

Government of India Ministry of Finance Department of Economic Affairs Economic Division 8(2)/Ec Dn/ 2001

MONTHLY ECONOMIC REPORT

JANUARY, 2001

HIGHLIGHTS

- The Winter-season rainfall upto 10 January 2001 was normal/excess in 46 per cent of meteorological sub-divisions.
- Foodgrains stocks 45.50 million tonnes as on December 1, 2000.
- Overall industrial growth 6.0 per cent in April-November, 2000.
- Core infrastructure sectors achieved an average growth rate of 7.7 per cent in April-November, 2000 same as in corresponding period last year.
- Money Supply (M3) growth was 12.2 per cent during March 31, 2000 to December 15, 2000, whereas annual growth rate for fortnight ended December 15, 2000 was 16.6 per cent. Net RBI Credit to Government increased by 4.6 per cent during March 31, 2000 to December 15, 2000.
- The annual inflation rate in terms of WPI (Base 1993-94) was 8.2 per cent for week ended January 6, 2001 compared to 3.6 per cent a year ago.
- Exports increased by 20.6 per cent in dollar terms in April-November, 2000 compared to an increase of 10.5 per cent in April-November, 1999. Imports increased by 14.4 per cent.
- Rupee appreciated against US Dollar and Japanese Yen and depreciated against Pound Sterling, Deutsche Mark, French Franc and Euro in December, 2000.
- Forex reserves (excluding Gold & SDRs) stood at \$37.26 billion at the end of December, 2000.

(Manoranjan Kumar) Deputy Economic Adviser

AGRICULTURE

WINTER SEASON RAINFALL*

		Number of Meteorological Sub-divisons					
	1996	1997	1998	1999	2000	1996-00+	2001
Excess/Normal	5	3	0	8	4	4	16
Deficient/Scanty/Nil	30	32	35	27	31	31	19
Total	35	35	35	35	35	35	35
+ Annual average		* (J	anuary-Febru	ıary)			

The Winter season rainfall from January 1, 2001 to January 10, 2001 was normal/excess in 16 (46 per cent) meteorological sub-divisions and deficient/scanty in the remaining 19 (54 per cent). The annual average for 1996-2000 was normal/excess in 4 (11 per cent) meteorological sub-divisions and deficient/scanty in the remaining 31 (89 per cent).

PROCUREMENT*

(Million Tonnes)

	Full Marketing Year			Up to J		
(1)	1 997-98 (2)	1998-99 (3)	1999-2000 (4)	2000(P) (5)	2001(P) (6)	% change Col. (6)/(5)
Rice (Oct-Sep)	14.33	11.85	17.27	10.38	11.66	12.3
Wheat (Apr-Mar)	9.30	12.65	14.15	14.14	16.35	15.6

Wheat procurement up to January 15, 2001 in the current marketing year, (i. e., 2000-2001) was higher by 15.6 per cent at 16.35 million tonnes compared to 14.14 million tonnes in the corresponding period in 1999-2000. Procurement of rice during the marketing year 2000-01 (up to January 15, 2001) at 11.66 million tonnes was higher by 12.3 per cent than the level of 10.38 million tonnes during the corresponding period of 1999-2000.

OFF-TAKE

(Million Tonnes)

			April-No	ovember
	1998-99	1999-2000	1999-2000	2000-01(P)
Rice	11.83	12.06	8.01	6.69
Wheat	8.90	9.86	4.92	3.39
Total	20.73	21.92	12.93	10.08

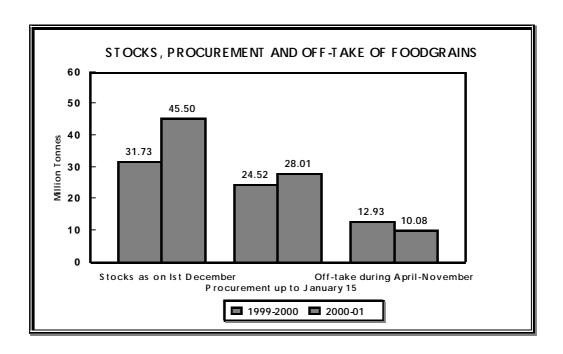
Off-take from the public distribution system central pool during April-November, 2000-01 was 10.08 million tonnes which was lower by 22.0 per cent than the off-take of 12.93 million tonnes during corresponding period of last year.

STOCKS

(Million Tonnes)

	As on I	st November	As on Ist Dec	cember
	1999	2000	1999	2000
Rice	12.78	17.99	13.25	19.52
Wheat	19.47	26.50	18.48	25.98
Total	32.25	44.49	31.73	45.50

Stocks of foodgrains as on 1st December, 2000 at 45.50 million tonnes which was higher by 43.4 per cent than the level at 31.73 million tonnes as on 1st December, 1999.

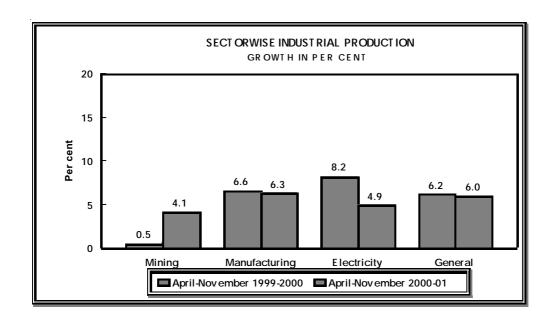


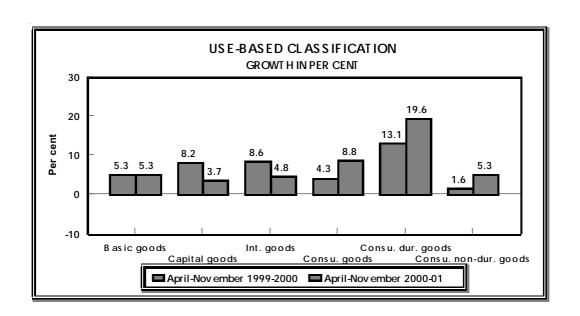
INDUSTRIAL PRODUCTON

		SECTORWISE INDUSTRIAL PRODUCTION (Base = 1993-94 = 100)			(Percentage chang		
	1998-99/ 1997-98	1999-00/ 1998-99	Nov. '99/ Nov. '98	Nov. '00/ Nov. '99	<u>April-No</u> 1999-00	vember 2000-01	
General	4.1	6.5	3.8	6.5	6.2	6.0	
Mining & Quarrying	-0.8	1.0	0.1	4.8	0.5	4.1	
Manufacturing	4.4	7.1	3.7	6.5	6.6	6.3	
Electricity	6.5	6.1	8.5	7.8	8.2	4.9	
Use-Based Classification							
Basic goods	1.6	5.2	4.3	5.9	5.3	5.3	
Capital goods	12.6	6.9	9.0	-0.1	8.2	3.7	
Intermediate goods	6.1	8.8	-0.4	4.6	8.6	4.8	
Consumer goods	2.2	5.7	6.1	11.4	4.3	8.8	
Of which							
Consumer Durables	5.6	14.1	6.0	19.6	13.1	19.6	
Consumer non-Durables	1.2	3.2	6.1	8.8	1.6	5.3	

The overall growth rate of Industrial production in **April-November, 2000** was 6.0 per cent as compared to 6.2 per cent in April-November, 1999. The production growth in manufacturing sector, electricity generation and mining & quarrying during April-November, 2000 was 6.3%, 4.9% and 4.1% as against 6.6%, 8.2% and 0.5% respectively.

As per use-based classification, production in consumer goods (both durables and non-durables) during April-November, 2000 registered higher increase while in capital goods and intermediate goods recorded lower increase and the growth in basic goods remained steady over the corresponding period of last year.

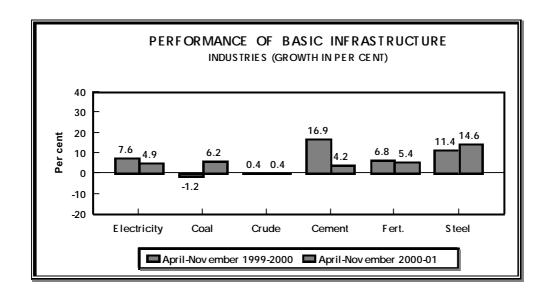




INFRASTRUCTURE INDUSTRIES

								il-Nov.
Industry/Infrastructure	Unit	1999	lovember 2000	Full Yo 1999-00	ear Apr 1999-00	il-Nov. 2000-01	1999-00/ 1998-99	2000-01 1999-00
Coal	Mn. Ton	25.78	25.47	298.98	178.75	189.76	-1.2	6.
Electricity Generation	Mn. Kwh	38732	41723	480011	314562	329983	7.6	4.
Hydel Thermal	Mn. kw	6576	5681	80533	57107	54570	-1.9	-4.
(including nuclear)	Mn. kw	32156	36042	399478	257455	275413	10.0	7.
Plant Load Factor	Per cent	65.0	70.9	67.3	65.4	67.2	-	
Crude petroleum	000 tons	2578	2710	32005	21628	21708	0.4	0
Petroleum Products	000 tons	7268	8366	85894	53223	68141	20.0	28
Finished steel	000 tons	2308.4	2569.9	27820.8	18119.9	20774.0	11.4	14
Cement	000 tons	8100	8262	100240	64000	66708	16.9	4
Fertilizers	000 tons	1252.9	1319.1	14273.9	9475.1	9988.2	6.8	5
Average growth rate*	(%)	6.6	6.9	7.8	-	-	7.7	7.
Cargo handled at major por Telecommunications	ts Mn. Ton	21.06	22.06	271.87	177.7	183.60	9.6	3
a) Net switching capacity	000 lines	571.80	460.67	6717.32	2067.20	2682.43	49.9	29
b) Net Tele. connections	000 nos	384.86	452.22	4917.66	1677.53	2318.35	26.2	38
Revenue earning goods traffic on railways	Mn. Ton	37.79	39.18	456.31	290.44	306.69	7.4	5

The core infrastructure sectors have mixed performance during **April-November**, **2000** as compared to the corresponding period of the last year. In this period average growth rate was 6.7 per cent, same as in the corresponding period last year.



REVENUE EARNING GOODS TRAFFIC ON RAILWAYS

			Perce	entage Change			
Commodities	Nove 1999	ember 2000	Full Year 1999-00	Apri 1999-00	il-Nov. 2000-01	Nov. 2000/1999	April-Nov. 2000-01/ 1999-00
Coal	16.84	17.36	209.93	134.56	144.35	3.1	7.3
Raw material for Steel Plants Pig Iron & Finished Steel From	3.18	3.42	37.48	24.06	25.39	7.5	5.5
Steel Plants	0.93	1.00	11.76	7.47	7.60	7.5	1.7
Iron Ore for Exports	1.08	1.56	12.32	7.46	9.17	44.4	22.9
Cement	3.72	3.65	43.57	27.39	28.33	-1.9	3.4
Foodgrains	2.42	2.02	31.04	19.56	16.75	-16.5	-14.4
Fertilizers	3.07	2.53	31.04	21.43	18.87	-17.6	-11.9
POL	2.91	2.89	34.39	22.79	23.86	-0.7	4.7
Balance other goods	2.64	4.75	44.78	25.72	32.37	30.5	25.9
Total	37.79	39.18	456.31	290.44	306.69	3.7	5.6

The revenue earning goods traffic handled by the Railways increased by 5.6 per cent during **April-November**, **2000** as compared to 7.4 per cent in the corresponding period of last year. The increase was on account of goods traffic on railways for iron ore for exports, cement, coal, raw material for steel plants, pig iron & finished steel from steel plants, POL and balance other goods.

MONEY AND BANKING

	VARIATION	IS IN MONI	EY STOCK			
	Full Year Mar 31 '99 to Mar 31 '00	Mar 31 '00 to Dec 15 '00 (PR)	Full Year Mar 31 '99 to Mar 31 '00	Mar 31 '99 to Dec 17 '99 (P)	Mar 31 '00 to Dec 15 '00 (PR)	Dec 17 '99 to Dec 15 '00 (P)
		(Rs crore)			(per cent)
M1 (I+II+IV)	31492	20344	10.2	4.7	6.0	11.5
M3(M1+III)	136182	136040	13.9	9.6	12.2	16.6
I. Currency with the public	19761	17756	11.7	12.6	9.4	8.5
II. Demand deposits with banks	12418	2761	9.1	-5.0	1.9	16.9
III. Time deposits with banks	104689	115697	15.6	11.8	14.9	18.8
IV. Other deposits with RBI	-687	-172	-18.1	-1.9	-5.5	-21.1
Sources of change in M3 (1+2+3+4-5)						
1. Net bank credit to Govt (A+B)	55077	56812	14.2	13.4	12.9	13.7
A. RBI's net credit to Govt ^a	-4275	6850	-2.8	2.4	4.6	-0.7
To Central Govt	-5587	10904	-3.8	4.6	7.8	-0.9
To State Govts	1312	-4054	18.4	-43.0	-48.1	7.9
B. Other bank credit to Govt	59352	49961	25.3	20.5	17.0	21.8
2. Bank credit to commercial sector	82548	54268	16.6	6.7	9.4	19.6
3. Net foreign exchange assets of						
banking sector ^b	27795	19493	15.6	3.7	9.5	22.0
4. Govt's currency liabilities to						
the public	416	7	10.8	10.1	0.2	0.8
5. Banking sector's net non-monetary liabilities other than time deposits	29654	-5462	35.6	-2.6	-4.8	32.4

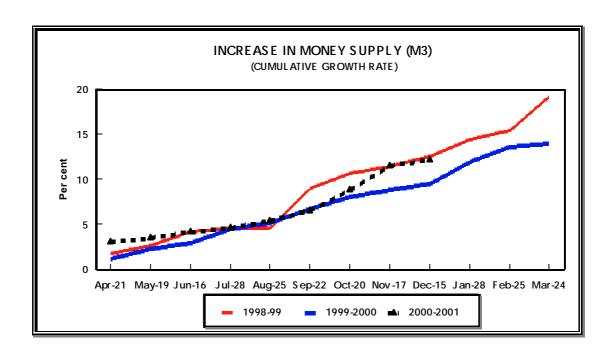
P Provisional

During the current financial year so far (i.e., March 31, 2000 to December 15, 2000) money supply (M3) increased by 12.2 per cent as against an increase of 9.6 per cent in the corresponding period of 1999-2000. Among its components, currency with the public showed a growth of 9.4 per cent as against 12.6 per cent in the corresponding period of last year. Demand deposits with banks showed an increase of 1.9 per cent as against a decline of 5.0 per cent in the corresponding period of last financial year. Time deposits with banks has gone up by 14.9 per cent as against an increase of 11.8 per cent in the corresponding period of last year. The annual growth of M3 as on December 15, 2000 stood at 16.6 per cent.

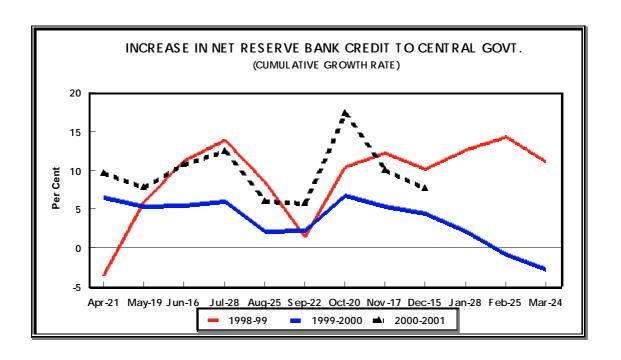
PR Partially revised

Includes special securities

b. Inclusive of appreciation in the value of gold following its re-valuation close to international market price effective October 17, 1990. Such appreciation has a corresponding effect on RBI's net non-monetary liabilities.



On the sources side, the Net Bank Credit to Government showed a growth of 12.9 per cent during the current financial year (i.e. March 31, 2000 to December 15, 2000) which is lower than that of 13.4 per cent increase in the same period of 1999-2000. RBI's Net Credit to Central Government increased by 7.8 per cent as against an increase of 4.6 per cent in 1999-2000. Bank credit to the commercial sector increased by 9.4 per cent as against an increase of 6.7 per cent in the same period of last year. Net foreign exchange assets of banking sector increased by 9.5 per cent as compared with 3.7 per cent in the corresponding period of 1999-2000.



SCHEDULED COMMERCIAL BANKS

	SCHEDULED COMMERCIAL BANKS: VARIATION IN ASSETS AND LIABILITIES					
	Full Year Mar 26,'99 to Mar 24,'00	Mar 24,'00 to Dec 15,'00 (PR)	Full Year Mar 26,'99 to Mar 24,'00	Mar 26,'99 to Dec 17,'99	Mar 24,'00 to Dec 15,'00 (P)	Dec 17,'99 to Dec 15,'00 (P)
		(Rs crore)			(per cent)
Bank credit	67121	49048	18.2	8.8	11.3	20.9
Food credit	8875	11255	52.8	45.3	43.8	51.2
Non-food credit	58246	37792	16.5	7.1	9.2	18.9
2. Aggregate deposits	99320	108096	13.9	8.9	13.3	18.5
Demand deposits	9943	3622	8.5	-5.2	2.8	17.7
Time deposits	89376	104473	15.0	11.7	15.2	18.6
3. Borrowings from RBI	3597	-541	24.3	-31.0	-8.3	198.0
4. Cash reserves	-5161	14723	-7.6	-7.4	23.5	23.2
Cash in hand	968	159	22.2	6.3	3.3	18.4
Balances with RBI	-6129	14564	-9.6	-8.4	25.4	23.6
5. Investments in Govt. and other approved securities	54349	46566	21.3	18.1	15.1	18.2
P = Provisional						

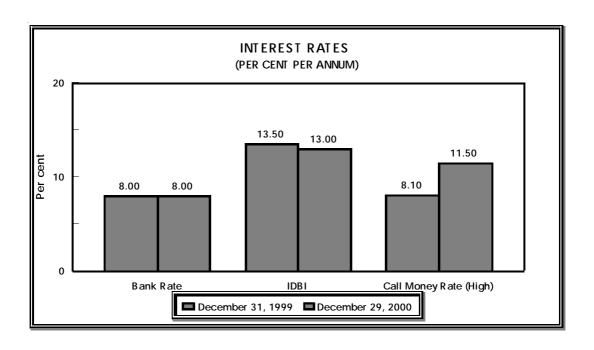
Bank credit by the scheduled commercial banks during the current financial year so far (i.e. March 24,2000 to December 15,2000) showed a growth of 11.3 per cent as compared with an increase of 8.8 per cent in the corresponding period of last financial year. Food credit increased by 43.8 per cent while non-food credit increased by 9.2 per cent during this period.

INTEREST RATES (PER CENT PER ANNUM)

	1999	2000
Item/ Week ended	Dec. 31	Dec. 29
1	2	3
Bank rate	8.00	8.00
I.D.B.I. ¹	13.50	13.00
Prime Lending Rate ²	12.00-12.50	12.00-12.50
Deposit Rate ³	8.00-10.50	8.50-10.00
Call Money Rate ⁴ (Low/High)		
-Borrowings	4.25/8.10	5.00/11.50
-Lendings		7.10/12.80

- 1. Medium Term Lending Rate (MTLR).
- 2. Prime Lending Rate relates to five major Banks.
- 3. Deposit Rate relates to five major banks for term deposits of more than one year maturity.
- 4. Inter-Bank Call Money Rates as reported by DFHI.

As on December 29, 2000, Prime Lending Rate was 12.00 to 12.50 per cent same as on December 31, 1999. Deposit Rate ranged from 8.50 to 10.00 per cent against 8.00 to 10.50 per cent in the same period of last year.

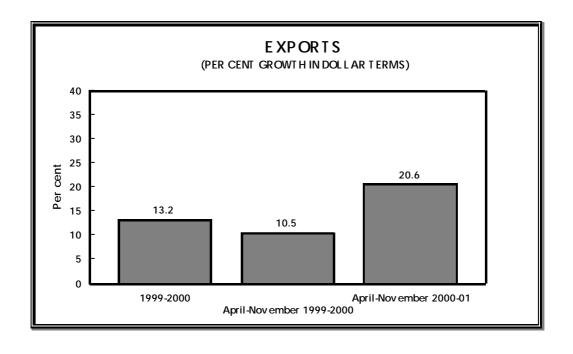


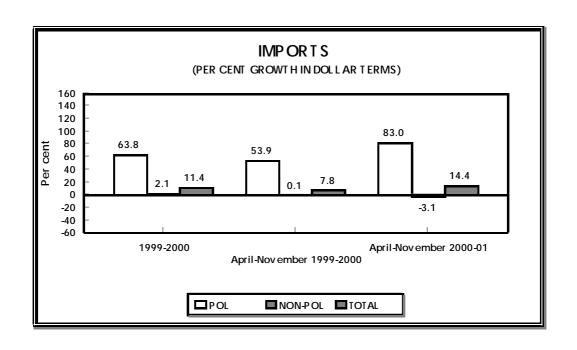
EXTERNAL SECTOR

FOREIGN TRADE

			Apr	il-Nov.		April-Nov.
Item	1998-99(R)	1999-00(P)	1999-00	2000-011999-00	2000-01	
	I	Rs. Crore		%	change	
Exports	139752	162925	102605	129460	14.1	26.2
Imports	178332	204583	131435	157256	11.4	19.6
POL	26919	45421	26805	51315	58.9	91.4
Non-POL	151413	159161	104630	105941	3.5	1.3
Trade Balance	-38580	-41658	-28830	-27796	-	-
		Mill	ion Dollar			% change
Exports	33218	37599	23730	28610	10.5	20.6
Imports	42389	47212	30398	34787	7.8	14.4
POL	6399	10482	6202	11347	53.9	83.0
Non-POL	35990	36730	24196	23440	0.1	-3.1
Trade Balance	-9171	-9613	-6668	-6177	-	-

Exports in dollar terms during **April-November**, **2000-01** increased by 20.6 per cent as compared to an increase of 10.5 per cent during April-November, 1999-2000. Imports increased by 14.4 per cent as against an increase of 7.8 per cent in corresponding period last year. Imports of POL increased by 83.0 per cent as against an increase of 53.9 per cent in last year.

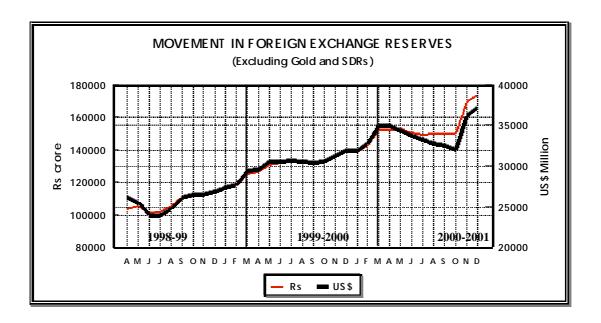




FOREIGN EXCHANGE RESERVES

	Am	ount	Var	ation
At the end of	Rs Crore	\$ Million	Rs Crore (Over l	\$ Million ast Year)
March, 1993	20140	6434	5562	803
March, 1994	47287	15068	27147	8634
March, 1995	66006	20809	18719	5741
March, 1996	58446	17044	-7560	- 3765
March, 1997	80368	22367	21922	5323
March, 1998	102507	25975	22139	3608
March, 1999	125412	29522	22905	3547
March, 2000	152924	35058	27512	5536
2000-2001			(Over la	st Month)
April	152779	34993	-145	-65
May	153322	34392	543	-601
June	150901	33774	-2421	-618
July	149811	33299	-1090	-475
August	150163	32787	352	-512
September	150195	32602	32	-185
October	150185	32091	-10	-511
November	169962	36286	19777	4195
December*	174207	37264	4245	978

Foreign Exchange Reserves (excluding Gold & SDRs), were \$ 35058 million at the end of 1999-2000. These reserves have increased by \$2206 million and stood at \$37264 million at the end of December, 2000.

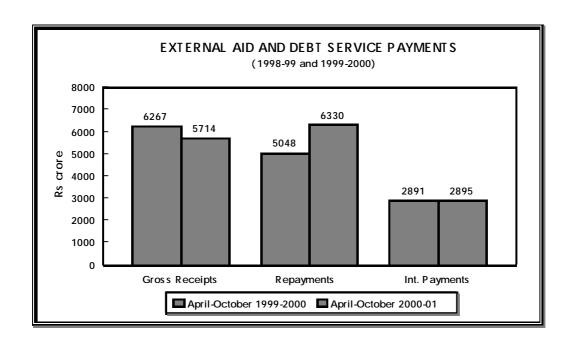


EXTERNAL AID RECEIPTS AND DEBT SERVICE PAYMENTS*

(Rs Crore)

	Receipts		Repayment of Principal		Payment of Interest	
	1999-00	2000-01	1999-00	2000-01	1999-00	2000-01
Loans- Govt. A/C	4539	4752	4588	5707	2306	2246
Grants- Govt. A/C	336	263	-	-	_	-
Total	4875	5015	4588	5707	2306	2246
Non-Govt. loans	1392	699	460	623	585	649
Grand Total	6267	5714	5048	6330	2891	2895
	(1451)	(1270)				
Net Flows	, ,	, ,				
(net of repayment)	1219	-616	-	-	_	-
Net Transfers						
(net of repayment and						
interest payments)	-1672	-3511	-	-	-	_

Gross external aid in **April-October**, **2000** at Rs 5714 crore was 8.8 per cent lower than that of Rs 6267 crore in April-October, 1999. Net aid flows (net of repayments) amounted to Rs (-) 616 crore as against Rs 1219 crore. Net aid transfers (net of repayments and interest payments) was Rs (-) 3511 crore as against Rs (-) 1672 crore in the corresponding period of last year.



EXCHANGE RATES

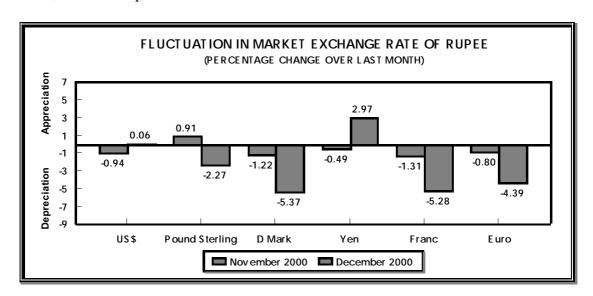
Rupees Per Unit of Foreign Currency

(Market Rate^a)

Month	US Dollar	Pound Sterling	Deutsche Mark*	Japanese Yen	French Franc*	Euro@	NEER	5 Country REER 995=100
March 1997	35.87	57.69	21.15	0.2923	6.29	-	97.74	104.88
March 1998 March 1999	39.50 42.45	65.62 68.77	21.64 23.58	0.3067 0.3548	6.45 7.03	- 46.24	90.42 83.14	103.19 101.17
March 2000	43.59	68.93	21.54	0.4208	6.42	42.08	81.75	99.39
2000-2001								
April	43.64	69.05	21.00	0.4142	6.26	41.30	81.79	100.87
May	43.98	66.40	20.34	0.4069	6.06	39.87	82.91	101.86
June	44.69	67.46	21.66	0.4209	6.46	42.41	80.52	98.59
July	44.78	67.59	21.44	0.4153	6.39	42.14	80.76	99.18
August	45.68	68.02	21.18	0.4230	6.31	41.38	79.97	98.49
September	45.89	65.76	20.61	0.4297	6.15	39.93	80.54	99.37
October	46.34	67.34	20.19	0.4276	6.02	39.71	80.14	100.70
November	46.78	66.73	20.44	0.4297	6.10	40.03	79.66	99.79
December	46.75	68.28	21.60	0.4173	6.44	41.87	79.07	98.57

a. FEDAI Rates

The average market exchange rate of the Rupee during December, 2000 appreciated against US Dollar and Japanese Yen and depreciated against Pound Sterling, Deutsche Mark, French Franc and Euro compared to average market rate during November, 2000. Both NEER and REER moved down in December, 2000 as compared with the last month.



[@] Came into operation w.e.f. 1.1.1999

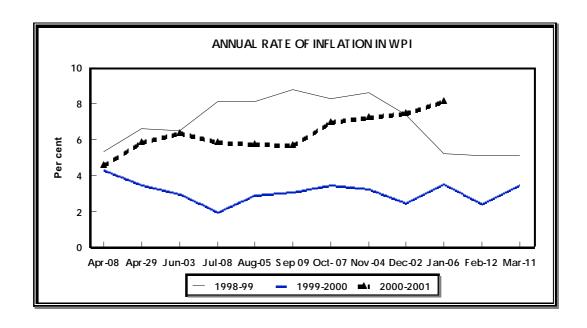
^{*} The rates for these foreign currencies are the average of week end rates reported in the Financial Times, London since exchange rates for the currencies are not quoted in India from Jan. 1,1999.

INFLATION

WHOLESALE PRICE INDEX

			Per cent Var	riation During			
		M(ONTH	YEAR (poi	nt to point)		
	Weight	(ending 6.1.2001)		(ending 6.1.2001) ^(P)			
Items/Groups		Last	Current	Last	Current		
	(%)	Year	Year	Year	Year		
All Commodities	100.00	-0.1	-0.0	3.6	8.2		
I Primary articles	22.03	-0.5	-1.3	-0.4	3.7		
II Fuel, Power, Light and Lubricants	14.23	0.1	-0.0	15.5	30.3		
III Manufactured Products	63.75	-0.1	0.4	2.2	3.8		

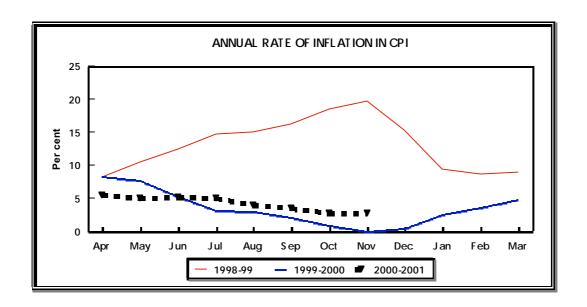
The annual rate of inflation based on **Wholesale Price Index** (WPI) stood at 8.2 per cent for week ended January 6, 2001 compared to 3.6 per cent a year ago. This rate was contributed by an increase of 3.7 per cent in Primary articles, 30.3 per cent increase in Fuel, Power and Lubricants and 3.8 per cent increase in Manufactured Products as against a decline of 0.4 per cent, an increase of 15.5 per cent and 2.2 per cent respectively, on the corresponding date of last year.



CONSUMER PRICE INDEX

CONSUMER PRICE INDEX AND INFLATION RATE					
	1999-2000 (Up to November, 1999)	2000-2001 (Up to November, 2000)			
	Per cent				
Annual Inflation	0.0	2.7			
Financial Year Inflation (%)	15.3	8.7			
Last Month (% change)	0.2	0.2			
Level of Index Average of Index for 12 months	438	450			
ending November	423.83	439.75			

The All India **Consumer Price Index for Industrial Workers** (CPI-IW) for November, 2000 which stood at 450 increased by 0.2 per cent over the previous month's level and increased by 2.7 per cent over November, 1999.



EMPLOYMENT EXCHANGE STATISTICS

(Lakhs)

		September		April-Sept	ember
		1999	2000*	1999-00	2000-01*
1.	No. of applicants on Live Register at the end of the month	409.25	414.60	409.25	414.60
2.	No. of registrations/ re-registrations	4.23	5.12	33.10	35.16
3.	Placements effected	0.19	0.17	1.07	0.86
		(per cent)			
4.	Placements (3) as percentage of the registrations (2)	4.42	3.32	3.24	2.45

The number of applicants on the Live Register of Employment Exchanges at the end of **September**, 2000 was 414.6 lakh, higher by 1.3 per cent as compared to the corresponding period of the previous year. The number of registrations during **September**, 2000 was higher by 21.0 per cent than in **September**, 1999. The Placements as percentage of registrations during **September**, 2000 was 3.32 as against 4.42 in **September**, 1999. The total placements effected during 2000-01 (April-September) was 0.86 lakh as compared to 1.07 lakh in the corresponding period of 1999-2000.