

**Ministry of Finance**  
**Department of Economic Affairs**  
**Economic Division**  
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**MONTHLY ECONOMIC REPORT**

**AUGUST 2011**

**HIGHLIGHTS**

- The overall growth of GDP at factor cost at constant prices, as per Revised Estimates, was 8.5 per cent in 2010-11 representing an increase from the revised growth of 8.0 per cent during 2009-10. The growth in real GDP is placed at 7.7 per cent in the first quarter of 2011-12.
- The cumulative rainfall received for the country as a whole, during the southwest monsoon season, 2011 (June 1– September 30), has been 3 per cent above the normal as on 07.09.2011.
- Food grains (rice and wheat) stocks held by FCI and State agencies were 65.47 million tonnes as on June 1, 2011.
- Overall growth in the Index of Industrial Production (IIP) was 3.3 per cent during July 2011 as compared to 9.9 per cent in July 2010. During April-July 2011-12, IIP growth was 5.8 per cent as compared to 9.7 per cent during 2010-11.
- Eight core Infrastructure industries grew by 7.8 per cent in July 2011 as compared to the growth of 5.7 per cent in July 2010. During April-July 2011-12, these sectors grew by 5.8 per cent as compared to 6.5 per cent during April-July 2010-11.
- Broad money (M<sub>3</sub>) (up to August 26, 2011) increased by 5.2 per cent as compared to 4.5 per cent during the corresponding period of the last year. The year-on-year growth, as on August 26, 2011 was 16.7 per cent as compared to 15.6 per cent last year.
- Exports, in US dollar terms increased by 81.8 per cent and imports increased by 51.5 per cent, during July 2011.
- Foreign Currency Assets stood at US\$ 286.3 billion at end August 2011 as compared to US\$ 256.5 billion at end August 2010.
- Rupee depreciated against US dollar, Pound Sterling, Japanese Yen and Euro in the month of August 2011 over July 2011.
- Year-on-year inflation in terms of Wholesale Price Index was 9.78 per cent for the month of August 2011 as compared to 8.87 per cent in the corresponding month last year.
- Tax revenue (net to Centre) during April-July, 2011 recorded an increase of only 1.1 per cent compared with corresponding period of 2010-11. This is mainly due to refunds in corporation tax which indicates a growth of 30 per cent over corresponding period last year.
- As a proportion of budget estimate, fiscal deficit during April-July, 2011 was 55.4 per cent and revenue deficit was 63.4 per cent.

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## ECONOMIC GROWTH

The growth in real Gross Domestic Product (GDP) is placed at 7.7 per cent in the first quarter of 2011-12; agriculture grew by 3.9 per cent; industry by 5.1 per cent and services by 10.0 per cent. As per the Revised Estimates (RE) of Central Statistics Office (CSO), the growth in GDP at factor cost at constant (2004-05) prices was estimated at 8.5 per cent in 2010-11 as compared to 8.0 per cent in 2009-10 (Quick Estimate). At disaggregated level, this (RE 2010-11) comprises growth of 6.6 per cent in agriculture and allied activities, 7.9 per cent in industry and 9.4 per cent in services as compared to a growth of 0.4 per cent, 8.0 per cent and 10.1 per cent respectively during 2009-10.

Industry	Growth			Percentage share in GDP		
	2008-09	2009-10 (QE)	2010-11 (RE)	2008-09	2009-10 (QE)	2010-11 (RE)
<b>1 Agriculture, forestry &amp; fishing</b>	<b>-0.1</b>	<b>0.4</b>	<b>6.6</b>	<b>15.7</b>	<b>14.6</b>	<b>14.4</b>
<b>2 Industry</b>	<b>4.4</b>	<b>8.0</b>	<b>7.9</b>	<b>28.1</b>	<b>28.1</b>	<b>27.9</b>
a Mining & quarrying	1.3	6.9	5.8	2.3	2.3	2.3
b Manufacturing	4.2	8.8	8.3	15.8	15.9	15.8
c Electricity, gas & water supply	4.9	6.4	5.7	2.0	2.0	1.9
d Construction	5.4	7.0	8.1	8.0	7.9	7.9
<b>3 Services</b>	<b>10.1</b>	<b>10.1</b>	<b>9.4</b>	<b>56.2</b>	<b>57.3</b>	<b>57.7</b>
a Trade, hotels, transport & communication	7.6	9.7	10.3	26.1	26.6	27.0
b Financing, insurance, real estate & business services	12.5	9.2	9.9	17.0	17.2	17.4
c Community, social & personal services	12.7	11.8	7.0	13.1	13.6	13.4
<b>4 GDP at factor cost</b>	<b>6.8</b>	<b>8.0</b>	<b>8.5</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

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

Items	2009-10				2010-11				2011-12 Q1
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
<b>1. Agriculture, forestry &amp; fishing</b>	<b>1.8</b>	<b>1.2</b>	<b>-1.6</b>	<b>1.1</b>	<b>2.4</b>	<b>5.4</b>	<b>9.9</b>	<b>7.5</b>	<b>3.9</b>
<b>Industry</b>	<b>5.0</b>	<b>5.9</b>	<b>9.5</b>	<b>12.4</b>	<b>9.1</b>	<b>8.4</b>	<b>7.1</b>	<b>6.1</b>	<b>5.1</b>
2. Mining & quarrying	7.2	6.6	5.2	8.9	7.4	8.2	6.9	1.7	1.8
3. Manufacturing	4.3	6.1	11.4	15.2	10.6	10.0	6.0	5.5	7.2
4. Electricity, gas & water supply	6.3	7.5	4.5	7.3	5.5	2.8	6.4	7.8	7.9
5. Construction	5.4	5.1	8.3	9.2	7.7	6.7	9.7	8.2	1.2
<b>Services</b>	<b>8.2</b>	<b>11.7</b>	<b>9.4</b>	<b>10.2</b>	<b>10.4</b>	<b>9.9</b>	<b>8.4</b>	<b>8.7</b>	<b>10.0</b>
6. Trade, hotels, transport & communication	3.7	8.2	10.8	13.7	12.1	10.9	8.6	9.3	12.8
7. Financing, insurance, real estate & bus.	11.5	10.9	8.5	6.3	9.8	10.0	10.8	9.0	9.1
8. Community, social & personal services	13.0	19.4	7.6	8.3	8.2	7.9	5.1	7.0	5.6
<b>9. GDP at factor cost (total 1 to 8)</b>	<b>6.3</b>	<b>8.6</b>	<b>7.3</b>	<b>9.4</b>	<b>8.8</b>	<b>8.9</b>	<b>8.3</b>	<b>7.8</b>	<b>7.7</b>

## AGRICULTURE

**Rainfall:** With respect to rainfall situation in India, the year 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 Indian metrological Department (IMD) has issued its second stage long-range forecast for the 2011 south west monsoon rainfall (June-September) on 21.06.2011. The IMD forecast is that the rainfall for the country as a whole is most likely to be below normal. Quantitatively, monsoon season rainfall is likely to be 95 per cent of the long period average (LPA) with model errors of plus or minus 4 per cent. The long period average rainfall for the country as a whole for the period 1951-2000 is 89 cm. The cumulative rainfall received for the country as a whole, during the southwest monsoon season (June 1-September 30), has been 3 per cent above the normal as on 07.09.2011.

**All India production of food grains:** According to the Fourth Advance Estimates released on 19<sup>th</sup> July, 2011, the production of food grains is estimated at 241.56 million tonnes during 2010-11 compared to 218.11 million tonnes (final estimates) in 2009-10.

**Procurement:** Procurement of rice as on June 1, 2011 (Kharif Marketing Season 2010-11) at 28.38 million tonnes represents an increase of 1.21 per cent compared to the corresponding date last year. Wheat procurement during Rabi Marketing Season 2011-12 was 26.18 million tonnes as compared to 22.37 million tonnes during the corresponding period last year.

**Off-take:** Off-take of rice during the month of May, 2011 was 22.21 lakh tonnes. This comprises 21.14 lakh tonnes under TPDS and 1.07 lakh tonnes under other schemes. In respect of wheat, the total offtake was 15.73 lakh tonnes comprising 14.63 lakh tonnes under TPDS and 1.10 lakh tonnes under other schemes.

**Stocks** of food-grains (rice and wheat) held by FCI as on June 1, 2011 were 65.47 million tonnes, which is higher by 8.70 per cent over the level of 60.43 million tonnes as on June 1, 2010.

	<b>Table 3: Procurement in Million Tonnes</b>			
	2007-08	2008-09	2009-10	2010-11
Rice(Oct-Sept)	28.74	34.10	32.03	32.08*
Wheat(Apr-Mar)	11.13	22.69	25.38	22.51
Total	39.87	56.79	57.41	54.59
* Position as on 14.07.2011				

<b>Table 4: Off-take and stocks of food-grains (Million Tonnes)</b>					
	Off-take			Stocks	
	2008-09	2009-10	2010-11	June 1, 2010	June 1, 2011
Rice	24.62	27.37	29.79	25.27	27.64
Wheat	14.88	22.35	23.07	35.16	37.83
Total	39.50	49.72	52.86	60.43	65.47

## INDUSTRIAL PRODUCTION

Industry Group	2009-10	2010-11(Apr-Jul)	2011-12(Apr-Jul)	July 2010	July 2011
General index	5.3	9.7	5.8	9.9	3.3
Mining	7.9	8.2	1.1	8.7	2.8
Manufacturing	4.9	10.5	6.0	10.8	2.3
Electricity	6.1	5.0	9.4	3.7	13.1
Use-based industrial groups					
Basic goods	4.7	5.2	7.9	4.4	10.1
Capital goods	1.0	23.1	7.6	40.7	-15.2
Intermediate goods	6.0	10.1	0.8	8.5	-1.1
Consumer goods	7.7	10.0	4.6	5.8	6.2
Durables	17.0	18.4	4.2	14.8	8.6
Non-durables	1.4	3.8	4.9	-0.9	4.1

During July 2011, under use-based category, the growth rate in basic goods was 10.1 per cent, consumer goods 6.2 per cent, consumer durables 8.6 per cent and consumer non-durables 4.1 per cent. The capital goods and intermediate goods sectors have shown negative growth during July 2011.

Industry	July 2010	July 2011	2010-11 (Apr-Jul)	2011-12 (Apr-Jul)
Coal	4.5	2.4	0.6	0.7
Crude oil	15.8	1.4	8.4	7.3
Natural Gas	20.0	-8.2	32.3	-9.7
Refinery Products	13.7	3.9	7.3	4.9
Fertilizers	-0.3	-1.6	-2.0	0.4
Steel	-2.9	15.5	5.5	10.1
Cement	-0.2	10.6	5.3	1.8
Electricity	4.2	13.0	5.3	9.4
<b>Overall growth</b>	<b>5.7</b>	<b>7.8</b>	<b>6.5</b>	<b>5.8</b>

growth of the core sector industries was 7.8 per cent as compared to the growth of 5.7 per cent during July, 2010. During July 2011, the growth in steel was 15.5 per cent followed by electricity 13.0 per cent, cement 10.6 per cent, refinery products 3.9 per cent, coal 2.4 per cent and crude oil 1.4 per cent. The natural gas and fertilizers sectors showed negative growth during July 2011.

During July 2011, the IIP growth was 3.3 per cent as compared to 9.9 per cent growth during the corresponding period of previous year. In mining, manufacturing and electricity sectors, the growth rates in July 2011 were 2.8 per cent, 2.3 per cent and 13.1 per cent respectively. In

**Eight core industries:** The index for eight core industries (comprising crude oil, petroleum refinery products, coal, electricity, cement, steel, natural gas and fertilizers) with a weight of 37.9 per cent in the IIP grew by 5.8 per cent during April-July 2011-12, as compared to growth rate of 6.5 per cent achieved during the corresponding period in 2010-11. During the month of July 2011, the overall

## MONEY AND BANKING

The Reserve Bank of India released its mid 2<sup>nd</sup> Quarter Review of September, 2011. The important Policy Measures taken by RBI on the basis of the current macroeconomic assessment are:

- ✓ Increase the policy repo rate under the liquidity adjustment facility (LAF) by 25 basis points from 8.0 per cent to 8.25 per cent with immediate effect.
- ✓ Consequent to the above increase in the repo rate, the reverse repo rate under the LAF will stand automatically adjusted to 7.25 per cent and the marginal standing facility (MSF) rate to 9.25 per cent with immediate effect.

### RBI's Expected Outcomes

Reinforce the impact of past policy actions to contain inflation and anchor inflationary expectations.

Thus, the RBI raised the policy rates 4 times so far, during the current financial 2011-12 i.e. the Repo rate and Reverse Repo rate were raised by 50 bps on May 3, 2011, 25 bps on June 16, 2011, 50 bps on July 26, 2011 and by 25 bps on September 16, 2011. Cumulatively, the Repo rate and Reverse repo rate was raised by 150 bps, during the current financial year.

Broad money (M<sub>3</sub>) (up to August 26, 2011) increased by 5.2 per cent as compared to 4.5 per cent during the corresponding period of the last year. The year-on-year growth, as on August 26, 2011 was 16.7 per cent as compared to 15.6 per cent last year.

Item	Outstanding as on		Variation over			
	2011		Financial Year so far		Year-on-Year	
	Mar. 31	Aug. 26	2010-11	2011-12	2010	2011
M <sub>3</sub>	64,99,548	68,35,013	4.5	5.2	15.6	16.7
Components (i+ii+iii+iv)						
(i) Currency with the Public	9,14,197	9,42,873	7.3	3.1	21.2	14.5
(ii) Demand Deposits with Banks	7,17,660	6,34,861	-5.6	-11.5	13.8	-6.3
(iii) Time Deposits with Banks	48,63,979	52,53,667	5.7	8.0	14.9	20.8
(iv) 'Other' Deposits with Reserve Bank	3,713	3,611	4.4	-2.7	-26.3	-9.9
Sources (i+ii+iii+iv+v)						
(i) Net Bank Credit to Government (a+b)	19,82,771	21,49,286	5.9	8.4	23.1	21.5
(a) Reserve Bank	3,96,555	3,68,132				
(b) Other Banks	15,86,216	17,81,155	7.1	12.3	9.4	14.1
(ii) Bank Credit to Commercial Sector (a+b)	42,35,406	43,35,825	3.7	2.4	18.9	19.7
(a) Reserve Bank	2,164	1,839	—	—	—	—
(b) Other Banks	42,33,242	43,33,987	3.7	2.4	19.3	19.7
(iii) Net Foreign Exchange Assets of Banking Sector*	13,93,327	14,95,774	4.2	7.4	-2.7	12.0
(iv) Government's Currency Liabilities to the Public	12,724	12,959	5.5	1.8	13.2	9.0
(v) Banking Sector's Net Non-monetary Liabilities	11,24,680	11,58,832	3.7	3.0	10.5	31.4
of which:						
Net Non-monetary Liabilities of RBI	3,68,274	4,46,303	12.5	21.2	-18.4	31.5
* Includes investments in foreign currency denominated bonds issued by IIFC(UK) since March 20, 2009.						
Note: Government balances as on March 31, 2011 are after closure of accounts.						

Reserve money (M<sub>0</sub>) during the financial year 2011-12 (up to September 9, 2011) showed deterioration by 0.1 per cent as compared to improvement of 4.6 in the corresponding period of the previous year. The year-on-year variation revealed an increase of 13.8 per cent as on September 9, 2011, compared to 24.4 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 7.9 per cent (during the financial year) as on September 9, 2011 as compared to increase of 5.1 per cent in the same period last year. The y-o-y growth rate of NFA, was 10.7 per cent as compared to deterioration of 2.9 per cent on the corresponding date of the last year.

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

During the current financial year i.e. 2011-12 (upto August 26, 2011), Bank credit showed improvement of 2.6 per cent as compared to improvement of 3.4 per cent during the corresponding period of last year. The Non-Food credit during this period recorded increase of 2.5 per cent as compared to increase of 3.5 per cent during the corresponding period of last year.

The aggregate deposits with Scheduled Commercial Banks recorded an increase of 5.8 per cent (as on August 26, 2011) as against an increase of 4.0 per cent in the corresponding period of last year.

Items	2011-12 Outstanding as on (Rs. in crore)		Percentage Variation			
			Financial year so far		Year-on-year	
	March 25, 2011	August 26, 2011	2010-11	2011-12	2010	2011
Bank Credit	3938659	4044862	3.4	2.6	19.5	20.6
Non-Food credit	3874376	3971280	3.5	2.5	19.8	20.2
Aggregate deposits	5204703	5509100	4.0	5.8	14.5	17.9
Investments in Government. And other approved securities	1500039	1700423	6.7	13.2	8.2	15.1

Item/Week Ended	2010	2011
	September 3	September 2
Cash Reserve Ratio (per cent) <sup>(1)</sup>	6.00	6.00
Bank Rate	6.00	6.00
Repo Rate	5.75	8.25*
Reverse Repo Rate	4.50	7.25*
Prime Lending Rate <sup>(2)</sup>	7.50 / 8.00	10.00-10.75
Deposit Rate <sup>(3)</sup>	6.75-7.75	8.50 - 9.50
Call Money Rate (Low / High) <sup>(4)</sup>		
- Borrowings	4.83	8.01
- Lendings	4.83	8.01

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

\* In its Mid Quarter Review announced on September 16, 2011, RBI increased the Repo rate from 8.00 per cent to 8.25 per cent and Reversed Repo rate from 7.00 per cent to 7.25 per cent.

**Interest rates (per cent per annum):** As on September 2, 2011, Bank Rate was 6.00 per cent. Call money rates (borrowing & lending) were 8.01 per cent as compared with 4.83 per cent on the corresponding date of last year.

## EXTERNAL SECTOR

**Foreign trade:** Exports, in US dollar terms and customs basis, during July 2011 increased by 81.8 per cent and imports increased by 51.5 per cent over July 2010. Oil imports increased by 37.0 per cent and non-oil imports increased by 58.1 per cent during July 2011 over July 2010.

<b>Table 10 : Exports and imports (in US dollar million)</b>					
Item	2009-10 (Apr-Mar)	2010-11 (Apr-Mar)	July -10	July -11	% Change in July 2011
Exports	178751	245868	16142	29344	81.8
Imports	288373	350695	26681	40426	51.5
Oil imports	87136	101689	8353	11445	37.0
Non-Oil	201237	249006	18328	28981	58.1
Trade	-109621	-104827	-10539	-11082	-

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

### Foreign Currency Assets

<b>Table 11: Foreign Currency Assets</b>				
	Amount		Variation	
	₹crore	US\$ million	₹crore	US\$ million
<b>At the end of</b>	<b>(over last year)</b>			
March, 2008	1196023	299230	359426	107306
March, 2009	1231340	241676	35317	-57554
March, 2010	1150778	254935	-80562	13259
March, 2011	1225999	274580	75221	19645
<b>2011-12</b>	<b>(over last month)</b>			
April 2011	1252790	282287	26791	7707
May 2011	1259881	279787	7091	-2500
June 2011	1268744	283708	8863	3921
July 2011	1264787	286410	-3957	2702
August 2011	1317478	286284	52691	-126

Source: RBI.

**Exchange rate:** The rupee depreciated by 1.8 per cent against US dollar, 3.3 per cent against Pound Sterling, 4.7 per cent against Japanese Yen and 2.3 per cent against Euro in the month of August 2011 over July 2011.

<b>Table 12 : Rupees per unit of foreign currency*</b>				
	US dollar	Pound Sterling	Japanese Yen	Euro
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
March 2011	44.9684	72.7070	0.5498	62.9660
<b>2011-12</b>				
April 2011	44.3700	72.7237	0.5331	64.2505
May 2011	44.9045	73.4103	0.5532	64.4833
June 2011	44.8295	72.7881	0.5565	64.5157
July 2011	44.4174	71.6485	0.5591	63.4602
August 2011	45.2538	74.1083	0.5868	64.9380

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

**External assistance and debt service payments:** Gross external aid in April-August 2011-12 is ₹8587 crore as compared to ₹18953 crore in corresponding period of 2010-11. Net disbursement was ₹2666 crore in 2011-12 compared to ₹13506 crore in 2010-11. Net transfers were ₹1260 crore in 2011-12 compared to ₹12097 crore in 2010-11.

<b>Table 13 : External Assistance and Debt Service Payments</b>				
				(₹ crore)
	August 2011	During the Financial year 2011-12 (Apr-Aug)	August 2010	During the Financial year 2010-11(Apr-Aug)
<b>External Assistance (Government Account)</b>				
1) Gross Disbursement	1200.53	6843.12	1167.92	16199.52
2) Repayments	891.48	5219.68	857.75	4859.81
3) Interest Payments	251.64	1233.21	217.89	1185.17
4) Net Disbursement (1-2)	309.05	1623.44	310.17	11339.71
5) Net Transfers (4-3)	57.41	390.23	92.28	10154.54
<b>External Assistance (Non-Government Account)</b>				
1) Gross Disbursement	6.01	1173.39	743.77	2252.62
2) Repayments	37.50	701.55	34.83	587.16
3) Interest Payments	26.63	172.26	28.01	223.53
4) Net Disbursement (1-2)	-31.49	471.84	708.94	1665.46
5) Net Transfers (4-3)	-58.12	299.58	680.93	1441.93
<b>Government Grants</b>				
1) Gross Disbursement	197.80	533.92	23.39	409.69
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)	197.80	533.92	23.39	409.69
5) Net Transfers (4-3)	197.80	533.92	23.39	409.69
<b>Non-Government Grants</b>				
1) Gross Disbursement	11.05	36.70	26.13	91.25
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)	11.05	36.70	26.13	91.25
5) Net Transfers (4-3)	11.05	36.70	26.13	91.25
<b>Grand Total</b>				
1) Gross Disbursements	1415.39	8587.13	1961.21	18953.08
2) Repayments	928.98	5921.23	892.58	5446.97
3) Interest Payments	278.27	1405.47	245.90	1408.70
4) Net Disbursement (1-2)	486.41	2665.90	1068.63	13506.11
5) Net Transfers (4-3)	208.14	1260.43	822.73	12097.41



## INFLATION

**Wholesale Price Index (WPI 2004-05=100):** The WPI inflation for the month of August 2011 is reported at 9.78 per cent, highest in last 13 months, as against 9.22 per cent last month and 8.87 per cent last year. The revised WPI inflation for June 2011 is 9.51 per cent in place of 9.44 per cent reported earlier. After moderating in the last couple of months, the headline inflation again increased in August 2011 mainly on account of Primary Articles (rice, ragi, Fruits & vegetables, raw cotton) and Manufactured Product (Food product, Basic Metals). The average WPI inflation rate for last 12 months (Sep 2010 to Aug 2011) was 9.4 per cent as compared to 7.8 per cent during corresponding period in 2010-11. The build-up of inflation since March to August 2011 stood at 3.6 per cent during current financial year as against 3.5 per cent in the corresponding period last year. WPI inflation rates for major subgroups are indicated in Table 14 below.

Major groups	Weight (%)	Cumulative change (%) Since March		Inflation (%)		Inflation (%) (Average of 12 months)	
		2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
<b>ALL COMMODITIES</b>	<b>100.00</b>	3.61	3.52	9.78	8.87	9.36	7.83
PRIMARY ARTICLES	20.12	6.06	6.87	12.58	15.96	14.92	17.84
<i>Food articles</i>	14.34	8.21	8.01	9.62	14.96	12.65	19.90
FUEL AND POWER	14.91	5.96	5.64	12.84	12.55	11.94	6.87
MANUFACTURED PDT.	64.97	1.99	1.66	7.79	5.16	6.43	4.44

**Inflation based on Consumer Price Index:** Inflation in Consumer Price Index for Industrial Workers (CPI-IW) has declined to 8.43 per cent in July 2011 as compared to 11.25 per cent in the corresponding month last year. CPI-IW food inflation (weight 46.20%) has also declined to 6.25 per cent in July 2011 from 11.63 per cent in the corresponding month last year. CPI-RL food inflation (weight 66.77%) has also declined to 6.38 per cent in July 2011 from its peak of 11.46 per cent in corresponding period last year.

	WPI	CPI-IW	CPI-UNME	CPI-AL	CPI-RL
<b>Base</b>	2004-05	2001	1984-85	1986-87	1986-87
Apr-10	10.88	13.33	14.41	14.96	14.96
May-10	10.48	13.91	14.09	13.68	13.68
June-10	10.25	13.73	14.12	13.02	13.02
July-10	9.98	11.25	11.54	11.02	11.24
Aug-10	8.87	9.88	10.30	9.65	9.66
Sep-10	8.98	9.82	10.39	9.13	9.34
Oct-10	9.08	9.70	9.64	8.43	8.45
Nov-10	8.20	8.33	8.40	7.14	6.95
Dec-10	9.45	9.47	9.44	7.99	8.01
Jan-11	9.47	9.30		8.67	8.69
Feb-11	9.54	8.82		8.55	8.55
Mar-11	9.68	8.82		9.14	8.96
April-11	9.74	9.41		9.11	9.11
May-11	9.56	8.72		9.63	9.63
June-11	9.51	8.62		9.32	9.14
<b>July-11</b>	<b>9.22</b>	<b>8.43</b>		<b>9.03</b>	<b>9.03</b>
<b>Aug-11</b>	<b>9.78</b>	<b>-</b>		<b>-</b>	<b>-</b>

Note: WPI-inflation: July and August-2011 are provisional and CPI\_UNME is linked index from April, 2008 onward.

**Table 16: World Commodity Price Data**

Commodity	Unit	Annual averages			Monthly averages			
		Jan-Dec	Jan-Dec	Jan-Aug	Jun	Jul	Aug	
		2009	2010	2011	2011	2011	2011	
<b>Energy</b>								
Coal, Australia	a/	\$/mt	71.84	98.97	123.22	119.28	120.00	118.80
Crude oil, average	a/	\$/bbl	61.76	79.04	104.73	105.85	107.92	100.49
Crude oil, Brent	a/	\$/bbl	61.86	79.64	111.57	113.76	116.46	110.09
Crude oil, Dubai	a/	\$/bbl	61.75	78.06	105.99	107.52	109.98	105.06
Crude oil, West Texas Int.	a/	\$/bbl	61.65	79.43	96.62	96.25	97.31	86.32
Natural gas, Europe	a/	\$/mmbtu	8.71	8.29	10.13	10.26	10.99	10.81
<b>Agriculture</b>								
<b>Beverages</b>								
Coffee, arabica	b/	¢/kg	317.1	432.0	619.5	606.2	590.9	595.2
Tea, auctions (3) average	b/	¢/kg	272.4	288.5	297.4	301.8	310.1	304.0
<b>Food</b>								
Coconut oil	b/	\$/mt	725	1,124	1916	1803	1662	1454
Copra	-	\$/mt	480	750	1284	1186	1121	985
Groundnut oil	b/	\$/mt	1,184	1,404	1860	1980	2120	2100
Palm oil	b/	\$/mt	683	901	1171	1133	1089	1083
Palmkernel oil	-	\$/mt	700	1,184	1845	1765	1371	1375
Soybean meal	b/	\$/mt	408	378	414	394	400	401
Soybean oil	b/	\$/mt	849	1,005	1331	1324	1337	1330
Soybeans	b/	\$/mt	437	450	560	558	559	558
<b>Grains</b>								
Barley	b/	\$/mt	128.3	158.4	205.5	210.1	210.1	206.1
Maize	b/	\$/mt	165.5	185.9	299.6	310.6	310.6	310.2
Rice, Thailand, 25%	-	\$/mt	458.1	441.5	475.6	473.8	473.8	531.7
Wheat, Canada	-	\$/mt	300.5	312.4	456.4	486.8	486.8	434.9
Sugar, world	b/	¢/kg	40.00	46.93	58.65	55.58	55.58	61.18
<b>Raw Materials</b>								
Logs, Malaysia	b/	\$/cum	287.2	278.2	375.7	417.6	417.6	450.0
Plywood	-	¢/sheets	564.6	569.1	600.9	607.7	607.7	619.2
Cotton A Index	b/	¢/kg	138.2	228.3	381.4	317.8	317.8	251.5
Rubber RSS3	b/	¢/kg	192.1	365.4	531.4	493.8	493.4	467.6
<b>Metals and Minerals</b>								
Aluminum	b/	\$/mt	1,665	2,173	2530	2558	2525	2379
Copper	b/	\$/mt	5,150	7,535	9387	9067	9650	9001
Gold	-	\$/toz	973	1,225	1500	1529	1572	1757
Iron ore, spot, cfr China	-	\$/dmt	80.0	145.9	176.7	170.9	173.0	177.5
Steel cr coilsheet	c/	\$/mt	783	816	888	900	900	900

Source: World Bank - The Pink Sheet

## FISCAL SITUATION

- As a proportion of budget estimate, fiscal deficit during April-July 2011 was 55.4 per cent and revenue deficit was 63.4 per cent.
- Tax revenue (net to Centre) during April-July, 2011 recorded an increase of only 1.1 per cent compared with corresponding period of 2010-11. This is mainly due to refunds in corporation tax which indicates a growth of 30 per cent over corresponding period last year.

**Table 17: Trends in Central Government Finances during April-July 2011**

	Budget	April-July		Col.3 as	Col. 4 as	per cent Change	
	Estimates	2010-11	2011-12	per cent of 2010-11 BE	per cent of 2011-12 BE	over 2010-11	2011-12 (4/3)
(₹ crore)							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>1. Revenue Receipts</b>	<b>7,89,892</b>	<b>238,524</b>	<b>137,155</b>	<b>35.0</b>	<b>17.4</b>	<b>126.4</b>	<b>-42.5</b>
Gross tax revenue	9,32,440	173,444	190,463	23.2	20.4	27.5	9.8
Tax (net to Centre)	6,64,457	112,821	114,078	21.1	17.2	30.7	1.1
Non Tax	1,25,435	125,703	23,077	84.9	18.4	559.2	-81.6
<b>2. Capital Receipts</b>	<b>4,67,837</b>	<b>94,176</b>	<b>238,010</b>	<b>22.1</b>	<b>50.9</b>	<b>-41.1</b>	<b>152.7</b>
of which:							
Recovery of loans	15,020	2,103	8,112	41.0	54.0	60.3	285.7
Other Receipts	40,000	1,158	1,145	2.9	2.9		-1.1
Borrowings and other liabilities	4,12,817	90,915	228,753	23.8	55.4	-42.7	151.6
<b>3. Total Receipts (1+2)</b>	<b>12,57,729</b>	<b>332,700</b>	<b>375,165</b>	<b>30.0</b>	<b>29.8</b>	<b>25.4</b>	<b>12.8</b>
<b>4. Non-Plan Expenditure (a)+(b)</b>	<b>8,16,182</b>	<b>222,900</b>	<b>263,497</b>	<b>30.3</b>	<b>32.3</b>	<b>14.4</b>	<b>18.2</b>
(a) Revenue Account	7,33,558	194,141	234,595	30.2	32.0	7.2	20.8
of which:							
Interest payments	2,67,986	58,376	67,541	23.5	25.2	12.0	15.7
Major Subsidies	1,34,211	41,914	47,440	31.2	35.3	-15.0	13.2
Pensions	54,521	15,403	19,907	36.0	36.5	21.9	29.2
(b) Capital Account	82,624	28,759	28,902	31.2	35.0	109.6	0.5
<b>5. Plan Expenditure (i)+(ii)</b>	<b>4,41,547</b>	<b>109,800</b>	<b>111,668</b>	<b>29.4</b>	<b>25.3</b>	<b>56.0</b>	<b>1.7</b>
(i) Revenue Account	3,63,604	94,458	97,480	30.0	26.8	60.1	3.2
(ii) Capital Account	77,943	15,342	14,188	26.5	18.2	35.0	-7.5
<b>6. Total Expenditure (4)+(5)=(a)+(b)</b>	<b>12,57,729</b>	<b>332,700</b>	<b>375,165</b>	<b>30.0</b>	<b>29.8</b>	<b>25.4</b>	<b>12.8</b>
(a) Revenue Expenditure	10,97,162	288,599	332,075	30.1	30.3	20.2	15.1
(b) Of which Grants for creation of Capital Assets	1,46,853	10,916	30,539	34.9	20.8	75.8	179.8
(c) Capital Expenditure	160,567	44,101	43,090	29.4	26.8	-62.8	-2.3
<b>7. Revenue Deficit</b>	<b>307,270</b>	<b>50,075</b>	<b>194,920</b>	<b>18.1</b>	<b>63.4</b>	<b>-42.7</b>	<b>289.3</b>
<b>8. Effective Revenue Deficit(7-6(b))</b>	<b>1,60,417</b>	<b>39,159</b>	<b>164,381</b>	<b>16.0</b>	<b>102.5</b>	<b>-69.4</b>	<b>319.8</b>
<b>9. Fiscal Deficit</b>	<b>4,12,817</b>	<b>90,915</b>	<b>228,753</b>	<b>23.8</b>	<b>55.4</b>	<b>126.4</b>	<b>151.6</b>
<b>10. Primary Deficit</b>	<b>1,44,831</b>	<b>32,539</b>	<b>161,212</b>	<b>24.5</b>	<b>111.3</b>	<b>27.5</b>	<b>395.4</b>

Source: Review of Union Government Accounts, April- July 2011, Ministry of Finance.