



Government of India
Ministry of Finance and Company Affairs
Department of Economic Affairs
Economic Division
8(2) /Ec Dn/ 2003

MONTHLY ECONOMIC REPORT

SEPTEMBER, 2003

HIGHLIGHTS

- The monsoon season rainfall upto September 17, 2003 was normal/excess in 92 per cent of meteorological sub-divisions.
- Foodgrain stocks were 27.83 million tonnes as on September 1, 2003.
- Overall industrial growth was 5.6 per cent in April-July, 2003-04 as compared with 5.0 per cent in April-July, 2002-03.
- Core infrastructure sectors achieved an average growth rate of 3.6 per cent in April-July, 2003-04 as compared with 7.2 per cent in April-July, 2002-03.
- Broad money (M3) growth was 5.6 per cent during the period March 31, 2003 to August 22, 2003. Annual growth as on August 22, 2003 was 11.6 per cent.
- The annual inflation rate in terms of WPI (Base 1993-94) was 4.29 per cent for week ended September 6, 2003 compared with 3.71 per cent a year ago.
- Exports grew by 9.3 per cent in dollar terms in April-July, 2003-04 compared with 18.1 per cent in April-July, 2002-03. Imports increased by 22.7 per cent in April-July, 2003-04 compared with an increase of 4.5 per cent in April-July, 2002-03.
- Rupee appreciated against US Dollar, Pound Sterling, Euro and Japanese Yen in August, 2003.
- Forex reserves (excluding Gold & SDRs) stood at \$82.62 billion at the end of August, 2003.
- Tax revenue (net to Centre) during April-July, 2003-04, lower by 9.5 per cent over April-July, 2002-03.
- Fiscal deficit during April-July, 2003-04 is 34.2 per cent of the budget estimates as compared with 43.9 per cent in the corresponding period of last year.

(G. R. Reddy)
Adviser

AGRICULTURE

MONSOON SEASON RAINFALL*

Number of Meteorological Sub-divisions							
	1998	1999	2000	2001	2002	1998-02+	2003
Excess/Normal	32	30	26	29	20	27	33
Deficient/Scanty/Nil	4	6	10	7	16	9	3
Total	36	36	36	36	36	36	36
+ Annual average		* (June-Sept.)					

The Monsoon season rainfall from June 1, 2003 to September 17, 2003 was normal/excess in 33 (92 per cent) meteorological sub-divisions and deficient/scanty in the remaining 3 (8 per cent). The annual average for 1998-2002 was normal/excess in 27 (76 per cent) meteorological sub-divisions and deficient/scanty in the remaining 9 (24 per cent).

PROCUREMENT

(Million Tonnes)

	Full Marketing Year			Up to September 22		
	2000-01 (2)	2001-02 (3)	2002-03 (4)	2002(P) (5)	2003(P) (6)	% change Col. (6)/(5)
(1)						
Rice (Oct-Sep)	19.59	21.28	-	21.04	16.35	-22.3
Wheat (Apr-Mar)	16.36	20.63	19.02	19.02	15.80	-16.9
Total	35.95	41.91	19.02	40.06	32.15	-19.7

Wheat procurement up to September 22, 2003 in the current marketing year, (i.e., 2003-2004) was lower by 16.9 per cent at 15.80 million tonnes compared with 19.02 million tonnes in the corresponding period in 2002-03. Procurement of rice during the marketing year 2002-03 (up to September 22, 2003) at 16.35 million tonnes was lower by 22.3 per cent than the level of 21.04 million tonnes during the corresponding period of 2001-02.

OFF-TAKE

(Million Tonnes)

	2000-01(P)	2001-02(P)	2002-03(P)	April-July	
				2002-03	2003-04
Rice	10.42	15.32	24.60	8.54	9.56
Wheat	7.79	15.98	24.99	5.42	8.07
Total	18.21	31.30	49.59	13.96	17.63

P- Provisional

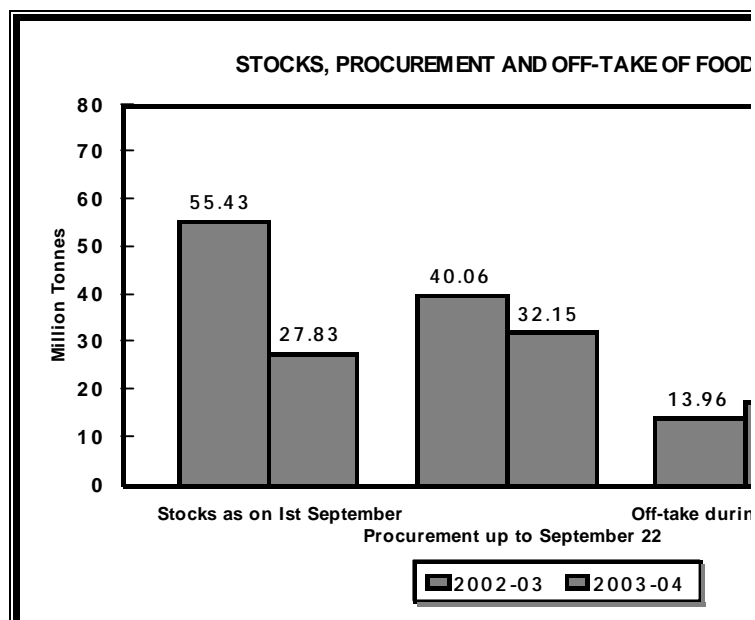
Off-take from the Public Distribution System during April-July, 2003-04 was 17.63 million tonnes, which was higher by 26.31 per cent than the off-take of 13.96 million tonnes during April-July, 2002-03.

STOCKS

(Million Tonnes)

	As on 1st Aug.		As on 1st Sept.	
	2002	2003	2002	2003
Rice	20.13	8.07	17.53	7.12
Wheat	39.65	22.43	37.90	20.71
Total	59.78	30.50	55.43	27.83

Stocks of foodgrains as on 1st September, 2003 stood at 27.83 million tonnes which was lower by 49.8 per cent than the level at 55.43 million tonnes as on 1st September, 2002.

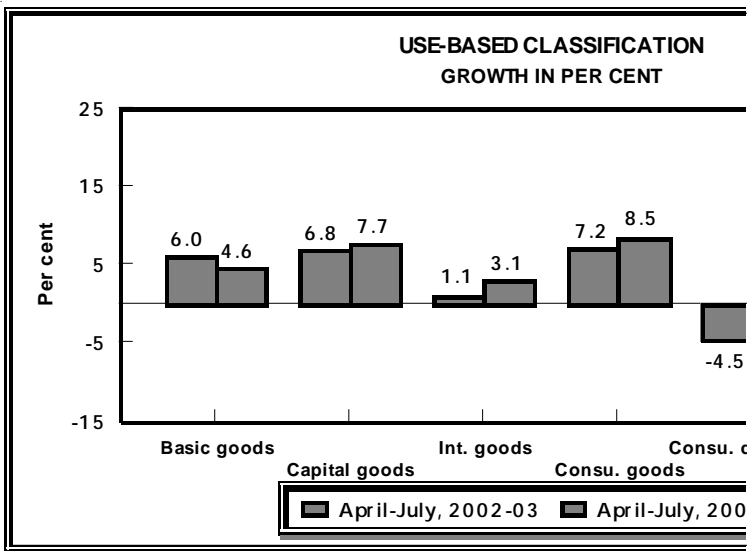
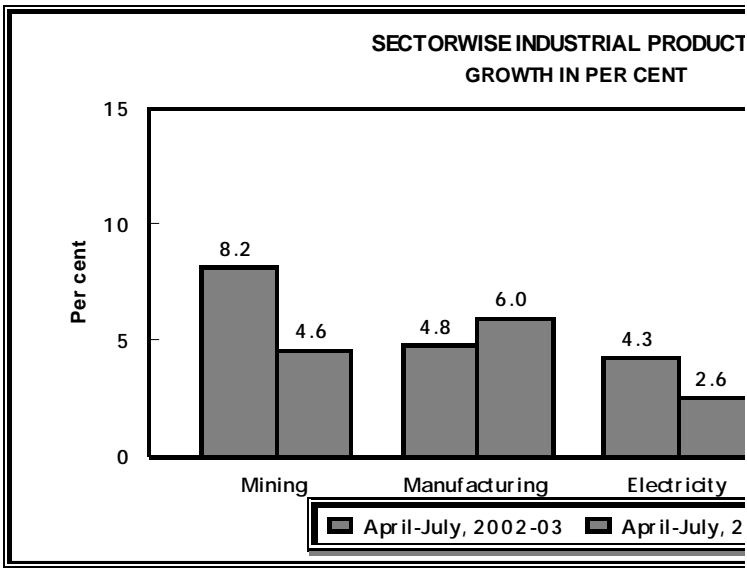


INDEX OF INDUSTRIAL PRODUCTION

SECTORWISE INDEX OF INDUSTRIAL PRODUCTION					<i>(Percentage change)</i>	
(Base = 1993-94 = 100)						
	2001-02/ 2000-01	2002-03/ 2001-02	July '02/ July '01	July '03/ July '02	<u>April-July</u>	
					2002-03	2003-04
<u>General</u>	2.7	5.7	7.1	5.6	5.0	5.6
Mining & Quarrying	1.2	5.7	12.1	2.6	8.2	4.6
Manufacturing	2.9	6.0	6.7	6.8	4.8	6.0
Electricity	3.1	3.2	6.1	-1.9	4.3	2.6
<u>Use-Based Classification</u>						
Basic goods	2.6	4.8	7.5	4.1	6.0	4.6
Capital goods	-3.4	10.6	11.8	9.0	6.8	7.7
Intermediate goods	1.5	3.9	3.4	5.4	1.1	3.1
Consumer goods	6.0	7.0	9.0	6.3	7.2	8.5
<u>Of which</u>						
Consumer Durables	11.5	-6.2	-11.9	6.2	-4.5	3.8
Consumer non-Durables	4.1	11.9	18.2	6.3	11.9	10.0

The overall growth rate of Industrial production during **April-July, 2003-04** was 5.6 per cent as compared to 5.0 per cent in April-July, 2002-03. The growth in mining & quarrying, manufacturing sector and electricity generation during April-July, 2003-04 was 4.6%, 6.0% and 2.6% respectively as against 8.2%, 4.8% and 4.3% in April-July, 2002-03.

As per the use-based classification, production in basic goods registered lower increase and production in capital goods, intermediate goods and consumer goods registered higher increase during April-July, 2003-04 compared with April-July, 2002-03.

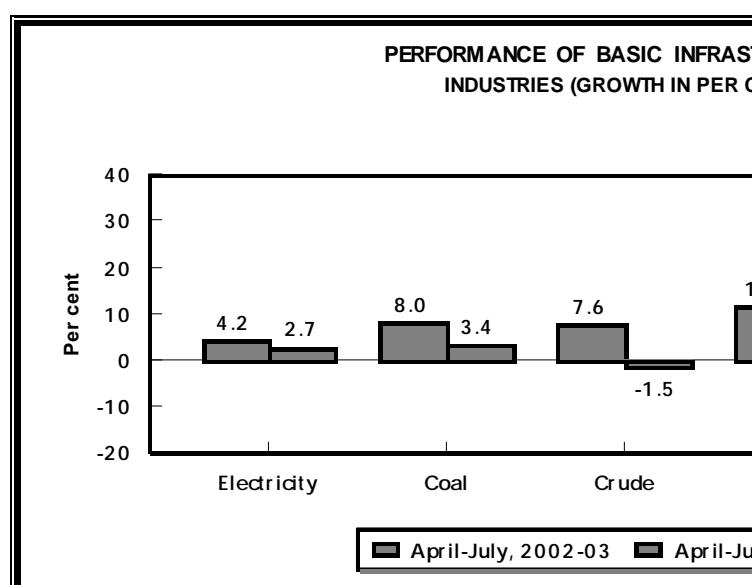


INFRASTRUCTURE INDUSTRIES

PRODUCTION IN INFRASTRUCTURE INDUSTRIES								
Industry/Infrastructure	Unit	July 2002	July 2003	Full Year 2002-03	April-July		Percentage change April-July	
					2002-03	2003-04	2002-03/ 2001-02	2003-04/ 2002-03
Coal	Mn tons	25.9	26.6	336.7	101.7	105.2	8.0	3.4
Electricity Generation	Mn kw	44812	43955	531430	174607	179248	4.2	2.7
Hydel	Mn kw	6570	7168	63773	23811	23495	-3.2	-1.3
Thermal (including nuclear)	Mn kw	38242	36787	467657	150796	155755	5.5	3.3
Crude petroleum	000 tons	2849	2859	33074	11015	10852	7.6	-1.5
Petroleum Products	000 tons	8735	9393	104683	34480	35198	6.1	2.1
Finished steel	000 tons	2857	3078	34377	10966	11798	10.5	7.6
Cement	000 tons	9645	9870	116348	39395	41167	11.5	4.5
Average growth rate*	(%)	10.2	2.6	5.2	-	-	7.2	3.6
Cargo handled at major ports	Mn tons	25.25	27.26	313.23	101.15	107.03	10.6	5.8
Telecommunications								
a) Net switching capacity	000 lines	439.28	200.29	4477.63	1090.82	377.99	15.7	-65.3
b) Net Tele. connections	000 nos	281.21	1258.19	3399.44	728.89	2882.66	-2.0	295.5
Revenue earning goods traffic on railways	Mn tons	43.17	45.46	518.48	166.58	178.63	7.7	7.2

* 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 six core infrastructure industries registered mixed performance in **April-July, 2003-04** as compared to April-July, 2002-03. During April-July, 2003-04 average growth rate was 3.6 per cent as compared to an increase of 7.2 per cent in April-July, 2002-03.



REVENUE EARNING GOODS TRAFFIC ON RAILWAYS

(Million Tonnes)

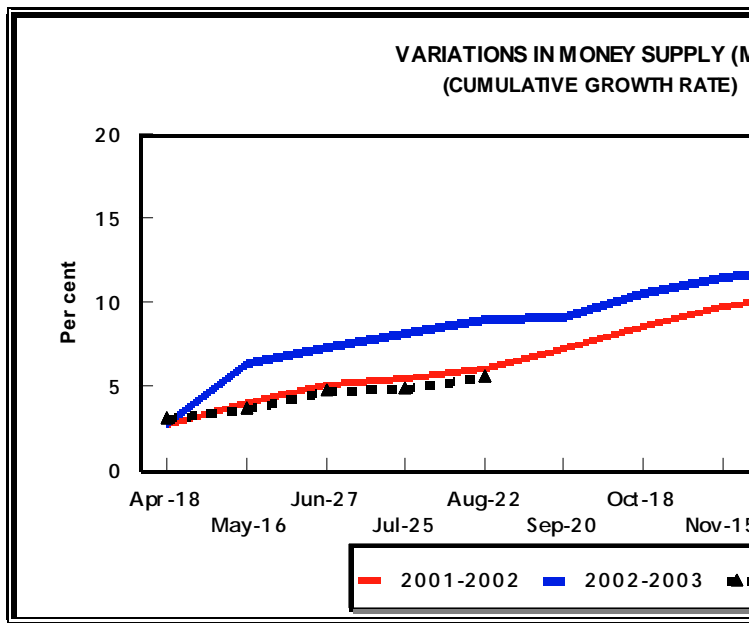
REVENUE EARNING GOODS TRAFFIC ON RAILWAYS							
Commodities	July		Full Year	April-July		Percentage Change	
	2002	2003		2002-03	2003-04	July 2003/2002	April-July 2003-04/ 2002-03
Coal	19.89	20.26	235.72	76.02	80.74	1.9	6.2
Raw material for Steel Plants	3.35	3.67	41.00	12.69	14.25	9.6	12.3
Pig Iron & Finished Steel From Steel Plants	1.06	1.22	13.14	3.91	4.41	15.1	12.8
Iron Ore for Exports	1.42	1.80	16.66	4.52	6.81	26.8	50.7
Cement	4.07	3.93	46.21	16.10	16.64	-3.4	3.4
Foodgrains	3.55	4.11	45.54	14.43	15.37	15.8	6.5
Fertilizers	2.35	2.15	26.30	8.71	7.80	-8.5	-10.4
POL	3.03	2.91	34.00	12.02	10.64	-4.0	-11.5
Balance other goods	4.45	5.41	59.91	18.18	21.97	21.6	20.8
Total	43.17	45.46	518.48	166.58	178.63	5.3	7.2

The revenue earning goods traffic handled by the Railways increased by 7.2 per cent during **April-July, 2003-04** as compared to 7.7 per cent in April-July, 2002-03.

MONEY AND BANKING

VARIATIONS IN MONEY STOCK						
	Full Year Mar 31 '02 to Mar 31 '03	Mar 31 '03 to Aug 22 '03 (P)	Full Year Mar 31 '02 to Mar 31 '03	Mar 31 '02 to Aug 23 '02 (P)	Mar 31 '03 to Aug 22 '03 (P)	Aug 23 '02 to Aug 22 '03 (P)
	<i>(Rs crore)</i>		<i>(per cent)</i>			
M3(M1+ III)	226868	97168	15.1	9.0	5.6	11.6
I. Currency with the public	30189	13243	12.5	4.4	4.9	13.0
II. Demand deposits with banks	19403	3487	10.8	-1.7	1.8	14.7
III. Time deposits with banks	176884	79293	16.4	11.7	6.3	10.8
IV. Other deposits with RBI	392	1145	13.8	25.3	35.3	22.8
Sources of change in M3						
<i>(1+2+3+4-5)</i>						
1. Net Bank Credit to Govt (A+B)	88494	29151	15.0	8.3	4.3	10.7
A. RBI's net credit to Govt	-31498	-45894	-20.7	-11.8	-38.0	-44.3
B. Other bank credit to Govt	119992	75045	27.4	15.3	13.5	25.4
2. Bank credit to commercial sector	146963	2089	19.3	8.4	0.2	10.4
3. Net foreign exchange assets of banking sector	82680	34219	26.6	11.7	8.7	23.2
4. Govt's currency liabilities to the public	705	1	11.1	5.7	0.0	5.1
5. Banking sector's net non-monetary liabilities other than time deposits	91976	-31708	54.7	9.0	-12.2	24.7
P : Provisional						
Data since April 1999 are provisional.						
Revised in line with the new accounting standards and consistent with the methodology suggested by the Working Group on Money Supply: Analytics and Methodology of Compilation (June 1998). The revision is in respect of pension and provident funds with commercial banks which are classified as other demand and time liabilities and includes those banks which have reported such changes so far.						
Government balances as on March 31, 2002 are after closure of accounts.						

During the current financial year (i.e., March 31, 2003 to August 22, 2003) money supply (M3) increased by 5.6 per cent which is lower than 9.0 per cent recorded in the corresponding period of 2002-03. Among its components, currency with the public showed a growth of 4.9 per cent as against 4.4 per cent in the corresponding period of last year. Demand deposits with banks showed an increase of 1.8 per cent as against a decline of 1.7 per cent in the corresponding period of last financial year. Time deposits with banks increased by 6.3 per cent as against 11.7 per cent (net of mergers, 8.2 per cent) in the corresponding period of last financial year. The annual growth of M3 as on August 22, 2003 stood at 11.6 per cent.



On the sources side, Net Bank Credit to Government recorded a growth of 4.3 per cent during the current financial year (i.e. March 31, 2003 to August 22, 2003) as against 8.3 per cent in the corresponding period of 2002-03. Bank credit to the commercial sector increased by 0.2 per cent as against an increase of 8.4 per cent in the corresponding period of last year. Net foreign exchange assets of banking sector increased by 8.7 per cent as against 11.7 per cent in the corresponding period of 2002-03.

SCHEDULED COMMERCIAL BANKS

SCHEDULED COMMERCIAL BANKS: VARIATION IN ASSETS AND LIABILITIES						
	Full Year Mar 22,'02 to Mar 21,'03	Mar 21,'03 to Aug 22,'03 (P)	Full Year Mar 22,'02 to Mar 21,'03	Mar 22,'02 to Aug 23,'02 (P)	Mar 21,'03 to Aug 22,'03 (P)	Aug 23,'02 to Aug 22,'03 (P)
	<i>(Rs crore)</i>		<i>(per cent)</i>			
1. Bank credit	139492	-1971	23.7	10.8	-0.3	11.3
Food credit	-4499	-8197	-8.3	4.5	-16.6	-26.8
Non-food credit	143991	6226	26.9	11.4	0.9	14.9
2. Aggregate deposits	177493	81428	16.1	10.3	6.4	11.9
Demand deposits	17241	4219	11.3	-1.4	2.5	15.6
Time deposits	160252	77209	16.9	12.2	7.0	11.4
3. Investments in Govt. and other approved securities	109277	70980	24.9	14.4	13.0	23.4
Governments securities	112241	67678	27.3	15.6	12.9	24.3
Other approved securities	-2964	3302	-10.9	-5.0	13.7	6.5
<p>P : Provisional Data since April 1999 are provisional. Revised in line with the new accounting standards and consistent with the methodology suggested by the Working Group on Money Supply: Analytics and Methodology of Compilation (June 1998). The revision is in respect of pension and provident funds with commercial banks which are classified as other demand and time liabilities and includes those banks which have reported such changes so far.</p>						

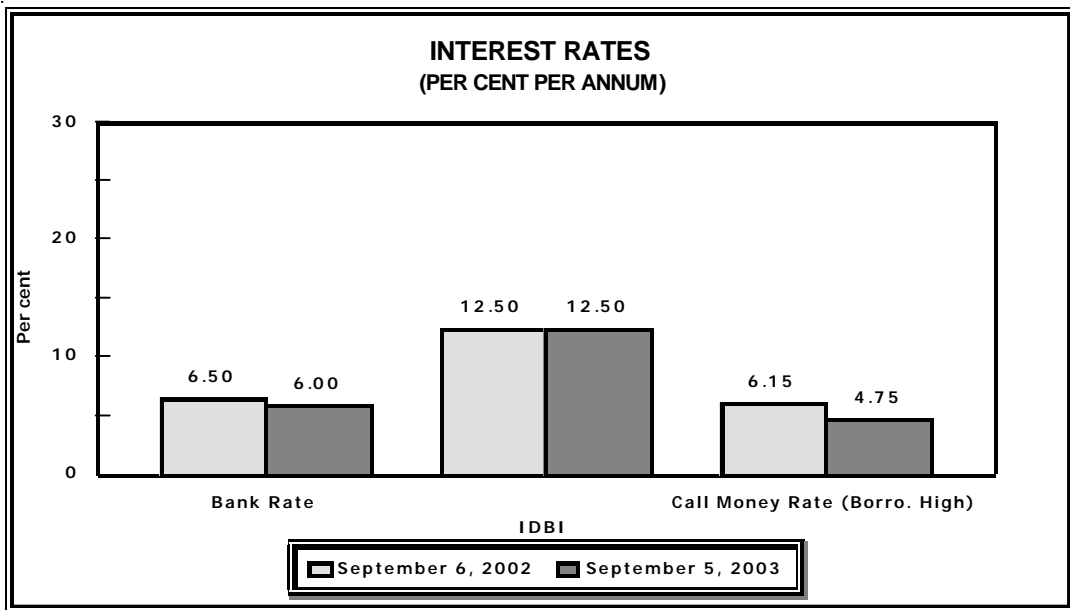
Bank credit by the scheduled commercial banks during the current financial year (i.e. March 21, 2003 to August 22, 2003) showed a decline of 0.3 per cent as against an increase of 10.8 per cent in the corresponding period of last financial year. Food credit decreased by 16.6 per cent as compared with an increase of 4.5 per cent in the corresponding period of the last year. Non-food credit recorded a marginal increase of 0.9 per cent as compared with an increase of 11.4 per cent in the corresponding period of the last year.

INTEREST RATES (PER CENT PER ANNUM)

<i>Item/ Week ended</i>	2002	2003
	<i>Sep. 6</i>	<i>Sep. 5</i>
1	2	3
Bank Rate	6.50	6.00
I.D.B.I. ¹	12.50	12.50
Prime Lending Rate ²	11.00-12.00	10.50-11.50
Deposit Rate ³	7.00-8.00	5.00-6.00
Call Money Rate ⁴ (Low/High)		
-Borrowings	4.25/6.15	3.00/4.75
-Lendings	4.50/6.55	3.00/4.75

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 90-95 per cent of total transactions reported by major participants.

As on September 5, 2003, Prime Lending Rate ranged from 10.50 to 11.50 per cent as against 11.00 to 12.00 per cent on September 6, 2002. Deposit Rate ranged from 5.00 to 6.00 per cent as against 7.00 to 8.00 per cent on the corresponding day of last year.



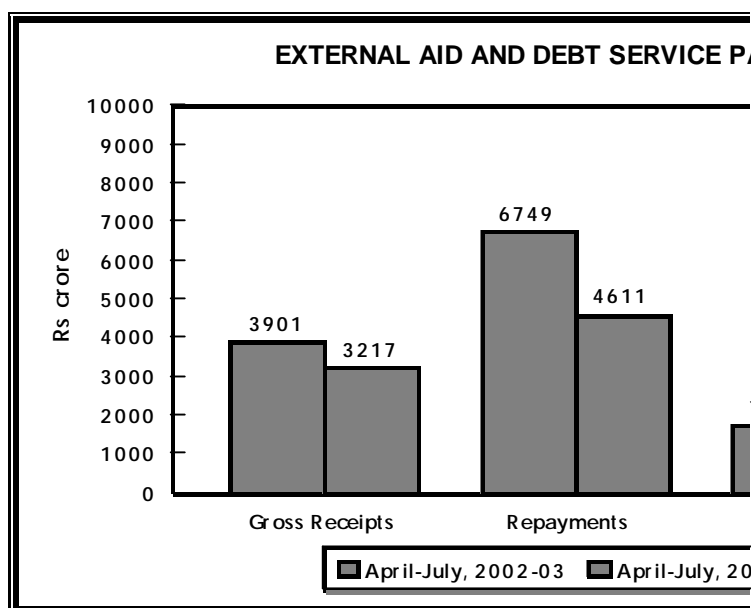
EXTERNAL AID RECEIPTS AND DEBT SERVICE PAYMENTS*

(Rs Crore)

	Receipts		Repayment of Principal		Payment of Interest	
	2002-03	2003-04	2002-03	2003-04	2002-03	2003-04
Loans- Govt. A/C	2917	2488	3862	3476	1346	1068
Grants- Govt. A/C	151	243	-	-	-	-
Total	3068	2731	3862	3476	1346	1068
Non-Govt. loans	795	446	2887	1135	407	118
Grants-Non-Govt.	38	40	-	-	-	-
Grand Total	3901	3217	6749	4611	1753	1186
	(798)	(687)	(1380)	(984)	(358)	(253)
Net Flows (net of repayment)	-2848	-1395	-	-	-	-
Net Transfers (net of repayment and interest payments)	-4601	-2581	-	-	-	-

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

Gross external aid in **April-July, 2003-04** at Rs 3217 crore was 17.5 per cent lower than that of Rs 3901 crore in April-July, 2002-03. Net aid flows (net of repayments) amounted to Rs (-)1395 crore as against Rs(-)2848 crore in the corresponding period of the last year. Net aid transfers (net of repayments and interest payments) was Rs (-)2581 crore as against Rs (-)4601 crore in the corresponding period of last year.



EXCHANGE RATES

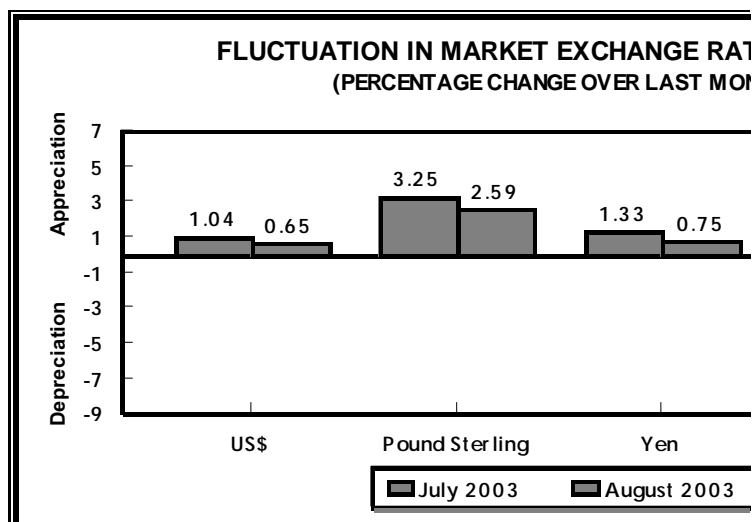
Rupees Per Unit of Foreign Currency

(Market Rate^a)

Month	US Dollar	Pound Sterling	Japanese Yen	Euro	5 Country NEER Base 1995=100	5 Country REER
March 2001	46.62	67.39	0.3846	42.44	82.00	102.89
March 2002	48.74	69.37	0.3723	42.75	80.60	104.98
March 2003	47.64	75.44	0.4015	51.52	75.27	100.01
2003-2004						
April	47.38	74.61	0.3951	51.52	--	--
May	47.08	76.41	0.4011	54.51	--	--
June	46.71	77.56	0.3948	54.53	--	--
July	46.23	75.12	0.3896	52.59	--	--
August	45.93	73.22	0.3867	51.19	--	--

a. FEDAI Rates

The average market exchange rate of the Rupee during August, 2003 appreciated against US Dollar, Pound Sterling, Japanese Yen and Euro compared to average market rate during July, 2003.



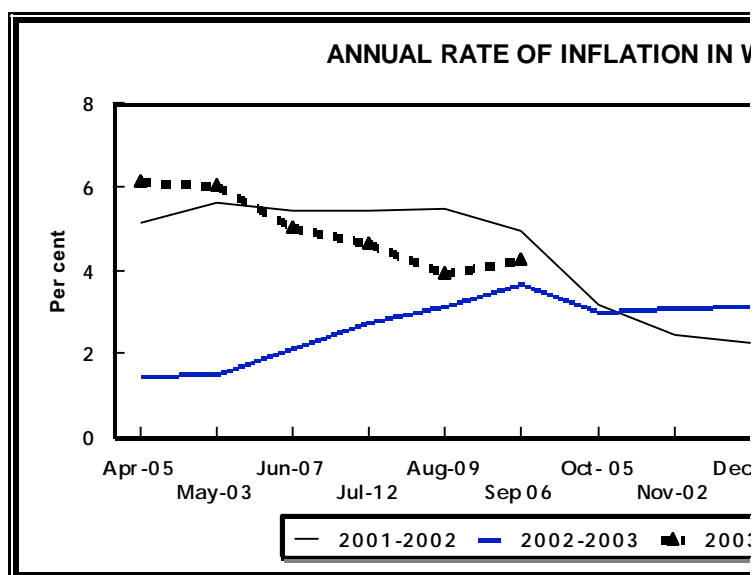
INFLATION

WHOLESALE PRICE INDEX

WHOLESALE PRICES (Base 1993-94)					
Items/Groups	Weight (%)	Per cent Variation During			
		MONTH		YEAR (point to point)	
		Last Year	Current Year	(ending 6.9.2003) ^(P)	
		Last Year	Current Year	Last Year	Current Year
All Commodities	100.00	0.48	0.81	3.71	4.29
I Primary articles	22.03	1.32	-0.94	3.93	1.58
II Fuel, Power, Light and Lubricants	14.23	0.13	2.18	5.44	6.13
III Manufactured Products	63.75	0.34	1.04	3.05	4.71

P = Provisional

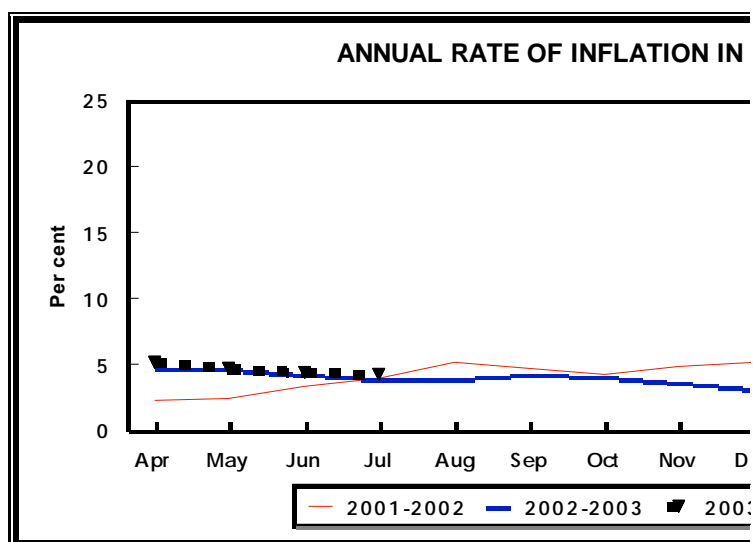
The annual rate of inflation based on **Wholesale Price Index (WPI)** stood at 4.29 per cent for week ended September 6, 2003 compared to 3.71 per cent a year ago. This rate was contributed by an increase of 1.58 per cent in Primary articles, 6.13 per cent increase in Fuel, Power and Lubricants and 4.71 per cent increase in Manufactured Products as against an increase of 3.93 per cent, 5.44 per cent and 3.05 per cent respectively, on the corresponding date of last year.



CONSUMER PRICE INDEX

CONSUMER PRICE INDEX AND INFLATION RATE		
	2002-03 (Up to July, 2002)	2003-04 (Up to July, 2003)
	<i>Per cent</i>	
Annual Inflation	3.9	4.2
Financial Year Inflation (%)	2.8	2.9
% change over Last Month	1.1	0.8
Level of Index	481	501
Average of Index for 12 months ending July	469.92	489.00

The All India **Consumer Price Index for Industrial Workers** (CPI-IW) for July, 2003 which stood at 501 increased by 0.8 per cent over the previous month's level and increased by 4.2 per cent over July, 2002.



PUBLIC FINANCE

UNION GOVERNMENT ACCOUNTS AT A GLANCE

Items	Budget	April-July		Col 4 as % of BE 03-04	% change over	
	Estimates 2003-04	2002-03	2003-04		2002-03	2003-04
		(RS Crore)				(Col 4/3)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1. Revenue Receipts	253935	42470	40598	16.0	31.4	-4.4
Tax (net to Centre)	184169	32221	29156	15.8	36.0	-9.5
Non Tax	69766	10249	11442	16.4	18.8	11.6
2. Capital Receipts	184860	67255	77883	42.1	8.5	15.8
of which:						
Recovery of loans	18023	4721	24268	134.7	39.8	414.0
Other Receipts	13200	3007	1097	8.3	-	-
Borrowings and other liabilities	153637	59527	52518	34.2	1.5	-11.8
3. Total Receipts (1+2)	438795	109725	118481	27.0	16.3	8.0
4. Non-Plan Expenditure (a+b)	317821	81001	89558	28.2	15.4	10.6
(a) Revenue Account	289384	74563	83951	29.0	16.5	12.6
(b) Capital Account	28437	6438	5607	19.7	4.2	-12.9
5. Plan Expenditure (i)+(ii)	120974	28724	28923	23.9	18.8	0.7
(i) Revenue Account	76843	17963	18020	23.5	22.0	0.3
(ii) Capital Account	44131	10761	10903	24.7	13.9	1.3
6. Total Expenditure (4)+(5)=(a)+(b)	438795	109725	118481	27.0	16.3	8.0
(a) Revenue Expenditure	366227	92526	101971	27.8	17.6	10.2
(b) Capital Expenditure	72568	17199	16510	22.8	10.1	-4.0
7. Revenue Deficit	112292	50056	61373	54.7	7.9	22.6
8. Fiscal Deficit	153637	59527	52518	34.2	1.5	-11.8
9. Primary Deficit	30414	23957	17658	58.1	-16.9	-26.3

Source : CGA, (Department of Expenditure) Ministry of Finance.

Note : (i) The figures of Railways have been netted as in Budget.
(ii) Un-audited.

The trends indicate that there is a decline in revenue receipts during April-July, 2003-04 as compared to April-July, 2002-03. There is a decline of 11.8 per cent in fiscal deficit during April-July, 2003-04 over the level recorded in the corresponding period last year.