



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

# **MONTHLY ECONOMIC REPORT**

## **JULY, 2001**

### **HIGHLIGHTS**

- The Monsoon season rainfall upto 18 July 2001 was normal/excess in 77 per cent of meteorological sub-divisions.
- Foodgrains stocks 52.16 million tonnes as on May 1, 2001.
- Overall industrial growth 2.6 per cent in April-May, 2001.
- Core infrastructure sectors achieved an average growth rate of 1.1 per cent in April-May 2001 as against 7.8 per cent in April-May 2000.
- Money Supply (M3) growth was 4.8 per cent during March 31, 2001 to June 29, 2001, whereas annual growth rate for fortnight ended June 29, 2001 was 16.8 per cent. Net RBI Credit to Government increased by 10.2 per cent during March 31, 2001 to June 29, 2001.
- The annual inflation rate in terms of WPI (Base 1993-94) was 5.17 per cent for week ended July 7, 2001 compared to 6.40 per cent a year ago.
- Exports increased by 5.1 per cent in dollar terms in April-May, 2001 compared to an increase of 29.9 per cent in April-May, 2000. Imports declined by 3.7 per cent as against an increase of 32.9 per cent in corresponding period of last year.
- Rupee appreciated against Pound Sterling, Deutsche Mark, French Franc, Japanese Yen and Euro and depreciated against US Dollar in June, 2001.
- Forex reserves (excluding Gold & SDRs) stood at \$40.65 billion at the end of June, 2001.

**(Manoranjan Kumar)**  
**Deputy Economic Adviser**

## AGRICULTURE

### MONSOON SEASON RAINFALL\*

Number of Meteorological Sub-divisions							
	1996	1997	1998	1999	2000	1996-00+	2001
Excess/Normal	26	26	28	28	28	27	27
Deficient/Scanty/Nil	9	9	7	7	7	8	8
<b>Total</b>	35	35	35	35	35	35	35
+ Annual average				* (June-Sept.)			

The Monsoon season rainfall from March 1, 2001 to July 18, 2001 was normal/excess in 27 (77 per cent) meteorological sub-divisions and deficient/scanty in the remaining 8 (23 per cent). The annual average for 1996-2000 was normal/excess in 27 (77 per cent) meteorological sub-divisions and deficient/scanty in the remaining 8 (23 per cent).

### PROCUREMENT

(Million Tonnes)

(1)	Full Marketing Year			Up to July 13		
	1998-99 (2)	1999-2000 (3)	2000-2001 (4)	2000(P) (5)	2001(P) (6)	% change Col. (6)/(5)
Rice (Oct-Sep)	11.85	17.27	18.40	15.88	18.40	15.9
Wheat (Apr-Mar)	12.65	14.15	16.36	16.17	20.61	27.5
<b>Total</b>	24.50	31.42	34.76	32.05	39.01	21.7

Note :- Rice Procurement for full marketing year is available upto July 13, 2001.

Wheat procurement up to July 13, 2001 in the current marketing year, (i.e., 2001-2002) was higher by 27.5 per cent stood at 20.61 million tonnes compared to 16.17 million tonnes in the corresponding period in 2000-2001. Procurement of rice during the marketing year 2000-01 (up to July 13, 2001) stood at 18.40 million tonnes was higher by 15.9 per cent than the level of 15.88 million tonnes during the corresponding period of 1999-2000.

### OFF-TAKE

(Million Tonnes)

	<u>April</u>				
	1998-99(P)	1999-2000(P)	2000-2001(P)	2000-01	2001-02
Rice	11.83	12.42	10.22	0.71	0.70
Wheat	8.90	10.63	7.73	0.41	0.94
<b>Total</b>	20.73	23.05	17.95	1.12	1.64

Off-take from the Public Distribution System central pool during April, 2001-02 was 1.64 million tonnes which was higher by 46.44 per cent than the off-take of 1.12 million tonnes during April, 2000-01.

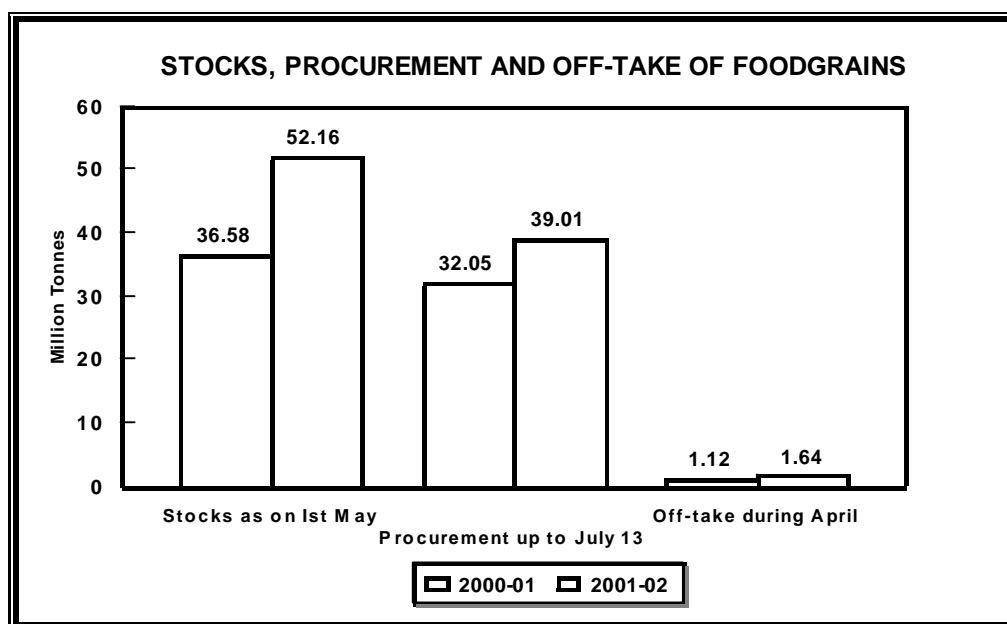
P- Provisional

## STOCKS

(Million Tonnes)

	As on 1st April		As on 1st May	
	2000	2001	2000	2001
Rice	15.72	23.20	15.06	22.94
Wheat	13.19	21.50	21.52	29.22
Total	28.91	44.70	36.58	52.16

Stocks of foodgrains as on 1st May, 2001 stood at 52.16 million tonnes which was higher by 42.6 per cent than the level at 36.58 million tonnes as on 1st May, 2000.



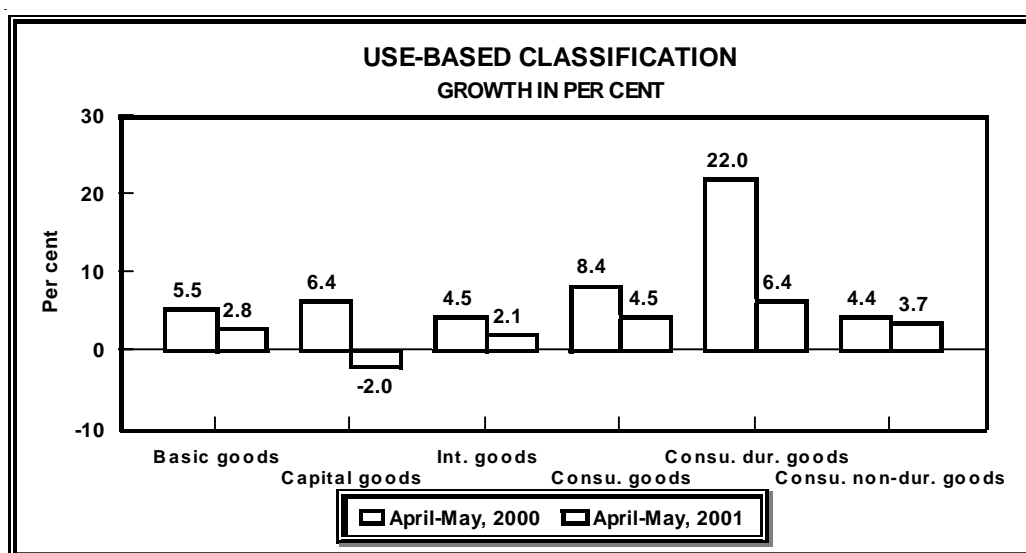
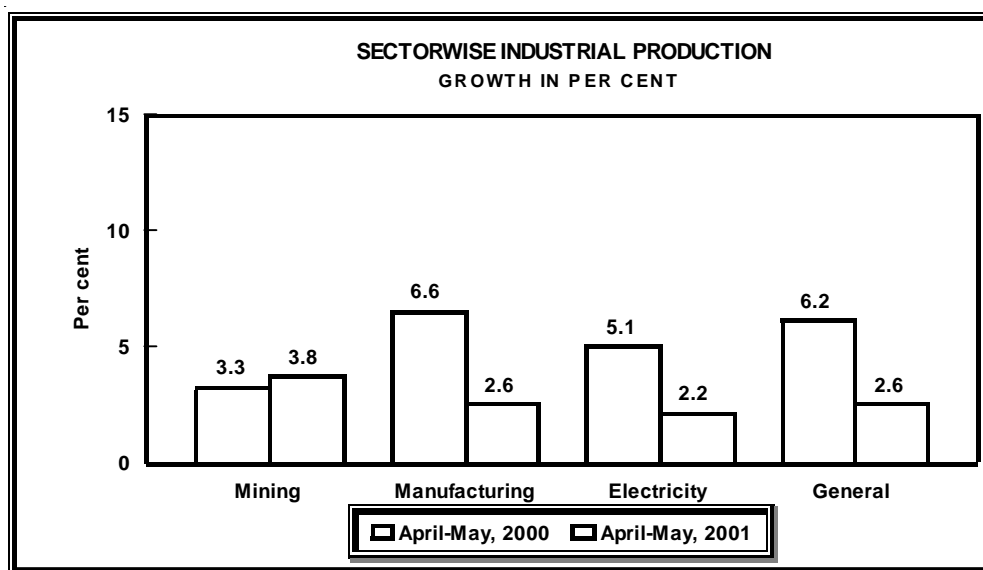
Note :- Procurement of foodgrains upto July 13 in the year 2000 & 2001.

## INDUSTRIAL PRODUCTION

SECTORWISE INDUSTRIAL PRODUCTION (Base = 1993-94 = 100)					<i>(Percentage change)</i>	
	1999-00/ 1998-99	2000-01/ 1999-00	May '00/ May '99	May '01/ May '00	<u>April-May</u> 2000-01	2001-02
<b><u>General</u></b>	<b>6.7</b>	<b>5.0</b>	<b>6.0</b>	<b>1.9</b>	<b>6.2</b>	<b>2.6</b>
Mining & Quarrying	1.0	3.6	2.6	4.1	3.3	3.8
Manufacturing	7.1	5.3	6.2	1.6	6.6	2.6
Electricity	7.3	4.0	6.4	2.8	5.1	2.2
<b><u>Use-Based Classification</u></b>						
Basic goods	5.5	3.8	6.1	2.4	5.5	2.8
Capital goods	6.9	1.7	3.1	-0.9	6.4	-2.0
Intermediate goods	8.8	4.6	3.3	1.2	4.5	2.1
Consumer goods	5.7	8.0	9.3	3.1	8.4	4.5
<b><u>Of which</u></b>						
Consumer Durables	14.1	13.9	27.5	6.2	22.0	6.4
Consumer non-Durables	3.2	6.1	3.7	1.9	4.4	3.7

The overall growth rate of Industrial production in **April-May, 2001** at 2.6 per cent recorded a lower growth compared to 6.2 per cent in April-May, 2000. The growth in manufacturing sector, electricity generation and mining & quarrying during April-May, 2001 was 2.6%, 2.2% and 3.8% respectively as against 6.6%, 5.1% and 3.3% in April-May, 2000.

As per the use-based classification, production in capital goods, during April-May, 2001, registered negative growth while basic goods, intermediate goods and consumer goods (both durables and non-durables) registered lower increase compared with April-May, 2000.



## INFRASTRUCTURE INDUSTRIES

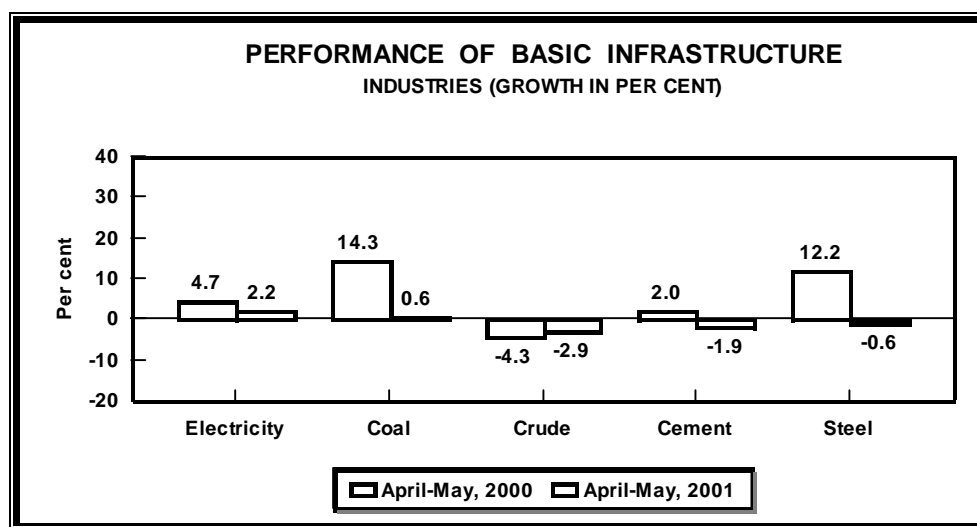
PRODUCTION IN INFRASTRUCTURE INDUSTRIES								
Industry/Infrastructure	Unit	2000	May 2001	Full Year 2000-01	Percentage change			
					April-May		April-May	
					2000-01	2001-02	2000-01/1999-00	2001-02/2000-01
Coal	Mn. Ton	23.1	24.6	308.9	47.9	48.2	14.3	0.6
Electricity Generation	Mn. Kwh	41953	43125	499450	82658	84502	4.7	2.2
Hydel	Mn. kw	6307	5688	74346	12672	10111	14.2	-20.2
Thermal (including nuclear)	Mn. kw	35646	37437	425104	69986	74391	-3.2	6.2
Crude petroleum	000 tons	2739	2553	32476	5295	5139	-4.3	-2.9
Petroleum Products	000 tons	7681	7368	96236	15157	15732	32.6	3.8
Finished steel	000 tons	2510.0	2483.7	30422.7	5016.0	4983.5	12.2	-0.6
Cement	000 tons	9040	8890	99940	17630	17290	2.0	-1.9
<b>Average growth rate*</b>	<b>(%)</b>	<b>8.0</b>	<b>-0.5</b>	<b>5.3</b>	<b>-</b>	<b>-</b>	<b>7.8</b>	<b>1.1</b>

		April	Full Year	April
Cargo handled at major ports	Mn. Ton	21.73	22.01	280.97
Telecommunications				
a) Net switching capacity	000 lines	80.22	126.04	7146.07
b) Net Tele. connections	000 nos	135.06	159.31	5924.79
Revenue earning goods traffic on railways	Mn. Ton	37.01	39.90	473.25

\* 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).

The core infrastructure sectors registered poor performance during **April-May, 2001** as compared to April-May, 2000. In April-May, 2001 average growth rate was 1.1 per cent as compared to 7.8 per cent in April-May, 2000.



## REVENUE EARNING GOODS TRAFFIC ON RAILWAYS

REVENUE EARNING GOODS TRAFFIC ON RAILWAYS						
Commodities	Million Tonnes				Percentage Change	
	April 2000	April 2001	April-March 1999-00	April-March 2000-01	April 2001/2000	April-March 2000-01/ 1999-00
Coal	17.78	17.24	209.96	222.75	-3.0	6.1
Raw material for Steel Plants	2.92	3.12	37.30	38.75	6.8	3.9
Pig Iron & Finished Steel From Steel Plants	0.94	0.84	12.09	11.51	-10.6	-4.8
Iron Ore for Exports	1.03	1.16	12.31	14.58	12.6	18.4
Cement	3.78	3.76	43.61	42.84	-0.5	-1.8
Foodgrains	2.50	2.52	31.14	26.65	0.8	-14.4
Fertilizers	1.64	1.67	31.13	27.14	1.8	-12.8
POL	2.64	2.56	34.26	36.22	-3.0	5.7
Balance other goods	3.78	4.03	44.62	52.81	6.6	18.4
<b>Total</b>	<b>37.01</b>	<b>36.90</b>	<b>456.42</b>	<b>473.25</b>	<b>-0.3</b>	<b>3.7</b>

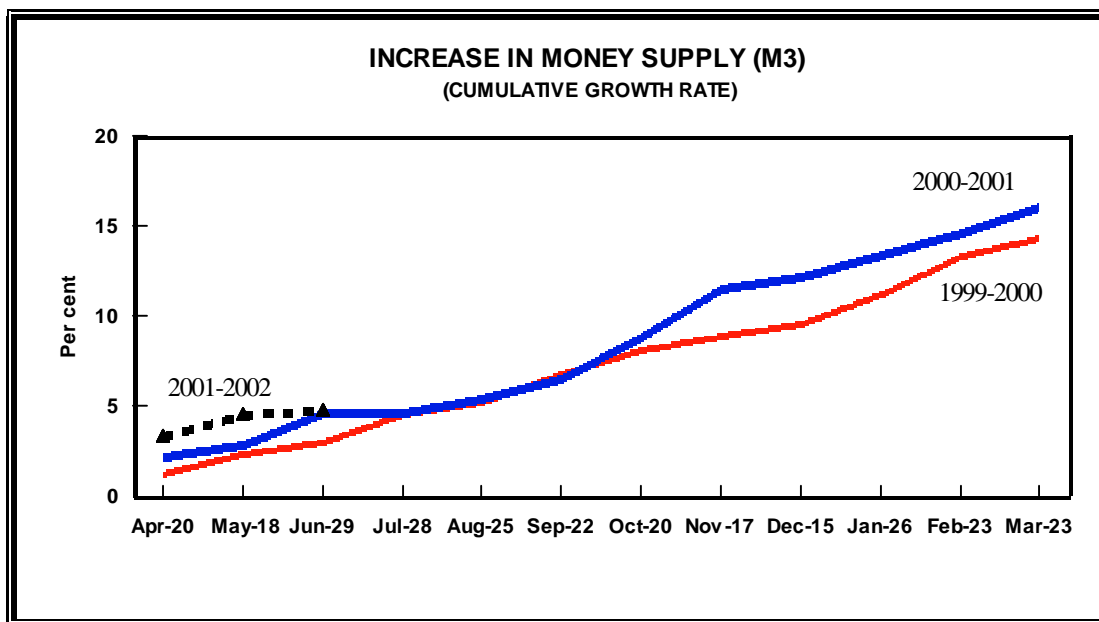
The revenue earning goods traffic handled by the Railways declined by 0.3 per cent during **April, 2001**.

## MONEY AND BANKING

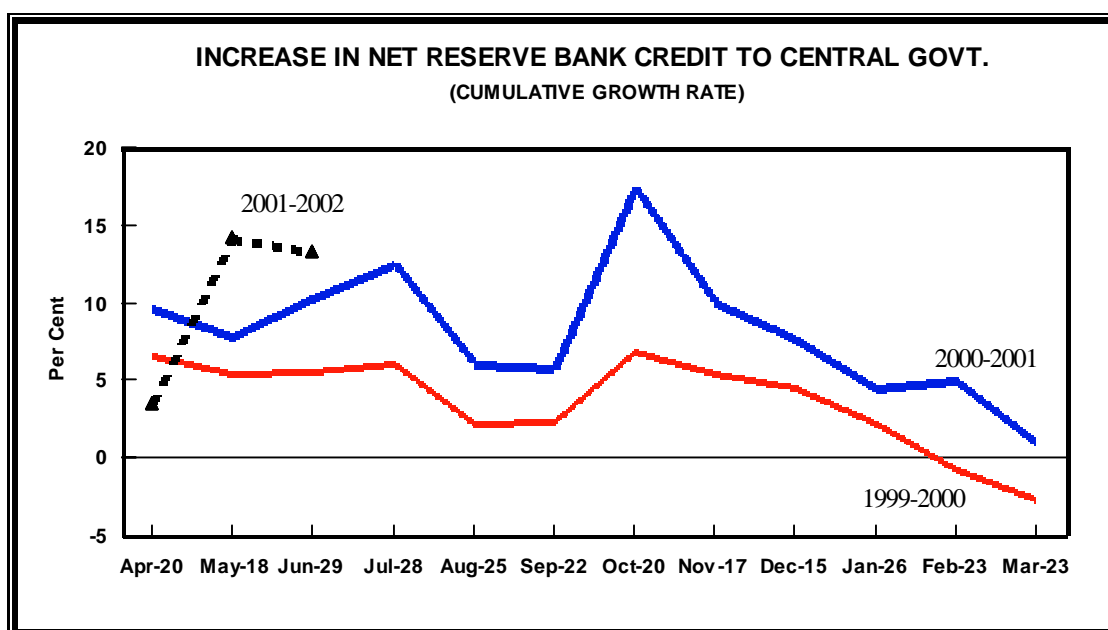
VARIATIONS IN MONEY STOCK						
	Full Year Mar 31 '00 to Mar 31 '01	Mar 31 '01 to Jun 29 '01 (PR)	Full Year Mar 31 '00 to Mar 31 '01	Mar 31 '00 to Jun 30 '00 (P)	Mar 31 '01 to Jun 29 '01 (PR)	Jun 30 '00 to Jun 29 '01 (P)
	(Rs crore)		(per cent)			
<b>M1 (I+II+IV)</b>	36448	14567	10.7	3.4	3.8	11.6
<b>M3(M1+ III)</b>	181634	63451	16.2	4.7	4.8	16.8
I. Currency with the public	20367	12310	10.8	4.5	5.9	12.3
II. Demand deposits with banks	14870	1898	9.9	1.0	1.1	11.5
III. Time deposits with banks	145186	48884	18.6	5.3	5.2	19.1
IV. Other deposits with RBI	1211	359	39.0	53.2	9.9	-14.2
<b>Sources of change in M3</b> (1+2+3+4-5)						
1. Net bank credit to Govt (A+B)	71644	39878	16.2	6.6	7.8	17.4
A. RBI's net credit to Govt <sup>a</sup>	7292	15742	4.9	5.6	10.2	8.3
To Central Govt	9023	19523	6.5	10.3	13.3	7.7
To State Govts	-1732	-3781	-20.5	-72.2	-51.5	51.9
B. Other bank credit to Govt	64352	24136	22.0	7.1	6.7	21.9
2. Bank credit to commercial sector	83814	4271	14.3	3.7	0.6	11.4
3. Net foreign exchange assets of banking sector <sup>b</sup>	38672	7187	18.8	0.5	2.9	24.4
4. Govt's currency liabilities to the public	643	0	15.1	4.0	0.0	12.5
5. Banking sector's net non-monetary liabilities other than time deposits	13140	-12115	11.5	-1.0	-9.4	3.7
P   Provisional PR   Partially revised a.   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.						

During the current financial year so far (i.e., March 31, 2001 to June 29, 2001) money supply (M3) increased by 4.8 per cent as against an increase of 4.7 per cent in the corresponding period of 2000-01. Among its components, currency with the public showed a growth of 5.9 per cent as against 4.5 per cent in the corresponding period of last year. Demand deposits with banks showed a growth of 1.1 per cent as against a growth of 1.0 per cent in the corresponding period of last financial year. Time deposits with banks increased by 5.2 per cent as against an increase of 5.3 per cent in the corresponding period of last year. The annual growth of M3 as on June 29, 2001 stood at 16.8 per cent.





On the sources side, the Net Bank Credit to Government showed a growth of 7.8 per cent during the current financial year (i.e. March 31, 2001 to June 29, 2001) which is higher than that of 6.6 per cent increase in the same period of 2000-01. RBI's Net Credit to Central Government increased by 13.3 per cent as against an increase of 10.3 per cent in 2000-01. Bank credit to the commercial sector increased by 0.6 per cent as against an increase of 3.7 per cent in the same period of last year. Net foreign exchange assets of banking sector increased by 2.9 per cent as compared with a growth of 0.5 per cent in the corresponding period of 2000-01.



## SCHEDULED COMMERCIAL BANKS

SCHEDULED COMMERCIAL BANKS: VARIATION IN ASSETS AND LIABILITIES						
	Full Year Mar 24,'00 to Mar 23,'01	Mar 23,'01 to Jun 29,'01 (PR)	Full Year Mar 24,'00 to Mar 23,'01	Mar 24,'00 to Jun 30,'00	Mar 23,'01 to Jun 29,'01 (P)	Jun 30,'00 to Jun 29,'01 (P)
	(Rs crore)			(per cent)		
1. Bank credit	73124	7223	16.8	5.5	1.4	12.8
Food credit	14300	10349	55.7	29.2	25.9	51.7
Non-food credit	58824	-3126	14.3	4.0	-0.7	9.7
2. Aggregate deposits	144663	50456	17.8	5.0	5.2	18.6
Demand deposits	13416	3727	10.5	2.3	2.6	12.3
Time deposits	131248	46730	19.1	5.5	5.7	19.8
3. Borrowings from RBI	-2595	-280	-40.0	34.2	-7.2	-58.5
4. Cash reserves	2453	15646	3.9	6.3	24.0	21.2
Cash in hand	328	864	6.2	7.9	15.3	13.4
Balances with RBI	2125	14782	3.7	6.1	24.8	22.0
5. Investments in Govt. and other approved securities	60889	23967	19.7	6.1	6.5	20.2
P = Provisional						

Bank credit by the scheduled commercial banks during the current financial year so far (i.e. March 23, 2001 to June 29, 2001) showed a growth of 1.4 per cent as compared with an increase of 5.5 per cent in the corresponding period of last financial year. Food credit increased by 25.9 per cent while non-food credit declined by 0.7 per cent during this period.

### INTEREST RATES (PER CENT PER ANNUM)

<i>Item/ Week ended</i>	<i>2000 June 23</i>	<i>2001 June 22</i>
1	2	3
Bank rate	7.00	7.00
I.D.B.I. <sup>1</sup>	12.50	12.50
Prime Lending Rate <sup>2</sup>	11.25-11.75	11.00-12.00
Deposit Rate <sup>3</sup>	8.00-9.50	8.00-9.50
Call Money Rate <sup>4</sup> (Low/High)		
-Borrowings	9.00/35.00	6.15/8.00
-Lendings	10.20/35.00	5.00/8.35

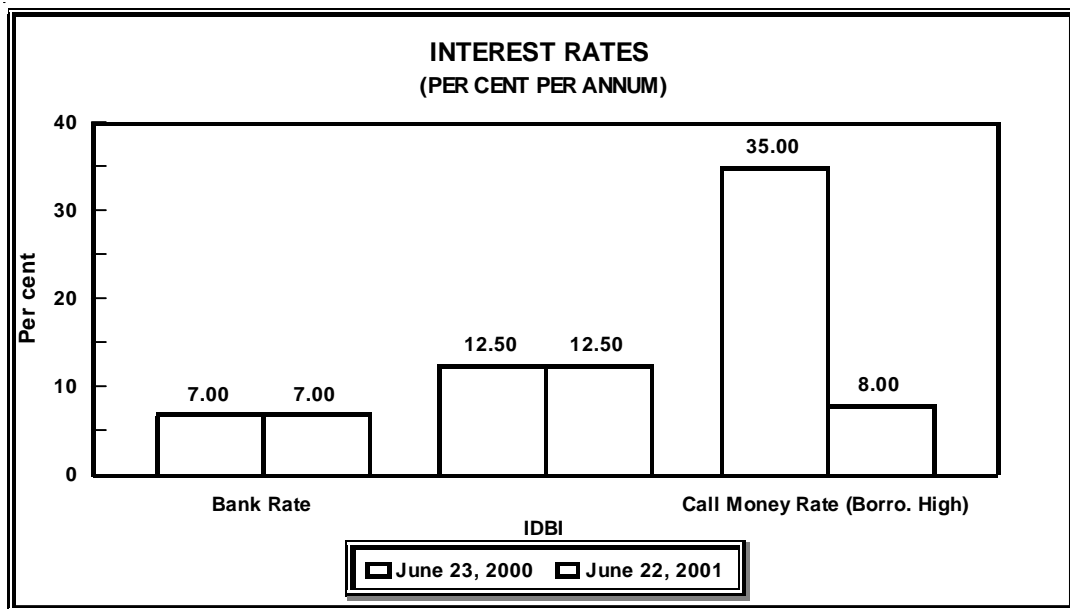
1. Medium Term Lending Rate (MTLR).

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. Call money rates are based on data covering 75-80 per cent of total transactions reported by major participants.

As on June 22, 2001, Prime Lending Rate was 11.00 to 12.00 per cent while on June 23, 2000 it was 11.25 to 11.75. Deposit Rate ranged from 8.00 to 9.50 per cent same as in the same period of last year.

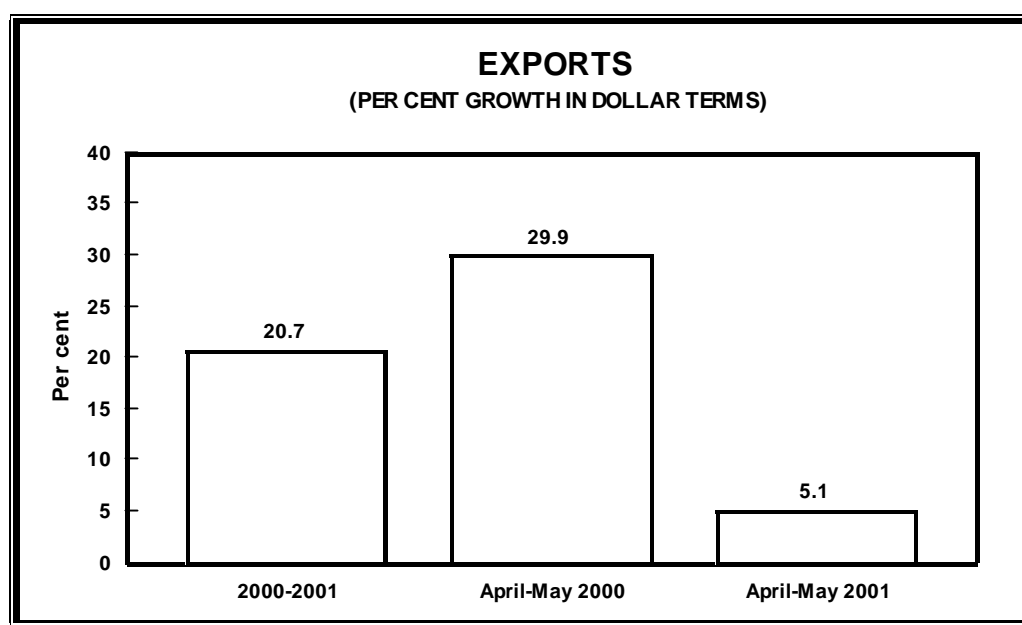


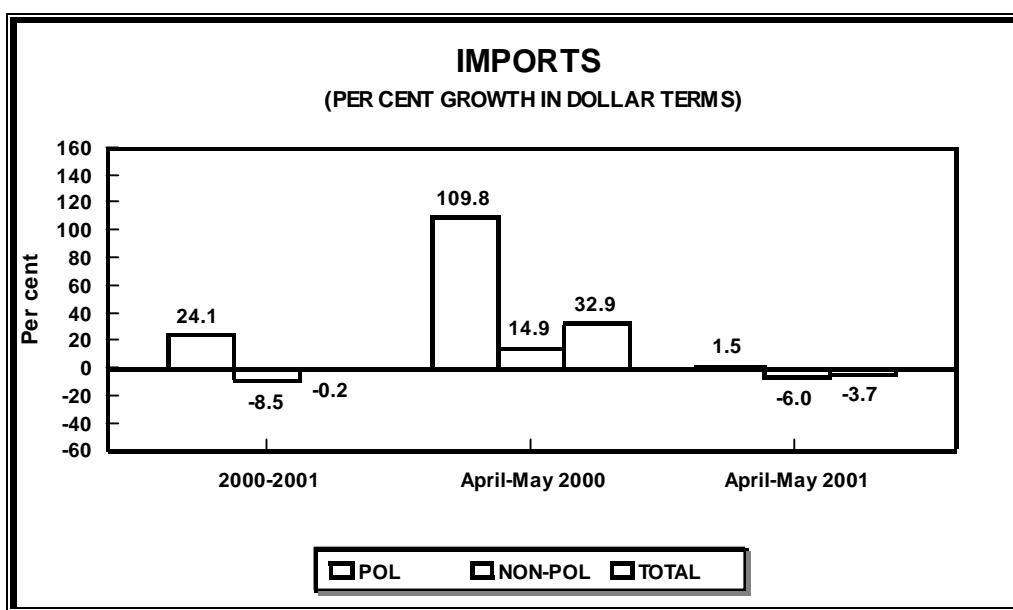
# EXTERNAL SECTOR

## FOREIGN TRADE

FOREIGN TRADE*						
Item	1999-00(R)	2000-01(R)	April-May		April-May	
			2000-01(P)	2001-02(P)	2000-01	2001-02
			Rs. Crore		% change	
Exports	159095	202510	30176	33913	33.2	12.4
Imports	215529	226774	38380	39512	36.2	2.9
POL	54649	71497	11516	12505	115.1	8.6
Non-POL	160880	155277	26864	27007	17.7	0.5
Trade Balance	-56433	-24264	-8204	-5598	-	-
			Million Dollar		% change	
Exports	36715	44328	6887	7238	29.9	5.1
Imports	49738	49639	8761	8433	32.9	-3.7
POL	12611	15650	2629	2669	109.8	1.5
Non-POL	37127	33989	6132	5763	14.9	-6.0
Trade Balance	-13023	-5311	-1874	-1194	-	-
P = Provisional, R = Revised						

Exports in dollar terms during **April-May, 2001** increased by 5.1 per cent as compared to an increase of 29.9 per cent during April-May, 2000. Imports declined by 3.7 per cent as against an increase of 32.9 per cent in last year. Imports of POL increased by 1.5 per cent as against an increase of 109.8 per cent in April-May, 2000.

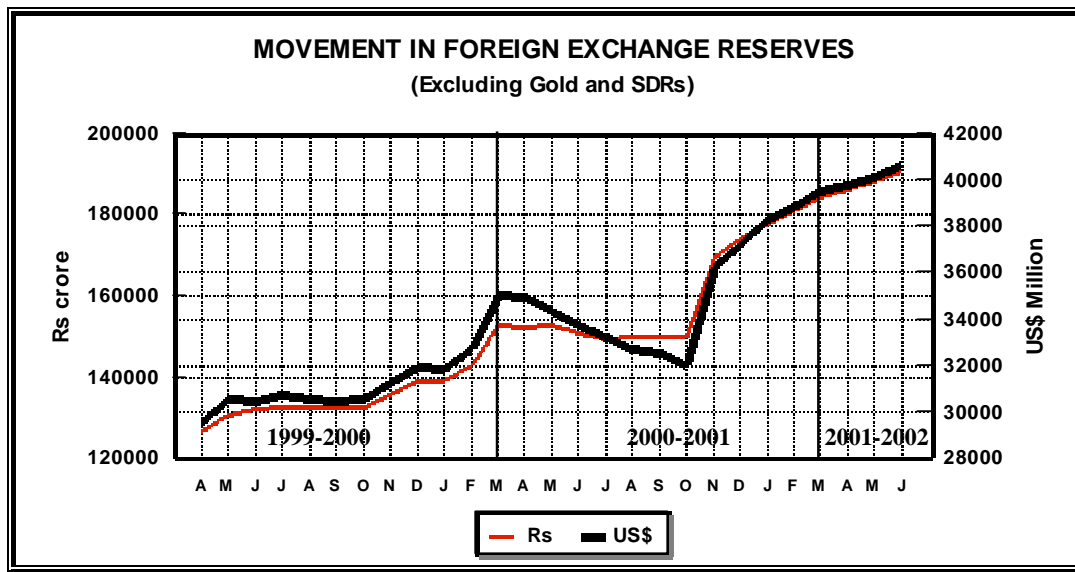




## FOREIGN EXCHANGE RESERVES

FOREIGN EXCHANGE RESERVES (EXCLUDING GOLD AND SDRs)				
At the end of	Amount		Variation	
	Rs Crore	\$ Million	Rs Crore (Over last Year)	\$ Million (Over last Year)
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
March, 2001	184482	39554	31558	4496
<b>2001-2002</b>	<b>(Over last Month)</b>			
April	186601	39821	2119	267
May	188762	40171	2161	350
June*	191226	40652	2464	481
* Provisional				

Foreign Exchange Reserves (excluding Gold & SDRs), were \$39554 million at the end of 2000-2001. These reserves have increased by \$1098 million and stood at \$40652 million at the end of June, 2001.

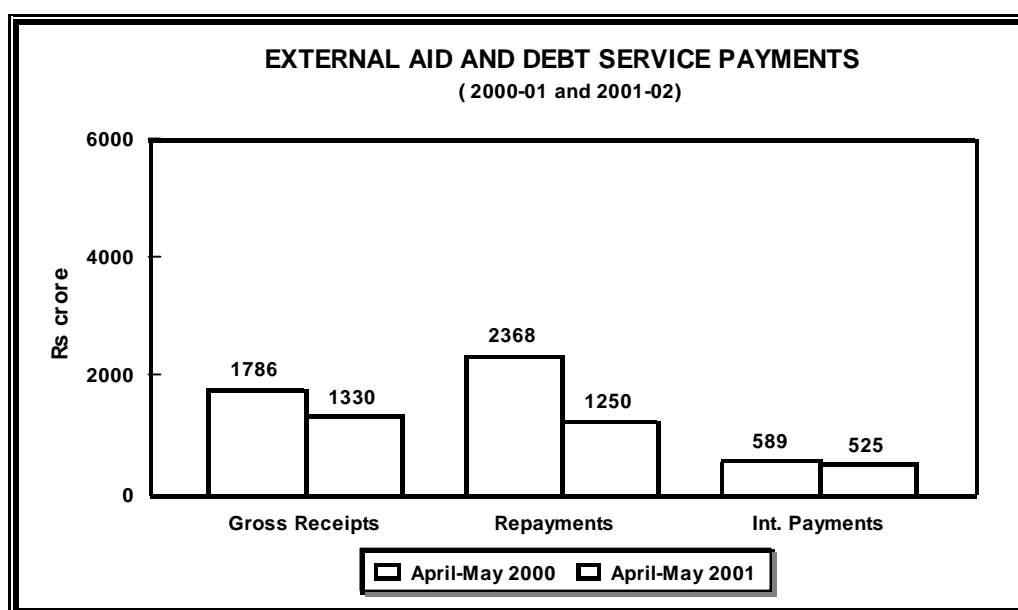


## EXTERNAL AID RECEIPTS AND DEBT SERVICE PAYMENTS\*

(Rs Crore)

	Receipts		Repayment of Principal		Payment of Interest	
	2000-01	2001-02	2000-01	2001-02	2000-01	2001-02
Loans- Govt. A/C	1568	1056	2236	1148	509	458
Grants- Govt. A/C	50	201	-	-	-	-
Total	1618	1257	2236	1148	509	458
Non-Govt. loans	168	73	132	102	80	67
<b>Grand Total</b>	<b>1786</b>	<b>1330</b>	<b>2368</b>	<b>1250</b>	<b>589</b>	<b>525</b>
	(408)	(284)				
Net Flows (net of repayment)	-582	80	-	-	-	-
Net Transfers (net of repayment and interest payments)	-1171	-445	-	-	-	-
* April-May						
Note: Figures in brackets are in terms of million US \$						

Gross external aid in **April-May 2001** at Rs 1330 crore was 25.5 per cent lower than that of Rs 1786 crore in April-May 2000. Net aid flows (net of repayments) amounted to Rs 80 crore as against Rs (-) 582 crore. Net aid transfers (net of repayments and interest payments) was Rs (-) 445 crore as against Rs (-) 1171 crore in the corresponding period of last year.



## EXCHANGE RATES

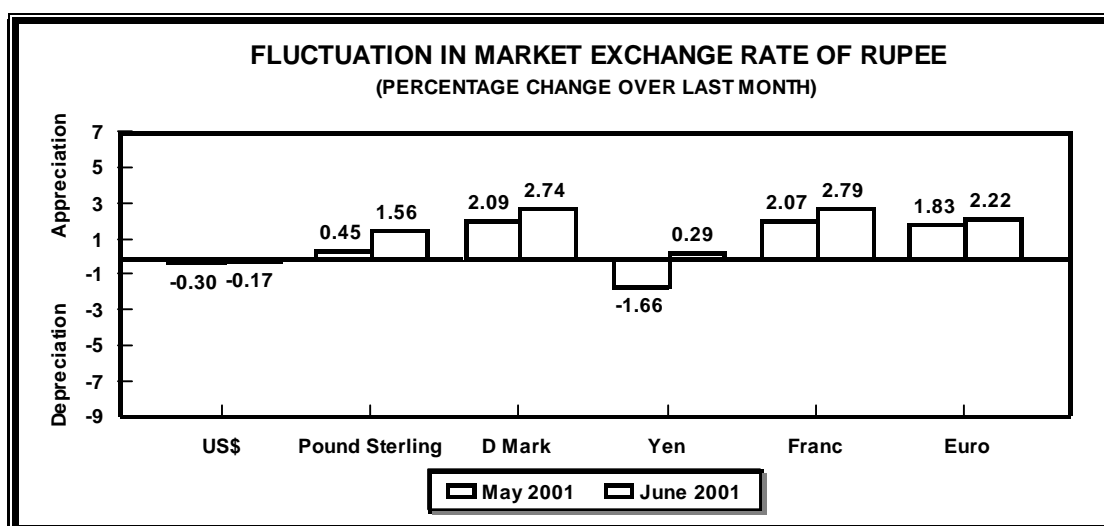
### Rupees Per Unit of Foreign Currency

(Market Rate<sup>a</sup>)

Month	US Dollar	Pound Sterling	Deutsche Mark*	Japanese Yen	French Franc*	Euro@	5 Country NEER Base 1995=100	5 Country REER Base 1995=100
March 1998	39.50	65.62	21.64	0.3067	6.45	-	90.42	103.19
March 1999	42.45	68.77	23.58	0.3548	7.03	46.24	83.14	101.17
March 2000	43.59	68.93	21.54	0.4208	6.42	42.08	81.75	99.39
March 2001	46.62	67.39	21.64	0.3846	6.45	42.44	80.23	99.92
<b>2001-2002</b>								
April	46.78	67.22	21.46	0.3789	6.40	41.80	80.68	100.89
May	46.92	66.92	21.02	0.3853	6.27	41.05	80.62	101.16
June	47.00	65.89	20.46	0.3842	6.10	40.16	81.16	102.18

a. FEDAI Rates  
 @ 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.

The average market exchange rate of the Rupee during June, 2001 appreciated against Pound Sterling, Deutsche Mark, French Franc, Japanese Yen and Euro and depreciated against US Dollar compared to average market rate during May, 2001. NEER and REER moved up in June, 2001 as compared with the last month.



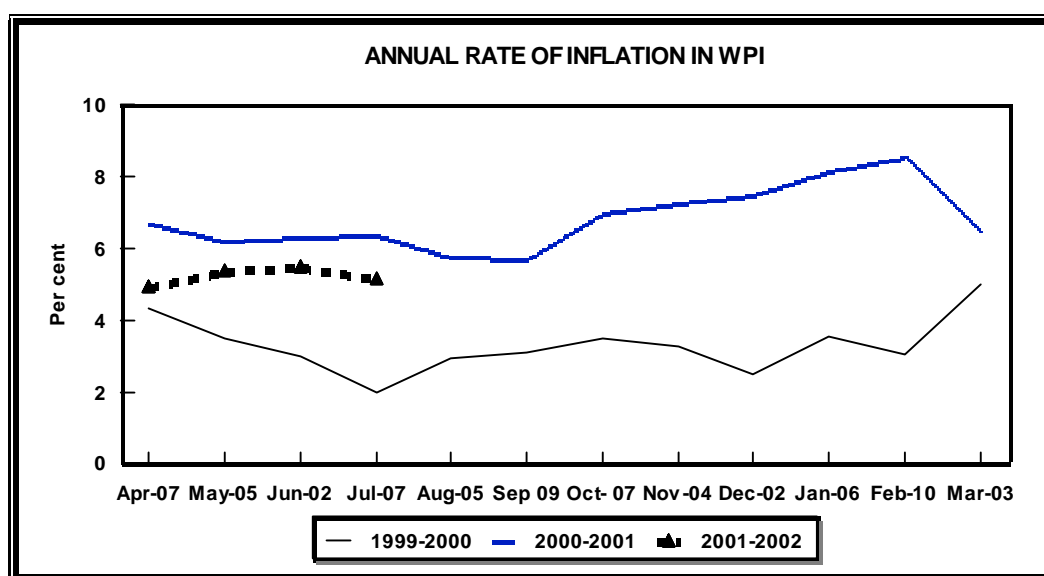


# INFLATION

## WHOLESALE PRICE INDEX

WHOLESALE PRICES (Base 1993-94)					
Items/Groups	Weight (%)	Per cent Variation During			
		MONTH		YEAR (point to point)	
		(ending 7.7.2001)		(ending 7.7.2001) <sup>(P)</sup>	
		Last Year	Current Year	Last Year	Current Year
<b>All Commodities</b>	<b>100.00</b>	<b>0.26</b>	<b>0.00</b>	<b>6.40</b>	<b>5.17</b>
I Primary articles	22.03	-0.30	-0.06	3.74	3.54
II Fuel, Power, Light and Lubricants	14.23	0.05	0.00	26.79	14.50
III Manufactured Products	63.75	0.58	0.07	2.34	2.93
P = Provisional					

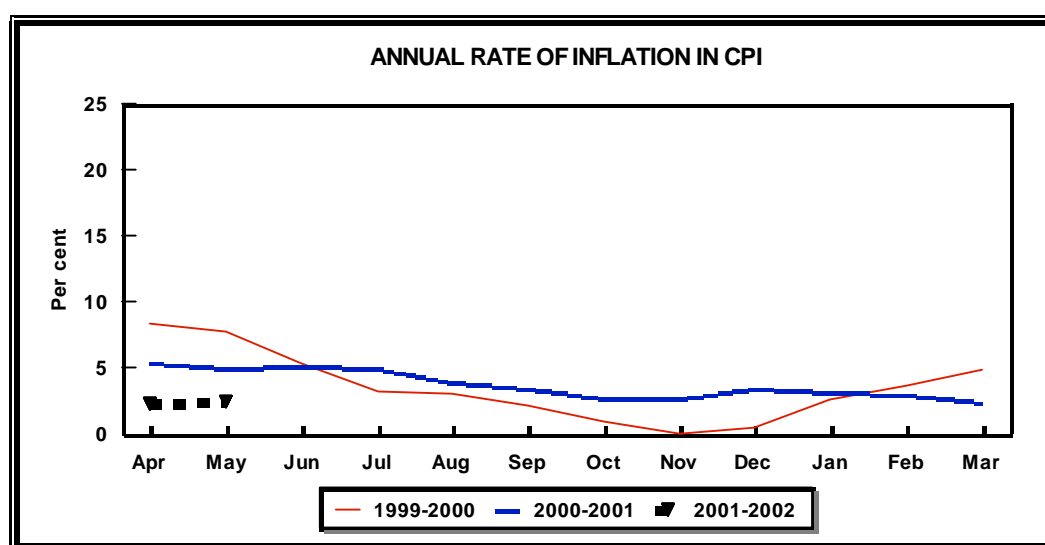
The annual rate of inflation based on **Wholesale Price Index (WPI)** stood at 5.17 per cent for week ended July 7, 2001 compared to 6.40 per cent a year ago. This rate was contributed by an increase of 3.54 per cent in Primary articles, 14.50 per cent increase in Fuel, Power and Lubricants and 2.93 per cent increase in Manufactured Products as against an increase of 3.74 per cent, 26.79 per cent and 2.34 per cent respectively, on the corresponding date of last year.



## CONSUMER PRICE INDEX

CONSUMER PRICE INDEX AND INFLATION RATE			
	2000-2001 (Up to May, 2000)		2001-2002 (Up to May, 2001)
		<i>Per cent</i>	
Annual Inflation	5.0		2.5
Financial Year Inflation (%)	1.4		1.3
Last Month (% change)	0.5		0.7
Level of Index	440		451
Average of Index for 12 months ending May	431.50		445.92

The All India **Consumer Price Index for Industrial Workers** (CPI-IW) for May, 2001 which stood at 451 increased by 0.7 per cent over the previous month's level and increased by 2.5 per cent over May, 2000.



# EMPLOYMENT EXCHANGE STATISTICS

(Lakhs)

EMPLOYMENT EXCHANGE STATISTICS				
	March		April-March	
	2000	2001*	1999-00	2000-01*
1. No. of applicants on Live Register at the end of the month	403.14	412.32	403.14	412.32
2. No. of registrations/re-registrations	3.11	3.11	58.89	58.12
3. Placements effected	0.16	0.14	2.10	2.80
		(per cent)		
4. Placements (3) as percentage of the registrations (2)	5.14	4.50	3.57	4.82
* Provisional				

The number of applicants on the Live Register of Employment Exchanges at the end of **March**, 2001 was 412.32 lakh, higher by 2.3 per cent as compared to the corresponding period of the previous year. The number of registrations during **March**, 2001 was 3.11 lakh same as in **March**, 2000. The Placements as percentage of registrations during **March**, 2001 was 4.50 as against 5.14 in **March**, 2000. The total placements effected during 2000-01 (April-March) was 2.80 lakh as compared to 2.10 lakh in the corresponding period of 1999-2000. Placements constituted 4.82 per cent of registrations in 2000-01 compared with 3.57 per cent in 1999-2000.