RESERVE BANK OF INDIA

BULLETIN

JULY 2025

VOLUME LXXIX NUMBER 7

The Reserve Bank of India Bulletin is issued monthly by the Department of Economic and Policy Research, Reserve Bank of India, under the direction of the Editorial Committee.
The Central Board of the Bank is not responsible for interpretation and opinions expressed. In the case of signed articles, the responsibility is that of the author.

For subscription to Bulletin, please refer to Section 'Recent Publications'

The Reserve Bank of India Bulletin can be accessed at **https://bulletin.rbi.org.in**

CONTENTS

SPEECHES

Catalysing Sustainable and Green Infrastructure Financing for Achieving Net Zero
Shri M. Rajeshwar Rao

Bridging the Credit Gap: The Evolution of India's Credit Reporting Infrastructure
Shri M. Rajeshwar Rao

Reflections from a Banker's Journey
Shri Swaminathan J.

Working Together, Growing Stronger: Responsible Governance for a Resilient UCB Sector
Shri Swaminathan J.

*Catalysing Sustainable and Green Infrastructure Financing for Achieving Net Zero**

Shri M. Rajeshwar Rao

Distinguished guests, participants, colleagues, Ladies and Gentlemen,

Let me at the outset thank the organisers for having me here to share my thoughts on this important topic. Climate risks and green infrastructure financing, as a catalyst for achieving net-zero emissions, has to move over time from the margins of policymaking to the heart of global and national agenda and occasions such as these should help in this endeavour.

Climate change is a phenomenon which we are seeing and living through on a daily basis. With each passing year, the extremes of weather patterns are becoming more intense. Whether it is extreme rainfall, droughts, heat waves or cyclones, changes and aberrations have become the norm. The incidents of formation of heat dome over USA or the monsoon rains hitting Mumbai before the scheduled onset reflect recent examples of the climate change. The probability of changing weather patterns is going to be more regular and its economic impact very severe in the times to come. A recent report[1] on economic cost of extreme weather events estimates that over a ten-year period from 2014 to 2023, economic cost associated with climate-related extreme weather events amounted to $2 trillion. Notably, the estimated cost over the last two years taken together *i.e.*, 2022 and 2023, was around $451 billion. Moreover Climate-induced disasters also disproportionately affect the poorest nations and communities.

The scale of the impact of events arising out of climate change therefore requires sizeable investments in technology and scale of finance to both build resilience and enable mitigation. As per OECD report[2], the investment required for green and sustainable infrastructure is estimated at around USD 3 to USD 5 trillion per year until 2050. This is not just a nominal allocation of capital resources - it would require a significant shift of financial flows, complemented with appropriate policies, and reorientation of institutional priorities. The question is no longer about if but how to finance this transformation, which must then be our collective resolve going forward. Financing sustainable and green infrastructure can no longer remain a peripheral concern; it has to now become central to achieving both global and national net-zero targets, and for fulfilling the commitments of the Paris Agreement. These aspects are important for climate risk mitigation and facilitating a just transition. While more than 140 countries over the world have made commitments to net-zero targets—the real challenge lies in their achievement. Climate finance remains significantly off-track, fragmented, overly reliant on public funds and often inaccessible to the developing countries that need it most. So, the question before us is both urgent and clear: How do we catalyse sustainable and green infrastructure financing to deliver on the promise of net-zero? Let me share a few thoughts on this.

* Inaugural Address delivered by Shri M Rajeshwar Rao, Deputy Governor, Reserve Bank of India at the Conference on Green Infrastructure Finance on July 03 at College of Agriculture Banking, RBI, Pune in Collaboration with Swiss Agency for Development and Cooperation (SDC) India. Inputs provided by Sunil TS Nair and Saket Kumar are gratefully acknowledged.

[1] https://iccwbo.org/wp-content/uploads/sites/3/2024/11/2024-ICC-Oxera-The-economic-cost-of-extreme-weather-events.pdf

[2] https://www.oecd.org/en/publications/financing-climate-futures_9789264308114-en/full-report.html

Sustainable and Green Infrastructure – The need of the hour

For, the current period marked by climate related volatility, limited resources and widening inequality, sustainable and green infrastructure is likely to be a necessity. The infrastructure whether in the form of power plants, highways, apartments, commercial buildings, or fuel pipelines, must be taken as steppingstones towards achieving the goal of net-zero in carbon emissions and not emerge as barriers in achieving these targets. According to a World Bank study[3], every single dollar invested in climate-resilient infrastructure can save up to four dollars in avoided losses. Green and Sustainable infrastructure not only improves the quality of life through cleaner air, accessible mobility, and more efficient public services, while remaining climate friendly, it also helps in reducing vulnerability and inequality, particularly in communities that are prone to climate risks. Creation of climate resilient infrastructure reduces disaster risks and prevents catastrophic losses from floods, cyclones, and heatwaves. It also reduces the volatility of losses that may occur on corporate balance sheets in the face of physical climate risks, thereby help in improving financial stability. While the arguments for climate resilient infrastructure are compelling, the hurdles are many. It has been estimated[4] that less than 1.5% of total assets under management (AUM) of global investment funds are aligned with Paris goals. Green infrastructure pipelines in emerging markets remain underdeveloped and the climate finance gap which is estimated at over $2.5 trillion annually[5], is widening.

[3] https://www.worldbank.org/en/news/press-release/2019/06/19/42-trillion-can-be-saved-by-investing-in-more-resilient-infrastructure-new-world-bank-report-finds#:~:text=WASHINGTON%2C%20June%2019%2C%202019%20%E2%80%93,Reduction%20and%20Recovery%20(GFDRR).

[4] https://clarity.ai/research-and-insights/climate/only-1-5-of-global-investment-funds-are-aligned-with-a-1-5oc-scenario-and-none-are-aligned-when-scope-3-is-considered/

[5] https://www.un.org/en/climatechange/raising-ambition/climate-finance

Financing Sustainable and Green Infrastructure – Issues and Challenges

While discussing sustainable and green infrastructure, the first step is to establish a clear definition and reach a consensus on what qualifies as green infrastructure. The green taxonomy plays a critical role in this regard. The government has recently released the draft of the climate finance taxonomy for public consultation, which paves the way for much-needed uniform classification across the economy and financial system. The draft taxonomy lays down four essential criteria *viz.* avoidance of Green House Gas (GHG) emissions, reduction of GHG emissions intensity, adaptation solutions that reduce the risk of adverse impacts of climate change and research and development, for classification related to climate finance. But the key to enable sustainable and green infrastructure is technology. New technologies can lead to reduction in emission intensities, increase energy efficiency, provide alternate energy sources to help avoid GHG emissions, and build innovative solutions to drive adaptation and resilience towards mitigating the perils of climate change.

This dependence on technology is however both the enabler as well as the main constraint on the flow of finance. Let me elaborate a bit. Finance always follows the principle of risk and reward. Financial institutions adopt risk-based pricing for financial products, considering both the borrower's risk profile and the inherent risks associated with the proposal. The technologies underlying sustainable and green infrastructure are still evolving and are therefore less reliable regarding their future viability as compared to the traditional technologies, which are comparatively stable and have stood the test of time regarding cash flow generation. There may also be lack of technical expertise and capacity among the creditors in understanding these evolving technologies. Hence, compared to traditional

technologies, there are higher perceived inherent risks related to sustainable and green infrastructure technologies which then get reflected in their risk pricing. Sustainable and green projects thus often face higher upfront costs including capex requirements. The perceived risks associated with sustainable and green infrastructure limit access to debt financing for early-stage technologies, highlighting the need for greater equity investment (First Loss Default Capital). Other constraints relate to longer payback periods creating asset-liability mismatches, information gaps, lack of robust assurance and verification functions, which limit understanding and appraisal of these technologies to prepare investment-grade infrastructure projects *i.e.*, those with well-defined cash flows, clear governance, and measurable impact metrics.

Climate change risks directly impact the real economy, and the financial sector in turn gets impacted on account of its credit exposure to the real economy. For the financial sector to perform a comprehensive risk assessment, relevant information flow from the real economy *i.e.* corporate/institutional borrowers in a timely manner is important. Given that climate change and climate risks is likely to impact a business segment consisting largely of MSMEs, unorganised sectors and un-listed corporates, creating an awareness and understanding amongst these borrowers on climate change risks and obtaining the required information becomes important.

Understanding climate change is an elaborate process involving the use of complex models to analyse the weather and climate patterns to predict the changes. Along with historical data, projections of climate variables such as rainfall, and temperature, are also inputs for forward looking risk estimations. However, the financial system or financial analysts have limited exposure to climate science. At the same time climate scientists have limited understanding of financial modelling and risk estimations. This creates a gap between these two input streams and that challenges us in accurately estimating the risks associated with sustainable and green infrastructure finance. The availability of climate related data with proper understanding about its sources and methodology of its estimation is essential for financial analysts to aid their decision making.

Since sustainable and green infrastructure technologies contribute to the reduction or avoidance of greenhouse gas emission intensity, a critical consideration for financing entities is to address the risks of green washing. For a creditor to fund any project which is intended to achieve reductions in GHG emissions, there is a need to clearly understand how these projected reductions are being quantified. It would also require a robust and independent Monitoring, Reporting, and Verification (MRV) function. Standardised processes and databases to inform and quantify such benefits would be necessary to increase the funding avenues for such infrastructure projects.

There are several building blocks or ecosystem enablers which are required to be fostered and promoted to remove the bottlenecks surrounding sustainable and green infrastructure projects. Without innovative financial instruments to mitigate early-stage risks, lack of availability of avenues for blended finance, many projects lack the scale or bankability needed to attract private capital. These limitations are further exacerbated in case of emerging market economies as inadequate financial instruments, and fragmented institutional coordination are critical constraints that are further exacerbated by poor sovereign ratings which leads to further increase in risk premium particularly when trying to access global funds. Global funding, where available, is predominantly denominated in foreign currencies, exposing borrowers to exchange rate risks and consequently increasing the cost of

financing - despite their need to access low-cost funds. Moreover, globally climate finance availability is spread across several funds which have different application procedures, eligibility criteria, and reporting standards, which makes it onerous and time consuming for ensuring flow of such funding. These factors lead to institutional paradox with capital seeking sustainability, while sustainable assets seeking capital are unable to scale up and access these funds.

Catalysing the finance to Sustainable and Green infrastructure

Given the issues and challenges, our focus should be on identifying effective ways to mobilise the financing required to transform our infrastructure landscape toward green and sustainable development. Let me float a few ideas for you to ponder on. To unlock the required flows into green and sustainable infrastructure, we need a holistic reconfiguration of the financial ecosystem - one that rewires risk, institutionalises sustainability, and aligns incentives. We need to follow a building block approach whereby the ecosystem enablers are first put in place, thereafter harmonised and made consistent across all the sectors. We could categorise these enablers in two categories as endogenous and exogenous enablers. The endogenous enablers refer to the requirements of information flow, data gap bridging, MRV requirements, and building up of technical expertise. They can then act as the lynchpin between the availability and requirement of credit flow and cover the entire ecosystem right from the appraisal to disbursement and monitoring of finance related to sustainable and green infrastructure projects. These enablers will prepare the financial system to cater to the financing needs and facilitate the flow of funds with greater certainty.

The exogenous enablers would involve mechanisms that can be built to cater to the innate risks associated with green and sustainable infrastructure, which is requirement of risk capital, first loss default capital, concessional funding, quantum of funding, global funding, public and private capital mobilisation. Blended finance, which combines concessional public finance with private capital, is essential for bridging the bankability gap of green and sustainable infrastructure. There is a need for an adequate mix of public and private funding where the public funds crowds in the private funds through appropriate incentive structure. Specific mechanisms need to be enabled wherein global funds scale their mandates from project-level support to market-shaping interventions, also targeting underdeveloped sectors like adaptation infrastructure, and nature-based solutions. There is also requirement for Multilateral Development Banks (MDBs), Development Financial Institutions (DFIs), National Development Banks (NDBs) and Vertical Climate and Environmental Funds (VCEFs) to harmonise approach and operations and enable joint funding to enable shift from being direct lenders to catalytic partners and bring in economies of scale in sustainable and green infrastructure projects financing. Instruments like first loss guarantees, and subordinated debt, which can de-risk early-stage investments and crowd in institutional capital are also required.

Scalability of finance towards any cause comes either from policy nudges or market mechanisms that adequately incentivises risk taking. Once the endogenous enablers are in place, supported by exogenous enablers, innovative financial instruments such as sustainability linked loans, transition finance instruments, green debt securities *etc.*, can get the required traction for enabling the flow of finance. Digital solutions are changing the way traditional finance works and that innovation

needs to be channelised to the cause of sustainable and green infrastructure. Digital tools to automate MRV requirements, and data and information flows, can bring down compliance costs substantially. I would request all the tech enthusiasts to innovate and bring in solutions in this regard. To foster tech-based innovation in finance, RBI has instituted a regulatory sandbox wherein innovative solutions can be tested to provide market wide scalable solutions. RBI has also allowed 'Theme Neutral' applications as part of the 'On Tap' facility under the regulatory sandbox under which application containing any technology / theme can be made under various topics including sustainable finance and climate risk mitigation. Tokenization may soon enable fractional investment in infrastructure, opening new liquidity channels and investor bases. This approach needs to be explored for sustainable and green infrastructure. Fintech, blockchain, and AI have the power to streamline project verification, improve traceability, and democratise access to green and sustainable finance. We must capitalise on these efforts to establish an infrastructure pipeline of sustainable and green projects, a repository of vetted, investment-ready projects across sectors and regions. We must also empower local governments, indigenous communities, and civil society to lead climate infrastructure efforts. This may include decentralised renewable energy systems, sustainable land use practices, and community-based adaptation projects.

No country can achieve net-zero in isolation. Climate change is the quintessential global challenge and so too our response. There is a requirement of enhanced global cooperation in this regard which must also extend to technology transfer, R&D funding, and skills development to enable development of technical expertise to identify, design, and structure bankable sustainable and green infrastructure projects. The focus needs to shift from project-based finance to overall market development with policy reforms, development of a project pipeline, and consistent regulatory frameworks, creating systemic conditions for fostering sustainable and green infrastructure finance. The international financial architecture also needs to be reoriented toward sustainability. The de-risking of sustainable and green infrastructure can work best when national, local, and multilateral institutions co-invest, signalling policy credibility and technical robustness. MDBs and global climate funds may need to revisit their governance structure to reflect the voice of recipient countries, particularly the global south and not just donor countries. Innovative financial instruments such as debt-for-climate swaps and climate-resilient debt clauses must also be scaled up to create fiscal space for green investments. We all need to work towards the creation of a reformed, empowered, and climate-aligned multilateral financial system.

Conclusion – Financial Leadership - Call to Action

The transition to net-zero is not just about finance, but also about knowledge, trust, and solidarity. We are at the crossroads or in climate terms nearing a tipping point. This is a moment not only for climate policy, but for the financial leadership to act together. A sustainable and green infrastructure is the best legacy we can pass on to the future generations. As finance professionals and leaders, we need to act in unison to foster endogenous and exogenous enablers and build a robust ecosystem to scale climate finance to catalyse green and sustainable infrastructure in a prudent manner. We need to align our mandates and approaches with the country's net-zero pathways, innovate and strategise and collaborate globally, even as we may act locally. The Reserve Bank of India has been proactive in its resolve to facilitate creation of a robust ecosystem wherein the assessment and mitigation of climate change risks are fostered and its impact on the economy and financial system is curtailed. In this

context, we have followed a building block approach, focused on wide stakeholder consultation, capacity development, channelising flow of credit towards green finance, efforts to bridge limitations such as climate data gaps and modelling challenges, and building a conducive regulatory framework for risk assessment balancing compliance and conduct.

We need bold and urgent action to finance the future requirements. There is a need to catalyse the capital that helps to build the world we need. Sustainable and green infrastructure is the foundation of climate action, economic resilience, and social justice. It is a significant lever for us to achieve net-zero targets, protect our communities, and create a more equitable world. The future has been built and will continue to be built, one way or another. The question is: will it be sustainable? And what can we do to ensure it?

Let me leave you with these thoughts and wish you all successful deliberations and fruitful outcomes during these meetings.

Thank you.

*Bridging the Credit Gap: The Evolution of India's Credit Reporting Infrastructure**

Shri M. Rajeshwar Rao

Ladies and gentlemen, Good Morning.

At the outset, let me thank the organisers for inviting me to deliver the keynote address at this milestone event and congratulate Trans Union CIBIL (TU CIBIL) on its 25th anniversary. Credit reporting and TU CIBIL have grown together in India and the company has made a significant contribution in expanding the footprint of credit reporting in the country. Credit reporting systems today operate as a key element in the national financial architecture, encouraging greater credit access, supporting financial inclusion, enabling effective supervision, and enhancing financial stability. This silver jubilee therefore also represents a significant milestone in TU CIBIL's ongoing contribution to strengthening this framework. This also gives us an occasion to reflect on how the information gap between the credit institutions and the borrowers has been addressed over time and the possible way ahead.

Evolution of Credit Information Companies in India

To set a context to the theme of this speech, it may be worthwhile to reflect briefly on the evolution of credit information companies in India. The Reserve Bank had recognised the need for establishing a Credit Information Bureau for collection of credit information from lending institutions and for the provision of such information to the financial system and had set up a Working Group in 1999 for the purpose. Credit Information Bureau (India) Ltd. (CIBIL) was thereafter incorporated in 2000, and over the years, three other Credit Information Companies (CICs) have also started their operations in India.

A variety of challenges had hindered wider acceptance of credit information companies over the years. The key obstacles included inconsistent quality in data submitted by lenders and shortcomings in consumer protection mechanisms. Therefore, a committee was set up in 2013, to examine the issues hampering the sector and based on its recommendations, significant policy changes were made in 2014[1]. These included standardisation of data formats for individual, corporate and micro finance borrower segments, institutionalizing the mechanism of Technical Working Group comprising of representatives from various regulated entities and introduction of Data Quality Index for improving data quality.

In the recent past, our focus has been on taking regulatory measures to improve quality of data and ensure faster redressal of customer grievances. Several policy measures have been taken to reduce information asymmetry, enhance data quality and improve customer satisfaction. Just to illustrate, these steps included mandating availability of free full credit report (FFCR) to individuals, appointment of internal ombudsman by CICs, extending the Reserve Bank's Integrated Ombudsman Scheme to CICs, introduction of a framework for granting compensation to customers for delayed rectification of their credit information and increasing frequency of credit reporting. RBI directions have also mandated the CICs to display the list of suit-filed accounts of large defaulters and wilful defaulters on their website.

The role of data and emerging technology in enabling credit access is therefore extremely topical and relevant at this juncture. But if we were to go

* Keynote Address delivered by Shri M Rajeshwar Rao, Deputy Governor, Reserve Bank of India on July 01, 2025, at TransUnion CIBIL's Credit Conference in Mumbai. Inputs provided by Jyoti Prakash Sharma, Rituraj and Tarique Ansari are gratefully acknowledged.

[1] Report of the Committee to Recommend Data Format for Furnishing of Credit Information to Credit Information Companies 2014, under the chairmanship of Shri Aditya Puri.

back in time, 25 years back, lack of information and high cost of access to information hindered access to credit to large segment of the populace, the financially excluded. It was in this scenario that credit reporting started to take root in the country, and we have traversed a long road since then. Apart from greater access to secured lending, the creditors gain confidence to underwrite unsecured loans, facilitated by access to credit information provided by the CICs as this reduces the information gap that existed earlier between even the prime borrowers and the lenders.

While CICs have undoubtedly played an important role in reducing the information asymmetry thereby facilitating better credit decisions, they are not going to be the only game in town to source the required data, as information asymmetries are also sought to be addressed through other complementary mechanisms. This trend is driven by the digitalization of financial services and electronification of records which has created a large repository of data which can be used to get better handle on economic trends, both micro and macro. This coupled with the growth of FinTechs and innovations in financial services, has created business opportunities to harness alternate data sets in order to gain a better understanding of financial behaviour and credit worthiness of individuals and entities. These insights can give a richer perspective than conventional analysis and provide an impetus to the measures taken to foster greater financial inclusion. Let me highlight a few of these developments, technology led, and regulator supported.

CERSAI and CRILC

In 2011, the Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI) was incorporated, initially for operating a registration process under the provisions of SARFAESI Act. Over the years, it has developed into a complete registry containing security interest of immovable, movable, intangible properties and assignment of receivables. By providing access to all kinds of creditors and the facility for filing of attachment orders and court orders, CERSAI delivers a comprehensive status of any encumbered / attached property.[2] The Central Repository of Information on Large Credits (CRILC), was set up in 2013 by the Reserve Bank to collect, store and disseminate information on large credits of scheduled commercial banks, all India financial institutions and certain non-banking financial companies. These initiatives have undoubtedly helped banks and other financial institutions in improving their credit administration besides providing vital inputs for supervisory risk assessment on build-up of credit risk in the financial system.

Digital Public Infrastructure (DPI)

At the heart of the FinTech revolution in India is India's Digital Public Infrastructure (DPI) — a framework that integrates technology, markets, and governance to serve public interest. The DPI includes Unified Payments Interface (UPI) which is the flagship instant mobile digital payments system, interoperable across any bank account or app, Aadhaar Digital ID for over a billion adults, Aadhaar Payment Bridge which facilitates cash transfers directly to beneficiaries' bank accounts, Aadhaar Enabled Payments System (AEPS) which is an interoperable network of biometric based cash withdrawal & deposits, DigiLocker which is an e-Locker for storing verifiable credentials, Bharat Bill Payments System, now called Bharat Connect for bill fetch & pay, and FastTag - a near field communication based toll charges and parking collections platform. This is supplemented by the Account Aggregator Framework, another cog in the DPI, which is a cross-sectoral framework for consented financial data sharing. Apart from facilitating credit delivery, this is

[2] https://www.cersai.org.in/CERSAI/aboutus.prg

an initiative towards open finance. It has now come a long way and is growing rapidly with onboarding of financial institutions, since guidelines were first issued in 2016. The inclusion of Goods and Services Tax Network (GSTN) as a financial information provider under the account aggregator framework is expected to give further impetus to cashflow based lending to MSMEs.

Unified Lending Interface (ULI)

The latest addition in the Digital Public Infrastructure for credit is the Unified Lending Interface (ULI), designed to simplify and democratize credit access by offering lenders regulated, seamless access to verified borrower data. The convergence of Jan Dhan Accounts, Aadhar and Mobile Phones, popularly known as the JAM trinity, UPI and ULI, represents a significant advancement in India's digital lending infrastructure. One of ULI's standout features is its ability to tap into alternative digital data, enabling access to credit even for those without formal financial histories. Its integration with NABARD's e-KCC portal is expected to extend access to customers of District Central Co-operative and Regional Rural Banks, previously excluded from formal digital channels. Integration of state-level digitized data, such as land records and cooperative databases into the ULI framework, would provide novel cash flow-based lending solutions. Going forward, the potential for ULI to also harness data from e-commerce platforms and gig economy apps could open new doors for credit inclusion for small sellers, delivery workers, and freelancers.

Improved access to credit

When we evaluate the outcomes of these measures, we can see the significant changes and benefits. Over the years, India's household debt as a percentage of GDP has increased and stands at ~43 percent in 2024. This rising trend is fuelled more by an expansion in the number of borrowers rather than just through an increase in average indebtedness[3]. Despite some moderation observed recently, the growth in deployment of bank credit under 'retail/personal loan' category witnessed a CAGR of approximately 17 percentage over the past five years.[4] Moreover, the composite Financial Inclusion (FI) - Index to measure and evaluate the extent of financial inclusion too has improved substantially from 49.9 in 2019 to 64.2 in in 2024 indicating progress in deepening of financial inclusion in the country[5]. This reflects two important facets of credit that need to be borne in mind. First, the availability of credit to individual borrowers has improved and second the improvement in the FI-Index reflects reduced frictions in credit delivery with consequential improvement in financial access.

Digital initiatives for MSME sector

A targeted beneficiary of increased use of data and technology in credit decisions should be the MSME sector, which remains the backbone of India's economy. With over 7.34 crore enterprises, contributing nearly one-third of our GDP and 46% of exports, this sector is key to our economic future[6]. Increasing the availability of credit to the MSMEs has been a policy priority of the Reserve Bank and the Government of India. However, MSMEs have faced several challenges in accessing formal credit such as information asymmetry, excess documentation and lack of transparency. Here the role of CICs has become important. When commercial credit reporting is efficient, creditors need to rely less on relationship lending and soft information, and more on facts and fact-based analyses based on credit reports and other credit reporting products.

---

[3] Financial Stability Report, December 2024 – Reserve Bank of India.

[4] Deployment of Bank Credit by Major Sectors – Database on Indian Economy; personal loans include consumer durables loan, housing loan, advances against FDs/shares/bonds/, credit card, education loan, vehicle loan, loans against gold and other personal loans.

[5] Annual Report 2025 – Reserve Bank of India.

[6] Understanding Indian MSME Sector – Progress and Challenges, May 2025 – Small Industries Development Bank of India (SIDBI).

Rise of FinTech Ecosystem

It needs to be recognised that of late FinTech players have emerged as powerful enablers, transforming how credit reaches previously unserved and underserved populations. By leveraging the power of technology, they have significantly lowered the cost and complexity of delivering financial services to the last mile. This has not only improved user experience but also addressed persistent challenges that had kept many outside the formal credit fold. Importantly, we are seeing a growing collaboration between FinTechs and traditional financial institutions. This partnership is particularly impactful in credit origination and supply chain finance, where it bridges gaps created by physical infrastructure and human resource constraints in remote and rural areas. For example, in FY 2024, FinTechs have processed approximately 47% of small ticket personal loans of less than 1 lakh, by count.[7]

Open Credit Enablement Network and Open Network for Digital Commerce

The Open Credit Enablement Network (OCEN) that facilitates interactions among lenders, borrowers, and loan service providers, effectively uniting all participants within the credit ecosystem on a common platform to streamline credit delivery, is also poised to be a significant part of the fintech landscape. It is expected to enable lenders to make more informed credit decisions by utilizing alternative data sources, such as cash flow information. Going forward, there is a promising scope for deeper integration between OCEN and the Open Network for Digital Commerce (ONDC). Such interoperability could democratise credit access further and open new avenues for MSMEs to participate in digital commerce, fostering broader economic growth on multiple fronts.[8]

Central Bank Digital Currency (CBDC) for credit disbursement

The proposed use of programmable CBDC for credit disbursement is another pioneering initiative. One commercial bank's pilot for tenant farmer lending under Kisan Credit Cards, where programmable CBDC ensures end-use monitoring, looks promising. Even without land records, tenant farmers are being extended formal credit, based on livelihood activity tracking. If successful, this model could be replicated for collateral-free loans to micro-enterprises, street vendors, and artisans, where end-use assurance allows for responsible, productive lending. The digital nature of such disbursements also creates valuable digital footprints, which can enable further lending and reduce dependence on government schemes.

Leveraging Tokenisation for Credit Delivery

Tokenisation *i.e.* generating and recording a digital representation of financial or real assets on a programmable platform could be an option that can offer enhanced efficiency, transparency and accessibility, and may be seen as the next step following dematerialisation and digitalisation. It could favour small and medium enterprises' (SMEs') access to credit by narrowing the information gap. Further, SMEs could improve their collateral offering by tokenising real assets or trade receivables, thus improving their standing in the credit markets[9]. Tokenisation may also enable simultaneous asset transfer and payment in a financial transaction, minimizing counterparty risk and thereby considerably reducing the need for collateral.

Role of AI/ ML in facilitating credit delivery

One of the main challenges in the provision of credit facility, especially among underprivileged populations, is the absence of credit history. By

[7] Small is BIG - How Fintechs are Revolutionising Lending, 2024 – Experian.

[8] https://www.dbs.com/india/newsroom_media/how-ocen-can-revolutionise-in-indias-msme-lending-ecosystem.page

[9] Leveraging tokenisation for payments and financial transactions, April 2025 - Consultative Group on Innovation and the Digital Economy, Bank for International Settlements.

using artificial intelligence (AI) and machine learning (ML), algorithms can evaluate alternative data from diverse sources to determine creditworthiness more accurately. In fact, it seems that time is not far when alternative data will no longer be alternate, but it will be the mainstream. This advancement would allow lenders to extend credit to individuals who were once deemed ineligible. Use of AI/ML could simplify the disbursement process by automating credit assessments and risk evaluations, which not only accelerates fund distribution but also cuts administrative costs, making it practical to offer small loans even in remote regions. Moreover, AI models excel at uncovering previously hidden insights in data, enabling financial institutions to more precisely forecast their clients' funding requirements and creditworthiness. They also streamline compliance workflows, such as Know Your Customer (KYC) procedures, which significantly cuts operational costs and increases their speed of lending. Microfinance and microloans which serve as crucial support systems for underserved communities are likely to be the biggest beneficiary of this advancement.

Grameen Credit Score

Another initiative that is on the anvil is the Grameen Credit Score. This score will be in addition to the existing credit score and will be specifically designed to enhance financial inclusion in rural areas, particularly for members of self-help groups (SHGs). It aims to address the limitations of existing generic credit scoring systems by creating a tailored framework for assessing the creditworthiness of rural borrowers. This measure can improve access to formal credit for rural populations, including farmers and marginalized communities.

Role played by the Reserve Bank

In this dynamically evolving scenario, the Reserve Bank has been endeavouring to create an enabling regulatory environment for fostering innovation and ensuring financial system integrity. With a view to put in place a regulatory framework for FinTechs that maintains a balance between maximising their creative potential while minimising the idiosyncratic risks they pose to the financial system; the Reserve Bank issued a Framework for Self-Regulatory Organisation(s) in the FinTech Sector in 2024. The Reserve Bank Innovation hub, a wholly owned subsidiary of RBI, commenced an initiative to foster a vibrant infrastructure for facilitating the progress of FinTechs in the country. The initiative - Fintech and Startup Acceleration (FAST) - aims to connect the stakeholders, *viz.*, the startups, incubators, accelerators, investors, regulators and banks and financial institutions to accelerate innovation and financial inclusion. Through the HaRBInger initiative, Reserve Bank is encouraging the global innovation community to solve real-world problems with a special focus on inclusive design and accessibility for differently abled persons in the digital finance journey. To foster continuous innovation, we have made the Regulatory Sandbox 'on tap' and 'theme-neutral'.

Even as we embrace these sweeping changes, we must remain cognizant of the need for addressing issues around data accuracy, data security, and model risk. These could present significant challenges in the effective deployment of data-driven systems. Inaccurate or incomplete data can undermine the reliability of analytical outputs and decision-making processes, while poor data security can expose organizations to breaches, resulting in legal liabilities and reputational damage. Additionally, the use of complex AI and machine learning models introduces concerns around model risk, especially when these models are not thoroughly tested, validated, or monitored for biases and performance drifts. Rigorous validation protocols, continuous monitoring, and robust governance frameworks are essential to ensure that these models remain fair, transparent, and

aligned with regulatory and ethical standards. While we should be willing to embrace new technologies and modern regulatory approaches, the core values - integrity, transparency, and commitment to public service - should drive our innovation and initiatives towards financial inclusion. Innovation needs to be responsible and accountable. It should not be at the cost of an individual's rights regarding the use of their personal data.

Looking ahead

The path ahead is filled with opportunity and responsibility. For the CICs let me outline two critical enablers *i.e.* (i) Enhancing Data Freshness and (ii) Improving Data Quality. Currently, credit data is refreshed on a fortnightly basis. We must aspire to more frequent updates. Real-time or near-real-time credit reporting will improve underwriting precision, enable timely reflection of borrower actions like loan closures or repayments and deliver a superior consumer experience. This shift requires investments in technology, process reengineering, and change management. But the rewards - transparency, efficiency, and trust, far outweigh the costs. Similarly, data quality is the bedrock of responsible lending and Reserve Bank has always emphasised the importance of accuracy in regulatory submissions. It has been prescribed that CICs shall provide a data quality index score to the Credit Institutions (CIs) on a monthly basis to facilitate improvement in the quality of data submitted by CIs. Another key challenge is identity standardization. CICs rely on credit institutions to provide accurate and validated IDs. Without this, duplication and misreporting remain risks. We must move towards a unique borrower identifier, which is secure, verifiable, and consistent across the system.

We stand on the cusp of a transformative financial era where technology, policy, and innovation converge to democratise credit access. Various initiatives, collaborative partnerships and sustained regulatory support are laying the foundation for a more inclusive, resilient, and sustainable economy. But at the heart of a sustainable credit landscape lies an empowered consumer which is enabled when we have a financially aware and literate customer. While regulations mandate transparency and awareness, the responsibility needs to be fulfilled by all of us. Financial literacy cannot be achieved through a one-time campaign; it has to be a sustained commitment for all the institutions and entities involved. While the institutions in the financial system have done commendable work, the journey is far from complete. The setting up of Credit Information Companies was in one sense the starting point of this journey of financial inclusion and democratisation of credit. Even as the journey continues, the role of the CICs remains integral and important in realizing the vision of Total Financial Inclusion.

Thank You.

*Reflections from a Banker's Journey**

Shri Swaminathan J.

Principal, NIBM, Dr Partha Ray, Members of Faculty, my colleagues from the Reserve Bank of India, and most importantly, our promising future bankers from the PGDM Batch of 2025-27. A very good evening to all of you.

It is a privilege to be here at the National Institute of Bank Management—an institution that stands as a pillar of excellence in banking education, research, and leadership development ever since its founding by the Reserve Bank of India in 1969. NIBM has indeed contributed immensely to building intellectual capacity and strategic vision in the sector. This beautiful campus in Pune is not just picturesque—it is a crucible where ideas are forged, careers are shaped, and the future of Indian banking is quietly nurtured.

I would like to thank Dr. Ray and the entire faculty for inviting me to be part of this significant milestone in your journey—the beginning of a two-year programme that, I am confident, will challenge you, shape you, and prepare you for the responsibilities ahead.

Reflections from the Journey

Over the course of my career, I have been fortunate to experience the best of two remarkable institutions—the scale and grassroots connect of the State Bank of India, and the intellectual depth and policy perspective of the Reserve Bank of India. Along the way, I have gathered a few lessons—some from success, and many more from challenges—that I believe may resonate with you, especially as you embark on your journey into the world of banking and finance.

You will soon dive deep into subjects like Banking Law and Practice. One of the things you will notice is that banking, unlike many other industries, does not operate solely on the strength of laws and regulations. A significant part of what holds the system together are the conventions and practices established by bankers themselves—what we refer to as Banking Practice.

For instance, consider something as familiar as crossing a cheque with "Account Payee". There is no specific statute mandating it—but it is a time-honoured convention that enhances safety and limits misuse. These practices, developed over time through experience and prudence, carry the weight of law in many contexts. They represent the professionalism, caution, and trust that underpin banking at its best.

And so, while your curriculum will cover frameworks, policies, and tools, what will truly shape you as a banker is your ability to blend knowledge with judgment, law with convention, and theory with practice.

It is in that spirit that I would like to share four simple reflections—each in the form of a metaphor or analogy—which I hope will serve you well as you begin your own journey. These are: The Lemon, The Lookout, The Deer, and The King.

The Lemon

You've all heard the phrase: *"When life gives you lemons, make lemonade."* I'd like to take it a step further: *"Life will give you lemons—so be prepared to make lemonade, lemon pickle, lemon cake… whatever the situation calls for."*

Let me tell you about one of my own "lemons". After completing my two years of probation at SBI, I

* Valedictory Speech by, Deputy Governor at the National Institute of Bank Management (NIBM), Pune on July 12, 2025.

had hoped to be posted in Bangalore—a city where I had trained. Instead, I found myself in Hubli, some 400 kms north of Bangalore, assigned to the Data Processing Centre of the Bank as a Programmer—a role I had no background of. Computers in the banks were still in their infancy. It was a complete surprise.

When I reported, the Personnel Officer told me something profound: *"We don't need computer experts who can learn banking—we need bankers who can learn computers."* That perspective changed everything.

It was tough. I had to learn from scratch. But with inputs from institutional training, support from colleagues and a willingness to adapt, I was soon contributing to transforming how the Bank collected and processed its data for feeding into regulatory reporting and executive decision-making systems.

The broader point is this: life—and your career—will not go exactly as planned. You may not get the role or the location you desire. But the ability to adapt, to embrace the unfamiliar, and to turn unexpected situations into learning experiences is what will set you apart.

So, yes—life will hand you lemons. Don't just make lemonade. Learn to enjoy the process of learning how.

The Lookout

On a ship, lookouts are stationed to watch for obstacles, changing weather, and other vessels—long before the captain or crew becomes aware of them. Their job is simple but vital: spot trouble early and alert the team in time to act.

One of the most well-known examples is the sinking of the Titanic. Despite its size, sophistication, and engineering, the Titanic struck an iceberg it couldn't avoid—not because no one saw it, but because it wasn't seen in time. The ship was moving too fast, and there wasn't enough time or flexibility to change course.

The lesson is clear. In banking—as in life—it is not always the biggest or most advanced systems that succeed. It is the ones that stay alert, that course-correct early, and that respect the value of foresight.

As future bankers, you must develop the mindset of a lookout. Banking today is more complex than ever. While digital transformation has brought speed and convenience, it has also created new vulnerabilities—cyber threats, phishing, synthetic identities, deepfakes, and third-party risks.

As transactions become real-time and frictionless, the time it takes for damage to occur—and spread—has drastically shortened. Vigilance is no longer optional; it is an essential and core professional skill.

Yes, banks need strong systems and protocols. But they also need alert professionals who scan the environment, anticipate risks, and speak up early. You must be that lookout—always asking: What is on the horizon? What could go wrong? What needs attention before it's too late?

Innovation and speed are vital. But so are situational awareness, caution, judgment, and the courage to act. Be the one who notices the iceberg early—not the one explaining the damage afterward.

The Deer

Let us talk about agility—and endurance. Have you ever wondered how a deer sometimes escapes a cheetah—the fastest land animal on the planet? In fact, a cheetah's hunting success rate is only around 50 per cent[1].

[1] "Do Cheetahs Always Catch Their Prey?" Kenya Wild Parks, 18 July 2024, www.kenyawildparks.com/do-cheetahs-always-catch-their-prey/

It is not because the deer runs faster. It is because it is more agile. While the cheetah is built for speed, the deer survives by turning sharply, changing direction unpredictably, and using its surroundings wisely. This ability to adapt quickly—to change course in the face of danger—is often what saves it.

But there is another crucial factor: endurance. Cheetahs are sprinters, not marathoners. They can maintain top speed only for about 20 to 30 seconds before their bodies begin to overheat. If the prey can hold out just a few seconds longer—keep zig-zagging, stay hidden, or reach denser terrain—the cheetah must slow down or stop. Many hunts fail not because the cheetah is not fast enough, but because it cannot sustain the chase.

And each failed sprint comes at a cost. It consumes enormous energy and leaves the cheetah physically drained, needing time to recover. Too many failed chases can lead to exhaustion—and even make the cheetah vulnerable

This, to me, is a profound lesson for all of us—especially those entering a dynamic, highly demanding profession like banking. It is not enough to be fast. You must be agile. But equally, you must know how to pace yourself.

A good banker isn't just quick to act—but also able to endure uncertainty, recover from setbacks, and stay focused over the long run. You will face moments of rapid change—crises, deadlines, audits, policy shifts—but you will also need the discipline and stamina to navigate slow, complex processes that unfold over months or years.

Agility helps you dodge what's in front of you. Endurance helps you stay the course. You will need both.

The King

Finally, let me speak about what I believe is the **most important aspect of banking: the customer—the King.** I have deliberately saved this for the end, because even if you forget everything else I have said today, I hope you will remember this.

"*Customer is the King*" is a phrase we hear often. It is printed on posters, included in mission statements, and used in marketing campaigns. But in banking, it is not just a slogan—**it is our duty**.

The number of customer complaints—especially through digital channels—has risen significantly in recent years. From social engineering frauds to poor grievance redressal, the loss and frustration is real. Often, the problem is not the product or service— but, as I see it, the real issue is a **lack of empathy**.

We see **increasing automation but decreasing ownership**. Systems respond with templated emails; helplines loop back endlessly. This is not how trust is built, and certainly not how it can be sustained.

When I was a young Field Officer in SBI, we took pride in truly knowing our customers. Nowadays, KYC is often reduced to a periodic ritual. Today's banker must find a way to bring back that **personal awareness and responsibility**—even in a digital context.

A senior citizen struggling with an ATM pin…A borrower in a rural area unsure how to repay digitally… A small business owner worried about a UPI refund…

They are not just service requests. They are moments of trust.

They all deserve **your time, your patience, and your professionalism**.

Technology will enable the transaction. But only **you** can build the relationship and only you can earn the customer's trust for your institution. Finally, that is what will distinguish a banker from an app.

Closing Reflections

Over the next two years, you will be immersed in the principles and practices of modern banking—credit, risk, compliance, technology, analytics, and more. NIBM will equip you with the tools. But **how you use them**—with empathy, curiosity, and integrity—is what will define your journey.

You are entering a profession that is not just about managing money—it is about **managing trust**.

Your decisions will impact individuals, families, businesses, and communities. You will play a role in financial inclusion, digital adoption, credit growth, and economic stability. That is no small responsibility. So, remember to lead with character and conviction.

With this I wish you all the very best in your journey ahead.

Thank you, Jai Hind.

*Working Together, Growing Stronger: Responsible Governance for a Resilient UCB Sector**

Shri Swaminathan J.

Chairmen and Directors of Urban Cooperative Banks; Shri Jaikish, Principal of the College of Agricultural Banking; my colleagues from the Reserve Bank of India; ladies and gentlemen - a very good afternoon to all of you.

I am honoured to be here today to address you at the culmination of this seminar's deliberations on the theme **'Resilient Cooperatives for the Future: Enhancing Governance in a Digital Age'**.

This seminar, thoughtfully organised by the College of Agricultural Banking, comes at a very appropriate time. The United Nations has declared 2025 as the International Year of Cooperatives, with the theme **'Cooperatives Build a Better World'**, recognising the vital role cooperatives play in building inclusive, fair, and resilient communities - something that India's own cooperative movement has long exemplified.

With a proud history of over a century, cooperatives have become powerful engines of grassroots development. From Amul and IFFCO to SEWA and India Coffee House, India's cooperatives have shown how collective effort can drive both economic and social progress.

UCBs have long been an essential part of India's cooperative story, providing banking services to segments - often underserved by larger banks - small traders, self-employed individuals, salaried workers, and others in the informal sector. What sets UCBs apart is their deep-rooted presence in the community and their ability to offer personalised, responsive service, customers are at ease walking into their neighbourhood UCB branch. This reflects the essence of the cooperative model - banking built on relationships, local knowledge, and grassroots connection.

With this unique identity as a cooperative bank, comes a substantive responsibility. While UCBs are rooted in cooperative values, they are banks - licensed to accept public deposits and expected to operate with the same prudence, integrity, and accountability that banking demands. Banking is built entirely on the trust of depositors. Trust must be earned and protected every single day - through sound governance, effective risk management, and an unwavering commitment to depositors' interests.

Recognising both the importance of UCBs and the challenges they face, the Government and the Reserve Bank have taken several steps in recent years to support the sector's stability and growth. Based on the recommendations of the Expert Committee chaired by former Deputy Governor, Shri N. S. Vishwanathan, a four-tiered regulatory framework was introduced to bring proportionality in regulation. The establishment of a sector-wide Umbrella Organisation was also facilitated to help address issues of scale, particularly in technology and capacity building. Recently, the priority sector lending guidelines for UCBs were revised in response to feedback from the sector.

While these measures reflect the commitment of the Reserve Bank and the Government to support and strengthen the UCB sector, lasting progress must ultimately come from within. Government and regulators can enable, but it is the internal resolve and discipline of each institution that will determine its long-term resilience. This calls for a renewed focus

* Valedictory Address by Shri Swaminathan J, Deputy Governor, Reserve Bank of India at the Seminar for Directors of Urban Co-operative Banks held in CAB, Pune on Friday, July 11, 2025.

on governance, professional management, and strong internal systems. It is therefore essential that you, as Directors, take the lead in building institutions that are capable, forward-looking, compliant, and - most importantly - worthy of the trust placed in them.

Let me now turn to five key areas where, as Directors, your role is especially critical. These are not merely regulatory expectations - they are the essential building blocks of strong and sustainable institutions. In each of these areas, your focused attention and leadership can make a meaningful difference to the future of your banks.

Strengthening Governance and Accountability

My first area is on strengthening governance and accountability. Time and again, our supervisory experience has shown that the root cause of distress in cooperative banks is not external shocks, but weak internal governance. Whether it is high levels of non-performing assets, instances of fraud, or erosion of capital, the underlying issues often trace back to poor oversight, lack of independent judgement, and inadequate checks and balances at the Board level.

While you are not expected to manage the day-to-day operations - that is the responsibility of senior management - as Directors, your role is not to merely endorse decisions, but to actively engage, ask the difficult questions, and ensure that the bank is being run in a prudent, ethical, and transparent manner.

All dealings must be at arm's length, and related-party transactions must be approached with utmost caution and full transparency. This applies not only to lending decisions, but also to appointments and other administrative matters - please follow a fair and transparent process without fail.

Strong governance begins with active, informed, and independent Boards - Boards that place the long-term interests of the institution and its depositors above all else.

Building Robust Assurance Functions

The second area I want to highlight is the importance of strong internal assurance functions - namely, risk management, internal audit, and compliance. These are not back-office support roles. They are your eyes and ears within the organisation, helping you identify risks early, monitor controls, and ensure that operations align with regulatory expectations and internal policies.

However, these functions can only be effective if they are given the independence, stature, and access they require. They must have the freedom to escalate concerns without fear. They must have the skills and seniority to command respect within the institution. And most importantly, they must have a direct line of communication with the Board - especially with the Audit and Risk Management Committees (especially for those UCBs, where we have mandated RMCs).

As Directors, you must engage actively with these functions - not just to review their reports, but to understand what is happening at the ground level. Ask questions. Seek clarifications. Ensure that red flags are not ignored or rationalised. A well-functioning risk, audit, and compliance setup is the foundation of a safe, well-run bank.

Engaging Constructively with Auditors and Inspectors

The third area I would like to emphasise is your engagement with statutory and internal auditors, as also with supervisory teams. These stakeholders are not adversaries - they are valuable partners in safeguarding the health of your institution.

Auditors play a crucial role in independently validating the bank's financial position and internal controls. Their observations must not be treated as routine or transactional. Engage with them meaningfully. Understand the concerns they raise

and ensure that necessary corrective action is taken - not just in form, but in spirit.

Likewise, the inspection reports issued by the Reserve Bank should be viewed as a tool for strengthening your bank - not as a fault-finding exercise. These inspections are a critical last line of defence, aimed at identifying risks before they become unmanageable.

As Directors, it is essential that you read these reports carefully, discuss them thoroughly at the Board level, and ensure time-bound action on the issues flagged. Avoid the temptation to look for comfort in favourable metrics alone. Instead, focus on understanding the root causes of any weaknesses and most importantly, in fixing them decisively.

Embracing Technology with Responsibility

The fourth area I want to highlight is the growing importance of technology - and the need to adopt it with foresight and responsibility.

In recent years, customer expectations have changed dramatically. Digital payments, mobile banking, and round-the-clock service are no longer luxuries - they are now basic expectations.

Many UCBs are eager to offer internet and mobile banking, and that is a welcome aspiration. However, digital services require a strong and secure technological foundation. If the underlying systems are weak, the infrastructure outdated, or the staff unprepared, the bank - and its customers - become vulnerable to serious risks such as fraud, data breaches, and prolonged service disruptions.

Cybersecurity is not just a technical issue - it is a governance issue. The Board must be fully aware of the bank's digital capabilities and its cyber risk profile. Any decision to expand digital offerings must be based on a realistic assessment of readiness and must be accompanied by appropriate investment in systems, processes, and people.

Digital transformation should not be about ticking a box or keeping up with trends. It must be a strategic choice, aligned with your bank's risk appetite, customer profile, and operational capacity. Above all, it must be anchored in a commitment to provide secure and uninterrupted service for your depositors.

Supporting Collective Strength through the Umbrella Organisation

fifth area I want to highlight is the importance of collective action - and the opportunity that now lies before the sector through the Umbrella Organisation.

In today's environment, the challenge of limited scale has become more pressing for UCBs - particularly in areas such as technology adoption, cybersecurity, risk management, and compliance. As banking becomes more technology-intensive and regulatory expectations rise, the cost of staying competitive and secure is increasing. For many individual UCBs, making the necessary investments while maintaining profitability is becoming increasingly difficult. The creation of the National Urban Cooperative Finance and Development Corporation Ltd. (NUCFDC) - as an Umbrella Organisation - was a response to this evolving challenge.

The Umbrella Organisation is envisioned as a shared platform that can support member banks with common technology solutions, centralised services, capacity-building programmes, and improved access to modern tools and expertise. It can be a force multiplier - especially for smaller UCBs - allowing them to benefit from economies of scale while retaining their unique identity and local focus. NUCFDC is also expected to provide certain fund-based facilities to member banks such as supporting them in capital enhancement, providing refinance, and addressing short term liquidity requirements.

The success of this initiative, however, depends on broad-based and active participation. The

cooperative movement has always drawn its strength from unity. The Umbrella Organisation offers an opportunity to renew that spirit - by building shared resilience for a digital and dynamic future.

Conclusion

Let me conclude by reiterating that Urban Cooperative Banks matter. You represent a model that is built not just on profit, but on purpose.

As the financial landscape evolves, however, the expectations from you, especially as Directors, are also rising. Governance must be sharper. Risks must be better understood and managed. Technology must be adopted thoughtfully and securely. Above all, the trust of your depositors must remain non-negotiable.

Therefore, each of you has both the opportunity and the responsibility to shape the future of your institution.

The Reserve Bank stands with you - as a regulator, as a guide, and as a partner. Let us work together to ensure that UCBs remain a strong, resilient, and vibrant part of India's financial system.

Thank you, Jai Hind.

ARTICLES

*State of the Economy**

The global macroeconomic environment remained fluid in June and July so far amidst geo-political tensions and tariff policy uncertainties. Domestic economic activity held up, with improving kharif agricultural season prospects, continuation of strong momentum in the services sector and modest growth in industrial activity. Headline CPI inflation remained below 4 per cent for the fifth consecutive month in June driven by deflation in food prices. System liquidity remained in surplus to facilitate a faster transmission of policy rate cuts to the credit markets. The external sector remained resilient, backed by ample foreign exchange reserves and a moderate external debt-to-GDP ratio.

Introduction

The global macroeconomic environment remained fluid in June and July so far. In the first fortnight of June, concerns about the rapid escalation of geopolitical tensions between Iran and Israel led to a marked uptick in market volatility. The announcement of a ceasefire on June 23, however, restored normalcy in global markets. Progress on several bilateral trade deals provided further impetus to the overall optimism. By early July, however, concerns around fiscal health of the US, tariff policy uncertainties and their implication for growth and inflation weighed on the evolving economic outlook.

High-frequency indicators of global economic activity point to a modest expansion in manufacturing activity in June, after two months of contraction, alongside a robust expansion in services activity. Weak consumer and business confidence, however, raises apprehensions about the strength of the economic rebound, especially in view of the lingering global trade policy uncertainties.[1] While food and other commodity prices rose, crude oil prices ebbed from their mid-June peak as geo-political tensions eased.

Rally in global equity markets, which commenced following the ceasefire agreement between Iran and Israel, continued into July fuelled by optimism arising from progress on trade deals and strong early corporate results. Treasury yields, however, firmed up on concerns regarding the fiscal health of the US following the passage of the "One Big Beautiful Bill" and higher June CPI inflation data. US dollar recovered some of its earlier losses in the first half of July following the better than expected economic data release.

Central banks in many advanced economies (AEs) kept policy rates unchanged, as the last mile of disinflation turned out to be stickier than expected, while also awaiting clarity on the trade tariff front and its implications for inflation. Mounting risks to growth in many economies, on the other hand, have also led central banks across AEs and emerging market economies (EMEs) to pre-emptively reduce key policy rates.

Domestic economic activity held up in June, with high-frequency indicators pointing to improving prospects of *kharif* agricultural season and continuation of strong momentum in the services sector. High-frequency indicators for industrial activity recorded modest growth in June.

* This article has been prepared by Rekha Misra, Asish Thomas George, Shashi Kant, Rajni Dahiya, Biswajeet Mohanty, Shreya Kansal, Yamini Jhamb, Bajrangi Lal Gupta, Harendra Kumar Behera, Gautam, Akash Raj, Ettem Abhignu Yadav, Radhika Singh, Alice Sebastian, Satyendra Kumar, Suganthi D, Pratibha Kedia, Paras, Nilava Das, Anjaly Maria Jose, Snigdha Yogindran, Ujjwal Kanti Manna, Shreya Gupta, Athira C A, Sai Dheeraj Vayugundla Chenchu, Satyam Kumar, Rajas Saroy, Samridhi and Avnish Kumar. The guidance and comments provided by Dr. Poonam Gupta, Deputy Governor, is gratefully acknowledged. Peer review by Jang Bahadur Singh, Atri Mukherjee and Abhinav Narayan is also acknowledged. Views expressed in this article are those of the authors and do not represent the views of the Reserve Bank of India.

[1] As per the University of Michigan Consumer Sentiment Index and Conference Board Measure of CEO Confidence.

Growth in rural demand remained resilient and was accompanied by a recovery in urban economic activity. Amidst global economic uncertainties, the front-loading of spending by the central and state governments, with a focus on higher capex, is helping to offset some slowdown witnessed in private capex expenditure. India's merchandise trade deficit narrowed in June 2025, due to contraction in both oil and non-oil trade deficit.

Headline CPI inflation remained below the 4 per cent target for the fifth consecutive month in June, to fall to the second lowest inflation reading in the current CPI series. This was brought about by food moving into deflation – on the back of a broad-based shallower seasonal uptick in vegetable prices over last year and a marked moderation in prices of cereals, pulses and spices due to robust production. Core (CPI excluding food and fuel) inflation edged up primarily due to further increase in gold and silver prices and, at the margin, from an uptick in services inflation. Abstracting the impact of gold and silver prices, core inflation continued to remain benign.

De-escalating geo-political tensions in the Middle East, optimism on trade deals and the easing of norms for infrastructure financing by the Reserve Bank buoyed up domestic financial market sentiments in the second half of June. In the first half of July, however, domestic markets traded with a negative bias as investor sentiment remained cautious amidst ongoing uncertainty over the potential India-US trade agreement and mixed corporate earnings results by companies in Q1:2025-26.

On the credit side, bank credit growth moderated across key sectors in May 2025. This included a contraction in non-banking financial companies (NBFCs) bank credit on a year-on-year basis. NBFCs, however, raised a significant amount of debt from capital markets *via* private placements. While overall credit to the industrial sector witnessed subdued growth due to a decline in infrastructure lending, credit to the micro, small and medium enterprise (MSME) sector continued to remain strong. System liquidity remained in surplus, supported by a slew of liquidity augmenting measures by the Reserve Bank to ensure orderly market conditions while facilitating faster monetary policy transmission. The external sector remained resilient, backed by ample foreign exchange reserves and a moderate external debt-to-GDP ratio.

Set against this backdrop, the remainder of the article is structured into four sections. Section II covers the rapidly evolving developments in the global economy. Section III provides an assessment of domestic macroeconomic conditions. Section IV encapsulates financial conditions in India, while Section V presents the concluding observations.

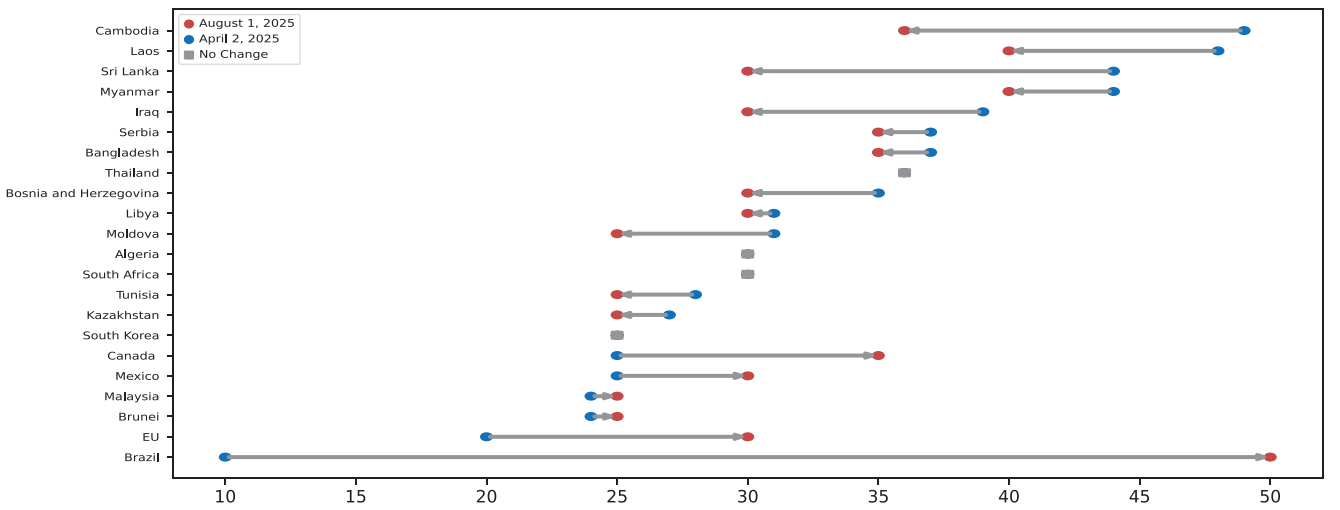
II. Global Setting

Global economic activity, though registering an uptick in June, remains fragile pending clarity on trade tariffs. With just a handful of countries able to sign a trade agreement with the US by July 9, the further extension of the date of implementation of the new import tariff to August 1, 2025, has led to some momentary reprieve. Since then, Vietnam, Indonesia, Japan, and the Philippines have entered into trade deals with the US. The threat of new tariff hikes, in the absence of a trade deal, continues to loom over several countries (Chart II.1).

Volatility and uncertainty receded, in general, tracking the progress in tariff negotiations of the US with several countries and the de-escalation in geo-political tensions (Chart II.2). Despite some

Chart II.1: New Tariffs Announced by the US

(In per cent)



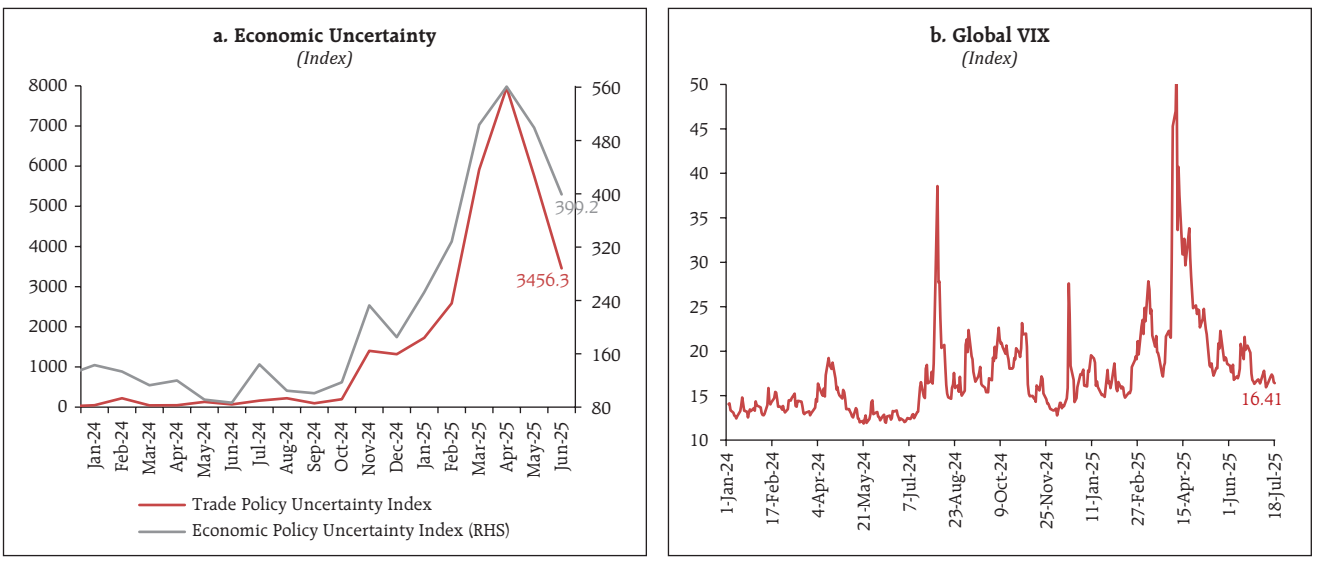
Note: Countries are ranked in the order of the tariff levied by the US on April 02, 2025.
Sources: The White House; and Reuters.

moderation in overall uncertainty, persistent trade tensions and weak global geo-political environment continue to weigh on macroeconomic outlook.

The global composite purchasing managers' index (PMI) rose to a three-month high in June, reflecting continued, *albeit* modest expansion in output and new business. The global manufacturing PMI returned to expansion territory after two months, driven by increased production in the intermediate and investment goods sectors. The services sector activity remained in expansion mode, notwithstanding a slight moderation, supported by financial services (Table II.1).

PMI readings remained in the expansionary zone for major AEs and EMEs in June, signalling a sequential improvement in business activity. Major AEs, except

Chart II.2: Uncertainty Indicators



Sources: Chicago Board Options Exchange; and www.PolicyUncertainty.com.

Table II.I Global Purchasing Managers' Index

	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25
PMI composite	52.9	52.5	52.9	51.9	52.3	52.4	52.6	51.8	51.5	52.0	50.8	51.2	51.7
PMI manufacturing	50.8	49.7	49.6	48.7	49.4	50.1	49.6	50.1	50.6	50.3	49.8	49.5	50.3
PMI services	53.1	53.3	53.9	52.9	53.1	53.1	53.8	52.2	51.5	52.6	50.9	52.0	51.9
PMI export orders	49.7	49.6	49.0	48.5	48.9	49.3	48.7	49.6	49.7	50.1	47.5	48.0	49.1
PMI export orders: manufacturing	49.3	49.4	48.4	47.5	48.3	48.6	48.2	49.4	49.6	50.1	47.3	48.0	49.3
PMI export orders: services	50.7	50.6	50.8	51.6	50.7	51.4	50.4	50.2	50.2	50.1	48.2	47.9	48.7

50

<<<<<<Contraction----------Expansion>>>>>>

Notes: 1. The Purchasing Managers' Index (PMI), a diffusion index, captures the change in each variable compared to the prior month, noting whether each has risen/improved, fallen/deteriorated or remained unchanged. A PMI value >50 denotes expansion, <50 denotes contraction and =50 denotes 'no change'.

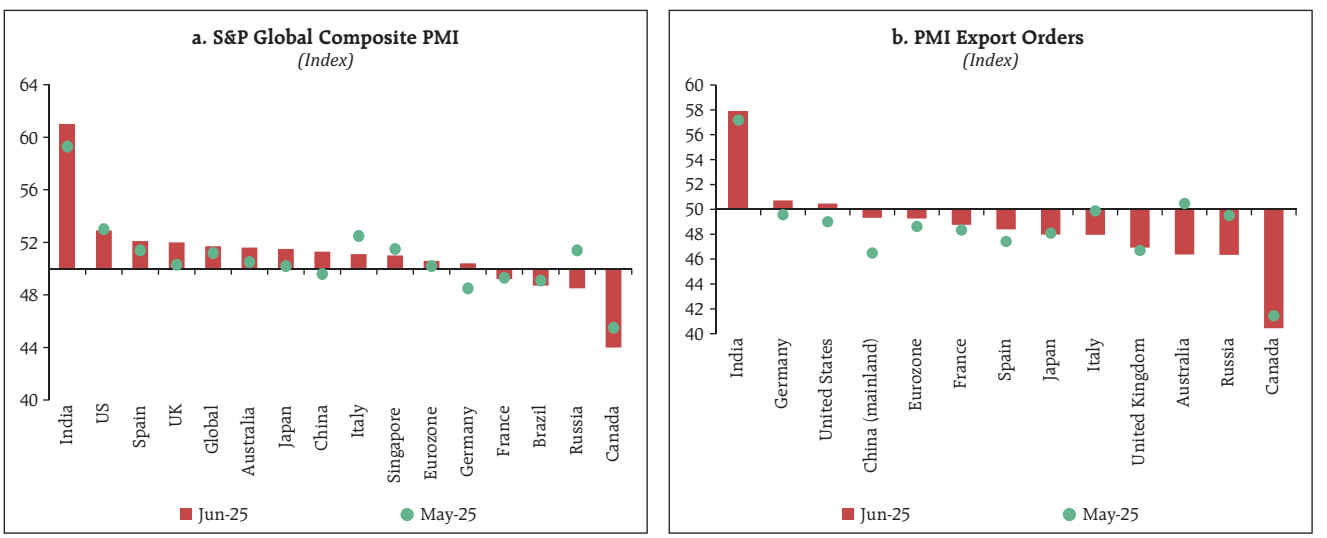
2. Heat map is applied to data from April 2023 to May 2025. The map is colour coded - red denotes the lowest value, yellow denotes 50 (or the no change value), and green indicates the highest value in each of the PMI series.

Source: S&P Global.

Canada, Italy and Singapore experienced an uptick in June compared to the preceding month. Among major emerging market and developing economies (EMDEs), India and China showed improvement, but Brazil and Russia registered contraction in business activity (Chart II.3a). New export orders remained in contraction for most major economies, barring India, Germany and the US (Chart II.3b). The global supply chain pressure index eased to its historical average in June 2025 (Annex Chart A1).

Commodity prices witnessed a rebound in June, with both the World Bank commodity price index and the Bloomberg commodity index registering an increase. The uptick in global commodity prices was driven primarily by gains in energy, industrial metals, and precious metals on account of a slew of factors

Chart II.3: Purchasing Managers' Index: Comparison across Jurisdictions



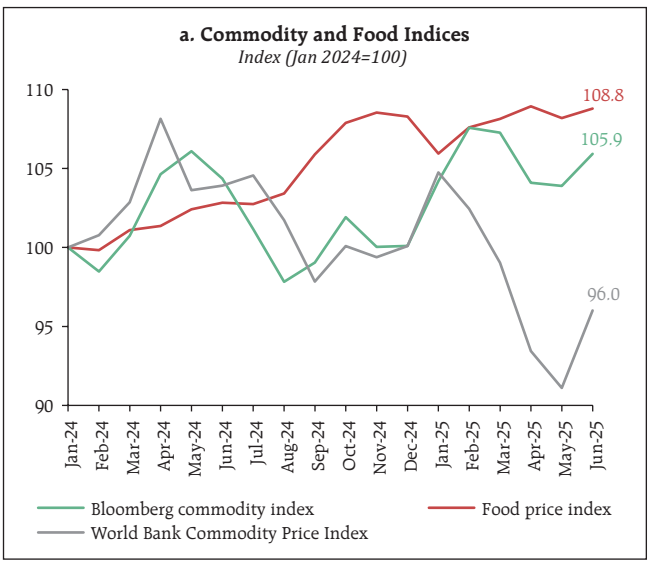
Note: A level of 50 indicates no change in activity, while a reading above 50 signals expansion and below 50 suggests contraction.
Source: S&P Global.

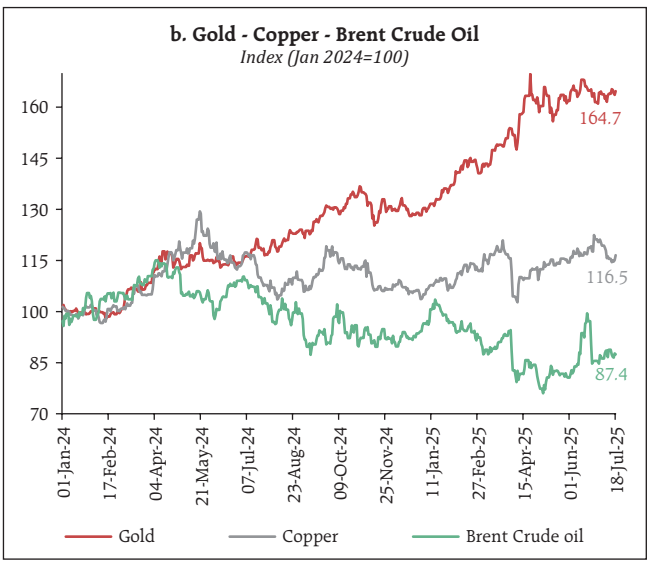
such as imposition of new trade tariffs by the US on imports and geo-political tensions, among others. Global food prices remained largely steady in June 2025, with an increase in the prices of vegetable oil, meat and dairy, partially offset by moderation in the prices of sugar and cereals (Chart II.4a).[2] Oil prices surged in mid-June amidst escalating geopolitical conflict between Iran and Israel but later corrected following the announcement of a ceasefire and also from the decision of OPEC *plus* to increase production. Gold rallied in the first half of June on safe haven demand and a weakening US dollar but eased in the second half as geopolitical tensions subsided. In July so far, Bloomberg commodity price index moved with an upside bias amidst a range bound movement in crude oil prices and metals prices (Chart II.4b).

CPI inflation in major AEs registered an uptick in June, with the US, Euro area and the UK witnessing a pick-up due to increase in goods inflation amidst persistence in services inflation. Japan, however, saw some moderation in its inflation (Chart II.5a). Among EMEs, CPI inflation edged up marginally in Brazil, while it moderated in Russia. However, inflation remained elevated and above the target rate in both the countries. China moved out of the deflation zone after four months (Chart II.5b and Annex chart A2).

Global stock indices rallied since end-June to record levels, driven by the Iran-Israel ceasefire agreement and improved earnings reported by large US companies (Chart II.6a). In June, the 10-year US G-Sec yield softened on rising expectations of a rate cut. Yields, however, began to rise in July following the passage of the new tax bill by the US Congress, on concerns about its implications for medium-term government debt trajectory. Treasury yields inched up further upon the release of higher June inflation data that showed signs of tariffs passthrough. EME bond spreads continued to widen on account of elevated global uncertainty raising risk premiums (Chart II.6b). The US dollar index weakened in June as investors grew wary of its safe haven appeal amidst increased debt concerns (Chart II.6c). Mirroring the

Chart II.4: Commodity and Food Prices

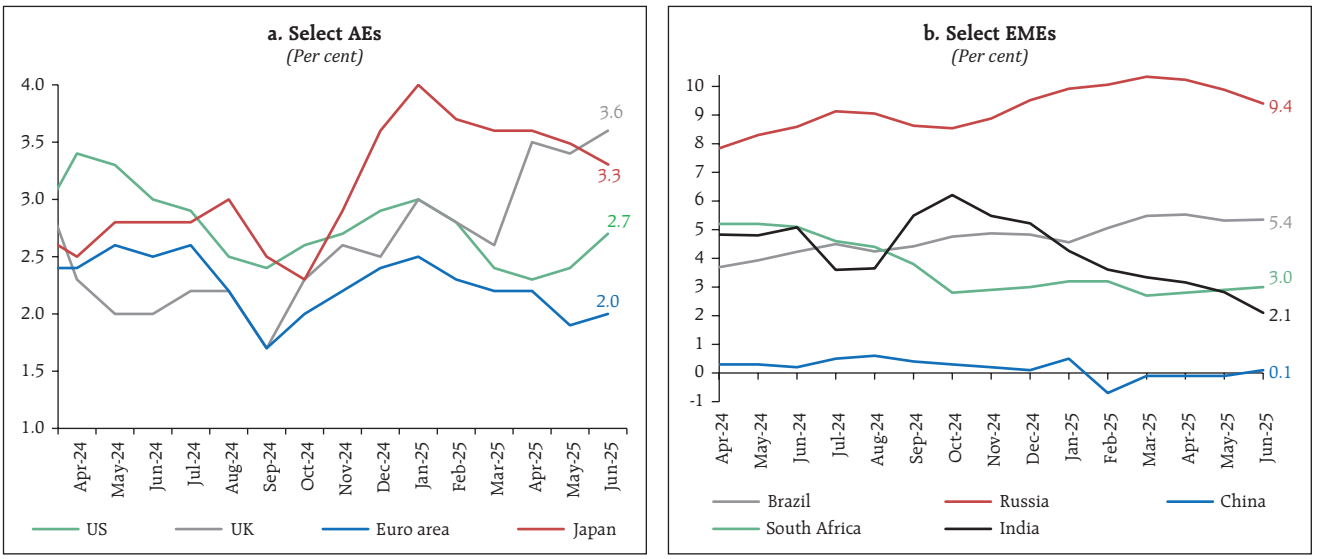




Sources: Bloomberg; World Bank Pink Sheet; and FAO.

[2] As per the Food and Agriculture Organization's Food Price Index for the month of June 2025.

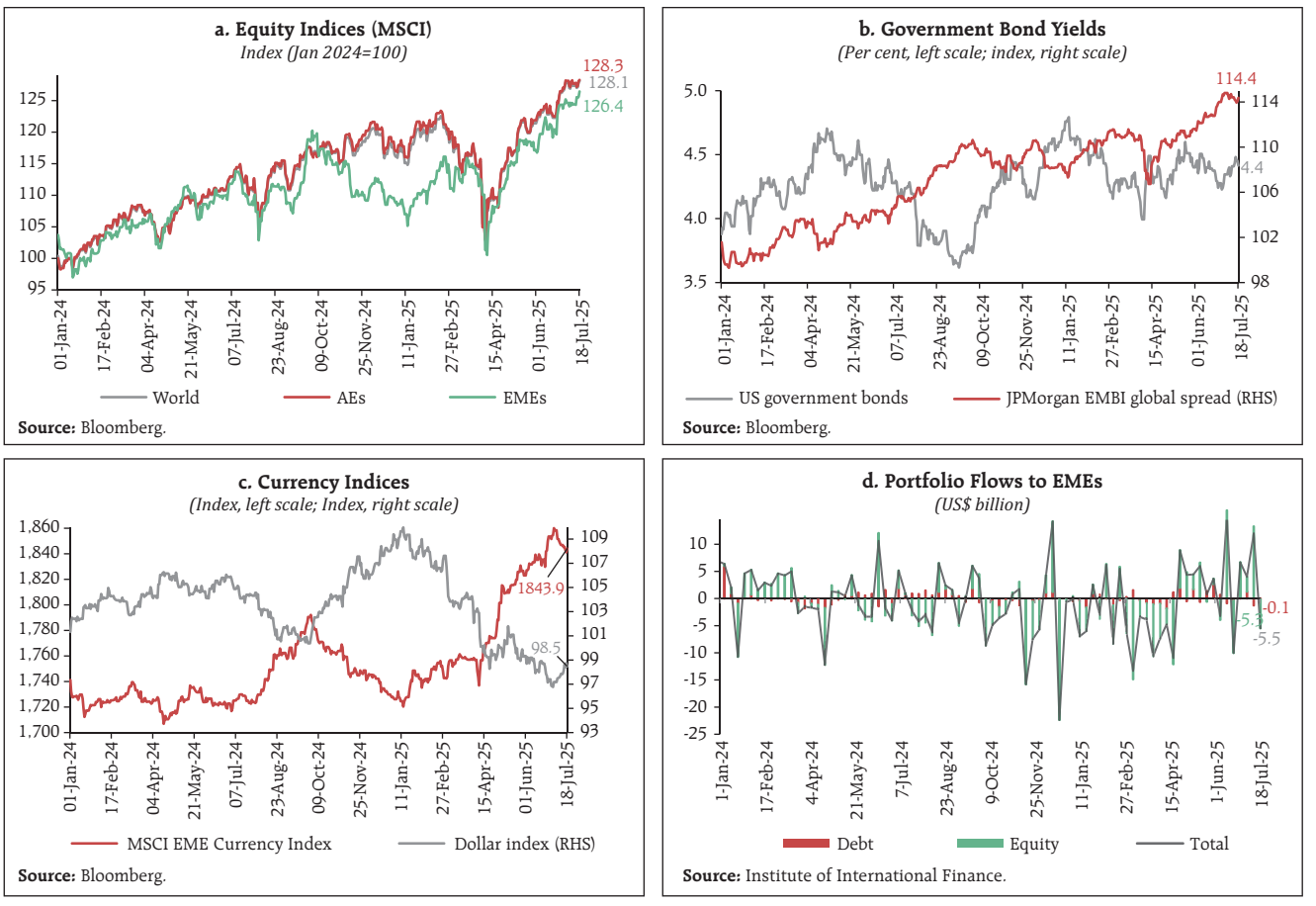
Chart II.5: Headline Inflation



Sources: Bloomberg; and OECD.

dollar movement, the MSCI EME currency index increased with equity markets recording inflows (Chart II.6d). However, in July (up to July 18), the dollar strengthened, supported by stronger-than-

Chart II.6: Global Financial Markets



Source: Bloomberg.

Source: Bloomberg.

Source: Bloomberg.

Source: Institute of International Finance.

expected non-farm payroll data, which helped ease investor concerns.

In their monetary policy meetings held in June and up to July 18, most AE central banks continued to hold or cut their policy rates, exercising caution amidst heightened uncertainties while supporting growth. In June, Canada, Japan, the UK and the US maintained *status quo* on rates, while the European Central Bank and Sweden lowered their policy rates by 25 basis points (bps) each in response to further moderation in inflation. Switzerland also reduced its key rate in June by 25 bps to zero amidst domestic deflation. Amongst EME central banks, Mexico, Philippines and Russia cut rates by 50 bps, 25 bps, and 100 bps, respectively. In contrast, Brazil raised its policy rate by 25 bps to its highest level since July 2006 in response to persistent inflationary pressures (Chart II.7). In July so far, while Australia, New Zealand, South Korea and China held policy rates steady, Malaysia and Indonesia reduced their rates by 25 bps each.

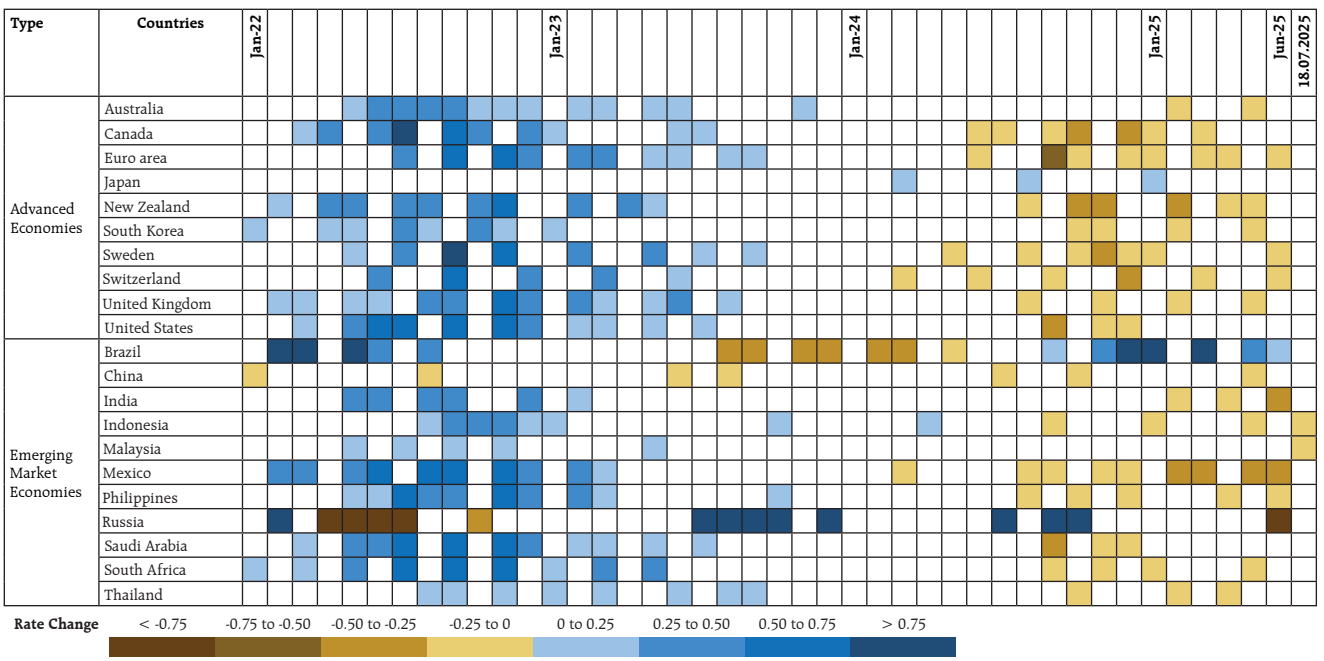
III. Domestic Developments

Amidst a challenging global environment, the Indian economy showed resilience. High-frequency indicators suggest stability in aggregate demand. Growth momentum was buoyant for agriculture and services sector while the growth in industrial sector remained modest.

Aggregate Demand

The high-frequency indicators for overall economic activity showed mixed signals in June. E-way bills and toll collection showed strong growth, while growth in goods and services tax (GST) revenue collections moderated sharply in June (Table III.1). Petroleum consumption recorded a modest expansion, even as the growth of petrol, diesel, and air turbine fuel moderated.[3] Electricity demand fell marginally, mainly due to reduced usage of cooling appliances amidst the early onset of monsoon.[4] Volume of digital transactions exhibited robust

Chart II.7: Policy Rates



Source: Bloomberg.

[3] Growth in petroleum consumption was driven by coke, which recorded a growth of 18.9 per cent (y-o-y) in June 2025 *vis-à-vis* 6.0 per cent in May 2025.

[4] Power consumption dips slightly by 1.5 pc to 150.04 bn units in June.

Table III.1: High Frequency Indicators- Economic Activity- Growth Rate

	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25
GST E-way bills	16.3	19.2	12.9	18.5	16.9	16.3	17.6	23.1	14.7	20.2	23.4	18.9	19.3
GST revenue	7.6	10.3	10.0	6.5	8.9	8.5	7.3	12.3	9.1	9.9	12.6	16.4	6.2
Toll collection	5.8	9.4	6.8	6.5	7.9	11.9	9.8	14.8	18.7	11.9	16.6	16.4	15.5
Electricity demand	8.0	4.0	-5.0	-0.8	-0.4	3.7	5.1	1.3	2.4	5.7	2.8	-4.8	-1.9
Petroleum consumption	2.3	10.7	-3.1	-4.4	4.1	10.6	2.0	3.0	-5.2	-3.1	0.2	1.1	1.9
Of which Petrol	4.6	10.5	8.6	3.0	8.7	9.6	11.1	6.7	5.0	5.7	5.0	9.2	6.8
Diesel	1.0	4.5	-2.5	-1.9	0.1	8.5	5.9	4.2	-1.3	0.9	4.2	2.2	1.6
Aviation turbine fuel	10.1	9.6	8.1	10.4	9.4	8.5	8.7	9.4	4.2	5.7	3.9	4.3	3.3
Digital payments -volume	40.6	36.7	34.9	36.3	40.3	30.1	33.1	33.0	26.7	30.8	30.0	29.2	26.6
Digital payments - value	13.5	22.1	16.7	21.5	27.5	9.5	19.6	18.6	9.5	17.3	18.4	12.6	17.7

<<<<<<Contraction----------Expansion>>>>>>

Notes: 1. Y-o-y growth (in per cent) has been calculated for all indicators.
2. The heat map applied to the data from April 2023 till June 2025 translates the data range for each indicator into a colour gradient scheme with red denoting the lowest values and green corresponding to the highest values of the respective data series. For digital payments data, zero growth is taken as the lower bound.

Sources: Goods and Services Tax Network (GSTN); RBI; Central Electricity Authority (CEA); and Ministry of Petroleum and Natural Gas, GoI.

growth in June. In value terms, digital transactions growth registered a pickup, despite a slowdown in unified payments interface (UPI) growth, on account of an uptick in the growth of real time gross settlements (RTGS).

High-frequency indicators for June signalled steady demand conditions. Urban demand witnessed a revival in June, recovering from the moderation in May. Rural demand remained resilient. Retail automobile sales growth moderated marginally but stayed above the average level[5], while tractor sales recorded stronger growth. Household demand for employment under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) remained elevated during June, indicative of continued reliance on alternative livelihood options during the pre-sowing lean agricultural period (Table III.2).

Table III.2: High Frequency Indicators- Rural and Urban Demand- Growth Rate

		Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25
Urban demand	Domestic air passenger traffic	6.9	7.6	6.7	7.4	9.6	13.8	10.8	14.1	12.1	9.9	9.7	2.6	3.9
	Retail passenger vehicle sales	-6.8	10.2	-4.5	-18.8	32.4	-13.7	-2.0	15.5	-10.3	6.3	1.6	-3.1	2.5
Rural demand	Retail automobile sales	0.7	13.8	2.9	-9.3	32.1	11.2	-12.5	6.6	-7.2	-0.7	3.0	5.1	4.8
	Retail tractor sales	-28.4	-11.9	-11.4	14.7	3.1	29.9	25.8	5.2	-14.5	-5.7	7.6	2.8	8.7
	MGNREGS: work demand	-21.7	-19.5	-16.0	-13.4	-7.6	3.9	8.2	14.4	2.8	2.2	-6.5	4.5	4.4
	Retail Two-wheeler sales	4.7	17.2	6.3	-8.5	36.3	15.8	-17.6	4.2	-6.3	-1.8	2.3	7.3	4.7

<<Contraction ---------- Expansion>>

Notes: 1. The y-o-y growth (in per cent) has been calculated for all indicators.
2. Heat map, applied on data from April 2023 till June 2025, translates the data range for each indicator into a colour gradient scheme with red denoting the lowest values and green corresponding to the highest values of the respective data series.
3. The data on domestic air passenger traffic for June 2025 growth rate is calculated by aggregating daily data.

Sources: Airports Authority of India; Federation of Automobile Dealers Associations (FADA); and Ministry of Rural Development, GoI.

[5] Average during the last 12 months, *i.e.*, June 2024 to May 2025.

Employment indicators in June presented a mixed picture. The all-India unemployment rate remained unchanged from previous month at 5.6 per cent with rural areas faring better as compared to their urban counterparts.[6] The labour force participation rate and worker population ratio declined marginally, driven by rural areas. The decline was influenced by seasonal agricultural patterns, intense summer heat limiting outdoor work, and a shift of unpaid helpers–particularly from higher-income rural households–towards domestic duties. Organised job listings, as per the *Naukri* JobSpeak Index, recorded strong growth, led by robust hiring in artificial intelligence /machine learning, insurance, hospitality, business process outsourcing/ information technology enabled services and real estate. PMI employment indices showed a pick-up in manufacturing employment index, to reach an all-time high in June. PMI employment index for the services sector also picked-up in June, though at a lower rate than May (Table III.3).

Government Finances

The key deficit indicators of the union government, *viz.*, gross fiscal deficit (GFD), revenue deficit and primary deficit witnessed an improvement during April-May 2025 over the corresponding period of the previous year. While GFD was at 0.8 per cent of its 2025-26 BE as against 3.1 per cent of its BE during the corresponding period of the previous year, revenue surplus and primary surplus, in absolute terms, were higher than their corresponding levels during the same period in the previous year (Chart III.1a).

On the receipts side, revenue receipts expanded by 24.0 per cent during April-May 2025-26 over April-May 2024-25, driven by growth in both indirect and direct taxes.[7] The non-tax revenue recorded a growth of 41.8 per cent, led by higher growth in dividends and profits. The non-debt capital receipts recorded a higher growth in April-May 2025-26 as compared to the corresponding period of the previous year.

Table III.3: High Frequency Indicators- Employment

	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25
Unemployment rate (PLFS: All-India)											5.1	5.6	5.6
Unemployment rate (PLFS: Rural)											4.5	5.1	4.9
Unemployment rate (PLFS:Urban)											6.5	6.9	7.1
Naukri JobSpeak index	-7.6	11.8	-3.4	6.0	10.0	2.0	8.7	3.9	4.0	-1.5	8.9	0.3	10.5
EPFO net pay roll addition	-6.2	-5.8	-11.2	-16.2	-50.6	-9.0	-23.4	-17.6	-14.2	1.2	77.1		
PMI employment: manufacturing	54.1	53.7	53.5	52.1	53.3	52.9	53.4	54.8	54.5	53.4	54.2	54.9	55.1
PMI employment: services	53.7	53.5	53.1	53.4	54.3	56.6	55.5	56.3	56.2	52.5	53.9	57.1	55.1

<<Contraction ---------- Expansion>>

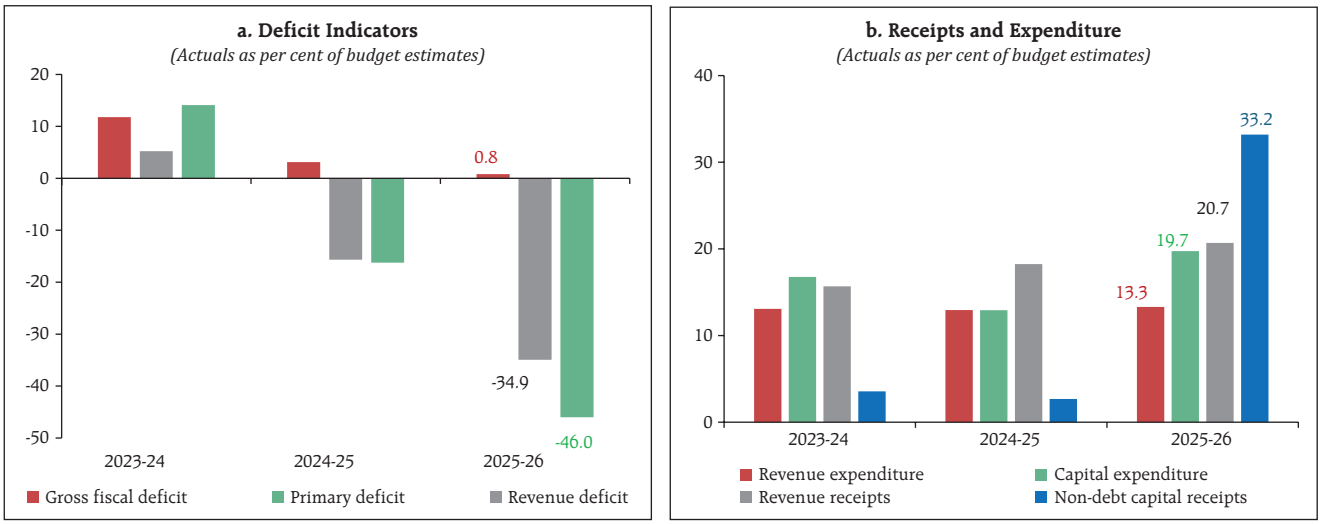
Notes: 1. All PLFS indicators are in the current weekly status and for people aged 15 years and above.
2. The y-o-y growth (in per cent) has been calculated for Naukri index and EPFO net payroll addition.
3. Heat map is applied on data from April 2023 till June 2025, other than for EPFO Net Payroll addition, where the data is till April 2025.
4. The heat map translates the data range for each indicator into a colour gradient scheme with red denoting the lowest values and green corresponding to the highest values of the respective data series.
5. All PMI values are reported in index form. A PMI value >50 denotes expansion, <50 denotes contraction and =50 denotes 'no change'. In the PMI heat maps, red denotes the lowest value, yellow denotes 50 (or the no change value), and green denotes the highest value in each of the PMI series.

Sources: Ministry of Statistics and Program Implementation (MoSPI), GoI; S&P Global; Employees' Provident Fund Organisation and Info Edge.

6 PLFS Monthly Bulletin June 2025.

7 Indirect taxes grew by 19.3 per cent (y-o-y) led by GST, while direct taxes grew by 5.1 per cent (y-o-y) driven by income tax collections.

Chart III.1: Major Fiscal Indicators (Up to end-May)

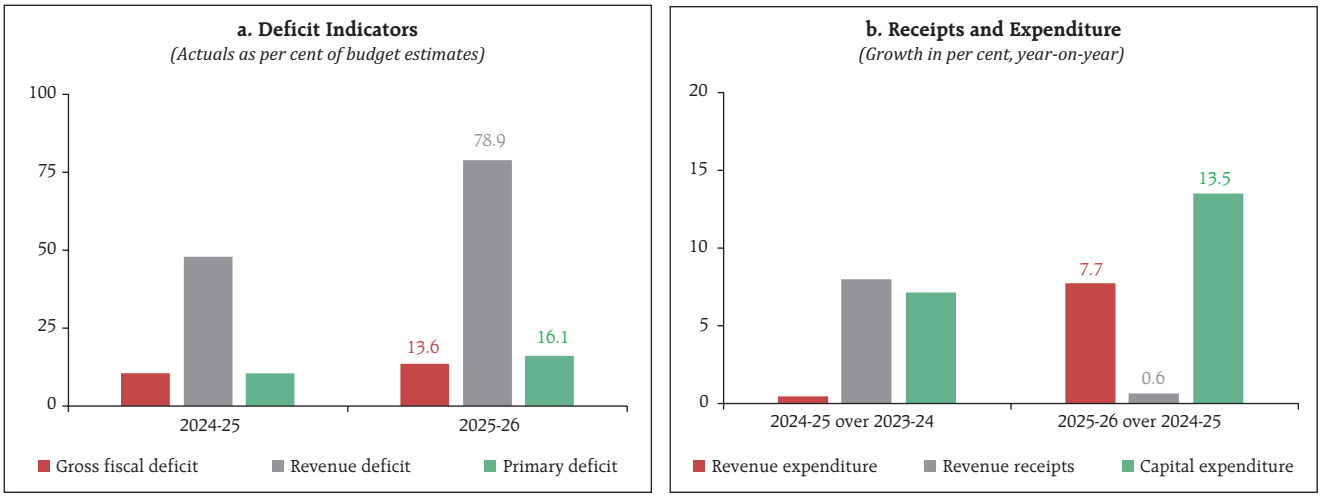


Note: Negative revenue deficit and primary deficit numbers, as per cent of budget estimates, in Chart III.1a indicate revenue surplus and primary surplus respectively.
Source: Controller General of Accounts (CGA).

During April-May 2025, total expenditure grew by 19.7 per cent on a y-o-y basis, accounting for 14.7 per cent of the budget estimates for 2025-26. Revenue expenditure growth during April-May was largely on account of an increase in interest payments, though expenditure on major subsidies was lower compared to a year ago. Capital expenditure recorded robust growth during the first two months of 2025-26 and was at 19.7 per cent of the budgeted capital expenditure *vis-à-vis* 12.9 per cent during the same period a year ago, indicative of front-loading of capital spending by the central government (Chart III.1b).

Key deficit indicators of states during April-May 2025, on the other hand, were higher than last year's level (Chart III.2a). This was on account of a subdued growth in states' revenue receipts (0.6 per cent y-o-y)

Chart III.2: States' Fiscal Performance Indicators (Up to end-May)



Note: Data pertains to 24 states.
Source: Comptroller and Auditor General of India.

while at the same time registering significantly higher expenditure growth. Muted growth was observed in both tax and non-tax revenue categories, alongside a sharp decline in grants from the union government (Chart III.2b). Among key tax components, growth in states' goods and services tax (SGST)[8] and state excise tax moderated, while sales tax/value added tax registered a pickup in growth as compared to last year. States' revenue expenditure increased by 7.7 per cent, while capital expenditure witnessed a stronger growth of 13.5 per cent, buoyed by the ₹1.5 lakh crore outlay for 50-year interest-free loans in the Union Budget 2025-26.

Trade

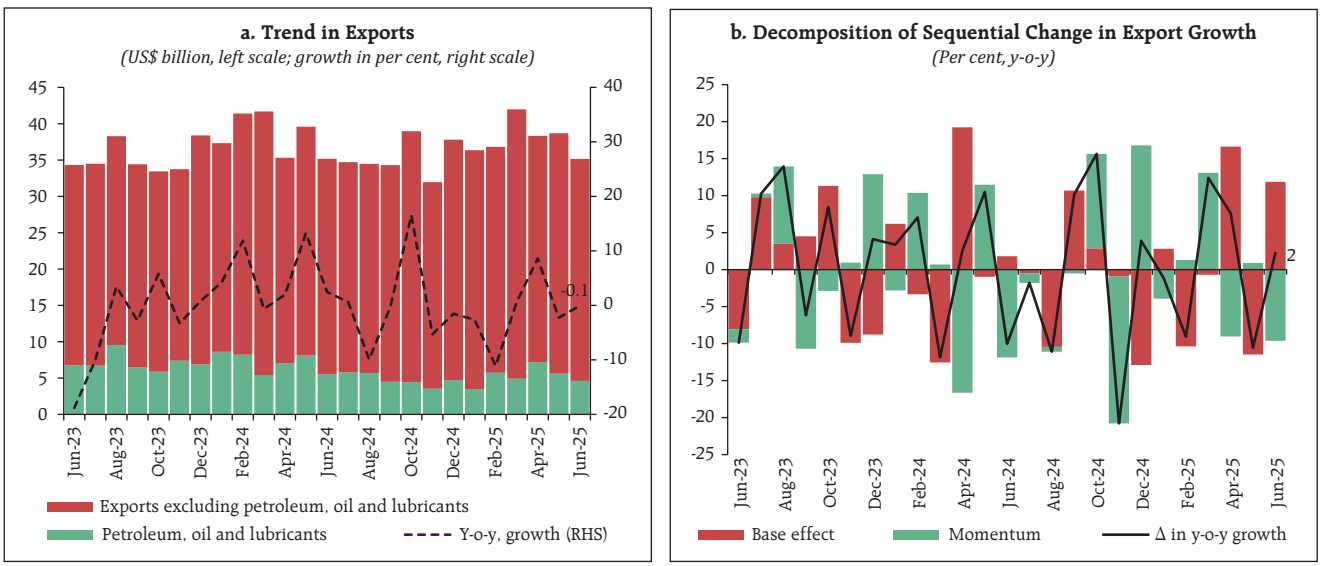
India's merchandise exports contracted by 0.1 per cent (y-o-y) to US$ 35.1 billion in June, partly due to contraction in the price of petroleum, oil and lubricants exports (Chart III.3).

Exports of 14 out of 30 major commodities (accounting for 30.5 per cent of the export basket in 2024-25) contracted on a y-o-y basis in June. Petroleum products, gems and jewellery, iron ore, cotton yarn/fabrics/made-ups, handloom products *etc.*, and tobacco contributed negatively while, electronic goods, drugs and pharmaceuticals, engineering goods, marine products, meat, dairy and poultry products supported export growth in June. Exports to 12 out of 20 major destinations contracted in June 2025, including those to the UAE, Netherlands and the UK. However, exports to the US, China and Singapore expanded during the month.

Mirroring exports, merchandise imports at US$ 53.9 billion declined by 3.7 per cent (y-o-y) in June, mainly due to a decline in gold imports volume and oil imports price (Chart III.4).

Imports of 17 out of 30 commodities (accounting for 62.2 per cent of the import basket in 2024-25) registered contraction on a y-o-y basis in June. Petroleum, crude and products, gold, coal, coke and briquettes, *etc.*, transport equipment, pearls, precious and semi-precious stones dragged imports down, while electronic goods, chemical material and products, machinery, electrical and non-electrical, metalliferous ores and other minerals, and vegetable oil supported

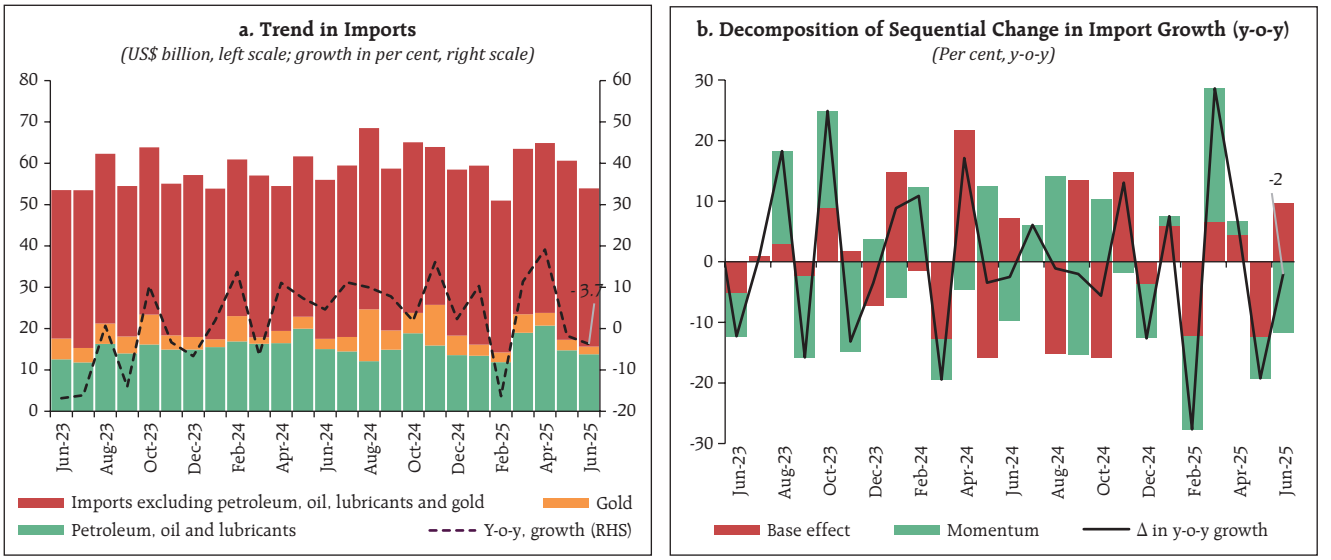
Chart III.3: India's Merchandise Exports



Sources: PIB; DGCI&S; and RBI staff estimates.

[8] States' GST is the total of the GST revenues of the States/UTs and their share of IGST. During April 2025, ₹23,000 crore was settled to clear an old IGST shortfall, resulting in a decline in GST revenue of the States.
https://tutorial.gst.gov.in/downloads/news/approved_monthly_gst_data_for_publishing_apr_2025.pdf

Chart III.4: India's Merchandise Imports



Sources: PIB; DGCI&S; and RBI staff estimates.

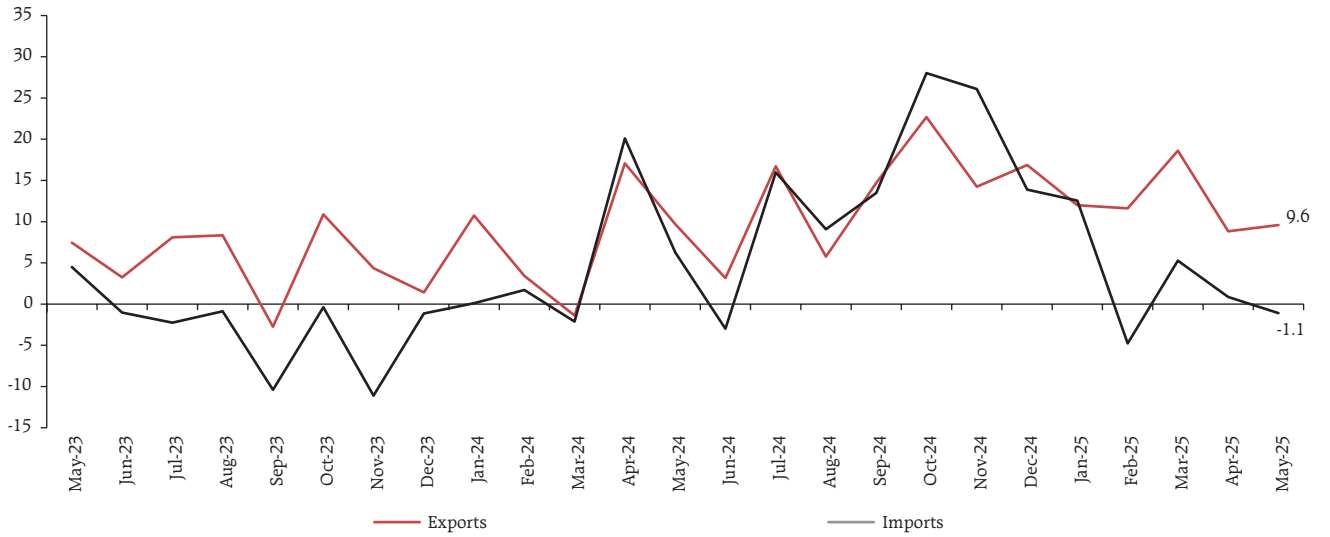
import growth during the month. Imports from 10 out of 20 major source countries contracted in June. Among major trading partners, imports from the UAE, Russia and the US contracted while imports from China, Saudi Arabia, and Singapore expanded in June.

Merchandise trade deficit narrowed to US$ 18.8 billion in June 2025 from US$ 20.8 billion in June 2024. Oil deficit narrowed to US$ 9.2 billion in June from US$ 9.6 billion a year ago, whereas non-oil deficit narrowed to US$ 9.6 billion in June 2025 from US$ 11.3 billion a year ago. Consequently, its share in total trade deficit increased to 48.9 per cent in June from 45.9 per cent a year ago.

In May, net services export earnings expanded by 23.7 per cent (y-o-y) to US$ 15.8 billion. While imports contracted by 1.1 per cent to US$16.7 billion, exports rose by 9.6 per cent to US$32.5 billion (Chart III.5).

Chart III.5: Trend in Services Exports and Imports

Per cent (y-o-y)



Source: RBI.

Aggregate Supply

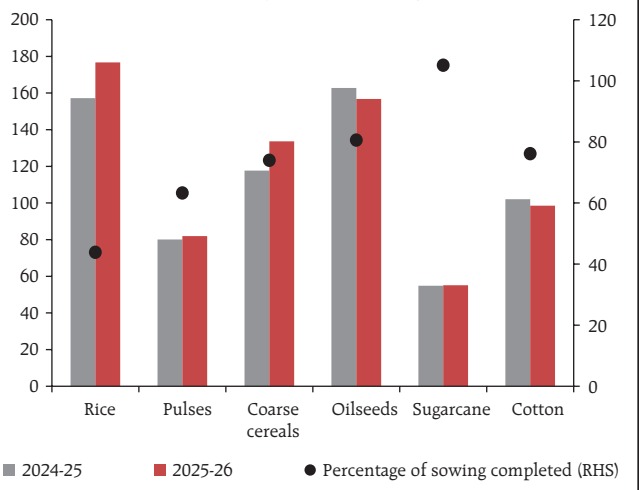
Agriculture

The south-west monsoon has covered the entire country nine days ahead of its usual date of July 8. The cumulative rainfall during June 1- July 21, 2025 at the all-India level stands at 6 per cent above its normal (Chart III.6). Reservoir levels have surged to a record high of 57 per cent of the full capacity (as on July 17, 2025), as compared to the corresponding period of the preceding years (Chart III.7).

Early onset and timely progress of southwest monsoon have helped to boost *kharif* sowing to 708 lakh hectares (as on July 18, 2025), registering 4.1 per cent growth compared to the corresponding period of last year (Chart III.8). Among the major crops, rice, coarse cereals, *moongbean* and sugarcane showed higher sowing than previous year while oilseeds, *arhar*, *uradbean* and cotton recorded lower sowing. *Kharif* sowing has so far covered 65 per cent of the total normal *kharif* area.

Chart III.8: *Kharif* Sown Area

(Lakh hectares, left scale; per cent, right scale)

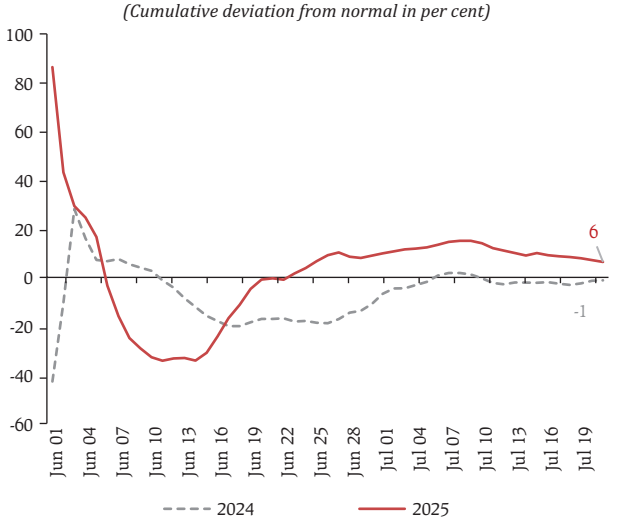


Notes: 1. Data are as on July 18.
2. Sugarcane area pertains to crop season 2023-24 and 2024-25 (June 01-May 31).
Source: Ministry of Agriculture and Farmers' Welfare.

Wheat procurement during 2025-26 has been significantly higher than last year, resulting in the largest wheat stockpile in four years with the Food Corporation of India (FCI).[9] Stock of rice with FCI also remains well above the buffer norms.[10]

Chart III.6: Progress of South-West Monsoon Rainfall

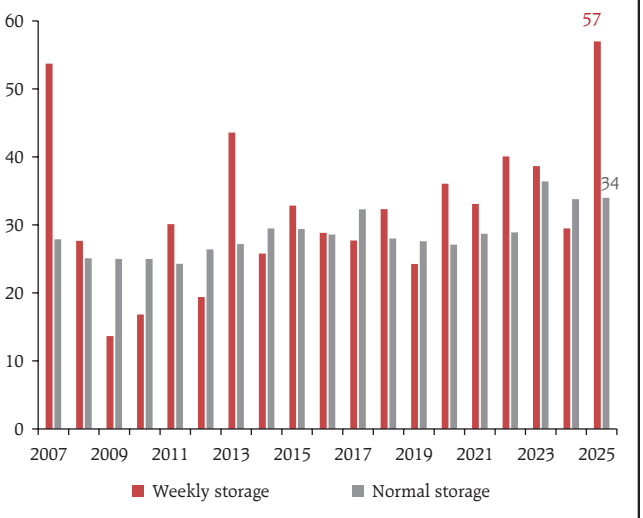
(Cumulative deviation from normal in per cent)



Source: India Meteorological Department.

Chart III.7: Reservoir Storage

(As per cent of full reservoir level)



Note: Data pertains to third week of July.
Source: Central Water Commission

[9] Procurement of 300 lakh tonnes as on July 1, 2025.

[10] 557 lakh tonnes as on July 1, 2025.

Industry and Services

Industrial activity, as measured by the Index of Industrial Production (IIP), moderated to a nine-month low in May, driven by a contraction in mining and electricity output, while manufacturing registered modest growth. Among the use-based categories, primary goods, consumer durables, and consumer non-durables recorded a decline, whereas capital, infrastructure and construction goods posted robust growth. In June, index of Eight Core Industries edged up, driven by increase in production of steel and cement.

Available high-frequency indicators for June point to modest industrial activity, with steady expansion in PMI manufacturing and strong growth in capital goods and steel output. Automobile production moderated in June, dragged down by passenger vehicle and two-wheeler. Conventional electricity generation remained subdued for the third consecutive month, driven by early rains and softer industrial output. In contrast, renewable energy generation sustained its pace [Table III.4]. Supply chain pressures eased in June 2025, falling below their historical average levels and

Table III.4: High Frequency Indicators- Industry- Growth Rate

	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25
IIP-headline	4.9	5.0	0.0	3.2	3.7	5.0	3.7	5.2	2.7	3.9	2.6	1.2	
IIP manufacturing	3.5	4.7	1.2	4.0	4.4	5.5	3.7	5.8	2.8	4.0	3.1	2.6	
IIP capital goods	3.6	11.7	0.0	3.5	2.9	8.9	10.5	10.2	8.2	3.6	14.0	14.1	
PMI manufacturing	58.3	58.1	57.5	56.5	57.5	56.5	56.4	57.7	56.3	58.1	58.2	57.6	58.4
PMI export order	56.2	57.2	54.4	52.9	53.6	54.6	54.7	58.6	56.3	54.9	57.6	56.9	60.6
PMI manufacturing: future output	64.0	64.1	62.1	61.6	62.1	65.5	62.5	65.1	64.9	64.4	64.6	63.1	62.2
Eight core index	5.0	6.3	-1.5	2.4	3.8	5.8	5.1	5.1	3.4	4.5	1.0	1.2	1.7
Electricity generation: conventional	9.7	6.8	-3.8	-1.3	0.5	2.7	4.5	-1.3	2.4	4.8	-1.9	-8.2	-6.4
Electricity generation: renewable	2.0	14.2	-3.7	12.5	14.9	19.0	17.9	31.9	12.2	25.2	28.0	18.2	
Automobile production	15.4	16.8	4.4	10.1	10.0	8.0	1.3	9.4	2.3	6.5	-1.7	5.2	1.2
Passenger vehicle production	0.8	1.2	0.7	-3.4	-4.0	6.5	9.2	3.7	4.5	11.2	10.8	5.4	-1.8
Tractor production	3.0	8.1	-1.0	2.7	0.4	24.7	20.9	23.7	-7.8	18.5	20.5	9.1	9.8
Two-wheelers production	18.7	21.1	4.9	12.9	13.3	8.8	-0.6	10.3	1.6	5.6	-4.1	4.7	1.4
Three-wheelers production	7.8	6.0	9.0	3.9	-6.7	-5.5	7.6	16.2	6.5	6.0	4.1	16.9	8.6
Crude steel production	3.5	5.8	2.6	0.3	4.2	4.5	8.3	7.4	6.0	8.5	9.3	9.7	12.2
Finished steel production	5.4	6.0	2.7	0.7	4.0	2.8	5.3	6.7	6.7	10.0	6.6	6.8	12.5
Import of capital goods	15.1	11.8	12.3	10.9	7.0	4.7	6.1	15.5	-0.5	8.6	21.5	14.3	2.6

<<Contraction ---------- Expansion>>

Notes: 1. The y-o-y growth (in per cent) has been calculated for all indicators (except for PMI).
2. The heat map translates the data range for each indicator into a colour gradient scheme with red denoting the lowest values and green corresponding to the highest values of the respective data series.
3. Heat map is applied on data from April 2023 till June 2025, other than for IIP, and electricity generation: renewable, where the data is till May 2025.
4. All PMI values are reported in index form. A PMI value >50 denotes expansion, <50 denotes contraction and =50 denotes 'no change'. In the PMI heat maps, red denotes the lowest value, yellow denotes 50 (or the no change value), and green denotes the highest value in each of the PMI series.

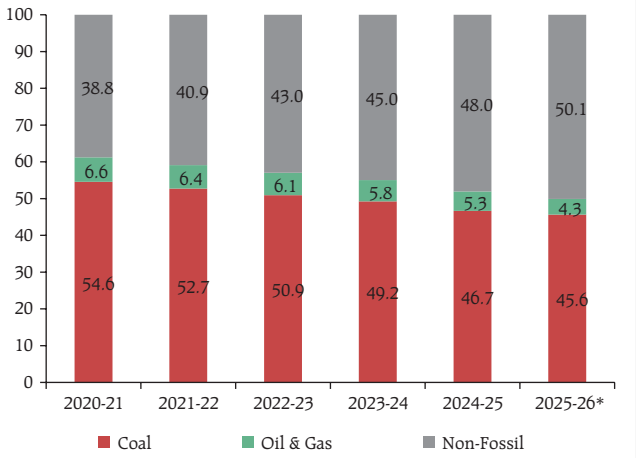
Sources: Ministry of Statistics and Programme Implementation (MoSPI); S&P Global; Central Electricity Authority (CEA), Ministry of Power; Society of Indian Automobile Manufacturers (SIAM); Office of Economic Adviser, GoI; Joint Plant Committee; Directorate General of Commercial Intelligence & Statistics; and Ministry of Commerce and Industry.

reversing the brief uptick observed in May (Annex Chart A3).

According to the Report of the World Economic Forum on 'Fostering Effective Transition 2025', India is leading the clean energy investments in emerging markets.[11] Reflecting India's commitment under its Nationally Determined Contributions to achieve around 50 per cent of cumulative installed electric power capacity from non-fossil fuel sources by 2030, the country has reached a significant milestone in its energy transition journey. As of June 2025, non-fossil fuel sources account for 50.1 per cent of India's installed power capacity—achieving the target five years ahead of schedule (Chart III.9).

Chart III.9: Annual Installed Capacity

(Per cent)



Notes: 1. Non-fossil installed capacity includes bio power, hydro, nuclear, solar and wind.
2. *: Until June 2025.

Source: NITI Aayog Dashboard.

India's services sector sustained its strong growth momentum in June, with PMI services recording the highest expansion in 10 months, driven by new business activity and hiring (Table III.5). Port traffic expanded for the seventh consecutive month in June, led by a higher growth in petroleum, oil and lubricants, other liquids and containerised cargo. Growth in

Table III.5: High Frequency Indicators- Services- Growth Rate

	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25
PMI Services	60.5	60.3	60.9	57.7	58.5	58.4	59.3	56.5	59.0	58.5	58.7	58.8	60.4
International Air Passenger Traffic	11.3	8.8	11.1	11.2	10.3	10.7	9.0	11.1	7.7	6.8	13.0	5.0	
Domestic Air Cargo	10.3	8.8	0.6	14.0	8.9	0.3	4.3	6.9	-2.5	4.9	16.6	2.3	
International Air Cargo	19.6	24.4	20.7	20.5	18.4	16.1	10.5	7.1	-6.3	3.3	8.6	6.8	
Port Cargo Traffic	6.8	5.9	6.7	5.8	-3.4	-5.0	3.4	7.6	3.6	13.3	7.0	4.3	5.6
Retail Commercial vehicle sales	-4.7	5.9	-6.0	-10.4	6.4	-6.1	-5.2	8.2	-8.6	2.7	-1.0	-3.7	6.6
Hotel Occupancy	-3.1	3.6	0.7	2.1	-5.3	11.1	-0.2	1.2	0.6	1.9	7.2	7.2	
Tourist Arrivals	5.7	-1.3	-4.2	0.4	-1.4	-0.1	-6.6	-0.2	-8.6	-13.7			
Steel Consumption	19.7	13.8	10.3	10.9	8.8	8.9	7.7	9.5	10.8	14.2	6.1	8.4	9.1
Cement Production	1.8	5.1	-2.5	7.6	3.1	13.1	10.3	14.3	10.7	12.2	6.3	9.7	9.2

<<Contraction ---------- Expansion>>

Notes: 1. The y-o-y growth (in per cent) has been calculated for all indicators (except for PMI).
2. The heat map translates the data range for each indicator into a colour gradient scheme with red denoting the lowest values and green corresponding to the highest values of the respective data series.
3. Heat map is applied on data from April 2023 till June 2025, other than for hotel occupancy, domestic air cargo and international air passenger traffic, where the data is till May 2025. The latest data for tourist arrivals is till March 2025.
4. All PMI values are reported in index form. A PMI value >50 denotes expansion, <50 denotes contraction and =50 denotes 'no change'. In the PMI heat maps, red denotes the lowest value, yellow denotes 50 (or the no change value), and green denotes the highest value in each of the PMI series.

Sources: Federation of Automobile Dealers Associations (FADA); Indian Ports Association; Airports Authority of India; HVS Anarock; Ministry of Tourism, GoI; Joint Plant Committee; Office of Economic Adviser; and S&P Global.

[11] World Economic Forum. (n.d.). Fostering Effective Energy Transition 2025. https://reports.weforum.org/docs/WEF_Fostering_Effective_Energy_Transition_2025.pdf

construction sector indicators – steel consumption and cement production – remained robust in June.

Inflation

Headline inflation, as measured by y-o-y changes in the all-India consumer price index (CPI)[12], declined to 2.1 per cent in June 2025 (the lowest since January 2019) from 2.8 per cent in May (Chart III.10).

The fall in headline inflation by 72 bps came from a favourable base effect of 133 bps, which more than offset a positive price momentum (m-o-m change) of 62 bps (Chart III.11).

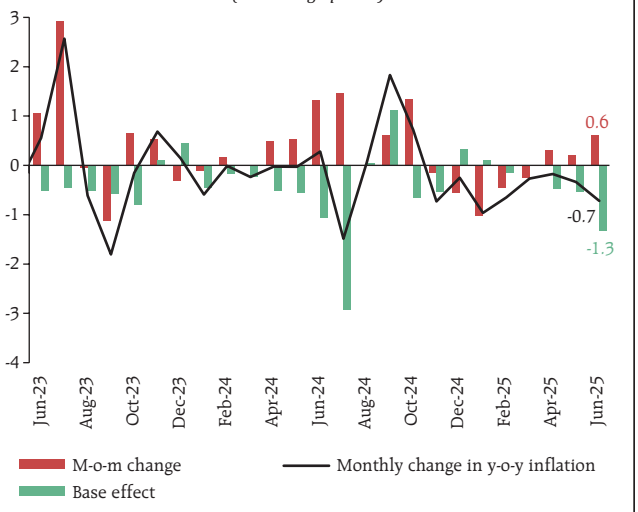
For the first time since February 2019, food group registered a deflation of (-) 0.2 per cent (y-o-y) in June as against an inflation of 1.5 per cent in May. This was driven by a deflation within vegetables, pulses, and meat and fish sub-groups. Inflation in cereals, fruits, milk and products, oils and fats, sugar and confectionery, and prepared meals moderated while that in eggs edged up (Chart III.12).

Fuel and light inflation moderated to 2.6 per cent in June from 2.8 per cent in May. Inflation continued to remain elevated for LPG, while it moderated for firewood and chips. Kerosene prices continued to record deflation *albeit* at a lower rate.

Core inflation inched up higher to 4.4 per cent in June 2025 from 4.2 per cent in May. The increase in core inflation was primarily due to a

Chart III.11: CPI Headline: Base and Momentum Effect

(Percentage points)

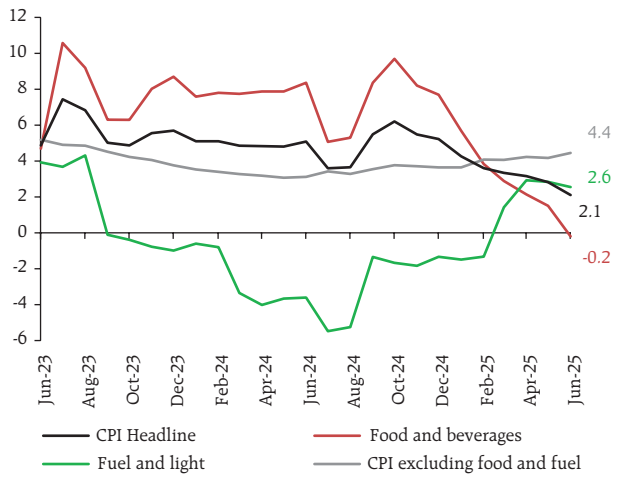


Sources: NSO; and RBI staff estimates.

Chart III.10: Trends and Drivers of CPI Inflation

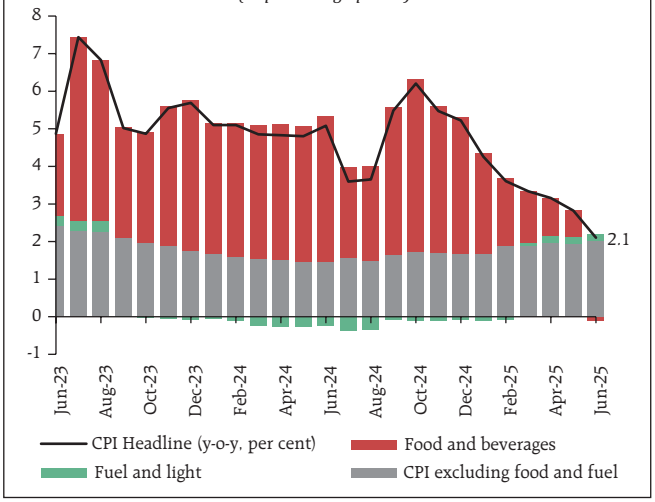
a. CPI Inflation

(Y-o-y, per cent)



b. Contributions

(In percentage points)

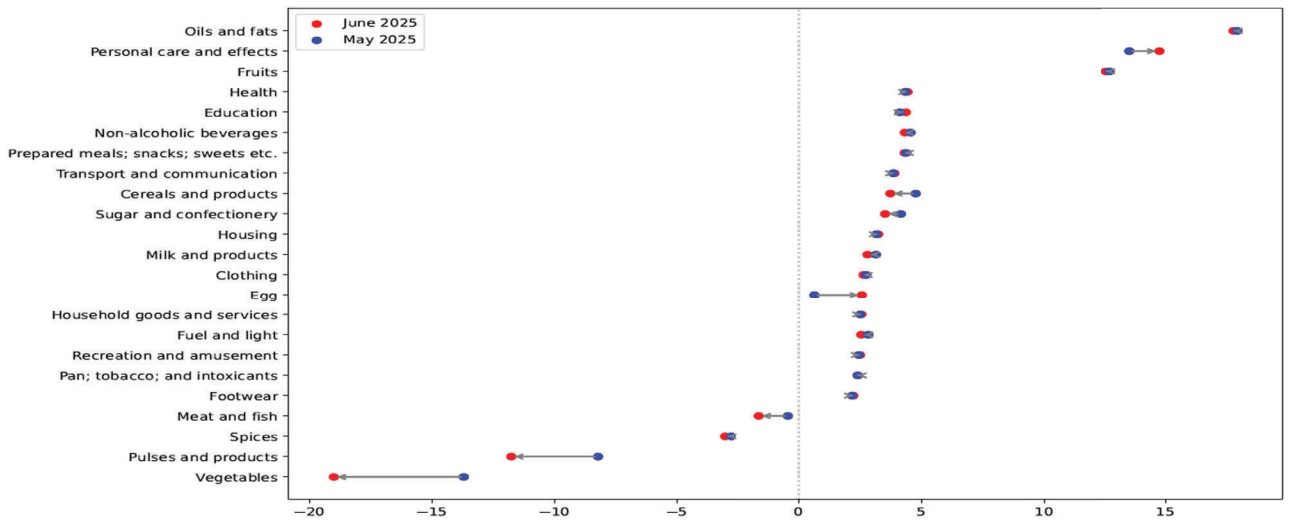


Sources: NSO; and RBI staff estimates.

[12] As per the provisional data released by the National Statistical Office (NSO) on July 14, 2025.

Chart III.12: Annual Inflation across Sub-groups

(Y-o-y, Per cent)



Sources: NSO; and RBI staff estimates.

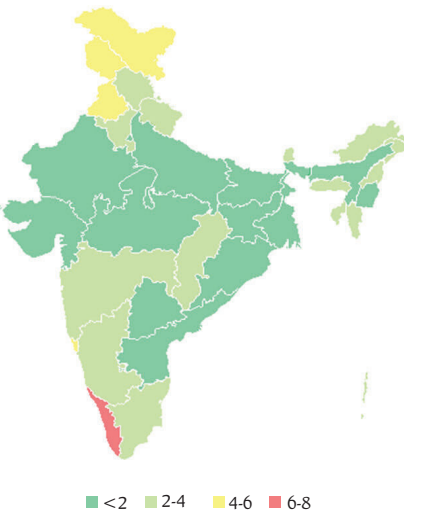
sharp rise in inflation in the personal care and effects sub-group. Sub-groups such as recreation and amusement, household goods and services, health, transport and communication and education also recorded an increase in inflation. While clothing and footwear recorded lower inflation, that of pan, tobacco and intoxicants, and housing remained unchanged.

In terms of regional distribution, both rural and urban inflation eased further to 1.7 per cent and 2.6 per cent, respectively, in June, with a greater fall witnessed in rural inflation. While state-level inflation rates varied between (-) 0.93 per cent and 6.71 per cent, majority of the states experienced inflation of less than 4 per cent (Chart III.13).

Chart III.13: Spatial Distribution of Inflation: June 2025 (CPI-Combined)

(Y-o-y, per cent)

Inflation Range *(In per cent)*	Number of States/UTs
<2	15
2-4	16
4-6	4
6-8	2
Inflation Trend	**Number of States/UTs**
Decline	32
Stable	0
Increase	5



Note: Map is for illustrative purposes only.
Sources: NSO; and RBI staff estimates.

High frequency food price data for July so far (up to 18th) indicate a further decline in the prices of pulses and some pick-up in prices of cereals. Edible oil prices firmed up in July so far *vis-à-vis* June, mainly due to an increase in mustard and sunflower oil prices. The prices of palm oil, however, continued to soften. Among key vegetables, potato and tomato prices edged up further in July so far. Onion prices also registered a pickup reversing the trend of correction witnessed since December 2024 (Chart III.14).

Retail selling prices of petrol and diesel remained broadly unchanged in July (up to 18th). Kerosene prices firmed up after witnessing a fall last month, while LPG prices remained unchanged (Table III.6).

Table III.6: Petroleum Products Prices

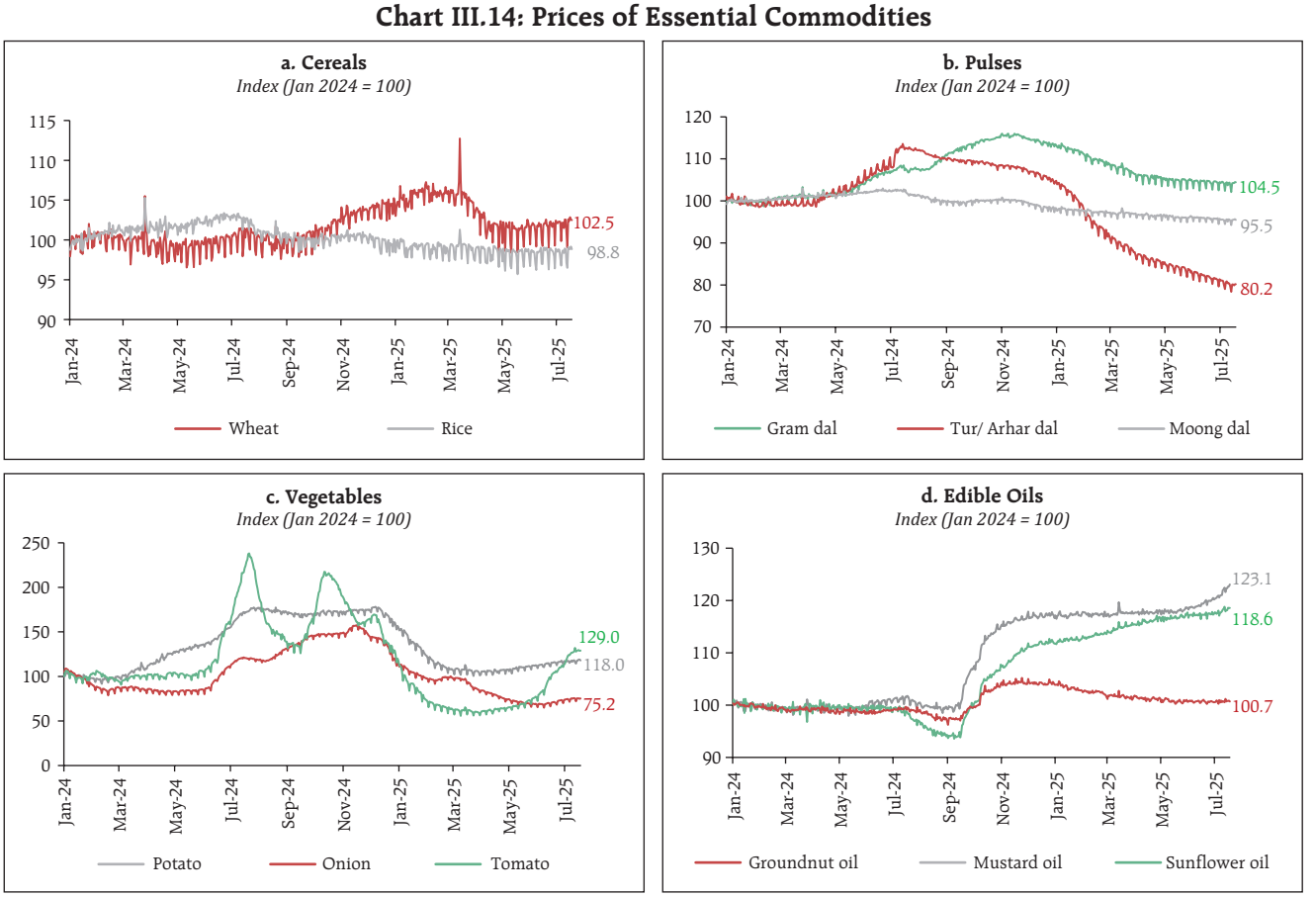
Item	Unit	Domestic Prices			Month-over-month (per cent)	
		Jul-24	Jun-25	Jul-25 ^	Jun-25	Jul-25 ^
Petrol	₹/litre	100.97	101.12	101.12	0.0	0.0
Diesel	₹/litre	90.42	90.53	90.53	0.0	0.0
Kerosene (subsidised)	₹/litre	46.65	40.19	43.03	-3.2	7.1
LPG (non-subsidised)	₹/cylinder	813.25	863.25	863.25	0.0	0.0

Notes: 1. ^ : For the period July 1-18, 2025.
2. Other than kerosene, prices represent the average Indian Oil Corporation Limited (IOCL) prices in four major metros (Delhi, Kolkata, Mumbai and Chennai). For kerosene, prices denote the average of the subsidised prices in Kolkata, Mumbai and Chennai.

Sources: IOCL; Petroleum Planning and Analysis Cell (PPAC); and RBI staff estimates.

The PMIs for June recorded a deceleration in the rate of expansion of input prices for manufacturing and services. Selling price pressures also moderated

Chart III.14: Prices of Essential Commodities



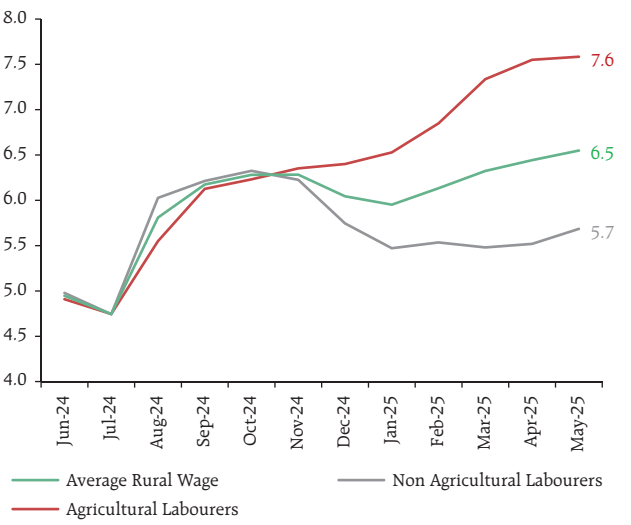
Sources: Department of Consumer Affairs, GoI; and RBI staff estimates.

for both services and manufacturing firms (Annex Chart A4).

Rural labour wage growth continued to increase in May 2025, driven by occupations in the non-agricultural sector. Increase in non-agricultural wage growth was primarily driven by occupations including sweeping/cleaning, light motor vehicle and tractor drivers, and mason workers. Agricultural wage growth, however, has remained unchanged compared to April 2025 (Chart III.15).

Chart III.15: Rural Nominal Wage

(Y-o-y, per cent)



Source: Labour Bureau, Ministry of Labour and Employment.

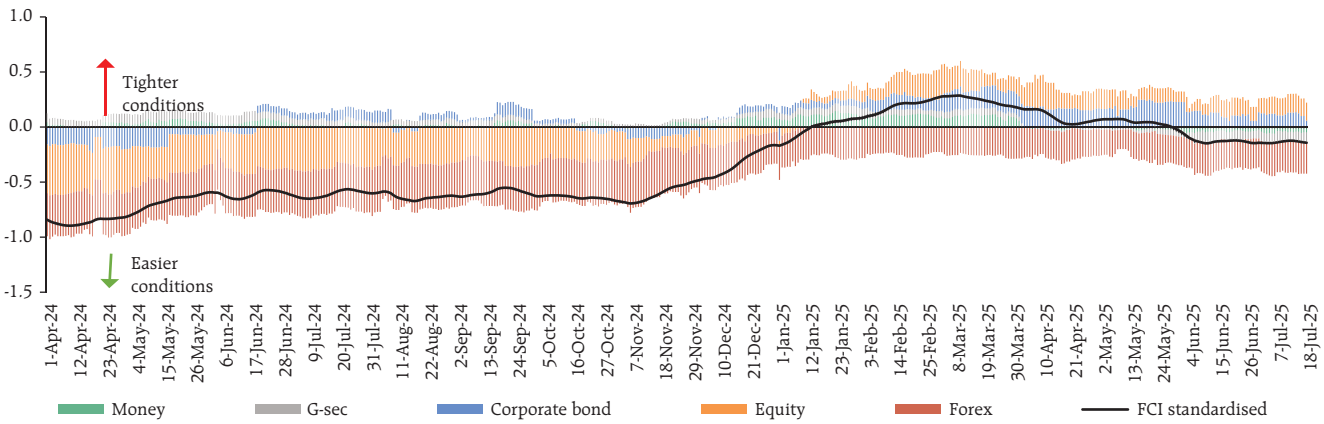
IV. Financial Conditions

Overall financial conditions remained relatively easy in July (till July 18, 2025), with easier financial conditions prevailing across the money, G-sec and forex markets (Chart IV.1).

System liquidity remained in surplus during June and July (up to July 18, 2025), driven by higher government spending, lower-than-expected GST collections and a decline in currency in circulation. Reflecting these developments, the average daily net absorption under the liquidity adjustment facility (LAF) stood at ₹3.13 lakh crore during the period June

Chart IV.1: Daily Financial Conditions Index for India

(Standard Deviation from Average since 2012)



Notes: 1. A financial conditions index (FCI) is a summary measure that encapsulates the information contained in a broad array of financial variables[13]. The FCI provides a metric based on its historical average; in this context, a zero value of FCI corresponds to a financial system operating at the historical average level of all the financial indicators included in the FCI. To present the results, standardised FCI is used.

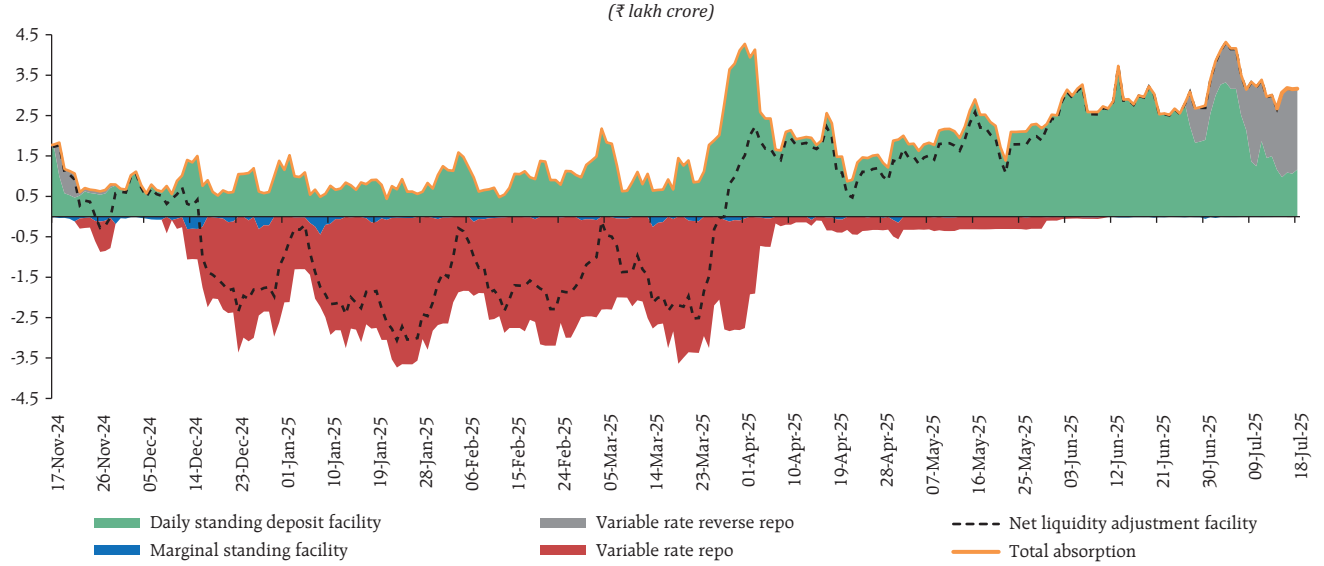
2. For detailed methodology, refer to Bandyopadhyay, P., Kumar, A., Kumar, P. and Bhattacharyya, I. (2025), 'Financial Condition Index for India: A High-frequency Approach'; Reserve Bank of India Bulletin, June. https://rbi.org.in/Scripts/BS_ViewBulletin.aspx?Id=23451

Source: RBI staff estimates.

[13] The Financial Conditions Index (FCI) for India assesses the degree of relatively tight or easy financial market conditions with reference to its historical average since 2012. An FCI for India is constructed by using twenty financial market indicators at daily frequency for the period January 1, 2012, to July 9, 2025. The chosen indicators represent five market segments, namely (i) the money market; (ii) the G-sec market; (iii) the corporate bond market; (iv) the forex market; and (v) the equity market. For detailed methodology, refer to Bandyopadhyay, P., Kumar, A., Kumar, P. and Bhattacharyya, I. (2025), 'Financial Condition Index for India: A High-frequency Approach'; Reserve Bank of India Bulletin, June, VOLUME LXXIX NUMBER 6. https://rbi.org.in/Scripts/BS_ViewBulletin.aspx?Id=23451.

Chart IV.2: Liquidity Operations

(₹ lakh crore)



Source: RBI.

16 to July 18, 2025, exhibiting a significant increase over ₹2.39 lakh crore during the period May 16 to June 15, 2025 (Chart IV.2). On a review of the evolving liquidity dynamics, the Reserve Bank conducted six variable rate reverse repo (VRRR) auctions of varying maturities (2-day to 7-day), absorbing a cumulative amount of ₹6.91 lakh crore from the banking system. In general, the auctions had a bid-offer ratio[14] below 1, *i.e.*, the offered amount was lower than the notified amount, except for the two 7-day VRRR auctions, conducted on July 4 and July 18, which elicited strong response from banks with bid-offer ratios of 1.71 and 1.04, respectively.

With liquidity conditions remaining easy, the banks' recourse to the marginal standing facility (MSF) averaged ₹0.01 lakh crore during the second half of June till mid-July, broadly similar to that during the period May 16 to June 15. Meanwhile, with liquidity absorbed through VRRR auctions, the average deployment in the standing deposit facility (SDF) moderated to ₹2.26 lakh crore during June 16 to July 18, 2025 from ₹2.55 lakh crore during the period May 16 to June 15, 2025.

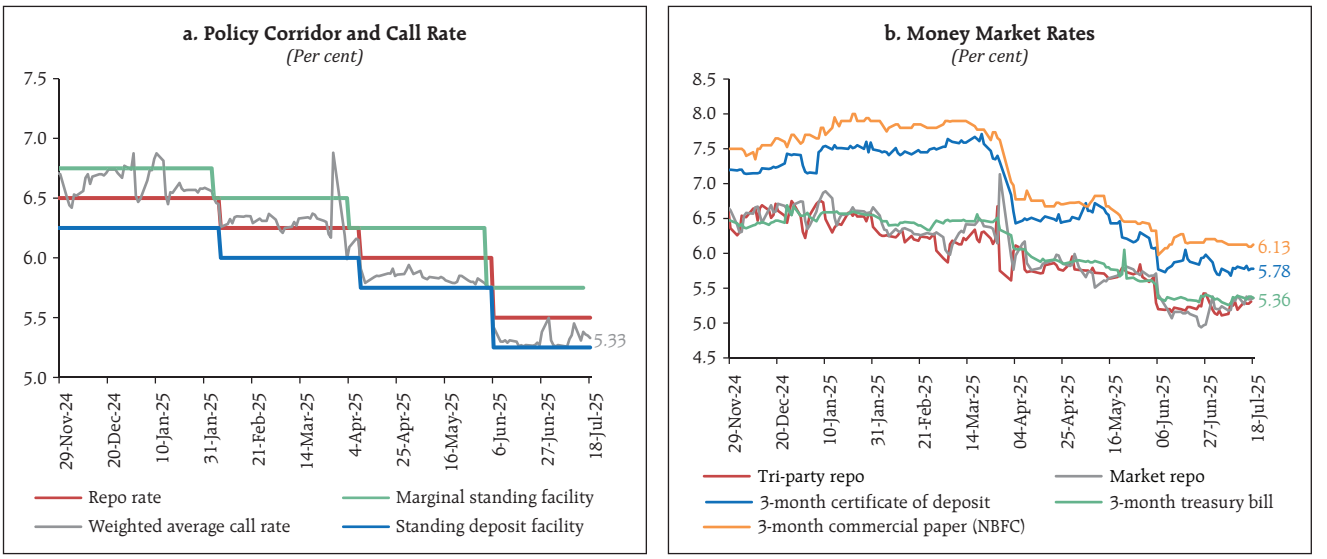
[14] Amount of offers received/notified amount.

Money Market

Amidst large surplus liquidity, the weighted average call rate (WACR) – the operating target of monetary policy – hovered near the floor of the LAF corridor. The spread of WACR over the policy repo rate averaged (-) 19 bps during the period June 16 to July 18, 2025, similar to the spread recorded during the period May 16 to June 15, 2025 (Chart IV.3a). Although there was a slight uptick in the WACR at the end of June due to month-end and quarter-end demand for liquidity, it subsequently eased in early July and remained in the range of 5.26-5.33 per cent. It again rose momentarily in mid-July following the Reserve Bank's VRRR auctions. Overnight rates in the collateralised segments – the triparty and market repo – moved in tandem with the WACR.

Following the recommendations of the Working Group set up to undertake a comprehensive review of trading and settlement timings of various markets regulated by it, the Reserve Bank, on June 25, 2025, announced changes in the market timings of both the collateralised and uncollateralised segment of the money market, to facilitate market development,

Chart IV.3: Policy Corridor and Money Market Rates



Sources: RBI; CCIL; and Bloomberg.

enhance price discovery, and optimise liquidity requirements[15].

Interest rates in the term money market also eased, with yields on 3-month treasury bills (T-bills), certificates of deposit, and 3-month commercial papers issued by NBFCs moderating during the period June 16 to July 18, 2025, as compared to the previous month (Chart IV.3b). The average risk premium in the money market – measured as the spread between 3-month commercial paper and 91-day T-bill yields – rose marginally to 81 bps during the current period from 77 bps in the preceding period.

Government Securities (G-Sec) Market

In the fixed income segment, bond yields moved with a moderate hardening bias especially across the longer tenors during the period June 16 to July 18, 2025, as compared to the period May 16 to June 15, 2025. During the same time, the average term spread (10-year G-sec yield *minus* 91-day T-bills yield) increased by 30 bps over the period May 16 to June 15, 2025, indicating a steepening of the yield curve (Chart IV.4a and IV.4b).

Corporate Bond Market

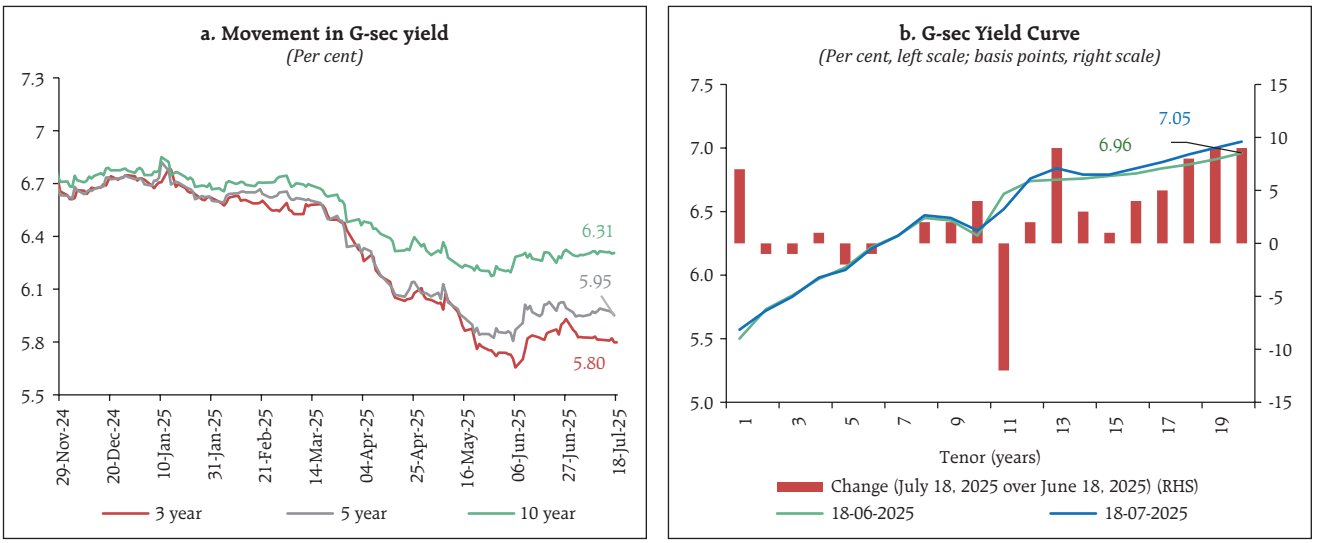
Corporate bond issuances remained high at ₹1.87 lakh crore up to May 2025, nearly twice the funds raised up to May 2024. Corporate bond yields generally rose while the corresponding risk premia exhibited mixed trends across tenors and rating spectrums during June 16 to July 11, 2025 (Table IV.1).

Money and Credit

Reserve Money, adjusted for the first-round impact of change in the cash reserve ratio (CRR), witnessed marginally higher growth when compared to a month ago.[16] On the components side (liabilities), the growth in currency in circulation, the largest component of reserve money, remained strong. On the sources side (assets), growth in foreign currency assets decelerated.[17] Gold – the other major component of net foreign assets– grew,

[15] The market timings for call money transactions have been extended to 7:00 PM with effect from July 1, 2025. Accordingly, the revised market hours are from 9:00 AM to 7:00 PM. The trading hours for market repo and triparty repo (Triparty Repo Dealing System or TREPS) transactions will be extended to 4:00 PM with effect from August 1, 2025. Consequently, the revised trading hours will be from 9:00 AM to 4:00 PM.

Chart IV.4: Developments in G-sec Market



Note: In chart b, the change in yield is on a point-to-point basis.
Sources: Bloomberg; FBIL; and RBI staff estimates.

mainly due to revaluation gains on gold prices. The pace of expansion (y-o-y) in money supply (M_3) was marginally higher than a month ago (Chart IV.5).[18,19]

Credit growth of scheduled commercial banks[20] accelerated to 10.4 per cent (y-o-y) as on June 27, 2025 (9.9 per cent (y-o-y) a month ago), mainly due strong momentum effect (Chart IV.6 and Annex Chart A5a). Scheduled commercial banks' deposit growth[21] accelerated to 10.3 per cent (y-o-y) as on June 27, 2025 (10.1 per cent (y-o-y) a month ago), mainly due to strong momentum effect (Chart IV.6 and Annex Chart A5b).

Table IV.1: Corporate Bonds - Rates and Spread

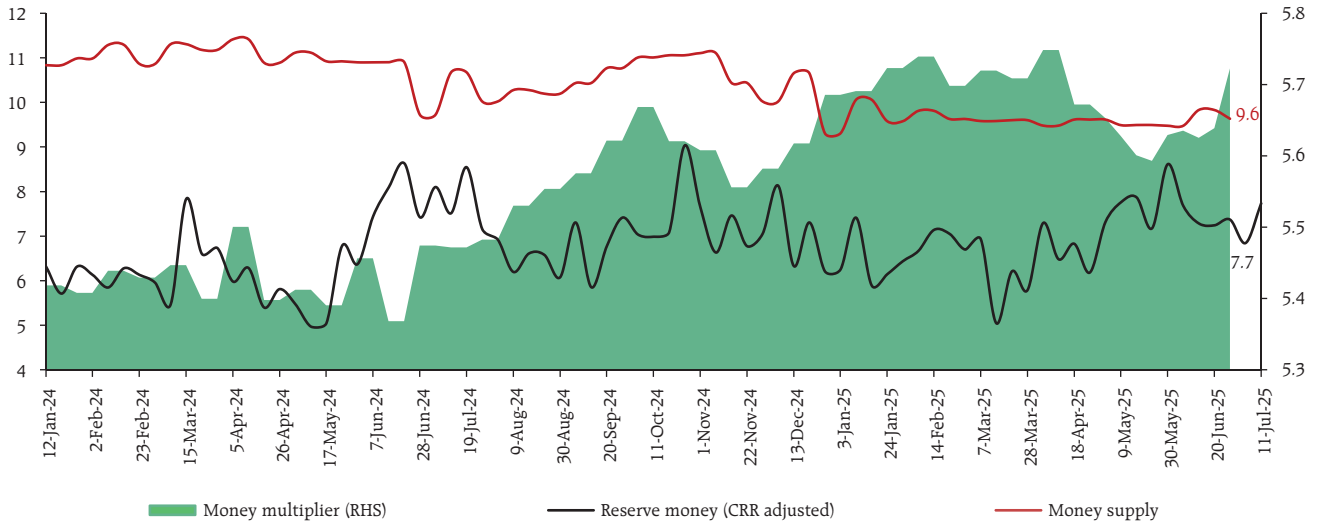
	Interest Rates *(Per cent)*			Spread *(bps)* (Over Corresponding Risk-free Rate)		
Instrument	**May 16, 2025 – June 15, 2025**	**June 16, 2025 – July 17, 2025**	**Variation**	**May 16, 2025 – June 15, 2025**	**June 16, 2025 – July 17, 2025**	**Variation**
1	2	3	(4 = 3-2)	5	6	(7 = 6-5)
Corporate Bonds						
(i) AAA (1-year)	6.79	6.55	-24	112	94	-18
(ii) AAA (3-year)	6.85	6.93	8	100	96	-4
(iii) AAA (5-year)	6.94	7.16	22	92	97	5
(iv) AA (3-year)	7.66	7.87	21	176	186	10
(v) BBB- (3-year)	11.33	11.52	19	547	556	9

Note: Yields and spreads are computed as averages for the respective periods.
Sources: Fixed Income Money Market and Derivatives Association of India; and Bloomberg.

16 7.7 per cent (y-o-y) as on July 11, 2025 (7.4 per cent (y-o-y) as on June 27, 2025).
17 Decelerated to 3.2 per cent (y-o-y) as on July 11, 2025, from 6.3 per cent (y-o-y) as on June 27, 2025.
18 Excluding the impact of the merger of a non-bank with a bank (with effect from July 1, 2023).
19 9.6 per cent (y-o-y) as on June 27, 2025, (9.5 per cent (y-o-y) a month ago).
20 Data are based **on fortnightly Section 42 return.**
21 Excluding the impact of the merger.

Chart IV.5: Growth in Reserve Money and Money Supply

(Y-o-y, per cent, left scale; ratio, right scale)

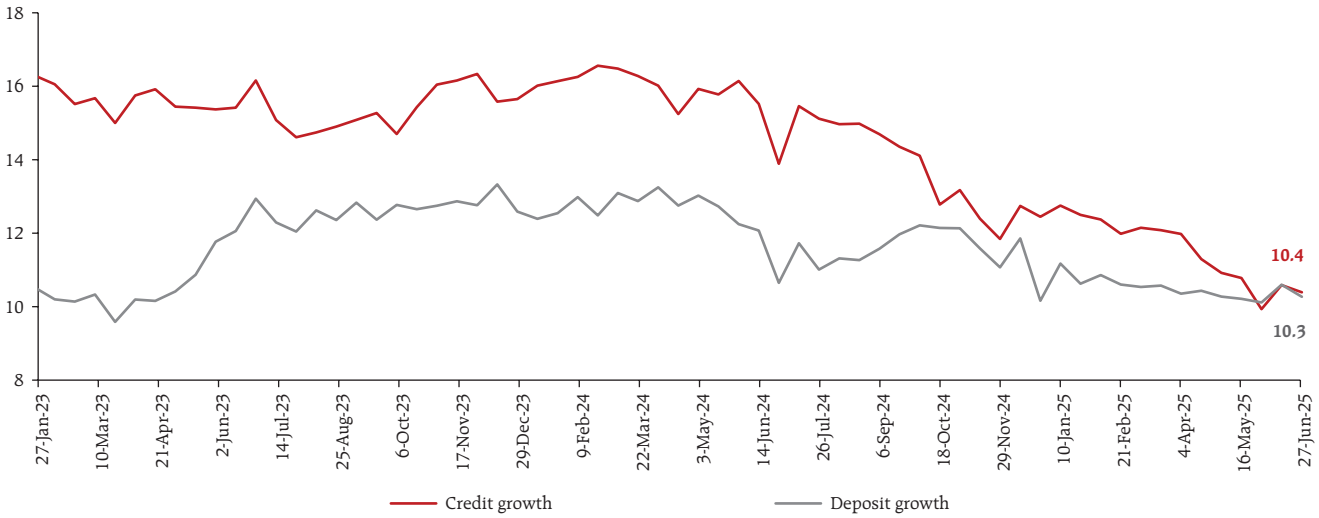


Source: RBI.

Average bank credit growth continued to moderate across key sectors of the economy in May 2025.[22] As at end-May 2025, growth in non-food bank credit eased to 9.8 per cent (y-o-y) from 11.2 per cent (y-o-y) a month ago. Credit flows to all sectors moderated on a y-o-y basis during May 2025 compared to April 2025 (Annex Chart A6). Bank credit to NBFCs, on a y-o-y basis, contracted in May 2025; however, NBFCs raised significant amount of debt from the capital markets *via* private placements.

Chart IV.6: Scheduled Commercial Banks: Credit and Deposit Growth

(Y-o-y, per cent)



Note: Scheduled commercial banks' data are inclusive of regional rural banks. Data exclude the impact of the merger of a non-bank with a bank.
Source: Fortnightly Section 42 Returns, RBI.

[22] Sectoral non-food credit data are based on sector-wise and industry-wise bank credit (SIBC) return, which covers select banks accounting for about 95 per cent of total non-food credit extended by all scheduled commercial banks, pertaining to the last reporting Friday of the month. Data exclude the impact of the merger of a non-bank with a bank.

Personal loans, the main driver of banks' credit growth, also recorded a sharp deceleration, largely due to a decline in the growth of other personal loans, vehicle loans and credit card outstanding. The major contributor to the growth in personal loans has been housing loans. While overall credit to the industrial sector recorded a subdued growth due to a decline in credit growth to infrastructure, credit to the MSME sector continued to remain buoyant.

Deposit and Lending Rates

In response to the 100-bps reduction in the policy repo rate since February 2025, banks have adjusted their repo-linked external benchmark-based lending rates downward by 100 bps and marginal cost of funds-based lending rate by 10 bps. Consequently, the weighted average lending rates on fresh and outstanding rupee loans of scheduled commercial banks declined by 26 bps (domestic banks - 24 bps) and 18 bps (domestic banks - 16 bps), respectively, during February-May 2025 (Table IV.2). On the deposit side, the weighted average domestic term deposit rates on fresh and outstanding deposits moderated by 51 bps and 2 bps, respectively, during the same period.

During the current easing cycle (February-May 2025), the decline in weighted average lending rates on both fresh and outstanding rupee loans was higher for Public Sector Banks (PSBs) as compared to Private Sector Banks (PVBs) [Chart IV.7a]. On deposit side, the weighted average domestic term deposit rates for fresh deposits declined significantly for both PSBs and PVBs (Chart IV.7b). Banks have also reduced their rates on savings deposit. Currently, the savings deposit rates of some PSBs are prevailing at a historical low, since their de-regulation in 2011 (Chart IV.7c).

The rates on small savings schemes were kept unchanged by the Government of India during Q2:2025-26.[23] The prevailing rates on these instruments are higher than the formula-based rates by 33 - 118 bps.

Equity Markets

Notwithstanding intermittent volatility in the first half of June due to the Iran-Israel conflict, Indian equity markets sustained gains in the second half of June 2025 on positive global cues amidst de-escalation of geopolitical tensions in the Middle East and the easing of norms for infrastructure financing by the

Table IV.2: Transmission to Banks' Deposit and Lending Rates

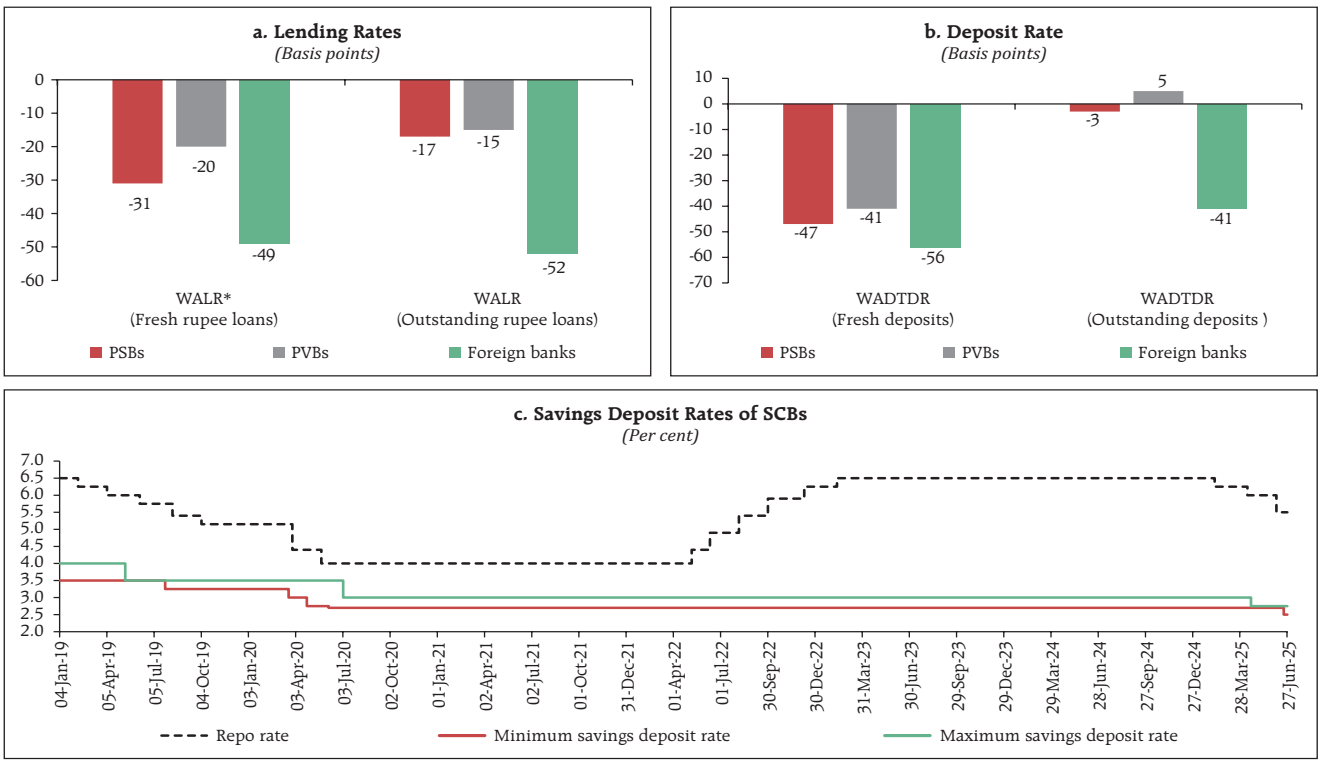
(Variation in bps)

Period	Repo Rate	Term Deposit Rates		Lending Rates			
		WADTDR-Fresh Deposits	WADTDR-Outstanding Deposits	EBLR	1-Yr. MCLR (Median)	WALR - Fresh Rupee Loans#	WALR-Outstanding Rupee Loans
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Tightening Period May 2022 to Jan 2025	+250	259	206	250	175	186	115
Easing Phase Feb 2025 to Jun* 2025	-100	-51	-2	-100	-10	-26	-18

Notes: Data on EBLR pertain to 32 domestic banks.
*: Data on WADTDR and WALR pertain to May 2025. #: Based on constant weights.
WALR: Weighted Average Lending Rate, WADTDR: Weighted Average Domestic Term Deposit Rate,
MCLR: Marginal Cost of Funds-based Lending Rate, and EBLR: External Benchmark-based Lending Rate.
Source: RBI.

[23] Department of Economic Affairs (Budget Division) - Ministry of Finance. (2025, June 30). Office Memorandum: Revision of interest rates for Small Savings Schemes - reg. https://dea.gov.in/sites/default/files/notification%2030.06.2025.pdf

Chart IV.7: Transmission across Bank Groups (February 2025 - May 2025)

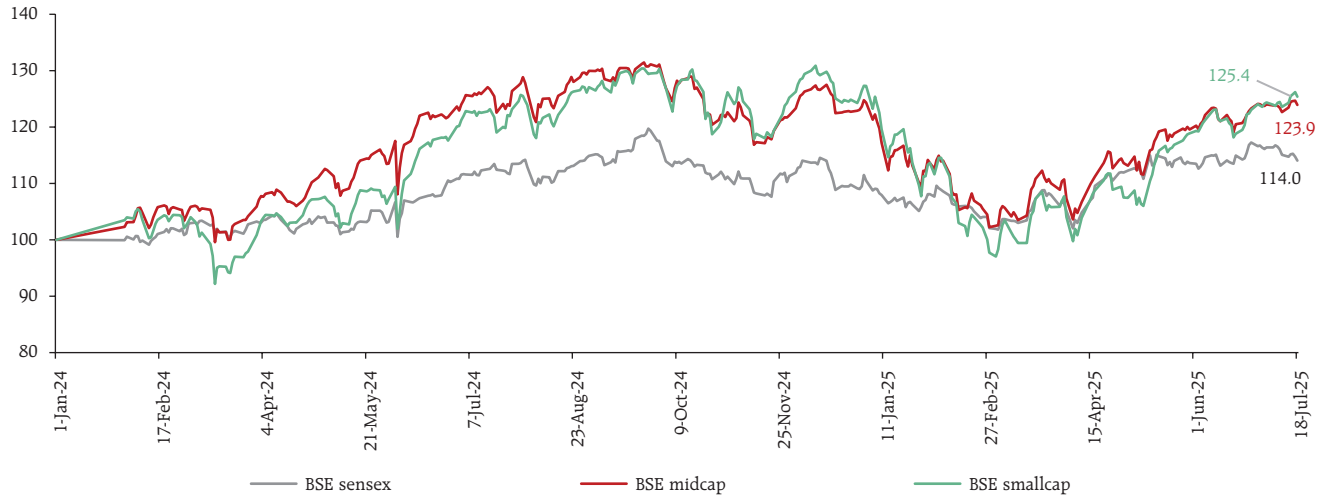


Notes: 1. Transmission during February to May 2025 is calculated by subtracting the weighted average lending and deposit rates of January 2025 from those of May 2025.
2. *: Based on constant weights.
3. Data on savings deposit rates pertain to five major banks and relate to account balances of up to ₹1 lakh.
Source: RBI.

Reserve Bank. In July, however, domestic markets traded with a negative bias as investor sentiment remained cautious amidst ongoing uncertainty over the potential India-US trade agreement and mixed corporate earnings results by companies in Q1:2025-26 (Chart IV.8).

Chart IV.8: Movements in Equity Markets

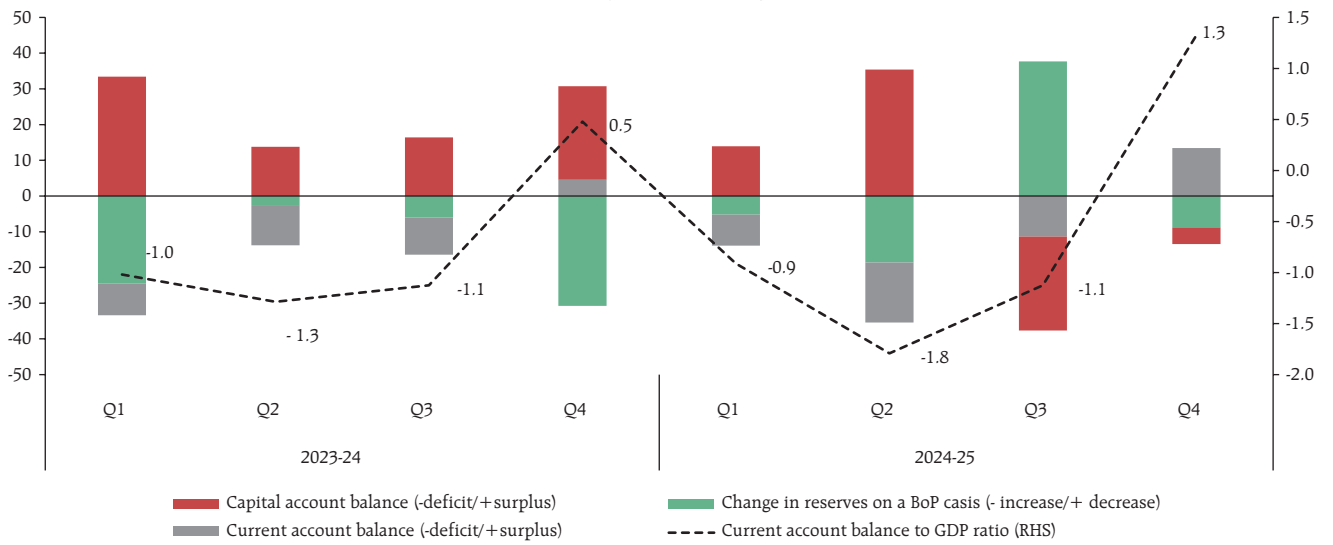
(Indices (Jan 2024 = 100))



Note: The average index values for January 2024 have been normalised to a base of 100. Data up to July 18, 2025.
Source: Bloomberg; and RBI staff estimates.

Chart IV.9: India's Balance of Payments

(US$ billion, left scale; per cent, right scale)



Source: RBI.

Resource mobilisation through initial public offerings showed a pick-up in recent months with improved sentiment in the secondary market, supporting a recovery in primary market activity (Annex Chart A7).

Balance of Payments

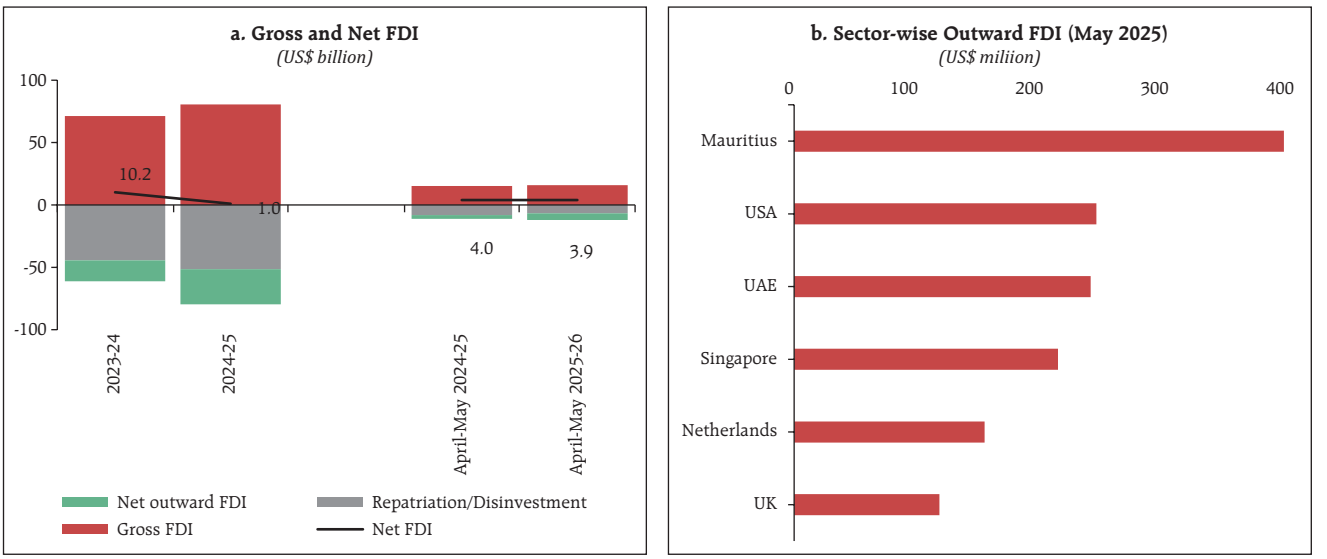
India's current account balance recorded a surplus of US$ 13.5 billion (1.3 per cent of GDP) in Q4:2024-25 as compared with a surplus of US$ 4.6 billion (0.5 per cent of GDP) in Q4:2023-24 owing to higher net services exports in business and computer services, and higher remittances (Chart IV.9). For the full year 2024-25, the current account deficit moderated to US$ 23.3 billion (0.6 per cent of GDP) from US$ 26.0 billion (0.7 per cent of GDP) during 2023-24. Higher net invisibles receipts in services and personal transfers primarily drove this improvement. In terms of external financing needs, net capital flows fell short of financing the current account deficit owing to lower net inflows in foreign direct investment (FDI) and foreign portfolio investment (FPI). This led to a depletion of US$ 5.0 billion in foreign exchange reserves (on a BoP basis) during 2024-25.

External Sources of Finance

Gross inward FDI amounted to US$ 7.2 billion in May 2025, lower than US$ 8.7 billion in April 2025 and US$8.1 billion in May 2024 (Chart IV.10a). Singapore, Mauritius, the UAE and the US together accounted for more than three-fourths of total FDI inflows in May 2025, with manufacturing, financial and computer services being the top recipient sectors. On the other hand, both repatriation of FDI and outward FDI increased on a y-o-y basis. Top sectors for outward FDI included transport, storage and communication services, manufacturing, and financial, insurance and business services, and the major destinations included Mauritius, the US and the UAE (Chart IV.10b). Together, these movements resulted in muted net FDI inflows of US$ 0.04 billion in May 2025, as against US$ 2.2 billion in May 2024.

Foreign portfolio investment registered net inflows of US$2.4 billion in June 2025, driven by the equity segment (Chart IV.11). Equity inflows rose due to enhanced global and domestic liquidity, a weakening US dollar, alongside easing geopolitical tensions. Financial services, oil, gas and consumable

Chart IV.10: Foreign Direct Investment Flows

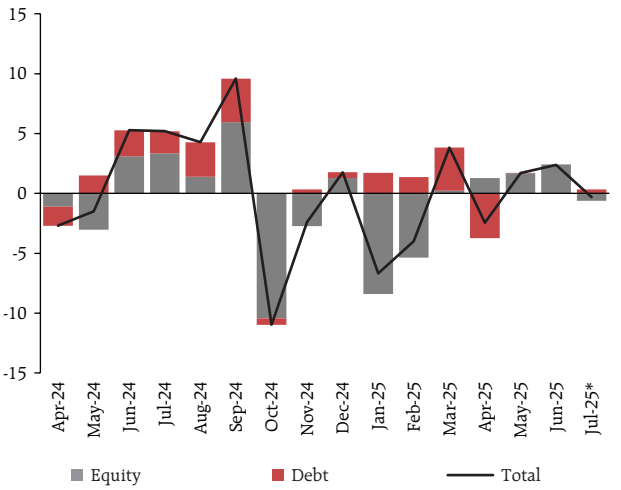


Source: RBI.

fuels, as well as automobile and auto components, emerged as the top recipient sectors. The debt segment remained flat due to a global risk-off sentiment and a weakening Indian Rupee (INR).

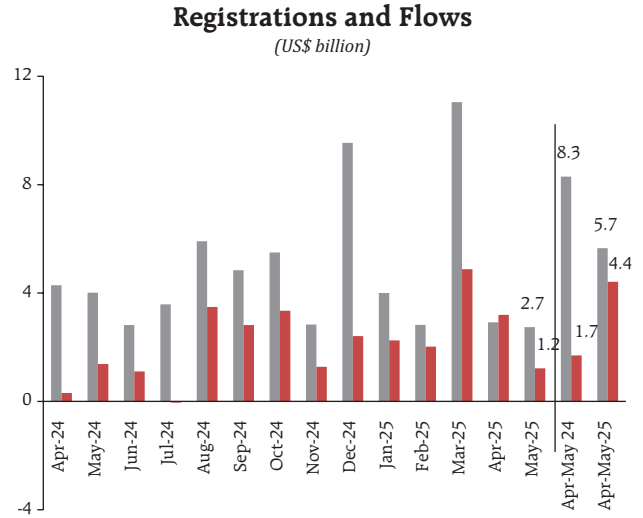
External Commercial Borrowing registrations slowed to US$5.7 billion during April-May 2025, down from US$ 8.3 billion during April-May 2024. Despite the slowdown, inflows outpaced outflows, resulting in positive net inflows of US$ 4.4 billion during April-May 2025 (Chart IV.12). Notably, nearly 48 per cent of the total external commercial borrowings registered during this period were intended for capital expenditure (capex), including on-lending and sub-lending for capex.

Chart IV.11: Foreign Portfolio Investments



Note: 1. Debt also includes investments under the hybrid instruments.
2. *: Data up to July 18.
Source: National Securities Depository Limited (NSDL).

Chart IV.12: External Commercial Borrowings - Registrations and Flows



Source: Form ECB, RBI.

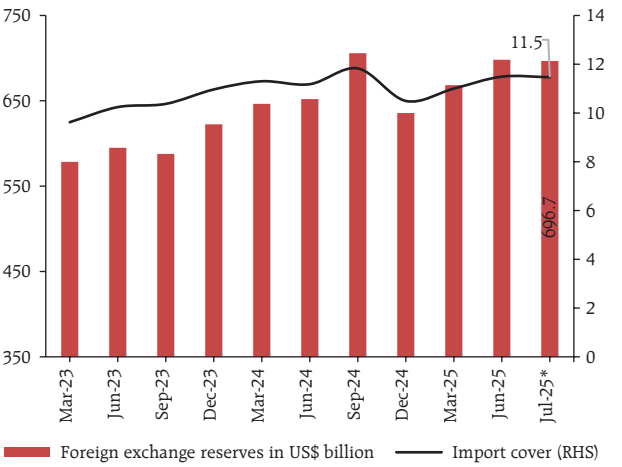
As on July 11, 2025, India's foreign exchange reserves stood at US$696.7 billion, providing a cover for more than 11 months of goods imports[24] and for 95 per cent of the external debt outstanding at end-March 2025 (Chart IV.13).

India's external debt rose by US$ 67.5 billion from end-March 2024 to US$ 736.3 billion at end-March 2025, with the external debt-to-GDP ratio increasing marginally to 19.1 per cent from 18.5 per cent a year ago (Chart IV.14a). India's key external vulnerability indicators fared well relative to other large emerging markets (Chart IV.14b).

India's net International Investment Position improved to US$ (-) 330 billion during Q4:2024-25 from US$ (-) 364 billion during Q3:2024-25, on

Chart IV.13: India's Foreign Exchange Reserves

(US$ billion, left scale; months, right scale)

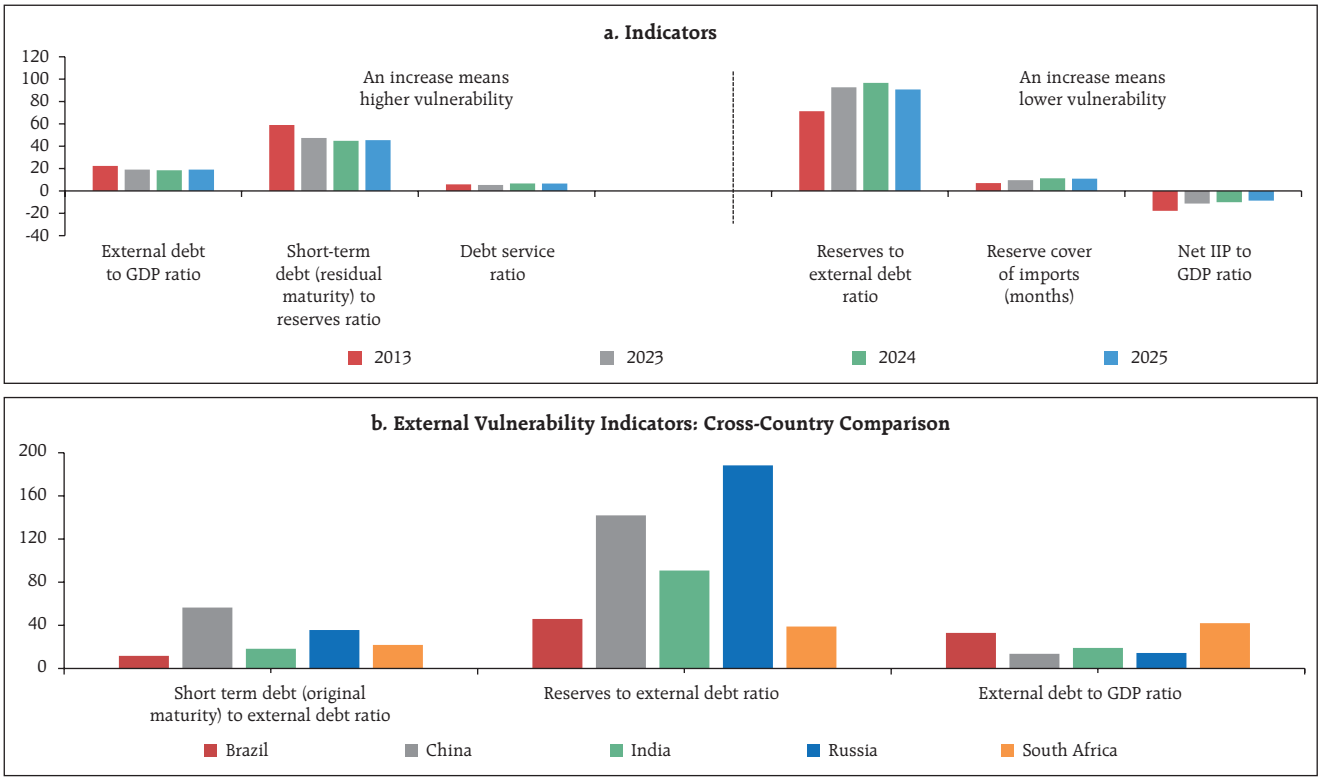


Notes: 1. *: As on July 11, 2025.
2. The import cover data for June and July 2025 is based on total merchandise imports for 2024-25, as per the balance of payments statistics.

Source: RBI.

Chart IV.14: India's External Vulnerability Indicators

(Basis points)



Notes: 1. Data on external vulnerability ratios for India are for end-March 2025, end-September 2024 for China and Russia and end-December 2024 for Brazil and South Africa.
2. Data for Russia's reserves to external debt ratio are as on end-June 2024.

Sources: RBI; Government of India; IMF; World Bank; and CEIC.

[24] The import cover for goods and services was around nine months.

Chart IV.15: Movement of Net International Investment Position, External Debt and Reserve Assets

(US$ billion)

Source: RBI.

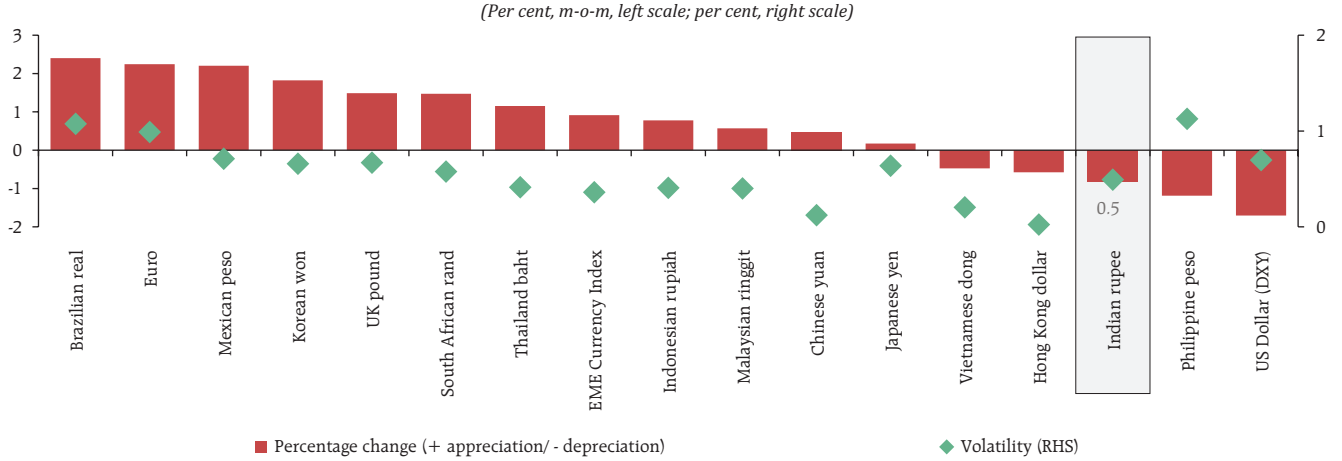
the back of an expansion in reserves, outward FDI, and currency and deposits, which was partially offset by an increase in inward FDI and external debt liabilities (Chart IV.15). As a result, the ratio of India's international assets to international liabilities improved to 77.5 per cent as of March 2025.

Foreign Exchange Market

The Indian Rupee (INR) depreciated by 0.8 per cent (m-o-m) *vis-à-vis* the US dollar in June, due to the escalation of geopolitical tensions following the Iran-Israel conflict, even as most EME currencies strengthened (Chart IV.16). Nevertheless, the INR remained among the least volatile major EME currencies.

Chart IV.16: Movements in Major Currencies against the US Dollar in June 2025

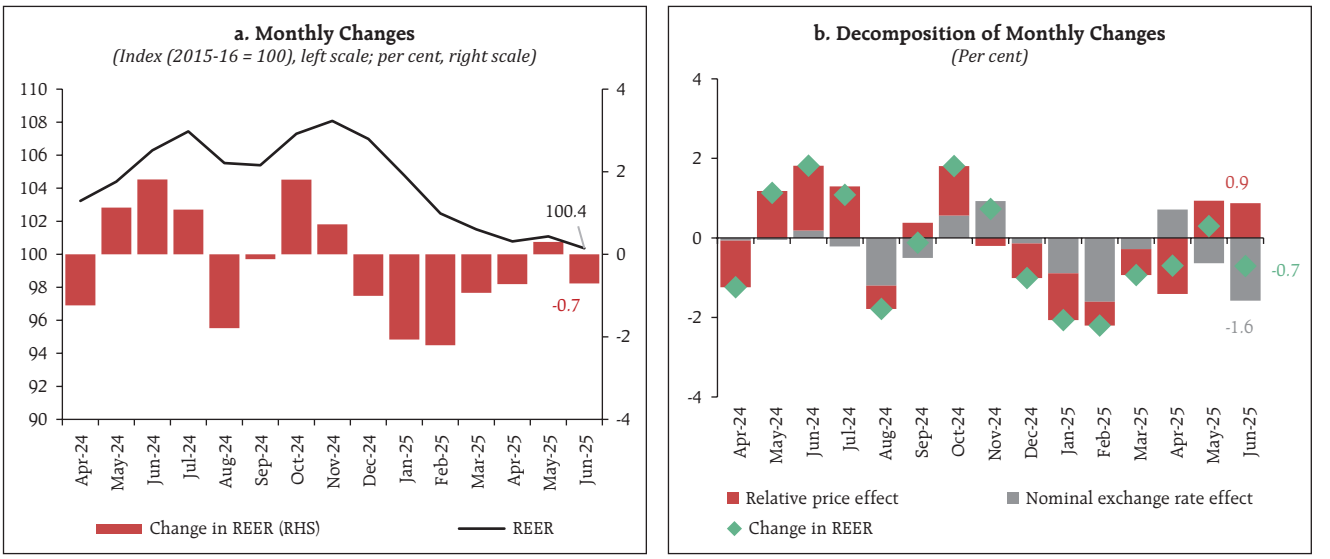
(Per cent, m-o-m, left scale; per cent, right scale)



Note: 1. Appreciation/depreciation (m-o-m) calculated using monthly average exchange rates.
2. US dollar (DXY) measures the movements of the US dollar against a basket of six major currencies (Euro, Japanese yen, British pound, Canadian dollar, Swedish krona, and Swiss franc).
3. For each currency, volatility is measured as the coefficient of variation (100*Standard Deviation/Mean) using daily exchange rate data for June 2025.

Sources: FBIL; Thomson Reuters; and RBI staff estimates.

Chart IV.17: Movements in the 40-Currency Real Effective Exchange Rate



Source: RBI.

In June 2025, India's inflation (on a m-o-m basis) was 0.9 percentage points higher than the weighted average inflation of its major trading partners. Despite this, the INR depreciated (m-o-m) in real effective terms by 0.7 per cent as depreciation of the INR in nominal effective terms more than offset positive relative price differentials (Chart IV.17).

V. Conclusion

As intense negotiations are underway for closing trade deals before the new import tariff rates kick in from August 1, 2025, the focus is back on US trade policies and their spillover effects globally. Financial markets, however, seem to have taken trade policy uncertainties in their stride, possibly reflecting optimism on reaching trade deals that are less disruptive to the global economy.[25] Even so, under-pricing of macroeconomic risk by financial markets remains a concern. The average trade tariff rates are set to touch levels unseen since the 1930s. Moreover, risk of imposition of new high tariffs looms large for additional sectors. The evolving pattern of global trade flows and supply chains are far from settled. These uncertainties pose considerable headwinds to global economic prospects.

Despite global uncertainties, the Indian economy remains largely resilient, supported by strong macroeconomic fundamentals. Easing inflation, improving *kharif* season prospects, front-loading of government expenditure, targeted fiscal measures and congenial financial conditions for faster transmission of rate reductions should support aggregate demand in the economy, going forward. Amidst rising trade uncertainties and geo economic fragmentation, building more resilient trade partnerships presents a strategic opportunity for India to deepen its integration with global value chains. In addition, measures to accelerate domestic investment in infrastructure and structural reforms aimed at improving competitiveness and productivity would build resilience while supporting the growth momentum.[26]

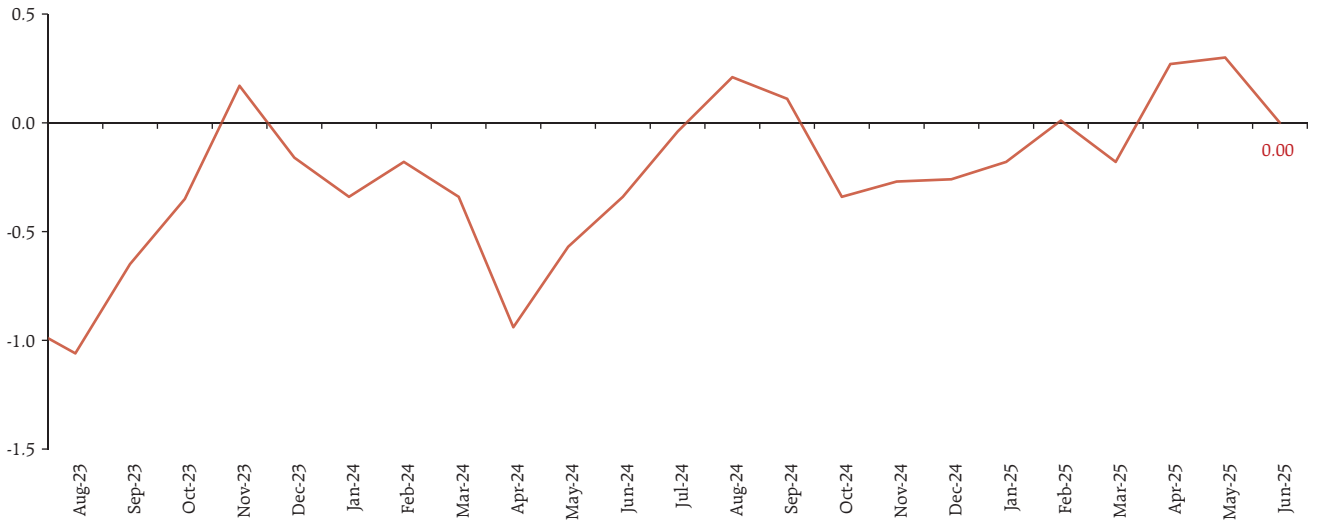
[25] Smith, I., and Herbert, E. (2025, July 10). Market Volatility Recedes as Investors Brush Off Donald Trump's Tariff Threats. *Financial Times.*

[26] *India Tapping New Markets, Taking to Reforms to Fight Trade Curbs: Nirmala Sitharaman.* (2025, July 8). The Economic Times.

Annex

Chart A1: Global Supply Chain Pressure Index (GSCPI)

(Standard deviations from average value)



Source: Federal Reserve Bank of New York.

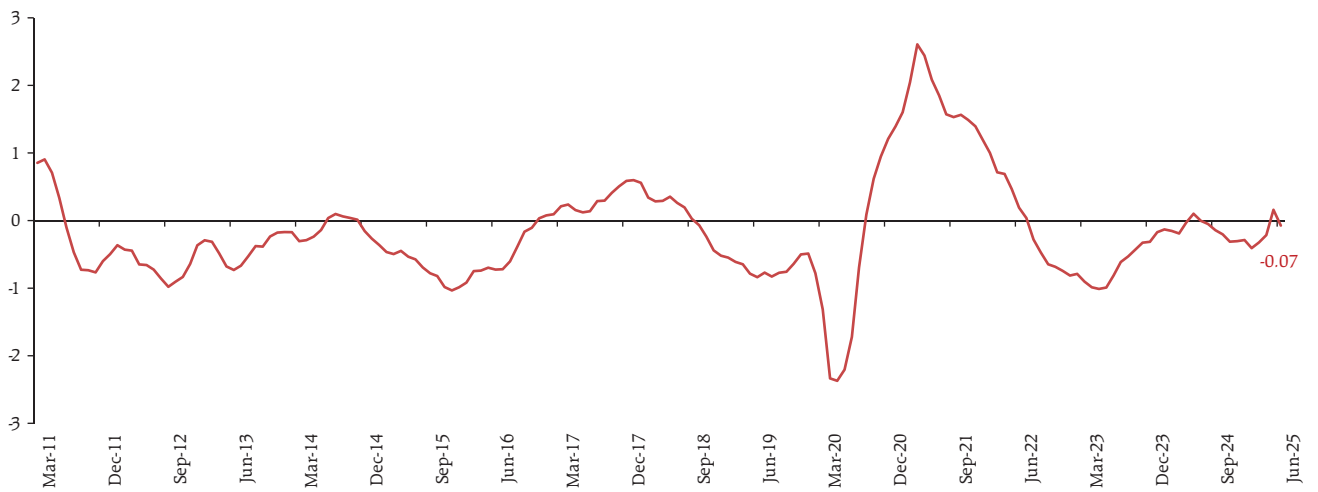
Chart A2:Inflation Gap (Actual minus Target)

(Percentage points)

Note: Inflation for the US is based on the US(PCE) data.
Sources: Bloomberg; and RBI staff estimates.

Chart A3: Index of Supply Chain Pressures for India

(Standard deviations from average)

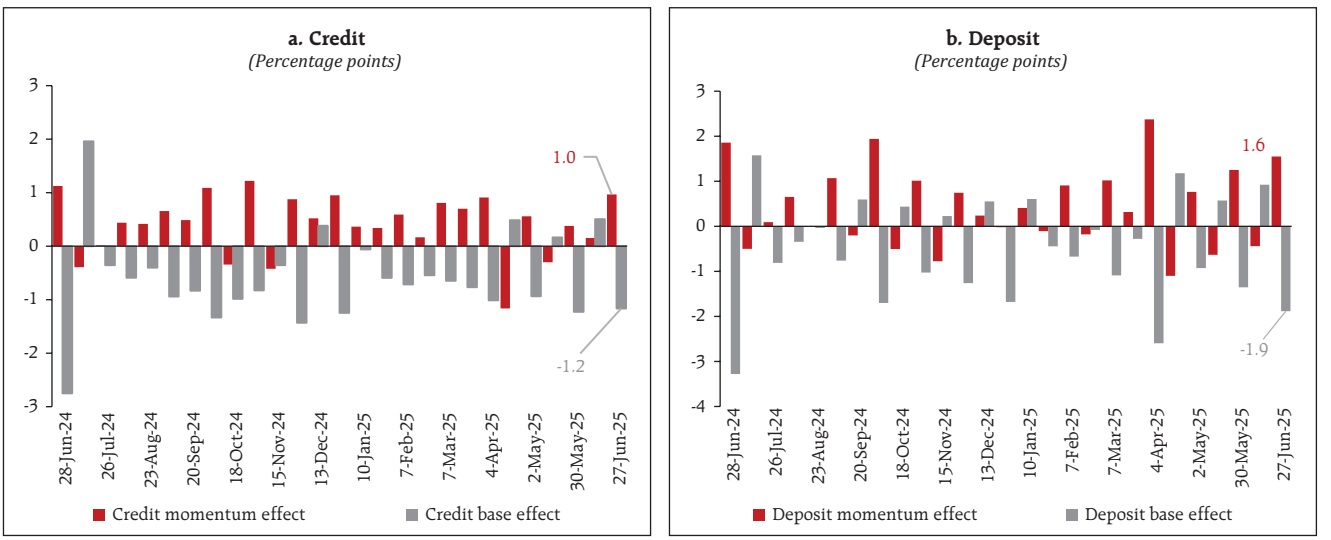


Source: RBI staff estimates.

Chart A4: PMI: Input and Output Prices

Note: A level of 50 corresponds to no change in activity and a reading above 50 denotes expansion and *vice versa*.
Source: S&P.

Chart A5: Scheduled Commercial Banks: Credit and Deposit Growth



Note: Scheduled commercial banks' data are inclusive of regional rural banks. Data exclude the impact of the merger of a non-bank with a bank.
Source: Fortnightly Section 42 Returns, RBI.

Chart A6: Sectoral Deployment of Bank Credit

(Y-o-y, per cent)

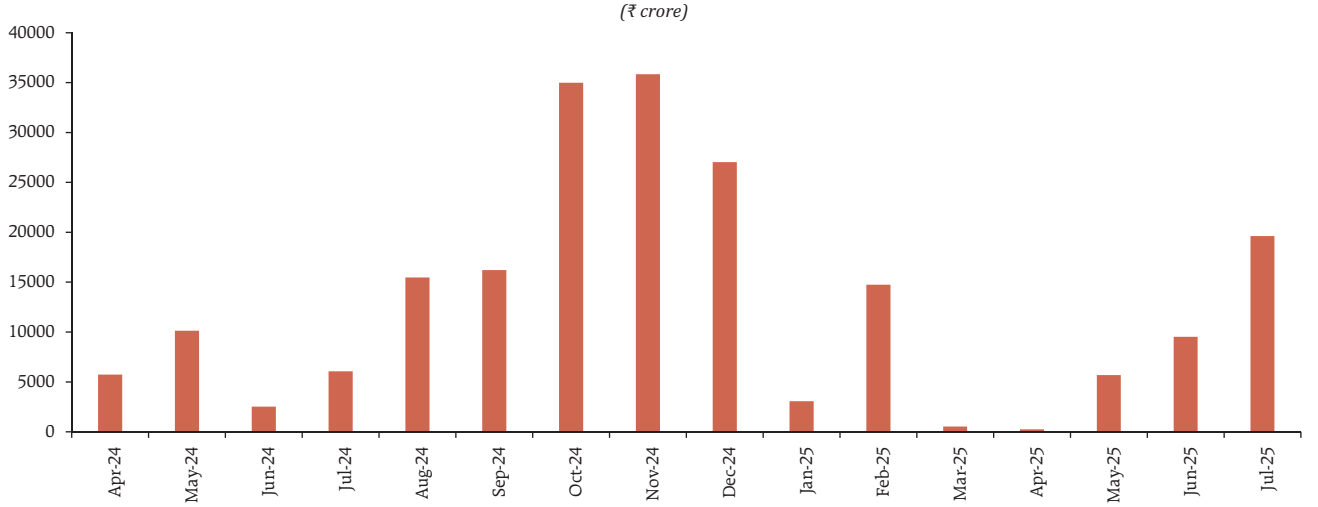
Notes: 1. Data are provisional. Sectoral non-food credit data is based on sector-wise and industry-wise bank credit (SIBC) return, which covers select banks accounting for about 95 per cent of total non-food credit extended by all SCBs, pertaining to the last reporting Friday of the month. The bank groups covered under the SIBC return are - Public Sector Banks, Private Sector Banks, Foreign Banks, and Small Finance Banks.

2. Data exclude the impact of the merger of a non-bank with a bank.

Source: RBI.

Chart A7: Amount Raised Through Initial Public Offerings

(₹ crore)



Notes: 1. IPOs are classified based on listing date.
2. Data up to July 18, 2025.
Sources: SEBI; and Capitaline.

Revisiting the Oil Price and Inflation Nexus in India

by Sujata Kundu, Soumasree Tewari and Indranil Bhattacharyya ^

In recent years, India's net import demand for crude oil has remained strong, fuelled by consumption growth and robust economic activity. In the backdrop of volatile global crude prices and a less regulated petrol and diesel prices regime, this paper reassesses the impact of international crude oil price movements on headline inflation. The results suggest that a 10 per cent rise in global crude oil prices could increase inflation by around 20 basis points. Although the passthrough to retail prices has remained contained with active government intervention, increasing dependence on crude oil imports may have inflationary consequences in the long run, warranting constant vigilance and careful monitoring of its potential impact.

Introduction

The oil price-inflation relationship has been a vexing issue for economists and central bankers for more than half a century. Since the twin oil price shocks of the 1970s, economists have endeavoured to delineate the impact of oil price shocks on aggregate economic activity. This is particularly important for oil importers as oil price surges have often been associated with a downturn in economic growth and worsening trade and current account balances. Generally, oil price fluctuations can be highly distortionary as adverse shocks (higher oil prices) can ratchet up inflation and unhinge inflation expectations. Therefore, monetary authorities – more so in inflation targeting (IT) economies – are keen observers of the evolving oil price dynamics.

Since the pandemic, the global economy has experienced large gyrations in crude oil prices. From an average of US$ 59 per barrel in 2019-20, crude prices fell to US$ 44 per barrel in 2020-21 owing to the pandemic-induced global lockdown.[1] Subsequently, with resumption of economic activity and recovery in demand, global oil prices increased by around 79 per cent to US$ 78 per barrel in 2021-22 and further to US$ 93 per barrel in 2022-23. The lingering impact of the pandemic, protracted geopolitical tensions since the Russia-Ukraine war along with sanctions imposed on Russian oil exports led to a significant surge in oil price volatility. From above US$ 90 per barrel during 2023-24, international crude oil prices fell below US$ 70 per barrel beginning 2025-26.

India, being a net oil importer, has remained susceptible to the vagaries of global crude oil prices and has been actively intervening in the domestic fuel market to contain the adverse fallout of higher oil prices on domestic inflation and output. With imports constituting more than 85 per cent of India's crude oil requirements and the benchmarking of domestic pump prices to international prices, fuel (including petrol and diesel) prices in the consumer price index-combined (CPI-C) may impact headline inflation, both directly and indirectly, through higher cost of inputs and transportation across regions.[2] In order to contain the spillover effect on domestic prices, government has revised excise duties from time to time.

At the onset of the pandemic in 2020, fiscal measures in the form of higher taxes on domestic pump prices were announced to fund pandemic-related expenditure. In 2021, however, as international oil prices rose sharply, excise duties on petrol and diesel were reduced by 15 per cent

^ The authors are from the Reserve Bank of India. The views expressed in this article are those of the authors and do not represent the views of the Reserve Bank of India.

[1] In April 2020, average international crude prices stood at US$ 21 per barrel (US$ 32 per barrel in March 2020), which was the lowest since January 2016 (US$ 29.8 per barrel).

[2] Petrol prices were de-regulated in India in July 2010, while diesel prices were de-regulated in October 2014.

and 32 per cent, respectively, in November 2021. The spike in energy prices since the Russia-Ukraine conflict in 2022 resulted in a direct as well as second-round price pressures on CPI inflation. To contain the spillover of the oil price shock, excise duties on petroleum products were further reduced by 28 per cent in May 2022, resulting in a cumulative reduction of 43 per cent and 60 per cent on petrol and diesel, respectively, since November 2021, which modulated the passthrough on domestic inflation.

The existing literature suggests a positive but varied impact of oil price movements on inflation across economies. Moreover, the passthrough has weakened since the mid-eighties which has been attributed to effective anchoring of inflation expectations by central banks through the adoption of IT frameworks (Mishkin, 2007; Choi *et al.*, 2018; López-Villavicencio and Pourroy, 2019). Following the surge in crude prices after the global financial crisis (GFC), prices dropped significantly from an average of US$ 102 per barrel during 2011-14 to an average of US$ 49 per barrel during 2015-17 – the latter period being coincidental with the adoption of IT by some emerging market economies (EMEs), including India. The current global economic scenario, characterised by increasing trade fragmentation, supply chain disruptions and intensifying tariff wars, can shrink global trade sharply and thereby derail global growth. The resultant oil price volatility can be debilitating for the Indian economy at this stage. Since India has largely deregulated domestic petrol and diesel prices with intervention from time to time aimed at stabilising inflation while supporting growth, it is pertinent to analyse the recent dynamics of oil prices and its impact on inflation.

Against this backdrop, the paper attempts to re-assess the impact of global crude oil price movements on headline inflation, given that sudden oil price surges can impact the undergoing disinflation process and thwart policy normalisation. Specifically, the study seeks to answer the following questions: (i) what is the long run impact of oil price dynamics on India's inflation?; and (ii) how large has been the impact of the post-pandemic oil price movements on inflation?. While previous studies on India are based on the wholesale price index (WPI) (Mandal *et al.*, 2012), recent studies have analysed the passthrough of crude oil price to CPI-C[3] inflation and the role of fuel taxes in limiting this passthrough (Benes *et al.*, 2016; John *et al.*, 2023). In this context, this paper revisits the crude oil-domestic price relationship using a sample spanning 2009-10 to 2023-24 and estimating the impact using a suite of models. The results indicate that a 10 per cent rise in global crude oil price could increase India's headline inflation by around 20 basis points. Notably, government excise duties of petroleum products play a crucial role in determining the impact. Nevertheless, the impact of crude oil price may lead to inflationary pressures in the long run, particularly in the post-pandemic period with supply chains coming under increasing stress from geopolitical disturbances and conflicts.

The remaining part of the paper is structured as follows. Section 2 provides a brief review of the related literature, while stylised facts on oil prices in the Indian context are set out in Section 3. The data, methodology and empirical findings are discussed in Section 4, while section 5 presents concluding observations while drawing some policy perspectives.

II. Related Literature

Globally, oil price shocks have been a major driver of inflation, and the related literature is vast, analysing various potential channels of passthrough and its dynamics. For oil importing countries like India, oil price shocks are one of the major channels of global spillovers. According to the World Economic

[3] India formally adopted the flexible IT framework in June 2016. Inflation, as measured by the CPI-C, is the nominal anchor under this framework with the inflation target set at 4 (+/- 2) per cent indicating upper and lower tolerance thresholds of 6 per cent and 2 per cent, respectively.

Outlook (WEO), the peak passthrough from a 1 percentage point increase in energy prices into CPI inflation at the country level historically was about 0.06 percentage point in advanced economies and 0.17 percentage point in emerging market and developing economies (IMF, 2024). However, the passthrough depends on several factors and varies across sectors and economies based on their macroeconomic structure, monetary policy credibility and extent of trade openness (Chen, 2009; Baba and Lee, 2022).

The surge in global crude oil prices in the post-COVID period led to an increase in inflation of energy dependent sectors that resulted in generalisation of inflation across countries. However, the magnitude of the impact was observed to be limited in countries with higher fuel excise taxes. Oil price changes brought about by demand and supply shocks, however, have limited impact on actual and expected inflation; instead, the latter is found to be more influenced by shocks to economic activity (Aastveit *et al.,* 2023). Nevertheless, well-anchored inflation expectations, credible monetary policy and lower energy imports are important in limiting the impact (Choi *et al.,* 2018; Baba and Lee, 2022).

While the short run effects of gasoline price shocks on headline inflation in the US are sizable, they have limited effects on long run inflation expectations (Kilian and Zhou, 2023). The passthrough in the US is more from direct channels in the short run but predominantly through the indirect channel in the long run (Yilmazkuday, 2021). However, the passthrough in the US and the Euro area is significant in the case of core inflation through the common effect of oil price shocks rather than through disaggregated commodity prices (Conflitti and Luciani, 2019). Furthermore, the pricing mechanism and exchange rates are the key factors impacting the degree of passthrough to retail fuel prices (Kpodar and Imam, 2021).

The relevant literature in the Indian context is limited. When passthrough is incomplete, a 10 per cent rise in oil prices in the short run is found to increase inflation by 0.3 per cent, whereas it raises inflation by 0.6 per cent under complete passthrough. The impact, however, diminishes in the medium run (Bhanumurthy *et al.,* 2012). Moreover, complete deregulation of oil prices may result in a significant surge in inflation as domestic prices adjust more frequently to international prices, particularly during an adverse oil price shock (Mandal *et al.,* 2012). According to the RBI's quarterly projection model (QPM 2.0), the direct effect of an increase in oil prices on petrol, diesel, LPG and kerosene prices could be further compounded by second round effects on inflation through depreciation of the INR. Consequently, an increase in oil prices by 10 per cent could result in an increase in inflation by 30 basis points at its peak (John *et al.,* 2023). Moreover, fuel taxes in India also play an important role in thwarting complete passthrough of oil price changes to domestic inflation (Benes *et al.,* 2016). As fuel taxes are exogenous and non-reverting in the absence of policy intervention, its impact on inflation remains entrenched.

III. Stylised Facts

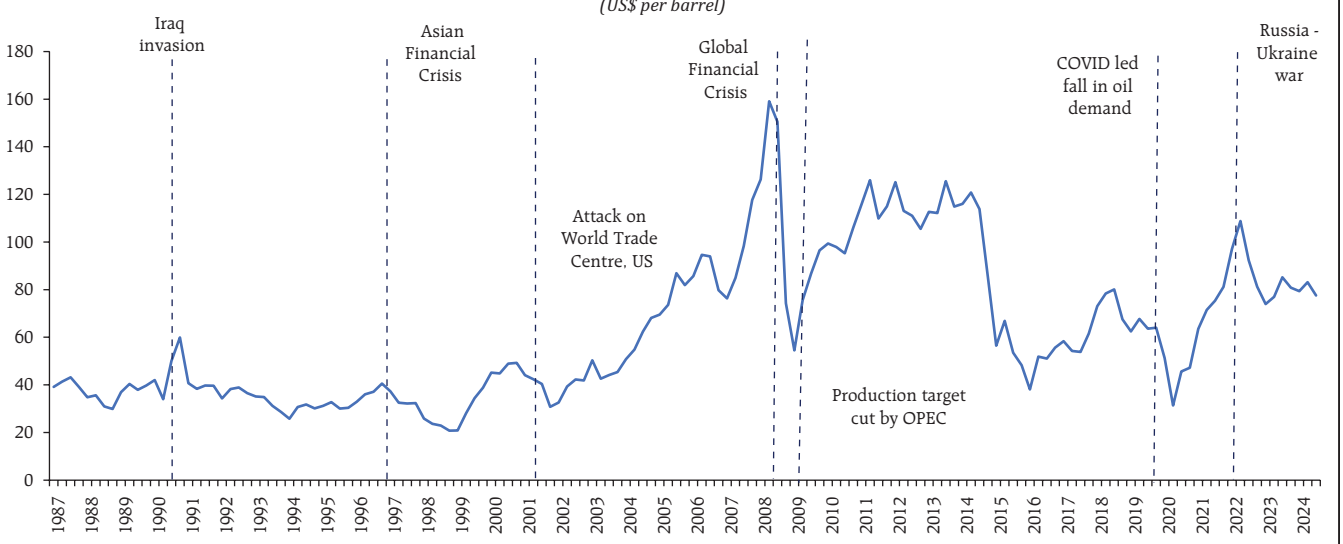
Oil prices are sensitive to geopolitical and large-scale macroeconomic events, driven by both demand and supply factors. The volatility of oil prices and its responsiveness to sudden events is inherent due to the inelastic nature of both supply and demand to price changes in the short run.

III.1 Global oil price shocks and oil inflation

Since the early 1990s, global crude oil price dynamics have been shaped by various episodes of geopolitical and geoeconomic significance (Chart 1).

Chart 1: Movements in Global Crude Oil Price

(US$ per barrel)

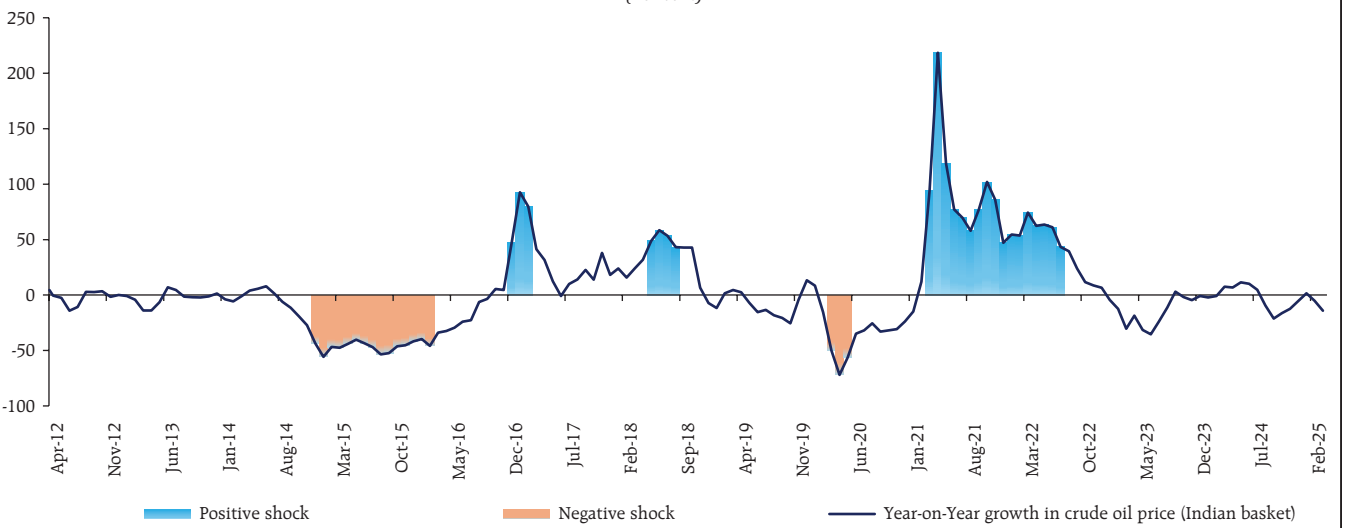


Note: The price represents West Texas Intermediate (WTI) price; OPEC represents Organisation of the Petroleum Exporting Countries.
Source: Energy Information Administration (EIA).

While positive shocks, mainly originating from the geographical concentration of source and supply dynamics of oil exporting countries, are more frequent and sharper than negative shocks, the latter have also occurred due to demand contraction and entry of new entities such as the US shale in recent years (Chart 2). The fall in oil prices from mid-2014 to early 2015 was primarily driven by supply factors, including shale production and policy-shifts by the Organisation of the Petroleum Exporting Countries (OPEC). Slowdown in demand also played a role in keeping prices moderate, particularly from mid-2015 to early-2016. The unprecedented volatility in oil prices during the pandemic was driven by

Chart 2: Shock Episodes in Crude Oil Prices*

(Per cent)



Note: * Shock is defined as one standard deviation from long-term average.
Sources: Bloomberg and authors' calculations.

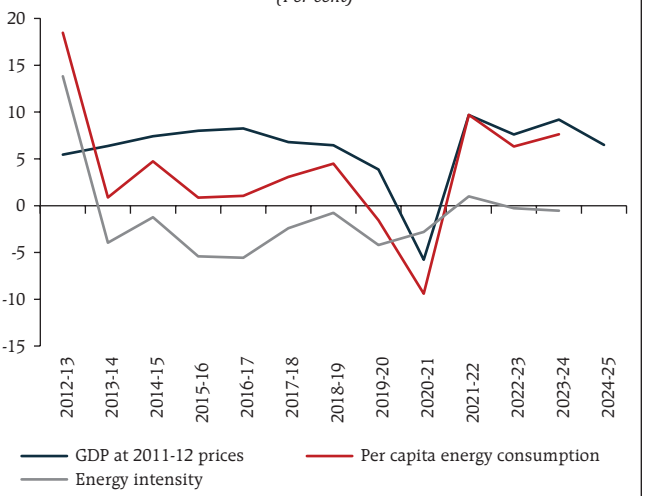
both demand and supply factors as the historic dip in 2020, driven by global lockdown of economic activity and logistics, was followed by a sharp upward correction with increased demand from resumption of normal activity. Consequently, price of crude oil (Indian basket) fell below US$ 20 per barrel during April 2020 before rising sharply in 2021, with global petrol demand surpassing its supply. The slow pace of supply recovery was primarily on account of OPEC *plus* production cuts that started in late 2020. Russia's invasion of Ukraine in February 2022 led to a further disruption in the global oil market as Russia is a major exporter. Brent crude oil, the price benchmark for global crude, scaled historic peaks during that period (since June 2008). The supply shocks emanating from global conflicts and imposition of sanctions resulted in elevated oil prices. Intermittent dip in prices seen in the recent period is primarily on account of slowdown in demand amidst increasing supply, as also the increased supply of renewable energy.[4] However, persistent geopolitical turmoil, growing geoeconomic fragmentation and heightened uncertainties have resulted in a significant volatility in global crude oil prices.

III.2 Oil price dynamics and India's inflation

Oil and gas, having strong forward linkages in India, is one of the core sectors. With a robust growth momentum, oil demand for production and transportation across sectors have increased consistently over the years, underscoring a strong relationship between growth and energy demand (Chart 3). Fuelled by strong consumption growth, robust economic activity and a stagnant domestic supply of oil, net import demand for crude oil has remained strong.

To address the growing energy deficit, policies have been aimed at boosting domestic production, reducing crude oil import dependency through higher

Chart 3: India's Real GDP Growth and Energy Consumption
(Per cent)



Note: Energy intensity is defined as the amount of energy consumed for producing one unit of GDP.
Sources: Ministry of Statistics and Programme Implementation (MoSPI) and Petroleum Planning and Analysis Cell (PPAC).

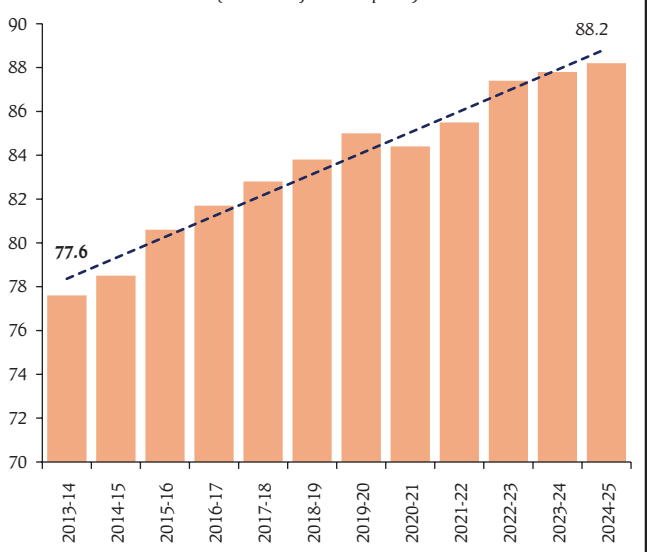
investment in natural gas, petroleum and refineries sector along with promotion of renewable sources of energy, such as wind, solar and nuclear energies, and alternate fuels like ethanol, biogas, biodiesel and natural gas that facilitate energy efficiency and conservation.[5] While concerted efforts towards transition to renewable and non-fossil fuels have reduced energy intensity of output, faster increase in consumption demand relative to domestic supply has raised India's import dependency for crude oil from 77.6 per cent in 2013-14 to 88.2 per cent in 2024-25 (compound annual growth rate (CAGR) of 1.1 per cent) [Chart 4].

According to the International Energy Agency (IEA), India will be the largest consumer of crude oil with its oil demand expected to increase by almost 1.2 million barrels per day (mb/d) over 2023-2030, accounting for more than one-third of the projected 3.2 mb/d global gains due to rapid increase in manufacturing, commerce, transport and agricultural sectors (IEA, 2024). A fall in domestic supply due to slowdown in new discoveries along with a rise in

[4] India also benefitted from the diversification of its import destinations of crude oil, with Russia gaining a major share.

[5] Some of the policies include Production Sharing Contract (PSC) regime, Discovered Small Field Policy, Hydrocarbon Exploration and Licensing Policy and Setting up of National Data Repository.

Chart 4: India's Crude Oil Import Dependency
(Per cent of Consumption)



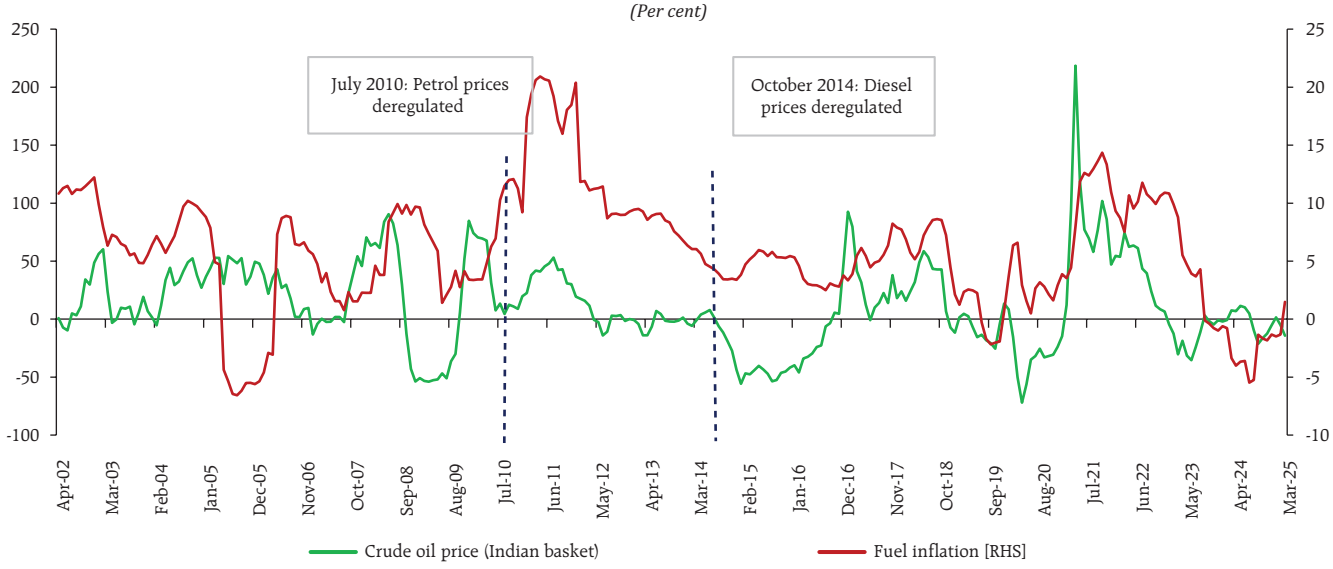
Source: PPAC.

demand could further increase India's oil demand-supply gap resulting in higher import dependency. Thus, continuing vulnerability to global crude oil price shocks has important ramifications for India's growth and inflation.

Oil importing countries are generally price takers in the global market. In view of this, domestic policies have implications for the extent to which global crude oil price movements impact domestic inflation. In India, deregulation of petrol prices in 2010 and diesel prices in 2014 was implemented to reflect a greater passthrough of global crude oil price movements to domestic fuel prices. With a weight of around 9 per cent in CPI-C basket, fuel and light, including petrol and diesel, impacts headline inflation through both direct and indirect channels. A rise in fuel cost generally manifests in higher transportation and input costs resulting in cross-sectional spillovers and increase in core inflation (headline inflation excluding food and fuel components). The co-movement of domestic fuel inflation and oil prices is evident as the correlation has increased considerably post-2010, reflecting higher passthrough. However, government policies including excise duties and taxes have muted the impact even after deregulation, thus containing the spillover of global oil price shocks to domestic inflation (Chart 5).

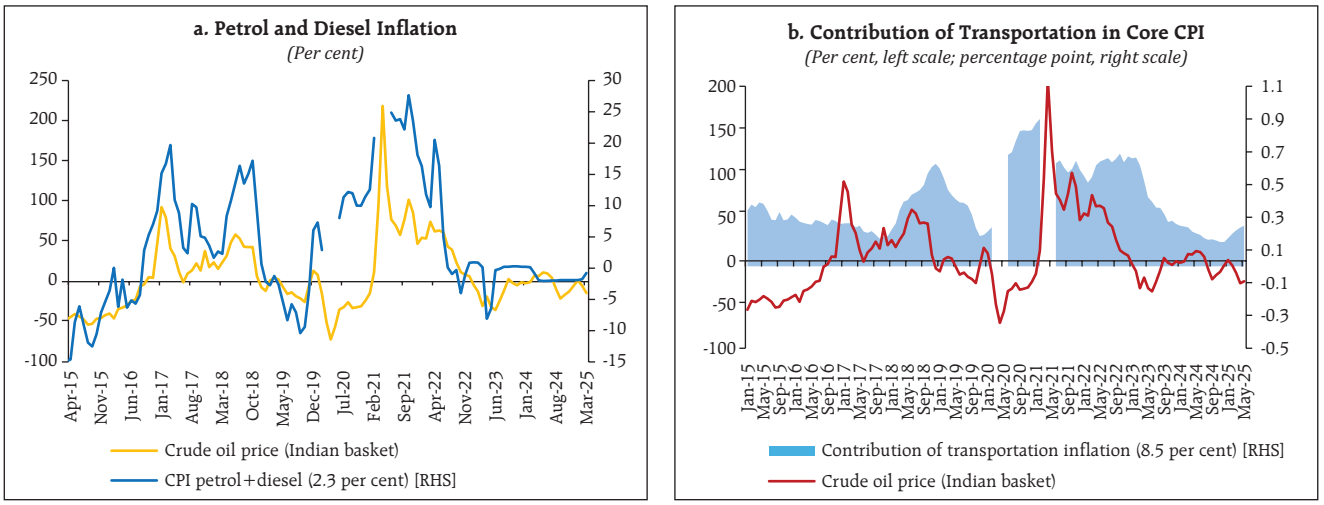
The incomplete passthrough of crude oil prices to petrol and diesel inflation and indirectly through costs of transportation, primarily on account of government intervention, is evident in the post-deregulation period (Charts 6a and b). In 2020, despite

Chart 5: Trend in Crude Oil Price and Domestic Fuel Inflation
(Per cent)



Sources: MoSPI and Bloomberg.

Chart 6: Crude Oil Price Passthrough in the Post-Deregulation Period



Note: 1. Transportation in chart b is a weighted index of all components of transport in the CPI-C basket, excluding petrol and diesel prices.
2. Figures in parentheses indicate weight in CPI-C and core CPI in Charts a and b, respectively.
3. Item-wise data for March, April and May 2020 are not available.
Sources: MoSPI and authors' estimates.

global crude oil price moderating to a historical low, fuel inflation remained high with higher duties of ₹13 per litre and ₹16 per litre announced on domestic pump prices for petrol and diesel, respectively, to finance pandemic-related expenditure. With sharp increase in global energy prices in 2021, however, excise duties on petrol and diesel were reduced by ₹5 per litre and ₹10 per litre, respectively. The spike in energy prices since the Russia-Ukraine conflict in February 2022 led to a persistent direct impact on domestic headline inflation as well as second-round pressures, which led to a further reduction in duties by ₹8 per litre and ₹6 per litre in petrol and diesel, respectively, in May 2022.

Unless retail fuel prices change, there is no direct impact of higher international oil prices on CPI. However, persistent increase in oil price can impact WPI and core (excluding food and fuel) in the form of higher transportation and input costs. It also has the potential to unhinge inflation expectations, thus changing the inflation path. Higher energy prices can raise inflation expectations of consumers and businesses, indirectly exerting pressure on food and core inflation.

IV. Empirical Analysis and Results

IV.1 Phillips curve estimates

To examine the impact of global crude oil price changes on India's headline inflation, a Phillips Curve (PC) estimation framework, widely used in modelling and forecasting inflation, is deployed. In this regard, the New Keynesian Phillips Curve (NKPC) is, generally, the standard tool of analyses (Nason and Smith, 2008; Dees *et al.*, 2009). From this perspective, this exercise estimates (i) the backward-looking triangle model in reference to the three basic determinants of inflation in the model – inertia, demand and supply-side factors (Gordon and Stock, 1998); and (ii) a hybrid NKPC which incorporates both forward and backward-looking components, based on the related literature (Gali and Gertler, 1999; Patra, *et al.*, 2014). More precisely, the following specifications are estimated:

$$\pi_t = \alpha_1 + \beta_1 \pi_{t-1} + \beta_2 X_{t-k} + \beta_3 \Delta(X_{t-k}) + \beta_4 Z_{t-k} + \varepsilon_t \quad ...(1)$$

$$\pi_t = \alpha_1 + \beta_1 \pi_{t-1} + \beta_2 X_{t-k} + \beta_3 \Delta(X_{t-k}) + \beta_4 Z_{t-k} + (1-\beta_1) E_t \pi_{t+1} + \varepsilon_t \quad ...(2)$$

where, π_t is the measure of inflation at time period t, X_t is the measure of domestic economic activity

represented by domestic output gap [((actual output - potential output)/potential output[6])*100], Δ stands for first difference and Z_t is a vector of supply-side factors such as global crude oil price, global non-fuel price, rainfall deviation from normal and exchange rate movements; $E_t\ \pi_{t+1}$ is the expected inflation and is proxied by one-year ahead median inflation expectations of the households; ε_t is the error term and k represents the time lags. All variables, except rainfall deviation from long period average (LPA), are de-seasonalised using the standard X-13 ARIMA procedure. The presence of unit roots in the variables is examined by employing the augmented Dickey-Fuller test and the test results are presented in Annex Table A1. Change in output gap – $\Delta(X_t)$ – is considered to capture the possibility of speed limit effects (Fisher *et al.*, 1997; Malikane, 2014; Jose *et al.*, 2021)[7]. The coefficients, β_2 and β_3, therefore, provide measures of the flexibility in price adjustment. All variables, barring inflation expectations (in percentage), were converted to their natural logarithms to stabilise their variances.

The estimations are done on quarterly data for the sample period 2009-10 to 2023-24 with the quarter-on-quarter (q-o-q) change in headline CPI-C as the dependent variable, using a suite of econometric techniques such as the ordinary least squares (OLS) regression, constrained linear regression and generalised method of moments (GMM). The final form of the equations is derived by starting with a general form with several lags of the output gap and choosing an appropriate model, based on the significance of relevant coefficients and overall fit.

Results indicate that the backward-looking terms are statistically significant with the expected positive sign across specifications (Table 1). The coefficients of the backward-looking terms (lags of price changes) are greater than the coefficient of the forward-looking term, *i.e.,* inflation expectations, in hybrid PC estimations, thereby indicating the overbearing influence of lagged price changes, *i.e.,* inflation inertia. The measure of economic activity – real output gap (3 quarters before) as well as the change in output gap – are found to be positive and significant across specifications suggesting the key role of demand. However, less than proportional impact of output gap on inflation (lower coefficient value) indicates lower degree of flexibility in price adjustment. Importantly, the impact coefficient of crude oil price change is 0.02 and statistically significant, indicating that a one per cent change in international crude oil price may lead to around 0.02 per cent increase in domestic CPI on a contemporaneous basis. In other words, the results indicate that a 10 per cent increase in international crude oil prices could increase India's headline inflation by around 20 basis points contemporaneously.[8] Exchange rate and global non-fuel prices are also found to have a bearing on headline inflation.

IV.2 Time-varying nature of impact

While the above models estimate the contemporaneous impact of oil price changes to domestic inflation, it is important to recognise that the impact would essentially be time-varying. As oil prices are highly volatile and are responsive to a host of factors and sudden events, including news items, straddling the global economic landscape, their impact on domestic consumer prices would be conditioned by the prevailing global and domestic macroeconomic conditions and policies. Therefore, to study the time-varying nature of the impact, rolling regression based on the hybrid-PC equation (without parameter constraints) has been estimated for the time period

[6] Proxied by Hodrick-Prescott (HP) filtered trend series of actual real GDP.

[7] The speed limit suggests that for a given level of economic activity, more rapid changes in the latter may cause larger changes in inflation (Fuhrer, 1995).

[8] The results are consistent with the existing literature (RBI, 2018).

Table 1: Phillips Curve (PC) Estimation – Quarterly Data

Explanatory Variables	Dependent Variable: $\Delta(ln\ CPI)_t$					
	OLS Regression[9]	Constrained Linear Regression		GMM without Parameter Constraints	GMM with Parameter Constraints	
	Backward-looking PC	Hybrid PC - 1	Hybrid PC - 2	Hybrid PC	Hybrid PC - 1	Hybrid PC - 2
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Constant	0.006*** (0.002)	-0.005 (0.004)	-0.0002 (0.006)	-0.01** (0.003)	-0.005 (0.004)	-0.0002 (0.01)
$\Delta(ln\ CPI)_{t-1}$	0.21** (0.11)	0.15* (0.08)	0.41*** (0.11)	0.03 (0.09)	0.15** (0.07)	0.41*** (0.10)
$\Delta(ln\ CPI)_{t-2}$	0.36*** (0.07)	0.35*** (0.08)	0.59*** (0.11)	0.25*** (0.08)	0.35 (-)	0.59*** (0.10)
$(Domestic\ Output\ Gap)_{t-3}$	0.01** (0.003)	0.01*** (0.002)	0.01*** (0.002)	0.01*** (0.001)	0.01*** (0.001)	0.01*** (0.002)
$\Delta(Domestic\ Output\ Gap)_{t-1}$	0.002 (0.001)	0.002** (0.001)	0.002* (0.001)	0.002** (0.001)	0.002** (0.001)	0.002** (0.001)
$\Delta(ln\ Global\ Crude\ Oil\ Price)_t$	0.02*** (0.01)	0.02*** (0.01)	0.02*** (0.01)	0.02*** (0.005)	0.02*** (0.005)	0.02*** (0.01)
$\Delta(ln\ Global\ Non\ fuel\ Price)_{t-6}$	0.03*** (0.01)	0.05*** (0.02)	0.04* (0.02)	0.05*** (0.01)	0.05*** (0.01)	0.04** (0.02)
$(ln\ Rainfall\ Deviation)_{t-1}$	0.0004 (0.001)	0.001 (0.001)	0.0003 (0.001)	0.001 (0.001)	0.001 (0.001)	0.0003 (0.001)
$\Delta(ln\ Exchange\ Rate)_{t;\ t-6;\ t-6;\ t-6}$	0.03 (0.04)	0.06** (0.03)	0.02 (0.04)	0.08*** (0.02)	0.06*** (0.02)	0.02 (0.03)
$(Inflation\ Expectations)_t$	-	0.001*** (0.0003)	-0.0001 (0.0005)	0.001*** (0.0003)	0.001*** (0.0003)	-0.0001 (-)
No. of Observations (adj.)	61	61	61	61	61	61
Sample Period (adj.)	2009Q3-2024Q3	2009Q3-2024Q3	2009Q3-2024Q3	2009Q3-2024Q3	2009Q3-2024Q3	2009Q3-2024Q3
Adjusted R-squared	0.54	-	-	-	-	-
Root MSE	-	0.006	0.007	-	-	-
F-Statistic	6.93***	F(9,48) = 305.10***	F(9,48) = 83.60***	-	-	-

Notes: *, ** and *** represent significance levels at 10 per cent, 5 per cent and 1 per cent, respectively.

1. Figures in parentheses indicate robust standard errors.
2. Separate period dummies for appropriate quarters (primarily 2009-10 – post-global financial crisis pickup in global commodity prices; 2013-14 – exchange rate fluctuations during the taper tantrum episode and sharp fall in output gap; 2014-15 – sharp fall in inflation expectations; 2015-16 – sharp improvement in demand conditions; 2020-21 – pandemic-led sharp drop in output gap; 2022-23 – Ukraine war) were incorporated in the specifications as exogenous variables to capture episodic events.
3. Hybrid PC -1 includes the following constraint: sum of coefficients associated with the backward-looking terms of CPI at lags 1 and 2 = 0.5. This has been done to derive the model-determined coefficient of the forward-looking term (inflation expectations).
4. Hybrid PC - 2 includes the following constraint: sum of the coefficients associated with the backward- and forward-looking terms = 1 (vertical PC), which is an extreme case.
5. A longer sample period using quarterly data from 2000-01 to 2023-24 produces similar results for the backward-looking PC (specification 1). The coefficient for crude oil changes turns out to be 0.01 in that case.

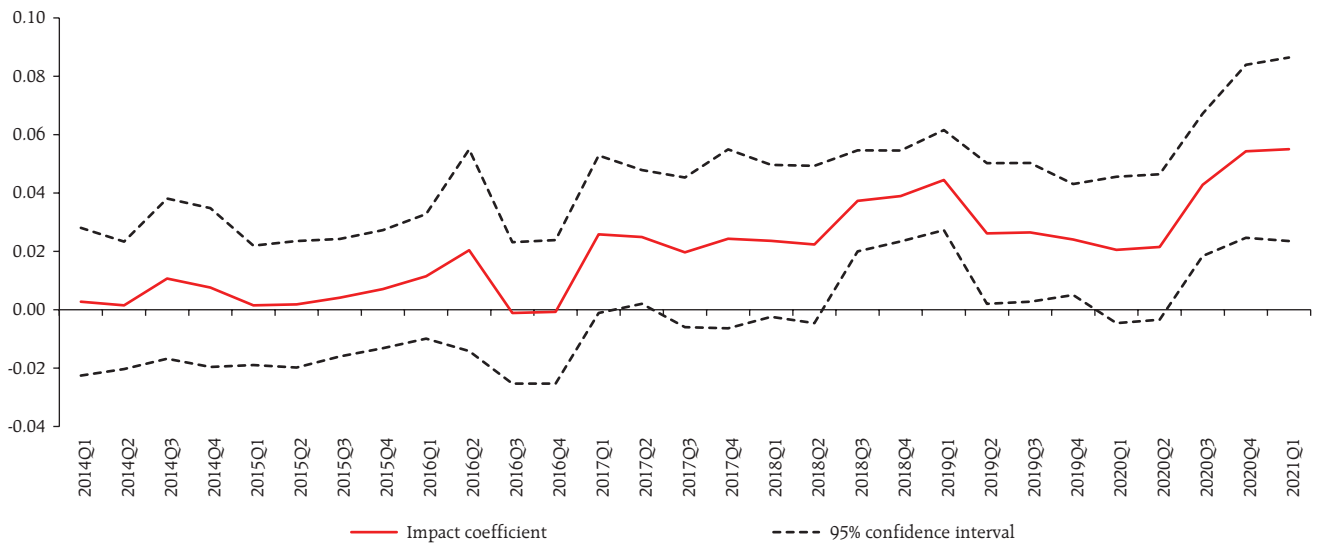
Source: Authors' estimates.

2009-10 to 2023-24. The results indicate that the impact of global crude oil price changes on India's headline inflation has increased to some extent since the deregulation of domestic petrol and diesel prices through the direct and indirect channels; nonetheless, the impact has remained largely rangebound due to

[9] Breusch-Godfrey Serial Correlation LM Test (Null hypothesis: No serial correlation at up to 2 lags): Prob.χ^2_2 =0.94; Bruesh-Pagan-Godfrey test for heteroskedasticity (Null hypothesis: Homoskedasticity): Prob.χ^2_{12}=0.91. The GMM specifications were exactly identified. Adjusted R-squared is not reported for GMM specifications as GMM method primarily focusses on the validity of the instruments.

Chart 7: Results of Rolling Regression (16-Quarters Rolling Window)

(Rolling coefficients, vertical scale)



Source: Authors' estimates.

active management of pump-prices, limiting spillover to domestic inflation from large fluctuations in global crude oil prices (also seen in Charts 6a and b). This primarily reflects the role of government measures in containing fuel inflation as domestic fuel prices are often conditional upon government policies on excise duties of petrol and diesel. In the post-pandemic period, the impact, although largely contained, is statistically significant with the surge in crude oil prices owing to the post-pandemic demand revival, which further intensified due to the supply chain disruptions caused by the outbreak of the Russia-Ukraine war in early 2022 (Chart 7). As current international prices are moderating consistently owing to increase in supply and fall in demand due to global economic slowdown, this augurs well for inflation as indicated by the limited passthrough to domestic prices. However, increasing oil demand and growing oil import dependency (indicated in Chart 4) may lead to higher susceptibility to global oil price shocks through the direct and indirect channels over a longer time horizon, warranting more intensive intervention to limit the impact of spillovers.

V. Conclusion

Oil prices and their inflationary impact is a key metric that sensitise monetary policy formulation in economies vulnerable to oil price shocks, particularly net oil importers, where rising oil prices can significantly dampen economic growth and stoke inflation pressures. The direct impact of international crude oil price changes to domestic petrol and diesel inflation, and indirectly through transportation and input costs, is evident in the post-deregulation period *albeit* at a subdued level as government intervention by taxes, cess and regulation of oil marketing companies has often muted the impact. The results of the empirical analysis suggest that a 10 per cent increase in international crude oil prices could raise India's headline inflation by around 20 basis points on a contemporaneous basis.

Thus, while active government intervention has contained spillover to domestic prices, policymakers need to be vigilant and cautious of the direct and indirect impact of the evolving global crude price dynamics through continuous assessment, given India's increasing dependence on crude oil imports

and a persistent demand-supply gap. In this regard, government policies would play a pivotal role in containing the impact. Specifically, reducing crude oil dependence by promoting alternate non-fossil energy usage and regional free trade agreements and bilateral treaties with major oil exporters could be explored for oil imports at favourable prices.

References

Aastveit, K.A., Bjørnland, H.C., and Cross, J.L. (2023). Inflation expectations and the pass-through of oil prices. *Review of Economics and Statistics*, 105(3), 733-743.

Baba, C. and Lee, J. (2022). Second Round Effects of Oil price Shocks-Implications for Europe's Inflation Outlook. *IMF Working Paper WP/22/173*, September.

Benes, J., *et al.* (2016). Quarterly Projection Model for India: Key Elements and Properties. *RBI Working Paper Series No. 08/2016.*

Bhanumurthy, N.R., Das, S., and Bose, S. (2012). Oil price shock, pass-through policy and its impact on India. *National Institute of Public Finance and Policy Working Paper No. 2012-99.*

Chen, S.S. (2009). Oil price pass-through into inflation. *Energy Economics*, 31(1), 126-133.

Choi, S., *et al.* (2018). Oil prices and inflation dynamics: Evidence from advanced and developing economies. *Journal of International Money and Finance*, 82, 71-96.

Conflitti, C., and Luciani, M. (2019). Oil price pass-through into core inflation. *The Energy Journal*, 40(6), 221-248.

Dees, S., *et al.* (2009). Identification of new Keynesian Phillips curves from a global perspective. *Journal of Money, Credit and Banking*, 41(7), 1481-1502.

Fisher, P.G., Mahadeva, L., and Whitley., J.D. (1997). The output gap and inflation–Experience at the Bank of England. *BIS Conference Papers*, 4.

Fuhrer, J.C. (1995). The Phillips curve is alive and well. *New England Economic Review*, 41-57.

Gali, J., and Gertler, M. (1999). Inflation dynamics: A structural econometric analysis. *Journal of Monetary Economics*, 44(2), 195-222.

Gordon, R.J. and Stock, J.H. (1998). Foundations of the Goldilocks economy: supply shocks and the time-varying NAIRU. *Brookings Papers on Economic Activity*, 1998(2), 297-346.

IEA. (2024). Indian Oil Market Outlook 2030, February.

IMF. (2024). World Economic Outlook, October.

John, J., *et al.* (2023). A Recalibrated Quarterly Projection Model (QPM 2.0) for India. *RBI Bulletin*, February.

Jose, J., *et al.* (2021). Alternative Inflation Forecasting Models for India-What Performs Better in Practice? *Reserve Bank of India Occasional Papers*, *42*(1).

Kilian, L., and Zhou, X. (2023). A broader perspective on the inflationary effects of energy price shocks. *Energy Economics*, 125, 106893.

Kpodar, K., and Imam, P. A. (2021). To pass (or not to pass) through international fuel price changes to domestic fuel prices in developing countries: What are the drivers?. *Energy Policy*, 149, 111999.

Lòpez-Villavicencio, A., and Pourroy, M. (2019). Inflation target and (a) symmetries in the oil price pass-through to inflation. *Energy Economics*, 80, 860-875.

Malikane, C. (2014). A new Keynesian triangle Phillips curve. *Economic Modelling*, 43, 247-255.

Mandal, K., Bhattacharyya, I., and Bhoi, B.B. (2012). Is the oil price pass-through in India any different?. *Journal of Policy Modeling*, 34(6), 832-848.

Mishkin, F.S. (2007). Inflation dynamics. *International Finance*, 10(3), 317-334.

Nason, J.M., and Smith, G.W. (2008). Identifying the new Keynesian Phillips curve. *Journal of Applied Econometrics*, 23(5), 525-551.

Patra, M.D., Khundrakpam, J.K., and George, A.T. (2014). Post-Global crisis inflation dynamics in India: What has changed?. In S. Shah, B. Bosworth and A. Panagariya (Eds.), *India Policy Forum*, 10(1) (pp. 117-191). New Delhi: Sage Publications.

RBI. (2018). Monetary Policy Report, October.

Yilmazkuday, H. (2021). Oil price pass-through into consumer prices: Evidence from US weekly data. *Journal of international Money and Finance*, 119, 102494.

Annex

Table A1: Results of the Unit Root Tests

Variables	Augmented Dickey Fuller (ADF) Test Statistic	
	Log X	Δ Log X
ln(CPI)	-1.10	-7.87***
ln(Exchange Rate)	-0.78	-6.98***
Domestic Output Gap	-6.82***	-
ln (Global Crude Oil Price)	-1.89	-8.60***
ln(Rainfall Deviation)	-11.34***	-
ln(Global Non fuel Price)	-1.11	-7.11***
Inflation Expectations	-2.85*	-

Note: ***, ** and * indicate significance at 1 per cent, 5 per cent and 10 per cent levels of significance, respectively. The null hypothesis of ADF is that the data series is nonstationary. All variables, except rainfall deviation, were de-seasonalised before checking for the presence of unit roots.
Source: Authors' estimates.

Determinants of Overnight Uncollateralised Money Market Volume - An Empirical Assessment

by Srijashree Sardar and Alqama Pervez ^

The money market in India has undergone significant changes in the past few decades. This article aims to analyse different segments of the money market with a focus on the overnight call money market and its volume. The empirical findings suggest that the system liquidity conditions and the spread of the weighted average call rate over the policy repo rate have a significant impact on the call transaction volume. While forward premia divergence and inflows to government also have a positive impact on call money volume, the volume of the collateralised segment, outflows from government and truncated trading hours had a negative bearing on it.

Introduction

The Indian money market is segmented into short-term unsecured loans (call), collateralised lending and borrowing (including repurchase agreements), commercial papers (CPs), certificates of deposit (CDs) and treasury bills (T-bills). The unsecured market is dominated by the overnight segment (Call) whereas the triparty repo (TREP), that involves several non-bank participants such as mutual funds, dominates the collateralised segment.

The call market is the uncollateralised money market, with maturities ranging from overnight to one year[1], which allows banks and select financial institutions (primary dealers) to borrow and lend funds for managing their short-term liquidity needs. The volume-weighted average call rate (WACR) is the operating target of the Reserve Bank of India's (RBI) monetary policy as monetary transmission is the fastest to the uncollateralised interbank segment (RBI, 2011) and as WACR is a variable that monetary policy can directly control with its actions (RBI, 2014). Therefore, a study of the various factors that impact the volume of this segment on a day-to-day basis becomes extremely necessary.

The rest of the paper has been split into five sections. Section II presents the overview of the call money market; Section III provides the history of the call money market in India; few stylised facts related to the call money market in India are presented in Section IV; Section V undertakes the empirical analysis for determining the factors influencing overnight call money market volume and the last section concludes the findings.

II. Overview

Banks in India have a regulatory requirement of maintaining reserves. Scheduled banks must maintain the required reserves in the form of current account balance with the RBI, whereas non-scheduled co-operative banks and local area banks may maintain reserves in the form of cash with themselves or by way of balances in current accounts with the RBI or with other banks.[2] Reserve requirements serve dual purpose – they act as a source of liquidity for banks along with serving as a tool of monetary policy for the central bank.

The central bank can create or extinguish bank reserves, also known as system liquidity, using its liquidity management tools that include open market

^ The authors are from Financial Stability Department (FSD) and Financial Markets Operations Department (FMOD), Reserve Bank of India, respectively. The valuable suggestions received from Shri G. Seshsayee, FMOD, and Shri Satish Chandra Rath, FMOD, are gratefully acknowledged. The views expressed in the article are those of the authors and do not reflect the views of the Reserve Bank of India.

[1] Overnight transactions are referred to as Call money. If funds are borrowed/lent for more than one day and up to 14 days, it is referred to as Notice money, and if the period ranges from 15 days to 1 year, it is referred to as Term money.

[2] Master Direction - Reserve Bank of India [Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR)] Directions – 2021, reference number DOR.No.RET.REC.32/12.01.001/2021-22 dated July 20, 2021 (Updated as on December 16, 2024)

operations, repo/reverse repo operations and FX swap operations. System liquidity may also be impacted by certain other factors which may be transient/frictional or durable in nature. Transient/frictional changes to liquidity are those that could reverse course within a short timeframe, including a day. Government balances with the Reserve Bank are a major source of transient/frictional changes in reserves. Durable shifts in liquidity arise from lasting changes in the liabilities of the Reserve Bank *viz.*, expansion/contraction in currency in circulation (CiC) and changes in banking system reserves due to unsterilised FX intervention operations (RBI, 2019).

The call money market primarily acts as an avenue for eligible participants to lend and borrow reserves among themselves for short duration (majorly overnight). Under neutral or near-neutral banking system liquidity conditions, the Call rate tends to move between the Liquidity Adjustment Facility (LAF) corridor with the Standing Deposit Facility (SDF) rate and the Marginal Standing Facility (MSF) rate acting as the floor and the ceiling of the corridor, respectively. During times of excessive surplus liquidity, Call rates tend to converge with the SDF rate as banks have no incentive to lend below the SDF rate. However, non-scheduled co-operative banks and local area banks maintaining reserve balance with other banks may switch their excess balance into Call money with their correspondent banks or with any other eligible borrower to earn overnight remuneration. Such transactions may be below SDF rate since these co-operative and local area banks do not have access to the RBI's SDF. Conversely, under deficit liquidity conditions, banks tend to borrow at around the MSF rate as interbank transactions do not suffice for overnight reserve requirements and there has to be a net borrowing of reserves from the RBI at the end of the day. Primary dealers (PDs), who do not have access to the MSF window, may, however, transact at rates above the MSF rate in the Call segment during the day. A screen-based, quote-driven, electronic trading platform - NDS-CALL, launched in 2006, facilitates call market operations.

III. History

III. 1. Participants

Until 1971, the call money market exclusively operated as an interbank market. The Unit Trust of India and the Life Insurance Corporation of India were granted permission to participate as lenders in this segment in 1971. Subsequently, several other non-bank participants were permitted to lend in the call money market. Primary dealers were allowed to act both as lenders and borrowers. However, by the early 2000s, the RBI began to revert to a pure interbank call money market with PDs being the only non-bank entity allowed. Migration of other market players towards the collateralised segments of the market led to greater overall market stability and diversification. Non-bank entities, with the exception of PDs, had completely withdrawn from the call money market by August 2005 (Mohanty, 2012).

III. 2. Prudential Limits

Based on the recommendations of the Narasimham Committee (1998), the Reserve Bank stipulated prudential limits on lending and borrowing by participants in call money in a phased manner. In April 2005, these limits were linked to capital funds for scheduled commercial banks. Till recently, such banks were allowed to borrow up to 100 per cent of their Tier I and Tier II capital on a daily average basis in a reporting fortnight, and 125 per cent of owned funds on any given day in the Call and Notice market. However, in June 2023, scheduled commercial banks (excluding small finance banks and payments banks) were allowed to establish their own limits for borrowing in the money market while adhering to the prudential limits for interbank liabilities prescribed

by the Reserve Bank of India. The changes were intended to enhance banks' flexibility in managing their money market borrowings. Furthermore, in terms of the extant guidelines, prudential limits relating to lending transactions can be determined by the eligible institutions themselves with the approval of their respective Board.[3]

III. 3. Interest Rates

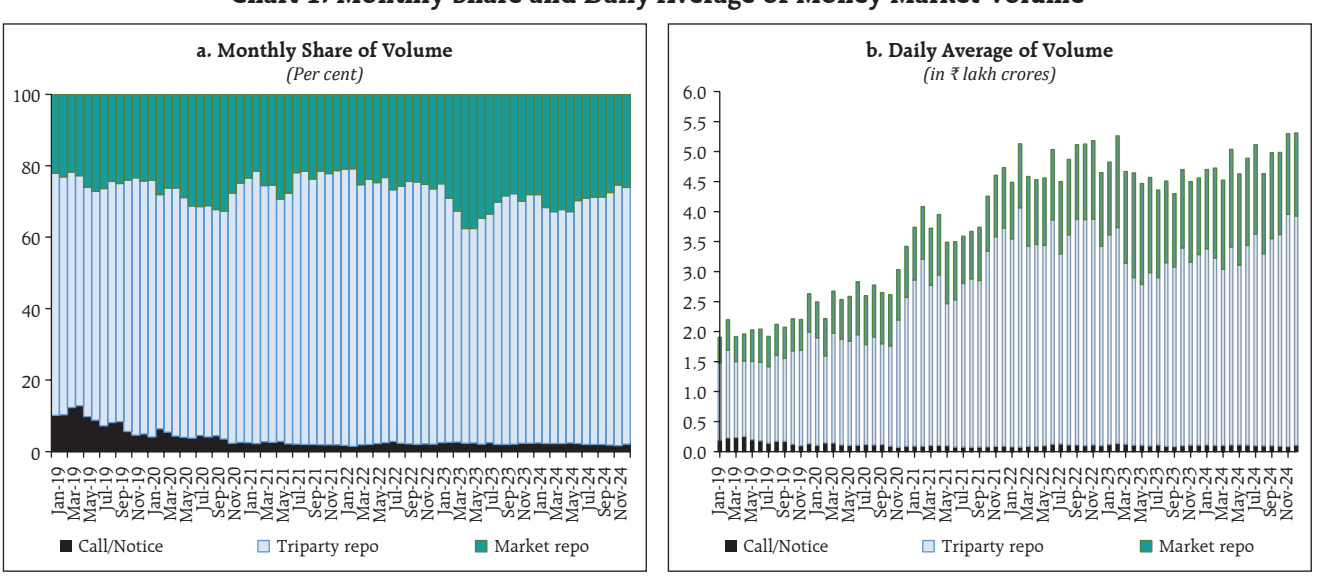
Prior to December 1973, call money rates were determined by the market forces. However, as the rates routinely surpassed 25-30 per cent, the Indian Banks' Association (IBA) found it needful to interfere and bring stability to the market. The IBA believed that prolonged high interest rates would disrupt the operations of the entire banking system and would contradict the fundamental goals of planned credit allocation under a regulated lending rate framework. Thus, a ceiling of 15 per cent was set on Call rate in December 1973, which was modulated time to time (RBI, 1987). With the phased introduction of the LAF in 2000, the repo rate (and later the MSF rate) became the implicit ceiling for the Call rate. In 2011, the Reserve Bank adopted the WACR as the operating target of its monetary policy.

IV. Stylised Facts

IV.1 Transaction Volumes

Activity in the Indian money market has increased significantly in recent years, with the collateralised segment, led by the triparty repo, dominating in terms of transaction volume. The collateralised segment had an average volume share of 96 per cent as against 4 per cent share of the uncollateralised call money market during the period under consideration (January 2019 to December 2024) (Chart 1a). While the transacted volume of the call segment has nearly halved from 2019 to 2024, its share in the overall money market has shrunk to 2 per cent in December 2024 from 10 per cent in January 2019. The average daily traded volume in TREP and market Repo increased to ₹3.4 lakh crores and 1.4 lakh crores in 2024 from 1.4 lakh crores and 0.5 lakh crores, respectively, in 2019 (Chart 1b).

Chart 1: Monthly Share and Daily Average of Money Market Volume



Sources: CCIL and Authors' calculations.

[3] Reserve Bank of India. (Call, Notice and Term Money Markets) Directions, 2021-Review, reference number FMRD. DIRD. 02/14.01.001/2023-24 dated June 08, 2023. (https://rbi.org.in/scripts/FS_Notification.aspx?Id=12511&fn=6&Mode=0)

Within the uncollateralised call money segment, the overnight segment dominates in terms of volume (Chart 2). Despite several measures taken by the Reserve Bank over the years, volumes in the Notice and Term money segments remain very low - on an average 6 per cent of the overall call money volume during the study period.

IV.2 Participants Profile

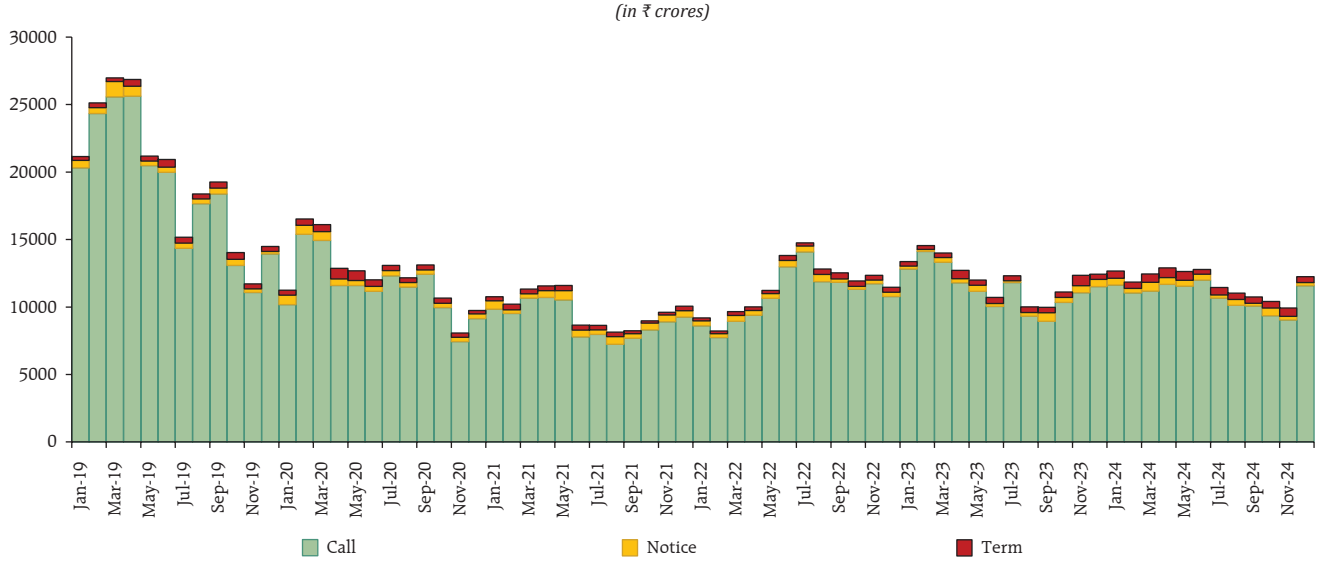
Entities currently eligible to participate in the Call, Notice and Term money markets, both as borrowers and lenders are scheduled commercial banks (including payment banks and small finance banks), regional rural banks, co-operative banks (state co-operative banks, district central co-operative banks and urban co-operative banks) and primary dealers.

Primary dealers are the major borrowers in the segment. The share of PDs has increased over the years while the share of public sector banks (PSBs) and private banks (PVBs) declined correspondingly (Chart 3a). The share of monthly borrowing volume of PDs was on an average 59 per cent of the total transacted volume in the uncollateralised segment during the period from 2019 to 2024, which increased gradually over time from 30 per cent in 2019 to 79 percent in 2024. The borrowing share of PSBs has come down drastically, from 32 per cent in 2019 to 3 per cent in 2024, with that of PVBs also declining steadily during the same period as banks increased their borrowing activity in the collateralised segment.

On the other side, co-operative banks are the major lenders in the segment. The transaction volume of co-operative banks has not changed significantly over time, although their share has increased since 2019 (Chart 3b). This is mainly due to the transaction volume of PSBs and PVBs decreasing substantially, especially during the COVID-19 pandemic period. While the share of co-operative banks in the monthly lending volume was around 66 per cent during the pandemic, its share in lending was on an average 57 per cent of overall transacted volume during the period of 2019 to 2024. Co-operative banks participation in call money market decreased significantly after the Reserve Bank's directive for mandatory membership on NDS-CALL trading platform for call money market

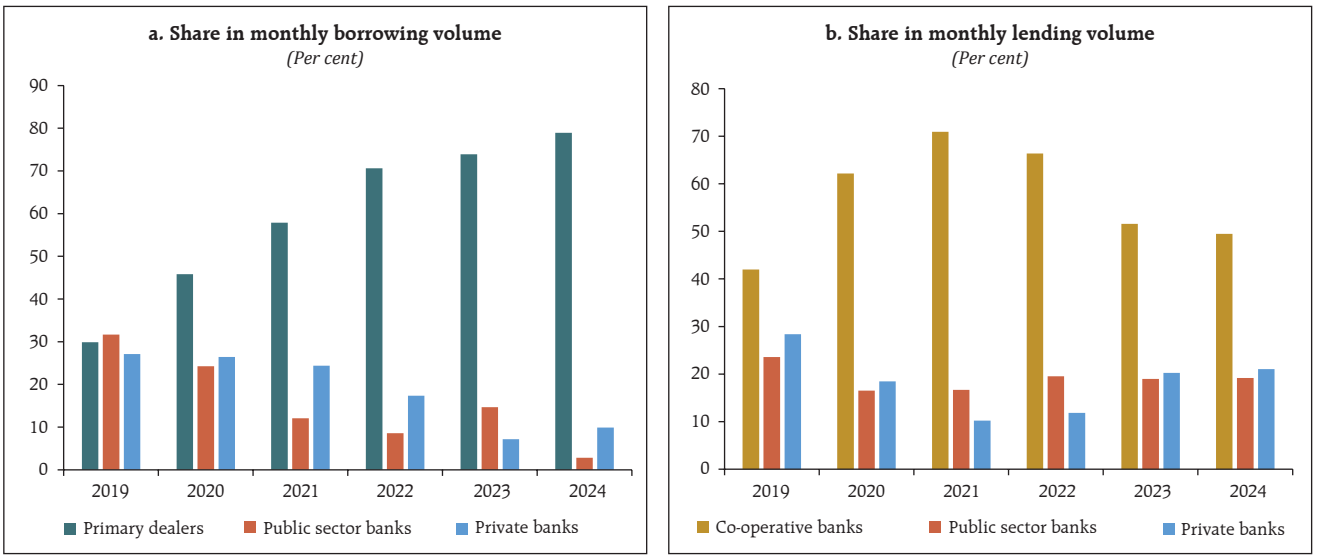
Chart 2: Monthly Average of Daily Volume in Call Money Market

(in ₹ crores)



Sources: CCIL and Authors' calculations.

Chart 3: Call Money Market Borrower and Lender Profile



Sources: CCIL and Authors' calculations.

activity[4]. It has, however, rebounded in the recent months, suggesting an increase in membership of co-operative banks.

IV.3 Transacting Mechanism

Call money transactions are executed either on the NDS-CALL platform, a screen-based, quote-driven electronic trading system managed by the CCIL, or through bilateral communication outside the NDS-CALL platform, which must be subsequently reported on the platform by the transacting members. These are called traded deals and reported deals, respectively. Entities that do not have NDS-CALL membership must report the deals directly to the RBI.

Traditionally, traded and reported deals have differed in terms of participants, rates and volume, with the latter predominantly comprising of transactions between non-scheduled co-operative banks (mostly non-members of NDS-CALL) and their correspondent banks or other eligible borrowers. However, the share of reported deals in the overall call money market segment has dwindled sharply post the RBI Master Direction[5] dated April 1, 2021, and the subsequent Fixed Income Money Market and Derivatives Association of India (FIMMDA) notification[6] dated September 29, 2022, in terms of which all eligible participants in the Call, Notice and Term money markets were required to obtain membership of NDS-CALL platform in due course of time.

IV.4 Traded and Reported Deals

The monthly share of traded deals within the call money market has been rapidly increasing since Q1 of 2022 as transactions between member counterparties have increased over those with non-members, especially following the RBI's directive for mandatory membership on NDS-CALL trading platform for call money market activity. The share of reported deals has been almost nil since December 2023 (Chart 4).

[4] Master Direction - Reserve Bank of India. (Call, Notice and Term Money Markets) Directions, 2021, reference number FMRD.DIRD.02/14.01.001/2021-22 dated April 01, 2021 (Updated as on June 08, 2023) (https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12061)

[5] ibid

[6] FIMMDA notice about Membership of NDS -CALL Platform – FIMNOT/2022-23/06 dated September 29, 2022. (https://www.fimmda.org/Uploads/general/06-Membeship_nds_call_platform_29092022.pdf)

Chart 4: Quarterly Share of Traded and Reported Deals

(Per cent)

Sources: CCIL and Authors' calculations.

IV.5 Temporal Distribution of Trades

A peculiar feature of the call money market is the skewed distribution of trades within the day. The bulk of the trades occur in the first hour of any given day which may be attributed to the fact that primary dealers, the major borrower in the segment, tend to fulfil their funding needs early in the day. Chart 5 shows the temporal distribution of trades in the call money market under four different scenarios within the period of study –

Scenarios	Period Considered
Scenario I: Regular (Non-truncated) trading hours (9AM to 5PM)	January 2019 to April 6, 2020, and December 12, 2022, to December 31, 2024
Scenario II: Truncated trading hours (10AM to 2PM)	April 7, 2020, to November 8, 2020
Scenario III: Truncated trading hours (10AM to 3:30PM)	November 9, 2020, to April 17, 2022
Scenario IV: Truncated trading hours (9AM to 3.30PM)	April 18, 2022, to December 11, 2022

V. Data and Empirics

Transaction volume in the Call segment is impacted by several factors. This paper attempts to study the extent to which the transaction volume is influenced by system liquidity conditions as well as other factors like activity in the collateralised segment (TREP and market repo), changes in government balance with the RBI, spread of the WACR over policy repo rate, monetary policy announcement, USD/INR forward premia, market hours and the RBI regulations.

To examine the determinants of the volume in Call market, the study employs the overall volume of the overnight segment (traded and reported) as a dependent variable. For this purpose, we have used daily data from January 1, 2019 to December 31, 2024, excluding working Saturdays[7] since the call money market volumes remain very low on these days with limited participant base.

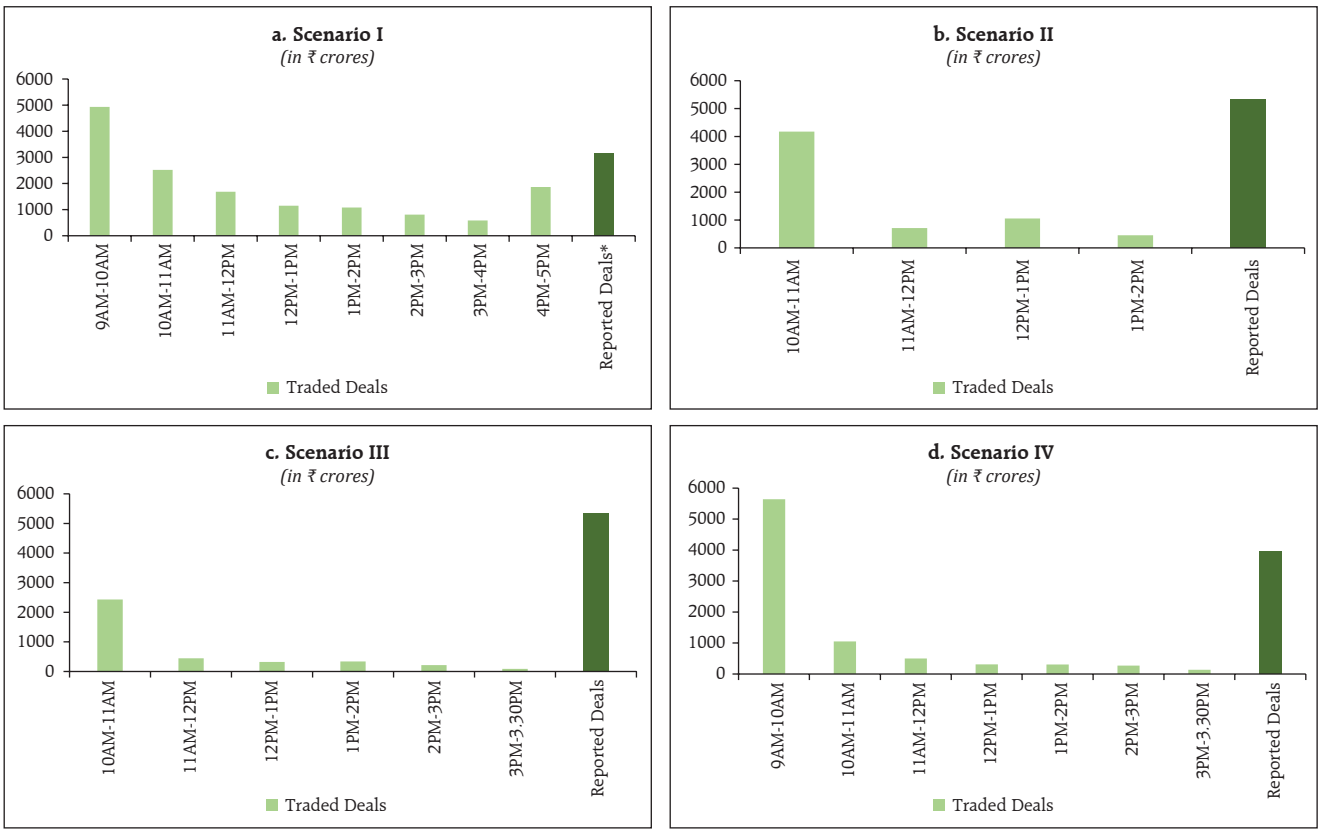
The dependent variables chosen and their expected influence on the independent variable are discussed below and summarized in Table 1.

V.1. Influencing Factors and Their Impact

(i) Net System Liquidity: As the call money segment majorly acts as a platform for redistribution of reserves, the net banking system liquidity, measured as the net liquidity absorbed by the central bank on any given day (liquidity absorbed under SDF and variable rate reverse repo operations net of liquidity injected through MSF, repo operations and standing liquidity facilities) and published daily by the RBI in

[7] Saturdays of the month when banks are operational, *i.e.*, all Saturdays except 2nd and 4th Saturday of the month

Chart 5: Temporal Distribution of Deals (Average Daily Volume) Under Different Scenarios



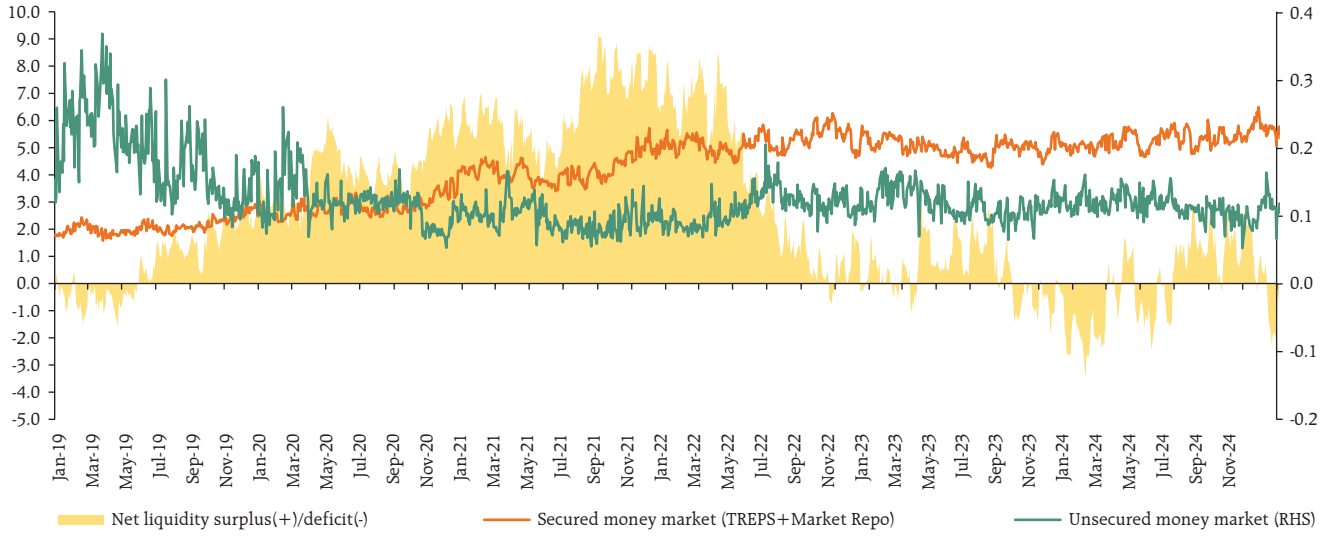
Note: *For reported deals in Scenario I, only data up to November 2023 have been considered for calculation of average daily volume as reported deals have nearly been absent since December 2023.
Sources: CCIL and Authors' calculations.

Table 1: Variables, Expected Signs and their Sources

Sr.No.	Variable	Notation used	Frequency	Expected sign	Source
1.	Volume of overnight call money market (in lakh crores)	CALL	daily	Dependent variable	CCIL
2.	Previous day volume of overnight call money market (in lakh crores)	CALL (-1)	daily	+	CCIL
3.	Net liquidity injected (in lakh crores)	LAF	daily	+	RBI
4.	WACR spread over policy repo rate	WACRSPREAD	daily	+	CCIL; RBI; Author's estimation
5.	TREP + Market Repo traded volume (in lakh crores)	TRMR	daily	–	CCIL
6.	Forward Premia Divergence (FPD) dummy: FPD=1, if |IRD - overnight forward premia|>0.25; 0, otherwise Where, IRD = Interest rate differential = WACR - SOFR; SOFR = US Secured Overnight Funding Rate	FPREMD	daily	+	RBI; Bloomberg; FBIL
7.	Inflows to the government (GOI inflow) dummy: GOI_POS = 1, if flow of more than 50K from the banking system to the government 0, otherwise	GOI_POS	daily	+	RBI
8.	Outflows from the government (GOI outflow) dummy: GOI_NEG = 1, if flow of more than 50K from the government to the banking system 0, otherwise	GOI_NEG	daily	–	RBI
9.	Market hours dummy: MHOURS=1, if truncated market hours; 0, if regular market hours	MHOURS	daily	–	RBI; Authors estimation
10.	MPC dummy; 1 for MPC announcement day; 0, otherwise	MPC	daily	+	RBI; Authors estimation
11.	Regulation dummy; for period after the directions mandating acquisition of membership of NDS-CALL platform: 1 from October 2022 onwards; 0, otherwise	REGULATION	daily	–	RBI; Authors estimation

Chart 6: Overnight Money Market Volume vs. Net System Liquidity

(in ₹ lakh crores, both left and right scale)



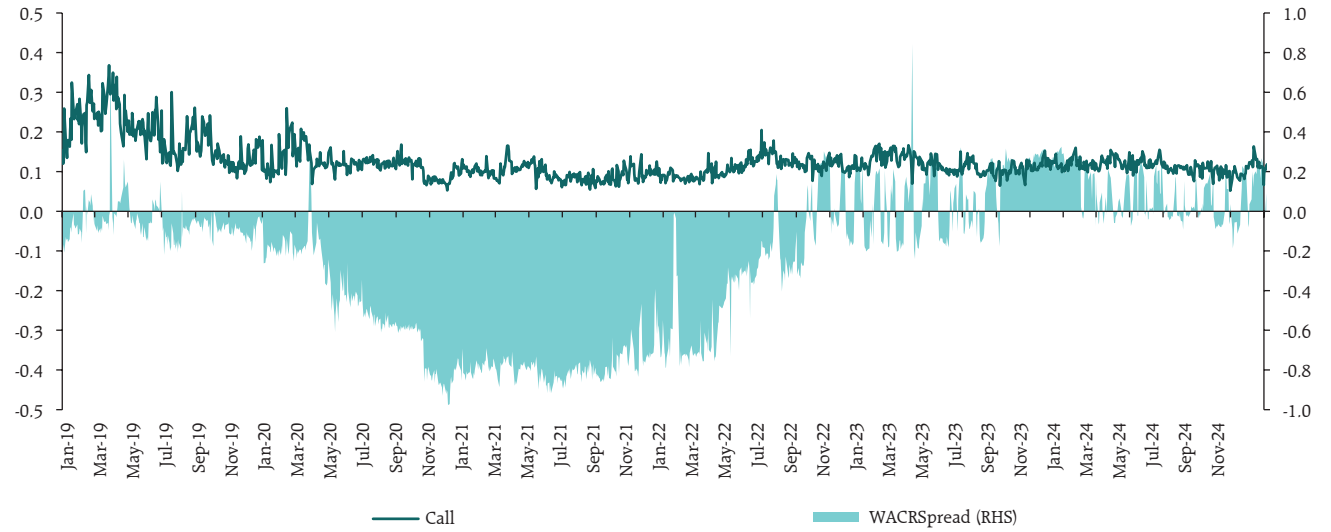
Sources: RBI, CCIL and Authors' calculations.

the form of Money Market Operations Press Release, is expected to serve as an important determinant of Call volume. When the system is flush with liquidity, banks have less reasons to transact in the call market as most banks are holding adequate reserves to meet their regulatory and settlement needs (Chart 6). It is under constrained liquidity scenario that market participants have to actively vie for reserves, pushing up Call volume.

(ii) Spread of the Weighted Average Call Rate over Repo Rate: The call money market being the primary avenue for banks to transact in reserves and the policy repo rate being the midpoint of the LAF corridor, a rise in the spread of the WACR over the repo rate is usually associated with an increase in the overnight call volume as it indicates a heightened demand for reserves (Chart 7).

Chart 7: Overnight Call Money vs. WACR spread over Repo Rate

(Volume in ₹ lakh crores, left scale; Per cent, right scale)



Sources: RBI, CCIL and Authors' calculations.

(iii) Transaction Volume in TREP and Market Repo Segments: The collateralised TREP and market repo segments provide avenue to banks as well as non-bank participants to lend and borrow for short term, largely overnight. Mutual funds (MFs) dominate the lending side of TREP, cornering more than 60 per cent of the share in terms of volume lent, while banks remain on the borrowing side. In market repo, which is subdivided into basket repo and special repo segments, PDs are the major borrowers with MFs and foreign banks being most active on the lending side. While the borrowing needs of PDs and banks are driven by their demand for reserves, the lending volume of MFs in the money market is largely an outcome of their investment mandate. Therefore, a heightened lending activity in the collateralised segment of the money market by MFs may, to an extent, lead to the fulfilment of demand of PDs and banks for short term liquidity, thereby leading to decline in Call volume.

(iv) Government Flows: The RBI, being the banker to the Government of India (GoI) as well as to the state governments (except Sikkim), maintains their accounts into which taxes and other receipts flow and from which government expenditures and other payments are made. Transfers to and from the government accounts impact banking system liquidity. Large outflows to the government by way of tax collection or auction proceeds reduce banks' reserve position, increasing Call market activity, while inflows to the banking system by way of government spending or bond maturities inject liquidity into the banking system, curtailing the need for banks and PDs to resort to Call market to seek reserves. In this study, we analyse the impact of large flows to and from the Government of India on a particular day on the Call volume.

(v) Monetary Policy Announcement: Activity in the Call market is expected to spike on the days of the RBI's monetary policy announcement as banks may choose to re-position their reserve balances ahead or post the Monetary Policy Committee (MPC) decision.

(vi) USD/INR Forward Premia: The forward premium for a tenor for a currency pair should ideally reflect the interest rate differential between the currencies at that tenor. However, the forward premia may diverge from the interest rate differentials due to demand-supply dynamics or various market imperfections, creating arbitrage opportunities. When the short-term USD/INR forward premia are considerably wider than the difference between the short-term interest rates in India and the US, a bank may borrow in the Indian money market, receive the forward premia (*i.e.*, do a buy-sell USD/INR swap) and lend in USD to earn a risk-free profit to the extent of the excess forward premia. On the other hand, if the short-term USD/INR forward premia are considerably narrower than the difference between the short-term interest rates in India and the US, a bank may borrow in USD, pay the forward premia (*i.e.*, do a sell-buy USD/INR swap) and lend in the Indian money market to earn a risk-free profit to the extent of the deficit forward premia. While such transactions are subject to certain regulatory controls and other market frictions, they are expected to positively impact the volumes in the Call market.

(vii) Market Hours: In the wake of the COVID-19 pandemic, trading hours for various markets regulated by the Reserve Bank, including the call money market, were truncated. The timings were subsequently normalized in a phased manner. Trading volume in Call market is expected to be lower during shorter market hours due to subdued overall market activity and *vice versa*.

(viii) RBI Regulations: The Reserve Bank, vide its Master Direction[8] dated April 1, 2021, instructed all eligible players in the call money market to acquire

[8] Master Direction - Reserve Bank of India. (Call, Notice and Term Money Markets) Directions, 2021, circular no. FMRD. DIRD.02/14.01.001/2021-22 dated April 01, 2021 (Updated as on June 08, 2023) (https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12061)

membership of NDS-CALL platform in due course of time. This is expected to have a negative bearing on Call volume as non-members of NDS-CALL were not able to participate in the market, at least temporarily till obtaining membership.

V.2. Methodology and Empirical Results

The descriptive statistics and the contemporaneous correlation matrix of the variables considered in the empirical analysis are given in Annex Tables A1 and A2. Augmented Dickey-Fuller (ADF) test was employed for checking stationarity (mean reverting property) of variables. The variables were found to be stationary at level (Annex Table A3).

Prior to developing the model, the pairwise granger causality test was employed on the variables to understand the usefulness of the determinants considered for the analysis in predicting the future values of the response variable *i.e.*, the volume of uncollateralised overnight segment of money market. The result of the test suggests that WACR spread over repo rate and net system liquidity have bidirectional relationship with Call market volume while the overnight collateralised segment of money market (TREP and market repo), government inflows and outflows, forward premia divergence, trading hours of call money market and the Reserve Bank's regulation regarding the mandatory membership in NDS-CALL platform have one-sided granger causality on the overnight call money market segment. The MPC announcement do not granger cause the dependent variable (Table 2).

Table 2: Pairwise Granger Causality Tests

Pairwise Granger Causality Tests	F-Statistics	Probability
WACRSPREAD does not Granger Cause CALL	2.812	0.040
CALL does not Granger Cause WACRSPREAD	4.520	0.011
LAF does not Granger Cause CALL	7.437	0.001
CALL does not Granger Cause LAF	4.911	0.008
TRMR does not Granger Cause CALL	8.528	0.000
CALL does not Granger Cause TRMR	2.236	0.107
GOI_POS does not Granger Cause CALL	0.090	0.091
CALL does not Granger Cause GOI_POS	2.742	0.665
GOI_NEG does not Granger Cause CALL	0.320	0.026
CALL does not Granger Cause GOI_NEG	0.240	0.786
FPREMD does not Granger Cause CALL	1.295	0.041
CALL does not Granger Cause FPREMD	3.208	0.274
MHOURS does not Granger Cause CALL	3.168	0.042
CALL does not Granger Cause MHOURS	0.464	0.629
MPC does not Granger Cause CALL	1.313	0.269
CALL does not Granger Cause MPC	0.146	0.864
REGULATION does not Granger Cause CALL	0.331	0.029
CALL does not Granger Cause REGULATION	3.534	0.718

Source: Authors' estimates.

OLS regression estimation often faces the challenge of dealing with autocorrelation in volatility or volatility clustering when using high frequency data (Annex Table A4). Hence, the GARCH (Generalised Autoregressive Conditional Heteroskedasticity) model is suitable as it takes into account the error variance, in which the variance follows an autoregressive (AR) process.

Bollerslev (1986) developed the GARCH (1,1) framework, and according to this framework, we can estimate the volume of the overnight call money market using the mean equation given below:

$$CALL_t = \beta_0 + \beta_1 CALL_{t-1} + \beta_2 WACRSPREAD_t + \beta_3 LAF_t + \beta_4 TRMR_t + \beta_5 GOI\_POS_t + \beta_6 GOI\_NEG_t + \beta_7 FPREMD_t + \beta_8 MHOURS_t + \beta_9 MPC_t + \beta_{10} REGULATION_t + \varepsilon_t \quad (1)$$

It indicates that the overnight volume of uncollateralised money market at time *"t"* ($CALL_t$) is dependent on its own lag, WACR spread over policy repo rate (WACRSPREAD), net system liquidity (LAF), collateralised segments of money market *i.e.*, aggregate volume of triparty repo and market repo (TRMR), significant inflows to the government (GOI_POS), significant outflows from the government (GOI_NEG), forward premia divergence (FPREMD), market hours (MHOURS), MPC announcement

day (MPC), Reserve Bank of India's direction to all eligible participants, including cooperative banks, to acquire NDS-CALL membership (REGULATION) and the error term (ε_t). To avoid potential model misspecification arising from seasonal effects, all indicators (excluding dummy variables) have been seasonally adjusted prior to analysis. In our model, the overnight uncollateralised call money market volume, collateralised money market volumes and net LAF indicators are considered in ₹ lakh crores unit. We have used six dummy variables which are taking the values '0' and '1'. Further, the ε_t is dependent on some lagged information (Ω_{-1}) and conforms to a student's t-distribution ('v' degrees of freedom) with zero mean and its variance (h_t). For more robust volatility modelling and better risk estimates for fat tail series, a GARCH model with t-distribution often outperform a GARCH with normal errors.

$$\varepsilon_t \mid \Omega_{-1} \sim t\,(0, h_t) \qquad (2)$$

Here, the variance equation is expressed as follows:

$$h_t = \alpha_0 + \alpha_1 \varepsilon^2_{t-1} + \alpha_2 h_{t-1} \qquad (3)$$

The estimation result of GARCH (1,1) model is displayed in Table 3.

The result of the above mean equation of GARCH model suggests that the coefficients of net system liquidity, WACR spread over policy repo rate, inflows to the government and forward premia divergence are statistically significant and exhibit expected positive sign, while the volume of the collateralised segments of money market *i.e.*, aggregate volume of triparty repo and market repo, outflows from the government and truncated market hours have significant expected negative impact. Furthermore, during the period after the regulation of Reserve Bank's directive to all eligible participants for obtaining NDS-CALL membership, the demand for short term uncollateralised money market declined, and that is reflected in the above result. However, MPC announcement day impact are not significant on overnight unsecured segment though the coefficient has the expected sign.

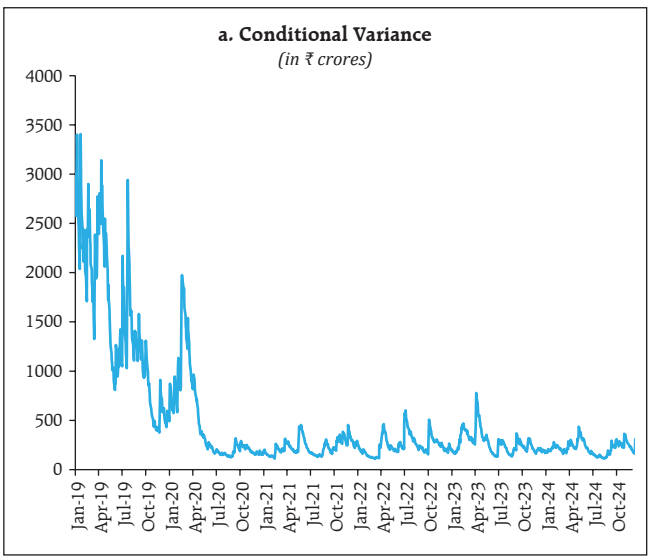
Conditional Variance and News Impact Curve: The estimates of conditional volatilities demonstrate the significance of a properly specified volatility model. Here, the coefficients of conditional volatilities ARCH and GARCH impact are positive and highly significant (Table 3). The GARCH conditional volatility graph of overnight call money market volume shows a downward trend of volatility from the beginning of the pandemic to post-pandemic period probably due to factors, such as changes in market uncertainty, policy interventions, and liquidity conditions (Chart 8a). Furthermore, the volatility model implicitly incorporates the concept of a news impact curve that describes how previous

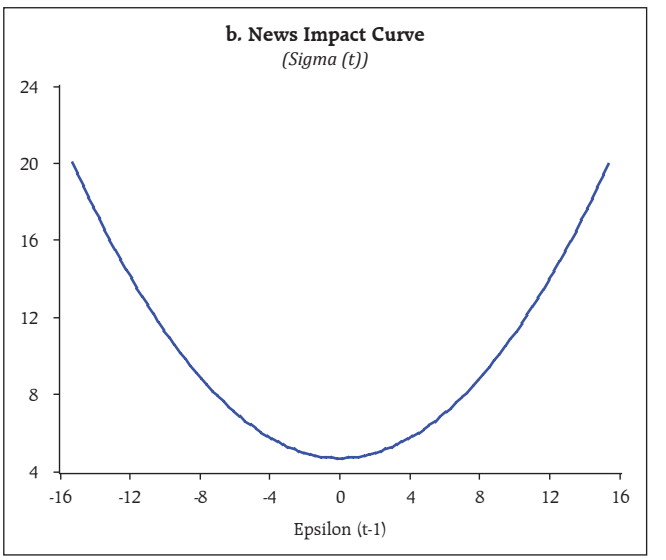
Table 3: Result of GARCH (1,1) Estimation

Variable	Coefficient	Std. Error	Z-Statistic	Prob.
Dependent Variable: Overnight Call Money Market Volume				
Mean Equation				
C	9.020***	0.414	21.795	0.000
CALL(-1)	0.512***	0.019	26.737	0.000
WACRSPREAD	1.895***	0.280	6.771	0.000
LAF	0.158***	0.039	4.080	0.000
TRMR	-0.504***	0.075	-6.723	0.000
FPREMD	0.146*	0.088	1.655	0.098
GOI_POS	0.297**	0.137	-2.178	0.029
GOI_NEG	-0.444***	0.120	-3.684	0.000
MHOURS	-0.311**	0.141	2.205	0.028
MPC	0.270	0.255	1.061	0.289
REGULATION	-0.695***	0.223	-3.124	0.002
Variance Equation				
C	0.076***	0.025	3.070	0.002
RESID(-1) ^ 2	0.074***	0.017	4.365	0.000
GARCH(-1)	0.904***	0.019	48.485	0.000
T-Dist. DoF	6.156***	1.008	6.105	0.000
Residual Diagnostics				
Adjusted R^2	0.73	Akaike Information Criterion		3.99
Log-likelihood	-2862	Durbin Watson		1.73
Q^2 (36)	7.29 (0.69)	ARCH-LM		0.73 (0.70)

Note: ***, **, * indicate 1 per cent, 5 per cent and 10 per cent level of significance.
Source: Authors' estimates.

Chart 8: Conditional Variance Specifications





Sources: Authors' calculations.

return shocks affect return volatility. Given that the GARCH model's news impact curve is symmetric and centred at $E_{t-1} = 0$, it can be concluded that conditional volatility is not asymmetrically affected by positive or negative return shocks of same magnitude. (Chart 8b).

Residual Diagnostics: The residual diagnostics for the model's stability have been checked, and those are satisfied (Table 3 and Annex Table A5). The robustness of the estimation process was confirmed by regression residuals, which mostly stayed within the two standard deviations band (Annex Chart A1).

V.3. Evaluation of Forecast Accuracy

The forecasting performance of the proposed GARCH model is evaluated against the random walk benchmark to assess its relative predictive accuracy. The proposed GARCH (1,1) model outperforms the random walk, with significantly lower forecast errors (MAE and RMSE) (Table 4). Furthermore, the Diebold-Mariano test yields a statistically significant result providing strong evidence that the proposed model delivers significantly better forecasts than the random walk, thereby validating the model choice.

Table 4: Result of Models' Forecast Accuracy

	Random Walk	Proposed GARCH (1,1)
Mean Absolute Error (MAE)	1.51	1.11
Root Mean Square Error (RMSE)	1.89	1.41
Diebold-Mariano test	Statistic = -4.19, p-value<0.001	

VI. Conclusion

While trade volumes in the collateralised segment far surpass those in the unsecured interbank market, in line with the trends observed in major markets globally, the weighted average call rate remains the operating target of the RBI's monetary policy as this is a segment that purely deals in central bank reserves, which monetary policy actions can directly control. Therefore, it is important from the policy perspective to understand the determinants of the volume in the Call market.

Our empirical findings suggest that the net liquidity injection into the banking system and the WACR spread over policy repo rate exhibit a statistically significant impact on Call transaction volume. Also, the analysis reveals a significant negative relationship between the volume of the money market's

collateralised segment and the uncollateralised overnight segment, suggesting that the two segments supplement each other. Further, while inflow to the government away from the banking system results in rise in Call volume, outflows from the government to the banking system expectedly result in a fall in the volume. Divergence of overnight forward premia from the interest rate differential has a positive impact on Call volume, suggesting arbitrage by banks during times of such divergence; truncated trading hours and the RBI directive dated April 2021 on NDS-CALL membership negatively impacted transaction volume in the overnight uncollateralised money market, as anticipated. MPC announcement, however, does not have a significant impact on Call volume. The above findings can serve as a useful guide in fostering money market and monetary policy reforms in India.

References:

Bech, M., and Monnet, C. (2016). A Search-based Model of the Interbank Money Market and Monetary Policy Implementation. *Journal of Economic Theory*, 164, 32-67.

Bollerslev, T. (1986). Generalized Autoregressive Conditional Heteroskadasticity. *Journal of Econometrics*, 31, 307-327.

Corradin, S., Eisenschmidt, J., Hoerova, M., Linzert, T., Schepens, G., and Sigaux, J. D. (2020). Money markets, central bank balance sheet and regulation (No. 2483). ECB Working Paper.

Freixas, X., and Holthausen, C. (2001). Interbank Market Integration and Asymmetric Information. *Review of Financial Studies*. WP No. 74.

Hansen, P. R., and Lunde, A. (2005). A Forecast Comparison of Volatility Models: Does Anything Beat A GARCH (1,1). *Journal of Applied Econometrics*, 20, 873-889.

Joshi, H (2004). The Interbank Money Market in India: Evidence on Volatility, Efficacy of Regulatory Initiatives and Implications for Interest Rate Targeting. Reserve Bank of India Occasional Papers, 25 (1, 2 & 3).

Mohanty (2012). Money market and monetary operations in India, BIS central bankers' speeches.

Nath, G. C. (2018). Repo market and market repo rate as a collateralised benchmark rate. CCIL Monthly Newsletter-August 2018.

Patra, M. D., Kapur, M., Kavediya, R., and Lokare, S. M. (2016). Liquidity Management and Monetary policy: From corridor play to marksmanship. *Monetary Policy in India* (pp. 257-296). Springer, New Delhi.

RBI (1987). Report of the Working Group on the Money Market. Reserve Bank of India.

RBI (2005). Report of the Technical Group on Money Market. Reserve Bank of India.

RBI (2011), Report of the Working Group on Operating Procedure of Monetary Policy. Reserve Bank of India.

RBI (2014). Report of the Expert Committee to Revise and Strengthen the Monetary Policy Framework. Reserve Bank of India.

RBI (2019). Report of the Internal Working Group to Review the Liquidity Management Framework. Reserve Bank of India.

Roy, T. (2023). *The Reserve Bank of India*: Volume 5, 1997-2008. Cambridge University Press; 2023.

Thompson, J. (2003). Intervention by Central Banks in the Money Market. CIBEF, Liverpool Business School, Liverpool.

Whitesell, W. (2006). Interest Rate Corridors and Reserves. *Journal of Monetary Economics*.53, 1177-1195.

Annex

Table A1: Descriptive Statistics

	Mean	Std. Dev.	Skewness	Kurtosis
CALL	12.6	4.4	1.9	8.0
WACRSPREAD	-0.2	0.4	-0.4	2.0
LAF	-2.4	2.9	-0.4	3.2
TRMR	4.2	1.3	-0.5	3.9

Source: Authors' estimates.

Table A2: Contemporaneous Correlation Matrix

		CALL	WACRSPREAD	LAF	TRMR	GOI_POS	GOI_NEG	FPREMD	MHOURS	REGULATION	MPC
CALL	Correlation	1									
WACRSPREAD	Correlation	0.45	1								
	t-Statistic	17.40									
	Probability	0.00									
LAF	Correlation	0.57	0.88	1							
	t-Statistic	24.10	63.49								
	Probability	0.00	0.00								
TRMR	Correlation	-0.51	0.01	-0.14	1						
	t-Statistic	-20.37	0.17	-4.71							
	Probability	0.00	0.86	0.00							
GOI_POS	Correlation	-0.02	0.03	0.05	0.06	1					
	t-Statistic	-0.68	1.17	1.66	2.02						
	Probability	0.49	0.24	0.10	0.04						
GOI_NEG	Correlation	-0.07	0.01	-0.05	0.10	-0.09	1				
	t-Statistic	-2.41	0.45	-1.76	3.32	-2.99					
	Probability	0.02	0.65	0.08	0.00	0.00					
FPREMD	Correlation	0.13	-0.12	-0.04	-0.04	-0.04	0.04	1			
	t-Statistic	4.67	-4.27	-1.35	-1.38	-1.38	1.43				
	Probability	0.00	0.00	0.18	0.17	0.17	0.15				
MHOURS	Correlation	-0.36	-0.40	-0.48	0.53	0.01	0.06	0.15	1		
	t-Statistic	-13.27	-14.98	-19.00	21.65	0.33	1.92	5.06			
	Probability	0.00	0.00	0.00	0.00	0.74	0.06	0.00			
REGULATION	Correlation	-0.11	0.59	0.52	0.54	0.07	0.04	-0.24	-0.21	1	
	t-Statistic	-3.72	25.19	21.15	22.13	2.38	1.33	-8.66	-7.42		
	Probability	0.00	0.00	0.00	0.00	0.02	0.18	0.00	0.00		
MPC	Correlation	0.00	-0.01	-0.03	-0.01	0.04	-0.03	-0.01	0.01	-0.01	1
	t-Statistic	-0.16	-0.41	-0.93	-0.30	1.52	-1.10	-0.50	0.44	-0.39	
	Probability	0.88	0.68	0.35	0.77	0.13	0.27	0.62	0.66	0.70	

Source: Authors' estimates.

Table A3: Unit Root Test - ADF Breakpoint Test with Trend and Intercept

Variable	t-statistic	Probability
Call Volume	-22.19*	0.000
LAF	-5.11*	0.024
WACR Spread	-6.48*	0.000
TRMR (TREP + Market Repo)	-18.36*	0.000
GOI inflow (+)	-25.12*	0.000
GOI outflow (-)	-26.11*	0.000
Market Hours	-5.18*	0.019
Forward Premia Divergence	-14.84*	0.000
MPC	-35.94*	0.000
Regulation	-34.34*	0.000

Note: * denotes significance at 5 per cent confidence level.
Source: Authors' estimates.

Table A4: Breusch-Godfrey Serial Correlation LM Test of OLS Regression

F-statistic	4.18	Prob. F(50,166)	0.0000
Obs*R-squared	113.64	Prob. Chi-Square(50)	0.0000

Note: Null hypothesis: No serial correlation at up to 50 lags.
Source: Authors' estimates.

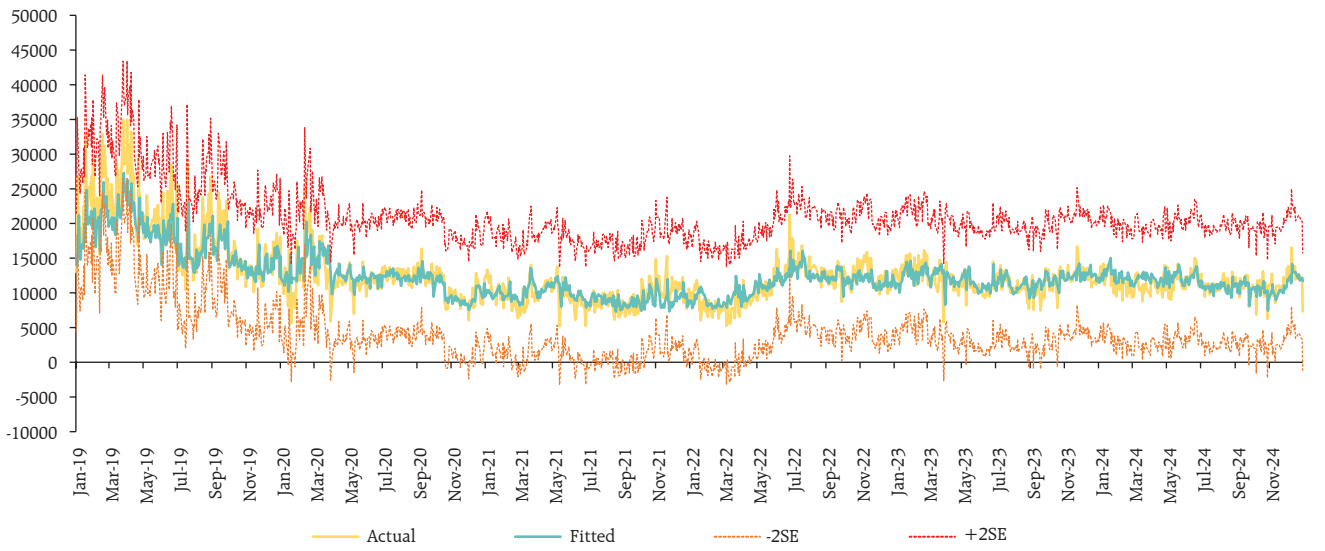
Table A5: Multicollinearity Test - Variance Inflation Factor (VIF)

Variable	Coefficient of Variation	VIF
CALL	0.00	1.62
WACRSPREAD	0.08	7.19
LAF	0.00	7.28
TRMR	0.01	3.72
GOI_POS	0.01	1.18
GOI_NEG	0.02	1.05
FPREMD	0.01	1.05
MHOURS	0.02	2.41
MPC	0.06	1.02
REGULATION	0.05	7.12

Note: No evidence for multicollinearity since VIF for all the covariates are much less than the value 10.
Source: Authors' estimates.

Chart A1: Call Volume – Actual vs Predicted

(in ₹ crores)



Sources: Authors' estimates.

Household Inflation Expectations in India: Emerging Trends, Determinants and Impact of Monetary Policy

by Ankit Ruhi ^, Kanupriya Sharma and Subhadhra Sankaran ^ ^

Inflation expectations of households experienced a considerable uptick following the COVID-19 pandemic, geopolitical tensions and consequential economic uncertainty amidst supply chain disruptions and inflationary pressures. Against this backdrop, this article examines emerging trends in household inflation expectations, their underlying determinants and the impact of monetary policy interventions. Findings reveal that improved domestic economic conditions, coupled with policy actions, have helped household inflation expectations ebb from the highs witnessed around the pandemic. Past inflation perceptions generally tend to keep the household expectations sticky. However, influence of realised inflation dynamics increases when adjusted for extreme values. Headline inflation is more influential than food inflation, but high and broad-based food inflation may keep overall expectations elevated, underscoring the importance of policy emphasis on headline inflation.

Introduction

Inflation expectations significantly influence economic behaviour and macroeconomic outcomes. They shape individual decisions about consumption, saving, and investment, directly impacting aggregate demand. Businesses use these expectations to set prices and negotiate wages. Therefore, central banks prioritise managing inflation expectations to maintain price stability, especially in the inflation targeting (IT) framework.

Household inflation expectations are particularly important because households represent the largest and most diverse economic group, directly driving consumption. Unlike professional forecasters, households' expectations are often shaped by personal experiences and are susceptible to fluctuations. Although household inflation expectations have generally moderated in countries with the adoption of IT, the COVID-19 pandemic introduced substantial uncertainty with supply chain disruptions and labour market shocks, thereby widening the gap between households and professional inflation expectations. Given these recent developments, re-examining emerging trends in household expectations and their determinants is crucial for effective policy intervention.

This study uses unit level data on 1-year ahead median inflation expectations from the Reserve Bank's Inflation Expectations Survey of Households (IESH), to understand their dynamics post pandemic, key determinants and effectiveness of monetary policy in anchoring these expectations, particularly under the flexible inflation targeting (FIT) regime. Findings reveal a decline in inflation expectations from the highs of 2014, aided by the transition to the FIT regime, easing of global inflationary pressures, and timely domestic policy interventions.

This is corroborated by a leftward shift in the distribution of median household inflation expectation (denoting a fall in median expectations over the years), and reduced disagreement among households (as seen from lower standard

^ Ankit Ruhi was consultant in the Department of Economic and Policy Research (DEPR).

^ ^ The authors are from DEPR. The views expressed are those of the authors and do not necessarily reflect those of the RBI. We thank Dr. Sarat Chandra Dhal for his valuable comments and feedback; Arti Sinha, G V Nadhanael, Somnath Sharma, Soumasree Tewari, Shashi Kant and Manu Swarnakar for insightful discussions; Gairika Bannerjee and Ranajoy Guha Neogi for data assistance.

deviations). However, the pandemic reversed this trend, heightening overall inflationary concerns, and widening the disagreement across groups. Adjusting for extreme values, we observe that realised inflation dynamics generally exerts a stronger influence, with broad-based food price inflation playing larger role during high inflation episodes. This suggests that our approach in handling extreme-value adjustments furthers the understanding and responsiveness of expectations to current economic conditions.

The rest of the paper is structured as follows: Section II reviews the related literature. Section III outlines the IESH data and adjustments for extreme value observations. Section IV presents stylised facts from unit-level observations in the IESH. Section V discusses the empirical methodology and results. Section VI concludes.

II. Literature

Various theories have explored the role of inflation expectations in shaping actual inflation dynamics and the overall macroeconomy ranging from adaptive (Friedman, 1968) to rational[1] (Muth, 1961; Lucas, 1973). Variants of rational expectations theory consider potential information frictions and bounded rationality in expectations.[2]

More recently, behavioural models emphasise the role of personal experiences and noticeable price changes. Survey-based measures of household and business inflation expectations offer valuable insights into diverse expectations, addressing the limitations of full-information rational expectations (FIRE) that fail to account for the heterogeneity in agents' expectation formation and revisions (Sheffrin, 1996; Mankiw *et al.*, 2004; Coibion *et al.*, 2018; D'Acunto *et al.*, 2024). Recent literature outlines the following key determinants of inflation expectations.

A. Behavioural factors: Household inflation expectations are influenced by perceived economic environment (Jonung, 1981; Cavallo *et al.*, 2017; Coibion *et al.*, 2020), with individuals relying on lifetime experiences that may introduce biases due to *rational inattention* and *cognitive biases* (Lucas 1972, 1973; D'Acunto *et al.*, 2021, 2023). Simple decision-making rules stemming from *habit formation* may distort expectations causing households to overreact or underreact to new information (Schafer, 2022).

B. Observed price changes: Households use changes in the prices of *frequently purchased* goods, particularly essentials like food and energy items, to gauge overall inflation (Kumar *et al.*, 2015; D'Acunto *et al.*, 2021, 2024; Weber *et al.*, 2022; Patzelt and Reis, 2024). Households perceive price increases as more lasting than declines (Eichenbaum *et al.*, 2011).

C. Social influences: *Herd behaviour, media* exposure and professional forecasts can influence expectations. While the impact of media is limited, households often trust personal *family and social networks* more than traditional news sources (Caroll, 2003; Binder, 2017; Coibion *et al.*, 2020, 2022; Weber *et al.*, 2022, Bailey *et al.*, 2018).

D. Individual characteristics: Older individuals with longer lifetime experiences of inflation and those with higher *economic literacy* and income levels tend to have more informed inflation expectations (Aguiar and Hurst, 2005; Malmendier and Nagel, 2016; Coibion *et al.*, 2018, 2020; D'Acunto *et al.*, 2021, 2023, 2024).

E. Monetary policy: *Monetary policy actions* and *central bank communication* can shape inflation expectations by reducing the persistence of inflation shocks (Mishkin, 2007; Bernanke, 2007; D'Acunto

[1] Also known as full-information rational expectations (FIRE) model (Lucas, 1972, 1976; Taylor, 1979; Calvo, 1983).

[2] Commonly known as sticky information or noisy information models (Mankiw and Reis, 2002; Caroll, 2003; Woodford, 2003; Sims, 2003; Coibion and Gorodnichenko, 2015; Coibion *et al.*, 2018).

et al., 2024). Effective communication, like forward guidance, can help in managing public expectations (Mehra and Reilly, 2008; D'Acunto *et al.*, 2021).[3]

F. Domestic and global influences: Domestic geographic location can shape inflation expectations, with individuals in the same area often experiencing similar price changes and economic conditions (Stroebel and Vavra, 2019). *Domestic factors* like growth in gross domestic product (GDP), unemployment rates, supply shocks, and monetary policy credibility; as well as *global factors* like commodity price inflation, volatility in exchange rates financial markets also affect expectations. These factors have a greater impact in emerging markets compared to advanced economies (Kose *et al.*, 2019; Moessner, 2021). Nevertheless, while short-term inflation expectations do vary with business cycles and macroeconomic shocks, long-term expectations remain anchored as long as they are not significantly influenced by fluctuations in short-term expectations (Posen, 2011).

Inflation expectations in India are influenced by both domestic factors like GDP growth, actual inflation (headline and core), food and oil prices, monetary policy and fiscal policy; and global factors like international oil prices, exchange rate fluctuations, policy uncertainty and financial market volatility.[4] Food price shocks, aggregate demand conditions, monetary policy actions, and global shocks significantly shape household expectations, while the impact of oil price shocks is mixed (Pattanaik *et al.,* 2020). The Reserve Bank's communication and adoption of the FIT regime have helped manage inflation expectations (Goyal and Parab, 2019; Asnani *et al.*, 2019; Pattanaik *et al.,* 2023; Eichengreen and Gupta, 2024). However, only a few studies have explored issues related to bias adjustment in survey-based expectations (Das *et al.*, 2019; Pattanaik *et al.*, 2023).[5]

Studies on household inflation expectations in India have mostly focussed on (i) aggregate-level pre-pandemic data; (ii) other inflation measures, such as the Wholesale Price Index (WPI) or Consumer Price Index for Industrial Workers (CPI-IW); and (iii) households' current perceptions of inflation. These limit insights into the near-term household expectations and influence of monetary policy.

To address these gaps, this article analyses 1-year ahead median inflation expectations during September 2009 to March 2025 using unit level data from the IESH. The study also proposes alternate ways to adjust for extreme values in the survey-data, rather than the present practice of bunching all high values over 16 per cent to prevent distorting the true distribution of responses. Factors influencing household inflation expectations are also analysed, using both the aggregate series ("reported") and the adjusted aggregate series ("exclusion"; "trimmed") calculated from unit-level inflation expectations.

III. Inflation Expectations Survey of Households (IESH): Details

The IESH survey covers about 6,000 households across 19 cities, and is being conducted bi-monthly since 2016 (quarterly prior to that).[6] Respondents aged 21+ answer both qualitative and quantitative questions regarding expected inflation in various

[3] Evidence on impact of central bank communication regarding interest rate decisions on expectations is mixed. The effect of reading official statements is similar to being informed about inflation target (D'Acunto *et al.*, 2020).

[4] For further details, please refer to Patra and Ray (2010); Goyal and Parab (2019); Goyal and Parab (2021); Eichengreen and Gupta (2024); Ghosh *et al.* (2021); Bhattacharya (2023); Pattanaik *et al.* (2020); Pattanaik *et al.* (2023).

[5] Sharma and Bicchal (2018), Shaw *et al.*, (2019) and Shaw (2023) discuss properties of households' inflation expectations.

[6] The IESH survey uses a two-stage random sampling method since 2018. Prior to that, it used a quota sampling method with a focus on major cities in different regions of India. For further details on the IESH, please refer to Shaw *et al.*, (2019); RBI Bulletin (May 2010); questionnaire, press releases, metadata, and unit level data.

categories for the current month, next three months, and next 12 months.[7] They choose from expected inflation rates ranging from "0-1 per cent" to "15-16 per cent" – in increments of 100 basis points; "greater than (or equal to) 16 per cent" or "No Idea".

Adjustment for Extreme Values

The IESH reported series considers all values exceeding 16 per cent as 16.5 per cent leading to the median inflation expectation distribution to be bounded between 0.5 per cent and 16.5 per cent, potentially limiting information from higher values.[8] We propose two alternative methods: exclusion and trimming.

1. The "**Exclusion**" series removes respondents reporting inflation expectations below 1 per cent, above 16 per cent, or "No idea".
2. The "**Trimmed**" series excludes responses below 1 per cent and "No idea"; and removes only the top 20 per cent of high expectation values, thereby retaining more of the true values reported by agents (even those above 16 per cent).

Both methods result in median expectations higher than actual inflation but lower than the aggregate reported series (Chart 1; Annex A). We focus on 1-year ahead inflation expectations in the reminder of the article.[9]

IV. Stylised Facts

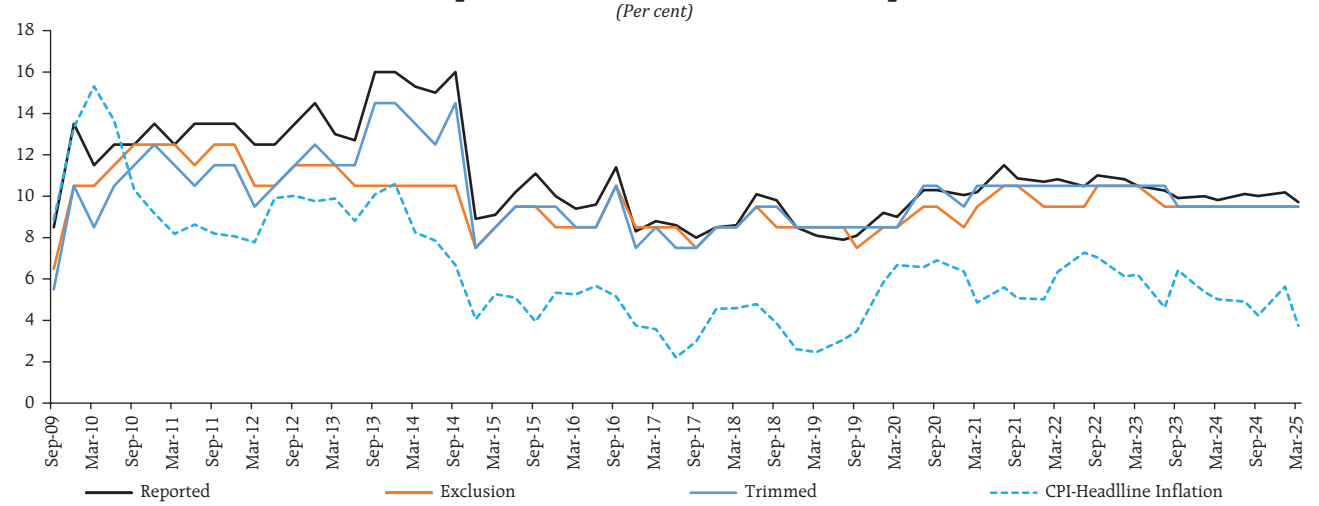
The IESH unit-level data analysis *inter alia* establishes the following ten facts.

1. Persistent systematic upward bias in household expectations

Indian household inflation expectations have consistently exceeded professional forecasters for nearly two decades, notwithstanding stable inflation

Chart 1: Comparison of Medians of Inflation Expectations

(Per cent)



Notes: "Reported" refers to the published IESH aggregate data. "Exclusion" refers to the series created from the unit-level data by excluding all outliers (No idea, <1, >/≥ 16). "Trimmed" refers to the series created from the unit-level data by excluding low value outliers (No idea, <1) and trimming the data above the 80th percentile of the actual reported value for >/≥16 per cent.

Sources: RBI; and Authors' calculations.

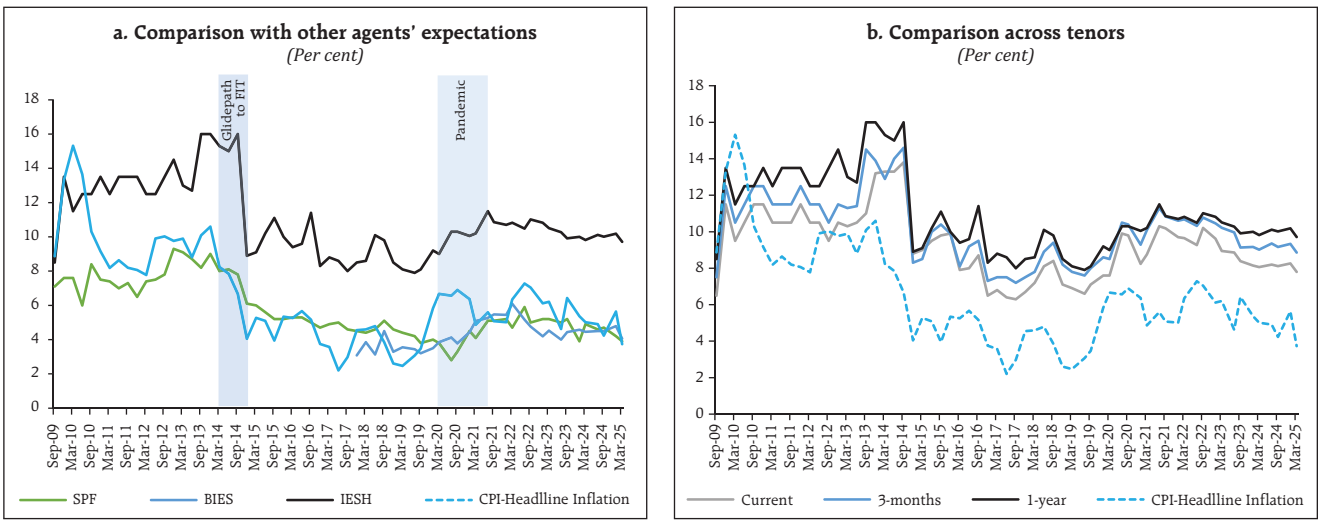
[7] Categories include general prices, food, non-food, housing, durables, and services.

[8] For other methods of outlier-adjustment, please refer to Das *et al.*, (2019).

[9] For analyses using the 3-month ahead inflation expectations, and more exhaustive results on both 3 months ahead and 1 year ahead expectations for reported, exclusion and trimmed series, please refer to Ruhi *et al.*, 2026 (mimeo).

[10] Globally, households tend to report higher expectations than the professionals (Weber *et al.*, 2023; D'Acunto *et al.*, 2024).

Chart 2: Systemically Upward Bias in Household Expectation



Notes: 1. Expectations data pertain to 1-year ahead for Business Inflation Expectations Survey (BIES) and IESH; and 3-quarters ahead (closest available to 1-year) for Survey of Professional Forecasters (SPF).
2. Data for BIES are from various press releases since 2017-18:Q3. Prior to that, the midpoint of the range with maximum probability has been taken.
Sources: MoSPI (CPI); IIM(A) [BIES]; RBI (SPF, IESH); and Authors' calculations.

periods between 2014-15 and 2019-20 (Chart 2a).[10] However, expectations shifted downwards in line with global inflation and benefitting from the transition to the FIT regime[11], and proactive fiscal measures to address supply side constraints. More recently, in 2024-25:H2, as headline inflation eased, forecasts of both professionals and households show moderation. However, household expectations adjusted at a slower pace.

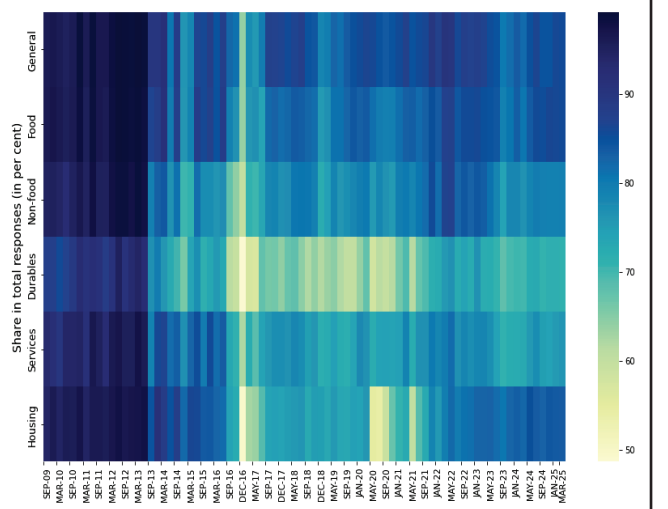
2. Inflation expectations rise with the forecast horizon, align with high inflation

Inflation expectations increase with the forecast horizons (Chart 2b). Nonetheless, expectations across the horizon have seen a downward shift since 2014-15 with the announcement of the glide-path and easing inflation levels. The wedge between 3-month and 1-year expectations has also considerably narrowed, notwithstanding the increase since 2023-24.

3. Higher expectations in headline, food and housing

Since 2022, more broad-based inflation concerns were expressed by households, particularly in headline, food, and housing (Chart 3).

Chart 3: Inflation Expectations across Groups



Note: Lighter colors indicate fewer proportion of households expecting price increases.
Sources: IESH, RBI; and Authors' calculations.

[11] The glide-path towards the FIT regime was announced in 2013-14: Q4.

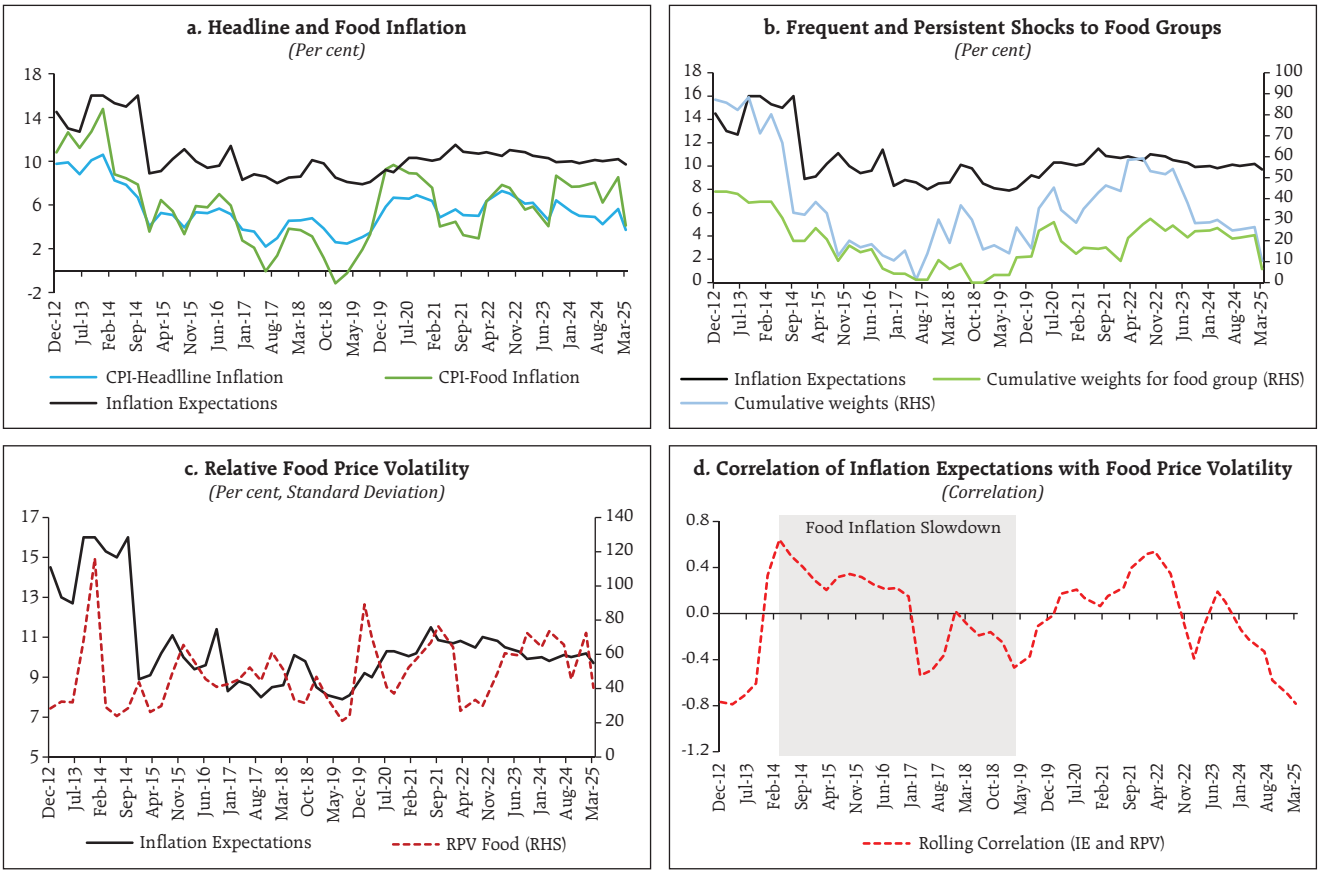
4. Headline matters more than food inflation; but broad-based food inflation keeps expectations elevated

Inflation expectations move more closely with headline rather than food inflation (Chart 4a). During high inflation periods, when food inflation is not a major contributor (between June 2017 to June 2018 in Chart 4b), it can help limit the spike in overall inflation expectations. Conversely, during periods of low headline inflation, higher food inflation can hinder easing of expectations (during 2022-23: Q4 and 2023-24: Q2 in Chart 4b). Conforming to their global counterparts, during periods of high inflation, Indian households focus on volatility rather than merely increase in food prices (Charts 4c and 4d) [Coibion and Gorodnichenko, 2015; Coibion *et al.*, 2018]. In recent times, as inflationary concerns have moderated since the pandemic, expectations are gradually moderating, *albeit*, remaining above the pre-pandemic levels.

5. Multimodal distribution with expectations rounded to multiples of five

The distribution of median inflation expectations consistently exhibits multiple modes, with many respondents rounding off their expectations between 5 and 10 per cent, in line with global behaviour (Binder, 2015; Reiche and Meyler, 2022; Haidari and Nolan, 2022) [Chart 5]. Since the introduction of the FIT regime, expectations have generally shifted down. Pandemic and the Russia-Ukraine War

Chart 4: Inflation, Price Volatility and Inflation Expectations



Notes: 1. Cumulative weights refer to weights of CPI basket items with more than 6 per cent inflation.
2. Relative Food Price Volatility (RPV Food) is calculated as weighted standard deviation of food and beverages group items' inflation over headline inflation (Pattanaik *et al.*, 2023).
3. Rolling correlation is calculated for inflation expectations and relative food price volatility, with a 3-year window size.

Sources: MOSPI; RBI; and Authors' calculations.

induced disturbances, and resultant uptick in the expectations, have been gradually moderating as observed from lower peaks in the distributions (right tail) after 2022.

6. Leftward shift in distribution post-FIT

Since the transition to the FIT regime, more households report values below 16 per cent, which has led to a corresponding leftward shift of the distribution (Chart 5 and Chart 6). However, shocks since the pandemic and escalated geopolitical tensions shifted the distributions more to the right. Nevertheless, the distributions are gradually moving back to left since 2023-24.

7. Reduced uncertainty in FIT regime

The share of responses in '>=16 per cent' and 'No Idea' categories are lower during the FIT regime, indicating lower uncertainty among households (Chart 6). However, the pandemic and ensuing higher inflationary pressures led to an increase in the share of higher value response. Since 2021-22, with largely easing inflation, this share has moderated.

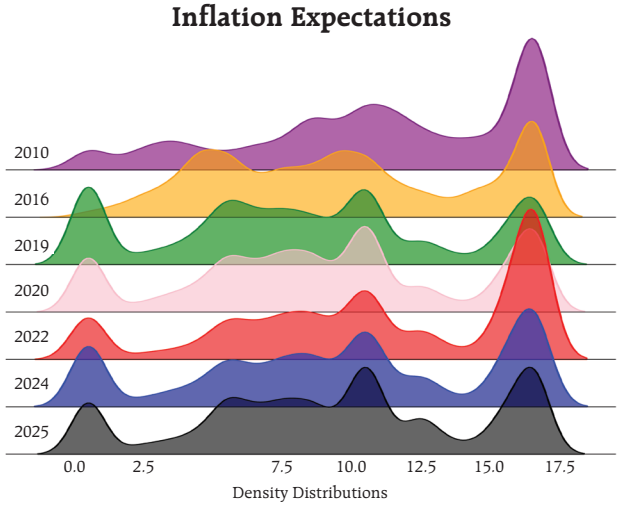
8. Improved anchoring of city-wise expectations in FIT regime

City-wise household expectations show a marked decline under the FIT regime, suggesting a broader anchoring of expectations (Chart 7a). Since the onset of the COVID-19 pandemic, expectations have increased compared to the pre-pandemic levels (Chart 7b). Nevertheless, the consistently lower expectations during the FIT regime suggest a perceived credibility in the framework.

9. Indian women do not show consistent upward bias; higher expectations from older, and variable income households

Generally, women consistently exhibit higher inflation expectations influenced by frequent shopping exposure (Jonung, 1981; Bryan and Venkatu, 2001; Coibion *et al.*, 2020; D'Acunto *et al.*, 2024). Indian household inflation expectations, however, do not reflect this sustained upward bias for women (Chart 8a). Older individuals (45 and above) report higher expectations largely reflecting their lifetime experiences (Chart 8b).

Chart 5: Distributions Showing Multimodality of Inflation Expectations

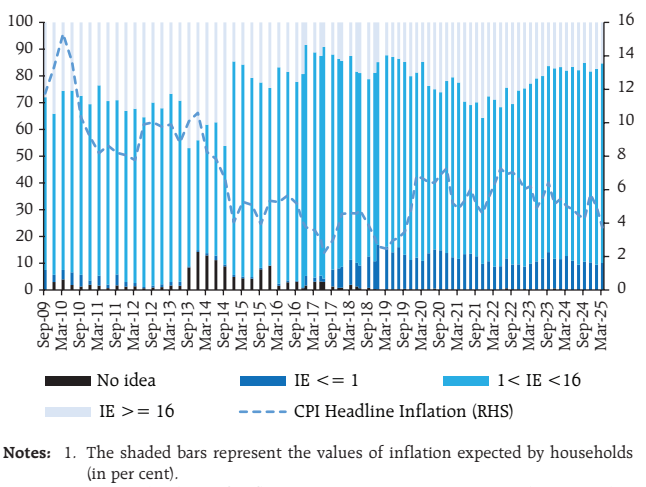


Notes: 1. Data pertain to unit-level IESH observations for March.
2. While this holds in general, only selected years are depicted above for clarity. These years reflect pre and post behaviour in relation to the introduction of the FIT regime, and the COVID-19 pandemic.

Sources: IESH, RBI; and Authors' calculations.

Chart 6: Share of Respondents

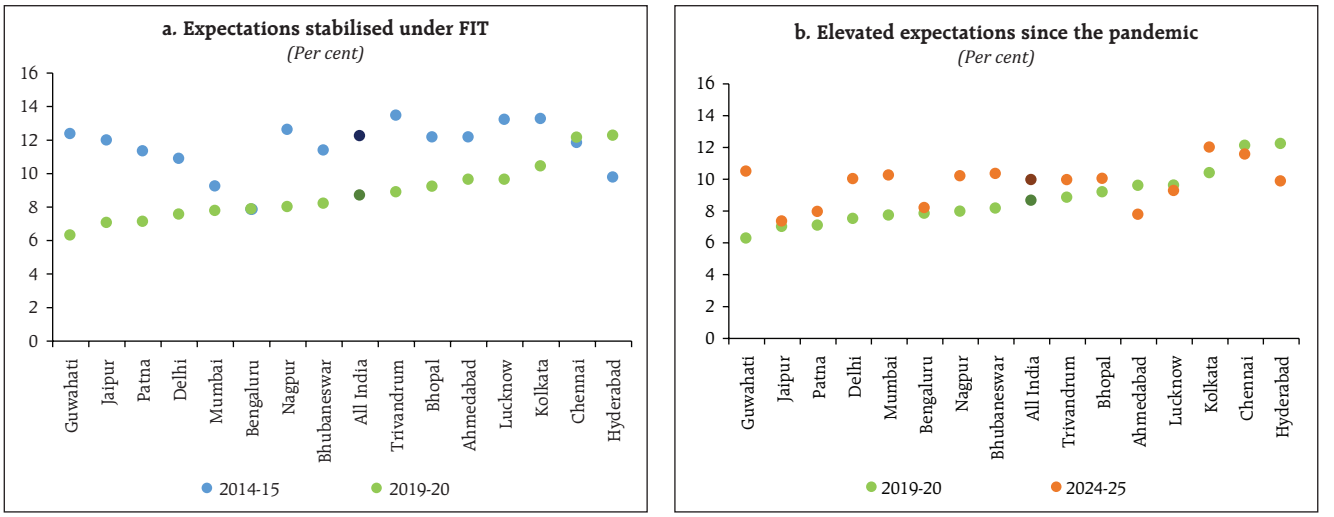
(Share in per cent, Per cent)



Notes: 1. The shaded bars represent the values of inflation expected by households (in per cent).
2. Reported values of inflation expectations (IE) are grouped as: No idea, inflation expected to be less than or equal to 1 per cent (IE <= 1), between 1 and 16 per cent (1 < IE < 16) and greater than or equal to 16 per cent (>=16 per cent).

Sources: MoSPI; IESH, RBI; and Authors' calculations.

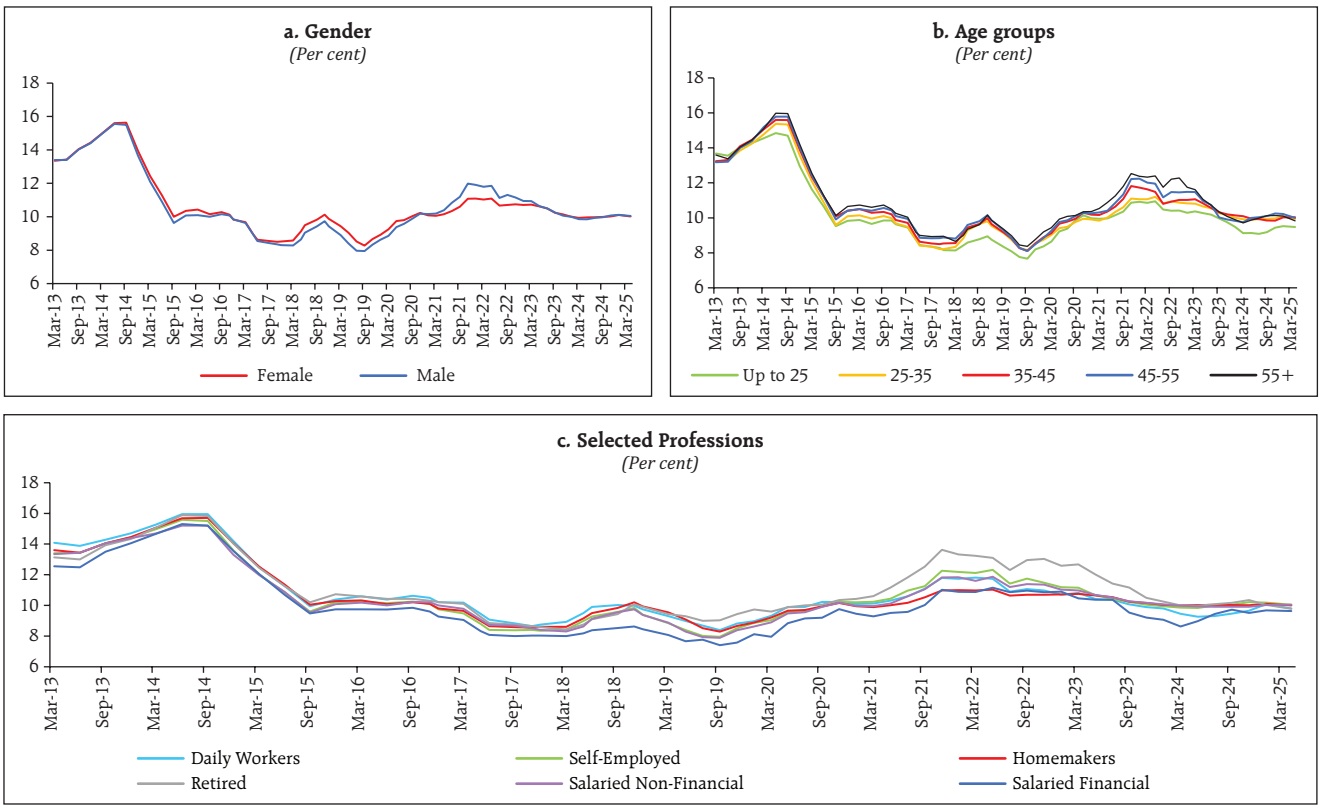
Chart 7: City-wise Inflation Expectations and the FIT Regime



Note: Data pertain to averages of 1-year ahead median inflation expectations from various rounds in the respective fiscal years. For clarity purpose, data pertaining to 2014-15, 2019-20 and 2024-25 have been shown, but the pattern remains similar across the years.
Sources: IESH, RBI; Authors' calculations.

Daily wage earners express relatively greater inflation concerns in the pre-pandemic period than salaried employees, likely influenced by fixed budget and variable income constraints (Chart 8c). While post

Chart 8: Inflation Expectations across Demographic Groups



Notes: 1. For the reported aggregate series, data on median is available from 2012 onwards.
2. Inflation expectations are represented as one-year moving average.
3. Salaried financial and non-financial refer to financial sector employees and other employees, respectively.
Sources: IESH, RBI; and Authors' calculations.

pandemic inflationary pressures led to higher overall expectations, younger individuals, homemakers and salaried professionals seem to have better anchored expectations.

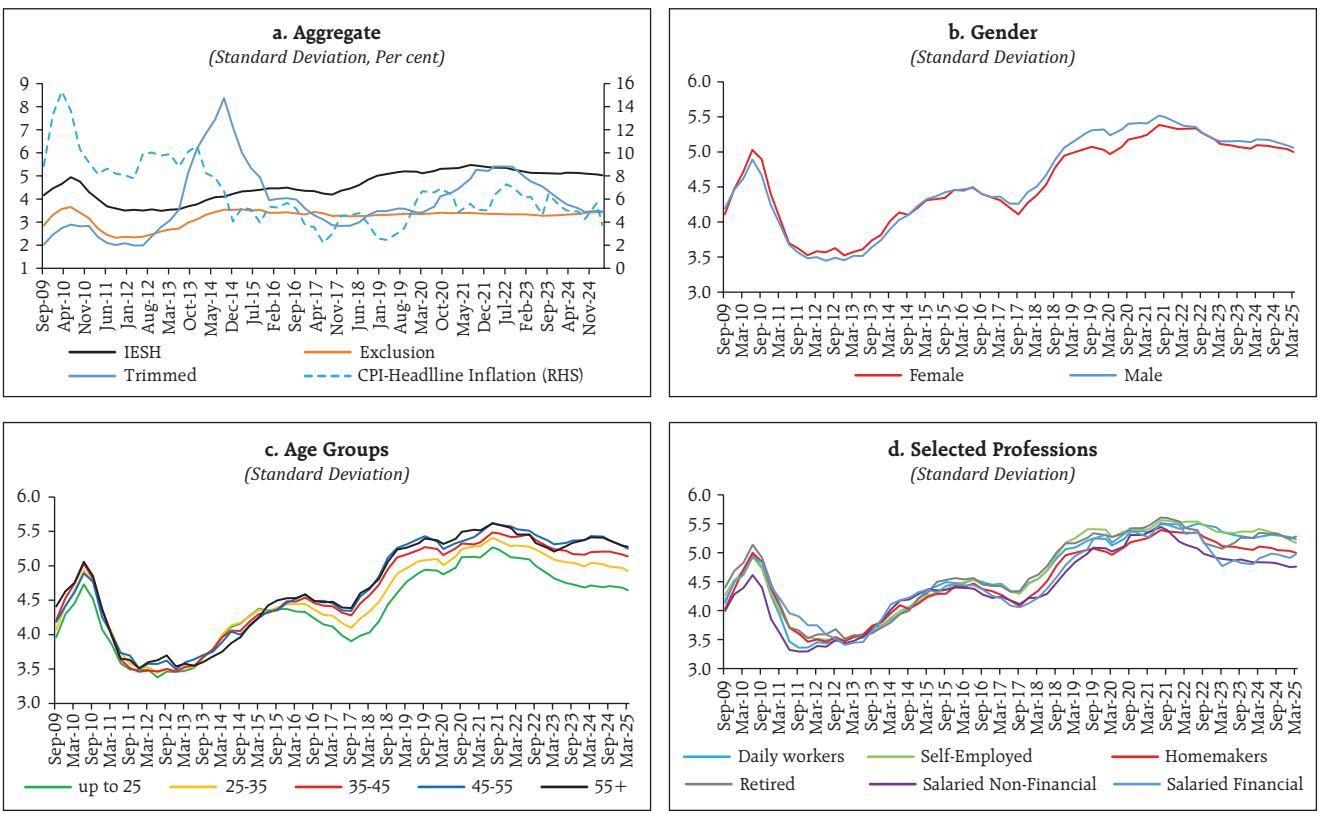
10. Disagreement in inflation expectations widens post pandemic

Disagreement in inflation expectations reflects the uncertainty and volatility in responses, particularly during inflationary shocks (Coibion and Gorodnichenko, 2012).[12] The falling disagreement since the transition to the FIT regime was reversed with the rising inflation since 2018-19, followed by the pandemic pressures (Chart 9). At the aggregate level, exclusion and trimmed inflation expectations show lower disagreement levels than the reported expectations. Across cohorts, generally, male respondents, older individuals (45+; retirees) and households with variable incomes (daily workers, self-employed) exhibit higher disagreement.

V. Factors influencing household inflation expectations in India: Empirical Results

An important question for policy makers is: what are the main factors influencing household inflation expectations in India? To explore this, we look at 1-year ahead inflation expectations from the IESH along with its possible explanatory variables. As discussed in Sections II to IV, not only key macroeconomic variables, but also the persistence

Chart 9: Disagreement in Inflation Expectations



Notes: 1. Disagreement is measured as standard deviation of inflation expectations across responses.
2. Disagreement levels are represented as one-year moving averages.
Sources: RBI; and Author's calculations

[12] Disagreement in inflation expectations is measured as standard deviation of expectations across agents.

and volatility of food prices are likely to influence households' short-term inflation expectations (up to 1 year). Our sample combines the median short-term inflation expectations from the IESH with quarterly macroeconomic variables and variants of their moments. The data is quarterly, spanning from 2009-10:Q2 to 2024-25:Q4.

To ensure robustness and capture a broader range of respondents' perspectives, we use inflation expectations from (i) the reported IESH series, (ii) a series that excludes extreme values (particularly those exceeding 16 percent) [Exclusion series], and (iii) a series with the top 20th percentile trimmed (Trimmed series).[13]

V.1. Specification

The benchmark model, estimated using Generalised Method of Moments (GMM)[14], is of the following form. For a given time t,

$$\pi^{e}_{t+4|t} = \alpha + \beta_1 \pi^{e}_{(t-1)+4|t-1} + \beta_2 \pi_{t-1} + \beta_3 output\ gap_{t-2} + \beta_4 effective\ policy\ rate_{t-1} + \beta_5 D_{FIT} + \epsilon_t$$

where,

$\pi^{e}_{t+4|t}$: 4-quarters ahead median inflation expectations (per cent), given information at time t.

$\pi^{e}_{(t-1)+4|t-1}$: captures the influence of past inflation expectations;

π_{t-1}: headline CPI-C inflation [year-on-year (y-o-y) per cent] to assess the influence of recent inflation dynamics;

$output\ gap_{t-2}$: captures aggregate economic conditions;[15]

$effective\ policy\ rate_{t-1}$: weighted average call rate (WACR)[16] net of headline CPI-C inflation;

D_{FIT}: dummy variable takes a value 1 for the FIT regime since 2014-15: Q1, and 0 otherwise[17]; and

ϵ_t: is the error term.

Additionally, to account for supply shocks, we include: (1) $rainfall_t$, the aggregate deviation of rainfall from normal (per cent); (2) $RPVFood_{t-1}$, the relative price volatility (RPV) of food items in the CPI basket;[18,19] (3) Brent crude oil price inflation (y-o-y per cent) in rupee terms (π^{Brent}_{t-1}) to capture both global commodity price pressures and domestic logistics factors, which partially reflect exchange rate developments;[20] and (4) liquefied petroleum gas (LPG) price inflation (y-o-y per cent) [π^{LPG}_{t-1}] to capture the effects of domestic fuel prices.[21]

For demand-side influences, we use growth in personal loans[22] ($loan_t$) and alternatively, spread

[13] Descriptions on the calculations of Exclusion and Trimmed series are provided in Section III.

[14] We employ GMM regression framework to address the endogeneity issue and account for the potential information set of agents, using four consecutive lags of variables as instruments (to restrict the information set of agents to past one year). The GMM estimators can produce efficient and unbiased estimates even in the presence of heteroscedasticity of unknown form. Moreover, GMM maintains its efficiency in over-identified models, where the number of instruments exceeds the number of explanatory variables, provided that the over-identifying restrictions (or instruments) are valid. The Sargan-Hansen J test confirms the validity of these instruments by verifying that they are uncorrelated with the error term (Baum *et al.*, 2003).

[15] Output gap is calculated as the log difference of actual and potential GDP as per cent of log potential GDP in real terms. Potential GDP is calculated using Hodrick–Prescott filter. Since the GDP data becomes available with a lag of almost two quarters, is considered at time *t*–2.

[16] In India, the effective policy rate has fluctuated between the repo and reverse repo rates, reflecting prevailing liquidity conditions and policy stance. Hence, WACR is used as a proxy (Khundrakpam, 2011; Kapur and Behera, 2012).

[17] The Reserve Bank adopted a glide path towards the FIT regime in January, 2014, following the recommendations of an expert committee. The FIT framework was formally implemented in February 2015. To account for a potential adjustment period, we assume that the FIT regime began in 2014-15: Q1.

[18] $RPVFood_{t-1}$ is calculated as weighted standard deviation of food and beverages group items' inflation over headline inflation (Pattanaik *et al.*, 2023).

[19] Estimates using WPI food inflation were found insignificant.

[20] Estimates using Real Effective Exchange Rate (36-currency trade-weighted) [REER] instead of Brent crude oil suggest that exchange rate movements are likely to matter more for informed professionals and businesses rather than households (Annex C Table C2).

[21] LPG prices are calculated as the average of prices for the 19kg cylinder (pre-subsidy) in the four major cities of Delhi, Mumbai, Kolkata, and Chennai. Data for the 14.2kg cylinder is available only from 2014 onwards and is largely incorporated in the CPI already. Results with LPG 19kg cylinder price inflation are provided in Annex C Table C1.

[22] Deflated using headline CPI-C index.

between the weighted average lending rate (WALR) on fresh rupee loans and the WACR ($spread_t$), indicating credit availability and cost of borrowed funds, respectively. These variables are combined to complement our benchmark models and facilitate robustness checks.[23] Data sources include RBI; MoSPI; CEIC; Indian Oil Corporation Ltd. (IOCL); and U.S. Energy Information Administration (EIA).[24]

V.2. Results

The following section discusses the results based on a combination of models on Reported, Exclusion and Trimmed series of expectations (Tables 1-2, Annex C). Exclusion and Trimmed series are also referred to as adjusted series.

a) Behavioural factors - priors and perceptions of inflations: The magnitude of persistence of inflation expectations (π^e_{t-1}) is nearly halved as we move from the reported to adjusted series. A percentage point increase in past expectations boosts household expectations by about 46-72 basis points (bps)[25] in case of the reported series, while it wanes to around 17-49 bps for the adjusted series.

b) Past inflation dynamics: rational inattention? A percentage point increase in past inflation drives adjusted inflation expectations by up to 11-39 bps. By adjusting for extreme values, we find that influence of realised inflation dynamics increases, while that of past inflation expectations generally decreases.

c) Domestic economic conditions: The output gap has a positive impact on adjusted inflation expectations, suggesting that households revise their inflation expectations upward as the economy's aggregate demand conditions improve. The reported series caps all higher expectations at 16.5 per cent, likely limiting the ability of macroeconomic determinants to influence inflation expectations.

Table 1: Benchmark Model: Median Inflation Expectations

Sample period: 2009-10: Q2 – 2024-25: Q4	Dependent variable: 1-year ahead expectation ($\pi^e_{t+4|t}$)		
Independent variables:	**Reported**	**Exclusion**	**Trimmed**
	(1)	(2)	(3)
$Constant$	3.918*** *(1.571)*	4.220*** *(0.878)*	5.879*** *(1.031)*
$\pi^e_{(t-1)+4\|t-1}$	0.534*** *(0.152)*	0.494*** *(0.069)*	0.263** *(0.102)*
π_{t-1}	0.276 *(0.161)*	0.135*** *(0.035)*	0.291** *(0.110)*
$wacr_{t-1}$	-0.067 *(0.090)*	-0.143*** *(0.031)*	-0.045*** *(0.041)*
$output\ gap_{t-2}$	0.061 *(0.055)*	0.081*** *(0.010)*	0.065*** *(0.016)*
D_{FIT}	-0.778* *(0.420)*	-0.145** *(0.214)*	-0.296** *(0.331)*
Adjusted-R^2	0.702	0.715	0.636
J-statistic	5.952	10.825	10.020
Prob (J-statistic)	0.745	0.820	0.865
DW-statistic	2.493	2.459	2.221
Long-run impact			
$Constant$	8.408	8.340	7.977
π_{t-1}	0.592	0.267	0.395
$wacr_{t-1}$	-0.144	-0.283	-0.061

Notes: 1. Instrumental variables used include instruments for: π^e_{t-1} (1 to 2 lags); π_{t-1} and $wacr_{t-1}$ (1 to 4 lags); $output\ gap_{t-2}$ (1 to 5 lags).
2. Figures in parentheses indicate standard errors.
3. *, **, *** denote significance levels at 10, 5 and 1 per cent, respectively.

d) Monetary policy actions, communications and framework: The effective policy rate has a significant negative impact on adjusted inflation expectations. Further, transition to the FIT regime has generally led to lower inflation expectations, ranging from 0.15 to 2.5 percentage points decline, suggestive of better anchoring of expectations by monetary policy. However, this period also witnessed timely fiscal measures like export bans by the government, and largely lower global inflationary pressures during

[23] For detailed results for both 3-months and 1-year ahead expectations, please refer to Ruhi *et al.*, 2026 (mimeo).

[24] Summary statistics of the variables are presented in Annex B Table B1.

[25] A basis point is one-hundredth of a percentage point.

2014-20, even though households may have limited awareness of specific policy measures.[26]

e) Supply shocks: Both abnormal rainfall and higher volatility of food prices tend to independently elevate household inflation expectations in some of the models. But their combined occurrence affects these expectations significantly in all cases, *albeit* with a small positive magnitude (Table 2). This

Table 2: Models with supply and demand shocks

Sample period: 2009-10: Q2 – 2024-25: Q4	**Dependent variable: 1-year ahead expectation ($\pi^{e}_{t+4|t}$)**					
Independent variables:	**Reported**		**Exclusion**		**Trimmed**	
	(1)	(2)	(3)	(4)	(5)	(6)
$Constant$	5.808*** *(1.752)*	6.219** *(2.595)*	4.273*** *(0.669)*	7.709*** *(0.923)*	5.630*** *(0.547)*	9.382*** *(1.705)*
$\pi^{e}_{(t-1)+4\|t-1}$	0.666*** *(0.146)*	0.457*** *(0.124)*	0.405*** *(0.089)*	0.345*** *(0.055)*	0.370*** *(0.041)*	0.321*** *(0.073)*
π_{t-1}	0.048 *(0.286)*	0.019** *(0.178)*	0.159** *(0.067)*	0.248*** *(0.065)*	0.265*** *(0.035)*	0.247*** *(0.048)*
$wacr_{t-1}$	-0.140 *(0.162)*	-0.115 *(0.124)*	-0.100*** *(0.036)*	-0.240*** *(0.033)*	-0.142*** *(0.021)*	-0.276*** *(0.062)*
$output\ gap_{t-2}$	0.045 *(0.030)*	0.039 *(0.035)*	0.052*** *(0.009)*	0.036*** *(0.008)*	0.056*** *(0.009)*	0.046** *(0.021)*
D_{FIT}	-2.092** *(0.973)*	-2.460*** *(0.860)*	-0.825*** *(0.670)*	-0.481*** *(0.286)*	-1.139*** *(0.226)*	-1.991*** *(0.356)*
$rainfall_t$	0.009** *(0.004)*	0.007 *(0.006)*	0.006*** *(0.002)*	0.008* *(0.003)*	0.009*** *(0.003)*	0.009** *(0.004)*
$RPVFood_{t-1}$	0.009 *(0.007)*	0.002 *(0.005)*	0.007*** *(0.002)*	0.001 *(0.003)*	0.004* *(0.003)*	0.003 *(0.003)*
$rainfall_t * RPVFood_{t-1}$	0.001* *(0.000)*	0.001* *(0.000)*	0.001*** *(0.000)*	0.001*** *(0.000)*	0.001** *(0.002)*	0.002* *(0.000)*
π^{Brent}_{t-1}	0.004** *(0.003)*	0.001 *(0.000)*	0.001* *(0.001)*	0.003** *(0.001)*	0.001 *(0.001)*	0.001* *(0.001)*
$loan_t$	0.014 *(0.031)*		0.015* *(0.010)*		0.003* *(0.009)*	
$spread_t$		-0.094 *(0.188)*		-0.346*** *(0.061)*		-0.450* *(0.219)*
Adjusted-R^2	0.530	0.689	0.480	0.416	0.664	0.62
J-statistic	10.202	9.953	12.189	11.064	11.531	10.266
Prob (J-statistic)	0.807	0.823	0.967	0.983	0.994	0.946
DW-statistic	2.635	2.456	2.433	2.392	2.610	2.620
Long-run impact						
$Constant$	17.389	11.453	7.182	11.769	8.937	13.817
π_{t-1}	0.144	0.035	0.267	0.379	0.421	0.364
$wacr_{t-1}$	-0.419	-0.212	-0.168	-0.366	-0.225	-0.406

Notes: 1. Instrumental variables used include instruments for: π^{e}_{t-1} (1 to 2 lags); π_{t-1}, $wacr_{t-1}$ and $RPVFood_{t-1}$ (1 to 4 lags); $output\ gap_{t-2}$ (1 to 5 lags); π^{LPG}_{t-1} and $loan_t$ (1 to 3 lags); π^{Brent}_{t-1} and $spread_t$ (1 to 2 lags).
2. Figures in parentheses indicate standard errors.
3. *, **, *** denote significance levels at 10, 5 and 1 per cent, respectively.

[26] The IESH does not capture information on households' awareness about the Reserve Bank, its monetary policy functioning, cognitive abilities, or exposure to media and social interactions related to policy or inflation dynamics. While the questionnaire includes questions about education, this data is not publicly available.

suggests that while food volatility itself may not be a major concern, it can significantly impact inflation expectations during excess rainfall periods or *vice versa*.[27, 28]

In line with the stylised facts 3 and 4, and given the significant weight of food in the CPI basket (45.86 per cent), the RBI should continue to consider food price dynamics in its monetary policy to balance social welfare and economic objectives.[29] Oil prices generally have small significant positive effect, suggesting sensitivity of expectations to oil price changes (Table 2; Annex C).

f) Demand shocks: Do easier access to credit or lower loan interest rates influence expectations? We find that personal loan growth generally has a positive and significant effect on adjusted inflation expectations (Table 2). The spread between WALR and WACR has a negative effect on adjusted expectations, indicating households associate higher credit costs with weaker demand and lower future inflation.

g) Long-run impact: Both past realised inflation and policy rate exert stronger long-term influence on household inflation expectations. While households may rely on personal perceptions and economic conditions in the short term, they give greater weight to inflation history (life experiences) and monetary policy in the long-term, highlighting the critical role of monetary policy in anchoring inflation expectations.

VI. Conclusion

This study analyses Indian household inflation expectations, revealing that they remain elevated compared to those of professionals, even during periods of price stability. Demographic factors such as gender, age, and professional background play significant roles. Notably, men, older individuals (45 and above), self-employed and daily workers, who often operate on variable incomes, exhibit higher inflation expectations. In contrast, younger and salaried individuals show less disagreement and are more attuned to realised inflation dynamics, likely reflecting their exposure to financial and social network.

Transition to the FIT regime, along with timely fiscal interventions such as export bans and lower import duties, and moderating inflation levels have contributed to decline in both the levels of expectations and disagreement across responses. However, supply shocks and global inflation shocks induced by the pandemic and geopolitical tensions have elevated the inflation expectations, particularly across headline, food and housing categories. High food inflation during periods of high inflation may keep the expectations elevated, even as headline matters more for inflation expectations. Nonetheless, most recently, as inflation has been showing signs of easing, expectations of households have also come down.

Empirically, macroeconomic shocks, especially volatility of food price, play a prominent role in influencing short-term (up to 1-year ahead) household expectations, especially during adverse weather conditons. Consistent with global findings, these results emphasise the importance of targeting headline inflation to effectively manage expectations and improve social welfare.[30] Nevertheless, the impact of monetary policy is significant even when we include higher values of expectations in trimmed series. The transition to the FIT regime has aided in anchoring inflation expectations.

[27] Goyal and Parab (2021), De Pooter *et al.* (2014), Armantier *et al.* (2016).

[28] This result holds even for the pre-Covid pandemic period till 2019-20 [Ruhi *et al.*, 2026 (mimeo)].

[29] Patra and Ray (2010); Pattanaik *et al.* (2019); Eichengreen and Gupta (2024).

[30] D'Acunto *et al.* (2024) argue that central banks should focus more on overall inflation rather than just core inflation since consumers tend to base their inflation expectations relatively more on prices of frequently purchased items.

Given the evidence of non-rationality and heterogeneity across different groups of households – each reflecting their systematic biases – the role of monetary policy becomes critical in managing inflation expectations. This, in turn, underscores the challenges of effective policy communication, making it essential to understand how these expectations are shaped and managed. The study also emphasises the need for further refinement in inflation surveys and adjustment techniques to capture the dynamics of household inflation expectations more accurately.

References

Aguiar, M. and Hurst, E. (2005). Consumption *versus* Expenditure. *Journal of Political Economy* 113(5), 919–948.

Andrade, P., Gautier, E. and Mengus, E. (2020). What Matters in Households' Inflation Expectations?. *Banque de France Working Paper* No. 770.

Armantier, O., Nelson, S., Topa, G., van der Klaauw, W. and Zafar, B. (2016). The Price is Right: Updating Inflation Expectations in a Randomized Price Information Experiment. *The Review of Economics and Statistics*, MIT Press Vol. 98(3). 503-523.

Asnani, S., Kumar, P. and Tomar, S. (2019). Does Inflation Targeting Anchor Inflation Expectations? Evidence From India. *The Indian Statistical Institute Working Paper.*

Bailey, M., Cao, R., Kuchler, T. and Stroebel, J. (2018). The Economic Effects of Social Networks: Evidence from the Housing Market. *Journal of Political Economy* 126(6), 2224–2276.

Baum, C. F., Schaffer, M. E., and Stillman, S. (2003). Instrumental Variables and GMM: Estimation and Testing. *The Stata Journal*, 3(1), 1-31.

Bernanke, B. S. (2007). Inflation Expectations and Inflation Forecasting. In Speech at the Monetary Economics Workshop of the *National Bureau of Economic Research Summer Institute*, Cambridge, Massachusetts (Vol. 10, p. 11).

Bhattacharya, R. (2023). Does Monetary Policy in India Anchor Inflation Expectation?. *NIPFP Working Paper Series*, No. 395.

Binder, C. C. (2017). Measuring Uncertainty Based on Rounding: New Method and Application to Inflation Expectations. *Journal of Monetary Economics*, 90(C): 1–12.

Bryan, M.F. and Venkatu, G. (2001). The Demographics of Inflation Opinion Surveys. *Economic Commentary.*

Calvo, G. A. (1983). Staggered Prices in a Utility-Maximizing Framework. *Journal of Monetary Economics, Elsevier.* Vol. 12(3), 383-398.

Carroll, C. D. (2003). Macroeconomic Expectations of Households and Professional Forecasters. *Quarterly Journal of Economics*, 118(1), 269-298.

Casas, I., and Fernández-Casal, R. (2022). tvReg: Time-varying Coefficients in Multi-Equation Regression in R. *R Journal*, 14(1).

Cavallo, A., Cruces, G. and Perez-Truglia, R. (2017). Inflation Expectations, Learning, and Supermarket Prices: Evidence from Survey Experiments. *American Economic Journal: Macroeconomics*, 9(3): 1–35.

Coibion, O., and Gorodnichenko, Y. (2012). What Can Survey Forecasts Tell Us about Information Rigidities?. *Journal of Political Economy*, 120(1), 116–159.

----- (2015). Information Rigidity and the Expectations Formation Process: A Simple Framework and New Facts. *American Economic Review*, 105(8), 2644-2678.

Coibion, O., Gorodnichenko, Y. and Kamdar, R. (2018). The Formation of Expectations, Inflation, and the Phillips Curve. *Journal of Economic Literature*, 56(4), 1447-1491.

Coibion, O., Gorodnichenko, Y., Kumar, S. and Pedemonte, M. (2020). Inflation Expectations as a Policy Tool?. *Journal of International Economics*, Elsevier, vol. 124.

Coibion, O., Gorodnichenko, Y. and Weber, M. (2022). Monetary Policy Communications and Their Effects on Household Inflation Expectations. *Journal of Political Economy*, 130(6), 1537-1584.

Coibion, O., Gorodnichenko, Y., Knotek, E.S. and Schoenle, R. (2023). Average Inflation Targeting and Household Expectations. *Journal of Political Economy Macroeconomics*, University of Chicago Press. vol. 1(2), 403-446.

Crump, R. K., Eusepi, S., Tambalotti, A. and Topa, G. (2022). Subjective Intertemporal Substitution. *Journal of Monetary Economics*, 126, 118-133.

D'Acunto, F., Malmendier, U., Ospina, J. and Weber, M. (2021). Exposure to Grocery Prices and Inflation Expectations. *Journal of Political Economy* 129(5), 1615–1639.

D'Acunto, F., Malmendier, U. and Weber, M. (2023). What Do the Data Tell Us About Inflation Expectations?. *Handbook of Economic Expectations*, 133-161.

D'Acunto, F., Charalambakis, E., Georgarakos, D., Kenny, G., Meyer, J., and Weber, M. (2024). Household Inflation Expectations: An Overview of Recent Insights for Monetary Policy. *Becker Friedman Institute for Economics Working Paper* No. 2024-66.

Das, A., Lahiri, K. and Zhao, Y. (2019). Inflation Expectations in India: Learning from household tendency surveys. *International Journal of Forecasting*, 35(3), 980-993.

De Pooter, M., P. Robitaille, I. Walker, and M. Zdinak (2014). Are Long-Term Inflation Expectations Well Anchored in Brazil, Chile, and Mexico?. *International Journal of Central Banking*, 10(2), 337-400.

Eichenbaum, M., Jaimovich, N. and Rebelo, S. (2011). Reference Prices, Costs, and Nominal Rigidities. *American Economic Review*, 101(1), 234–62.

Eichengreen, B., and Gupta, P. (2024). Inflation Targeting in India: A Further Assessment. *NCAER Working Paper* No. 174.

Friedman, M. (1968). The Role of Monetary Policy. *American Economic Review*, 58, 1-17.

Ghosh, T., Sahu, S., and Chattopadhyay, S. (2021). Inflation Expectations of Households in India: Role of Oil Prices, Economic Policy Uncertainty, and Spillover of Global Financial Uncertainty. *Bulletin of Economic Research*, 73(2), 230-251.

Goyal, A., and Parab, P. M. (2019). Modeling Consumers' Confidence and Inflation Expectations. *Economics Bulletin*, 39(3), 1817-1832.

----- (2021). What Influences Aggregate Inflation Expectations of Households in India?. *Journal of Asian Economics*, 72, 101260.

Haidari, Y., and Nolan, G. (2022). Sentiment, Uncertainty and Households' Inflation Expectations. *Reserve Bank of Australia Bulletin*, September.

Jonung, L. (1981). Perceived and Expected Rates of Inflation in Sweden. *The American Economic Review*, 71(5), 961-968.

Kapur, M., and Behera, H. K. (2012). Monetary Transmission Mechanism in India: A quarterly model. *Reserve Bank of India Working Paper* 09.

Khundrakpam, J. (2011). Credit Channel of Monetary Transmission in India - How Effective and Long is the Lag?. *MPRA Paper* 50899.

Kose, M. A., Matsuoka, H., Panizza, U., and Vorisek, D. (2019). Inflation Expectations: Review and Evidence. *World Bank Group Policy Research Working Paper* No. WPS 8785.

Kumar, S., Afrouzi, H., Coibion, O. and Gorodnichenko, Y. (2015). Inflation Targeting Does Not Anchor Inflation Expectations: Evidence from Firms in New Zealand. *NBER Working Paper* No. 21814.

Lucas, R. E. (1972). Expectations and the Neutrality of Money. *Journal of Economic Theory*, 4(2), 103-124.

----- (1973). Some International Evidence on Output-Inflation Tradeoffs. *The American Economic Review*, 63(3), 326–334.

----- (1976). Econometric Policy Evaluation: A Critique. *Carnegie-Rochester Conference Series on Public Policy*, 1(1), 19-46.

Malmendier, U. and Nagel, S. (2016). Learning from Inflation Experiences. *Quarterly Journal of Economics*, 131(1), 53-87.

Mankiw, N. G., and Reis, R. (2002). Sticky Information *versus* Sticky Prices: A Proposal to Replace the New Keynesian Phillips Curve. *The Quarterly Journal of Economics.* 117(4), 1295-1328.

Mankiw, N. G., Reis, R. and Wolfers, J. (2004). Disagreement about Inflation Expectations. *NBER Macroeconomics Annual,* Vol. 18, 209-270.

Manski, C. F. (2004). Measuring expectations. *Econometrica*, 72(5), 1329-1376.

Mehra, Y. P., and Reilly, D. (2008). Inflation Expectations: Their Sources and Effects. *Richmond Fed Economic Brief.* October, No. 08-01.

Mishkin, F. S. (2007). Inflation Dynamics, *International Finance*, 10(3), 317-334.

Moessner, R. (2021). Determinants of Inflation Expectations. *CESifo Working Paper Series* 9485.

Muth, J. F. (1961). Rational Expectations and the Theory of Price Movements. *Econometrica*, 29(3), 315–335.

Patra, M. D., and Ray, P. (2010). Inflation Expectations and Monetary Policy in India: An empirical exploration. *International Monetary Fund* WP/10/84.

Pattanaik, S., Muduli, S., and Ray, S. (2020). Inflation Expectations of Households: Do They Influence Wage-Price Dynamics in India?. *Macroeconomics and Finance in Emerging Market Economies*, 13(3), 244-263.

Pattanaik, S., Nadhanael, G. V., and Muduli, S. (2023). Taming Inflation by Anchoring Inflation Expectations. *Economic and Political Weekly*, 58(22), 33-41.

Patzelt, P and Reis, R. (2024). Estimating the Rise in Expected Inflation from Higher Energy Prices. *CEPR Discussion Paper* No. 18907.

Posen, A. (2011). The Soft Tyranny of Inflation Expectations. *International Finance*, 14(3), 541-566.

Reiche, L. and Meyler, A. (2022). Making sense of consumer inflation expectations: the role of uncertainty. *European Central Bank Working Paper Series* No. 2642.

Rudemo, M. (1982). Empirical Choice of Histograms and Kernel Density Estimators. *Scandinavian Journal of Statistics*, 65-78.

Schafer, J. (2022). Inflation Expectations and Their Formation. *Congressional Budget Office Working Paper* 2022-03.

Sharma, N. K., and Bicchal, M. (2018). The Properties of Inflation Expectations: Evidence for India. *Economia*, 19(1), 74-89.

Shaw, P. (2023). Reading Consumers' Minds: An Analysis of Inflation Expectations. *Reserve Bank of India Working Paper.* 05.

Shaw, P., Jayaraman, A. R. and Das, T. B. (2019). Households' Inflation Expectations: A Reflection. *RBI Bulletin*, December, 59-69.

Sheffrin, S. M. (1996). Rational Expectations. *Cambridge University Press.* https://doi.org/10.1017/CBO9781139174367.

Sims, C. A. (2003). Implications of Rational Inattention. *Journal of Monetary Economics*, 50(3), 665-690.

Stroebel, J. and Vavra, J. (2019). House Prices, Local Demand, and Retail Prices. *Journal of Political Economy*, 127(3), 1391–1436.

Taylor, J. B. (1979). Estimation and Control of a Macroeconomic Model with Rational Expectations. *Econometrica*, 47(5), 1267–1286.

Weber, M., D'Acunto, F., Gorodnichenko, Y. and Coibion, O. (2022). The Subjective Inflation Expectations of Households and Firms: Measurement, Determinants, and Implications. *Journal of Economic Perspectives*, 36 (3), 157–84.

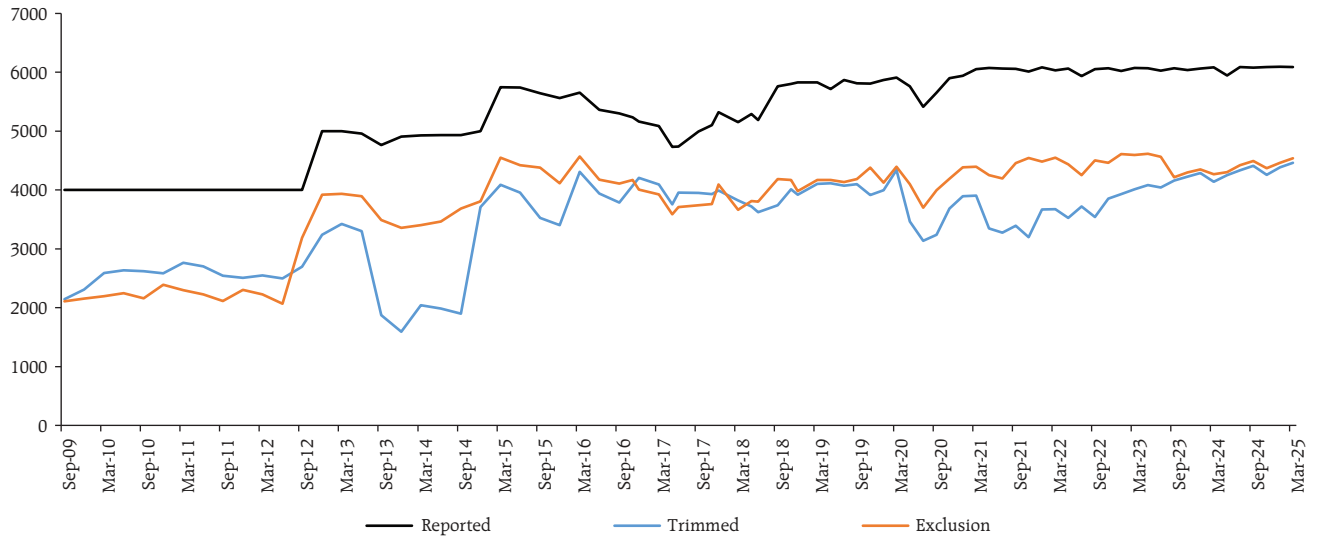
Woodford, M. (2003). Inflation Targeting and Optimal Monetary Policy. *Annual Economic Policy Conference, Princeton University.* October 16-17.

Annexure A: Adjustment Details

The number of respondents in the unit-level IESH data after adjusting for extreme values is presented in Chart A1.

Chart A1: Comparison of Count for Inflation Expectations (1-year ahead)

(Number)



Sources: IESH and Authors' calculations.

Annexure B: Summary Statistics

Unit level observations can have a maximum value of 16.5 per cent in reported series. On the other hand, the maximum of unit-level observations in trimmed series can take values higher than 16.5 as well. However, at the aggregate level, the median of the unit-level values of adjusted series (exclusion and trimmed) is found to be lower than that of reported series (Table B1).

Table B1: Summary Statistics

(Period: 2009-10: Q2 to 2024-25: Q4)

S. No.	Variables (in per cent)	No. of Obs	Mean	Median	Min	Max	Standard Deviations
1.	Inflation Expectations (1-year ahead)						
	(i) Reported	63	10.96	10.30	5.50	16.50	2.17
	(ii) Exclusion	63	9.75	9.50	6.50	12.50	1.36
	(iii) Trimmed	63	10.04	9.50	5.50	14.50	1.75
2.	Output Gap	63	0.03	0.18	-22.55	4.29	3.66
3.	WACR	63	6.18	6.42	3.11	9.27	1.67
4.	CPI Headline Inflation	63	6.52	5.83	2.20	15.32	2.74
5.	Rainfall Deviation	63	8.98	6.85	-92.73	214.31	58.81
6.	RPV Food (in standard deviation)	53	48.88	45.52	21.18	116.13	19.04
7.	Brent Crude Oil Price Inflation	63	7.25	0.55	-56.98	132.27	36.44
8.	LPG 19kg Price Inflation	63	6.41	6.64	-36.35	57.11	20.81
9.	Real Personal Loan Growth	63	9.00	9.73	-12.15	22.18	6.91
10.	Spread (WALR-WACR)	49	3.66	3.64	2.66	4.98	0.65

Source: Authors' calculations.

Annexure C: Robustness Results

Results with supply shocks:

To the benchmark models, when we add supply shocks, primarily rainfall, food volatility and oil price inflation, the results continue to hold (Table C1). The effect of past realised inflation and monetary policy actions is stronger and significant once we adjust for extreme values. The adoption of FIT regime has successfully brought down the inflation expectations. Food price volatility, combined with rainfall puts an upward pressure on these expectations, *albeit* with a small magnitude. Oil price inflation, both in terms of LPG 19 kg cylinder and Brent crude oil, has a positive significant impact on adjusted inflation expectations.

Table C1: Models with supply shocks

Dependent variable: 1-year ahead expectation ($\pi^{e}_{t+4|t}$)

Sample period: 2009-10: Q2 – 2024-25: Q4

Independent variables:	Reported			Exclusion			Trimmed		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
$Constant$	5.269***	4.708***	2.716*	4.372**	5.931***	4.853***	7.304***	6.770***	5.300***
	(1.792)	*(0.984)*	*(1.355)*	*(1.634)*	*(0.661)*	*(0.453)*	*(1.257)*	*(1.235)*	*(0.704)*
$\pi^{e}_{(t-1)+4\|t-1}$	0.619***	0.706***	0.675***	0.424**	0.409***	0.369***	0.214**	0.209*	0.275***
	(0.206)	*(0.096)*	*(0.182)*	*(0.175)*	*(0.063)*	*(0.048)*	*(0.104)*	*(0.076)*	*(0.053)*
π_{t-1}	0.044	0.003	0.174	0.114***	0.140**	0.162***	0.276***	0.295***	0.261***
	(0.287)	*(0.140)*	*(0.289)*	*(0.110)*	*(0.047)*	*(0.053)*	*(0.048)*	*(0.067)*	*(0.045)*
$wacr_{t-1}$	-0.123	-0.135	-0.178	-0.146***	-0.200***	-0.119***	-0.135***	-0.197***	-0.150***
	(0.121)	*(0.080)*	*(0.158)*	*(0.051)*	*(.031)*	*(0.038)*	*(0.033)*	*(0.049)*	*(0.019)*
$output\ gap_{t-2}$	0.039	0.046*	0.113**	0.107**	0.058***	0.079***	0.055***	0.037**	0.058***
	(0.055)	*(0.036)*	*(0.043)*	*(0.042)*	*(0.009)*	*(0.010)*	*(0.014)*	*(0.017)*	*(0.014)*
D_{FIT}	-1.363*	-1.428***	-0.455	-0.566**	-0.638***	-0.365***	-1.470***	-1.028***	-1.283***
	(0.478)	*(0.511)*	*(0.653)*	*(0.432)*	*(0.218)*	*(0.190)*	*(0.415)*	*(0.476)*	*(0.291)*
$rainfall_t$	0.001	0.014*	0.007*	0.008*	0.002	0.007***	0.005	0.001	0.010***
	(0.001)	*(0.006)*	*(0.006)*	*(0.005)*	*(0.001)*	*(0.001)*	*(0.003)*	*(0.001)*	*(0.003)*
$RPVFood_{t-1}$	0.010	0.006	0.003	0.003*	0.004*	0.004	0.016*	0.003	0.005
	(0.008)	*(0.004)*	*(0.007)*	*(0.006)*	*(0.001)*	*(0.003)*	*(0.002)*	*(0.002)*	*(0.004)*
$rainfall_t * RPVFood_{t-1}$	0.001**	0.001*	0.001	0.001**	0.001**	0.004***	0.001***	0.001***	0.0001***
	(0.001)	*(0.000)*	*(0.000)*	*(0.000)*	*(0.000)*	*(0.000)*	*(0.000)*	*(0.000)*	*(0.000)*
π^{LPG}_{t-1}		0.005**			0.003**			0.008**	
		(0.004)			*(0.002)*			*(0.003)*	
π^{Brent}_{t-1}			0.004*			0.003***			0.001*
			(0.003)			*(0.001)*			*(0.001)*
Adjusted-R^2	0.604	0.631	0.606	0.520	0.593	0.520	0.671	0.665	0.660
J-statistic	6.710	7.694	5.114	8.650	11.402	10.178	9.048	10.976	8.805
Prob (J-statistic)	0.752	0.809	0.883	0.800	0.935	0.896	0.828	0.963	0.946
DW-statistic	2.395	2.697	2.475	2.199	2.32	2.330	2.598	2.620	2.721
Long-run impact									
$Constant$	13.829	16.014	8.357	7.590	10.036	7.691	9.293	8.559	13.829
π_{t-1}	0.115	0.010	0.535	0.198	0.237	0.257	0.351	0.373	0.115
$wacr_{t-1}$	-0.323	-0.459	-0.548	-0.253	-0.338	-0.189	-0.172	-0.249	-0.323

Notes: 1. Instrumental variables used include instruments for: π^{e}_{t-1} (1 to 2 lags); π_{t-1}, $wacr_{t-1}$ and $RPVFood_{t-1}$ (1 to 4 lags); $output\ gap_{t-2}$ (1 to 5 lags); π^{LPG}_{t-1} (1 to 3 lags); π^{Brent}_{t-1} (1 to 2 lags).

2. Figures in parentheses indicate standard errors.

3. *, **, *** denote significance levels at 10, 5 and 1 per cent, respectively.

Results with REER:

Comparing the effect of REER on various agents' expectations, we see that REER is significant in case of professional (SPF) and businesses' (BIES) forecasts (Table C2).

Table C2: Models with Professional Forecasts and REER

Dependent variable: 1-year ahead median inflation expectations ($\pi^{e}_{t+4|t}$)

Sample period: 2017-18: Q3 – 2024-25: Q4

Inflation expectations from:	SPF	BIES	IESH	
			Reported	Trimmed
Independent variables:	**(1)**	**(2)**	**(3)**	**(4)**
$Constant$	2.457*** *(0.283)*	2.395*** *(0.386)*	5.144*** *(0.540)*	7.415*** *(0.468)*
$\pi^{e}_{(t-1)+4\|t-1}$	0.607*** *(0.030)*	0.716*** *(0.071)*	0.373*** *(0.045)*	0.166*** *(0.051)*
π_{t-1}	0.130*** *(0.043)*	0.207*** *(0.040)*	0.205*** *(0.055)*	0.233*** *(0.038)*
$wacr_{t-1}$	-0.063** *(0.023)*	-0.120** *(0.042)*	-0.090*** *(0.028)*	-0.231*** *(0.019)*
$output\ gap_{t-2}$	0.037*** *(0.002)*	0.014* *(0.007)*	0.025** *(0.028)*	0.027*** *(0.008)*
$REER_t$	0.029** *(0.015)*	0.040** *(0.014)*	0.028 *(0.019)*	-0.019 *(0.013)*
Adjusted-R^2	0.580	0.503	0.490	0.833
J-statistic	7.382	7.465	7.221	7.791
Prob (J-statistic)	0.946	0.825	0.926	0.900
DW-statistic	2.539	2.181	2.567	1.921
Long-run impact				
$Constant$	6.252	8.433	8.204	8.891
π_{t-1}	0.331	0.729	0.327	0.279
$wacr_{t-1}$	-0.160	-0.423	-0.144	-0.277

Notes: 1. SPF denotes 3-quarters ahead inflation expectations; BIES, Reported and Trimmed denotes 1-year ahead Inflation expectations. Reported refers to published series of IESH inflation expectations, while trimmed is the aggregated series of unit-level observations from IESH calculated after trimming (as explained in Section III).

2. Instrumental variables used include instruments for: π^{e}_{t-1} (1 to 2 lags); π_{t-1}, $wacr_{t-1}$ and $REER_t$ (1 to 4 lags); $output\ gap_{t-2}$ (1 to 5 lags).
3. Figures in parentheses indicate standard errors.
4. *, **, *** denote significance levels at 10, 5 and 1 per cent, respectively.

CURRENT STATISTICS

Select Economic Indicators

Reserve Bank of India

Money and Banking

Prices and Production

Government Accounts and Treasury Bills

Financial Markets

External Sector

Payment and Settlement Systems

Occasional Series

Contents

Notes: .. = Not available.

– = Nil/Negligible.

P = Preliminary/Provisional. PR = Partially Revised.

No. 1: Select Economic Indicators

Item	2024-25	2023-24		2024-25	
		Q3	Q4	Q3	Q4
	1	2	3	4	5
1 Real Sector (% Change)					
1.1 GVA at Basic Prices	6.4	8.0	7.3	6.5	6.8
1.1.1 Agriculture	4.6	1.5	0.9	6.6	5.4
1.1.2 Industry	4.5	12.6	9.9	3.5	4.7
1.1.3 Services	7.5	8.5	8.0	7.5	7.9
1.1a Final Consumption Expenditure	6.5	5.3	6.3	8.3	4.7
1.1b Gross Fixed Capital Formation	7.1	9.3	6.0	5.2	9.4
	2024-25	**2024**		**2025**	
		Apr.	**May**	**Apr.**	**May**
	1	2	3	4	5
1.2 Index of Industrial Production	4.0	5.2	6.3	2.6	1.2
2 Money and Banking (% Change)					
2.1 Scheduled Commercial Banks					
2.1.1 Deposits	10.6	12.0	12.2	10.1	10.1
	(10.3)	(12.6)	(12.7)	(9.8)	(9.9)
2.1.2 Credit #	12.1	15.5	16.1	11.1	9.9
	(11.0)	(19.2)	(19.8)	(10.1)	(9.0)
2.1.2.1 Non-food Credit #	12.0	15.5	16.2	11.0	9.8
	(11.0)	(19.2)	(19.8)	(10.0)	(8.8)
2.1.3 Investment in Govt. Securities	10.6	10.7	8.8	9.8	9.2
	(9.7)	(12.3)	(10.3)	(9.0)	(8.5)
2.2 Money Stock Measures					
2.2.1 Reserve Money (M0)	4.3	5.8	5.8	3.7	6.1
2.2.2 Broad Money (M3)	9.6	10.9	12.1	9.6	9.5
	(9.4)	(11.4)	(12.5)	(9.4)	(9.3)
3 Ratios (%)					
3.1 Cash Reserve Ratio	4.00	4.50	4.50	4.00	4.00
3.2 Statutory Liquidity Ratio	18.00	18.00	18.00	18.00	18.00
3.3 Cash-Deposit Ratio	4.3	5.4	5.0	4.5	4.5
	(4.3)	(5.3)	(4.9)	(4.5)	(4.5)
3.4 Credit-Deposit Ratio	79.1	77.4	77.5	78.1	77.4
	(80.8)	(79.5)	(79.6)	(79.7)	(78.9)
3.5 Incremental Credit-Deposit Ratio #	89.2	37.4	59.2	-8.4	11.0
	(86.1)	(34.4)	(57.3)	(-11.2)	(7.3)
3.6 Investment-Deposit Ratio	29.5	29.2	29.0	29.1	28.8
	(29.7)	(29.5)	(29.3)	(29.3)	(28.9)
3.7 Incremental Investment-Deposit Ratio	29.5	8.1	13.4	-5.4	1.7
	(28.1)	(6.9)	(12.6)	(-5.8)	(1.5)
4 Interest Rates (%)					
4.1 Policy Repo Rate	6.25	6.50	6.50	6.00	6.00
4.2 Fixed Reverse Repo Rate	3.35	3.35	3.35	3.35	3.35
4.3 Standing Deposit Facility (SDF) Rate *	6.00	6.25	6.25	5.75	5.75
4.4 Marginal Standing Facility (MSF) Rate	6.50	6.75	6.75	6.25	6.25
4.5 Bank Rate	6.50	6.75	6.75	6.25	6.25
4.6 Base Rate	9.10/10.40	9.10/10.25	9.10/10.25	9.10/10.40	9.10/10.40
4.7 MCLR (Overnight)	8.15/8.45	8.00/8.60	8.00/8.60	8.15/8.45	8.15/8.25
4.8 Term Deposit Rate >1 Year	6.00/7.25	6.00/7.25	6.00/7.25	6.00/7.15	6.00/6.85
4.9 Savings Deposit Rate	2.70/3.00	2.70/3.00	2.70/3.00	2.70/2.75	2.70/2.75
4.10 Call Money Rate (Weighted Average)	6.35	6.65	6.56	5.86	5.80
4.11 91-Day Treasury Bill (Primary) Yield	6.52	6.92	6.85	5.90	5.62
4.12 182-Day Treasury Bill (Primary) Yield	6.52	7.04	7.01	5.93	5.63
4.13 364-Day Treasury Bill (Primary) Yield	6.47	7.07	7.04	5.91	5.63
4.14 10-Year G-Sec Par Yield (FBIL)	6.62	7.16	7.01	6.40	6.23
5 Reference Rate and Forward Premia					
5.1 INR-US$ Spot Rate (Rs. Per Foreign Currency)	85.58	83.34	83.30	85.58	85.48
5.2 INR-Euro Spot Rate (Rs. Per Foreign Currency)	92.32	89.43	90.12	97.12	96.94
5.3 Forward Premia of US$ 1-month (%)	3.12	1.16	1.08	2.57	2.01
3-month (%)	2.56	1.26	1.22	2.34	1.87
6-month (%)	2.28	1.37	1.34	2.15	1.83
6 Inflation (%)					
6.1 All India Consumer Price Index	4.6	4.8	4.8	3.2	2.8
6.2 Consumer Price Index for Industrial Workers	3.39	3.9	3.9	2.9	2.9
6.3 Wholesale Price Index	2.3	1.2	2.7	0.9	0.4
6.3.1 Primary Articles	5.2	5.2	7.4	-0.9	-2.0
6.3.2 Fuel and Power	-1.3	-0.9	1.0	-3.8	-2.3
6.3.3 Manufactured Products	1.7	-0.1	1.0	2.6	2.0
7 Foreign Trade (% Change)					
7.1 Imports	6.2	11.1	7.3	19.1	-1.7
7.2 Exports	0.1	2.0	13.3	8.6	-2.3

Note : Financial Benchmark India Pvt. Ltd. (FBIL) has commenced publication of the G-Sec benchmarks with effect from March 31, 2018 as per RBI circularFMRD.DIRD. 7/14.03.025/2017-18 dated March 31, 2018. FBIL has started dissemination of reference rates w.e.f. July 10, 2018.

#: Bank credit growth and related ratios for all fortnights from December 3, 2021 to November 18, 2022 are adjusted for past reporting errors by select scheduled commercial banks (SCBs).

Figures in parentheses include the impact of merger of a non-bank with a bank.

*: As per Press Release No. 2022-2023/41 dated April 08, 2022.

Reserve Bank of India

No. 2: RBI - Liabilities and Assets *

(₹ Crore)

Item	As on the Last Friday/ Friday						
	2024-25	2024	2025				
		Jun.	May 30	Jun. 06	Jun. 13	Jun. 20	Jun. 27
	1	2	3	4	5	6	7
1 Issue Department							
1.1 Liabilities							
1.1.1 Notes in Circulation	3683836	3528937	3798507	3814334	3810070	3792588	3783575
1.1.2 Notes held in Banking Department	11	11	13	10	13	17	18
1.1/1.2 Total Liabilities (Total Notes Issued) or Assets	**3683847**	**3528948**	**3798520**	**3814344**	**3810083**	**3792605**	**3783593**
1.2 Assets							
1.2.1 Gold	235379	172686	255367	260475	263095	262847	255940
1.2.2 Foreign Securities	3448129	3356024	3542856	3553670	3546664	3529511	3527205
1.2.3 Rupee Coin	340	237	297	199	324	247	448
1.2.4 Government of India Rupee Securities	-	-	-	-	-	-	-
2 Banking Department							
2.1 Liabilities							
2.1.1 Deposits	1709285	1729450	1824626	1792356	1777073	1785257	1803255
2.1.1.1 Central Government	100	101	101	100	101	100	100
2.1.1.2 Market Stabilisation Scheme	-		-	-	-	-	-
2.1.1.3 State Governments	42	42	42	42	42	42	42
2.1.1.4 Scheduled Commercial Banks	943060	973455	956086	937882	932453	939700	933483
2.1.1.5 Scheduled State Co-operative Banks	7776	8453	8301	8190	8278	8115	8300
2.1.1.6 Non-Scheduled State Co-operative Banks	5963	5259	5002	5074	5091	5114	4984
2.1.1.7 Other Banks	46963	49202	47182	47493	47535	46892	47375
2.1.1.8 Others	593085	564106	704649	705135	688895	696893	715693
2.1.1.9 Financial Institution Outside India	112296	128832	103263	88440	94677	88401	93278
2.1.2 Other Liabilities	2150508	1635592	2112709	2163245	2195845	2223593	2183725
2.1/2.2 Total Liabilities or Assets	**3859793**	**3365042**	**3937335**	**3955600**	**3972918**	**4008850**	**3986980**
2.2 Assets							
2.2.1 Notes and Coins	11	11	13	11	13	17	18
2.2.2 Balances Held Abroad	1413591	1459215	1489277	1513678	1561320	1604588	1590460
2.2.3 Loans and Advances							
2.2.3.1 Central Government	-	-	-	-	-	-	-
2.2.3.2 State Governments	26284	7286	27482	30444	15962	17089	20066
2.2.3.3 Scheduled Commercial Banks	251984	102741	6516	3377	2248	2659	1065
2.2.3.4 Scheduled State Co-op.Banks	-	-	-	-	-	-	-
2.2.3.5 Industrial Dev. Bank of India	-	-	-	-	-	-	-
2.2.3.6 NABARD	-	-	-	-	-	-	-
2.2.3.7 EXIM Bank	-	-	-	-	-	-	-
2.2.3.8 Others	36426	9061	12340	10492	8492	7053	7031
2.2.3.9 Financial Institution Outside India	111768	129258	103071	88442	95234	88936	93636
2.2.4 Bills Purchased and Discounted							
2.2.4.1 Internal	-	-	-	-	-	-	-
2.2.4.2 Government Treasury Bills	-	-	-	-	-	-	-
2.2.5 Investments	1560630	1349978	1813740	1814109	1790025	1789104	1787779
2.2.6 Other Assets	459101	307492	484895	495048	499624	499405	486926
2.2.6.1 Gold	429510	298664	465984	475305	480086	479635	466434

* Data are provisional.

No. 3: Liquidity Operations by RBI

(₹ Crore)

Date	Liquidity Adjustment Facility						Standing Liquidity Facilities	OMO (Outright)		Net Injection (+)/ Absorption (-) (1+3+5+7+9-2-4-6-8)
	Repo	Reverse Repo	Variable Rate Repo	Variable Rate Reverse Repo	MSF	SDF		Sale	Purchase	
	1	2	3	4	5	6	7	8	9	10
May 1, 2025	-	-	-	-	14589	181779	-	-	-	-167190
May 2, 2025	-	-	6380	-	568	200035	-	-	-	-193087
May 3, 2025	-	-	-	-	474	171056	-	-	-	-170582
May 4, 2025	-	-	-	-	29	162216	-	-	-	-162187
May 5, 2025	-	-	5646	-	395	162616	-	-	-	-156575
May 6, 2025	-	-	6428	-	161	178561	-770	-	-	-172742
May 7, 2025	-	-	5192	-	493	182611	-	-	50000	-126926
May 8, 2025	-	-	8074	-	1980	177191	-	-	-	-167137
May 9, 2025	-	-	7417	-	552	213300	-	-	-	-205331
May 10, 2025	-	-	-	-	2404	207660	-	-	-	-205256
May 11, 2025	-	-	-	-	2543	207489	-	-	-	-204946
May 12, 2025	-	-	-	-	2281	205550	-	-	-	-203269
May 13, 2025	-	-	5401	-	154	194470	-	-	25000	-163915
May 14, 2025	-	-	5341	-	175	222868	-991	-	-	-218343
May 15, 2025	-	-	5198	-	358	262952	866	-	-	-256530
May 16, 2025	-	-	5293	-	340	289909	151	-	25000	-259125
May 17, 2025	-	-	-	-	513	231345	-	-	-	-230832
May 18, 2025	-	-	-	-	396	175950	-	-	-	-175554
May 19, 2025	-	-	5170	-	456	234140	-	-	-	-228514
May 20, 2025	-	-	4617	-	435	224630	-	-	19203	-200375
May 21, 2025	-	-	4348	-	591	171096	-	-	-	-166157
May 22, 2025	-	-	4341	-	616	138547	-	-	-	-133590
May 23, 2025	-	-	4371	-	676	209752	-	-	-	-204705
May 24, 2025	-	-	-	-	601	181823	-	-	-	-181222
May 25, 2025	-	-	-	-	879	149634	-	-	-	-148755
May 26, 2025	-	-	4073	-	2476	210831	-	-	-	-204282
May 27, 2025	-	-	3542	-	902	227421	-	-	-	-222977
May 28, 2025	-	-	3843	-	606	229136	-1113	-	-	-225800
May 29, 2025	-	-	3335	-	1062	218709	972	-	-	-213340
May 30, 2025	-	-	8721	-	1540	229098	-	-	-	-218837
May 31, 2025	-	-	-	-	1005	246776	-	-	-	-245771

No. 4: Sale/ Purchase of U.S. Dollar by the RBI

i) Operations in onshore / offshore OTC segment

Item	2024-25	2024	2025	
		May	Apr.	May
	1	2	3	4
1 Net Purchase/ Sale of Foreign Currency (US $ Million) (1.1-1.2)	-34511	4222	-1660	1764
1.1 Purchase (+)	364200	23647	10110	9124
1.2 Sale (–)	398711	19425	11770	7360
2 ₹ equivalent at contract rate (₹ Crores)	-291233	35160	-14635	14562
3 Cumulative (over end-March) (US $ Million)	-34511	575	-1660	104
(₹ Crore)	-291233	4672	-14635	-73
4 Outstanding Net Forward Sales (-)/ Purchase (+) at the end of month (US $ Million)	-84345	-10360	-72575	-65215

ii) Operations in currency futures segment

Item	2024-25	2024	2025	
		May	Apr.	May
	1	2	3	4
1 Net Purchase/ Sale of Foreign Currency (US $ Million) (1.1-1.2)	0	0	0	0
1.1 Purchase (+)	31415	2287	0	0
1.2 Sale (–)	31415	2287	0	0
2 Outstanding Net Currency Futures Sales (-)/ Purchase (+) at the end of month (US $ Million)	0	-1812	0	0

No. 4 A : Maturity Breakdown (by Residual Maturity) of Outstanding Forwards of RBI (US $ Million)

Item	As on May 31 , 2025		
	Long (+)	Short (-)	Net (1-2)
	1	2	3
1. Upto 1 month	0	4825	-4825
2. More than 1 month and upto 3 months	0	10235	-10235
3. More than 3 months and upto 1 year	0	30055	-30055
4. More than 1 year	0	20100	-20100
Total (1+2+3+4)	**0**	**65215**	**-65215**

No. 5: RBI's Standing Facilities

(₹ Crore)

Item	As on the Last Reporting Friday							
	2024-25	2024	2025					
		Jun. 28	Jan. 24	Feb. 21	Mar. 21	Apr. 18	May 30	Jun. 27
	1	2	3	4	5	6	7	8
1 MSF	9961	46848	3232	500	9961	2003	1540	1065
2 Export Credit Refinance for Scheduled Banks								
2.1 Limit	-	-	-	-	-	-	-	-
2.2 Outstanding	-	-	-	-	-	-	-	-
3 Liquidity Facility for PDs								
3.1 Limit	9900	9900	9900	9900	9900	14900	14900	14900
3.2 Outstanding	9517	9061	9556	9096	9517	7999	8595	7010
4 Others								
4.1 Limit	76000	76000	76000	76000	76000	76000	76000	76000
4.2 Outstanding	-	-	-	-	-	-	-	-
5 Total Outstanding (1+2.2+3.2+4.2)	19478	55909	12788	9596	19478	10002	10135	8075

Money and Banking

No. 6: Money Stock Measures

(₹ Crore)

Item	Outstanding as on March 31/last reporting Fridays of the month/ reporting Fridays				
	2024-25	2024	2025		
		May 31	May 02	May 16	May 30
	1	2	3	4	5
1 Currency with the Public (1.1 + 1.2 + 1.3 – 1.4)	3630751	3468799	3713241	3744459	3736527
1.1 Notes in Circulation	3686799	3537190	3773204	3804541	3797410
1.2 Circulation of Rupee Coin	35889	33115	36179	36179	36179
1.3 Circulation of Small Coins	743	743	743	743	743
1.4 Cash on Hand with Banks	93696	102572	97941	98072	98902
2 Deposit Money of the Public	2953329	2742637	3168178	3090359	3241663
2.1 Demand Deposits with Banks	2840023	2651468	3061827	2984812	3131530
2.2 'Other' Deposits with Reserve Bank	113307	91169	106352	105547	110133
3 M1 (1 + 2)	**6584081**	**6211436**	**6881420**	**6834817**	**6978190**
4 Post Office Saving Bank Deposits	212331	196778	212331	212331	212331
5 M2 (3 + 4)	**6796412**	**6408214**	**7093751**	**7047148**	**7190521**
6 Time Deposits with Banks	20643062	19303478	20885898	20815351	20956339
	(20702508)	(19398657)	(20943231)	(20871567)	(21011378)
7 M3 (3 + 6)	27227143	25514915	27767318	27650168	27934529
	(27286589)	(25610093)	(27824651)	(27706384)	(27989568)
8 Total Post Office Deposits	1443555	1337638	1443555	1443555	1443555
9 M4 (7 + 8)	28670698	26852553	29210873	29093723	29378084
	(28730144)	(26947731)	(29268206)	(29149939)	(29433123)

Figures in parentheses include the impact of merger of a non-bank with a bank.

No. 7 : Sources of Money Stock (M_3)

(₹ Crore)

Sources	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2024-25	2024	2025		
		May 31	May 02	May 16	May 30
	1	2	3	4	5
1 Net Bank Credit to Government	**8463065**	**7370024**	**8626146**	**8690546**	**8446563**
1 Net Bank Credit to Government (Including Merger)	(8510825)	(7454906)	(8672729)	(8737129)	(8493151)
1.1 RBI's net credit to Government (1.1.1–1.1.2)	1508105	966036	1652602	1746157	1479315
1.1.1 Claims on Government	1591591	1374629	1741551	1851653	1839456
1.1.1.1 Central Government	1558903	1363906	1703071	1815249	1811974
1.1.1.2 State Governments	32688	10723	38480	36404	27482
1.1.2 Government deposits with RBI	83485	408593	88949	105496	360141
1.1.2.1 Central Government	83443	408551	88906	105453	360099
1.1.2.2 State Governments	42	42	42	42	42
1.2 Other Banks' Credit to Government	6954959	6403988	6973543	6944389	6967248
1.2 Other Banks Credit to Government (Including Merger)	(7002720)	(6488870)	(7020127)	(6990972)	(7013836)
2 Bank Credit to Commercial Sector	**18646762**	**17036241**	**18683378**	**18628149**	**18690046**
2 Bank Credit to Commercial Sector (Including Merger)	(19068129)	(17547319)	(19093866)	(19034855)	(19089019)
2.1 RBI's credit to commercial sector	38246	11372	20762	19079	14393
2.2 Other banks' credit to commercial sector	18608516	17024869	18662616	18609069	18675653
2.2 Other banks credit to commercial sector (Including Merger)	(19029883)	(17535948)	(19073105)	(19015776)	(19074626)
2.2.1 Bank credit by commercial banks	17822605	16271803	17874468	17821005	17888404
2.2.1 Bank credit by commercial banks (Including Merger)	(18243972)	(16782882)	(18284957)	(18227712)	(18287377)
2.2.2 Bank credit by co-operative banks	766659	734587	769110	768912	768000
2.2.3 Investments by commercial and co-operative banks in other securities	19252	18479	19038	19152	19249
2.2.3 Investments by commercial and co-operative banks in other securities (Including Merger)	(19252)	(18479)	(19038)	(19152)	(19249)
3 Net Foreign Exchange Assets of Banking Sector (3.1 + 3.2)	**6027804**	**5615739**	**6112152**	**6178440**	**6230153**
3.1 RBIs net foreign exchange assets (3.1.1 - 3.1.2)	5550947	5289318	5635295	5701583	5753296
3.1.1 Gross foreign assets	5550956	5289319	5635303	5701581	5753292
3.1.2 Foreign liabilities	9	0	9	-3	-4
3.2 Other banks' net foreign exchange assets	476857	326421	476857	476857	476857
4 Government's Currency Liabilities to the Public	**36632**	**33858**	**36922**	**36922**	**36922**
5 Banking Sector's Net Non-monetary Liabilities	**5947120**	**4540947**	**5691280**	**5883889**	**5469155**
5 Banking Sectors Net Non-monetary Liabilities (Including Merger)	(6356801)	(5041729)	(6091019)	(6280963)	(5859677)
5.1 Net non-monetary liabilities of RBI	2147427	1610515	2257212	2300152	2099222
5.2 Net non-monetary liabilities of other banks (residual)	3799694	2930431	3434068	3583737	3369933
5.2 Net non-monetary liabilities of other banks (residual) (Including Merger)	(4209375)	(3431213)	(3833807)	(3980811)	(3760454)
M_3(1+2+3+4–5)	**27227143**	**25514915**	**27767318**	**27650168**	**27934529**
M3 (1+2+3+4-5) (Including Merger)	(27286589)	(25610093)	(27824651)	(27706384)	(27989568)

Figures in parentheses include the impact of merger of a non-bank with bank.

No. 8: Monetary Survey

(₹ Crore)

Item	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2024-25	2024	2025		
		May 31	May 02	May 16	May 30
	1	2	3	4	5
Monetary Aggregates					
NM_1 (1.1+1.2.1+1.3)	6584081	6211436	6881420	6834817	6978559
NM_2 (NM_1 + 1.2.2.1)	15741937	14793220	16152186	16070915	16278082
NM2 (NM1 + 1.2.2.1) (Including Merger)	(15768688)	(14836051)	(16177985)	(16096212)	(16302849)
NM_3 (NM_2 +1.2.2.2 + 1.4 = 2.1 + 2.2 + 2.3 – 2.4 – 2.5)	27850121	26020993	28351801	28253207	28539892
NM3 (NM2 + 1.2.2.2 + 1.4 = 2.1 + 2.2 + 2.3 - 2.4 - 2.5) (Including Merger)	(27909568)	(26116172)	(28409133)	(28309423)	(28594932)
1 Components					
1.1 Currency with the Public	3630751	3468799	3713241	3744459	3736896
1.2 Aggregate Deposits of Residents	23190815	21722100	23663529	23509473	23797136
1.2 Aggregate Deposits of Residents (Including Merger)	(23250261)	(21817278)	(23720862)	(23565689)	(23852176)
1.2.1 Demand Deposits	2840023	2651468	3061827	2984812	3131530
1.2.2 Time Deposits of Residents	20350792	19070631	20601702	20524662	20665606
1.2.2 Time Deposits of Residents (Including Merger)	(20410239)	(19165810)	(20659035)	(20580878)	(20720646)
1.2.2.1 Short-term Time Deposits	9157856	8581784	9270766	9236098	9299523
1.2.2.1 Short-term Time Deposits (Including Merger)	(9184607)	(8624615)	(9296566)	(9261395)	(9324291)
1.2.2.1.1 Certificates of Deposits (CDs)	527375	364274	513793	504085	516544
1.2.2.2 Long-term Time Deposits	11192936	10488847	11330936	11288564	11366083
1.2.2.2 Long-term Time Deposits (Including Merger)	(11225631)	(10541196)	(11362469)	(11319483)	(11396355)
1.3 'Other' Deposits with RBI	113307	91169	106352	105547	110133
1.4 Call/Term Funding from Financial Institutions	915248	738925	868679	893728	895727
2 Sources					
2.1 Domestic Credit	28333316	25527033	28591744	28593316	28414468
2.1 Domestic Credit (Including Merger)	(28802443)	(26122994)	(29048816)	(29046606)	(28860029)
2.1.1 Net Bank Credit to the Government	8463065	7370024	8626146	8690546	8446563
2.1.1 Net Bank Credit to the Government (Including Merger)	(8510825)	(7454906)	(8672729)	(8737129)	(8493151)
2.1.1.1 Net RBI credit to the Government	1508105	966036	1652602	1746157	1479315
2.1.1.2 Credit to the Government by the Banking System	6954959	6403988	6973543	6944389	6967248
2.1.1.2 Credit to the Government by the Banking System (Including Merger)	(7002720)	(6488870)	(7020127)	(6990972)	(7013836)
2.1.2 Bank Credit to the Commercial Sector	19870251	18157010	19965598	19902770	19967905
2.1.2 Bank Credit to the Commercial Sector (Including Merger)	(20291618)	(18668088)	(20376087)	(20309477)	(20366878)
2.1.2.1 RBI Credit to the Commercial Sector	38246	11372	20762	19079	14393
2.1.2.2 Credit to the Commercial Sector by the Banking System	19832006	18145638	19944837	19883691	19953512
2.1.2.2 Credit to the Commercial Sector by the Banking System (Including Merger)	(20253372)	(18656717)	(20355325)	(20290397)	(20352485)
2.1.2.2.1 Other Investments (Non-SLR Securities)	1208294	1101545	1256123	1258743	1259726
2.2 Government's Currency Liabilities to the Public	36632	33858	36922	36922	37291
2.3 Net Foreign Exchange Assets of the Banking Sector	5605462	5158212	5721080	5740174	5821083
2.3.1 Net Foreign Exchange Assets of the RBI	5550947	5289318	5635295	5701583	5753296
2.3.2 Net Foreign Currency Assets of the Banking System	54514	-131107	85785	38590	67787
2.4 Capital Account	4481192	4268718	4728655	4847118	4956419
2.5 Other items (net)	2053777	930174	1669030	1667160	1167053

Figures in parentheses include the impact of merger of a non-bank with a bank.

No. 9: Liquidity Aggregates

(₹ Crore)

Aggregates	2024-25	2024	2025		
		May	Mar.	Apr.	May
	1	2	3	4	5
1 NM_3	**27837333**	**26020993**	**27837333**	**28152487**	**28539892**
	(27896780)	(26116172)	(27896780)	(28211019)	(28594932)
2 Postal Deposits	756786	707232	756786	756786	756786
3 L_1 (1 + 2)	**28594119**	**26728225**	**28594119**	**28909273**	**29296678**
	(28653566)	(26823404)	(28653566)	(28967805)	(29351718)
4 Liabilities of Financial Institutions	95148	72510	95148	102284	116492
4.1 Term Money Borrowings	10	1324	10	4	4
4.2 Certificates of Deposit	80810	58570	80810	87705	101755
4.3 Term Deposits	14328	12616	14328	14575	14733
5 L_2 (3 + 4)	**28689268**	**26800735**	**28689268**	**29011557**	**29413170**
	(28748714)	(26895913)	(28748714)	(29070089)	(29468210)
6 Public Deposits with Non-Banking Financial Companies	121178	..	121178	..	..
7 L_3 (5 + 6)	**28810446**	**..**	**28810446**	**..**	**..**

Notes : 1. Figures in the columns might not add up to the total due to rounding off of numbers.
2. Figures in parentheses include the impact of merger of a non-bank with a bank.

No. 10: Reserve Bank of India Survey

(₹ Crore)

Item	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2024-25	2024	2025		
		May 31	May 2	May 16	May 30
	1	2	3	4	5
1 Components					
1.1 Currency in Circulation	3724448	3571371	3811183	3842530	3835798
1.2 Bankers' Deposits with the RBI	991488	1014134	994260	988687	1016571
1.2.1 Scheduled Commercial Banks	926001	951109	933070	928136	956086
1.3 'Other' Deposits with the RBI	113307	91169	106352	105547	110133
Reserve Money (1.1 + 1.2 + 1.3 = 2.1 + 2.2 + 2.3 – 2.4 – 2.5)	4829243	4676674	4911794	4936765	4962501
2 Sources					
2.1 RBI's Domestic Credit	1389090	964014	1496789	1498411	1271136
2.1.1 Net RBI credit to the Government	1508105	966036	1652602	1746157	1479315
2.1.1.1 Net RBI credit to the Central Government (2.1.1.1.1 + 2.1.1.1.2 + 2.1.1.1.3 + 2.1.1.1.4 – 2.1.1.1.5)	1475460	955355	1614165	1709796	1451876
2.1.1.1.1 Loans and Advances to the Central Government	-	-	-	-	-
2.1.1.1.2 Investments in Treasury Bills	-	-	-	-	-
2.1.1.1.3 Investments in dated Government Securities	1558574	1363469	1702840	1814971	1811677
2.1.1.1.3.1 Central Government Securities	1558574	1363469	1702840	1814971	1811677
2.1.1.1.4 Rupee Coins	329	438	231	278	297
2.1.1.1.5 Deposits of the Central Government	83443	408551	88906	105453	360099
2.1.1.2 Net RBI credit to State Governments	32646	10681	38438	36361	27439
2.1.2 RBI's Claims on Banks	-157261	-13394	-176575	-266825	-222572
2.1.2.1 Loans and Advances to Scheduled Commercial Banks	-157261	-13394	-176575	-266825	-222572
2.1.3 RBI's Credit to Commercial Sector	38246	11372	20762	19079	14393
2.1.3.1 Loans and Advances to Primary Dealers	9182	9311	9479	8736	8595
2.1.3.2 Loans and Advances to NABARD	-	-	-	-	-
2.2 Government's Currency Liabilities to the Public	36632	33858	36922	36922	37291
2.3 Net Foreign Exchange Assets of the RBI	5550947	5289318	5635295	5701583	5753296
2.3.1 Gold	668162	471621	691478	694701	721351
2.3.2 Foreign Currency Assets	4882794	4817697	4943825	5006880	5031941
2.4 Capital Account	1875114	1767903	1955046	1998793	2091368
2.5 Other Items (net)	272313	-157388	302166	301359	7854

No. 11: Reserve Money - Components and Sources

(₹ Crore)

Item	2024-25	Outstanding as on March 31/last Fridays of the month/Fridays					
		2024	2025				
		May 31	May 2	May 9	May 16	May 23	May 30
	1	2	3	4	5	6	7
Reserve Money (1.1 + 1.2 + 1.3 = 2.1 + 2.2 + 2.3 + 2.4 + 2.5 – 2.6)	4829243	4676674	4911794	4933654	4936765	4943750	4962501
1 Components							
1.1 Currency in Circulation	3724448	3571371	3811183	3841072	3842530	3842318	3835798
1.2 Bankers' Deposits with RBI	991488	1014134	994260	986527	988687	995829	1016571
1.3 'Other' Deposits with RBI	113307	91169	106352	106055	105547	105603	110133
2 Sources							
2.1 Net Reserve Bank Credit to Government	1508105	966036	1652602	1657068	1746157	1399983	1479315
2.2 Reserve Bank Credit to Banks	-157261	-13394	-176575	-188007	-266825	-186035	-222572
2.3 Reserve Bank Credit to Commercial Sector	38246	11372	20762	19329	19079	17860	14393
2.4 Net Foreign Exchange Assets of RBI	5550947	5289318	5635295	5733311	5701583	5738608	5753296
2.5 Government's Currency Liabilities to the Public	36632	33858	36922	36922	36922	36922	37291
2.6 Net Non- Monetary Liabilities of RBI	2147427	1610515	2257212	2324969	2300152	2063588	2099222

No. 12: Commercial Bank Survey

(₹ Crore)

Item	Outstanding as on last reporting Fridays of the month/ reporting Fridays of the month				
	2024-25	2024	2025		
		May 31	May 2	May 16	May 30
	1	2	3	4	5
1 Components					
1.1 Aggregate Deposits of Residents	22228885	20759181	22692716	22540682	22826770
	(22288331)	(20854359)	(22750049)	(22596898)	(22881810)
1.1.1 Demand Deposits	2698049	2506493	2918313	2841916	2988921
1.1.2 Time Deposits of Residents	19530836	18252688	19774404	19698766	19837850
	(19590283)	(18347866)	(19831736)	(19754982)	(19892889)
1.1.2.1 Short-term Time Deposits	8788876	8213709	8898482	8864445	8927032
1.1.2.1.1 Certificates of Deposits (CDs)	527375	364274	513793	504085	516544
1.1.2.2 Long-term Time Deposits	10741960	10038978	10875922	10834322	10910817
1.2 Call/Term Funding from Financial Institutions	915248	738925	868679	893728	895727
2 Sources					
2.1 Domestic Credit	25687563	23482493	25815029	25724820	25817693
	(26156690)	(24078453)	(26272101)	(26178110)	(26263254)
2.1.1 Credit to the Government	6649537	6097590	6666426	6637365	6659581
	(6697298)	(6182473)	(6713010)	(6683948)	(6706169)
2.1.2 Credit to the Commercial Sector	19038025	17384902	19148603	19087455	19158112
	(19459392)	(17895981)	(19559092)	(19494162)	(19557085)
2.1.2.1 Bank Credit	17822605	16271803	17874468	17821005	17888404
	(18243972)	(16782882)	(18284957)	(18227712)	(18287377)
2.1.2.1.1 Non-food Credit	17786074	16231544	17812022	17752927	17817823
	(18207441)	(16742623)	(18222511)	(18159634)	(18216796)
2.1.2.2 Net Credit to Primary Dealers	15458	19488	26361	16141	18396
2.1.2.3 Investments in Other Approved Securities	630	1029	614	528	548
2.1.2.4 Other Investments (in non-SLR Securities)	1199332	1092582	1247161	1249781	1250763
2.2 Net Foreign Currency Assets of Commercial Banks (2.2.1-2.2.2-2.2.3)	54514	-131107	85785	38590	67787
2.2.1 Foreign Currency Assets	529621	259269	543751	505533	530021
2.2.2 Non-resident Foreign Currency Repatriable Fixed Deposits	292270	232847	284196	290689	290733
2.2.3 Overseas Foreign Currency Borrowings	182837	157529	173771	176253	171501
2.3 Net Bank Reserves (2.3.1+2.3.2-2.3.3)	1165137	1055398	1195539	1280929	1265837
2.3.1 Balances with the RBI	926001	951109	933070	928136	956086
2.3.2 Cash in Hand	81874	90895	85894	85968	87179
2.3.3 Loans and Advances from the RBI	-157261	-13394	-176575	-266825	-222572
2.4 Capital Account	2581908	2476644	2749439	2824155	2840880
2.5 Other items (net) (2.1+2.2+2.3-2.4-1.1-1.2)	1181172	432034	785520	785775	587940
2.5.1 Other Demand and Time Liabilities (net of 2.2.3)	878795	809832	858562	823277	863072
2.5.2 Net Inter-Bank Liabilities (other than to PDs)	118268	180513	141173	129532	115343

Figures in parentheses include the impact of merger of a non-bank with a bank.

No. 13: Scheduled Commercial Banks' Investments

(₹ Crore)

Item	As on March 21, 2025	2024	2025		
		May 31	Apr. 18	May 16	May 30
	1	2	3	4	5
1 SLR Securities	6697928	6183502	6693443	6684476	6706717
	(6650167)	(6098620)	(6645677)	(6637893)	(6660129)
2 Other Government Securities (Non-SLR)	165500	165544	164975	165608	165432
3 Commercial Paper	63163	43225	68491	84713	82450
4 Shares issued by					
4.1 PSUs	13874	12979	15359	13083	13263
4.2 Private Corporate Sector	95984	91501	102572	99648	98704
4.3 Others	7664	7227	8183	7945	7959
5 Bonds/Debentures issued by					
5.1 PSUs	130308	114668	127368	135092	138380
5.2 Private Corporate Sector	248138	244991	257523	248358	254057
5.3 Others	150000	133707	153979	154167	157501
6 Instruments issued by					
6.1 Mutual funds	119867	96688	144481	144371	127914
6.2 Financial institutions	204865	181756	198048	196796	204927

Notes: Data against column Nos. (1), (2) & (3) are final and for column Nos. (4) & (5) data are Provisional.
1. Data since July 14, 2023 include the impact of the merger of a non-bank with a bank.
2. Figures in parentheses exclude the impact of the merger.

No. 14: Business in India - All Scheduled Banks and All Scheduled Commercial Banks

(₹ Crore)

Item	As on the Last Reporting Friday (in case of March)/ Last Friday							
	All Scheduled Banks				All Scheduled Commercial Banks			
	2024-25	2024	2025		2024-25	2024	2025	
		May	Apr.	May		May	Apr.	May
	1	2	3	4	5	6	7	8
Number of Reporting Banks	208	208	208	208	135	135	135	135
1 Liabilities to the Banking System	**458011**	**527766**	**485692**	**507039**	**451305**	**523457**	**480018**	**500764**
1.1 Demand and Time Deposits from Banks	315675	287696	354621	370999	309414	283850	349245	365140
1.2 Borrowings from Banks	112027	163135	107502	110574	111976	163095	107500	110552
1.3 Other Demand and Time Liabilities	30310	76934	23569	25466	29916	76511	23272	25071
2 Liabilities to Others	**25053097**	**23268654**	**25236711**	**25610676**	**24557481**	**22793492**	**24727913**	**25102843**
2.1 Aggregate Deposits	23055487	21544610	23332769	23662774	22580601	21087206	22840577	23172543
	(22996040)	(21449431)	(23274855)	(23607734)	(22521155)	(20992028)	(22782663)	(23117503)
2.1.1 Demand	2748263	2556468	2680951	3038379	2698049	2506493	2630258	2988921
2.1.2 Time	20307224	18988142	20651818	20624394	19882552	18580713	20210319	20183622
2.2 Borrowings	920568	743310	888614	900194	915248	738925	884265	895727
2.3 Other Demand and Time Liabilities	1077042	980734	1015328	1047708	1061632	967361	1003071	1034574
3 Borrowings from Reserve Bank	**311466**	**71305**	**23088**	**6516**	**311466**	**71305**	**23088**	**6516**
3.1 Against Usance Bills /Promissory Notes	-	-	-	-	-	-	-	-
3.2 Others	311466	71305	23088	6516	311466	71305	23088	6516
4 Cash in Hand and Balances with Reserve Bank	985044	1064380	1051971	1064842	964289	1042004	1030327	1043265
4.1 Cash in Hand	84399	93275	85275	89605	81874	90895	82976	87179
4.2 Balances with Reserve Bank	900645	971105	966696	975237	882415	951109	947351	956086
5 Assets with the Banking System	**432645**	**430488**	**464632**	**493680**	**348496**	**362432**	**372327**	**403817**
5.1 Balances with Other Banks	273720	233894	302288	331989	215801	185597	237512	266765
5.1.1 In Current Account	13239	10711	12946	13853	10619	8068	10653	11435
5.1.2 In Other Accounts	260481	223183	289342	318135	205182	177529	226859	255331
5.2 Money at Call and Short Notice	44772	27885	40106	40350	25838	13028	19488	22813
5.3 Advances to Banks	43856	53558	41915	38542	39504	51405	38818	36148
5.4 Other Assets	70296	115150	80323	82799	67353	112401	76510	78092
6 Investment	**6850574**	**6336009**	**6837193**	**6861687**	**6697928**	**6183502**	**6682673**	**6706717**
	(6802814)	(6251126)	(6790609)	(6815099)	(6650167)	(6098620)	(6636090)	(6660129)
6.1 Government Securities	6842024	6328175	6828397	6853140	6697298	6182473	6682108	6706169
6.2 Other Approved Securities	8550	7834	8796	8547	630	1029	566	548
7 Bank Credit	**18708286**	**17219029**	**18680190**	**18753741**	**18243972**	**16782882**	**18214777**	**18287377**
	(18286919)	(16707950)	(18266000)	(18354768)	(17822605)	(16271803)	(17800587)	(17888404)
7a Food Credit	87145	90882	98699	122554	36531	40259	46725	70581
7.1 Loans, Cash-credits and Overdrafts	18370704	16902163	18337163	18412982	17909851	16469360	17875224	17949958
7.2 Inland Bills-Purchased	76523	64372	80991	80744	74963	64367	79561	79467
7.3 Inland Bills-Discounted	222320	210953	224117	223957	221059	208274	222677	222449
7.4 Foreign Bills-Purchased	15357	16346	14893	14063	15122	16125	14661	13866
7.5 Foreign Bills-Discounted	23382	25195	23026	21995	22977	24756	22655	21636

Notes: 1. Data in column Nos. (4) & (8) are Provisional.
2. Data since July 2023 include the impact of the merger of a non-bank with a bank.
3. Figures in parentheses exclude the impact of the merger.

No. 15: Deployment of Gross Bank Credit by Major Sectors

(₹ Crore)

Sector	Outstanding as on				Growth(%)	
	Mar. 21, 2025	2024	2025		Financial year so far	Y-o-Y
		May 31	Apr. 18	May 30	2025-26	2025
	1	2	3	4	%	%
I. Bank Credit (II + III)	**18243936**	**16784076**	**18186759**	**18287597**	**0.2**	**9.0**
	(17822569)	(16272998)	(17774269)	(17888624)	(0.4)	(9.9)
II. Food Credit	**36531**	**40259**	**32126**	**70581**	**93.2**	**75.3**
III. Non-food Credit	**18207404**	**16743817**	**18154634**	**18217016**	**0.1**	**8.8**
	(17786038)	(16232739)	(17742144)	(17818043)	(0.2)	(9.8)
1. Agriculture & Allied Activities	**2287071**	**2139045**	**2309631**	**2298815**	**0.5**	**7.5**
2. Industry (Micro and Small, Medium and Large)	**3937149**	**3703069**	**3895471**	**3881567**	**-1.4**	**4.8**
	(3925089)	(3687055)	(3883660)	(3869110)	(-1.4)	(4.9)
2.1 Micro and Small	791721	736404	798669	837079	5.7	13.7
2.2 Medium	360475	313398	365378	365914	1.5	16.8
2.3 Large	2784953	2653268	2731423	2678574	-3.8	1.0
3. Services	**5161462**	**4681418**	**5088547**	**5090833**	**-1.4**	**8.7**
	(5094021)	(4587724)	(5012374)	(5018221)	(-1.5)	(9.4)
3.1 Transport Operators	258409	243044	260093	263377	1.9	8.4
3.2 Computer Software	32915	25751	33451	33981	3.2	32.0
3.3 Tourism, Hotels & Restaurants	83091	78408	84692	85206	2.5	8.7
3.4 Shipping	7305	6908	7778	7793	6.7	12.8
3.5 Aviation	46026	45556	46540	46326	0.7	1.7
3.6 Professional Services	195956	180059	194449	196476	0.3	9.1
3.7 Trade	1186787	1054911	1163877	1167392	-1.6	10.7
3.7.1. Wholesale Trade[1]	648619	556008	621874	634298	-2.2	14.1
3.7.2 Retail Trade	538168	498903	542003	533094	-0.9	6.9
3.8 Commercial Real Estate	532757	479120	549472	549874	3.2	14.8
	(488689)	(415390)	(503090)	(505800)	(3.5)	(21.8)
3.9 Non-Banking Financial Companies (NBFCs)[2] of which,	1636098	1568073	1610587	1562646	-4.5	-0.3
3.9.1 Housing Finance Companies (HFCs)	323146	331250	314881	308740	-4.5	-6.8
3.9.2 Public Financial Institutions (PFIs)	228678	226675	220806	207146	-9.4	-8.6
3.10 Other Services[3]	1182118	999586	1137607	1177763	-0.4	17.8
	(1166422)	(980269)	(1116037)	(1157271)	(-0.8)	(18.1)
4. Personal Loans	**5952299**	**5456636**	**5980893**	**6061987**	**1.8**	**11.1**
	(5610478)	(5055303)	(5656449)	(5748146)	(2.5)	(13.7)
4.1 Consumer Durables	23402	24682	23279	23715	1.3	-3.9
4.2 Housing	3010477	2786598	3008941	3037366	0.9	9.0
	(2689068)	(2409207)	(2704137)	(2742752)	(2.0)	(13.8)
4.3 Advances against Fixed Deposits	141101	123334	143518	142479	1.0	15.5
4.4 Advances to Individuals against share & bonds	10080	9262	10488	9412	-6.6	1.6
4.5 Credit Card Outstanding	284366	267979	287172	290678	2.2	8.5
4.6 Education	137456	121102	137454	138122	0.5	14.1
4.7 Vehicle Loans	622794	586829	629691	637766	2.4	8.7
4.8 Loan against gold jewellery[4]	208735	116777	223034	251369	20.4	115.3
4.9 Other Personal Loans	1513889	1420073	1517316	1531082	1.1	7.8
	(1493525)	(1396233)	(1497721)	(1511895)	(1.2)	(8.3)
5. Priority Sector (Memo)						
(i) Agriculture & Allied Activities[5]	2287804	2078112	2233685	2277560	-0.4	9.6
(ii) Micro & Small Enterprises[6]	2240503	2030754	2313293	2410013	7.6	18.7
(iii) Medium Enterprises[7]	601451	502496	604299	610129	1.4	21.4
(iv) Housing	746651	762822	744228	750390	0.5	-1.6
	(665107)	(670883)	(663951)	(671007)	(0.9)	(0.0)
(v) Education Loans	62825	61277	62637	63146	0.5	3.0
(vi) Renewable Energy	10325	5923	11979	12250	18.6	106.8
(vii) Social Infrastructure	1316	2674	1147	827	-37.2	-69.1
(viii) Export Credit	11688	11218	13086	12021	2.8	7.2
(ix) Others	47900	62047	48689	48675	1.6	-21.6
(x) Weaker Sections including net PSLC- SF/MF	1820904	1670313	1789687	1832723	0.6	9.7

Notes:

(1) Data are provisional. Bank credit, Food credit and Non-food credit data are based on Section-42 return, which covers all scheduled commercial banks (SCBs), while sectoral non-food credit data are based on sector-wise and industry-wise bank credit (SIBC) return, which covers select banks accounting for about 95 per cent of total non-food credit extended by all SCBs, pertaining to the last reporting Friday of the month.

(2) Data since July 28, 2023 include the impact of the merger of a non-bank with a bank.

(3) Figures in parentheses exclude the impact of the merger.

1 Wholesale trade includes food procurement credit outside the food credit consortium.

2 NBFCs include HFCs, PFIs, Microfinance Institutions (MFIs), NBFCs engaged in gold loan and others.

3 "Other Services" include Mutual Fund (MFs), Banking and Finance other than NBFCs and MFs, and other services which are not indicated elsewhere under services.

4 Since May 2024, a bank has changed the classification of a category of agricultural loan into "Loans against gold jewellery" under retail segment.

5 "Agriculture and Allied Activities" under the priority sector also include priority sector lending certificates (PSLCs).

6 "Micro and Small Enterprises" under the priority sector include credit to micro and small enterprises in industry and services sectors and also include PSLCs.

7 "Medium Enterprises" under the priority sector include credit to medium enterprises in industry and services sectors.

No. 16: Industry-wise Deployment of Gross Bank Credit

(₹ Crore)

Industry	Outstanding as on				Growth(%)	
	Mar. 21, 2025	2024	2025		Financial year so far	Y-o-Y
		May 31	Apr. 18	May 30	2025-26	2025
	1	2	3	4	%	%
2 Industries (2.1 to 2.19)	3937149	3703069	3895471	3881567	-1.4	4.8
	(3925089)	(3687055)	(3883660)	(3869110)	(-1.4)	(4.9)
2.1 Mining & Quarrying (incl. Coal)	56756	55330	53970	53904	-5.0	-2.6
2.2 Food Processing	219527	207427	224436	223657	1.9	7.8
2.2.1 Sugar	28522	26622	28381	25414	-10.9	-4.5
2.2.2 Edible Oils & Vanaspati	20927	18769	21239	20413	-2.5	8.8
2.2.3 Tea	5084	5671	4981	4923	-3.2	-13.2
2.2.4 Others	164994	156365	169834	172908	4.8	10.6
2.3 Beverage & Tobacco	35513	30994	34580	34191	-3.7	10.3
2.4 Textiles	277267	255646	275379	272922	-1.6	6.8
2.4.1 Cotton Textiles	107227	97935	103692	103651	-3.3	5.8
2.4.2 Jute Textiles	4288	4259	4333	4324	0.8	1.5
2.4.3 Man-Made Textiles	49091	44821	49321	47882	-2.5	6.8
2.4.4 Other Textiles	116661	108631	118032	117065	0.3	7.8
2.5 Leather & Leather Products	12980	12454	13157	13164	1.4	5.7
2.6 Wood & Wood Products	27826	24279	27842	28239	1.5	16.3
2.7 Paper & Paper Products	52848	46964	52465	52519	-0.6	11.8
2.8 Petroleum, Coal Products & Nuclear Fuels	154178	139874	135500	137814	-10.6	-1.5
2.9 Chemicals & Chemical Products	267814	256291	267186	268394	0.2	4.7
2.9.1 Fertiliser	32011	39051	31850	32607	1.9	-16.5
2.9.2 Drugs & Pharmaceuticals	88738	83250	86357	85831	-3.3	3.1
2.9.3 Petro Chemicals	26892	25091	29823	31822	18.3	26.8
2.9.4 Others	120172	108899	119157	118134	-1.7	8.5
2.10 Rubber, Plastic & their Products	103464	88404	103555	101907	-1.5	15.3
2.11 Glass & Glassware	13443	12235	13668	13673	1.7	11.8
2.12 Cement & Cement Products	59752	59704	58452	59400	-0.6	-0.5
2.13 Basic Metal & Metal Product	433502	389195	436006	430541	-0.7	10.6
2.13.1 Iron & Steel	300156	275231	299924	293133	-2.3	6.5
2.13.2 Other Metal & Metal Product	133345	113965	136083	137409	3.0	20.6
2.14 All Engineering	240135	199046	240016	239968	-0.1	20.6
2.14.1 Electronics	52862	43828	52978	52810	-0.1	20.5
2.14.2 Others	187272	155218	187038	187158	-0.1	20.6
2.15 Vehicles, Vehicle Parts & Transport Equipment	119057	111780	119583	117522	-1.3	5.1
2.16 Gems & Jewellery	85734	82760	90892	86968	1.4	5.1
2.17 Construction	150701	136249	150407	150908	0.1	10.8
2.18 Infrastructure	1322831	1337701	1311402	1304228	-1.4	-2.5
2.18.1 Power	682953	658116	687776	683712	0.1	3.9
2.18.2 Telecommunications	118940	134415	108302	101263	-14.9	-24.7
2.18.3 Roads	311219	335697	313483	316339	1.6	-5.8
2.18.4 Airports	9156	7556	9293	9428	3.0	24.8
2.18.5 Ports	5916	6412	5467	5182	-12.4	-19.2
2.18.6 Railways	13595	13203	12121	11487	-15.5	-13.0
2.18.7 Other Infrastructure	181052	182303	174959	176817	-2.3	-3.0
2.19 Other Industries	303822	256737	286975	291648	-4.0	13.6

Notes: (1) Data since July 28, 2023 include the impact of the merger of a non-bank with a bank.
(2) Figures in parentheses exclude the impact of the merger.

No. 17: State Co-operative Banks Maintaining Accounts with the Reserve Bank of India

(₹ Crore)

Item	Last Reporting Friday (in case of March)/Last Friday/ Reporting Friday								
	2024-25	2024	2025						
		Apr. 26	Feb. 28	Mar. 07	Mar. 21	Mar. 28	Apr. 04	Apr. 18	Apr. 25
	1	2	3	4	5	6	7	8	9
Number of Reporting Banks	34	33	34	34	34	34	34	34	34
1 Aggregate Deposits (2.1.1.2+2.2.1.2)	**146871.0**	**135856.4**	**141021.9**	**141431.2**	**142953.8**	**146871.0**	**148566.3**	**145054.5**	**147251.7**
2 Demand and Time Liabilities									
2.1 Demand Liabilities	**29215.6**	**28654.1**	**25377.7**	**26240.2**	**29033.2**	**29215.6**	**29503.5**	**27277.2**	**26936.5**
2.1.1 Deposits									
2.1.1.1 Inter-Bank	9022.9	7965.2	6336.1	7072.2	8543.2	9022.9	9328.0	8714.1	8298.2
2.1.1.2 Others	14063.9	14417.9	13305.9	13485.0	13597.0	14063.9	14165.7	13668.7	14069.6
2.1.2 Borrowings from Banks	700.0	679.5	537.7	445.0	827.0	700.0		350.0	
2.1.3 Other Demand Liabilities	5428.9	5591.5	5197.9	5238.0	6066.1	5428.9	6009.9	4544.4	4568.8
2.2 Time Liabilities	**201100.7**	**189681.3**	**181395.7**	**182829.0**	**188026.7**	**201100.7**	**203978.3**	**199471.9**	**199412.2**
2.2.1 Deposits									
2.2.1.1 Inter-Bank	66874.3	66557.0	52005.7	53235.4	57013.2	66874.3	68122.4	66627.7	64779.7
2.2.1.2 Others	132807.1	121438.5	127715.9	127946.1	129356.8	132807.1	134400.6	131385.8	133182.1
2.2.2 Borrowings from Banks	643.9	652.8	650.3	650.3	650.3	643.9	618.0	615.5	615.5
2.2.3 Other Time Liabilities	775.4	1033.0	1023.8	997.2	1006.3	775.4	837.3	842.9	834.9
3 Borrowing from Reserve Bank	699.5			699.8	699.7	699.5	699.8	499.9	499.8
4 Borrowings from a notified bank / Government	126928.5	86593.2	115298.7	116039.2	117531.6	126928.5	123828.0	120340.2	117224.0
4.1 Demand	53459.8	23967.7	46815.1	47552.2	47476.4	53459.8	51798.7	50684.0	50291.4
4.2 Time	73468.7	62625.5	68483.6	68486.9	70055.2	73468.7	72029.3	69656.2	66932.6
5 Cash in Hand and Balances with Reserve Bank	**13390.9**	**12135.1**	**10776.7**	**12029.4**	**12049.8**	**13390.9**	**15154.0**	**15967.2**	**19115.8**
5.1 Cash in Hand	1052.1	777.3	854.2	1226.3	961.5	1052.1	1157.2	813.7	741.3
5.2 Balance with Reserve Bank	12338.8	11357.8	9922.5	10803.1	11088.4	12338.8	13996.8	15153.5	18374.6
6 Balances with Other Banks in Current Account	**1656.3**	**1625.6**	**1281.1**	**1095.8**	**1355.2**	**1656.3**	**1727.6**	**1856.2**	**1487.3**
7 Investments in Government Securities	**77220.1**	**75501.1**	**76364.1**	**75604.6**	**75941.0**	**77220.1**	**77215.6**	**79265.3**	**78742.6**
8 Money at Call and Short Notice	**26531.1**	**23246.7**	**16049.2**	**19365.0**	**18381.0**	**26531.1**	**30596.7**	**22162.6**	**20185.1**
9 Bank Credit (10.1+11)	**174828.8**	**137382.4**	**171858.1**	**171435.7**	**171861.3**	**174828.8**	**174139.0**	**174573.0**	**185733.8**
10 Advances									
10.1 Loans, Cash-Credits and Overdrafts	**174590.4**	**137200.4**	**171681.7**	**171259.2**	**171672.1**	**174590.4**	**173853.1**	**174312.5**	**185468.1**
10.2 Due from Banks	124607.6	136586.9	116430.1	117656.1	118507.5	124607.6	121776.9	119426.7	118050.3
11 Bills Purchased and Discounted	238.4	182.0	176.5	176.5	189.2	238.4	285.8	260.5	265.6

Prices and Production

No. 18: Consumer Price Index (Base: 2012=100)

Group/Sub group	2024-25			Rural			Urban			Combined		
	Rural	Urban	Combined	Jun.24	May 25	Jun.25 (P)	Jun.24	May 25	Jun.25 (P)	Jun.24	May 25	Jun.25 (P)
	1	2	3	4	5	6	7	8	9	10	11	12
1 Food and beverages	**198.6**	**205.3**	**201.1**	**195.5**	**193.2**	**194.8**	**203.5**	**201.0**	**203.4**	**198.4**	**196.1**	**198.0**
1.1 Cereals and products	195.0	193.7	194.6	190.1	197.8	197.1	190.0	197.8	197.5	190.1	197.8	197.2
1.2 Meat and fish	222.3	231.9	225.7	231.4	225.5	227.0	240.5	235.3	237.8	234.6	228.9	230.8
1.3 Egg	192.8	197.5	194.6	188.6	185.1	192.9	192.9	191.7	198.8	190.3	187.7	195.2
1.4 Milk and products	186.3	187.0	186.6	185.1	189.4	190.0	185.8	191.1	191.5	185.4	190.0	190.6
1.5 Oils and fats	175.4	165.5	171.8	162.2	191.6	193.7	156.1	179.2	179.4	160.0	187.0	188.4
1.6 Fruits	188.3	194.2	191.0	179.3	204.5	203.8	190.0	210.1	211.8	184.3	207.1	207.5
1.7 Vegetables	222.1	269.6	238.2	215.9	164.0	174.8	269.7	202.3	218.8	234.2	177.0	189.7
1.8 Pulses and products	208.0	213.5	209.8	208.8	187.0	184.6	215.1	192.2	189.0	210.9	188.8	186.1
1.9 Sugar and confectionery	130.4	132.6	131.2	130.0	134.5	134.7	132.1	136.3	136.4	130.7	135.1	135.3
1.10 Spices	228.5	223.9	227.0	229.2	221.7	221.7	224.8	219.6	219.0	227.7	221.0	220.8
1.11 Non-alcoholic beverages	185.2	173.9	180.5	183.0	190.2	190.0	171.3	179.5	180.0	178.1	185.7	185.8
1.12 Prepared meals, snacks, sweets	199.4	209.7	204.2	197.3	204.0	204.6	206.4	215.9	216.7	201.5	209.5	210.2
2 Pan, tobacco and intoxicants	**207.3**	**212.6**	**208.7**	**206.1**	**210.4**	**211.0**	**212.1**	**216.7**	**217.3**	**207.7**	**212.1**	**212.7**
3 Clothing and footwear	**197.9**	**186.7**	**193.5**	**196.3**	**200.7**	**201.0**	**185.1**	**189.9**	**190.4**	**191.9**	**196.4**	**196.8**
3.1 Clothing	198.8	188.8	194.9	197.1	201.7	202.0	187.3	192.1	192.6	193.2	197.9	198.3
3.2 Footwear	192.7	174.7	185.2	191.4	194.8	195.1	173.3	177.5	177.9	183.9	187.6	188.0
4 Housing	--	**181.5**	**181.5**	--	--	--	**179.1**	**185.8**	**184.9**	**179.1**	**185.8**	**184.9**
5 Fuel and light	**181.2**	**169.7**	**176.9**	**180.5**	**184.7**	**184.1**	**169.3**	**175.1**	**175.3**	**176.3**	**181.1**	**180.8**
6 Miscellaneous	**189.3**	**180.7**	**185.1**	**186.3**	**195.7**	**196.7**	**177.9**	**186.3**	**187.4**	**182.2**	**191.1**	**192.2**
6.1 Household goods and services	185.7	177.1	181.6	184.1	187.7	188.1	175.2	180.0	180.5	179.9	184.1	184.5
6.2 Health	198.4	193.2	196.4	196.0	203.9	204.6	190.7	198.6	199.3	194.0	201.9	202.6
6.3 Transport and communication	175.5	164.8	169.9	172.0	178.7	179.0	161.9	167.4	167.9	166.7	172.8	173.2
6.4 Recreation and amusement	180.1	175.5	177.5	178.6	181.8	182.3	173.7	178.4	178.6	175.8	179.9	180.2
6.5 Education	190.8	186.2	188.1	188.1	194.2	195.8	183.7	190.2	192.0	185.5	191.9	193.6
6.6 Personal care and effects	204.3	206.2	205.1	199.2	225.6	228.5	200.8	227.5	230.7	199.9	226.4	229.4
General Index (All Groups)	**194.9**	**190.0**	**192.6**	**192.2**	**194.3**	**195.5**	**187.8**	**191.5**	**192.6**	**190.2**	**193.0**	**194.2**

Source: National Statistical Office, Ministry of Statistics and Programme Implementation, Government of India.
P: Provisional

No. 19: Other Consumer Price Indices

Item	Base Year	Linking Factor	2024-25	2024	2025	
				May	Apr.	May
	1	2	3	4	5	6
1 Consumer Price Index for Industrial Workers	2016	2.88	142.6	139.9	143.5	144.0
2 Consumer Price Index for Agricultural Labourers	1986-87	5.89	1299	1269	1307	1305
3 Consumer Price Index for Rural Labourers	1986-87	-	1311	1281	1320	1319

Source: Labour Bureau, Ministry of Labour and Employment, Government of India.

No. 20: Monthly Average Price of Gold and Silver in Mumbai

Item	2024-25	2024	2025	
		May	Apr.	May
	1	2	3	4
1 Standard Gold (₹ per 10 grams)	75842	72135	93091	94590
2 Silver (₹ per kilogram)	89131	86866	95309	96026

Source: India Bullion & Jewellers Association Ltd., Mumbai for Gold and Silver prices in Mumbai.

No. 21: Wholesale Price Index

(Base: 2011-12 = 100)

Commodities	Weight	2024-25	2024	2025		
			Jun.	Apr.	May (P)	Jun.(P)
	1	2	3	4	5	6
1 ALL COMMODITIES	**100.000**	**154.9**	**154.0**	**154.2**	**154.1**	**153.8**
1.1 PRIMARY ARTICLES	**22.618**	**192.5**	**192.3**	**185.4**	**184.3**	**185.8**
1.1.1 FOOD ARTICLES	**15.256**	**205.3**	**205.5**	**197.4**	**196.2**	**197.8**
1.1.1.1 Food Grains (Cereals+Pulses)	3.462	210.1	206.6	206.6	204.0	203.0
1.1.1.2 Fruits & Vegetables	3.475	241.4	245.4	209.7	202.7	212.2
1.1.1.3 Milk	4.440	185.8	185.5	187.3	188.9	189.7
1.1.1.4 Eggs, Meat & Fish	2.402	173.4	174.5	172.1	176.6	174.0
1.1.1.5 Condiments & Spices	0.529	232.7	237.2	204.7	200.8	199.5
1.1.1.6 Other Food Articles	0.948	213.6	209.8	226.9	224.9	222.8
1.1.2 NON-FOOD ARTICLES	**4.119**	**161.7**	**157.3**	**160.1**	**158.9**	**160.9**
1.1.2.1 Fibres	0.839	161.4	160.2	163.4	164.9	163.2
1.1.2.2 Oil Seeds	1.115	181.5	180.0	183.0	184.2	190.6
1.1.2.3 Other non-food Articles	1.960	138.7	135.8	139.5	137.8	137.7
1.1.2.4 Floriculture	0.204	277.4	228.8	219.2	198.5	210.9
1.1.3 MINERALS	**0.833**	**229.0**	**229.6**	**228.0**	**228.1**	**231.5**
1.1.3.1 Metallic Minerals	0.648	219.2	225.4	218.8	218.8	223.9
1.1.3.2 Other Minerals	0.185	263.4	244.4	260.5	260.5	258.1
1.1.4 CRUDE PETROLEUM & NATURAL GAS	**2.410**	**151.3**	**156.0**	**137.4**	**137.4**	**136.8**
1.2 FUEL & POWER	**13.152**	**150.0**	**146.9**	**145.7**	**146.7**	**143.0**
1.2.1 COAL	**2.138**	**135.6**	**135.8**	**136.1**	**137.0**	**136.9**
1.2.1.1 Coking Coal	0.647	143.4	143.4	144.9	146.4	146.4
1.2.1.2 Non-Coking Coal	1.401	125.8	125.8	126.2	126.6	126.6
1.2.1.3 Lignite	0.090	232.4	236.0	227.4	231.2	227.3
1.2.2 MINERAL OILS	**7.950**	**156.2**	**155.7**	**150.6**	**147.5**	**146.7**
1.2.3 ELECTRICITY	**3.064**	**144.1**	**132.0**	**139.8**	**151.6**	**137.8**
1.3 MANUFACTURED PRODUCTS	**64.231**	**142.6**	**142.0**	**144.9**	**144.9**	**144.8**
1.3.1 MANUFACTURE OF FOOD PRODUCTS	**9.122**	**172.0**	**165.9**	**179.5**	**178.4**	**177.5**
1.3.1.1 Processing and Preserving of meat	0.134	155.7	157.2	157.0	157.3	158.2
1.3.1.2 Processing and Preserving of fish, Crustaceans, Molluscs and products thereof	0.204	144.9	143.8	146.2	146.9	146.2
1.3.1.3 Processing and Preserving of fruit and Vegetables	0.138	132.6	132.1	135.4	136.0	135.7
1.3.1.4 Vegetable and Animal oils and Fats	2.643	168.5	148.4	189.5	186.7	182.6
1.3.1.5 Dairy products	1.165	180.8	180.1	184.0	183.5	183.9
1.3.1.6 Grain mill products	2.010	186.9	185.1	187.0	186.4	185.5
1.3.1.7 Starches and Starch products	0.110	167.0	165.6	159.2	157.6	154.1
1.3.1.8 Bakery products	0.215	170.5	166.0	176.6	175.9	176.7
1.3.1.9 Sugar, Molasses & honey	1.163	139.1	139.2	144.0	143.9	143.2
1.3.1.10 Cocoa, Chocolate and Sugar confectionery	0.175	160.6	153.3	174.6	176.4	178.7
1.3.1.11 Macaroni, Noodles, Couscous and Similar farinaceous products	0.026	156.7	151.5	162.4	158.7	159.7
1.3.1.12 Tea & Coffee products	0.371	190.7	203.2	193.6	190.2	201.7
1.3.1.13 Processed condiments & salt	0.163	192.6	193.6	189.9	189.5	189.4
1.3.1.14 Processed ready to eat food	0.024	152.7	152.9	156.4	156.5	156.2
1.3.1.15 Health supplements	0.225	185.1	176.3	188.8	187.2	189.4
1.3.1.16 Prepared animal feeds	0.356	204.1	206.7	197.7	198.8	199.6
1.3.2 MANUFACTURE OF BEVERAGES	**0.909**	**134.1**	**133.4**	**135.5**	**135.6**	**135.6**
1.3.2.1 Wines & spirits	0.408	136.0	134.3	138.4	138.8	138.7
1.3.2.2 Malt liquors and Malt	0.225	138.7	139.0	140.0	139.6	139.4
1.3.2.3 Soft drinks; Production of mineral waters and Other bottled waters	0.275	127.5	127.4	127.6	127.6	127.8
1.3.3 MANUFACTURE OF TOBACCO PRODUCTS	**0.514**	**177.8**	**176.2**	**181.5**	**182.4**	**181.1**
1.3.3.1 Tobacco products	0.514	177.8	176.2	181.5	182.4	181.1

No. 21: Wholesale Price Index (Contd.)

(Base: 2011-12 = 100)

Commodities	Weight	2024-25	2024	2025		
			Jun.	Apr.	May (P)	Jun.(P)
	1	2	3	4	5	6
1.3.4 MANUFACTURE OF TEXTILES	**4.881**	**136.3**	**136.4**	**136.9**	**136.6**	**136.6**
1.3.4.1 Preparation and Spinning of textile fibres	2.582	121.4	122.1	120.9	120.5	120.3
1.3.4.2 Weaving & Finishing of textiles	1.509	158.3	158.1	160.4	160.3	160.6
1.3.4.3 Knitted and Crocheted fabrics	0.193	124.0	124.1	124.8	124.8	125.2
1.3.4.4 Made-up textile articles, Except apparel	0.299	160.4	159.3	160.7	161.5	160.9
1.3.4.5 Cordage, Rope, Twine and Netting	0.098	142.7	138.8	150.5	150.7	151.8
1.3.4.6 Other textiles	0.201	134.9	135.1	134.4	133.1	132.1
1.3.5 MANUFACTURE OF WEARING APPAREL	**0.814**	**153.4**	**152.3**	**154.2**	**155.0**	**155.6**
1.3.5.1 Manufacture of Wearing Apparel (woven), Except fur Apparel	0.593	150.9	150.3	152.2	153.2	153.7
1.3.5.2 Knitted and Crocheted apparel	0.221	160.1	157.6	159.6	159.7	160.5
1.3.6 MANUFACTURE OF LEATHER AND RELATED PRODUCTS	**0.535**	**125.3**	**124.6**	**128.2**	**127.0**	**127.6**
1.3.6.1 Tanning and Dressing of leather; Dressing and Dyeing of fur	0.142	106.1	105.1	111.7	110.9	112.3
1.3.6.2 Luggage, HandbAgs, Saddlery and Harness	0.075	142.5	141.8	143.3	141.0	141.3
1.3.6.3 Footwear	0.318	129.7	129.2	131.9	130.9	131.2
1.3.7 MANUFACTURE OF WOOD AND PRODUCTS OF WOOD AND CORK	**0.772**	**149.2**	**149.5**	**150.6**	**150.2**	**150.4**
1.3.7.1 Saw milling and Planing of wood	0.124	141.1	139.6	143.5	143.0	142.6
1.3.7.2 Veneer sheets; Manufacture of plywood, Laminboard, Particle board and Other panels and Boards	0.493	148.6	149.3	149.6	149.4	149.4
1.3.7.3 Builder's carpentry and Joinery	0.036	215.3	215.4	216.7	215.4	215.4
1.3.7.4 Wooden containers	0.119	140.6	141.4	142.2	141.3	143.3
1.3.8 MANUFACTURE OF PAPER AND PAPER PRODUCTS	**1.113**	**139.2**	**138.4**	**140.6**	**140.4**	**140.5**
1.3.8.1 Pulp, Paper and Paperboard	0.493	144.6	144.3	145.0	144.4	144.3
1.3.8.2 Corrugated paper and Paperboard and Containers of paper and Paperboard	0.314	147.3	144.6	151.5	151.2	151.2
1.3.8.3 Other articles of paper and Paperboard	0.306	122.4	122.6	122.5	122.8	123.4
1.3.9 PRINTING AND REPRODUCTION OF RECORDED MEDIA	**0.676**	**187.3**	**185.2**	**189.7**	**189.8**	**189.6**
1.3.9.1 Printing	0.676	187.3	185.2	189.7	189.8	189.6
1.3.10 MANUFACTURE OF CHEMICALS AND CHEMICAL PRODUCTS	**6.465**	**136.5**	**136.4**	**137.6**	**137.2**	**137.2**
1.3.10.1 Basic chemicals	1.433	138.6	137.8	143.0	142.4	141.8
1.3.10.2 Fertilizers and Nitrogen compounds	1.485	143.1	143.3	142.7	143.3	143.0
1.3.10.3 Plastic and Synthetic rubber in primary form	1.001	133.6	134.1	134.7	133.5	133.8
1.3.10.4 Pesticides and Other agrochemical products	0.454	128.8	128.0	131.7	130.2	132.1
1.3.10.5 Paints, Varnishes and Similar coatings, Printing ink and Mastics	0.491	139.5	139.0	138.6	137.5	137.2
1.3.10.6 Soap and Detergents, Cleaning and Polishing preparations, Perfumes and Toilet preparations	0.612	139.7	139.0	141.7	142.0	142.3
1.3.10.7 Other chemical products	0.692	135.4	135.8	134.5	133.9	133.6
1.3.10.8 Man-made fibres	0.296	104.9	107.2	101.9	101.3	102.9
1.3.11 MANUFACTURE OF PHARMACEUTICALS, MEDICINAL CHEMICAL AND BOTANICAL PRODUCTS	**1.993**	**144.3**	**144.0**	**145.5**	**145.5**	**145.9**
1.3.11.1 Pharmaceuticals, Medicinal chemical and Botanical products	1.993	144.3	144.0	145.5	145.5	145.9
1.3.12 MANUFACTURE OF RUBBER AND PLASTICS PRODUCTS	**2.299**	**129.0**	**128.8**	**130.3**	**129.5**	**129.4**
1.3.12.1 Rubber Tyres and Tubes; Retreading and Rebuilding of Rubber Tyres	0.609	115.6	113.6	117.6	116.1	115.9
1.3.12.2 Other Rubber Products	0.272	112.1	110.4	114.2	113.6	113.2
1.3.12.3 Plastics products	1.418	138.1	138.9	138.9	138.2	138.3
1.3.13 MANUFACTURE OF OTHER NON-METALLIC MINERAL PRODUCTS	**3.202**	**131.5**	**130.7**	**132.1**	**133.2**	**133.2**
1.3.13.1 Glass and Glass products	0.295	163.2	162.7	163.7	163.9	163.6
1.3.13.2 Refractory products	0.223	121.6	118.5	121.9	123.1	123.1
1.3.13.3 Clay Building Materials	0.121	124.4	112.7	130.5	133.5	131.0
1.3.13.4 Other Porcelain and Ceramic Products	0.222	124.6	124.4	124.9	125.9	125.8
1.3.13.5 Cement, Lime and Plaster	1.645	130.4	130.3	130.5	132.1	132.3

No. 21: Wholesale Price Index (Contd.)

(Base: 2011-12 = 100)

Commodities	Weight	2024-25	2024	2025		
			Jun.	Apr.	May (P)	Jun.(P)
	1	2	3	4	5	6
1.3.13.6 Articles of Concrete, Cement and Plaster	0.292	139.2	139.7	140.4	140.6	140.2
1.3.13.7 Cutting, Shaping and Finishing of Stone	0.234	134.4	132.3	137.2	137.8	138.8
1.3.13.8 Other Non-Metallic Mineral Products	0.169	95.2	97.4	94.2	94.2	94.6
1.3.14 MANUFACTURE OF BASIC METALS	**9.646**	**139.7**	**143.3**	**140.1**	**140.2**	**138.8**
1.3.14.1 Inputs into steel making	1.411	133.6	140.3	134.1	132.9	131.8
1.3.14.2 Metallic Iron	0.653	141.8	150.9	136.5	134.5	129.5
1.3.14.3 Mild Steel - Semi Finished Steel	1.274	117.9	121.7	118.9	118.7	117.2
1.3.14.4 Mild Steel -Long Products	1.081	140.4	143.6	140.8	138.6	137.4
1.3.14.5 Mild Steel - Flat products	1.144	134.2	140.6	134.7	135.4	134.6
1.3.14.6 Alloy steel other than Stainless Steel- Shapes	0.067	135.4	141.3	136.6	136.2	134.2
1.3.14.7 Stainless Steel - Semi Finished	0.924	131.1	132.9	132.8	137.4	128.8
1.3.14.8 Pipes & tubes	0.205	164.7	166.1	165.3	166.4	167.2
1.3.14.9 Non-ferrous metals incl. precious metals	1.693	157.4	158.2	159.4	160.1	161.3
1.3.14.10 Castings	0.925	144.9	144.5	143.9	143.1	144.0
1.3.14.11 Forgings of steel	0.271	172.2	174.4	174.3	176.6	177.9
1.3.15 MANUFACTURE OF FABRICATED METAL PRODUCTS, EXCEPT MACHINERY AND EQUIPMENT	**3.155**	**136.0**	**136.1**	**136.8**	**137.4**	**137.2**
1.3.15.1 Structural Metal Products	1.031	130.8	130.4	131.7	131.5	131.5
1.3.15.2 Tanks, Reservoirs and Containers of Metal	0.660	149.5	151.6	152.2	153.4	151.5
1.3.15.3 Steam generators, Except Central Heating Hot Water Boilers	0.145	109.8	109.6	110.4	110.6	112.1
1.3.15.4 Forging, Pressing, Stamping and Roll-Forming of Metal; Powder Metallurgy	0.383	138.0	135.3	135.8	135.8	136.7
1.3.15.5 Cutlery, Hand Tools and General Hardware	0.208	102.0	101.5	102.5	103.6	104.7
1.3.15.6 Other Fabricated Metal Products	0.728	144.9	145.8	145.8	147.2	146.6
1.3.16 MANUFACTURE OF COMPUTER, ELECTRONIC AND OPTICAL PRODUCTS	**2.009**	**121.5**	**121.9**	**121.7**	**122.0**	**122.3**
1.3.16.1 Electronic Components	0.402	117.9	117.7	119.4	120.4	120.3
1.3.16.2 Computers and Peripheral Equipment	0.336	134.2	135.3	131.4	131.4	131.4
1.3.16.3 Communication Equipment	0.310	146.0	145.9	146.6	146.8	146.9
1.3.16.4 Consumer Electronics	0.641	101.1	103.3	101.1	100.9	100.8
1.3.16.5 Measuring, Testing, Navigating and Control equipment	0.181	119.9	117.8	121.9	121.9	126.6
1.3.16.6 Watches and Clocks	0.076	167.9	163.0	171.9	174.5	173.7
1.3.16.7 Irradiation, Electromedical and Electrotherapeutic equipment	0.055	114.4	109.9	111.3	111.7	109.9
1.3.16.8 Optical instruments and Photographic equipment	0.008	107.4	109.8	111.8	111.8	114.6
1.3.17 MANUFACTURE OF ELECTRICAL EQUIPMENT	**2.930**	**133.7**	**133.6**	**134.3**	**134.4**	**134.6**
1.3.17.1 Electric motors, Generators, Transformers and Electricity distribution and Control apparatus	1.298	132.3	131.3	132.9	132.8	133.0
1.3.17.2 Batteries and Accumulators	0.236	141.3	141.7	144.0	144.4	144.3
1.3.17.3 Fibre optic cables for data transmission or live transmission of images	0.133	118.6	121.0	114.0	114.8	114.5
1.3.17.4 Other electronic and Electric wires and Cables	0.428	154.4	155.8	157.7	158.0	158.2
1.3.17.5 Wiring devices, Electric lighting & display equipment	0.263	118.4	119.5	117.8	117.8	118.5
1.3.17.6 Domestic appliances	0.366	131.8	132.0	130.0	130.0	130.1
1.3.17.7 Other electrical equipment	0.206	123.4	122.2	125.0	125.3	126.0
1.3.18 MANUFACTURE OF MACHINERY AND EQUIPMENT	**4.789**	**130.8**	**130.8**	**131.6**	**131.8**	**132.3**
1.3.18.1 Engines and Turbines, Except aircraft, Vehicle and Two wheeler engines	0.638	132.8	132.4	134.6	134.3	136.6
1.3.18.2 Fluid power equipment	0.162	134.5	133.9	135.2	134.6	134.4
1.3.18.3 Other pumps, Compressors, Taps and Valves	0.552	118.5	118.2	118.8	119.5	119.5
1.3.18.4 Bearings, Gears, Gearing and Driving elements	0.340	128.5	129.0	129.7	128.9	130.7
1.3.18.5 Ovens, Furnaces and Furnace burners	0.008	86.6	86.6	87.2	88.1	87.9
1.3.18.6 Lifting and Handling equipment	0.285	130.0	130.3	130.7	131.1	131.0

No. 21: Wholesale Price Index (Concld.)

(Base: 2011-12 = 100)

Commodities	Weight	2024-25	2024	2025		
			Jun.	Apr.	May (P)	Jun.(P)
	1	2	3	4	5	6
1.3.18.7 Office machinery and Equipment	0.006	130.2	130.2	130.2	130.2	130.2
1.3.18.8 Other general-purpose machinery	0.437	145.3	148.4	142.9	144.8	143.8
1.3.18.9 Agricultural and Forestry machinery	0.833	145.5	145.0	146.7	146.8	146.8
1.3.18.10 Metal-forming machinery and Machine tools	0.224	123.2	122.4	126.2	126.0	126.2
1.3.18.11 Machinery for mining, Quarrying and Construction	0.371	89.8	89.4	92.3	92.4	92.9
1.3.18.12 Machinery for food, Beverage and Tobacco processing	0.228	126.1	125.8	127.0	126.3	126.3
1.3.18.13 Machinery for textile, Apparel and Leather production	0.192	141.4	136.3	139.2	139.0	139.6
1.3.18.14 Other special-purpose machinery	0.468	144.9	145.7	145.6	145.8	146.9
1.3.18.15 Renewable electricity generating equipment	0.046	69.2	69.6	69.0	69.2	69.4
1.3.19 MANUFACTURE OF MOTOR VEHICLES, TRAILERS AND SEMI-TRAILERS	**4.969**	**129.9**	**130.0**	**130.4**	**130.5**	**130.5**
1.3.19.1 Motor vehicles	2.600	130.6	130.8	131.0	131.0	131.0
1.3.19.2 Parts and Accessories for motor vehicles	2.368	129.1	129.2	129.8	129.9	130.0
1.3.20 MANUFACTURE OF OTHER TRANSPORT EQUIPMENT	**1.648**	**145.2**	**143.8**	**149.4**	**149.6**	**150.4**
1.3.20.1 Building of ships and Floating structures	0.117	180.5	177.9	190.6	190.7	190.7
1.3.20.2 Railway locomotives and Rolling stock	0.110	108.9	108.3	109.3	109.7	109.8
1.3.20.3 Motor cycles	1.302	146.0	144.4	150.3	150.3	151.3
1.3.20.4 Bicycles and Invalid carriages	0.117	134.9	135.7	136.2	136.7	137.1
1.3.20.5 Other transport equipment	0.002	163.2	161.5	165.1	165.9	165.8
1.3.21 MANUFACTURE OF FURNITURE	**0.727**	**160.3**	**157.5**	**163.1**	**163.4**	**163.8**
1.3.21.1 Furniture	0.727	160.3	157.5	163.1	163.4	163.8
1.3.22 OTHER MANUFACTURING	**1.064**	**183.8**	**177.9**	**209.1**	**219.3**	**224.3**
1.3.22.1 Jewellery and Related articles	0.996	185.4	179.1	212.3	223.2	228.6
1.3.22.2 Musical instruments	0.001	201.9	201.9	201.4	202.1	204.3
1.3.22.3 Sports goods	0.012	164.9	161.7	170.4	171.0	171.4
1.3.22.4 Games and Toys	0.005	163.1	161.7	164.2	164.3	162.6
1.3.22.5 Medical and Dental instruments and Supplies	0.049	158.6	158.6	158.6	158.6	157.6
2 FOOD INDEX	**24.378**	**192.9**	**190.7**	**190.7**	**189.5**	**190.2**

Source: Office of the Economic Adviser, Ministry of Commerce and Industry, Government of India.

No. 22: Index of Industrial Production (Base:2011-12=100)

Industry	Weight	2023-24	2024-25	April-May		May	
				2024-25	2025-26	2024	2025
	1	2	3	4	5	6	7
General Index	100.00	146.7	152.6	151.4	154.2	154.7	156.6
1 Sectoral Classification							
1.1 Mining	14.37	128.9	132.8	133.7	133.5	136.5	136.3
1.2 Manufacturing	77.63	144.7	150.6	147.5	151.7	150.4	154.3
1.3 Electricity	7.99	198.3	208.6	220.7	215.9	229.3	216.0
2 Use-Based Classification							
2.1 Primary Goods	34.05	147.7	153.5	156.6	154.9	160.9	157.9
2.2 Capital Goods	8.22	106.6	112.6	100.2	114.2	105.3	120.1
2.3 Intermediate Goods	17.22	157.3	164.0	160.1	166.8	162.4	168.1
2.4 Infrastructure/ Construction Goods	12.34	176.3	188.2	185.3	195.5	186.3	198.1
2.5 Consumer Durables	12.84	118.6	128.0	124.9	128.1	130.2	129.3
2.6 Consumer Non-Durables	15.33	153.7	151.4	152.5	148.6	154.0	150.3

Source : Central Statistics Office, Ministry of Statistics and Programme Implementation, Government of India.

Government Accounts and Treasury Bills

No. 23: Union Government Accounts at a Glance

(₹ Crore)

Item	Financial Year	April – May			
	2025-26 (Budget Estimates)	2025-26 (Actuals)	2024-25 (Actuals)	Percentage to Budget Estimates	
				2025-26	2024-25
	1	2	3	4	5
1 Revenue Receipts	**3420409**	**707739**	**570758**	**20.7**	**18.2**
1.1 Tax Revenue (Net)	2837409	350862	319036	12.4	12.3
1.2 Non-Tax Revenue	583000	356877	251722	61.2	46.1
2 Non Debt Capital Receipt	**76000**	**25224**	**2087**	**33.2**	**2.7**
2.1 Recovery of Loans	29000	2606	2083	9.0	7.4
2.2 Other Receipts	47000	22618	4	48.1	0.0
3 Total Receipts (excluding borrowings) (1+2)	**3496409**	**732963**	**572845**	**21.0**	**17.9**
4 Revenue Expenditure of which :	3944255	524772	479835	13.3	12.9
4.1 Interest Payments	1276338	147788	123810	11.6	10.6
5 Capital Expenditure	1121090	221354	143625	19.7	12.9
6 Total Expenditure (4+5)	**5065345**	**746126**	**623460**	**14.7**	**12.9**
7 Revenue Deficit (4-1)	**523846**	**-182967**	**-90923**	**-34.9**	**-15.7**
8 Fiscal Deficit (6-3)	**1568936**	**13163**	**50615**	**0.8**	**3.1**
9 Gross Primary Deficit (8-4.1)	**292598**	**-134625**	**-73195**	**-46.0**	**-16.3**

Source: Controller General of Accounts (CGA), Ministry of Finance, Government of India and Union Budget 2025-26.

No. 24: Treasury Bills – Ownership Pattern

(₹ Crore)

Item	2024-25	2024	2025					
		May 31	Apr. 25	May 2	May 9	May 16	May 23	May 30
	1	2	3	4	5	6	7	8
1 91-day								
1.1 Banks	26554	7219	13756	15165	21094	20448	21845	22722
1.2 Primary Dealers	25258	28830	23981	30222	23527	28838	34187	36058
1.3 State Governments	40315	37927	43217	67479	62779	62391	64691	62591
1.4 Others	115688	110051	118563	107913	105679	98014	101268	92319
2 182-day								
2.1 Banks	44887	66301	43713	45664	50838	49483	53966	50567
2.2 Primary Dealers	62218	69388	66918	66469	65448	64497	59786	61807
2.3 State Governments	11078	9842	8932	9688	9688	9188	10688	11688
2.4 Others	104994	124315	96669	94867	89714	91019	89848	90226
3 364-day								
3.1 Banks	72304	96254	67854	67424	70984	72339	71496	69501
3.2 Primary Dealers	86939	152028	85280	85297	77102	72934	74280	73306
3.3 State Governments	37389	41131	45879	42833	45600	46263	46232	46344
3.4 Others	162757	159718	156866	154279	155914	155727	156223	160193
4 14-day Intermediate								
4.1 Banks								
4.2 Primary Dealers								
4.3 State Governments	188072	180187	187551	115869	97920	132809	146825	134728
4.4 Others	572	1700	1005	562	419	1194	879	2166
Total Treasury Bills (Excluding 14 day Intermediate T Bills) #	790381	903004	771628	787300	778368	771142	784511	777323

14D intermediate T-Bills are non-marketable unlike 91D, 182D and 364D T-Bills. These bills are 'intermediate' by nature as these are liquidated to replenish shortfall in the daily minimum cash balances of State Governments.
Note: Primary Dealers (PDs) include banks undertaking PD business.

No. 25: Auctions of Treasury Bills

(Amount in ₹ Crore)

Date of Auction	Notified Amount	Bids Received			Bids Accepted			Total Issue (6+7)	Cut-off Price (₹)	Implicit Yield at Cut-off Price (per cent)
		Number	Total Face Value		Number	Total Face Value				
			Competitive	Non-Competitive		Competitive	Non-Competitive			
	1	2	3	4	5	6	7	8	9	10
91-day Treasury Bills										
2025-26										
Apr. 30	9000	75	21082	27123	32	8977	27123	36100	98.55	5.9036
May 7	9000	74	36730	1827	15	8973	1827	10800	98.56	5.8792
May 14	9000	128	46307	1024	5	8976	1024	10000	98.57	5.8392
May 21	9000	141	62922	3333	35	8967	3333	12300	98.60	5.7124
May 28	9000	102	30939	2819	37	8981	2819	11800	98.62	5.6200
182-day Treasury Bills										
2025-26										
Apr. 30	5000	82	19717	1723	18	4977	1723	6700	97.13	5.9258
May 7	5000	64	23046	1020	4	4980	1020	6000	97.15	5.8797
May 14	5000	86	27663	1019	9	4981	1019	6000	97.17	5.8406
May 21	5000	82	36329	2512	11	4988	2512	7500	97.23	5.7101
May 28	5000	73	24766	2018	17	4982	2018	7000	97.27	5.6287
364-day Treasury Bills										
2025-26										
Apr. 30	5000	92	23359	187	30	4978	187	5165	94.43	5.9146
May 7	5000	93	33225	3333	4	4964	3333	8296	94.46	5.8796
May 14	5000	102	32997	727	5	4984	727	5711	94.50	5.8416
May 21	5000	114	36415	111	26	4977	111	5088	94.59	5.7298
May 28	5000	110	29969	175	18	4948	175	5123	94.69	5.6288

Financial Markets

No. 26: Daily Call Money Rates

(Per cent per annum)

As on	Range of Rates	Weighted Average Rates
	Borrowings/ Lendings	Borrowings/ Lendings
	1	2
May 02 ,2025	4.95-6.00	5.86
May 03 ,2025	5.25-5.95	5.55
May 05 ,2025	4.95-6.16	5.89
May 06 ,2025	4.95-5.95	5.84
May 07 ,2025	4.90-5.95	5.83
May 08 ,2025	4.90-5.90	5.82
May 09 ,2025	4.90-6.00	5.84
May 13 ,2025	4.90-5.90	5.83
May 14 ,2025	4.90-5.90	5.84
May 15 ,2025	4.90-5.90	5.83
May 16 ,2025	4.90-5.90	5.81
May 17 ,2025	5.20-5.90	5.42
May 19 ,2025	4.85-5.90	5.79
May 20 ,2025	4.85-5.85	5.79
May 21 ,2025	4.85-5.90	5.80
May 22 ,2025	4.85-5.90	5.85
May 23 ,2025	4.85-5.90	5.85
May 26 ,2025	4.85-5.85	5.81
May 27 ,2025	4.85-5.85	5.80
May 28 ,2025	4.85-5.85	5.79
May 29 ,2025	4.85-5.85	5.78
May 30 ,2025	4.85-6.00	5.83
May 31 ,2025	5.25-5.90	5.52
June 02 ,2025	4.85-5.85	5.79
June 03 ,2025	4.85-6.65	5.77
June 04 ,2025	4.85-5.85	5.75
June 05 ,2025	4.85-5.85	5.75
June 06 ,2025	4.85-5.50	5.42
June 09 ,2025	4.75-5.40	5.30
June 10 ,2025	4.75-5.35	5.30
June 11 ,2025	4.80-5.35	5.30
June 12 ,2025	4.35-5.40	5.29
June 13 ,2025	4.75-5.36	5.31

Note: Includes Notice Money.

No. 27: Certificates of Deposit

Item	2024	2025					
	May 31	Apr. 18	May 2	May 16	May 30	Jun. 13	Jun. 27
	1	2	3	4	5	6	7
1 Amount Outstanding (₹ Crore)	369203.22	518759.57	512999.59	511818.07	513762.66	483064.43	517439.00
1.1 Issued during the fortnight (₹ Crore)	44822.51	7213.32	9185.58	48202.31	38388.15	40924.08	85607.74
2 Rate of Interest (per cent)	7.00-7.49	6.43-7.37	6.35-7.22	6.21-7.24	6.01-7.37	5.65-7.04	5.77-6.63

No. 28: Commercial Paper

Item	2024	2025					
	May 31	Apr. 15	Apr. 30	May 15	May 31	Jun. 15	Jun. 30
	1	2	3	4	5	6	7
1 Amount Outstanding (₹ Crore)	403970.00	521558.10	545586.95	541591.10	553874.25	549258.30	500000.60
1.1 Reported during the fortnight (₹ Crore)	80921.75	91006.40	72418.90	48973.55	81053.80	102447.00	58021.75
2 Rate of Interest (per cent)	7.05-13.92	6.31-11.65	6.26-13.00	6.44-10.14	5.97-12.23	5.67-11.63	5.71-13.84

No. 29: Average Daily Turnover in Select Financial Markets

(₹ Crore)

Item	2024-25	2024	2025					
		May 31	Apr. 25	May 02	May 09	May 16	May 23	May 30
	1	2	3	4	5	6	7	8
1 Call Money	18990	19446	26638	26810	28824	27040	29606	26805
2 Notice Money	2506	4362	181	8517	469	7718	231	6439
3 Term Money	941	1154	1900	1240	1199	1549	2302	1687
4 Triparty Repo	692068	720037	706111	816698	658386	761526	666649	824530
5 Market Repo	578912	671501	626465	769154	687084	784092	607184	719036
6 Repo in Corporate Bond	5212	3762	6915	6641	6372	6781	6682	6308
7 Forex (US $ million)	131877	113440	136963	171583	134858	142220	125401	140910
8 Govt. of India Dated Securities	56065	96496	201467	173909	188659	196335	153621	131774
9 State Govt. Securities	3971	3779	11158	10607	9746	7903	12737	7015
10 Treasury Bills								
10.1 91-Day	2514	2928	5042	5075	6347	3121	4847	6333
10.2 182-Day	2218	5660	3911	1130	3386	4511	6110	2619
10.3 364-Day	1854	1838	4433	3190	3149	5144	4542	3368
10.4 Cash Management Bills		0	0	0	0	0	0	0
11 Total Govt. Securities (8+9+10)	66622	110701	226012	193911	211288	217014	181858	151109
11.1 RBI	1715	32	12079	5013	10337	13080	4324	54

No. 30: New Capital Issues by Non-Government Public Limited Companies

(Amount in ₹ Crore)

Security & Type of Issue	2024-25		2024-25 (Apr.-May)		2025-26 (Apr.-May) *		May 2024		May 2025 *	
	No. of Issues	Amount	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	10
1 Equity Shares	**464**	**210190**	**74**	**37709**	**33**	**7191**	**39**	**12338**	**19**	**6756**
1.1 Public	322	190478	53	33861	21	5939	26	10133	13	5684
1.2 Rights	142	19712	21	3848	12	1253	13	2205	6	1073
2 Public Issue of Bonds/ Debentures	**43**	**8149**	**7**	**1894**	**8**	**1352**	**3**	**1207**	**3**	**576**
3 Total (1+2)	**507**	**218339**	**81**	**39603**	**41**	**8544**	**42**	**13545**	**22**	**7332**
3.1 Public	365	198627	60	35754	29	7291	29	11340	16	6259
3.2 Rights	142	19712	21	3848	12	1253	13	2205	6	1073

Notes : 1. Since April 2020, monthly data on equity issues is compiled on the basis of their listing date.
2. Figures in the columns might not add up to the total due to rounding off numbers.
3. The table covers only public and rights issuances of equity and debt. It does not include data on private placement of debt, qualified institutional placements and preferential allotments.
Source : Securities and Exchange Board of India.
* : Data is Provisional

External Sector

No. 31: Foreign Trade

Item	Unit	2024-25	2024	2025				
			May	Jan.	Feb.	Mar.	Apr.	May
		1	2	3	4	5	6	7
1 Exports	₹ Crore	3701070	330163	313532	320532	363598	328041	329602
	US $ Million	437416	39591	36345	36820	41968	38340	38690
1.1 Oil	₹ Crore	534917	67542	29943	49785	42467	61437	47819
	US $ Million	63341	8099	3471	5719	4902	7180	5613
1.2 Non-oil	₹ Crore	3166153	262621	283588	270747	321131	266604	281783
	US $ Million	374075	31492	32874	31101	37066	31159	33077
2 Imports	₹ Crore	6089909	514327	512680	443663	550211	555381	516341
	US $ Million	720241	61675	59430	50964	63507	64910	60611
2.1 Oil	₹ Crore	1570226	166553	115941	103528	164684	177233	125666
	US $ Million	185779	19972	13440	11892	19008	20714	14751
2.2 Non-oil	₹ Crore	4519683	347774	396739	340135	385527	378149	390675
	US $ Million	534462	41703	45990	39071	44499	44196	45859
3 Trade Balance	₹ Crore	-2388839	-184164	-199148	-123131	-186613	-227340	-186739
	US $ Million	-282825	-22084	-23085	-14144	-21539	-26570	-21920
3.1 Oil	₹ Crore	-1035309	-99012	-85998	-53743	-122217	-115796	-77847
	US $ Million	-122438	-11873	-9969	-6173	-14107	-13534	-9138
3.2 Non-oil	₹ Crore	-1353530	-85153	-113150	-69388	-64395	-111545	-108893
	US $ Million	-160387	-10211	-13117	-7971	-7433	-13037	-12782

Note: Data in the table are provisional.
Source: Directorate General of Commercial Intelligence and Statistics.

No. 32: Foreign Exchange Reserves

Item	Unit	2024	2025					
		Jul. 05	May 23	May 30	Jun. 06	Jun. 13	Jun. 20	Jun. 27
		1	2	3	4	5	6	7
1 Total Reserves	**₹ Crore**	**5486788**	**5902926**	**5916602**	**5968103**	**6017974**	**6043697**	**6007745**
	US $ Million	**657155**	**692721**	**691485**	**696656**	**698950**	**697935**	**702784**
1.1 Foreign Currency Assets	₹ Crore	4818462	4994767	4998795	5034543	5074967	5100971	5084809
	US $ Million	577110	586167	584215	587687	589426	589069	594823
1.2 Gold	₹ Crore	479517	712210	721351	735779	743180	742482	722374
	US $ Million	57432	83582	84305	85888	86316	85743	84504
	Volume (Metric Tonnes)	841.51	879.58	879.58	879.58	879.58	879.58	879.98
1.3 SDRs	SDRs Million	13699	13707	13707	13707	13707	13707	13707
	₹ Crore	150585	158241	158885	159953	161493	161685	160963
	US $ Million	18036	18571	18569	18672	18756	18672	18830
1.4 Reserve Tranche Position in IMF	₹ Crore	38222	37708	37571	37828	38334	38559	39598
	US $ Million	4578	4401	4395	4409	4452	4452	4628

* Difference, if any, is due to rounding off.
Note: Exclude investment in foreign currency denominated bonds issued by IIFC (UK), SDRs transferred by Government of India to RBI, foreign currency received under SAARC and ACU currency swap arrangements and RBI's contribution to funding of Nexus Global Payments. Foreign currency assets in US dollar take into account appreciation/depreciation of non- US currencies (such as Euro, Sterling, Yen and Australian Dollar) held in reserves. Foreign exchange holdings are converted into rupees at rupee-US dollar RBI holding rates.

No. 33: Non-Resident Deposits

(US $ Million)

Scheme	Outstanding				Flows	
	2024-25	2024	2025		2024-25	2025-26
		May	Apr.	May (P)	Apr.-May	Apr.-May (P)
	1	2	3	4	5	6
1 NRI Deposits	**164677**	**154784**	**165432**	**166718**	**2790**	**1884**
1.1 FCNR(B)	32809	26853	33081	33250	1120	441
1.2 NR(E)RA	100733	99895	101112	101862	1181	1009
1.3 NRO	31135	28037	31239	31606	490	434

P: Provisional.

No. 34: Foreign Investment Inflows

(US $ Million)

Item	2024-25	2024-25	2025-26 (P)	2024 (P)	2025 (P)	
		Apr.-May	Apr.-May	May	Apr.	May
	1	2	3	4	5	6
1.1 Net Foreign Direct Investment (1.1.1-1.1.2)	**959**	**3982**	**3894**	**2203**	**3859**	**35**
1.1.1 Direct Investment to India (1.1.1.1-1.1.1.2)	**29130**	**7049**	**9235**	**3996**	**7076**	**2159**
1.1.1.1 Gross Inflows/Gross Investments	**80615**	**15163**	**15917**	**8053**	**8743**	**7173**
1.1.1.1.1 Equity	50993	10912	11865	5928	6634	5232
1.1.1.1.1.1 Government (SIA/FIPB)	2208	91	357	80	297	60
1.1.1.1.1.2 RBI	34686	8519	8191	3787	4696	3494
1.1.1.1.1.3 Acquisition of shares	13124	2153	3169	1986	1566	1603
1.1.1.1.1.4 Equity capital of unincorporated bodies	975	149	149	75	75	75
1.1.1.1.2 Reinvested earnings	22759	3483	3483	1742	1742	1742
1.1.1.1.3 Other capital	6863	767	568	384	368	200
1.1.1.2 Repatriation/Disinvestment	**51486**	**8114**	**6682**	**4057**	**1668**	**5014**
1.1.1.2.1 Equity	49525	7782	6367	3891	1513	4855
1.1.1.2.2 Other capital	1960	332	314	166	155	159
1.1.2 Foreign Direct Investment by India (1.1.2.1+1.1.2.2+1.1.2.3-1.1.2.4)	**28171**	**3066**	**5341**	**1793**	**3217**	**2124**
1.1.2.1 Equity capital	16945	1883	2469	1168	1815	654
1.1.2.2 Reinvested Earnings	6846	1141	1141	571	571	571
1.1.2.3 Other Capital	7955	807	1916	437	949	967
1.1.2.4 Repatriation/Disinvestment	3575	765	185	382	118	67
1.2 Net Portfolio Investment (1.2.1+1.2.2+1.2.3-1.2.4)	**3564**	**-4504**	**-1543**	**-1821**	**-3097**	**1554**
1.2.1 GDRs/ADRs	-	-	-	-	-	-
1.2.2 FIIs	3283	-4536	-739	-1836	-2440	1700
1.2.3 Offshore funds and others	-	-	-	-	-	-
1.2.4 Portfolio investment by India	-281	-32	804	-16	658	146
1 Foreign Investment Inflows	**4523**	**-522**	**2351**	**382**	**762**	**1590**

P: Provisional

No. 35: Outward Remittances under the Liberalised Remittance Scheme (LRS) for Resident Individuals

(US $ Million)

Item	2024-25	2024	2025		
		May	Mar.	Apr.	May
	1	2	3	4	5
1 Outward Remittances under the LRS	**29563.12**	**2420.58**	**2547.57**	**2481.41**	**2313.16**
1.1 Deposit	705.26	52.98	173.17	94.15	54.65
1.2 Purchase of immovable property	322.82	21.69	45.10	44.69	41.69
1.3 Investment in equity/debt	1698.94	98.86	306.39	203.44	104.94
1.4 Gift	2938.69	271.93	299.59	290.89	233.30
1.5 Donations	11.81	0.58	2.20	1.57	1.98
1.6 Travel	16964.57	1401.16	1125.55	1270.44	1389.23
1.7 Maintenance of close relatives	3722.03	320.80	421.47	397.97	322.54
1.8 Medical Treatment	81.19	7.66	3.57	5.08	6.72
1.9 Studies Abroad	2918.91	210.99	160.03	163.56	149.78
1.10 Others	198.90	33.94	10.51	9.61	8.32

No. 36: Indices of Nominal Effective Exchange Rate (NEER) and Real Effective Exchange Rate (REER) of the Indian Rupee

Item	2023-24	2024-25	2024	2025	
			Jun	May	Jun
	1	2	3	4	5
40-Currency Basket (Base: 2015-16=100)					
1 Trade-Weighted					
1.1 NEER	90.75	91.05	92.13	89.14	87.73
1.2 REER	103.71	105.28	106.29	101.12	100.36
2 Export-Weighted					
2.1 NEER	93.13	93.53	94.60	91.98	90.55
2.2 REER	101.22	102.34	103.40	98.32	97.57
6-Currency Basket (Trade-weighted)					
1 Base : 2015-16 =100					
1.1 NEER	83.62	82.39	83.67	80.29	79.06
1.2 REER	101.66	102.74	103.52	99.19	98.24
2 Base : 2022-23 =100					
2.1 NEER	97.31	95.89	97.37	93.44	92.01
2.2 REER	99.86	100.92	101.69	97.44	96.50

Note: Data for 2024-25 and 2025-26 so far is provisional.

No. 37: External Commercial Borrowings (ECBs) – Registrations

(Amount in US $ Million)

Item	2024-25	2024	2025	
		May	Apr.	May
	1	2	3	4
1 Automatic Route				
1.1 Number	1328	108	119	100
1.2 Amount	47800	3669	1907	2739
2 Approval Route				
2.1 Number	51	2	3	0
2.2 Amount	13384	343	1010	0
3 Total (1+2)				
3.1 Number	1379	110	122	100
3.2 Amount	61184	4012	2917	2739
4 Weighted Average Maturity (in years)	5.05	4.90	4.20	4.80
5 Interest Rate (per cent)				
5.1 Weighted Average Margin over alternative reference rate (ARR) for Floating Rate Loans@	1.48	2.05	1.41	1.46
5.2 Interest rate range for Fixed Rate Loans	0.00-11.67	0.00-11.67	0.00-10.25	0.00-10.00
Borrower Category				
I. Corporate Manufacturing	13900	497	817	1201
II. Corporate-Infrastructure	15462	1366	48	717
a.) Transport	614	0	0	0
b.) Energy	6900	434	0	0
c.) Water and Sanitation	28	0	0	0
d.) Communication	13	0	0	0
e.) Social and Commercial Infrastructure	184	56	45	1
f.) Exploration,Mining and Refinery	5356	0	0	305
g.) Other Sub-Sectors	2367	876	3	411
III. Corporate Service-Sector	3226	138	337	242
IV. Other Entities	1026	0	8	0
a.) units in SEZ	26	0	8	0
b.) SIDBI	0	0	0	0
c.) Exim Bank	1000	0	0	0
V. Banks	0	0	0	0
VI. Financial Institution (Other than NBFC)	0	0	0	0
VII. NBFCs	26318	1424	1530	566
a). NBFC- IFC/AFC	12389	555	1159	0
b). NBFC-MFI	459	52	0	86
c). NBFC-Others	13470	817	371	480
VIII. Non-Government Organization (NGO)	0	0	0	0
IX. Micro Finance Institution (MFI)	0	0	0	0
X. Others	1252	587	177	13

Note: Based on applications for ECB/Foreign Currency Convertible Bonds (FCCBs) which have been allotted loan registration number during the period.
@ With effect from July 01, 2023, the benchmark rate is changed to Alternative Reference Rate (ARR).

No. 38: India's Overall Balance of Payments

(US$ Million)

Item	Jan-Mar 2024			Jan-Mar 2025 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
Overall Balance Of Payments (1+2+3)	**502221**	**471468**	**30754**	**521618**	**512829**	**8789**
1 Current Account (1.1+ 1.2)	**253534**	**248967**	**4567**	**264919**	**251469**	**13451**
1.1 Merchandise	**121626**	**173645**	**-52019**	**116283**	**175762**	**-59478**
1.2 Invisibles (1.2.1+1.2.2+1.2.3)	**131908**	**75322**	**56586**	**148636**	**75707**	**72929**
1.2.1 Services	89356	46672	42684	102019	48711	53308
1.2.1.1 Travel	9961	8063	1898	9097	7934	1162
1.2.1.2 Transportation	7771	7829	-58	8151	8385	-234
1.2.1.3 Insurance	927	650	277	886	762	124
1.2.1.4 G.n.i.e.	129	315	-186	165	330	-165
1.2.1.5 Miscellaneous	70568	29814	40753	83720	31299	52421
1.2.1.5.1 Software Services	41551	4908	36643	46917	5434	41483
1.2.1.5.2 Business Services	22620	16388	6232	29432	16221	13212
1.2.1.5.3 Financial Services	1599	1269	330	1989	795	1193
1.2.1.5.4 Communication Services	498	506	-7	731	533	198
1.2.2 Transfers	32097	3378	28719	34717	3214	31504
1.2.2.1 Official	51	282	-231	31	376	-345
1.2.2.2 Private	32046	3096	28950	34686	2838	31848
1.2.3 Income	10455	25272	-14817	11900	23782	-11882
1.2.3.1 Investment Income	8523	24233	-15710	9873	22750	-12877
1.2.3.2 Compensation of Employees	1932	1039	893	2027	1032	995
2 Capital Account (2.1+2.2+2.3+2.4+2.5)	**248044**	**222501**	**25543**	**255786**	**261361**	**-5574**
2.1 Foreign Investment (2.1.1+2.1.2)	**159056**	**145366**	**13691**	**144464**	**149956**	**-5492**
2.1.1 Foreign Direct Investment	20179	17881	2299	18494	18127	366
2.1.1.1 In India	19474	11411	8063	17527	7474	10053
2.1.1.1.1 Equity	12762	10934	1829	9610	7199	2411
2.1.1.1.2 Reinvested Earnings	5332		5332	6165		6165
2.1.1.1.3 Other Capital	1379	477	902	1751	275	1476
2.1.1.2 Abroad	706	6470	-5764	967	10653	-9686
2.1.1.2.1 Equity	706	3208	-2503	967	6321	-5354
2.1.1.2.2 Reinvested Earnings	0	1446	-1446	0	1712	-1712
2.1.1.2.3 Other Capital	0	1815	-1815	0	2620	-2620
2.1.2 Portfolio Investment	138877	127485	11392	125970	131829	-5859
2.1.2.1 In India	138217	126638	11579	124923	130917	-5995
2.1.2.1.1 FIIs	138217	126638	11579	124923	130917	-5995
2.1.2.1.1.1 Equity	120784	119426	1358	101683	115225	-13541
2.1.2.1.1.2 Debt	17432	7212	10221	23239	15693	7547
2.1.2.1.2 ADR/GDRs	0		0	0		0
2.1.2.2 Abroad	660	847	-187	1048	912	136
2.2 Loans (2.2.1+2.2.2+2.2.3)	**31787**	**27899**	**3888**	**56056**	**50511**	**5544**
2.2.1 External Assistance	3587	1562	2025	3712	1641	2071
2.2.1.1 By India	8	31	-23	6	25	-19
2.2.1.2 To India	3579	1531	2048	3706	1616	2090
2.2.2 Commercial Borrowings	15121	13472	1649	38786	30910	7876
2.2.2.1 By India	3401	4308	-907	23141	22668	473
2.2.2.2 To India	11719	9164	2555	15645	8242	7403
2.2.3 Short Term to India	13079	12865	214	13558	17961	-4403
2.2.3.1 Buyers' credit & Suppliers' Credit >180 days	12000	12865	-865	13558	16205	-2647
2.2.3.2 Suppliers' Credit up to 180 days	1079	0	1079	0	1755	-1755
2.3 Banking Capital (2.3.1+2.3.2)	**40722**	**33811**	**6911**	**33573**	**42550**	**-8977**
2.3.1 Commercial Banks	39768	33811	5957	33573	42331	-8758
2.3.1.1 Assets	9220	12330	-3110	6486	17652	-11166
2.3.1.2 Liabilities	30548	21481	9067	27087	24678	2408
2.3.1.2.1 Non-Resident Deposits	26041	20678	5363	26288	23458	2830
2.3.2 Others	955	0	955	0	219	-219
2.4 Rupee Debt Service		**7**	**-7**		**7**	**-7**
2.5 Other Capital	**16479**	**15418**	**1060**	**21694**	**18336**	**3358**
3 Errors & Omissions	**643**	**0**	**643**	**912**	**0**	**912**
4 Monetary Movements (4.1+ 4.2)	**0**	**30754**	**-30754**	**0**	**8789**	**-8789**
4.1 I.M.F.	0	0	0	0	0	0
4.2 Foreign Exchange Reserves (Increase - / Decrease +)		30754	-30754		8789	-8789

Note: P: Preliminary.

No. 39: India's Overall Balance of Payments

(₹ Crore)

Item	Jan-Mar 2024			Jan-Mar 2025 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
Overall Balance Of Payments (1+2+3)	**4169814**	**3914475**	**255339**	**4519960**	**4443804**	**76155**
1 Current Account (1.1+ 1.2)	**2105027**	**2067106**	**37921**	**2295597**	**2179044**	**116553**
1.1 Merchandise	**1009832**	**1441729**	**-431897**	**1007628**	**1523023**	**-515395**
1.2 Invisibles (1.2.1+1.2.2+1.2.3)	**1095194**	**625377**	**469817**	**1287969**	**656021**	**631948**
1.2.1 Services	741899	387502	354397	884018	422093	461925
1.2.1.1 Travel	82705	66948	15758	78826	68754	10072
1.2.1.2 Transportation	64519	65002	-483	70629	72660	-2031
1.2.1.3 Insurance	7698	5395	2303	7675	6603	1071
1.2.1.4 G.n.i.e.	1073	2616	-1543	1432	2860	-1429
1.2.1.5 Miscellaneous	585904	247541	338363	725457	271215	454242
1.2.1.5.1 Software Services	344986	40752	304234	406549	47084	359465
1.2.1.5.2 Business Services	187807	136067	51740	255039	140555	114484
1.2.1.5.3 Financial Services	13280	10537	2743	17232	6892	10339
1.2.1.5.4 Communication Services	4136	4197	-61	6333	4618	1715
1.2.2 Transfers	266491	28049	238442	300834	27848	272987
1.2.2.1 Official	423	2344	-1921	273	3259	-2986
1.2.2.2 Private	266068	25705	240363	300561	24588	275973
1.2.3 Income	86804	209826	-123022	103117	206080	-102963
1.2.3.1 Investment Income	70763	201199	-130436	85554	197135	-111581
1.2.3.2 Compensation of Employees	16041	8627	7414	17563	8945	8618
2 Capital Account (2.1+2.2+2.3+2.4+2.5)	**2059444**	**1847368**	**212076**	**2216458**	**2264761**	**-48303**
2.1 Foreign Investment (2.1.1+2.1.2)	**1320601**	**1206932**	**113669**	**1251821**	**1299413**	**-47592**
2.1.1 Foreign Direct Investment	167544	148458	19086	160253	157078	3175
2.1.1.1 In India	161684	94741	66943	151875	64767	87108
2.1.1.1.1 Equity	105963	90780	15183	83277	62383	20894
2.1.1.1.2 Reinvested Earnings	44274	0	44274	53422	0	53422
2.1.1.1.3 Other Capital	11447	3960	7487	15176	2384	12792
2.1.1.2 Abroad	5860	53718	-47858	8378	92311	-83933
2.1.1.2.1 Equity	5860	26638	-20778	8378	54774	-46396
2.1.1.2.2 Reinvested Earnings	0	12009	-12009	0	14831	-14831
2.1.1.2.3 Other Capital	0	15071	-15071	0	22706	-22706
2.1.2 Portfolio Investment	1153057	1058474	94583	1091568	1142335	-50767
2.1.2.1 In India	1147577	1051439	96139	1082489	1134435	-51945
2.1.2.1.1 FIIs	1147577	1051439	96139	1082489	1134435	-51945
2.1.2.1.1.1 Equity	1002841	991563	11278	881113	998454	-117341
2.1.2.1.1.2 Debt	144736	59875	84861	201376	135981	65395
2.1.2.1.2 ADR/GDRs	0	0	0	0	0	0
2.1.2.2 Abroad	5480	7035	-1555	9079	7900	1178
2.2 Loans (2.2.1+2.2.2+2.2.3)	**263920**	**231641**	**32279**	**485737**	**437694**	**48043**
2.2.1 External Assistance	29784	12969	16816	32166	14220	17945
2.2.1.1 By India	66	255	-188	52	217	-166
2.2.1.2 To India	29718	12714	17004	32114	14003	18111
2.2.2 Commercial Borrowings	125543	111856	13688	336088	267839	68248
2.2.2.1 By India	28241	35769	-7528	200522	196420	4102
2.2.2.2 To India	97302	76086	21216	135565	71419	64146
2.2.3 Short Term to India	108592	106817	1775	117484	155634	-38150
2.2.3.1 Buyers' credit & Suppliers' Credit >180 days	99631	106817	-7185	117484	140424	-22940
2.2.3.2 Suppliers' Credit up to 180 days	8961	0	8961	0	15210	-15210
2.3 Banking Capital (2.3.1+2.3.2)	**338106**	**280721**	**57384**	**290917**	**368705**	**-77788**
2.3.1 Commercial Banks	330180	280721	49459	290917	366806	-75889
2.3.1.1 Assets	76548	102370	-25822	56203	152962	-96758
2.3.1.2 Liabilities	253632	178351	75281	234713	213844	20870
2.3.1.2.1 Non-Resident Deposits	216214	171683	44531	227792	203268	24524
2.3.2 Others	7926	0	7926	0	1899	-1899
2.4 Rupee Debt Service	**0**	**60**	**-60**	**0**	**62**	**-62**
2.5 Other Capital	**136818**	**128013**	**8804**	**187982**	**158886**	**29096**
3 Errors & Omissions	**5343**	**0**	**5343**	**7905**	**0**	**7905**
4 Monetary Movements (4.1+ 4.2)	**0**	**255339**	**-255339**	**0**	**76155**	**-76155**
4.1 I.M.F.	0	0	0	0	0	0
4.2 Foreign Exchange Reserves (Increase - / Decrease +)	0	255339	-255339	0	76155	-76155

Note: P: Preliminary.

No. 40: Standard Presentation of BoP in India as per BPM6

(US$ Million)

Item	Jan-Mar 2024			Jan-Mar 2025 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
1 Current Account (1.A+1.B+1.C)	**253531**	**248945**	**4586**	**264919**	**251439**	**13480**
1.A Goods and Services (1.A.a+1.A.b)	**210982**	**220317**	**-9334**	**218302**	**224473**	**-6171**
1.A.a Goods (1.A.a.1 to 1.A.a.3)	**121626**	**173645**	**-52019**	**116283**	**175762**	**-59478**
1.A.a.1 General merchandise on a BOP basis	121327	164054	-42727	116068	166261	-50193
1.A.a.2 Net exports of goods under merchanting	300	0	300	216	0	216
1.A.a.3 Nonmonetary gold		9591	-9591		9501	-9501
1.A.b Services (1.A.b.1 to 1.A.b.13)	**89356**	**46672**	**42684**	**102019**	**48711**	**53308**
1.A.b.1 Manufacturing services on physical inputs owned by others	352	18	335	280	46	235
1.A.b.2 Maintenance and repair services n.i.e.	55	456	-401	98	292	-193
1.A.b.3 Transport	7771	7829	-58	8151	8385	-234
1.A.b.4 Travel	9961	8063	1898	9097	7934	1162
1.A.b.5 Construction	1658	791	867	1553	820	733
1.A.b.6 Insurance and pension services	927	650	277	886	762	124
1.A.b.7 Financial services	1599	1269	330	1989	795	1193
1.A.b.8 Charges for the use of intellectual property n.i.e.	319	3365	-3046	376	4358	-3981
1.A.b.9 Telecommunications, computer, and information services	42137	5707	36430	47738	6309	41430
1.A.b.10 Other business services	22620	16388	6232	29432	16221	13212
1.A.b.11 Personal, cultural, and recreational services	1253	1496	-243	1270	1470	-199
1.A.b.12 Government goods and services n.i.e.	129	315	-186	165	330	-165
1.A.b.13 Others n.i.e.	575	324	251	983	990	-7
1.B Primary Income (1.B.1 to 1.B.3)	**10455**	**25272**	**-14817**	**11900**	**23782**	**-11882**
1.B.1 Compensation of employees	1932	1039	893	2027	1032	995
1.B.2 Investment income	6758	23555	-16797	7800	22296	-14497
1.B.2.1 Direct investment	2518	13929	-11411	2743	13132	-10389
1.B.2.2 Portfolio investment	94	2383	-2289	110	1937	-1827
1.B.2.3 Other investment	874	7015	-6141	846	7048	-6203
1.B.2.4 Reserve assets	3272	229	3043	4101	179	3923
1.B.3 Other primary income	1765	678	1087	2074	454	1620
1.C Secondary Income (1.C.1+1.C.2)	**32093**	**3356**	**28737**	**34717**	**3184**	**31532**
1.C.1 Financial corporations, nonfinancial corporations, households, and NPISHs	32046	3096	28950	34686	2838	31848
1.C.1.1 Personal transfers (Current transfers between resident and/non-resident households)	31301	2324	28977	33936	2096	31839
1.C.1.2 Other current transfers	745	772	-27	750	741	9
1.C.2 General government	48	260	-212	31	347	-316
2 Capital Account (2.1+2.2)	**182**	**138**	**44**	**198**	**279**	**-81**
2.1 Gross acquisitions (DR.)/disposals (CR.) of non-produced nonfinancial assets	21	50	-30	16	112	-96
2.2 Capital transfers	161	87	74	182	166	16
3 Financial Account (3.1 to 3.5)	**247865**	**253139**	**-5274**	**255589**	**269900**	**-14311**
3.1 Direct Investment (3.1A+3.1B)	**20179**	**17881**	**2299**	**18494**	**18127**	**366**
3.1.A Direct Investment in India	19474	11411	8063	17527	7474	10053
3.1.A.1 Equity and investment fund shares	18095	10934	7161	15776	7199	8576
3.1.A.1.1 Equity other than reinvestment of earnings	12762	10934	1829	9610	7199	2411
3.1.A.1.2 Reinvestment of earnings	5332		5332	6165		6165
3.1.A.2 Debt instruments	1379	477	902	1751	275	1476
3.1.A.2.1 Direct investor in direct investment enterprises	1379	477	902	1751	275	1476
3.1.B Direct Investment by India	706	6470	-5764	967	10653	-9686
3.1.B.1 Equity and investment fund shares	706	4655	-3949	967	8033	-7066
3.1.B.1.1 Equity other than reinvestment of earnings	706	3208	-2503	967	6321	-5354
3.1.B.1.2 Reinvestment of earnings		1446	-1446		1712	-1712
3.1.B.2 Debt instruments	0	1815	-1815	0	2620	-2620
3.1.B.2.1 Direct investor in direct investment enterprises		1815	-1815		2620	-2620
3.2 Portfolio Investment	**138877**	**127485**	**11392**	**125970**	**131829**	**-5859**
3.2.A Portfolio Investment in India	138217	126638	11579	124923	130917	-5995
3.2.1 Equity and investment fund shares	120784	119426	1358	101683	115225	-13541
3.2.2 Debt securities	17432	7212	10221	23239	15693	7547
3.2.B Portfolio Investment by India	660	847	-187	1048	912	136
3.3 Financial derivatives (other than reserves) and employee stock options	**6126**	**9280**	**-3154**	**4928**	**12389**	**-7461**
3.4 Other investment	**82683**	**67739**	**14944**	**106197**	**98766**	**7430**
3.4.1 Other equity (ADRs/GDRs)	0	0	0	0	0	0
3.4.2 Currency and deposits	26996	20678	6318	26288	23677	2611
3.4.2.1 Central bank (Rupee Debt Movements; NRG)	955	0	955	0	219	-219
3.4.2.2 Deposit-taking corporations, except the central bank (NRI Deposits)	26041	20678	5363	26288	23458	2830
3.4.2.3 General government			0			0
3.4.2.4 Other sectors			0			0
3.4.3 Loans (External Assistance, ECBs and Banking Capital)	32434	28167	4267	49782	51423	-1641
3.4.3.A Loans to India	29025	23828	5197	26636	28731	-2095
3.4.3.B Loans by India	3409	4339	-929	23147	22693	454
3.4.4 Insurance, pension, and standardized guarantee schemes	54	85	-31	56	630	-574
3.4.5 Trade credit and advances	13079	12865	214	13558	17961	-4403
3.4.6 Other accounts receivable/payable - other	10120	5945	4175	16512	5076	11437
3.4.7 Special drawing rights			0			0
3.5 Reserve assets	**0**	**30754**	**-30754**	**0**	**8789**	**-8789**
3.5.1 Monetary gold			0			0
3.5.2 Special drawing rights n.a.			0			0
3.5.3 Reserve position in the IMF n.a.			0			0
3.5.4 Other reserve assets (Foreign Currency Assets)	0	30754	-30754	0	8789	-8789
4 Total assets/liabilities	**247865**	**253139**	**-5274**	**255589**	**269900**	**-14311**
4.1 Equity and investment fund shares	146425	145227	1198	124457	144387	-19929
4.2 Debt instruments	91320	71214	20107	114619	111649	2970
4.3 Other financial assets and liabilities	10120	36698	-26578	16512	13864	2648
5 Net errors and omissions	**643**	**0**	**643**	**912**	**0**	**912**

Note: P: Preliminary.

No. 41: Standard Presentation of BoP in India as per BPM6

(₹ Crore)

Item	Jan-Mar 2024			Jan-Mar 2025 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
1 Current Account (1.A+1.B+1.C)	**2104999**	**2066922**	**38077**	**2295593**	**2178790**	**116804**
1.A Goods and Services (1.A.a+1.A.b)	**1751732**	**1829231**	**-77500**	**1891646**	**1945116**	**-53470**
1.A.a Goods (1.A.a.1 to 1.A.a.3)	**1009832**	**1441729**	**-431897**	**1007628**	**1523023**	**-515395**
1.A.a.1 General merchandise on a BOP basis	1007344	1362098	-354753	1005759	1440693	-434934
1.A.a.2 Net exports of goods under merchanting	2488	0	2488	1868	0	1868
1.A.a.3 Nonmonetary gold	0	79632	-79632	0	82330	-82330
1.A.b Services (1.A.b.1 to 1.A.b.13)	**741899**	**387502**	**354397**	**884018**	**422093**	**461925**
1.A.b.1 Manufacturing services on physical inputs owned by others	2923	146	2778	2429	397	2032
1.A.b.2 Maintenance and repair services n.i.e.	455	3786	-3331	852	2528	-1676
1.A.b.3 Transport	64519	65002	-483	70629	72660	-2031
1.A.b.4 Travel	82705	66948	15758	78826	68754	10072
1.A.b.5 Construction	13763	6567	7196	13459	7104	6355
1.A.b.6 Insurance and pension services	7698	5395	2303	7675	6603	1071
1.A.b.7 Financial services	13280	10537	2743	17232	6892	10339
1.A.b.8 Charges for the use of intellectual property n.i.e.	2648	27942	-25294	3261	37760	-34499
1.A.b.9 Telecommunications, computer, and information services	349851	47384	302467	413664	54665	358999
1.A.b.10 Other business services	187807	136067	51740	255039	140555	114484
1.A.b.11 Personal, cultural, and recreational services	10404	12421	-2016	11007	12735	-1729
1.A.b.12 Government goods and services n.i.e.	1073	2616	-1543	1432	2860	-1429
1.A.b.13 Others n.i.e.	4771	2691	2081	8514	8579	-64
1.B Primary Income (1.B.1 to 1.B.3)	**86804**	**209826**	**-123022**	**103117**	**206080**	**-102963**
1.B.1 Compensation of employees	16041	8627	7414	17563	8945	8618
1.B.2 Investment income	56107	195572	-139465	67585	193203	-125618
1.B.2.1 Direct investment	20904	115646	-94742	23767	113792	-90025
1.B.2.2 Portfolio investment	782	19786	-19004	951	16786	-15835
1.B.2.3 Other investment	7255	58240	-50985	7328	61075	-53747
1.B.2.4 Reserve assets	27166	1900	25266	35540	1549	33990
1.B.3 Other primary income	14656	5627	9029	17969	3932	14037
1.C Secondary Income (1.C.1+1.C.2)	**266464**	**27865**	**238599**	**300830**	**27593**	**273237**
1.C.1 Financial corporations, nonfinancial corporations, households, and NPISHs	266068	25705	240363	300561	24588	275973
1.C.1.1 Personal transfers (Current transfers between resident and/non-resident households)	259885	19295	240591	294061	18164	275897
1.C.1.2 Other current transfers	6183	6410	-227	6501	6424	76
1.C.2 General government	396	2160	-1764	269	3005	-2736
2 Capital Account (2.1+2.2)	**1509**	**1144**	**364**	**1714**	**2414**	**-699**
2.1 Gross acquisitions (DR.)/disposals (CR.) of non-produced nonfinancial assets	171	419	-248	136	971	-835
2.2 Capital transfers	1338	725	613	1578	1443	135
3 Financial Account (3.1 to 3.5)	**2057963**	**2101748**	**-43785**	**2214747**	**2338757**	**-124010**
3.1 Direct Investment (3.1A+3.1B)	**167544**	**148458**	**19086**	**160253**	**157078**	**3175**
3.1.A Direct Investment in India	161684	94741	66943	151875	64767	87108
3.1.A.1 Equity and investment fund shares	150237	90780	59457	136699	62383	74316
3.1.A.1.1 Equity other than reinvestment of earnings	105963	90780	15183	83277	62383	20894
3.1.A.1.2 Reinvestment of earnings	44274	0	44274	53422	0	53422
3.1.A.2 Debt instruments	11447	3960	7487	15176	2384	12792
3.1.A.2.1 Direct investor in direct investment enterprises	11447	3960	7487	15176	2384	12792
3.1.B Direct Investment by India	5860	53718	-47858	8378	92311	-83933
3.1.B.1 Equity and investment fund shares	5860	38647	-32787	8378	69605	-61227
3.1.B.1.1 Equity other than reinvestment of earnings	5860	26638	-20778	8378	54774	-46396
3.1.B.1.2 Reinvestment of earnings	0	12009	-12009	0	14831	-14831
3.1.B.2 Debt instruments	0	15071	-15071	0	22706	-22706
3.1.B.2.1 Direct investor in direct investment enterprises	0	15071	-15071	0	22706	-22706
3.2 Portfolio Investment	**1153057**	**1058474**	**94583**	**1091568**	**1142335**	**-50767**
3.2.A Portfolio Investment in India	1147577	1051439	96139	1082489	1134435	-51945
3.2.1 Equity and investment fund shares	1002841	991563	11278	881113	998454	-117341
3.2.2 Debt securities	144736	59875	84861	201376	135981	65395
3.2.B Portfolio Investment by India	5480	7035	-1555	9079	7900	1178
3.3 Financial derivatives (other than reserves) and employee stock options	**50865**	**77053**	**-26187**	**42703**	**107351**	**-64648**
3.4 Other investment	**686496**	**562423**	**124073**	**920223**	**855837**	**64386**
3.4.1 Other equity (ADRs/GDRs)	0	0	0	0	0	0
3.4.2 Currency and deposits	224139	171683	52457	227792	205167	22625
3.4.2.1 Central bank (Rupee Debt Movements; NRG)	7926	0	7926	0	1899	-1899
3.4.2.2 Deposit-taking corporations, except the central bank (NRI Deposits)	216214	171683	44531	227792	203268	24524
3.4.2.3 General government	0	0	0	0	0	0
3.4.2.4 Other sectors	0	0	0	0	0	0
3.4.3 Loans (External Assistance, ECBs and Banking Capital)	269294	233863	35431	431378	445598	-14220
3.4.3.A Loans to India	240986	197839	43147	230804	248960	-18156
3.4.3.B Loans by India	28307	36024	-7717	200574	196638	3936
3.4.4 Insurance, pension, and standardized guarantee schemes	448	704	-257	484	5456	-4972
3.4.5 Trade credit and advances	108592	106817	1775	117484	155634	-38150
3.4.6 Other accounts receivable/payable - other	84023	49357	34667	143085	43982	99102
3.4.7 Special drawing rights	0	0	0	0	0	0
3.5 Reserve assets	**0**	**255339**	**-255339**	**0**	**76155**	**-76155**
3.5.1 Monetary gold	0	0	0	0	0	0
3.5.2 Special drawing rights n.a.	0	0	0	0	0	0
3.5.3 Reserve position in the IMF n.a.	0	0	0	0	0	0
3.5.4 Other reserve assets (Foreign Currency Assets)	0	255339	-255339	0	76155	-76155
4 Total assets/liabilities	**2057963**	**2101748**	**-43785**	**2214747**	**2338757**	**-124010**
4.1 Equity and investment fund shares	1215731	1205783	9948	1078457	1251149	-172693
4.2 Debt instruments	758209	591269	166940	993206	967470	25736
4.3 Other financial assets and liabilities	84023	304696	-220673	143085	120138	22947
5 Net errors and omissions	**5343**	**0**	**5343**	**7905**	**0**	**7905**

Note: P: Preliminary.

No. 42: India's International Investment Position

(US$ Million)

Item	As on Financial Year/Quarter End							
	2024-25		2024				2025	
			Mar.		Dec.		Mar.	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	1	2	3	4	5	6	7	8
1. Direct investment Abroad/in India	270441	556812	242271	542952	260755	547104	270441	556812
1.1 Equity Capital*	173559	521931	153343	511142	166493	512997	173559	521931
1.2 Other Capital	96882	34881	88927	31810	94262	34107	96882	34881
2. Portfolio investment	13763	272061	12469	277239	12173	276521	13763	272061
2.1 Equity	8727	141938	10942	162061	9356	155573	8727	141938
2.2 Debt	5036	130123	1527	115178	2817	120948	5036	130123
3. Other investment	186700	640384	132617	574786	170526	619693	186700	640384
3.1 Trade credit	33422	131203	33413	123722	33213	135606	33422	131203
3.2 Loan	25891	250551	17547	221396	22523	240588	25891	250551
3.3 Currency and Deposits	79332	167598	53519	154787	68630	165713	79332	167598
3.4 Other Assets/Liabilities	48055	91032	28138	74880	46160	77785	48055	91032
4. Reserves	668326		646419		635701		668326	
5. Total Assets/ Liabilities	1139230	1469257	1033776	1394977	1079156	1443318	1139230	1469257
6. Net IIP (Assets - Liabilities)	-330027		-361201		-364162		-330027	

Note: * Equity capital includes share of investment funds and reinvested earnings.

Payment and Settlement Systems

No.43: Payment System Indicators

PART I - Payment System Indicators - Payment & Settlement System Statistics

System	Volume (Lakh)				Value (₹ Crore)			
	FY 2024-25	2024	2025		FY 2024-25	2024	2025	
		May	Apr.	May		May	Apr.	May
	1	-2	-1	0	5	2	3	4
A. Settlement Systems								
Financial Market Infrastructures (FMIs)								
1 CCIL Operated Systems (1.1 to 1.3)	47.40	4.07	5.07	5.48	296218030	22018913	29399814	29656042
1.1 Govt. Securities Clearing (1.1.1 to 1.1.3)	17.87	1.60	1.89	1.94	185733719	14632648	16657576	17500816
1.1.1 Outright	10.56	0.98	1.30	1.28	16056018	1363203	2017823	1875057
1.1.2 Repo	4.72	0.43	0.38	0.45	77286611	6669493	7078422	7645792
1.1.3 Tri-party Repo	2.58	0.19	0.20	0.21	92391091	6599952	7561331	7979967
1.2 Forex Clearing	28.06	2.37	3.07	3.44	100639565	6780829	11992139	11363617
1.3 Rupee Derivatives @	1.46	0.10	0.11	0.10	9844746	605436	750099	791608
B. Payment Systems								
I Financial Market Infrastructures (FMIs)	-	-	-	-	-	-	-	-
1 Credit Transfers - RTGS (1.1 to 1.2)	3024.55	249.71	262.41	274.71	201387682	15186947	16895789	17013770
1.1 Customer Transactions	3010.32	248.49	261.16	273.46	181153129	13559606	15060026	15219873
1.2 Interbank Transactions	14.23	1.22	1.24	1.25	20234553	1627340	1835763	1793897
II Retail								
2 Credit Transfers - Retail (2.1 to 2.6)	2061014.91	156773.59	194925.94	203656.72	79781976	6279019	7126205	7146649
2.1 AePS (Fund Transfers) @	3.64	0.31	0.30	0.31	190	18	16	17
2.2 APBS $	32964.43	2295.50	2610.51	2786.17	554034	37499	57566	50985
2.3 IMPS	56249.68	5576.99	4492.53	4636.60	7139110	606167	621666	640867
2.4 NACH Cr $	16938.86	1074.61	1200.84	1243.57	1670223	132404	154683	147380
2.5 NEFT	96198.05	7467.75	7687.52	8215.47	44361464	3457995	3897348	3793103
2.6 UPI @	1858660.25	140358.43	178934.24	186774.60	26056955	2044937	2394926	2514297
2.6.1 of which USSD @	17.24	1.62	1.22	1.79	185	17	13	33
3 Debit Transfers and Direct Debits (3.1 to 3.3)	21659.95	1698.67	1869.90	1895.74	2208583	167035	198565	206368
3.1 BHIM Aadhaar Pay @	230.08	19.33	17.39	19.51	6907	506	601	641
3.2 NACH Dr $	19762.28	1539.23	1709.27	1723.65	2199327	166305	197780	205535
3.3 NETC (linked to bank account) @	1667.59	140.11	143.24	152.58	2349	225	184	192
4 Card Payments (4.1 to 4.2)	63861.15	5105.17	5673.64	5827.40	2605110	208520	222351	226810
4.1 Credit Cards (4.1.1 to 4.1.2)	47740.76	3601.36	4502.70	4676.93	2109197	164955	184237	189832
4.1.1 PoS based $	24571.10	1906.58	2281.41	2359.14	795022	63831	67899	69607
4.1.2 Others $	23169.66	1694.78	2221.29	2317.79	1314175	101124	116338	120224
4.2 Debit Cards (4.2.1 to 4.2.1)	16120.39	1503.82	1170.93	1150.47	495914	43565	38113	36978
4.2.1 PoS based $	11980.33	1114.35	875.30	861.57	332556	29772	26187	24735
4.2.2 Others $	4140.06	389.47	295.63	288.90	163358	13793	11926	12243
5 Prepaid Payment Instruments (5.1 to 5.2)	70254.08	5496.00	6768.43	7106.39	216751	16697	21254	20722
5.1 Wallets	52898.40	4204.49	5157.38	5474.25	154066	11566	15896	16668
5.2 Cards (5.2.1 to 5.2.2)	17355.68	1291.51	1611.04	1632.13	62686	5131	5358	4053
5.2.1 PoS based $	8240.14	689.94	649.25	650.54	11512	1027	1093	981
5.2.2 Others $	9115.54	601.57	961.79	981.59	51174	4104	4265	3072
6 Paper-based Instruments (6.1 to 6.2)	6095.38	524.39	494.77	481.93	7113350	611518	645079	596239
6.1 CTS (NPCI Managed)	6095.38	524.39	494.77	481.93	7113350	611518	645079	596239
6.2 Others	0.00	–	–	–	–	–	–	–
Total - Retail Payments (2+3+4+5+6)	2222885.46	169597.82	209732.67	218968.18	91925771	7282789	8213454	8196787
Total Payments (1+2+3+4+5+6)	2225910.01	169847.53	209995.08	219242.89	293313453	22469736	25109243	25210557
Total Digital Payments (1+2+3+4+5)	2219814.63	169323.14	209500.31	218760.96	286200103	21858218	24464164	24614318

PART II - Payment Modes and Channels

System	Volume (Lakh)				Value (₹ Crore)			
	FY 2024-25	2024	2025		FY 2024-25	2024	2025	
		May	Apr.	May		May	Apr.	May
	1	2	3	4	5	6	7	8
A. Other Payment Channels								
1 Mobile Payments (mobile app based) (1.1 to 1.2)	1756976.91	133232.33	165815.85	173273.19	39206221	3092908	3505147	3642370
1.1 Intra-bank $	110801.96	8851.50	9304.93	9743.47	7207439	571075	617898	638705
1.2 Inter-bank $	1646174.95	124380.84	156510.92	163529.72	31998782	2521832	2887249	3003664
2 Internet Payments (Netbanking / Internet Browser Based) @ (2.1 to 2.2)	47478.09	3812.36	3653.49	3668.56	131858133	9595069	11633517	11653243
2.1 Intra-bank @	13056.37	1012.11	838.00	851.51	69086996	4905987	6048107	6063029
2.2 Inter-bank @	34421.72	2800.25	2815.49	2817.05	62771136	4689082	5585409	5590213
B. ATMs								
3 Cash Withdrawal at ATMs $ (3.1 to 3.3)	60308.11	5166.41	4602.65	4604.61	3063077	260240	244747	246201
3.1 Using Credit Cards $	97.25	8.63	6.86	6.70	5084	441	373	370
3.2 Using Debit Cards $	59965.70	5133.52	4578.06	4579.88	3046987	258785	243494	244945
3.3 Using Pre-paid Cards $	245.16	24.26	17.73	18.03	11005	1014	881	886
4 Cash Withdrawal at PoS $ (4.1 to 4.2)	3.58	0.33	0.17	0.15	37	3	2	2
4.1 Using Debit Cards $	3.33	0.31	0.15	0.13	35	3	1	1
4.2 Using Pre-paid Cards $	0.25	0.02	0.02	0.03	3	0	0	0
5 Cash Withrawal at Micro ATMs @	11640.55	879.79	928.36	1017.25	296622	22804	25662	27668
5.1 AePS @	11640.55	879.79	928.36	1017.25	296622	22804	25662	27668

PART III - Payment Infrastructures (Lakh)

System	As on March 2025	2024	2025	
		May	Apr.	May
	1	2	3	4
Payment System Infrastructures				
1 Number of Cards (1.1 to 1.2)	11006.97	10598.99	11064.20	11115.67
1.1 Credit Cards	1098.85	1033.00	1104.36	1111.98
1.2 Debit Cards	9908.12	9565.98	9959.84	10003.70
2 Number of PPIs @ (2.1 to 2.2)	13396.53	14840.92	13444.93	13513.51
2.1 Wallets @	8673.62	11302.14	8719.54	8692.12
2.2 Cards @	4722.91	3538.78	4725.39	4821.38
3 Number of ATMs (3.1 to 3.2)	2.56	2.57	2.55	2.57
3.1 Bank owned ATMs $	2.20	2.22	2.19	2.21
3.2 White Label ATMs $	0.36	0.36	0.36	0.36
4 Number of Micro ATMs @	14.82	15.69	14.74	14.78
5 Number of PoS Terminals	110.98	88.04	112.91	115.89
6 Bharat QR @	67.18	61.21	66.84	66.64
7 UPI QR *	6579.30	5690.84	6624.75	6698.20

@: New inclusion w.e.f. November 2019
#: Data reported by Co-operative Banks, LABs and RRBs included with effect from December 2021.
$: Inclusion separately initiated from November 2019 - would have been part of other items hitherto.
*: New inclusion w.e.f. September 2020; Includes only static UPI QR Code

Notes : 1. Data is provisional.
2. ECS (Debit and Credit) has been merged with NACH with effect from January 31, 2020.
3. The data from November 2019 onwards for card payments (Debit/Credit cards) and Prepaid Payment Instruments (PPIs) may not be comparable with earlier months/ periods, as more granular data is being published along with revision in data definitions.
4. Only domestic financial transactions are considered. The new format captures e-commerce transactions; transactions using FASTags, digital bill payments and card-to-card transfer through ATMs, etc.. Also, failed transactions, chargebacks, reversals, expired cards/ wallets, are excluded.

Part I-A. Settlement systems
1.1.3: Tri- party Repo under the securities segment has been operationalised from November 05, 2018.
Part I-B. Payments systems
4.1.2: 'Others' includes e-commerce transactions and digital bill payments through ATMs, etc.
4.2.2: 'Others' includes e-commerce transactions, card to card transfers and digital bill payments through ATMs, etc.
5: Available from December 2010.
5.1: includes purchase of goods and services and fund transfer through wallets.
5.2.2: includes usage of PPI Cards for online transactions and other transactions.
6.1: Pertain to three grids – Mumbai, New Delhi and Chennai.
6.2: 'Others' comprises of Non-MICR transactions which pertains to clearing houses managed by 21 banks.
Part II-A. Other payment channels
1: Mobile Payments –
o Include transactions done through mobile apps of banks and UPI apps.
o The data from July 2017 includes only individual payments and corporate payments initiated, processed, and authorised using mobile device. Other corporate payments which are not initiated, processed, and authorised using mobile device are excluded.
2: Internet Payments – includes only e-commerce transactions through 'netbanking' and any financial transaction using internet banking website of the bank.
Part II-B. ATMs
3.3 and 4.2: only relates to transactions using bank issued PPIs.
Part III. Payment systems infrastructure
3: Includes ATMs deployed by Scheduled Commercial Banks (SCBs) and White Label ATM Operators (WLAOs). WLAs are included from April 2014 onwards.

Occasional Series

No. 44: Small Savings

(₹ Crore)

Scheme		2023-24	2024		2025	
			Feb.	Dec.	Jan.	Feb.
		1	2	3	4	5
1 Small Savings	**Receipts**	**232460**	**14570**	**11133**	**12581**	**11379**
	Outstanding	**1865029**	**1819758**	**1982465**	**1994553**	**2005585**
1.1 Total Deposits	**Receipts**	**161344**	**10025**	**8734**	**9178**	**8077**
	Outstanding	**1298795**	**1268920**	**1395484**	**1404661**	**1412738**
1.1.1 Post Office Saving Bank Deposits	Receipts	17229	1520	1090	2702	814
	Outstanding	191692	218498	201999	204701	205515
1.1.2 Sukanya Samriddhi Yojna	Receipts	35174	2233	2244	2347	2282
	Outstanding	157611	109222	177007	179354	181636
1.1.3 National Saving Scheme, 1987	Receipts	0	0	0	0	0
	Outstanding	0	0	0	0	0
1.1.4 National Saving Scheme, 1992	Receipts	0	0	0	0	0
	Outstanding	0	0	0	0	0
1.1.5 Monthly Income Scheme	Receipts	26696	1927	827	1279	1045
	Outstanding	269007	267205	282142	283421	284466
1.1.6 Senior Citizen Scheme 2004	Receipts	38167	2153	1531	1922	1952
	Outstanding	175472	173476	194605	196527	198479
1.1.7 Post Office Time Deposits	Receipts	25341	2632	2125	2853	2108
	Outstanding	305776	303000	330912	333764	335872
1.1.7.1 1 year Time Deposits	Outstanding	140423	138552	159174	161578	163358
1.1.7.2 2 year Time Deposits	Outstanding	11967	11730	14299	14476	14637
1.1.7.3 3 year Time Deposits	Outstanding	8932	8782	10308	10487	10645
1.1.7.4 5 year Time Deposits	Outstanding	144454	143936	147131	147223	147232
1.1.8 Post Office Recurring Deposits	Receipts	18713	-420	1025	-1831	-25
	Outstanding	197134	195727	207269	205438	205413
1.1.9 Post Office Cumulative Time Deposits	Receipts	0	0	0	0	0
	Outstanding	0	0	0	0	0
1.1.10 Other Deposits	Receipts	8	-20	-108	-95	-100
	Outstanding	1754	1444	1195	1100	1000
1.1.11 PM Care for children	Receipts	16	0	0	1	1
	Outstanding	349	348	355	356	357
1.2 Saving Certificates	**Receipts**	**56069**	**3940**	**2226**	**3019**	**2858**
	Outstanding	**418021**	**414597**	**438074**	**440601**	**443112**
1.2.1 National Savings Certificate VIII issue	Receipts	16853	1446	430	796	762
	Outstanding	183905	180181	192621	193417	194179
1.2.2 Indira Vikas Patras	Receipts	0	0	0	0	0
	Outstanding	0	0	0	0	0
1.2.3 Kisan Vikas Patras	Receipts	0	0	0	0	0
	Outstanding	0	0	0	0	0
1.2.4 Kisan Vikas Patras - 2014	Receipts	20939	1428	1113	1376	1247
	Outstanding	220560	219498	228707	230083	231330
1.2.5 National Saving Certificate VI issue	Receipts	0	0	0	0	0
	Outstanding	0	0	0	0	0
1.2.6 National Saving Certificate VII issue	Receipts	0	0	0	0	0
	Outstanding	0	0	0	0	0
1.2.7 M.S. Certificates	Receipts	18277	1066	683	847	849
	Outstanding	18277	17235	25303	26150	26999
1.2.8 Other Certificates	Outstanding	-4721	-2317	-8557	-9049	-9396
1.3 Public Provident Fund	**Receipts**	**15047**	**605**	**173**	**384**	**444**
	Outstanding	**148213**	**136241**	**148907**	**149291**	**149735**

Note : Data on receipts from April 2017 are net receipts, i.e., gross receipt minus gross payment.
Source: Accountant General, Post and Telegraphs.

No. 45 : Ownership Pattern of Central and State Governments Securities

(Per cent)

Central Government Dated Securities					
Category	2024				2025
	Mar.	Jun.	Sep.	Dec.	Mar.
	1	2	3	4	5
(A) Total (in ₹ Crore)	**10740389**	**10946860**	**11271589**	**11422728**	**11642652**
1 Commercial Banks	37.66	37.52	37.55	37.98	36.18
2 Co-operative Banks	1.47	1.42	1.35	1.36	1.29
3 Non-Bank PDs	0.66	0.70	0.77	0.65	0.76
4 Insurance Companies	25.98	26.11	25.95	26.14	25.81
5 Mutual Funds	2.90	2.87	3.14	3.11	2.68
6 Provident Funds	4.47	4.41	4.25	4.25	4.24
7 Pension Funds	4.52	4.74	4.86	5.05	4.91
8 Financial Institutions	0.55	0.57	0.63	0.64	0.71
9 Corporates	1.35	1.44	1.60	1.45	1.49
10 Foreign Portfolio Investors	2.34	2.34	2.80	2.81	3.12
11 RBI	12.31	11.92	11.16	10.55	12.78
12 Others	5.79	5.97	5.92	6.01	6.01
12.1 State Governments	2.04	2.13	2.19	2.21	2.25

State Governments Securities					
Category	2024				2025
	Mar.	Jun.	Sep.	Dec.	Mar.
	1	2	3	4	5
(B) Total (in ₹ Crore)	**5646219**	**5727482**	**5909490**	**6055711**	**6399564**
1 Commercial Banks	34.14	33.85	34.39	35.11	35.40
2 Co-operative Banks	3.39	3.38	3.29	3.22	3.08
3 Non-Bank PDs	0.60	0.59	0.60	0.53	0.61
4 Insurance Companies	26.14	25.85	25.56	25.16	24.07
5 Mutual Funds	2.09	2.08	1.93	1.89	1.93
6 Provident Funds	22.35	22.94	23.02	22.90	23.60
7 Pension Funds	4.76	4.87	4.87	4.82	5.07
8 Financial Institutions	1.59	1.58	1.57	1.58	1.48
9 Corporates	2.02	2.03	1.95	1.97	2.05
10 Foreign Portfolio Investors	0.07	0.05	0.04	0.03	0.05
11 RBI	0.63	0.62	0.60	0.58	0.55
12 Others	2.20	2.17	2.18	2.19	2.10
12.1 State Governments	0.25	0.26	0.26	0.26	0.25

Treasury Bills					
Category	2024				2025
	Mar.	Jun.	Sep.	Dec.	Mar.
	1	2	3	4	5
(C) Total (in ₹ Crore)	**871662**	**858193**	**747242**	**760045**	**790381**
1 Commercial Banks	58.53	47.79	44.74	40.45	46.58
2 Co-operative Banks	1.67	1.49	1.58	1.22	2.17
3 Non-Bank PDs	1.66	2.69	2.28	1.41	2.09
4 Insurance Companies	5.06	5.78	5.26	4.73	4.23
5 Mutual Funds	11.89	14.50	15.06	15.41	16.15
6 Provident Funds	0.15	0.60	0.26	0.04	0.20
7 Pension Funds	0.01	0.00	0.00	0.00	0.02
8 Financial Institutions	7.16	6.56	6.36	6.77	7.73
9 Corporates	4.50	4.79	4.66	4.56	4.50
10 Foreign Portfolio Investors	0.01	0.20	0.15	0.12	0.09
11 RBI	0.00	0.00	0.00	0.00	0.00
12 Others	9.36	15.59	19.65	25.29	16.23
12.1 State Governments	5.88	11.55	14.95	20.11	11.23

Notes: (1) The table format is revised since monthly Bulletin for the month of June 2023.
(2) Central Government Dated Securities include special securities and Sovereign Gold Bonds.
(3) State Government Securities include special bonds issued under Ujwal DISCOM Assurance Yojana (UDAY).
(4) Bank PDs are clubbed under Commercial Banks.
(5) The category 'Others' comprises State Governments, DICGC, PSUs, Trusts, Foreign Central Banks, HUF/ Individuals etc.
(6) Data since September 2023 includes the impact of the merger of a non-bank with a bank.

No. 46: Combined Receipts and Disbursements of the Central and State Governments

(₹ Crore)

Item	2019-20	2020-21	2021-22	2022-23	2023-24 RE	2024-25 BE
	1	2	3	4	5	6
1 Total Disbursements	**5410887**	**6353359**	**7098451**	**7880522**	**9110725**	**9800798**
1.1 Developmental	3074492	3823423	4189146	4701611	5514584	5862996
1.1.1 Revenue	2446605	3150221	3255207	3574503	3965270	4195108
1.1.2 Capital	588233	550358	861777	1042159	1453849	1526993
1.1.3 Loans	39654	122844	72163	84949	95464	140895
1.2 Non-Developmental	2253027	2442941	2810388	3069896	3467270	3800321
1.2.1 Revenue	2109629	2271637	2602750	2895864	3266628	3537378
1.2.1.1 Interest Payments	955801	1060602	1226672	1377807	1562660	1711972
1.2.2 Capital	141457	169155	175519	171131	196073	259346
1.2.3 Loans	1941	2148	32119	2902	4569	3597
1.3 Others	83368	86995	98916	109015	128871	137481
2 Total Receipts	**5734166**	**6397162**	**7156342**	**7855370**	**9054999**	**9650488**
2.1 Revenue Receipts	3851563	3688030	4823821	5447913	6379349	7209647
2.1.1 Tax Receipts	3231582	3193390	4160414	4809044	5456913	6142276
2.1.1.1 Taxes on commodities and services	2012578	2076013	2626553	2865550	3248450	3631569
2.1.1.2 Taxes on Income and Property	1216203	1114805	1530636	1939550	2204462	2506181
2.1.1.3 Taxes of Union Territories (Without Legislature)	2800	2572	3225	3943	4001	4526
2.1.2 Non-Tax Receipts	619981	494640	663407	638870	922436	1067371
2.1.2.1 Interest Receipts	31137	33448	35250	42975	49552	57273
2.2 Non-debt Capital Receipts	110094	64994	44077	62716	86733	118239
2.2.1 Recovery of Loans & Advances	59515	16951	27665	15970	55895	45125
2.2.2 Disinvestment proceeds	50578	48044	16412	46746	30839	73114
3 Gross Fiscal Deficit [1 - (2.1 + 2.2)]	**1449230**	**2600335**	**2230553**	**2369892**	**2644642**	**2472912**
3A Sources of Financing: Institution-wise						
3A.1 Domestic Financing	1440548	2530155	2194406	2332768	2619811	2456959
3A.1.1 Net Bank Credit to Government	571872	890012	627255	687904	346483	...
3A.1.1.1 Net RBI Credit to Government	190241	107493	350911	529	-257913	...
3A.1.2 Non-Bank Credit to Government	868676	1640143	1567151	1644864	2273328	...
3A.2 External Financing	8682	70180	36147	37124	24832	15952
3B Sources of Financing: Instrument-wise						
3B.1 Domestic Financing	1440548	2530155	2194406	2332768	2619811	2456959
3B.1.1 Market Borrowings (net)	971378	1696012	1213169	1651076	1962969	1983757
3B.1.2 Small Savings (net)	209232	458801	526693	358764	434151	447511
3B.1.3 State Provident Funds (net)	38280	41273	28100	13880	21386	19857
3B.1.4 Reserve Funds	10411	4545	42153	68803	52385	-33653
3B.1.5 Deposits and Advances	-14227	25682	42203	51989	35819	-10138
3B.1.6 Cash Balances	-323279	-43802	-57891	25152	55726	150310
3B.1.7 Others	548753	347643	399980	163104	57374	-100684
3B.2 External Financing	8682	70180	36147	37124	24832	15952
4 Total Disbursements as per cent of GDP	*26.9*	*32.0*	*30.1*	*29.2*	*30.8*	*30.0*
5 Total Receipts as per cent of GDP	*28.5*	*32.2*	*30.3*	*29.1*	*30.7*	*29.6*
6 Revenue Receipts as per cent of GDP	*19.2*	*18.6*	*20.4*	*20.2*	*21.6*	*22.1*
7 Tax Receipts as per cent of GDP	*16.1*	*16.1*	*17.6*	*17.8*	*18.5*	*18.8*
8 Gross Fiscal Deficit as per cent of GDP	*7.2*	*13.1*	*9.5*	*8.8*	*9.0*	*7.6*

… : Not available; RE: Revised Estimates; BE: Budget Estimates

Source : Budget Documents of Central and State Governments.

Notes: GDP data is based on 2011-12 base. GDP for 2024-25 is from Union Budget 2024-25.
Data pertains to all States and Union Territories.
1 & 2: Data are net of repayments of the Central Government (including repayments to the NSSF) and State Governments.
1.3: Represents compensation and assignments by States to local bodies and Panchayati Raj institutions.
2: Data are net of variation in cash balances of the Central and State Governments and includes borrowing receipts of the Central and State Governments.
3A.1.1: Data as per RBI records.
3B.1.1: Borrowings through dated securities.
3B.1.2: Represent net investment in Central and State Governments' special securities by the National Small Savings Fund (NSSF).
This data may vary from previous publications due to adjustments across components with availability of new data.
3B.1.6: Include Ways and Means Advances by the Centre to the State Governments.
3B.1.7: Include Treasury Bills, loans from financial institutions, insurance and pension funds, remittances, cash balance investment account.

No. 47: Financial Accommodation Availed by State Governments under various Facilities

(₹ Crore)

Sr. No	State/Union Territory	During May-2025					
		Special Drawing Facility (SDF)		Ways and Means Advances (WMA)		Overdraft (OD)	
		Average amount availed	Number of days availed	Average amount availed	Number of days availed	Average amount availed	Number of days availed
	1	2	3	4	5	6	7
1	Andhra Pradesh	6087.04	31	1722.23	17	2853.31	7
2	Arunachal Pradesh	-	-	-	-	-	-
3	Assam	2100.50	21	-	-	-	-
4	Bihar	-	-	-	-	-	-
5	Chhattisgarh	502.67	1	-	-	-	-
6	Goa	-	-	-	-	-	-
7	Gujarat	-	-	-	-	-	-
8	Haryana	393.04	6	-	-	-	-
9	Himachal Pradesh	-	-	613.82	30	431.36	12
10	Jammu & Kashmir UT	18.41	16	236.35	15	-	-
11	Jharkhand	-	-	-	-	-	-
12	Karnataka	-	-	-	-	-	-
13	Kerala	1626.96	30	1531.56	29	276.71	3
14	Madhya Pradesh	-	-	-	-	-	-
15	Maharashtra	7254.77	20	-	-	-	-
16	Manipur	106.89	29	192.90	26	36.27	4
17	Meghalaya	703.51	31	206.59	24	165.46	12
18	Mizoram	-	-	-	-	-	-
19	Nagaland	246.94	31	-	-	-	-
20	Odisha	-	-	-	-	-	-
21	Puducherry	-	-	-	-	-	-
22	Punjab	4678.53	31	1279.05	25	317.61	8
23	Rajasthan	3835.72	27	1871.36	21	1587.48	1
24	Tamil Nadu	197.35	1	-	-	-	-
25	Telangana	4967.48	31	1446.29	24	1051.55	7
26	Tripura	-	-	-	-	-	-
27	Uttar Pradesh	-	-	-	-	-	-
28	Uttarakhand	817.26	22	-	-	-	-
29	West Bengal	-	-	-	-	-	-

Notes: 1. SDF is availed by State Governments against the collateral of Consolidated Sinking Fund (CSF), Guarantee Redemption Fund (GRF) & Auction Treasury Bills (ATBs) balances and other investments in government securities.
2. WMA is advance by Reserve Bank of India to State Governments for meeting temporary cash mismatches.
3. OD is advanced to State Governments beyond their WMA limits.
4. Average amount availed is the total accommodation (SDF/WMA/OD) availed divided by number of days for which accommodation was extended during the month.
5. - : Nil.

Source: Reserve Bank of India.

No. 48: Investments by State Governments

(₹ Crore)

Sr. No	State/Union Territory	As on end of May 2025			
		Consolidated Sinking Fund (CSF)	Guarantee Redemption Fund (GRF)	Government Securities	Auction Treasury Bills (ATBs)
	1	2	3	4	5
1	Andhra Pradesh	11808	1165	0	0
2	Arunachal Pradesh	2809	7	0	2300
3	Assam	7526	92	0	0
4	Bihar	12742	-	0	12500
5	Chhattisgarh	8395	974	0	6406
6	Goa	1100	466	0	0
7	Gujarat	15560	679	0	2500
8	Haryana	2660	1739	0	0
9	Himachal Pradesh	-	-	0	0
10	Jammu & Kashmir UT	37	36	0	0
11	Jharkhand	2455	-	0	780
12	Karnataka	20682	769	0	70642
13	Kerala	3296	-	0	0
14	Madhya Pradesh	-	1305	0	1400
15	Maharashtra	72748	2194	0	0
16	Manipur	71	143	0	0
17	Meghalaya	1298	111	0	0
18	Mizoram	514	81	0	0
19	Nagaland	1926	47	0	0
20	Odisha	18626	2087	0	8258
21	Puducherry	593	-	0	1950
22	Punjab	9342	0	0	0
23	Rajasthan	1827	-	0	7750
24	Tamil Nadu	3506	-	0	2137
25	Telangana	8054	1767	0	0
26	Tripura	1343	30	0	0
27	Uttarakhand	5412	263	0	0
28	Uttar Pradesh	14274	2245	0	0
29	West Bengal	14111	1055	0	4000
	Total	**242715**	**17254**	**0**	**120623**

Notes: 1. CSF and GRF are reserve funds maintained by some State Governments with the Reserve Bank of India.
2. ATBs include investment by State Governments in Treasury bills of 91 days, 182 days and 364 days in the primary market.
3. - : Not Applicable (not a member of the scheme).

No. 49: Market Borrowings of State Governments

(₹ Crore)

Sr. No.	State	2023-24		2024-25		2024-25		2025-26				Total amount raised, so far in 2025-26	
						March		April		May			
		Gross Amount Raised	Net Amount Raised	Gross Amount Raised	Net Amount Raised	Gross Amount Raised	Net Amount Raised	Gross Amount Raised	Net Amount Raised	Gross Amount Raised	Net Amount Raised	Gross	Net
	1	2	3	4	5	6	7	8	9	10	11	12	13
1	Andhra Pradesh	68400	55330	78205	57123	8148	7148	5750	4750	6822	4322	12572	9072
2	Arunachal Pradesh	902	672	1010	704	215	135	-	-130	-	-	-	-130
3	Assam	18500	16000	19000	13850	3300	1800	900	-50	2600	2600	3500	2550
4	Bihar	47612	29910	47546	30890	-	-478	-	-	-	-	-	-
5	Chhattisgarh	32000	26213	24500	16913	14000	12613	1970	1970	1000	1000	2970	2970
6	Goa	2550	1560	1050	250	-	-	-	-150	100	-50	100	-200
7	Gujarat	30500	11947	38200	16280	8000	5000	-	-2560	8500	4500	8500	1940
8	Haryana	47500	28364	49500	31710	12000	5690	2000	2000	5000	3100	7000	5100
9	Himachal Pradesh	8072	5856	7359	4725	659	659	2200	1550	-	-	2200	1550
10	Jammu & Kashmir UT	16337	13904	13170	11416	300	86	1000	1000	800	300	1800	1300
11	Jharkhand	1000	-2505	3500	-2005	3500	1445	-	-	-	-	-	-
12	Karnataka	81000	63003	92025	71525	20000	19000	-	-	-	-	-	-
13	Kerala	42438	26638	53666	37966	12744	11744	2000	-	5000	3500	7000	3500
14	Madhya Pradesh	38500	26264	63400	47206	22400	15306	-	-	5000	5000	5000	5000
15	Maharashtra	110000	79738	123000	90917	24000	24000	13500	13500	-	-3500	13500	10000
16	Manipur	1426	1076	1500	1037	250	250	-	-200	750	750	750	550
17	Meghalaya	1364	912	1882	997	-	-73	350	250	-	-	350	250
18	Mizoram	901	641	1169	939	120	120	-	-	-	-	-	-
19	Nagaland	2551	2016	1550	950	1000	850	-	-	-	-100	-	-100
20	Odisha	0	-4658	20780	17780	11780	10780	-	-	-	-	-	-
21	Puducherry	1100	475	1600	880	300	280	-	-	-	-	-	-
22	Punjab	42386	29517	40828	32466	1998	540	5800	4200	5500	4600	11300	8800
23	Rajasthan	73624	49718	75185	49479	11620	5670	5500	3500	8600	6600	14100	10100
24	Sikkim	1916	1701	1951	1621	463	363	-	-	-	-	-	-
25	Tamil Nadu	113001	75970	123625	89894	22600	20219	4000	1000	7300	1300	11300	2300
26	Telangana	49618	39385	56209	42199	6500	3608	4400	3400	4500	1152	8900	4552
27	Tripura	0	-550	0	-150	-	-150	500	500	300	300	800	800
28	Uttar Pradesh	97650	85335	45000	23185	10000	7472	3000	-1000	3000	1000	6000	-
29	Uttarakhand	6300	3800	10400	8000	4000	3250	1000	1000	-	-	1000	1000
30	West Bengal	69910	48910	76500	54600	25000	23700	-	-1000	-	-1500	-	-2500
	Grand Total	1007058	717140	1073310	753345	224897	181026	53870	33530	64772	34874	118642	68404

- : Nil.
Note: The State of J&K has ceased to exist constitutionally from October 31, 2019 and the liabilities of the State continue to remain as liabilities of the new UT of Jammu and Kashmir.
Source: Reserve Bank of India.

No. 50 (a): Flow of Financial Assets and Liabilities of Households - Instrument-wise

(Amount in ₹ Crore)

Item	2021-22				
	Q1	Q2	Q3	Q4	Annual
Net Financial Assets (I-II)	**3,42,813**	**3,30,490**	**4,85,203**	**5,54,816**	**17,13,322**
Per cent of GDP	***6.6***	***5.9***	***7.7***	***8.5***	***7.3***
I. Financial Assets	**3,63,395**	**5,25,419**	**8,16,484**	**9,07,366**	**26,12,664**
Per cent of GDP	***7.0***	***9.3***	***13.0***	***13.9***	***11.1***
of which:					
1.Total Deposits (a)+(b)	**(81,064)**	**2,04,486**	**4,28,035**	**2,83,634**	**8,35,091**
(a) Bank Deposits	**(1,06,429)**	**1,97,105**	**4,22,393**	**2,70,025**	**7,83,094**
i. Commercial Banks	(1,07,941)	1,95,442	4,18,267	2,62,326	7,68,094
ii. Co-operative Banks	1,512	1,663	4,126	7,699	15,000
(b) Non-Bank Deposits	**25,365**	**7,380**	**5,642**	**13,610**	**51,997**
of which:					
Other Financial Institutions (i+ii)	**17,555**	**(435)**	**(2,178)**	**5,770**	**20,712**
i. Non-Banking Financial Companies	5,578	(1,371)	73	4,021	8,302
ii. Housing Finance Companies	11,977	936	(2,252)	1,748	12,410
2. Life Insurance Funds	**1,15,539**	**1,28,277**	**1,04,076**	**1,38,998**	**4,86,889**
3. Provident and Pension Funds (including PPF)	**1,24,971**	**1,12,810**	**95,493**	**2,18,719**	**5,51,993**
4. Currency	**1,28,660**	**(68,631)**	**62,793**	**1,46,845**	**2,69,667**
5. Investments	**24,884**	**82,260**	**69,715**	**50,926**	**2,27,785**
of which:					
(a) Mutual Funds	14,573	63,151	37,912	44,964	1,60,600
(b) Equity	4,502	13,218	27,808	3,084	48,613
6. Small Savings (excluding PPF)	**50,405**	**66,218**	**56,372**	**68,243**	**2,41,238**
II. Financial Liabilities	**20,583**	**1,94,929**	**3,31,281**	**3,52,550**	**8,99,343**
Per cent of GDP	***0.4***	***3.5***	***5.3***	***5.4***	***3.8***
Loans (Borrowings) from					
1. Financial Corporations (a+b)	**20,479**	**1,94,825**	**3,31,178**	**3,52,446**	**8,98,928**
(a) Banking Sector	**21,428**	**1,38,720**	**2,67,955**	**2,74,181**	**7,02,284**
of which:					
i. Commercial Banks	26,979	1,40,269	2,65,271	3,37,010	7,69,529
(b) Other Financial Institutions	**(949)**	**56,105**	**63,223**	**78,266**	**1,96,644**
i. Non-Banking Financial Companies	(8,708)	30,151	32,177	40,003	93,623
ii. Housing Finance Companies	7,132	24,404	29,495	37,436	98,467
iii. Insurance Corporations	627	1,550	1,551	827	4,554
2. Non-Financial Corporations (Private Corporate Business)	**34**	**34**	**34**	**34**	**135**
3. General Government	**70**	**70**	**70**	**70**	**279**

No. 50 (a): Flow of Financial Assets and Liabilities of Households - Instrument-wise (Contd.)

(Amount in ₹ Crore)

Item	2022-23				
	Q1	Q2	Q3	Q4	Annual
Net Financial Assets (I-II)	**2,89,980**	**2,99,395**	**2,96,132**	**4,54,240**	**13,39,748**
Per cent of GDP	***4.5***	***4.6***	***4.3***	***6.4***	***5.0***
I. Financial Assets	**5,79,958**	**6,34,471**	**7,50,245**	**9,71,526**	**29,36,200**
Per cent of GDP	***8.9***	***9.8***	***10.9***	***13.6***	***10.9***
of which:					
1.Total Deposits (a)+(b)	**1,85,429**	**3,17,361**	**2,80,233**	**3,25,853**	**11,08,876**
(a) Bank Deposits	**1,63,172**	**2,99,533**	**2,56,400**	**3,07,867**	**10,26,971**
i. Commercial Banks	1,58,613	3,00,565	2,48,460	2,84,968	9,92,606
ii. Co-operative Banks	4,559	(1,032)	7,940	22,899	34,365
(b) Non-Bank Deposits	**22,257**	**17,829**	**23,833**	**17,986**	**81,905**
of which:					
Other Financial Institutions (i+ii)	**6,505**	**2,077**	**8,082**	**2,234**	**18,897**
i. Non-Banking Financial Companies	4,231	3,267	3,247	3,946	14,690
ii. Housing Finance Companies	2,274	(1,191)	4,835	(1,712)	4,207
2. Life Insurance Funds	**73,298**	**1,51,677**	**1,67,522**	**1,56,613**	**5,49,109**
3. Provident and Pension Funds (including PPF)	**1,48,915**	**1,20,367**	**1,38,584**	**2,18,709**	**6,26,575**
4. Currency	**66,439**	**(54,579)**	**76,760**	**1,48,990**	**2,37,610**
5. Investments	**51,503**	**48,530**	**49,779**	**64,151**	**2,13,962**
of which:					
(a) Mutual Funds	35,443	44,484	40,206	58,955	1,79,088
(b) Equity	13,561	1,378	6,434	1,665	23,038
6. Small Savings (excluding PPF)	**54,375**	**51,115**	**37,368**	**57,211**	**2,00,068**
II. Financial Liabilities	**2,89,978**	**3,35,076**	**4,54,113**	**5,17,285**	**15,96,452**
Per cent of GDP	***4.5***	***5.2***	***6.6***	***7.3***	***5.9***
Loans (Borrowings) from					
1. Financial Corporations (a+b)	**2,89,781**	**3,34,880**	**4,53,917**	**5,17,089**	**15,95,667**
(a) Banking Sector	**2,34,235**	**2,63,450**	**3,70,783**	**3,83,845**	**12,52,313**
of which:					
i. Commercial Banks	2,30,284	2,61,265	3,68,305	3,31,293	11,91,146
(b) Other Financial Institutions	**55,546**	**71,429**	**83,134**	**1,33,244**	**3,43,354**
i. Non-Banking Financial Companies	30,532	36,650	55,792	94,565	2,17,539
ii. Housing Finance Companies	22,337	33,031	24,903	36,746	1,17,017
iii. Insurance Corporations	2,678	1,748	2,439	1,933	8,798
2. Non-Financial Corporations (Private Corporate Business)	**34**	**34**	**34**	**34**	**135**
3. General Government	**163**	**163**	**163**	**163**	**650**

No. 50 (a): Flow of Financial Assets and Liabilities of Households - Instrument-wise (Concld.)

(Amount in ₹ Crore)

Item	2023-24				
	Q1	Q2	Q3	Q4	Annual
Net Financial Assets (I-II)	**3,53,093**	**2,89,675**	**2,98,111**	**6,11,366**	**15,52,245**
Per cent of GDP	***5.0***	***4.1***	***3.9***	***7.8***	***5.3***
I. Financial Assets	**6,74,763**	**8,15,842**	**8,08,779**	**11,32,130**	**34,31,514**
Per cent of GDP	***9.6***	***11.5***	***10.7***	***14.5***	***11.6***
of which:					
1.Total Deposits (a)+(b)	**2,68,925**	**4,12,388**	**2,99,372**	**4,10,559**	**13,91,244**
(a) Bank Deposits	**2,55,249**	**5,06,208**	**2,79,872**	**3,94,573**	**14,35,902**
i. Commercial Banks	2,46,079	5,06,700	2,82,537	3,87,313	14,22,629
ii. Co-operative Banks	9,170	(492)	(2,665)	7,260	13,273
(b) Non-Bank Deposits	**13,676**	**(93,820)**	**19,499**	**15,986**	**(44,658)**
of which:					
Other Financial Institutions (i+ii)	**(485)**	**(1,07,982)**	**5,338**	**1,825**	**(1,01,305)**
i. Non-Banking Financial Companies	6,119	4,782	4,896	1,943	17,740
ii. Housing Finance Companies	(6,605)	(1,12,764)	442	(118)	(1,19,045)
2. Life Insurance Funds	**1,58,358**	**1,41,413**	**1,61,192**	**1,30,036**	**5,90,999**
3. Provident and Pension Funds (including PPF)	**1,63,508**	**1,48,178**	**1,53,255**	**2,53,719**	**7,18,661**
4. Currency	**(48,636)**	**(36,701)**	**56,719**	**1,46,644**	**1,18,026**
5. Investments	**41,409**	**73,060**	**79,633**	**1,08,732**	**3,02,834**
of which:					
(a) Mutual Funds	32,086	55,769	60,135	90,973	2,38,962
(b) Equity	3,757	7,146	9,941	8,236	29,080
6. Small Savings (excluding PPF)	**91,198**	**77,504**	**58,607**	**82,441**	**3,09,751**
II. Financial Liabilities	**3,21,670**	**5,26,167**	**5,10,667**	**5,20,764**	**18,79,269**
Per cent of GDP	***4.6***	***7.4***	***6.7***	***6.7***	***6.4***
Loans (Borrowings) from					
1. Financial Corporations (a+b)	**3,21,520**	**5,26,016**	**5,10,516**	**5,20,613**	**18,78,666**
(a) Banking Sector	**2,13,606**	**8,68,874**	**4,02,647**	**3,92,330**	**18,77,458**
of which:					
i. Commercial Banks	2,08,027	8,75,654	3,89,898	3,82,558	18,56,136
(b) Other Financial Institutions	**1,07,914**	**(3,42,858)**	**1,07,869**	**1,28,283**	**1,208**
i. Non-Banking Financial Companies	81,449	59,684	85,032	1,00,836	3,27,001
ii. Housing Finance Companies	23,784	(4,04,294)	21,233	25,853	(3,33,424)
iii. Insurance Corporations	2,681	1,753	1,604	1,594	7,631
2. Non-Financial Corporations (Private Corporate Business)	**34**	**35**	**35**	**35**	**138**
3. General Government	**116**	**116**	**116**	**116**	**465**

Notes : 1. Net Financial Savings of households refer to the net financial assets, which are measured as difference of financial asset and liabilities flows.
2. Preliminary estimates for 2023-24 and revised estimates for 2021-22 and 2022-23.
3. The preliminary estimates for 2023-24 will undergo revision with the release of first revised estimates of national income, consumption expenditure, savings, and capital formation, 2023-24 by the National Statistical Office (NSO).
4. Non-bank deposits apart from other financial institutions, comprises state power utilities, co-operative non credit societies etc.
5. Figures in the columns may not add up to the total due to rounding off.

No. 50 (b): Stocks of Financial Assets and Liabilities of Households- Select Indicators

(Amount in ₹ Crore)

Item	Jun-2021	Sep-2021	Dec-2021	Mar-2022
Financial Assets (a+b+c+d+e+f+g+h)	**2,33,27,377**	**2,39,99,280**	**2,47,08,474**	**2,54,40,650**
Per cent of GDP	**110.4**	**108.9**	**108.2**	**107.8**
(a) Bank Deposits (i+ii)	**1,07,90,832**	**1,09,87,937**	**1,14,10,330**	**1,16,80,355**
i. Commercial Banks	99,53,044	1,01,48,486	1,05,66,753	1,08,29,079
ii. Co-operative Banks	8,37,788	8,39,451	8,43,577	8,51,276
(b) Non-Bank Deposits				
of which:				
Other Financial Institutions	**2,06,509**	**2,06,074**	**2,03,896**	**2,09,665**
i. Non-Banking Financial Companies	67,840	66,469	66,542	70,564
ii. Housing Finance Companies	1,38,669	1,39,605	1,37,353	1,39,102
(c) Life Insurance Funds	**49,29,725**	**51,42,279**	**52,13,527**	**53,57,350**
(d) Currency	**27,42,897**	**26,74,266**	**27,37,059**	**28,83,904**
(e) Mutual funds	**18,55,000**	**20,64,364**	**21,26,112**	**21,52,141**
(f) Public Provident Fund (PPF)	**7,57,398**	**7,62,264**	**7,67,287**	**8,34,148**
(g) Pension Funds	**6,16,517**	**6,67,379**	**6,99,173**	**7,36,592**
(h) Small Savings (excluding PPF)	**14,28,499**	**14,94,717**	**15,51,089**	**15,86,496**
Financial Liabilities (a+b)	**77,43,630**	**79,38,456**	**82,69,633**	**86,22,079**
Per cent of GDP	**36.6**	**36.0**	**36.2**	**36.5**
Loans/Borrowings				
(a) Banking Sector	**61,80,377**	**63,19,097**	**65,87,052**	**68,61,233**
of which:				
i. Commercial Banks	56,47,239	57,87,508	60,52,779	63,89,789
ii. Co-operative Banks	5,31,728	5,30,164	5,32,833	4,69,989
(b) Other Financial Institutions	**15,63,253**	**16,19,358**	**16,82,581**	**17,60,847**
of which:				
i. Non-Banking Financial Companies	7,36,312	7,66,463	7,98,641	8,38,643
ii. Housing Finance Companies	7,21,510	7,45,914	7,75,408	8,12,845
iii. Insurance Corporations	1,05,431	1,06,981	1,08,532	1,09,359

No. 50 (b): Stocks of Financial Assets and Liabilities of Households- Select Indicators (Contd.)

(Amount in ₹ Crore)

Item	Jun-2022	Sep-2022	Dec-2022	Mar-2023
Financial Assets (a+b+c+d+e+f+g+h)	**2,56,21,348**	**2,64,23,992**	**2,71,87,716**	**2,78,44,981**
Per cent of GDP	**102.8**	**102.6**	**103.2**	**103.3**
(a) Bank Deposits (i+ii)	**1,18,43,527**	**1,21,43,060**	**1,23,99,459**	**1,27,07,326**
i. Commercial Banks	1,09,87,692	1,12,88,257	1,15,36,717	1,18,21,685
ii. Co-operative Banks	8,55,835	8,54,803	8,62,742	8,85,641
(b) Non-Bank Deposits				
of which:				
Other Financial Institutions	**2,16,170**	**2,18,247**	**2,26,328**	**2,28,562**
i. Non-Banking Financial Companies	74,794	78,061	81,308	85,254
ii. Housing Finance Companies	1,41,376	1,40,185	1,45,020	1,43,308
(c) Life Insurance Funds	**53,25,967**	**55,59,682**	**57,86,593**	**57,95,431**
(d) Currency	**29,50,343**	**28,95,764**	**29,72,524**	**31,21,514**
(e) Mutual funds	**20,48,097**	**22,60,210**	**23,55,316**	**23,67,793**
(f) Public Provident Fund (PPF)	**8,51,913**	**8,58,591**	**8,64,731**	**9,39,449**
(g) Pension Funds	**7,44,459**	**7,96,454**	**8,53,412**	**8,98,343**
(h) Small Savings (excluding PPF)	**16,40,871**	**16,91,985**	**17,29,353**	**17,86,563**
Financial Liabilities (a+b)	**89,11,861**	**92,46,741**	**97,00,657**	**1,02,17,746**
Per cent of GDP	**35.8**	**35.9**	**36.8**	**37.9**
Loans/Borrowings				
(a) Banking Sector	**70,95,468**	**73,58,918**	**77,29,701**	**81,13,546**
of which:				
i. Commercial Banks	66,20,073	68,81,338	72,49,643	75,80,936
ii. Co-operative Banks	4,73,897	4,76,025	4,78,487	5,30,915
(b) Other Financial Institutions	**18,16,393**	**18,87,823**	**19,70,956**	**21,04,201**
of which:				
i. Non-Banking Financial Companies	8,69,175	9,05,825	9,61,617	10,56,182
ii. Housing Finance Companies	8,35,181	8,68,213	8,93,116	9,29,862
iii. Insurance Corporations	1,12,037	1,13,785	1,16,223	1,18,157

No. 50 (b): Stocks of Financial Assets and Liabilities of Households- Select Indicators (Concld.)

(Amount in ₹ Crore)

Item	Jun-2023	Sep-2023	Dec-2023	Mar-2024
Financial Assets (a+b+c+d+e+f+g+h)	**2,87,56,851**	**2,96,44,299**	**3,07,47,010**	**3,19,86,847**
Per cent of GDP	**104.6**	**105.4**	**106.6**	**108.3**
(a) Bank Deposits (i+ii)	**1,29,62,575**	**1,34,68,783**	**1,37,48,656**	**1,41,43,228**
i. Commercial Banks	1,20,67,764	1,25,74,464	1,28,57,001	1,32,44,314
ii. Co-operative Banks	8,94,811	8,94,319	8,91,655	8,98,914
(b) Non-Bank Deposits				
of which:				
Other Financial Institutions	**2,28,077**	**1,20,095**	**1,25,432**	**1,27,257**
i. Non-Banking Financial Companies	91,373	96,156	1,01,051	1,02,994
ii. Housing Finance Companies	1,36,703	23,939	24,381	24,263
(c) Life Insurance Funds	**60,64,437**	**62,55,801**	**65,53,726**	**67,69,272**
(d) Currency	**30,72,878**	**30,36,177**	**30,92,896**	**32,39,540**
(e) Mutual funds	**26,26,046**	**28,29,859**	**31,56,299**	**33,87,208**
(f) Public Provident Fund (PPF)	**9,55,061**	**9,60,344**	**9,64,852**	**10,51,376**
(g) Pension Funds	**9,70,016**	**10,17,975**	**10,91,276**	**11,72,651**
(h) Small Savings (excluding PPF)	**18,77,761**	**19,55,265**	**20,13,873**	**20,96,314**
Financial Liabilities (a+b)	**1,05,39,266**	**1,10,65,282**	**1,15,75,799**	**1,20,96,412**
Per cent of GDP	**38.3**	**39.3**	**40.2**	**41.0**
Loans/Borrowings				
(a) Banking Sector	**83,27,152**	**91,96,026**	**95,98,673**	**99,91,003**
of which:				
i. Commercial Banks	77,88,962	86,64,616	90,54,514	94,37,072
ii. Co-operative Banks	5,36,409	5,29,528	5,42,241	5,51,852
(b) Other Financial Institutions	**22,12,114**	**18,69,256**	**19,77,126**	**21,05,409**
of which:				
i. Non-Banking Financial Companies	11,37,631	11,97,315	12,82,347	13,83,183
ii. Housing Finance Companies	9,53,646	5,49,352	5,70,585	5,96,438
iii. Insurance Corporations	1,20,837	1,22,590	1,24,194	1,25,788

Notes : 1. Data as ratios to GDP have been calculated based on the Provisional Estimates of National Income 2023-24, released by NSO on May 31, 2024.
2. Pension funds comprises funds with the National Pension Scheme.
3. Outstanding deposits with Small Savings are sourced from the Controller General of Accounts, Government of India.
4. Non-bank deposits apart from other financial institutions, comprises state power utilities, co-operative non credit societies etc. Data for outstanding deposits are available only for other financial institutions.
5. Figures in the columns may not add up to the total due to rounding off.

Explanatory Notes to the Current Statistics

Table No. 1

1.2& 6: Annual data are average of months.
3.5 & 3.7: Relate to ratios of increments over financial year so far.
4.1 to 4.4, 4.8,4.9 &5: Relate to the last friday of the month/financial year.
4.5, 4.6 & 4.7: Relate to five major banks on the last Friday of the month/financial year.
4.10 to 4.12: Relate to the last auction day of the month/financial year.
4.13: Relate to last day of the month/ financial year
7.1&7.2: Relate to Foreign trade in US Dollar.

Table No. 2

2.1.2: Include paid-up capital, reserve fund and Long-Term Operations Funds.
2.2.2: Include cash, fixed deposits and short-term securities/bonds, e.g., issued by IIFC (UK).

Table No. 4

Maturity-wise position of outstanding forward contracts is available at http://nsdp.rbi.org.in under ''Reserves Template''.

Table No. 5

Special refinance facility to Others, *i.e.* to the EXIM Bank, is closed since March 31, 2013.

Table No. 6

For scheduled banks, March-end data pertain to the last reporting Friday.
2.2: Exclude balances held in IMF Account No.1, RBI employees' provident fund, pension fund, gratuity and superannuation fund.

Table Nos. 7 & 11

3.1 in Table 7 and 2.4 in Table 11: Include foreign currency denominated bonds issued by IIFC (UK).

Table No. 8

NM_2 and NM_3 do not include FCNR (B) deposits.
2.4: Consist of paid-up capital and reserves.
2.5: includes other demand and time liabilities of the banking system.

Table No. 9

Financial institutions comprise EXIM Bank, SIDBI, NABARD and NHB.
L_1 and L_2 are compiled monthly and L_3 quarterly.
Wherever data are not available, the last available data have been repeated.

Table No. 13

Data against column Nos. (1), (2) & (3) are Final and for column Nos. (4) & (5) data are Provisional.

Table No. 14

Data in column Nos. (4) & (8) are Provisional.

Table No. 17

2.1.1: Exclude reserve fund maintained by co-operative societies with State Co-operative Banks

2.1.2: Exclude borrowings from RBI, SBI, IDBI, NABARD, notified banks and State Governments.

4: Include borrowings from IDBI and NABARD.

Table No. 24

Primary Dealers (PDs) include banks undertaking PD business.

Table No. 30

Exclude private placement and offer for sale.

1: Exclude bonus shares.

2: Include cumulative convertible preference shares and equi-preference shares.

Table No. 32

Exclude investment in foreign currency denominated bonds issued by IIFC (UK), SDRs transferred by Government of India to RBI and foreign currency received under SAARC and ACU currency swap arrangements. Foreign currency assets in US dollar take into account appreciation/depreciation of non-US currencies (such as Euro, Sterling, Yen and Australian Dollar) held in reserves. Foreign exchange holdings are converted into rupees at rupee-US dollar RBI holding rates.

Table No. 34

1.1.1.1.2 & 1.1.1.1.1.4: Estimates.

1.1.1.2: Estimates for latest months.

'Other capital' pertains to debt transactions between parent and subsidiaries/branches of FDI enterprises.

Data may not tally with the BoP data due to lag in reporting.

Table No. 35

1.10: Include items such as subscription to journals, maintenance of investment abroad, student loan repayments and credit card payments.

Table No. 36

Increase in indices indicates appreciation of rupee and *vice versa*. For 6-Currency index, base year 2022-23 is a moving one, which gets updated every year. REER figures are based on Consumer Price Index (combined). The details on methodology used for compilation of NEER/REER indices are available in December 2005, April 2014 and January 2021 issues of the RBI Bulletin.

Table No. 37

Based on applications for ECB/Foreign Currency Convertible Bonds (FCCBs) which have been allotted loan registration number during the period.

Table Nos. 38, 39, 40 & 41

Explanatory notes on these tables are available in December issue of RBI Bulletin, 2012.

Table No. 43

Part I-A. Settlement systems

1.1.3: Tri- party Repo under the securities segment has been operationalised from November 05, 2018.

Part I-B. Payments systems

4.1.2: 'Others' includes e-commerce transactions and digital bill payments through ATMs, *etc.*

4.2.2: 'Others' includes e-commerce transactions, card to card transfers and digital bill payments through ATMs, *etc.*

5: Available from December 2010.

5.1: includes purchase of goods and services and fund transfer through wallets.

5.2.2: includes usage of PPI Cards for online transactions and other transactions.

6.1: Pertain to three grids – Mumbai, New Delhi and Chennai.

6.2: 'Others' comprises of Non-MICR transactions which pertains to clearing houses managed by 21 banks.

Part II-A. Other payment channels

1: Mobile Payments –
- Include transactions done through mobile apps of banks and UPI apps.
- The data from July 2017 includes only individual payments and corporate payments initiated, processed, and authorised using mobile device. Other corporate payments which are not initiated, processed, and authorised using mobile device are excluded.

2: Internet Payments – includes only e-commerce transactions through 'netbanking' and any financial transaction using internet banking website of the bank.

Part II-B. ATMs

3.3 and 4.2: only relates to transactions using bank issued PPIs.

Part III. Payment systems infrastructure

3: Includes ATMs deployed by Scheduled Commercial Banks (SCBs) and White Label ATM Operators (WLAOs). WLAs are included from April 2014 onwards.

Table No. 45

(-) represents nil or negligible

The table format is revised since monthly Bulletin for the month of June 2023.

Central Government Dated Securities include special securities and Sovereign Gold Bonds.

State Government Securities include special bonds issued under Ujwal DISCOM Assurance Yojana (UDAY).

Bank PDs are clubbed under Commercial Banks.

The category 'Others' comprises State Governments, DICGC, PSUs, Trusts, Foreign Central Banks, HUF/ Individuals *etc.*

Data since September 2023 includes the impact of the merger of a non-bank with a bank.

Table No. 46

GDP data is based on 2011-12 base. GDP for 2023-24 is from Union Budget 2023-24.

Data pertains to all States and Union Territories.

1 & 2: Data are net of repayments of the Central Government (including repayments to the NSSF) and State Governments.

1.3: Represents compensation and assignments by States to local bodies and Panchayati Raj institutions.

2: Data are net of variation in cash balances of the Central and State Governments and includes borrowing receipts of the Central and State Governments.

3A.1.1: Data as per RBI records.

3B.1.1: Borrowings through dated securities.

3B.1.2: Represent net investment in Central and State Governments' special securities by the National Small Savings Fund (NSSF).

This data may vary from previous publications due to adjustments across components with availability of new data.

3B.1.6: Include Ways and Means Advances by the Centre to the State Governments.

3B.1.7: Include Treasury Bills, loans from financial institutions, insurance and pension funds, remittances, cash balance investment account.

Table No. 47

SDF is availed by State Governments against the collateral of Consolidated Sinking Fund (CSF), Guarantee Redemption Fund (GRF) & Auction Treasury Bills (ATBs) balances and other investments in government securities.

WMA is advance by Reserve Bank of India to State Governments for meeting temporary cash mismatches.

OD is advanced to State Governments beyond their WMA limits.

Average amount Availed is the total accommodation (SDF/WMA/OD) availed divided by number of days for which accommodation was extended during the month.

- : Nil.

Table No. 48

CSF and GRF are reserve funds maintained by some State Governments with the Reserve Bank of India.

ATBs include Treasury bills of 91 days, 182 days and 364 days invested by State Governments in the primary market.

--: Not Applicable (not a member of the scheme).

The concepts and methodologies for Current Statistics are available in Comprehensive Guide for Current Statistics of the RBI Monthly Bulletin **(https://rbi.org.in/Scripts/PublicationsView.aspx?id=17618)**

Time series data of 'Current Statistics' is available at https://data.rbi.org.in.

Detailed explanatory notes are available in the relevant press releases issued by RBI and other publications/releases of the Bank such as **Handbook of Statistics on the Indian Economy**.

Recent Publications of the Reserve Bank of India

Name of Publication	Price	
	India	Abroad
1. Reserve Bank of India Bulletin 2025	₹350 per copy ₹250 per copy (concessional rate*) ₹4,000 (one year subscription) ₹3,000 (one year concessional rate*)	US$ 15 per copy US$ 150 (one-year subscription) (inclusive of air mail courier charges)
2. Handbook of Statistics on the Indian States 2023-24	₹550 (Normal) ₹600 (inclusive of postage)	US$ 24 (inclusive of air mail courier charges)
3. Handbook of Statistics on the Indian Economy 2023-24	₹600 (Normal) ₹650 (inclusive of postage) ₹450 (concessional) ₹500 (concessional with postage)	US$ 50 (inclusive of air mail courier charges)
4. State Finances - A Study of Budgets of 2024-25	₹600 per copy (over the counter) ₹650 per copy (inclusive of postal charges)	US$ 24 per copy (inclusive of air mail courier charges)
5. Report on Currency and Finance 2023-24	₹575 per copy (over the counter) ₹625 per copy (inclusive of postal charges)	US$ 22 per copy (inclusive of air mail courier charges)
6. Reserve Bank of India Occasional Papers Vol. 45, No. 1, 2024	₹200 per copy (over the counter) ₹250 per copy (inclusive of postal charges)	US$ 18 per copy (inclusive of air mail courier charges)
7. Finances of Panchayati Raj Institutions	₹300 per copy (over the counter) ₹350 per copy (inclusive of postal charges)	US$ 16 per copy (inclusive of air mail courier charges)
8. Report on Trend and Progress of Banking in India 2023-24	Issued as Supplement to RBI Bulletin January, 2025	
9. Annual Report 2024-25	Issued as Supplement to RBI Bulletin June, 2025	
10. Financial Stability Report, June 2025	Issued as Supplement to RBI Bulletin July, 2025	
11. Monetary Policy Report - April 2025	Included in RBI Bulletin April 2025	
12. Report on Municipal Finances - November 2024	₹300 per copy (over the counter) ₹350 per copy (inclusive of postal charges)	US$ 16 per copy (inclusive of air mail courier charges)
13. Banking Glossary (English-Hindi)	₹100 per copy (over the counter) ₹150 per copy (inclusive of postal charges)	

Notes

1. Many of the above publications are available at the RBI website (www.rbi.org.in).
2. Time Series data are available at the Database on Indian Economy (https://data.rbi.org.in).
3. The Reserve Bank of India History 1935-2008 (5 Volumes) are available at leading book stores in India.

* Concession is available for students, teachers/lecturers, academic/education institutions, public libraries and Booksellers in India provided the proof of eligibility is submitted.

General Instructions

1. All communications should be addressed to:
   Director, Division of Reports and Knowledge Dissemination,
   Department of Economic and Policy Research (DRKD, DEPR),
   Reserve Bank of India, Amar Building, Ground Floor,
   Sir P. M. Road, Fort, P. B. No.1036, Mumbai - 400 001.
   Telephone: 022- 2260 3000 Extn: 4002, Email: spsdepr@rbi.org.in.
2. Publications are available for sale between 10:30 am to 3:00 pm (Monday to Friday).
3. Publications will not be supplied on a cash-on-delivery basis.
4. Publications once sold will not be taken back.
5. Back issues of the publication are generally not available.
6. Wherever concessional price is not indicated, a discount of 25 per cent is available for students, faculty, academic/education institutions, public libraries, and book sellers in India provided the proof of eligibility is submitted.
7. Subscription should be made preferably by NEFT and transaction details including payer's name, subscription number (if any), account number, date and amount should be emailed to **spsdepr@rbi.org.in**, or sent by post.
   a. Details required for NEFT transfer are as follows:

Beneficiary Name	Department of Economic and Policy Research, RBI
Name of the Bank	Reserve Bank of India
Branch and address	Fort, Mumbai
IFSC of Bank Branch	RBIS0MBPA04
Type of Account	Current Account
Account Number	41-8024129-19

   b. In case of subscription through non-digital modes, please send the demand draft/cheque payable at Mumbai in favour of Reserve Bank of India, Mumbai.
8. Complaints regarding 'non-receipt of publication' may be sent within a period of two months.