

Ministry of Finance
Department of Economic Affairs
Economic Division
8(2)/Ec. Dn./2005

MONTHLY ECONOMIC REPORT
DECEMBER, 2005

HIGHLIGHTS

- The post-monsoon season rainfall from October 1, 2005 to December 21, 2005 was normal/excess in 47 per cent of meteorological sub-divisions.
- Food grain stocks were 19.39 million tonnes as on November 1, 2005.
- Overall industrial growth was 8.4 per cent during April-October, 2005 as compared with 8.7 per cent in April-October, 2004.
- Core infrastructure sectors achieved an average growth rate of 4.4 per cent during April-November, 2005 as compared with 6.7 per cent in April-November, 2004.
- Broad Money (M3) growth (year-on-year) was 17.1 per cent as on December 9, 2005 as compared with 13.9 per cent last year.
- Exports grew by 16.1 per cent in dollar terms during April-November, 2005 as compared with 28.4 per cent in corresponding period last year. Imports grew by 29.3 per cent in April-November, 2005 as compared with 36.3 per cent in April-November, 2004.
- Forex reserves (excluding Gold and SDRs) stood at \$142.82 billion at the end of November, 2005.
- Rupee appreciated against Japanese Yen and depreciated against US Dollar, Pound Sterling and Euro in November, 2005.
- The annual inflation rate in terms of WPI (Base 1993-94=100) was 4.62 per cent for the week ended December 17, 2005 as compared with 6.44 per cent a year ago.
- Tax revenue (net to Centre) during April-October, 2005 was higher by 24.3 per cent compared with an increase of 17.6 per cent in corresponding period last year.
- In terms of value, Fiscal deficit during April-October, 2005 was higher by 48.2 per cent over corresponding period last year.
- In terms of value, Revenue deficit April-October, 2005 was higher by 10.0 per cent over corresponding period last year.

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AGRICULTURE

POST-MONSOON SEASON RAINFALL*

In the post-monsoon season (October-December), the rainfall from October 1, 2005 to December 21, 2005 was normal/excess in 17 meteorological sub-divisions (47 per cent) and deficient/scanty in the remaining 19 (53 per cent). The annual average for 2000-2004 was normal/excess in 15 (42 per cent) meteorological sub-divisions and deficient/scanty in the remaining 21 (58 per cent).

Number of Meteorological Sub-divisions

	2000	2001	2002	2003	2004	2000-2004+	2005
Excess/Normal	4	25	10	18	19	15	17
Deficient/Scanty/Nil	32	11	26	18	17	21	19
Total	36	36	36	36	36	36	36

* (October-December)

+ Annual Average

PROCUREMENT

Wheat procurement up to December 26, 2005 in the current marketing year (i.e. 2005-06) was lower by 12.0 per cent at 14.79 million tonnes as compared with 16.80 million tonnes in the corresponding period of 2004-05. Procurement of rice during the marketing year 2005-06 (up to December 26, 2005) at 12.92 million tonnes was higher by 8.4 per cent than the level of 11.92 million tonnes during the corresponding period of 2004-05.

	Full Marketing Year				Up to Dec. 26		% change
	2001-02	2002-03	2003-04	2004-05	2004	2005	Col. 7/Col.6
	Million Tonnes						
1	2	3	4	5	6	7	8
Rice(Oct-Sept.)	21.28	16.41	22.83	24.21	11.92	12.92	8.4
Wheat(Apr-Mar)	20.63	19.06	15.80	16.80	16.80	14.79	-12.0
Total	41.91	35.47	38.63	41.01	28.72	27.71	-3.5

OFF-TAKE

Off-take from the Public Distribution System from Central Pool during April-October, 2005 was 23.38 million tonnes which was higher by 0.3 per cent than the off-take of 23.32 million tonnes during April-October, 2004.

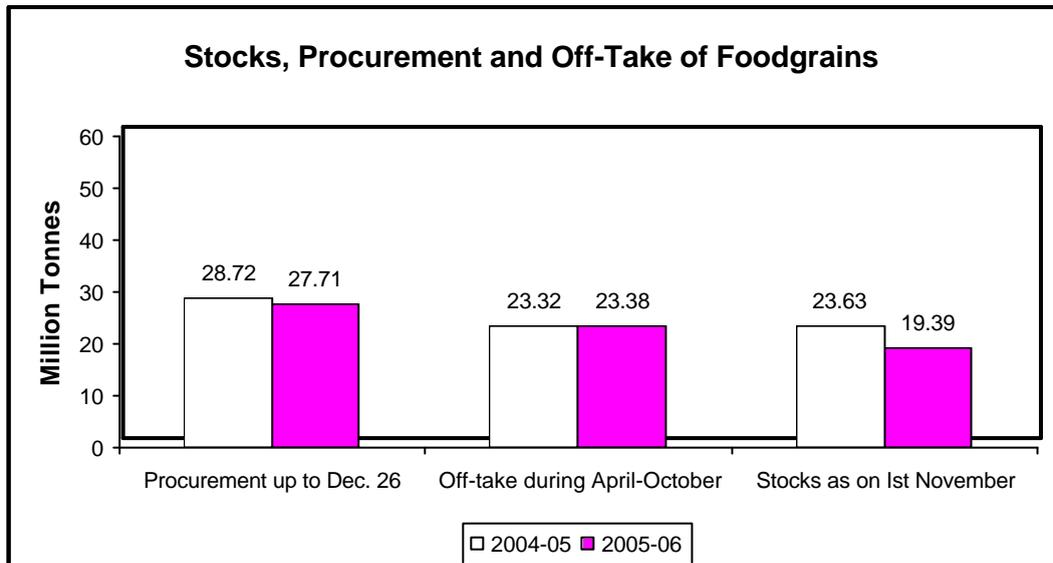
	2002-03(P)	2003-04(P)	2004-05(P)	April-October (P)	
				2004	2005
1	3	4	5	5	6
	Million Tonnes				
Rice	24.64	25.04	22.98	12.95	13.73
Wheat	24.99	24.29	18.27	10.37	9.65
Total	49.63	49.33	41.25	23.32	23.38

P : Provisional

STOCKS

Stocks of foodgrains as on November 1, 2005 was 19.39 million tonnes, which was lower by 17.9 per cent than the level of 23.63 million tonnes as on November 1, 2004.

	As on October 1		As on November 1	
	2004	2005	2004	2005
Million Tonnes				
Rice	6.37	4.85	11.00	10.34
Wheat	11.62	10.29	12.63	9.05
Total	17.99	15.14	23.63	19.39

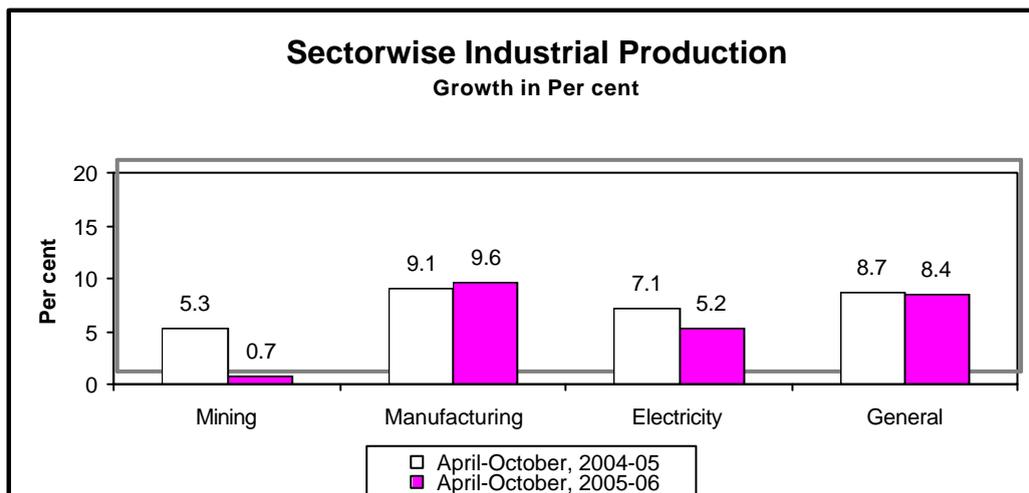


INDEX OF INDUSTRIAL PRODUCTION

The overall growth rate of index of industrial production (IIP) during April-October, 2005 was 8.4 percent as compared to 8.7 percent in April-October, 2004. The growth rates achieved by the mining, manufacturing and electricity sectors during April-October, 2005 was 0.7 percent, 9.6 percent and 5.2 percent respectively as compared to 5.3 percent, 9.1 percent and 7.1 percent respectively during corresponding period last year.

As per the use-based classification, production in April-October, 2005 of basic goods, capital goods and consumer goods registered higher growth whereas intermediate goods showed lower growth as compared to April-October, 2004.

SECTORWISE INDEX OF INDUSTRIAL PRODUCTION						
(Base: 1993-94=100)						
(Percentage change)						
	2003-04	2004-05	Oct '04	Oct '05	April-Oct.	
					2004-05	2005-06
General	7.0	8.2	10.6	8.5	8.7	8.4
Mining	5.2	4.4	6.2	-1.8	5.3	0.7
Manufacturing	7.4	9.0	11.9	9.6	9.1	9.6
Electricity	5.1	5.2	3.5	7.4	7.1	5.2
Use-Based Classification						
Basic goods	5.4	5.5	7.4	6.3	5.8	6.3
Capital goods	13.6	13.3	13.2	24.1	13.7	16.6
Intermediate goods	6.4	5.9	7.9	1.6	7.8	3.0
Consumer goods	7.1	11.5	15.9	11.8	11.0	13.2
<i>Of which</i>						
Consumer durables	11.6	14.3	18.9	13.6	16.8	13.1
Consumer non-durables	5.8	10.6	14.7	11.1	9.0	13.3



INFRASTRUCTURE

The six core infrastructure industries registered a lower growth of 4.4 per cent during April-November, 2005 as compared to 6.7 per cent in corresponding period last year.

PRODUCTION IN INFRASTRUCTURE INDUSTRIES								
		November		Full Yr.	April-November		% Change	
		2004	2005	2004-05	2004-05	2005-06	April-November	
Industry/Infrastructure	Unit	2004	2005	2004-05	2004-05	2005-06	2004-05	2005-06
Coal	Mn tons	32.5	34.8	375.0	231.2	244.2	7.3	5.6
Electricity Generation	Mn kw	47792	49060	587366	387412	406203	6.7	4.9
Crude petroleum	000 tons	2801	2561	33981	22680	21395	3.3	-5.7
Petroleum Products	000 tons	9708	9838	118216	78457	77939	6.3	-0.7
Finished steel	000 tons	3343	3519	38325	25920	27775	8.0	7.2
Cement	000 tons	10764	11599	131559	84870	93862	6.7	10.6
Average growth rate*	(%)	5.7	3.0	4.4	-	-	6.7	4.4
		October		Full Yr.	April-Oct.		April-Oct.	
Cargo handled at major ports	Mn tons	34.03	34.61	383.8	209.96	234.58	10.7	11.7
Telecommunications								
a) Net switching capacity	000 lines	162.74	1075.40	6714.1	3433.11	4609.01	10.7	34.3
b) Net Tele. Connections	000 nos	541.67	1263.23	6962.1	3439.88	6437.45	-36.4	87.1
Revenue earning goods traffic on railways	Mn tons	50.35	53.43	601.9	335.20	366.92	7.7	9.5
* Weights as in IIP (Base: 1993-94) : Coal (3.2), Electricity generation (10.2), Crude oil (4.2), Refinery throughput (2.0), Finished Steel (5.1) and Cement (2.0).								

Revenue earning goods traffic handled by Railways

The revenue earning goods traffic handled by Railways during April-October, 2005 increased by 9.5 per cent as compared to 7.7 per cent in corresponding period last year.

TRAFFIC ORIGINATING

(Million Tonnes)

	Full Year	October		April-Oct.		% Change
Commodities	2004-05	2004	2005	2004	2005	April-Oct., 2005
1	2	3	4	5	6	7
Coal	271.06	22.70	24.20	151.36	162.55	7.4
Raw material for Steel Plants	44.11	3.63	4.51	23.45	29.30	24.9
Pig Iron & Finished Steel From Steel Plants	14.86	1.29	1.47	8.05	9.25	14.9
Iron Ore for Exports	36.33	3.29	3.18	20.87	23.65	13.3
Cement	54.23	4.42	4.88	30.38	31.60	4.0
Foodgrains	46.19	3.90	2.29	27.25	23.79	-12.7
Fertilizers	28.36	2.65	3.13	16.23	18.09	11.5
POL	32.40	2.69	2.82	18.25	19.39	6.2
Balance other goods	74.35	5.78	6.95	39.36	49.30	25.3
Total	601.89	50.35	53.43	335.20	366.92	9.5

MONEY AND BANKING

During the current financial year 2005-06, broad money stock (M3) (up to December 9, 2005) increased by 11.7 per cent as compared with the growth rate of 7.2 per cent registered during the corresponding period of the last year. The year-on-year growth, as on December 9, 2005, was 17.1 per cent as compared with 13.9 per cent on the corresponding date of last year.

Net foreign exchange assets (NFA) of banking sector (up to December 9, 2005) registered an increase of 7.4 per cent as compared with a growth of 15.9 per cent in the same period last year. The annual growth rate of NFA, as on December 9, 2005, was 14.3 per cent as against 26.2 per cent on the corresponding date of last year.

Items	Outstanding as on (Rs. crore)		% Variations			
			Financial year so far		Year-on-year	
	March 31, 2005	Dec. 9, 2005	2004-05	2005-06	2004	2005
M3(I+II+III+IV)	2253938	2518616	7.2	11.7	13.9	17.1
	(2250425)					
I. Currency with the public	355768	393731	9.8	10.7	13.8	13.9
II. Demand deposits with banks	284017	327843	1.3	15.4	20.3	25.2
III. Time deposits with banks	1607675	1792510	7.8	11.5	12.9	16.5
	(1604162)					
IV. Other deposits with RBI	6478	4533	-16.8	-30.0	26.4	6.4
Sources (1+2+3+4-5)						
1. Net bank credit to Govt. (A+B)	757906	775372	1.0	2.3	2.9	3.4
	(745713)					
A. RBI's net credit to Govt.	-17975	-5339	-	-	-	-
B. Other bank credit to Govt.	775880	780711	6.8	0.6	11.3	4.8
2. Bank credit to commercial sector	1280540	1505452	17.1	17.6	26.2	26.5
	(1247658)					
3. Net foreign exchange assets of banking sector	649255	697082	15.9	7.4	26.2	14.3
4. Government's currency liabilities to the public	7448	7521	1.1	1.0	1.5	2.0
5. Banking sector's net non-monetary liabilities other than time deposits	441210	466811	41.8	5.8	48.1	14.6

Note :- Figures within brackets are exclusive of conversion of non-banking entity into banking entity with effect from October 11, 2004.

Scheduled Commercial Banks (SCBs) : Business in India

During the current financial year (up to December 9, 2005) incremental gross bank credit increased by 20.0 per cent as compared with a growth of 20.9 per cent in the same period of the previous year. The year-on-year growth of gross bank credit as on December 9, 2005 was 29.9 per cent as against 31.6 per cent on the corresponding date of last year.

Non-Food credit during the financial year so far (up to December 9, 2005), registered a growth of 20.6 per cent as compared with 21.0 per cent during the same period of the last year. The year-on-year growth rate of non-food credit was 31.2 per cent as compared with 32.1 per cent on the corresponding date of last year.

The year-on-year growth of time deposits with SCBs as on December 9, 2005 was 17.5 per cent as compared with 13.9 per cent on the corresponding date of last year.

Items	Outstanding as on (Rs. Crore)		% Variations			
			Financial year so far		Year-on-year	
	March 18, 2005	Dec. 9, 2005	2004- 05	2005- 06	2004	2005
1. Bank credit	1100428	1320808	20.9	20.0	31.6	29.9
	(1067747)					
Food credit	41121	43599	20.1	6.0	21.6	0.9
Non-Food credit	1059307	1277209	21.0	20.6	32.1	31.2
	(1026626)					
2. Aggregate deposit	1700199	1928918	7.9	13.5	15.0	18.8
	(1696630)					
Demand deposit	248028	292042	2.4	17.7	21.8	26.7
Time deposits	1452171	1636876	8.9	12.7	13.9	17.5
	(1448602)					
3. Investments in Govt. and other approved securities	739154	743993	4.9	0.7	9.4	4.6
	(726961)					
Government securities	718982	720406	5.4	0.2	10.1	4.4
	(706789)					
Other approved securities	20172	23587	-7.6	16.9	-10.0	11.8

Note :- Figures within brackets are exclusive of conversion of non-banking entity into banking entity with effect from October 11, 2004.

INTEREST RATES (PER CENT PER ANNUM)

As on December 9, 2005 Bank Rate was 6.00 per cent, which is the same as on the corresponding date of last year. Call money rates (borrowing) were in the range of 4.50/6.45 per cent as compared with 2.25/5.20 per cent on the corresponding date of last year.

Item/week ended	2004	2005
	Dec. 10	Dec. 9
1	2	3
Bank Rate	6.00	6.00
IDBI ¹	10.25	10.25
Prime Lending Rate ²	10.25-10.75	10.25-10.75
Deposit Rate ³	5.25-6.25	5.25-6.25
Fixed Repo Rate of RBI	6.00	6.25
Fixed Reverse Repo Rate of RBI	4.75	5.25
Call Money Rate ⁴ (Low/High)		
Borrowings	2.25/5.20	4.50/6.45
Lending	2.25/5.20	4.50/6.45

1. Minimum Term Lending Rate (MTLR)

2. Prime Lending Rate relates to five major Banks

3. Deposit Rate relates to major banks for term deposits of more than one-year maturity.

4. Call money rates are based on data covering 90-95 per cent of total transactions reported by major participants.

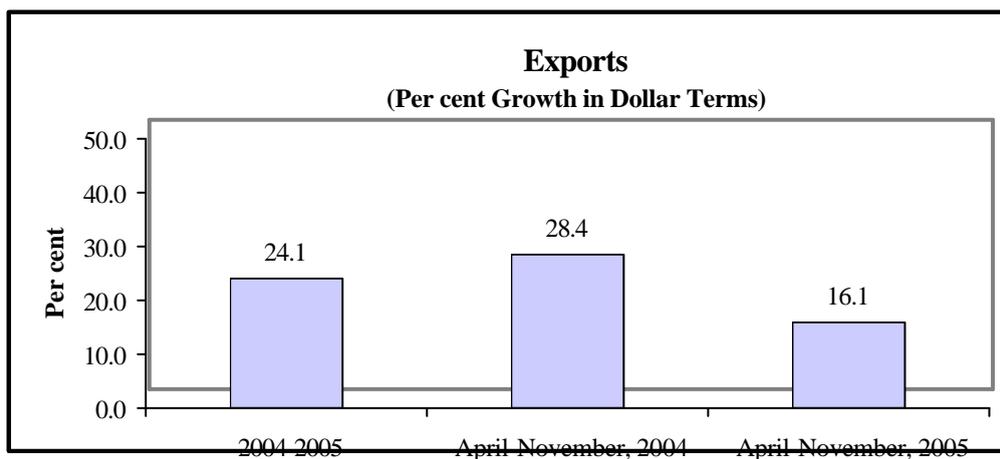
FOREIGN TRADE

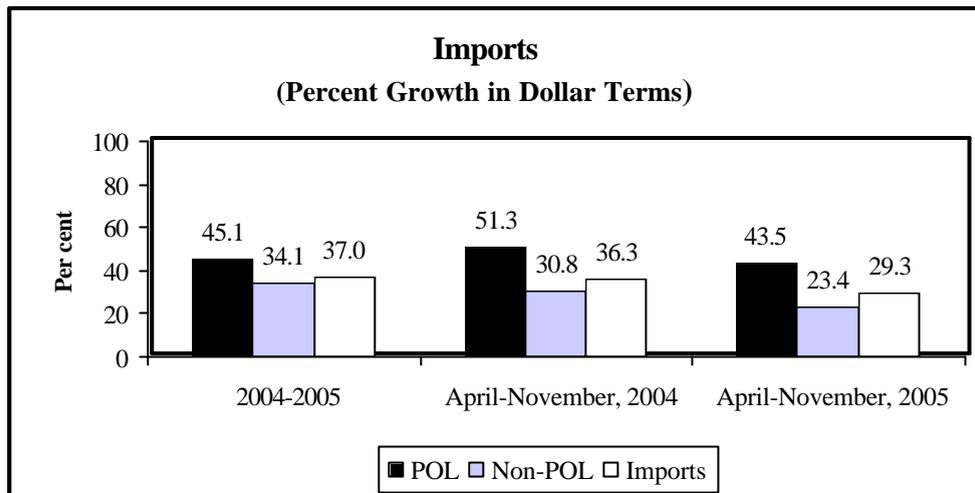
Exports in dollar terms during April-November, 2005 increased by 16.1 percent as compared to an increase of 28.4 percent in April-November, 2004. Imports increased by 29.3 percent in April-November, 2005 as against an increase of 36.3 percent in corresponding period last year.

Item	2003-04(R)	2004-05 (P)	April-Nov. (P)		April-Nov. % Change	
			2004-05	2005-06	2004-05	2005-06
Rs. Crore						
Exports	293367	361879	224674	251173	26.9	11.8
Imports	359108	490531	301119	373006	35.4	23.9
POL	94520	134094	88448	122262	49.4	38.2
Non-POL	264588	356437	212671	250745	30.4	17.9
Trade Balance	-65741	-128652	-76445	-121833	-	-
Million Dollars						
Exports	63843	79247	49156	57057	28.4	16.1
Imports	78149	107066	65497	84700	36.3	29.3
POL	20569	29844	19351	27762	51.3	43.5
Non-POL	57580	77222	46145	56938	30.8	23.4
Trade Balance	-14306	-27819	-16340	-27643	-	-

(R) : Revised (P) Provisional

Source: 1. For 2003-04 (R) and 2004-05 (P), DGCI&S.
2. April-November data is as per Ministry of Commerce & Industry Monthly Press Note.





FOREIGN EXCHANGE RESERVES
(EXCLUDING GOLD & SDRs)

	Amount		Variation	
	Rs.Crore	\$ Million	Rs.Crore	\$ Million
At the end of			(over last year)	
March, 1997	80368	22367	21922	5323
March, 1998	102507	25975	22139	3608
March, 1999	125412	29522	22905	3547
March, 2000	152924	35058	27512	5536
March, 2001	184482	39554	31558	4496
March, 2002	249118	51049	64636	11495
March, 2003	341476	71890	92358	20841
March, 2004	466215	107448	124739	35558
March, 2005	593121	135571	126906	28123
2005-2006			(over last month)	
April	593423	135950	302	379
May	580749	132925	-12674	-3025
June	575864	132352	-4885	-573
July	585319	134587	9455	2235
August	608225	138107	22906	3520
September	602309	136920	-5916	-1187
October	619299	137286	16990	366
November*	627455	142821	8156	5535

* Provisional

Source : RBI.

EXTERNAL ASSISTANCE AND DEBT SERVICE PAYMENTS

Gross external aid during April-November, 2005 at Rs 8902.55 crore was 2.3 percent higher than that of Rs 8702.07 crore in April-November, 2004. Net Disbursements were Rs. 4274.83 crore as compared with Rs. 4116.31 crore during same period last year. Net Aid Transfers were Rs. 2270.17 crore as compared with Rs. 2262.85 crore during corresponding period last year.

EXTERNAL ASSISTANCE AND DEBT SERVICE PAYMENTS*

(Rs crore)

	Receipts		Repayment of Principal		Payment of Interest	
	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06
External Assistance - Govt A/C	6896.16	7258.39	4010.32	4058.44	1578.16	1760.50
External Assistance - Non-Govt A/C	636.26	669.24	575.44	569.28	275.30	244.16
Govt. Grant	1130.63	928.92	-	-	-	-
Non-Govt Grant	39.02	46.00	-	-	-	-
Grand Total	8702.07	8902.55	4585.76	4627.72	1853.46	2004.66
Net Disbursement	4116.31	4274.83	-	-	-	-
Net Transfers	2262.85	2270.17	-	-	-	-

* April-November

Rupees Per Unit of Foreign Currency

The average market exchange rate of the Rupee during November, 2005 appreciated against Japanese Yen and depreciated against US Dollar, Pound Sterling and Euro as compared with average market exchange rate of the Rupee during October, 2005.

Rupees Per Unit of Foreign Currency

	(Market Rate)@			
	US Dollar	Pound Sterling	Japanese Yen	Euro
March, 2001	46.62	67.39	0.3846	42.44
March, 2002	48.74	69.37	0.3723	42.75
March, 2003	47.64	75.44	0.4015	51.52
March, 2004	45.08	82.29	0.4141	55.25
March, 2005	43.69	83.25	0.4152	57.66
2005-2006				
April	43.74	82.92	0.4080	56.62
May	43.49	80.82	0.4080	55.26
June	43.58	79.31	0.4013	53.04
July	43.54	76.36	0.3892	52.45
August	43.63	78.15	0.3939	53.59
September	43.92	79.47	0.3955	53.83
October	44.82	79.08	0.3904	53.91
November	45.73	79.32	0.3861	53.93

@ FEDAI Rates

INFLATION

The annual rate of inflation based on Wholesale Price Index (WPI) stood at 4.62 per cent for week ended December 17, 2005 compared with 6.44 per cent a year ago. This rate was contributed by an increase of 5.18 per cent in Primary Articles, 7.98 per cent increase in Fuel, Power, Lights and Lubricants and 3.11 per cent increase in Manufactured Products as against an increase of 2.66 per cent, 11.49 per cent and 6.09 per cent respectively on the corresponding date of last year.

VARIATION IN WHOLESALE PRICE INDEX (Base: 1993-94)					
Items/Groups	Weight(%)	Percent variation during			
		Month		Year (Point to Point) (ending 17-12-2005)	
		Last year	Current year	Last year	Current year
All Commodities	100.00	-0.79	-0.50	6.44	4.62
1.Primary articles	22.03	-2.78	-1.51	2.66	5.18
2. Fuel, Power, Light and Lubricants	14.23	-0.55	-0.32	11.49	7.98
3. Manufactured Products	63.75	-0.06	-0.17	6.09	3.11

CONSUMER PRICE INDEX

All India Consumer Price Index for Industrial Workers (CPI-IW) for October, 2005 stood at 548 (increase of 1.1 per cent over previous month's level of 542). The level of CPI-IW of October, 2005 was higher than the level of October, 2004 by 4.18 per cent.

CONSUMER PRICE INDEX AND INFLATION RATE (%)		
(Base : 1982=100)		
	2004-05 (Oct., 2004)	2005-06 (Oct., 2005)
Annual Inflation	4.57	4.18
Financial Year Inflation	4.4	4.4
% Change over last month	0.6	1.1
Level of Index	526	548
Average of Index for 12 months ending October	510.83	531.25

PUBLIC FINANCE

Trends in Central Government Finances: April-October 2005

	Budget Estimates 2005-06	April-October		Col.3 as % of 2004-05 BE	Col. 4 as % of 2005-06 BE	% Change over proceeding year	
		2004-05	2005-06			2004-05	2005-06 (4/3)
(Rs. Crore)							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1. Revenue Receipts	351200	132790	154909	42.9	44.1	10.5	16.7
Gross tax revenue	370025	136238	164567	42.9	44.5	21.2	20.8
Tax (net to Centre)	273466	93568	116297	40.0	42.5	17.6	24.3
Non Tax	77734	39222	38612	52.0	49.7	-3.4	-1.6
2. Capital Receipts	163144	100825	97449	59.8	59.7	-24.5	-3.3
of which:							
Recovery of loans	12000	38468	5370	141.9	44.8	-17.1	-86.0
Other Receipts	0	222	11	5.6		--	-95.0
Borrowings and other liabilities	151144	62135	92068	45.2	60.9	-27.7	48.2
3. Total Receipts (1+2)	514344	233615	252358	48.9	49.1	-7.9	8.0
4. Non-Plan Expenditure (a)+(b)	370847	172860	182291	52.0	49.2	-10.7	5.5
(a) Revenue Account	330530	157024	171186	53.5	51.8	3.8	9.0
Of which:							
Interest payments	133945	63116	63243	48.7	47.2	4.6	0.2
Major Subsidies	46098	28366	28548	67.5	61.9	-7.1	0.6
Pensions	19542	9460	10999	59.4	56.3	22.9	16.3
(b) Capital Account	40317	15836	11105	41.0	27.5	-62.5	-29.9
5. Plan Expenditure (i)+(ii)	143497	60755	70067	41.7	48.8	0.8	15.3
(i) Revenue Account	115982	39645	54007	43.2	46.6	-0.3	36.2
(ii) Capital Account	27515	21110	16060	39.3	58.4	2.8	-23.9
6. Total Expenditure (4)+(5)=(a)+(b)	514344	233615	252358	48.9	49.1	-7.9	8.0
(a) Revenue Expenditure	446512	196669	225193	51.0	50.4	2.9	14.5
(b) Capital Expenditure	67832	36946	27165	40.0	40.0	-41.1	-26.5
7. Revenue Deficit	95312	63879	70284	83.9	73.7	-9.8	10.0
8. Fiscal Deficit	151144	62135	92068	45.2	60.9	-27.7	48.2
9. Primary Deficit	17199	-981	28825	-12.4	167.6	-103.8	3038.3

Source : Controller General of Accounts, MOF, GOI.

