

**Ministry of Finance
Department of Economic Affairs
Economic Division
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MONTHLY ECONOMIC REPORT

OCTOBER 2011

HIGHLIGHTS

- The overall growth of GDP at factor cost at constant prices, as per Revised Estimates, was 8.5 per cent in 2010-11 representing an increase from the revised growth of 8.0 per cent during 2009-10. The growth in real GDP is placed at 7.7 per cent in the first quarter of 2011-12.
- The cumulative rainfall received for the country as a whole, during the post monsoon season, 2011 (October–December), has been 49 per cent below the normal as on 09.11.2011.
- Food grains (rice and wheat) stocks held by FCI and State agencies were 56.33 million tonnes as on Sep 1, 2011.
- Overall growth in the Index of Industrial Production (IIP) was 1.9 per cent during September 2011 as compared to 6.1 per cent in September 2010. During April-September 2011-12, IIP growth was 5.0 per cent as compared to 8.2 per cent during 2010-11.
- Eight core Infrastructure industries grew by 2.3 per cent in September 2011 as compared to the growth of 3.3 per cent in September 2010. During April-September 2011-12, these sectors grew by 4.9 per cent as compared to 5.6 per cent during April-September 2010-11.
- Broad money (M₃) (up to October 21, 2011) increased by 7.1 per cent as compared to 8.5 per cent during the corresponding period of the last year. The year-on-year growth, as on October 21, 2011 was 14.4 per cent as compared to 17.3 per cent last year.
- Exports, in US dollar terms increased by 36.4 per cent and imports increased by 17.2 per cent, during September 2011.
- Foreign Currency Assets stood at US\$ 282.5 billion at end October, 2011 as compared to US\$ 269.3 billion at end October, 2010.
- Rupee depreciated against US dollar, Pound Sterling, Japanese Yen and Euro in the month of October, 2011 over September, 2011.
- Year-on-year inflation in terms of Wholesale Price Index was 9.73 per cent for the month of October 2011 as compared to 9.08 per cent in the corresponding month last year.
- Gross tax revenue has increased by 14 per cent compared to the corresponding period last year with the main contributors being custom duties, taxes on income and service tax which have registered growth of 23 per cent, 16 per cent and 38 per cent respectively.
- As proportions of Budget Estimates, fiscal deficit and revenue deficit were at 68.0 per cent and 72.2 percent respectively in April-September 2011.

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ECONOMIC GROWTH

The growth in real Gross Domestic Product (GDP) is placed at 7.7 per cent in the first quarter of 2011-12; agriculture grew by 3.9 per cent; industry by 5.1 per cent and services by 10.0 per cent. As per the Revised Estimates (RE) of Central Statistics Office (CSO), the growth in GDP at factor cost at constant (2004-05) prices was estimated at 8.5 per cent in 2010-11 as compared to 8.0 per cent in 2009-10 (Quick Estimate). At disaggregated level, this (RE 2010-11) comprises growth of 6.6 per cent in agriculture and allied activities, 7.9 per cent in industry and 9.4 per cent in services as compared to a growth of 0.4 per cent, 8.0 per cent and 10.1 per cent respectively during 2009-10.

Table 1: Growth of GDP at factor cost by economic activity (at 2004-05 prices)								
Industry		Growth				Percentage share in GDP		
		2008-09	2009-10 (QE)	2010-11 (RE)		2008-09	2009-10 (QE)	2010-11 (RE)
1	Agriculture, forestry & fishing	-0.1	0.4	6.6		15.7	14.6	14.4
2	Industry	4.4	8.0	7.9		28.1	28.1	27.9
a	Mining & quarrying	1.3	6.9	5.8		2.3	2.3	2.3
b	Manufacturing	4.2	8.8	8.3		15.8	15.9	15.8
c	Electricity, gas & water supply	4.9	6.4	5.7		2.0	2.0	1.9
d	Construction	5.4	7.0	8.1		8.0	7.9	7.9
3	Services	10.1	10.1	9.4		56.2	57.3	57.7
a	Trade, hotels, transport & communication	7.6	9.7	10.3		26.1	26.6	27.0
b	Financing, insurance, real estate & business services	12.5	9.2	9.9		17.0	17.2	17.4
c	Community, social & personal services	12.7	11.8	7.0		13.1	13.6	13.4
4	GDP at factor cost	6.8	8.0	8.5		100.0	100.0	100.0
(QE): Quick Estimates; (RE): Revised Estimates								

Table 2: Quarterly Estimate of GDP (Year-on-year in per cent)									
Items	2009-10				2010-11				2011-12
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
1. Agriculture, forestry & fishing	1.8	1.2	-1.6	1.1	2.4	5.4	9.9	7.5	3.9
Industry	5.0	5.9	9.5	12.4	9.1	8.4	7.1	6.1	5.1
2. Mining & quarrying	7.2	6.6	5.2	8.9	7.4	8.2	6.9	1.7	1.8
3. Manufacturing	4.3	6.1	11.4	15.2	10.6	10.0	6.0	5.5	7.2
4. Electricity, gas & water supply	6.3	7.5	4.5	7.3	5.5	2.8	6.4	7.8	7.9
5. Construction	5.4	5.1	8.3	9.2	7.7	6.7	9.7	8.2	1.2
Services	8.2	11.7	9.4	10.2	10.4	9.9	8.4	8.7	10.0
6. Trade, hotels, transport & communication	3.7	8.2	10.8	13.7	12.1	10.9	8.6	9.3	12.8
7. Financing, insurance, real estate & bus.	11.5	10.9	8.5	6.3	9.8	10.0	10.8	9.0	9.1
8. Community, social & personal services	13.0	19.4	7.6	8.3	8.2	7.9	5.1	7.0	5.6
9. GDP at factor cost (total 1 to 8)	6.3	8.6	7.3	9.4	8.8	8.9	8.3	7.8	7.7

AGRICULTURE

Rainfall: With respect to rainfall situation in India, the year is categorized into four seasons: winter season (January-February); pre monsoon (March-May); south west monsoon (June-September) and post monsoon (October-December). South west monsoon accounts for more than 75 per cent of annual rainfall. The cumulative rainfall received for the country as a whole, during the post monsoon season (October –December), has been 49 per cent below the normal as on 09.11.2011.

All India production of food grains: As per the first advance estimates released by Ministry of Agriculture on 13.10.2011, production of food grains (kharif only) during 2011-12 is estimated at 123.95 million tonnes compared to 120.20 million tonnes in 2010-11.

Procurement: Procurement of rice as on 1st Sep, 2011 (Kharif Marketing Season 2010-11) at 33.29 million tonnes represents an increase of 8.36 per cent compared to the corresponding date last year. Wheat procurement during Rabi Marketing Season 2011-12 is 28.14 million tonnes as compared to 22.46 million tonnes during the corresponding period last year.

	Table 3: Procurement in Million Tonnes				
	2007-08	2008-09	2009-10	2010-11	2011-12
Rice(Oct-Sept)	28.74	34.10	32.03	34.01	36.03*
Wheat(Apr-Mar)	11.13	22.69	25.38	22.51	28.15**
Total	39.87	56.79	57.41	56.52	64.18
* Position as on 17.10.2011. ** Position as on 01.08.2011					

Off-take: Off-take of rice during the month of August, 2011 was 29.07 lakh tonnes. This comprises 22.04 lakh tonnes under TPDS and 7.03 lakh tonnes under other schemes. In respect of wheat, the total off take was 22.90 lakh tonnes comprising of 18.95 lakh tonnes under TPDS and 3.95 lakh tonnes under other schemes.

Stocks: Stocks of food-grains (rice and wheat) held by FCI as on Sep 1, 2011 were 56.33 million tonnes, which is higher by 11.9 per cent over the level of 50.34 million tonnes as on September 1, 2010.

Table 4: Off-take and stocks of food-grains (Million Tonnes)					
	Off-take			Stocks	
	2009-10	2010-11	2011-12	Sep 1, 2010	Sep 1, 2011
Rice	27.37	29.93	13.33	20.48	22.71
Wheat	22.35	23.07	9.91	29.86	33.62
Total	49.72	53.00	23.24	50.34	56.33

INDUSTRIAL PRODUCTION

Table 5: Percentage change in Index of Industrial Production					
Industry Group	2009-10	2010-11(Apr-Sep.)	2011-12(Apr-Sep.)	Sept. 2010	Sept. 2011
General index	5.3	8.2	5.0	6.1	1.9
Mining	7.9	7.2	-1.0	4.3	-5.6
Manufacturing	4.9	8.8	5.4	6.9	2.1
Electricity	6.1	3.8	9.4	1.8	9.0
Use-based industrial groups					
Basic goods	4.7	4.7	6.9	3.5	4.5
Capital goods	1.0	16.4	4.6	7.2	-6.8
Intermediate goods	6.0	8.4	1.4	4.6	1.5
Consumer goods	7.7	9.1	4.5	9.7	3.5
Durables	17.0	15.9	5.2	14.2	8.7
Non-durables	1.4	3.8	3.8	5.8	-1.3

category, the growth rate in basic goods was 4.5 per cent, capital goods (-) 6.8 per cent, intermediate goods 1.5 per cent, consumer goods 3.5 per cent, consumer durables 8.7 per cent and consumer non-durables (-) 1.3 per cent.

Table 6: Production growth (per cent) in core infrastructure-supportive industries				
Industry	September 2010	September 2011	2010-11 (Apr-Sep)	2011-12 (Apr-Sep)
Coal	-1.8	-17.8	0.2	-4.8
Crude oil	12.5	0.1	10.2	5.1
Natural Gas	12.6	-6.4	25.2	-8.5
Refinery Products	-10.2	4.4	2.6	4.7
Fertilizers	0.3	-2.1	-2.3	0.6
Steel	11.7	6.6	7.4	9.5
Cement	5.2	0.9	4.7	2.5
Electricity	2.1	8.9	4.1	9.3
Overall growth	3.3	2.3	5.6	4.9

of the core sector industries was 2.3 per cent as compared to the growth of 3.3 per cent during September 2010. During September 2011, the growth in electricity was 8.9 per cent followed by steel 6.6 per cent, refinery products 4.4 per cent, cement 0.9 per cent and crude oil 0.1 per cent. The coal and fertilizers sectors showed negative growth during September 2011.

During September 2011, the IIP growth was 1.9 per cent as compared to 6.1 per cent growth during the corresponding period of previous year. In mining, manufacturing and electricity sectors, the growth rates in September 2011 were (-) 5.6 per cent, 2.1 per cent and 9.0 per cent respectively. In September 2011, under use-based

Eight core industries:
The index for eight core industries (comprising crude oil, petroleum refinery products, coal, electricity, cement, steel, natural gas and fertilizers) with a weight of 37.9 per cent in the IIP grew by 4.9 per cent during April-September 2011-12, as compared to growth rate of 5.6 per cent achieved during the corresponding period in 2010-11. During the month of September 2011, the overall growth

MONEY AND BANKING

Second Quarter Review for 2011-12

RBI released its Second Quarter Review of Monetary Policy for 2011-12 on 25th October, 2011. The important Policy Measures taken by RBI on the basis of the current macroeconomic assessment are:

A. Revision in Domestic Projections

- ✓ GDP growth projected for 2011-12 was 8.0 per cent has been revised downwards to 7.6 per cent.
- ✓ M_3 projection for 2011-12 has been retained at 15.5 per cent.
- ✓ Non-Food credit growth has also been retained at 18 per cent.

B. On the basis of current assessment and in line with the policy stance the Reserve Bank announced the following policy measures:

- ✓ **Repo Rate** increased under the liquidity adjustment facility (LAF) by 25 basis points from 8.25 per cent to 8.5 per cent with immediate effect.
- ✓ **Reverse Repo Rate** under the LAF, determined with a spread of 100 basis points below the repo rate, automatically adjusts to 7.5 per cent with immediate effect.
- ✓ **Marginal Standing Facility (MSF) Rate** determined with a spread of 100 basis points above the repo rate, stands recalibrated at 9.5 per cent with immediate effect.
- ✓ **Bank Rate** has been retained at 6.0 per cent.
- ✓ **Cash Reserve Ratio (CRR)** of scheduled banks has been retained at 6.0 per cent of their net demand and time liabilities (NDTL).

RBI's Expected Outcomes from the above decisions taken are

- i) Continue to anchor medium-term inflation expectations on the basis of a credible commitment to low and stable inflation.
- ii) Reinforce the emerging trajectory of inflation, which is expected to begin to decline in December 2011.
- iii) Contribute to stimulating investment activity.

D. Developmental and Regulatory Policies announced by RBI

1. **Deregulation of Savings Bank Deposit Interest Rate-** (a) Banks are free to determine their savings bank deposit interest rate, subject to the following two conditions:

(i) Each bank will have to offer a uniform interest rate on savings bank deposits up to ₹1 lakh, irrespective of the amount in the account within this limit.

(ii) Second, for savings bank deposits over ₹1 lakh, a bank may provide differential rates of interest, if it so chooses. However, there should not be any discrimination from customer to customer on interest rates for similar amount of deposit.

The operational guidelines in this regard will be issued separately.

2. Financial Markets: *Working Group on the G-Sec and Interest Rate Derivatives Markets:* Setting up a Working Group comprising representatives from various stakeholders to examine and suggest ways for enhancing secondary market liquidity in the G-Sec and the interest rate derivatives markets. Details of the Working Group will be announced separately.

- Broad money (M_3) (up to October 21, 2011) increased by 7.1 per cent as compared to 8.5 per cent during the corresponding period of the last year. The year-on-year growth, as on October 21, 2011 was 14.4 per cent as compared to 17.3 per cent last year.

Table 7 Money Stock: Components and Sources (₹ crore)						
Item	Outstanding as on		Variation over			
	2011		Financial Year so far		Year-on-Year	
	Mar. 31	Oct. 21	2010-11	2011-12	2010	2011
			%	%	%	%
M_3	64,99,548	69,58,664	8.5	7.1	17.3	14.4
Components (i+ii+iii+iv)						
(i) Currency with the Public	9,14,197	9,52,190	9.5	4.2	17.9	13.3
(ii) Demand Deposits with Banks	7,17,660	6,46,007	1.6	-10.0	22.5	-11.5
(iii) Time Deposits with Banks	48,63,979	53,59,307	9.5	10.2	16.4	18.9
(iv) 'Other' Deposits with Reserve Bank	3,713	1,160	4.1	-68.7	-0.2	-71.0
Sources (i+ii+iii+iv+v)						
(i) Net Bank Credit to Government (a+b)	19,82,771	21,81,908	7.5	10.0	22.6	21.6
(a) Reserve Bank	3,96,555	3,94,737				
(b) Other Banks	15,86,216	17,87,171	9.0	12.7	11.8	12.5
(ii) Bank Credit to Commercial Sector (a+b)	42,35,406	44,47,127	7.5	5.0	20.8	18.5
(a) Reserve Bank	2,164	1,878	-	-	-	-
(b) Other Banks	42,33,242	44,45,249	7.5	5.0	21.0	18.5
(iii) Net Foreign Exchange						
Assets of Banking Sector*	13,93,327	15,98,117	5.1	14.7	0.1	18.7
(iv) Government's Currency Liabilities to the Public	12,724	13,312	7.8	4.6	13.2	9.5
(v) Banking Sector's Net Non-monetary Liabilities	11,24,680	12,81,800	-2.9	14.0	10.9	55.2
of which:						
Net Non-monetary Liabilities of RBI	3,68,274	5,78,538	10.5	57.1	-14.0	73.6
* Includes investments in foreign currency denominated bonds issued by IIFC(UK) since March 20, 2009.						
Note: Government balances as on March 31, 2011 are after closure of accounts.						

Reserve money (M_0) during the financial year 2011-12 (up to November 4, 2011) showed deterioration by 0.1 per cent as compared to improvement of 6.7 per cent in the corresponding period of the previous year. The year-on-year variation revealed an increase of 11.6 per cent as on November 4, 2011, compared to 25.4 per cent on the corresponding date of the previous year.

An important source of reserve money, namely, net foreign exchange assets (NFA) of the RBI increased by 13.7 per cent (during the financial year) as on November 4, 2011 as compared to increase of 5.5 per cent in the same period last year. The y-o-y growth rate of NFA, was 16.2 per cent as compared to deterioration by 0.8 per cent on the corresponding date of the last year.

Scheduled Commercial Banks (SCBs): business in India

During the current financial year i.e. 2011-12 (upto October 28, 2011), Bank credit showed improvement of 5.5 per cent as compared to improvement of 8.7 per cent during the corresponding period of last year. The Non-Food credit during this period recorded increase of 5.5 per cent as compared to increase of 8.8 per cent during the corresponding period of last year.

The aggregate deposits with Scheduled Commercial Banks recorded an increase of 8.3 per cent (as on October 28, 2011) as against an increase of 10.6 per cent in the corresponding period of last year.

Table 8. Scheduled Commercial Banks - Business in India						
Items	2011-12 Outstanding as on (Rs. in crore)		Percentage Variation			
			Financial year so far		Year-on-year	
			2010-11	2011-12	2010	2011
	March 25, 2011	October 28, 2011				
Bank Credit	3938659	4158407	8.7	5.5	22.1	17.9
Non-Food credit	3874376	4085730	8.8	5.5	21.4	17.7
Aggregate deposits	5204703	5638721	10.6	8.3	18.7	13.5
Investments in Government. And other approved securities	1500039	1704714	5.1	13.5	7.8	17.2

Table 9 : Policy Rates/Interest Rates (per cent per annum)		
Item / Week Ended	2010	2011
	October 29	October 28
Cash Reserve Ratio (per cent) ⁽¹⁾	6.00	6.00
Bank Rate	6.00	6.00
Repo Rate	6.00	8.50
Reverse Repo Rate	5.00	7.50
Prime Lending Rate ⁽²⁾	7.50 / 8.50	10.00-10.75
Deposit Rate ⁽³⁾	7.00/8.00	8.50 – 9.25
Call Money Rate (Low / High) ⁽⁴⁾		
- Borrowings	6.96	8.40
- Lendings	6.96	8.40
⁽¹⁾ Cash Reserve Ratio relates to Scheduled Commercial Banks (excluding Regional Rural Banks). ⁽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⁾ Data cover 90-95 per cent of total transactions reported by participants.		

Interest rates (per cent per annum): As on October 28, 2011, Bank Rate was 6.00 per cent. Call money rates (borrowing & lending) were 8.40 per cent as compared with 6.96 per cent on the corresponding date of last year.

EXTERNAL SECTOR

Foreign trade: Exports, in US dollar terms and customs basis, during September 2011 increased by 36.4 per cent and imports increased by 17.2 per cent over September 2010. Oil imports increased by 14.6 per cent and non-oil imports increased by 18.2 per cent during September 2011 over September 2010.

Table 10 : Exports and imports (in US dollar million)					
Item	2009-10 (Apr-Mar)	2010-11 (Apr-Mar)	September 2010	September 2011	% Change in Sept. 2011
Exports	178751	252354	18203.5	24821.6	36.4
Imports	288373	352575	29511.8	34588.9	17.2
Oil	87136	106068	8035.0	9209.9	14.6
Non-Oil	201237	246507	21476.8	25378.9	18.2
Trade	-109621	-100221	-11308.3	-9767.3	-
Source: Provisional data as per the Press Note of the Ministry of Commerce and Industry					

Foreign Currency Assets

Table 11: Foreign Currency Assets				
	Amount		Variation	
	`crore	US\$ million	`crore	US\$ million
At the end of			(over last year)	
March, 2008	1196023	299230	359426	107306
March, 2009	1231340	241676	35317	-57554
March, 2010	1150778	254935	-80562	13259
March, 2011	1225999	274580	75221	19645
2011-12			(over last month)	
April 2011	1252790	282287	26791	7707
May 2011	1259881	279787	7091	-2500
June 2011	1268744	283708	8863	3921
July 2011	1264787	286410	-3957	2702
August 2011	1317478	286284	52691	-126
Sept. 2011	1350855	276079	33377	-10205
Oct.. 2011	1380417	282467	29562	6388
Source: RBI.				

Exchange rate: The rupee depreciated by 3.3 per cent against US dollar, 3.1 per cent against Pound Sterling, 3.2 per cent against Japanese Yen and 2.9 per cent against Euro in the month of October, 2011 over September, 2011.

Table 12 : Rupees per unit of foreign currency*				
	US dollar	Pound Sterling	Japanese Yen	Euro
March, 2008	40.3561	80.8054	0.4009	62.6272
March, 2009	51.2287	72.9041	0.5251	66.9207
March, 2010	45.4965	68.4360	0.5018	61.7653
March 2011	44.9684	72.7070	0.5498	62.9660
2011-12				
April 2011	44.3700	72.7237	0.5331	64.2505
May 2011	44.9045	73.4103	0.5532	64.4833
June 2011	44.8295	72.7881	0.5565	64.5157
July 2011	44.4174	71.6485	0.5591	63.4602
August 2011	45.2538	74.1083	0.5868	64.9380
Sept. 2011	47.6335	75.1168	0.6203	65.4744
Oct. 2011	49.2579	77.4901	0.6411	67.4458
* FEDAI Indicative Market Rates (on Monthly average basis).				

External assistance and debt service payments: Gross external aid in April-October 2011-12 is ` 16643 crore as compared to ` 23843 crore during the corresponding period of 2010-11. Net disbursement was ` 9094 crore in 2011-12 compared to ` 17044 crore in 2010-11. Net transfers were ` 7088 crore in 2011-12 compared to ` 15192 crore in 2010-11.

Table 13 : External Assistance and Debt Service Payments				
				(` crore)
	October 2011	During the Financial year 2011-12 (Apr-Oct)	October 2010	During the Financial year 2010-11(Apr-Oct)

External Assistance (Government Account)				
1) Gross Disbursement	3938.17	12506.26	2038.17	20041.48
2) Repayments	396.00	6764.19	319.83	6193.36
3) Interest Payments	252.77	1767.48	213.28	1599.74
4) Net Disbursement (1-2)	3542.17	5742.07	1718.34	13848.12
5) Net Transfers (4-3)	3289.40	3974.59	1505.06	12248.38
External Assistance (Non-Government Account)				
1) Gross Disbursement	956.98	2706.43	451.12	2834.26
2) Repayments	1.57	834.50	0.22	606.03
3) Interest Payments	0.32	188.50	7.50	251.97
4) Net Disbursement (1-2)	955.41	1871.93	450.90	2228.23
5) Net Transfers (4-3)	955.09	1683.43	443.40	1976.26
Government Grants				
1) Gross Disbursement	716.39	1374.74	740.47	873.08
2) Repayments	0.00	0.00	0.00	0.00
3) Interest Payments	0.00	0.00	0.00	0.00
4) Net Disbursement (1-2)	716.39	1374.74	140.47	873.08
5) Net Transfers (4-3)	716.39	1374.74	140.47	873.08
Non-Government Grants				
1) Gross Disbursement	2.19	55.19	2.86	94.45
2) Repayments	0.00	0.00	0.00	0.00
3) Interest Payments	0.00	0.00	0.00	0.00
4) Net Disbursement (1-2)	2.19	55.19	2.86	94.45
5) Net Transfers (4-3)	2.19	55.19	2.86	94.45
Grand Total				
1) Gross Disbursements	5613.73	16642.62	2632.62	23843.27
2) Repayments	397.57	7598.69	320.05	6799.39
3) Interest Payments	253.09	1955.98	220.78	1851.71
4) Net Disbursement (1-2)	5216.16	9043.93	2312.57	17043.88
5) Net Transfers (4-3)	4963.07	7087.95	2091.79	15192.17

INFLATION

Wholesale Price Index (WPI 2004-05=100): The WPI inflation for the month of October 2011 is reported at 9.73 per cent as against 9.72 per cent last month and 9.08 per cent last year. The revised WPI inflation for August 2011 is 9.78 per cent same as reported earlier. Inflation in Primary Articles and Manufactured Product declined in the current month. Inflation for Food Articles (Wt 14.34 %) for the month of October 2011 has again jumped to double digits at 11.06 per cent from 9.23 per cent in the last month. This is mainly on account of cereals (rice, ragi), pulses, vegetables (peas, tomatoes, cabbage), milk, egg, fish and condiment & spices. The average WPI inflation rate for last 12 months (Nov 2010 to Oct 2011) was 9.5 per cent as compared to 9.1 per cent during corresponding period in 2010-11. The build-up of inflation since March to October 2011 stood at 4.9 per cent during current financial year,

almost same as in the corresponding period last year. WPI inflation rates for major subgroups are indicated in Table 14 below.

Table 14: Current Price Situation based on Monthly WPI in October 2011 (Base: 2004-05=100)							
Major groups	Weight (%)	Cumulative change (%) Since March		Inflation (%)		Inflation (%) (Average of 12 months)	
		2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
ALL COMMODITIES	100.00	4.88	4.84	9.73	9.08	9.48	9.09
PRIMARY ARTICLES	20.12	8.55	10.55	11.40	18.09	13.85	19.09
<i>Food articles</i>	14.34	12.23	10.57	11.06	14.64	11.78	20.05
FUEL AND POWER	14.91	7.87	5.71	14.79	11.02	12.52	10.26
MANUFACTURED PDT.	64.97	2.58	2.38	7.66	5.13	6.89	5.14

Inflation based on Consumer Price Index: Inflation in Consumer Price Index for Industrial Workers (CPI-IW) has increased to 10.06 per cent in September 2011 as compared to 9.82 per cent in the corresponding month last year. CPI-IW food inflation (weight 46.20%) has also increased to 8.29 per cent in September 2011 from 7.33 per cent in the last month. CPI-RL food inflation (weight 66.77%) has declined to 6.65 per cent in September 2011 from 6.89 per cent in last month.

Table 15: Year-on-Year inflation based on WPI and CPI (per cent)					
	WPI	CPI-IW	CPI-UNME	CPI-AL	CPI-RL
Base	2004-05	2001	1984-85	1986-87	1986-87
Apr-10	10.88	13.33	14.41	14.96	14.96
May-10	10.48	13.91	14.09	13.68	13.68
June-10	10.25	13.73	14.12	13.02	13.02
July-10	9.98	11.25	11.54	11.02	11.24
Aug-10	8.87	9.88	10.30	9.65	9.66
Sep-10	8.98	9.82	10.39	9.13	9.34
Oct-10	9.08	9.70	9.64	8.43	8.45
Nov-10	8.20	8.33	8.40	7.14	6.95
Dec-10	9.45	9.47	9.44	7.99	8.01
Jan-11	9.47	9.30		8.67	8.69
Feb-11	9.54	8.82		8.55	8.55
Mar-11	9.68	8.82		9.14	8.96
April-11	9.74	9.41		9.11	9.11
May-11	9.56	8.72		9.63	9.63
June-11	9.51	8.62		9.32	9.14
July-11	9.36	8.43		9.03	9.03
Aug-11	9.78	8.99		9.52	9.71
Sep-11	9.72	10.06		9.43	9.25
Oct-11	9.73	-	-	-	-
Note: WPI-inflation: Sep and Oct-2011 are provisional and CPI_UNME is linked index from April, 2008 onward.					

Table 16: World Commodity Price Data

			Annual averages			Monthly averages		
			Jan-Dec	Jan-Dec	Jan-Oct	Aug	Sep	Oct
Commodity		Unit	2009	2010	2011	2011	2011	2011
Energy								
Coal, Australia	a/	\$/mt	71.84	98.97	122.78	118.80	122.55	118.99

Crude oil, average	a/	\$/bbl	61.76	79.04	103.85	100.49	100.82	99.85
Crude oil, Brent	a/	\$/bbl	61.86	79.64	111.41	110.09	110.88	109.47
Crude oil, Dubai	a/	\$/bbl	61.75	78.06	105.76	105.06	106.00	103.67
Crude oil, West Texas Int.	a/	\$/bbl	61.65	79.43	94.50	86.32	85.58	86.41
Natural gas, Europe	a/	\$/mmbtu	8.71	8.29	10.33	10.81	10.85	11.42
Agriculture Beverages	-							
Coffee, arabica	b/	¢/kg	317.1	432.0	610.9	595.2	606.0	546.3
Tea, auctions (3) average	b/	¢/kg	272.4	288.5	295.7	304.0	288.7	291.1
Food	-							
Coconut oil	b/	\$/mt	725	1,124	1,784	1454	1,310	1,209
Copra	-	\$/mt	480	750	1,194	985	867	804
Groundnut oil	b/	\$/mt	1,184	1,404	1,839	2100	2,110	n.a
Palm oil	b/	\$/mt	683	901	1,143	1083	1,068	995
Palmkernel oil	-	\$/mt	700	1,184	1,711	1375	1,275	1,085
Soybean meal	b/	\$/mt	408	378	408	401	401	374
Soybean oil	b/	\$/mt	849	1,005	1,317	1330	1,309	1,216
Soybeans	b/	\$/mt	437	450	450	558	266.8	502
Grains	-							
Barley	b/	\$/mt	128.3	158.4	206.3	206.1	209.6	208.8
Maize	b/	\$/mt	165.5	185.9	296.7	310.2	295.3	274.8
Rice, Thailand, 25%	-	\$/mt	458.1	441.5	492.2	531.7	555.5	559.6
Wheat, Canada	-	\$/mt	300.5	312.4	447.4	434.9	408.7	414.1
Sugar, world	b/	¢/kg	40.00	46.93	58.40	61.18	58.78	56.11
Raw Materials	-							
Logs, Malaysia	b/	\$/cum	287.2	278.2	389.5	450.0	453.6	435.9
Plywood	-	¢/sheets	564.6	569.1	605.9	619.2	631.1	621.2
Cotton A Index	b/	¢/kg	138.2	228.3	355.2	251.5	258.1	242.3
Rubber RSS3	b/	¢/kg	192.1	365.4	475.5	467.6	455.2	406.1
Metals and Minerals	-							
Aluminum	b/	\$/mt	1,665	2,173	2,471	2379	2,293	2,181
Copper	b/	\$/mt	5,150	7,535	9,079	9001	8,300	7,394
Gold	-	\$/toz	973	1,225	1,544	1757	1,771	1,665
Iron ore, spot, cfr China	-	\$/dmt	80.0	145.9	174.1	177.5	177.2	150.4
Steel cr coilsheet	c/	\$/mt	783	816	890	900	900	900

Source: World Bank – The Pink Sheet

FISCAL SITUATION

- Gross tax revenue has increased by 14 per cent compared to the corresponding period last year with the main contributors being custom duties, taxes on income and service tax which have registered growth of 23 per cent, 16 per cent and 38 per cent respectively.
- As proportions of Budget Estimates, fiscal deficit and revenue deficit were at 68.0 per cent and 72.2 percent respectively in April-September 2011.

Table 17: Trends in Central Government Finances during April-September 2011

Budget Estimates	April-September		Col.3 as	Col. 4 as	Per cent Change	
2011-12	2010-11	2011-12	per cent of	per cent of	over preceding year	
			2010-11	2011-12	2010-11	2011-12
			BE	BE		(4/3)
(` Crore)						

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1. Revenue Receipts	7,89,892	398,234	305,528	58.4	38.7	62.9	-23.3	
Gross tax revenue	9,32,440	324,397	369,353	43.4	39.6	25.3	13.9	
Tax (net to Centre)	6,64,457	233,415	254,731	43.7	38.3	25.7	9.1	
Non Tax	1,25,435	164,819	50,797	111.3	40.5	180.3	-69.2	
2. Capital Receipts	4,67,837	139,743	293,565	32.8	62.7	-31.6	110.1	
of which:								
Recovery of loans	15,020	4,256	10,024	83.0	66.7	84.9	135.5	
Other Receipts	40,000	2,235	2,731	5.6	6.8		22.2	
Borrowings and other liabilities	4,12,817	133,252	280,810	34.9	68.0	-32.6	110.7	
3. Total Receipts (1+2)	12,57,729	537,977	599,093	48.5	47.6	19.9	11.4	
4.Non-Plan Expenditure (a)+(b)	8,16,182	368,270	421,270	50.1	51.6	14.3	14.4	
(a) Revenue Account	7,33,558	328,308	376,275	51.0	51.3	9.0	14.6	
of which:								
Interest payments	2,67,986	102,779	122,499	41.3	45.7	18.6	19.2	
Major Subsidies	1,34,211	64,036	75,190	58.9	56.0	-3.0	17.4	
Pensions	54,521	25,015	29,694	58.4	54.5	17.6	18.7	
(b) Capital Account	82,624	39,962	44,995	43.4	54.5	92.1	12.6	
5.Plan Expenditure (i)+(ii)	4,41,547	169,707	177,823	45.5	40.3	33.9	4.8	
(i) Revenue Account	3,63,604	144,847	151,033	46.0	41.5	33.9	4.3	
(ii) Capital Account	77,943	24,860	26,790	42.9	34.4	33.5	7.8	
6.Total Expenditure (4)+(5)=(a)+(b)	12,57,729	537,977	599,093	48.5	47.6	19.9	11.4	
(a)Revenue Expenditure	10,97,162	473,155	527,308	49.4	48.1	15.6	11.4	
(b) Of which Grants for creation of Capital Assets	1,46,853	16,678	51,411	53.3	35.0	-	208.3	
(c)Capital Expenditure	160,567	64,822	71,785	43.2	44.7	64.5	10.7	
7. Revenue Deficit	307,270	74,921	221,780	27.1	72.2	-54.6	196.0	
8.Effective Revenue Deficit(7-6(b))	1,60,417	58,243	170,369	23.8	106.2	-	192.5	
9. Fiscal Deficit	4,12,817	133,252	280,810	34.9	68.0	-32.6	110.7	
10. Primary Deficit	1,44,831	30,473	158,311	23.0	109.3	-72.6	420	

Source: Review of Union Government Accounts, September 2011, Ministry of Finance.