

External Sector

World Economy

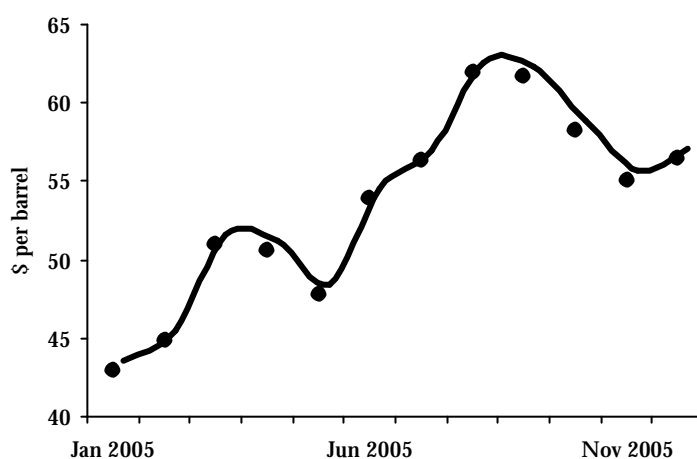
The World Economic Outlook (September 2005) of the IMF had predicted slower growth of the world economy in 2005 as compared to 2004 (Table E.1). The forecast for world economic growth for 2006 was put at the same rate as for 2005. The volume of world trade of goods and services was expected to remain robust in 2005 though with deceleration over a very high rate witnessed during 2004.

The OECD Economic Outlook (No. 78) of December 2005 observed that world growth had been broadening over the past few months. While the growth momentum had already been strong in the United States and most of Asia, economic momentum appeared well established with Japan and Europe also recovering gradually, facilitated by low long-term interest rates, euro depreciation and buoyant export markets.

Global growth in 2005 has been quite impressive and virtually all countries have maintained price stability despite the international oil price hike from about \$42 a barrel in January 2005 to about \$57 a barrel in December 2005. In August and September 2005 prices had ruled over \$60 a barrel (Fig E.1).

In the United States, output has posted impressive growth during 2005, underpinned by robust productivity growth, buoyant house prices, and fiscal and monetary stimulus. However, the risks of likely economic disruption due to the high dual

Fig E.1: Average Oil Price



deficits — budget and current account — cloud the continuation of the US success story.

The Japanese economy recovered in 2005 from a pause in the latter half of 2004 with strong growth in the first half of 2005. It is expected that the economy would grow by 2 per cent per annum in 2006 and 2007. Nevertheless, a broad structural reform programme is needed to boost potential growth in the context of rapid population ageing.

In the euro area, activity appeared to be picking up during the latter part of 2005 after a lull in early 2005. The moderate recovery is expected to continue over the next two years.

The good performance of the world economy however faces three major challenges in 2006¹:

- a) global financial imbalances showing up

Global growth in 2005 has been quite impressive and virtually all countries have maintained price stability despite the high oil prices

1. Refer to C. Fred Bergsten et al., "A blueprint for a benevolent hegemon", Institute for International Economics, Washington, D.C. (2005)

- in enormous and rising US current account deficit;
- b) high oil prices; and
- c) challenges posed to multilateral trade liberalisation.

The first challenge refers to global current account imbalances. The US current account deficit (CAD) is likely to touch \$700 billion in 2005, nearly 6.25 per cent of its GDP and over 1.5 per cent of the world GDP. The US budget deficit is also high and is likely to end up at \$400 billion in 2005 at 3.6 per cent of its GDP.

The emerging markets, including China, Japan and many oil producing countries, have accrued surpluses on their current account. Such global imbalances are not sustainable in the long run and need a conscious and orderly correction by the United States, China and many other countries across the world².

Even though Europe has not been directly responsible for the problem of widening external imbalances, it should be part of the solution both for its own sake as well as for the health of the global economy³.

The second challenge refers to the threat posed by the high oil prices which shot up in 2005, and which continue to rule high even in January 2006⁴. Any further hike would disturb the delicate financial balance/imbalance in the world economy. This would also lead to increases in the current account surpluses of oil producing countries and a deepening of current account deficit of the United States. It has been proposed that the United States could raise its taxes on gasoline while reduce some of its other domestic taxes.

The third challenge to the world econo-

my is posed by the lack of respect for multilateral trade regimes. The WTO Hong Kong Ministerial (HKM) barely survived a "near miss" in December 2005. What would have been the counterfactual, assuming that HKM had fallen apart without an agreement? One of the sure results would have been a more accelerated race to enter into bilateral and plurilateral preferential trade agreements, which in any case is already going on and accelerating. The chances that both rich and poor would benefit from enhanced multilateralism would have faded. The current inefficiencies of allocation of economic resources around the world would have continued barring for some lesser (though ambiguous) gains achieved by following the path of regional economic integration. Such inefficiencies lead to consumers paying more for goods as well as services compared to a situation in which resources are allocated relatively efficiently. Inefficient producers in this situation would continue their operations under a protectionist umbrella and potentially efficient producers would be kept out due to a lack of similar protection or because of entry barriers. While the survival of the Doha Work Programme has been ensured at the HKM, some of the major issues have been kept under suspension and are expected to be negotiated in 2006. The date is important since the legislative authority entrusted to the US Government for conducting international trade talks would expire in July 2007. The major fear is that the United States might withdraw from its active involvement in the multilateral trade negotiations if this authority does not get renewed by the US Congress. That is why 2006 is an important year for finalising the ongoing trade negotiations⁵.

Global financial imbalances, high oil prices and obstacles to multilateral trade liberalisation are three major challenges for global growth in 2006

Some of the major issues of Doha round are expected to be negotiated in 2006

2. For details, refer to Raghuram G. Rajan, "Financial system reform and global current account imbalances", Remarks made during the American Economic Association (AEA) Meeting, 8 January 2006

3. For details, refer to Rodrigo de Rato, "It is not just up to Washington to correct global imbalances", comments made in European Affairs, the European Institute, 6(4), 31 December 2005.

4. However, oil prices are expected to decelerate during 2006 (Table E.2)

5. Refer to Box for details on what was proposed to be achieved during the Hong Kong Ministerial, what was actually achieved and the pending issues.

Box: The Doha Challenge

	Before Hong Kong	In Hong Kong	After Hong Kong
Agriculture			
Agricultural Export subsidies	Agreement in principle to eliminate all export subsidies, including indirect subsidies via export credits, food aid and state trading enterprises	Abolition by end-2013, with 'a substantial part' scrapped before 2011, and parallel elimination of indirect subsidies	Must agree value of indirect subsidies and detailed phase-out programme
Domestic farm supports	WTO members with the highest trade distorting subsidies will cut the most, EU making the biggest reductions	Agreement to classify WTO members in three bands (top-EU, middle-US and Japan, bottom-everyone else)	Must agree size of subsidy reductions and rules to stop countries shifting trade-distorting subsidies into categories sheltered from deep cuts.
Agricultural tariffs	A tiered formula sets bigger cuts in higher tariffs. Smaller cuts for 'sensitive' products (developing countries).	Agreement on four tiers (different for rich and poor countries) and a mechanism allowing poor nations to raise duties to counter import surges.	US will have the 'objective' of cutting its \$4bn subsidies to cotton growers further and faster than the still-to-be-agreed overall reduction for domestic far supports
Cotton	Agreement to deal with cotton issues raised by West African nations 'ambitiously, expeditiously and specifically'.	Agreement to eliminate export subsidies in 2006 and grant unrestricted access for cotton exports from West Africans producers and other least developed countries.	US will have the 'objective' of cutting its \$4bn subsidies to cotton growers further and faster than the still-to-be-agreed overall reduction for domestic farm supports
Industrial goods			
	Convergence on a tariff-cutting formula that would cut higher tariffs by more, but with smaller reductions for developing countries	Agreement on formula and on a 'comparably high level of ambition' for tariff cuts in agriculture and industrial goods so rich nation do not demand more than they give	Must agree key elements of formula, how much to cut, flexibilities for developing countries and role of sectoral negotiations.
Services			
	Agreement to intensify talks bilaterally and among groups of WTO members to improve offers to liberalise services market	Some negotiating guidelines agreed. Revised offers to be in by Jul 31, 2006	The EU is pressing for liberalization car gets, opposed by developing countries . Poor nations want rich ones to accept more temporary service workers
Development			
	Before Hong Kong: WTO members agreed to extend the deadline for the poorest countries to comply with intellectual property rules to make it easier for them to	Duty-free quota-free access extended to 97 percent of product tariff lines from least developed countries by 2008, allowing important exclusion (eg US textile imports). More pledges of aid for trade	After Hong Kong. Must agree other measures to strengthen-special treatment provisions for poor countries.
Source: Financial Times , Monday, December 19, 2005.			

India's Merchandise Trade

It is important to note that the US dollar has appreciated against the IMF's measure of the Standard Drawing Rights (SDR) by 1.1 per cent during April-December 2005. Appreciation of US dollar vis-à-vis SDR has occurred after a gap of three years, viz. 2002-03, 2003-04 and 2004-05, when the US dollar depreciated against the SDR (Table E.3).

India's Real Effective Exchange Rate (REER) has appreciated by 5.5 per cent during the period April-October 2005 compared with 0.5 per cent depreciation during the corresponding period of 2004⁶.

India's merchandise exports have grown by 18.0 per cent during April-December 2005, which is lower than 29.8 per cent posted during the corresponding period of 2004 but higher than the annual target of 16 per cent envisaged by the Government.

Composition of India's Exports

Details on composition of India's exports are available for the period April-October 2005-06 (Table E.4). Overall exports growth decelerated from 26.0 per cent in April-October 2004-05 to 23.6 per cent in the corresponding period of 2005-06. While there has been acceleration in the exports of agricultural and allied products, exports of petroleum and crude products, and ores and minerals have suffered deceleration. Exports of manufactured goods have decelerated from a growth rate of 20.6 per cent in 2004-05 to 18.7 per cent in 2005-06. Among the major categories of manufactured goods, exports of leather and leather products, engineering goods and textiles have decelerated while those of chemicals

and chemical products, readymade garments and gems and jewellery have accelerated.

While there has been some deceleration in exports of engineering goods in 2005-06, overall the category has become the single most important category of India's exports of manufactured goods. Its share in total exports is above 20 per cent, higher than about 18 per cent for gems and jewellery and 14 per cent for textiles and garments.

In fact, India's merchandise exports have undergone a major compositional change during the three-year period 2002-03 to 2004-05 when exports of the engineering goods grew by more than 33 per cent per annum on the average⁷. During the period April-October 2005, exports of engineering goods posted a growth rate of 23.2 per cent. Such a major transition is indicative of enhanced competitiveness of technologically sophisticated segment of India's merchandise exports. Auto components and transport equipment have been the major succeeding components within the engineering goods sector.

Direction of India's Exports

During April-October 2005, India's exports posted deceleration in six out of the top ten export destination countries compared with corresponding performance in April-October 2004 (Table E.5). There was deceleration in exports to the United States, UAE, Singapore, China, Belgium and Italy. Exports, however, accelerated impressively to Hong Kong, the United Kingdom, Germany and Japan.

Merchandise exports grew by 18.0 per cent during April-December 2005, higher than the annual target of 16 per cent envisaged by the Government

Real Effective Exchange Rate has appreciated by 5.5 per cent during the period April-October 2005

6. The computation of India's REER by the RBI has undergone a major revision. Refer to "Revision of NEER and REER Indices", RBI Bulletin, December 2005.

7. Refer to Box on India's Exports of Engineering Goods in "India's Foreign Trade", RBI Bulletin, December 2005.

Imports

Merchandise imports posted a strong growth of 27.3 per cent during April-December 2005 compared with 37.2 per cent during the corresponding period of 2004 (Table E.3). The non-oil imports grew by 20.1 per cent and oil imports by 45.4 per cent during this period.

India's oil imports constituted less than 30 per cent of total merchandise imports during the last four years (2001-02 to 2004-05). However, the oil imports have occupied one-third of India's total import bill for the period April-December 2005.

The structure of composition of India's non-oil imports is available for April-October 2005 (Table E.6). Non-oil imports posted an accelerated growth rate of 31.4 per cent during April-October 2005 compared with 27.5 per cent posted in 2004-05. While there has been acceleration in imports of export related items and capital goods, imports of raw materials and intermediates have decelerated.

While export related items constitute about one-fifth of India's non-oil imports, the corresponding value for capital goods and raw materials is close to two-thirds. Imports of manufactured goods constitute about one-tenth and food-related and other imports another ten per cent of India's non-oil imports. It is important to note that after about five years of removal of the quantitative restrictions (QRs) on imports, imports of consumer goods have not increased in any significant manner.

Balance of Payments

The April-September current account figures of India's balance of payments in 2005-06 have stark differences with the corresponding values of 2004-05. The merchandise trade deficit has more than doubled from \$14.8 billion in April-September 2004-05 to \$31.6 billion in 2005-06 (Table E.7). On the other hand,

net invisible receipts have increased by about 31 per cent from \$14.3 to \$18.7 billion. The current account deficit has consequently increased from \$485 million to a whopping \$13 billion.

The deficit in the current account has to be matched by surplus on capital account. The surplus on capital account is \$18.7 billion which includes increase in foreign exchange reserves of \$6502 million during the first half of 2005-06. Major items in the capital account that have helped meet the deficit in current account include foreign institutional investment (FII) of \$5.1 billion, which is ten times its corresponding value \$511 million of 2004-05; banking capital of \$3 billion compared with \$644 million in 2004-05; and other capital worth \$4.3 billion compared with \$665 million in 2004-05.

Within "invisibles" services account for about two-thirds of gross earnings but only one-half of net transactions (Tables E.8 and E.9). On the other hand, "private transfers" account for only 25.8 per cent in gross earnings but 64.5 per cent in gross transactions.

Prognosis

There should be serious concern about India's burgeoning current account deficit that might turn out to be over 3 per cent of GDP during the current fiscal. Another worrying development is that while the net FDI inflows in 2005-06 have increased only marginally over 2004-05, the net FII inflows have increased by 10 times. Given that there exist and persist serious global financial imbalances, any disorderly adjustment could prove costly for India if it keeps bridging its CAD through increase in net FII inflows. Moreover, increase in net inflows of FDI instead of FII has its own other merits for India in terms of potential Greenfield investments. Other important steps to

Merchandise imports grew by 27.3 per cent during April-December 2005 compared with 37.2 per cent during the corresponding period of 2004

The current account deficit might turn out to be over 3 per cent of GDP during FY 2005-06

bridge CAD include raising production and productivity of goods and services in India that are internationally competitive and hence exportable. A major revolution in labour-intensive manufacturing sectors including agro-processing, textiles, garments, leather and products, light engineering, etc. can take India far ahead in its competitive race with China and other emerging economies. It goes without say-

ing that achieving and enhancing international competitiveness of India's labour-intensive manufacturing sectors requires the provision of the world-class physical and financial infrastructure. Reforms of labour law and exit policy are two potent instruments of efficient allocation of new as well as of existing locked-in inefficient resources.

Table E.1: Growth of World Output and Trade and Consumer Prices (% change, Y-o-Y)

Country/Region	2003	2004	2005	2006
World Output	4.0	5.1	4.3	4.3
Advanced Economies	1.9	3.3	2.5	2.7
US	2.7	4.2	3.5	3.3
Japan	1.4	2.7	2.0	2.0
European Union, <i>of which</i>	1.3	2.5	1.6	2.1
France	0.9	2.0	1.5	1.8
Germany	-0.2	1.6	0.8	1.2
Italy	0.3	1.2	-	1.4
United Kingdom	2.5	3.2	1.9	2.2
NIEs of Asia	3.1	5.6	4.0	4.7
Other Emerging Market and Developing Countries	6.5	7.3	6.4	6.1
Developing Asia	8.1	8.2	7.8	7.2
China	9.5	9.5	9.0	8.2
Russia	7.3	7.2	5.5	5.3
India	7.4	7.3	7.1	6.3
World Growth Based on Market Exchange Rates	2.6	4.0	3.1	3.2
World Trade (Goods & Services)				
Volume	5.4	10.3	7.0	7.4
Price Deflator in US \$	10.3	9.6	5.6	0.5
in SDR	2.0	3.7	5.6	2.2
Imports				
i) Advanced Economies	4.1	8.8	5.4	5.8
ii) Other Emerging Market and Developing Countries	11.1	16.4	13.5	11.9
Exports				
i) Advanced Economies	3.1	8.3	5.0	6.3
ii) Other Emerging Market and Developing Countries	10.8	14.5	10.4	10.3
Consumer Prices				
i) Advanced Economies	1.8	2.0	2.2	2.0
ii) Other Emerging Market and Developing Countries	6.0	5.8	5.9	5.7

Note: Values for 2005 and 2006 are IMF projections unless otherwise specified

Source: IMF, *World Economic Outlook*, September 2005

Table E.2: Growth in World Trade Prices
annual percentage change

World Prices	2003	2004	2005*	2006*
1. World Trade Prices in US \$				
Manufactures	14.4	9.7	6.0	0.5
Oil	15.8	30.7	43.6	13.9
Non-fuel Primary Commodity	6.9	18.5	8.6	-2.1
2. World Trade Prices in SDR				
Manufactures	5.8	3.7	6.0	2.2
Oil	7.1	23.6	43.7	15.8
Non-fuel Primary Commodity	-1.2	12.1	8.6	-0.4
3. World Trade Prices in EURO				
Manufactures	-4.4	-0.2	5.5	3.5
Oil	-3.3	18.9	43.0	17.3
Non-fuel Primary Commodity	-10.8	7.8	8.1	0.8

* current projections

Source: IMF, *World Economic Outlook*, September 2005

Table E.3: India's Foreign Trade (US\$ Million) and Currency Movement
(% change, y-o-y)

Year	US Dollar vis-à-vis SDR (%)	REER # (%)	Exports Growth Rate (%)	Oil Imports Growth Rate (%)	Non-oil Imports Growth Rate (%)	Total Imports Growth Rate (%)	Trade Balance				
2000-01	-4.1	3.6	44560.3	21.0	15650.1	24.2	34886.4	-5.9	50536.5	1.7	-5976.2
2001-02	-3.2	-0.1	43826.7	-1.6	14000.3	-10.5	37413.0	7.2	51413.3	1.7	-7586.6
2002-03	4.9	-2.6	52719.4	20.3	17639.5	26.0	43772.6	17.0	61412.1	19.4	-8692.7
2003-04	7.9	3.2	63978.8	21.4	20599.2	16.8	57651.7	31.7	78250.9	27.4	-14272.1
2004-05	4.2	-0.1	79593.6	24.4	29084.9	41.2	77036.3	33.6	106121.2	35.6	-26527.6
April-December											
2004-05	4.8	-0.5	56284.6	29.8	21401.1	45.4	54226.1	34.3	75627.2	37.2	-19342.6
2005-06	-1.1	5.5	66431.0	18.0	31123.7	45.4	65140.2	20.1	96264.0	27.3	-29833.0

* A negative/positive sign indicates appreciation/depreciation of the US Dollar vis-à-vis SDR

A positive/negative sign indicates appreciation/depreciation of the Indian Rupee

Note: REER is the index of real effective exchange rate of Indian Rupee vis-à-vis USD based on 36 country bilateral export weights

REER for April-December 2005-06 corresponds to the period April-October 2005-06

Source: DGCI&S, in RBI, *Handbook of Statistics on Indian Economy*, 2003-04

GOI, Ministry of Commerce and Industry, Press Release, April 29 & January 16, 2006

**Table E.4: Share and Growth of India's Major Export Commodities
(April-October, % \$ Value)**

Commodity/ Commodity Groups	Share in Total Exports		Growth Rate	
	2004-05	2005-06	2004-05	2005-06
I. Agricultural & Allied Products	9.9	9.6	14.2	19.1
II. Ores & Minerals	4.7	5.2	85.8	36.6
III. Manufactured Goods of which	74.0	71.1	20.6	18.7
1. Leather & Leather Manufactures	3.1	2.7	13.5	6.4
2. Chemicals & Related Products	9.3	9.3	14.6	23.9
3. Engineering Goods	20.2	20.1	34.2	23.2
4. Textiles (excl RMG)	8.3	6.5	12.8	-2.2
5. Readymade Garments (RMG)	8.2	7.7	5.6	16.0
6. Gems and Jewellery	17.4	17.9	18.7	27.0
7. Handicrafts	0.5	0.5	-21.0	11.7
8. Carpets	0.8	0.8	7.8	23.3
9. Other Manufactured Products	6.2	5.5	43.7	9.0
IV. Petroleum & Crude Products	8.7	11.1	86.1	57.9
V. Other Commodities	2.7	3.1	29.9	43.5
All Commodities	100.0	100.0	26.0	23.6
USD per SDR*			4.7	0.4
REER (Appreciation/ Depreciation)#			-0.5	5.5

* A negative/positive sign indicates appreciation/depreciation of the US Dollar vis-à-vis SDR

A positive/negative sign indicates appreciation/depreciation of the Indian Rupee

Source: DGCI&S

**Table E.5: Share and Growth of India's Exports to Major Destinations
(April-October, % \$ Value)**

Country	Share in Total Exports		Growth Rate	
	2004-05	2005-06	2004-05	2005-06
U S A	18.1	17.0	18.5	15.7
U Arab Emirates	8.4	8.0	49.2	17.4
Singapore	4.5	6.1	118.8	68.4
China Peoples Republic	4.8	5.7	71.0	48.9
Hong Kong	4.6	5.0	4.6	34.8
U K	4.4	4.9	15.9	37.7
Germany	3.4	3.3	6.3	18.1
Belgium	3.1	2.9	28.3	15.2
Japan	2.4	2.3	5.9	21.0
Italy	2.6	2.3	19.4	8.7
Netherland	1.8	2.2	8.8	53.4
Sri Lanka DSR	1.7	2.2	4.3	54.2
France	2.0	2.1	31.4	26.0
Saudi Arab	1.8	1.8	32.2	24.0
South Africa	1.4	1.6	120.2	49.3
ROW	34.9	32.5	22.9	15.1
ASEAN	4.5	3.9	10.0	8.2
NIEs	11.1	13.2	39.1	47.5
EU	20.9	21.2	18.5	25.4
Total	100.0	100.0	26.0	23.6
USD per SDR*			4.7	0.4
REER (Appreciation/ Depreciation)#			-0.5	5.5

* A negative/positive sign indicates appreciation/depreciation of the US Dollar vis-à-vis SDR

A positive/negative sign indicates appreciation/depreciation of the Indian Rupee

Note: Values are sorted on exports for April-October 2005

ASEAN includes Indonesia, Malaysia, Phillipines, Thailand

NIEs includes Hong Kong, Korea, Taiwan, Singapore

EU includes Austria, Belgium, Denmark, Finland, France, Germany, Greece,

Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, UK

Source: DGCI&S

**Table E.6: Share and Growth of India's Imports of Major Non-oil Commodities
(April-October, % \$ Value)**

Commodities	Share in Total Imports		Growth Rate	
	2004-05	2005-06	2004-05	2005-06
I. Food & related items	5.0	3.7	-8.7	-3.4
II. Export related items	19.9	19.8	26.2	30.7
III. Capital goods	30.6	30.7	25.5	32.0
IV. Raw materials & intermediaries	28.7	27.8	32.7	27.5
V. Manufactured goods	10.4	12.0	35.0	51.8
VI. Other commodities	5.4	6.0	55.4	44.5
Total Non-Oil Imports	100.0	100.0	27.5	31.4
USD per SDR*			4.7	0.4
REER (Appreciation/ Depreciation)#			-0.5	5.5

* A negative/positive sign indicates appreciation/depreciation of the US Dollar vis-à-vis SDR

A positive/negative sign indicates appreciation/depreciation of the Indian Rupee

Source: DGCI&S

Table E.7: Overall Balance of Payment in India, Net Credit (US\$ Million)

	2003-04	2004-05	April-September	
			2004-05	2005-06
A. Current account				
1. Merchandise Trade Balance	-13718	-36629	-14768	-31635
2. Net Invisible Receipts <i>of which</i>	27801	31229	14283	18679
a) Services	10144	14199	5980	9512
b) Private Transfers	21608	20253	9968	12043
Current Account Balance	14083	-5400	-485	-12956
B. Capital account				
1. Foreign investment <i>of which</i>	13744	12147	2490	7411
a) FDI in India	4322	5589	3044	3200
b) FII in India	11356	8907	511	5107
2. External assistance	-2858	1923	346	436
3. Commercial borrowings (including short term credit)	-1506	8832	3489	3690
4. Banking capital	6033	3874	644	3005
5. Rupee debt service	-376	-417	-279	-142
6. Other capital	1699	4668	665	4316
Capital Account Balance	16736	31027	7355	18716
C. Error & omissions	602	532	66	742
D. Overall balance	31421	26159	6936	6502
E. Monetary movements	-31421	-26159	-6936	-6502
1. I.M.F	0	0	0	0
2. Foreign exchange reserves (increase -/ decrease +)	-31421	-26159	-6936	-6502
USD per SDR (% change)	7.9	4.2	4.9	0.9
REER (Appreciation/ Depreciation) (% change)#	3.2	-0.1	-0.2	5.5

* A negative/positive sign indicates appreciation/depreciation of the US Dollar vis-à-vis SDR

A positive/negative sign indicates appreciation/depreciation of the Indian Rupee

Source: RBI Monthly Bulletin, various issues

Table E.8: India's Invisibles on Current Account, Net Credit (US\$ Million)

	2003-04	2004-05	April-September	
			2004-05	2005-06
Invisibles	27801	31229	14283	18679
Services	10144	14199	5980	9512
Travel	1435	985	-38	-1073
Transportation	879	259	251	-1440
Insurance	56	187	18	327
G.n.i.e	28	67	66	-120
Miscellaneous <i>of which</i>	7746	12701	5683	11818
Software services	12324	16526	7569	9842
Transfers	22162	20844	10220	12245
Official	554	591	252	202
Private	21608	20253	9968	12043
Income	-4505	-3814	-1917	-3078
USD per SDR (% change)*	7.9	4.2	4.9	0.9
REER (Appreciation/ Depreciation) (% change)#	3.2	-0.1	-0.2	5.5

* A negative/positive sign indicates appreciation/depreciation of the US Dollar vis-à-vis SDR

A positive/negative sign indicates appreciation/depreciation of the Indian Rupee

Source: RBI Monthly Bulletin, various issues

Table E.9: India's Invisibles on Current Account, Credit (US\$ Million)

	2003-04	2004-05	April-September	
			2004-05	2005-06
Invisibles	53508	71854	31343	47831
Services	26868	46031	18689	32754
Travel	5037	6495	2497	3026
Transportation	3207	4798	2272	3149
Insurance	419	909	453	758
G.n.i.e	240	328	190	150
Miscellaneous <i>of which</i>	17965	33501	13277	25671
Software services	12800	17200	7819	10321
Transfers	22736	21276	10421	12550
Official	554	623	261	224
Private	22182	20653	10160	12326
Income	3904	4547	2233	2527
USD per SDR (% change)*	7.9	4.2	4.9	0.9
REER (Appreciation/ Depreciation) (% change)#	3.2	-0.1	-0.2	5.5

* A negative/positive sign indicates appreciation/depreciation of the US Dollar vis-à-vis SDR

A positive/negative sign indicates appreciation/depreciation of the Indian Rupee

Source: RBI Monthly Bulletin, various issues