

**Ministry of Finance
Department of Economic Affairs
Economic Division
8(1)/Ec. Dn./2009**

**MONTHLY ECONOMIC REPORT
JULY, 2009**

HIGHLIGHTS

- The overall growth of GDP at factor cost at constant prices in 2008-09, as per revised estimates released by the CSO was 6.7 percent representing a deceleration from high growth of 9.0 percent during 2007-08.
- The Monsoon Season (June - September) rainfall from June 1, 2009 to July 29, 2009 was normal/excess in 47 per cent of meteorological sub-divisions.
- Food grains (rice and wheat) stocks were 51.23 million tonnes as on May 1, 2009.
- Overall annual industrial growth was 7.8 per cent during June 2009 as compared to 5.4 per cent in June 2008. During the month of June 2009, the General Index stands at 290.2.
- Core infrastructure sectors achieved growth rate of 6.5 per cent during June 2009 as compared to a growth of 5.1 per cent in June, 2008.
- Broad Money (M₃) growth (year-on-year) was 19.8 per cent as on July 17, 2009 as compared to 20.1 per cent last year.
- Exports, in dollar terms decreased by 27.7 per cent and Imports decreased by 29.3 per cent, during June 2009.
- Foreign exchange reserves (excluding Gold, SDRs and Reserve Tranche Position in the IMF) stood at US \$ 260.9 billion at the end of July 2009.
- Rupee depreciated against US dollar, British Pound, Japanese Yen and Euro in July 2009 over June, 2009 touching 48.48, 79.35, 0.5126 and 68.24 respectively.
- The annual inflation rate in terms of WPI (Base 1993-94=100) was (-) 1.58 per cent for the week ended July 25, 2009 as compared to 12.53 per cent a year ago.
- Tax revenue (net to Centre) during April-June, 2009 declined by 15.2 per cent compared with corresponding period of 2008-09.
- Fiscal deficit during April-June 2009 increased by 44.3 per cent over corresponding period last year.
- Revenue deficit during April-June 2009 was higher by 40.5 per cent over corresponding period last year.

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ECONOMIC GROWTH

As per the Revised Estimates (RE) of Central Statistical Organization (CSO), Ministry of Statistics and Programme Implementation, the Gross Domestic Product (GDP) at factor cost at constant (1999-2000) prices is estimated at 6.7 per cent in 2008-09 as compared to 9.0 per cent in 2007-08 (Quick Estimate). At disaggregated level, the growth during 2008-09 (RE) comprises of growth of 1.6 per cent in Agriculture and allied activities, 3.9 per cent in Industry and 9.7 per cent in Services as compared to 4.9 per cent, 8.1 per cent and 10.9 per cent respectively during 2007-08 (QE).

| Growth of GDP at factor cost by Economic Activity (at 1999-2000 prices) | | | | | | | | | |
|---|-------------|-------------|-----------------|-----------------|-------------------------|--------------|-----------------|-----------------|--|
| Industry | Growth | | | | Percentage share in GDP | | | | |
| | 2005-06 | 2006-07 | 2007-08 (QE) | 2008-09 (RE) | 2005-06 | 2006-07 | 2007-08 (QE) | 2008-09 (RE) | |
| 1 Agriculture, forestry & fishing | 5.8 | 4.0 | 4.9 | 1.6 | 19.5 | 18.5 | 17.8 | 17.0 | |
| 2 Industry | 10.2 | 11.0 | 8.1 | 3.9 | 26.4 | 26.7 | 26.5 | 25.8 | |
| a Mining & quarrying | 4.9 | 8.8 | 3.3 | 3.6 | 2.1 | 2.1 | 2.0 | 1.9 | |
| b Manufacturing | 9.1 | 11.8 | 8.2 | 2.4 | 15.1 | 15.3 | 15.2 | 14.6 | |
| c Electricity, gas & water supply | 5.1 | 5.3 | 5.3 | 3.4 | 2.2 | 2.1 | 2.0 | 2.0 | |
| d Construction | 16.2 | 11.8 | 10.1 | 7.2 | 7.0 | 7.2 | 7.2 | 7.3 | |
| 3 Services | 10.6 | 11.2 | 10.9 | 9.7 | 54.1 | 54.8 | 55.7 | 57.3 | |
| a Trade, hotels, transport & communication | 12.1 | 12.8 | 12.4 | 9.0 | 26.4 | 27.1 | 28.0 | 28.6 | |
| b Financing, insurance, real estate & business services | 11.4 | 13.8 | 11.7 | 7.8 | 13.8 | 14.3 | 14.6 | 14.8 | |
| c Community, social & personal services | 7.1 | 5.7 | 6.8 | 13.1 | 13.9 | 13.4 | 13.1 | 13.9 | |
| 4 GDP at factor cost | 9.5 | 9.7 | 9.0 | 6.7 | 100.0 | 100.0 | 100.0 | 100.0 | |

(QE): Quick estimates (RE): Advance Estimate

| Quarterly Estimates of GDP 2007-08 and 2008-09 (Percentage change over previous Year) | | | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|------------|-------------|------------|--|
| Sector(s) | 2007/08 | | | | 2008/09 | | | | |
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | |
| 1. Agriculture, forestry & fishing | 4.3 | 3.9 | 8.1 | 2.2 | 3.0 | 2.7 | -0.8 | 2.7 | |
| Industry | 9.2 | 9.1 | 8.2 | 6.2 | 6.0 | 6.1 | 2.3 | 1.4 | |
| 2. Mining & quarrying | 0.1 | 3.8 | 4.2 | 4.7 | 4.6 | 3.7 | 4.9 | 1.6 | |
| 3. Manufacturing | 10.0 | 8.2 | 8.6 | 6.3 | 5.5 | 5.1 | 0.9 | -1.4 | |
| 4. Electricity, gas & water supply | 6.9 | 5.9 | 3.8 | 4.6 | 2.7 | 3.8 | 3.5 | 3.6 | |
| 5. Construction | 11.0 | 13.4 | 9.7 | 6.9 | 8.4 | 9.6 | 4.2 | 6.8 | |
| Services | 10.8 | 10.3 | 10.3 | 11.8 | 10.2 | 9.8 | 10.2 | 8.6 | |
| 6. Trade, hotels, transport & communication | 13.1 | 10.9 | 11.7 | 13.8 | 13.0 | 12.1 | 5.9 | 6.3 | |
| 7. Financing, insurance, real estate & bus. Services | 12.6 | 12.4 | 11.9 | 10.3 | 6.9 | 6.4 | 8.3 | 9.5 | |
| 8. Community, social & personal services | 4.5 | 7.1 | 5.5 | 9.5 | 8.2 | 9.0 | 22.5 | 12.5 | |
| 9. GDP at factor cost (total 1 to 8) | 9.2 | 9.0 | 9.3 | 8.6 | 7.8 | 7.7 | 5.8 | 5.8 | |

AGRICULTURE

MONSOON SEASON RAINFALL*

In the Monsoon Season, rainfall from June 1 to July 29, 2009, was normal/excess in 17 meteorological sub-divisions (47 per cent of total) and deficient/scanty in the remaining 19 sub-divisions (53 per cent). The annual average for 2004-2008 was normal/excess in 25.8 (72 per cent) meteorological sub-divisions and deficient/scanty in the remaining 10.2 (28 per cent).

Number of meteorological Sub-divisions

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2004-2008+ | 2009 |
|----------------------|------|------|------|------|------|------------|------|
| Excess/Normal | 19 | 31 | 22 | 31 | 26 | 25.8 | 17 |
| Deficient/Scanty/Nil | 17 | 5 | 14 | 5 | 10 | 10.2 | 19 |
| Total | 36 | 36 | 36 | 36 | 36 | 36 | 36 |

*(June - September)

+ Annual Average

PROCUREMENT

Procurement of rice during the marketing year 2009-10 as on April 30, 2009 stood at 27.57 million tonnes which represents an increase 20 per cent over the level of 22.95 million tonnes during the corresponding period of 2008-09. Wheat procurement as on April 30 2009 was placed at 19.34 million tonnes an increase of 36 per cent as compared with 14.2 million tonnes in the corresponding period of 2008-09.

Million tonnes

| | Full Marketing Year | | | | As on April 30 | | % change |
|-----------------|---------------------|---------|---------|---------|----------------|---------|----------|
| | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2008-09 | 2009-10 | |
| | Million Tonnes | | | | | | |
| Rice(Oct-Sept.) | 22.83 | 24.68 | 27.66 | 25.08 | 22.95 | 27.57 | 20 |
| Wheat(Apr-Mar) | 15.80 | 16.80 | 14.79 | 9.23 | 14.20 | 19.34 | 36 |
| Total | 38.63 | 41.48 | 42.45 | 34.31 | 37.15 | 46.91 | 26 |

OFF-TAKE

Off-take of rice during the month of April 2009 has been 19.31 lakh tonnes. This comprises 18.31 lakh tonnes under TPDS and 1.00 lakh tonnes under other schemes. In respect of wheat, the total offtake has been 15.61 lakh tonnes comprising of 15.07 lakh tonnes under TPDS, 0.50 lakh tonnes under other schemes and 0.04 lakh tonnes as open sales.

Million tonnes

| | 2005-06 | 2006-07 | 2007-08 | 2008-09 | April of 2009-10 |
|-------|---------|---------|---------|---------|------------------|
| Rice | 25.04 | 25.06 | 25.23 | 24.62 | 1.93 |
| Wheat | 17.16 | 11.71 | 12.20 | 14.88 | 1.56 |
| Total | 42.20 | 36.77 | 37.43 | 39.50 | 3.49 |

P : Provisional

STOCKS

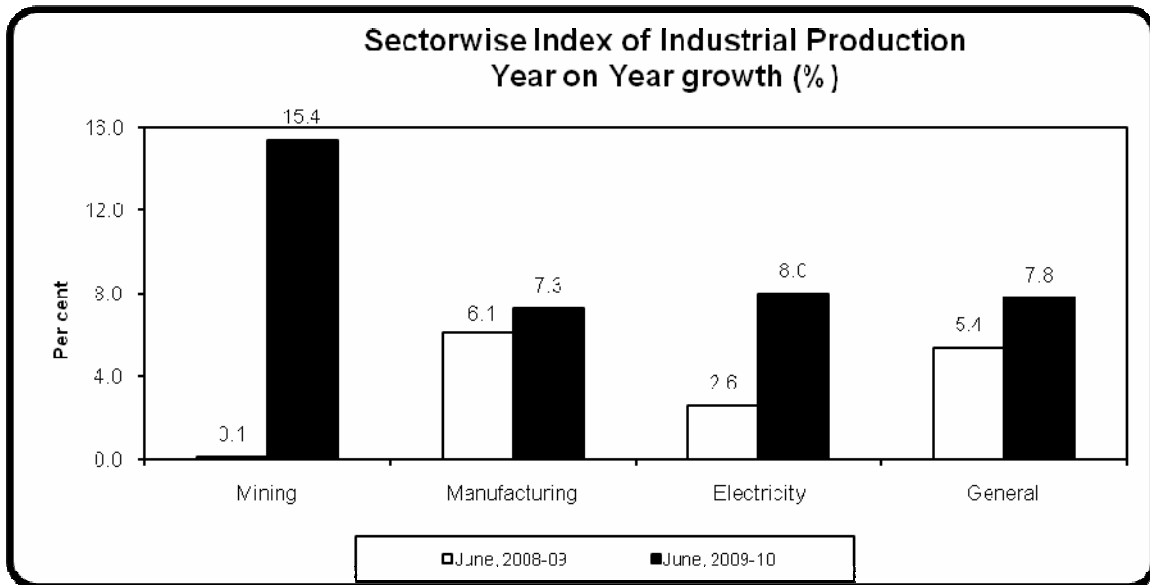
Stocks of food-grains (rice and wheat) as on May 1, 2009 were 51.23 million tonnes, which was higher by 67.64 per cent over the level of 30.56 million tonnes as on May 1, 2008.

| Million tonnes | May 1, 2008 | May 1, 2009 |
|----------------|-------------|-------------|
| Rice | 12.86 | 21.41 |
| Wheat | 17.69 | 29.82 |
| Total | 30.56 | 51.23 |

INDEX OF INDUSTRIAL PRODUCTION

The year on year growth achieved in June 2009 by the mining, manufacturing and electricity sector was 15.4 per cent, 7.3 per cent and 8.0 per cent respectively as compared to 0.1 per cent, 6.1 per cent and 2.6 per cent during the corresponding month of last year. As per the use-based classification, basic goods, capital goods, intermediate goods and consumer durables showed higher growth during June 2009 as compared to corresponding period of previous year. Consumer non-durables showed a steep decline in growth in June 2009.

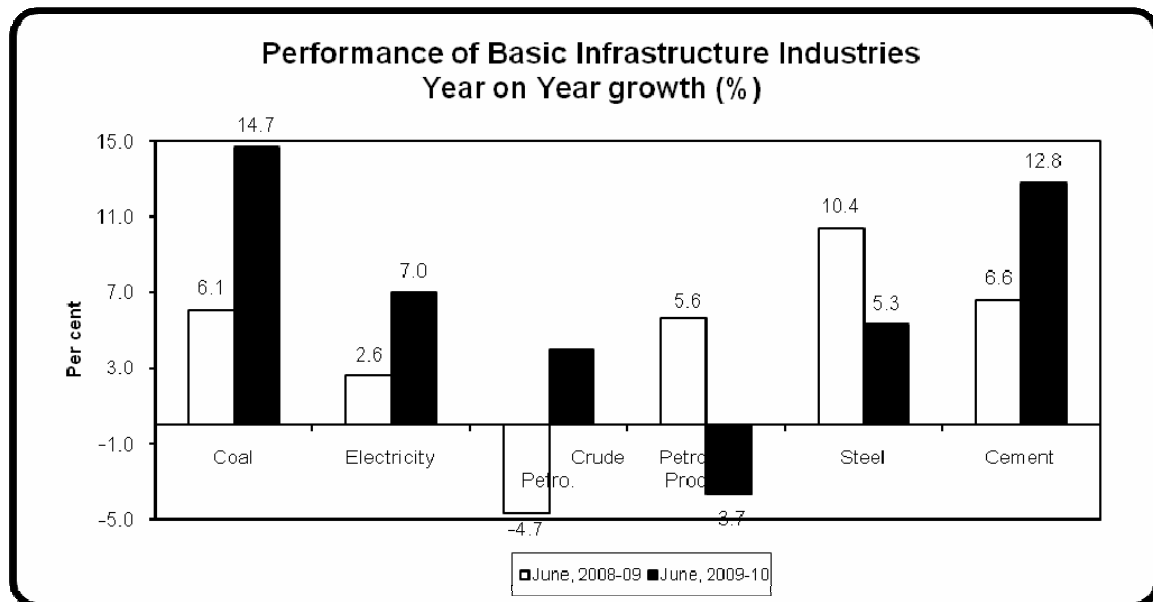
| PERCENTAGE CHANGE IN SECTORWISE IIP(Base: 1993-94=100) | | | | | |
|--|---------|---------|------------------|---------|---------|
| | 2006-07 | 2007-08 | 2008-09(revised) | June/08 | June/09 |
| General | 11.6 | 8.5 | 2.6 | 5.4 | 7.8 |
| Mining | 5.4 | 5.1 | 2.6 | 0.1 | 15.4 |
| Manufacturing | 12.5 | 9.0 | 2.6 | 6.1 | 7.3 |
| Electricity | 7.2 | 6.4 | 2.8 | 2.6 | 8.0 |
| Use-Based Classification | | | | | |
| Basic goods | 10.3 | 7.0 | 2.6 | 2.2 | 10.1 |
| Capital goods | 18.2 | 18.0 | 7.1 | 7.8 | 11.8 |
| Intermediate goods | 12.0 | 9.0 | -2.0 | 2.8 | 7.9 |
| Consumer goods | 10.1 | 6.1 | 4.6 | 9.9 | 4.0 |
| <i>Of which</i> | | | | | |
| Consumer durables | 9.2 | -1.0 | 4.5 | 4.6 | 15.5 |
| Consumer non-durables | 10.4 | 8.6 | 4.6 | 11.6 | 0.3 |



INFRASTRUCTURE

During June 2009, six core infrastructure industries registered a growth of 6.5 per cent (provisional) as against 5.1 per cent during the corresponding period of the previous year.

| PRODUCTION IN INFRASTRUCTURE INDUSTRIES | | | | | | | |
|---|------------|---------|---------|-------------|----------|---------------|------------|
| Industry/Infrastructure | Unit | June | | April--June | | June % Change | |
| | | 2008 | 2009 | 2008-09 | 2009-10 | 2008 | 2009 |
| Coal | Mn tonnes | 34.19 | 39.22 | 105.50 | 118.90 | 6.1 | 14.7 |
| Electricity Generation | in Gwh | 58533.7 | 62645.5 | 179377.4 | 189700.8 | 2.6 | 7.0 |
| Crude petroleum | 000 tonnes | 2645 | 2752 | 8371 | 8265 | -4.7 | 4.0 |
| Petroleum Products | 000 tonnes | 12695 | 12230 | 37245 | 35701 | 5.6 | -3.7 |
| Finished steel | 000 tonnes | 4503 | 4742 | 13124 | 13542 | 10.4 | 5.3 |
| Cement | 000 tonnes | 15160 | 17100 | 46070 | 51651 | 6.6 | 12.8 |
| Overall growth rate | - | - | - | - | - | 5.1 | 6.5 |



MONEY AND BANKING

During the current financial year 2009-10, broad money stock (M_3) (up to July 17, 2009) increased by 4.4 per cent as compared to a growth of 3.3 per cent during the corresponding period of the last year. The year-on-year growth, as on July 17, 2009, was 19.8 per cent as compared to 20.1 per cent of the corresponding date of last year.

The variation in reserve money during the year 2009-10 (upto July 17, 2009) had shown a decline of 4.2 per cent as compared to an increase of 2.5 per cent in the corresponding period of the previous year. The year on year variation, revealed a decline of 0.6 per cent as on July 17, 2009, compared to 26.6 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 had shown an increase of 0.8 per cent as on July 17, 2009 as compared to an increase of 6.1 per cent in the same period last year. The year on year growth rate of NFA, as on July 17, 2009, was (-) 1.6 per cent compared to 46.7 per cent on the corresponding date of last year.

| Money Stock : Components and sources | | (Rs. crore) | | | | | |
|---|---|-------------|---------------------------|-----------|--------------|-------|------|
| Item | Outstanding as on | | Percentage variation over | | | | |
| | | | Financial year so far | | Year-on-year | | |
| | 2009 | 2009 | 2008-2009 | 2009-2010 | 2008 | 2009 | |
| | Mar. 31 | Jul. 17 | % | % | % | % | |
| M3 | | 47,64,019 | 49,72,017 | 3.3 | 4.4 | 20.1 | 19.8 |
| Components (i+ii+iii+iv) | | | | | | | |
| (i) | Currency with the public | 6,66,364 | 6,86,241 | 6.1 | 3.0 | 21.6 | 13.8 |
| (ii) | Demand Deposits with Banks | 5,81,247 | 5,52,496 | -13.8 | -4.9 | 13.7 | 10.9 |
| (iii) | Time Deposits with Banks | 35,10,835 | 37,27,642 | 6.3 | 6.2 | 21.2 | 22.5 |
| (iv) | "Other" Deposits with Reserve Bank | 5,573 | 5,638 | -43.6 | 1.2 | -58.7 | 10.5 |
| Sources (i+ii+iii+iv-v) | | | | | | | |
| (i) | Net Bank Credit to Government (a+b) | 12,77,199 | 14,12,547 | 7.6 | 10.6 | 6.4 | 46 |
| (ii) | Bank Credit to Commercial Sector (a+b) | 30,13,337 | 30,19,152 | 1.7 | 0.2 | 23.7 | 15.1 |
| (iii) | Net Foreign Exchange Assets of Banking Sector* | 13,52,184 | 13,62,446 | 3.0 | 0.8 | 44.1 | 2.2 |
| (iv) | Government's Currency Liabilities to the Public | 10,054 | 10,212 | 3.1 | 1.6 | 12.0 | 7.3 |
| (v) | Banking Sector's Net Non-Monetary Liabilities | 8,88,754 | 8,32,340 | 2.6 | -6.3 | 54.4 | 6.1 |
| | of which : | | | | | | |
| | Net Non-Monetary Liabilities of RBI | 3,87,927 | 4,08,491 | 50.2 | 5.3 | 81.8 | 29.4 |
| *: Includes investments in foreign currency denominated bonds issued by IIFC (UK) since March 20, 2009. | | | | | | | |
| Note : Government Balances as on March 31, 2009 are after closure of accounts | | | | | | | |

SCHEDULED COMMERCIAL BANKS (SCBs): BUSINESS IN INDIA

During the current financial year (up to July 17, 2009), bank credit increased by 0.1 per cent compared to an increase of 1.9 per cent during the corresponding period of last year. Non-food credit during the financial year (up to July 17, 2009) recorded no increase as compared to an increase of 1.7 per cent during the corresponding period of last year. The year-on-year growth of aggregate deposits with SCBs as on July 17, 2009 was 21.8 per cent as compared to 20.5 per cent during the corresponding period of last year.

| Select Scheduled Commercial banks – Business in India | | | | | | |
|---|----------------------------------|------------------|-----------------------|---------|--------------|---------|
| Items | Outstanding as on (Rs. Crore) | | Percentage variation | | | |
| | | | Financial year so far | | Year on year | |
| | Mar 27, 2009 | July 17, 2009 | 2008-09 | 2009-10 | 2008-09 | 2009-10 |
| 1. Bank credit | 2775549 | 2777561 | 1.9 | 0.1 | 25.8 | 15.4 |
| Food credit | 46211 | 48148 | 13.4 | 4.2 | 21.9 | -4.4 |
| Non-Food credit | 2729338 | 2729413 | 1.7 | 0.0 | 25.9 | 15.8 |
| 2. Aggregate deposit | 3834110 | 4010052 | 3.0 | 4.6 | 20.5 | 21.8 |
| Demand deposit | 523085 | 495299 | -15.1 | -5.3 | 13.5 | 11.2 |
| Time deposits | 3311025 | 3514753 | 6.5 | 6.2 | 21.6 | 23.4 |
| 3. Investments in Govt. and other approved securities | 1166410 | 1321992 | 1.1 | 13.3 | 15.0 | 34.6 |
| Government securities | 1155786 | 1305499 | 1.2 | 13.0 | 15.6 | 34.6 |
| Other approved securities | 10625 | 16493 | -5.2 | 55.2 | -17.2 | 33.4 |

INTEREST RATES (PER CENT PER ANNUM)

As on July 17, 2009 Bank Rate was 6.00 per cent, the same as on the corresponding date of last year. Call money rates (borrowing & lending) were in the range of 1.50-3.35 per cent as compared with 5.00-9.17 per cent on the corresponding date of last year.

| Cash Reserve Ratio and Interest rates | | | (per cent per annum) | |
|--|---------------|---------------|----------------------|--|
| Item / Week Ended | Jul. 18, 2008 | Jul. 17, 2009 | | |
| Cash Reserve Ratio (per cent) ⁽¹⁾ | 8.50 | 5.00 | | |
| Bank Rate | 6.00 | 6.00 | | |
| I.D.B.I. ⁽²⁾ | 10.25 | 10.25 | | |
| Prime Lending Rate ⁽³⁾ | 12.75-13.25 | 11.00-12.00 | | |
| Deposit Rate ⁽⁴⁾ | 8.75-9.50 | 6.50-8.00 | | |
| Call Money Rate (Low-High) | | | | |
| - Borrowings | 5.00-9.17 | 1.50-3.35 | | |
| - Lendings | 5.00-9.17 | 1.50-3.35 | | |
| (1) Cash Reserve Ratio relates to Scheduled Commercial Banks (excluding Regional Rural Banks). (2) Minimum Term Lending Rate (MTLR). (3) Prime Lending Rate relates to five major Banks. (4) Deposit Rate relates to major Banks for term deposits of more than one year maturity. | | | | |

FOREIGN TRADE

Exports, in dollar terms and customs basis, during June 2009 decreased by 27.7 per cent and imports decreased by 29.3 percent. The oil imports decreased by 50.6 percent and non-oil imports decreased by 16.5 per cent during June 2009.

US dollar Million

| Item | 2007-08 | 2008-09(P) | June 08 - 09(P) | June 09 - 10(P) | % Change June 09-10 |
|---------------|---------|------------|-----------------|-----------------|---------------------|
| Exports | 162904 | 168704 | 17732 | 12815 | -27.7 |
| Imports | 251439 | 287759 | 26855 | 18977 | -29.3 |
| Oil | 79645 | 93176 | 10119 | 4999 | -50.6 |
| Non-Oil | 171795 | 194584 | 16736 | 13978 | -16.5 |
| Trade balance | -88535 | -119055 | -9123 | -6163 | - |

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

**FOREIGN EXCHANGE RESERVES
(EXCLUDING GOLD, SDRs and Reserve Tranche Position in IMF)**

| | Amount* | | Variation | |
|----------------------|-----------|------------|--------------------------|------------|
| | Rs. crore | \$ Million | Rs. crore | \$ Million |
| At the end of | | | (over last year) | |
| March, 2006 | 647327 | 145108 | 54206 | 9537 |
| March, 2007 | 836597 | 191924 | 7064 | 4713 |
| March, 2008 | 1196023 | 299230 | 359426 | 107306 |
| March, 2009 | 1231340 | 241676 | 35317 | -57554 |
| | | | (over last month) | |
| July, 2008 | 1257357 | 295918 | -41195 | -6422 |
| August, 2008 | 1252904 | 286117 | -4453 | -9801 |
| September, 2008 | 1301645 | 277300 | 48741 | -8817 |
| October, 2008 | 1201920 | 244045 | -99725 | -33255 |
| November 2008 | 1191016 | 238968 | -10904 | -5077 |
| December, 2008 | 1194790 | 246603 | 3774 | 7635 |
| January, 2009 | 1173060 | 238894 | -21730 | -7709 |
| February, 2009 | 1211002 | 238715 | 37942 | -179 |
| March, 2009 | 1231340 | 241676 | 35317 | -57554 |
| April, 2009 | 1214003 | 241737 | -17337 | 61 |
| May, 2009 | 1190318 | 251706 | -23685 | 9969 |
| June, 2009 | 1217542 | 254343 | 27224 | 2637 |
| July, 2009 | 1256401 | 260881 | 38859 | 6538 |

Note: * includes valuation changes. Source: RBI.

Rupees per unit of foreign currency

The monthly average exchange rate of the rupee for July 2009 depreciated against all major currencies from its level in June 2009.

| Rupees per unit of foreign currency | | | | |
|-------------------------------------|-----------|----------------|--------------|---------|
| | US Dollar | Pound Sterling | Japanese Yen | Euro |
| March, 2007 | 44.0260 | 85.6763 | 0.3754 | 58.2684 |
| March, 2008 | 40.3561 | 80.8054 | 0.4009 | 62.6272 |
| March, 2009 | 51.2287 | 72.9041 | 0.5251 | 66.9207 |
| July, 2008 | 42.8380 | 85.1704 | 0.4015 | 67.5635 |
| August, 2008 | 42.9111 | 81.3406 | 0.3934 | 64.4467 |
| September, 2008 | 45.5635 | 82.0646 | 0.4274 | 65.5514 |
| October, 2008 | 48.6555 | 82.6518 | 0.4873 | 64.8387 |
| November, 2008 | 49.0049 | 75.1792 | 0.5115 | 61.6728 |
| December, 2008 | 48.6345 | 72.5583 | 0.5330 | 65.6687 |
| January, 2009 | 48.7888 | 70.7730 | 0.5404 | 65.0993 |
| February, 2009 | 49.2624 | 70.8279 | 0.5347 | 62.8885 |
| March, 2009 | 51.2287 | 72.9041 | 0.5251 | 66.9207 |
| April, 2009 | 50.0450 | 73.5485 | 0.5089 | 65.7674 |
| May, 2009 | 48.5330 | 74.8326 | 0.5022 | 66.2039 |
| June, 2009 | 47.7714 | 78.1576 | 0.4945 | 66.9807 |
| July, 2009 | 48.4783 | 79.3477 | 0.5126 | 68.2407 |

@ FEDAI Rates

EXTERNAL ASSISTANCE AND DEBT SERVICE PAYMENTS

Gross external aid (Government account) in July, 2009 at Rs. 1367.03 crore was 7.1 per cent higher than that of Rs. 1276.78 crore in July, 2008. Net disbursements were Rs. 311.19 crore in July 2009 as compared to Rs. 422.2 crore in July 2008. Net transfers were (-) 17.43 crore in July 2009 as compared with Rs. 29.86 crore in July 2008.

EXTERNAL ASSISTANCE AND DEBT SERVICE PAYMENTS

(Rs. crore)

| MONTH: JULY | FINANCIAL YEAR: 2009-2010 | | | |
|--|-------------------------------------|-----------|-------------------------------------|----------|
| JULY 2009 | During the Financial year 2009-2010 | JULY 2008 | During the Financial year 2008-2009 | |
| <u>External Assistance (Government Account)</u> | | | | |
| 1) Gross Disbursement | 1,367.03 | 4,422.91 | 1,276.78 | 4,284.82 |
| 2) Repayments | 1,055.84 | 3,687.58 | 854.58 | 2,800.42 |
| 3) Interest Payments | 328.62 | 1,249.51 | 392.34 | 1,352.86 |
| 4) Net Disbursement (1-2) | 311.19 | 735.33 | 422.20 | 1,484.40 |
| 5) Net Transfers (4-3) | -17.43 | -514.18 | 29.86 | 131.54 |
| <u>External Assistance (Non-Government Account)</u> | | | | |
| 1) Gross Disbursement | 11.98 | 1,081.88 | 162.49 | 997.33 |
| 2) Repayments | 72.56 | 516.16 | 57.02 | 443.57 |
| 3) Interest Payments | 45.85 | 310.00 | 55.05 | 303.03 |
| 4) Net Disbursement (1-2) | -60.58 | 565.72 | 105.47 | 553.76 |
| 5) Net Transfers (4-3) | -106.43 | 255.72 | 50.42 | 250.73 |
| <u>Govt Grants</u> | | | | |
| 1) Gross Disbursement | 382.68 | 516.24 | 25.28 | 570.80 |
| 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) | 382.68 | 516.24 | 25.28 | 570.80 |
| 5) Net Transfers (4-3) | 382.68 | 516.24 | 25.28 | 570.80 |
| <u>Non Govt Grants</u> | | | | |
| 1) Gross Disbursement | 0.00 | 7.48 | 5.43 | 13.79 |
| 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 | 7.48 | 5.43 | 13.79 |
| 5) Net Transfers (4-3) | 0.00 | 7.48 | 5.43 | 13.79 |
| <u>Grand Total</u> | | | | |
| 1) Gross Disbursements | 1,761.69 | 6,028.51 | 1,469.98 | 5,866.74 |
| 2) Repayments | 1,128.40 | 4,203.74 | 911.60 | 3,243.99 |
| 3) Interest Payments | 374.47 | 1,559.51 | 447.39 | 1,655.89 |
| 4) Net Disbursement (1-2) | 633.29 | 1,824.77 | 558.38 | 2,622.75 |
| 5) Net Transfers (4-3) | 258.82 | 265.26 | 110.99 | 966.86 |

INFLATION

The annual rate of inflation based on Wholesale Price Index (WPI) stood at (-) 1.58 per cent for week ended July 25, 2009 compared with 12.53 per cent a year ago. This rate was contributed by an inflation of 4.96 per cent in Primary Articles, -10.58 per cent in Fuel, Power, Lights and Lubricants and (-)0.58 per cent in Manufactured Products as against an increase of 11.17 per cent, 17.49 per cent and 11.12 per cent respectively on the corresponding date of last year.

| VARIATION IN WHOLESALE PRICE INDEX (Base: 1993-94) | | | | | |
|--|---------------|--------------------------|--------------|-------------------------------------|--------------|
| Items/Groups | Weight (%) | Percent variation during | | | |
| | | Month end | | Year (Point to Point) | |
| | | | | 17th week ending (July 25, 2009) | |
| | | Last year | Current year | Last year | Current year |
| All Commodities | 100.00 | 1.26 | 0.98 | 12.53 | -1.58 |
| 1. Primary articles | 22.03 | 2.17 | 1.79 | 11.17 | 4.96 |
| 2. Fuel and Power group | 14.23 | 1.01 | 3.14 | 17.49 | -10.58 |
| 3. Manufactured products | 63.75 | 0.98 | -0.15 | 11.12 | -0.58 |

CONSUMER PRICE INDEX

All India Consumer Price Index for Industrial Workers (CPI-IW) for June, 2009 stood at 153. The CPI-IW in June, 2009 was 9.29 per cent which is higher than the level of 7.69 per cent in June, 2008.

| CONSUMER PRICE INDEX FOR INDUSTRIAL WORKER AND INFLATION RATE IN PER CENT (Base : 2001=100) | | |
|--|---------|---------|
| | 2008-09 | 2009-10 |
| | June-08 | June-09 |
| Annual inflation | 7.69 | 9.29 |
| Financial Year inflation | 2.19 | 3.38 |
| Per cent change over last month | 0.72 | 1.32 |
| Level of Index | 140 | 153 |
| Average of Index for 12 months ending June-09. | 135.25 | 147.92 |

WORLD COMMODITY PRICE

| | | Quarterly averages | | | | | Monthly averages | | |
|-------------------------------|----------|---------------------|---------------------|---------------------|---------------------|---------------------|------------------|-------------|-------------|
| | | Apr- Jun 2008 | Jul- Sep 2008 | Oct- Dec 2008 | Jan- Mar 2009 | Apr- Jun 2009 | May 2009 | Jun 2009 | Jul 2009 |
| Commodity | Unit | | | | | | | | |
| Energy | | | | | | | | | |
| Coal, Australia | \$/mt | 138.65 | 162.80 | 92.97 | 71.93 | 66.48 | 64.50 | 71.38 | 73.38 |
| Crude oil, avg, spot | \$/bbl | 120.97 | 115.68 | 56.00 | 44.11 | 59.19 | 58.15 | 69.15 | 64.67 |
| Crude oil, Brent | \$/bbl | 122.39 | 115.60 | 55.89 | 44.98 | 59.13 | 57.94 | 68.62 | 64.91 |
| Crude oil, Dubai | \$/bbl | 116.67 | 113.47 | 53.67 | 44.56 | 58.93 | 57.40 | 69.21 | 64.97 |
| Natural gas, US | \$/mmbtu | 11.35 | 9.03 | 6.40 | 4.57 | 3.70 | 3.81 | 3.80 | 3.39 |
| Agriculture | | | | | | | | | |
| Coffee, robusta | ¢/kg | 243.6 | 244.8 | 192.6 | 175.8 | 165.3 | 166.7 | 162.7 | 158.0 |
| Tea, auctions (3), average | ¢/kg | 254.7 | 272.3 | 206.6 | 217.0 | 266.1 | 269.4 | 278.2 | 296.8 |
| Coconut oil | \$/mt | 1,499 | 1,246 | 772 | 677 | 779 | 843 | 747 | 685 |
| Groundnut oil | \$/mt | 2,328 | 2,417 | 1,773 | 1,283 | 1,166 | 1,157 | 1,154 | 1,149 |
| Palm oil | \$/mt | 1,198 | 928 | 512 | 577 | 743 | 801 | 726 | 639 |
| Palmkernel oil | \$/mt | 1,420 | 1,114 | 609 | 577 | 763 | 830 | 741 | 666 |
| Soybean meal | \$/mt | 484 | 450 | 320 | 365 | 424 | 437 | 446 | 429 |
| Soybean oil | \$/mt | 1,466 | 1,353 | 830 | 755 | 863 | 892 | 896 | 836 |
| Maize | \$/mt | 259.0 | 244.7 | 168.4 | 166.9 | 176.0 | 179.9 | 179.5 | 151.6 |
| Rice, Thailand, 25% | \$/mt | n.a. | 669.5 | 449.9 | 469.4 | 458.7 | 454.0 | 476.0 | 463.5 |
| Wheat, US, HRW | \$/mt | 346.5 | 317.7 | 228.1 | 231.6 | 250.5 | 261.5 | 256.6 | 224.9 |
| Wheat US SRW | \$/mt | 277.8 | 241.5 | 182.7 | 187.4 | 195.6 | 202.5 | 201.7 | 175.6 |
| Oranges | \$/mt | 1,322 | 1,163 | 842 | 799 | 864 | 888 | 816 | 715 |
| Sugar, world | ¢/kg | 27.01 | 31.14 | 26.28 | 28.85 | 33.89 | 35.36 | 36.22 | 40.45 |
| Raw Materials | | | | | | | | | |
| Logs, Malaysia | \$/cum | 282.3 | 277.7 | 315.7 | 313.6 | 284.5 | 291.1 | 279.3 | 281.4 |
| Plywood | ¢/sheets | 647.3 | 648.6 | 645.5 | 572.8 | 565.8 | 565.9 | 563.6 | 561.9 |
| Woodpulp | \$/mt | 870.7 | 848.8 | 711.0 | 565.1 | 549.9 | 545.4 | 565.7 | 575.0 |
| Cotton A Index | ¢/kg | 166.5 | 168.2 | 126.9 | 120.8 | 132.4 | 136.6 | 135.4 | 143.6 |
| Rubber RSS1, US | ¢/kg | 311.7 | 329.1 | 202.8 | 165.8 | 187.0 | 189.8 | 187.6 | 191.4 |
| Rubber RSS3, SGP | ¢/kg | 303.5 | 298.4 | 159.0 | 146.0 | 166.4 | 169.3 | 167.5 | 174.9 |
| Fertilizers | | | | | | | | | |
| DAP | \$/mt | 1,191.6 | 1,153.7 | 663.3 | 362.2 | 303.6 | 297.5 | 277.8 | 293.3 |
| Phosphate rock | \$/mt | 367.5 | 409.2 | 371.3 | 193.3 | 113.3 | 117.5 | 96.9 | 90.0 |
| Potassium chloride | \$/mt | 511.1 | 635.0 | 766.7 | 865.2 | 726.7 | 717.5 | 717.5 | 655.5 |
| Urea | \$/mt | 575.7 | 745.4 | 292.2 | 267.3 | 241.1 | 240.8 | 237.4 | 243.7 |
| Metals and Minerals | | | | | | | | | |
| Aluminium | \$/mt | 2,940 | 2,787 | 1,821 | 1,360 | 1,485 | 1,460 | 1,574 | 1,668 |
| Copper | \$/mt | 8,443 | 7,680 | 3,905 | 3,428 | 4,663 | 4,569 | 5,014 | 5,216 |
| Gold | \$/toz | 896 | 870 | 795 | 909 | 922 | 929 | 946 | 934 |
| Iron ore | ¢/dmtu | 140.6 | 140.6 | 140.6 | 101.0 | 101.0 | 101.0 | 101.0 | 101.0 |
| Lead | ¢/kg | 230.7 | 191.2 | 124.5 | 115.7 | 149.9 | 144.0 | 167.4 | 167.9 |
| Nickel | \$/mt | 25,682 | 18,961 | 10,843 | 10,471 | 12,920 | 12,635 | 14,960 | 15,985 |
| Silver | ¢/toz | 1,720 | 1,495 | 1,020 | 1,265 | 1,376 | 1,411 | 1,466 | 1,339 |
| Steel cr coilsheet | \$/mt | 900 | 1,100 | 1,100 | 1,033 | 700 | 700 | 700 | 700 |
| Steel hr coilsheet | \$/mt | 833 | 1,000 | 1,000 | 933 | 600 | 600 | 600 | 600 |
| Tin | ¢/kg | 2,265 | 2,051 | 1,310 | 1,103 | 1,351 | 1,379 | 1,499 | 1,404 |
| Zinc | ¢/kg | 211.3 | 177.0 | 118.5 | 117.2 | 147.3 | 148.4 | 155.7 | 157.9 |

Source : World Bank – The Pink Sheet

PUBLIC FINANCE
Trends in Central Government Finances: April-June 2009

| | Budget Estimates 2009-10 | April- June 2008- 09 (Rs. Crore) | April- 2009-10 | Col.3 as % of 2008-09 BE | Col. 4 as % of 2009-10 BE | % Change over proceeding year 2008-09 2009-10 (4/3) | |
|---|--------------------------------|--|-------------------|-----------------------------------|------------------------------------|--|--------------|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1. Revenue Receipts | 6,14,497 | 82,315 | 71,995 | 13.7 | 11.7 | 27.8 | -12.5 |
| Gross tax revenue | 6,41,079 | 1,13,632 | 1,00,648 | 16.5 | 15.7 | 28.4 | -11.4 |
| Tax (net to Centre) | 4,74,218 | 74,735 | 63,341 | 14.7 | 13.4 | 30.0 | -15.2 |
| Non Tax | 1,40,279 | 7,580 | 8,654 | 7.9 | 6.2 | 8.9 | 14.2 |
| 2. Capital Receipts | 4,06,341 | 86,624 | 1,24,976 | 58.5 | 30.8 | -25.0 | 44.3 |
| of which: | | | | | | | |
| Recovery of loans | 4,225 | 498 | 674 | 11.1 | 16.0 | -29.0 | 35.3 |
| Other Receipts | 1,120 | 0 | 0 | 0.0 | 0.0 | | |
| Borrowings and other liabilities | 4,00,996 | 86,126 | 1,24,302 | 64.6 | 31.0 | -23.4 | 44.3 |
| 3. Total Receipts (1+2) | 10,20,838 | 1,68,939 | 1,96,971 | 22.5 | 19.3 | -6.1 | 16.6 |
| 4. Non-Plan Expenditure (a)+(b) | 6,95,689 | 1,06,776 | 1,42,185 | 21.0 | 20.4 | -19.1 | 33.2 |
| (a) Revenue Account | 6,18,834 | 1,03,282 | 1,32,521 | 23.0 | 21.4 | 10.4 | 28.3 |
| of which: | | | | | | | |
| Interest payments | 2,25,511 | 35,912 | 35,444 | 18.8 | 15.7 | 4.8 | -1.3 |
| Major Subsidies | 1,05,579 | 26,686 | 35,862 | 40.1 | 34.0 | 25.3 | 34.4 |
| Pensions | 34,980 | 5,415 | 9,012 | 21.6 | 25.8 | 21.9 | 66.4 |
| (b) Capital Account | 76,855 | 3,494 | 9,664 | 5.9 | 12.6 | -90.9 | 176.6 |
| 5. Plan Expenditure (i)+(ii) | 3,25,149 | 62,163 | 54,786 | 25.5 | 16.8 | 29.8 | -11.9 |
| (i) Revenue Account | 2,78,398 | 55,590 | 47,064 | 26.5 | 16.9 | 40.5 | -15.3 |
| (ii) Capital Account | 46,751 | 6,573 | 7,722 | 19.6 | 16.5 | -21.3 | 17.5 |
| 6. Total Expenditure (4)+(5)=(a)+(b) | 10,20,838 | 1,68,939 | 1,96,971 | 22.5 | 19.3 | -6.1 | 16.6 |
| (a) Revenue Expenditure | 8,97,232 | 1,58,872 | 1,79,585 | 24.1 | 20.0 | 19.4 | 13.0 |
| (b) Capital Expenditure | 1,23,606 | 10,067 | 17,386 | 10.9 | 14.1 | -78.5 | 72.7 |
| 7. Revenue Deficit | 2,82,735 | 76,557 | 1,07,590 | 138.7 | 38.1 | 11.5 | 40.5 |
| 8. Fiscal Deficit | 4,00,996 | 86,126 | 1,24,302 | 64.6 | 31.0 | -23.4 | 44.3 |
| 9. Primary Deficit | 1,75,485 | 50,214 | 88,858 | -87.3 | 50.6 | -35.7 | 77.0 |