

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

**MONTHLY ECONOMIC REPORT
JULY, 2008**

HIGHLIGHTS

- The overall growth of GDP during 2006-07 (as per the Revised Estimates of CSO) has been placed 9.6 per cent. Growth during the 2007-08 (as per Advance Estimate of CSO) has been estimated at 9.0 percent.
- The monsoon Season (June-September) Season rainfall from June 1, 2008 to Aug 6, 2008 was normal/excess in 81 per cent of meteorological sub-divisions.
- Food grain stocks were 36.25 million tonnes as on June 1, 2008.
- Overall revised annual industrial growth was 5.2 per cent during April-June, 2008-09 as compared with 10.3 per cent in April- June, 2007-08. During the month of June, 2008, the General Index stands at 269.1, which is 5.4 higher as compared to the level in the month of June, 2007.
- Core infrastructure sectors achieved growth rate of 3.4 per cent during June, 2008 compared to a growth of 5.2 per cent in June, 2007.
- Broad Money (M3) growth (year-on-year) was 20.0 per cent as on July 18, 2008 as compared with 21.9 per cent last year.
- Exports grew by 22.3 per cent in dollar terms during April-June, 2008. Imports increased by 29.7 per cent in April - June , 2008.
- Forex reserves (excluding Gold and SDRs) stood at US \$ 295.92 billion at the end of July, 2008.
- Rupee depreciated against US dollar, Pound Sterling, Euro and Japanese Yen in July , 2008 over June, 2008.
- The annual inflation rate in terms of WPI (Base 1993-94=100) was 12.01 per cent for the week ended July 26, 2008 as compared to 4.70 per cent a year ago.
- Tax revenue (net to Centre) during April- June, 2008-09 was higher by 30.0 per cent compared with corresponding period 2007-08.
- In terms of value, Fiscal deficit during April- June, 2008-09 was declined by 23.4 per cent over corresponding period last year.
- In terms of value, Revenue deficit during April-June, 2008-09 was higher by 11.5 per cent over corresponding period last year.

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Adviser**

Economic growth

As per the revised estimates of Central Statistical Organisation (CSO), Ministry of Statistics and Programme Implementation, the Gross Domestic Product (GDP) at factor cost at constant (1999-2000) price had grown at 9.0 per cent in 2007-08 as compared to 9.6 per cent in 2006-07 (Quick Estimate). At disaggregated level the growth during 2007-08 (RE) was 4.5 per cent in Agriculture, 8.5 per cent in Industry and 10.8 per cent in Services as compared 3.8 per cent, 11.0 per cent and 11.1 per cent respectively during 2006-07 (QE).

| Growth of GDP at factor cost by Economic Activity | | | | | | | | |
|---|------------|-------------|-------------|-------------|-------------------------|--------------|--------------|--------------|
| (at 1999-2000 prices) | | | | | | | | |
| Industry | Growth | | | | Percentage share in GDP | | | |
| | 2004-05 | 2005-06 | 2006-07 (Q) | 2007-08 I | 2004-05 | 2005-06 | 2006-07 (Q) | 2007-08 I |
| 1 Agriculture, forestry & fishing | 0.0 | 5.8 | 3.8 | 4.5 | 20.2 | 19.6 | 18.5 | 17.8 |
| 2 Industry | 9.8 | 10.7 | 11.0 | 8.5 | 26.1 | 26.4 | 26.7 | 26.6 |
| a Mining & quarrying | 7.5 | 5.6 | 5.7 | 4.7 | 2.2 | 2.1 | 2.0 | 2.0 |
| b Manufacturing | 8.7 | 9.0 | 12.0 | 8.8 | 15.1 | 15.1 | 15.4 | 15.4 |
| c Electricity, gas & water supply | 7.5 | 5.1 | 6.0 | 6.3 | 2.3 | 2.2 | 2.1 | 2.1 |
| d Construction | 14.1 | 18.5 | 12.0 | 9.8 | 6.5 | 7.1 | 7.2 | 7.3 |
| 3 Services | 9.6 | 10.0 | 11.1 | 10.8 | 53.7 | 54.0 | 54.7 | 55.6 |
| a Trade, hotels, transport & communication | 10.9 | 11.5 | 11.8 | 12.0 | 25.8 | 26.3 | 26.8 | 27.5 |
| b Financing, insurance, real estate & business services | 8.7 | 11.4 | 13.9 | 11.8 | 13.5 | 13.8 | 14.3 | 14.7 |
| c Community, social & personal services | 7.9 | 6.1 | 6.9 | 7.3 | 14.4 | 14.0 | 13.6 | 13.4 |
| 4 GDP at factor cost | 7.5 | 9.3 | 9.6 | 9.0 | 100.0 | 100.0 | 100.0 | 100.0 |

(Q): Quick estimates I: Revised Estimate

| Quarterly Estimates of GDP 2007-08 (Percentage change over previous year) | | | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--|
| industry | 2006-07 | | | | 2007-08 | | | | |
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | |
| 1. agriculture, forestry & fishing | 2.7 | 3.2 | 4.0 | 4.9 | 4.4 | 4.7 | 6.0 | 2.9 | |
| Industry | 4.1 | 3.9 | 6.0 | 8.2 | 1.7 | 5.5 | 5.7 | 5.9 | |
| 2. mining & quarrying | 11.7 | 12.2 | 11.3 | 12.8 | 10.9 | 9.2 | 9.6 | 5.8 | |
| 3. manufacturing | 4.3 | 6.6 | 7.6 | 5.4 | 7.9 | 6.9 | 4.8 | 5.6 | |
| 4. electricity, gas & water supply | 13.1 | 12.0 | 10.8 | 12.2 | 7.7 | 11.8 | 7.1 | 12.6 | |
| 5. construction | 10.9 | 12.7 | 12.1 | 11.6 | 13.1 | 11.0 | 11.5 | 12.4 | |
| Services | 13.6 | 13.9 | 14.7 | 13.4 | 12.6 | 12.4 | 11.9 | 10.5 | |
| 6. trade, hotels, transport & communication | 10.3 | 7.2 | 5.6 | 5.1 | 5.2 | 7.7 | 6.2 | 9.5 | |
| 7. financing, insurance, real estate & bus. Services | 13.6 | 13.9 | 14.7 | 13.4 | 12.6 | 12.4 | 11.9 | 10.5 | |
| 8. community, social & personal services | 10.3 | 7.2 | 5.6 | 5.1 | 5.2 | 7.7 | 6.2 | 9.5 | |
| 10. GDP at factor cost (total 1 to 8) | 9.6 | 10.1 | 9.3 | 9.7 | 9.2 | 9.3 | 8.8 | 8.8 | |

AGRICULTURE

MONSOON SEASON RAINFALL*

In the monsoon Season, the rainfall from June 1, 2008- August 06, 2008 normal/excess in 29 meteorological sub-divisions (81 per cent) and deficient/scanty in the remaining 7 (19 per cent). The annual average for 2003-2007 was normal/excess in 29 (81 per cent) meteorological sub-divisions and deficient/scanty in the remaining 7 (19 per cent).

Number of Meteorological Sub-divisions

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2003-2007+ | 2008 |
|----------------------|------|------|------|------|------|------------|------|
| Excess/Normal | 33 | 24 | 31 | 26 | 32 | 29 | 29 |
| Deficient/Scanty/Nil | 3 | 12 | 5 | 10 | 4 | 7 | 7 |
| Total | 36 | 36 | 36 | 36 | 36 | 36 | 36 |

*(June-September)

+ Annual Average

PROCUREMENT

Procurement of rice during the marketing year 2008-09 as on May 30, 2008 stood at 25.00 million tonnes which increased by 10.3 per cent than the level of 22.66 million tonnes during the corresponding period of 2007-08. Wheat procurement as on May 30, 2008 in the current marketing year (i.e. 2008-09) increased by 105.0 per cent at 21.36 million tonnes as compared with 10.42 million tonnes in the corresponding period of 2007-08.

Million Tonnes

| | Full Marketing Year | | | | As on May 30 | | % change |
|-----------------|---------------------|---------|---------|---------|--------------|-------|----------|
| | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007 | 2008 | |
| | Million Tonnes | | | | | | |
| Rice(Oct-Sept.) | 22.83 | 24.68 | 27.66 | 25.08 | 22.66 | 25.00 | 10.3 |
| Wheat(Apr-Mar) | 15.80 | 16.80 | 14.79 | 9.23 | 10.42 | 21.36 | 105.0 |
| Total | 38.63 | 41.48 | 42.45 | 34.31 | 33.08 | 46.36 | 28.1 |

OFF-TAKE

Off-take through the Public Distribution System from Central Pool during April-May, 2008-09 was 59.09 million tonnes as against 59.00 million tonnes during April-May 2007-08.

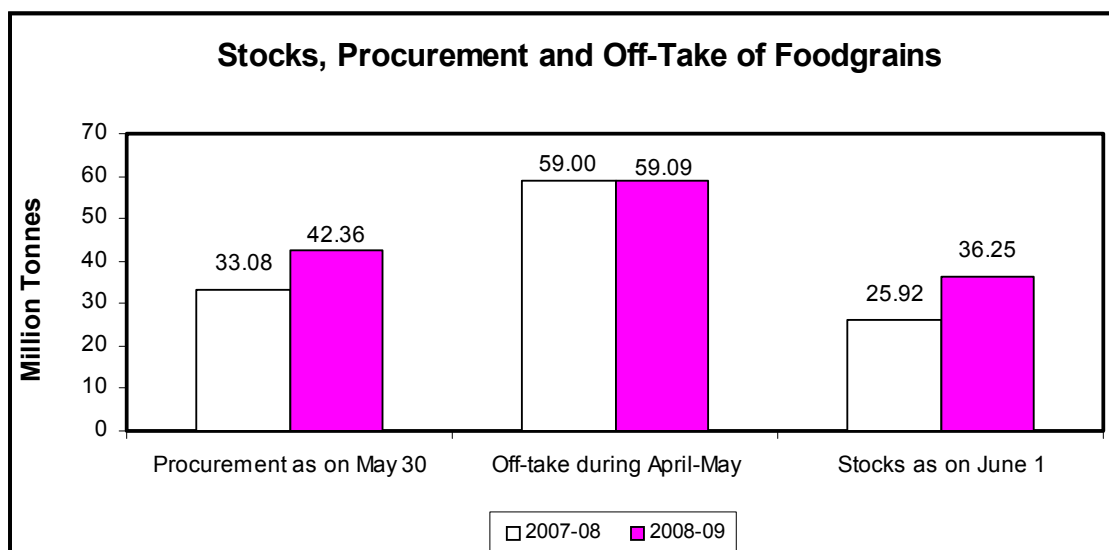
| | 2004-05(P) | 2005-06(P) | 2006-07(P) | April-May | |
|-------|------------|------------|------------|-----------|-------------------|
| | | | | 2007-08 | April-May 2008-09 |
| Rice | 23.20 | 25.04 | 25.06 | 40.80 | 41.51 |
| Wheat | 18.27 | 17.16 | 11.71 | 18.20 | 17.58 |
| Total | 41.47 | 42.20 | 36.77 | 59.00 | 59.09 |

P : Provisional

STOCKS

Stocks of food-grains as on June 1, 2008 were 36.25 million tonnes, which was higher by 21.81 per cent than the level of 25.92 million tonnes as on June 1, 2007.

| Million Tonnes | | |
|----------------|--------------|-------|
| | As on June 1 | |
| | 2007 | 2008 |
| Rice | 12.61 | 12.13 |
| Wheat | 13.31 | 24.12 |
| Total | 25.92 | 36.25 |



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

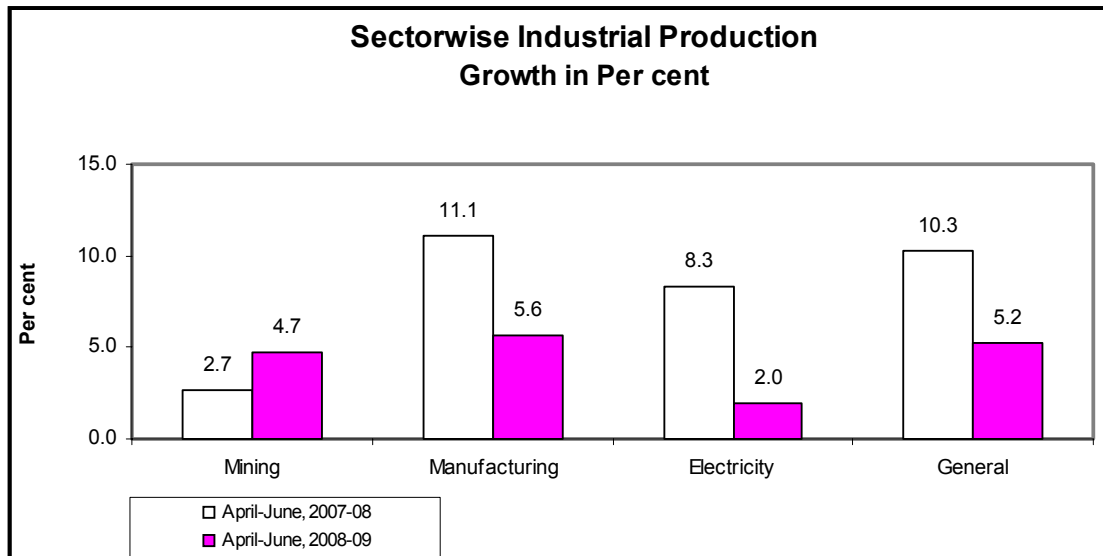
INDEX OF INDUSTRIAL PRODUCTION

The monthly growth in June achieved by the mining manufacturing and electricity sector was 2.9 per cent 5.9 per cent and 2.6 per cent respectively as compared to 1.5 per cent, 9.7 per cent and 6.8 per cent during the corresponding month of last year.

The revised annual growth achieved by the mining, manufacturing and electricity sectors during April-June, 2008-09 was 4.7 percent, 5.6 percent and 2.0 per cent respectively as compared to 2.7 percent, 11.1percent and 8.3 percent during the corresponding period of last year.

As per the use-based classification, the three use based categories namely Basic goods, Intermediate goods and capital goods shown on decline in June, 2008 compared to corresponding period of last year.

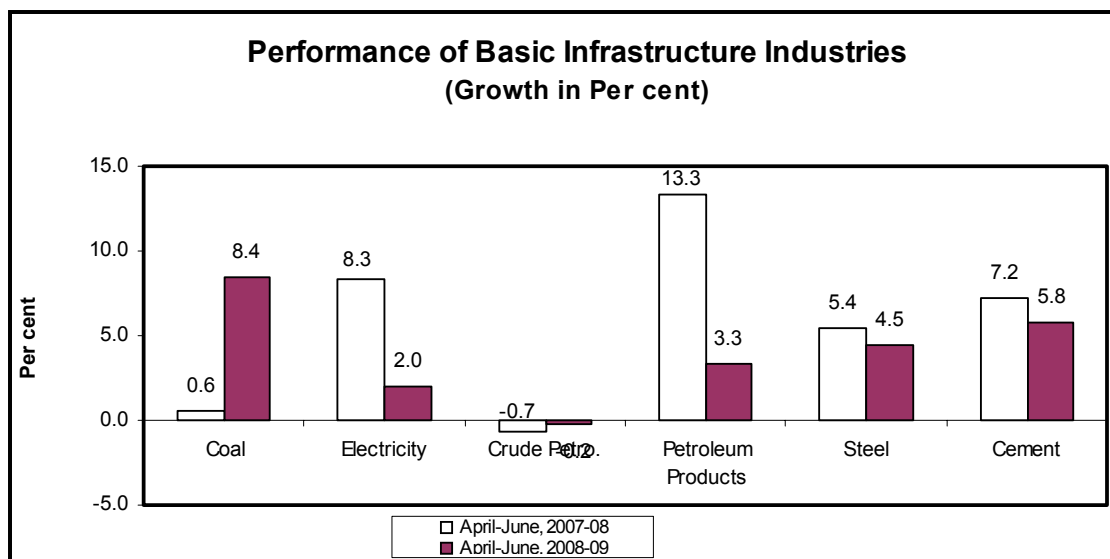
| (PERCENTAGE CHANGE IN SECTORWISE INDEX OF INDUSTRIAL PRODUCTION (Base: 1993-94=100) | | | | | | |
|--|---------|---------|---------|---------|------------|----------|
| | 2006-07 | 2007-08 | June/07 | June/08 | April-June | |
| | | | | | 2007-08 | 2008-09) |
| General | 11.6 | 8.3 | 8.9 | 5.4 | 10.3 | 5.2 |
| Mining | 5.4 | 5.1 | 1.5 | 2.9 | 2.7 | 4.7 |
| Manufacturing | 12.5 | 8.8 | 9.7 | 5.9 | 11.1 | 5.6 |
| Electricity | 7.2 | 6.4 | 6.8 | 2.6 | 8.3 | 2.0 |
| Use-Based Classification | | | | | | |
| Basic goods | 10.3 | 7.0 | 9.2 | 2.9 | 9.4 | 3.3 |
| Capital goods | 18.2 | 16.9 | 23.1 | 5.6 | 19.1 | 6.5 |
| Intermediate goods | 12.0 | 8.9 | 8.6 | 2.9 | 9.3 | 2.6 |
| Consumer goods | 10.1 | 6.1 | 3.6 | 10.0 | 9.0 | 8.5 |
| <i>Of which</i> | | | | | | |
| Consumer durables | 9.2 | -1.0 | -3.6 | 3.5 | -0.7 | 3.8 |
| Consumer non-durables | 10.4 | 8.5 | 6.3 | 12.2 | 12.4 | 10.1 |



INFRASTRUCTURE

During April-June 2008-09, six core infrastructure industries registered a growth of 3.5 per cent (provisional) as against 6.4 per cent during the corresponding period of the previous year.

| PRODUCTION IN INFRASTRUCTURE INDUSTRIES | | | | | | | |
|---|------------|------------|------------|-------------|----------|------------|------------|
| Industry/Infrastructure | Unit | June | | April- June | | % Change | |
| | | 2007 | 2008 | 2007-08 | 2008-09 | 2007-08 | 2008-09 |
| Coal | Mn tonnes | 32.22 | 34.22 | 97.33 | 105.51 | 0.6 | 8.4 |
| Electricity Generation | in Gwh | 57078.1 | 58533.7 | 175930.2 | 179377.4 | 8.3 | 2.0 |
| Crude petroleum | 000 tonnes | 2774 | 2645 | 8385 | 8371 | -0.7 | -0.2 |
| Petroleum Products | 000 tonnes | 12027 | 12698 | 36062 | 3724.7 | 13.3 | 3.3 |
| Finished steel | 000 tonnes | 4076 | 4256 | 12226 | 12777 | 5.4 | 4.5 |
| Cement | 000 tonnes | 14220 | 15150 | 43560 | 46070 | 7.2 | 5.8 |
| Overall growth rate | | 5.2 | 3.4 | - | - | 6.4 | 3.5 |



MONEY AND BANKING

During the current financial year 2007-08, broad money stock (M3) (up to July 18, 2008) increased by 3.5 per cent as compared to 4.3 per cent during the corresponding period of the last year. The year-on-year growth, as on July 18, 2008, was 20.0 per cent as compared to 21.9 per cent of the corresponding date of last year.

Net foreign exchange assets (NFA) of banking sector (up to July 18 2008) have increased by 5.8 per cent as compared to a an increase of 1.4 per cent in the same period last year. The year on year growth rate of NFA, as on July 18, 2008, was 48.1 per cent as against 15.7 per cent on the corresponding date of last year.

Money Stock: Components and Sources

| Items | Outstanding as on (Rs. Crore) | | % Variations | | | |
|---|----------------------------------|------------------|--------------------------|---------|--------------|-------|
| | | | Financial year so far | | Year-on-year | |
| | March 31, 2008 | July 18, 2008 | 2007-08 | 2008-09 | 2007 | 2008 |
| M3(I+II+III+IV) | 4006722 | 4147422 | 4.3 | 3.5 | 21.9 | 20.0 |
| I. Currency with the public | 567476 | 603178 | 2.6 | 6.3 | 13.9 | 21.7 |
| II. Demand deposits with banks | 474408 | 496367 | -8.4 | -13.6 | 18.7 | 13.9 |
| III. Time deposits with banks | 2855769 | 3042961 | 6.9 | 6.6 | 23.9 | 21.1 |
| IV. Other deposits with RBI | 9069 | 4916 | 64.8 | -45.8 | 114.4 | -60.2 |
| Sources (1+2+3+4-5) | | | | | | |
| 1. Net bank credit to Govt. (A+B) | 907077 | 976429 | 9.7 | 7.6 | 13.7 | 6.7 |
| A. RBI's net credit to Govt. | -113209 | -59096 | - | - | - | - |
| B. Other bank credit to Govt. | 1020286 | 1035526 | 7.4 | 1.5 | 10.8 | 15.9 |
| 2. Bank credit to commercial sector | 2569912 | 2627790 | -0.6 | 2.3 | 21.9 | 24.1 |
| 3. Net foreign exchange assets (NFA) of banking sector | 1295131 | 1370683 | 1.4 | 5.8 | 15.7 | 48.1 |
| 4. Government's currency liabilities to the public | 9324 | 9486 | 4.0 | 1.7 | 8.9 | 10.4 |
| 5. Banking sector's net non-monetary liabilities other than time deposits | 774723 | 836967 | -10.4 | 8.0 | -0.7 | 64.0 |

SCHEDULED COMMERCIAL BANKS (SCBs): BUSINESS IN INDIA

During the current financial year (up to July 18, 2008) gross bank credit increased by 1.9 per cent as compared to the decline of 0.9 per cent during the same period of the previous year.

The Non-Food credit during the financial year (up to July 18, 2008), increased by 1.7 per cent as compared to the decline of 0.6 per cent during the same period of the last year.

The year-on-year growth of time deposits with SCBs as on July 18, 2008 was 22.1 per cent as compared to 25.3 per cent on the corresponding date of last year.

| Select Scheduled Commercial banks - Business in India | | | | | | |
|--|----------------------------------|------------------|--------------------------|------------|--------------|-------------|
| Items | Outstanding as on (Rs. Crore) | | % Variations | | | |
| | | | Financial year so far | | Year-on-year | |
| | Mar 28, 2008 | July 18, 2008 | 2007-08 | 2008-09 | 2007 | 2008 |
| 1. Bank credit | 2361913 | 2407860 | -0.9 | 1.9 | 23.6 | 25.8 |
| Food credit | 44399 | 50360 | -11.2 | 13.4 | 14.5 | 21.9 |
| Non-Food credit | 2317514 | 2357500 | -0.6 | 1.7 | 23.9 | 25.9 |
| 2. Aggregate deposit | 3196940 | 3306351 | 4.7 | 3.4 | 24.5 | 21.0 |
| Demand deposit | 524310 | 448367 | -8.7 | -14.5 | 20.2 | 14.2 |
| Time deposits | 2672630 | 2857984 | 7.3 | 6.9 | 25.3 | 22.1 |
| 3. Investments in Govt. and other approved securities | 971715 | 990409 | 7.9 | 1.9 | 11.8 | 16.0 |
| Government securities | 958662 | 971824 | 8.1 | 1.4 | 12.2 | 15.8 |
| Other approved securities | 13053 | 18585 | -3.4 | 42.4 | -7.5 | 24.4 |

INTEREST RATES (PER CENT PER ANNUM)

As on July 20, 2008 Bank Rate was 6.00 per cent, which is the same as on the corresponding date of last year. Call money rates (borrowing) were in the range of 5.00/9.17 per cent as compared with 0.20/0.65 per cent on the corresponding date of last year.

| Item/week ended | 2007 | 2008 |
|---|-------------|-------------|
| | July 20 | July 18 |
| Bank Rate | 6.00 | 6.00 |
| IDBI ¹ | 10.25 | 12.75 |
| Prime Lending Rate ² | 12.75-13.25 | 12.75-13.25 |
| Deposit Rate ³ | 7.50-9.60 | 8.75-9.50 |
| Call Money Rate ⁴ (Low/High) | | |
| Borrowings | 0.20/0.65 | 5.00/9.17 |
| Lending | 0.20/0.65 | 5.00/9.17 |

Minimum Term Lending Rate (MTLR)

2. Prime Lending Rate relates to five major Banks

3. Deposit Rate relates to major banks for term deposits of more than one-year maturity.

4. Call money rates are based on data covering 90-95 per cent of total transactions reported by major participants

FOREIGN TRADE

Exports, in dollar terms, during April-June, 2008 increased by 22.3 percent. Imports increased by 29.7 percent. Oil imports increased by 50.2 percent and Non-oil imports increased by 20.9 per cent.

US Dollar Million

| Item | 2006-07 | 2007-08 | April - June | | % Change |
|---------------|---------|---------|--------------|-----------|---------------------------|
| | | | 2007 - 08 | 2008 - 09 | April - June 2008 - 09 |
| Exports | 126414 | 155513 | 35033 | 42846 | 22.3 |
| Imports | 185735 | 235911 | 56507 | 73274 | 29.7 |
| POL | 56945 | 77033.6 | 16996 | 25526 | 50.2 |
| Non-POL | 128790 | 158877 | 35910 | 47748 | 20.9 |
| Trade Balance | -59321 | -80398 | -21473 | -30429 | - |

Source: Provisional Data for April - June, 2008 as per the press note of the Ministry of Commerce and Industry.

FOREIGN EXCHANGE RESERVES (EXCLUDING GOLD & SDRs)

| | Amount | | Variation | |
|----------------------|----------|------------|--------------------------|------------|
| | Rs.Crore | \$ Million | Rs.Crore | \$ Million |
| At the end of | | | (over last year) | |
| March, 2000 | 152924 | 35058 | 27512 | 5536 |
| March, 2001 | 184482 | 39554 | 31558 | 4496 |
| March, 2002 | 249118 | 51049 | 64636 | 11495 |
| March, 2003 | 341476 | 71890 | 92358 | 20841 |
| March, 2004 | 466215 | 107448 | 124739 | 35558 |
| March, 2005 | 593121 | 135571 | 126906 | 28123 |
| March, 2006 | 647327 | 145108 | 54206 | 9537 |
| March, 2007 | 836597 | 191924 | 7064 | 4713 |
| March, 2008 | 1196023 | 299230 | 359426 | 107306 |
| 2008-2009 | | | (over last month) | |
| April, 2008 | 1230896 | 304225 | 34873 | 4995 |
| May, 2008 | 1298464 | 304875 | 67568 | 650 |
| June, 2008 | 1298552 | 302340 | 88 | -2535 |
| July, 2008 | 1257357 | 295918 | -41195 | -6422 |
| Source : RBI. | | | | |

EXTERNAL ASSISTANCE AND DEBT SERVICE PAYMENTS

Gross external aid in July, 08 at Rs 1124.75 crore was 12.56 percent lower than that of Rs 1287.51 crore in July, 07. Net disbursements were Rs 263.37 crore as compared with Rs 516.54 crore in same period last year. Net aid transfers were Rs -138.02 crore as compared with Rs 107.73 crore in corresponding period last year.

EXTERNAL ASSISTANCE AND DEBT SERVICE PAYMENTS

(Rs. In crores)

| | July 2008 | During the Financial Year 2008-09 | July 2007 | During the Financial year 2007-08 |
|--|--------------|--------------------------------------|--------------|--------------------------------------|
| External Assistance (Government Accounts) | | | | |
| 1) Gross Disbursement | 1095.93 | 4100.24 | 945.65 | 3452.83 |
| 2) Repaments | 854.58 | 2800.42 | 715.14 | 2339.64 |
| 3) Interest Repaments | 386.37 | 1346.88 | 362.85 | 1209.00 |
| 4) Net Disbursement (1-2) | 241.35 | 1299.82 | 230.51 | 1113.19 |
| 5) Net Transfer (4-3) | -145.02 | -47.06 | -132.34 | -95.81 |
| External Assistance (Non-Government Accounts) | | | | |
| 1) Gross Disbursement | 6.19 | 762.93 | 140.00 | 625.13 |
| 2) Repaments | 6.80 | 388.07 | 55.83 | 462.42 |
| 3) Interest Repaments | 15.02 | 253.60 | 45.96 | 309.56 |
| 4) Net Disbursement (1-2) | -0.61 | 374.86 | 84.17 | 162.71 |
| 5) Net Transfer (4-3) | -15.63 | 121.26 | 38.21 | -146.85 |
| Govt Grants | | | | |
| 1) Gross Disbursement | 22.63 | 559.15 | 176.48 | 740.35 |
| 2) Repaments | 0.00 | 0.00 | 0.00 | 0.00 |
| 3) Interest Repaments | 0.00 | 0.00 | 0.00 | 0.00 |
| 4) Net Disbursement (1-2) | 22.63 | 559.15 | 176.48 | 740.35 |
| 5) Net Transfer (4-3) | 22.63 | 559.15 | 176.48 | 740.35 |
| Non-Govt Grants | | | | |
| 1) Gross Disbursement | 0.00 | 8.37 | 25.38 | 27.06 |
| 2) Repaments | 0.00 | 0.00 | 0.00 | 0.00 |
| 3) Interest Repaments | 0.00 | 0.00 | 0.00 | 0.00 |
| 4) Net Disbursement (1-2) | 0.00 | 8.37 | 25.38 | 27.06 |
| 5) Net Transfer (4-3) | 0.00 | 8.37 | 25.38 | 27.06 |
| Grand Total | | | | |
| 1) Gross Disbursement | 1124.75 | 5430.69 | 1287.51 | 4845.37 |
| 2) Repaments | 861.38 | 3188.49 | 770.97 | 2802.06 |
| 3) Interest Repaments | 401.39 | 1600.48 | 408.81 | 1518.56 |
| 4) Net Disbursement (1-2) | 263.37 | 2242.20 | 516.54 | 2043.31 |
| 5) Net Transfer (4-3) | -138.02 | 641.72 | 107.73 | 524.75 |

Rupees per Unit of Foreign Currency

The monthly average exchange rate of the rupee depreciated against US dollar, Pound Sterling Euro and Japanese Yen on monthly average basis in July, 2008 over June, 2008.

Rupees Per Unit of Foreign Currency

| (Market Rate)@ | | | | |
|------------------|-----------|----------------|--------------|---------|
| | US Dollar | Pound Sterling | Japanese Yen | Euro |
| March, 2004 | 45.08 | 82.29 | 0.4141 | 55.25 |
| March, 2005 | 43.69 | 83.25 | 0.4152 | 57.66 |
| March, 2006 | 44.48 | 77.62 | 0.3793 | 53.46 |
| March, 2007 | 44.03 | 85.68 | 0.3754 | 58.27 |
| March, 2008 | 40.36 | 80.81 | 0.4009 | 62.63 |
| 2008-2009 | | | | |
| April, 2008 | 40.02 | 79.20 | 0.3893 | 63.03 |
| May, 2008 | 42.13 | 82.74 | 0.4041 | 65.55 |
| June, 2008 | 42.8212 | 84.1050 | 0.4007 | 66.5735 |
| July, 2008 | 42.8380 | 85.1704 | 0.4015 | 67.5635 |
| @ FEDAI Rates | | | | |

INFLATION

The annual rate of inflation based on Wholesale Price Index (WPI) stood at 12.01 per cent for week ended July 26, 2008 compared with 4.70 per cent a year ago. This rate was contributed by an increase of 10.32 per cent in Primary Articles, 7.12 per cent increase in Fuel, Power, Lights and Lubricants and -10.75 per cent increase in Manufactured Products as against an increase of 10.47 per cent, -1.74 per cent and 5.08 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) | |
| | | | | (week ending July 26, 2008) | |
| | | Last year | Current year | Last year | Current year |
| All Commodities | 100.00 | 0.52 | 0.63 | 4.70 | 12.01 |
| 1. Primary articles | 22.03 | 1.08 | 0.61 | 10.47 | 10.32 |
| 2. Fuel, Power, Light and Lubricants | 14.23 | -0.03 | 0.69 | -1.74 | 17.12 |
| 3. Manufactured Products | 63.75 | 0.54 | 0.63 | 5.08 | 10.75 |

CONSUMER PRICE INDEX

All India Consumer Price Index for Industrial Workers (CPI-IW) for May, 2008 stood at 140. The CPI-IW in June, 2008 was 7.69 per cent which is lower than 5.69 per cent in May, 2007.

| CONSUMER PRICE INDEX (INDUSTRIAL WORKER) AND INFLATION RATE (%) | | |
|---|-------------------------|-------------------------|
| (Base : 1982=100) | | |
| | 2007-08 (June, 2007) | 2008-09 (June, 2008) |
| Annual Inflation | 5.69 | 7.69 |
| Financial Year Inflation | 2.36 | 2.19 |
| Per cent change over last month | 0.78 | 0.72 |
| Level of Index | 130 | 140 |
| Average of Index for 12 months ending December | 126.92 | 135.25 |

WORLD COMMODITY PRICE

| Commodity | Unit | Quarterly averages | | | Monthly averages | | |
|----------------------------|----------|--------------------|-----------------|-----------------|------------------|-------------|-------------|
| | | Oct-Dec 2007 | Jan-Mar 2008 | Apr-Jun 2008 | May 2008 | Jun 2008 | Jul 2008 |
| Energy | | | | | | | |
| Coal, Australia | \$/mt | 83.5 | 114.0 | 138.7 | 133.2 | 159.8 | 180.0 |
| Crude oil, avg, spot | \$/bbl | 87.6 | 95.3 | 121.0 | 122.6 | 131.5 | 132.8 |
| Crude oil, Brent | \$/bbl | 88.9 | 96.7 | 122.4 | 123.9 | 133.0 | 133.9 |
| Crude oil, Dubai | \$/bbl | 83.2 | 91.3 | 116.7 | 118.9 | 127.6 | 131.2 |
| Natural gas, US | \$/mmbtu | 7.0 | 8.7 | 11.3 | 11.2 | 12.7 | 11.1 |
| Agriculture | | | | | | | |
| Coffee, robusta | c/kg | 202.1 | 247.3 | 243.6 | 240.0 | 245.5 | 254.0 |
| Tea, auctions (3), average | c/kg | 225.6 | 234.6 | 254.7 | 248.4 | 266.9 | 275.9 |
| Coconut oil | \$/mt | 1098.0 | 1379.3 | 1498.7 | 1502.0 | 1551.0 | 1436.0 |
| Groundnut oil | \$/mt | 1651.3 | 2007.3 | 2327.9 | 2345.0 | 2438.8 | 2536.4 |
| Palm oil | \$/mt | 927.7 | 1156.0 | 1198.2 | 1207.5 | 1213.0 | 1128.0 |
| Palmkernel oil | \$/mt | 1083.7 | 1375.0 | 1419.7 | 1434.0 | 1397.0 | 1272.0 |
| Soybean meal | \$/mt | 402.1 | 443.3 | 483.7 | 469.0 | 512.0 | 508.0 |
| Soybean oil | \$/mt | 1104.7 | 1384.0 | 1466.0 | 1436.0 | 1537.0 | 1511.0 |
| Maize | \$/mt | 171.9 | 220.4 | 259.0 | 243.5 | 287.1 | 265.3 |
| Rice, Thailand, 25% | \$/mt | 329.5 | n.a. | n.a. | n.a. | n.a. | 700.0 |
| Wheat, US, HRW | \$/mt | 341.9 | 411.8 | 346.5 | 328.8 | 348.6 | 328.2 |
| Wheat US SRW | \$/mt | 326.2 | 384.1 | 277.8 | 255.1 | 254.7 | 245.4 |
| Oranges | \$/mt | 982.0 | 1103.2 | 1321.9 | 1317.7 | 1414.4 | 1431.7 |
| Sugar, world | c/kg | 22.6 | 28.4 | 27.0 | 26.6 | 26.7 | 31.4 |
| Raw Materials | | | | | | | |
| Logs, Malaysia | \$/cum | 275.5 | 293.4 | 282.3 | 283.0 | 272.3 | 274.1 |
| Plywood | c/sheets | 647.0 | 640.4 | 647.3 | 648.2 | 647.3 | 647.6 |
| Woodpulp | \$/mt | 819.4 | 850.2 | 870.7 | 871.0 | 873.4 | 877.0 |
| Cotton A Index | c/kg | 153.0 | 167.9 | 166.5 | 163.4 | 169.9 | 170.6 |
| Rubber, US | c/kg | 264.8 | 292.6 | 311.7 | 300.9 | 334.0 | 337.1 |
| Rubber, Singapore | c/kg | 245.1 | 275.5 | 307.9 | 306.5 | 332.0 | 321.6 |
| Fertilizers | | | | | | | |
| DAP | \$/mt | 522.1 | 860.2 | 1191.6 | 1199.2 | 1175.0 | 1185.4 |
| Phosphate rock | \$/mt | 98.3 | 234.4 | 367.5 | 367.5 | 367.5 | 367.5 |
| Potassium chloride | \$/mt | 230.8 | 367.7 | 511.1 | 518.3 | 537.5 | 560.0 |
| Urea | \$/mt | 365.4 | 357.6 | 575.7 | 627.5 | 628.4 | 760.0 |
| Metals and Minerals | | | | | | | |
| Aluminum | \$/mt | 2443.7 | 2742.6 | 2940.0 | 2902.9 | 2957.9 | 3071.2 |
| Copper | \$/mt | 7187.6 | 7796.0 | 8442.8 | 8382.8 | 8260.6 | 8414.0 |
| Gold | \$/toz | 788.0 | 926.8 | 896.0 | 888.7 | 889.5 | 939.8 |
| Iron ore | c/dmtu | 84.7 | 140.6 | 140.6 | 140.6 | 140.6 | 140.6 |
| Lead | c/kg | 321.5 | 289.9 | 230.7 | 223.5 | 186.3 | 194.5 |
| Nickel | \$/mt | 29219.2 | 28956.8 | 25682.4 | 25735.0 | 22549.0 | 20160.2 |
| Silver | c/toz | 1423.5 | 1764.7 | 1720.0 | 1704.9 | 1704.0 | 1806.4 |
| Steel cr coilsheet | \$/mt | 650.0 | 762.5 | 900.0 | 800.0 | 1100.0 | 1100.0 |
| Steel hr coilsheet | \$/mt | 550.0 | 700.0 | 833.3 | 750.0 | 1000.0 | 1000.0 |
| Tin | c/kg | 1634.2 | 1778.4 | 2265.0 | 2406.2 | 2222.9 | 2313.9 |
| Zinc | c/kg | 262.3 | 243.0 | 211.3 | 218.2 | 189.4 | 185.2 |

Source : World Bank - The Pink Sheet

PUBLIC FINANCE
Trends in Central Government Finances: April-June 2008

| | Budget | April-June | | Col.3 as | Col. 4 as | % Change over | |
|---|---------------|---------------|---------------|---------------|--------------|-----------------|--------------|
| | Estimates | 2007-08 | 2008-09 | % of | % of | proceeding year | |
| | 2008-09 | 2007-08 | 2008-09 | 2007-08 | 2008-09 | 2007-08 | 2008-09 |
| | (Rs. Crore) | | | | | | |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1. Revenue Receipts | 602935 | 64428 | 82315 | 13.2 | 13.7 | 23.0 | 27.8 |
| Gross tax revenue | 687715 | 88495 | 113632 | 16.2 | 16.5 | 28.8 | 28.4 |
| Tax (net to Centre) | 507150 | 57470 | 74735 | 14.2 | 14.7 | 29.3 | 30.0 |
| Non Tax | 95785 | 6958 | 7580 | 8.4 | 7.9 | -12.1 | 8.9 |
| 2. Capital Receipts | 147949 | 115472 | 86624 | 59.5 | 58.5 | 46.0 | -25.0 |
| of which: | | | | | | | |
| Recovery of loans | 4497 | 701 | 498 | 46.7 | 11.1 | -48.0 | -29.0 |
| Other Receipts | 10165 | 2367 | 0 | 5.7 | 0.0 | - | |
| Borrowings and other liabilities | 133287 | 112404 | 86126 | 74.5 | 64.6 | 44.6 | -23.4 |
| 3. Total Receipts (1+2) | 750884 | 179900 | 168939 | 26.4 | 22.5 | 36.8 | -6.1 |
| 4. Non-Plan Expenditure (a)+(b) | 507498 | 131999 | 106776 | 27.8 | 21.0 | 42.0 | -19.1 |
| (a) Revenue Account | 448352 | 93520 | 103282 | 24.4 | 23.0 | 4.1 | 10.4 |
| of which: | | | | | | | |
| Interest payments | 190807 | 34274 | 35912 | 21.6 | 18.8 | 15.7 | 4.8 |
| Major Subsidies | 66537 | 21297 | 26686 | 41.8 | 40.1 | 24.1 | 25.3 |
| Pensions | 25085 | 4442 | 5415 | 18.9 | 21.6 | -2.2 | 21.9 |
| (b) Capital Account | 59146 | 38479* | 3494 | 41.9 | 5.9 | 1121.2 | -90.9 |
| 5. Plan Expenditure (i)+(ii) | 243386 | 47901 | 62163 | 23.4 | 25.5 | 24.3 | 29.8 |
| (i) Revenue Account | 209767 | 39554 | 55590 | 22.7 | 26.5 | 18.9 | 40.5 |
| (ii) Capital Account | 33619 | 8347 | 6573 | 27.1 | 19.6 | 58.6 | -21.3 |
| 6. Total Expenditure (4)+(5)=(a)+(b) | 750884 | 179900 | 168939 | 26.4 | 22.5 | 36.8 | -6.1 |
| (a) Revenue Expenditure | 658119 | 133074 | 158872 | 23.9 | 24.1 | 8.1 | 19.4 |
| (b) Capital Expenditure | 92765 | 46826* | 10067 | 38.2 | 10.9 | 456.6 | -78.5 |
| 7. Revenue Deficit | 55184 | 68646 | 76557 | 96.0 | 138.7 | -2.9 | 11.5 |
| 8. Fiscal Deficit | 133287 | 112404 | 86126 | 74.5 | 64.6 | 44.6 | -23.4 |
| 9. Primary Deficit | -57520 | 78130 | 50214 | -970.9 | -87.3 | 62.3 | -35.7 |

* The increase in fiscal deficit is due to increased capital expenditure on 'Acquisition of RBI stake in SBI' (Rs. 35,531 crore). This expenditure will be neutralized by realizing equal amount of receipts from RBI during the course of this financial year.