

**Ministry of Finance  
Department of Economic Affairs  
Economic Division  
8(1)/Ec. Dn./2008**

**MONTHLY ECONOMIC REPORT  
FEBRUARY, 2008**

**HIGHLIGHTS**

- The overall growth of GDP during 2006-07 (as per the Quick Estimates of CSO) has been placed 9.6 per cent. Growth during the 2007-08 (as per Advance Estimate of CSO) has been estimated at 8.7 percent.
- The Winter (January- February) Season rainfall from January 1, 2008 to February 29, 2008 was normal/excess in 44 per cent of meteorological sub-divisions.
- Food grain stocks were 19.19 million tonnes as on January 1, 2008.
- Overall industrial growth was 8.7 per cent during April-January, 2007-08 as compared with 11.2 per cent in April- January, 2006-07.
- Core infrastructure sectors achieved an average growth rate of 5.7 per cent during April-December, 2007-08 as compared with 8.9 per cent in April-December, 2006-07.
- Broad Money (M3) growth (year-on-year) was 21.5 per cent as of February 15, 2008 as compared with 22.0 per cent last year.
- Exports grew by 21.6 per cent in dollar terms during April- January, 2007-08. Imports increased by 29.6 per cent in April- January, 2007-08.
- Forex reserves (excluding Gold and SDRs) stood at \$283.59 billion at the end of January, 2008.
- Rupee appreciated against US dollar and, Pound Sterling and depreciated against Japanese Yen and Euro in January, 2008.
- The annual inflation rate in terms of WPI (Base 1993-94=100) was 5.11 per cent for the week ended March 1, 2008 as compared to 6.51 per cent a year ago.
- Tax revenue (net to Centre) during April-January 2007-08 was higher by 26.4 per cent compared with corresponding period 2006-07.
- In terms of value, Fiscal deficit during April- January, 2007-08 decreased by 13.7 per cent over corresponding period last year.
- In terms of value, Revenue deficit during April- January, 2007-08 was lower by 31.5 per cent over corresponding period last year.

**(M. C. Singhi)  
Adviser**

### Economic growth

As per the advance estimates of Central Statistical Organisation (CSO), Ministry of Statistics and Programme Implementation, the Gross Domestic Product (GDP) at factor cost at constant (1999-2000) prices is likely to grow at 8.7 per cent in 2007-08 as compared to 9.6 per cent in 2006-07 (Quick Estimate). At disaggregated level the growth during 2007-08 (AE) was 2.6 per cent in Agriculture, 8.9 per cent in Industry and 10.7 per cent in Services as compared 3.8 per cent, 11.0 per cent and 11.1 per cent respectively during 2006-07 (QE).

| Growth of GDP at factor cost by Economic Activity       |             |             |             |             |                         |              |              |              |
|---|-------------|-------------|-------------|-------------|-------------------------|--------------|--------------|--------------|
| (at constant 1999-2000 prices)                          |             |             |             |             |                         |              |              |              |
| Industry  | Growth      |             |             |             | Percentage share in GDP |              |              |              |
|   | 2004-05     | 2005-06     | 2006-07 (Q) | 2007-08 (A) | 2004-05                 | 2005-06      | 2006-07 (Q)  | 2007-08 (A)  |
| <b>1 Agriculture, forestry &amp; fishing</b>            | <b>0.0</b>  | <b>5.9</b>  | <b>3.8</b>  | <b>2.6</b>  | <b>20.2</b>             | <b>19.6</b>  | <b>18.5</b>  | <b>17.5</b>  |
| <b>2 Industry</b>                                       | <b>10.3</b> | <b>10.1</b> | <b>11.0</b> | <b>8.9</b>  | <b>26.2</b>             | <b>26.4</b>  | <b>26.7</b>  | <b>26.8</b>  |
| a Mining & quarrying                                    | 8.2         | 4.9         | 5.7         | 3.4         | 2.2                     | 2.1          | 2.0          | 1.9          |
| b Manufacturing   | 8.7         | 9.0         | 12.0        | 9.4         | 15.1                    | 15.1         | 15.4         | 15.5         |
| c Electricity, gas & water supply                       | 7.9         | 4.7         | 6.0         | 7.8         | 2.3                     | 2.2          | 2.1          | 2.1          |
| d Construction  | 16.1        | 16.5        | 12.0        | 9.6         | 6.6                     | 7.1          | 7.2          | 7.3          |
| <b>3 Services</b>                                       | <b>9.1</b>  | <b>10.3</b> | <b>11.1</b> | <b>10.7</b> | <b>53.6</b>             | <b>54.0</b>  | <b>54.7</b>  | <b>55.7</b>  |
| a Trade, hotels, transport & communication              | 10.7        | 11.5        | 11.8        | 12.1        | 25.8                    | 26.3         | 26.8         | 27.6         |
| b Financing, insurance, real estate & business services | 8.7         | 11.4        | 13.9        | 11.7        | 13.5                    | 13.8         | 14.3         | 14.7         |
| c Community, social & personal services                 | 6.9         | 7.2         | 6.9         | 7.0         | 14.2                    | 14.0         | 13.6         | 13.4         |
| <b>4 GDP at factor cost</b>                             | <b>7.5</b>  | <b>9.4</b>  | <b>9.6</b>  | <b>8.7</b>  | <b>100.0</b>            | <b>100.0</b> | <b>100.0</b> | <b>100.0</b> |

(P) Provisional, (Q): Quick estimates (R) Revised Estimates

| Quarterly Estimate of GDP First Quarter 2007-08 (Percentage change over previous year) |   |         |      |      |         |      |      |         |         |
|--|---|---------|------|------|---------|------|------|---------|---------|
|  |   | 2006-07 |      |      | 2007-08 |      |      | 2006-07 | 2007-08 |
|  |   | Q1      | Q2   | Q3   | Q1      | Q2   | Q3   | Apr-Dec | Apr-Dec |
| <b>1</b>   | <b>Agriculture forestry &amp; fishing</b> | 3.3     | 3.6  | 3.4  | 3.8     | 3.7  | 3.2  | 3.4     | 3.5     |
| <b>2</b>   | <b>Industry</b>                           | 10.0    | 10.7 | 10.3 | 10.6    | 8.3  | 8.4  | 10.3    | 9.1     |
|  | Mining and Quarrying                      | 4.2     | 4.1  | 6.1  | 3.2     | 7.7  | 4.9  | 4.8     | 5.2     |
|  | Manufacturing                             | 11.7    | 12.2 | 11.3 | 11.9    | 8.6  | 9.3  | 11.7    | 9.9     |
|  | Electricity Gas and Water Supply          | 4.3     | 6.6  | 7.6  | 8.3     | 7.3  | 5.3  | 6.2     | 6.9     |
|  | Construction                              | 13.1    | 12.0 | 10.8 | 10.7    | 11.1 | 8.4  | 11.9    | 10.0    |
| <b>3</b>   | <b>Services</b>                           | 11.6    | 11.5 | 11.1 | 10.6    | 10.4 | 10.3 | 11.4    | 10.4    |
|  | Trade hotels and Communications           | 10.8    | 12.5 | 12.0 | 11.9    | 11.4 | 11.3 | 11.8    | 11.6    |
|  | Financial Services                        | 13.6    | 13.9 | 14.7 | 11.1    | 10.7 | 11.6 | 14.1    | 11.1    |
|  | Community, Social and Personnel Services  | 10.3    | 7.2  | 5.6  | 7.6     | 7.7  | 7.6  | 7.6     | 7.7     |
|  | <b>Overall GDP at factor cost</b>         | 9.6     | 10.1 | 9.1  | 9.3     | 8.9  | 8.4  | 9.6     | 8.9     |

## AGRICULTURE

### WINTER SEASON RAINFALL\*

In the Winter Season, the rainfall from January 1, 2008 to February 29, 2008 was normal/excess in 16 meteorological sub-divisions (44 per cent) and deficient/scanty in the remaining 20 (56 per cent). The annual average for 2003-2007 was normal/excess in 15 (41 per cent) meteorological sub-divisions and deficient/scanty in the remaining 21 (59 per cent).

#### Number of Meteorological Sub-divisions

|                      | 2003 | 2004 | 2005 | 2006 | 2007 | 2003-2007+ | 2008 |
|----------------------|------|------|------|------|------|------------|------|
| Excess/Normal        | 21   | 14   | 23   | 3    | 12   | 15         | 16   |
| Deficient/Scanty/Nil | 15   | 22   | 13   | 33   | 24   | 21         | 20   |
| Total                | 36   | 36   | 36   | 36   | 36   | 36         | 36   |

\*(January-February)

+ Annual Average

### PROCUREMENT

Procurement of rice during the marketing year 2007-08 (as on December 31, 2007) at 12.72 million tonnes was declined by 0.5 per cent than the level of 12.78 million tonnes during the corresponding period of 2006-07. Wheat procurement as on December 31, 2007 in the current marketing year (i.e. 2007-08) increased by 20.6 per cent at 11.13 million tonnes as compared with 9.23 million tonnes in the corresponding period of 2006-07.

|                 | Full Marketing Year |         |         |         | As on Dec 31 |       | % change |
|-----------------|---------------------|---------|---------|---------|--------------|-------|----------|
|                 | 2003-04             | 2004-05 | 2005-06 | 2006-07 | 2006         | 2007  |          |
|                 | Million Tonnes      |         |         |         |              |       |          |
| Rice(Oct-Sept.) | 22.83               | 24.68   | 27.66   | 25.08   | 12.78        | 12.72 | -0.5     |
| Wheat(Apr-Mar)  | 15.80               | 16.80   | 14.79   | 9.23    | 9.23         | 11.13 | 20.6     |
| Total           | 38.63               | 41.48   | 42.45   | 34.31   | 22.01        | 23.85 | 8.4      |

### OFF-TAKE

Off-take from the Public Distribution System from Central Pool during April-December, 2007 was 27.34 million tonnes as against 27.33 million tonnes during April-December, 2006.

Million Tonnes

|       | 2004-05(P) | 2005-06(P) | 2006-07(P) | April-December |       |
|-------|------------|------------|------------|----------------|-------|
|       |            |            |            | 2006           | 2007  |
| Rice  | 23.20      | 25.04      | 25.06      | 18.69          | 18.29 |
| Wheat | 18.27      | 17.16      | 11.71      | 8.64           | 9.05  |
| Total | 41.47      | 42.20      | 36.77      | 27.33          | 27.34 |

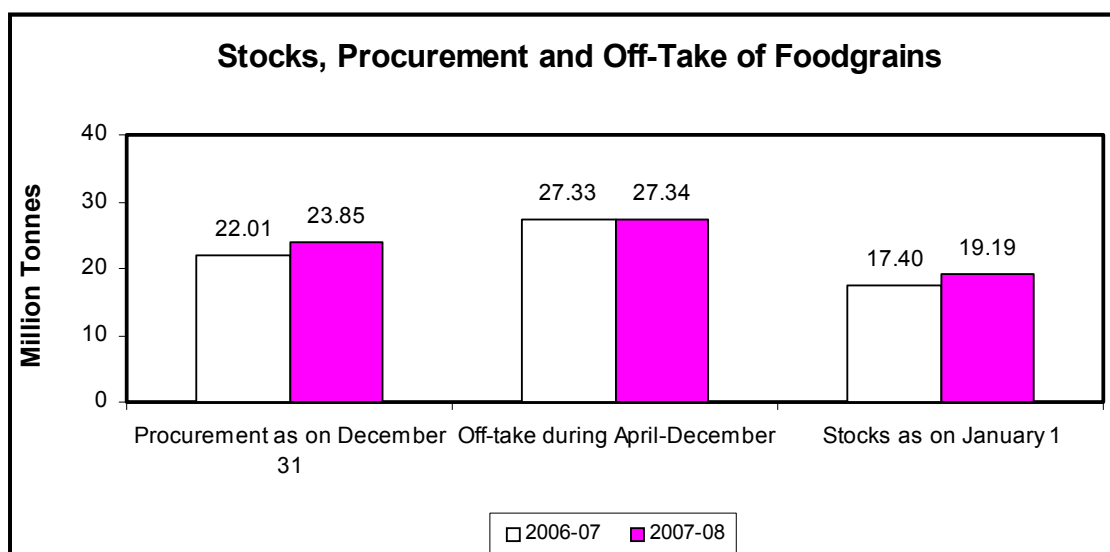
P : Provisional

## STOCKS

Stocks of food-grains as on January 1, 2008 was 19.19 million tonnes, which was higher by 10.29 per cent than the level of 17.40 million tonnes as on January 1, 2007.

Million Tonnes

|       | As on January 1 |       |
|-------|-----------------|-------|
|       | 2007            | 2008  |
| Rice  | 11.98           | 11.48 |
| Wheat | 5.42            | 7.71  |
| Total | 17.40           | 19.19 |



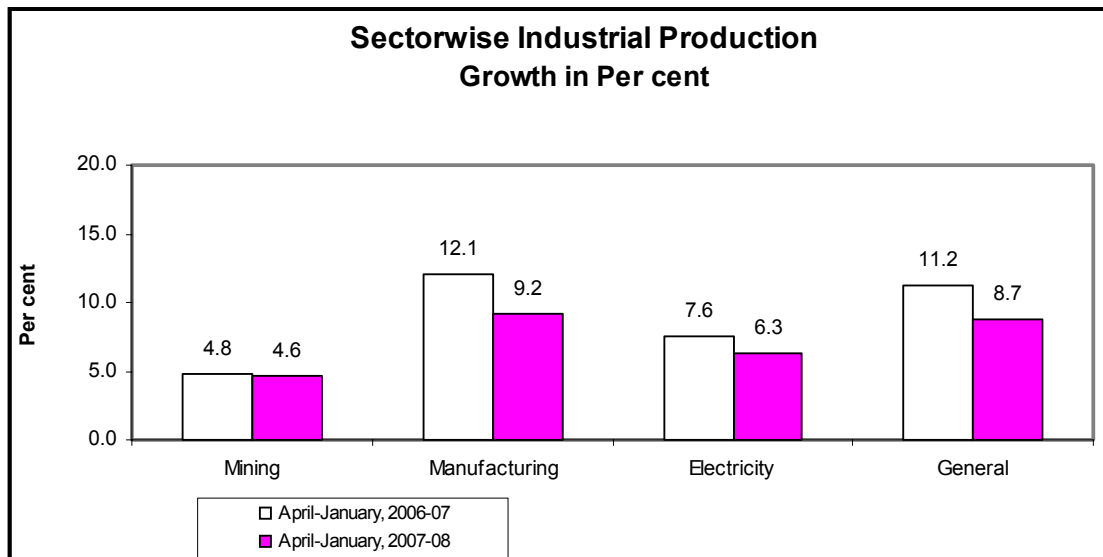
[Rice-Kharif marketing year (October-September)]  
 [Wheat - Rabi marketing year (April-March)]

## INDEX OF INDUSTRIAL PRODUCTION

The overall growth rate of index of industrial production (IIP) during April-January, 2007-08 was 8.7 percent as compared to 11.2 percent in April-January, 2006-07. The growth rate achieved by the mining, manufacturing and electricity sectors during April-January, 2007-08 was 4.6 percent, 9.2 percent and 6.3 percent respectively as compared to 4.8 percent, 12.1 percent and 7.6 percent during the corresponding period last year.

As per the use-based classification, growth in capital goods Stable during April-January 2007-08 as compared to April-January, 2006-07. For consumer goods, the growth during April-January 2007-08 has been lower as compared to April-January 2006-07.

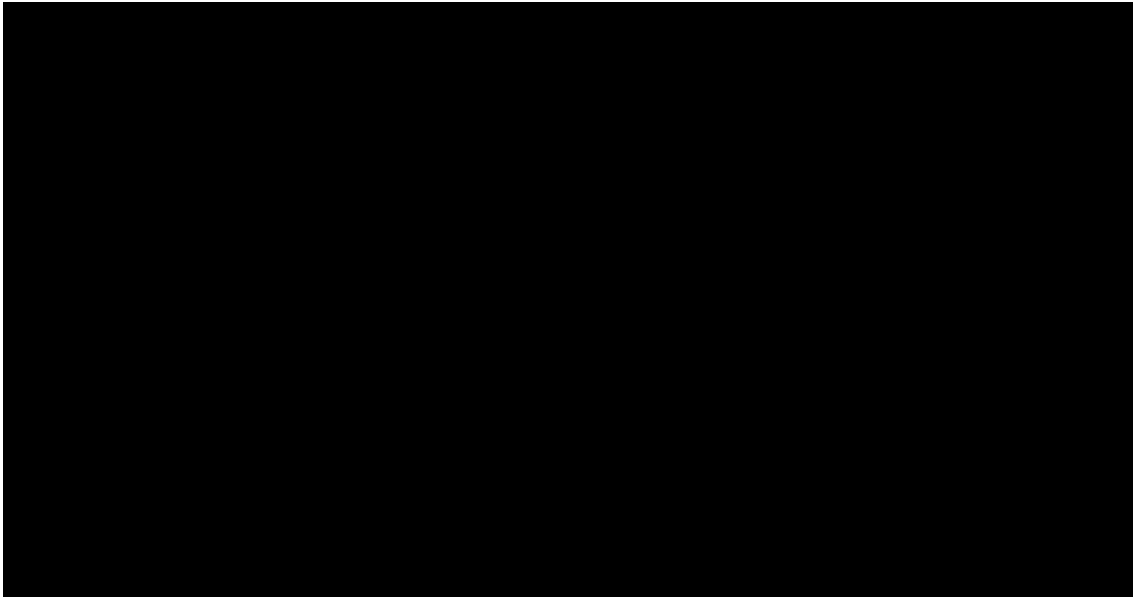
| <b>(PERCENTAGE CHANGE IN SECTORWISE INDEX OF INDUSTRIAL PRODUCTION)</b> |                |                |                |               |                      |                |
|---|----------------|----------------|----------------|---------------|----------------------|----------------|
| <b>(Base: 1993-94=100)</b>  |                |                |                |               |                      |                |
|   | <b>2005-06</b> | <b>2006-07</b> | <b>Jan '07</b> | <b>Jan'08</b> | <b>April-January</b> |                |
|   |                |                |                |               | <b>2006-07</b>       | <b>2007-08</b> |
| <b>General</b>  | 8.2            | 11.5           | 11.6           | 5.3           | 11.2                 | 8.7            |
| Mining  | 1.0            | 5.4            | 7.7            | 1.8           | 4.8                  | 4.6            |
| Manufacturing   | 9.1            | 12.5           | 12.3           | 5.9           | 12.1                 | 9.2            |
| Electricity   | 5.2            | 7.3            | 8.3            | 3.3           | 7.6                  | 6.3            |
| <b>Use-Based Classification</b>   |                |                |                |               |                      |                |
| Basic goods   | 6.7            | 10.3           | 12.0           | 3.5           | 10.6                 | 7.4            |
| Capital goods   | 15.8           | 18.2           | 16.3           | 2.1           | 18.3                 | 18.3           |
| Intermediate goods  | 2.5            | 12             | 13.7           | 7.0           | 11.6                 | 9.3            |
| Consumer goods  | 12.0           | 10.1           | 8.2            | 7.0           | 9.7                  | 5.9            |
| <i>Of which</i>   |                |                |                |               |                      |                |
| Consumer durables   | 15.3           | 9.2            | 5.3            | -3.1          | 10.6                 | -1.7           |
| Consumer non-durables   | 11.0           | 10.4           | 9.1            | 10.1          | 8.4                  | 8.6            |



## INFRASTRUCTURE

The six core infrastructure industries registered a growth of 5.7 per cent during April-December, 2007 as compared to 8.9 per cent in corresponding period last year.

| PRODUCTION IN INFRASTRUCTURE INDUSTRIES |            |            |            |            |                |          |                |            |
|---|------------|------------|------------|------------|----------------|----------|----------------|------------|
|   |            | December   |            | Full Yr.   | April-December |          | % Change       |            |
|   |            | 2006       | 2007       | 2006-07    | 2006-07        | 2007-08  | April-December |            |
| Industry/Infrastructure                 | Unit       | 2006       | 2007       | 2006-07    | 2006-07        | 2007-08  | 2006-07        | 2007-08    |
| Coal                                    | Mn tonnes  | 39.49      | 42.81      | 426        | 295.19         | 309.52   | 4.6            | 4.9        |
| Electricity Generation                  | in Gwh     | 57025.5    | 59211.2    | 662693     | 493348.8       | 525407.7 | 7.5            | 6.6        |
| Crude petroleum                         | 000 tonnes | 2924       | 2881       | 33987      | 25486          | 25569    | 6.0            | 0.3        |
| Petroleum Products                      | 000 tonnes | 11912      | 12145      | 135587     | 100405         | 107983   | 13.2           | 7.5        |
| Finished steel                          | 000 tonnes | 4351       | 4574       | 49390      | 36070          | 38087    | 11.4           | 5.6        |
| Cement                                  | 000 tonnes | 14010      | 14550      | 161310     | 117810         | 126275   | 10.3           | 7.2        |
| <b>Overall growth rate</b>              |            | <b>9.0</b> | <b>4.0</b> | <b>8.2</b> | <b>-</b>       | <b>-</b> | <b>8.9</b>     | <b>5.7</b> |



## MONEY AND BANKING

During the current financial year 2007-08, broad money stock (M3) (up to February 15, 2008) increased by 15.5 per cent as compared to the growth rate of 15.3 per cent registered during the corresponding period of the last year. The year-on-year growth, as on February 15, 2008, was 21.5 per cent as compared to 22.0 per cent on the corresponding date of last year.

Net foreign exchange assets (NFA) of banking sector (up to February 15, 2008) have increased by 30.3 per cent as compared to 23.3 per cent in the same period last year. The year on year growth rate of NFA, as on February 15, 2008, was 33.0 per cent as against 34.5 per cent on the corresponding date of last year.

| Items   | Outstanding as on<br>(Rs. crore) |                      | % Variations             |             |              |             |
|---|----------------------------------|----------------------|--------------------------|-------------|--------------|-------------|
|   |                                  |                      | Financial year<br>so far |             | Year-on-year |             |
|   | March 31,<br>2007                | February<br>15, 2008 | 2006-07                  | 2007-08     | 2006         | 2007        |
| <b>M3(I+II+III+IV)</b>  | <b>3310278</b>                   | <b>3824000</b>       | <b>15.3</b>              | <b>15.5</b> | <b>22.0</b>  | <b>21.5</b> |
| I. Currency with the public   | 483471                           | 554455               | 16.8                     | 14.7        | 17.4         | 14.9        |
| II. Demand deposits with banks  | 474228                           | 482911               | 7.2                      | 1.8         | 22.6         | 10.8        |
| III. Time deposits with banks   | 2345083                          | 2781877              | 16.9                     | 18.6        | 23.0         | 25.0        |
| IV. Other deposits with RBI   | 7496                             | 4758                 | -31.5                    | -36.5       | -2.3         | 1.1         |
| <b>Sources (1+2+3+4-5)</b>  |                                  |                      |                          |             |              |             |
| 1. Net bank credit to Govt. (A+B)   | 838177                           | 847759               | 5.9                      | 1.1         | 4.2          | 4.4         |
| A. RBI's net credit to Govt.  | 5752                             | -178091              | -                        | -           | -            | -           |
| B. Other bank credit to Govt.   | 832425                           | 1025850              | 7.1                      | 23.2        | 7.6          | 26.3        |
| 2. Bank credit to commercial sector                                       | 2123362                          | 2423468              | 18.8                     | 14.1        | 27.0         | 20.5        |
| 3. Net foreign exchange assets (NFA) of banking sector                    | 913179                           | 1190185              | 23.3                     | 30.3        | 34.5         | 33.0        |
| 4. Government's currency liabilities to the public                        | 8286                             | 8851                 | -6.9                     | 6.8         | -6.3         | 8.6         |
| 5. Banking sector's net non-monetary liabilities other than time deposits | 572727                           | 646262               | 24.4                     | 12.8        | 26.6         | 11.7        |

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

During the current financial year (up to February 15, 2008) gross bank credit increased by 14.6 per cent as compared to 20.3 per cent during the same period of the previous year. The year-on-year growth of gross bank credit as on February 15, 2008 was 21.8 per cent as against 29.6 per cent on the corresponding date of last year.

Non-Food credit during the financial year so far (up to February 15, 2008), increased by 15.1 per cent as compared to an increase of 20.7 per cent during the same period of the last year. The year-on-year growth rate of non-food credit, as on February 15, 2008, was 22.4 per cent as compared to 30.2 per cent on the corresponding date of last year.

The year-on-year growth of time deposits with SCBs as on February 15, 2008 was 26.3 per cent as compared to 24.6 per cent on the corresponding date of last year.

| Select Scheduled Commercial banks - Business in India        |                                  |                      |                       |             |              |             |
|--|----------------------------------|----------------------|-----------------------|-------------|--------------|-------------|
| Items  | Outstanding as on<br>(Rs. Crore) |                      | % Variations          |             |              |             |
|  |                                  |                      | Financial year so far |             | Year-on-year |             |
|  | Mar 31,<br>2007                  | February<br>15, 2008 | 2006-07               | 2007-08     | 2006         | 2007        |
| <b>1. Bank credit</b>  | <b>1928914</b>                   | <b>2209732</b>       | <b>20.3</b>           | <b>14.6</b> | <b>29.6</b>  | <b>21.8</b> |
| Food credit  | 46521                            | 42818                | 8.1                   | -8.0        | 8.6          | -2.7        |
| Non-Food credit  | 1882393                          | 2166913              | 20.7                  | 15.1        | 30.2         | 22.4        |
| <b>2. Aggregate deposit</b>                                  | <b>2608310</b>                   | <b>3037422</b>       | <b>16.3</b>           | <b>16.5</b> | <b>24.5</b>  | <b>23.8</b> |
| Demand deposit   | 429138                           | 435982               | 7.8                   | 1.6         | 23.9         | 11.0        |
| Time deposits  | 2179172                          | 2601440              | 18.1                  | 19.4        | 24.6         | 26.3        |
| <b>3. Investments in Govt. and other approved securities</b> | <b>790432</b>                    | <b>983526</b>        | <b>7.3</b>            | <b>24.4</b> | <b>7.8</b>   | <b>27.8</b> |
| Government securities  | 774981                           | 963724               | 7.6                   | 24.4        | 8.3          | 27.8        |
| Other approved securities                                    | 15451                            | 19802                | -8.2                  | 28.2        | -12.5        | 29.1        |

### INTEREST RATES (PER CENT PER ANNUM)

As on February 15, 2008 Bank Rate was 6.00 per cent, which is the same as on the corresponding date of last year. Call money rates (borrowing) were in the range of 4.50/6.94 per cent as compared with 4.80/8.45 per cent on the corresponding date of last year.

| Item/week ended                         | 2007        | 2008        |
|---|-------------|-------------|
|   | February 16 | February 15 |
| Bank Rate                               | 6.00        | 6.00        |
| IDBI <sup>1</sup>                       | 10.25       | 10.25       |
| Prime Lending Rate <sup>2</sup>         | 11.50-12.50 | 12.75-13.25 |
| Deposit Rate <sup>3</sup>               | 7.25-9.00   | 8.25-9.00   |
| Call Money Rate <sup>4</sup> (Low/High) |             |             |
| Borrowings                              | 4.80/8.45   | 4.50/6.94   |
| Lending                                 | 4.40/8.45   | 4.50/6.94   |

1. Minimum Term Lending Rate (MTLR)
2. Prime Lending Rate relates to five major Banks
3. Deposit Rate relates to major banks for term deposits of more than one-year maturity.
4. Call money rates are based on data covering 90-95 per cent of total transactions reported by major participants.



### FOREIGN TRADE

Exports, in dollar terms, during April- January 2007-08 increased by 21.6 percent. Imports increased by 29.6 percent. Oil imports increased by 16.5 percent and Non-oil imports increased by 36.1 per cent.

Million US Dollar

| Item          | 2005-06(R) | 2006-07 (P) | April- December (P) |         | % Change                   |
|---------------|------------|-------------|---------------------|---------|----------------------------|
|               |            |             | 2006-07             | 2007-08 | April- December<br>2007-08 |
| Exports       | 103092     | 126360      | 102110              | 124190  | 21.6                       |
| Imports       | 149167     | 185747      | 147813              | 191604  | 29.6                       |
| POL           | 43964      | 57143       | 48952               | 57023   | 16.5                       |
| Non-POL       | 105204     | 128604      | 98861               | 134581  | 36.1                       |
| Trade Balance | -46076     | -59387      | -45702              | -67414  | -                          |

Source: Provisional Data for April- January, 2007-08 as per the press note of the Ministry of Commerce and Industry.

### FOREIGN EXCHANGE RESERVES (EXCLUDING GOLD & SDRs)

| At the end of    | Amount   |            | Variation         |            |
|------------------|----------|------------|-------------------|------------|
|                  | Rs.Crore | \$ Million | Rs.Crore          | \$ Million |
|                  |          |            | (over last year)  |            |
| March, 1999      | 125412   | 29522      | 22905             | 3547       |
| March, 2000      | 152924   | 35058      | 27512             | 5536       |
| March, 2001      | 184482   | 39554      | 31558             | 4496       |
| March, 2002      | 249118   | 51049      | 64636             | 11495      |
| March, 2003      | 341476   | 71890      | 92358             | 20841      |
| March, 2004      | 466215   | 107448     | 124739            | 35558      |
| March, 2005      | 593121   | 135571     | 126906            | 28123      |
| March, 2006      | 647327   | 145108     | 54206             | 9537       |
| March, 2007      | 836597   | 191924     | 7064              | 4713       |
| <b>2007-2008</b> |          |            | (over last month) |            |
| April            | 812995   | 196899     | -23602            | 4975       |
| May              | 817440   | 200697     | 4445              | 3789       |
| June             | 839879   | 206105     | 22439             | 5408       |
| July             | 888680   | 219753     | 48801             | 13648      |
| August           | 907301   | 221509     | 18621             | 1756       |
| September        | 953581   | 239955     | 46280             | 18446      |
| October          | 1008271  | 256427     | 54690             | 16472      |
| November         | 1050165  | 264725     | 41894             | 8298       |
| December         | 1050485  | 266553     | 320               | 1828       |
| January *        | 1117080  | 283595     | 66596             | 17,042     |

Source : RBI.

## EXTERNAL ASSISTANCE AND DEBT SERVICE PAYMENTS

Gross external aid during April-December, 2007 at Rs 10815 crore was 6.2 percent higher than that of Rs 10182 crore in April-December, 2006. Net disbursements were Rs 5939 crore as compared with Rs. 4917 crore during same period last year. Net aid transfers were Rs 3340 crore as compared with Rs 2362 crore during corresponding period last year.

### EXTERNAL ASSISTANCE AND DEBT SERVICE PAYMENTS\*

(Rs crore)

|                                    | Receipts     |              | Repayment of Principal |             | Payment of Interest |             |
|------------------------------------|--------------|--------------|------------------------|-------------|---------------------|-------------|
|                                    | 2006-07      | 2007-08      | 2006-07                | 2007-08     | 2006-07             | 2007-08     |
| External Assistance - Govt A/C     | 8180         | 8350         | 4744                   | 4332        | 2192                | 2212        |
| External Assistance - Non-Govt A/C | 658          | 1083         | 521                    | 544         | 362                 | 387         |
| Govt. Grant                        | 1312         | 1350         | -                      | -           | -                   | -           |
| Non-Govt Grant                     | 32           | 31           | -                      | -           | -                   | -           |
| <b>Grand Total</b>                 | <b>10182</b> | <b>10815</b> | <b>5265</b>            | <b>4876</b> | <b>2555</b>         | <b>2599</b> |
| Net Disbursement                   | 4917         | 5939         | -                      | -           | -                   | -           |
| Net Transfers                      | 2362         | 3340         | -                      | -           | -                   | -           |

\* April-November

### Rupees per Unit of Foreign Currency

The monthly average exchange rate of the rupee vis-à-vis US dollar, Pound Sterling and Japanese Yen appreciated by 12.6 per cent, 12.0 percent and 1.2 percent in January 2008 over January 2007. The rupee depreciated by 0.4 percent in the same period.

### Rupees Per Unit of Foreign Currency

|                  | (Market Rate)@ |                |              |       |
|------------------|----------------|----------------|--------------|-------|
|                  | US Dollar      | Pound Sterling | Japanese Yen | Euro  |
| March, 2003      | 47.64          | 75.44          | 0.4015       | 51.52 |
| March, 2004      | 45.08          | 82.29          | 0.4141       | 55.25 |
| March, 2005      | 43.69          | 83.25          | 0.4152       | 57.66 |
| March, 2006      | 44.48          | 77.62          | 0.3793       | 53.46 |
| March, 2007      | 44.03          | 85.68          | 0.3754       | 58.27 |
| <b>2007-2008</b> |                |                |              |       |
| April            | 42.15          | 83.82          | 0.3546       | 56.96 |
| May              | 40.78          | 80.91          | 0.3377       | 55.11 |
| June             | 40.77          | 80.99          | 0.3325       | 54.71 |
| July             | 40.41          | 82.18          | 0.3325       | 55.43 |
| August           | 40.82          | 82.12          | 0.3497       | 55.65 |
| September        | 40.34          | 81.38          | 0.3507       | 56.03 |
| October          | 39.51          | 80.73          | 0.3411       | 56.22 |
| November         | 39.43          | 81.70          | 0.3554       | 57.92 |
| December         | 39.44          | 79.78          | 0.3515       | 57.51 |
| January          | 39.37          | 77.54          | 0.3645       | 57.92 |

@ FEDAI Rates, Rupee- US dollar rate as on Feb 29, 2008 was Rs. 39.93

## INFLATION

The annual rate of inflation based on Wholesale Price Index (WPI) stood at 5.11 per cent for week ended March 1, 2008 compared with 6.51 per cent a year ago. This rate was contributed by an increase of 6.91 per cent in Primary Articles, 5.48 per cent increase in Fuel, Power, Lights and Lubricants and 4.21 per cent increase in Manufactured Products as against an increase of 11.97 per cent, 1.56 per cent and 6.46 per cent respectively on the corresponding date of last year.

| <b>VARIATION IN WHOLESALE PRICE INDEX (Base: 1993-94)</b> |                   |                                 |                     |                              |                     |
|---|-------------------|---------------------------------|---------------------|------------------------------|---------------------|
| <b>Items/Groups</b>                                       | <b>Weight (%)</b> | <b>Percent variation during</b> |                     |                              |                     |
|   |                   | <b>Month end</b>                |                     | <b>Year (Point to Point)</b> |                     |
|   |                   | <b>(week ending 23.2.2008)</b>  |                     | <b>Last year</b>             | <b>Current year</b> |
|   |                   | <b>Last year</b>                | <b>Current year</b> | <b>Last year</b>             | <b>Current year</b> |
| <b>All Commodities</b>                                    | <b>100.00</b>     | <b>0.19</b>                     | <b>1.20</b>         | <b>6.51</b>                  | <b>5.11</b>         |
| 1.Primary articles  | 22.03             | -0.37                           | 2.42                | 11.97                        | 6.91                |
| 2. Fuel, Power, Light and Lubricants                      | 14.23             | -0.34                           | 0.93                | 1.56                         | 5.48                |
| 3. Manufactured Products                                  | 63.75             | 0.66                            | 0.97                | 6.46                         | 4.21                |

## CONSUMER PRICE INDEX

All India Consumer Price Index for Industrial Workers (CPI-IW) for January, 2008 stood at 134 (no change in previous month's level) with the year 2001 as the base. Based on the linking factor, the index works out to 620 at 1982 base. The level of CPI-IW of January, 2008 was higher than the level of January, 2007, 2006 by 5.51 per cent.

| <b>CONSUMER PRICE INDEX (INDUSTRIAL WORKER) AND INFLATION RATE (%)</b> |                        |                        |
|--|------------------------|------------------------|
| <b>(Base : 1982=100)</b>   |                        |                        |
|  | <b>2006-07</b>         | <b>2007-08</b>         |
|  | <b>(January, 2007)</b> | <b>(January, 2008)</b> |
| Annual Inflation   | 6.72                   | 5.51                   |
| Financial Year Inflation   | 6.72                   | 5.51                   |
| Per cent change over last month  | 0.00                   | 0.00                   |
| Level of Index   | 588                    | 620                    |
| Average of Index for 12 months ending December                         | 572.19                 | 608.07                 |

## WORLD COMMODITY PRICE

| Commodity                  | Unit     | Quarterly averages |          |          | Monthly averages |          |          |
|----------------------------|----------|--------------------|----------|----------|------------------|----------|----------|
|                            |          | Apr-Jun            | Jul-Sep  | Oct-Dec  | Dec              | Jan      | Feb      |
|                            |          | 2007               | 2007     | 2007     | 2007             | 2008     | 2008     |
| <b>Energy</b>              |          |                    |          |          |                  |          |          |
| Coal, Australia            | \$/mt    | 57.91              | 68.37    | 83.47    | 91.00            | 91.75    | 131.25   |
| Crude oil, avg, spot       | \$/bbl   | 66.13              | 73.50    | 87.61    | 89.52            | 90.69    | 93.39    |
| Crude oil, Brent           | \$/bbl   | 68.73              | 75.04    | 88.95    | 91.45            | 91.92    | 94.82    |
| Crude oil, Dubai           | \$/bbl   | 64.71              | 69.97    | 83.21    | 85.75            | 87.17    | 89.96    |
| Natural gas, US            | \$/mmbtu | 7.50               | 6.17     | 7.03     | 7.15             | 8.00     | 8.55     |
| <b>Agriculture</b>         |          |                    |          |          |                  |          |          |
| Coffee, robusta            | c/kg     | 188.25             | 200.42   | 202.15   | 201.48           | 218.72   | 254.52   |
| Tea, auctions (3), average | c/kg     | 199.86             | 211.03   | 225.59   | 231.27           | 237.72   | 239.86   |
| Coconut oil                | \$/mt    | 900.17             | 923.00   | 1098.00  | 1153.00          | 1285.00  | 1397.50  |
| Groundnut oil              | \$/mt    | 1190.00            | 1397.00  | 1651.33  | 1777.00          | 1861.00  | 2000.00  |
| Palm oil                   | \$/mt    | 762.33             | 822.33   | 927.67   | 950.00           | 1059.00  | 1177.50  |
| Palmkernel oil             | \$/mt    | 875.67             | 916.83   | 1083.67  | 1134.00          | 1277.00  | 1397.50  |
| Soybean meal               | \$/mt    | 260.33             | 309.47   | 402.11   | 425.33           | 434.00   | 452.00   |
| Soybean oil                | \$/mt    | 793.92             | 917.47   | 1104.67  | 1164.00          | 1276.00  | 1425.50  |
| Maize                      | \$/mt    | 159.41             | 152.49   | 171.89   | 180.25           | 206.66   | 222.65   |
| Rice, Thailand, 25%        | \$/mt    | 297.43             | 306.52   | 329.49   | 347.33           | 364.40   | 0.00     |
| Wheat, US, HRW             | \$/mt    | 205.69             | 274.89   | 341.86   | 368.62           | 370.66   | 425.00   |
| Wheat US SRW               | \$/mt    | 187.03             | 267.49   | 326.17   | 345.31           | 343.81   | 434.62   |
| Oranges                    | \$/mt    | 892.67             | 1135.28  | 982.02   | 925.87           | 1029.65  | 1049.03  |
| Sugar, world               | c/kg     | 20.90              | 21.86    | 22.61    | 23.52            | 26.39    | 29.78    |
| <b>Raw Materials</b>       |          |                    |          |          |                  |          |          |
| Logs, Malaysia             | \$/cum   | 261.97             | 269.65   | 275.48   | 275.34           | 287.08   | 288.40   |
| Plywood                    | c/sheets | 639.63             | 646.73   | 647.02   | 645.91           | 640.93   | 639.21   |
| Woodpulp                   | \$/mt    | 751.25             | 769.82   | 819.40   | 826.60           | 845.09   | 850.00   |
| Cotton A Index             | c/kg     | 127.35             | 148.89   | 153.00   | 153.33           | 161.49   | 160.50   |
| Rubber, US                 | c/kg     | 251.58             | 234.23   | 264.77   | 273.15           | 281.97   | 297.40   |
| Rubber, Singapore          | c/kg     | 233.85             | 213.83   | 245.12   | 249.04           | 264.36   | 281.27   |
| Wool                       | c/kg     | 565.00             | 565.00   | n.a.     | n.a.             | n.a.     | n.a.     |
| <b>Fertilizers</b>         |          |                    |          |          |                  |          |          |
| DAP                        | \$/mt    | 431.08             | 432.51   | 522.10   | 594.00           | 707.70   | 828.13   |
| Phosphate rock             | \$/mt    | 59.88              | 80.00    | 98.33    | 135.00           | 190.00   | 190.00   |
| Pottasium chloride         | \$/mt    | 184.79             | 209.38   | 230.83   | 240.00           | 273.00   | 385.00   |
| Urea, E. Europe, bulk      | \$/mt    | 291.25             | 283.63   | 365.36   | 385.25           | 369.70   | 325.25   |
| <b>Metals and Minerals</b> |          |                    |          |          |                  |          |          |
| Aluminum                   | \$/mt    | 2761.49            | 2546.49  | 2443.65  | 2381.69          | 2445.52  | 2776.93  |
| Copper                     | \$/mt    | 7640.76            | 7711.68  | 7187.60  | 6587.67          | 7061.02  | 7887.69  |
| Gold                       | \$/toz   | 667.45             | 681.15   | 788.02   | 803.20           | 889.60   | 922.30   |
| Iron ore                   | c/dmtu   | 84.70              | 84.70    | 84.70    | 84.70            | 140.60   | 140.60   |
| Lead                       | c/kg     | 217.58             | 314.29   | 321.46   | 259.60           | 260.81   | 307.99   |
| Nickel                     | \$/mt    | 48054.82           | 30205.15 | 29219.20 | 25991.94         | 27689.55 | 27955.48 |
| Silver                     | c/toz    | 1335.79            | 1273.19  | 1423.54  | 1431.24          | 1605.91  | 1766.63  |
| Steel cr coilsheet         | \$/mt    | 650.00             | 650.00   | 650.00   | 650.00           | 687.50   | 800.00   |
| Steel hr coilsheet         | \$/mt    | 550.00             | 550.00   | 550.00   | 550.00           | 600.00   | 750.00   |
| Tin                        | c/kg     | 1409.76            | 1497.84  | 1634.21  | 1626.31          | 1633.73  | 1721.00  |
| Zinc                       | c/kg     | 366.39             | 322.65   | 262.32   | 235.31           | 234.01   | 243.81   |

Source : World Bank - The Pink Sheet

## PUBLIC FINANCE

## Trends in Central Government Finances: April-January 2007-08

|                                  | Budget Estimate | April- January |               | Col.3 as % of | Col. 4 as % of | % Change over proceeding year |               |
|----------------------------------|-----------------|----------------|---------------|---------------|----------------|-------------------------------|---------------|
|                                  | 2007-08         | 2006-07        | 2007-08       | 2006-07 BE    | 2007-08 BE     | 2006-07                       | 2007-08 (4/3) |
| (Rs. Crore)                      |                 |                |               |               |                |                               |               |
| (1)                              | (2)             | (3)            | (4)           | (5)           | (6)            | (7)                           | (8)           |
| <b>1. Revenue Receipts</b>       | <b>486422</b>   | <b>315877</b>  | <b>402229</b> | <b>78.3</b>   | <b>82.7</b>    | <b>28.6</b>                   | <b>27.3</b>   |
| <b>Gross tax revenue</b>         | <b>548122</b>   | <b>338912</b>  | <b>427695</b> | <b>76.7</b>   | <b>78.0</b>    | <b>31.6</b>                   | <b>26.2</b>   |
| Tax (net to Centre)              | 403872          | 256455         | 324064        | 78.4          | 80.2           | 36.0                          | 26.4          |
| Non Tax                          | 82550           | 59422          | 78165         | 77.9          | 94.7           | 4.1                           | 31.5          |
| <b>2. Capital Receipts</b>       | <b>194099</b>   | <b>119839</b>  | <b>137613</b> | <b>74.7</b>   | <b>70.9</b>    | <b>-9.0</b>                   | <b>14.8</b>   |
| of which:                        |                 |                |               |               |                |                               |               |
| Recovery of loans                | 1500            | 8798           | 4012          | 110.0         | 267.5          | 4.2                           | -54.4         |
| Other Receipts                   | 41651*          | 5              | 37800@        |               | 90.8           | -99.7                         |               |
| Borrowings and other liabilities | 150948          | 111036         | 95801         | 74.7          | 63.5           | -8.8                          | -13.7         |
| <b>3. Total Receipts (1+2)</b>   | <b>680521</b>   | <b>435716</b>  | <b>539842</b> | <b>77.3</b>   | <b>79.3</b>    | <b>15.4</b>                   | <b>23.9</b>   |
| <b>4. Non-Plan Expenditure</b>   | <b>475421</b>   | <b>315398</b>  | <b>387116</b> | <b>80.6</b>   | <b>81.4</b>    | <b>14.2</b>                   | <b>22.7</b>   |
| <b>(a)+(b)</b>                   |                 |                |               |               |                |                               |               |
| (a) Revenue Account              | 383546          | 295257         | 327041        | 85.7          | 85.3           | 14.5                          | 10.8          |
| of which:                        |                 |                |               |               |                |                               |               |
| Interest payments                | 158995          | 115464         | 137035        | 82.6          | 86.2           | 13.4                          | 18.7          |
| Major Subsidies                  | 50987           | 47051          | 55100         | 105.7         | 108.1          | 21.3                          | 17.1          |
| Pensions                         | 23488           | 16858          | 18768         | 86.3          | 79.9           | 2.1                           | 11.3          |
| (b) Capital Account              | 91875*          | 20141          | 60075         | 43.0          | 65.4           | 9.8                           | 198.3         |
| <b>5. Plan Expenditure</b>       | <b>205100</b>   | <b>120318</b>  | <b>152726</b> | <b>69.7</b>   | <b>74.5</b>    | <b>18.7</b>                   | <b>26.9</b>   |
| <b>(i)+(ii)</b>                  |                 |                |               |               |                |                               |               |
| (i) Revenue Account              | 174354          | 101456         | 130548        | 70.6          | 74.9           | 26.4                          | 28.7          |
| (ii) Capital Account             | 30746           | 18862          | 22178         | 65.1          | 72.1           | -10.5                         | 17.6          |
| <b>6. Total Expenditure</b>      | <b>680521</b>   | <b>435716</b>  | <b>539842</b> | <b>77.3</b>   | <b>79.3</b>    | <b>15.4</b>                   | <b>23.9</b>   |
| <b>(4)+(5)=(a)+(b)</b>           |                 |                |               |               |                |                               |               |
| (a) Revenue Expenditure          | 557900          | 396713         | 457589        | 81.3          | 82.0           | 17.4                          | 15.3          |
| (b) Capital Expenditure          | 122621          | 39003          | 82253         | 51.5          | 67.1           | -1.0                          | 110.9         |
| <b>7. Revenue Deficit</b>        | <b>71478</b>    | <b>80836</b>   | <b>55360</b>  | <b>95.4</b>   | <b>77.5</b>    | <b>-12.5</b>                  | <b>-31.5</b>  |
| <b>8. Fiscal Deficit</b>         | <b>150948</b>   | <b>111036</b>  | <b>95801</b>  | <b>74.7</b>   | <b>63.5</b>    | <b>-8.8</b>                   | <b>-13.7</b>  |
| <b>9. Primary Deficit</b>        | <b>-8047</b>    | <b>-4428</b>   | <b>-41234</b> | <b>-50.0</b>  | <b>512.4</b>   | <b>-122.2</b>                 | <b>831.2</b>  |

\* Includes an amount of Rs. 40,000 crore on account of transaction relating to transfer RBI's stake in SBI to the Government.

@ Includes an amount of Rs 34,308.6 crores on account of transfer of profit on sale of RBI's stake in SBI.