



Government of India
Ministry of Finance
Department of Economic Affairs
Economic Division
8(2)/Ec Dn/ 2002

MONTHLY ECONOMIC REPORT

JULY, 2002

HIGHLIGHTS

- The Monsoon season rainfall upto July 17, 2002 was normal/excess in 39 per cent of meteorological sub-divisions.
- Foodgrain stocks were at 64.72 million tonnes as on June 1, 2002.
- Overall industrial growth was 3.8 per cent in April-May, 2002 as against 2.1 per cent in April-May, 2001.
- Core infrastructure sectors achieved an average growth rate of 5.8 per cent in April-May, 2002 as against an increase of 1.0 per cent in April-May, 2001.
- Money Supply (M3) growth was 7.8 per cent during March 31, 2002 to June 28, 2002, whereas annual growth rate for fortnight ended June 28, 2002 was 17.1 per cent. Net RBI Credit to Government decreased by 2.8 per cent during March 31, 2002 to June 28, 2002.
- The annual inflation rate in terms of WPI (Base 1993-94) was 1.99 per cent for week ended July 6, 2002 compared to 5.43 per cent a year ago.
- Exports increased by 10.5 per cent in dollar terms in April-May, 2002 compared to a decline of 2.1 per cent in April-May, 2001. Imports decreased by 3.7 per cent as against an increase of 0.1 per cent in corresponding period of last year.
- Rupee appreciated against US Dollar and depreciated against Pound Sterling, Japanese Yen and Euro in June, 2002.
- Forex reserves (excluding Gold & SDRs) stood at \$54.70 billion at the end of June, 2002.

(G. R. Reddy)
Adviser

AGRICULTURE

MONSOON SEASON RAINFALL*

	Number of Meteorological Sub-divisions						
	1997	1998	1999	2000	2001	1997-01+	2002
Excess/Normal	26	29	22	30	28	27	14
Deficient/Scanty/Nil	10	7	14	6	8	9	22
Total	36	36	36	36	36	36	36
+ Annual average	* (June-Sept.)						

The Monsoon season rainfall from June 1, 2002 to July 17, 2002 was normal/excess in 14 (39 per cent) meteorological sub-divisions and deficient/scanty in the remaining 22 (61 per cent). The annual average for 1997-2001 was normal/excess in 27 (75 per cent) meteorological sub-divisions and deficient/scanty in the remaining 9 (25 per cent).

PROCUREMENT

(Million Tonnes)

(1)	Full Marketing Year			Up to July 22		
	1999-2000 (2)	2000-01 (3)	2001-02 (4)	2001(P) (5)	2002(P) (6)	% change Col. (6)/(5)
Rice (Oct-Sep)	17.27	19.11	-	18.45	20.26	9.8
Wheat (Apr-Mar)	14.15	16.36	20.63	20.40	19.02	-6.8
Total	31.42	35.47	20.63	38.85	39.28	1.1

Wheat procurement up to July 22, 2002 in the current marketing year, (i.e., 2002-2003) was lower by 6.8 per cent at 19.02 million tonnes compared to 20.40 million tonnes in the corresponding period in 2001-02. Procurement of rice during the marketing year 2001-02 (up to July 22, 2002) stood at 20.26 million tonnes was higher by 9.8 per cent than the level of 18.45 million tonnes during the corresponding period of 2000-01.

OFF-TAKE

(Million Tonnes)

	<u>April-May</u>				
	1999-00(P)	2000-01(P)	2001-02(P)	2001-02	2002-03
Rice	12.42	10.22	15.31	1.54	4.02
Wheat	10.63	7.73	15.99	1.98	2.09
Total	23.05	17.95	31.30	3.52	6.11

P- Provisional

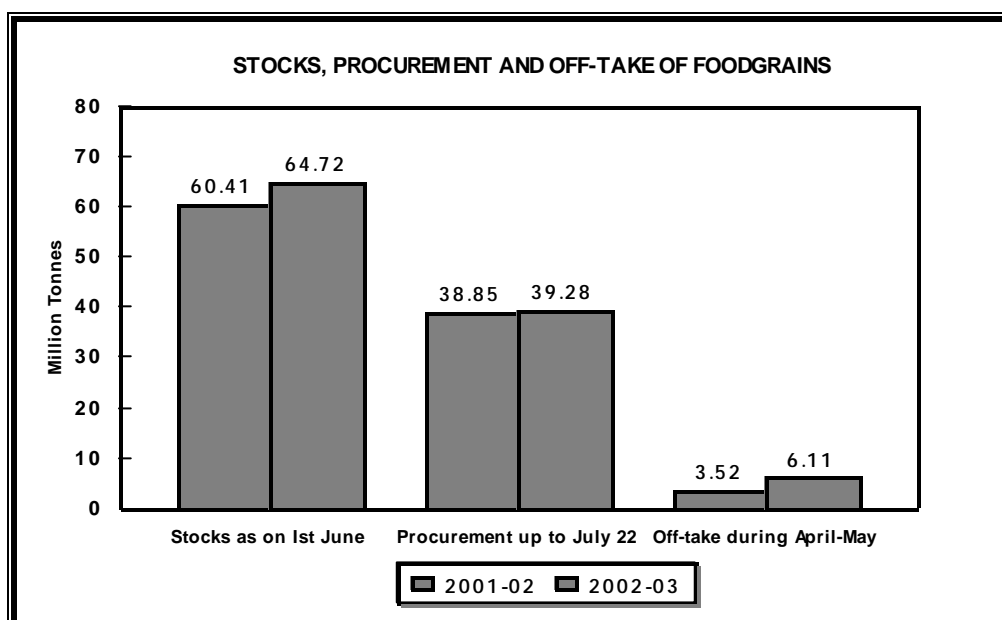
Off-take from the Public Distribution System during April-May, 2002-03 was 6.11 million tonnes, which was higher by 73.58 per cent, than the off-take of 3.52 million tonnes during April-May, 2001-02.

STOCKS

(Million Tonnes)

	As on 1st May		As on 1st June	
	2001	2002	2001	2002
Rice	22.94	24.35	22.86	23.40
Wheat	29.22	38.11	37.55	41.32
Total	52.16	62.46	60.41	64.72

Stocks of foodgrains as on 1st June, 2002 stood at 64.72 million tonnes which was higher by 7.1 per cent than the level at 60.41 million tonnes as on 1st June, 2001.

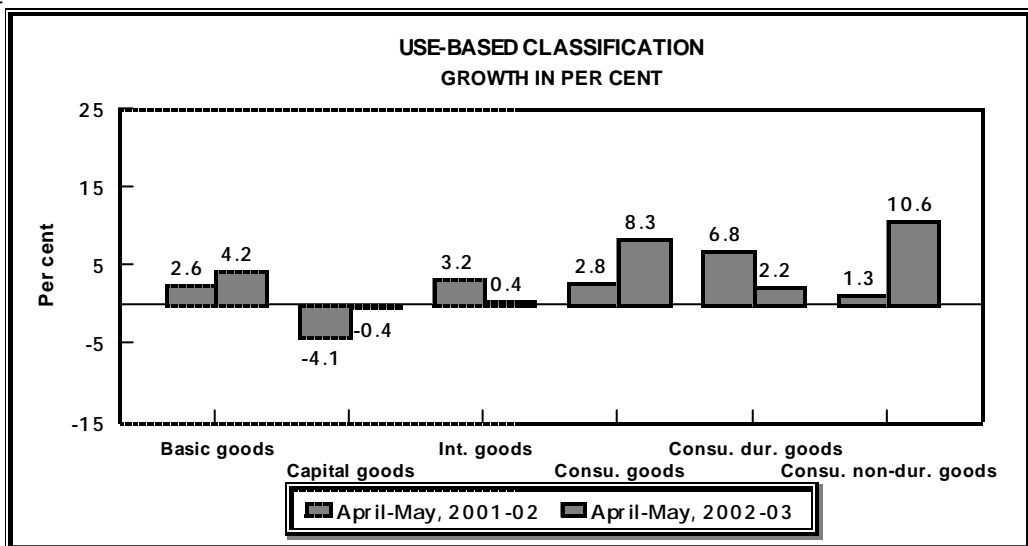
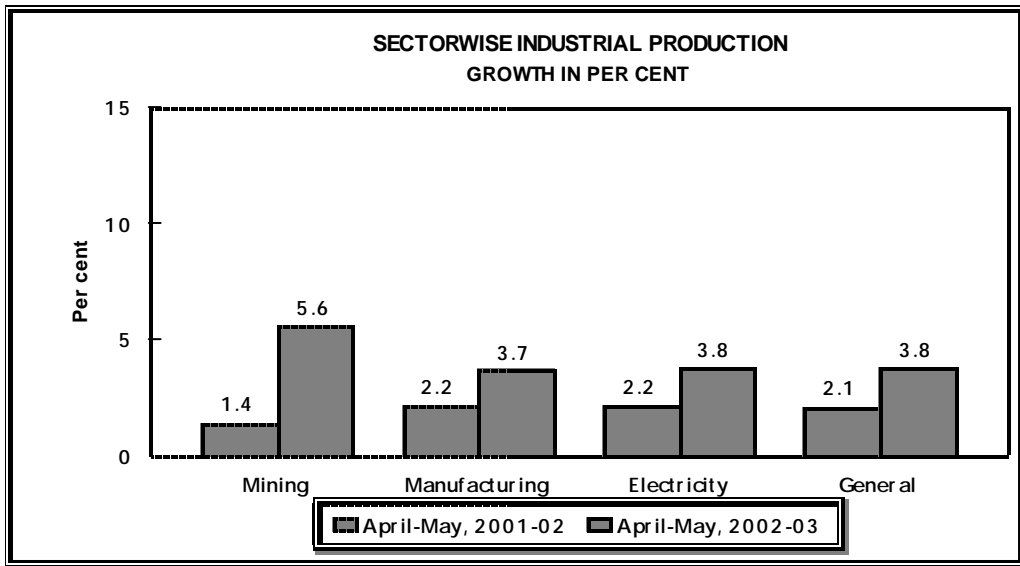


INDEX OF INDUSTRIAL PRODUCTION

SECTORWISE INDEX OF INDUSTRIAL PRODUCTION					<i>(Percentage change)</i>	
(Base = 1993-94 = 100)						
	2000-01/ 1999-00	2001-02/ 2000-01	May '01/ May '00	May '02/ May '01	<u>Apri-May</u>	
					2001-02	2002-03
<u>General</u>	5.0	2.8	1.7	3.8	2.1	3.8
Mining & Quarrying	3.7	1.8	-0.5	7.0	1.4	5.6
Manufacturing	5.3	2.8	1.8	3.7	2.2	3.7
Electricity	4.0	3.1	3.0	2.4	2.2	3.8
<u>Use-Based Classification</u>						
Basic goods	3.9	2.8	1.3	4.7	2.6	4.2
Capital goods	1.8	-3.9	-3.9	0.6	-4.1	-0.4
Intermediate goods	4.7	1.6	2.6	-0.4	3.2	0.4
Consumer goods	8.0	6.0	3.0	8.4	2.8	8.3
<u>Of which</u>						
Consumer Durables	14.5	11.5	7.1	-1.2	6.8	2.2
Consumer non-Durables	5.8	4.0	1.4	12.3	1.3	10.6

The overall growth rate of Industrial production during **April-May, 2002-03** was 3.8 per cent as compared to 2.1 per cent in April-May, 2001-02. The growth in mining & quarrying, manufacturing sector and electricity generation during April-May, 2002-03 was 5.6%, 3.7% and 3.8% respectively as against 1.4%, 2.2% and 2.2% in April-May, 2001-02.

As per the use-based classification, production in capital goods during April-May, 2002-03, registered negative growth while basic goods, intermediate goods and consumer goods (both consumer durables and consumer non-durables) registered an increase compared with April-May, 2001-02.

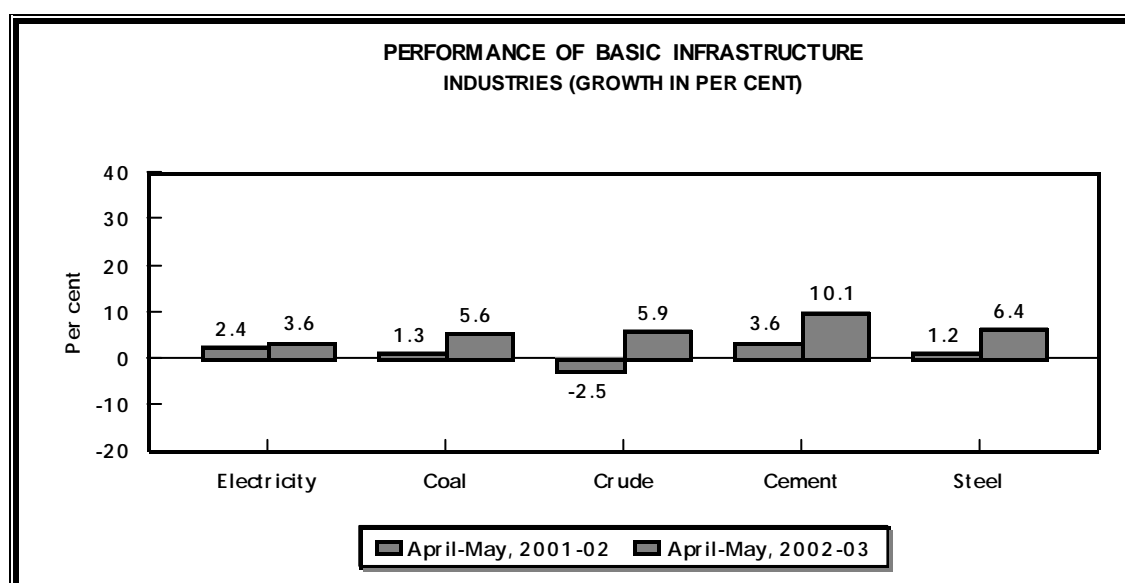


INFRASTRUCTURE INDUSTRIES

PRODUCTION IN INFRASTRUCTURE INDUSTRIES								
Industry/Infrastructure	Unit	May 2001	May 2002	Full Year 2001-02	Percentage change			
					April-May		April-May	
					2001-02	2002-03	2001-02/2000-01	2002-03/2001-02
Coal	Mn tons	24.6	25.8	322.6	48.5	51.2	1.3	5.6
Electricity Generation	Mn kw	43370	44263	515271	84677	87733	2.4	3.6
Hydel	Mn kw	5795	5859	73992	10224	11432	-19.3	11.8
Thermal (including nuclear)	Mn kw	37582	38404	441279	74453	76301	6.4	2.5
Crude petroleum	000 tons	2582	2816	32030	5135	5438	-2.5	5.9
Petroleum Products	000 tons	8354	9043	99815	15723	16985	3.7	8.0
Finished steel	000 tons	2496	2662	31066	4955	5274	1.2	6.4
Cement	000 tons	9375	10282	106900	18270	20119	3.6	10.1
Average growth rate*	(%)	1.7	5.5	3.0	-	-	1.0	5.8
			<u>April</u>	<u>Full Year</u>				<u>April</u>
Cargo handled at major ports	Mn. Ton	21.96	25.35	287.71			1.0	15.4
Telecommunications								
a) Net switching capacity	000 lines	126.05	78.47	6956.77			57.1	-37.7
b) Net Tele. connections	000 nos	166.10	81.31	5334.84			23.0	-51.0
Revenue earning goods traffic on railways	Mn. Ton	36.90	40.17	492.31			-0.3	8.9

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

The six core infrastructure industries registered significant improvement in **April-May, 2002-03** as compared to April-May, 2001-02. During April-May, 2002-03 average growth rate was 5.8 per cent as compared to an increase of 1.0 per cent in April-May, 2001-02.



REVENUE EARNING GOODS TRAFFIC ON RAILWAYS

(Million Tonnes)

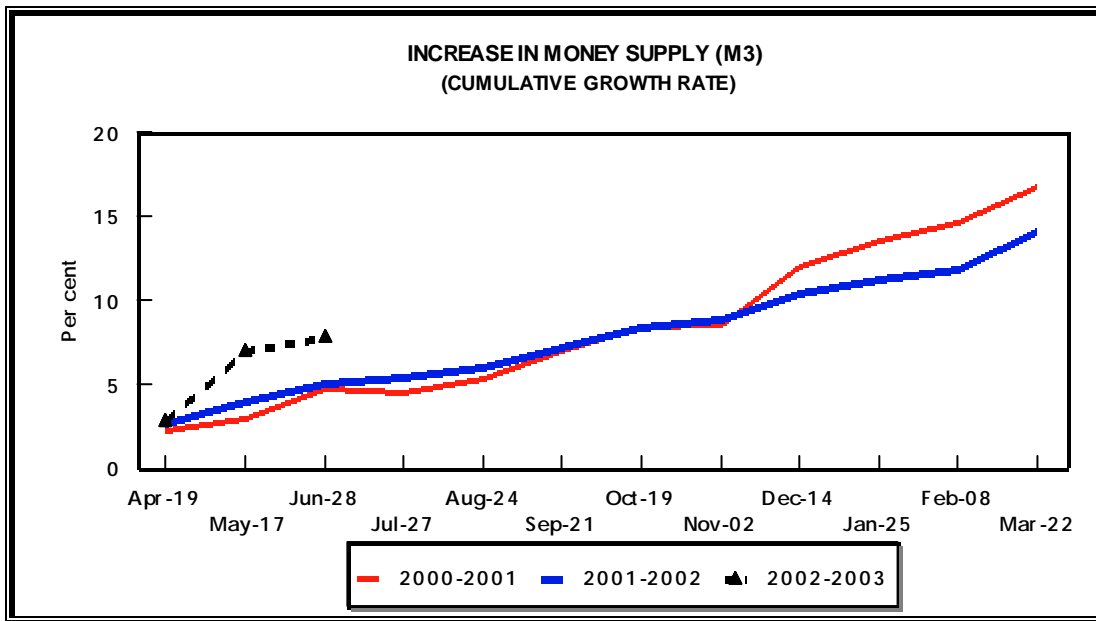
REVENUE EARNING GOODS TRAFFIC ON RAILWAYS						
Commodities	April		April-Mar.		Percentage Change	
	2001	2002	2000-01	2001-02	2002/2001	2001-02/ 2000-01
Coal	17.36	19.02	223.68	229.79	9.6	2.7
Raw material for Steel Plants	3.12	2.98	38.75	39.38	-4.5	1.6
Pig Iron & Finished Steel From Steel Plants	0.83	0.90	11.79	12.00	8.4	1.8
Iron Ore for Exports	1.17	0.85	14.56	15.72	-27.4	8.0
Cement	3.77	3.88	42.88	44.00	2.9	2.6
Foodgrains	2.52	3.55	26.68	32.81	40.9	23.0
Fertilizers	1.67	1.73	27.12	27.09	3.6	-0.1
POL	2.55	2.72	36.25	35.62	6.7	-1.7
Balance other goods	3.91	4.54	51.79	55.90	16.1	7.9
Total	36.90	40.17	473.50	492.31	8.9	4.0

The revenue earning goods traffic handled by the Railways increased by 8.9 per cent during **April, 2002-03** as compared to a decline of 0.3 per cent in April, 2001-02.

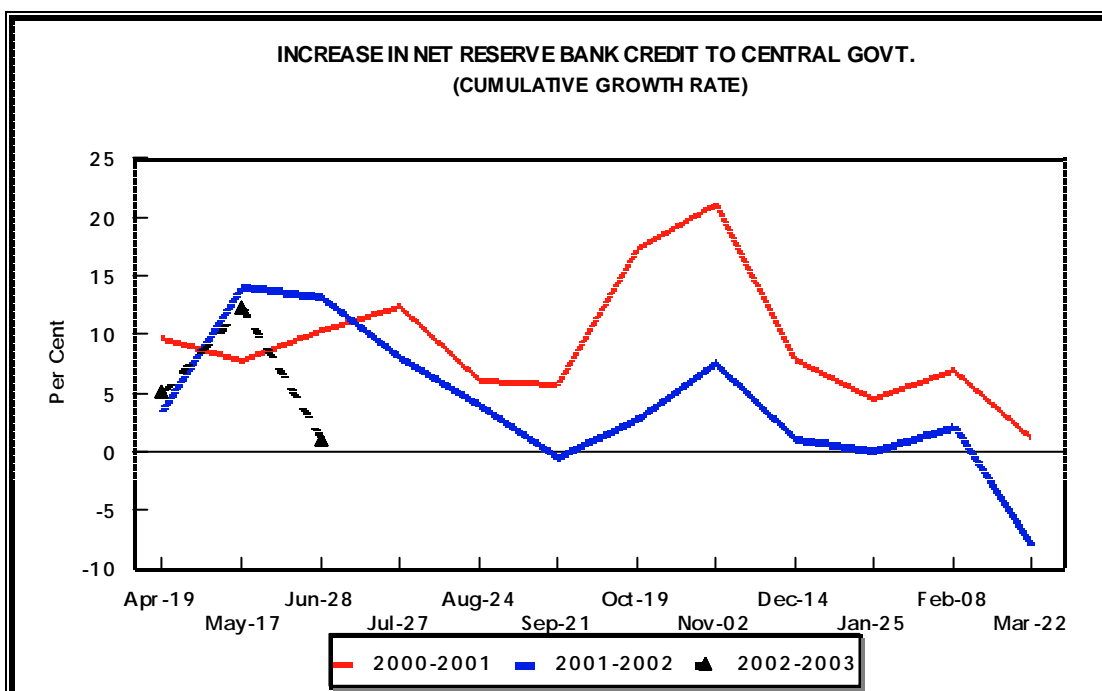
MONEY AND BANKING

VARIATIONS IN MONEY STOCK						
	Full Year Mar 31 '01 to Mar 31 '02	Mar 31 '02 to Jun 28 '02 (PR)	Full Year Mar 31 '01 to Mar 31 '02	Mar 31 '01 to Jun 29 '01 (P)	Mar 31 '02 to Jun 28 '02 (PR)	Jun 29 '01 to Jun 28 '02 (P)
	<i>(Rs crore)</i>		<i>(per cent)</i>			
M1 (I+II+IV)	43083	18180	11.4	4.7	4.3	10.9
M3(M1+ III)	186782	117345	14.2	5.1	7.8	17.1
I. Currency with the public	31849	14048	15.2	6.1	5.8	14.9
II. Demand deposits with banks	12014	3744	7.2	3.1	2.1	6.2
III. Time deposits with banks	143699	99164	15.4	5.3	9.2	19.7
IV. Other deposits with RBI	-780	389	-21.5	3.2	13.6	-13.5
Sources of change in M3						
<i>(1+2+3+4-5)</i>						
1. Net Bank Credit to Govt (A+B)	74511	43733	14.6	8.1	7.5	13.9
A. RBI's net credit to Govt ^a	-1699	-4212	-1.1	10.2	-2.8	-12.8
To Central Govt	-5150	1455	-3.5	13.3	1.0	-14.0
To State Govts	3451	-5668	47.0	-51.5	-52.5	43.9
B. Other bank credit to Govt	76210	47946	21.3	7.1	11.0	25.7
2. Bank credit to commercial sector	77046	58741	11.3	0.3	7.8	19.6
3. Net foreign exchange assets of banking sector ^b	64913	19279	26.0	0.6	6.1	33.0
4. Govt's currency liabilities to the public	1013	89	18.9	3.9	1.4	16.0
5. Banking sector's net non-monetary liabilities other than time deposits	30701	4498	23.1	-16.8	2.7	52.0
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, 2002 to June 28, 2002) money supply (M3) increased by 7.8 per cent which is higher than 5.1 per cent in the corresponding period of 2001-02. Among its components, currency with the public showed a growth of 5.8 per cent as against 6.1 per cent in the corresponding period of last year. Demand deposits with banks showed a growth of 2.1 per cent as against an increase of 3.1 per cent in the corresponding period of last financial year. Time deposits with banks increased by 9.2 per cent as against 5.3 per cent in the corresponding period of last year. The annual growth of M3 as on June 28, 2002 stood at 17.1 per cent.



On the sources side, the Net Bank Credit to Government showed a growth of 7.5 per cent during the current financial year (i.e. March 31, 2002 to June 28, 2002) which is lower than that of 8.1 per cent increase in the same period of 2001-02. RBI's Net Credit to Central Government increased by 1.0 per cent as against an increase of 13.3 per cent in 2001-02. Bank credit to the commercial sector increased by 7.8 per cent as against an increase of 0.3 per cent in the same period of last year. Net foreign exchange assets of banking sector increased by 6.1 per cent as compared with 0.6 per cent in the corresponding period of 2001-02.



SCHEDULED COMMERCIAL BANKS

SCHEDULED COMMERCIAL BANKS: VARIATION IN ASSETS AND LIABILITIES						
	Full Year Mar 23,'01 to Mar 22,'02	Mar 22,'02 to Jun 28,'02 (PR)	Full Year Mar 23,'01 to Mar 22,'02	Mar 23,'01 to Jun 29,'01	Mar 22,'02 to Jun 28,'02 (P)	Jun 29,'01 to Jun 28,'02 (P)
	<i>(Rs crore)</i>		<i>(per cent)</i>			
1. Bank credit	74398	58328	17.3	1.6	9.9	24.8
Food credit	13987	7030	55.7	25.9	13.0	21.2
Non-food credit	60411	51298	14.9	-0.5	9.6	25.1
2. Aggregate deposits	137836	100606	18.4	5.6	9.1	18.4
Demand deposits	9129	3677	11.9	3.8	2.4	5.9
Time deposits	128707	96928	19.5	5.9	10.2	20.5
3. Borrowings from RBI	-280	-3280	-40.0	-7.2	-90.7	-90.7
4. <i>Cash reserves</i>						
Cash in hand	405	931	6.1	22.0	14.9	4.0
Balances with RBI	2858	-7334	3.7	24.8	-11.8	-25.9
5. Investments in Govt. and other approved securities	68994	46080	19.8	6.3	10.5	23.1
P = Provisional						

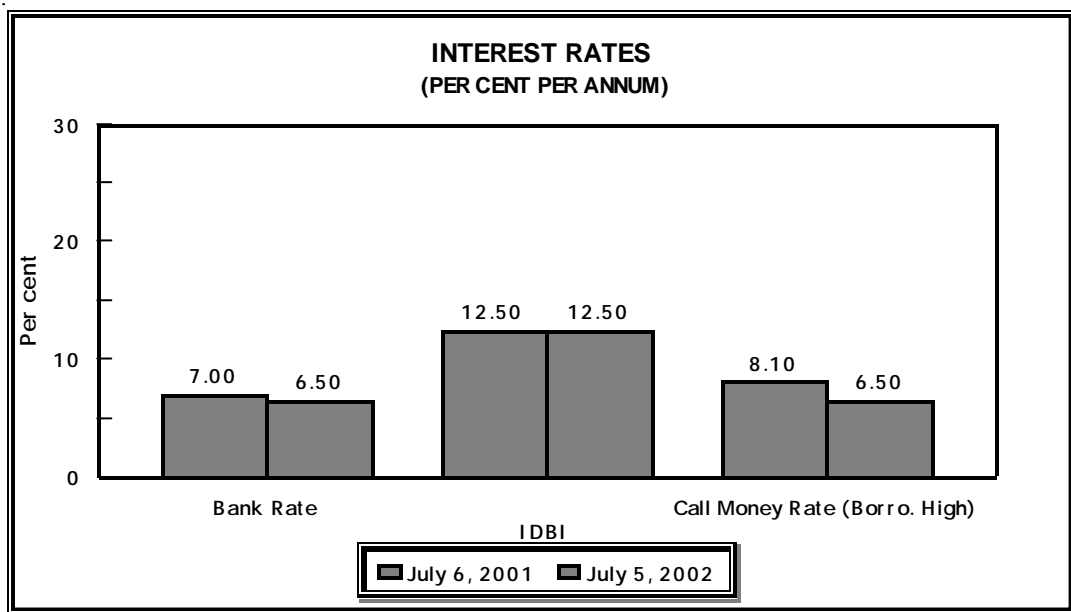
Bank credit by the scheduled commercial banks during the current financial year so far (i.e. March 22, 2002 to June 28, 2002) showed a growth of 9.9 per cent as compared with an increase of 1.6 per cent in the corresponding period of last financial year. Food credit increased by 13.0 per cent while non-food credit increased by 9.6 per cent during this period.

INTEREST RATES (PER CENT PER ANNUM)

<i>Item/ Week ended</i>	<i>2001</i>	<i>2002</i>
1	<i>Jul. 6</i>	<i>Jul. 5</i>
	2	3
Bank Rate	7.00	6.50
I.D.B.I. ¹	12.50	12.50
Prime Lending Rate ²	11.00-12.00	11.00-12.00
Deposit Rate ³	8.00-9.50	7.00-8.25
Call Money Rate ⁴ (Low/High)		
-Borrowings	4.70/8.10	3.50/6.50
-Lendings	3.65/8.00	3.50/6.55

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 75-80 per cent of total transactions reported by major participants.

As on July 5, 2002, Prime Lending Rate ranged from 11.00 to 12.00 per cent same as on July 6, 2001. Deposit Rate ranged from 7.00 to 8.25 per cent as against 8.00 to 9.50 on the corresponding day of last year.

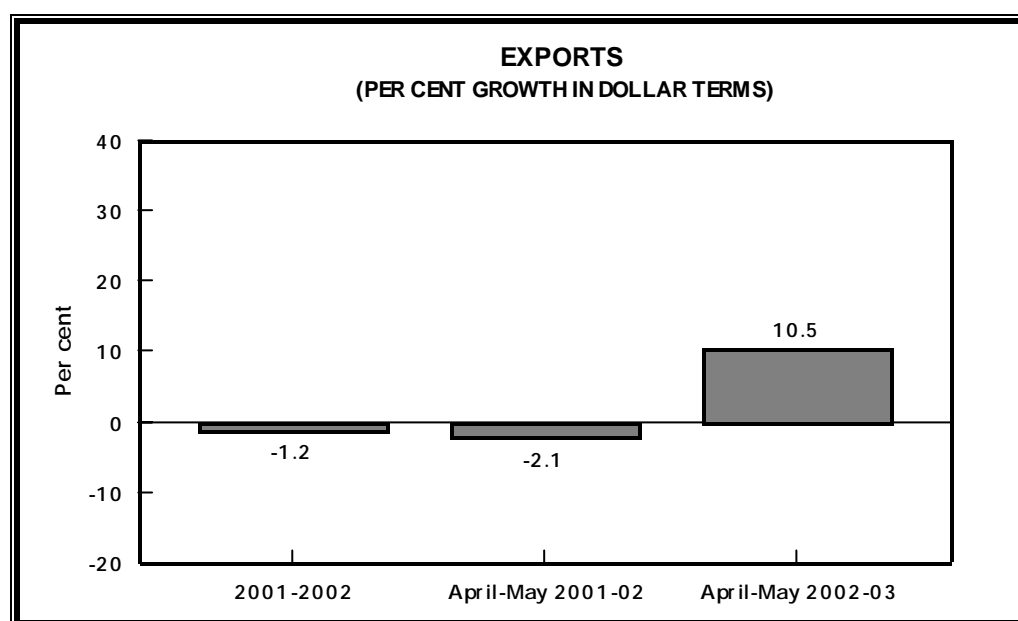


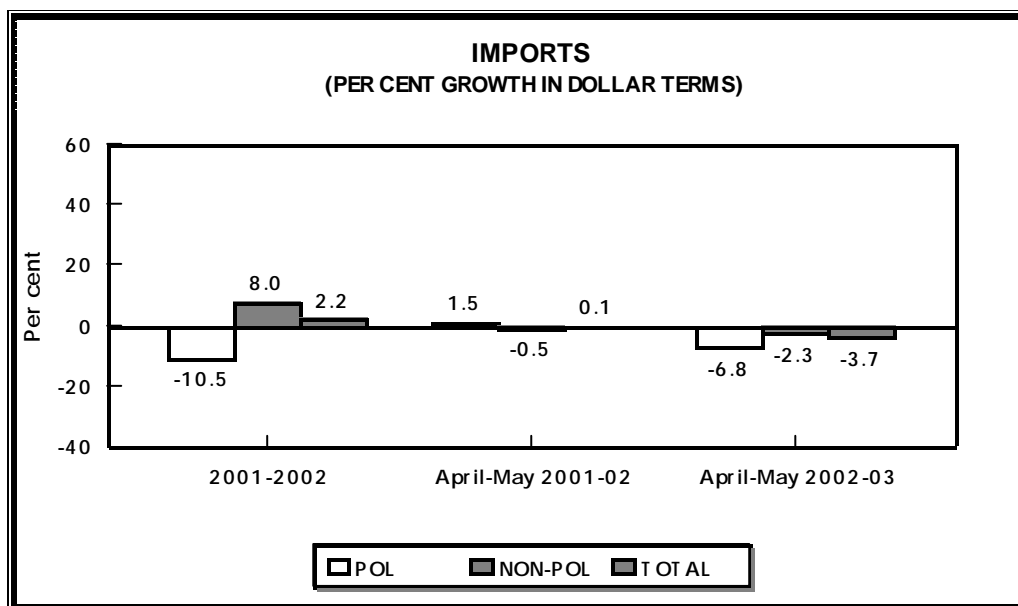
EXTERNAL SECTOR

FOREIGN TRADE

FOREIGN TRADE*						
Item	2000-01(R)	2001-02(PR)	April-May		April-May	
			2001-02	2002-03	2001-02	2002-03
<i>Rs. Crore</i>				<i>% change</i>		
Exports	201356	207746	31602	36472	4.7	15.4
Imports	228307	243645	41085	41344	7.0	0.6
POL	71497	66770	12505	12180	8.6	-2.6
Non-POL	156811	176875	28580	29164	6.4	2.0
Trade Balance	-26951	-35899	-9483	-4872	-	-
<i>Million Dollar</i>				<i>% change</i>		
Exports	44075	43560	6744	7450	-2.1	10.5
Imports	49975	51087	8768	8445	0.1	-3.7
POL	15650	14000	2669	2488	1.5	-6.8
Non-POL	34325	37087	6099	5957	-0.5	-2.3
Trade Balance	-5900	-7527	-2024	-495	-	-
P = Provisional, PR = Partially Revised						

Exports in dollar terms in **April-May, 2002-03** increased by 10.5 per cent as compared to a decline of 2.1 per cent in April-May, 2001-02. Imports decreased by 3.7 per cent as against an increase of 0.1 per cent in last year. Imports of POL declined by 6.8 per cent in April-May, 2002-03 as against an increase of 1.5 per cent in corresponding period last year.



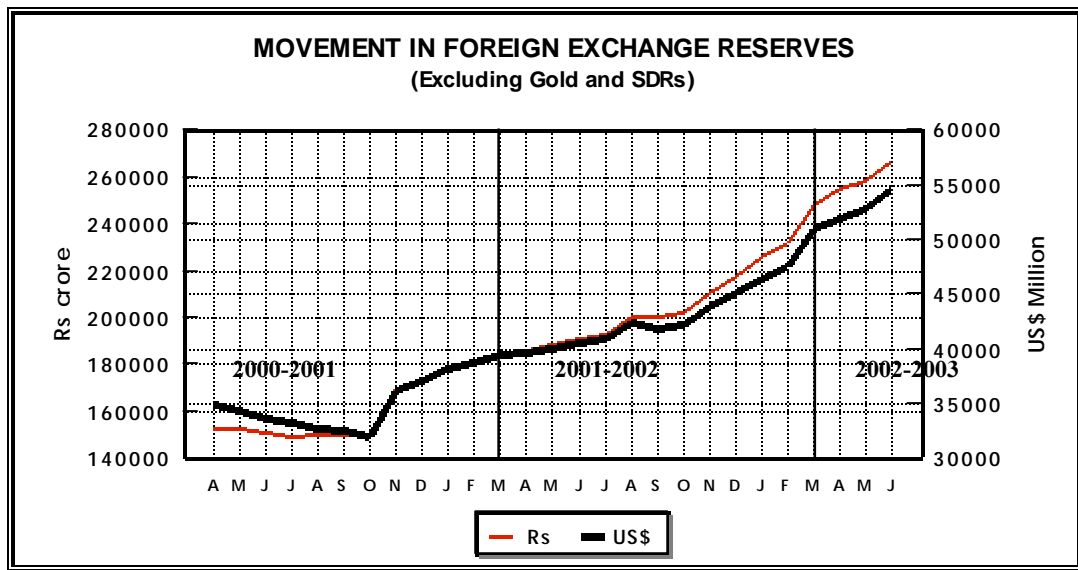


FOREIGN EXCHANGE RESERVES

FOREIGN EXCHANGE RESERVES (EXCLUDING GOLD AND SDRs)				
At the end of	Amount		Variation	
	Rs Crore	\$ Million	Rs Crore	\$ Million (Over last Year)
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
March, 2001	184482	39554	31558	4496
March, 2002	249118	51049	64636	11495
2002-2003			<i>(Over last Month)</i>	
April	255166	52107	6048	1058
May	259319	52890	4153	783
June*	267333	54703	8014	1813

* Provisional

Foreign Exchange Reserves (excluding Gold & SDRs), were \$51049 million at the end of 2001-2002. These reserves have increased by \$3654 million and stood at \$54703 million at the end of June, 2002.



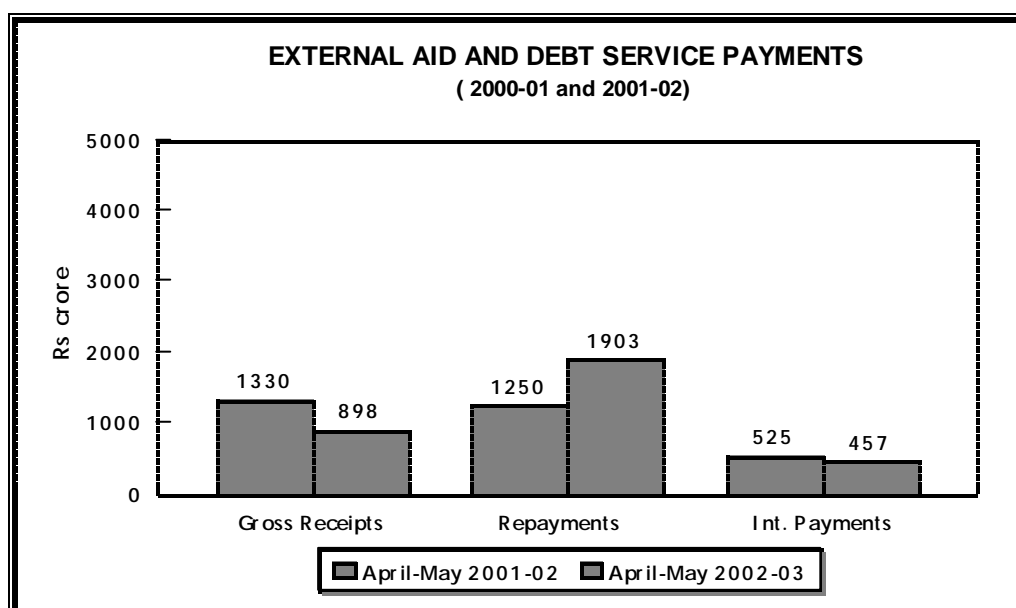
EXTERNAL AID RECEIPTS AND DEBT SERVICE PAYMENTS*

(Rs Crore)

	Receipts		Repayment of Principal		Payment of Interest	
	2001-02	2002-03	2001-02	2002-03	2001-02	2002-03
Loans- Govt. A/C	1056	595	1148	1754	458	419
Grants- Govt. A/C	201	65	-	-	-	-
Total	1257	660	1148	1754	458	419
Non-Govt. loans	73	226	102	149	67	38
Grants-Non-Govt.	34	12	-	-	-	-
Grand Total	1330	898	1250	1903	525	457
	(284)	(183)				
Net Flows (net of repayment)	80	-1005	-	-	-	-
Net Transfers (net of repayment and interest payments)	-445	-1462	-	-	-	-

* April-May
Note: Figures in brackets are in terms of million US \$

Gross external aid in **April-May, 2002-03** at Rs 898 crore was 32.5 per cent lower than that of Rs 1330 crore in April-May, 2001-02. Net aid flows (net of repayments) amounted to Rs (-) 1005 crore as against Rs 80 crore. Net aid transfers (net of repayments and interest payments) was Rs (-) 1462 crore as against Rs (-) 445 crore in the corresponding period of last year.



EXCHANGE RATES

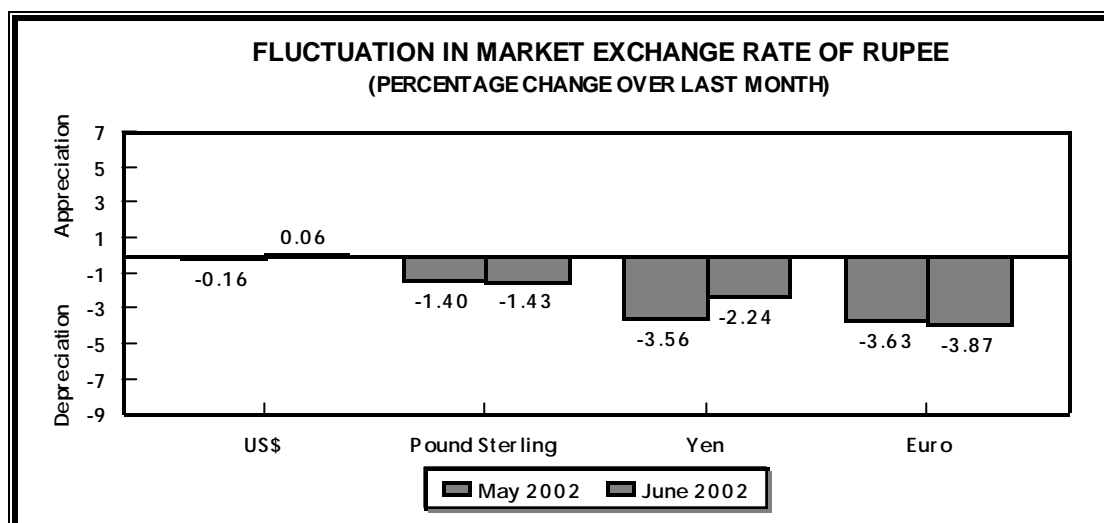
Rupees Per Unit of Foreign Currency

(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 2000	43.59	68.93	21.54	0.4208	6.42	42.08	81.75	99.39
March 2001	46.62	67.39	21.64	0.3846	6.45	42.44	80.23	99.92
March 2002	48.74	69.37	--	0.3723	--	42.75	78.58	102.20
2002-2003								
April	48.92	70.53	--	0.3738	--	43.30	77.98	101.08
May	49.00	71.53	--	0.3876	--	44.93	76.65	99.25
June	48.97	72.57	--	0.3965	--	46.74	75.56	97.98

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, 2002 appreciated against US Dollar and depreciated against Pound Sterling, Japanese Yen and Euro compared to average market rate during May, 2002. Both NEER and REER moved down in June, 2002 as compared with the last month.



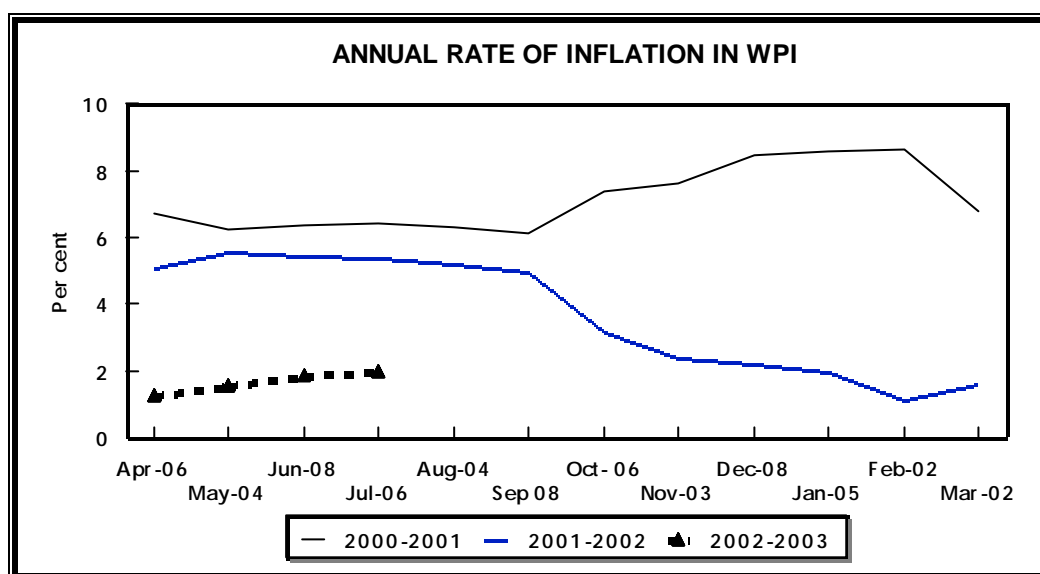
INFLATION

WHOLESALE PRICE INDEX

WHOLESALE PRICES (Base 1993-94)					
Items/Groups	Weight (%)	Per cent Variation During			
		MONTH		YEAR (point to point)	
		(July 6 over June 8)		(ending 6.7.2002) ^(P)	
		Last Year	Current Year	Last Year	Current Year
All Commodities	100.00	0.25	0.37	5.43	1.99
I Primary articles	22.03	-0.12	0.12	3.36	0.95
II Fuel, Power, Light and Lubricants	14.23	0.00	0.26	14.29	5.67
III Manufactured Products	63.75	0.49	0.48	3.43	1.17

P = Provisional

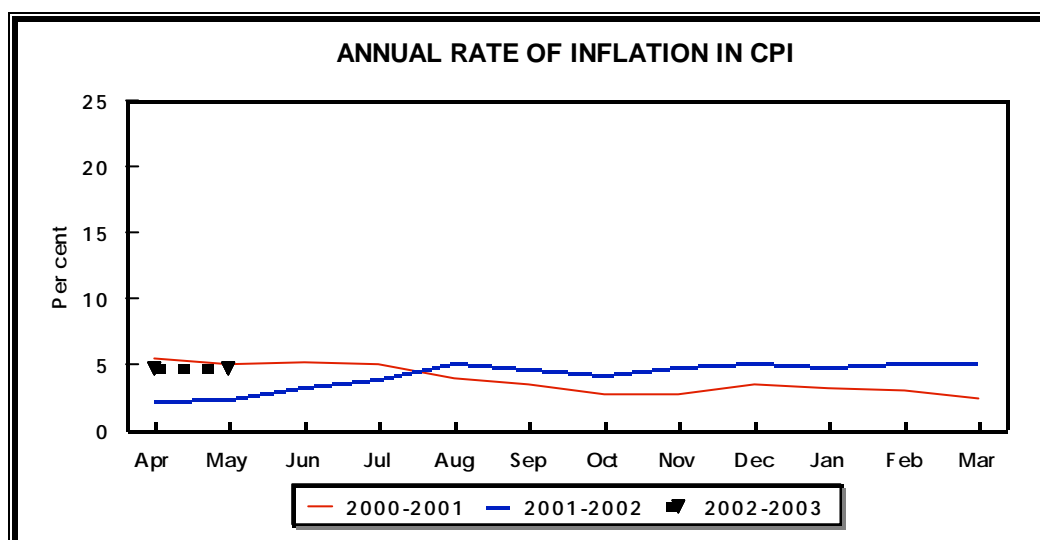
The annual rate of inflation based on **Wholesale Price Index (WPI)** stood at 1.99 per cent for week ended July 6, 2002 compared to 5.43 per cent a year ago. This rate was contributed by an increase of 0.95 per cent in Primary articles, 5.67 per cent increase in Fuel, Power and Lubricants and 1.17 per cent increase in Manufactured Products as against an increase of 3.36 per cent, 14.29 per cent and 3.43 per cent respectively, on the corresponding date of last year.



CONSUMER PRICE INDEX

CONSUMER PRICE INDEX AND INFLATION RATE		
	2001-2002 (Up to May, 2001)	2002-2003 (Up to May, 2002)
	<i>Per cent</i>	
Annual Inflation	2.5	4.7
Financial Year Inflation (%)	1.2	0.9
% change over Last Month	0.7	0.6
Level of Index	451	472
Average of Index for 12 months ending May	445.92	466.83

The All India **Consumer Price Index for Industrial Workers** (CPI-IW) for May, 2002 which stood at 472 increased by 0.6 per cent over the previous month's level and increased by 4.7 per cent over May, 2001.



EMPLOYMENT EXCHANGE STATISTICS

(In Lakhs)

MONTHLY HIGHLIGHTS OF EMPLOYMENT AND UNEMPLOYMENT	
	April 2002
1. No. of job-seekers on Live register at the end of the month	409.13
2. No. of registrations/ re-registrations	3.12
3. Placements effected	0.15
4. No. of vacancies notified	0.13

The number of job-seekers on Live Register of Employment Exchanges at the end of **April**, 2002 was 409.13 lakh. The number of registrations during **April**, 2002 was 3.12 lakh. The Placements were 0.15 lakh and number of vacancies notified was 0.13 lakh during this period.