

**Ministry of Finance
Department of Economic Affairs
Economic Division
8(2)/Ec. Dn./2004**

**MONTHLY ECONOMIC REPORT
APRIL, 2005**

HIGHLIGHTS

- The pre-monsoon season rainfall from March 1, 2005 to April 20, 2005 was normal/excess in 67 per cent meteorological sub-divisions.
- Food grain stocks were 19.41 million tonnes as on March 1, 2005
- Overall industrial growth was 8.1 per cent in April-February, 2005 as compared with 6.9 per cent in April-February, 2004.
- Core infrastructure sectors achieved an average growth rate of 4.4 per cent in 2004-05 as compared with 6.2 per cent in 2003-04.
- Broad Money (M3) growth (year-on-year) was 12.7 per cent (net of conversion, 12.6 per cent) as on April 1, 2005 as compared with 16.4 per cent last year.
- Exports grew by 24.4 per cent in dollar terms in 2004-05 as compared with 21.3 per cent in 2003-04. Imports grew by 35.6 per cent in 2004-05 as compared with 30.0 per cent in 2003-04.
- Forex reserves (excluding Gold and SDRs) stood at \$135.57 billion at the end of March, 2005.
- Rupee appreciated against Japanese Yen and depreciated against US Dollar, Pound Sterling and Euro in March, 2005.
- The annual inflation rate in terms of WPI (Base 1993-94=100) was 5.64 per cent for the week ended April 16, 2005 as compared with 4.68 per cent a year ago.
- Tax revenue (net to Centre) in April-February, 2005 (provisional) was higher by 17.3 per cent over April-February, 2004.
- Fiscal deficit in April-February, 2005 is 84.1 per cent of BE compared with 71.9 per cent of BE in the corresponding period last year.
- Revenue deficit is higher at 121.7 per cent of BE compared with 83.1 per cent in the corresponding previous period.

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AGRICULTURE

PRE-MONSOON SEASON RAINFALL*

The pre-monsoon season rainfall from March 1, 2005 to April 20, 2005 was normal/excess in 24 meteorological sub-divisions (67 per cent) and deficient/scanty in the remaining 12 (33 per cent). The annual average for 2000-2004 was normal/excess in 17 (46 per cent) meteorological sub-divisions and deficient/scanty in the remaining 19 (54 per cent).

Number of Meteorological Sub-divisions

	2000	2001	2002	2003	2004	2000-2004+	2005
Excess/Normal	9	28	15	20	11	17	24
Deficient/Scanty/Nil	27	8	21	16	25	19	12
Total	36	36	36	36	36	36	36

*(March -May)

+ Annual Average

PROCUREMENT

Wheat procurement up to April 25, 2005 in the current marketing year (i.e. 2005-06) was lower by 7.3 per cent at 11.78 million tonnes compared with 12.71 million tonnes in the corresponding period of 2004-05. Procurement of rice during the marketing year 2004-05 (up to April 25, 2005) at 20.77 million tonnes was higher by 7.2 per cent than the level of 19.38 million tonnes during the corresponding period of 2003-04.

	Full Marketing Year				Up to Apr. 25		% change
	2001-02	2002-03	2003-04	2004-05	2004	2005	Col. 7/Col.6
	Million Tonnes						
1	2	3	4	5	6	7	8
Rice(Oct -Sept.)	21.28	16.41	22.83	-	19.38	20.77	7.2
Wheat(Apr-Mar)	20.63	19.06	15.80	16.80	12.71	11.78	-7.3
Total	41.91	35.47	38.63	16.80	32.09	32.55	1.4

OFF-TAKE

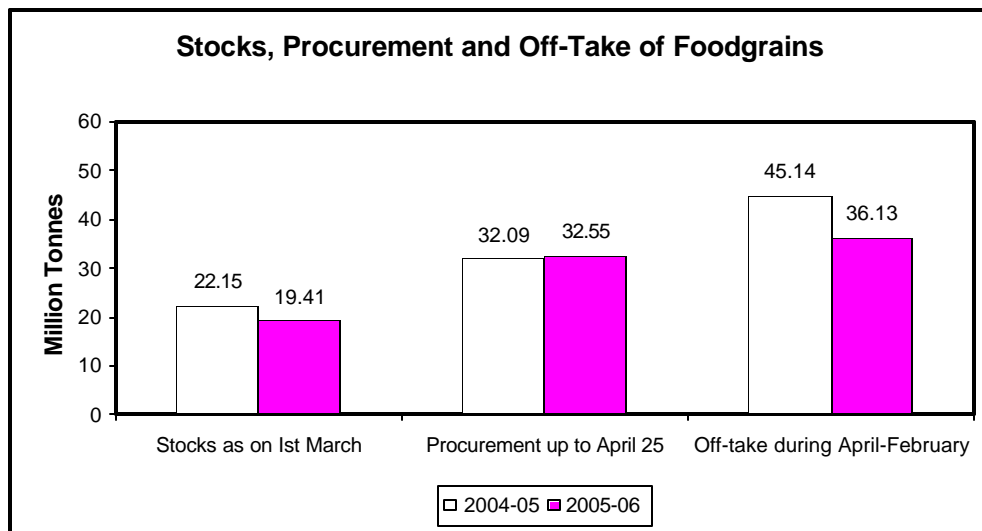
Off-take from the Public Distribution System from Central Pool during April-February, 2005 was 36.13 million tonnes which was lower by 20.0 per cent than the off-take of 45.14 million tonnes during the corresponding period of last year.

	2001-02(P)	2002-03(P)	2003-04(P)	April-February	
				2003-04(P)	2004-05(P)
1	2	3	4	5	6
	Million Tonnes				
Rice	15.32	24.64	25.04	22.81	19.92
Wheat	15.99	24.99	24.29	22.33	16.21
Total	31.30	49.63	49.33	45.14	36.13

STOCKS

Stocks of foodgrains as on March 1, 2005 was 19.41 million tonnes, which was lower by 12.4 per cent than the level of 22.15 million tonnes as on March 1, 2004.

	As on February 1		As on March 1	
	2004	2005	2004	2005
	Million Tonnes			
Rice	12.43	14.21	13.58	13.66
Wheat	10.95	7.31	8.57	5.75
Total	23.38	21.52	22.15	19.41

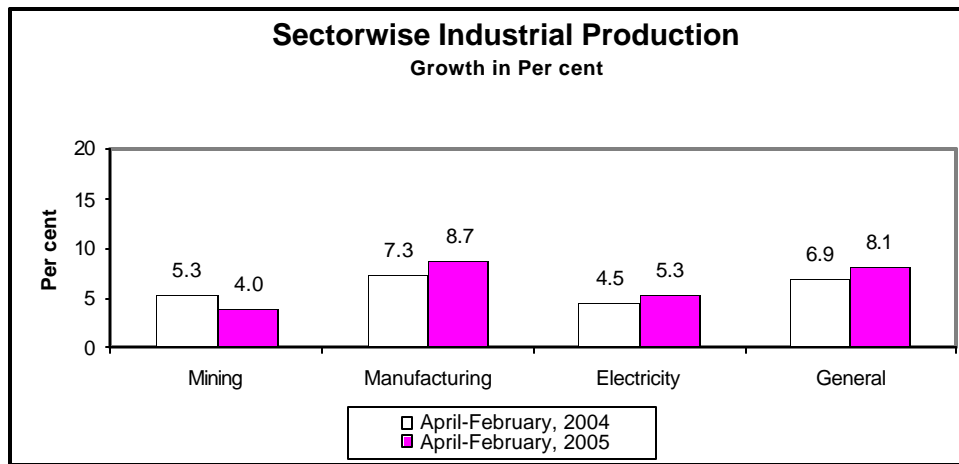


INDEX OF INDUSTRIAL PRODUCTION

The overall growth rate of industrial production during April-February 2005 was 8.1 percent as compared to 6.9 percent during April-February, 2004. The growth in mining, manufacturing and electricity during April-February, 2005 was 4.0 percent, 8.7 percent and 5.3 percent respectively as compared to 5.3 percent, 7.3 percent and 4.5 percent respectively, during April-February, 2004.

As per the use-based classification in April-February 2005, production in consumer goods registered higher growth and basic goods, capital goods and intermediate goods showed marginally lower growths compared to April-February 2004.

SECTORWISE INDEX OF INDUSTRIAL PRODUCTION						
(Base: 1993-94=100)						
(Percentage change)						
	2002-03	2003-04	Feb. '04	Feb. '05	April-Feb.	
					2003-04	2004-05
General	5.8	7.0	8.3	4.9	6.9	8.1
Mining	5.8	5.3	10.7	-2.3	5.3	4.0
Manufacturing	6.0	7.4	7.6	6.2	7.3	8.7
Electricity	3.2	5.0	12.9	-0.9	4.5	5.3
Use-Based Classification						
Basic goods	4.8	5.5	10.3	0.8	5.4	5.3
Capital goods	10.5	13.6	27.8	4.5	12.3	11.8
Intermediate goods	3.9	6.4	6.2	2.4	6.5	6.0
Consumer goods	7.1	7.2	3.0	11.2	7.2	11.6
<i>Of which</i>						
Consumer durables	-6.3	11.6	17.4	14.2	10.5	14.7
Consumer non-durables	12.0	5.8	-0.7	10.2	6.2	10.6



INFRASTRUCTURE

The six core infrastructure industries registered a lower growth of 4.4 per cent during 2004-05 as compared to 6.2 per cent in 2003-04.

PRODUCTION IN INFRASTRUCTURE INDUSTRIES								
		March			April-March		% Change	
							April-Mar.	
Industry/Infrastructure	Unit	2004	2005		2003-04	2004-05	2003-04	2004-05
Coal	Mn tons	37.5	40.6		361.1	375.0	5.8	3.6
Electricity Generation	Mn kw	51242	52873		558336	587366	5.0	5.2
Hydel	Mn kw	5759	6612		73775	84497	15.6	14.5
Thermal (including nuclear)	Mn kw	45483	46261		484561	502869	3.6	3.8
Crude petroleum	000 tons	2885	2917		33373	33981	1.0	1.8
Petroleum Products	000 tons	10363	10133		113311	118216	8.2	4.3
Finished steel	000 tons	3354	3502		36957	38325	9.8	3.7
Cement	000 tons	11780	12525		123440	131559	6.1	6.6
Average growth rate*	(%)	8.3	3.7		6.2	4.4	6.2	4.4
		February		Full Yr.	April-Feb.		April-Feb.	
Cargo handled at major ports	Mn tons	29.5	33.0	344.52	310.9	344.6	9.2	10.9
Telecommunications								
a) Net switching capacity	000 lines	517.9	159.9	1817.66	4212.6	5101.4	29.1	21.1
b) Net Tele. Connections	000 nos	518.5	982.3	7804.86	7505.4	6971.4	201.2	-7.1
Revenue earning goods traffic on railways	Mn tons	47.7	50.2	557.39	503.7	542.0	7.4	7.6
* 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).								

Revenue earning goods traffic handled by Railways

The revenue earning goods traffic handled by Railways during April-February, 2005 increased by 7.6 per cent as compared to 5.3 per cent in the corresponding period of last year.

Commodities	February		Full Year	April-Feb.		% Change	
	2004	2005	2003-04	2003-2004	2004-2005	Feb, 05	April-Feb, 05
Coal	21.71	22.61	251.66	227.62	244.55	4.1	7.4
Raw material for Steel Plants	3.74	4.10	43.94	39.84	40.03	9.6	0.5
Pig Iron & Finished Steel From Steel Plants	1.25	1.29	14.34	12.96	13.33	3.2	2.9
Iron Ore for Exports	2.24	2.81	26.66	23.55	32.88	25.4	39.6
Cement	4.48	4.57	49.52	44.41	48.79	2.0	9.9
Foodgrains	3.56	3.62	45.43	41.21	41.77	1.7	1.2
Fertilizers	2.03	2.14	25.83	24.03	26.13	5.4	8.7
POL	2.61	2.61	32.02	29.10	28.95	0.0	-0.5
Balance other goods	6.06	6.46	67.99	60.98	65.59	6.6	7.6
Total	47.68	50.21	557.39	503.70	541.97	5.3	7.6

MONEY AND BANKING

During the current financial year 2005-06, broad money stock (M3) (up to April 1, 2005) increased by 2.0 per cent as compared with the growth rate of 2.2 per cent registered during the corresponding period of the last year. The year-on-year growth as on April 1, 2005 was 12.7 per cent (exclusive of conversion, 12.6 per cent) as compared with 16.4 per cent on the corresponding date of last year.

Net foreign exchange assets (NFA) of banking sector (up to April 1, 2005) registered a decline of 0.2 per cent as compared with a growth of 0.5 per cent in the same period last year. The annual growth rate of NFA, as on April 1, 2005 was 22.9 per cent as against 35.4 per cent on the corresponding date of last year.

Items	Outstanding as on (Rs. crore)		% Variations			
			Financial year so far		Year-on-year	
	March 31, 2005	Apr. 1, 2005	2004-05	2005-06	2004	2005
M3(I+II+III+IV)	2269156	2315061	2.2	2.0	16.4	12.7
	(2265587)	(2311492)				(12.6)
I. Currency with the public	357424	356111	-0.4	-0.4	14.4	13.3
II. Demand deposits with banks	297088	315502	8.2	6.2	29.6	13.0
III. Time deposits with banks	1608161	1637123	1.8	1.8	14.6	12.5
	(1604592)	(1633554)				(12.2)
IV. Other deposits with RBI	6483	6324	-14.6	-2.5	14.3	44.7
Sources (1+2+3+4 -5)						
1. Net bank credit to Govt. (A+B)	762496	754978	-1.5	-1.0	7.4	3.0
	(750303)	(742785)				(1.4)
A. RBI's net credit to Govt.	-12197	-27662	-35.8	-473.2	-68.1	-131.5
B. Other bank credit to Govt.	774694	782640	1.5	1.0	23.1	10.3
2. Bank credit to commercial sector	1275027	1325355	3.2	3.9	15.3	25.8
	(1242345)	(1292673)				(22.7)
3. Net foreign exchange assets of banking sector	651998	650646	0.5	-0.2	35.4	22.9
4. Government's currency liabilities to the public	7436	7436	-	-	3.2	1.9
5. Banking sector's net non-monetary liabilities other than time deposits	427801	423355	-6.9	-1.0	17.5	57.0

Note :- Figures within brackets are exclusive of conversion of non-banking entity into banking entity with effect from October 11, 2004.

Scheduled Commercial Banks (SCBs) : Business in India

During the current financial year (up to April 1, 2005) incremental gross bank credit increased by 4.5 per cent (exclusive of conversion, 4.7 per cent) as compared with a growth of 4.1 per cent in the same period of the previous year. The year-on-year growth of gross bank credit as on April 1, 2005 was 30.5 per cent (exclusive of conversion, 26.8 per cent) as against 17.7 per cent on the corresponding date of last year.

Non-Food credit during the financial year so far, registered a growth of 4.8 per cent (exclusive of conversion, 5.0 per cent) as compared with 4.1 per cent during the same period of the last year. The year-on-year growth rate was 31.5 per cent (exclusive of

conversion, 27.6 per cent) as compared with 19.9 per cent on the corresponding date of last year.

The year-on-year growth of time deposits with SCBs as on April 1, 2005 was 13.8 per cent (exclusive of conversion, 13.5 per cent) as compared with 14.8 per cent on the corresponding date of last year.

Items	Outstanding as on (Rs. crore)		% Variations			
			Financial year so far		Year-on-year	
	March 18, 2005	Apr. 1, 2005	2004- 05	2005-06	2004	2005
1. Bank credit	1092091	1141701	4.1	4.5	17.7	30.5
	(1059409)	(1109019)		(4.7)		(26.8)
Food credit	41121	40016	2.8	-2.7	-17.1	8.2
Non-Food credit	1050970	1101685	4.1	4.8	19.9	31.5
	(1018288)	(1069003)		(5.0)		(27.6)
2. Aggregate deposit	1719948	1766628	3.1	2.7	17.1	13.9
		(1763059)		(2.5)		(13.6)
Demand deposit	263817	281974	9.5	6.9	31.1	14.4
Time deposits	1456131	1484654	2.0	2.0	14.8	13.8
		(1481085)		(1.7)		(13.5)
3. Investments in Govt. and other approved securities	743062	751208	1.6	1.1	21.1	9.2
		(739015)		(-0.5)		(7.4)
Government securities	717791	726111	1.7	1.2	22.4	9.1
		(713918)		(-0.5)		(7.3)
Other approved securities	25271	25097	-0.9	-0.7	-7.5	10.9

Note :- Figures within brackets are exclusive of conversion of non-banking entity into banking entity with effect from October 11, 2004.

INTEREST RATES (PER CENT PER ANNUM)

As on April 1, 2005 Bank Rate was 6.00 per cent same as on the corresponding date of last year. Call money rates (borrowing) were in the range of 1.50/5.90 as compared with 2.00/4.60 per cent on the corresponding date of last year.

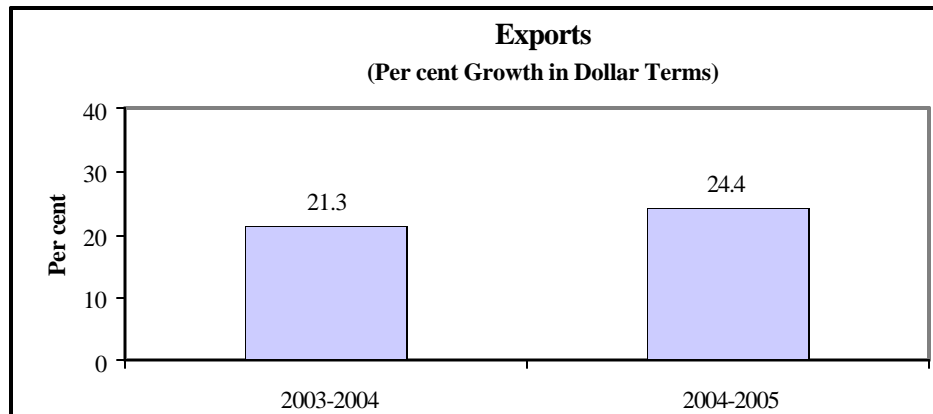
Item/week ended	2004	2005
	Apr. 2	Apr. 1
1	2	3
Bank Rate	6.00	6.00
IDBI ¹	10.25	10.25
Prime Lending Rate ²	10.25-11.00	10.25-10.75
Deposit Rate ³	5.00-5.50	5.25-6.25
Call Money Rate ⁴ (Low/High)		
Borrowings	2.00/4.60	1.50/5.90
Lending	2.00/4.80	1.50/5.90

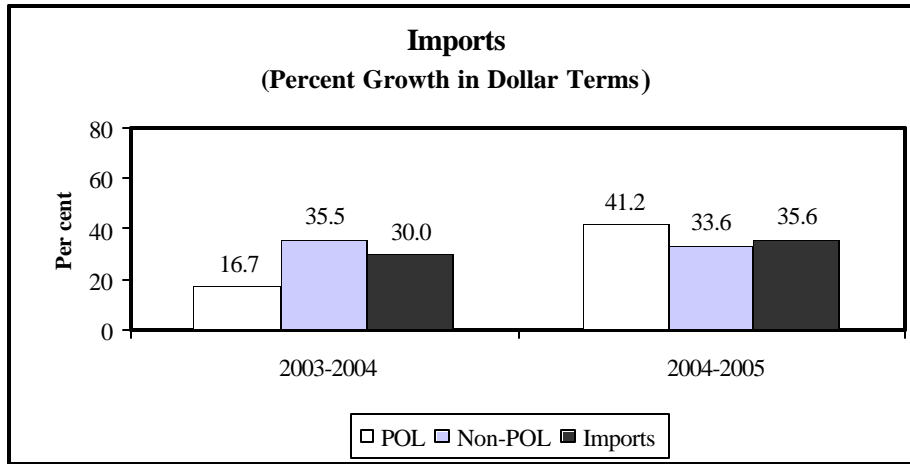
1. Minimum Term Lending Rate (MTLR)
2. Prime Lending Rate relates to five major Banks
3. Deposit Rate relates to major banks for term deposits of more than one year maturity.
4. Call money rates are based on data covering 90-95 per cent of total transactions reported by major participants.

FOREIGN TRADE

Exports in dollar terms in 2004-05 increased by 24.4 percent as compared to an increase of 21.3 percent in 2003-04. Imports increased by 35.6 percent in 2004-05 as against an increase of 30.0 percent in 2003-04.

Item				% Change	
	2002-03 (R)	2003-04(PR)	2004-05 (P)	2003-04	2004-05
Rs. Crore					
Exports	255137	293367	357077	15.0	21.7
Imports	297206	359108	476202	23.3	32.6
POL	85367	94657	130683	10.8	38.1
Non-POL	211839	264451	345519	28.5	30.7
Trade Balance	-42069	-65741	-119125	-	-
Million Dollars					
Exports	52719	63979	79594	21.3	24.4
Imports	61412	78251	106121	30.0	35.6
POL	17640	20599	29085	16.7	41.2
Non-POL	43773	57652	77036	35.5	33.6
Trade Balance	-8693	-14272	-26528	-	-
(R) : Revised (PR) : Partially Revised (P) Provisional					





FOREIGN EXCHANGE RESERVES
(EXCLUDING GOLD & SDRs)

	Amount		Variation	
	Rs.Crore	\$ Million	Rs.Crore	\$ Million
At the end of			(over last year)	
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
March, 2002	249118	51049	64636	11495
March, 2003	341476	71890	92358	20841
March, 2004	466215	107448	124739	35558
2004-2005			(over last month)	
April	501429	113011	35214	5563
May	519847	114102	18418	1091
June	524865	114151	5018	49
July	524732	112967	-133	-1184
August	522333	112717	-2399	-250
September	522515	113788	182	1071
October	525632	115651	3117	1863
November	547377	122319	21745	6668
December	545466	125164	-1911	2845
January	540246	123654	-5220	-1510
February	567725	130093	27479	6439
March*	593121	135571	25396	5478

* Provisional

EXTERNAL ASSISTANCE AND DEBT SERVICE PAYMENTS

Gross external aid during 2004-05 at Rs 16669.88 crore was 3.9 percent lower than that of Rs 17353.18 crore in 2003-04. Net Aid flows were Rs. 8607.37 crore as compared with Rs. (-) 10616.99 crore and Net Aid Transfers were Rs. 5374.75 crore as compared with Rs. (-) 14463.39 crore.

EXTERNAL ASSISTANCE AND DEBT SERVICE PAYMENTS*

(Rs crore)

	Receipts		Repayment of Principal		Payment of Interest	
	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05
External Assistance - Govt A/C	13594.78	13181.86	25443.97	7101.51	3249.78	2790.19
External Assistance – Non-Govt A/C	1681.59	1076.92	2526.20	961.00	596.62	442.43
Govt. Grant	1979.32	2358.70	-	-	-	-
Non-Govt Grant	97.49	52.40	-	-	-	-
Grand Total	17353.18	16669.88	27970.17	8062.51	3846.40	3232.62
Net Disbursement	-10616.99	8607.37	-	-	-	-
Net Transfers	-14463.39	5374.75				
* April-March						

Rupees Per Unit of foreign Currency

The average market exchange rate of the Rupee during March, 2005 appreciated against Japanese Yen and depreciated against US Dollar, Pound Sterling and Euro as compared with average market exchange rate of the Rupee during February, 2005.

	(Market Rate)@			
	US Dollar	Pound Sterling	Japanese Yen	Euro
March, 2001	46.62	67.39	0.3846	42.44
March, 2002	48.74	69.37	0.3723	42.75
March, 2003	47.64	75.44	0.4015	51.52
March, 2004	45.08	82.29	0.4141	55.25
2004-2005				
April	43.93	79.24	0.4081	52.66
May	45.25	80.88	0.4037	54.35
June	45.51	83.21	0.4159	55.25
July	46.04	84.86	0.4212	56.51
August	46.34	84.33	0.4196	56.43
September	46.10	82.61	0.4190	56.27
October	45.78	82.72	0.4202	57.19
November	45.13	83.76	0.4302	58.51
December	43.98	84.84	0.4238	58.95
January	43.75	82.28	0.4234	57.52
February	43.68	82.40	0.4162	56.87
March	43.69	83.25	0.4152	57.66
@ FEDAI Rates				

INFLATION

The annual rate of inflation based on Wholesale Price Index (WPI) stood at 5.64 per cent for week ended April 16, 2005 compared with 4.68 per cent a year ago. This rate was contributed by an increase of 1.96 per cent in Primary Articles, 11.21 per cent increase in Fuel, Power, Lights and Lubricants and 5.07 per cent increase in Manufactured Products as against an increase of 1.83 per cent, 4.36 per cent and 5.96 per cent respectively on the corresponding date of last year.

WHOLESALE PRICE INDEX

WHOLESALE PRICE (Base: 1993-94)					
Items/Groups	Weight(%)	Percent variation during			
		Month		Year (Point to Point)	
		Last year	Current year	Last year (ending 16-4-2005)	Current year
All Commodities	100.00	0.61	1.11	4.68	5.64
1.Primary articles	22.03	1.61	1.14	1.83	1.96
2. Fuel, Power, Light and Lubricants	14.23	0.23	1.99	4.36	11.21
3. Manufactured Products	63.75	0.37	0.83	5.96	5.07

CONSUMER PRICE INDEX

All India Consumer Price Index for Industrial Workers (CPIIW) for February, 2005 which stood at 525, decreased by 0.2 per cent over previous month's level and increased by 4.2 per cent over February, 2004.

CONSUMER PRICE INDEX AND INFLATION RATE (%)		
	2003-04 (Up to Feb., 2004)	2004-05 (Up to Feb., 2005)
Annual Inflation	4.1	4.2
Financial Year Inflation	3.5	4.2
% Change over last month	0.0	-0.2
Level of Index	504	525
Average of Index for 12 months ending February	498.92	517.75

PUBLIC FINANCE

Trends in Central Government Finances : April-February 2005

	Budget Estimates 2004-05	April-February		Col.3 as % of 2003-04 BE	Col. 4 as % of 2004-05 BE	% Change over proceeding year	
		2003-04	2004-05			2003-04	2004-05 (4/3)
(Rs. Crore)							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1. Revenue Receipts	309322	208435	229005	82.1	74.0	12.8	9.9
Gross tax revenue	317733	197435	233329	78.5	73.4	13.0	18.2
Tax (net to Centre)	233906	143516	168407	77.9	72.0	15.1	17.3
Non Tax	75416	64919	60598	93.1	80.4	7.9	-6.7
2. Capital Receipts	168507	175361	176201	94.9	104.6	22.8	0.5
of which:							
Recovery of loans	27100	63297	57789	351.2	213.2	157.0	-8.7
Other Receipts	4000	1594	2914	12.1	72.9	--	82.8
Borrowings and other liabilities	137407	110470	115498	71.9	84.1	-3.9	4.6
3. Total Receipts (1+2)	477829	383796	405206	87.5	84.8	17.2	5.6
4.Non-Plan Expenditure (a)+(b)	332239	288096	300849	90.6	90.6	20.3	4.4
(a) Revenue Account	293650	240573	253097	83.1	86.2	6.3	5.2
<i>Of which:</i>							
Interest payments	129500	102055	108615	82.8	83.9	-0.4	6.4
Major Subsidies	42021	41471	39429	85.3	93.8	20.2	-4.9
Pensions	15928	14243	16054	92.1	100.8	19.2	12.7
(b) Capital Account	38589	47523	47752	167.1	123.7	259.3	0.5
5.Plan Expenditure (i)+(ii)	145590	95700	104357	79.1	71.7	8.7	9.0
(i) Revenue Account	91843	61230	68582	79.7	74.7	14.0	12.0
(ii) Capital Account	53747	34470	35775	78.1	66.6	0.4	3.8
6.Total Expenditure (4)+(5)=(a)+(b)	477829	383796	405206	87.5	84.8	17.2	5.6
(a)Revenue Expenditure	385493	301803	321679	82.4	83.4	7.8	6.6
(b)Capital Expenditure	92336	81993	83527	113.0	90.5	72.4	1.9
7. Revenue Deficit	76171	93368	92674	83.1	121.7	-1.9	-0.7
8. Fiscal Deficit	137407	110470	115498	71.9	84.1	-3.9	4.6
9. Primary Deficit	7907	8415	6883	27.7	87.0	-33.0	-18.2

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

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

(ii) Un-audited.

