

**Government of India
Ministry of Finance
Department of Economic Affairs
Economic Division
8(2)/Ec. Dn/2003**

**MONTHLY ECONOMIC REPORT
JUNE, 2004**

HIGHLIGHTS

- The Pre-Monsoon season rainfall from June 1, 2004 to June 16, 2004 was normal/excess in 69 per cent meteorological sub-divisions.
- Foodgrain stocks were 31.76 million tonnes as on May 1, 2004
- Overall industrial growth was 9.4 per cent in April, 2004 as compared with 4.2 per cent in April, 2003.
- Core infrastructure sectors achieved an average growth rate of 9.0 per cent in April, 2004 as compared with 4.5 per cent in April, 2003.
- Broad Money (M3) growth (year-on-year) was 15.3 per cent during the period March 31, 2004 to May 28, 2004 as compared with 11.6 per cent last year.
- Exports grew by 24.9 per cent in dollar terms in April-May, 2004 as compared with 8.7 per cent in the corresponding period last year. Imports grew by 25.8 per cent during April-May, 2004 as compared with 23.7 per cent last year.
- Forex reserves (excluding Gold and SDRs) stood at \$ 114.10 billion as on May 31, 2004.
- Rupee appreciated against Japanese Yen and depreciated against US Dollar, Pound Sterling and Euro in May, 2004.
- The annual inflation rate in terms of WPI (Base 1993-94=100) was 5.0 per cent for the week ended May 29, 2004 as compared with 5.8 per cent a year ago.
- Tax revenue (net to Centre) in 2003-04 (provisional) was higher by 17.3 per cent over 2002-03.
- Fiscal deficit in 2003-04 (provisional) declined by 13.2 per cent over 2002-03 (actual).

**(G.R.Reddy)
Adviser**

AGRICULTURE

MONSOON SEASON RAINFALL*

Number of Meteorological Sub-divisions

	1999	2000	2001	2002	2003	1999-2003+	2004
Excess/Normal	23	32	34	27	12	26	25
Deficient/Scanty/Nil	13	4	2	9	24	10	11
Total	36	36	36	36	36	36	36

* (June-September)

+ Annual Average

The pre-monsoon season rainfall from June 1, 2004 to June 16, 2004 was normal/excess in 25 meteorological sub-divisions (69 per cent) and deficient/scanty in the remaining 11 (31 per cent). The annual average for 1999-2003 was normal/excess in 26 (71 per cent) meteorological sub-divisions and deficient/scanty in the remaining 10 (29 per cent).

PROCUREMENT

	Full Marketing Year				Up to June 21		% change
	2000-01	2001-02	2002-03	2003-04	2003	2004	Col 7/Col.6
	Million Tonnes						
1	2	3	4	5	6	7	8
Rice(Oct-Sept.)	19.59	21.28	16.41		15.79	21.72	37.6
Wheat(Apr-Mar)	16.36	20.63	19.06	15.80	15.71	16.59	5.6
Total	35.95	41.91	35.47	15.80	31.50	38.31	21.6

Wheat procurement up to June 21, 2004 in the current marketing year (i.e. 2004-05) was higher by 5.6 per cent at 16.59 million tonnes compared with 15.71 million tonnes in the corresponding period in 2003-04. Procurement of rice during the marketing year 2003-04 (up to June 21, 2004) at 21.72 million tonnes was higher by 37.6 per cent than the level of 15.79 million tonnes during the corresponding period of 2002-03.

OFF-TAKE

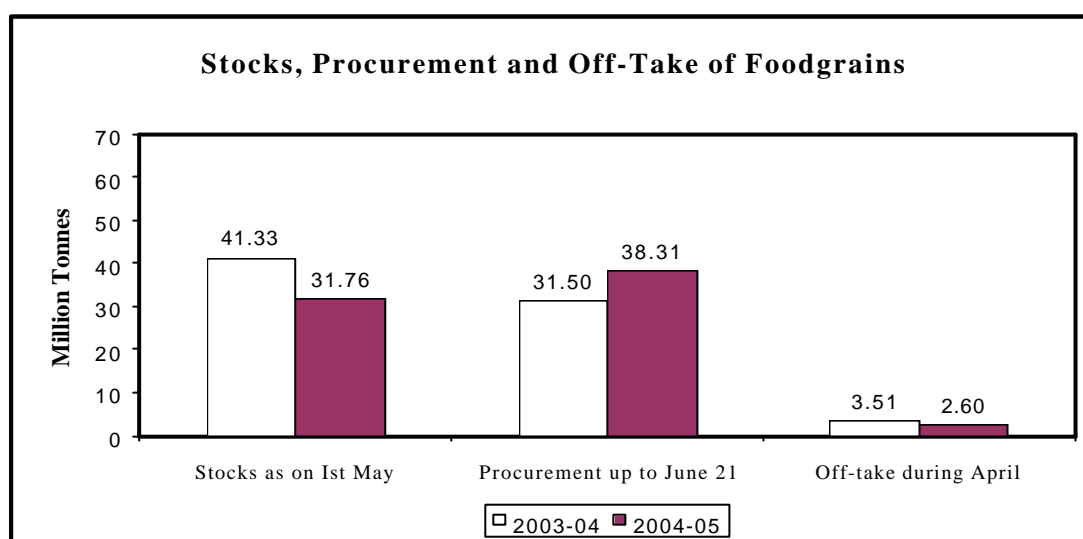
	2001-02(P)	2002-03(P)	2003-04(P)	April	
				2003-04(P)	2004-05(P)
1	2	3	4	5	6
	Million Tonnes				
Rice	15.32	24.64	23.74	1.68	1.35
Wheat	15.99	24.99	24.19	1.83	1.25
Total	31.30	49.63	47.93	3.51	2.60

Off-take from the Public Distribution System from Central Pool during April, 2004 was 2.60 million tonnes which was lower by 25.85 per cent than the off-take of 3.51 million tonnes during the corresponding month last year.

STOCKS

	As on April 1		As on May 1	
	2003	2004	2003	2004
Million Tonnes				
Rice	17.16	13.07	15.32	12.73
Wheat	15.64	6.93	26.01	19.03
Total	32.80	20.00	41.33	31.76

Stocks of foodgrains as on May 1, 2004 was 31.76 million tonnes which was lower by 23.2 per cent than the level of 41.33 million tonnes as on May 1, 2003.



INDEX OF INDUSTRIAL PRODUCTION

SECTORWISE INDEX OF INDUSTRIAL PRODUCTION

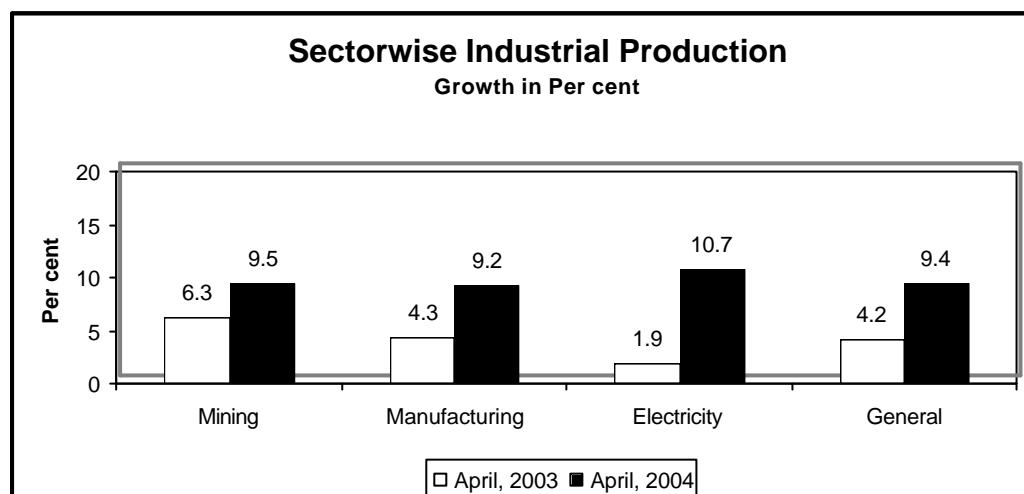
(Base: 1993-94=100)

(Percentage change)

	2002-03	2003-04	Apr.'03	Apr.'04	April	
					2003-04	2004-05
					General	5.7
Mining	5.8	5.2	6.3	9.5	6.3	9.5
Manufacturing	6.0	7.3	4.3	9.2	4.3	9.2
Electricity	3.2	5.1	1.9	10.7	1.9	10.7
Use-Based Classification						
Basic goods	4.9	5.4	2.8	8.2	2.8	8.2
Capital goods	10.5	13.1	6.5	23.2	6.5	23.2
Intermediate goods	3.9	6.3	2.1	9.4	2.1	9.4
Consumer goods	7.1	7.1	7.1	6.7	7.1	6.7
<i>Of which</i>						
Consumer durables	-6.3	11.5	0.4	17.7	0.4	17.7
Consumer non-durables	12.0	5.7	9.1	3.5	9.1	3.5

The overall growth rate of Industrial production during April, 2004 was 9.4 percent as compared to 4.2 percent in April, 2003. The growth in mining, manufacturing and electricity during April, 2004 was 9.5 percent, 9.2 percent and 10.7 percent, respectively as compared to 6.3 percent, 4.3 percent and 1.9 percent, respectively during April, 2003.

As per the use-based classification, production in basic goods, capital goods and intermediate goods registered higher growth and consumer goods showed lower growth.



INFRASTRUCTURE INDUSTRIES

PRODUCTION IN INFRASTRUCTURE INDUSTRIES							
Industry/Infrastructure	Unit	Apr-03	Apr-04	Full Year		% Change	
				2002-03	2003-04	April	
				2003-04	2004-05	2003-04	2004-05
Coal	Mn tons	26.2	27.8	337.4	354.7	3.1	6.1
Electricity Generation	Mn kw	44284	49007	531594	558134	1.9	10.7
Hydel	Mn kw	4494	5205	63833	73796	-19.4	15.8
Thermal (including nuclear)	Mn kw	39790	43802	467761	484338	5.1	10.1
Crude petroleum	000 tons	2572	2848	33044	33384	1.9	10.7
Petroleum Products	000 tons	8559	9688	104680	113241	6.9	13.2
Finished steel	000 tons	2830.4	2916.4	34528.2	36925.1	14.4	3.0
Cement	000 tons	9560	11102	116348	123440	-2.8	16.1
Average growth rate*	(%)	4.5	9.0	5.6	5.4	4.5	9.0
Cargo handled at major ports	Mn tons	26.93	28.41	313.53	344.52	6.1	5.5
Telecommunications							
a) Net switching capacity	000 limes	7864	1937	4477.63	1817.66	0.2	-75.4
b) Net Tele. Connections	000 nos	-84.30	372.61	3399.44	7804.86	-	-
Revenue earning goods traffic on railways	Mn tons	43.07	45.59	518.48	557.39	5.9	7.2

* 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 a higher growth of 9.0 per cent in the month of April, 2004 as compared to 4.5 per cent in the corresponding month of last year.

Revenue Earning goods traffic handled by Railways

	April		Full Year		Percentage Change	
	2003	2004	2002-03	2003-04	April, 04	2003-04
Commodities						
Coal	20.45	20.64	235.85	251.66	0.9	6.7
Raw material for Steel Plants.	3.53	3.27	40.99	43.94	-7.4	7.2
Pig Iron & Finished Steel From Steel Plants	1.01	1.01	13.63	14.34	0.0	5.2
Iron Ore for Exports	1.72	2.77	16.66	26.66	61.0	60.0
Cement	3.90	4.61	46.25	49.52	18.2	7.1
Foodgrains	3.44	3.52	45.60	45.43	2.3	-0.4
Fertilizers	1.54	1.73	26.46	25.83	12.3	-2.4
POL	2.49	2.40	34.05	32.02	-3.6	-6.0
Balance other goods	4.99	5.64	59.25	67.99	13.0	14.8
Total	43.07	45.59	518.74	557.39	5.9	7.5

The revenue earning goods traffic handled by Railways in the month of April, 2004 increased by 5.9 per cent as compared to 7.2 per cent in the corresponding month of last year.

MONEY AND BANKING

Items	Outstanding as on (Rs. crore)		% Variations			
			Financial year so far		Year-on-year	
	March 31, 2004	May 28, 2004	2003-04	2004-05	2003	2004
M3(I+II+III+IV)	2000349	2066190	4.2	3.3	11.6	15.3
I. Currency with the public	316758	331941	6.7	4.8	12.4	14.7
II. Demand deposits with banks	251371	245117	3.2	-2.5	12.5	20.1
III. Time deposits with banks	1427179	1485503	3.9	4.1	11.3	14.6
IV. Other deposits with RBI	5041	3629	-24.3	-28.0	8.1	47.8
Sources (I+2+3+4-5)						
1. Net bank credit to Govt. (A+B)	741968	748255	5.0	0.8	11.8	5.7
A. RBI's net credit to Govt.	44907	4259	2.4	-90.5	-22.6	-96.6
B. Other bank credit to Govt.	697061	743996	5.5	6.7	23.4	27.3
2. Bank credit to commercial sector	1011074	1034149	0.1	2.3	9.8	15.9
3. Net foreign exchange assets of banking sector	515304	568397	6.2	10.3	29.7	36.0
4. Government's currency liabilities to the public	7291	7291	1.0	0.0	10.6	2.1
5. Banking sector's non-monetary liabilities other than time deposits	275288	291902	-5.8	6.0	37.5	24.9

During the current financial year 2003-04, broad money stock (M3) (up to May 28, 2004) increased by 3.3 per cent as compared with the growth rate of 4.2 per cent registered during the corresponding period of the last year. The year-on-year growth as on May 28, 2004 was 15.3 per cent as compared with 11.6 per cent on the corresponding date of last year.

Among the sources of broad money supply, net foreign exchange assets (NFA) of the banking sector have emerged as the major source of growth. up to May 28, 2004 these assets have grown by 10.3 per cent as compared with 6.2 per cent same period of last year. The annual growth of NFA as on May 28, 2004 was 36.0 per cent, which is much higher than the growth rate of 29.7 per cent achieved on the corresponding date of last year.

Scheduled Commercial Banks: Business in India

Items	Outstanding as on (Rs. crore)		% Variations			
			Financial year so far		Year-on-year	
	March 19, 2004	May 28, 2004	2003- 04	2004-05	2003	2004
1. Bank credit	835382	864705	0.2	3.5	13.3	18.4
Food credit	35961	43512	3.2	21.0	-15.9	-14.8
Non-Food credit	799421	821193	-0.1	2.7	16.3	20.9
2. Aggregate deposit	1501931	1548382	3.9	3.1	11.7	16.3
Demand deposit	221950	214849	3.6	-3.2	13.0	21.8
Time deposits	1279981	1335333	4.0	4.2	11.5	15.5
3. Investments in Govt. and other approved securities	679655	722554	5.2	6.3	22.1	25.4
Government securities	653244	698516	5.5	6.9	24.0	26.6
Other approved securities	26411	24038	0.0	-9.0	-9.4	-0.4

During the current financial year (up to May 28, 2004) incremental gross bank credit increased by 3.5 per cent as compared with 0.2 per cent in the previous year. The year-on-year growth of gross bank credit as on May 28, 2004 was 18.4 per cent as against 13.3 per cent on the corresponding date of last year.

Non-Food credit during the financial year so far registered a growth of 2.7 per cent as compared with decline of 0.1 per cent during the same period of the last year. The annual growth rate was 20.9 per cent as compared with 16.3 per cent on the corresponding date of last year.

The year-on-year growth of time deposits with banks as on May 28, 2004 was higher at 15.5 per cent as compared with 11.5 per cent on the corresponding date of last year.

INTEREST RATES (PER CENT PER ANNUM)

Item/week ended	2003	2004
	May 30	May 28
1	2	3
Bank Rate	6.00	6.00
IDBI ¹	12.50	10.25
Prime Lending Rate ²	10.50-11.50	10.25-11.00
Deposit Rate ³	5.25-6.00	5.00-5.50
Call Money Rate ⁴ (Low/High)		
Borrowings	2.00/5.25	3.00/7.50
Lending	2.00/5.25	2.50/7.50

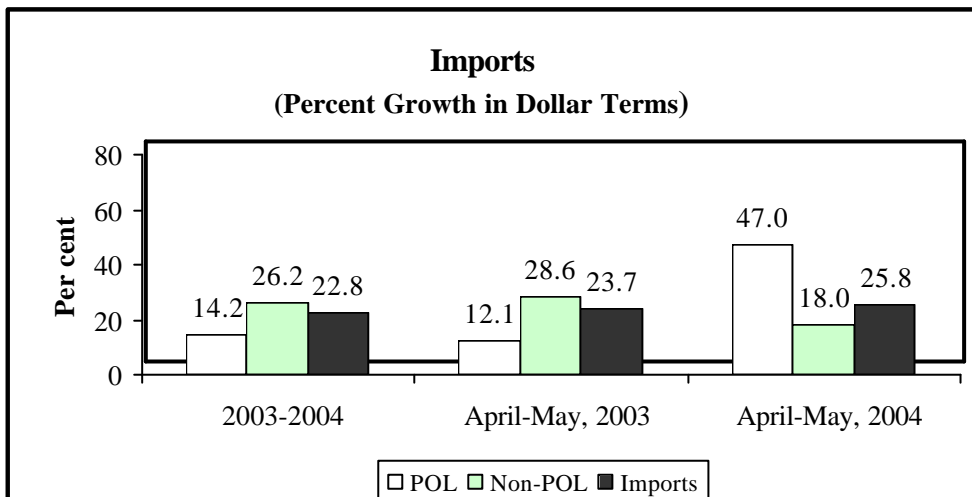
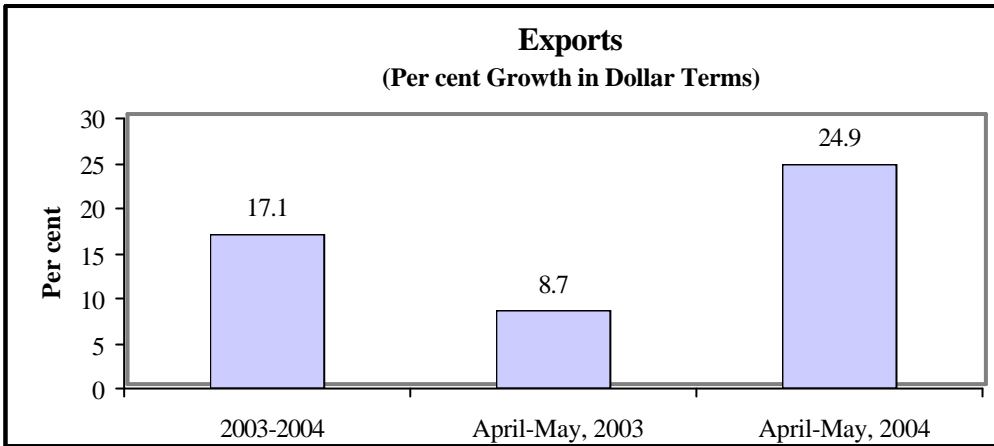
1. Minimum Term Lending Rate (MTLR)
2. Prime Lending Rate relates to five major Banks
3. Deposit Rate relates to major banks for term deposits of more than one year maturity.
4. Call money rates are based on data covering 90-95 per cent of total transactions reported by major participants.

As on May 28, 2004 Bank Rate was 6.00 per cent same as on the corresponding date of last year. Call money rates were higher in the range of 3.00/7.50 as compared with 2.00/5.25 per cent on the corresponding date of last year.

FOREIGN TRADE						
Item			April-May		% Change	
	2002-03 @	2003-04	2003-04	2004-05	2003-04	2004-05
Rs. Crore						
Exports	255137	283604	40933	48315	4.8	18.0
Imports	297206	346474	54840	65192	19.3	18.9
POL	85367	92589	14780	20512	8.1	38.8
Non-POL	211839	253885	40060	44680	24.0	11.5
Trade Balance	-42069	-62870	-13906	-16878	-	-
Million Dollars						
Exports	52719	61718	8668	10823	8.7	24.9
Imports	61412	75400	11613	14608	23.7	25.8
POL	17640	20149	3130	4600	12.1	47.0
Non-POL	43773	55251	8483	10008	28.6	18.0
Trade Balance	-8693	-13682	-2945	-3784	-	-

(R) : Revised

Exports in dollar terms during April-May, 2004 increased by 24.9 percent as compared to an increase of 8.7 percent during April-May, 2003. Imports increased by 25.8 percent during April-May, 2004 as against an increase of 23.7 percent last year.



FOREIGN EXCHANGE RESERVES
(EXCLUDING GOLD & SDRs)

	Amount		Variation	
	Rs.Crore	\$ Million	Rs.Crore	\$ Million
At the end of			(over last year)	
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
March, 2003	341476	71890	92358	20841
March, 2004	466215	107448	124739	35558
2004-2005			(over last month)	
April*	501429	113011	35214	5563
May*	519847	114102	18418	1091
June				
July				
August				
September				
October				
November				
December				
January				
February				
March				
* Provisional				

EXTERNAL AID RECEIPTS AND DEBT SERVICE PAYMENTS*						
(Rs crore)						
	Receipts		Repayment of Principal		Payment of Interest	
	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05
Loans - Govt A/C	635	458	1349	479	333	177
Grants - Govt A/C	86	96	-	-	-	-
Total	721	554	1349	479	333	177
Non-Govt. loans	215	96	905	0	25	11
Grants Non-Govt	5	1	-	-	-	-
Grand Total	941	651	2254	479	358	188
	(199)	(143)	(477)	(105)	(76)	(41)
Net Flows (net of repayment)	-1313	173	-	-	-	-
Net Transfers (net of repayment and interest payments)	-1671	-15	-	-	-	-
* April						
Note: Figures in brackets are in terms of million US \$						

Gross external aid in the month of April, 2004 at Rs 651 crore was 30.8 percent lower than that of Rs 941 crore in the same month of last year. Net Aid flows (net of repayment) were Rs. 113 crore as compared with Rs. (-) 1313 crore during the same period last year. Net Aid Transfers (net of repayment and interest payment) were Rs. (-) 15 crore as compared with Rs. (-)1671 crore during the same month of last year.

Rupees Per Unit of foreign Currency				
(Market Rate@)				
	US Dollar	Pound Sterling	Japanese Yen	Euro
March, 2001	46.62	67.39	0.3846	42.44
March, 2002	48.74	69.37	0.3723	42.75
March, 2003	47.64	75.44	0.4015	51.52
March, 2004	45.08	82.29	0.4141	55.25
2003-2004				
April	43.93	79.24	0.4081	52.66
May	45.25	80.88	0.4037	54.35
June				
July				
August				
September				
October				
November				
December				
January				
February				
March				
@ FEDAI Rates				

The average market exchange rate of the Rupee during May, 2004 appreciated against Japanese Yen and depreciated against US Dollar, Pound Sterling and Euro as compared with average market exchange rate of the Rupee during April, 2004

INFLATION

WHOLESALE PRICE INDEX

WHOLESALE PRICE (Base: 1993-94)					
Items/Groups	Weight(%)	Percent variation during			
		Month		Year (Point to Point)	
		Last year	Current year	(ending 29-5-2004)	
		Last year	Current year	Last year	Current year
All Commodities	100.00	-0.46	0.33	5.75	5.03
1.Primary articles	22.03	-0.33	1.20	5.85	2.93
2. fuel,Power,Light and Libricants	14.23	-1.24	0.26	6.94	7.51
3. Manufactured Products	63.75	-0.26	0.00	5.27	5.00

The annual rate of inflation based on Wholesale Price Index (WPI) stood at 5.03 per cent for week ended May 29, 2004 compared with 5.75 per cent a year ago. This rate was contributed by an increase of 2.93 per cent in Primary Articles, 7.51 per cent increase in Fuel, Power, Lights and Lubricants and 5.00 per cent increases in Manufactured Products as against an increase of 5.85 per cent, 6.94 per cent and 5.27 per cent respectively on the corresponding date of last year.

CONSUMER PRICE INDEX

CONSUMER PRICE INDEX AND INFLATION RATE (%)		
	2003-04	2004-05
Annual Inflation	5.1	2.2
Financial Year Inflation	1.2	0.0
% Change over last year	1.2	0.0
Level of Index	493	504
Average of Index for 12 months ending April	483.75	501.25

All India Consumer Price Index for Industrial Workers (CPI-IW) for April, 2004 was 504 which was the same as previous month level and was 2.2 percent higher than the level of April, 2003.

PUBLIC FINANCE

TRENDS IN CENTRAL GOVERNMENT FINANCE: 2003-2004

(Rs. Crore)

S.No	Items	2002-03 Actuals	2003-04			Variations Prov. over RE, 2003- 04 Absolute	Provisional 2003-04 as percent of RE	% change 2003-04 (P) over 2002-03 actual
			BE	RE	Provisional	(7)	(8)	(9)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Revenue Receipts (2+3)	230804	253935	263027	263000	-27	100.0	13.9
	Gross tax revenue	216266	251527	254923	254438	-485	99.8	17.7
2	Tax (net to Centre)	159425	184169	187539	186932	-607	99.7	17.3
3	Non Tax	71379	69766	75488	76068	580	100.8	6.6
4	Non-Debt Capital Receipts(5+6)	37342	31223	79125	82976	3851	104.9	122.2
5	Recovery of loans	34191	18023	64625	66928	2303	103.6	95.7
6	Disinvestment Proceeds	3151	13200	14500	16048	1548	110.7	409.3
7	Total Non-Debt Receipt (1+4)	268146	285158	342152	345976	3824	101.1	29.0
	<i>Memo items</i>							
	Corporation Tax	46172	51499	62986	63608	622	101.0	37.8
	Income Tax	36866	44070	40269	41441	1172	102.9	12.4
	Union Excise Duty	82310	96791	92379	90764	-1615	98.3	10.3
	Customs	44852	49350	49350	48625	-725	98.5	8.4
	Service Tax	4122	8000	8300	7890	-410	95.1	91.4
	Total (Memo Items)	214322	249710	253284	252328	-956	99.6	17.7
	Devolution to States	56122	63758	65784	65766	-18	100.0	17.2
8	Non-Plan Expenditure (a+b)	301747	317821	352748	349787	-2961	99.2	15.9
	(a) On Revenue Account	267113	289384	284801	282771	-2030	99.3	5.9
	of which:							
	(1) Interest Payments	117804	123223	124555	124261	-294	99.8	5.5
	(2) Major Subsidies	40415	48636	43569	43569	0	100.0	7.8
	(3) Pensions	14496	15466	15367	15744	377	102.5	8.6
	(b) On Capital Account	34634	28437	67947	67016	-931	98.6	93.5
9	Plan Expenditure (12+13)	111470	120974	121507	122149	642	100.5	9.6
	(a) Revenue Account	71569	76843	78086	78537	451	100.6	9.7
	(b) Capital Account	39901	44131	43421	43612	191	100.4	9.3
10	Total Expenditure (8+9)	413217	438795	474255	471936	-2319	99.5	14.2
11	Revenue Expenditure (8a+9a)	338682	366227	362887	361308	-1579	99.6	6.7
12	Capital Expenditure (8b+9b)	74535	72568	111368	110628	-740	99.3	48.4
13	Revenue Deficit (1-11)	107878	112292	99860	98308	-1552	98.4	-8.9
14	Fiscal Deficit (7-10)	145071	153637	132103	125960	-6143	95.3	-13.2
15	Primary Deficit (14-8(a)(1))	27267	30414	7548	1699	-5849	22.5	-93.8

Source: CGA, Ministry of Finance, (Department of Expenditure).

Note: (i) The figures of Railways have been netted as in Budget.

(ii) Un-audited.

