

## SURVEYS IN RESERVE BANK OF INDIA

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### **Introduction:**

**W**e all know that the Reserve Bank of India was established in the year 1935. What may not be commonly known is that Statistics entered the Bank within a couple of years of its existence, in 1937, when the subject or the area called statistics was almost unheard of. History of passage of statistics in the Bank is important here, particularly this year being the Platinum Jubilee year of the Bank. To begin with, a statistical section was started in the Agricultural Credit Department. The Department had three sections, the Agricultural Credit Section, the Banking Section and the Statistical and Research Section to collate and record statistics, prepare the Bank's Report on Currency and Finance and the Board's Annual Report and undertake special studies on monetary and fiscal problems.

During the post-war period, there was increasing complexity and diversity of problems in the Bank, and consequently there was a greater need for data and study in the areas of monetary, financial, fiscal, banking and external sector statistics. The Agricultural Credit Department was reorganized with effect from August 1, 1945, and the two new departments, the Department of Research and Statistics and the Department of Banking Operations were carved out.

The Department of Statistics was created out of the Department of Research and Statistics in 1959. The department was reorganized and

renamed as the Department of Statistical Analysis and Computer Services (DESACS) in 1982 and there was emphasis on computerization for processing large database in order to meet the timeliness and adequacy. Further, it was supplemented by the opening of three regional offices at Chennai, Kolkata and New Delhi in 1985 and some of the activities were decentralized.

After a gap of about two decades, three more regional offices have been opened in Ahmedabad, Bangalore and Lucknow in the last one year. This has facilitated particularly in effective collection and collation of data from various economic agents from their respective regions. In the process the department maintains a large database on banking, corporate finance, and external sectors. Besides, the department also undertakes research activities, analyses data using statistical techniques. The reliable and quality data requirement for policy is in general met through existing statistical system. The department also interacts with national and international statistical agencies towards bringing improvement in data, bridging data gaps and also meeting international requirements and standards.

The department has set up an enterprise-wide data warehouse in 2002, which is the central depository of operational data generated in the Bank and also other data received from the Government. The information released to public through various publications of RBI is also made available on the Bank's website as Data Base on Indian Economy (DBIE).

The technological developments especially electronic transmission of data from the originating source has changed the face of data collection and transmission from paper based manual filled-in returns into electronic mode to a large extent.

This change has brought about a new focus area of information management in the department and in recognition of the new focus area,

the department has been rechristened with a new name, as the Department of Statistics and Information Management (DSIM) since 2008.

The Reserve Bank is conducting a number of surveys. In addition to the regular surveys, the department, over the past two to three years has taken up certain quick surveys, which give useful inputs to the monetary policy formulation like industrial outlook survey and inflation expectation survey. In addition, the department has also taken up surveys like professional forecasters' survey. Simultaneously, regional offices of DSIM have taken up some quick surveys on financial inclusion, customer satisfaction etc. to meet the requirements of the regional offices. The department has seen the importance of such quick surveys for policy making and has identified them as focus area for the department.

### **Different Types of Survey**

Studies that involve collection of data from a universe of all relevant information are called surveys and those dealt with only a fraction of a total population, are called sample surveys. Sample surveys are many a time preferred to complete enumeration because of cost, timeliness and efficiency involved in data collection. They also offer a focussed approach that may not be possible in a census, for example, in certain type of enquiries that require highly trained personnel, one may resort to sample surveys. A survey may focus on some specific opinion or factual information depending on its purpose, and may involve administering questions to individuals. Various techniques can be used to determine validity, reliability, and statistical significance of the survey findings.

Based on the temporal scope of the survey, it can be classified broadly into two types, namely - backward looking and forward looking. In a backward looking survey the objective is to obtain certain information about large groups through a representative fraction when the measurements on

entire population cannot be taken for cost, precision or time considerations. Such surveys are usually done to fill data gaps in official statistics. The forward looking surveys, on the other hand, focus on opinion and are conducted to provide inputs for policy purpose and are usually based on qualitative responses to forward looking questions.

### **Objective of forward looking surveys**

Globalisation of the economies, greater liberalisation of the financial system and increasingly deregulated markets, have posed new challenges for the central banks and regulatory authorities in terms of careful monitoring and more prudent regulation of the financial system and overall conduct of policies. In this context, successful implementation of policies needs to be backed by collection of requisite information almost on an ongoing process. It is recognised that with the dismantling of controls and a gradual shift from micro to macro regulation of the financial entities, there has been associated loss of certain information, which could be important from the viewpoint of regulation of the financial system and ensuring financial stability. There is, therefore, greater demand for certain forward looking indicators about the behaviour of the real sector entities such as corporate and households, in order to assess the potential risks posed by such exposures. In a more liberalised and fast evolving financial system, the regulators have to depend on dynamic information, which in an increasingly deregulated environment, could be obtained through alternative modes such as surveys designed to meet such requirements.

The surveys conducted by central banks for monetary policy are usually forward looking and can broadly be identified as an analysis of conjunctural developments.

## **History of Surveys in Reserve Bank of India**

Reserve Bank of India (RBI) collects and analyses statistics on various economic transactions of banking and other financial institutions in the process of the conduct of monetary policy in India. While a major part of the statistics is collected through either statutory or control returns adhering to the international standards and practices that are exclusively used for monetary policy and supervision, information gaps on financial statistics and other related areas are filled up by collecting supplementary statistics through various surveys.

The first comprehensive survey conducted by RBI was the All-India Rural Credit Survey, with 1951-52 as the reference period. The survey collected such data/information as would assist the RBI and the Government of India in formulating an integrated credit policy for rural credit and to assess the extent of indebtedness of rural households to financial institutions in the organized and unorganized sectors.

As the Indian economy expanded the need for information grew and the RBI adapted and further strengthened its statistical system. It carried out several surveys to fill-in data gaps. In the External Sector, the RBI has a Foreign Exchange Transactions' Electronic Reporting System that is supplemented by several surveys like the Unclassified Receipt Survey, Foreign Liabilities & Assets Survey and Coordinated Portfolio Investment Survey. RBI also has a Corporate Sector data base that provides information on the functioning of the private corporate business sector, while its Basic Statistical Return System collects micro level banking sector data.

## **Present Scenario**

Given the well known lags in the transmission of monetary policy, the surveys providing a macro-economic outlook attain greater importance.

Since the actual data are available with a lag, the RBI supplements the information from actual data with forward looking surveys. The Bank has over the past few years, initiated a number of surveys to capture the timely information on the major leading indicators of economic activity.

These surveys can be broadly classified into four categories. First, the monetary policy surveys including (i) industrial outlook Survey, (ii) inflation expectation survey for households, (iii) survey of professional forecasters and (iv) survey of inventories, order books and capacity utilization.

Secondly the banking sector surveys including (i) survey on distribution of credit, deposits and employment in banks (Basic Statistical Return (BSR) 1 & 2), (ii) survey on composition and ownership of deposits with scheduled commercial banks (BSR 4), (iii) survey on investment portfolio of scheduled commercial banks (BSR 5), (iv) survey of debits to deposit accounts with scheduled commercial banks (BSR 6), (v) survey on international assets and liabilities of banks, (vi) co-ordinated portfolio investment survey for commercial banks and (vii) survey of small borrowal accounts.

Third, the external sector surveys including (i) survey of foreign liabilities and assets for corporate, insurance & mutual fund sectors, (ii) coordinated portfolio investment survey for corporate, insurance & mutual fund sectors, (iii) survey on software and IT services export, (iv) unclassified receipt survey used for BoP, (v) survey on balances in Nostro / Vostro account used in BoP, (vi) survey on non-resident deposits, (vii) international trade in banking services, (viii) survey on private remittances to India, (ix) survey on freight and insurance component in Indian exports and (x) survey of foreign collaboration in Indian industry.

Finally, the *ad hoc* surveys, which include (i) the census of non-banking financial companies not accepting public deposits, (ii) review of payment and settlement survey and (iii) various types of customer satisfaction surveys, are conducted to meet quick needs for operate on and policy formulation.

Brief outline of each of the above surveys is given below.

## **Quarterly Surveys for Monetary policy**

### **1. Industrial Outlook Survey- (1997 onwards)**

*Objectives:* To collect the qualitative information from private corporate units in the manufacturing sector with a view to gaining insights into the performance and assessment/prospect with regard to economic and industrial environment.

*Types of Information:* Qualitative assessment and expectations (3 point scale) on indicators like Production, sales, profit, financial conditions, prices, export/import, capacity utilization, etc.

*Sample Design and Target Respondents:* A purposive sample is used for this survey.

Private manufacturing companies. Sample size of about 1200 companies is being selected.

### **2. Survey of Inventories, Order Books and Capacity Utilization(2007 onwards)**

*Objectives:* To get the actual levels of production, sales, demand and capacity utilization indicators of corporate sector, to study their movements for monetary policy purpose

*Types of Information:* PUC, sales, Assets/ Liabilities, Order books, inventory levels, and product wise capacity utilization in quantity terms

*Sample Design and Target Respondents:* A purposive sample is used for this survey.

A sample of about 1500 Private manufacturing companies is being selected.

### **3. Inflation Expectation Survey(2007 onwards)**

*Objectives:* To get households' expectation of inflation

*Types of Information:* Inflation perception and expectations are sought for present (i.e at the time of survey), 3 months ahead and 1 year ahead. Price movements of major 5 product groups, viz, food products, non-food products, household durables, housing and services are also separately asked.

*Sample Design and Target Respondents:* A quota sample is used for this survey. 4000 households are selected from 12 cities across country. Fixed number of 500 households from 4 metros & 250 households from other 8 cities are being selected. Households are in 7 categories, viz, Financial sector employees, Other salaried employees, Self-employed persons, Housewives, Retired persons and Daily workers.

### **4. Survey of Professional Forecasters(2007 onwards)**

*Objectives:* To obtain outlook on major macro-economic variables in short as well as long term.

*Types of information:* Forecasts on major Macro-Economic variables.

*Sample Design and Target Respondents:* Purposive Sampling is used for this survey. Professional Forecasters in India as well as International organizations like IMF, World Bank etc are the target respondents.

### **5. Survey of Corporate Sales and Profits(1998 onwards)**

*Objectives:* To assess (a) aggregate demand conditions (b) inflationary pressures (c) profitability (d) interest burden

*Types of Information:* Income and Expenditure items like sales, expenditure, depreciation, interest, taxes, profits etc.

*Sample Design and Target Respondents:* Compile abridged results as and when reported to stock exchange. It covers around 2500 non financial listed companies, covering more than 80% of BSE listed non-financial companies in terms of M-Cap and Sales.

## **Surveys to fill data-gap**

### **A. Banking Sector**

#### **1. Basic Statistical Returns**

*Objectives:* To get the details on deposits, advances, investments, etc., of Commercial Banks.

*Types of Information:* Account wise details on credit (BSR1), deposit (BSR 2), ownership of deposits (BSR4), investments (BSR5), debits to deposit accounts (BSR6), quarterly deposit & credit information (BSR7)

*Periodicity:* BSR 1, 2, 4, 5-Annual; BSR 6 quinquennial, BSR7 quarterly

*Sample Design and Target Respondents:* Census for all BSRs except BSR 4 & 6 where a scientific sample of branches of SCBs is chosen.

#### **2. Survey of Small Borrowal Account(Biannual)**

*Objectives:* To collect the details on Small Borrowal Accounts (below Rs 2 lacs)

*Types of Information:* Account wise details for small borrowal accounts on type of account, organization of borrower, occupation, asset classification, scheme of loan, social status of borrower & interest rate.

*Sample Design & Target Respondents:* Stratified Systematic sampling of Scheduled Commercial Banks including RRBs

#### **3. International Banking Statistics**

*Objectives:* To get the international liability and assets position of banks

*Types of Information:* Instrument, country and sector of customer/borrower, currency, country and sector of guarantor and residual maturity

*Sample Design & Target Respondents:* Census basis data received electronically- bank wise from all commercial banks branches operating in India, all foreign branches of Indian banks and select cooperative banks in India.

#### **4. Coordinated Portfolio Investment Survey for Commercial Banks**

*Objectives:* To capture information about the Portfolio Investment abroad of Indian banks as at end-December

*Types of information:* Survey collects information on country-wise portfolio investment abroad in terms of Equity & Debt Securities (short term & long term)

*Sample Design & Target Respondents:* Census basis, data received electronically- bank wise from all commercial banks (non-RRBs) operating in India.

### **B. External Sector**

#### **1. Foreign Liabilities & Assets (FLA) Survey**

*Objectives:* To capture information about India's foreign liabilities and foreign assets as at end-March

*Types of Information:* Survey collects information about the paid-up capital reserves and surplus of Indian companies, country-wise information on FLA of resident companies on account of foreign direct investment, portfolio investment and other investment covering trade credit

*Sample Design:* Earlier, FLA Survey was quinquennial, followed by annual investment surveys in the intervening period. From 1997 onwards, annual FLA surveys are being conducted on census basis.

*Target Respondents:* Survey collects information from Corporates, Insurance companies (both life & non-life), Asset Management & Mutual Fund Companies.

## **2. Unclassified Receipts Survey**

*Objectives:* To estimate various distributional patterns of inward remittances relating to non-export transactions below the cut-off limit of US \$ 10000.

*Types of Information:* This survey collect information on inward remittances such as transaction date, country of remittance, purpose of remittance, currency wise remittance, etc.

*Sample Design and Target Respondents:* AD branches, which are receiving non-export remittances below Rs. 5 lakhs per transaction (at least Rs. 5 crores in a year) are selected in this survey.

## **3. International Trade in Banking Services**

*Objectives:* The main objective of the survey is to collect disaggregated information relating to various banking services rendered by the overseas branches of Indian banks as well as the banking services rendered by the foreign bank branches operating in India

*Types of Information:* This survey collects the activity-wise information on international trade in 10 banking services, viz., 1. deposit account management 2. credit related, 3. financial leasing, 4. trade finance, 5. payment and money transmission, 6. fund management, 7. financial consultancy and advisory, 8. underwriting, 9. clearing and settlement & 10. derivative, stock, securities and foreign exchange trading.

*Sample Design:* The international trade in banking services was captured based on the explicit and implicit fees or commission charged to the customers for various services rendered by the banks.

*Target Respondents:* Indian bank branches operating abroad and foreign bank branches operating in india.

#### **4. Software & IT Services Exports Survey**

*Objectives:* To collect information about the software & IT services exported by Indian software & IT-BPO companies during the reference period

*Types of Information:* The survey collects information about the software & IT services exports done by Indian companies (including their subsidiaries/associates abroad) during the reference period and its various break-up like country & currency-wise, mode of supply, type

*Sample Design:* Annual comprehensive survey covering all the NASSCOM member companies and STP units. For quarterly survey, all top exporters accounting for around 80 per cent in the total Software & IT exports as per the latest comprehensive survey plus sampled

*Target Respondents:* Survey covers software, IT and BPO companies. Survey frame is prepared using the information collected from NASSCOM & STPI.

#### **5. Private Remittances to India (DRG-Study)**

*Objectives:* To collect information on economic profile of households receiving remittances, identify source country of remittances, modes of remittances, geographical spread of remittances, etc.

*Types of Information:* This survey collects information on household demographics and their consumption pattern, household assets and liabilities, uses of remittances, modes of sending remittances etc.

*Sample Design:* Depending on the major share of inward remittances, four states, namely: Kerala, Maharashtra, Gujarat and Punjab were selected to conduct the survey. PPS sampling is used to select bank branches and SRS to select account holders.

*Target Respondents:* Households receiving remittances from abroad

## **6. Freight and Insurance Components in Indian Exports**

*Objectives:* To provide estimates for the ratio of freight and insurance costs in India's exports on f.o.b. basis

*Types of information:* Information on value of exports, transaction date, value of freight, value of insurance, etc.

*Sample Design:* In house survey based on information on f.o.b. value of exports, freight and insurance components, the ratios of consolidated freight and insurance are estimated.

*Target Respondents:* Custom authorities (based on DTR).

## **C. Ad-hoc Survey**

- i) Internal Customer Satisfaction Survey (of RBI)
- ii) Satisfaction Survey for Pensioners (of RBI)
- iii) Customer Satisfaction Survey for External Customers (to evaluate RBI's services)
- iv) Customer Satisfaction Survey (of commercial bank)
- v) Survey on Private Remittances to India
- vi) Review of Payment and Settlement System
- vii) Census of the non-deposit taking Non-Banking Financial Companies and Surveys on the use of payment

## **D. Surveys : Future Perspective**

### **1. Housing Start-up Index**

*Objectives:* To measure the change in the level of activities in housing sector and to identify the growth/recessionary tendencies in this and related sectors of the economy.

*Types of information:* The number of building permits issued during a given period and the start up coefficients reflecting the recent experience of housing permits into housing starts

## **2. Real Estate Price Survey**

*Objectives :* Monitoring of real estate prices

*Types of information:* Rent and sale / resale prices

*Sample design:* Stratified Sampling Scheme

*Target respondents* Real estate agents

*Work done so far:* Pilot survey conducted in Dec-07 for the time points Jan of 2004-07, and Dec-07.

## **E. New Survey proposal**

- i) Consumer confidence survey
- ii) Credit conditions survey
- iii) Business outlook surveys for trading sector

### **Key issues**

- i) Quality and timeliness of data
- ii) Inadequate population frame & auxiliary information
- iii) Voluntary Surveys
- iv) Inadequate domain knowledge of respondents