

**Ministry of Finance**  
**Department of Economic Affairs**  
**Economic Division**  
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**MONTHLY ECONOMIC REPORT**  
**AUGUST 2014**

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**HIGHLIGHTS**

- The overall growth of GDP at factor cost at constant (2004-05) prices (real GDP) for 2013-14 is placed at 4.7 per cent as compared to 4.5 per cent for 2012-13 (as per the Provisional Estimates released on 30<sup>th</sup> May, 2014). GDP growth in the first quarter (April-June 2014) was 5.7 per cent is the highest in nine quarters.
- Food grains (rice and wheat) stocks held by FCI and State agencies were 57.28 million tonnes as on September 1, 2014 vis-à-vis the buffer stock norm of 31.90 million tonnes as on July 1, 2014.
- Overall growth in the Index of Industrial Production (IIP) was 0.5 per cent during July 2014 as compared to 2.6 per cent in July 2013. During April-July, 2014-15, IIP growth was 3.3 per cent as compared to (-) 0.1 per cent growth in April-July, 2013-14.
- Eight core infrastructure industries registered a growth of 2.7 per cent in July 2014 as compared to 5.3 per cent in July 2013. During April-July, 2014-15, these sectors grew by 4.1 per cent as compared to the same level of growth during April-July, 2013-14.
- Broad money (M<sub>3</sub>) for 2014-15 (up to August 22, 2014) increased by 4.3 per cent as compared to 4.4 per cent during the corresponding period of the last year. The year-on-year growth, as on August 22, 2014 was 13.0 per cent as compared to 12.1 per cent in the previous year.
- Exports and Imports increased by 2.4 per cent and 2.1 per cent respectively, in US dollar terms during August 2014 over August 2013.
- Foreign Currency Assets stood at US\$ 293.4 billion at end-August 2014 as compared to US\$ 248.4 billion at end-August 2013.
- The Rupee depreciated against US dollar and Japanese yen and appreciated against Pound sterling and Euro in the month of August 2014 over July 2014.
- The WPI inflation for all commodities for the month of August 2014 moderated to 3.74 per cent from 5.19 per cent in the previous month.
- Gross tax revenue for the financial year 2014-15(April-July) was Rs 2,58,873 crore, recorded growth of 5.5 per cent over 2013-14.
- As proportion of Budget estimate, fiscal deficit and revenue deficit during 2014-15(April-July) was 61.2 per cent and 70.4 per cent respectively.

(RANGEET GHOSH)  
Assistant Adviser  
(Rangeet.Ghosh@nic.in)

## ECONOMIC GROWTH

As per the Provisional Estimates of the Central Statistics Office (CSO), the growth in Gross Domestic Product (GDP) at factor cost at constant (2004-05 prices) is estimated at 4.7 per cent in 2013-14 with agriculture, industry and services registering growth rates of 4.7 per cent, 0.4 per cent and 6.8 per cent respectively. The GDP growth rate is placed at 4.7 per cent, 5.2 per cent in the first, second quarters respectively and 4.6 per cent each in the third and fourth quarters of 2013-14. GDP growth in the first quarter of 2014-15 recorded at 5.7 per cent is the highest in nine quarters.

**Table 1: Growth of GDP at factor cost by economic activity (at 2004-05 prices)**

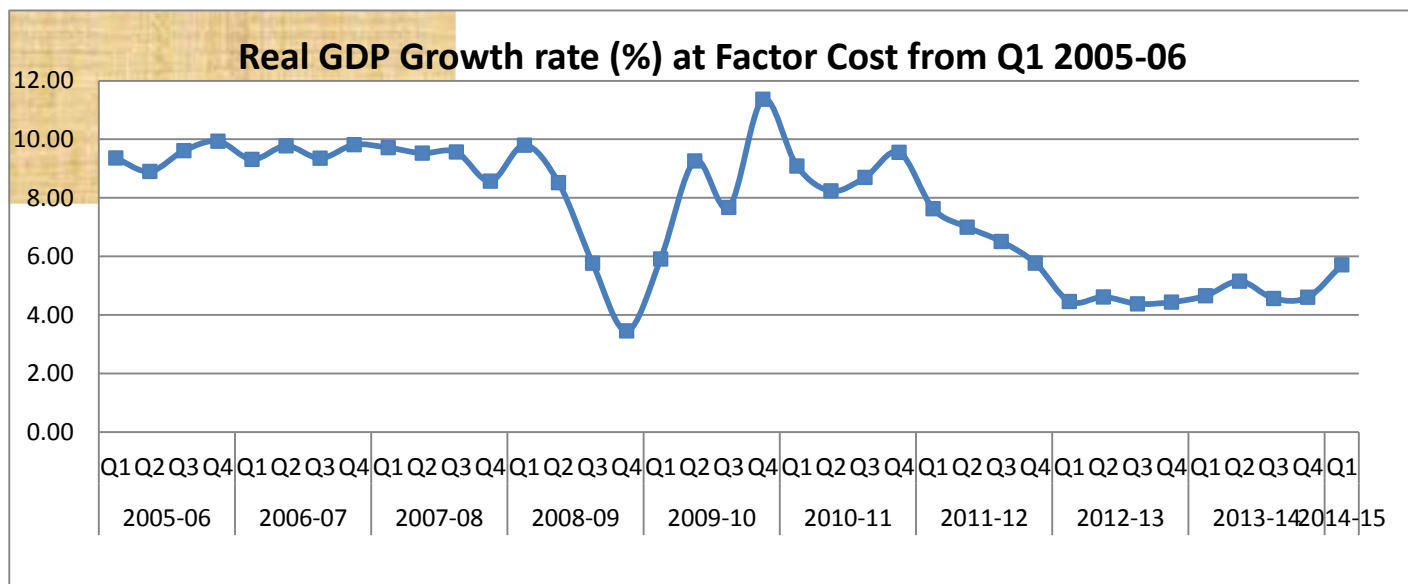
| Sector   |   | Growth     |             |              | Percentage Share in GDP |             |              |
|----------|---|------------|-------------|--------------|-------------------------|-------------|--------------|
|          |   | 2011-12    | 2012-13(1R) | 2013-14 (PE) | 2011-12                 | 2012-13(1R) | 2013-14 (PE) |
| <b>1</b> | <b>Agriculture, forestry &amp; fishing</b>            | <b>5.0</b> | <b>1.4</b>  | <b>4.7</b>   | <b>14.4</b>             | <b>13.9</b> | <b>13.9</b>  |
| <b>2</b> | <b>Industry</b>                                       | <b>7.8</b> | <b>1.0</b>  | <b>0.4</b>   | <b>28.2</b>             | <b>27.3</b> | <b>26.1</b>  |
| a        | Mining & quarrying                                    | 0.1        | -2.2        | -1.4         | 2.1                     | 2.0         | 1.9          |
| b        | Manufacturing   | 7.4        | 1.1         | -0.7         | 16.3                    | 15.8        | 14.9         |
| c        | Electricity, gas & water supply                       | 8.4        | 2.3         | 5.9          | 1.9                     | 1.9         | 1.9          |
| d        | Construction  | 10.8       | 1.1         | 1.6          | 7.9                     | 7.7         | 7.4          |
| <b>3</b> | <b>Services</b>                                       | <b>6.6</b> | <b>7.0</b>  | <b>6.8</b>   | <b>57.4</b>             | <b>58.8</b> | <b>59.9</b>  |
| a        | Trade, hotels, transport & communication              | 4.3        | 5.1         | 3.0          | 26.7                    | 26.9        | 26.4         |
| b        | Financing, insurance, real estate & business services | 11.3       | 10.9        | 12.9         | 18.0                    | 19.1        | 20.6         |
| c        | Community, social & personal services                 | 4.9        | 5.3         | 5.6          | 12.7                    | 12.8        | 12.9         |
| <b>4</b> | <b>GDP at factor cost</b>                             | <b>6.7</b> | <b>4.5</b>  | <b>4.7</b>   | <b>100</b>              | <b>100</b>  | <b>100</b>   |

1R: 1st Revised Estimates; PE: Provisional Estimates. **Source:** CSO.

**Table 2: Growth of Quarterly Estimates of GDP at Constant (2004-05) Prices**

| Sectors  |   | 2011-12     |            |            |            | 2012-13    |             |            |            | 2013-14     |            |             |             | 2014-15    |
|----------|---|-------------|------------|------------|------------|------------|-------------|------------|------------|-------------|------------|-------------|-------------|------------|
|          |   | Q1          | Q2         | Q3         | Q4         | Q1         | Q2          | Q3         | Q4         | Q1          | Q2         | Q3          | Q4          | Q1         |
| <b>1</b> | <b>Agriculture, forestry &amp; fishing</b>              | <b>6.5</b>  | <b>4.0</b> | <b>5.9</b> | <b>3.4</b> | <b>1.8</b> | <b>1.8</b>  | <b>0.8</b> | <b>1.6</b> | <b>4.0</b>  | <b>5.0</b> | <b>3.7</b>  | <b>6.3</b>  | <b>3.8</b> |
| <b>2</b> | <b>Industry</b>   | <b>10.1</b> | <b>8.2</b> | <b>6.9</b> | <b>6.3</b> | <b>0.3</b> | <b>-0.4</b> | <b>1.7</b> | <b>2.1</b> | <b>-0.4</b> | <b>2.6</b> | <b>-0.4</b> | <b>-0.2</b> | <b>4.2</b> |
| a        | Mining & quarrying                                      | 0.3         | -4.6       | -1.9       | 5.8        | -1.1       | -0.1        | -2.0       | -4.8       | -3.9        | 0.0        | -1.2        | -0.4        | 2.1        |
| b        | Manufacturing   | 12.4        | 7.8        | 5.3        | 4.7        | -1.1       | 0.0         | 2.5        | 3.0        | -1.2        | 1.3        | -1.5        | -1.4        | 3.5        |
| c        | Electricity, gas & water supply                         | 8.5         | 10.3       | 9.6        | 5.4        | 4.2        | 1.3         | 2.6        | 0.9        | 3.8         | 7.8        | 5.0         | 7.2         | 10.2       |
| d        | Construction  | 8.9         | 11.9       | 12.2       | 10.2       | 2.8        | -1.9        | 1.0        | 2.4        | 1.1         | 4.4        | 0.6         | 0.7         | 4.8        |
| <b>3</b> | <b>Services</b>   | <b>6.7</b>  | <b>7.0</b> | <b>6.5</b> | <b>6.1</b> | <b>7.2</b> | <b>7.6</b>  | <b>6.9</b> | <b>6.3</b> | <b>7.2</b>  | <b>6.3</b> | <b>7.2</b>  | <b>6.4</b>  | <b>6.8</b> |
| a        | Trade, hotels, transport & communication                | 5.5         | 4.7        | 4.0        | 3.3        | 4.0        | 5.6         | 5.9        | 4.8        | 1.6         | 3.6        | 2.9         | 3.9         | 2.8        |
| b        | Financing, insurance, real estate and business services | 11.3        | 12.0       | 11.1       | 11.0       | 11.7       | 10.6        | 10.2       | 11.2       | 12.9        | 12.1       | 14.1        | 12.4        | 10.4       |
| c        | Community, social & personal services                   | 2.4         | 5.4        | 5.7        | 5.7        | 7.6        | 7.4         | 4.0        | 2.8        | 10.6        | 3.6        | 5.7         | 3.3         | 9.1        |
| <b>4</b> | <b>GDP at factor cost</b>                               | <b>7.6</b>  | <b>7.0</b> | <b>6.5</b> | <b>5.8</b> | <b>4.5</b> | <b>4.6</b>  | <b>4.4</b> | <b>4.4</b> | <b>4.7</b>  | <b>5.2</b> | <b>4.6</b>  | <b>4.6</b>  | <b>5.7</b> |

**Source:** CSO.



### AGRICULTURE AND FOOD MANAGEMENT

**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 actual rainfall received during the Monsoon period 01.06.2014 – 16.09.2014, has been 727.7 mm as against the normal at 819.1 mm.

Table 3A shows kharif area coverage as on September 19 of 2014-15 and 2013-14. Since kharif sowing goes on till September/October, the acreage under kharif area is expected to improve further in the coming weeks. There has been a decline in the overall kharif coverage vis-a-vis the corresponding period of last year over the last week as on September 19.

| S. No.                   | Crops                  | Area Sown (In Lakh hectares) |                | % change over 2013-14 |
|--------------------------|------------------------|------------------------------|----------------|-----------------------|
|                          |                        | 2014-15                      | 2013-14        |                       |
| 1.                       | Rice                   | 373.60                       | 373.15         | 0.12                  |
| 2.                       | Total Pulses           | 100.05                       | 107.71         | -7.11                 |
| a.                       | Pigeon Pea (Tur/Arhar) | 35.44                        | 38.46          | -7.85                 |
| b.                       | Urdbean                | 24.73                        | 23.79          | 3.95                  |
| c.                       | Moongbean              | 21.15                        | 23.96          | -11.73                |
| 3.                       | Total Coarse Cereals   | 182.07                       | 195.25         | -6.75                 |
| a.                       | Jowar                  | 18.48                        | 21.68          | -14.76                |
| b.                       | Bajra                  | 68.34                        | 74.67          | -8.48                 |
| c.                       | Maize                  | 78.23                        | 81.91          | -8.14                 |
| 4.                       | Total Oilseeds         | 176.82                       | 192.49         | -13.78                |
| a.                       | Groundnut              | 37.04                        | 42.96          | -13.78                |
| b.                       | Soyabean               | 110.31                       | 122.19         | -9.72                 |
| 5.                       | Sugarcane              | 48.74                        | 50.32          | -3.14                 |
| 6.                       | Cotton                 | 125.75                       | 113.60         | 10.70                 |
| <b>Total Kharif Area</b> |                        | <b>1015.18</b>               | <b>1040.85</b> | <b>-2.47</b>          |

Source: DAC.

**All India production of food grains:** As per the 4<sup>th</sup> advance estimates released by Ministry of Agriculture on 14.08.2014, production of total foodgrains during 2013-14 is estimated at 264.77 million tonnes compared to 257.13 million tonnes in 2012-13.

| <b>Crop</b>       | <b>2008-09</b> | <b>2009-10</b> | <b>2010-11</b> | <b>2011-12</b> | <b>2012-13</b> | <b>2013-14<br/>(4<sup>th</sup> advance estimates)</b> |
|-------------------|----------------|----------------|----------------|----------------|----------------|---|
| Rice              | 99.18          | 89.09          | 95.98          | 105.30         | 105.24         | 106.54  |
| Wheat             | 80.68          | 80.80          | 86.87          | 94.88          | 93.51          | 95.91   |
| Total Pulses      | 14.57          | 14.66          | 18.24          | 17.09          | 18.34          | 19.27   |
| Total Food grains | 234.47         | 218.11         | 244.49         | 259.29         | 257.13         | 264.77  |
| Total Oilseeds    | 27.72          | 24.88          | 32.48          | 29.79          | 30.94          | 32.88   |
| Sugarcane         | 285.03         | 292.30         | 342.38         | 361.04         | 341.20         | 350.02  |

**Procurement:** During the Kharif Marketing Season 2013-14, (which spans from October 2013 to September 2014), the procurement of rice stood at 31.57 million tonnes as on 19.09.2014. During Rabi Marketing Season 2014-15 (which spans from April 2014 to March 2015), the procurement of wheat was 28.02 million tonnes as on 11.07.2014.

| <b>Crop</b> | <b>2010-11</b> | <b>2011-12</b> | <b>2012-13</b> | <b>2013-14</b> | <b>2014-15</b> |
|-------------|----------------|----------------|----------------|----------------|----------------|
| Rice        | 34.20          | 35.04          | 34.04          | 31.57*         |                |
| Wheat       | 22.51          | 28.34          | 38.15          | 25.09          | 28.02**        |
| Total       | 56.71          | 63.38          | 72.19          | 56.37          |                |

\* Position as on 19.09.2014 \*\* Position as on 11.07.2014.

**Off-take:** Off-take of rice during the month of July, 2014 was 25.36 lakh tonnes. This comprises 21.94 lakh tonnes under TPDS and 3.42 lakh tonnes under other schemes. In respect of wheat, the total off-take was 17.15 lakh tonnes comprising 15.26 lakh tonnes under TPDS and 1.89 lakh tonnes under other schemes.

**Stocks:** Stocks of food-grains (rice and wheat) held by FCI as on September 1, 2014 were 57.28 million tonnes that is lower by 12.08 per cent compared to the level of 65.15 million tonnes as on September 1, 2013.

| <b>Crop</b>                                      | <b>Off-take</b> |                |                |                                | <b>Stocks</b>      |                    |
|--|-----------------|----------------|----------------|--------------------------------|--------------------|--------------------|
|  | <b>2011-12</b>  | <b>2012-13</b> | <b>2013-14</b> | <b>2014-15<br/>(Till July)</b> | <b>Sep 1, 2013</b> | <b>Sep 1, 2014</b> |
| <b>Rice</b>                                      | 32.12           | 32.64          | 29.20          | 2.54                           | 20.57              | 17.33              |
| <b>Unmilled Paddy#</b>                           |                 |                |                |                                | 9.28               | 6.65               |
| <b>Converted Unmilled Paddy in terms of Rice</b> |                 |                |                |                                | 6.22               | 4.46               |
| <b>Wheat</b>                                     | 24.26           | 33.21          | 30.62          | 1.71                           | 38.36              | 35.49              |
| <b>Total (Rice &amp; Wheat)</b>                  | <b>56.38</b>    | <b>65.85</b>   | <b>59.82</b>   | <b>4.25</b>                    | <b>65.15</b>       | <b>57.28</b>       |

Note: Buffer Norms for Rice & Wheat are 11.80 Million Tonnes & 20.10 Million Tonnes as on 1.7.2014 respectively.

# Since September, 2013, FCI gives separate figures for rice and unmilled paddy with FCI & state agencies in terms of rice.

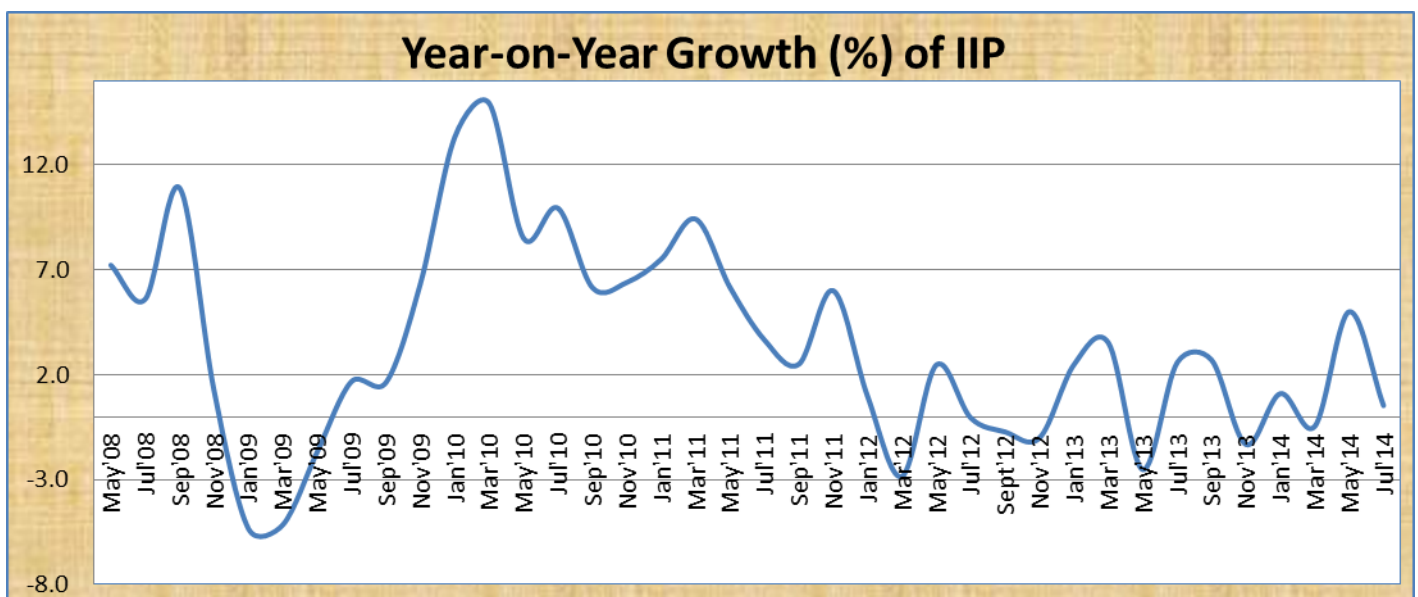
## INDUSTRIAL PRODUCTION

**Table 5: Percentage Change in Index of Industrial Production**

| Industry Group       | April-July, 2013-14 | April-July, 2014-15 | July 2013  | July 2014  |
|----------------------|---------------------|---------------------|------------|------------|
| <b>General index</b> | <b>-0.1</b>         | <b>3.3</b>          | <b>2.6</b> | <b>0.5</b> |
| Mining               | -4.3                | 2.8                 | -3.0       | 2.1        |
| Manufacturing        | -0.1                | 2.3                 | 3.0        | -1.0       |
| Electricity          | 3.9                 | 11.4                | 5.2        | 11.7       |
| Basic goods          | 0.1                 | 8.1                 | 1.0        | 7.6        |
| Capital goods        | 1.4                 | 8.5                 | 15.9       | -3.8       |
| Intermediate goods   | 2.1                 | 2.8                 | 3.2        | 2.6        |
| Consumer goods       | -1.8                | -4.5                | -0.7       | -7.4       |
| <i>Durables</i>      | -11.9               | -12.5               | -9.6       | -20.9      |
| <i>Non-durables</i>  | 7.2                 | 1.3                 | 7.4        | 2.9        |

**Table 6: Production growth (per cent) in core infrastructure-supportive industries**

| Industry              | April-July, 2013-14 | April-July, 2014-15 | July 2013  | July 2014  |
|-----------------------|---------------------|---------------------|------------|------------|
| Coal                  | -1.1                | 5.7                 | 1.0        | 6.2        |
| Crude oil             | -1.6                | -0.3                | -2.3       | -1.0       |
| Natural Gas           | -17.2               | -5.2                | -16.0      | -9.0       |
| Refinery              | 4.5                 | -2.2                | 5.0        | -5.5       |
| Fertilizers           | 1.9                 | 4.9                 | 0.4        | -4.2       |
| Steel                 | 14.6                | 0.3                 | 18.1       | -3.4       |
| Cement                | 2.7                 | 11.1                | 0.2        | 16.5       |
| Electricity           | 3.8                 | 11.0                | 5.2        | 11.2       |
| <b>Overall growth</b> | <b>4.1</b>          | <b>4.1</b>          | <b>5.3</b> | <b>2.7</b> |



## MONEY AND BANKING

Broad money (M<sub>3</sub>) for 2014-15 (up to August 22, 2014) increased by 4.3 per cent as compared to 4.4 per cent during the corresponding period of the last year. The year-on-year growth, as on August 22, 2014 was 13.0 per cent as compared to 12.1 per cent in the previous year.

| <b>Table 7: Money Stock: Components and Sources</b> |   |                  |  |                |                     |             |
|---|---|------------------|--|----------------|---------------------|-------------|
| <b>Item</b>   | <b>Outstanding as on 2014 (Rs. Billion)</b> |                  | <b>Variation over (Per cent) (as on August 22, 2014)</b> |                |                     |             |
|   |   |                  | <b>Financial Year so far</b>                             |                | <b>Year-on-Year</b> |             |
|   | <b>March 31</b>                             | <b>August 22</b> | <b>2013-14</b>   | <b>2014-15</b> | <b>2013</b>         | <b>2014</b> |
| M3  | 94,973.3                                    | 99,035.6         | 4.4  | 4.3            | 12.1                | 13.0        |
| 1 Components  |   |                  |  |                |                     |             |
| 1.1 Currency with the Public                        | 12,483.4                                    | 12,917.3         | 1.9  | 3.5            | 9.1                 | 11.0        |
| 1.2 Demand Deposits with Banks                      | 8,043.9                                     | 8,202.1          | -2.4   | 2.0            | 6.6                 | 11.6        |
| 1.3 Time Deposits with Banks                        | 74,426.3                                    | 77,819.0         | 5.6  | 4.6            | 13.2                | 13.5        |
| 1.4 'Other' Deposits with Reserve Bank              | 19.7  | 97.2             | 67.6   | 394.4          | 173.2               | 78.9        |
| 2 Sources (2.1+2.2+2.3+2.4-2.5)                     |   |                  |  |                |                     |             |
| 2.1 Net Bank Credit to Government                   | 30,386.0                                    | 30,161.7         | 8.3  | -0.7           | 12.7                | 2.8         |
| 2.1.1 Reserve Bank                                  | 6,987.1                                     | 5,165.5          |  |                |                     |             |
| 2.1.2 Other Banks                                   | 23,398.9                                    | 24,996.2         | 7.4  | 6.8            | 10.3                | 9.9         |
| 2.2 Bank Credit to Commercial Sector                | 64,424.8                                    | 65,688.4         | 4.9  | 2.0            | 16.5                | 10.5        |
| 2.2.1 Reserve Bank                                  | 88.4  | 111.2            |  |                |                     |             |
| 2.2.2 Other Banks                                   | 64,336.4                                    | 65,577.3         | 4.9  | 1.9            | 16.6                | 10.4        |
| 2.3 Net Foreign Exchange Assets of Banking Sector   | 19,239.5                                    | 20,280.1         | 8.4  | 5.4            | 9.0                 | 14.3        |
| 2.4 Government's Currency Liabilities to the Public | 173.4                                       | 177.0            | 5.8  | 2.1            | 14.2                | 9.0         |
| 2.5 Banking Sector's Net Non-Monetary Liabilities   | 19,250.4                                    | 17,271.6         | 16.4   | -10.3          | 24.8                | -9.5        |
| 2.5.1 Net Non-Monetary Liabilities of RBI           | 8,433.2                                     | 8,237.4          | 32.3   | -2.3           | 32.5                | 10.1        |

Source: RBI

Reserve money (M<sub>0</sub>) declined by 1.4 per cent during the financial year 2014-15 (up to August 22, 2014) as compared to an increase of 2.8 per cent in the corresponding period of the previous year. The year-on-year variation of reserve money for 2014 revealed an increase of 9.8 per cent (up to August 22, 2014) compared to 7.4 per cent during the corresponding period of the previous year.

An important source of reserve money, namely, net foreign exchange assets (NFA) of RBI (up to August 22, 2014), showed an increase of 5.8 per cent in 2014-15 compared to an increase of 12.6 per cent during the corresponding period of the last year.

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

During 2014-15 (up to August 22, 2014), bank credit registered an increase of 2.1 per cent, as compared to 4.8 per cent during the corresponding period last year. The year-on-year variation revealed an increase of 10.9 per cent in 2014 (as on August 22, 2014) as compared to 16.8 per cent during the same period in the previous year.

Non-food credit during 2014-15 (up to August 22, 2014) increased by 1.6 per cent as compared to 5.1 per cent during the corresponding period of last year. The year-on-year variation of non-food credit in 2014 (up to August 22, 2014) revealed an increase of 10.7 per cent compared to 17.3 per cent during the same period in the previous year.

The aggregate deposits with Scheduled Commercial Banks (SCBs) increased by 4.5 per cent (up to August 22, 2014), as compared to 5.0 per cent during the corresponding period last year. The year-on-year variation in 2014 revealed an increase of 13.6 per cent as compared to 12.6 per cent in the previous year.

**Table 8: Scheduled Commercial Banks - Business in India**

| Items  | 2014-15                            |                    | Variation over (%)<br>(as on August 22, 2014) |         |              |      |
|--|------------------------------------|--------------------|---|---------|--------------|------|
|  | Outstanding as on<br>(Rs. billion) |                    | Financial year so far                         |         | Year-on-year |      |
|  | March 28,<br>2014                  | August<br>22, 2014 | 2013-14                                       | 2014-15 | 2013         | 2014 |
| Bank Credit  | 60131                              | 61175              | 4.8   | 2.1     | 16.8         | 10.9 |
| Non-food credit  | 59146                              | 60097              | 5.1   | 1.6     | 17.3         | 10.7 |
| Aggregate deposits   | 77394                              | 80488              | 5.0   | 4.5     | 12.6         | 13.6 |
| Investments in<br>Government, and other<br>approved securities | 22217                              | 23664              | 7.2   | 6.9     | 9.9          | 10.0 |

Source: RBI

| <b>Table 9 : Policy Rates/Interest Rates<br/>(per cent per annum)</b>   |                  |                  |
|---|------------------|------------------|
| Item / Week Ended   | <b>2013</b>      | <b>2014</b>      |
|   | <b>August 23</b> | <b>August 22</b> |
| Cash Reserve Ratio (per cent) <sup>(1)</sup>  | 4.00             | 4.00             |
| Bank Rate   | 10.25            | 9.00             |
| Repo Rate   | 7.25             | 8.00             |
| Reverse Repo Rate   | 6.25             | 7.00             |
| Prime Lending Rate <sup>(2)</sup>   | 9.70 /<br>10.25  | 10.00 /<br>10.25 |
| Deposit Rate <sup>(3)</sup>   | 8.00 / 9.00      | 8.00 / 9.05      |
| Call Money Rate<br>(Weighted Average) <sup>(4)</sup>  | 10.21            | 7.86             |
| <p>(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.<br/>Source: RBI</p> |                  |                  |

As on August 22, 2014, the Bank Rate was 9.00 per cent as compared to 10.25 per cent on the corresponding date of last year. As on August 22, 2014 call money rate (weighted average) was 7.86 per cent as compared with 10.21 per cent on the corresponding date of last year.

### EXTERNAL SECTOR

**Foreign trade:** Exports and imports increased by 2.4 per cent and 2.1 per cent respectively, in US dollar terms during August 2014 over August 2013. Oil imports decreased by 15.0 per cent and non-oil imports increased by 13.8 per cent during August 2014 over August 2013.

| <b>Table 10: Exports and imports (in US\$ million)</b>            |         |         |         |                  |         |            |        |                         |
|---|---------|---------|---------|------------------|---------|------------|--------|-------------------------|
| <i>Item</i>   | 2011-12 | 2012-13 | 2013-14 | April-August (P) |         | August (P) |        | % Change in August 2014 |
|   |         |         |         | 2013-14          | 2014-15 | 2013       | 2014   |                         |
| Exports   | 305964  | 300401  | 314405  | 125619           | 134798  | 26338      | 26958  | 2.4                     |
| Imports   | 489320  | 490737  | 450200  | 196221           | 190949  | 37026      | 37797  | 2.1                     |
| <i>Oil</i>  | 154968  | 164041  | 164765  | 66799            | 67979   | 15099      | 12839  | -15.0                   |
| <i>Non-Oil</i>  | 334352  | 326696  | 285435  | 129422           | 122970  | 21927      | 24958  | 13.8                    |
| <b>Trade balance</b>  | -183356 | -190336 | -135794 | -70602           | -56151  | -10688     | -10839 | 1.4                     |
| <i>Source:</i> Ministry of Commerce and Industry, P: Provisional. |         |         |         |                  |         |            |        |                         |



**Table 11: 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, 2008          | 1196023                  | 299230       | 359426    | 107306       |
| March, 2009          | 1231340                  | 241676       | 35317     | -57554       |
| March, 2010          | 1150778                  | 254935       | -80562    | 13259        |
| March, 2011          | 1225999                  | 274580       | 75221     | 19645        |
| March, 2012          | 1333954                  | 260742       | 107955    | -13838       |
| March, 2013          | 1418339                  | 260775       | 84385     | 33           |
| March, 2014          | 1672942                  | 278361       | 254603    | 17586        |
| <b>2014-15</b>       | <b>(over last month)</b> |              |           |              |
| April, 2014          | 1723905                  | 285710       | 50963     | 7349         |
| May, 2014            | 1695975                  | 287290       | -27930    | 1580         |
| June, 2014           | 1750649                  | 291322       | 54674     | 4032         |
| July 2014            | 1781343                  | 294504       | 30694     | 3182         |
| August 2014          | 1780496                  | 293380       | -847      | -1124        |

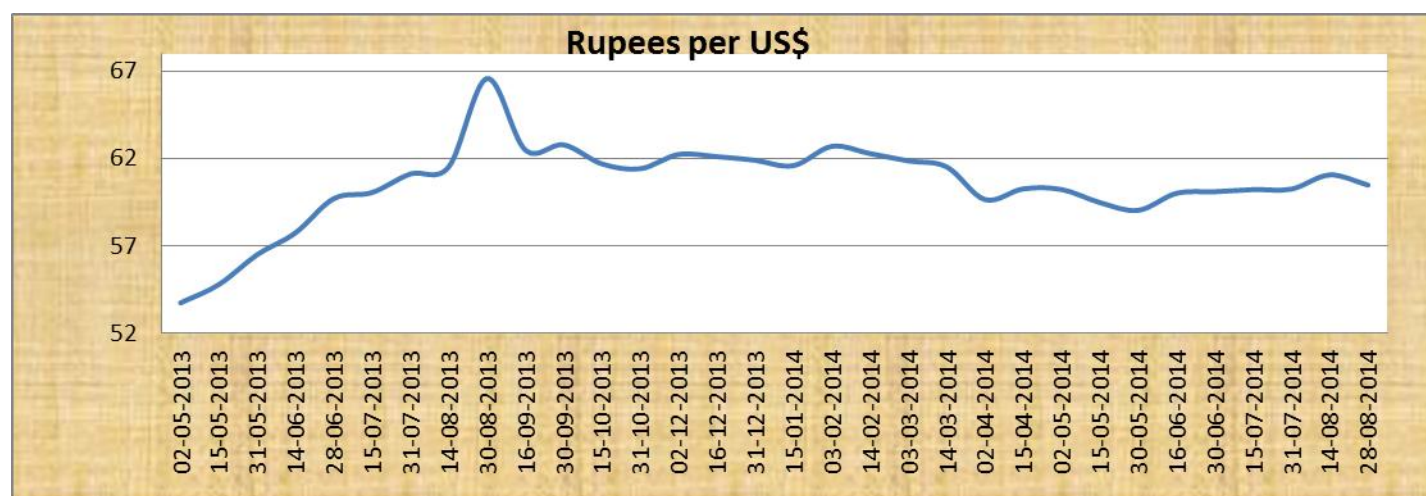
**Source: RBI.**

**Exchange rate:** The rupee depreciated by 1.4 per cent against US dollar and 0.2 per cent against Japanese yen and appreciated by 0.8 per cent against Pound sterling and 0.3 per cent against Euro in the month of August 2014 over July 2014.

**Table 12 : Rupee per unit of foreign currency\***

|                | US dollar | Pound sterling | Japanese yen | Euro    |
|----------------|-----------|----------------|--------------|---------|
| 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 |
| March, 2012    | 50.3213   | 79.6549        | 0.6103       | 66.4807 |
| March 2013**   | 54.4046   | 82.0190        | 0.5744       | 70.5951 |
| March 2014     | 61.0140   | 101.4083       | 0.5965       | 84.3621 |
| <b>2014-15</b> |           |                |              |         |
| April 2014     | 60.3566   | 101.0794       | 0.5886       | 83.3495 |
| May 2014       | 59.3050   | 99.9398        | 0.5828       | 81.4886 |
| June 2014      | 59.7307   | 100.9836       | 0.5853       | 81.2410 |
| July 2014      | 60.0586   | 102.6220       | 0.5907       | 81.3943 |
| August 2014    | 60.8951   | 101.8085       | 0.5917       | 81.1423 |

\* FEDAI Indicative Market Rates (on monthly average basis). \*\* Data from March, 2013 onwards are based on RBI's reference rate.



**External assistance and debt service payments:** Gross external assistance during April-August 2014 stands at Rs. 13,545.61 crore as compared to Rs. 10,709.77 crore during the corresponding period of the previous year. Net disbursements stood at Rs. 3,258.27 crore during April- August 2014 as compared to Rs. 2,235.94 crore during April-August 2013.

| <b>Table 13: External Assistance and Debt Service Payments (Rs. Crore)*</b> |                        |  |                        |   |
|---|------------------------|--|------------------------|---|
|   | <b>AUGUST<br/>2014</b> | <b>During the<br/>Financial<br/>year<br/>2014-<br/>2015 up to<br/>August,<br/>2014</b> | <b>AUGUST<br/>2013</b> | <b>During the<br/>Financial year<br/>2013-2014 up to<br/>August, 2013</b> |
| <b><u>External Assistance (Government Account)</u></b>                      |                        |  |                        |   |
| 1) Gross Disbursement   | 2,466.27               | 11,226.47  | 966.41                 | 8,046.14  |
| 2) Repayments   | 1,421.33               | 8,109.70   | 1,237.26               | 7,230.24  |
| 3) Interest Payments  | 251.46                 | 1,447.62   | 269.75                 | 1,443.63  |
| 4) Net Disbursement (1-2)   | 1,044.94               | 3,116.77   | -270.85                | 815.90  |
| 5) Net Transfers (4-3)  | 793.48                 | 1,669.15   | -540.60                | -627.73   |
| <b><u>External Assistance (Non-Government Account)</u></b>                  |                        |  |                        |   |
| 1) Gross Disbursement   | 377.10                 | 1,910.73   | 568.18                 | 2,147.82  |
| 2) Repayments   | 117.36                 | 2,177.64   | 115.13                 | 1,243.59  |
| 3) Interest Payments  | 31.41                  | 226.55   | 35.85                  | 223.87  |
| 4) Net Disbursement (1-2)   | 259.74                 | -266.91  | 453.05                 | 904.23  |
| 5) Net Transfers (4-3)  | 228.33                 | -493.46  | 417.20                 | 680.36  |
| <b><u>Government Grants</u></b>   |                        |  |                        |   |
| 1) Gross Disbursement   | 21.06                  | 403.95   | 14.93                  | 487.99  |
| 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)   | 21.06                  | 403.95   | 14.93                  | 487.99  |
| 5) Net Transfers (4-3)  | 21.06                  | 403.95   | 14.93                  | 487.99  |
| <b><u>Non-Government Grants</u></b>   |                        |  |                        |   |
| 1) Gross Disbursement   | 1.60                   | 4.46   | 27.82                  | 27.82   |
| 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)   | 1.60                   | 4.46   | 27.82                  | 27.82   |
| 5) Net Transfers (4-3)  | 1.60                   | 4.46   | 27.82                  | 27.82   |
| <b><u>Grand Total</u></b>   |                        |  |                        |   |
| 1) Gross Disbursements  | 2,866.03               | 13,545.61  | 1,577.34               | 10,709.77   |
| 2) Repayments   | 1,538.69               | 10,287.34  | 1,352.39               | 8,473.83  |
| 3) Interest Payments  | 282.87                 | 1,674.17   | 305.60                 | 1,667.50  |
| 4) Net Disbursement (1-2)   | 1,327.34               | 3,258.27   | 224.95                 | 2,235.94  |
| 5) Net Transfers (4-3)  | 1,044.47               | 1,584.10   | -80.65                 | 568.44  |

\*: Data are provisional.

## INFLATION

**Wholesale Price Index (WPI 2004-05=100):** The headline WPI inflation moderated to a nearly five year low of 3.74 per cent in August 2014 from 5.19 per cent in the previous month. Inflation for Primary food articles for the month of August 2014 has declined to 5.15 per cent from 8.43 per cent in the previous month mainly on account of lower inflation in rice, wheat, fruits & vegetables, egg, meat and fish. However, higher inflation in case of pulses, potato, milk, oil seeds and coffee is a cause for concern. Food inflation (primary food + manufactured food) has declined to 4.61 per cent from 7.01 per cent in the previous month. Inflation for Fuel & power has declined significantly to 4.54 per cent in August 2014 from 7.40 per cent in the previous month. Inflation for Manufactured products has declined to 3.45 per cent in August 2014 from 3.67 per cent in the previous month. Non-food manufactured inflation (core as defined by RBI) has declined to 3.46 per cent in August 2014 from 3.58 per cent in the previous month on account of decline in inflation of textiles, wood & wood products, paper & paper products, rubber & plastic products, basic metals and transport equipments & parts. The average WPI inflation rate for the last 12 months (September 2013 to August 2014) was 5.87 per cent as compared to 6.44 per cent during the corresponding period in 2013-14. WPI inflation rates for major groups are indicated in Table 14.

| Major groups           | Weight (%)    | Cumulative change (%) Since March |              | Inflation (%) |              | Inflation (%) (Average of 12 months) |              |
|------------------------|---------------|-----------------------------------|--------------|---------------|--------------|--------------------------------------|--------------|
|                        |               | 2014-15                           | 2013-14      | 2014-15       | 2013-14      | 2014-15                              | 2013-14      |
| <b>ALL COMMODITIES</b> | <b>100.00</b> | <b>3.00</b>                       | <b>5.23</b>  | <b>3.74</b>   | <b>6.99</b>  | <b>5.87</b>                          | <b>6.44</b>  |
| PRIMARY ARTICLES       | 20.12         | 9.31                              | 12.91        | 3.89          | 13.57        | 8.94                                 | 9.10         |
| <i>Food Articles</i>   | <i>14.34</i>  | <i>13.13</i>                      | <i>17.89</i> | <i>5.15</i>   | <i>19.17</i> | <i>11.26</i>                         | <i>10.30</i> |
| FUEL AND POWER         | 14.91         | -0.09                             | 6.84         | 4.54          | 12.66        | 9.57                                 | 9.87         |
| MANUFACTURED PDT.      | 64.97         | 1.04                              | 1.28         | 3.45          | 2.31         | 3.32                                 | 4.28         |

**Inflation based on Consumer Price Indices (CPIs):** The all India CPI inflation (combined) moderated to 7.80 per cent in August 2014 from 7.96 per cent in July 2014 on account of favourable base effect. Inflation based on CPI-IW increased to 7.23 per cent in July 2014 from 6.49 per cent in June 2014. Inflation based on other CPI's (CPI-AL & RL) remained at above 7 per cent in August 2014.

|               | WPI         | CPI-IW | CPI-AL  | CPI-RL  | CPI(NS)     |
|---------------|-------------|--------|---------|---------|-------------|
| <b>Base :</b> | 2004-05     | 2001   | 1986-87 | 1986-87 | 2010        |
| Aug-13        | 6.99        | 10.75  | 13.21   | 12.89   | 9.52        |
| Sep-13        | 7.05        | 10.70  | 12.78   | 12.44   | 9.84        |
| Oct-13        | 7.24        | 11.06  | 12.65   | 12.48   | 10.17       |
| Nov-13        | 7.52        | 11.47  | 13.43   | 13.27   | 11.16       |
| Dec-13        | 6.40        | 9.13   | 11.19   | 11.18   | 9.87        |
| Jan-14        | 5.11        | 7.24   | 9.08    | 9.21    | 8.79        |
| Feb-14        | 5.03        | 6.73   | 8.14    | 8.27    | 8.03        |
| Mar-14        | 6.00        | 6.70   | 8.38    | 8.51    | 8.31        |
| Apr-14        | 5.55        | 7.08   | 8.44    | 8.72    | 8.59        |
| May-14        | 6.18        | 7.02   | 8.07    | 8.33    | 8.28        |
| Jun-14        | 5.66        | 6.49   | 7.68    | 7.81    | 7.46        |
| Jul-14        | <b>5.19</b> | 7.23   | 7.97    | 8.10    | 7.96        |
| Aug-14        | <b>3.74</b> | -      | 7.16    | 7.57    | <b>7.80</b> |

Note: WPI inflation for Jul & Aug-14 and CPI (New Series) inflation for Aug-14 is provisional.

## Global Commodity Prices (based on the World Bank Pink Sheet data)

Global year-on-year inflation was negative for all broad groups except beverages in August 2014. Beverages prices are expected to gain 18 per cent in 2014 as per the Commodity Markets Outlook, July 2014 of World Bank. The increase in beverages prices was driven by rise in coffee (arabica) prices due to dry weather in Brazil- world's largest coffee supplier.

Actual price data reveal that prices of meat, urea, rice, banana, cocoa, lead, groundnut oil, soybean meal, DAP, Zinc and coal has increased in August 2014 compared to previous month

| Table 16: World Commodity Price Data |           |                 |          |          |                  |        |        |
|--------------------------------------|-----------|-----------------|----------|----------|------------------|--------|--------|
| Commodity                            | Unit      | Annual averages |          |          | Monthly averages |        |        |
|                                      |           | Jan- Dec        | Jan- Dec | Jan- Aug | June             | July   | August |
|                                      |           | 2012            | 2013     | 2014     | 2014             | 2014   | 2014   |
| Coal, Australia                      | \$/mt     | 96.4            | 84.6     | 73.4     | 71.5             | 68.8   | 68.9   |
| Crude oil, average                   | \$/bbl    | 105.0           | 104.1    | 104.4    | 108.4            | 105.2  | 100.1  |
| Natural gas, US                      | \$/mmbtu  | 2.8             | 3.7      | 4.7      | 4.6              | 4.0    | 3.9    |
| Cocoa                                | \$/kg     | 2.4             | 2.4      | 3.1      | 3.2              | 3.2    | 3.3    |
| Coffee, Robusta                      | \$/kg     | 2.3             | 2.1      | 2.2      | 2.2              | 2.2    | 2.2    |
| Tea, average                         | \$/kg     | 2.9             | 2.9      | 2.8      | 2.8              | 3.0    | 2.8    |
| Coconut oil                          | \$/mt     | 1111            | 941      | 1328     | 1402             | 1260   | 1177   |
| Groundnut oil                        | \$/mt     | 2436            | 1773     | 1287     | 1310             | 1325   | 1350   |
| Palm oil                             | \$/mt     | 999.3           | 856.9    | 875.3    | 857.0            | 841.0  | 766.0  |
| Palm kernel oil                      | \$/mt     | 1110            | 897      | 1210     | 1234             | 1116   | 947    |
| Soybean meal                         | \$/mt     | 524.1           | 545.3    | 556.8    | 553.0            | 502.0  | 510.0  |
| Soybean oil                          | \$/mt     | 1226            | 1057     | 947      | 936              | 888    | 857    |
| Soybeans                             | \$/mt     | 591.4           | 538.4    | 518.8    | 516.0            | 480.0  | 460.0  |
| Maize                                | \$/mt     | 298.4           | 259.4    | 203.9    | 202.4            | 182.7  | 176.4  |
| Rice, Thailand, 5%                   | \$/mt     | 563.0           | 505.9    | 422.3    | 397.0            | 422.0  | 445.0  |
| Wheat, US, HRW                       | \$/mt     | 313.2           | 312.2    | 300.2    | 306.5            | 280.4  | 263.4  |
| Bananas, US                          | \$/mt     | 1.0             | 0.9      | 0.9      | 0.9              | 0.9    | 1.0    |
| Oranges                              | \$/mt     | 0.9             | 1.0      | 0.8      | 0.8              | 0.8    | 0.8    |
| Fishmeal                             | \$/mt     | 1558            | 1747     | 1676     | 1765             | 1806   | 1774   |
| Meat, chicken                        | \$/kg     | 2.1             | 2.3      | 2.4      | 2.4              | 2.5    | 2.5    |
| Meat, beef                           | \$/kg     | 4.1             | 4.1      | 4.5      | 4.4              | 5.0    | 5.7    |
| Sugar, world                         | \$/kg     | 0.5             | 0.4      | 0.4      | 0.4              | 0.4    | 0.4    |
| Plywood                              | \$/sheets | 610.3           | 560.2    | 533.2    | 535.1            | 536.9  | 530.4  |
| Cotton A Index                       | \$/kg     | 2.0             | 2.0      | 2.0      | 2.0              | 1.8    | 1.6    |
| Rubber, TSR20                        | \$/kg     | 3.4             | 2.5      | 1.8      | 1.7              | 1.7    | 1.7    |
| DAP                                  | \$/mt     | 539.8           | 444.9    | 476.2    | 461.5            | 499.4  | 505.0  |
| Urea                                 | \$/mt     | 405.4           | 340.1    | 315.5    | 297.9            | 301.7  | 321.9  |
| Copper                               | \$/mt     | 7962            | 7332     | 6949     | 6821             | 7113   | 7002   |
| Lead                                 | \$/mt     | 2064.6          | 2139.8   | 2128.2   | 2107             | 2193   | 2237   |
| Tin                                  | \$/mt     | 21126           | 22283    | 22750    | 22762            | 22424  | 22231  |
| Nickel                               | \$/mt     | 17548           | 15032    | 17138    | 18629            | 19118  | 18600  |
| Zinc                                 | \$/mt     | 1950.4          | 1910.3   | 2116.4   | 2128.1           | 2310.6 | 2327.0 |
| Gold                                 | \$/toz    | 1670            | 1411     | 1294     | 1279             | 1311   | 1295   |
| Silver                               | \$/toz    | 31              | 24       | 20       | 20               | 21     | 20     |
| Iron ore                             | \$/dmt    | 128.5           | 135.4    | 107.2    | 92.7             | 96.1   | 92.6   |

Source: World Bank – The Pink Sheet.

## PUBLIC FINANCE

As a proportion of Budget estimate, fiscal deficit and revenue deficit during 2014-15(April-July) was 61.2 per cent and 70.4 per cent respectively.

**Table 17: Trends in Central Government Finances : April-July 2014-15**

|  | Budget Estimates<br>(Rs. Crore) | April-July<br>(Rs. Crore) |         | Col.3 as<br>per<br>cent of | Col.4 as<br>per<br>cent of | Per cent<br>change over<br>preceding<br>year |                  |
|--|---------------------------------|---------------------------|---------|----------------------------|----------------------------|--|------------------|
|  |                                 | 2014-15                   | 2013-14 | 2014-15                    | 2013-14 BE                 | 2013-14                                      | 2014-15<br>(4/3) |
| (1)  | (2)                             | (3)                       | (4)     | (5)                        | (6)                        | (7)  | (8)              |
| 1.Revenue Receipts                                   | 1189763                         | 176155                    | 175632  | 16.7                       | 14.8                       | 4.3  | -0.3             |
| Gross tax revenue*                                   | 1364524                         | 245323                    | 258873  | 19.9                       | 19.0                       | 6.5  | 5.5              |
| Tax (net to Centre)                                  | 977258                          | 145109                    | 146865  | 16.4                       | 15.0                       | 1.6  | 1.2              |
| Non Tax Revenue                                      | 212505                          | 31046                     | 28767   | 18.0                       | 13.5                       | 19.2   | -7.3             |
| 2.Capital Receipts<br>of which                       | 605129                          | 345010                    | 328308  | 56.7                       | 54.3                       | 28.5   | -4.8             |
| Recovery of loans                                    | 10527                           | 3461                      | 3262    | 32.5                       | 31.0                       | 28.0   | -5.7             |
| Other Receipts                                       | 63425                           | 940                       | 122     | 1.7                        | 0.2                        | -29.3  | -87.0            |
| Borrowings and other liabilities                     | 531177                          | 340609                    | 324924  | 62.8                       | 61.2                       | 28.8   | -4.6             |
| 3.Total Receipts (1+2)                               | 1794892                         | 521165                    | 503940  | 31.3                       | 28.1                       | 19.2   | -3.3             |
| 4.Non-Plan Expenditure<br>(a)+(b)                    | 1219892                         | 371427                    | 371891  | 33.5                       | 30.5                       | 14.9   | 0.1              |
| (a) Revenue Account                                  | 1114609                         | 331916                    | 338048  | 33.4                       | 30.3                       | 14.3   | 1.8              |
| of which:  |                                 |                           |         |                            |                            |  |                  |
| Interest payments                                    | 427011                          | 86307                     | 118615  | 23.3                       | 27.8                       | 7.1  | 37.4             |
| Major Subsidies                                      | 251397                          | 113437                    | 83577   | 51.3                       | 33.2                       | 17.0   | -26.3            |
| Pensions   | 81983                           | 21766                     | 29129   | 30.8                       | 35.5                       | 16.3   | 33.8             |
| (b) Capital Account                                  | 105283                          | 39511                     | 33843   | 33.8                       | 32.1                       | 19.9   | -14.3            |
| 5.Plan Expenditure (i)+(ii)                          | 575000                          | 149738                    | 132049  | 27.0                       | 23.0                       | 31.4   | -11.8            |
| (i) Revenue Account                                  | 453503                          | 121617                    | 104003  | 27.4                       | 22.9                       | 30.5   | -14.5            |
| (ii) Capital Account                                 | 121497                          | 28121                     | 28046   | 25.1                       | 23.1                       | 35.2   | -0.3             |
| 6.Total Expenditure (4)+(5)                          | 1794892                         | 521165                    | 503940  | 31.3                       | 28.1                       | 19.2   | -3.3             |
| (a)Revenue Expenditure                               | 1568112                         | 453533                    | 442051  | 31.6                       | 28.2                       | 18.2   | -2.5             |
| (b)Of which Grants for<br>creation of Capital Assets | 168104                          | 44095                     | 36213   | 25.2                       | 21.5                       | 46.3   | -17.9            |
| (c)Capital Expenditure                               | 226780                          | 67632                     | 61889   | 29.5                       | 27.3                       | 25.8   | -8.5             |
| 7.Revenue Deficit                                    | 378349                          | 277378                    | 266419  | 73.0                       | 70.4                       | 29.2   | -4.0             |
| 8.Effective Revenue Deficit<br>(7-6(b))              | 210245                          | 233283                    | 230206  | 113.7                      | 109.5                      | 26.4   | -1.3             |
| 9.Fiscal Deficit                                     | 531177                          | 340609                    | 324924  | 62.8                       | 61.2                       | 28.8   | -4.6             |
| 10.Primary Deficit                                   | 104166                          | 254302                    | 206309  | 148.0                      | 198.1                      | 38.3   | -18.9            |

**Source:** Controller General of Accounts. \* Gross Tax Revenue is prior to devolution to the States.

