

# Government of India Ministry of Finance Department of Economic Affairs Economic Division 8(2)/Ec Dn/ 2002

# MONTHLY ECONOMIC REPORT

**MARCH, 2002** 

## HIGHLIGHTS

- The Pre-monsoon season rainfall upto 13 March 2002 was normal/excess in 14 per cent of meteorological sub-divisions.
- Foodgrain stocks were at 56.34 million tonnes as on February 1, 2002.
- Overall industrial growth was 2.5 per cent in April-January, 2001-02 as against 5.7 per cent in April-January, 2000-01.
- Core infrastructure sectors achieved an average growth rate of 2.5 per cent in April-January 2001-02 as against 6.3 per cent in April-January 2000-01.
- Money Supply (M3) growth was 11.9 per cent during March 31, 2001 to February 8, 2002, whereas annual growth rate for fortnight ended February 8, 2002 was 13.9 per cent. Net RBI Credit to Government increased by 1.2 per cent during March 31, 2001 to February 8, 2002.
- The annual inflation rate in terms of WPI (Base 1993-94) was 1.64 per cent for week ended March 2, 2002 compared to 6.79 per cent a year ago.
- Exports increased by 1.6 per cent in dollar terms in April-January, 2001-02 compared to an increase of 21.7 per cent in April-January, 2000-01. Imports increased by 1.8 per cent as against an increase of 8.3 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 February, 2002.
- Forex reserves (excluding Gold & SDRs) stood at \$47.71 billion at the end of February, 2002.

(S. C. Sharma) Economic Officer

## **AGRICULTURE**

#### PRE-MONSOON SEASON RAINFALL\*

	Number of Meteorological Sub-divisons						
	1997	1998	1999	2000	2001	1997-01+	2002
Excess/Normal	0	16	1	5	9	6	5
Deficient/Scanty/Nil	35	19	34	30	26	29	30
Total	35	35	35	35	35	35	35
+ Annual average		* (]	March-May)				

The Pre-monsoon season rainfall from March 1, 2002 to March 13, 2002 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 1997-2001 was normal/excess in 6 (18 per cent) meteorological sub-divisions and deficient/scanty in the remaining 29 (82 per cent).

#### **PROCUREMENT**

(Million Tonnes)

	Full Marketing Year			Up to N	March 13	
(1)	<b>1998-99</b> (2)	<b>1999-2000</b> (3)	<b>2000-2001</b> (4)	<b>2001(P)</b> (5)	<b>2002(P)</b> (6)	% change Col. (6)/(5)
Rice (Oct-Sep) Wheat (Apr-Mar)	11.85 12.65	17.27 14.15	19.11 16.36	14.99 16.35	15.76 20.63	5.1 26.2
Total	24.50	31.42	35.47	31.34	36.39	16.1

Wheat procurement up to March 13, 2002 in the current marketing year, (i.e., 2001-2002) was higher by 26.2 per cent at 20.63 million tonnes compared to 16.35 million tonnes in the corresponding period in 2000-2001. Procurement of rice during the marketing year 2001-02 (up to March 13, 2002) stood at 15.76 million tonnes was higher by 5.1 per cent than the level of 14.99 million tonnes during the corresponding period of 2000-01.

#### **OFF-TAKE**

(Million Tonnes)

				<u>April-Ja</u>	nuary
	1998-99(P)	1999-2000(P)	2000-2001(P)	2000-01	2001-02
Rice	11.83	12.42	10.22	8.43	11.24
Wheat	8.90	10.63	7.73	5.25	11.79
Total	20.73	23.05	17.95	13.68	23.03

#### P-Provisional

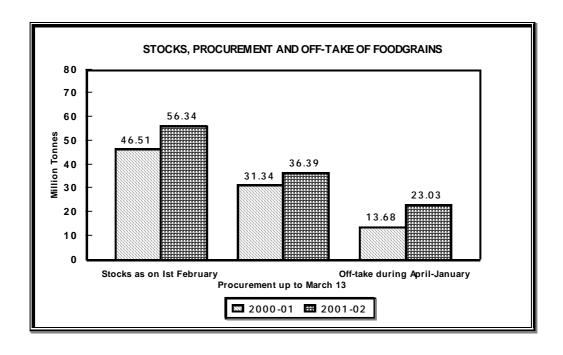
Off-take from the Public Distribution System central pool during April-January, 2001-02 was 23.03 million tonnes which was higher by 68.35 per cent than the off-take of 13.68 million tonnes during April-January, 2000-01.

## **STOCKS**

(Million Tonnes)

	As on 1st	January	As on 1st Fe	ebruary
	2001	2002	2001	2002
Rice	20.70	25.62	22.40	26.13
Wheat	25.04	32.41	24.11	30.21
Total	45.74	58.03	46.51	56.34

Stocks of foodgrains as on 1st February, 2002 stood at 56.34 million tonnes which was higher by 21.1 per cent than the level at 46.51 million tonnes as on 1st February, 2001.

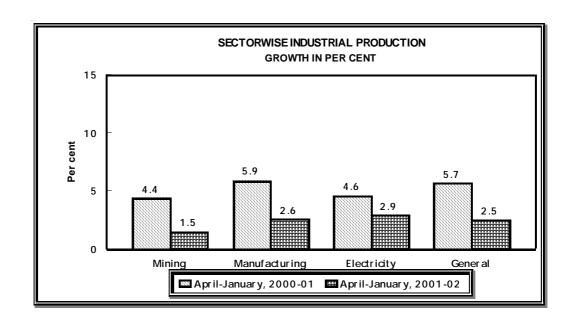


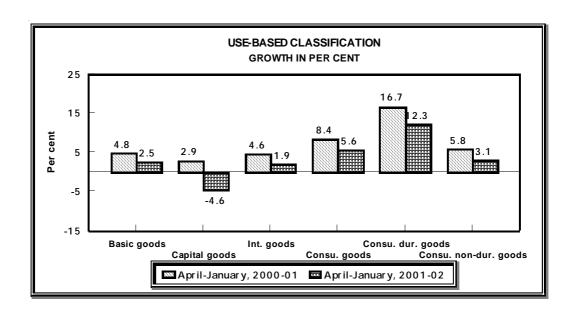
# INDEX OF INDUSTRIAL PRODUCTON

	SECTORWISE INDEX OF INDUSTRIAL PRODUCTION (Percentage change) (Base = 1993-94 = 100)					
	1999-00/ 1998-99	2000-01/ 1999-00	Jan. '01/ Jan. '00	Jan. '02/ Jan. '01	<u>April-J</u> 2000-01	anuary 2001-02
<u>General</u>	6.7	5.0	4.5	3.2	5.7	2.5
Mining & Quarrying	1.0	3.7	5.1	3.4	4.4	1.5
Manufacturing	7.1	5.3	4.7	3.2	5.9	2.6
Electricity	7.3	4.0	2.5	3.8	4.6	2.9
<b>Use-Based Classification</b>						
Basic goods	5.5	3.9	2.3	4.0	4.8	2.5
Capital goods	6.9	1.8	1.5	-1.9	2.9	-4.6
Intermediate goods	8.8	4.7	2.8	1.5	4.6	1.9
Consumer goods	5.7	8.0	9.4	5.6	8.4	5.6
Of which						
Consumer Durables	14.1	14.5	8.5	14.3	16.7	12.3
Consumer non-Durables	3.2	5.8	9.7	3.0	5.8	3.1

The overall growth rate of Industrial production during **April-January**, **2001-02** at 2.5 per cent recorded a lower growth compared to 5.7 per cent in April-January, 2000-01. The growth in manufacturing sector, electricity generation and mining & quarrying during April-January, 2001-02 was 2.6%, 2.9% and 1.5% respectively as against 5.9%, 4.6% and 4.4% in April-January, 2000-01.

As per the use-based classification, production in capital goods, during April-January, 2001-02, registered negative growth while basic goods, intermediate goods and consumer goods (both consumer durables and consumer non-durables) registered lower increases compared with April-January, 2000-01.

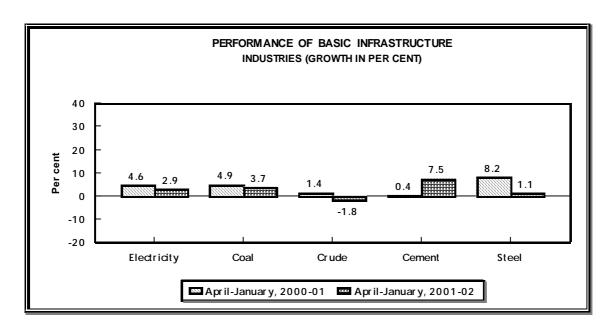




# INFRASTRUCTURE INDUSTRIES

		Janı	ıary	Full Year	Apr	ril-Jan.	Percentag Apr 2000-01/	<u>e change</u> ril-Jan. 2001-02
Industry/Infrastructure	Unit	2000	2001	2000-01	2000-01	2001-02	1999-00	2000-0
Coal	Mn. Ton	30.5	32.1	308.9	249.2	258.5	4.9	3.
Electricity Generation	Mn. Kwh	44399	42756	499450	415494	427690	4.6	2
Hydel Thermal	Mn. kw	4870	5283	74346	64684	62893	-6.2	-2
(including nuclear)	Mn. kw	37886	39116	425104	350810	364897	6.9	4
Crude petroleum	000 tons	2820	2778	32476	27290	26793	1.4	-1
Petroleum Products	000 tons	7930	8732	96236	79458	83328	23.7	4
Finished steel	000 tons	2525	2727	30423	25187	25466	8.2	1
Cement	000 tons	7890	9264	99940	82040	88170	0.4	7
Average growth rate*	(%)	1.6	5.9	5.0	-	-	6.3	2
		Decemb	<u>oer</u>	Full Year	<u>Apr</u>	il-Dec.	<u>Apı</u>	ril-Dec.
Cargo handled at major por Telecommunications	ts Mn. Ton	25.64	24.67	280.97	209.24	212.71	3.9	1
a) Net switching capacity	000 lines	575.58	565.72	7146.07	3258.0	3162.09	17.7	-2
b) Net Tele. connections	000 nos	536.11	391.72	5924.79	2854.45	2327.53	29.8	-18
Revenue earning goods traffic on railways	Mn. Ton	41.14	42.47	473.25	347.83	357.26	5.2	2

The six core infrastructure industries registered mixed performance during **April-January**, **2001-02** as compared to April-January, 2000-01. During April-January, 2001-02 average growth rate was 2.5 per cent as compared to 6.3 per cent in April-January, 2000-01.



# REVENUE EARNING GOODS TRAFFIC ON RAILWAYS

(Million Tonnes)

	REVENU	JE EARNI	NG GOODS	TRAFFIC (	ON RAILW	AYS	
						Perce	entage Change
Commodities	Dece 2000	ember 2001	Full Year 2000-01	Apr 2000-01	il-Dec. 2001-02	Dec. 2001/2000	April-Dec. 2001-02/ 2000-01
Coal	19.48	19.47	222.75	163.85	166.74	-0.1	1.8
Raw material for Steel Plants Pig Iron & Finished Steel From	3.35	3.42	38.75	28.73	29.29	2.1	1.9
Steel Plants	0.98	1.05	11.51	8.56	8.83	7.1	3.2
Iron Ore for Exports	1.34	1.77	14.58	10.49	11.94	32.1	13.8
Cement	3.23	3.31	42.84	31.54	32.22	2.5	2.2
Foodgrains	2.19	3.09	26.65	18.96	21.93	41.1	15.7
Fertilizers	2.39	2.33	27.14	21.28	20.66	-2.5	-2.9
POL	3.14	3.00	36.22	27.01	26.57	-4.5	-1.6
Balance other goods	5.04	5.03	52.81	37.41	39.08	-0.2	4.5
Total	41.14	42.47	473.25	347.83	357.26	3.2	2.7

The revenue earning goods traffic handled by the Railways increased by 2.7 per cent during **April-December**, **2001** as compared to 5.2 per cent in the corresponding period of the last year.

## **MONEY AND BANKING**

	VARIATION	IS IN MONI	EY STOCK			
	Full Year Mar 31 '00 to Mar 31 '01	Mar 31 '01 to Feb 08 '02 (PR)	Full Year Mar 31 '00 to Mar 31 '01	Mar 31 '00 to Feb 09 '01 (P)	Mar 31 '01 to Feb 08 '02 (PR)	Feb 09 '01 to Feb 08 '02 (P)
		(Rs crore)			(per cent	)
M1 (I+II+IV)	37995	25519	11.1	7.2	6.7	10.6
M3(M1+III)	187409	155603	16.7	14.6	11.9	13.9
I. Currency with the public	20480	28176	10.8	11.4	13.4	12.8
II. Demand deposits with banks	16918	-1470	11.3	2.6	-0.9	7.5
III. Time deposits with banks	149414	130084	19.1	17.8	14.0	15.2
IV. Other deposits with RBI	596	-1186	19.6	-27.4	-32.7	11.0
Sources of change in M3 (1+2+3+4-5)						
1. Net Bank Credit to Govt (A+B)	71002	68995	16.1	13.6	13.5	15.9
A. RBI's net credit to Govt <sup>a</sup>	5613	1888	3.8	3.9	1.2	1.1
To Central Govt	6705	3212	4.8	6.9	2.2	0.1
To State Govts	-1092	-1324	-12.9	-46.5	-18.0	33.3
B. Other bank credit to Govt	65389	67107	22.3	18.5	18.7	22.5
2. Bank credit to commercial sector	86652	63613	14.8	12.7	9.4	11.4
3. Net foreign exchange assets of						
banking sector <sup>b</sup>	44172	39176	21.5	17.2	15.7	19.9
4. Govt's currency liabilities to						
the public	776	549	16.9	14.1	10.2	13.0
5. Banking sector's net non-monetary liabilities other than time deposits	15192	16730	13.3	5.9	13.0	20.8

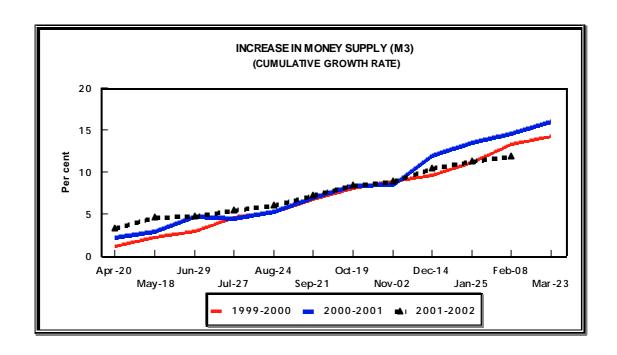
P Provisional

During the current financial year so far (i.e., March 31, 2001 to February 8, 2002) money supply (M3) increased by 11.9 per cent which is lower than the 14.6 per cent in the corresponding period of 2000-01. Among its components, currency with the public showed a growth of 13.4 per cent as against 11.4 per cent in the corresponding period of last year. Demand deposits with banks showed a decline of 0.9 per cent as against an increase of 2.6 per cent in the corresponding period of last financial year. Time deposits with banks increased by 14.0 per cent as against 17.8 per cent in the corresponding period of last year. The annual growth of M3 as on February 8, 2002 stood at 13.9 per cent.

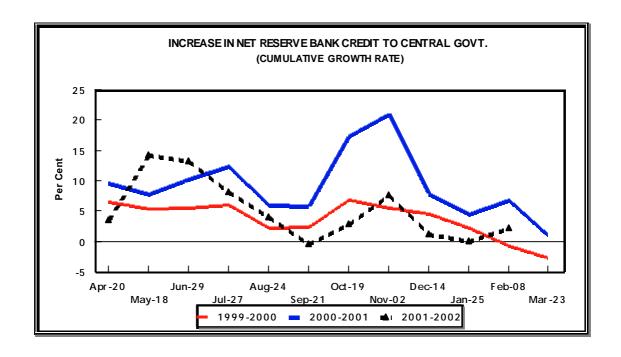
PR Partially revised

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.



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, 2001 to February 8, 2002) which is slightly lower than that of 13.6 per cent increase in the same period of 2000-01. RBI's Net Credit to Central Government increased by 2.2 per cent as against an increase of 6.9 per cent in 2000-01. Bank credit to the commercial sector increased by 9.4 per cent as against an increase of 12.7 per cent in the same period of last year. Net foreign exchange assets of banking sector increased by 15.7 per cent as compared with 17.2 per cent in the corresponding period of 2000-01.



## SCHEDULED COMMERCIAL BANKS

	SCHEDULI VARIATION I	ED COMMEI IN ASSETS A				
	Full Year Mar 24,'00 to Mar 23,'01	Mar 23,'01 to Feb 08,'02 (PR)	Full Year Mar 24,'00 to Mar 23,'01	Mar 24,'00 to Feb 09,'01	Mar 23,'01 to Feb 08,'02 (P)	Feb 09,'01 to Feb 08,'02 (P)
	(Rs c	erore)		(per cen	t)	
1. Bank credit	75476	58656	17.3	15.1	11.5	13.7
Food credit	14300	14990	55.7	54.1	37.5	38.9
Non-food credit	61176	43666	14.9	12.6	9.3	11.5
2. Aggregate deposits	149273	116353	18.4	15.9	12.1	14.5
Demand deposits	15186	-537	11.9	3.7	-0.4	7.5
Time deposits	134088	116890	19.5	18.2	14.3	15.6
3. Borrowings from RBI	-2595	1850	-40.0	-14.4	47.5	3.4
4. Cash reserves	2453	11614	3.9			
Cash in hand	328	466	6.2	-1.4	8.2	16.6
Balances with RBI	2125	11148	3.7	24.6	18.7	-1.2
5. Investments in Govt. and other approved securities	61215	61082	19.8	15.9	16.5	20.4
P = Provisional						

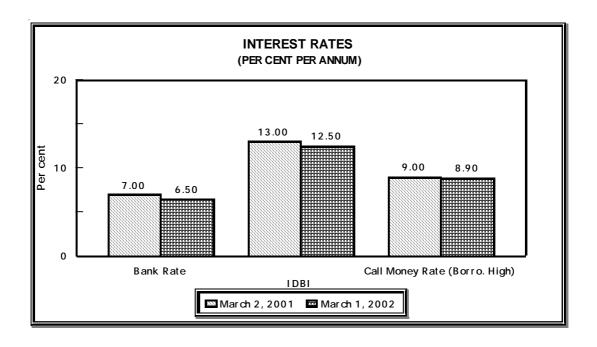
Bank credit by the scheduled commercial banks during the current financial year so far (i.e. March 23, 2001 to February 08, 2002) showed a growth of 11.5 per cent as compared with an increase of 15.1 per cent in the corresponding period of last financial year. Food credit increased by 37.5 per cent while non-food credit increased by 9.3 per cent during this period.

## **INTEREST RATES (PER CENT PER ANNUM)**

	2001	2002
Item/ Week ended	Mar. 2	Mar. 1
1	2	3
Bank Rate	7.00	6.50
I.D.B.I. <sup>1</sup>	13.00	12.50
Prime Lending Rate <sup>2</sup>	11.50-12.50	11.00-12.00
Deposit Rate <sup>3</sup>	8.50-10.00	7.50-8.50
Call Money Rate <sup>4</sup> (Low/High)		
-Borrowings	6.50/9.00	5.50/8.90
-Lendings	6.90/9.10	5.48/8.90

- 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 75-80 per cent of total transactionas reported by major participants.

As on March 1, 2002, Prime Lending Rate ranged from 11.00 to 12.00 per cent while on March 2, 2001 it was 11.50 to 12.50. Deposit Rate ranged from 7.50 to 8.50 per cent as against 8.50 to 10.00 on the corresponding day of last year.

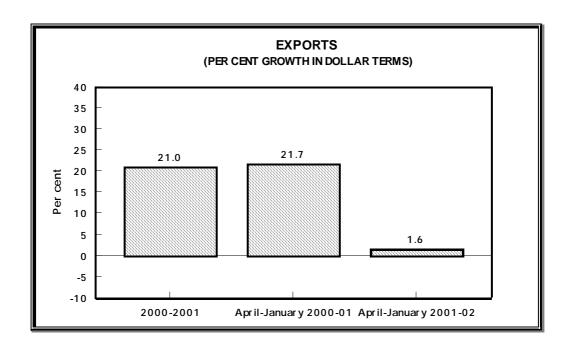


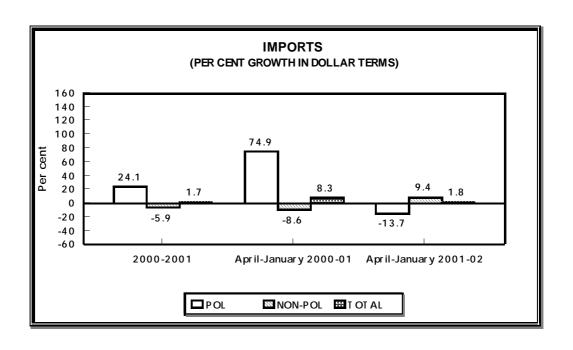
# **EXTERNAL SECTOR**

#### **FOREIGN TRADE**

April-Jan. April-Jan.								
Item	1999-00(R)	2000-01(R)	2000-01(R)	2001-02(P)	2000-01	2001-02		
			Rs. Crore		% chai	nge		
Exports	159561	203571	163765	173563	28.0	6.0		
Imports	215236	230873	192258	201953	15.2	5.0		
POL	54649	71497	62204	55986	83.9	-10.0		
Non-POL	160587	159376	130054	145967	-2.3	12.2		
Trade Balance	-55675	-27302	-28492	-28390	-	-		
		Mi	llion Dollar		%	change		
Exports	36822	44560	35964	36526	21.7	1.6		
Imports	49671	50536	41769	42539	8.3	1.8		
POL	12611	15650	13669	11790	74.9	-13.7		
Non-POL	37060	34886	28100	30749	-8.6	9.4		
Trade Balance	-12849	-5976	-5805	-6013	-	-		

Exports in dollar terms during **April-January**, **2001-02** increased by 1.6 per cent as compared to an increase of 21.7 per cent during April-January, 2000-01. Imports increased by 1.8 per cent as against an increase of 8.3 per cent in last year. Imports of POL declined by 13.7 per cent as against an increase of 74.9 per cent in April-January, 2000-01.

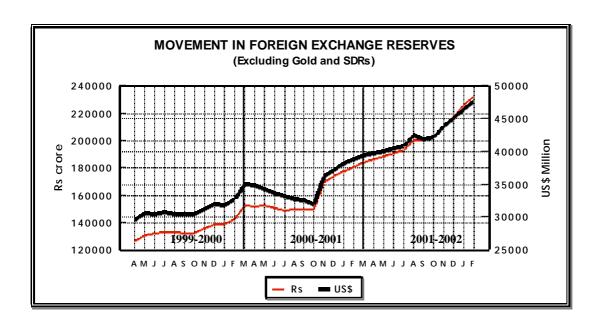




# FOREIGN EXCHANGE RESERVES

	Am	ount	Varia	ation
At the end of	Rs Crore	\$ Million	Rs Crore (Over la	\$ Million ast 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
2001-2002			(Over las	t Month)
April	186601	39821	2119	267
May	188762	40171	2161	350
June	191226	40652	2464	481
July	193122	40950	1896	298
August	200561	42537	7439	1587
September	200762	41948	201	(-) 589
October	202957	42309	2195	361
November	211269	44024	8312	1715
December	218021	45251	6752	1227
January	226195	46561	8174	1310
February*	232892	47714	6697	1153

Foreign Exchange Reserves (excluding Gold & SDRs), were \$39554 million at the end of 2000-2001. These reserves have increased by \$8160 million and stood at \$47714 million at the end of February, 2002.



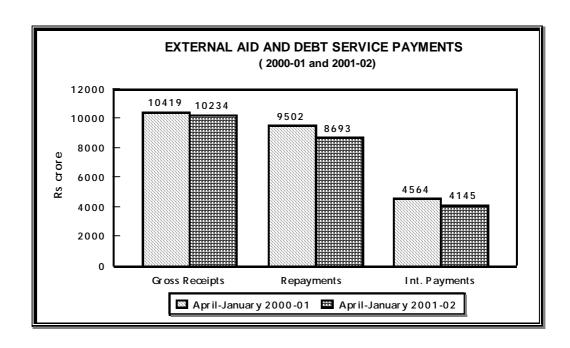
#### EXTERNAL AID RECEIPTS AND DEBT SERVICE PAYMENTS\*

(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	8319	7834	8569	7741	3489	3462
Grants-Govt. A/C	582	875	-	-	_	-
Total	8901	8709	8569	7741	3489	3462
Non-Govt. loans	1518	1525	933	952	1075	683
Grand Total	10419	10234	9502	8693	4564	4145
	(2290)	(2155)				
Net Flows						
(net of repayment)	917	1541	-	-	_	-
Net Transfers						
(net of repayment and						
interest payments)	-3647	-2604	-	_	_	-

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

Gross external aid in **April-January 2001-02** at Rs 10234 crore was 1.8 per cent lower than that of Rs 10419 crore in April-January 2000-01. Net aid flows (net of repayments) amounted to Rs 1541 crore as against Rs 917 crore. Net aid transfers (net of repayments and interest payments) was Rs (-) 2604 crore as against Rs (-) 3647 crore in the corresponding period of last year.



#### **EXCHANGE RATES**

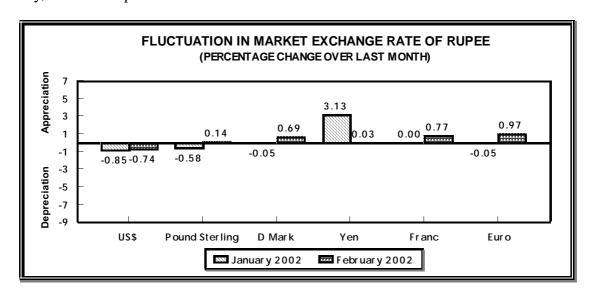
**Rupees Per Unit of Foreign Currency** 

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

Month	US Dollar	Pound Sterling	Deutsche Mark*	Japanese Yen	French 1 Franc*	Euro@	NEER	F 5 Country REER 995=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
2001-2002								
April	46.78	67.22	21.46	0.3789	6.40	41.80	80.69	101.33
May	46.92	66.92	21.02	0.3853	6.27	41.05	80.68	101.41
June	47.00	65.89	20.46	0.3842	6.10	40.16	81.19	102.73
July	47.14	66.65	20.74	0.3784	6.18	40.55	80.97	103.49
August	47.13	67.69	21.77	0.3873	6.49	42.37	79.68	102.01
September	47.64	69.69	22.17	0.4012	6.61	43.41	78.09	100.28
October	48.02	69.74	22.18	0.3962	6.61	43.54	77.93	101.51
November	47.99	69.03	21.86	0.3923	6.52	42.66	78.50	102.42
December	47.92	68.98	21.82	0.3761	6.51	42.75	79.13	103.86
January	48.33	69.38	21.83	0.3647	6.51	42.77	79.19	104.16
February	48.69	69.28	21.68	0.3646	6.46	42.36	79.08	104.62

a. FEDAI Rates

The average market exchange rate of the Rupee during February, 2002 appreciated against Pound Sterling, Deutsche Mark, French Franc, Euro and Japanese Yen and depreciated against US Dollar compared to average market rate during January, 2002. NEER moved down and REER moved up in February, 2002 as compared with the last month.



<sup>@</sup> Came into operation w.e.f. 1.1.1999

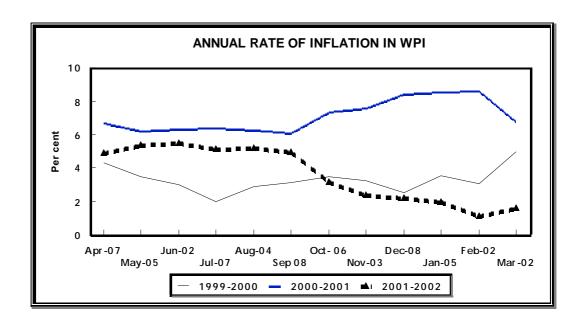
<sup>\*</sup> The rates for these foreign currencies are the average of week end rates reported in the Financial Times, London since exchange rates for the currencies are not quoted in India from Jan. 1,1999.

# **INFLATION**

#### WHOLESALE PRICE INDEX

WHOLESALE PRICES (Base 1993-94)								
		Per cent Variation During MONTH YEAR (point to po						
		(ending 2.3.2002)		YEAR (point to point) (ending 2.3.2002) (P)				
Items/Groups	Weight (%)	Last Year	Current Year	Last Year	Current Year			
All Commodities	100.00	0.06	0.62	6.79	1.64			
I Primary articles	22.03	0.25	1.33	0.88	4.48			
II Fuel, Power, Light and Lubricants	14.23	-0.40	2.64	25.31	4.71			
III Manufactured Products	63.75	0.14	-0.42	3.90	-0.56			
P = Provisional								

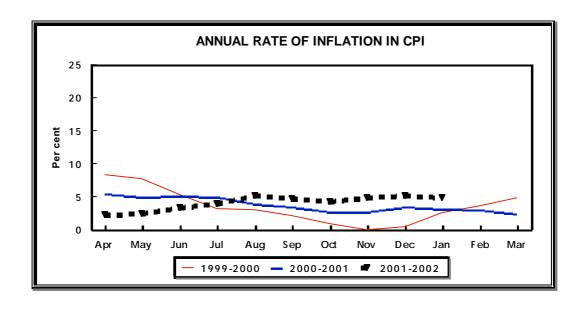
The annual rate of inflation based on **Wholesale Price Index** (WPI) stood at 1.64 per cent for week ended March 2, 2002 compared to 6.79 per cent a year ago. This rate was contributed by an increase of 4.48 per cent in Primary articles, 4.71 per cent increase in Fuel, Power and Lubricants and 0.56 per cent decrease in Manufactured Products as against an increase of 0.88 per cent, 25.31 per cent and 3.90 per cent respectively, on the corresponding date of last year.



## **CONSUMER PRICE INDEX**

CONSUMER PRICE INDEX AND INFLATION RATE						
	2000-2001 (Up to January, 2001)	2001-2002 (Up to January, 2002)				
	Per cent					
Annual Inflation	3.2	4.9				
Financial Year Inflation (%)	2.5	4.9				
Last Month (% change)	-0.2	-0.4				
Level of Index Average of Index for 12 months	445	467				
ending January	442.17	459.50				

The All India **Consumer Price Index for Industrial Workers** (CPI-IW) for January, 2002 which stood at 467 decreased by 0.4 per cent over the previous month's level and increased by 4.9 per cent over January, 2001.



## EMPLOYMENT EXCHANGE STATISTICS

(Lakhs)

	EWILO	YMENT EXCHANGE			
		August		April-A	August
		2000	2001*	2000-01	2001-02*
1.	No. of applicants on Live Register at the end of the month	414.28	422.72	414.28	422.72
2.	No. of registrations/ re-registrations	5.73	6.28	30.04	29.76
3.	Placements effected	0.15	0.13	0.69	0.63
		(per cent)			
4.	Placements (3) as percentage of the registrations (2)	2.62	2.07	2.30	2.12

The number of applicants on the Live Register of Employment Exchanges at the end of **August**, 2001 was 422.72 lakh, higher by 2.04 per cent as compared to the corresponding period of the previous year. The number of registrations during **August**, 2001 was 6.28 lakh higher by 9.6 percent in **August**, 2000. The Placements as percentage of registrations during **August**, 2001 was 2.07 as against 2.62 in **August**, 2000. The total placements effected during 2001-02 (April-August) was 0.63 lakh as compared to 0.69 lakh in the corresponding period of 2000-01. Placements constituted 2.12 percent of registrations in 2001-02 compared with 2.30 percent in 2000-01.