

**Ministry of Finance  
Department of Economic Affairs  
Economic Division  
8(1)/Ec. Dn. /2009**

**MONTHLY ECONOMIC REPORT  
AUGUST, 2009**

**HIGHLIGHTS**

- The overall growth of GDP at factor cost at constant prices in 1999-2000, as per revised estimates released by the CSO was 6.7 percent representing a deceleration from high growth of 9.0 percent during 2007-08.
- The Monsoon Season (June – September) rainfall from June 1, 2009 to September 2, 2009 was normal/excess in 33 per cent of meteorological sub-divisions.
- Food grains (rice and wheat) stocks were 52.53 million tonnes as on July 1, 2009.
- Overall annual industrial growth was 6.8 per cent during July 2009 as compared to 6.4 per cent in July 2008. During the month of July 2009, the General Index stands at 289.7.
- Core infrastructure sectors achieved growth rate of 1.8 per cent during July 2009 as compared to a growth of 5.1 per cent in July, 2008.
- Broad Money (M<sub>3</sub>) growth (year-on-year) was 19.8 per cent as on July 17, 2009 as compared to 20.1 per cent last year.
- Exports, in US dollar terms decreased by 28.4 per cent and imports decreased by 37.1 per cent, during July 2009.
- Foreign exchange reserves (excluding Gold, SDRs and Reserve Tranche Position in the IMF) stood at US \$ 261.5 billion at the end of August 2009.
- Rupee appreciated against US dollar and Japanese Yen and depreciated against Pound Sterling and Euro in August 2009 over July, 2009 touching 48.30, 79.93, 0.5080 and 68.87, respectively.
- Year-on-year inflation in terms of Wholesale Price Index was (-) 0.21 per cent for the week ended August 22, 2009 as compared to 12.76 per cent a year ago.
- Tax revenue (net to Centre) during April-July, 2009 declined by 10.6 per cent compared with corresponding period of 2008-09.
- Fiscal deficit during April-July 2009 increased by 36.7 per cent over corresponding period last year.
- Revenue deficit during April-July 2009 was higher by 34.5 per cent over corresponding period last year.

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## ECONOMIC GROWTH

As per the Revised Estimates (RE) of Central Statistical Organization (CSO), Ministry of Statistics and Programme Implementation, the Gross Domestic Product (GDP) at factor cost at constant (1999-2000) prices is estimated at 6.7 per cent in 2008-09 as compared to 9.0 per cent in 2007-08 (Quick Estimate). At disaggregated level, the growth during 2008-09 (RE) comprises of growth of 1.6 per cent in Agriculture and allied activities, 3.9 per cent in Industry and 9.7 per cent in Services as compared to 4.9 per cent, 8.1 per cent and 10.9 per cent respectively during 2007-08 (QE).

| Growth of GDP at factor cost by Economic Activity (at 1999-2000 prices) |             |             |                 |                 |                         |              |                 |                 |  |
|---|-------------|-------------|-----------------|-----------------|-------------------------|--------------|-----------------|-----------------|--|
| Industry  | Growth      |             |                 |                 | Percentage share in GDP |              |                 |                 |  |
|   | 2005-06     | 2006-07     | 2007-08<br>(QE) | 2008-09<br>(RE) | 2005-06                 | 2006-07      | 2007-08<br>(QE) | 2008-09<br>(RE) |  |
| <b>1 Agriculture, forestry &amp; fishing</b>                            | <b>5.8</b>  | <b>4.0</b>  | <b>4.9</b>      | <b>1.6</b>      | <b>19.5</b>             | <b>18.5</b>  | <b>17.8</b>     | <b>17.0</b>     |  |
| <b>2 Industry</b>   | <b>10.2</b> | <b>11.0</b> | <b>8.1</b>      | <b>3.9</b>      | <b>26.4</b>             | <b>26.7</b>  | <b>26.5</b>     | <b>25.8</b>     |  |
| a Mining & quarrying  | 4.9         | 8.8         | 3.3             | 3.6             | 2.1                     | 2.1          | 2.0             | 1.9             |  |
| b Manufacturing   | 9.1         | 11.8        | 8.2             | 2.4             | 15.1                    | 15.3         | 15.2            | 14.6            |  |
| c Electricity, gas & water supply                                       | 5.1         | 5.3         | 5.3             | 3.4             | 2.2                     | 2.1          | 2.0             | 2.0             |  |
| d Construction  | 16.2        | 11.8        | 10.1            | 7.2             | 7.0                     | 7.2          | 7.2             | 7.3             |  |
| <b>3 Services</b>   | <b>10.6</b> | <b>11.2</b> | <b>10.9</b>     | <b>9.7</b>      | <b>54.1</b>             | <b>54.8</b>  | <b>55.7</b>     | <b>57.3</b>     |  |
| a Trade, hotels, transport & communication                              | 12.1        | 12.8        | 12.4            | 9.0             | 26.4                    | 27.1         | 28.0            | 28.6            |  |
| b Financing, insurance, real estate & business services                 | 11.4        | 13.8        | 11.7            | 7.8             | 13.8                    | 14.3         | 14.6            | 14.8            |  |
| c Community, social & personal services                                 | 7.1         | 5.7         | 6.8             | 13.1            | 13.9                    | 13.4         | 13.1            | 13.9            |  |
| <b>4 GDP at factor cost</b>   | <b>9.5</b>  | <b>9.7</b>  | <b>9.0</b>      | <b>6.7</b>      | <b>100.0</b>            | <b>100.0</b> | <b>100.0</b>    | <b>100.0</b>    |  |

(QE): Quick estimates (RE): Advance Estimate

| Quarterly Estimates of GDP (Percentage change over previous Year) |             |             |             |             |             |            |             |            |            |
|---|-------------|-------------|-------------|-------------|-------------|------------|-------------|------------|------------|
| Sector(s)   | 2007/08     |             |             |             | 2008/09     |            |             |            | 2009/10    |
|   | Q1          | Q2          | Q3          | Q4          | Q1          | Q2         | Q3          | Q4         | Q1         |
| <b>1. Agriculture, forestry &amp; fishing</b>                     | <b>4.3</b>  | <b>3.9</b>  | <b>8.1</b>  | <b>2.2</b>  | <b>3.0</b>  | <b>2.7</b> | <b>-0.8</b> | <b>2.7</b> | <b>2.4</b> |
| <b>Industry</b>   | <b>9.2</b>  | <b>9.1</b>  | <b>8.2</b>  | <b>6.2</b>  | <b>6.0</b>  | <b>6.1</b> | <b>2.3</b>  | <b>1.4</b> | <b>5.0</b> |
| 2. Mining & quarrying   | 0.1         | 3.8         | 4.2         | 4.7         | 4.6         | 3.7        | 4.9         | 1.6        | 7.9        |
| 3. Manufacturing  | 10.0        | 8.2         | 8.6         | 6.3         | 5.5         | 5.1        | 0.9         | -1.4       | 3.4        |
| 4. Electricity, gas & water supply                                | 6.9         | 5.9         | 3.8         | 4.6         | 2.7         | 3.8        | 3.5         | 3.6        | 6.2        |
| 5. Construction   | 11.0        | 13.4        | 9.7         | 6.9         | 8.4         | 9.6        | 4.2         | 6.8        | 7.1        |
| <b>Services</b>   | <b>10.8</b> | <b>10.3</b> | <b>10.3</b> | <b>11.8</b> | <b>10.2</b> | <b>9.8</b> | <b>10.2</b> | <b>8.6</b> | <b>7.8</b> |
| 6. Trade, hotels, transport & communication                       | 13.1        | 10.9        | 11.7        | 13.8        | 13.0        | 12.1       | 5.9         | 6.3        | 8.1        |
| 7. Financing, insurance, real estate & bus. Services              | 12.6        | 12.4        | 11.9        | 10.3        | 6.9         | 6.4        | 8.3         | 9.5        | 8.1        |
| 8. Community, social & personal services                          | 4.5         | 7.1         | 5.5         | 9.5         | 8.2         | 9.0        | 22.5        | 12.5       | 6.8        |
| 9. GDP at factor cost (total 1 to 8)                              | 9.2         | 9.0         | 9.3         | 8.6         | 7.8         | 7.7        | 5.8         | 5.8        | 6.1        |

## AGRICULTURE

### MONSOON SEASON RAINFALL\*

In the Monsoon Season, rainfall from June 1 to September 2, 2009, was normal/excess in 12 meteorological sub-divisions (33.3 per cent of total) and deficient/scanty in the remaining 24 sub-divisions (66.6 per cent). The annual average for 2004-2008 was normal/excess in 28 (76.7 per cent) meteorological sub-divisions and deficient/scanty in the remaining 8 (23.3 per cent).

#### Number of meteorological Sub-divisions

|                      | 2004 | 2005 | 2006 | 2007 | 2008 | 2004-2008+ | 2009 |
|----------------------|------|------|------|------|------|------------|------|
| Excess/Normal        | 24   | 31   | 23   | 31   | 29   | 28         | 12   |
| Deficient/Scanty/Nil | 12   | 5    | 13   | 5    | 7    | 8          | 24   |
| Total                | 36   | 36   | 36   | 36   | 36   | 36         | 36   |

\*(June - September)

+ Annual Average

### ALL INDIA PRODUCTION OF FOOD GRAINS (JULY-JUNE)

According to the 4<sup>th</sup> Advance Estimates as on 21.7.2009, the production of food grains is estimated at 233.87 million tonnes during 2008-09 as compared to 230.78 million tonnes in 2007-08(final).

### PROCUREMENT

Procurement of rice as on 1<sup>st</sup> July, 2009 stood at 30.82 million tonnes which represents an increase 17.38 per cent over the level of 26.26 million tonnes during the corresponding period of last year. Wheat procurement as on 1<sup>st</sup> July, 2009 was placed at 24.89 million tonnes represents an increase of 11.27 per cent as compared with 22.37 million tonnes in the corresponding period of last year. Procurement of rice as on 24.8.09 stood at 32.77 million tonnes. Procurement of wheat as on 7.8.2009 stood at 25.29 million tonnes.

|                 | Full Marketing Year |         |         |         |         | As on 1 <sup>st</sup> July |       | % change |
|-----------------|---------------------|---------|---------|---------|---------|----------------------------|-------|----------|
|                 | 2003-04             | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008                       | 2009  |          |
| Million Tonnes  |                     |         |         |         |         |                            |       |          |
| Rice(Oct-Sept.) | 22.83               | 24.68   | 27.66   | 25.08   | 28.49   | 26.26                      | 30.82 | 17.38    |
| Wheat(Apr-Mar)  | 15.80               | 16.80   | 14.79   | 9.23    | 11.12   | 22.37                      | 24.89 | 11.27    |
| Total           | 38.63               | 41.48   | 42.45   | 34.31   | 39.61   | 48.63                      | 55.71 | 14.56    |

### OFF-TAKE

Off-take of rice during the month of June 2009 has been 20.84 lakh tonnes. This comprises 17.97 lakh tonnes under TPDS and 2.87 lakh tonnes under other schemes and no open/tender sale of rice during June 2009. In respect of wheat, the total offtake has been 16.32 lakh tonnes comprising of 15.39 lakh tonnes under TPDS, 0.93 lakh tonnes under other schemes and no open sales and no export.

|       | Million tonnes |         |         |         |                  |
|-------|----------------|---------|---------|---------|------------------|
|       | 2005-06        | 2006-07 | 2007-08 | 2008-09 | During June 2009 |
| Rice  | 25.04          | 25.06   | 25.23   | 24.62   | 2.08             |
| Wheat | 17.16          | 11.71   | 12.20   | 14.88   | 1.63             |
| Total | 42.20          | 36.77   | 37.43   | 39.50   | 3.71             |

## STOCKS

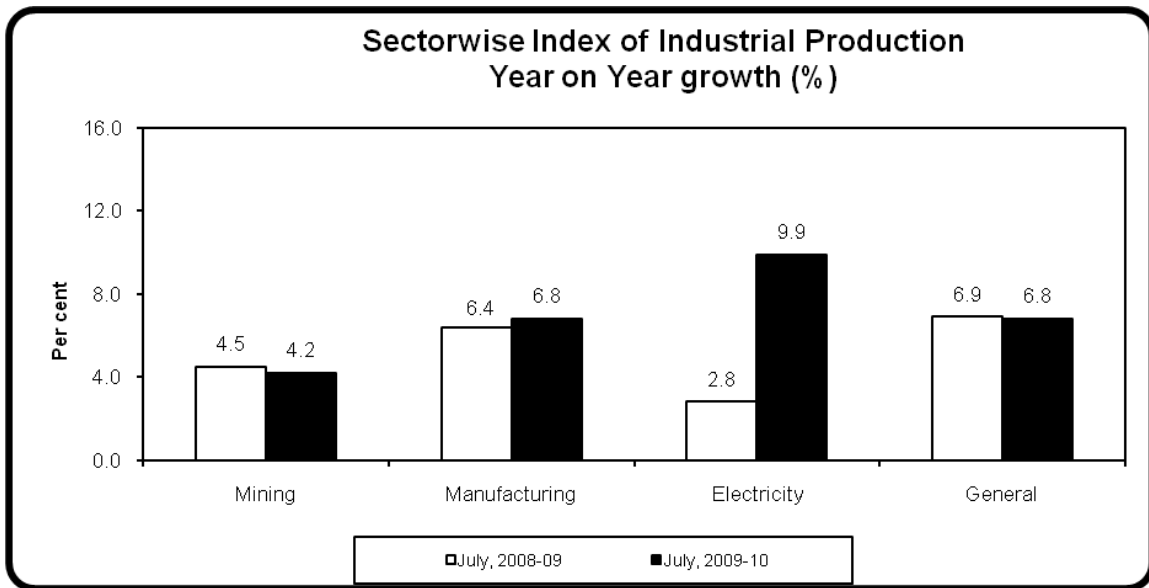
Stocks of food-grains (rice and wheat) as on July 1, 2009 were 52.53 million tonnes, which was higher by 45.19 per cent over the level of 36.16 million tonnes as on July 1, 2008.

| Million tonnes | July 1, 2008 | July 1, 2009 |
|----------------|--------------|--------------|
| Rice           | 11.249       | 19.616       |
| Wheat          | 24.912       | 32.922       |
| Total          | 36.161       | 52.538       |

## INDEX OF INDUSTRIAL PRODUCTION

The year on year growth achieved in July 2009 by the mining, manufacturing and electricity sector was 9.9 per cent, 6.8 per cent and 4.2 per cent respectively as compared to 2.8 per cent, 6.9 per cent and 4.5 per cent during the corresponding month of last year. As per the use-based classification, intermediate goods and consumer goods showed higher growth during July 2009 as compared to corresponding period of previous year. Consumer durables showed a robust growth in July 2009.

| PERCENTAGE CHANGE IN SECTORWISE IIP(Base: 1993-94=100) |         |         |                  |          |         |
|--|---------|---------|------------------|----------|---------|
|  | 2006-07 | 2007-08 | 2008-09(revised) | July /08 | July/09 |
| <b>General</b>   | 11.6    | 8.5     | 2.6              | 6.4      | 6.8     |
| Mining   | 5.4     | 5.1     | 2.6              | 2.8      | 9.9     |
| Manufacturing  | 12.5    | 9.0     | 2.6              | 6.9      | 6.8     |
| Electricity  | 7.2     | 6.4     | 2.8              | 4.5      | 4.2     |
| <b>Use-Based Classification</b>                        |         |         |                  |          |         |
| Basic goods  | 10.3    | 7.0     | 2.6              | 5.3      | 4.8     |
| Capital goods  | 18.2    | 18.0    | 7.1              | 17.9     | 2.0     |
| Intermediate goods                                     | 12.0    | 9.0     | -2.0             | 3.0      | 9.0     |
| Consumer goods   | 10.1    | 6.1     | 4.6              | 5.9      | 8.8     |
| <i>Of which</i>  |         |         |                  |          |         |
| Consumer durables                                      | 9.2     | -1.0    | 4.5              | 13.9     | 19.8    |
| Consumer non-durables                                  | 10.4    | 8.6     | 4.6              | 3.4      | 5.0     |

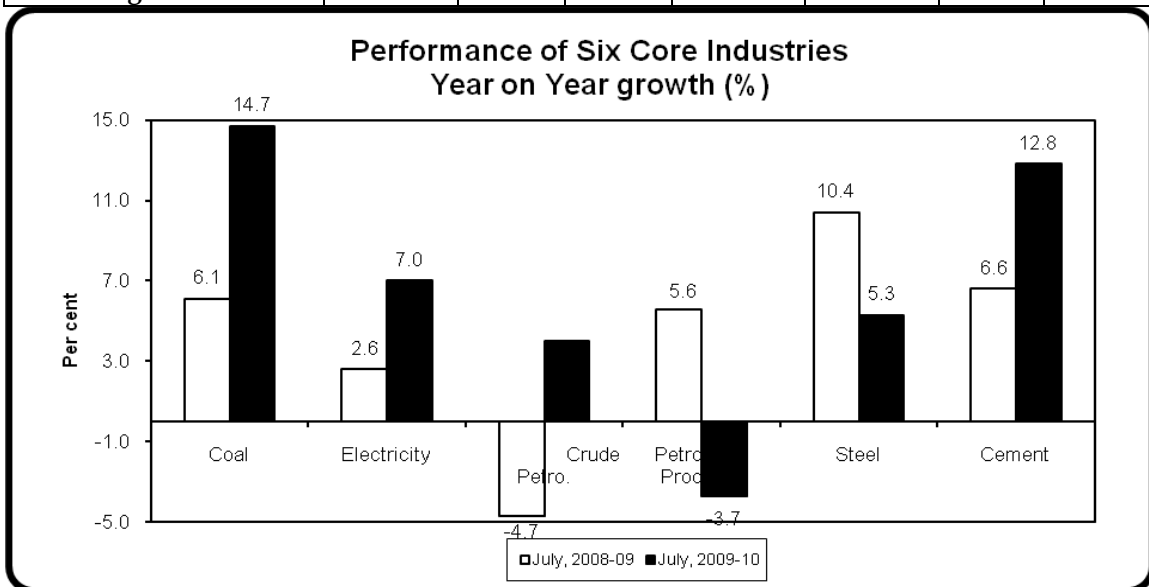


#### Six Core industries

During July 2009, six core industries registered a growth of 1.8 per cent (provisional) as against 5.1 per cent during the corresponding period of the previous year.

#### PRODUCTION IN INFRASTRUCTURE INDUSTRIES

| Industry                   | Unit       | July    |         | April-July |          | July % Change |            |
|----------------------------|------------|---------|---------|------------|----------|---------------|------------|
|                            |            | 2008    | 2009    | 2008-09    | 2009-10  | 2008          | 2009       |
| Coal                       | Mn tonnes  | 32.73   | 35.91   | 138.30     | 155.13   | 5.5           | 9.7        |
| Electricity Generation     | in Gwh     | 60896.7 | 62933.0 | 240274.1   | 253179.3 | 4.5           | 3.3        |
| Crude petroleum            | 000 tonnes | 2801    | 2790    | 11172      | 11054    | -3.0          | -0.4       |
| Petroleum Products         | 000 tonnes | 13306   | 11394   | 50551      | 47073    | 11.8          | -14.4      |
| Finished steel             | 000 tonnes | 4504    | 4556    | 17431      | 17851    | 6.0           | 1.2        |
| Cement                     | 000 tonnes | 14670   | 16230   | 60740      | 67881    | 5.5           | 10.6       |
| <b>Overall growth rate</b> | -          | -       | -       | -          | -        | <b>5.1</b>    | <b>1.8</b> |



## MONEY AND BANKING

During the current financial year 2009-10, broad money stock (M<sub>3</sub>) (up to July 31, 2009) increased by 5.5 per cent as compared to 4.2 per cent during the corresponding period of the last year. The year-on-year growth, as on July 31, 2009, was 20.0 per cent as compared to 19.9 per cent of the corresponding date of last year.

Reserve money during the year 2009-10 (upto July 31, 2009) had shown a decline of 5.6 per cent as compared to an increase of 1.6 per cent in the corresponding period of the previous year. The year on year variation, however, revealed decline of 1.1 per cent as on July 31, 2009, compared to a growth of 21.2 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 had shown an increase of 1.8 per cent as on July 31, 2009 as compared to an increase of 4.5 per cent in the same period last year. The year on year growth rate of NFA, as on July 31, 2009, was 0.8 per cent compared to 39.9 per cent on the corresponding date of last year.

| <b>Money Stock : Components and sources</b> |   |           |                           |           |              |       |      |
|---|---|-----------|---------------------------|-----------|--------------|-------|------|
| (Rs. crore)                                 |   |           |                           |           |              |       |      |
| Item  | Outstanding as on                               |           | Percentage variation over |           |              |       |      |
|   | 2009  | 2009      | Financial year so far     |           | Year-on-year |       |      |
|   | Mar. 31#  | Jul. 31   | 2008-2009                 | 2009-2010 | 2008         | 2009  |      |
| M3  | 47,64,019                                       | 5023740   | 4.2                       | 5.5       | 19.9         | 20    |      |
| Components (i+ii+iii+iv)                    |   |           |                           |           |              |       |      |
| (i)   | Currency with the Public                        | 6,66,364  | 676143                    | 4.1       | 1.5          | 20.5  | 14.3 |
| (ii)  | Demand Deposits with Banks                      | 5,81,247  | 585649                    | -11.2     | 0.8          | 13.3  | 14.1 |
| (iii)                                       | Time Deposits with Banks                        | 35,10,835 | 3756145                   | 7.5       | 7            | 21.5  | 22   |
| (iv)  | "Other" Deposits with Reserve Bank              | 5,573     | 5803                      | -43.8     | 4.1          | -68.4 | 14.1 |
| Sources (i+ii+iii+iv+v)                     |   |           |                           |           |              |       |      |
| (i)   | Net Bank Credit to Government (a+b)             | 12,77,199 | 1412799                   | 7.9       | 10.6         | 5.9   | 45.5 |
| (ii)  | Bank Credit to Commercial Sector (a+b)          | 30,13,337 | 3048659                   | 2.4       | 1.2          | 23.6  | 15.5 |
| (iii)                                       | Net Foreign Exchange Assets of Banking Sector*  | 13,52,184 | 1375027                   | 1.5       | 1.7          | 37.5  | 4.6  |
| (iv)  | Government's Currency Liabilities to the Public | 10,054    | 10,212                    | 3.1       | 1.6          | 12    | 7.3  |
| (v)   | Banking Sector's Net Non-Monetary Liabilities   | 8,88,754  | 822957                    | -2.4      | -7.4         | 42.2  | 10.2 |
|   | of which :                                      |           |                           |           |              |       |      |
|   | Net Non-Monetary Liabilities of RBI             | 3,87,927  | 420337                    | 36        | 8.4          | 66.5  | 47   |

\* : Includes investments in foreign currency denominated bonds issued by IIFC(UK) since March 20, 2009. Note : Government Balances as on March 31, 2009 are after closure of accounts.

### SCHEDULED COMMERCIAL BANKS (SCBs): BUSINESS IN INDIA

During the current financial year (up to July 31, 2009), bank credit increased by 1.1 per cent compared to an increase of 2.6 per cent during the corresponding period of last year. Non-Food credit during the financial year (up to July 31, 2009) recorded an increase of 1.1 per cent as compared to an increase of 2.7 per cent during the corresponding period of last year. The year-

on-year growth of aggregate deposits with SCBs as on July 31, 2009 was 21.8 per cent as compared to 20.6 per cent during the corresponding period of last year.

| Select Scheduled Commercial banks - Business in India |                                  |               |                       |         |              |         |
|---|----------------------------------|---------------|-----------------------|---------|--------------|---------|
| Items   | Outstanding as on<br>(Rs. crore) |               | Percentage variation  |         |              |         |
|   | Mar 27, 2009                     | July 31, 2009 | Financial year so far |         | Year on year |         |
|   |                                  |               | 2008-09               | 2009-10 | 2008-09      | 2009-10 |
| 1. Bank credit  | 2775549                          | 2807033       | 2.6                   | 1.1     | 25.6         | 15.8    |
| Food credit   | 46211                            | 48891         | -0.1                  | 5.8     | 7.3          | 10.2    |
| Non-Food credit                                       | 2729338                          | 2758142       | 2.7                   | 1.1     | 26.0         | 15.9    |
| 2. Aggregate deposit                                  | 3834110                          | 4069390       | 4.5                   | 6.1     | 20.6         | 21.8    |
| 3. Investments in Govt. and other approved securities | 1166410                          | 1335601       | 3.1                   | 14.5    | 15.5         | 33.3    |

### INTEREST RATES (PER CENT PER ANNUM)

As on July 31, 2009 Bank Rate was 6.00 per cent, the same as on the corresponding date of last year. Call money rates (borrowing & lending) were in the range of 1.50/3.30 per cent as compared with 4.00/9.40 per cent on the corresponding date of last year.

| Cash Reserve Ratio and Interest rates  |             |              | (per cent per annum) |  |
|--|-------------|--------------|----------------------|--|
| Item/Week Ended  | Aug 1, 2008 | Jul 31, 2009 |                      |  |
| Cash Reserve Ratio (per cent) <sup>(1)</sup>   | 8.75        | 5.00         |                      |  |
| Bank Rate  | 6.00        | 6.00         |                      |  |
| I.D.B.I. <sup>(2)</sup>  | 10.25       | 10.25        |                      |  |
| Prime Lending Rate <sup>(3)</sup>  | 12.75-13.25 | 11.00-12.00  |                      |  |
| Deposit Rate <sup>(4)</sup>  | 8.75-9.75   | 6.50-7.75    |                      |  |
| Call Money Rate (Low-High)   |             |              |                      |  |
| - Borrowings   | 4.00/9.40   | 1.50/3.30    |                      |  |
| - Lendings   | 4.00/9.40   | 1.50/3.30    |                      |  |
| (1) Cash Reserve Ratio relates to Scheduled Commercial Banks (excluding Regional Rural Banks). (2) Minimum Term Lending Rate (MTLR). (3) Prime Lending Rate relates to five major Banks. (4) Deposit Rate relates to major Banks for term deposits of more than one year maturity. |             |              |                      |  |

### FOREIGN TRADE

Exports, in US dollar terms and customs basis, during July 2009 decreased by 28.4 per cent and imports decreased by 37.1 percent. Oil imports decreased by 55.5 percent and non-oil imports decreased by 24.5 per cent during July 2009.

US dollar Million

| Item          | 2007-08 | 2008-09(P) | July 08 - 09(P) | July 09 - 10(P) | % Change June 09-10 |
|---------------|---------|------------|-----------------|-----------------|---------------------|
| Exports       | 162904  | 168704     | 19036           | 13623           | -28.4               |
| Imports       | 251439  | 287759     | 31189           | 19621           | -37.1               |
| Oil           | 79645   | 93176      | 12675           | 5638            | -55.5               |
| Non-Oil       | 171795  | 194584     | 18514           | 13983           | -24.5               |
| Trade balance | -88535  | -119055    | -12153          | -5998           | -                   |

Source: Provisional data as per the Press Note of the Ministry of Commerce and Industry.

**FOREIGN EXCHANGE RESERVES  
(EXCLUDING GOLD, SDRs and Reserve Tranche Position in IMF)**

|                      | Amount*   |            | Variation                |            |
|----------------------|-----------|------------|--------------------------|------------|
|                      | Rs. crore | \$ Million | Rs. crore                | \$ Million |
| <b>At the end of</b> |           |            | <b>(over last year)</b>  |            |
| March, 2006          | 647327    | 145108     | 54206                    | 9537       |
| March, 2007          | 836597    | 191924     | 7064                     | 4713       |
| March, 2008          | 1196023   | 299230     | 359426                   | 107306     |
| March, 2009          | 1231340   | 241676     | 35317                    | -57554     |
|                      |           |            | <b>(over last month)</b> |            |
| August, 2008         | 1252904   | 286117     | -4453                    | -9801      |
| September, 2008      | 1301645   | 277300     | 48741                    | -8817      |
| October, 2008        | 1201920   | 244045     | -99725                   | -33255     |
| November 2008        | 1191016   | 238968     | -10904                   | -5077      |
| December, 2008       | 1194790   | 246603     | 3774                     | 7635       |
| January, 2009        | 1173060   | 238894     | -21730                   | -7709      |
| February, 2009       | 1211002   | 238715     | 37942                    | -179       |
| March, 2009          | 1231340   | 241676     | 35317                    | -57554     |
| April, 2009          | 1214003   | 241737     | -17337                   | 61         |
| May, 2009            | 1190318   | 251706     | -23685                   | 9969       |
| June, 2009           | 1217542   | 254343     | 27224                    | 2637       |
| July, 2009           | 1256401   | 260881     | 38859                    | 6538       |
| August, 2009         | 1278198   | 261497     | 21797                    | 616        |

Note: \* includes valuation changes. Source: RBI.

**Rupees per unit of foreign currency**

The monthly average exchange rate of the rupee for August 2009 appreciated against US dollar and Japanese Yen and depreciated against Pound Sterling and Euro in August 2009 over July, 2009.

| <b>Rupees per unit of foreign currency</b> |           |                |              |         |
|--|-----------|----------------|--------------|---------|
|  | US Dollar | Pound Sterling | Japanese Yen | Euro    |
| March, 2007                                | 44.0260   | 85.6763        | 0.3754       | 58.2684 |
| March, 2008                                | 40.3561   | 80.8054        | 0.4009       | 62.6272 |
| March, 2009                                | 51.2287   | 72.9041        | 0.5251       | 66.9207 |
| August, 2008                               | 42.9111   | 81.3406        | 0.3934       | 64.4467 |
| September, 2008                            | 45.5635   | 82.0646        | 0.4274       | 65.5514 |
| October, 2008                              | 48.6555   | 82.6518        | 0.4873       | 64.8387 |
| November, 2008                             | 49.0049   | 75.1792        | 0.5115       | 61.6728 |
| December, 2008                             | 48.6345   | 72.5583        | 0.5330       | 65.6687 |
| January, 2009                              | 48.7888   | 70.7730        | 0.5404       | 65.0993 |
| February, 2009                             | 49.2624   | 70.8279        | 0.5347       | 62.8885 |
| March, 2009                                | 51.2287   | 72.9041        | 0.5251       | 66.9207 |
| April, 2009                                | 50.0450   | 73.5485        | 0.5089       | 65.7674 |
| May, 2009                                  | 48.5330   | 74.8326        | 0.5022       | 66.2039 |
| June, 2009                                 | 47.7714   | 78.1576        | 0.4945       | 66.9807 |
| July, 2009                                 | 48.4783   | 79.3477        | 0.5126       | 68.2407 |
| August, 2009                               | 48.2985   | 79.9325        | 0.5080       | 68.8711 |

@ FEDAI Rates



**EXTERNAL ASSISTANCE AND DEBT SERVICE PAYMENTS**

Gross external aid in August, 2009 at Rs. 1,485.33 crore was 21.4 per cent lower than that of Rs. 1,890.43 crore in August, 2008. Net disbursements were Rs. 491.56 crore in August, 2009 as compared to Rs. 1,107.33 crore in August 2008. Net transfers were 205.43 crore in August 2009 as compared with Rs. 846.57 crore in August 2008.

**EXTERNAL ASSISTANCE AND DEBT SERVICE PAYMENTS**

(Rs. crore)

| MONTH :  | AUGUST      |                                     | FINANCIAL YEAR: | 2009-2010                           |
|--|-------------|-------------------------------------|-----------------|-------------------------------------|
|  | AUGUST 2009 | During the Financial year 2009-2010 | AUGUST 2008     | During the Financial year 2008-2009 |
| <b><u>External Assistance (Government Account)</u></b>     |             |                                     |                 |                                     |
| 1) Gross Disbursement                                      | 1,243.13    | 5,834.04                            | 1,317.17        | 5,601.99                            |
| 2) Repayments  | 863.03      | 4,550.62                            | 747.01          | 3,547.43                            |
| 3) Interest Payments                                       | 254.87      | 1,514.47                            | 240.93          | 1,593.79                            |
| 4) Net Disbursement (1-2)                                  | 380.10      | 1,283.42                            | 570.16          | 2,054.56                            |
| 5) Net Transfers (4-3)                                     | 125.23      | -231.05                             | 329.23          | 460.77                              |
| <b><u>External Assistance (Non-Government Account)</u></b> |             |                                     |                 |                                     |
| 1) Gross Disbursement                                      | 37.69       | 1,990.52                            | 462.01          | 1,459.34                            |
| 2) Repayments  | 130.74      | 646.91                              | 36.09           | 479.65                              |
| 3) Interest Payments                                       | 31.26       | 341.26                              | 19.83           | 322.86                              |
| 4) Net Disbursement (1-2)                                  | -93.05      | 1,343.61                            | 425.92          | 979.69                              |
| 5) Net Transfers (4-3)                                     | -124.31     | 1,002.35                            | 406.09          | 656.83                              |
| <b><u>Govt. Grants</u></b>                                 |             |                                     |                 |                                     |
| 1) Gross Disbursement                                      | 204.51      | 725.45                              | 107.26          | 678.06                              |
| 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)                                  | 204.51      | 725.45                              | 107.26          | 678.06                              |
| 5) Net Transfers (4-3)                                     | 204.51      | 725.45                              | 107.26          | 678.06                              |
| <b><u>Non Govt. Grants</u></b>                             |             |                                     |                 |                                     |
| 1) Gross Disbursement                                      | 0.00        | 7.48                                | 3.99            | 17.78                               |
| 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)                                  | 0.00        | 7.48                                | 3.99            | 17.78                               |
| 5) Net Transfers (4-3)                                     | 0.00        | 7.48                                | 3.99            | 17.78                               |
| <b><u>Grand Total</u></b>                                  |             |                                     |                 |                                     |
| 1) Gross Disbursements                                     | 1,485.33    | 8,557.49                            | 1,890.43        | 7,757.17                            |
| 2) Repayments  | 993.77      | 5,197.53                            | 783.10          | 4,027.08                            |
| 3) Interest Payments                                       | 286.13      | 1,855.73                            | 260.76          | 1,916.65                            |
| 4) Net Disbursement (1-2)                                  | 491.56      | 3,359.96                            | 1,107.33        | 3,730.09                            |
| 5) Net Transfers (4-3)                                     | 205.43      | 1,504.23                            | 846.57          | 1,813.44                            |

### INFLATION

The annual rate of inflation based on Wholesale Price Index (WPI) stood at (-) 0.21 per cent for week ended August 22, 2009 compared with 12.76 per cent a year ago. This rate was composed of an increase in WPI of 8.51 per cent in, and decline of 8.77 per cent in Fuel, Power, Lights and Lubricants and 0.38 per cent in Manufactured Products as against an increase of 11.10 per cent, 16.72 per cent and 11.93 per cent respectively on the corresponding week of last year.

| Movement in Wholesale Price Index (Base: 1993-94) |            |                          |              |                       |              |
|---|------------|--------------------------|--------------|-----------------------|--------------|
| Items/Groups                                      | Weight (%) | Percent variation during |              |                       |              |
|   |            | Month end                |              | Year (Point to Point) |              |
|   |            | Last year                | Current year | Last year             | Current year |
| All Commodities                                   | 100.00     | 0.29                     | 1.65         | 12.76                 | -0.21        |
| 1. Primary articles                               | 22.02      | -0.04                    | 3.56         | 11.10                 | 8.51         |
| 2. Fuel and Power group                           | 14.23      | -0.50                    | 1.51         | 16.72                 | -8.77        |
| 3. Manufactured Products                          | 63.75      | 0.77                     | 0.88         | 11.93                 | -0.38        |

### CONSUMER PRICE INDEX

All India Consumer Price Index for Industrial Workers (CPI-IW) for June 2009 stood at 160. The year-on-year inflation in July, 2009 was 11.89 per cent which is higher than the level of 8.33 per cent in July, 2008.

| Movement in Consumer Price Index for Industrial Workers (CPI-IW) |         |         |
|--|---------|---------|
| (Base : 2001=100)  |         |         |
|  | 2008-09 | 2009-10 |
|  | Jul-08  | Jul-09  |
| Annual Inflation   | 8.33    | 11.89   |
| Financial Year Inflation   | 4.38    | 8.11    |
| Per cent change over last month                                  | 2.14    | 4.58    |
| Level of Index   | 143     | 160     |
| Average of 12 months, CPI in July, 2009                          | 136.17  | 149.33  |

**WORLD COMMODITY PRICE**

|                            |          | Quarterly averages  |                     |                     |                     |                     | Monthly averages |             |             |
|----------------------------|----------|---------------------|---------------------|---------------------|---------------------|---------------------|------------------|-------------|-------------|
|                            |          | Apr-<br>Jun<br>2008 | Jul-<br>Sep<br>2008 | Oct-<br>Dec<br>2008 | Jan-<br>Mar<br>2009 | Apr-<br>Jun<br>2009 | Jun<br>2009      | Jul<br>2009 | Aug<br>2009 |
| Commodity                  | Unit     |                     |                     |                     |                     |                     |                  |             |             |
| <b>Energy</b>              |          |                     |                     |                     |                     |                     |                  |             |             |
| Coal, Australia            | \$/mt    | 138.65              | 162.80              | 92.97               | 71.93               | 66.48               | 71.38            | 73.80       | 72.50       |
| Crude oil, average         | \$/bbl   | 120.97              | 115.68              | 56.00               | 44.11               | 59.19               | 69.15            | 64.67       | 71.63       |
| Crude oil, Brent           | \$/bbl   | 122.39              | 115.60              | 55.89               | 44.98               | 59.13               | 68.62            | 64.91       | 72.50       |
| Crude oil, Dubai           | \$/bbl   | 116.67              | 113.47              | 53.67               | 44.56               | 58.93               | 69.21            | 64.97       | 71.32       |
| Natural gas, US            | \$/mmbtu | 11.35               | 9.03                | 6.40                | 4.57                | 3.70                | 3.80             | 3.39        | 3.15        |
| <b>Agriculture</b>         |          |                     |                     |                     |                     |                     |                  |             |             |
| Coffee, Arabica            | ¢/kg     | 315.1               | 321.2               | 267.8               | 283.9               | 320.2               | 330.2            | 310.6       | 330.2       |
| Coffee, robusta            | ¢/kg     | 243.6               | 244.8               | 192.6               | 175.8               | 165.3               | 162.7            | 158.0       | 159.5       |
| Tea, auctions (3) average  | ¢/kg     | 254.7               | 272.3               | 206.6               | 218.0               | 266.1               | 278.2            | 295.9       | 298.7       |
| Coconut oil                | \$/mt    | 1,499               | 1,246               | 772                 | 677                 | 779                 | 747              | 685         | 744         |
| Groundnut oil              | \$/mt    | 2,328               | 2,417               | 1,773               | 1,283               | 1,166               | 1,154            | 1,149       | 1,130       |
| Palm oil                   | \$/mt    | 1,198               | 928                 | 512                 | 577                 | 743                 | 726              | 639         | 722         |
| Palmkernel oil             | \$/mt    | 1,420               | 1,114               | 609                 | 577                 | 763                 | 741              | 666         | 724         |
| Soybean meal               | \$/mt    | 484                 | 450                 | 320                 | 365                 | 424                 | 446              | 429         | 437         |
| Soybean oil                | \$/mt    | 1,466               | 1,353               | 830                 | 755                 | 863                 | 896              | 836         | 891         |
| Maize                      | \$/mt    | 259.0               | 244.7               | 168.4               | 166.9               | 176.0               | 179.5            | 151.6       | 152.0       |
| Rice, Thailand, 25%        | \$/mt    | n.a.                | 669.5               | 449.9               | 469.4               | 458.7               | 476.0            | 463.5       | 434.5       |
| Wheat, US, HRW             | \$/mt    | 346.5               | 317.7               | 228.1               | 231.6               | 250.5               | 256.6            | 224.9       | 210.4       |
| Wheat, US SRW              | \$/mt    | 277.8               | 241.5               | 182.7               | 187.4               | 195.6               | 201.7            | 175.6       | 161.7       |
| Oranges                    | \$/mt    | 1,322               | 1,163               | 842                 | 799                 | 870                 | 816              | 715         | 803         |
| Sugar, world               | ¢/kg     | 27.01               | 31.14               | 26.28               | 28.85               | 33.89               | 36.22            | 40.63       | 49.47       |
| <b>Raw Materials</b>       |          |                     |                     |                     |                     |                     |                  |             |             |
| Logs, Malaysia             | \$/cum   | 282.3               | 277.7               | 315.7               | 313.6               | 284.5               | 279.3            | 281.4       | 276.4       |
| Plywood                    | ¢/sheets | 647.3               | 648.6               | 645.5               | 572.8               | 565.8               | 563.6            | 561.9       | 561.6       |
| Woodpulp                   | \$/mt    | 870.7               | 848.8               | 711.0               | 565.1               | 549.9               | 565.7            | 596.2       | 605.0       |
| Cotton A Index             | ¢/kg     | 166.5               | 168.2               | 126.9               | 120.8               | 132.4               | 135.4            | 142.9       | 141.6       |
| Rubber RSS1, US            | ¢/kg     | 311.7               | 329.1               | 202.8               | 165.8               | 187.0               | 187.6            | 191.4       | 223.1       |
| Rubber RSS3, SGP           | ¢/kg     | 303.5               | 298.4               | 159.0               | 146.0               | 166.4               | 167.5            | 174.9       | 205.9       |
| <b>Fertilizers</b>         |          |                     |                     |                     |                     |                     |                  |             |             |
| DAP                        | \$/mt    | 1,191.6             | 1,153.7             | 663.3               | 362.2               | 303.6               | 277.8            | 293.3       | 318.6       |
| Phosphate rock             | \$/mt    | 367.5               | 409.2               | 371.3               | 193.3               | 113.3               | 96.9             | 90.0        | 90.0        |
| Potassium chloride         | \$/mt    | 511.1               | 635.0               | 766.7               | 865.2               | 726.7               | 717.5            | 655.5       | 432.5       |
| Urea                       | \$/mt    | 575.7               | 745.4               | 292.2               | 267.3               | 241.1               | 237.4            | 243.7       | 247.1       |
| <b>Metals and Minerals</b> |          |                     |                     |                     |                     |                     |                  |             |             |
| Aluminium                  | \$/mt    | 2,940               | 2,787               | 1,821               | 1,360               | 1,485               | 1,574            | 1,668       | 1,934       |
| Copper                     | \$/mt    | 8,443               | 7,680               | 3,905               | 3,428               | 4,663               | 5,014            | 5,216       | 6,165       |
| Gold                       | \$/toz   | 896                 | 870                 | 795                 | 909                 | 922                 | 946              | 934         | 949         |
| Iron ore                   | ¢/dmtu   | 140.6               | 140.6               | 140.6               | 101.0               | 101.0               | 101.0            | 101.0       | 101.0       |
| Lead                       | ¢/kg     | 230.7               | 191.2               | 124.5               | 115.7               | 149.9               | 167.4            | 167.9       | 190.0       |
| Nickel                     | \$/mt    | 25,682              | 18,961              | 10,843              | 10,471              | 12,920              | 14,960           | 15,985      | 19,642      |
| Silver                     | ¢/toz    | 1,720               | 1,495               | 1,020               | 1,265               | 1,376               | 1,466            | 1,339       | 1,443       |
| Steel cr coilsheet         | \$/mt    | 900                 | 1,100               | 1,100               | 1,033               | 700                 | 700              | 700         | 700         |
| Steel hr coilsheet         | \$/mt    | 833                 | 1,000               | 1,000               | 933                 | 600                 | 600              | 600         | 600         |
| Tin                        | ¢/kg     | 2,265               | 2,051               | 1,310               | 1,103               | 1,351               | 1,499            | 1,404       | 1,487       |
| Zinc                       | ¢/kg     | 211.3               | 177.0               | 118.5               | 117.2               | 147.3               | 155.7            | 157.9       | 182.2       |

Source : World Bank - The Pink Sheet

**PUBLIC FINANCE**  
**Trends in Central Government Finances: April-July 2009**

|   | Budget           | April-July      |                 | Col.3 as      | Col. 4 as   | % Change over   |              |
|---|------------------|-----------------|-----------------|---------------|-------------|-----------------|--------------|
|   | Estimates        |                 |                 | % of          | % of        | proceeding year |              |
|   | 2009-10          | 2008-09         | 2009-10         | 2008-09       | 2009-10     | 2008-09         | 2009-10      |
|   |                  |                 |                 | BE            | BE          |                 | (4/3)        |
|   | (Rs. Crore)      |                 |                 |               |             |                 |              |
| (1)   | (2)              | (3)             | (4)             | (5)           | (6)         | (7)             | (8)          |
| <b>1. Revenue Receipts</b>                  | <b>6,14,497</b>  | <b>1,17,869</b> | <b>1,05,378</b> | <b>19.5</b>   | <b>17.1</b> | <b>23.7</b>     | <b>-10.6</b> |
| <b>Gross tax revenue</b>                    | <b>6,41,079</b>  | <b>1,53,131</b> | <b>1,36,000</b> | <b>22.3</b>   | <b>21.2</b> | <b>26.2</b>     | <b>-11.2</b> |
| Tax (net to Centre)                         | 4,74,218         | 1,01,263        | 86,309          | 20.0          | 18.2        | 26.7            | -14.8        |
| Non Tax                                     | 1,40,279         | 16,606          | 19,069          | 17.3          | 13.6        | 8.0             | 14.8         |
| <b>2. Capital Receipts</b>                  | <b>4,06,341</b>  | <b>1,16,851</b> | <b>1,59,866</b> | <b>79.0</b>   | <b>39.3</b> | <b>-12.0</b>    | <b>36.8</b>  |
| of which:                                   |                  |                 |                 |               |             |                 |              |
| Recovery of loans                           | 4,225            | 854             | 1,312           | 19.0          | 31.1        | -14.3           | 53.6         |
| Other Receipts                              | 1,120            | 17              | 0               | 0.2           | 0.0         | -               |              |
| Borrowings and other liabilities            | 4,00,996         | 1,15,980        | 1,58,554        | 87.0          | 39.5        | -10.4           | 36.7         |
| <b>3. Total Receipts (1+2)</b>              | <b>10,20,838</b> | <b>2,34,720</b> | <b>2,65,244</b> | <b>31.3</b>   | <b>26.0</b> | <b>2.9</b>      | <b>13.0</b>  |
| <b>4. Non-Plan Expenditure (a)+(b)</b>      | <b>6,95,689</b>  | <b>1,58,688</b> | <b>1,94,868</b> | <b>31.3</b>   | <b>28.0</b> | <b>-5.7</b>     | <b>22.8</b>  |
| (a) Revenue Account                         | 6,18,834         | 1,53,414        | 1,81,145        | 34.2          | 29.3        | 19.8            | 18.1         |
| of which:                                   |                  |                 |                 |               |             |                 |              |
| Interest payments                           | 2,25,511         | 52,001          | 52,138          | 27.3          | 23.1        | 6.3             | 0.3          |
| Major Subsidies                             | 1,05,579         | 46,564          | 49,331          | 70.0          | 46.7        | 70.0            | 5.9          |
| Pensions                                    | 34,980           | 7,944           | 12,640          | 31.7          | 36.1        | 20.5            | 59.1         |
| (b) Capital Account                         | 76,855           | 5,274           | 13,723          | 8.9           | 17.9        | -86.9           | 160.2        |
| <b>5. Plan Expenditure (i)+(ii)</b>         | <b>3,25,149</b>  | <b>76,032</b>   | <b>70,376</b>   | <b>31.2</b>   | <b>21.6</b> | <b>27.1</b>     | <b>-7.4</b>  |
| (i) Revenue Account                         | 2,78,398         | 64,668          | 59,011          | 30.8          | 21.2        | 30.4            | -8.7         |
| (ii) Capital Account                        | 46,751           | 11,364          | 11,365          | 33.8          | 24.3        | 11.2            | 0.0          |
| <b>6. Total Expenditure (4)+(5)=(a)+(b)</b> | <b>10,20,838</b> | <b>2,34,720</b> | <b>2,65,244</b> | <b>31.3</b>   | <b>26.0</b> | <b>2.9</b>      | <b>13.0</b>  |
| (a) Revenue Expenditure                     | 8,97,232         | 2,18,082        | 2,40,156        | 33.1          | 26.8        | 22.7            | 10.1         |
| (b) Capital Expenditure                     | 1,23,606         | 16,638          | 25,088          | 17.9          | 20.3        | -67.0           | 50.8         |
| <b>7. Revenue Deficit</b>                   | <b>2,82,735</b>  | <b>1,00,213</b> | <b>1,34,778</b> | <b>181.6</b>  | <b>47.7</b> | <b>21.6</b>     | <b>34.5</b>  |
| <b>8. Fiscal Deficit</b>                    | <b>4,00,996</b>  | <b>1,15,980</b> | <b>1,58,554</b> | <b>87.0</b>   | <b>39.5</b> | <b>-10.4</b>    | <b>36.7</b>  |
| <b>9. Primary Deficit</b>                   | <b>1,75,485</b>  | <b>63,979</b>   | <b>1,06,416</b> | <b>-111.2</b> | <b>60.6</b> | <b>-20.5</b>    | <b>66.3</b>  |

Source: Review of Government Accounts, 2008-09, Ministry of Finance.