–	–	–	–	4,912.13	50.00	399.66	–	–	–	399.66	–	5,311.79	50.00
2005-06	–	–	–	–	6,050.63	1,567.68	–	–	–	–	–	–	6,050.63	1,567.68
2006-07	–	–	–	–	8,110.33	4,984.94	–	–	–	–	–	–	8,110.33	4,984.94
2007-08	–	–	–	–	9,103.46	2,825.00	–	–	–	–	–	–	9,103.46	2,825.00
2008-09	–	–	–	–	34,951.79	3,106.62	–	–	–	–	–	–	34,951.79	3,106.62
2009-10	–	–	–	–	9,072.20	42.00	–	–	–	–	–	–	9,072.20	42.00
Mar. 2008	–	–	–	–	9,103.46	2,825.00	–	–	–	–	–	–	9,103.46	2,825.00
Jun. 2008	–	–	–	–	9,052.03	1,132.14	–	–	–	–	–	–	9,052.03	1,132.14
Oct. 2008	–	–	–	–	9,653.48	91.00	–	–	–	–	–	–	9,653.48	91.00
Nov. 2008	–	–	–	–	34,740.28	2,697.63	–	–	–	–	–	–	34,740.28	2,697.63
Dec. 2008	–	–	–	–	35,991.95	5,330.51	–	–	–	–	–	–	35,991.95	5,330.51
Jan. 2009	–	–	–	–	37,367.21	1,037.00	–	–	–	–	–	–	37,367.00	1,037.00
Feb. 2009	–	–	–	–	35,173.13	1,531.59	–	–	–	–	–	–	35,173.13	1,531.59
Mar. 2009	–	–	–	–	34,951.79	3,106.62	–	–	–	–	–	–	34,951.79	3,106.62
Apr. 2009	–	–	–	–	36,432.22	1,322.35	–	–	–	–	–	–	36,432.22	1,322.35
May 2009	–	–	–	–	34,542.21	715.18	–	–	–	–	–	–	34,542.21	715.18
Jun. 2009	–	–	–	–	33,195.57	1,800.00	–	–	–	–	–	–	33,195.57	1,800.00
Jul. 2009	–	–	–	–	33,293.12	–	–	–	–	–	–	–	33,293.12	–
Aug. 2009	–	–	–	–	31,855.00	–	–	–	–	–	–	–	31,855.00	–
Sep. 2009	–	–	–	–	31,996.53	–	–	–	–	–	–	–	31,996.53	–
Oct. 2009	–	–	–	–	32,534.90	–	–	–	–	–	–	–	32,534.90	–
Nov. 2009	–	–	–	–	9,321.95	–	–	–	–	–	–	–	9,321.95	–
Dec. 2009	–	–	–	–	9,055.76	–	–	–	–	–	–	–	9,055.76	–
Jan. 2010	–	–	–	–	9,221.13	–	–	–	–	–	–	–	9,221.13	–
Feb. 2010	–	–	–	–	8,839.29	240.00	–	–	–	–	–	–	8,839.29	240.00
Mar. 2010	–	–	–	–	9,072.20	42.00	–	–	–	–	–	–	9,072.20	42.00
Apr. 2010	–	–	–	–	9,937.67	–	–	–	–	–	–	–	9,937.67	–
May 2010	–	–	–	–	9,663.93	–	–	–	–	–	–	–	9,663.93	–
Jun. 2010	–	–	–	–	9,080.69	1,869.68	–	–	–	–	–	–	9,080.69	1,869.68
Jul. 2010	–	–	–	–	8,875.62	2,042.00	–	–	–	–	–	–	8,875.62	2,042.00
Aug. 2010	–	–	–	–	8,675.16	895.00	–	–	–	–	–	–	8,675.16	895.00
Sep. 2010	–	–	–	–	8,803.42	2,316.00	–	–	–	–	–	–	8,803.42	2,316.00
Oct. 2010	–	–	–	–	8,637.30	4,124.00	–	–	–	–	–	–	8,637.30	4,124.00
Nov. 2010	–	–	–	–	9,008.49	4,482.00	–	–	–	–	–	–	9,008.49	4,482.00

@ Others include Collateralised Lending Facility (CLF) (withdrawn Completely effective from October 5,2002)/Additional CLF (withdrawn effective from June 5, 2000), etc.

* Normal Limit =1/2 of total limit effective from November 16, 2002 ; 1/3 rd of total limit effective from December 27, 2003.

** Back-Stop Limit = 1/2 of total limit effective from November 16, 2002 ; 2/3 rd of total limit effective from December 27, 2003.

*** Total limits under Normal facility and Back-stop facility merged into single facility effective from March 29,2004.

Also see 'Notes on Tables'.

No. 8: Cheque Clearing Data

(Number in Lakh and Amount in ₹ crore)

Month/Year	Total		Total MICR* Centres		Total Non-MICR** Centres		Total of RBI Centres		RBI Centres***					
									Ahmedabad		Bangalore		Bhopal	
1	2=(3+4)		3=(5+23)		4		5		6		7		8	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
2001-02	9,015.0	1,25,75,254.0	5,377.0	1,09,47,391.0	3,638.0	16,27,863.0	5,377.0	1,09,47,391.0	414.0	2,07,524.0	445.0	2,69,346.0	–	–
2002-03	10,139.0	1,34,24,313.0	5,980.0	1,09,78,762.0	4,159.0	24,45,551.0	5,980.0	1,09,78,762.0	434.0	2,25,060.0	485.0	3,07,577.0	–	–
2003-04	10,228.0	1,15,95,960.0	6,241.0	91,78,751.0	3,987.0	24,17,209.0	6,241.0	91,78,751.0	473.0	2,80,649.0	547.0	3,75,885.0	–	–
2004-05	11,668.5	1,04,58,894.9	9,414.6	93,56,252.2	2,253.9	11,02,642.7	7,384.8	84,93,320.7	525.5	3,52,696.6	601.6	4,77,810.1	59.3	47,188.1
2005-06	12,867.6	1,13,29,133.5	10,318.4	94,74,370.8	2,549.2	18,54,762.8	7,942.4	81,94,976.7	603.7	4,06,598.7	656.1	4,98,344.5	71.9	32,181.0
2006-07	13,672.8	1,20,42,425.7	11,441.0	1,04,35,436.1	2,231.8	16,06,989.5	8,309.9	85,99,494.3	594.4	4,29,955.8	702.5	5,58,675.6	71.7	52,224.6
2007-08	14,605.6	1,33,96,065.9	12,229.6	1,15,28,690.2	2,376.0	18,67,375.7	8,775.9	94,51,748.3	647.3	5,06,759.2	734.5	6,32,327.8	77.4	62,651.9
2008-09	13,973.9	1,24,69,134.9	11,638.2	1,04,08,242.0	2,335.7	20,60,892.9	8,347.2	82,97,385.3	570.3	4,77,112.7	687.6	5,46,017.8	74.5	70,837.6
2009-10 (P)	13,802.7	1,04,09,941.5	11,497.1	85,31,516.9	2,305.7	18,78,424.7	8,126.9	65,22,135.0	588.3	4,52,170.4	661.9	4,57,973.1	71.1	65,326.2
2009-10 (P)														
April	1,108.9	9,37,769.0	922.5	7,78,434.1	186.5	1,59,335.0	657.2	6,08,919.0	44.6	36,015.6	54.8	42,179.6	5.6	5,131.8
May	1,102.3	8,51,448.4	910.9	6,92,706.9	191.4	1,58,741.5	643.2	5,32,225.1	46.2	35,614.5	54.4	35,229.2	5.5	4,726.4
June	1,122.4	8,58,216.7	935.1	7,24,654.8	187.3	1,33,561.9	662.1	5,56,784.7	46.1	36,102.4	54.0	39,237.0	5.5	5,774.7
July	1,200.9	9,00,803.8	1,002.7	7,60,467.7	198.2	1,40,336.1	711.4	5,89,480.4	50.1	35,569.2	59.2	42,623.4	6.4	5,355.0
August	1,115.1	8,11,856.3	927.7	6,86,446.9	187.5	1,25,409.3	671.3	5,45,345.9	49.8	35,295.9	54.7	37,459.0	6.4	5,355.0
September	1,091.7	8,22,903.8	914.3	6,86,109.6	177.4	1,36,794.2	634.1	5,27,335.8	47.4	36,866.3	50.8	35,811.8	5.6	5,507.3
October	1,250.5	9,16,009.3	1,044.5	7,63,886.0	206.0	1,52,123.3	730.2	5,88,533.1	54.1	38,656.5	59.6	41,451.9	6.8	6,210.9
November	1,092.1	7,43,478.1	903.3	6,03,578.3	188.8	1,39,899.8	643.5	4,55,116.9	45.7	23,802.2	51.5	32,738.6	5.8	4,326.0
December	1,177.2	8,33,489.5	976.5	6,78,375.9	200.8	1,55,113.5	687.7	5,09,715.8	49.6	38,898.2	56.5	37,100.2	5.3	5,218.4
January	1,124.7	8,00,047.0	937.6	6,57,045.0	187.1	1,43,002.0	660.5	4,81,833.9	47.0	38,402.9	53.2	35,191.4	5.8	5,224.1
February	1,076.3	7,77,185.4	903.3	6,27,412.5	173.1	1,49,772.9	635.9	4,70,122.4	48.0	41,152.3	49.6	33,121.9	5.3	4,572.8
March	1,340.5	11,56,734.2	1,118.8	8,72,399.1	221.7	2,84,335.1	789.8	6,56,722.0	59.6	55,794.2	63.5	45,829.3	7.0	7,924.0
Total (upto Mar, 2010)	**13,802.7**	**1,04,09,941.5**	**11,497.1**	**85,31,516.9**	**2,305.7**	**18,78,424.7**	**8,126.9**	**65,22,135.0**	**588.3**	**4,52,170.4**	**661.9**	**4,57,973.1**	**71.1**	**65,326.2**
20010-11														
April (P)	1,175.3	8,59,982.7	970.9	7,04,089.1	204.4	1,55,893.6	681.8	5,26,360.6	51.4	33,501.5	56.9	41,679.3	6.1	4,874.9
May (P)	1,110.5	8,21,772.7	919.8	6,72,732.2	190.7	1,49,040.5	648.5	5,00,302.6	47.2	30,193.2	56.1	35,361.5	5.5	4,711.5
June (P)	1,104.4	8,35,896.5	914.7	6,92,640.5	189.7	1,43,256.0	650.1	5,24,954.7	47.7	30,320.1	55.5	37,180.6	5.7	5,950.5
July (P)	1,187.5	8,10,268.7	996.6	6,73,800.9	190.8	1,36,467.7	701.0	5,02,033.3	50.8	31,052.1	57.0	38,879.4	6.3	5,764.3
August (P)	1,164.4	8,11,607.0	973.1	6,63,801.5	191.3	1,47,805.5	683.6	4,97,097.0	52.1	31,489.0	55.5	39,435.3	6.1	4,633.0
September (P)	1,084.6	7,75,861.9	906.9	6,25,642.4	177.7	1,50,219.5	638.2	4,67,211.2	48.0	29,792.0	52.3	37,412.0	5.6	5,247.7
October (P)	1,244.4	9,07,747.9	1,049.9	7,63,899.2	194.5	1,43,848.7	732.1	5,75,348.3	62.0	41,367.5	56.4	40,045.1	6.1	5,081.9
November (P)	1,104.1	8,09,569.2	921.8	6,53,956.9	182.2	1,55,612.3	648.3	4,78,042.9	47.7	31,600.6	51.8	35,880.6	5.6	5,111.5
December (P)	1,194.3	8,74,636.6	1,001.6	7,28,143.4	192.7	1,46,493.2	703.5	5,45,259.1	55.0	38,079.0	56.7	40,528.4	5.9	5,667.7
Total (upto Dec, 2010)	**10,369.4**	**75,07,343.2**	**8,655.3**	**61,78,706.2**	**1,714.1**	**13,28,637.0**	**6,087.2**	**46,16,609.7**	**461.8**	**2,97,394.9**	**498.0**	**3,46,402.1**	**52.9**	**47,043.1**

* MICR - Magnetic Ink Character Recognition - automated CPC (Cheque Processing Centers)

** Non MICR Clearing done at the clearing houses where MICR Cheque Processing Centres have not been set up. The processing is done either using Magnetic Media Based Clearing System (MMBCS) or is done manually.

*** RBI Centres (MICR) refers to all centres where RBI is the manager of Clearing House.

No. 8: Cheque Clearing Data *(Contd.)*

(Number in Lakh and Amount in ₹ crore)

Month/Year	RBI Centres***													
	Bhubaneswar		Chandigarh		Chennai		Guwahati		Hyderabad		Jammu $$		Jaipur	
1	9		10		11		12		13		14		15	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
2001-02	27.0	21,625.0	–	–	522.0	5,00,872.0	30.0	19,592.0	305.0	1,82,764.0	–	–	123.0	54,432.0
2002-03	33.0	26,349.0	–	–	557.0	5,52,913.0	34.0	22,436.0	337.0	2,15,035.0	–	–	130.0	58,202.0
2003-04	37.0	37,136.0	–	–	602.0	6,12,158.0	37.0	27,840.0	369.0	2,75,503.0	–	–	148.0	70,122.0
2004-05	41.8	47,252.7	112.8	1,11,091.8	735.1	7,59,883.1	42.4	32,713.9	390.2	3,01,678.8	–	–	168.0	89,086.6
2005-06	48.6	53,649.7	123.8	1,27,037.9	813.2	6,55,277.9	48.2	39,660.5	416.8	3,63,317.1	–	–	187.4	1,13,452.5
2006-07	56.2	64,833.9	140.7	1,98,205.1	803.5	6,92,201.6	55.1	49,100.5	438.9	3,95,911.4	–	–	197.8	1,37,784.8
2007-08	60.0	80,993.5	141.4	1,61,218.5	854.1	7,78,853.6	59.5	55,169.2	454.6	4,52,498.8	–	–	219.3	1,62,021.8
2008-09	57.9	88,061.5	131.8	1,45,451.1	832.0	8,01,963.7	59.7	62,085.7	447.8	4,34,737.4	–	–	197.6	1,50,889.6
2009-10 (P)	58.6	62,721.5	133.7	1,40,965.9	790.2	6,31,101.1	63.6	58,772.8	414.9	3,51,392.3	11.9	7,967.6	199.9	1,31,192.6
2009-10 (P)														
April	4.5	5,308.6	11.5	14,123.3	64.1	63,050.0	4.6	5,704.3	34.6	32,461.9	–	–	16.0	11,286.1
May	4.5	4,607.0	10.5	12,097.6	61.7	54,521.9	5.1	5,035.9	33.6	27,842.7	–	–	15.4	10,283.0
June	4.3	5,330.6	10.3	11,231.1	65.7	54,603.2	5.1	4,790.2	34.7	30,336.9	–	–	15.6	10,714.8
July	5.4	5,258.2	11.4	10,576.6	71.7	60,060.5	5.2	4,962.7	37.3	33,317.0	–	–	17.3	10,421.8
August	5.0	4,682.1	10.5	10,176.4	66.7	51,118.9	5.3	4,342.2	33.3	27,933.7	–	–	16.8	10,087.0
September	4.8	4,586.5	10.4	10,176.9	61.7	52,474.5	5.0	4,745.2	30.6	26,893.9	–	–	15.7	10,052.8
October	5.5	5,285.1	12.3	13,388.3	71.6	57,171.6	5.9	4,641.1	38.9	31,921.1	–	–	18.5	12,215.8
November	4.5	4,966.9	10.4	12,375.3	61.2	52,212.9	5.1	3,922.2	32.8	27,181.2	2.3	1,414.6	14.9	9,023.7
December	5.1	5,298.1	11.8	12,174.4	66.0	53,928.2	5.8	4,682.9	35.1	27,209.9	2.3	1,532.4	16.9	11,074.3
January	4.6	5,099.1	10.3	10,357.5	61.0	41,672.9	5.0	4,514.7	33.3	28,450.4	2.3	1,711.1	16.6	10,976.5
February	4.7	5,548.9	11.5	10,276.7	62.3	39,576.6	5.3	4,728.8	31.6	24,444.0	2.1	1,375.3	16.4	11,066.3
March	5.7	6,750.5	12.9	14,011.7	76.5	50,709.9	6.2	6,702.7	39.3	33,399.6	2.8	1,934.2	19.8	13,990.5
Total (upto Mar, 2010)	**58.6**	**62,721.5**	**133.7**	**1,40,965.9**	**790.2**	**6,31,101.1**	**63.6**	**58,772.8**	**414.9**	**3,51,392.3**	**11.9**	**7,967.6**	**199.9**	**1,31,192.6**
20010-11														
April (P)	5.0	4,858.8	11.4	13,908.4	65.7	47,080.2	4.9	4,749.8	31.0	27,119.3	2.5	1,924.4	17.3	11,253.3
May (P)	4.5	4,334.4	10.6	12,848.8	62.7	41,454.9	5.2	4,100.8	33.9	25,660.3	2.4	1,772.1	16.7	10,489.5
June (P)	4.5	4,805.4	10.7	10,731.6	65.3	44,002.3	5.0	4,532.1	33.6	27,384.6	2.4	1,438.5	15.9	10,981.1
July (P)	5.2	5,737.6	12.1	21,184.4	70.6	47,035.7	5.1	5,058.3	35.8	30,315.1	2.4	1,619.8	17.9	11,508.4
August (P)	5.0	4,817.7	11.3	10,250.3	69.0	46,678.3	5.3	4,106.8	34.5	26,879.9	2.5	1,381.8	17.0	10,161.9
September (P)	4.7	5,572.2	10.7	10,666.4	63.1	44,434.8	4.8	4,480.5	31.6	23,836.4	2.4	1,298.0	16.6	10,771.9
October (P)	4.9	4,818.2	12.0	13,523.6	68.8	47,590.7	5.2	4,483.3	37.5	29,959.3	2.7	1,729.4	20.0	12,815.7
November (P)	4.7	4,788.1	10.6	13,117.5	63.4	43,404.1	4.9	4,072.4	33.8	26,615.1	2.4	1,406.2	17.0	11,588.7
December (P)	4.9	5,871.0	11.5	12,553.4	66.4	47,729.6	5.3	4,999.1	35.8	28,806.9	2.5	1,580.9	18.7	12,717.5
Total (upto Dec, 2010)	**43.3**	**45,603.6**	**100.8**	**1,18,784.4**	**595.0**	**4,09,410.6**	**45.7**	**40,583.0**	**307.6**	**2,46,577.0**	**22.1**	**14,151.1**	**157.1**	**1,02,287.9**

$$ The settlement of MICR clearing is being done in the books of Reserve Bank of India effective November 2009.

No. 8: Cheque Clearing Data *(Contd.)*

(Number in Lakh and Amount in ₹ crore)

Month/Year	RBI Centres***													
	Kanpur		Kolkata		Mumbai		Nagpur		New Delhi $		Patna		Thiruvananthapuram	
1	16		17		18		19		20		21		22	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
2001-02	67.0	32,369.0	523.0	3,73,131.0	1,679.0	82,17,816.0	102.0	41,151.0	1,079.0	9,90,315.0	27.0	17,421.0	34.0	19,032.0
2002-03	73.0	34,532.0	531.0	4,19,164.0	2,019.0	76,94,748.0	109.0	46,924.0	1,164.0	13,19,625.0	37.0	19,506.0	37.0	36,691.0
2003-04	78.0	41,397.0	470.0	4,65,308.0	2,162.0	55,11,293.0	120.0	56,330.0	1,107.0	13,54,677.0	50.0	26,739.0	41.0	43,714.0
2004-05	87.1	47,225.8	599.9	5,60,659.9	2,304.1	37,53,670.3	124.4	63,495.1	1,479.3	17,73,610.1	65.0	30,861.7	48.2	44,396.1
2005-06	92.7	55,328.7	642.4	6,58,639.7	2,391.9	33,42,829.4	134.8	75,772.3	1,597.2	16,97,583.2	59.2	36,819.8	54.6	38,484.0
2006-07	96.9	64,396.1	684.2	6,82,358.0	2,518.3	33,19,090.1	145.6	92,546.6	1,690.9	17,73,548.3	56.8	47,968.8	56.2	40,693.0
2007-08	100.0	69,885.1	730.5	7,78,304.3	2,651.6	36,85,407.3	151.3	1,06,351.7	1,775.7	18,00,975.6	62.6	61,006.5	56.0	57,323.4
2008-09	92.8	72,692.4	692.3	7,53,067.8	2,512.7	27,99,764.9	146.2	1,06,246.5	1,726.9	16,64,709.4	62.0	67,977.2	55.0	55,769.9
2009-10 (P)	89.6	68,011.3	678.9	6,58,229.3	2,482.2	19,39,326.9	141.2	90,252.2	1,624.6	12,98,999.7	63.2	64,423.6	53.0	43,308.5
2009-10 (P)														
April	6.9	6,478.5	54.6	59,580.7	198.3	1,86,379.5	11.6	8,391.5	136.2	1,22,837.9	4.9	5,936.5	4.2	4,053.4
May	7.7	6,668.5	51.6	48,641.7	194.5	1,64,609.0	11.3	7,241.1	132.1	1,07,565.6	4.7	4,388.7	4.2	3,152.3
June	7.2	6,535.7	55.4	52,890.9	206.2	1,70,059.4	11.3	7,770.9	131.3	1,11,993.3	5.0	5,250.5	4.5	4,163.0
July	7.7	6,830.0	57.8	56,100.5	214.5	1,86,871.2	12.2	8,357.6	144.9	1,13,810.1	5.5	5,342.2	4.7	4,024.2
August	7.6	5,121.6	56.9	51,771.9	205.3	1,86,392.4	11.1	7,152.2	132.1	99,454.4	5.1	4,767.8	4.7	4,235.3
September	6.8	4,925.8	52.8	51,425.9	196.1	1,73,285.5	10.9	7,388.9	126.5	95,083.7	5.2	4,974.1	3.7	3,136.7
October	8.5	5,581.8	59.8	52,062.5	218.5	1,91,283.4	12.7	8,241.8	147.3	1,11,068.6	5.4	5,569.0	4.9	3,783.8
November	7.9	4,852.1	54.0	48,556.8	200.3	1,21,056.0	11.2	6,931.4	126.3	93,648.1	5.2	5,285.5	4.2	2,823.5
December	7.3	5,241.5	57.8	54,578.4	209.5	1,33,465.1	12.4	7,347.7	136.3	1,03,186.1	5.6	5,317.6	4.4	3,462.4
January	7.0	5,376.2	53.4	49,815.1	206.6	1,29,988.0	11.7	6,679.7	133.0	1,00,010.2	5.2	4,849.8	4.3	3,514.4
February	6.6	4,506.2	55.4	51,799.3	192.5	1,25,510.0	10.9	6,396.7	124.4	98,259.2	5.4	5,091.5	3.9	2,696.2
March	8.2	5,893.6	69.4	81,005.7	239.9	1,70,427.3	13.9	8,352.6	154.1	1,42,082.5	6.0	7,650.5	5.1	4,263.3
Total (upto Mar, 2010)	**89.6**	**68,011.3**	**678.9**	**6,58,229.3**	**2,482.2**	**19,39,326.9**	**141.2**	**90,252.2**	**1,624.6**	**12,98,999.7**	**63.2**	**64,423.6**	**53.0**	**43,308.5**
20010-11														
April (P)	7.3	5,051.5	54.2	45,697.8	209.4	1,48,993.5	12.2	8,382.8	136.6	1,16,625.4	5.4	6,970.5	4.4	3,689.2
May (P)	6.9	4,833.7	56.1	44,235.1	188.7	1,28,278.5	11.2	6,806.6	131.3	1,37,038.3	5.0	5,579.9	4.5	2,603.3
June (P)	6.7	4,708.7	52.4	40,798.1	197.0	1,27,945.8	11.4	7,524.0	127.3	1,57,570.6	4.7	5,990.6	4.5	3,090.0
July (P)	7.8	4,777.5	57.4	42,641.5	206.8	1,30,380.8	12.4	7,880.2	143.5	1,09,930.9	5.1	5,246.1	4.8	3,021.1
August (P)	7.3	4,626.2	58.7	43,293.0	207.4	1,35,918.4	11.6	6,721.9	131.2	1,19,876.4	5.1	4,054.7	4.4	2,772.3
September (P)	6.7	4,619.6	54.8	41,612.6	191.6	1,31,096.9	11.0	6,531.7	125.0	1,01,796.3	5.1	5,246.4	4.3	2,795.9
October (P)	7.4	4,664.9	56.7	42,724.2	229.4	1,94,540.1	13.3	7,447.0	139.6	1,16,420.3	5.5	4,944.7	4.7	3,192.5
November (P)	6.5	4,348.5	56.0	41,733.1	197.5	1,35,819.9	11.5	6,500.8	125.9	1,04,244.8	4.6	4,951.1	4.5	2,859.9
December (P)	7.1	4,665.8	58.4	54,963.4	214.7	1,50,280.8	12.4	7,196.0	138.0	1,20,089.9	5.6	6,446.6	4.5	3,083.0
Total (upto Dec, 2010)	**63.8**	**42,296.6**	**504.8**	**3,97,699.0**	**1,842.3**	**12,83,254.6**	**107.0**	**64,991.0**	**1,198.4**	**10,83,593.0**	**45.9**	**49,430.6**	**40.6**	**27,107.3**

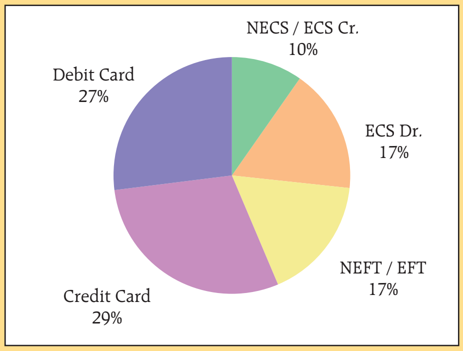
$ Cheque Truncation System (CTS) implemented at NCR since February 2008 and complete cheque clearing volume has been migrated to CTS from july 2009.

No. 8: Cheque Clearing Data *(Contd.)*

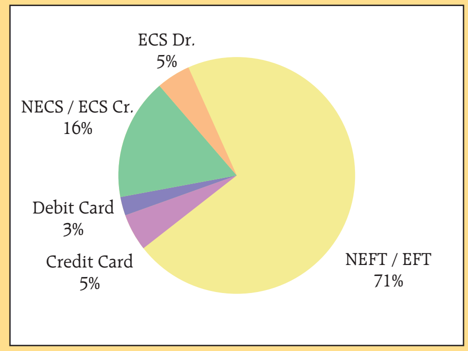
(Number in Lakh and Amount in ₹ crore)

Month/Year	Other MICR Centres	
1	23	
	Number	Amount
2001-02	–	–
2002-03	–	–
2003-04	–	–
2004-05	2,029.8	8,62,931.5
2005-06	2,375.9	12,79,394.1
2006-07	3,131.1	18,35,941.8
2007-08	3,453.7	20,76,941.9
2008-09	3,291.0	21,10,856.7
2009-10 (P)	3,370.2	20,09,381.9
2009-10 (P)		
April	265.3	1,69,515.0
May	267.7	1,60,481.8
June	273.0	1,67,870.2
July	291.3	1,70,987.3
August	256.4	1,41,101.1
September	280.3	1,58,773.9
October	314.3	1,75,352.9
November	259.8	1,48,461.4
December	288.8	1,68,660.1
January	277.1	1,75,211.1
February	267.3	1,57,290.1
March	329.0	2,15,677.1
Total (upto Mar, 2010)	**3,370.2**	**20,09,381.9**
20010-11		
April (P)	289.1	1,77,728.6
May (P)	271.3	1,72,429.6
June (P)	264.6	1,67,685.8
July (P)	295.6	1,71,767.6
August (P)	289.5	1,66,704.5
September (P)	268.6	1,58,431.2
October (P)	317.8	1,88,550.9
November (P)	273.5	1,75,913.9
December (P)	298.1	1,82,884.3
Total (upto Dec, 2010)	**2,568.2**	**15,62,096.4**

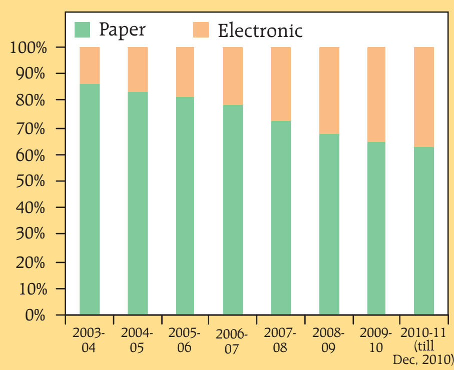
Retail Electronic Transactions - Volume in Dec, 2010



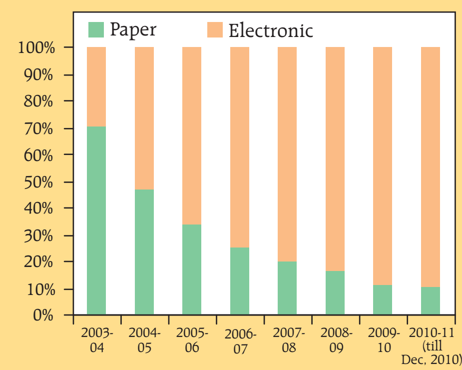
Retail Electronic Transactions- Value in Dec, 2010



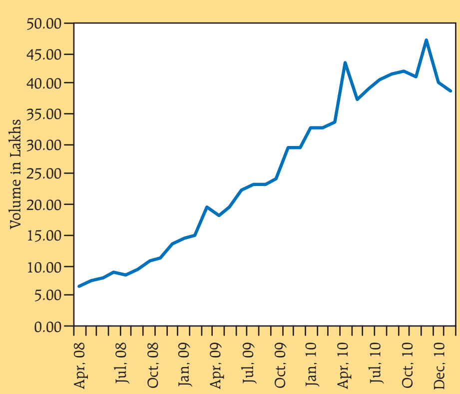
Representation of Electronic Transactions Volume in Total



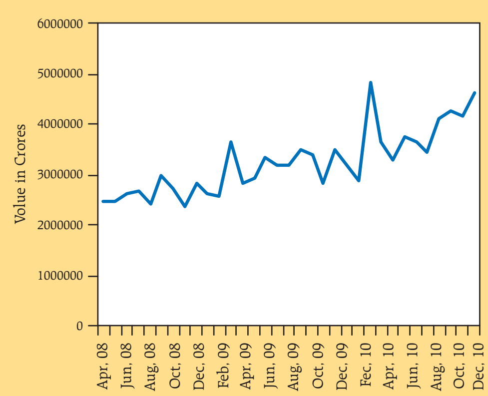
Representation of Electronic Transaction Value in Total



Growth in RTGS Volume



Growth in RTGS Value



No. 9A: Retail Electronic Payment Systems

(Number in Lakh and Amount in ₹ crore)

Month/Year	Total Electronic Payments		Electronic Clearing Services (ECS)				National Electronic Funds Transfer (NEFT/EFT)		Card Payments#					
			NECS/ECS (Credit)		ECS (Debit)				Credit			Debit*		
1	2=(3+4+5+6+7)		3		4		5		6			7		
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number of Out-standing Cards**	Number	Amount	Number of Out-standing Cards**	Number	Amount
2003-04	1,669.44	52,142.78	203.15	10,228.00	78.74	2,253.58	8.19	17,124.81	–	1,001.79	17,662.72	–	377.57	4,873.67
2004-05	2,289.04	1,08,749.83	400.51	20,179.81	153.00	2,921.24	25.49	54,601.38	–	1,294.72	25,686.36	–	415.32	5,361.04
2005-06	2,850.13	1,46,382.68	442.16	32,324.35	359.58	12,986.50	30.67	61,288.22	173.27	1,560.86	33,886.47	497.63	456.86	5,897.14
2006-07	3,787.09	2,35,693.12	690.19	83,273.09	752.02	25,440.79	47.76	77,446.31	231.23	1,695.36	41,361.31	749.76	601.77	8,171.63
2007-08	5,353.09	10,41,991.93	783.65	7,82,222.30	1,271.20	48,937.20	133.15	1,40,326.48	275.47	2,282.03	57,984.73	1,024.37	883.06	12,521.22
2008-09	6,678.24	5,00,321.79	883.94	97,486.58	1,600.55	66,975.89	321.61	2,51,956.38	246.99	2,595.61	65,355.80	1,374.31	1,276.54	18,547.14
2009-10	7,181.62	6,84,886.20	981.33	1,17,612.60	1,492.81	69,523.87	663.38	4,09,507.47	183.31	2,342.42	61,824.15	1,819.72	1,701.68	26,418.11
2009-10														
April	505.71	55,380.45	38.20	11,134.18	122.17	5,807.17	39.42	31,728.54	243.67	185.44	4,932.37	1,405.51	120.47	1,778.20
May	520.52	42,635.99	51.19	6,665.42	121.27	5,792.75	38.94	23,474.15	240.54	182.04	4,815.94	1,430.33	127.08	1,887.71
June	550.17	51,609.91	60.72	8,668.65	127.46	5,750.13	45.04	30,513.06	228.44	191.02	4,863.35	1,463.92	125.93	1,814.71
July	637.01	63,785.64	115.45	12,797.93	126.22	5,671.51	50.97	38,261.03	222.56	202.11	4,957.33	1,512.59	142.27	2,097.84
August	633.43	57,344.37	118.95	15,037.64	117.64	5,714.31	52.22	29,400.62	219.49	196.68	4,858.34	1,550.99	147.94	2,333.46
September	607.92	54,091.91	114.20	11,420.36	116.13	6,069.78	49.49	29,582.34	213.08	191.25	4,905.47	1,590.17	136.86	2,113.96
October	673.66	67,922.96	134.34	10,983.93	130.98	5,051.28	59.48	43,654.55	211.18	204.65	5,660.93	1,628.09	144.22	2,572.28
November	589.37	48,798.49	75.89	7,311.27	122.19	5,815.54	55.82	28,151.66	208.41	194.16	5,263.15	1,658.30	141.32	2,256.87
December	607.09	57,128.01	58.27	7,385.70	126.52	6,035.36	63.07	35,766.61	206.45	204.84	5,506.55	1,705.68	154.39	2,433.80
January	613.65	59,993.14	65.14	7,733.98	125.68	5,895.96	61.95	38,446.69	204.39	202.63	5,425.51	1,741.27	158.25	2,491.00
February	582.12	58,440.82	78.08	9,051.96	111.90	5,623.81	64.22	36,630.78	201.63	181.15	4,923.11	1,779.80	146.78	2,211.16
March	660.97	67,754.52	70.91	9,421.60	144.66	6,296.26	82.77	43,897.45	183.31	206.45	5,712.09	1,819.72	156.18	2,427.12
Total (upto Mar, 2010)	**7,181.62**	**6,84,886.20**	**981.33**	**1,17,612.60**	**1,492.81**	**69,523.87**	**663.38**	**4,09,507.47**	**183.31**	**2,342.42**	**61,824.15**	**1,819.72**	**1,701.68**	**26,418.11**
20010-11														
April	639.14	84,186.80	78.66	12,819.03	127.39	5,873.66	74.84	57,512.21	192.88	198.27	5,473.58	1,847.91	159.97	2,508.32
May	657.89	80,562.98	65.72	10,061.09	126.22	5,740.50	77.42	55,867.16	190.24	209.50	5,935.54	1,882.49	179.03	2,958.70
June	671.84	79,686.57	89.20	12,912.23	128.24	6,190.89	84.20	52,447.21	189.44	201.97	5,538.75	1,919.12	168.23	2,597.49
July	753.97	1,05,467.21	122.40	23,792.09	129.59	5,902.97	94.63	67,051.68	189.27	218.98	5,817.46	1,956.99	188.37	2,903.02
August	789.95	91,954.89	133.93	14,941.75	126.39	5,790.79	98.04	61,641.84	188.54	226.08	6,259.42	2,000.92	205.52	3,321.09
September	734.19	88,570.02	107.92	12,789.98	126.66	5,960.05	98.36	60,986.94	184.26	210.87	5,847.83	2,038.33	190.37	2,985.23
October	860.08	1,22,464.90	167.05	25,351.57	132.77	8,935.07	116.27	77,703.52	182.17	229.07	6,760.37	2,081.36	214.92	3,714.37
November	779.82	1,11,583.48	91.27	17,488.40	131.80	6,089.97	117.51	77,361.09	181.88	230.44	6,921.56	2,118.77	208.80	3,722.47
December	795.56	1,32,100.39	77.48	21,706.55	134.64	6,221.64	134.62	93,720.04	181.02	234.91	6,846.28	2,160.39	213.91	3,605.89
Total (upto Dec, 2010)	**6,682.43**	**8,96,577.25**	**933.62**	**1,51,862.69**	**1,163.70**	**56,705.53**	**895.90**	**6,04,291.68**	**181.88**	**1,960.10**	**55,400.78**	**2,118.77**	**1,729.11**	**28,316.57**

\# Card Payments figures pertain only to Point of Sale (POS) transactions.

* Debit Cards figures for 2003-04 and 2004-05 are estimated based on 2005-06 figures.

** Cards issued by banks (excluding those withdrawn/blocked).

No.9B : Large Value Clearing and Settlement Systems

(Number in Lakh and Amount in ₹ crore)

Year / Period	Real Time Gross Settlement System									
	Total		Customer remittance		Inter-Bank remittance		Inter-bank clearing settlement**		Total Inter-bank	
1	2=(3+4+5)		3		4		5		6=(4+5)	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
2003-04	0.001	1,965.49	0.00	0.00	0.001	1,965.49	–	–	0.001	1,965.49
2004-05	4.60	40,66,184.00	0.68	2,49,662.00	3.92	38,16,522.00	–	–	3.92	38,16,522.00
2005-06	17.67	1,15,40,836.25	7.13	25,70,212.29	10.54	89,70,623.96	–	–	10.54	89,70,623.96
2006-07	38.80	2,46,19,179.99	24.82	71,67,807.91	13.94	1,13,13,346.69	0.04	61,38,025.39	13.98	1,74,51,372.08
2007-08	58.54	4,82,94,558.97	41.46	1,61,00,172.88	16.94	1,12,18,157.41	0.14	2,09,76,228.68	17.08	3,21,94,386.10
2008-09	133.84	6,11,39,912.44	112.34	2,00,04,107.80	21.32	1,22,75,773.49	0.19	2,88,60,031.15	21.50	4,11,35,804.65
2009-10	332.53	10,11,69,930.98	304.40	2,95,16,777.47	28.01	99,36,581.54	0.12	6,17,16,571.98	28.13	7,16,53,153.52
2009-10										
April	18.15	74,83,009.75	16.20	18,82,570.44	1.94	9,38,518.59	0.014	46,61,920.71	1.95	56,00,439.31
May	19.81	93,67,548.14	17.72	20,05,120.69	2.07	9,26,922.08	0.017	64,35,505.38	2.09	73,62,427.46
June	22.32	1,00,45,166.89	20.10	24,14,892.93	2.20	9,32,255.88	0.017	66,98,018.08	2.22	76,30,273.96
July	23.48	99,66,068.81	21.24	23,61,696.14	2.23	8,17,679.51	0.015	67,86,693.16	2.25	76,04,372.67
August	23.24	92,48,113.39	21.13	24,51,621.30	2.10	7,44,363.88	0.008	60,52,128.20	2.11	67,96,492.08
September	24.34	92,58,141.64	22.18	26,39,052.07	2.16	8,39,448.23	0.008	57,79,641.34	2.16	66,19,089.57
October	29.26	84,49,696.31	26.79	26,11,319.99	2.46	7,62,282.04	0.007	50,76,094.28	2.46	58,38,376.33
November	29.40	77,80,524.10	27.03	21,22,556.52	2.36	6,72,712.97	0.007	49,85,254.61	2.37	56,57,967.58
December	32.76	76,68,126.33	30.27	26,98,071.73	2.48	7,76,396.36	0.007	41,93,658.24	2.49	49,70,054.60
January	32.56	73,34,900.73	30.06	23,91,646.42	2.49	7,62,906.61	0.006	41,80,347.70	2.50	49,43,254.31
February	33.57	69,00,931.55	31.10	22,09,498.00	2.46	6,75,175.29	0.006	40,16,258.25	2.47	46,91,433.54
March	43.65	76,67,703.33	40.58	37,28,731.22	3.07	10,87,920.10	0.008	28,51,052.01	3.08	39,38,972.11
Total (upto Mar, 2010)	**332.53**	**10,11,69,930.98**	**304.40**	**2,95,16,777.47**	**28.01**	**99,36,581.54**	**0.12**	**6,17,16,571.98**	**28.13**	**7,16,53,153.52**
20010-11										
April	37.35	70,71,981.51	34.66	28,02,542.10	2.68	8,39,052.16	0.007	34,30,387.25	2.68	42,69,439.41
May	39.31	56,77,873.95	36.54	24,80,707.11	2.76	7,94,852.15	0.008	24,02,314.70	2.77	31,97,166.84
June	40.87	68,40,564.36	37.97	28,72,284.41	2.88	8,61,089.86	0.009	31,07,190.09	2.89	39,68,279.96
July	41.55	67,16,065.89	38.64	26,64,682.44	2.90	9,72,517.76	0.009	30,78,865.70	2.91	40,51,383.45
August	41.95	50,39,022.01	39.04	25,56,679.28	2.90	9,02,025.37	0.008	15,80,317.35	2.91	24,82,342.72
September	41.04	65,60,843.48	38.26	30,70,013.19	2.77	10,43,680.22	0.008	24,47,150.08	2.78	34,90,830.30
October	47.14	82,84,251.68	44.11	31,02,982.43	3.03	11,57,512.58	0.009	40,23,756.67	3.04	51,81,269.25
November	40.13	95,11,157.31	37.24	30,06,349.76	2.88	11,34,152.92	0.008	53,70,654.64	2.89	65,04,807.55
December	39.00	1,11,05,132.10	35.97	34,50,012.25	3.02	11,52,562.35	0.009	65,02,557.49	3.03	76,55,119.84
Total (upto Dec, 2010)	**368.34**	**6,68,06,892.30**	**342.44**	**2,60,06,252.96**	**25.82**	**88,57,445.37**	**0.08**	**3,19,43,193.97**	**25.90**	**4,08,00,639.33**

* Inter-bank Clearing Settlement pertains to the MNSB batches. MNSB settlement in RTGS started from 12 August, 2006.

** The MNSB Settlement relates to the settlement of NECS, ECS, EFT, NEFT, REPO, Outright, FOREX, CBLO and Cheque Clearing at Mumbai.

No.9B: Large Value Clearing and Settlement Systems

(Number in Lakh and Amount in ₹ crore)

Year / Period	CCIL Operated Systems							
	Government Securities Settlement				Forex Settlement		CBLO Settlement	
	Outright		Repo					
1	7		8		9		10	
	Number of Trades	Amount	Number of Trades	Amount	Number of Trades	Amount	Number of Trades	Amount
2003-04	2.44	15,75,133.00	0.21	9,43,189.00	3.31	23,18,530.80	0.03	76,850.70
2004-05	1.61	11,34,222.08	0.24	15,57,906.55	4.66	40,42,434.86	0.29	9,76,757.10
2005-06	1.25	8,64,751.40	0.25	16,94,508.70	4.90	52,39,673.90	0.68	29,53,133.90
2006-07	1.37	10,21,535.70	0.30	25,56,501.50	6.06	80,23,078.00	0.86	47,32,271.30
2007-08	1.89	16,53,851.30	0.27	39,48,750.70	7.57	1,27,26,831.90	1.13	81,10,828.60
2008-09	2.46	21,60,233.30	0.24	40,94,285.90	8.38	1,69,37,488.60	1.19	88,24,784.30
2009-10	3.17	29,13,890.40	0.29	60,72,827.50	8.84	1,42,11,486.10	1.42	1,55,41,378.40
2009-10								
April	0.30	2,84,512.00	0.02	4,10,899.00	0.59	12,26,979.40	0.09	8,79,157.70
May	0.27	2,59,204.90	0.03	5,38,787.60	0.72	13,15,408.80	0.11	11,64,123.10
June	0.27	2,49,716.30	0.03	5,64,048.70	0.74	12,61,790.90	0.12	13,92,384.30
July	0.35	3,04,702.70	0.03	5,26,596.50	0.78	11,98,562.10	0.12	12,09,014.80
August	0.19	1,70,488.90	0.02	5,59,288.90	0.66	10,21,144.80	0.12	13,70,383.70
September	0.29	2,82,081.60	0.03	6,43,526.40	0.68	10,77,227.40	0.12	14,34,930.10
October	0.25	2,36,007.80	0.02	5,39,220.20	0.75	10,58,821.70	0.12	13,41,205.60
November	0.33	3,00,251.80	0.02	5,18,161.90	0.79	10,35,551.10	0.12	12,62,123.40
December	0.27	2,45,506.40	0.02	5,12,490.30	0.75	11,42,151.90	0.13	13,83,446.70
January	0.25	2,34,273.00	0.02	3,64,133.00	0.80	12,04,118.00	0.11	12,64,283.00
February	0.21	1,81,384.00	0.02	4,36,071.00	0.79	12,75,948.00	0.12	14,00,191.00
March	0.19	1,65,761.00	0.02	4,59,604.00	0.80	13,93,782.00	0.14	14,40,135.00
Total (upto Mar, 2010)	**3.17**	**29,13,890.40**	**0.29**	**60,72,827.50**	**8.84**	**1,42,11,486.10**	**1.42**	**1,55,41,378.40**
20010-11								
April	0.27	2,69,331.00	0.02	4,67,332.00	0.88	14,02,692.00	0.12	11,70,497.00
May	0.46	4,18,093.00	0.02	4,22,637.00	0.95	14,51,519.00	0.11	10,14,579.00
June	0.39	3,48,132.00	0.02	2,46,496.00	1.06	16,32,882.00	0.12	8,08,928.00
July	0.25	2,31,917.00	0.02	3,12,297.00	0.92	14,44,247.00	0.11	7,56,653.00
August	0.31	2,82,295.00	0.02	3,88,768.00	0.89	16,16,675.00	0.14	11,29,515.00
September	0.29	2,50,498.00	0.02	3,64,877.00	0.91	15,10,707.00	0.13	12,24,126.00
October	0.26	2,29,363.00	0.03	3,61,513.00	1.11	19,01,976.00	0.14	10,95,768.00
November	0.21	1,67,619.00	0.02	2,39,118.00	0.97	19,37,062.00	0.11	7,91,067.00
December	0.21	1,65,897.00	0.03	3,24,815.00	0.98	15,59,756.00	0.13	10,94,591.00
Total (upto Dec, 2010)	**2.64**	**23,63,145.00**	**0.21**	**31,27,853.00**	**8.68**	**1,44,57,516.00**	**1.11**	**90,85,724.00**

No. 10: Money Stock Measures

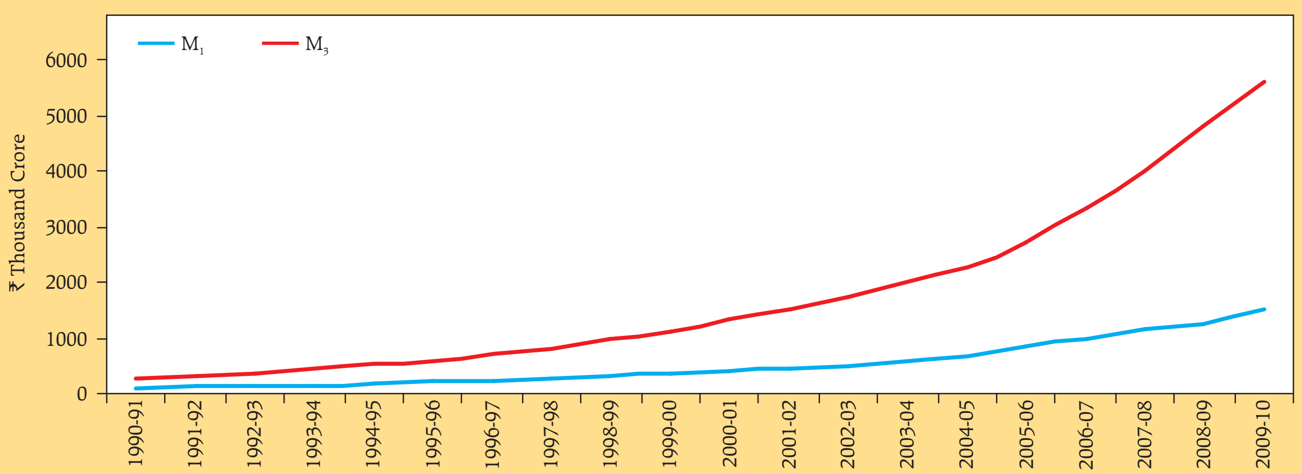
(₹ crore)

March 31/ Reporting Fridays of the month/Last reporting Friday of the month	Currency with the public					Deposit Money Of the Public			M_1 (6+9)	Post Office Saving Bank Deposits	M_2 (10+11)	Time Deposits with Banks	M_3 (10+13)	Total Post Office Deposits	M_4 (14+15)
	Notes in Circulation(1)	Circulation of Rupee Coins (2)	Circulation of Small Coins (2)	Cash on Hand with Banks	Total (2+3+4-5)	Demand Deposits with Banks	'Other' Deposits with Reserve Bank (3)	Total (7+8)							
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
2007-2008	5,81,577	7,656	1,567	22,390	5,68,410	5,78,372	9,054	5,87,427	**11,55,837**	5,041	**11,60,878**	28,62,046	**40,17,883**	25,969	**40,43,852**
2008-2009	6,81,099	8,487	1,567	25,703	6,65,450	5,88,688	5,570	5,94,258	**12,59,707**	5,041	**12,64,748**	35,35,105	**47,94,812**	25,969	**48,20,781**
2009-2010	7,88,279	9,702	1,568	31,516	7,68,033	7,22,739	3,839	7,26,578	**14,94,611**	5,041	**14,99,652**	41,05,151	**55,99,762**	25,969	**56,25,731**
December 4, 2009	7,47,521	9,260	1,567	27,937	7,30,412	5,89,233	3,692	5,92,926	**13,23,338**	5,041	**13,28,379**	39,32,667	**52,56,005**	25,969	**52,81,974**
December 18, 2009	7,56,449	9,351	1,567	29,122	7,38,246	5,87,754	4,989	5,92,743	**13,30,988**	5,041	**13,36,029**	39,14,358	**52,45,346**	25,969	**52,71,315**
August 2010	8,44,980	10,319	1,568	33,532	8,23,335	6,74,209	4,006	6,78,215	**15,01,550**	5,041	**15,06,591**	43,44,897	**58,46,447**	25,969	**58,72,416**
September 2010	8,48,684	10,433	1,568	34,495	8,26,189	6,86,403	4,057	6,90,460	**15,16,648**	5,041	**15,21,689**	43,74,345	**58,90,993**	25,969	**59,16,962**
October 2010	8,64,528	10,585	1,568	35,951	8,40,729	7,26,268	4,001	7,30,269	**15,70,997**	5,041	**15,76,038**	45,03,060	**60,74,058**	25,969	**61,00,027**
November 2010	8,96,975	10,585	1,568	37,075	8,72,052	7,05,822	3,562	7,09,384	**15,81,436**	5,041	**15,86,477**	44,98,427	**60,79,863**	25,969	**61,05,832**
December 3, 2010	8,91,054	10,585	1,568	35,694	8,67,512	6,70,462	4,285	6,74,748	**15,42,259**	5,041	**15,47,300**	45,22,758	**60,65,018**	25,969	**60,90,987**
December 17, 2010	9,00,948	10,585	1,568	34,414	8,78,687	6,54,070	3,370	6,57,440	**15,36,127**	5,041	**15,41,168**	45,01,044	**60,37,171**	25,969	**60,63,140**
December 31, 2010	8,94,599	10,585	1,568	37,833	8,68,918	7,07,548	3,632	7,11,180	**15,80,098**	5,041	**15,85,139**	46,22,329	**62,02,428**	25,969	**62,28,397**

Note : Monetary aggregates as at end-March incorporate data on i) scheduled commercial banks as on last reporting Friday and ii) the Reserve Bank of India pertaining to the last working day of the fiscal year.

Also see Notes on Tables.

Money Stock Measures



No. 11: Sources of Money Stock (M_3)

(₹ crore)

Source	Outstandings as on March 31/reporting Fridays of the month/last reporting Friday of the month				
	2007-08	2008-09	2009-10	December 04, 2009	December 18, 2009
1	2	3	4	5	6
1. Net Bank Credit to Government (A+B)	**8,99,518**	**12,77,333**	**16,67,096**	**15,24,959**	**15,05,451**
A. RBI's net credit to Government (i-ii)	-1,13,209	61,580	2,11,586	72,122	86,910
(i) Claims on Government (a+b)	1,16,194	1,59,166	2,22,719	91,037	1,54,118
(a) Central Government	1,14,725	1,57,488	2,22,673	91,037	1,54,060
(b) State Governments	1,468	1,678	46	–	58
(ii) Government deposits with RBI (a+b)	2,29,403	97,586	11,134	18,915	67,208
(a) Central Government	2,29,361	95,727	11,092	18,874	67,167
(b) State Governments	41	1,859	41	41	41
B. Other Banks' Credit to Government	10,12,727	12,15,753	14,55,511	14,52,837	14,18,541
2. Bank Credit to Commercial Sector(A+B)	**25,78,990**	**30,14,893**	**34,92,781**	**31,60,417**	**31,82,891**
A. RBI's credit to commercial sector	1,788	13,820	1,328	4,994	4,718
B. Other banks' credit to commercial sector (i+ii+iii)	25,77,201	30,01,073	34,91,453	31,55,423	31,78,173
(i) Bank credit by commercial banks	23,61,914	27,75,549	32,44,788	29,22,518	29,42,279
(ii) Bank credit by co-operative banks	1,98,816	2,10,893	2,34,655	2,21,846	2,24,875
(iii) Investments by commercial and co-operative banks in other securities	16,472	14,631	12,010	11,059	11,019
3. Net Foreign Exchange Assets of Banking Sector (A+B)	**12,95,131**	**13,52,184**	**12,81,469**	**13,48,052**	**13,41,467**
A. RBI's net foreign exchange assets (i-ii)	12,36,130	12,80,116	12,31,949	12,99,369	12,98,377
(i) Gross foreign assets	12,36,147	12,80,133	12,31,966	12,99,387	12,98,395
(ii) Foreign liabilities	17	17	17	17	17
B. Other banks' net foreign exchange assets	59,001	72,068	49,520	48,683	43,090
4. Government's Currency Liabilities to the Public	**9,224**	**10,054**	**11,270**	**10,828**	**10,919**
5. Banking Sector's net Non-monetary Liabilities Other than Time Deposits (A+B)	**7,64,980**	**8,59,652**	**8,52,854**	**7,88,250**	**7,95,382**
A. Net non-monetary liabilities of RBI	2,10,221	3,87,930	3,01,615	3,82,070	3,83,984
B. Net non-monetary liabilities of other banks(residual)	5,54,759	4,71,723	5,51,239	4,06,180	4,11,398
M_3 (1+2+3+4-5)	**40,17,883**	**47,94,812**	**55,99,762**	**52,56,005**	**52,45,346**

No. 11: Sources of Money Stock (M_3) *(Concld.)*

(₹ crore)

Source	Outstandings as on March 31/reporting Fridays of the month/last reporting Friday of the month						
	August 2010	September 2010	October 2010	November 2010	December 03, 2010	December 17, 2010	December 31, 2010
1	7	8	9	10	11	12	13
1. Net Bank Credit to Government (A+B)	**17,67,363**	**17,61,292**	**17,90,094**	**18,14,537**	**18,18,560**	**17,94,164**	**17,92,169**
A. RBI's net credit to Government (i-ii)	2,07,611	2,06,761	2,05,651	2,59,513	2,56,018	2,70,795	2,63,952
(i) Claims on Government (a+b)	2,07,753	2,22,379	2,31,354	2,96,105	2,74,664	3,71,377	3,58,531
(a) Central Government	2,07,392	2,22,379	2,29,305	2,94,645	2,74,664	3,71,208	3,58,531
(b) State Governments	361	–	2,049	1,460	–	169	–
(ii) Government deposits with RBI (a+b)	142	15,618	25,703	36,591	18,647	1,00,582	94,579
(a) Central Government	101	15,577	25,662	36,550	18,605	1,00,278	94,537
(b) State Governments	41	41	41	41	41	304	41
B. Other Banks' Credit to Government	15,59,752	15,54,531	15,84,444	15,55,024	15,62,542	15,23,369	15,28,216
2. Bank Credit to Commercial Sector(A+B)	**36,09,509**	**36,84,326**	**37,40,225**	**38,19,340**	**38,55,943**	**39,01,492**	**40,27,237**
A. RBI's credit to commercial sector	1,325	1,325	1,477	1,572	1,626	1,626	1,626
B. Other banks' credit to commercial sector (i+ii+iii)	36,08,184	36,83,001	37,38,748	38,17,767	38,54,317	38,99,866	40,25,611
(i) Bank credit by commercial banks	33,53,977	34,25,229	34,79,499	35,58,060	35,94,559	36,39,866	37,63,213
(ii) Bank credit by co-operative banks	2,44,428	2,48,539	2,50,191	2,50,437	2,51,079	2,51,454	2,54,499
(iii) Investments by commercial and co-operative banks in other securities	9,779	9,234	9,058	9,270	8,679	8,546	7,899
3. Net Foreign Exchange Assets of Banking Sector (A+B)	**13,35,245**	**13,63,395**	**13,46,830**	**13,79,320**	**13,71,325**	**13,71,255**	**13,65,276**
A. RBI's net foreign exchange assets (i-ii)	12,93,372	12,99,984	12,83,419	13,15,909	13,07,914	13,07,844	13,01,865
(i) Gross foreign assets	12,93,390	13,00,001	12,83,436	13,15,926	13,07,932	13,07,862	13,01,883
(ii) Foreign liabilities	17	17	17	17	17	17	17
B. Other banks' net foreign exchange assets	41,873	63,411	63,411	63,411	63,411	63,411	63,411
4. Government's Currency Liabilities to the Public	**11,886**	**12,000**	**12,152**	**12,152**	**12,152**	**12,152**	**12,152**
5. Banking Sector's net Non-monetary Liabilities Other than Time Deposits (A+B)	**8,77,556**	**9,30,021**	**8,15,243**	**9,45,486**	**9,92,963**	**10,41,893**	**9,94,406**
A. Net non-monetary liabilities of RBI	3,39,296	3,47,937	3,33,190	3,61,860	3,52,105	3,53,798	3,43,030
B. Net non-monetary liabilities of other banks(residual)	5,38,260	5,82,083	4,82,054	5,83,626	6,40,857	6,88,096	6,51,376
M_3 (1+2+3+4-5)	**58,46,447**	**58,90,993**	**60,74,058**	**60,79,863**	**60,65,018**	**60,37,171**	**62,02,428**

Notes : 1. Monetary aggregates as at end-March incorporate data on i) scheduled commercial banks as on last reporting friday and ii) the Reserve Bank of India pertaining to the last working day of the fiscal year.

2. Net Foreign Exchange Assets of the RBI includes investment in foreign currency denominated bonds issued by IIFC(UK) since March 20,2009.

Also see 'Notes on Tables'.

No. 11A: Commercial Bank Survey

(₹ crore)

Item		Outstanding as on							
		Mar. 28, 2008	Mar. 27, 2009	Dec. 04, 2009	Dec. 18, 2009	Mar. 26, 2010	Dec. 03, 2010	Dec. 17, 2010	Dec. 31, 2010
1		2	3	4	5	6	7	8	9
Components									
C.I	**Aggregate Deposits of Residents** (C.I.1+C.I.2)	**31,40,004**	**37,66,842**	**41,39,439**	**41,15,479**	**44,27,824**	**47,69,156**	**47,30,843**	**49,03,187**
C.I.1	Demand Deposits	5,24,310	5,23,085	5,28,114	5,25,516	6,45,610	6,01,058	5,84,713	6,36,525
C.I.2	Time Deposits of Residents (C.I.2.1+C.I.2.2)	26,15,695	32,43,757	36,11,326	35,89,963	37,82,214	41,68,098	41,46,130	42,66,661
C.I.2.1	Short-term Time Deposits	11,77,063	14,59,691	16,25,097	16,15,483	17,01,996	18,75,644	18,65,759	19,19,998
C.I.2.1.1	Certificates of Deposits (CDs)	1,66,642	1,98,931	2,45,062	2,50,756	3,43,103	3,39,249	3,34,628	3,66,593
C.I.2.2	Long-term Time Deposits	14,38,632	17,84,067	19,86,229	19,74,479	20,80,218	22,92,454	22,80,372	23,46,664
C.II	**Call/Term Funding from Financial Institutions**	**1,06,504**	**1,13,936**	**1,03,662**	**1,13,858**	**1,04,278**	**1,19,524**	**1,24,152**	**1,16,738**
Sources									
S.I	**Domestic Credit (S.I.1+S.I.2)**	**35,07,759**	**41,51,147**	**46,40,013**	**45,99,298**	**48,66,593**	**53,22,707**	**53,14,198**	**54,39,980**
S.I.1	Credit to the Government	9,58,661	11,55,786	13,79,191	13,42,383	13,78,395	14,77,274	14,38,268	14,43,484
S.I.2	Credit to the Commercial Sector (S.I.2.1+S.I.2.2+S.I.2.3+S.I.2.4)	25,49,097	29,95,361	32,60,822	32,56,915	34,88,198	38,45,432	38,75,930	39,96,496
S.I.2.1	Bank Credit	23,61,914	27,75,549	29,22,518	29,42,279	32,44,788	35,94,559	36,39,866	37,63,213
S.I.2.1.1	Non-food Credit	23,17,515	27,29,338	28,77,954	28,97,242	31,96,299	35,33,072	35,77,345	36,97,265
S.I.2.2	Net Credit to Primary Dealers	3,521	1,671	5,207	2,699	2,509	1,075	3,022	1,606
S.I.2.3	Investments in Other Approved Securities	13,053	10,624	7,253	7,156	6,358	5,065	5,035	4,755
S.I.2.4	Other Investments (in non-SLR Securities)	1,70,609	2,07,517	3,25,845	3,04,781	2,34,543	2,44,733	2,28,007	2,26,923
S.II	**Net Foreign Currency Assets of Commercial Banks (S.II.1-S.II.2-S.II.3)**	**-70,196**	**-53,359**	**-62,180**	**-61,323**	**-56,073**	**-66,180**	**-73,796**	**-75,386**
S.II.1	Foreign Currency Assets	31,189	55,312	36,561	36,435	44,165	44,825	43,053	39,145
S.II.2	Non-resident Foreign Currency Repatriable Fixed Deposits	56,935	67,268	68,489	68,880	65,002	68,750	68,945	68,204
S.II.3	Overseas Foreign Currency Borrowings	44,451	41,404	30,251	28,879	35,237	42,255	47,903	46,328
S.III	**Net Bank Reserves (S.III.1+S.III.2-S.III.3)**	**2,71,166**	**2,46,748**	**2,52,429**	**2,55,346**	**3,06,926**	**3,30,701**	**3,33,039**	**3,41,161**
S.III.1	Balances with the RBI	2,57,122	2,38,195	2,28,689	2,30,417	2,81,390	3,03,307	3,07,732	3,12,868
S.III.2	Cash in Hand	18,044	20,281	23,740	25,092	25,578	30,781	29,527	33,268
S.III.3	Loans and Advances from the RBI	4,000	11,728	–	163	42	3,387	4,221	4,976
S.IV	**Capital Account**	**2,72,622**	**3,32,444**	**3,87,954**	**3,84,568**	**3,90,373**	**4,44,586**	**4,43,813**	**4,45,749**
S.V.	**Other items (net) (S.I+S.II+S.III-S.IV-C.I-C.II)**	**1,89,598**	**1,31,313**	**1,99,207**	**1,79,416**	**1,94,971**	**2,53,962**	**2,74,633**	**2,40,081**
S.V.1	Other Demand & Time Liabilities (net of S.II.3)	2,53,905	2,66,116	2,94,681	2,90,725	2,94,184	2,94,252	2,88,459	2,82,473
S.V.2	Net Inter-Bank Liabilities (other than to PDs)	10,797	-20,785	54	-5,767	-28,668	-17,638	-16,381	-20,116

Note : Data are provisional.

No. 11B: Monetary Survey

(₹ crore)

Item		Outstanding as on							
		Mar. 31, 2008	Mar. 31, 2009	Dec. 04, 2009	Dec. 18, 2009	Mar. 31, 2010	Dec. 03, 2010	Dec. 17, 2010	Dec. 31, 2010
1		2	3	4	5	6	7	8	9
Monetary Aggregates									
M_1 (C.I+C.II.1+C.III)		11,54,454	12,57,598	13,18,408	13,25,573	14,86,271	15,34,275	15,28,114	15,70,722
NM_2 (M_1+C.II.2.1)		24,06,796	28,00,491	30,31,551	30,29,813	32,75,630	35,03,066	34,87,048	35,84,738
NM_3 (NM_2+C.II.2.2+C.IV = S.I+S.II+S.III-S.IV-S.V)		**40,43,940**	**48,00,185**	**52,29,055**	**52,26,631**	**55,66,902**	**60,28,891**	**60,05,452**	**61,63,052**
Components									
C.I	**Currency with the Public**	**5,68,401**	**6,65,553**	**7,30,629**	**7,38,510**	**7,68,437**	**8,68,204**	**8,79,364**	**8,69,538**
C.II	**Aggregate Deposits of Residents** (C.II.1+C.II.2)	**33,59,981**	**40,15,126**	**43,91,071**	**43,69,274**	**46,90,347**	**50,36,878**	**49,98,565**	**51,73,144**
C.II.1	Demand Deposits	5,76,999	5,86,475	5,84,086	5,82,074	7,13,995	6,61,786	6,45,380	6,97,552
C.II.2	Time Deposits of Residents (C.II.2.1+C.II.2.2)	27,82,982	34,28,650	38,06,985	37,87,200	39,76,352	43,75,092	43,53,185	44,75,592
C.II.2.1	Short-term Time Deposits	12,52,342	15,42,893	17,13,143	17,04,240	17,89,358	19,68,791	19,58,933	20,14,017
C.II.2.1.1	Certificates of Deposits (CDs)	1,66,642	1,98,931	2,45,062	2,50,756	3,43,103	3,39,249	3,34,628	3,66,593
C.II.2.2	Long-term Time Deposits	15,30,640	18,85,758	20,93,842	20,82,960	21,86,994	24,06,301	23,94,252	24,61,576
C.III	**'Other' Deposits with RBI**	**9,054**	**5,570**	**3,692**	**4,989**	**3,839**	**4,285**	**3,370**	**3,632**
C.IV	**Call/Term Funding from Financial Institutions**	**1,06,504**	**1,13,936**	**1,03,662**	**1,13,858**	**1,04,278**	**1,19,524**	**1,24,152**	**1,16,738**
Sources									
S.I	**Domestic Credit (S.I.1+S.I.2)**	**36,38,516**	**44,71,009**	**49,71,901**	**49,49,185**	**53,41,249**	**58,46,175**	**58,52,353**	**59,73,019**
S.I.1	Net Bank Credit to the Government (S.I.1.1+S.I.1.2)	8,94,995	12,68,549	15,08,019	14,87,722	16,47,075	17,90,924	17,66,465	17,65,279
S.I.1.1	Net RBI credit to the Government	-1,13,209	61,580	72,122	86,910	2,11,586	2,56,018	2,70,795	2,63,952
S.I.1.2	Credit to the Government by the Banking System	10,08,204	12,06,969	14,35,896	14,00,812	14,35,490	15,34,906	14,95,670	15,01,327
S.I.2	Bank Credit to the Commercial Sector (S.I.2.1+S.I.2.2)	27,43,521	32,02,460	34,63,883	34,61,463	36,94,174	40,55,251	40,85,888	42,07,739
S.I.2.1	RBI Credit to the Commercial Sector	1,788	13,820	4,994	4,718	1,328	1,626	1,626	1,626
S.I.2.2	Credit to the Commercial Sector by the Banking System	27,41,733	31,88,640	34,58,889	34,56,745	36,92,846	40,53,626	40,84,262	42,06,114
S.I.2.2.1	Other Investments (Non-SLR Securities)	1,79,572	2,16,479	3,34,807	3,13,743	2,43,506	2,53,695	2,36,970	2,35,885
S.II	**Government's Currency Liabilities to the Public**	**9,224**	**10,054**	**10,828**	**10,919**	**11,270**	**12,152**	**12,152**	**12,152**
S.III	**Net Foreign Exchange Assets of the Banking Sector (S.III.1+S.III.2)**	**11,65,934**	**12,26,757**	**12,37,189**	**12,37,054**	**11,75,875**	**12,41,734**	**12,34,048**	**12,26,479**
S.III.1	Net Foreign Exchange Assets of the RBI	12,36,130	12,80,116	12,99,369	12,98,377	12,31,949	13,07,914	13,07,844	13,01,865
S.III.2	Net Foreign Currency Assets of the Banking System	-70,196	-53,359	-62,180	-61,323	-56,073	-66,180	-73,796	-75,386
S.IV	**Capital Account**	**4,75,973**	**7,16,693**	**7,81,665**	**7,74,900**	**7,02,199**	**7,94,690**	**7,92,212**	**7,87,210**
S.V	**Other items (net)**	**2,93,760**	**1,90,943**	**2,09,198**	**1,95,626**	**2,59,293**	**2,76,481**	**3,00,890**	**2,61,388**

Note : 1. Data are provisional.

2. Monetary Aggregates as at end-march incorporate data on i) scheduled commercial banks as on Last Reporting Friday and ii) the Reserve Bank of India pertaining to the last working day of the fiscal year.

No. 11C: Reserve Bank of India Survey

(₹ crore)

Item		Outstanding as on							
		Mar. 31, 2008	Mar. 31, 2009	Dec. 04, 2009	Dec. 18, 2009	Mar. 31, 2010	Dec. 03, 2010	Dec. 17, 2010	Dec. 31, 2010
1		2	3	4	5	6	7	8	9
Components									
C.I	Currency in Circulation	5,90,801	6,91,153	7,58,349	7,67,368	7,99,549	9,03,206	9,13,101	9,06,751
C.II	Bankers' Deposits with the RBI	3,28,447	2,91,275	2,43,202	2,44,746	3,52,299	3,21,570	3,26,439	3,31,260
C.II.1	Scheduled Commercial Banks	3,11,880	2,77,462	2,28,689	2,30,417	3,33,936	3,03,307	3,07,732	3,12,868
C.III	'Other' Deposits with the RBI	9,054	5,570	3,692	4,989	3,839	4,285	3,370	3,632
C.IV	**Reserve Money (C.I+C.II+C.III = S.I + S.II + S.III - S.IV - S.V)**	**9,28,302**	**9,87,998**	**10,05,243**	**10,17,103**	**11,55,686**	**12,29,061**	**12,42,910**	**12,41,643**
Sources									
S.I	**RBI's Domestic Credit (S.I.1+S.I.2+S.I.3)**	**-1,06,831**	**85,757**	**77,116**	**91,791**	**2,14,083**	**2,61,100**	**2,76,711**	**2,70,656**
S.I.1	Net RBI credit to the Government (S.I.1.1+S.I.1.2)	-1,13,209	61,580	72,122	86,910	2,11,586	2,56,018	2,70,795	2,63,952
S.I.1.1	Net RBI credit to the Central Government (S.I.1.1.1+S.I.1.1.2+S.I.1.1.3+S.I.1.1.4-S.I.1.1.5)	-1,14,636	61,761	72,163	86,893	2,11,581	2,56,059	2,70,930	2,63,994
S.I.1.1.1	Loans and Advances to the Central Government	–	–	–	–	–	–	–	–
S.I.1.1.2	Investments in Treasury Bills	–	–	–	–	–	–	–	–
S.I.1.1.3	Investments in dated Government Securities	1,14,593	1,57,389	90,924	1,53,995	2,22,404	2,74,581	3,70,968	3,58,344
S.I.1.1.3.1	Central Government Securities	1,13,547	1,56,343	89,877	1,52,949	2,21,357	2,73,534	3,69,921	3,57,298
S.I.1.1.4	Rupee Coins	132	99	113	64	270	83	240	187
S.I.1.1.5	Deposits of the Central Government	2,29,361	95,727	18,874	67,167	11,092	18,605	1,00,278	94,537
S.I.1.2	Net RBI credit to State Governments	1,427	-181	-41	17	5	-41	-135	-41
S.I.2	RBI's Claims on Banks	4,590	10,357	–	163	1,169	3,457	4,291	5,078
S.I.2.1	Loans and Advances to Scheduled Commercial Banks	4,571	10,164	–	163	1,169	3,387	4,221	4,976
S.I.3	RBI's Credit to Commercial Sector	1,788	13,820	4,994	4,718	1,328	1,626	1,626	1,626
S.I.3.1	Loans and Advances to Primary Dealers	405	750	–	–	–	300	300	300
S.I.3.2	Loans and Advances to NABARD	–	–	–	–	–	–	–	–
S.II	**Government's Currency Liabilities to the Public**	**9,224**	**10,054**	**10,828**	**10,919**	**11,270**	**12,152**	**12,152**	**12,152**
S.III	**Net Foreign Exchange Assets of the RBI**	**12,36,130**	**12,80,116**	**12,99,369**	**12,98,377**	**12,31,949**	**13,07,914**	**13,07,844**	13,01,865
S.III.1	Gold	40,124	48,793	84,508	84,508	81,188	1,01,857	1,01,857	1,00,686
S.III.2	Foreign Currency Assets	11,96,023	12,31,340	12,14,879	12,13,887	11,50,778	12,06,075	12,06,004	12,01,197
S.IV	**Capital Account**	**1,79,181**	**3,60,078**	**3,69,541**	**3,66,162**	**2,87,656**	**3,25,933**	**3,24,229**	**3,17,290**
S.V	**Other Items (net)**	**31,040**	**27,852**	**12,529**	**17,822**	**13,959**	**26,172**	**29,569**	**25,740**

Note : 1. Data are provisional.

No. 11D: Liquidity Aggregates (Outstanding Amounts)

(₹ crore)

Month/Year	NM3	Postal Deposits	L_1	Liabilities of Financial Institutions					Public Deposits with NBFCs	L_3
				Term Money Borrowings	CDs	Term Deposits	Total	L_2		
1	2	3	**4=(2+3)**	5	6	7	8=(5+6+7)	**9=(4+8)**	10	**11=(9+10)**
2008 - 09										
April	40,60,194	1,14,497	**41,74,691**	2,656	31	245	2,932	**41,77,623**		
May	41,10,950	1,15,131	**42,26,081**	2,656	31	245	2,932	**42,29,013**		
June	41,28,575	1,15,471	**42,44,046**	2,656	31	245	2,932	**42,46,978**	24,647	**42,71,625**
July	41,65,104	1,15,714	**42,80,818**	2,656	31	245	2,932	**42,83,750**		
August	42,47,373	1,15,507	**43,62,880**	2,656	31	245	2,932	**43,65,812**		
September	43,02,978	1,15,451	**44,18,429**	2,656	31	245	2,932	**44,21,361**	24,647	**44,46,008**
October	43,78,543	1,15,441	**44,93,984**	2,656	31	245	2,932	**44,96,916**		
November	44,14,019	1,15,157	**45,29,176**	2,656	31	245	2,932	**45,32,108**		
December	44,63,076	1,14,988	**45,78,064**	2,656	31	245	2,932	**45,80,996**	24,647	**46,05,643**
January	45,87,579	1,13,965	**47,01,544**	2,656	31	245	2,932	**47,04,476**		
February	46,70,399	1,13,471	**47,83,870**	2,656	31	245	2,932	**47,86,802**		
March	48,00,185	1,14,076	**49,14,261**	2,656	31	245	2,932	**49,17,193**	24,647	**49,41,840**
2009-10										
April	48,92,417	1,13,894	**50,06,311**	2,656	31	245	2,932	**50,09,243**		
May	49,44,748	1,14,140	**50,58,888**	2,656	31	245	2,932	**50,61,820**		
June	49,37,552	1,14,429	**50,51,981**	2,656	31	245	2,932	**50,54,913**	24,647	**50,79,560**
July	50,28,951	1,14,309	**51,43,260**	2,656	31	245	2,932	**51,46,192**		
August	50,59,462	1,14,199	**51,73,661**	2,656	31	245	2,932	**51,76,593**		
September	50,88,962	1,14,543	**52,03,505**	2,656	31	245	2,932	**52,06,437**	24,647	**52,31,084**
October	51,54,644	1,14,434	**52,69,078**	2,656	31	245	2,932	**52,72,010**		
November	51,98,226	1,14,556	**53,12,782**	2,656	31	245	2,932	**53,15,714**		
December	52,26,631	1,15,434	**53,42,065**	2,656	31	245	2,932	**53,44,997**	24,647	**53,69,644**
January	53,31,487	1,14,972	**54,46,459**	2,656	31	245	2,932	**54,49,391**		
February	54,11,046	1,15,077	**55,26,123**	2,656	31	245	2,932	**55,29,055**		
March	55,66,901	1,16,893	**56,83,794**	2,656	31	245	2,932	**56,86,726**	24,647	**57,11,373**
2010-11										
April	56,30,921	1,17,511	**57,48,432**	2,656	31	245	2,932	**57,51,364**		
May	56,71,558	1,18,114	**57,89,672**	2,656	31	245	2,932	**57,92,604**		
June	56,85,816	1,18,813	**58,04,629**	2,656	31	245	2,932	**58,07,561**	24,647	**58,32,208**
July	58,22,763	1,19,482	**59,42,245**	2,656	31	245	2,932	**59,45,177**		
August	58,21,992	1,20,177	**59,42,169**	2,656	31	245	2,932	**59,45,101**		
September	58,55,044	1,20,407	**59,75,451**	2,656	31	245	2,932	**59,78,383**	24,647	**60,03,030**
October	60,33,434	1,20,579	**61,54,013**	2,656	31	245	2,932	**61,56,945**		
November	60,34,925	1,20,579	**61,55,504**	2,656	31	245	2,932	**61,58,436**		
December	61,62,564	1,20,579	**62,83,143**	2,656	31	245	2,932	**62,86,075**	24,647	**63,10,722**

CDs: Certificates of Deposit; L1, L2 and L3: Liquidity Aggregates; NBFCs: Non-Banking Financial Companies

Notes :
1. Postal Deposits comprise post office savings bank deposits, post office time deposits, post office recurring deposits, other deposits and post office cumulative time deposits.
2. Financial Institutions (FIs), here, comprise IFCI, EXIM Bank, IIBI, SIDBI, NABARD, NHB, TFCI and IDFC. Since October 2004, data on FI's do not include that of IDBI reflecting its conversion into a banking entity.
3. Since July 2001, the term money borrowings of the FIs comprise borrowings from corporate and others.
4. Since August 2002,Term Deposits include CP and Others.
5. Estimates of public deposits are generated on the basis of returns received from all NBFCs with public deposits of Rs. 20 crore and more as had been recommended by the Working Group.
6. While L1 and L2 are compiled on a monthly basis, L3 is compiled on a quarterly basis.
7. Data are provisional. Wherever data are not available, the estimates for the last available month have been repeated.

No. 12: Reserve Money and its Components

(₹ crore)

Outstandings as on March 31/each Friday/ last reportingFriday of the month	Currency in Circulation		'Other' Deposits with RBI	Bankers' Deposits with RBI	Reserve Money (2+4+5)
	Total	o / w cash with banks			
1	2	3	4	5	6
2007-2008	5,90,801	22,390	9,054	3,28,447	9,28,302
2008-2009	6,91,153	25,703	5,570	2,91,275	9,87,998
2009-2010	7,99,549	31,516	3,839	3,52,299	11,55,686
December 4, 2009	7,58,349	27,937	3,692	2,43,202	10,05,243
December 11, 2009	7,66,105	–	3,651	2,34,285	10,04,041
December 18, 2009	7,67,368	29,122	4,989	2,44,746	10,17,103
December 25, 2009	7,65,506	–	3,588	2,62,019	10,31,113
August 2010	8,56,867	33,532	4,006	3,14,921	11,75,794
September 2010	8,60,684	34,495	4,057	3,09,738	11,74,479
October 2010	8,76,680	35,951	4,001	2,92,982	11,73,663
November 2010	9,09,127	37,075	3,562	3,19,110	12,31,799
December 3, 2010	9,03,206	35,694	4,285	3,21,570	12,29,061
December 10, 2010	9,11,970	–	3,949	3,37,909	12,53,829
December 17, 2010	9,13,101	34,414	3,370	3,26,439	12,42,910
December 24, 2010	9,10,325	–	3,001	3,37,639	12,50,965
December 31, 2010	9,06,751	37,833	3,632	3,31,260	12,41,643

See 'Notes on Table'.

Note : Data are provisional

No. 13: Sources of Reserve Money

(₹ crore)

Outstanding as on March 31/each Friday/ last reporting Friday of the month	Reserve Bank's claims on				Net foreign exchange Assets of RBI (3)	Government's Currency Liabilitues to the public	Net Non-Monetary liabilities of RBI (3)	Reserve Money (2+3+4+5 +6+7-8)
	Government (net)(1)	Commercial & Co-operative banks	National Bank for Agriculture and Rural Development	Commercial sector(2)				
1	2	3	4	5	6	7	8	9
2007-2008	-1,13,209	4,590	–	1,788	12,36,130	9,224	2,10,221	9,28,302
2008-2009	61,580	10,357	–	13,820	12,80,116	10,054	3,87,930	9,87,998
2009-2010	2,11,586	1,169	–	1,328	12,31,949	11,270	3,01,615	11,55,686
December 4, 2009	72,122	–	–	4,994	12,99,369	10,828	3,82,070	10,05,243
December 11, 2009	71,682	20	–	4,433	12,99,202	10,828	3,82,124	10,04,041
December 18, 2009	86,910	163	–	4,718	12,98,377	10,919	3,83,984	10,17,103
December 25, 2009	1,01,284	–	–	4,922	12,95,429	10,919	3,81,441	10,31,113
August 2010	2,07,611	895	–	1,325	12,93,372	11,886	3,39,296	11,75,794
September 2010	2,06,761	2,346	–	1,325	12,99,984	12,000	3,47,937	11,74,479
October 2010	2,05,651	4,154	–	1,477	12,83,419	12,152	3,33,190	11,73,663
November 2010	2,59,513	4,513	–	1,572	13,15,909	12,152	3,61,860	12,31,799
December 3, 2010	2,56,018	3,457	–	1,626	13,07,914	12,152	3,52,105	12,29,061
December 10, 2010	2,82,396	3,801	–	1,626	13,06,965	12,152	3,53,110	12,53,829
December 17, 2010	2,70,795	4,291	–	1,626	13,07,844	12,152	3,53,798	12,42,910
December 24, 2010	2,77,242	4,368	–	1,626	13,05,658	12,152	3,50,080	12,50,965
December 31, 2010	2,63,952	5,078	–	1,626	13,01,865	12,152	3,43,030	12,41,643

See ' Notes on Tables'

Note: 1. Net Foreign Exchange Assets of the RBI includes investments in foreign currency denominated bonds issued by IIFC(UK) since March 20, 2009.

No. 14: Daily Call Money Rates

As on			Range of Rates		Weighted Average Rates	
			Borrowings	Lendings	Borrowings	Lendings
1			2	3	4	5
December	1,	2010	4.00 – 6.75	4.00 – 6.75	6.35	6.35
December	2,	2010	4.20 – 6.70	4.20 – 6.70	6.34	6.34
December	3,	2010	2.00 – 6.85	2.00 – 6.85	6.59	6.59
December	4,	2010	4.50 – 6.95	4.50 – 6.95	6.42	6.42
December	6,	2010	5.50 – 7.00	5.50 – 7.00	6.72	6.72
December	7,	2010	4.00 – 6.85	4.00 – 6.85	6.67	6.67
December	8,	2010	4.00 – 6.80	4.00 – 6.80	6.67	6.67
December	9,	2010	4.00 – 6.60	4.00 – 6.60	6.49	6.49
December	10,	2010	3.50 – 6.70	3.50 – 6.70	6.51	6.51
December	11,	2010	4.45 – 6.35	4.45 – 6.35	5.85	5.85
December	13,	2010	4.00 – 6.75	4.00 – 6.75	6.68	6.68
December	14,	2010	4.00 – 6.75	4.00 – 6.75	6.65	6.65
December	15,	2010	5.35 – 6.75	5.35 – 6.75	6.67	6.67
December	16,	2010	4.75 – 6.90	4.75 – 6.90	6.81	6.81
December	17,	2010	4.75 – 6.90	4.75 – 6.90	6.81	6.81
December	18,	2010	5.50 – 7.05	5.50 – 7.05	6.92	6.92
December	20,	2010	4.45 – 7.07	4.45 – 7.07	6.97	6.97
December	21,	2010	4.45 – 7.05	4.45 – 7.05	6.96	6.96
December	22,	2010	4.00 – 7.02	4.00 – 7.02	6.95	6.95
December	23,	2010	4.50 – 7.01	4.50 – 7.01	6.93	6.93
December	24,	2010	4.00 – 7.00	4.00 – 7.00	6.85	6.85
December	25,	2010	4.00 – 7.00	4.00 – 7.00	6.85	6.85
December	27,	2010	4.00 – 7.00	4.00 – 7.00	6.87	6.87
December	28,	2010	5.35 – 7.00	5.35 – 7.00	6.85	6.85
December	29,	2010	4.00 – 9.25	4.00 – 9.25	6.97	6.97
December	30,	2010	4.50 – 9.25	4.50 – 9.25	6.79	6.79
December	31,	2010	5.50 – 9.25	5.50 – 9.25	6.66	6.66
January	1,	2011	5.80 – 7.00	5.80 – 7.00	6.82	6.82
January	3,	2011	4.50 – 7.95	4.50 – 7.95	6.73	6.73
January	4,	2011	4.45 – 6.75	4.45 – 6.75	6.59	6.59
January	5,	2011	4.00 – 6.55	4.00 – 6.55	6.37	6.37
January	6,	2011	4.00 – 6.45	4.00 – 6.45	6.32	6.32
January	7,	2011	4.00 – 6.50	4.00 – 6.50	6.34	6.34
January	8,	2011	5.50 – 6.25	5.50 – 6.25	6.09	6.09
January	10,	2011	4.00 – 6.40	4.00 – 6.40	6.30	6.30
January	11,	2011	4.50 – 6.35	4.50 – 6.35	6.29	6.29
January	12,	2011	4.00 – 6.40	4.00 – 6.40	6.29	6.29
January	13,	2011	5.40 – 6.50	5.40 – 6.50	6.28	6.28
January	14,	2011	5.30 – 6.50	5.30 – 6.50	6.35	6.35
January	15,	2011	5.50 – 6.70	5.50 – 6.70	6.35	6.35

No. 15: Average Daily Turnover in Call Money Market

(₹ crore)

Fortnight ended			Average Daily Call Money Turnover				
			Banks		Primary Dealers		**Total**
			Borrowings	Lendings	Borrowings	Lendings	
1			2	3	4	5	**6**
December	18,	2009	4,784	5,645	867	6	**11,302**
January	1,	2010	7,261	7,971	713	4	**15,948**
January	15,	2010	5,243	6,016	777	3	**12,038**
January	29,	2010	6,332	7,291	961	2	**14,586**
February	12,	2010	4,642	5,431	790	–	**10,864**
February	26,	2010	5,921	6,671	766	17	**13,376**
March	12,	2010	7,698	8,587	889	–	**17,174**
March	26,	2010	9,109	9,883	774	–	**19,765**
April	9,	2010	6,178	6,968	796	6	**13,949**
April	23,	2010	7,637	8,379	767	25	**16,808**
May	7,	2010	8,014	9,457	1,447	4	**18,921**
May	21,	2010	7,915	8,981	1,066	–	**17,962**
June	4,	2010	6,129	7,002	872	–	**14,003**
June	18,	2010	5,556	6,236	682	2	**12,475**
July	2,	2010	7,622	8,124	521	18	**16,285**
July	16,	2010	8,744	9,301	557	–	**18,603**
July	30,	2010	9,468	10,131	663	–	**20,263**
August	13,	2010	6,134	7,298	1,164	–	**14,596**
August	27,	2010	7,531	8,675	1,144	–	**17,351**
September	10,	2010	6,704	7,818	1,114	–	**15,637**
September	24,	2010	7,900	9,107	1,207	–	**18,214**
October	8,	2010	8,129	9,380	1,258	7	**18,774**
October	22,	2010	7,021	8,004	983	–	**16,008**
November	5,	2010	7,681	8,822	1,144	4	**17,651**
November	19,	2010	9,113	9,879	766	–	**19,758**
December	3,	2010	6,950	7,692	742	–	**15,385**
December	17,	2010	7,174	8,344	1,172	2	**16,691**
December	31,	2010	9,909	10,852	943	–	**21,704**
January	14,	2011	7,336	8,270	934	–	**16,540**

Notes : 1. Data are provisional.

2. Since August 6, 2005 eligible participants are Banks and Primary Dealers.

No. 16: Issue of Certificates of Deposit by Scheduled Commercial Banks

(Amount in ₹ crore)

Fortnight ended		Total Amount Outstanding	Range of Effective Interest Rate (per cent)	Fortnight ended		Total Amount Outstanding	Range of Effective Interest Rate (per cent)	Fortnight ended		Total Amount Outstanding	Range of Effective Interest Rate (per cent)
1		2	3	1		2	3	1		2	3
2008-09				**2009-10**				**2010-11**			
April	11	1,49,986	8.00–9.72	April	10	1,98,497	5.90-11.50	April	9	3,41,830	4.35-8.95
	25	1,50,865	7.70–9.96		24	2,10,954	3.90-11.50		23	3,36,807	4.15-6.90
May	9	1,53,410	7.75–10.20	May	8	2,11,370	3.75-6.20	May	7	3,40,757	4.22-7.01
	23	1,56,780	8.00–10.20		22	2,18,437	3.65-7.60		21	3,40,343	4.24-6.30
June	6	1,59,696	8.60–10.20	June	5	2,18,079	3.90-6.60	June	4	3,37,006	4.73-7.50
	20	1,63,143	8.62–9.79		19	2,21,491	3.60-8.00		18	3,21,589	5.75-7.50
July	4	1,64,557	8.30–10.60	July	3	2,28,638	3.34-8.25	July	2	3,42,362	5.92-7.05
	18	1,64,892	8.92–10.95		17	2,35,715	3.34-8.00		16	3,27,720	6.05-7.19
August	1	1,63,546	8.92–11.05		31	2,40,395	3.55-8.00		30	3,24,810	6.25-7.50
	15	1,66,996	8.92–11.11	August	14	2,30,198	3.75-8.00	August	13	3,27,582	6.25-7.90
	29	1,71,966	10.00–11.57		28	2,32,522	3.60-8.00		27	3,41,616	6.41-8.00
September	12	1,78,280	8.92–12.00	September	11	2,26,756	3.70-6.21	September	10	3,48,203	6.41-8.06
	26	1,75,522	8.92–12.35		25	2,16,691	3.75-6.51		24	3,37,322	6.41-8.25
October	10	1,74,975	8.92-21.00	October	9	2,25,781	3.70-6.05	October	8	3,44,158	6.36-8.26
	24	1,58,562	8.80-12.90		23	2,27,227	3.74-6.41		22	3,43,353	6.41-8.30
November	7	1,54,172	8.92-11.50	November	6	2,35,859	3.55-7.00	November	5	3,32,126	6.41-8.80
	21	1,51,493	8.80-11.75		20	2,45,101	3.15-7.00		19	3,32,982	6.41-8.75
December	5	1,50,779	8.50-11.00	December	4	2,43,584	3.50-6.50	December	3	3,33,109	7.80-9.08
	19	1,51,214	7.00-11.50		18	2,48,440	3.60-6.75		17	3,28,566	8.25-9.75
January	2	1,52,901	7.00-11.50	January	1	2,64,246	3.75-6.75				
	16	1,62,883	6.10-11.50		15	2,64,698	3.38-6.61				
	30	1,64,979	5.25-11.50		29	2,82,284	3.09-6.51				
February	13	1,74,088	5.40-11.50	February	12	2,78,388	3.35-6.76				
	27	1,75,057	5.40-11.50		26	3,09,390	3.24-8.25				
March	13	1,67,320	5.45-11.50	March	12	3,39,279	4.00-7.36				
	27	1,92,867	6.00-11.50		26	3,41,054	4.52-7.12				

No. 17: Issue of Commercial Paper* By Companies

(Amount in ₹ crore)

Fortnight ended		Total Amount Outstanding	Rate of Interest (per cent) @	Fortnight ended		Total Amount Outstanding	Rate of Interest (per cent) @	Fortnight ended		Total Amount Outstanding	Rate of Interest (per cent) @
1		2	3	1		2	3	1		2	3
2008-09				**2009-10**				**2010-11**			
April	15	35,793.55	7.74–10.25	April	15	46,550.90	6.00–12.50	April	15	83,165.00	3.85-8.40
	30	37,583.55	7.35–10.10		30	52,880.90	3.30–10.25		30	98,769.10	3.97-9.40
May	15	41,005.55	7.15–10.75	May	15	57,844.90	2.83-9.90	May	15	1,00,364.00	3.85-8.45
	31	42,031.55	7.70–10.50		31	60,739.90	3.32-9.00		31	1,09,039.00	4.50-9.45
June	15	45,982.80	8.25–11.60	June	15	67,238.75	3.50-9.15	June	15	1,06,580.00	4.75-8.65
	30	46,847.30	9.00–12.25		30	68,720.55	3.20-12.00		30	99,792.00	6.00-8.50
July	15	48,342.30	9.50–12.25	July	15	77,559.58	3.04-8.85	July	15	1,07,755.00	6.02-8.75
	31	51,569.30	9.60–12.00		31	79,582.05	3.25-8.90		31	1,12,704.00	6.10-9.00
August	15	52,830.55	9.54–12.50	August	15	77,352.05	3.43-9.20	August	15	1,27,271.00	4.65-9.10
	31	55,035.55	10.20–14.75		31	83,025.90	3.05-9.35		31	1,26,549.00	4.40-9.60
September	15	54,181.95	10.25–14.25	September	15	88,161.00	3.20-9.05	September	15	1,23,225.00	5.40-9.25
	30	52,037.60	11.40–13.95		30	79,228.10	3.90-8.35		30	1,12,003.00	6.65-9.90
October	15	49,359.00	11.90–17.75	October	15	91,930.00	2.98-9.00	October	15	1,32,093.00	6.50-10.00
	31	48,442.00	11.55–16.90		31	98,835.00	3.07-7.90		31	1,49,619.60	7.00-18.00
November	15	45,382.10	11.50–15.50	November	15	1,03,315.00	3.00-8.85	November	15	1,23,108.00	6.30-13.00
	30	44,487.10	9.00–15.50		30	1,03,915.00	2.85-8.40		30	1,17,793.00	6.32-18.00
December	15	40,166.00	10.40-16.00	December	15	1,06,676.50	3.00-9.25	December	15	1,02,156.00	8.00-16.00
	31	38,055.00	8.96-14.00		31	90,305.00	3.72-10.00		31	82,542.00	8.00-12.10
January	15	48,802.60	7.75-14.00	January	15	92,363.00	3.15-7.55				
	31	51,668.00	6.75-13.00		31	91,564.00	3.35-7.50				
February	15	53,614.60	5.25-12.50	February	15	96,152.00	3.30-8.00				
	28	52,559.60	5.80-11.75		28	97,000.00	3.20-8.50				
March	15	49,952.75	7.50-12.50	March	15	91,025.00	4.00-8.90				
	31	44,171.25	6.40-12.50		31	76,056.00	5.30-9.00				

* Issued at face value by companies.

@ Typical effective discount rate range per annum on issues during the fortnight.

Government Accounts

No. 18: Union Government Accounts at a Glance

(Amount in ₹ crore)

Item	Financial Year	April-December			
	2010-11 (Budget Estimates)	2009-10 (Actuals)	2010-11 (Actuals)	Percentage to Budget Estimates	
				2009-10	2010-11
1	2	3	4	5	6
1. Revenue Receipts	**6,82,212**	**3,89,271**	**5,84,268**	**63.3**	**85.6**
2. Tax Revenue (Net)	5,34,094	3,07,591	3,91,148	64.9	73.2
3. Non-Tax Revenue	1,48,118	81,680	1,93,120	58.2	130.4
4. Capital Receipts	**4,26,537**	**3,18,269**	**2,02,584**	**78.3**	**47.5**
5. Recovery of Loans	5,129	3,983	8,591	94.3	167.5
6. Other Receipts	40,000	4,306	22,744	384.5	56.9
7. Borrowings and Other Liabilities	3,81,408	3,09,980	1,71,249	77.3	44.9
8. Total Receipts (1+4)	**11,08,749**	**7,07,540**	**7,86,852**	**69.3**	**71.0**
9. Non-Plan Expenditure	**7,35,657**	**4,97,381**	**5,36,898**	**71.5**	**73.0**
10. On Revenue Account	6,43,599	4,60,970	4,87,692	74.5	75.8
of which :					
(i) Interest Payments	2,48,664	1,30,005	1,46,304	57.6	58.8
11. On Capital Account	92,058	36,411	49,206	47.4	53.5
12. Plan Expenditure	**3,73,092**	**2,10,159**	**2,49,954**	**64.6**	**67.0**
13. On Revenue Account	3,15,125	1,79,555	2,12,885	64.5	67.6
14. On Capital Account	57,967	30,604	37,069	65.5	63.9
15. Total Expenditure (9+12)	**11,08,749**	**7,07,540**	**7,86,852**	**69.3**	**71.0**
16. Revenue Expenditure (10+13)	9,58,724	6,40,525	7,00,577	71.4	73.1
17. Capital Expenditure (11+14)	1,50,025	67,015	86,275	54.2	57.5
18. Revenue Deficit (16-1)	**2,76,512**	**2,51,254**	**1,16,309**	**88.9**	**42.1**
19. Fiscal Deficit {15-(1+5+6)}	**3,81,408**	**3,09,980**	**1,71,249**	**77.3**	**44.9**
20. Gross Primary Deficit [19-10(i)]	**1,32,744**	**1,79,975**	**24,945**	**102.6**	**18.8**

Notes : 1. Financial year runs from "April to March".

2. Actuals are unaudited figures.

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

Government Securities Market

No. 19: Government of India : 91 Day Treasury Bills (Outstanding at Face Value)

(₹ crore)

March 31/ Last Friday/ Friday	Reserve Bank of India			Banks		State Governments		Others		Foreign Central Banks	
	Tap*		Auction	Tap*	Auction	Tap*	Auction	Tap*	Auction	Tap*	Auction
	Re-discounted	Ad hocs									
1	2	3	4	5	6	7	8	9	10	11	12
Mar. 31, 2000	–	–	288	–	557	–	–	–	455	–	220
Mar. 31, 2001	–	–	67	–	868	–	–	–	153	–	630
Mar. 31, 2002	–	–	154	–	2,292	–	450	–	360	–	1,301
Mar. 31, 2003	–	–	–	–	6,427	–	800	–	780	–	700
Mar. 31, 2004	–	–	–	–	3,948	–	600	–	1,452	–	39
Mar. 31, 2005	–	–	–	–	21,176	–	1,755	–	4,829	–	32
Mar. 31, 2006	–	–	–	–	5,943	–	9,762	–	576	–	37
Mar. 31, 2007	–	–	–	–	12,684	–	24,250	–	6,743	–	5
Mar. 31, 2008	–	–	–	–	6,057	–	23,825	–	10,075	–	–
Mar. 31, 2009	–	–	–	–	49,914	–	544	–	25,092	–	–
Mar. 31, 2010	–	–	–	–	30,875	–	–	–	40,628	–	–
Oct. 2008	–	–	–	–	28,100	–	20,456	–	18,650	–	–
Nov. 2008	–	–	–	–	33,507	–	16,029	–	22,243	–	–
Dec. 2008	–	–	–	–	36,193	–	15,846	–	17,807	–	–
Jan. 2009	–	–	–	–	40,741	–	10,446	–	25,261	–	–
Feb. 2009	–	–	–	–	43,910	–	7,020	–	25,094	–	–
Mar. 2009	–	–	–	–	49,914	–	544	–	25,092	–	–
Apr. 2009	–	–	–	–	44,190	–	5,544	–	30,814	–	–
May. 2009	–	–	–	–	39,653	–	5,000	–	35,347	–	–
Jun. 2009	–	–	–	–	38,979	–	5,000	–	36,021	–	–
Jul. 2009	–	–	–	–	25,841	–	–	–	50,309	–	350
Aug. 2009	–	–	–	–	26,840	–	–	–	49,185	–	475
Sep. 2009	–	–	–	–	37,133	–	–	–	38,892	–	475
Oct. 2009	–	–	–	–	25,250	–	–	–	46,925	–	325
Nov. 2009	–	–	–	–	21,635	–	–	–	49,825	–	40
Dec. 2009	–	–	–	–	27,154	–	–	–	44,306	–	40
Jan. 2010	–	–	–	–	25,428	–	–	–	46,074	–	–
Feb. 2010	–	–	–	–	25,292	–	–	–	46,211	–	–
Mar. 2010	–	–	–	–	30,875	–	–	–	40,628	–	–
Apr. 2010	–	–	–	–	25,089	–	–	–	46,412	–	–
May 2010	–	–	–	–	31,219	–	–	–	46,231	–	50
Jun. 2010	–	–	–	–	28,558	–	1000	–	37,392	–	50
Jul. 2010	–	–	–	–	20,920	–	3854	–	25,080	–	-
Aug. 2010	–	–	–	–	15,352	–	9,279	–	30,648	–	–
Sep. 2010	–	–	–	–	17,626	–	10,279	–	28,374	–	–
Oct, 2010	–	–	–	–	22,118	–	11,334	–	31,882	–	–
Nov. 2010	–	–	–	–	17,443	–	12,359	–	24,557	–	–
Week Ended											
Dec. 3, 2010	–	–	–	–	16,905	–	12,359	–	27,095	–	–
Dec 10, 2010	–	–	–	–	16,885	–	12,359	–	29,115	–	–
Dec. 17, 2010	–	–	–	–	17,564	–	14,859	–	28,436	–	–
Dec. 24, 2010	–	–	–	–	15,753	–	15,359	–	30,247	–	–
Dec. 31, 2010	–	–	–	–	15,633	–	16,859		30,367	–	–

* : The rate of discount is 4.60 per cent –per annum.

No. 20: Auctions of 91-day Government of India Treasury Bills

(Amount in ₹ crore)

Date of Auction		Date of Issue		Notified Amount	Bids Received			Bids Accepted			Devol-vement on PDs/ SDs*	Total Issue (8+9+10)	Cut-off Price	Implicit Yield at Cut-off Price (per cent)	Amount Out-standing as on the Date of Issue (Face Value)
					Number	Total Face Value		Number	Total Face Value						
						Compe-titive	Non-Compe-titive		Compe-titive	Non-Compe-titive					
1		2		3	4	5	6	7	8	9	10	11	12	13	14
2009-10															
Dec.	2	Dec.	4	4,500	55	13,927.91	–	25	4,500.00	–	–	4,500.00	99.18	3.3162	71,500.00
Dec.	9	Dec.	11	5,000	59	14,574.61	–	24	5,000.00	–	–	5,000.00	99.16	3.3978	71,500.00
Dec.	16	Dec.	18	5,000	78	12,201.00	–	36	5,000.00	–	–	5,000.00	99.09	3.6835	71,500.00
Dec.	23	Dec.	24	5,000	62	13,267.80	–	25	5,000.00	–	–	5,000.00	99.07	3.7652	71,500.00
Dec.	30	Jan.	1	2,000	50	8,954.08	–	12	2,000.00	–	–	2,000.00	99.09	3.6835	71,500.00
Jan.	6	Jan.	8	7,000	95	14,966.90	–	67	7,000.00	–	–	7,000.00	99.09	3.6835	71,500.00
Jan.	13	Jan.	15	7,000	82	13,273.49	–	59	7,000.00	–	–	7,000.00	99.06	3.8061	71,500.00
Jan.	20	Jan.	22	7,000	86	10,921.30	2.00	70	7,000.00	2.00	–	7,002.00	99.03	3.9288	71,502.00
Jan.	27	Jan.	29	7,000	94	16,091.55	0.50	66	7,000.00	0.50	–	7,000.50	99.01	4.0106	71,502.50
Feb.	3	Feb	5	7,000	91	13,315.70	–	66	7,000.00	–	–	7,000.00	98.99	4.0924	71,502.50
Feb.	10	Feb	11	5,000	94	11,365.52	–	51	5,000.00	–	–	5,000.00	98.99	4.0924	71,502.50
Feb.	17	Feb	19	5,000	90	9,728.62	–	70	5,000.00	–	–	5,000.00	98.98	4.1334	71,502.50
Feb.	24	Feb	26	5,000	64	11,289.85	0.50	31	5,000.00	0.50	–	5,000.50	98.98	4.1334	71,503.00
Mar.	3	Mar.	5	4,500	75	7,740.25	–	52	4,500.00	–	–	4,500.00	98.96	4.2153	71,503.00
Mar.	10	Mar.	12	5,000	59	7,682.86	–	51	5,000.00	–	–	5,000.00	98.93	4.3382	71,503.00
Mar.	17	Mar.	19	5,000	85	15,754.65	–	44	5,000.00	–	–	5,000.00	98.91	4.4202	71,503.00
Mar.	23	Mar.	26	5,000	96	17,770.10	–	37	5,000.00	–	–	5,000.00	98.91	4.4202	71,503.00
Mar.	30	Mar.	31	2,000	53	4,910.50	–	16	2,000.00	–	–	2,000.00	98.92	4.3792	71,503.00
Apr.	4	Apr.	9	7,000	128	27,842.20	–	41	7,000.00	–	–	7,000.00	99.02	3.9697	71,503.00
Apr.	13	Apr.	16	7,000	95	15,857.41	–	71	7,000.00	–	–	7,000.00	98.95	4.2562	71,503.00
Apr.	21	Apr.	23	7,000	116	21,965.97	–	29	7,000.00	–	–	7,000.00	98.97	4.1743	71,501.00
Apr.	28	Apr.	30	7,000	95	21,054.50	–	67	7,000.00	–	–	7,000.00	98.97	4.1743	71,500.50
May	5	May	7	7,000	103	26,195.70	–	67	7,000.00	–	–	7,000.00	98.98	4.1334	71,500.50
May	12	May	14	7,000	89	18,195.72	–	47	7,000.00	–	–	7,000.00	98.97	4.1743	73,500.50
May	19	May	21	7,000	73	15,336.95	–	44	7,000.00	–	–	7,000.00	98.96	4.2153	75,500.50
May	26	May	28	7,000	92	11,380.75	–	72	7,000.00	–	–	7,000.00	98.76	5.0361	77,500.00

No. 20: Auctions of 91-day Government of India Treasury Bills *(Concld.)*

(Amount in ₹ crore)

Date of Auction		Date of Issue		Notified Amount	Bids Received			Bids Accepted			Devolvement on PDs/ SDs*	Total Issue (8+9+10)	Cut-off Price	Implicit Yield at Cut-off Price (per cent)	Amount Outstanding as on the Date of Issue (Face Value)
					Number	Total Face Value		Number	Total Face Value						
						Competitive	Non-Competitive		Competitive	Non-Competitive					
1		2		3	4	5	6	7	8	9	10	11	12	13	14
2010-11															
Jun.	2	Jun.	4	2,000	92	8,243.50	–	36	2,000.00	–	–	2,000.00	98.72	5.2006	75,000.00
Jun.	9	Jun.	11	2,000	68	4,931.00	–	29	2,000.00	–	–	2,000.00	98.71	5.2418	72,000.00
Jun.	16	Jun.	18	2,000	66	6,441.50	500.00	35	2,000.00	500.00	–	2,500.00	98.68	5.3653	69,500.00
Jun.	23	Jun.	25	2,000	79	8,671.30	500.00	40	2,000.00	500.00	–	2,500.00	98.68	5.3653	67,000.00
Jun.	30	Jul.	2	2,000	68	7,854.20	500.00	8	2,000.00	500.00	–	2,500.00	98.70	5.2830	67,500.00
Jul.	7	Jul.	9	2,000	81	8,361.25	500.00	24	2,000.00	500.00	–	2,500.00	98.68	5.3653	63,000.00
Jul.	14	Jul.	16	2,000	63	5,500.43	500.00	31	2,000.00	500.00	–	2,500.00	98.67	5.4065	58,500.00
Jul.	21	Jul.	23	2,000	81	5,521.00	500.00	50	2,000.00	500.00	–	2,500.00	98.59	5.7364	54,000.00
Jul.	28	Jul.	30	2,000	92	9,511.00	854.10	7	2,000.00	854.10	–	2,854.10	98.59	5.7364	49,854.10
Aug.	4	Aug.	6	7,000	111	15,563.50	2,875.00	77	7,000.00	2,875.00	–	9,875.00	98.53	5.9841	52,729.10
Aug.	11	Aug.	13	7,000	122	12,872.17	550.00	91	7,000.00	550.00	–	7,550.00	98.49	6.1495	53,279.10
Aug.	18	Aug.	20	7,000	99	13,208.75	1,000.00	67	7,000.00	1,000.00	–	8,000.00	98.46	6.2735	54,279.10
Aug.	25	Aug.	27	7,000	97	18,257.70	1,000.00	38	7,000.00	1,000.00	–	8,000.00	98.48	6.1908	55,279.10
Sep.	1	Sep.	3	2,000	77	6,431.00	500.00	32	2,000.00	500.00	–	2,500.00	98.51	6.0668	55,779.10
Sep.	8	Sep.	9	2,000	74	6,030.60	500.00	29	2,000.00	500.00	–	2,500.00	98.52	6.0254	56,279.10
Sep.	15	Sep.	17	2,000	72	5,501.10	500.00	43	2,000.00	500.00	–	2,500.00	98.49	6.1495	56,279.10
Sep.	22	Sep.	24	2,000	62	5,834.30	500.00	34	2,000.00	500.00	–	2,500.00	98.48	6.1908	56,279.10
Sep.	29	Oct.	1	2,000	68	7,301.50	1,500.00	27	2,000.00	1,500.00	–	3,500.00	98.46	6.2735	57,279.10
Oct.	6	Oct.	8	4,000	64	7,411.00	500.00	45	4,000.00	500.00	–	4,500.00	98.43	6.3977	59,279.10
Oct.	13	Oct.	15	4,000	76	8,334.53	500.00	44	4,000.00	500.00	–	4,500.00	98.39	6.5634	61,279.10
Oct.	20	Oct.	22	4,000	77	10,767.00	800.00	30	4,000.00	800.00	–	4,800.00	98.34	6.7706	63,579.10
Oct.	27	Oct.	29	4,000	79	9,272.00	609.09	46	4,000.00	609.09	–	4,609.09	98.32	6.8536	65,334.09
Nov.	3	Nov.	4	4,000	89	10,242.10	1,375.00	49	4,000.00	1,375.00	–	5,375.00	98.34	6.7706	60,834.09
Nov.	10	Nov.	12	4,000	86	11,396.62	3,075.00	40	4,000.00	3,075.00	–	7,075.00	98.32	6.8536	60,359.09
Nov.	16	Nov.	19	4,000	88	14,575.35	500.00	16	4,000.00	500.00	–	4,500.00	98.33	6.8121	56,859.09
Nov.	24	Nov.	26	4,000	82	9,447.55	1,500.00	46	4,000.00	1,500.00	–	5,500.00	98.32	6.8536	54,359.09
Dec.	1	Dec.	3	4,000	68	8,240.60	500.00	42	4,000.00	500.00	0.000	4,500.00	98.30	6.9366	56,359.09
Dec.	8	Dec.	10	4,000	72	7,137.35	500.00	57	4,000.00	500.00	0.000	4,500.00	98.23	7.2274	58,359.09
Dec.	15	Dec.	16	2,000	91	7,406.25	3,000.00	44	2,000.00	3,000.00	0.000	5,000.00	98.24	7.1858	60,859.09
Dec.	22	Dec.	24	2,000	78	7,507.30	1,000.00	24	2,000.00	1,000.00	0.000	3,000.00	98.24	7.1858	61,359.09
Dec.	29	Dec.	31	2,000	57	5,693.00	3,000.00	25	2,000.00	3,000.00	0.000	5,000.00	98.24	7.1858	62,859.09

* Effective from auction dated May 14, 1999, devolvement amount would be on RBI only.

Note : Outstanding amount is net of redemption during the week.

No. 20A: Auctions of Government of India Cash Management Bills

(Amount in ₹ crore)

Date of Auction	Date of Issue	Date of Maturity	Notified Amount	Bids Received			Bids Accepted			Total Issue (8+9+10)	Cut-off Price	Implicit Yield at Cut-off Price (per cent)	Amount Out-standing as on the Date of Issue (Face Value)
				Number	Total Face Value		Number	Total Face Value					
					Compe titive	Non-Compe titive		Compe titive	Non-Compe-titive				
1	2	3	4	5	6	7	8	9	10	11	12	13	14
2010-11													
May 11	May 12	June 16	6.000	74	27,405.00	–	41	6,000.00	–	6,000.00	99.63	3.8729	6,000.00
May 18	May 19	June 16	6,000	57	27,927.00	–	26	6,000.00	–	6,000.00	99.70	3.9225	12,000.00

No. 21: Auctions of 182-day Government of India Treasury Bills

(Amount in ₹ crore)

Date of Auction		Date of Issue		Notified Amount	Bids Received			Bids Accepted			Devol-vement on PDs	Total Issue (8+9+10)	Cut-off Price	Implicit Yield at Cut-off Price (per cent)	Amount Out-standing as on the Date of Issue (Face Value)
					Number	Total Face Value		Number	Total Face Value						
						Compe-titive	Non-Compe-titive		Compe-titive	Non-Compe-titive					
1		2		3	4	5	6	7	8	9	10	11	12	13	14
2009-10															
Aug.	5	Aug.	7	1,500	45	2,745.00	–	31	1,500.00	–	–	1,500.00	98.16	3.7593	20,375.00
Aug.	18	Aug.	21	1,500	67	3,800.00	–	16	1,500.00	–	–	1,500.00	98.08	3.9259	20,375.00
Sep.	2	Sep.	4	1,500	62	7,365.00	–	11	1,500.00	–	–	1,500.00	98.05	3.9885	20,375.00
Sep.	16	Sep.	18	3,000	77	13,615.00	–	21	3,000.00	–	–	3,000.00	98.03	4.0302	20,375.00
Sep.	29	Oct.	1	1,000	34	3,075.00	–	9	1,000.00	–	–	1,000.00	98.14	3.8009	20,500.00
Oct.	14	Oct.	16	2,000	88	6,155.00	–	35	2,000.00	–	–	2,000.00	98.02	4.0511	20,500.00
Oct.	28	Oct.	30	2,000	79	9,365.50	–	22	2,000.00	–	–	2,000.00	98.06	3.9676	20,500.00
Nov.	11	Nov.	13	2,000	89	9,050.50	–	11	2,000.00	–	–	2,000.00	98.13	3.8217	20,500.00
Nov.	25	Nov.	27	2,000	92	5,295.00	–	51	2,000.00	–	–	2,000.00	98.17	3.7385	20,500.00
Dec.	9	Dec.	11	1,000	57	3,410.00	–	51	1,000.00	–	–	1,000.00	98.13	3.8217	21,000.00
Dec	23	Dec.	24	1,000	44	2,560.00	–	29	1,000.00	–	–	1,000.00	97.88	4.3437	21,500.00
Jan.	6	Jan.	8	1,500	74	5,896.50	–	9	1,500.00	–	–	1,500.00	98.01	4.0720	21,500.00
Jan.	20	Jan.	22	1,500	68	4,888.22	–	27	1,500.00	–	–	1,500.00	97.95	4.1973	21,500.00
Feb.	3	Feb.	5	1,500	52	2,775.00	–	38	1,500.00	–	–	1,500.00	97.81	4.4904	21,500.00
Feb.	17	Feb.	19	1,500	79	4,745.12	–	32	1,500.00	–	–	1,500.00	97.78	4.5533	21,500.00
Mar.	3	Mar.	5	1,500	64	3,942.71	–	38	1,500.00	–	–	1,500.00	97.71	4.7002	21,500.00
Mar.	17	Mar.	19	3,000	114	15,690.00	–	8	3,000.00	–	–	3,000.00	97.72	4.6792	21,500.00
Mar.	30	Mar.	31	1,000	34	2,670.00	–	5	1,000.00	–	–	1,000.00	97.75	4.6162	21,500.00
2010-11															
Apr.	13	Apr.	16	2,000	47	3,220.45	–	35	2,000.00	–	–	2,000.00	97.70	4.7212	21,500.00
Apr.	28	Apr.	30	2,000	68	10,035.00	–	11	2,000.00	–	–	2,000.00	97.78	4.5533	21,500.00
May	12	May	14	2,000	52	5,700.00	–	23	2,000.00	–	–	2,000.00	97.78	4.5533	21,500.00
May	26	May	28	2,000	54	5,570.00	–	15	2,000.00	–	–	2,000.00	97.58	4.9737	21,500.00
Jun.	9	Jun.	11	1,000	47	3,580.55	–	14	1,000.00	–	–	1,000.00	97.45	5.2478	21,500.00
Jun.	23	Jun.	25	1,000	41	3,460.00	–	2	1,000.00	–	–	1,000.00	97.39	5.3746	21,500.00
Jul.	7	Jul.	9	1,500	42	2,746.50	300.00	30	1,500.00	300.00	–	1,800.00	97.20	5.7771	21,800.00
Jul.	21	Jul.	23	1,500	53	4,561.00	–	29	1,500.00	–	–	1,500.00	97.12	5.9471	21,800.00
Aug.	4	Aug.	6	1,500	40	2,898.00	–	30	1,500.00	–	–	1,500.00	96.93	6.3519	21,800.00
Aug.	18	Aug.	20	1,500	56	3,755.20	500.00	23	1,500.00	500.00	–	2,000.00	96.88	6.4587	22,300.00
Sep.	1	Sep.	3	1,500	58	4,335.50	–	27	1,500.00	–	–	1,500.00	96.92	6.3732	22,300.00
Sep.	15	Sep.	17	1,500	47	3,740.50	–	19	1,500.00	–	–	1,500.00	96.89	6.4373	20,800.00
Sep.	29	Oct.	1	1,500	52	4,715.00	–	2	1,500.00	–	–	1,500.00	96.83	6.5655	21,300.00
Oct.	13	Oct.	15	2,000	46	3,434.05	–	21	1,000.00	–	–	1,000.00	96.71	6.8225	20,300.00
Oct.	27	Oct.	29	2,000	55	5,372.00	–	28	2,000.00	–	–	2,000.00	96.60	7.0587	20,300.00
Nov.	10	Nov.	12	2,000	67	5,020.00	500.00	37	2,000.00	500.00	–	2,500.00	96.55	7.1662	20,800.00
Nov.	24	Nov.	26	2,000	61	4,350.00	–	36	2,000.00	–	–	2,000.00	96.52	7.2308	20,800.00
Dec.	8	Dec.	10	1,000	45	4,705.00	–	11	1,000.00	–	–	1,000.00	96.49	7.2954	20,800.00
Dec.	22	Dec.	24	1,000	33	2,885.00	–	9	1,000.00	–	–	1,000.00	96.47	7.3384	20,800.00

Notes : 1. Outstanding amount is net of redemption during the week.

2. The presentation of implicit yield at cut-off price has been changed from actual /364-day count convention to actual / 365-day count convention from auction dated April 6, 2005.

3. The auctions of 182-day Treasury Bills (TBs) which were discontinued effective May 14, 2001 have been reintroduced from April 6, 2005 onwards.

No. 22: Auctions of 364-day Government of India Treasury Bills

(Amount in ₹ crore)

Date of Auction		Date of Issue		Notified Amount	Bids Received			Bids Accepted			Devol-vement on PDs/ SDs*	Total Issue (8+9+10)	Cut-off Price	Implicit Yield at Cut-off Price (per cent)	Amount Out-standing as on the Date of Issue (Face Value)
					Number	Total Face Value		Number	Total Face Value						
						Compe-titive	Non-Compe-titive		Compe-titive	Non-Compe-titive					
1		2		3	4	5	6	7	8	9	10	11	12	13	14
2009-10															
Dec.	2	Dec.	4	1,000	71	4,575.00	–	12	1,000.00	–	–	1,000.00	95.71	4.4946	42,014.74
Dec.	16	Dec.	18	1,000	79	4,890.00	–	8	1,000.00	–	–	1,000.00	95.54	4.6810	41,764.74
Dec.	30	Jan.	1	1,000	56	2,827.00	–	19	1,000.00	–	–	1,000.00	95.50	4.7250	41,764.74
Jan.	13	Jan.	15	1,000	69	4,503.00	–	8	1,000.00	–	–	1,000.00	95.55	4.6700	41,764.74
Jan.	27	Jan.	29	1,000	72	4,725.00	–	8	1,000.00	–	–	1,000.00	95.55	4.6700	41,751.24
Feb.	10	Feb.	11	3,000	96	8,422.00	14.40	40	3,000.00	14.40	–	3,014.40	95.36	4.8791	41,765.64
Feb.	24	Feb.	26	3,000	82	6,540.00	–	45	3,000.00	–	–	3,000.00	95.24	5.0116	41,657.14
Mar.	10	Mar.	12	3,000	101	9,135.00	113.85	36	3,000.00	113.85	–	3,113.85	95.14	5.1223	41,520.99
Mar.	23	Mar.	26	3,000	101	11,726.00	–	27	3,000.00	–	–	3,000.00	95.12	5.1445	41,497.14
2010-11															
Apr.	7	Apr.	9	2,000	67	5,410.00	25.20	34	2,000.00	25.20	–	2,025.20	95.20	5.0559	42,522.34
Apr.	21	Apr.	23	2,000	88	8,060.00	–	17	2,000.00	–	–	2,000.00	95.17	5.0891	43,522.34
May	5	May	7	2,000	122	11,140.00	–	8	2,000.00	–	–	2,000.00	95.33	4.9122	44,522.34
May	19	May	21	2,000	55	5,250.00	–	12	2,000.00	–	–	2,000.00	95.31	4.9343	45,522.34
Jun.	2	Jun.	4	1,000	48	4,725.00	–	13	1,000.00	–	–	1,000.00	95.05	5.2221	45,522.34
Jun.	16	Jun.	18	1,000	50	1,930.25	157.00	36	1,000.00	157.00	–	1,157.00	94.71	5.6008	45,679.34
Jun.	30	Jul.	2	1,000	41	2,065.00	194.00	23	1,000.00	194.00	–	1,194.00	94.67	5.6456	45,873.34
Jul.	14	Jul.	16	1,000	61	5,460.00	–	14	1,000.00	–	–	1,000.00	94.63	5.6903	45,613.92
Jul.	28	Jul.	30	1,000	43	3,050.00	–	26	1,000.00	–	–	1,000.00	94.09	6.2985	45,613.92
Aug.	11	Aug.	13	1,000	49	3,370.00	16.80	5	1,000.00	16.80	–	1,016.80	93.98	6.4232	45,588.35
Aug.	25	Aug.	27	1,000	45	2,445.00	46.30	23	1,000.00	46.30	–	1,046.30	93.88	6.5369	45,634.65
Sep.	8	Sep.	9	1,000	45	3,775.00	–	14	1,000.00	–	–	1,000.00	93.93	6.4800	42,634.65
Sep.	22	Sep.	24	1,000	38	2,371.17	–	18	1,000.00	–	–	1,000.00	93.74	6.6964	42,601.35
Oct.	6	Oct.	8	2,000	57	4,531.00	42.30	33	2,000.00	42.30	–	2,042.30	93.60	6.8564	42,643.65
Oct.	20	Oct.	22	2,000	59	5,309.50	–	33	2,000.00	–	–	2,000.00	93.40	7.0858	42,643.65
Nov.	3	Nov.	4	2,000	58	5,871.00	–	24	2,000.00	–	–	2,000.00	93.41	7.0743	42,609.85
Nov.	16	Nov.	19	2,000	64	5,140.00	–	19	2,000.00	–	–	2,000.00	93.30	7.2009	42,609.85
Dec.	1	Dec.	3	1,000	45	5,080.30	–	8	1,000.00	–	–	1,000.00	93.24	7.2700	42,609.85
Dec.	15	Dec.	16	1,000	52	4,772.00	–	12	1,000.00	–	–	1,000.00	93.18	7.3393	42,609.85
Dec.	29	Dec.	31	1,000	40	2,968.50	–	24	1,000.00	–	–	1,000.00	93.05	7.4896	42,609.85

* Effective from auction dated May 19, 1999, devolvement would be on RBI only.

Note : 1. Outstanding amount is net of redemption during the week.

2. The presentation of implicit yield at cut-off price has been changed from actual/364-day count convention to actual/365-day count convention from auction dated October 27, 2004.

3. Effective from auction dated June 2, 1999 the non-competitive bidders were allowed to participate Outstanding amount is net of redemption during the week.

No. 23: Turnover in Government Securities Market (Face Value) at Mumbai @

(₹ crore)

Week / Month +	Govt. of India Dated Securities	State Govt. Securities	Treasury Bills				RBI*
			Cash Management Bills	91 Day	182 Day	364 Day	
1	2	3	4	5	6	7	8
2007-08							
April	1,29,393.26	3,090.88	–	9,866.80	2,869.22	5,782.54	333.23
May	1,14,658.96	2,481.32	–	7,160.10	1,498.68	3,183.70	680.35
June	2,20,172.02	2,078.77	–	29,236.33	7,998.44	10,091.95	266.57
July	3,83,106.46	1,906.39	–	19,820.37	3,291.27	22,143.25	715.20
August	2,41,706.99	2,514.20	–	11,899.43	6,877.99	13,643.66	482.50
September	1,74,533.46	1,201.42	–	5,521.11	8,768.86	10,539.40	428.36
October	1,45,814.85	1,714.00	–	22,191.32	13,299.05	20,733.58	531.41
November	1,73,573.07	3,058.32	–	8,788.56	6,219.26	14,338.14	193.03
December	2,12,467.87	2,344.34	–	5,998.32	2,498.72	13,450.44	5,372.60
January	5,54,272.55	4,412.28	–	5,581.92	6,000.66	21,903.31	5,344.63
February	4,34,802.32	4,730.56	–	2,810.06	4,485.10	11,915.60	2,998.80
March	1,72,568.68	1,962.38	–	2,892.25	2,054.68	8,168.54	3,429.97
2008-09							
April	1,63,277.17	2,403.36	–	8,859.66	2,530.12	8,201.96	1,590.93
May	3,18,354.85	11,798.94	–	11,537.89	2,526.64	4,653.10	350.87
June	1,95,337.16	1,445.24	–	10,065.13	1,546.76	4,919.92	13,982.55
July	1,44,355.59	4,278.14	–	4,681.45	2,666.96	7,285.49	7,236.53
August	2,67,462.66	1,453.34	–	14,490.32	2,031.75	6,843.56	8,110.26
September	2,98,155.18	658.34	–	16,333.94	2,676.00	5,348.22	2,680.46
October	2,81,273.77	3,210.06	–	12,052.81	2,694.73	6,280.86	1,264.93
November	3,52,322.10	2,854.11	–	20,603.48	3,193.06	11,987.06	883.69
December	6,07,851.56	8,459.43	–	28,399.05	2,698.80	8,698.45	9,436.27
January	6,95,344.05	5,979.19	–	28,907.53	3,098.29	12,589.53	5,833.07
February	3,31,881.02	3,012.96	–	39,519.13	5,003.80	8,568.70	6,254.99
March	2,73,558.86	24,942.96	–	29,000.26	4,899.04	9,781.90	54,278.76
2009-2010							
April	4,39,334.81	13,969.46	–	49,924.92	8,997.86	17,185.16	22,578.72
May	5,44,075.82	19,920.06	–	49,034.98	6,473.99	10,832.37	17,388.35
June	3,89,434.91	8,234.85	–	33,481.31	4,614.14	13,476.32	6,859.93
July	5,97,737.07	11,736.36	–	54,879.39	6,226.76	9,033.52	10,426.58
August	2,80,993.15	13,700.45	–	24,210.32	6,638.70	7,161.74	14,030.00
September	4,98,808.92	10,488.85	–	37,849.04	6,224.68	9,621.84	14,769.46
October	4,15,134.87	8,468.81	–	64,368.86	10,016.73	16,962.75	3,913.79
November	5,04,784.77	12,239.23	–	39,211.18	7,837.40	14,610.40	1,373.25
December	4,13,982.37	12,248.37	–	41,767.78	4,453.32	2,318.84	818.10
January	4,38,066.63	17,305.43	–	70,223.12	6,776.76	10,363.70	2,232.39
February	2,97,462.88	14,467.02	–	39,539.74	5,383.48	10,081.08	617.13
March	2,23,961.35	10,087.94	–	40,413.06	3,808.22	6,218.50	587.34
2010-2011							
April	4,68,156.79	18,838.06	–	93,888.38	13,452.04	17,217.64	2,909.05
May	6,97,267.04	8,562.98	6,175.42	38,201.67	8,032.70	9,342.30	2,004.23
June	5,92,459.67	9,367.58	5,287.08	29,810.61	8,983.82	12,100.36	248.50
July	5,11,224.67	7,463.25	–	33,921.16	15,238.43	12,333.02	3,871.33
August	4,65,033.57	4,818.08	–	28,939.56	5,641.52	5,547.70	1,276.52
September	4,54,824.47	8,020.26	–	31,201.78	3,689.16	7,424.13	796.17
October	5,25,973.95	5,645.52	–	28,457.54	3,387.48	8,879.22	1,236.55
November	2,78,748.84	5,676.52	–	19,058.18	5,400.76	6,513.44	8,727.84
WEEK ENDED							
December 3, 2010	56,256.86	769.30	–	3,429.24	430.00	2,690.76	49.45
December 10, 2010	67,472.48	780.98	–	3,235.86	490.00	1,780.12	–
December 17, 2010	51,696.92	719.88	–	4,186.52	614.88	710.68	21,825.94
December 24, 2010	95,552.68	1,383.80	–	2,974.02	1,995.02	1,213.72	8,257.99
December 31, 2010	66,063.94	1,178.44	–	3,701.18	1,459.92	651.38	11,995.26

@ Based on SGL outright transactions in government securities in secondary market at Mumbai. It excludes repo transactions.

+ Turnover upto the last Friday of the month over the last Friday of preceding month.

* RBI's sales and purchases include tranasctions in other offices also. It excludes transactions relating to the Government of India and the Welfare Commissioner, Bhopal.

No. 24: Repo/Reverse Repo Auctions under Liquidity Adjustment Facility

(Amount in ₹ crore)

LAF Date	Repo/ Reverse Repo Period (Day(s)	REPO (INJECTION) Bids Received Number	Bids Received Amount	Bids Accepted Number	Bids Accepted Amount	Cut-off Rate(%)	REVERSE REPO (ABSORPTION) Bids Received Number	Bids Received Amount	Bids Accepted Number	Bids Accepted Amount	Cut-off Rate(%)	Net Injection (+)/ Absorption(-) of liquidity [(6) – (11)]	Outstanding Amount @
1	2	3	4	5	6	7	8	9	10	11	12	13	14
Dec. 1, 2010	1	25	48,590	25	48,590	6.25	2	1,900	2	1,900	5.25	46,690	
Dec. 1, 2010 $	1	29	27,865	29	27,865	6.25	2	1,000	2	1,000	5.25	26,865	-73,555
Dec. 2, 2010	1	27	35,035	27	35,035	6.25	2	1,925	2	1,925	5.25	33,110	
Dec. 2, 2010 $	1	26	16,775	26	16,775	6.25	2	560	2	560	5.25	16,215	-49,325
Dec. 3, 2010	3	32	50,170	32	50,170	6.25	2	1,750	2	1,750	5.25	48,420	
Dec. 3, 2010 $	3	38	28,000	38	28,000	6.25	8	3,585	8	3,585	5.25	24,415	-72,835
Dec. 6, 2010	1	39	64,545	39	64,545	6.25	2	1,550	2	1,550	5.25	62,995	
Dec. 6, 2010 $	1	40	52,305	40	52,305	6.25	1	100	1	100	5.25	52,205	-1,15,200
Dec. 7, 2010	1	49	72,005	49	72,005	6.25	2	1,100	2	1,100	5.25	70,905	
Dec. 7, 2010 $	1	37	46,315	37	46,315	6.25	2	540	2	540	5.25	45,775	-1,16,680
Dec. 8, 2010	1	49	87,305	49	87,305	6.25	2	1,400	2	1,400	5.25	85,905	
Dec. 8, 2010 $	1	28	40,260	28	40,260	6.25	1	400	1	400	5.25	39,860	-1,25,765
Dec. 9, 2010	1	50	83,595	50	83,595	6.25	2	1,300	2	1,300	5.25	82,295	
Dec. 9, 2010 $	1	30	41,185	30	41,185	6.25	1	500	1	500	5.25	40,685	-1,22,980
Dec. 10, 2010	3	48	83,405	48	83,405	6.25	2	975	2	975	5.25	82,430	
Dec. 10, 2010 $	3	36	44,065	36	44,065	6.25	2	9,490	2	9,490	5.25	34,575	-1,17,005
Dec. 13, 2010	1	49	89,545	49	89,545	6.25	2	1,250	2	1,250	5.25	88,295	
Dec. 13, 2010 $	1	17	13,025	17	13,025	6.25	2	490	2	490	5.25	12,535	-1,00,830
Dec. 14, 2010	1	43	65,420	43	65,420	6.25	2	1,300	2	1,300	5.25	64,120	
Dec. 14, 2010 $	1	35	38,315	35	38,315	6.25	2	515	2	515	5.25	37,800	-1,01,920
Dec. 15, 2010	1	44	60,215	44	60,215	6.25	1	900	1	900	5.25	59,315	
Dec. 15, 2010 $	1	41	43,840	41	43,840	6.25	1	625	1	625	5.25	43,215	-1,02,530
Dec. 16, 2010	4	47	86,845	47	86,845	6.25	1	825	1	825	5.25	86,020	
Dec. 16, 2010 $	4	39	58,575	39	58,575	6.25	2	660	2	660	5.25	57,915	-1,43,935
Dec. 20, 2010	1	51	96,275	51	96,275	6.25	-	-	-	-	-	96,275	
Dec. 20, 2010 $	1	40	64,550	40	64,550	6.25	2	1,615	2	1,615	5.25	62,935	-1,59,210
Dec. 21, 2010	1	54	1,12,680	54	1,12,680	6.25	1	500	1	500	5.25	1,12,180	
Dec. 21, 2010 $	1	32	46,125	32	46,125	6.25	1	880	1	880	5.25	45,245	-1,57,425
Dec. 22, 2010	1	57	1,25,900	57	1,25,900	6.25	1	500	1	500	5.25	1,25,400	
Dec. 22, 2010 $	1	36	45,580	36	45,580	6.25	1	495	1	495	5.25	45,085	-1,70,485
Dec. 23, 2010	1	58	1,22,865	58	1,22,865	6.25	1	650	1	650	5.25	1,22,215	
Dec. 23, 2010 $	1	35	32,555	35	32,555	6.25	1	500	1	500	5.25	32,055	-1,54,270
Dec. 24, 2010	3	59	1,24,965	59	1,24,965	6.25	1	600	1	600	5.25	1,24,365	
Dec. 24, 2010 $	3	31	24,135	31	24,135	6.25	1	500	1	500	5.25	23,635	-1,48,000
Dec. 27, 2010	1	45	97,395	45	97,395	6.25	1	600	1	600	5.25	96,795	
Dec. 27, 2010 $	1	29	36,495	29	36,495	6.25	1	590	1	590	5.25	35,905	-1,32,700
Dec. 28, 2010	1	54	1,02,100	54	1,02,100	6.25	1	450	1	450	5.25	1,01,650	
Dec. 28, 2010 $	1	24	23,175	24	23,175	6.25	1	515	1	515	5.25	22,660	-1,24,310
Dec. 29, 2010	1	50	94,830	50	94,830	6.25	1	850	1	850	5.25	93,980	
Dec. 29, 2010 $	1	31	36,150	31	36,150	6.25	3	3,275	3	3,275	5.25	32,875	-1,26,855
Dec. 30, 2010	1	38	78,750	38	78,750	6.25	1	850	1	850	5.25	77,900	
Dec. 30, 2010 $	1	21	21,225	21	21,225	6.25	2	505	2	505	5.25	20,720	-98,620
Dec. 31, 2010	3	36	82,045	36	82,045	6.25	1	500	1	500	5.25	81,545	
Dec. 31, 2010 $	3	36	37,565	36	37,565	6.25	13	5,695	13	5,695	5.25	31,870	-1,13,415

$ Second LAF.

@ Net of Repo. '–' No bid was received in the auction.

Note : 1. The second LAF is being conducted on Reporting Fridays with effect from May 8, 2009. As a part of liquidity easing measures, SLAF on daily basis is temporarily being conducted till April 8, 2011.

2. The Special Flexed Rate Repo and Forex Swap facilities for banks have been discontinued with effect from October 27, 2009.

No. 25: Open Market Operations of Reserve Bank of India*

(₹ crore)

Year / Month	Government of India Dated Securities – Face Value					Treasury bills				
	Purchase		Sale		Net	Purchase		Sale		Net
	Market	State Government and others	Market	State Government and others	purchase (+)/net sale (-)	Market	State Government and others	Market	State Government and others	purchase (+)/net sale (-)
1	2	3	4	5	6	7	8	9	10	11
2007-08										
April	10.00	–	–	332.24	–322.24	–	–	–	–	–
May	–	–	–	742.80	–742.80	–	–	–	–	–
June	–	–	–	254.86	–254.86	–	–	–	–	–
July	25.00	–	–	656.74	–631.74	–	–	–	–	–
August	–	–	–	456.28	–456.28	–	–	–	–	–
September	15.00	–	–	413.35	–398.35	–	–	–	–	–
October	–	–	–	539.93	–539.93	–	–	–	–	–
November	–	–	–	184.51	–184.51	–	–	–	–	–
December	5,485.00	–	–	167.44	5,317.56	–	–	–	–	–
January	2,535.00	–	–	2,577.82	–42.82	–	–	–	–	–
February	2,660.00	–	–	290.27	2,369.73	–	–	–	–	–
March	2,780.00	–	–	970.93	1,809.07	–	–	–	–	–
2008-09										
April	745.58	–	–	861.19	–115.61	–	–	–	–	–
May	127.50	–	–	216.63	–89.13	–	–	–	–	–
June	15,238.80	–	–	310.18	14,928.62	–	–	–	–	–
July	5,218.50	–	–	701.20	4,517.30	–	–	–	–	–
August	4,338.00	–	–	4,446.59	–108.59	–	–	–	–	–
September	922.17	–	–	930.92	–8.75	–	–	–	–	–
October	627.75	–	–	530.30	97.46	–	–	–	–	–
November	757.20	–	–	127.51	629.69	–	–	–	–	–
December	11,901.38	–	–	295.74	11,605.64	–	–	–	–	–
January	2,568.00	–	–	504.21	2,063.79	–	–	–	–	–
February	6,027.80	–	–	236.59	5,791.22	–	–	–	–	–
March	56,007.66	–	–	770.98	55,236.68	–	–	–	–	–
2009-10										
April	21,130.00	–	–	747.03	20,382.97	–	–	–	–	–
May	15,374.40	–	–	207.91	15,166.49	–	–	–	–	–
June	6,765.60	–	–	315.25	6,450.35	–	–	–	–	–
July	7,724.37	–	–	2,479.71	5,244.66	–	–	–	–	–
August	13,462.09	–	–	982.68	12,479.41	–	–	–	–	–
September	14,111.64	–	–	243.85	13,867.79	–	–	–	–	–
October	2,497.90	–	–	1,415.89	1,082.01	–	–	–	–	–
November	777.70	–	–	601.74	175.96	–	–	–	–	–
December	920.00	–	–	284.85	635.15	–	–	–	–	–
January	1,194.09	–	–	1,200.78	–6.70	–	–	–	–	–
February	306.48	–	–	310.65	–4.17	–	–	–	–	–
March	1,135.52	–	–	1,141.02	–5.50	–	–	–	–	–
2010-11										
April	614.75	–	–	605.09	9.66	–	–	–	–	–
May	1,022.29	–	–	1,010.96	11.33	–	–	–	–	–
June	253.29	–	–	266.44	–13.15	–	–	–	–	–
July	1,777.31	–	–	1,793.77	–16.46	–	–	–	–	–
August	697.94	–	–	705.96	-8.02	–	–	–	–	–
September	483.44	–	–	477.76	5.68	–	–	–	–	–
October	471.58	–	–	481.10	–9.52	–	–	–	–	–
November	8,541.37	–	–	186.42	8,354.95	–	–	–	–	–
December	41,755.87 +	–	–	364.35	41,391.52	–	–	–	–	–

* RBI's sales, purchases include transactions in other offices and transactions on behalf of the State Governments and Others.

* Excluding transactions of RBI with the Government of India and the Welfare Commissioner, Bhopal.

\+ Includes purchase of Oil Marketing Companies Government of India Special Bonds (Oil Bonds) of ₹ NIL (face value) under Special Market Operations (SMOs).

No. 26 A: Secondary Market Outright Transactions in Government Dated Securities (Face Value)

(Amount in ₹ crore)

Week ended	Government of India Dated Securities — Maturing in the year										State Govt. Securities
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-19	2019-20	2020-21	Beyond 2021	
1	2	3	4	5	6	7	8	9	10	11	12
I December 3, 2010											
a. Amount	-	43.00	200.00	5.03	45.00	1,845.00	11,211.52	-	5,723.40	9,055.48	384.65
b. YTM *											
Min.	-	7.2221	7.2420	7.4037	7.6188	7.8462	6.3463	-	7.9559	8.0373	8.3679
Max.	-	7.4614	7.3185	7.4037	7.6188	7.9800	8.4588	-	8.1311	8.5388	8.4200
II December 10, 2010											
a. Amount	-	70.05	487.10	30.00	135.12	3,346.04	10,761.87	465.73	7,422.20	11,018.13	390.49
b. YTM *											
Min.	-	7.5484	7.2023	7.4480	7.6053	7.8281	7.9485	5.9221	8.0665	7.9976	7.8998
Max.	-	7.5484	7.3164	7.4480	7.7021	8.0795	8.4793	8.1786	8.3271	8.5603	8.4884
III December 17, 2010											
a. Amount	5.00	563.03	278.00	0.04	0.01	1,520.24	8,356.64	386.13	1,135.50	13,603.88	359.94
b. YTM *											
Min.	7.3258	7.2797	7.3142	-	-	7.9443	7.83	5.9160	8.0705	8.0651	7.7861
Max.	7.3258	7.9500	7.5068	-	-	8.0396	8.4884	8.1722	8.358	8.5429	8.4917
IV December 24, 2010											
a. Amount	-	591.01	617.90	11.72	100.00	2,831.13	8,509.66	595.60	5,526.00	28,993.32	691.90
b. YTM *											
Min.	-	7.2402	7.3120	7.3671	7.7296	7.7654	7.7980	8.1062	7.9080	7.9682	7.5357
Max.	-	7.5200	7.5039	7.3671	7.7391	7.9800	8.4619	8.3829	8.4022	8.4993	8.3993
V December 31, 2010											
a. Amount	-	339.19	267.13	153.68	106.11	3,773.09	5,908.20	140.53	1,567.04	20,777.01	589.22
b. YTM *											
Min.	-	7.3371	7.3889	7.5568	7.6258	7.8055	7.6123	7.9079	7.8618	7.9726	7.9757
Max.	-	7.7992	7.7236	7.6718	7.8617	8.1608	8.4374	8.3679	8.4585	8.4982	8.8609

* Minimum and maximum YTMs (% PA) indicative have been given excluding transactions of non-standard lot size (less than ₹5 Crore).

No. 26 B: Secondary Market Outright Transactions in Treasury Bills

(Amount in ₹ crore, YTM in per cent per annum)

Week ended	Treasury Bills Residual Maturity in Days			
	up to 14 days	15 - 91 days	92 - 182 days	183 - 364 days
1	2	3	4	5
I December 3, 2010				
a. Amount	-	2,324.62	215.00	735.38
b. YTM *				
Min.	-	6.3500	7.1200	7.1500
Max.	-	6.9998	7.2100	7.2500
II December 10, 2010				
a. Amount	16.00	1,701.93	420.06	615.00
b. YTM *				
Min.	6.5013	6.5305	6.9999	6.2656
Max.	6.5013	7.1800	7.2200	7.3600
III December 17, 2010				
a. Amount	30.00	2,106.32	292.44	327.28
b. YTM *				
Min.	7.0000	6.9564	7.0498	7.2816
Max.	7.0000	7.1443	7.2955	7.3393
IV December 24, 2010				
a. Amount	313.50	1,421.21	957.63	399.04
b. YTM *				
Min.	6.2000	6.8804	7.0793	7.3000
Max.	7.5004	7.1858	7.3384	7.3499
V December 31, 2010				
a. Amount	480.10	1,580.49	707.00	138.65
b. YTM *				
Min.	6.4000	6.6500	7.1700	7.2501
Max.	7.2480	7.2000	7.2200	7.3971

* Minimum and maximum YTMs (% PA) indicative have been given excluding transactions of non-standard lot size (less than ₹5 Crore).
# includes transactions of Cash Management Bills.

No. 26 C: Month-end Yield to Maturity of SGL Transactions in Central Government Dated Securities for Various Residual Maturities

(Per cent)

Term to Matu rity (in years)	2010											
	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
1	2	3	4	5	6	7	8	9	10	11	12	13
1	5.4382	4.8537	4.9270	5.0253	5.2199	5.4713	6.3008	6.4900	6.6385	6.7671	7.2301	7.3877
2	5.9962	5.9237	6.0252	5.9062	5.7731	6.2598	6.8782	6.8853	7.0402	7.2745	7.4181	7.5645
3	6.5542	6.5828	6.5467	6.3955	6.4002	6.6774	7.0627	7.1341	7.2261	7.3436	7.6060	7.7414
4	6.9340	7.1481	6.9477	6.8631	6.8003	6.9854	7.3425	7.4327	7.4889	7.6892	7.7940	7.8852
5	7.2528	7.4894	7.2541	7.2820	7.2405	7.2768	7.5427	7.7054	7.7148	7.8347	7.9149	7.8519
6	7.3929	7.6131	7.4669	7.4902	7.5074	7.5758	7.7089	7.8787	7.8157	7.8741	7.9574	7.8502
7	7.4051	7.6728	7.5149	7.6367	7.6095	7.5953	7.7858	7.9584	7.7901	7.9908	7.9542	7.8644
8	7.4355	7.7297	7.3728	7.7957	7.5834	7.5770	7.7908	7.9547	7.8083	8.0429	7.9848	7.8852
9	7.4713	7.7866	7.3075	7.9548	7.5447	7.5588	7.7903	7.9509	7.8265	8.0949	8.0256	7.9060
10	7.5814	7.8570	7.8250	7.7766	7.5206	7.5758	7.8286	7.9863	7.8963	8.1179	8.0498	7.9534
11	7.7629	8.0039	7.9590	7.8811	7.6701	7.7798	7.9884	8.1020	7.9875	8.1105	8.0615	8.0147
12	7.9443	8.1476	8.0738	7.9846	7.8272	7.9335	8.0996	8.0404	7.9813	8.1105	8.0845	8.0744
13	8.0775	8.1902	8.0575	8.0536	8.0028	8.0031	8.1532	8.0915	8.1548	8.1731	8.1550	8.1318
14	8.1231	8.2328	8.0411	8.1226	8.0855	8.0727	8.2069	8.1579	8.3208	8.2356	8.2255	8.1892
15	8.1688	8.2754	8.0959	8.1916	8.0946	8.1423	8.2605	8.2244	8.3011	8.2982	8.2960	8.2466
16	8.2145	8.3180	8.1713	8.2605	8.1038	8.1919	8.3142	8.2909	8.2813	8.3607	8.3665	8.3040
17	8.2601	8.3606	8.2467	8.3295	8.1129	8.1822	8.3075	8.3523	8.2665	8.4094	8.4117	8.3424
18	8.2638	-	-	8.3562	8.1285	8.1968	8.3113	8.3557	8.2777	8.4146	8.4052	8.3537
19	8.2655	-	-	8.3683	8.1453	8.2137	8.3155	8.3591	8.2889	8.4198	8.3986	8.3651
20	8.2672	-	-	8.3805	8.1621	8.2307	8.3197	8.3625	8.3002	8.4250	8.3920	8.3764
21	8.2689	-	-	8.3926	8.1186	8.2476	8.3239	8.3659	8.3114	8.4302	8.3855	8.3877
22	8.2706	-	-	8.4048	8.2209	8.2309	8.3398	8.3694	8.3219	8.4349	8.3845	8.3981
23	8.2725	-	-	-	8.2089	8.1581	8.2960	8.3728	8.3284	8.4383	8.3950	8.4066
24	8.2743	-	-	-	8.1736	8.0854	8.2517	8.3760	8.3349	8.4417	8.4054	8.4152
25	8.2606	-	-	-	8.1384	8.0126	8.2634	8.3765	8.3413	8.4450	8.4159	8.4237
26	8.2293	-	-	-	8.1031	-	8.2768	8.3769	8.3439	8.4484	8.4263	8.4322
27	8.1980	-	-	-	8.0678	-	8.2901	8.3773	8.3376	8.4518	8.4368	8.4408
28	-	-	-	-	-	-	8.3034	8.3777	8.3313	8.4551	8.4472	8.4493
29	-	-	-	-	-	-	8.3167	8.3782	8.3250	8.4585	8.4577	8.4579
30	-	-	-	-	-	-	8.3300	8.3786	8.3187	8.4619	8.4681	8.4664

No. 26 D: Secondary Market Repo Transactions # (Other than with RBI)

(Amount in ₹ crore)

Week ended		Govt. Of India Dated Securities	State Govt. Securities	Cash Management Bills	91 Day Treasury Bills	182 Day Treasury Bills	364 Day Treasury Bills
1		2	3	4	5	6	7
I	**December 3, 2010**						
	Amount	80,817	148		5,794	2,080	4,541
	Repo Rate Min	3.00	6.25	–	5.80	5.35	5.30
	Repo Rate Max	7.45	6.25	–	6.40	6.40	7.45
	Repo Period Min	1	1	–	1	1	1
	Repo Period Max	89	1	–	3	3	3
II	**December 10, 2010**						
	Amount	45,286	130		8,737	2,146	3,720
	Repo Rate Min	5.00	6.25	–	6.25	6.25	6.25
	Repo Rate Max	7.00	6.25	–	6.35	6.35	6.40
	Repo Period Min	1	1	–	1	1	1
	Repo Period Max	17	3	–	3	3	3
III	**December 17, 2010**						
	Amount	43,951	118		7,282	2,165	2,199
	Repo Rate Min	4.50	6.25	–	6.20	6.10	6.10
	Repo Rate Max	7.00	6.25	–	6.40	6.45	6.45
	Repo Period Min	1	1	–	1	1	1
	Repo Period Max	15	1	–	4	4	4
IV	**December 24, 2010**						
	Amount	51,491	110		12,281	2,179	2,490
	Repo Rate Min	6.20	6.25	–	6.25	6.30	6.30
	Repo Rate Max	7.35	6.30	–	6.40	6.45	6.45
	Repo Period Min	1	1	–	1	1	1
	Repo Period Max	14	1	–	3	3	3
IV	**December 31, 2010**						
	Amount	55,699	255		12,765	3,080	3,042
	Repo Rate Min	4.50	6.25	–	5.25	4.10	4.50
	Repo Rate Max	7.50	6.45	–	6.60	6.50	6.50
	Repo Period Min	1	1	–	1	1	1
	Repo Period Max	15	3	–	3	3	3

Represent the First Leg of Transactions.

Note : Repo rate in per cent per annum and repo period in days.

No. 27: Month-end Secondary Market Yield on Government of India Securities

(Per cent)

Coupon	Date of Maturity	Yield (Semi-annual) as on					
		Mar. 31, 2009 (Year-end)	Mar. 31, 2010 (Year-end)	Sep. 30, 2010	Oct. 31, 2010	Nov. 30, 2010	Dec. 31, 2010
1	2	3	4	5	6	7	8
6.72 *	Jul. 18, 2012	4.76	4.36	6.08	6.23	6.37	6.54
8.75	Dec. 13, 2010	5.42	4.48	6.49	6.60	6.74	–
12.32	Jan. 29, 2011	5.48	4.87	6.54	6.64	6.78	6.95
6.57	Feb. 24, 2011	5.54	5.06	6.67	6.66	6.80	6.97
8.00	Apr. 27, 2011	5.60	5.30	6.43	6.60	6.74	6.91
10.95	May 30, 2011	5.67	5.36	6.49	6.66	6.80	6.97
9.39	Jul. 2, 2011	5.74	5.18	6.47	6.63	6.77	7.32
11.50	Aug. 5, 2011	5.80	5.27	6.64	6.71	6.85	7.02
FRB	Aug. 8, 2011	8.40	4.22	6.28	6.37	7.09	7.31
12.00	Oct. 21, 2011	5.96	5.47	6.80	6.93	7.10	7.32
11.50	Nov. 24, 2011	6.03	5.68	6.92	7.04	7.21	7.43
6.85	Apr. 5, 2012	6.32	6.19	6.94	7.11	7.30	7.53
7.40	May 3, 2012	6.14	6.17	6.91	7.28	7.32	7.47
10.25	Jun. 1, 2012	6.34	6.34	7.08	7.16	7.36	7.59
11.03	Jul. 18, 2012	6.37	6.30	7.14	7.19	7.38	7.61
9.40	Sep. 11, 2012	6.42	6.49	7.11	7.20	7.40	7.61
FRB	Nov. 10, 2012	6.34	4.79	4.55	4.38	7.19	7.25
9.00	May 24, 2013	6.59	6.51	7.24	7.30	7.47	7.56
9.81	May 30, 2013	6.59	6.71	7.26	7.31	7.48	7.56
12.40	Aug. 20, 2013	7.29	6.79	7.28	7.33	7.51	7.58
7.27	Sep. 3, 2013	6.59	6.74	7.21	7.28	7.44	7.47
FRB	Sep. 10, 2013	8.63	4.54	6.41	6.49	6.84	6.63
5.32	Feb. 16, 2014	6.74	7.04	7.37	7.35	7.51	7.61
6.72	Feb. 24, 2014	6.73	7.23	7.39	7.44	7.60	7.70
7.37	Apr. 16, 2014	6.74	7.14	7.43	7.51	7.67	7.77
6.07	May 15, 2014	–	7.22	7.51	7.51	7.67	7.77
FRB	May 20, 2014	7.36	4.01	5.14	5.11	5.49	5.14
10.00	May 30, 2014	6.75	7.33	7.58	7.62	7.76	7.87
7.32	Oct. 20, 2014	–	7.25	7.55	7.55	7.64	7.75
10.50	Oct. 29, 2014	6.82	7.39	7.58	7.60	7.72	7.82
7.56	Nov. 3, 2014	6.72	7.17	7.60	7.62	7.75	7.85
11.83	Nov. 12, 2014	6.81	7.50	7.61	7.63	7.78	7.88
10.47	Feb. 12, 2015	6.87	7.82	7.63	7.66	7.79	7.81
10.79	May 19, 2015	6.92	7.67	7.67	7.72	7.85	7.89
11.50	May 21, 2015	6.91	7.67	7.73	7.81	7.94	7.97
6.49	Jun. 8, 2015	–	7.51	7.77	7.85	7.96	7.99
7.17	Jun. 14, 2015	–	–	7.69	7.81	7.91	7.85
FRB	Jul. 2, 2015	7.56	4.08	5.68	5.59	6.05	5.23
11.43	Aug. 7, 2015	6.95	7.60	7.79	7.86	8.02	8.03
FRB	Aug. 10, 2015	8.80	3.98	6.02	5.98	6.44	6.02
7.38	Sep. 3, 2015	6.83	7.49	7.80	7.87	7.99	7.96
9.85	Oct. 16, 2015	7.00	7.65	7.85	7.88	8.00	7.97
7.59	Apr. 12, 2016	7.12	7.43	7.86	7.89	7.99	7.92
10.71	Apr. 19, 2016	7.08	7.63	7.84	7.90	8.00	7.93
FRB	May 7, 2016	6.74	3.97	5.13	5.03	5.60	5.13
5.59	Jun. 4, 2016	7.17	7.72	7.88	7.94	8.05	7.93
12.30	Jul. 2, 2016	7.08	7.73	7.89	7.96	8.07	7.95
7.02	Aug. 17, 2016	–	7.60	7.82	7.73	8.07	7.94

No. 27: Month-end Secondary Market Yield on Government of India Securities *(Concld.)*

(Per cent)

Coupon	Date of Maturity	Yield (Semi-annual) as on					
		Mar. 31, 2009 (Year-end)	Mar. 31, 2010 (Year-end)	Sep. 30, 2010	Oct. 31, 2010	Nov. 30, 2010	Dec. 31, 2010
1	2	3	4	5	6	7	8
8.07	Jan. 15, 2017	7.10	7.57	7.89	7.95	8.05	7.92
7.49	Apr. 16, 2017	7.19	7.43	7.90	7.97	8.07	7.84
FRB	Jul. 2, 2017	6.22	4.65	5.30	5.22	5.72	5.06
7.99	Jul. 9, 2017	7.21	7.72	7.80	7.96	8.01	7.82
7.46	Aug. 28, 2017	7.19	7.49	7.87	7.98	7.96	7.81
6.25	Jan. 2, 2018	7.05	7.82	8.02	8.09	8.13	8.07
8.24	Apr. 22, 2018	6.99	7.60	8.03	8.09	8.13	8.07
10.45	Apr. 30, 2018	6.97	7.75	8.09	8.12	8.16	8.10
5.69	Sep. 25, 2018	7.01	7.83	8.09	8.14	8.18	8.12
12.60	Nov. 23, 2018	6.98	7.78	8.10	8.16	8.20	8.14
5.64	Jan. 2, 2019	7.07	7.88	8.08	8.17	8.20	8.13
6.05	Feb. 2, 2019	7.01	7.29	8.09	8.19	8.22	8.15
6.05	Jun. 12, 2019	7.05	7.90	8.10	8.20	8.23	8.16
6.90	Jul. 13, 2019	-	7.82	7.91	8.16	8.22	8.15
10.03	Aug. 9, 2019	7.05	7.90	8.08	8.18	8.23	8.16
6.35	Jan. 2, 2020	7.15	7.85	8.00	8.14	8.20	8.16
10.70	Apr. 22, 2020	7.16	7.92	8.00	8.16	8.21	8.17
7.80	May 3, 2020	-	-	7.85	8.11	8.07	7.91
FRB	Dec. 21, 2020	-	4.62	5.96	5.99	6.00	8.34
11.60	Dec. 27, 2020	7.26	7.94	8.02	8.15	8.18	8.18
7.94	May 24, 2021	7.49	7.94	8.03	8.16	8.20	8.19
10.25	May 30, 2021	7.35	8.17	8.08	8.18	8.23	8.22
8.20	Feb. 15, 2022	7.63	8.10	8.05	8.19	8.15	8.11
8.35	May 14, 2022	7.69	8.18	8.09	8.20	8.25	8.23
8.08	Aug. 2, 2022	7.60	8.19	7.99	8.11	8.10	8.05
5.87	Aug. 28, 2022	7.69	8.14	8.11	8.22	8.27	8.28
8.13	Sep. 21, 2022	7.63	8.05	7.99	8.09	8.08	8.03
6.30	Apr. 9, 2023	7.70	8.16	8.16	8.22	8.29	8.29
6.17	Jun. 12, 2023	7.71	8.17	8.20	8.26	8.31	8.31
7.35	Jun. 22, 2024	-	8.03	8.21	8.27	8.33	8.32
5.97	Sep. 25, 2025	7.73	8.34	8.39	8.42	8.50	8.48
10.18	Sep. 11, 2026	7.74	8.37	8.40	8.43	8.50	8.49
8.24	Feb. 15, 2027	7.75	8.25	8.34	8.47	8.52	8.49
8.26	Aug. 2, 2027	7.88	8.27	8.28	8.41	8.42	8.33
8.28	Sep. 21, 2027	7.88	8.40	8.39	8.47	8.53	8.51
6.01	Mar. 25, 2028	7.93	8.47	8.45	8.50	8.54	8.51
6.13	Jun. 4, 2028	7.92	8.46	8.46	8.53	8.57	8.54
8.28	Feb. 15, 2032	7.81	8.30	8.33	8.45	8.51	8.49
8.32	Aug. 2, 2032	7.83	8.41	8.32	8.46	8.51	8.48
7.95	Aug. 28, 2032	7.81	8.32	8.21	8.36	8.41	8.38
8.33	Sep. 21, 2032	7.82	8.41	8.41	8.48	8.53	8.49
7.50	Aug. 10, 2034	7.78	8.27	8.30	8.48	8.52	8.50
7.40	Sep. 9, 2035	7.78	8.24	8.35	8.49	8.53	8.52
8.33	Jun. 7, 2036	7.85	8.30	8.36	8.50	8.54	8.53
6.83	Jan. 19, 2039	7.77	8.28	8.37	8.51	8.54	8.53
8.30	Jul. 2, 2040	–	–	8.31	8.46	8.47	8.43

FRB: Floating Rate Bond

* 6.72% GS 2012 with call/ put option on coupon dates.

Source : Fixed Income Money Market and Derivatives Association of India (FIMMDA).

Production

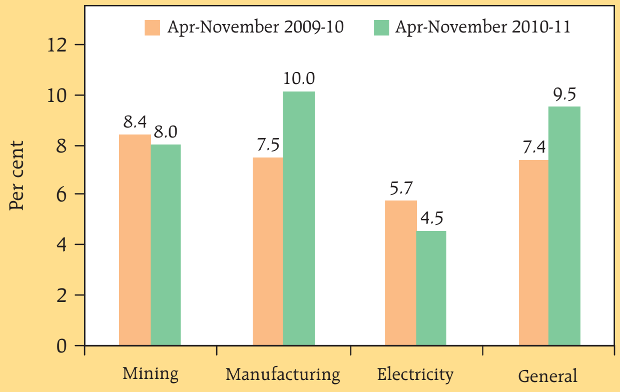
No. 28: Group - Wise Index Number of Industrial Production

(Base : 1993-94=100)

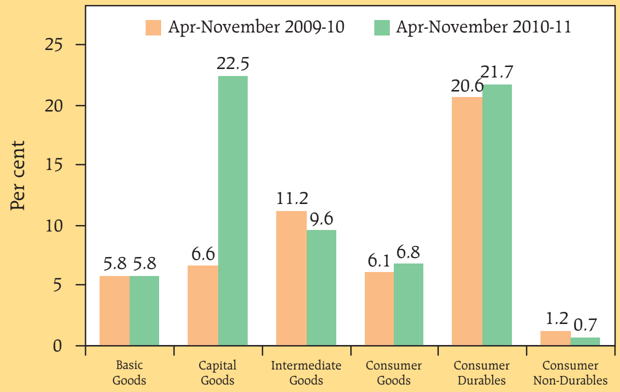
Sr. No.	Industry	Weight	Annual			Cumulative		Monthly	
			2007-08	2008-09	2009-10 P	April - November		November	
						2009-10	2010-11 P	2009	2010 P
1	2	3	4	5	6	7	8	9	10
	General Index	**100.00**	**277.1**	**286.1**	**316.2**	**299.3**	**327.6**	**309.5**	**317.9**
I.	**Sectoral Classification**								
1	Mining and Quarrying	**10.47**	171.6	176.0	193.4	181.9	196.5	194.2	205.8
2	Manufacturing	**79.36**	298.6	308.6	342.5	323.0	355.4	336.1	343.9
3	Electricity	**10.17**	217.7	223.7	237.2	235.2	245.9	220.4	230.5
II.	**Use-Based Classification**								
1	Basic Goods	**35.57**	223.6	229.7	246.2	239.5	253.5	239.2	249.9
2	Capital Goods	**9.26**	423.0	457.7	553.5	459.3	562.5	495.3	557.5
3	Intermediate Goods	**26.51**	274.9	269.9	306.7	301.2	330.0	304.7	311.9
4	Consumer Goods	**28.66**	298.3	315.5	335.2	319.9	341.6	341.0	330.5
4(a)	Consumer Durables	**5.36**	389.7	408.1	508.5	490.8	597.5	518.6	540.7
4(b)	Consumer Non-Durables	**23.30**	277.2	294.2	295.3	280.6	282.7	300.1	282.1

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

Sectoral Growth of Industrial Production



Growth in IIP: Use-based Classification



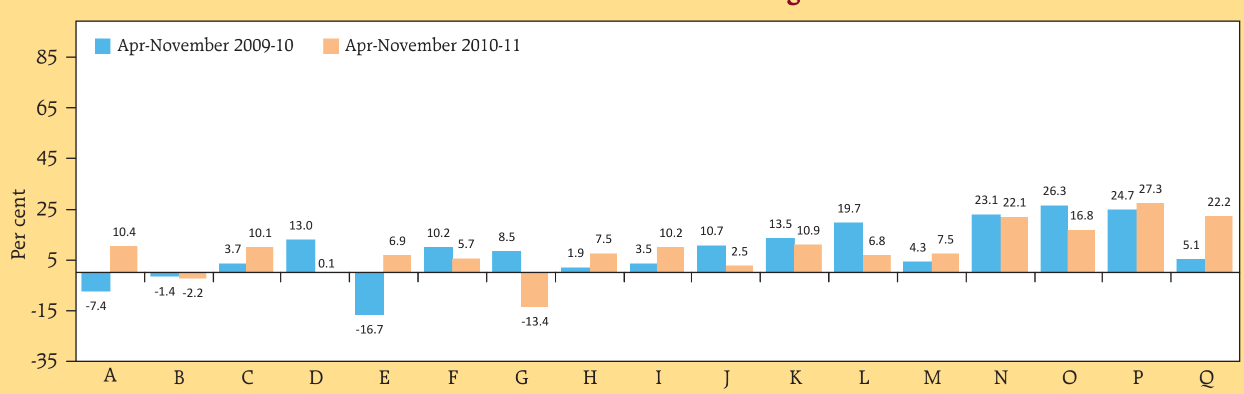
No. 29: IIP - Seventeen Major Industry Groups of Manufacturing Sector

(Base: 1993-94=100)

Industry Group	Industry	Weight	Annual			Cumulative		Monthly	
			2007-08	2008-09	2009-10 P	April - November		November	
						2009-10	2010-11 P	2009	2010 P
1	2	3	4	5	6	7	8	9	10
	Manufacturing Index	**79.36**	**287.2**	**295.1**	**330.4**	**323.0**	**355.4**	**336.1**	**343.9**
20-21	Food Products	9.08	198.2	178.9	176.2	138.7	153.1	188.0	186.7
22	Beverages, Tobacco and Related Products	2.38	498.0	578.5	577.1	566.7	554.4	597.9	549.5
23	Cotton Textiles	5.52	164.0	160.9	169.7	167.6	184.6	172.8	183.8
24	Wool, Silk and Man-made Fibre Textiles	2.26	281.2	281.2	304.1	308.5	308.9	309.3	303.6
25	Jute and Other Vegetable Fibre Textiles (Except Cotton)	0.59	120.7	108.6	82.1	95.3	101.9	103.0	85.0
26	Textile Products (Including Wearing Apparel)	2.54	295.5	312.5	338.9	339.6	358.9	348.1	361.7
27	Wood and Wood Products, Furniture and Fixtures	2.70	127.9	115.6	126.8	129.7	112.3	115.1	83.6
28	Paper and Paper Products and Printing, Publishing and Allied Industries	2.65	255.3	260.0	270.2	267.2	287.3	273.4	286.3
29	Leather and Leather & Fur Products	1.14	167.8	156.3	160.9	163.7	180.4	151.0	170.0
30	Chemicals and Chemical Products (Except Products Of Petroleum and Coal)	14.00	313.4	326.3	360.5	361.2	370.3	354.7	344.6
31	Rubber, Plastic, Petroleum and Coal Products	5.73	246.4	242.6	279.9	268.4	297.7	284.5	264.4
32	Non-metallic Mineral Products	4.40	323.2	327.0	362.2	383.9	410.0	370.7	374.4
33	Basic Metal and Alloy Industries	7.45	312.7	325.1	346.3	337.9	363.1	340.5	369.7
34	Metal Products and Parts, Except Machinery and Equipment	2.81	172.9	165.9	199.9	203.5	248.4	212.3	210.6
35-36	Machinery and Equipment Other Than Transport Equipment	9.57	394.4	429.1	534.8	523.0	610.8	542.9	574.3
37	Transport Equipment and Parts	3.98	378.4	387.9	496.5	491.6	625.9	541.4	625.6
38	Other Manufacturing Industries	2.56	357.4	358.9	387.5	353.0	431.4	400.7	439.2

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

Growth Performance of Manufacturing Industries



A Food Products
B Beverages, Tobacco and Related Products
C Cotton Textiles
D Wool, Silk and Man-made Fibre Textiles
E Jute and Other Vegetable Fibre Textiles (Except Cotton)
F Textile Products (Including Wearing Apparel)
F Wood and Wood Products, Furniture & Fixtures
G Paper and Paper Products and Printing, Publishing and HAllied Industries
I Leather and Leather & Fur Products
J Chemicals and Chemical Products (Except Products Of Petroleum & Coal)
K Rubber, Plastic, Petroleum and Coal Products
L Non-metallic Mineral Products
M Basic Metal and Alloy Industries
N Metal Products and Parts (Except Machinery and Equipment)
O Machinery and Equipment Other Than Transport Equipment
P Transport Equipment and Parts
Q Other Manufacturing Industries

Capital Market

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

(Amount in ₹ crore)

Security & Type of Issue	2008-09 (April-March)		2009-10 (April-March)		April-October 2009		April-October 2010	
	No. of Issues	Amount	No. of Issues	Amount	No. of Issues	Amount	No. of Issues	Amount
1	2	3	4	5	6	7	8	9
1) Equity Shares (a+b)	45	14,670.6	67	25,298.7	28	8,656.9	44	15,948.2
	(39)	(13,022.0)	(64)	(20,759.4)	(27)	(7,524.5)	(43)	(11,778.9)
a) Prospectus	25	2,673.3	39	17,160.1	13	6,118.2	35	13,042.4
	(24)	(1,966.5)	(38)	(13,203.7)	(13)	(5,303.0)	(34)	(9,033.7)
b) Rights	20	11,997.3	28	8,138.6	15	2,538.7	9	2,905.8
	(15)	(11,055.5)	(26)	(7,555.7)	(14)	(2,221.5)	(9)	(2,745.2)
2) Preference Shares (a+b)	–	–	–	–	–	–	–	–
a) Prospectus	–	–	–	–	–	–	–	–
b) Rights	–	–	–	–	–	–	–	–
3) Debentures (a+b)	–	–	1	180.0	1	180.0	–	–
a) Prospectus	–	–	–	–	–	–	–	–
b) Rights of which:	–	–	1	180.0	1	180.0	–	–
I) Convertible (a+b)	–	–	1	180.0	1	180.0	–	–
a) Prospectus	–	–	–	–	–	–	–	–
b) Rights	–	–	1	180.0	1	180.0	–	–
II) Non-Convertible (a+b)	–	–	–	–	–	–	–	–
a) Prospectus	–	–	–	–	–	–	–	–
b) Rights	–	–	–	–	–	–	–	–
4) Bonds (a+b)	–	–	–	–	–	–	–	–
a) Prospectus	–	–	–	–	–	–	–	–
b) Rights	–	–	–	–	–	–	–	–
5) TOTAL (1+2+3+4)	**45**	**14,670.6**	**68**	**25,478.7**	**29**	**8,836.9**	**44**	**15,948.2**
a) Prospectus	25	2,673.3	39	17,160.1	13	6,118.2	35	13,042.4
b) Rights	20	11,997.3	29	8,318.6	16	2,718.7	9	2,905.8

Note : Figures in brackets indicate data in respect of premium on capital issues which are included in respective totals.

Source : Data are compiled from prospectus/circulars/advertisements issued by companies, replies given by the companies to the Reserve Bank's questionnaire, information received from SEBI, stock exchanges, press reports, etc.

Also see 'Notes on Tables'.

No. 31: Index Numbers of Ordinary Share Prices

Year \ Month		BSE Sensitive Index (Base: 1978-79=100)			BSE - 100 (Base: 1983-84=100)			S&P CNX Nifty (Base: Nov 3,1995=1000)		
		Average	High	Low	Average	High	Low	Average	High	Low
1		2	3	4	5	6	7	8	9	10
2005-06		8280.08	11307.04	6134.86	4393.54	5904.17	3310.14	2513.44	3418.95	1902.50
2006-07		12277.33	14652.09	8929.44	6242.73	7413.22	4535.00	3572.44	4224.25	2632.80
2007-08		16568.89	20873.33	12455.37	8691.47	11509.96	6287.69	4896.60	6287.85	3633.60
2008-09		12365.55	17600.12	8160.40	6433.13	9348.64	4160.43	3731.03	5228.20	2524.20
2009-10		15585.21	17711.35	9901.99	8187.25	9419.46	5028.39	4657.77	5302.85	3060.35
December	2009	17090.31	17464.81	16601.20	9055.44	9229.71	8809.14	5099.74	5201.05	4952.60
January	2010	17260.41	17701.13	16289.82	9193.05	9419.46	8633.65	5156.22	5281.80	4853.10
February	2010	16183.81	16496.05	15790.93	8633.77	8805.16	8427.48	4839.57	4931.85	4718.65
March	2010	17302.72	17711.35	16772.56	9183.03	9368.31	8926.16	5178.15	5302.85	5017.00
April	2010	17678.64	17970.02	17380.08	9391.39	9529.43	9229.47	5294.76	5374.65	5203.65
May	2010	16844.54	17386.08	16022.48	8988.47	9304.40	8539.58	5052.97	5222.75	4806.75
June	2010	17299.75	17876.55	16572.03	9215.65	9480.25	8851.90	5187.78	5353.30	4970.20
July	2010	17847.83	18130.98	17441.44	9528.31	9670.34	9323.76	5359.75	5449.10	5235.90
August	2010	18176.86	18454.94	17971.12	9719.18	9874.06	9627.72	5457.24	5543.50	5402.40
September	2010	19352.86	20117.38	18205.87	10315.38	10674.30	9759.42	5811.48	6035.65	5471.85
October	2010	20249.75	20687.88	19872.15	10784.16	11005.42	10592.97	6096.11	6233.90	5982.10
November	2010	20126.35	21004.96	19136.61	10672.24	11141.18	10054.36	6055.33	6312.45	5751.95
December	2010	19927.59	20509.09	19242.36	10418.43	10675.02	10060.67	5971.32	6134.50	5766.50

Sources : 1. Bombay Stock Exchange Ltd.
2. National Stock Exchange of India Ltd.

No. 32: Volume in Corporate Debt Traded at NSE*

(₹ crore)

Week / Month / Year (April-March)			Volume
1			2
2005 - 06			**10,619.36**
2006 - 07			**6,639.78**
2007 - 08			**8,576.11**
2008 - 09			**11,934.44**
2009 - 10			**54,476.53**
2009 - 2010			
April		2009	4,178.12
May		2009	2,703.44
June		2009	2,168.95
July		2009	3,876.68
August		2009	4,388.71
September		2009	4,405.57
October		2009	4,938.30
November		2009	7,432.69
December		2009	2,260.34
January		2010	7,583.90
February		2010	3,420.74
March		2010	7,119.09
2010 - 2011			
April		2010	6,334.81
May		2010	6,016.03
June		2010	4,065.18
July		2010	2,265.40
August		2010	4,314.17
September		2010	3,263.18
October		2010	4,118.61
November		2010	2,380.64
December		2010	2,382.48
January		2011	
February		2011	
March		2011	
Week ended			
Nov.	5,	2010	847.66
Nov.	12,	2010	794.86
Nov.	19,	2010	338.81
Nov.	26,	2010	310.75
Dec.	3,	2010	420.77
Dec.	10,	2010	309.90
Dec.	17, @	2010	482.02
Dec.	24,	2010	423.27
Dec.	31,	2010	835.07

Source : National Stock Exchange of India Ltd.

* Relates to the WDM segment (Excluding trade in commercial papers)

@ : The data partain to the week ended 16/12/2010 as market were closed on 17/12/2010.

No. 33: Assistance Sanctioned and Disbursed by All - India Financial Institutions

(₹ crore)

	April-September		April-March	
	2003-04	2004-05	2002-03	2003-04
1	2	3	4	5
Sanctions				
All-India Development Banks	**9,831.9**	**12,860.0**	**22,318.1**	**23,444.3**
1. IDBI	2,860.2	6,314.4	5,898.2	5,630.8
2. IFCI	132.1	—	2,005.8	1,451.9
3. SIDBI	2,607.9	2,991.8	10,903.7	8,223.7
4. IIBI	1,392.8	0.9	1,206.4	2,411.9
5. IDFC	2,838.9	3,552.9	2,304.0	5,726.0
Investment Institutions	**13,025.1**	**7,805.5**	**5,666.5**	**29,479.2**
6. LIC	12,291.1	7,135.3	4,341.5	27,748.0
7. GIC	324.3	93.0	369.3	674.0
8. National Ins. Co. Ltd.	115.6	87.3	200.0	373.0
9. New India Ass. Co Ltd.	84.1	179.3	138.0	199.1
10. Oriental Ins. Co. Ltd.	93.3	28.2	123.9	134.8
11. United India Ins. Co. Ltd.	116.7	282.4	493.8	350.3
Total	**22,857.0**	**20,665.5**	**27,984.6**	**52,923.5**
Disbursements				
All India Development Banks	5,750.2	5,027.1	17,225.2	14,056.6
1. IDBI	637.2	2,085.1	6,614.9	4,409.1
2. IFCI	176.3	43.8	1,779.9	279.0
3. SIDBI	1,742.2	1,358.3	6,789.5	4,412.7
4. IIBI	1,216.5	7.6	1,091.9	2,251.8
5. IDFC	978.0	1,532.3	949.0	2,704.0
Investment Institutions	4,615.6	5,421.3	7,487.6	17,400.2
6. LIC	3,829.2	4,871.0	6,205.7	15,781.6
7. GIC	328.4	108.0	328.4	657.7
8. National Ins. Co. Ltd.	118.4	17.3	177.6	224.4
9. New India Ass. Co Ltd.	85.6	115.2	78.0	195.6
10. Oriental Ins. Co. Ltd.	135.0	27.4	241.5	187.1
11. United India Ins. Co. Ltd.	119.0	282.4	456.4	353.8
Total	**10,365.8**	**10,448.4**	**24,712.8**	**31,456.8**

Note : Data are provisional. Monthly data are not adjusted for inter-institutional flows.

Source : Industrial Development Bank of India.

Prices

No. 34 : Monthly Average Price of Gold and Silver in Mumbai

Month / Year		Standard Gold (₹ per 10 grams)	Silver (₹ per kilogram)
1		2	3
2000-01		4,474	7,868
2001-02		4,579	7,447
2002-03		5,332	7,991
2003-04		5,719	8,722
2004-05		6,145	10,681
2005-06		6,901	11,829
2006-07		9,240	19,057
2007-08		9,996	19,427
2008-09		12,905	21,272
2009-10		15,755	25,417
January	2009	13,508	19,115
February	2009	14,781	21,442
March	2009	15,255	22,311
April	2009	14,501	21,336
May	2009	14,610	22,553
June	2009	14,620	23,069
July	2009	14,749	22,334
August	2009	14,996	23,646
September	2009	15,723	26,323
October	2009	15,864	27,360
November	2009	17,040	28,225
December	2009	17,138	28,345
January	2010	16,684	28,165
February	2010	16,535	25,677
March	2010	16,603	27,048
April	2010	16,679	28,027
May	2010	17,997	29,330
June	2010	18,741	29,821
July	2010	18,300	29,387
August	2010	18,490	29,677
September	2010	19,087	32,592
October	2010	19,493	36,020
November	2010	20,174	41,293
December	2010	20,496	45,346
January	2011	20,212	44,852

Source : Bombay Bullion Association Ltd.
Also see 'Notes on Tables'.

No. 35 : Consumer Price Index Numbers for Industrial Workers — All-India and Selected Centres

(Base : 2001 = 100)

Centre	New Linking Factor (1)	1990-91 @	2008-09	2009-10	2010						
					Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
1	2	3	4	5	6	7	8	9	10	11	12
All India (2)	**4.63**	**193**	**145**	**163**	**174**	**178**	**178**	**179**	**181**	**182**	**185**
Ahmedabad	4.62	196	141	157	169	175	173	176	178	180	183
Alwaye (Ernakulam)	4.52	176	145	156	166	169	170	170	171	172	175
Asansol	4.37	189	155	178	192	195	199	200	201	202	206
Bangalore	4.51	183	154	171	182	183	182	185	184	183	186
Bhavnagar	4.76	198	137	154	170	181	181	179	181	181	184
Bhopal	4.83	196	148	168	183	189	191	188	188	192	193
Chandigarh	5.26	189	143	161	168	178	179	182	182	182	182
Chennai	4.95	189	139	153	162	162	161	162	162	165	169
Coimbatore	4.49	178	140	156	166	164	163	166	168	173	176
Delhi	5.60	201	140	152	159	164	164	169	168	168	169
Faridabad	4.79	187	149	167	178	187	185	187	188	187	188
Guwahati	4.80	195	132	147	154	155	157	159	159	161	163
Howrah	5.42	212	142	159	169	173	173	175	176	176	178
Hyderabad	4.79	182	139	156	166	167	165	166	167	168	170
Jaipur	4.25	190	148	165	177	183	182	183	185	184	186
Jamshedpur	4.23	187	145	165	177	186	184	185	186	192	194
Kolkata	5.12	203	145	161	172	175	175	176	177	177	180
Ludhiana	4.12	193	149	165	170	178	179	181	179	179	178
Madurai	4.51	192	137	152	162	163	162	163	163	166	170
Monghyr-Jamalpur	4.30	189	148	169	176	180	184	185	189	188	190
Mumbai	5.18	201	148	163	171	175	175	178	181	182	184
Mundakayam	4.37	184	150	162	174	177	176	177	178	182	184
Nagpur	4.68	201	155	183	200	206	207	210	210	209	214
Puducherry	4.88	204	151	167	171	171	172	172	173	176	182
Rourkela	4.03	179	153	172	184	190	190	190	191	196	198
Kanpur	4.50	195	144	166	182	187	186	187	188	189	189
Solapur	4.73	197	151	166	175	180	180	181	183	182	188
Srinagar	5.62	184	137	149	157	160	160	161	162	162	165

@ Base 1982=100.

Note : New series of Consumer Price Index for Industrial Workers with base 2001 = 100 was released in January 2006 by Labour Bureau, Shimla. Linking Factors between old and new series as published by the Labour Bureau are reproduced in column 2.

For (1) and (2) See 'Notes on Tables'.

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

No. 36 : Consumer Price Index Numbers for Urban Non-manual Employees — All-India and Selected Centres

(Base : 1984 – 85 = 100)

Centre	1990-91	2006-07	2007-08	2007					2008		
				Mar.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
1	2	3	4	5	6	7	8	9	10	11	12
All India (1)	**161**	**486**	**515**	**498**	**516**	**520**	**519**	**518**	**520**	**523**	**528**
Mumbai	154	478	504	490	502	506	508	510	509	510	513
Delhi	156	499	521	508	522	528	523	523	525	529	532
Kolkata	164	439	476	449	481	486	480	479	479	482	484
Chennai	168	569	605	585	606	607	609	607	610	611	618
Hyderabad	164	526	560	541	558	561	565	564	564	568	574
Bangalore	161	513	546	527	545	544	547	551	559	563	566
Lucknow	158	465	484	471	488	487	482	480	480	486	492
Ahmedabad	153	426	449	435	450	454	453	454	452	453	459
Jaipur	165	477	515	491	517	519	521	519	527	532	545
Patna	167	451	484	466	490	494	495	492	496	496	501
Srinagar	150	475	513	496	511	517	515	513	524	528	538
Thiruvananthapuram	152	507	535	512	528	530	535	542	548	552	555
Cuttack	154	479	507	492	507	511	512	510	510	509	510
Bhopal	166	458	482	461	481	488	490	488	490	493	502
Chandigarh	176	637	665	649	672	672	669	666	668	671	678
Shillong	179	499	565	528	566	571	572	571	580	582	584
Shimla	163	490	511	506	517	519	511	508	507	508	513
Jammu	161	480	511	492	512	514	512	507	515	523	533
Amritsar	152	402	423	412	431	433	425	422	423	427	431
Kozhikode (Calicut)	150	447	465	452	462	464	469	469	473	475	483
Kanpur	165	450	481	462	490	489	483	479	478	483	489
Indore	170	485	507	490	513	515	510	507	510	516	526
Pune	162	509	547	517	546	549	555	555	554	560	563
Jabalpur	164	437	467	452	473	476	473	471	467	471	478
Jodhpur	168	465	487	476	490	492	489	490	489	492	501

Linked All-India Consumer Price Index Number for Urban Non-Manual Employees (UNME)

(Base : 1984 – 85 = 100)

	2009	2010			
	Nov.	Aug.	Sep.	Oct.	Nov.
1	2	3	4	5	6
General Index	655	696	701	705	710

Note : The CPI (UNME) for base 1984-85 = 100 has been discontinued due to outdated base year with effect from April 2008 onwards. Linked all-India CPI (UNME) number are available for meeting the requirement of users.

See 'Notes on Tables'.

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

No. 37 : Consumer Price Index Numbers for Agricultural / Rural Labourers

A : Consumer Price Index Numbers for Agricultural Labourers

(Base : July 1986 - June 1987 = 100)

State	1990-91(1)	Linking Factor (2)	2008-09	2009-10	2009	2010					
					Dec.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
1	2	3	4	5	6	7	8	9	10	11	12
All India	**830**	**5.89**	**462**	**530**	**538**	**554**	**557**	**562**	**566**	**570**	**581**
Andhra Pradesh	657	4.84	484	552	562	578	578	582	584	589	604
Assam	854	(3)	451	520	527	550	561	570	577	583	586
Bihar	858	6.22	446	500	507	515	513	517	526	534	538
Gujarat	742	5.34	459	538	552	573	575	575	574	574	596
Haryana		(5)	498	588	593	617	627	636	641	638	642
Himachal Pradesh		(5)	406	455	464	475	484	486	492	486	486
Jammu & Kashmir	843	5.98	453	524	544	546	543	545	551	561	575
Karnataka	807	5.81	458	535	546	554	564	568	575	579	595
Kerala	939	6.56	454	496	497	530	539	544	549	550	564
Madhya Pradesh	862	6.04	459	525	532	548	550	559	562	565	569
Maharashtra	801	5.85	475	562	572	586	593	591	593	604	624
Manipur		(5)	407	455	456	491	502	508	515	522	530
Meghalaya		(5)	484	540	550	553	562	563	569	573	579
Orissa	830	6.05	438	495	495	515	521	529	540	547	556
Punjab	930	(4)	501	586	593	603	608	618	619	622	624
Rajasthan	885	6.15	490	573	585	588	589	591	593	593	604
Tamil Nadu	784	5.67	455	514	526	542	543	544	542	546	566
Tripura		(5)	433	466	468	480	486	493	510	514	523
Uttar Pradesh	960	6.60	469	535	546	548	550	560	559	563	565
West Bengal	842	5.73	432	504	510	545	543	558	567	562	567

See 'Notes on Tables'.

No. 37 : Consumer Price Index Numbers for Agricultural / Rural Labourers

B : Consumer Price Index Numbers for Rural Labourers

(Base : July 1986 - June 1987 = 100)

State	1995-96(7)	2008-09	2009-10	2009	2010						
				Dec.	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
1	2	3	4	5	6	7	8	9	10	11	12
All India	**240**	**462**	**529**	**537**	**547**	**554**	**556**	**562**	**565**	**569**	**580**
Andhra Pradesh	244	482	550	559	577	576	575	579	581	586	600
Assam	243	454	524	531	543	553	564	572	580	587	589
Bihar	223	447	500	506	508	515	514	517	526	534	538
Gujarat	241	460	538	552	558	572	574	574	573	573	595
Haryana	237	495	583	587	606	613	624	631	636	634	637
Himachal Pradesh	221	420	474	484	485	495	505	506	512	504	504
Jammu & Kashmir	225	451	521	543	536	543	540	543	549	558	570
Karnataka	250	459	534	545	547	553	564	568	574	577	594
Kerala	260	456	502	504	527	536	545	548	553	554	566
Madhya Pradesh	239	463	532	540	549	556	558	566	568	572	576
Maharashtra	247	470	557	566	578	581	587	585	589	599	619
Manipur	245	407	456	458	483	492	503	509	516	523	533
Meghalaya	250	481	535	544	547	550	558	559	565	569	575
Orissa	236	439	496	496	511	515	521	529	540	546	556
Punjab	247	501	585	593	595	602	607	616	617	620	621
Rajasthan	239	486	567	580	574	581	582	584	586	586	596
Tamil Nadu	244	452	509	520	528	536	537	538	536	540	559
Tripura	219	429	462	465	468	477	484	491	509	512	522
Uttar Pradesh	231	469	532	542	539	545	548	558	556	560	652
West Bengal	232	435	506	513	532	546	545	561	570	565	570

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

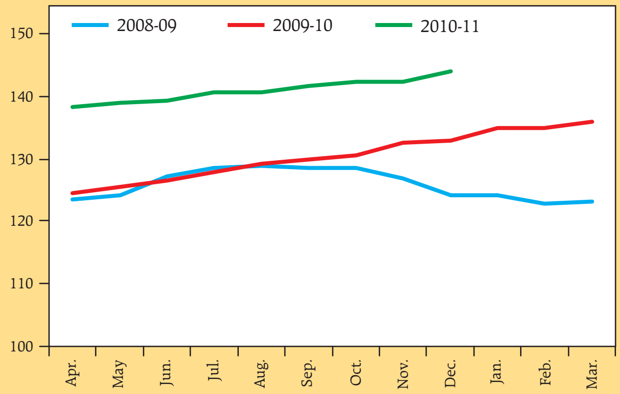
No. 38 : Index Numbers of Wholesale Prices in India - by Groups and Sub-Groups

(Base: 2004-05=100)

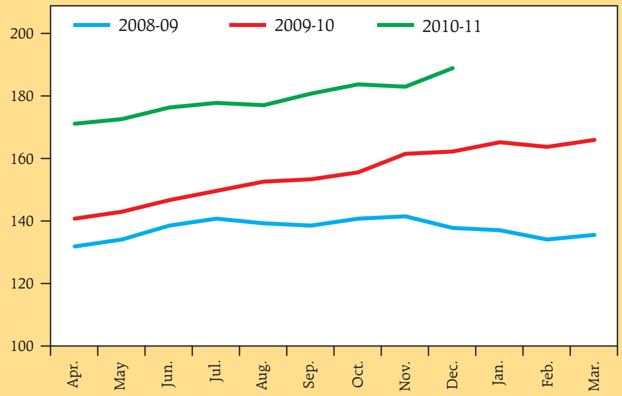
Commodities / Major Groups / Groups / Sub-Groups	Weight	2005-06	2008-09	2009-10	2009	2010					
		April-March			Dec.	Jul.	Aug.	Sep.	Oct.	Nov.(P)	Dec.(P)
1	2	3	4	5	6	7	8	9	10	11	12
ALL COMMODITIES	**100.000**	**104.4**	**125.9**	**130.4**	**132.9**	**140.6**	**140.7**	**141.5**	**142.4**	**142.3**	**144.1**
I. PRIMARY ARTICLES	**20.118**	**104.3**	**137.5**	**154.9**	**162.2**	**177.8**	**177.3**	**180.8**	**183.4**	**182.6**	**188.9**
(A) Food articles	**14.337**	**105.4**	**134.8**	**155.4**	**164.6**	**178.2**	**176.7**	**179.9**	**180.9**	**180.2**	**186.9**
a. Food Grains (Cereals+Pulses)	4.090	107.3	145.3	166.4	177.3	174.2	174.4	174.0	173.4	172.3	172.7
a1. Cereals	3.373	106.0	143.1	161.2	169.9	167.4	168.7	169.3	169.0	168.4	169.2
a2. Pulses	0.717	113.3	155.8	190.8	212.1	205.8	201.7	196.5	194.1	190.6	189.0
b. Fruits & Vegetables	3.843	108.0	134.9	147.8	155.9	171.3	161.8	169.3	175.1	172.4	191.4
b1. Vegetables	1.736	113.7	141.9	161.8	180.0	172.0	176.2	189.5	193.9	183.0	224.9
b2. Fruits	2.107	103.3	129.1	136.2	136.0	170.7	149.9	152.7	159.7	163.7	163.8
c. Milk	3.238	101.0	123.2	146.4	151.0	174.6	176.5	177.1	177.2	177.1	178.5
d. Eggs, Meat & Fish	2.414	106.3	125.4	151.5	164.3	188.2	190.1	196.1	192.2	194.6	195.9
e. Condiments & Spices	0.569	94.5	151.2	182.7	202.7	231.7	237.1	241.4	245.5	244.4	270.6
f. Other Food Articles	0.183	107.8	175.0	196.2	193.6	176.8	178.8	184.0	184.9	185.1	184.7
(B) Non-Food Articles	**4.258**	**96.7**	**129.2**	**136.2**	**140.3**	**152.2**	**153.8**	**160.6**	**166.1**	**167.7**	**171.6**
a. Fibres	0.877	96.4	137.9	140.0	149.6	157.1	157.4	183.9	193.5	193.3	201.2
b. Oil Seeds	1.781	90.4	131.2	135.0	137.4	137.1	138.4	139.7	140.1	138.0	140.9
c. Other Non-Food Articles	1.386	103.9	117.5	128.7	131.7	170.5	170.6	171.0	175.7	179.3	180.1
d. Flowers	0.213	103.8	152.3	179.2	181.9	138.8	158.3	170.9	209.1	235.0	250.2
(C) Minerals	**1.524**	**115.2**	**186.5**	**202.9**	**200.1**	**246.1**	**248.4**	**245.3**	**255.0**	**247.1**	**255.5**
a. Metallic Minerals	0.489	127.9	266.2	258.3	232.2	372.1	371.3	360.4	381.5	366.0	382.6
b. Other Minerals	0.135	104.8	144.2	146.0	150.7	144.0	145.2	154.1	157.6	154.8	158.0
c. Crude Petroleum	0.900	109.8	149.7	181.4	190.1	193.1	197.1	196.4	200.9	196.4	201.1
II. FUEL & POWER	**14.910**	**113.6**	**135.0**	**132.1**	**135.0**	**147.8**	**148.0**	**147.6**	**148.1**	**148.6**	**150.1**
a. Coal	2.094	117.6	151.3	156.5	162.7	163.0	163.0	163.0	163.0	163.0	163.0
b. Mineral Oils	9.364	116.7	141.8	135.8	138.6	156.9	157.2	156.6	157.3	158.0	160.5
c. Electricity	3.452	102.6	106.4	107.4	108.6	114.0	114.0	114.0	114.0	114.0	114.0

See 'Notes on Tables'.

Monthly Movement of the Index of WPI-All Commodities



Monthly Movement in the Index of WPI- Primary Articles

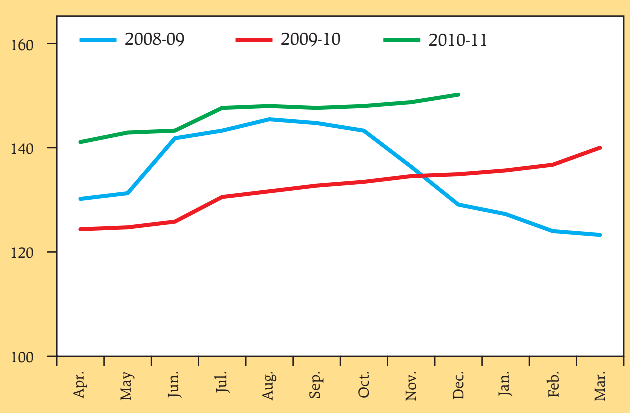


No. 38 : Index Numbers of Wholesale Prices in India - by Groups and Sub-Groups *(Contd.)*

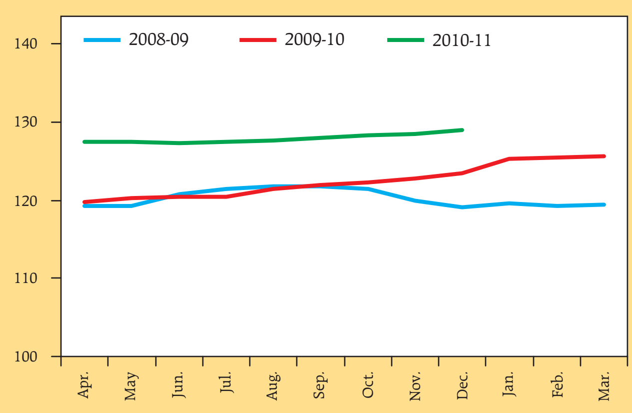
(Base: 2004-05=100)

Commodities / Major Groups / Groups / Sub-Groups	Weight	2005-06	2008-09	2009-10	2009	2010					
		April-March			Dec.	Jul.	Aug.	Sep.	Oct.	Nov.(P)	Dec.(P)
1	2	3	4	5	6	7	8	9	10	11	12
III. MANUFACTURED PRODUCTS	**64.972**	**102.3**	**120.2**	**122.4**	**123.4**	**127.4**	**127.6**	**127.9**	**128.3**	**128.4**	**128.9**
(A) Food Products	**9.974**	**101.2**	**119.9**	**136.1**	**142.2**	**139.0**	**139.2**	**140.4**	**141.0**	**141.5**	**142.7**
a. Dairy Products	0.568	99.5	122.9	138.8	145.0	151.8	151.0	150.7	150.6	151.7	151.2
b. Canning, Preserving & Processing of Food	0.358	101.7	106.3	121.1	122.2	126.4	128.5	128.6	127.1	129.3	128.2
c. Grain Mill Products	1.340	104.8	130.1	138.0	143.5	144.3	145.3	145.1	146.1	145.4	146.6
d. Bakery Products	0.444	101.3	109.9	116.3	117.0	126.3	126.3	126.3	126.3	126.3	126.3
e. Sugar, Khandsari & Gur	2.089	108.8	106.8	161.9	179.0	159.8	157.1	156.1	157.7	159.3	162.1
f. Edible Oils	3.043	94.1	121.6	114.4	115.9	116.5	118.2	119.7	119.9	120.3	122.0
g. Oil Cakes	0.494	97.7	145.1	167.3	173.4	161.2	163.1	169.0	172.3	172.0	172.2
h. Tea & Coffee Proccessing	0.711	99.4	125.1	144.8	148.6	149.1	149.8	160.2	160.2	160.7	160.4
i. Manufacture Of Salt	0.048	104.4	172.4	170.2	187.0	173.0	169.5	166.9	172.3	168.3	172.3
j. Other Food Products	0.879	106.5	117.4	134.8	137.7	139.7	139.9	139.2	139.0	138.8	138.7
(B) Beverages, Tobacco & Tobacco Products	**1.762**	**104.7**	**128.3**	**136.2**	**137.1**	**143.7**	**144.3**	**144.4**	**144.5**	**144.5**	**144.4**
a. Wine Industries	0.385	105.8	114.0	116.3	117.1	117.9	117.8	117.8	117.9	117.9	117.9
b. Malt Liquor	0.153	108.8	130.1	150.5	150.9	159.8	167.0	167.1	167.1	167.1	167.1
c. Soft Drinks & Carbonated Water	0.241	111.5	132.3	135.1	136.3	143.3	143.3	143.2	143.2	143.3	143.4
d. Manufacture of Bidi, Cigarettes, Tobacco & Zarda	0.983	101.9	132.7	142.0	143.1	151.4	151.4	151.6	151.6	151.7	151.6
(C) Textiles	**7.326**	**98.9**	**103.2**	**106.7**	**107.8**	**115.7**	**116.1**	**116.1**	**117.1**	**117.3**	**118.9**
a. Cotton Textiles	2.605	97.1	102.7	108.8	111.4	121.3	121.6	122.7	124.1	124.6	127.1
a1. Cotton Yarn	1.377	95.2	102.7	110.6	114.3	129.8	130.0	131.8	134.3	135.2	140.0
a2. Cotton Fabric	1.228	99.2	102.6	106.8	108.1	111.8	112.2	112.5	112.7	112.6	112.6
b. Man Made Textiles	2.206	98.4	102.0	102.9	102.6	111.8	112.5	110.7	111.5	112.1	113.4
b1. Man Made Fibre	1.672	97.7	100.2	101.9	102.0	112.7	113.0	110.6	111.7	112.5	114.1
b2. Man Made Fabric	0.533	100.5	107.6	105.8	104.5	109.0	111.0	110.8	110.9	110.8	110.9
c. Woollen Textiles	0.294	102.2	108.3	109.4	111.0	114.8	114.6	117.3	118.1	118.9	121.2
d. Jute Hemp & Mesta Textiles	0.261	111.6	116.6	145.8	151.8	155.6	155.9	159.3	160.7	160.1	161.4
e. Other Misc. Textiles	1.960	99.9	102.6	102.6	102.4	107.3	107.8	107.7	107.9	107.6	108.3

Monthly Movement of the Index of WPI-Fuel & Power



Monthly Movement in the Index of WPI-Manufactured Products



No. 38 : Index Numbers of Wholesale Prices in India - by Groups and Sub-Groups *(Contd.)*

(Base: 2004-05=100)

Commodities / Major Groups / Groups / Sub-Groups	Weight	2005-06	2008-09	2009-10	2009	2010					
		April-March			Dec.	Jul.	Aug.	Sep.	Oct.	Nov.(P)	Dec.(P)
1	2	3	4	5	6	7	8	9	10	11	12
(D) Wood & Wood Products	**0.587**	**105.7**	**130.7**	**143.3**	**145.9**	**147.7**	**148.1**	**149.1**	**148.7**	**148.2**	**150.8**
a. Timber/Wooden Planks	0.181	103.0	120.5	127.2	125.5	130.3	130.5	133.5	133.6	133.9	134.6
b. Processed Wood	0.128	105.3	127.9	141.0	145.2	150.1	151.8	152.1	152.1	152.1	152.1
c. Plywood & Fibre Board	0.241	108.4	142.4	160.2	165.7	164.1	164.1	163.9	162.8	161.5	167.4
d. Others	0.038	103.2	114.8	120.2	119.3	118.4	117.7	119.1	119.4	119.1	119.1
(E) Paper & Paper Products	**2.034**	**103.6**	**116.3**	**118.9**	**120.2**	**123.4**	**125.6**	**125.6**	**125.6**	**125.7**	**125.6**
a. Paper & Pulp	1.019	103.2	117.1	117.2	118.3	123.2	123.3	124.5	125.0	124.5	124.6
b. Manufacture of Boards	0.550	101.6	113.7	117.7	119.0	122.1	122.4	122.6	123.1	123.2	123.0
c. Printing & Publishing	0.465	107.0	117.6	123.8	125.5	125.5	134.5	131.2	130.1	131.4	130.8
(F) Leather & Leather Products	**0.835**	**104.3**	**122.3**	**128.4**	**129.6**	**128.7**	**128.8**	**128.2**	**128.2**	**127.9**	**128.0**
a. Leathers	0.223	99.8	120.0	123.0	122.0	123.3	123.6	123.1	123.0	123.1	123.4
b. Leather Footwear	0.409	107.8	124.1	134.7	138.4	136.7	136.8	135.8	136.0	135.3	135.2
c. Other Leather Products	0.203	102.1	121.4	121.4	120.2	118.4	118.4	118.4	118.4	118.4	118.4
(G) Rubber & Plastic Products	**2.987**	**101.9**	**117.3**	**118.2**	**118.4**	**123.7**	**123.8**	**124.1**	**125.0**	**125.0**	**125.1**
a. Tyres & Tubes	0.541	103.2	125.9	130.1	130.2	141.2	144.9	145.1	145.3	145.3	145.6
a1. Tyres	0.488	103.1	125.1	129.2	129.2	140.2	144.3	144.4	144.5	144.5	144.7
a2. Tubes	0.053	104.3	132.9	138.2	138.5	150.6	150.9	151.4	152.8	152.8	154.0
b. Plastic Products	1.861	101.1	113.8	113.4	113.4	117.3	116.6	117.0	118.2	118.1	118.0
c. Rubber Products	0.584	103.2	120.7	122.4	123.5	127.9	127.0	127.1	127.6	128.2	128.8
(H) Chemicals & Chemical Products	**12.018**	**103.8**	**118.1**	**117.8**	**118.3**	**122.1**	**122.6**	**122.8**	**123.0**	**123.0**	**123.5**
a. Basic Inorganic Chemicals	1.187	106.4	126.2	125.0	125.0	125.3	125.0	124.9	125.8	125.5	126.0
b. Basic Organic Chemicals	1.952	103.6	118.0	115.7	116.8	121.6	122.1	121.5	122.5	121.7	124.3
c. Fertilizers & Pesticides	3.145	102.2	107.4	108.5	109.3	115.0	116.0	116.1	115.9	116.1	115.9
c1. Fertilizers	2.661	102.2	106.8	108.2	109.0	115.3	116.5	116.5	116.3	116.5	116.3
c2. Pesticides	0.483	102.2	110.5	110.6	110.6	113.4	113.3	113.4	113.7	113.8	113.9
d. Paints, Varnishes & Lacquers	0.529	104.3	117.6	117.5	115.3	123.0	123.2	123.1	123.2	123.1	123.3
e. Dyestuffs & Indigo	0.563	102.3	115.5	111.9	111.5	115.2	115.0	115.7	117.7	115.8	116.5
f. Drugs & Medicines	0.456	101.3	111.4	112.7	113.7	114.8	114.8	114.8	114.8	114.8	114.8
g. Perfumes, Cosmetics, Toiletries *etc.*	1.130	104.5	129.2	134.8	134.9	136.4	137.4	137.4	137.6	137.4	137.8
h. Turpentine, Plastic Chemicals	0.586	109.6	116.9	117.4	118.9	121.7	122.1	122.3	122.6	122.8	122.8
i. Polymers Including Synthetic Rubber	0.970	103.0	119.6	116.3	113.4	120.8	120.7	123.3	121.0	123.5	122.3
j. Petrochemical Intermediates	0.869	105.1	133.5	127.7	131.3	131.3	131.3	132.2	132.6	132.6	134.4
k. Matches, Explosives & other Chemicals	0.629	102.7	121.6	123.8	125.8	128.4	128.5	128.3	128.5	128.6	128.8

No. 38 : Index Numbers of Wholesale Prices in India - by Groups and Sub-Groups *(Concld.)*

(Base: 2004-05=100)

Commodities / Major Groups / Groups / Sub-Groups	Weight	2005-06	2008-09	2009-10	2009	2010					
		April-March			Dec.	Jul.	Aug.	Sep.	Oct.	Nov.(P)	Dec.(P)
1	2	3	4	5	6	7	8	9	10	11	12
(I) Non-Metallic Mineral Products	**2.556**	**103.4**	**131.7**	**140.9**	**139.4**	**145.1**	**144.0**	**143.4**	**145.0**	**144.5**	**144.4**
a. Structural Clay Products	0.658	105.0	126.9	136.7	137.0	141.1	140.8	141.2	141.2	141.3	140.9
b. Glass, Earthenware, Chinaware & their Products	0.256	104.2	114.3	118.1	117.8	119.9	120.2	120.5	120.3	120.3	120.3
c. Cement & Lime	1.386	102.3	138.6	149.0	146.5	153.4	151.4	150.2	151.4	152.0	150.2
d. Cement, Slate & Graphite Products	0.256	104.3	123.5	129.9	129.2	135.5	136.0	135.8	145.4	137.0	146.2
(J) Basic Metals, Alloys & Metal Products	**10.748**	**101.4**	**137.0**	**125.6**	**124.6**	**133.1**	**133.4**	**133.7**	**134.3**	**134.1**	**134.5**
a. Ferrous Metals	8.064	100.1	135.3	123.1	121.9	130.7	131.0	131.4	132.0	131.7	132.2
a1. Iron & Semis	1.563	97.9	136.9	119.0	115.2	123.2	123.3	124.0	125.5	125.0	125.9
a2. Steel: Long	1.630	100.9	144.4	128.4	125.6	134.0	134.5	134.8	135.5	135.2	135.4
a3. Steel: Flat	2.611	99.0	130.1	118.3	118.7	132.3	132.2	133.2	133.6	133.6	134.6
a4. Steel: Pipes & Tubes	0.314	97.8	123.2	115.0	116.3	117.4	116.5	116.1	116.1	116.6	116.6
a5. Stainless Steel & alloys	0.938	106.2	138.8	137.9	139.6	143.6	143.8	143.5	143.9	143.2	143.4
a6. Castings & Forgings	0.871	103.8	128.8	121.7	117.6	121.5	123.8	122.9	122.6	122.3	122.0
a7. Ferro alloys	0.137	79.9	150.2	126.8	134.1	146.8	146.6	146.6	146.6	146.6	146.6
b. Non-Ferrous Metals	1.004	111.9	150.6	145.8	146.4	152.5	152.9	152.6	153.0	153.4	153.3
b1. Aluminium	0.489	108.3	127.2	121.4	121.5	125.4	126.2	125.8	126.4	126.5	126.9
b2. Other Non-Ferrous Metals	0.515	115.2	172.8	169.0	170.0	178.2	178.2	178.0	178.2	178.9	178.3
c. Metal Products	1.680	106.6	143.4	150.5	154.7	159.2	159.6	166.7	169.7	171.3	173.2
(K) Machinery & Machine Tools	**8.931**	**103.6**	**117.4**	**118.0**	**117.8**	**120.5**	**120.8**	**121.1**	**121.0**	**121.1**	**121.1**
a. Agricultural Machinery & Implements	0.139	106.4	120.4	123.2	120.4	133.7	133.7	133.7	133.7	133.7	133.7
b. Industrial Machinery	1.838	108.2	129.3	130.9	129.9	138.6	138.5	138.9	138.7	139.0	138.8
c. Construction Machinery	0.045	106.4	127.4	130.5	130.2	131.8	131.8	131.8	131.8	131.8	131.8
d. Machine Tools	0.367	105.8	116.0	120.4	121.2	129.7	136.9	139.6	139.6	139.6	139.6
e. Air Conditioner & Refrigerators	0.429	96.8	102.1	111.2	113.4	111.4	111.4	111.4	111.4	111.4	111.4
f. Non-Electrical Machinery	1.026	104.6	111.4	115.1	117.8	117.9	117.9	118.0	118.0	118.1	118.1
g. Electrical Machinery, Equipment & Batteries	2.343	103.1	123.6	122.1	120.4	123.3	123.5	123.5	123.3	123.5	123.4
h. Electrical Accessories, Wires, Cables *etc.*	1.063	108.4	134.9	132.6	132.6	131.7	131.7	131.8	132.1	131.8	132.3
i. Electrical Apparatus & Appliances	0.337	103.0	107.1	108.1	109.6	109.3	109.5	109.7	109.7	109.7	109.7
j. Electronics Items	0.961	94.9	87.8	86.2	85.8	84.1	84.5	84.6	84.6	84.6	84.8
k. IT Hardware	0.267	93.7	87.8	86.6	86.1	87.0	87.0	87.0	87.0	87.0	87.0
l. Communication Equipments	0.118	96.3	95.8	95.7	95.8	91.9	91.9	91.9	91.9	91.9	91.9
(L) Transport, Equipment & Parts	**5.213**	**102.7**	**113.3**	**116.8**	**116.7**	**120.4**	**119.3**	**119.3**	**119.6**	**119.6**	**119.7**
a. Automotives	4.231	102.2	111.9	115.9	115.8	120.3	119.0	119.0	119.3	119.3	119.5
b. Auto Parts	0.804	103.8	118.0	118.6	118.6	119.3	119.0	119.1	119.0	119.2	119.0
c. Other Transport Equipments	0.178	109.1	127.1	130.4	129.6	127.9	127.9	128.5	128.4	128.4	128.4

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

Trade and Balance of Payments

No. 39(A) : Foreign Trade (Annual and Monthly)

(₹ crore)

Year / Month	Exports			Imports			Trade Balance		
	Aggregate	Oil	Non-oil	Aggregate	Oil	Non-oil	Aggregate	Oil	Non-oil
1	2	3	4	5	6	7	8	9	10
2003-04	2,93,367	16,397	2,76,969	3,59,108	94,520	2,64,588	-65,741	-78,123	12,382
2004-05	3,75,340	31,404	3,43,935	5,01,065	1,34,094	3,66,971	-1,25,725	-1,02,690	-23,035
2005-06	4,56,418	51,533	4,04,885	6,60,409	1,94,640	4,65,769	-2,03,991	-1,43,107	-60,884
2006-07	5,71,779	84,520	4,87,259	8,40,506	2,58,572	5,81,935	-2,68,727	-1,74,052	-94,675
2007-08	6,55,864	1,14,192	5,41,672	10,12,312	3,20,655	6,91,657	-3,56,448	-2,06,463	-1,49,985
2008-09	8,40,755	1,23,398	7,17,357	13,74,436	4,19,968	9,54,468	-5,33,680	-2,96,570	-2,37,111
2009-10	8,45,125	1,32,616	7,12,509	13,56,469	4,11,579	9,44,890	-5,11,343	-2,78,963	-2,32,381
2008-09									
April	73,883	11,376	62,507	1,21,335	35,742	85,593	-47,453	-24,366	-23,087
May	78,717	11,498	67,220	1,24,031	44,211	79,820	-45,314	-32,713	-12,601
June	82,133	15,361	66,772	1,23,967	43,332	80,635	-41,834	-27,971	-13,863
July	81,523	16,083	65,439	1,35,477	54,299	81,178	-53,955	-38,215	-15,739
August	76,254	13,972	62,281	1,43,940	49,467	94,474	-67,686	-35,494	-32,192
September	71,941	11,635	60,306	1,41,865	43,483	98,382	-69,925	-31,848	-38,077
October	68,754	10,335	58,420	1,25,868	35,445	90,423	-57,114	-25,111	-32,003
November	54,699	6,403	48,296	1,15,091	29,174	85,917	-60,391	-22,771	-37,621
December	65,015	6,382	58,633	94,625	22,277	72,347	-29,609	-15,895	-13,714
January	62,844	6,633	56,212	89,015	22,091	66,924	-26,171	-15,458	-10,712
February	58,822	5,919	52,904	74,198	19,059	55,139	-15,376	-13,141	-2,235
March	66,169	7,801	58,368	85,022	21,387	63,636	-18,854	-13,586	-5,268
2009-10 R									
April	62,456	7,592	54,863	96,823	23,729	73,095	-34,368	-16,136	-18,231
May	59,776	7,281	52,495	97,243	25,757	71,486	-37,467	-18,476	-18,991
June	64,999	6,773	58,227	1,10,137	31,539	78,598	-45,138	-24,767	-20,371
July	69,524	8,768	60,756	1,05,312	35,604	69,708	-35,788	-26,835	-8,952
August	65,670	10,199	55,470	1,08,506	33,525	74,981	-42,836	-23,325	-19,511
September	70,838	11,655	59,184	1,04,275	31,708	72,567	-33,437	-20,054	-13,383
October	69,175	12,799	56,376	1,21,175	39,179	81,996	-52,000	-26,380	-25,620
November	69,537	13,709	55,828	1,16,402	35,146	81,256	-46,865	-21,436	-25,429
December	76,993	14,374	62,620	1,31,452	38,449	93,003	-54,459	-24,075	-30,384
January	71,555	11,409	60,146	1,16,023	39,126	76,897	-44,468	-27,717	-16,751
February	72,813	11,010	61,803	1,20,358	38,172	82,186	-47,545	-27,162	-20,383
March	91,816	17,047	74,769	1,33,721	39,674	94,047	-41,905	-22,627	-19,277
2010-11 P									
April	78,903	12,462	66,441	1,26,781	42,070	84,711	-47,878	-29,608	-18,270
May	75,643	11,835	63,808	1,24,670	39,266	85,404	-49,026	-27,430	-21,596
June	92,812	15,569	77,243	1,23,887	36,464	87,424	-31,075	-20,894	-10,181
July	76,472	13,692	62,781	1,26,365	39,125	87,240	-49,893	-25,434	-24,460
August	78,005	13,798	64,207	1,26,066	32,187	93,879	-48,061	-18,389	-29,672
September	83,371	14,940	68,431	1,15,569	34,540	81,029	-32,198	-19,600	-12,597
October	79,763	..	..	1,22,970	37,350	85,620	-43,207	..	..
November	85,063	..	..	1,25,133	34,775	90,358	-40,070	..	..

P : Provisional. R : Revised. .. : Not Available. **Source :** DGCI & S and Ministry of Commerce & Industry.

Note : Monthly data may not add up to the annual data on account of revision in monthly figures.

Also see 'Notes on Tables'.

No. 39(B) : Foreign Trade (Annual and Monthly)

(US$ Million)

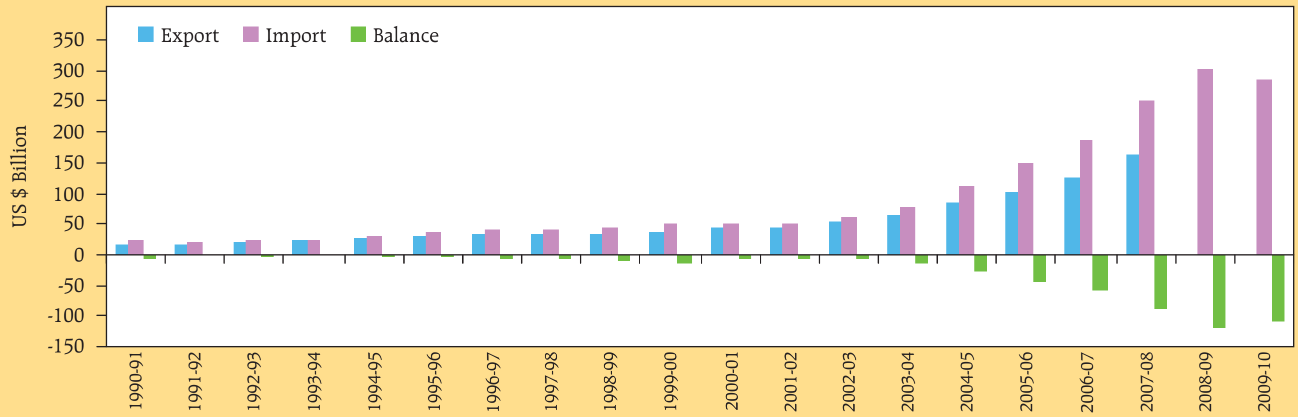
Year / Month	Exports			Imports			Trade Balance		
	Aggregate	Oil	Non-oil	Aggregate	Oil	Non-oil	Aggregate	Oil	Non-oil
1	2	3	4	5	6	7	8	9	10
2003-04	63,843	3,568	60,274	78,149	20,569	57,580	-14,307	-17,001	2,694
2004-05	83,536	6,989	76,547	111,517	29,844	81,673	-27,981	-22,855	-5,127
2005-06	103,091	11,640	91,451	149,166	43,963	105,203	-46,075	-32,323	-13,752
2006-07	126,414	18,635	107,779	185,735	56,945	128,790	-59,321	-38,311	-21,011
2007-08	162,904	28,363	134,541	251,439	79,645	171,795	-88,535	-51,281	-37,254
2008-09	185,295	27,547	157,748	303,696	93,672	210,025	-118,401	-66,125	-52,277
2009-10	178,662	28,131	150,531	286,823	87,121	199,702	-108,161	-58,990	-49,171
2008-09 R									
April	18,460	2,842	15,618	30,317	8,931	21,386	-11,857	-6,088	-5,768
May	18,687	2,729	15,957	29,444	10,495	18,948	-10,757	-7,766	-2,991
June	19,181	3,587	15,594	28,951	10,120	18,831	-9,770	-6,532	-3,237
July	19,030	3,754	15,276	31,625	12,675	18,950	-12,595	-8,921	-3,674
August	17,759	3,254	14,505	33,523	11,521	22,003	-15,764	-8,266	-7,497
September	15,789	2,554	13,236	31,136	9,543	21,592	-15,347	-6,990	-8,357
October	14,131	2,124	12,007	25,869	7,285	18,584	-11,738	-5,161	-6,577
November	11,163	1,307	9,856	23,488	5,954	17,534	-12,325	-4,647	-7,678
December	13,368	1,312	12,056	19,456	4,581	14,876	-6,088	-3,268	-2,820
January	12,869	1,358	11,511	18,228	4,524	13,704	-5,359	-3,165	-2,194
February	11,941	1,201	10,739	15,062	3,869	11,193	-3,121	-2,668	-454
March	12,916	1,523	11,394	16,597	4,175	12,422	-3,680	-2,652	-1,028
2009-10 P									
April	12,476	1,517	10,959	19,341	4,740	14,601	-6,865	-3,223	-3,642
May	12,316	1,500	10,816	20,036	5,307	14,729	-7,720	-3,807	-3,913
June	13,606	1,418	12,189	23,055	6,602	16,453	-9,449	-5,184	-4,264
July	14,341	1,809	12,533	21,723	7,344	14,379	-7,382	-5,536	-1,847
August	13,586	2,110	11,476	22,449	6,936	15,513	-8,862	-4,826	-4,037
September	14,624	2,406	12,218	21,527	6,546	14,981	-6,903	-4,140	-2,763
October	14,806	2,739	12,067	25,936	8,389	17,547	-11,130	-5,650	-5,480
November	14,933	2,944	11,989	24,997	7,550	17,446	-10,064	-4,606	-5,458
December	16,512	3,083	13,429	28,191	8,246	19,945	-11,679	-5,163	-6,516
January	15,569	2,482	13,087	25,245	8,513	16,731	-9,675	-6,031	-3,645
February	15,717	2,377	13,340	25,980	8,240	17,740	-10,263	-5,863	-4,400
March	20,181	3,747	16,434	29,391	8,720	20,671	-9,211	-4,973	-4,237
2010-11 P									
April	17,731	2,801	14,931	28,490	9,454	19,036	-10,759	-6,653	-4,106
May	16,512	2,583	13,928	27,214	8,571	18,643	-10,702	-5,988	-4,714
June	19,931	3,343	16,587	26,604	7,830	18,774	-6,673	-4,487	-2,186
July	16,327	2,923	13,404	26,980	8,353	18,626	-10,653	-5,430	-5,222
August	16,751	2,963	13,788	27,071	6,912	20,160	-10,321	-3,949	-6,372
September	18,100	3,243	14,856	25,090	7,499	17,591	-6,990	-4,255	-2,735
October	17,960	..	..	27,689	8,410	19,279	-9,729	..	..
November	18,895	..	..	27,796	7,725	20,071	-8,901	..	..

P : Provisional. R : Revised. .. : Not Available. **Source :** DGCI & S and Ministry of Commerce & Industry.

Note : Monthly data may not add up to the annual data on account of revision in monthly figures.

Also see 'Notes on Tables'.

Foreign Trade



No. 40 : India's Overall Balance of Payments

(₹ crore)

Item	2006-07			2007-08		
	Credit	Debit	Net	Credit	Debit	Net
1	2	3	4	5	6	7
A. CURRENT ACCOUNT						
I. MERCHANDISE	**5,82,871**	**8,62,833**	**-2,79,962**	**6,68,008**	**10,35,672**	**-3,67,664**
II. INVISIBLES (a+b+c)	**5,17,146**	**2,81,567**	**2,35,579**	**5,98,088**	**2,93,902**	**3,04,185**
a) Services	3,33,093	2,00,029	1,33,064	3,63,042	2,06,798	1,56,244
i) Travel	41,127	30,249	10,878	45,526	37,191	8,335
ii) Transportation	36,049	36,504	-455	40,199	46,278	-6,079
iii) Insurance	5,403	2,903	2,500	6,586	4,192	2,393
iv) G.n.i.e.	1,143	1,825	-682	1,331	1,518	-186
v) Miscellaneous	2,49,371	1,28,548	1,20,823	2,69,400	1,17,618	1,51,781
of which						
Software Services	1,41,356	10,212	1,31,144	1,62,020	13,494	1,48,526
Business Services	65,738	71,500	-5,762	67,430	66,469	961
Financial Services	14,010	13,460	550	12,917	12,560	357
Communication Services	10,227	3,589	6,638	9,682	3,462	6,220
b) Transfers	1,42,037	6,288	1,35,749	1,77,745	9,293	1,68,452
i) Official	2,864	1,723	1,141	3,024	2,073	951
ii) Private	1,39,173	4,565	1,34,608	1,74,721	7,220	1,67,501
c) Income	42,016	75,250	-33,234	57,300	77,811	-20,511
i) Investment Income	40,297	70,955	-30,658	55,451	73,410	-17,959
ii) Compensation of Employees	1,719	4,295	-2,576	1,849	4,402	-2,552
Total Current Account (I+II)	**11,00,017**	**11,44,400**	**-44,383**	**12,66,096**	**13,29,575**	**-63,479**
B. CAPITAL ACCOUNT						
1. Foreign Investment (a+b)	**6,00,951**	**5,34,160**	**66,791**	**10,86,530**	**9,12,135**	**1,74,395**
a) Foreign Direct Investment (i+ii)	1,06,464	71,554	34,910	1,49,902	86,125	63,776
i. In India	1,03,037	385	1,02,652	1,39,885	465	1,39,420
Equity	74,354	385	73,969	1,07,749	434	1,07,315
Reinvested Earnings	26,371	–	26,371	30,916	–	30,916
Other Capital	2,312	–	2,312	1,220	31	1,189
ii. Abroad	3,427	71,169	-67,742	10,017	85,660	-75,644
Equity	3,427	60,138	-56,711	10,017	67,956	-57,939
Reinvested Earnings	–	4,868	-4,868	–	4,365	-4,365
Other Capital	–	6,163	-6,163	–	13,340	-13,340
b) Portfolio Investment	4,94,487	4,62,606	31,881	9,36,628	8,26,009	1,10,619
i) In India	4,94,102	4,62,472	31,630	9,35,683	8,25,715	1,09,968
of which						
FIIs	4,77,132	4,62,472	14,660	9,07,936	8,25,715	82,221
ADR/GDRs	16,961	–	16,961	26,556	–	26,556
ii) Abroad	385	134	251	945	294	651
2. Loans (a+b+c)	**2,46,525**	**1,36,091**	**1,10,434**	**3,30,331**	**1,66,840**	**1,63,491**
a) External Assistance	16,978	9,005	7,973	17,019	8,553	8,466
i) By India	90	144	-54	94	112	-18
ii) To India	16,888	8,861	8,027	16,925	8,441	8,484
b) Commercial Borrowings	93,932	21,567	72,365	1,21,942	30,855	91,086
i) By India	2,837	4,361	-1,524	6,412	6,538	-126
ii) To India	91,095	17,206	73,889	1,15,529	24,317	91,212
c) Short Term to India	1,35,615	1,05,519	30,096	191,370	1,27,432	63,939
i) Suppliers' Credit >180 days & Buyers' Credit	1,15,125	1,00,196	14,929	1,71,184	1,27,432	43,752
ii) Suppliers' Credit up to 180 days	20,490	5,323	15,167	20,187	-	20,187
3. Banking Capital (a+b)	**1,67,494**	**1,59,017**	**8,477**	**2,23,979**	**1,76,824**	**47,155**
a) Commercial Banks	1,65,656	1,58,660	6,996	2,23,664	1,75,113	48,551
i) Assets	64,972	80,726	-15,754	78,366	50,734	27,632
ii) Liabilities	1,00,684	77,934	22,750	1,45,298	1,24,379	20,919
of which: Non-Resident Deposits	89,950	70,376	19,574	1,18,077	1,17,372	705
b) Others	1,838	357	1,481	315	1,712	-1,397
4. Rupee Debt Service	**–**	**725**	**-725**	**–**	**492**	**-492**
5. Other Capital	**36,797**	**18,101**	**18,696**	**1,17,094**	**73,716**	**43,377**
Total Capital Account (1 to 5)	**10,51,767**	**8,48,094**	**2,03,673**	**17,57,933**	**13,30,007**	**4,27,926**
C. Errors & Omissions	**4,344**	**–**	**4,344**	**5,241**	**–**	**5,241**
D. Overall Balance (Total Current Account, Capital Account and Errors & Omissions (A+B+C))	**21,56,128**	**19,92,494**	**1,63,634**	**30,29,270**	**26,59,582**	**3,69,689**
E. Monetary Movements (i+ii)	**–**	**1,63,634**	**-1,63,634**	**–**	**3,69,689**	**-3,69,689**
i) I.M.F.	–	–	–	–	–	–
ii) Foreign Exchange Reserves (Increase - / Decrease +)	–	1,63,634	-1,63,634	–	3,69,689	-3,69,689
of which SDR allocation	–	–	–	–	–	–

P: Preliminary PR: Partially Revised

No. 40 : India's Overall Balance of Payments *(Contd.)*

(₹ crore)

Item	2008-09			2009-10 PR		
	Credit	Debit	Net	Credit	Debit	Net
1	8	9	10	11	12	13
A. CURRENT ACCOUNT						
I. MERCHANDISE	**8,57,960**	**14,05,412**	**-5,47,452**	**8,62,333**	**14,23,079**	**-5,60,746**
II. INVISIBLES (a+b+c)	**7,70,429**	**3,50,608**	**4,19,821**	**7,74,512**	**3,94,392**	**3,80,120**
a) Services	4,88,010	2,39,604	2,48,406	4,53,246	2,83,403	1,69,843
i) Travel	50,226	43,336	6,890	56,045	44,240	11,805
ii) Transportation	52,073	58,531	-6,458	52,902	56,398	-3,496
iii) Insurance	6,531	5,230	1,301	7,598	6,102	1,496
iv) G.n.i.e.	1,771	3,777	-2,006	2,083	2,487	-404
v) Miscellaneous	3,77,409	1,28,730	2,48,679	3,34,618	1,74,176	1,60,442
of which						
Software Services	2,12,242	11,608	2,00,634	2,35,161	6,992	2,28,169
Business Services	85,544	70,922	14,622	53,749	85,312	-31,563
Financial Services	20,425	13,569	6,856	17,716	21,927	-4,211
Communication Services	10,525	5,027	5,498	5,858	6,407	-549
b) Transfers	2,16,906	12,568	2,04,338	2,59,244	10,967	2,48,277
i) Official	3,029	1,900	1,129	3,403	2,239	1,164
ii) Private	2,13,877	10,668	2,03,209	2,55,841	8,728	2,47,113
c) Income	65,513	98,436	-32,923	62,022	1,00,022	-38,000
i) Investment Income	61,723	92,418	-30,695	57,689	91,969	-34,280
ii) Compensation of Employees	3,790	6,018	-2,228	4,333	8,053	-3,720
Total Current Account (I+II)	**16,28,389**	**17,56,020**	**-1,27,631**	**16,36,845**	**1,817,471**	**-1,80,626**
B. CAPITAL ACCOUNT						
1. Foreign Investment (a+b)	**7,55,703**	**7,33,018**	**22,685**	**9,43,447**	**6,99,806**	**2,43,641**
a) Foreign Direct Investment (i+ii)	1,76,679	88,945	87,734	1,83,186	93,511	89,675
i. In India	1,71,592	773	1,70,819	1,79,723	21,829	1,57,894
Equity	1,26,394	773	1,25,621	1,29,326	19,977	1,09,349
Reinvested Earnings	41,541	–	41,541	41,125	–	41,125
Other Capital	3,657	–	3,657	9,272	1,852	7,420
ii. Abroad	5,087	88,172	-83,085	3,463	71,682	-68,219
Equity	5,087	68,976	-63,889	3,463	47,794	-44,331
Reinvested Earnings	–	4,986	-4,986	–	5,143	-5,143
Other Capital	–	14,210	-14,210	–	18,745	-18,745
b) Portfolio Investment	5,79,024	6,44,073	-65,049	7,60,261	6,06,295	1,53,966
i) In India	5,78,344	6,42,544	-64,200	7,59,004	6,05,119	1,53,885
of which						
FIIs	5,73,451	6,42,548	-69,097	7,43,016	6,05,119	1,37,897
ADR/GDRs	4,890	–	4,890	15,994	–	15,994
ii) Abroad	680	1,529	-849	1,257	1,176	81
2. Loans (a+b+c)	**2,85,412**	**2,50,612**	**34,800**	**3,49,720**	**2,88,047**	**61,673**
a) External Assistance	24,435	12,877	11,558	27,863	14,251	13,612
i) By India	332	1,913	-1,581	247	1,992	-1,745
ii) To India	24,103	10,964	13,139	27,616	12,259	15,357
b) Commercial Borrowings	70,846	34,316	36,530	70,371	57,188	13,183
i) By India	9,225	3,643	5,582	4,610	7,101	-2,491
ii) To India	61,621	30,673	30,948	65,761	50,087	15,674
c) Short Term to India	1,90,131	2,03,419	-13,288	2,51,486	2,16,608	34,878
i) Suppliers' Credit > 180 days & Buyers' Credit	1,77,843	1,77,675	168	2,29,568	2,07,865	21,703
ii) Suppliers' Credit up to 180 days	12,288	25,744	-13,456	21,918	8,743	13,175
3. Banking Capital (a+b)	**2,95,408**	**3,14,613**	**-19,205**	**2,92,105**	**2,82,261**	**9,844**
a) Commercial Banks	2,94,843	3,11,869	-17,026	2,89,280	2,80,091	9,189
i) Assets	1,14,753	1,30,576	-15,823	81,517	72,633	8,884
ii) Liabilities	1,80,090	1,81,293	-1,203	2,07,763	2,07,458	305
of which: Non-Resident Deposits	1,71,047	1,50,617	20,430	1,96,435	1,82,181	14,254
b) Others	565	2,744	-2,179	2,825	2,170	655
4. Rupee Debt Service	**–**	**471**	**-471**	**–**	**452**	**-452**
5. Other Capital	**85,467**	**97,258**	**-11,791**	**54,300**	**1,16,874**	**-62,574**
Total Capital Account (1 to 5)	**14,21,990**	**13,95,972**	**26,018**	**16,39,572**	**13,87,440**	**2,52,132**
C. Errors & Omissions	**4,498**	**–**	**4,498**	**–**	**7,269**	**-7,269**
D. Overall Balance (Total Current Account, Capital Account and Errors & Omissions (A+B+C))	**30,54,877**	**31,51,992**	**-97,115**	**32,76,417**	**32,12,180**	**64,237**
E. Monetary Movements (i+ii)	**97,115**	**–**	**97,115**	**–**	**64,237**	**-64,237**
i) I.M.F. -	–	–	–	–	–	–
ii) Foreign Exchange Reserves (Increase - / Decrease +)	97,115	–	97,115	–	–	-64,237
of which SDR allocation	–	–	–	–	24,983	-24,983

No. 40 : India's Overall Balance of Payments *(Contd.)*

(₹ crore)

Item	Apr-Jun 2008			Jul-Sep 2008		
	Credit	Debit	Net	Credit	Debit	Net
1	14	15	16	17	18	19
A. CURRENT ACCOUNT						
I. MERCHANDISE	**2,39,332**	**3,44,307**	**-1,04,975**	**2,34,792**	**4,06,064**	**-1,71,272**
II. INVISIBLES (a+b+c)	**1,66,564**	**75,754**	**90,810**	**2,05,410**	**87,832**	**1,17,578**
a) Services	98,374	51,420	46,954	1,26,967	59,214	67,753
i) Travel	10,431	9,012	1,419	12,196	11,868	328
ii) Transportation	10,894	13,863	-2,969	13,314	16,421	-3,107
iii) Insurance	1,457	946	511	1,652	1,340	312
iv) G.n.i.e.	541	460	81	355	418	-63
v) Miscellaneous	75,051	27,139	47,912	99,450	29,167	70,283
of which						
Software Services	50,324	3,514	46,810	53,061	2,999	50,062
Business Services	17,025	13,403	3,622	23,685	17,144	6,541
Financial Services	2,563	2,583	-20	7,323	4,229	3,094
Communication Services	2,125	944	1,181	3,239	1,298	1,941
b) Transfers	53,307	2,725	50,582	60,297	3,637	56,660
i) Official	616	447	169	222	424	-202
ii) Private	52,691	2,278	50,413	60,075	3,213	56,862
c) Income	14,883	21,609	-6,726	18,146	24,981	-6,835
i) Investment Income	14,239	20,241	-6,002	16,878	23,532	-6,654
ii) Compensation of Employees	644	1,368	-724	1,268	1,449	-181
Total Current Account (I+II)	**4,05,896**	**4,20,061**	**-14,165**	**4,40,202**	**4,93,896**	**-53,694**
B. CAPITAL ACCOUNT						
1. Foreign Investment (a+b)	**2,23,581**	**2,02,797**	**20,784**	**2,30,063**	**2,11,242**	**18,821**
a) Foreign Direct Investment (i+ii)	53,760	15,452	38,308	43,428	18,867	24,561
i. In India	52,778	89	52,689	42,046	229	41,817
Equity	42,689	89	42,600	32,012	229	31,783
Reinvested Earnings	9,406	–	9,406	9,885	–	9,885
Other Capital	683	–	683	149	–	149
ii. Abroad	982	15,363	-14,381	1,382	18,638	-17,256
Equity	982	11,085	-10,103	1,382	14,443	-13,061
Reinvested Earnings	–	1,129	-1,129	–	1,187	-1,187
Other Capital	–	3,149	-3,149	–	3,008	-3,008
b) Portfolio Investment	1,69,821	1,87,345	-17,524	1,86,635	1,92,375	-5,740
i) In India	1,69,728	1,87,129	-17,401	1,86,579	1,92,277	-5,698
of which						
FIIs	1,65,566	1,87,131	-21,565	1,85,984	1,92,276	-6,292
ADR/GDRs	4,161	–	4,161	595	–	595
ii) Abroad	93	216	-123	56	98	-42
2. Loans (a+b+c)	**66,239**	**40,424**	**25,815**	**71,382**	**60,148**	**11,234**
a) External Assistance	3,920	2,728	1,192	4,912	2,946	1,966
i) By India	75	433	-358	79	455	-376
ii) To India	3,845	2,295	1,550	4,833	2,491	2,342
b) Commercial Borrowings	11,473	5,292	6,181	15,645	8,139	7,506
i) By India	1,680	793	887	2,327	605	1,722
ii) To India	9,793	4,499	5,294	13,318	7,534	5,784
c) Short Term to India	50,846	32,404	18,442	50,825	49,063	1,762
i) Suppliers' Credit >180 days & Buyers' Credit	38,558	32,404	6,154	50,825	42,754	8,071
ii) Suppliers' Credit up to 180 days	12,288	–	12,288	–	6,309	-6,309
3. Banking Capital (a+b)	**91,588**	**80,359**	**11,229**	**71,626**	**61,666**	**9,960**
a) Commercial Banks	91,588	79,728	11,860	71,626	61,655	9,971
i) Assets	47,726	43,876	3,850	28,879	22,564	6,315
ii) Liabilities	43,862	35,852	8,010	42,747	39,091	3,656
of which : Non-Resident Deposits	37,898	34,509	3,389	40,172	39,040	1,132
b) Others	–	631	-631	–	11	-11
4. Rupee Debt Service	**–**	**123**	**-123**	**–**	**12**	**-12**
5. Other Capital	**19,178**	**54,215**	**-35,037**	**21,391**	**33,631**	**-12,240**
Total Capital Account (1 to 5)	**4,00,586**	**3,77,918**	**22,668**	**3,94,462**	**3,66,699**	**27,763**
C. Errors & Omissions	**807**	**–**	**807**	**5,206**	**–**	**5,206**
D. Overall Balance (Total Current Account, Capital Account and Errors & Omissions (A+B+C))	**8,07,289**	**7,97,979**	**9,310**	**8,39,870**	**8,60,595**	**-20,725**
E. Monetary Movements (i+ii)	**–**	**9,310**	**-9,310**	**20,725**	**–**	**20,725**
i) I.M.F.	–	–	–	–	–	–
ii) Foreign Exchange Reserves (Increase - / Decrease +)	–	9,310	-9,310	20,725	–	20,725

No. 40 : India's Overall Balance of Payments *(Contd.)*

(₹ crore)

Item	Oct-Dec 2008			Jan-Mar 2009		
	Credit	Debit	Net	Credit	Debit	Net
1	20	21	22	23	24	25
A. CURRENT ACCOUNT						
I. MERCHANDISE	**1,92,300**	**3,62,934**	**-1,70,634**	**1,91,536**	**2,92,107**	**-1,00,571**
II. INVISIBLES (a+b+c)	**2,06,832**	**94,080**	**1,12,752**	**1,91,623**	**92,942**	**98,681**
a) Services	1,37,643	63,874	73,769	1,25,026	65,096	59,930
i) Travel	14,260	9,487	4,773	13,339	12,969	370
ii) Transportation	13,351	15,806	-2,455	14,514	12,441	2,073
iii) Insurance	1,692	1,305	387	1,730	1,639	91
iv) G.n.i.e.	471	1,134	-663	404	1,765	-1,361
v) Miscellaneous	1,07,869	36,142	71,727	95,039	36,282	58,757
of which						
Software Services	54,975	2,828	52,147	53,882	2,267	51,615
Business Services	23,655	17,397	6,258	21,179	22,978	-1,799
Financial Services	5,422	3,607	1,815	5,117	3,150	1,967
Communication Services	2,667	1,252	1,415	2,494	1,533	961
b) Transfers	53,625	4,122	49,503	49,677	2,084	47,593
i) Official	1,390	477	913	801	552	249
ii) Private	52,235	3,645	48,590	48,876	1,532	47,344
c) Income	15,564	26,084	-10,520	16,920	25,762	-8,842
i) Investment Income	14,628	24,435	-9,807	15,978	24,210	-8,232
ii) Compensation of Employees	936	1,649	-713	942	1,552	-610
Total Current Account (I+II)	**3,99,132**	**4,57,014**	**-57,882**	**3,83,159**	**3,85,049**	**-1,890**
B. CAPITAL ACCOUNT						
1. Foreign Investment (a+b)	**1,64,376**	**1,89,299**	**-24,923**	**1,37,683**	**1,29,680**	**8,003**
a) Foreign Direct Investment (i+ii)	34,679	31,217	3,462	44,812	23,409	21,403
i. In India	33,653	141	33,512	43,115	314	42,801
Equity	20,076	141	19,935	31,617	314	31,303
Reinvested Earnings	11,011	–	11,011	11,239	–	11,239
Other Capital	2,566	–	2,566	259	–	259
ii. Abroad	1,026	31,076	-30,050	1,697	23,095	-21,398
Equity	1,026	24,479	-23,453	1,697	18,969	-17,272
Reinvested Earnings	–	1,321	-1,321	–	1,349	-1,349
Other Capital	–	5,276	-5,276	–	2,777	-2,777
b) Portfolio Investment	1,29,697	1,58,082	-28,385	92,871	1,06,271	-13,400
i) In India	1,29,554	1,57,773	-28,219	92,483	1,05,365	-12,882
of which						
FIIs	1,29,520	1,57,773	-28,253	92,381	1,05,368	-12,987
ADR/GDRs	34	–	34	100	–	100
ii) Abroad	143	309	-166	388	906	-518
2. Loans (a+b+c)	**77,059**	**75,185**	**1,874**	**70,732**	**74,855**	**-4,123**
a) External Assistance	8,251	3,699	4,552	7,352	3,504	3,848
i) By India	88	507	-419	90	518	-428
ii) To India	8,163	3,192	4,971	7,262	2,986	4,276
b) Commercial Borrowings	26,310	8,406	17,904	17,418	12,479	4,939
i) By India	3,230	721	2,509	1,988	1,524	464
ii) To India	23,080	7,685	15,395	15,430	10,955	4,475
c) Short Term to India	42,498	63,080	-20,582	45,962	58,872	-12,910
i) Suppliers' Credit >180 days & Buyers' Credit	42,498	50,504	-8,006	45,962	52,013	-6,051
ii) Suppliers' Credit up to 180 days	–	12,576	-12,576	–	6,859	-6,859
3. Banking Capital (a+b)	**72,315**	**96,483**	**-24,168**	**59,879**	**76,105**	**-16,226**
a) Commercial Banks	72,303	94,381	-22,078	59,326	76,105	-16,779
i) Assets	25,317	36,772	-11,455	12,831	27,364	-14,533
ii) Liabilities	46,986	57,609	-10,623	46,495	48,741	-2,246
of which : Non-Resident Deposits	46,532	41,453	5,079	46,445	35,615	10,830
b) Others	12	2,102	-2,090	553	-	553
4. Rupee Debt Service	**–**	**–**	**–**	**–**	**336**	**-336**
5. Other Capital	**24,406**	**3,379**	**21,027**	**20,492**	**6,033**	**14,459**
Total Capital Account (1 to 5)	**3,38,156**	**3,64,346**	**-26,190**	**2,88,786**	**2,87,009**	**1,777**
C. Errors & Omissions	**–**	**3,121**	**-3,121**	**1,606**	**–**	**1,606**
D. Overall Balance (Total Current Account, Capital Account and Errors & Omissions (A+B+C))	**7,37,288**	**8,24,481**	**-87,193**	**6,73,551**	**6,72,058**	**1,493**
E. Monetary Movements (i+ii)	**87,193**	**–**	**87,193**	**–**	**1,493**	**-1,493**
i) I.M.F.	–	–	-	–	–	–
ii) Foreign Exchange Reserves (Increase - / Decrease +)	87,193	–	87,193	–	1,493	-1,493

No. 40 : India's Overall Balance of Payments *(Contd.)*

(₹ crore)

Item	Apr-June 2009 PR			July-Sept 2009 PR		
	Credit	Debit	Net	Credit	Debit	Net
1	26	27	28	29	30	31
A. CURRENT ACCOUNT						
I. MERCHANDISE	**1,91,086**	**3,19,245**	**-1,28,159**	**2,10,146**	**3,53,374**	**-1,43,228**
II. INVISIBLES (a+b+c)	**1,88,744**	**80,907**	**1,07,837**	**1,96,100**	**97,290**	**98,810**
a) Services	1,09,243	53,454	55,789	1,03,458	66,356	37,102
i) Travel	11,207	9,929	1,278	13,165	11,412	1,753
ii) Transportation	12,202	13,549	-1,347	12,443	10,754	1,689
iii) Insurance	1,893	1,532	361	1,859	1,651	208
iv) G.n.i.e.	488	503	-15	484	629	-145
v) Miscellaneous	83,453	27,941	55,512	75,507	41,910	33,597
of which						
Software Services	53,687	1,908	51,779	54,261	2,121	52,140
Business Services	12,617	16,076	-3,459	12,124	22,330	-10,206
Financial Services	5,445	4,074	1,371	3,544	5,495	-1951
Communication Services	2,039	1,356	683	1,486	1,515	-29
b) Transfers	65,108	2,293	62,815	69,648	2,750	66,898
i) Official	229	537	-308	813	523	290
ii) Private	64,879	1,756	63,123	68,835	2,227	66,608
c) Income	14,393	25,160	-10,767	22,994	28,184	-5,190
i) Investment Income	13,285	23,448	-10,163	22,001	26,528	-4,527
ii) Compensation of Employees	1,108	1,712	-604	993	1,656	-663
Total Current Account (I+II)	**3,79,830**	**4,00,152**	**-20,322**	**4,06,246**	**4,50,664**	**-44,418**
B. CAPITAL ACCOUNT						
1. Foreign Investment (a+b)	**2,36,997**	**1,73,108**	**63,889**	**2,70,846**	**1,87,666**	**83,180**
a) Foreign Direct Investment (i+ii)	48,550	25,000	23,550	56,067	19,740	36,327
i. In India	47,940	4,518	43,422	55,607	3,060	52,547
Equity	35,567	4,391	31,176	41,382	2,891	38,491
Reinvested Earnings	10,573	–	10,573	10,492	–	10,492
Other Capital	1,800	127	1,673	3,733	169	3,564
ii. Abroad	610	20,482	-19,872	460	16,680	-16,220
Equity	610	14,554	-13,944	460	10,347	-9,887
Reinvested Earnings	–	1,322	-1,322	–	1,312	-1,312
Other Capital	–	4,606	-4,606	–	5,021	-5,021
b) Portfolio Investment	1,88,447	1,48,108	40,339	2,14,779	1,67,926	46,853
i) In India	1,88,335	1,47,986	40,349	2,14,760	1,67,790	46,970
of which						
FIIs	1,88,125	1,47,986	40,139	2,01,867	1,67,790	34,077
GDRs/ADRs	210	–	210	12,898	–	12,898
ii) Abroad	112	122	-10	19	136	-117
2. Loans (a+b+c)	**63,972**	**70,954**	**-6,982**	**80,508**	**65,339**	**15,169**
a) External Assistance	4,947	3,552	1,395	7,151	3,583	3,568
i) By India	63	512	-449	63	508	-445
ii) To India	4,884	3,040	1,844	7,088	3,075	4,013
b) Commercial Borrowings	9,621	11,871	-2,250	15,605	9,848	5,757
i) By India	1,190	1,625	-435	997	1,041	-44
ii) To India	8,431	10,246	-1,815	14,608	8,807	5,801
c) Short Term to India	49,404	55,531	-6,127	57,752	51,908	5,844
i) Suppliers' Credit >180 days & Buyers' Credit	49,404	46,788	2,616	53,230	51,908	1,322
ii) Suppliers' Credit up to 180 days	–	8,743	-8,743	4,522	–	4,522
3. Banking Capital (a+b)	**75,998**	**92,421**	**-16,423**	**80,097**	**58,739**	**21,358**
a) Commercial Banks	75,998	91,255	-15,257	80,097	58,047	22,050
i) Assets	21,311	33,889	-12,578	29,685	8,376	21,309
ii) Liabilities	54,687	57,366	-2,679	50,412	49,671	741
of which : Non-Resident Deposits	54,507	45,637	8,870	50,073	45,004	5,069
b) Others	–	1,166	-1,166	–	692	-692
4. Rupee Debt Service	**–**	**112**	**-112**	**–**	**5**	**-5**
5. Other Capital	**2,693**	**25,219**	**-22,526**	**33,398**	**59,626**	**-26,228**
Total Capital Account (1 to 5)	**3,79,660**	**3,61,814**	**17,846**	**4,64,849**	**3,71,375**	**93,474**
C. Errors & Omissions	**3,037**	**–**	**3,037**	**-**	**3,456**	**-3,456**
D. Overall Balance (Total Current Account, Capital Account and Errors & Omissions (A+B+C))	**7,62,527**	**7,61,966**	**561**	**8,71,095**	**8,25,495**	**45,600**
E. Monetary Movements (i+ii)	**–**	**561**	**-561**	**–**	**45,600**	**-45,600**
i) I.M.F.	–	–	–	–	–	–
ii) Foreign Exchange Reserves (Increase - / Decrease +)	–	561	-561	–	45,600	-45,600
Of which: SDR Allocation	–	–	–	–	24,983	-24,983

No. 40 : India's Overall Balance of Payments *(Contd.)*

(₹ crore)

Item	Oct-Dec 2009 PR			Jan-Mar 2010 PR		
	Credit	Debit	Net	Credit	Debit	Net
1	32	33	34	35	36	37
A. CURRENT ACCOUNT						
I. MERCHANDISE	**2,19,997**	**3,64,237**	**-1,44,240**	**2,41,104**	**3,86,223**	**-1,45,119**
II. INVISIBLES (a+b+c)	**1,88,759**	**1,01,431**	**87,328**	**2,00,909**	**1,14,764**	**86,145**
a) Services	1,12,676	74,590	38,086	1,27,869	89,003	38,866
i) Travel	16,044	10,783	5,261	15,629	12,116	3,513
ii) Transportation	13,950	15,699	-1,749	14,307	16,396	-2,089
iii) Insurance	1,903	1,422	481	1,943	1,497	446
iv) G.n.i.e.	578	625	-47	533	730	-197
v) Miscellaneous	80,201	46,061	34,140	95,457	58,264	37,193
of which						
Software Services	61,550	1,553	59,997	65,663	1,410	64,253
Business Services	11,473	21319	-9,846	17,535	25,587	-8,052
Financial Services	3,661	5,391	-1,730	5,066	6,967	-1,901
Communication Services	1,208	1,777	-569	1,125	1,759	-634
b) Transfers	63,789	2,976	60,813	60,699	2,948	57,751
i) Official	1,782	527	1,255	579	652	-73
ii) Private	62,007	2,449	59,558	60,120	2,296	57,824
c) Income	12,294	23,865	-11,571	12,341	22,813	-10,472
i) Investment Income	11,123	21,440	-10,317	11,280	20,553	-9,273
ii) Compensation of Employees	1,171	2,425	-1,254	1,061	2,260	-1,199
Total Current Account (I+II)	**4,08,756**	**4,65,668**	**-56,912**	**4,42,014**	**5,00,986**	**-58,972**
B. CAPITAL ACCOUNT						
1. Foreign Investment (a+b)	**2,08,425**	**1,67,739**	**40,686**	**2,27,179**	**1,71,293**	**55,886**
a) Foreign Direct Investment (i+ii)	41,546	27,373	14,173	37,023	21,398	15,625
i. In India	40,641	6,852	33,789	35,535	7,399	28,136
Equity	27,792	5,751	22,041	24,585	6,944	17,641
Reinvested Earnings	10,107	–	10,107	9,953	–	9,953
Other Capital	2,742	1,101	1,641	997	455	542
ii. Abroad	905	20,521	-19,616	1,488	13,999	-12,511
Equity	905	15,871	-14,966	1,488	7,022	-5,534
Reinvested Earnings	–	1,264	-1,264	–	1,245	-1,245
Other Capital	–	3,386	-3,386	–	5,732	-5,732
b) Portfolio Investment	1,66,879	1,40,366	26,513	1,90,156	1,49,895	40,261
i) In India	1,66,828	1,40,109	26,719	1,89,081	1,49,234	39,847
of which						
FIIs	1,64,613	1,40,109	24,504	1,88,411	1,49,234	39,177
GDRs/ADRs	2,215	–	2,215	671	–	671
ii) Abroad	51	257	-206	1,075	661	414
2. Loans (a+b+c)	**93,759**	**67,151**	**26,608**	**1,11,480**	**84,603**	**26,877**
a) External Assistance	7,677	3,741	3,936	8,087	3,375	4,712
i) By India	61	490	-429	60	482	-422
ii) To India	7,616	3,251	4,365	8,028	2,893	5,135
b) Commercial Borrowings	21,221	13,254	7,967	23,924	22,215	1,709
i) By India	1,059	2,658	-1,599	1,364	1,777	-413
ii) To India	20,162	10,596	9,566	22,560	20,438	2,122
c) Short Term to India	64,861	50,156	14,705	79,469	59,013	20,456
i) Suppliers' Credit >180 days & Buyers' Credit	56,223	50,156	6,067	70,711	59,013	11,698
ii) Suppliers' Credit up to 180 days	8,638	0	8,638	8,758	-	8,758
3. Banking Capital (a+b)	**70,760**	**61,712**	**9,048**	**65,250**	**69,390**	**-4,140**
a) Commercial Banks	67,990	61,400	6,590	65,195	69,390	-4,195
i) Assets	14,304	8,740	5,564	16,217	21,628	-5,411
ii) Liabilities	53,686	52,660	1,026	48,978	47,761	1,217
of which : Non-Resident Deposits	47,465	44,624	2,841	44,390	46,916	-2,526
b) Others	2,770	312	2,458	55	–	55
4. Rupee Debt Service	–	–	–	–	**335**	**-335**
5. Other Capital	**7,448**	**15,568**	**-8,120**	**10,761**	**16,461**	**-5,700**
Total Capital Account (1 to 5)	**3,80,392**	**3,12,170**	**68,222**	**4,14,670**	**3,42,083**	**72,587**
C. Errors & Omissions	–	**3,067**	**-3,067**	–	**3,782**	**-3,782**
D. Overall Balance (Total Current Account, Capital Account and Errors & Omissions (A+B+C))	**7,89,148**	**7,80,905**	**8,243**	**8,56,684**	**8,46,851**	**9,833**
E. Monetary Movements (i+ii)	–	**8,243**	**-8,243**	–	**9,833**	**-9,833**
i) I.M.F.	–	–	–	–	–	–
ii) Foreign Exchange Reserves (Increase - / Decrease +)	–	8,243	-8,243	–	9,833	-9,833
Of which: SDR Allocation	–	–	–	–	–	–

No. 40 : India's Overall Balance of Payments *(Contd.)*

(₹ crore)

Item	Apr-Jun 2010 PR			Jul-Sep 2010 P		
	Credit	Debit	Net	Credit	Debit	Net
1	38	39	40	41	42	43
A. CURRENT ACCOUNT						
I. MERCHANDISE	**2,56,660**	**4,00,637**	**-1,43,977**	**2,52,272**	**4,16,764**	**-1,64,492**
II. INVISIBLES (a+b+c)	**1,94,062**	**1,05,382**	**88,680**	**2,11,286**	**1,20,066**	**91,220**
a) Services	1,18,281	77,363	40,918	1,38,639	89,630	49,009
i) Travel	13,460	10,581	2,879	15,704	12,826	2,878
ii) Transportation	14,340	14,299	41	15,234	16,383	-1,149
iii) Insurance	1,871	1,414	457	2,055	1,794	261
iv) G.n.i.e.	429	652	-223	581	953	-372
v) Miscellaneous	88,181	50,417	37,764	1,05,065	57,674	47,391
of which						
Software Services	57,740	2,623	55,117	59,571	2,720	56,851
Business Services	21,987	26,928	-4,941	27,624	32,435	-4,811
Financial Services	5,603	6,406	-803	8,456	8,856	-400
Communication Services	1,483	1,100	383	1,939	1,237	702
b) Transfers	62,754	3,194	59,560	63,475	3,026	60,449
i) Official	269	525	-256	655	516	139
ii) Private	62,485	2,669	59,816	62,820	2,510	60,310
c) Income	13,027	24,825	-11,798	9,172	27,410	-18,238
i) Investment Income	11,991	22,603	-10,612	8,024	25,364	-17,340
ii) Compensation of Employees	1,036	2,222	-1,186	1,148	2,046	-898
Total Current Account (I+II)	**4,50,722**	**5,06,019**	**-55,297**	**4,63,558**	**5,36,830**	**-73,272**
B. CAPITAL ACCOUNT						
1. Foreign Investment (a+b)	**2,39,829**	**2,05,983**	**33,846**	**3,14,335**	**2,13,366**	**1,00,969**
a) Foreign Direct Investment (i+ii)	38,773	25,939	12,834	38,856	27,108	11,748
i. In India	37,432	10,504	26,928	36,169	5,100	31,069
Equity	27,335	10,394	16,941	25,346	4,807	20,539
Reinvested Earnings	9,668	–	9,668	9,851	–	9,851
Other Capital	429	110	319	972	293	679
ii. Abroad	1,341	15,435	-14,094	2,687	22,008	-19,321
Equity	1,341	9,171	-7,830	2,687	11,627	-8,940
Reinvested Earnings	–	1,236	-1,236	–	1,260	-1,260
Other Capital	–	5,028	-5,028	–	9,121	-9,121
b) Portfolio Investment	2,01,056	1,80,044	21,012	2,75,479	1,86,258	89,221
i) In India	2,00,627	1,79,401	21,226	2,74,777	1,85,277	89,500
of which						
FIIs	1,95,544	1,79,401	16,143	2,72,490	1,85,277	87,213
GDRs/ADRs	5,083	–	5,083	2,287	–	2,287
ii) Abroad	429	643	-214	702	981	-279
2. Loans (a+b+c)	**1,06,305**	**65,843**	**40,462**	**1,24,643**	**92,806**	**31,837**
a) External Assistance	14,473	3,413	11,060	5,816	3,171	2,645
i) By India	64	91	-27	65	93	-28
ii) To India	14,409	3,322	11,087	5,751	3,078	2,673
b) Commercial Borrowings	20,235	9,933	10,302	28,805	11,529	17,276
i) By India	844	1,109	-265	1,381	2,585	-1,204
ii) To India	19,391	8,824	10,567	27,424	8,944	18,480
c) Short Term to India	71,597	52,497	19,100	90,022	78,106	11,916
i) Suppliers' Credit >180 days & Buyers' Credit	66,984	52,497	14,487	84,852	78,106	6,746
ii) Suppliers' Credit up to 180 days	4,613	–	4,613	5,170	–	5,170
3. Banking Capital (a+b)	**76,401**	**58,137**	**18,264**	**78,985**	**93,717**	**-14,732**
a) Commercial Banks	76,392	58,027	18,365	78,985	90,909	-11,924
i) Assets	14,888	11,671	3,217	19,493	37,326	-17,833
ii) Liabilities	61,504	46,356	15,148	59,492	53,583	5,909
of which: Non-Resident Deposits	51,338	46,233	5,105	54,262	49,408	4,854
b) Others	9	110	-101	–	2,808	-2,808
4. Rupee Debt Service	**–**	**73**	**-73**	**–**	**5**	**-5**
5. Other Capital	**10,877**	**29,484**	**-18,607**	**6,378**	**29,302**	**-22,924**
B. Total Capital Account (1 to 5)	**4,33,412**	**3,59,520**	**73,892**	**5,24,341**	**4,29,196**	**95,145**
C. Errors & Omissions		**1,526**	**-1,526**	**0**	**6,583**	**-6,583**
D. Overall Balance (Total Current Account, Capital Account and Errors & Omissions (A+B+C))	**8,84,134**	**8,67,065**	**17,069**	**9,87,899**	**9,72,609**	**15,290**
E. Monetary Movements (i+ii)	**–**	**17,069**	**-17,069**	**–**	**15,290**	**-15,290**
i) I.M.F. -	–	–	–	–	–	–
ii) Foreign Exchange Reserves (Increase - / Decrease +)	–	17,069	-17,069	–	15,290	-15,290
Of which: SDR Allocation	–	–	–	–	–	–

No. 40 : India's Overall Balance of Payments *(Concld.)*

(₹ crore)

Item	Apr-Sep 2010 P			Apr-Sep 2009 PR		
	Credit	Debit	Net	Credit	Debit	Net
1	44	45	46	47	48	49
A. CURRENT ACCOUNT						
I. MERCHANDISE	**5,08,932**	**8,17,401**	**-3,08,469**	**4,01,232**	**6,72,619**	**-2,71,387**
II. INVISIBLES (a+b+c)	**4,05,348**	**2,25,448**	**1,79,900**	**3,84,844**	**1,78,197**	**2,06,647**
a) Services	2,56,920	1,66,993	89,927	2,12,701	1,19,810	92,891
i) Travel	29,164	23,407	5,757	24,372	21,341	3,031
ii) Transportation	29,574	30,682	-1,108	24,645	24,303	342
iii) Insurance	3,926	3,208	718	3,752	3,183	569
iv) G.n.i.e.	1,010	1,605	-595	972	1,132	-160
v) Miscellaneous	1,93,246	1,08,091	85,155	1,58,960	69,851	89,109
of which						
Software Services	1,17,311	5,343	1,11,968	1,07,948	4,029	1,03,919
Business Services	49,611	59,363	-9,752	24,741	38,406	-13,665
Financial Services	14,059	15,262	-1,203	8,989	9,569	-580
Communication Services	3,422	2,337	1,085	3,525	2,871	654
b) Transfers	1,26,229	6,220	1,20,009	1,34,756	5,043	1,29,713
i) Official	924	1,041	-117	1,042	1,060	-18
ii) Private	1,25,305	5,179	1,20,126	1,33,714	3,983	1,29,731
c) Income	22,199	52,235	-30,036	37,387	53,344	-15,957
i) Investment Income	20,015	47,967	-27,952	35,286	49,976	-14,690
ii) Compensation of Employees	2,184	4,268	-2,084	2,101	3,368	-1,267
Total Current Account (I+II)	**9,14,280**	**10,42,849**	**-1,28,569**	**7,86,076**	**8,50,816**	**-64,740**
B. CAPITAL ACCOUNT						
1. Foreign Investment (a+b)	**5,54,164**	**4,19,349**	**1,34,815**	**5,07,843**	**3,60,774**	**1,47,069**
a) Foreign Direct Investment (i+ii)	77,629	53,047	24,582	1,04,617	44,740	59,877
i. In India	73,601	15,604	57,997	1,03,547	7,578	95,969
Equity	52,681	15,201	37,480	76,949	7,282	69,667
Reinvested Earnings	19,519	–	19,519	21,065	–	21,065
Other Capital	1,401	403	998	5,533	296	5,237
ii. Abroad	4,028	37,443	-33,415	1,070	37,162	-36,092
Equity	4,028	20,798	-16,770	1,070	24,901	-23,831
Reinvested Earnings	–	2,496	-2,496	–	2,634	-2,634
Other Capital	–	14,149	-14,149	–	9,627	-9,627
b) Portfolio Investment	4,76,535	3,66,302	1,10,233	4,03,226	3,16,034	87,192
i) In India	4,75,404	3,64,678	110,726	4,03,095	3,15,776	87,319
of which						
FIIs	4,68,034	3,64,678	1,03,356	3,89,992	3,15,776	74,216
GDRs/ADRs	7,370	–	7,370	13,108	–	13,108
ii) Abroad	1,131	1,624	-493	131	258	-127
2. Loans (a+b+c)	**2,30,948**	**1,58,649**	**72,299**	**1,44,480**	**1,36,293**	**8,187**
a) External Assistance	20,289	6,584	13,705	12,098	7,135	4,963
i) By India	129	184	-55	126	1,020	-894
ii) To India	20,160	6,400	13,760	11,972	6,115	5,857
b) Commercial Borrowings	49,040	21,462	27,578	25,226	21,719	3,507
i) By India	2,225	3,694	-1,469	2,187	2,666	-,479
ii) To India	46,815	17,768	29,047	23,039	19,053	3,986
c) Short Term to India	1,61,619	1,30,603	31,016	1,07,156	1,07,439	-283
i) Suppliers' Credit >180 days & Buyers' Credit	1,51,836	1,30,603	21,233	1,02,634	98,696	3,938
ii) Suppliers' Credit up to 180 days	9,783	–	9,783	4,522	8,743	-4,221
3. Banking Capital (a+b)	**1,55,386**	**1,51,854**	**3,532**	**1,56,095**	**1,51,160**	**4,935**
a) Commercial Banks	1,55,377	148,936	6,441	1,56,095	1,49,302	6,793
i) Assets	34,381	48,997	-14,616	50,996	42,265	8,731
ii) Liabilities	1,20,996	99,939	21,057	1,05,099	1,07,037	-1,938
of which: Non-Resident Deposits	1,05,600	95,641	9,959	1,04,580	90,641	13,939
b) Others	9	2,918	-2,909	–	1,858	-1,858
4. Rupee Debt Service	**–**	**78**	**-78**	**–**	**117**	**-117**
5. Other Capital	**17,255**	**58,786**	**-41,531**	**36,091**	**84,845**	**-48,754**
B. Total Capital Account (1 to 5)	**9,57,753**	**7,88,716**	**1,69,037**	**8,44,509**	**7,33,189**	**1,11,320**
C. Errors & Omissions	**–**	**8,109**	**-8,109**	**–**	**419**	**-419**
D. Overall Balance (Total Current Account, Capital Account and Errors & Omissions (A+B+C))	**18,72,033**	**18,39,674**	**32,359**	**16,30,585**	**15,84,424**	**46,161**
E. Monetary Movements (i+ii)	**–**	**32,359**	**-32,359**	**–**	**46,161**	**-46,161**
i) I.M.F.	–	–	–	–	–	–
ii) Foreign Exchange Reserves (Increase - / Decrease +)	–	32,359	-32,359	–	46,161	-46,161
Of which: SDR Allocation	–	–	–	–	24,983	-24,983

No. 41 : India's Overall Balance of Payments

(US$ million)

Item	2006-07			2007-08		
	Credit	Debit	Net	Credit	Debit	Net
1	2	3	4	5	6	7
A. CURRENT ACCOUNT						
I. MERCHANDISE	**128,888**	**190,670**	**-61,782**	**166,162**	**257,629**	**-91,467**
II. INVISIBLES (a+b+c)	**114,558**	**62,341**	**52,217**	**148,875**	**73,144**	**75,731**
a) Services	73,780	44,311	29,469	90,342	51,490	38,853
i) Travel	9,123	6,684	2,439	11,349	9,258	2,091
ii) Transportation	7,974	8,068	-94	10,014	11,514	-1,500
iii) Insurance	1,195	642	553	1,639	1,044	595
iv) G.n.i.e.	253	403	-150	331	376	-45
v) Miscellaneous	55,235	28,514	26,721	67,010	29,298	37,712
of which						
Software Services	31,300	2,267	29,033	40,300	3,358	36,942
Business Services	14,544	15,866	-1,322	16,772	16,553	219
Financial Services	3,106	2,991	115	3,217	3,133	84
Communication Services	2,262	796	1,466	2,408	860	1,548
b) Transfers	31,470	1,391	30,079	44,261	2,316	41,945
i) Official	635	381	254	753	514	239
ii) Private	30,835	1,010	29,825	43,508	1,802	41,706
c) Income	9,308	16,639	-7,331	14,272	19,339	-5,068
i) Investment Income	8,926	15,688	-6,762	13,811	18,244	-4,433
ii) Compensation of Employees	382	951	-569	461	1,095	-635
Total Current Account (I+II)	**243,446**	**253,011**	**-9,565**	**315,037**	**330,774**	**-15,737**
B. CAPITAL ACCOUNT						
1. Foreign Investment (a+b)	**133,210**	**118,457**	**14,753**	**271,122**	**227,796**	**43,326**
a) Foreign Direct Investment (i+ii)	23,590	15,897	7,693	37,321	21,429	15,893
i) In India	22,826	87	22,739	34,844	116	34,728
Equity	16,481	87	16,394	26,865	108	26,757
Reinvested Earnings	5,828	–	5,828	7,679	–	7,679
Other Capital	517	–	517	300	8	292
ii. Abroad	764	15,810	-15,046	2,477	21,312	-18,835
Equity	764	13,368	-12,604	2,477	16,899	-14,422
Reinvested Earnings	–	1,076	-1,076	–	1,084	-1,084
Other Capital	–	1,366	-1,366	–	3,330	-3,330
b) Portfolio Investment	109,620	102,560	7,060	233,800	206,367	27,433
i) In India	109,534	102,530	7,004	233,564	206,294	27,270
of which						
FIIs	105,756	102,530	3,226	226,621	206,294	20,327
GDRs/ADRs	3,776	–	3,776	6,645	–	6,645
ii) Abroad	86	30	56	236	73	163
2. Loans (a+b+c)	**54,642**	**30,152**	**24,490**	**82,192**	**41,539**	**40,653**
a) External Assistance	3,767	1,992	1,775	4,241	2,126	2,114
i) By India	20	32	-12	23	28	-4
ii) To India	3,747	1,960	1,787	4,217	2,098	2,119
b) Commercial Borrowings	20,883	4,780	16,103	30,293	7,684	22,609
i) By India	626	966	-340	1,593	1,624	-31
ii) To India	20,257	3,814	16,443	28,700	6,060	22,640
c) Short Term to India	29,992	23,380	6,612	47,658	31,729	15,930
i) Suppliers' Credit >180 days & Buyers' Credit	25,482	22,175	3,307	42,641	31,729	10,913
ii) Suppliers' Credit up to 180 days	4,510	1,205	3,305	5,017	-	5,017
3. Banking Capital (a+b)	**37,209**	**35,296**	**1,913**	**55,814**	**44,055**	**11,759**
a) Commercial Banks	36,799	35,218	1,581	55,735	43,623	12,112
i) Assets	14,466	17,960	-3,494	19,562	12,668	6,894
ii) Liabilities	22,333	17,258	5,075	36,173	30,955	5,217
of which: Non-Resident Deposits	19,914	15,593	4,321	29,400	29,222	179
b) Others	410	78	332	79	432	-353
4. Rupee Debt Service	**–**	**162**	**-162**	**–**	**122**	**-122**
5. Other Capital	**8,230**	**4,021**	**4,209**	**29,229**	**18,261**	**10,969**
Total Capital Account (1 to 5)	**233,291**	**188,088**	**45,203**	**438,357**	**331,772**	**106,585**
C. Errors & Omissions	**968**	**–**	**968**	**1,316**	**–**	**1,316**
D. Overall Balance (Total Current Account, Capital Account and Errors & Omissions (A+B+C))	**477,705**	**441,099**	**36,606**	**754,710**	**662,546**	**92,164**
E. Monetary Movements (i+ii)	**–**	**36,606**	**-36,606**	**–**	**92,164**	**-92,164**
i) I.M.F.	–	–	–	–	–	–
ii) Foreign Exchange Reserves (Increase - / Decrease +)	–	36,606	-36,606	–	92,164	-92,164

P: Preliminary PR: Partially Revised

No. 41 : India's Overall Balance of Payments *(Contd.)*

(US$ million)

Item	2008-09			2009-10 PR		
	Credit	Debit	Net	Credit	Debit	Net
1	8	9	10	11	12	13
A. CURRENT ACCOUNT						
I. MERCHANDISE	**189,001**	**308,521**	**-119,520**	**182,235**	**300,609**	**-118,374**
II. INVISIBLES (a+b+c)	**167,819**	**76,214**	**91,605**	**163,404**	**83,413**	**79,991**
a) Services	105,963	52,047	53,916	95,759	60,033	35,726
i) Travel	10,894	9,425	1,469	11,859	9,342	2,517
ii) Transportation	11,310	12,820	-1,509	11,177	11,934	-757
iii) Insurance	1,422	1,130	292	1,603	1,286	317
iv) G.n.i.e.	389	793	-404	440	526	-86
v) Miscellaneous	81,948	27,878	54,070	70,680	36,945	33,735
of which						
Software Services	46,300	2,564	43,736	49,705	1,469	48,236
Business Services	18,603	15,317	3,286	11,368	18,049	-6,681
Financial Services	4,428	2,958	1,470	3,736	4,643	-907
Communication Services	2,298	1,087	1,211	1,229	1,355	-126
b) Transfers	47,547	2,749	44,798	54,623	2,318	52,305
i) Official	645	413	232	723	473	250
ii) Private	46,903	2,336	44,567	53,900	1,845	52,055
c) Income	14,309	21,418	-7,110	13,022	21,062	-8,040
i) Investment Income	13,483	20,109	-6,626	12,108	19,357	-7,249
ii) Compensation of Employees	825	1,309	-484	914	1,705	-791
Total Current Account (I+II)	**356,820**	**384,735**	**-27,915**	**345,639**	**384,022**	**-38,383**
B. CAPITAL ACCOUNT						
1. Foreign Investment (a+b)	**167,594**	**161,809**	**5,785**	**198,669**	**147,502**	**51,167**
a) Foreign Direct Investment (i+ii)	38,940	19,124	19,816	38,500	19,729	18,771
i) In India	37,837	166	37,672	37,762	4,638	33,124
Equity	28,029	166	27,863	27,149	4,242	22,907
Reinvested Earnings	9,032	–	9,032	8,668	–	8,668
Other Capital	776	–	776	1,945	396	1,549
ii. Abroad	1,103	18,958	-17,855	738	15,091	-14,353
Equity	1,103	14,791	-13,688	738	10,052	-9,314
Reinvested Earnings	–	1,084	-1,084	–	1,084	-1,084
Other Capital	–	3,083	-3,083	–	3,955	-3,955
b) Portfolio Investment	128,654	142,685	-14,031	160,169	127,773	32,396
i) In India	128,511	142,365	-13,854	159,897	127,521	32,376
of which						
FIIs	127,349	142,366	-15,017	156,570	127,521	29,049
GDRs/ADRs	1,162	–	1,162	3,328	–	3,328
ii) Abroad	142	319	-177	272	252	20
2. Loans (a+b+c)	**62,219**	**53,901**	**8,318**	**74,116**	**60,857**	**13,259**
a) External Assistance	5,232	2,791	2,441	5,898	3,005	2,893
i) By India	72	416	-344	52	420	-368
ii) To India	5,160	2,375	2,785	5,846	2,585	3,261
b) Commercial Borrowings	15,223	7,361	7,862	14,954	12,146	2,808
i) By India	1,997	783	1,214	974	1,505	-531
ii) To India	13,226	6,578	6,648	13,980	10,641	3,339
c) Short Term to India	41,765	43,750	-1,985	53,264	45,706	7,558
i) Suppliers' Credit >180 days & Buyers' Credit	38,815	38,352	463	48,571	43,914	4,657
ii) Suppliers' Credit up to 180 days	2,950	5,398	-2,448	4,693	1,792	2,901
3. Banking Capital (a+b)	**65,207**	**68,453**	**-3,246**	**61,499**	**59,415**	**2,084**
a) Commercial Banks	65,094	67,868	-2,774	60,893	58,966	1,927
i) Assets	25,823	28,725	-2,902	17,097	15,259	1,838
ii) Liabilities	39,270	39,142	128	43,796	43,707	89
of which: Non-Resident Deposits	37,147	32,858	4,290	41,356	38,432	2,924
b) Others	113	585	-472	606	449	157
4. Rupee Debt Service	**–**	**100**	**-100**	**–**	**97**	**-97**
5. Other Capital	**18,612**	**22,602**	**-3,990**	**11,390**	**24,406**	**-13,016**
Total Capital Account (1 to 5)	**313,632**	**306,864**	**6,768**	**345,674**	**292,277**	**53,397**
C. Errors & Omissions	**1,067**	**–**	**1,067**	**–**	**1,573**	**-1,573**
D. Overall Balance (Total Current Account, Capital Account and Errors & Omissions (A+B+C))	**671,519**	**691,599**	**-20,080**	**691,313**	**677,872**	**13,441**
E. Monetary Movements (i+ii)	**20,080**	**–**	**20,080**	**–**	**13,441**	**-13,441**
i) I.M.F. -	–	–	-	–	–	
ii) Foreign Exchange Reserves (Increase - / Decrease +)	20,080	–	20,080	–	13,441	-13,441
of which : SDR Allocation	–	–	–	–	5,160	-5,160

No. 41 : India's Overall Balance of Payments *(Contd.)*

(US$ million)

Item	Apr-Jun 2008			Jul-Sep 2008		
	Credit	Debit	Net	Credit	Debit	Net
1	14	15	16	17	18	19
A. CURRENT ACCOUNT						
I. MERCHANDISE	**57,454**	**82,655**	**-25,201**	**53,630**	**92,752**	**-39,121**
II. INVISIBLES (a+b+c)	**39,986**	**18,186**	**21,800**	**46,919**	**20,062**	**26,857**
a) Services	23,616	12,344	11,272	29,001	13,525	15,476
i) Travel	2,504	2,164	341	2,786	2,711	75
ii) Transportation	2,615	3,328	-713	3,041	3,751	-710
iii) Insurance	350	227	123	377	306	71
iv) G.n.i.e.	130	110	19	81	95	-14
v) Miscellaneous	18,017	6,515	11,502	22,716	6,662	16,054
of which						
Software Services	12,081	844	11,237	12,120	685	11,435
Business Services	4,087	3,217	870	5,410	3,916	1,494
Financial Services	615	620	-5	1,673	966	707
Communication Services	510	227	284	740	296	444
b) Transfers	12,797	654	12,143	13,773	831	12,942
i) Official	148	107	40	51	97	-46
ii) Private	12,649	547	12,102	13,722	734	12,988
c) Income	3,573	5,187	-1,615	4,145	5,706	-1,561
i) Investment Income	3,418	4,859	-1,441	3,855	5,375	-1,520
ii) Compensation of Employees	155	328	-174	290	331	-41
Total Current Account (I+II)	**97,440**	**100,841**	**-3,400**	**100,550**	**112,814**	**-12,264**
B. CAPITAL ACCOUNT						
1. Foreign Investment (a+b)	**53,674**	**48,684**	**4,989**	**52,550**	**48,251**	**4,299**
a) Foreign Direct Investment (i+ii)	12,906	3,710	9,196	9,920	4,309	5,610
i) In India	12,670	21	12,649	9,604	52	9,552
Equity	10,248	21	10,227	7,312	52	7,260
Reinvested Earnings	2,258	–	2,258	2,258	–	2,258
Other Capital	164	–	164	34	–	34
ii. Abroad	236	3,688	-3,452	316	4,257	-3,941
Equity	236	2,661	-2,425	316	3,299	-2,983
Reinvested Earnings	–	271	-271	–	271	-271
Other Capital	–	756	-756	–	687	-687
b) Portfolio Investment	40,768	44,975	-4,207	42,630	43,942	-1,311
i) In India	40,745	44,923	-4,177	42,618	43,919	-1,302
of which						
FIIs	39,746	44,923	-5,177	42,482	43,919	-1,437
GDRs/ADRs	999	–	999	136	–	136
ii) Abroad	22	52	-29	13	22	-10
2. Loans (a+b+c)	**15,901**	**9,704**	**6,197**	**16,305**	**13,739**	**2,566**
a) External Assistance	941	655	286	1,122	673	449
i) By India	18	104	-86	18	104	-86
ii) To India	923	551	372	1,104	569	535
b) Commercial Borrowings	2,754	1,270	1,484	3,574	1,859	1,714
i) By India	403	190	213	532	138	393
ii) To India	2,351	1,080	1,271	3,042	1,721	1,321
c) Short Term to India	12,206	7,779	4,427	11,609	11,207	402
i) Suppliers' Credit >180 days & Buyers' Credit	9,256	7,779	1,477	11,609	9,766	1,843
ii) Suppliers' Credit up to 180 days	2,950	–	2,950	–	1,441	-1,441
3. Banking Capital (a+b)	**21,987**	**19,291**	**2,696**	**16,360**	**14,086**	**2,275**
a) Commercial Banks	21,987	19,140	2,847	16,360	14,083	2,277
i) Assets	11,457	10,533	924	6,596	5,154	1,442
ii) Liabilities	10,530	8,607	1,923	9,764	8,929	835
of which : Non-Resident Deposits	9,098	8,284	814	9,176	8,917	259
b) Others	–	151	-151	–	3	-3
4. Rupee Debt Service	**–**	**30**	**-30**	**–**	**3**	**-3**
5. Other Capital	**4,604**	**13,015**	**-8,411**	**4,886**	**7,682**	**-2,796**
Total Capital Account (1 to 5)	**96,166**	**90,724**	**5,442**	**90,101**	**83,760**	**6,341**
C. Errors & Omissions	**194**	**–**	**194**	**1,189**	**–**	**1,189**
D. Overall Balance (Total Current Account, Capital Account and Errors & Omissions (A+B+C))	**193,800**	**191,565**	**2,235**	**191,840**	**196,574**	**-4,734**
E. Monetary Movements (i+ii)	**–**	**2,235**	**-2,235**	**4,734**	**–**	**4,734**
i) I.M.F.	–	–	–	–	–	–
ii) Foreign Exchange Reserves (Increase - / Decrease +)	–	2,235	-2235	4,734	–	4,734

No. 41 : India's Overall Balance of Payments *(Contd.)*

(US$ million)

Item	Oct-Dec 2008			Jan-Mar 2009		
	Credit	Debit	Net	Credit	Debit	Net
1	20	21	22	23	24	25
A. CURRENT ACCOUNT						
I. MERCHANDISE	**39,436**	**74,428**	**-34,992**	**38,481**	**58,686**	**-20,205**
II. INVISIBLES (a+b+c)	**42,416**	**19,294**	**23,122**	**38,498**	**18,673**	**19,825**
a) Services	28,227	13,099	15,128	25,119	13,078	12,040
i) Travel	2,924	1,946	979	2,680	2,606	74
ii) Transportation	2,738	3,241	-503	2,916	2,499	416
iii) Insurance	347	268	79	348	329	18
iv) G.n.i.e.	97	233	-136	81	355	-273
v) Miscellaneous	22,121	7,412	14,709	19,094	7,289	11,805
of which						
Software Services	11,274	580	10,694	10,825	455	10,370
Business Services	4,851	3,568	1,283	4,255	4,616	-361
Financial Services	1,112	740	372	1,028	633	395
Communication Services	547	257	290	501	308	193
b) Transfers	10,997	845	10,151	9,980	419	9,562
i) Official	285	98	187	161	111	50
ii) Private	10,712	748	9,964	9,820	308	9,512
c) Income	3,192	5,349	-2,157	3,399	5,176	-1,777
i) Investment Income	3,000	5,011	-2,011	3,210	4,864	-1,654
ii) Compensation of Employees	192	338	-146	189	312	-123
Total Current Account (I+II)	**81,851**	**93,722**	**-11,870**	**76,979**	**77,359**	**-380**
B. CAPITAL ACCOUNT						
1. Foreign Investment (a+b)	**33,709**	**38,820**	**-5,111**	**27,661**	**26,053**	**1,608**
a) Foreign Direct Investment (i+ii)	7,112	6,402	710	9,003	4,703	4,300
i) In India	6,901	29	6,872	8,662	63	8,599
Equity	4,117	29	4,088	6,352	63	6,289
Reinvested Earnings	2,258	–	2,258	2,258	–	2,258
Other Capital	526	–	526	52	–	52
ii. Abroad	210	6,373	-6,163	341	4,640	-4,299
Equity	210	5,020	-4,810	341	3,811	-3,470
Reinvested Earnings	–	271	-271	–	271	-271
Other Capital	–	1,082	-1,082	–	558	-558
b) Portfolio Investment	26,597	32,418	-5,821	18,658	21,350	-2,692
i) In India	26,568	32,355	-5,787	18,580	21,169	-2,588
of which						
FIIs	26,561	32,355	-5,794	18,560	21,169	-2,609
GDRs/ADRs	7	–	7	20	–	20
ii) Abroad	29	63	-34	78	182	-104
2. Loans (a+b+c)	**15,803**	**15,419**	**384**	**14,210**	**15,039**	**-829**
a) External Assistance	1,692	759	933	1,477	704	773
i) By India	18	104	-86	18	104	-86
ii) To India	1,674	655	1,019	1,459	600	859
b) Commercial Borrowings	5,395	1,724	3,671	3,499	2,507	992
i) By India	662	148	514	399	306	93
ii) To India	4,733	1,576	3,157	3,100	2,201	899
c) Short Term to India	8,715	12,936	-4,221	9,234	11,828	-2,594
i) Suppliers' Credit >180 days & Buyers' Credit	8,715	10,357	-1,642	9,234	10,450	-1,216
ii) Suppliers' Credit up to 180 days	–	2,579	-2,579	0	1,378	-1,378
3. Banking Capital (a+b)	**14,830**	**19,786**	**-4,956**	**12,030**	**15,290**	**-3,260**
a) Commercial Banks	14,827	19,355	-4,528	11,919	15,290	-3,371
i) Assets	5,192	7,541	-2,349	2,578	5,498	-2,920
ii) Liabilities	9,636	11,814	-2,178	9,341	9,792	-451
of which : Non-Resident Deposits	9,543	8,501	1,042	9,331	7,155	2,176
b) Others	2	431	-429	111	–	111
4. Rupee Debt Service	**–**	**–**	**–**	**–**	**68**	**-68**
5. Other Capital	**5,005**	**693**	**4,312**	**4,117**	**1,212**	**2,905**
Total Capital Account (1 to 5)	**69,346**	**74,718**	**-5,372**	**58,019**	**57,662**	**357**
C. Errors & Omissions	**–**	**639**	**-639**	**323**	**–**	**323**
D. Overall Balance (Total Current Account, Capital Account and Errors & Omissions (A+B+C))	**151,197**	**169,079**	**-17,881**	**135,321**	**135,021**	**300**
E. Monetary Movements (i+ii)	**17,881**	**–**	**17,881**	**–**	**300**	**-300**
i) I.M.F.	–	–	–	–	–	–
ii) Foreign Exchange Reserves (Increase - / Decrease +)	17,881	–	17,881	–	300	-300

No. 41 : India's Overall Balance of Payments *(Contd.)*

(US$ million)

Item	Apr-June 2009 PR			July-Sept 2009 PR		
	Credit	Debit	Net	Credit	Debit	Net
1	26	27	28	29	30	31
A. CURRENT ACCOUNT						
I. MERCHANDISE	**39,166**	**65,434**	**-26,268**	**43,403**	**72,985**	**-29,582**
II. INVISIBLES (a+b+c)	**38,686**	**16,583**	**22,103**	**40,502**	**20,094**	**20,408**
a) Services	22,391	10,956	11,435	21,368	13,705	7,663
i) Travel	2,297	2,035	262	2,719	2,357	362
ii) Transportation	2,501	2,777	-276	2,570	2,221	349
iii) Insurance	388	314	74	384	341	43
iv) G.n.i.e.	100	103	-3	100	130	-30
v) Miscellaneous	17,105	5,727	11,378	15,595	8,656	6,939
of which						
Software Services	11,004	391	10,613	11,207	438	10,769
Business Services	2,586	3,295	-709	2,504	4,612	-2,108
Financial Services	1,116	835	281	732	1,135	-403
Communication Services	418	278	140	307	313	-6
b) Transfers	13,345	470	12,875	14,385	568	13,817
i) Official	47	110	-63	168	108	60
ii) Private	13,298	360	12,938	14,217	460	13,757
c) Income	2,950	5,157	-2,207	4,749	5,821	-1,072
i) Investment Income	2,723	4,806	-2,083	4,544	5,479	-935
ii) Compensation of Employees	227	351	-124	205	342	-137
Total Current Account (I+II)	**77,852**	**82,017**	**-4,165**	**83,905**	**93,079**	**-9,174**
B. CAPITAL ACCOUNT						
1. Foreign Investment (a+b)	**48,576**	**35,481**	**13,095**	**55,940**	**38,760**	**17,180**
a) Foreign Direct Investment (i+ii)	9,951	5,124	4,827	11,580	4,077	7,503
i) In India	9,826	926	8,900	11,485	632	10,853
Equity	7,290	900	6,390	8,547	597	7,950
Reinvested Earnings	2,167	–	2,167	2,167	–	2,167
Other Capital	369	26	343	771	35	736
ii. Abroad	125	4,198	-4,073	95	3,445	-3,350
Equity	125	2,983	-2,858	95	2,137	-2,042
Reinvested Earnings	–	271	-271	–	271	-271
Other Capital	–	944	-944	–	1,037	-1,037
b) Portfolio Investment	38,625	30,357	8,268	44,360	34,683	9,677
i) i) In India	38,602	30,332	8,270	44,356	34,655	9,701
of which						
FIIs	38,559	30,332	8,227	41,693	34,655	7,038
GDRs/ADRs	43	–	43	2,664	–	2,664
ii) Abroad	23	25	-2	4	28	-24
2. Loans (a+b+c)	**13,112**	**14,543**	**-1,431**	**16,628**	**13,495**	**3,133**
a) External Assistance	1,014	728	286	1,477	740	737
i) By India	13	105	-92	13	105	-92
ii) To India	1,001	623	378	1,464	635	829
b) Commercial Borrowings	1,972	2,433	-461	3,223	2,034	1,189
i) By India	244	333	-89	206	215	-9
ii) To India	1,728	2,100	-372	3,017	1,819	1,198
c) Short Term to India	10,126	11,382	-1,256	11,928	10,721	1,207
i) Suppliers' Credit >180 days & Buyers' Credit	10,126	9,590	536	10,994	10,721	273
ii) Suppliers' Credit up to 180 days	–	1,792	-1,792	934	–	934
3. Banking Capital (a+b)	**15,577**	**18,943**	**-3,366**	**16,543**	**12,132**	**4,411**
a) Commercial Banks	15,577	18,704	-3,127	16,543	11,989	4,554
i) Assets	4,368	6,946	-2,578	6,131	1,730	4,401
ii) Liabilities	11,209	11,758	-549	10,412	10,259	153
of which : Non-Resident Deposits	11,172	9,354	1,818	10,342	9,295	1,047
b) Others	–	239	-239	–	143	-143
4. Rupee Debt Service	**–**	**23**	**-23**	**–**	**1**	**-1**
5. Other Capital	**552**	**5,169**	**-4,617**	**6,898**	**12,315**	**-5,417**
Total Capital Account (1 to 5)	**77,817**	**74,159**	**3,658**	**96,009**	**76,703**	**19,306**
C. Errors & Omissions	**622**	**–**	**622**	**–**	**714**	**-714**
D. Overall Balance (Total Current Account, Capital Account and Errors & Omissions (A+B+C))	**156,291**	**156,176**	**115**	**179,914**	**170,496**	**9,418**
E. Monetary Movements (i+ii)	**–**	**115**	**-115**	**–**	**9,418**	**-9,418**
i) I.M.F.	–	–	–	–	–	–
ii) Foreign Exchange Reserves (Increase - / Decrease +)	–	115	-115	–	9,418	-9,418
of which: SDR Allocation	–	–	–	–	5160	-5160

No. 41 : India's Overall Balance of Payments *(Contd.)*

(US$ million)

Item	Oct-Dec 2009 PR			Jan-Mar 2010 PR		
	Credit	Debit	Net	Credit	Debit	Net
1	32	33	34	35	36	37
A. CURRENT ACCOUNT						
I. MERCHANDISE	**47,170**	**78,097**	**-30,927**	**52,496**	**84,093**	**-31,597**
II. INVISIBLES (a+b+c)	**40,472**	**21,748**	**18,724**	**43,744**	**24,988**	**18,756**
a) Services	24,159	15,993	8,166	27,841	19,379	8,462
i) Travel	3,440	2,312	1,128	3,403	2,638	765
ii) Transportation	2,991	3,366	-375	3,115	3,570	-455
iii) Insurance	408	305	103	423	326	97
iv) G.n.i.e.	124	134	-10	116	159	-43
v) Miscellaneous	17,196	9,876	7,320	20,784	12,686	8,098
of which						
Software Services	13,197	333	12,864	14,297	307	13,990
Business Services	2,460	4,571	-2,111	3,818	5,571	-1,753
Financial Services	785	1,156	-371	1,103	1,517	-414
Communication Services	259	381	-122	245	383	-138
b) Transfers	13,677	638	13,039	13,216	642	12,574
i) Official	382	113	269	126	142	-16
ii) Private	13,295	525	12,770	13,090	500	12,590
c) Income	2,636	5,117	-2,481	2,687	4,967	-2,280
i) Investment Income	2,385	4,597	-2,212	2,456	4,475	-2,019
ii) Compensation of Employees	251	520	-269	231	492	-261
Total Current Account (I+II)	**87,642**	**99,845**	**-12,203**	**96,240**	**109,081**	**-12,841**
B. CAPITAL ACCOUNT						
1. Foreign Investment (a+b)	**44,689**	**35,965**	**8,724**	**49,464**	**37,296**	**12,168**
a) Foreign Direct Investment (i+ii)	8,908	5,869	3,039	8,061	4,659	3,402
i) In India	8,714	1,469	7,245	7,737	1,611	6,126
Equity	5,959	1,233	4,726	5,353	1,512	3,841
Reinvested Earnings	2,167	–	2,167	2,167	–	2,167
Other Capital	588	236	352	217	99	118
ii. Abroad	194	4,400	-4,206	324	3,048	-2,724
Equity	194	3,403	-3,209	324	1,529	-1,205
Reinvested Earnings	–	271	-271	–	271	-271
Other Capital	–	726	-726	–	1,248	-1,248
b) Portfolio Investment	35,781	30,096	5,685	41,403	32,637	8,766
i) In India	35,770	30,041	5,729	41,169	32,493	8,676
of which						
FIIs	35,295	30,041	5,254	41,023	32,493	8,530
GDRs/ADRs	475	–	475	146	–	146
ii) Abroad	11	55	-44	234	144	90
2. Loans (a+b+c)	**20,103**	**14,398**	**5,705**	**24,273**	**18,421**	**5,852**
a) External Assistance	1,646	802	844	1,761	735	1,026
i) By India	13	105	-92	13	105	-92
ii) To India	1,633	697	936	1,748	630	1,118
b) Commercial Borrowings	4,550	2,842	1,708	5,209	4,837	372
i) By India	227	570	-343	297	387	-90
ii) To India	4,323	2,272	2,051	4,912	4,450	462
c) Short Term to India	13,907	10,754	3,153	17,303	12,849	4,454
i) Suppliers' Credit >180 days & Buyers' Credit	12,055	10,754	1,301	15,396	12,849	2,547
ii) Suppliers' Credit up to 180 days	1,852	–	1,852	1,907	–	1,907
3. Banking Capital (a+b)	**15,172**	**13,232**	**1,940**	**14,207**	**15,109**	**-902**
a) Commercial Banks	14,578	13,165	1,413	14,195	15,109	-914
i) Assets	3,067	1,874	1,193	3,531	4,709	-1,178
ii) Liabilities	11,511	11,291	220	10,664	10,399	265
of which : Non-Resident Deposits	10,177	9,568	609	9,665	10,215	-550
b) Others	594	67	527	12	–	12
4. Rupee Debt Service	**–**	**–**	**–**	**–**	**73**	**-73**
5. Other Capital	**1,597**	**3,338**	**-1,741**	**2,343**	**3,584**	**-1,241**
Total Capital Account (1 to 5)	**81,561**	**66,933**	**14,628**	**90,287**	**74,483**	**15,804**
C. Errors & Omissions	**–**	**658**	**-658**	**–**	**822**	**-822**
D. Overall Balance (Total Current Account, Capital Account and Errors & Omissions (A+B+C))	**169,203**	**167,436**	**1,767**	**186,527**	**184,386**	**2,141**
E. Monetary Movements (i+ii)	**–**	**1767**	**-1767**	**–**	**2,141**	**-2,141**
i) I.M.F.	–	–	–	–	–	-
ii) Foreign Exchange Reserves (Increase - / Decrease +)	–	1767	-1767	–	–	-2,141
of which: SDR Allocation	–	–	–	–	–	–

No. 41 : India's Overall Balance of Payments *(Contd.)*

(US$ million)

Item	Apr-June 2010 PR			Jul-Sep 2010 P		
	Credit	Debit	Net	Credit	Debit	Net
1	38	39	40	41	42	43
A. CURRENT ACCOUNT						
I. MERCHANDISE	**56,253**	**87,809**	**-31,556**	**54,265**	**89,648**	**-35,383**
II. INVISIBLES (a+b+c)	**42,533**	**23,097**	**19,436**	**45,449**	**25,827**	**19,622**
a) Services	25,924	16,956	8,968	29,822	19,280	10,542
i) Travel	2,950	2,319	631	3,378	2,759	619
ii) Transportation	3,143	3,134	9	3,277	3,524	-247
iii) Insurance	410	310	100	442	386	56
iv) G.n.i.e.	94	143	-49	125	205	-80
v) Miscellaneous	19,327	11,050	8,277	22,600	12,406	10,194
of which						
Software Services	12,655	575	12,080	12,814	585	12,229
Business Services	4,819	5,902	-1,083	5,942	6,977	-1,035
Financial Services	1,228	1,404	-176	1,819	1,905	-86
Communication Services	325	241	84	417	266	151
b) Transfers	13,754	700	13,054	13,654	651	13,003
i) Official	59	115	-56	141	111	30
ii) Private	13,695	585	13,110	13,513	540	12,973
c) Income	2,855	5,441	-2,586	1,973	5,896	-3,923
i) Investment Income	2,628	4,954	-2,326	1,726	5,456	-3,730
ii) Compensation of Employees	227	487	-260	247	440	-193
Total Current Account (I+II)	**98,786**	**110,906**	**-12,120**	**99,714**	**115,475**	**-15,761**
B. CAPITAL ACCOUNT						
1. Foreign Investment (a+b)	**52,564**	**45,146**	**7,418**	**67,615**	**45,896**	**21,719**
a) Foreign Direct Investment (i+ii)	8,498	5,685	2,813	8,358	5,831	2,527
i) In India	8,204	2,302	5,902	7,780	1,097	6,683
Equity	5,991	2,278	3,713	5,452	1,034	4,418
Reinvested Earnings	2,119	–	2,119	2,119	–	2,119
Other Capital	94	24	70	209	63	146
ii. Abroad	294	3,383	-3,089	578	4,734	-4,156
Equity	294	2,010	-1,716	578	2,501	-1,923
Reinvested Earnings	–	271	-271	–	271	-271
Other Capital	–	1,102	-1,102	–	1,962	-1,962
b) Portfolio Investment	44,066	39,461	4,605	59,257	40,065	19,192
i) In India	43,972	39,320	4,652	59,106	39,854	19,252
of which						
FIIs	42,858	39,320	3,538	58,614	39,854	18,760
GDRs/ADRs	1,114	–	1,114	492	–	492
ii) Abroad	94	141	-47	151	211	-60
2. Loans (a+b+c)	**23,299**	**14,431**	**8,868**	**26,811**	**19,963**	**6,848**
a) External Assistance	3,172	748	2,424	1,251	682	569
i) By India	14	20	-6	14	20	-6
ii) To India	3,158	728	2,430	1,237	662	575
b) Commercial Borrowings	4,435	2,177	2,258	6,196	2,480	3,716
i) By India	185	243	-58	297	556	-259
ii) To India	4,250	1,934	2,316	5,899	1,924	3,975
c) Short Term to India	15,692	11,506	4,186	19,364	16,801	2,563
i) Suppliers' Credit >180 days & Buyers' Credit	14,681	11,506	3,175	18,252	16,801	1,451
ii) Suppliers' Credit up to 180 days	1,011	–	1,011	1,112	–	1,112
3. Banking Capital (a+b)	**16,745**	**12,742**	**4,003**	**16,990**	**20,159**	**-3,169**
a) Commercial Banks	16,743	12,718	4,025	16,990	19,555	-2,565
i) Assets	3,263	2,558	705	4,193	8,029	-3,836
ii) Liabilities	13,480	10,160	3,320	12,797	11,526	1,271
of which: Non-Resident Deposits	11,252	10,133	1,119	11,672	10,628	1,044
b) Others	2	24	-22	–	604	-604
4. Rupee Debt Service	**–**	**16**	**-16**	**–**	**1**	**-1**
5. Other Capital	**2,384**	**6,462**	**-4,078**	**1,372**	**6,303**	**-4,931**
B. Total Capital Account (1 to 5)	**94,992**	**78,797**	**16,195**	**112,788**	**92,322**	**20,466**
C. Errors & Omissions	**–**	**334**	**-334**	**–**	**1,416**	**-1,416**
D. Overall Balance (Total Current Account, Capital Account and Errors & Omissions (A+B+C))	**193,778**	**190,037**	**3,741**	**212,502**	**209,213**	**3,289**
E. Monetary Movements (i+ii)	**–**	**3,741**	**-3,741**	**–**	**3,289**	**-3,289**
i) I.M.F.	–	–	–	–	–	–
ii) Foreign Exchange Reserves (Increase - / Decrease +)	–	3,741	-3,741	–	3,289	-3,289
of which: SDR Allocation	–	–	–	–	–	–

No. 41 : India's Overall Balance of Payments *(Concld.)*

(US$ million)

Item	Apr-Sep 2009 PR			Apr-Sep 2010 P		
	Credit	Debit	Net	Credit	Debit	Net
1	44	45	46	47	48	49
A. CURRENT ACCOUNT						
I. MERCHANDISE	**82,569**	**138,419**	**-55,850**	**110,518**	**177,457**	**-66,939**
II. INVISIBLES (a+b+c)	**79,188**	**36,677**	**42,511**	**87,982**	**48,924**	**39,058**
a) Services	43,759	24,661	19,098	55,746	36,236	19,510
i) Travel	5,016	4,392	624	6,328	5,078	1,250
ii) Transportation	5,071	4,998	73	6,420	6,658	-238
iii) Insurance	772	655	117	852	696	156
iv) G.n.i.e.	200	233	-33	219	348	-129
v) Miscellaneous	32,700	14,383	18,317	41,927	23,456	18,471
of which						
Software Services	22,211	829	21,382	25,469	1,160	24,309
Business Services	5,090	7,907	-2,817	10,761	12,879	-2,118
Financial Services	1,848	1,970	-122	3,047	3,309	-262
Communication Services	725	591	134	742	507	235
b) Transfers	27,730	1,038	26,692	27,408	1,351	26,057
i) Official	215	218	-3	200	226	-26
ii) Private	27,515	820	26,695	27,208	1,125	26,083
c) Income	7,699	10,978	-3,279	4,828	11,337	-6,509
i) Investment Income	7,267	10,285	-3,018	4,354	10,410	-6,056
ii) Compensation of Employees	432	693	-261	474	927	-453
Total Current Account (I+II)	**161,757**	**175,096**	**-13,339**	**198,500**	**226,381**	**-27,881**
B. CAPITAL ACCOUNT						
1. Foreign Investment (a+b)	**104,516**	**74,241**	**30,275**	**120,179**	**91,042**	**29,137**
a) Foreign Direct Investment (i+ii)	21,531	9,201	12,330	16,856	11,516	5,340
i. In India	21,311	1,558	19,753	15,984	3,399	12,585
Equity	15,837	1,497	14,340	11,443	3,312	8,131
Reinvested Earnings	4,334	–	4,334	4,238	–	4,238
Other Capital	1,140	61	1,079	303	87	216
ii. Abroad	220	7,643	-7,423	872	8,117	-7,245
Equity	220	5,120	-4,900	872	4,511	-3,639
Reinvested Earnings	–	542	-542	–	542	-542
Other Capital	–	1,981	-1,981	–	3,064	-3,064
b) Portfolio Investment	82,985	65,040	17,945	103,323	79,526	23,797
i) In India	82,958	64,987	17,971	103,078	79,174	23,904
of which						
FIIs	80,252	64,987	15,265	101,472	79,174	22,298
GDRs/ADRs	2,707	–	2,707	1,606	–	1,606
ii) Abroad	27	53	-26	245	352	-107
2. Loans (a+b+c)	**29,740**	**28,038**	**1,702**	**50,110**	**34,394**	**15,716**
a) External Assistance	2,491	1,468	1,023	4,423	1,430	2,993
i) By India	26	210	-184	28	40	-12
ii) To India	2,465	1,258	1,207	4,395	1,390	3,005
b) Commercial Borrowings	5,195	4,467	728	10,631	4,657	5,974
i) By India	450	548	-98	482	799	-317
ii) To India	4,745	3,919	826	10,149	3,858	6,291
c) Short Term to India	22,054	22,103	-49	35,056	28,307	6,749
i) Suppliers' Credit >180 days & Buyers' Credit	21,120	20,311	809	32,933	28,307	4,626
ii) Suppliers' Credit up to 180 days	934	1,792	-858	2,123	–	2,123
3. Banking Capital (a+b)	**32,120**	**31,075**	**1,045**	**33,735**	**32,901**	**834**
a) Commercial Banks	32,120	30,693	1,427	33,733	32,273	1,460
i) Assets	10,499	8,676	1,823	7,456	10,587	-3,131
ii) Liabilities	21,621	22,017	-396	26,277	21,686	4,591
of which: Non-Resident Deposits	21,514	18,649	2,865	22,924	20,761	2,163
b) Others	–	382	-382	2	628	-626
4. Rupee Debt Service	**–**	**24**	**-24**	**–**	**17**	**-17**
5. Other Capital	**7,450**	**17,484**	**-10,034**	**3,756**	**12,765**	**-9,009**
B. Total Capital Account (1 to 5)	**173,826**	**150,862**	**22,964**	**207,780**	**171,119**	**36,661**
C. Errors & Omissions	**–**	**92**	**-92**	**–**	**1,750**	**-1,750**
D. Overall Balance (Total Current Account, Capital Account and Errors & Omissions (A+B+C))	**335,583**	**326,050**	**9,533**	**406,280**	**399,250**	**7,030**
E. Monetary Movements (i+ii)	**–**	**9,533**	**-9,533**	**–**	**7,030**	**-7,030**
i) I.M.F.	–	–	–	–	–	–
ii) Foreign Exchange Reserves (Increase - / Decrease +)	–	9,533	-9,533	–	7,030	-7,030
of which: SDR Allocation	–	5,160	-5,160	–	–	–

No. 42: Foreign Exchange Reserves

End of	Foreign Currency Assets*		Gold #		SDRs ##			Reserve Tranche Position in IMF		Total	
	₹ crore	In millions of US $	₹ crore	In millions of US $	In millions of SDRs	₹ crore	In millions of US $	₹ crore	In millions of US $	**₹ crore**	**In millions of US $**
1	2	3	4	5	6	7	8	9	10	11= (2+4+7+9)	12= (3+5+8+10)
2005-06	6,47,327	145,108	25,674	5,755	2	12	3	3,374	756	6,76,387	151,622
2006-07	8,36,597	191,924	29,573	6,784	1	8	2	2,044	469	8,68,222	199,179
2007-08	11,96,023	299,230	40,124	10,039	11	74	18	1,744	436	12,37,965	309,723
2008-09	12,30,066	241,426	48,793	9,577	1	6	1	5,000	981	12,83,865	251,985
2009-10	11,49,650	254,685	81,188	17,986	3,297	22,596	5,006	6,231	1,380	12,59,665	279,057
2008-09											
April	12,30,896	304,225	38,141	9,427	11	74	18	1,961	485	12,71,072	314,155
May	12,98,464	304,875	39,190	9,202	7	47	11	2,242	526	13,39,943	314,614
June	12,98,552	302,340	39,548	9,208	7	48	11	2,269	528	13,40,417	312,087
July	12,57,357	295,918	41,366	9,735	7	47	11	2,177	512	13,00,947	306,176
August	12,52,904	286,117	38,064	8,692	2	16	4	2,173	496	12,93,157	295,309
September	13,01,645	277,300	40,205	8,565	2	17	4	2,194	467	13,44,061	286,336
October	12,01,920	244,045	41,281	8,382	6	43	9	2,200	447	12,45,444	252,883
November	11,91,016	238,968	39,177	7,861	2	13	3	4,254	854	12,34,460	247,686
December	11,94,790	246,603	41,110	8,485	2	13	3	4,248	877	12,40,161	255,968
January	11,71,060	238,894	43,549	8,884	2	15	3	4,068	830	12,18,692	248,611
February	12,11,002	238,715	49,440	9,746	1	6	1	4,141	816	12,64,589	249,278
March	12,30,066	241,426	48,793	9,577	1	6	1	5,000	981	12,83,865	251,985
2009-10											
April	12,12,747	241,487	46,357	9,231	1	6	1	4,938	983	12,64,048	251,702
May	11,89,136	251,456	45,417	9,604	–	2	1	5,886	1,245	12,40,441	262,306
June	12,16,345	254,093	46,914	9,800	–	2	1	5,974	1,248	12,69,235	265,142
July	12,55,197	260,631	46,576	9,671	–	3	1	6,444	1,338	13,08,220	271,641
August	12,76,976	261,247	48,041	9,828	3,083	23,597	4,828	6,595	1,349	13,55,209	277,252
September	12,70,049	264,373	49,556	10,316	3,297	25,096	5,224	6,557	1,365	13,51,258	281,278
October	12,52,740	266,768	50,718	10,800	3,297	24,618	5,242	7,426	1,581	13,35,502	284,391
November	12,23,313	263,191	84,508	18,182	3,297	24,676	5,309	6,806	1,464	1,339,303	288,146
December	12,07,065	258,583	85,387	18,292	3,297	24,128	5,169	6,655	1,426	13,23,235	283,470
January	11,88,753	256,362	83,724	18,056	3,297	23,762	5,124	6,554	1,413	13,02,793	280,955
February	11,74,202	253,991	82,845	17,920	3,297	23,360	5,053	6,441	1,393	12,86,848	278,357
March	11,49,650	254,685	81,188	17,986	3,297	22,596	5,006	6,231	1,380	12,59,665	279,057
2010-11											
April	11,32,211	254,773	82,377	18,537	3,297	22,142	4,982	5,961	1,341	12,42,691	279,633
May	11,51,731	247,951	90,220	19,423	3,297	22,580	4,861	6,079	1,309	12,70,610	273,544
June	11,63,266	249,628	92,704	19,894	3,297	22,719	4,875	6,118	1,313	12,84,807	275,710
July	12,01,227	258,551	89,564	19,278	3,297	23,257	5,006	6,263	1,348	13,20,311	284,183
August	12,06,317	256,227	94,199	20,008	3,297	23,420	4,974	9,098	1,932	13,33,033	283,142
September	11,91,418	265,231	92,157	20,516	3,297	23,046	5,130	8,953	1,993	13,15,574	292,870
October	11,98,542	269,093	96,510	21,668	3,297	23,080	5,182	8,966	2,013	13,27,098	297,956
November	12,12,145	263,281	1,01,857	22,124	3,297	23,161	5,031	8,997	1,954	13,46,160	292,389
December	12,00,077	267,814	1,00,686	22,470	3,297	22,753	5,078	8,838	1,972	13,32,354	297,334
December 3, 2010	12,04,947	267,232	1,01,857	22,124	3,297	22,844	5,066	8,874	1,968	13,38,522	296,390
December 10, 2010	12,03,995	266,253	1,01,857	22,124	3,297	22,936	5,072	8,909	1,970	13,37,697	295,419
December 17, 2010	12,04,870	265,448	1,01,857	22,124	3,297	22,983	5,063	8,928	1,967	13,38,638	294,602
December 24, 2010	12,02,687	265,905	1,01,857	22,124	3,297	22,808	5,043	8,860	1,959	13,36,212	295,031
December 31, 2010	12,00,077	267,814	1,00,686	22,470	3,297	22,753	5,078	8,838	1,972	13,32,354	297,334
January 7, 2011	12,00,307	264,560	1,00,686	22,470	3,297	22,811	5,028	8,861	1,953	13,32,665	294,011
January 14, 2011	12,13,434	267,866	1,00,686	22,470	3,297	23,106	5,101	8,976	1,981	13,46,201	297,418

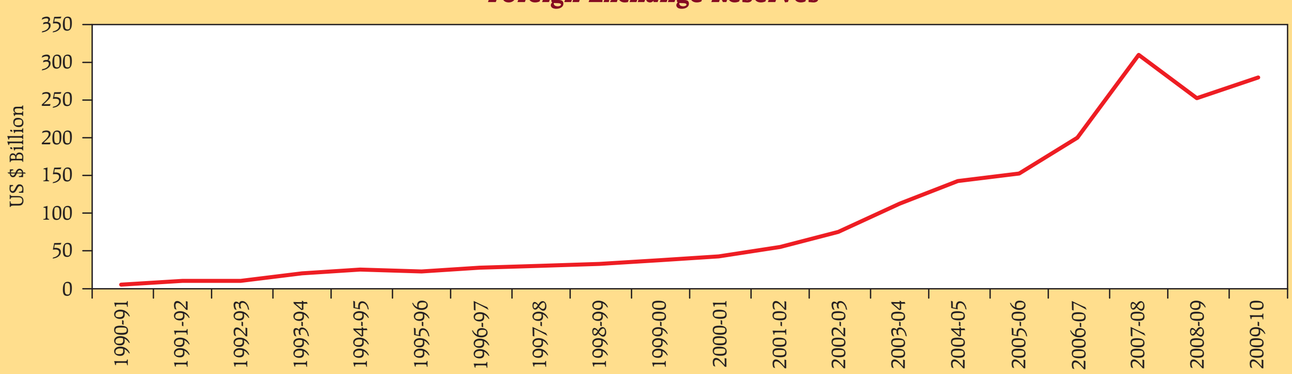
-Negligible See 'Notes on Tables'

* FCA excludes US $ 250.00 millon (as also its equivalent value in Indian Rupee) invested in foreign currency denominated bonds issued by IIFC (UK) since March 20, 2009.

Includes Rs. 31,463 crore (US$ 6,699 million) reflecting the purchase of 200 metric tonnes of gold from IMF on November 3, 2009.

Includes SDRs 3,082.5 million allocated under general allocation and SDRs 214.6 million allocated under special allocation by the IMF done on August 28, 2009 and September 9, 2009, respectively.

Foreign Exchange Reserves



No. 43: NRI Deposits- Outstanding and Inflows (+) /Outflows (-) @

(As at end - March) (US$ Million)

SCHEME	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
1. FCNR(A) *	7,051	4,255	2,306	1	-	-	-	-	-	-	-	-	-	-	-	-
2. FCNR(B) **	3,063	5,720	7,496	8,467	7,835	8,172	9,076	9,673	10,199	10,961	11,452	13,064	15,129	14,168	13,211	14,258
3. NR(E)RA	4,556	3,916	4,983	5,637	6,045	6,758	7,147	8,449	14,923	20,559	21,291	22,070	24,495	26,716	23,570	26,251
4. NR(NR)RD +	2,486	3,542	5,604	6,262	6,618	6,754	6,849	7,052	3,407	1,746	232	-	-	-	-	-
5. NRO	-	-	-	-	-	-	-	-	-	-	-	1,148	1,616	2,788	4,773	7,381
Total	**17,156**	**17,433**	**20,389**	**20,367**	**20,498**	**21,684**	**23,072**	**25,174**	**28,529**	**33,266**	**32,975**	**36,282**	**41,240**	**43,672**	**41,554**	**47,890**

(US$ million)

SCHEME	2009-10 End Month											
	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
1	2	3	4	5	6	7	8	9	10	11	12	13
1. FCNR(B) **	13,384	14,017	14,014	14,156	14,053	14,188	14,625	14,698	14,665	14,534	14,358	14,258
2. NR(E)RA	23,935	25,418	24,952	25,369	24,931	25,434	25,715	26,079	25,905	25,769	25,836	26,251
3. NRO	5,063	5,613	5,613	5,971	6,003	6,350	6,652	6,962	6,920	7,063	7,153	7,381
Total	**42,382**	**45,048**	**44,579**	**45,496**	**44,987**	**45,972**	**46,992**	**47,739**	**47,490**	**47,366**	**47,347**	**47,890**

(US$ million)

SCHEME	2010-11 (P) End Month								
	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct	Nov	Dec
1	2	3	4	5	6	7	8	9	10
1. FCNR(B) **	14,466	14,159	14,369	14,697	14,665	15,012	15,327	15,123	15,101
2. NR(E)RA	26,686	26,031	26,067	26,595	26,124	26,579	26,803	26,538	26,521
3. NRO	7,724	7,643	7,672	7,829	7,895	8,316	8,827	8,666	8,998
Total	**48,876**	**47,833**	**48,108**	**49,121**	**48,684**	**49,907**	**50,957**	**50,327**	**50,620**

Inflow (+) /Outflow (-) During the Month (US$ million)

SCHEME	2009-10												
	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.- Mar.
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1. FCNR(B)	173	633	-3	142	-103	135	437	73	-33	-131	-176	-100	1,047
	-(140)	-(151)	(124)	-(235)	-(291)	(29)	-(809)	(39)	(202)	(45)	(133)	(97)	-(957)
2. NR(E)RA	67	128	187	234	-68	38	-270	-31	44	-286	-11	-103	-71
	-(71)	(462)	(160)	-(39)	-(205)	(527)	(645)	(124)	-(220)	-(192)	(607)	(710)	(2508)
3. NRO	229	257	146	316	120	233	166	207	16	104	68	84	1,946
	(204)	(148)	(77)	(163)	(128)	(182)	(302)	(445)	(314)	(246)	-(98)	(627)	(2738)
Total	**469**	**1,018**	**330**	**692**	**-51**	**406**	**333**	**249**	**27**	**-313**	**-119**	**-119**	**2,922**
	-(7)	(459)	(361)	-(111)	-(368)	(738)	(138)	(608)	(296)	(99)	(642)	(1434)	(4289)

Inflow (+) /Outflow (-) During the Month (US$ million)

SCHEME	2010-11 (P)									
	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct	Nov	Dec	Apr.- Dec.
1	2	3	4	5	6	7	8	9	10	11
1. FCNR(B)	207	-307	210	329	-33	347	316	-204	-22	843
	(173)	(633)	-(3)	(142)	-(103)	(135)	(437)	(73)	-(33)	(1454)
2. NR(E)RA	-85	558	39	468	-234	-300	-381	62	-181	-54
	(67)	(128)	(187)	(234)	-(68)	(38)	-(270)	-(31)	(44)	(329)
3. NRO	197	272	29	139	138	189	322	-54	276	1,508
	(229)	(257)	(146)	(316)	(120)	(233)	(166)	(207)	(16)	(1690)
Total	**319**	**523**	**278**	**936**	**-129**	**236**	**257**	**-196**	**73**	**2,297**
	(469)	(1018)	(330)	(692)	-(51)	(406)	(333)	(249)	(27)	(3473)

Note: 1. FCNR(A) : Foreign Currency Non-Resident (Accounts).

2. FCNR(B) : Foreign Currency Non-Resident (Banks).
3. NR(E) RA: Non-Resident(External) Rupee Accounts.
4. NR(NR)RD : Non-Resident(Non-Repatriable) Rupee Deposits
5. NRO Non-Resident Ordinary Rupee Account
6. Figures in the brackets represent inflows(+) outflows (-) during the corresponding month/period of the previous year

No. 44: Foreign Investment Inflows

(US$ million)

Item	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10 (P)
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
A. Direct Investment (I+II+III)	**2,144**	**2,821**	**3,557**	**2,462**	**2,155**	**4,029**	**6,130**	**5,035**	**4,322**	**6,051**	**8,961**	**22,826**	**34,835**	**37,838**	**37,763**
I. Equity (a+b+c+d+e)	2,144	2,821	3,557	2,462	2,155	2,400	4,095	2,764	2,229	3,778	5,975	16,481	26,864	28,031	27,149
a. Government (SIA/FIPB)	1,249	1,922	2,754	1,821	1,410	1,456	2,221	919	928	1,062	1,126	2,156	2,298	4,699	3,471
b. RBI	169	135	202	179	171	454	767	739	534	1,258	2,233	7,151	17,127	17,998	18,990
c. NRI	715	639	241	62	84	67	35	-	-	-	-	-	-	-	-
d. Acquisition of shares *	11	125	360	400	490	362	881	916	735	930	2,181	6,278	5,148	4,632	3,148
e. Equity capital of unincorporated bodies #	..	..	..	..	..	61	191	190	32	528	435	896	2,291	702	1,540
II. Reinvested earnings +	..	..	..	..	..	1,350	1,645	1,833	1,460	1,904	2,760	5,828	7,679	9,030	8,669
III. Other capital ++	..	..	..	..	..	279	390	438	633	369	226	517	292	777	1,945
B. Portfolio Investment (a+b+c)	**2,748**	**3,312**	**1,828**	**-61**	**3,026**	**2,760**	**2,021**	**979**	**11,377**	**9,315**	**12,492**	**7,003**	**27,271**	**-13,855**	**32,376**
a. GDRs/ADRs # #	683	1,366	645	270	768	831	477	600	459	613	2,552	3,776	6,645	1,162	3328
b. FIIs **	2,009	1,926	979	-390	2,135	1,847	1,505	377	10,918	8,686	9,926	3,225	20,328	-15,017	29,048
c. Offshore funds and others	56	20	204	59	123	82	39	2	-	16	14	2	298	-	-
Total (A+B)	**4,892**	**6,133**	**5,385**	**2,401**	**5,181**	**6,789**	**8,151**	**6,014**	**15,699**	**15,366**	**21,453**	**29,829**	**62,106**	**23,983**	**70,139**

(US$ million)

Item	2009-10 (P)												
	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.- Mar.
1	2	3	4	5	6	7	8	9	10	11	12	13	14
A. Direct Investment (I+II+III)	**2,339**	**2,095**	**2,471**	**3,476**	**3,174**	**1,512**	**2,332**	**1,700**	**1,542**	**2,042**	**1,717**	**1,209**	**37,763**
I. Equity (a+b+c+d)	2,339	2,095	2,471	3,476	3,174	1,512	2,332	1,700	1,542	2,042	1,717	1,209	27,149
a. Government (SIA/FIPB)	931	101	85	248	643	111	302	179	51	588	93	139	3,471
b. RBI	1,150	1,916	2,337	1,757	2,477	1,355	1,726	1,367	1,233	1,292	1,364	1,016	18,990
c. Acquisition of shares *	258	78	49	1,471	54	46	304	154	258	162	260	54	3,148
d. Equity capital of unincorporated bodies #	..	..	..	..	..	..	..	..	..	..	..	..	1,540
II. Reinvested earnings +	..	..	..	..	..	..	..	..	..	..	..	..	8,669
III. Other capital ++	..	..	..	..	..	..	..	..	..	..	..	..	1,945
B. Portfolio Investment (a+b+c)	**2,278**	**5,639**	**353**	**3,032**	**1,574**	**5,095**	**2,922**	**1,274**	**1,533**	**3,139**	**230**	**5,306**	**32,376**
a. GDRs/ADRs # #	33	-	10	965	1,603	96	-	381	94	46	-	100	3,328
b. FIIs **	2,245	5,639	343	2,067	-29	4,999	2,922	893	1,439	3,093	230	5,206	29,048
c. Offshore funds and others	-	-	-	-	-	-	-	-	-	-	-	-	-
Total (A+B)	**4,617**	**7,734**	**2,824**	**6,508**	**4,748**	**6,607**	**5,254**	**2,974**	**3,075**	**5,181**	**1,947**	**6,515**	**70,139**

(US$ million)

Item	2010-11 (P)								
	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct	Nov	Apr.- Nov.
1	2	3	4	5	6	7	8	9	10
A. Direct Investment (I+II+III)	**2,179**	**2,213**	**1,380**	**1,785**	**1,330**	**2,118**	**1,392**	**1,628**	**19,002**
I. Equity (a+b+c+d)	2,179	2,213	1,380	1,785	1,330	2,118	1,392	1,628	14,462
a. Government (SIA/FIPB)	440	555	159	49	151	61	146	43	1,604
b. RBI	1,361	1,274	914	1,387	998	565	1,204	1,247	8,950
c. Acquisition of shares *	378	384	307	349	181	1,492	42	338	3,471
d. Equity capital of unincorporated bodies #	..	..	..	..	..	..	..	..	437
II. Reinvested earnings +	..	..	..	..	..	..	..	..	4,237
III. Other capital ++	..	..	..	..	..	..	..	..	303
B. Portfolio Investment (a+b+c)	**3,315**	**41**	**1,297**	**9,114**	**-440**	**10,577**	**28,704**	**-19,811**	**32,797**
a. GDRs/ADRs # #	156	532	426	364	-	128	74	110	1,790
b. FIIs **	3,159	-491	871	8,750	-440	10,449	28,630	-19,921	31,007
c. Offshore funds and others	-	-	-	-	-	-	-	-	-
Total (A+B)	**5,494**	**2,254**	**2,677**	**10,899**	**890**	**12,695**	**30,096**	**-18,183**	**51,799**

* Relates to acquisition of shares of Indian companies by non-residents under Section 6 of FEMA, 1999. Data on such acquisitions have been included as part of FDI since January 1996.

** Represents inflow of funds (net) by Foreign Institutional Investors (FIIs).

\# Figures for equity capital of unincorporated bodies for 2009-10 are estimates.

\# # Represents the amount raised by Indian Corporates through Global Depository Receipts (GDRs) and American Depository Receipts (ADRs).

\+ Data for 2009-10 are estimated as average of previous two years.

++ Data pertain to inter company debt transactions of FDI entities.

Notes : 1. Data for equity capital of unincorporated bodies, reinvested earnings and other capital in the column of the monthly table, pertain to April-September 2010. Which are included in the last column (cumulative FDI).As a result the monthly total of FDI may not match with the cumulative FDI given in the last column.

2. Data on FDI have been revised since 2000-01 with expanded coverage to approach international best practices.

3. These data, therefore, are not comparable with FDI data for previous years.Also see 'Notes on Tables 'of Table No 40 & 41.

4. Monthly data on components of FDI as per expanded coverage are not available.

Table 44 A: Outward Remittances under the Liberalised Remittance Scheme for Resident Individuals

(US$ million)

Purpose	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
1	2	3	4	5	6	7
1. Deposit	9.1	23.2	19.7	24.0	30.4	37.4
2. Purchase of immovable property	0.5	1.9	8.5	39.5	55.9	47.6
3. Investment in equity/debt	-	-	20.7	144.7	151.4	206.5
4. Gift	-	-	7.4	70.3	133.0	159.9
5. Donations	-	-	0.1	1.6	1.4	5.3
6. Travel	-	-	-	-	-	17.4
7. Maintenance of close relatives	-	-	-	-	-	170.9
8. Medical Treatment	-	-	-	-	-	18.3
9. Studies Abroad	-	-	-	-	-	217.8
10. Others**	-	-	16.4	160.4	436.0	101.8
Total (1 to 10)	**9.6**	**25.0**	**72.8**	**440.5**	**808.1**	**983.0**

(US$ million)

Purpose	2009-10											
	April	May	June	July	August	Sept.	Oct.	Nov	Dec	Jan	Feb	March
1	2	3	4	5	6	7	8	9	10	11	12	13
1. Deposit	2.3	2.8	3.2	1.9	1.7	3.0	2.7	2.0	3.6	1.9	3.3	9.0
2. Purchase of immovable property	4.2	3.8	3.4	2.5	4.7	3.7	2.9	2.9	3.6	3.2	2.1	10.6
3. Investment in equity/debt	12.6	12.2	14.8	10.7	15.4	12.6	20.2	12.8	16.6	10.4	16.0	52.2
4. Gift	13.6	11.7	13.7	13.0	11.2	11.5	12.6	11.7	12.3	11.9	14.7	22.0
5. Donations	0.1	0.2	0.6	0.1	0.2	0.4	2.3	0.2	0.1	0.6	0.2	0.3
6. Travel	1.4	1.5	1.1	2.5	1.2	2.3	1.8	1.8	0.6	0.8	0.8	1.6
7. Maintenance of close relatives	10.5	10.0	8.8	9.7	13.3	10.8	19.5	16.5	17.6	15.9	13.4	24.9
8. Medical Treatment	1.3	2.3	2.4	2.3	1.6	1.9	1.6	1.4	1.0	0.9	0.7	0.9
9. Studies Abroad	6.1	6.8	89.3	12.7	21.0	18.5	7.7	11.0	10.6	13.9	11.2	9.0
10. Others**	6.0	6.4	7.6	9.5	8.5	7.5	6.2	5.5	6.7	10.2	8.5	19.2
Total (1 to 10)	**58.1**	**57.7**	**145.0**	**64.9**	**78.8**	**72.2**	**77.5**	**65.8**	**72.7**	**69.7**	**70.9**	**149.7**

(US$ million)

Purpose	2010-11							
	April	May	June	July	August	September	October	November
1	2	3	4	5	6	7	8	9
1. Deposit	3.6	2.5	2.3	1.5	1.3	0.8	2.9	1.7
2. Purchase of immovable property	7.5	5.8	5.9	4.4	4.6	4.6	6.8	5.0
3. Investment in equity/debt	22.2	21.6	18.2	17.6	17.5	15.6	24.8	15.3
4. Gift	24.5	16.6	16.5	15.1	19.2	15.8	23.1	23.1
5. Donations	0.5	0.1	0.2	0.1	0.4	0	0.3	0.3
6. Travel	1.6	1.5	1.2	2.2	2.6	1.3	1.3	1.2
7. Maintenance of close relatives	61.1	19.7	15.1	14.7	20.7	14.5	18.9	12.1
8. Medical Treatment	0.8	0.6	0.7	0.7	0.5	0.4	0.3	0.6
9. Studies Abroad	7.7	9.6	6.9	13.0	18.6	23.9	12.6	10.4
10. Others**	11.7	12.2	10.1	7.6	9.5	7.3	8.3	12.0
Total (1 to 10)	**141.2**	**90.2**	**77.1**	**76.9**	**94.7**	**84.2**	**99.3**	**81.7**

\- Not available

** Include items such as subscription to journals, maintenance of investment abroad, student loan repayments, credit card payments etc. (till 2008-09 also includes education, travel, maintenance of close relatives and medical treatment).

Notes : (i) The data from 2004 to 2007 are on calendar basis.

(ii) Under Liberalised Remittance Scheme (LRS), currently, the residents are permitted to remit up to an amount of US $ 2, 00,000 per financial year (April-March) for any permitted current or capital account transactions or a combination of both with effect from September 26, 2007. The LRS Scheme was introduced in February 2004 to facilitate resident individuals to freely remit up to US $ 25,000 per calendar year, which was enhanced to US $ 50,000 per financial year in December 2006; to US $ 1, 00,000 per financial year in May 2007; and to US $ 2, 00,000 per financial year in September 2007.

No. 45 : Daily Foreign Exchange Spot Rates

(₹ per Unit of Foreign Currency)

Date	RBI's Reference Rate ₹ Per Foreign Currency		FEDAI Indicative Rates							
			US Dollar		Pound Sterling		Euro		One Hundred Japanese Yen	
	US Dollar	Euro	Buying	Selling	Buying	Selling	Buying	Selling	Buying	Selling
1	2	3	4	5	6	7	8	9	10	11
December 1, 2010	45.7000	59.5300	45.7000	45.7100	71.2100	71.2475	59.5550	59.5775	54.7500	54.7875
December 2, 2010	45.3700	59.5200	45.3550	45.3650	70.8450	70.8775	59.5100	59.5325	53.9100	53.9425
December 3, 2010	45.0900	59.6300	45.0800	45.0900	70.4325	70.4675	59.6225	59.6450	53.9300	53.9750
December 6, 2010	44.8500	59.9200	44.8250	44.8350	70.5725	70.6025	59.8950	59.9275	54.1050	54.1350
December 7, 2010	44.8400	59.7200	44.8400	44.8500	70.5950	70.6300	59.7175	59.7400	54.2525	54.2900
December 8, 2010	45.1200	59.6300	45.1200	45.1300	70.8350	70.8575	59.6025	59.6250	53.7150	53.7525
December 9, 2010	45.1700	60.0400	45.1550	45.1650	71.4500	71.4775	60.0250	60.0475	53.7875	53.8200
December 10, 2010	45.2200	59.9900	45.2050	45.2150	71.3875	71.4250	59.9775	60.0000	54.0025	54.0200
December 13, 2010	45.2500	59.6900	45.2500	45.2600	71.4100	71.4375	59.6850	59.7150	53.7800	53.8225
December 14, 2010	45.0100	60.3100	45.0100	45.0200	71.4050	71.4425	60.2900	60.3225	53.9300	53.9475
December 15, 2010	45.3200	60.2700	45.3200	45.3300	71.2075	71.2400	60.2450	60.2650	54.0300	54.0725
December 16, 2010	45.3900	60.0500	45.3800	45.3900	70.6425	70.6675	60.0425	60.0650	53.8775	53.8950
December 17, 2010 +										
December 20, 2010	45.3800	59.7700	45.3900	45.4000	70.4350	70.4600	59.7775	59.7975	54.0875	54.1325
December 21, 2010	45.2600	59.6100	45.2450	45.2550	70.3525	70.3850	59.6000	59.6225	54.0625	54.0875
December 22, 2010	45.1300	59.3200	45.1300	45.1400	69.8925	69.9300	59.3150	59.3550	53.8875	53.9175
December 23, 2010	45.0200	59.1200	45.0150	45.0250	69.4050	69.4375	59.1000	59.1400	54.1425	54.1675
December 24, 2010	45.2300	59.3400	45.2100	45.2200	69.8850	69.9225	59.3300	59.3700	54.4500	54.4950
December 27, 2010	45.1500	59.3200	45.1450	45.1550	69.6825	69.7200	59.3075	59.3425	54.5350	54.5625
December 28, 2010	45.1700	59.7500	45.1550	45.1650	69.8500	69.8875	59.7175	59.7525	54.7675	54.8125
December 29, 2010	45.1200	59.2200	45.1150	45.1250	69.4175	69.4525	59.2125	59.2450	54.8500	54.8825
December 30, 2010	44.9000	59.4700	44.8950	44.9050	69.6675	69.6975	59.4675	59.4850	55.1200	55.1650
December 31, 2010	44.8100	59.8100	44.8000	44.8100	69.2575	69.2900	59.8300	59.8700	55.0575	55.0825

+ Market closed.
FEDAI : Foreign Exchange Dealers' Association of India.
Note: Euro Reference rate was announced by RBI with effect from January 1, 2002.
Source: FEDAI for FEDAI rates.

No. 46: Sale/Purchase of U.S. Dollar by the Reserve Bank of India

Month		Foreign Currency (US $ million)			₹ equivalent at contract rate (₹ crore)	Cumulative (over end-April 2009)		Outstanding Net Forward Sales (–)/ Purchase (+) at the end of month (US $ million)
		Purchase (+)	Sale (–)	Net (+/–)		(US $ million)	(₹ crore)	
1		2	3	4	5	6	7	8
2009-10								
April	2009	204.00	2,691.00	(–) 2,487.00	(–) 12,063.87	(–) 2,487.00	(–) 12,063.87	(–) 1,071.00
May	2009	923.00	2,360.00	(–) 1,437.00	(–) 6,902.22	(–) 3,924.00	(–) 18,966.09	131.00
June	2009	1,279.00	235.00	1,044.00	4,974.19	(–) 2,880.00	(–) 13,991.90	745.00
July	2009	570.00	625.00	(–) 55.00	(–) 217.19	(–) 2,935.00	(–) 14,209.09	800.00
August	2009	415.00	234.00	181.00	837.52	(–) 2,754.00	(–) 13,371.57	619.00
September	2009	260.00	180.00	80.00	377.37	(–) 2,674.00	(–) 12,994.20	539.00
October	2009	125.00	50.00	75.00	372.04	(–) 2,599.00	(–) 12,622.16	435.00
November	2009	234.00	270.00	(–) 36.00	(–) 102.18	(–) 2,635.00	(–) 12,724.34	500.00
December	2009	205.00	230.00	(–) 25.00	(–) 69.87	(–) 2,660.00	(–) 12,794.21	525.00
January	2010	25.00	25.00	–	2.77	(–) 2,660.00	(–) 12,791.44	525.00
February	2010	300.00	300.00	–	19.77	(–) 2,660.00	(–) 12,771.67	525.00
March	2010	525.00	370.00	155.00	766.50	(–) 2,505.00	(–) 12,005.17	370.00

Month		Foreign Currency (US $ million)			₹ equivalent at contract rate (₹ crore)	Cumulative (over end-April 2009)		Outstanding Net Forward Sales (–)/ Purchase (+) at the end of month (US $ million)
		Purchase (+)	Sale (–)	Net (+/–)		(US $ million)	(₹ crore)	
1		2	3	4	5	6	7	8
2010-11								
April	2010	–	–	–	–	–	–	370.00
May	2010	–	–	–	–	–	–	370.00
June	2010	370.00	260.00	110.00	491.73	110.00	491.73	260.00
July	2010	–	–	–	–	110.00	491.73	260.00
August	2010	–	–	–	–	110.00	491.73	260.00
September	2010	260.00	–	260.00	1,215.75	370.00	1,707.48	0.00
October	2010	450.00	–	450.00	2,001.59	820.00	3,709.06	450.00
November	2010	1,370.00	500.00	870.00	3,848.70	1,690.00	7,557.77	0.00
December	2010	–	–	–	–	1,690.00	7,557.77	0.00

(+) Implies Purchase including purchase leg under swaps and outright forwards.

(–) Implies Sales including sale leg under swaps and outright forwards.

Note : This table is based on value dates.

No. 47: Turnover in Foreign Exchange Market

(US$ Million)

Position Date	Merchant						Inter-bank					
	FCY / INR			FCY / FCY			FCY/INR			FCY/FCY		
	Spot	Forward	Forward Cancellation	Spot	Forward	Forward Cancellation	Spot	Swap	Forward	Spot	Swap	Forward
1	2	3	4	5	6	7	8	9	10	11	12	13
Purchases												
Dec. 1, 2010	2,615	1,436	1,180	100	1,062	928	7,898	6,227	1,274	3,753	1,089	145
Dec. 2, 2010	2,488	1,371	1,036	81	706	552	7,433	5,657	901	3,327	917	166
Dec. 3, 2010	1,978	1,411	940	161	676	512	7,145	5,967	383	3,403	1,014	88
Dec. 6, 2010	2,264	1,618	1,529	109	901	734	6,177	6,682	774	3,608	1,410	168
Dec. 7, 2010	2,127	1,288	624	120	814	631	5,786	6,014	1,067	2,931	1,231	173
Dec. 8, 2010	2,526	1,301	751	180	757	649	6,140	6,530	511	3,512	1,081	142
Dec. 9, 2010	2,494	1,305	849	71	706	576	6,364	6,625	787	3,048	866	180
Dec. 10, 2010	2,536	1,850	1,212	84	473	462	6,595	7,410	962	2,487	1,009	111
Dec. 13, 2010	1,853	1,185	1,001	143	362	293	5,515	4,395	372	2,125	963	126
Dec. 14, 2010	2,587	1,251	652	136	1,419	1,168	5,497	5,502	463	3,892	1,555	156
Dec. 15, 2010	2,118	2,008	790	275	469	381	6,705	4,385	830	2,996	980	173
Dec. 16, 2010	2,571	1,296	1,376	93	725	729	6,500	6,229	1,271	3,555	1,759	97
Dec. 17, 2010 +												
Dec. 20, 2010	3,411	1,615	1,871	130	592	569	6,512	5,589	427	2,998	1,880	287
Dec. 21, 2010	2,676	1,341	687	248	551	431	6,554	6,417	986	2,694	1,154	175
Dec. 22, 2010	2,771	963	1,337	107	447	472	5,676	5,773	513	2,655	1,497	474
Dec. 23, 2010	2,096	898	784	148	595	440	6,393	5,947	414	2,329	1,464	555
Dec. 24, 2010	2,187	1,233	774	111	348	468	6,015	7,764	466	2,480	3,068	500
Dec. 27, 2010	1,895	895	495	99	438	384	3,773	4,722	454	1,799	1,107	219
Dec. 28, 2010	1,769	1,071	692	83	504	573	4,616	6,000	742	2,551	1,439	283
Dec. 29, 2010	3,801	2,070	2,217	172	480	567	5,370	6,158	1,101	2,435	2,598	179
Dec. 30, 2010	2,569	1,272	1,250	245	765	721	6,849	6,580	505	1,934	2,510	360
Dec. 31, 2010	2,871	1,797	1,407	69	404	680	7,233	6,261	161	1,781	1,723	417
Sales												
Dec. 1, 2010	2,807	2,003	721	92	1,085	917	7,376	5,834	838	3,759	1,360	112
Dec. 2, 2010	2,144	1,788	873	85	749	513	7,441	5,780	1,050	3,329	1,316	175
Dec. 3, 2010	1,680	1,730	1,143	159	700	471	7,109	5,821	469	3,408	1,286	95
Dec. 6, 2010	2,027	3,000	885	105	971	738	5,982	6,647	920	3,584	1,770	147
Dec. 7, 2010	1,950	1,606	908	133	776	643	5,420	5,983	665	2,931	1,416	123
Dec. 8, 2010	1,923	1,373	852	135	771	644	6,265	6,163	862	3,521	1,241	143
Dec. 9, 2010	2,223	1,568	601	69	708	616	6,599	5,970	750	3,011	1,042	205
Dec. 10, 2010	3,509	1,315	734	90	473	463	6,632	7,514	895	2,479	1,141	100
Dec. 13, 2010	2,061	1,415	660	139	442	306	5,404	4,415	508	2,130	1,069	120
Dec. 14, 2010	2,725	1,253	565	140	1,273	1,103	5,286	5,416	635	3,889	1,665	150
Dec. 15, 2010	1,910	2,007	756	276	481	405	6,610	4,808	1,063	2,998	1,024	136
Dec. 16, 2010	2,478	2,325	1,350	89	783	758	6,410	5,845	1,306	3,575	1,837	138
Dec. 17, 2010+												
Dec. 20, 2010	3,127	2,962	711	164	770	511	6,663	5,871	626	2,958	1,963	286
Dec. 21, 2010	2,584	1,847	699	247	602	461	6,314	6,310	1,275	2,661	1,257	190
Dec. 22, 2010	2,261	2,036	778	119	463	479	5,551	6,084	657	2,626	1,582	476
Dec. 23, 2010	2,187	1,222	634	121	567	491	5,996	5,822	544	2,280	1,757	574
Dec. 24, 2010	2,735	1,523	416	107	415	577	5,960	8,318	381	2,459	3,135	514
Dec. 27, 2010	2,164	827	559	76	478	365	3,713	4,435	342	1,798	1,176	215
Dec. 28, 2010	1,836	1,310	407	84	609	527	4,467	5,256	743	2,533	1,521	280
Dec. 29, 2010	2,669	2,558	2,206	179	521	533	5,303	5,982	1,110	2,368	2,731	226
Dec. 30, 2010	2,137	2,280	969	261	771	676	6,775	6,337	330	1,882	2,866	360
Dec. 31, 2010	2,306	2,237	1,484	65	527	538	7,166	6,377	357	1,795	1,746	379

+ : Market Closed   INR : Indian Rupee   FCY : Foreign Currency

Note: Data relate to sales and purchases of foreign exchange on account of merchant and inter-bank transactions. Data are provisional.

No. 48: Indices of Real Effective Exchange Rate (REER) and Nominal Effective Exchange Rate (NEER) of the Indian Rupee

(36-Currency Export and Trade Based Weights)

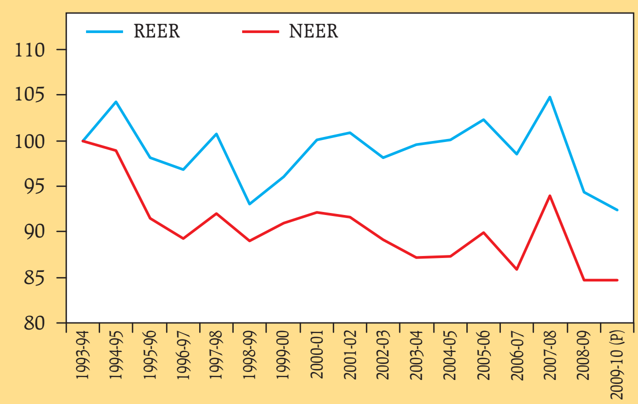
(Base: 1993-94=100)*

Year	Trade Based Weights		Export Based Weights	
	REER	NEER	REER	NEER
1	2	3	4	5
1993-94	100.00	100.00	100.00	100.00
1994-95	104.32	98.91	104.88	98.18
1995-96	98.19	91.54	100.10	90.94
1996-97	96.83	89.27	98.95	89.03
1997-98	100.77	92.04	103.07	91.97
1998-99	93.04	89.05	94.34	90.34
1999-00	95.99	91.02	95.28	90.42
2000-01	100.09	92.12	98.67	90.12
2001-02	100.86	91.58	98.59	89.08
2002-03	98.18	89.12	95.99	87.01
2003-04	99.56	87.14	99.07	87.89
2004-05	100.09	87.31	98.30	88.41
2005-06	102.35	89.85	100.54	91.17
2006-07	98.48	85.89	97.42	87.46
2007-08	104.81	93.91	104.12	95.30
2008-09	94.32	84.66	94.12	84.67
2009-10 (P)	92.43	84.69	92.03	81.88

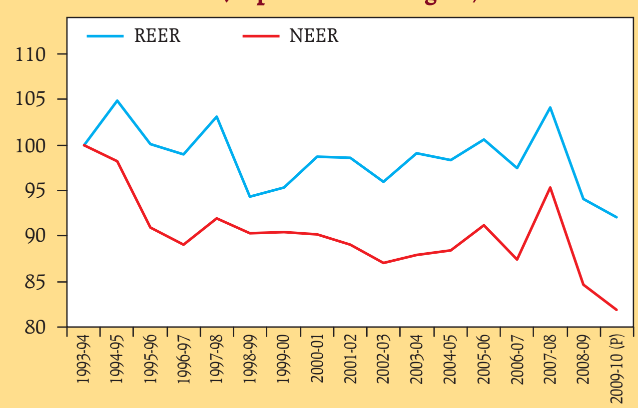
Year		Trade Based Weights		Export Based Weights	
		REER	NEER	REER	NEER
1		2	3	4	5
2009-10 (P)	April	87.48	83.61	87.14	80.73
	May	89.61	84.43	89.12	81.59
	June	90.04	84.78	89.54	81.86
	July	89.59	83.40	89.05	80.48
	August	90.15	83.13	89.57	80.21
	September	89.79	82.17	89.24	79.35
	October	91.89	84.29	91.34	81.51
	November	93.39	84.27	92.90	81.48
	December	94.18	84.77	93.81	81.96
	January	96.71	86.30	96.42	83.54
	February	96.69	86.85	96.65	84.16
	March	99.69	88.28	99.62	85.69
2010-11 (P)	April	100.39	90.75	100.87	87.37
	May	100.64	90.19	101.20	86.84
	June	99.44	89.44	100.25	86.16
	July	97.20	86.89	98.62	84.15
	August	96.53	86.80	97.47	83.66
	September	98.18	87.56	99.09	84.48
	October	99.33	88.95	100.17	85.80
	November	98.16	87.90	99.03	84.82
	December	98.85	88.52	99.94	85.61

* For "Note on Methodology" and time series data on the indices presented here, please see December 2005 issue of this Bulletin.

Indices of REER and NEER of the Indian Rupee (Trade Based Weights)



Indices of REER and NEER of the Indian Rupee (Export Based Weights)



No. 49: Indices of Real Effective Exchange Rate (REER) and Nominal Effective Exchange Rate (NEER) of the Indian Rupee

(6-Currency Trade Based Weights)

Year/Month/Day				Base: 1993-94 (April-March) =100		Base: 2008-09 (April-March) =100	
				NEER	REER	NEER	REER
1993-94				100.00	100.00	153.76	95.88
1994-95				96.96	105.82	149.01	101.42
1995-96				88.56	101.27	136.11	97.06
1996-97				86.85	101.11	133.47	96.91
1997-98				87.94	104.41	135.15	100.07
1998-99				77.49	96.14	119.09	92.15
1999-00				77.16	97.69	118.59	93.62
2000-01				77.43	102.82	119.00	98.55
2001-02				76.04	102.71	116.87	98.44
2002-03				71.27	97.68	109.53	93.62
2003-04				69.97	99.17	107.53	95.05
2004-05				69.58	101.78	106.93	97.55
2005-06				72.28	107.30	111.09	102.84
2006-07				69.49	105.57	106.80	101.18
2007-08				74.76	114.23	114.89	109.49
2008-09				65.07	104.34	100.00	100.00
2009-10				62.87	104.56	96.62	100.21
2008-09	April			71.49	112.24	109.87	107.57
	May			68.27	108.39	104.92	103.88
	June			67.11	108.21	103.15	103.71
	July			66.56	107.84	102.30	103.35
	August			67.88	111.12	104.33	106.50
	September			65.02	106.88	99.92	102.44
	October			62.50	101.95	96.06	97.71
	November			63.38	102.23	97.41	97.98
	December			62.48	99.73	96.03	95.59
	January			62.60	98.93	96.21	94.81
	February			63.08	99.15	96.95	95.03
	March			60.45	95.44	92.90	91.47
2009-10	April			61.60	98.34	94.68	94.26
	May			62.45	101.22	95.97	97.01
	June			62.59	100.97	96.20	96.77
	July			61.52	100.45	94.55	96.27
	August			61.39	101.37	94.35	97.16
	September			60.78	101.12	93.41	96.92
	October			62.57	103.82	96.16	99.50
	November			62.48	105.69	96.02	101.29
	December			62.96	106.90	96.76	102.45
	January			64.46	109.79	99.07	105.23
	February			65.02	110.50	99.93	105.91
	March			66.59	114.49	102.34	109.73
2010-11	April			68.40	118.92	105.13	113.97
	May			68.07	120.00	104.62	115.01
	June	(P)		67.55	118.78	103.81	113.85
	July	(P)		65.70	116.18	100.97	111.35
	August	(P)		65.66	116.53	100.91	111.69
	September	(P)		66.00	117.54	101.44	112.66
	October	(P)		66.68	118.82	102.48	113.88
	November	(P)		66.10	117.47	101.59	112.58
	December	(P)		66.80	120.22	102.66	115.23
	As on						
	December	24	(P)	66.85	120.31	102.74	115.31
	December	31	(P)	67.01	120.61	102.99	115.60
	January	7	(P)	66.87	120.35	102.77	115.35
	January	14	(P)	66.16	119.07	101.67	114.12
	January	21	(P)	65.27	117.47	100.31	112.59

(P) : Provisional.

Notes : 1. Rise in indices indicate appreciation of rupee and vice versa.

2. For "Note on Methodology" on the indices presented here, please see December 2005 issue of this Bulletin.

3. Base year 2008-09 is a moving one, which gets updated every year.

Notes on Tables

Table No. 1

(1) Annual data are averages of the months.

(2) Figures relate to last Friday of the month/year.

(3) Total of Rupee Securities held in Issue and Banking Departments.

(4) Relates to loans and advances only.

(5) Figures relate to the last Friday/last reporting Friday (in case of March).

(6) Total for Mumbai, Chennai, Kolkata and New Delhi only.

(7) Figures relate to last reporting Friday/March 31.

(8) Rates presented as low/high for the period indicated. The source of data prior to April 2000 issue of the Bulletin has been DFHI. The data from April 2000 issue of the Bulletin are not strictly comparable with that pertaining to earlier periods due to wider coverage of Call Market business.

(9) Relating to major banks.

(10) Base Rate relates to five major banks since July 1, 2010. Earlier figures relate to Benchmark Prime Lending Rate (BPLR).

(11) Annual data are averages of the months.

(12) Figures relate to the end of the month/year.

(13) Data relate to January – December.

(14) Cash Reserve Ratio of Scheduled Commercial Banks (excluding Regional Rural Banks).

Table No. 2

The gold reserves of Issue Department were valued at ₹84.39 per 10 grams up to October 16, 1990 and from October 17, 1990 they are valued close to international market prices.

(1) Includes Government of India one rupee notes issued from July 1940.

(2) Includes (i) Paid-up Capital of ₹5 crore (ii) Reserve Fund of ₹6,500 crore (iii) National Industrial Credit (Long-Term Operations): Fund of ₹16 crore and (iv) National Housing Credit (Long-Term Operations) Fund of ₹190 crore from the week ended November 30, 2007.

(3) Includes cash, short-term securities and fixed deposits. This also includes investment in foreign currency denominated bonds issued by IIFC(UK) since March 20, 2009.

(4) Includes temporary overdrafts to State Governments.

(5) Figures in bracket indicate the value of gold held under other assets.

Table Nos. 3 & 4

The expression 'Banking System' or 'Banks' means (a) State Bank of India and its associates (b) Nationalised Banks (c) Banking companies as defined in clause 'C' of Section 5 of the Banking Regulation Act, 1949 (d) Co-operative banks (as far as scheduled co-operative banks are concerned) (e) Regional Rural Banks and (f) any other financial institution notified by the Central Government in this regard.

(1) Excludes borrowings of any scheduled state co-operative bank from the State Government and any Reserve Fund deposit required to be maintained with such bank by any co-operative society within the area of operation of such bank.

(2) Deposits of co-operative banks with scheduled state co-operative banks are excluded from this item but are included under 'Aggregate deposits'.

(3) Excludes borrowings of regional rural banks from their sponsor banks.

(4) Wherever it has not been possible to provide the data against the item 'Other demand and time liabilities'

under 'Liabilities to the Banking System' separately, the same has been included in the item 'Other demand and time liabilities' under 'Liabilities to others'.

(5) Data reflect redemption of India Millennium Deposits (IMDs) on December 29, 2005.

(6) Other than from the Reserve Bank of India, NABARD and Export-Import Bank of India.

(7) Figures relating to scheduled banks' borrowings in India are those shown in the statement of affairs of the Reserve Bank of India. Borrowings against usance bills and/or promissory notes are under section 17(4) of the Reserve Bank of India Act, 1934.

(8) Includes borrowings by scheduled state co-operative banks under Section 17(4AA) of the Reserve Bank of India Act, 1934.

(9) As per the Statement of Affairs of the Reserve Bank of India.

(10) Advances granted by scheduled state co-operative banks to co-operative banks are excluded from this item but included under 'Loans, cash-credits and overdrafts'.

(11) At book value; it includes treasury bills and treasury receipts, treasury savings certificates and postal obligations.

(12) Includes participation certificates (PCs) issued by scheduled commercial banks to other banks and financial institutions.

(13) Includes participation certificates (PCs) issued by scheduled commercial banks to others.

(14) Figures in brackets relate to advances of scheduled commercial banks for financing food procurement operations.

Table No. 6

(1) Total of demand and time deposits from 'Others'.

(2) Includes borrowings from the Industrial Development Bank of India and National Bank for Agriculture and Rural Development.

(3) At book value; includes treasury bills and treasury receipts, treasury savings certificates and postal obligations.

(4) Total of 'Loans, cash credits and overdrafts' and 'Bills purchased and discounted'.

(5) Includes advances of scheduled state co-operative banks to central co-operative banks and primary co-operative banks.

Table No. 7

With a view to enable the banks to meet any unanticipated additional demand for liquidity in the context of the century date change, a 'Special Liquidity Support' (SLS) facility was made available to all scheduled commercial banks (excluding RRBs) for a temporary period from December 1, 1999 to January 31, 2000.

(1) With effect from April 13,1996, banks are provided export credit refinance against their rupee export credit and post-shipment export credit denominated in U.S. Dollars taken together.

(2) General Refinance Facility was replaced by Collateralised Lending Facility (CLF)/Additional Collateralised Facility (ACLF) effective April 21, 1999. ACLF was withdrawn with the introduction of Liquidity Adjustment Facility (LAF), effective June 5, 2000. CLF was withdrawn completely effective October 5, 2002.

(3) Special Liquidity Support Facility which was introduced effective September 17, 1998 was available upto March 31, 1999.

(4) Post-shipment credit denominated in US dollars (PSCFC) scheme was withdrawn effective February 8, 1996 and the refinance facility thereagainst was withdrawn effective April 13, 1996. The scheme of government securities refinance was terminated effective July 6, 1996.

Table No. 8

(a) The data includes cheque clearing for both i.e. clearing houses managed by Reserve Bank of India and clearing houses managed by other banks. Paper based inter-bank clearing has been discontinued at all the centres since June, 2005.

The other MICR Centres are Agra, Allahabad, Amritsar, Aurangabad, Baroda, Belgaum, Bhavnagar, Bhilwara, Calicut, Coimbatore, Cuttak, Dehradun, Ernakulum, Erode, Gorakhpur, Gwalior, Hubli, Indore, Jabalpur, Jalandhar, Jamshedpur, Jammu, Jamnagar, Jodhpur, Kolhapur, Kozhikode, Kota, Lucknow, Ludhiana, Madurai, Mangalore, Mysore, Nasik, Panaji, Pondicherry, Pune, Raipur, Rajkot, Ranchi, Salem, Sholapur, Surat, Thiruchirapalli, Tirupur, Thrissur, Tirunelveli, Udaipur, Varanasi, Vijayawada and Vishakhapatnam.

(b) Graphs: The graphs 3 and 4 on Paper and Electronic payments - the Electronic Payment System data include Retail Electronic Payment Systems, RTGS (customer and inter-bank) and CCIL operated systems.

(c) Non MICR Data pertains to the Clearing Houses managed by 10 banks namely SBI, SBBJ, SB Indore, PNB, SBT, SBP, SBH, SBM, Jammu and Kashmir Bank and United Bank of India.

(d) The other MICR Centres includes 50 centres managed by 12 PSBs namely Andhra Bank, Bank of Baroda, Bank of India, Canara Bank, Corporation Bank, Oriental Bank of Commerce, Punjab National Bank, State Bank of India, State Bank of Indore, State Bank of Travancore, State Bank of Hyderabad and Union Bank of India.

Table No. 9A

The data pertains to retail electronic payment.

Table No. 9B

The data pertains to Large Value Payment Systems. The figures for CCIL, insofar as the operations pertain to selected services, are taken from the CCIL published data.

Table No. 10

(a) For details of money stock measures according to the revised series, reference may be made to January 1977 issue of this Bulletin (pages 70-134).

(b) Banks include commercial and co-operative banks.

(c) Financial year data relate to March 31, except scheduled commercial banks' data which relate to the last reporting Friday of March. For details, see the note on page S 963 of October 1991 issue of this Bulletin.

(d) Scheduled commercial banks' time deposits reflect redemption of Resurgent India Bonds (RIBs), since October 1, 2003 and of India Millennium Deposits (IMDs) since December 29, 2005.

(e) Data are provisional.

(1) Net of return of about ₹43 crore of Indian notes from Pakistan upto April 1985.

(2) Estimated : ten-rupee commemorative coins issued since October 1969, two-rupee coins issued since November 1982 and five-rupee coins issued since November 1985 are included under rupee coins.

(3) Exclude balances held in IMF Account No.1, Reserve Bank of India Employees' Provident Fund, Pension Fund, Gratuity and Superannuation Fund and Co-operative Guarantee Fund, the amount collected under the Additional Emoluments (Compulsory Deposit) Act, 1974 and the Compulsory Deposit Scheme (Income-Tax Payers') Act.

(f) Revised in line with the new accounting standards and consistent with the Methodology of Compilation (June 1998). The revision is in respect of pension and provident funds with commercial banks which are classified as other demand and time liabilities and includes those banks which have reported such changes so far.

Table Nos. 11 & 13

(a) On the establishment of National Bank for Agriculture and Rural Development (NABARD), on July 12, 1982, certain assets and liabilities of the Reserve Bank were transferred to NABARD, necessitating some reclassification of aggregates in the sources of money stock from that date.

(b) Please see item (c) of notes to Table 10.

(c) Data are provisional.

(1) Includes special securities and also includes ₹751.64 crore (equivalent of SDRs 211.95 million) incurred on account of Reserve Assets subscription to the IMF towards the quota increase effective December 11, 1992.

(2) Represents investments in bonds/shares of financial institutions, loans to them and holdings of internal bills purchased and discounted. Excludes since the establishment of NABARD, its refinance to banks.

(3) Inclusive of appreciation in the value of gold following its revaluation close to international market price effective October 17, 1990. Such appreciation has a corresponding effect on Reserve Bank's net non-monetary liabilities.

Table No. 11A

The conceptual basis of the compilation of the Commercial Bank Survey are available in the report of the Working Group on Money Supply: Analytics and Methodology of Compilation (Chairman: Dr. Y.V. Reddy), RBI Bulletin, July 1998, which recommended changes in the reporting system of commercial banks and the article entitled "New Monetary Aggregates: An Introduction", RBI Bulletin, October 1999.

(1) Time Deposits of Residents : These do not reckon non-residents' foreign currency repatriable fixed deposits (such as FCNR(B) deposits, Resurgent India Bonds (RIBs) and India Millennium Deposits (IMDs)) based on the residency criterion and exclude banks' pension and provident funds because they are in the nature of other liabilities and are included under 'other demand and time liabilities'.

(2) Short-term Time Deposits : Refers to contractual maturity of time deposits of up to and including one year. This is presently estimated at 45.0 per cent of total domestic time deposits.

(3) Domestic Credit : It includes investments of banks in non-SLR securities, comprising commercial paper, shares and bonds issued by the public sector undertakings, private sector and public financial institutions and net lending to primary dealers in the call/term money market, apart from investment in government and other approved securities and conventional bank credit (by way of loans, cash credit, overdrafts and bills purchased and discounted).

(4) Net Foreign Currency Assets of Commercial Banks : Represent their gross foreign currency assets netted for foreign currency liabilities to non-residents.

(5) Capital Account : It consists of paid-up capital and reserves.

(6) Other Items (net) : It is the residual balancing the components and sources of the Commercial Banking Survey and includes scheduled commercial banks' other demand and time liabilities, net branch adjustments, net inter-bank liabilities etc.

Table No. 11B

The conceptual basis of the compilation of new monetary aggregates are available in the report of the Working Group on Money Supply: Analytics and Methodology of Compilation (Chairman: Dr. Y.V. Reddy), RBI Bulletin, July 1998. A link series between the old and present monetary series has been published in the article entitled "New Monetary Aggregates: An Introduction", RBI Bulletin, October 1999.

(1) NM_2 and NM_3: Based on the residency concept and hence does not directly reckon non-resident foreign currency repatriable fixed deposits in the form of FCNR(B) deposits, Resurgent India Bonds (RIBs) and India Millennium Deposits (IMDs).

(2) NM_2 This includes M_1 and residents' short-term time deposits (including and up to the contractual maturity of one year) with commercial banks.

(3) Domestic Credit : Consistent with the new definition of bank credit which includes investments of banks in non-SLR securities, comprising of commercial paper, shares and bonds issued by the public sector undertakings, private sector and public financial institutions and net lending to primary dealers in the call/term money market. The RBI's loans and advances to NABARD would be included in the RBI credit to commercial sector. Other components such as credit to Government, investments in other approved securities and conventional bank credit remain unchanged.

(4) Net Foreign Assets of The Banking Sector : It comprises the RBI's net foreign assets and scheduled commercial banks' net foreign currency assets (refer to note 4 of Table 11A).

(5) Capital Account : It consists of paid-up capital and reserves.

(6) Other Items (net) of the Banking System : It is the residual balancing the components and sources of money stock, representing other demand and time liabilities *etc.* of the banking system.

Table No. 11C

The conceptual basis of the compilation of the Reserve Bank Survey is given in the report of the Working Group on Money Supply: Analytics and Methodology of Compilation (Chairman: Dr. Y.V. Reddy), RBI Bulletin, July 1998 and the article "New Monetary Aggregates: An Introduction", RBI Bulletin, October 1999. The components of reserve money (to be referred as M_0) remain unchanged. On the sources side, the RBI's refinance to the National Bank for Agriculture and Rural Development (NABARD), which was hitherto part of RBI's claims on banks has been classified as part of RBI credit to commercial sector. The Reserve Bank's net non-monetary liabilities are classified into capital account (comprising capital and reserves) and other items (net).

Table No. 12

Please see item (c) of notes to Table 10.

Table No. 26C

(a) Month-end yields for different integer valued residual maturities are estimated using interpolation technique on weighted average yields of select indicative securities derived from SGL transactions data on government securities observed during a select month-end day. Yield corresponding to each transaction in a security is calculated from the following Yield to Maturity (YTM) and price relationship.

$$P + bpi = \sum_{i=1}^{n} \frac{c/v}{(1+{}^{y}/_{v})^{vt_i}} + \frac{F}{(1+{}^{y}/_{v})^{vt_n}}$$

Where,

P = price of the bond

bpi = broken period interest

c = annual coupon payment

y = yield to maturity

v = number of coupon payments in a year

n = number of coupon payments till maturity

F = Redemption payment of the bond

t_i = time period in year till i^{th} coupon payment

(b) The weighted average yield corresponding to each traded security on that particular day is calculated from the yields of all transactions on that security using amount (Face Value) traded as the weights.

(c) Broken period (number of days) is based on day count convention of 30 days a month and 360 days a year.

Table Nos. 28 & 29

Table 28 presents Index Numbers of Industrial Production (Sectoral and Use-based Classification). Due to revision of the indices of the mining sector and also the deletion of four items, *viz.*, radio receivers, photosensitised paper, chassis (assembly) for HCVs (bus, truck) and engines from the item–basket of the manufacturing sector, the IIP data have been revised from 1994-95 onwards. This has also resulted in the change in redistribution of weights in use-based classification of IIP. Table 29 contains data on manufacturing sector at two digit level of 17 groups along with general index and sectoral indices, *viz.*, Mining and Quarrying, Manufacturing and Electricity.

Table No. 30

(a) Figures exclude data on private placement and offer for sale but include amounts raised by private financial institutions.

(b) Equity shares exclude bonus shares.

(c) Preference shares include cumulative convertible preference shares and equi-preference shares.

(d) Debentures include bonds.

(e) Convertible debentures include partly convertible debentures.

(f) Non-convertible debentures include secured premium notes and secured deep discount bonds.

(g) Figures in brackets indicate data in respect of premium on capital issues which are included in respective totals.

Table No. 34

The ban on forward trading in gold and silver, effective November 14, 1962 and January 10, 1963, has been lifted with effect from April 1, 2003.

(1) In case Friday is a holiday, prices relate to the preceding working day.

Table No. 35

Annual data relate to average of the months April to March.

(1) The new series of index numbers with base 2001=100 was introduced from January 2006 and with that the compilation of the index numbers with the base year 1982 was discontinued. The linking factor can be used to work out the index numbers with the base year 2001 for data from January 2006 onwards.

(2) Based on indices relating to 78 centres.

Table No. 36

Annual data relate to average of the months April to March. The new series of index numbers with base 1984-85=100 was introduced from November 1987.

(1) Based on indices relating to 59 centres.

Table No. 37

Annual data relate to the average of the months July to June.

(1) With respect to base: July 1960-June 1961=100.

(2) The new series of index numbers with base : July 1986 to June 1987 = 100 was introduced from November 1995 and with that the compilation of index numbers with base : July 1960 to June 1961 was discontinued. The linking factor given in this column can be used to work out the index numbers with old base (i.e., 1960-61 = 100) for November 1995 and subsequent months.

(3) In the case of Assam, the old series (i.e., with base 1960-61 = 100) was being compiled for the composite region viz. Assam, Manipur, Meghalaya and Tripura while the index of the new series (i.e., with base 1986-87 = 100) has been compiled for each of the constituent States separately. The index for Assam region on old base can be estimated from the corresponding indices of the new series as under :

$$I^A_O = 5.89\ [\ (0.8126 \text{ X } I^A_N) + (0.0491 \text{ X } I^{Ma}_N) + (0.0645 \text{ X } I^{Me}_N) + (0.0738 \text{ X } I^T_N)]$$

where I_O and I_N represent the index numbers for old and new series, respectively, and superscripts A, Ma, Me and T indicate Assam, Manipur, Meghalaya and Tripura, respectively.

(4) Similarly, in the case of Punjab, where the old series (*i.e.*, with base 1960-61 = 100) was being compiled for the composite region, *viz.*, Punjab, Haryana and Himachal Pradesh, the index for the Punjab region on old base can be estimated as under :

$$I^P_O = 6.36\ [(0.6123 \text{ X } I^P_N) + (0.3677 \text{ X } I^{Ha}_N) + (0.0200 \text{ X } I^{Hi}_N)]$$

where I_O and I_N represent the index numbers for old and new series, respectively, and superscripts P, Ha and Hi indicate Punjab, Haryana and Himachal Pradesh, respectively.

(5) Indices for the State compiled for the first time from November, 1995.

(6) Consumer Price Index for Rural Labourers (including agricultural labourers) are compiled from November 1995 only.

(7) Average of 8 months (November 1995 - June 1996).

Table Nos. 38

The new series of index numbers with base 2004-05=100 was introduced in September 2010 and was first published in the October 2010 issue of the Bulletin. An article giving the details regarding the scope and coverage of new series is published in October 2010 issue of the Bulletin. As per the press release dated October 19, 2009 of the Cabinet Committee of Economic Affairs (CCEA), Government of India, the weekly release of WPI will cover only the 'Primary Articles' and the 'Fuel, Power, Light & Lubricants' groups. Now on, the WPI for 'All commodities' and 'Manufactured Products' will be released only on a monthly basis.

Table No. 39

(a) The foreign trade data relate to total sea, air and land trade, on private and government accounts. Exports are on f.o.b. basis and imports are on c.i.f. basis. Exports include re-exports of foreign merchandise previously imported to India and imports relate to foreign merchandise whether intended for home consumption, bonding or re-exportation. Direct transit trade, transshipment trade, passengers baggage, ship's stores, defence goods and transactions in treasure i.e. gold and current coins and notes, diplomatic goods, "proscribed substances" under Atomic Energy Act, 1962, are excluded from the trade data, while indirect transit trade, transactions in silver (other than current coins) and in notes and coins not yet in circulation or withdrawn from circulation are included.

Table Nos. 40 & 41

(1) Data up to 1980-81 are final, subsequent data are preliminary actuals.

(2) Interest accrued during the year and credited to NRI deposits has been treated as notional outflow under invisible payments and added as reinvestment in NRI deposits under Banking Capital – NRD.

(3) The item "Non-monetary Gold Movement" has been deleted from Invisibles in conformity with the IMF Manual on BOP (5 th edition) from May 1993 onwards; these entries have been included under merchandise.

(4) Since 1990-91 the value of defence related imports are recorded under imports (merchandise debit) with credits financing such imports shown under "Loans (External commercial Borrowings to India)" in the capital account. Interest payments on defence debt owed to the General Currency Area (GCA) are recorded under Investment Income debit and principal repayments under debit to "Loans (External commercial Borrowings to India)". In the case of the Rupee Payment Area (RPA), interest payment on and principal repayment of debt is clubbed together and shown separately under the item "Rupee Debt Service" in the capital account. This is in line with the recommendations of the High Level Committee on Balance of Payments (Chairman : Dr. C. Rangarajan).

(5) In accordance with the provisions of IMF's Balance of Payments Manual (5th Edition), gold purchased from the Government of India by the RBI has been excluded from the BOP statistics. Data from the earlier years have, therefore, been amended by making suitable adjustments in "Other Capital Receipts" and "Foreign Exchange Reserves". Similarly, item "SDR Allocation" has been deleted from the table.

(6) In accordance with the recommendations of the Report of the Technical Group on Reconciling of Balance of Payments and DGCI & S Data on Merchandise Trade, data on gold and silver brought in by the Indians returning from abroad have been included under import payments with contra entry under Private Transfer Receipts since 1992-93.

(7) In accordance with the IMF's Balance of Payments Manual (5th edition), 'compensation of employees' has been shown under head, "income" with effect from 1997-98; earlier, 'compensation of employees' was recorded under the head "Services – miscellaneous".

(8) Since April 1998, the sales and purchases of foreign currency by the Full Fledged Money Changers (FFMC) are included under "travel" in services.

(9) Exchange Rates : Foreign currency transactions have been converted into rupees at the par/central rates up to June 1972 and on the basis of average of the Bank's spot buying and selling rates for sterling and the monthly averages of cross rates of non-sterling currencies based on London market thereafter. Effective March 1993, conversion is made by crossing average spot buying and selling rate for US dollar in the forex market and the monthly averages of cross rates of non-dollar currencies based on the London market.

Explanatory Notes

Balance of payments is a statistical statement that systematically summarises, for a specific time period, the economic transactions of an economy with the rest of the world.

Merchandise credit relate to export of goods while ***merchandise debit*** represent import of goods.

Travel covers expenditure incurred by non-resident travellers during their stay in the country and expenditure incurred by resident travellers abroad.

Transportation covers receipts and payments on account of international transportation services. ***Insurance*** comprises receipts and payments relating to all types of insurance services as well as reinsurance.

Government not included elsewhere (G.n.i.e.) relates to receipts and payments on government account not included elsewhere as well as receipts and payments on account of maintenance of embassies and diplomatic missions and offices of international institutions.

Miscellaneous covers receipts and payments in respect of all other services such as communication services, construction services, software services, technical know-how, royalties etc.

Transfers (official, private) represent receipts and payments without a quid pro quo.

Investment Income transactions are in the form of interest, dividend, profit and others for servicing of capital transactions. Investment income receipts comprise interest received on loans to non-residents, dividend/profit received by Indians on foreign investment, reinvested earnings of Indian FDI companies abroad, interest received on debentures, floating rate notes (FRNs), Commercial Papers (CPs), fixed deposits and funds held abroad by ADs out of foreign currency loans/export proceeds, payment of taxes by nonresidents/ refunds of taxes by foreign governments, interest/discount earnings on RBI investment etc. Investment income payments comprise payment of interest on non-resident deposits, payment of interest on loans from non-residents, payment of dividend/profit to non-resident share holders, reinvested earnings of the FDI companies, payment of interest on debentures, FRNs, CPs, fixed deposits, Government securities, charges on Special Drawing Rights (SDRs) etc.

Foreign investment has two components, namely, foreign direct investment and portfolio investment.

Foreign direct investment (FDI) to and by India up to 1999-2000 comprise mainly equity capital. In line with international best practices, the coverage of FDI has been expanded since 2000-01 to include, besides equity capital reinvested earnings (retained earnings of FDI companies) and 'other direct capital' (intercorporate debt transactions between related entities). Data on equity capital include equity of unincorporated entities (mainly foreign bank branches in India and Indian bank branches operating abroad) besides equity of incorporated bodies. Data on reinvested earnings for the latest year are estimated as average of the previous two years as these data are available with a time lag of one year. In view of the above revision, FDI data are not comparable with similar data for the previous years. In terms of standard practice of BoP compilation, the above revision of FDI data would not affect India's overall BoP position as the accretion to the foreign exchange reserves would not undergo any change. The composition of BoP, however, would undergo changes. These changes relate to investment income, external commercial borrowings and errors and omissions. In case of reinvested earnings, there would be a contra entry (debit) of equal magnitude under investment income in the current account. 'Other Capital' reported as part of FDI inflow has been carved out from the figure reported under external commercial borrowings by the same amount. 'Other Capital' by Indian companies abroad and equity capital of unincorporated entities have been adjusted against the errors and omissions for 2000-01 and 2001-02.

Portfolio investment mainly includes FIIs' investment, funds raised through ADRs/GDRs by Indian companies and through offshore funds. Data on investment abroad, hitherto reported, have been split into equity capital and portfolio investment since 2000-01.

External assistance by India denotes aid extended by India to other foreign Governments under various agreements and repayment of such loans. External Assistance to India denotes multilateral and bilateral loans received under the agreements between Government of India and other Governments/International institutions and repayments of such loans by India, except loan repayment to erstwhile "Rupee area" countries that are covered under the Rupee Debt Service.

Commercial borrowings covers all medium/long term loans. Commercial Borrowings by India denote loans extended by the Export Import Bank of India (EXIM bank) to various countries and repayment of such loans. Commercial Borrowings to India denote drawals/repayment of loans including buyers' credit, suppliers' credit, floating rate notes (FRNs), commercial paper (CP), bonds, foreign currency convertible bonds (FCCBs) issued abroad by the Indian corporate etc. It also includes India Development Bonds (IDBs), Resurgent India Bonds (RIBs), India Millennium Deposits (IMDs).

Short term loans denotes drawals in respect of loans, utilized and repayments with a maturity of less than one year.

Banking capital comprises of three components : a) foreign assets of commercial banks (ADs), b) foreign liabilities of commercial banks (ADs), and c) others. 'Foreign assets' of commercial banks consist of (i) foreign currency holdings, and (ii) rupee overdrafts to non-resident banks. 'Foreign liabilities' of commercial banks consists of (i) Non-resident deposits, which comprises receipt and redemption of various nonresident deposit schemes, and (ii) liabilities other than non-resident deposits which comprises rupee and foreign currency liabilities to non-resident banks and official and semi-official institutions. 'Others' under banking capital include movement in balances of foreign central banks and international institutions like IBRD, IDA, ADB, IFC, IFAD etc. maintained with RBI as well as movement in balances held abroad by the embassies of India in London and Tokyo.

Rupee debt service includes principal repayments on account of civilian and non-civilian debt in respect of Rupee Payment Area (RPA) and interest payment thereof.

Other capital comprises mainly the leads and lags in export receipts (difference between the custom data and the banking channel data). Besides this, other items included are funds held abroad, India's subscription to international institutions, quota payments to IMF, remittances towards recouping the losses of branches/subsidiaries and residual item of other capital transactions not included elsewhere.

Movement in reserves comprises changes in the foreign currency assets held by the RBI and SDR balances held by the Government of India. These are recorded after excluding changes on account of valuation. Valuation changes arise because foreign currency assets are expressed in US dollar terms and they include the effect of appreciation/depreciation of non-US currencies (such as Euro, Sterling, Yen) held in reserves.

Table No. 42

1. Gold is valued at average London market price during the month.
2. Conversion of SDRs into US dollars is done at exchange rates released by the International Monetary Fund (IMF).
3. Conversion of foreign currency assets into US dollars is done at week-end (for week-end figures) and month-end (for month-end figures) New York closing exchange rates.
4. Foreign exchange holdings are converted into rupees at rupee-US dollar RBI Holding rates.
5. Reserve Tranche Position (RTP) in IMF has been included in foreign exchange reserves from April 2, 2004 to match the international best practices. Foreign exchange reserves figures have accordingly been revised for 2002-03 and 2003-04 to include RTP position in the IMF.

Table No. 49

The 5-country indices of REER/NEER were replaced with new 6-currency indices in December 2005. The RBI Bulletin December 2005 carried a detailed article on the rationale and methodology for the replacement. A revision has now been undertaken in the construction of the 6-currency REER indices. This revision was necessitated by a sudden spurt in Chinese inflation indices during April-May, 2006. It may be mentioned that Chinese inflation indices are not readily available in the public domain. The National Bureau of Statistics provides only point-to-point inflation rates on a monthly basis in the public domain. In view of this, inflation indices were constructed taking into account the inflation rates with 1993-94 as the base year. It may be further mentioned that the period from January 1993 to December 1995 was marked by continuous double digit inflation rates in China. This lent an upward bias to the Chinese inflation indices (base: 1993-94=100) leading to a sharp fall in the value of 6-currency REER in April 2006. In order to remove the distortion in REER on account of sudden spurt in Chinese inflation numbers, a new series of Chinese inflation indices has been constructed taking 1990 as the base year (a year with much less volatility in inflation rates). Subsequently, the base year of the new series of Chinese inflation indices has been changed from 1990 to 1993-94 through splicing to facilitate the construction of the 6-currency REER (base 1993-94=100).

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2) The Reserve Bank of India History 1935-1981 (3 Volumes) is available at leading book stores in India.

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	- Vol.II		1996	105 * 85 **	40	
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	- Vo.II		1996	105 * 85 **	40	
ix) 1996-97	- Vol.I		1997	125 * 100 **	40	
	- Vo.II		1997	125 * 100 **	40	
x) 1997-98	- Vol.I		1998	175 * £ 125 **	50	
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	Hindi Edition		1999	175 *	50	
xi) 1998-99			1999	200 * £ 150 **	60	
xii) 1999-00			2001	200 * 150 **	60	
xiii) 2000-01			2001	200 *£ 150 **	60	
xiv) 2001-02			2003	200 £ 150 **	60	
xv) 2002-03			2004	300 £ 325 * 150 **	25 □ 20 *	
xvi) 2003-04			2005	200 £ 225 * 150 **	25 *	
xvii) 2004-05			2006	200 £ 225 * 150 **	25 *	
xviii) 2005-06			2007	280 300 * 210 *** 235 **	35 □	
xix) 2006-08	Vol. I & II		2008	400 425 * 300 *** 325 **	40 □	

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	i) 1998	Print version		1998	125 * £ 100 **	20	
	ii) 1999	(a) Print version		1999	200 * £ 150 **	60	
		(b) CD-ROM		1999	200 *		
	iii) 2000	(a) Print version		2000	250 * 200 **	70	
		(b) CD-ROM		2000	200 *		
	iv) 2001	(a) Print version		2001	250 * 200 **	70	
		(b) CD-ROM		2001	300 * 200 **	60	
	v) 2002-03	(a) Print version		2003	300 * £ 250 **	80	
		(b) CD-ROM		2003	300 * 200 **	60	
		(c) Print version along with CD-ROM		2003	500 * £ 400 **	130	
	vi) 2003-04	(a) Print version		2004	180 200 * 150 **	25 □	
		(b) CD-ROM		2004	200 220 * 150 **	15 □	
		(c) Print version along with CD-ROM		2004	380 400 * 300 **	30 □	
	vii) 2004-05	(a) Print Version		2005	200 225 * 170 **	25 *	
		(b) CD-ROM			120 140 ** 100 **	15 *	
		(c) Print Version alongwith CD-ROM			300 350 * 270 **	30 *	
	viii) 2005-06	(a) Print Version (£)		2006	200 225 * 170 **	25 *	
		(b) CD-ROM			110 130 * 100 **	15 *	
		(c) Print Version alongwith CD-ROM			300 350 * 270 **	30 *	
	ix) 2006-07	(a) Print Version		2007	270 300 * 200 *** 230 **	40	
		(b) CD-ROM			100 120 * 75 *** 95 **	15	
		(c) Print Version alongwith CD-ROM			330 380 * 240 *** 300 **	50	

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x) 2007-08	(a) Print Version	DEPR	2008	250 290 * 190 *** 230 **	38 □	
	(b) CD-ROM			150 170 * 115 *** 135 **	6 □	
	(c) Print Version alongwith CD-ROM			400 450 * 300 *** 350 **	40 □	
xi) 2008-09	(a) Print Version		2009	175 240 * 130*** 190 **		
	(b) CD-ROM			185 210 * 140 *** 160 **		
	(c) Print Version alongwith CD-ROM			350 450 * 250 *** 350 **		
4. State Finances - A Study of Budgets		DEPR				
i) 1999-00			2000	110 * 90 **	20	
ii) 2000-01			2000	110 * 90 **	20	
iii) 2001-02 (English £ & Hindi)			2002	110 *£ 90 **	20	
iv) 2002-03			2003	110 * 90 **	20	
v) 2003-04			2004	100 125 * 90 **	 15 * 12 *	
vi) 2004-05 (English & Hindi)			2005	120 150 * 100 **	 15 □	
vii) 2005-06 (English & Hindi)			2006	170 200 * 130 **	15 *	
viii) 2006-07 (English & Hindi)			2007	200 230 * 150 *** 175 **	20*	
ix) 2007-08			2008	320 350 * 250 *** 280 **	 30 □	
x) 2008-09 (English & Hindi)			2009	215 245 * 160 *** 190 **	 23 □	

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5.	Handbook of Statistics on State Government Finances 2004	DEPR	2004			
	(a) Print version			170		
				200 *	25 □	
				125 **	20 *	
	(b) CD ROM			120	15 □	
				140 *	10 *	
				90 **		
6.	Handbook of Monetary Statistics in India 2006	DEPR	2006			
	(a) Print version			130	20 *	
				155 *		
				120 **		
	(b) CD ROM			100	15 *	
				90 **		
				120 *		
	(c) Print version along with CD ROM			200	25 *	
				250 *		
				190 **		
B.	**Banking Statistics**					
1.	Basic Statistical Returns of Scheduled Commercial Banks in India					
	(Formerly Banking Statistics (BSR) till March 1999 Vol. 28 issue)	DSIM				
	i) Dec. 76-77 - Vol. 7	(Formerly known	1981	65 * £		
	ii) June 79 to Dec. 79 Vol. 9	as DESACS)	1984	150 * £		
	iii) June 80 to June 81 Vol. 10		1986	125 * £		
	iv) March 1990 - Vol. 19		1992	210	65	
	v) March 1994 - Vol. 23		1997	220 *	70	
	vi) March 1995 - Vol. 24		1997	220 *	70	
	vii) March 1996 - Vol. 25		1998	220 *	70	
	viii) March 1997 - Vol. 26		1999	220 *	70	
	ix) March 1998 - Vol. 27		1999	220 *	70	
	x) March 1998 - Vol. 27 (Hindi Edition)		1999	220 *		
	xi) March 1999 - Vol. 28		2000	220 *	70	
	xii) March 2000 - Vo. 29 (English Hindi)		2000	220 *	70	
	xiii) March 2001 - Vol. 30 (Hindi English)		2002	220 *	70	
	xiv) March 2002 - Vol. 31 (Print Version)		2003	225 *	70	
	(a) CD-ROM		2003	225 *	70	
	xv) March 2003 - Vol. 32 (Print Version)		2004	210	55 □	
				250 *	20 *	
	(a) CD-ROM			210	55 □	
				250 *	20 *	
	xvi) March 2004 - Vol. 33 (Print Version)		2005	180	55 □	
				220 *	20 *	
	(a) CD-ROM			180	55 □	
				220 *	20 *	
	xvii) March 2005 - Vol. 34 (Print Version)		2006	180	55 □	
				220 *	20 *	
	(a) CD-ROM			180	55 □	
				220 *	20 *	
	xviii) March 2006 - Vol. 35 (Print Version)		2007	280	60 □	
				320 *	25 *	
	xix) March 2007 - Vol. 36 (Print Version)		2008	280	60 □	
				320 *	25 *	
	xx) March 2008 - Vol. 37 (Print Version)		2009	300	60 □	
				340 *	25 *	

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2. Basic Statistical Return 1 & 2	DSIM				
i) Handbook of Instructions (English)		1996	20 * £		
ii) Handbook of Instructions (Hindi)		1996	20 * £		
iii) Basic Statistical Returns 1 and 2 Handbook of Instructions		2002	35 *		
3. i) Form A-1 (Revised)		1996	2 £		13
ii) Form A-2 (Revised)		1996	3 £		38
iii) BSR-1 A forms (1 pad contains 25 sheets)		1996	14 £		200 19
iv) BSR-1 B forms (1 pad contains 25 sheets) (Revised)		1996	14 £		
v) BSR-2 forms (1 pad contains 25 Sheets) (Revised)		1996	14 £		200 19
(The Regional Rural Banks from Western region may please contact DESACS, RBI, B.K. Complex, Bandra (E), Mumbai 400 051 for BSR-1A, BSR-1B & BSR-2 forms.)					
4. Banking Statistics Basic Statistical Returns 1 & 2	DSIM	2004	420	59 □	
Vol. 1 to 31, 1972 to 2002 DISC 1 & 2			475 *	27 *	
5. Banking Statistics-Summary Tables,	DSIM				
i) March 1995		1997	25 *		
ii) March 1996		1998	25 *		
iii) March 1997		1999	25 *		
iv) March 1998		1999	25 *		
v) March 1999		2000	25 *		
vi) March 2000		2001	25 *		
6. Banking Statistics - Quarterly Handout #	DSIM				
i) 1990 (4 Issues)		1990	40 * £		
ii) March 1991		1991	10 * £		
iii) June 1991		1991	12 * £		
iv) September 1991		1991	15 * £		
v) December 1991		1991	12 * £		
vi) 1992 (3 Issues)		1992	75 *		
vii) 1993 (4 Issues)		1993	120 *		
viii) 1994 (4 Issues)		1994	120 *		
ix) 1995 (4 Issues)		1995	120 *		
x) 1996 (4 Issues)		1996	120 *		
xi) 1997 (4 Issues)		1997	100 *		
xii) 1998 (4 Issues)		1998	100 *		
xiii) 1999 (4 Issues)		1999	100 *		
xiv) 2000 (4 Issues)		2000	100 *		
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xvi) 2002 (4 Issues)		2002	100 *		
xvii) 2003 (4 Issues)		2003	100 *		
xviii) 2004 (4 Issues)		2004	140 *		
xix) 2005 (4 Issues)		2005	140 *		
xx) 2006 (4 Issues)		2006	140 *		
xxi) 2007 (4 Issues)		2007	140 *		
xxii) 2008 (4 Issues)		2008	140 *		
xxiii) 2009 (4 Issues)		2009	240 *		
Name changed w.e.f. Sept. 2003 issue as Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks.					
xxiii) 2009 (4 Issues)		2009	240 *		
7. Banking Statistics - Bank Credit	DSIM				
i) June 1987		1989	20 * £		
ii) December 1987 - June 1988		1989	40 * £		
iii) December 1988		1989	20 * £		
iv) June 1989		1989	25 * £		
8. Banking Statistics 1972-95	DSIM	1998	120 *		
9. Branch Banking Statistics - Vol. 1 March 1999	DSIM	1999	130 *	40	

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			50 **		
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			123 *		
ii) 1990-91		1999	130		
			180 *	50	
iii) 1992-93		1998	135 £	50	
			200 *		
iv) 1994-95		1997	125	45	
			185 *		
v) 1995-96		1998	125	45	
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			180 *		
vii) 1997-98		1999	130	50	
			180 *		
viii) 1998-99		1999	130	50	
			180 *		
ix) 1999-00		2000	175	50	
			225 *		
x) 2000-01 (a) Print version		2001	150	50	
			200 *		
(b) CD-ROM		2001	150	50	
			225 *		
xi) 2001-02 (a) Print version		2002	150	50	
			200 *		
(b) CD-ROM		2002	100		
			150 *	50	
xii) 2002-03 (a) Print version		2003	200	50 *	
			250 *		
(b) CD-ROM		2003	200	50 *	
			250 *		
xiii) 2003-04 (a) Print version		2004	230	25 ☐	
			280 *	15 *	
(b) CD-ROM		2004	175	25 ☐	
			225 *	15 *	
xiv) 2004-05 (a) Print version		2005	190	55 ☐	
			240 *	20*	
(b) CD-ROM			200	55 ☐	
			250 *	20*	
xv) 2005-06 (a) Print version		2006	250	55 ☐	
			300 *	20*	
(b) CD-ROM			200	55 ☐	
			250 *	20*	
xvi) 2006-07 (a) Print version		2007	180	55 ☐	
			230 *	20*	
(b) CD-ROM			150	55 ☐	
			200 *	20*	
xvii) 2007-08 (a) Print version		2008	200	80 ☐	
			250 *	20*	
(b) CD-ROM			225	15 ☐	
			250 *	45*	

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14.	Selected Banking Indicators, 1947-1997 (Print Version)	DSIM	1998	45 £	15 105 *	
	(a) CD -ROM		1998	50		
15.	Selected Banking Indicators 1981 to 2002	do	2003	320 460 *	75	
16.	Selected Banking Indicators 1981 to 2002 (On CD-ROM)	do	2003	250 300 *	75	
17.	Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks 1981-2003 (on CD-ROM)	do	2004	185 240 *	55 □ 20 *	
18.	Annual Accounts of Scheduled Commercial Banks (Including Regional Rural Banks) 1989-90 to 2000-01 (on CD-ROM)	do	2002	200 250 *	50	
19.	Annual Accounts of Scheduled Commercial Bank (Including Regional Rural Banks 1979-2004) CD-Rom		2004	85 £ 135	25	
20.	Directory of Commercial Bank Offices in India Vol. 1-0 December 2000 (on CD-ROM)	do	2000	500 * £	100	
21.	Directory of Commercial Bank offices in India Vol. 2 September 2003 (On CD-ROM)	do	2003	200 * £	40 *	
22.	All-India Debt and Investment Survey 1981-82	do				
	i) Assets and liabilities of households as on 30th June 1981		1987	75 85 * 60 **	15	
	ii) Statistical tables relating to capital expenditure and capital formation of households during the year ended 30th June 1982		1987	125 £ 135 * 100 **	25	
	iii) Statistical tables relating to cash borrowings and repayments of households during July 1981 to June 1982 and cash dues outstanding as on 30th June 1982		1990	100 £ 110 * 80 **	32	
23.	A Profile of Banks					
	i) 2004-05	DSIM	2005	100 130 *	20 *	
	ii) 2005-06		2006	90 120 *	55 □ 20 *	
	iii) 2006-07		2007	90 120 *	55 □ 20 *	
	iv) 2007-08		2008	40 70 *	5 * 45 □	
	v) 2008-09		2009	60 90 *	5 * 45 □	
C.	**Public/Private Limited Companies**					
1.	Selected Financial Statistics Public Ltd. Companies 1974-75 to 1999-2000 (Selected Industries) on CD-ROM	DSIM	2001	350 *	70	
2.	Selected Financial Statistics Public Ltd. Companies 1974-75 to 1999-2000 (Selected Industries)	do				
	1974-75 To 1982-1983 Vol.I		2001	700 *	140	1700
	1982-83 To 1990-1991 Vol.II		2001			1500
	1990-91 To 1999-2000 Vol.III		2001			2000
	(₹ 700 for three volums)					
3.	Selected financial and other ratios-public limited companies	do				
	1980-81 to 1987-88 Vol.I		1990	45 £	15	
	Vol.II		1990	60 £	20	
	1988-89 to 1990-91 (Part I)		1996	90 £	50	
4.	Selected financial & other ratios-private limited companies 1988-89 to 1990-91 (Part II)	do	1996	80	45	

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5.	Private Corporate Business Sector in India Selected Financial Statistics from 1950-51 to 1997-98 (All-Industries) (Print Version)	DSIM	2000	300 *	60 *		
	(a) CD-ROM			500 *	100 *		
D.	**Reports of Committees/Working Groups**						
1.	Study group on deployment of resources by State and Central co-operative banks (Hate committee report)	UBD	1982	25 * £			
2.	Capital formation and savings in India 1950-51 to 1979-80 Report of the working group on savings (Raj committee report)	DEPR	1982	18 £		400	21
3.	Report of the working group to consider feasibility of introducing MICR/ OCR technology for cheque processing (Damle committee report)	DBOD	1983	7 £ (Amt. rounded off)		200	19
4.	Report of the committee to review the working of the monetary system (Sukhamoy Chakravarty committee report)	DEPR	1985	35 £ 25 **	10		
5.	Report of the committee to consider final accounts of banks (Ghosh committee report)	DBOD	1985	56 £		500	22
6.	Report of the committee on agricultural productivity in Eastern India	DEPR					
	(Sen Committee Report) Vol. I		1985	70 * £	15		
	(Hard Bound) Vol. II		1985	85 * £	20		
7.	Report of the working group on the money market (Vaghul committee report)	MPD	1987	15 *			
8.	Report of the committee to review the working of credit authorisation scheme (Marathe committee report)	IECD (Old)	1988	10 *	10		
9.	Co-ordination between term lending institutions and commercial banks (Bucher committee report)	do	1988	10 *	1		
10.	Report of the working group to review the system of cash credit (Chore committee report)	do	1988	12 * £			
11.	Report of the study group to frame guidelines for follow-up of bank credit (Tandon committee report)	do	1988	16 * £			
12.	Report of the study group for examining introduction of factoring services in India (Kalyansundaram committee report)	do	1989	30 *			
13.	Report of the committee on computerization in banks (Rangarajan committee report)	DSIM	1989	40 £		500	22
14.	Report of the Committee on Financial System (Narasimham Committee Report)	DBOD	1991 (Reprint)	60 £		170	19
15.	Report of the working group on financial companies (Shah committee report)	DFC	1992	30 £		300	20
16.	Report of the task force on money market mutual funds (Basu committee report)	MPD	1992	10 * £	5		
17.	Report of the committee on the licensing of new urban co-operative banks (Marathe committee report) (Hindi Edition)	UBD	1992	40		400	21
18.	Report of the committee to examine the legal and other difficulties faced by banks and financial institutions in rehabilitation of sick industrial undertakings and suggestremedial measures including changes in the law (Tiwari committee report)	IECD (Old)	1993 (Reprint)	90 £		500	22
19.	Report of the committee on structure of export credit (Sundaram committee report) (English & Hindi Edition)	do	1993	36	25	200	19
20.	Report of the committee to review the system of lending under consortium arrangement (Shetty committee report)	do	1993	50 £			
21.	Report of the committee to examine the adequacy of institutional credit to the SSI sector & related aspects (Nayak committee report)	RPCD	1993 (Reprint)	55	9	300	20
22.	Review of the agricultural credit system in India (Khusro committee report)	do	1993 (Reprint)	270 £ 315 *	80		
23.	Report of the committee to enquire into securities transactions of banks and financial institutions (Jankiraman committee report)	DOC	1994	85 £ 100 *			
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26. Report of the working group for examining the schemes and incentives available to NRIs for investment in India (Sodhani Committee Report)	FED	1995	50 *£	10		
27. Report of the expert group for designing a supervisory framework for non-banking financial companies (Khanna Committee Report)	DBOD	1996	35		307	21
28. Report of the committee for proposing legislation on electronic funds transfer and other electronic payments (Shere Committee Report)	DIT	1996	150	15	333	21
29. Report of the Committee on Capital Account Convertibility (Tarapore Committee Report)	DEIO	1997	100 *	35		
30. Money Supply : Analystics and Methodology of Compilation- Report of the working group (Reddy Committee Report)	DEPR	1998	35 £	20		
31. Report of the high level Committee on agricultural credit through commercial banks(Gupta Committee Report)	RPCD	1998	30 £		200	19
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34. Report of the Committee on Banking Sector Reforms (Narasimham Committee Report)	DBOD	1998	32		244	20
35. Report of the Working Group on Euro (Subramanyam Committee Report)	DEIO	1998	100 £	30		
36. Report of the Committee on Hedging through International Commodity Exchange (Gupta Committee Report)	FED	1998	100 *	50		
37. Report of the Committee on Tecnnology Upgradation in the Banking Sector (Vasudevan Committee Report)	DIT	1999	100 *	25		
38. Report of the High Power Committee on Urban Co-operative Banks (Madhava Rao Committee Report)	UBD	1999	80		490	22
39. Report of the Advisory Group on Payment and Settlement System Part (I) June 2000	MPD	2000	40 * 30 **	15		
40. Report of the Advisory Group on Payment and Settlement System (Part II)	do	2000	20 * 15 **	10		
41. Report of the Advisory Group on Payment and Settlement System (Part III)	do	2001	20 * 15 **	10		
42. Report of the Advisory Group on "Transparency in Monetary and Financial Policies".	do	2001	45 * 35 **	20		
43. Report of the Advisory Group on Corporate Governance	do	2001	40 * 30 **	15		
44. Report of the Advisory Group on Fiscal Transperency	do	2001	30 * 20 **	15		
45. Report of the Advisory Group on Data Dissemination	do	2001	35 * 25 **	20		
46. Report of the Advisory Group on Banking Supervision	do	2001	90 * 60 **	40		
47. Report of the Advisory Group on Securities Market Regulation	do	2001	25 * 20 **	10		
48. Report of the Advisory group on Bankruptcy Laws (Volume-I & II)	do	2001	90 * 75 **	45		
49 . Report of the Advisory Group on Insurance Regulation	do	2001	35 * 25 **	20		
50 Report of the Advisory group on Accounting & Auditing	do	2001	40 *	20		
51. Report of the Technical Group on Market Integrity	do	2002	65 * 50 **	20		
52 Standing Committee on International Financial Standards and Codes on CD-ROM	do	2002	200 * 150 **	60		

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53.	Report of the Standing Committee on International Financial Standards and Codes	MPD	2002	65 * 50 **	20		
54.	The Standing Advisory Committee for Urban Co-operative Banks	UBD					
	i) First meeting		1983	5		200	19
	ii) Second meeting		1984	6 £		200	19
	iii) Third meeting		1985	6		200	19
	iv) Fourth meeting		1985	9		300	20
	v) Fifth meeting		1986	9 £		200	19
	vi) Sixth meeting		1988	12 £		200	19
	vii) Seventh meeting		1989	12		200	19
	viii) Eighth meeting		1990	21		300	20
	ix) Ninth meeting (Bilingual edition)		1992	24		200	19
	x) Tenth meeting		1994	95		300	20
	xi) Eleventh meeting		1995	90		300	20
	xii) Twelfth meeting		1996	52		100	18
E.	**Manuals**						
1.	Manual for urban co-operative banks	UBD	1984	15 £		400	21
2.	Manual on costing exercise in commercial banks	MSD	1987	5 £		200	19
3.	Manual on costing exercises in private sector and urban banks (Reprint)	do	1989	27 £		200	19
4.	RBI-Exchange Control Manual- (Reprint of 1993 edition) (Vol.I & II) (updated upto July, 1998)	FED	1998	400 £		2200	39
	i) RBI - Exchange Control Manual on floppy Disc - size 3.5 (Upadated upto June, 1999)		1999	400 £			
	ii) RBI - Exchange Control Manual - on C.D. Rom (updated upto 31st May, 2000)		1999	400 £			
F.	**Compendium of Circulars**						
1.	i) Compendium of A.D. (M.A. Series) circulars No. 1	FED	1997	75 £			
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	iii) Compendium of A.D. (M.A. Series) circulars No. 3		1999	200			
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3.	MPD Circulars						
	i) August 1970 to December 1981 - Vol. I	MPD	1989	75 *			
	ii) January 1982 to March 1989 - Vol.II		1989	75 *			
	iii) April 1989 to April 1995 Vol.III		1996	200		1530	33
4.	i) Circulars on Monetary and Credit Policy Vol. 4 (From May 1995 to April 1997)		2002	165 * 130 **	50		
	ii) Circular on Monetary and Credit Policy Vol. No. 5 (From May 1997 to March 1999)		2002	235 422 * 372 ** 185 ***	70		
	iii) Circulars on Monetary and Credit Policy Vol. No. 6. Part I & II (from April 1999 to March 2003) (English & Hindi)						
	a) Print Version (A set of four books)		2003	900 1300 * 1100 ** 700 ***	170		
	b) CD-ROM			400 * 300 **	80		
	iv) Circulars on Monetary and Credit Policy Vol. No. 7 (from April 2003 to March 2004) (English & Hindi)						
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3.	Memorandum of instructions to Authorised Money Changers (AMC)	do	2002	30			
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Editor

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– Editor

RBI provides Web based Access to its Database on Indian Economy

The Reserve Bank of India has released a number of long time series data on several aspects of Indian economy covering key macro economic aggregates to the public in user-friendly manner through dynamic web based application.

Objective : The Database on Indian Economy is built for the convenience of researchers, analysts and other users. It is created to provide the public with an access to the published data series, with additional details on some series as available in the Reserve Bank of India's enterprise wide data warehouse.

Coverage : Data available on published time series, can be accessed through a completely browser based software include data on:

- financial sector,
- real sector,
- financial market,
- external sector,
- public finance and
- corporate finance

Features :

- All the data series are accompanied with data definitions, i.e. metadata, which allow the user to view the definitions/concepts of the underlying variables;
- The data definitions provides search feature;
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- Dynamic 'data query', which enables user to define list of data series and allows the user to choose the time period for data extraction.
- Data files can be downloaded in the form of CSV / pdf format.

Access : The data can be accessed from the home page of the RBI website (www.rbi.org.in) through the static headline 'Database on Indian Economy' List of data series available on the site is available on the homepage of the site, i.e. Database on Indian Economy.

This list will be proggressively enlarged on the basis of feedback received and availability of relevant data series in the RBI data warehouse. Feedback may please be sent to dbiehelpdesk@rbi.org.in or through the feedback option on the home page of the website.

– Editor

India's Financial Sector – An Assessment

A comprehensive assessment of India's financial sector by the **Committee on Financial Sector Assessment (CFSA)**, constituted by the Government of India and the Reserve Bank of India, evaluating financial sector stability and development, identifying gaps in compliance with various international financial standards and codes, and suggesting corrective policy measures. The Report contains six volumes. Volume III – VI contain independent reports by the four Advisory Panels assisting the CFSA as follows:

- **Financial Stability Assessment and Stress Testing**, covering macro-prudential analysis, stability assessment and stress-testing of the financial sector **(Volume III).**
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- **Institutions and Market Structure**, covering assessment of financial infrastructure including legal, regulatory and liquidity management aspects and standards regarding accounting and auditing, corporate governance, payment and settlement systems and effective insolvency and creditor rights systems **(Volume V).**
- **Transparency Standards**, covering assessments of standards regarding transparency in monetary and financial policies, fiscal transparency and data dissemination **(Volume VI).**

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