



भारतीय रिज़र्व बैंक

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## Comprehensive Guide for Current Statistics of the RBI Monthly Bulletin

Concepts, Definitions and Methodologies

**RESERVE BANK OF INDIA**  
**JUNE 2017**





## Database on Indian Economy (<https://dbie.rbi.org.in>)

This publication can also be downloaded through internet at [www.rbi.org.in](http://www.rbi.org.in) or <https://dbie.rbi.org.in>.

**Notes on Tables** are also available along with time series version of the publication.

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## Foreword

The monthly Bulletin of Reserve Bank of India contains summary form of statistics and other information which reflects the changing pattern of economic activity of the country. The contents of the statistics are being reviewed and reoriented from time to time to capture the development in the Indian economy.

The Current Statistics section of Reserve Bank of India Bulletin was first released in June 1953, containing brief explanatory notes on definitions, sources, coverage and methods of compilation. The number of tables in the Current Statistics section of monthly bulletin were changed over the time period due to addition/deletion of tables. Present Bulletin was restructured in January 2013, and since then 46 tables are being published. All the tables are being generated directly from Data Warehouse of the Bank. The long time series data of variables of these tables are made available to public through Database on Indian Economy (<https://dbie.rbi.org.in>).

This Guide gives various data items and linkage among different tables, which will be helpful in enhancing the understanding of the data. I trust users will find this Guide very useful.

(M. D. Patra)  
Executive Director  
June, 2017

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## Table 1. Select Economic Indicators

This summary table intended to provide the growth rates and ratios of principal economic indicators related to real sector, industrial production, prices, money and banking, trade and financial market statistics. The data for most of these rates and ratios are available in the subsequent tables with its descriptions, compilation procedures, sources, *etc.* For comparison purpose, rates/ratios of the latest months/quarters data along with corresponding months/quarter of previous year data has been presented in the Bulletin print version. Annual rates/ratios are also presented for the financial year on the basis of average of all months or end-period or last day/week/month, as the case may be. The time series data of these indicators are published in Database on India Economy (DBIE) in a chronological order.

**1. Real sectors Indicators:** The core indicators of real sector are given in the form of percentage change (Y-o-Y). Data for these indicators are available on quarterly basis and being updated as and when data are released by source.

**1.1 GVA at Basic prices:** Gross value added (GVA) is the measure of the value of goods and services produced in an area, industry or sector of an economy less intermediate consumption over a specified period of time. GVA at basic prices is the new measure of economic activities compiled from 2011 by Central statistics Office (CSO) replacing the practice of measuring it by GDP at factor cost. GVA at basic prices is equal to GDP at factor cost *plus* production taxes *less* production subsidies. GVA at basic prices at constant prices (Base: 2011-12) has been included for calculating the percentage change.

**1.1.1 Agriculture sector GVA** comprises of estimates of GVA from 'crop sector', 'livestock sector', 'forestry' and 'fishing and aquaculture' at basic prices at constant prices (Base: 2011-12)

**1.1.2 Industry** comprises of (i) mining and quarrying, (ii) manufacturing, and (iii) electricity, gas, water supply & other utility services

**1.1.3 Services** comprises of (i) construction, (ii) trade, hotels, transport, communication and services related to broadcasting, (iii) financial, real estate and professional services, and (iv) public administration, defence and other services.

*Quarterly percent change in GVA = (current quarter GVA - corresponding quarter of previous Year GVA)/ Previous quarter GVA\*100.*

**1.1a Final Consumption Expenditure<sup>1</sup>:** It is the sum of Government final consumption expenditure (GFCE) and Private final consumption expenditure (PFCE). GFCE is the total current expenditure of the administrative departments for producing government services. Estimates of GFCE at constant prices are prepared separately for compensation of employees, net purchase of commodities and services and consumption of fixed capital (CFC). PFCE is defined as the expenditure incurred by the resident households and non-profit institutions serving households (NPISHs) on final consumption of goods and services, whether made within or outside the economic territory.

**1.1b Gross Fixed Capital Formation<sup>2</sup>:** Gross fixed capital formation is measured by the total value of a producer's acquisitions, less disposals, of fixed assets during the accounting period plus certain additions to the value of non-produced assets realized by the productive activity of institutional units.

**1.2 Index of Industrial production:** The Index of Industrial Production is a quantitative index, the production of the items being expressed in physical terms. The Index is compiled by taking into account the quantities of items produced during the current month, *vis-à-vis* the average monthly production in the base year. Monthly growth rate is calculated Y-o-Y basis while yearly growth rate calculated Y-o-Y basis by taking average of all months.

## 2. Money and Banking

**2.1 Scheduled Commercial Banks** important indicators' growth rate has been presented in this table. Data for banking indicators are based on Form A/B returns collected through Section 42(2) of the Reserve Bank of India Act, 1934. Data relates to last Friday/Reporting Friday (in case of March) of the respective months. Monthly change in banking data and monetary ratios represents percent change compared to last year.

**2.1.1 Deposits** refers to the aggregate deposits *i.e.* sum of demand deposits and time deposits.

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<sup>1</sup>&<sup>2</sup> **Source:** National Accounts Statistics: Sources and Methods 2012.



**2.1.2 Credit** comprises food credit, loans, cash-credits and overdrafts, inland bills-purchased, inland bills-discounted, foreign bills-purchased and foreign bills-discounted.

**2.1.2.1 Non-food Credit** derived from bank credit minus food credit.

**2.1.3 Investment** in Govt. Securities means includes investment in governments' securities and investment in other approved securities.

## **2.2 Money Stock Measures**

Reserve money and broad money growth rates (Y-o-Y) has been presented in this table. Annual growth rate represents March-end position.

## **3. Ratios**

**3.1 Cash Reserve Ratio:** According to Section 42 of the Reserve Bank of India Act, 1934, each Scheduled Commercial Bank has to maintain a minimum cash balance with the Reserve Bank, as Cash Reserve Ratio (CRR). It is prescribed by the Reserve Bank from time to time. It is certain percentage of SCB's net demand and time liabilities (NDTL) relating to the second preceding fortnight. Banks have to maintain minimum 90 per cent of the required CRR on a *daily basis* and 100 per cent on an *average basis* during the fortnight. However, daily CRR required may be changed by RBI according to prevailing liquidity conditions.

**3.2 Statutory Liquidity Ratio:** In terms of Section 24 of the Banking Regulations Act, 1949, Scheduled Commercial Banks have to invest the certain percentage of their total net demand and time liabilities in India, as on the last Friday of the second preceding fortnight, valued in accordance with the method of valuation specified by the Reserve Bank from time to time, in unencumbered government and approved securities is termed as Statutory Liquidity Ratio (SLR). In addition to investment in unencumbered government and other approved securities, gold, cash and excess CRR balance are also treated as liquid assets for the purpose of SLR. Statutory Liquidity Ratio is determined by Reserve Bank of India maintained by banks in order to control the expansion of bank credit.

**3.3 Cash Deposit ratios:** Cash-deposit ratio of scheduled commercial banks is the ratio of cash in hands and balances with the RBI as percentage of aggregate deposits.



$$\text{Cash-Deposit Ratio} = (\text{cash in hand} + \text{balances with RBI}) / \text{Aggregate Deposits (Demand + Time Deposits)}$$

Here, balance with RBI is nothing but CRR balances with RBI. It indicates how much cash banks maintain for each rupee of deposit they accept. The ratio will always be higher than CRR as settlement balance is also included. The use of plastic money, Internet payments, electronic funds transfer, and so on, reduces this ratio near to CRR.

**3.4 Credit-Deposit Ratio:** This ratio conveys how much of each rupee of deposit is going towards credit markets. A higher growth in credit deposit ratio suggests credit growth is rising quickly, which could lead to excessive risks and leveraging on the borrowers side. In case of banks, it could imply that there will be a rise in NPAs when economic cycle reverses. This ratio serves as a useful measure to understand the systemic risks in the economy.

$$\text{Credit -Deposit Ratio} = (\text{Total bank credit}) / \text{Aggregate Deposits (Demand + Time Deposits)}$$

**3.5 Incremental Credit-Deposit Ratio:** The Incremental Credit Deposit Ratio is absolute growth in credit in relation to the absolute growth in deposits. March-end reporting fortnight is used for calculating incremental ratio.

$$\text{Incremental Credit - Deposit Ratio} = \text{Incremental Advances} / \text{Incremental Deposits}$$

**3.6 Investment-Deposit Ratio** is calculated as Investments (Government securities and other approved securities)/aggregate deposits. This helps to understand how much of the deposit is being invested in government securities. Since, banks need extra government security to meet their day to day liquidity, this ratio normally reflects the higher value than SLR.

$$\text{Investment -Deposit Ratio} = \text{Total Investments} / \text{Total Deposits}$$

**3.7 Incremental Investment-Deposit Ratio:** The Incremental investment deposit ratio is absolute growth in investments (investment in government securities and investment in other approved securities) in relation to the absolute growth in deposits. March-end reporting fortnight has been used for calculating incremental ratio.

$$\text{Incremental Investment- Deposit Ratio (\%)} = \text{Incremental Investments} / \text{Incremental Deposits}$$

**Note:** Incremental ratios relate to ratios of increments over financial year so far.

## 4. Interest Rate

**4.1 Policy Rate:** Repo rate is the rate at which banks borrow funds from the Reserve Bank against eligible collaterals. The repo rate is now single policy rate for signaling the monetary policy stance since June 2014.

*Note: Repo rate declared as single policy rate in June 2014. However, repo rate was in existence since 1998. Before 1998, RBI was targeting multiple indicators and CRR/SLR were the major instruments in monetary policy tool kit then. Though the Bank rate was used for refinancing, it cannot be conceived as the single policy rate.*

**4.2 Reverse Repo Rate:** This is exactly the opposite of the Repo transaction and is used for absorption of liquidity. Reverse Repo facility is available to Primary Dealers also.

**4.3 Marginal Standing Facility (MSF) Rate:** To meet additional liquidity requirements, banks can borrow overnight funds from the Reserve Bank under the MSF, at a higher rate of interest, normally 50 basis points above the policy repo rate. Banks can borrow against their excess SLR securities and are also permitted to dip down up to two percentage points below the prescribed SLR to avail funds under the MSF.

**4.4 Bank Rate:** Under Section 49 of the Reserve Bank of India Act, 1934, the Bank Rate has been defined as “the standard rate at which the Reserve Bank is prepared to buy or re-discount bills of exchange or other commercial paper eligible for purchase under the Act. On introduction of LAF, discounting/rediscounting of bills of exchange by the Reserve Bank has been discontinued. As a result, the Bank Rate became dormant as an instrument of monetary management. It is now aligned to MSF rate and used for calculating penalty on default in the cash reserve ratio (CRR) and the statutory liquidity ratio (SLR).

**4.5 Base Rate:** The Reserve Bank introduced the Base Rate system with effect from July 1, 2010, which replaced the Benchmark Prime Lending Rate (BPLR) system. The Base Rate includes all those elements of the lending rate that are common across all categories of borrowers. Banks are allowed to determine their actual lending rates on loans and advances with reference to the Base Rate and by including such other customer specific charges as considered appropriate. All categories of loans are required to be priced only with reference to the Base Rate. The Base Rate system is applicable for all new loans and for those old loans that come up for renewal. Since the Base Rate is the minimum rate for all loans, banks are not permitted to resort to any lending below the Base Rate.

**4.6 Marginal Cost of Funds Based Lending Rate (MCLR):** The Reserve Bank of India has brought a new methodology of setting lending rate by commercial banks under the name Marginal Cost of Funds based Lending Rate (MCLR). It has modified the existing base rate system from April 2016 onwards. As per the new guidelines by the RBI, banks have to prepare Marginal Cost of Funds based Lending Rate (MCLR) which will be the internal benchmark lending rates. Based upon this MCLR, interest rate for different types of customers should be fixed in accordance with their riskiness. The base rate will be now determined on the basis of the MCLR calculation.

**4.7 Term Deposit rate:** The Term deposit rates refers to the amount of money in interest to be paid on the maturity date for a specified amount of money placed in a term deposit. Term Deposits generally carry a fixed rate of interest. Data represents the **range** of term deposit rate of five major banks for maturity more than one year.

**4.8 Saving deposit rate** for five major banks are being presented in the table.

**4.9 Call money rate:** Call money rate is the rate at which short term funds are borrowed and lent in the money market. The duration of the call money loan is 1 day. Banks resort to these type of loans to fill the asset liability mismatch, comply with the statutory CRR and SLR requirements and to meet the sudden demand of funds.

The data represents in this table is weekly weighted average of call money rate during the last week of the month. Week stands for Saturday to Friday.

**4.10 to 4.12 Cut-of-Yield** of treasury bills for 91-day, 182-day and 364-day represent primary market cut of yields of last auctions of the respective T-bills during that month. Similarly, yearly cut of yield represents March-end position.

**4.13 10-Year Government Securities Yield:** 10-Year benchmark Government Securities Yield calculated by Fixed Income Money Market and Derivatives Association of India (FIMMDA) is being published in the table. Identification of benchmark security is being done by FIMMDA. Yield relates to the last working day of the month/year.

## **5. RBI Reference Rate and Forward premia**

**RBI Reference Rate:** The Reserve Bank of India compiles on a daily basis and publishes reference rates for four major currencies *i.e.* USD, GBP, YEN and EUR. The rates are arrived at by averaging the mean of the bid/offer rates polled from a few select banks around 12 noon every week day (excluding Saturdays). The contributing banks are selected on the basis of their standing, market-share in the domestic foreign exchange

market and representative character. The Reserve Bank periodically reviews the procedure for selecting the banks and the methodology of polling so as to ensure that the reference rate is a true reflection of the market activity.

**5.1 INR-US\$ Spot Rate** (₹ Per Foreign Currency) represents reference rate of last working day of the respective months. Similarly, yearly reference rates relates to last working day of the March.

**5.2 INR-Euro Spot Rate** (₹ Per Foreign Currency) (same as 5.1)

**5.3 Forward Premia of US\$ (1-month, 3-month, 6-month)**

**Forward Premia** is an important aspect of functioning of the foreign exchange market relates to the behavior of forward premia in terms of its linkages with economic fundamentals such as interest rates and its ability to predict future spot rates. Forward premia reflects whether a currency is at a premium/discount with respect to other reserve currencies. Forward premia is particularly important for importers and exporters who need to hedge their risks to foreign currency. The forward market in India is active up to one year where two-way quotes are available.

*Annualised forward premia for 1 month (in %) = (Forward premium 1 month (in paise)/RBI Reference Rate in Paise) \* 100 \* 12*

*Annualised forward premia for 3 month (in %) = (Forward premium of 3 months (in paise) /RBI Reference Rate in Paise) \* 100 \* 4*

*Annualised forward premia for 6 month (in %) = (Forward premium 6 months (in paise)/RBI Reference Rate in Paise) \* 100 \* 2*

**Note:** Reference rate of last working day of the respective months is used for calculating annualized forward premia. Yearly data represents March position.

## 6. Inflation

**6.1 All India Consumer Price Index:** Consumer Price Indices (CPI) measure changes over time in general level of retail prices of selected goods and services that households purchase for the purpose of consumption. Such changes affect the real purchasing power of consumers' income and their welfare. Monthly inflation calculated Y-o-Y basis, whereas, yearly inflation is based on average of months.

**6.2 Consumer Price Index for Industrial Workers:** Consumer Price Index Numbers for Industrial Workers measures change in prices of a fixed basket of goods and services consumed by Industrial Workers over time. Monthly data presented Y-o-Y basis, whereas, yearly inflation is based on average of months.

**6.3 Wholesale Price Index (WPI):** WPI measures the average change of the price of a fixed set of goods at first point of bulk sale in a commercial transaction in the domestic market over a given period of time. The monthly WPI inflation are based on Y-o-Y basis, whereas, yearly inflation is based on average of months.

**7. Foreign Trade:** Percentage change of Export and Import in dollar terms is presented in this table.

## Table 2: Reserve Bank of India – Liabilities and Assets

The balance sheet of the Reserve Bank is largely a reflection of the activities carried out in pursuance of its currency issue function as well as monetary policy and reserve management objectives. On the recommendations of Technical Committee constituted in 2012-13 to review the Form of Presentation of the Balance Sheet and Profit & Loss Account [Chairman: Shri Y.H. Malegam (Technical Committee I)], Government of India has notified the new format of weekly accounts of the Bank on July 15, 2015 in the Gazette of India and amendments in relevant sections of RBI General Regulations, 1949 have been notified by the Bank on July 6 and July 15, 2015 in the Gazette of India for changes in the format of the Weekly Accounts. Accordingly, the accounts of the Bank from the year 2014-15 have been drawn up in the new format resulting in the merger of the Balance Sheets of Issue and Banking Departments wherein each item of asset and liability is shown as line items supported by schedules.

### 1. Issue Department

In terms of the Reserve Bank of India Act, 1934, the note issue and the related functions are looked after by the Issue Department and the general banking business is conducted through the Banking Department of the Reserve Bank of India. The assets

of the Issue Department which form the backing for the note issue, are kept wholly distinct from those of the Banking Department. The Act requires that the assets of the Issue Department shall consist of gold coins, gold bullion, foreign securities, rupee coins and rupee securities to such aggregate amount as is not less than the total of the liabilities of the Issue Department. The Act requires that the liabilities of the Issue Department shall be an amount equal to the total of the amount of the currency notes of the Government of India and Bank notes for the time being in circulation. All the assets of the Banking Department, however, are not eligible for being held in the Issue Department as cover for note issue.

The data of this table are based on the Weekly Statement of Affairs of the Bank in the prescribed form in accordance with Section 53(1) of the Reserve Bank of India Act, 1934. The Weekly Statement of Affairs presents the liabilities and assets as at the close of business on Fridays. Monthly and annual figures relate to the last Friday of the period.

## 1.1 Liabilities of Issue Department

**1.1.1 Notes Issued:** It reflects the quantum of currency notes in circulation. Section 34 (1) of the RBI Act, 1934 requires that all bank notes issued by the Reserve Bank since April 1, 1935 and the currency notes issued by the Government of India before the commencement of operations of the Reserve Bank, be part of the liabilities of the Issue Department. It includes notes in circulation and Notes held in Banking Department.

## 1.2 Assets of Issue Department:

The eligible assets of the Issue Department held as backing for notes issued consist of gold coin and bullion, rupee coin, Investment-Foreign ID, GoI non-interest bearing rupee securities and domestic bills of exchange and other commercial papers. In terms of Section 33(2) of the Act, the aggregate value of gold coin, gold bullion and foreign securities held as assets in the Issue Department shall not at any time be less than ₹ 2 billion of this, the aggregate value of gold coin and gold bullion shall not be less than ₹ 1.15 billion. However, in term of Section 37 of the Act, the Reserve Bank with the previous sanction of the Central Government may hold a assets, foreign securities of less amount in value than that required under Section 33(2), for a period not exceeding six months at the first instance which may be extended by the Central Government from time to time, for periods not exceeding three months at a time.

**1.2.1 Gold coin and bullion:** The gold holding of the Issue Department are valued at the end of the month at 90 per cent of the daily average price quoted at London for the month.

**1.2.2 Investment – Foreign – Issue Department:** Securities of the following kind's payable in the currency of any foreign country which is a member of the International Monetary Fund, namely, (a) balances with the bank which is the principal currency authority of that foreign country and any other balances or securities in foreign currency maintained with or issued by the International Monetary Fund.

**1.2.3 Rupee coin:** Rupee coins represents the face value of the whole rupees held at the offices of the Issue Department and in the currency chests at offices and branches of the Bank and its agencies and sub-agencies including Treasury agencies.

**1.2.4 Investment – Domestic – Issue Department:** It includes Government of India rupee securities comprising (i) securities of different maturity periods issued by the Central Government in respect of public loans, and (ii) rediscounted treasury bills.

**Domestic Bills of Exchange and Other Commercial Papers:** The Reserve Bank of India (RBI) Act permits holding internal bills of exchange and commercial papers eligible for purchase under various sub sections of Sections 17 and 18 as a cover for notes issued, they are not held in the books of the Reserve Bank, at present.

## 2. Banking Department

### 2.1 Liabilities of Banking Department

**Capital:** The Reserve Bank was constituted as a private shareholders' bank in 1935 with an initial paid-up capital of ₹ 0.05 billion. The bank was nationalised with effect from January 1, 1949 and its entire ownership remains vested in the GoI. The paid-up capital continues to be ₹ 0.05 billion as per section 4 of the RBI Act, 1934.

**Reserve Fund:** The original Reserve Fund of ₹ 0.05 billion was created in terms of section 46 of the RBI Act, 1934 as contribution from the Central Government for the currency liability of the then sovereign government taken over by the Reserve Bank. Thereafter, an amount of ₹ 64.95 billion was credited to this Fund from out of gains on periodic revaluation of gold up to October 1990, taking it to ₹ 65 billion. The fund has been static since then and gain/loss on account of valuation of gold and foreign



currency is booked in the Currency and Gold Revaluation Account (CGRA) which appears under 'Other Liabilities and Provisions'.

**Other Reserves:** This includes

- a) National Industrial Credit (Long Term Operations) Fund:** This fund was created in July 1964, under section 46C of the RBI Act, 1934 with an initial corpus of ₹100 million. The fund witnessed annual contributions from the Reserve Bank for financial assistance to eligible financial institutions. Since 1992-93, a token amount of ₹ 10 million is being contributed each year to the Fund from the Bank's income.
- b) National Housing Credit (Long Term Operations) Fund:** This fund was set up in January 1989 under section 46D of the RBI Act, 1934 for extending financial accommodation to the National Housing Bank. The initial corpus of ₹ 500 million has been enhanced by annual contributions from the Reserve Bank thereafter. From the year 1992-93, only a token amount of ₹ 10 million is being contributed each year from the Bank's income.

**2.1.1 Deposits:** These represent the cash balances maintained with the Reserve Bank by the Central and State Governments, banks, all India financial institutions, such as, Export Import Bank (EXIM Bank) and NABARD, foreign central banks, international financial institutions, and the balance in different accounts relating to the Employees' Provident Fund, Gratuity and Superannuation Funds, DEA Fund and amount outstanding against reverse repo.

**2.1.1.1 Deposits of the Central Government:** The Reserve Bank acts as banker to the Central Government in terms of Sections 20 and 21 and as banker to the State Governments by mutual agreement in terms of section 21(A) of the RBI Act 1934. Accordingly, the Central and the State Governments maintain deposits with the Reserve Bank. It has been agreed by the Central Government, to maintain a minimum balance of ₹ 0.10 billion daily and ₹1 billion as on Fridays. Whenever, the actual cash balance goes down below the minimum level, the replenishment is made by creation of WMA and overdraft.

**2.1.1.2 Market Stabilisation Scheme:** The Market Stabilisation Scheme (MSS) was introduced in April 2004 following the Memorandum of Understanding between the Government and the Reserve Bank, whereby, the Government issues securities specifically for the purpose of sterilisation operations. The issuances of Government

paper under the MSS are undertaken to absorb rupee liquidity created by capital flows of an enduring nature. In order to neutralize the monetary and budgetary impact of this particular instrument, the proceeds under the MSS were parked in a separate deposit account maintained by the Government with the Reserve Bank which was used only for the purpose of redemption and/or buyback of paper issued under the MSS.

**2.1.1.3 Deposits of State Governments:** State Governments maintain accounts with the Reserve Bank to carry out business transactions. State Governments need to maintain minimum ₹ 0.40 billion balances on every Friday. The sum of these amounts is reflected as a liability of RBI under this head. Whenever the actual balance goes down below the minimum specified level, replenishment is made by creation of ways and means advances.

**2.1.1.4 Deposits of Scheduled Commercial Banks:** Scheduled Commercial Banks maintain balances with the Reserve Bank to meet the Cash Reserve Ratio (CRR) requirements and as working funds to meet payment and settlement obligations. These accounts are used to operate the remittance facility scheme, grant of financial accommodation, handling of government business, etc. Deposits in this account do not carry any interest.

**2.1.1.5 & 2.1.1.6 Deposit of Scheduled State Co-operative Banks & Non-Scheduled State Co-operative Banks:** Scheduled State Co-operative Banks/Non-Scheduled State Co-operative Banks maintain certain balances with the RBI and sum of these balances is reflected in respective heads.

**2.1.1.7 Deposits of Other Banks':** Deposits of Other Banks include the outstanding balances in the deposit accounts of Regional Rural Banks (RRBs), Other Cooperative Banks and Other Banks (including Central Co-operative Banks and primary co-operative banks that have been permitted to open accounts with the Reserve Bank.

**2.1.1.8 Other Deposits:** Other deposits include deposits of foreign central banks, domestic and international financial institutions, deposits placed by mutual funds, accumulated retirement benefits and miscellaneous deposits *viz.*, balances of Clearing Corporation of India Ltd, primary dealers, employee credit societies, *etc.* and sundry deposits. Deposits of the Administrator of Reserve Bank's Employees Provident Fund and DEA (Depositors' Education & Awareness) Fund are also part of other deposits. DEA Fund was created in the year 2013-14 for promotion of depositors' interest and for such other related purposes. As per change in accounting practice *with effect from July 11, 2014*, transaction under Reverse repo is now treated as part of "Other Deposit."

**2.1.2 Other Liabilities:** The major components of 'Other Liabilities and Provisions' consist of Contingency Fund (CF), Asset Development Fund (ADF), Gratuity and Superannuation Funds, Balances in Revaluation Accounts *viz.*, Currency and Gold Revaluation Account (CGRA), Investment Revaluation Account (IRA)-Foreign Securities, IRA-Rupee Securities, Foreign Exchange Forward Contracts Valuation Accounts (FCVA) and Provision for Forward Contracts Valuation Accounts (PFCVA). While CF and ADF represent provisions made for unforeseen contingencies and to meet internal capital expenditure and make investments in Subsidiaries and associate institutions respectively, the remaining components of 'Other Liabilities and Provisions', such as, CGRA, IRA- Foreign Securities, IRA-Rupee Securities, FCVA and PFCVA, represent unrealised MTM gains/losses. These liabilities are also called non-monetary liabilities of the Reserve Bank.

**Currency and Gold Revaluation Account (CGRA):** Currency and Gold Revaluation Account (CGRA) is one of the important accounts wherein unrealised gains/losses on valuation of Foreign Currency Assets (FCA) and gold due to movements in the exchange rates and/or price of gold are not taken to the Profit & Loss Account but instead booked under this head. As CGRA balances mirror the changes in prices of gold and in exchange rate, its balance varies with the size of asset base and volatility in the exchange rate and price of gold.

**Investment Revaluation Account (IRA) – Foreign Securities:** The Reserve Bank values foreign dated securities at market prices prevailing on the last business day of each month and the appreciation/ depreciation arising there from is transferred to the IRA - Foreign Securities. The unrealised gains/losses arising from such periodic revaluation are adjusted against the balance in IRA.

**Investment Revaluation Account (IRA) – Rupee Securities:** From July 2015, the Rupee securities (with the exception of Oil Bonds and certain Earmarked Securities) held as assets of Banking Department are marked to market on the last business day of the month and the unrealized gains/losses arising therefrom are booked in the IRA-Rupee Securities.

## Assets of Reserve Bank

**2.1 Assets of Banking Department:** The assets of Banking Department comprise notes, rupee coin and small coin, gold coin and bullion, foreign currency assets, investments in rupee securities, bills purchased and discounted, loans and advances, investment in subsidiaries, other assets. The details are as under:

**2.2.1 Notes, Rupee Coin and Small Coin** This is the balance of bank notes, one rupee notes, rupee coins of ₹1, 2, 5 and 10 and small coins kept in the vaults of the Banking Department to meet the day to day requirements of the banking functions conducted by the Reserve Bank.

**Gold Coin and Bullion:** The value of gold held as an asset of Banking Department.

**Bills purchased and discounted:** Purchase and discounting of commercial bills by the Bank.

**Investments Foreign-Banking Department:** The Foreign Currency Assets (FCA) of the Reserve Bank are reflected under two heads in the Balance Sheet: (a) 'Investments Foreign-BD' shown as asset of Banking Department and (b) 'Investments-Foreign-ID' shown as asset of Issue Department. Investments-Foreign-BD include: (i) deposits with other central banks, (ii) deposits with the Bank for International Settlements (BIS), (iii) balances with foreign branches of commercial banks, (iv) investments in foreign treasury bills and securities, and (v) Special Drawing Rights (SDR) acquired from the Government of India. Investments-Foreign-ID comprises Deposits, T-bills and dated securities.

**Investments-Domestic-Banking Department:** Investments comprise dated government rupee securities, treasury bills and special oil bonds. However, presently the Reserve Bank did not hold any domestic treasury bills.

**2.2.3 Loans and Advances:** The Reserve Bank gives loans and advances to the Central & State Governments, commercial and co-operative banks and others in terms of Section 17 and 18 of the Reserve Bank of India Act, 1934.

**2.2.3.1 Central Government:** Reserve Bank provides loans and advances to the Central Government to meet the temporary gap between receipts and payments. These advances are termed as ways and means advances which are fixed from time to time in consultation with the Government.

**2.2.3.2 State Governments:** Loans and advances to the State Governments comprise ways and means advances granted under Section 17(5) of the Reserve Bank of India Act, 1934. The minimum balances to be maintained by the State Governments with the Bank and this is revised from time to time.

**2.2.3.2 & 2.3.3.4 Loans and Advances to SCBs, State Cooperative Banks:** Loans and advances to Scheduled Commercial Banks, State Cooperative Banks made by the Reserve Bank under Sections 17 & 18 of the Reserve Bank of India Act, 1934. As per change in accounting practice with effect from July 11, 2014, transaction under Repo/Term Repo/MSF with banks is now treated as loans and advances to Banks. Earlier this amount was treated as investment in Government securities.

**2.2.3.6 Loans and Advances to NABARD:** The Reserve Bank can extend loans to NABARD under Section 17 (4E) of the RBI Act, 1934.

**2.2.3.7 Loans and Advances to Others:** This mainly includes the loans given under special refinance schemes and collateralised loans to primary dealers.

**2.2.5 Investment in Subsidiaries:** The major items under this head are investment in DICGC share capital, Bharatiya Reserve Bank Note Mudran share capital, NABARD share capital, National Housing Bank share capital.

**2.2.6 Others Assets:** 'Other Assets' comprise fixed assets (net of depreciation), accrued income on loans to employees and domestic and foreign investments, balances held in (i) Swap Amortisation Account (SAA), (ii) Revaluation of Forward Contracts Account (RFCA), and miscellaneous assets. Miscellaneous assets comprise mainly loans and advances to staff, amount spent on projects pending completion, security deposit paid *etc.*

### Table 3: Liquidity Operations by RBI

The Liquidity management operations of the Reserve Bank are aimed primarily at maintaining appropriate level of liquidity in the banking system by using the fixed/variable rate repo/reverse repo under liquidity adjustment facility (LAF), the overnight marginal standing facility (MSF), other standing facilities and outright open market operations (OMOs) with a view to aligning weighted average call money rate with the policy repo rate for efficient transmission of monetary policy and also meeting the need for durable liquidity in the economy, so as to facilitate growth of GDP.

*The table contains information on daily injection/ absorption of liquidity by the RBI in banking system through LAF [Repo, Variable Rate Repo, Reverse Repo, Variable Rate Reverse Repo and Marginal Standing Facilities (MSF)] Standing Liquidity Facilities, Market Stabilization Scheme (MSS) and Open Market Operations (OMOs). As per the standard practice only one week (daily) data are published in this table.*

#### Liquidity Adjustment Facility

As part of the financial sector reforms in 1998, Liquidity Adjustment Facility (LAF) was introduced on the recommendations of the Committee on Banking Sector Reforms (Narasimham Committee II). Under LAF, the Reserve Bank conducts auctions on all working days and even several times a day depending on the evolving liquidity conditions. Depending on the stance of the monetary policy, the Reserve Bank sets its repo rate, which is the policy rate. The fixed rate reverse repo and MSF rate form the floor and ceiling, respectively, of the interest rate corridor. Currently, overnight fixed rate repo, reverse repo and MSF operations are being conducted on a daily basis. Additionally, variable rate repo/reverse repo auctions of various tenors are being conducted depending on evolving liquidity conditions.

**1. Repurchase Agreement (Repo):** Through repo under LAF, the Reserve Bank of India lends funds to banks and Primary Dealers (PDs) which have both current account and SGL account with the Reserve Bank of India. Thus repo under LAF is used by RBI for injection of liquidity.

**2. Reverse Repo:** This is exactly the opposite of the repo transaction and is used for absorption of liquidity. The reverse repo rate is fixed below the repo rate. Reverse repo facility is available to banks and PDs.

**3. Variable Rate Repo:** The Reserve Bank conducts variable rate 14 days repo auctions twice in a week on every Tuesday and Friday. Other than these two 14-days variable rate repo, the Reserve Bank may conduct variable rate repos of other tenors depending on the liquidity situation.

**4. Variable Rate Reverse Repo:** This is exactly the reverse process of variable rate repo. In order to absorb surplus liquidity, the Reserve Bank also conducts variable rate reverse repos of various tenors.

**5. Marginal Standing Facility (MSF):** The Reserve Bank, in 2011, introduced Marginal Standing Facility (MSF) for banks and primary dealers to reduce the volatility in the inter-bank call money market. The idea of this standing facility is to enable banks to obtain funds from the Reserve Bank when all other options have been exhausted. The funds under this facility can be availed at the MSF rate which is fixed certain basis points above the repo rate, as decided by the Reserve Bank from time to time.

**6. Standing Liquidity Facilities:** The Reserve Bank provides a standing liquidity facility to the stand alone primary dealers (PDs) against eligible government securities (including state development loans) at repo rate for the period not exceeding 90 days. Another standing liquidity facility available to the scheduled commercial banks (excluding RRBs) under the Export Credit Refinance (ECR) facility has been phased out gradually, as recommend by the Expert Committee to Revise and Strengthen the Monetary Policy Framework (Chairman: Dr. Urjit R. Patel), and merged with the system wide liquidity effective from February 7, 2015.

**7. Open Market Operation:** Open market operations (OMO) refers to the buying and selling of government securities in the open market in order to inject or absorb durable liquidity in/from banking system.



**Table 4 & 4A: Sale/Purchase of U.S. Dollar by the RBI & Maturity Breakdown of Outstanding Forwards of RBI**

This table presents data on sales and purchases of U.S. Dollars from/to Authorised dealers. Purchases cover spot purchases, deliveries against forward purchase contracts and deferred payment contracts. The other objective behind the sale and purchases of US dollar is to maintain currency stability. Maturity breakdown of outstanding forward of RBI is also given separately along with maturities break-up upto 1 month, more than 1 month and upto 3 months, more than 3 months and upto one year and more than one year.

**Note:** Maturity-wise position of outstanding forward contracts is available at <http://nsdp.rbi.org.in> under “Reserves Template.”

**Table 5: RBI's Standing Facilities****Standing Liquidity Facilities**

The Reserve Bank provides a standing liquidity facility to the stand alone Primary Dealers (PDs) against eligible government securities (including state development loans) at repo rate for the period not exceeding 90 days.

Another standing liquidity facility available to the scheduled commercial banks (excluding RRBs) under the Export Credit Refinance (ECR) facility has been phased out gradually, as recommend by the Expert Committee to Revise and Strengthen the Monetary Policy Framework (Chairman: Dr. Urjit R. Patel), and merged with the system wide liquidity effective from February 7, 2015.

**Table 6: Money Stock Measures**

Four measures of money stock *viz.*,  $M_1$ ,  $M_2$ ,  $M_3$ ,  $M_4$  and their components are presented in this table. These measures indicate the monetary liability of the 'Money Creating' sectors, *viz.*, the Reserve Bank of India (RBI), Commercial and Co-operative banks, to the 'money using' sectors within the country referred to as the 'Public'. Data are presented as outstanding as on March 31/last reporting Fridays of the month/reporting Fridays. In Table 6 to 12, banks cover commercial and co-operative banks.

$M_1$ (narrow money)	Currency with the public + demand deposits with the banking system + 'Other' deposits with the RBI
$M_2$	$M_1$ + post office savings deposits
$M_3$ (broad money)	$M_1$ + time deposits with the banking system
$M_4$	$M_3$ + total post office deposits

**1. Currency with the public:** Currency with the public is arrived at after deducting cash with banks from total currency in circulation. Currency in circulation comprises notes, rupee and small coins.

**1.1 Notes in Circulation:** The notes in circulation comprise the notes issued by the Government of India up to 1935, and by RBI since then, less notes held in the Banking Department, *i.e.* notes held outside the RBI by the public, banks treasuries *etc.* The Government of India one rupee notes issued since July 1940 are treated as rupee coins and hence are not included under this head.

**1.2 Circulation of Rupee Coin:** Rupee coin relates to quaternary rupee, nickel and cupro-nickel rupees, decimal rupee coins and Government of India one rupee notes, which are treated as rupee coin. Mahatma Gandhi Centenary Ten Rupee Silver Coins issued in October 1969, World Food and Agriculture Organisation Commemorative Ten Rupee Silver Coins issued in October 1970, and Independence Day Silver Jubilee Ten Rupee Coins issued in August 1972 are also considered as rupee coins.

**1.3 Circulation of Small Coins:** Small coins consist of decimal coins denominations less than rupee coins. At present only 50 paise denomination coins are in circulation.

**1.4 Cash on Hand with Banks** relates to the cash (notes, rupee coins and small coins) holdings of commercial and co-operative banks coming under the purview of the Banking Regulation Act, 1949.

## **2. Deposit Money of the Public**

**2.1 Demand Deposits with Banks** represent the demand deposits with all the commercial and co-operative banks (including cooperative societies).

**2.2 'Other' Deposits with the Reserve Bank:** Other deposits with the RBI for the purpose of monetary compilation include deposits from foreign central banks, multilateral institutions, financial institutions, balances in depositor education and awareness (DEA) fund, and sundry deposits net of IMF Account No.1.

**3. Post Office Saving Bank Deposits** are total accruals under Post Office Savings Deposits (the same as given in Table 44, *i.e.*, 'Small Savings').

**4. Time Deposits with Banks** represent the time deposits with all the commercial and co-operative banks.

**Table 7: Sources of Money Stock (M<sub>3</sub>)**

Money supply (M<sub>3</sub>) is derived on the basis of a balance sheet approach. It follows from the balance sheets of RBI and the rest of the banking sector, which includes commercial and co-operative banks. The components of the money supply are drawn from the liability side of the balance sheet of the banking sector (*i.e.*, RBI + banks), and the various uses of the funds as obtained from the asset side constitute the sources of M<sub>3</sub> (Table 6).

<b>Money Supply</b>	
<b>Money Supply (M<sub>3</sub>)</b>	= Currency with the public + Demand deposits with banks + Time deposits with banks + 'Other' deposits with RBI ... <b>[Components side]</b>  = Net bank credit to the government + Bank credit to the commercial sector + Net foreign exchange assets of the banking sector + Government's currency liabilities to the public – Net non-monetary liabilities of the banking sector ... <b>[Sources side*]</b>
Currency with the public	= Currency in circulation – Cash with banks
Net bank credit to the Government	= Net RBI credit to government + Other banks' investment in government securities
Bank credit to the Commercial Sector	= RBI credit to commercial sector + Other banks' credit to commercial sector
Net foreign exchange assets of the banking sector	= RBI's net foreign assets + Net foreign exchange assets of other banks
Net non-monetary liabilities	= RBI's net non-monetary liabilities + Net non-monetary liabilities of other banks
<i>*: Effective July 11, 2014, the amount provided by RBI under repo, term repo and MSF to banks is treated as 'loans and advances to banks'. The securities provided by banks as collaterals are excluded from the Net RBI credit to Government. The change is, however, money neutral with offsetting variations taking place in other banks' investment in government securities.</i>	

**1 Net Bank Credit to Government** includes RBI's net credit to the Government, both central and state governments, and commercial and co-operative banks' investment in Government securities.

**1.1 RBI's net credit to Government** please see 2.1.1 under Table 10.

**1.2 Other Banks' Credit to the Government** represents bank credit by commercial banks and co-operative banks as well as commercial and co-operative banks' investments in Government securities, including treasury bills.

**2. Bank Credit to Commercial Sector** is the total of RBI's credit to commercial sector and other banks' credit to commercial sector.

**2.1 RBI's credit to commercial sector** please see 2.1.3 under Table 10.

**2.2 Other banks' credit to commercial sector** includes banks' loans and advances to the commercial sector (including scheduled commercial banks' food credit) and banks' investments in "other approved" securities.

**3. Net Foreign Exchange Assets of Banking Sector** is the total of net foreign exchange assets of the RBI (please see 2.3 under Table 10) and net foreign exchange assets of other banks. 'Other Banks' net foreign exchange assets' represent authorised dealers' net foreign currency balances *i.e.* net of credit and debit balances of foreign currencies.

**4. Government's Currency Liabilities to the Public** comprises rupee coin and small coins with the public.

**5 Banking Sector's Net Non-monetary Liabilities** represent the sum total of net non-monetary liabilities of the RBI and other banks (residual).

**5.1 Net non-monetary liabilities of RBI** (please see 2.4 under Table 10)

**5.2 Net non-monetary liabilities of other banks (residual)** represent mainly capital and reserves and the difference between (a) other liabilities (mainly bills payable and net credit balances and branch adjustments) and (b) other assets (mainly premises, furniture, fittings, net debit balances on account of branch adjustments and capital expenses and tangible assets).

**Table 8: Monetary Survey**

The details of the compilation of the new monetary/banking aggregates are available in the Report of the Working Group on Money Supply: Analytics and Methodology of Compilation (WGMS) (Chairman: Dr. Y. V. Reddy), June 1998. The acronyms NM<sub>1</sub>, NM<sub>2</sub> and NM<sub>3</sub> are used to distinguish the new monetary aggregates as proposed by the WGMS from the existing monetary aggregates.

NM<sub>2</sub> and NM<sub>3</sub> are based on the residency concept and, hence, do not directly reckon non-resident foreign currency repatriable fixed deposits in the form of FCNR(B) deposits, Resurgent India Bonds (RIBs) and India Millennium Deposits (IMDs).

Key monetary and liquidity measures compiled in India and their definitions are set out in the following Table.

<b>Measures of Monetary and Liquidity Aggregates</b>	
NM <sub>1</sub>	Currency with the public + Demand deposits with the banking system + 'Other' deposits with the RBI.
NM <sub>2</sub>	NM <sub>1</sub> + Short-term time deposits of residents (including and up to the contractual maturity of one year).
NM <sub>3</sub>	NM <sub>2</sub> + Long-term time deposits of residents + Call/Term funding from financial institutions.

**1. Money Stock: Components**

**1.1 Currency with the Public:** Currency with the public comprises notes in circulation, rupee and small coins (*i.e.* currency in circulation) less cash with banks.

**1.2 Aggregate Deposits of Residents**

**1.2.1 Demand Deposits:** Demand deposits of residents with banks, which include liabilities, that are payable on demand.

**1.2.2 Time Deposits of Residents:** Time deposits of residents with banks are those liabilities, which are payable otherwise than on demand.

**1.3 'Other' Deposits with RBI:** Other Deposits with the RBI for the purpose of monetary compilation include deposits from foreign central banks,

multilateral institutions, financial institutions and sundry deposits net of IMF Account No.1.

**1.4 Call/Term Funding from Financial Institutions** represents borrowing by scheduled commercial banks from non-bank sources (excluding PDs). These borrowings represent money at call and short notice obtained from outside the banking system, but excluding refinance from RBI and financial institutions.

## **2. Money Stock: Sources**

**2.1 Domestic Credit** composed of Net Bank credit to the government and Bank Credit to the commercial sector.

**2.1.1 Net Bank Credit to the Government:** Net Bank credit to the Government includes RBI's net credit to both the central and state governments and commercial and co-operative banks' investment in government securities.

**2.1.2 Bank Credit to the Commercial Sector:** Bank credit to commercial sector includes both the RBI's and other banks' credit to the commercial sector. The latter includes banks' loans and advances to the commercial sector and banks' investments in non-government securities/shares.

**2.2 Government's Currency Liabilities to the Public:** Government's currency liability to the public comprises Rupee coin and small coins.

**2.3 Net Foreign Exchange Assets of the Banking Sector:** Net foreign exchange assets of the banking sector comprise the RBI's net foreign exchange assets and other banks foreign assets.

**2.4 Capital Account** consists of paid up capital and reserves.

**2.5 Other items (net)** of the banking system is the residual balancing the components and sources of the money stock.



**Table 9: Liquidity Aggregates**

Components of liquidity aggregates are presented in this table.

L <sub>1</sub>	NM <sub>3</sub> + Post office total deposits
L <sub>2</sub>	L <sub>1</sub> + Term deposits with term lending institutions and refinancing Financial institutions (FIs) + Term borrowing by FIs + Certificates of deposit issued by FIs
L <sub>3</sub>	L <sub>2</sub> + Public deposits with non-banking financial companies.

**Financial Institutions** data comprise EXIM Bank, IDBI, ICICI, IFCI, IIBI, SIDBI, NABARD and NHB.

L<sub>1</sub> and L<sub>2</sub> are compiled monthly and L<sub>3</sub> on quarterly basis.

**Postal Deposits** comprise post office savings bank deposits, time deposits, recurring deposits and other deposits including post office cumulative time deposits.

**Data on public deposits with NBFCs** is based on quarterly returns filed by all deposit taking NBFCs (including RNBCs).

**Table 10: Reserve Bank of India Survey and Table 11: Reserve Money- Components and Sources**

Reserve money ( $M_0$ ), also called 'base money' or 'high-powered money', is the highly liquid component of money stock in the economy and plays a crucial role in the determination of other monetary aggregates. It represents the total monetary liabilities of the RBI. Monetary policy actions and market operations of the RBI that cause changes in the size of its balance sheet could result in changes in the reserve money. In monetary statistics, changes in individual items on both the "components" and "sources" side could be seen to alter the stock of reserve money.

<b>Reserve Money</b>	
<b>Reserve Money (M<sub>0</sub>)</b>	= Currency in circulation + Bankers' deposits with the RBI + 'Other' deposits with the RBI ..... <b>[Components side]</b> = Net RBI credit to the Government + RBI's claims on banks + RBI credit to the commercial sector + RBI's net foreign exchange assets + Government's currency liabilities to public – RBI's net non- monetary liabilities ..... <b>[Sources side]</b>
Net RBI credit to government	= Net RBI credit to central government <sup>1</sup> + Net RBI credit to state government
Net RBI credit to central government	= Loans and advances to centre + Holding of government securities + Rupee coins and small coins held by the RBI – Centre's cash balances with the Reserve Bank [(including the amount raised under market stabilisation scheme (MSS)].
RBI credit to banks and commercial sector	= Net RBI credit to banks + RBI credit to commercial sector
RBI's net foreign assets	= RBI's gross foreign exchange assets- RBI's non-monetary foreign exchange liability.
RBI's net non-monetary liabilities	= Paid-up capital and reserves + Internal reserves and provisions of the RBI + Contribution to National Funds + Bills payable + RBI employees provident and superannuation fund + IMF quota subscription and other payments - Net other assets of the RBI.

## 1. Components of Reserve Money

**1.1 Currency in Circulation:** Currency in Circulation includes notes in circulation, rupee coins and small coins. Rupee coins and small coins in the balance sheet of RBI include ten-rupee coins issued since October 1969, two rupee-coins issued since November 1982 and five rupee coins issued since November 1985.

**1.2 Bankers' Deposits with the RBI:** Bankers' Deposits with the RBI represent balances maintained by banks in the current account with the RBI mainly for maintaining Cash Reserve Ratio (CRR) and as working funds for clearing adjustments.

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<sup>1</sup> Effective July 11, 2014, the amount provided by RBI under repo, term repo and MSF to banks is treated as 'Loans and advances to banks'. The securities provided by banks as collaterals are now excluded from the Net RBI credit to Government. The change is, however, money neutral with offsetting variations taking place in other banks' investment in government securities.

**1.3 Other Deposits with the RBI:** Other Deposits with the RBI for the purpose of monetary compilation include deposits from foreign central banks, multilateral institutions, financial institutions, balances in depositor education and awareness (DEA) fund and sundry deposits net of IMF Account No.1.

## 2. Sources of Reserve Money

### 2.1 RBI's Domestic Credit

**2.1.1 Net RBI credit to the Government:** Net RBI Credit to Government includes the RBI's net credit to central as well as state governments (*i.e.* claims on government less government deposits with the RBI). It includes ways and means advances (WMA) and overdrafts (OD) to the governments, the RBI's holdings of government securities, and the RBI's holdings of rupee coins less deposits of the concerned government with the RBI. Since April 2004, centre's deposits with the RBI also include amounts mobilised under the market stabilisation scheme (MSS), which are maintained with the RBI and are not available for the centre's expenditure.

**2.1.2 RBI's Claims on Banks/ RBI Credit to Banks-** RBI Credit to Banks includes the RBI's claims on banks including loans to NABARD.

**2.1.3 RBI Credit to Commercial Sector:** RBI Credit to the Commercial Sector (including primary dealers) represents investments in bonds/shares of financial institutions as well as loans and net amount provided under liquidity operations to PDs (*with effect from July 11, 2014*).

**2.2 Government's Currency Liabilities to the Public** comprises Rupee coin and small coins.

**2.3 Net Foreign Exchange Assets of the RBI:** Net Foreign Exchange Assets of RBI are its holding of foreign currency assets and gold. The RBI's net foreign exchange assets take into account the impact of appreciation/depreciation in the value of gold and foreign securities (other than treasury bills and commercial papers) assets. Such changes has a corresponding effect on RBI's net non-monetary liabilities.

**2.4 Net Non-Monetary Liabilities (NNML) of RBI:** NNML comprise items such as the RBI's paid-up capital and reserves, contribution to National Funds (NIC-LTO Fund and NHC-LTO Fund), RBI employees' PF and superannuation funds, bills payable, compulsory deposits with the RBI, RBI's profit held temporarily under other deposits, amount held in state Governments Loan Accounts under other deposits, IMF quota subscription and other payments and other liabilities of RBI less net other assets of the RBI.

**Table 12: Commercial Bank Survey**

The conceptual basis of the compilation of the Commercial Bank Survey is available in the report of the Working Group on Money Supply: Analytics and Methodology of Compilation (**Chairman: Dr. Y.V. Reddy**), RBI Bulletin, July 1998, which recommended the changes in the reporting system of commercial banks and the article entitled “New Monetary Aggregates: An Introduction”, RBI Bulletin, October 1999.

**(1) Time Deposits of Residents :** These do not reckon non-residents’ foreign currency repatriable fixed deposits (such as FCNR(B) deposits, Resurgent India Bonds (RIBs) and India Millennium Deposits (IMDs)) based on the residency criterion and exclude banks’ pension and provident funds because they are in the nature of other liabilities and are included under ‘other demand and time liabilities’.

**(2) Short-term Time Deposits:** Refers to contractual maturity of time deposits of up to and including one year.

**(3) Domestic Credit:** It includes investments of banks in non-SLR securities, comprising commercial paper, shares and bonds issued by the public sector undertakings, private sector and public financial institutions and net lending to primary dealers in the call/term money market, apart from investment in government and other approved securities and conventional bank credit (by way of loans, cash credit, overdrafts and bills purchased and discounted).

**(4) Net Foreign Currency Assets of Commercial Banks:** Represent their gross foreign currency assets netted for foreign currency liabilities to non-residents.

**(5) Capital Account:** It consists of paid-up capital and reserves.

**(6) Other Items (net):** It is the residual balancing the components and sources of the Commercial Banking Survey and includes scheduled commercial banks’ other demand and time liabilities, net branch adjustments, net inter-bank liabilities *etc.*

**(7) Certificates of Deposits (CD):** It is a negotiable money market instrument, issued in dematerialised form/as a Usance Promissory Note against funds deposited at a bank for a specified time period.

**Table 13: Scheduled Commercial Banks' Investments**

The table presents investment by Scheduled Commercial Banks (including RRBs) in both SLR and non-SLR securities (Commercial Paper, Shares, Bonds/Debentures, instruments issued by Mutual Funds *etc.*) and total resource flow to the commercial sector including investments in capital and money market instruments (non-approved securities). Investments in equity and debt paper issued by public financial institutions and mutual funds represent flows to the non-bank other financial corporations sector, while the investments in similar instruments issued by the public and the private corporate sector (excluding public financial institutions and mutual funds) essentially represent flows to the non-financial commercial sector.

**1. SLR Securities-** It includes (i) Dated securities of the Government of India, (ii) Treasury Bills of the Government of India and (iii) State Development Loans (SDLs) of the State Governments.

#### **Non-SLR Securities**

**2. Commercial Paper:** Commercial paper is a short-term unsecured money market instrument issued in the form of promissory note by companies, PDs and FIs, satisfying stipulated eligibility criteria. It is issued at a discount on the face value and can have tenure of 7 days to one year from the date of issue. It is freely tradable. Individuals, banks, other corporate bodies (registered or incorporated in India), unincorporated bodies and non-resident Indians are also eligible to invest in Commercial Paper.

**3. Shares, Bond/Debentures:** Investment is further classified as investment in instruments issued by (i) public sector undertakings (PSUs), (ii) private corporate sector and (iii) others. Investment in shares, bond/debentures issued by public financial institutions as reported as instrument issued by Financial Institutions.

RBI has also issued guidelines on prudential norms for classification, valuation and operation of investment portfolio by banks. The guidelines has details about investment cap in each category.

**Table 14: Business in India- All Scheduled Banks and All Scheduled Commercial Banks**

In order to enable the Reserve Bank of India to monitor and ensure compliance of the statutory provisions regarding maintenance of *minimum Cash Reserves(CRR)* and *Statutory Liquidity Ratio (SLR)*, every scheduled bank is required to furnish in the prescribed form called Form A return along with Annexure A and B to the Reserve Bank of India on a fortnightly basis on reporting Fridays and Last Fridays of the month statement showing its liabilities and assets in India as at the close of business on Friday in terms of Section 42(2) of the Reserve Bank of India Act, 1934. This return provides up-to-date information on deposits, advances and investments *etc.*, of banks.

This table presents scheduled commercial banks business (including RRBs) on an aggregate basis. Assets and liabilities will not match as some items like capital; reserves *etc.* of banks have not been included. The variations of demand/time deposits, food/non-food credit, investment in Government securities are the major indicators for the banking System.

**1. Liabilities to the banking system:** Liabilities to the banking system indicate total liabilities of all scheduled commercial banks to the banking system which means the amount banks owe to each other. Banks invest in demand and time deposits of other banks, certificates of deposit (CDs), borrow from other banks in call/money/notice market, market repo *etc.* These liabilities are divided under three heads *viz.*, demand and time deposits, borrowings and other demand and time liabilities. Net liability of a scheduled bank towards the Banking System is treated as a liability for the purpose of maintenance of cash reserve.

**1.1 Demand and Time Deposits from Banks:** Demand and Time Deposits from Banks includes inter-bank deposits in current, savings and fixed deposits accounts. Deposits of co-operative banks with the scheduled co-operative banks are not included in this item.

**1.2 Borrowing from banks:** Borrowing from banks represents the inter-bank borrowings and includes inter-bank deposits at call or short notice not exceeding 14 days.

**1.3 Other Demand and Time Liabilities:** Other Demand and Time Liabilities represent the amount due to the banking system, which is not in the nature of deposits or borrowings. Whenever, it is not possible to segregate the liabilities to the banking

system from the total of 'Other demand and time liabilities' the entire 'Other demand and time liabilities' are treated as liability to 'Others'.

**2. Liabilities to Others:** Liabilities to Others are the most important and largest part of banks' liabilities. It includes customer deposits, borrowings by the banks and other demand and time liabilities.

**2.1 Aggregate Deposits:** Aggregate deposits comprise deposits of branches in India and outside India; It comprises of (a) demand deposits from banks and from others (including credit balances in overdrafts, cash credit accounts, deposits payable at call, overdue deposits, inoperative current accounts, matured time deposits and cash certificates, certificates of deposits, etc.), (b) savings bank deposits (including inoperative saving bank accounts) and (c) term deposits from banks and others (including fixed deposits, cumulative and recurring deposits, cash certificates, certificates of deposits, annuity deposits, deposits mobilised under various schemes, ordinary staff deposits, foreign currency non-resident deposits accounts, etc.).

**2.1.1 Demand deposits:** Demand deposits are liabilities which are payable on demand. A deposit received by the bank which is withdrawable on demand. This includes current deposits, demand portion of savings deposits, credit balances in overdrafts, cash credit accounts, deposits payable at call, overdue deposits, cash certificates, etc.

**2.1.2 Time deposits:** Deposits, which are not demand deposits.

**2.2 Borrowings:** Borrowings by a bank may be from the RBI/ Government (in form of LAF overnight/ term fixed/ variable rate repo, from Government owned institutions, etc.), borrowings from other banks, from non-depository institutions (such as insurance companies and pension funds), from refinancing institutions (EXIM Bank, NABARD etc.), from other financial institutions, from public, etc. Borrowings may be through inter-bank/ money/ capital markets either in the form of, simple borrowing/ lending arrangements, or by way of refinancing, participation certificates, or through markets (such as repo), or by issuing capital/ debt instruments (such as preference shares excluding PNCPS). Borrowings will also include borrowing from head offices in respect of branches of foreign banks. Inter-office transactions are not borrowings. Borrowings in India as well as outside India will be as per RBI's circular on "Revised Format of the Balance Sheet and Profit & Loss Account".

**2.3 Other Demand and Time Liabilities:** Other Demand and Time Liabilities (ODTL) include interest accrued on deposits, bills payable, unpaid dividends, suspense



account balances representing amounts due to other banks or public, net credit balances in branch adjustment account, any amounts due to the banking system, which are not in the nature of deposits or borrowing. Such liabilities may arise due to items like (i) collection of bills on behalf of other banks, (ii) interest due to other banks and so on. If a bank cannot segregate the liabilities to the banking system, from the total of ODTL, the entire ODTL may be shown against this item.

**3. Borrowing from Reserve Bank:** Borrowing from Reserve Bank represents the total borrowings from the Reserve Bank of India. Borrowing under Repo account and other refinance facilities are included under this head.

**4. Cash in Hand and Balances with Reserve Bank:** Cash in hand and Balances with Reserve Bank represents the total of cash in hand with banks and their balances with the Reserve Bank of India.

**4.1 Cash in Hand:** Consist of (i) total amount of rupee notes and coins held by bank branches / ATMs / Cash deposit machines maintained by banks in India, including transit cash on bank's books as also cash with Business correspondents (BCs), but excluding cash, where physical possession is with outsourced vendors/BCs, which is not replenished in bank's ATM and/or is not reflected on bank's books.

**4.2 Balances with Reserve Bank:** Balances with Reserve Bank represents the total of the actual outstanding balances maintained by the scheduled banks in their current accounts with the Reserve Bank of India and includes the minimum balances to be maintained with the Bank in terms of Section 42(1). The balances, if any, maintained by the banks incorporated outside India with the Reserve Bank of India in terms of Section 11(2) of the Banking Regulation Act, 1949 are also included in this item.

**5. Assets with the Banking System** of a bank include balances and advances of the bank with the banking system. It is the sum of 5.1, 5.2, 5.3 and 5.4.

**5.1 Balances with Other Banks:** Balances with Other Banks in current account represent the demand deposits held with other banks. Balances with other banks in other accounts are the amount held with other banks, in accounts other than the 'current account'.

**5.2 Money at Call and Short Notice:** Money at Call and Short Notice represents the amount made available to the 'banking system' by way of loans or deposits repayable at call or short notice of a fortnight or less.

**5.3 Advances to Banks:** Advances to Banks represent the loans other than money at call and short notice (5.2) made available to the banking system. Advances granted by scheduled state co-operative banks to co-operative banks are excluded from this item.

**5.4 Other Assets:** Other Assets represent any amount due from the banking system which cannot be classified under the above sub-category. Amount, if any, held with other banks under the inter-bank remittance facilities scheme is included in this item.

**6. Investments:** Investments indicate the outstanding position of the total investment in Government and other approved securities by the banks.

**6.1 Investments in Government Securities:** Investments in Government Securities includes investments in the securities of the Central and State Governments including treasury bills, postal obligations, such as national savings certificates *etc.* Government Securities deposited by foreign scheduled banks under Section 11(2) of the Banking Regulation Act, 1949 are also included here.

**6.2 Other Approved Securities:** These include the investment in the securities of State associated bodies such as Electricity Board, Housing Board, and Corporation Bonds, debentures of Land Development Bank, shares of Regional Rural Banks *etc.*, which are treated as approved securities under Section 5(a) of the Banking Regulation Act, 1949.

**7. Bank Credit:** Bank Credit includes all types of credit facilities such as cash credit, overdrafts, demand loans, term loans, bills discounted/ purchased and factored receivables. It includes money lent by the bank to its borrowers/customers, interest accrued and due on such monies lent, debit balances in deposits accounts, amount of participation on risk sharing basis under IBPC, outstanding in credit card operations, interest bearing advances to staff members, amount receivable under any special schemes announced by GOI (e.g., Agricultural Debt Waiver Scheme 2008), any other fund based exposure deemed as loans and advances as per extant regulatory instructions. It also includes recalled assets (other than fraud related receivables) and amount of refinances. For the purpose of Bank Credit, refinancing shall include the loans extended due to swapping/replacing of the outstanding debt with a new debt as per the terms and conditions of the original sanction. However, it excludes amount in Interest Suspense Account as per extant RBI guidelines. Prudential write-offs, securitised loans, loans transferred to asset reconstruction companies (ARCs), bills rediscounted, which are not forming part of banks' balance sheets also do not form part of 'loans and advances'.

**7a Food Credit** relates to the advances made by the scheduled commercial banks to Food Corporation of India, State Governments and State Co-operative agencies for food procurement operations.

### **7. 1 Loans, Cash-credits and Overdrafts:**

**Cash-credits** are an arrangement under which a customer is allowed an advance up to the credit limit against the security by way of hypothecation/ pledge of goods, book debts, standing crops, *etc.* The facility is a running account and 'Drawing Power -DP' is periodically determined with reference to the value of the eligible current assets. The outstanding amount is repayable on demand.

**Overdrafts** are facility, under which a customer is allowed to draw an agreed *sum* (credit limit) in excess of credit balance in their account. The overdraft facility may be secured (against fixed/term deposits and other securities, *like* small saving instruments, surrender value of insurance policies, *etc.*) or clean (*i.e.* without any security). The overdraft facility might be granted on their current account, savings deposits account or temporary overdraft on credit accounts.

**7.2 & 7.3 Inland Bills:** Inland Bills represent the total bills drawn and payable in India, including the demand drafts and cheques, purchased and discounted by all the scheduled banks. This excludes bills rediscounted with the Reserve Bank of India and other financial institutions.

**7.4 & 7.5 Foreign Bills** represent the foreign bills which cover all import and export bills including demand draft drawn in foreign currencies and payable in India, purchased and discounted by all the scheduled banks.

**Tables 15&16: Deployment of Gross Bank Credit by Major Sectors & Industry-wise**

The data on outstanding bank credit to different sectors of the economy are useful for analysing the allocation of credit, portfolio shifts, linkages with the other macroeconomic variables and providing inputs for policy making. Sectoral deployment of credit to different sectors of the economy, viz. agriculture, industry, services and personal loans are collected and compiled by Department of Statistics and Information Management, RBI through Basic Statistical Return (BSR 1) on a quarterly basis. In view of the need for such information on more frequent intervals and with minimum time lag in the context of formulation of policy, Monetary Policy Department, RBI collects provisional information on sectoral deployment of credit from select scheduled commercial banks (SCBs)<sup>2</sup> on a monthly frequency. A monthly press release based on the consolidated information of these data is placed on the RBI's website and time series data are released through the real-time Handbook of Statistics on the Indian Economy on DBIE.

**Concepts, definitions and classification:** The broad definition of gross bank credit is the same as in BSR-1. The concepts and classification are broadly in alignment with that of BSR 1, etc. These data, however, provide more details on personal loans such as advances against fixed deposits and advances to individuals against shares, bonds, etc. and also loans to the priority sector. The data are collected for total non-food gross bank credit, and divided into four major sectors, viz., agriculture, industry, services and personal loans with further classification on select sub-sectors and also on credit to the priority sector. Industrial classification includes data on major industries including infrastructure. The classification of data on sectoral deployment of credit has changed from time to time with structural shifts in sectoral deployment of credit. Some features of the classification are given below:

**1.2.1. Agriculture:** Includes credit to agriculture and allied activities.

**1.2.2. Industry:** Includes credit to food processing, textiles, petroleum, chemicals, cement, metals, engineering, vehicles, gems and jewellery, construction and infrastructure.

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<sup>2</sup> Currently, select 46 scheduled commercial banks, accounting for about 95 per cent of the total non-food credit deployed by all scheduled commercial banks.

**1.2.3. Services:** Include credit to transport operators (excluding water transport), computer software, tourism, hotels and restaurants, shipping (water transport), professional and other services, *etc.* Real estate loans include credit given to individuals/firms engaged in development of real estate activities (like preparation of residential/ commercial buildings/complexes, land development, *etc.* for the purpose of purchase/ sale/ lease of real estate, *etc.*).

**1.2.4. Personal Loans:** Include credit to individuals for their own consumption purposes; loans to individuals for purchase of consumer durables; residential house; for education; personal loans against security of fixed deposits or share/ debentures; credit card outstanding, *etc.* Business loans to individuals are not included in personal loans, but they are classified into the respective business activities (industry/ services).

**1.2A Priority Sector:** Priority sector loans are classified as per the extant definition given by the RBI from time to time. The details of credit to agriculture, micro & small enterprises, housing, education loan, *etc.*, under priority sector are required to be shown separately. Aggregate data for all the reporting banks are published for the sectoral classification.

**Table 17: State Co-Operative Banks Maintaining Accounts with the Reserve Bank of India**

A State co-operative bank is the principal co-operative society, the primary object of which is the financing to other co-operative societies in the State. In terms of Section 42(6) of the Reserve Bank of India Act, 1934, a State co-operative bank is eligible to be included in the second schedule of the Reserve Bank of India Act, 1934.

The data presented in this table relate to all the State Co-operative banks and are compiled basically from the returns submitted by Scheduled State Co-operative Banks in terms of Section 42 of the Reserve Bank of India Act, 1934 (with additional information, specifically called for this purpose); in case of Non-scheduled state co-operative banks, information is obtained in terms of the Reserve Bank of India Remittance Facilities Scheme.

**Number of reporting banks** indicates the number of state co-operative banks (both scheduled and non-scheduled) who have submitted the necessary (statutory or otherwise) returns to the Reserve Bank of India.

**1. Aggregate deposits** represent the total of demand and time deposits from others (*i.e.*, other than from the banks).

**2. Demand and Time liabilities** includes all liabilities of the State co-operative banks except, paid-up capital, reserves and any credit balance in the profit and loss account of the banks, borrowings from Reserve Bank of India, other banks, the State Governments.

**2.1 Demand liabilities** include all liabilities (out of the demand and time liabilities as explained earlier) payable on demand and are grouped under three categories *viz.*, deposits, borrowings from banks and others.

**2.1.1 Deposit** includes **demand deposits Inter-bank**, which represent the deposits, payable on demand, maintained by other banks and **demand deposits others** include current deposits, demand liability portion of savings bank deposits, margins held against letters of credit/guarantees, balances in overdue, fixed deposits, cash certificates and cumulative/recurring deposits, demand drafts, unclaimed deposits, credit balances in the cash credit accounts and deposits held as a security for advances which are payable on demand.

**2.1.2 Demand borrowings from banks** represent the inter-bank demand borrowings and include money received at call or short notice of a fortnight. As explained earlier, the borrowings from the RBI, SBI and notified banks are excluded.

**2.1.3 Demand liabilities - Others** represent all outside liabilities, other than deposits and borrowings (from banks) payable on demand and include bills payable, unpaid dividend and suspense account towards any amount due to the Bank.

**2.2 Time liabilities:** Out of the demand and time liabilities as explained earlier, all liabilities other than those included under demand liabilities are shown under 'Time liabilities', which is the total of time deposits, time borrowings from banks and other time liabilities.

**2.2.1.1 Time deposits-inter-bank** represent the deposits other than demand deposits, maintained by other banks.

**2.2.1.2 Time liabilities-other** consists of all other outside liabilities not payable on demand.

**3. Borrowings from Reserve Bank of India** represent the outstanding borrowings from the Reserve Bank of India, as reported by the State Co-operative banks.

**4. Borrowing from notified banks/State governments:** Borrowings from notified bank and State Governments represent the outstanding credit extended by notified banks and State Governments to State Co-operative bank.

**5. Cash in hand** represent the cash balances kept by the State co-operative banks with them, whereas, **Balances with RBI** include balances maintained by State co-operative banks under Section 42(1) of the Reserve Bank of India Act, 1934- Remittance facilities scheme.

**6. Balance with Other Banks in Current Account** represent the demand deposits held with other banks.

**7. Investments in Government securities** represent the total book value of the investment made in the Central and State Government securities, and include treasury bills, treasury deposit receipts, treasury savings deposit certificates and postal obligations such as national plan certificates, national savings certificates, *etc.*

**8. Money at call and short notice** represent the amount made available to others by way of loans or deposits repayable at call or short notice of a fortnight or less.

**9. Bank Credit** is the total of 'Loans, cash-credits and overdrafts', and 'Bills purchased and discounted'.

## **10. Advances**

**10.1 Loans, cash-credit and overdrafts** represent all types of credit facilities (other than bills purchased and discounted) such as demand loans, term loans, cash-credits, overdrafts, etc. granted by the State co-operative banks.

**10.2 Due from banks** includes the advances to (i) co-operative banks (central and primary co-operative banks) and (ii) commercial banks, if any.

**11. Bills purchased and discounted:** This includes the inland as well as foreign bills purchased/discounted by the State co-operative banks.

**Table 18: Consumer Price Index (Base: 2012=100)**

Consumer Price Indices (CPI) measure changes over time in general level of retail prices of selected goods and services that households purchase for the purpose of consumption. Such changes affect the real purchasing power of consumers' income and their welfare. CPI measures temporal changes in price of a fixed basket of commodities consumed by households. The year-on-year CPI change is widely used as a measure of inflation, which is gauged by governments and central banks for monitoring price stability, and as deflators in the national accounts to remove price-effect from nominal value to arrive at real value.

CPI is published on a monthly basis by the Central Statistics Office (CSO), Ministry of Statistics and Programme Implementation (MoSPI), Government of India and the base year for the latest CPI series is 2012. Monthly CPI data are available since January 2011 for all-India and States/UTs separately for Urban, Rural and Combined (Rural plus Urban areas).

For Urban areas, monthly prices are collected from 1,114 urban markets in 310 towns covering all the States and Union Territories, by the Field Operations Division of the National Sample Survey Office (NSSO) and the specified State/UT Directorates of Economics and Statistics. For Rural areas, prices are collected from 1181 village market by the Department of Posts.

Data presented in the table is for 6 groups and major sub-groups therein for Rural areas, Urban area and Combined (Rural plus Urban areas) group. The weighing diagrams are derived based on the 68th Round of the Consumer Expenditure Survey (CES), 2011-12.

Detailed methodology of CPI compilation is available on MoSPI website (<http://mospi.nic.in>).



**Table 19: Other Consumer Price Indices****1. Consumer Price Index for Industrial Worker (Base: 2001=100)**

Consumer Price Index Numbers for Industrial Workers measures change in prices of a fixed basket of goods and services consumed by Industrial Workers over time, presented in the table are compiled and published every month by the Labour Bureau, Government of India.

The current series covers industrial Workers from seven sectors, viz., Factories, Mining, Plantations, Ports & Docks, Motor Transport Undertakings, Electricity Generation & Distributing Establishments and Railways. The current series comprises of a basket of about 370 items and 289 markets spread across 78 centres of the country. The weighting diagram in respect of each of the 78 selected centres has been derived based on the Working Class Family Income and Expenditure Survey conducted during the period from September, 1999 to August, 2000.

The items entering into the consumption basket of working class families are grouped into six groups, viz., (i) food, (ii) pan, supari, tobacco & intoxicants, (iii) fuel & light, (iv) housing, (v) clothing, bedding & footwear and (vi) miscellaneous group.

**2. Consumer Price Index for Agricultural and Rural Labourers (base year 1986-87)**

The All-India and state-wise consumer price index numbers for Agricultural Workers and Rural Labourers are published every month by the Labour Bureau, Government of India. For such compilation, retail prices in respect of selected items of goods and services are collected by the NSSO from 1,461 markets corresponding to 600 sample villages in 20 states spread across the country. Consumer expenditure data collected by the NSSO during 38<sup>th</sup> round (conducted during 1983) formed the basis of the state-wise weighting diagrams. For these indices,

- (i) Rural Labour is defined as a person who does manual work in rural areas in agricultural and/or non-agricultural occupation in return for wages in cash or kind, or partly in cash and partly in kind.
- (ii) Agricultural Labourer is treated as an agricultural labourer, if he/she follows one or more of the following agricultural occupations in the capacity of a labourer on hire, whether paid in cash or kind or partly in cash and partly in kind: (a) Farming including cultivation, growing and harvesting of any agricultural commodity; (b) Production, cultivation, growing and harvesting of any horticultural commodity; (c) Dairy farming; (d) raising of livestock, bee-

keeping or poultry farming; and (e) any practice performed on a farm as incidental to or in conjunction with the farm operations (including any forestry or timbering operations and the preparation for market and delivery to storage or to market or to carriage for transportation of farm products). The manual work in fisheries was, however, excluded from the category of agricultural labourer. Further, carriage for transportation coming under the category (e) above, referred only to the first stage of transportation from farm to the first stage of disposal.

For further details regarding the methodology, *etc.* a reference may be made to the Labour bureau (<http://labourbureau.nic.in>).

### Frequency & Release Calendar:

Indices	Frequency	Release Period	Reference Period	Provisional / Final data
Wholesale Price Index*	Monthly	14 <sup>th</sup> of every month	Previous month	Data corresponding to the latest two months are provisional.
Consumer Price Index for Rural, Urban and Combined*	Monthly	12 <sup>th</sup> of every month	Previous month	Data corresponding to the latest month is provisional
Consumer Price Index for Industrial Workers	Monthly	Last working day of every month	Previous month	Data is always final.
Consumer Price Index for Agriculture and Rural Labourer	Monthly	20 <sup>th</sup> of every month	Previous month	Data is always final.

\* In case date of release is a holiday, it will be released on next working day.

**Table 20: Monthly Average Price of Gold and Silver in Mumbai**

The data for this table is supplied by the Indian Bullion and Jewellers Association Ltd., Mumbai and also reference is taken from leading newspapers such as Business Standard/Economic Times. The gold prices are given for per 10 grams and silver prices are for per kilogram. Under the Gold Control Act, 1968, the fineness of the standard gold has been fixed at 995.0 per mille or .995. Spot prices of silver relate to .996 fineness.

The figures relate to last Friday of the month/year ended March; in cases where Friday is a holiday, prices relate to the preceding working day.

**Table 21: Wholesale Prices Index**

**Wholesale Price Index (WPI)** measures the average change of the price of a fixed set of goods at first point of bulk sale in a commercial transaction in the domestic market over a given period of time. The monthly WPI presented in the table are compiled and published by the Office of the Economic Adviser, under the Ministry of Commerce and Industry, Government of India.

The current WPI series (Base 2011-12 = 100) has 697 items in the commodity basket, for which 8,331 price quotations are obtained. All items having large transactions in the economy are considered for compilation of the index to the extent feasible. Thus the series has a representative basket of commodities as well as their varieties/grades and markets. These items are aggregated at sub-group/group/ major group/all commodities index.

The weighting diagram for the WPI series has been derived on the basis of Gross Value of Output (GVO). The output values at current prices, wherever available at appropriate disaggregation, have been obtained from the National Accounts Statistics (NAS) published by the Central Statistics Office, Ministry of Statistics & Programme Implementation. These are supplemented by the data from the Ministry of Petroleum and Central Electricity Authority.

The commodity index is arrived at as the simple arithmetic mean of the price relatives with respect to the reference period of varieties of quotations in different markets. The sub-group/group/major group indices are derived as the weighted arithmetic mean of item indices. The All-commodities index is computed as the weighted arithmetic mean of major group indices. The annual indices are the average of the monthly indices.

The first release of monthly WPI is generally after two weeks at the month-end, which is 'provisional' in nature because some price quotations are received belatedly. The 'final' index is released a month after the provisional index, as by that time almost all the required price quotations become available.

The index numbers are compiled on the basis of Laspeyres' formula as weighted average of price relatives. The formula adopted for the purpose is:

$$\text{Index at time } t, I_t = \frac{\sum q_0 P_0 \frac{P_t}{P_0}}{\sum q_0 P_0} \times 100$$

Where  $I_t$  is the index for the particular month,  $q_0 p_0$  is the average expenditure per family on each of the items in the base period and  $P_t$  and  $P_0$ , the current and the base prices for the specific goods and services included in the index scheme.

**Source:** Office of the Economic Adviser, Ministry of Commerce and Industry, Government of India.

## Table 22: Index Numbers of Industrial Production (Base 2011-12)

The index numbers of industrial production presented in this table are based on the data compiled and released every month by the CSO of MoSPI, Government of India. The current series of IIP (base 2011-12=100) follows the National Industrial Classification 2004 (NIC-2008) which is based on ISIC-Rev 3.1 published by UNSD.

The Index of Industrial Production is a quantitative index, the production of the items being expressed in physical terms. The Index is compiled by taking into account the quantities of items produced during the current month, *vis-à-vis* the average monthly production in the base year.

**Source data and Weights:** The data for compilation of IIP is furnished by 14 data source agencies located in various Central Ministries/Departments/Subordinate Offices of the Government of India which, in turn, collect data from their primary sources (factories). The source data used for the calculation of weights for the current series of IIP with the base year 2011-12 are the results of Annual Survey of Industries pertaining to the year 2011-12.

The items/industries covered by this index are classified according to Indian Standard Industrial Classification which is also adopted for the Annual Survey of Industries (ASI). The indices are presented under three groups, *viz.*, Mining and quarrying, Manufacturing and Electricity and also the General Index. The index for 'Mining and quarrying' is compiled by the Indian Bureau of Mines and is directly used by the Central Statistical Office in the compilation of the General Index.

The selection of items for the manufacturing group was done at the 3-digit level of NIC-2008 from the Annual Survey of Industries (ASI) data by ensuring that the selected items covers at least 80 percent of the output of each 3-digit group. The items selected for the new series of IIP with base 2011-12 comprised of 809 items which were clubbed into 405 items groups pertaining to manufacturing sector while mining and electricity are represented by single index each.

The index at the item level is the simple production relative. The sub-group/group/general index is derived as the weighted arithmetic mean of production relatives of items/sub-groups/groups, following Laspeyre's formula.

**Table 23: Union Government Accounts at a Glance**

The Union Government Accounts at a Glance provides a summarized view of the financial performance of the Union Government as released by the Controller General of Accounts (CGA) on a monthly basis.

**Revenue & Capital Receipts/Expenditure**

**1. Revenue Receipts** include all tax and non-tax receipts, **except those resulting from sale of assets and recovery of loans. Revenue Expenditures** are expenditures that are recurring in nature; though transfer payments to State Governments and other entities, including those meant for asset creation by the recipient, are also treated as Revenue Expenditure.

**2. Capital Receipts** mainly include sale proceeds of government assets, including those realized from divestment of Government equity in PSUs and recoveries of loans. **Capital Expenditures** are those that are incurred with the objective of increasing concrete assets of a material and permanent character. These include expenditures incurred on acquisition of immovable assets, machinery and equipment and Government equity investments. Loans and advances disbursed by the Government are also treated as Capital Expenditure.

**3. Fiscal Deficit:** Fiscal Deficit is the difference between the government's Total Expenditure and its Total Receipts (excluding borrowing).

**4. Revenue Deficit:** It denotes the difference between Revenue Expenditure and Revenue Receipts.

**5. Primary Deficit:** It denotes Fiscal Deficit minus Interest Payments. It can be interpreted as the excess non-interest expenditure of the Government over receipts.

**6. Plan and Non-Plan Expenditure:** Non-Plan expenditure is a generic term, which is used to cover all expenditure of the Government which are obligatory in nature e.g. interest payments, salaries and pensions, and statutory transfers to State and Union Territory Governments. A part of the expenditure relates to essential functions of the state e.g. defence, internal security, external affairs and revenue collection. All other

expenditure is plan expenditure. It contains both Revenue Expenditure and Capital Expenditure.

**Budget Estimates/Revised Estimates/Actuals:** The Budget Estimates is the expenditure and receipt provision of the Government for the financial year commencing from 1<sup>st</sup> April of that year which is usually presented in the Parliament, shortly before the commencement of the financial year. In the Budget Document of any year, the Revised Estimates for the previous year are also depicted, which are more or less the actual estimated receipts and expenditure of the government. However, the actual receipts and expenditures (Actuals) are compiled after taking into account the exact transactions made by the Government for the year, and are presented in the Budget Document with a lag of two years.

**Borrowings:** The Government resorts to borrowings from internal and external sources to finance its deficit. In addition to this, the Public Account is also a source of finance to Government's deficit.

**Source:** Controller General of Accounts, Ministry of Finance, Government of India.

#### Table 24 & 25: Treasury Bills - Ownership Pattern and Auctions

Treasury Bills are debt instruments issued by Government of India to meet the short term liquidity needs of the Government to bridge the gap between revenue and expenditure. Primarily, these are issued under the normal auction programme of the Government, and also provide option for non-competitive bids. Currently 91-days, 182-days and 364-days treasury bills are issued on a regular basis. The amount for weekly auction of 91-days Treasury bill and fortnightly auction of 182-days and 364-days treasury bills are notified in quarterly calendar.

Treasury bills are zero coupon securities and pay no interest. They are issued at a discount and redeemed at the face value at maturity. Characteristics like high liquidity and no risk have made Treasury Bills attractive instrument for short-term investment by banks, primary dealers, other financial institutions and corporates.

**14-days Intermediate Treasury Bills (14D ITBs):** Treasury Bills of 14 days are unlike other Treasury Bills of 91-days, 182-days, 364-days and Cash Management Bills (CMB)

which are marketable securities. 14-days Intermediate Treasury Bills (ITBs) are non-marketable instruments issued to the State Government (and for one Central Bank *i.e.* Nepal Rashtra Bank) to enable them to deploy their short term cash surplus. The surplus cash balance of a state government is automatically invested in these instrument. Conversely, a negative cash position of a state Government is financed first by rediscounting existing investment in these instruments.

**91-days Treasury Bills:** The auction of 91 days T-bills were introduced on auction basis in January, 1993. Since then auction of 91 day treasury bills are being conducted generally every Wednesday. The investors in Treasury bills are banks, primary dealers, State Governments, Provident Funds, financial institutions, Insurance companies, NBFCs, Foreign Institutional Investors and Non-Resident Indians.

**182-days Treasury Bills:** 182 days T-bills were introduced first in November 1986 on auction basis. The 182 days T-bills were replaced by 364 days T-bills on fortnightly auction basis since April 1992. 182 days T-Bill was re-introduced on April 6, 2005. At present, the auction of 182 days T-Bills are conducted generally every alternate Wednesday.

**364-days Treasury Bills:** The 182 days T-bills were replaced by 364 days T-bills on fortnightly auction basis since April 1992. The auction of 364 days T-Bills are conducted generally every alternate Wednesday.

**Cash Management Bills:** *Cash Management Bills (CMBs) are issued to meet the temporary cash flow mismatches of the Government. The CMBs are a non-standard, discounted instruments issued for maturities less than 91 days, and are issued when necessary. CMBs have the generic character of Treasury Bills. The tenure, notified amount and date of issue of the proposed CMBs depend upon the temporary cash requirement of the Government. The announcement of the auction of the Bills is made by the Reserve Bank of India through separate Press Release. The Non-Competitive Bidding Scheme for Treasury Bills is not extended to CMBs. However, these instruments are tradable and qualify for ready forward facility. Investment in CMBs is also reckoned as an eligible investment in Government securities by banks for SLR purpose.*

### **Competitive and non-competitive bids**

**Competitive Bidding:** In a competitive bidding, an investor bids at a specific price/yield and is allotted securities if the price/yield quoted is within the cut-off price/



yield. Competitive bids are made by well-informed institutional investors such as banks, financial institutions, PDs, mutual funds, and insurance companies. The minimum bid amount is ₹ 10,000 and in multiples of ₹ 10,000 in dated securities and minimum ₹ 25,000 in case of T-Bills and in multiples of ₹ 25,000 thereafter. Multiple bidding is also allowed, *i.e.*, an investor may put in multiple bids at various prices/yield levels.

**Non-Competitive Bidding (NCB):** With a view to providing retail investors, who may lack skill and knowledge about G-Sec market or who have low demand and to enable them to participate in the auction directly, the scheme of NCB in dated securities was introduced in January 2002. NCB is open to individuals, HUFs, RRBs, co-operative banks, firms, companies, corporate bodies, institutions, provident funds, and trusts. Under the scheme, eligible investors apply for a certain amount of securities in an auction without mentioning price/yield. Such bidders are allotted securities at the weighted average price/yield of the auction. If the notified amount is ₹ 10 Billion, the amount reserved for NCB will be ₹ 0.5 billion (5% of the notified amount). Non-competitive bidders will be allotted at the weighted average price. The participants in NCB are, however, required to hold a gilt account with a bank or PD. RRBs and co-operative banks which hold SGL and Current Account with the RBI can also participate under the scheme of NCB without holding a gilt account. The amount reserved for NCB is 5% of the notified amount in case of Govt dated securities auctions, 10% of the notified amount in case of State Government securities auctions and 20% of the notified amount in case of auction of Inflation Indexed Bonds (IIBs). Banks/PDs are required to consolidate the individual requirements of their clients and allowed to submit only a single bid under NCB.

#### **Data Sources/ Update Methods**

All the primary market data series are automated to Data Warehouse electronically with E-Kuber system (CBS of the Bank). The Information received from the CBS is classified under different heads. They have been clubbed together to arrive at the major holders for publication.

### Explanatory Notes

**Yield based auction and Price based auction:** A yield based auction is generally conducted when a new G-Sec is issued. Investors bid in yield terms up to two decimal places (e.g., 8.19%, 8.20%, etc.). Bids are arranged in ascending order and the cut-off yield is arrived at the yield corresponding to the notified amount of the auction. The cut-off yield is then fixed as the coupon rate for the security. Successful bidders are those who have bid at or below the cut-off yield. Bids which are higher than the cut-off yield are rejected.

**Price based auction:** A price based auction is conducted when Government of India re-issues securities which issued earlier. Bidders quote in terms of price per ₹100 of face value of the security (e.g., ₹102, ₹101, ₹100, ₹99, etc., per ₹100/-). Bids are arranged in descending order and the successful bidders are those who have bid at or above the cut-off price.

**Coupon Yield:** The coupon yield is simply the coupon payment as a percentage of the face value. Coupon yield refers to nominal interest payable on a fixed income security like G-Sec. This is the fixed return the Government (*i.e.*, the issuer) commits to pay to the investor. Coupon yield thus does not reflect the impact of interest rate movement and inflation on the nominal interest that the Government pays.

**Coupon yield = Coupon Payment / Face Value**

**Current Yield:** The current yield is simply the coupon payment as a percentage of the bond's purchase price; in other words, it is the return a holder of the bond gets against its purchase price which may be more or less than the face value or the par value. The current yield does not take into account the reinvestment of the interest income received periodically.

**Current yield = (Annual coupon rate / Purchase price) X 100**

**Yield to Maturity:** Yield to Maturity (YTM) is the expected rate of return on a bond if it is held until its maturity. The price of a bond is simply the sum of the present values of all its remaining cash flows. Present value is calculated by discounting each cash flow at a rate; this rate is the YTM. Thus YTM is the discount rate which equates the present value of the future cash flows from a bond to its current market price. In other words, it is the internal rate of return on the bond. The calculation of YTM involves a trial-and-error procedure.

**Table 26: Daily Call Money Rates****Call / Notice / Term Money**

The call money market, which is an uncollateralised inter-bank market, provides an avenue for equilibrating the short-term surplus funds of lenders and the requirements of borrowers, thereby enabling banks to bridge their short-term liquidity mismatches arising out of their day-to-day operations and also to meet the reserve maintenance requirements. Under call money, funds are transacted on overnight basis. The tenor of notice money ranges from 2 days to 14 days and that of term money ranges from 15 days to one year.

This table gives data on the interest rate range and the daily weighted average rate of all transactions with a tenor from overnight to 14 days (call and notice) done in this market on a particular day.

**Table 27: Certificates of Deposit (CDs)**

Certificate of Deposit (CD) is a negotiable money market instrument introduced in June 1989, in order to widen the range of money market instruments and provide greater flexibility to investors for deploying their short-term surplus funds with banks and Financial Institutions. CDs can be issued by (i) scheduled commercial banks {excluding Regional Rural Banks and Local Area Banks}; and (ii) select All-India Financial Institutions (FIs) that have been permitted by RBI to raise short-term resources within the umbrella limit fixed by RBI. Banks can issue CDs with maturity period of not less than 7 days and not more than one year, from the date of issue. However, FIs can issue CDs for a period not less than 1 year and not exceeding 3 years from the date of issue. CDs can be issued to individuals, corporations, companies (including banks and PDs), trusts, funds, associations, etc. Non-Resident Indians (NRIs) may also subscribe to CDs, but only on non-repatriable basis. This table contains data on outstanding amount of Certificates of Deposit, amount issued during a fortnight as well as the range of rate of interest.

**Table 28: Commercial Paper**

Commercial Paper (CP) is an unsecured money market instrument issued in the form of a promissory note. CP was introduced in India in 1990 with a view to enabling highly rated corporate borrowers to diversify their sources of short-term borrowings and to provide an additional instrument to investors. Corporates, primary dealers and All India Financial Institutions are permitted to issue commercial papers to enable them to meet their short-term funding requirements for their operations. CPs are issued at a discount to face value as may be determined by the issuer. CPs can be issued in denominations of ₹ 0.5 million and multiples thereof for maturities between a minimum of 7 days and a maximum of up to one year from the date of issue. Individuals, banks, other corporate bodies (registered or incorporated in India) and unincorporated bodies, Non-Resident Indians and Foreign Institutional Investors (FIIs) are eligible to invest in CPs.

This table contains the information on face value of outstanding amount of Commercial Paper, face value of the amount issued during the fortnight as well as the range of rate of interest.

**Table 29: Average Daily Turnover in Select Financial Markets**

The money market is a market for short-term financial assets that are close substitutes of money. The most important feature of a money market instrument is that it is liquid and can be turned into money quickly at low cost and provides an avenue for equilibrating the short-term surplus funds of lenders and the requirements of borrowers.

**Call / Notice / Term Money**

The call money market, which is an uncollateralised inter-bank market, provides an avenue for equilibrating the short-term surplus funds of lenders and the requirements of borrowers, thereby enabling banks to bridge their short-term liquidity mismatches arising out of their day-to-day operations and also to meet the reserve maintenance requirements. Under call money, funds are transacted on overnight basis. The tenor of notice money ranges from 2 days to 14 days and that of term money ranges from

15 days to one year. Scheduled commercial banks (excluding RRBs), co-operative banks (other than Land Development Banks) and Primary Dealers (PDs), are permitted to participate in call/notice/term money market both as borrowers and lenders subject to certain prudential limits.

The detail description of Call / Notice / Term Money is given in Table 26. Table gives the weekly weighted average rate of all transactions with a tenor from overnight to 14 days (call and notice) done in this market on a particular day. Yearly data given in the table is average of all weeks during the year.

**Collateralised Borrowing and Lending Obligation (CBLO):** CBLO is a money market instrument which was introduced in 2003. This market was developed for the benefit of the entities, who have either been phased out from inter-bank call money market, or, have been restricted to access the call money market. CBLO is available through the central counter party Clearing Corporation of India Limited (CCIL) for maturity period one of day to one year. Clearcorp Dealing System limited provides the CBLO Dealing System (autonomous order matching platform) to all members of CBLO segment. CBLO is now the predominant segment of the money market. Banks, Financial Institutions, Insurance companies, mutual funds, primary dealers, NBFCs, Corporates, Provident/pension funds *etc.* are the participants of CBLO market. The members required to open an account for depositing securities which are offered as collateral/margin for borrowing and lending. Eligible securities are central government securities including treasury bills. Yearly data given in the table is average of all weeks during the year.

**Market Repo:** The 'Market Repo' is another major segment in the Indian Money Market. It is a collateralised segment like the CBLO. Repurchase agreements (repos) are recognized as a very useful money market instrument enabling smooth adjustment of short-term liquidity among varied categories of market participants such as banks, PDs, NBFCs, listed companies *etc.*

**Repo in Corporate bonds:** RBI introduced repo in corporate bonds as a class of money market instrument in 2010. Participation in corporate bond repos is permitted to regulated entities including scheduled commercial banks (excluding RRBs and LABs), primary dealers (PDs), non-banking financial company registered with the Reserve Bank of India (other than Government companies as defined in sub-section (45) of section 2 of the Companies Act, 2013), all-India Financial Institutions, namely, Exim Bank, NABARD, NHB and SIDBI, India Infrastructure Finance Company Limited,

scheduled urban cooperative bank subject to adherence to conditions prescribed by Reserve Bank of India, mutual funds, housing finance companies and insurance companies. On August 25, 2016, brokers registered with the Securities and Exchange Board of India (SEBI) and authorised as market makers in corporate bond market were permitted to undertake repo/reverse repo contracts in corporate debt securities. Repos in corporate debt securities shall be for a minimum period of one day and a maximum period of one year. Participants can enter into repo transactions in corporate debt securities in the OTC market and transactions are to be reported within 15 minutes of the trade on the reporting platform of Clearcorp Dealing Systems (India) Ltd. (CDSIL).

**Forex (US \$ Million):** Average daily turnover data presented in this tables are in US \$ million.

**Government of India dated Securities:** Government of India dated securities daily turnover represents the average daily turnover in secondary market. Items 9&10 also represent the daily turnover in the respective instruments in secondary market.

**Item 11.1** represents agencies operations conducted by RBI on behalf of State Governments and foreign central banks.

### Data Sources / Update Methods

Table contains the information on average daily turnover in Call/ Notice/ Term, CBLO, Market Repo & Repo in Corporate Bond market. The data flow is automated from CCIL system to Data Warehouse.

### Calculations

*Average Daily turnover = Total outstanding figures divided by total no. of working days for a particular week*

*Turnover is twice the single leg volumes in case of call/ notice/ term money, CBLO; but four times in case of market repo and Repo in corporate bond.*

*General practice for the publication: latest two weeks data along with data for corresponding week of the previous year.*

**Table 30: New Capital Issues by Non-Government Public Limited Companies**

Table provides data on number of issues and amount raised through equity shares, preference shares, debentures and bonds by non-government public limited companies during the given time period in the primary market of India.

**1. Equity Share:** Equity shares are commonly referred to as ordinary shares which represent ownership of a shareholder in the company and possess voting rights on all matters of corporate affairs. Equity shares are issued through initial public offering (IPO), follow-on public offering (FPO) and rights issue.

**2. Preference Share:** Owners of this kind of stock are entitled to a fixed dividend to be paid regularly before dividend can be paid on common stock. They also exercise claims to assets, in the event of liquidation, senior to holders of common stock but junior to bondholders. Holders of preferred stock normally do not have a voice in management.

**3. Debenture:** Bond issued by a company bearing a fixed rate of interest usually payable half yearly on specific dates and principal amount repayable on a particular date on redemption of the debentures. Convertible Debentures are convertible into equity shares of the issuer at a later date, at or without the option of the holder of the instrument. Non-Convertible Debentures are not convertible into equity.

**4. Bond:** A negotiable certificate evidencing indebtedness - a debt security or IOU, issued by a company, municipality or government agency. A bond investor lends money to the issuer and, in exchange, the issuer promises to repay the loan amount on a specified maturity date. The issuer usually pays the bondholder periodic interest payments over the life of the loan.

**Premium Issue:** Issues where issue price of a security is greater than par value of the security.

**Public Issue:** An invitation by a company to public to subscribe to the securities offered through a prospectus.

**Rights Issue:** Rights issue is when a listed company proposes to issue fresh securities to its existing shareholders as on a record date. The rights are offered in a particular ratio to the number of securities held prior to the issue. This route is best suited for companies who would like to raise capital without diluting stake of its existing shareholders unless they do not intend to subscribe to their entitlements.

**Source:** Securities and Exchange Board of India (SEBI).

### Table 31: Foreign Trade

The trade data presented in this table relate to the imports and exports of merchandise provided by the Director General, Directorate General of Commercial Intelligence and Statistics (D.G.C.I. & S.), Government of India on a monthly basis. The data relate to the foreign trade registered by the custom authorities at the Indian ports (both sea and air) and the land customs stations.

Statistics of India's foreign trade are recorded on the basis of the 'General system' of registration, the criterion being the entrance of goods into or their departure from the customs area of control.

**Imports:** Imports consist of landings of goods into the customs territory either for home consumption, or, for entrance into bonded warehouses for subsequent home consumption, or, for reshipment (indirect transit trade).

**Exports:** Exports are shown inclusive of re-exports in the 'Press release' issued by Ministry of Commerce and Industry, Government of India.

**Coverage:** The data cover the entire trade in merchandise goods which include goods subject to commercial transactions as well as international gifts, foreign aid *etc.* The merchandise trade also includes Government Stores *i.e.* trade on Government accounts. Though transactions in treasure (*i.e.* gold and current coins and notes) are excluded, transactions in silver, notes and coins not yet in circulation, or withdrawn from circulation are included as they constitute merchandise trade.

#### Methods of recording and valuation

Generally statistics of Foreign Trade of India are based on the declarations made by (i) exporters in shipping bills and (ii) importers in the bills of entry (which are submitted to the customs authorities at the ports). These bills are the forms which contain the Custom's permission to ship or land the goods as the case may be.

For further details on coverage, limitations, method of valuation *etc.*, of the statistics on Foreign Trade of India, a reference may please be made to 'A Guide to Current Official Statistics of Trade, Shipping and Customs and Excise revenue of India' published by the D.G.C.I. & S.



**Table 32: Foreign Exchange Reserves**

Forex Exchange Reserves (FER) comprises Foreign Currency Assets (FCA), Gold, Special Drawing Rights and Reserve Tranche Position. Table provides the position of foreign exchange reserve on every Friday.

**1.1 Foreign Currency Assets:** Foreign Currency Assets (FCA) are maintained in major currencies like US dollar, Euro, Pound Sterling, Japanese Yen, *etc.* However, the Foreign Exchange Reserves are denominated and expressed in US dollar only. The movements in the FCA occur mainly on account of purchase and sale of foreign exchange by the RBI in the foreign exchange market in India, income arising out of the deployment of the foreign exchange reserves, external aid receipts of the Central Government and revaluation of the assets. The Foreign Currency Assets are invested in multi-currency, multi-asset portfolios.

**1.2 Gold Reserves:** Reserve Bank holds 557.8 tonnes of gold, which is revalued at the end of the month at 90% of the daily average price quoted by London Bullion market Association.

**1.3 Special Drawing Right:** Special Drawing Right (SDR) is an international reserve asset created by IMF and allocated to its members in proportion of the members' quota at IMF. SDRs are held by Government of India/RBI and are shown as part of the Foreign Exchange Reserves.

**1.4 Reserve Tranche Position:** According to the IMF, Reserve Tranche equals the Fund's holdings of a member's currency (excluding holdings which reflect the member's use of Fund credit) that are less than the member's quota. The reserve tranche is reckoned as part of the member's external reserves.

**Table 33: NRI Deposits**

The Reserve Bank allows to open and maintain accounts with authorised dealers and with banks (including cooperative banks) in India by a person resident outside India, the details of which are as follows:

**1.1 Foreign Currency (Non-Resident) Account (Banks) Scheme - FCNR (B) Account:**

Non-resident Indians (NRIs) and Persons of Indian Origin (PIOs) are permitted to open and maintain these accounts with authorised dealers and banks authorised by the Reserve Bank to maintain such accounts. Deposits may be accepted in any permitted currency, *i.e.*, a foreign currency, which is freely convertible.

**1.2 Non-Resident (External) Rupee Account Scheme – NR(E)RA Account:**

NRIs and PIOs are permitted to open and maintain these accounts with authorised dealers and with banks (including cooperative banks) authorised by the Reserve Bank to maintain such accounts. The account is maintained in Indian rupees only.

**1.3 Non-Resident (Ordinary) Account Scheme – NRO Account:**

Any person resident outside India [as per Section 2 (w) of Foreign Exchange Management Act (FEMA)], may open and maintain NRO account with an authorised dealer or an authorised bank for the purpose of putting through bona fide transactions denominated in Indian Rupees. Post Offices in India may maintain savings bank accounts in the names of persons resident outside India and allow operations on these accounts subject to the same terms and conditions as are applicable to NRO accounts maintained with an authorised dealer/authorised bank.

**Table 34: Foreign Investment Inflows**

Foreign investment comprises foreign direct investment (FDI) and foreign portfolio investment (FPI). Data on FDI and FPI each have two components-FDI/FPI to and by India.

The data on foreign investment are compiled and disseminated on monthly basis by the Reserve Bank in line with the international best practices. The data on foreign investment are also published as part of Balance of Payments (BoP) Statistics on a quarterly basis.

**Foreign direct investment (FDI):** The Reserve Bank provides data on FDI, which has three components, *viz.*, equity capital, reinvested earnings and other direct capital as recommended in International Monetary Fund's (IMF) Balance of Payments Manual, Fifth Edition (BPM-5).

FDI to and by India up to 1999-2000 comprise mainly equity capital. In line with the international best practices, the coverage of FDI has been expanded since 2000-01 to include, besides equity capital, reinvested earnings (retained earnings of FDI companies) and 'other direct capital' (inter-corporate debt transactions between related entities). Data on equity capital include equity of unincorporated entities (mainly foreign bank branches in India and Indian bank branches operating abroad) besides equity of incorporated bodies.

Foreign investment is reckoned as FDI only if the investment is made in equity shares, fully and mandatorily convertible preference shares and fully and mandatorily convertible debentures with the pricing being decided upfront as a figure or based on the formula that is decided upfront. Partly paid equity shares and warrants issued by an Indian company in accordance with the provision of the Companies Act, 2013 and the Securities Exchange Board of India (SEBI) guidelines, as applicable, are treated as eligible FDI instruments *w.e.f.* July 8, 2014 subject to compliance with FDI scheme.

**Foreign Portfolio Investment (FPI):** The FPI to India includes foreign investment in equity and debt securities traded in stock exchange and primary markets, American Depository Receipts (ADRs)/Global Depository Receipts (GDRs), and offshore funds and others.

### **Table 35: Outward Remittances under the Liberalised Remittance Scheme (LRS) for Resident Individuals**

Resident individuals are permitted to make remittances up to USD 250,000 per financial year for any permitted current or capital account transactions or a combination of both as per the regulations prescribed under the Foreign Exchange Management (Current account transactions) Rules, 2000, as amended from time to time, and the Foreign Exchange Management Act, 1999 (FEMA) or the rules or regulations framed thereunder. The Scheme is not available to corporates, partnership firms, HUF, Trusts, *etc.*

Liberalised Remittance Scheme (LRS) for Resident Individuals data is compiled on the basis of information furnished by AD Category-I banks on remittances made under the Liberalised Remittance Scheme (LRS) on a monthly basis, on or before the fifth of the following month to which it relates. The LRS limit has been revised in stages consistent with prevailing macro and micro economic conditions. Details of limit under each category (*viz*, deposit, purchase of immovable property, investment in equity/debt, gift, donations, travel, maintenance of close relative, medical treatment, studies abroad and others) is available on RBI website in the form of Master Directions on Liberalised Remittance Scheme (LRS) for Resident Individuals and same is updated as and when modifications are made. The flow position related to outward remittances under LRS for resident individuals is compiled as per the data furnished by Authorised Dealer banks on monthly basis”.

The permissible capital account transactions by an individual under LRS are:

- i. opening of foreign currency account abroad with a bank;
- ii. purchase of property abroad;
- iii. making investments abroad- acquisition and holding shares of both listed and unlisted overseas company or debt instruments; acquisition of qualification shares of an overseas company for holding the post of Director, acquisition of shares of a foreign company towards professional services rendered or in lieu of Directors remuneration; investment in units of Mutual Funds, Venture Capital Funds, unrated debt securities, promissory notes;
- iv. setting up Wholly Owned Subsidiaries and Joint Ventures (with effect from August 05, 2013) outside India for bonafide business subject to certain terms & conditions;
- v. extending loans including loans in Indian Rupees to Non-resident Indians (NRIs) who are relatives as defined in Companies Act, 1956.

**Table 36: Indices of Real Effective Exchange Rate (REER) and Nominal Effective Exchange Rate (NEER) of the Indian Rupee**

The indices of Nominal Effective Exchange Rate (NEER) and Real Effective Exchange Rate (REER) are used as indicators of external competitiveness of a country. NEER is the geometric weighted average of bilateral nominal exchange rates of the home currency in terms of foreign currencies. Conceptually, the REER, defined as a weighted average of nominal exchange rates adjusted for relative price differential between the domestic and foreign countries, relates to the purchasing power parity (PPP) hypothesis.

The Reserve Bank of India has been constructing six-currency and thirty six-currency indices of NEER and REER as part of its communication policy and to aid researchers and analysts. These indices are published in the Bank's monthly Bulletin. The methodological details are available in December 2005 and April 2014 issues of RBI Monthly Bulletin. Since April 2014 issue of RBI Bulletin, the Reserve Bank has been publishing consumer price index (CPI) based indices of NEER and REER, replacing indices of NEER and REER based on wholesale price index (WPI) for India and CPI for trade partner countries. The indices of NEER and REER are computed for 36-currencies baskets, based on trade as well export weights. The base year for 36-currencies basket NEER and REER is 2004-05.

**Coverage:** The six-currency indices represent the US, the Eurozone (comprising of 19 countries), UK, Japan, China and Hong Kong SAR. The coverage has also been revised for the 36-country REER/NEER indices.

**Prices:** The indices (both 6 currency and 36 currency) use the consumer price index (CPI) as a proxy for India's price and also for foreign partners countries.

**Exchange Rate:** In the construction of REER indices, the Special Drawing Right (SDR) is used as the numeraire currency since the exchange value of the SDR is determined by a weighted average of a basket of major currencies (*i.e.*, the U.S. dollar, Euro, Japanese yen, pound sterling and Chinese renminbi), which would offset fluctuations in individual currencies. The exchange rate of a currency is expressed as the number of units of SDRs per currency.

**Base Year:** The monthly average of the REER and NEER for the base year is benchmarked to the level of 100. The six-currency indices have two base years- 2004-

05 as fixed base and a moving base, which would be updated every year to facilitate comparison with a more recent period.

**Weights:** The 6 and 36 currency CPI based REER index uses a 3-year moving average trade weights with a view to suitably reflect the dynamically changing pattern of India's foreign trade with its major trading partner countries. In order to calculate the weights, the geometric average of India's bilateral trade (exports plus imports) with countries/regions represented by the 6 currencies/ 36 currencies during the preceding three years has been taken. This has then been normalised to arrive at the requisite weights. In addition to trade weight, 36-currency REER and NEER are also computed based on exports weights.

**Data Sources:** For computation of 6-currency indices, the daily morning eastern market exchange rates of five currencies (*i.e.*, GBP, EUR, JPY, CNY and HKD) are sourced from Reuters. For the USD-INR exchange rate, the RBI reference rate is used. The SDR/USD rate is obtained from the IMF website. The CPI data for India are taken from Central Statistics Office (CSO), Ministry of Statistics and Programme Implementation (MOSPI) and those for other countries are sourced from the International Financial Statistics (IFS), International Monetary Fund.

The basic source for data on monthly exchange rates and prices for 36 currencies is the IFS of the International Monetary Fund. Data on India's trade with these 36 countries/regions has been taken from Directorate General of Commercial Intelligence and Statistics (DGCI&S) and *Direction of Trade Statistics* of the International Monetary Fund.

### Table 37: External Commercial Borrowings (ECBs)-Registration

Summary data on ECB registrations are being published in print version of RBI bulletin on monthly basis with a lag of one month. These data include:

- (1) Number and loan amount (in USD million) of ECBs registered under automatic route and approval route during the month.
- (2) Weighted Average Maturity (in years): It is defined as weighted average time for repayment of full loan amount.
- (3) Weighted Average Margin over 6-month LIBOR or reference rate for Floating Rate Loans.
- (4) Interest rate range for Fixed Rate Loans

An ECB is an instrument used in India to facilitate the access to foreign money by Indian corporations and Public Sector Undertakings (PSUs). ECBs provide an additional source of funds to the companies allowing them to supplement domestically available resources and take advantage of lower rates of interest prevailing in the international financial markets. External Commercial Borrowings (ECBs) refer to commercial loans in the form of bank loans, buyers' credit, suppliers' credit, securitised instruments (e.g., floating rate notes and fixed rate bonds), availed from non-resident lenders with minimum average maturity of 3 years.

ECB can be accessed under two routes, *viz.*,

- 1) Approval Route, *i.e.*, with prior approval of Reserve Bank of India (RBI); and
- 2) Automatic Route, *i.e.*, without prior approval of the RBI.

Borrowers intending to avail ECBs must obtain a Loan Registration Number (LRN) from Reserve Bank before drawing ECB amount. The process for obtaining LRN from RBI is as follows:

- (i) **Under Approval Route:** Cases where prior approval of RBI is required for availing ECBs, borrowers are required to submit physical copy of Form-ECB through their Designated AD Bank to Foreign Exchange Department (FED), RBI, which gives Loan Key Number (LKN) after granting approval or rejects application after examination. A borrower who is allotted LKN, submits duly-certified Form-83 to the Designated AD Bank, which in turn certifies and forward Form-83 to Department of Statistics and Information Management (DSIM) for LRN allotment.

- (ii) **Under Automatic Route:** Borrower enters into loan agreement complying with the ECB guidelines with recognized category lender for raising ECB, without the prior approval of the Reserve Bank. For LRN allotment, borrowers are required to submit a physical copy of Form 83, in duplicate, certified by the Company Secretary (CS) or Chartered Accountant (CA) to the designated AD bank. AD certifies the request after ensuring that the application is covered under automatic route and forwards one physical copy of Form-83 directly to DSIM, for LRN allotment.

### Table 38 & 39: India's Overall Balance of Payments

These tables are a systematic record of India's international economic transactions, *i.e.* of merchandise, services and unrequited transfers that the country (*i.e.*, the residents) received from and provided to the rest of the world (*i.e.*, non-residents), and of the changes in the country's claim on and liabilities to the rest of the world. The basic principle involved in compilation of the BoP is the use of the internationally accepted convention of double-entry recording system. In the tables, an increase in assets or a decrease in liabilities is recorded as debits and a decrease in assets or an increase in liabilities as credit.

Balance of payment (BoP) comprises of current account, capital account, errors and omissions and changes in foreign exchange reserves.

The concept of "residence" is central to BoP compilation. It is, therefore, necessary to determine the economic entities which are residents of an economy and those which are non-residents. For this purpose, the IMF Manual has prescribed certain criteria. Besides, some conventions have also evolved over the years.

There are two sources of data for merchandise trade in India - customs data reported by the Directorate General of Commercial Intelligence and Statistics (DGCI&S) and banking channel data reported by Authorised Dealers in foreign exchange (ADs) to the Reserve Bank of India through the Foreign Exchange Transactions Electronic Reporting System (FETERS).



**Under current account of the BoP**, transactions are classified into merchandise (exports and imports) and invisibles. Invisible transactions are further classified into three categories, namely (a) Services-travel, transportation, insurance, Government not included elsewhere (GNIE) and miscellaneous (such as, communication, construction, financial, software, news agency, royalties, management and business services); (b) Transfers (grants, gifts, remittances, etc.) and (c) Income.

**Under the Capital Account**, capital inflows are classified by instrument (debt or equity) and maturity (short or long term). The main components of the capital account include foreign investment, loans and banking capital. Foreign investment, comprising Foreign Direct Investment (FDI) and Portfolio Investment consisting of Foreign Institutional Investors (FIIs) investment, American Depository Receipts/Global Depository Receipts (ADRs/GDRs) represents non-debt liabilities, while loans (external assistance, external commercial borrowings and trade credit) and banking capital, including non-resident Indian (NRI) deposits are debt liabilities.

## 1. Current account

**1.1 Merchandise:** It covers exports and imports of all movable goods. For the compilation of BoP in India, the exports valued at the customs which is on “free on board” (FOB) basis and imports valued on the basis of “cost, insurance and freight” (CIF) reported through the banking channel are used. While the banking channel data provide full coverage of payments, the customs data provide valuable information related to commodity wise and source-wise imports for policy formulations.

## 1.2 Invisibles

### 1.2.1 Services

**1.2.1.1 Travel:** The item covers expenditure incurred by non-resident travellers during their stay in the country. It excludes international passenger services, which are included in 'transportation'.

**1.2.1.2 Transportation:** It records receipts and payments on account of the carriage of goods and natural persons from one location to another as well as related supporting and auxiliary services. It is classified in both dimensions - mode of transport (sea, air or others) and carriages (passengers/freight).

**1.2.1.3 Insurance:** The entries cover all receipts and payments relating to all types of insurance as well as reinsurance. Estimated insurance component of the value of

exports invoiced c.i. and c.i.f. is included under this term, but not the insurance component of the value of imports invoiced c.i. and c.i.f., which is included under imports payments. Remittances out of foreign insurance companies, various insurance funds are treated as capital payments and are not included under this item.

**1.2.1.4 Government, not included elsewhere (G.n.i.e):** The item relates to receipts and payments on government account not included elsewhere as well as receipts and payments on account of maintenance of embassies and diplomatic missions and offices of international institutions.

**1.2.1.5 Miscellaneous:** This item covers receipts and payments in respect of all other services such as communication, constructions, financial software, agency services, technicians and professional services, technical know-how, royalties, subscriptions for periodicals, etc.

**1.2.2 Transfer:** Transfer represent all receipts and payments without a *quid pro quo*. These are divided into official and private transfer. Under *official transfer*, credits represent cash receipts and value of aid received in kind from foreign governments and institutions, while debits cover contributions to international organisations and official grants in cash or kind extended to foreign governments. Under private transfer, entries represent all unilateral transfers such as migrants' transfers, repatriation of savings, remittances for family maintenance, contributions and donations to religious organisations and charitable institutions, etc.

**1.2.3 Income:** 'Investment income' together with 'compensation of employees' constitute the income account. While compensation of employees include remittances received or paid to non-resident workers, investment income entries relate to remittances, receipts and payments on account of profits, dividends, interest and discounts including interest charges and commitment charges on foreign loans including those on purchases from the International Monetary Fund.

## 2 Capital Account

The capital account presents transfers of money and other capital items and changes in the country's foreign assets and liabilities resulting from the transactions recorded in the current account. Flows recorded in the capital account are classified into three sectors, viz., (i) private, (ii) banking and (iii) official.

**2.1 Foreign Investment:** Data on investment abroad, hitherto reported, has been split into Foreign direct investment and portfolio investment since 2000- 2001.

**2.1.1 Foreign Direct Investment (FDI)** includes equity capital, reinvested earnings (retained earnings of FDI companies) and other direct capital (inter-corporate debt transactions between related entities).

**2.1.2 Portfolio investment** mainly includes FII investment, funds raised through GDRs/ADRs by Indian companies and through offshore funds.

## 2.2 Loans

**2.2.1 External assistance by India** denotes aid extended by India to other foreign Governments under various agreements and repayment of such loans. External Assistance to India denotes multilateral and bilateral loans received under the agreements between Government of India and other Governments/International institutions and repayments of such loans by India, except loan repayment to erstwhile Rupee area countries that are covered under the Rupee Debt Service.

**2.2.2 Commercial borrowings:** ECB refer to commercial loans in the form of bank loans, buyers' credit, suppliers' credit, securitised instruments (*e.g.*, floating rate notes and fixed rate bonds, non-convertible, optionally convertible or partially convertible preference shares) availed from non-resident lenders with a minimum average maturity of 3 years (*i.e.*, 3 years and above).

**2.2.3 Short Term to India:** Trade credits refer to credits extended for imports directly by the overseas supplier, banks and financial institutions for a maturity of less than three years. Depending on the source of finance, such trade credits are classified as Suppliers' Credit or Buyers' Credit. Suppliers' credit relates to credit for imports into India extended by the overseas supplier, while buyers' credit refers to loans for repayment of imports into India arranged by the importer from a bank or financial institution outside India for a maturity of less than three years.

**2.3 Banking capital:** Banking capital comprises three components: (a) foreign assets of commercial banks (ADs), (b) foreign liabilities of commercial banks (ADs), and (c) others.

The foreign assets consist of non-resident deposits foreign currency holdings, and rupee overdrafts to non-resident banks. The foreign liabilities consist of non-resident deposits foreign currency liabilities, and rupee liabilities to non-resident banks and official and semi-official institutions. Credit entries (inflow) represent a fall in assets

and an increase in liabilities, while debit entries (outflows) represent an increase in assets and a fall in liabilities.

**2.4 Rupee Debt Service** includes principal repayments on account of civilian and non-civilian debt in respect of Rupee Payment Area (RPA) and interest payments thereof.

**2.5 Other capital:** Other capital comprises mainly the leads and lags in exports receipts. Other items included under “other capital” are funds held abroad (debit), India’s subscription to international institutions, quota payments to the IMF and SDR allocation (data maintained by the Department of External Investments and Operations, RBI), remittances towards recouping the losses of branches/ subsidiaries reported by ADs under FETERS and residual items of other capital transactions not included elsewhere.

**3. Errors & Omissions:** While BoP accounts are, in principle, balanced, imbalances may occur in practice on account of compilation procedures and different data sources. This imbalance, a usual feature of BoP statistics, is termed “net errors and omissions” and is identified explicitly in the BoP statement. Net errors and omissions in simple terms are derived residually as the difference between total of receipts and payments (both current and capital together with the financial account). The size and trends of net errors and omissions provide useful insights into the accuracy of data sources in terms of coverage and reporting, as well as accounting methods.

**4. Monetary Movements:** Movements in the balance with IMF and reserves comprises changes in the foreign currency assets held by the RBI and SDR balances held by the Govt. of India. These are recorded after excluding changes on account of valuation. Valuation changes arise because foreign currency assets are expressed in US dollar terms and they include the effect of appreciation/ depreciation of non-US currencies (such as Euro, Sterling, and Yen *etc.*) held in reserves.

**Table 40 & 41: Standard Presentation of BoP in India (As per BPM 6)**

Balance of Payments data represented in the table is as per BPM6 *i.e.* the sixth edition of the Balance of Payments and International Investment Position Manual.

As per BPM6 of the International Monetary Fund (IMF) BoP data includes all transactions showing: (a) transactions in goods, services and income between an economy and the rest of the world, (b) changes of ownership and other changes in that economy's monetary gold, special drawing rights (SDRs), and financial claims on and liabilities to the rest of the world, and (c) unrequited transfers. These transactions are categorised into (i) the "current account" including "goods and services", the "primary income", and the "secondary income", (ii) the "capital account", and (iii) the "financial account".

According to the BPM6, "an institutional unit is resident in an economic territory when there exists, within the economic territory, some location, dwelling, place of production, or other premises on which or from which the unit engages and intends to continue engaging, either indefinitely or over a finite but long period of time, in economic activities and transactions on a significant scale". Actual or intended location for one year or more is used as an operational criterion for the purpose of determining residence. Based on the above definition, each institutional unit is a resident of one and only one economic territory determined by its centre of predominant economic interest.

For more details user may refer to Balance of Payments Manual for India available on RBI website which can be accessed through the following link. (<https://www.rbi.org.in/scripts/PublicationReportDetails.aspx?UrlPage=&ID=596>).

**Current Account**

The current account includes flows of goods, services, primary income, and secondary income between residents and non-residents and thus constitutes an important segment of BoP. While the "goods and services account" generally forms a major part of the current account, the primary income account reflects amounts payable and receivable in return for providing temporary use of labour, financial resources. The secondary income account shows redistribution of income between resident and non-residents, *i.e.*, when resources for current purposes are provided without economic value being exchanged in return (transfers). The net effect of all the transactions under the above accounts is known as the "current account balance". In other words, the current account balance shows the difference between the sum of exports of goods and services as well as income receivable, on the one hand, and the sum of imports

and income payable on the other. From a macroeconomic perspective, the value of the current account balance reflects the inflow/outflow of foreign resources bridging the savings-investment gap.

### Capital Account

The capital account comprises credit and debit transactions under non-produced non-financial assets and capital transfers between residents and non-residents. Thus, acquisitions and disposals of non-produced non-financial assets, such as land sold to embassies and sales of leases and licences, as well as transfers which are capital in nature, are recorded under this account.

### Financial Account

The financial account reflects net acquisition and disposal of financial assets and liabilities during a period. The transactions under financial account appear both in the BoP and in the integrated International Investment Position (IIP) statement owing to their effect on the stock of assets and liabilities. The sum total of net transactions under the current and capital account represents net lending (surplus) or net borrowing (deficit) by the economy from the rest of the world, which is reflected in the financial account as net outflow or inflow of capital. Thus, the financial account shows how the net lending to or borrowing from the rest of the world has occurred. Conversely, it shows how the current account surplus is used or the current account deficit is financed.

### Table 42: International Investment position

The international investment position (InIP) of a country represents the stocks of external financial Liabilities and Assets as at the end of the reference period (quarter end). It represents the balance sheet of the stock of external financial assets and liabilities of a country. The net InIP (the stock of external assets less the stock of external liabilities) shows the difference between what an economy owns in relation to what it owes. The items that comprise the InIP consist of claims on non-residents, liabilities to non-residents and monetary gold. Changes in an InIP statement during a period reflect financial transactions, valuation changes resulting from exchange rate changes and other price changes that occurred during the period and affects the levels of assets and/or liabilities. It represents the value and composition of the economy's claims on the rest of the world and value of that economy's financial liabilities to the

rest of the world as at the end of the reference period. The difference between the two sides (*i.e.* External financial assets and liabilities) of the economy gives the net international investment position of the economy. The InIP of India is compiled in conformity with the guidelines given in the BPM6 of the IMF.

Data are compiled quarterly with a lag of one quarter and the reference period is end of every quarter. In the Bulletin print version only summary data is being presented under major heads. However, time series reports as per BPM6 format are available at DBIE which provides detailed data in both the currencies (*i.e.* INR and US\$).

**Geographical coverage:** The economic territory consists of the geographic territory, administered by the Government of India, and also non-resident counter-parties in all countries.

### **InIP Components: Definition and Classification**

International investments made by a country in non-resident entities constitute foreign assets whereas international investments received by a country from non-resident entities form its foreign liabilities. These assets/liabilities are primarily financial assets and financial liabilities. Assets are divided into direct investment, portfolio investment, financial derivative, other investment and reserve assets. Liabilities are divided the same way except for reserve assets, *i.e.*, direct investment, portfolio investment, financial derivative and other investment.

**Liabilities coverage** - Foreign direct investment in India in equity including reinvested earnings and other capital; Portfolio Investment in equity and debt securities; Other Investments including trade credits, loans, currency and deposits, and other liabilities.

**Assets include-** Direct investment abroad by India in joint ventures/wholly owned subsidiaries abroad including reinvested earnings and other capital; Portfolio investment in equity and debt securities; Other investments including trade credits, loans, currency and deposits, and other investments, and reserve assets.

**Valuation:** Conversion to unit of account: The exchange rate used is the end-quarter exchange rate compiled at RBI; transactions are valued at market prices as far as possible.

**Data sources:** Data collected by the Reserve Bank of India from all the available sources on foreign assets and liabilities, *viz.*, India's external debt, international reserves and foreign currency liquidity and balance of payments, locational banking

statistics, *etc.*, and are integrated together to compile the international investment data.

In addition, annual surveys on foreign liabilities and assets are conducted for collecting annual data from the corporate sector, insurance sector and mutual fund/asset management companies by the RBI for estimating reinvested earnings of the foreign direct investors and other liabilities of the concerned sectors.

**Direct Investment:** Direct investment data is based on BoP statements and Portfolio investments are based on BoP data and International Banking Statistics (compiled by the RBI as per BIS guidelines).

**Other investment:** Assets & Liabilities Statement submitted by banks, Head office funds of the overseas branches of Indian Scheduled Commercial banks, External debt statistics *etc.*, and records maintained at RBI *etc.*, surveys on foreign liabilities and assets.

The provisional data for a given quarter are revised, if necessary, at the time of the publication of the data for the subsequent quarters.

### Table 43: Payment System Indicators

Monthly data covers payment and settlement system indicators for the systems operated by RBI, Clearing Corporation of India Limited (CCIL) and National Payments Corporation of India (NPCI), and other Payment System Operators authorised by RBI. Data for latest 12 months is provisional.

**1. Real Time Gross Settlement (RTGS)** - RTGS can be defined as the real-time settlement of funds transfers individually on an order by order basis (without netting). The funds settlement takes place in the books of the RBI and the payments are final and irrevocable. The RTGS system is primarily meant for interbank and large value customer transactions with no upper ceiling. Although minimum limit for customer transactions is ₹ 0.2 Million currently, there is no minimum limit for interbank transactions. The system also facilitates Multilateral Net Settlement Batch (MNSB) files emanating from other ancillary payment systems including the systems operated by CCIL and NPCI. RTGS data is taken from the systems directly.



**2. CCIL Operated Systems** - CCIL has been authorised as a system provider to operate payment systems. In RBI Bulletin, following segments are included (i) Collateralised Borrowing and Lending Obligations (CBLO), (ii) Securities segment – Outright & Repo trades in Government Securities, (iii) Forex Settlement (USD-INR) segment. Monthly data pertaining to various segments is collected directly from CCIL.

### 3. Paper Clearing

**Cheque Truncation System (CTS)** - Cheque truncation involves the stoppage of the physical movement of the cheque by replacing physical instrument by image of the instrument and the corresponding data contained in the MICR line. NPCI is operating the grid based CTS in India. Grid is the collective geographical jurisdiction to include the States of the region. After migration of the entire cheque volume from MICR system to CTS, the traditional MICR-based cheque processing has been discontinued across the country. Apart from 66 MICR centres, 184 Express Cheque Clearing Systems (ECCS) centres have also migrated to CTS (as on end December 2016). CTS data pertains to all three grid centers and is collected directly from NPCI.

**Non-MICR clearing**- Apart from CTS, ECCS application package is used in small clearing houses with low volume. Non-MICR clearing data pertains to clearing houses which are operating on ECCS and managed by various banks. This data is collected from the banks managing the clearing houses.

### 4. Retail Electronic Clearing

**4.1 ECS Debit (DR)** – Electronic Clearing System (ECS) is an electronic mode of payment/receipt for transactions that are repetitive and periodic in nature. ECS Debit is used by an institution for raising debits to a large number of accounts (consumers of utility services, borrowers, investors in mutual funds *etc.*) maintained with bank branches at various locations.

**4.2 ECS Credit (CR)/NECS** is used by an institution for affording credit to a large number of beneficiaries (for instance, employees, investors *etc.*) having accounts with bank branches at various locations.

Data on ECS (Debit and Credit) is collected from banks managing the clearing houses on a monthly basis. NECS data is taken from the system directly (operated by RBI).

**4.3 National Electronic Funds Transfer (NEFT)** - NEFT is an electronic fund transfer system that operates on a Deferred Net Settlement (DNS) basis. In DNS, the settlement takes place with all transactions received till a particular cut-off time. Any transaction initiated after a designated settlement time would have to wait till the next designated settlement time. NEFT data is taken from the systems directly.

**4.4 Immediate Payment Service (IMPS)** - IMPS offers an instant, 24X7, interbank electronic fund transfer service through mobile phones/ ATMs/ Internet banking. Data for IMPS is collected from NPCI.

**4.5 National Automated Clearing House (NACH)** - It is a centralised system implemented by NPCI to facilitate interbank, high volume, electronic transactions which are repetitive and periodic in nature. Data for NACH is collected from NPCI.

**5. Cards** - Cards can be classified on the basis of their issuance, usage and payment by the card holder. **Debit Cards** are issued by banks and are linked to a bank account. **Credit Cards** are issued by banks/other entities approved by RBI. The credit limits sanctioned to a card holder is in the form of a revolving line of credit and may or may not be linked to a bank account. Both debit and credit cards are used to withdraw cash from an ATM, purchase of goods and services at Point of Sale (PoS) and E-commerce (online purchase). Data on usage of credit and debit cards is collected from card issuing banks (only Scheduled Commercial Banks).

**6. Prepaid Payment Instruments** - Prepaid instruments are issued by the banks/ non-banks approved/ authorised by RBI against the value paid in advance by the PPI holder and stored in such instruments, which can be issued as smart cards or chip cards, magnetic stripe cards, internet accounts, internet wallets, mobile accounts, mobile wallets, paper vouchers, etc. The PPI can be used for purchase of goods and services at Point of Sale (PoS)/E-commerce (online purchase), domestic money transfer and cash withdrawal (in case of open loop PPIs).

Data is collected from banks and authorised non-banks and covers data on purchase of goods and services using such PPIs. Data related to domestic money transfer using PPI is not included in the Table to avoid duplication, since money transfer is generally done through NEFT or IMPS which is already captured in separate data items of the Table.

**7. Mobile Banking System** - Mobile phones as a medium for providing banking services have been attaining increased importance. RBI brought out a set of operating guidelines on mobile banking for banks in October 2008, according to which only banks which are licensed and supervised in India and have a physical presence in India are permitted to offer mobile banking after obtaining necessary permission from RBI. Data on mobile banking is collected from banks approved to carry out such operations. However, this data is not included in item 11 (Grand Total) of the Table to avoid duplicity, as mobile banking is a channel and consists of products which are already included in other data items of the Table.

**8. Cards Outstanding**- Number of debit and credit cards issued by banks (excluding those withdrawn/blocked), is collected from card issuing banks (only scheduled commercial banks).

**9. Automated Teller Machines (ATM), Point of Sale (POS) Terminals** – Data on number of ATMs deployed in country is collected from scheduled commercial banks and White Label ATM (WLA) operators (WLA data included from April 2014 onwards). POS terminals enable customers to make payments for purchases of goods and services by using credit/debit cards. RBI has recently permitted cash withdrawal using debit cards issued by the banks at POS terminals. The number of POS terminals deployed is collected from scheduled commercial banks.

#### Table 44: Small Savings

Small Saving schemes have been an important source of household savings in India. Small savings instruments and Savings bonds serve the objectives of social security and as tools of resource mobilisation. The Central Government offers a risk-free avenue for mobilising savings through Small Savings Schemes (SSS) and the net collections are used as a source of financing the deficits by the Central and State Governments. Savings bonds and small savings, are administered by the Government and this component continues to have a significant share in the outstanding liabilities of the Government of India.

Small savings instruments can be classified under three heads.

- i. Postal deposits comprising savings account, recurring deposits, time deposits of varying maturities and monthly income scheme(MIS) etc.
- ii. Savings certificates viz., National Small Savings Certificate (NSC) and Kisan Vikas Patra (KVP); Other Certificates.
- iii. Social security schemes viz., public provident fund (PPF) and Senior Citizens' Savings Scheme(SCSS).

Monthly data is updated on quarterly basis. Receipts relate to gross receipts during the period and Outstandings relate to the end of the period.

**Source:** Accountant General, Post and Telegraphs.

#### Table 45: Ownership pattern of Central and State Government Securities

Government Securities (G-Secs) are securities issued by the Central Government or the State Government. These securities represent the market borrowings of the Centre and/ respective States. They are issued for financing the fiscal deficit and managing the temporary cash mismatches of the Government. Broadly, Government Securities can be classified as follows:

- Dated Government Securities
- State Government Securities
- Treasury Bills

G-Secs are those securities which are issued by the Central Government and are the most actively traded out of the three instruments. Similarly, State Government Securities, as the name suggests, refer to borrowings of the State Governments. Treasury Bills are shorter tenor securities, ranging from 91 Days to 364 Days, issued for the purpose of meeting short term liquidity mismatches of the Central Government.

G-Secs market is largely institutional in nature, though retail investments are permitted. Institutional players include Commercial Banks, Primary Dealers (PDs), Insurance Companies, Co-operative Banks, Regional Rural Banks, Mutual Funds, Corporates, Provident and Pension funds. Foreign Institutional Investors (FIIs) too, are

allowed to participate in the G-Secs market within the quantitative limits prescribed from time to time. These securities are generally held in Subsidiary General Ledger (SGL) accounts held with the RBI. In case entities do not have a direct account with RBI, they may open a Constituent SGL (CSGL) account with banks and Primary Dealers or convert them into dematerialized form in demat accounts maintained with the Depository Participants like NSDL/CDSL.

The Reserve Bank of India generates and compiles the data on government securities. Data on Ownership of Central and State Government Securities are compiled on quarterly basis (outstanding at end-March, June, September and December) and published in the Bulletin table. Table provides amount outstanding for both Central and State Government Securities in ₹ Billion and percentage of holding for different investor categories. There is one quarter reporting lag in publishing the data. Table provides data for both Central and State Government Securities for different categories of holders such as the Reserve Bank of India, commercial banks, primary dealers, insurance companies, important Provident Funds, etc. There is one quarter reporting lag in publishing of the data. Percent of holding is only given in this table.

### **Data Compilation**

G-Secs are held in various types of SGL accounts maintained at Public Debt Office. The SGL accounts represent the proprietary holdings of government securities by the SGL account holder. The holdings of G-Secs in SGL accounts are compiled from Core Banking System of RBI. The securities in the CSGL account are held on behalf of its clients, who, in turn, maintain gilt accounts or demat accounts with the CSGL account holder. For identifying the final beneficiaries in CSGL accounts, the data is compiled from custodians banks/PDs who are holding CSGL accounts. For the category relating to PDs, the holdings are compiled from PDR-IV return for Non-bank PDs, and from PDR II return for bank PDs. The Reserve Bank of India generates and compiles the data on government securities. Data on ownership of Central and State Government Securities are compiled on quarterly basis (outstanding at end-March, June, September, December) and published in the Bulletin table.

### Table 46: Combined Receipts and Disbursements of the Central and State Governments

The Combined Receipts and Disbursements of the Central and State Governments provides a summarised view of the budgetary operations of the Central and State Governments in India as compiled by the Reserve Bank of India. The data are published in the RBI Bulletin twice a year- provisional data in September issue and final data in the issue for the month coterminous with the publication of *State Finances: A Study of Budgets* by RBI. The data are compiled from the budget documents of Central and State Governments and RBI records. In compiling the data, RBI broadly follows the approach/methodology adopted by International Monetary Fund (IMF) in its Government Finance Statistics (GFS) Manual.

**1. Total Disbursement:** Total Disbursement is the combined expenditure of Central and State governments.

**1.1 Developmental Disbursement** is the combined expenditure on developmental sectors such as education, health, employment, agriculture, infrastructure and transport among others.

**1.1.1 Developmental Revenue** disbursement is the sum of developmental revenue expenditure by Centre and States *net of* Plan grants to States.

**1.1.2 Developmental Capital** disbursement is the sum of developmental capital expenditure by Centre and States.

**1.1.3 Developmental Loan** is the sum of development loans of Centre and States *minus* loans to States.

**1.2 Non-developmental Disbursement** is the combined expenditure on non-developmental sectors such as defence, government administration and interest payments among others.

**1.2.1 Non-developmental Revenue** disbursement is the sum of non-developmental revenue expenditure by Centre and States *net of* non-Plan grants to States and interest receipts from States to Centre.

**1.2.2 Non-developmental Capital** disbursement is the sum of non-developmental capital expenditure by Centre and States.

**1.2.3 Non-developmental Loans** is the sum of non-development loans of Centre and States.

**2. Total Receipts** is the combined receipts of Central and State Governments.

**2.1 Tax Revenue Receipts:** Tax Revenue Receipt is the sum of tax revenues of Centre and States *minus* States' share in Central taxes.

**2.1.2 Non-tax Receipts** is the sum of non-tax revenue of Centre and States *net of* 'grants in aid to States' and 'interest receipts from States to Centre'

**2.2 Non-debt Capital Receipts** includes Recoveries of Loans and Advances of the Centre and States *minus* recoveries (repayments) from States; disinvestment proceeds; and other non-debt receipts of the Centre and States.

**3. Gross Fiscal Deficit** is the Gross Fiscal Deficit of Central Government plus Gross Fiscal Deficit of State Governments *minus* net lending from Central Government to State Governments (Net Lending is loans and advances from Centre to States *minus* recovery of loans and advances from States).

**Sources of Financing** the deficit are broken down into external and domestic financing, with domestic financing further broken down into market borrowing (net), small savings (net), collections through State Provident Funds (net), Reserve Funds, Deposits and Advances, Cash Balances and others.

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### ***Database on Indian Economy***

*The Database on Indian Economy (DBIE) is the most popular data communication channel of disseminating large volume of macro-economic and financial sector data for researchers, market participants and various other stakeholders. In addition to traditional channels such as data publications, reports, press releases etc., the Bank has also set up a public website viz., Database on the Indian Economy (DBIE) for data dissemination. The DBIE can be accessed through web browsers using the URL, <https://dbie.rbi.org.in>.*

*One of the main purposes of DBIE is to provide time series data on aggregates in a flexible and reusable format. Accordingly, subject area wise and periodicity wise time series data are presented in the DBIE. Data pertaining to each dataset (subject area) are presented through one or more fixed format tables. These tables can be downloaded and saved as excel files for further processing and analyses. Most of the tables in the Bank's major data publications, such as, Handbook of Statistics on Indian Economy, Current Statistics section of the RBI Bulletin and other Banking Statistics related publications are also presented in time series format. This obviates the need for users to collate data from multiple releases of various publications.*

*Bank-wise and Bank group-wise list of branches of scheduled commercial banks (SCBs) functioning in India with details, such as, bank, state, district, Centre name, address, etc., are available on the DBIE website with the hyperlink 'Branch Locator.'*