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## SPEECHES

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Crisis Resistant  
Shri Shaktikanta Das

Future Readying India's Monetary Policy  
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Role of Statutory Auditors in Emerging Financial Landscape  
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## *Inaugural Address at the 18<sup>th</sup> Statistics Day Conference\**

*Shri Shaktikanta Das*

I am happy to inaugurate the eighteenth Statistics Day Conference of the Reserve Bank. This annual event provides us with an opportunity to reflect on the current and evolving state of statistical system. It also helps us to take stock of the refinements in application of statistical methods and technologies in the realm of public policy.

The use of statistics has been ever growing as a preferred tool for drawing inferences in diverse fields. The discipline has moved beyond collection of facts to focusing more on interpretation and drawing inferences, taking into account the level of uncertainty. This shift has allowed statistics to become an integral part of other major disciplines. The surge in computing power is being increasingly harnessed in combination with statistical methods to improve efficiency in decision making and enrich end-user experience in various fields of human knowledge.

The celebration of the Statistics Day in India coincides with the birth anniversary of Professor Prasanta Chandra Mahalanobis. His contributions in laying the foundations of modern day official statistics in India have been pioneering. Inspired by his work, Indian statisticians are making their presence felt - both domestically and globally in traditional as well as in newer applications of statistics.

Against this backdrop, let me highlight the areas in which the Reserve Bank's cutting edge information management is contributing to the formulation of public policies and the overall economic development in India. One year ago, we launched our next generation

data warehouse, *i.e.*, the Centralised Information Management System (CIMS) at the Statistics Day Conference. Several new features<sup>1</sup> were introduced in the new system<sup>2</sup>. Scheduled commercial banks (SCBs), urban co-operative banks (UCBs) and non-banking financial companies (NBFCs) have already been onboarded for reporting on the new portal. The Reserve Bank has provided training to over 15,000 personnel from regulated entities. Many one-to-one handholding sessions have also been organised. I would like to congratulate the Department of Statistics and Information Management in the Reserve Bank for undertaking these initiatives. All regular statistical publications are now generated from the CIMS. Going forward, we intend to augment and refine the CIMS further as an integral part of our mission to constantly improve the quality of statistics. The new CIMS is also facilitating research on the Indian economy, minimising reporting burden, exploiting the technological advances and improving the experience of both data providers and users. In this endeavour, we have also benefitted from guidance by external experts. Our aspirational goal is to position information as a public good.

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<sup>1</sup> It incorporates various new age features like a data lake and integrated analytics with much higher processing speeds and scalability. Data lake is envisioned as a part of CIMS, which is more flexible than usual database systems, in terms of data fetching from multiple systems (inside and outside RBI), data storage (both structured and unstructured information) and data processing (standard and dynamic query based reports).

<sup>2</sup> The innovations implemented in the CIMS include: (a) to improve exchange of data and metadata, a Statistical Data and Metadata eXchange (SDMX) based repository has been implemented, which consists of the SDMX elements and related artefacts, undertakes data standardisation by aligning the elements with business concepts, and facilitates visualisation at desired level of granularity by drilling down elements; (b) a novel SDMX data conversion tool has been developed and implemented to generate SDMX time series from periodic data submitted by regulated entities; (c) all Regtech and Suptech data collection features have been implemented through creation of SDMX artefacts / metadata in server-to-server data transmission and data governance; (d) an advanced analytical platform to perform statistical analysis connecting cross domain data has been implemented with integrated programming interface; (e) an SDMX data query functionality provides interactive metadata driven search and data visualisation analytical platform for the general public; (f) power user capability known as common data platform has been implemented; and (g) functionality of regular information submission has been enriched with dashboards for regulated entities, system driven alerts and data submission monitoring utilities.

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\* Inaugural Address by Shri Shaktikanta Das, Governor at the 18th Statistics Day Conference organised by the Department of Statistics and Information Management, Reserve Bank of India, Mumbai, June 28, 2024

Looking ahead, the year 2025 has a special significance for compilation of official statistics the world over. Global efforts are expected to culminate in new global standards<sup>3</sup> for compilation of macroeconomic statistics, especially for national accounts and balance of payments. Our team in the Reserve Bank is closely tracking these developments.

We are also making efforts to harness the availability of huge computing power and growing digital footprints to analyse measures of expectations, sentiment indicators and policy credibility measures from alternative data sources. Let me add that the use of alternative and unconventional data sources proved to be invaluable during the most severe phases of the COVID-19 related lockdowns and restrictions. In fact, their utility extends beyond periods of crisis. Data management systems need to keep pace with the use of unconventional data sources as policy inputs. While doing so, we have to be mindful of the importance of eliminating noise and capturing the signals from high frequency indicators. We are conscious that we are moving from an era of data scarcity to data abundance. The volume of digital data stored<sup>4</sup> as well

as the storage capacity<sup>5</sup> are growing at an exponential pace, bringing forth new challenges along with new opportunities.

The focus now is naturally on enhancing capacity in artificial intelligence (AI) and machine learning (ML) techniques and analysing unstructured textual data. While doing so, ethical considerations need to be addressed and biases in algorithms need to be eliminated. In the Reserve Bank, we have ventured into AI/ML analytics in multiple areas. Under the Reserve Bank's aspirational goals for RBI@100, we aim to develop cutting edge systems for high frequency and real-time data monitoring and analysis.

As Professor C.R.Rao, the legendary statistician, and close associate of Professor Mahalanobis had said: "Statistics is the science of learning from data. Today is the age of data revolution."<sup>6</sup> I am sure that our statisticians in the Reserve Bank will continue to strive for excellence and meet the emerging information and research needs of our economy in its journey towards even higher levels of development.

I wish all success for today's deliberations.

Thank you.

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<sup>3</sup> The new standards for national accounts and balance of payments statistics, coordinated by the United Nation's Intersecretariat Working Group on National Accounts (ISWGNA) and the International Monetary Fund (IMF) Committee on Balance of Payments Statistics (BOPCOM), respectively aim to meet boarder policy analysis and monitoring needs by integrating elements of social wellbeing and environmental sustainability; incorporating globalisation and innovation in real and financial sector operations; incorporating digital transformation; tracking climate change; steadiness between stock and flows; more detailed breakdowns; consistency with other standards; and developing new data sources and methods.

<sup>4</sup> Moore's law

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<sup>5</sup> Kryder's law

<sup>6</sup> Rao, B.L.S. Prakasa (2020). 'C.R.Rao: A Life in Statistics', Bhāvanā - The Mathematics Magazine.

# *Keeping the Financial System Resilient, Future Ready and Crisis Resistant\**

*Shri Shaktikanta Das*

Professor Sheri Markose<sup>1</sup>; Dr. Hiroko Oura<sup>2</sup>; Deputy Governor Shri Swaminathan; Shri Arijit Basu, Chairman, Academic Council, College of Supervisors; Dr. Rabi N. Mishra, Director, College of Supervisors; Distinguished speakers and panelists; Members of the Academic council, College of Supervisors; My colleagues from the Reserve Bank; Ladies and Gentlemen. Namaskar.

I am delighted to be here to inaugurate the second edition of the global conference on financial resilience organised by the College of Supervisors (CoS) of the Reserve Bank of India. The first edition of the conference was held last year in April and I had participated in the same. Since its establishment in the year 2020, the CoS has made significant contributions to strengthen supervisory capacity of not just the Reserve Bank, but also the supervisors from a few other countries who have participated in the various programmes<sup>3</sup> organised by the college. My compliments to the team CoS for their dedication in successfully carrying forward the objectives of the organisation.

I am also happy to note that the conference has participation of eminent speakers, panelists and academicians from around the world. This three-day

event would cover diverse topics of interest to the global financial community.

The theme of the conference, 'Keeping the Financial System Resilient, Future-Ready and Crisis-Immune', is one which will never lose relevance, no matter which side of the economic cycle we are in. In fact, the ethos of being future-ready and resilient against crisis needs to be built into every financial institution. It has to be a key element of their organisational culture. It has to be developed proactively when the system is healthy rather than reactively when there may not be enough headroom to strategise and implement.

Fortunately, all stakeholders in India, namely, the Reserve Bank, the banks and non-banking financial companies (NBFCs), and the government have made tangible efforts in this direction. India's domestic financial system is now in a much stronger position<sup>4</sup>, characterised by robust capital adequacy, low levels of non-performing assets, and healthy profitability of banks and NBFCs. I would like to compliment the banks and other financial sector entities for such a stellar performance. There is, however, no room for complacency. We must keep constant vigil and continue to take proactive measures to sustain this progress.

In today's environment which is characterised by turbulent global spillovers and uncertainties, it is important for the financial sector to follow an adaptive and forward-looking approach to navigate amidst the emerging challenges. This would entail strengthening governance and risk management

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\* Inaugural Address by Shri Shaktikanta Das, Governor, Reserve Bank of India - June 20, 2024 - at the Second Global Conference on Financial Resilience organised by the College of Supervisors (CoS), RBI, Mumbai.

<sup>1</sup> Dr. Sheri Marina Markose, Professor of Economics, University of Essex, Colchester, UK & CBDC Academic Advisory Group, Bank of England & UK HM Treasury.

<sup>2</sup> Dr. Hiroko Oura, Head, Financial Sector Assessments and Policies Division, Mission Chief, FSAP, India, IMF, Washington DC, USA.

<sup>3</sup> Through a combination of training programs, workshops, seminars, and conferences, the College equips supervisors with the knowledge, skills, and tools necessary to fulfil their responsibilities effectively.

<sup>4</sup> The gross non-performing assets (GNPA) ratio for the scheduled commercial banks (SCBs) was 2.74 per cent at end March 2024 (provisional), down from 3.87 per cent as on March 31, 2023 and 5.82 per cent as on March 31, 2022. The capital to risk weighted assets ratio (CRAR) at 16.8 per cent at end March 2024 is also much above the minimum regulatory requirement. The GNPA ratio of NBFCs was 3.96 per cent at end March 2024 (provisional), down from 5.03 per cent at end March 2023, and 6.29 per cent at end March 2022. The capital to risk-weighted asset ratio (CRAR) at 26.58 per cent at end March 2024 is also well above the minimum regulatory requirement.

practices; employing sustainable business models; and embracing technological advances and using them to our advantage. On its part, the Reserve Bank will continue to fine tune the regulatory architecture and the supervisory rigour, as may be required, to promote long term resilience and stability of the financial system. Let me now elaborate on each of these aspects.

### Governance

Strong governance is at the core of resilience, especially in the financial sector. It is in fact the bedrock for informed and strategic decisions that align with long-term goals and risk management principles. In this context, I would like to highlight three major imperatives. First, effective governance entails establishing clear roles and responsibilities for the Board of Directors and the executive management. Both of them should possess necessary expertise and independence to take the right decisions and to effectively exercise appropriate oversight on operations.

Second, robust governance also involves implementing comprehensive internal controls and strong assurance functions, namely, risk management, internal audit and compliance. Internal controls should be designed to detect and mitigate potential risks before they escalate into significant issues. Regular internal and external audits play a critical role in this process as they provide independent assessments of the organisation's financial health. They also facilitate genuine compliance with regulatory requirements. Perfunctory compliance with regulations would actually be self-defeating. I am happy to note that at the systemic level, there has been significant improvement in compliance culture in our financial system. The Reserve Bank is bilaterally engaged with the outlier entities wherever it notices deficiencies. The heads of risk management, internal audit and compliance functions are the conscience keepers of a financial institution. They should have the necessary

seniority and independence within the organisation. These verticals in a bank or NBFC play a critical role in identifying the gaps and weaknesses, if any, in their organisations and help in managing risks and safeguarding the institution and its reputation.

The third point which I wish to highlight is the importance of ethics in governance which involves compliance with laws and regulations, both in letter and spirit; pursuit of sustainable business practices; and avoidance of mindless pursuit of bottom lines.

### Business Models

Let me now turn to business models. Both regulated entities and supervisors need to be vigilant to risks, if any, in the business models of organisations. While business models may be designed to drive profitability and growth, they sometimes contain vulnerabilities that may not be apparent. Pursuit of business growth is important, but it should never come at the expense of taking on unacceptable risks. Robust risk mitigants are essential for ensuring long-term success and resilience of a regulated entity as well as the overall financial system.

### Leveraging Technology while Managing its Risks

As the financial sector gets increasingly digitised, adoption of advanced technologies can significantly strengthen the ability of banks and NBFCs to withstand and respond to various risks. It has to be, however, ensured that these technologies are secure, reliable and aligned with the institution's overall strategic goals.

Integrating advanced and emerging technologies such as artificial intelligence (AI), machine learning (ML), and big data analytics into organisational functioning can transform the way financial institutions operate. AI and ML can enhance predictive analytics and enable banks and NBFCs to identify potential risks and trends more accurately. These technologies can improve fraud detection by recognising unusual patterns and transactions in real-time. Thus, they

can protect the institutions and their customers from financial crimes and frauds. Operational efficiency can be improved through automation of routine tasks, which reduces human error and frees up resources for more strategic activities. Robotic process automation (RPA) can handle high-volume and repetitive tasks, such as data entry and transaction processing, more quickly and accurately than humans.

As financial institutions increasingly rely on advanced technologies to enhance their operations, the dependency on third-party vendors and service providers may increase. A vendor's inability to deliver services reliably can directly impact the regulated entity's operations and customer service. Therefore, a thorough due diligence becomes necessary before selecting third-party vendors. This includes assessing their financial sustainability, technical capabilities, security standards, and their ability to comply with regulations. Further, there should be continuous monitoring of third-party vendors to ensure that they adhere to the agreed standards and practices.

### **Fine Tuning the Regulatory Framework and Supervisory Rigour**

As risks evolve and new challenges emerge, the Reserve Bank as a regulator and supervisor constantly focuses on being vigilant, adaptive and proactive with regard to the regulatory frameworks and supervisory systems to safeguard the stability of the financial system.

Over the past few years, the Reserve Bank has undertaken a comprehensive review of regulations under the aegis of the Regulations Review Authority (RRA) 2.0 constituted by it. Apart from withdrawal of many redundant instructions, the RRA has also made valuable recommendations to ease compliance and reduce the regulatory burden; streamline the reporting mechanism; and bring in more clarity in regulatory instructions.

In recent years, the Reserve Bank has also

comprehensively restructured the regulatory architecture for banks (both commercial and urban cooperative banks), NBFCs, housing finance companies (HFCs), asset reconstruction companies (ARCs), digital lenders, micro-finance lenders and core-investment companies. Thus, the financial sector regulations are now not only in sync with the changing times but also forward looking with the required readiness to take further proactive measures as may be necessary. Steps have also been taken to set up Self-Regulatory Organisations (SROs) for NBFCs and Fintech companies. This is a completely new approach to facilitate greater consultation and close interface with the stakeholders in the system. It will make regulations even more dynamic and proactive. In the same breath, I would like to emphatically state that there is no intention to make frequent regulatory changes, but only to ensure that there is greater regulatory clarity and responsiveness to changing circumstances.

The Reserve Bank has also significantly strengthened its supervisory systems, transitioning beyond an entity-focused approach to a more thematic and activity-based approach. We now look at sustainability of business models of banks and NBFCs. Root cause analysis of problems and vulnerabilities are undertaken. Advance action is initiated wherever we notice or smell a crisis.

Structural changes have been implemented within the Reserve Bank by creating a unified department of supervision<sup>5</sup> to ensure holistic assessment of the financial sector as well as to analyse the health of multiple entities within a group. The idea is to enhance agility and comprehensiveness of supervision. Unconventional methods are also being adopted now. Onsite supervision of Credit Information Companies has been made annual and intense. When problems appear too serious in a financial entity, a senior officer

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<sup>5</sup> The erstwhile departments of banking supervision, non-banking supervision and cooperative banking supervision were merged to form a single unified department of supervision.

of the Reserve Bank in the rank of Executive Director addresses the full Board of the organisation and shares our concerns. Similarly, when we find material discrepancies between the auditor's report and our supervisory findings, or when we see that certain material issues are not properly addressed by the auditors, we invite the auditors for a direct discussion. These are some of the examples of our new methods of supervision.

The College of Supervisors (CoS) is itself a shining example of our proactive initiatives to enhance the quality of our supervision and capacity of our supervisors. This is a very critical component of our efforts to strengthen the supervisory system of the Reserve Bank. At the core of CoS's mandate is the professional development of supervisors, both at the initial foundation level as well during the later stages in their careers. Our effort is to ensure that the supervisors of the Reserve Bank remain abreast of emerging trends, best practices, and supervisory and regulatory developments in the dynamic financial landscape.

As the Reserve Bank approaches its centenary year (RBI@100), we have drawn up strategies that will gear it up to remain future ready for India's fast growing economy. We propose to take necessary policy actions for positioning the Reserve Bank as a model central bank of the global south<sup>6</sup>. Our goal is to make Reserve Bank's supervision a global model, by building a 'Through the Cycle' risk assessment framework with continuous horizon scanning and a holistic risk assessment. It also envisages having a more customer centric framework that protects and promotes customers' interest by improving the

conduct of supervised entities. In pursuance of this goal, we look forward to active co-operation from all financial sector players which I am sure they will provide.

### **Conclusion**

In conclusion, the journey towards a more resilient, future ready, and crisis resistant financial system is ongoing. It demands collective efforts, innovation, and adaptability from all stakeholders. I have delved into certain aspects which are crucial for achieving this goal, ranging from governance and assurance to the adoption of sustainable business models as well as leveraging technology while managing its risks. I have also emphasized on the role of regulatory and supervisory frameworks in safeguarding financial stability. As we move forward, it is imperative for all stakeholders to remain committed to advancing these principles and practices. I am confident that they will continue to contribute to the long-term sustainability and resilience of the Indian financial system.

With this, I extend my best wishes for successful deliberations during this three-day conference and commend the organisers for their efforts. May the next three days be filled with fruitful exchanges, innovative ideas, and collaborative solutions that would contribute to the process of keeping our financial system resilient, future ready, and crisis resistant.

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<sup>6</sup> Refer paragraph 2 of Governor's Monetary Policy Statement dated June 7, 2024 ([https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=58049](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=58049))

# *Future Readyng India's Monetary Policy\**

*Michael Debabrata Patra*

Namaskar! Good afternoon

I am honoured to be invited to the Lal Bahadur Shastri National Academy of Administration (LBSNAA), a temple of independent India with a rich and hallowed history that predates independence. I thank Madam Sowjanya for her gentle perseverance and deft management of logistics that made it possible for me to be here. I understand that this is the 18th round of phase IV of the Academy's mid-career training programme. Participants here have already put in 15 to 18 years in the service of the nation and are, therefore, primed to lead our country over the next 40-50 years in the quest of our national vision of becoming a developed country. The nation looks up to you to fulfil that vision, as you will wield public policy and confront the challenges of governance as you steer the nation towards its aspirational goal. While doing so, you will have to manage tectonic vicissitudes in the form of organisational and technological changes as well as structural transformations in various sectors of the economy. I do hope my talk will be able to shine a little light on the journey before you.

It is in this context that I will speak to you about monetary policy but I will situate it in the milieu of the next forty to fifty years so as to bring out some perspectives on the opportunities and challenges that will rise up to meet you as you take India towards its future.

## **First Principles**

It is important to appreciate the guiding tenets that shape the design and conduct of monetary policy.

First, within the arsenal of public policy instruments, monetary policy is distinguished by its rapid deployability because the situations it has to encounter warrant immediate action. Hence it is typically assigned the task of stabilisation of the economy around its productive capacity. Illustratively, when aggregate demand or total spending exceeds the country's productive potential, imbalances develop that can easily throw the economy off course. The first signs of these imbalances are usually price pressures or inflation. Accordingly, monetary policy acts to dampen aggregate demand and bring it in alignment with productive capacity. Analogously, when demand falls below productive capacity, deflationary conditions can develop and hence monetary policy has to boost the economy to restore balance between demand and supply.

Second, monetary policy has to be forward looking. At any point in time, the information available to monetary policy authorities on the goal variables is lagged – on a measure of economic activity such as gross domestic product (GDP) for instance, information available at any point of time is typically three months old, i.e., relating to January-March in India; information on consumer prices in India is available only for May. Furthermore, policy impulses travel through the structure of the interest rates with variable and uncertain lags – changes in the policy interest rate take time to be fully reflected in lending rates charged by banks and other financial institutions. So, more often than not, monetary policy has to shoot blind. Besides, the goal variables are in motion and hence, monetary policy has to shoot forward. For this purpose, it uses all available information like a radar screen to track the formations of moving goal variables, and target them accurately. This task

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\* Address delivered by Michael Debabrata Patra, Deputy Governor, Reserve Bank of India (RBI) in the Mid-Career Training Programme for officials of the Indian Administrative Service on July 9, 2024 at the Lal Bahadur Shastri National Academy of Administration, Mussoorie. Valuable comments received from Harendra Behera, Asish Thomas George, and editorial help from Vineet Kumar Srivastava are gratefully acknowledged.

becomes even more complicated when dealing with their likely course into the unforeseen future such as over the next forty to fifty years. We shall get there presently.

Third, as Jan Tinbergen, the 1969 Nobel Prize winner for economics showed, any policy is most efficient in achieving its goals when it follows an assignment rule - if there is one instrument such as the policy interest rate, there should be one goal. If instead, monetary policy is overburdened with too many goals but is hamstrung with too few instruments, there is every likelihood that the instrument will end up hitting none of the goals.

Fourth, monetary policy should be conducted in terms of some rule like behaviour that binds it to pursue its goals across time. Instead, if it falls prey to the temptation of exploiting short-run trade-offs – like abandoning inflation control in the short run and boosting growth or what economists call time inconsistency – it will ultimately lose sight of its objective because in the short-run pursuit of growth, inflation may be allowed to rise to levels that can be inimically harmful to growth.

Fifth, modern monetary policy authorities have found that the efficacy of monetary policy is enhanced when it is supported by clear and transparent communication about the intent of policy actions and stance in the context of its goals and the manner and time frame in which they are to be achieved. Communication makes monetary policy accountable as the public is able to measure its impact. This, in turn, makes it credible by binding the policy authority to its stated intent and constraining unbound discretion in seeking short-term gains at the cost of medium-term goals. In fact, high credibility obviates the need for large policy changes or even of any changes at all if the public believes in the welfare orientation of policy. As a result, communication helps to anchor the expectations of the public to the goals of monetary policy so that policy makers and all stakeholders work

with a common set of expectations. Stability in the expectations around policy, its conduct and its goals engenders macroeconomic stability which provides solid foundations for medium-term growth prospects.

### **Reading the Pitch**

Monetary policy has an intrinsic domestic orientation. Hence, a good understanding of the characteristics of the economy it serves and the path along which economic activity is most likely to evolve is key to fashioning and implementing good monetary policy. In the context of the time horizon that I chose at the outset, the question to ask is: where are we today, and where do we go from here?

By 2023-24, *i.e.*, the year just gone by, India had become a ₹295.4 lakh crore or US\$ 3.6 trillion dollars economy at current exchange rates. At a per capita income of ₹2,07,030 or US\$ 2,500, India belongs in the lower middle income group of countries. Reaching here has been an eventful and arduous journey, marked by what statisticians call 'structural breaks'. The first one occurred in 1980, marking the end of a period since independence when GDP growth averaged 3.6 per cent or the so-called Hindu rate of growth. It was the age of inwardness. From 1980 up to the second break around 2002, growth trended up to an average rate of 5.5 per cent as India opened up, dismantled barriers to trade and capital flows, and peered outwards. The third break was caused by the pandemic in 2020. Between 2002 and 2020, the gains of liberalisation and structural transformation were consolidated and trend growth shifted up to close to 7 per cent, only to be interrupted by the precipitous decline in GDP by 5.8 per cent in 2020-21. Backed by nation-wide inoculations and the steady hand of astute macroeconomic policy support, however, there has been a robust rebound in the post-pandemic period. Although too early to tell in view of lack of adequate data points, another structural shift may be forming that is powering trend growth to above 8 per cent – the fastest growing major economy in the world

today. In 2024, the International Monetary Fund (IMF) projects that India is going to contribute about one-sixth of global growth<sup>1</sup>.

It has been estimated that if India can grow at the rate of 9.6 per cent per annum over the next ten years, it will break free of the shackles of the lower middle income trap and become a developed economy. These gains need to be reflected in per capita income with two milestones – a per capita income level of US\$ 4516-14,005 to reach middle income country status, and beyond that level to attain the position of a developed country today. By 2047, however, the developed country threshold will have moved up to US\$ 34,000.

Current exchange rates determined in the market are subject to bouts of volatility and idiosyncratic behaviour that makes them diverge from reality. Hence, their application as denominators to GDP measured in national currencies may not be appropriate for cross-country comparisons. An alternative measure is purchasing power parity (PPP). It is the price of an average basket of goods and services in each country. With PPP, the comparison changes dramatically. In terms of PPP, India is the third largest economy in the world. The US\$ 5 trillion milestone for 2027 translates to US\$ 16 trillion in PPP terms. The Organisation for Economic Cooperation and Development (OECD) projects that in PPP terms, India will overtake the US by 2048 to become the second largest economy of the world.

To paraphrase from Victor Hugo, there is nothing more powerful than a country whose time has come. The age of Japan started in the 1960s and lasted up to the 1980s. The age of China began in the early 1990s, taking it to the position of the second largest economy of the world. It is from 2010 that India's time has come. Several forces are coming together for India to surge ahead and assume its rightful place as a world leader over the next two-three decades.

## Tailwinds

In the formulation of monetary policy, it is considered good housekeeping to evaluate the balance of risks. There are several positive energies that are helping to shape the vision of India's future over the next few decades. The playout of these forces will condition the setting of future monetary policy.

First, there is a traditional advantage that is likely to continue working in favour of India's growth prospects. The development process has been predominantly driven by capital accumulation, which makes investment the main lever of growth. The investment rate peaked at close to 40 per cent of GDP in 2010-11 but moderated unevenly thereafter until 2020-21. During 2021-23, however, it has stabilised around 31.2 per cent and is showing signs of acceleration. Historically, India's investment has been financed by domestic savings, with households being the prime provider of resources to the rest of the economy. In the period 2021-23, the gross domestic saving rate has averaged 30.7 per cent of gross national disposable income. Thus, unlike many countries, India does not have to depend on foreign resources, which play a minor and supplemental role in the growth process. In fact, the mirror image of this phenomenon – the current account gap in the balance of payments – has remained modest at around 1 per cent of GDP in 2023-24. This provides insulation to the Indian economy from external shocks and imparts viability and strength to the external sector. Illustratively, India's gross external debt, which is the accumulation of current account deficits over time, is less than 20 per cent of GDP and almost entirely covered by the level of foreign exchange reserves. Debt service, i.e., interest and principal repayments are together less than 7 per cent of current receipts. As regards the supersavers – households – there is evidence of switching from financial saving to physical saving, with the latter being financed by accretions to households' financial liabilities.

<sup>1</sup> World Economic Forum 54th Annual Meeting; January 15, 2024.

Second, the rising growth trajectory on which India is poised is entrenched by macroeconomic and financial stability. After a long and arduous battle with the upside pressures unleashed by the pandemic and geopolitical conflicts, and exacerbated by sporadic onslaughts of food supply shocks, inflation has fallen back into the tolerance band around the target of 4 per cent. This reflects the cumulative impact of steadfast monetary policy actions and supply management. In fact, core inflation that excludes food and fuel and is most amenable to monetary policy has fallen to its lowest level ever. The RBI has anchored expectations by remaining committed to aligning inflation with the target and regards the recent easing of price pressures as work in progress. It projects inflation to average 4.5 per cent in 2024-25 and 4.1 per cent in 2025-26. The taming of inflation lays the foundations of sustained high growth in the future by improving consumption conditions, the investment outlook and external competitiveness.

Alongside macroeconomic stability, financial stability is getting reinforced by prudent financial policies and active on-site supervision complemented with off-site surveillance, which harnesses SupTech, big data analytics and cyber security drills. India's financial sector is predominantly bank-based. Gross non-performing assets (GNPAs) in the banking system have steadily fallen from their peak in March 2018 to 2.8 per cent of total assets by March 2024. Adjusted for provisions, net NPAs are just 0.6 per cent. Capital and liquidity buffers are well above the regulatory norms. Profitability is high and this virtuous circle has supported a credit upswing. Stress tests for credit risk and interest rate risk reveal that banks would remain above minimum capital requirements even under severe stress scenarios. Similar improvements are evident among non-banking financial companies. The rising strength and resilience of the financial sector augurs well for medium-term growth prospects as it is the financial sector which intermediates the resource requirements of the growth process.

Another aspect of macroeconomic stability is the ongoing fiscal consolidation. As a result, the general government debt which is estimated at 81.6 per cent of GDP at the end of March 2024 is expected to decline to 78.2 per cent by end of this decade by the IMF. Our projections show that if expenditures are increased on reskilling/upskilling the labour force in the most productive sectors of manufacturing, investing in digitalisation and promoting energy efficiency, the general government debt will fall even further to 73.4 per cent of GDP by 2030-31<sup>2</sup>. This is significant in the context of the IMF's projections that show the debt ratio as projected to rise to 116.3 per cent in 2028 for advanced economies and to 78.1 per cent for emerging and middle-income countries.

A potent growth accelerator emerges from India's favourable demographic dynamics. India's population, once regarded as a Malthusian curse, is now regarded as its greatest asset in an inter-temporal perspective, especially when the rest of the world ages rapidly and populations shrink. Today, every sixth working age person in the world is an Indian. With a median age of 28 years, the share of the working age cohort in the total population will keep rising upto the mid-2050s, with commensurate benefits in terms of growth in income and savings. India's demographic dividend is expected to last for more than three decades. Every effort must be made to reap this opportunity.

Another growth multiplier is India's digital revolution. India is emerging as a world leader in leveraging digital technologies for transformative change. The trinity of JAM – Jan Dhan (basic no-frills accounts); Aadhaar (universal unique identification); and mobile phone connections – is expanding the ambit of formal finance, boosting tech start-ups and enabling the targeting of direct benefit transfers. India's Unified Payment Interface (UPI), an open-

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<sup>2</sup> Patra, M.D., Behera, S., Behera, H., Banerjee, S., Padhi, I. and Sood, S. (2024). The Shape of Growth Compatible Fiscal Consolidation. RBI Bulletin, February.

ended system that powers multiple bank accounts into a single mobile application is propelling inter-bank peer-to-peer and person-to-merchant transactions seamlessly. Payment systems in India operate on a 24 by 7 by 365 basis. Functionalities like offline payments, payments through feature phones and conversational payments have been incorporated. The internationalisation of the UPI is progressing rapidly.

### **Headwinds**

India's progress towards its developmental ambitions will encounter challenges or what are termed in monetary policy analysis as downside risks. Successfully navigating them will test the conduct of monetary policy as India forges ahead to seek its destiny.

The key to harnessing the demographic dividend is in raising the contribution of the labour force to gross value added. In spite of recent improvements in job creation and rewards to higher skills, the shares of both quantity and quality – which refers to returns to skill formation – of India's labour is low by international standards. In terms of appropriate skills for a specific job, only 51 per cent is employable, warranting concerted efforts to re-skill and upskill the work force in tune with changing job requirements and technological change<sup>3</sup>. More than 80 per cent of the workforce is employed in the informal sector and this highlights the need for expanding the formalisation of employment. Furthermore, India ranks low in women's participation in the workforce. Increasing female labour participation is a key challenge, needing social norms in favour of working women; incentivising diversity in educational institutions and workplaces; flexible working hours and women friendly policies and facilities at work places; and promoting work-life balance.

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<sup>3</sup> Wheebox: India Skills Report 2024. [https://wheebox.com/assets/pdf/ISR\\_Report\\_2024.pdf](https://wheebox.com/assets/pdf/ISR_Report_2024.pdf)

Another formidable challenge is the building of high quality infrastructure. India's per capita investment in infrastructure at US \$ 90 in constant 2015 dollars needs to be scaled up by lifting infrastructure investment from around 4 per cent of GDP to at least 6 per cent of GDP. This will require enabling regulations, faster clearances, smooth land acquisition and climate clearance policies, and adequate infrastructure finance. The sustained infrastructure spending and logistics push across successive union budgets is creating the environment for financing India's infrastructure goal.

The formalisation of jobs will be facilitated by developing a high class manufacturing base to absorb low- and intermediate-skill labour migrating from primary occupation. India largely bypassed manufacturing in its developmental journey - services account for two-thirds of India's economy today while manufacturing accounts for about 17 per cent. Since the 1990s, the average growth of manufacturing has been 7 per cent. With 7.5 per cent growth, manufacturing's share could rise to 20 per cent of GVA by 2030-31. If the growth rate of manufacturing can be raised to 10 per cent, the share of manufacturing in gross value added can rise to 25 per cent, bringing India into striking distance of becoming a global manufacturing hub with forward and backward linkages for other sectors of the economy. To achieve this, India must adapt to the fourth industrial revolution (automation; data exchange; cyber-physical systems, the Internet of things; cloud computing; cognitive computing and creating the smart factory, advanced robotics). In order to succeed as a manufacturing power, a skilled labour force will hold the key.

India's manufacturing must find expression in global markets – make in India for the world. A vibrant and diversified manufacturing base is essential for boosting India's exports. Intensified efforts need to be made to raise India's exports of goods and services from US\$ 768 billion or 2.4 per cent of the world total to US\$ 1 trillion each for merchandise

and service exports or 5 per cent of the global total by 2030. The potential exists in the form of sectors such as IT and digital services, high value agricultural products; high-value tourism; financial services; retail and e-commerce. India is preparing for this export thrust through initiatives such as the production-linked incentive scheme, districts as export hubs; and supporting the export potential of micro, small and medium enterprises (MSMEs). Global Capability Centres (GCCs) set up in India are already exploiting these innate strengths. They are already leveraging on India's workforce, leading product innovation, driving technological advancements, creating next-gen intellectual property (IP) and spearheading digitalisation initiatives.

As India emerges as an export powerhouse backed by a strong manufacturing base, a natural corollary will be the full internationalisation of the Indian rupee. Several factors are already in place. The Indian diaspora is the biggest in the world and India is the top recipient of remittances. The Indian rupee trades three times more offshore than onshore. India is expanding local currency settlement arrangements with several countries in Asia and the middle east and interlinking of payment systems is underway. Deep and liquid financial markets are developing. The international financial centre in GIFT city, Gujarat is emerging as global financial and technology hub with a thriving financial ecosystem. The policy emphasis on macroeconomic and financial stability is also a positive for the INR going international.

The last challenge I will dwell upon is the greening of the Indian economy for sustainable development. This involves managing climate change. Climate change is overwhelming us, putting the planet and humanity at risk. It is manifesting itself at an alarming scale and pace globally, undermining livelihoods, infrastructure, and endangering health, food, energy, and water security. Climatic disasters are occurring more frequently and across the globe. The year 2023

turned out to be the hottest ever. In 2024, India is experiencing among its worst heatwaves and forest fires. Bengaluru is facing a water crisis. Reservoirs are going dry. Australian and US weather agencies are predicting floods in this monsoon season due to *La Nina*. We cannot be immune or inactive any longer.

At the Conference of the Parties 26 (COP26) in 2021, India's commitment towards the environment by 2030 has included: (i) 500 GW non-fossil energy capacity; (ii) energy mix comprising 50 percent renewable energy; (iii) reducing total projected carbon emissions by one billion tonnes; (iv) reducing the carbon intensity of its economy by less than 45 percent; and (v) achieving net zero by 2070. It is estimated that a cumulative investment of US\$ 10.1 trillion is needed along with adequate access to meet technological requirements.

### **Conclusion**

Given the innate strengths I described and the resolve to achieve its aspirational goals, it is possible to imagine India striking out into the next decade to become the second largest economy in the world not by 2048, but by 2031 and the largest economy of the world by 2060.

What is the role of monetary policy in this context? The principal task of monetary policy is become the anchor of the Indian economy. Short-run fluctuations of aggregate demand have to be managed pro-actively so that a broad alignment with the economy's evolving productive capacity is ensured. Price stability is the best contribution that monetary policy can make to strengthen the foundations of the aspired trajectory of growth over the next few decades. The formation of inflation in India needs to be navigated towards convergence with global inflation so that both the internal and external value of the rupee is preserved. This will prepare the ground for the internationalisation of the rupee and the emergence of India as the economic powerhouse of the world of tomorrow.

# *Role of Statutory Auditors in Emerging Financial Landscape\**

*M Rajeshwar Rao*

I am delighted to be here today to convey my thoughts on the issue of statutory audit of commercial banks and AIFIs. In many ways, we, as Regulators/ Supervisors and you as Auditors, share a common goal. Auditors play a very crucial role in ensuring the health of the financial system as they assist in maintainance of regulatory oversight by ensuring that the financial statements present a true and fair picture of the affairs of the regulated entity (RE). The statutory auditors play a significant role in maintaining stakeholder confidence in audited financial statements and this is particularly important in the case of banking industry where the entire edifice is built on 'trust' and the biggest external stakeholders, i.e., depositors are fragmented and unorganised. Therefore, the Reserve Bank has a strong interest in promoting sound and high quality accounting and disclosure standards for the banking and financial industry as well as in having transparent and comparable financial statements that strengthen market discipline.

## **Auditors are Important Stakeholders**

Financial reports of an entity offer a window into its financial performance as well as risk profile and therefore, financial reporting is often referred to as the "language" for "communication" between an entity and its external stakeholders. The "communication" can be effective only if both the management and the stakeholders speak the same "language". For this, we need a common language,

in the form of a set of rules and principles, which is where the accounting standards come into play. Financial statements prepared on the basis of a set of common codified principles and standards reduce information asymmetry; enhance comparability and transparency between entities and across jurisdictions; and make the information provided through the financial reporting ecosystem relevant and reliable. The financial statements prepared in this manner help users and stakeholders to understand and assess the resource position of the entity, the claims held against these, the sources of changes in resources and claims, and timing and uncertainty of future cashflows which enables them to hold management to account in running the affairs of the entity concerned.

Regulators are important stakeholders in this process. The financial position of an entity informs into the regulator's assessment of its health. Audited financial statements also form the basis for important elements of prudential regulations set by the Reserve Bank. The capital and leverage ratios, liquidity position, the computation of impairment and provisions, etc. rely on the accurate and transparent financial statements prepared by regulated entities. The financial statements can only be accurate when the accounting standards are correctly interpreted and consistently applied. The auditors are guardians who are expected to ensure the sanctity of this process. They are also the bridge between the management and stakeholders. They ensure that management's judgement is sound and that the entity adheres to spirit of the accounting standards.

The interest of the regulator is not limited to fair and transparent representation of affairs in the entities regulated by it. Banks and financial institutions are also users of financial statements and to a large extent their well-being is linked to the entities which they lend to or invest in. Therefore, we are equally concerned with sound audit practices

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\* Remarks delivered by Shri M Rajeshwar Rao, Deputy Governor in the Conference of Statutory Auditors and Chief Financial Officers of Commercial Banks and All India Financial Institutions (AIFIs) in Mumbai on July 9, 2024. Inputs provided by Jaikar Mishra, Sandeep Mahajan and Pradeep Kumar are gratefully acknowledged.

that result in high quality corporate reporting. We also monitor developments in the area of national and international accounting and auditing standard setting closely.

With these objectives in mind, we continue to work closely with the Institute of Chartered Accountants in India (ICAI) on accounting issues in the banking sector. In October 2001, the RBI had set up a Working Group under the Chairmanship of Shri N D Gupta, the then President of the ICAI, to identify gaps in compliance with accounting standards. Based on the recommendations of the Group, guidelines were issued to banks in March 2003 to ensure compliance with accounting standards. We had also worked closely with the industry and ICAI on the road map to moving towards adoption of Ind AS and had set up a Working Group to deal with Ind AS implementation issues in banks.

### **Role of Auditors in a Principle-based Regulatory Environment**

The Reserve Bank, for some time now, has been supplementing rule-based regulations with principle-based regulations to give REs a degree of flexibility in their business decision making. This process has evolved with Indian financial sector achieving greater maturity. The principle-based regulations also embed an aspect of accounting that would reflect a move away from the prescriptive, rule based criteria to record transactions. Let me cite two recent examples.

The first guideline pertains to classification and valuation of the investment portfolio in banks. The revised norms, effective from April 1, 2024, largely align the guidelines on classification, valuation and operations of investment portfolio of banks with the global financial reporting framework. These norms require banks to classify the investment portfolio based on intention and objective of holding the financial asset (the business model)

and the contractual cash flow characteristics of such assets. Further, the categorisation of an asset between banking book and trading book can have significant capital implications. These aspects shall require extensive use of management judgement. We expect the auditors to carefully understand the regulations and ensure that banks comply not only with regulations but also regulatory intent.

The second example is that of expected credit loss (ECL) based provisioning norms. This is a work-in-progress at this point in time. We have issued a Discussion Paper (DP) and an external working group was also set up to get independent inputs on the significant transitions involved. An important aspect of the proposed ECL framework is that, within the broad framework prescribed by RBI, banks can use different methodologies and models for estimating loan loss provisions. This will present a unique challenge to both regulators and auditors. As statutory auditors, you would be required to satisfy yourself that the bank is accurately computing such provisions and the models employed by the regulated entities are robust.

The principle based approach to regulations is founded on the belief that financial reporting reflects the economic reality of a transaction. However, application of principle-based standards requires significant use of management judgement. Sometimes, management may choose accounting estimates which may lack neutrality or freedom from bias. It is in this context that building greater rigor and skepticism into the audit becomes necessary. Doing that, however, may require special skills and it would be prudent to start working on building additional capacity to handle these changes and challenges.

In this connection, let me also share our experience with implementation of such principle-based guidelines in NBFCs with respect to Ind AS

implementation. Our assessment shows that the flexibility offered by the principles-based standards, while valuable, has fallen short in some cases where their application is concerned. Let me highlight certain issues and challenges which we have encountered and which could have been evaluated by auditors more carefully.

- While the standards allow sale from assets under amortised cost category, an entity needs to assess how such sales are consistent with the objective of collecting contractual cash flows. In practice, we have observed that there have been significant sales from amortised cost category by way of securitisation and direct transfers. It is not clear how such sales are consistent with business model whose objective is to hold assets in order to collect contractual cash flows.
- Another example is how the impairment framework prescribed under Ind AS 109 is implemented. While the framework is forward looking and assessment of any significant increase in credit risk (SICR) for movement of assets from stage 1 to stage 2 is required to factor in more forward-looking criteria than just days-past-due (DPD), it has been observed that some NBFCs primarily rely on the 30 DPD criteria. DPD being a lagging indicator, is not always in sync with using the forward-looking approach of ECL.
- In case of asset reconstruction companies (ARCs), it was observed that no provision was created for management fees and expenses which remained unrecoverable for more than 180 days. Such observations necessitated the Reserve Bank to issue guidelines from a prudential perspective so that such unrealised management fees are deducted from regulatory capital while calculating capital adequacy ratios.

The instances highlighted above bring forth our concern of REs using the flexibility offered in the principle based framework in a way that is not free from bias. We are of the view that such issues require greater levels of skepticism from the auditors. As independent assessors, auditors should critically evaluate and challenge management's judgement and assumptions to ensure that the same are aligned with the underlying principles of the accounting standards and prudential norms.

A recent order by the National Financial Reporting Authority (NFRA) in case of an audit report of a non-banking financial company highlighted that the auditor did not perform the audit procedures to ensure the reasonability of ECL provisions. This is also a stark reminder of potential shortcomings in the auditing process.

### **Disclosure Frameworks**

The discussion regarding principle-based frameworks brings me to the second part of my remarks which is focused on disclosure frameworks.

It is said that with great power comes great responsibility. Let me rephrase this to - "With greater flexibility in accounting and prudential norms comes greater responsibility in disclosures." Disclosures are the cornerstone of transparency. Clear disclosures bridge the gap between what management knows and what external users can infer from financial statements. But the moot question is, how much disclosure is 'good enough' to ensure a clear understanding without overwhelming users with information overload. Striking a balance between comprehensive disclosure and conciseness is a tight rope walk. When disclosures are clear and comprehensive, they foster trust in the market.

Again, let me share our experiences in this regard. We looked at disclosure being made by NBFCs in the context of ECL framework. On perusal of the disclosures of the accounting policies of some

NBFCs, we observed that much of the disclosures were largely a repetition of the text of respective accounting standards. We could not glean any specific insights such as discussion of the assumptions and methods applied in measuring ECL, shared credit risk characteristics to assess expected loss on a collective basis, qualitative criteria in determination of SICR, etc.

To remedy this situation, we are nudging REs to enhance the quality of their disclosures. But I will also urge all present here as well as the larger auditor community to critically evaluate the disclosure practices and ensure that same meet the needs of accounting standards and end-users. Auditors also have the responsibility of ensuring that entities provide appropriate qualitative information related to governance and control mechanisms.

### **Emerging Challenges and Expectations**

Moving on, let me now outline a few challenges and expectations going forward.

It merits repetition that it is the responsibility of the auditor to obtain sufficient audit evidence to assess the appropriateness of the use of the going concern concept. In this changing environment, the role of auditor must transcend from just verifying financial statements to holistically assess material risks being posed by the business operations and business model being pursued by the entity. In the past, we have seen examples where unsustainable business model of the entity ultimately led to its downfall. As Statutory Auditors, this is an emerging challenge which you need to consider and find ways to assimilate in your audit process.

A second emerging challenge pertains to climate and sustainability. With climate risks escalating and stakeholder scrutiny intensifying, robust sustainability reporting will no longer be a nicety but will become a necessity for financial and non-financial entities. The Reserve Bank has also issued

draft regulations on disclosures in climate related risk. The complexity and diversity inherent in financial firms makes assessment of climate risk challenging and there is a vital role that the auditors can play in the process.

The third point which I would like to highlight pertains to increasing role of technology, particularly in the banking and financial sector. Emerging technologies are altering the banking and financial landscape substantially. I am sure that even the way audit is being conducted is undergoing a transformation due to this technological revolution. Exponential growth in usage of digital channels to avail financial services has increased REs reliance on third party service providers and has exposed them to operational risks including cyber and outsourcing risks. In the changing environment, traditional substantive tests and procedures may not provide sufficient/ appropriate audit evidence. The auditors need to evaluate whether management is properly assessing the impact of emerging technologies on internal controls and on financial reporting. Again, the qualitative aspects related to vendor dependence, concentration as well as control mechanisms need specific attention of auditors.

For an audit to be effective, it should consider the needs and the expectations of users. These emerging issues highlight that the responsibilities of auditors have increased manifold and they should consider whether specialized skills are necessary to understand the design, implementation, and effectiveness of controls. Equally important is the ability and skills of the auditors to respond to these expectations so as to provide reasonable assurance and ultimately ensure a high-quality audit outcome.

### **Concluding Thoughts**

To conclude, let me say that even as banks navigate an increasingly complex emerging landscape, a harmonised approach by the regulators

and auditors can remove the blind spots in risk identification and mitigation. This would help in achieving our shared goal of financial stability as well as ensure robustness of individual institutions. Therefore, there is need for deeper engagement and collaboration between regulators and auditors. This has also been emphasized in the Basel Core Principles for Effective Banking Supervision on 'Financial Reporting and External Audit' which encourages the supervisors (regulators) to periodically meet the external auditors to discuss issues of common

interest relating to bank operations. I am aware that such discussions do take place during our supervisory process and we deeply value the contribution which auditors make during these discussions.

In the end let me acknowledge that external audit is an indispensable component of a robust regulatory framework. We look forward to closer collaboration to ensure the health, stability and integrity of our financial system.

Thank you. Namaskar.



# *Shared Vision, Shared Responsibilities: Advancing Assurance in Banking Supervision\**

*Swaminathan J.*

Shri Ajay Bhushan Prasad Pandey, Chairperson, National Financial Reporting Authority; Shri M R Rao, Deputy Governor, Reserve Bank of India; Executive Directors from Reserve Bank of India; CA Ranjeet Agarwal, President, Institute of Chartered Accountants of India; Auditors and Chief Financial Officers from the Banks and All India Financial Institutions; my colleagues from the Reserve Bank of India; Ladies and Gentlemen. Good morning.

It is indeed an honour to address this distinguished gathering of Auditors and Chief Financial Officers (CFOs) – one of the key pillars of financial integrity and governance in our banking system. Today's conference is a first of its kind in terms of the target audience but is part of a series of engagements that the Reserve Bank has been having with its regulated entities, underlining the critical importance of governance and assurance functions.

The theme of the conference today, Shared Vision and Shared Responsibilities, is reflective of the synergies between the roles of auditors and bank supervisors, which are both critical to the health and stability of our financial system. Together, we share a vision and responsibility for advancing assurance and banking supervision.

## **Role of CFO and Expectations**

Today, we have CFOs of banks and All India Financial Institutions amongst us. Having served

as a CFO myself of a bank, I deeply understand the immense responsibilities this role entails. All I can wish for you is that may your audits be clean, your numbers accurate, and your coffee always strong!

As CFOs, you are tasked with ensuring the accuracy, completeness, and integrity of the bank's financial statements and reports. Further you need to do all of this while meeting strict statutory and regulatory deadlines. Although there is a Chief Risk Officer dedicated to risk management, the CFO's contribution in this area is crucial, particularly in managing capital adequacy, maturity mismatches and liquidity. CFOs also play a pivotal role in strategic planning, budgeting and investor relations – in short, shaping the financial future of their institutions. In fact, in today's dynamic financial landscape, the role of the CFO is not just about numbers but also about leading the institution towards sustainable growth and resilience. From personal experience, I can say the job would not be as interesting if it was only about numbers!

Given these extensive functions, CFOs are deeply intertwined with the bank's daily operations and possess a profound understanding of their institution's strengths and weaknesses far better than any other heads of business or other vertical heads within the organisation. This intimate knowledge places CFOs in a unique position of responsibility. It is this position which has a visibility of the entire bank and its key levers of financial strength in one place, probably next only to the Chief Executive Officer (CEO). It is, therefore, their duty to familiarise auditors and supervisors with the nuances of the bank's operations, particularly new auditors and first-time members of supervisory teams. By providing a comprehensive overview and context, CFOs can help these teams gain a clearer understanding of the bank's internal environment, challenges, and strategic objectives. This not only facilitates more effective audits and supervision

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\* Speech by Shri Swaminathan J. Deputy Governor, Reserve Bank of India - July 9, 2024 - at the Conference of Statutory Auditors and Chief Financial Officers of Commercial Banks and All India Financial Institutions, in Mumbai.

but also fosters a collaborative relationship aimed at enhancing the bank's overall performance and regulatory compliance.

Integral to this collaboration is the need for CFOs to maintain open and honest communication channels with auditors and bank supervisors. It is imperative to eschew the notion of hiding, withholding, or providing incomplete information to these teams. Transparency is key: by sharing comprehensive and accurate data, CFOs not only facilitate a smoother audit and supervision process but also reinforce the bank's commitment to integrity and compliance. This collaboration builds trust, ensures regulatory adherence, and ultimately contributes to the financial stability and reputation of the institution.

It is equally true internally as well. The CFOs must protect the integrity of the financial reporting by guarding against any misadventure or intelligent interpretation of regulations or accounting standards. I would urge the CFOs to have an eye for detail and an honest and transparent communication with the MD & CEO and the rest of the top management. You should also keep alive the channel of escalation to the Chair of the Audit Committee of the Board (ACB), if a higher level of guidance is needed in any matter.

CFOs should conduct thorough root cause analyses of any deficiencies observed during audits or supervisory reviews. Rather than implementing short-term fixes, understanding and addressing the underlying causes of these issues ensures that compliance is sustained over the long term. This approach helps prevent the recurrence of problems and strengthens the overall governance and control environment of the bank.

One area that has come into sharper focus in the last couple of years is the control and management of internal accounts. We found certain banks having lakhs of such accounts with apparently no valid

reason. Some of these accounts were also used as a conduit for certain fraudulent transactions and ever-greening of loan accounts. Internal accounts are high risk in nature on account of its potential for misuse. I therefore request the CFOs to have them rationalised completely, bring them down to the essential minimum and exercise greater control through periodical reconciliation and a proper reporting to ACB.

I would also urge CFOs to invest in technology and data analytics which would empower them to provide more accurate and real-time financial insights. This not only aids in strategic decision-making but also enhances the ability to respond swiftly to any issues identified during audits or supervisory reviews.

### **Role of Auditors and Expectations**

The primary responsibility for preparing accurate financial statements rests with the management of banks, with CFOs playing a pivotal role. However, the role of auditors is equally critical. All stakeholders, including regulators, investors, and most importantly, depositors, rely on the assurance provided by auditors that financial statements reflect a true and fair view of the bank's position and performance, free of material misstatements. This role becomes even more crucial in the banking sector, where trust is paramount.

All of you would be familiar with the three lines of defence model. The first line of defence is Line management, followed by Compliance and Risk Management with the third line being Internal Audit. Together they constitute the internal defence mechanism in a bank. But the fourth and most critical line of assurance for a Regulator is the bank's Statutory Auditors.

Recognising the significant role auditors play, the Reserve Bank of India (RBI) has undertaken several initiatives to enhance the effectiveness

of the auditing process. These include structured meeting mechanisms between supervisory teams and auditors, introducing exception reporting, streamlining processes for the appointment of auditors, and other measures designed to safeguard the independence of auditors. To facilitate better understanding, RBI has also put in place a system of sharing with the Institute of Chartered Accountants of India, the typical reasons for divergence between audited positions and RBI observations. Further, auditors have been given greater discretion to determine business coverage factoring in bank specific business and financial risks.

In this context, I would like to highlight five key expectations from auditors to help ensure robust financial oversight and regulatory compliance.

Firstly, auditors must apply due rigor in their audit processes to mitigate any potential for divergence, under-provisioning, or non-compliance with statutory and regulatory requirements. Further, a critical aspect of the auditor's role is the careful evaluation of internal financial controls over financial reporting. By maintaining meticulous standards and adherence to regulatory guidelines as well as auditing standards, auditors can minimise the need for supervisors to intervene.

Secondly, as regulatory frameworks and accounting standards increasingly shift towards principles-based approaches, the role of auditors' judgment becomes increasingly critical. In executing their responsibilities, auditors must exercise prudent judgment, prioritising substance over form. This implies that auditors must go beyond mere technical compliance. Instead, they should discern the intent of the regulations and assess its application in practice so as to enhance the credibility of audit outcomes.

Thirdly, auditors can play a significant role in identifying and promptly reporting incipient vulnerabilities to both the bank management

and the RBI. As you would be aware, a system of exception reporting has been implemented which requires reporting to RBI as soon as an issue of concern is observed. Early detection of risks such as operational inefficiencies, liquidity concerns, or evolving irregular market trends enables proactive management strategies and mitigation measures. This not only safeguards the bank's interests but also reinforces systemic resilience and enhances overall financial stability.

Fourthly, auditors should deploy competent staff equipped with the necessary training, skills, and experience, particularly in critical areas such as information technology (IT) and cyber security. In today's digital age, where cyber threats are increasingly sophisticated, auditors with specialized expertise are essential to assess and mitigate IT risks effectively. By ensuring audit teams are well-versed in emerging technologies and security protocols, auditors can contribute significantly to safeguarding sensitive financial data and maintaining robust cybersecurity frameworks.

Finally, and most importantly, upholding the highest standards of integrity, auditors must ensure there are no conflicts of interest that could compromise the objectivity and independence of their audits. Transparency and impartiality are of the utmost importance in fostering trust among stakeholders, including regulators, investors, and the public. Auditors must adhere strictly to professional ethics and guidelines to uphold their credibility and preserve the integrity of audit outcomes.

### **Conclusion**

In closing, I would like to mention that today the banking sector is at a decadal high in terms of all financial parameters that we monitor, and the sector is well poised to support the growth of Indian economy. But we have a shared responsibility to ensure that the same is sustainable over the years. Therefore, today's conference underscores the

indispensable partnership between the auditors, CFOs and financial sector regulators in safeguarding the integrity and stability of our financial institutions. Together, we must uphold the highest standards of transparency, diligence, and professionalism to foster trust among stakeholders and ensure the continued resilience of our banking system.

Keeping in tune with the theme of today's conference, all of us—auditors, CFOs, and

supervisors—should continue fostering collaboration and communication so that we move towards a future where our banking sector not only meets but exceeds expectations, setting new standards of excellence in governance and integrity.

With this I thank you for your participation at today's conference. We look forward to listening from you at the interactive sessions scheduled later in the day.

# **Bridging Gaps to Build Futures: The Key Role of SLBCs in Driving Inclusive Development\***

**Swaminathan J.**

Mr. V. G. Sekhar, Principal, CAB, convenors of SLBCs, my colleagues from RBI, ladies and gentlemen. A very good afternoon to you all.

I am delighted to address you all today, the conveners of all our SLBCs. I understand that you all had a very purposeful engagement over these two days, dwelling upon various strategies and approaches that we plan to adopt in achieving our goal of strengthening credit delivery for an inclusive and sustainable growth. Having been once the convenor for the SLBC in Telangana in my earlier role as a commercial banker, I can first-hand attest to the immense personal satisfaction it gives to make a difference in people's lives through the SLBC forum. Indeed, over the years SLBCs have emerged as important instruments of change by catalysing synergies among stakeholders. Through the efforts made under the aegis of SLBCs across the country, commendable strides have been made in furthering the penetration of banking services to cover remote, unbanked and underbanked areas and to reach the marginalised sections of the population. More recently, SLBCs have spearheaded initiatives to promote digital payments, paving the way for all sections of the population to participate actively in the formal economy by facilitating financial transactions with ease and efficiency. These efforts have undoubtedly served to promote financial inclusion in various dimensions.

The topic of this conference 'strengthening credit delivery for inclusive and sustainable growth' is very

relevant. Inclusive growth is crucial for several reasons. It helps reduce disparities in economic opportunities, employment and income levels across regions and population groups. When growth benefits everyone, it leads to broader well-being. A more inclusive economy promotes social stability and creates a sense of shared progress. Inclusive growth is in fact a *sine qua non* if we want to achieve our aspirations of becoming a developed country by 2047.

In this context, I would like to acknowledge and appreciate the leading role SLBCs play in providing solutions. Let me now enumerate some priorities that we may pursue with regard to inclusive growth.

## **Strides Made in Access, but Work Remains to be Done on Usage and Quality**

The Financial Inclusion Index developed by RBI measures the progress achieved in financial inclusion across the three dimensions of access, usage and quality of financial services. A review of the underlying parameters indicates that while several strides have been made in building access, much work remains to be done in improving usage and quality.

Let me explain this with an example. As per reporting by SLBCs, banking access has been provided to every village (or hamlet of 500 households in hilly areas) within a five km radius, barring a few. Data also indicates that it is the Business Correspondent (BC) model which has been leveraged in expanding such access. However, a recent survey undertaken by the Reserve Bank indicates that BCs largely provide only a limited set of services *viz.* cash-in/cash-out services and populations in far flung areas may still not have access to the full bouquet of banking services as would normally be available at bank branches.

## **Persisting Credit Gaps**

Despite significant penetration of credit in India, there is still ample scope for reducing credit gaps that can promote economic inclusivity and development. While credit delivery to the priority sectors has

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\* Speech by Shri Swaminathan J. Deputy Governor, Reserve Bank of India - June 19, 2024 - at the Conference of Convenors of State Level Bankers' Committees (SLBC), held in College of Agricultural Banking (CAB), Pune.

indeed improved, we still have a long way to go to meet the credit needs of the micro, small and medium enterprises (MSMEs)<sup>1</sup>. Similarly, nearly half of Self-Help Groups (SHGs) still remain to be credit linked while a considerable section of small and marginal farmers are yet to be covered under bank credit<sup>2</sup>. Addressing these credit gaps demands a multi-pronged effort in which SLBCs have a crucial role.

### **Expectations of SLBCs**

I would like to cover four key areas where I believe SLBCs can make an immensely positive contribution.

#### *(i) Effective Coordination with Government and Non-governmental Organisation (NGO)*

Firstly, effective coordination with government agencies and NGOs is imperative. Being a collective forum, SLBCs must foster strong partnerships with various government bodies to align banking initiatives with developmental programs. This includes working closely with local administrations to ensure that banking services reach underserved regions, facilitating the implementation of government schemes, and addressing region-specific issues through collaborative efforts.

There is a need for sensitising the District administration on the scope of the Lead Bank Scheme and the role of banks under it. Besides this, staff at the operational level for both banks and government agencies associated with implementation of the Lead Bank Scheme must be aware of the latest developments and emerging opportunities. Better coordination can enhance the efficacy of financial inclusion initiatives and ensure that benefits trickle down to the grassroots level, thereby supporting the broader goal of inclusive growth.

<sup>1</sup> The overall credit gap in the MSME sector is estimated to be ₹20–25 trillion by the Expert Committee on Micro, Small and Medium Enterprises (Chair: Shri U K Sinha)

<sup>2</sup> As per the Report of the Internal Working Group to Review Agricultural Credit, 2019 nearly 60 per cent of small and marginal farmers were yet to be covered under bank credit.

#### *(ii) Proper Planning*

My second point is about adopting a scientific approach to the preparation of annual credit plans. This is crucial. SLBCs should undertake detailed analyses to identify the root causes of the lack of growth in credit seen in certain jurisdictions. This involves using data analytics and field surveys to understand regional economic activities, local credit needs, and barriers to credit access. By pinpointing specific issues, whether they are related to infrastructure, borrower awareness, or banking processes, SLBCs can develop more targeted and effective credit plans. This approach will not only enhance credit flow but also ensure that it reaches the sectors and regions that need it the most, thereby supporting sustainable economic development.

Regular monitoring and evaluation should be integral to this planning process. By setting clear benchmarks and performance indicators, SLBCs can track progress and make necessary adjustments to their strategies. This iterative approach ensures that credit plans remain dynamic and responsive to changing economic conditions and local needs.

#### *(iii) Leveraging Technology*

Thirdly, leveraging technology can be a game-changer in enhancing financial inclusion and credit delivery. SLBCs should promote the use of fintech solutions to streamline banking operations and improve customer service. Technologies such as mobile banking, tech driven customer support, and digital loan processing have significantly reduced turnaround times and increased accessibility. Additionally, deploying advanced data analytics can help in better risk assessment and credit scoring, thus facilitating more informed lending decisions. Embracing technological innovations will improve the efficiency of banking services, extend their reach to remote and underserved areas and make them affordable.

Digital loan processing platforms have revolutionised the way credit is being disbursed. These platforms have automated the entire loan application and approval process, making it faster and more efficient. By utilising machine learning algorithms, these platforms can assess the creditworthiness of applicants more accurately and fairly, ensuring that credit is extended to those who truly need it. This can be particularly impactful for both agri-loans as well as MSMEs, which often face hurdles in accessing timely and adequate credit.

The Public Tech Platform for Frictionless Credit by the RBI Innovation Hub is one of the initiatives in this direction. It has an open architecture, open Application Programming Interfaces (APIs) and standards and operates in a plug and play model to which all financial sector players can connect. Recently, NABARD has collaborated with RBI Innovation Hub to integrate its e-KCC loan origination system with the Public Tech Platform with the potential to reduce the turnaround time for agri-loans from weeks to minutes. This is just one example of how technology can revolutionise this sector. I would encourage SLBCs to explore more avenues to look for innovative approaches to improve credit delivery.

The programme of expanding and deepening the digital payments ecosystem is being implemented across the country under the aegis of the SLBCs. As on March 31, 2024, 179 districts are 100 per cent digitally enabled. Under this programme, five states, namely, Kerala, Telangana, Andhra Pradesh, Tripura and Tamil Nadu have made all their districts fully digitally enabled. I hope that SLBCs of other states will also gear up and achieve 100 per cent digitalisation of all districts under their jurisdiction soon. In states where 100 per cent coverage has been achieved, the emphasis needs to be on monitoring usage of digital payment modes as well as on sustained efforts to promote digital financial literacy.

#### (iv) *Financial Literacy*

This brings me to my fourth and perhaps most important point which is on financial literacy, especially digital financial literacy. Despite the availability of digital banking services, a large section of the population remains hesitant or unaware of how to utilise these services effectively. Apart from basic financial services, SLBCs should also promote financial education programs that focus on the benefits and usage of digital banking. By enhancing digital financial literacy, SLBCs can empower individuals to manage their finances better, participate in the formal economy, and benefit from the full range of banking services available to them.

As you may be aware, today we have Centres for Financial Literacy (CFL) that cover nearly all blocks in the country. It is imperative that these centres, through their outreach to local communities and target segments, become conduits of tangible change, effectively bridging the gap between awareness and action. Therefore, at the SLBC level, monitoring should focus not merely on the number of camps conducted but on tangible outcomes, such as the number of beneficiaries linked with formal financial systems as a result of these financial awareness camps and programmes.

Emphasis should be placed on targeted awareness campaigns tailored to local conditions and needs to effectively spread financial literacy. This involves understanding the unique financial behaviours, needs, and challenges of different communities and designing educational content that resonates with them. For instance, in agricultural regions, financial literacy programs could focus on digital tools for agricultural financing, crop insurance, and efficient market linkages. By customising the approach to fit the local context, SLBCs can ensure that financial literacy initiatives are not only informative but also engaging and actionable.

**RBI@100 goals**

As we celebrate 90 years of the establishment of the Reserve Bank of India this year, we have also outlined our aspirational goals for RBI's centenary, referred to as RBI@100. Among these goals are deepening financial inclusion and expanding credit availability.

Deepening financial inclusion is not merely about increasing the number of bank accounts but about ensuring that every individual has access to a comprehensive range of financial services tailored to their needs. This includes savings, credit, insurance, and investment products that can enhance their economic well-being. Expanding credit availability, particularly to underserved sectors such as MSMEs, agriculture, and marginalised communities, is crucial for fostering inclusive growth and sustainable development.

While these may appear as part of RBI@100 objectives, they are, in fact, the goals of every stakeholder in the financial ecosystem aligned with national interest. Achieving these aspirations requires a collective effort involving government agencies, NGOs, financial institutions, and the banking community. The role of SLBCs in this journey is pivotal, as they are the linchpin connecting various stakeholders and ensuring that the financial system works seamlessly at the grassroots level. I would therefore request your active cooperation and engagement in this mission.

**Conclusion**

In conclusion, the role of SLBCs in fostering inclusive and sustainable growth is both crucial and multifaceted. From enhancing financial literacy to leveraging technology, SLBCs can drive significant progress in bridging the gap between financial services and the underserved populations. By focusing on effective coordination with government and NGOs, adopting a scientific approach to credit planning, and emphasising digital financial literacy, SLBCs can create a more inclusive financial ecosystem.

As we move forward, it is essential to monitor and measure the tangible outcomes of our efforts, ensuring that the benefits of financial inclusion reach every corner of our country. By tailoring initiatives to local conditions and needs, and by fostering a culture of financial literacy, we can empower individuals to actively participate in the formal economy, thereby contributing to the broader goal of inclusive and sustainable economic development which are essential for a Viksit Bharat 2047.

I urge all stakeholders to continue working collaboratively, leveraging the strengths of each sector, and harnessing the power of technology to create a financially inclusive society. Together, we can build a resilient and prosperous future for all, ensuring that no one is left behind in our journey towards economic growth and development.

Thank you.

## ARTICLES

State of the Economy

Updating Estimates of the Natural Rate of Interest for India with Post-Pandemic Evidence

Estimating the Financial Wealth of Indian Households

Measuring the Contribution of Labour Composition in Gross Value Added in India – The Human Capital Approach

Fiscal Performance of Himalayan States/Union Territories



## *State of the Economy\**

*Global economic activity appears to be strengthening across advanced economies (AEs) and emerging market economies (EMEs) and global trade in goods and services is gathering momentum. Monetary policy divergence is setting the tone for global economic developments. In India, the second quarter of 2024-25 has begun with signs of quickening momentum in the economy. The improvement in the outlook for agriculture and the revival of rural spending have turned out to be the bright spots in the evolution of demand conditions. Consumer price inflation ticked up in June 2024 after three consecutive months of moderation as a broad flare-up in vegetables prices halted the overall disinflation that had been underway.*

### **Introduction**

Since the June 2024 edition of the *State of the Economy*, global economic activity appears to be strengthening across advanced economies (AEs) and emerging market economies (EMEs). According to the World Bank, economic surprise indices suggest that activity is exceeding expectations on the upside for AEs and by a greater margin among EMEs. Sentiment indicators also indicate that economic conditions and expectations remain solid. In terms of purchasing managers' indices, EMEs continued to outperform AEs for a second straight year, with India ahead of the rest on the back of robust growth expectations. Labour markets are easing from historically tight conditions and wage growth is slowing. On the other hand, the Bank for International Settlement (BIS) has warned in its latest annual report that rising debt levels expose economies to extreme investor aversion and create

a growing risk for the global economy. In its recent budget forecast, the US Congressional Budget Office (CBO) expects the US fiscal deficit to reach 7 per cent of GDP in 2024, exceeding its level during some recessions. The CBO states that deficits will stay high for years, and US debt held by the public will exceed 122 per cent of GDP in 2034. The largest economy of the world is cruising into an uncharted sea of federal debt. In this context, the BIS has advised central banks against lowering policy rates prematurely while underlining the importance of acting fiscally before the situation turns dire.

Global trade is gathering momentum across goods and services, fuelled by positive trade dynamics in the US and strong export performance in Asia. The nowcast of the United Nations Conference on Trade and Development (UNCTAD) picked up a stronger positive momentum in the second quarter relative to the first quarter, projecting an approximate 2 per cent increase for the first half of 2024. If these trends hold over the rest of the year, global trade could reach almost US \$ 32 trillion in 2024, although it is unlikely to surpass the record level (US \$ 32.2) of 2022. While there is a regaining of pace in global merchandise trade, the robust upsurge in services trade appears to be getting over. Prices for traded goods are also ticking up, with faster growth in values than in volumes. Despite this uptick, the annual change in the price of traded goods is expected to remain negative. Persisting geopolitical tensions, rising shipping costs and muscular industrial policies remain downside risks.

In particular, industrial policies are targeting both traditional and high growth sectors, leading to significant trade reallocations and increased supply concentration. The number of mentions of 'industrial policy' in the business press has surged. There is also a steep increase in industrial policy interventions worldwide, according to the International Monetary Fund (IMF). These policy interventions are being

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\* This article has been prepared by Michael Debabrata Patra, G. V. Nadhanael, Shahbaaz Khan, Arpita Agarwal, Kunal Priyadarshi, Harshita Keshan, Yamini Jhamb, Harendra Behera, K M Neelima, Arjit Shivhare, Madhuresh Kumar, Rishabh Kumar, Satyendra Kumar, Khushi Sinha, Aayushi Khandelwal, Debapriya Saha, Shivam, Shelja Bhatia, Yuvraj Kashyap, Aratrika Kundu, Shaoni Nandi, Kamal Gupta, Avnish Kumar, Supriyo Mondal, Amit Pawar, Himani Shekhar, Asish Thomas George, Samir Ranjan Behera, Vineet Kumar Srivastava, and Rekha Misra.

driven by geopolitical reordering, the need for transition towards renewable energy sources and the drive to leverage on significant technological advancements in computing power and artificial intelligence. Across AEs and EMEs, the focus is on support measures aimed at enhancing strategic industries, positioning domestic firms as key suppliers of low carbon products and bolstering the resilience of supply chains and critical products. From a trade perspective, these policy interventions seek import substitution while imposing restrictions on trade and facilitating vertical consolidation. Consequently, trade is negatively affected just when global demand in many targeted sectors is rising, such as in electric vehicles. The implications for the outlook are increased supply concentration, global trade fragmentation among major blocs and increased protectionism, trade costs and uncertainty.

These developments are leading to a pessimistic environment for foreign direct investment (FDI) flows due to a fall in mergers and acquisitions (M&As) although greenfield investments in developing countries provide a bright spot as discussed in greater detail in Section IV. The global environment for FDI remains challenging in 2024, with multinational enterprises adopting a cautious approach to overseas expansion. Nevertheless, profit levels of these corporations remain high, boosted by reinvested earnings. Furthermore, financial conditions are easing, especially in AEs, brightening the prospects of project finance. Early indicators of greenfield project announcements are, however, still weak, according to the UNCTAD.

Inflation is approaching targets, but the pace of disinflation has slowed somewhat. Among AEs, 2 per cent levels are being sighted *albeit* from some distance still. In most EMEs, inflation is steady at or just above targets. Monetary policy divergence is setting the tone for global economic developments. The coalescence of views relating to the US Fed is

not 'if' anymore but 'when'. Fed fund futures are pricing in rate cuts of 60 basis points in the current calendar year, with the first action fully priced in for the September 2024 meeting of the FOMC. This follows in the wake of core personal consumption expenditure inflation hitting its lowest increase since 2021 in May 2024 and indications that the labour market is slackening. In further corroboration, consumer price inflation for June 2024 came in softer than expectations for both headline and core as section II elaborates. The last mile is evidently getting shortened to the last lap.<sup>1</sup> US yields and the broad dollar index fell sharply, bringing much awaited relief to the rest of the world. The mix of loose fiscal and tight monetary policies has so far made for a stronger US dollar, as the textbooks predict. As policy rates are lowered in step with inflation receding, the policy mix will likely be less dollar positive. In the UK, inflation finally reached the target of 2 per cent in May but this did not result in a rate cut. The Bank of Canada, which kickstarted rate cuts, may hit a pause in its July meeting. Among EMEs, the first movers are moderating the pace of easing while others like Indonesia, and also countries like South Korea and Singapore are holding rates steady, and some struck a more hawkish tone, such as Russia. Relative to the start of the year, market participants now expect greater policy rate divergence among countries.

Financial conditions have remained broadly unchanged. EME currencies generally weakened against the US dollar amidst notable volatility. Decreasing policy rate differentials *vis-à-vis* the United States, combined with the unwinding of carry trades have contributed to some slowdown in portfolio inflows into EMEs as a group. According to the World Gold Council, 30 per cent of the world's central banks will add to their gold reserves in 2024 on top of 1037 tonnes added in 2023, reflecting

<sup>1</sup> Reuters, July 11, 2024.

waning of confidence in the US dollar and a bid to rebalance to a more preferred strategic level of gold holdings. After a blockbuster first half when EME governments and corporates sold a record US\$321 billion of bonds denominated in hard currencies<sup>2</sup>, the second half of 2024 is showing signs of issuers catching their breath in view of mounting political risk in financial capitals. In terms of funding needs for the year, it estimated that 80 per cent has already been covered. US dollar denominated bonds issued by EMEs have handed holders a 2.2 per cent gain so far due to surging yields on pared back expectations for US rate cuts. This performance is roughly in line with US high-yield corporate bonds.

The United Nations' Sustainable Development Goals (SDGs) Report 2024 released on June 28 has pointed out that with just six years to go for achieving the SDGs by 2030, progress remains uneven, slow and mostly elusive. Only 17 per cent of the SDGs are on track while nearly half show minimal or moderate progress and over one-third are stalled or regressing. In the words of the UN Secretary General Mr. Antonio Guterras, "Our failure to secure peace, to confront climate change and to boost international finance is undermining development".<sup>3</sup> Meeting the goals over the next six years will require a massive scaling up of investment, particularly in developing countries where the investment gap is estimated to be around US \$ 4 trillion per year. The 2024 report card is not without some glimmers of hope. Illustratively, mobile broadband is accessible to 95 per cent of the world. The most remarkable is the progress in deploying renewable energy which currently constitutes 30 per cent of the world's electric supply.

On June 21, 2024, the northern hemisphere experienced the summer solstice when the sun rose to its highest point in the sky. It marked the cusp of

a silent revolution which emits no fumes, uses no earthly resources, costs virtually nothing but provides what makes the world go round – power. The solar revolution, powered by tiny photovoltaic cells made of silicon with an electrical circuit with 60-72 of them packed into panels that cover less than 10,000 square kilometres worldwide, produced about 6 per cent of the world's electricity in 2023. In 2024, about 70 billion cells will be produced, resulting in 520-655 gigawatts (GW) of installed capacity which is doubling every three years and rising ten-fold each decade. Solar panels are currently the largest category of investment in electricity generation, estimated at US \$ 500 billion in 2024 by the International Energy Agency (IEA). According to the International Solar Energy Society, solar power will generate more electricity than all the world's nuclear power plants in 2026, all wind turbines by 2027, all dams by 2028, all gas-fired power plants by 2030 and all coal-fired ones by 2032. Solar energy is poised to become humankind's largest source of primary energy—not just electricity—by the 2040s.<sup>4</sup> The way forward will be innovations that include long-distance connections; storage (especially batteries); and new avenues of increasing overall demand for solar energy. Furthermore, much of the growth of solar power has been driven by China, the US and the northern Europe. It is time to turn for production to the global south which has a lot of empty land, better access to sunshine and much more unmet demand. In the not-too-distant future, a substantial portion of solar power would be used for producing green hydrogen which can be used as a way of storing energy for longer periods of time than batteries offer, but the hurdle that has to be overcome is prohibitive costs of electrolysis that splits hydrogen from water.

It is in this context that India assumes importance. Home to some of the world's largest solar developers, with a capacity more than two-thirds as

<sup>2</sup> Bloomberg, July 1, 2024.

<sup>3</sup> UN Secretary-General's remarks to the press on the launch of the Sustainable Development Goals (SDG) Report 2024, in New York on June 28, 2024.

<sup>4</sup> The Economist, June 22, 2024.

large as that which Germany has installed over the past 25 years, India accounts for 5.2 per cent of global solar capacity at 84 giga watts (GW), the fifth highest. Solar installed capacity has grown at a compound annual growth rate (CAGR) of 24.1 per cent *vis-à-vis* 1.6 per cent in coal power during 2017-18 to 2023-24. Solar power generation accounts for 6.7 per cent of total electricity and 28.4 per cent of renewable electricity, respectively. The decline in the cost of solar modules is contributing to a sustained rise in solar capacity additions - the solar tariff at ₹2.54/unit is lower than those for new coal power plants (₹5.6/unit). Going forward, investments are required in energy storage to ensure grid stability and round-the-clock power supply, which increases the overall costs of solar power. According to the IEA, the levelised cost of electricity (LCOE) for solar photovoltaic (PV) modules combined with battery storage in India has already become more competitive than new coal-fired plants and is expected to decrease further. India aims to produce 5 million metric tonnes per annum (MMTPA) of green hydrogen by 2030 under the National Green Hydrogen Mission with an associated renewable energy capacity addition of about 125 GW. Subsidies are being offered to households for installing rooftop solar panels. An additional 85 GW capacity under various stages of construction will enhance India's solar capacity in the next few years. Exports of solar cells and modules have increased in recent years, particularly to the US. At present, India is a net importer of solar cells and modules as it is yet to achieve substantial capacity in the production of solar cells. Once the production capacity from the production linked incentive (PLI) and other manufacturing projects becomes operational, India will become the world's second-largest producer of solar modules, boasting substantial manufacturing capabilities across the entire value chain.

The second quarter of 2024-25 has begun with signs of quickening momentum in the Indian economy. After stalling and delivering deficient rains

in June, the southwest monsoon has picked up pace in July, covering the entire country ahead of schedule for the seventh time in the past 12 years, the details of which are further elaborated in Section III. In the first half of July, a surplus precipitation has wiped out the June deficit. The India Meteorological Department (IMD) expects the monsoon to become even more vigorous and exceed the long period average over the full month. Water storage in major reservoirs has increased for the first time in 39 weeks as on July 04, 2024. *Kharif* sowing has gathered pace, exceeding the acreage a year ago (see section III for details). At this rate, the normal sown area is likely to be surpassed this year. Intensified activity on farms has eased the demand for work under the MGNREGS. *El Nino* is currently neutral and sea surface temperatures are cooling. The Australian Bureau of Meteorology has indicated that *La Nina*, which leads to heavy rainfall in India and all over Asia will likely emerge after August, portending an extended monsoon and prolonged precipitation.

The improvement in the outlook for agriculture puts the spotlight on what is shaping up to be the bright spot of the evolution of demand conditions in 2024-25 – the revival in rural spending that is outpacing urban segments. As a result, the rural-urban divide is narrowing, as the recent monthly per capita consumption expenditure (MPCE) survey of the NSSO highlights. This is on the back of rising fiscal transfers, increase in the wage rate as typified by the MGNREGS and the rising volumes of remittances to rural households due to urban migration. These are some of the proximate factors that are boosting the effective spending power of rural households. Consumption patterns revealed in the survey shows that 46.4 per cent of expenditure in rural India is on food, while it was 39.2 per cent for urban families. Within the rural food basket, the share of cereals has dropped and that of beverages, processed foods, milk, meat and eggs has picked up. It is remarkable that the share of conveyance, medical expenses and

consumer services exceeds that of cereals in the rural MPCE. These developments have spurred hope that rural India is catching up with its urban counterpart and convergence can be envisaged. A sobering feature is the gap between growth in MPCE at current and constant prices for both rural and urban, reflecting the toll that the burden of inflation has taken over the years.

The rural recovery is yielding better results for companies in the fast moving consumer goods (FMCG) segment, with earnings upgrades boosting stock valuations. This is reflecting improvement in sales volumes as inflation haltingly moderates. The green shoots are slender since rural wages remain muted, although the increase in minimum support prices is seen as supporting farm incomes. Most FMCG companies expect revenues to expand in high single digits, supported by cost saving initiatives and advertising and promotion spends. In the personal care and home care segments, the catalyst is premium offerings which are expanding operating margins. Scorching heatwave conditions this year have also pushed sales of summer-specific FMCGs such as bottled soft drinks to a new high. Fabric softeners and washing liquids have achieved higher levels of penetration. Private research firms tracking household consumption are anticipating a broader rural led recovery in the second half of 2024-25.<sup>5</sup>

Manufacturing is gaining pace, with the purchasing managers' index (PMI) having exceeded its long run average in June on the back of new orders. Manufacturing is a key pillar of the drive towards achieving higher levels of development, with its share needing to reach 20-25 per cent of GDP in order to establish India as a global manufacturing hub. This will boost employment in crucial sectors such as electronics, pharmaceuticals, textiles and automobiles while giving Indian products an internationally competitive cutting edge. Federally

inclusive policies for manufacturing, focusing on infrastructure and logistics, ease of and cost of doing business, research and development promoting innovation and an aggressive export orientation will carry Indian manufacturing towards that aspirational goal. In one industry, India's efforts to transform into a manufacturing powerhouse are already bearing fruit – electronics manufacturing. The value of electronics produced rose from \$37bn to \$115bn (3 per cent of GDP) between 2015-16 and 2023-24. The near-term objective is to triple production by 2025-26. Currently, India's production of electronics accounts for 3 per cent of the global total, with this share growing faster than any other country's. In 2023-24, India exported US \$ 29 billion of electronic goods and US\$ 5.6 billion in the first two months of 2024-25. The production of phones makes up nearly half of India's electronics industry, making it the world's second-largest producer. In 2015-16, India imported almost four-fifths of its phones. It now imports barely any. In 2023-24, it exported US\$ 15.6 billion of mobile phones and US\$ 1.5 billion in April 2024. Apple sources about one in seven of its iPhones from India, double what it did a year ago. Samsung, a South Korean rival, has its largest phone-making facility in India.<sup>6</sup>

Expanding manufacturing footprint is also key to boosting the share of India's exports from the current level of 2.4 per cent of world exports to at least 5 per cent, goods and services taken together.<sup>7</sup> On the back of exports of close to US \$ 780 billion in 2023-24 and a cumulative rate of expansion of 10.2 per cent in the first quarter, India is better prepared in 2024-25 to achieve exports of over US\$ 800 billion, according to the Ministry of Commerce and Industry. This will warrant rebooting labour-intensive exports which were muted in the year gone by; promoting exports

<sup>6</sup> The Economist, June 21, 2024.

<sup>7</sup> Address by Michael Debabrata Patra, Deputy Governor, Reserve Bank of India (RBI) in the Mid-Career Training Programme for officials of the Indian Administrative Service on July 9, 2024 at the Lal Bahadur Shastri National Academy of Administration, Mussoorie.

<sup>5</sup> Kantar, FMCG Pulse, Q2 2024.

from MSMEs which contribute about 45 per cent of India's total exports, 38 per cent of manufacturing output and are the second largest employer after agriculture with 110 million people employed; and diversifying services exports away from software, IT and business to other categories which represent 64 per cent of world exports but in which India has a share of only 1.9 per cent of the global market. Prioritising e-commerce exports to take them from current levels of US \$ 4.5 billion to about US\$250-300 billion by 2030 will overcome the barriers and geopolitical challenges restraining traditional exports. Ports will play a vital role in achieving the goals set for India's merchandise trade. The Vadhavan port on the coast of Maharashtra is a step in the direction of setting up all weather deepwater mega ports. It will have nine container terminals, four multipurpose berths including a coastal berth, four liquid cargo berths, a berth for roll on roll off ships and a coast guard berth. It is intended to create a cumulative cargo handling capacity of 298 MTA, including 23.2 TEUs of container handling capacity. Container ships currently handle 16 per cent of the world's maritime trade. This warrants upscaling container handling capacity from the current 20 million TEUs.

Rising optimism about India's growth prospects, strong profit growth and the return of buying support from foreign portfolio investors across sectors, including through issuances of participatory notes, propelled equity markets to scale fresh peaks in June and July. The rallies in July have been led by banking and technology stocks. The rebalancing of the MSCI index has raised India's share to 18 per cent, up from 8 per cent in 2020, and a valuation gap relative to peer EMEs is widening. Small and mid-cap stocks are running ahead of earnings and are outperforming large cap peers. The share of mutual funds in the overall institutional equity assets under management hit a record at the end of June 2024, suggesting that the current momentum in equity prices may perhaps be sustained.

Along with the secondary market, the primary market is buzzing with energy. The first half of 2024 has turned out to be the best first half for initial public offerings (IPOs) in 17 years, and deal sizes are getting bigger (Box 1, Section IV). This suggests that companies are actively securing fresh capital to fortify their balance sheets in preparation of fresh capacity addition. In step, the tide of start-up funding is turning, with US\$ 4.1 billion raised this year so far while the number of start-up IPOs has risen to 17. Renewables IPOs are booming as investors eye surging returns in the solar power sector. Venture capital deals are rising after a lull, finally deploying the dry powder in the form of unallocated capital they have been sitting on that is pegged at US\$ 8-10 billion for India. So far, secondary stake sales and buyouts have dominated this space, and late-stage activities are picking up pace. Fintech funding has seen a substantial downturn in spite of record disbursement of loans and increases in the loan size. An uptick in large cost take-out deals could improve the environment for IT services companies. Multinational corporations (MNCs) are exploring options to list in India through IPOs to unlock value and help their parents raise capital. This is in keeping with the relatively attractive valuations at which MNC stocks are trading relative to domestic counterparts. Some MNCs are also encashing on the stock market's performance by divesting stakes.

In the foreign exchange market, the rupee has begun to gain in July on the back of strong capital inflows, barring intermittent corrections, in spite of increase in the trade deficit and firming international crude prices weighing on the downside. Despite volatility triggered by spillovers over market expectations relating to the future course of monetary policy and a fluctuating US dollar (DXY), the rupee is trading in a tight range. Currency hedging costs have accordingly become lower than earlier. The euro is being reportedly preferred as the currency to fund long rupee carry trade.

Ahead of the inclusion of Indian sovereign bonds in the JP Morgan index, foreign portfolio investors have increased their ownership of these bonds by over US \$ 10 billion. Foreign banks have emerged as the largest investors, with their investments exceeding the value of net inflows into index-eligible bonds. Some of the world's largest sovereign wealth funds have significantly increased their investments in India. Post inclusion, flows have been muted and yields have remained almost flat, indicative of steady flows in the months ahead rather than volatile surges.

In the credit market, the share of low-cost current and saving deposits has largely bottomed out in the 39-40 per cent range in a steady decline from about 44 per cent in 2021-22. This is likely to squeeze banks' net margins going forward and prompt repricing of deposit books. In fact, banks have been impelled to increase mobilisation of funds through certificates of deposits (CDs) in June ahead of the quarter end as illustrated in Section IV. Mutual funds are the main mobilisers of funds for investment in CDs.

The Reserve Bank of India's (RBI's) semi-annual Financial Stability Report assessed that the financial system remains robust and resilient, with improved balance sheets of banks and financial institutions and sustained credit expansion. The capital to risk-weighted assets ratio (CRAR) and the common equity tier 1 (CET1) ratio of scheduled commercial banks (SCBs) stood at 16.8 per cent and 13.9 per cent, respectively, at end-March 2024. SCBs' gross non-performing assets (GNPA) ratio fell to a multi-year low of 2.8 per cent and the net non-performing assets (NNPA) ratio to 0.6 per cent at end-March 2024. Return on assets (RoA) and return on equity (RoE) are close to decadal highs at 1.3 per cent and 13.8 per cent, respectively. Macro stress tests for credit risk reveal that SCBs would be able to comply with minimum capital requirements, with the system-level CRAR in March 2025 projected at 16.1 per cent, 14.4 per cent and 13.0 per cent, respectively,

under baseline, medium and severe stress scenarios, well above the regulatory minimum. Non-banking financial companies (NBFCs) remain healthy, with CRAR at 26.6 per cent, GNPA ratio at 4.0 per cent and return on assets (RoA) at 3.3 per cent, respectively, at end-March 2024. At the system level, the CRAR of urban co-operative banks (UCBs) inched up to 17.5 per cent in March 2024. The CRAR of both NBFCs and UCBs remained well in excess of the prescribed regulatory minimum. The consolidated solvency ratio of the insurance sector remains above the minimum threshold limit of 150 per cent. Stress tests on mutual funds and clearing corporations attest to the resilience of these segments of the financial sector. Network analysis indicates that the total outstanding bilateral exposures between financial institutions are expanding, with SCBs holding the largest share.

Every silver lining has a cloud. Data for June 2024 showed that consumer price inflation ticked up after three consecutive months of moderation as a broad flare-up in vegetables prices halted the overall disinflation that had been underway. This development reinforced the prescient warnings that some members of the monetary policy committee (MPC) expressed in their minutes relating to the June meeting : "With persistently high food inflation, ... any hasty action ...will cause more harm than good<sup>8</sup>; a watchful approach is appropriate to ensure that there are no spillovers of high food inflation to the prices of the other items in the consumption basket<sup>9</sup>; repeated incidence of food price shocks is delaying the final descent of inflation to the target<sup>10</sup>; repetitive occurrence (of intersecting food price shocks) calls for intensifying monetary policy vigil<sup>11</sup>." The fight against inflation is far from over, as the concluding section elaborates.

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<sup>8</sup> Governor Shri Shaktikanta Das

<sup>9</sup> Dr. Shashanka Bhide

<sup>10</sup> Dr. Rajiv Ranjan

<sup>11</sup> Dr. Michael Debabrata Patra

Set against this backdrop, the remainder of the article is structured into four sections. Section II covers the rapidly evolving developments in the global economy. An assessment of domestic macroeconomic conditions is set out in Section III. Section IV encapsulates financial conditions in India, while the last Section sets out concluding remarks.

## II. Global Setting

Global economic activity grew at a moderate pace in Q2:2024 amidst signs of easing labour market conditions and moderation in inflation. The International Monetary Fund (IMF), in its latest World Economic Outlook (WEO) update released on July 16, 2024, maintained the global growth forecast for 2024 at 3.2 per cent (same as its April 2024 projection) and revised the growth forecast up by 10 bps to 3.3 per cent for 2025 (Table II.1). Our model-based nowcast, augmented with the latest high frequency indicators, points to momentum being maintained in Q2 and during Q3:2024 (Chart II.1).

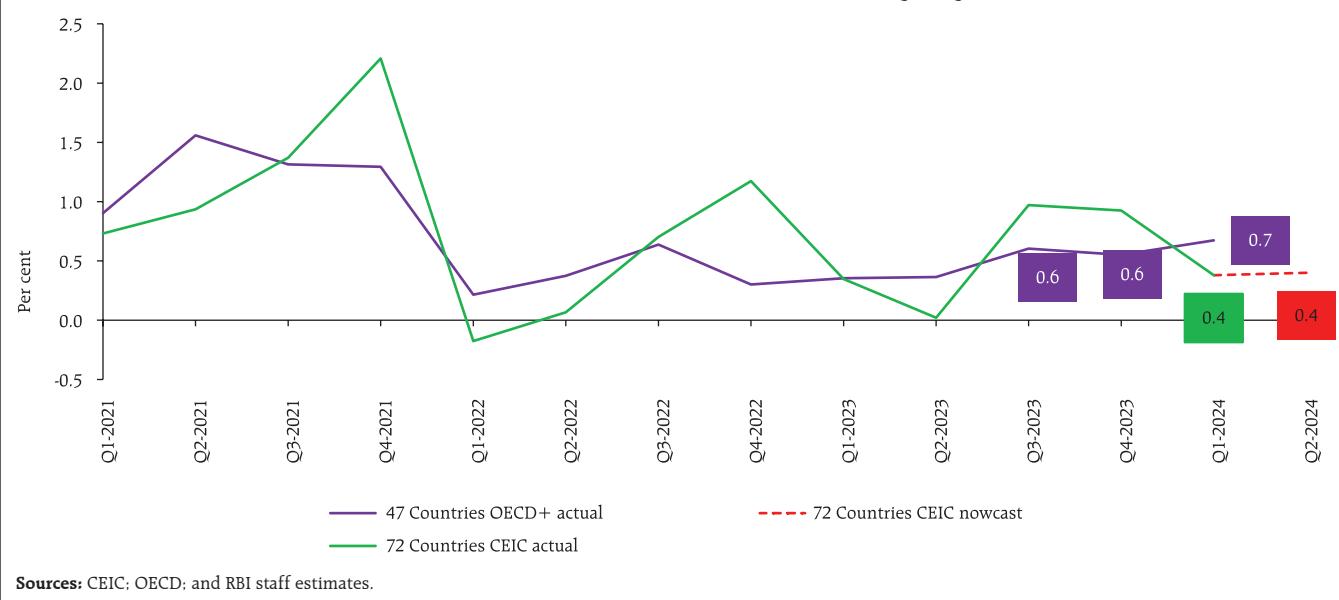
**Table II.1: GDP Growth Projections – Select AEs and EMEs**

	2024		2025		(Per cent)
Month of Projection	July 2024	April 2024	July 2024	April 2024	
Region/Country					
 World	3.2	3.2	3.3	3.2	
<b>Advanced Economies</b>					
 US	2.6	2.7	1.9	1.9	
 UK	0.7	0.5	1.5	1.5	
 Euro area	0.9	0.8	1.5	1.5	
 Japan	0.7	0.9	1.0	1.0	
<b>Emerging Market Economies</b>					
 Brazil	2.1	2.2	2.4	2.1	
 Russia	3.2	3.2	1.5	1.8	
 India <sup>#</sup>	7.0	6.8	6.5	6.5	
 China	5.0	4.6	4.5	4.1	
 South Africa	0.9	0.9	1.2	1.2	

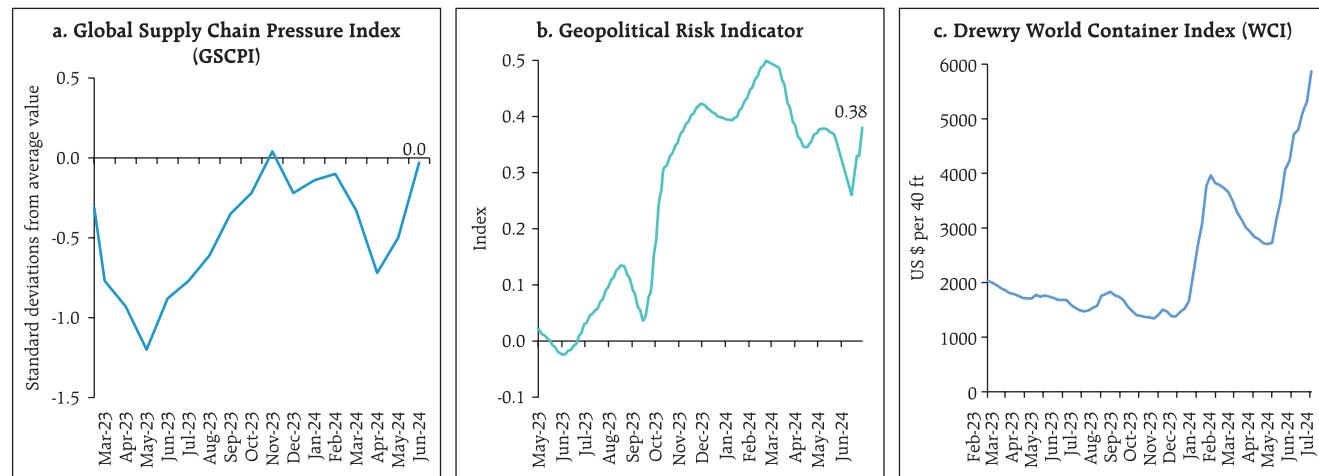
Note: <sup>#</sup>: India's data is on a fiscal year basis.

Source: IMF.

**Chart II.1: Global GDP Growth Nowcast (Q-o-Q)**



### Chart II.2: Trends in Global Supply Chain Pressures and Geopolitical Risks



**Notes:** 1. GSCPI reflects data on transportation costs and manufacturing indicators.

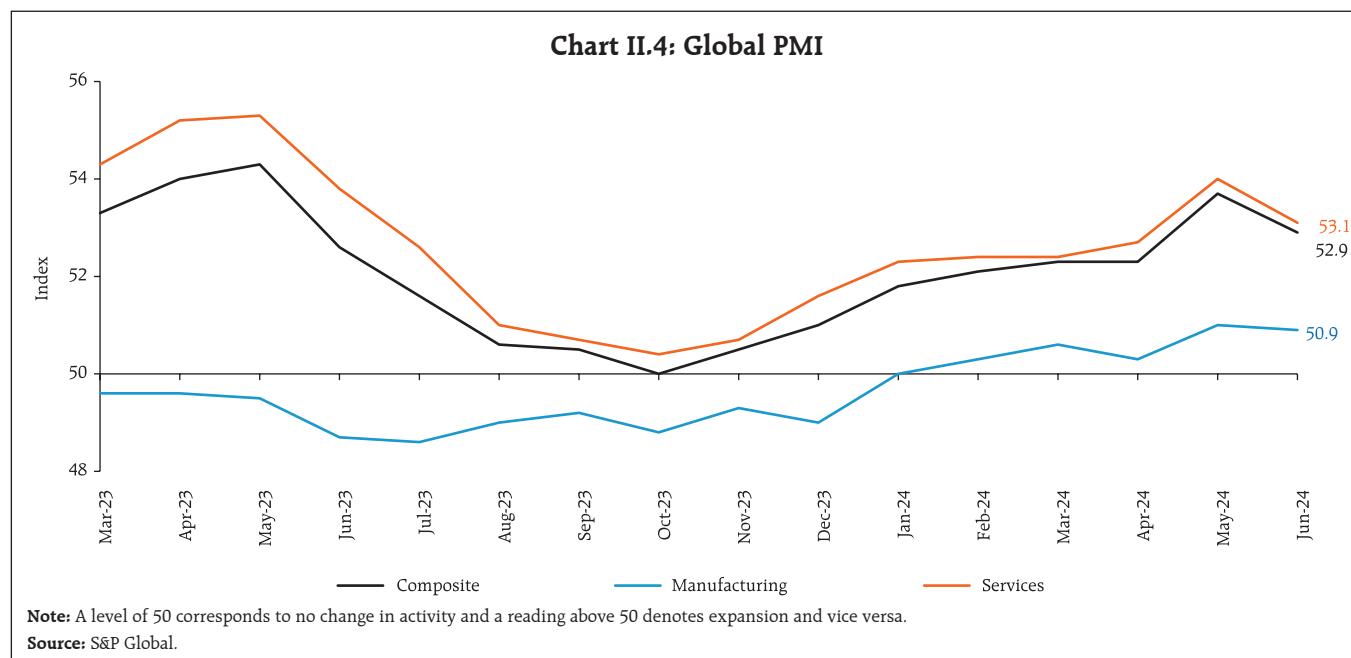
2. The WCI assessed weekly by Drewry reports actual spot container freight rates for major east west trade routes. The composite represents a weighted average of the 8 shipping routes by volume and is reported in USD per 40-foot container.

**Sources:** Federal Reserve Bank of New York; BlackRock Investment Institute, June 2024; and Bloomberg.

The global supply chain pressures index (GSCPI) recorded an uptick in June 2024, taking it closer to its historical average (Chart II.2a). The geopolitical risk index, which had undergone a marginal decline in the first half of June 2024, recorded an upswing thereafter, driven by the escalation of hostilities in the Middle East (Chart II.2b). Shipping costs

maintained an uptrend as voyage transit times remained stretched due to disruptions in the Red Sea<sup>12</sup> (Chart II.2c).

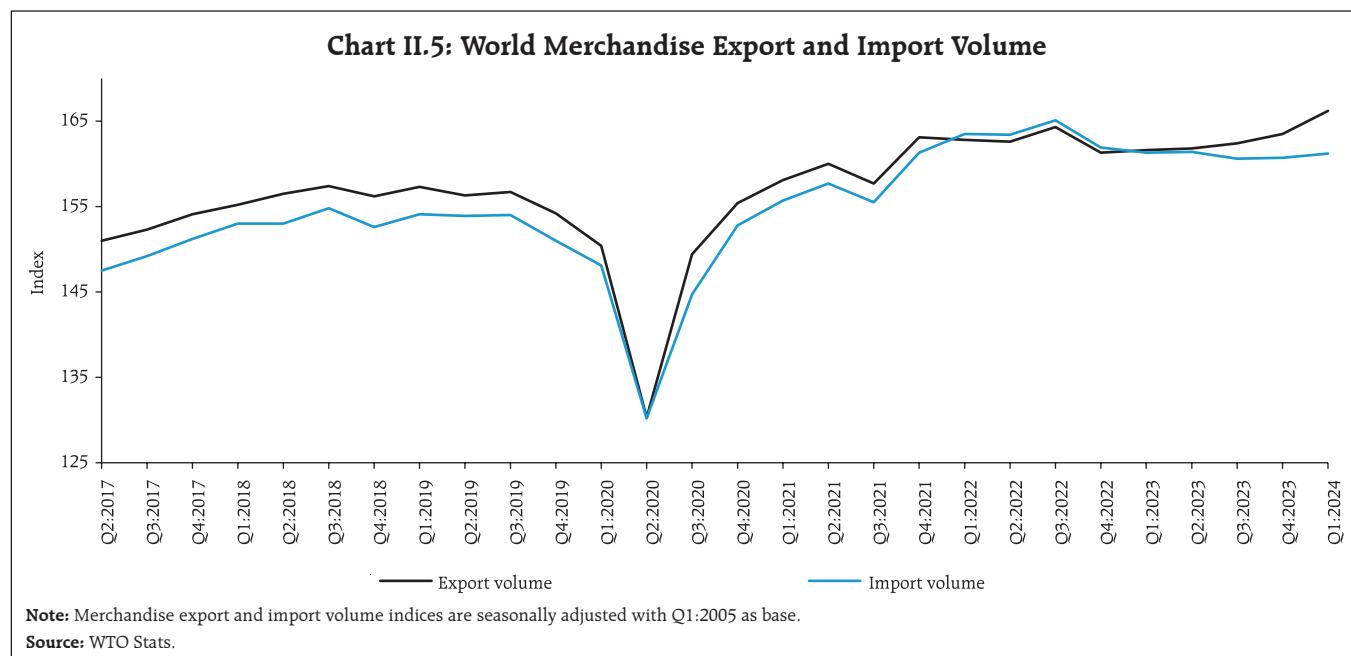
Consumer sentiments in the US fell for the third consecutive month in June 2024 to their lowest since November 2023 (Chart II.3a). Sentiments also remained wary in the euro area on expectations that

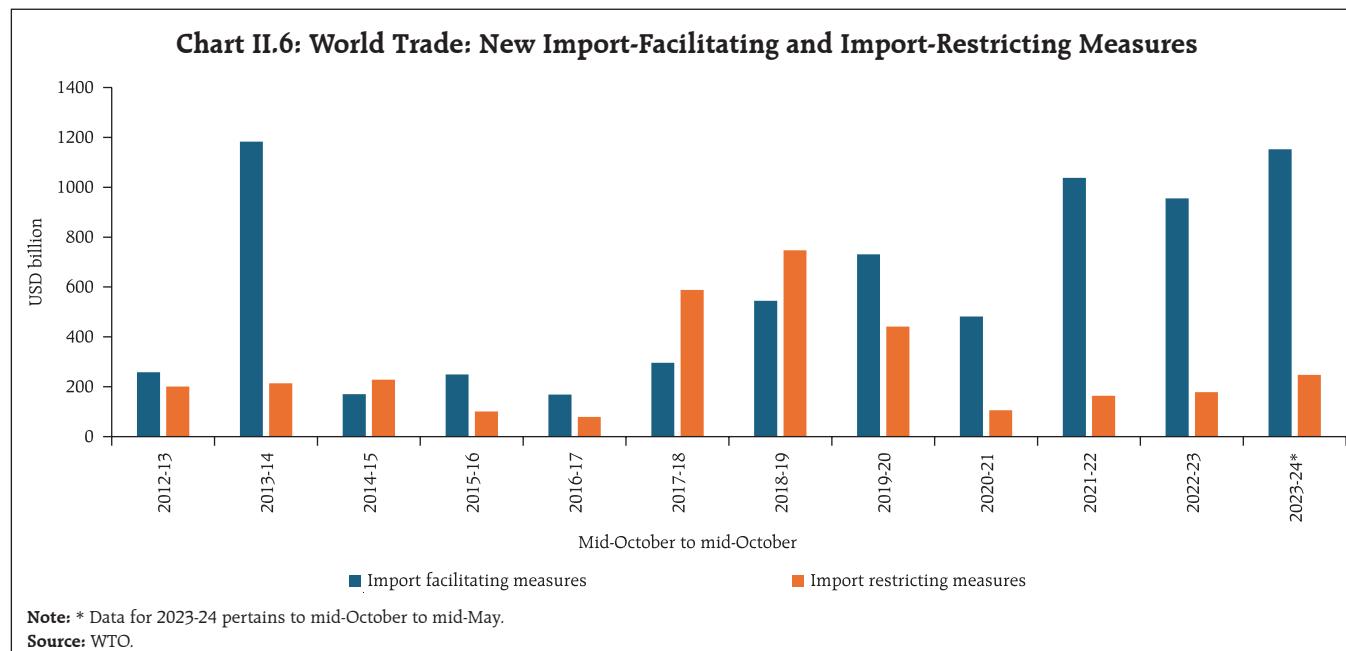


employment is likely to decline further. Financial conditions marginally eased in AEs while in emerging economies such as Brazil and China there was some tightening on account of heightened risk perception (Chart II.3b).

The global composite purchasing managers index (PMI) posted an expansion for the eighth consecutive

month *albeit* with a sequential moderation to 52.9 in June from 53.7 in May. Rates of expansion eased month-on-month (m-o-m) for both manufacturing production and service sector business activity (Chart II.4). The global manufacturing PMI softened to 50.9 in June from May's two-and-a-half year high while the services PMI slowed to 53.1 in June from

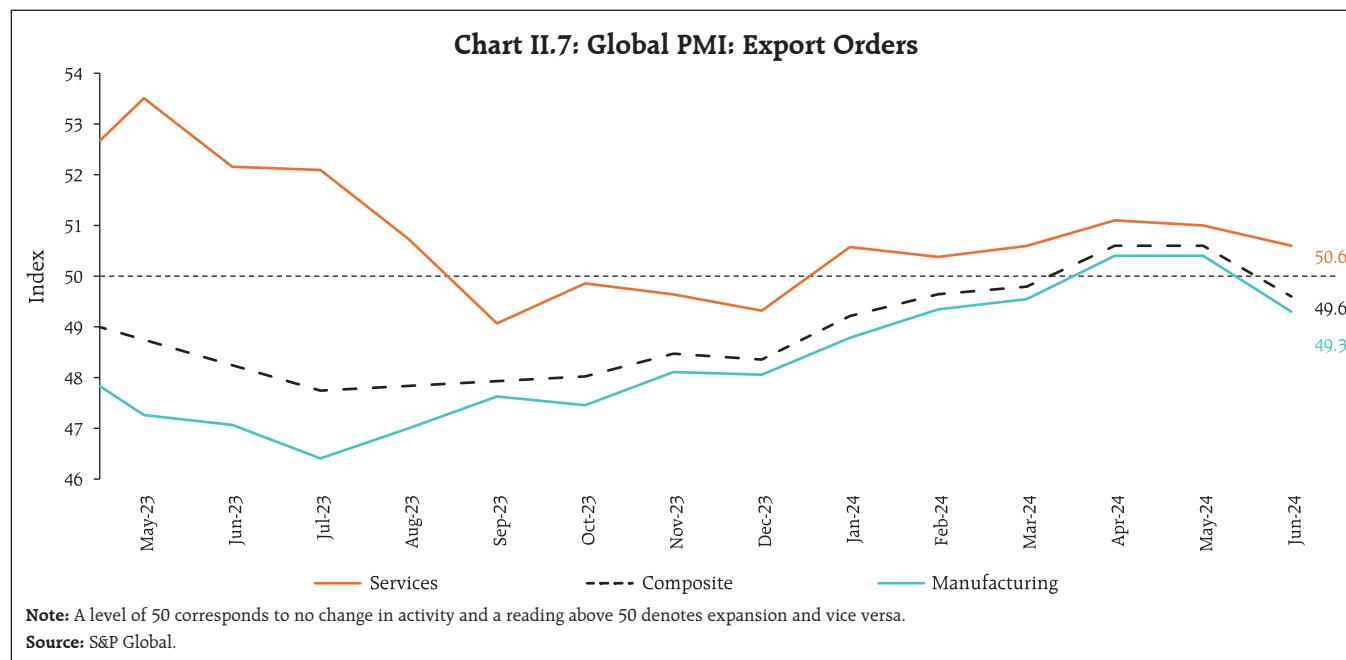




54.0 in May. Despite the sequential moderation, growth is becoming broad-based, with all 25 sub-sectors covered by the PMI recording an expansion (as evident in the Index value of above 50) in June 2024 for the first time since July 2021.

According to the latest World Trade Organisation's (WTO) trade monitoring update<sup>13</sup>,

world trade is expected to pick up gradually during 2024-25 following a larger than expected decline in 2023. World merchandise export volume grew by 2.8 per cent on a year-on-year (y-o-y) basis in Q1:2024 (Chart II.5). Although world merchandise import volume recorded a marginal contraction on a y-o-y basis, it grew sequentially.



<sup>13</sup> The Trade Monitoring Update, WTO, July 08, 2024.

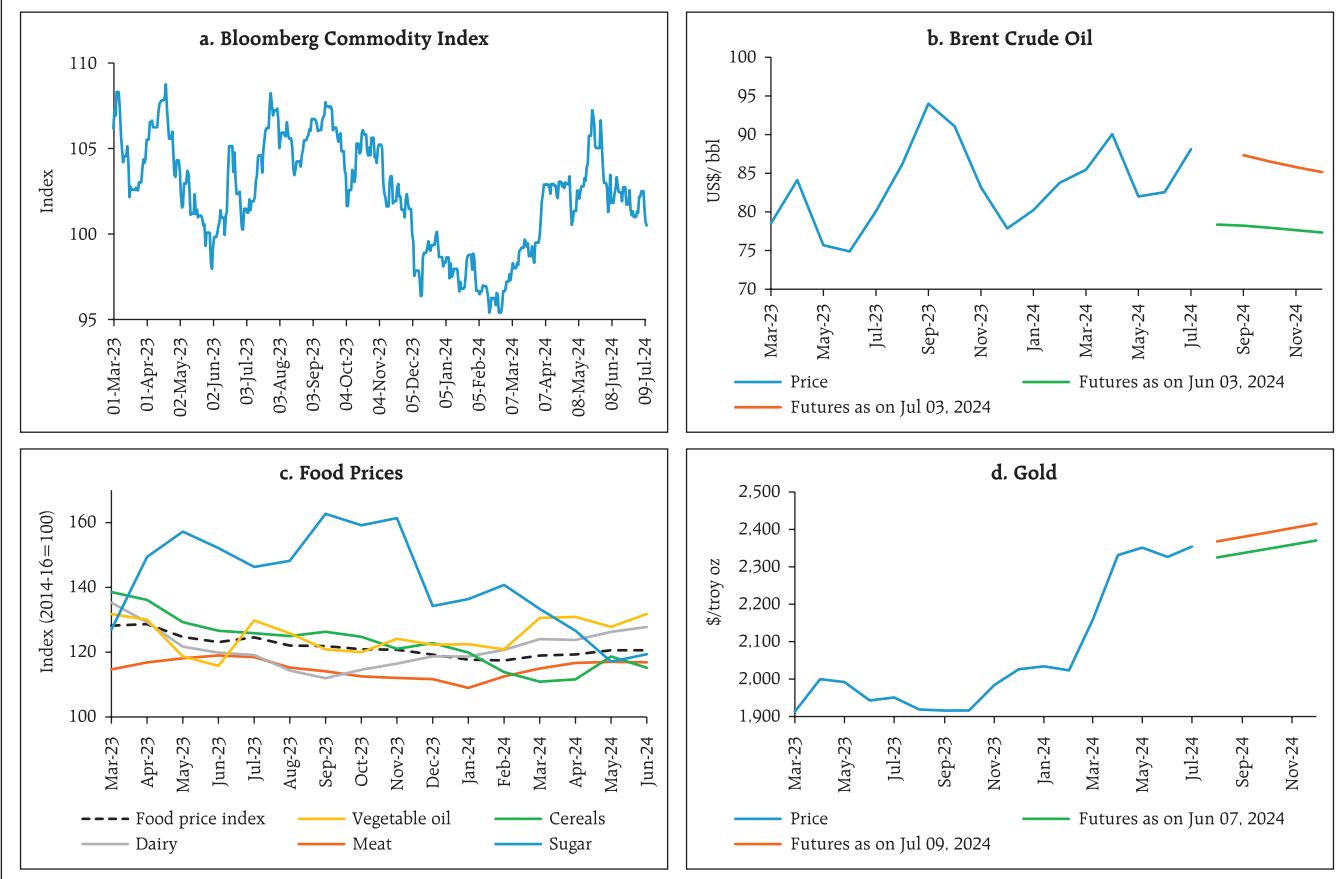
There has been an increase in the number of import facilitating trade measures in the year gone by, outpacing the growth in import restricting measures. With this shift holding up during 2024 so far, it could provide further support to the global trade recovery (Chart II.6).

The composite PMI for export orders dipped in June, however, after remaining in expansionary territory over the previous two months. There was a moderation in both manufacturing and services export orders (Chart II.7).

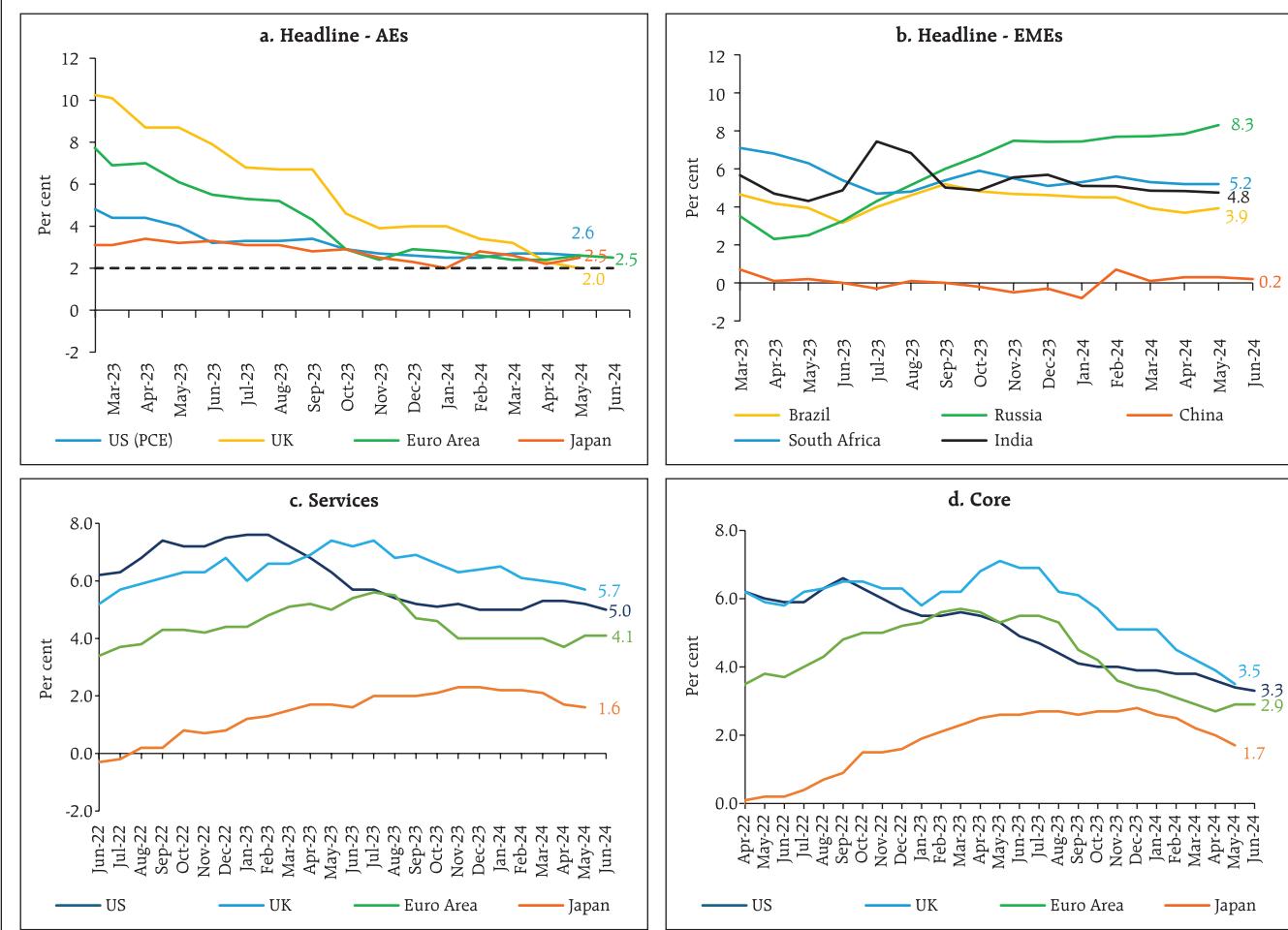
Global commodity prices have remained volatile. Lower agricultural commodity prices and industrial metal prices were partly offset by higher energy prices, resulting in the Bloomberg commodity index declining by 1.9 per cent (m-o-m) in June (Chart

II.8a). Brent crude oil prices increased by 8.2 per cent, crossing US\$ 85 per barrel in late June due to increased geopolitical risks as well as larger than expected decline in US crude oil inventory (Chart II.8b). The Food and Agriculture Organization's (FAO's) food price index remained steady (m-o-m) in June 2024 as an increase in the prices of vegetable oils (3.1 per cent) and sugar (1.9 per cent) were offset by a decrease in the price of cereals (-3.0 per cent). The index, however, stood 2.1 per cent below its corresponding value a year ago due to the decline in sugar and cereals prices on a y-o-y basis (Chart II.8c). Gold prices declined by 1 per cent in June (m-o-m), reflecting a stronger US dollar and weak seasonal demand (Chart II.8d).

**Chart II.8: Commodity and Food Prices**



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

**Chart II.9: Inflation - AEs and EMEs**

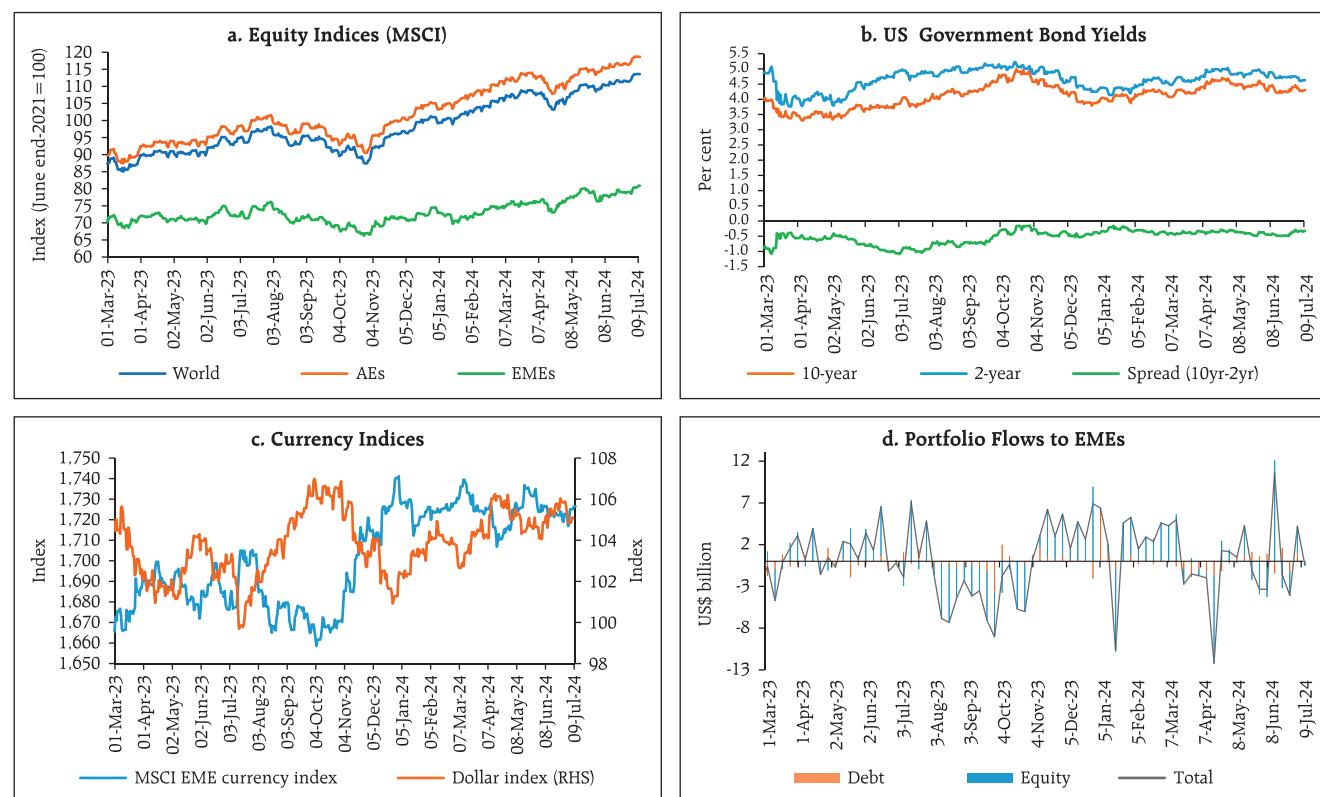
Sources: Bloomberg; and OECD.

Headline inflation continued its gradual descent in most of the economies. In the US, CPI inflation moderated to 3.0 per cent (y-o-y) in June from 3.3 per cent in May, and the index recorded a m-o-m decline for the first time since May 2020 on the back of declining gas and automobile prices. The headline personal consumption expenditure (PCE) inflation also softened to 2.6 per cent in May from 2.7 per cent in April. As per flash estimates, euro area inflation edged lower to 2.5 per cent in June from 2.6 per cent a month ago, despite sticky core and services

inflation. Inflation in Japan (CPI excluding fresh food) edged up to 2.5 per cent in May, while in the UK it softened to 2.0 per cent (Chart II.9a). Among EMEs, inflation increased in Brazil and Russia while it softened in China in June (Chart II.9b). Core and services inflation have been trending down in advanced economies although they remain higher than the headline in most of them.

Global equity markets rallied in June, with the Morgan Stanley Capital International (MSCI) world index rising by 2.1 per cent as growing expectations

### Chart II.10: Global Financial Markets

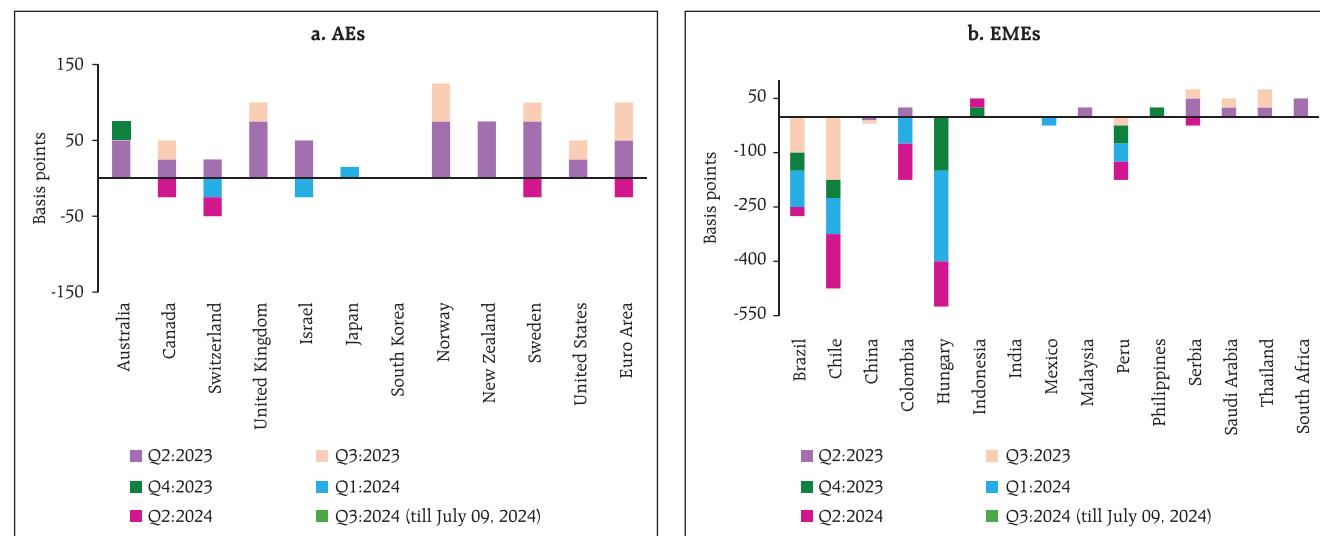


Sources: Bloomberg; and IIF.

of a sooner than anticipated US Fed rate cut sparked risk-on sentiment across stock markets

(Chart II.10a). US government securities (G-sec) yields – both 10-year and 2-year – softened by 10 bps

### Chart II.11: Changes in Policy Rates



Source: Bloomberg.

and 12 bps, respectively, in June as financial markets priced in weaker than expected labour market and business activity data<sup>14</sup> (Chart II.10b). In the currency markets, the US Dollar strengthened by around 1 per cent in June due to its safe haven appeal. On the other hand, the MSCI currency index for EMEs remained range bound in June with volatile capital flows, mainly in the equity segment (Chart II.10c and II.10d).

Amongst AE central banks, the Swiss National Bank reduced its benchmark rate for the second consecutive meeting by 25 bps in June to 1.25 per cent (Chart II.11a). Amongst EME central banks, Columbia continued on its easing cycle, cutting its key rate by 50 bps in its June meeting (Chart II.11b). Most other central banks have retained their policy

rates in their latest meetings, although a few of them have offered forward guidance on upcoming rate cuts conditional on favourable data on inflation.

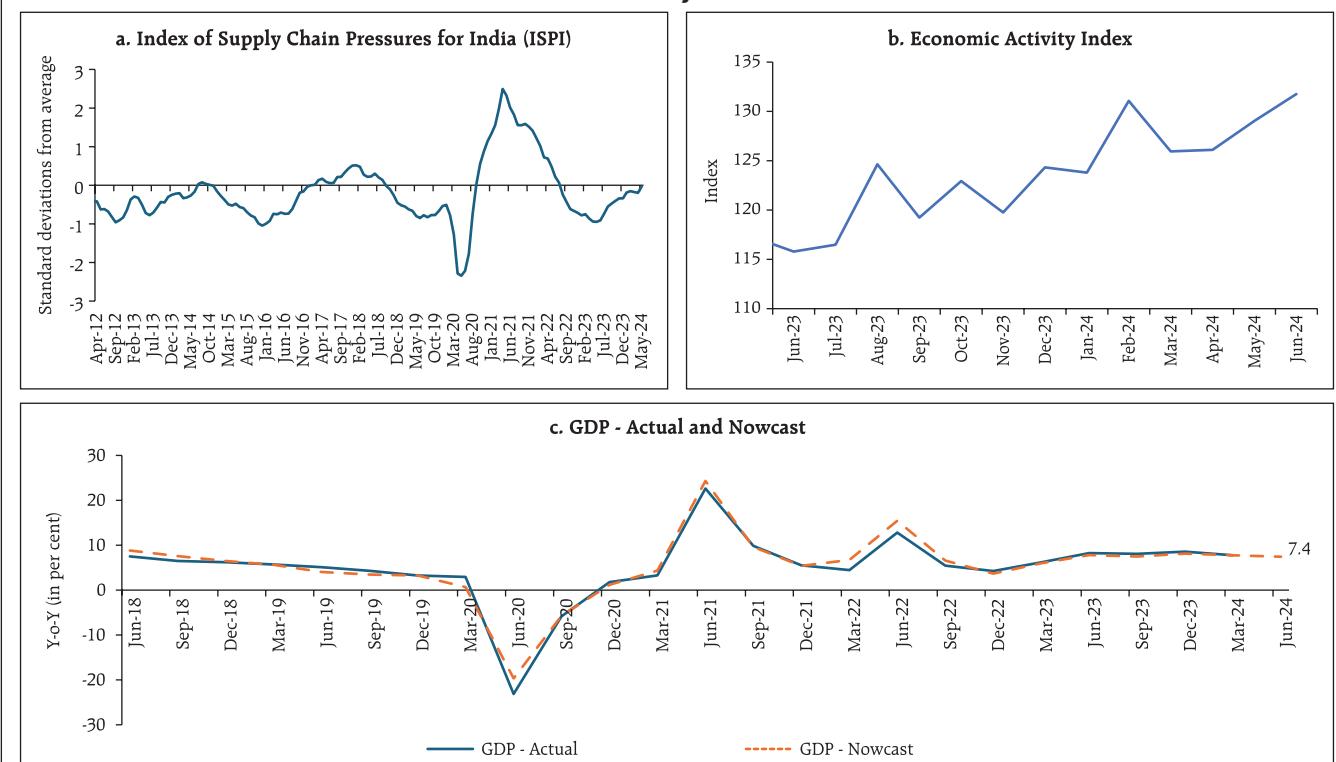
### III. Domestic Developments

The Indian economy sustained a strong growth momentum, despite geopolitical headwinds and some build-up of supply chain pressures (Chart III.1a). Using information available from a host of high frequency indicators, our economic activity index (EAI) projects that GDP growth in Q1:2024-25 is likely to turn out to 7.4 per cent (Chart III.1b and Chart III.1c).

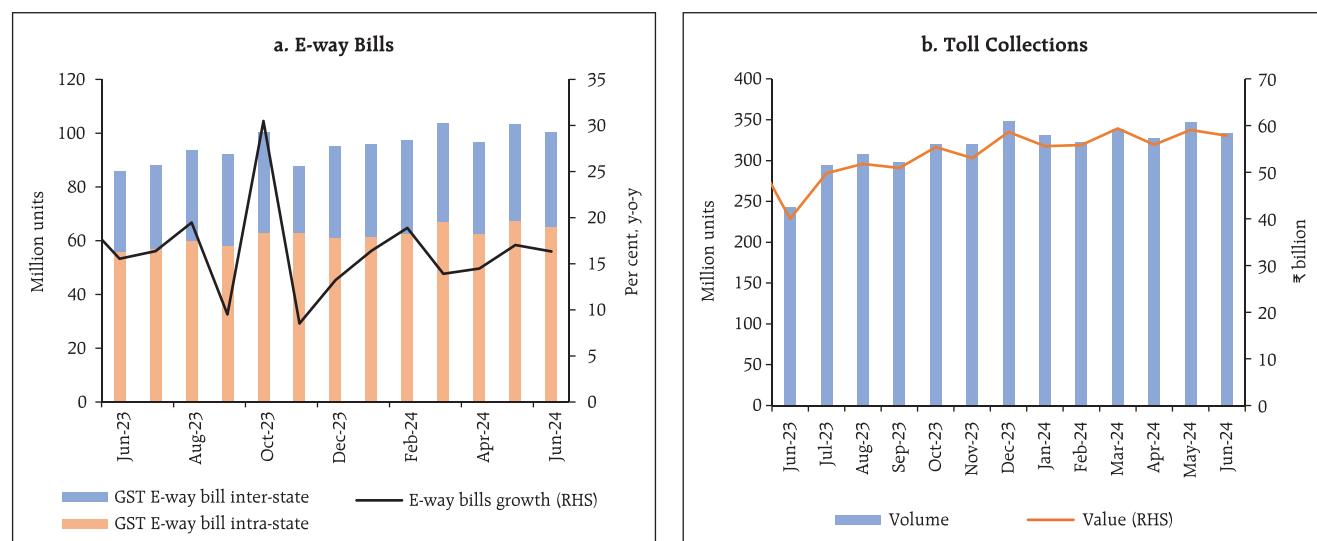
#### Aggregate Demand

Domestic demand conditions have remained robust during Q1:2024-25 as evinced by movements

**Chart III.1: Economic Activity and GDP Growth Nowcast**



<sup>14</sup> Institute for Supply Management (ISM) data.

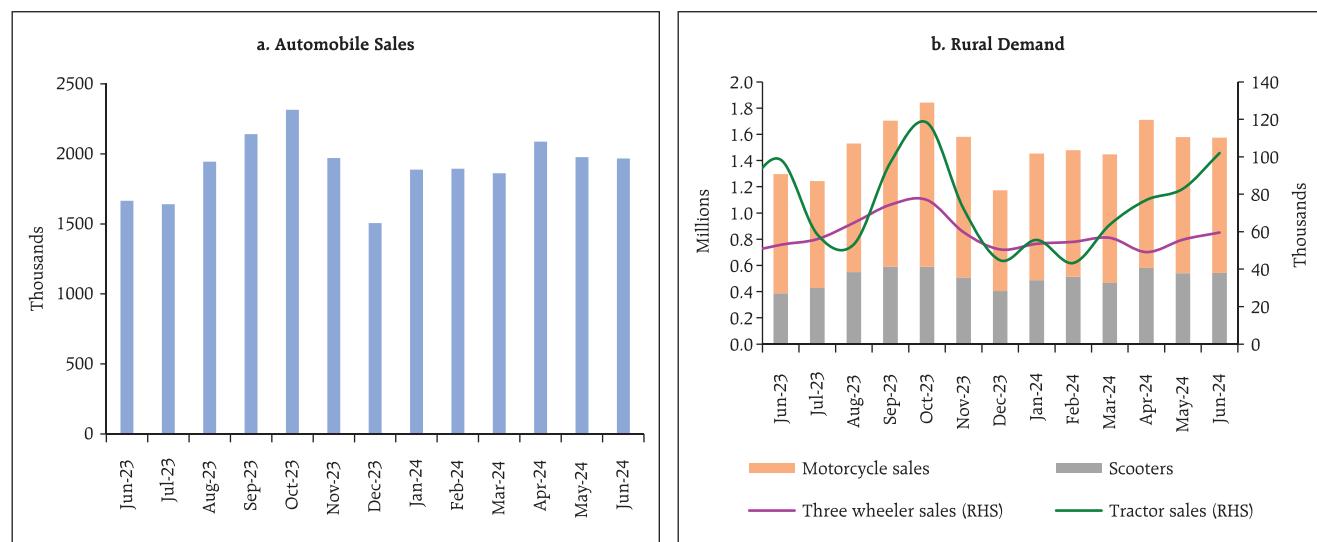
**Chart III.2: E-way Bills and Toll Collections**

Sources: GSTN; and RBI.

in high frequency indicators. E-way bills grew by 16.3 per cent (y-o-y) in June 2024, with sequential growth, both inter- and intra-state (Chart III.2a). Toll collections increased by a strong 37.4 per cent (y-o-y) in June 2024 (Chart III.2b).

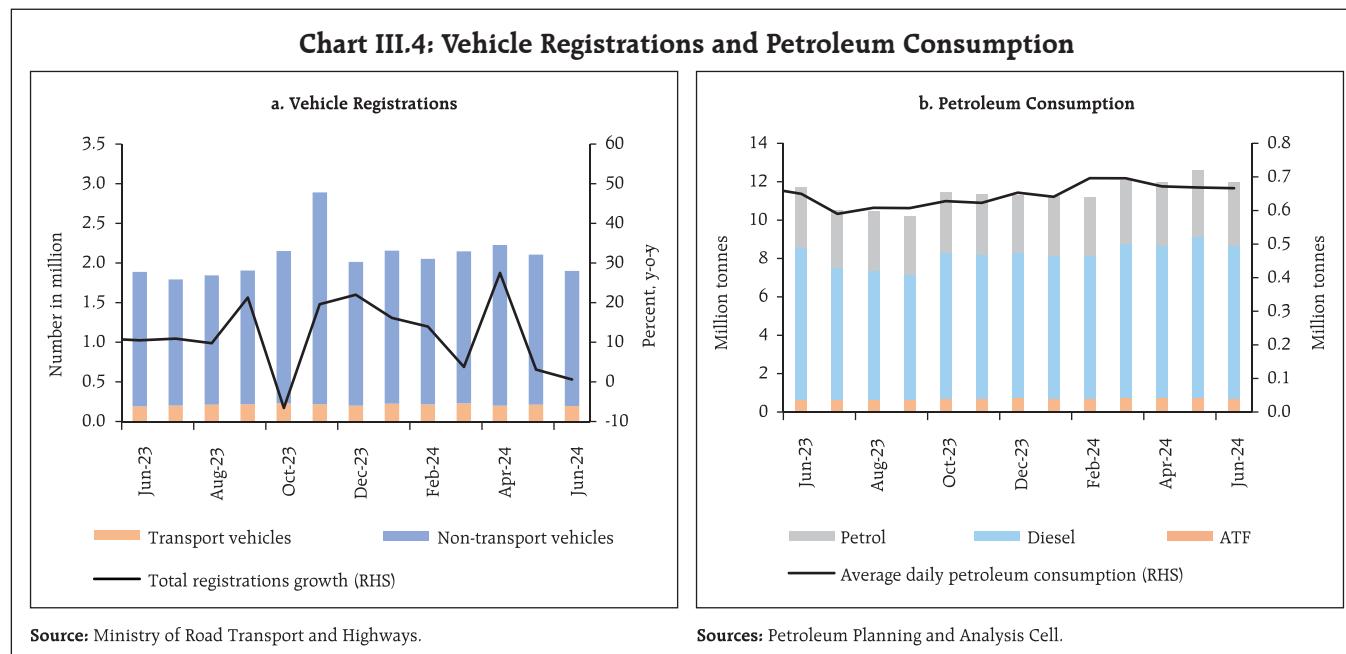
Automobile sales recorded a growth of 18.2 per cent (y-o-y) in June 2024, led by two-and-three

wheelers followed by passenger vehicles, even as growth for entry level vehicles continued to remain weak (Chart III.3a). With improving farm sentiments, domestic tractor sales reached an eight-month high in June 2024, with total volumes surpassing the one-lakh mark (Chart III.3b). Vehicle registrations moderated in June 2024 in both non-transport

**Chart III.3: Automobile Sector Indicators**

Source: SIAM.

Sources: SIAM; and TMA.

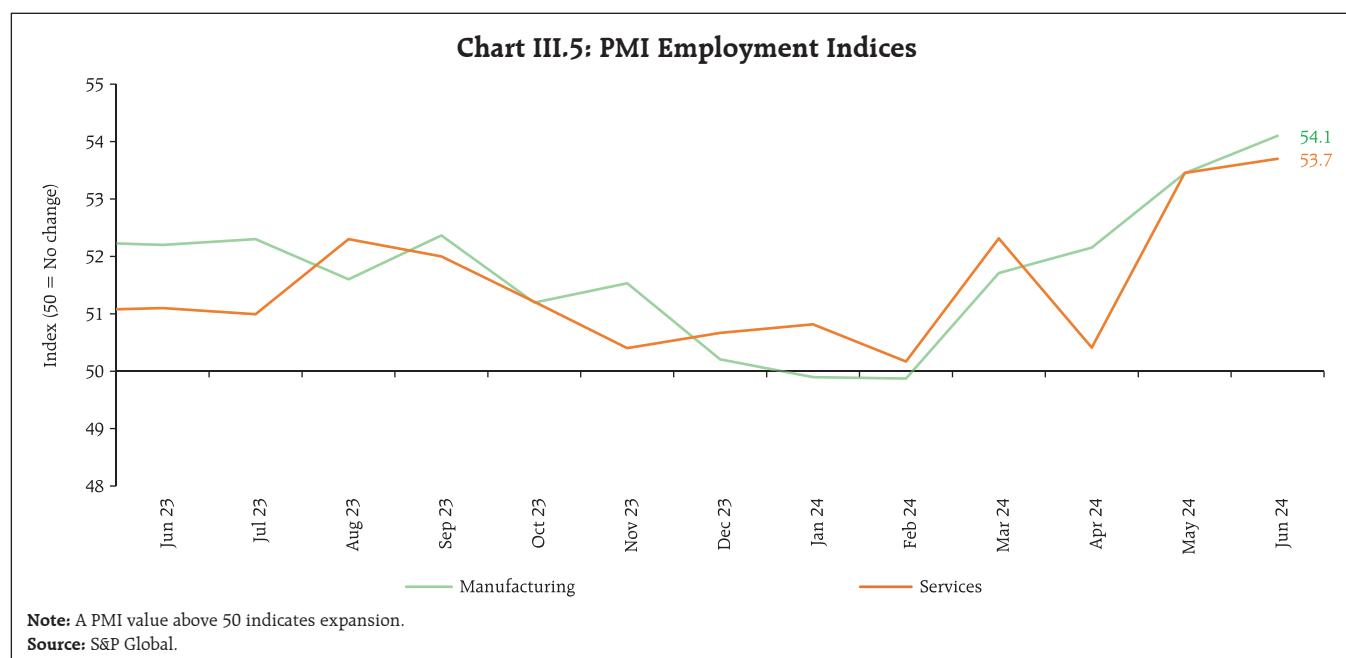


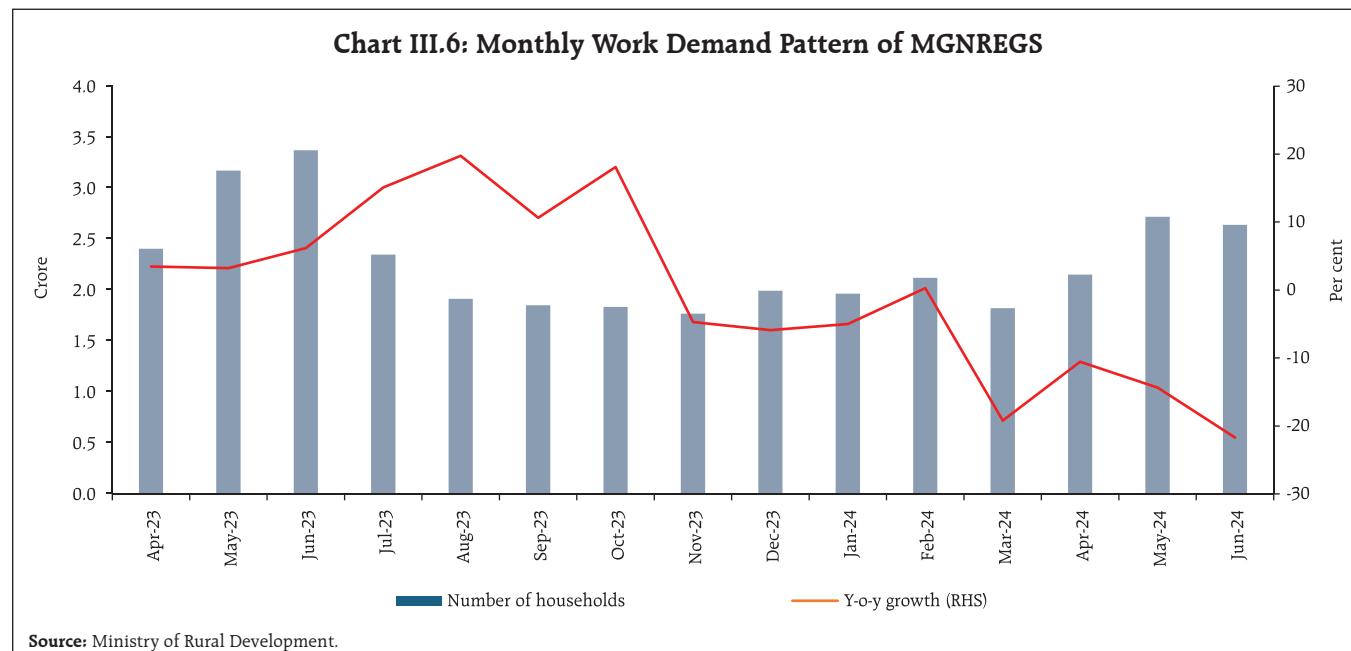
vehicles and transport vehicles segments (Chart III.4a). Average daily petroleum consumption grew by 2.6 per cent (y-o-y) in June 2024, driven by motor spirits (petrol) and aviation turbine fuel (ATF) [Chart III.4b].

In the same month, organised manufacturing employment, as captured by the PMI employment

outlook, recorded the fastest rate of expansion in over 19 years on the back of rising production. Services job creation expanded to its strongest level since August 2022, driven by a surge in new business (Chart III.5).

Household work demand under the Mahatma Gandhi National Rural Employment Guarantee



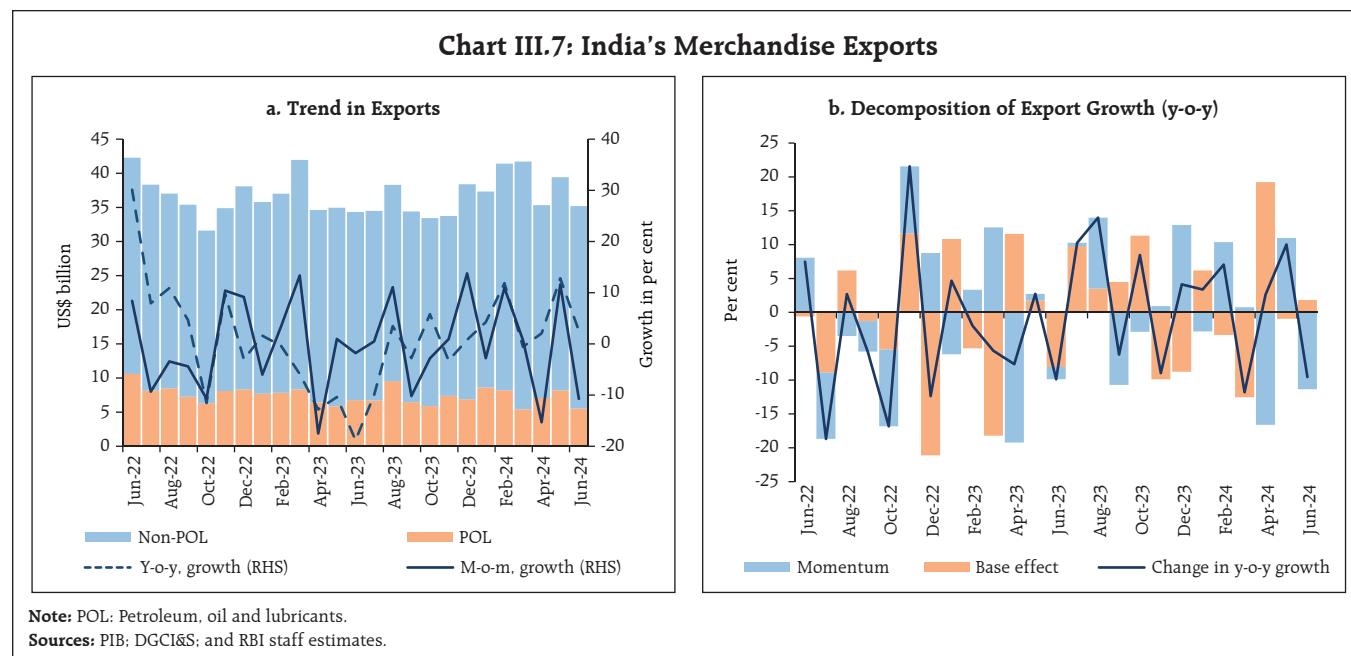


Scheme (MGNREGS) witnessed a marginal decline of 2.9 per cent (m-o-m) in June (Chart III.6).

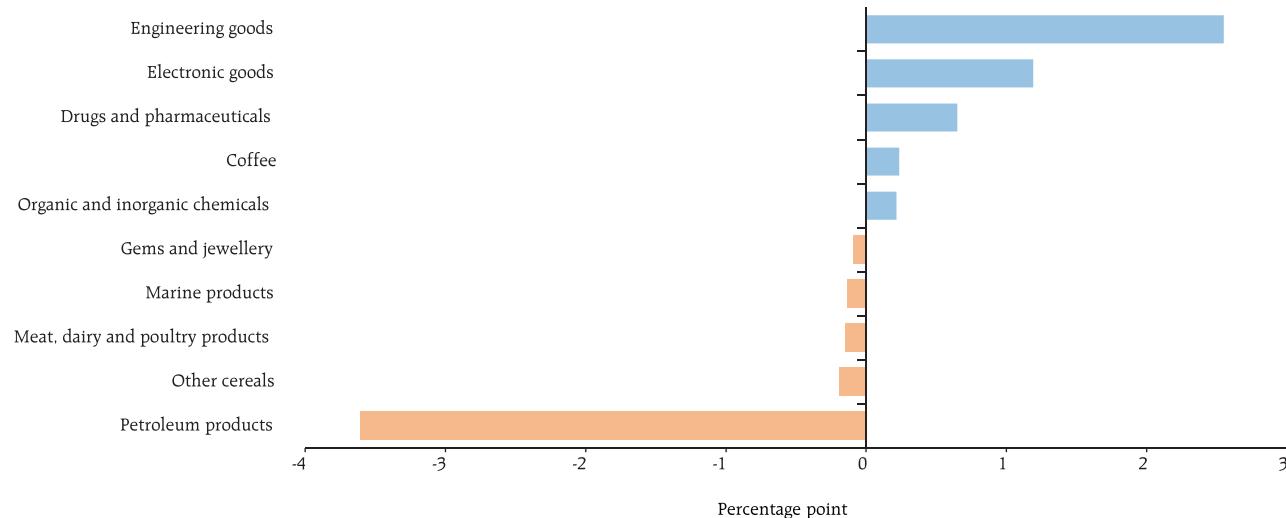
India's merchandise exports at US\$ 35.2 billion grew by 2.5 per cent (y-o-y) in June 2024 due to a favourable base effect, despite a sequential (m-o-m) decline (Chart III.7).

The export expansion was broad-based, as 19 out of 30 major commodities (accounting for

62.6 per cent of the export basket) registered y-o-y increases. Engineering goods, electronic goods, drugs and pharmaceuticals, coffee, and organic and inorganic chemicals supported export growth in June, while petroleum products, other cereals, meat, dairy and poultry products, marine products, and gems and jewellery dragged down growth (Chart III.8).



**Chart III.8: India's Merchandise Exports – Relative Contribution  
(June 2024 over June 2023)**



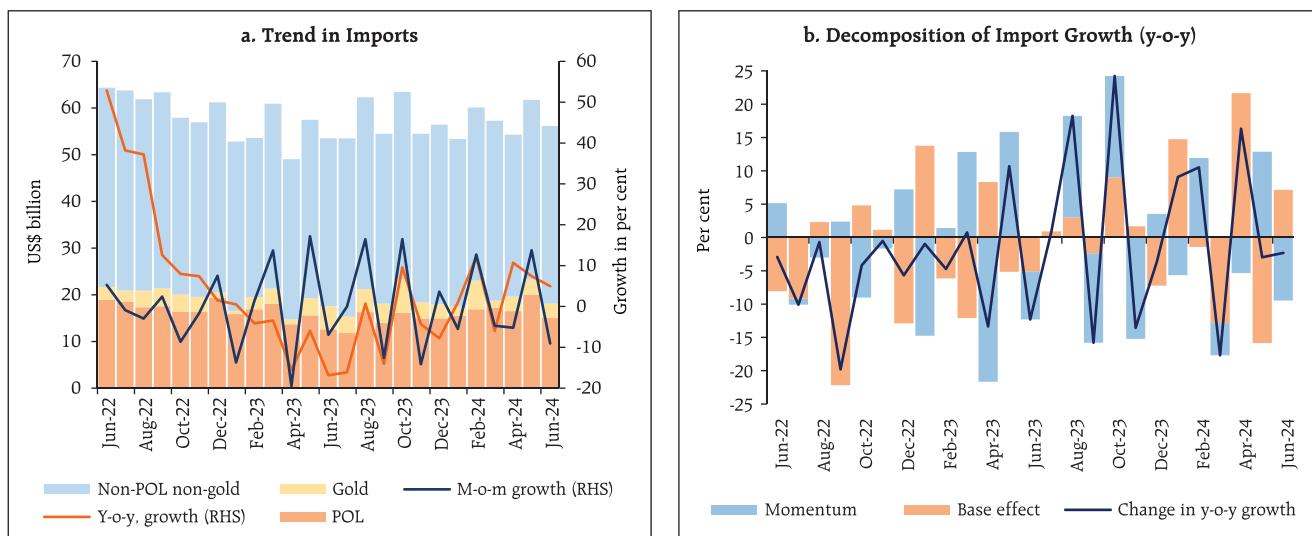
In Q1:2024-25, India's merchandise exports expanded by 5.8 per cent to US\$ 110.0 billion, primarily led by the drivers that were evident in the June 2024 outturn.

Merchandise imports at US\$ 56.2 billion expanded by 5.0 per cent (y-o-y) in June, aided by a positive base effect (Chart III.9). Among the 30 major commodities, 21 commodities (accounting for 71.8 per cent of the

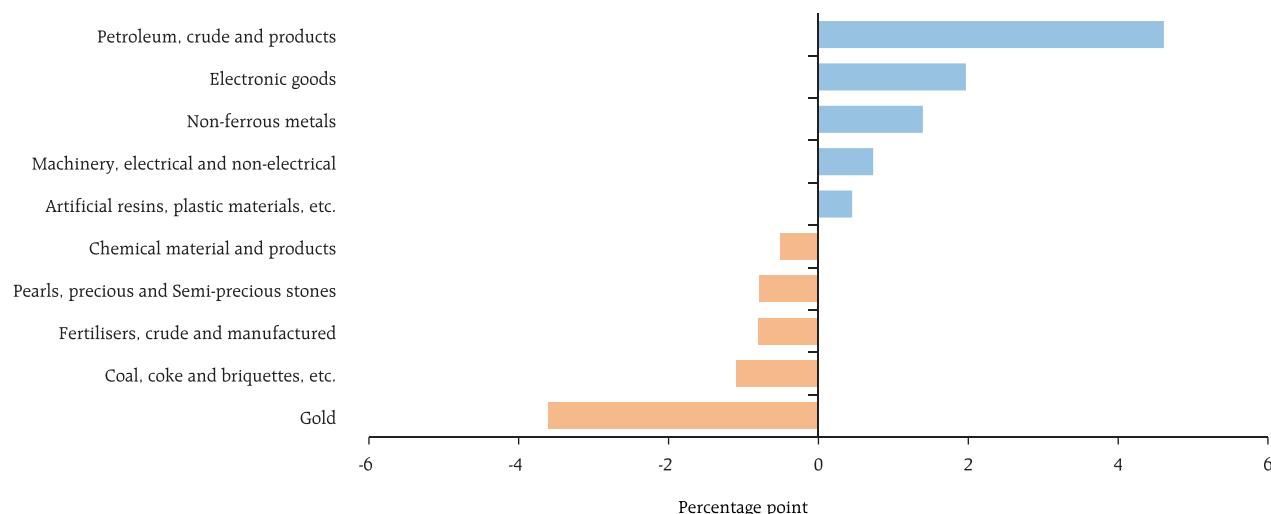
import basket) registered growth on a y-o-y basis in June.

Petroleum, crude and products, electronic goods, non-ferrous metals, machinery, and artificial resins contributed positively, while gold, coal, fertilisers, pearls, precious and semi-precious stones and chemical materials and products were the main drags (Chart III.10).

**Chart III.9: India's Merchandise Imports**



**Chart III.10: India's Merchandise Imports – Relative Contribution  
(June 2024 over June 2023)**



Sources: PIB; and RBI staff estimates.

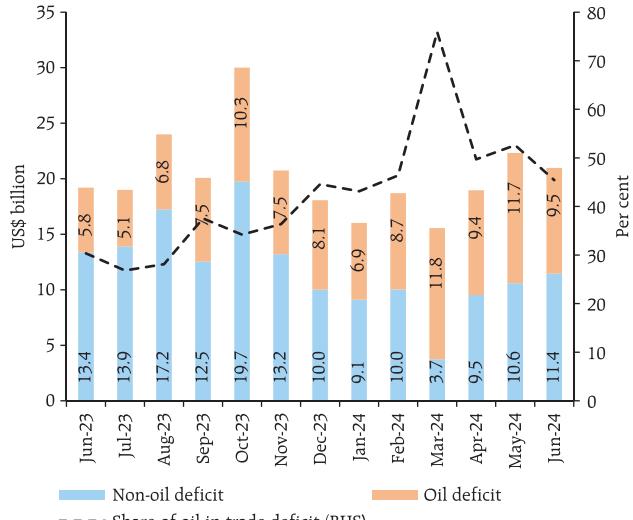
In Q1:2024-25, India's merchandise imports increased by 7.6 per cent (y-o-y) to US\$ 172.2 billion, mainly led by petroleum products, electronic goods, non-ferrous metals, vegetable oil and pulses.

The merchandise trade deficit widened to US\$ 21.0 billion in June 2024 from US\$ 19.2 billion in June 2023. The share of POL in the total merchandise

trade deficit declined to 45.4 per cent from 52.6 per cent in May 2024 (Chart III.11).

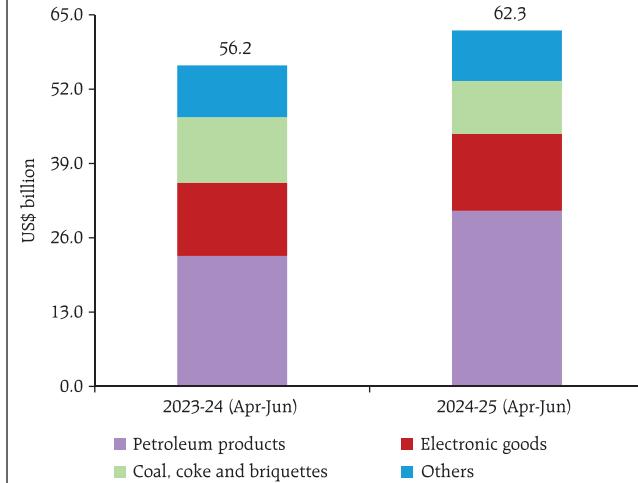
In Q1:2024-25, India's merchandise trade deficit widened to US\$ 62.3 billion from US\$ 56.2 billion a year ago. Petroleum products were the largest source of the deficit, followed by electronic goods (Chart III.12).

**Chart III.11: Decomposition of India's Merchandise Trade Deficit**



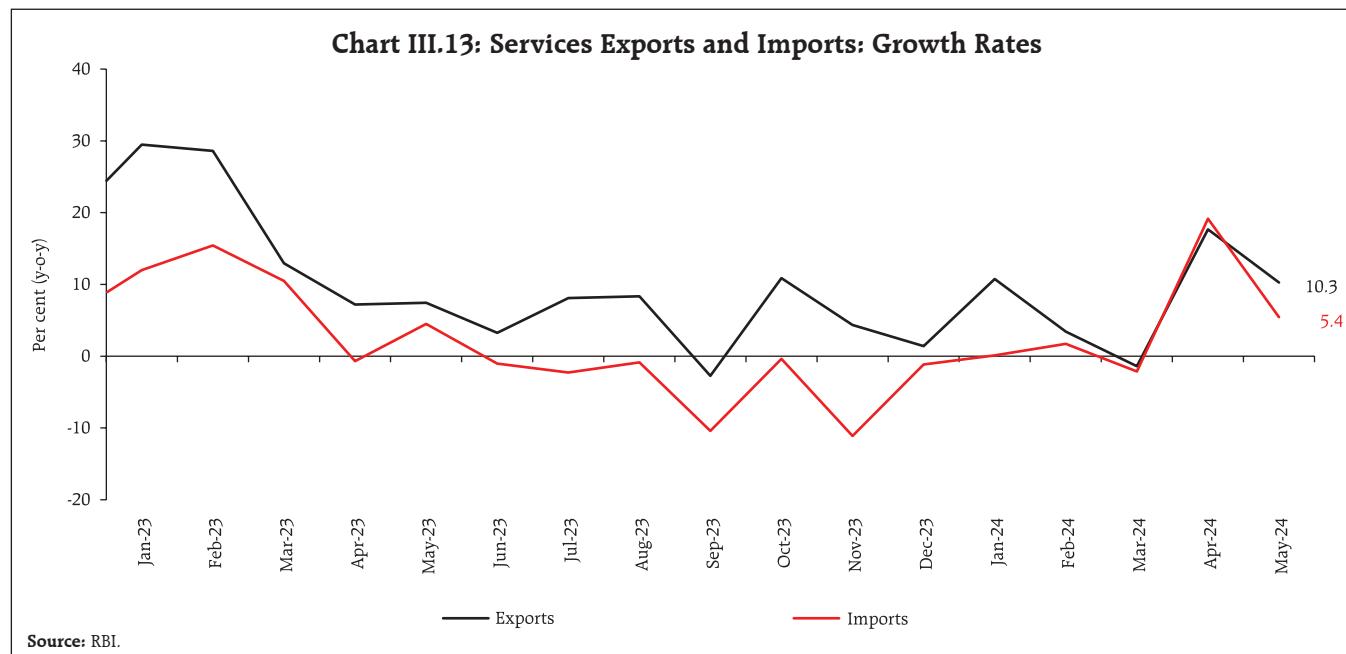
Sources: PIB; and DGCI&S.

**Chart III.12: Commodity-wise Merchandise Trade Deficit**



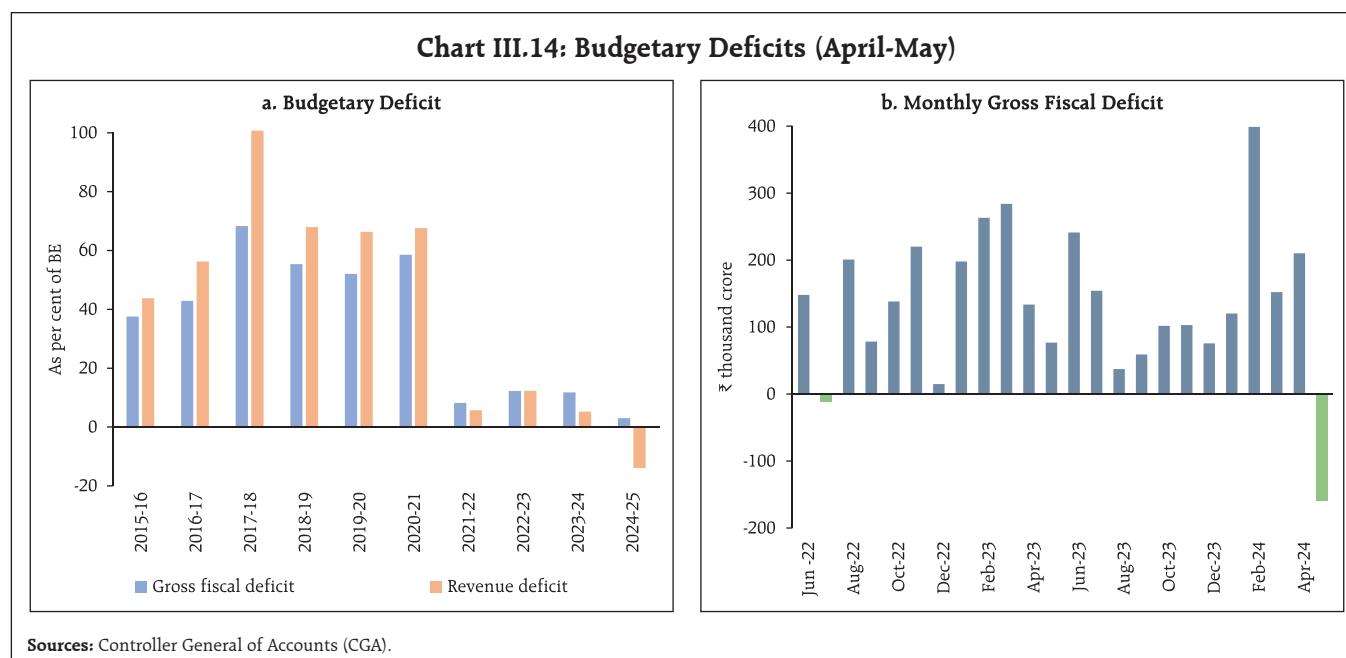
Note: Coal, coke and briquettes exports in June 2024 are assumed to be at the same level as in May 2024.

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



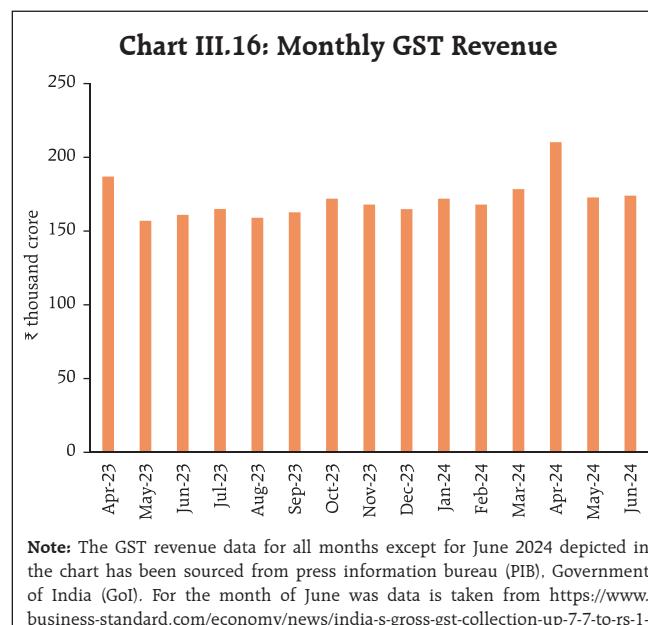
In May 2024, services exports at US\$ 29.8 billion grew by 10.3 per cent (y-o-y), whereas services imports expanded by 5.4 per cent (y-o-y) to US\$ 16.7 billion (Chart III.13). Consequently, net services export earnings rose by 17.1 per cent (y-o-y) to US\$ 13.0 billion in May 2024.

The key deficit indicators of the Union Government, viz., gross fiscal deficit (GFD), revenue deficit (RD) and primary deficit (PD) witnessed an improvement during April-May 2024 relative to the corresponding period of the previous year. The GFD came down to 3 per cent of the budget estimates

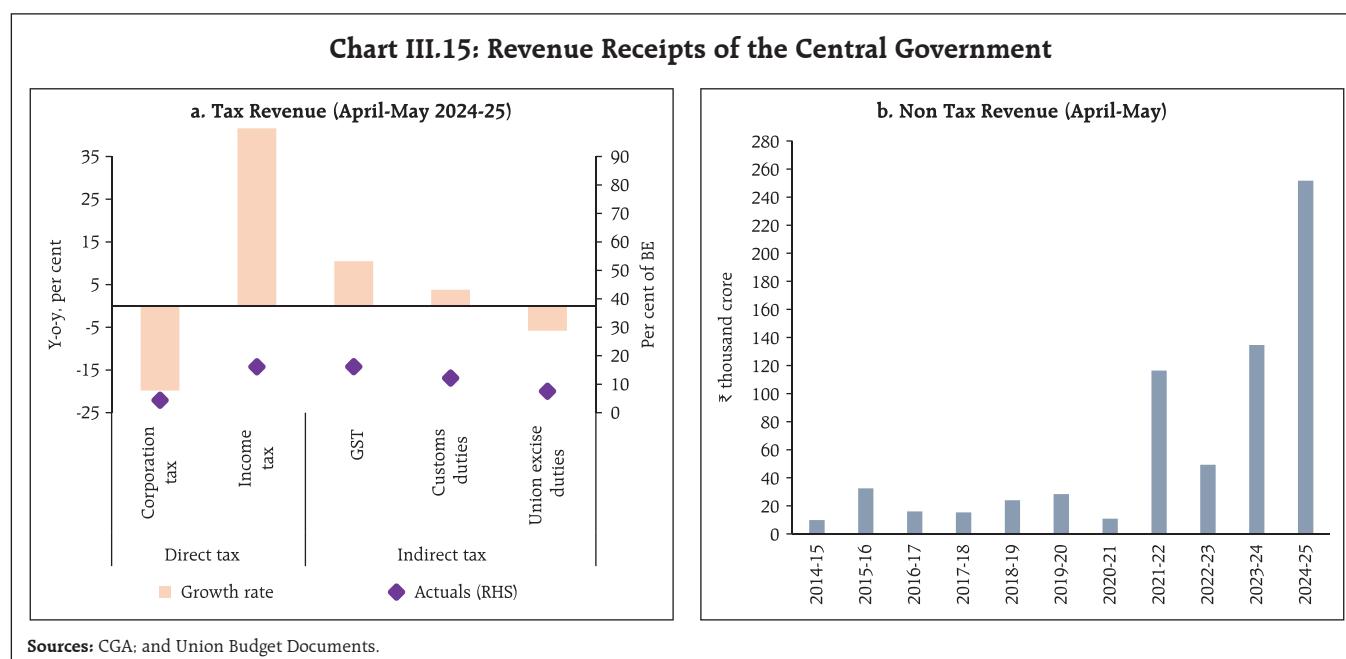


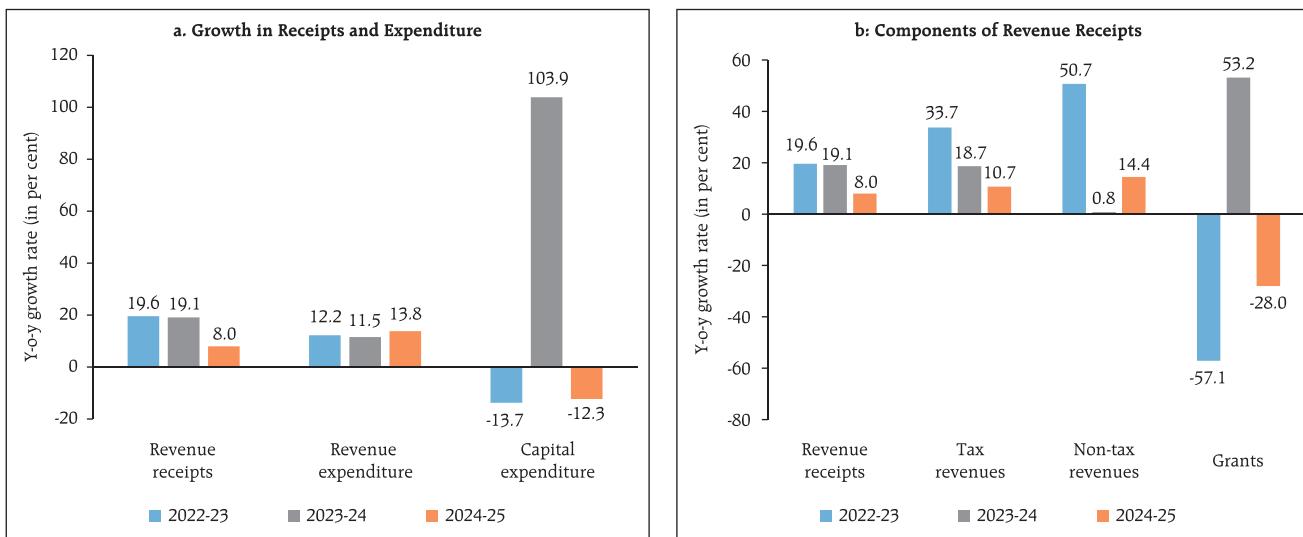
(BE) as against 11.8 per cent of BE a year ago (Chart III.14a). Moreover, a fiscal surplus was posted in May 2024 after a gap of 22 months (Chart III.14b). This improvement in the financial position of the central government during April-May 2024 occurred on the back of a strong and broad-based growth in revenue receipts. On the other hand, the total expenditure of the central government remained flat at ₹6.2 lakh crore during April-May 2024 *vis-à-vis* the corresponding period of the previous year, mainly attributable to the model code of conduct enforced from March 7, 2024 to June 4, 2024 in the run-up to the general elections of 2024.

On the receipts side, gross tax revenue recorded a growth of 15.8 per cent during April-May 2024, with direct and indirect taxes registering y-o-y increases of 24.6 per cent and 8.0 per cent, respectively. Under direct taxes, corporation tax recorded a contraction of 19.8 per cent, but income tax increased by 41.6 per cent y-o-y. Under indirect taxes, GST collections and customs duty recorded a growth of 10.5 per cent



and 3.8 per cent, respectively (Chart III.15a). Non-tax revenue receipts recorded a y-o-y growth of 86.9 per cent during April-May 2024 on the back of higher than budgeted surplus transfer from the Reserve Bank (Chart III.15b). On the other hand, non-debt capital receipts contracted by 30.2 per cent during April-May 2024.



**Chart III.17: Key Fiscal Performance Indicators (April-May)**

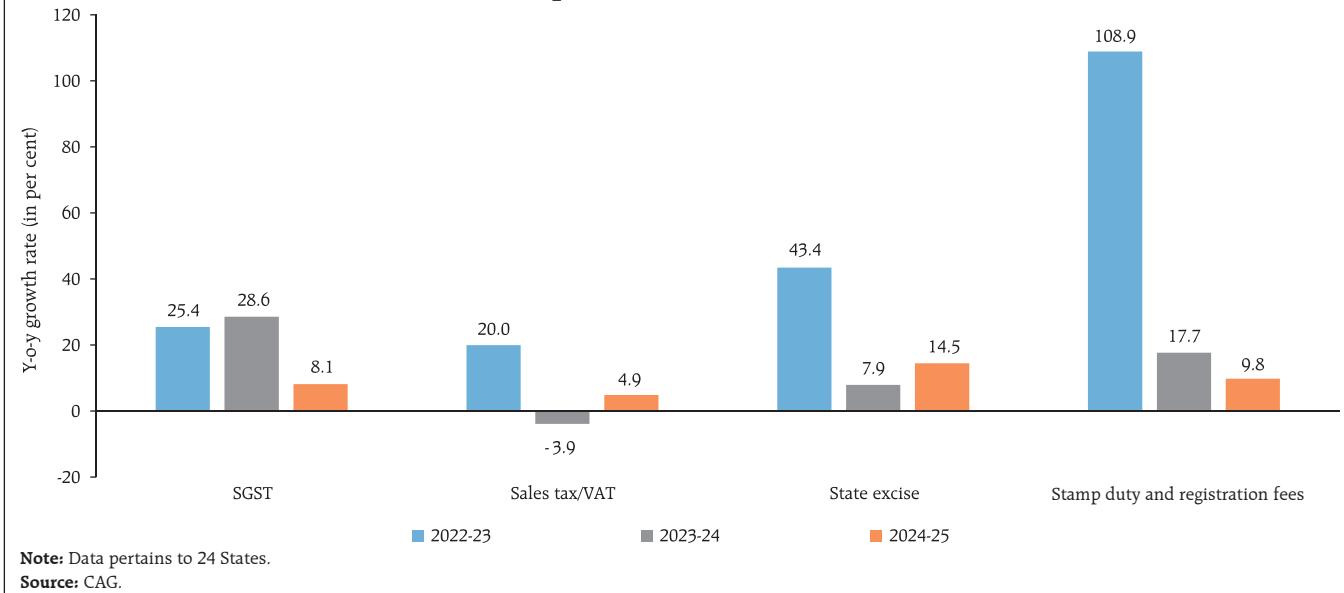
**Note:** Data pertains to 24 States.

**Source:** Comptroller and Auditor General (CAG).

Gross GST collections (Centre *plus* States) for the month of June 2024 stood at ₹1.74 lakh crore<sup>15</sup>, growing at 7.7 per cent on a y-o-y basis (Chart III.16). The gross GST collections during April-June 2024 grew by 10.3 per cent to ₹5.57 lakh crore,

reflecting buoyant economic activity, improved tax compliance and effective enforcement by tax authorities.

As per the data available for April-May 2024, growth in States' revenue receipts moderated,

**Chart III.18: Components of States' Own Tax Revenues**

<sup>15</sup> [https://www.business-standard.com/economy/news/india-s-gross-gst-collection-up-7-7-to-rs-1-74-trillion-in-june-124070100889\\_1.html](https://www.business-standard.com/economy/news/india-s-gross-gst-collection-up-7-7-to-rs-1-74-trillion-in-june-124070100889_1.html) [There is no press release from Press Information Bureau (PIB) for GST collections for the month of June 2024.]

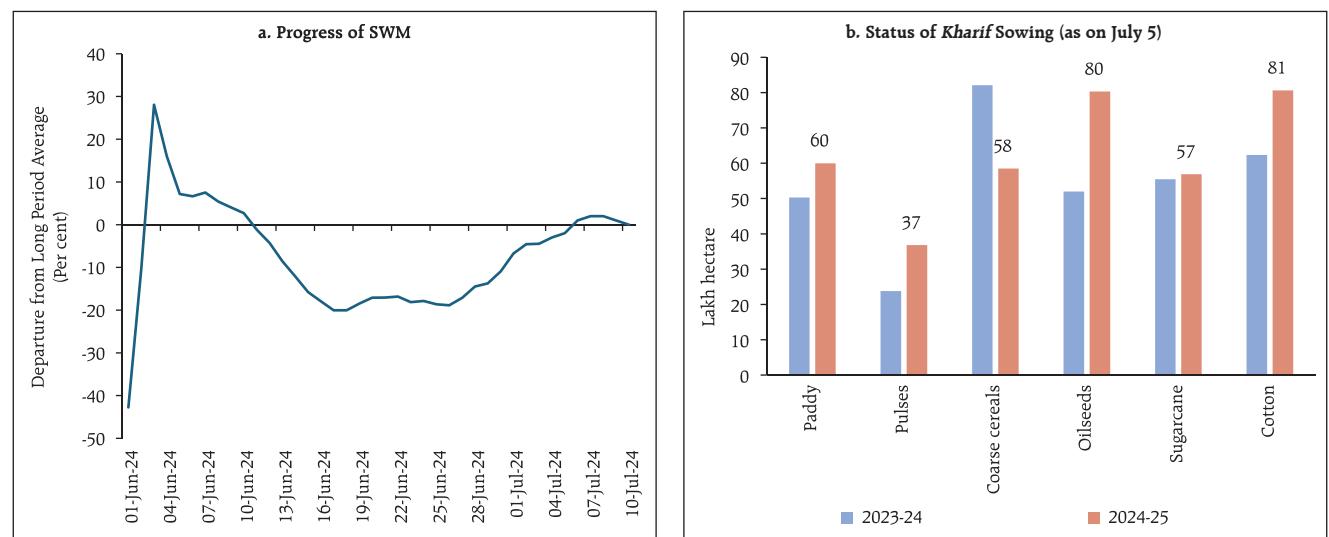
primarily due to slowdown in tax revenues and contraction in grants from the Union government. In contrast, non-tax revenue picked up sharply. On the expenditure side, revenue expenditure grew marginally, but capital expenditure contracted during April-May 2024 (Chart III.17). Within States' own tax revenue, the growth in States' goods and services tax (SGST) moderated from a high base while sales tax/VAT and state excise duties increased y-o-y (Chart III.18).

As in the previous year, the Union government has released an additional instalment of tax devolution to the States in June to accelerate capital spending. During April-June 2024, the total amount devolved to States has been ₹ 2.80 lakh crore as against ₹ 2.37 lakh crore a year ago.<sup>16,17</sup>

### Aggregate Supply

The southwest monsoon (SWM) covered the whole of India six days ahead of its normal date of July 08. The cumulative SWM rainfall during June 01- July 10, 2024 at the all-India level remained at its long period average (LPA) as compared with 2 per cent above the LPA during the corresponding period of the previous year. The gradual strengthening of Maden Julien Oscillation (MJO)<sup>18</sup> and subsequent formation of a rain favouring low pressure system over northern Bay of Bengal towards the end of June helped the monsoon's progress after a stall in mid-June (Chart III.19a). Consequently, the cumulative *kharif* sowing stood at 378.7 lakh hectares (as on July 5, 2024), 34.6 per cent of the full season normal acreage and 14.1 per cent higher than on the corresponding date of the previous year (Chart III.19b). Going

**Chart III.19: Progress of Agriculture Sector**

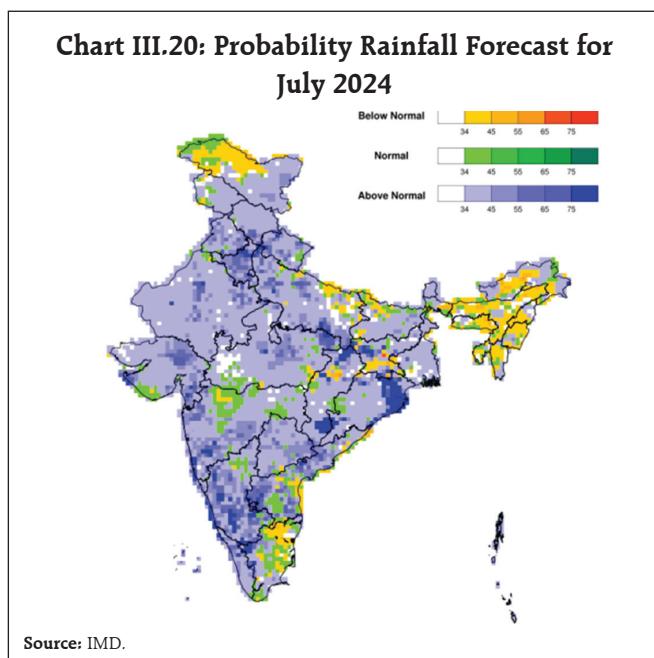


Sources: IMD; and Ministry of Agriculture and Farmers' Welfare (MoAFW).

<sup>16</sup> <https://pib.gov.in/PressReleasePage.aspx?PRID=2023869#:~:text=The%20Interim%20Budget%202024%2D25.2%2C79%2C500%20crore>

<sup>17</sup> <https://cga.nic.in/MonthlyReport/Published/6/2023-2024.aspx>

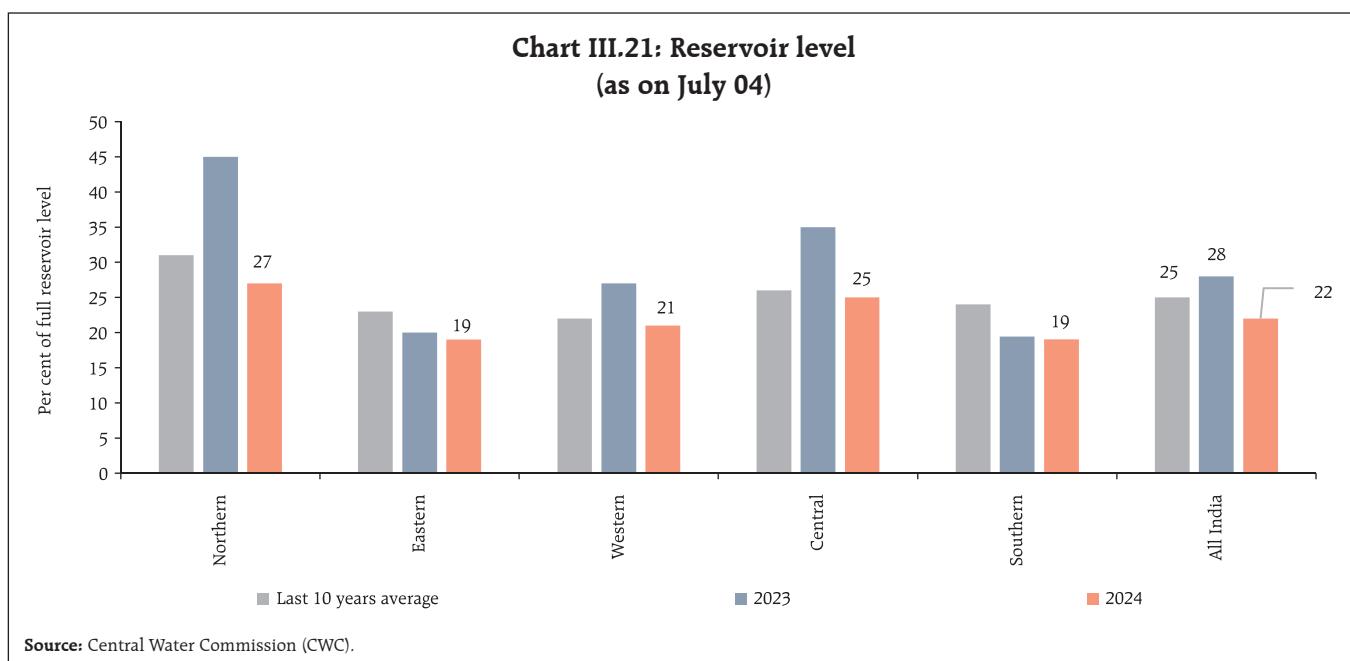
<sup>18</sup> As per the IMD, the MJO is one of the most important atmosphere-ocean coupled phenomena in the tropics, which has profound influence on Indian Summer Monsoon. It is characterised by an eastward spread of large regions of enhanced and suppressed tropical rainfall, mainly observed over the Indian and Pacific Ocean. Based on the place of convective activity, the period of MJO is divided into 1-8 phases with each phase roughly lasting for 7 to 8 days.



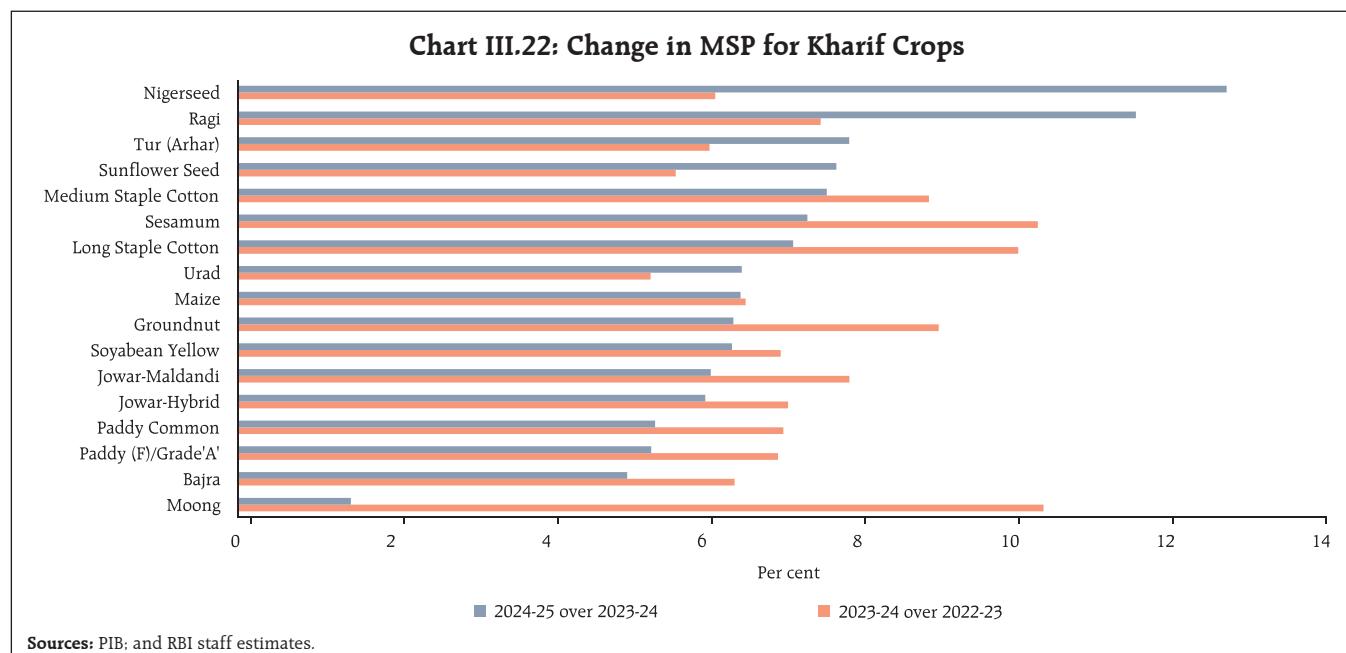
forward, the Indian Meteorological Department's (IMD's) forecast of above normal rainfall during July in most parts of the country augurs well for replenishment of reservoir levels and further progress of *kharif* sowing (Charts III.20 and III.21). The higher cloud cover during July is also likely

to bring down the temperature after intensified heatwaves since March.

As of July 01, 2024 the buffer stocks of rice (including unmilled paddy equivalent) and wheat stood at 485.0 lakh tonnes (3.6 times the norm) and 282.6 lakh tonnes (at par with the norm), respectively. Public procurement of paddy till July 10, 2024 (at 521.9 lakh tonnes) remained 8.2 per cent below its level on the corresponding date of the previous year. Wheat procurement was 1.5 per cent higher than a year ago at 266.0 lakh tonnes, but lower than the season's procurement target of 300-320 lakh tonnes. Accordingly, the Centre has imposed a pan India stock limit on wheat with immediate effect on June 24, 2024 till March 31, 2025 across traders, wholesalers, retailers and processors. Further, open market sale of wheat are planned from August 01, 2024<sup>19</sup>. Similarly, stock limits have also been imposed on *tur* and *chana*, including *kabuli chana*, with effect from June 21 until September 30, 2024.

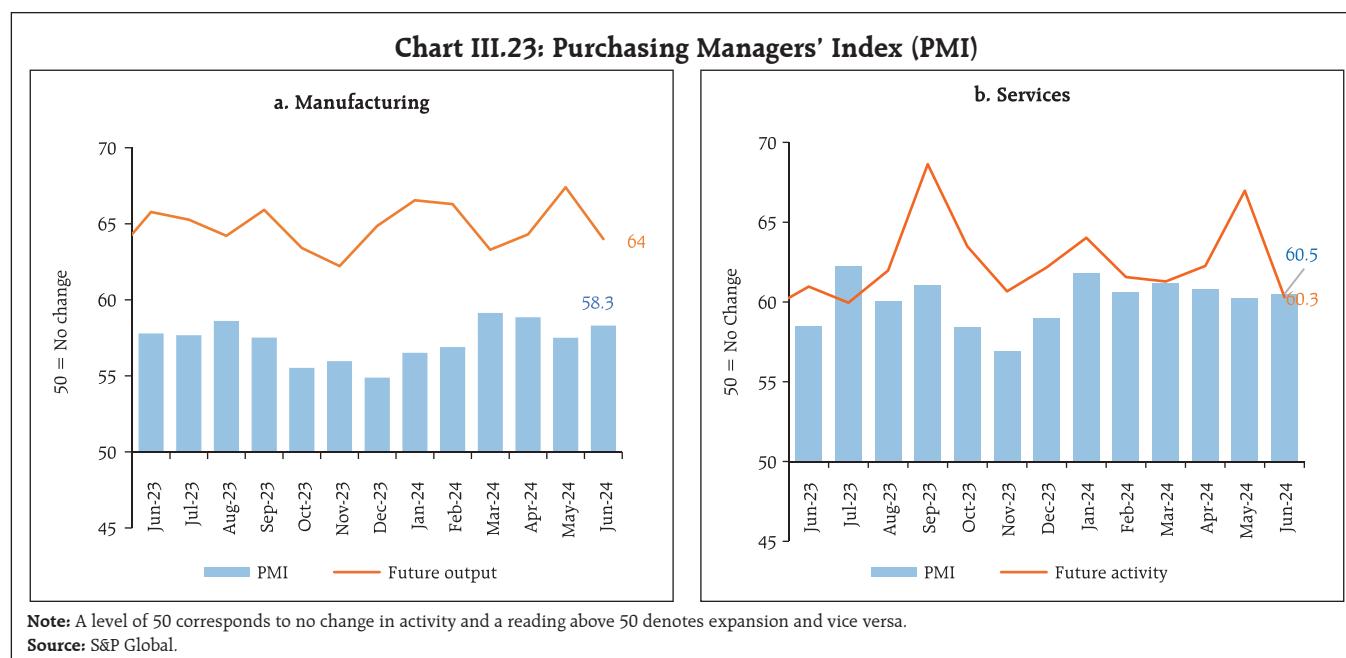


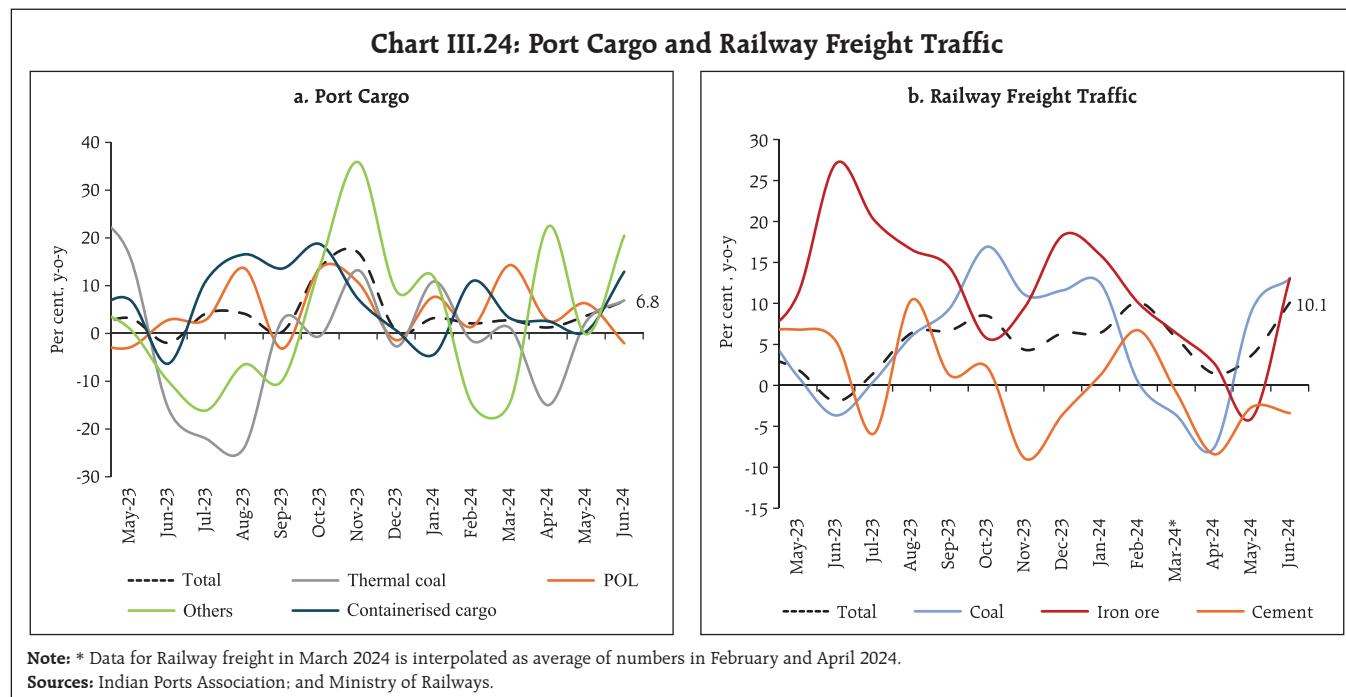
<sup>19</sup> <https://www.financialexpress.com/policy/economy-govt-to-begin-open-market-sale-of-wheat-and-rice-from-aug-1-3549883/>



Minimum support prices (MSPs) were announced for 14 major *kharif* crops for the marketing season 2024-25 (Oct-Sep) on June 19, 2024. The MSPs have been revised upwards in the range of 1.4 per cent to 12.7 per cent (Chart III.22). For most of the crops, the increase is in line with the rise in cost of production.

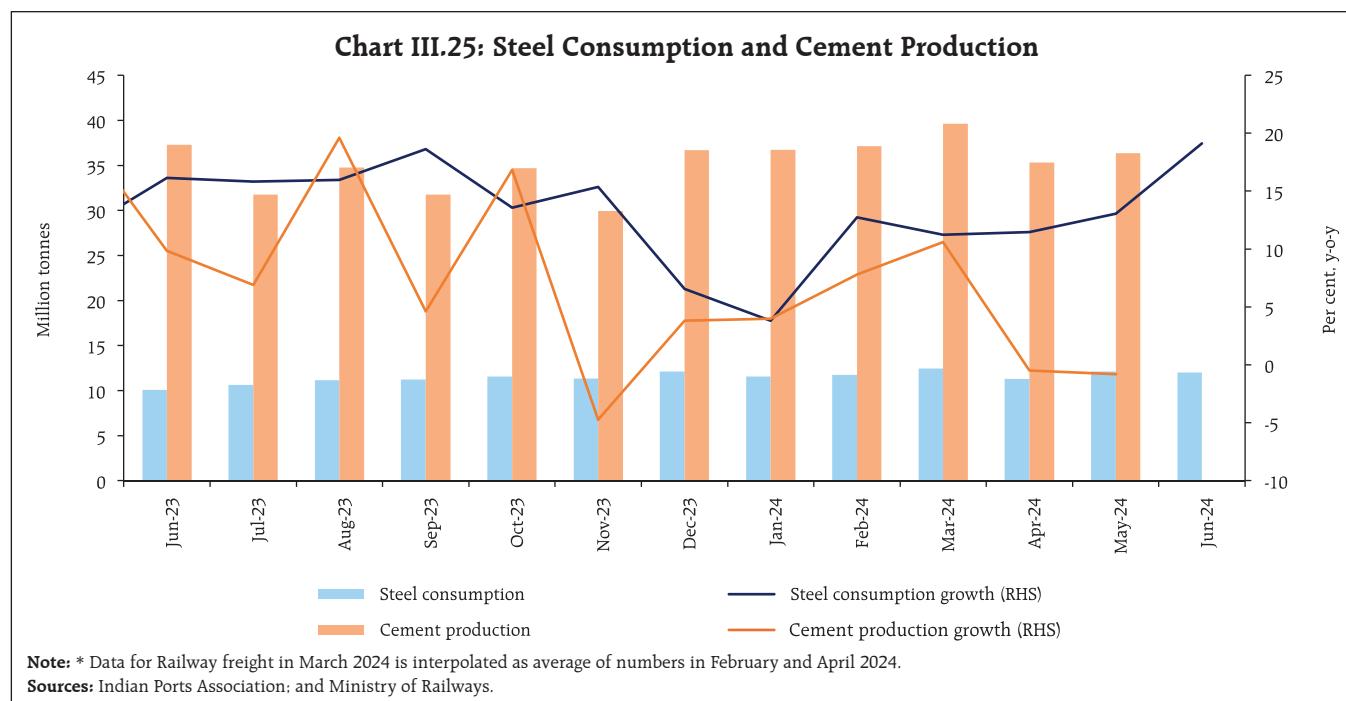
India's manufacturing PMI reading rose to 58.3 in June 2024 due to an uptick in new orders and output (Chart III.23a). The PMI for services increased to 60.5 in June 2024 from 60.2 in May. Future activity (business expectations), however, fell to an 11-month low owing to market uncertainty and price competition (Chart III.23b).





Indicators of freight transport remained buoyant in June 2024. Traffic at major ports recorded an expansion of 6.8 per cent, led by containerised and other miscellaneous cargo (Chart III.24a). Railway freight traffic also accelerated in June, driven by a surge in coal and iron ore traffic (Chart III.24b).

The construction sector showed mixed signals as steel consumption recorded 19.1 per cent y-o-y growth in June 2024, while cement production has been on a declining trajectory for the last two months (Chart III.25).



**Table III.1: High Frequency Indicators- Services**

(y-o-y, per cent)

Sector	Indicator	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24
<b>Urban demand</b>	Passenger Vehicles Sales	3.1	17.3	4.3	3.2	13.9	5.7	8.9	1.2	4.3	4.9
<b>Rural demand</b>	Two-Wheeler Sales	0.8	20.1	31.3	16.0	26.2	30.0	15.3	30.8	10.1	21.3
	Three-Wheeler Sales	47.0	42.1	30.8	30.6	9.5	4.6	4.3	14.5	14.4	12.3
	Tractor Sales	-14.7	-4.3	6.4	-19.8	-15.3	-30.6	-23.1	-3.0	0.0	3.6
<b>Trade, hotels, transport, communication</b>	Commercial Vehicles Sales	6.9		3.2			-3.8			3.5	
	Railway Freight Traffic	6.7	8.5	4.3	6.4	6.4	10.1	8.6	1.4	3.7	10.1
	Port Cargo Traffic	0.3	13.8	16.9	0.6	3.2	2.1	2.7	1.3	3.8	6.8
	Domestic Air Cargo Traffic*	-4.5	10.6	9.0	8.7	10.0	7.6	8.7	0.3	10.3	6.7
	International Air Cargo Traffic*	2.7	15.0	4.9	12.2	19.3	25.7	22.5	16.2	19.2	12.3
	Domestic Air Passenger Traffic*	19.3	10.7	8.7	8.1	5.0	2.2	4.7	3.8	5.9	6.6
	International Air Passenger Traffic*	19.6	17.5	19.8	18.1	17.0	15.2	15.0	16.8	19.6	13.2
	GST E-way Bills (Total)	9.5	30.5	8.5	13.2	16.4	18.9	13.9	14.5	17.0	16.3
	GST E-way Bills (Intra State)	12.4	30.0	22.7	14.2	17.9	21.1	15.8	17.3	18.9	16.4
	GST E-way Bills (Inter State)	4.9	31.2	-16.2	11.4	13.8	15.0	10.7	9.6	13.6	16.3
	Hotel occupancy rate@	61.0	62.5	63.0	70.0	66.6	72.5	64.4	62.3	60.3	
<b>Construction</b>	Average revenue per room	18.3	14.8	15.9	12.8	11.0	4.1	6.7	4.8	1.8	
	Tourist Arrivals	17.5	19.8	16.8	7.8	10.4	15.8	8.0	7.7	0.3	
<b>PMI Index#</b>	Services	61.0	58.4	56.9	59.0	61.8	60.6	61.2	60.8	60.2	60.5

&lt;&lt; Contraction ----- Expansion &gt;&gt;

**Note:** #: Data in levels. \*: June 2024 data are based on the monthly average of daily figures. @: Data in rate, not in y-o-y rate of growth. The heat-map is constructed for each indicator for the period July-2021 till date.

**Sources:** SIAM; Ministry of Railways; Tractor and Mechanization Association; Indian Ports Association; Office of Economic Adviser; GSTN; Airports Authority of India; HVS Anarock; Ministry of Tourism; Joint Plant Committee; and IHS Markit.

Available high frequency indicators for the services sector reflect the resilience of economic activity in June 2024 (Table III.I).

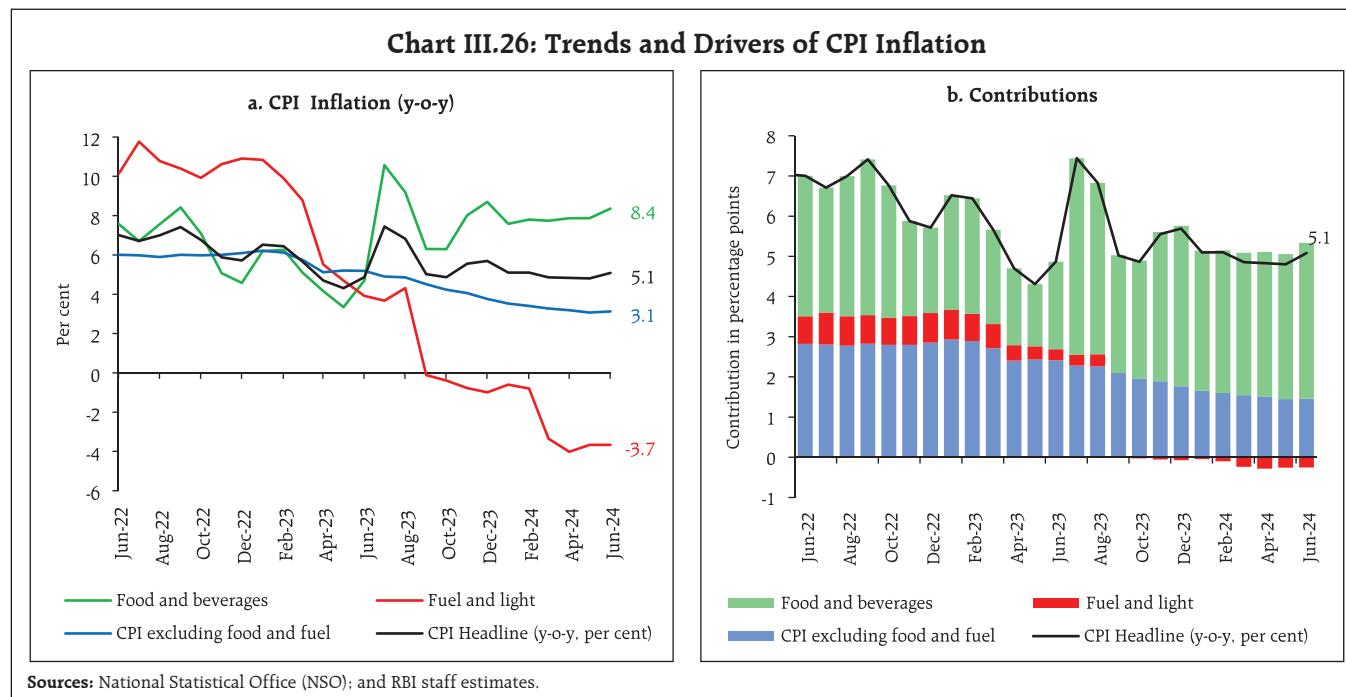
### Inflation

Headline inflation, as measured by y-o-y changes in the all-India consumer price index (CPI)<sup>20</sup>, edged up to 5.1 per cent in June 2024 from 4.8 per cent in May (Chart III.26). The 28 bps increase in inflation came from a positive momentum of 133 bps, which

more than offset a favourable base effect of 106 bps. The m-o-m increase in overall CPI was on account of positive momentum of 269 bps in food, 6 bps in fuel and 12 bps in core group (i.e., excluding food and fuel).

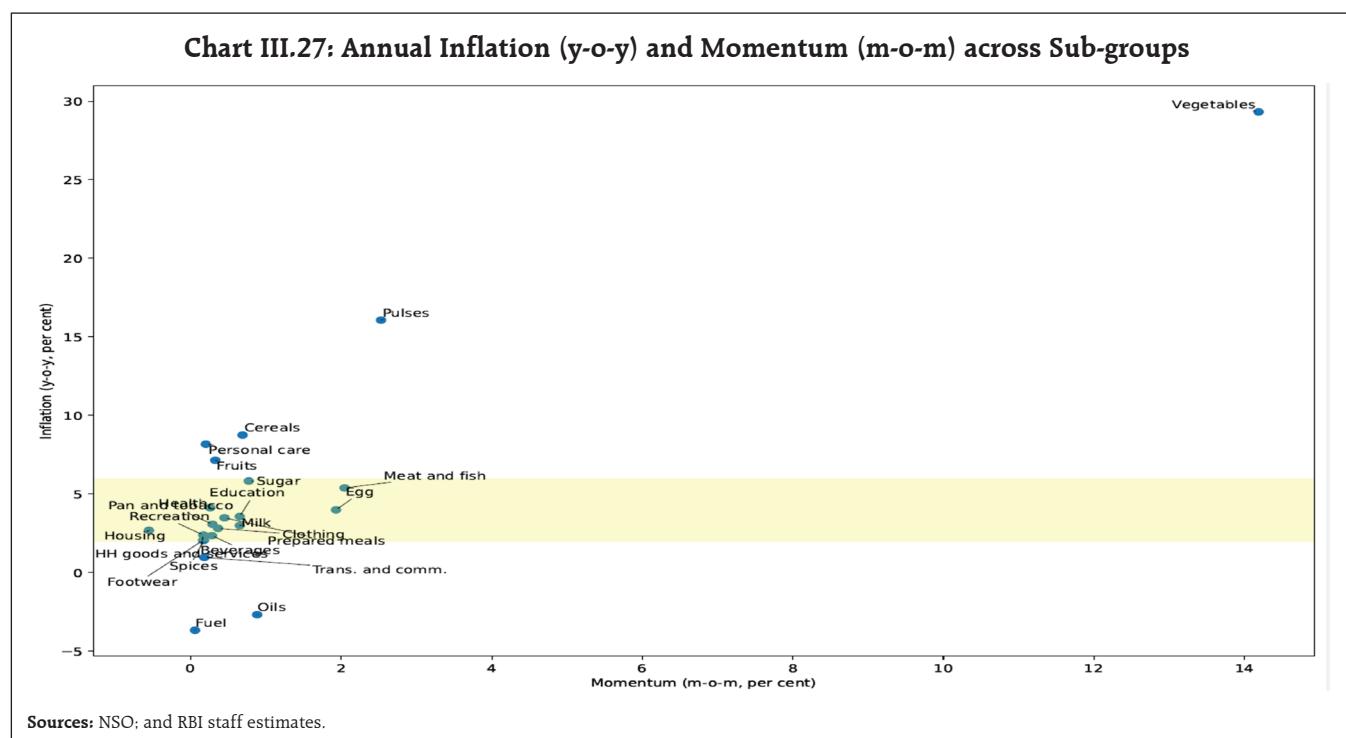
Food inflation (y-o-y) firmed up to 8.4 per cent in June from 7.9 per cent in May as the positive price momentum more than offset a favourable base effect. In terms of sub-groups, inflation edged

<sup>20</sup> As per the provisional data released by the National Statistical Office (NSO) on July 12, 2024.

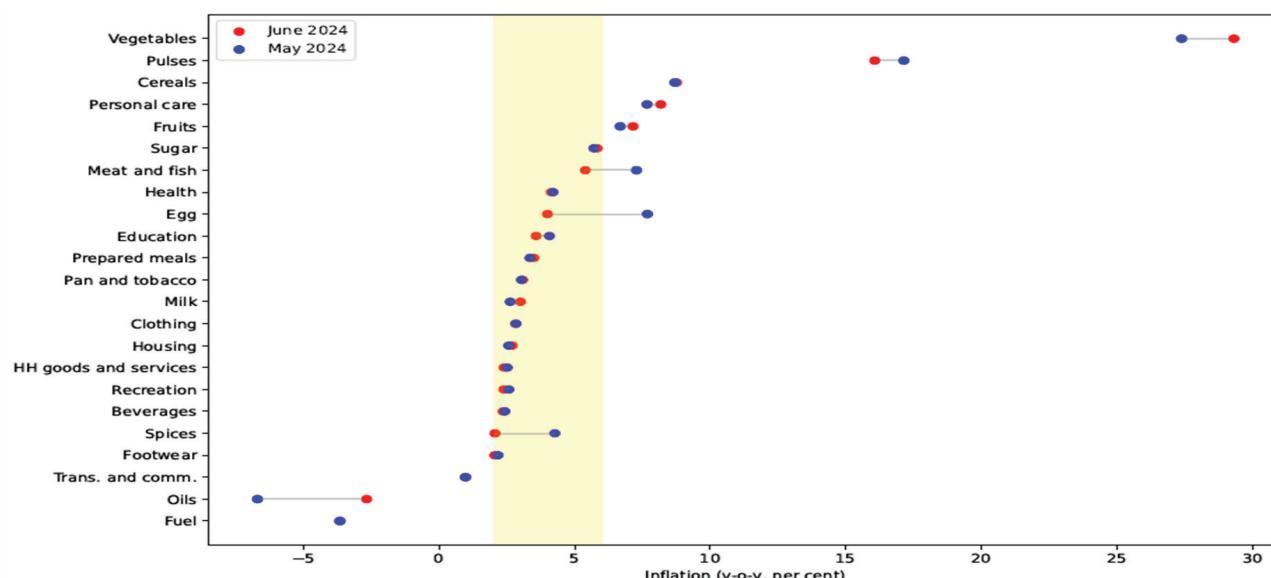


up in cereals, milk and products, fruits, sugar and prepared meals while meat and fish, eggs, pulses and spices registered a moderation. Vegetable prices

continued to record a double-digit y-o-y increase. Edible oils and fats recorded a lower rate of deflation (Chart III.27).



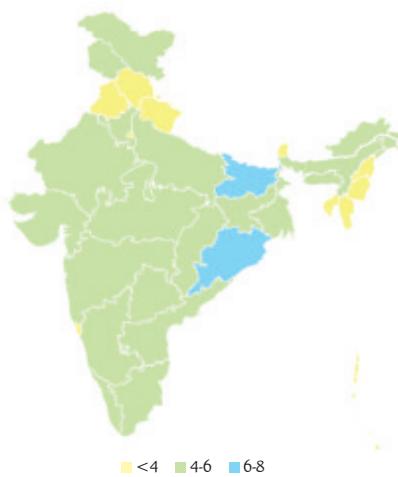
**Chart III.28: Annual Inflation across Sub-groups  
(June 2024 versus May 2024)**



Sources: NSO; and RBI staff estimates.

Fuel and light deflation remained unchanged at (-)3.7 per cent in June. While growth in kerosene and electricity prices moderated, deflation in LPG prices continued.

**Chart III.29: Spatial Distribution of Inflation:  
June 2024 (CPI-Combined, y-o-y), (per cent)**

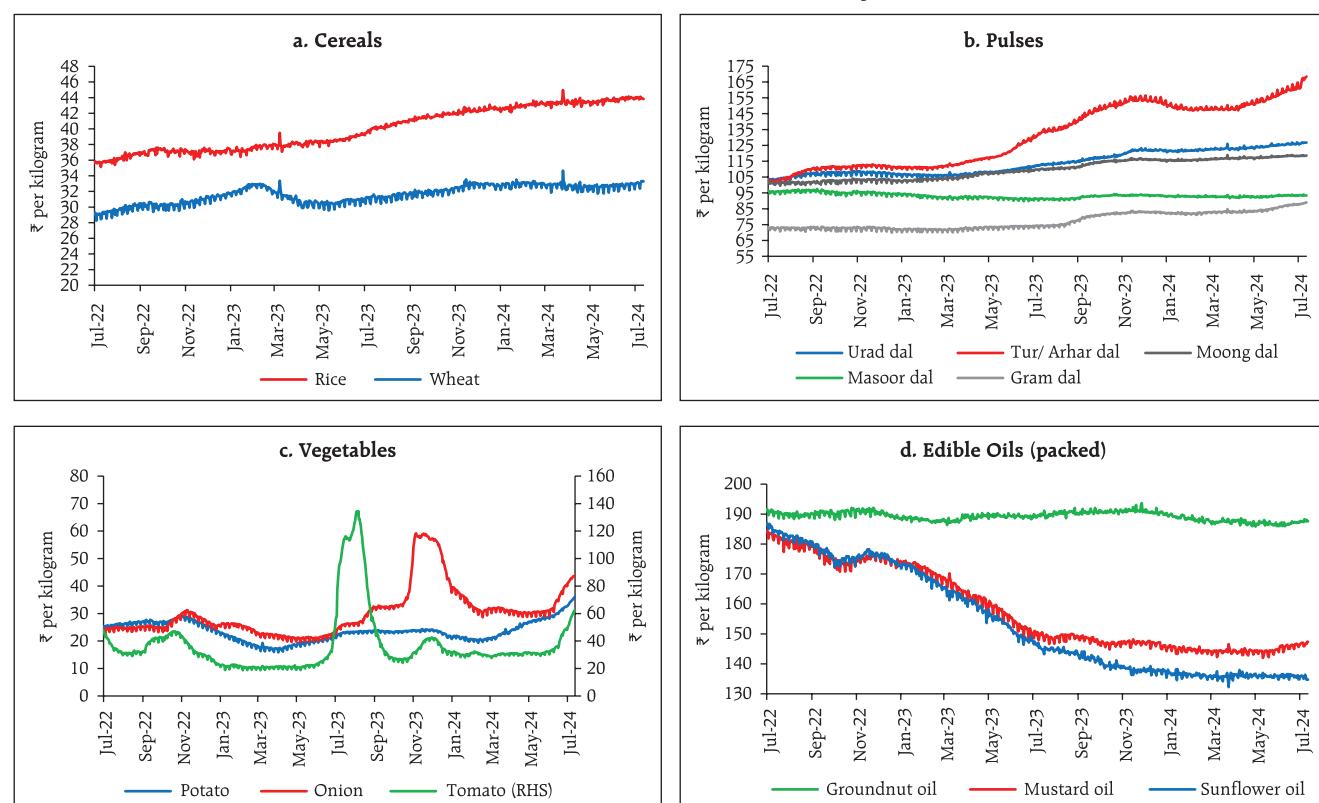


Note: Map is for illustrative purposes only.  
Sources: NSO; and RBI Staff estimates.

Core inflation remained unchanged at 3.1 per cent in June. In terms of sub-groups, inflation edged up in pan, tobacco and intoxicants, housing and personal care and effects, while it registered a softening in respect of household goods and services, health, recreation and amusement, and education, and remained steady in clothing and footwear, and transport and communication (Chart III.28).

In terms of the regional distribution, rural inflation stood at 5.7 per cent in June 2024, higher than urban inflation at 4.4 per cent. Majority of the states registered inflation less than 6 per cent (Chart III.29).

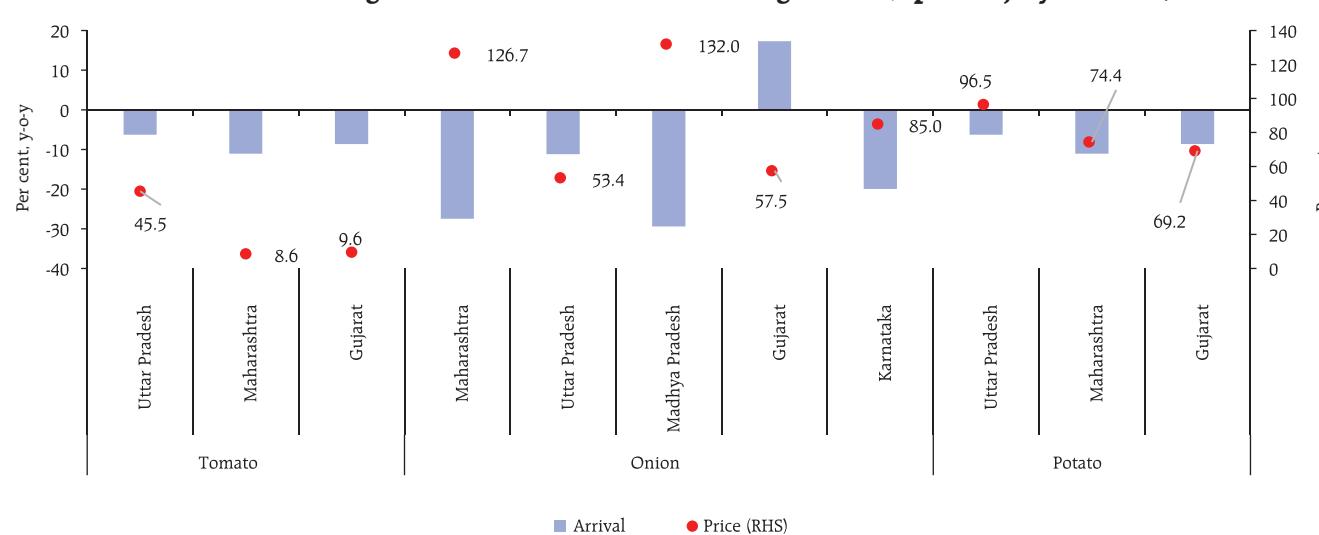
High frequency food price data for July so far (up to 12<sup>th</sup>) show that cereal prices increased, mainly driven by wheat. Pulses prices also registered an increase, mainly due to *gram* and *arhar/tur*. Edible oil prices too recorded increases, especially mustard and groundnut oils (Chart III.30).

**Chart III.30: DCA Essential Commodity Prices**

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

Amongst key vegetables, tomato, onion and potato prices recorded sequential upticks in July

so far (Chart III.30c). This has been mainly driven by a notable decline in arrivals, possibly reflecting

**Chart III.31: Surge in the Mandi Prices of TOP Vegetables (April 01-July 03, 2024)**

Note: States with share of 5 per cent or more in all-India arrivals of respective crops have been presented here.

Sources: Ministry of Agriculture and Farmers' Welfare; and RBI staff estimates.

**Table III.2: Petroleum Products Prices**

Item	Unit	Domestic Prices			Month-over-month (per cent)	
		Jul-23	Jun-24	Jul-24 ^	Jun-24	Jul-24 ^
Petrol	₹/litre	102.92	100.89	100.97	0.0	0.1
Diesel	₹/litre	92.72	90.68	90.42	0.0	-0.3
Kerosene (subsidised)	₹/litre	44.23	46.61	46.65	-6.8	0.1
LPG (non-subsidised)	₹/cylinder	1113.25	813.25	813.25	0.0	0.0

<sup>^</sup>: For the period July 1-12, 2024.

**Note:** Other than kerosene, prices represent the average Indian Oil Corporation Limited (IOCL) prices in four major metros (Delhi, Kolkata, Mumbai and Chennai). For kerosene, prices denote the average of the subsidised prices in Kolkata, Mumbai and Chennai.

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

the impact of weather anomalies like heatwaves and unseasonal rains<sup>21</sup> in major production areas (Chart III.31).

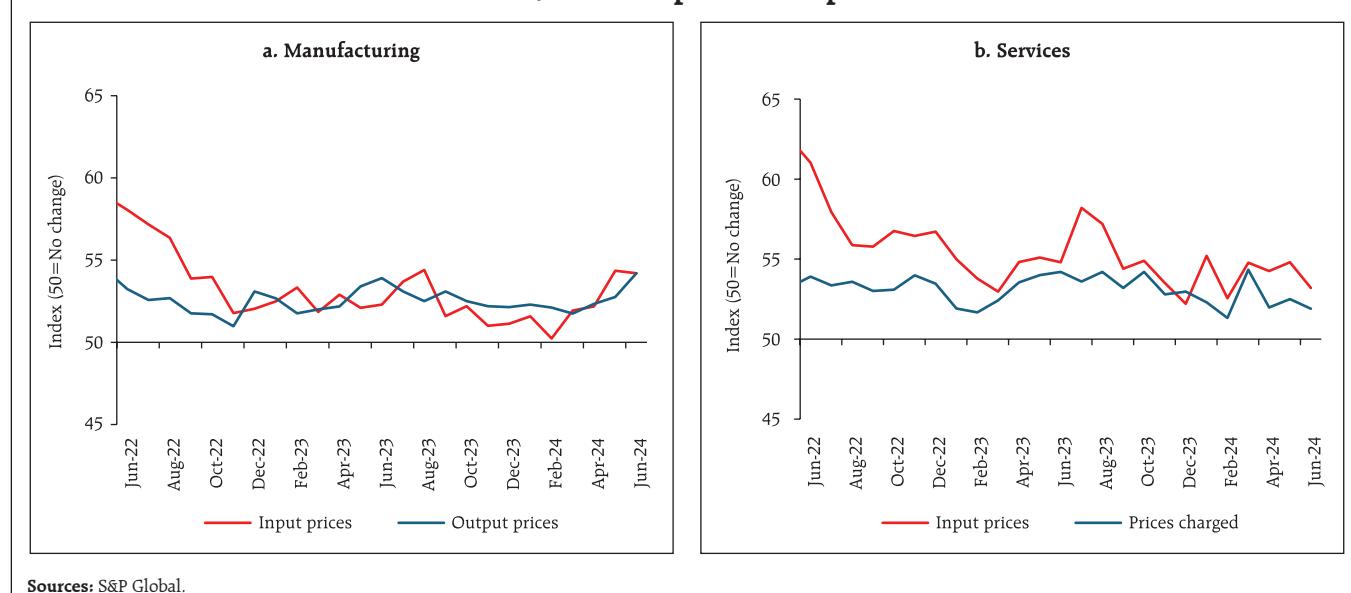
Retail selling prices of petrol increased while those for diesel declined at the margin in July so far (up to 12<sup>th</sup>) as prices changed in Mumbai and Kolkata.<sup>22</sup> Kerosene prices registered a marginal increase while LPG prices were kept unchanged (Table III.2).

The PMIs for June 2024 indicated moderate increases in input costs across manufacturing and

service firms. Selling prices, on the other hand, increased in the manufacturing sector while they eased for the services sector (Chart III.32).

#### IV. Financial Conditions

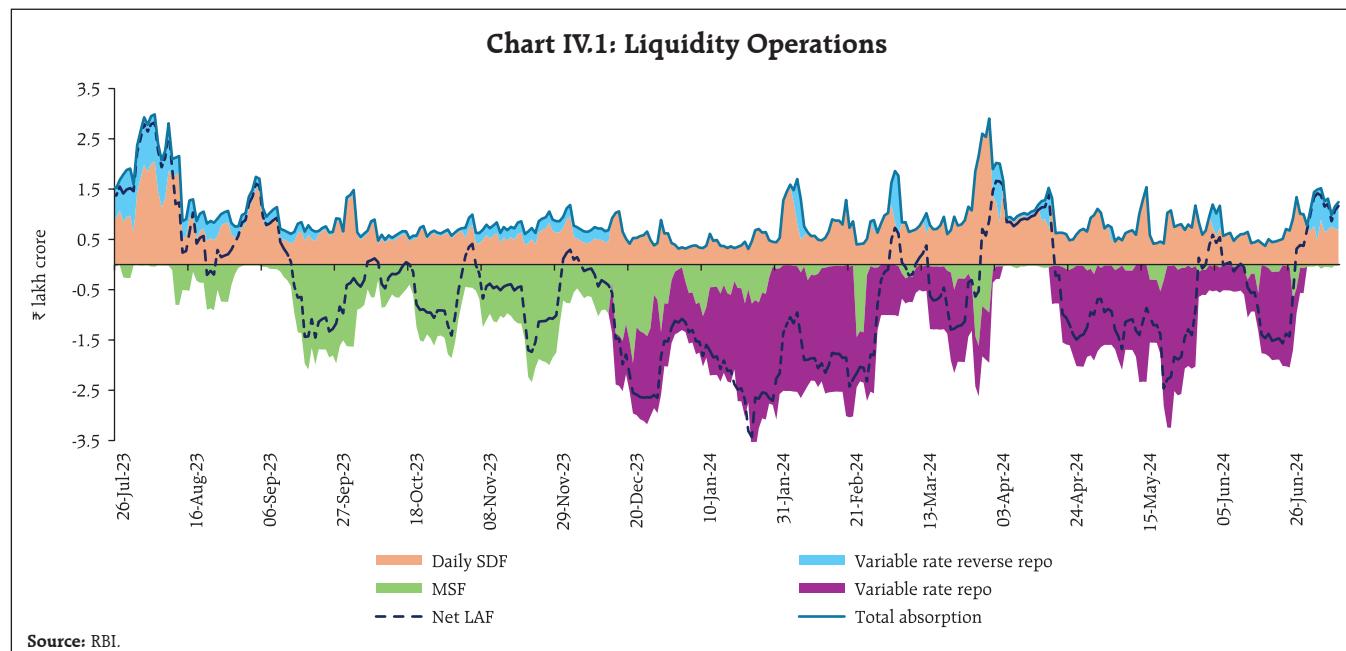
After remaining in surplus in the early part of June 2024, system liquidity turned into a deficit in the second half of the month due to advance tax payments and goods and services tax (GST) related outflows amidst sluggish government spending. It again turned into surplus from June 28, 2024 with the usual drawdown in government cash balances at

**Chart III.32: PMI: Input and Output Prices**

**Sources:** S&P Global.

<sup>21</sup> <https://www.thehindu.com/incoming/unseasonal-rain-in-maharashtra-leads-to-spike-in-agrarian-distress/article68190468.ece>

<sup>22</sup> On account of changes in taxes by the state governments.



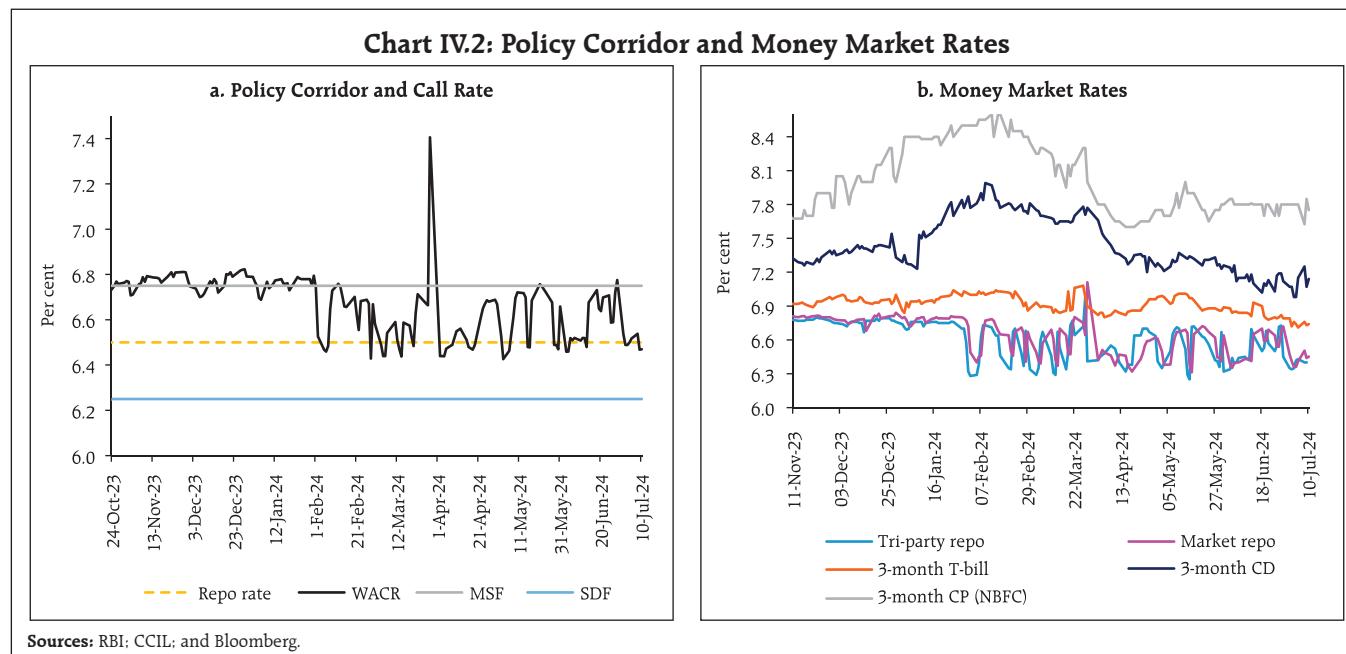
the month-end. Reflecting these shifts, the average daily net injection under the liquidity adjustment facility (LAF) averaged ₹0.12 lakh crore during June 16 – July 10, 2024 as against ₹0.73 lakh crore during May 16 – June 15, 2024 (Chart IV.1). During June 16–28, 2024 the Reserve Bank injected liquidity into the banking system through four fine-tuning variable rate repo (VRR) operations of 3 to 6 days maturity, cumulatively amounting to ₹2.75 lakh crore to augment system liquidity. The demand for funds was robust as reflected in the high bid-cover ratios for these operations. The Reserve Bank conducted a 3-day VRR auction on June 28 instead of its main operation as it expected liquidity conditions to flip and improve significantly. Liquidity conditions did turn into surplus at end-June and July (up to July 10). Accordingly, the Reserve Bank conducted eight variable rate reverse repo (VRRR) auctions of overnight to 4 days maturity in July, cumulatively absorbing ₹2.17 lakh crore from the system.

Borrowings under the marginal standing facility (MSF) increased to a daily average of ₹12,440 crore during June 16 to July 10, 2024 as compared with ₹10,910 crore during May 16 to June 15, 2024. Of the

average total absorption at ₹0.88 lakh crore during June 16 to July 10, 2024, the placement of funds under the standing deposit facility (SDF) constituted 76 per cent as compared with 94 per cent during May 16 to June 15, 2024. The remaining amount was mopped up through fine-tuning VRRR operations.

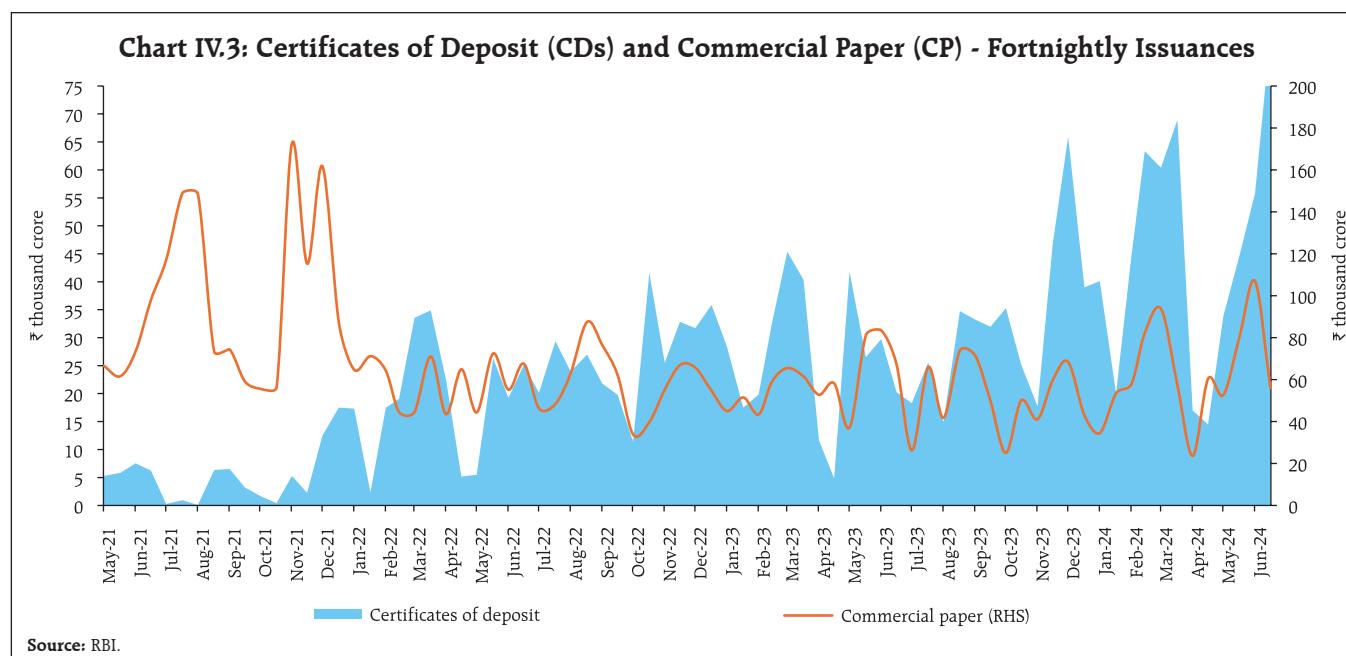
The weighted average call rate (WACR) – the operating target of monetary policy – broadly remained in the middle of the LAF corridor and averaged 6.59 per cent during June 16 to July 10, 2024 as compared with 6.57 per cent during May 16 – June 15, 2024 (Chart IV.2a). Rates in the collateralised segment – the triparty and market repo – moved in tandem with the WACR. On an average basis, the triparty repo rate was same as the policy repo rate and market repo rate traded 4 bps above the policy repo rate during June 16 to July 10, 2024 (Chart IV.2b).

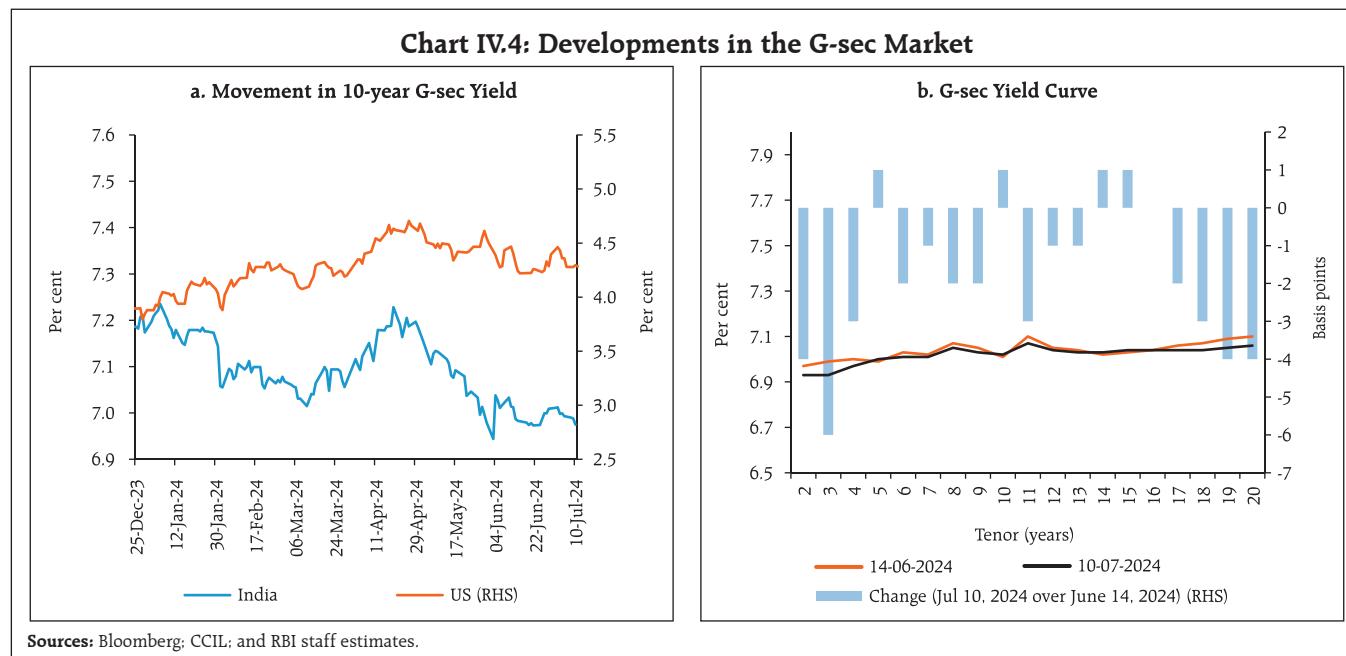
Across the term money market segment, yields on 3-month treasury bills (T-bills) and rates on certificates of deposit (CDs) softened while those on commercial paper (CP) for non-banking financial companies (NBFCs) remained stable during June 16 to July 10, 2024. The yield on 3-month T-bills softened in response to reduced supply in June 2024. The



average risk premia in the money market (3-month CP minus 91-days T-bill) hardened to 99 bps during June 16 – July 10, 2024 from 92 bps during May 16 – June 15, 2024. Furthermore, the term spread (10 year G-Sec yield minus 91-days T-bill rate) widened to 20 bps during June 16 – July 10, 2024 from 14 bps during May 16 – June 15, 2024.

In the primary market, fund mobilisation through issuances of CDs picked up momentum in May-June following a slack in April. Banks issued CDs worth ₹2.65 lakh crore during 2024-25 (up to June 28), higher than ₹1.45 lakh crore in the corresponding period of the previous year (Chart IV.3). A decline in short term rates in June prompted banks to increase





CD issuances to meet funding gaps. Issuances of CPs at ₹3.8 lakh crore during 2024-25 (up to June 30) were similar to activity in the segment in the corresponding period of the previous year.

The yield on the 10-year Indian benchmark (7.10 GS 2034) government security (G-sec) remained rangebound at 6.97-7.01 per cent during June 16 to July 10, 2024 (Chart IV.4a). G-sec yields remained broadly stable across the term structure (Chart IV.4b). India's inclusion in the JP Morgan's Government Bond Index-Emerging Markets (GBI-EM) has begun on June 28, 2024. Over a 10-month period, the weight of Indian bonds would increase by 1 per cent every month, eventually reaching 10 per cent by March 2025.

Corporate bond yields and risk premia hardened across maturity profiles and rating spectrums during June 16 to July 9, 2024 (Table IV.1). During June 16-July 10, the yield on 3 year AAA rated corporate bond remained in the range of 7.65-7.75 per cent and that of 5 year AAA rated corporate bond was in the range of 7.62-7.74 per cent.<sup>23</sup>

<sup>23</sup> Source: Bloomberg

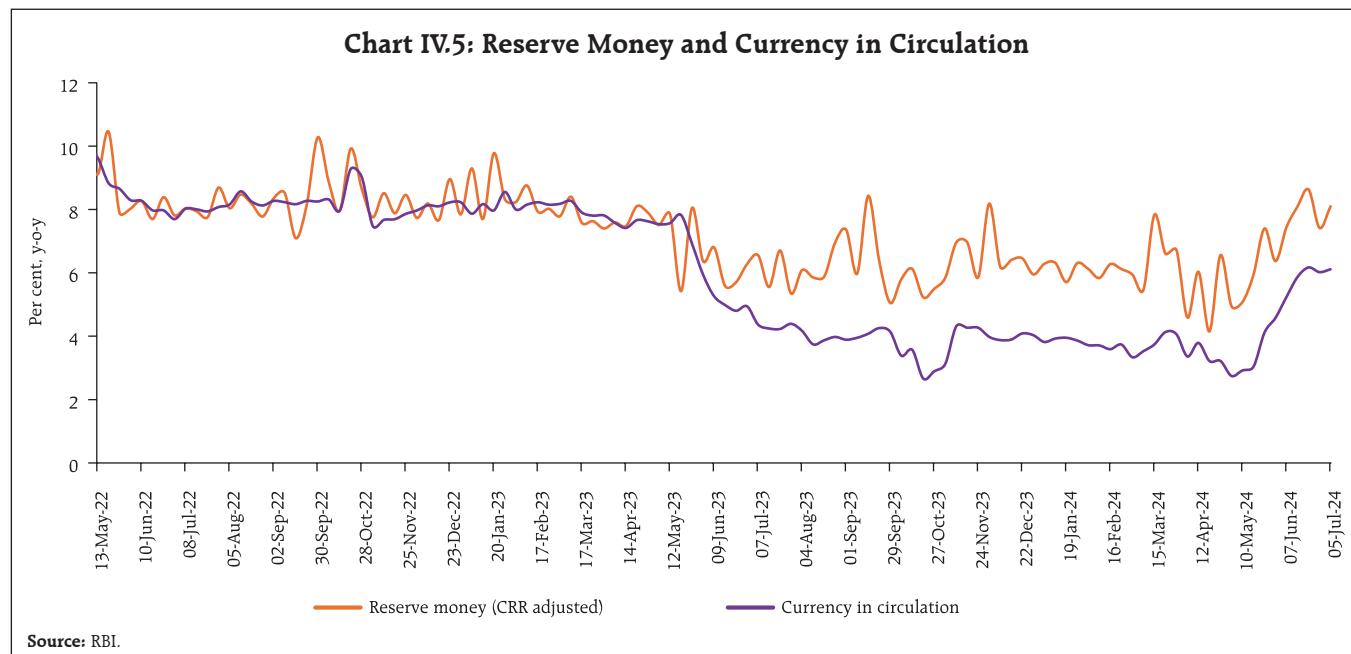
Reserve money (RM), excluding the first-round impact of change in the cash reserve ratio (CRR), recorded a growth of 8.1 per cent (y-o-y) as on July 5, 2024 (6.6 per cent a year ago) [Chart IV.5]. Currency in circulation (CiC), the largest component of RM, increased by 6.1 per cent (y-o-y) as on July 5, 2024 from 3.0 per cent as on May 17, 2024, on account of the base effect of the withdrawal of ₹2000 banknotes<sup>24</sup> – 97.87 per cent has been returned to

**Table IV.1: Financial Markets - Rates and Spread**

Instrument	Interest rates (per cent)			Spread (basis points)					
	May 16, 2024– Jun 14, 2024	Jun 16, 2024– Jul 9, 2024	Variation	May 16, 2024– Jun 14, 2024	Jun 16, 2024– Jul 9, 2024	Variation			
				1	2	3	(4 = 3-2)	5	6
<b>Corporate Bonds</b>									
(i) AAA (1-year)	7.84	7.85	1	71	79	8			
(ii) AAA (3-year)	7.90	8.08	18	74	100	26			
(iii) AAA (5-year)	7.83	7.85	2	66	71	5			
(iv) AA (3-year)	8.55	8.79	24	139	170	31			
(v) BBB- (3-year)	12.15	12.42	27	499	533	34			

**Note:** Yields and spreads are computed as averages for the respective periods.  
**Source:** FIMMDA.

<sup>24</sup> Announced on May 19, 2023.

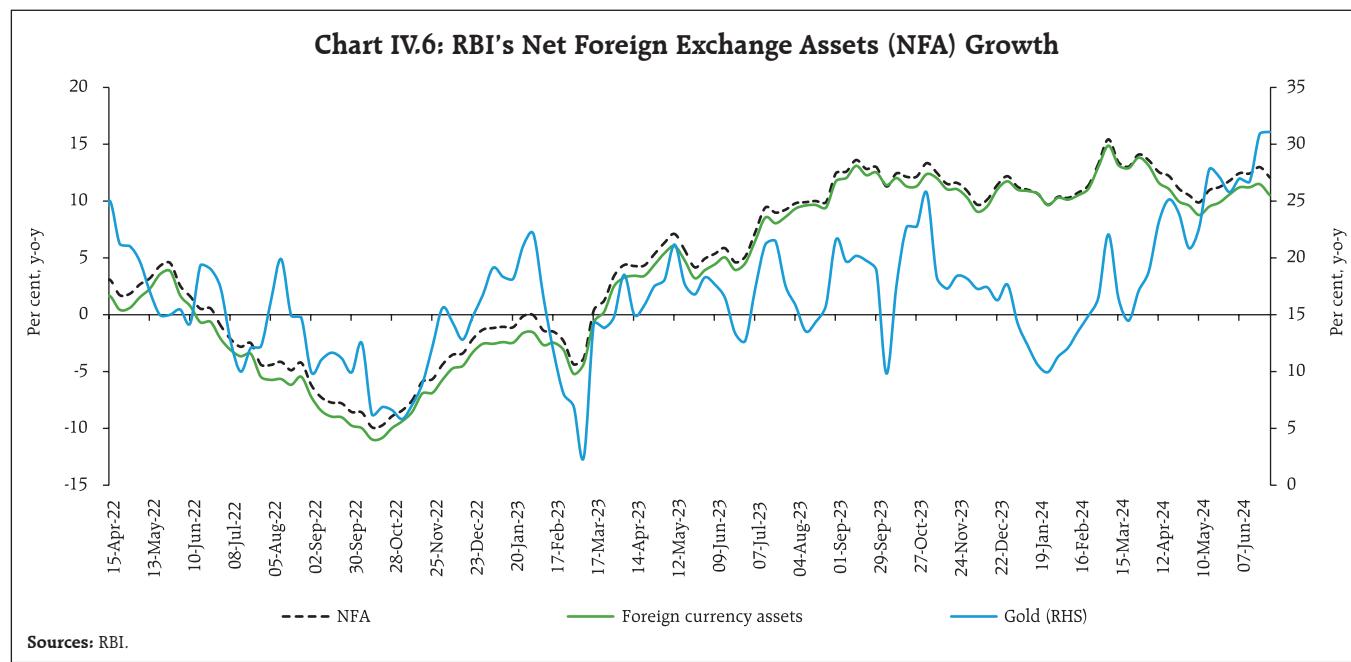


the banking system, mostly in the form of deposits (as on June 28, 2024).

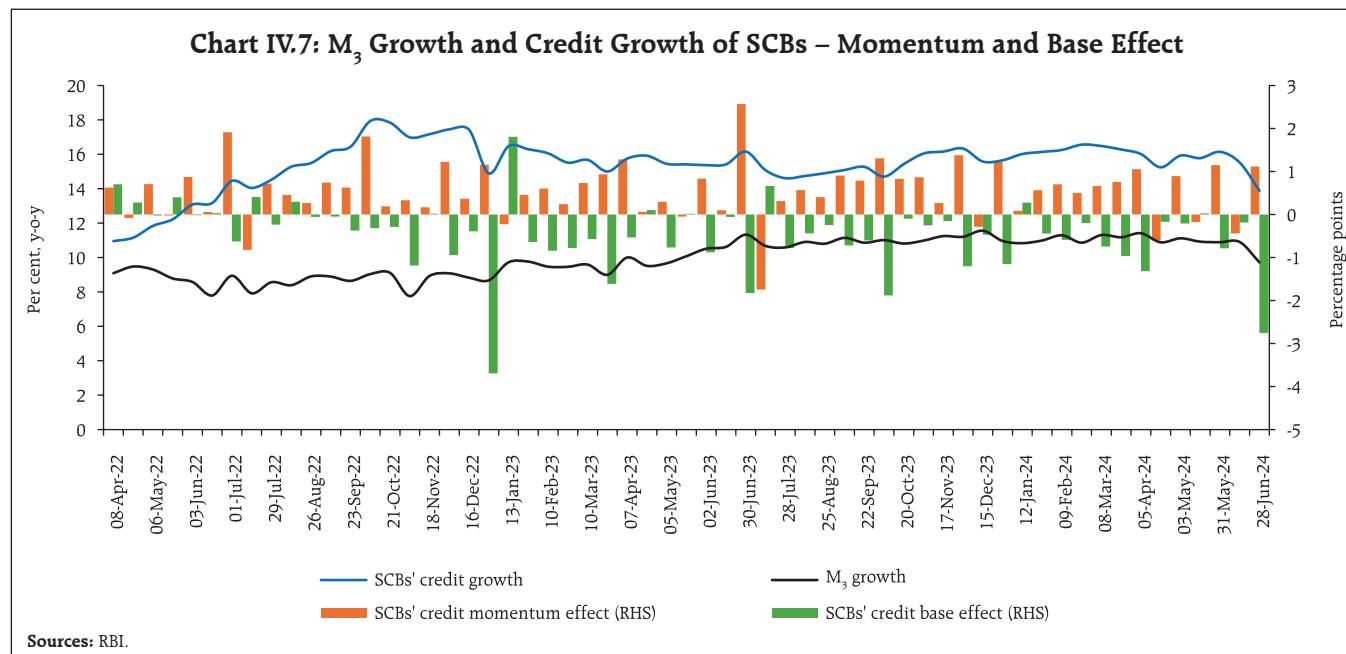
On the sources side (assets), RM comprises net domestic assets (NDA) and net foreign assets (NFA) of the Reserve Bank. Foreign currency assets (accounting for more than 90 per cent of NFA) recorded double digit growth of 10.3 per cent (y-o-y) as on July 5,

2024. Gold, a component of NFA, increased by 31.5 per cent – the highest growth recorded since March 2022 (Chart IV.6).

Money supply (M3) rose by 9.7 per cent (y-o-y) as on June 28, 2024 (11.3 per cent a year ago).<sup>25</sup> Aggregate deposits with banks, the largest component of M3, increased by 10.2 per cent (12.4 per cent a year ago).



<sup>25</sup> Excluding the impact of the merger of a non-bank with a bank (with effect from July 1, 2023).

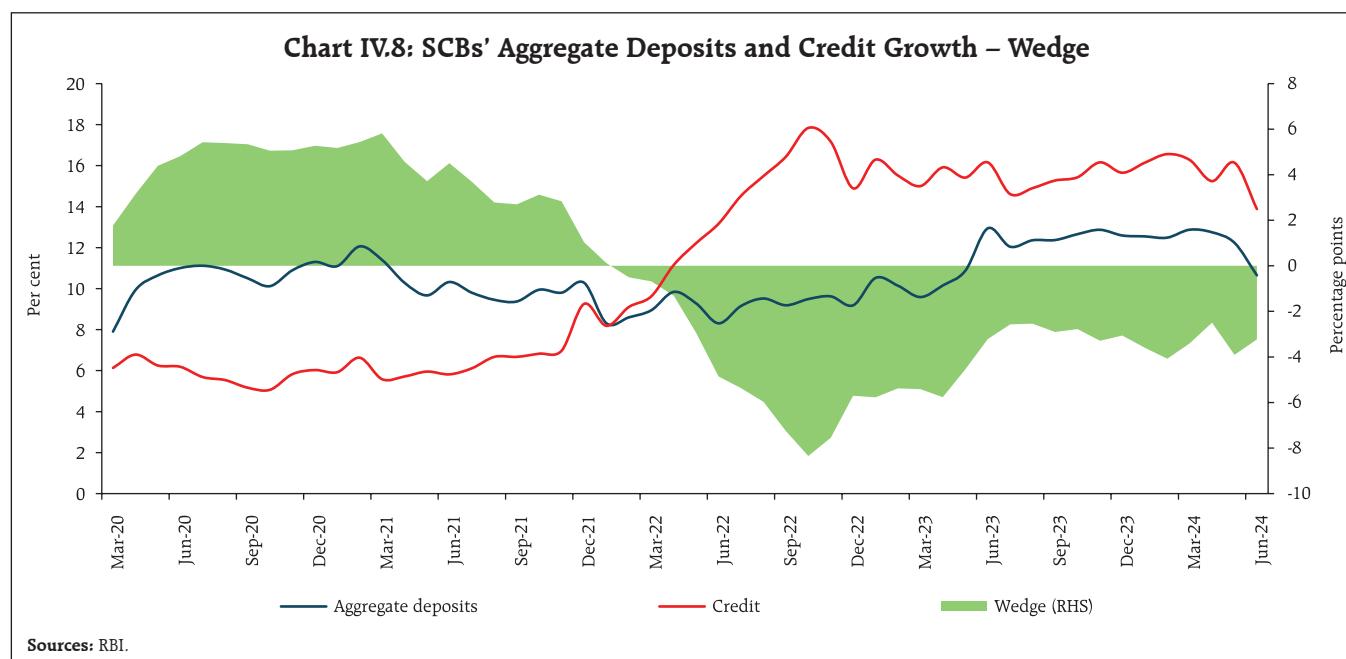


Scheduled commercial banks' (SCBs') credit growth declined from 15.5 per cent in the previous fortnight to 13.9 per cent as on June 28, 2024 (16.2 per cent a year ago) [Chart IV.7].

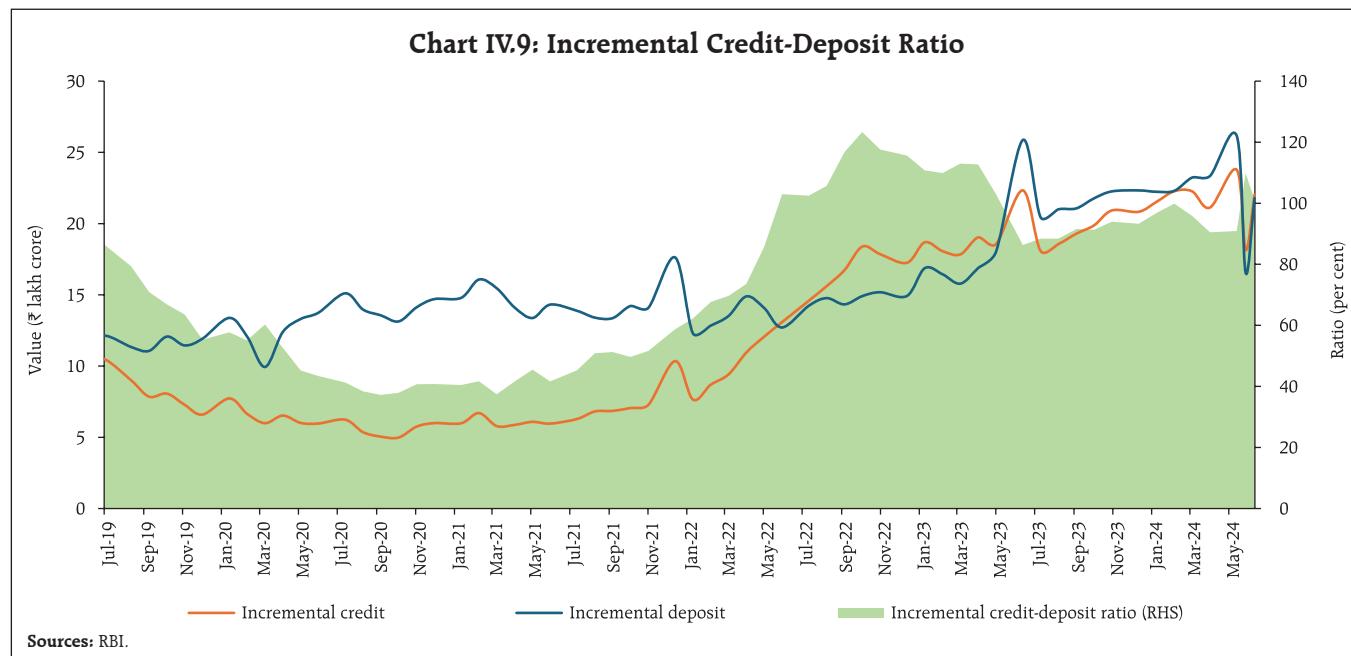
SCBs' deposit growth (excluding the impact of the merger<sup>26</sup>), which recorded an increase in the wake

of withdrawal of ₹2000 banknotes, has remained in double digits since April 2023 (Chart IV.8).

As on June 28, 2024 the system level incremental credit-deposit ratio was 101 per cent (Chart IV.9). With the statutory requirements for CRR and statutory liquidity ratio (SLR) at 4.5 per cent and 18



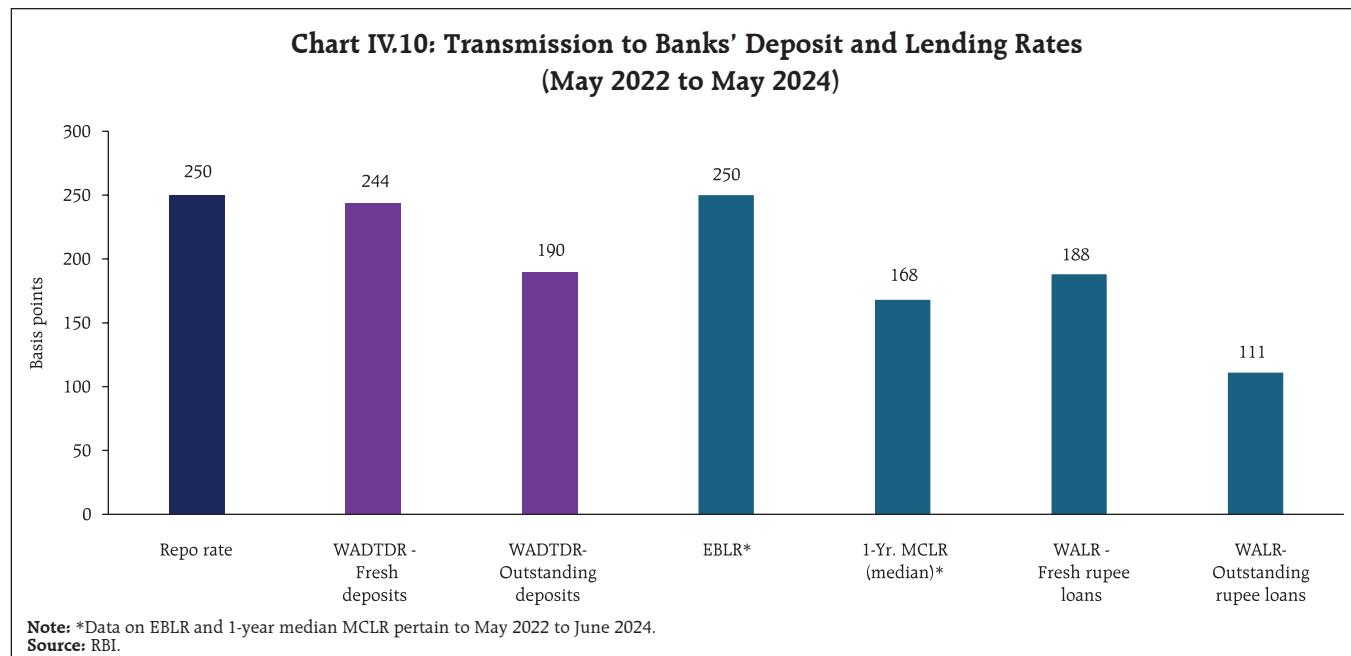
<sup>26</sup> Merger of HDFC Ltd with HDFC Bank effective July 1, 2023.

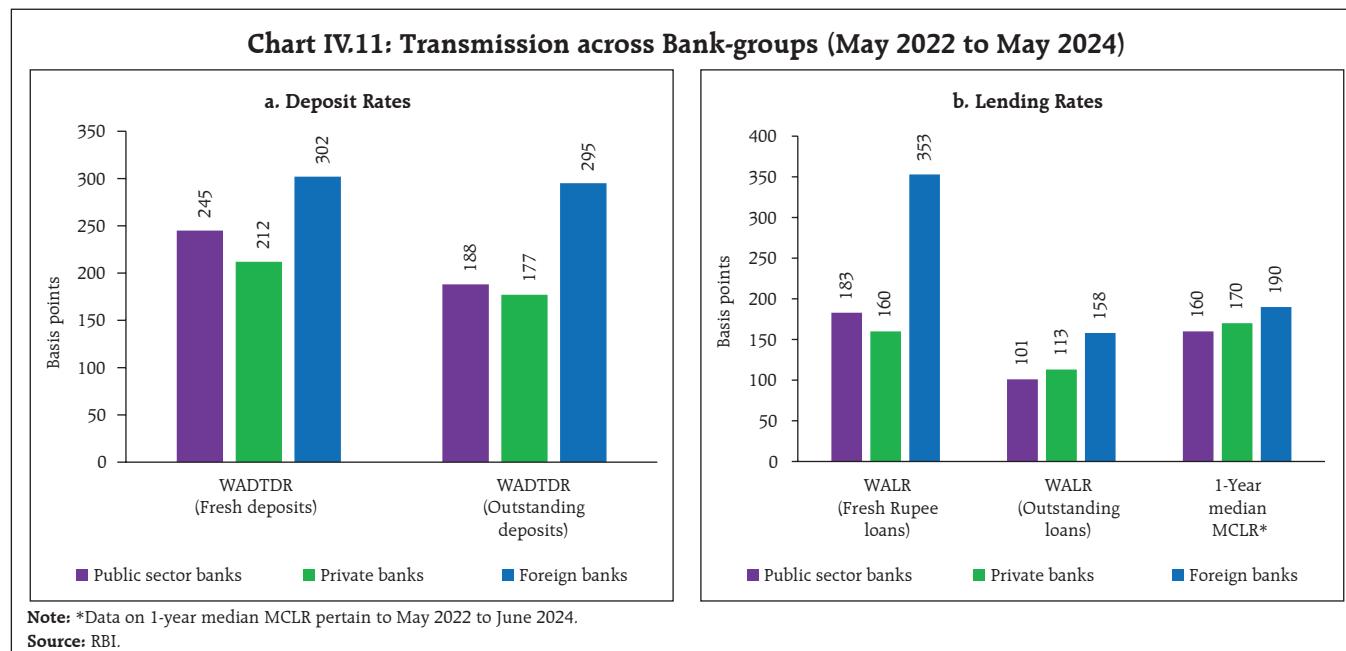


per cent, respectively, around 77 per cent of deposits were available with the banking system for credit expansion as on June 28, 2024. The deposit base was supplemented by CDs issuances.

In response to the 250 bps policy rate hike since May 2022, SCBs have revised their repo-

linked external benchmark-based lending rates (EBLRs) upwards. The 1-year median marginal cost of funds-based rate (MCLR) of SCBs increased to 168 bps during May 2022–June 2024. Consequently, weighted average lending rates (WALRs) on fresh and outstanding rupee loans increased by 188 bps and 111 bps, respectively, during May 2022 to May 2024.



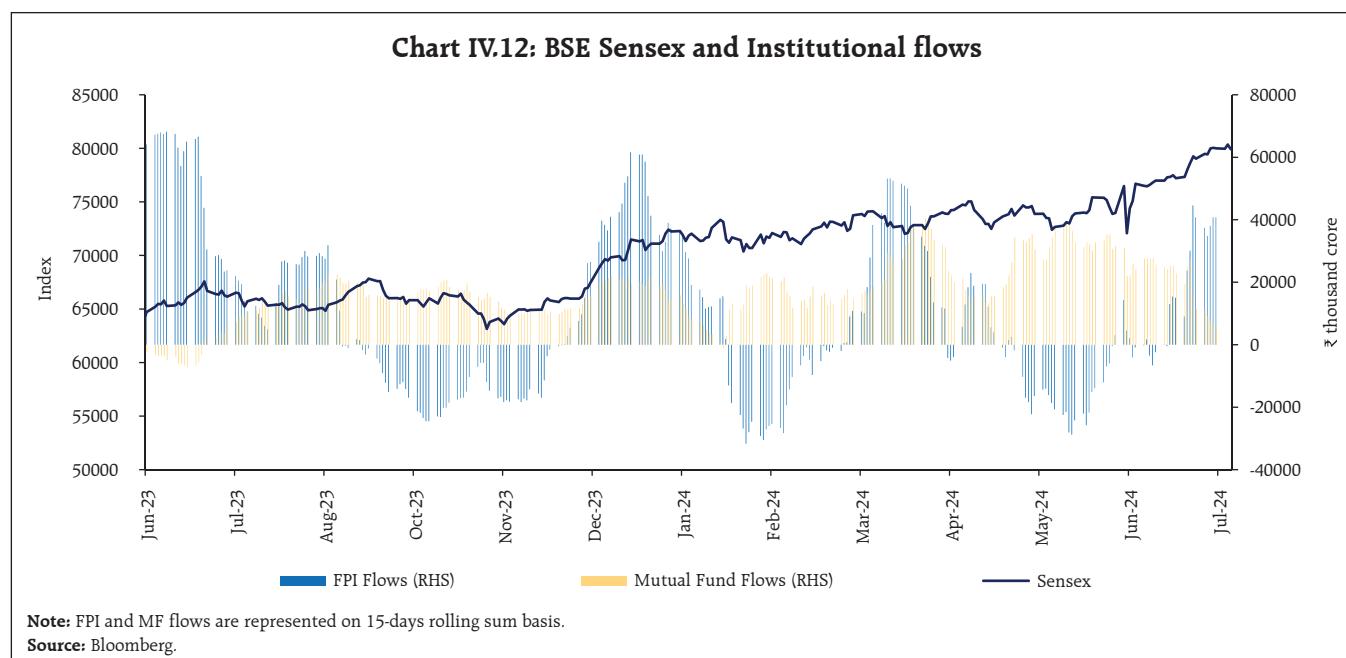


In case of deposits, weighted average domestic term deposit rates (WADTDRs) on fresh and outstanding deposits increased by 244 bps and 190 bps, respectively, during the same period (Chart IV.10).

Amongst domestic banks, the increases in deposit and lending rates were higher in the case of public sector banks (PSBs), except for outstanding

loans during the period May 2022 to May 2024 (Chart IV.11). The lending rates of PSBs remained lower than those of private sector banks (PVBs) while their deposit rates were higher.

The Government of India kept rates on small savings schemes unchanged for Q2:2024-25. Rates on various schemes are now aligned with the formula-



based rates except for public provident funds and five-year recurring deposits.

During June-July 2024 so far, the Indian equity market scaled fresh highs and the benchmark index BSE Sensex increased by 9.1 per cent to close at 80,717 on July 16, 2024 (Chart IV.12). Following heightened volatility in early June, indices gained as markets took solace from softer-than-expected domestic as well as US inflation prints for May 2024. During the second half of June, notwithstanding weak global cues amidst political uncertainty in Europe, indices continued to trend upwards amidst strong momentum in the banking and financial sector stocks and encouraging high-frequency domestic PMI data. This was further supported by India's current account turning into surplus in Q4:2023-24. In July,

the BSE Sensex crossed a fresh milestone of 80,000 supported by gains in information technology (IT) sector stocks and dovish commentary by the US Fed Chair. After rising sharply in early June, the India VIX declined during the second half and stabilised in the first half of July to settle at 14.2 on July 16, 2024. Since June 2024, both foreign portfolio investors (FPIs) as well as mutual funds made net purchases in the Indian equity market to the tune of ₹48,342 and ₹34,598 crore, respectively (up to July 12, 2024).

Against the backdrop of strong macroeconomic fundamentals and an ebullient equity market, several Small and Medium Enterprise (SME) Initial Public Offerings (IPOs) have opened with substantial listing day returns, fuelling investor interest as reflected in significant oversubscription (Box I). With

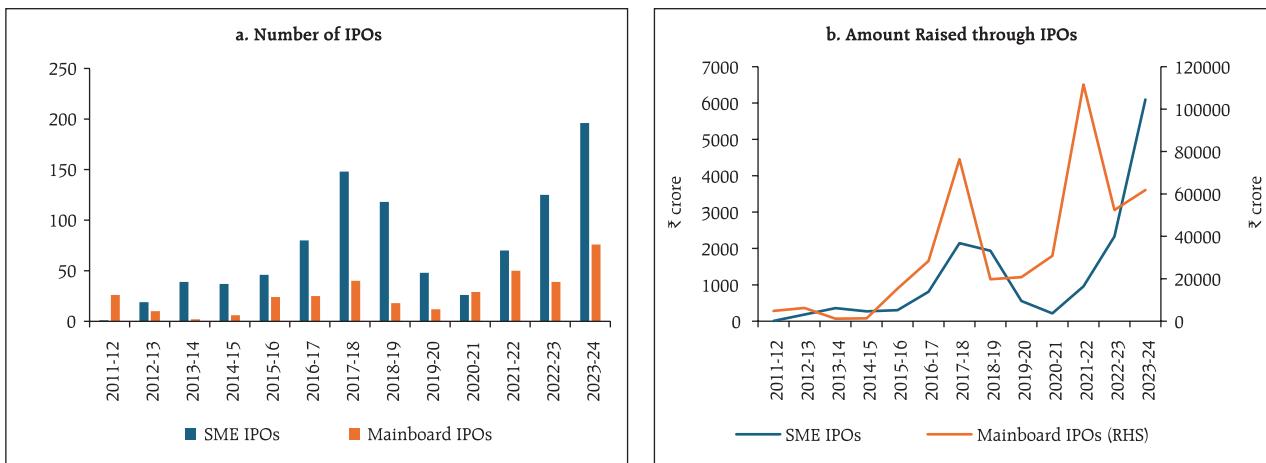
#### Box I: Underpricing: Mainboard IPOs vs. SME IPOs

Public equity issuances by SMEs have increased significantly in recent years (Charts B1.a and B1.b). Traditionally, SMEs have relied on financing from banks, NBFCs and debt instruments to meet their funding requirements. The development of SME

exchanges<sup>27</sup> by both the BSE and the NSE has provided an additional avenue to SMEs for raising funds.

There has been an increase in investors' interest. A sharp rise in the median oversubscription rate is

**Chart B1: Initial Public Offerings (IPOs)**



(Contd.)

<sup>27</sup> The BSE SME platform was established in March 2012, while the NSE SME platform, known as Emerge, was established in September 2012.

**Table B1: Median Oversubscription Rates of IPOs**

Year	Mainboard IPOs	SME IPOs
2018-19	2.69	1.33
2019-20	20.31	1.18
2020-21	30.12	1.42
2021-22	13.44	2.83
2022-23	3.44	11.49
2023-24	22.60	62.28

**Notes:** (1) Data indicates no. of times the IPO was oversubscribed relative to the issue size.

(2) Data compiled based on opening date of IPO issues.

**Sources:** Prime Database; and RBI staff estimates.

an important factor driving high listing day returns and resulting in greater underpricing<sup>28</sup> (Table B1). Empirical analysis suggests that the oversubscription rate has a positive and highly significant impact on underpricing of mainboard IPOs<sup>29</sup>.

The underpricing of SME IPOs listed on BSE SME Exchange and NSE Emerge is compared with the mainboard IPOs using data from January 2012 to March 2024 (Chart B2). The underpricing measure  $\delta$  (delta) is defined as:

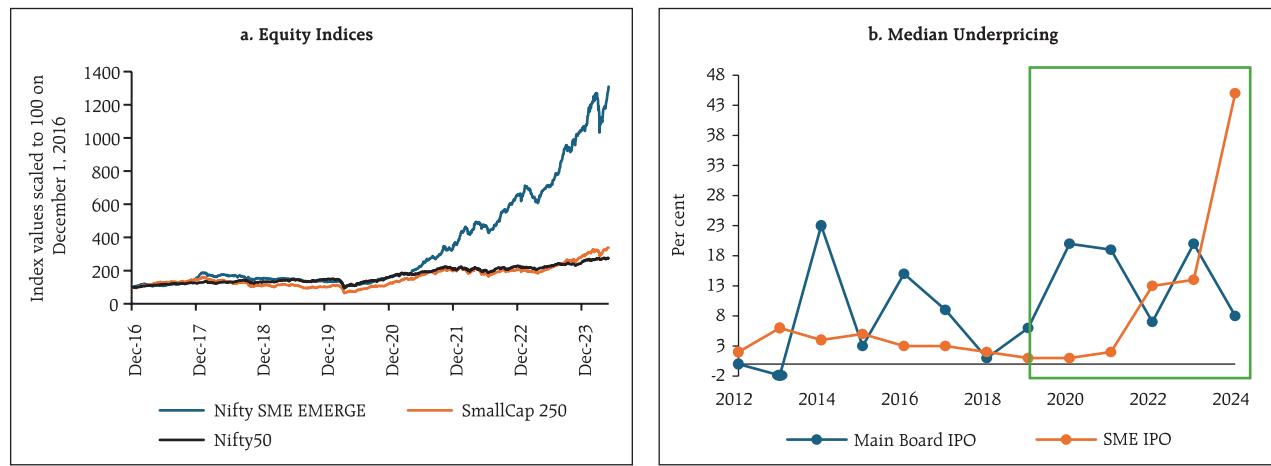
$$\delta = r_l - r^*$$

Where  $r_l$  is the listing day return calculated as the closing price on the listing day over the offer price.  $r^*$  is the benchmark return<sup>30</sup> on the listing day.

In most years, the median underpricing of mainboard IPOs remained greater than that of SME IPOs (Ganguly, 2022). The median underpricing of SME IPOs has, however, significantly outpaced that of mainboard IPOs in recent period.

IPO underpricing is common in global IPO markets (Mehmood et al., 2021). It is attributed to factors ranging from asymmetric information, ownership and control related factors (Ljungqvist, 2007). Furthermore, IPO underpricing globally depends on IPO specific variables (such as IPO size and premium); market variables (such as lagged market return and volatility); and firm attributes (such as age, size, industry, liquidity, and profitability indicators) (Ghosh, 2005; Bhattacharya, 2017).

The expected excess returns of listed SME IPOs over the benchmarks indicate that, on average, the SME stocks have outperformed broader benchmarks

**Chart B2: Median Underpricing: Mainboard IPOs vs. SME IPOs**

**Sources:** NSE, Prime Database, and RBI staff estimates.

(Contd.)

<sup>28</sup> Underpricing is measured as difference between market price (first day closing price) and offer price.

<sup>29</sup> 'The Phenomena of Listing Returns in India: Some Exploration' (Box-item, RBI Annual Report, 2020-21).

<sup>30</sup> BSE Sensex is taken as the benchmark for the Mainboard IPOs and BSE Small cap is taken as benchmark for SME IPOs.

**Table B2: SME-IPO Stocks have Outperformed Benchmarks**

	Expected excess returns over (per cent)	
	SmallCap Index	Sensex
6-month	32.0	42.5
12-month	65.2	81.9

**Notes:** (1) Expected returns for the 6-month and 12-month period are calculated using the proportion of stocks with positive/ negative return multiplied with their average positive/ negative return.

$$\text{Expected Return} = P_{\text{gain}} * \text{Average gain} + (1 - P_{\text{gain}}) * \text{Average loss}$$

Where  $P$  is calculated as (Stocks with positive excess returns) / (Total Stocks under analysis).

(2) The analysis covers 311 SME IPOs listed between May 2021 and November 2023.

(3) Notably, 42 and 36 per cent of the SME IPOs have delivered negative absolute returns after six months and one year of listing, respectively.

**Sources:** BSE, Prime Database; and RBI staff estimates.

(Table B2). Exuberance in the SME IPO segment opens avenues for price manipulation<sup>31</sup> and misuse of the robust primary market like diverting IPO proceeds away from their intended end-use<sup>32</sup>. These concerns are being addressed by recent SEBI actions.

a view to standardising the opening price discovery/ equilibrium price across exchanges during the special pre-open session for the SME IPO platform, the National Stock Exchange (NSE) decided to put an overall cap of up to 90 per cent over the issue price for listing of SME IPOs (with effect from July 4, 2024).<sup>33</sup>

Gross inward foreign direct investment (FDI) at US\$ 15.2 billion during April-May 2024 was higher than US\$ 12.3 billion recorded a year ago (Chart IV.13a). More than 80 per cent of the gross FDI inflows were concentrated in sectors such as manufacturing, financial services, computer services, business

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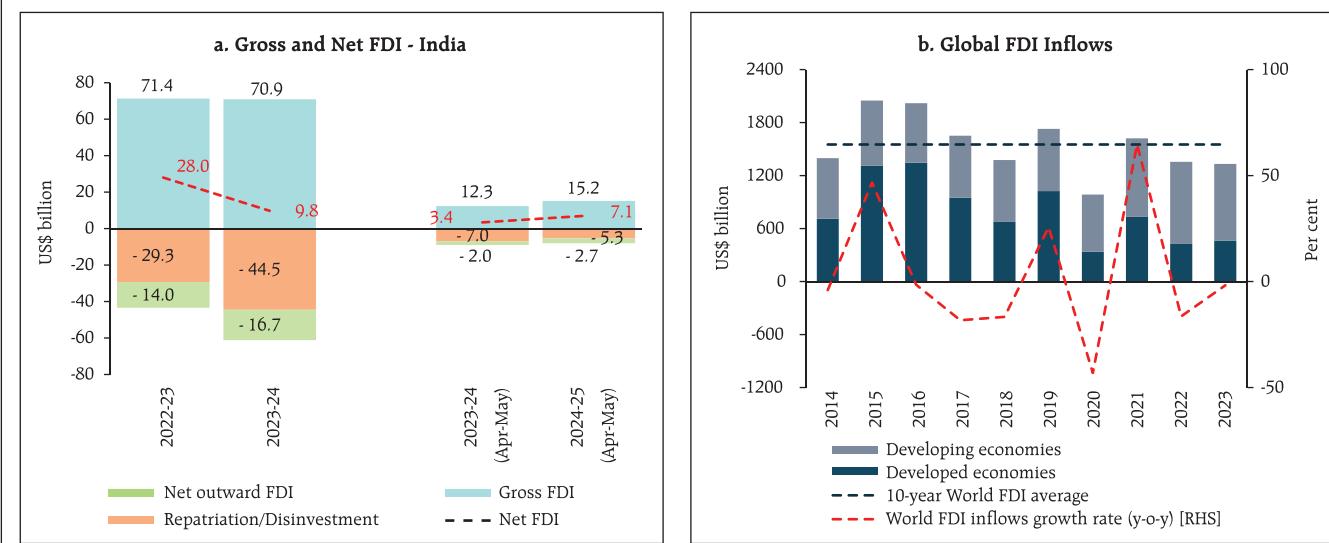
services, and electricity and other energy. Major source countries included Mauritius, Singapore, the Netherlands, the US and Cyprus, accounting for more than 80 per cent of the flows. Net FDI at US\$ 7.1 billion in April-May 2024 more than doubled from US\$ 3.4 billion a year ago, due to a rise in gross inflows and a moderation in repatriation.

Amidst volatile financial conditions, amplifying geopolitical tensions and deepening geo-economic fragmentation, global FDI flows at US\$ 1.3 trillion recorded a decline of 2 per cent (y-o-y) in 2023 (Chart IV.13b).<sup>34</sup> The moderation occurred across geographies except in some European economies. Excluding them, the contraction in global flows was sharper at 10 per cent.

<sup>31</sup> [https://www.sebi.gov.in/enforcement/orders/feb-2024/interim-order-in-the-matter-of-v-marc-india-limited\\_81831.html](https://www.sebi.gov.in/enforcement/orders/feb-2024/interim-order-in-the-matter-of-v-marc-india-limited_81831.html)

<sup>32</sup> [https://www.sebi.gov.in/enforcement/orders/may-2024/interim-order-in-the-matter-of-varanium-cloud-limited\\_83309.html](https://www.sebi.gov.in/enforcement/orders/may-2024/interim-order-in-the-matter-of-varanium-cloud-limited_83309.html)

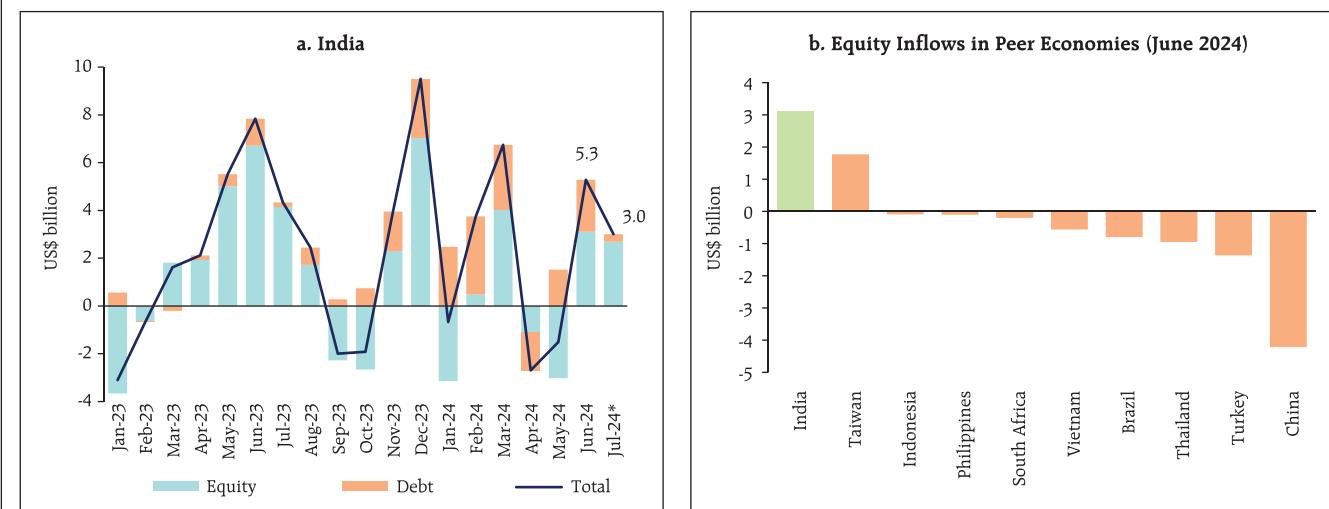
<sup>33</sup> <https://nsearchives.nseindia.com/content/circulars/SME62757.zip>

**Chart IV.13: Foreign Direct Investment flows**

Sources: RBI; and UNCTAD.

Global greenfield projects recorded a modest growth, driven by a rise in manufacturing project announcements, breaking the decade long trend of slowdown. Despite moderation in FDI inflows during 2023, India remained among the top 5 destination countries for both greenfield projects and international project finance deals.

FPIs turned net buyers in Indian financial markets, with net inflows amounting to US\$ 5.3 billion in June 2024 after two consecutive months of net outflows (Chart IV.14a). Equities reversed a two-month selling trajectory, with net FPI inflows of US\$ 3.1 billion as market volatility subsided.

**Chart IV.14: Net Portfolio Investments**

Notes: 1. Debt includes investments under the voluntary retention route and hybrid instruments.

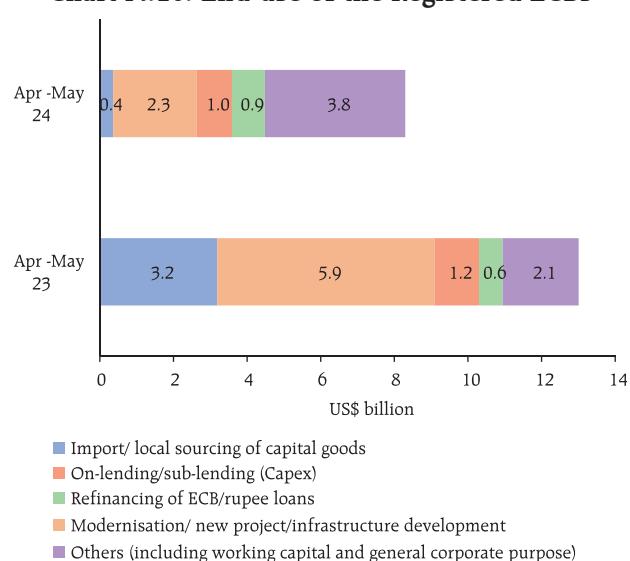
2. \*: Data up to July 15, 2024.

Sources: National Securities Depository Limited (NSDL); and Institute of International Finance.

In contrast, most peer economies recorded net outflows in the equity segment in June (Chart IV.14b). Financial services, telecommunications, and consumer services sectors attracted the highest FPI equity inflows during the month. The debt segment continues to draw FPI inflows and is estimated to attract around US\$ 20 billion to US\$ 40 billion<sup>35</sup> within 18-21 months since the announcement of inclusion of Indian Government Bonds in the JP Morgan's GBI-EM starting June 28, 2024. The prospects for FPI debt inflows appear optimistic as India is going to be included in other global indices.<sup>36</sup> Net FPI inflows in July 2024 (up to July 15) were to the tune of US\$ 3.0 billion.

Non-resident deposits recorded net inflows of US\$ 2.7 billion in April-May 2024 as compared to US\$ 0.6 billion a year ago, led by higher inflows in all three accounts namely, Non-Resident (External) Rupee Accounts [NR(E)RA], Non-Resident Ordinary (NRO) and Foreign Currency Non-Resident [FCNR(B)] accounts.

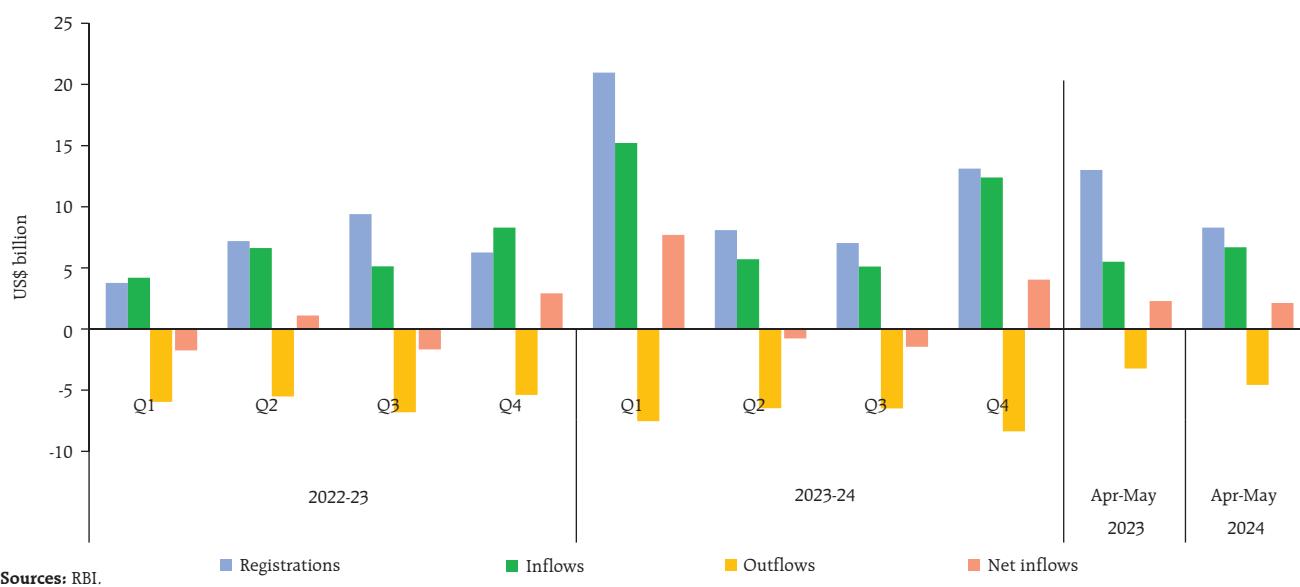
**Chart IV.16: End-use of the Registered ECBs**



Sources: RBI.

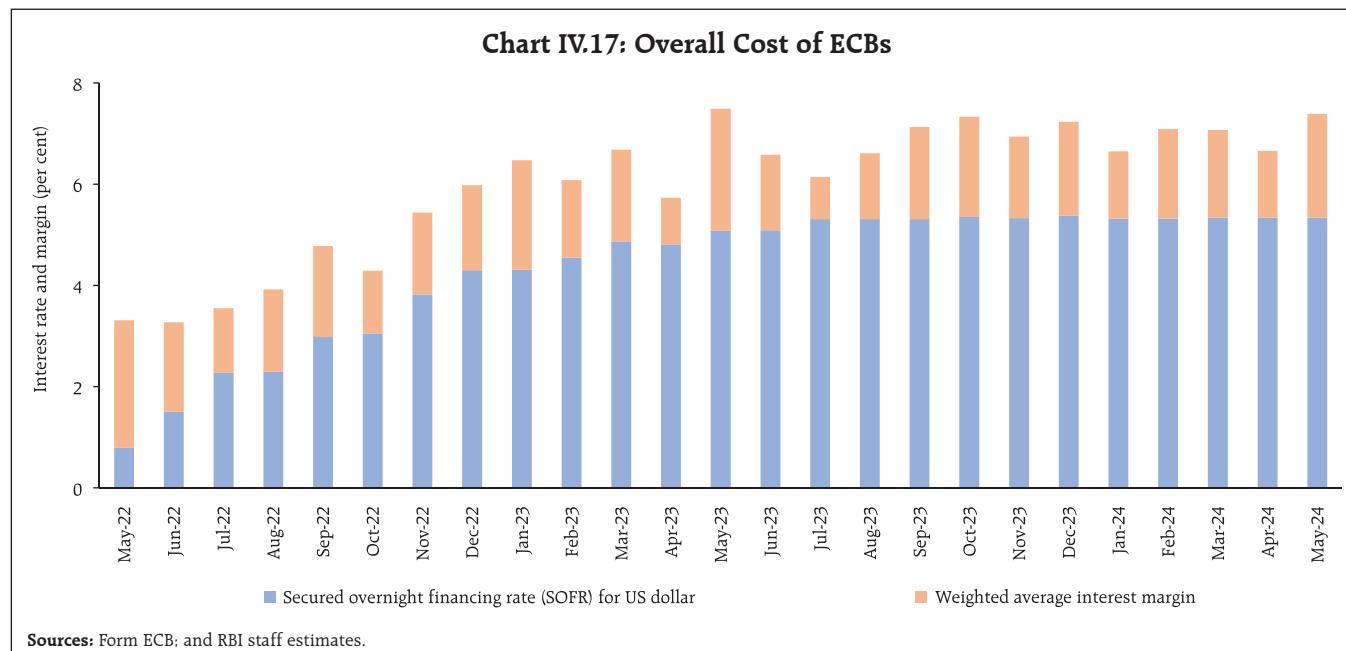
Continuing the pick-up recorded in Q4:2023-24, external commercial borrowing (ECB) gross disbursements stood higher at US\$ 6.7 billion during the first two months of Q1:2024-25 (US\$ 5.5 billion in April-May 2023), notwithstanding the sequential

**Chart IV.15: External Commercial Borrowings - Registrations and flows**



<sup>35</sup> <https://www.bloomberg.com/news/newsletters/2024-06-27/what-india-s-inclusion-in-jpmorgan-bond-index-means-for-its-economy-markets?eref=QF6yuiFO>

<sup>36</sup> Indian fully accessible route (FAR) bonds are to be included in the Bloomberg Emerging Market (EM) Local Currency Government Index with an initial weightage of 10 per cent starting January 2025. It has also been announced that India is to be included in the US retirement fund's new Federal Retirement Thrift Investment Board (FRTIB) index.

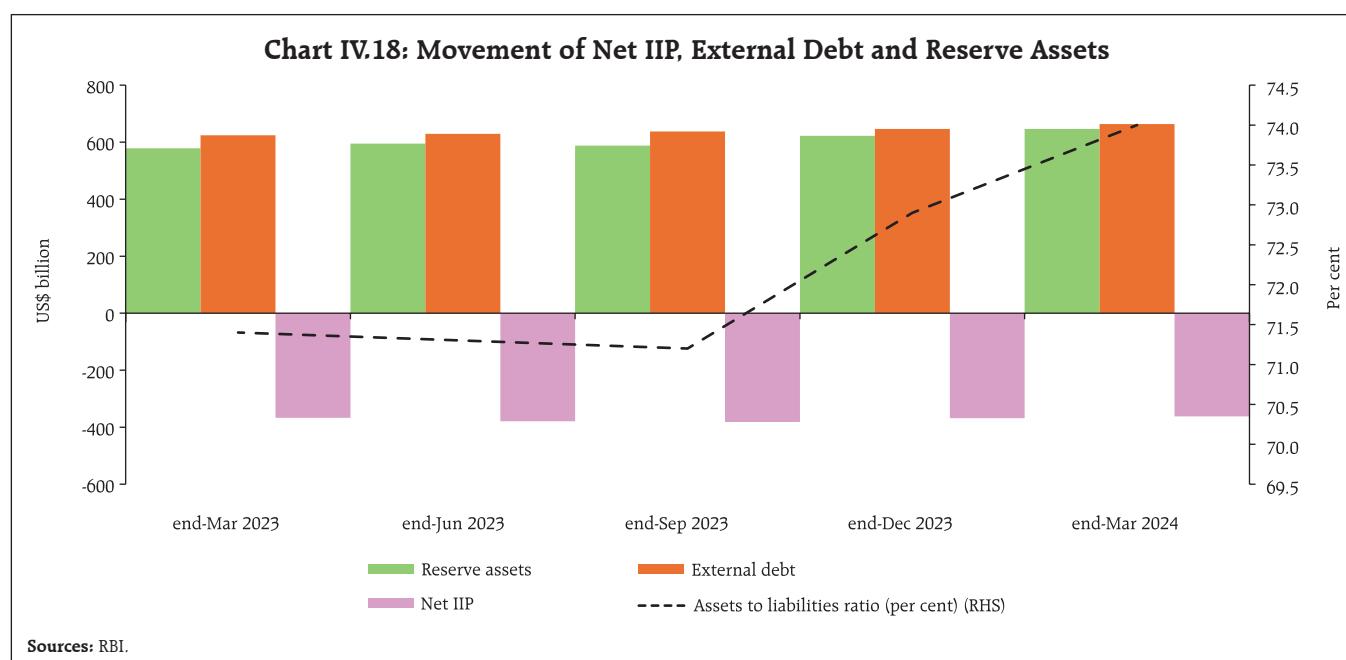


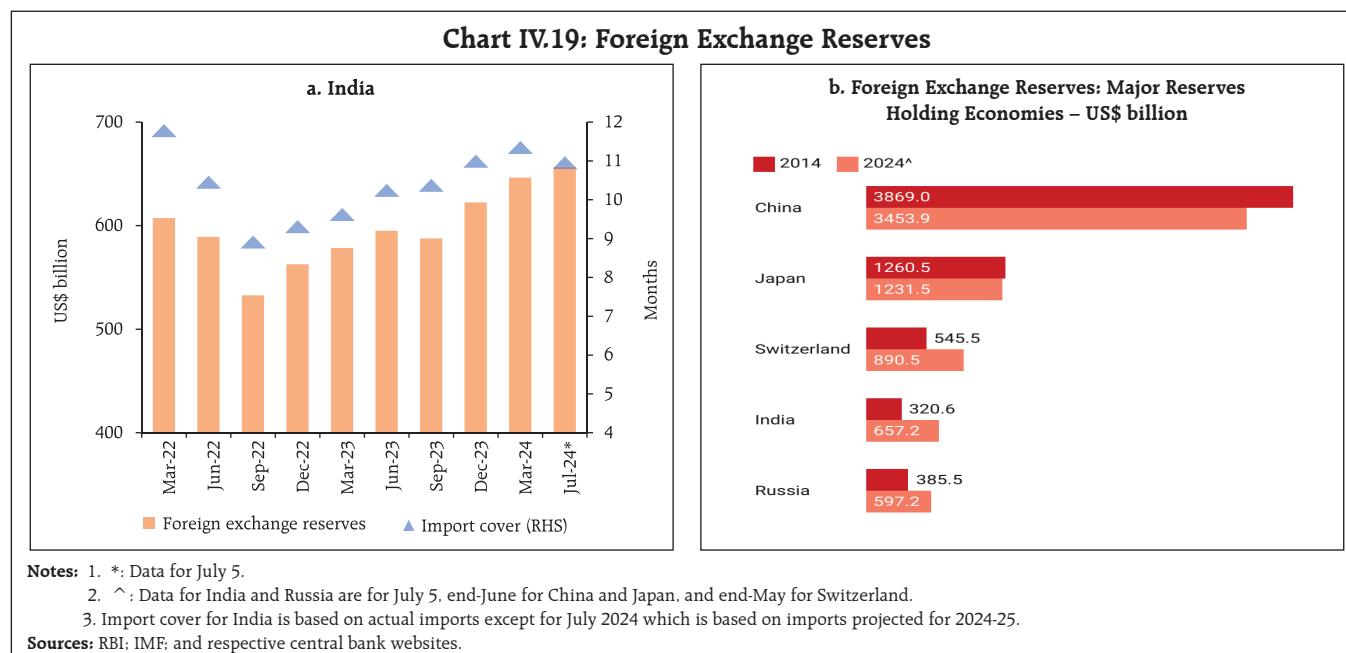
moderation in new registrations and disbursements. With inflows outpacing outflows, net flows continue to be positive (Chart IV.15).

A large portion of the ECBs raised during April-May 2024 were intended for new projects, modernisation and infrastructure development (Chart IV.16).

The weighted average margin over the stable benchmark rate rose by 73 bps, pushing up the overall cost of ECB loans in May 2024 (Chart IV.17).

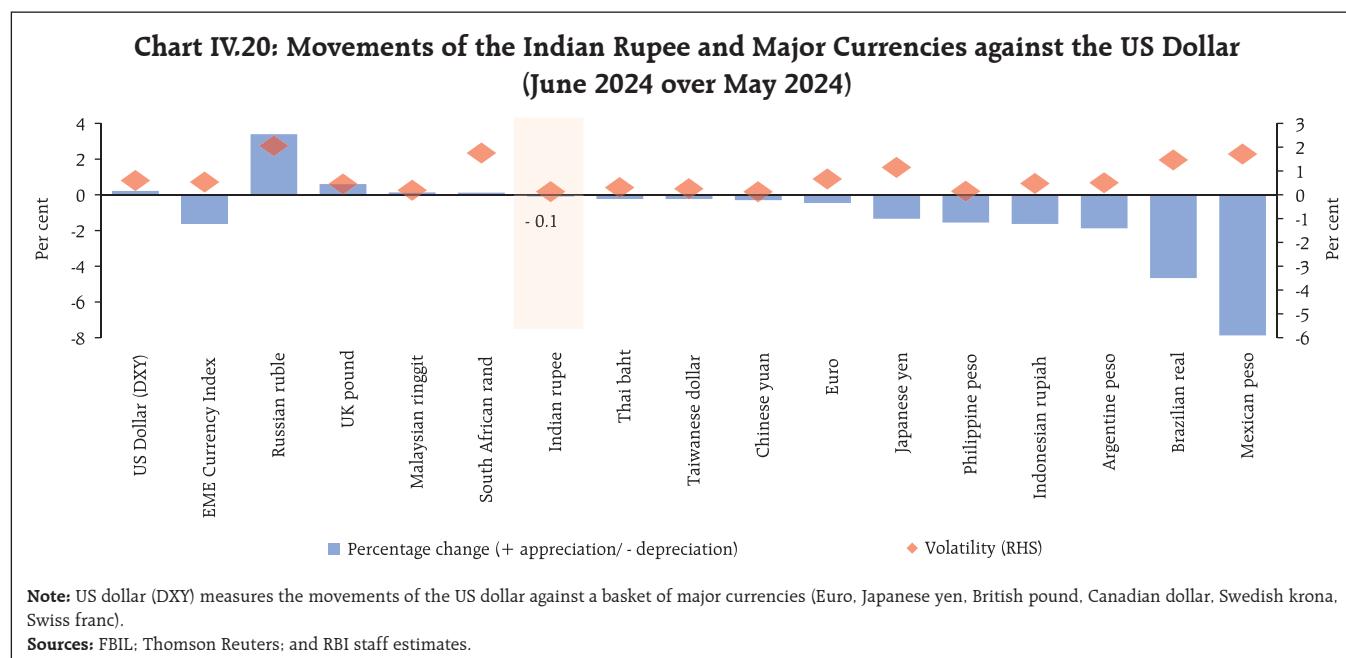
India's net international investment position (IIP) improved to US\$ (-) 361.7 billion during Q4:2023-24 on the back of an expansion in reserves, currency and deposits and outward FDI, which was

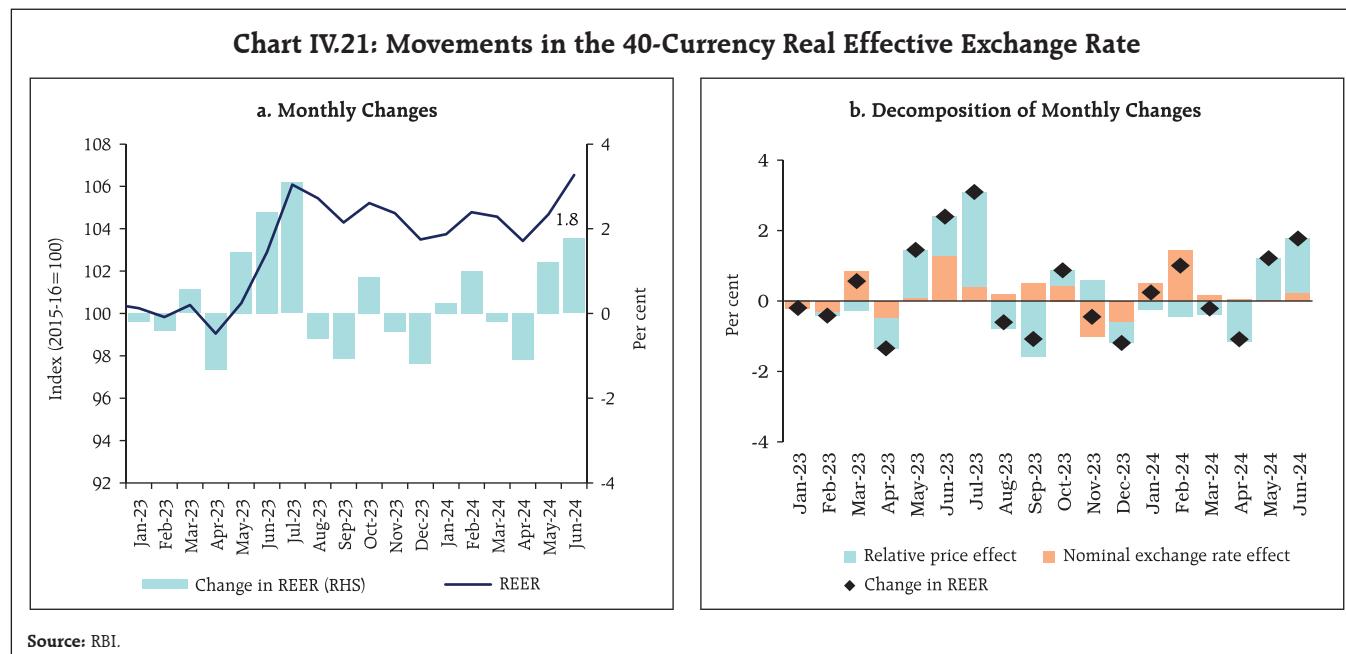




moderately offset by an increase in inward FDI and external debt liabilities (IV.18). As a result, the ratio of India's international assets to international liabilities improved to 74.0 per cent in March 2024. The net IIP to GDP (at current market prices) ratio also improved to (-) 10.3 per cent in March 2024 against (-) 11.3 per cent a year ago.

India's foreign exchange reserves rose by US\$ 34.7 billion in 2024 to reach an all-time high level of US\$ 657.2 billion on July 5, 2024 equivalent of around 11 months of imports projected for 2024-25, and about 99 per cent of total external debt outstanding at end-March 2024 (Chart IV.19a). At present, India remains the fourth highest foreign exchange reserves holder in the world (Chart IV.19b).

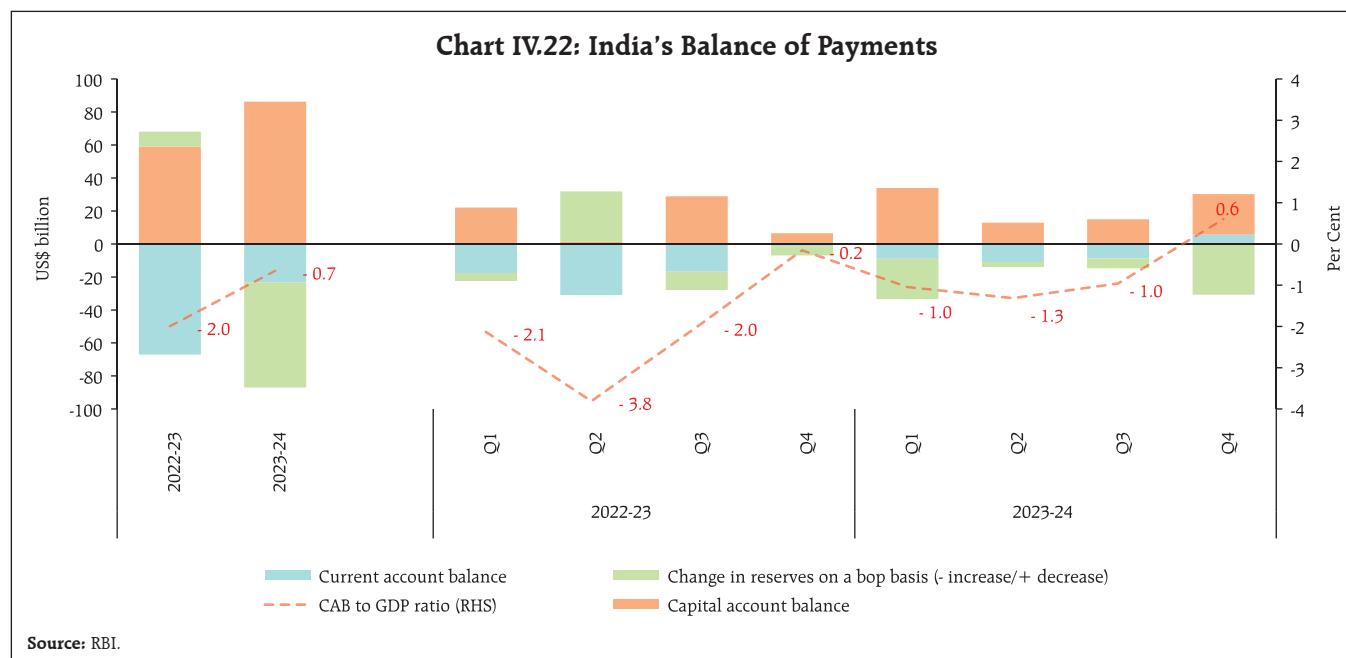


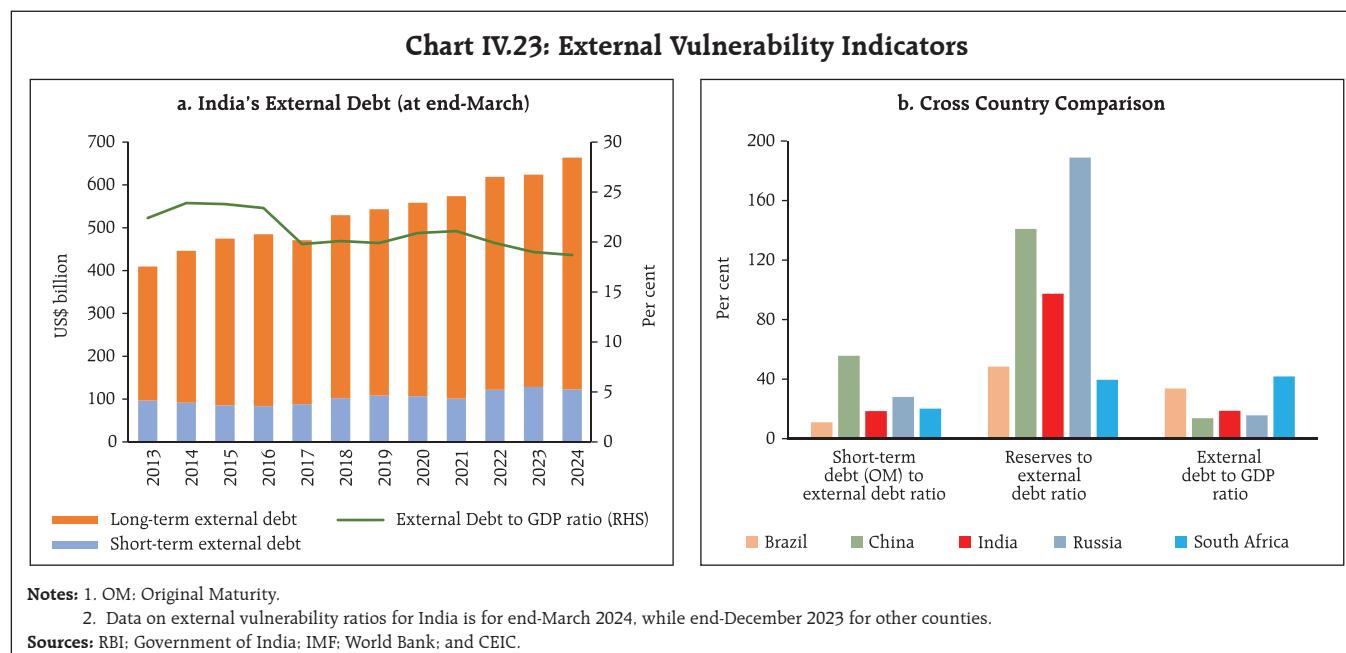


The Indian rupee (INR) depreciated by 0.1 per cent (m-o-m) *vis-à-vis* the US dollar in June 2024 as emerging market currencies faced depreciating pressures on the back of the strengthening US dollar and rising commodity prices. The INR, however, remained one of the least volatile major currencies during the month (Chart IV.20).

In terms of the 40-currency real effective exchange rate (REER), the INR appreciated by 1.8 per cent (m-o-m) in June 2024, majorly due to the positive relative price differentials (Chart IV.21).

India's current account balance (CAB) recorded a surplus of 0.6 per cent of GDP in Q4:2023-24 as





against a deficit of 1.0 per cent in Q3:2023-24 and 0.2 per cent in Q4:2022-23. A moderating merchandise trade deficit along with robust services exports and remittance receipts led to the surplus in the current account (Chart IV.22).

During 2023-24 as a whole, the current account deficit (CAD) moderated to 0.7 per cent of GDP from 2.0 per cent a year ago, led by a decline in the merchandise trade deficit. There was an accretion of US\$ 63.7 billion to the foreign exchange reserves (excluding valuation effects) during 2023-24 as net

capital inflows – dominated by strong FPI inflows and banking capital – exceeded the CAD.

India's external debt rose by US\$ 39.7 billion from end-March 2023 to US\$ 663.8 billion at end-March 2024, while the external debt to GDP ratio moderated to 18.7 per cent from 19.0 per cent a year ago (Chart IV.23a). Key external vulnerability indicators of India remained at sustainable levels and fared well relative to its peers (Chart IV.23b).

**Table IV.2: Growth in Select Payment Systems**

(y-o-y in per cent)

Payment System Indicators	Transaction Volume				Transaction Value			
	May-23	May-24	Jun-23	Jun-24	May-23	May-24	Jun-23	Jun-24
RTGS	12.6	13.3	9.2	9.2	15.2	17.9	16.0	11.9
NEFT	28.4	52.5	26.7	43.4	18.8	14.3	11.9	9.6
UPI	58.3	49.1	59.2	48.7	43.2	37.3	45.5	36.0
IMPS	3.5	11.2	2.7	10.4	16.6	14.9	12.8	15.4
NACH	-14.3	12.7	18.8	29.5	19.5	20.7	18.7	24.1
NETC	17.4	3.7	13.7	5.8	24.3	8.7	20.8	11.2
BBPS	28.4	47.8	24.8	53.6	44.8	114.8	41.6	108.9

**Note:** RTGS: Real Time Gross Settlement, NEFT: National Electronic Funds Transfer, UPI: Unified Payments Interface, IMPS: Immediate Payment Service, NACH: National Automated Clearing House, NETC: National Electronic Toll Collection, BBPS: Bharat Bill Payment System.

**Source:** RBI.

## Payment Systems

Digital payment system indicators across all major categories exhibited sustained growth (y-o-y) in June 2024, primarily led by the Bharat Bill Payment System (BBPS) and the Unified Payments Interface (UPI) [Table IV.2]. The BBPS maintained steady growth during June 2024, reflecting increased penetration on account of simplified bill payments through a seamless, secure, and efficient platform that caters to the needs of both customers and billers.<sup>37</sup> In June 2024, the UPI recorded robust growth (y-o-y), *albeit* with a marginal dip sequentially. With regard to other payment system indicators, the rate of growth of Real Time Gross Settlement (RTGS) and National Electronic Funds Transfer (NEFT) slowed in June 2024 relative to May. Digitalisation continued to strengthen, driven by robust growth (y-o-y) in payment systems infrastructure – a pick-up in the number of credit cards (17.7 per cent), point-of-sale (PoS) terminals deployed (10.6 per cent), Bharat quick response (QR) codes (10.4 per cent) and UPI QR codes (23.7 per cent) in May 2024.

In order to provide further impetus to expanding the international reach of Indian payment systems, the Reserve Bank joined Project Nexus, a multilateral international initiative to enable instant cross-border retail payments by interlinking domestic fast payments systems (FPSs) of four Association of Southeast Asian Nations (ASEAN) countries (Malaysia, Philippines, Singapore, and Thailand); and India.<sup>38</sup> The platform is expected to play an important role in making retail cross-border payments efficient, faster, and more cost effective. A meeting of Governor, RBI with the Managing Director (MD) and Chief Executive Officers (CEOs) of PSBs and PVBs was held on July 3, 2024 in which issues pertaining to robust cybersecurity controls, managing third-party risks, customer awareness

and education initiatives, measures to curb digital frauds were discussed at length.<sup>39</sup> The National Payments Corporation of India's (NPCI) wholly owned subsidiary, NPCI International Payments Ltd. (NIPL), in partnership with Network International (Network) enabled<sup>40</sup> the acceptance of QR code-based UPI payments *via* Network's PoS terminals in the United Arab Emirates (UAE). This would facilitate seamless and secure cross-border transactions for Indian tourists and Non-Resident Indians (NRIs) across Network's vast merchant network in the UAE. UPI's reach across international platforms was further extended with NIPL's partnership<sup>41</sup> with Lyra that enabled secure and convenient UPI transactions at Galeries Lafayette's flagship store in Paris.

## Conclusion

Against this background, it is useful to take stock of the conduct of monetary policy in the context of its goals. The cumulative increase in the policy rate, took the level of the policy rate to 6.5 per cent by February 2023, followed by a prolonged pause. This policy approach has yielded some gains in the form of CPI headline inflation dipping into the tolerance band since September 2023. Yet, disinflation has been grudging and uneven and headline inflation remains closer to 5 per cent than to the target of 4 per cent in its latest readings in spite of historically low readings on core inflation and sustained deflation in fuel prices.

This trains the focus of the public discourse on food inflation, its nature and dynamics. The argument that food price shocks are transitory does not seem to be borne out by the actual experience over the past one year – too long a period for a shock to be termed as transitory! Superimposed on this 'persistent' component are sporadic spikes in prices of a range of vegetables that overlap across

<sup>37</sup> NPCI Press Release. July 9, 2024.

<sup>38</sup> RBI Press Release. July 1, 2024.

<sup>39</sup> RBI Press Release. July 3, 2024.

<sup>40</sup> NPCI Press Release. July 3, 2024.

<sup>41</sup> NPCI Press Release. July 5, 2024.

constituents to give the broader category of vegetables inflation an enduring character. Food prices are clearly dominating the behaviour of headline inflation and households' inflation expectations, undermining the gains of lowering core and fuel inflation through a combination of monetary policy and supply management. While households' current perception of inflation has been moderating, this is not being reflected in their three months ahead and one year ahead expectations which remain elevated. The accumulation of food price pressures threatens the outlook for inflation in the form of spillovers to wages, rents and expectations.

Against this background, the MPC of the RBI has committed to align inflation durably to the target. Till that is achieved, the recent halting declines in inflation readings have to be regarded as work still in progress.

Close to half a century ago, seminal work pointed to the phenomenon of time inconsistency.<sup>42</sup> When monetary policy authorities committing to

price stability renege on that commitment in the pursuit of short-run gains of increasing growth, they can end up losing credibility, unhinging inflation expectations and triggering a surge in inflation. This can also undermine growth sustainability. Given the high uncertainty shrouding the inflation outlook, it is prudent to eschew the temptation of time inconsistency and stay the course on the straight and narrow path of aligning inflation with the target of 4 per cent. This does not imply that inflation should reach 4 per cent and stay there before monetary policy considers a change in stance; instead, based on a careful evaluation of the balance of risks, an enduring movement towards the target should provide signals to forward-looking monetary policy to respond. In the words of Governor Shri Shaktikanta Das, "*monetary policy remains squarely focused on price stability to effectively anchor inflation expectations and provide the required foundation for sustained growth over a period of time*".

<sup>42</sup> Kydland, Finn E., and Edward C Prescott, "Rules Rather than Discretion: The Inconsistency of Optimal Plans", *Journal of Political Economy* 85 (3): 473–492, 1977, June.

# ***Updating Estimates of the Natural Rate of Interest for India with Post-Pandemic Evidence***

by Harendra Kumar Behera <sup>^</sup>

*Monetary policy divergence across jurisdictions has reignited the debate about the level of the natural rate of interest. Updating the estimates of natural rate of interest for India with post-pandemic data, we find an upward shift, driven by growth of potential output. The estimate of the natural rate for Q4:2023-24 is at 1.4-1.9 per cent as compared with our earlier estimate of 0.8-1.0 per cent for Q3:2021-22. These estimates are centred in wide bands of uncertainty, warranting careful interpretation in the assessment of the monetary policy stance.*

## **Introduction**

The surge in inflation in the post-pandemic period exacerbated by geopolitical conflicts evoked a synchronised monetary policy response across jurisdictions. As central banks lifted policy rates from decade-long historical lows and adopted aggressive restrictive stances, financial conditions tightened, and real interest rates rose substantially. Subsequently, inflation eased from its peak at differing speeds and magnitudes, but the last mile of disinflation is proving to be arduously protracted. With central banks choosing to maintain disinflationary stances, a growing divergence from market expectations has reignited the debate about the level of the natural rate

of interest or r-star<sup>1</sup>. In India, this debate is reflected in a proliferation of web searches of the term "neutral rate" (Chart 1). On one side of the debate, it is argued that the changes in some of the structural determinants of r-star are driving it upwards (Brand et al., 2023; Benigno et al., 2024; Schnabel, 2024). On the other side of the spectrum, it is believed that the real interest rate should return to its pre-pandemic level once the short-term shocks dissipate (IMF, 2023a). For India, estimating the natural rate becomes particularly challenging in view of significant structural transformations and demographic shifts. In particular, pandemic-induced complexities have altered estimates of potential output and profoundly impacted inflation dynamics. This has necessitated a reassessment of traditional models and approaches to measuring the natural rate of interest. The challenge is to incorporate the impact of these unprecedented shocks into estimations.

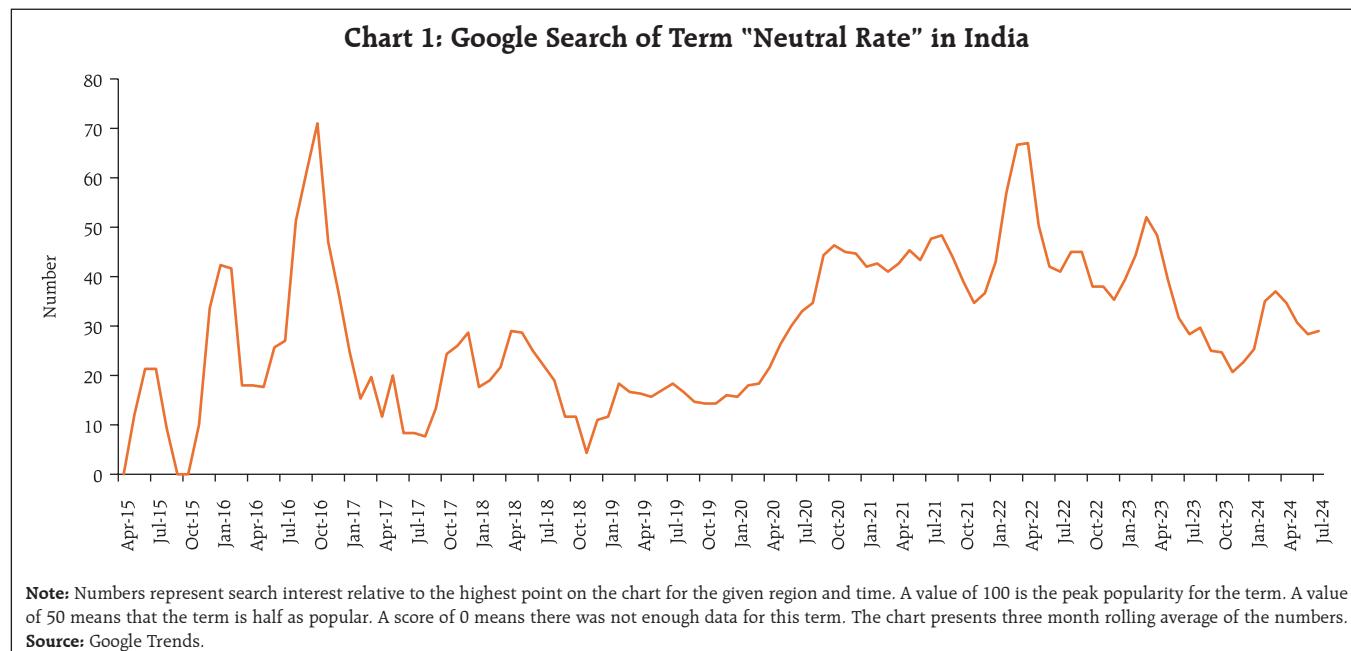
In its Wicksellian origins, the natural rate of interest is associated with an economy operating at full capacity without generating inflationary pressures: "There is a certain rate of interest on loans which is neutral in respect to commodity prices and tends neither to raise nor to lower them."<sup>2</sup> A strand of the literature has operationalised this definition by defining it as the level of the interest rate at which saving equals to investment, consistent with stable prices. In operational terms, the natural rate serves as a reference for gauging the stance of monetary policy (IMF, 2023a). Hence, the difference between the real policy interest rate and the natural rate measures the monetary policy stance. When the policy rate is set below the natural rate, the stance is regarded as accommodative, and the converse signifies a restrictive stance. The policy stance is neutral when the real policy rate is at the level of the natural rate.

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<sup>^</sup> The author is from the Department of Economic and Policy Research (DEPR), Reserve Bank of India (RBI), Mumbai. The author is grateful to Dr. Michael Debabrata Patra for providing motivation to write this article, and for his editorial comments, guidance and encouragement. The author acknowledges the inputs and valuable support received from Dr. Abhishek Ranjan and Dr. Samir Ranjan Behera. The views expressed in the article are those of the author and do not represent the views of the RBI.

<sup>1</sup> In this article, natural rate, neutral rate, natural rate of interest and r-star are used synonymously.

<sup>2</sup> Wicksell (1898).



As the natural rate is not observable, it has to be estimated, as it is crucial for setting appropriate monetary policies and assessing them. Natural rate estimates are sensitive to both model selection, measurement issues and statistical uncertainty. To elaborate further, different models can produce estimates that can differ substantially. Uncertainty also stems from the data, their measurement as well as estimation approaches. Hence, estimates of the natural rate are presented in the form of confidence bands surrounding the results for every model. Informed judgement is called for in sifting through the broadest possible model estimates while incorporating all information available outside models, *i.e.*, a risk management approach in the face of high uncertainty (Jordan, 2024). Balancing the risk of tightening monetary policy too much against the risk of tightening too little is essential in deciding the policy rate, rather than taking the decision solely based on the natural rate which is imprecise in values (Powell, 2023).

Against this backdrop, the rest of the article is structured into four sections. After a discussion on

determinants of the natural rate of interest in Section II, Section III presents different methodologies that are used to estimate it. Updated estimates of the natural rate for India are reported in Section IV. Concluding observations are set out in Section V.

## II. Drivers of the Natural Rate of Interest

The natural rate is determined by factors that impact long-run saving-investment behaviour. In particular, factors that reduce saving or increase investment raise the natural rate. Higher productivity growth associated with new investment opportunities raises demand for capital which, in turn, increases real interest rates and therefore, the natural rate of interest (Boocker *et al.*, 2023). Longer life expectancy raises saving in order to support a longer retirement. A lower dependency ratio – reflecting a higher share of working age people in the population – increases saving as those in the workforce typically save more than the elderly and young dependants. Higher inequality raises saving as richer households save a larger share of their income relative to less affluent families. Higher risk aversion induces higher saving – in particular, in safe assets – as a buffer against future

economic downturns and, at the same time, lowers investment. Investments in risky assets are found to increase with advancement in digital technologies. Persistent fiscal deficits reduce gross saving and crowd out private investment. Under the secular stagnation hypothesis, an economy can experience rise in saving and fall in investment due to lack of demand for new investment and this could keep interest rates low for longer (Summers, 2016).

In an integrated world with free capital movements, saving-investment gaps can be accommodated through current account deficits or surpluses. However, natural rates would still need to adjust to equate actual and potential output and saving and investment at the global level.

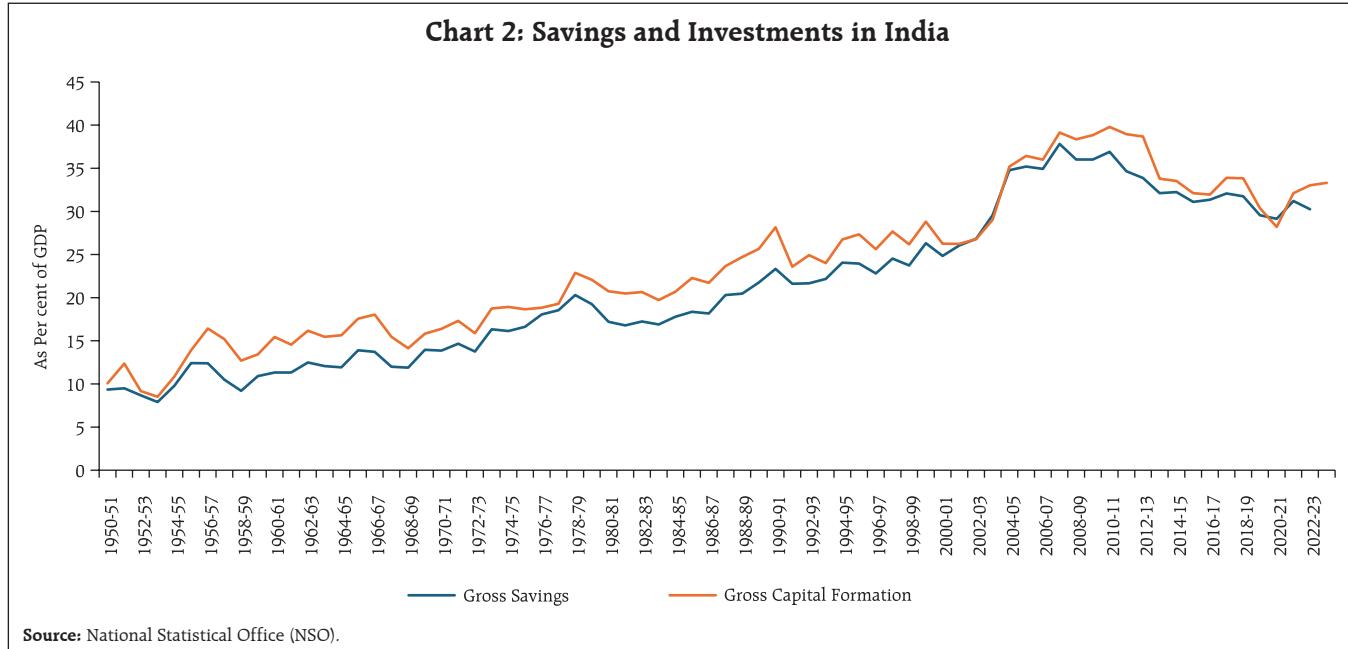
The natural rate could also vary due to the influence of monetary policy in the long-run – although standard macroeconomic theory holds that monetary policy is neutral in the long-run and can affect real variables only in a transitory fashion, recent work shows that monetary policy can have long-lasting effects on real variables (Jordà *et al.*, 2020; Benigno *et al.*, 2024; Borio *et al.*, 2019).

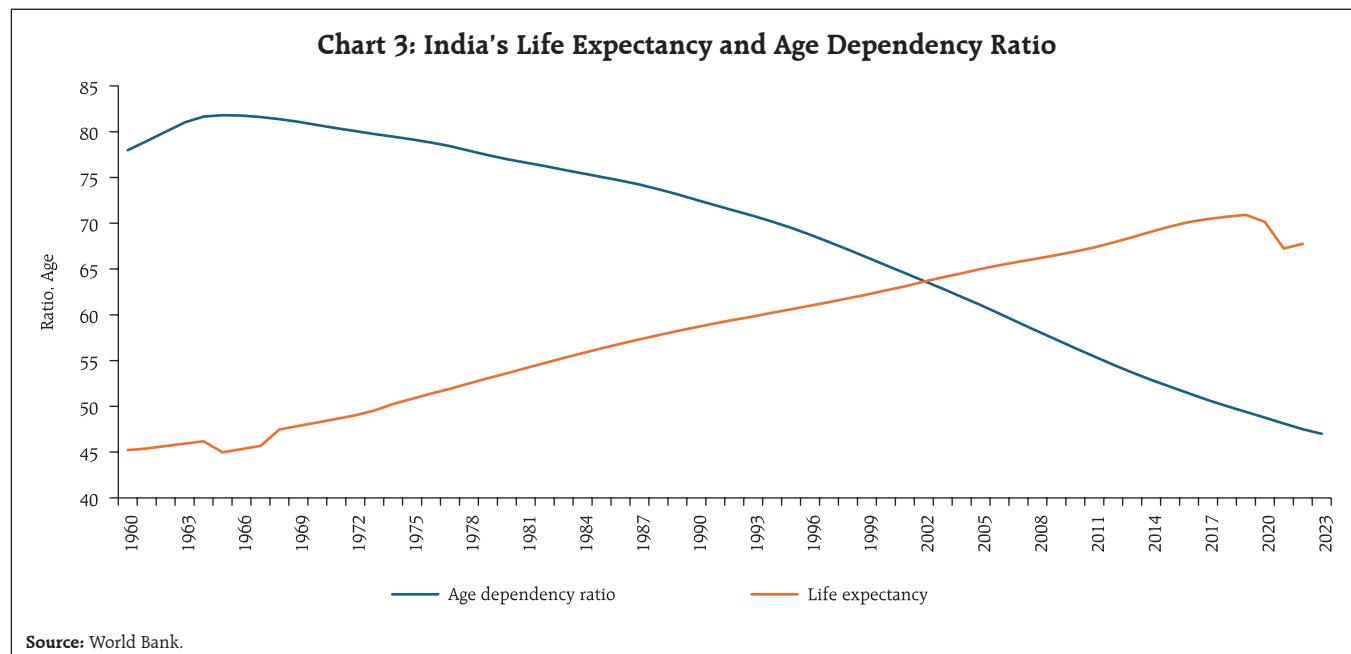
Furthermore, prolonged monetary expansion could fuel debt accumulation and financial imbalances by impacting debt and asset price dynamics and thereby lower the natural rate over long horizons (Borio *et al.*, 2019; Borio *et al.*, 2022). To the extent that signals inferred from central banks have an impact on private consumption and investment decisions, it may even result in informational feedback loops inducing shifts in the natural rate.

India's demographic structure, characterised by a significant youth population and a growing working age cohort, would influence the natural rate of interest positively by inducing higher saving and investment as well as financial liabilities for education, housing, marriage and retirement. The rising demand for capital is reflected in the recent uptick in investment (Chart 2). This demographic advantage also bolsters productivity and innovation across sectors. As the demographic dividend matures, there may be shifts in saving behaviours as more individuals approach retirement age, potentially moderating the overall saving rate.

Moreover, India faces several demographic

**Chart 2: Savings and Investments in India**



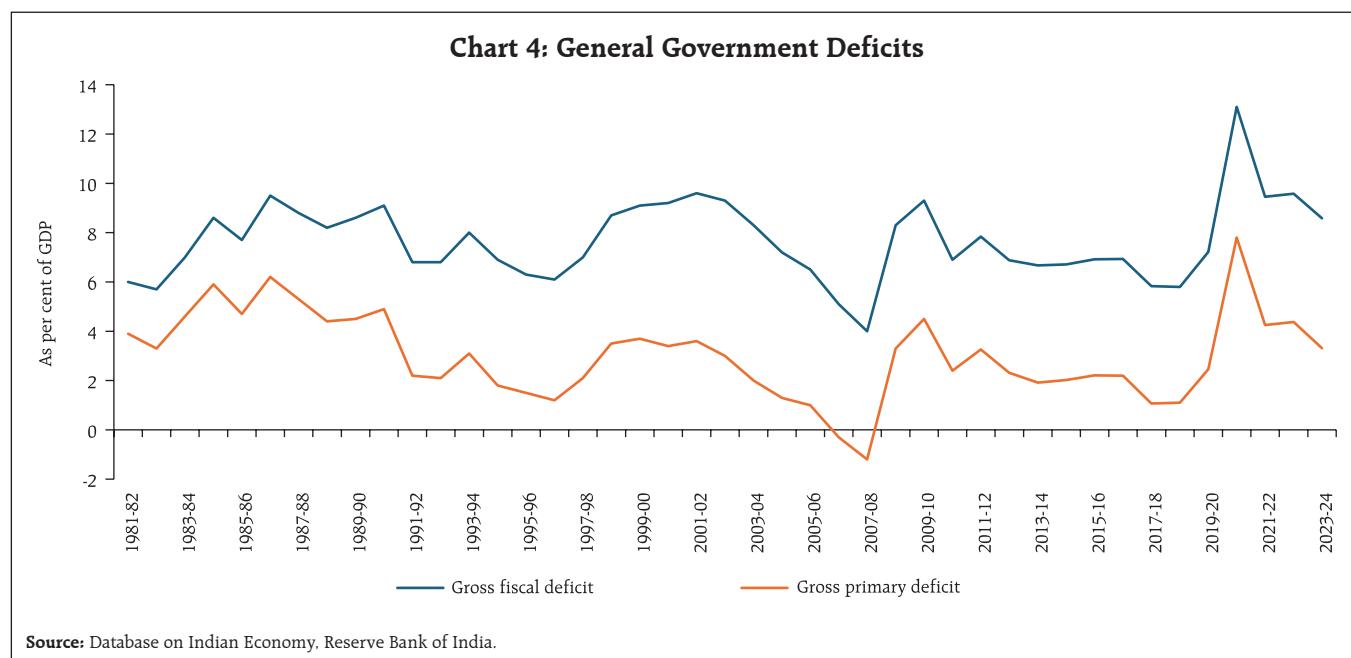


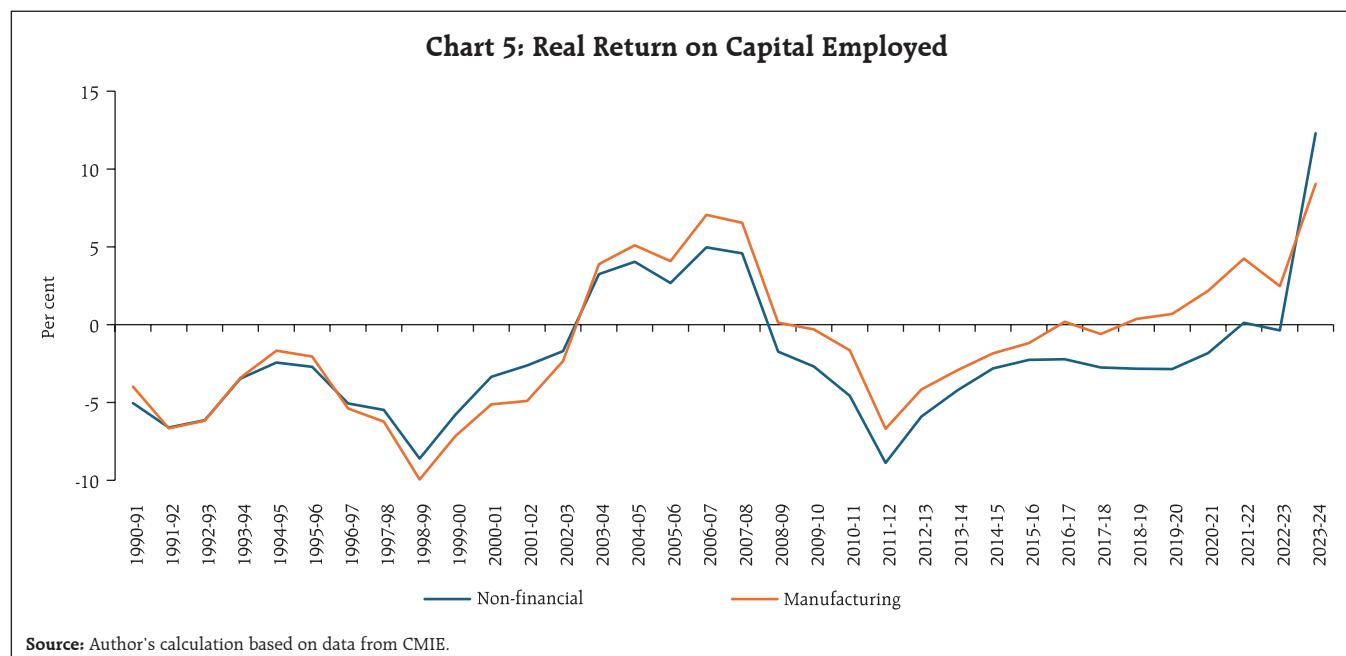
changes such as a falling dependency ratio that enhances savings and investment potential (Chart 3). More recently, however, the pandemic has imposed a temporary setback in life expectancy gains and economic stability.

Furthermore, fiscal consolidation is balancing

investment demand in order to sustain the growth momentum (Chart 4).

All these factors might be contributing to a rise in India's long-term growth potential and reversing the declining trend in the natural rate of interest that was found in the literature in the Indian context





(e.g., Behera *et al.*, 2016; Pattanaik *et al.*, 2022). This is already being reflected in the rise in real (adjusting for inflation expectations) long-term interest rates and returns on capital in recent years (Chart 5).

Climate change and the green transition, and digitalisation will require exceptionally high investment. The higher frequency of extreme weather events is likely to necessitate extensive public and private investments for both rebuilding and adaptation. Furthermore, in view of rising geopolitical risks, companies that seek to make their supply chains more resilient by diversifying their sourcing strategies will generate demand for higher investment. India's export thrust through initiatives such as its production-linked incentive scheme, districts as export hubs; and by supporting the export potential of micro, small and medium enterprises could further increase investment demand (Patra, 2024). Moreover, rapid advances in artificial intelligence and digitalisation will require large public and private sector investments in physical and human capital for acquiring and implementing new technologies and reshaping business processes. Considering that

part of these massive overall investment needs will be government-financed, and that, in the new geopolitical situation, defence spending may have to be significantly stepped up, public debt burdens are likely to rise. In sum, several forces propelling rising investment demand are expected to increase the natural rate of interest going forward.

### III. Approaches to Estimate Natural Rate of Interest

Several approaches to estimating the natural rate of interest are adopted in the literature. The challenge is to adopt the most robust and efficient one which is also suitable to country-specific circumstances.

#### III.1 Statistical Filtering Methods

The natural rate can be proxied by trends in the real interest rate. Accordingly, statistical filters, e.g., Hodrick-Prescott and Kalman filters are used to estimate the underlying trend in real interest rates by separating the cyclical component from observed real interest rates.

#### III.2 Structural Economic Models

**Dynamic Stochastic General Equilibrium models** incorporate microeconomic foundations and capture

the interactions between economic agents over time under uncertainty. They provide a theoretical framework for estimating the natural rate, based on structural parameters like preferences, technology, and policy rules. Specifically, these models estimate the natural rate over the business cycle, which ensures that a central bank tracking the natural rate stabilises inflation either concomitantly or over the medium term in the absence of nominal frictions (Del Negro *et al.*, 2017; Neri and Gerali, 2019).

**Semi-Structural Models**, such as the Laubach-Williams (LW) model, use fewer structural assumptions than DSGE models. They typically combine a Phillips curve (describing inflation dynamics) and an IS curve (describing the output gap) to estimate the natural rate by fitting the model to observed data (Laubach and Williams, 2003; Holston *et al.*, 2023). The key intuition is that rising inflation generally signals that current interest rates are below the natural rate. The model removes short-run business cycle fluctuations through a trend/cycle decomposition and attributes changes in the natural rate to trend output growth and a residual that captures other potential drivers.

### III.3 Time Series Models

These models use historical data on interest rates, inflation, and output gaps to estimate the natural rate through econometric techniques. Vector autoregression (VAR) and Bayesian VAR are common methods that allow for interactions between variables and provide estimates of the natural rate as the five to ten year ahead forecast of the real interest rate (Lubik and Matthes, 2015; Jarocinski, 2017).

### III.4 Market-Based Approaches

**(a) Financial Markets Data:** Estimates derived from financial market data such as yields on government bonds can also provide insights into the natural rate. The term structure of interest rates and inflation expectations embedded in bond prices are particularly useful (Hördahl and Tristani, 2014).

**(b) Forward-Looking Measures:** These measures use expectations about future economic conditions from surveys or market indicators like swap rates or futures contracts to infer the natural rate. Surveys of economists and financial analysts often provide consensus estimates of the natural rate from estimates of long-term inflation expectations and long-term policy rates, which are then used to estimate the natural rate by excluding inflation expectations from policy rate forecasts.

### III.5 Policy Rules

The Taylor rule relates the nominal interest rate to deviations of actual inflation from the target and actual output from its potential. By rearranging the rule, estimates of the natural rate can be derived on the basis of historical policy decisions and economic conditions.

Each method has its strengths and limitations, and often, a combination of approaches is used to provide the most robust estimate of the natural rate of interest.

### IV. Estimates of Natural Rate of Interest in India

Globally, empirical estimates of the natural rate of interest point to large shifts in its level after the global financial crisis and more prominently after the pandemic (see Holston *et al.*, 2023; Brand *et al.*, 2023; Obstfeld, 2023; Benigno *et al.*, 2024). The trend level of the real policy rate in India derived from application of statistical filters declined by more than 200 basis points after the global financial crisis (Perrelli and Roache, 2014). Natural rates in Asian economies declined after the global crisis, reflecting lower trend GDP growth at home and a lower global neutral rate (IMF, 2015)<sup>3</sup>. Three different methodologies – theoretical calibration; semi-structural modelling; and an extended Taylor rule – point to a decline in India's natural rate after the global crisis to 2.6 per

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<sup>3</sup> Regional Economic Outlook for Asia and Pacific, 2015.

cent, 4.2 per cent and 1.1 per cent, respectively. The IMF's estimates suggest that the natural rate reduced to around 1 per cent (IMF, 2023b). While LW-based estimates of the natural rate of interest using different measures of inflation (*i.e.*, headline and core CPI) were in the range of 0.8 per cent (when core CPI inflation was used as the deflator) to 1.0 per cent (when headline CPI inflation was used as the deflator) for Q3:2021-22, corresponding modified LW estimates incorporating the financial cycle were in the

range of 2.0 per cent to 2.1 per cent (Pattanaik *et al.*, 2022). Thus, estimates of the natural rate of interest for India reflect wide variations (Table 1).

Using the methodology delineated in earlier exercises (Pattanaik *et al.*, 2022) that is based on seminal work (Laubach and Williams, 2003) and its extended version (Borio *et al.*, 2019), estimates of the natural rate for India are updated in this section. In the LW framework, the standard New Keynesian

**Table 1: Estimate of Natural Rate of Interest for India**

Author(s) and year of study	Deflator used to compute real interest rate	Period of study	Methodology	Estimates of natural rate
Dash and Bhole (2011)	Headline WPI inflation applied to call money rate.	Annual data from 1986-87 to 2010-11	Unobserved state space framework	2.01 per cent for 2000-2011; 3.37 per cent for 1995-2000; 4.08 per cent for 1986-1995.
	Non-food manufacturing WPI inflation applied to call money rate.			4.93 for 2000-2011; 3.98 per cent for 1995-2000; 9.11 per cent for 1986-1995.
IMF (2015)	CPI	Quarterly data from 2008:Q4 to 2014:Q3	Calibrated Euler equation	3.7 per cent in 2001-08; 2.6 per cent in 2009-14.
			Laubach and Williams (2003)	5.4 per cent in 2001-08; 4.2 per cent in 2009-14.
			Semi-structural with Extended Taylor-rule	1.3 per cent in 2001-08; 1.1 per cent in 2009-14.
Goyal and Arora (2016) <sup>#</sup>	One-period ahead quarter-on-quarter non-food manufacturing WPI inflation applied to call money rate.	Quarterly data from 1990:Q2 to 2011:Q4	Laubach-William (2003) approach;	Marginally negative to above 5 per cent for 2011:Q4;
			Maximum likelihood estimation	-15 per cent to 15 per cent for the full sample period.
Behera <i>et al.</i> , (2017)	One year ahead expected inflation data from the World Economic Survey.  Expected inflation derived from a rolling AR(1) model.  Applied to 91 days T-bills and policy repo rate	Quarterly data from 1996:Q2 to 2015:Q1	Laubach-William (2003) approach; Maximum likelihood estimation	Across models and different measures of real interest rate: 0.6 per cent to 3.1 per cent for 2015:Q1.  Core estimate: 1.6 per cent to 1.8 per cent for 2015:Q1 (LW approach).
Pattanaik <i>et al.</i> , (2022)	Inflation expectations derived from CPI-C inflation applied to 91 days T-bill yields	Quarterly data from 1996:Q2 to 2021:Q4	Laubach-William (2003) approach; Modified LW approach incorporating effects of financial cycle; Maximum likelihood estimation	0.8 per cent to 1.0 per cent for 2021:Q4 (LW approach).  2.0 per cent to 2.1 per cent for 2021:Q4 (Modified LW approach).

#: Inferred the estimates from the charts presented in the paper.

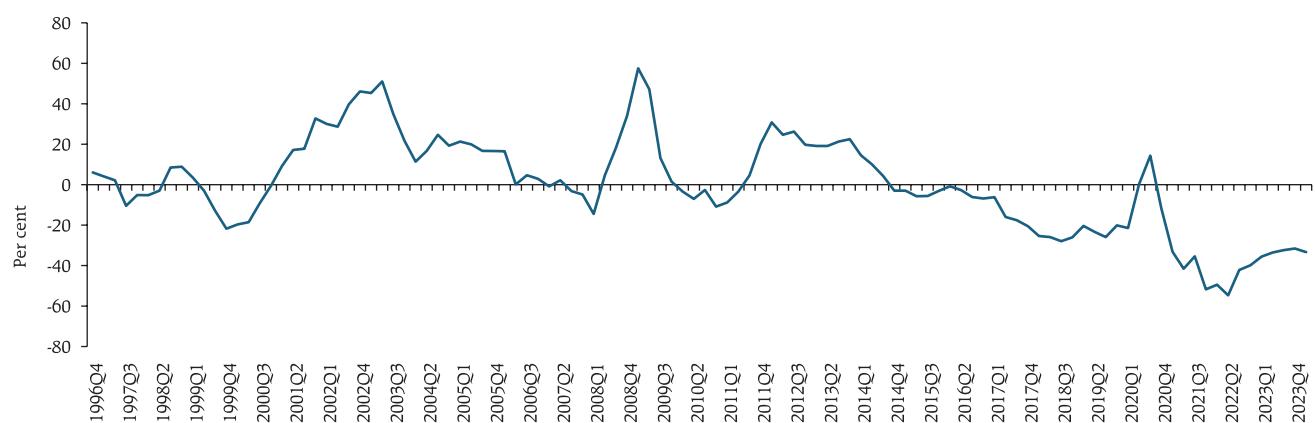
system comprising an IS curve, a Phillips curve and a policy rule are employed to estimate the natural rate as a function of potential output growth and several other determinants subsumed in a low frequency variable called 'z'.<sup>4</sup> This approach regards the natural rate as the level of the real interest rate that is consistent with output at its potential level and inflation at target in the absence of transitory shocks to aggregate demand and aggregate supply. The modified LW method additionally augments the IS curve with the leverage gap as a proxy for the financial cycle and a separate equation is added for the leverage gap to incorporate the interaction of monetary policy with the financial cycle (Juselius *et al.*, 2016 and Borio *et al.*, 2019). The leverage gap is estimated by a cointegrating regression (Pattanaik *et al.*, 2022).

Quarterly time series data on real GDP, CPI

inflation, 3-month Treasury bill yields, bank credit and BSE Sensex (as a proxy for India's equity prices) for the period 1996:Q2-2024:Q1 are used to estimate the natural rate<sup>5</sup>. The real interest rate ( $r_t^*$ ) used in the model is calculated by taking the difference between 3-month Treasury bill yields and ex-ante inflation expectations as the trend of four-quarter moving average of quarter-on-quarter changes in seasonally adjusted CPI. The estimated leverage gap for India seems to capture credit booms and episodes of asset price bubbles and busts reasonably well (Chart 6). A negative leverage gap suggests that asset (equity) prices are relatively bullish when compared with the credit-GDP ratio in recent years, except during the pandemic.

To overcome the problems in maximum likelihood estimation (MLE) methods and to avoid the pile-up problem<sup>7</sup>, we employ Bayesian methods

**Chart 6: Leverage Gap**



**Note:** When the leverage gap is negative, real asset price growth is stronger than the corresponding value of the credit to GDP ratio. A pick-up in credit/GDP ratio induced by the positive collateral value of financial assets could close the gap over time. In turn, when the leverage gap is positive, decline in real asset prices may drive the credit to GDP ratio to moderate responding to lower value of collaterals, which in turn could close the gap over time. The overriding assumption here is that loans are collateralised and there is a trend relationship between real asset prices and credit/GDP ratio, but the actual behaviour of the two variables may deviate from their steady state relationship at any point in time.

**Source:** Author's estimate.

<sup>4</sup> In the original Laubach and Williams (2003), the natural rate ( $r_t^*$ ) is given as:

$$r_t^* = cg_t + z_t$$

Where,  $c$  is the risk aversion parameter,  $g_t$  is potential growth and  $z_t$  is other determinant of natural rate not included in potential growth.

<sup>5</sup> Please see Pattanaik *et al.*, (2022) for details about data and their sources.

<sup>6</sup> Pescatori and Turunen (2016) have also shown that a Bayesian approach generates more plausible results than MLE for the unobserved variables in the LW model.

<sup>7</sup> In a standard maximum likelihood estimation of trend-cycle decomposition, pile-up problem occurs when the standard deviation of a shock to trend is biased towards zero.

with relatively loose priors, i.e., beta distribution for all variable coefficients and gamma distribution for shock variances to derive the posterior estimates of various parameters<sup>6</sup>. The assumptions on specifying the means and standard deviations of the priors are mostly motivated by existing estimates for India in the literature as well as estimates from HP filtered series of different variables wherever parameter estimates are not available in the literature. We calibrate the rate of time preference ( $\rho$ ) with a value equal to 0.99, in line with the literature. As we have estimated the model with non-stationary variables, we use a diffuse Kalman filter along with the Metropolis-Hastings algorithm to estimate the model. Each set of results is based on 100,000 posterior draws after a burn-in period of 10,000. For computing each marginal likelihood value, we use 50,000 important sampling draws.

#### IV.1 Results

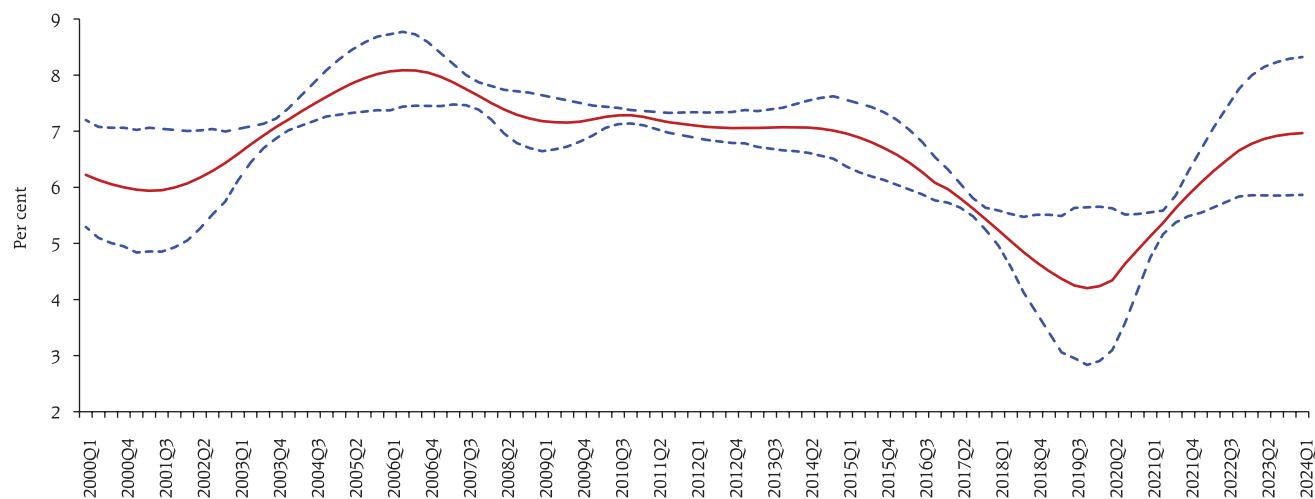
The posterior estimates of the parameters in

the model are found to be different from the priors, making them suitable for use to estimate the natural rate (Table 2). The posterior estimates indicate that the output gap is influenced by the leverage gap (*a la* Juselius *et al.*, 2016). Some caveats, however, need to be recognised. First, the inclusion of the leverage gap in the IS curve equation increases persistence of the output gap, implying a weaker influence of monetary policy (or real interest rate gap) on demand conditions (or output gap). Second, the leverage gap exhibits a high degree of persistence. Third, we did not find a major role of monetary policy in influencing financial cycles in India as the coefficient of the real interest rate gap ( $\gamma_2$ ) in the leverage gap equation is small.

The posterior mean estimates indicate that the deceleration in India's potential output reversed in the post-pandemic period (Chart 7). The growth of potential output is estimated at around 7 per cent for Q4:2023-24. The wide credible bands at

**Table 2: Parameter Estimates with and without Leverage Gap**

Equation	Parameter	Variables	Without Leverage Gap				With Leverage Gap			
			Prior mean	Prior s.d.	Posterior mean	Posterior s.d.	Prior mean	Prior s.d.	Posterior mean	Posterior s.d.
<b>IS Curve</b>	$\phi_1$	$(y_{t-1} - y_{t-1}^*)$	0.6	0.15	0.571	0.116	0.6	0.15	0.575	0.108
	$\phi_2$	$(y_{t-2} - y_{t-2}^*)$	0.3	0.15	0.087	0.050	0.3	0.15	0.084	0.047
	$\gamma_1$	$(r_{t-1} - r_{t-1}^*)$	0.3	0.15	0.142	0.077	0.3	0.15	0.141	0.077
	$\phi_3$	$levg_{t-1}$					0.2	0.07	0.211	0.068
<b>Phillips Curve</b>	$b_1$	$(y_t - y_t^*)$	0.13	0.05	0.064	0.021	0.13	0.05	0.065	0.021
	$b_2$	$(y_{t-1} - y_{t-1}^*)$	0.11	0.05	0.054	0.021	0.11	0.05	0.055	0.021
<b>Taylor Rule</b>	$\beta_9$	$i_{t-1}$	0.8	0.19	0.872	0.032	0.8	0.94	0.873	0.032
	$\beta_{10}$	$(\pi_t^{yoy} - \pi_t^*)$	1.5	0.1	1.503	0.100	1.5	0.1	1.506	0.099
	$\beta_{11}$	$\tilde{y}_t$	0.3	0.07	0.310	0.069	0.3	0.07	0.334	0.080
<b>Natural Rate</b>	$\beta_1$	$r_{t-1}^*$	0.95	0.025	0.911	0.027	0.95	0.025	0.924	0.021
<b>Leverage Gap</b>	$\beta_2$	$levg_{t-1}$					0.5	0.2	0.901	0.031
	$\gamma_2$	$(r_t - r_t^*)$					0.3	0.2	0.003	0.002

**Chart 7: India's Potential GDP Growth**

Note: Dashed line in blue represents 90 per cent credible bands.

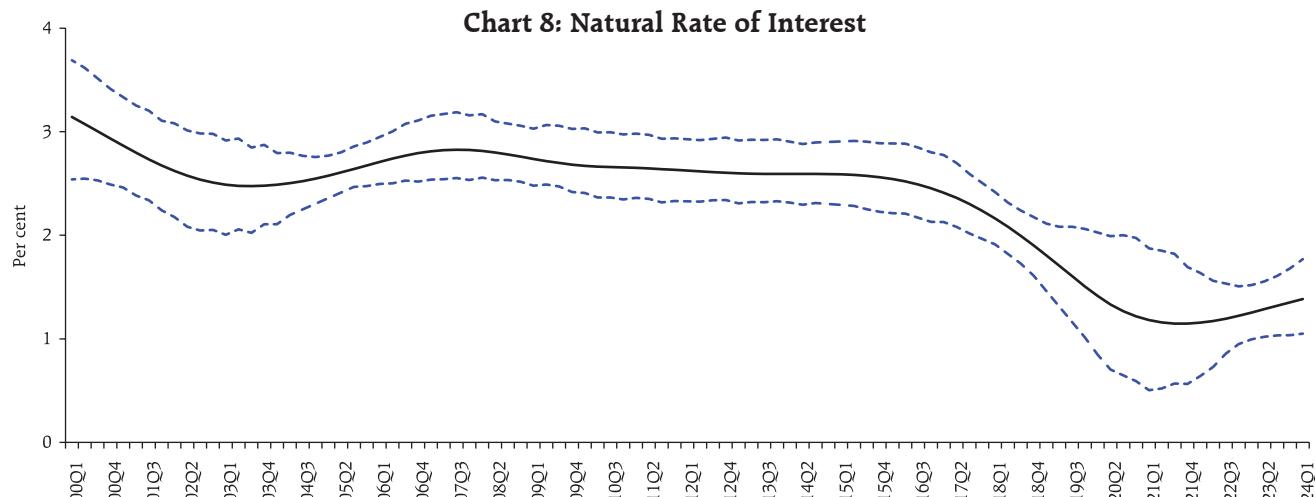
Source: Author's estimate.

different phases represent large uncertainty about the estimates. Accordingly, the growth of potential output at present could lie somewhere in a range between 5.9 per cent to 8.3 per cent.

Correspondingly, the natural rate is estimated at 1.4 per cent, which has also started rising after

the pandemic. The wide credible bands during the pandemic have narrowed more recently (Chart 8).

Estimates of the natural rate of interest for India in the post-pandemic period show an upward movement, driven by a strong growth in potential output. The natural rate of interest estimated earlier for Q3:2021-22 is revised upward from 0.8 -1.0 per cent

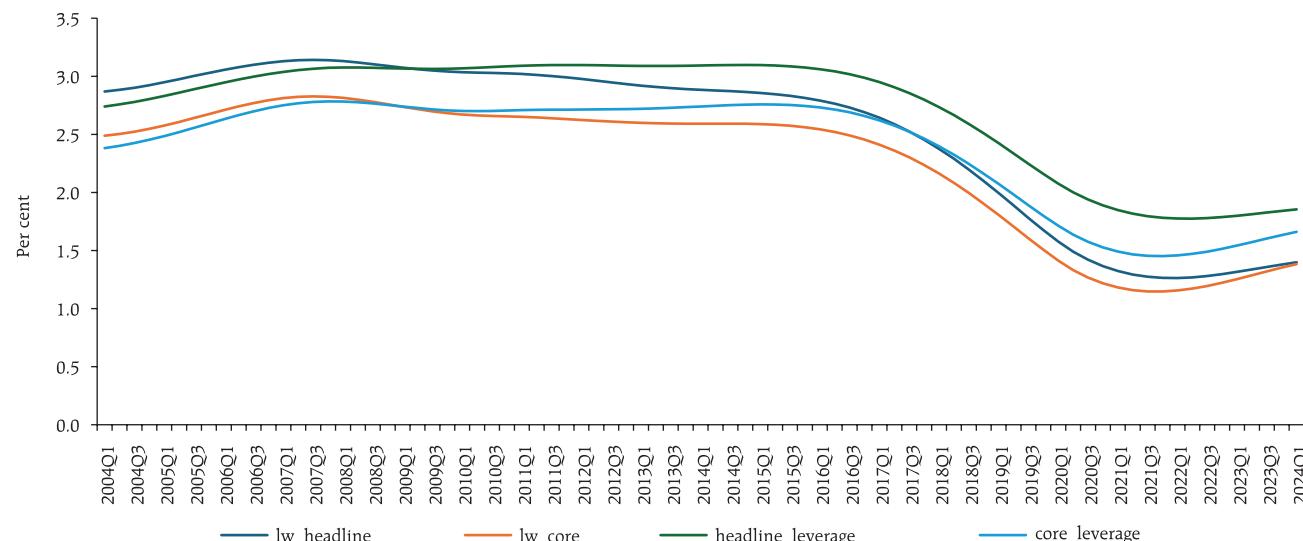
**Chart 8: Natural Rate of Interest**

Note: Dashed line in blue represents 90 per cent credible bands.

Source: Author's estimate.

<sup>8</sup> Using Holston *et al.* (2023) approach to explicitly account for the COVID-19 effect, the natural rate of interest is estimated at 1.4 per cent for Q4:2023-24.

**Chart 9: Estimates of Natural Interest Rates - Different Measures**



Source: Author's estimate.

to 1.1-1.3 per cent, reflecting revision in GDP data. The current estimates suggest a wide range between 1.4-1.9 per cent for Q4:2023-24 (Chart 9).<sup>8</sup>

## V. Conclusion

Updating the estimates of natural rate of interest for India with post-pandemic data, we find an upward shift driven by growth of potential output. The estimate of the natural rate for Q4:2023-24 is at 1.4 per cent as the lower bound of a wider range of upto 1.9 per cent than estimates of 0.8-1.0 per cent for Q3:2021-22. Abstracting from the wider credible bands around our current estimates in the aftermath of the pandemic, the importance of understanding the natural rate and measuring it accurately with regular updates cannot be overemphasised. Policymakers and financial market participants must continuously refine their approaches to estimating the natural rate to ensure that it remains a reliable guide for policies that aim to achieve sustainable economic growth and stability.

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## Appendix: Empirical Model

This article adopted the seminal work of Laubach and Williams (2003, henceforth LW) with suitable modification to include Taylor-type rule and its extended version (Juselius et al., 2016). The LW framework defines the natural rate of interest ( $r_t^*$ ) as the sum of potential (or trend) growth ( $g_t$ ) and other factors that impact saving-investment balance ( $z_t$ ):

$$r_t^* = c g_t + z_t \quad \dots (1)$$

where  $c$  is the risk aversion parameter and is generally assumed to be one.

A modified version of equation (1), which considers a slow adjustment process in the movement of the natural rate, can be written as:

$$r_t^* = \beta_1 r_{t-1}^* + (1 - \beta_1)(c g_t + z_t) \quad \dots (2)$$

The laws of motion driving unobservable potential output ( $y_t^*$ ) and its growth rate ( $g_t$ ) are specified as a random walk with a stochastic drift and a random walk process, respectively:

$$y_t^* = y_{t-1}^* + g_{t-1} + \varepsilon_t^{y*} \quad \dots (3)$$

$$g_t = g_{t-1} + \varepsilon_t^g \quad \dots (4)$$

and  $z_t$  follows a random walk process:

$$z_t = z_{t-1} + \varepsilon_t^z \quad \dots (5)$$

where  $\varepsilon_t^{y*}$ ,  $\varepsilon_t^g$  and  $\varepsilon_t^z$  are serially and contemporaneously uncorrelated error terms.

The model also includes an aggregate demand (IS curve) and a Phillips curve relationship in line with New Keynesian framework:

$$\tilde{y}_t = (y_t - y_t^*) = \phi_1 \tilde{y}_{t-1} - \phi_2 \tilde{y}_{t-2} - \gamma_1 (r_{t-1} - r_{t-1}^*) + \varepsilon_t^{\tilde{y}} \quad \dots (6)$$

$$(\pi_t - \pi_t^*) = b_1 \tilde{y}_{t-1} + b_2 \tilde{y}_{t-2} + \varepsilon_t^\pi \quad \dots (7)$$

with inflation expectations as:  $\pi_t^* = \pi_{t-1}^* + \varepsilon_t^{\pi*}$  ... (7)

where  $\tilde{y}_t$  is the output gap,  $r_t$  is the real interest rate,  $\pi_t^*$  is the inflation expectations derived from

its underlying trend which follows a random walk process. Aggregate demand (output gap) responds to changes in the real interest rate (engineered through changes in the nominal interest rate in the short-run) which, in turn, influences q-o-q annualised inflation ( $\pi_t$ ). It follows a feedback rule, based on time-varying ( $\pi_t^*$ ) and ( $y_t - y_t^*$ ), for given  $r_t^*$ .

The LW framework is augmented by leverage gap, as a proxy for the financial cycle, in the IS curve to determine the aggregate demand and a separate equation is added for the leverage gap (Juselius et al., 2016 and Borio et al., 2019).

Modified IS curve:

$$\tilde{y}_t = \phi_1 \tilde{y}_{t-1} - \phi_2 \tilde{y}_{t-2} - \gamma_1 (r_{t-1} - r_{t-1}^*) - \phi_3 lev g_{t-1} + \varepsilon_t^{\tilde{y}} \quad \dots (8)$$

Evolution of the leverage gap:

$$lev g_t = \beta_2 lev g_{t-1} + \gamma_2 (r_{t-1} - r_{t-1}^*) + \varepsilon_t^{lev} \quad \dots (9)$$

When the leverage gap is negative, that would indicate that asset prices are bullish, and through positive collateral valuation effects, the credit to GDP ratio could increase, leading to higher output. Monetary policy through real interest rate gap ( $r_{t-1} - r_{t-1}^*$ ) impacts the leverage gap ( $lev g_t$ ) and thereby the output gap as in eq. (8). The real interest rate is the difference between nominal policy rate ( $i_t$ ) and inflation expectations ( $\pi_t^*$ ), where  $i_t$  is based on a Taylor-type rule:

$$i_t = \beta_9 i_{t-1} + (1 - \beta_9)(r_t^* + \pi_t^* + \beta_{10}(\pi_t^{yoy} - \pi_t^*) + \beta_{11} \tilde{y}_t) + \varepsilon_t^i \quad \dots (10)$$

Here,  $\pi_t^{yoy}$  refers to y-o-y inflation.

The study uses eqs. (1) to (7) along with eq.(10) in LW framework and eqs. (1) to (10) except eq. (7) in modified LW framework to estimate natural rate of interest.



# *Estimating the Financial Wealth of Indian Households*

by Anupam Prakash, Suraj S, Ishu Thakur and Mousumi Priyadarshini <sup>^</sup>

*This study presents quarterly estimates of financial wealth of Indian households from June 2011 to March 2023, including their investments in listed equity accounting for variations in asset prices. As at end-March 2023, household financial assets stood at 135.0 per cent of GDP while their financial liabilities were 37.8 per cent of GDP; their net financial wealth was thus placed at 97.2 per cent of GDP. The spike in financial assets during the Covid-19 pandemic amidst restrictions on contact-intensive services and subdued growth in liabilities led to an increase of 12.6 percentage points in net financial wealth between end-March 2020 and end-March 2023. Equity and investment funds of households increased more than 1.5 times from 2011-12 to 2022-23. Household debt to financial assets ratio has remained stable during the period.*

## Introduction

Households<sup>1</sup> form the bedrock of any macroeconomic framework as the key drivers of consumption, savings and overall economic activity. Household consumption depends upon their income as well as wealth. In this context, monitoring household financial position not only provides a better assessment of their own well-being, but also can help improve understanding of the evolving private consumption and economic activity for a forward-looking monetary policy (Lettau et al., 2002; Ludwig

<sup>^</sup> The authors are from the Department of Economic and Policy Research. The views expressed in this article are those of the authors and do not represent the views of the Reserve Bank of India.

<sup>1</sup> Households in the study comprise households as well as non-profit institutions serving households (NPISHs) i.e., legal entities principally engaged in the production of non-market services for households or the community at large and whose main resources are voluntary contributions (SNA, 2008).

and Sløk, 2004). Apart from the periodic saving or dissaving, the net wealth of households, defined as the difference between total asset holdings (financial and non-financial) and liabilities accumulated over the periods is also affected by holding gains or losses (revaluations) and other changes in volume<sup>2</sup> (OECD, 2017). The evolving trajectory of net financial wealth (NFW) focusing on the stock of financial assets net of liabilities can help assess the potential financial vulnerabilities and implications for household debt sustainability.

The major data sources used for arriving at household wealth in most countries are: (i) the household wealth surveys and (ii) household balance sheet (HBS). The surveys, although more comprehensive in presenting wealth distribution including estimates of non-financial assets, can suffer from non-response and under-reporting, especially by the wealthier households (Shorrocks et al., 2023). In this context, the sectoral balance sheet data can provide a timely and more reliable source of household financial position<sup>3</sup>. Accordingly, the Reserve Bank of India (RBI), starting 2019, published the sector-wise stock of financial assets and liabilities along with the flow of funds data as financial stocks and flow of funds (FSF) of the Indian economy covering data since 2011-12 (NSC (2018), Prakash et al., 2019)<sup>4</sup>. Subsequently, the outstanding stock of select financial assets and liabilities of the household sector have been released on a quarterly basis, covering data since 2018 in the RBI Bulletin (Prakash et al., 2018). In continuation of these initiatives, this article presents

<sup>2</sup> Other changes in the volume (OCV) of assets may arise on account of losses due to catastrophic events, write downs of loans due to non-payment, seizures, etc.

<sup>3</sup> As the global financial crisis 2008 intensified the need to gauge sectoral vulnerabilities, the G-20 Data Gap Initiative (DGI) recommended countries to track inter-sectoral flows through higher frequency data on sectoral accounts.

<sup>4</sup> Based on the classification provided by the System of National Accounts (SNA), 2008, sectoral accounts in the FSF are published for five sectors namely, financial corporations, non-financial corporations, general government, households and non-profit institutions serving households (NPISH) and rest of the world.

quarterly household financial balance sheet<sup>5</sup>, i.e., stocks of financial assets and liabilities since June 2011 till March 2023. Apart from extending the data backwards till June 2011, this article also expands the scope by including the household investments in listed equity as well as the stock of pension and provident funds<sup>6</sup>.

The rest of the article is structured as follows: current approaches of measuring household wealth, available data sources as well as estimation of equity wealth are discussed in Section II. Section III presents the estimates of quarterly series on household financial wealth with the evolving composition and trends. The last section concludes with persisting issues in the household wealth estimation and the way forward towards a more robust monitoring of household finances.

## II. Data and Methodology

The compilation and dissemination of institutional sectoral flows and balance sheet data

on annual and quarterly basis was underscored in recommendation II.8<sup>7</sup> of the G-20 Data Gap Initiative (DGI-2). Based on the data reported by the Organisation of Economic Cooperation and Development (OECD), 42 countries provide financial balance sheet (non-consolidated) data on quarterly basis (Table 1).

In a developing economy, bulk of the household assets are non-financial, but as transition happens towards a market economy, the share of financial assets tends to rise (Shorrocks et al., 2019). Given the data availability issues, this study focuses on the financial wealth of Indian households<sup>8</sup>. However, data on non-institutional sources of credit, i.e., landlord, agricultural moneylender, professional moneylender, input supplier, relatives and friends, chit funds, market commission agent/traders, etc., are not included due to data availability issues. It may also be noted that, according to All-India Debt and Investment Survey (NSO, 2021), there is an increase in the incidence of indebtedness (IOI)<sup>9</sup> from

**Table 1: Countries Reporting Data to OECD**

Frequency	Financial Balance Sheets (Stocks)		Financial Accounts (Flows)	
	Non-Consolidated	Consolidated	Non-Consolidated	Consolidated
Annual	44	40	45	40
Quarterly	42	35	40	35

**Notes:** 1. Consolidated data eliminates stock positions and flows that occur between institutional units that are grouped together, as if they constitute a single unit.  
2. Data for India features in the annual financial balance sheet non-consolidated and financial accounts non-consolidated.  
3. The count of countries is as on May 31, 2024.

**Source:** OECD Stats.

<sup>5</sup> Balance sheet in the context of financial accounts refers to "financial balance sheet" which shows stocks of financial assets and liabilities and not the total balance sheet which also show stocks of non-financial assets.

<sup>6</sup> Regarding pension and provident funds, RBI Bulletin Table 50b includes stock data only on public provident fund (PPF) and national pension scheme (NPS).

<sup>7</sup> DGI II.8 Recommendation states "The G20 economies to compile and disseminate, on a quarterly and annual frequency, sectoral accounts flows and balance sheet data, based on the internationally agreed template, including data for the other (non-bank) financial corporations' sector, and develop from-whom to-whom matrices for both transactions and stocks to support balance sheet analysis. The IAG, in collaboration with the Inter-Secretariat Working Group on National Accounts (ISWGNA), to encourage and monitor the progress by G20 economies. The target by 2021 comprises data dissemination of non-financial and financial accounts and balance sheets, on an annual and quarterly basis. More advanced ambitions include annual and quarterly financial sector accounts presented on a from-whom-to-whom basis and annual non-bank financial intermediation statistics."

<sup>8</sup> Data on the physical investments by households are released on annual basis by the National Statistical Organisation (NSO).

<sup>9</sup> Incidence of indebtedness (IOI) is the percentage of households with any outstanding debt.

institutional credit agencies together with a decline in the IOI from non-institutional credit agencies in comparison with the AIDIS 2013 results<sup>10</sup>. The annual FSF accounts released in RBI Bulletin include equity investments of households, with their value estimated on the basis of paid-up equity capital and do not capture changes due to market price fluctuations. This article attempts to incorporate the impact of valuation changes on household asset holdings. The article further includes employment-linked pension and provident fund assets, thus expanding the available time series in both length and breadth (Appendix Table 1).

### *II.1 Data Sources and Classification*

In the absence of primary data for households, their accounts are estimated through data from counterparty sectors. In case of India, this counterparty information is well defined and regularly published by various agencies/regulators

including RBI, Securities and Exchange Board of India (SEBI), Pension Fund Regulatory and Development Authority (PFRDA), Insurance Regulatory and Development Authority of India (IRDAI), Association of Mutual Funds of India (AMFI), Controller General of Accounts (CGA), Employees' Provident Fund Organisation (EPFO), National Housing Bank (NHB), etc. Data from these entities fundamentally form the basis of compilation of both the household financial balance sheet and financial accounts. The current study provides financial balance sheet of households on quarterly basis from end-June 2011 (Q1:2011-12) to end-March 2023 (Q4:2022-23)<sup>11</sup>. The components of financial assets and liabilities with respective sources and instrument-wise classification are listed in Table 2.

The classification of financial assets and liabilities is aligned as per the framework of monetary and financial sector statistics delineated in the Monetary

**Table 2: Financial Assets and Liabilities**

S. No.	Financial Assets	Source	Classification
1	Currency	RBI, NHB	Currency
2	Bank Deposits		Deposits
3	Non-Bank Deposits (NBFCs and HFCs)		
4	Small Savings	CGA	
5	Equity (Listed Firms)	CMIE Prowess	Equity and Investment Funds
6	Mutual funds	AMFI, SEBI	
7	Life Insurance Funds	IRDAI	
8	Pension Schemes (APY and NPS)	PFRDA	Pension Schemes
9	EPFO Provident and Pension Funds	EPFO	
10	State Provident Funds	CGA, RBI	
11	Debt Securities	RBI	Debt Securities
Liabilities		Source	Classification
1	Bank Credit	RBI	Loans
2	Non-Bank Credit (NBFCs, HFCs and Insurance)	RBI, NHB, IRDAI	

**Note:** NBFCs – Non-banking financial companies, HFCs – Housing Finance Companies, APY – Atal Pension Yojana, NPS – National Pension Scheme.

**Source:** Authors' compilation.

<sup>10</sup> In the Indian household balance sheet compiled in Malhotra (2021), the author incorporates estimate of the household non-institutional liabilities by computing ratio of non-institutional to institutional household debt at the all-India level from various rounds of AIDIS.

<sup>11</sup> The quarterly data are estimated as on end-June (Q1), end-September (Q2), end-December (Q3) and end-March (Q4).

and Financial Statistics Manual and Compilation Guide (IMF, 2016) and SNA 2008<sup>12</sup>. Deposits, which are standard non-negotiable contracts, representing funds placed for later withdrawal, include bank and non-bank deposits as well as small saving funds (SSF) comprising public provident fund (PPF), national saving deposits (NSD) and national saving certificates (NSC). Since the nature of PPF is that of a personal investment scheme instead of employment-based provident funds, the same has been considered as a part of deposits instead of pension and provident funds. NSC, being a non-negotiable certificate of deposit, is also classified under deposits instead of debt securities. Data for bank and non-bank<sup>13</sup> deposits are sourced from banking statistics released by RBI, whereas the data on small savings are provided by the monthly accounts released by CGA.

Pension schemes include the existing and future claims of employees against their employer, or a fund designated by the employer to compensate employees on retirement. Three employment-based pension schemes are included under this category: (i) EPFO managed provident and pension fund schemes, (ii) asset under management (AUM) of APY and NPS, and (iii) state provident funds (SPF) of centre and state governments. While the data for APY, NPS and central government SPF are available on monthly basis, the annual data of EPFO funds and state government SPF are allocated quarterly based on the quarterly trends in NPS and central government data, respectively. The market value of the equity holdings of households in listed corporates (discussed in the next subsection), together with the stock of investments in mutual funds, form the equity and investment funds.

<sup>12</sup> Main categories of financial assets as per the SNA 2008 are (i) monetary gold and special drawing rights (SDRs), (ii) currency and deposits, (iii) debt securities, (iv) loans, (v) equity and investment funds, (vi) insurance, pension, and standardized guarantee schemes, (vii) financial derivatives and employee stock options (ESOs) and (viii) other accounts receivable/payable.

<sup>13</sup> Data for deposits with HFCs for 2011-12 to 2013-14 are available on annual basis and are allocated into quarters based on the average quarterly shares of 2014-15 to 2016-17.

Investments in mutual funds are taken as the sum of scheme-wise AUM<sup>14</sup> published by AMFI on quarterly basis since September 2014, i.e., Q2:2014-15. Prior to that, the data were published by AMFI on semi-annual basis which are interpolated. Investments in life insurance funds are taken from the industry-wide statistics published by the IRDAI on annual basis; the quarterly data of sample life insurance companies are used to prepare the quarterly series. Household investments in the government bonds including treasury bills and sovereign gold bonds form part of debt securities.

## II.2 Household Wealth in Listed Equity

Data on the ownership of equity in listed firms are available in the CMIE Prowess database on quarterly basis. It is broadly divided into ownership by two groups, i.e., promoter and non-promoter with further disaggregation (Exhibit 1). Equity wealth of households is estimated by summing up the market capitalisation as per the shareholding of two groups: (i) Indian promoter individuals and Hindu Undivided Families (HUFs) – *promoter households*; and (ii) non-promoter individuals – *non-promoter households*<sup>15</sup> of the companies listed on the Bombay Stock Exchange (BSE)<sup>16</sup>.

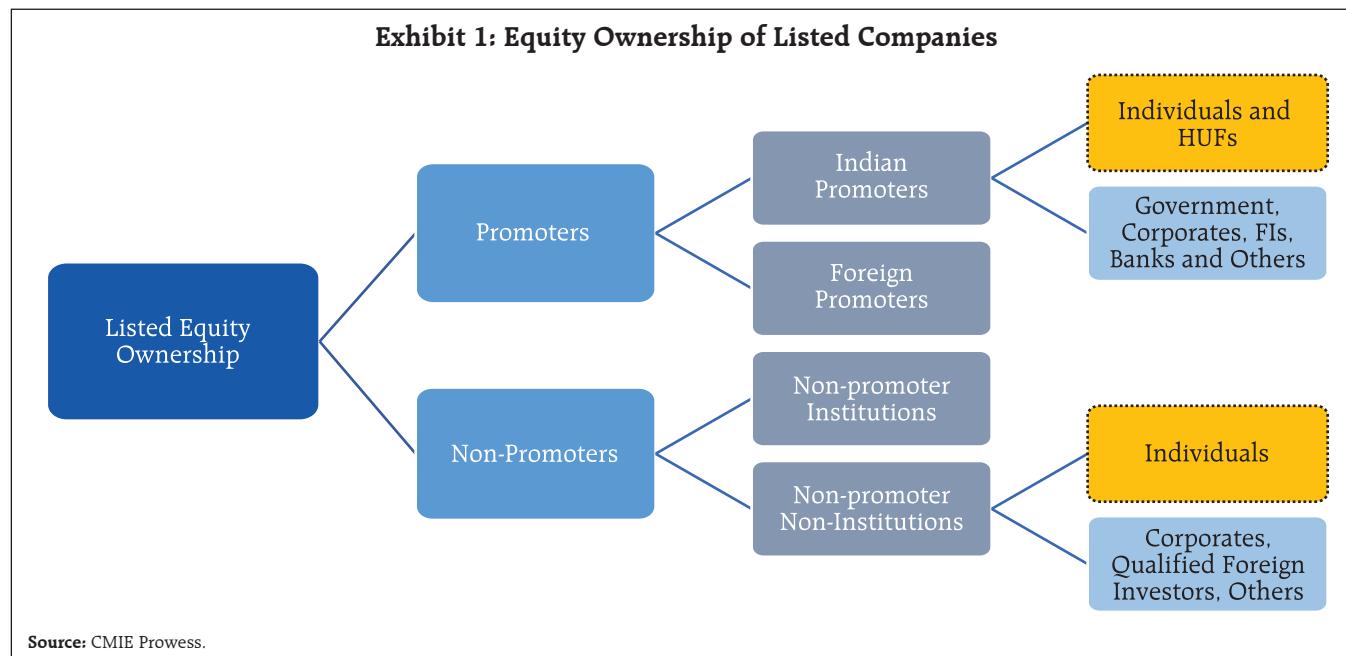
Household equity wealth in each listed company is calculated at quarterly level by multiplying the proportion of shares held by the promoter and non-promoter household groups with the total market capitalisation of the company. Accordingly, the

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<sup>14</sup> AUM for high net-worth individuals (HNIs) and retail segments under various schemes are taken together as the mutual funds AUM for households.

<sup>15</sup> Unlisted equity has been excluded from the estimation of the household financial wealth.

<sup>16</sup> India ownership tracker report released by the National Stock Exchange (NSE), also provides an ownership bifurcation of NSE listed companies; it is, however, not available on a quarterly basis in the same granularity for the period before Q2:2023-24. For periods before Q2:2023-24, tracker provides only broad bifurcation viz., (i) private Indian promoters, (ii) government, (iii) foreign promoters, (iv) domestic mutual funds, (v) banks, FIs and insurance, (vi) foreign institutional investors (FIIs), (vii) non-promoter corporate, and (viii) retail.

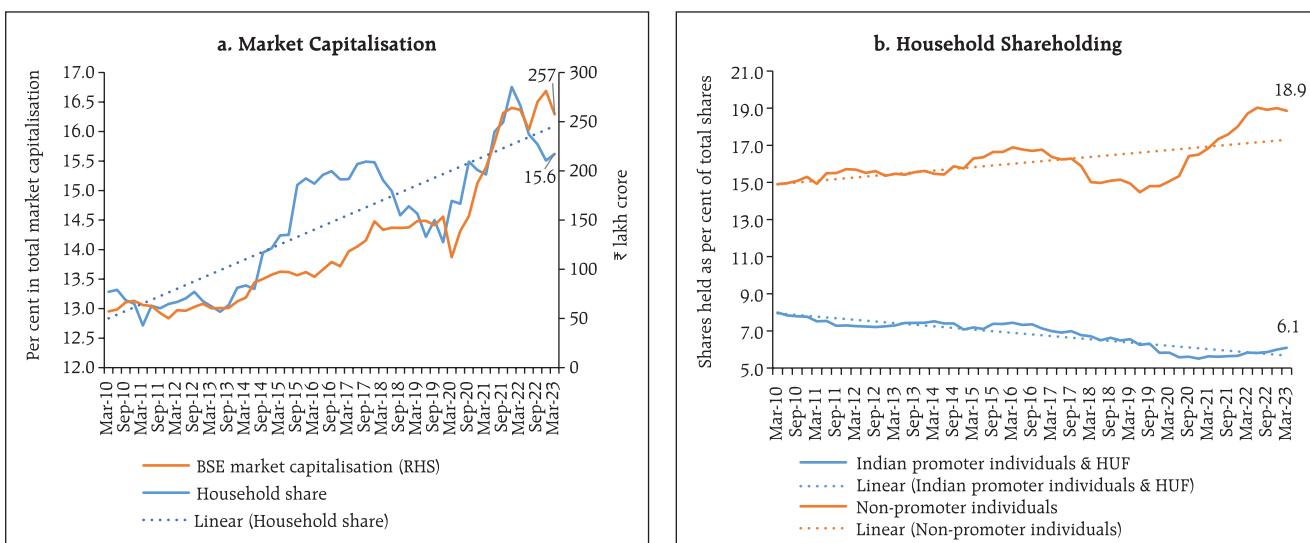


total equity wealth is arrived at by aggregating the company level household equity holdings for all the listed companies (Equation 1).

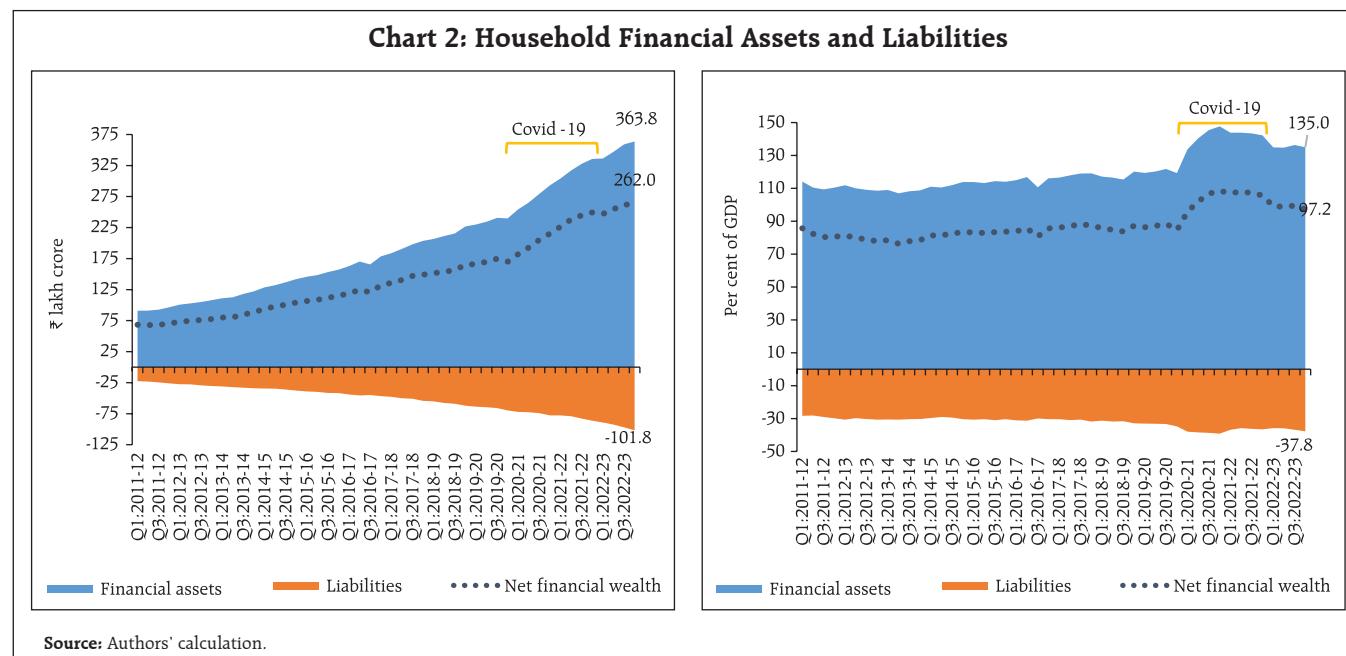
*Household Equity Wealth =  $\sum_i [(\text{Proportion of shares held with promoter households and non-promoter households})_i \times \text{Market Capitalisation}]$ ,*  
where  $i = \text{BSE Listed company}$  (1)

The share of households in total market capitalisation during March 2010 to March 2023, averaged around 14.5 per cent, experiencing a generally rising trend with intermittent fluctuations. The post-pandemic recovery in the stock market coincided with an increase in household share in total market capitalisation mainly driven by rapid increase in shareholdings of non-promoter households (Chart 1).

**Chart 1: Household Wealth in Listed Equity**



**Sources:** CMIE Prowess; and Authors' calculation.



As per the above estimation, the equity wealth of households stood at 10.3 per cent of GDP in Q1:2011-12, which rose to a peak of 19.4 per cent of GDP in Q3:2021-22, and then subsequently moderated to 14.9 per cent of GDP in Q4:2022-23.

### III. Trends in Household Financial Wealth in India

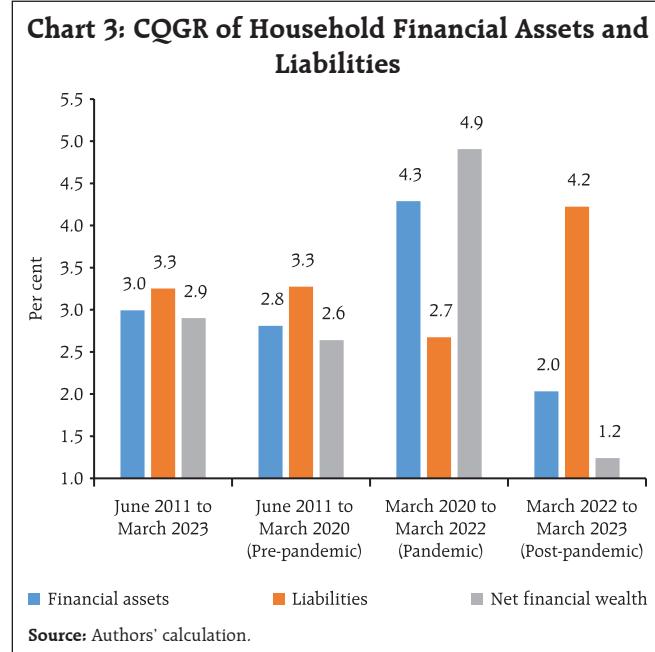
As of March 2023, total household financial assets are estimated at ₹363.8 lakh crore, equivalent to 135.0 per cent of the gross domestic product (GDP). In contrast, the outstanding liabilities amounted to ₹101.8 lakh crore, accounting for 37.8 per cent of GDP. The resultant NFW is estimated at ₹262.0 lakh crore (97.2 percent of GDP). The pandemic period witnessed a jump in the financial assets and NFW for the two-year period from March 2020 to March 2022 (Chart 2). In 2022-23, with the resumption of normal economic activities, the NFW also normalised due to a strong revival in both bank and non-bank lending to households coupled with a relatively moderate growth in financial assets.

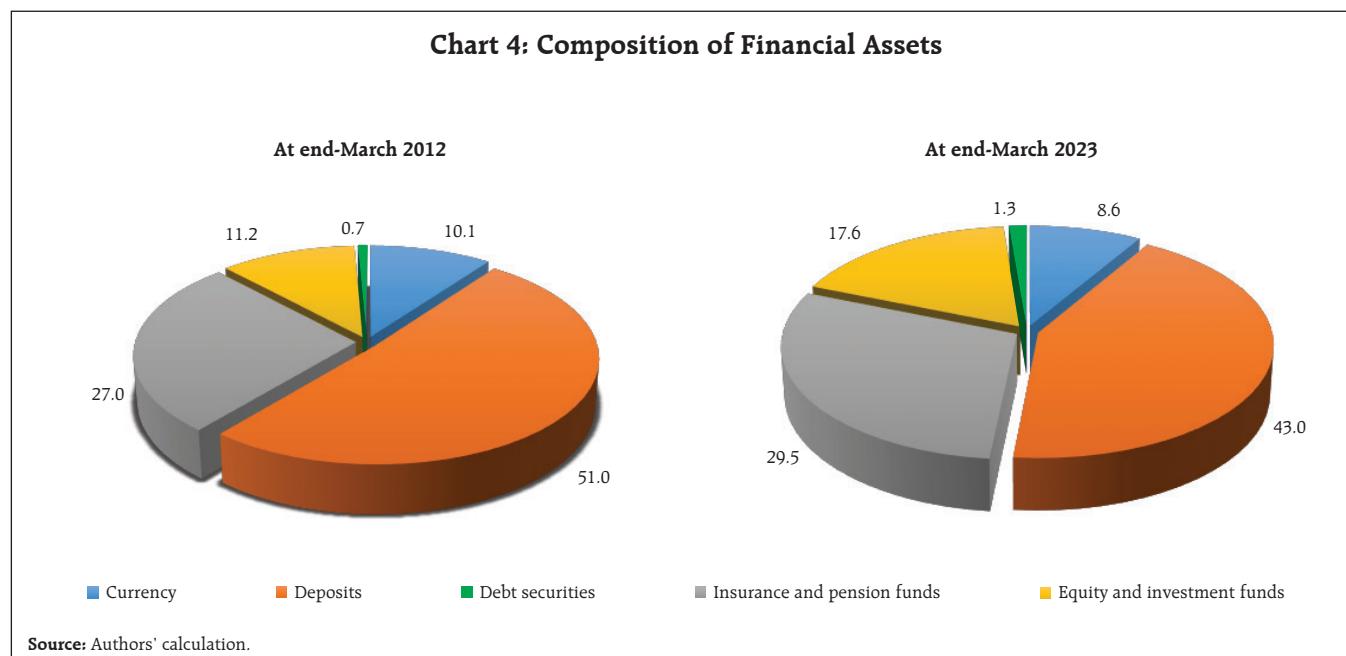
For the entire period of study starting from June 2011 to March 2023, the financial assets rose at a compounded quarterly growth rate (CQGR) of 3.0 per

cent, while the liabilities expanded at a CQGR of 3.3 per cent; NFW recorded a CQGR of 2.9 per cent during the same period (Chart 3).

#### III.1 Compositional Shifts in Financial Assets

Deposits have sustained their dominance in total financial wealth in the last decade, though with an increasing interest towards other investment instruments, viz., equity and investment funds and



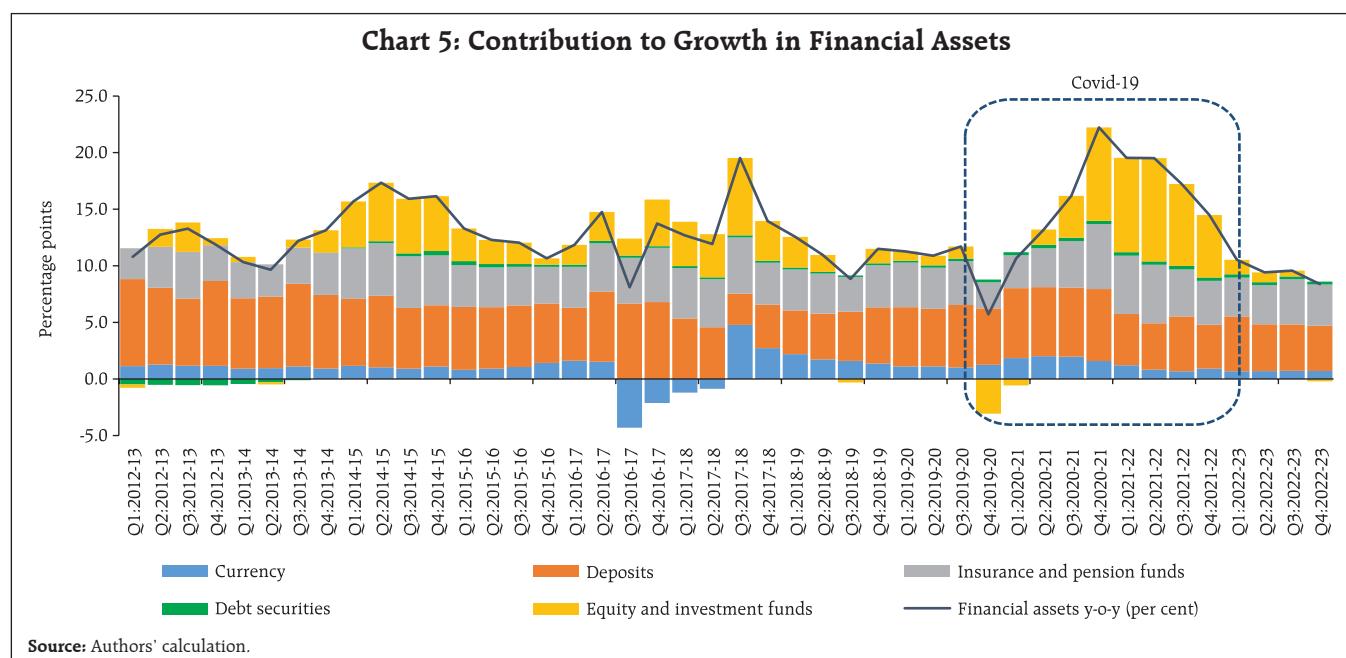


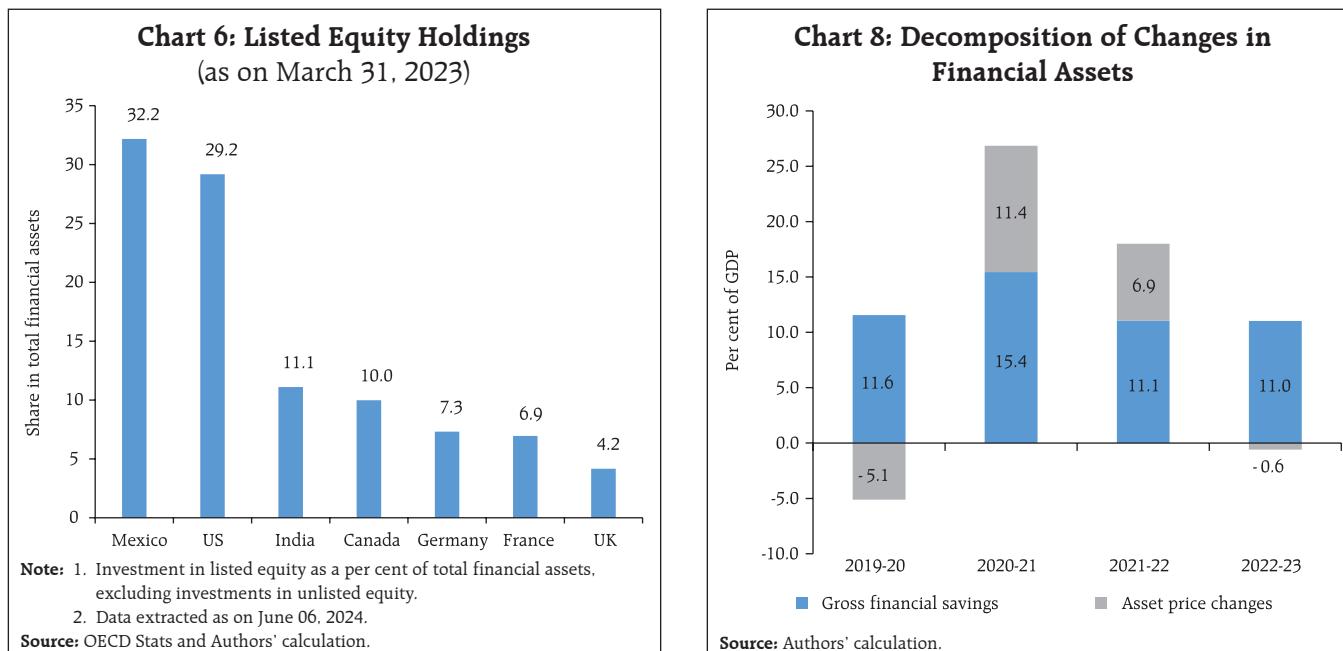
insurance and pension funds. The share of equity and investment funds in total financial wealth increased by more than 50 per cent between 2011-12 and 2022-23. Amidst exponential growth in digital payments, the currency share in household financial assets has moderated (Charts 4 and 5).

The Indian household participation in equity market has increased over time, with total demat

accounts reaching 11.4 crore in 2022-23 from 3.6 crore in 2018-19 (SEBI, 2023). The share of listed equity holdings in the total financial assets of Indian households was 11.1 per cent as of March 2023 (Chart 6).

The stock market decline after the onset of the pandemic pulled down the net financial wealth of households in Q4:2019-20 by around 3.0 per cent over



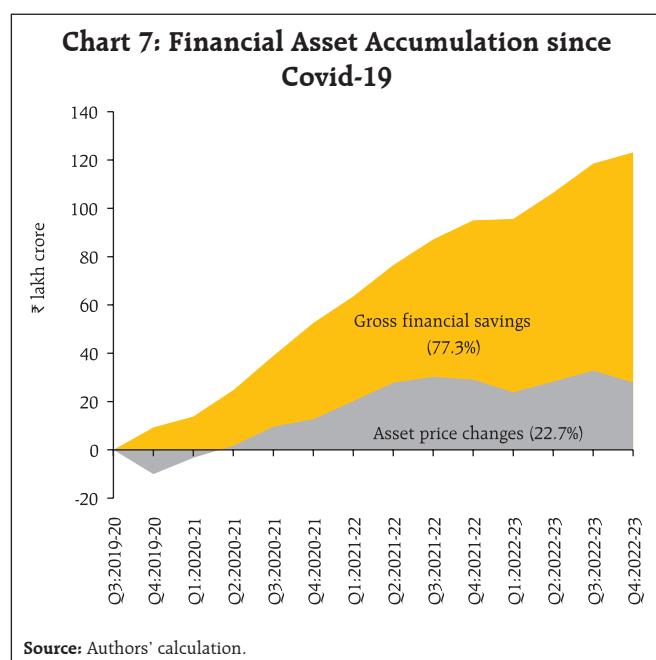


the preceding quarter. This decline was more than offset by the accumulation of savings and deposits in 2020-21 due to the pandemic-induced restrictions on spending and the subsequent revival of the stock market. On a cumulative basis, the financial assets of households rose by ₹123.2 lakh crore between the quarter-ended December 2019 and the quarter-ended March 2023; around 23 per cent of this increase

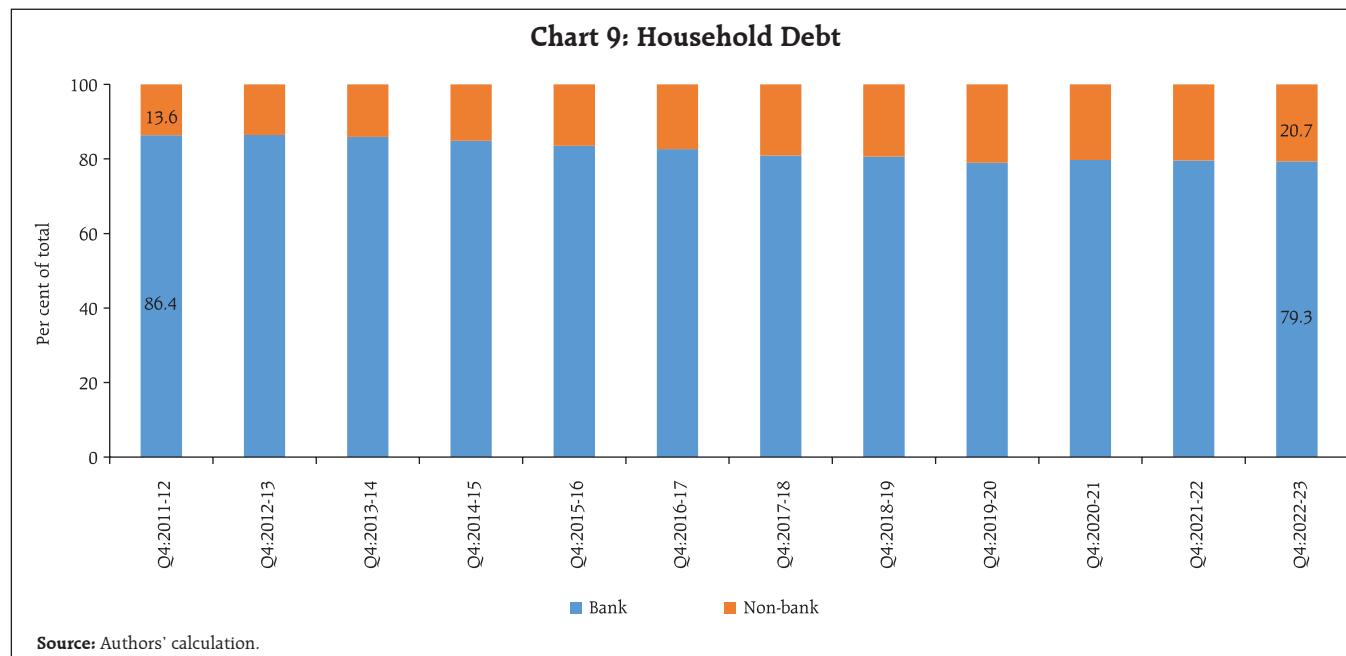
was due to asset price gains and the rest due to incremental financial savings<sup>17</sup> (Chart 7 & 8).

### III.2 Composition of Household Debt

Mortgages make up the lion's share (more than 50 per cent) of household debt in advanced economies (AEs), while in emerging market economies (EMEs) non-mortgage debt forms at least two-third of the total (IMF, 2017). The latter comprises both secured and unsecured personal loans, *viz.*, vehicle loans, education loans, credit card outstanding, business loans for industry, trade, transport, finance and loans for agriculture. Similar to other EMEs, the banking sector in India dominates as a supplier of credit to the households with almost 80 per cent share in the total credit; non-bank entities *i.e.*, HFCs and NBFCs are also emerging fast as the source of credit in the recent years. The share of non-bank debt increased by around 7.0 percentage points from end-March 2012 to end-March 2023 (Chart 9).



<sup>17</sup> Total changes in the financial assets can be disaggregated into gross financial savings and changes in the asset prices. Changes in equity and AUM of mutual funds, pension funds and life insurance funds after deducting the savings made during the period are classified as asset price changes.

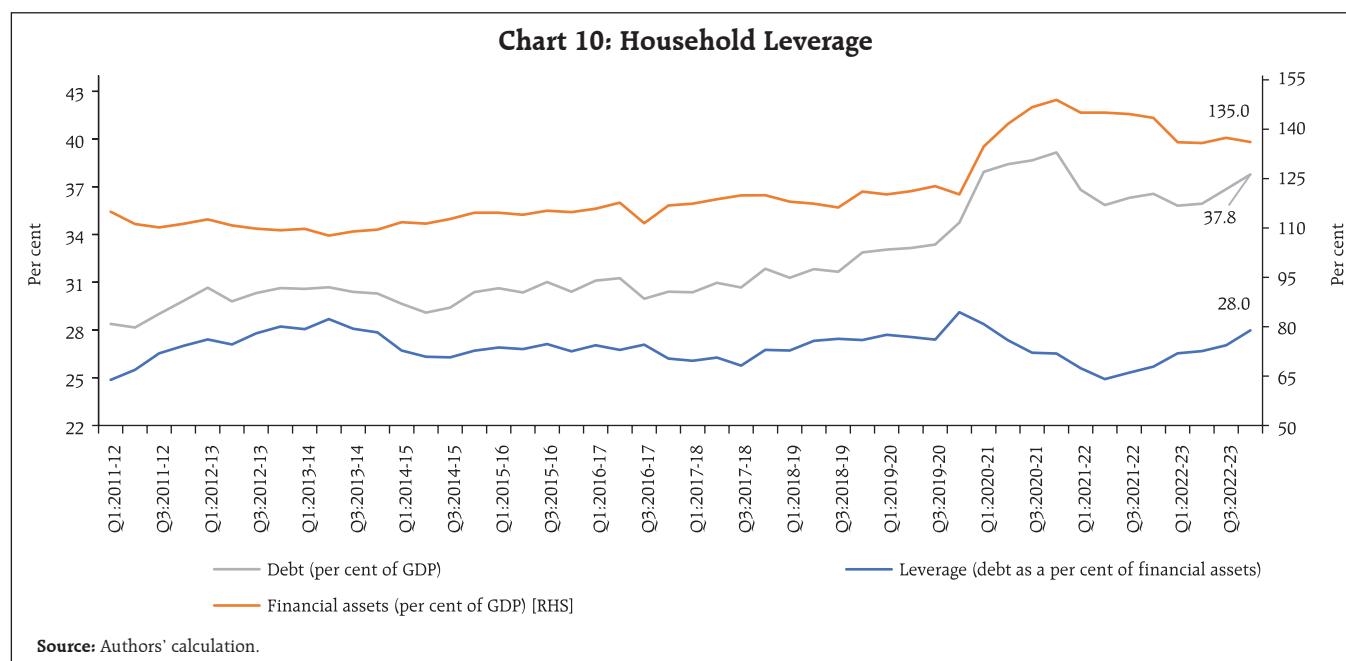


Adverse income shocks can get amplified in the presence of elevated debt levels (Mian *et al.*, 2017, Zabai, 2017). While the indebtedness of Indian households has been on an upward trajectory reflecting financial deepening, it needs to be seen in the context of an increase in their financial assets as well. The household "leverage" ratio - defined as

the ratio of household debt to financial assets - has remained largely flat and range-bound since 2011-12 (Chart 10).

#### IV. Way Forward

This article provides estimates of quarterly financial balance sheet of households and their net



financial wealth for 2011-12 to 2022-23. The analysis indicates that deposits are still the most preferred instrument of saving although market-based instruments are gaining share. The accumulation of financial assets and net financial wealth jumped in 2020-21 due to the pandemic-induced restrictions on mobility and spending along with subdued growth in liabilities; net financial wealth has since exhibited some normalisation as household consumption picked up on the return of normalcy.

The estimation of the household financial wealth in this paper excludes the investments, particularly by the high-net-worth individuals, in the unlisted corporate sector, due to data availability issues. Globally, household financial wealth in unlisted equity holdings exceeds listed equity wealth, by around 36.6 per cent, 23.5 per cent and 11.6 per cent of GDP in France, Canada and the UK, respectively<sup>18</sup>. In India, there exist 17.1 lakh active unlisted/private limited companies as compared to only 6,658 listed companies as of end-May 2024; information on household holdings in these unlisted companies and consistency in their valuation would help to strengthen estimates of financial wealth presented in this study<sup>19</sup>. Furthermore, significant household investments in India still flow into non-financial assets such as real estate, gold and precious metals. Regular and comprehensive household wealth surveys can enrich the estimates of household overall wealth, encompassing both financial and physical assets and liabilities.

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<sup>18</sup> Data is sourced from the OECD Stats - quarterly non-consolidated financial balance sheets (quarterly table 720) - SNA 2008 as of March 2023.

<sup>19</sup> Data on active companies is based on the May 2024 monthly information bulletin of the Ministry of Corporate Affairs.

**Appendix Table 1: Household Financial Assets and Liabilities**

(Per cent of GDP)

<b>Quarter</b>	<b>Financial Assets</b>	<b>Liabilities</b>	<b>Net Financial Wealth</b>
Jun-11	114.1	28.4	85.7
Sep-11	110.5	28.2	82.3
Dec-11	109.4	29.0	80.4
Mar-12	110.5	29.8	80.6
Jun-12	111.8	30.7	81.2
Sep-12	110.0	29.8	80.2
Dec-12	109.1	30.3	78.8
Mar-13	108.6	30.6	77.9
Jun-13	109.0	30.6	78.4
Sep-13	107.0	30.7	76.3
Dec-13	108.2	30.4	77.8
Mar-14	108.8	30.3	78.5
Jun-14	111.0	29.6	81.4
Sep-14	110.5	29.1	81.5
Dec-14	111.9	29.4	82.5
Mar-15	113.8	30.4	83.4
Jun-15	113.8	30.6	83.2
Sep-15	113.2	30.4	82.9
Dec-15	114.4	31.0	83.4
Mar-16	114.0	30.4	83.6
Jun-16	115.0	31.1	83.9
Sep-16	116.9	31.3	85.6
Dec-16	110.7	30.0	80.7
Mar-17	116.0	30.4	85.6
Jun-17	116.5	30.4	86.1
Sep-17	117.9	31.0	86.9
Dec-17	119.0	30.7	88.4
Mar-18	119.1	31.8	87.2
Jun-18	117.1	31.3	85.9
Sep-18	116.5	31.8	84.7
Dec-18	115.4	31.7	83.7
Mar-19	120.1	32.9	87.3
Jun-19	119.3	33.1	86.3
Sep-19	120.3	33.2	87.1
Dec-19	121.8	33.4	88.5
Mar-20	119.3	34.7	84.6
Jun-20	133.7	37.9	95.8
Sep-20	140.4	38.4	102.0
Dec-20	145.5	38.7	106.8
Mar-21	147.7	38.9	108.8
Jun-21	143.8	36.6	107.3
Sep-21	143.9	35.6	108.3
Dec-21	143.4	36.1	107.3
Mar-22	142.3	36.5	105.7
Jun-22	134.9	35.8	99.2
Sep-22	134.7	35.9	98.8
Dec-22	136.3	36.8	99.5
Mar-23	135.0	37.8	97.2



# *Measuring the Contribution of Labour Composition in Gross Value Added in India – The Human Capital Approach*

by Sreerupa Sengupta and Vineet Kumar Srivastava ^

*This article documents the KLEMS framework of labour accounts and examines the role of labour and its composition on the trajectory of GVA growth in India. There is a structural shift in employment from agriculture to construction and services and an increased workforce regularisation in the manufacturing sector. The workforce distribution across education categories shows an increase in the level of educational attainment. Labour input on an average contributed thirty per cent to output growth during 1980-81 to 2021-22; out of this, employment contributed twenty-five per cent and an additional five per cent was attributed to the improvement in labour quality.*

## Introduction

Key policy debates on growth and welfare occur at the intersection of the production process and labour market. Labour productivity plays a key role in sustained high economic growth. In this context, an assessment of labour composition (or labour quality) is essential for several reasons. First, labour and capital are necessary factor inputs used in the production process, but unlike capital, labour is not well represented in the National Accounts Statistics (NAS). Second, as the frontier of skills is evolving rapidly, India has witnessed an increase in regular employment specially in the manufacturing sector.

<sup>^</sup> The authors are from the Department of Economic and Policy Research (DEPR), Reserve Bank of India (RBI), Mumbai. An abridged version of this paper was presented in the meeting of Group of Experts on National Accounts of United Nations Economic Commission for Europe (UNECE) held during April 23-25, 2024, at Geneva. Comments received at the meeting were duly incorporated. The views expressed in this article are those of the authors and do not represent the views of the RBI.

The labour input unadjusted for quality does not consider the skill dimension. Conventional measures of labour productivity growth measure output per unit of employment by solely looking at labour as a homogenous unit. "As a result, an hour worked by a highly experienced surgeon and an hour worked by a newly hired teenager at a fast-food restaurant are treated as equal amounts of labour" (OECD, 2001). Hence, it is essential to measure the labour composition index that would assess the impact of labour quality on output growth. Further, measuring the labour composition index can be a starting point for measuring the effect of intangible investment and building up the human capital index, which is an important measure of welfare and sustainability.

Against this backdrop, the objective of this paper is to present the long term trend of labour input growth – an implicit indicator of human capital for the working population of India. The labour input has two components: employment and labour quality index. Employment measures the number of persons employed by sectors of the economy, whereas the labour quality index depicts the contribution of knowledge and skills that empower the working population to drive economic growth and productivity. The labour quality index explicitly accounts for the heterogeneity of workforce by assigning weights to different workers based on their wage shares which are associated with educational qualification and industry type. By including labour quality in labour input estimation, a change in the proportion of low-skilled to high-skilled workers indicates an increase in labour or productivity greater than the growth in the number of persons employed.

In India, production and output related statistics are obtained from NAS. The labour market data, on the other hand, is available from household-level employment survey rounds conducted by National Sample Survey Office (NSSO) and Periodic Labour Force Surveys (PLFS). The NAS does not have comprehensive information on labour accounts, and hence, integrating labour market statistics with

NAS would be instrumental in understanding crucial policy questions on the issues of inclusive growth, distribution, and productivity. This article presents the India KLEMS framework that constructs labour accounts consistent with NAS and examines the role of labour and its composition on the trajectory of GVA growth in India. There are various measurement challenges in designing the labour accounts for India in alignment with the NAS framework. First, NAS data are published annually, while labour force surveys in India prior to 2017-18 were carried out five years apart. Furthermore, the earnings or income data for the self-employed workers are not available separately in the NAS and are included in mixed income. To fill this gap, an attempt has been made in the India KLEMS database to construct the annual time series of labour accounts consistent with the NAS classification of industries. The labour input accounts are computed for aggregate and subsectors of the economy. The time period of the study is 1980-81 to 2021-22. Following the growth accounting framework, this paper analyses the contribution of labour input and its composition (labour quality) to GVA growth.

There has been a notable shift in employment from agriculture to the construction and services sectors and an increased regularisation of the workforce in the manufacturing sector. The empirical analysis suggests that for the total economy, labour quality on an average increased by 0.7 per cent per annum from 1980-81 to 2021-22. There is a general increase in education levels for all workers, especially those employed in capital-intensive manufacturing and services sectors. The labour quality index shows higher growth in capital-intensive manufacturing and service sectors, while construction and agriculture sectors exhibit lower growth attributed to the prevalence of low-skilled workers. The growth accounting exercise shows that employment contributed around 25 per cent to output growth, with labour quality contributing an additional five per cent to output growth on an average from 1980-81 to 2021-22.

The rest of the article is arranged as follows. Section II describes the KLEMS methodology and data sources used to construct the labour input index in India. Section III presents some stylised facts on labour quality in India during 1980-81 to 2021-22. Section IV presents the findings on the contribution of labour input and its composition to output growth for aggregate and disaggregated sectors. The final section concludes and highlights some outstanding issues in integrating KLEMS's labour accounts with the NAS framework.

## II. Methodology and Dataset

Following Jorgenson *et.al.* (1987) and the EU KLEMS Manual, the India KLEMS framework has designed the labour input index that estimates employment growth adjusted for quality (KLEMS Manual, 2024). This framework gives each worker type a varied weight based on the level of education attained by the workers. The growth of the labour input index is given as –

$$\Delta \ln L = \sum \bar{v}_i \Delta \ln H_{ijt} \quad (1)$$

Where  $L$  is the aggregate labour index,  $H_{ijt}$  indicates the total persons worked by a particular education type ' $i$ ' in industry ' $j$ ' in period ' $t$ '.

$i = 1, 2, \dots, n$  and denotes the number of education categories.

$j = 1, 2, \dots, n$  and denotes the number of industries.

$\Sigma$  denotes summation over all education categories.

$\bar{v}_i$  is the average proportion of labour compensation value that goes toward each category of employment. This is given as-

$$\bar{v}_i = \frac{1}{2} [v_{i,t} + v_{i,t-1}] \text{ and } v_i = w_i H_i / \sum w_i H_i$$

Here,  $v_i$  is the value share of labour for the  $i^{\text{th}}$  education category.  $w_i$  is the wage rate of labour for the  $i^{\text{th}}$  education category.

The weighting structure implies that workers who get a higher wage will have a relatively higher influence on the labour input index.

It follows from equation (1) that the growth in the labour quality index can be expressed as

$$\Delta \ln QI_t = \sum \bar{v}_l \Delta \ln H_{ijt} - \Delta \sum \ln H_{jt} \quad (2)$$

Where  $QI_t$  is the quality index of labour. In equation (2), the first item on the right-hand side represents the change in labour input, whereas the second term represents the change in the total number of employees. The difference between the two gives the labour quality index, which measures the effect of changes in the educational attainment of the country's labour force.

Once the employment and labour composition (or labour quality) index is constructed, following the growth accounting framework by Jorgenson *et al.* (2005), the relative contribution of employment and labour quality to output growth is estimated. The output growth of an industry is computed as a weighted share of factor input growth and total factor productivity (TFP) growth. Compensation of factor inputs is used as weights. The output growth accounting decomposition is represented by the following equation:

$$\Delta \ln Y_t = \bar{v}_k \Delta \ln K_t + \bar{v}_L \Delta \ln L_t + \bar{v}_L \Delta \ln LQ_t + TFP_t \quad (3)$$

Where  $\Delta \ln Y_t$  is the growth in output growth for the total economy.  $\Delta \ln K_t$  and  $\Delta \ln L_t$  represents growth of primary factor inputs- capital ( $K$ ) and labour ( $L$ ).  $\Delta \ln LQ_t$  denotes growth of labour quality.  $\bar{v}$  is two-period average compensation shares of factor inputs (labour and capital) in gross value added.  $TFP_t$  is the total factor productivity growth. All variables are indexed over time  $t$ . By implementing equation (3), we can compute the proportion of output growth that is accounted by growth in employment, labour quality, capital and TFP growth, respectively.

For computing the labour quality index, the data required is the number of persons employed and earnings (labour compensation) by educational

qualifications of the workers across different industries. It is important to note that there are several issues in constructing a consistent time series of employment and earnings data for India. For instance, the back series of employment data is based on quinquennial employment survey rounds of NSSO, which were published with a gap of five years from 1980 to 2011; from 2017 onwards, the PLFS provides annual employment series. Further, there is a large informal labour market in India, and the information on the earnings of different categories of workers, especially self-employed workers, is not consistently available in NAS and labour force survey rounds. To fill this gap, the following treatments are done in KLEMS framework:

(a) For employment time series, worker participation rates are taken from seven unit-level Employment-Unemployment Survey (EUS) rounds published by NSSO (32<sup>nd</sup> to 68<sup>th</sup> round) and five Periodic Labour Force Survey (PLFS) (2017-18 to 2021-22). As different labour force survey rounds use different national industry classifications (NICs), a concordance has been worked out among NIC 1970, NIC 1987, NIC 1998, and NIC 2007 industry classifications. The number of employed people is then estimated by applying the worker participation rates from EUS to the population estimates from the census for the relevant period. For years in-between the major employment rounds, the employment estimates are derived by interpolation. For non-census years population projection data are obtained from World Bank estimates. In order to coincide with National Accounts estimates, the interpolation is centred around October, which is the midpoint of Indian financial year (April-March)(KLEMS Manual 2024).

(b) When the time series of employment is obtained, the next step is to account for the heterogeneity of worker groups. Skills are measured in terms of educational characteristics in India KLEMS

framework. The educational categories are: (i) below primary (ii) primary (iii) middle, (iv) secondary and higher secondary, and (v) above higher secondary.<sup>1</sup>

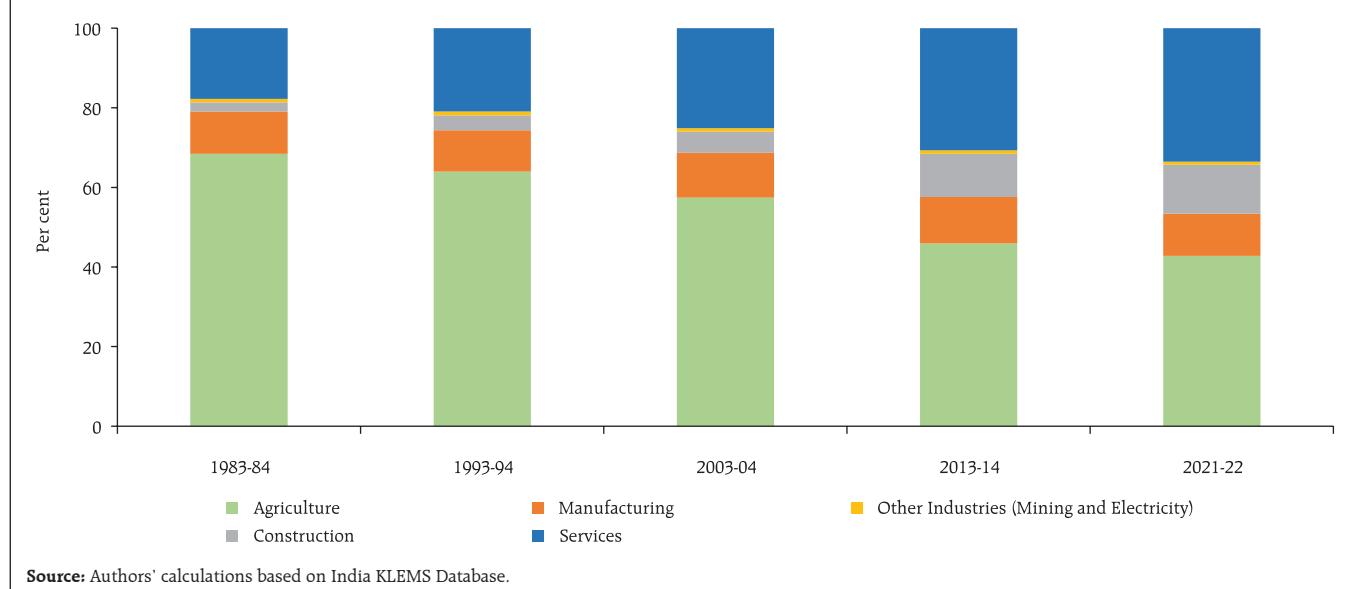
(c) The wages of casual and regular workers based on their education levels are obtained from employment survey rounds. However, the income of self-employed workers is not observable directly and has to be estimated econometrically. For deriving the income of self-employed persons, the standard practice in the EU KLEMS methodology is followed in India KLEMS, where first the sample selection bias is corrected by using Heckman's two-step technique (Heckman, 1976). Thereafter, the Mincer wage function has been used on earnings of casual and regular workers. The resulting data is utilised to find the corresponding earnings of self-employed workers with similar traits (Aggarwal and Erumban, 2013). The control variables used in the regression are dummy variables on age, marital status, rural or urban location, gender and type of household. Finally, when wages are obtained

as per educational distribution for casual, regular and self-employed workers, then the labour quality index is calculated using equations (1) and (2) stated above.

### III. Stylised Facts on Employment Quality

Over the years, there has been a perceptible shift in the employment structure in India. The agriculture sector continues to be the largest employment generator, though the share of employment in agriculture reduced from 68.5 percent in 1983-84 to 42.8 per cent in 2021-22. The workforce that transitioned away from agriculture found opportunities in non-farm sector specially in construction and services (Goldar et.al., 2017). Construction sector accounted for 2.3 per cent of total economy employment in 1983-84 and its share increased to 12.3 per cent in 2021-22. The employment share of services sector increased from 17.7 per cent to 33.5 per cent during the same period. The share of manufacturing employment remained range bound (Chart 1).

**Chart 1: Structural Change in Employment**



<sup>1</sup> The education categories in NSSO and PLFS, as well as household survey rounds, are defined as follows: Persons who are literate through formal schooling and are yet to pass primary standard education are defined as below primary. Persons who have passed standard V are categorised as primary, those who have passed standard VIII as middle, persons who have completed Standard X and XII are secondary and higher secondary and persons who have completed graduation and above are categorised as above higher secondary.

Next, we examine the quality of employment across sub-sectors of the economy. The selected attributes are: a) nature of employment, b) education profile of workers, and c) compensation paid to workers. The nature of employment is a widely used proxy for measuring job quality in developing nations. The labour market in India has three types of workers – regular, casual and self-employed. Regular employment is considered more stable and of better quality than casual and self-employment as most regular workers have written job contracts (Nayyar, 2012; Dewan and Peek, 2007; Papola and Sharma; 2015). Workers' educational qualifications are considered indicators of job quality, as workers with higher education secure better quality jobs in terms of job security, benefits, and higher wages (Aggarwal and Goldar, 2019). The compensation paid to workers gives an idea of whether labour income can support the minimum standard of living and indicates job quality (Jackson and Kumar, 1998).

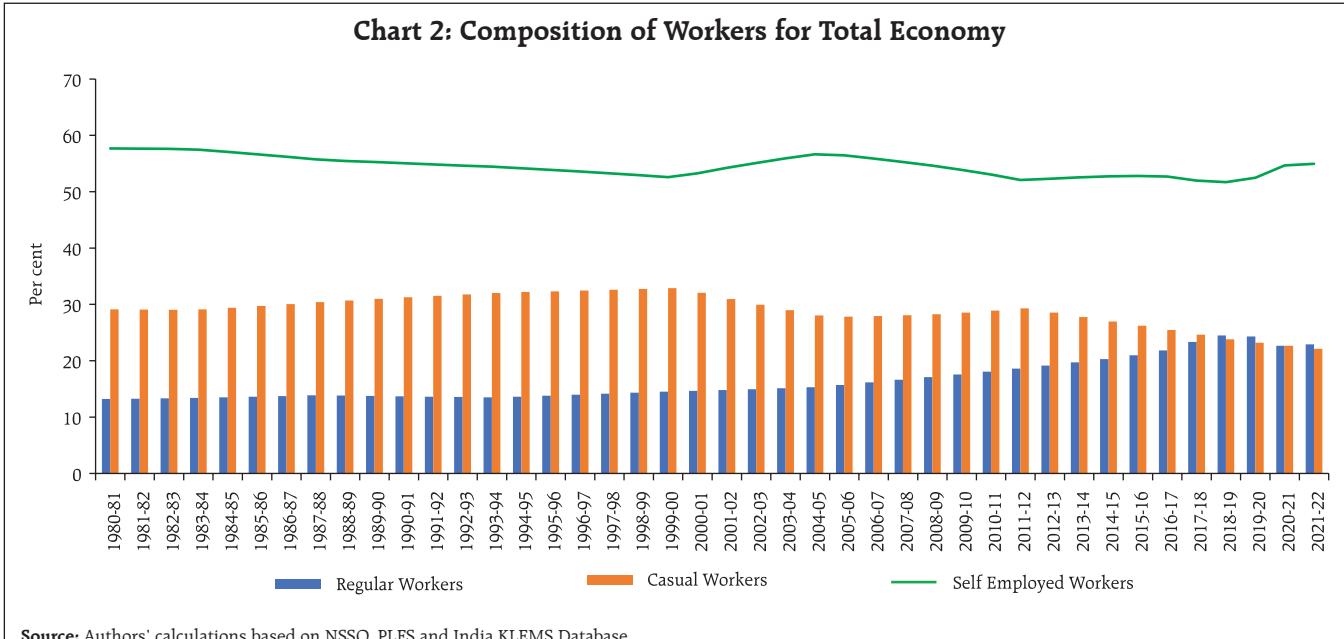
### *III.1 Nature of Employment*

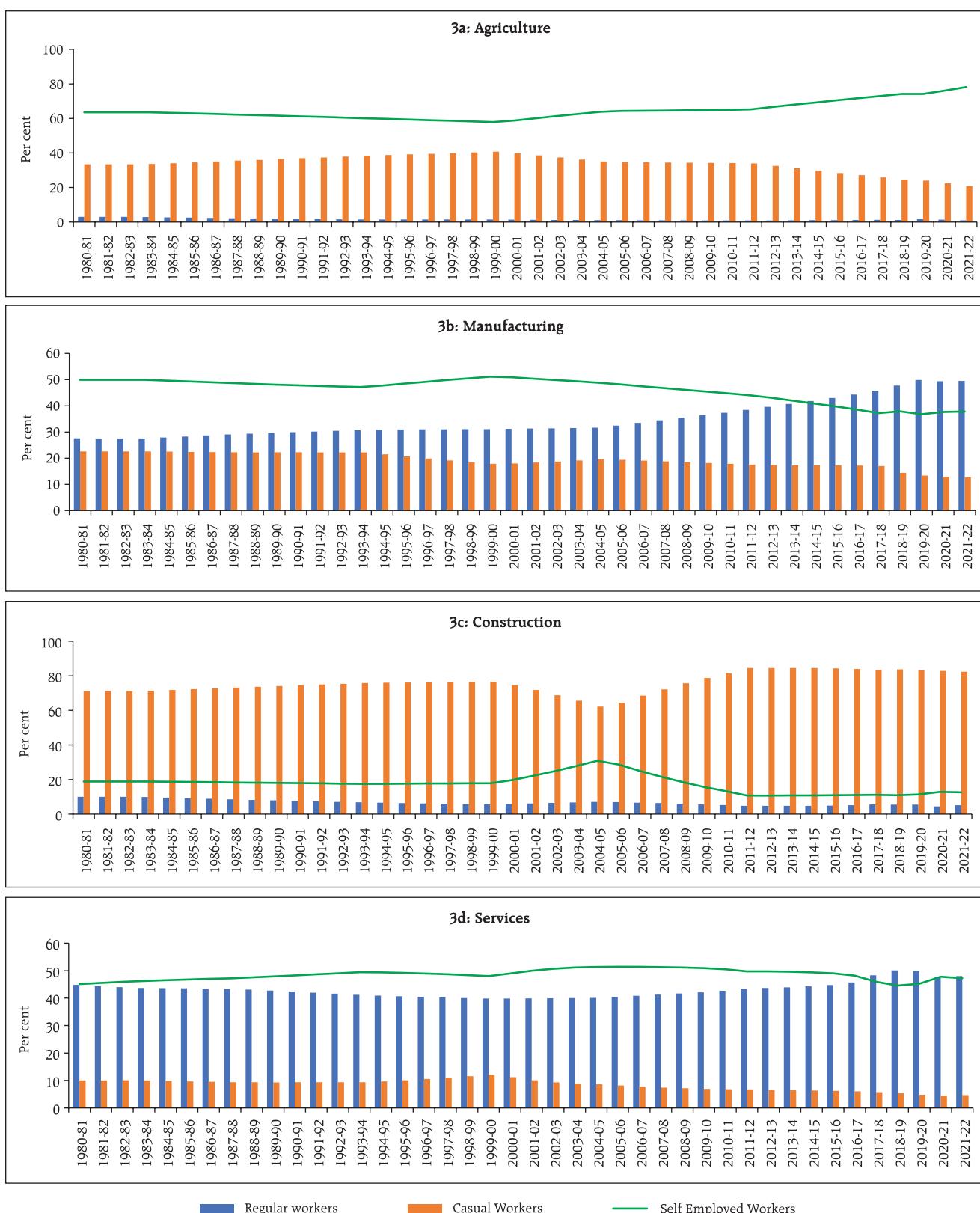
The first aspect of job quality relates to the nature of employment. The labour force survey data show that a major share of workforce in India is engaged in

the informal/unorganised sector. The share of regular worker has been increasing and those of casual and self-employed workers have been declining over time. The share of self-employed and casual workers combined declined from 86.8 per cent in 1980-81 to 77 per cent in 2021-22. In contrast, the share of regular workers increased from 13.2 per cent in 1980-81 to 22.9 per cent in 2021-22 (Chart 2).

The pattern observed on greater regularisation of workforce came from manufacturing and services sectors. In manufacturing, the share of regular workers increased significantly from 27.6 per cent in 1980-81 to 49.9 per cent in 2021-22. In the services sector, the share of regular workers expanded from 44.8 per cent in 1980-81 to 48.1 per cent in 2021-22. Agriculture and construction sectors have a high share of informal workers. In agriculture, the share of self-employed workers increased from 63.6 per cent in 1980-81 to 78.2 per cent in 2021-22. The construction sector, which has become one of the fastest-growing sectors in terms of employment generation, has mostly casual workers. The share of casual workforce in the construction sector was 71.2 per cent in 1980-81, which increased to 82.3 per cent in 2021-22 (Chart 3).

**Chart 2: Composition of Workers for Total Economy**



**Chart 3: Composition of Workers in Broad Sectors**

**Source:** Authors' calculations based on NSSO, PLFS and India KLEMS Database.

### III.2 Education Attainment of Workers

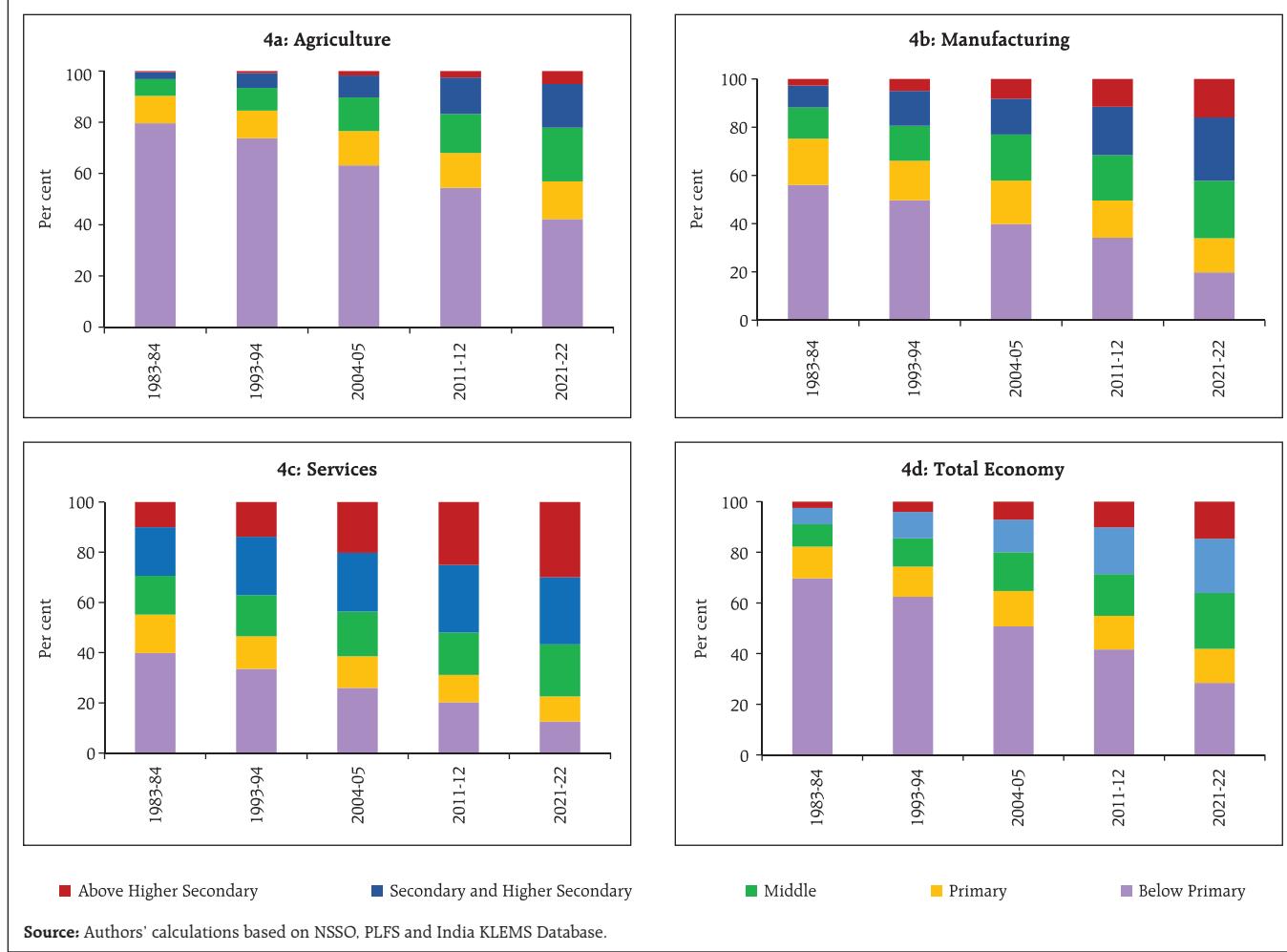
The second attribute of job quality is the educational attainment of workers. When we analyse the distribution of the workforce by broad education categories from 1983-84 till 2021-22, it is observed that the general level of education for all workers has increased. There has been a decrease in the share of workers with below primary education and a corresponding increase in the share of workers with above higher secondary or tertiary education, during the same period. Among disaggregated sectors, the skill intensities of sectors are quite different. The agriculture sector has the largest workforce with primary education. On the other hand, the number of workers with middle, secondary and higher

secondary degrees in the manufacturing sector has increased sharply. The services sector has the largest share of tertiary-educated workers. The employment share in services sector with above higher secondary education was around 10 per cent in 1983-84 which expanded to 30 per cent in 2021-22. This suggests that service sector jobs are becoming high-skill intensive in nature, whereas job requirements in the manufacturing sector remain medium skill intensive (Chart 4).

### III.3 Labour Income Share

The third aspect of job quality relates to the workers' compensation. In 1981-82, the labour income shares in GVA ranged from 80 per cent

**Chart 4: Educational Distribution of Workforce**



**Table 1: Sector Wise Share of Labour Income**

(Per cent)

	1981-82	1991-92	2001-02	2021-22
Total Economy	54.1	53.6	50.8	51.9
Agriculture	57.5	56.2	55.2	56.1
Mining and Quarrying	37.3	32.1	34.2	24.6
Manufacturing	37.9	33.9	32.0	31.5
Construction	80.0	80.3	77.9	77.3
Services	57.0	58.6	53.2	54.4

**Note:** Labour and Capital Income adds up to 100.**Source:** Authors' calculations based on India KLEMS Database.

in construction to 38 per cent in manufacturing (Table 1). Due to structural change and increasing capital intensity across sectors, the labour income share declined by 2.2 per cent for the total economy, 1.4 per cent for agriculture, 12.7 per cent for mining and quarrying, 6.4 per cent for manufacturing, 2.7 per cent for construction and 2.6 per cent for services sectors between 1981-82 to 2021-22 (Table 1). The International Labour Organisation (ILO) (2014) finds that across developed and emerging nations, if the growth rate of real wages is slower than labour productivity growth, then the labour income share declines. Examining wage productivity data for India, Goldar and Das (2020) find that real wage growth lagged behind labour productivity growth for the total economy and subsectors for India, with the divergence being the sharpest in the manufacturing sector.

Next, we combine the three attributes of job quality for disaggregated sectors and identify sectors that have a relatively higher proportion of skilled workers, pay higher wages, and employ more of regular workers. Within manufacturing, capital-intensive industries like chemicals, machinery, and pulp and paper products employ relatively high skilled workers. Within the services sector, business and financial services, health, education, and telecommunication provide higher quality of employment, measured in terms of the level of

**Table 2: Quality of Employment and Sectoral Distribution - 2021-22**

Sectors with Relatively Higher Share of High Skilled Workers	Proportion of Regular workers	Average wage per day
1 Pulp, Paper, Printing and Publishing	High	High
2 Coke, Refined Petroleum Products	High	Low
3 Chemicals and Chemical Products	High	High
4 Rubber and Plastic Products	High	Low
5 Basic and Fabricated Metal Products	High	Low
6 Machinery	High	High
7 Electrical and Optical Equipment	High	Low
8 Transport Equipment	High	Low
9 Electricity, Gas and Water Supply	High	High
10 Post and Telecommunication	High	High
11 Financial Services	High	High
12 Business Services	High	High
13 Public Administration and Defense	High	Low
14 Education	High	High
15 Health and Social Work	High	High

**Note:** Sectors are classified as high when the level of education, proportion of regular workers and the wage rate are above total economy average. Similarly, sectors are classified as low if the level of higher education is high, the proportion of casual workers is low, and the average wage is below the national average.**Source:** Authors' computation from India KLEMS database.

education, proportion of regular workers and average wage per day (Table 2).

#### IV. Labour Quality Growth and its Contribution to GVA Growth

##### IV.1 Growth in Employment

It is observed that the average employment growth for the total economy was 2.7 per cent per annum during 1980-81 to 2021-22, mostly driven by the construction and services sectors. All services subsectors recorded employment growth above 3 per cent per annum, on an average. Within the services sectors, employment growth was the fastest in business services, construction, electrical and optical equipment, and financial services subsectors (Table 3 and Chart 5).

##### IV.2 Growth in the Labour Quality Index

For the total economy, the labour quality index has increased on an average by 0.7 per cent per annum from 1980-81 to 2021-22. Among broad

**Table 3: Employment Growth: Broad sectors**  
(Annual Average, Per cent)

Subsectors	1980-81 to 1999-00	2000-01 to 2021-22	1980-81 to 2021-22
Total Economy	2.8	2.5	2.7
Agriculture	1.0	-0.1	0.4
Manufacturing	2.6	2.0	2.3
Construction	5.9	6.2	6.1
Mining and Quarrying	2.8	-1.8	0.5
Electricity, Gas and Water Supply	1.8	3.6	2.7
Services	3.5	2.9	3.2

**Source:** Authors' computation from India KLEMS database.

sectors, the growth of the labour quality index has been relatively high for manufacturing and mining (Table 4). At the disaggregated industry level, the improvement in labour quality was the fastest in capital-intensive manufacturing sectors such as chemicals, machinery, and transport equipment. Among the services sector, subsectors like health, social work and telecommunication recorded the fastest growth in the labour quality index (Chart 6). Subsectors like business, education and financial services, however recorded slower growth in the quality index as these sectors already have a very high share of skilled workers (Krishna et al., 2016).

**Table 4: Labour Quality Growth: Broad Sectors**  
(Annual Average, Per cent)

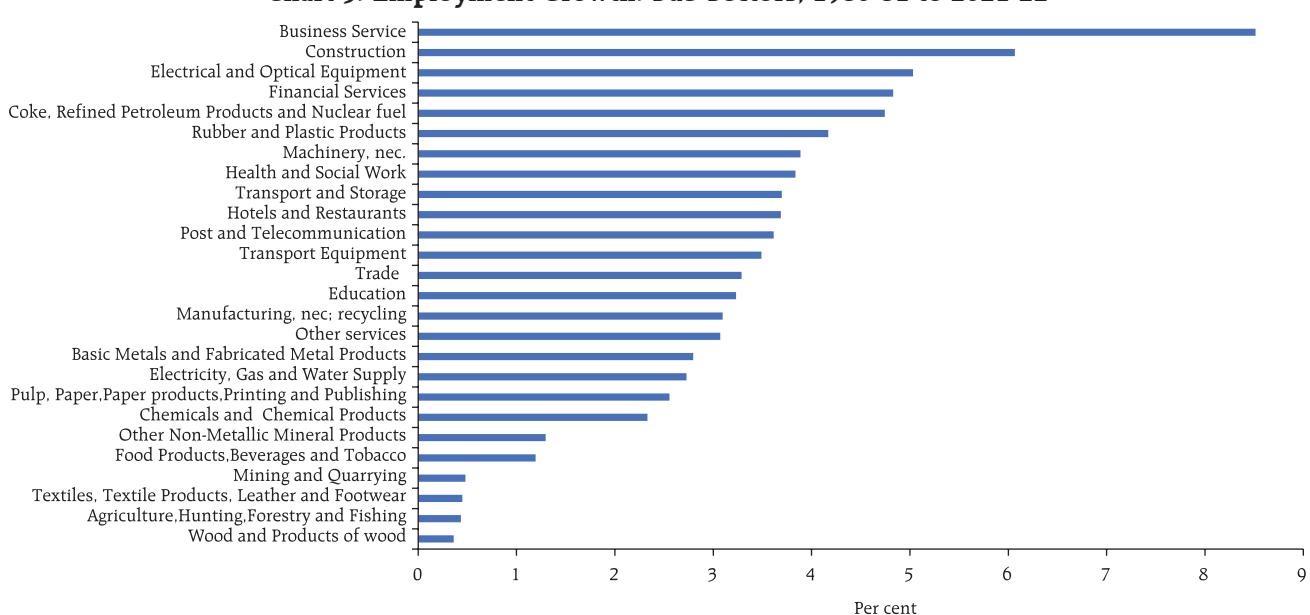
	1980-81 to 1999-00	2000-01 to 2021-22	1980-81 to 2021-22
Total Economy	0.72	0.60	0.66
Agriculture	0.28	0.34	0.32
Manufacturing	0.87	0.63	0.74
Construction	0.46	0.33	0.39
Mining and Quarrying	0.74	1.58	1.19
Electricity, Gas and Water Supply	0.83	0.44	0.62
Services	0.55	0.59	0.56

**Source:** Authors' computation from India KLEMS data 2024.

#### IV. 3 Labour Input's Contribution to Output Growth

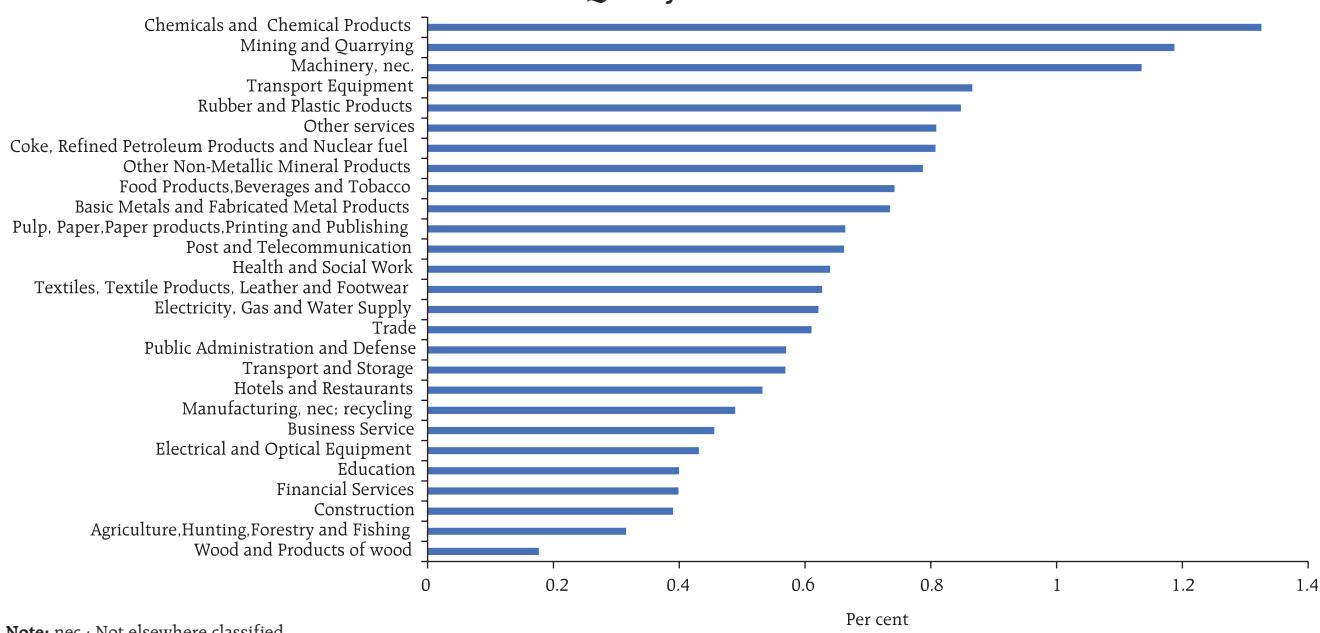
The growth accounting decomposition from 1980-81 to 2021-22 shows that the labour quality index contributed around five per cent to output growth on average. Employment contributed around one-fourth of output growth during the same period. The contribution of labour was relatively high during the 1980s, and since the mid-1990s, capital deepening has become the leading contributor to output growth. The contribution of labour input is

**Chart 5: Employment Growth: Sub Sectors, 1980-81 to 2021-22**



**Note:** nec : Not elsewhere classified.

**Source:** Authors' computation from India KLEMS database.

**Chart 6: Growth in Labour Quality, Sub Sectors 1980-81 to 2021-22**

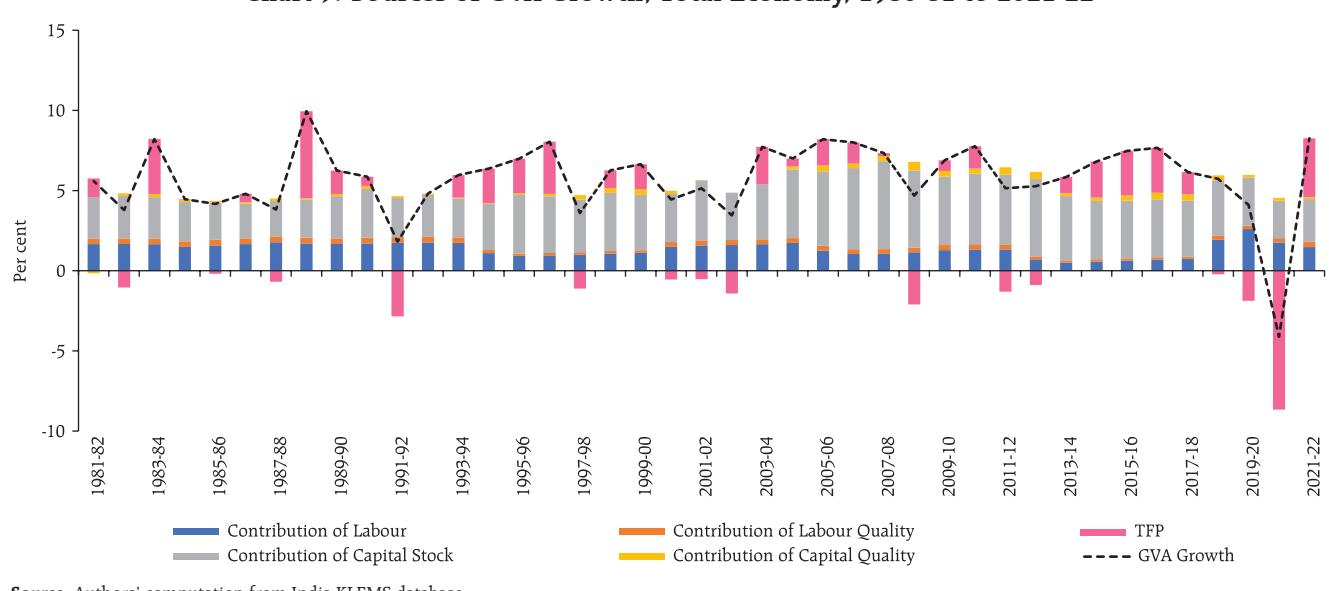
Note: nec : Not elsewhere classified.

Source: Authors' computation from India KLEMS database.

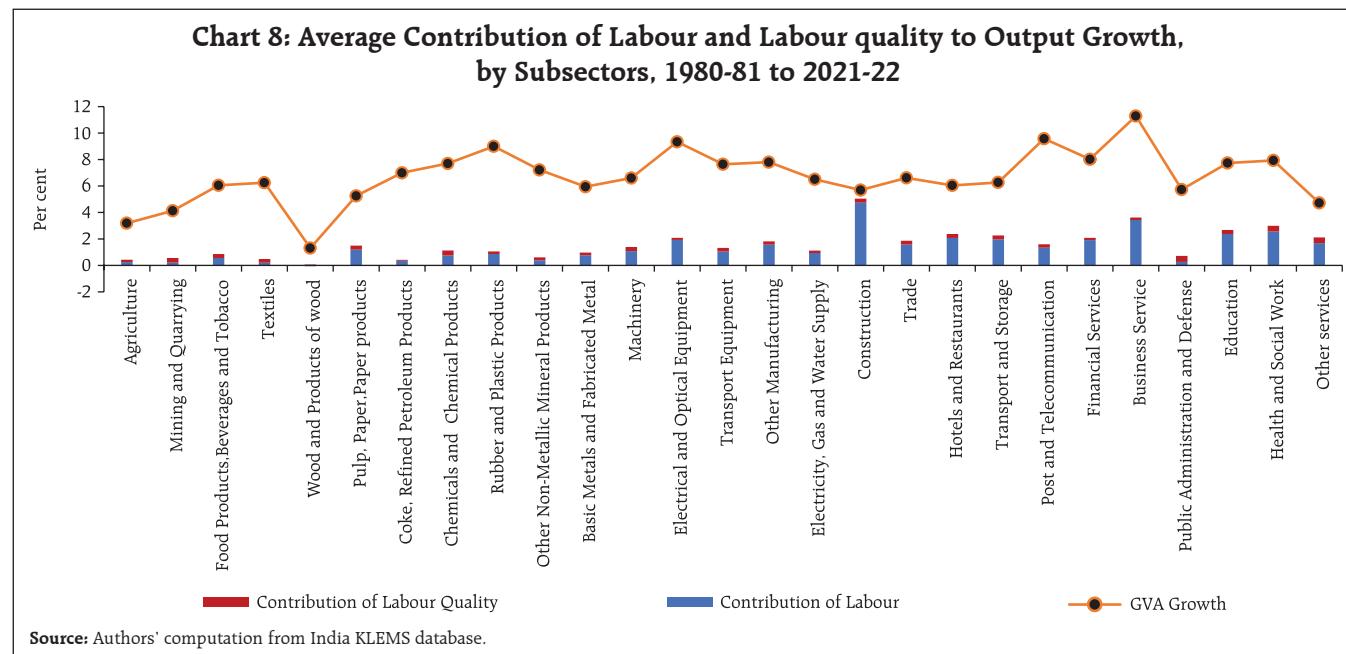
still very significant and accounted for 30 per cent of output growth during the study period (Chart 7).

Within manufacturing, the contribution of labour quality to output growth was high for textiles, pulp, paper products, and machinery and equipment. Within services, the labour quality growth contributed

significantly to output growth for public administration and defence. Other services subsectors where labour quality contribution was high include health and social work, transport and storage and hotel and restaurants. Besides, mining, quarrying, and construction sectors also have more than five per cent of output being driven by labour quality growth (Chart 8).

**Chart 7: Sources of GVA Growth, Total Economy, 1980-81 to 2021-22**

Source: Authors' computation from India KLEMS database.



## V. Conclusion

In the Indian labour market, there has been a notable shift in employment from agriculture to the construction and services sectors, accompanied by increased workforce regularisation in the manufacturing sector. An analysis of the workforce distribution across educational categories shows a general increase in education levels for all workers. Capital-intensive industries like chemicals and machinery tend to employ workers with higher education levels, higher average wages and fewer casual workers. Within the services sectors, business and financial services, health, education, public administration, and defense subsectors display high-quality employment. The labour quality index computed based on educational characteristics of the workforce shows that the growth in labour quality increased on an average by 0.7 per cent per annum from 1980-81 to 2021-22, driven by capital-intensive manufacturing and services sectors like health and social work, other services, and telecommunication.

The growth accounting exercise in KLEMS framework shows that employment contributed around 25 per cent to output growth, with labour

quality contributing an additional five per cent to output growth on average during 1980-81 to 2021-22. Thus, the labour input (combined employment and quality) accounted for 30 per cent of overall output growth during 1980-81 to 2021-22. In the manufacturing sector, labour quality contributed significantly to output growth in textiles, pulp, paper industry, and machinery. In services, subsectors like public administration, defense, health, social work, transport and storage, and hotels and restaurants witnessed substantial contributions from labour quality to output growth. Employment and labour quality played a more significant role in driving output growth in the 1980s, while capital emerged as the dominant input since the mid-1990s.

Going forward, the labour data for India derived from KLEMS framework can be considered for integration with NAS data as the KLEMS framework maintains consistency with NAS. Countries like the Netherlands, Switzerland, Denmark, Norway, Malaysia and Australia have already published labour accounts in their System of National Accounts (SNA). The report on guidance for enhancing and broadening the SNA framework (2023) mentions that the labour accounts

in SNA should have four quadrant tables covering information on jobs, number of persons employed (including regular, casual and self-employed workers), volume (that is hours worked) and payments. For India, efforts could be made to consider statistics on job and vacancy posting from *establishment-based or enterprise-level surveys*. The Quarterly Report on Employment Scenario published by the Labour Bureau has started providing enterprise-wise vacancy details from 2021 onwards. Another data challenge is estimating the wages of self-employed persons, which accounts for the majority of employed individuals in India. The payment quadrant is available in NAS, where payment of self-employed persons is clubbed under *the mixed income*. The mixed income contains a surplus accrued from the production and labour income of self-employed persons. An integration with KLEMS accounts could facilitate the segregation of mixed income between earnings of capital and earnings of self-employed, regular and casual workers in the national accounts.

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# Fiscal Performance of Himalayan States/Union Territories

P. S. Rawat, Ettem Abhignu Yadav,  
Atri Mukherjee ^

*This study carries out an in-depth analysis of the fiscal health of 11 Himalayan states/Union Territories (UTs) in the recent period. There has been a sharp widening of their fiscal deficits and worsening of the debt sustainability indicators. As the capacity of these states to mobilise own revenue resources remains limited, they continue to receive large transfers from the centre even after the discontinuation of their special category status in 2015. The quality of expenditure of the Himalayan states/UTs has, however, seen some improvement in the last few years, even as their debt levels remain consistently higher than the other states of India.*

## Introduction

India is a land of diverse topography, with lofty mountains, broad plateaus, extensive plains, and long coastline. The topographical diversity has resulted in divergent social, economic and cultural growth across the states. The eleven Himalayan states/UTs<sup>1</sup> - Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Jammu and Kashmir<sup>2</sup>, Tripura, Himachal Pradesh, and Uttarakhand - due to their hilly terrains, suffer from various disadvantages such as, geographical isolation, scanty resource base and poor infrastructure<sup>3</sup>. These constraints had

resulted in poverty, unemployment and economic backwardness of the people living in these states (Bhattacharjee, 2014). While the challenges faced by Himalayan states are many, the available solutions are few on account of the cost disabilities and limited resource endowments of these states (Baldi, 2014).

The Union government sought to address this asymmetry by bestowing them the 'special category' status and envisaging to solve the problems of their economic backwardness through preferential access to central funds. The 14<sup>th</sup> Finance Commission (FC-XIV), however, effectively removed the concept of special category status in 2015 resulting in a discontinuity in the preferential treatment in central assistance to these states on account of socio-economic backwardness. Instead, it took steps to ensure adequate flow of resources to the states through tax devolution and grants to address interstate inequalities.

In the recent period, government finances across the world have come under severe pressure due to multiple global headwinds in the form of the pandemic, geo-political uncertainty, persistent high inflation, synchronised monetary policy tightening and global growth slowdown. According to the International Monetary Fund's Fiscal Monitor Report published in April 2024, the global public debt rose from 84.2 per cent of global GDP in 2019 to around 100 per cent in 2020 and it is estimated to be 93.8 per cent in 2024. In India, the general government debt level rose from 75.2 per cent of GDP in 2019-20 to 89.3 per cent of GDP in 2020-21 and has moderated since then to 81.6 per cent in 2023-24. The consolidated liabilities of the state governments in India reached a 15-year high of 31.0 per cent of GDP

<sup>1</sup> The authors are from the Department of Economic and Policy Research (DEPR). The views expressed in this article are those of the authors and do not necessarily represent the views of the Reserve Bank of India.

<sup>1</sup> The NITI Aayog coined the term 'Himalayan States' while constituting the 'Himalayan State Regional Council' by including all erstwhile special category States, through its press release dated November 15, 2018 on the web link <https://pib.gov.in/PressReleasePage.aspx?PRID=1552917>. In line with NITI Aayog, the term 'Himalayan States' has been used in this study.

<sup>2</sup> Under the provisions of Jammu and Kashmir Reorganisation Act, 2019, 'Jammu and Kashmir' was given the status of Union Territory with Legislation w.e.f. from October 31, 2019.

<sup>3</sup> Ladakh was established as Union Territory of India on October 31, 2019, following the passage of the Jammu and Kashmir Reorganization Act. Separate fiscal data for Ladakh is not available for the period 2010-11 to 2023-24 covered in this study. Thus, Ladakh has not been included in this study as a separate UT.

at end March 2021. Although the debt levels of states have moderated to 27.6 per cent of GDP at end-March 2024, at a disaggregated level, some of the states have debt-to-GSDP<sup>4</sup> ratios exceeding 40 per cent.

In this backdrop, this article examines how the Himalayan states/UTs have countered the headwinds from the pandemic and geo-political tensions with their limited resource base through an in-depth analysis of their fiscal performance in the recent period. The article is organised into 5 sections. Section II describes the centre-state fiscal transfer mechanism in India. Section III presents the stylised facts relating to the fiscal position of Himalayan states/UTs. A Fiscal Health Index for the Himalayan states/UTs has been constructed in Section IV, while the concluding observations are presented in Section V.

## **II. Fiscal Transfers from Centre to States**

The objective of fiscal transfers is to correct the vertical and horizontal imbalances. Transfers from the central government to the state governments are aimed at correcting vertical fiscal imbalances. On the other hand, the allocation of transfers among the state governments aims at correcting horizontal imbalances.

Under Article 275 of the Indian Constitution, every state is entitled to a share of all central taxes in the Union list. This divisible pool of central taxes is shared between the centre and the states based on recommendations of the Finance Commission constituted once in every five years under Article 280 of the Constitution. As per the recommendation of the 15<sup>th</sup> Finance Commission (FC-XV), currently, 41 per cent of the central taxes are devolved to the states. The shares of individual states in this central devolution are determined by a formula that gives appropriate weightages to various factors like population, demographic changes, income distance, land area, tax effort and forest cover.

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<sup>4</sup> GSDP refers to gross state domestic product.

Apart from a share in the central taxes, the states also receive funds by way of grants from the centre, distributed for both plan and non-plan purposes. Among the plan grants, there are separate grants for states' own plan schemes, central plan schemes and centrally sponsored schemes. The non-plan grants are provided based on recommendations of the Finance Commission under Article 275 and include the statutory grants to finance the non-plan revenue deficit of the states, modernisation of administration as well as relief from natural calamities and other public purposes. In addition, the states can also borrow funds from the centre (Bhattacharjee, 2014).

The 5<sup>th</sup> Finance Commission (FC-V) introduced the concept of 'special category status' in 1969 to provide preferential financial treatment to certain disadvantaged states, which because of their inherent features, have a low resource base and cannot mobilise adequate resources for development. The criteria for granting special category status were: (i) hilly and difficult terrain; (ii) low population density or sizeable share of tribal population; (iii) strategic location along borders with neighbouring countries; (iv) economic and infrastructural backwardness; and (v) non-viable nature of state finances. Based on these criteria, all the Himalayan states were granted special category status over time during the period 1969-2001 (Table 1). These special category states (SCS) enjoyed certain additional financial benefits compared to the other states<sup>5</sup>.

The special category status given to the Himalayan states, however, had no constitutional backing (GoI, 2010). The FC-XIV effectively removed the concept of special category status in 2015, on the ground that adequate resources would be allocated to the

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<sup>5</sup> The additional benefits include preferential treatment in getting central funds; concession on excise duty to attract industries to the State; benefit of debt-swapping and debt relief schemes; exemption from customs duty, corporate tax, income tax and other taxes to attract investment; and the facility to carry forward any unspent money in a financial year, to the next financial year.

**Table 1: Himalayan States of India**

SN	Name of the State	Year of Granting SCS	Prior Status (State/Union Territory)
1	Assam	1969	Assam
2	Jammu and Kashmir	1969	Jammu and Kashmir
3	Nagaland	1969	Part of Assam
4	Himachal Pradesh	1971	Union Territory
5	Meghalaya	1972	Part of Assam
6	Manipur	1972	Union Territory
7	Tripura	1972	Union Territory
8	Sikkim*	1975	Princely State
9	Mizoram	1987	Union Territory
10	Arunachal Pradesh	1987	Union Territory
11	Uttarakhand	2001	Part of Uttar Pradesh

\* Prior to 1975, Sikkim was a princely state. On May 16, 1975, Sikkim became the 22<sup>nd</sup> state of India and subsequently granted special category status.

**Source:** Websites of respective state governments.

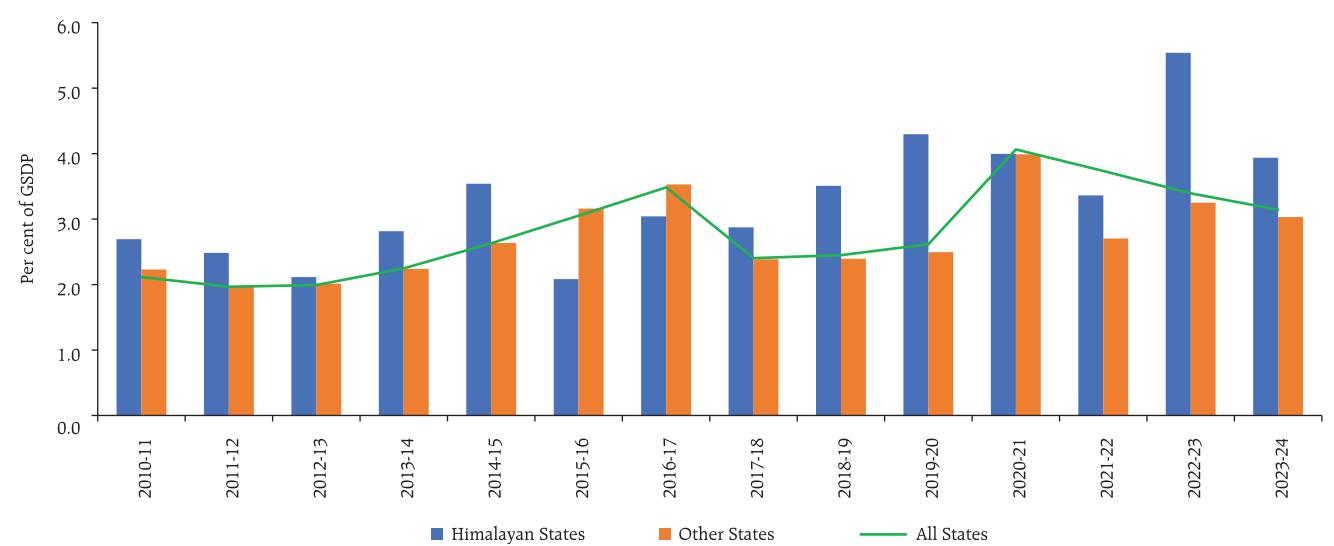
states through tax devolution and grants to address interstate inequalities. Accordingly, it recommended a quantum increase in states' share in divisible pool of central taxes from 32 per cent to 42 per cent for the period from 2015 to 2020. It was also decided that a revenue deficit grant would be provided for certain states for which devolution alone would be insufficient.

### III. Stylised Facts

#### III.1 Key Deficit Indicators

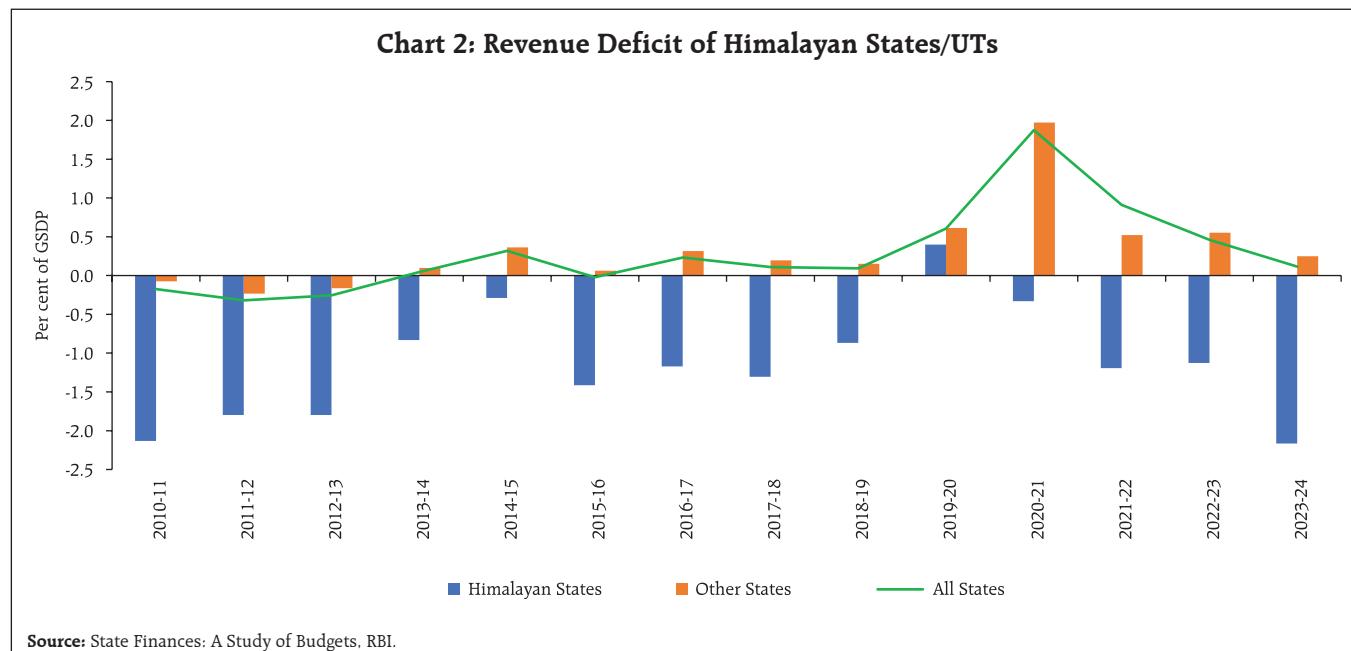
The consolidated gross fiscal deficit (GFD) of the Himalayan states/UTs remained well within the FRBM threshold of 3 per cent of GSDP during the period from 2010-11 to 2017-18 (except in 2014-15). Their finances, however, deteriorated and GFD breached the 3 per cent mark in each year since 2018-19. In most of the years, the GFD of the Himalayan states/UTs has remained above the consolidated GFD of other states except for 2015-16 and 2016-17. While performance of most of the Indian states in deficit management improved after the implementation of the FRBM Act, the improvement was less perceptible for the Himalayan states (Saikia, 2022). The gap between GFD of Himalayan states/UTs and other states widened significantly in the last five years (Chart 1)<sup>6</sup>.

Interestingly, the Himalayan states/UTs have maintained revenue surplus during the entire period under study, except for 2019-20. High revenue surplus in certain North-Eastern states reflects a larger share of central transfers in their revenue receipts. In contrast, the other states have recorded revenue deficit in most of the years (Chart 2).

**Chart 1: Gross Fiscal Deficit of Himalayan States/UTs**

**Source:** State Finances: A Study of Budgets, RBI.

<sup>6</sup> Data for the period of study includes Actuals for 2021-22, Revised Estimates for 2022-23 and Budget Estimate for 2023-24.

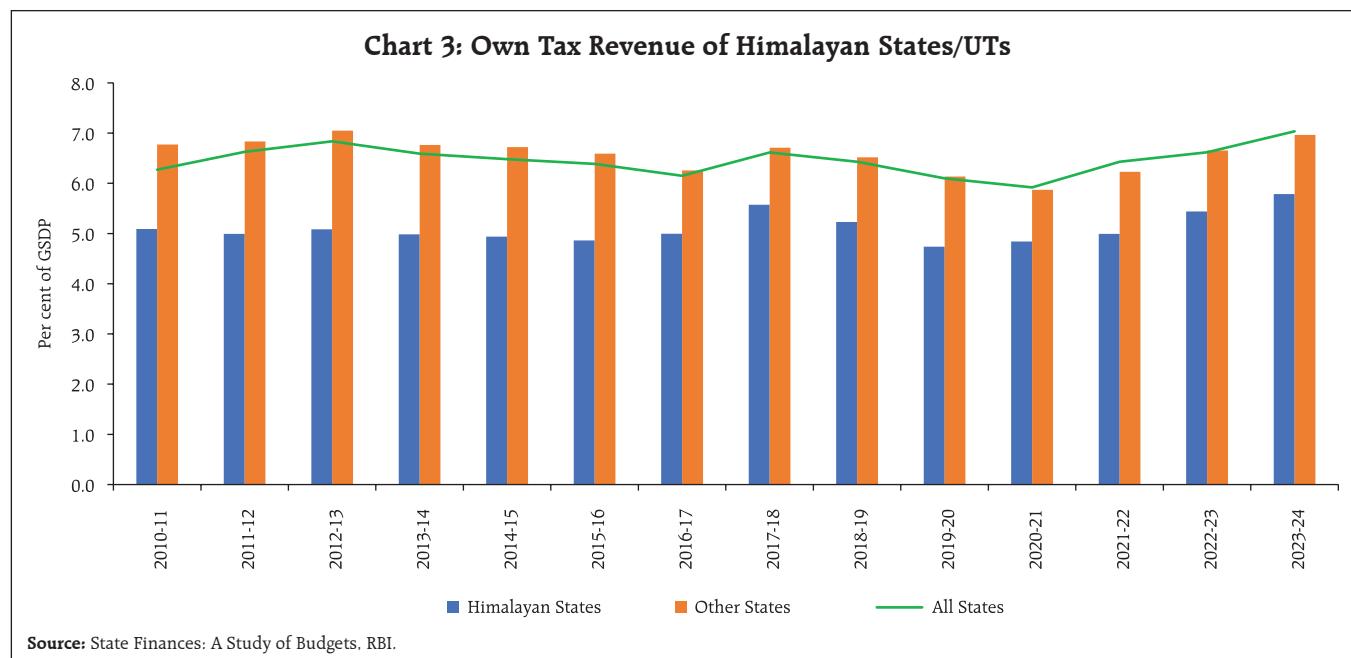


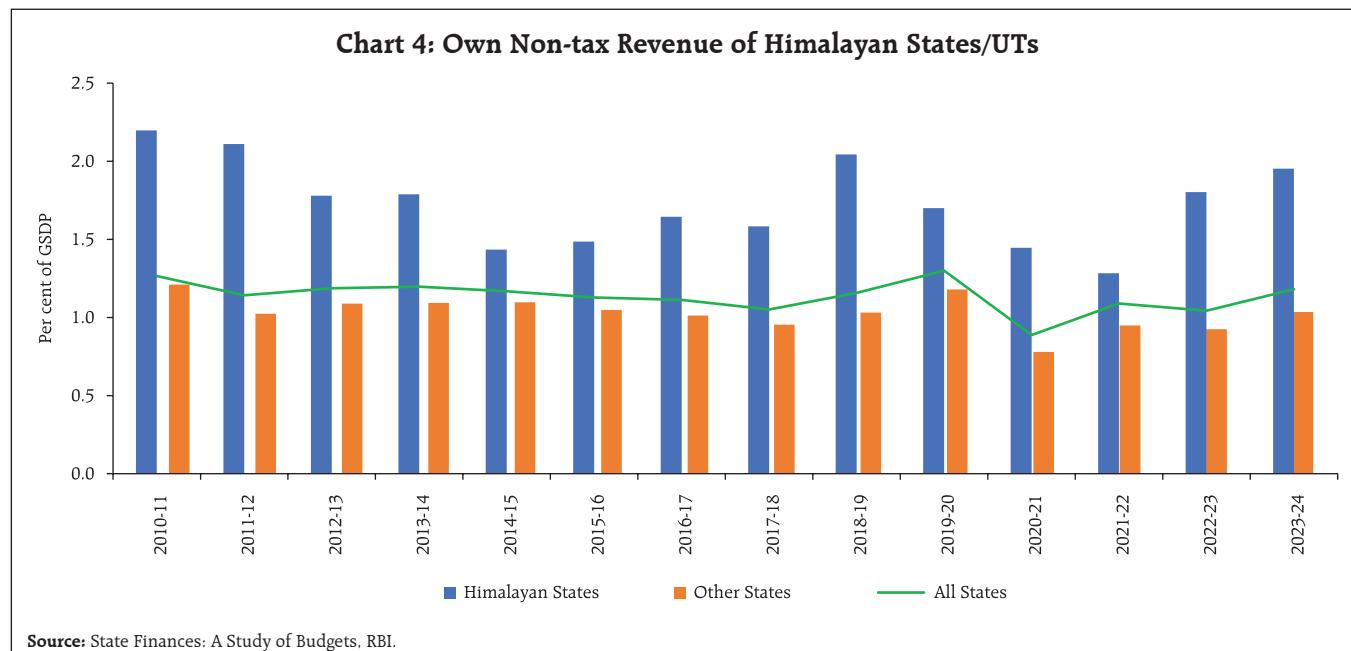
### III.2 Revenue Mobilisation

#### III.2.1 Own Tax Revenue

Own tax revenue of Indian states generally includes collections from stamp duty & registration fees; land revenue; professional tax; property tax; sales tax; excise duties; and State Goods and Services Tax (SGST). The capacity of the Himalayan states/UTs to mobilise their own tax revenue is limited due to

lower economic activity. The average annual per capita income of the Himalayan states/UTs is estimated at ₹1,76,551 in 2021-22 lower than the all-India average of ₹1,98,147. Own tax revenue of the Himalayan states/UTs generally remained around 5 per cent of GSDP during most of the period under study (2010-11 to 2023-24) as against 6-7 per cent for the other states (Chart 3). The North-Eastern states have been the biggest beneficiaries of the GST regime, recording





a compound annual GST revenue growth rate of 27.5 per cent since its implementation *vis-a-vis* 14.8 per cent for all states (RBI 2023).

### III.2.2 Own Non-Tax Revenue

For most of the Indian states, the main sources of non-tax revenue include interest receipts, dividend and profits and charges on services provided by the state governments. The non-tax revenue of the Himalayan states/UTs remained modest in the range of 1.3-2.2 per cent of GSDP during the study period (Chart 4).

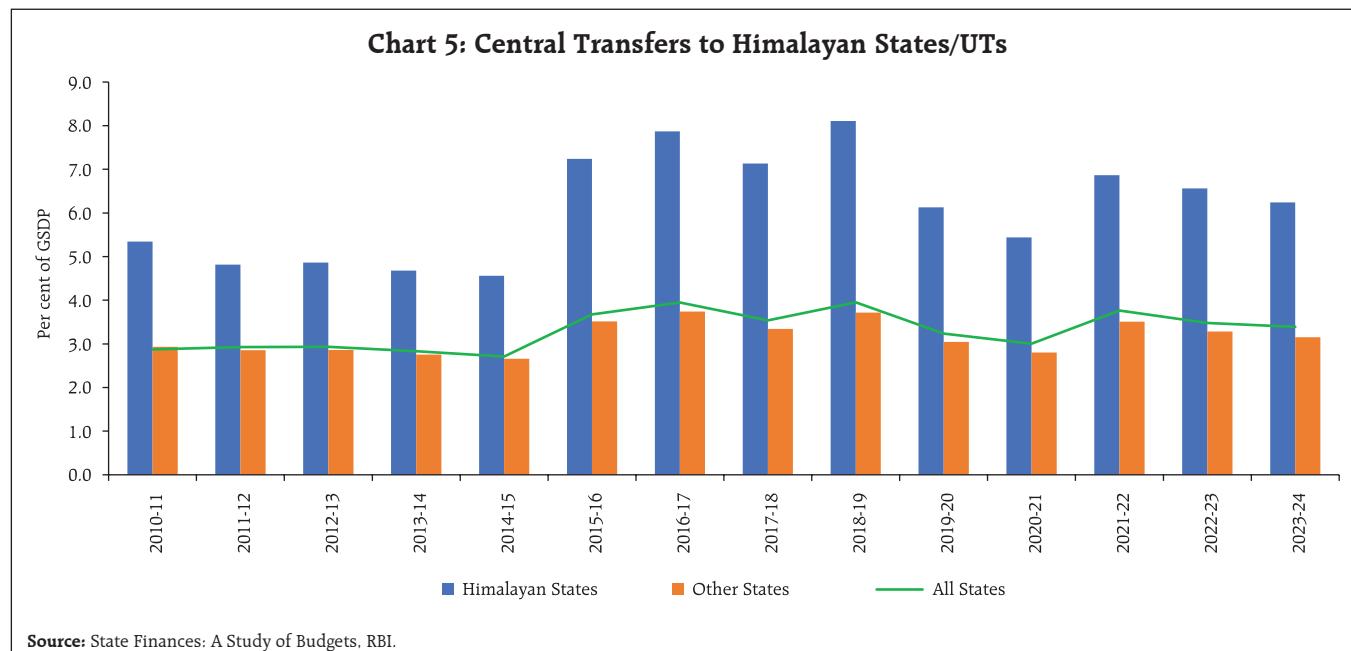
### III.2.3 Resource Transfers from Centre

The centre's current transfers to states comprise tax devolution and grants, which play an important role in bridging the resource gap between states' expenditure commitments and their own resources for funding such expenditure. During the period under study, the Himalayan states/UTs received higher transfer from the centre compared to other states (Chart 5). These states/UTs continued to receive higher transfers even after the removal of their special category status in 2015 by FC-XIV.

This heavy dependence of the Himalayan states/UTs on the centre for revenue exposes them to vulnerabilities. First, a sudden decline in Union government's revenue sharing pattern may adversely impact their expenditure. Second, a significant proportion of funds transferred by the centre is tied to specific purposes, limiting the states' flexibility in spending. These factors can weaken state capacity, and affect the delivery of social, economic and general services (Pradhan 2023). Accordingly, the Himalayan states would benefit by relying more on own tax revenues rather than transfers from the centre by identifying new sources of revenues and/or leveraging the existing sources more effectively along with a strengthening of their tax administration. The states can also increase their non-tax revenue by revising the existing rates charged for various services/utilities provided by the state government (Pradhan 2023).

### III.3 Quality of Expenditure

In the Himalayan states, particularly the North-Eastern states, public expenditure plays a crucial role in economic growth as private investment is

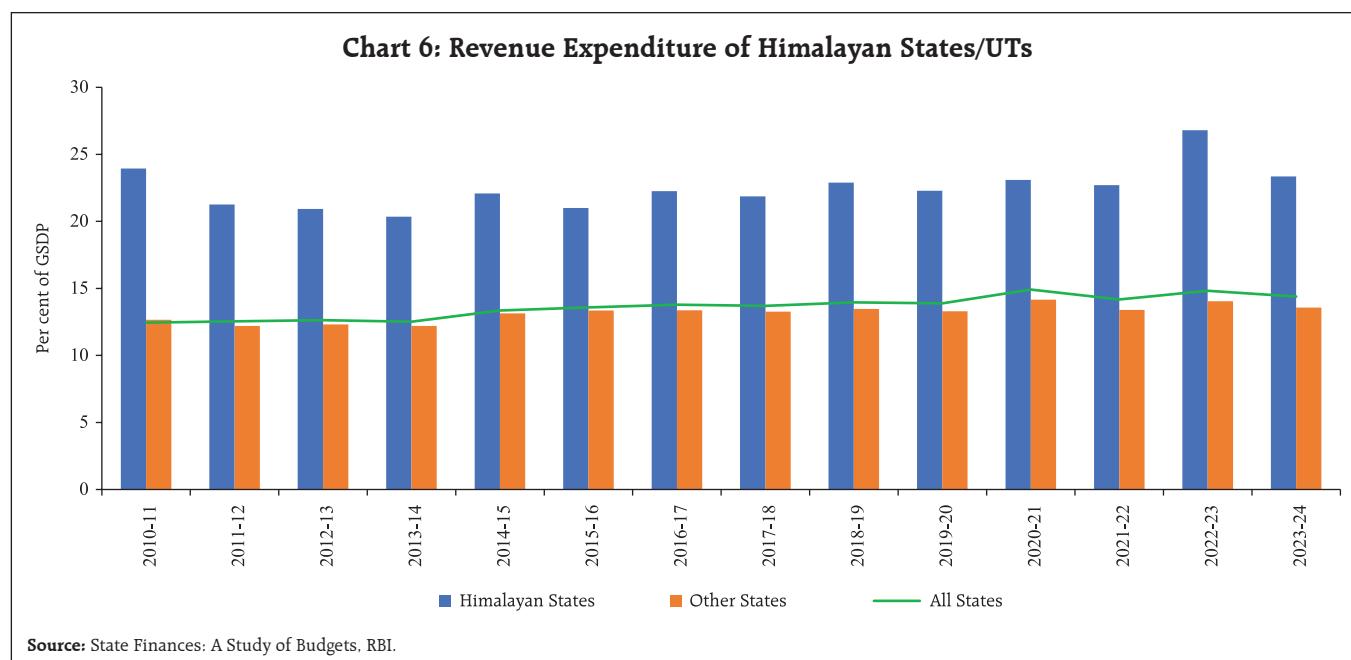


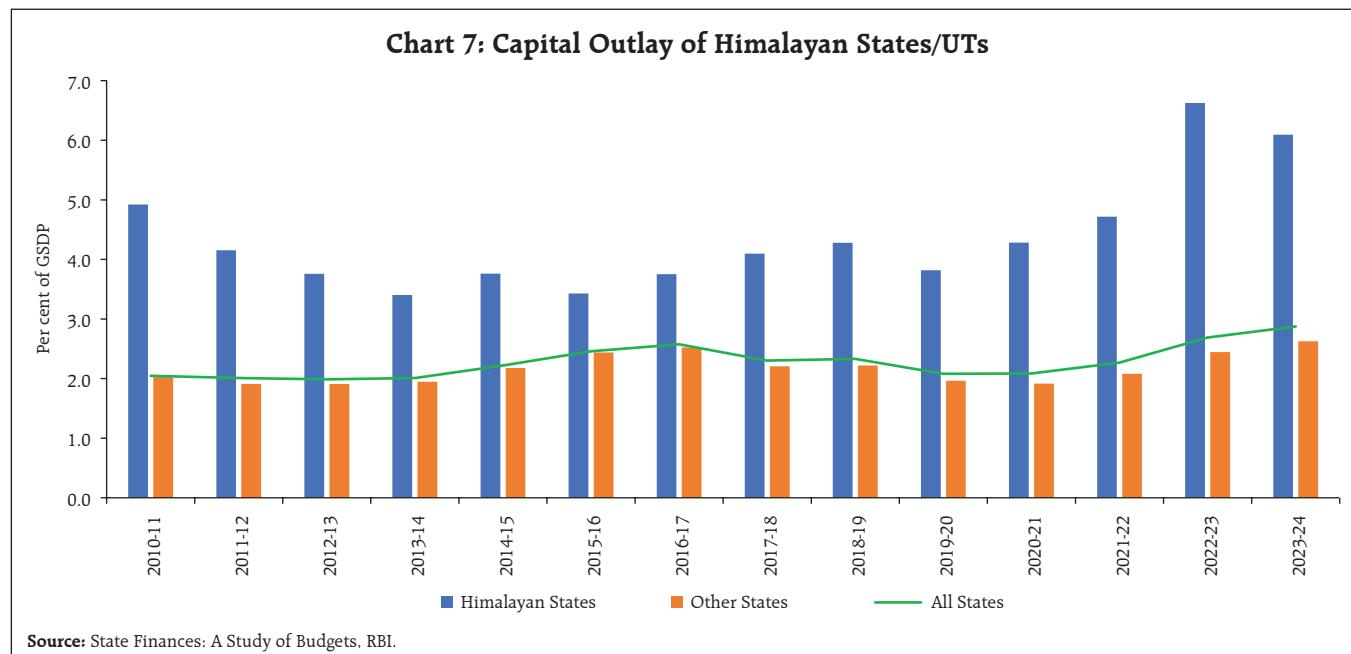
negligible (Sarma and Nayak 2006; Nayak and Rath, 2016). Accordingly, the share of public expenditure in GSDP of the Himalayan states is much higher compared to other states.

### III.3.1 Revenue Expenditure

Revenue expenditure to GSDP (RE-GSDP) ratio of the Himalayan states/UTs is consistently higher than other states with the gap widening in the recent

period (Chart 6). RE-GSDP of Himalayan states/UTs, which has moved in the range of 20-24 per cent during the study period, had crossed 26 per cent in 2022-23 revised estimates. RE-GSDP of other states, on the other hand, has remained range bound within 12-14 per cent. Most of the sub-components of revenue expenditure, *viz.*, interest payments, pension and administrative expenses of the Himalayan states/UTs were higher than the other states.





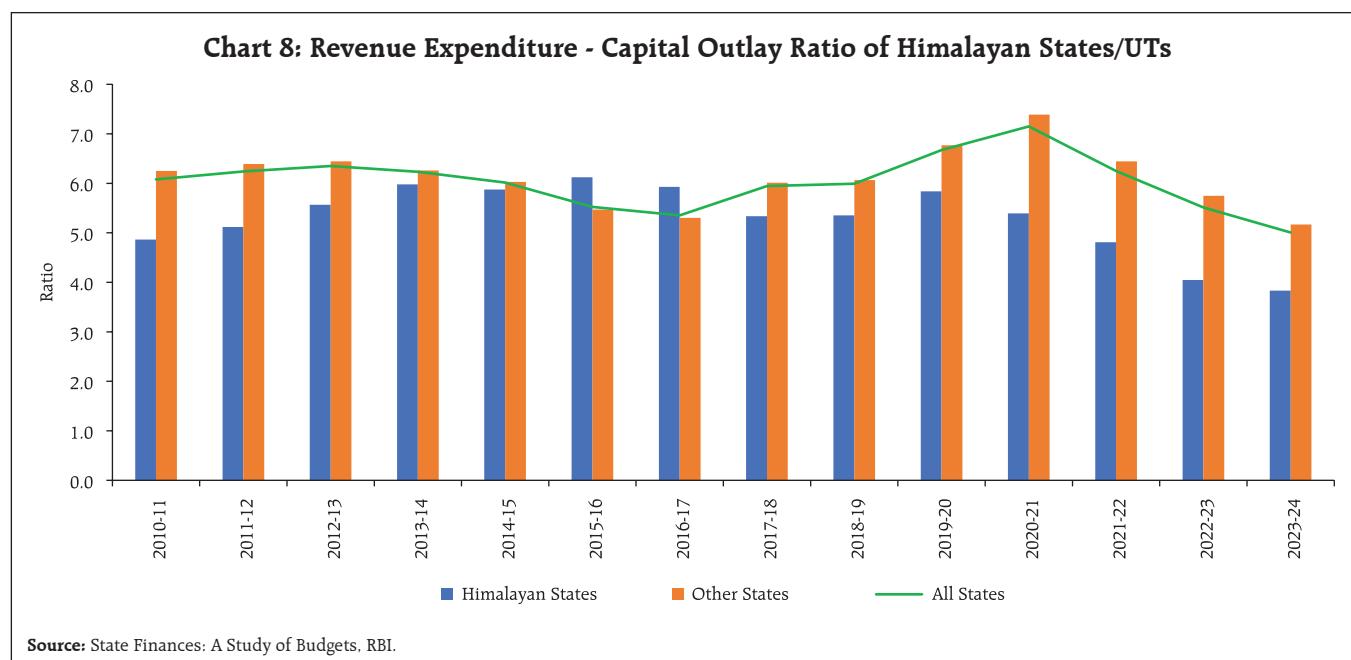
### III.3.2 Capital Outlay

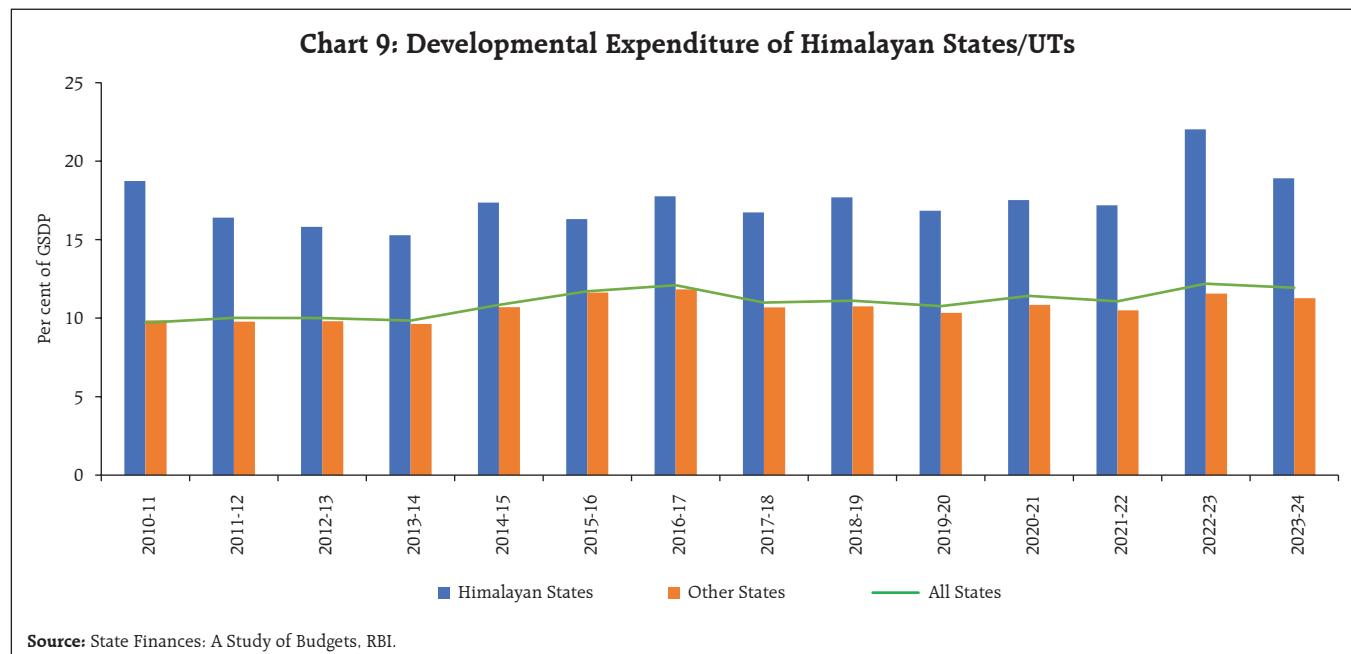
Like in the case of revenue expenditure, capital outlay of the Himalayan states/UTs has also been noticeably higher than other states throughout the study period. Capital outlay of the Himalayan states/UTs increased sharply in the post-Covid period, which can be partly attributed to the thrust towards capital expenditure projects for North-Eastern states

under the scheme for 'Special Assistance to States for Capital Expenditure' for 2020-21 and 2021-22 (Chart 7).

### III.3.3 Revenue Expenditure to Capital Outlay Ratio

Revenue expenditure to capital outlay (RECO) ratio of the Himalayan states/UTs - an indicator of expenditure quality – was marginally lower than other states during most of the study period (Chart 8).





The RECO ratio for the Himalayan states/UTs has witnessed a steep fall since 2020-21, indicating further improvement in their quality of expenditure in the post-pandemic period.

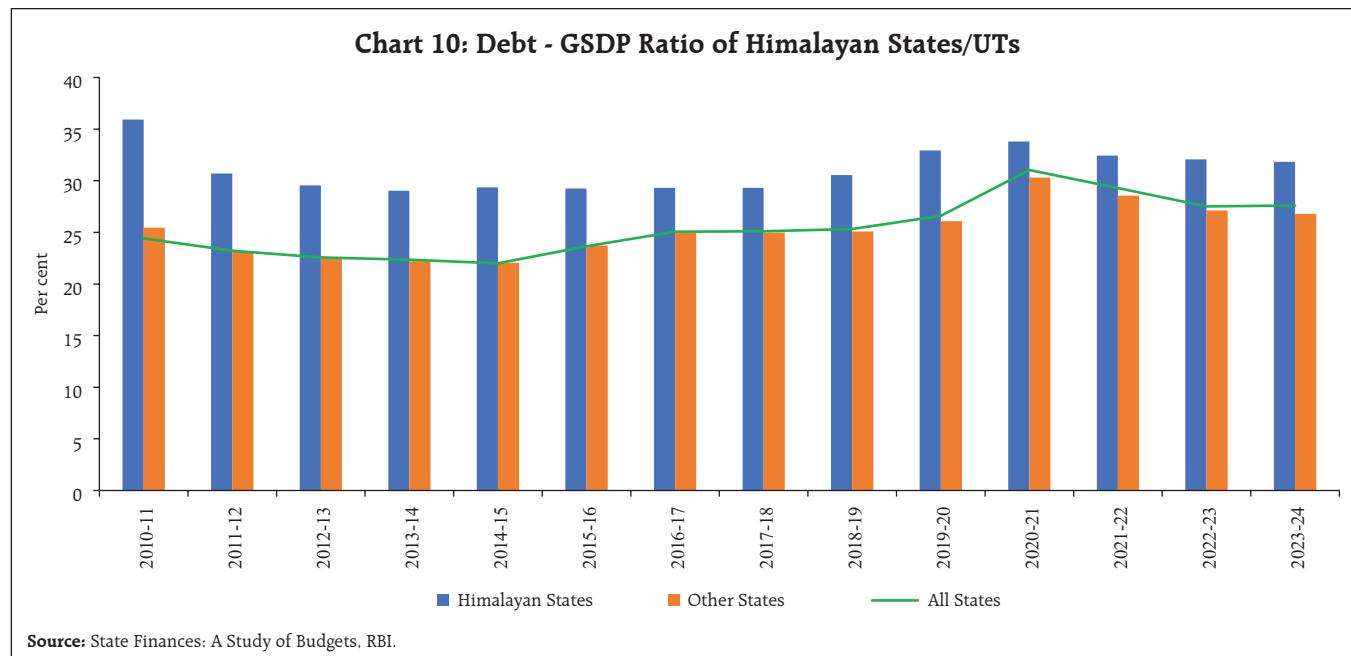
### III.3.4 Developmental Expenditure

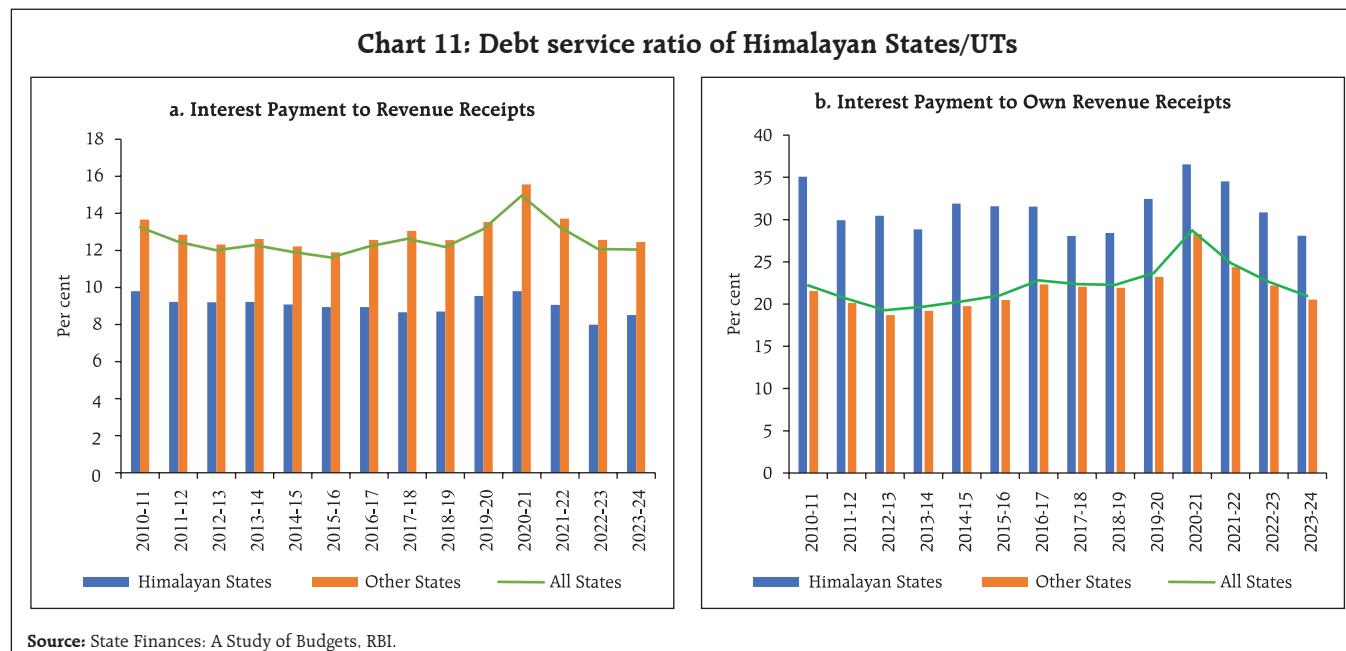
Developmental expenditure of the Himalayan states/UTs is significantly higher than other states, in line with their greater socio-economic developmental

needs. Developmental expenditure of the Himalayan states/UTs moved in the range of 15-22 per cent of GSDP during the period under study as against 9-12 per cent for the other states (Chart 9).

### III.4 Debt Position

The debt-GSDP ratio of these states/UTs, which was around 29 per cent during the period 2012-13 to 2017-18, has crossed 30 per cent since 2018-19 (Chart 10).





reflecting the combined impact of high fiscal deficits and lower growth rates. Nayak and Rath (2016) found that in the long run, none of the Himalayan states has a sustainable Debt-GSDP ratio except Assam. Dholakia *et al.* (2004) recommended high growth rate along with compression of primary expenditure to achieve tolerable debt - GSDP ratio for these states.

Debt service ratio (interest payment to revenue receipts) of Himalayan states/UTs remained fairly stable in the range of 8.0- 9.8 per cent during the period under study. The debt service ratio of other states, on the other hand, moved in a higher range of 12-16 per cent during the same period (Chart 11a). The ratio of interest payment to own revenue receipts of the Himalayan states/UTs was, however, much higher than the other states reflecting lower resource base (Chart 11b).

#### IV. Fiscal Health Index

Drawing upon Dholakia and Solanki (2001), Bhade and Panda (2002), and Dholakia (2005), several studies have developed fiscal performance indices for Indian states to track parameters such

as revenue efficiency, expenditure quality and debt sustainability. For instance, Venkatraman (2003) ranked states based on six key indicators which *inter alia* include fiscal deficit and per capita income, while Das and Baig (2014) focused on four crucial aspects including debt burden and revenue mobilisation. Expanding on the framework proposed by Mohanty and Mishra (2016), the current study organises the various dimensions of fiscal health of the Himalayan states/UTs under five heads, viz., (a) Deficit Indicators, (b) Revenue Performance Indicators, (c) Quality of Expenditure Indicators, (d) Debt Burden Indicators and (e) Debt Sustainability Indicators and constructs a Fiscal Health Index (FHI) for the Himalayan states/UTs.

For analytical convenience, the study period 2010-11 to 2023-24 is divided into two sub periods: (i) Period 1 (2010-11 to 2014-15) – the period prior to FC-XIV; and (ii) Period 2 (2015-16 to 2023-24) – the Period following FC-XIV (Table 2). The objective of this periodisation is to observe the fiscal impact of FC-XIV's decision to cease the 'special category' status of the Himalayan states.

**Table 2: Finance Commissions and their Durations**

Finance Commission	Operational Duration
13 <sup>th</sup>	2010-11 to 2014-15
14 <sup>th</sup>	2015-16 to 2019-20
15 <sup>th</sup>	2020-21 to 2025-26

Source: GoI.

#### **IV.1 Components of FHI**

The different components and sub-components of FHI are as follows:

##### **(a) Deficit Indicators**

- (i) Revenue deficit as a proportion of GSDP.
- (ii) Gross fiscal deficit as a proportion of GSDP.

##### **(b) Revenue Performance Indicators**

- (i) Own tax revenue as a proportion of GSDP.
- (ii) Own non-tax revenue as a proportion of GSDP.

##### **(c) Quality of Expenditure Indicators**

- (i) Development revenue expenditure as a proportion of revenue receipts.
- (ii) Development capital expenditure as a proportion of revenue receipts.

##### **(d) Debt Burden Indicators**

- (i) Interest payments as a proportion of revenue receipts.
- (ii) Debt stock as a proportion of GSDP.

##### **(e) Debt Sustainability Indicators**

- (i) Debt Spread indicator obtained as the difference between growth rate of GSDP and growth rate in debt stock.
- (ii) Rate Spread indicator obtained as the difference between the growth rate of GSDP and the average cost of borrowing. Average cost of borrowing of a particular year reflects the effective interest rate,

i.e., the ratio of interest payments of the current year to the debt stock of the preceding year.

#### **IV.2 Methodology**

This study uses Relative Distance methodology for constructing the fiscal health index. The relative distance methodology involves comparing observations or variables in terms of their relative positions within a dataset rather than their absolute values. This approach helps in identifying patterns, similarities, and differences between data points. The distance between two data points can be measured through both parametric and non-parametric methods. While parametric methods make specific assumptions about the underlying distribution of the data, non-parametric methods make minimal assumptions about the same. Parametric methods are often computationally efficient and easy to interpret but may not perform well if the underlying assumptions are violated. Non-parametric methods are often used when the distribution is unknown or cannot be assumed to follow any specific form. Non-parametric methods are robust to the underlying distribution of the data but may be computationally challenging especially for large datasets. Thus, both parametric and non-parametric methods have their own advantages and disadvantages, and the choice between them often depends on the nature of the data and the specific problem at hand. This study uses relative distance with min-max (non-parametric) method of scaling or normalising data points for constructing the fiscal health index<sup>7</sup>.

<sup>7</sup> Relative distance methods, whether parametric or non-parametric can be subjected to various biases that affect the accuracy and validity of their results. Upward bias in relative distance refers to a systematic tendency for the calculated distances between data points to be consistently overestimated or inflated. This bias can distort the perception of how dissimilar or distant the points are from each other, potentially leading to inaccurate analyses or conclusions. Bootstrapping technique to address upward bias in relative distance involves Bootstrap Resampling, Computing Relative Distances, Bias Correction, Confidence Intervals, Validation and Sensitivity Analysis. The scope of bootstrapping, however, is not feasible in this study because of limitation in resampling.

In the first step, the level of each of the indicators described above is normalised to an index value ranging from 0 to 100. This is similar to the methodology used to construct Physical Quality of Life Index (PQLI) (Morris, 1982) and Human Development Index (HDI) by the United Nations Development Programme (UNDP). This method can take both favourable and adverse parameters to construct an index. The index which is constructed for favourable indicators is called as the Improvement Index. The index which is formed by taking adverse parameters is called the Deprivation Index. The value of both the indices will lie between 0 and 100.

$$\text{Deprivation Index (D)} = \frac{[\text{Max (X)} - X]}{[\text{Max (X)} - \text{Min (X)}]} * 100$$

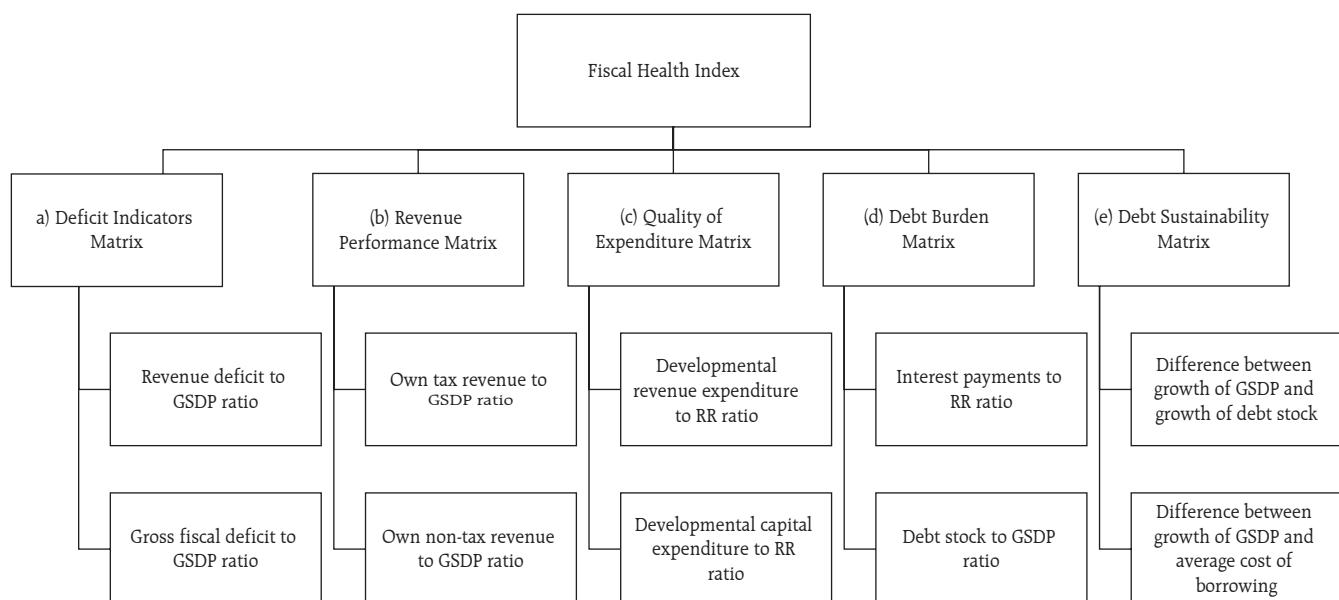
$$\text{Improvement Index (I)} = \frac{[X - \text{Min (X)}]}{[\text{Max (X)} - \text{Min (X)}]} * 100$$

Where, X refers to the actual value of the parameter for a given state. Max (X) and Min (X) are the maximum and minimum value of the parameter across the states in a specified

period. The value of D and I will lie on a 0 to 100 scale where 0 depicts worst performance and 100 implies the best performance.

In this study, for normalisation, the formula for deprivation index is applied on deficit indicators and debt burden indicators as they are negatively correlated to fiscal health of a state. On the other hand, the formula for improvement index is applied on revenue performance indicators, quality of expenditure indicators and debt sustainability indicators as they are positively correlated to fiscal performance. In the next step, the average of normalised indicators under each of the five different heads are computed to obtain five different matrices: Deficit Indicators Matrix, Revenue Performance Matrix, Quality of Expenditure Matrix, Debt Burden Matrix and the Debt Sustainability Matrix. The simple average of these five matrices yields the composite Fiscal Health Index (FHI) (Table 3).

**Table 3: Structure of Fiscal Health Index**



**Source:** Authors' Interpretation

### IV.3 Results

The FHI reveals large variations in fiscal health of the Himalayan states/UTs (Table 4). In Period-1, Tripura, Meghalaya, Mizoram and Arunachal Pradesh emerged as the top four best performing Himalayan states. The FHI values of the Himalayan states/UTs ranged from 55 for Tripura to 40 for Jammu and Kashmir during this period. On the other hand, in Period-2, Mizoram, Assam and Tripura occupied the top three positions among the Himalayan states/UTs. Meghalaya, which was one of the top performing states in Period 1, slipped to 8th position in Period 2. The FHI values of most of the Himalayan states/UTs declined in period 2, indicating stress on their fiscal health (Chart 12). The decline is the sharpest in the case of Meghalaya (14 points), followed by Uttarakhand (12 points) and Tripura (7 points). The only exception is Assam which has witnessed an improvement in FHI value by 2 points. Interestingly, the FHI of other states also declined between Period 1 and Period 2, mainly on account of the impact of Covid 19 pandemic on the state finances in terms of lower tax revenue, higher expenses and the resulting rise in deficit indicators (Chart 12). The FHI values of the other states, however, remain above the Himalayan states/UTs.

For most of the Himalayan states/UTs, there is a deterioration in the deficit indicator matrix in Period 2 (Appendix Table A); this could be attributed to the Covid 19 pandemic, which drove the consolidated GFD of Indian states to a peak of 4.1 per cent of GDP in 2020-21.

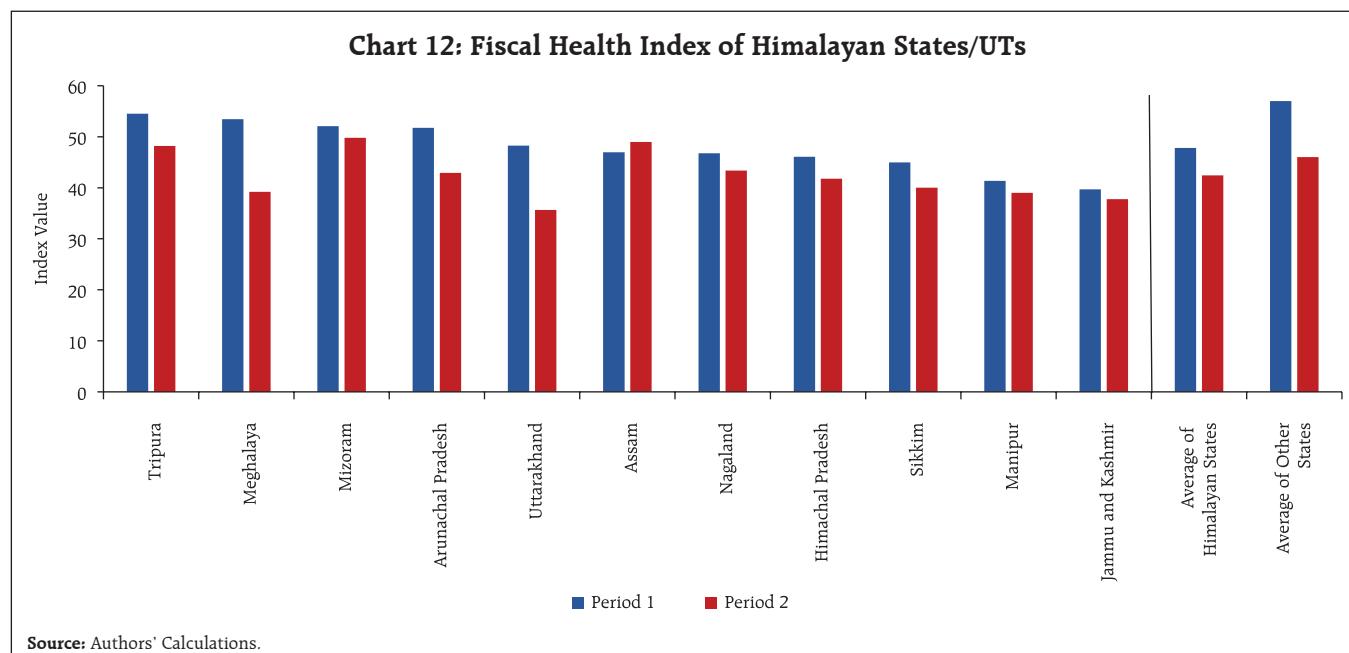
The performance of the Himalayan states/UTs in terms of the Revenue Performance Matrix was comparatively better with six states improving their scores in Period 2 (Appendix Table B). Meghalaya had the best revenue performance in Period 2, followed by Uttarakhand and Mizoram. In terms of the Quality of Expenditure Matrix, five states showed an improvement in expenditure quality and six a deterioration in Period 2 (Appendix Table C).

The Debt Burden Matrix of the Himalayan states/UTs shows a mixed picture with six of them recording a higher score in Period 2 compared to Period 1 (Appendix Table D). On the other hand, the Debt Sustainability Matrix of all the Himalayan states/UTs deteriorated in Period 2, with matrix value less than 30 for states like Uttarakhand, Jammu and Kashmir, Manipur and Sikkim (Appendix Table E).

**Table 4: FHI values of Himalayan States/UTs**

Period 1 (2010-11 to 2014-15)			Period 2 (2015-16 to 2023-24)		
Rank	State/UT	Period 1	Rank	State/UT	Period 2
1	Tripura	55	1	Mizoram	50
2	Meghalaya	53	2	Assam	49
3	Mizoram	52	3	Tripura	48
4	Arunachal Pradesh	52	4	Nagaland	43
5	Uttarakhand	48	5	Arunachal Pradesh	43
6	Assam	47	6	Himachal Pradesh	42
7	Nagaland	47	7	Sikkim	40
8	Himachal Pradesh	46	8	Meghalaya	39
9	Sikkim	45	9	Manipur	39
10	Manipur	41	10	Jammu and Kashmir	38
11	Jammu and Kashmir	40	11	Uttarakhand	36

**Source:** Authors' Calculations.



## V. Conclusions

The overall fiscal position of the Himalayan states/UTs exhibited stress in the last five years, with their consolidated GFD breaching 4 per cent of GSDP in 2019-20, 2020-21 and 2022-23. The gap between GFD of Himalayan states/UTs and other states has widened during this period. The capacity of the Himalayan states/UTs to mobilise own tax revenues remains constrained due to the challenges emanating from their economic and geographical structure. Public expenditure plays a crucial role in economic development of the Himalayan states as private investment in these states is limited. Accordingly, the share of public expenditure in GSDP of these states/UTs is much higher than other states of India. The quality of expenditure of the Himalayan states/UTs measured in terms of RECO ratio has seen sharp improvement in the last few years.

The debt level of the Himalayan states/UTs has been consistently higher than the other states in India. At a disaggregated level, there is large inter-state variation in fiscal performance of the Himalayan states and the Fiscal Health Index values of most

of these states have declined in the recent period. Among the different indicators of fiscal performance, the deficit and debt sustainability indicators have contributed most heavily to the recent stress on their fiscal health suggesting growing need for fiscal consolidation. The Himalayan states continue to receive higher transfers from the centre even after the discontinuation of their special category status in 2015. This can reduce their flexibility in spending and these states, therefore, need to identify new sources of revenue, leverage existing sources more effectively and improve their tax administration to garner higher resources.

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**Appendix Tables****A. Deficit Indicators Matrix**

S. No.	State/UT	Period 1	Period 2	Change
1	Arunachal Pradesh	49	59	10
2	Assam	64	55	-9
3	Himachal Pradesh	60	66	6
4	Jammu and Kashmir	49	46	-3
5	Manipur	52	38	-14
6	Meghalaya	59	53	-6
7	Mizoram	27	58	31
8	Nagaland	69	48	-21
9	Sikkim	77	48	-30
10	Tripura	81	31	-49
11	Uttarakhand	61	38	-23

**Source:** Authors' Calculations.**B. Revenue Performance Matrix**

S. No.	State/UT	Period 1	Period 2	Change
1	Arunachal Pradesh	23	31	8
2	Assam	58	41	-17
3	Himachal Pradesh	58	29	-29
4	Jammu and Kashmir	27	42	16
5	Manipur	36	31	-6
6	Meghalaya	39	51	11
7	Mizoram	29	46	18
8	Nagaland	24	43	19
9	Sikkim	58	29	-29
10	Tripura	60	26	-33
11	Uttarakhand	19	47	28

**Source:** Authors' Calculations.**C. Quality of Expenditure Matrix**

S. No.	State/UT	Period 1	Period 2	Change
1	Arunachal Pradesh	54	39	-15
2	Assam	24	54	30
3	Himachal Pradesh	25	30	5
4	Jammu and Kashmir	43	42	-1
5	Manipur	38	51	13
6	Meghalaya	58	50	-8
7	Mizoram	66	44	-22
8	Nagaland	50	42	-8
9	Sikkim	20	49	29
10	Tripura	34	49	16
11	Uttarakhand	54	34	-19

**Source:** Authors' Calculations.**D. Debt Burden Matrix**

S. No.	State/UT	Period 1	Period 2	Change
1	Arunachal Pradesh	60	70	10
2	Assam	63	58	-4
3	Himachal Pradesh	43	65	21
4	Jammu and Kashmir	43	57	14
5	Manipur	37	69	32
6	Meghalaya	83	44	-40
7	Mizoram	25	80	54
8	Nagaland	31	62	31
9	Sikkim	80	49	-31
10	Tripura	63	61	-2
11	Uttarakhand	73	44	-29

**Source:** Authors' Calculations.**E. Debt Sustainability Matrix**

S. No.	State/UT	Period 1	Period 2	Change
1	Arunachal Pradesh	79	47	-33
2	Assam	65	41	-23
3	Himachal Pradesh	62	34	-27
4	Jammu and Kashmir	37	24	-13
5	Manipur	42	24	-18
6	Meghalaya	52	37	-15
7	Mizoram	72	56	-16
8	Nagaland	41	34	-8
9	Sikkim	48	25	-24
10	Tripura	65	60	-5
11	Uttarakhand	54	24	-29

**Source:** Authors' Calculations.



## CURRENT STATISTICS

Select Economic Indicators

Reserve Bank of India

Money and Banking

Prices and Production

Government Accounts and Treasury Bills

Financial Markets

External Sector

Payment and Settlement Systems

Occasional Series



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**Notes:** .. = Not available.

– = Nil/Negligible.

P = Preliminary/Provisional. PR = Partially Revised.

## No. 1: Select Economic Indicators

Item	2023-24	2022-23		2023-24	
		Q3	Q4	Q3	Q4
		1	2	3	4
<b>1 Real Sector (% Change)</b>					
1.1 GVA at Basic Prices		7.2	4.8	6.0	6.8
1.1.1 Agriculture		1.4	5.2	7.6	0.4
1.1.2 Industry		9.3	-2.8	1.7	10.8
1.1.3 Services		7.9	7.5	7.3	7.5
1.1a Final Consumption Expenditure		3.8	2.4	3.5	3.1
1.1b Gross Fixed Capital Formation		9.0	5.0	3.8	9.7
	2023-24	2023		2024	
		Apr.	May.	Apr.	May.
	1	2	3	4	5
1.2 Index of Industrial Production	5.9	4.6	5.7	5.0	5.9
<b>2 Money and Banking (% Change)</b>					
2.1 Scheduled Commercial Banks					
2.1.1 Deposits	12.9	10.1	11.4	12.0	12.2
	(13.5)			(12.6)	(12.7)
2.1.2 Credit #	16.3	15.7	15.3	15.5	16.1
	(20.2)			(19.2)	(19.8)
2.1.2.1 Non-food Credit #	16.3	15.9	15.5	15.5	16.2
	(20.2)			(19.2)	(19.8)
2.1.3 Investment in Govt. Securities	11.1	13.1	14.8	10.7	8.8
	(12.8)			(12.3)	(10.3)
2.2 Money Stock Measures					
2.2.1 Reserve Money (M0)	5.6	10.2	8.1	5.8	5.8
2.2.2 Broad Money (M3)	11.1	9.5	10.1	10.9	12.1
				(11.4)	(12.5)
<b>3 Ratios (%)</b>					
3.1 Cash Reserve Ratio	4.50	4.50	4.50	4.50	4.50
3.2 Statutory Liquidity Ratio	18.00	18.00	18.00	18.00	18.00
3.3 Cash-Deposit Ratio	5.0	5.3	5.3	5.4	5.0
	(5.0)			(5.3)	(4.9)
3.4 Credit-Deposit Ratio	78.1	75.1	75.2	77.4	77.5
	(80.3)			(79.5)	(79.6)
3.5 Incremental Credit-Deposit Ratio #	95.8	46.5	50.4	37.4	59.2
	(113.4)			(34.4)	(57.2)
3.6 Investment-Deposit Ratio	29.5	29.5	30.0	29.2	29.1
	(29.8)			(29.5)	(29.3)
3.7 Incremental Investment-Deposit Ratio	25.8	10.0	28.5	8.1	13.4
	(28.4)			(6.9)	(12.6)
<b>4 Interest Rates (%)</b>					
4.1 Policy Repo Rate	6.50	6.50	6.50	6.50	6.50
4.2 Fixed Reverse Repo Rate	3.35	3.35	3.35	3.35	3.35
4.3 Standing Deposit Facility (SDF) Rate *	6.25	6.25	6.25	6.25	6.25
4.4 Marginal Standing Facility (MSF) Rate	6.75	6.75	6.75	6.75	6.75
4.5 Bank Rate	6.75	6.75	6.75	6.75	6.75
4.6 Base Rate	9.10/10.25	8.75/10.10	8.75/10.10	9.10/10.25	9.10/10.25
4.7 MCLR (Overnight)	8.00/8.60	7.90/8.50	7.90/8.50	8.00/8.60	8.00/8.60
4.8 Term Deposit Rate >1 Year	6.50/7.25	6.00/7.25	6.00/7.25	6.00/7.25	6.00/7.25
4.9 Savings Deposit Rate	2.70/3.00	2.70/3.00	2.70/3.00	2.70/3.00	2.70/3.00
4.10 Call Money Rate (Weighted Average)	6.85	6.70	6.36	6.65	6.56
4.11 91-Day Treasury Bill (Primary) Yield	-	6.82	6.78	6.92	6.85
4.12 182-Day Treasury Bill (Primary) Yield	7.28	6.97	6.90	7.04	7.01
4.13 364-Day Treasury Bill (Primary) Yield	7.31	7.00	6.89	7.07	7.04
4.14 10-Year G-Sec Par Yield (FBIL)	7.31	7.12	7.05	7.16	7.01
<b>5 Reference Rate and Forward Premiums</b>					
5.1 INR-US\$ Spot Rate (Rs. Per Foreign Currency)	83.37	81.78	82.72	83.34	83.30
5.2 INR-Euro Spot Rate (Rs. Per Foreign Currency)	90.22	90.08	88.79	89.43	90.12
5.3 Forward Premiums of US\$ 1-month (%)	1.00	1.73	1.45	1.16	1.08
	3-month (%)	1.11	1.82	1.55	1.26
	6-month (%)	1.31	1.98	1.62	1.37
<b>6 Inflation (%)</b>					
6.1 All India Consumer Price Index	5.4	4.7	4.3	4.8	4.8
6.2 Consumer Price Index for Industrial Workers	5.19	5.1	4.4	3.9	3.9
6.3 Wholesale Price Index	-0.7	-0.8	-3.6	1.2	2.6
6.3.1 Primary Articles	3.5	1.9	-1.9	5.2	7.2
6.3.2 Fuel and Power	-4.7	1.0	-9.2	-0.9	1.3
6.3.3 Manufactured Products	-1.7	-2.3	-3.0	-0.1	0.8
<b>7 Foreign Trade (% Change)</b>					
7.1 Imports	-5.7	-15.5	-6.0	10.7	7.4
7.2 Exports	-3.1	-12.8	-10.4	2.1	12.8

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

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

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

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

# Reserve Bank of India

## No. 2: RBI - Liabilities and Assets \*

(₹ Crore)

Item	As on the Last Friday/ Friday						
	2023-24	2023	2024				
		Jun.	May. 31	Jun. 07	Jun. 14	Jun. 21	Jun. 28
	1	2	3	4	5	6	7
<b>1 Issue Department</b>							
<b>1.1 Liabilities</b>							
1.1.1 Notes in Circulation	3482333	3329493	3537514	3553714	3552720	3546362	3528937
1.1.2 Notes held in Banking Department	11	12	14	12	13	13	11
<b>1.1/1.2 Total Liabilities (Total Notes Issued) or Assets</b>	<b>3482344</b>	<b>3329505</b>	<b>3537528</b>	<b>3553727</b>	<b>3552732</b>	<b>3546375</b>	<b>3528948</b>
<b>1.2 Assets</b>							
1.2.1 Gold	162996	135772	174725	175437	172110	175092	172686
1.2.2 Foreign Securities	3318885	3193298	3362365	3377902	3380284	3370995	3356024
1.2.3 Rupee Coin	463	435	437	388	338	288	237
1.2.4 Government of India Rupee Securities	-	-	-	-	-	-	-
<b>2 Banking Department</b>							
<b>2.1 Liabilities</b>							
2.1.1 Deposits	1782333	1468566	1733922	1711732	1749231	1811359	1729450
2.1.1.1 Central Government	101	101	101	101	101	101	101
2.1.1.2 Market Stabilisation Scheme	-	-	-	-	-	-	-
2.1.1.3 State Governments	42	42	42	42	42	42	42
2.1.1.4 Scheduled Commercial Banks	1008618	871167	951109	971898	983708	979126	973455
2.1.1.5 Scheduled State Co-operative Banks	10092	9040	8555	8467	8271	8379	8453
2.1.1.6 Non-Scheduled State Co-operative Banks	6412	4436	5224	5480	5486	5169	5259
2.1.1.7 Other Banks	48725	46583	49246	49086	48699	49106	49202
2.1.1.8 Others	545400	450334	589411	542849	559645	630212	564106
2.1.1.9 Financial Institution Outside India	162944	86862	130234	133811	143278	139224	128832
2.1.2 Other Liabilities	1804747	1484223	1612560	1657071	1650398	1661240	1635592
<b>2.1/2.2 Total Liabilities or Assets</b>	<b>3587080</b>	<b>2952789</b>	<b>3346482</b>	<b>3368804</b>	<b>3399629</b>	<b>3472599</b>	<b>3365042</b>
<b>2.2 Assets</b>							
2.2.1 Notes and Coins	11	12	14	13	13	13	11
2.2.2 Balances Held Abroad	1480408	1165073	1456002	1466287	1456893	1463672	1459215
2.2.3 Loans and Advances							
2.2.3.1 Central Government	-	0	-	-	-	-	-
2.2.3.2 State Governments	2300	9835	10723	28204	7994	4039	7286
2.2.3.3 Scheduled Commercial Banks	266021	50867	71305	57955	111102	196095	102741
2.2.3.4 Scheduled State Co-op.Banks	-	-	-	-	-	-	-
2.2.3.5 Industrial Dev. Bank of India	-	-	-	-	-	-	-
2.2.3.6 NABARD	-	0	-	-	-	-	-
2.2.3.7 EXIM Bank	-	-	-	-	-	-	-
2.2.3.8 Others	12398	3319	9311	9311	9311	9311	9061
2.2.3.9 Financial Institution Outside India	162650	86409	129564	134194	143799	139897	129258
2.2.4 Bills Purchased and Discounted							
2.2.4.1 Internal	-	-	-	-	-	-	-
2.2.4.2 Government Treasury Bills	-	-	-	-	-	-	-
2.2.5 Investments	1365425	1406348	1365532	1365698	1367029	1350797	1349978
2.2.6 Other Assets	297868	230926	304031	307143	303488	308775	307492
2.2.6.1 Gold	272028	223813	296897	299702	295583	300703	298664

\* Data are provisional.

## No. 3: Liquidity Operations by RBI

(₹ Crore)

Date	Liquidity Adjustment Facility						Standing Liquidity Facilities	OMO (Outright)		Net Injection (+)/ Absorption (-) (1+3+5+7+9-2-4-6 -8)	
	Repo	Reverse Repo	Variable Rate Repo	Variable Rate Reverse Repo	MSF	SDF		Sale	Purchase		
								1	2	3	4
May. 1, 2024	-	-	-	-	13931	77288	-	-	-	-	-63357
May. 2, 2024	-	-	-	-	861	110670	854	-	-	-	-108955
May. 3, 2024	-	-	157698	-	6561	102972	21	-	-	-	61308
May. 4, 2024	-	-	-	-	246	67139	-	-	-	-	-66893
May. 5, 2024	-	-	-	-	255	46197	-	-	-	-	-45942
May. 6, 2024	-	-	-	26045	1871	48059	-740	-	-	-	-72973
May. 7, 2024	-	-	-	-	11078	45944	-	-	-	-	-34866
May. 8, 2024	-	-	25005	-	7249	53784	807	-	-	-	-20723
May. 9, 2024	-	-	50003	-	1471	48045	-116	-	-	-	3313
May. 10, 2024	-	-	-	-	11788	62465	-	-	-	-	-50677
May. 11, 2024	-	-	-	-	8639	38017	-	-	-	-	-29378
May. 12, 2024	-	-	-	-	8853	40190	-	-	-	-	-31337
May. 13, 2024	-	-	25004	-	878	59342	-	-	-	-	-33460
May. 14, 2024	-	-	50002	-	1034	100550	-818	-	-	-	-50332
May. 15, 2024	-	-	-	-	83	128802	968	-	-	-	-127751
May. 16, 2024	-	-	-	-	593	153885	-1425	-	-	-	-154717
May. 17, 2024	-	-	125009	-	29999	58450	1424	-	-	-	97982
May. 18, 2024	-	-	-	-	29396	36291	-	-	-	-	-6895
May. 19, 2024	-	-	-	-	27565	25853	-	-	-	-	1712
May. 20, 2024	-	-	-	-	51757	37271	-	-	-	-	14486
May. 21, 2024	-	-	125002	-	31450	41763	-	-	-	-	114689
May. 22, 2024	-	-	71830	-	2283	102810	-	-	-	-	-28697
May. 23, 2024	-	-	-	-	1947	95138	-	-	-	-	-93191
May. 24, 2024	-	-	125008	-	1662	74754	-	-	-	-	51916
May. 25, 2024	-	-	-	-	10341	63339	-	-	-	-	-52998
May. 26, 2024	-	-	-	-	7072	62723	-	-	-	-	-55651
May. 27, 2024	-	-	75007	-	6481	68714	-	-	-	-	12774
May. 28, 2024	-	-	-	-	1747	79677	-	-	-	-	-77930
May. 29, 2024	-	-	-	-	6967	73513	-	-	-	-	-66546
May. 30, 2024	-	-	-	-	2776	117462	0	-	-	-	-114686
May. 31, 2024	-	-	50004	-	14601	84702	-	-	-	-	-20097

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

#### i) Operations in onshore / offshore OTC segments

## **ii) Operations in currency futures segment**

Item	2023-24	2023	2024	
		May	Apr.	May
		1	2	3
1 Net Purchase/ Sale of Foreign Currency (US \$ Million) (1.1-1.2)	0	0	0	0
1.1 Purchase (+)	7930	0	1519	2287
1.2 Sale (-)	7930	0	1519	2287
2 Outstanding Net Currency Futures Sales (-)/ Purchase (+) at the end of month (US \$ Million)	-1080	0	-2424	-1812

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

Item	As on May 31 , 2024		
	Long (+)	Short (-)	Net (1-2)
	1	2	3
1. Upto 1 month	1478	9378	-7900
2. More than 1 month and upto 3 months	0	2460	-2460
3. More than 3 months and upto 1 year	0	0	0
4. More than 1 year	0	0	0
<b>Total (1+2+3+4)</b>	<b>1478</b>	<b>11838</b>	<b>-10360</b>

**No. 5: RBI's Standing Facilities**

(₹ Crore)

Item	As on the Last Reporting Friday							
	2023-24	2023	2024					
			Jun. 30	Jan. 26	Feb. 23	Mar. 22	Apr. 19	May. 31
	1	2	3	4	5	6	7	8
1 MSF	49906	31256	32611	144270	49906	3238	14601	46848
2 Export Credit Refinance for Scheduled Banks								
2.1 Limit	-	-	-	-	-	-	-	-
2.2 Outstanding	-	-	-	-	-	-	-	-
3 Liquidity Facility for PDs								
3.1 Limit	9900	4900	4900	9900	9900	9900	9900	9900
3.2 Outstanding	9810	3319	3174	9066	9810	8770	9311	9061
4 Others								
4.1 Limit	76000	76000	76000	76000	76000	76000	76000	76000
4.2 Outstanding	-	-	-	-	-	-	-	-
5 Total Outstanding (1+2.2+3.2+4.2)	59716	34575	35785	153336	59716	12008	23912	55909

# Money and Banking

## No. 6: Money Stock Measures

(₹ Crore)

Item	Outstanding as on March 31/last reporting Fridays of the month/ reporting Fridays				
	2023-24	2023	2024		
		May 19	May 03	May 17	May 31
		1	2	3	4
1 Currency with the Public (1.1 + 1.2 + 1.3 – 1.4)	3410042	3371391	3469795	3488012	3468476
1.1 Notes in Circulation	3477795	3447924	3537464	3550164	3537190
1.2 Circulation of Rupee Coin	32689	29739	32889	32889	33115
1.3 Circulation of Small Coins	743	743	743	743	743
1.4 Cash on Hand with Banks	101419	107088	101580	96125	102896
2 Deposit Money of the Public	2681424	2328896	2672973	2639502	2742637
2.1 Demand Deposits with Banks	2586888	2260902	2583928	2552107	2651468
2.2 'Other' Deposits with Reserve Bank	94536	67994	89045	87395	91169
<b>3 M1 (1 + 2)</b>	<b>6091466</b>	<b>5700287</b>	<b>6142769</b>	<b>6127514</b>	<b>6211113</b>
4 Post Office Saving Bank Deposits	200257	200257	200257	200257	200257
<b>5 M2 (3 + 4)</b>	<b>6291723</b>	<b>5900544</b>	<b>6343026</b>	<b>6327771</b>	<b>6411370</b>
6 Time Deposits with Banks	18739918	17066523	19217976	19126188	19303478
	(18848160)		(19320614)	(19225635)	(19398657)
7 M3 (3 + 6)	24831384	22766810	25360745	25253702	25514591
	(24939627)		(25463383)	(25353150)	(25609770)
8 Total Post Office Deposits	1113230	1113230	1113230	1113230	1113230
9 M4 (7 + 8)	25944614	23880040	26473975	26366932	26627821
	(26052857)		(26576613)	(26466380)	(26723000)

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

**No. 7 : Sources of Money Stock (M<sub>3</sub>)**

(₹ Crore)

Sources	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2023-24	2023	2024		
		May. 19	May. 03	May. 17	May. 31
	1	2	3	4	5
<b>1 Net Bank Credit to Government</b>	<b>7512016</b>	<b>7135938</b>	<b>7578908</b>	<b>7530022</b>	<b>7370024</b>
1 Net Bank Credit to Government (Including Merger)	(7603571)		(7664268)	(7615419)	(7454906)
1.1 RBI's net credit to Government (1.1.1–1.1.2)	1193213	1284068	1138507	1109883	966036
1.1.1 Claims on Government	1370428	1434729	1378156	1379146	1374629
1.1.1.1 Central Government	1363828	1422535	1358401	1361522	1363906
1.1.1.2 State Governments	6600	12194	19755	17624	10723
1.1.2 Government deposits with RBI	177215	150661	239649	269263	408593
1.1.2.1 Central Government	177172	150619	239606	269221	408551
1.1.2.2 State Governments	42	42	42	42	42
1.2 Other Banks' Credit to Government	6318803	5851870	6440402	6420140	6403988
1.2 Other Banks Credit to Government (Including Merger)	(6410358)		(6525761)	(6505536)	(6488870)
<b>2 Bank Credit to Commercial Sector</b>	<b>16672145</b>	<b>14633072</b>	<b>16879026</b>	<b>16850449</b>	<b>17035758</b>
2 Bank Credit to Commercial Sector (Including Merger)	(17202832)		(17396143)	(17365107)	(17546837)
2.1 RBI's credit to commercial sector	14406	5863	11272	11374	11372
2.2 Other banks' credit to commercial sector	16657739	14627209	16867754	16839075	17024387
2.2 Other banks credit to commercial sector (Including Merger)	(17188425)		(17384871)	(17353733)	(17535465)
2.2.1 Bank credit by commercial banks	15901477	13893970	16114603	16086356	16271321
2.2.1 Bank credit by commercial banks (Including Merger)	(16432164)		(16631720)	(16601014)	(16782399)
2.2.2 Bank credit by co-operative banks	738194	716536	734717	734338	734587
2.2.3 Investments by commercial and co-operative banks in other securities	18068	16703	18434	18381	18479
2.2.3 Investments by commercial and co-operative banks in other securities (Including Merger)	(18068)		(18434)	(18381)	(18479)
<b>3 Net Foreign Exchange Assets of Banking Sector (3.1 + 3.2)</b>	<b>5540381</b>	<b>5062969</b>	<b>5502904</b>	<b>5557260</b>	<b>5588617</b>
3.1 RBIs net foreign exchange assets (3.1.1 - 3.1.2)	5240824	4738559	5203347	5257703	5289060
3.1.1 Gross foreign assets	5241083	4738819	5203604	5257962	5289319
3.1.2 Foreign liabilities	259	260	257	259	259
3.2 Other banks' net foreign exchange assets	299557	324410	299557	299557	299557
<b>4 Government's Currency Liabilities to the Public</b>	<b>33432</b>	<b>30482</b>	<b>33632</b>	<b>33632</b>	<b>33858</b>
<b>5 Banking Sector's Net Non-monetary Liabilities</b>	<b>4926589</b>	<b>4095651</b>	<b>4633725</b>	<b>4717661</b>	<b>4513665</b>
5 Banking Sectors Net Non-monetary Liabilities (Including Merger)	(5440588)		(5133564)	(5218268)	(5014447)
5.1 Net non-monetary liabilities of RBI	1789875	1553290	1769178	1830757	1610257
5.2 Net non-monetary liabilities of other banks (residual)	3136714	2542361	2864548	2886904	2903409
5.2 Net non-monetary liabilities of other banks (residual) (Including Merger)	(3650713)		(3364387)	(3387511)	(3404191)
<b>M<sub>3</sub>(1+2+3+4-5)</b>	<b>24831384</b>	<b>22766810</b>	<b>25360745</b>	<b>25253702</b>	<b>25514591</b>
M <sub>3</sub> (1+2+3+4-5) (Including Merger)	(24939627)		(25463383)	(25353150)	(25609770)

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

**No. 8: Monetary Survey**

(₹ Crore)

Item	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2023-24	2023	2024		
		May 19	May 03	May 17	May 31
		1	2	3	4
<b>Monetary Aggregates</b>					
NM <sub>1</sub> (1.1+1.2.1+1.3)	6091466	5700287	6142769	6116403	6211113
NM <sub>2</sub> (NM <sub>1</sub> + 1.2.2.1)	14424621	13303603	14688269	14619550	14792897
NM <sub>2</sub> (NM <sub>1</sub> + 1.2.2.1) (Including Merger)	(14473330)		(14734455)	(14664302)	(14835727)
NM <sub>3</sub> (NM <sub>2</sub> +1.2.2.2 + 1.4 = 2.1 + 2.2 + 2.3 - 2.4 - 2.5)	25384097	23050135	25913002	25788060	26020669
NM <sub>3</sub> (NM <sub>2</sub> + 1.2.2.2 + 1.4 = 2.1 + 2.2 + 2.3 - 2.4 - 2.5) (Including Merger)	(25492339)		(26015639)	(25887508)	(26115848)
<b>1 Components</b>					
1.1 Currency with the Public	3410042	3371391	3469795	3475251	3468476
1.2 Aggregate Deposits of Residents	21105010	19157161	21573927	21447990	21722100
1.2 Aggregate Deposits of Residents (Including Merger)	(21213252)		(21676565)	(21547438)	(21817278)
1.2.1 Demand Deposits	2586888	2260902	2583928	2552107	2651468
1.2.2 Time Deposits of Residents	18518121	16896259	18989999	18895883	19070631
1.2.2 Time Deposits of Residents (Including Merger)	(18626364)		(19092637)	(18995331)	(19165810)
1.2.2.1 Short-term Time Deposits	8333155	7603316	8545500	8503147	8581784
1.2.2.1 Short-term Time Deposits (Including Merger)	(8381864)		(8591687)	(8547899)	(8624615)
1.2.2.1.1 Certificates of Deposits (CDs)	369399	297389	380236	367426	364274
1.2.2.2 Long-term Time Deposits	10184967	9292942	10444500	10392736	10488847
1.2.2.2 Long-term Time Deposits (Including Merger)	(10244500)		(10500950)	(10447432)	(10541196)
1.3 'Other' Deposits with RBI	94536	67994	89045	89045	91169
1.4 Call/Term Funding from Financial Institutions	774509	453589	780234	775774	738925
<b>2 Sources</b>					
2.1 Domestic Credit	25295986	22885452	25554596	25518945	25522957
2.1 Domestic Credit (Including Merger)	(25918227)		(26157073)	(26118999)	(26118918)
2.1.1 Net Bank Credit to the Government	7512016	7135938	7578908	7558646	7370024
2.1.1 Net Bank Credit to the Government (Including Merger)	(7603571)		(7664268)	(7644043)	(7454906)
2.1.1.1 Net RBI credit to the Government	1193213	1284068	1138507	1138507	966036
2.1.1.2 Credit to the Government by the Banking System	6318803	5851870	6440402	6420140	6403988
2.1.1.2 Credit to the Government by the Banking System (Including Merger)	(6410358)		(6525761)	(6505536)	(6488870)
2.1.2 Bank Credit to the Commercial Sector	17783970	15749514	17975688	17960299	18152933
2.1.2 Bank Credit to the Commercial Sector (Including Merger)	(18314656)		(18492805)	(18474957)	(18664012)
2.1.2.1 RBI Credit to the Commercial Sector	14406	5863	11272	11272	11372
2.1.2.2 Credit to the Commercial Sector by the Banking System	17769564	15743651	17964416	17949027	18141561
2.1.2.2 Credit to the Commercial Sector by the Banking System (Including Merger)	(18300250)		(18481533)	(18463685)	(18652640)
2.1.2.2.1 Other Investments ( Non-SLR Securities)	1089184	1096183	1077302	1089455	1097950
2.2 Government's Currency Liabilities to the Public	33432	30482	33632	33632	33858
2.3 Net Foreign Exchange Assets of the Banking Sector	5110820	4770991	5114375	5168445	5157953
2.3.1 Net Foreign Exchange Assets of the RBI	5240824	4738559	5203347	5203347	5289060
2.3.2 Net Foreign Currency Assets of the Banking System	-130004	32432	-88972	-34903	-131107
2.4 Capital Account	3912897	3761071	4110893	4223458	4252145
2.5 Other items (net)	1657243	875719	1178548	1210110	942735

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

**No. 9: Liquidity Aggregates**

(₹ Crore)

Aggregates	2023-24	2023	2024		
		May	Mar.	Apr.	May
		1	2	3	4
<b>1 NM<sub>3</sub></b>	<b>25386437</b>	<b>23050135</b>	<b>25386437</b>	<b>25701274</b>	<b>26020669</b>
	(25494679)		(25494679)	(25807257)	(26115848)
2 Postal Deposits	702174	672051	702174	702174	702174
<b>3 L<sub>1</sub> ( 1 + 2 )</b>	<b>26088611</b>	<b>23722186</b>	<b>26088611</b>	<b>26403448</b>	<b>26722843</b>
	(26196853)		(26196853)	(26509431)	(26818022)
4 Liabilities of Financial Institutions	85150	65082	85150	78167	72510
4.1 Term Money Borrowings	2375	1802	2375	1858	1324
4.2 Certificates of Deposit	70245	53485	70245	63595	58570
4.3 Term Deposits	12531	9795	12531	12713	12616
<b>5 L<sub>2</sub> ( 3 + 4 )</b>	<b>26173761</b>	<b>23787268</b>	<b>26173761</b>	<b>26481615</b>	<b>26795353</b>
	(26282004)		(26282004)	(26587597)	(26890532)
6 Public Deposits with Non-Banking Financial Companies	91373	..	91373	..	..
<b>7 L<sub>3</sub> ( 5 + 6 )</b>	<b>26265135</b>	<b>..</b>	<b>26265135</b>	<b>..</b>	<b>..</b>

**Note :** 1. Figures in the columns might not add up to the total due to rounding off of numbers.

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

**No. 10: Reserve Bank of India Survey**

(₹ Crore)

Item	Outstanding as on March 31/last reporting Fridays of the month/reporting Fridays				
	2023-24	2023	2024		
		May 19	May 3	May 17	May 31
	1	2	3	4	5
<b>1 Components</b>					
1.1 Currency in Circulation	3511461	3478479	3571376	3571376	3571371
1.2 Bankers' Deposits with the RBI	1025449	913455	1025548	1025548	1014134
1.2.1 Scheduled Commercial Banks	956011	852417	961717	961717	951109
1.3 'Other' Deposits with the RBI	94536	67994	89045	89045	91169
Reserve Money (1.1 + 1.2 + 1.3 = 2.1 + 2.2 + 2.3 - 2.4 - 2.5)	4631446	4459928	4685969	4685969	4676674
<b>2 Sources</b>					
2.1 RBI's Domestic Credit	1147066	1244177	1218168	1218168	964014
2.1.1 Net RBI credit to the Government	1193213	1284068	1138507	1138507	966036
2.1.1.1 Net RBI credit to the Central Government (2.1.1.1 + 2.1.1.2 + 2.1.1.3 + 2.1.1.4 - 2.1.1.5)	1186655	1271916	1118795	1118795	955355
2.1.1.1.1 Loans and Advances to the Central Government	-	-	-	-	-
2.1.1.1.2 Investments in Treasury Bills	-	-	-	-	-
2.1.1.1.3 Investments in dated Government Securities	1363369	1422300	1357964	1357964	1363469
2.1.1.1.3.1 Central Government Securities	1363369	1422300	1357964	1357964	1363469
2.1.1.1.4 Rupee Coins	459	235	437	437	438
2.1.1.1.5 Deposits of the Central Government	177172	150619	239606	239606	408551
2.1.1.2 Net RBI credit to State Governments	6557	12151	19712	19712	10681
2.1.2 RBI's Claims on Banks	-60553	-45754	68389	68389	-13394
2.1.2.1 Loans and Advances to Scheduled Commercial Banks	-60553	-45754	68389	68389	-13394
2.1.3 RBI's Credit to Commercial Sector	14406	5863	11272	11272	11372
2.1.3.1 Loans and Advances to Primary Dealers	9358	3800	9210	9210	9311
2.1.3.2 Loans and Advances to NABARD	-	-	-	-	-
2.2 Government's Currency Liabilities to the Public	33432	30482	33632	33632	33858
2.3 Net Foreign Exchange Assets of the RBI	5240824	4738559	5203347	5203347	5289060
2.3.1 Gold	439319	373000	457902	457902	471621
2.3.2 Foreign Currency Assets	4801522	4365577	4745463	4745463	4817456
2.4 Capital Account	1589134	1692762	1700252	1721228	1767903
2.5 Other Items (net)	200741	-139472	68925	47949	-157646

**No. 11: Reserve Money - Components and Sources**

(₹ Crore)

Item	2023-24	Outstanding as on March 31/last Fridays of the month/Fridays					
		2023	2024				
			May 26	May 3	May 10	May 17	May 31
		1	2	3	4	5	6
Reserve Money (1.1 + 1.2 + 1.3 = 2.1 + 2.2 + 2.3 + 2.4 + 2.5 - 2.6)	4631446	4421992	4685969	4686804	4685093	4722027	4676674
<b>1 Components</b>							
1.1 Currency in Circulation	3511461	3442197	3571376	3590534	3584138	3583833	3571371
1.2 Bankers' Deposits with RBI	1025449	911321	1025548	1008277	1013560	1050705	1014134
1.3 'Other' Deposits with RBI	94536	68474	89045	87992	87395	87489	91169
<b>2 Sources</b>							
2.1 Net Reserve Bank Credit to Government	1193213	1293643	1138507	1097030	1109883	856288	966036
2.2 Reserve Bank Credit to Banks	-60553	-94537	68389	114166	103258	183657	-13394
2.3 Reserve Bank Credit to Commercial Sector	14406	4420	11272	11180	11374	11342	11372
2.4 Net Foreign Exchange Assets of RBI	5240824	4698223	5203347	5229351	5257703	5225853	5289060
2.5 Government's Currency Liabilities to the Public	33432	30692	33632	33632	33632	33632	33858
2.6 Net Non-Monetary Liabilities of RBI	1789875	1510449	1769178	1798555	1830757	1588746	1610257

## No. 12: Commercial Bank Survey

(₹ Crore)

Item	Outstanding as on last reporting Fridays of the month/ reporting Fridays of the month				
	2023-24		2023	2024	
			May 19	May 3	May 17
	1	2	3	4	5
<b>1 Components</b>					
1.1 Aggregate Deposits of Residents	20145188 (20253430)	18206092 (20710404)	20607767 (20584475)	20485027 (20854359)	20759181 (20854359)
1.1.1 Demand Deposits	2443853	2121659	2437590	2407754	2506493
1.1.2 Time Deposits of Residents	17701334 (17809577)	16084433 (18272814)	18170177 (18176721)	18077273 (18347866)	18252688 (18347866)
1.1.2.1 Short-term Time Deposits	7965600	7237995	8176579	8134773	8213709
1.1.2.1.1 Certificates of Deposits (CDs)	369399	297389	380236	367426	364274
1.1.2.2 Long-term Time Deposits	9735734	8846438	9993597	9942500	10038978
1.2 Call/Term Funding from Financial Institutions	777942	453589	780234	775774	738925
<b>2 Sources</b>					
2.1 Domestic Credit	23019606 (23641847)	20553041 (23940372)	23337895 (23901905)	23301851 (24077971)	23482010 (24077971)
2.1.1 Credit to the Government	6014054 (6105610)	5550541 (6219572)	6134212 (6198672)	6113276 (6182473)	6097590 (6182473)
2.1.2 Credit to the Commercial Sector	17005551 (17536238)	15002499 (17720800)	17203683 (17703233)	17188575 (17895499)	17384420 (17895499)
2.1.2.1 Bank Credit	15901477 (16432164)	13893970 (16593941)	16114603 (16631720)	16086356 (16601014)	16271321 (16782399)
2.1.2.1.1 Non-food Credit	15878397 (16409083)	13857621 (16593941)	16076823 (16593941)	16045082 (16593941)	16231062 (16742141)
2.1.2.2 Net Credit to Primary Dealers	22904	20522	19623	20760	19488
2.1.2.3 Investments in Other Approved Securities	949	786	1117	966	1029
2.1.2.4 Other Investments (in non-SLR Securities)	1080222	1087221	1068340	1080493	1092582
2.2 Net Foreign Currency Assets of Commercial Banks (2.2.1+2.2.2+2.2.3)	-130004	32432	-88972	-34903	-131107
2.2.1 Foreign Currency Assets	241661	281276	299060	349927	259269
2.2.2 Non-resident Foreign Currency Repatriable Fixed Deposits	221796	170264	227977	230305	232847
2.2.3 Overseas Foreign Currency Borrowings	149868	78580	160055	154524	157529
2.3 Net Bank Reserves (2.3.1+2.3.2+2.3.3)	893350	993529	982806	977352	1055398
2.3.1 Balances with the RBI	931483	852417	961717	961717	951109
2.3.2 Cash in Hand	89433	95358	89479	84025	90895
2.3.3 Loans and Advances from the RBI	127566	-45754	68389	68389	-13394
2.4 Capital Account	2299592	2044138	2386470	2478059	2476644
2.5 Other items (net) (2.1+2.2+2.3-2.4-1.1-1.2)	560230	875182	457260	505440	431552
2.5.1 Other Demand and Time Liabilities (net of 2.2.3)	787560	716422	742714	756667	809829
2.5.2 Net Inter-Bank Liabilities (other than to PDs)	197781	47685	184685	168869	180030

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

## No. 13: Scheduled Commercial Banks' Investments

(₹ Crore)

Item	As on March 22, 2024	2023		2024	
				May 19	Apr. 19
		1	2	3	4
<b>1 SLR Securities</b>	<b>6106558 (6015003)</b>	<b>5551328</b>	<b>6148210 (6060907)</b>	<b>6199638 (6114242)</b>	<b>6183502 (6098620)</b>
2 Other Government Securities (Non-SLR)	177136	181210	165537	156469	156423
3 Commercial Paper	61175	60463	47918	49424	43225
4 Shares issued by					
4.1 PSUs	8475	9618	12835	13002	12972
4.2 Private Corporate Sector	77722	71151	88509	91996	91821
4.3 Others	5624	4640	7378	6937	7012
5 Bonds/Debentures issued by					
5.1 PSUs	103070	86545	115109	111658	116195
5.2 Private Corporate Sector	287596	298605	249472	253898	243691
5.3 Others	124690	106619	125034	138305	142718
6 Instruments issued by					
6.1 Mutual funds	62499	83743	85830	98744	96688
6.2 Financial institutions	172340	184627	175705	160059	181836

Note: Data against column Nos.(1), (2) &amp; (3) are Final and for column Nos. (4) &amp; (5) data are Provisional.

1. Data since July 14, 2023 include the impact of the merger of a non-bank with a bank.
2. Figures in parentheses exclude the impact of the merger.

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

(₹ Crore)

Item	As on the Last Reporting Friday (in case of March)/ Last Friday							
	All Scheduled Banks				All Scheduled Commercial Banks			
	2023-24	2023	2024		2023-24	2023	2024	
		May	Apr.	May		May	Apr.	May
	1	2	3	4	5	6	7	8
Number of Reporting Banks	210	211	209	208	137	136	136	135
<b>1 Liabilities to the Banking System</b>	<b>554117</b>	<b>368137</b>	<b>541798</b>	<b>527766</b>	<b>549351</b>	<b>364828</b>	<b>537356</b>	<b>523457</b>
1.1 Demand and Time Deposits from Banks	298452	252104	296469	287696	294471	249575	292303	283850
1.2 Borrowings from Banks	182566	55182	170567	163135	182429	55063	170542	163095
1.3 Other Demand and Time Liabilities	73100	60851	74763	76934	72452	60190	74511	76511
<b>2 Liabilities to Others</b>	<b>22664868</b>	<b>20190454</b>	<b>22917159</b>	<b>23268652</b>	<b>22190597</b>	<b>19733714</b>	<b>22440579</b>	<b>22793490</b>
2.1 Aggregate Deposits	20932067	18932570	21264492	21544610	20475226	18494388	20804308	21087206
(20823825)			(21160334)	(21449431)	(20366984)		(20700150)	(20992028)
2.1.1 Demand	2492916	2227143	2530730	2556468	2443853	2182711	2480773	2506493
2.1.2 Time	18439151	16705427	18733762	18988142	18031373	16311677	18323535	18580713
2.2 Borrowings	782260	461474	789091	743310	777942	456685	784526	738925
2.3 Other Demand and Time Liabilities	950541	796410	863576	980731	937428	782642	851745	967358
<b>3 Borrowings from Reserve Bank</b>	<b>222716</b>	<b>67278</b>	<b>209301</b>	<b>71305</b>	<b>222716</b>	<b>67278</b>	<b>209301</b>	<b>71305</b>
3.1 Against Usance Bills /Promissory Notes	-	-	-	-	-	-	-	-
3.2 Others	222716	67278	209301	71305	222716	67278	209301	71305
<b>4 Cash in Hand and Balances with Reserve Bank</b>	<b>1043272</b>	<b>992732</b>	<b>1131231</b>	<b>1064380</b>	<b>1020916</b>	<b>970799</b>	<b>1108501</b>	<b>1042004</b>
4.1 Cash in Hand	91886	121620	93173	93275	89433	118608	90784	90895
4.2 Balances with Reserve Bank	951386	871113	1038058	971105	931483	852191	1017716	951109
<b>5 Assets with the Banking System</b>	<b>455057</b>	<b>397181</b>	<b>435794</b>	<b>430971</b>	<b>374474</b>	<b>331007</b>	<b>363001</b>	<b>362914</b>
5.1 Balances with Other Banks	246384	240749	244270	233895	198327	197927	193978	185598
5.1.1 In Current Account	12010	17218	12215	10712	8971	12803	9388	8068
5.1.2 In Other Accounts	234373	223532	232055	223183	189357	185124	184590	177529
5.2 Money at Call and Short Notice	39614	36430	30878	27885	12355	18894	13390	13028
5.3 Advances to Banks	51325	40670	48078	54040	48368	38116	45925	51888
5.4 Other Assets	117734	79331	112568	115150	115424	76070	109708	112401
<b>6 Investment</b>	<b>6256962</b>	<b>5688037</b>	<b>6281775</b>	<b>6336009</b>	<b>6106558</b>	<b>5543545</b>	<b>6129440</b>	<b>6183502</b>
(6165407)			(6194450)	(6251126)	(6015003)		(6042115)	(6098620)
6.1 Government Securities	6249319	5682020	6274221	6328175	6105610	5542758	6128369	6182473
6.2 Other Approved Securities	7643	6016	7553	7834	949	787	1070	1029
<b>7 Bank Credit</b>	<b>16866336</b>	<b>14305765</b>	<b>16981402</b>	<b>17218547</b>	<b>16432164</b>	<b>13902450</b>	<b>16545337</b>	<b>16782399</b>
(16335650)			(16462061)	(16707468)	(15901477)		(16025997)	(16271321)
7a Food Credit	75472	85546	81990	90882	23081	33571	28213	40259
7.1 Loans, Cash-credits and Overdrafts	16565348	14046367	16662862	16901681	16134303	13646019	16230106	16468877
7.2 Inland Bills-Purchased	60471	42089	65609	64372	60467	42075	64286	64367
7.3 Inland Bills-Discounted	199761	172767	212417	210953	197358	170441	211116	208274
7.4 Foreign Bills-Purchased	16662	18105	19194	16346	16412	17930	18965	16125
7.5 Foreign Bills-Discounted	24094	26437	21320	25195	23624	25985	20865	24756

Note: Data in column Nos. (4) &amp; (8) are Provisional

1. Data since July 2023 include the impact of the merger of a non-bank with a bank.

2. Figures in parentheses exclude the impact of the merger.

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

(₹ Crore)

Sector	Outstanding as on				Growth(%)	
	Mar. 22, 2024	2023	2024		Financial year so far	Y-o-Y
			May 19	Apr. 19	May 31	2024-25
	1	2	3	4	%	%
<b>I. Bank Credit (II + III)</b>	<b>16434662</b>	<b>14009695</b>	<b>16494283</b>	<b>16781420</b>	<b>2.1</b>	<b>19.8</b>
	(15903976)		(15973464)	(16270342)	(2.3)	(16.1)
<b>II. Food Credit</b>	<b>23081</b>	<b>36753</b>	<b>18090</b>	<b>40259</b>	<b>74.4</b>	<b>9.5</b>
<b>III. Non-food Credit</b>	<b>16411581</b>	<b>13972942</b>	<b>16476192</b>	<b>16741162</b>	<b>2.0</b>	<b>19.8</b>
	(15880895)		(15955374)	(16230083)	(2.2)	(16.2)
<b>1. Agriculture &amp; Allied Activities</b>	<b>2071251</b>	<b>1759075</b>	<b>2115986</b>	<b>2139047</b>	<b>3.3</b>	<b>21.6</b>
<b>2. Industry (Micro and Small, Medium and Large)</b>	<b>3652804</b>	<b>3386088</b>	<b>3655455</b>	<b>3703160</b>	<b>1.4</b>	<b>9.4</b>
	(3635810)		(3639138)	(3687080)	(1.4)	(8.9)
2.1 Micro and Small	726315	637395	731994	736404	1.4	15.5
2.2 Medium	303998	271423	309427	313398	3.1	15.5
2.3 Large	2622490	2477270	2614034	2653358	1.2	7.1
<b>3. Services</b>	<b>4592227</b>	<b>3800500</b>	<b>4605915</b>	<b>4681338</b>	<b>1.9</b>	<b>23.2</b>
	(4490467)		(4509188)	(4587710)	(2.2)	(20.7)
3.1 Transport Operators	230175	196453	234760	243074	5.6	23.7
3.2 Computer Software	25917	24359	24774	25787	-0.5	5.9
3.3 Tourism, Hotels & Restaurants	77513	68712	77054	78408	1.2	14.1
3.4 Shipping	7067	6575	6884	6908	-2.2	5.1
3.5 Aviation	43248	31010	44998	45556	5.3	46.9
3.6 Professional Services	167234	140735	173429	179919	7.6	27.8
3.7 Trade	1025752	896234	1020885	1054824	2.8	17.7
3.7.1. Wholesale Trade <sup>1</sup>	538744	470183	537086	556014	3.2	18.3
3.7.2 Retail Trade	487008	426051	483799	498810	2.4	17.1
3.8 Commercial Real Estate	469013	329653	468803	479120	2.2	45.3
	(400470)		(402521)	(415390)	(3.7)	(26.0)
3.9 Non-Banking Financial Companies (NBFCs) <sup>2</sup> of which,	1548027	1351257	1564519	1568073	1.3	16.0
3.9.1 Housing Finance Companies (HFCs)	325626	319133	330115	331251	1.7	3.8
3.9.2 Public Financial Institutions (PFIs)	226963	175666	232074	226676	-0.1	29.0
3.10 Other Services <sup>3</sup>	998281	755513	989810	999668	0.1	32.3
	(978198)		(969994)	(980290)	(0.2)	(29.8)
<b>4. Personal Loans</b>	<b>5331290</b>	<b>4238928</b>	<b>5346354</b>	<b>5456633</b>	<b>2.4</b>	<b>28.7</b>
	(4852210)		(4863453)	(4995156)	(2.9)	(17.8)
4.1 Consumer Durables	23713	21469	23577	24683	4.1	15.0
4.2 Housing	2718715	2009750	2741455	2786598	2.5	38.7
	(2264677)		(2283135)	(2349060)	(3.7)	(16.9)
4.3 Advances against Fixed Deposits	125239	111972	121868	123334	-1.5	10.1
4.4 Advances to Individuals against share & bonds	8492	7614	8472	9262	9.1	21.6
4.5 Credit Card Outstanding	257016	212410	259641	267979	4.3	26.2
4.6 Education	119380	97492	119125	121102	1.4	24.2
4.7 Vehicle Loans	589251	510800	594034	602270	2.2	17.9
4.8 Loan against gold jewellery	102562	90036	101552	116777	13.9	29.7
4.9 Other Personal Loans	1386921	1177385	1376631	1404629	1.3	19.3
	(1362113)		(1352213)	(1380790)	(1.4)	(17.3)
<b>5. Priority Sector (Memo)</b>						
(i) Agriculture & Allied Activities <sup>4</sup>	2081856	1693835	2060244	2078112	-0.2	22.7
(ii) Micro & Small Enterprises <sup>5</sup>	1974191	1693042	1964032	2030754	2.9	19.9
(iii) Medium Enterprises <sup>6</sup>	490703	428591	498958	502496	2.4	17.2
(iv) Housing	755222	624463	753576	762822	1.0	22.2
	(660572)		(659843)	(670883)	(1.6)	(7.4)
(v) Education Loans	62235	59109	61027	61277	-1.5	3.7
(vi) Renewable Energy	5991	4733	5712	5923	-1.1	25.1
(vii) Social Infrastructure	2613	2596	2619	2674	2.3	3.0
(viii) Export Credit	11256	13628	13433	11218	-0.3	-17.7
(ix) Others	61336	64151	75152	62047	1.2	-3.3
(x) Weaker Sections including net PSLC- SF/MF	1647778	1336978	1605821	1670313	1.4	24.9

## Notes:

- (1) Data are provisional. Bank credit, Food credit and Non-food credit data are based on Section-42 return, which covers all scheduled commercial banks (SCBs), while sectoral non-food credit data are based on sector-wise and industry-wise bank credit (SIBC) return, which covers select banks accounting for about 95 per cent of total non-food credit extended by all SCBs, pertaining to the last reporting Friday of the month.
- (2) Data since July 28, 2023 include the impact of the merger of a non-bank with a bank. Figures in parentheses exclude the impact of the merger.
- (3) Bank credit, Food credit and Non-food credit given for the period May 19, 2023 pertains to the June 2, 2023.
- (4) For Bank credit, Food credit and Non-food credit, Y-o-Y growth rates were calculated based on the outstanding credit as on May 31, 2024, over June 2, 2023.

<sup>1</sup> Wholesale trade includes food procurement credit outside the food credit consortium.<sup>2</sup> NBFCs include HFCs, PFIs, Microfinance Institutions (MFIs), NBFCs engaged in gold loan and others.<sup>3</sup> "Other Services" include Mutual Fund (MFs), Banking and Finance other than NBFCs and MFs and other services which are not indicated elsewhere under services.<sup>4</sup> "Agriculture and Allied Activities" under the priority sector also include priority sector lending certificates (PSLCs).<sup>5</sup> "Micro and Small Enterprises" under the priority sector include credit to micro and small enterprises in industry and services sectors and also include PSLCs.<sup>6</sup> "Medium Enterprises" under the priority sector include credit to medium enterprises in industry and services sectors.

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

(₹ Crore)

Industry	Outstanding as on				Growth(%)	
	Mar. 22, 2024	2024		Financial year so far	Y-o-Y	
		May 19	Apr. 19	May 31	2024-25	2024
	1	2	3	4	%	%
<b>2 Industries (2.1 to 2.19)</b>	3652804 (3635810)	3386088 (3639138)	3655455 (3687080)	3703160 (3687080)	1.4 (1.4)	9.4 (8.9)
<b>2.1 Mining &amp; Quarrying (incl. Coal)</b>	54166	56369	55315	55370	2.2	-1.8
<b>2.2 Food Processing</b>	208864	181148	210714	207369	-0.7	14.5
2.2.1 Sugar	26383	22501	27896	26622	0.9	18.3
2.2.2 Edible Oils & Vanaspati	19700	18469	20149	18763	-4.8	1.6
2.2.3 Tea	5692	5434	5721	5677	-0.3	4.5
2.2.4 Others	157089	134744	156948	156307	-0.5	16.0
<b>2.3 Beverage &amp; Tobacco</b>	31136	23602	31592	30995	-0.5	31.3
<b>2.4 Textiles</b>	256048	233730	253819	255653	-0.2	9.4
2.4.1 Cotton Textiles	99199	91559	97390	97916	-1.3	6.9
2.4.2 Jute Textiles	4280	3781	4266	4254	-0.6	12.5
2.4.3 Man-Made Textiles	45111	38611	44282	44848	-0.6	16.2
2.4.4 Other Textiles	107458	99779	107882	108635	1.1	8.9
<b>2.5 Leather &amp; Leather Products</b>	12588	11807	12488	12437	-1.2	5.3
<b>2.6 Wood &amp; Wood Products</b>	23839	21131	23840	24301	1.9	15.0
<b>2.7 Paper &amp; Paper Products</b>	46426	43728	46270	46961	1.2	7.4
<b>2.8 Petroleum, Coal Products &amp; Nuclear Fuels</b>	132356	134882	133967	139876	5.7	3.7
<b>2.9 Chemicals &amp; Chemical Products</b>	249347	225645	251949	256275	2.8	13.6
2.9.1 Fertiliser	37569	38959	36872	39055	4.0	0.2
2.9.2 Drugs & Pharmaceuticals	81036	70225	81941	83250	2.7	18.5
2.9.3 Petro Chemicals	23157	21483	25666	25091	8.3	16.8
2.9.4 Others	107584	94979	107470	108881	1.2	14.6
<b>2.10 Rubber, Plastic &amp; their Products</b>	90420	82848	88937	88414	-2.2	6.7
<b>2.11 Glass &amp; Glassware</b>	12090	9293	12199	12224	1.1	31.5
<b>2.12 Cement &amp; Cement Products</b>	59757	54652	58089	59706	-0.1	9.2
<b>2.13 Basic Metal &amp; Metal Product</b>	384447	341792	381616	389190	1.2	13.9
2.13.1 Iron & Steel	273803	228337	269936	275226	0.5	20.5
2.13.2 Other Metal & Metal Product	110645	113454	111680	113964	3.0	0.4
<b>2.14 All Engineering</b>	196643	180118	197017	199049	1.2	10.5
2.14.1 Electronics	43175	42277	44296	43835	1.5	3.7
2.14.2 Others	153468	137842	152722	155215	1.1	12.6
<b>2.15 Vehicles, Vehicle Parts &amp; Transport Equipment</b>	113185	102755	111469	111779	-1.2	8.8
<b>2.16 Gems &amp; Jewellery</b>	84860	78206	83491	82752	-2.5	5.8
<b>2.17 Construction</b>	133520	125232	131369	136280	2.1	8.8
<b>2.18 Infrastructure</b>	1304096	1247567	1322295	1337749	2.6	7.2
2.18.1 Power	644042	617951	647359	658087	2.2	6.5
2.18.2 Telecommunications	138192	127757	137366	134410	-2.7	5.2
2.18.3 Roads	318072	305638	331069	335702	5.5	9.8
2.18.4 Airports	7280	7810	7443	7556	3.8	-3.3
2.18.5 Ports	6681	7477	6342	6412	-4.0	-14.2
2.18.6 Railways	13062	10618	13138	13203	1.1	24.3
2.18.7 Other Infrastructure	176767	170317	179580	182380	3.2	7.1
<b>2.19 Other Industries</b>	259016	231582	249019	256777	-0.9	10.9

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

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

(₹ Crore)

Item	Last Reporting Friday (in case of March)/Last Friday/ Reporting Friday								
	2023-24	2024							
		Apr. 28	Feb. 23	Mar. 08	Mar. 22	Mar. 29	Apr. 05	Apr. 19	Apr. 26
	1	2	3	4	5	6	7	8	9
Number of Reporting Banks	33	33	33	33	33	33	33	33	33
<b>1 Aggregate Deposits (2.1.1.2+2.2.1.2)</b>	<b>138788.9</b>	<b>135132.5</b>	<b>132042.0</b>	<b>133671.4</b>	<b>137649.9</b>	<b>138788.9</b>	<b>138798.4</b>	<b>137357.2</b>	<b>135856.4</b>
2 Demand and Time Liabilities									
<b>2.1 Demand Liabilities</b>	<b>30226.7</b>	<b>27666.5</b>	<b>27356.3</b>	<b>29378.9</b>	<b>28442.9</b>	<b>30226.7</b>	<b>28549.4</b>	<b>28302.3</b>	<b>28654.1</b>
2.1.1 Deposits									
2.1.1.1 Inter-Bank	9101.3	8403.6	7498.1	7823.5	7854.4	9101.3	8044.1	8096.3	7965.2
2.1.1.2 Others	15000.4	14616.2	14122.7	15294.8	14769.1	15000.4	14969.9	14869.0	14417.9
2.1.2 Borrowings from Banks	130.0			655.0		130.0	440.7		679.5
2.1.3 Other Demand Liabilities	5995.0	4646.7	5735.6	5605.6	5819.4	5995.0	5094.7	5337.0	5591.5
<b>2.2 Time Liabilities</b>	<b>198141.8</b>	<b>175563.3</b>	<b>178609.9</b>	<b>180631.5</b>	<b>191843.2</b>	<b>198141.8</b>	<b>195944.6</b>	<b>192115.1</b>	<b>189681.3</b>
2.2.1 Deposits									
2.2.1.1 Inter-Bank	72308.4	53288.9	57905.0	59140.7	66034.5	72308.4	70753.2	67955.0	66557.0
2.2.1.2 Others	123788.5	120516.3	117919.3	118376.6	122880.8	123788.5	123828.5	122488.2	121438.5
2.2.2 Borrowings from Banks	673.6	843.1	1582.3	1862.5	1535.4	673.6	652.8	652.8	652.8
2.2.3 Other Time Liabilities	1371.3	915.1	1203.2	1251.7	1392.5	1371.3	710.1	1019.1	1033.0
3 Borrowing from Reserve Bank	0.0		135.0	135.0	100.0				
4 Borrowings from a notified bank / Government	95914.5	72437.7	86889.8	86640.9	90240.5	95914.5	89985.8	87425.2	86593.2
4.1 Demand	27317.7	19096.3	22632.6	21291.8	24187.7	27317.7	25417.7	24184.6	23967.7
4.2 Time	68596.8	53341.1	64257.3	65349.1	66052.8	68596.8	64568.1	63240.6	62625.5
<b>5 Cash in Hand and Balances with Reserve Bank</b>	<b>16263.7</b>	<b>11764.2</b>	<b>11568.9</b>	<b>12032.2</b>	<b>13922.4</b>	<b>16263.7</b>	<b>15725.0</b>	<b>13393.3</b>	<b>12135.1</b>
5.1 Cash in Hand	960.0	763.2	758.7	748.3	808.9	960.0	726.3	874.7	777.3
5.2 Balance with Reserve Bank	15303.7	11001.0	10810.2	11283.9	13113.5	15303.7	14998.7	12518.6	11357.8
<b>6 Balances with Other Banks in Current Account</b>	<b>2088.1</b>	<b>2745.1</b>	<b>1819.0</b>	<b>1739.7</b>	<b>1793.1</b>	<b>2088.1</b>	<b>2751.6</b>	<b>1725.5</b>	<b>1625.6</b>
<b>7 Investments in Government Securities</b>	<b>77700.5</b>	<b>74288.0</b>	<b>74035.2</b>	<b>74120.7</b>	<b>74662.6</b>	<b>77700.5</b>	<b>75562.7</b>	<b>75605.0</b>	<b>75501.1</b>
<b>8 Money at Call and Short Notice</b>	<b>34355.3</b>	<b>22225.7</b>	<b>24428.3</b>	<b>26467.0</b>	<b>33159.5</b>	<b>34355.3</b>	<b>30264.5</b>	<b>26097.0</b>	<b>23246.7</b>
<b>9 Bank Credit (10.1+11)</b>	<b>135141.9</b>	<b>121128.0</b>	<b>133623.3</b>	<b>139496.2</b>	<b>132560.6</b>	<b>135141.9</b>	<b>134343.5</b>	<b>134755.3</b>	<b>137382.4</b>
10 Advances									
<b>10.1 Loans, Cash-Credits and Overdrafts</b>	<b>134936.8</b>	<b>121063.0</b>	<b>133448.3</b>	<b>139327.4</b>	<b>132372.0</b>	<b>134936.8</b>	<b>134130.7</b>	<b>134570.3</b>	<b>137200.4</b>
10.2 Due from Banks	142185.2	121140.9	137852.4	130707.1	138216.3	142185.2	139090.4	136863.1	136586.9
11 Bills Purchased and Discounted	205.1	65.0	175.0	168.8	188.6	205.1	212.8	185.0	182.0

## Prices and Production

### No. 18: Consumer Price Index (Base: 2012=100)

Group/Sub group	2023-24			Rural			Urban			Combined		
	Rural	Urban	Combined	Jun.23	May.24	Jun.24 (P)	Jun.23	May.24	Jun.24 (P)	Jun.23	May.24	Jun.24 (P)
	1	2	3	4	5	6	7	8	9	10	11	12
<b>1 Food and beverages</b>	<b>185.9</b>	<b>192.7</b>	<b>188.4</b>	<b>180.5</b>	<b>190.6</b>	<b>195.5</b>	<b>187.6</b>	<b>197.6</b>	<b>203.5</b>	<b>183.1</b>	<b>193.2</b>	<b>198.4</b>
1.1 Cereals and products	181.4	181.7	181.5	174.4	188.7	190.1	175.7	189.0	190.0	174.8	188.8	190.1
1.2 Meat and fish	213.0	221.3	215.9	220.4	226.5	231.5	226.6	236.3	240.4	222.6	229.9	234.6
1.3 Egg	185.4	189.5	187.0	181.1	184.9	188.4	185.4	189.1	192.9	182.8	186.5	190.1
1.4 Milk and products	181.4	181.5	181.4	180.1	184.1	185.1	179.8	184.3	185.8	180.0	184.2	185.4
1.5 Oils and fats	165.3	158.7	162.9	167.2	160.5	162.2	159.7	155.2	156.1	164.4	158.6	160.0
1.6 Fruits	172.1	179.9	175.7	167.0	180.4	179.3	177.8	187.4	190.0	172.0	183.7	184.3
1.7 Vegetables	183.9	229.9	199.5	165.9	190.7	216.0	210.8	233.2	269.7	181.1	205.1	234.2
1.8 Pulses and products	192.2	196.5	193.7	180.9	203.7	208.8	183.2	209.7	215.1	181.7	205.7	210.9
1.9 Sugar and confectionery	126.2	128.1	126.9	122.8	128.9	130.0	124.9	131.3	132.1	123.5	129.7	130.7
1.10 Spices	238.0	228.4	234.8	226.3	229.2	229.2	216.8	223.6	224.8	223.1	227.3	227.7
1.11 Non-alcoholic beverages	180.7	168.2	175.5	179.2	182.4	183.0	166.7	170.8	171.3	174.0	177.6	178.1
1.12 Prepared meals, snacks, sweets	193.3	200.9	196.8	191.6	196.6	197.4	198.4	205.5	206.5	194.8	200.7	201.6
<b>2 Pan, tobacco and intoxicants</b>	<b>202.0</b>	<b>207.1</b>	<b>203.3</b>	<b>200.4</b>	<b>205.5</b>	<b>206.1</b>	<b>204.6</b>	<b>211.5</b>	<b>212.2</b>	<b>201.5</b>	<b>207.1</b>	<b>207.7</b>
<b>3 Clothing and footwear</b>	<b>192.9</b>	<b>181.5</b>	<b>188.4</b>	<b>191.4</b>	<b>195.7</b>	<b>196.3</b>	<b>179.9</b>	<b>184.7</b>	<b>185.1</b>	<b>186.8</b>	<b>191.3</b>	<b>191.9</b>
3.1 Clothing	193.5	183.5	189.6	191.9	196.5	197.2	182.0	186.7	187.3	188.0	192.6	193.3
3.2 Footwear	189.4	170.2	181.4	188.5	191.1	191.4	168.5	173.0	173.3	180.2	183.6	183.9
<b>4 Housing</b>	--	<b>176.7</b>	<b>176.7</b>	--	--	--	<b>174.4</b>	<b>180.1</b>	<b>179.1</b>	<b>174.4</b>	<b>180.1</b>	<b>179.1</b>
<b>5 Fuel and light</b>	<b>183.0</b>	<b>178.9</b>	<b>181.4</b>	<b>181.8</b>	<b>180.3</b>	<b>180.4</b>	<b>184.7</b>	<b>169.3</b>	<b>169.3</b>	<b>182.9</b>	<b>176.1</b>	<b>176.2</b>
<b>6 Miscellaneous</b>	<b>181.7</b>	<b>173.7</b>	<b>177.8</b>	<b>180.0</b>	<b>185.9</b>	<b>186.3</b>	<b>172.2</b>	<b>177.3</b>	<b>177.9</b>	<b>176.2</b>	<b>181.7</b>	<b>182.2</b>
6.1 Household goods and services	181.5	171.8	176.9	180.4	183.9	184.1	170.4	174.8	175.2	175.7	179.6	179.9
6.2 Health	190.8	185.2	188.7	188.5	195.7	196.0	182.8	190.0	190.8	186.3	193.5	194.0
6.3 Transport and communication	171.1	161.4	166.0	169.9	171.8	172.0	160.8	161.5	161.9	165.1	166.4	166.7
6.4 Recreation and amusement	175.8	171.1	173.2	174.3	178.5	178.6	169.8	173.3	173.8	171.8	175.6	175.9
6.5 Education	184.0	179.1	181.1	181.9	186.9	188.1	177.1	182.4	183.7	179.1	184.3	185.5
6.6 Personal care and effects	186.3	187.4	186.8	184.4	198.6	199.1	185.2	200.6	200.7	184.7	199.4	199.8
<b>General Index (All Groups)</b>	<b>185.6</b>	<b>182.4</b>	<b>184.1</b>	<b>181.9</b>	<b>189.4</b>	<b>192.2</b>	<b>179.9</b>	<b>185.7</b>	<b>187.8</b>	<b>181.0</b>	<b>187.7</b>	<b>190.2</b>

Source: National Statistical Office, Ministry of Statistics and Programme Implementation, Government of India.

P: Provisional

### No. 19: Other Consumer Price Indices

Item	Base Year	Linking Factor	2023-24		2024				
			2023	2024	May	Feb.	Mar.	Apr.	May
	1	2	3	4	5	6	7	8	
1 Consumer Price Index for Industrial Workers	2016	2.88	137.9	134.7	139.2	138.9	139.4	139.9	
2 Consumer Price Index for Agricultural Labourers	1986-87	5.89	1229	1186	1258	1259	1263	1269	
3 Consumer Price Index for Rural Labourers	1986-87	-	1240	1197	1269	1270	1275	1281	

Source: Labour Bureau, Ministry of Labour and Employment, Government of India.

### No. 20: Monthly Average Price of Gold and Silver in Mumbai

Item	2023-24	2023		2024	
		May	Apr.	May	Apr.
		1	2	3	4
1 Standard Gold (₹ per 10 grams)		60624	60583	71353	72135
2 Silver (₹ per kilogram)		72243	73015	80778	86866

Source: India Bullion &amp; Jewellers Association Ltd., Mumbai for Gold and Silver prices in Mumbai.

**No. 21: Wholesale Price Index**  
(Base: 2011-12 = 100)

Commodities	Weight	2023-24	2023		2024		
			Jun.	Mar.	Apr.	May.(P)	Jun.(P)
	1	2	3	4	5	6	7
<b>1 ALL COMMODITIES</b>	<b>100.000</b>	<b>151.4</b>	<b>148.9</b>	<b>151.4</b>	<b>152.9</b>	<b>153.3</b>	<b>153.9</b>
<b>1.1 PRIMARY ARTICLES</b>	<b>22.618</b>	<b>183.0</b>	<b>176.1</b>	<b>183.2</b>	<b>187.1</b>	<b>187.7</b>	<b>191.6</b>
<b>1.1.1 FOOD ARTICLES</b>	<b>15.256</b>	<b>191.3</b>	<b>184.9</b>	<b>191.4</b>	<b>196.8</b>	<b>199.1</b>	<b>205.0</b>
1.1.1.1 Food Grains (Cereals+Pulses)	3.462	193.8	185.2	202.3	202.5	204.1	206.7
1.1.1.2 Fruits & Vegetables	3.475	210.2	193.9	197.2	215.0	220.5	245.1
1.1.1.3 Milk	4.440	180.3	178.3	184.2	185.3	183.7	184.3
1.1.1.4 Eggs, Meat & Fish	2.402	172.1	180.0	168.9	172.6	178.4	174.5
1.1.1.5 Condiments & Spices	0.529	235.4	209.7	233.5	228.5	236.8	237.3
1.1.1.6 Other Food Articles	0.948	189.5	180.5	198.8	207.6	205.9	208.5
<b>1.1.2 NON-FOOD ARTICLES</b>	<b>4.119</b>	<b>162.4</b>	<b>158.9</b>	<b>160.0</b>	<b>157.7</b>	<b>156.3</b>	<b>155.8</b>
1.1.2.1 Fibres	0.839	168.0	170.1	165.0	161.5	159.9	159.8
1.1.2.2 Oil Seeds	1.115	185.0	186.2	178.7	179.5	179.4	180.0
1.1.2.3 Other non-food Articles	1.960	134.9	132.4	133.7	131.1	130.9	132.6
1.1.2.4 Floriculture	0.204	279.7	217.6	291.0	279.3	260.7	228.8
<b>1.1.3 MINERALS</b>	<b>0.833</b>	<b>217.7</b>	<b>207.4</b>	<b>221.6</b>	<b>224.0</b>	<b>224.0</b>	<b>227.3</b>
1.1.3.1 Metallic Minerals	0.648	204.2	193.3	212.6	214.4	214.4	219.7
1.1.3.2 Other Minerals	0.185	265.0	257.0	253.2	257.9	257.9	254.2
<b>1.1.4 CRUDE PETROLEUM &amp; NATURAL GAS</b>	<b>2.410</b>	<b>153.6</b>	<b>138.6</b>	<b>157.1</b>	<b>162.7</b>	<b>156.9</b>	<b>156.0</b>
<b>1.2 FUEL &amp; POWER</b>	<b>13.152</b>	<b>152.0</b>	<b>146.2</b>	<b>152.1</b>	<b>151.4</b>	<b>150.6</b>	<b>147.7</b>
<b>1.2.1 COAL</b>	<b>2.138</b>	<b>136.4</b>	<b>137.6</b>	<b>135.8</b>	<b>135.9</b>	<b>135.8</b>	<b>135.8</b>
1.2.1.1 Coking Coal	0.647	143.4	143.4	143.4	143.8	143.4	143.4
1.2.1.2 Non-Coking Coal	1.401	124.8	125.8	125.8	125.8	125.8	125.8
1.2.1.3 Lignite	0.090	267.6	279.8	236.0	236.0	236.0	236.0
<b>1.2.2 MINERAL OILS</b>	<b>7.950</b>	<b>159.0</b>	<b>152.8</b>	<b>159.4</b>	<b>159.5</b>	<b>159.5</b>	<b>155.7</b>
<b>1.2.3 ELECTRICITY</b>	<b>3.064</b>	<b>145.0</b>	<b>135.2</b>	<b>144.6</b>	<b>141.1</b>	<b>137.8</b>	<b>135.5</b>
<b>1.3 MANUFACTURED PRODUCTS</b>	<b>64.231</b>	<b>140.2</b>	<b>139.9</b>	<b>140.1</b>	<b>141.2</b>	<b>141.7</b>	<b>141.9</b>
<b>1.3.1 MANUFACTURE OF FOOD PRODUCTS</b>	<b>9.122</b>	<b>160.5</b>	<b>158.8</b>	<b>162.1</b>	<b>164.0</b>	<b>163.2</b>	<b>165.6</b>
1.3.1.1 Processing and Preserving of meat	0.134	145.3	143.6	151.3	153.5	153.6	156.0
1.3.1.2 Processing and Preserving of fish, Crustaceans, Molluscs and products thereof	0.204	142.9	140.8	149.6	143.6	143.3	143.9
1.3.1.3 Processing and Preserving of fruit and Vegetables	0.138	130.4	130.8	130.2	132.1	132.2	132.1
1.3.1.4 Vegetable and Animal oils and Fats	2.643	145.0	145.0	145.7	147.8	147.4	148.2
1.3.1.5 Dairy products	1.165	179.1	178.6	178.8	178.9	179.3	180.0
1.3.1.6 Grain mill products	2.010	175.6	168.7	182.7	182.4	182.6	184.7
1.3.1.7 Starches and Starch products	0.110	157.1	150.7	166.2	163.8	162.8	164.9
1.3.1.8 Bakery products	0.215	165.4	165.1	165.8	165.9	165.9	165.4
1.3.1.9 Sugar, Molasses & honey	1.163	134.6	131.1	136.7	137.6	139.5	139.2
1.3.1.10 Cocoa, Chocolate and Sugar confectionery	0.175	139.8	138.9	142.4	143.9	145.5	152.5
1.3.1.11 Macaroni, Noodles, Couscous and Similar farinaceous products	0.026	149.9	149.4	148.8	151.7	147.0	150.2
1.3.1.12 Tea & Coffee products	0.371	176.2	190.5	161.9	194.8	168.1	198.8
1.3.1.13 Processed condiments & salt	0.163	192.1	187.8	195.5	195.4	192.0	193.8
1.3.1.14 Processed ready to eat food	0.024	146.3	144.7	146.9	148.2	149.1	152.9
1.3.1.15 Health supplements	0.225	179.1	181.4	174.9	174.1	179.2	181.4
1.3.1.16 Prepared animal feeds	0.356	208.3	206.1	203.9	203.8	204.3	206.6
<b>1.3.2 MANUFACTURE OF BEVERAGES</b>	<b>0.909</b>	<b>131.5</b>	<b>130.7</b>	<b>132.5</b>	<b>132.9</b>	<b>133.4</b>	<b>133.4</b>
1.3.2.1 Wines & spirits	0.408	133.3	132.1	134.1	133.9	134.5	134.1
1.3.2.2 Malt liquors and Malt	0.225	135.6	134.5	136.6	137.0	137.8	139.0
1.3.2.3 Soft drinks; Production of mineral waters and Other bottled waters	0.275	125.5	125.6	126.7	128.1	128.1	127.9
<b>1.3.3 MANUFACTURE OF TOBACCO PRODUCTS</b>	<b>0.514</b>	<b>173.5</b>	<b>173.7</b>	<b>176.3</b>	<b>176.3</b>	<b>175.4</b>	<b>174.9</b>
1.3.3.1 Tobacco products	0.514	173.5	173.7	176.3	176.3	175.4	174.9

**No. 21: Wholesale Price Index (Contd.)**

(Base: 2011-12 = 100)

Commodities	Weight	2023-24	2023		2024		
			Jun.	Mar.	Apr.	May.(P)	Jun.(P)
			1	2	3	4	5
<b>1.3.4 MANUFACTURE OF TEXTILES</b>	<b>4.881</b>	<b>134.6</b>	<b>134.8</b>	<b>134.3</b>	<b>135.7</b>	<b>135.9</b>	<b>136.4</b>
1.3.4.1 Preparation and Spinning of textile fibres	2.582	120.1	120.1	119.8	121.8	122.0	122.0
1.3.4.2 Weaving & Finishing of textiles	1.509	157.5	158.1	156.3	156.5	157.1	158.1
1.3.4.3 Knitted and Crocheted fabrics	0.193	120.0	120.0	120.6	123.2	123.2	124.5
1.3.4.4 Made-up textile articles, Except apparel	0.299	156.6	156.2	158.7	159.9	159.5	159.2
1.3.4.5 Cordage, Rope, Twine and Netting	0.098	139.2	139.6	137.6	138.3	138.9	139.3
1.3.4.6 Other textiles	0.201	129.6	129.7	131.6	131.9	131.9	133.7
<b>1.3.5 MANUFACTURE OF WEARING APPAREL</b>	<b>0.814</b>	<b>150.8</b>	<b>149.7</b>	<b>151.5</b>	<b>153.1</b>	<b>152.5</b>	<b>152.2</b>
1.3.5.1 Manufacture of Wearing Apparel (woven), Except fur Apparel	0.593	148.7	148.5	148.7	150.2	150.0	150.3
1.3.5.2 Knitted and Crocheted apparel	0.221	156.6	152.9	159.0	160.7	159.3	157.3
<b>1.3.6 MANUFACTURE OF LEATHER AND RELATED PRODUCTS</b>	<b>0.535</b>	<b>124.1</b>	<b>124.7</b>	<b>123.7</b>	<b>123.6</b>	<b>123.9</b>	<b>124.1</b>
1.3.6.1 Tanning and Dressing of leather; Dressing and Dyeing of fur	0.142	107.3	111.4	104.8	104.7	104.2	103.7
1.3.6.2 Luggage, Handbags, Saddlery and Harness	0.075	140.9	140.4	140.7	140.9	141.0	141.1
1.3.6.3 Footwear	0.318	127.7	126.9	128.1	128.0	128.6	129.1
<b>1.3.7 MANUFACTURE OF WOOD AND PRODUCTS OF WOOD AND CORK</b>	<b>0.772</b>	<b>146.6</b>	<b>145.2</b>	<b>149.1</b>	<b>149.4</b>	<b>149.3</b>	<b>149.8</b>
1.3.7.1 Saw milling and Planing of wood	0.124	137.8	138.1	139.4	138.7	139.5	139.7
1.3.7.2 Veneer sheets; Manufacture of plywood, Laminboard, Particle board and Other panels and Boards	0.493	146.1	143.3	149.0	149.7	149.2	149.8
1.3.7.3 Builder's carpentry and Joinery	0.036	206.4	207.3	214.1	214.3	215.3	215.4
1.3.7.4 Wooden containers	0.119	139.8	141.6	140.0	139.9	140.3	140.9
<b>1.3.8 MANUFACTURE OF PAPER AND PAPER PRODUCTS</b>	<b>1.113</b>	<b>140.3</b>	<b>143.6</b>	<b>138.0</b>	<b>137.9</b>	<b>138.9</b>	<b>138.3</b>
1.3.8.1 Pulp, Paper and Paperboard	0.493	147.6	150.6	144.5	144.6	145.0	144.5
1.3.8.2 Corrugated paper and Paperboard and Containers of paper and Paperboard	0.314	140.9	139.0	143.4	143.4	144.3	144.5
1.3.8.3 Other articles of paper and Paperboard	0.306	128.0	137.1	121.8	121.6	123.5	122.0
<b>1.3.9 PRINTING AND REPRODUCTION OF RECORDED MEDIA</b>	<b>0.676</b>	<b>182.3</b>	<b>179.9</b>	<b>184.6</b>	<b>185.4</b>	<b>185.6</b>	<b>185.2</b>
1.3.9.1 Printing	0.676	182.3	179.9	184.6	185.4	185.6	185.2
<b>1.3.10 MANUFACTURE OF CHEMICALS AND CHEMICAL PRODUCTS</b>	<b>6.465</b>	<b>136.9</b>	<b>137.9</b>	<b>135.6</b>	<b>135.7</b>	<b>135.8</b>	<b>136.4</b>
1.3.10.1 Basic chemicals	1.433	139.9	141.4	136.5	136.7	137.3	137.9
1.3.10.2 Fertilizers and Nitrogen compounds	1.485	142.8	144.3	142.6	143.3	143.4	143.2
1.3.10.3 Plastic and Synthetic rubber in primary form	1.001	132.3	133.0	132.4	132.4	131.9	134.0
1.3.10.4 Pesticides and Other agrochemical products	0.454	132.8	134.0	130.5	127.1	127.9	127.3
1.3.10.5 Paints, Varnishes and Similar coatings, Printing ink and Mastics	0.491	143.7	143.0	141.0	139.2	140.4	140.6
1.3.10.6 Soap and Detergents, Cleaning and Polishing preparations, Perfumes and Toilet preparations	0.612	139.7	140.8	138.0	139.1	138.7	138.8
1.3.10.7 Other chemical products	0.692	134.4	135.0	134.5	135.1	134.5	135.5
1.3.10.8 Man-made fibres	0.296	103.6	103.5	103.6	104.9	104.9	106.9
<b>1.3.11 MANUFACTURE OF PHARMACEUTICALS, MEDICINAL CHEMICAL AND BOTANICAL PRODUCTS</b>	<b>1.993</b>	<b>142.9</b>	<b>143.4</b>	<b>143.4</b>	<b>143.5</b>	<b>144.6</b>	<b>144.0</b>
1.3.11.1 Pharmaceuticals, Medicinal chemical and Botanical products	1.993	142.9	143.4	143.4	143.5	144.6	144.0
<b>1.3.12 MANUFACTURE OF RUBBER AND PLASTICS PRODUCTS</b>	<b>2.299</b>	<b>127.5</b>	<b>127.1</b>	<b>128.2</b>	<b>128.1</b>	<b>128.2</b>	<b>128.8</b>
1.3.12.1 Rubber Tyres and Tubes; Retreading and Rebuilding of Rubber Tyres	0.609	113.7	113.6	113.8	113.6	113.3	113.9
1.3.12.2 Other Rubber Products	0.272	107.3	106.3	108.6	109.2	109.1	110.4
1.3.12.3 Plastics products	1.418	137.3	136.8	138.2	137.9	138.3	138.7
<b>1.3.13 MANUFACTURE OF OTHER NON-METALLIC MINERAL PRODUCTS</b>	<b>3.202</b>	<b>134.7</b>	<b>134.7</b>	<b>133.1</b>	<b>132.6</b>	<b>132.2</b>	<b>131.5</b>
1.3.13.1 Glass and Glass products	0.295	163.8	164.0	163.9	164.0	163.8	162.4
1.3.13.2 Refractory products	0.223	119.7	119.0	119.7	119.0	119.2	118.6
1.3.13.3 Clay Building Materials	0.121	123.9	130.0	119.9	118.1	120.2	116.2
1.3.13.4 Other Porcelain and Ceramic Products	0.222	122.3	121.3	124.4	124.5	124.8	124.4
1.3.13.5 Cement, Lime and Plaster	1.645	137.3	137.4	134.3	133.6	132.6	131.7

**No. 21: Wholesale Price Index (Contd.)**

(Base: 2011-12 = 100)

Commodities	Weight	2023-24	2023	2024				
			Jun.	Mar.	Apr.	May.(P)		
			1	2	3	4	5	6
1.3.13.6 Articles of Concrete, Cement and Plaster	0.292	137.7	137.3	137.2	138.9	139.3	139.7	
1.3.13.7 Cutting, Shaping and Finishing of Stone	0.234	130.3	127.1	131.7	131.9	131.4	132.3	
1.3.13.8 Other Non-Metallic Mineral Products	0.169	102.4	105.2	100.9	96.5	97.0	97.4	
<b>1.3.14 MANUFACTURE OF BASIC METALS</b>	<b>9.646</b>	<b>141.0</b>	<b>141.6</b>	<b>138.7</b>	<b>141.4</b>	<b>144.1</b>	<b>143.1</b>	
1.3.14.1 Inputs into steel making	1.411	140.3	142.0	134.6	136.7	142.4	139.6	
1.3.14.2 Metallic Iron	0.653	153.6	156.3	147.4	149.4	154.5	152.1	
1.3.14.3 Mild Steel - Semi Finished Steel	1.274	119.9	121.8	117.0	118.4	120.1	120.2	
1.3.14.4 Mild Steel - Long Products	1.081	141.3	141.7	138.9	142.3	144.5	143.9	
1.3.14.5 Mild Steel - Flat products	1.144	143.4	144.5	138.7	138.5	140.6	140.5	
1.3.14.6 Alloy steel other than Stainless Steel- Shapes	0.067	137.6	139.7	134.3	137.9	142.2	141.7	
1.3.14.7 Stainless Steel - Semi Finished	0.924	136.4	141.5	131.1	139.6	140.6	133.1	
1.3.14.8 Pipes & tubes	0.205	169.7	169.7	169.8	168.0	166.6	166.7	
1.3.14.9 Non-ferrous metals incl. precious metals	1.693	144.8	144.2	146.4	152.4	156.5	157.5	
1.3.14.10 Castings	0.925	141.0	134.0	146.1	145.0	143.9	145.0	
1.3.14.11 Forgings of steel	0.271	173.3	172.2	170.8	171.2	173.1	174.4	
<b>1.3.15 MANUFACTURE OF FABRICATED METAL PRODUCTS, EXCEPT MACHINERY AND EQUIPMENT</b>	<b>3.155</b>	<b>138.6</b>	<b>139.3</b>	<b>136.2</b>	<b>136.0</b>	<b>136.3</b>	<b>135.7</b>	
1.3.15.1 Structural Metal Products	1.031	132.3	132.2	130.6	130.6	131.2	130.0	
1.3.15.2 Tanks, Reservoirs and Containers of Metal	0.660	157.6	160.4	155.3	151.0	152.9	151.3	
1.3.15.3 Steam generators, Except Central Heating Hot Water Boilers	0.145	106.3	109.4	106.0	108.1	109.4	109.5	
1.3.15.4 Forging, Pressing, Stamping and Roll-Forming of Metal; Powder Metallurgy	0.383	141.4	139.3	136.8	136.5	133.1	134.1	
1.3.15.5 Cutlery, Hand Tools and General Hardware	0.208	108.4	108.8	101.5	101.9	102.0	101.5	
1.3.15.6 Other Fabricated Metal Products	0.728	143.8	145.0	142.3	144.8	145.6	145.4	
<b>1.3.16 MANUFACTURE OF COMPUTER, ELECTRONIC AND OPTICAL PRODUCTS</b>	<b>2.009</b>	<b>119.3</b>	<b>118.3</b>	<b>120.4</b>	<b>121.6</b>	<b>122.0</b>	<b>122.0</b>	
1.3.16.1 Electronic Components	0.402	115.0	114.9	115.5	116.6	117.3	117.8	
1.3.16.2 Computers and Peripheral Equipment	0.336	135.3	135.1	135.3	135.3	135.3	135.3	
1.3.16.3 Communication Equipment	0.310	136.1	131.5	139.5	146.3	146.3	145.9	
1.3.16.4 Consumer Electronics	0.641	103.6	104.1	103.7	103.9	103.3	103.3	
1.3.16.5 Measuring, Testing, Navigating and Control equipment	0.181	113.8	111.6	118.2	115.0	119.8	117.8	
1.3.16.6 Watches and Clocks	0.076	157.2	154.7	159.9	162.9	163.8	163.0	
1.3.16.7 Irradiation, Electromedical and Electrotherapeutic equipment	0.055	108.3	107.3	108.4	109.3	109.4	113.6	
1.3.16.8 Optical instruments and Photographic equipment	0.008	103.8	103.6	105.2	104.1	104.1	109.9	
<b>1.3.17 MANUFACTURE OF ELECTRICAL EQUIPMENT</b>	<b>2.930</b>	<b>131.4</b>	<b>130.5</b>	<b>131.9</b>	<b>132.3</b>	<b>133.4</b>	<b>133.5</b>	
1.3.17.1 Electric motors, Generators, Transformers and Electricity distribution and Control apparatus	1.298	130.1	128.2	130.6	131.2	131.5	131.3	
1.3.17.2 Batteries and Accumulators	0.236	137.8	136.8	140.4	139.8	140.8	140.7	
1.3.17.3 Fibre optic cables for data transmission or live transmission of images	0.133	123.4	123.7	121.2	120.1	118.0	121.0	
1.3.17.4 Other electronic and Electric wires and Cables	0.428	146.1	145.5	146.9	149.9	153.9	155.5	
1.3.17.5 Wiring devices, Electric lighting & display equipment	0.263	116.8	117.0	117.6	117.6	118.9	119.4	
1.3.17.6 Domestic appliances	0.366	133.8	134.5	133.3	132.1	131.9	132.1	
1.3.17.7 Other electrical equipment	0.206	120.9	120.7	121.8	120.8	124.8	122.2	
<b>1.3.18 MANUFACTURE OF MACHINERY AND EQUIPMENT</b>	<b>4.789</b>	<b>129.0</b>	<b>128.0</b>	<b>129.9</b>	<b>130.4</b>	<b>130.9</b>	<b>130.7</b>	
1.3.18.1 Engines and Turbines, Except aircraft, Vehicle and Two wheeler engines	0.638	128.9	127.1	130.6	130.6	131.3	132.3	
1.3.18.2 Fluid power equipment	0.162	131.9	131.6	132.3	133.3	133.4	133.7	
1.3.18.3 Other pumps, Compressors, Taps and Valves	0.552	117.4	117.0	117.7	117.5	117.7	117.9	
1.3.18.4 Bearings, Gears, Gearing and Driving elements	0.340	127.7	126.5	129.6	127.7	128.6	128.5	
1.3.18.5 Ovens, Furnaces and Furnace burners	0.008	83.7	83.0	85.3	86.2	85.2	86.5	
1.3.18.6 Lifting and Handling equipment	0.285	128.6	127.4	129.9	130.3	129.9	130.3	

**No. 21: Wholesale Price Index (Concl'd.)**

(Base: 2011-12 = 100)

Commodities	Weight	2023-24	2023	2024			
			Jun.	Mar.	Apr.	May.(P)	Jun.(P)
	1	2	3	4	5	6	7
1.3.18.7 Office machinery and Equipment	0.006	130.2	130.2	130.2	130.2	130.2	130.2
1.3.18.8 Other general-purpose machinery	0.437	145.2	143.4	144.6	147.4	151.5	148.3
1.3.18.9 Agricultural and Forestry machinery	0.833	142.5	141.4	143.9	145.3	145.2	145.0
1.3.18.10 Metal-forming machinery and Machine tools	0.224	122.5	121.9	122.4	122.4	122.4	122.4
1.3.18.11 Machinery for mining, Quarrying and Construction	0.371	88.6	88.4	89.3	89.5	89.7	89.9
1.3.18.12 Machinery for food, Beverage and Tobacco processing	0.228	124.4	124.9	124.4	124.6	125.3	125.8
1.3.18.13 Machinery for textile, Apparel and Leather production	0.192	137.2	135.0	137.7	137.9	137.3	134.9
1.3.18.14 Other special-purpose machinery	0.468	144.7	143.9	146.4	146.2	146.3	146.3
1.3.18.15 Renewable electricity generating equipment	0.046	70.8	71.3	69.7	70.1	70.0	69.6
<b>1.3.19 MANUFACTURE OF MOTOR VEHICLES, TRAILERS AND SEMI-TRAILERS</b>	<b>4.969</b>	<b>128.4</b>	<b>127.8</b>	<b>129.9</b>	<b>129.6</b>	<b>129.7</b>	<b>129.8</b>
1.3.19.1 Motor vehicles	2.600	128.5	127.0	130.6	130.5	130.4	130.2
1.3.19.2 Parts and Accessories for motor vehicles	2.368	128.2	128.7	129.0	128.7	128.9	129.3
<b>1.3.20 MANUFACTURE OF OTHER TRANSPORT EQUIPMENT</b>	<b>1.648</b>	<b>143.1</b>	<b>142.1</b>	<b>143.6</b>	<b>144.3</b>	<b>143.9</b>	<b>143.9</b>
1.3.20.1 Building of ships and Floating structures	0.117	163.7	163.7	163.7	177.9	177.9	177.9
1.3.20.2 Railway locomotives and Rolling stock	0.110	107.4	105.9	108.5	108.2	108.3	108.3
1.3.20.3 Motor cycles	1.302	144.7	143.7	145.3	145.0	144.6	144.6
1.3.20.4 Bicycles and Invalid carriages	0.117	137.9	137.0	137.6	136.7	136.0	135.5
1.3.20.5 Other transport equipment	0.002	159.2	158.1	158.5	161.3	163.6	162.8
<b>1.3.21 MANUFACTURE OF FURNITURE</b>	<b>0.727</b>	<b>159.6</b>	<b>160.1</b>	<b>158.4</b>	<b>158.8</b>	<b>158.8</b>	<b>158.8</b>
1.3.21.1 Furniture	0.727	159.6	160.1	158.4	158.8	158.8	158.8
<b>1.3.22 OTHER MANUFACTURING</b>	<b>1.064</b>	<b>158.2</b>	<b>157.7</b>	<b>164.1</b>	<b>176.4</b>	<b>178.2</b>	<b>177.1</b>
1.3.22.1 Jewellery and Related articles	0.996	157.9	157.3	164.3	177.5	179.4	178.3
1.3.22.2 Musical instruments	0.001	187.0	181.1	192.0	199.3	199.3	201.9
1.3.22.3 Sports goods	0.012	155.2	154.8	154.5	158.3	159.2	161.7
1.3.22.4 Games and Toys	0.005	159.6	159.7	160.0	161.2	161.4	161.0
1.3.22.5 Medical and Dental instruments and Supplies	0.049	163.1	164.5	161.2	160.2	159.1	159.1
<b>2 FOOD INDEX</b>	<b>24.378</b>	<b>179.8</b>	<b>175.1</b>	<b>180.4</b>	<b>184.6</b>	<b>185.7</b>	<b>190.3</b>

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

**No. 22: Index of Industrial Production (Base:2011-12=100)**

Industry	Weight	2022-23	2023-24	Apr-May		May	
				2023-24	2024-25	2023	2024
	1	2	3	4	5	6	7
<b>General Index</b>	100.00	138.5	146.7	143.2	151.0	145.6	154.2
<b>1 Sectoral Classification</b>							
1.1 Mining	14.37	119.9	128.9	125.4	133.7	128.1	136.5
1.2 Manufacturing	77.63	137.1	144.6	141.0	147.0	143.1	149.7
1.3 Electricity	7.99	185.2	198.3	197.0	220.7	201.6	229.3
<b>2 Use-Based Classification</b>							
2.1 Primary Goods	34.05	139.2	147.7	146.1	156.6	149.9	160.9
2.2 Capital Goods	8.22	100.3	106.5	97.5	100.1	102.6	105.2
2.3 Intermediate Goods	17.22	149.4	157.2	154.5	158.9	156.9	160.8
2.4 Infrastructure/ Construction Goods	12.34	160.7	176.3	171.5	184.3	173.2	185.1
2.5 Consumer Durables	12.84	114.5	118.6	111.9	124.4	115.6	129.8
2.6 Consumer Non-Durables	15.33	147.7	153.8	152.3	152.1	149.8	153.3

Source : Central Statistics Office, Ministry of Statistics and Programme Implementation, Government of India.

## Government Accounts and Treasury Bills

**No. 23: Union Government Accounts at a Glance**

(₹ Crore)

Item	Financial Year	April – May			
		2024-25 (Budget Estimates)	2024-25 (Actuals)	2023-24 (Actuals)	Percentage to Budget Estimates
					2024-25
	1	2	3	4	5
<b>1 Revenue Receipts</b>		<b>3001275</b>	<b>570758</b>	<b>412700</b>	<b>19.0</b>
1.1 Tax Revenue (Net)		2601574	319036	278045	12.3
1.2 Non-Tax Revenue		399701	251722	134655	63.0
<b>2 Non Debt Capital Receipt</b>		<b>79000</b>	<b>2087</b>	<b>2991</b>	<b>2.6</b>
2.1 Recovery of Loans		29000	2083	2941	7.2
2.2 Other Receipts		50000	4	50	0.0
<b>3 Total Receipts (excluding borrowings) (1+2)</b>		<b>3080275</b>	<b>572845</b>	<b>415691</b>	<b>18.6</b>
4 Revenue Expenditure of which :		3654657	479835	458189	13.1
4.1 Interest Payments		1190440	123810	110663	10.4
5 Capital Expenditure		1111111	143625	167789	12.9
<b>6 Total Expenditure (4+5)</b>		<b>4765768</b>	<b>623460</b>	<b>625978</b>	<b>13.1</b>
<b>7 Revenue Deficit (4-1)</b>		<b>653383</b>	<b>-90923</b>	<b>45489</b>	<b>-13.9</b>
<b>8 Fiscal Deficit (6-3)</b>		<b>1685494</b>	<b>50615</b>	<b>210287</b>	<b>3.0</b>
<b>9 Gross Primary Deficit (8-4.1)</b>		<b>495054</b>	<b>-73195</b>	<b>99624</b>	<b>-14.8</b>
					<b>14.1</b>

Source: Controller General of Accounts (CGA), Ministry of Finance, Government of India and Interim Union Budget 2024-25.

**No. 24: Treasury Bills – Ownership Pattern**

(₹ Crore)

Item	2023-24	2023		2024				
		Jun. 2	Apr. 26	May 3	May 10	May 17	May 24	May 31
		1	2	3	4	5	6	7
<b>1 91-day</b>								
1.1 Banks	18054	9503	8989	7004	8819	6311	5175	7219
1.2 Primary Dealers	22676	27226	22711	28043	34018	35417	34953	28830
1.3 State Governments	5701	28041	31670	31670	31069	30927	37927	37927
1.4 Others	88670	113971	114700	115353	111563	117072	111972	110051
<b>2 182-day</b>								
2.1 Banks	84913	64795	77964	71949	74770	78064	72514	66301
2.2 Primary Dealers	87779	130977	78906	77834	76385	75042	69402	69388
2.3 State Governments	4070	15929	7406	8906	9329	9480	9152	9842
2.4 Others	102311	119228	114134	120221	117849	114899	122088	124315
<b>3 364-day</b>								
3.1 Banks	91819	92279	91933	93628	98996	98535	97274	96254
3.2 Primary Dealers	159085	149673	160059	160331	154440	155541	152797	152028
3.3 State Governments	41487	47090	37488	40490	41005	41005	41120	41131
3.4 Others	165095	155048	164008	162041	162564	161924	161929	159718
<b>4 14-day Intermediate</b>								
4.1 Banks								
4.2 Primary Dealers								
4.3 State Governments	318736	92562	223837	165239	197225	188244	200174	180187
4.4 Others	442	928	537	1563	834	40	390	1700
<b>Total Treasury Bills (Excluding 14 day Intermediate T Bills) #</b>	<b>871662</b>	<b>953759</b>	<b>909968</b>	<b>917470</b>	<b>920806</b>	<b>924216</b>	<b>916304</b>	<b>903004</b>

# 14D intermediate T-Bills are non-marketable unlike 91D, 182D and 364D T-Bills. These bills are ‘intermediate’ by nature as these are liquidated to replenish shortfall in the daily minimum cash balances of State Governments.

Note: Primary Dealers (PDs) include banks undertaking PD business.

**No. 25: Auctions of Treasury Bills**

(Amount in ₹ Crore)

Date of Auction	Notified Amount	Bids Received				Bids Accepted				Total Issue (6+7)	Cutoff Price (₹)	Implicit Yield at Cut-off Price (per cent)			
		Number	Total Face Value		Number	Total Face Value		Competitive	Non-Competitive						
			Competitive	Non-Competitive		Competitive	Non-Competitive								
		1	2	3	4	5	6	7	8	9	10				
<b>91-day Treasury Bills</b>															
<b>2024-25</b>															
May. 2	12000	77	19168	1962	54	11938	1962	13900	98.29	6.9972					
May. 8	12000	134	30069	1050	53	11950	1050	13000	98.28	6.9997					
May. 15	12000	123	34251	442	57	11958	442	12400	98.29	6.9885					
May. 22	4000	104	32088	8331	11	3969	8331	12300	98.32	6.8536					
May. 29	4000	70	14436	1529	13	3971	1529	5500	98.32	6.8478					
<b>182-day Treasury Bills</b>															
<b>2024-25</b>															
May. 2	7000	110	20425	1524	24	6976	1524	8500	96.61	7.0393					
May. 8	7000	96	14017	1512	79	6911	1512	8423	96.59	7.0802					
May. 15	7000	119	15785	187	81	6964	187	7151	96.59	7.0847					
May. 22	4000	90	11060	2020	36	3980	2020	6000	96.62	7.0140					
May. 29	4000	112	15743	1034	21	3966	1034	5000	96.62	7.0080					
<b>364-day Treasury Bills</b>															
<b>2024-25</b>															
May. 2	8000	120	22440	3263	55	7948	3263	11211	93.41	7.0797					
May. 8	8000	127	20079	565	93	7963	565	8528	93.40	7.0890					
May. 15	8000	96	22951	73	21	7975	73	8048	93.41	7.0797					
May. 22	4000	114	18337	141	23	3978	141	4119	93.46	7.0218					
May. 29	4000	104	13643	32	43	3979	32	4011	93.44	7.0364					

# Financial Markets

## No. 26: Daily Call Money Rates

(Per cent per annum)

As on	Range of Rates	Weighted Average Rates
	Borrowings/ Lendings	Borrowings/ Lendings
	1	2
May 02 ,2024	5.10-6.65	6.52
May 03 ,2024	5.40-6.50	6.43
May 04 ,2024	5.50-6.50	6.16
May 06 ,2024	5.40-6.75	6.46
May 07 ,2024	5.80-6.66	6.54
May 08 ,2024	5.40-6.80	6.61
May 09 ,2024	5.40-6.90	6.69
May 10 ,2024	5.40-6.85	6.72
May 13 ,2024	5.50-6.90	6.72
May 14 ,2024	5.10-6.85	6.70
May 15 ,2024	5.40-6.55	6.48
May 16 ,2024	4.75-6.65	6.48
May 17 ,2024	5.40-6.85	6.69
May 18 ,2024	5.50-6.35	6.11
May 21 ,2024	5.10-6.85	6.75
May 22 ,2024	5.40-6.85	6.74
May 24 ,2024	5.40-7.00	6.72
May 27 ,2024	4.75-6.77	6.67
May 28 ,2024	5.40-6.60	6.49
May 29 ,2024	5.40-6.60	6.49
May 30 ,2024	5.40-6.55	6.47
May 31 ,2024	5.40-6.80	6.66
June 01 ,2024	5.00-6.24	5.96
June 03 ,2024	5.10-6.55	6.46
June 04 ,2024	5.10-6.60	6.46
June 05 ,2024	5.10-6.60	6.52
June 06 ,2024	5.40-6.70	6.50
June 07 ,2024	5.40-6.60	6.51
June 10 ,2024	5.40-6.60	6.51
June 11 ,2024	5.40-6.65	6.52
June 12 ,2024	5.40-6.60	6.52
June 13 ,2024	5.40-6.58	6.48
June 14 ,2024	5.40-6.80	6.68
June 15 ,2024	5.50-6.72	6.31

Note: Includes Notice Money.

**No. 27: Certificates of Deposit**

Item	2023		2024		
	May. 19	Apr. 19	May. 3	May. 17	May. 31
	1	2	3	4	5
1 Amount Outstanding (₹ Crore)	302117.26	372841.80	380093.01	367450.64	369203.22
1.1 Issued during the fortnight (₹ Crore)	41744.11	16991.88	14503.74	33905.56	44822.51
2 Rate of Interest (per cent)	6.76-7.32	6.95-7.83	6.98-7.21	7.05-7.28	7.00-7.49

**No. 28: Commercial Paper**

Item	2023		2024		
	May 31	Apr. 15	Apr. 30	May 15	May 31
	1	2	3	4	5
1 Amount Outstanding (₹ Crore)	433543.35	397251.00	411533.60	421150.90	403970.00
1.1 Reported during the fortnight (₹ Crore)	81179.55	23663.00	60407.45	52596.55	80921.75
2 Rate of Interest (per cent)	6.73-16.31	6.90-13.85	6.89-12.59	7.06-11.96	7.05-13.92

**No. 29: Average Daily Turnover in Select Financial Markets**

(₹ Crore)

Item	2023-24	2023		2024				
		Jun. 2	Apr. 26	May 03	May 10	May 17	May 24	May 31
		1	2	3	4	5	6	7
1 Call Money	17761	13814	18120	19039	18513	19191	20332	19446
2 Notice Money	2550	3234	655	5216	1495	4595	408	4362
3 Term Money	871	523	969	1327	1348	522	1212	1154
4 Triparty Repo	601363	505108	628164	631845	514261	628141	535322	720037
5 Market Repo	574534	581054	570483	674219	543732	679566	506526	671501
6 Repo in Corporate Bond	1817	314	3178	4333	3972	4382	3625	3762
7 Forex (US \$ million)	95115	98063	120418	117639	90191	97290	113570	113440
8 Govt. of India Dated Securities	90992	97132	73593	102300	112121	111137	123616	96496
9 State Govt. Securities	6102	5212	4343	5604	4097	4977	5060	3779
10 Treasury Bills								
10.1 91-Day	5378	9419	4848	3792	5313	6544	7696	2928
10.2 182-Day	6079	7717	6214	5021	7316	6388	7204	5660
10.3 364-Day	4307	4183	4593	3788	3946	1700	2954	1838
10.4 Cash Management Bills		0	0	0	0	0	0	0
11 Total Govt. Securities (8+9+10)	112858	123662	93592	120504	132792	130746	146530	110701
11.1 RBI	492	162	16	33	183	568	331	32

**No. 30: New Capital Issues by Non-Government Public Limited Companies**

(Amount in ₹ Crore)

Security & Type of Issue	2023-24		2023-24 (Apr-May)		2024-25 (Apr-May)*		May. 2023		May. 2024 *	
	No. of Issues	Amount	No. of Issues	Amount	No. of Issues	Amount	No. of Issues	Amount	No. of Issues	Amount
	1	2	3	4	5	6	7	8	9	10
<b>1 Equity Shares</b>	<b>339</b>	<b>80942</b>	<b>28</b>	<b>9255</b>	<b>73</b>	<b>37659</b>	<b>14</b>	<b>7274</b>	<b>38</b>	<b>12289</b>
1A Premium	328	76319	25	8953	70	20507	12	7052	36	11773
1.1 Public	272	65832	18	5594	53	33861	8	4484	26	10133
1.1.1 Premium	272	62791	18	5526	53	17092	8	4462	26	9855
1.2 Rights	67	15110	10	3661	20	3798	6	2790	12	2155
1.2.1 Premium	56	13527	7	3427	17	3415	4	2590	10	1918
<b>2 Preference Shares</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
2.1 Public	-	-	-	-	-	-	-	-	-	-
2.2 Rights	-	-	-	-	-	-	-	-	-	-
<b>3 Bonds &amp; Debentures</b>	<b>44</b>	<b>16342</b>	<b>7</b>	<b>2036</b>	<b>7</b>	<b>1894</b>	-	-	<b>3</b>	<b>1207</b>
3.1 Convertible	-	-	-	-	-	-	-	-	-	-
3.1.1 Public	-	-	-	-	-	-	-	-	-	-
3.1.2 Rights	-	-	-	-	-	-	-	-	-	-
3.2 Non-Convertible	44	16342	7	2036	7	1894	-	-	3	1207
3.2.1 Public	44	16342	7	2036	7	1894	-	-	3	1207
3.2.2 Rights	-	-	-	-	-	-	-	-	-	-
<b>4 Total (1+2+3)</b>	<b>383</b>	<b>97284</b>	<b>35</b>	<b>11290</b>	<b>80</b>	<b>39553</b>	<b>14</b>	<b>7274</b>	<b>41</b>	<b>13496</b>
4.1 Public	316	82174	25	7630	60	35754	8	4484	29	11340
4.2 Rights	67	15110	10	3661	20	3798	6	2790	12	2155

Note : 1. Since April 2020, monthly data on equity issues is compiled on the basis of their listing date.

2. Figures in the columns might not add up to the total due to rounding off numbers.

Source : Securities and Exchange Board of India.

\* : Data is Provisional

## External Sector

### No. 31: Foreign Trade

Item	Unit	2023-24	2023		2024			
			May	Jan.	Feb.	Mar.	Apr.	May
		1	2	3	4	5	6	7
1 Exports	₹ Crore	3619292	287810	310242	343518	346249	294710	328819
	US \$ Million	437113	34952	37324	41406	41718	35334	39430
1.1 Oil	₹ Crore	696850	48207	71607	68163	44950	59013	68391
	US \$ Million	84157	5854	8615	8216	5416	7075	8201
1.2 Non-oil	₹ Crore	2922442	239603	238635	275356	301299	235697	260428
	US \$ Million	352956	29098	28709	33190	36302	28259	31229
2 Imports	₹ Crore	5592877	473321	443420	498718	475374	452858	514984
	US \$ Million	675430	57481	53346	60113	57276	54296	61754
2.1 Oil	₹ Crore	1487581	128242	129050	140134	142994	137649	166347
	US \$ Million	179618	15574	15526	16891	17229	16503	19947
2.2 Non-oil	₹ Crore	4105296	345079	314370	358584	332380	315209	348637
	US \$ Million	495812	41907	37821	43222	40047	37792	41807
3 Trade Balance	₹ Crore	-1973585	-185511	-133179	-155200	-129125	-158148	-186164
	US \$ Million	-238317	-22529	-16022	-18707	-15558	-18961	-22324
3.1 Oil	₹ Crore	-790731	-80036	-57443	-71972	-98044	-78636	-97955
	US \$ Million	-95461	-9720	-6911	-8675	-11813	-9428	-11746
3.2 Non-oil	₹ Crore	-1182854	-105475	-75735	-83229	-31081	-79512	-88209
	US \$ Million	-142856	-12809	-9111	-10032	-3745	-9533	-10577

Source: DGCI&S and Ministry of Commerce & Industry.

### No. 32: Foreign Exchange Reserves

Item	Unit	2023	2024					
			Jul. 07	May. 24	May. 31	Jun. 07	Jun. 14	Jun. 21
		1	2	3	4	5	6	7
<b>1 Total Reserves</b>	₹ Crore	<b>4933658</b>	<b>5373798</b>	<b>5438138</b>	<b>5468448</b>	<b>5455921</b>	<b>5460976</b>	<b>5436574</b>
	US \$ Million	<b>596280</b>	<b>646673</b>	<b>651510</b>	<b>655817</b>	<b>652895</b>	<b>653711</b>	<b>651997</b>
1.1 Foreign Currency Assets	₹ Crore	4376744	4715859	4779242	4805700	4798644	4796186	4776850
	US \$ Million	528968	567499	572564	576337	574240	574134	572881
1.2 Gold	₹ Crore	364561	471279	471621	475139	467693	475795	471350
	US \$ Million	44060	56713	56501	56982	55967	56956	56528
1.3 SDRs	Volume (Metric Tonnes)	797.72	831.43	831.43	834.23	837.03	837.03	840.76
	SDRs Million	13674	13699	13699	13699	13699	13699	13699
	₹ Crore	150875	150703	151235	151432	151310	150781	150209
	US \$ Million	18235	18135	18118	18161	18107	18049	18014
1.4 Reserve Tranche Position in IMF	₹ Crore	41479	35958	36039	36177	38274	38215	38165
	US \$ Million	5017	4326	4326	4336	4581	4572	4573

\*Difference, if any, is due to rounding off.

Note: Exclude investment in foreign currency denominated bonds issued by IIFC (UK), SDRs transferred by Government of India to RBI and foreign currency received under SAARC and ACU currency swap arrangements. Foreign currency assets in US dollar take into account appreciation/depreciation of non-US currencies (such as Euro, Sterling, Yen and Australian Dollar) held in reserves. Foreign exchange holdings are converted into rupees at rupee-US dollar RBI holding rates.

### No. 33: Non-Resident Deposits

(US \$ Million)

Scheme	Outstanding				Flows	
	2023-24	2023		2024		2023-24
		May.	Apr.	May. (P)	Apr.-May.	Apr.-May.(P)
	1	2	3	4	5	6
<b>1 NRI Deposits</b>	<b>151879</b>	<b>138779</b>	<b>153009</b>	<b>154718</b>	<b>623</b>	<b>2724</b>
1.1 FCNR(B)	25733	19887	26216	26840	524	1107
1.2 NR(E)RA	98624	95228	99229	99850	-10	1136
1.3 NRO	27522	23664	27564	28028	109	481

P: Provisional.

**No. 34: Foreign Investment Inflows**

(US \$ Million)

Item	2023-24	2023-24	2024-25 (P)	2023	2024 (P)	
		Apr.-May	Apr.-May	May.	Apr.	May.
		1	2	3	4	5
<b>1.1 Net Foreign Direct Investment (1.1.1-1.1.2)</b>	<b>9790</b>	<b>3422</b>	<b>7142</b>	<b>665</b>	<b>3891</b>	<b>3251</b>
<b>1.1.1 Direct Investment to India (1.1.1.1-1.1.1.2)</b>	<b>26469</b>	<b>5395</b>	<b>9853</b>	<b>1484</b>	<b>4880</b>	<b>4972</b>
<b>1.1.1.1 Gross Inflows/Gross Investments</b>	<b>70941</b>	<b>12346</b>	<b>15159</b>	<b>4959</b>	<b>7269</b>	<b>7891</b>
1.1.1.1.1 Equity	45817	7997	10977	2785	5017	5960
1.1.1.1.1.1 Government (SIA/FIPB)	585	40	91	15	11	80
1.1.1.1.1.2 RBI	31826	6746	8520	2120	4733	3787
1.1.1.1.1.3 Acquisition of shares	12013	999	2153	543	167	1986
1.1.1.1.1.4 Equity capital of unincorporated bodies	1394	213	213	107	107	107
1.1.1.1.2 Reinvested earnings	19768	3027	3027	1514	1514	1514
1.1.1.1.3 Other capital	5355	1322	1155	661	738	417
<b>1.1.1.2 Repatriation/Disinvestment</b>	<b>44472</b>	<b>6952</b>	<b>5307</b>	<b>3476</b>	<b>2389</b>	<b>2918</b>
1.1.1.2.1 Equity	41334	6234	4868	3117	2235	2633
1.1.1.2.2 Other capital	3137	718	439	359	154	285
<b>1.1.2 Foreign Direct Investment by India (1.1.2.1+1.1.2.2+1.1.2.3-1.1.2.4)</b>	<b>16678</b>	<b>1972</b>	<b>2711</b>	<b>819</b>	<b>989</b>	<b>1722</b>
1.1.2.1 Equity capital	9111	1385	1637	612	590	1046
1.1.2.2 Reinvested Earnings	5786	964	964	482	482	482
1.1.2.3 Other Capital	5406	615	815	221	376	439
1.1.2.4 Repatriation/Disinvestment	3624	992	705	496	459	246
<b>1.2 Net Portfolio Investment (1.2.1+1.2.2+1.2.3-1.2.4)</b>	<b>44081</b>	<b>8081</b>	<b>-4119</b>	<b>5986</b>	<b>-2663</b>	<b>-1456</b>
1.2.1 GDRs/ADRs	-	-	-	-	-	-
1.2.2 FIIs	44626	8320	-4199	6106	-2691	-1508
1.2.3 Offshore funds and others	-	-	-	-	-	-
1.2.4 Portfolio investment by India	544	239	-80	119	-29	-51
<b>1 Foreign Investment Inflows</b>	<b>53872</b>	<b>11504</b>	<b>3023</b>	<b>6651</b>	<b>1229</b>	<b>1794</b>

P: Provisional

**No. 35: Outward Remittances under the Liberalised Remittance Scheme (LRS) for Resident Individuals**

(US \$ Million)

Item	2023-24	2023		2024		
		May.	Mar.	Apr.	May.	
		1	2	3	4	5
<b>1 Outward Remittances under the LRS</b>	<b>31735.74</b>	<b>2887.80</b>	<b>2302.36</b>	<b>2285.77</b>	<b>2420.58</b>	
1.1 Deposit	916.45	99.89	107.77	72.67	52.98	
1.2 Purchase of immovable property	242.51	21.22	26.08	23.19	21.69	
1.3 Investment in equity/debt	1510.89	106.81	224.70	98.94	98.86	
1.4 Gift	3580.27	390.72	318.66	311.16	271.93	
1.5 Donations	11.31	0.98	1.11	1.70	0.58	
1.6 Travel	17006.27	1495.35	1002.41	1144.31	1401.16	
1.7 Maintenance of close relatives	4611.53	490.73	394.13	391.69	320.80	
1.8 Medical Treatment	79.62	5.19	8.17	10.38	7.66	
1.9 Studies Abroad	3478.65	247.33	197.02	208.02	210.99	
1.10 Others	298.24	29.59	22.31	23.70	33.94	

**No. 36: Indices of Nominal Effective Exchange Rate (NEER) and  
Real Effective Exchange Rate (REER) of the Indian Rupee**

Item	2022-23	2023-24	2023	2024	
			Jun	May	Jun
	1	2	3	4	5
<b>40-Currency Basket (Base: 2015-16=100)</b>					
1 Trade-Weighted					
1.1 NEER	91.27	90.76	90.34	92.22	92.43
1.2 REER	102.86	103.73	102.90	104.68	106.54
2 Export-Weighted					
2.1 NEER	93.03	93.13	92.60	94.67	95.02
2.2 REER	101.12	101.23	100.57	101.62	103.53
<b>6-Currency Basket (Trade-weighted)</b>					
1 Base : 2015-16 =100					
1.1 NEER	85.93	83.65	84.12	83.66	83.73
1.2 REER	101.80	101.79	101.18	102.42	103.81
2 Base : 2021-22 =100					
2.1 NEER	98.72	96.10	96.64	96.12	96.19
2.2 REER	99.69	99.67	99.08	100.29	101.65

**No. 37: External Commercial Borrowings (ECBs) – Registrations**

Item		(Amount in US \$ Million)			
		2023-24	2023	2024	
		May	Apr.	May	
		1	2	3	4
1 Automatic Route					
1.1 Number		1188	129	100	108
1.2 Amount		29461	2648	3891	3669
2 Approval Route					
2.1 Number		33	1	1	2
2.2 Amount		19748	5000	394	343
3 Total (1+2)					
3.1 Number		1221	130	101	110
3.2 Amount		49209	7648	4285	4012
4 Weighted Average Maturity (in years)		5.60	6.90	5.00	4.90
5 Interest Rate (per cent)					
5.1 Weighted Average Margin over alternative reference rate (ARR) for Floating Rate Loans@		1.66	2.41	1.32	2.05
5.2 Interest rate range for Fixed Rate Loans		0.00-27.00	0.00-12.00	0.00-10.50	0.00-11.67

**Borrower Category**

I. Corporate Manufacturing	15836	5570	410	497
II. Corporate-Infrastructure	15916	924	1814	1366
a.) Transport	1505	97	43	0
b.) Energy	3513	96	380	434
c.) Water and Sanitation	33	0	0	0
d.) Communication	6309	170	0	0
e.) Social and Commercial Infrastructure	115	0	46	56
f.) Exploration,Mining and Refinery	2480	300	550	0
g.) Other Sub-Sectors	1961	261	795	876
III. Corporate Service-Sector	1526	47	18	138
IV. Other Entities	1728	0	0	0
a.) units in SEZ	1	0	0	0
b.) SIDBI	0	0	0	0
c.) Exim Bank	1727	0	0	0
V. Banks	0	0	0	0
VI. Financial Institution (Other than NBFC )	20	0	0	0
VII. NBFCs	13361	1078	1875	1424
a). NBFC- IFC/AFC	7734	150	411	555
b). NBFC-MFI	531	39	28	52
c). NBFC-Others	5096	889	1436	817
VIII. Non-Government Organization (NGO)	0	0	0	0
IX. Micro Finance Institution (MFI)	0	0	0	0
X. Others	822	29	168	587

Note: Based on applications for ECB/Foreign Currency Convertible Bonds (FCCBs) which have been allotted loan registration number during the period.

@ With effect from July 01, 2023, the benchmark rate is changed to Alternative Reference Rate (ARR)

**No. 38: India's Overall Balance of Payments**

(US\$ Million)

Item	Jan-Mar 2023			Jan-Mar 2024 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
<b>Overall Balance Of Payments (1+2+3)</b>	<b>391827</b>	<b>386248</b>	<b>5579</b>	<b>502210</b>	<b>471456</b>	<b>30754</b>
<b>1 Current Account (1.1+ 1.2)</b>	<b>238010</b>	<b>239366</b>	<b>-1356</b>	<b>253561</b>	<b>247879</b>	<b>5682</b>
<b>1.1 Merchandise</b>	<b>115821</b>	<b>168408</b>	<b>-52587</b>	<b>121652</b>	<b>172546</b>	<b>-50894</b>
<b>1.2 Invisibles (1.2.1+1.2.2+1.2.3)</b>	<b>122189</b>	<b>70959</b>	<b>51231</b>	<b>131909</b>	<b>75333</b>	<b>56576</b>
1.2.1 Services	85833	46758	39075	89357	46672	42685
1.2.1.1 Travel	8445	7698	747	9961	8063	1898
1.2.1.2 Transportation	7956	8091	-135	7772	7829	-57
1.2.1.3 Insurance	824	455	369	927	650	277
1.2.1.4 G.n.i.e.	144	307	-163	129	315	-186
1.2.1.5 Miscellaneous	68464	30207	38256	70568	29814	40753
1.2.1.5.1 Software Services	38473	4103	34370	41551	4908	36643
1.2.1.5.2 Business Services	22260	16314	5945	22620	16388	6232
1.2.1.5.3 Financial Services	2093	1303	790	1599	1269	330
1.2.1.5.4 Communication Services	2558	2217	341	498	506	-7
1.2.2 Transfers	28650	3888	24762	32097	3378	28719
1.2.2.1 Official	24	342	-318	51	282	-231
1.2.2.2 Private	28627	3547	25080	32046	3096	28950
1.2.3 Income	7706	20312	-12606	10455	25283	-14828
1.2.3.1 Investment Income	6010	19395	-13385	8523	24244	-15721
1.2.3.2 Compensation of Employees	1695	917	778	1932	1039	893
<b>2 Capital Account (2.1+2.2+2.3+2.4+2.5)</b>	<b>153422</b>	<b>146882</b>	<b>6540</b>	<b>248111</b>	<b>223578</b>	<b>24534</b>
<b>2.1 Foreign Investment (2.1.1+2.1.2)</b>	<b>83781</b>	<b>79091</b>	<b>4691</b>	<b>158711</b>	<b>145366</b>	<b>13345</b>
2.1.1 Foreign Direct Investment	17084	10730	6355	19834	17881	1954
2.1.1.1 In India	15858	6538	9319	19128	11411	7718
2.1.1.1.1 Equity	9708	6254	3454	12762	10934	1829
2.1.1.1.2 Reinvested Earnings	4976	0	4976	5332		5332
2.1.1.1.3 Other Capital	1173	284	889	1034	477	557
2.1.1.2 Abroad	1227	4191	-2964	706	6470	-5764
2.1.1.2.1 Equity	1227	2123	-896	706	3208	-2503
2.1.1.2.2 Reinvested Earnings	0	1103	-1103	0	1446	-1446
2.1.1.2.3 Other Capital	0	965	-965	0	1815	-1815
2.1.2 Portfolio Investment	66697	68361	-1664	138877	127485	11392
2.1.2.1 In India	66117	67704	-1588	138217	126638	11579
2.1.2.1.1 FIIs	66117	67704	-1588	138217	126638	11579
2.1.2.1.1.1 Equity	57476	59959	-2483	120154	112150	8004
2.1.2.1.1.2 Debt	8640	7745	895	18063	14487	3575
2.1.2.1.2 ADR/GDRs	0	0	0	0		0
2.1.2.2 Abroad	580	657	-77	660	847	-187
<b>2.2 Loans (2.2.1+2.2.2+2.2.3)</b>	<b>26512</b>	<b>23457</b>	<b>3055</b>	<b>30700</b>	<b>28949</b>	<b>1751</b>
2.2.1 External Assistance	3240	1522	1718	3587	1562	2025
2.2.1.1 By India	8	22	-14	8	31	-23
2.2.1.2 To India	3232	1500	1732	3579	1531	2048
2.2.2 Commercial Borrowings	7323	5698	1624	15113	13418	1695
2.2.2.1 By India	272	382	-110	3401	4308	-907
2.2.2.2 To India	7051	5316	1735	11711	9110	2601
2.2.3 Short Term to India	15950	16237	-287	12000	13969	-1969
2.2.3.1 Buyers' credit & Suppliers' Credit >180 days	15950	13646	2305	12000	12865	-865
2.2.3.2 Suppliers' Credit up to 180 days	0	2592	-2592	0	1104	-1104
<b>2.3 Banking Capital (2.3.1+2.3.2)</b>	<b>27997</b>	<b>32047</b>	<b>-4050</b>	<b>40722</b>	<b>33811</b>	<b>6911</b>
2.3.1 Commercial Banks	27922	32047	-4125	39768	33811	5957
2.3.1.1 Assets	4274	13260	-8986	9220	12330	-3110
2.3.1.2 Liabilities	23648	18787	4861	30548	21481	9067
2.3.1.2.1 Non-Resident Deposits	21066	17485	3581	26041	20678	5363
2.3.2 Others	75	0	75	955	0	955
<b>2.4 Rupee Debt Service</b>	<b>0</b>	<b>7</b>	<b>-7</b>	<b>7</b>	<b>7</b>	<b>-7</b>
<b>2.5 Other Capital</b>	<b>15131</b>	<b>12280</b>	<b>2852</b>	<b>17978</b>	<b>15445</b>	<b>2533</b>
<b>3 Errors &amp; Omissions</b>	<b>395</b>	<b>0</b>	<b>395</b>	<b>538</b>	<b>0</b>	<b>538</b>
<b>4 Monetary Movements (4.1+ 4.2)</b>	<b>0</b>	<b>5579</b>	<b>-5579</b>	<b>0</b>	<b>30754</b>	<b>-30754</b>
4.1 I.M.F.	0	0	0	0	0	0
4.2 Foreign Exchange Reserves (Increase - / Decrease +)	0	5579	-5579	30754	30754	-30754

Note: P: Preliminary.

## No. 39: India's Overall Balance of Payments

(₹ Crore)

Item	Jan-Mar 2023			Jan-Mar 2024 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
<b>Overall Balance Of Payments (1+2+3)</b>	<b>3223390</b>	<b>3177490</b>	<b>45899</b>	<b>4169720</b>	<b>3914381</b>	<b>255339</b>
<b>1 Current Account (1.1+ 1.2)</b>	<b>1958005</b>	<b>1969160</b>	<b>-1155</b>	<b>2105253</b>	<b>2058074</b>	<b>47179</b>
<b>1.1 Merchandise</b>	<b>952809</b>	<b>1385415</b>	<b>-432606</b>	<b>1010049</b>	<b>1432606</b>	<b>-422556</b>
<b>1.2 Invisibles (1.2.1+1.2.2+1.2.3)</b>	<b>1005196</b>	<b>583745</b>	<b>421451</b>	<b>1095204</b>	<b>625468</b>	<b>469735</b>
1.2.1 Services	706112	384660	321451	741908	387502	354406
1.2.1.1 Travel	69476	63331	6145	82705	66948	15758
1.2.1.2 Transportation	65454	66565	-1111	64527	65002	-475
1.2.1.3 Insurance	6777	3740	3037	7699	5395	2304
1.2.1.4 G.n.i.e.	1185	2525	-1339	1073	2616	-1543
1.2.1.5 Miscellaneous	563219	248500	314719	585904	247541	338363
1.2.1.5.1 Software Services	316497	33753	282744	344986	40752	304234
1.2.1.5.2 Business Services	183122	134212	48910	187807	136067	51740
1.2.1.5.3 Financial Services	17215	10718	6497	13280	10537	2743
1.2.1.5.4 Communication Services	21041	18237	2804	4136	4197	-61
1.2.2 Transfers	235693	31986	203706	266491	28049	238442
1.2.2.1 Official	194	2810	-2616	423	2344	-1921
1.2.2.2 Private	235499	29176	206322	266068	25705	240363
1.2.3 Income	63392	167098	-103707	86804	209917	-123113
1.2.3.1 Investment Income	49444	159555	-110111	70763	201290	-130527
1.2.3.2 Compensation of Employees	13948	7544	6404	16041	8627	7414
<b>2 Capital Account (2.1+2.2+2.3+2.4+2.5)</b>	<b>1262134</b>	<b>1208330</b>	<b>53804</b>	<b>2060004</b>	<b>1856307</b>	<b>203698</b>
<b>2.1 Foreign Investment (2.1.1+2.1.2)</b>	<b>689231</b>	<b>650644</b>	<b>38587</b>	<b>1317736</b>	<b>1206932</b>	<b>110803</b>
<b>2.1.1 Foreign Direct Investment</b>	<b>140546</b>	<b>88268</b>	<b>52278</b>	<b>164679</b>	<b>148458</b>	<b>16220</b>
2.1.1.1 In India	130453	53788	76665	158819	94741	64078
2.1.1.1.1 Equity	79863	51450	28413	105963	90780	15183
2.1.1.1.2 Reinvested Earnings	40937	0	40937	44274	0	44274
2.1.1.1.3 Other Capital	9652	2338	7315	8582	3960	4621
2.1.1.2 Abroad	10093	34480	-24387	5860	53718	-47858
2.1.1.2.1 Equity	10093	17465	-7372	5860	26638	-20778
2.1.1.2.2 Reinvested Earnings	0	9073	-9073	0	12009	-12009
2.1.1.2.3 Other Capital	0	7941	-7941	0	15071	-15071
<b>2.1.2 Portfolio Investment</b>	<b>548685</b>	<b>562376</b>	<b>-13691</b>	<b>1153057</b>	<b>1058474</b>	<b>94583</b>
2.1.2.1 In India	543912	556972	-13060	1147577	1051439	96139
2.1.2.1.1 FIIs	543912	556972	-13060	1147577	1051439	96139
2.1.2.1.1.1 Equity	472831	493254	-20423	997608	931154	66454
2.1.2.1.1.2 Debt	71080	63718	7363	149969	120285	29685
2.1.2.1.2 ADR/GDRs	0	0	0	0	0	0
2.1.2.2 Abroad	4774	5404	-631	5480	7035	-1555
<b>2.2 Loans (2.2.1+2.2.2+2.2.3)</b>	<b>218106</b>	<b>192973</b>	<b>25133</b>	<b>254894</b>	<b>240356</b>	<b>14538</b>
<b>2.2.1 External Assistance</b>	<b>26652</b>	<b>12519</b>	<b>14133</b>	<b>29784</b>	<b>12969</b>	<b>16816</b>
2.2.1.1 By India	63	180	-117	66	255	-188
2.2.1.2 To India	26589	12339	14250	29718	12714	17004
<b>2.2.2 Commercial Borrowings</b>	<b>60240</b>	<b>46876</b>	<b>13363</b>	<b>125478</b>	<b>111407</b>	<b>14071</b>
2.2.2.1 By India	2237	3144	-907	28241	35769	-7528
2.2.2.2 To India	58003	43732	14271	97237	75638	21599
<b>2.2.3 Short Term to India</b>	<b>131214</b>	<b>133577</b>	<b>-2364</b>	<b>99631</b>	<b>115980</b>	<b>-16349</b>
2.2.3.1 Buyers' credit & Suppliers' Credit >180 days	131214	112256	18958	99631	106817	-7185
2.2.3.2 Suppliers' Credit up to 180 days	0	21322	-21322	0	9163	-9163
<b>2.3 Banking Capital (2.3.1+2.3.2)</b>	<b>230320</b>	<b>263635</b>	<b>-33115</b>	<b>338106</b>	<b>280721</b>	<b>57384</b>
<b>2.3.1 Commercial Banks</b>	<b>229701</b>	<b>263635</b>	<b>-33934</b>	<b>330180</b>	<b>280721</b>	<b>49459</b>
2.3.1.1 Assets	35162	109084	-73921	76548	102370	-25822
2.3.1.2 Liabilities	194539	154551	39988	253632	178351	75281
2.3.1.2.1 Non-Resident Deposits	173302	143842	29461	216214	171683	44531
<b>2.3.2 Others</b>	<b>619</b>	<b>0</b>	<b>619</b>	<b>7926</b>	<b>0</b>	<b>7926</b>
<b>2.4 Rupee Debt Service</b>	<b>0</b>	<b>60</b>	<b>-60</b>	<b>0</b>	<b>60</b>	<b>-60</b>
<b>2.5 Other Capital</b>	<b>124477</b>	<b>101018</b>	<b>23459</b>	<b>149269</b>	<b>128237</b>	<b>21033</b>
<b>3 Errors &amp; Omissions</b>	<b>3250</b>	<b>0</b>	<b>3250</b>	<b>4463</b>	<b>0</b>	<b>4463</b>
<b>4 Monetary Movements (4.1+ 4.2)</b>	<b>0</b>	<b>45899</b>	<b>-45899</b>	<b>0</b>	<b>255339</b>	<b>-255339</b>
4.1 I.M.F.	0	0	0	0	0	0
4.2 Foreign Exchange Reserves (Increase - / Decrease +)	0	45899	-45899	0	255339	-255339

Note: P: Preliminary.

## No. 40: Standard Presentation of BoP in India as per BPM6

Item	(US\$ Million)					
	Jan-Mar 2023			Jan-Mar 2024 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
<b>1 Current Account (1.A+1.B+1.C)</b>						
<b>1.A Goods and Services (1.A.a+1.A.b)</b>						
<b>1.A.a Goods (1.A.a.1 to 1.A.a.3)</b>						
1.A.a.1 General merchandise on a BOP basis	238010	239346	-1336	253558	247857	5701
1.A.a.2 Net exports of goods under merchanting	201654	215166	-13512	211010	219218	-8208
1.A.a.3 Nonmonetary gold	115821	168408	-52587	121652	172546	-50894
1.A.a.1 General merchandise on a BOP basis	115268	161779	-46511	121353	162955	-41602
1.A.a.2 Net exports of goods under merchanting	553	0	553	300	0	300
1.A.a.3 Nonmonetary gold	0	6629	-6629	9591	9591	-9591
<b>1.A.b Services (1.A.b.1 to 1.A.b.13)</b>	85833	46758	39075	89357	46672	42685
1.A.b.1 Manufacturing services on physical inputs owned by others	327	52	275	352	18	335
1.A.b.2 Maintenance and repair services n.i.e.	56	644	-587	55	456	-401
1.A.b.3 Transport	7956	8091	-135	7772	7829	-57
1.A.b.4 Travel	8445	7698	747	9961	8063	1898
1.A.b.5 Construction	1099	705	394	1658	791	867
1.A.b.6 Insurance and pension services	824	455	369	927	650	277
1.A.b.7 Financial services	2093	1303	790	1599	1269	330
1.A.b.8 Charges for the use of intellectual property n.i.e.	290	2729	-2438	319	3365	-3046
1.A.b.9 Telecommunications, computer, and information services	41116	6606	34509	42137	5707	36430
1.A.b.10 Other business services	22260	16314	5945	22620	16388	6232
1.A.b.11 Personal, cultural, and recreational services	1045	1390	-346	1253	1496	-243
1.A.b.12 Government goods and services n.i.e.	144	307	-163	129	315	-186
1.A.b.13 Others n.i.e.	178	464	-286	575	324	251
<b>1.B Primary Income (1.B.1 to 1.B.3)</b>	7706	20312	-12606	10455	25283	-14828
1.B.1 Compensation of employees	1695	917	778	1932	1039	893
1.B.2 Investment income	4839	18772	-13934	6758	23566	-16808
1.B.2.1 Direct investment	2156	10609	-8453	2518	13929	-11411
1.B.2.2 Portfolio investment	78	2755	-2676	94	2383	-2289
1.B.2.3 Other investment	210	5246	-5035	874	7026	-6152
1.B.2.4 Reserve assets	2393	163	231	3272	229	3043
1.B.3 Other primary income	1172	623	549	1765	678	1087
<b>1.C Secondary Income (1.C.1+1.C.2)</b>	28650	3868	24782	32093	3356	28737
1.C.1 Financial corporations, nonfinancial corporations, households, and NPISHs	28627	3547	25080	32046	3096	28950
1.C.1.1 Personal transfers (Current transfers between resident and/non-resident households)	27984	2631	25352	31301	2324	28977
1.C.1.2 Other current transfers	643	915	-272	745	772	-27
1.C.2 General government	23	321	-298	48	260	-212
<b>2 Capital Account (2.1+2.2)</b>	272	260	12	182	138	44
2.1 Gross acquisitions (DR.)/disposals (CR.) of non-produced nonfinancial assets	120	35	85	21	50	-30
2.2 Capital transfers	152	225	-73	161	87	74
<b>3 Financial Account (3.1 to 3.5)</b>	153151	152222	929	247933	254216	-6283
<b>3.1 Direct Investment (3.1A+3.1B)</b>	17084	10730	6355	19834	17881	1954
3.1.A Direct Investment in India	15858	6538	9319	19128	11411	7718
3.1.A.1 Equity and investment fund shares	14684	6254	8430	18095	10934	7161
3.1.A.1.1 Equity other than reinvestment of earnings	9708	6254	3454	12762	10934	1829
3.1.A.1.2 Reinvestment of earnings	4976	0	4976	5332	5332	
3.1.A.2 Debt instruments	1173	284	889	1034	477	557
3.1.A.2.1 Direct investor in direct investment enterprises	1173	284	889	1034	477	557
3.1.B Direct Investment by India	1227	4191	-2964	706	6470	-5764
3.1.B.1 Equity and investment fund shares	1227	3226	-1999	706	4655	-3949
3.1.B.1.1 Equity other than reinvestment of earnings	1227	2123	-896	706	3208	-2503
3.1.B.1.2 Reinvestment of earnings	0	1103	-1103	1446	1446	
3.1.B.2 Debt instruments	0	965	-965	0	1815	-1815
3.1.B.2.1 Direct investor in direct investment enterprises	0	965	-965	1815	1815	
<b>3.2 Portfolio Investment</b>	66697	68361	-1664	138877	127485	11392
3.2.A Portfolio Investment in India	66117	67704	-1588	138217	126638	11579
3.2.1 Equity and investment fund shares	57476	59959	-2483	120154	112150	8004
3.2.2 Debt securities	8640	7745	895	18063	14487	3575
3.2.B Portfolio Investment by India	580	657	-77	660	847	-187
<b>3.3 Financial derivatives (other than reserves) and employee stock options</b>	3661	6332	-2671	6126	9280	-3154
<b>3.4 Other investment</b>	65708	61219	4489	83096	68816	14280
3.4.1 Other equity (ADRs/GDRs)	0	0	0	0	0	0
3.4.2 Currency and deposits	21141	17485	3656	26996	20678	6318
3.4.2.1 Central bank (Rupee Debt Movements; NRG)	75	0	75	955	0	955
3.4.2.2 Deposit-taking corporations, except the central bank (NRI Deposits)	21066	17485	3581	26041	20678	5363
3.4.2.3 General government	0	0	0	0	0	0
3.4.2.4 Other sectors	0	0	0	0	0	0
3.4.3 Loans (External Assistance, ECBs and Banking Capital)	17418	21782	-4364	32426	28113	4313
3.4.3.A Loans to India	17139	21378	-4239	29017	23774	5243
3.4.3.B Loans by India	280	404	-125	3409	4339	-929
3.4.4 Insurance, pension, and standardized guarantee schemes	41	30	11	54	85	-31
3.4.5 Trade credit and advances	15950	16237	-287	12000	13969	-1969
3.4.6 Other accounts receivable/payable - other	11157	5685	5472	11620	5972	5648
3.4.7 Special drawing rights	0	0	0	0	0	0
<b>3.5 Reserve assets</b>	0	5579	-5579	0	30754	-30754
3.5.1 Monetary gold	0	0	0	0	0	0
3.5.2 Special drawing rights n.a.	0	0	0	0	0	0
3.5.3 Reserve position in the IMF n.a.	0	0	0	0	0	0
3.5.4 Other reserve assets (Foreign Currency Assets)	0	5579	-5579	0	30754	-30754
<b>4 Total assets/liabilities</b>	153151	152222	929	247933	254216	-6283
4.1 Equity and investment fund shares	77670	76458	1212	145795	137951	7844
4.2 Debt instruments	64323	64499	-176	90518	79539	10979
4.3 Other financial assets and liabilities	11157	11265	-107	11620	36725	-25105
<b>5 Net errors and omissions</b>	395	0	395	538	538	

Note: P: Preliminary.

## No. 41: Standard Presentation of BoP in India as per BPM6

(₹ Crore)

Item	Jan-Mar 2023			Jan-Mar 2024 (P)		
	Credit	Debit	Net	Credit	Debit	Net
	1	2	3	4	5	6
<b>1 Current Account (1.A+1.B+1.C)</b>	<b>1958000</b>	<b>1968993</b>	<b>-10992</b>	<b>2105225</b>	<b>2057890</b>	<b>47336</b>
<b>1.A Goods and Services (1.A.a+1.A.b)</b>	<b>1658921</b>	<b>1770076</b>	<b>-111155</b>	<b>1751957</b>	<b>1820108</b>	<b>-68150</b>
<b>1.A.a Goods (1.A.a.1 to 1.A.a.3)</b>	<b>952809</b>	<b>1385415</b>	<b>-432606</b>	<b>1010049</b>	<b>1432606</b>	<b>-422556</b>
1.A.a.1 General merchandise on a BOP basis	948262	1330884	-382622	1007561	1352971	-345410
1.A.a.2 Net exports of goods under merchanting	4548	0	4548	2488	0	2488
1.A.a.3 Nonmonetary gold	0	54532	-54532	0	79635	-79635
<b>1.A.b Services (1.A.b.1 to 1.A.b.13)</b>	<b>706112</b>	<b>384660</b>	<b>321451</b>	<b>741908</b>	<b>387502</b>	<b>354406</b>
1.A.b.1 Manufacturing services on physical inputs owned by others	2689	425	2264	2923	146	2778
1.A.b.2 Maintenance and repair services n.i.e.	464	5295	-4831	455	3786	-3331
1.A.b.3 Transport	65454	66565	-1111	64527	65002	-475
1.A.b.4 Travel	69476	63331	6145	82705	66948	15758
1.A.b.5 Construction	9040	5797	3244	13763	6567	7196
1.A.b.6 Insurance and pension services	6777	3740	3037	7699	5395	2304
1.A.b.7 Financial services	17215	10718	6497	13280	10537	2743
1.A.b.8 Charges for the use of intellectual property n.i.e.	2389	22449	-20059	2648	27942	-25294
1.A.b.9 Telecommunications, computer, and information services	338240	54349	283891	349851	47384	302467
1.A.b.10 Other business services	183122	134212	48910	187807	136067	51740
1.A.b.11 Personal, cultural, and recreational services	8596	11438	-2842	10404	12421	-2016
1.A.b.12 Government goods and services n.i.e.	1185	2525	-1339	1073	2616	-1543
1.A.b.13 Others n.i.e.	1463	3817	-2354	4771	2691	2081
<b>1.B Primary Income (1.B.1 to 1.B.3)</b>	<b>63392</b>	<b>167098</b>	<b>-103707</b>	<b>86804</b>	<b>209917</b>	<b>-123113</b>
1.B.1 Compensation of employees	13948	7544	6404	16041	8627	7414
1.B.2 Investment income	39805	154433	-114627	56107	195663	-139556
1.B.2.1 Direct investment	17740	87278	-69538	20904	115646	-94742
1.B.2.2 Portfolio investment	644	22661	-22016	782	19786	-19004
1.B.2.3 Other investment	1731	43156	-41425	7255	58332	-51077
1.B.2.4 Reserve assets	19690	1338	18352	27166	1900	25266
1.B.3 Other primary income	9638	5122	4516	14656	5627	9029
<b>1.C Secondary Income (1.C.1+1.C.2)</b>	<b>235688</b>	<b>31819</b>	<b>203869</b>	<b>264644</b>	<b>27865</b>	<b>238599</b>
1.C.1 Financial corporations, nonfinancial corporations, households, and NPISHs	235499	29176	206322	266068	25705	240363
1.C.1.1 Personal transfers (Current transfers between resident and non-resident households)	230210	21647	208563	259885	19295	240591
1.C.1.2 Other current transfers	5288	7529	-2241	6183	6410	-227
1.C.2 General government	189	2642	-2453	396	2160	-1764
<b>2 Capital Account (2.1+2.2)</b>	<b>2237</b>	<b>2137</b>	<b>100</b>	<b>1509</b>	<b>1144</b>	<b>364</b>
2.1 Gross acquisitions (DR.)/disposals (CR.) of non-produced nonfinancial assets	986	288	698	171	419	-248
2.2 Capital transfers	1250	1849	-599	1338	725	613
<b>3 Financial Account (3.1 to 3.5)</b>	<b>1259902</b>	<b>1252260</b>	<b>7643</b>	<b>2058523</b>	<b>2110686</b>	<b>-52163</b>
<b>3.1 Direct Investment (3.1A+3.1B)</b>	<b>140546</b>	<b>88268</b>	<b>52278</b>	<b>164679</b>	<b>148458</b>	<b>16220</b>
3.1.A Direct Investment in India	130453	53788	76665	158819	94741	64078
3.1.A.1 Equity and investment fund shares	120800	51450	69350	150237	90780	59457
3.1.A.1.1 Equity other than reinvestment of earnings	79863	51450	28413	105963	90780	15183
3.1.A.1.2 Reinvestment of earnings	40937	0	40937	44274	0	44274
3.1.A.2 Debt instruments	9652	2338	7315	8582	3960	4621
3.1.A.2.1 Direct investor in direct investment enterprises	9652	2338	7315	8582	3960	4621
3.1.B Direct Investment by India	10093	34480	-24387	5860	53718	-47858
3.1.B.1 Equity and investment fund shares	10093	26539	-16446	5860	38647	-32787
3.1.B.1.1 Equity other than reinvestment of earnings	10093	17465	-7372	5860	26638	-20778
3.1.B.1.2 Reinvestment of earnings	0	9073	-9073	0	12009	-12009
3.1.B.2 Debt instruments	0	7941	-7941	0	15071	-15071
3.1.B.2.1 Direct investor in direct investment enterprises	0	7941	-7941	0	15071	-15071
<b>3.2 Portfolio Investment</b>	<b>548685</b>	<b>562376</b>	<b>-13691</b>	<b>1153057</b>	<b>1058474</b>	<b>94583</b>
3.2.A Portfolio Investment in India	543912	556972	-13060	1147577	1051439	96139
3.2.1 Equity and investment fund shares	472831	493254	-20423	997608	931154	66454
3.2.2 Debt securities	71080	63718	7363	149969	120285	29685
3.2.B Portfolio Investment by India	4774	5404	-631	5480	7035	-1555
<b>3.3 Financial derivatives (other than reserves) and employee stock options</b>	<b>30121</b>	<b>52094</b>	<b>-21973</b>	<b>50865</b>	<b>77053</b>	<b>-26187</b>
<b>3.4 Other investment</b>	<b>540550</b>	<b>503623</b>	<b>36927</b>	<b>689922</b>	<b>571362</b>	<b>118560</b>
3.4.1 Other equity (ADRs/GDRs)	0	0	0	0	0	0
3.4.2 Currency and deposits	173921	143842	30080	224139	171683	52457
3.4.2.1 Central bank (Rupee Debt Movements; NRG)	619	0	619	7926	0	7926
3.4.2.2 Deposit-taking corporations, except the central bank (NRI Deposits)	173302	143842	29461	216214	171683	44531
3.4.2.3 General government	0	0	0	0	0	0
3.4.2.4 Other sectors	0	0	0	0	0	0
3.4.3 Loans (External Assistance, ECBs and Banking Capital)	143291	179189	-35898	269228	233414	35814
3.4.3.A Loans to India	140991	175865	-34873	240921	197391	43530
3.4.3.B Loans by India	2300	3324	-1024	28307	36024	-7717
3.4.4 Insurance, pension, and standardized guarantee schemes	337	245	92	448	704	-257
3.4.5 Trade credit and advances	131214	133577	-2364	99631	115980	-16349
3.4.6 Other accounts receivable/payable - other	91787	46770	45017	96475	49580	46895
3.4.7 Special drawing rights	0	0	0	0	0	0
<b>3.5 Reserve assets</b>	<b>0</b>	<b>45899</b>	<b>-45899</b>	<b>0</b>	<b>255339</b>	<b>-255339</b>
3.5.1 Monetary gold	0	0	0	0	0	0
3.5.2 Special drawing rights n.a.	0	0	0	0	0	0
3.5.3 Reserve position in the IMF n.a.	0	0	0	0	0	0
3.5.4 Other reserve assets (Foreign Currency Assets)	0	45899	-45899	0	255339	-255339
<b>4 Total assets/liabilities</b>	<b>1259902</b>	<b>1252260</b>	<b>7643</b>	<b>2058523</b>	<b>2110686</b>	<b>-52163</b>
4.1 Equity and investment fund shares	638957	628987	9970	1210498	1145373	65124
4.2 Debt instruments	529159	530604	-1445	751550	660393	91157
4.3 Other financial assets and liabilities	91787	92669	-883	96475	304919	-208444
<b>5 Net errors and omissions</b>	<b>3250</b>	<b>0</b>	<b>3250</b>	<b>4463</b>	<b>0</b>	<b>4463</b>

Note: P: Preliminary.

**No. 42: India's International Investment Position**

(US\$ Million)

Item	As on Financial Year/Quarter End							
	2023-24		2023				2024	
			Mar.		Dec.		Mar.	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	1	2	3	4	5	6	7	8
1. Direct investment Abroad/in India	242271	542516	225592	523322	236506	536795	242271	542516
1.1 Equity Capital*	153343	511142	142071	493896	149394	505572	153343	511142
1.2 Other Capital	88927	31374	83521	29426	87112	31223	88927	31374
2. Portfolio investment	10286	283804	13106	243561	10661	269154	10286	283804
2.1 Equity	8518	168679	7449	138958	8438	161206	8518	168679
2.2 Debt	1768	115126	5657	104603	2223	107948	1768	115126
3. Other investment	129328	563664	101420	518847	120558	552330	129328	563664
3.1 Trade credit	33450	118598	27507	124304	31689	120355	33450	118598
3.2 Loan	13578	221964	9256	202334	14845	215009	13578	221964
3.3 Currency and Deposits	52803	154787	33046	141133	44452	149326	52803	154787
3.4 Other Assets/Liabilities	29497	46404	31612	28815	29572	45438	29497	46404
4. Reserves	646419		578449		622452		646419	
5. Total Assets/ Liabilities	1028304	1389984	918567	1285729	990178	1358280	1028304	1389984
6. Net IIP (Assets - Liabilities)	-361680		-367162		-368102		-361680	

Note: \* Equity capital includes share of investment funds and reinvested earnings.

# Payment and Settlement Systems

## No.43: Payment System Indicators

### PART I - Payment System Indicators - Payment & Settlement System Statistics

System	Volume (Lakh)					Value (₹ Crore)				
	FY 2023-24	2023		2024		FY 2023-24	2023		2024	
		May.	Apr.	May.	May.		May.	Apr.	May.	May.
	1	-2	-1	0	5	2	3	4		
<b>A. Settlement Systems</b>										
<b>Financial Market Infrastructures (FMIs)</b>										
<b>1 CCL Operated Systems (1.1 to 1.3)</b>	43.04	4.03	3.53	4.07	259206893	22537634	22115118	22018913		
1.1 Govt. Securities Clearing (1.1.1 to 1.1.3)	16.80	1.63	1.25	1.60	170464587	15227196	14132535	14632648		
1.1.1 Outright	9.51	0.98	0.68	0.98	13463848	1326724	1023439	1363203		
1.1.2 Repo	4.94	0.45	0.38	0.43	76718788	7732270	6510577	6669493		
1.1.3 Tri-party Repo	2.35	0.20	0.19	0.19	80281951	6168201	6598519	6599952		
1.2 Forex Clearing	24.92	2.23	2.17	2.37	80984671	6189356	7343662	6780829		
1.3 Rupee Derivatives @	1.31	0.17	0.11	0.10	7757636	1121082	638922	605436		
<b>B. Payment Systems</b>										
<b>I Financial Market Infrastructures (FMIs)</b>										
<b>1 Credit Transfers - RTGS (1.1 to 1.2)</b>	2700.16	220.46	235.59	249.71	170886670	12882587	14433296	15186947		
1.1 Customer Transactions	2686.04	219.21	234.46	248.49	152406168	11413321	12800746	13559606		
1.2 Interbank Transactions	14.12	1.25	1.12	1.22	18480503	1469266	1632550	1627340		
<b>II Retail</b>										
<b>2 Credit Transfers - Retail (2.1 to 2.6)</b>	1486106.89	107130.93	149083.29	156773.59	67542859	5196720	5845989	6279019		
2.1 AePS (Fund Transfers) @	3.92	0.34	0.29	0.31	261	23	19	18		
2.2 APBS \$	25888.17	1838.94	2535.32	2295.50	390743	31424	36959	37499		
2.3 IMPS	60053.35	5015.49	5503.65	5576.99	6495652	527558	592279	606167		
2.4 NACH Cr \$	16227.27	1227.66	964.06	1074.61	1525104	122239	121718	132404		
2.5 NEFT	72639.50	4896.66	7040.03	7467.75	39136014	3026331	3130549	3457995		
2.6 UPI @	1311294.68	94151.85	13039.94	140358.43	19995086	1489145	1964465	2044937		
2.6.1 of which USSD @	26.19	1.75	1.52	1.62	352	21	18	17		
<b>3 Debit Transfers and Direct Debits (3.1 to 3.3)</b>	18249.53	1457.43	1644.10	1698.67	1687658	125654	159006	167035		
3.1 BHIM Aadhaar Pay @	193.59	15.45	20.50	19.33	6112	535	563	506		
3.2 NACH Dr \$	16426.49	1288.88	1494.37	1539.23	1678769	124864	158223	166305		
3.3 NETC (linked to bank account) @	1629.45	153.10	129.23	140.11	2777	256	220	225		
<b>4 Card Payments (4.1 to 4.2)</b>	58469.79	4974.51	4960.12	5105.17	2423563	193436	200409	208520		
4.1 Credit Cards (4.1.1 to 4.1.2)	35610.15	2734.74	3441.51	3601.36	1831134	140660	156498	164955		
4.1.1 PoS based \$	18614.08	1419.98	1843.36	1906.58	651911	50811	61982	63831		
4.1.2 Others \$	16996.08	1314.76	1598.15	1694.78	1179223	89849	94516	101124		
4.2 Debit Cards (4.2.1 to 4.2.1)	22859.64	2239.77	1518.61	1503.82	592429	52776	43911	43565		
4.2.1 PoS based \$	16477.95	1592.87	1126.33	1114.38	393589	35589	30022	29772		
4.2.2 Others \$	6381.69	646.89	392.28	389.44	198840	17187	13889	13793		
<b>5 Prepaid Payment Instruments (5.1 to 5.2)</b>	78775.40	7064.30	5288.79	5496.00	283048	24240	14964	16697		
5.1 Wallets	63256.69	5669.85	3993.29	4204.49	234353	20339	10507	11566		
<b>5.2 Cards (5.2.1 to 5.2.2)</b>	15518.71	1394.45	1295.49	1291.51	48695	3901	4457	5131		
5.2.1 PoS based \$	8429.87	721.63	695.13	689.94	11247	1190	962	1027		
5.2.2 Others \$	7088.84	672.82	600.37	601.57	37447	2711	3495	4104		
<b>6 Paper-based Instruments (6.1 to 6.2)</b>	6632.10	572.39	525.73	524.39	7212333	627772	667829	611518		
6.1 CTS (NPCI Managed)	6632.10	572.39	525.73	524.39	7212333	627772	667829	611518		
6.2 Others	0.00	-	-	-	-	-	-	-		
<b>Total - Retail Payments (2+3+4+5+6)</b>	1648233.71	121199.56	161502.02	169597.82	79149461	6167822	6888198	7282789		
<b>Total Payments (1+2+3+4+5+6)</b>	1650933.88	121420.02	161737.61	169847.53	250036131	19050409	21321494	22469736		
<b>Total Digital Payments (1+2+3+4+5)</b>	1644301.78	120847.63	161211.88	169323.14	242823799	18422637	20653665	21858218		

## CURRENT STATISTICS

### PART II - Payment Modes and Channels

System	Volume (Lakh)					Value (₹ Crore)				
	FY 2023-24	2023		2024		FY 2023-24	2023		2024	
		May.	Apr.	May.	May.		May.	Apr.	May.	
	1	2	3	4	5	6	7	8		
<b>A. Other Payment Channels</b>										
<b>1 Mobile Payments (mobile app based) (1.1 to 1.2)</b>	1252599.21	87100.70	128494.90	134522.21	30687088	2268479	2993601	3126317		
1.1 Intra-bank \$	83000.56	6127.73	8743.81	9224.51	5676805	424314	566077	585196		
1.2 Inter-bank \$	1169598.65	80972.97	119751.09	125297.71	25010283	1844165	2427524	2541120		
<b>2 Internet Payments (Netbanking / Internet Browser Based) @ (2.1 to 2.2)</b>	45034.98	3598.99	3756.42	3771.12	102117736	7800962	8807528	8705212		
2.1 Intra-bank @	12033.28	916.90	964.52	1010.25	53247042	4116658	4498614	4276566		
2.2 Inter-bank @	33001.71	2682.09	2791.90	2760.86	48870694	3684304	4308914	4428645		
<b>B. ATMs</b>										
<b>3 Cash Withdrawal at ATMs \$ (3.1 to 3.3)</b>	66440.72	5694.72	5240.40	5166.41	3259388	279621	265905	260240		
3.1 Using Credit Cards \$	95.80	7.73	9.07	8.63	4648	366	458	441		
3.2 Using Debit Cards \$	66001.01	5655.91	5207.60	5133.52	3241538	278080	264457	258785		
3.3 Using Pre-paid Cards \$	343.90	31.09	23.73	24.26	13202	1175	990	1014		
<b>4 Cash Withdrawal at PoS \$ (4.1 to 4.2)</b>	15.18	2.33	0.52	0.33	148	23	5	3		
4.1 Using Debit Cards \$	15.06	2.31	0.50	0.31	147	23	5	3		
4.2 Using Pre-paid Cards \$	0.12	0.02	0.02	0.02	1	0	0	0		
<b>5 Cash Withdrawal at Micro ATMs @</b>	11754.95	979.64	919.05	879.79	314003	27469	24502	22804		
5.1 AcEPS @	11754.95	979.64	919.05	879.79	314003	27469	24502	22804		

### PART III - Payment Infrastructures (Lakh)

System	As on March 2024	2023		2024	
		May.	Apr.	May.	May.
	1	2	3	4	
<b>Payment System Infrastructures</b>					
<b>1 Number of Cards (1.1 to 1.2)</b>	10667.22	10616.74	10719.55	10780.74	
1.1 Credit Cards	1018.03	877.47	1025.40	1033.00	
1.2 Debit Cards	9649.19	9739.26	9694.15	9747.74	
<b>2 Number of PPIs @ (2.1 to 2.2)</b>	16743.63	16638.55	14716.82	14829.77	
2.1 Wallets @	13381.80	13373.56	11294.83	11302.14	
2.2 Cards @	3361.82	3264.98	3421.99	3527.63	
<b>3 Number of ATMs (3.1 to 3.2)</b>	2.58	2.56	2.57	2.57	
3.1 Bank owned ATMs \$	2.23	2.20	2.23	2.22	
3.2 White Label ATMs \$	0.35	0.36	0.35	0.36	
<b>4 Number of Micro ATMs @</b>	17.55	14.66	17.37	15.62	
<b>5 Number of PoS Terminals</b>	89.03	79.61	88.39	88.04	
<b>6 Bharat QR @</b>	62.50	55.45	60.73	61.21	
<b>7 UPI QR *</b>	3462.03	2667.57	3195.01	3300.27	

@: New inclusion w.e.f. November 2019

#: Data reported by Co-operative Banks, LABs and RRBs included with effect from December 2021.

\$ : Inclusion separately initiated from November 2019 - would have been part of other items hitherto.

\*: New inclusion w.e.f. September 2020; Includes only static UPI QR Code

Note : 1. Data is provisional.

1. ECS (Debit and Credit) has been merged with NACH with effect from January 31, 2020.

2. The data from November 2019 onwards for card payments (Debit/Credit cards) and Prepaid Payment Instruments (PPIs) may not be comparable with earlier months/ periods, as more granular data is being published along with revision in data definitions.

3. Only domestic financial transactions are considered. The new format captures e-commerce transactions; transactions using FASTags, digital bill payments and card-to-card transfer through ATMs, etc.. Also, failed transactions, chargebacks, reversals, expired cards/ wallets, are excluded.

Part I-A. Settlement systems

1.1.3. Tri-party Repo under the securities segment has been operationalised from November 05, 2018.

Part I-B. Payments systems

4.1.2: 'Others' includes e-commerce transactions and digital bill payments through ATMs, etc.

4.2.2: 'Others' includes e-commerce transactions, card to card transfers and digital bill payments through ATMs, etc.

5: Available from December 2010.

5.1: includes purchase of goods and services and fund transfer through wallets.

5.2:2: includes usage of PPI Cards for online transactions and other transactions.

6.1: Pertain to three grids – Mumbai, New Delhi and Chennai.

6.2: 'Others' comprises of Non-MICR transactions which pertains to clearing houses managed by 21 banks.

Part II-A. Other payment channels

1: Mobile Payments –

• Include transactions done through mobile apps of banks and UPI apps.

• The data from July 2017 includes only individual payments and corporate payments initiated, processed, and authorised using mobile device. Other corporate payments which are not initiated, processed, and authorised using mobile device are excluded.

2: Internet Payments – includes only e-commerce transactions through 'netbanking' and any financial transaction using internet banking website of the bank.

Part II-B. ATMs

3.3 and 4.2: only relates to transactions using bank issued PPIs.

Part III. Payment systems infrastructure

3: Includes ATMs deployed by Scheduled Commercial Banks (SCBs) and White Label ATM Operators (WLAOs). WLAs are included from April 2014 onwards.

## Occasional Series

#### No. 44: Small Savings

Note : Data on receipts from April 2017 are net receipts, i.e., gross receipt minus gross payment.  
Source: Accountant General, Post and Telegraphs.

**No. 45 : Ownership Pattern of Central and State Governments Securities**

(Per cent)

Category	Central Government Dated Securities				
	2023				2024
	Mar.	Jun.	Sep.	Dec.	Mar.
	1	2	3	4	5
<b>(A) Total (in ₹. Crore)</b>	<b>9645776</b>	<b>9898751</b>	<b>10383607</b>	<b>10538792</b>	<b>10740389</b>
1 Commercial Banks	36.61	36.58	37.96	37.55	37.66
2 Co-operative Banks	1.64	1.56	1.52	1.49	1.47
3 Non-Bank PDs	0.49	0.73	0.66	0.67	0.66
4 Insurance Companies	25.97	26.21	26.05	26.16	25.98
5 Mutual Funds	2.81	2.69	3.02	3.03	2.90
6 Provident Funds	4.71	4.59	4.42	4.57	4.47
7 Pension Funds	3.98	4.18	4.32	4.44	4.52
8 Financial Institutions	0.98	1.20	0.54	0.55	0.55
9 Corporates	1.62	1.22	1.21	1.33	1.35
10 Foreign Portfolio Investors	1.36	1.59	1.61	1.92	2.34
11 RBI	14.26	13.78	13.06	12.54	12.31
12 Others	5.57	5.67	5.64	5.74	5.79
12.1 State Governments	2.03	2.03	2.04	2.07	2.04

Category	State Governments Securities				
	2023				2024
	Mar.	Jun.	Sep.	Dec.	Mar.
	1	2	3	4	5
<b>(B) Total (in ₹. Crore)</b>	<b>4929079</b>	<b>5050874</b>	<b>5161642</b>	<b>5338587</b>	<b>5646219</b>
1 Commercial Banks	33.91	34.13	33.87	33.90	34.14
2 Co-operative Banks	3.64	3.68	3.60	3.53	3.39
3 Non-Bank PDs	0.62	0.50	0.61	0.63	0.60
4 Insurance Companies	26.80	26.73	26.97	26.64	26.14
5 Mutual Funds	1.94	2.08	1.86	2.00	2.09
6 Provident Funds	21.29	21.19	21.70	22.00	22.35
7 Pension Funds	4.81	4.84	4.82	4.56	4.76
8 Financial Institutions	1.84	1.82	1.65	1.63	1.59
9 Corporates	2.00	1.92	1.87	2.03	2.02
10 Foreign Portfolio Investors	0.02	0.02	0.02	0.03	0.07
11 RBI	0.72	0.70	0.69	0.66	0.63
12 Others	2.42	2.39	2.34	2.37	2.20
12.1 State Governments	0.27	0.27	0.27	0.27	0.25

Category	Treasury Bills				
	2023				2024
	Mar.	Jun.	Sep.	Dec.	Mar.
	1	2	3	4	5
<b>(C) Total (in ₹. Crore)</b>	<b>823313</b>	<b>1012301</b>	<b>925317</b>	<b>849151</b>	<b>871662</b>
1 Commercial Banks	53.92	47.64	56.35	57.18	58.53
2 Co-operative Banks	1.29	1.20	1.20	1.28	1.67
3 Non-Bank PDs	2.85	1.99	0.54	1.70	1.66
4 Insurance Companies	6.11	4.93	5.26	5.50	5.06
5 Mutual Funds	15.30	17.04	12.74	11.21	11.89
6 Provident Funds	0.10	1.46	1.52	0.08	0.15
7 Pension Funds	0.07	0.01	0.01	0.00	0.01
8 Financial Institutions	3.72	7.96	4.10	5.34	7.16
9 Corporates	4.99	4.42	4.00	4.58	4.50
10 Foreign Portfolio Investors	0.40	0.12	0.10	0.07	0.01
11 RBI	0.00	0.00	0.00	0.00	0.00
12 Others	11.25	13.23	14.17	13.06	9.36
12.1 State Governments	7.16	10.33	11.36	9.26	5.88

Note: (-) represents nil or negligible

The Table format is revised since Monthly Bulletin for the month of June 2023.

State Government Securities include special bonds issued under Ujwal DISCOM Assurance Yojana (UDAY).

Bank PDs are clubbed under Commercial Banks. However, they form a small fraction of total outstanding securities.

The category 'Others' comprises State Governments, DICGC, PSUs, Trusts, Foreign Central Banks, HUF/Individuals etc.

Data since September 2023 includes the impact of the merger of a non-bank with a bank.

**No. 46: Combined Receipts and Disbursements of the Central and State Governments**

Item	(₹ Crore)					
	2018-19 1	2019-20 2	2020-21 3	2021-22 4	2022-23 RE 5	2023-24 BE 6
<b>1 Total Disbursements</b>	<b>5040747</b>	<b>5410887</b>	<b>6353359</b>	<b>7098451</b>	<b>8376972</b>	<b>9045119</b>
1.1 Developmental	2882758	3074492	3823423	4189146	5073367	5426440
1.1.1 Revenue	2224367	2446605	3150221	3255207	3838714	3836447
1.1.2 Capital	596774	588233	550358	861777	1146013	1471534
1.1.3 Loans	61617	39654	122844	72163	88639	118460
1.2 Non-Developmental	2078276	2253027	2442941	2810388	3188699	3490946
1.2.1 Revenue	1965907	2109629	2271637	2602750	2988556	3277722
1.2.1.1 Interest Payments	894520	955801	1060602	1226672	1403183	1589435
1.2.2 Capital	111029	141457	169155	175519	196688	208268
1.2.3 Loans	1340	1941	2148	32119	3455	4957
1.3 Others	79713	83368	86995	98916	114906	127733
<b>2 Total Receipts</b>	<b>5023352</b>	<b>5734166</b>	<b>6397162</b>	<b>7156342</b>	<b>8258187</b>	<b>9149787</b>
2.1 Revenue Receipts	3797731	3851563	3688030	4823821	5706246	6337126
2.1.1 Tax Receipts	3278947	3231582	3193390	4160414	4837048	5477428
2.1.1.1 Taxes on commodities and services	2030050	2012578	2076013	2626553	2967610	3372525
2.1.1.2 Taxes on Income and Property	1246083	1216203	1114805	1530636	1865298	2100430
2.1.1.3 Taxes of Union Territories (Without Legislature)	2814	2800	2572	3225	4140	4473
2.1.2 Non-Tax Receipts	518783	619981	494640	663407	869198	859698
2.1.2.1 Interest Receipts	36273	31137	33448	35250	37974	45199
2.2 Non-debt Capital Receipts	140287	110094	64994	44077	88273	119373
2.2.1 Recovery of Loans & Advances	44667	59515	16951	27665	25661	34501
2.2.2 Disinvestment proceeds	95621	50578	48044	16412	62611	84872
<b>3 Gross Fiscal Deficit [ 1 - ( 2.1 + 2.2 ) ]</b>	<b>1102729</b>	<b>1449230</b>	<b>2600335</b>	<b>2230553</b>	<b>2582453</b>	<b>2588620</b>
<b>3A Sources of Financing: Institution-wise</b>						
3A.1 Domestic Financing	1097210	1440548	2530155	2194406	2558579	2566503
3A.1.1 Net Bank Credit to Government	387091	571872	890012	627255	687904	...
3A.1.1.1 Net RBI Credit to Government	325987	190241	107493	350911	529	...
3A.1.2 Non-Bank Credit to Government	710119	868676	1640143	1567151	1870675	...
3A.2 External Financing	5519	8682	70180	36147	23874	22118
<b>3B Sources of Financing: Instrument-wise</b>						
3B.1 Domestic Financing	1097210	1440548	2530155	2194406	2558579	2566503
3B.1.1 Market Borrowings (net)	795845	971378	1696012	1213169	1776747	1902862
3B.1.2 Small Savings (net)	88961	209232	458801	526693	403838	441189
3B.1.3 State Provident Funds (net)	51004	38280	41273	28100	36454	37114
3B.1.4 Reserve Funds	-18298	10411	4545	42153	3524	24429
3B.1.5 Deposits and Advances	66289	-14227	25682	42203	82485	58404
3B.1.6 Cash Balances	17395	-323279	-43802	-57891	118784	-104667
3B.1.7 Others	96014	548753	347643	399980	136748	207172
3B.2 External Financing	5519	8682	70180	36147	23874	22118
<b>4 Total Disbursements as per cent of GDP</b>	<b>26.7</b>	<b>26.9</b>	<b>32.0</b>	<b>30.1</b>	<b>31.1</b>	<b>30.0</b>
<b>5 Total Receipts as per cent of GDP</b>	<b>26.6</b>	<b>28.5</b>	<b>32.2</b>	<b>30.3</b>	<b>30.6</b>	<b>30.3</b>
<b>6 Revenue Receipts as per cent of GDP</b>	<b>20.1</b>	<b>19.2</b>	<b>18.6</b>	<b>20.4</b>	<b>21.2</b>	<b>21.0</b>
<b>7 Tax Receipts as per cent of GDP</b>	<b>17.3</b>	<b>16.1</b>	<b>16.1</b>	<b>17.6</b>	<b>17.9</b>	<b>18.2</b>
<b>8 Gross Fiscal Deficit as per cent of GDP</b>	<b>5.8</b>	<b>7.2</b>	<b>13.1</b>	<b>9.5</b>	<b>9.6</b>	<b>8.6</b>

... : Not available; RE: Revised Estimates; BE: Budget Estimates

Source : Budget Documents of Central and State Governments.

Note: GDP data is based on 2011-12 base. GDP for 2023-24 is from Union Budget 2023-24.

Data pertains to all States and Union Territories.

1 &amp; 2: Data are net of repayments of the Central Government (including repayments to the NSSF) and State Governments.

1.3: Represents compensation and assignments by States to local bodies and Panchayati Raj institutions.

2: Data are net of variation in cash balances of the Central and State Governments and includes borrowing receipts of the Central and State Governments.

3A.1.1: Data as per RBI records.

3B.1.1: Borrowings through dated securities.

3B.1.2: Represent net investment in Central and State Governments' special securities by the National Small Savings Fund (NSSF).

This data may vary from previous publications due to adjustments across components with availability of new data.

3B.1.6: Include Ways and Means Advances by the Centre to the State Governments.

3B.1.7: Include Treasury Bills, loans from financial institutions, insurance and pension funds, remittances, cash balance investment account.

**No. 47: Financial Accommodation Availed by State Governments under various Facilities**

(₹ Crore)

Sr. No	State/Union Territory	During May-2024					
		Special Drawing Facility (SDF)		Ways and Means Advances (WMA)		Overdraft (OD)	
		Average amount availed	Number of days availed	Average amount availed	Number of days availed	Average amount availed	Number of days availed
1	2	3	4	5	6	7	8
1	Andhra Pradesh	876.55	28	1402.47	21	1913.20	7
2	Arunachal Pradesh	-	-	-	-	-	-
3	Assam	546.42	6	-	-	-	-
4	Bihar	-	-	-	-	-	-
5	Chhattisgarh	-	-	-	-	-	-
6	Goa	-	-	-	-	-	-
7	Gujarat	-	-	-	-	-	-
8	Haryana	29.25	2	-	-	-	-
9	Himachal Pradesh	-	-	255.39	5	-	-
10	Jammu & Kashmir UT	-	-	922.72	29	427.45	21
11	Jharkhand	-	-	-	-	-	-
12	Karnataka	-	-	-	-	-	-
13	Kerala	337.06	30	1006.89	30	467.15	5
14	Madhya Pradesh	-	-	-	-	-	-
15	Maharashtra	-	-	-	-	-	-
16	Manipur	15.43	28	165.66	28	72.14	9
17	Meghalaya	195.55	9	115.42	8	-	-
18	Mizoram	18.74	1	-	-	-	-
19	Nagaland	94.45	6	49.04	4	-	-
20	Odisha	-	-	-	-	-	-
21	Puducherry	-	-	-	-	-	-
22	Punjab	1985.01	31	902.88	27	703.77	16
23	Rajasthan	7442.82	31	517.05	14	-	-
24	Tamil Nadu	-	-	-	-	-	-
25	Telangana	895.15	30	1104.34	29	684.01	10
26	Tripura	-	-	-	-	-	-
27	Uttar Pradesh	-	-	-	-	-	-
28	Uttarakhand	250.88	19	163.87	5	-	-
29	West Bengal	-	-	-	-	-	-

Notes: 1. SDF is availed by State Governments against the collateral of Consolidated Sinking Fund (CSF), Guarantee Redemption Fund (GRF) & Auction Treasury Bills (ATBs) balances and other investments in government securities.

2. WMA is advance by Reserve Bank of India to State Governments for meeting temporary cash mismatches.

3. OD is advanced to State Governments beyond their WMA limits.

4. Average Availed is the total accommodation (SDF/WMA/OD) availed divided by number of days for which accommodation was extended during the month.

5.- : Nil.

Source: Reserve Bank of India.

**No. 48: Investments by State Governments**

(₹ Crore)

Sr. No	State/Union Territory	As on end of May 2024			
		Consolidated Sinking Fund (CSF)	Guarantee Redemption Fund (GRF)	Government Securities	Auction Treasury Bills (ATBs)
1	2	3	4	5	
1	Andhra Pradesh	10980	1083	0	0
2	Arunachal Pradesh	2518	6	0	500
3	Assam	6490	86	0	0
4	Bihar	10349	-	0	5700
5	Chhattisgarh	7406	60	1	4661
6	Goa	996	434	0	0
7	Gujarat	13576	634	0	11000
8	Haryana	2214	1616	0	0
9	Himachal Pradesh	-	-	0	0
10	Jammu & Kashmir UT	0	0	0	0
11	Jharkhand	2282	-	0	750
12	Karnataka	17346	527	0	47128
13	Kerala	2957	-	0	0
14	Madhya Pradesh	-	1215	0	0
15	Maharashtra	66308	1656	0	0
16	Manipur	66	133	0	0
17	Meghalaya	1208	103	0	0
18	Mizoram	436	60	0	0
19	Nagaland	1692	44	0	0
20	Odisha	17218	1941	111	4092
21	Puducherry	551	-	0	1500
22	Punjab	8719	0	0	0
23	Rajasthan	-	-	129	9250
24	Tamil Nadu	3256	-	0	3995
25	Telangana	7493	1640	0	0
26	Tripura	1160	25	0	325
27	Uttarakhand	4770	201	0	0
28	Uttar Pradesh	7734	-	89	0
29	West Bengal	12332	931	239	0
<b>Total</b>		<b>210058</b>	<b>12394</b>	<b>569</b>	<b>88900</b>

Notes: 1. CSF and GRF are reserve funds maintained by some State Governments with the Reserve Bank of India.

2. ATBs include Treasury bills of 91 days, 182 days and 364 days invested by State Governments in the primary market.

3. - : Not Applicable (not a member of the scheme).

## No. 49: Market Borrowings of State Governments

(₹ Crore)

Sr. No.	State	2022-23		2023-24		2023-24		2024-25		Total amount raised, so far in 2024-25			
						March		April		May			
		Gross Amount Raised	Net Amount Raised	Gross	Net								
1	2	3	4	5	6	7	8	9	10	11	12	13	
1	Andhra Pradesh	57478	45814	68400	55330	-	-1750	7000	4834	14000	11084	21000	15918
2	Arunachal Pradesh	559	389	902	672	232	182	-	-96	-	-50	-	-146
3	Assam	17100	16105	18500	16000	2500	1000	1000	1000	2000	2000	3000	3000
4	Bihar	36800	27467	47612	29910	3612	2488	-	-	-	-	-	-
5	Chhattisgarh	2000	-2287	32000	26213	10000	8913	-	-	-	-500	-	-500
6	Goa	1350	500	2550	1560	250	160	-	-100	-	-	-	-100
7	Gujarat	43000	28300	30500	11947	-	-1500	-	-	-	-	-	-
8	Haryana	45158	28638	47500	28364	8500	3350	1000	1000	2000	1000	3000	2000
9	Himachal Pradesh	14000	11941	8072	5856	1772	1772	1000	450	700	500	1700	950
10	Jammu & Kashmir UT	8473	5969	16337	13904	1204	810	-	-300	2500	2350	2500	2050
11	Jharkhand	4000	-155	1000	-2505	-	-1055	-	-	-	-	-	-
12	Karnataka	36000	26000	81000	63003	21000	21000	-	-	-	-1500	-	-1500
13	Kerala	30839	15620	42438	26638	13608	12008	1000	-1000	5500	3800	6500	2800
14	Madhya Pradesh	40158	26849	38500	26264	-	-5236	-	-	-	-1000	-	-1000
15	Maharashtra	72000	42815	110000	79738	30000	30000	10000	8900	-	-2200	10000	6700
16	Manipur	1422	1147	1426	1076	326	176	-	-	200	200	200	200
17	Meghalaya	1753	1356	1364	912	-	-93	100	100	200	200	300	300
18	Mizoram	1315	1129	901	641	81	81	-	-20	200	180	200	160
19	Nagaland	1854	1199	2551	2016	400	355	-	-135	-	-65	-	-200
20	Odisha	0	-7500	0	-4658	-	-	-	-500	-	-	-	-500
21	Puducherry	1200	698	1100	475	500	500	-	-	-	-	-	-
22	Punjab	45500	33660	42386	29517	-	-1686	5500	3800	5700	4900	11200	8700
23	Rajasthan	46057	30110	73624	49718	14575	8625	-	-1000	10500	9000	10500	8000
24	Sikkim	1414	1320	1916	1701	485	450	-	-	-	-	-	-
25	Tamil Nadu	87000	65722	113001	75970	22000	18369	5000	1000	8000	5500	13000	6500
26	Telangana	40150	30922	49618	39385	7718	5575	4000	3166	4000	916	8000	4082
27	Tripura	0	-645	0	-550	-	-200	-	-	-	-	-	-
28	Uttar Pradesh	55612	41797	97650	85335	34500	31472	-	-2000	-	-1000	-	-3000
29	Uttarakhand	3200	1450	6300	3800	2500	1500	900	900	-	-	900	900
30	West Bengal	63000	42500	69910	48910	17000	16000	-	-1800	2000	200	2000	-1600
	Grand Total	758392	518829	1007058	717140	192763	153267	36500	18199	57500	35515	94000	53714

- : Nil.

Note: The State of J&K has ceased to exist constitutionally from October 31, 2019 and the liabilities of the State continue to remain as liabilities of the new UT of Jammu and Kashmir.

Source: Reserve Bank of India.

**No. 50 (a): Flow of Financial Assets and Liabilities of Households - Instrument-wise**

(Amount in ₹ Crore)

Item	2020-21				
	Q1	Q2	Q3	Q4	Annual
<b>Net Financial Assets (I-II)</b>	<b>583412.7</b>	<b>554437.6</b>	<b>463583.5</b>	<b>679174.4</b>	<b>2280608.2</b>
<i>Per cent of GDP</i>	<i>15.0</i>	<i>11.7</i>	<i>8.5</i>	<i>11.8</i>	<i>11.5</i>
<b>I. Financial Assets</b>	<b>788786.3</b>	<b>592945.3</b>	<b>633317.9</b>	<b>1047276.1</b>	<b>3062325.6</b>
<i>Per cent of GDP</i>	<i>20.3</i>	<i>12.5</i>	<i>11.6</i>	<i>18.2</i>	<i>15.4</i>
<i>of which:</i>					
<b>1. Total Deposits (a+b)</b>	<b>297412.4</b>	<b>278631.7</b>	<b>158172.2</b>	<b>506213.3</b>	<b>1240429.7</b>
(a) <b>Bank Deposits</b>	<b>281191.3</b>	<b>264565.3</b>	<b>147096.0</b>	<b>507719.3</b>	<b>1200571.8</b>
i. Commercial Banks	279010.5	262033.7	143558.6	462689.8	1147292.5
ii. Co-operative Banks	2180.8	2531.6	3537.3	45029.5	53279.3
(b) <b>Non-Bank Deposits</b>	<b>16221.1</b>	<b>14066.4</b>	<b>11076.3</b>	<b>-1506.0</b>	<b>39857.9</b>
<i>of which:</i>					
<b>Other Financial Institutions (i+ii)</b>	<b>11040.9</b>	<b>8886.2</b>	<b>5896.0</b>	<b>-6686.2</b>	<b>19137.0</b>
i. Non-Banking Financial Companies	1441.0	3763.0	3514.8	3521.2	12240.0
ii. Housing Finance Companies	9599.9	5123.2	2381.3	-10207.3	6897.0
<b>2. Life Insurance Funds</b>	<b>124387.9</b>	<b>143462.2</b>	<b>157535.1</b>	<b>142216.5</b>	<b>567601.8</b>
<b>3. Provident and Pension Funds (including PPF)</b>	<b>114496.3</b>	<b>107087.9</b>	<b>105344.6</b>	<b>175769.3</b>	<b>502698.2</b>
<b>4. Currency</b>	<b>202432.7</b>	<b>21286.9</b>	<b>91456.0</b>	<b>66800.5</b>	<b>381976.1</b>
<b>5. Investments</b>	<b>6249.8</b>	<b>-12956.4</b>	<b>67659.3</b>	<b>63624.0</b>	<b>124576.7</b>
<i>of which:</i>					
(a) Mutual Funds	-16021.0	-28837.7	57675.4	51267.0	64083.8
(b) Equity	18599.4	8291.5	5307.1	6333.3	38531.2
<b>6. Small Savings (excluding PPF)</b>	<b>42751.6</b>	<b>54377.4</b>	<b>52095.1</b>	<b>91597.0</b>	<b>240821.1</b>
<b>II. Financial Liabilities</b>	<b>205373.6</b>	<b>38507.7</b>	<b>169734.4</b>	<b>368101.7</b>	<b>781717.4</b>
<i>Per cent of GDP</i>	<i>5.3</i>	<i>0.8</i>	<i>3.1</i>	<i>6.4</i>	<i>3.9</i>
<b>Loans/Borrowings</b>					
<b>1. Financial Corporations (a+b)</b>	<b>205490.3</b>	<b>38624.3</b>	<b>169851.0</b>	<b>368219.1</b>	<b>782184.7</b>
(a) <b>Banking Sector</b>	<b>211058.8</b>	<b>13213.0</b>	<b>139622.0</b>	<b>276579.8</b>	<b>640473.6</b>
<i>of which:</i>					
i. Commercial Banks	211259.3	13213.8	140514.3	240050.4	605037.9
(b) <b>Other Financial Institutions</b>	<b>-5568.6</b>	<b>25411.3</b>	<b>30229.0</b>	<b>91639.4</b>	<b>141711.1</b>
i. Non-Banking Financial Companies	-15450.4	21627.1	15921.2	64881.1	86979.0
ii. Housing Finance Companies	10516.6	2875.1	13048.5	25336.1	51776.2
iii. Insurance Corporations	-634.8	909.2	1259.3	1422.2	2955.9
<b>2. Non-Financial Corporations (Private Corporate Business)</b>	<b>33.8</b>	<b>33.8</b>	<b>33.8</b>	<b>33.0</b>	<b>134.4</b>
<b>3. General Government</b>	<b>-150.4</b>	<b>-150.4</b>	<b>-150.4</b>	<b>-150.4</b>	<b>-601.7</b>

**No. 50 (a): Flow of Financial Assets and Liabilities of Households - Instrument-wise (Contd.)**

(Amount in ₹ Crore)

Item	2021-22				
	Q1	Q2	Q3	Q4	Annual
<b>Net Financial Assets (I-II)</b>	<b>370115.8</b>	<b>334234.9</b>	<b>489774.4</b>	<b>503089.0</b>	<b>1696155.6</b>
<i>Per cent of GDP</i>	7.2	6.0	7.9	7.7	7.2
<b>I. Financial Assets</b>	<b>364661.7</b>	<b>527896.1</b>	<b>818355.4</b>	<b>887657.3</b>	<b>2597511.9</b>
<i>Per cent of GDP</i>	7.1	9.4	13.1	13.6	11.1
<i>of which:</i>					
<b>1.Total Deposits (a+b)</b>	<b>-82726.1</b>	<b>204033.6</b>	<b>426977.3</b>	<b>277625.7</b>	<b>824852.1</b>
(a) <b>Bank Deposits</b>	<b>-106428.9</b>	<b>197105.1</b>	<b>422392.9</b>	<b>264882.9</b>	<b>777952.1</b>
i. Commercial Banks	-107940.7	195441.8	418267.0	262326.1	768094.3
ii. Co-operative Banks	1511.8	1663.4	4125.9	2556.8	9857.8
(b) <b>Non-Bank Deposits</b>	<b>23702.8</b>	<b>6928.5</b>	<b>4584.5</b>	<b>12742.8</b>	<b>46900.0</b>
<i>of which:</i>					
<b>Other Financial Institutions (i+ii)</b>	<b>16950.0</b>	<b>170.7</b>	<b>-2178.3</b>	<b>5960.0</b>	<b>20902.3</b>
i. Non-Banking Financial Companies	4972.6	-765.5	73.3	4211.8	8492.2
ii. Housing Finance Companies	11977.3	936.2	-2251.6	1748.2	12410.1
<b>2. Life Insurance Funds</b>	<b>114711.5</b>	<b>127449.8</b>	<b>103248.6</b>	<b>121541.6</b>	<b>466951.5</b>
<b>3. Provident and Pension Funds (including PPF)</b>	<b>127624.0</b>	<b>115463.1</b>	<b>98146.0</b>	<b>221372.4</b>	<b>562605.5</b>
<b>4. Currency</b>	<b>128660.2</b>	<b>-68631.2</b>	<b>62793.3</b>	<b>146845.0</b>	<b>269667.4</b>
<b>5. Investments</b>	<b>24929.6</b>	<b>82305.4</b>	<b>69760.9</b>	<b>50972.1</b>	<b>227967.9</b>
<i>of which:</i>					
(a) Mutual Funds	14573.0	63151.3	37912.2	44963.7	160600.1
(b) Equity	4502.5	13218.5	27808.2	3084.1	48613.3
<b>6. Small Savings (excluding PPF)</b>	<b>50405.2</b>	<b>66218.1</b>	<b>56372.0</b>	<b>68243.2</b>	<b>241238.4</b>
<b>II. Financial Liabilities</b>	<b>-5454.1</b>	<b>193661.2</b>	<b>328581.0</b>	<b>384568.3</b>	<b>901356.3</b>
<i>Per cent of GDP</i>	-0.1	3.5	5.3	5.9	3.8
<b>Loans/Borrowings</b>					
<b>1. Financial Corporations (a+b)</b>	<b>-5562.3</b>	<b>193553.0</b>	<b>328472.8</b>	<b>384460.1</b>	<b>900923.7</b>
(a) <b>Banking Sector</b>	<b>21436.5</b>	<b>138722.6</b>	<b>267950.7</b>	<b>348360.4</b>	<b>776470.2</b>
<i>of which:</i>					
i. Commercial Banks	26978.6	140268.7	265271.5	337009.8	769528.5
(b) <b>Other Financial Institutions</b>	<b>-26998.8</b>	<b>54830.4</b>	<b>60522.2</b>	<b>36099.7</b>	<b>124453.5</b>
i. Non-Banking Financial Companies	-34757.9	28876.8	29476.5	-2163.2	21432.2
ii. Housing Finance Companies	7132.0	24403.8	29494.8	37436.2	98466.8
iii. Insurance Corporations	627.1	1549.8	1550.9	826.7	4554.5
<b>2. Non-Financial Corporations (Private Corporate Business)</b>	<b>33.8</b>	<b>33.8</b>	<b>33.8</b>	<b>33.8</b>	<b>135.1</b>
<b>3. General Government</b>	<b>74.4</b>	<b>74.4</b>	<b>74.4</b>	<b>74.4</b>	<b>297.4</b>

**No. 50 (a): Flow of Financial Assets and Liabilities of Households - Instrument-wise (Concl.)**

(Amount in ₹ Crore)

Item	2022-23				Annual
	Q1	Q2	Q3	Q4	
<b>Net Financial Assets (I-II)</b>	<b>297770.4</b>	<b>293705.1</b>	<b>279460.1</b>	<b>505937.8</b>	<b>1376873.5</b>
Per cent of GDP	4.6	4.5	4.0	7.0	5.1
<b>I. Financial Assets</b>	<b>586920.5</b>	<b>646714.8</b>	<b>750856.7</b>	<b>974558.5</b>	<b>2959050.5</b>
Per cent of GDP	9.0	9.8	10.8	13.6	10.9
of which:					
<b>1. Total Deposits (a+b)</b>	<b>183072.0</b>	<b>315216.2</b>	<b>276593.9</b>	<b>324746.6</b>	<b>1099628.6</b>
(a) Bank Deposits	<b>163162.9</b>	<b>299545.0</b>	<b>256363.7</b>	<b>307491.6</b>	<b>1026563.1</b>
i. Commercial Banks	158613.3	300565.0	248459.8	284968.0	992606.2
ii. Co-operative Banks	4549.6	-1020.1	7903.8	22523.6	33956.9
(b) Non-Bank Deposits	<b>19909.1</b>	<b>15671.3</b>	<b>20230.2</b>	<b>17255.0</b>	<b>73065.5</b>
of which:					
<b>Other Financial Institutions (i+ii)</b>	<b>6314.4</b>	<b>2076.7</b>	<b>6635.6</b>	<b>3660.4</b>	<b>18687.1</b>
i. Non-Banking Financial Companies	4040.2	3267.2	1800.9	5372.2	14480.5
ii. Housing Finance Companies	2274.2	-1190.5	4834.7	-1711.8	4206.6
<b>2. Life Insurance Funds</b>	<b>73669.9</b>	<b>152049.5</b>	<b>167894.1</b>	<b>141206.6</b>	<b>534820.1</b>
<b>3. Provident and Pension Funds (including PPF)</b>	<b>155604.2</b>	<b>132126.0</b>	<b>140204.4</b>	<b>235093.2</b>	<b>663027.7</b>
<b>4. Currency</b>	<b>66438.9</b>	<b>-54579.3</b>	<b>76760.1</b>	<b>148990.2</b>	<b>237609.8</b>
<b>5. Investments</b>	<b>51603.2</b>	<b>48630.6</b>	<b>49879.2</b>	<b>64168.5</b>	<b>214281.5</b>
of which:					
(a) Mutual Funds	35443.5	44484.0	40205.9	58954.5	179087.8
(b) Equity	13560.9	1378.2	6434.1	1664.9	23038.1
<b>6. Small Savings (excluding PPF)</b>	<b>54375.1</b>	<b>51114.5</b>	<b>37367.7</b>	<b>58196.2</b>	<b>201053.5</b>
<b>II. Financial Liabilities</b>	<b>289150.0</b>	<b>353009.7</b>	<b>471396.5</b>	<b>468620.7</b>	<b>1582177.0</b>
Per cent of GDP	4.4	5.4	6.8	6.5	5.8
<b>Loans/Borrowings</b>					
<b>1. Financial Corporations (a+b)</b>	<b>289141.6</b>	<b>353001.2</b>	<b>471388.1</b>	<b>468612.3</b>	<b>1582143.3</b>
(a) Banking Sector	<b>234845.3</b>	<b>263782.5</b>	<b>368167.4</b>	<b>349555.0</b>	<b>1216350.1</b>
of which:					
i. Commercial Banks	230283.8	261265.3	365304.6	331292.5	1188146.3
(b) Other Financial Institutions	<b>54296.3</b>	<b>89218.8</b>	<b>103220.8</b>	<b>119057.3</b>	<b>365793.1</b>
i. Non-Banking Financial Companies	29281.6	54439.6	75878.8	80295.9	239895.9
ii. Housing Finance Companies	22336.7	33031.2	24903.3	36745.8	117017.0
iii. Insurance Corporations	2678.0	1747.9	2438.7	2015.6	8880.3
<b>2. Non-Financial Corporations (Private Corporate Business)</b>	<b>33.7</b>	<b>33.7</b>	<b>33.7</b>	<b>33.7</b>	<b>135.0</b>
<b>3. General Government</b>	<b>-25.3</b>	<b>-25.3</b>	<b>-25.3</b>	<b>-25.3</b>	<b>-101.3</b>

Notes :1. Net Financial Savings of households refer to the net financial assets, which are measured as difference of financial asset and liabilities flows.

2. Preliminary estimates for 2022-23 and revised estimates for 2020-21 and 2021-22.

3. The preliminary estimates for 2022-23 will undergo revision with the release of first revised estimates of national income, consumption expenditure, savings, and capital formation, 2022-23 by the NSO.

4. Non-bank deposits apart from other financial institutions, comprises state power utilities, co-operative non credit societies etc.

5. Figures in the columns may not add up to the total due to rounding off.

**No. 50 (b): Stocks of Financial Assets and Liabilities of Households- Select Indicators**

(Amount in ₹ Crore)

Item	Jun-2020	Sep-2020	Dec-2020	Mar-2021
<b>Financial Assets (a+b+c+d+e+f+g+h)</b>	<b>20405824.2</b>	<b>21066027.8</b>	<b>21906338.5</b>	<b>22874301.5</b>
<i>Per cent of GDP</i>	107.2	111.5	114.0	115.4
<b>(a) Bank Deposits (i+ii)</b>	<b>9977865.6</b>	<b>10242430.9</b>	<b>10389526.9</b>	<b>10897246.1</b>
i. Commercial Banks	9192702.5	9454736.2	9598294.8	10060984.6
ii. Co-operative Banks	785163.1	787694.7	791232.1	836261.6
<b>(b) Non-Bank Deposits</b>				
<i>of which:</i>				
<b>Other Financial Institutions</b>	<b>180857.4</b>	<b>189743.6</b>	<b>195639.6</b>	<b>188953.5</b>
i. Non-Banking Financial Companies	51463.0	55226.1	58740.8	62262.0
ii. Housing Finance Companies	129394.4	134517.6	136898.8	126691.5
<b>(c) Life Insurance Funds</b>	<b>4102000.7</b>	<b>4274424.9</b>	<b>4551882.0</b>	<b>4752932.3</b>
<b>(d) Currency</b>	<b>2434693.7</b>	<b>2455980.6</b>	<b>2547436.6</b>	<b>2614237.0</b>
<b>(e) Mutual funds</b>	<b>1343752.0</b>	<b>1443784.4</b>	<b>1648999.0</b>	<b>1730461.0</b>
<b>(f) Public Provident Fund (PPF)</b>	<b>663478.0</b>	<b>671884.3</b>	<b>678997.2</b>	<b>742189.5</b>
<b>(g) Pension Funds</b>	<b>464705.0</b>	<b>494930.0</b>	<b>548913.0</b>	<b>578025.0</b>
<b>(h) Small Savings (excluding PPF)</b>	<b>1238471.7</b>	<b>1292849.1</b>	<b>1344944.2</b>	<b>1370257.1</b>
<b>Financial Liabilities (a+b)</b>	<b>7190710.8</b>	<b>7229335.1</b>	<b>7399186.1</b>	<b>7767405.3</b>
<i>Per cent of GDP</i>	37.8	38.3	38.5	39.2
<b>Loans/Borrowings</b>				
<b>(a) Banking Sector</b>	<b>5728735.3</b>	<b>5741948.3</b>	<b>5881570.2</b>	<b>6158150.0</b>
<i>of which:</i>				
i. Commercial Banks	5226482.2	5239696.0	5380210.4	5620260.7
ii. Co-operative Banks	500870.2	500865.3	499968.8	536494.1
<b>(b) Other Financial Institutions</b>	<b>1461975.5</b>	<b>1487386.9</b>	<b>1517615.9</b>	<b>1609255.3</b>
<i>of which:</i>				
i. Non-Banking Financial Companies	687643.6	709270.7	725191.9	790073.0
ii. Housing Finance Companies	673118.3	675993.4	689041.8	714377.9
iii. Insurance Corporations	101213.7	102122.8	103382.2	104804.4

**No. 50 (b): Stocks of Financial Assets and Liabilities of Households- Select Indicators (Contd.)**

(Amount in ₹ Crore)

Item	Jun-2021	Sep-2021	Dec-2021	Mar-2022
<b>Financial Assets (a+b+c+d+e+f+g+h)</b>	<b>23318920.4</b>	<b>23991428.3</b>	<b>24700622.2</b>	<b>25435684.2</b>
<i>Per cent of GDP</i>	110.7	109.3	108.7	108.4
<b>(a) Bank Deposits (i+ii)</b>	<b>10790817.3</b>	<b>10987922.4</b>	<b>11410315.3</b>	<b>11675198.2</b>
i. Commercial Banks	9953043.9	10148485.7	10566752.7	10829078.8
ii. Co-operative Banks	837773.4	839436.7	843562.6	846119.4
<b>(b) Non-Bank Deposits</b>				
<i>of which:</i>				
<b>Other Financial Institutions</b>	<b>205903.4</b>	<b>206074.1</b>	<b>203895.8</b>	<b>209855.7</b>
i. Non-Banking Financial Companies	67234.6	66469.1	66542.3	70754.2
ii. Housing Finance Companies	138668.8	139605.0	137353.4	139101.6
<b>(c) Life Insurance Funds</b>	<b>4929725.2</b>	<b>5142278.8</b>	<b>5213527.2</b>	<b>5357350.2</b>
<b>(d) Currency</b>	<b>2742897.3</b>	<b>2674266.1</b>	<b>2737059.4</b>	<b>2883904.4</b>
<b>(e) Mutual funds</b>	<b>1855000.1</b>	<b>2064363.5</b>	<b>2126112.0</b>	<b>2152140.5</b>
<b>(f) Public Provident Fund (PPF)</b>	<b>757397.8</b>	<b>762264.0</b>	<b>767287.3</b>	<b>834147.6</b>
<b>(g) Pension Funds</b>	<b>616517.0</b>	<b>667379.0</b>	<b>699173.0</b>	<b>736592.0</b>
<b>(h) Small Savings (excluding PPF)</b>	<b>1420662.3</b>	<b>1486880.4</b>	<b>1543252.3</b>	<b>1586495.5</b>
<b>Financial Liabilities (a+b)</b>	<b>7755119.8</b>	<b>7868215.0</b>	<b>8256715.7</b>	<b>8668329.0</b>
<i>Per cent of GDP</i>	36.8	35.9	36.3	36.9
<b>Loans/Borrowings</b>				
<b>(a) Banking Sector</b>	<b>6172863.3</b>	<b>6231128.1</b>	<b>6559106.7</b>	<b>6934620.2</b>
<i>of which:</i>				
i. Commercial Banks	5640516.1	5700327.0	6025626.4	6389789.3
ii. Co-operative Banks	530937.1	529376.2	532040.6	543376.3
<b>(b) Other Financial Institutions</b>	<b>1582256.5</b>	<b>1637086.9</b>	<b>1697609.1</b>	<b>1733708.8</b>
<i>of which:</i>				
i. Non-Banking Financial Companies	755315.1	784191.9	813668.4	811505.2
ii. Housing Finance Companies	721510.0	745913.7	775408.5	812844.7
iii. Insurance Corporations	105431.4	106981.2	108532.1	109358.8

**No. 50 (b): Stocks of Financial Assets and Liabilities of Households- Select Indicators (Concl.)**

(Amount in ₹ Crore)

Item	Jun-2022	Sep-2022	Dec-2022	Mar-2023
<b>Financial Assets (a+b+c+d+e+f+g+h)</b>	<b>25689017.4</b>	<b>26240728.5</b>	<b>27208717.9</b>	<b>28083947.0</b>
<i>Per cent of GDP</i>	<i>103.2</i>	<i>101.5</i>	<i>102.4</i>	<i>103.1</i>
<b>(a) Bank Deposits (i+ii)</b>	<b>11911196.2</b>	<b>11956360.9</b>	<b>12421907.5</b>	<b>12701761.3</b>
i. Commercial Banks	11060527.2	11106712.0	11564354.7	11821685.0
ii. Co-operative Banks	850669.0	849648.9	857552.8	880076.4
<b>(b) Non-Bank Deposits</b>				
<i>of which:</i>				
<b>Other Financial Institutions</b>	<b>216170.2</b>	<b>218246.9</b>	<b>224882.5</b>	<b>228542.9</b>
i. Non-Banking Financial Companies	74794.4	78061.6	79862.5	85234.7
ii. Housing Finance Companies	141375.8	140185.3	145020.0	143308.2
<b>(c) Life Insurance Funds</b>	<b>5325967.3</b>	<b>5559681.9</b>	<b>5786592.6</b>	<b>6038630.4</b>
<b>(d) Currency</b>	<b>2950343.2</b>	<b>2895763.9</b>	<b>2972524.0</b>	<b>3121514.2</b>
<b>(e) Mutual funds</b>	<b>2048097.3</b>	<b>2260209.7</b>	<b>2355315.8</b>	<b>2367792.5</b>
<b>(f) Public Provident Fund (PPF)</b>	<b>851913.4</b>	<b>858591.1</b>	<b>864730.6</b>	<b>939814.6</b>
<b>(g) Pension Funds</b>	<b>744459.2</b>	<b>799889.0</b>	<b>853412.0</b>	<b>898342.0</b>
<b>(h) Small Savings (excluding PPF)</b>	<b>1640870.6</b>	<b>1691985.1</b>	<b>1729352.9</b>	<b>1787549.1</b>
<b>Financial Liabilities (a+b)</b>	<b>8957470.6</b>	<b>9310471.8</b>	<b>9781859.9</b>	<b>10253472.2</b>
<i>Per cent of GDP</i>	<i>36.0</i>	<i>36.0</i>	<i>36.8</i>	<i>37.6</i>
<b>Loans/Borrowings</b>				
<b>(a) Banking Sector</b>	<b>7169465.5</b>	<b>7433248.0</b>	<b>7801415.3</b>	<b>8153970.3</b>
<i>of which:</i>				
i. Commercial Banks	6620073.1	6881338.5	7246643.0	7580935.6
ii. Co-operative Banks	547894.8	550354.8	553201.4	571339.8
<b>(b) Other Financial Institutions</b>	<b>1788005.1</b>	<b>1877223.8</b>	<b>1980444.6</b>	<b>2099501.9</b>
<i>of which:</i>				
i. Non-Banking Financial Companies	840786.9	895226.5	971105.3	1051401.1
ii. Housing Finance Companies	835181.3	868212.5	893115.8	929861.7
iii. Insurance Corporations	112036.9	113784.8	116223.5	118239.1

Note : 1. Data as ratios to GDP have been calculated based on the Provisional Estimates of National Income 2022-23, released by NSO on May 31, 2023.

2. Pension funds comprises funds with the National Pension Scheme.

3. Outstanding deposits with Small Savings are sourced from the Controller General of Accounts, Government of India.

4. Non-bank deposits apart from other financial institutions, comprises state power utilities, co-operative non credit societies etc. Data for outstanding deposits are available only for other financial institutions.

5. Figures in the columns may not add up to the total due to rounding off.

### **Explanatory Notes to the Current Statistics**

#### **Table No. 1**

- 1.2& 6: Annual data are average of months.  
 3.5 & 3.7: Relate to ratios of increments over financial year so far.  
 4.1 to 4.4, 4.8, 4.9 & 5: Relate to the last Friday of the month/financial year.  
 4.5, 4.6 & 4.7: Relate to five major banks on the last Friday of the month/financial year.  
 4.10 to 4.12: Relate to the last auction day of the month/financial year.  
 4.13: Relate to last day of the month/ financial year  
 7.1&7.2: Relate to Foreign trade in US Dollar.

#### **Table No. 2**

- 2.1.2: Include paid-up capital, reserve fund and Long-Term Operations Funds.  
 2.2.2: Include cash, fixed deposits and short-term securities/bonds, e.g., issued by IIFC (UK).

#### **Table No. 4**

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

#### **Table No. 5**

Special refinance facility to Others, i.e. to the EXIM Bank, is closed since March 31, 2013.

#### **Table No. 6**

- For scheduled banks, March-end data pertain to the last reporting Friday.  
 2.2: Exclude balances held in IMF Account No.1, RBI employees' provident fund, pension fund, gratuity and superannuation fund.

#### **Table Nos. 7 & 11**

3.1 in Table 7 and 2.4 in Table 11: Include foreign currency denominated bonds issued by IIFC (UK).

#### **Table No. 8**

- NM<sub>2</sub> and NM<sub>3</sub> do not include FCNR (B) deposits.  
 2.4: Consist of paid-up capital and reserves.  
 2.5: includes other demand and time liabilities of the banking system.

#### **Table No. 9**

Financial institutions comprise EXIM Bank, SIDBI, NABARD and NHB.  
 L<sub>1</sub> and L<sub>2</sub> are compiled monthly and L<sub>3</sub> quarterly.  
 Wherever data are not available, the last available data have been repeated.

#### **Table No. 13**

Data against column Nos. (1), (2) & (3) are Final and for column Nos. (4) & (5) data are Provisional.

**Table No. 14**

Data in column Nos. (4) & (8) are Provisional.

**Table No. 17**

2.1.1: Exclude reserve fund maintained by co-operative societies with State Co-operative Banks

2.1.2: Exclude borrowings from RBI, SBI, IDBI, NABARD, notified banks and State Governments.

4: Include borrowings from IDBI and NABARD.

**Table No. 24**

Primary Dealers (PDs) include banks undertaking PD business.

**Table No. 30**

Exclude private placement and offer for sale.

1: Exclude bonus shares.

2: Include cumulative convertible preference shares and equi-preference shares.

**Table No. 32**

Exclude investment in foreign currency denominated bonds issued by IIFC (UK), SDRs transferred by Government of India to RBI and foreign currency received under SAARC and ACU currency swap arrangements. Foreign currency assets in US dollar take into account appreciation/depreciation of non-US currencies (such as Euro, Sterling, Yen and Australian Dollar) held in reserves. Foreign exchange holdings are converted into rupees at rupee-US dollar RBI holding rates.

**Table No. 34**

1.1.1.1.2 & 1.1.1.1.4: Estimates.

1.1.1.2: Estimates for latest months.

'Other capital' pertains to debt transactions between parent and subsidiaries/branches of FDI enterprises.

Data may not tally with the BoP data due to lag in reporting.

**Table No. 35**

1.10: Include items such as subscription to journals, maintenance of investment abroad, student loan repayments and credit card payments.

**Table No. 36**

Increase in indices indicates appreciation of rupee and *vice versa*. For 6-Currency index, base year 2021-22 is a moving one, which gets updated every year. REER figures are based on Consumer Price Index (combined). The details on methodology used for compilation of NEER/REER indices are available in December 2005, April 2014 and January 2021 issues of the RBI Bulletin.

**Table No. 37**

Based on applications for ECB/Foreign Currency Convertible Bonds (FCCBs) which have been allotted loan registration number during the period.

**Table Nos. 38, 39, 40 & 41**

Explanatory notes on these tables are available in December issue of RBI Bulletin, 2012.

**Table No. 43**

## Part I-A. Settlement systems

1.1.3: Tri- party Repo under the securities segment has been operationalised from November 05, 2018.

## Part I-B. Payments systems

4.1.2: 'Others' includes e-commerce transactions and digital bill payments through ATMs, etc.

4.2.2: 'Others' includes e-commerce transactions, card to card transfers and digital bill payments through ATMs, etc.

5: Available from December 2010.

5.1: includes purchase of goods and services and fund transfer through wallets.

5.2.2: includes usage of PPI Cards for online transactions and other transactions.

6.1: Pertain to three grids – Mumbai, New Delhi and Chennai.

6.2: 'Others' comprises of Non-MICR transactions which pertains to clearing houses managed by 21 banks.

## Part II-A. Other payment channels

1: Mobile Payments –

- Include transactions done through mobile apps of banks and UPI apps.
- The data from July 2017 includes only individual payments and corporate payments initiated, processed, and authorised using mobile device. Other corporate payments which are not initiated, processed, and authorised using mobile device are excluded.

2: Internet Payments – includes only e-commerce transactions through 'netbanking' and any financial transaction using internet banking website of the bank.

## Part II-B. ATMs

3.3 and 4.2: only relates to transactions using bank issued PPIs.

## Part III. Payment systems infrastructure

3: Includes ATMs deployed by Scheduled Commercial Banks (SCBs) and White Label ATM Operators (WLAs). WLAs are included from April 2014 onwards.

**Table No. 45**

(-) represents nil or negligible

The table format is revised since June 2023 issue of the bulletin.

State Government Securities include special bonds issued under Ujjwal DISCOM Assurance Yojana (UDAY).

Bank PDs are clubbed under Commercial Banks. However, they form very small fraction of total outstanding securities.

The category 'Others' comprises State Governments, DICGC, PSUs, Trusts, Foreign Central Banks, HUF/ Individuals etc.

Data since September 2023 includes the impact of the merger of a non-bank with a bank.

**Table No. 46**

GDP data is based on 2011-12 base. GDP for 2023-24 is from Union Budget 2023-24.

Data pertains to all States and Union Territories.

1 & 2: Data are net of repayments of the Central Government (including repayments to the NSSF) and State Governments.

1.3: Represents compensation and assignments by States to local bodies and Panchayati Raj institutions.

2: Data are net of variation in cash balances of the Central and State Governments and includes borrowing receipts of the Central and State Governments.

3A.1.1: Data as per RBI records.

3B.1.1: Borrowings through dated securities.

3B.1.2: Represent net investment in Central and State Governments' special securities by the National Small Savings Fund (NSSF).

This data may vary from previous publications due to adjustments across components with availability of new data.

3B.1.6: Include Ways and Means Advances by the Centre to the State Governments.

3B.1.7: Include Treasury Bills, loans from financial institutions, insurance and pension funds, remittances, cash balance investment account.

**Table No. 47**

SDF is availed by State Governments against the collateral of Consolidated Sinking Fund (CSF), Guarantee Redemption Fund (GRF) & Auction Treasury Bills (ATBs) balances and other investments in government securities.

WMA is advance by Reserve Bank of India to State Governments for meeting temporary cash mismatches.

OD is advanced to State Governments beyond their WMA limits.

Average amount Availed is the total accommodation (SDF/WMA/OD) availed divided by number of days for which accommodation was extended during the month.

- : Nil.

**Table No. 48**

CSF and GRF are reserve funds maintained by some State Governments with the Reserve Bank of India.

ATBs include Treasury bills of 91 days, 182 days and 364 days invested by State Governments in the primary market.

--: Not Applicable (not a member of the scheme).

The concepts and methodologies for Current Statistics are available in Comprehensive Guide for Current Statistics of the RBI Monthly Bulletin (<https://rbi.org.in/Scripts/PublicationsView.aspx?id=17618>)

Time series data of 'Current Statistics' is available at <https://dbie.rbi.org.in>.

Detailed explanatory notes are available in the relevant press releases issued by RBI and other publications/releases of the Bank such as **Handbook of Statistics on the Indian Economy**.

### Recent Publications of the Reserve Bank of India

<b>Name of Publication</b>	<b>Price</b>	
	<b>India</b>	<b>Abroad</b>
1. Reserve Bank of India Bulletin 2024	₹350 per copy ₹250 per copy (concessional rate*) ₹4,000 (one year subscription) ₹3,000 (one year concessional rate*)	US\$ 15 per copy US\$ 150 (one-year subscription) (inclusive of air mail courier charges)
2. Handbook of Statistics on the Indian States 2022-23	₹550 (Normal) ₹600 (inclusive of postage)	US\$ 24 (inclusive of air mail courier charges)
3. Handbook of Statistics on the Indian Economy 2022-23	₹600 (Normal) ₹650 (inclusive of postage) ₹450 (concessional) ₹500 (concessional with postage)	US\$ 50 (inclusive of air mail courier charges)
4. State Finances - A Study of Budgets of 2023-24	₹600 per copy (over the counter) ₹650 per copy (inclusive of postal charges)	US\$ 24 per copy (inclusive of air mail courier charges)
5. Report on Currency and Finance 2022-23	₹575 per copy (over the counter) ₹625 per copy (inclusive of postal charges)	US\$ 22 per copy (inclusive of air mail courier charges)
6. Reserve Bank of India Occasional Papers Vol. 44, No. 1, 2023	₹200 per copy (over the counter) ₹250 per copy (inclusive of postal charges)	US\$ 18 per copy (inclusive of air mail courier charges)
7. Finances of Panchayati Raj Institutions	₹300 per copy (over the counter) ₹350 per copy (inclusive of postal charges)	US\$ 16 per copy (inclusive of air mail courier charges)
8. Report on Trend and Progress of Banking in India 2022-23	Issued as Supplement to RBI Bulletin January, 2024	
9. Annual Report 2023-24	Issued as Supplement to RBI Bulletin June, 2024	
10. Financial Stability Report, June 2024	Issued as Supplement to RBI Bulletin July, 2024	
11. Monetary Policy Report - April 2024	Included in RBI Bulletin April 2024	
12. Banking Glossary (English-Hindi)	₹100 per copy (over the counter) ₹150 per copy (inclusive of postal charges)	

**Notes**

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