

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

AUGUST 2012

HIGHLIGHTS

- The overall growth of GDP at factor cost at constant prices, as per Revised Estimates, is estimated at 6.5 per cent in 2011-12 as compared to the growth of 8.4 per cent during 2010-11. The growth in real GDP is placed at 5.5 per cent in the first quarter of 2012-13.
- The cumulative rainfall received for the country as a whole, during the period 1st June – 12 September 2012, has been 8% below normal.
- Food grains (rice and wheat) stocks held by FCI and State agencies were 80.52 million tonnes as on July 1, 2012.
- Overall growth in the Index of Industrial Production (IIP) was 0.1 per cent during July 2012 as compared to 3.7 per cent in July 2011. During April-July 2012-13, IIP growth was (-) 0.1 per cent as compared to 6.1 per cent in April-July 2011-12.
- Eight core Infrastructure industries registered a growth of 1.8 per cent in July 2012 as compared to growth of 8.2 per cent in July 2011. During April-July 2012-13, these sectors grew by 3.2 per cent as compared to 6.0 per cent during April-July 2011-12.
- Broad money (M₃) (up to August 24, 2012) increased by 5.9 per cent as compared to 5.4 per cent during the corresponding period of the last year. The year-on-year growth, as on August 24, 2012 was 13.7 per cent as compared to 17.1 per cent last year.
- Exports, in US dollar terms decreased by 14.8 per cent and imports decreased by 7.6 per cent, during July 2012 over July 2011.
- Foreign Currency Assets stood at US\$ 258.4 billion in end August 2012 as compared to US\$ 286.3 billion in end August 2011.
- Rupee depreciated against US dollar, Pound sterling, Japanese yen and Euro in the month of August 2012 over July 2012.
- The WPI inflation for all commodities for the month of August 2012 was 7.55 per cent as compared to 6.87 per cent in the last month.
- Gross tax revenue at Rs. 230,370 crore during April-July 2012, registered a growth of 21 per cent as compared to the corresponding period in the previous year.
- Tax revenue (net to Centre) at Rs.142,789 crore during April- July 2012 registered a growth of 25.2 per cent.
- As a proportion of budget estimate, fiscal deficit during April–July 2012 was 51.5 per cent and revenue deficit was 61.3 per cent.

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ECONOMIC GROWTH

As per the latest estimates of the Central Statistics Office (CSO), the growth in real Gross Domestic Product (GDP) is placed at 5.5 per cent in the first quarter of 2012-13 with agriculture, industry and services registering growth rates of 2.9 per cent, 3.6 per cent and 6.9 per cent respectively. As per the Revised Estimates (RE), the growth in GDP at factor cost at constant (2004-05) prices was estimated at 6.5 per cent in 2011-12 as compared to 8.4 per cent in 2010-11 (Quick Estimate). At disaggregated level, this (RE 2011-12) comprises growth of 2.8 per cent in agriculture and allied activities, 3.4 per cent in industry and 8.9 per cent in services as compared to a growth of 7.0 per cent, 7.2 per cent and 9.3 per cent respectively during 2010-11.

| Industry | | Growth | | | Percentage share in GDP | | |
|----------|-------------------------------------------------------|-------------|-----------------------|-----------------------|-------------------------|-----------------------|-----------------------|
| | | 2009-10 | 2010-11 ^{QE} | 2011-12 ^{RE} | 2009-10 | 2010-11 ^{QE} | 2011-12 ^{RE} |
| 1 | Agriculture, forestry & fishing | 1.0 | 7.0 | 2.8 | 14.7 | 14.5 | 14.0 |
| 2 | Industry | 8.4 | 7.2 | 3.4 | 28.1 | 27.8 | 27.0 |
| a | Mining & quarrying | 6.3 | 5.0 | -0.9 | 2.3 | 2.2 | 2.1 |
| b | Manufacturing | 9.7 | 7.6 | 2.5 | 16.0 | 15.8 | 15.3 |
| c | Electricity, gas & water supply | 6.3 | 3.0 | 7.9 | 2.0 | 1.9 | 1.9 |
| d | Construction | 7.0 | 8.0 | 5.3 | 7.9 | 7.9 | 7.8 |
| 3 | Services | 10.5 | 9.3 | 8.9 | 57.2 | 57.7 | 59.0 |
| a | Trade, hotels, transport & communication | 10.3 | 11.1 | 9.9 | 26.6 | 27.2 | 28.1 |
| b | Financing, insurance, real estate & business services | 9.4 | 10.4 | 9.6 | 17.1 | 17.4 | 17.9 |
| c | Community, social & personal services | 12.0 | 4.5 | 5.8 | 13.5 | 13.1 | 13.0 |
| 4 | GDP at factor cost | 8.4 | 8.4 | 6.5 | 100 | 100 | 100 |

^{QE}: Quick Estimates; ^{RE}: Revised Estimates

| Industry | 2010-11 | | | | 2011-12 | | | | 2012-13 |
|------------------------------------------------------|-------------|------------|-------------|-------------|-------------|------------|------------|------------|------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 |
| 1. Agriculture, forestry & fishing | 3.1 | 4.9 | 11.0 | 7.5 | 3.7 | 3.1 | 2.8 | 1.7 | 2.9 |
| Industry | 8.3 | 5.7 | 7.6 | 7.0 | 5.6 | 3.7 | 2.5 | 1.9 | 3.6 |
| 2. Mining & quarrying | 6.9 | 7.3 | 6.1 | 0.6 | -0.2 | -5.4 | -2.8 | 4.3 | 0.1 |
| 3. Manufacturing | 9.1 | 6.1 | 7.8 | 7.3 | 7.3 | 2.9 | 0.6 | -0.3 | 0.2 |
| 4. Electricity, gas & water supply | 2.9 | 0.3 | 3.8 | 5.1 | 8.0 | 9.8 | 9.0 | 4.9 | 6.3 |
| 5. Construction | 8.4 | 6.0 | 8.7 | 8.9 | 3.5 | 6.3 | 6.6 | 4.8 | 10.9 |
| Services | 10.0 | 9.1 | 7.7 | 10.6 | 10.2 | 8.8 | 8.9 | 7.9 | 6.9 |
| 6. Trade, hotels, transport & communication | 12.6 | 10.6 | 9.7 | 11.6 | 13.8 | 9.5 | 10.0 | 7.0 | 4.0 |
| 7. Financing, insurance, real estate & bus. Services | 10.0 | 10.4 | 11.2 | 10.0 | 9.4 | 9.9 | 9.1 | 10.0 | 10.8 |
| 8. Community, social & personal services | 4.4 | 4.5 | -0.8 | 9.5 | 3.2 | 6.1 | 6.4 | 7.1 | 7.9 |
| 9. GDP at factor cost (total 1 to 8) | 8.5 | 7.6 | 8.2 | 9.2 | 8.0 | 6.7 | 6.1 | 5.3 | 5.5 |

Source: CSO

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 actual rainfall received during the south west monsoon season 2012, as on 12.09.2012 has been 732 mm as against the normal at 795.0 mm.

All India production of food grains : As per the 4th advance estimates released by Ministry of Agriculture on 17.7.2012, production of food grains during 2011-12 is estimated at 257.44 million tonnes compared to 244.78 million tonnes in 2010-11.

Procurement: Procurement of rice as on 2nd July, 2012 (Kharif Marketing Season 2011-12) at 34.28 million tonnes represents an increase of 11.44 per cent compared to the corresponding date last year. Wheat procurement during Rabi Marketing Season 2012-13 is 37.85 million tonnes as compared to 27.85 million tonnes during the corresponding period last year.

| Table 3: Procurement in Million Tonnes | | | | |
|-----------------------------------------------|---------|---------|---------|---------|
| | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
| Rice(Oct-Sept) | 32.03 | 34.20 | 34.57* | n.a. |
| Wheat(Apr-Mar) | 25.38 | 22.51 | 28.34 | 38.11* |
| Total | 57.41 | 56.71 | 62.91 | 38.11 |
| * Position as on 25.7.12 | | | | |

Off-take: Off-take of rice during the month of June, 2012 was 26.27 lakh tonnes. This comprises 21.90 lakh tonnes under TPDS and 4.37 lakh tonnes under other schemes. In respect of wheat, the total off take was 22.96 lakh tonnes comprising of 20.11 lakh tonnes under TPDS and 2.85 lakh tonnes under other schemes.

Stocks: Stocks of food-grains (rice and wheat) held by FCI as on July 1, 2012 were 80.52 million tonnes, which is higher by 25.8 per cent over the level of 64.01 million tonnes as on July 1, 2011.

| Table 4: Off-take and stocks of food grains (Million Tonnes) | | | | | |
|---------------------------------------------------------------------|-----------------|---------|------------|---------------|------------|
| | Off-take | | | Stocks | |
| | 2010-11 | 2011-12 | 2012-13(P) | July, 2011 | July, 2012 |
| Rice | 29.93 | 32.12 | 7.50 | 26.86 | 30.71 |
| Wheat | 23.07 | 24.26 | 5.95 | 37.15 | 49.81 |
| Total | 53.00 | 56.38 | 13.45 | 64.01 | 80.52 |

P = Provisional figures up to June, 2012.

INDUSTRIAL PRODUCTION

| Table 5: Percentage Change in Index of Industrial Production | | | | |
|---------------------------------------------------------------------|---------------------------|---------------------------|------------------|------------------|
| Industry Group | April-July 2011-12 | April-July 2012-13 | July 2011 | July 2012 |
| General index | 6.1 | -0.1 | 3.7 | 0.1 |
| Mining | 0.6 | -0.9 | 0.7 | -0.7 |
| Manufacturing | 6.5 | -0.6 | 3.1 | -0.2 |
| Electricity | 9.4 | 5.5 | 13.1 | 2.8 |
| Basic goods | 8.1 | 3.0 | 10.0 | 1.5 |
| Capital goods | 8.2 | -16.8 | -13.7 | -5.0 |
| Intermediate goods | 1.3 | 0.3 | -0.1 | -1.1 |
| Consumer goods | 4.9 | 3.3 | 6.4 | 0.7 |
| Durables | 4.3 | 6.3 | 9.0 | 1.4 |
| Non-durables | 5.5 | 0.7 | 4.1 | 0.1 |

1.4 per cent and in consumer non-durables 0.1 per cent) during July 2012. The capital goods and intermediate goods sectors have registered negative growth during July 2012.

| Table 6: Production growth (per cent) in core infrastructure-supportive industries | | | | |
|-------------------------------------------------------------------------------------------|---------------------------|---------------------------|------------------|------------------|
| Industry | April-July 2011-12 | April-July 2012-13 | July 2011 | July 2012 |
| Coal | 0.8 | 5.3 | 2.5 | 2.1 |
| Crude oil | 7.3 | -0.6 | 1.4 | -0.7 |
| Natural Gas | -9.7 | -11.7 | -8.2 | -13.5 |
| Refinery Products | 4.8 | 3.3 | 3.7 | 3.6 |
| Fertilizers | 0.4 | -9.5 | -1.6 | -2.2 |
| Steel | 10.4 | 3.8 | 16.5 | 4.5 |
| Cement | 3.1 | 8.5 | 13.0 | 3.8 |
| Electricity | 9.4 | 5.5 | 13.0 | 2.2 |
| Overall growth | 6.0 | 3.2 | 8.2 | 1.8 |

achieved during the corresponding period in 2011-12. During the month of July 2012, the overall growth of the core sector industries was 1.8 per cent as compared to the growth of 8.2 per cent during July 2011. During July 2012, the growth in steel was 4.5 per cent followed by cement 3.8 per cent, refinery products 3.6 per cent, electricity 2.2 per cent and coal 2.1 per cent. The crude oil, natural gas and fertilizers sectors have registered negative growth during July 2012.

During July 2012, the IIP growth was 0.1 per cent as compared to 3.7 per cent growth during the corresponding period of previous year. In electricity sector, the growth rate in July 2012 was 2.8 per cent and in mining and manufacturing sectors, the growth was negative. Under use-based category, the growth rate in basic goods was 1.5 per cent and consumer goods 0.7 per cent (in consumer durables

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 3.2 per cent during April-July 2012-13, as compared to growth rate of 6.0 per cent

MONEY AND BANKING

The Reserve Bank of India Mid -Second Quarter Review of Monetary Policy for 2012-13 on September 17, 2012. The highlights of the announcements made by RBI are:

- Reduced the cash reserve ratio (CRR) of scheduled banks by 25 basis points from 4.75 per cent to 4.50 per cent of their net demand and time liabilities (NDTL) effective the fortnight beginning September 22, 2012. Consequently, around ` 170 billion of primary liquidity will be injected into the banking system; and
- Kept the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 8.0 per cent. Consequently, the reverse repo rate under the LAF will remain unchanged at 7.0 per cent, and the marginal standing facility (MSF) rate and the Bank Rate at 9.0 per cent.

- Broad money (M₃) (up to August 24, 2012) increased by 5.9 per cent as compared to 5.4 per cent during the corresponding period of the last year. The year-on-year growth, as on August 24, 2012 was 13.7 per cent as compared to 17.1 per cent last year.

Table 7 : Money Stock: Components and Sources

| (₹Billion) | | | | | | |
|-------------------------------------------------------|-------------------|----------|-----------------------|-----------|--------------|------|
| Item | Outstanding as on | | Variation over | | | |
| | 2012 | | Financial Year so far | | Year-on-Year | |
| | Mar. 31 | Aug. 24 | 2011-2012 | 2012-2013 | 2011 | 2012 |
| M ₃ | 73,592.0 | 77,900.4 | 5.4 | 5.9 | 17.1 | 13.7 |
| Components (i+ii+iii+iv) | | | | | | |
| (i) Currency with the Public | 10,265.0 | 10,670.3 | 3.4 | 3.9 | 14.6 | 13.1 |
| (ii) Demand Deposits with Banks | 7,049.1 | 6,839.0 | -11.6 | -3.0 | -5.7 | 7.0 |
| (iii) Time Deposits with Banks | 56,249.7 | 60,359.4 | 8.3 | 7.3 | 21.1 | 14.6 |
| (iv) 'Other' Deposits with Reserve Bank | 28.2 | 31.7 | -24.3 | 12.4 | -30.5 | 14.7 |
| Sources (i+ii+iii+iv+v) | | | | | | |
| (i) Net Bank Credit to Government (a+b) | 23,695.5 | 25,948.2 | 9.0 | 9.5 | 22.3 | 20.0 |
| (a) Reserve Bank | 5,357.4 | 5,399.3 | | | | |
| (b) Other Banks | 18,338.1 | 20,548.9 | 13.0 | 12.1 | 14.9 | 14.5 |
| (ii) Bank Credit to Commercial Sector (a+b) | 49,594.3 | 50,715.0 | 3.0 | 2.3 | 20.5 | 16.2 |
| (a) Reserve Bank | 39.6 | 44.5 | - | - | - | - |
| (b) Other Banks | 49,554.7 | 50,670.5 | 3.0 | 2.3 | 20.5 | 16.1 |
| (iii) Net Foreign Exchange Assets of Banking Sector * | 15,437.8 | 16,475.5 | 5.7 | 6.7 | 10.3 | 11.9 |
| (iv) Government's Currency Liabilities to the Public | 142.7 | 145.4 | 4.6 | 1.9 | 12.0 | 9.2 |
| (v) Banking Sector's Net Non-Monetary Liabilities | 15,278.3 | 15,383.6 | 3.3 | 0.7 | 31.5 | 32.7 |
| of which: | | | | | | |
| Net Non-Monetary Liabilities of RBI | 6,038.4 | 6,903.6 | 21.4 | 14.3 | 31.8 | 54.4 |

* Includes investments in foreign currency denominated bonds issued by IIFC(UK) since March 20, 2009.

Note: Government balances as on March 31, 2012 are after closure of accounts.

Source : RBI

Reserve money (M₀) during the financial year 2012-13 (up to August 31, 2012) showed increase of 2.0 per cent as compared to decrease of 3.5 per cent in the corresponding period of the previous year. The year-on-year variation revealed an increase of 5.7 per cent as on August 31, 2012, compared to 17.2 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 showed increase of 7.7 per cent (during the financial year) as on August 31, 2012 as compared to increase of 8.3 per cent in the same period last year. The y-o-y growth rate of NFA, showed increase of 10.2 per cent as compared to increase of 10.6 per cent on the corresponding date of the last year.

Scheduled Commercial Banks (SCBs): business in India

During the current financial year i.e. 2012-13 (up to August 31, 2012), Bank credit showed increase by 3.3 per cent as compared to increase of 2.7 per cent during the corresponding period of last year. The y-o-y growth variation revealed an increase of 17.7 per cent as compared to 20.8 per cent on the corresponding date of the previous year.

The Non-Food credit during this period increased by 3.0 per cent (August 31, 2012 over March 23, 2012) compared to increase of 2.5 per cent in the previous year. The y-o-y growth variation revealed an increase of 17.4 per cent as compared to 20.3 per cent on the corresponding date of the previous year.

The aggregate deposits with Scheduled Commercial Banks (SCBs) recorded an increase of 7.4 per cent (as on August 31, 2012) as compared to increase of 5.8 per cent during the corresponding period of last year. The y-o-y growth variation revealed an increase of 15.1 per cent as compared to 18.0 per cent on the corresponding date of the previous year.

| Table 8: Scheduled Commercial Banks - Business in India | | | | | | |
|-------------------------------------------------------------|-------------------------------------|--------------------|-----------------------|---------|----------------------|------|
| Items | | | | | Percentage Variation | |
| | 2012-13 | | Financial year so far | | Year-on-year | |
| | Outstanding as on (Rs. in crore) | | 2011-12 | 2012-13 | 2011 | 2012 |
| | March 23, 2012 | August 31, 2012 | | | | |
| Bank Credit | 4611850 | 4762600 | 2.7 | 3.3 | 20.8 | 17.7 |
| Non-Food credit | 4530550 | 4664530 | 2.5 | 3.0 | 20.3 | 17.4 |
| Aggregate deposits | 5903659 | 6340420 | 5.8 | 7.4 | 18.0 | 15.1 |
| Investments in Government. And other approved securities | 1736638 | 1953000 | 13.2 | 12.5 | 15.2 | 14.9 |

Source: RBI

| Table 9 : Policy Rates/Interest Rates (per cent per annum) | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-------------|
| Item / Week Ended | 2011 | 2012 |
| | September 2 | August 31 |
| Cash Reserve Ratio (per cent) ⁽¹⁾ | 6.00 | 4.75 |
| Bank Rate | 6.00 | 9.00 |
| Repo Rate | 8.00 | 8.00 |
| Reverse Repo Rate | 7.00 | 7.00 |
| Prime Lending Rate ⁽²⁾ | 10.00 / 10.75 | 10.00/10.50 |
| Deposit Rate ⁽³⁾ | 8.50 / 9.50 | 8.50 / 9.25 |
| Call Money Rate (Low / High) ⁽⁴⁾ | | |
| - Borrowings | 8.01 | 7.97 |
| - Lendings | 8.01 | 7.97 |
| <p>⁽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.</p> | | |

Interest rates (per cent per annum) As on August 31, 2012, Bank Rate was 9.00 per cent. Call money rates (borrowing & lending) were 7.97 per cent as compared with 8.01 per cent on the approximately corresponding date of last year.

EXTERNAL SECTOR

Foreign trade: Exports, in US dollar terms during July 2012 decreased by 14.8 per cent and imports decreased by 7.6 per cent over July 2011. Oil imports decreased by 5.5 per cent and non-oil imports decreased by 8.6 per cent during July 2012 over July 2011.

| Table 10 : Exports and imports (in US dollar million) | | | | | |
|------------------------------------------------------------------------------------------|----------------------|----------------------|----------|----------|-----------------------|
| Item | 2010-11 (Apr-Mar) | 2011-12 (Apr-Mar) | July | | % Change in July 2012 |
| | | | 2011 | 2012 | |
| Exports | 251136 | 304624 | 26340.7 | 22443.0 | -14.8 |
| Imports | 369769 | 489181 | 41059.7 | 37936.2 | -7.6 |
| Oil imports | 105964 | 154906 | 12943.0 | 12229.1 | -5.5 |
| Non-Oil imports | 263805 | 334276 | 28116.7 | 25707.1 | -8.6 |
| Trade balance | -118633 | -184558 | -14719.0 | -15493.2 | -- |
| 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 |
| March, 2012 | 1333954 | 260742 | 107955 | -13838 |
| 2012-13 (over last month) | | | | |
| April 2012 | 1373463 | 261512 | 39509 | 770 |
| May 2012 | 1432560 | 253910 | 59097 | -7602 |
| June 2012 | 1449281 | 257376 | 16721 | 3466 |
| July 2012 | 1436343 | 257363 | -12938 | -13 |
| August 2012 | 1439861 | 258410 | 3518 | 1047 |
| Source: RBI. | | | | |

Exchange rate: The rupee depreciated by 0.1 per cent against US Dollar, 0.9 per cent against Pound Sterling, 0.6 per cent against Japanese Yen and 0.9 per cent against Euro in the month of August 2012 over July 2012.

| Table 12 : Rupee per unit of foreign currency* | | | | |
|-------------------------------------------------------------------|-----------|----------------|--------------|---------|
| | US dollar | Pound Sterling | Japanese Yen | Euro |
| 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 |
| March, 2012 | 50.3213 | 79.6549 | 0.6103 | 66.4807 |
| 2012-13 | | | | |
| April 2012 | 51.8121 | 82.9120 | 0.6379 | 68.1872 |
| May 2012** | 54.4736 | 86.7323 | 0.6833 | 69.6991 |
| June 2012 | 56.0302 | 87.1349 | 0.7067 | 70.3087 |
| July 2012 | 55.4948 | 86.5173 | 0.7028 | 68.2520 |
| August 2012 | 55.5594 | 87.3444 | 0.7068 | 68.8750 |
| * FEDAI Indicative Market Rates (on Monthly average basis). | | | | |
| ** Data from May, 2012 onwards are based on RBI's reference rate. | | | | |

External assistance and debt service payments: Gross external aid in April-August 2012 is ₹ 8290.5 crore as compared to ₹ 9087.8 crore during the corresponding period of the previous year. Net disbursement stood at ₹ 613.73 crore in April-August 2012 as compared to ₹ 3129.6 crore in April-August 2011 while net transfers were (-) ₹1142.2 crore in April-August 2012 as compared to ₹1702.5 crore in April-August 2011.

| Table 13; External Assistance and Debt Service Payments | | | | |
|----------------------------------------------------------------|------------------------|---------------------------------------------------------------------------|------------------------|---------------------------------------------------------------------------|
| (Rs. In Crores) | | | | |
| | AUGUST 2012 | During the Financial year 2012-2013 up to August, 2012 | AUGUST 2011 | During the Financial year 2011-2012 up to August, 2011 |
| External Assistance (Government Account) | | | | |
| 1) Gross Disbursement | 1,755.80 | 6,119.32 | 1,506.39 | 7,159.15 |
| 2) Repayments | 1,169.73 | 6,800.24 | 891.50 | 5,219.70 |
| 3) Interest Payments | 315.94 | 1,577.60 | 260.72 | 1,249.91 |
| 4) Net Disbursement (1-2) | 586.07 | -680.92 | 614.89 | 1,939.45 |
| 5) Net Transfers (4-3) | 270.13 | -2,258.52 | 354.17 | 689.54 |
| External Assistance (Non-Government Account) | | | | |
| 1) Gross Disbursement | 187.58 | 1,864.64 | 141.08 | 1,308.40 |
| 2) Repayments | 92.45 | 876.57 | 37.50 | 738.51 |
| 3) Interest Payments | 38.04 | 178.34 | 26.63 | 177.23 |
| 4) Net Disbursement (1-2) | 95.13 | 988.07 | 103.58 | 569.89 |
| 5) Net Transfers (4-3) | 57.09 | 809.73 | 76.95 | 392.66 |
| Government Grants | | | | |
| 1) Gross Disbursement | 0.52 | 134.70 | 225.02 | 570.54 |
| 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) | 0.52 | 134.70 | 225.02 | 570.54 |
| 5) Net Transfers (4-3) | 0.52 | 134.70 | 225.02 | 570.54 |
| Non Government Grants | | | | |
| 1) Gross Disbursement | 0.04 | 171.88 | 22.94 | 49.78 |
| 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) | 0.04 | 171.88 | 22.94 | 49.78 |
| 5) Net Transfers (4-3) | 0.04 | 171.88 | 22.94 | 49.78 |
| Grand Total | | | | |
| 1) Gross Disbursements | 1,943.94 | 8,290.54 | 1,895.43 | 9,087.87 |
| 2) Repayments | 1,262.18 | 7,676.81 | 929.00 | 5,958.21 |
| 3) Interest Payments | 353.98 | 1,755.94 | 287.35 | 1,427.14 |
| 4) Net Disbursement (1-2) | 681.76 | 613.73 | 966.43 | 3,129.66 |
| 5) Net Transfers (4-3) | 327.78 | -1,142.21 | 679.08 | 1,702.52 |

INFLATION

Wholesale Price Index (WPI 2004-05=100): The WPI inflation for the month of August 2012 is reported at 7.55 per cent, as against 6.87 per cent in last month and 9.78 per cent in the corresponding month last year. The inflation has gone up mainly on account of revision in electricity tariff, higher inflation in cereals, pulses, oilseeds, and sugar. Inflation has moderated for vegetables, milk, fish, poultry and chicken in the current month. As a result, inflation in Primary Articles (Wt 20.12 %) has marginally declined to 10.08 per cent from 10.39 per cent in the last month. However, due to higher inflation in wheat, rice, bajra, barley, pulses (gram, arhar, masur), eggs sugar, food grain product and edible oil, the food inflation (primary food + manufactured food) (Wt. 24.31 %) has gone up to 9.09 per cent from 8.72 per cent in the last month. The average WPI inflation rate for last 12 months (Sep 2011 to Aug 2012) was 8.02 per cent as compared to 9.37 per cent during corresponding period in 2011-12. The build-up of inflation since March to Aug 2012 stood at 3.48 per cent as against 3.61 per cent in the corresponding period last year. WPI inflation rates for major subgroups are indicated in Table 14 below.

| Major groups | Weight (%) | Cumulative change (%) Since March | | Inflation (%) | | Inflation (%) (Average of 12 months) | |
|------------------------|---------------|--------------------------------------|---------|---------------|---------|-----------------------------------------|---------|
| | | 2012-13 | 2011-12 | 2012-13 | 2011-12 | 2012-13 | 2011-12 |
| ALL COMMODITIES | 100.00 | 3.48 | 3.61 | 7.55 | 9.78 | 8.02 | 9.37 |
| PRIMARY ARTICLES | 20.12 | 5.63 | 5.95 | 10.08 | 12.46 | 8.81 | 14.92 |
| <i>Food articles</i> | <i>14.34</i> | 7.26 | 8.21 | 9.14 | 9.62 | 7.98 | 11.36 |
| FUEL AND POWER | 14.91 | 1.80 | 6.03 | 8.32 | 12.91 | 12.74 | 11.95 |
| MANUFACTURED PDT. | 64.97 | 3.02 | 2.06 | 6.14 | 7.87 | 6.40 | 6.46 |

Inflation based on Consumer Price Indices (CPIs): The all India CPI inflation (combined) has again touched double digit and stood at 10.03 per cent for August 2012 as against 9.86 per cent in July 2012. The inflation remains elevated for cereals, pulses, oils & fats, egg, meat and fish and sugar in the current month. Inflation based on CPI-IW has moderated to 9.84 per cent in July 2012 from 10.05 per cent in June 2012. Food inflation stood at 11.27 per cent, 7.35 per cent and 7.50 per cent for CPI-IW, CPI-AL and CPI-RL respectively in July 2012.

| | WPI | CPI-IW | CPI-AL | CPI-RL | CPI(NS) |
|--------------------|-------------|--------|---------|---------|---------|
| Base :-> | 2004-05 | 2001 | 1986-87 | 1986-87 | 2010 |
| Aug-11 | 9.78 | 8.99 | 9.52 | 9.71 | NA |
| Sep-11 | 10.00 | 10.06 | 9.43 | 9.25 | NA |
| Oct-11 | 9.87 | 9.39 | 9.36 | 9.73 | NA |
| Nov-11 | 9.46 | 9.34 | 8.95 | 9.14 | NA |
| Dec-11 | 7.74 | 6.49 | 6.37 | 6.72 | NA |
| Jan-12 | 7.23 | 5.32 | 4.92 | 5.27 | 7.65 |
| Feb-12 | 7.56 | 7.57 | 6.34 | 6.68 | 8.83 |
| Mar-12 | 7.69 | 8.65 | 6.84 | 7.19 | 9.38 |
| Apr-12 | 7.50 | 10.22 | 7.84 | 8.01 | 10.26 |
| May-12 | 7.55 | 10.16 | 7.77 | 8.11 | 10.36 |
| Jun-12 | 7.58 | 10.05 | 8.03 | 8.54 | 9.93 |
| Jul-12 | 6.87 | 9.84 | 8.61 | 8.94 | 9.86 |
| Aug-12 | 7.55 | - | - | - | 10.03 |

Note: WPI inflation for July and Aug 2012, CPI (New Series) inflation for Aug 2012 is provisional.
NA: Not Available- Release of Inflation of CPI (NS) began from January 2012.

Table 16: World Commodity Price Data

| Commodity | Unit | Annual averages | | | Monthly averages | | |
|--------------------|----------|-----------------|--------------|-----------------|------------------|-----------|-------------|
| | | Jan-Dec 2010 | Jan-Dec 2011 | Jan-August 2012 | Jun 2012 | July 2012 | August 2012 |
| Coal, Australia | \$/mt | 99.0 | 120.9 | 98.68 | 85.6 | 84.4 | 87.21 |
| Crude oil, average | \$/bbl | 79.0 | 104.0 | 106.01 | 90.7 | 96.7 | 105.27 |
| Natural gas, US | \$/mmbtu | 4.4 | 4.0 | 2.50 | 2.5 | 2.9 | 2.84 |
| Cocoa | ¢/kg | 313.3 | 298.0 | 234.1 | 226.4 | 235.0 | 251.2 |
| Coffee, Robusta | ¢/kg | 173.6 | 240.8 | 228.8 | 233.0 | 236.0 | 234.8 |
| Tea, auctions | ¢/kg | 288.5 | 292.1 | 281.5 | 297.2 | 302.6 | 307.4 |
| Coconut oil | \$/mt | 1124 | 1730 | 1,229 | 1058 | 1070 | 1,000 |
| Groundnut oil | \$/mt | 1404 | 1985 | n.a | 2520 | 2468 | 2,553 |
| Palm oil | \$/mt | 901 | 1125 | 1,074 | 999 | 1015 | 995 |
| Palm kernel oil | \$/mt | 1184 | 1648 | 1,237 | 1093 | 1067 | 1,007 |
| Soybean meal | \$/mt | 378 | 398 | 485 | 504 | 585 | 643 |
| Soybean oil | \$/mt | 1005 | 1299 | 1,245 | 1180 | 1239 | 1,249 |
| Soybeans | \$/mt | 450 | 541 | 577 | 567 | 662 | 683 |
| Maize | \$/mt | 185.9 | 291.7 | 288.6 | 267.3 | 333.1 | 332.0 |
| Rice, Thailand, 5% | \$/mt | 488.9 | 543.0 | 564.4 | 600.0 | 573.5 | 565.3 |
| Wheat, US, HRW | \$/mt | 223.6 | 316.3 | 292.3 | 276.2 | 345.7 | 349.4 |
| Bananas, US | \$/mt | 868 | 968 | 1,001 | 954 | 965 | 951 |
| Oranges | \$/mt | 1033 | 891 | 854 | 953 | 1015 | 970 |
| Fishmeal | \$/mt | 1688 | 1537 | 1,648 | 1581 | 1658 | 1,696 |
| Meat, chicken | ¢/kg | 189.2 | 192.6 | 205.5 | 208.3 | 208.8 | 209.5 |
| Meat, beef | ¢/kg | 335.1 | 404.2 | 414.5 | 404.5 | 398.8 | 404.1 |
| Sugar, world | ¢/kg | 46.9 | 57.3 | 49.49 | 45.1 | 50.4 | 46.03 |
| Plywood | ¢/sheets | 569.1 | 607.5 | 610.7 | 608.1 | 608.1 | 608.1 |
| Cotton A Index | ¢/kg | 228.3 | 332.9 | 204.0 | 181.2 | 185.1 | 186.2 |
| Rubber, TSR20 | ¢/kg | 338.1 | 451.9 | 330.7 | 286.3 | 289.3 | 259.5 |
| DAP | \$/mt | 500.7 | 618.9 | 538.4 | 564.4 | 563.1 | 559.0 |
| Urea | \$/mt | 288.6 | 421.0 | 416.4 | 420.0 | 384.5 | 374.9 |
| Copper | \$/mt | 7535 | 8828 | 7,965 | 7423 | 7584 | 7,516 |
| Lead | ¢/kg | 214.8 | 240.1 | 199.9 | 185.4 | 188.1 | 190.1 |
| Tin | ¢/kg | 2041 | 2605 | 2,099 | 1927 | 1855 | 1,877 |
| Nickel | \$/mt | 21809 | 22910 | 17,791 | 16549 | 16128 | 15,735 |
| Zinc | ¢/kg | 216.1 | 219.4 | 194.2 | 185.9 | 184.8 | 181.8 |
| Gold | \$/toz | 1225 | 1569 | 1,642 | 1599 | 1590 | 1,630 |
| Silver | ¢/toz | 2015 | 3522 | 3,027 | 2798 | 2744 | 2,877 |
| Iron ore | \$/dmt | 145.9 | 167.8 | 135.0 | 134.7 | 127.9 | 107.5 |

Source: World Bank – The Pink Sheet

Public Finance

As a proportion of budget estimate, fiscal deficit during April-July 2012 was 51.5 per cent and revenue deficit was 61.3 per cent.

Table: 17 Trends in Central Government Finances during 2012-13 (April-July)

| | Budget Estimates | April -July | | Col.3 as per cent of | Col.4 as per cent of | Per cent change over preceding year | |
|-----------------------------------------------------------|------------------|----------------|----------------|----------------------|----------------------|-------------------------------------|---------------|
| | 2012-13 | 2011-12 | 2012-13 | 2011-12 BE | 2012-13 BE | 2011-12 | 2012-13 (4/3) |
| (₹Crore) | | | | | | | |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1. Revenue Receipts | 935,685 | 137,155 | 168,826 | 17.4 | 18.0 | -42.5 | 23.1 |
| Gross tax revenue | 1,077,612 | 190,463 | 230,370 | 20.4 | 21.4 | 9.8 | 21.0 |
| Tax (net to Centre) | 771,071 | 114,078 | 142,789 | 17.2 | 18.5 | 1.1 | 25.2 |
| Non Tax | 164,614 | 23,077 | 26,037 | 18.4 | 15.8 | -81.6 | 12.8 |
| 2. Capital Receipts of which | 555,241 | 238,010 | 268,465 | 50.9 | 48.4 | 152.7 | 12.8 |
| Recovery of loans | 11,650 | 8,112 | 2,703 | 54.0 | 23.2 | 285.7 | -66.7 |
| Other Receipts | 30,000 | 1,145 | 1,330 | 2.9 | 4.4 | -1.1 | 16.2 |
| Borrowings and other liabilities | 513,590 | 228,753 | 264,432 | 55.4 | 51.5 | 151.6 | 15.6 |
| 3. Total Receipts (1+2) | 1,490,925 | 375,165 | 437,291 | 29.8 | 29.3 | 12.8 | 16.6 |
| 4. Non-Plan Expenditure (a)+(b) | 969,900 | 263,497 | 323,295 | 32.3 | 33.3 | 18.2 | 22.7 |
| (a) Revenue Account | 865,596 | 234,595 | 290,354 | 32.0 | 33.5 | 20.8 | 23.8 |
| <i>of which:</i> | | | | | | | |
| Interest payments | 319,759 | 67,541 | 80,615 | 25.2 | 25.2 | 15.7 | 19.4 |
| Major Subsidies | 179,554 | 47,440 | 96,914 | 35.3 | 54.0 | 13.2 | 104.3 |
| Pensions | 63,183 | 19,907 | 18,715 | 36.5 | 29.6 | 29.2 | -6.0 |
| (b) Capital Account | 104,304 | 28,902 | 32,941 | 35.0 | 31.6 | 0.5 | 14.0 |
| 5. Plan Expenditure (i)+(ii) | 521,025 | 111,668 | 113,996 | 25.3 | 21.9 | 1.7 | 2.1 |
| (i) Revenue Account | 420,513 | 97,480 | 93,190 | 26.8 | 22.2 | 3.2 | -4.4 |
| (ii) Capital Account | 100,512 | 14,188 | 20,806 | 18.2 | 20.7 | -7.5 | 46.6 |
| 6. Total Expenditure (4)+(5)=(a)+(b) | 1,490,925 | 375,165 | 437,291 | 29.8 | 29.3 | 12.8 | 16.6 |
| (a) Revenue Expenditure | 1,286,109 | 332,075 | 383,544 | 30.3 | 29.8 | 15.1 | 15.5 |
| (b) Of which Grants for creation of Capital Assets | 164,672 | 30,539 | 30,145 | 20.8 | 18.3 | 179.8 | -1.3 |
| (c) Capital Expenditure | 204,816 | 43,090 | 53,747 | 26.8 | 26.2 | -2.3 | 24.7 |
| 7. Revenue Deficit | 350,424 | 194,920 | 214,718 | 63.4 | 61.3 | 289.3 | 10.2 |
| 8. Effective Revenue Deficit(7-6(b)) | 185,752 | 164,381 | 184,573 | 102.5 | 99.4 | 319.8 | 12.3 |
| 9. Fiscal Deficit | 513,590 | 228,753 | 264,432 | 55.4 | 51.5 | 151.6 | 15.6 |
| 10. Primary Deficit | 193,831 | 161,212 | 183,817 | 111.3 | 94.8 | 395.4 | 14.0 |

Source: Review of Union Government Accounts, July 2012. * Gross Tax Revenue is prior to devolution to the States.