

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

MONTHLY ECONOMIC REPORT

MARCH, 2001

HIGHLIGHTS

- The Pre-Monsoon season rainfall upto 7 March 2001 was normal/excess in 14 per cent of meteorological sub-divisions.
- Foodgrains stocks 46.51 million tonnes as on February 1, 2001.
- Overall industrial growth 5.4 per cent in April-January, 2000-01.
- Core infrastructure sectors achieved an average growth rate of 7.7 per cent in April-December, 2000 as against 9.1 per cent in the corresponding period of last year.
- Money Supply (M3) growth was 14.7 per cent during March 31, 2000 to February 23, 2001, whereas annual growth rate for fortnight ended February 23, 2001 was 15.4 per cent. Net RBI Credit to Government increased by 2.8 per cent during March 31, 2000 to February 23, 2001.
- The annual inflation rate in terms of WPI (Base 1993-94) was 6.45 per cent for week ended March 3, 2001 compared to 5.01 per cent a year ago.
- Exports increased by 20.7 per cent in dollar terms in April-January, 2000-01 compared to an increase of 8.8 per cent in April-January, 1999-2000. Imports increased by 8.6 per cent as against an increase of 10.2 per cent in corresponding period of last year.
- Rupee appreciated against US Dollar, Pound Sterling, Deutsche Mark, French Franc and Euro and depreciated against Japanese Yen in February, 2001.
- Forex reserves (excluding Gold & SDRs) stood at \$38.90 billion at the end of February, 2001.

(Manoranjan Kumar) Deputy Economic Adviser

AGRICULTURE

PRE-MONSOON SEASON RAINFALL*

	Number of Meteorological Sub-divisons						
	1996	1997	1998	1999	2000	1996-00+	2001
Excess/Normal	4	0	16	1	8	6	5
Deficient/Scanty/Nil	31	35	19	34	27	29	30
Total	35	35	35	35	35	35	35
+ Annual average		* (]	March-May)				

The Pre-Monsoon season rainfall from March 1, 2001 to March 7, 2001 was normal/excess in 5 (14 per cent) meteorological sub-divisions and deficient/scanty in the remaining 30 (86 per cent). The annual average for 1996-2000 was normal/excess in 6 (17 per cent) meteorological sub-divisions and deficient/scanty in the remaining 29 (83 per cent).

PROCUREMENT

(Central Pool) (Million Tonnes)

	Full Marketing Year			Up to N	/Iarch 14	
(1)	1 997-98 (2)	1998-99 (3)	1999-2000 (4)	2000(P) (5)	2001(P) (6)	% change Col. (6)/(5)
Rice (Oct-Sep) Wheat (Apr-Mar)	14.33 9.30	11.85 12.65	17.27 14.15	13.46 14.14	15.11 16.35	12.3 15.6
Total	23.63	24.50	31.42	27.60	31.46	14.0

Wheat procurement up to March 14, 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 March 14, 2001) at 15.11 million tonnes was higher by 12.3 per cent than the level of 13.46 million tonnes during the corresponding period of 1999-2000.

OFF-TAKE

(Million Tonnes)

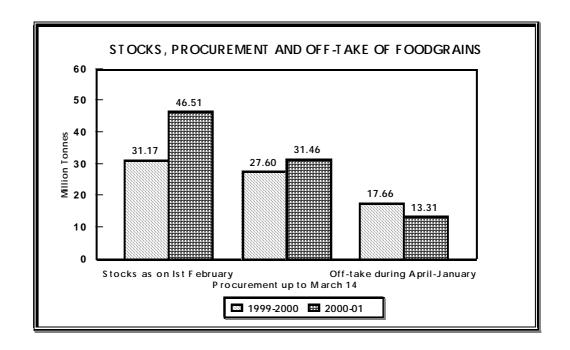
			April-January		
	1998-99	1999-2000	1999-2000	2000-01(P)	
Rice	11.83	12.21	10.21	8.38	
Wheat	8.90	10.10	7.45	4.93	
Total	20.73	22.31	17.66	13.31	

Off-take from the public distribution system central pool during April-January, 2000-01 was 13.31 million tonnes which was lower by 24.6 per cent than the off-take of 17.66 million tonnes during corresponding period of last year.

(Million Tonnes)

	As on I	As on Ist January		oruary
	2000	2001	2000	2001
Rice	14.72	20.70	15.36	22.40
Wheat	17.17	25.04	15.81	24.12
Total	31.89	45.74	31.17	46.51

Stocks of foodgrains as on 1st February, 2001 at 46.51 million tonnes which was higher by 49.3 per cent than the level at 31.17 million tonnes as on 1st February, 2000.

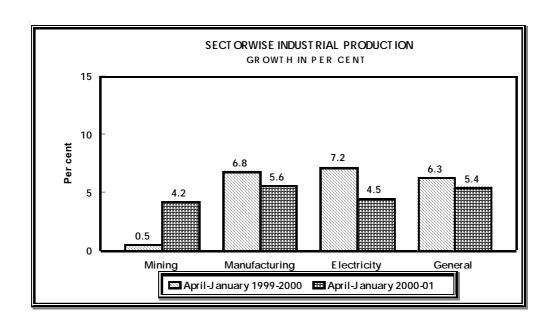


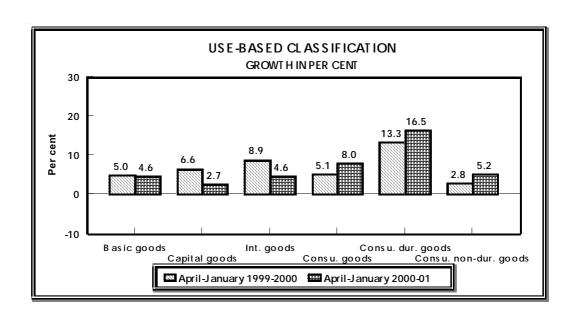
INDUSTRIAL PRODUCTON

		SECTORWISE INDUSTRIAL PRODUCTION (Base = 1993-94 = 100)			(Percentage change		
	1998-99/ 1997-98	1999-00/ 1998-99	Jan. '00/ Jan. '99	Jan. '01/ Jan. '00	<u>April-J</u> 1999-00	anuary 2000-01	
<u>General</u>	4.1	6.6	4.9	2.8	6.3	5.4	
Mining & Quarrying	-0.8	1.0	0.4	3.5	0.5	4.2	
Manufacturing	4.4	7.1	5.6	2.9	6.8	5.6	
Electricity	6.5	6.6	3.2	1.4	7.2	4.5	
Use-Based Classification							
Basic goods	1.6	5.3	3.1	1.1	5.0	4.6	
Capital goods	12.6	6.9	-1.5	-0.4	6.6	2.7	
Intermediate goods	6.1	8.8	7.8	3.7	8.9	4.6	
Consumer goods	2.2	5.7	6.4	4.6	5.1	8.0	
Of which							
Consumer Durables	5.6	14.2	7.4	8.4	13.3	16.5	
Consumer non-Durables	1.2	3.2	6.2	3.6	2.8	5.2	

The overall growth rate of Industrial production in **April-January**, **2000-01** at 5.4 per cent recorded a lower growth compared to 6.3 per cent in April-January, 1999-2000. The growth in manufacturing sector, electricity generation and mining & quarrying during April-January, 2000-01 was 5.6%, 4.5% and 4.2% respectively as against 6.8%, 7.2% and 0.5% in the corresponding period of last year.

As per the use-based classification, production in consumer goods (both durables and non-durables) during April-January, 2000-01 registered higher increase while basic goods, capital goods and intermediate goods registered lower increase compared with the corresponding period of last year.

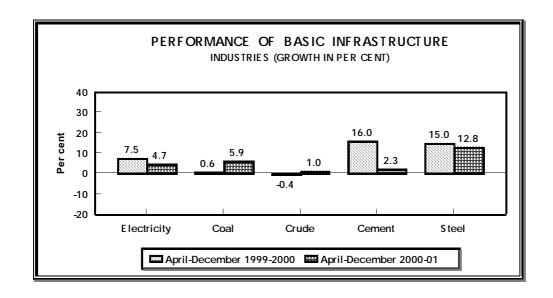




INFRASTRUCTURE INDUSTRIES

							Percentage Apr	e change ril-Dec.
Industry/Infrastructure	Unit	Dec 1999	ember 2000	Full Year 1999-00	Apr 1999-00	il-Dec. 2000-01	1999-00/ 1998-99	2000-01 1999-0
Coal	Mn. Ton	28.6	28.6	299.7	207.4	219.7	0.6	5.
Electricity Generation	Mn. Kwh	41141	42701	480224	355703	372561	7.5	4
Hydel Thermal	Mn. kw	6117	5159	80523	63224	59816	-2.1	-5
(including nuclear)	Mn. kw	35024	37542	399701	292479	312745	9.9	6
Plant Load Factor	Per cent	68.9	71.8	67.3	65.8	67.7	_	
Crude petroleum	000 tons	2663	2708	31998	24291	24525	-0.4	1
Petroleum Products	000 tons	7313	7832	79936.5	56810	71544	22.0	25
Finished steel	000 tons	2494.5	2602.7	28140.2	20786.5	23446.4	15.0	12
Cement	000 tons	8570	7542	100390	72570	74250	16.0	2
Average growth rate*	(%)	8.1	2.2	8.0	-	-	9.1	7
Cargo handled at major por Telecommunications	ts Mn. Ton	23.70	25.63	271.87	201.43	209.22	9.2	3
a) Net switching capacity	000 lines	701.99	575.58	6717.32	2769.19	3258.01	60.9	17
b) Net Tele. connections	000 nos	522.41	536.11	4917.66	2199.94	2854.45	33.4	29
Revenue earning goods traffic on railways	Mn. Ton	40.23	41.14	456.31	330.67	347.83	8.0	5

The core infrastructure sectors registered mixed performance during **April-December**, **2000** as compared to the corresponding period of the last year. In this period average growth rate was 7.7 per cent as compared to 9.1 per cent in the corresponding period of last year.



REVENUE EARNING GOODS TRAFFIC ON RAILWAYS

	1		ING GOODS Million 7		Percentage Change		
Commodities	Dece 1999	mber 2000	Full Year 1999-00	Apri 1999-00	il-Dec. 2000-01	Dec. 2000/1999	April-Dec. 2000-01/ 1999-00
Coal	17.90	19.48	209.93	152.48	163.85	8.8	7.5
Raw material for Steel Plants Pig Iron & Finished Steel From	3.45	3.35	37.48	27.55	28.73	-2.9	4.3
Steel Plants	1.07	0.98	11.76	8.54	8.56	-8.4	0.2
Iron Ore for Exports	1.26	1.34	12.32	8.75	10.49	6.3	19.9
Cement	3.88	3.23	43.57	31.24	31.54	-16.8	1.0
Foodgrains	2.67	2.19	31.04	22.22	18.96	-18.0	-14.7
Fertilizers	3.00	2.39	31.04	24.44	21.28	-20.3	-12.9
POL	2.72	3.14	34.39	25.12	27.01	15.4	7.5
Balance other goods	4.28	5.04	44.78	30.33	37.41	17.8	23.3
Total	40.23	41.14	456.31	330.67	347.83	2.3	5.2

The revenue earning goods traffic handled by the Railways increased by 5.2 per cent during **April-December**, **2000**. 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 Feb 23 '01 (PR)	Full Year Mar 31 '99 to Mar 31 '00	Mar 31 '99 to Feb 25 '00 (P)	Mar 31 '00 to Feb 23 '01 (PR)	Feb 25 '00 to Feb 23 '01 (P)
		(Rs crore)			(per cent)
M1 (I+II+IV)	31492	25592	10.2	9.3	7.5	8.4
M3(M1+III)	136182	164708	13.9	13.3	14.7	15.4
I. Currency with the public	19761	19378	11.7	13.3	10.3	8.7
II. Demand deposits with banks	12418	6389	9.1	5.4	4.3	8.0
III. Time deposits with banks	104689	139116	15.6	15.1	17.9	18.4
IV. Other deposits with RBI	-687	-175	-18.1	-29.9	-5.6	10.3
Sources of change in M3 (1+2+3+4-5)						
1. Net bank credit to Govt (A+B)	55077	59590	14.2	13.3	13.5	14.5
A. RBI's net credit to Govt ^a	-4275	4103	-2.8	-2.8	2.8	2.8
To Central Govt	-5587	6932	-3.8	-0.7	5.0	1.7
To State Govts	1312	-2829	18.4	-45.1	-33.5	43.3
B. Other bank credit to Govt	59352	55487	25.3	23.8	18.9	20.4
2. Bank credit to commercial sector	82548	77588	16.6	14.0	13.4	16.0
3. Net foreign exchange assets of						
banking sector ^b	27795	36006	15.6	7.8	17.5	26.1
4. Govt's currency liabilities to						
the public	416	644	10.8	17.7	15.1	8.3
5. Banking sector's net non-monetary liabilities other than time deposits	29654	9119	35.6	6.4	8.1	37.8

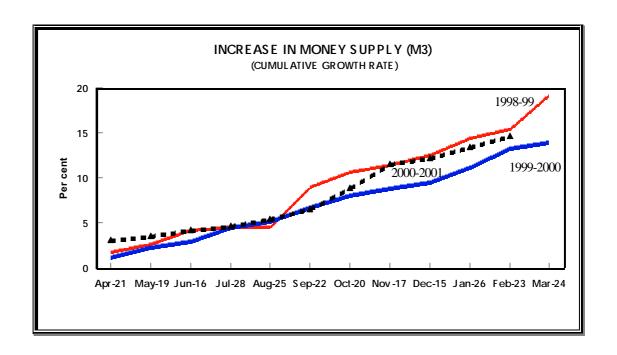
P Provisional

During the current financial year so far (i.e., March 31, 2000 to February 23, 2001) money supply (M3) increased by 14.7 per cent as against an increase of 13.3 per cent in the corresponding period of 1999-2000. Among its components, currency with the public showed a growth of 10.3 per cent as against 13.3 per cent in the corresponding period of last year. Demand deposits with banks showed an increase of 4.3 per cent as against an increase of 5.4 per cent in the corresponding period of last financial year. Time deposits with banks has gone up by 17.9 per cent as against an increase of 15.1 per cent in the corresponding period of last year. This reflected the inclusion of Rs. 25,662 crore in the time deposits of banks from the India Millennium Deposits (IMDs) in November, 2000. The annual growth of M3 as on February 23, 2001 stood at 15.4 per cent.

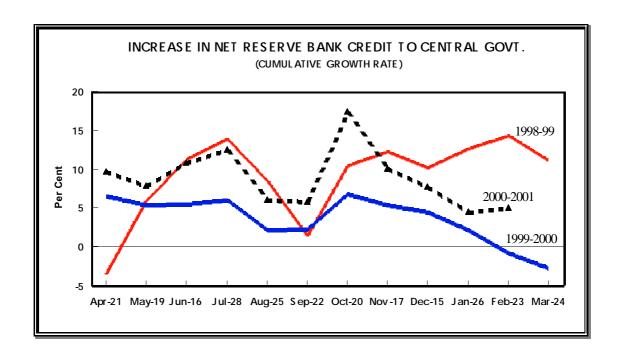
PR Partially revised

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 13.5 per cent during the current financial year (i.e. March 31, 2000 to February 23, 2001) which is lower than that of 13.3 per cent increase in the same period of 1999-2000. RBI's Net Credit to Central Government increased by 5.0 per cent as against a decline of 0.7 per cent in 1999-2000. Bank credit to the commercial sector increased by 13.4 per cent as against an increase of 14.0 per cent in the same period of last year. Net foreign exchange assets of banking sector increased by 17.5 per cent as compared with 7.8 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 Feb 23,'01 (PR)	Full Year Mar 26,'99 to Mar 24,'00	Mar 26,'99 to Feb 25,'00	Mar 24,'00 to Feb 23,'01 (P)	Feb 25,'00 to Feb 23,'01 (P)	
		(Rs crore)			(per cent))	
Bank credit	67121	68662	18.2	15.1	15.7	18.9	
Food credit	8875	13920	52.8	54.2	54.2	52.8	
Non-food credit	58246	54742	16.5	13.2	13.3	16.6	
2. Aggregate deposits	99320	132502	13.9	13.1	16.3	17.1	
Demand deposits	9943	6776	8.5	6.1	5.3	7.7	
Time deposits	89376	125732	15.0	14.5	18.3	18.8	
3. Borrowings from RBI	3597	-1360	24.3	157.5	-21.0	-31.1	
4. Cash reserves	-5161	14643	-7.6	-0.1	23.3	14.1	
Cash in hand	968	187	22.2	8.9	3.5	16.1	
Balances with RBI	-6129	14456	-9.6	-0.7	25.2	13.9	
5. Investments in Govt. and other approved securities	54349	51935	21.3	20.2	16.8	17.9	
P = Provisional							

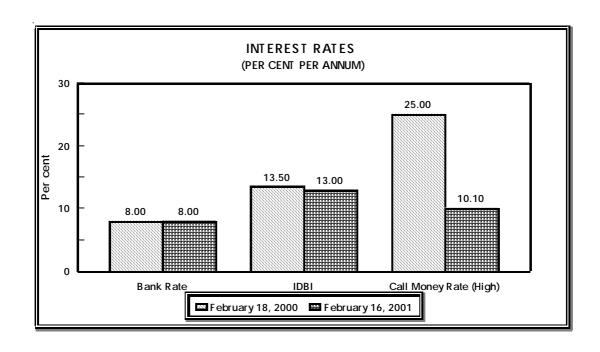
Bank credit by the scheduled commercial banks during the current financial year so far (i.e. March 24, 2000 to February 23, 2001) showed a growth of 15.7 per cent as compared with an increase of 15.1 per cent in the corresponding period of last financial year. Food credit increased by 54.2 per cent while non-food credit increased by 13.3 per cent during this period.

INTEREST RATES (PER CENT PER ANNUM)

	2000	2001
Item/ Week ended	Feb. 18	Feb. 16
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	9.00/25.00	7.80/10.10
-Lendings	-	7.80/10.30

- 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 February 16, 2001, Prime Lending Rate was 12.00 to 12.50 per cent same as on February 18, 2000. Deposit Rate ranged from 8.50 to 10.00 per cent as against 8.00 to 10.50 per cent in the same period of last year.

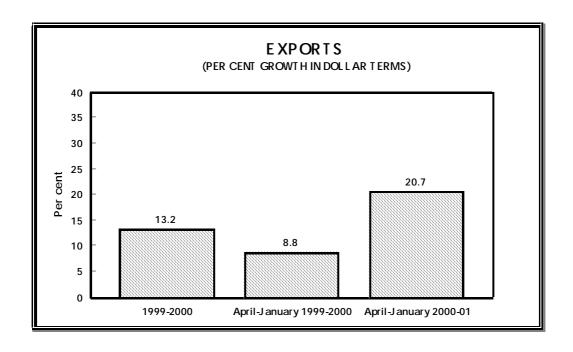


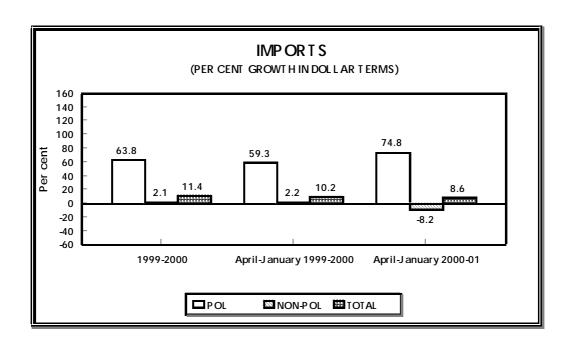
EXTERNAL SECTOR

FOREIGN TRADE

			April	Jan.	$\mathbf{A}_{\mathbf{J}}$	pril-Jan.
Item	1998-99(R)	1999-00(P)	1999-00	2000-01	1999-00	2000-01
			Rs. Crore		% chai	ige
Exports	139752	162925	127892	162334	12.1	26.9
Imports	178332	204583	166934	190534	13.7	14.1
POL	26919	45421	33824	62157	64.2	83.8
Non-POL	151413	159161	133110	128377	5.5	-3.6
Trade Balance	-38580	-41658	-39042	-28199	-	-
		Milli	ion Dollar		%	change
Exports	33218	37599	29542	36657	8.8	20.7
Imports	42389	47212	38556	41891	10.2	8.6
POL	6399	10482	7815	13658	59.3	74.8
Non-POL	35990	36730	30741	28233	2.2	-8.2
Trade Balance	-9171	-9613	-9015	-6234	-	

Exports in dollar terms during **April-January**, **2000-01** increased by 20.7 per cent as compared to an increase of 8.8 per cent during April-January, 1999-2000. Imports increased by 8.6 per cent as against an increase of 10.2 per cent in corresponding period last year. Imports of POL increased by 74.8 per cent as against an increase of 59.3 per cent in last year.

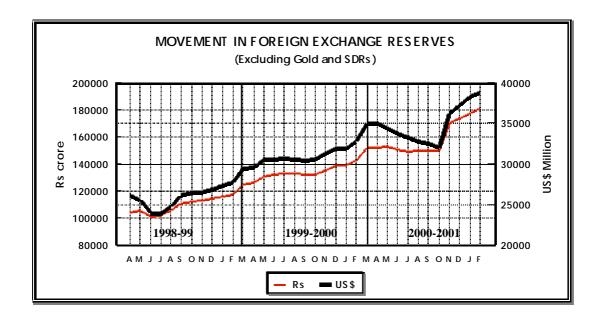




FOREIGN EXCHANGE RESERVES

	Am	ount	Vari	ation
At the end of	Rs Crore	\$ Million	Rs Crore (Over la	\$ 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
January	178032	38361	3825	1097
February*	181294	38896	3262	535

Foreign Exchange Reserves (excluding Gold & SDRs), were \$ 35058 million at the end of 1999-2000. These reserves have increased by \$3838 million and stood at \$38896 million at the end of February, 2001.



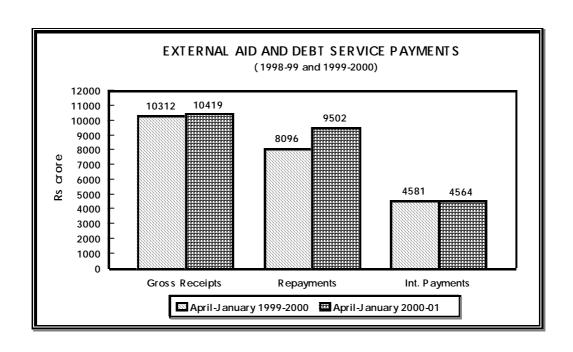
EXTERNAL AID RECEIPTS AND DEBT SERVICE PAYMENTS*

(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	6815	8319	7362	8569	3595	3489
Grants-Govt. A/C	806	582	-	_	-	-
Total	7621	8901	7362	8569	3595	3489
Non-Govt. loans	2691	1518	734	933	986	1075
Grand Total	10312 (2383)	10419 (2290)	8096	9502	4581	4564
Net Flows	(====)	(==> =)				
(net of repayment) Net Transfers	2216	917	-	-	-	-
(net of repayment and		-3647				

Note: Figures in brackets are in terms of million US \$

Gross external aid in **April-January**, **2000-01** at Rs 10419 crore was 1.0 per cent higher than that of Rs 10312 crore in April-January, 1999-2000. Net aid flows (net of repayments) amounted to Rs 917 crore as against Rs 2216 crore. Net aid transfers (net of repayments and interest payments) was Rs (-) 3647 crore as against Rs (-) 2365 crore in the corresponding period of last year.



EXCHANGE RATES

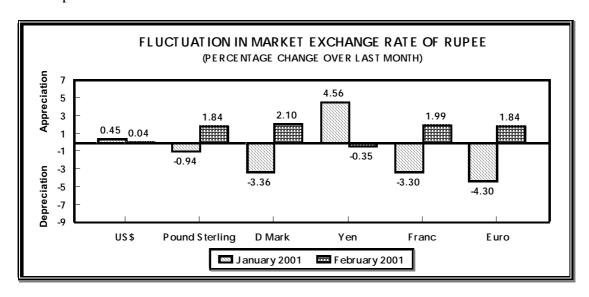
Rupees Per Unit of Foreign Currency

(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	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
2000-2001								
April	43.64	69.05	21.00	0.4142	6.26	41.30	81.79	99.89
May	43.98	66.40	20.34	0.4069	6.06	39.87	82.91	101.10
June	44.69	67.46	21.66	0.4209	6.46	42.41	80.52	97.92
July	44.78	67.59	21.44	0.4153	6.39	42.14	80.76	98.21
August	45.68	68.02	21.18	0.4230	6.31	41.38	79.97	97.82
September	45.89	65.76	20.61	0.4297	6.15	39.93	80.54	99.74
October	46.34	67.34	20.19	0.4276	6.02	39.71	80.14	99.64
November	46.78	66.73	20.44	0.4297	6.10	40.03	79.66	99.07
December	46.75	68.28	21.60	0.4173	6.44	41.87	79.04	98.04
January	46.54	68.93	22.35	0.3991	6.66	43.75	79.08	97.36
February	46.52	67.68	21.89	0.4005	6.53	42.96	79.47	97.75

a. FEDAI Rates

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



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

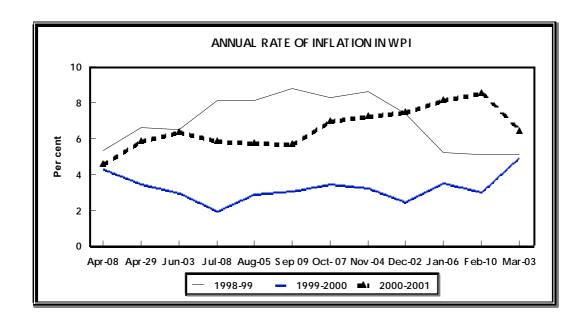
^{*} The rates for these foreign currencies are the average of week end rates reported in the Financial Times, London since exchange rates for the currencies are not quoted in India from Jan. 1,1999.

INFLATION

WHOLESALE PRICE INDEX

WHOLESALE PRICES (Base 1993-94)							
		Per cent Variation During					
	Weight (%)	(ending 3.3.2001)		YEAR (point to point) (ending 3.3.2001) (P)			
Items/Groups		Last Year	Current Year	Last Year	Current Year		
All Commodities	100.00	1.78	0.13	5.01	6.45		
I Primary articles	22.03	2.18	-0.43	4.52	0.75		
II Fuel, Power, Light and Lubricants	14.23	5.77	0.00	16.67	24.52		
III Manufactured Products	63.75	0.51	0.42	2.21	3.61		
P = Provisional							

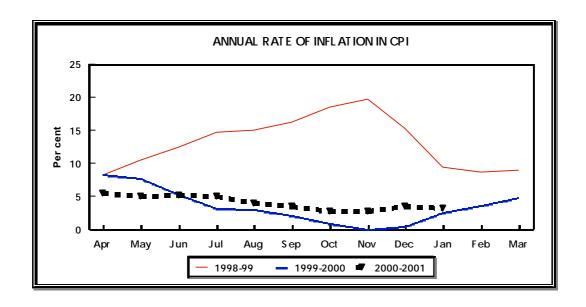
The annual rate of inflation based on **Wholesale Price Index** (WPI) stood at 6.45 per cent for week ended March 3, 2001 compared to 5.01 per cent a year ago. This rate was contributed by an increase of 0.75 per cent in Primary articles, 24.52 per cent increase in Fuel, Power and Lubricants and 3.61 per cent increase in Manufactured Products as against an increase of 4.52 per cent, 16.67 per cent and 2.21 per cent respectively, on the corresponding date of last year.



CONSUMER PRICE INDEX

CONSUMER PRICE INDEX AND INFLATION RATE					
	1999-2000 (Up to January, 2000)	2000-2001 (Up to January, 2001)			
	Per cent				
Annual Inflation	2.6	3.2			
Financial Year Inflation (%)	13.4	7.5			
Last Month (% change)	0.0	-0.2			
Level of Index Average of Index for 12 months	431	445			
ending January	424.92	442.17			

The All India **Consumer Price Index for Industrial Workers** (CPI-IW) for January, 2001 which stood at 445 declined by 0.2 per cent over the previous month's level and increased by 3.2 per cent over January, 2000.



EMPLOYMENT EXCHANGE STATISTICS

(Lakhs)

	November		April-Nov	ember
	1999	2000*	1999-00	2000-01*
No. of applicants on Live Register at the end of the month	405.70	413.52	405.70	413.52
2. No. of registrations/ re-registrations	4.26	4.44	41.73	43.36
3. Placements effected	0.19	0.15	1.40	1.15
	(per cent)			
4. Placements (3) as percentage of the registrations (2)	4.46	3.38	3.34	2.65

The number of applicants on the Live Register of Employment Exchanges at the end of **November**, 2000 was 413.52 lakh, higher by 1.9 per cent as compared to the corresponding period of the previous year. The number of registrations during **November**, 2000 was higher by 4.2 per cent than in **November**, 1999. The Placements as percentage of registrations during **November**, 2000 was 3.38 as against 4.46 in **November**, 1999. The total placements effected during 2000-01 (April-November) was 1.15 lakh as compared to 1.40 lakh in the corresponding period of 1999-2000.