



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

MONTHLY ECONOMIC REPORT

JUNE, 2002

HIGHLIGHTS

- The Monsoon season rainfall upto June 19, 2002 was normal/excess in 75 per cent of meteorological sub-divisions.
- Foodgrain stocks were at 62.46 million tonnes as on May 1, 2002.
- Overall industrial growth was 2.9 per cent in April, 2002 as against 2.6 per cent in April, 2001.
- Core infrastructure sectors achieved an average growth rate of 5.9 per cent in April, 2002 as against a decline of 0.3 per cent in April, 2001.
- Money Supply (M3) growth was 7.0 per cent during March 31, 2002 to May 17, 2002, whereas annual growth rate for fortnight ended May 17, 2002 was 17.2 per cent. Net RBI Credit to Government increased by 9.4 per cent during March 31, 2002 to May 17, 2002.
- The annual inflation rate in terms of WPI (Base 1993-94) was 1.87 per cent for week ended June 8, 2002 compared to 5.44 per cent a year ago.
- Exports increased by 18.2 per cent in dollar terms in April, 2002 compared to a decline of 5.9 per cent in April, 2001. Imports decreased by 0.1 per cent as against a decline of 7.0 per cent in corresponding period of last year.
- Rupee depreciated against US Dollar, Pound Sterling, Japanese Yen and Euro in May, 2002.
- Forex reserves (excluding Gold & SDRs) stood at \$52.89 billion at the end of May, 2002.

(S. C. Sharma)
Economic Officer

AGRICULTURE

MONSOON SEASON RAINFALL*

	Number of Meteorological Sub-divisions						
	1997	1998	1999	2000	2001	1997-01+	2002
Excess/Normal	16	20	23	28	30	23	27
Deficient/Scanty/Nil	19	15	12	7	5	12	9
Total	35	35	35	35	35	35	36
+ Annual average	* (June-Sept.)						

The Monsoon season rainfall from June 1, 2002 to June 19, 2002 was normal/excess in 27 (75 per cent) meteorological sub-divisions and deficient/scanty in the remaining 9 (25 per cent). The annual average for 1997-2001 was normal/excess in 23 (67 per cent) meteorological sub-divisions and deficient/scanty in the remaining 12 (33 per cent).

PROCUREMENT

(Million Tonnes)

(1)	Full Marketing Year			Up to June 24		
	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	-	17.85	19.63	10.0
Wheat (Apr-Mar)	14.15	16.36	20.63	20.23	18.89	-6.6
Total	31.42	35.47	20.63	38.08	38.52	1.2

Wheat procurement up to June 24, 2002 in the current marketing year, (i.e., 2002-2003) was lower by 6.6 per cent at 18.89 million tonnes compared to 20.23 million tonnes in the corresponding period in 2001-02. Procurement of rice during the marketing year 2001-02 (up to June 24, 2002) stood at 19.63 million tonnes was higher by 10.0 per cent than the level of 17.85 million tonnes during the corresponding period of 2000-01.

OFF-TAKE

(Million Tonnes)

	<u>April</u>				
	1999-00(P)	2000-01(P)	2001-02(P)	2001-02	2002-03
Rice	12.42	10.22	15.31	0.72	1.65
Wheat	10.63	7.73	15.96	1.02	0.96
Total	23.05	17.95	31.27	1.74	2.61

P- Provisional

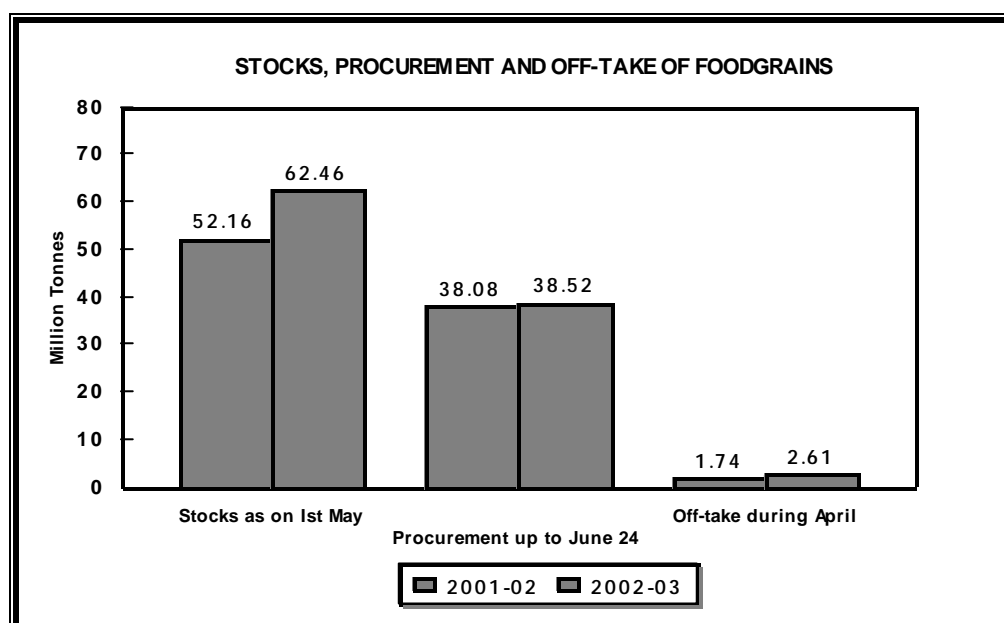
Off-take from the Public Distribution System during April, 2002-03 was 2.61 million tonnes which was higher by 50.0 per cent than the off-take of 1.74 million tonnes during April, 2001-02.

STOCKS

(Million Tonnes)

	As on 1st April		As on 1st May	
	2001	2002	2001	2002
Rice	23.19	24.91	22.94	24.35
Wheat	21.51	26.04	29.22	38.11
Total	44.70	50.95	52.16	62.46

Stocks of foodgrains as on 1st May, 2002 stood at 62.46 million tonnes which was higher by 19.7 per cent than the level at 52.16 million tonnes as on 1st May, 2001.

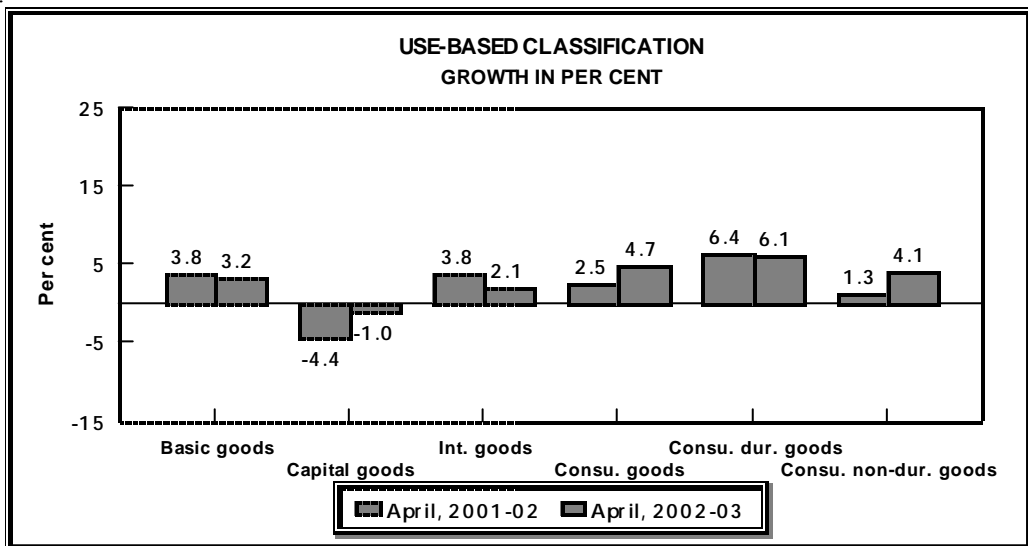
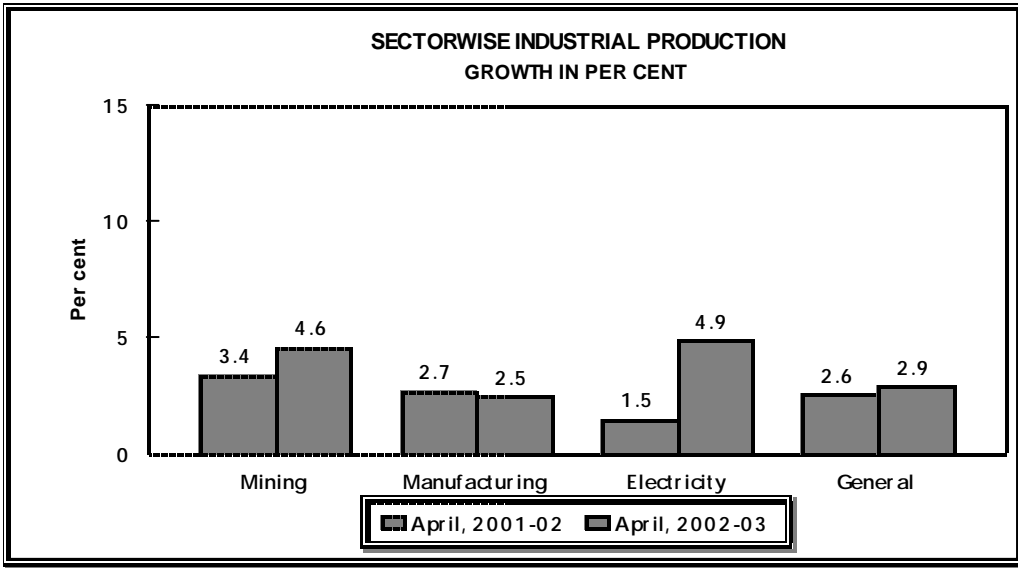


INDEX OF INDUSTRIAL PRODUCTION

SECTORWISE INDEX OF INDUSTRIAL PRODUCTION					<i>(Percentage change)</i>	
(Base = 1993-94 = 100)						
	2000-01/ 1999-00	2001-02/ 2000-01	Apr. '01/ Apr. '00	Apr. '02/ Apr. '01	<u>Apri-March</u>	
					2000-01	2001-02
<u>General</u>	5.0	2.8	2.6	2.9	5.0	2.8
Mining & Quarrying	3.7	1.8	3.4	4.6	3.7	1.8
Manufacturing	5.3	2.8	2.7	2.5	5.3	2.8
Electricity	4.0	3.1	1.5	4.9	4.0	3.1
<u>Use-Based Classification</u>						
Basic goods	3.9	2.8	3.8	3.2	3.9	2.8
Capital goods	1.8	-3.9	-4.4	-1.0	1.8	-3.9
Intermediate goods	4.7	1.6	3.8	2.1	4.7	1.6
Consumer goods	8.0	6.0	2.5	4.7	8.0	6.0
<u>Of which</u>						
Consumer Durables	14.5	11.5	6.4	6.1	14.5	11.5
Consumer non-Durables	5.8	4.0	1.3	4.1	5.8	4.0

The overall growth rate of Industrial production during **April, 2002-03** was 2.9 per cent as compared to 2.6 per cent in April, 2001-02. The growth in mining & quarrying, manufacturing sector and electricity generation during April, 2002-03 was 4.6%, 2.5% and 4.9% respectively as against 3.4%, 2.7% and 1.5% in April, 2001-02.

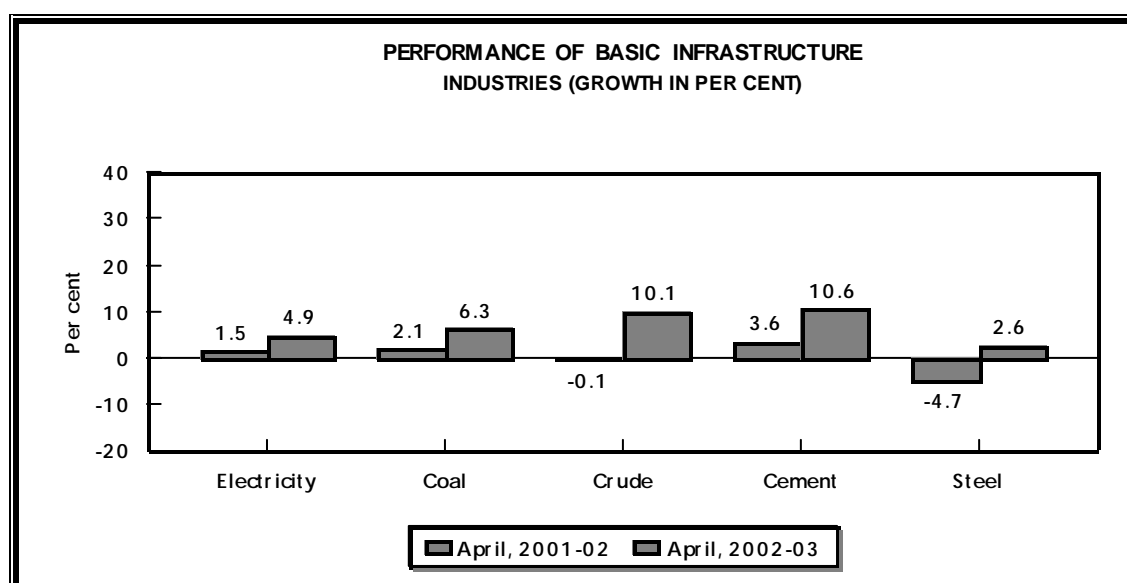
As per the use-based classification, production in capital goods during April, 2002-03, registered negative growth while basic goods, intermediate goods and consumer goods (both consumer durables and consumer non-durables) registered lower increase compared with April, 2001-02.



INFRASTRUCTURE INDUSTRIES

PRODUCTION IN INFRASTRUCTURE INDUSTRIES							
Industry/Infrastructure	Unit	April		Full Year		Percentage change April	
		2001	2002	2000-01	2001-02	2001-02/ 2000-01	2002-03/ 2001-02
Coal	Mn tons	23.9	25.4	309.6	322.6	2.1	6.3
Electricity Generation	Mn kw	41307	43342	499548	515271	1.5	4.9
Hydel	Mn kw	4429	5602	74481	73992	-30.5	26.5
Thermal (including nuclear)	Mn kw	36878	37740	425067	441279	7.6	2.3
Crude petroleum	000 tons	2553	2812	32427	32030	-0.1	10.1
Petroleum Products	000 tons	7368	7941	96203	99815	-1.4	7.8
Finished steel	000 tons	2387	2450	30321	31066	-4.7	2.6
Cement	000 tons	8895	9837	99520	106900	3.6	10.6
Average growth rate*	(%)	-0.3	5.9	5.1	3.0	-0.3	5.9
		<u>March</u>		<u>Full Year</u>		<u>April-March</u>	
Cargo handled at major ports	Mn. Ton	23.98	26.84	281.10	287.71	3.4	2.4
Telecommunications							
a) Net switching capacity	000 lines	2406.25	2265.0	7146.07	6956.77	6.4	-2.6
b) Net Tele. connections	000 nos	1646.59	1620.86	5924.79	5334.84	20.5	-10.0
Revenue earning goods traffic on railways	Mn. Ton	45.39	47.95	473.50	492.31	3.7	4.0
* 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 good performance in **April, 2002-03** as compared to April, 2001-02. During April, 2002-03 average growth rate was 5.9 per cent as compared to a decline of 0.3 per cent in April, 2001-02.



REVENUE EARNING GOODS TRAFFIC ON RAILWAYS

(Million Tonnes)

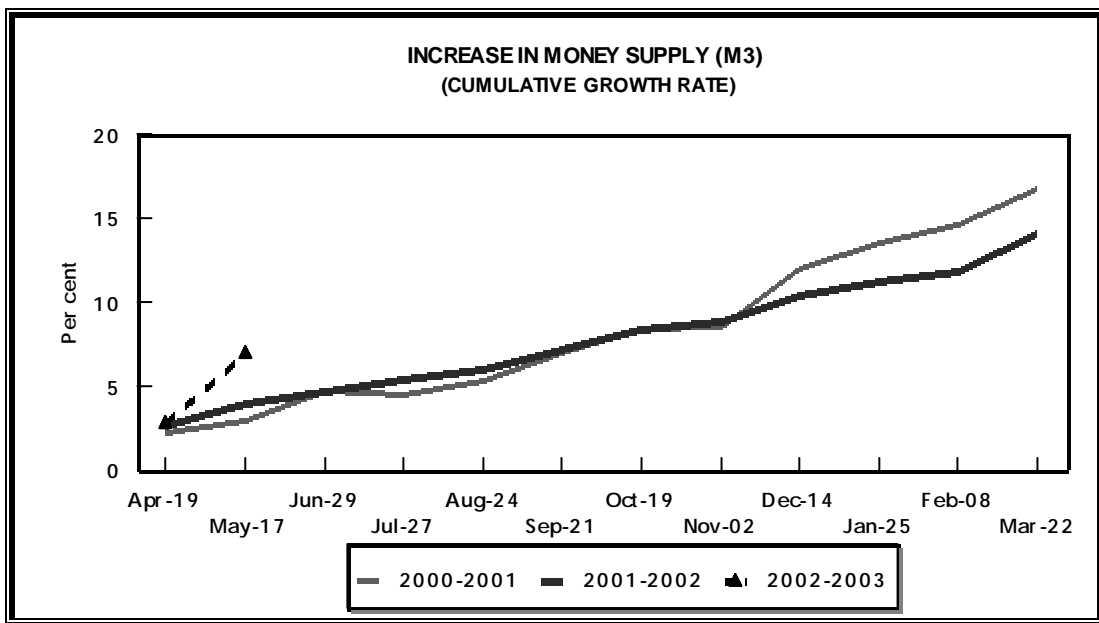
REVENUE EARNING GOODS TRAFFIC ON RAILWAYS						
Commodities	March		April-Mar.		Percentage Change	
	2001	2002	2000-01	2001-02	Mar. 2002/2001	April-Mar. 2001-02/ 2000-01
Coal	20.71	22.12	223.68	229.79	6.8	2.7
Raw material for Steel Plants	3.54	3.54	38.75	39.38	0.0	1.6
Pig Iron & Finished Steel From Steel Plants	1.17	1.30	11.79	12.00	11.1	1.8
Iron Ore for Exports	1.54	1.26	14.56	15.72	-18.2	8.0
Cement	4.59	4.41	42.88	44.00	-3.9	2.6
Foodgrains	2.97	3.86	26.68	32.81	30.0	23.0
Fertilizers	1.86	1.95	27.12	27.09	4.8	-0.1
POL	3.39	3.20	36.25	35.62	-5.6	-1.7
Balance other goods	5.62	6.31	51.79	55.90	12.3	7.9
Total	45.39	47.95	473.50	492.31	5.6	4.0

The revenue earning goods traffic handled by the Railways increased by 4.0 per cent during **2001-02** as compared to 3.7 per cent in 2000-01.

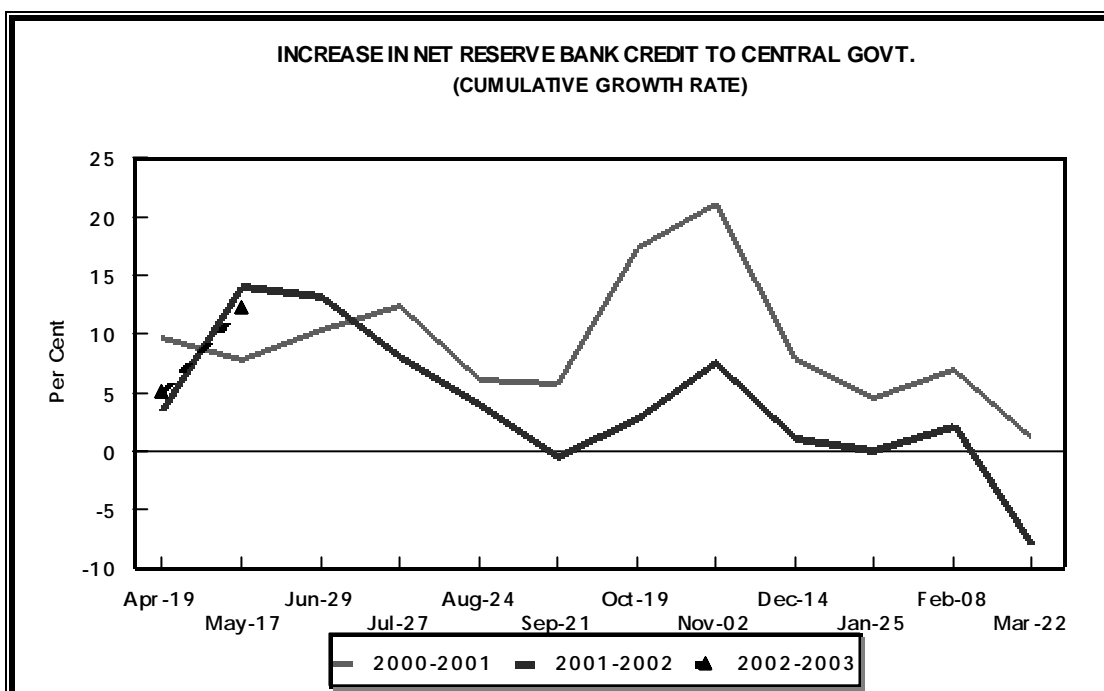
MONEY AND BANKING

VARIATIONS IN MONEY STOCK						
	Full Year Mar 31 '01 to Mar 31 '02	Mar 31 '02 to May 17 '02 (PR)	Full Year Mar 31 '01 to Mar 31 '02	Mar 31 '01 to May 18 '01 (P)	Mar 31 '02 to May 17 '02 (PR)	May 18 '01 to May 17 '02 (P)
	<i>(Rs crore)</i>		<i>(per cent)</i>			
M1 (I+II+IV)	41753	20326	11.0	4.5	4.8	11.3
M3(M1+ III)	183912	104376	14.0	4.0	7.0	17.2
I. Currency with the public	31890	19762	15.2	9.1	8.2	14.3
II. Demand deposits with banks	10647	1128	6.4	-0.7	0.6	7.8
III. Time deposits with banks	142160	84050	15.2	3.8	7.8	19.7
IV. Other deposits with RBI	-784	-564	-21.6	-18.5	-19.8	-22.9
Sources of change in M3						
<i>(1+2+3+4-5)</i>						
1. Net Bank Credit to Govt (A+B)	75853	35958	14.8	6.4	6.1	14.6
A. RBI's net credit to Govt ^a	594	14594	0.4	10.8	9.4	-0.8
To Central Govt	-506	17841	-0.3	14.2	12.2	-2.1
To State Govts	1100	-3247	15.0	-56.7	-38.5	63.2
B. Other bank credit to Govt	75259	21364	21.0	4.4	4.9	21.6
2. Bank credit to commercial sector	74991	56306	11.0	0.6	7.5	18.7
3. Net foreign exchange assets of banking sector ^b	64913	8321	26.0	1.5	2.6	27.4
4. Govt's currency liabilities to the public	872	0	16.3	2.5	0.0	13.4
5. Banking sector's net non-monetary liabilities other than time deposits	32716	-3791	24.6	-9.3	-2.3	34.2
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 May 17, 2002) money supply (M3) increased by 7.0 per cent which is higher than 4.0 per cent in the corresponding period of 2001-02. Among its components, currency with the public showed a growth of 8.2 per cent as against 9.1 per cent in the corresponding period of last year. Demand deposits with banks showed a growth of 0.6 per cent as against a decline of 0.7 per cent in the corresponding period of last financial year. Time deposits with banks increased by 7.8 per cent as against 3.8 per cent in the corresponding period of last year. The annual growth of M3 as on May 17, 2002 stood at 17.2 per cent.



On the sources side, the Net Bank Credit to Government showed a growth of 6.1 per cent during the current financial year (i.e. March 31, 2002 to May 17, 2002) which is lower than that of 6.4 per cent increase in the same period of 2001-02. RBI's Net Credit to Central Government increased by 12.2 per cent as against an increase of 14.2 per cent in 2001-02. Bank credit to the commercial sector increased by 7.5 per cent as against an increase of 0.6 per cent in the same period of last year. Net foreign exchange assets of banking sector increased by 2.6 per cent as compared with 1.5 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 May 17,'02 (PR)	Full Year Mar 23,'01 to Mar 22,'02	Mar 23,'01 to May 18,'01	Mar 22,'02 to May 17,'02 (P)	May 18,'01 to May 17,'02 (P)
	<i>(Rs crore)</i>		<i>(per cent)</i>			
1. Bank credit	74398	56363	17.3	1.4	9.6	23.8
Food credit	13987	4815	55.7	16.1	8.9	26.6
Non-food credit	60411	51548	14.9	0.2	9.7	23.5
2. Aggregate deposits	137836	84180	18.4	3.7	7.6	18.7
Demand deposits	9129	1266	11.9	-1.2	0.8	8.6
Time deposits	128707	82914	19.5	4.5	8.7	20.4
3. Borrowings from RBI	-280	-774	-40.0	22.5	-21.4	-40.4
4. <i>Cash reserves</i>						
Cash in hand	405	433	6.1	10.9	7.1	3.5
Balances with RBI	2858	9716	3.7	19.4	15.6	1.4
5. Investments in Govt. and other approved securities	68994	19143	19.8	4.2	4.4	18.8
P = Provisional						

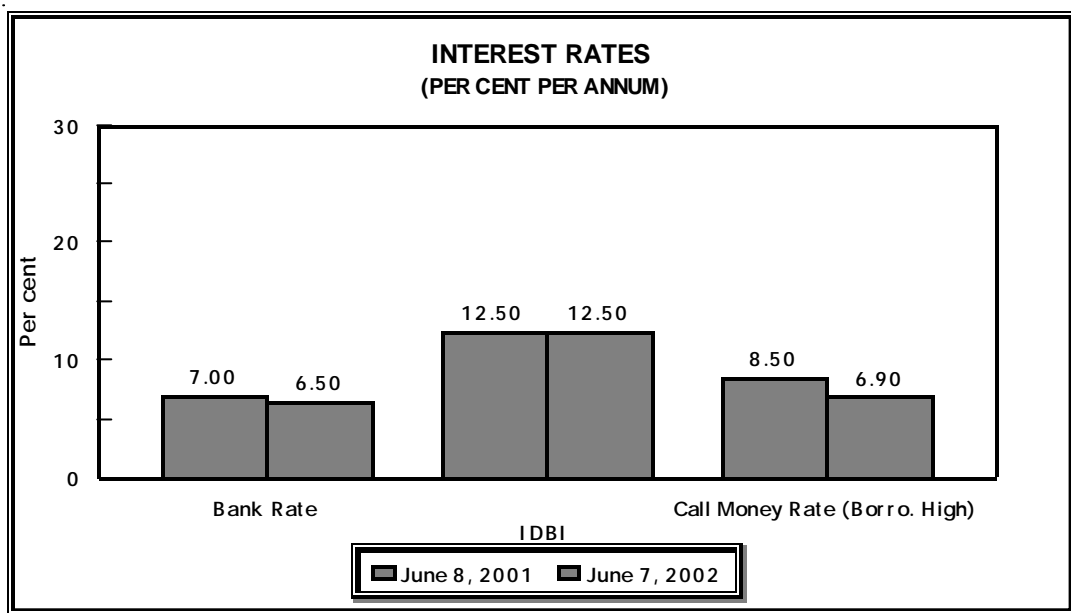
Bank credit by the scheduled commercial banks during the current financial year so far (i.e. March 22, 2002 to May 17, 2002) showed a growth of 9.6 per cent as compared with an increase of 1.4 per cent in the corresponding period of last financial year. Food credit increased by 8.9 per cent while non-food credit increased by 9.7 per cent during this period.

INTEREST RATES (PER CENT PER ANNUM)

<i>Item/ Week ended</i>	<i>2001</i>	<i>2002</i>
1	<i>June 8</i>	<i>June 7</i>
1	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	6.00/8.50	5.00/6.90
-Lendings	5.05/9.00	5.00/6.90

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 June 7, 2002, Prime Lending Rate ranged from 11.00 to 12.00 per cent same as on June 8, 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.

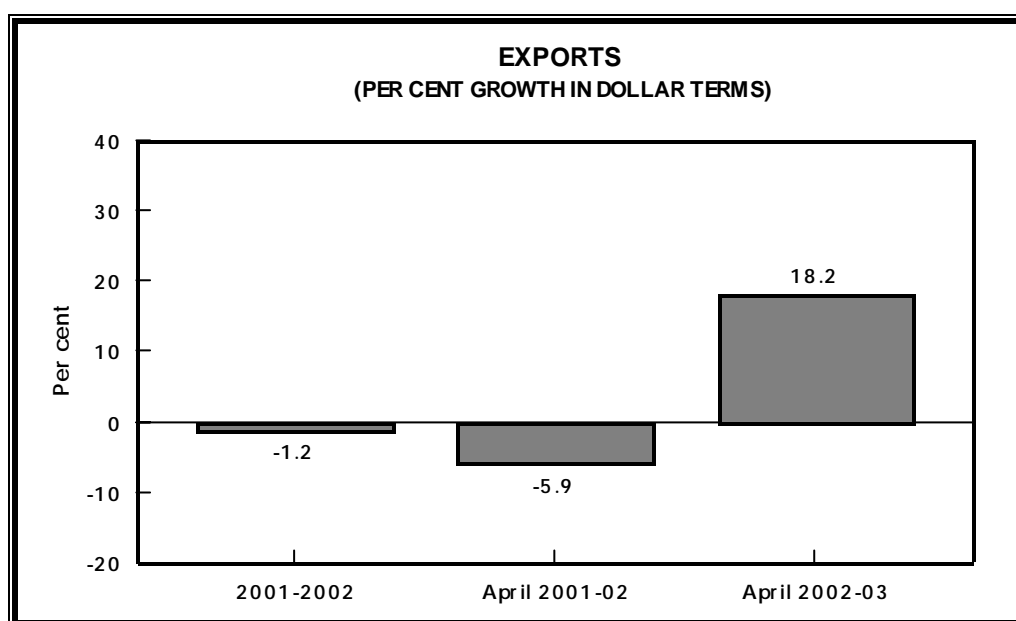


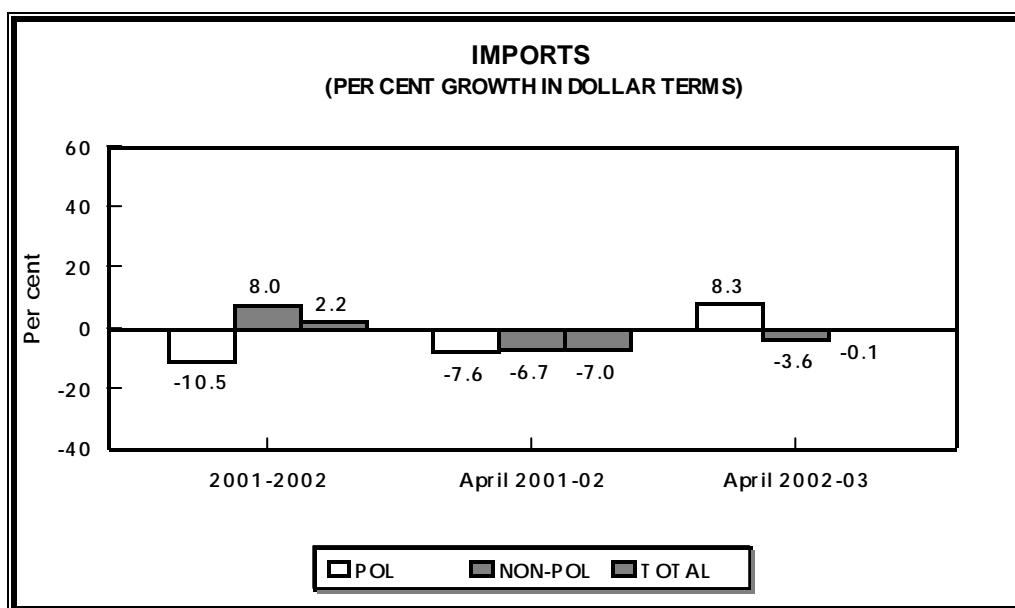
EXTERNAL SECTOR

FOREIGN TRADE

FOREIGN TRADE*						
Item	2000-01(R)	2001-02(PR)	April		April	
			2001-02	2002-03	2001-02	2002-03
<i>Rs. Crore</i>				<i>% change</i>		
Exports	201356	207746	14573	18006	0.9	23.6
Imports	228307	243645	19153	20008	-0.3	4.5
POL	71497	66770	5599	6341	-0.9	13.2
Non-POL	156811	176875	13554	13667	0.0	0.8
Trade Balance	-26951	-35899	-4580	-2002	-	-
<i>Million Dollar</i>				<i>% change</i>		
Exports	44075	43560	3115	3681	-5.9	18.2
Imports	49975	51087	4094	4090	-7.0	-0.1
POL	15650	14000	1197	1296	-7.6	8.3
Non-POL	34325	37087	2897	2794	-6.7	-3.6
Trade Balance	-5900	-7527	-979	-409	-	-
P = Provisional, PR = Partially Revised						

Exports in dollar terms in **April, 2002** increased by 18.2 per cent as compared to a decline of 5.9 per cent in April, 2001. Imports decreased by 0.1 per cent as against a decline of 7.0 per cent in last year. Imports of POL increased by 8.3 per cent in April, 2002 as against a decline of 7.6 per cent in corresponding period last year.



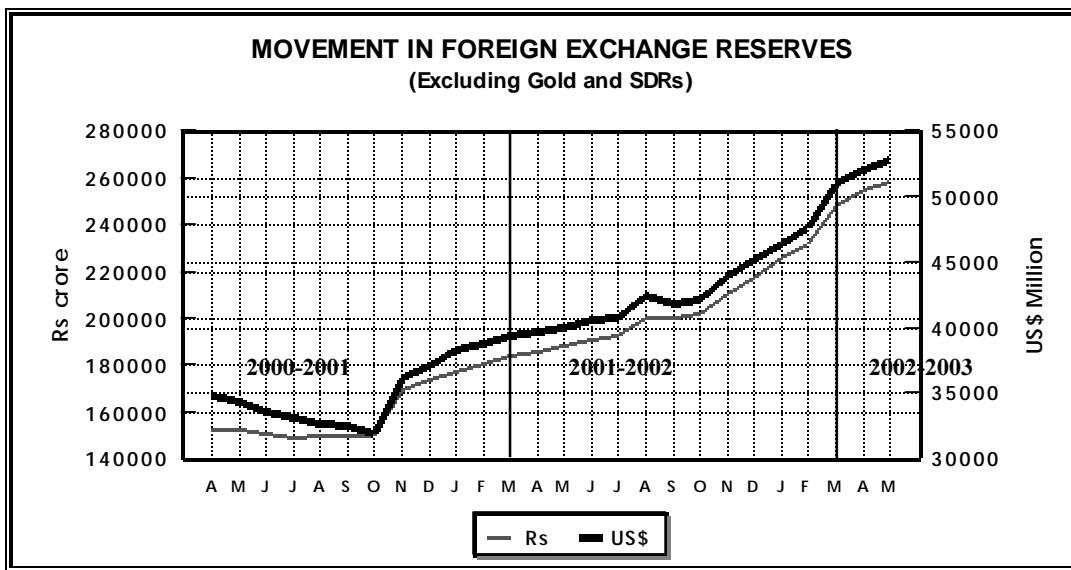


FOREIGN EXCHANGE RESERVES

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

* Provisional

Foreign Exchange Reserves (excluding Gold & SDRs), were \$51049 million at the end of 2001-2002. These reserves have increased by \$1841 million and stood at \$52890 million at the end of May, 2002.

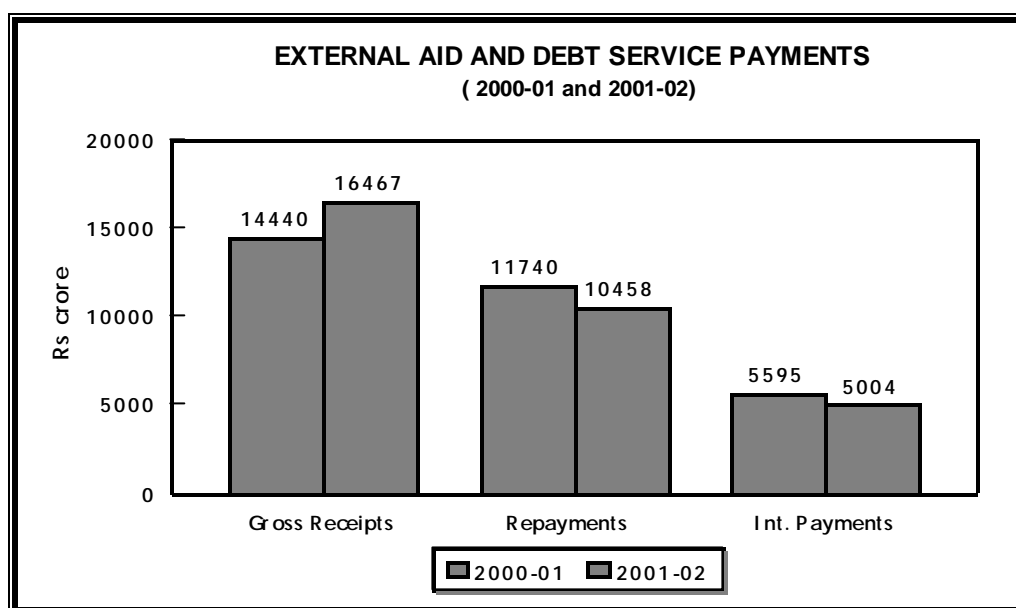


EXTERNAL AID RECEIPTS AND DEBT SERVICE PAYMENTS*

(Rs Crore)

	Receipts		Repayment of Principal		Payment of Interest	
	2000-01	2001-02	2000-01	2001-02	2000-01	2001-02
Loans- Govt. A/C	11797	12800	9839	9189	4410	4187
Grants- Govt. A/C	731	1127	-	-	-	-
Total	12528	13927	9839	9189	4410	4187
Non-Govt. loans	1707	2446	1901	1269	1185	817
Grants-Non-Govt.	205	94				
Grand Total	14440	16467	11740	10458	5595	5004
	(3161)	(3453)				
Net Flows (net of repayment)	2700	6009	-	-	-	-
Net Transfers (net of repayment and interest payments)	-2895	1005	-	-	-	-
* April-March						
Note: Figures in brackets are in terms of million US \$						

Gross external aid in **2001-02** at Rs 16467 crore was 14.0 per cent higher than that of Rs 14440 crore in 2000-01. Net aid flows (net of repayments) amounted to Rs 6009 crore as against Rs 2700 crore. Net aid transfers (net of repayments and interest payments) was Rs 1005 crore as against Rs (-) 2895 crore in the corresponding period of last year.



EXCHANGE RATES

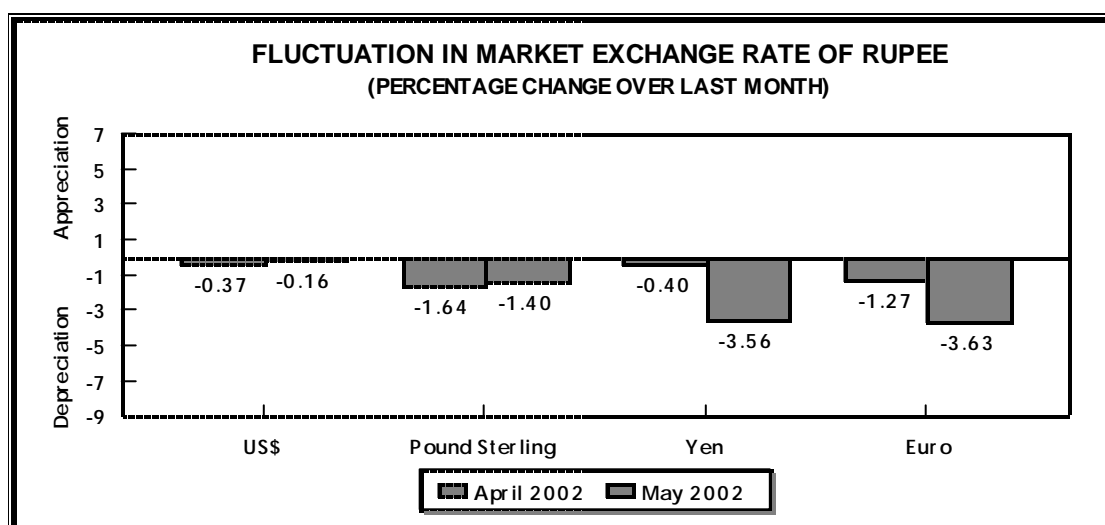
Rupees Per Unit of Foreign Currency

(Market Rate^a)

Month	US Dollar	Pound Sterling	Deutsche Mark*	Japanese Yen	French Franc*	Euro@	5 Country NEER Base 1995=100	5 Country REER Base 1995=100
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	102.89
2002-2003								
April	48.92	70.53	--	0.3738	--	43.30	77.98	102.24
May	49.00	71.53	--	0.3876	--	44.93	76.65	100.82

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



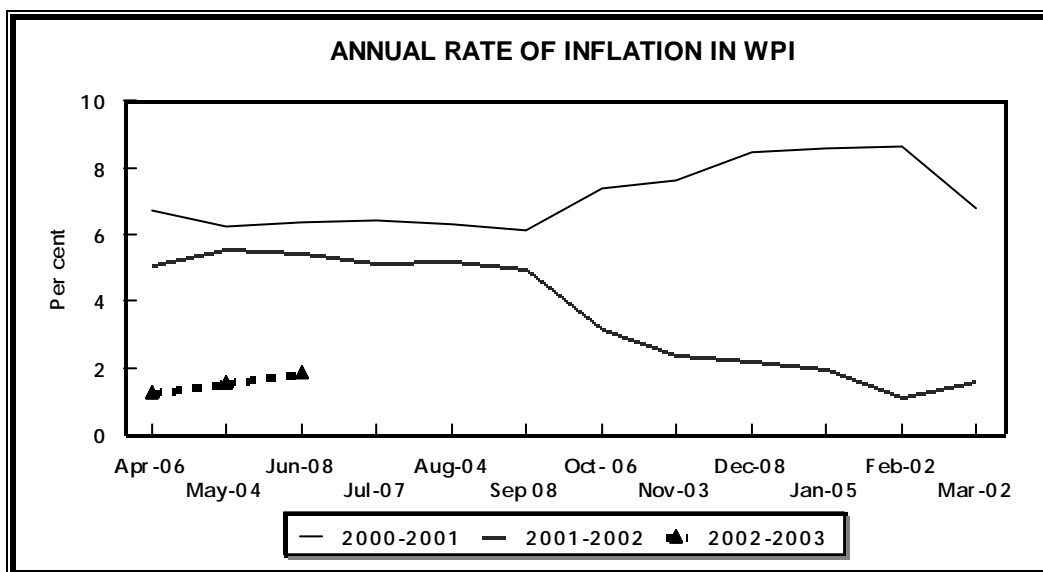
INFLATION

WHOLESALE PRICE INDEX

WHOLESALE PRICES (Base 1993-94)					
Items/Groups	Weight (%)	Per cent Variation During			
		MONTH		YEAR (point to point)	
		(May over April)		(ending 8.6.2002) ^(P)	
		Last Year	Current Year	Last Year	Current Year
All Commodities	100.00	0.37	0.68	5.44	1.87
I Primary articles	22.03	1.80	0.77	3.16	0.71
II Fuel, Power, Light and Lubricants	14.23	-0.18	1.69	14.35	5.40
III Manufactured Products	63.75	-0.07	0.28	3.52	1.18

P = Provisional

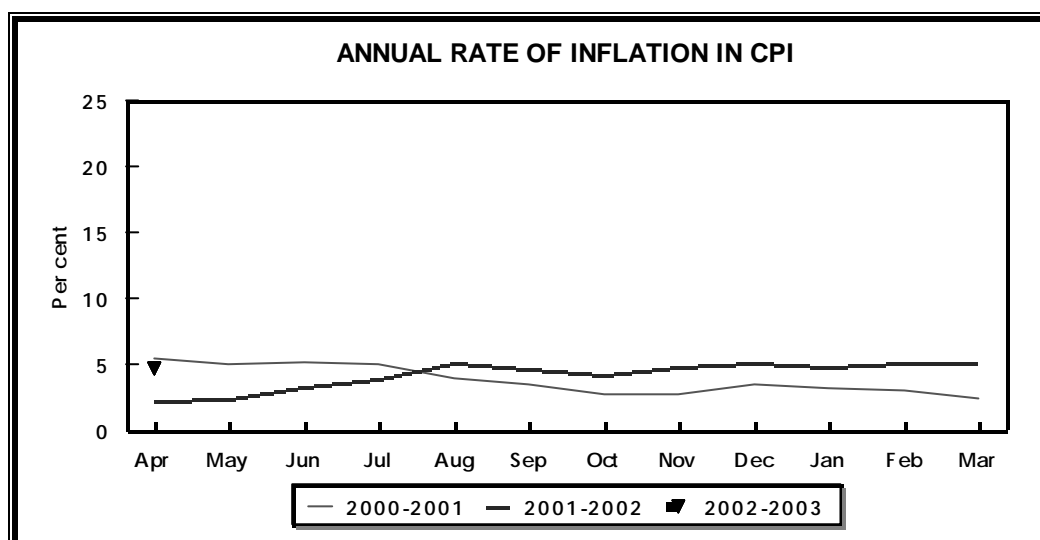
The annual rate of inflation based on **Wholesale Price Index (WPI)** stood at 1.87 per cent for week ended June 8, 2002 compared to 5.44 per cent a year ago. This rate was contributed by an increase of 0.71 per cent in Primary articles, 5.40 per cent increase in Fuel, Power and Lubricants and 1.18 per cent increase in Manufactured Products as against an increase of 3.16 per cent, 14.35 per cent and 3.52 per cent respectively, on the corresponding date of last year.



CONSUMER PRICE INDEX

CONSUMER PRICE INDEX AND INFLATION RATE		
	2001-2002 (Up to April, 2001)	2002-2003 (Up to April, 2002)
	<i>Per cent</i>	
Annual Inflation	2.3	4.7
Financial Year Inflation (%)	0.2	0.2
Last Month (% change)	0.7	0.2
Level of Index	448	469
Average of Index for 12 months ending April	445.00	465.08

The All India **Consumer Price Index for Industrial Workers** (CPI-IW) for April, 2002 which stood at 469 increased by 0.2 per cent over the previous month's level and increased by 4.7 per cent over April, 2001.



EMPLOYMENT EXCHANGE STATISTICS

(Lakhs)

EMPLOYMENT EXCHANGE STATISTICS				
	January		April-January	
	2001	2002*	2000-01	2001-02*
1. No. of applicants on Live Register at the end of the month	413.11	420.73	413.11	420.73
2. No. of registrations/re-registrations	3.61	4.39	51.87	50.06
3. Placements effected	0.20	0.14	2.51	1.36
		<i>(per cent)</i>		
4. Placements (3) as percentage of the registrations (2)	5.54	3.19	4.84	2.72
* Provisional				

The number of applicants on the Live Register of Employment Exchanges at the end of **January**, 2002 was 420.73 lakh, higher by 1.84 per cent as compared to the corresponding period of the previous year. The number of registrations during **January**, 2002 was 4.39 lakh, higher by 21.6 percent as compared to **January**, 2001. The Placements as a percentage of registrations during **January**, 2002 were 3.19 as against 5.54 in **January**, 2001. The total placements effected during 2001-02 (April-January) were 1.36 lakh as compared to 2.51 lakh in the corresponding period of 2000-01. Placements constituted 2.72 percent of registrations in 2001-02 as against 4.84 percent in 2000-01.