



Government of India
Ministry of Finance
Department of Economic Affairs
Economic Division
8(2)/Ec Dn/ 2001

MONTHLY ECONOMIC REPORT

AUGUST, 2001

HIGHLIGHTS

- The Monsoon season rainfall upto 8 August 2001 was normal/excess in 80 per cent of meteorological sub-divisions.
- Foodgrains stocks 60.41 million tonnes as on June 1, 2001.
- Overall industrial growth 2.1 per cent in April-June, 2001.
- Core infrastructure sectors achieved an average growth rate of 1.0 per cent in April-June 2001 as against 9.3 per cent in April-June 2000.
- Money Supply (M3) growth was 5.4 per cent during March 31, 2001 to July 27, 2001, whereas annual growth rate for fortnight ended July 27, 2001 was 17.6 per cent. Net RBI Credit to Government increased by 5.0 per cent during March 31, 2001 to July 27, 2001.
- The annual inflation rate in terms of WPI (Base 1993-94) was 5.22 per cent for week ended August 4, 2001 compared to 6.31 per cent a year ago.
- Exports increased by 1.8 per cent in dollar terms in April-June, 2001 compared to an increase of 29.5 per cent in April-June, 2000. Imports declined by 2.4 per cent as against an increase of 23.2 per cent in corresponding period of last year.
- Rupee appreciated against Japanese Yen and depreciated against US Dollar, Pound-Sterling, Deutsche Mark, French Franc and Euro in July, 2001.
- Forex reserves (excluding Gold & SDRs) stood at \$40.95 billion at the end of July, 2001.

(Manoranjan Kumar)
Deputy Economic Adviser

AGRICULTURE

MONSOON SEASON RAINFALL*

Number of Meteorological Sub-divisions							
	1996	1997	1998	1999	2000	1996-00+	2001
Excess/Normal	31	29	30	31	26	29	28
Deficient/Scanty/Nil	4	6	5	4	9	6	7
Total	35	35	35	35	35	35	35
+ Annual average		* (June-Sept.)					

The Monsoon season rainfall from June 1, 2001 to August 8, 2001 was normal/excess in 28 (80 per cent) meteorological sub-divisions and deficient/scanty in the remaining 7 (20 per cent). The annual average for 1996-2000 was normal/excess in 29 (84 per cent) meteorological sub-divisions and deficient/scanty in the remaining 6 (16 per cent).

PROCUREMENT

(Million Tonnes)

(1)	Full Marketing Year			Up to August 13		
	1998-99 (2)	1999-2000 (3)	2000-2001 (4)	2000(P) (5)	2001(P) (6)	% change Col. (6)/(5)
Rice (Oct-Sep)	11.85	17.27	18.76	16.36	18.76	14.7
Wheat (Apr-Mar)	12.65	14.15	16.36	16.28	20.61	26.6
Total	24.50	31.42	35.12	32.64	39.37	20.6

Note :- Rice Procurement for full marketing year is available upto August 13, 2001.

Wheat procurement up to August 13, 2001 in the current marketing year, (i.e., 2001-2002) was higher by 26.6 per cent stood at 20.61 million tonnes compared to 16.28 million tonnes in the corresponding period in 2000-2001. Procurement of rice during the marketing year 2000-01 (up to August 13, 2001) stood at 18.76 million tonnes was higher by 14.7 per cent than the level of 16.36 million tonnes during the corresponding period of 1999-2000.

OFF-TAKE

(Million Tonnes)

	<u>April-May</u>				
	1998-99(P)	1999-2000(P)	2000-2001(P)	2000-01	2001-02
Rice	11.83	12.42	10.22	1.59	1.49
Wheat	8.90	10.63	7.73	0.88	1.75
Total	20.73	23.05	17.95	2.47	3.24

Off-take from the Public Distribution System central pool during April-May, 2001-02 was 3.24 million tonnes which was higher by 31.2 per cent than the off-take of 2.47 million tonnes during April-May, 2000-01.

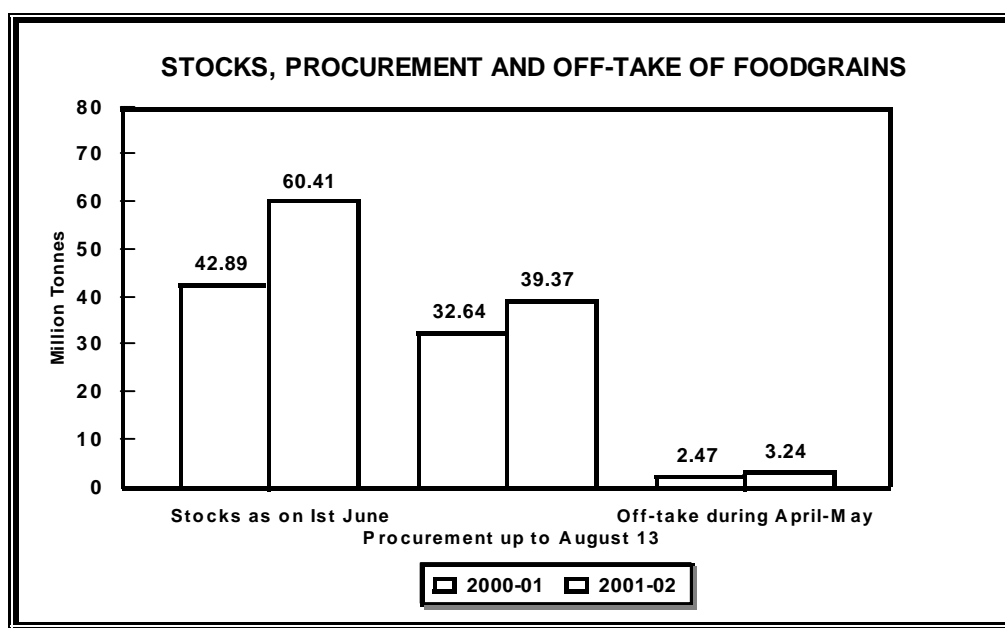
P- Provisional

STOCKS

(Million Tonnes)

	As on 1st May		As on 1st June	
	2000	2001	2000	2001
Rice	15.06	22.94	15.12	22.86
Wheat	21.52	29.22	27.77	37.55
Total	36.58	52.16	42.89	60.41

Stocks of foodgrains as on 1st June, 2001 stood at 60.41 million tonnes which was higher by 40.8 per cent than the level at 42.89 million tonnes as on 1st June, 2000.



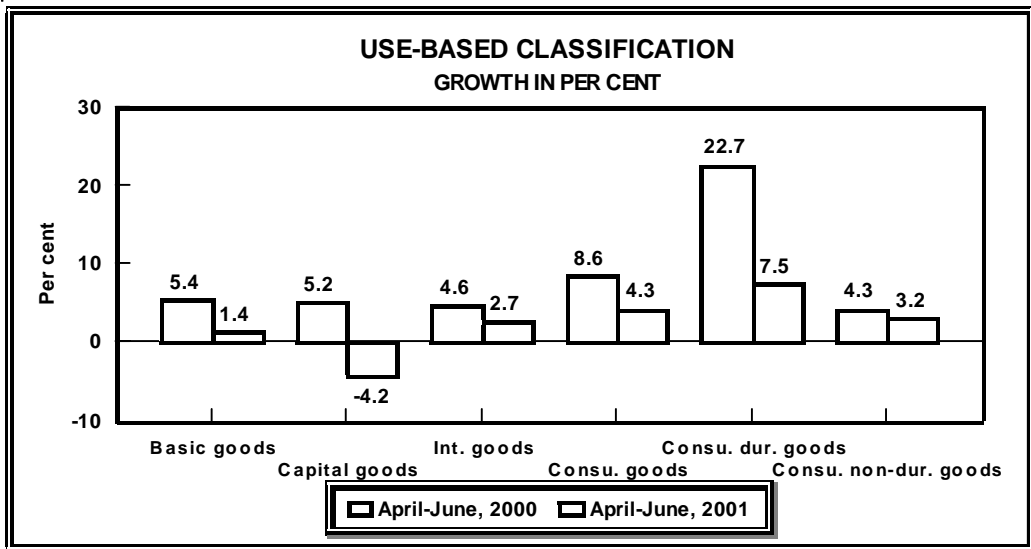
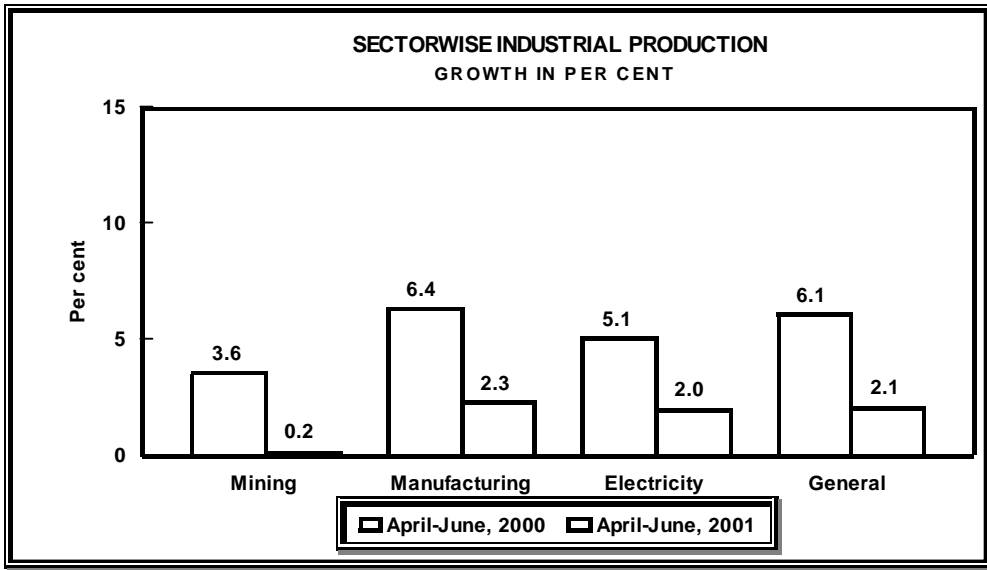
Note :- Procurement of foodgrains upto August 13 in the year 2000 & 2001.

INDUSTRIAL PRODUCTION

SECTORWISE INDUSTRIAL PRODUCTION (Base = 1993-94 = 100)	<i>(Percentage change)</i>					
	1999-00/ 1998-99	2000-01/ 1999-00	June '00/ June '99	June '01/ June '00	<u>April-June</u>	
					2000-01	2001-02
<u>General</u>	6.7	5.0	5.9	1.5	6.1	2.1
Mining & Quarrying	1.0	3.7	4.4	-3.0	3.6	0.2
Manufacturing	7.1	5.4	6.1	1.9	6.4	2.3
Electricity	7.3	4.0	5.0	1.4	5.1	2.0
<u>Use-Based Classification</u>						
Basic goods	5.5	3.9	5.1	-0.1	5.4	1.4
Capital goods	6.9	1.7	2.9	-7.6	5.2	-4.2
Intermediate goods	8.8	4.7	5.0	3.0	4.6	2.7
Consumer goods	5.7	8.0	8.9	4.9	8.6	4.3
<u>Of which</u>						
Consumer Durables	14.1	14.6	24.0	8.8	22.7	7.5
Consumer non-Durables	3.2	5.8	4.1	3.4	4.3	3.2

The overall growth rate of Industrial production in **April-June, 2001** at 2.1 per cent recorded a lower growth compared to 6.1 per cent in April-June, 2000. The growth in manufacturing sector, electricity generation and mining & quarrying during April-June, 2001 was 2.3%, 2.0% and 0.2% respectively as against 6.4%, 5.1% and 3.6% in April-June, 2000.

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

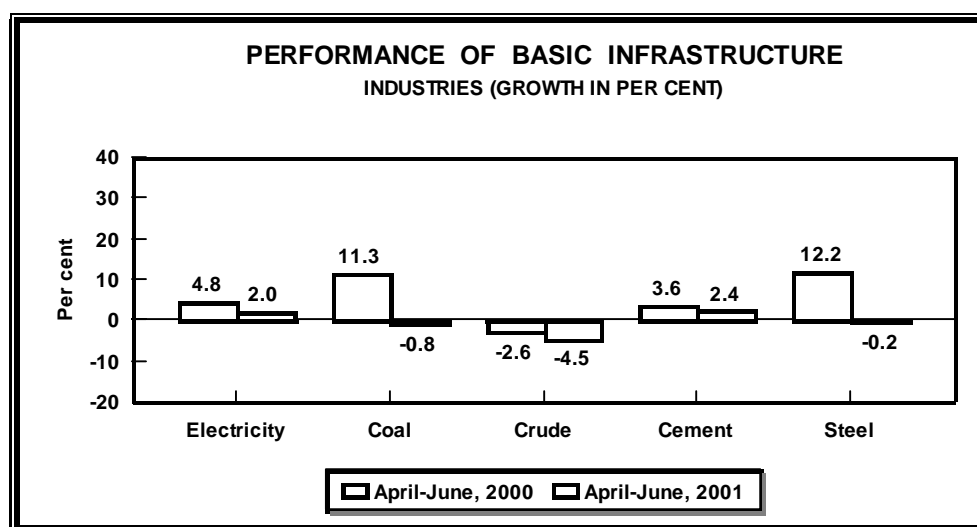


INFRASTRUCTURE INDUSTRIES

PRODUCTION IN INFRASTRUCTURE INDUSTRIES								
Industry/Infrastructure	Unit						Percentage change April-June	
		June 2000	June 2001	Full Year 2000-01	April-June 2000-01	April-June 2001-02	2000-01/ 1999-00	2001-02/ 2000-01
Coal	Mn. Ton	23.1	22.2	308.9	71.0	70.4	11.3	-0.8
Electricity Generation	Mn. Kwh	39811	40398	499450	122469	124923	4.8	2.0
Hydel	Mn. kw	6174	6039	74346	18711	16357	8.0	-12.6
Thermal (including nuclear)	Mn. kw	34224	33772	425104	103758	108566	4.3	4.6
Crude petroleum	000 tons	2682	2481	32476	7977	7616	-2.6	-4.5
Petroleum Products	000 tons	7600	8486	96236	22758	24208	34.5	6.4
Finished steel	000 tons	2492.1	2489.0	30422.7	7507.9	7490.3	12.2	-0.2
Cement	000 tons	9340	9330	99940	26970	27610	3.6	2.4
Average growth rate*	(%)	8.7	0.3	5.3	-	-	9.3	1.0
		May	Full Year	April-May	April-May	April-May	April-May	April-May
Cargo handled at major ports	Mn. Ton	25.22	21.78	280.97	46.98	43.73	9.5	-6.9
Telecommunications								
a) Net switching capacity	000 lines	204.24	252.66	7146.07	284.47	378.70	322.6	33.1
b) Net Tele. connections	000 nos	213.63	182.04	5924.79	348.69	341.35	55.5	-2.1
Revenue earning goods traffic on railways	Mn. Ton	40.11	40.89	473.25	77.12	77.79	7.9	0.9

* 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 core infrastructure sectors registered poor performance during **April-June, 2001** as compared to April-June, 2000. In April-June, 2001 average growth rate was 1.0 per cent as compared to 9.3 per cent in April-June, 2000.



REVENUE EARNING GOODS TRAFFIC ON RAILWAYS

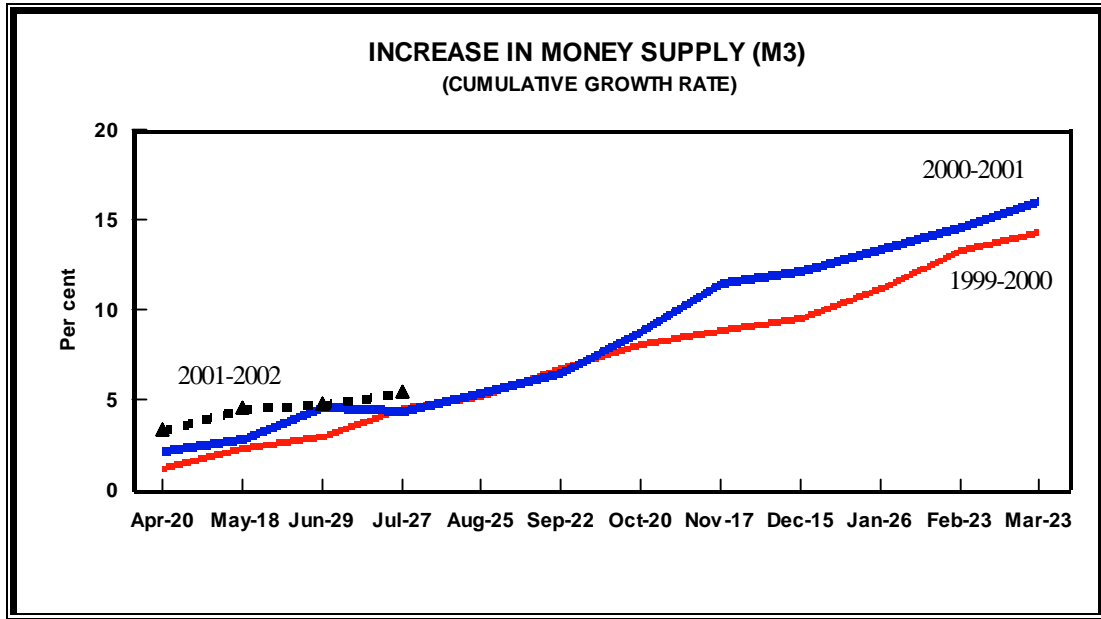
REVENUE EARNING GOODS TRAFFIC ON RAILWAYS							
Commodities	Million Tonnes					Percentage Change	
	May 2000	May 2001	Full Year 2000-01	April-May 2000-01	April-May 2001-02	May 2001/2000	April-May 2001-02/2000-01
Coal	19.32	18.60	222.75	37.11	35.85	-3.7	-3.4
Raw material for Steel Plants	3.20	3.02	38.75	6.14	6.14	-5.6	0.0
Pig Iron & Finished Steel From Steel Plants	1.00	0.94	11.51	1.95	1.77	-6.0	-9.2
Iron Ore for Exports	1.04	1.15	14.58	2.08	2.31	10.6	11.1
Cement	3.96	4.20	42.84	7.72	7.95	6.1	3.0
Foodgrains	2.42	2.70	26.65	4.90	5.23	11.6	6.7
Fertilizers	2.17	2.12	27.14	3.78	3.77	-2.3	-0.3
POL	3.05	3.29	36.22	5.70	5.85	7.9	2.6
Balance other goods	3.95	4.87	52.81	7.74	8.92	23.3	15.2
Total	40.11	40.89	473.25	77.12	77.79	1.9	0.9

The revenue earning goods traffic handled by the Railways increased by 0.9 per cent during **April-May, 2001**.

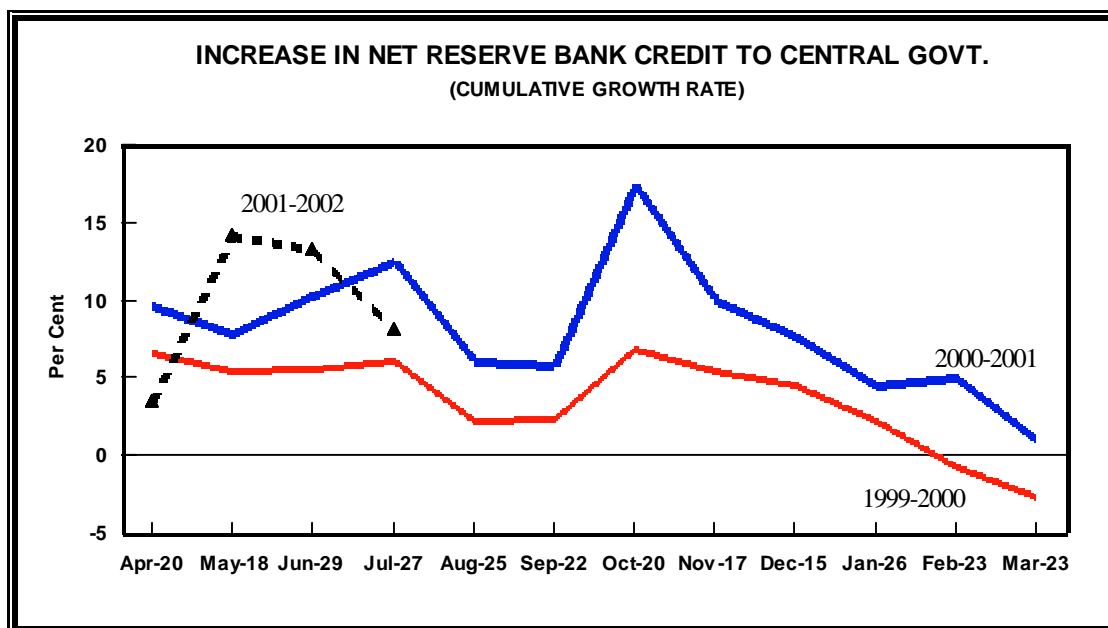
MONEY AND BANKING

VARIATIONS IN MONEY STOCK						
	Full Year Mar 31 '00 to Mar 31 '01	Mar 31 '01 to Jul 27 '01 (PR)	Full Year Mar 31 '00 to Mar 31 '01	Mar 31 '00 to Jul 28 '00 (P)	Mar 31 '01 to Jul 27 '01 (PR)	Jul 28 '00 to Jul 27 '01 (P)
	<i>(Rs crore)</i>			<i>(per cent)</i>		
M1 (I+II+IV)	36448	7283	10.7	0.7	1.9	12.4
M3(M1+ III)	181634	70699	16.2	4.5	5.4	17.6
I. Currency with the public	20367	9088	10.8	3.2	4.3	12.0
II. Demand deposits with banks	14870	-1918	9.9	-3.1	-1.2	13.6
III. Time deposits with banks	145186	63416	18.6	6.2	6.8	19.8
IV. Other deposits with RBI	1211	113	39.0	35.5	3.1	-9.0
Sources of change in M3						
<i>(1+2+3+4-5)</i>						
1. Net bank credit to Govt (A+B)	71644	45752	16.2	8.6	8.9	16.4
A. RBI's net credit to Govt ^a	7292	7678	4.9	8.6	5.0	0.3
To Central Govt	9023	11849	6.5	12.5	8.1	0.7
To State Govts	-1732	-4171	-20.5	-55.6	-56.8	-15.3
B. Other bank credit to Govt	64352	38074	22.0	8.6	10.6	24.6
2. Bank credit to commercial sector	83814	12643	14.3	2.6	1.9	14.0
3. Net foreign exchange assets of banking sector ^b	38672	8738	18.8	-0.4	3.5	26.2
4. Govt's currency liabilities to the public	643	0	15.1	5.4	0.0	10.9
5. Banking sector's net non-monetary liabilities other than time deposits	13140	-3566	11.5	1.4	-2.8	8.6
P Provisional						
PR Partially revised						
a. Includes special securities						
b. Inclusive of appreciation in the value of gold following its re-valuation close to international market price effective October 17, 1990. Such appreciation has a corresponding effect on RBI's net non-monetary liabilities.						

During the current financial year so far (i.e., March 31, 2001 to July 27, 2001) money supply (M3) increased by 5.4 per cent as against an increase of 4.5 per cent in the corresponding period of 2000-01. Among its components, currency with the public showed a growth of 4.3 per cent as against 3.2 per cent in the corresponding period of last year. Demand deposits with banks showed a decline of 1.2 per cent as against a decline of 3.1 per cent in the corresponding period of last financial year. Time deposits with banks increased by 6.8 per cent as against an increase of 6.2 per cent in the corresponding period of last year. The annual growth of M3 as on July 27, 2001 stood at 17.6 per cent.



On the sources side, the Net Bank Credit to Government showed a growth of 8.9 per cent during the current financial year (i.e. March 31, 2001 to July 27, 2001) which is higher than that of 8.6 per cent increase in the same period of 2000-01. RBI's Net Credit to Central Government increased by 8.1 per cent as against an increase of 12.5 per cent in 2000-01. Bank credit to the commercial sector increased by 1.9 per cent as against an increase of 2.6 per cent in the same period of last year. Net foreign exchange assets of banking sector increased by 3.5 per cent as compared with a decline of 0.4 per cent in the corresponding period of 2000-01.



SCHEDULED COMMERCIAL BANKS

SCHEDULED COMMERCIAL BANKS: VARIATION IN ASSETS AND LIABILITIES						
	Full Year Mar 24,'00 to Mar 23,'01	Mar 23,'01 to Jul 27,'01 (PR)	Full Year Mar 24,'00 to Mar 23,'01	Mar 24,'00 to Jul 28,'00	Mar 23,'01 to Jul 27,'01 (P)	Jul 28,'00 to Jul 27,'01 (P)
	<i>(Rs crore)</i>			<i>(per cent)</i>		
1. Bank credit	73124	12750	16.8	5.0	2.5	14.6
Food credit	14300	11036	55.7	27.7	27.6	55.5
Non-food credit	58824	1715	14.3	3.5	0.4	11.4
2. Aggregate deposits	144663	59161	17.8	5.2	6.1	19.4
Demand deposits	13416	-114	10.5	-2.6	-0.1	14.8
Time deposits	131248	59275	19.1	6.7	7.2	20.2
3. Borrowings from RBI	-2595	2544	-40.0	-9.9	65.3	10.2
4. Cash reserves	2453	12484	3.9	3.8	19.1	19.2
Cash in hand	328	807	6.2	1.8	14.3	19.1
Balances with RBI	2125	11677	3.7	4.0	19.6	19.2
5. Investments in Govt. and other approved securities	60889	36573	19.7	7.3	22.7	22.7
P = Provisional						

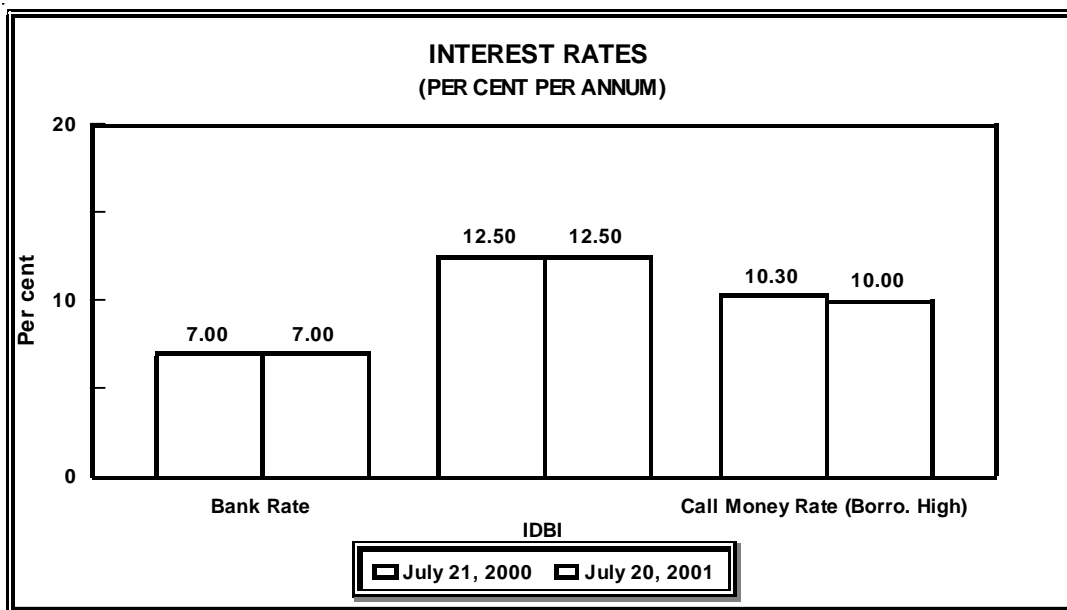
Bank credit by the scheduled commercial banks during the current financial year so far (i.e. March 23, 2001 to July 27, 2001) showed a growth of 2.5 per cent as compared with an increase of 5.0 per cent in the corresponding period of last financial year. Food credit increased by 27.6 per cent while non-food credit increased by 0.4 per cent during this period.

INTEREST RATES (PER CENT PER ANNUM)

<i>Item/ Week ended</i>	<i>2000</i>	<i>2001</i>
1	<i>July 21</i>	<i>July 20</i>
	2	3
Bank rate	7.00	7.00
I.D.B.I. ¹	12.50	12.50
Prime Lending Rate ²	11.25-11.75	11.00-12.00
Deposit Rate ³	8.00-9.50	8.00-9.50
Call Money Rate ⁴ (Low/High)		
-Borrowings	6.20/10.30	5.48/10.00
-Lendings	7.00/10.30	4.98/8.40

1. Medium Term Lending Rate (MTLR).
2. Prime Lending Rate relates to five major Banks.
3. Deposit Rate relates to five major banks for term deposits of more than one year maturity.
4. Call money rates are based on data covering 75-80 per cent of total transactions reported by major participants.

As on July 20, 2001, Prime Lending Rate was 11.00 to 12.00 per cent while on July 21, 2000 it was 11.25 to 11.75. Deposit Rate ranged from 8.00 to 9.50 per cent same as in the same period of last year.



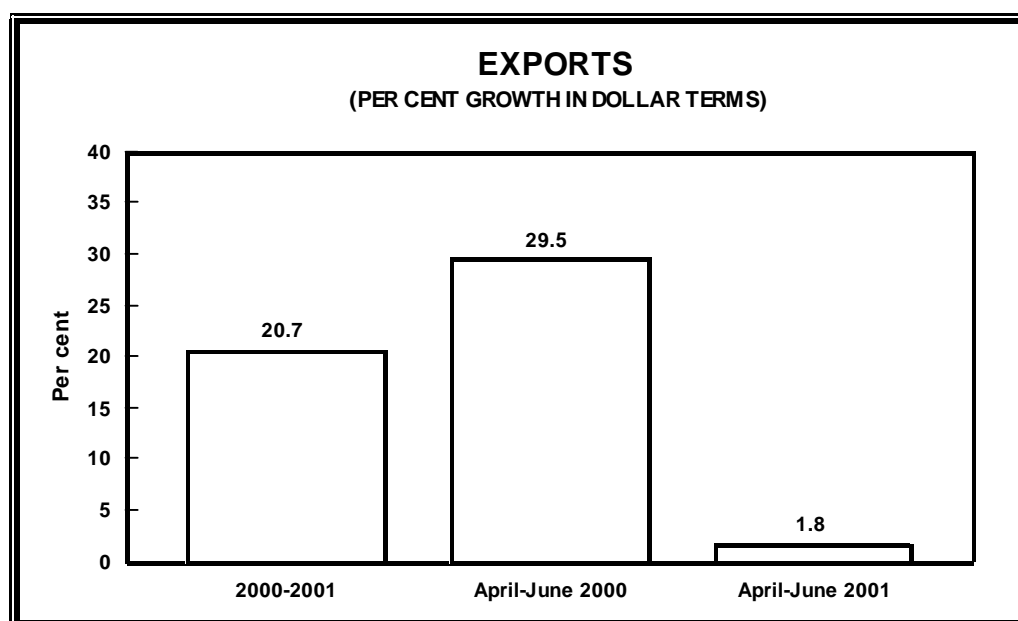
EXTERNAL SECTOR

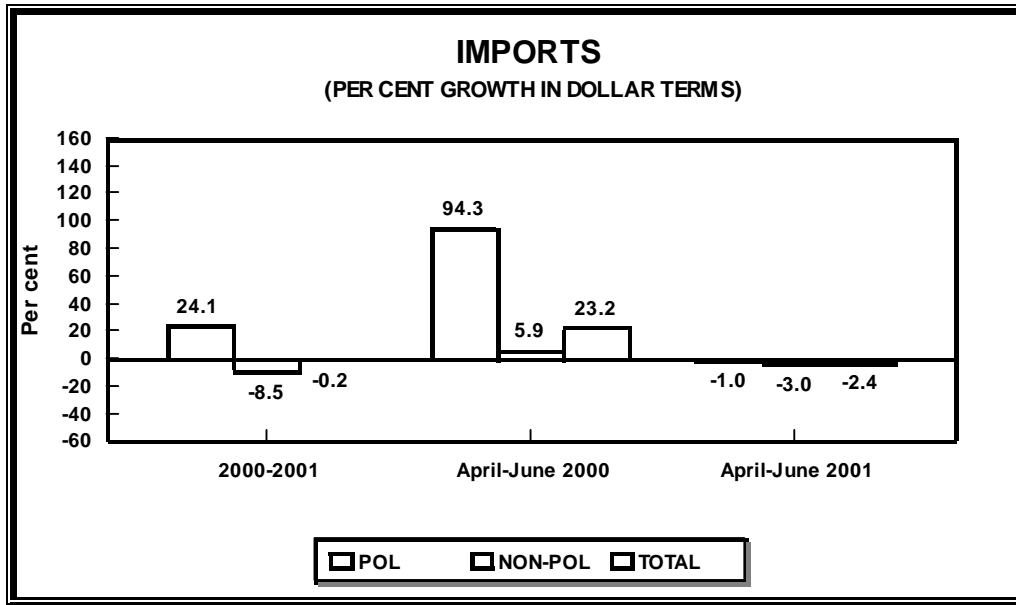
FOREIGN TRADE

FOREIGN TRADE*						
Item	1999-00(R)	2000-01(R)	April-June		April-June	
			2000-01(P)	2001-02(P)	2000-01	2001-02
<i>Rs. Crore</i>				<i>% change</i>		
Exports	159095	202510	45614	49358	33.2	8.2
Imports	215529	226774	56224	58384	26.6	3.8
POL	54649	71497	17357	18278	99.8	5.3
Non-POL	160880	155277	38867	40106	8.8	3.2
Trade Balance	-56433	-24264	-10608	-9026	-	-
<i>Million Dollar</i>				<i>% change</i>		
Exports	36715	44328	10342	10524	29.5	1.8
Imports	49738	49639	12753	12448	23.2	-2.4
POL	12611	15650	3935	3897	94.3	-1.0
Non-POL	37127	33989	8818	8551	5.9	-3.0
Trade Balance	-13023	-5311	-2412	-1924	-	-

P = Provisional, R = Revised

Exports in dollar terms during **April-June, 2001** increased by 1.8 per cent as compared to an increase of 29.5 per cent during April-June, 2000. Imports declined by 2.4 per cent as against an increase of 23.2 per cent in last year. Imports of POL declined by 1.0 per cent as against an increase of 94.3 per cent in April-June, 2000.



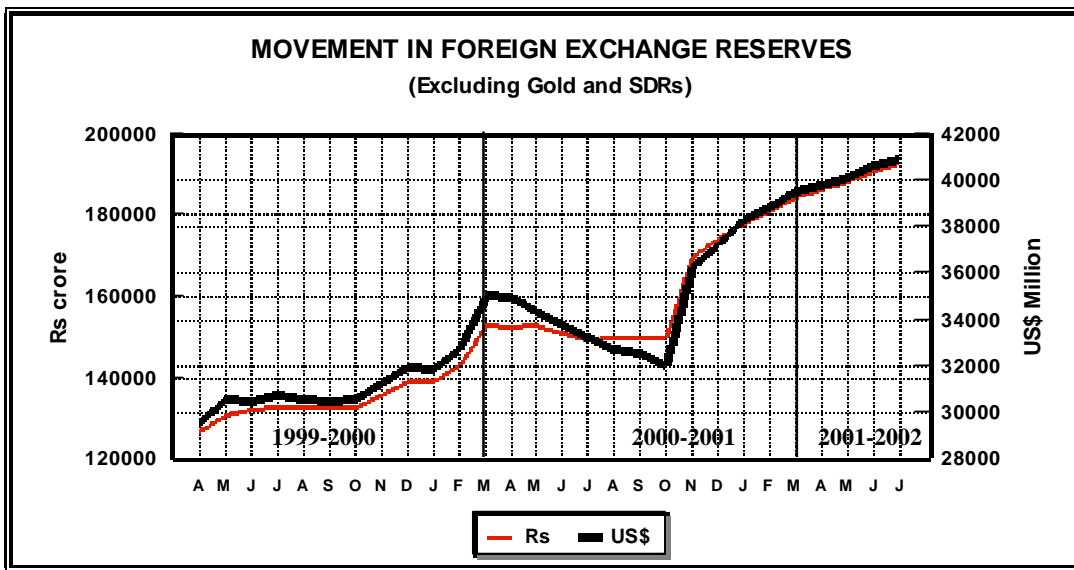


FOREIGN EXCHANGE RESERVES

FOREIGN EXCHANGE RESERVES (EXCLUDING GOLD AND SDRs)				
At the end of	Amount		Variation	
	Rs Crore	\$ Million	Rs Crore	\$ Million (Over last Year)
March, 1994	47287	15068	27147	8634
March, 1995	66006	20809	18719	5741
March, 1996	58446	17044	-7560	-3765
March, 1997	80368	22367	21922	5323
March, 1998	102507	25975	22139	3608
March, 1999	125412	29522	22905	3547
March, 2000	152924	35058	27512	5536
March, 2001	184482	39554	31558	4496
2001-2002			<i>(Over last Month)</i>	
April	186601	39821	2119	267
May	188762	40171	2161	350
June	191226	40652	2464	481
July*	193122	40950	1896	298

* Provisional

Foreign Exchange Reserves (excluding Gold & SDRs), were \$39554 million at the end of 2000-2001. These reserves have increased by \$1396 million and stood at \$40950 million at the end of July, 2001.



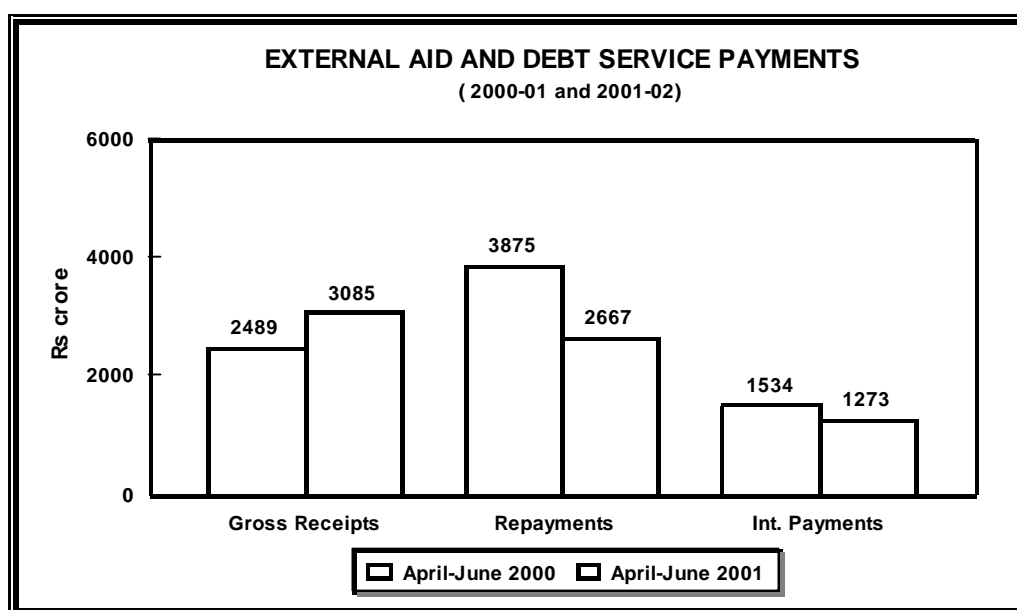
EXTERNAL AID RECEIPTS AND DEBT SERVICE PAYMENTS*

(Rs Crore)

	Receipts		Repayment of Principal		Payment of Interest	
	2000-01	2001-02	2000-01	2001-02	2000-01	2001-02
Loans- Govt. A/C	2107	2201	3595	2511	1164	1075
Grants- Govt. A/C	100	259	-	-	-	-
Total	2207	2460	3595	2511	1164	1075
Non-Govt. loans	282	625	280	156	370	198
Grand Total	2489	3085	3875	2667	1534	1273
	(564)	(658)				
Net Flows (net of repayment)	-1386	418	-	-	-	-
Net Transfers (net of repayment and interest payments)	-2920	-855	-	-	-	-

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

Gross external aid in **April-June 2001** at Rs 3085 crore was 23.9 per cent higher than that of Rs 2489 crore in April-June 2000. Net aid flows (net of repayments) amounted to Rs 418 crore as against Rs (-) 1386 crore. Net aid transfers (net of repayments and interest payments) was Rs (-) 855 crore as against Rs (-) 2920 crore in the corresponding period of last year.



EXCHANGE RATES

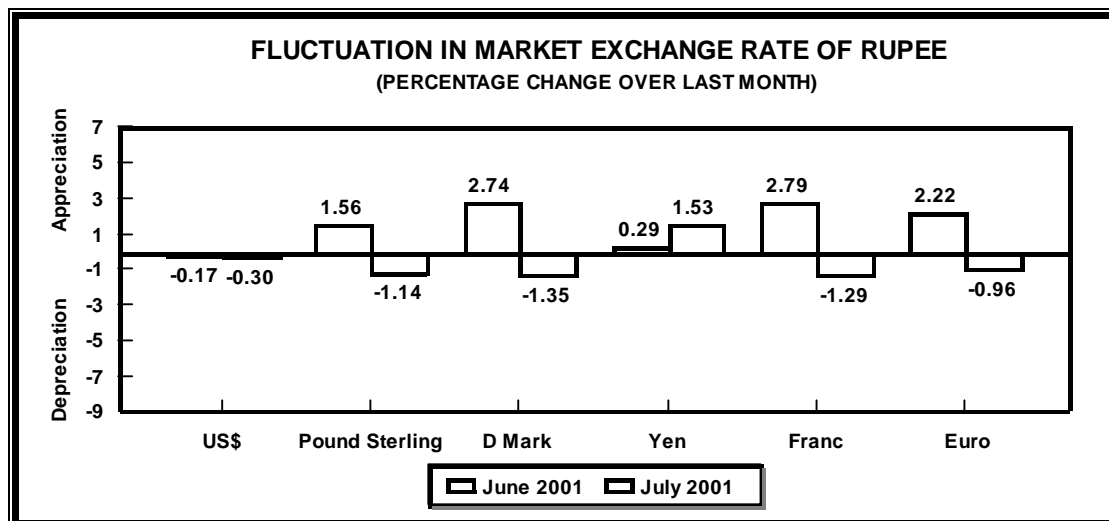
Rupees Per Unit of Foreign Currency

(Market Rate^a)

Month	US Dollar	Pound Sterling	Deutsche Mark*	Japanese Yen	French Franc*	Euro@	5 Country NEER Base 1995=100	5 Country REER
March 1998	39.50	65.62	21.64	0.3067	6.45	-	90.42	103.19
March 1999	42.45	68.77	23.58	0.3548	7.03	46.24	83.14	101.17
March 2000	43.59	68.93	21.54	0.4208	6.42	42.08	81.75	99.39
March 2001	46.62	67.39	21.64	0.3846	6.45	42.44	80.23	99.92
2001-2002								
April	46.78	67.22	21.46	0.3789	6.40	41.80	80.68	100.89
May	46.92	66.92	21.02	0.3853	6.27	41.05	80.62	101.16
June	47.00	65.89	20.46	0.3842	6.10	40.16	81.16	102.18
July	47.14	66.65	20.74	0.3784	6.18	40.55	80.97	102.28

a. FEDAI Rates
 @ Came into operation w.e.f. 1.1.1999
 * The rates for these foreign currencies are the average of week end rates reported in the Financial Times, London since exchange rates for the currencies are not quoted in India from Jan. 1,1999.

The average market exchange rate of the Rupee during July, 2001 appreciated against Japanese Yen and depreciated against US Dollar, Pound Sterling, Deutsche Mark, French Franc and Euro compared to average market rate during June, 2001. NEER moved down and REER moved up in July, 2001 as compared with the last month.



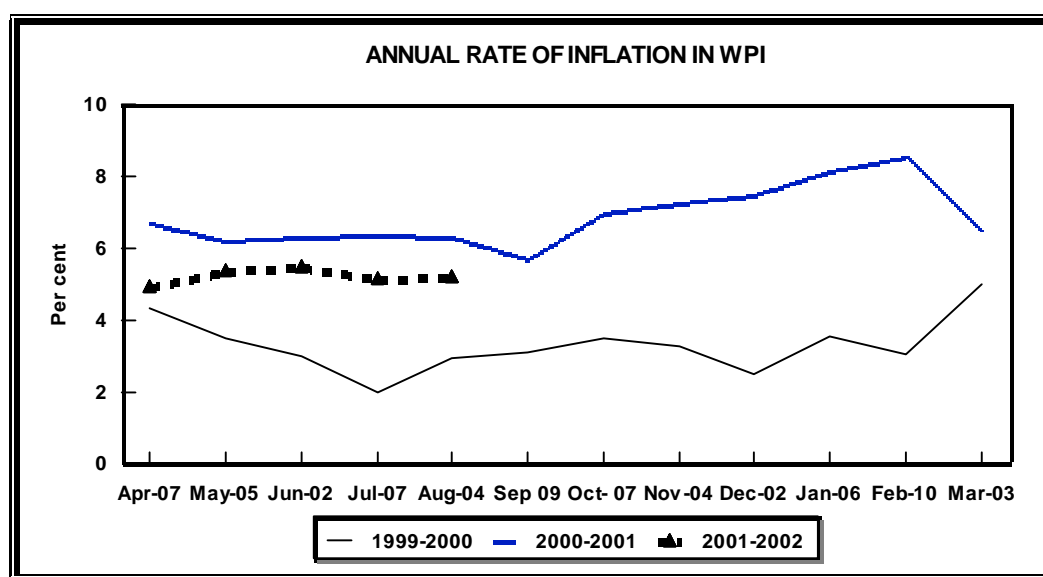
INFLATION

WHOLESALE PRICE INDEX

WHOLESALE PRICES (Base 1993-94)					
Items/Groups	Weight (%)	Per cent Variation During			
		MONTH		YEAR (point to point)	
		(ending 4.8.2001)		(ending 4.8.2001) ^(P)	
		Last Year	Current Year	Last Year	Current Year
All Commodities	100.00	0.33	0.37	6.31	5.22
I Primary articles	22.03	-0.06	-0.53	1.87	3.05
II Fuel, Power, Light and Lubricants	14.23	0.05	1.53	26.61	16.19
III Manufactured Products	63.75	0.50	0.28	3.00	2.70

P = Provisional

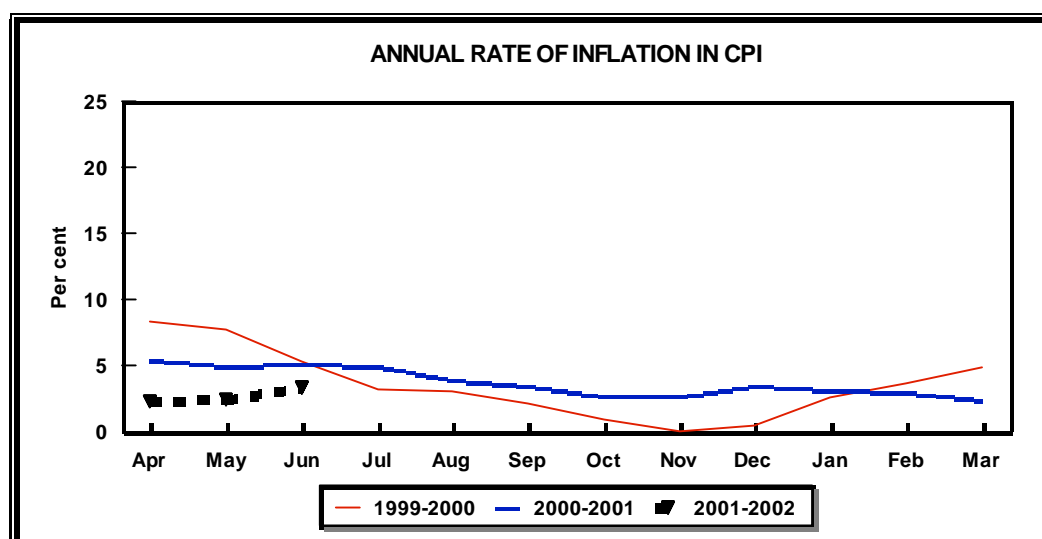
The annual rate of inflation based on **Wholesale Price Index (WPI)** stood at 5.22 per cent for week ended August 4, 2001 compared to 6.31 per cent a year ago. This rate was contributed by an increase of 3.05 per cent in Primary articles, 16.19 per cent increase in Fuel, Power and Lubricants and 2.70 per cent increase in Manufactured Products as against an increase of 1.87 per cent, 26.61 per cent and 3.00 per cent respectively, on the corresponding date of last year.



CONSUMER PRICE INDEX

CONSUMER PRICE INDEX AND INFLATION RATE		
	2000-2001 (Up to June, 2000)	2001-2002 (Up to June, 2001)
	<i>Per cent</i>	
Annual Inflation	5.2	3.4
Financial Year Inflation (%)	1.8	2.7
Last Month (% change)	0.5	1.3
Level of Index	442	457
Average of Index for 12 months ending June	433.33	447.17

The All India **Consumer Price Index for Industrial Workers (CPI-IW)** for June, 2001 which stood at 457 increased by 1.3 per cent over the previous month's level and increased by 3.4 per cent over June, 2000.



EMPLOYMENT EXCHANGE STATISTICS

(Lakhs)

EMPLOYMENT EXCHANGE STATISTICS				
	March		April-March	
	2000	2001*	1999-00	2000-01*
1. No. of applicants on Live Register at the end of the month	403.14	412.32	403.14	412.32
2. No. of registrations/re-registrations	3.11	3.11	58.89	58.12
3. Placements effected	0.16	0.14	2.10	2.80
		<i>(per cent)</i>		
4. Placements (3) as percentage of the registrations (2)	5.14	4.50	3.57	4.82
* Provisional				

The number of applicants on the Live Register of Employment Exchanges at the end of **March**, 2001 was 412.32 lakh, higher by 2.3 per cent as compared to the corresponding period of the previous year. The number of registrations during **March**, 2001 was 3.11 lakh same as in **March**, 2000. The Placements as percentage of registrations during **March**, 2001 was 4.50 as against 5.14 in **March**, 2000. The total placements effected during 2000-01 (April-March) was 2.80 lakh as compared to 2.10 lakh in the corresponding period of 1999-2000. Placements constituted 4.82 per cent of registrations in 2000-01 compared with 3.57 per cent in 1999-2000.