

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

**MONTHLY ECONOMIC REPORT  
JANUARY 2011**

**HIGHLIGHTS**

- The overall growth of GDP at factor cost at constant prices, as per Advance Estimates, was 8.6 per cent in 2010-11 representing an increase from the revised growth of 8.0 per cent during 2009-10.
- The cumulative rainfall received for the country as a whole, during the winter season (January-February), was 45 per cent below the normal, as on 09.02.2011.
- Food grains (rice and wheat) stocks held by FCI and State agencies were 48.44 million tonnes as on December 1, 2010
- Overall growth in the Index of Industrial Production (IIP) was 1.6 per cent during December 2010 as compared to 18.0 per cent in December 2009. During April-December 2010-11, IIP growth was 8.6 per cent as compared to 8.6 per cent during April-December 2009-10.
- Core infrastructure-supportive sectors grew by 6.6 per cent in December 2010 as compared to the growth of 6.2 per cent in December 2009. During April-December 2010-11, these sectors grew by 5.3 per cent as compared to 4.7 per cent during April-December 2009-10.
- Broad money (M<sub>3</sub>) (up to January 28, 2011) increased by 11.4 per cent as compared to 12.0 per cent during the corresponding period of the last year. The year-on-year growth, as on January 28, 2011 was 16.2 per cent as compared to 17.4 per cent last year.
- Exports, in US dollar terms increased by 36.4 per cent and imports decreased by 11.1 per cent, during December 2010.
- Foreign Currency Assets stood at US \$ 270.1 billion at end January 2011 compared to US\$ 256.6 billion at end January 2010.
- Rupee depreciated against US dollar, Pound Sterling, Japanese Yen and Euro in the month of January 2011 over December 2010.
- Year-on-year inflation in terms of Wholesale Price Index was 8.23 per cent for the month of January 2011 as compared to 8.53 per cent in January 2010.
- Tax revenue (net to Centre) during April- December, 2010-11 recorded a growth of 27.2 per cent compared with corresponding period of 2009-10. Non-tax revenue grew by 136.4 per cent in April- December 2010-11 on account of one-off nature of receipts of proceeds from telecom Spectrum auction.
- As a proportion of budget estimate, fiscal deficit during April- December 2010-11 was 44.9 per cent and revenue deficit was 42.1 per cent.

(J.K. Rathee)  
Assistant Adviser

## ECONOMIC GROWTH

As per the Advance Estimate (AE) of Central Statistics Office (CSO), the growth in Gross Domestic Product (GDP) at factor cost at constant (2004-05) prices was estimated at 8.6 per cent in 2010-11 as compared to 8.0 per cent in 2009-10 (Quick Estimate). At disaggregated level, this (AE 2010-11) comprises an increase of 5.4 per cent in agriculture and allied activities, a growth of 8.1 per cent in industry and 9.6 per cent in services as compared to a growth of 0.4 per cent, 8.0 per cent and 10.1 per cent respectively during 2009-10.

Industry		Growth			Percentage share in GDP		
		2008-09	2009-10 (QE)	2010-11 (AE)	2008-09	2009-10 (QE)	2010-11 (AE)
<b>1</b>	<b>Agriculture, forestry &amp; fishing</b>	<b>-0.1</b>	<b>0.4</b>	<b>5.4</b>	<b>15.7</b>	<b>14.6</b>	<b>14.2</b>
<b>2</b>	<b>Industry</b>	<b>4.4</b>	<b>8.0</b>	<b>8.1</b>	<b>28.1</b>	<b>28.1</b>	<b>28.0</b>
a	Mining & quarrying	1.3	6.9	6.2	2.3	2.3	2.3
b	Manufacturing	4.2	8.8	8.8	15.8	15.9	15.9
c	Electricity, gas & water supply	4.9	6.4	5.1	2.0	2.0	1.9
d	Construction	5.4	7.0	8.0	8.0	7.9	7.9
<b>3</b>	<b>Services</b>	<b>10.1</b>	<b>10.1</b>	<b>9.6</b>	<b>56.2</b>	<b>57.3</b>	<b>57.8</b>
a	Trade, hotels, transport & communication	7.6	9.7	11.0	26.1	26.6	27.1
b	Financing, insurance, real estate & business services	12.5	9.2	10.6	17.0	17.2	17.5
c	Community, social & personal services	12.7	11.8	5.7	13.1	13.6	13.2
<b>4</b>	<b>GDP at factor cost</b>	<b>6.8</b>	<b>8.0</b>	<b>8.6</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

(QE): Quick Estimate; (AE): Advance Estimate

Items	2008-09				2009-10				2010-11	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
<b>1. Agriculture, forestry &amp; fishing</b>	<b>3.2</b>	<b>2.4</b>	<b>-1.4</b>	<b>3.3</b>	<b>1.9</b>	<b>0.9</b>	<b>-1.8</b>	<b>0.7</b>	<b>2.5</b>	<b>4.4</b>
<b>Industry</b>	<b>5.4</b>	<b>4.6</b>	<b>1.6</b>	<b>2.1</b>	<b>5.7</b>	<b>8.4</b>	<b>11.1</b>	<b>13.3</b>	<b>11.3</b>	<b>8.9</b>
2. Mining & quarrying	2.6	1.6	2.7	-0.3	8.2	10.1	9.6	14.0	8.4	8.0
3. Manufacturing	5.4	5.3	1.3	0.6	3.8	8.4	13.8	16.3	13.0	9.8
4. Electricity, gas & water supply	3.3	4.3	4.0	4.1	6.4	7.7	4.7	7.1	6.2	3.4
5. Construction	6.7	4.3	1.1	5.7	8.4	8.3	8.1	8.7	10.3	8.8
<b>Services</b>	<b>9.6</b>	<b>9.7</b>	<b>11.4</b>	<b>8.3</b>	<b>7.9</b>	<b>10.5</b>	<b>7.2</b>	<b>8.4</b>	<b>9.3</b>	<b>9.8</b>
6. Trade, hotels, transport & communication	10.3	9.8	4.4	5.7	5.6	8.2	10.2	12.4	10.9	12.1
7. Financing, insurance, real estate & bus. Services	9.2	8.9	10.2	12.3	11.7	11.3	7.9	7.9	7.9	8.3
8. Community, social & personal services	8.7	10.4	28.7	8.8	7.6	14.0	0.8	1.6	7.9	7.3
<b>9. GDP at factor cost (total 1 to 8)</b>	<b>7.3</b>	<b>7.2</b>	<b>6.1</b>	<b>5.8</b>	<b>6.3</b>	<b>8.7</b>	<b>6.5</b>	<b>8.6</b>	<b>8.9</b>	<b>8.9</b>

## AGRICULTURE

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

In the current year, during the south west-monsoon period (June 1 to September 30), the cumulative rainfall received for the country as a whole, was 912.8 mm, which is 2 per cent above the normal. During this period, out of 36 meteorological sub-divisions in the country, 31 received excess/normal rainfall and 5 received deficient rainfall. The cumulative rainfall received for the country as a whole, during the winter season (January-February), was 45 per cent below the normal, as on 09.02.2011.

**All India production of food grains:** According to the Second Advance Estimates released on 9<sup>th</sup> February, 2011, the production of food grains is estimated at 232.07 million tonnes during 2010-11 compared to 218.11 million tonnes (final estimates) in 2009-10.

**Procurement:** Procurement of rice as on December 1, 2010 (Kharif Marketing

Table 3: Procurement in Million Tonnes					
	Full Marketing Year			As on 1 <sup>st</sup> December	
	2007-08	2008-09	2009-10	2009	2010
Rice(Oct-Sept)	28.74	34.10	32.03	12.25	11.24
Wheat(Apr-Mar)	11.13	22.69	25.38	25.38	22.52
Total	39.87	56.79	57.41	37.63	33.76

Season 2010-11) at 11.24 million tonnes represents a decline of 8 per cent compared to the corresponding date last year. Wheat procurement during

Rabi Marketing Season 2010-11 was 22.52 million tonnes as compared to 25.38 million tonnes during the corresponding period last year.

**Off-take:** Off-take of rice during the month of November, 2010 was 24.52 lakh tonnes. This comprises 22.28 lakh tonnes under TPDS and 2.24 lakh tonnes under other schemes. In respect of wheat, the total offtake was 18.68 lakh tonnes comprising 15.61 lakh tonnes under TPDS and 3.07 lakh tonnes under other schemes.

**Stocks** of food-grains (rice and wheat) held by FCI as on December 1, 2010 were 48.44 million tonnes, which was higher by 0.8 per cent over the level of 48.06 million tonnes as on December 1, 2009.

Table 4: Off-take and stocks of food-grains (Million Tonnes)					
	Off-take			Stocks	
	2007-08	2008-09	2009-10	December 1, 2009	December 1, 2010
Rice	25.23	24.62	27.37	22.90	24.53
Wheat	12.20	14.88	22.35	25.16	23.91
Total	37.43	39.50	49.72	48.06	48.44

## INDUSTRIAL PRODUCTION

Industry Group	2009-10	2009-10(Apr.-Dec.)	2010-11(Apr.-Dec.)	December 2009	December 2010
General index	10.5	8.6	8.6	18.0	1.6
Mining	9.9	8.7	7.7	11.1	3.8
Manufacturing	11.0	8.9	9.1	19.6	1.0
Electricity	6.0	5.7	4.7	5.4	6.0
Use-based industrial groups					
Basic goods	7.2	6.1	6.1	8.4	5.2
Capital goods	20.9	11.2	16.7	42.9	-13.7
Intermediate goods	13.6	12.5	9.2	23.5	6.6
Consumer goods	6.2	6.6	6.5	10.4	3.9
Durables	24.6	22.7	21.4	41.0	18.5
Non-durables	0.4	1.4	0.7	3.0	-1.1

growth rates in December 2010 were 3.8, 1.0 and 6.0 per cent respectively. The growth rates have decreased in both mining and manufacturing sectors and increased only in electricity sector. In the use-based industrial groups, the growth rates have decreased in basic goods, intermediate goods, consumer goods including consumer durables and negative in capital goods and consumer non-durables during December 2010 as compared to the growth rates during corresponding period of previous year.

Industry	December 2009	December 2010	2009-10 (April-December)	2010-11 (April-December)
Coal	1.2	3.0	8.4	1.0
Electricity generation <sup>1</sup>	6.6	4.3	5.9	4.5
Crude oil	1.1	15.8	-1.1	12.0
Petroleum products	0.9	8.3	-1.0	1.6
Finished steel	9.6	11.2	3.6	7.3
Cement	11.0	-2.2	11.0	4.4
<b>Overall growth</b>	<b>6.2</b>	<b>6.6</b>	<b>4.7</b>	<b>5.3</b>
(1): This will not necessarily match the growth in electricity given in the Index of Industrial Production				

the overall growth of the core sector industries was 6.6 per cent as compared to the growth of 6.2 per cent during December 2009. During December 2010, the growth is remarkable in crude oil sector, petroleum refinery sector and finished steel sector and is negative in cement sector compared to the growth rates in corresponding period of previous year.

During December 2010, the IIP growth was 1.6 per cent as compared to 18 per cent growth during the corresponding period of previous year. In mining, manufacturing and electricity sectors, the

**Six core industries:** The index for six core industries (comprising crude oil, petroleum refinery products, coal, electricity, cement and finished carbon steel) with a weight of 26.68 per cent in the IIP grew by 5.3 per cent during April-December 2010-11, as compared to growth rate of 4.7 per cent achieved during the corresponding period in 2009-10. During the month of December 2010,

## MONEY AND BANKING

The Reserve Bank of India released its quarterly document on Macroeconomic and Monetary Developments for the 3rd Quarter of 2010-11 on 24<sup>th</sup> January, 2011 and Third Quarter Review of Monetary Policy for 2010-11 on 25<sup>th</sup> January, 2011. The important Policy Measures taken by RBI as per the Third Review of Monetary Policy for 2010-11, released on 25<sup>th</sup> January, 2011 are:

- *The Bank Rate has been retained at 6.0 per cent.*
- *The Repo Rate has been increased under the liquidity adjustment facility (LAF) by 25 basis points from 6.25 per cent to 6.5 per cent with immediate effect.*
- *Reverse Repo Rate has been increased under the LAF by 25 basis points from 5.25 per cent to 5.50 per cent with immediate effect.*
- *Cash Reserve Ratio (CRR) of scheduled banks has been retained at 6.0 per cent of their net demand and time liabilities (NDTL).*

### ***Liquidity Management Measures***

On the basis of an assessment of the current liquidity situation, RBI decided to extend the following liquidity management measures:

- i) The additional liquidity support to scheduled commercial banks under the LAF to the extent of up to one per cent of their net demand and time liabilities (NDTL), currently set to expire on January 28, 2011, is now extended up to April 8, 2011. For any shortfall in maintenance of the SLR arising out of avilment of this facility, banks may seek waiver of penal interest purely as an *ad hoc* measure.
- ii) The second LAF (SLAF) will be conducted on a daily basis up to April 8, 2011.

### **Expected Outcomes**

According to RBI, these actions are expected to:

- (i) Contain the spill-over from rise in food and fuel prices to generalised inflation.
- (ii) Rein in rising inflationary expectations, which may be aggravated by the structural and transitory nature of food price increases.
- (iii) Be moderate enough not to disrupt growth.
- (iv) Continue to provide comfort to banks in their liquidity management operations.

According to RBI, current growth and inflation trends warrant persistence with the anti-inflationary monetary stance.

Table 7 : Money Stock : Components and Sources						
Item	Outstanding as on (₹Crore)		Variation over			
	2010	2011	Financial Year so far		Year-on-Year	
	Mar. 31	Jan. 28	2009-10	2010-11	2010	2011
M <sub>3</sub>	55,99,762	62,39,385	12.0	11.4	17.4	16.2
Components (i+ii+iii+iv)						
(i) Currency with the Public	7,68,033	8,88,120	11.5	15.6	17.1	19.7
(ii) Demand Deposits with Banks	7,22,739	6,58,989	6.5	-8.8	21.7	5.1
(iii) Time Deposits with Banks	41,05,151	46,78,906	13.0	14.0	16.9	17.1
(iv) "Other" Deposits with Reserve Bank	3,839	13,370	-22.3	248.3	-34.3	209.1
Sources (i+ii+iii+iv-v)						
(i) Net Bank Credit to Government (a+b)	16,67,096	18,22,327	22.3	9.3	33.4	16.6
(a) Reserve Bank	2,11,586	2,69,302	—	—	—	—
(b) Other Banks	14,55,511	15,53,025	21.1	6.7	20.8	5.5
(ii) Bank Credit to Commercial Sector (a+b)	34,92,781	39,95,507	8.7	14.4	14.4	21.9
(a) Reserve Bank	1,328	1,325	—	—	—	—
(b) Other Banks	34,91,453	39,94,181	9.0	14.4	14.3	22.1
(iii) Net Foreign Exchange Assets of Banking Sector*	12,81,469	13,96,918	-2.6	9.0	4.7	6.1
(iv) Government's Currency Liabilities to the Public	11,270	12,152	9.9	7.8	11.5	9.9
(v) Banking Sector's Net Non-Monetary Liabilities	8,52,854	9,87,518	-7.2	15.8	9.5	23.7
of which:						
Net Non-Monetary Liabilities of RBI	3,01,615	3,73,698	-8.6	23.9	13.0	5.4
* Includes investments in foreign currency denominated bonds issued by IIFC(UK) since March 20, 2009.						

Reserve money (M<sub>0</sub>) during the financial year 2010-11 (up to February 11, 2011) showed an increase of 10.5 per cent as compared to increase of 6.6 per cent in the corresponding period of the previous year. The year-on-year variation revealed an increase of 21.3 per cent as on February 11, 2011, compared to 17.6 per cent on the corresponding date of the previous year.

An important source of reserve money, namely, net foreign exchange assets (NFA) of the RBI increased by 8.3 per cent (during the financial year) as on February 11, 2011 as compared to an decrease of 0.9 per cent in the same period last year. The y-o-y growth rate of NFA, as on February 11, 2011 was 5.2 per cent as compared to increase of 4.6 per cent on the corresponding date of the last year.

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

During the current financial year (upto January 28, 2011), Bank credit increased by 15.1 per cent as compared to increase of 9.2 per cent during the corresponding period of last year.

The Non-Food credit during this period recorded an increase of 15.1 per cent as compared to an increase of 9.6 per cent during the corresponding period of last year.

The aggregate deposits with Scheduled Commercial Banks recorded an increase of 10.9 per cent (as on January 28, 2011) as against an increase of 12.1 per cent in the corresponding period of last year.

Items	Outstanding as on (₹ crore)		Percentage Variation			
	March 26, 2010	January 28, 2011	Financial year so far		Year-on-Year	
			2009-10	2010-11	2009	2010
1. Bank credit	3240399	3735233	9.2	15.1	14.9	23.2
Non-Food credit	3191909	3674052	9.6	15.1	15.2	23.1
2. Aggregate deposits	4486574	4983378	12.1	10.9	17.2	15.9
3. Investments in Govt. and other approved securities	1166410	1480540	20.2	6.9	20.0	5.6

Item / Week Ended	2010	2011
	Feb 05	Feb 04
Cash Reserve Ratio (per cent) <sup>(1)</sup>	5.00	6.00
Bank Rate	6.00	6.00
Repo Rate	4.75	6.50
Reverse Repo Rate	3.25	5.50
Prime Lending Rate <sup>(2)</sup>	11.00-12.00	8.00-9.50
Deposit Rate <sup>(3)</sup>	6.00-7.50	8.25-9.50
Call Money Rate (Low / High) <sup>(4)</sup>		
- Borrowings	1.00 /3.40	5.00/7.05
- Lendings	1.00 /3.40	5.00/7.05

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

**Interest rates (per cent per annum):** As on February 04, 2010, Bank Rate was 6.00 per cent. Call money rates (borrowing & lending) were in the range of 5.00/7.05 per cent as compared with 1.00/3.40 per cent on the corresponding date of last year.

## EXTERNAL SECTOR

**Foreign trade:** Exports, in US dollar terms and customs basis, during December 2010 increased by 36.4 per cent and imports decreased by 11.1 per cent over December 2009. Oil imports decreased by 16.0 per cent and non-oil imports decreased by 9.0 per cent during December 2010 over December 2009.

Item	2008-09 (Apr.-Mar)	2009-10 (Apr.-Mar)	December -09	December -10	% Change in December 2010
Exports	185295	178751	16493	22500	36.4
Imports	303696	288373	28251	25130	-11.1
Oil imports	93667	87136	8247	6926	-16.0
Non-Oil	210029	201237	20005	18204	-9.0
Trade balance	-118401	-109621	-11758	-2630	-

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

### Foreign Currency Assets

Table 11: Foreign Currency Assets				
	Amount		Variation	
	₹ crore	US\$ Million	₹ crore	US\$ Million
<b>At the end of</b>			<b>(over last year)</b>	
March, 2007	836597	191924	189270	46816
March, 2008	1196023	299230	359426	107306
March, 2009	1231340	241676	35317	-57554
March, 2010	1150778	254935	-80562	13259
<b>2010-11</b>			<b>(over last month)</b>	
April 2010	1133322	255023	-17456	88
May	1152893	248201	19571	-6822
June	1164431	249878	11538	1677
July 2010	1202388	258801	37957	8923
August	1207494	256477	5106	-2324
September	1192541	265481	-14953	9004
October 2010	1199656	269343	7115	3862
November	1213296	263531	13640	-5812
December	1201197	268064	-12099	4533
January 2011	1241305	270143	40108	2079

Source: RBI.

- **Exchange rate:** The rupee depreciated by 0.5 per cent against US dollar, 1.5 per cent against Pound Sterling, 1.3 per cent against Japanese Yen and 1.4 per cent against Euro in the month of January 2011 over December 2010.

Table 12: Rupees per unit of foreign currency*				
	US dollar	Pound Sterling	Japanese Yen	Euro
March, 2008	40.3561	80.8054	0.4009	62.6272
March, 2009	51.2287	72.9041	0.5251	66.9207
March, 2010	45.4965	68.4360	0.5018	61.7653
<b>2010-11</b>				
April 2010	44.4995	68.2384	0.4763	59.6648
May	45.7865	67.1747	0.4969	57.6553
June	46.5443	68.6952	0.5122	56.9016
July 2010	46.8373	71.5150	0.5343	59.7636
August	46.5679	72.9736	0.5465	59.9700
September 2010	46.0616	71.6578	0.5454	60.0592
October	44.4583	70.3381	0.5428	61.7153
November	45.0183	71.8498	0.5457	61.4981
December 2010	45.1568	70.4635	0.5425	59.6652
January 2011	45.3934	71.5394	0.5496	60.5178

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



**External assistance and debt service payments:** Gross external aid in April-January 2011 at ₹ 31824.73 crore shows an increase of 33.65 per cent, compared to ₹ 23811.70 crore in April-January 2010. Net disbursement was ₹ 20814.74 crore in April-January 2011 compared to ₹ 13257.15 crore in April-January 2010. Net transfers were ₹ 17899.50 crore in April-January 2011 compared to ₹ 9774.77 crore in April-January 2010.

<b>Table 13: External Assistance and Debt Service Payments</b>				
				(₹ crore)
	<b>January 2011</b>	<b>During the Financial year 2010-11</b>	<b>January 2010</b>	<b>During the Financial year 2009-10</b>
<b>External Assistance (Government Account)</b>				
1) Gross Disbursement	782.26	26,457.44	1,394.89	16,542.82
2) Repayments	1,078.93	9,848.35	1,055.06	9,374.67
3) Interest Payments	280.21	2,365.88	298.43	2,980.79
4) Net Disbursement (1-2)	-296.67	16,609.09	339.83	7,168.15
5) Net Transfers (4-3)	-576.88	14,243.21	41.40	4,187.36
<b>External Assistance (Non-Government Account)</b>				
1) Gross Disbursement	37.36	3,092.93	145.85	4,590.14
2) Repayments	103.49	1,161.64	92.17	1,179.88
3) Interest Payments	32.93	559.36	35.11	501.59
4) Net Disbursement (1-2)	-66.13	1,931.29	53.68	3,410.26
5) Net Transfers (4-3)	-99.06	1,371.93	18.57	2,908.67
<b>Government Grants</b>				
1) Gross Disbursement	34.99	2,186.73	58.92	2,635.64
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)	34.99	2,186.73	58.92	2,635.64
5) Net Transfers (4-3)	34.99	2,186.73	58.92	2,635.64
<b>Non-Government Grants</b>				
1) Gross Disbursement	0.00	87.63	0.00	43.10
2) Repayments	0.00	0.00	0.00	0.00
3) Interest Payments	0.00	0.00	0.00	0.00
4) Net Disbursement (1-2)	0.00	87.63	0.00	43.10
5) Net Transfers (4-3)	0.00	87.63	0.00	43.10
<b>Grand Total</b>				
1) Gross Disbursements	854.61	31,824.73	1,599.66	23,811.70
2) Repayments	1,182.42	11,009.99	1,147.23	10,554.55
3) Interest Payments	313.14	2,925.24	333.54	3,482.38
4) Net Disbursement (1-2)	-327.81	20,814.74	452.43	13,257.15
5) Net Transfers (4-3)	-640.95	17,889.50	118.89	9,774.77

## INFLATION

**Wholesale Price Index (WPI 2004-05=100):** Year-on-year inflation measured in terms of WPI for January 2011 was at 8.23 per cent. This reflects deceleration of 20 basis points compared to WPI inflation in December 2010. (Inflation was 5.88 per cent in January 2009). In new series of WPI, inflation had remained in the negative zone in June 2009 and July 2009 and turned positive in August 2009 and thereafter it reached to double digits in March, 2010. The average WPI inflation rate for last 12 months (February 2010 to January 2011) was 9.4 per cent as compared to 2.4 per cent during corresponding period in 2009-10. The build-up of inflation since March to January 2011 stood at 7.4 per cent during current financial year as against 9.4 per cent in the corresponding period last year. Major breakup of WPI inflation rates is indicated in Table 14 below.

Major groups	Weight (%)	Cumulative change (%) Since March		Inflation (%)		Inflation (%) (Average of 12 months)	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
<b>ALL COMMODITIES</b>	<b>100.00</b>	7.44	9.42	8.23	8.53	9.43	2.35
PRIMARY ARTICLES	20.12	16.58	21.43	17.28	20.19	18.67	10.17
<i>Food articles</i>	14.34	16.56	21.61	15.65	20.19	19.01	14.49
FUEL AND POWER	14.91	7.99	10.32	11.41	6.76	12.19	-4.19
MANUFACTURED PDT.	64.97	3.42	4.86	3.75	4.77	5.18	1.29

**Inflation based on Consumer Price Index:** Inflation in Consumer Price Index for Industrial Workers (CPI-IW) has declined to 9.47 per cent in December 2010 from its peak of 16.22 per cent in January 2010. CPI-IW food inflation (weight 46.20%) has also declined to 7.98 per cent in December 2010 from its peak of 21.29 per cent in December 2009. Overall inflation in Consumer Price Index for Rural Labor (CPI-RL) has declined to 8.69 per cent in January 2011 from its peak of 17.35 per cent in January 2010. CPI-RL food inflation (weight 66.77%) has also declined to 7.53 per cent from its peak of 20.78 per cent in January, 2010.

	WPI	CPI-IW	CPI-UNME	CPI-AL	CPI-RL
Base	2004-05	2001	1984-85	1986-87	1986-87
Apr-10	11.00	13.33	14.41	14.96	14.96
May-10	10.60	13.91	14.09	13.68	13.68
June-10	10.28	13.73	14.12	13.02	13.02
July-10	10.02	11.25	11.54	11.02	11.24
Aug-10	8.82	9.88	10.30	9.65	9.66
Sep-10	8.93	9.82	10.39	9.13	9.34
Oct-10	9.12	9.70	9.64	8.43	8.45
Nov-10	8.08	8.33	8.40	7.14	6.95
Dec-10	8.43	9.47	-	7.99	8.01
Jan-11	8.23	-	-	8.67	8.69

Note: WPI-inflation: Dec-2010 and Jan-2011 are provisional and CPI\_UNME is linked index from April, 2008 onward.

Table 16: World Commodity Price Data										
Commodity	Unit	Monthly Averages								
		Mar 2009	Jun 2009	Sep 2009	Dec 2009	Mar 2010	Jun 2010	Sep 2010	Dec 2010	Jan 2011
<b>Energy</b>										
Coal, Australia	\$/mt	61	71	68	83	94	98	95	115	137
Crude oil, avg, spot	\$/bbl	47	69	68	75	79	75	76	90	93
Crude oil, Brent	\$/bbl	47	69	68	75	79	75	78	92	96
Crude oil, Dubai	\$/bbl	46	69	68	75	77	74	75	89	92
Natural gas, US	\$/mmbtu	4	4	3	5	4	5	4	4	4
<b>Agriculture</b>										
Coffee, robusta	c/kg	168	163	163	154	148	170	179	207	223
Tea, auctions (3), average	c/kg	219	278	316	297	262	272	300	304	305
Coconut oil	\$/mt	625	747	701	768	921	993	1275	1715	2063
Groundnut oil	\$/mt	1214	1154	1120	1192	1380	1342	1270	1753	1788
Palm oil	\$/mt	598	726	674	792	832	798	912	1228	1279
Palmkernel oil	\$/mt	587	741	704	829	995	1051	1260	1820	2128
Soybean meal	\$/mt	344	446	425	401	329	338	396	433	452
Soybean oil	\$/mt	727	896	846	935	915	859	1042	1322	1384
Maize	\$/mt	165	180	150	165	159	153	206	250	265
Rice, Thailand, 5%	\$/mt	588	575	519	591	502	440	477	532	517
Wheat, US, HRW	\$/mt	231	257	191	206	191	158	272	307	327
Wheat US SRW	\$/mt	184	202	158	206	190	183	276	309	320
Oranges	\$/mt	847	816	1031	1014	955	1201	1047	724	735
Sugar, world	c/kg	30	36	51	52	41	35	50	62	65
<b>Raw Materials</b>										
Logs, Malaysia	\$/cum	289	279	281	265	250	261	311	307	309
Plywood	c/sheets	571	564	561	557	557	567	575	582	584
Woodpulp	\$/mt	538	566	658	731	814	897	907	881	881
Cotton A Index	c/kg	114	135	141	168	189	205	231	370	394
Rubber, US	c/kg	162	188	249	310	357	371	376	490	581
Rubber, Singapore	c/kg	143	167	217	280	334	357	353	475	552
<b>Fertilizers</b>										
DAP	\$/mt	368	278	317	360	476	448	525	594	596
Phosphate rock	\$/mt	158	97	90	90	105	125	125	140	155
Pottasium chloride	\$/mt	870	718	429	399	313	319	338	354	368
Urea, E. Europe, bulk	\$/mt	265	237	234	261	279	229	315	375	374
<b>Metals and Minerals</b>										
Aluminum	\$/mt	1336	1574	1834	2180	2206	1931	2162	2351	2440
Copper	\$/mt	3750	5014	6196	6982	7463	6499	7709	9147	9556
Gold	\$/toz	924	946	997	1135	1113	1233	1271	1391	1356
Iron ore	c/dmtu	141	101	101	101	101	167	212	182	194
Lead	c/kg	124	167	220	233	217	170	218	241	260
Nickel	\$/mt	9696	14960	17473	17066	22461	19389	22643	24111	25646
Silver	c/toz	1312	1466	1648	1764	1715	1853	2061	2937	2855
Steel cr coilsheet	\$/mt	900	700	700	700	775	850	850	850	850
Steel hr coilsheet	\$/mt	800	600	600	600	675	750	750	750	750
Tin	c/kg	1068	1499	1487	1555	1755	1732	2270	2616	2747

Source: World Bank - The Pink Sheet

## FISCAL SITUATION

- As a proportion of budget estimate, fiscal deficit during April-December 2010-11 was 44.9 per cent and revenue deficit was 42.1 per cent. The lower levels reflect one-off nature of growth in non-tax revenue (from auction of telecom spectrum).

**Table 17 : Trends in Central Government Finances: April–December 2010**

	Budget	April- December		Col.3 as	Col. 4 as	% Change over		
	Estimates			% of	% of	proceeding year		
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	
								(4/3)
	(₹ Crore)							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	
	(8)							
<b>1. Revenue Receipts</b>	<b>682,212</b>	<b>389,271</b>	<b>584,268</b>	<b>63.3</b>	<b>85.6</b>	<b>3.5</b>	<b>50.1</b>	
<b>Gross tax revenue</b>	<b>746,651</b>	<b>416,094</b>	<b>527,782</b>	<b>64.9</b>	<b>70.7</b>	<b>-2.5</b>	<b>26.8</b>	
Tax (net to Centre)	534,094	307,591	391,148	64.9	73.2	-0.8	27.2	
Non Tax	148,118	81,680	193,120	58.2	130.4	23.7	136.4	
<b>2. Capital Receipts</b>	<b>426,537</b>	<b>318,269</b>	<b>202,584</b>	<b>78.3</b>	<b>47.5</b>	<b>43.8</b>	<b>-36.3</b>	
<b>of which:</b>								
Recovery of loans	5,129	3,983	8,591	94.3	167.5	33.9	115.7	
Other Receipts	40,000	4,306	22,744	384.5	56.9	-	428.2	
Borrowings and other liabilities	381,408	309,980	171,249	77.3	44.9	42.0	-44.8	
<b>3. Total Receipts (1+2)</b>	<b>1,108,749</b>	<b>707,540</b>	<b>786,852</b>	<b>69.3</b>	<b>71.0</b>	<b>18.5</b>	<b>11.2</b>	
<b>4. Non-Plan Expenditure (a)+(b)</b>	<b>735,657</b>	<b>497,381</b>	<b>536,898</b>	<b>71.5</b>	<b>73.0</b>	<b>16.6</b>	<b>7.9</b>	
(a) Revenue Account	643,599	460,970	487,692	74.5	75.8	14.2	5.8	
<b>of which:</b>								
Interest payments	248,664	130,005	146,304	57.6	58.8	5.1	12.5	
Major Subsidies	108,667	96,740	94,318	91.6	86.8	-6.3	-2.5	
Pensions	42,840	37,465	40,210	107.1	93.9	74.4	7.3	
(b) Capital Account	92,058	36,411	49,206	47.4	53.5	60.7	35.1	
<b>5. Plan Expenditure (i)+(ii)</b>	<b>373,092</b>	<b>210,159</b>	<b>249,954</b>	<b>64.6</b>	<b>67.0</b>	<b>23.0</b>	<b>18.9</b>	
(i) Revenue Account	315,125	179,555	212,885	64.5	67.6	23.0	18.6	
(ii) Capital Account	57,967	30,604	37,069	65.5	63.9	23.5	21.1	
<b>6. Total Expenditure (4)+(5)=(a)+(b)</b>	<b>1,108,749</b>	<b>707,540</b>	<b>786,852</b>	<b>69.3</b>	<b>71.0</b>	<b>18.5</b>	<b>11.2</b>	
(a) Revenue Expenditure	958,724	640,525	700,577	71.4	73.1	16.5	9.4	
(b) Capital Expenditure	150,025	67,015	86,275	54.2	57.5	41.2	28.7	
<b>7. Revenue Deficit</b>	<b>276,512</b>	<b>251,254</b>	<b>116,309</b>	<b>88.9</b>	<b>42.1</b>	<b>44.5</b>	<b>-53.7</b>	
<b>8. Fiscal Deficit</b>	<b>381,408</b>	<b>309,980</b>	<b>171,249</b>	<b>77.3</b>	<b>44.9</b>	<b>42.0</b>	<b>-44.8</b>	
<b>9. Primary Deficit</b>	<b>132,744</b>	<b>179,975</b>	<b>024,945</b>	<b>102.6</b>	<b>18.8</b>	<b>90.4</b>	<b>-86.1</b>	

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