

**EXECUTIVE
BOARD
MEETING**

SM/16/25
Supplement 1
Correction 1

February 11, 2016

To: Members of the Executive Board

From: The Secretary

Subject: **India—Staff Report for the 2016 Article IV Consultation—Informational Annex**

Board Action: The attached correction to SM/16/25, Sup. 1 (1/28/16) has been provided by the staff:

Evident Ambiguity

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Questions: Mr. Cashin, APD (ext. 36104)
Mr. Tulin, APD (ext. 34938)
Mr. Raissi, APD (ext. 36465)
Ms. Das, APD (ext. 39407)

urban and non-manual employees, agricultural laborers, and rural laborers). With the exception of the industrial workers CPI, these other indices are based on weights that are over ten years old. The WPI has a 2004/05 base year, for which data are also subject to frequent and large revision, usually upward. A new series of the WPI, also using 2011/12 base year, are likely to be released in March 2016. The authorities have been encouraged to develop a Producer Price Index to replace the WPI. New RBI price series on residential property price indexes have helped surveillance in this area, though geographic coverage remains limited, and price data for commercial real estate are not available. The RBI has started producing a series covering rural wage data, which helps surveillance, but economy-wide wage data are scant.

5. **External sector statistics:** The concepts and definitions used to compile balance of payments statistics are broadly in line with the sixth edition of the *Balance of Payments Manual* (BPM6). However, trade data have quality, valuation, timing, and coverage problems, and data on trade prices, volumes, and composition are not regularly available on a timely basis. ~~Bilateral data on services exports to the United States and other developed countries are manifold higher than counterpart services imports published by these same countries.~~ External debt statistics are available on a quarterly basis with a one quarter lag. Estimates of short-term external debt are presented in the debt statistics on an original maturity basis. The short-term maturity attribution on a residual maturity basis is only available annually (and excludes residual maturity of medium- and long-term nonresident Indian accounts). The international investment position (IIP) statistics cover the sectors prescribed in the BPM6 and these data are disseminated within six months of the reference period in respect of annual data.⁴ Coverage of direct investment positions data is hampered by the absence of appropriate legal or institutional authority. India began disseminating the Data Template on International Reserves and Foreign Currency Liquidity as prescribed under the SDDS in December 2001. More up-to-date information on certain variables, such as total foreign reserves, foreign currency assets, gold, and SDRs, are available on a weekly basis and are disseminated as part of a weekly statistical supplement on the RBI web site.

6. **Monetary and financial statistics:** The RBI web site and the RBI *Bulletin* publish a wide array of monetary and financial statistics, including reserve money and its components, RBI's survey, monetary survey, liquidity aggregates (outstanding amounts), interest rates, exchange rates, foreign reserves, and results of government securities auctions. In 2011, the RBI started publishing a weighted average lending interest rate and other lending rates at annual frequency. The frequency and quality of data dissemination have improved substantially in recent years.

7. Concepts and definitions used by the RBI to compile monetary statistics are in broad conformity with the guidelines provided in the *Monetary and Financial Statistics Manual* (MFSM). Nevertheless, the following concepts and principles deviate from the MFSM. First, the resident sector data do not provide sufficient information on the sectoral distribution of domestic credit. Specifically, under their present sectorization scheme, the authorities subdivide the resident nonbank sector data

⁴ The IIP as published by the RBI values equity liabilities at acquisition cost, while the Fund uses market prices, resulting in substantial differences.