

**Ministry of Finance  
Department of Economic Affairs  
Economic Division  
4(5)/Ec. Dn. /2010**

**MONTHLY ECONOMIC REPORT  
AUGUST 2010**

**HIGHLIGHTS**

- The overall growth of Gross Domestic Product (GDP) at factor cost at constant prices, as per the Revised Estimates of CSO, was 7.4 per cent in 2009-10. The growth in real GDP is placed at 8.8 per cent in the first quarter of 2010-11.
- The cumulative rainfall received for the country as a whole upto September 8, during the South West Monsoon (June 1-September 30), was 1 per cent above the Long Period Average (LPA).
- Food grains (rice and wheat) stocks held by FCI and State agencies were 57.83 million tonnes as on July 1, 2010
- Overall growth in the Index of Industrial Production (IIP) was 13.8 per cent during July 2010 as compared to 7.2 per cent in July 2009. During April-July 2010-11, IIP growth was 11.4 per cent as compared to 4.7 per cent during April-July 2009-10.
- Core infrastructure-supportive sectors grew by 3.9 per cent in July 2010 as compared to the growth of 3.2 per cent in July 2009. During April-July 2010-11, these sectors grew by 4.5 per cent as compared to 4 per cent during April-July 2009-10.
- During 2010-2011, broad money (M3) (up to August 27, 2010) increased by 4.1 per cent as compared to 5.6 per cent during the corresponding period of the last year. The year-on-year growth, as on August 27, 2010 was 15.1 per cent as compared to 19.9 per cent last year.
- Exports, in US dollar terms increased by 13.2 per cent and imports increased by 34.3 per cent, during July 2010.
- Foreign Currency Assets stood at US \$ 256.5 billion at end August 2010 compared to US \$ 261.5 billion at end August 2009.
- Rupee appreciated against US dollar and depreciated against Pound Sterling, Japanese Yen and Euro in the month of August 2010 over July 2010.
- Year-on-year inflation in terms of Wholesale Price Index was 8.51 per cent for the month of August 2010 as compared to 0.31 per cent in August, 2009.
- Tax revenue (net to Centre) during April-July, 2010-11 recorded a growth of 30.7 per cent compared with corresponding period of 2009-10. Non-tax revenue grew by 559.2 per cent in April-July, 2010-11 on account of one-off nature of receipts of proceeds from telecom Spectrum auction.
- As a proportion of budget estimate, fiscal deficit during April-July 2010-11 was 23.8 per cent and revenue deficit was 18.1 per cent.

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## ECONOMIC GROWTH

The growth in real Gross Domestic Product (GDP) is placed at 8.8 per cent in the first quarter of 2010-11; agriculture grew by 2.8 per cent; industry by 10.3 per cent and services by 9.7 per cent. As per the Revised Estimates (RE) of Central Statistical Organization (CSO), the growth in gross domestic product at factor cost at constant (2004-05) prices was estimated at 7.4 per cent in 2009-10 as compared to a level of 6.7 per cent in 2008-09 (Quick Estimate). At disaggregated level, this (RE 2009-10) level of growth comprises of 0.2 per cent in agriculture and allied activities, 9.3 per cent in industry and 8.5 per cent in services as compared to growth rates of 1.6 per cent, 3.9 per cent and 9.8 per cent respectively during 2008-09.

Industry	Growth			Percentage share in GDP		
	2007-08	2008-09 (QE)	2009-10 (RE)	2007-08	2008-09 (QE)	2009-10 (RE)
<b>1 Agriculture, forestry &amp; fishing</b>	<b>4.7</b>	<b>1.6</b>	<b>0.2</b>	<b>16.4</b>	<b>15.7</b>	<b>14.6</b>
<b>2 Industry</b>	<b>9.5</b>	<b>3.9</b>	<b>9.3</b>	<b>28.8</b>	<b>28.0</b>	<b>28.5</b>
a Mining & quarrying	3.9	1.6	10.6	2.5	2.4	2.4
b Manufacturing	10.3	3.2	10.8	16.2	15.6	16.1
c Electricity, gas & water supply	8.5	3.9	6.5	2.0	2.0	2.0
d Construction	10.0	5.9	6.5	8.1	8.0	7.9
<b>3 Services</b>	<b>10.5</b>	<b>9.8</b>	<b>8.5</b>	<b>54.8</b>	<b>56.4</b>	<b>56.9</b>
a Trade, hotels, transport & communication	10.7	7.6	9.3	25.9	26.1	26.5
b Financing, insurance, real estate & business services	13.2	10.1	9.7	16.4	16.9	17.2
c Community, social & personal services	6.7	13.9	5.6	12.5	13.4	13.1
<b>4 GDP at factor cost</b>	<b>9.2</b>	<b>6.7</b>	<b>7.4</b>	<b>100</b>	<b>100</b>	<b>100</b>

(QE): Quick Estimate; (RE): Revised Estimate

Items	2008-09				2009-10				2010-11
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
1. Agriculture, forestry & fishing	3.2	2.4	-1.4	3.3	1.9	0.9	-1.8	0.7	2.8
Industry	6.5	5.6	1.6	2.1	4.6	7.8	11.1	13.3	10.3
2. Mining & quarrying	2.6	1.6	2.7	-0.3	8.2	10.1	9.6	14.0	8.9
3. Manufacturing	5.9	5.5	1.3	0.6	3.8	9.1	13.8	16.3	12.4
4. Electricity, gas & water supply	3.3	4.3	4.0	4.1	6.6	7.7	4.7	7.1	6.6
5. Construction	9.8	7.2	1.1	5.7	4.6	4.7	8.1	8.7	7.5
Services	9.8	9.6	11.4	8.3	7.9	10.7	7.2	8.4	9.7
6. Trade, hotels, transport & communication	10.8	10.0	4.4	5.7	5.5	8.5	10.2	12.4	12.2
7. Financing, insurance, real estate & bus. Services	9.1	8.5	10.2	12.3	11.8	11.5	7.9	7.9	8.0
8. Community, social & personal services	8.7	10.4	28.7	8.8	7.6	14.0	0.8	1.6	6.7
9. GDP at factor cost (total 1 to 8)	7.8	7.5	6.1	5.8	6.0	8.6	6.5	8.6	8.8

## AGRICULTURE

**Rainfall:** The rainfall situation in India is categorized into four seasons: winter season (January-February); pre monsoon (March-May); south west monsoon (June-September) and post monsoon (October-December). South west monsoon accounts for more than 75 per cent of annual rainfall. The south west monsoon performance (June-September) for the recent years is given in Table 3.

<b>Table 3: Monsoon performance : 2007 to 2009 (June-September)</b>					
Year	Number of meteorological subdivisions			Percentage of districts with normal/excess rainfall	Percentage of LPA rainfall for country as a whole
	Normal	Excess	Deficient /Scanty		
2007	17	13	6	72	105
2008	30	2	4	76	98
2009	10	3	23	41	77

Source: Indian Meteorological Department.  
 Note: Excess = +20 per cent or more of LPA; Normal = +19 per cent to -19 per cent of LPA; Deficient = -20 per cent to -59 per cent of LPA; Scanty = -60 per cent to -99 per cent of LPA.

In the current year, during the south west-monsoon period (June 1 to September 30), the cumulative rainfall received for the country as a whole, upto September 8, was 781.2 mm, which is 1 per cent above the normal. During this period, out of 36 meteorological sub-divisions in the country, 31 received excess/normal rainfall (86.11 per cent) and 5 received deficient rainfall (13.89 per cent). As per the second stage Long Range forecast for the South West Monsoon issued by Indian Meteorological Department on June 25, 2010, the monsoon season rainfall for the country as a whole is likely to be 102 per cent of long period average (LPA) with a model error of plus or minus 4 per cent.

**All India production of food grains (July-June):** According to the 4<sup>th</sup> Advance Estimates released on July 19, 2010, the production of food grains is estimated at 218.20 million tonnes during 2009-10 compared to 234.47 million tonnes (final estimates) in 2008-09.

	Full Marketing Year		As on 1 <sup>st</sup> July	
	2007-08	2008-09	2009	2010
Rice(Oct-Sept)	28.74	33.68	30.81	29.52
Wheat(Apr-Mar)	11.13	22.69	24.71	22.50
Total	39.87	56.37	55.52	52.02

**Procurement:** Procurement of rice as on July 1, 2010 (Kharif Marketing Season 2009-10) at 29.52 million tonnes represents a decline of 4.19 per cent compared to the corresponding date last

year. Wheat procurement as on July 1, 2010 (Rabi Marketing Season 2010-11) was 22.50 million tonnes as compared to 24.71 million tonnes during the corresponding date last year.

**Off-take:** Off-take of rice during the month of June, 2010 was 21.94 lakh tonnes. This comprises 18.18 lakh tonnes under TPDS and 3.76 lakh tonnes under other schemes. In respect of wheat, the total off take was 17.64 lakh tonnes comprising 15.12 lakh tonnes under TPDS and 2.52 lakh tonnes under other schemes.

**Stocks of food-grains** (rice and wheat) held by FCI as on July 1, 2010 were 57.83 million tonnes, which was higher by 10.07 per cent over the level of 52.54 million tonnes as on July 1, 2009.

	Off-take			Stocks	
	2007-08	2008-09	2009-10	July 1, 2009	July 1, 2010
Rice	25.23	24.62	27.37	19.62	24.25
Wheat	12.20	14.88	22.35	32.92	33.58
Total	37.43	39.50	49.72	52.54	57.83

## INDUSTRIAL PRODUCTION

Industry Group	2009-10	2009-10(April-July)	2010-11(April-July)	July 2009	July 2010
General index	10.4	4.7	11.4	7.2	13.8
Mining	9.8	7.2	10.0	8.7	9.7
Manufacturing	10.8	4.4	12.2	7.4	15.0
Electricity	6.0	5.4	5.2	4.2	3.7
Use-based industrial groups					
Basic goods	7.1	5.9	6.4	4.7	5.1
Capital goods	19.1	1.9	35.6	1.7	63.0
Intermediate goods	13.6	8.0	9.7	9.8	9.1
Consumer goods	7.3	1.9	8.7	9.7	6.7
Durables	26.2	17.3	26.4	22.1	22.1
Non-durables	1.3	-2.8	2.1	5.3	0.5

remained same in consumer durables and decreased in intermediate goods, consumer goods and consumer non-durables in July 2010 as compared to July 2009. The excellent growth is in respect of capital goods sector which is 63 per cent during July 2010.

Industry	July 2009	July 2010	2009-10(April-July)	2010-11(April-July)
Coal	10.5	4.5	12.4	0.9
Electricity generation <sup>1</sup>	3.8	3.8	5.3	5.2
Crude petroleum	-0.4	15.8	-1.0	8.4
Petroleum products	-14.4	13.7	-6.9	7.3
Finished steel	4.0	-0.9	2.3	2.5
Cement	13.8	-0.2	12.5	5.2
<b>Overall growth</b>	<b>3.2</b>	<b>3.9</b>	<b>4.0</b>	<b>4.5</b>
<sup>(1)</sup> : This will not necessarily match the growth in electricity given in the Index of Industrial Production				

2009, whereas in cement and finished steel sectors, the growth rates were negative. In electricity sector, the growth rate remains the same. In coal sector, there has been a reduction in growth in July 2010 as compared to corresponding month of previous year

During July 2010, the IIP growth was 13.8 per cent as compared to 7.2 per cent growth during the corresponding period of previous year. In mining, manufacturing and electricity sectors, the growth rates in July 2010 were 9.7, 15.0 and 3.7 per cent respectively. In the use-based industrial groups, the growth rate has increased in basic goods and capital goods,

Six core industries: The index for 6 core industries (comprising crude oil, petroleum refinery products, coal, electricity, cement and finished carbon steel) with a weight of 26.68 per cent in the IIP grew by 4.5 per cent during April-July 2010-11 as compared to 4.0 per cent during the corresponding months in 2009-10. During the month of July 2010, the overall growth of the core sector industries was 3.9 per cent as compared to the growth of 3.2 per cent during July 2009. During July 2010, the growth rate increased substantially in crude oil and petroleum refinery products sectors compared to July

## MONEY AND BANKING

Reserve Bank in its Mid Quarter Monetary Policy Review decided to:

- increase the repo rate under the Liquidity Adjustment Facility (LAF) by 25 basis points from 5.75 per cent to 6.0 per cent with immediate effect.
- increase the reverse repo rate under the LAF by 50 basis points from 4.5 per cent to 5.0 per cent with immediate effect.

As per the expectation of RBI, these measures will:

- contain inflation and anchor inflationary expectations without disrupting growth.
- reduce the volatility in overnight call money rates, thereby strengthening the monetary transmission mechanism.
- continue the process of normalisation of the monetary policy instruments

During 2010-2011, broad money (M<sub>3</sub>) (up to August 27, 2010) increased by 4.1 per cent as compared to 5.6 per cent during the corresponding period of the last year. The year-on-year growth, as on August 27, 2010 was 15.1 per cent as compared to 19.9 per cent last year.

<b>Table 8 : Money Stock - Components and Sources (Rs. crore)</b>						
Item	Outstanding as on		Variation over (in per cent)			
	2010		Financial year so far		Year on Year	
	Mar. 31	Aug. 27	2009-10	2010-11	2009	2010
<b>M<sub>3</sub></b>	55,99,762	5830510	5.6	4.1	19.9	15.1
<b>Components (i+ii+iii+iv)</b>						
(i) Currency with the Public	7,68,033	8,22,823	2.1	7.1	15.8	21.2
(ii) Demand Deposits with Banks	7,22,739	6,70,365	1.2	-7.2	14.2	12.6
(iii) Time Deposits with Banks	41,05,151	43,32,706	7.1	5.5	21.6	14.5
(iv) "Other" Deposits with Reserve Bank	3,839	4,617	-2.4	20.3	3.6	-15.1
<b>Sources (i+ii+iii+iv-v)</b>						
(i) Net Bank Credit to Government (a+b)	16,67,096	17,55,325	12.5	5.3	48.0	22.2
(a) Reserve Bank	2,11,586	2,07,611				
(b) Other Banks	14,55,511	15,47,714	17.3	6.3	34.6	8.5
(ii) Bank Credit to Commercial Sector (a+b)	34,92,781	36,01,091	1.0	3.1	13.8	18.3
(a) Reserve Bank	1,328	1,325	—	—	—	—
(b) Other Banks	34,91,453	35,99,766	1.1	3.1	13.5	18.6
(iii) Net Foreign Exchange Assets of Banking Sector*	12,81,469	13,42,892	1.5	4.8	4.5	-2.1
(iv) Government's Currency Liabilities to the Public	11,270	11,508	4.5	2.1	9.1	9.6
(v) Banking Sector's Net Non-Monetary Liabilities	8,52,854	8,80,306	-7.1	3.2	7.5	10.3
of which :						
Net Non-Monetary Liabilities of RBI	3,01,615	3,38,686	7.2	12.3	55.5	-18.5
* : Includes investments in foreign currency denominated bonds issued by IIFC(UK) since March 20, 2009.						
Note : Government Balances as on March 31, 2010 are before closure of accounts.						

Reserve money (M<sub>0</sub>) during the financial year 2010-2011 (up to September 3, 2010) showed an increase of 1.7 per cent as compared to decrease of 5.1 per cent in the corresponding period of the previous year. The year-on-year variation revealed an increase of 25.4 per cent as on September 3, 2010, compared to decrease of 4.2 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 increased by 5.6 per cent (during the financial year) as on September 3, 2010 as compared to an increase of 3.8 per cent in the same period last year. The y-o-y growth rate of NFA, as on September 3, 2010 was (-) 2.1 per cent as compared to increase in growth of 3.9 per cent on the corresponding date of the last year.

### Scheduled Commercial Banks (SCBs): business in India

During the current financial year (August 27, 2010), bank credit increased by 3.3 per cent compared to 1.1 per cent during the corresponding period of last year. Non-Food credit during the financial year (August 27, 2010) recorded an increase of 3.4 per cent as compared to a increase of 1.2 per cent during the corresponding period of last year. The financial year growth in aggregate deposits with SCBs as on August 27, 2010 was 3.9 per cent as against an increase of 6.4 per cent in the corresponding period of last year.

Items	Outstanding as on (Rs. crore)		Percentage Variation			
			Financial year so far		Year on Year	
	26-Mar- 10	27-Aug 10	2010- 11	2009- 10	2009	2010
1. Bank credit	3240399	3351396	3.3	1.1	14.1	19.4
Non-Food credit	3191909	3304111	3.5	1.3	19.7	19.8
2. Aggregate deposits	4486574	4670238	3.9	6.4	20.5	14.4
3. Investments in Govt. and other approved securities	1382684	1476119	6.6	17.1	34.5	8.1

Item / Week Ended	2009	2010
	November 20	September 16
Cash Reserve Ratio (per cent) <sup>(1)</sup>	5.00	6.00
Bank Rate	6.00	6.00
Repo Rate	4.75	6.00
Reverse Repo Rate	3.25	5.00
Prime Lending Rate <sup>(2)</sup>	11.00-12.00	11.00-12.00
Deposit Rate <sup>(3)</sup>	6.00-7.50	6.00-7.50
Call Money Rate (Low / High) <sup>(4)</sup>		
- Borrowings	1.90-3.35	-
- Lendings	1.90-3.35	-

(1) Cash Reserve Ratio relates to Scheduled Commercial Banks (excluding Regional Rural Banks). (2) Prime Lending Rate relates to five major Banks. (3) Deposit Rate relates to major Banks for term deposits of more than one year maturity. (4) Data cover 90-95 per cent of total transactions reported by participants.

**Interest rates (per cent per annum):** As on September 16, 2010, Bank Rate was 6.00 per cent. Call money rates (borrowing & lending) were in the range of 0.75/3.40 per cent as compared with 1.90/3.35 per cent on the corresponding date of last year.

## EXTERNAL SECTOR

**Foreign trade:** Exports, in US dollar terms and customs basis, during July 2010 increased by 13.2 per cent and imports increased by 34.3 per cent over July 2009. Oil imports increased by 4.4 per cent and non-oil imports increased by 49.6 per cent during July 2010 over July 2009.

Item	2008-09 (Apr.-Mar)	2009-10 (Apr.-Mar)	July-09	July-10	% Change in July 2010
Exports	185295	176574	14341	16240	13.2
Imports	303696	278681	21724	29170	34.3
Oil imports	93667	85473	7344	7665	4.4
Non-Oil imports	210029	193208	14379	21505	49.6
Trade balance	-118401	-102107	-7383	-12930	-

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

### Foreign Currency Assets

	Amount		Variation	
	Rs. crore	US\$ Million	Rs. crore	US\$ Million
<b>At the end of</b>			<b>(over last year)</b>	
March, 2006	647327	145108	54206	9537
March, 2007	836597	191924	189270	46816
March, 2008	1196023	299230	359426	107306
March, 2009	1231340	241676	35317	-57554
March, 2010	1150778	254935	-80562	13259
<b>2010-11</b>			<b>(over last month)</b>	
April 2010	1133322	255023	-17456	88
May 2010	1152893	248201	19571	-6822
June 2010	1164431	249878	11538	1677
July 2010	1202388	258801	37957	8923
August 2010	1207494	256477	5106	-2324

Source: RBI.

	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
March, 2010	45.4965	68.4360	0.5018	61.7653
<b>2010-11</b>				
April 2010	44.4995	68.2384	0.4763	59.6648
May 2010	45.7865	67.1747	0.4969	57.6553
June 2010	46.5443	68.6952	0.5122	56.9016
July 2010	46.8373	71.5150	0.5343	59.7636
August 2010	46.5679	72.9736	0.5465	59.9700

\* FEDAI Indicative Market Rates (on Yearly/Monthly average basis)



**External assistance and debt service payments:** Gross external aid in April-August 2010 at Rs. 17884.81 crore shows an increase of 91.33 per cent, compared to Rs. 9347.67 crore in April-August 2009. Net disbursement was Rs. 12461.38 crore in April-August 2010 compared to Rs. 4151.29 crore in April-August 2009. Net transfers were Rs. 11054.50 crore in April-August 2010 compared to Rs. 2330.72 crore in April-August 2009.

<b>Table 14: External Assistance and Debt Services Payments</b>				
				<b>(Rs. in crore)</b>
	<b>August 2010</b>	<b>During the Financial year 2010-11</b>	<b>August 2009</b>	<b>During the Financial year 2009-10</b>
<b>External Assistance (Government Account)</b>				
1) Gross Disbursement	998.12	16,030.49	1,293.22	5,886.35
2) Repayments	857.75	4,859.81	863.03	4,550.62
3) Interest Payments	216.07	1,183.35	254.87	1,514.80
4) Net Disbursement (1-2)	140.37	11,170.68	430.19	1,335.73
5) Net Transfers (4-3)	-75.70	9,987.33	175.32	-179.07
<b>External Assistance (Non-Government Account)</b>				
1) Gross Disbursement	43.83	1,400.62	672.07	2,686.22
2) Repayments	34.83	563.62	130.74	645.76
3) Interest Payments	28.01	223.53	31.26	305.77
4) Net Disbursement (1-2)	9.00	837.00	541.33	2,040.46
5) Net Transfers (4-3)	-19.01	613.47	510.07	1,734.69
<b>Government Grants</b>				
1) Gross Disbursement	21.58	400.21	208.96	735.56
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)	21.58	400.21	208.96	735.56
5) Net Transfers (4-3)	21.58	400.21	208.96	735.56
<b>Non-Government Grants</b>				
1) Gross Disbursement	8.63	53.49	32.06	39.54
2) Repayments	0.00	0.00	0.00	0.00
3) Interest Payments	0.00	0.00	0.00	0.00
4) Net Disbursement (1-2)	8.63	53.49	32.06	39.54
5) Net Transfers (4-3)	8.63	53.49	32.06	39.54
<b>Grand Total</b>				
1) Gross Disbursements	1,072.16	17,884.81	2,206.31	9,347.67
2) Repayments	892.58	5,423.43	993.77	5,196.38
3) Interest Payments	244.08	1,406.88	286.13	1,820.57
4) Net Disbursement (1-2)	179.58	12,461.38	1,212.54	4,151.29
5) Net Transfers (4-3)	-64.50	11,054.50	926.41	2,330.72

## INFLATION

**Wholesale Price Index (WPI 2004-05=100):** Year-on-year inflation measured in terms of WPI for August, 2010 was at 8.51 per cent. This reflects a sharp decline of 127 basis points compared to WPI inflation in July, 2010. (Inflation was 0.31 per cent in August, 2009 and 11.22 per cent in August, 2008). In new series of WPI, inflation had remained in the negative zone in June 2009 and July 2009 and turned positive in August 2009 thereafter it reached to double digits in March, 2010. The average inflation rate for last 12 months (September 2009 to August 2010) was 7.69 per cent as compared to 3.89 per cent last year during September 2008 to August 2009. In case of financial year change, it has recorded 3.31 per cent in August 2010, which is lower than 4.95 per cent last year. Sectoral inflation rates is indicated in Table 15 below.

Items/Groups	Weight (%)	Percent variation during					
		Cumulative change from March		Inflation (Year-on-Year)		Inflation (Average of last 12 months)	
		In August		In August		In August	
		2009-10	2010-11	2009-10	2010-11	2009-10	2010-11
<b>All Commodities</b>	<b>100.0</b>	<b>4.95</b>	<b>3.31</b>	<b>0.31</b>	<b>8.51</b>	<b>3.89</b>	<b>7.69</b>
1. Primary articles	22.02	12.59	6.69	9.84	15.76	8.96	17.81
2. Fuel and Power group	14.23	6.82	5.64	-9.68	12.55	1.01	6.87
3. Manufactured Products	63.75	1.68	1.27	-0.33	4.78	2.89	4.17

**Consumer price index:** Year-on-year inflation in Consumer Price Index for Industrial Workers (CPI-IW) has declined to 11.25 per cent in July, 2010 from its peak of 16.22 per cent in January, 2010. This deceleration in CPI-IW inflation is due to continuous decline in food inflation and higher statistical base of last year (Table 16). On the other hand, rising trend in consumer prices still continues which reflects in CPI-IW. The price movement in select global prices is indicated in Table 17.

<b>(Base : 2001=100)</b>		
	2009-10	2010-11
	Jul-09	Jul-10
Annual Inflation (Per cent)	11.89	11.25
Financial Year Inflation (Per cent)	8.11	4.71
Change over last month (Per cent)	4.58	2.30
Level of Index	160	178
Average level of Index 12 months, CPI in July	149.33	169.42

**Table 17: Select World Commodity price and its Y-o-Y variation**

Commodity	Unit	Monthly Averages					Y-o-Y variation in prices (%)		
		Aug	Aug	Aug	Aug	Aug			
		2006	2007	2008	2009	2010	Jun-10	Jul-10	Aug-10
<b>Energy</b>									
Coal, Australia	\$/mt	50.9	69.6	158.4	72.5	89.59	37.56	28.93	23.57
Crude oil, avg, spot	\$/bbl	71.8	70.1	114.6	71.6	75.8	8.06	15.33	5.86
Crude oil, Brent	\$/bbl	73.6	70.8	113.8	72.5	76.7	9.07	15.14	5.78
Crude oil, Dubai	\$/bbl	68.8	67.2	113.2	71.3	74.2	6.90	11.83	4.01
Natural gas, US	\$/mmbtu	7.0	6.2	8.3	3.1	4.3	26.04	36.47	36.76
<b>Agriculture</b>									
Coffee, robusta	c/kg	162.2	192.8	248.2	159.5	182.3	4.24	18.96	14.28
Tea, auctions (3), average	c/kg	195.5	207.5	274.2	299.2	299.0	-2.28	-3.21	-0.09
Coconut oil	\$/mt	606.0	910.0	1193.0	747.0	1161.3	32.93	50.51	55.46
Groundnut oil	\$/mt	944.0	1404.0	2372.0	1131.0	1225.0	16.29	13.14	8.31
Palm oil	\$/mt	510.0	821.0	885.0	723.0	900.8	9.92	26.29	24.59
Palmkernel oil	\$/mt	572.0	903.0	1072.0	729.0	1161.3	41.84	59.01	59.29
Soybean meal	\$/mt	208.0	296.0	436.0	438.0	382.8	-24.26	-17.02	-12.61
Soybean oil	\$/mt	629.0	909.0	1322.0	886.0	1002.3	-4.13	8.49	13.12
Maize	\$/mt	116.6	149.7	235.0	152.0	175.6	-14.91	8.04	15.54
Rice, Thailand, 5%	\$/mt	284.3	306.5	693.5	526.3	452.8	-23.41	-22.76	-13.97
Wheat, US, HRW	\$/mt	189.9	259.7	329.3	210.1	246.2	-38.56	-12.91	17.21
Wheat US SRW	\$/mt	148.4	257.4	255.4	161.7	261.6	-9.47	26.56	61.82
Oranges	\$/mt	830.8	1231.1	1131.9	836.3	1126.5	47.17	82.06	34.71
Sugar, world	c/kg	29.8	21.6	32.2	49.5	40.7	-3.35	-5.26	-17.71
<b>Raw Materials</b>									
Logs, Malaysia	\$/cum	240.0	270.9	272.9	276.6	294.7	-6.59	-2.32	6.53
Plywood	c/sheets	638.6	651.1	649.3	562.0	571.8	0.69	1.38	1.75
Woodpulp	\$/mt	739.4	746.1	841.8	629.2	914.0	58.57	53.34	45.26
Cotton A Index	c/kg	132.1	148.2	172.1	141.6	199.2	51.53	29.88	40.62
Rubber, US	c/kg	253.4	235.7	332.9	223.1	356.5	97.77	82.72	59.78
Rubber, Singapore	c/kg	221.3	213.4	294.9	205.9	331.6	112.93	87.18	61.07
<b>Fertilizers</b>									
DAP	\$/mt	260.9	429.4	1176.9	318.6	496.1	61.30	57.26	55.71
Phosphate rock	\$/mt	45.5	80.0	430.0	90.0	125.0	29.03	38.89	38.89
Pottasium chloride	\$/mt	175.0	212.5	640.0	432.5	345.0	-55.54	-51.18	-20.23
Urea, E. Europe, bulk	\$/mt	213.7	269.0	770.0	247.1	273.0	-3.40	2.38	10.47
<b>Metals and Minerals</b>									
Aluminum	\$/mt	2459.9	2512.3	2764.4	1933.8	2118.1	22.73	19.20	9.54
Copper	\$/mt	7695.7	7502.3	7634.7	6165.3	7284.0	29.62	29.14	18.14
Gold	\$/toz	632.6	665.2	839.0	949.4	1215.8	30.38	27.70	28.06
Iron ore	c/dmtu	77.4	84.7	140.6	101.0	205.0	65.43	103.07	103.07
Lead	c/kg	117.4	312.4	192.4	190.0	207.5	1.76	9.43	9.22
Nickel	\$/mt	30744	27598	18928	19642	21413	29.60	22.10	9.02
Silver	c/toz	1225.4	1230.5	1457.8	1443.0	1849.3	26.43	34.02	28.15
Steel cr coilsheet	\$/mt	700.0	650.0	1100.0	700.0	850.0	21.43	21.43	21.43
Steel hr coilsheet	\$/mt	600.0	550.0	1000.0	600.0	750.0	25.00	25.00	25.00
Tin	c/kg	850.2	1512.3	2002.6	1487.0	2075.5	15.58	29.58	39.58
Zinc	c/kg	334.7	324.4	172.3	182.2	204.5	11.92	16.80	12.24

Source: World Bank - The Pink Sheet

## FISCAL SITUATION

- As a proportion of budget estimate, fiscal deficit during April-July 2010-11 was 23.8 per cent and revenue deficit was 18.1 per cent. The lower levels reflect one-off nature of growth in non-tax revenue (from auction of telecom spectrum).

### Trends in Central Government Finances : April-July 2010

	Budget	April-July		Col. 3 as	Col. 4 as	% Change over	
	Estimates			% of	% of	proceeding year	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11
				BE	BE		(4/3)
(Rs. crore)							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>1. Revenue Receipts</b>	<b>682,212</b>	<b>105,378</b>	<b>238,524</b>	<b>17.1</b>	<b>35.0</b>	<b>-10.6</b>	<b>126.4</b>
<b>Gross tax revenue</b>	<b>746,651</b>	<b>136,000</b>	<b>173,443</b>	<b>21.2</b>	<b>23.2</b>	<b>-11.2</b>	<b>27.5</b>
Tax (net to Centre)	5,34,094	86,309	112,821	18.2	21.1	-14.8	30.7
Non Tax	148,118	19,069	125,703	13.6	84.9	14.8	559.2
<b>2. Capital Receipts</b>	<b>426,537</b>	<b>159,866</b>	<b>94,176</b>	<b>39.3</b>	<b>22.1</b>	<b>36.8</b>	<b>-41.1</b>
<b>of which:</b>							
Recovery of loans	5,129	1,312	2,103	31.1	41.0	53.6	60.3
Other Receipts	40,000	0	1,158	0.0	2.9		
Borrowings and other liabilities	381,408	158,554	90,915	39.5	23.8	36.7	-42.7
<b>3. Total Receipts (1+2)</b>	<b>1,108,749</b>	<b>265,244</b>	<b>332,700</b>	<b>26.0</b>	<b>30.0</b>	<b>13.0</b>	<b>25.4</b>
<b>4. Non-Plan Expenditure (a)+(b)</b>	<b>735,657</b>	<b>194,868</b>	<b>222,900</b>	<b>28.0</b>	<b>30.3</b>	<b>22.8</b>	<b>14.4</b>
(a) Revenue Account	643,599	181,145	194,141	29.3	30.2	18.1	7.2
<b>of which:</b>							
Interest payments	248,664	52,138	58,376	23.1	23.5	0.3	12.0
Major Subsidies	108,667	49,331	41,914	46.7	38.6	5.9	-15.0
Pensions	42,840	12,640	15,403	36.1	36.0	59.1	21.9
(b) Capital Account	92,058	13,723	28,759	17.9	31.2	160.2	109.6
<b>5. Plan Expenditure (i)+(ii)</b>	<b>373,092</b>	<b>70,376</b>	<b>109,800</b>	<b>21.6</b>	<b>29.4</b>	<b>-7.4</b>	<b>56.0</b>
(i) Revenue Account	315,125	59,011	94,458	21.2	30.0	-8.7	60.1
(ii) Capital Account	57,967	11,365	15,342	24.3	26.5	0.0	35.0
<b>6. Total Expenditure (4)+(5)=(a)+(b)</b>	<b>1,108,749</b>	<b>265,244</b>	<b>332,700</b>	<b>26.0</b>	<b>30.0</b>	<b>13.0</b>	<b>25.4</b>
(a) Revenue Expenditure	958,724	240,156	288,599	26.8	30.1	10.1	20.2
(b) Capital Expenditure	150,025	25,088	44,101	20.3	29.4	50.8	75.8
<b>7. Revenue Deficit</b>	<b>276,512</b>	<b>134,778</b>	<b>50,075</b>	<b>47.7</b>	<b>18.1</b>	<b>34.5</b>	<b>-62.8</b>
<b>8. Fiscal Deficit</b>	<b>381,408</b>	<b>158,554</b>	<b>90,915</b>	<b>39.5</b>	<b>23.8</b>	<b>36.7</b>	<b>-42.7</b>
<b>9. Primary Deficit</b>	<b>132,744</b>	<b>106,416</b>	<b>32,539</b>	<b>60.6</b>	<b>24.5</b>	<b>66.3</b>	<b>-69.4</b>

Source: Review of Union Government Accounts, April- July 2010-11, Ministry of Finance.