



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

# **MONTHLY ECONOMIC REPORT**

## **JUNE, 2001**

### **HIGHLIGHTS**

- The Pre-Monsoon season rainfall upto 31 May 2001 was normal/excess in 77 per cent of meteorological sub-divisions.
- Foodgrains stocks 44.70 million tonnes as on April 1, 2001.
- Overall industrial growth 2.7 per cent in April, 2001.
- Core infrastructure sectors achieved an average growth rate of 5.3 per cent in 2000-01 as against 9.1 per cent in 1999-2000.
- Money Supply (M3) growth was 4.6 per cent during March 31, 2001 to May 18, 2001, whereas annual growth rate for fortnight ended May 18, 2001 was 18.1 per cent. Net RBI Credit to Government increased by 11.3 per cent during March 31, 2001 to May 18, 2001.
- The annual inflation rate in terms of WPI (Base 1993-94) was 5.52 per cent for week ended June 2, 2001 compared to 6.36 per cent a year ago.
- Exports increased by 5.5 per cent in dollar terms in April, 2001 compared to an increase of 25.8 per cent in April, 2000. Imports declined by 9.9 per cent as against an increase of 39.5 per cent in corresponding period of last year.
- Rupee appreciated against Pound Sterling, Deutsche Mark, French Franc and Euro and depreciated against US Dollar and Japanese Yen in May, 2001.
- Forex reserves (excluding Gold & SDRs) stood at \$40.17 billion at the end of May, 2001.

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

# AGRICULTURE

## PRE-MONSOON SEASON RAINFALL\*

Number of Meteorological Sub-divisions							
	1996	1997	1998	1999	2000	1996-00+	2001
<b>Excess/Normal</b>	13	25	24	25	23	22	27
<b>Deficient/Scanty/Nil</b>	22	10	11	10	12	13	8
<b>Total</b>	35	35	35	35	35	35	35
+ Annual average		* (March-May)					

The Pre-Monsoon season rainfall from March 1, 2001 to May 31, 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 22 (63 per cent) meteorological sub-divisions and deficient/scanty in the remaining 13 (37 per cent).

## PROCUREMENT

(Million Tonnes)

	Full Marketing Year			Up to June 15		
	1998-99	1999-2000	2000-2001	2000(P)	2001(P)	% change Col. (6)/(5)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Rice (Oct-Sep)	11.85	17.27	17.69	15.44	17.69	14.6
Wheat (Apr-Mar)	12.65	14.15	16.36	15.94	20.10	26.1
<b>Total</b>	24.50	31.42	34.05	31.38	37.79	20.4

Note :- Rice Procurement for full marketing year is available upto June 15, 2001.

Wheat procurement up to June 15, 2001 in the current marketing year, (i.e., 2001-2002) was higher by 26.1 per cent stood at 20.10 million tonnes compared to 15.94 million tonnes in the corresponding period in 2000-2001. Procurement of rice during the marketing year 2000-01 (up to June 15, 2001) stood at 17.69 million tonnes was higher by 14.6 per cent than the level of 15.44 million tonnes during the corresponding period of 1999-2000.

## OFF-TAKE

(Million Tonnes)

	1998-99(P)	1999-2000(P)	2000-2001(P)
Rice	11.83	12.71	10.22
Wheat	8.90	10.63	7.73
<b>Total</b>	20.73	23.34	17.95

Off-take from the Public Distribution System central pool during 2000-01 was 17.95 million tonnes which was lower by 23.11 per cent than the off-take of 23.34 million tonnes during 1999-2000.

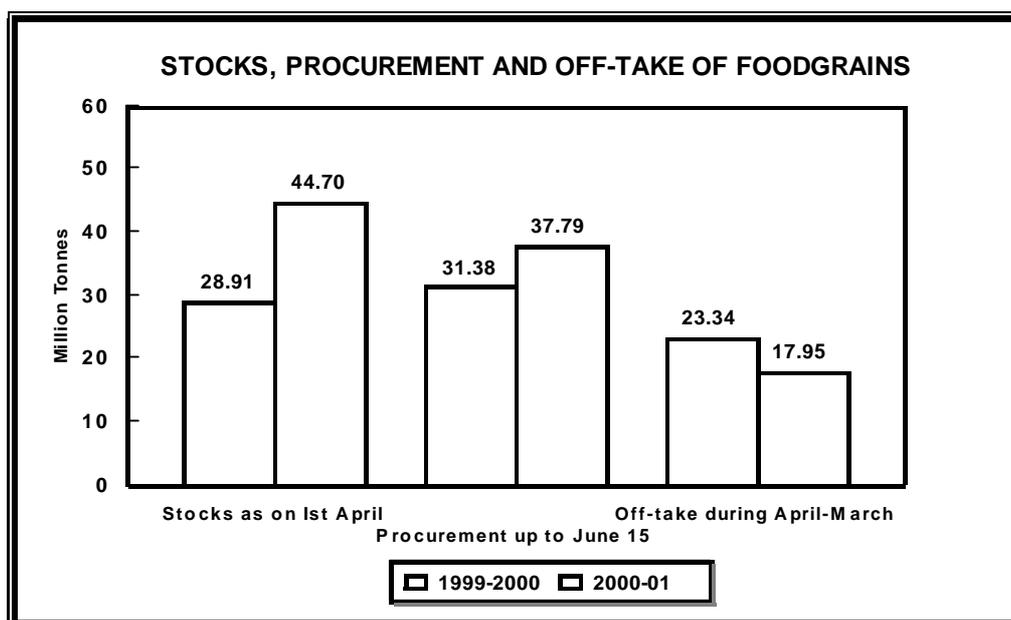
P- Provisional

## STOCKS

(Million Tonnes)

	As on 1st March		As on 1st April	
	2000	2001	2000	2001
Rice	16.05	23.22	15.72	23.20
Wheat	14.40	23.30	13.19	21.50
Total	30.45	46.52	28.91	44.70

Stocks of foodgrains as on 1st April, 2001 stood at 44.70 million tonnes which was higher by 54.6 per cent than the level at 28.91 million tonnes as on 1st April, 2000.



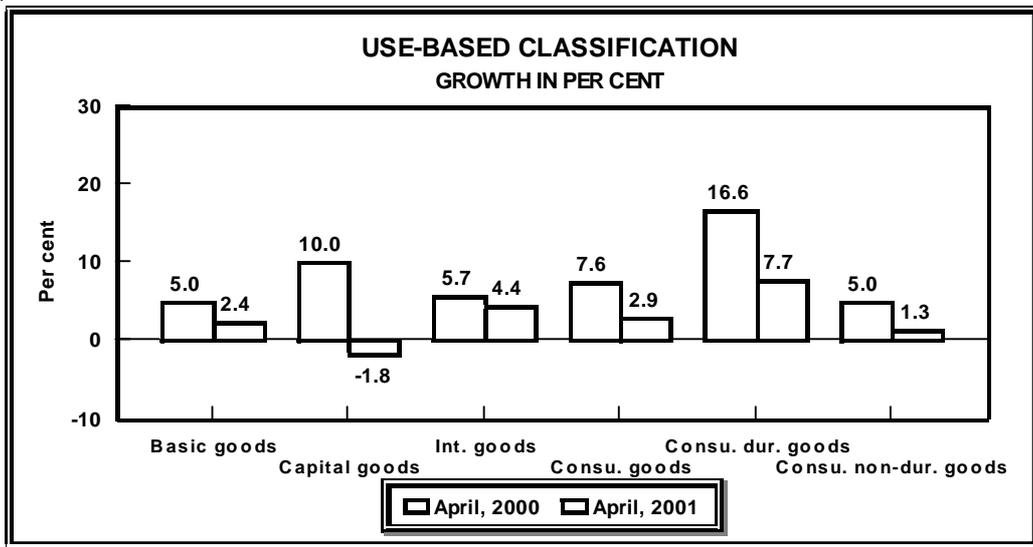
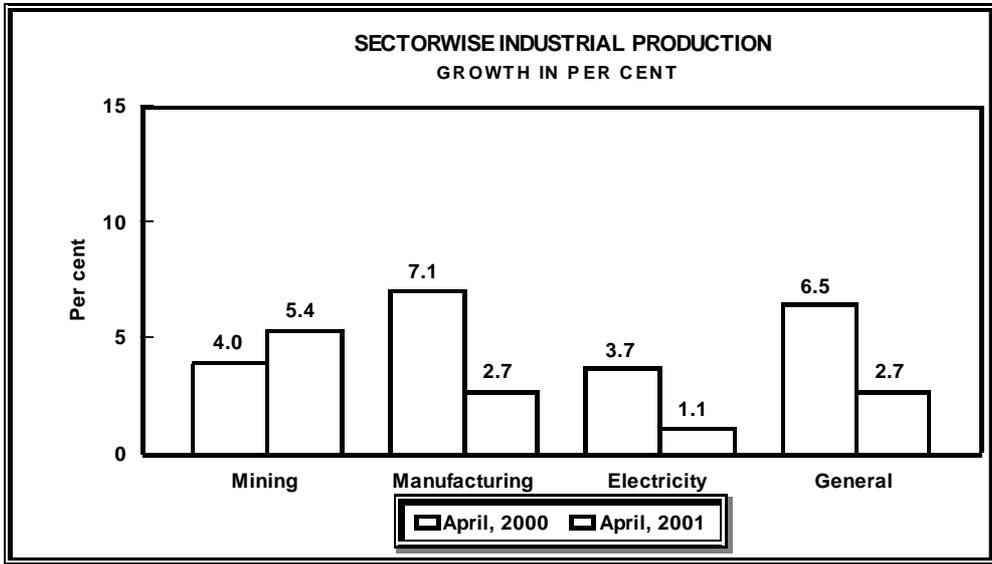
Note :- Procurement of foodgrains upto June 15 in the year 2000 & 2001.

## INDUSTRIAL PRODUCTION

SECTORWISE INDUSTRIAL PRODUCTION (Base = 1993-94 = 100)	<i>(Percentage change)</i>			
	1999-00/ 1998-99	2000-01/ 1999-00	Apr. '00/ Apr. '99	Apr. '01/ Apr. '00
<b><u>General</u></b>	<b>6.7</b>	<b>5.0</b>	<b>6.5</b>	<b>2.7</b>
Mining & Quarrying	1.0	3.6	4.0	5.4
Manufacturing	7.1	5.3	7.1	2.7
Electricity	7.3	4.0	3.7	1.1
<b><u>Use-Based Classification</u></b>				
Basic goods	5.5	3.8	5.0	2.4
Capital goods	6.9	1.7	10.0	-1.8
Intermediate goods	8.8	4.6	5.7	4.4
Consumer goods	5.7	8.0	7.6	2.9
<b><u>Of which</u></b>				
Consumer Durables	14.1	13.9	16.6	7.7
Consumer non-Durables	3.2	6.1	5.0	1.3

The overall growth rate of Industrial production in **April, 2001** at 2.7 per cent recorded a lower growth compared to 6.5 per cent in April, 2000. The growth in manufacturing sector, electricity generation and mining & quarrying during April, 2001 was 2.7%, 1.1% and 5.4% respectively as against 7.1%, 3.7% and 4.0% in April, 2000.

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

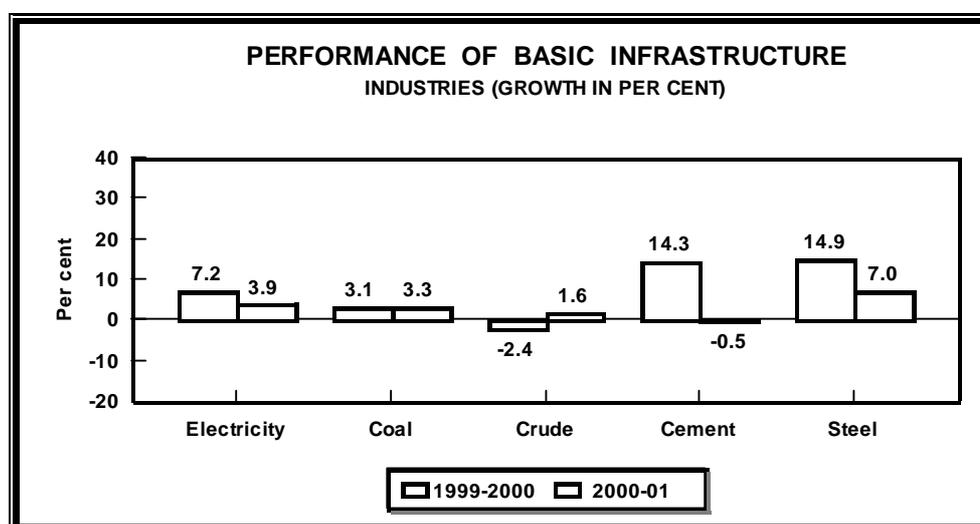


## INFRASTRUCTURE INDUSTRIES

PRODUCTION IN INFRASTRUCTURE INDUSTRIES							
Industry/Infrastructure	Unit	March		Full Year		Percentage change April-March	
		2000	2001	1999-00	2000-01	1999-00/ 1998-99	2000-01/ 1999-00
Coal	Mn. Ton	32.3	31.7	299.0	308.9	3.1	3.3
Electricity Generation	Mn. Kwh	43596	44262	480682	499450	7.2	3.9
Hydel	Mn. kw	6414	4884	80628	74346	-2.5	-7.8
Thermal (including nuclear)	Mn. kw	37182	39378	400054	425104	9.4	6.3
Plant Load Factor	Per cent	72.8	73.8	67.3	69.0	-	-
Crude petroleum	000 tons	2606	2438	31949	32476	-2.4	1.6
Petroleum Products	000 tons	8105	7922	79946	96236	25.4	20.4
Finished steel	000 tons	2673.4	2777.7	28423.7	30422.7	14.9	7.0
Cement	000 tons	10080	9807	100450	99940	14.3	-0.5
<b>Average growth rate*</b>	<b>(%)</b>	<b>7.6</b>	<b>0.1</b>	<b>-</b>	<b>-</b>	<b>9.1</b>	<b>5.3</b>
Cargo handled at major ports	Mn. Ton	25.35	23.97	271.92	280.97	8.0	3.3
Telecommunications							
a) Net switching capacity	000 lines	2531.17	2406.25	6717.32	7146.07	40.2	6.4
b) Net Tele. connections	000 nos	1536.09	1646.59	4917.66	5924.79	29.7	20.5
Revenue earning goods traffic on railways	Mn. Ton	44.94	45.12	456.42	473.25	8.4	3.7

\* 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 mixed performance during **2000-01** as compared to 1999-2000. In 2000-2001, average growth rate was 5.3 per cent as compared to 9.1 per cent in 1999-2000.



## REVENUE EARNING GOODS TRAFFIC ON RAILWAYS

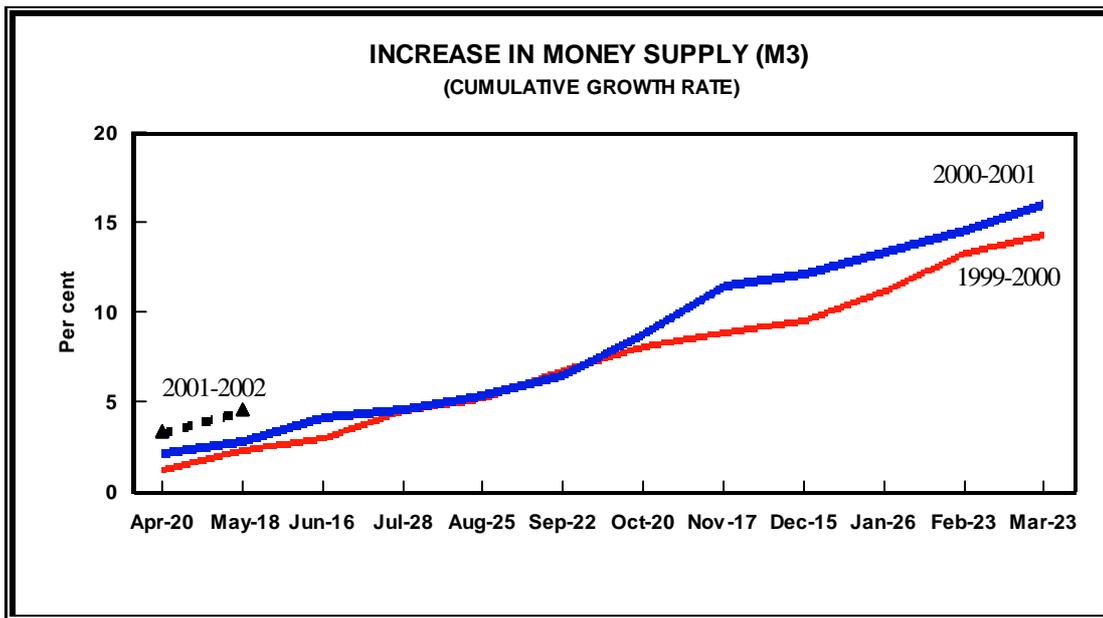
REVENUE EARNING GOODS TRAFFIC ON RAILWAYS						
Commodities	Million Tonnes				Percentage Change	
	March		April-March		March	April-March
	2000	2001	1999-00	2000-01	2000/1999	2000-01/ 1999-00
Coal	20.42	20.52	209.96	222.75	0.5	6.1
Raw material for Steel Plants	3.36	3.54	37.30	38.75	5.4	3.9
Pig Iron & Finished Steel From Steel Plants	1.29	1.17	12.09	11.51	-9.3	-4.8
Iron Ore for Exports	1.24	1.54	12.31	14.58	24.2	18.4
Cement	4.54	4.54	43.61	42.84	0.0	-1.8
Foodgrains	3.14	2.95	31.14	26.65	-6.1	-14.4
Fertilizers	2.21	1.86	31.13	27.14	-15.8	-12.8
POL	3.30	3.37	34.26	36.22	2.1	5.7
Balance other goods	5.44	5.63	44.62	52.81	3.5	18.4
<b>Total</b>	<b>44.94</b>	<b>45.12</b>	<b>456.42</b>	<b>473.25</b>	<b>0.4</b>	<b>3.7</b>

The revenue earning goods traffic handled by the Railways increased by 3.7 per cent during **2000-01**. The increase was on account of goods traffic on railways for iron ore for exports, coal, raw material for steel plants, POL and balance other goods.

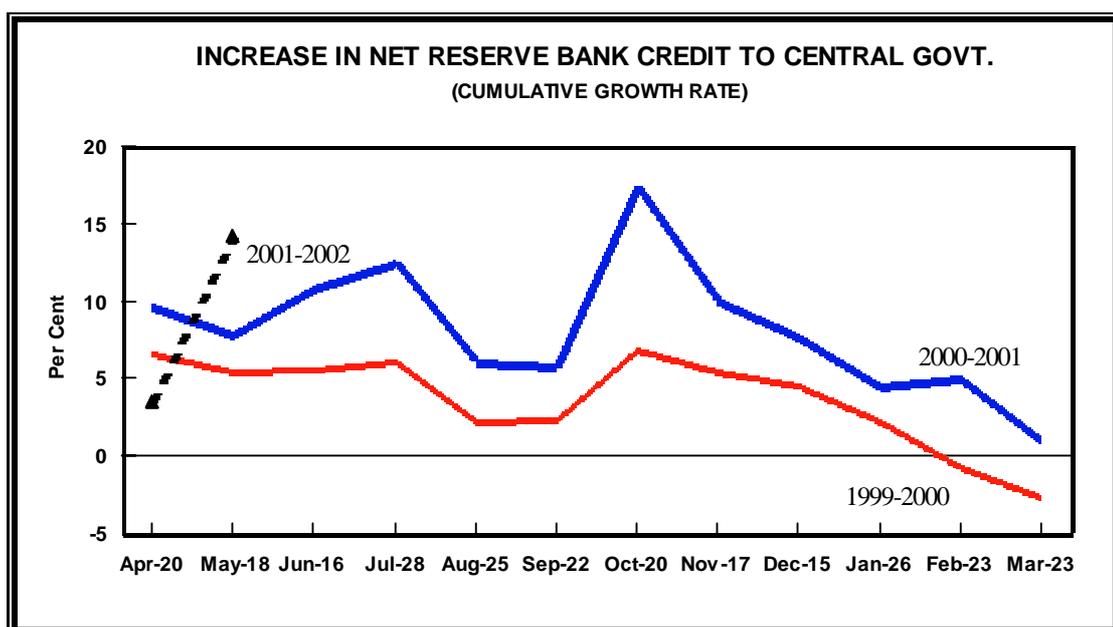
## MONEY AND BANKING

<b>VARIATIONS IN MONEY STOCK</b>						
	<b>Full Year Mar 31 '00 to Mar 31 '01</b>	<b>Mar 31 '01 to May 18 '01 (PR)</b>	<b>Full Year Mar 31 '00 to Mar 31 '01</b>	<b>Mar 31 '00 to May 19 '00 (P)</b>	<b>Mar 31 '01 to May 18 '01 (PR)</b>	<b>May 19 '00 to May 18 '01 (P)</b>
	<i>(Rs crore)</i>		<i>(per cent)</i>			
<b>M1 (I+II+IV)</b>	36448	21116	10.7	3.0	5.6	13.5
<b>M3(M1+ III)</b>	181634	60126	16.2	2.9	4.6	18.1
I. Currency with the public	20367	19124	10.8	7.7	9.1	12.3
II. Demand deposits with banks	14870	1861	9.9	-2.6	1.1	14.2
III. Time deposits with banks	145186	39011	18.6	2.9	4.2	20.1
IV. Other deposits with RBI	1211	131	39.0	-17.6	3.0	73.7
<b>Sources of change in M3</b>						
<i>(1+2+3+4-5)</i>						
1. Net bank credit to Govt (A+B)	71644	32357	16.2	5.6	6.3	16.5
A. RBI's net credit to Govt <sup>a</sup>	7292	17253	4.9	3.5	11.3	11.2
To Central Govt	9023	20774	6.5	7.9	14.2	10.9
To State Govts	-1732	-3521	-20.5	-70.7	-52.5	28.7
B. Other bank credit to Govt	64352	15104	22.0	6.7	4.2	19.1
2. Bank credit to commercial sector	83814	10201	14.3	0.1	1.5	15.9
3. Net foreign exchange assets of banking sector <sup>b</sup>	38672	3805	18.8	-0.7	1.6	21.5
4. Govt's currency liabilities to the public	643	0	15.1	10.1	0.0	4.5
5. Banking sector's net non-monetary liabilities other than time deposits	13140	-13763	11.5	-7.0	-11.0	4.8
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 May 18, 2001) money supply (M3) increased by 4.6 per cent as against an increase of 2.9 per cent in the corresponding period of 2000-01. Among its components, currency with the public showed a growth of 9.1 per cent as against 7.7 per cent in the corresponding period of last year. Demand deposits with banks showed an increase of 1.1 per cent as against a decline of 2.6 per cent in the corresponding period of last financial year. Time deposits with banks increased by 4.2 per cent as against an increase of 2.9 per cent in the corresponding period of last year. The annual growth of M3 as on May 18, 2001 stood at 18.1 per cent.



On the sources side, the Net Bank Credit to Government showed a growth of 6.3 per cent during the current financial year (i.e. March 31, 2001 to May 18, 2001) which is higher than that of 5.6 per cent increase in the same period of 2000-01. RBI's Net Credit to Central Government increased by 14.2 per cent as against an increase of 7.9 per cent in 2000-01. Bank credit to the commercial sector increased by 1.5 per cent as against an increase of 0.1 per cent in the same period of last year. Net foreign exchange assets of banking sector increased by 1.6 per cent as compared with a decline of 0.7 per cent in the corresponding period of 2000-01.



## SCHEDULED COMMERCIAL BANKS

<b>SCHEDULED COMMERCIAL BANKS: VARIATION IN ASSETS AND LIABILITIES</b>						
	Full Year Mar 24,'00 to Mar 23,'01	Mar 23,'01 to May 18,'01 (PR)	Full Year Mar 24,'00 to Mar 23,'01	Mar 24,'00 to May 19,'00	Mar 23,'01 to May 18,'01 (P)	May 19,'00 to May 18,'01 (P)
	<i>(Rs crore)</i>		<i>(per cent)</i>			
1. Bank credit	73124	11247	16.8	1.5	2.2	17.6
Food credit	14300	6445	55.7	17.9	16.1	53.3
Non-food credit	58824	4801	14.3	0.5	1.0	15.0
2. Aggregate deposits	144663	40291	17.8	2.8	4.2	19.3
Demand deposits	13416	2867	10.5	-1.6	2.0	14.7
Time deposits	131248	37424	19.1	3.7	4.6	20.2
3. Borrowings from RBI	-2595	876	-40.0	59.3	22.5	-53.9
4. Cash reserves	2453	11917	3.9	11.9	18.3	9.8
Cash in hand	328	360	6.2	2.7	6.4	9.9
Balances with RBI	2125	11557	3.7	12.8	19.4	9.8
5. Investments in Govt. and other approved securities	60889	15644	19.7	5.9	4.2	17.8
P = Provisional						

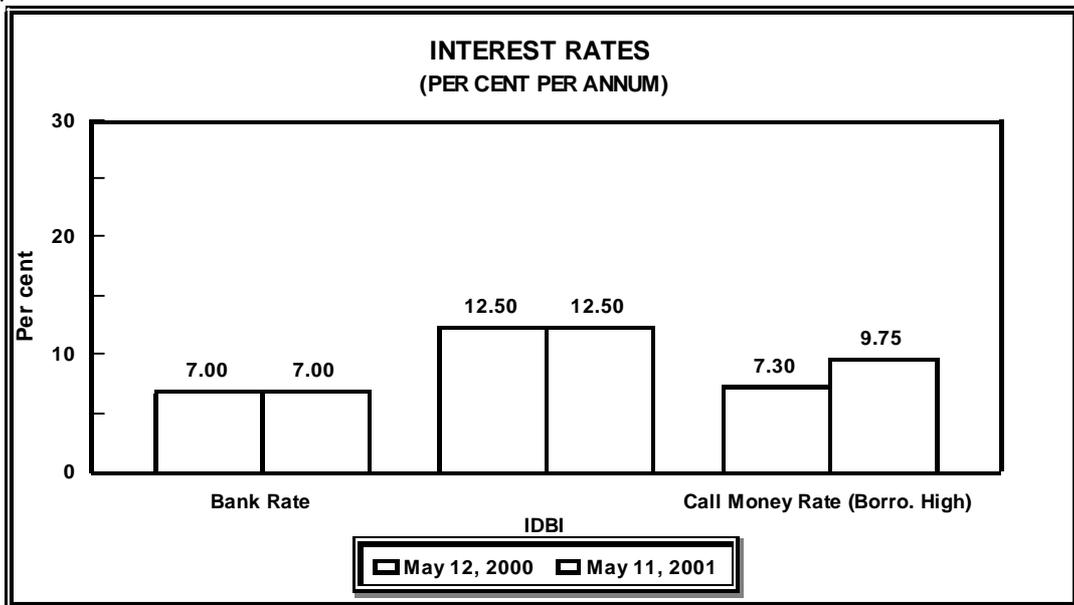
Bank credit by the scheduled commercial banks during the current financial year so far (i.e. March 23, 2001 to May 18, 2001) showed a growth of 2.2 per cent as compared with an increase of 1.5 per cent in the corresponding period of last financial year. Food credit increased by 16.1 per cent while non-food credit increased by 1.0 per cent during this period.

### INTEREST RATES (PER CENT PER ANNUM)

<i>Item/ Week ended</i>	<i>2000</i>	<i>2001</i>
1	<i>May. 12</i>	<i>May. 11</i>
	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	6.00/7.30	5.42/9.75
-Lendings	7.00/8.10	5.41/9.95

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 May 11, 2001, Prime Lending Rate was 11.00 to 12.00 per cent while on May 12, 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.



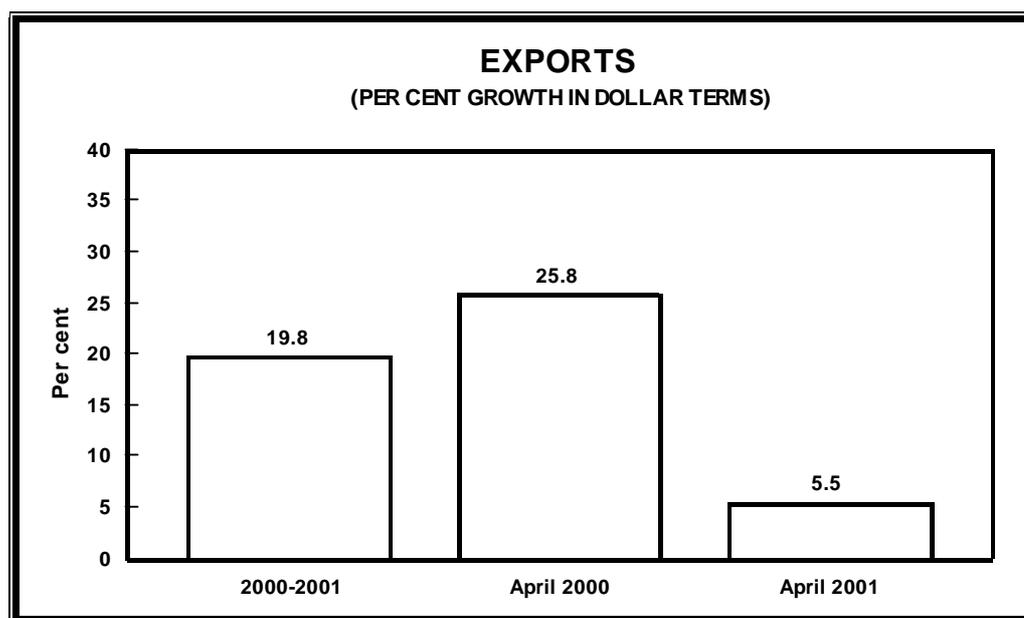
## EXTERNAL SECTOR

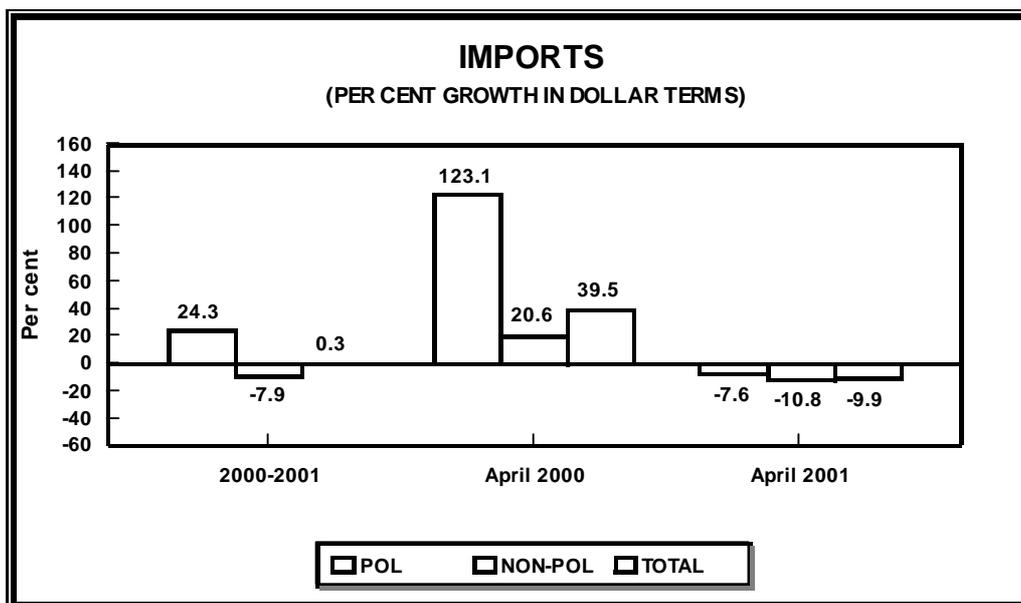
### FOREIGN TRADE

FOREIGN TRADE*						
Item	1999-00(R)	2000-01(R)	April		April	
			2000-01(P)	2001-02(P)	2000-01	2001-02
<i>Rs. Crore</i>				<i>% change</i>		
Exports	159561	201674	14444	16338	28.4	13.1
Imports	215528	227572	19204	18553	42.4	3.0
POL	54580	71511	5652	5599	127.9	-0.9
Non-POL	160948	156060	13552	12954	23.2	-4.4
Trade Balance	-55967	-25897	-4760	-2216	-	-
<i>Million Dollar</i>				<i>% change</i>		
Exports	36805	44104	3310	3492	25.8	5.5
Imports	49710	49843	4401	3966	39.5	-9.9
POL	12596	15653	1295	1197	123.1	-7.6
Non-POL	37114	34190	3106	2769	20.6	-10.8
Trade Balance	-12905	-5739	-1091	-5739	-	-

P = Provisional, R = Revised

Exports in dollar terms during **April, 2001** increased by 5.5 per cent as compared to an increase of 25.8 per cent during April, 2000. Imports declined by 9.9 per cent as against an increase of 39.5 per cent in last year. Imports of POL declined by 7.6 per cent as against an increase of 123.1 per cent in April, 2000.



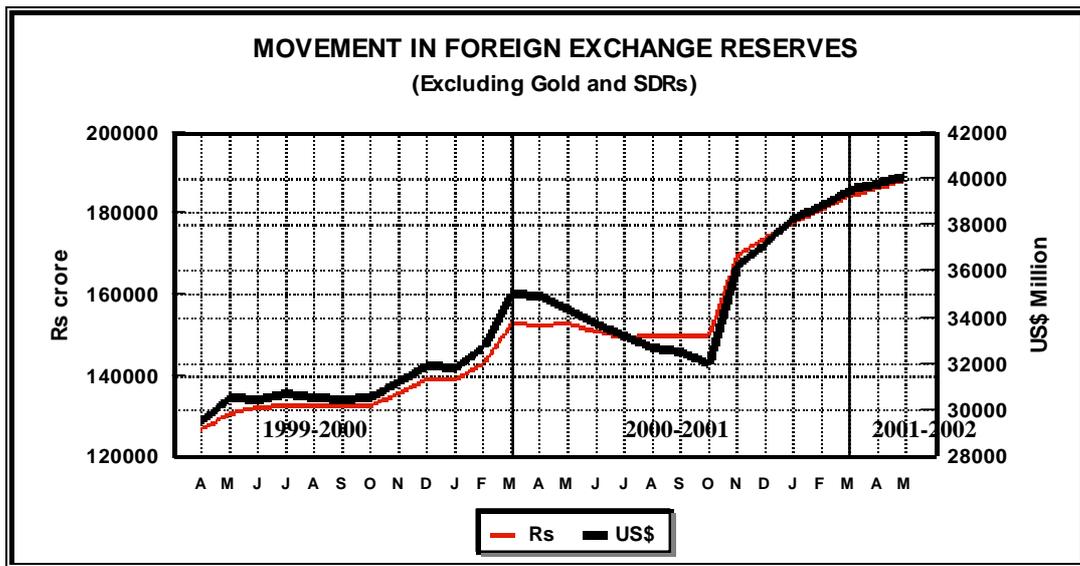


## FOREIGN EXCHANGE RESERVES

FOREIGN EXCHANGE RESERVES (EXCLUDING GOLD AND SDRs)				
At the end of	Amount		Variation	
	Rs Crore	\$ Million	Rs Crore	\$ 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>			<i>(Over last Month)</i>	
April	186601	39821	2119	267
May*	188762	40171	2161	350

\* Provisional

Foreign Exchange Reserves (excluding Gold & SDRs), were \$39554 million at the end of 2000-2001. These reserves have increased by \$617 million and stood at \$40171 million at the end of May, 2001.



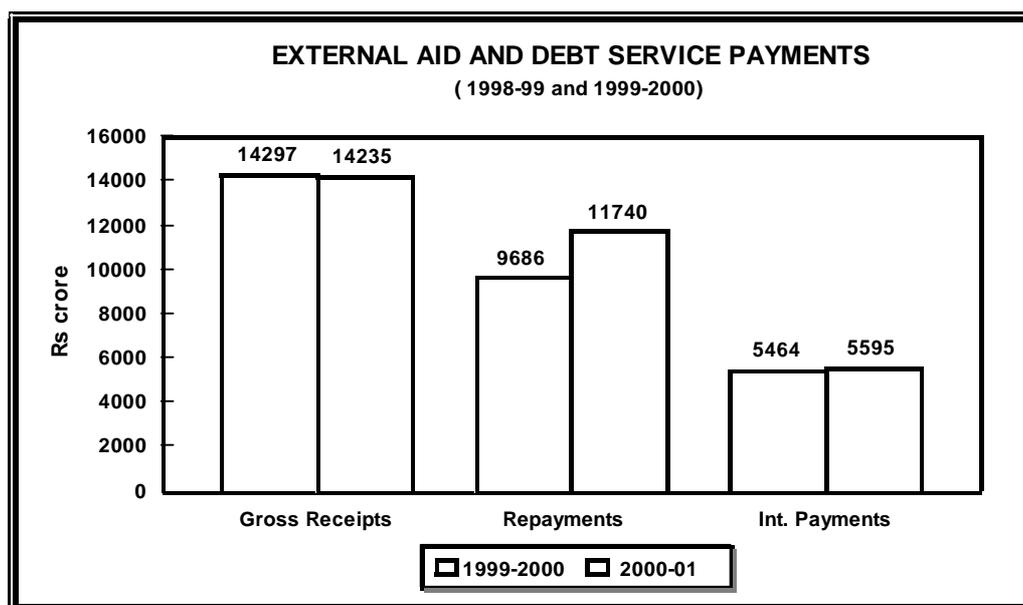
## EXTERNAL AID RECEIPTS AND DEBT SERVICE PAYMENTS\*

(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	9924	11797	8713	9839	4507	4410
Grants- Govt. A/C	1070	731	-	-	-	-
Total	10994	12528	8713	9839	4507	4410
Non-Govt. loans	3303	1707	973	1901	957	1185
<b>Grand Total</b>	<b>14297</b>	<b>14235</b>	<b>9686</b>	<b>11740</b>	<b>5464</b>	<b>5595</b>
	(3299)	(3116)				
Net Flows (net of repayment)	4611	2495	-	-	-	-
Net Transfers (net of repayment and interest payments)	-853	-3100	-	-	-	-

\* April-March  
Note: Figures in brackets are in terms of million US \$

Gross external aid in **2000-01** at Rs 14235 crore was 0.4 per cent lower than that of Rs 14297 crore in 1999-2000. Net aid flows (net of repayments) amounted to Rs 2495 crore as against Rs 4611 crore. Net aid transfers (net of repayments and interest payments) was Rs (-) 3100 crore as against Rs (-) 853 crore in the corresponding period of last year.



## EXCHANGE RATES

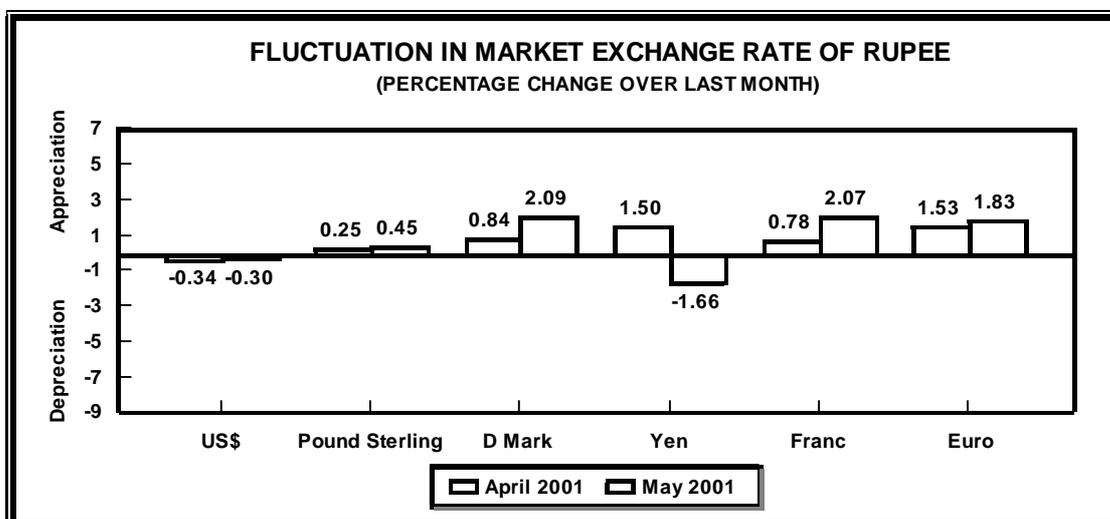
### Rupees Per Unit of Foreign Currency

(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

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



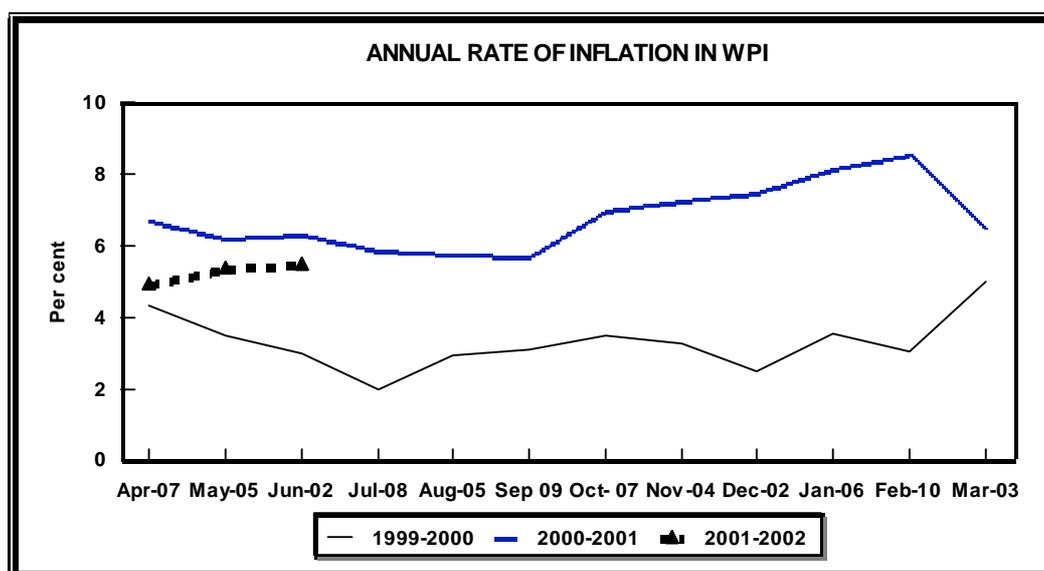
# INFLATION

## WHOLESALE PRICE INDEX

WHOLESALE PRICES (Base 1993-94)					
Items/Groups	Weight (%)	Per cent Variation During			
		MONTH		YEAR (point to point)	
		(ending 2.6.2001)		(ending 2.6.2001) <sup>(P)</sup>	
		Last Year	Current Year	Last Year	Current Year
<b>All Commodities</b>	<b>100.00</b>	<b>0.40</b>	<b>0.50</b>	<b>6.36</b>	<b>5.52</b>
I Primary articles	22.03	1.74	2.06	5.39	2.80
II Fuel, Power, Light and Lubricants	14.23	0.00	0.00	26.29	15.03
III Manufactured Products	63.75	-0.07	0.07	1.68	3.75

P = Provisional

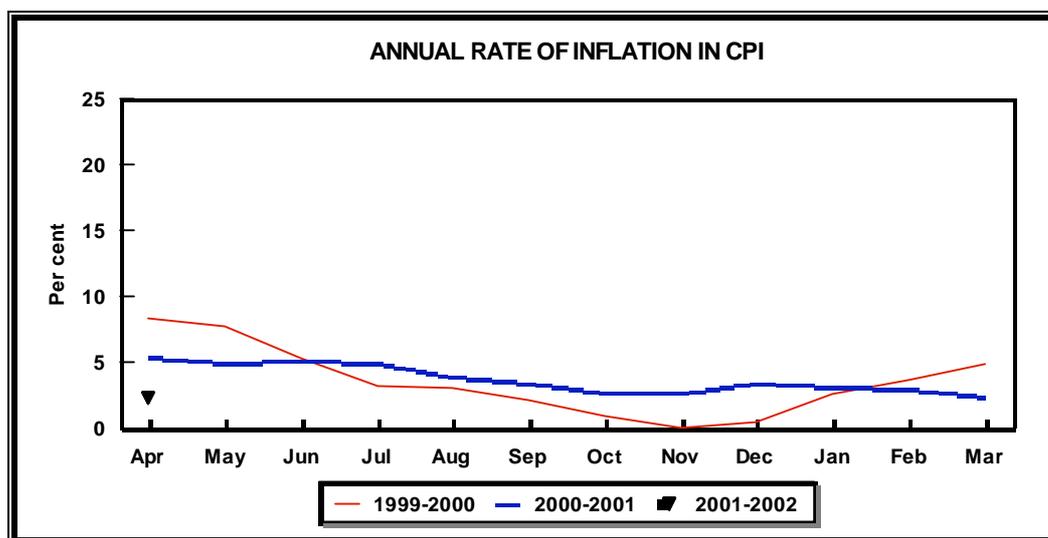
The annual rate of inflation based on **Wholesale Price Index (WPI)** stood at 5.52 per cent for week ended June 2, 2001 compared to 6.36 per cent a year ago. This rate was contributed by an increase of 2.80 per cent in Primary articles, 15.03 per cent increase in Fuel, Power and Lubricants and 3.75 per cent increase in Manufactured Products as against an increase of 5.39 per cent, 26.29 per cent and 1.68 per cent respectively, on the corresponding date of last year.



## CONSUMER PRICE INDEX

CONSUMER PRICE INDEX AND INFLATION RATE		
	2000-2001 (Up to April, 2000)	2001-2002 (Up to April, 2001)
	<i>Per cent</i>	
Annual Inflation	5.5	2.3
Financial Year Inflation (%)	0.9	3.2
Last Month (% change)	0.9	0.7
Level of Index	438	448
Average of Index for 12 months ending April	429.75	445.00

The All India **Consumer Price Index for Industrial Workers** (CPI-IW) for April, 2001 which stood at 448 increased by 0.7 per cent over the previous month's level and increased by 2.3 per cent over April, 2000.



## EMPLOYMENT EXCHANGE STATISTICS

(Lakhs)

EMPLOYMENT EXCHANGE STATISTICS				
	December		April-December	
	1999	2000*	1999-00	2000-01*
1. No. of applicants on Live Register at the end of the month	403.71	413.44	403.71	413.44
2. No. of registrations/re-registrations	4.99	4.90	46.72	48.26
3. Placements effected	0.25	0.16	1.65	1.31
		<i>(per cent)</i>		
4. Placements (3) as percentage of the registrations (2)	5.01	3.27	3.52	2.71
* Provisional				

The number of applicants on the Live Register of Employment Exchanges at the end of **December**, 2000 was 413.44 lakh, higher by 2.4 per cent as compared to the corresponding period of the previous year. The number of registrations during **December**, 2000 was lower by 1.8 per cent than in **December**, 1999. The Placements as percentage of registrations during **December**, 2000 was 3.27 as against 5.01 in **December**, 1999. The total placements effected during 2000-01 (April-December) was 1.31 lakh as compared to 1.65 lakh in the corresponding period of 1999-2000.