



Government of India
Ministry of Finance
Department of Economic Affairs
Economic Division
8(2) /Ec Dn/ 2002

MONTHLY ECONOMIC REPORT

AUGUST, 2002

HIGHLIGHTS

- 1 The Monsoon season rainfall upto August 14, 2002 was normal/excess in 47 per cent of meteorological sub-divisions.
- 1 Foodgrain stocks were at 63.01 million tonnes as on July 1, 2002.
- 1 Overall industrial growth was 4.0 per cent in April-June, 2002 as against 2.2 per cent in April-June, 2001.
- 1 Core infrastructure sectors achieved an average growth rate of 5.7 per cent in April-June, 2002 as against an increase of 1.2 per cent in April-June, 2001.
- 1 Money Supply (M3) growth was 7.9 per cent during March 31, 2002 to July 26, 2002, whereas annual growth rate for fortnight ended July 26, 2002 was 16.9 per cent. Net RBI Credit to Government increased by 2.1 per cent during March 31, 2002 to July 26, 2002.
- 1 The annual inflation rate in terms of WPI (Base 1993-94) was 2.66 per cent for week ended August 3, 2002 compared to 5.48 per cent a year ago.
- 1 Exports increased by 11.3 per cent in dollar terms in April-June, 2002 compared to an increase of 0.1 per cent in April-June, 2001. Imports increased by 3.2 per cent as against an increase of 0.3 per cent in corresponding period of last year.
- 1 Rupee appreciated against US Dollar and depreciated against Pound Sterling, Japanese Yen and Euro in July, 2002.
- 1 Forex reserves (excluding Gold & SDRs) stood at \$56.70 billion at the end of July, 2002.

(G. R. Reddy)
Adviser

AGRICULTURE

MONSOON SEASON RAINFALL*

Number of Meteorological Sub-divisions							
	1997	1998	1999	2000	2001	1997-01+	2002
Excess/Normal	31	30	31	26	29	29	17
Deficient/Scanty/Nil	5	6	5	10	7	7	19
Total	36	36	36	36	36	36	36
+ Annual average		* (June-Sept.)					

The Monsoon season rainfall from June 1, 2002 to August 14, 2002 was normal/excess in 17 (47 per cent) meteorological sub-divisions and deficient/scanty in the remaining 19 (53 per cent). The annual average for 1997-2001 was normal/excess in 29 (82 per cent) meteorological sub-divisions and deficient/scanty in the remaining 7 (18 per cent).

PROCUREMENT

(Million Tonnes)

	Full Marketing Year			Up to August 19		
	1999-2000	2000-01	2001-02	2001(P)	2002(P)	% change Col. (6)/(5)
(1)	(2)	(3)	(4)	(5)	(6)	Col. (6)/(5)
Rice (Oct-Sep)	17.27	19.11	-	18.70	20.63	10.3
Wheat (Apr-Mar)	14.15	16.36	20.63	20.61	19.03	-7.7
Total	31.42	35.47	20.63	39.31	39.66	0.9

Wheat procurement up to August 19, 2002 in the current marketing year, (i.e., 2002-2003) was lower by 7.7 per cent at 19.03 million tonnes compared to 20.61 million tonnes in the corresponding period in 2001-02. Procurement of rice during the marketing year 2001-02 (up to August 19, 2002) stood at 20.63 million tonnes was higher by 10.3 per cent than the level of 18.70 million tonnes during the corresponding period of 2000-01.

OFF-TAKE

(Million Tonnes)

	<u>April-June</u>				
	1999-00(P)	2000-01(P)	2001-02(P)	2001-02	2002-03
Rice	12.42	10.22	15.31	2.38	6.39
Wheat	10.63	7.73	15.99	2.78	3.68
Total	23.05	17.95	31.30	5.16	10.07

P- Provisional

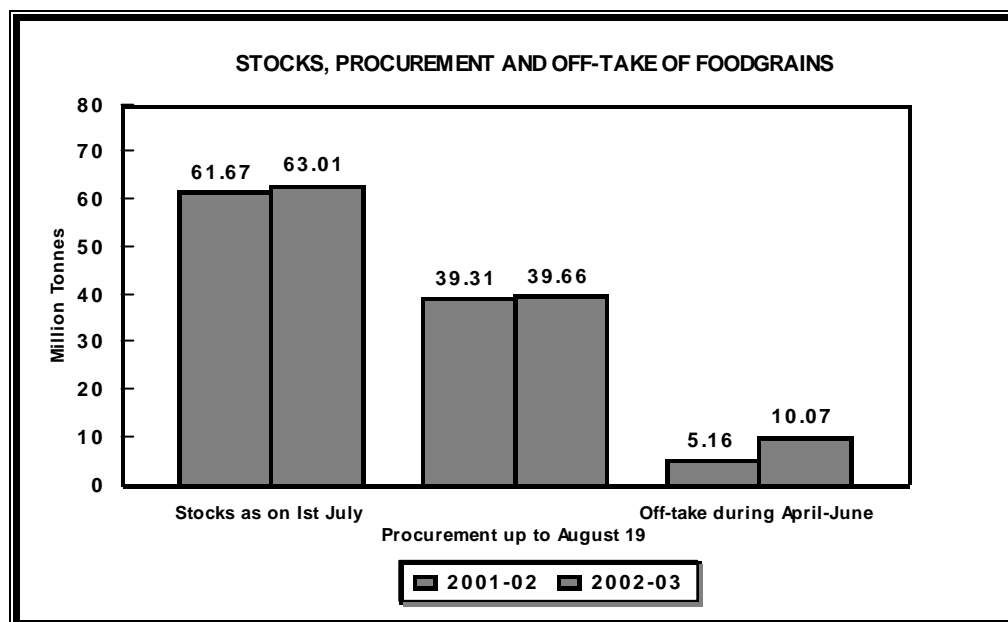
Off-take from the Public Distribution System during April-June, 2002-03 was 10.07 million tonnes, which was higher by 95.34 per cent, than the off-take of 5.16 million tonnes during April-June, 2001-02.

STOCKS

(Million Tonnes)

	As on 1st June		As on 1st July	
	2001	2002	2001	2002
Rice	22.86	23.40	22.75	21.94
Wheat	37.55	41.32	38.92	41.07
Total	60.41	64.72	61.67	63.01

Stocks of foodgrains as on 1st July, 2002 stood at 63.01 million tonnes which was higher by 2.2 per cent than the level at 61.67 million tonnes as on 1st July, 2001.

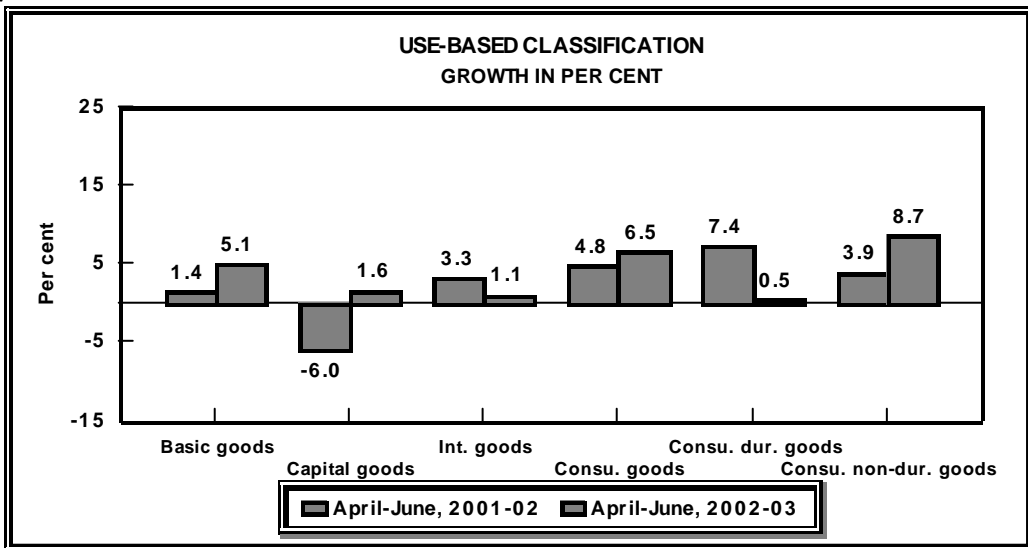
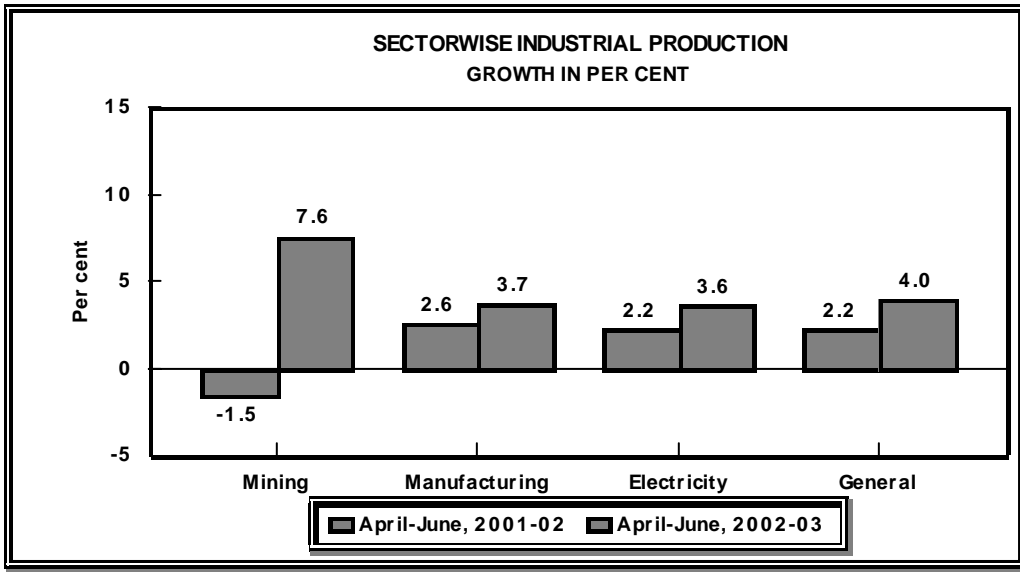


INDEX OF INDUSTRIAL PRODUCTION

SECTORWISE INDEX OF INDUSTRIAL PRODUCTION (Percentage change)						
(Base = 1993-94 = 100)						
	2000-01/ 1999-00	2001-02/ 2000-01	June '01/ June '00	June '02/ June '01	<u>Apri-June</u>	
					2001-02	2002-03
<u>General</u>	5.0	2.8	2.6	4.0	2.2	4.0
Mining & Quarrying	3.7	1.8	-4.1	9.1	-1.5	7.6
Manufacturing	5.3	2.8	3.4	3.6	2.6	3.7
Electricity	4.0	3.1	2.1	3.5	2.2	3.6
<u>Use-Based Classification</u>						
Basic goods	3.9	2.8	0.2	5.8	1.4	5.1
Capital goods	1.8	-3.9	-9.8	5.4	-6.0	1.6
Intermediate goods	4.7	1.6	3.5	2.1	3.3	1.1
Consumer goods	8.0	6.0	9.3	3.5	4.8	6.5
<u>Of which</u>						
Consumer Durables	14.5	11.5	8.5	-4.5	7.4	0.5
Consumer non-Durables	5.8	4.0	9.5	6.5	3.9	8.7

The overall growth rate of Industrial production during **April-June, 2002-03** was 4.0 per cent as compared to 2.2 per cent in April-June, 2001-02. The growth in mining & quarrying, manufacturing sector and electricity generation during April-June, 2002-03 was 7.6%, 3.7% and 3.6% respectively as against (-)1.5%, 2.6% and 2.2% in April-June, 2001-02.

As per the use-based classification, production in intermediate goods during April-June, 2002-03, registered lower increase while basic goods, capital goods and consumer goods registered an increase compared with April-June, 2001-02.

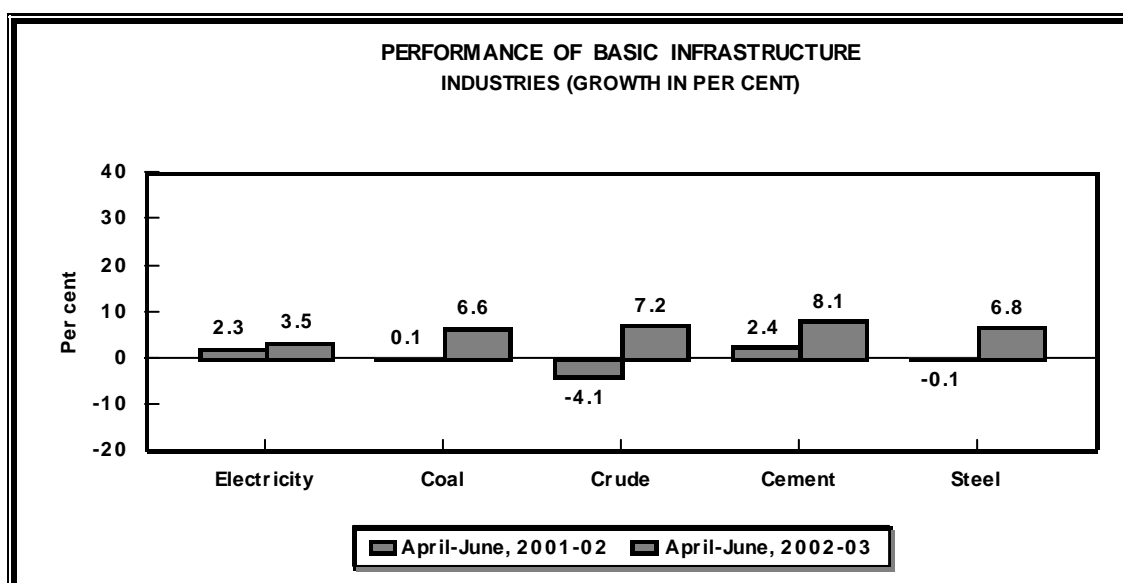


INFRASTRUCTURE INDUSTRIES

PRODUCTION IN INFRASTRUCTURE INDUSTRIES								
Industry/Infrastructure	Unit	June		Full Year	April-June		Percentage change April-June	
		2001	2002		2001-02	2002-03	2001-02/ 2000-01	2002-03/ 2001-02
Coal	Mn tons	22.4	24.7	322.6	71.2	75.9	0.1	6.6
Electricity Generation	Mn kw	40648	42098	515271	125325	129743	2.3	3.5
Hydel	Mn kw	6265	5906	73992	16489	17257	-11.9	4.4
Thermal (including nuclear)	Mn kw	34383	36192	441279	108836	112486	4.9	3.4
Crude petroleum	000 tons	2483	2731	32030	7618	8167	-4.1	7.2
Petroleum Products	000 tons	8496	8735	99815	24219	25765	6.4	6.4
Finished steel	000 tons	2547	2741	31066	7503	8013	-0.1	6.8
Cement	000 tons	9335	9730	106900	27605	29849	2.4	8.1
Average growth rate*	(%)	0.8	5.8	3.0	-	-	1.2	5.7
		<u>May</u>	<u>Full Year</u>		<u>April-May</u>		<u>April-May</u>	
Cargo handled at major ports	Mn tons	21.42	25.23	287.71	43.41	50.60	-7.6	16.6
Telecommunications								
a) Net switching capacity	000 lines	252.66	220.15	6956.77	378.70	298.62	33.1	-21.1
b) Net Tele. connections	000 nos	203.72	116.18	5334.84	369.82	181.93	6.1	-50.8
Revenue earning goods traffic on railways	Mn tons	40.97	42.46	492.31	77.87	82.63	1.0	6.1

* 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 significant improvement in **April-June, 2002-03** as compared to April-June, 2001-02. During April-June, 2002-03 average growth rate was 5.7 per cent as compared to an increase of 1.2 per cent in April-June, 2001-02.



REVENUE EARNING GOODS TRAFFIC ON RAILWAYS

(Million Tonnes)

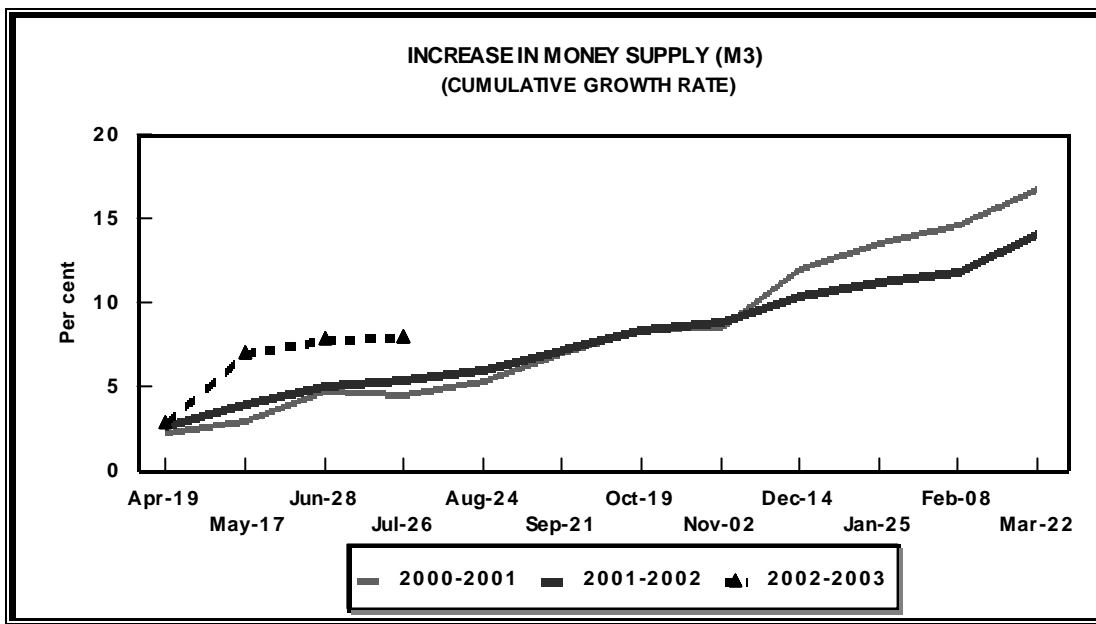
REVENUE EARNING GOODS TRAFFIC ON RAILWAYS							
Commodities	May 2001	2002	Full Year	April-May		Percentage Change	
				2001-02	2002-03	May 2002/2001	April-May 2002-03/ 2001-02
Coal	18.78	18.99	229.79	36.14	38.01	1.1	5.2
Raw material for Steel Plants	3.02	3.32	39.38	6.14	6.30	9.9	2.6
Pig Iron & Finished Steel From Steel Plants	0.94	0.97	12.00	1.77	1.87	3.2	5.6
Iron Ore for Exports	1.15	1.18	15.72	2.32	2.03	2.6	-12.5
Cement	4.20	4.07	44.00	7.97	7.95	-3.1	-0.3
Foodgrains	2.70	4.02	32.81	5.22	7.57	48.9	45.0
Fertilizers	2.12	2.17	27.09	3.79	3.90	2.4	2.9
POL	3.29	3.11	35.62	5.84	5.83	-5.5	-0.2
Balance other goods	4.77	4.63	55.90	8.68	9.17	-2.9	5.6
Total	40.97	42.46	492.31	77.87	82.63	3.6	6.1

The revenue earning goods traffic handled by the Railways increased by 6.1 per cent during **April-May, 2002-03** as compared to an increase of 1.0 per cent in April-May, 2001-02.

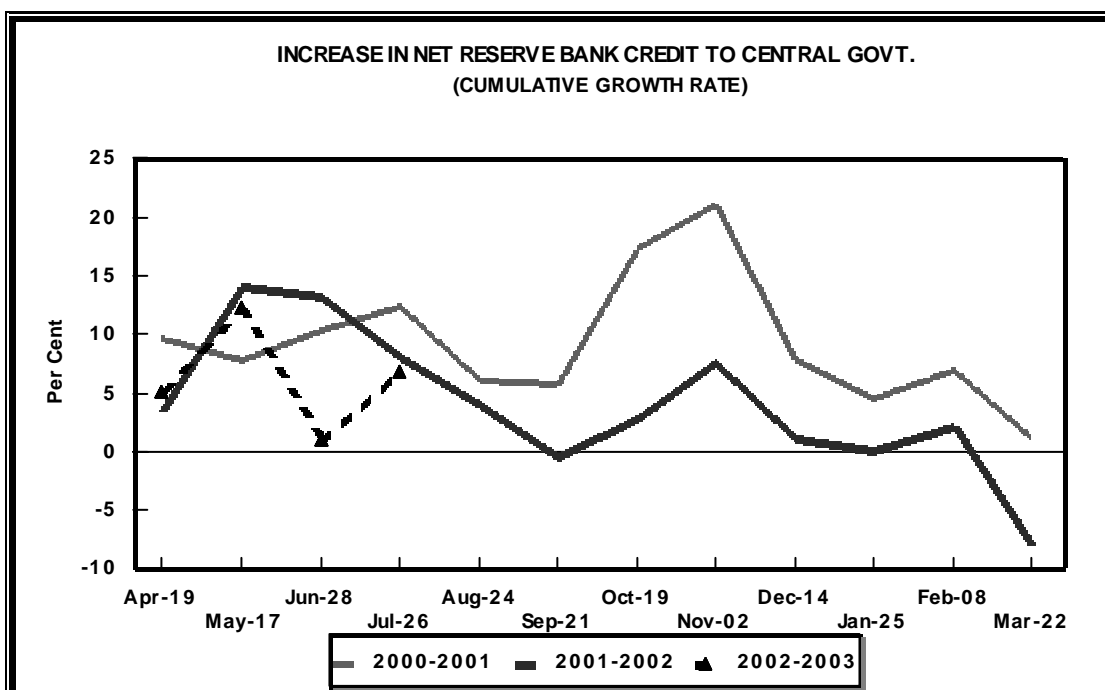
MONEY AND BANKING

VARIATIONS IN MONEY STOCK						
	Full Year Mar 31 '01 to Mar 31 '02	Mar 31 '02 to Jul 26 '02 (PR)	Full Year Mar 31 '01 to Mar 31 '02	Mar 31 '01 to Jul 27 '01 (P)	Mar 31 '02 to Jul 26 '02 (PR)	Jul 27 '01 to Jul 26 '02 (P)
	<i>(Rs crore)</i>			<i>(per cent)</i>		
M1 (I+II+IV)	43083	9919	11.4	2.3	2.3	11.4
M3(M1+ III)	186782	118274	14.2	5.4	7.9	16.9
I. Currency with the public	31849	9763	15.2	4.5	4.0	14.6
II. Demand deposits with banks	12014	-758	7.2	-0.5	-0.4	7.3
III. Time deposits with banks	143699	108355	15.4	6.7	10.1	19.0
IV. Other deposits with RBI	-780	914	-21.5	-3.1	32.1	7.0
Sources of change in M3						
<i>(1+2+3+4-5)</i>						
1. Net Bank Credit to Govt (A+B)	74511	53419	14.6	9.3	9.1	14.3
A. RBI's net credit to Govt ^a	-1699	3154	-1.1	5.0	2.1	-3.9
To Central Govt	-5150	9577	-3.5	8.1	6.8	-4.7
To State Govts	3451	-6423	47.0	-56.8	-59.5	37.8
B. Other bank credit to Govt	76210	50265	21.3	11.2	11.6	21.7
2. Bank credit to commercial sector	77046	64957	11.3	1.4	8.6	19.2
3. Net foreign exchange assets of banking sector ^b	64913	27402	26.0	1.2	8.7	35.4
4. Govt's currency liabilities to the public	1013	89	18.9	5.3	1.4	14.5
5. Banking sector's net non-monetary liabilities other than time deposits	30701	27594	23.1	-8.0	16.8	56.2
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, 2002 to July 26, 2002) money supply (M3) increased by 7.9 per cent which is higher than 5.4 per cent in the corresponding period of 2001-02. Among its components, currency with the public showed a growth of 4.0 per cent as against 4.5 per cent in the corresponding period of last year. Demand deposits with banks showed a decline of 0.4 per cent as against a decline of 0.5 per cent in the corresponding period of last financial year. Time deposits with banks increased by 10.1 per cent as against 6.7 per cent in the corresponding period of last year. The annual growth of M3 as on July 26, 2002 stood at 16.9 per cent.



On the sources side, the Net Bank Credit to Government showed a growth of 9.1 per cent during the current financial year (i.e. March 31, 2002 to July 26, 2002) which is lower than that of 9.3 per cent increase in the same period of 2001-02. RBI's Net Credit to Central Government increased by 6.8 per cent as against an increase of 8.1 per cent in 2001-02. Bank credit to the commercial sector increased by 8.6 per cent as against an increase of 1.4 per cent in the same period of last year. Net foreign exchange assets of banking sector increased by 8.7 per cent as compared with 1.2 per cent in the corresponding period of 2001-02.



SCHEDULED COMMERCIAL BANKS

SCHEDULED COMMERCIAL BANKS: VARIATION IN ASSETS AND LIABILITIES						
	Full Year Mar 23,'01 to Mar 22,'02	Mar 22,'02 to Jul 26,'02 (PR)	Full Year Mar 23,'01 to Mar 22,'02	Mar 23,'01 to Jul 27,'01	Mar 22,'02 to Jul 26,'02 (P)	Jul 27,'01 to Jul 26,'02 (P)
	<i>(Rs crore)</i>		<i>(per cent)</i>			
1. Bank credit	74398	63770	17.3	2.5	10.8	24.7
Food credit	13987	5099	55.7	27.6	9.4	15.8
Non-food credit	60411	58671	14.9	0.3	11.0	25.6
2. Aggregate deposits	137836	103636	18.4	6.3	9.4	18.0
Demand deposits	9129	-859	11.9	-0.4	-0.6	7.2
Time deposits	128707	104495	19.5	7.4	11.0	19.7
3. Borrowings from RBI	-280	-3595	-40.0	65.3	-99.4	-99.7
4. <i>Cash reserves</i>						
Cash in hand	405	745	6.1	13.5	11.9	8.9
Balances with RBI	2858	9461	3.7	19.6	15.2	0.9
5. Investments in Govt. and other approved securities	68994	47674	19.8	9.9	10.9	19.5
P = Provisional						

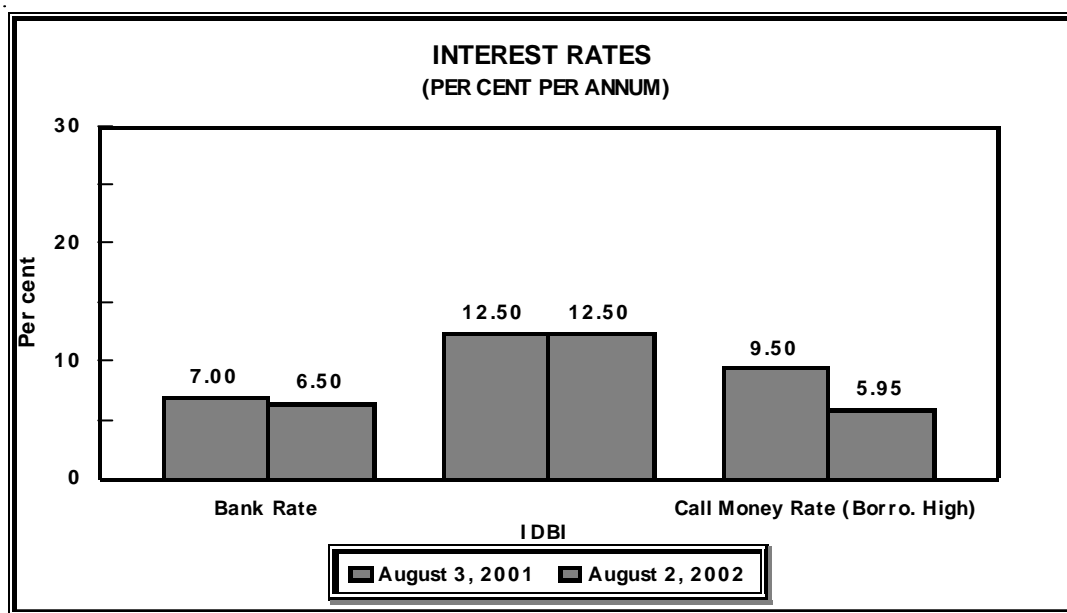
Bank credit by the scheduled commercial banks during the current financial year so far (i.e. March 22, 2002 to July 26, 2002) showed a growth of 10.8 per cent as compared with an increase of 2.5 per cent in the corresponding period of last financial year. Food credit increased by 9.4 per cent while non-food credit increased by 11.0 per cent during this period.

INTEREST RATES (PER CENT PER ANNUM)

<i>Item/ Week ended</i>	<i>2001</i>	<i>2002</i>
1	<i>Aug. 3</i>	<i>Aug. 2</i>
	2	3
Bank Rate	7.00	6.50
I.D.B.I. ¹	12.50	12.50
Prime Lending Rate ²	11.00-12.00	11.00-12.00
Deposit Rate ³	8.00-9.50	7.00-8.25
Call Money Rate ⁴ (Low/High)		
-Borrowings	5.47/9.50	4.00/5.95
-Lendings	4.85/9.15	4.00/6.55

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 75-80 per cent of total transactions reported by major participants.

As on August 2, 2002, Prime Lending Rate ranged from 11.00 to 12.00 per cent same as on August 3, 2001. Deposit Rate ranged from 7.00 to 8.25 per cent as against 8.00 to 9.50 on the corresponding day of last year.

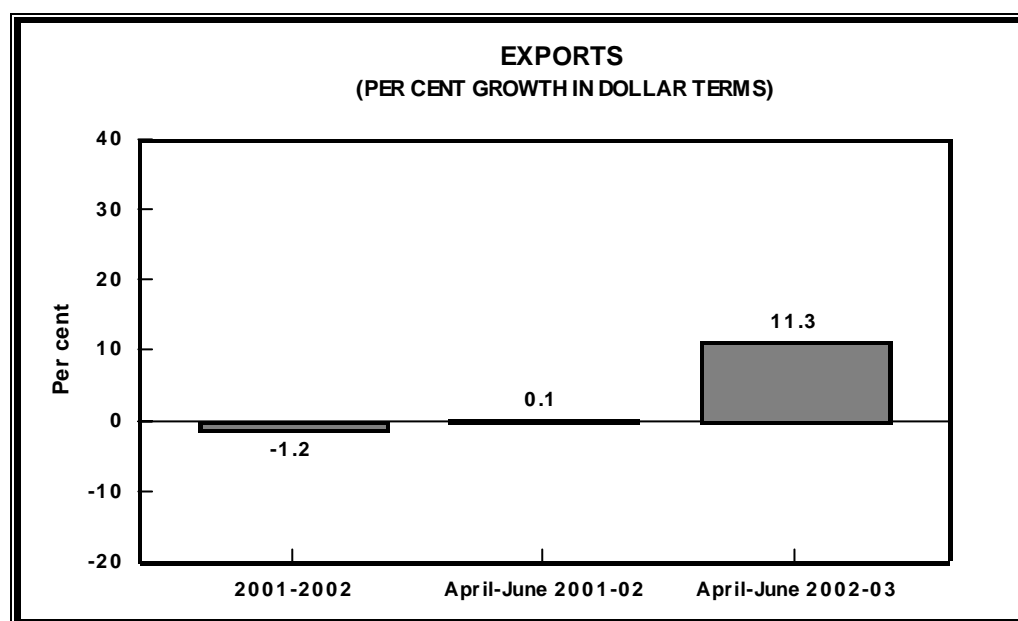


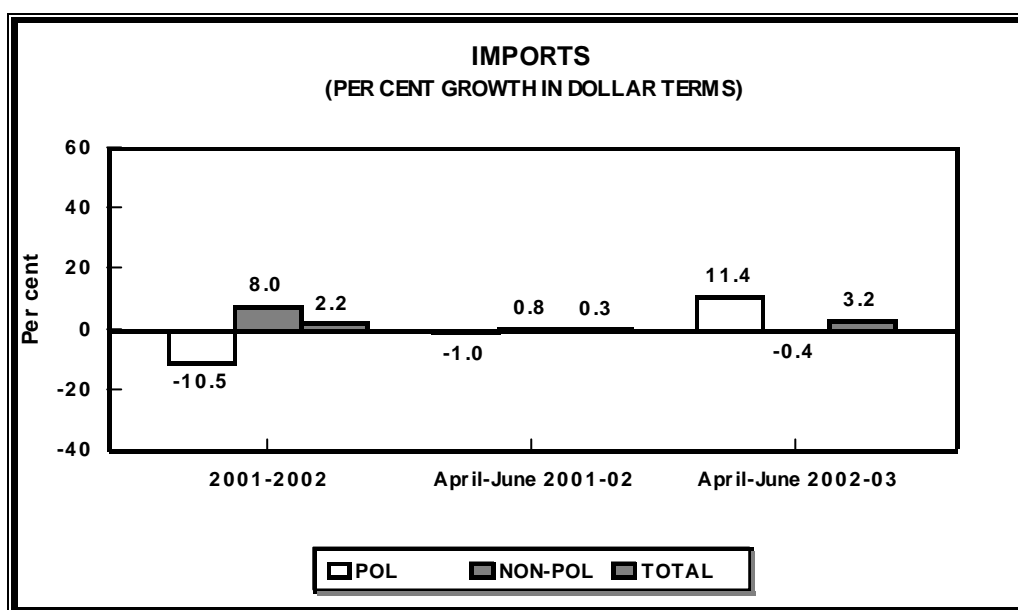
EXTERNAL SECTOR

FOREIGN TRADE

FOREIGN TRADE*						
Item	2000-01(R)	2001-02(PR)	April-June		April-June	
			2001-02	2002-03	2001-02	2002-03
<i>Rs. Crore</i>				<i>% change</i>		
Exports	201356	207746	48580	56430	6.5	16.2
Imports	228307	243645	59968	64586	6.7	7.7
POL	71497	66770	18279	21255	5.3	16.3
Non-POL	156811	176875	41689	43331	7.3	3.9
Trade Balance	-26951	-35899	-11388	-8156	-	-
<i>Million Dollar</i>				<i>% change</i>		
Exports	44075	43560	10356	11525	0.1	11.3
Imports	49975	51087	12785	13191	0.3	3.2
POL	15650	14000	3897	4341	-1.0	11.4
Non-POL	34325	37087	8888	8850	0.8	-0.4
Trade Balance	-5900	-7527	-2429	-1665	-	-
P = Provisional, PR = Partially Revised						

Exports in dollar terms in **April-June, 2002-03** increased by 11.3 per cent as compared to a growth of 0.1 per cent in April-June, 2001-02. Imports increased by 3.2 per cent as against an increase of 0.3 per cent in last year. Imports of POL increased by 11.4 per cent in April-June, 2002-03 as against a decline of 1.0 per cent in corresponding period last year.



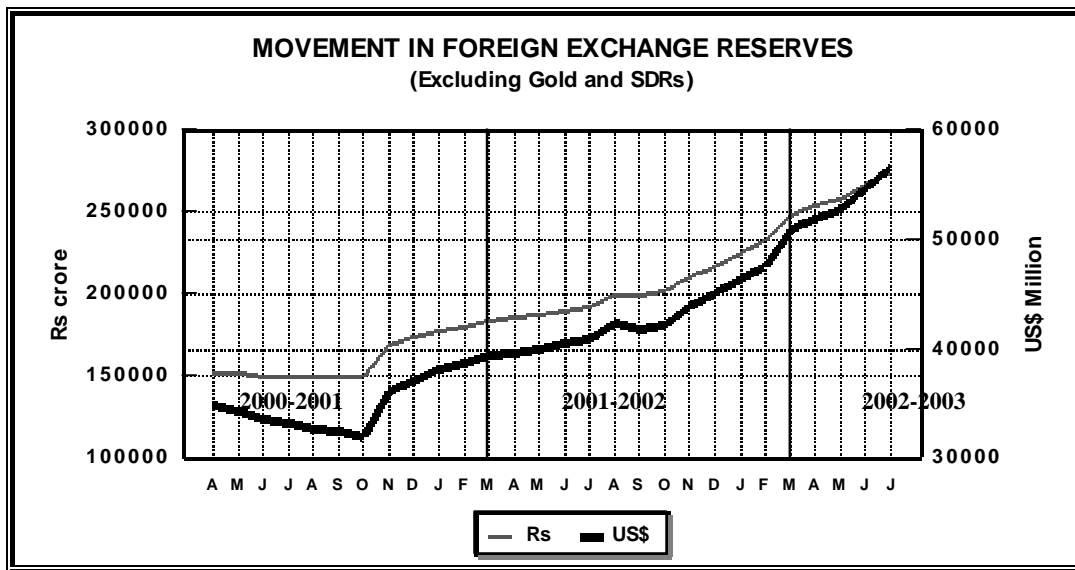


FOREIGN EXCHANGE RESERVES

FOREIGN EXCHANGE RESERVES (EXCLUDING GOLD AND SDRs)				
At the end of	Amount		Variation	
	Rs Crore	\$ Million	Rs Crore	\$ Million
			<i>(Over last Year)</i>	
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
March, 2002	249118	51049	64636	11495
2002-2003			<i>(Over last Month)</i>	
April	255166	52107	6048	1058
May	259319	52890	4153	783
June	267333	54703	8014	1813
July*	276033	56704	8700	2001

* Provisional

Foreign Exchange Reserves (excluding Gold & SDRs), were \$51049 million at the end of 2001-2002. These reserves have increased by \$5655 million and stood at \$56704 million at the end of July, 2002.

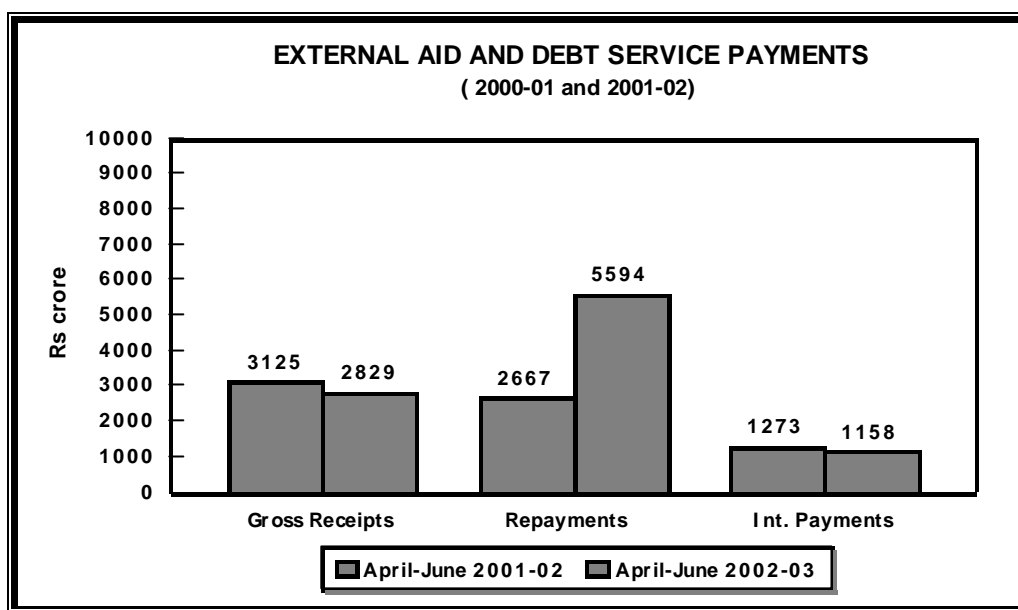


EXTERNAL AID RECEIPTS AND DEBT SERVICE PAYMENTS*

(Rs Crore)

	Receipts		Repayment of Principal		Payment of Interest	
	2001-02	2002-03	2001-02	2002-03	2001-02	2002-03
Loans- Govt. A/C	2201	2114	2511	2982	1075	974
Grants- Govt. A/C	259	108	-	-	-	-
Total	2460	2222	2511	2982	1075	974
Non-Govt. loans	625	570	156	2612	198	184
Grants-Non-Govt.	40	37	-	-	-	-
Grand Total	3125	2829	2667	5594	1273	1158
	(666)	(578)				
Net Flows (net of repayment)	458	-2765	-	-	-	-
Net Transfers (net of repayment and interest payments)	-815	-3923	-	-	-	-
* April-June						
Note: Figures in brackets are in terms of million US \$						

Gross external aid in **April-June, 2002-03** at Rs 2829 crore was 9.5 per cent lower than that of Rs 3125 crore in April-June, 2001-02. Net aid flows (net of repayments) amounted to Rs (-) 2765 crore as against Rs 458 crore. Net aid transfers (net of repayments and interest payments) was Rs (-) 3923 crore as against Rs (-) 815 crore in the corresponding period of last year.



EXCHANGE RATES

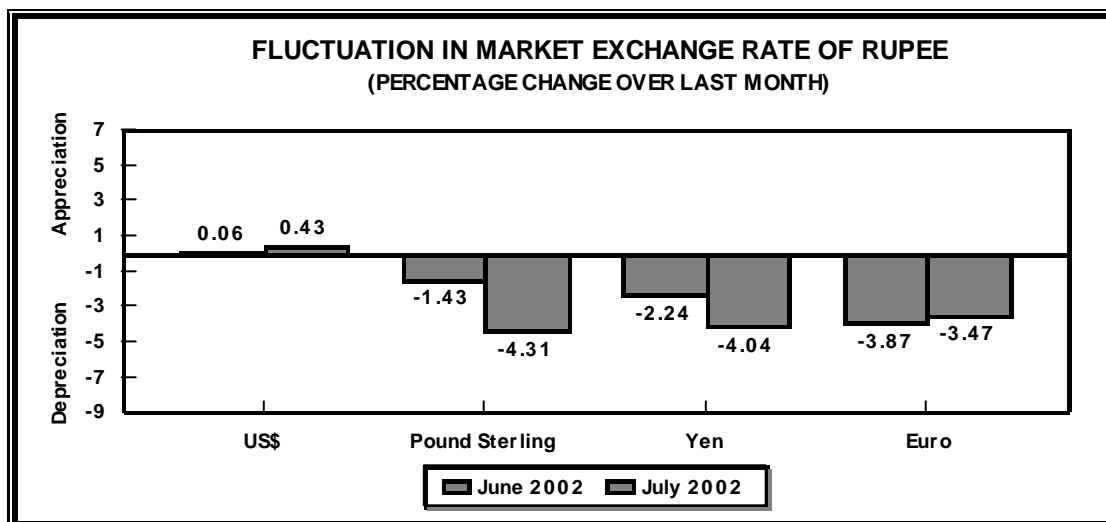
Rupees Per Unit of Foreign Currency

(Market Rate^a)

Month	US Dollar	Pound Sterling	Deutsche Mark*	Japanese Yen	French Franc*	Euro@	5 Country NEER Base 1995=100	5 Country REER Base 1995=100
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
March 2002	48.74	69.37	–	0.3723	–	42.75	78.58	102.20
2002-2003								
April	48.92	70.53	–	0.3738	–	43.30	77.98	101.17
May	49.00	71.53	–	0.3876	–	44.93	76.65	99.22
June	48.97	72.57	–	0.3965	–	46.74	75.56	98.14
July	48.76	75.84	–	0.4132	–	48.42	74.08	96.40

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, 2002 appreciated against US Dollar and depreciated against Pound Sterling, Japanese Yen and Euro compared to average market rate during June, 2002. Both NEER and REER moved down in July, 2002 as compared with the last month.



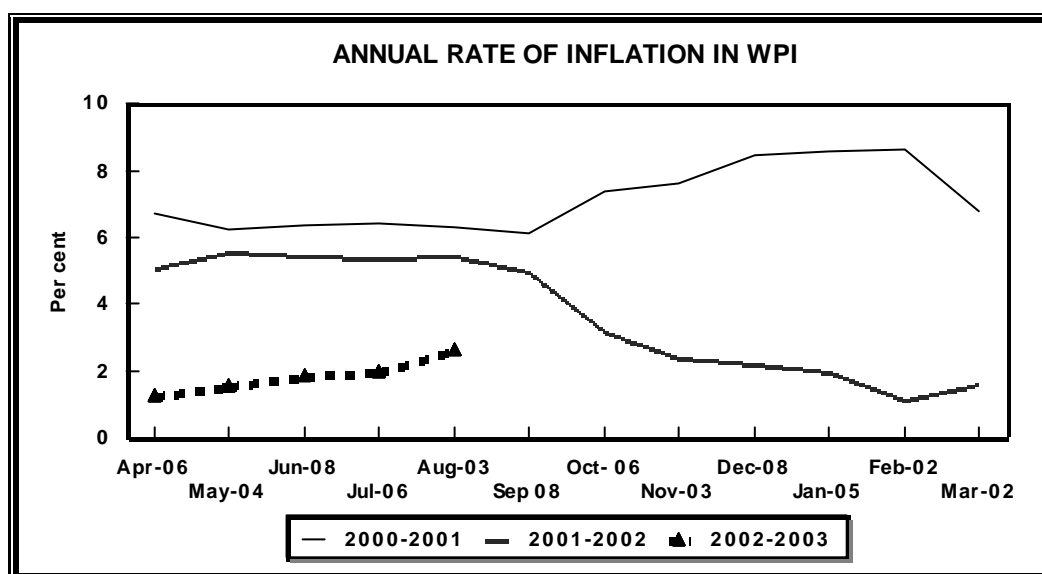
INFLATION

WHOLESALE PRICE INDEX

WHOLESALE PRICES (Base 1993-94)					
Items/Groups	Weight (%)	Per cent Variation During			
		MONTH		YEAR (point to point)	
		(Aug 3 over Jul 6)		(ending 3.8.2002) ^(P)	
		Last Year	Current Year	Last Year	Current Year
All Commodities	100.00	0.37	1.03	5.48	2.66
I Primary articles	22.03	0.18	1.52	3.60	2.30
II Fuel, Power, Light and Lubricants	14.23	-0.18	1.56	16.19	5.57
III Manufactured Products	63.75	0.07	1.32	2.92	1.87

P = Provisional

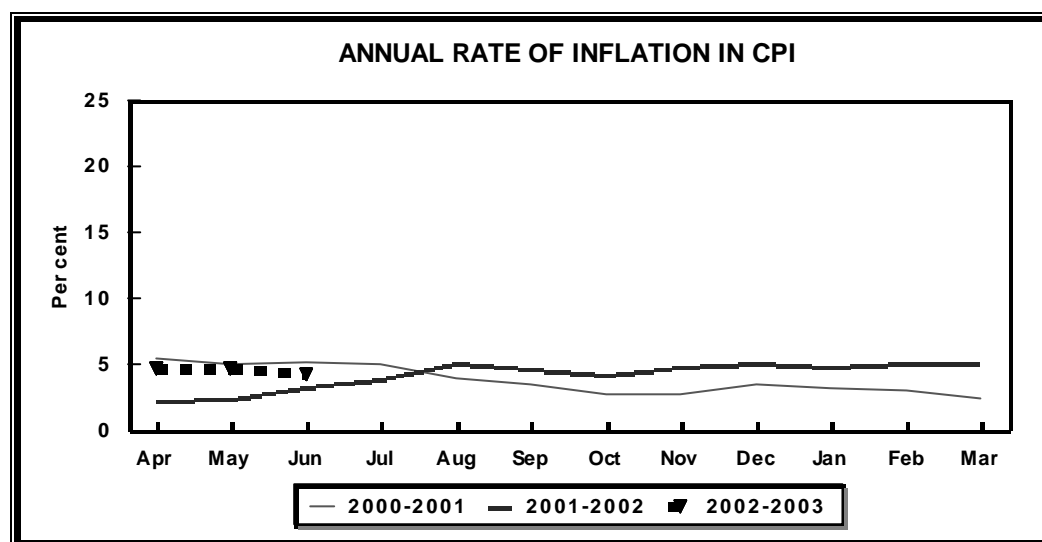
The annual rate of inflation based on **Wholesale Price Index (WPI)** stood at 2.66 per cent for week ended August 3, 2002 compared to 5.48 per cent a year ago. This rate was contributed by an increase of 2.30 per cent in Primary articles, 5.57 per cent increase in Fuel, Power and Lubricants and 1.87 per cent increase in Manufactured Products as against an increase of 3.60 per cent, 16.19 per cent and 2.92 per cent respectively, on the corresponding date of last year.



CONSUMER PRICE INDEX

CONSUMER PRICE INDEX AND INFLATION RATE		
	2001-2002 (Up to June, 2001)	2002-2003 (Up to June, 2002)
	<i>Per cent</i>	
Annual Inflation	3.4	4.2
Financial Year Inflation (%)	1.4	1.7
% change over Last Month	1.3	0.8
Level of Index	457	476
Average of Index for 12 months ending June	447.17	468.42

The All India **Consumer Price Index for Industrial Workers** (CPI-IW) for June, 2002 which stood at 476 increased by 0.8 per cent over the previous month's level and increased by 4.2 per cent over June, 2001.



EMPLOYMENT EXCHANGE STATISTICS

(In Lakhs)

MONTHLY HIGHLIGHTS OF EMPLOYMENT AND UNEMPLOYMENT	
	April 2002
1. No. of job-seekers on Live register at the end of the month	409.13
2. No. of registrations/ re-registrations	3.12
3. Placements effected	0.15
4. No. of vacancies notified	0.13

The number of job-seekers on Live Register of Employment Exchanges at the end of **April**, 2002 was 409.13 lakh. The number of registrations during **April**, 2002 was 3.12 lakh. The Placements were 0.15 lakh and number of vacancies notified was 0.13 lakh during this period.