



Government of India
Ministry of Finance
Department of Economic Affairs
Economic Division
8(2) /Ec Dn/ 2000

MONTHLY ECONOMIC REPORT

JULY, 2000

HIGHLIGHTS

1. The monsoon rainfall upto 12 July 2000 was normal/excess in 74 per cent of meteorological sub-divisions.
2. Foodgrains stocks 42.88 million tonnes as on June 1, 2000.
3. Overall industrial growth 5.6 per cent in April-May, 2000.
4. Core infrastructure sectors achieved an average growth rate of 6.5 per cent in April, 2000 compared with 5.4 per cent in April, 1999.
5. Money Supply (M3) growth was 4.2 per cent during March 31, 2000 to June 16, 2000, whereas annual growth rate for fortnight ended June 16, 2000 was 14.9 per cent. Net RBI Credit to Government increased by 6.4 per cent during March 31, 2000 to June 16, 2000.
6. The annual inflation rate in terms of WPI (Base 1993-94) was 5.9 per cent for week ended July 8, 2000 compared to 2.0 per cent a year ago.
7. Exports increased by 29.6 per cent in dollar terms in April-May, 2000 compared to an increase of 6.1 per cent in April-May, 1999. Imports increased by 36.7 per cent.
8. Rupee depreciated against US Dollar, Pound Sterling, Deutsche Mark, French Franc, Japanese Yen and Euro in June, 2000.
9. Forex reserves (excluding Gold & SDRs) stood at \$33.77 billion at the end of June, 2000.

(Manoranjan Kumar)
Deputy Economic Adviser

AGRICULTURE

MONSOON RAINFALL*

Number of Meteorological Sub-divisions							
	1995	1996	1997	1998	1999	1995-99+	2000
Excess/Normal	18	23	24	28	22	23	26
Deficient/Scanty/Nil	17	12	11	7	13	12	9
Total	35	35	35	35	35	35	35
+ Annual average		* (June-Sept.)					

The monsoon rainfall from June 1, 2000 to July 12, 2000 was normal/excess in 26 (74 per cent) meteorological sub-divisions and deficient/scanty in the remaining 9 (26 per cent). The annual average for 1995-99 was normal/excess in 23 (66 per cent) meteorological sub-divisions and deficient/scanty in the remaining 12 (34 per cent).

PROCUREMENT*

(Million Tonnes)

(1)	Full Marketing Year			Up to July 10		
	1997-98 (2)	1998-99 (3)	1999-2000 (4)	1999(P) (5)	2000(P) (6)	% change Col. (6)/(5)
Rice (Oct-Sep)	14.33	11.79	-	11.33	16.24	43.3
Wheat (Apr-Mar)	9.30	12.65	14.14	14.13	16.22	14.8
* Central pool						

Wheat procurement up to July 10, 2000 in the current marketing year, (i. e., 2000-2001) was higher by 14.8 per cent at 16.22 million tonnes compared to 14.13 million tonnes in the corresponding period in 1999-2000. Procurement of rice during the marketing year 1999-2000 (up to July 10, 2000) at 16.24 million tonnes was higher by 43.3 per cent than the level of 11.33 million tonnes during the corresponding period of 1998-99.

OFF-TAKE

(Million Tonnes)

	April-May			
	1998-99	1999-2000	1999-2000	2000-01(P)
Rice	11.83	12.06	1.79	1.42
Wheat	8.90	9.86	0.81	0.58
Total	20.73	21.92	2.60	2.00

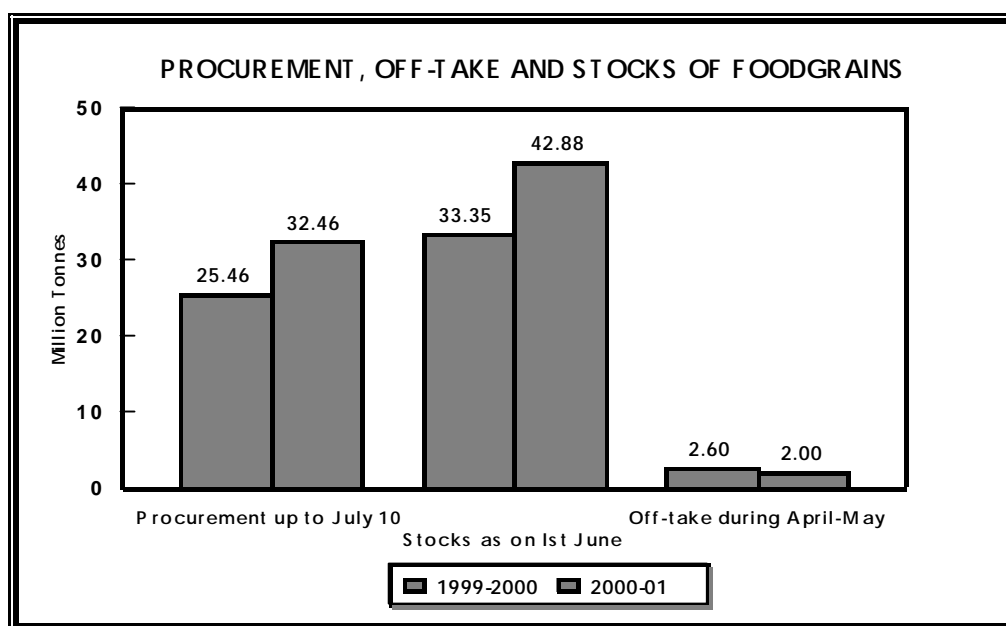
Off-take from the public distribution system central pool during April-May, 2000-01 was 2.00 million tonnes which was lower by 23.1 per cent than the off-take of 2.60 million tonnes during corresponding period of last year.

STOCKS

(Million Tonnes)

	As on 1st May		As on 1st June	
	1999	2000	1999	2000
Rice	11.66	15.06	11.14	15.12
Wheat	19.75	21.52	22.21	27.76
Total	31.41	36.58	33.35	42.88

Stocks of foodgrains as on 1st June, 2000 at 42.88 million tonnes was higher by 28.6 per cent than the level at 33.35 million tonnes as on 1st June, 1999.

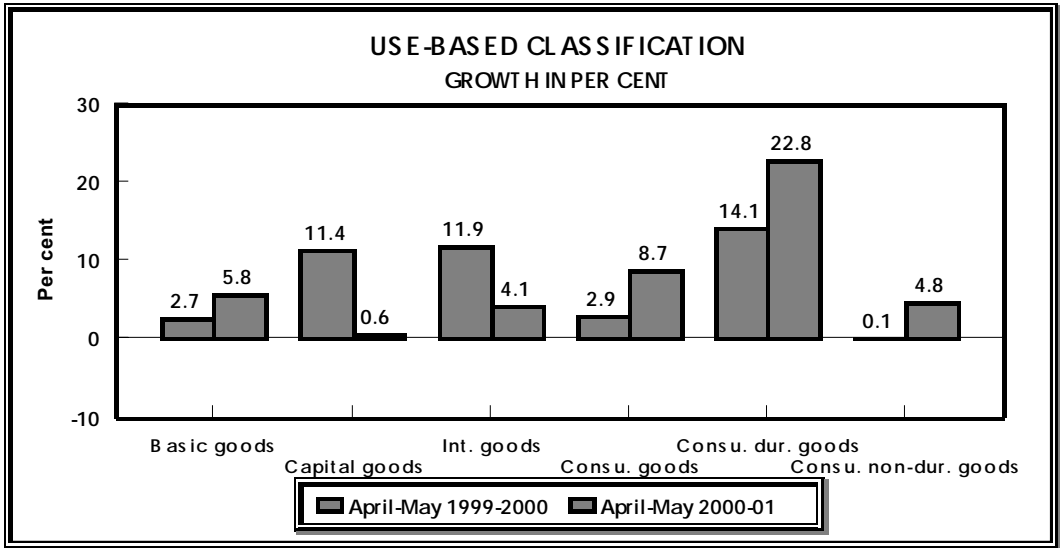
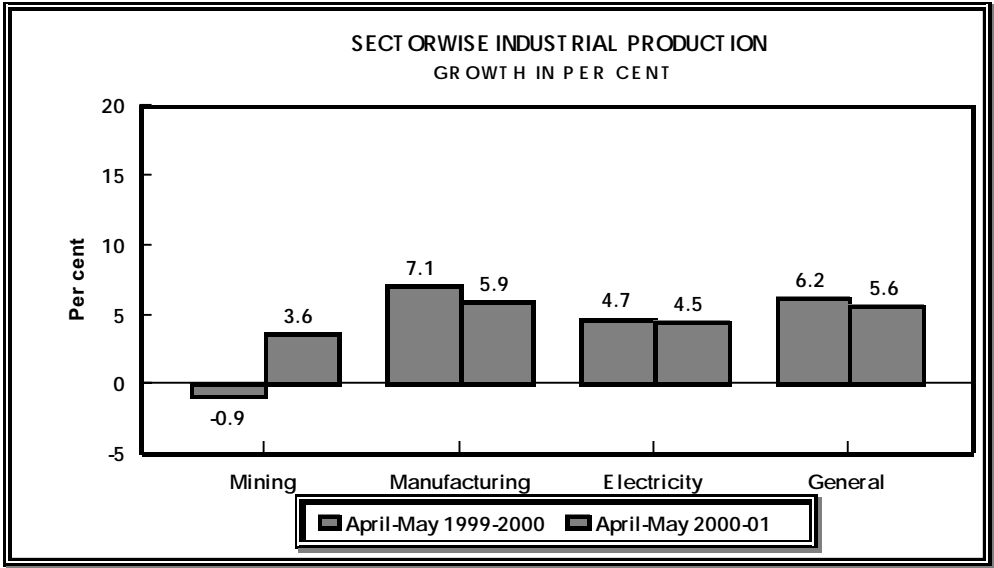


INDUSTRIAL PRODUCTION

SECTORWISE INDUSTRIAL PRODUCTION (Base = 1993-94 = 100)	<i>(Percentage change)</i>					
	1998-99/ 1997-98	1999-00/ 1998-99	May '99/ May '98	May '00/ May '99	April-May 1999-00	April-May 2000-01
<u>General</u>	3.8	8.1	7.6	5.5	6.2	5.6
Mining & Quarrying	-1.7	0.7	0.3	2.3	-0.9	3.6
Manufacturing	4.1	9.2	8.9	5.8	7.1	5.9
Electricity	6.5	6.6	3.3	5.4	4.7	4.5
<u>Use-Based Classification</u>						
Basic goods	1.4	5.2	2.1	5.9	2.7	5.8
Capital goods	11.5	5.2	16.4	-2.1	11.4	0.6
Intermediate goods	5.9	15.3	15.8	3.7	11.9	4.1
Consumer goods	1.8	5.4	2.9	10.0	2.9	8.7
<u>Of which</u>						
Consumer Durables	4.5	13.3	12.0	28.8	14.1	22.8
Consumer non-Durables	1.2	3.3	0.5	4.6	0.1	4.8

The overall growth rate of Industrial production in **April-May, 2000** was 5.6 per cent as compared to 6.2 per cent in April-May, 1999. The production growth in manufacturing sector, electricity generation and mining & quarrying during April-May, 2000 was 5.9%, 4.5% and 3.6% as against 7.1%, 4.7% and (-) 0.9% respectively.

As per use-based classification, production in basic goods, consumer goods (both durables and non-durables) during April-May, 2000 registered higher increase while in capital goods and intermediate goods recorded lower increase over the corresponding month of last year.

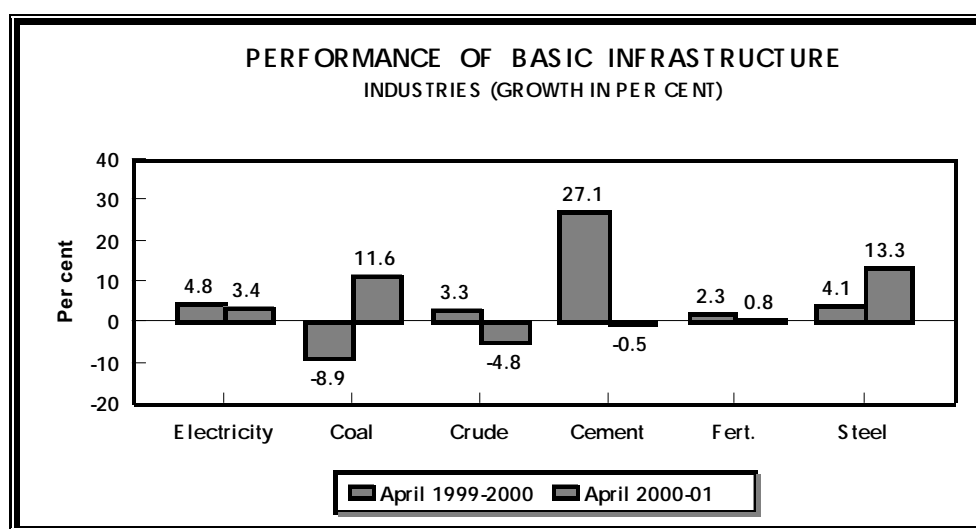


INFRASTRUCTURE INDUSTRIES

PRODUCTION IN INFRASTRUCTURE INDUSTRIES							
Industry/Infrastructure	Unit					Percentage change	
		April		Full Year		April	
		1999	2000	1998-99	1999-00	1999-00/ 1998-99	2000-01/ 1999-00
Coal	Mn. Ton	20.17	22.51	290.15	298.98	-8.9	11.6
Electricity Generation	Mn. Kwh	40263	41633	448367	480011	4.8	3.4
Hydel	Mn. kw	6119	6674	82690	80533	-22.2	9.1
Thermal (including nuclear)	Mn. kw	34144	34959	365677	399478	11.0	2.4
Plant Load Factor	Per cent	70.6	69.6	64.6	67.3	-	-
Crude petroleum	000 tons	2695	2566	32722	32005	3.3	-4.8
Petroleum Products	000 tons	6053	8037	68538	85894	20.9	32.8
Finished steel	000 tons	2070.9	2346.9	24740.3	27820.8	4.1	13.3
Cement	000 tons	8650	8610	87910	100240	27.1	-0.5
Fertilizers	000 tons	928.4	936.2	13620.7	14273.9	2.3	0.8
Average growth rate*	(%)	5.4	6.5	2.4	7.8	5.4	6.5
Cargo handled at major ports	Mn. Ton	20.96	21.74	251.72	271.87	0.8	3.7
Telecommunications							
a) Net switching capacity	000 lines	3.27	88.22	4789.9	6717.32	-92.3	2351.1
b) Net Tele. connections	000 nos	97.50	135.06	3792.0	4917.66	-15.8	38.5
Revenue earning goods traffic on railways	Mn. Ton	34.00	37.00	420.92	456.31	4.1	8.9

* Weights in IIP (Base: 1993-94) are indicated in the brackets, Electricity generation (10.2), Coal (3.2), Finished steel (5.1), Crude oil (4.2), Refinery throughput (2.0), Cement (2.0) and Fertilisers (2.1).

Core infrastructure industries had mixed performance in **April, 2000**. In this period average growth rate was 6.5 per cent as against 5.4 per cent in the last year.



REVENUE EARNING GOODS TRAFFIC ON RAILWAYS

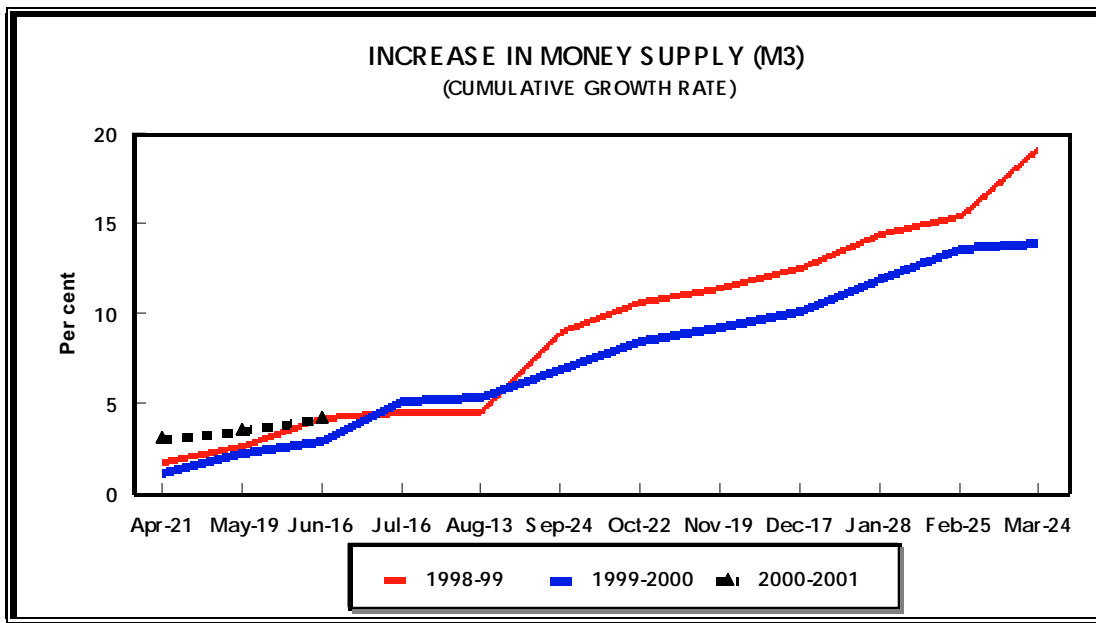
REVENUE EARNING GOODS TRAFFIC ON RAILWAYS						
Commodities	Million Tonnes				Percentage Change	
	April 1999	April 2000	Full Year 1998-99	Full Year 1999-00	April 2000/1999	1999-00/ 1998-99
Coal	16.22	17.78	197.60	209.93	9.6	6.2
Raw material for Steel Plants	2.85	2.92	35.91	37.48	2.5	4.4
Pig Iron & Finished Steel From Steel Plants	0.89	0.94	10.97	11.76	5.6	7.2
Iron Ore for Exports	0.60	1.03	11.48	12.32	71.7	7.3
Cement	3.69	3.78	36.75	43.57	2.5	18.6
Foodgrains	1.99	2.50	27.56	31.04	25.6	12.6
Fertilizers	1.85	1.64	27.77	31.04	-11.4	11.8
POL	2.67	2.64	32.99	34.39	-1.1	4.2
Balance other goods	3.24	3.78	39.89	44.78	16.7	12.3
Total	34.00	37.01	420.92	456.31	8.9	8.4

The revenue earning goods traffic handled by the Railways increased by 8.9 per cent during **April, 2000** as compared to 4.1 per cent in the corresponding period of last year. The increase was on account of rail traffic for cement, coal, foodgrains, raw material for steel plants, pig iron & finished steel from steel plants and balance other goods.

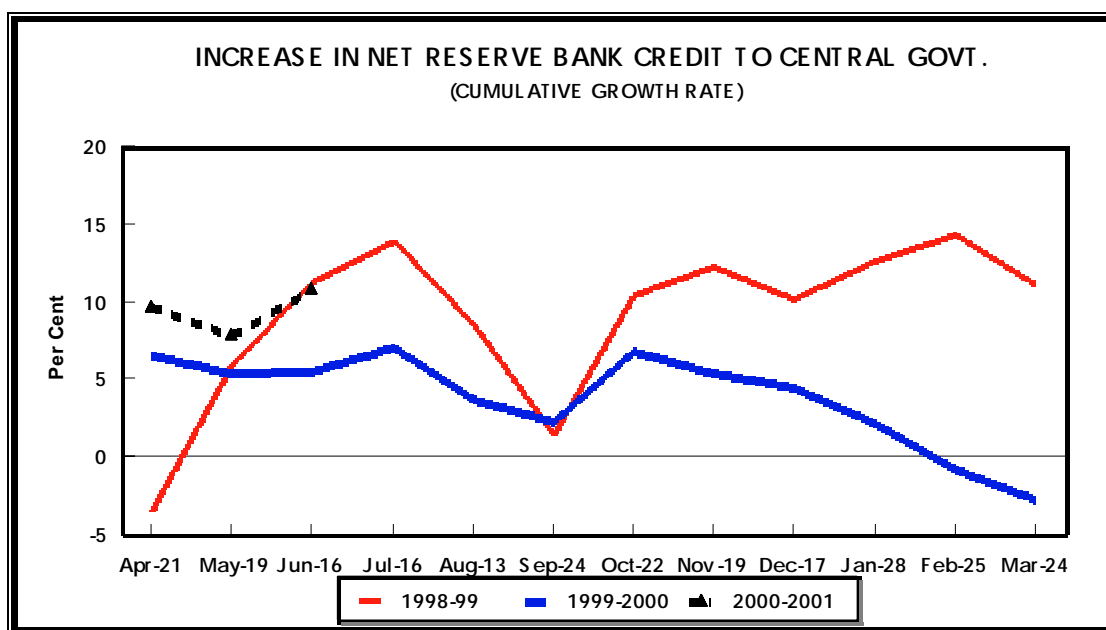
MONEY AND BANKING

VARIATIONS IN MONEY STOCK						
	Full Year Mar 31 '99 to Mar 31 '00	Mar 31 '00 to Jun 16 '00 (PR)	Full Year Mar 31 '99 to Mar 31 '00	Mar 31 '99 to Jun 18 '99 (P)	Mar 31 '00 to Jun 16 '00 (PR)	Jun 18 '99 to Jun 16 '00 (P)
	<i>(Rs crore)</i>		<i>(per cent)</i>			
M1 (I+II+IV)	30976	12805	10.0	1.7	3.8	12.3
M3(M1+ III)	133074	46434	13.6	3.0	4.2	14.9
I. Currency with the public	20349	14147	12.0	9.6	7.5	9.8
II. Demand deposits with banks	11318	-2652	8.3	-9.0	-1.8	16.9
III. Time deposits with banks	102098	33629	15.2	3.6	4.4	16.1
IV. Other deposits with RBI	-691	1310	-18.2	29.3	42.2	-10.0
Sources of change in M3						
<i>(1+2+3+4-5)</i>						
1. Net bank credit to Govt (A+B)	53578	31864	13.9	6.2	7.2	14.9
A. RBI's net credit to Govt ^a	-4275	9443	-2.8	2.2	6.4	1.1
To Central Govt	-5587	15110	-3.8	5.6	10.8	0.9
To State Govts	1312	-5667	18.4	-67.1	-67.2	17.9
B. Other bank credit to Govt	58811	21463	25.1	8.8	7.3	23.4
2. Bank credit to commercial sector	81125	12180	16.4	-1.3	2.1	20.4
3. Net foreign exchange assets of banking sector ^b	17655	-1616	10.0	-0.2	-0.8	9.3
4. Govt's currency liabilities to the public	348	0	9.0	4.5	0.0	4.3
5. Banking sector's net non-monetary liabilities other than time deposits	20591	-4964	24.6	-13.9	-4.8	37.9
P Provisional						
PR Partially revised						
a. Includes special securities						
b. Inclusive of appreciation in the value of gold following its re-valuation close to international market price effective October 17, 1990. Such appreciation has a corresponding effect on RBI's net non-monetary liabilities.						

During the current financial year so far (i.e., March 31, 2000 to June 16, 2000) money supply (M3) increased by 4.2 per cent as against an increase of 3.0 per cent in the corresponding period of 1999-2000. Among its components, currency with the public showed a growth of 7.5 per cent as against 9.6 per cent in the corresponding period of last year. Demand deposits with banks declined by 1.8 per cent than that of 9.0 per cent in the corresponding period of last financial year. Time deposits with banks has gone up by 4.4 per cent as against an increase of 3.6 per cent in the corresponding period of last year. The annual growth of M3 as on June 16, 2000 stood at 14.9 per cent.



On the sources side, the Net Bank Credit to Government showed a higher growth of 7.2 per cent during the current financial year (i.e. March 31, 2000 to June 16, 2000) as compared to 6.2 per cent during the same period of 1999-2000. RBI's Net Credit to Central Government increased by 10.8 per cent against an increase of 5.6 per cent in 1999-2000. Bank credit to the commercial sector increased by 2.1 per cent in contrast to a decline of 1.3 per cent in the same period of last year. Net foreign exchange assets of banking sector declined by 0.8 per cent as compared with 0.2 per cent in the corresponding period of 1999-2000.



SCHEDULED COMMERCIAL BANKS

SCHEDULED COMMERCIAL BANKS: VARIATION IN ASSETS AND LIABILITIES						
	Full Year Mar 26,'99 to Mar 24,'00	Mar 24,'00 to Jun 16,'00 (PR)	Full Year Mar 26,'99 to Mar 24,'00	Mar 26,'99 to Jun 18,'99	Mar 24,'00 to Jun 16,'00 (P)	Jun 18,'99 to Jun 16,'00 (P)
	<i>(Rs crore)</i>			<i>(per cent)</i>		
1. Bank credit	65345	12730	17.7	-1.4	2.9	22.9
Food credit	8875	6390	52.8	32.1	24.9	44.4
Non-food credit	56469	6340	16.0	-3.0	1.6	21.5
2. Aggregate deposits	96040	29549	13.5	1.2	3.6	16.2
Demand deposits	8853	-1803	7.5	-10.1	-1.4	17.9
Time deposits	87187	31352	14.6	3.4	4.6	15.9
3. Borrowings from RBI	3597	4657	124.3	33.5	71.7	188.6
4. Cash reserves	-5810	3944	-8.6	-4.4	6.4	1.7
Cash in hand	319	912	7.3	-2.3	19.5	31.2
Balances with RBI	-6129	3032	-9.6	-4.6	5.3	-0.3
5. Investments in Govt. and other approved securities	54326	19446	21.3	7.6	6.3	19.9
P = Provisional						

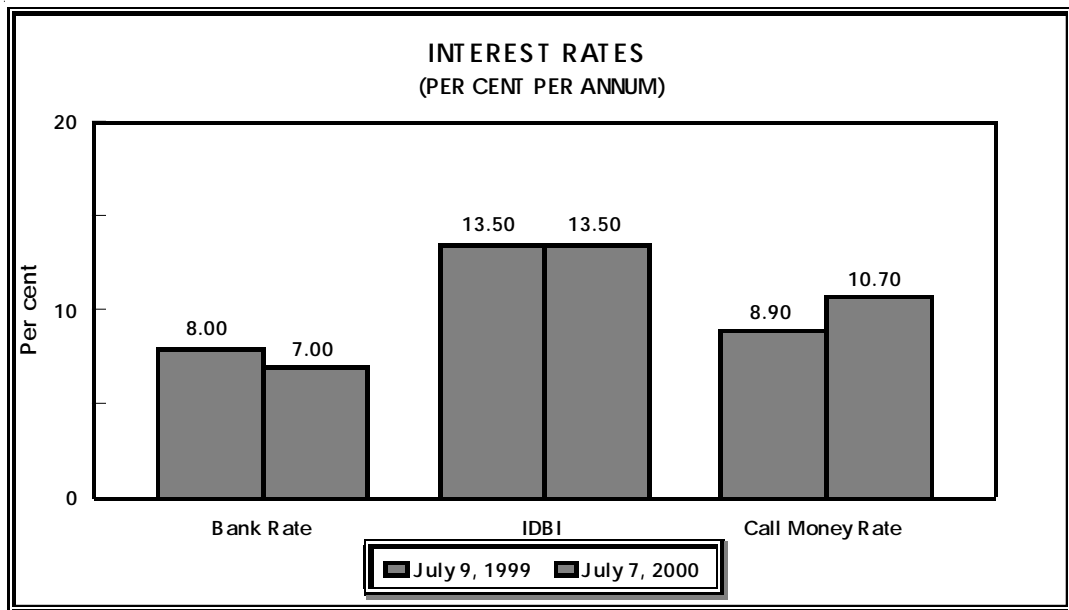
Bank credit by the scheduled commercial banks during the current financial year so far (i.e. March 24, 2000 to June 16, 2000) showed a growth of 2.9 per cent in contrast to a decline of 1.4 per cent in the corresponding period of last financial year. Food credit increased by 24.9 per cent while non-food credit increased by 1.6 per cent during this period.

INTEREST RATES (PER CENT PER ANNUM)

<i>Item/ Week ended</i>	<i>1999</i>	<i>2000</i>
1	<i>Jul. 9</i>	<i>Jul. 7</i>
2	2	3
Bank rate	8.00	7.00
I.D.B.I. ¹	13.50	13.50
Prime Lending Rate ²	12.00	11.25-11.75
Deposit Rate ³	8.00-10.50	8.00-9.50
Call Money Rate ⁴ (Low/High)	8.00/8.90	5.90/10.70

1. Medium Term Lending Rate (MTLR).
2. Prime Lending Rate relates to five major Banks.
3. Deposit Rate relates to five major banks for term deposits of more than one year maturity.
4. Inter-Bank Call Money Rates (borrowing) as reported by DFHI.

As on July 7, 2000, Prime Lending Rate was 11.25 to 11.75 per cent as against 12.00 per cent on July 9, 1999. Deposit Rate ranged from 8.00 to 9.50 percent against 8.00 to 10.50 per cent in the same period.

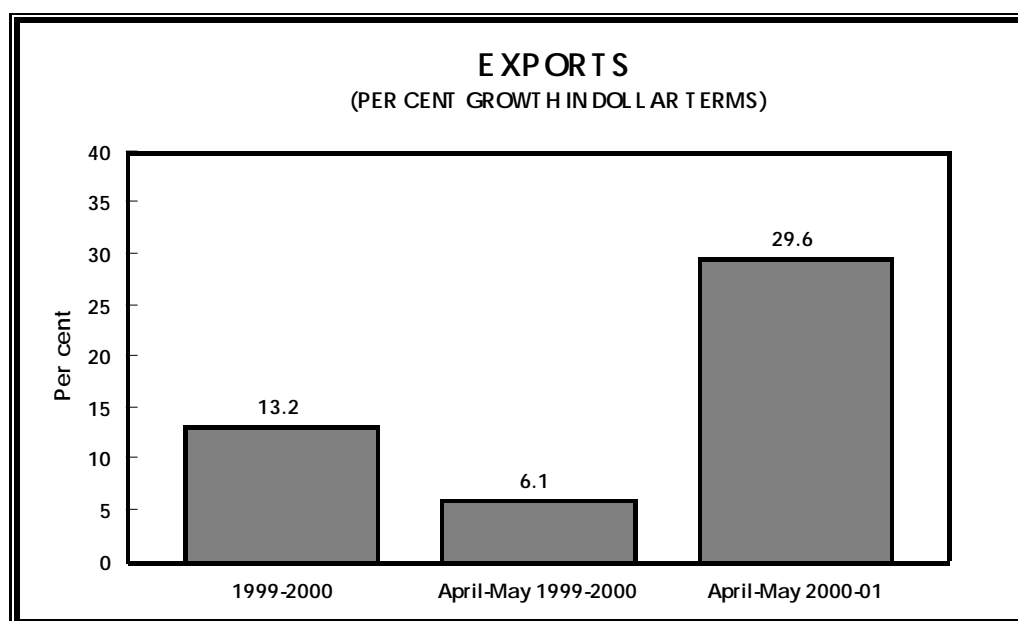


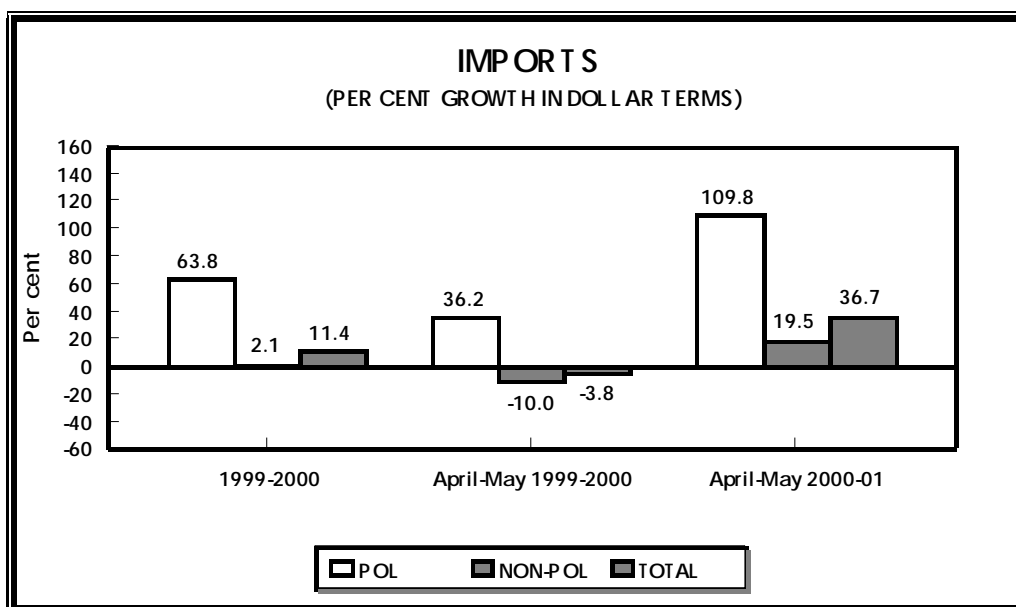
EXTERNAL SECTOR

FOREIGN TRADE

FOREIGN TRADE*						
Item	1998-99(R)	1999-00(P)	April-May		April-May	
			1999-00	2000-01	1999-00	2000-01
<i>Rs. Crore</i>			<i>% change</i>			
Exports	139752	162925	22662	30092	13.3	32.8
Imports	178332	204583	28177	39463	2.7	40.1
POL	26919	45421	5355	11516	45.3	115.1
Non-POL	151413	159161	22822	27947	-3.9	22.5
Trade Balance	-38580	-41658	-5515	-9371	-	-
<i>Million Dollar</i>			<i>% change</i>			
Exports	33218	37599	5301	6869	6.1	29.6
Imports	42389	47212	6591	9008	-3.8	36.7
POL	6399	10482	1253	2629	36.2	109.8
Non-POL	35990	36730	5338	6379	-10.0	19.5
Trade Balance	-9171	-9613	-1290	-2139	-	-
* Figures are provisional						

Exports in dollar terms during **April-May, 2000-01** increased by 29.6 per cent as compared to an increase of 6.1 per cent during April-May, 1999-2000. Imports increased by 36.7 per cent as against a decline of 3.8 per cent in corresponding period last year. Imports of POL increased by 109.8 per cent as against an increase of 36.2 per cent in last year.



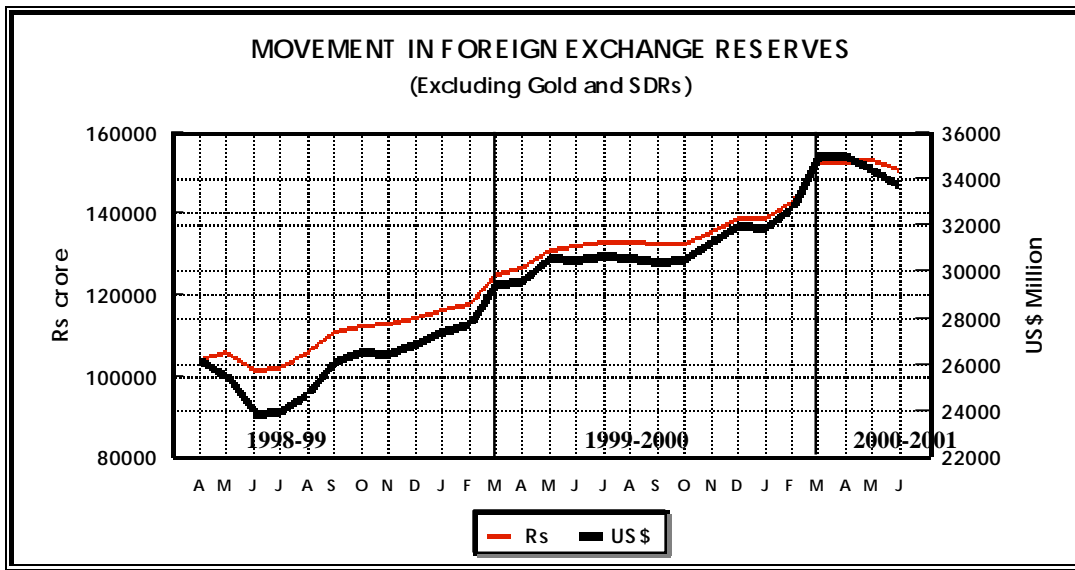


FOREIGN EXCHANGE RESERVES

FOREIGN EXCHANGE RESERVES (EXCLUDING GOLD AND SDRs)				
At the end of	Amount		Variation	
	Rs Crore	\$ Million	Rs Crore	\$ Million
			<i>(Over last Year)</i>	
March, 1993	20140	6434	5562	803
March, 1994	47287	15068	27147	8634
March, 1995	66006	20809	18719	5741
March, 1996	58446	17044	- 7560	- 3765
March, 1997	80368	22367	21922	5323
March, 1998	102507	25975	22139	3608
March, 1999	125412	29522	22905	3547
March, 2000	152924	35058	27512	5536
2000-2001			<i>(Over last Month)</i>	
April	152779	34993	-145	-65
May	153322	34392	543	-601
June*	150901	33774	-2421	-618

* Provisional

Foreign Exchange Reserves (excluding Gold & SDRs), were \$ 35058 million at the end of 1999-2000. These reserves have decreased by \$1284 million and stood at \$33774 million at the end of June, 2000.



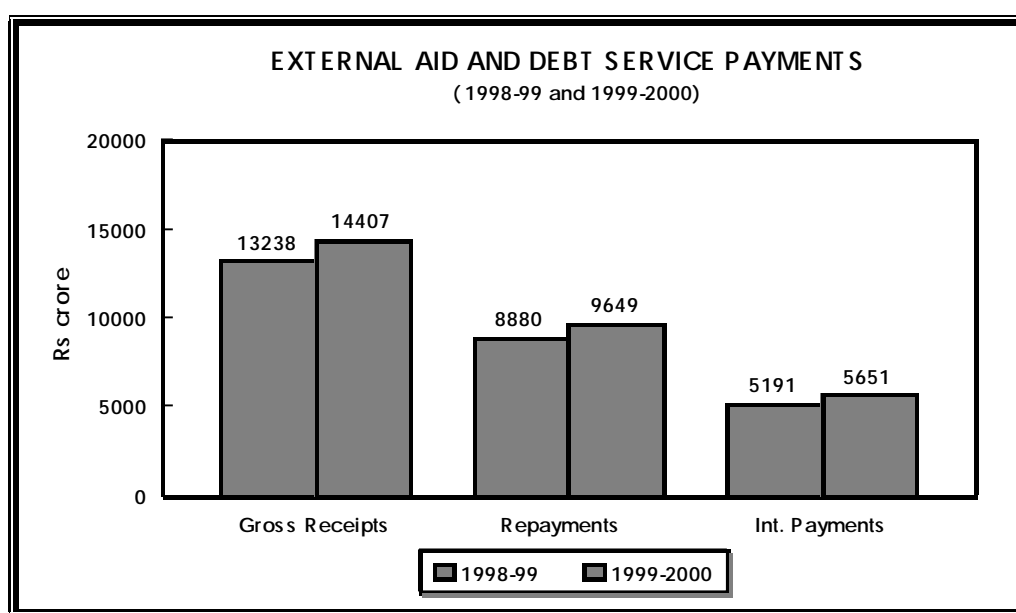
EXTERNAL AID RECEIPTS AND DEBT SERVICE PAYMENTS

(Rs Crore)

	Receipts		Repayment of Principal		Payment of Interest	
	1998-99	1999-00	1998-99	1999-00	1998-99	1999-00
Loans- Govt. A/C	9029	9960	8095	8714	4364	4508
Grants- Govt. A/C	895	1064	-	-	-	-
Total	9924	11024	8095	8714	4364	4508
Non-Govt. loans	3314	3383	785	935	827	1143
Grand Total	13238	14407	8880	9649	5191	5651
	(3147)	(3325)				
Net Flows (net of repayment)	4358	4758	-	-	-	-
Net Transfers (net of repayment and interest payments)	-833	-893	-	-	-	-

Note: Figures in brackets are in terms of million US \$

Gross external aid in **1999-2000** at Rs 14407 crore was 8.8 per cent higher than that of Rs 13238 crore in April-March, 1999. Net aid flows (net of repayments) amounted to Rs 4758 crore as against Rs 4358 crore. Net aid transfers (net of repayments and interest payments) was Rs (-) 893 crore as against Rs (-) 833 crore in the corresponding period of last year.



EXCHANGE RATES

Rupees Per Unit of Foreign Currency

(Market Rate^a)

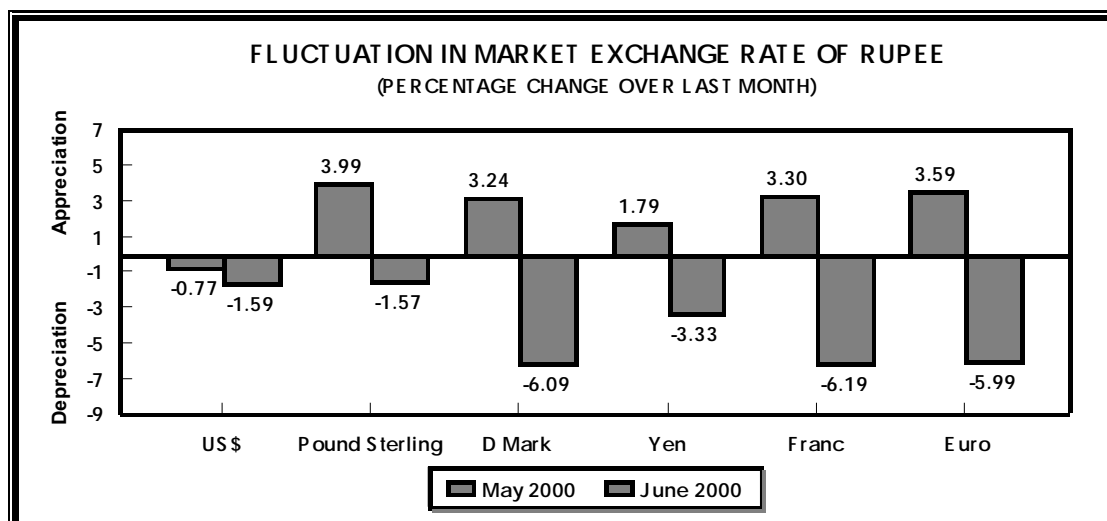
Month	US Dollar	Pound Sterling	Deutsche Mark*	Japanese Yen	French Franc*	Euro@	5 Country NEER Base 1995=100	5 Country REER
March 1997	35.87	57.69	21.15	0.2923	6.29	-	97.74	104.88
March 1998	39.50	65.62	21.64	0.3067	6.45	-	90.42	103.19
March 1999	42.45	68.77	23.58	0.3548	7.03	46.24	83.14	101.17
March 2000	43.59	68.93	21.54	0.4208	6.42	42.08	81.75	99.33
2000-2001								
April	43.64	69.05	21.00	0.4142	6.26	41.30	81.79	100.86
May	43.98	66.40	20.34	0.4069	6.06	39.87	82.86	102.28
June	44.69	67.46	21.66	0.4209	6.46	42.41	80.50	99.66

a. FEDAI Rates

@ Came into operation w.e.f. 1.1.1999

* The rates for these foreign currencies are the average of week end rates reported in the Financial Times, London since exchange rates for the currencies are not quoted in India from Jan. 1,1999.

The average market exchange rate of the Rupee during June, 2000 depreciated against US Dollar, Pound Sterling, Deutsche Mark, French Franc, Japanese Yen and Euro compared to average market rate during May, 2000. Both NEER and REER moved down in June, 2000 as compared with the last month.



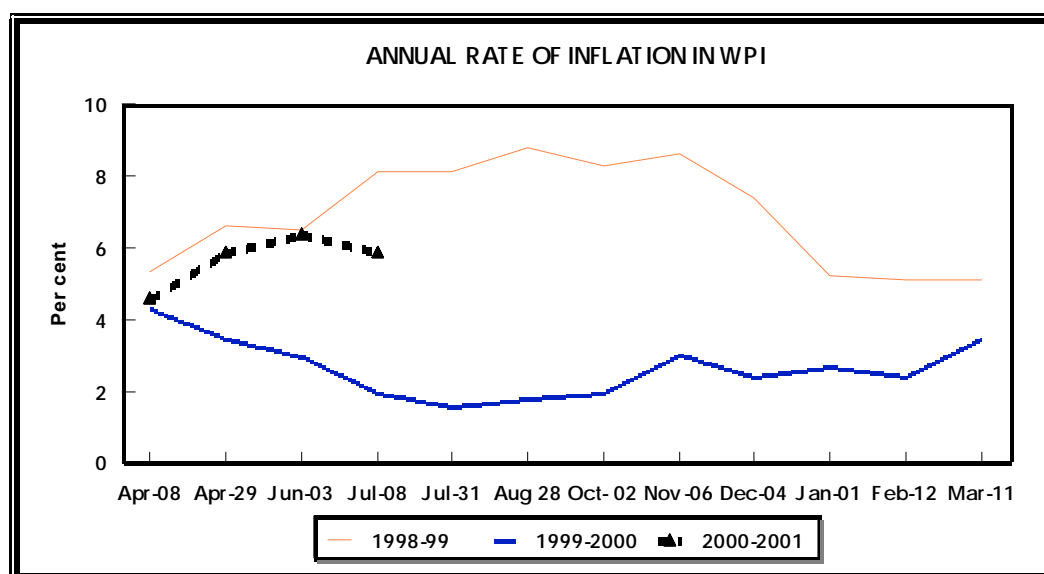
INFLATION

WHOLESALE PRICE INDEX

WHOLESALE PRICES (Base 1993-94)					
Items/Groups	Weight (%)	Per cent Variation During			
		MONTH		YEAR (point to point)	
		(ending 8.7.2000)		(ending 8.7.2000) ^(P)	
		Last Year	Current Year	Last Year	Current Year
All Commodities	100.00	0.3	0.0	2.0	5.9
<u>Food Items</u>	26.94	0.9	-1.3	1.0	1.4
Food Articles (primary)	15.40	1.6	-1.2	1.9	4.1
Foodgrains	5.01	1.3	1.0	20.1	2.1
Food Products	11.54	-0.1	-1.5	-0.3	-2.6
<u>Non Food Items</u>	73.06	0.1	0.5	2.5	7.7
Raw materials*	6.62	-1.1	2.4	-5.8	2.7
Fuel, Power, Light and Lubricants	14.23	0.1	0.0	4.1	26.8
Manufactured Products	52.21	0.3	0.4	3.2	2.5

* Comprises primary non-food articles and minerals. P = Provisional

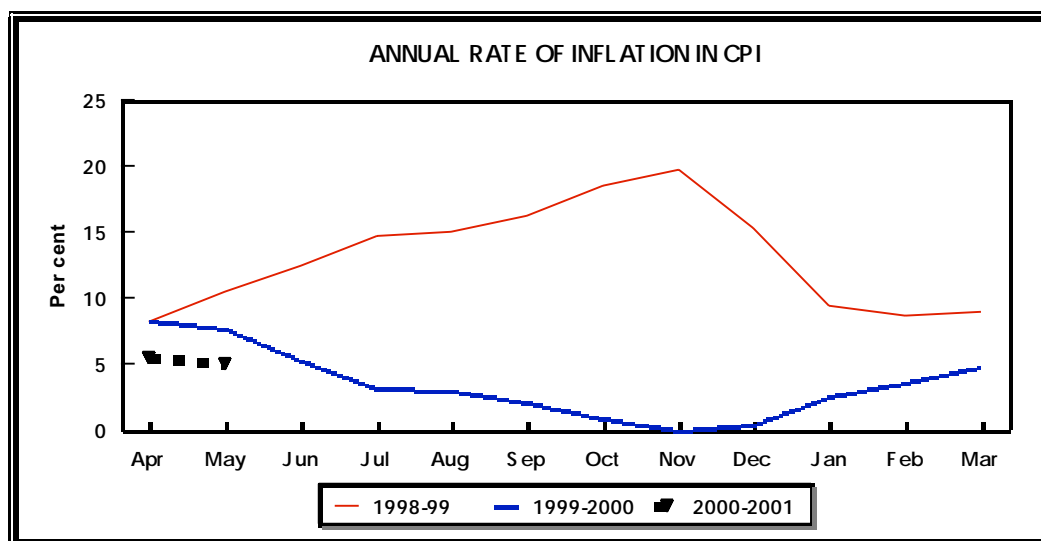
The annual rate of inflation based on **Wholesale Price Index (WPI)** stood at 5.9 per cent for week ended July 8, 2000 compared to 2.0 per cent a year ago. This rate was contributed by an increase of 1.4 per cent in Food Items, 26.8 per cent increase in Fuel, Power and Lubricants and 2.5 per cent increase in Manufactured Products as against 1.0 per cent, 4.1 per cent and 3.2 per cent respectively, on the corresponding date of last year.



CONSUMER PRICE INDEX

CONSUMER PRICE INDEX AND INFLATION RATE		
	1999-2000 (Up to May, 1999)	2000-2001 (Up to May, 2000)
		<i>Per cent</i>
Annual Inflation	7.7	5.0
Financial Year Inflation (%)	1.2	1.4
Last Month (% change)	1.0	0.5
Level of Index	419	440
Average of Index for 12 months ending May	418.83	431.50

The All India **Consumer Price Index for Industrial Workers (CPI-IW)** for May, 2000 which stood at 440 has increased by 0.5 per cent over the previous month's level and increased by 5.0 per cent over May, 1999.



EMPLOYMENT EXCHANGE STATISTICS

(Lakhs)

EMPLOYMENT EXCHANGE STATISTICS				
	February		April-February	
	1999	2000*	1998-99	1999-2000*
1. No. of applicants on Live Register at the end of the month	401.21	403.95	401.21	403.95
2. No. of registrations/re-registrations	4.11	4.18	58.04	55.78
3. Placements effected	0.16	0.16	2.02	1.94
		<i>(per cent)</i>		
4. Placements (3) as percentage of the registrations (2)	3.89	3.83	3.48	3.48
* Provisional				

The number of applicants on the Live Register of Employment Exchanges at the end of **February**, 2000 was 404 lakh, higher by 0.8 per cent as compared to the corresponding period of the previous year. The number of registrations during **February**, 2000 was higher by 1.7 per cent than that in **February**, 1999. The Placements as percentage of registrations during **February**, 2000 was 3.83 as against 3.89 in **February**, 1999. The total placements effected during 1999-2000 (April-February) was 1.94 lakh as compared to 2.02 lakh in the corresponding period of 1998-99.