

**Ministry of Finance
Department of Economic Affairs
Economic Division
8(2)/Ec. Dn./2004**

**MONTHLY ECONOMIC REPORT
MARCH, 2005**

HIGHLIGHTS

- The pre-monsoon season rainfall from March 1, 2005 to March 16, 2005 was normal/excess in 61 per cent meteorological sub-divisions.
- Food grain stocks were 21.52 million tonnes as on February 1, 2005
- Overall industrial growth was 8.4 per cent in April-January, 2005 as compared with 6.7 per cent in April-January, 2004.
- Core infrastructure sectors achieved an average growth rate of 4.6 per cent in April-February, 2005 as compared with 6.5 per cent in April-February, 2004.
- Broad Money (M3) growth (year-on-year) was 12.8 per cent (net of conversion, 12.6 per cent) as on March 4, 2005 as compared with 15.6 per cent last year.
- Exports grew by 27.0 per cent in dollar terms in April-February, 2005 as compared with 15.5 per cent in the corresponding period last year. Imports grew by 36.3 per cent during April-February, 2005 as compared with 26.5 per cent last year.
- Forex reserves (excluding Gold and SDRs) stood at \$130.09 billion at the end of February, 2005.
- Rupee appreciated against US Dollar, Japanese Yen and Euro and depreciated against Pound Sterling in February, 2005.
- The annual inflation rate in terms of WPI (Base 1993-94=100) was 5.23 per cent for the week ended March 12, 2005 as compared with 4.78 per cent a year ago.
- Tax revenue (net to Centre) in April-January, 2005 (provisional) was higher by 17.8 per cent over April-January, 2004.
- Fiscal deficit in April-January, 2005 is 75.5 per cent of BE compared with 66.4 per cent of BE in the corresponding period last year.
- Revenue deficit is higher at 104.5 per cent of BE compared with 77.0 per cent in the corresponding previous period.

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AGRICULTURE

PRE-MONSOON SEASON RAINFALL*

The pre-monsoon season rainfall from March 1, 2005 to March 16, 2005 was normal/excess in 22 meteorological sub-divisions (61 per cent) and deficient/scanty in the remaining 14 (39 per cent). The annual average for 2000-2004 was normal/excess in 8 (23 per cent) meteorological sub-divisions and deficient/scanty in the remaining 28 (77 per cent).

Number of Meteorological Sub-divisions

	2000	2001	2002	2003	2004	2000-2004+	2005
Excess/Normal	5	10	5	20	2	8	22
Deficient/Scanty/Nil	31	26	31	16	34	28	14
Total	36	36	36	36	36	36	36

*(March -May)

+ Annual Average

PROCUREMENT

Wheat procurement up to March 21, 2005 in the current marketing year (i.e. 2004-05) was higher by 6.3 per cent at 16.80 million tonnes compared with 15.80 million tonnes in the corresponding period of 2003-04. Procurement of rice during the marketing year 2004-05 (up to March 21, 2005) at 19.25 million tonnes was higher by 7.3 per cent than the level of 17.94 million tonnes during the corresponding period of 2003-04.

	Full Marketing Year				Up to Mar. 21		% change
	2000-01	2001-02	2002-03	2003-04	2004	2005	Col. 7/Col.6
	Million Tonnes						
1	2	3	4	5	6	7	8
Rice(Oct -Sept.)	19.59	21.28	16.41	22.83	17.94	19.25	7.3
Wheat(Apr-Mar)	16.36	20.63	19.06	15.80	15.80	16.80	6.3
Total	35.95	41.91	35.47	38.63	33.74	36.05	6.8

OFF-TAKE

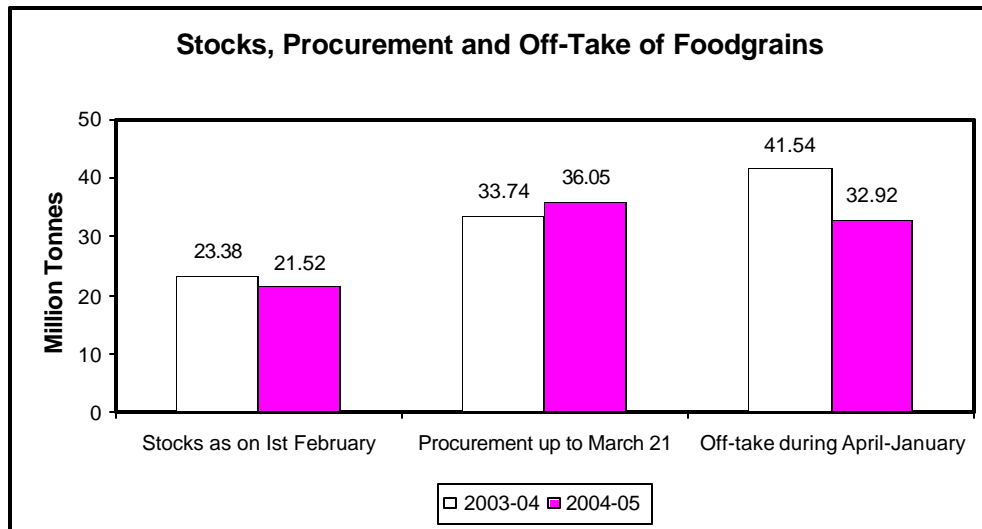
Off-take from the Public Distribution System from Central Pool during April-January, 2005 was 32.92 million tonnes which was lower by 20.8 per cent than the off-take of 41.54 million tonnes during the corresponding period of last year.

	2001-02(P)	2002-03(P)	2003-04(P)	April-January	
				2003-04(P)	2004-05(P)
1	2	3	4	5	6
	Million Tonnes				
Rice	15.32	24.64	25.04	20.97	18.11
Wheat	15.99	24.99	24.29	20.57	14.81
Total	31.30	49.63	49.33	41.54	32.92

STOCKS

Stocks of foodgrains as on February 1, 2005 was 21.52 million tonnes which was lower by 8.0 per cent than the level of 23.38 million tonnes as on February 1, 2004.

	As on January 1		As on February 1	
	2004	2005	2004	2005
	Million Tonnes			
Rice	11.73	12.76	12.43	14.21
Wheat	12.69	8.93	10.95	7.31
Total	24.42	21.69	23.38	21.52

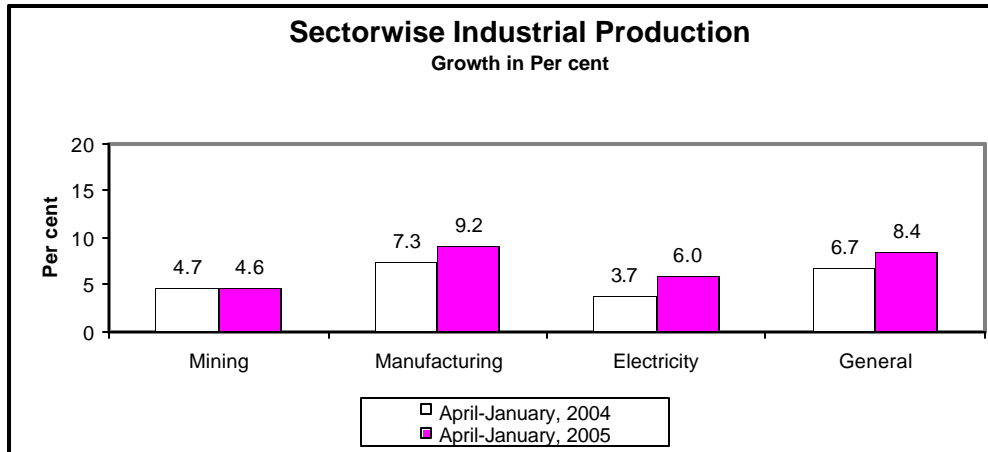


INDEX OF INDUSTRIAL PRODUCTION

The overall growth rate of industrial production during April-January 2005 was 8.4 percent as compared to 6.7 percent during April-January, 2004. The growth in mining, manufacturing and electricity during April-January, 2005 was 4.6 percent, 9.2 percent and 6.0 percent respectively as compared to 4.7 percent, 7.3 percent and 3.7 percent respectively, during April-January, 2004.

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

SECTORWISE INDEX OF INDUSTRIAL PRODUCTION						
(Base: 1993-94=100)						
	2002-03	2003-04	Jan. '04	Jan. '05	(Percentage change)	
					April-Jan.	
					2003-04	2004-05
General	5.8	7.0	8.0	8.0	6.7	8.4
Mining	5.8	5.3	8.7	1.9	4.7	4.6
Manufacturing	6.0	7.4	8.2	9.3	7.3	9.2
Electricity	3.2	5.0	6.1	2.3	3.7	6.0
Use-Based Classification						
Basic goods	4.8	5.5	7.4	5.3	4.8	5.9
Capital goods	10.5	13.6	15.5	10.6	10.7	12.9
Intermediate goods	3.9	6.4	6.9	1.8	6.5	6.3
Consumer goods	7.1	7.2	7.5	15.1	7.8	11.8
<i>Of which</i>						
Consumer durables	-6.3	11.6	16.2	13.2	9.8	15.3
Consumer non-durables	12.0	5.8	5.1	15.6	7.0	10.6



INFRASTRUCTURE

The six core infrastructure industries registered a lower growth of 4.6 per cent during April-February, 2005 as compared to 6.5 per cent in the corresponding period of last year.

PRODUCTION IN INFRASTRUCTURE INDUSTRIES								
		February		FullYr.	April-Feb.		% Change	
							April-Feb.	
Industry/Infrastructure	Unit	2004	2005	2003-04	2003-04	2004-05	2003-04	2004-05
Coal	Mn tons	33.8	33.7	354.7	317.2	336.2	4.9	6.0
Electricity Generation	Mn kw	46382	45958	558134	507094	534435	4.5	5.4
Hydel	Mn kw	5159	4790	73796	68016	77880	14.6	14.5
Thermal (including nuclear)	Mn kw	41223	41168	484338	439078	456555	3.6	4.4
Crude petroleum	000 tons	2131	2595	33384	30491	31065	0.6	1.9
Petroleum Products	000 tons	9829	9485	113241	102946	108085	8.1	5.0
Finished steel	000 tons	3250	3306	36925.1	34943	36076	12.0	3.2
Cement	000 tons	10830	10971	123440	111660	119026	6.3	6.6
Average growth rate*	(%)	12.2	-0.6	5.4	-	-	6.5	4.6
		January		Full Yr.	April-Jan.		April-Jan.	
Cargo handled at major ports	Mn tons	32.7	35.6	344.52	281.2	311.6	8.8	10.8
Telecommunications								
a) Net switching capacity	000 lines	222.7	366.6	1817.66	3694.7	4941.5	28.3	33.7
b) Net Tele. Connections	000 nos	384.9	885.0	7804.86	6987.0	5989.2	224.0	-14.3
Revenue earning goods traffic on railways	Mn tons	48.9	53.4	557.39	456.0	491.8	7.0	7.8
* 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).								

Revenue earning goods traffic handled by Railways

The revenue earning goods traffic handled by Railways during April-January, 2005 increased by 7.8 per cent as compared to 7.0 per cent in the corresponding period of last year.

Commodities	January		Full Year	April-Jan.		%Change	
	2004	2005	2003-04	2003-2004	2004-2005	Jan, 05	April-Jan, 05
Coal	22.34	23.95	251.66	205.93	221.9	7.2	7.8
Raw material for Steel Plants	3.75	4.11	43.94	36.10	35.95	9.6	-0.4
Pig Iron & Finished Steel From Steel Plants	1.41	1.36	14.34	11.70	12.05	-3.5	3.0
Iron Ore for Exports	2.45	3.32	26.66	21.31	30.87	35.5	41.1
Cement	4.34	4.78	49.52	39.96	44.23	10.1	10.7
Foodgrains	3.74	3.69	45.43	37.67	38.09	-1.3	1.1
Fertilizers	2.12	2.45	25.83	21.98	24.01	15.6	9.2
POL	2.77	2.87	32.02	26.51	26.29	3.6	-0.8
Balance other goods	5.95	6.84	67.99	54.86	59.13	15.0	7.8
Total	48.87	53.37	557.39	456.02	491.76	9.2	7.8

MONEY AND BANKING

During the current financial year 2004-05, broad money stock (M3) (up to March 4, 2005) increased by 11.7 per cent (exclusive of conversion of non-banking entity into banking entity, 11.5 per cent) as compared with the growth rate of 15.5 per cent registered during the corresponding period of the last year. The year-on-year growth as on March 4, 2005 was 12.8 per cent (exclusive of conversion, 12.6 per cent) as compared with 15.6 per cent on the corresponding date of last year.

Net foreign exchange assets (NFA) of banking sector (up to March 4, 2005) registered a growth of 20.2 per cent as compared with 33.4 per cent in the same period last year. The annual growth rate of NFA, as on March 4, 2005 was 20.5 per cent as against 33.8 per cent on the corresponding date of last year.

Items	Outstanding as on (Rs. crore)		% Variations			
			Financial year so far		Year-on-year	
	March 31, 2004	Mar. 4, 2005	2003-04	2004-05	2004	2005
M3(I+II+III+IV)	2003102	2238023	15.5	11.7	15.6	12.8
		(2234454)		(11.5)		(12.6)
I. Currency with the public	315493	351665	16.4	11.5	15.0	11.2
II. Demand deposits with banks	256039	281955	18.3	10.1	23.6	19.9
III. Time deposits with banks	1426451	1600028	14.8	12.2	14.4	12.0
		(1596459)		(11.9)		(11.7)
IV. Other deposits with RBI	5119	4374	1.8	-14.6	32.7	32.5
Sources (1+2+3+4 -5)						
1. Net bank credit to Govt. (A+B)	745499	750505 (738312)	9.9	0.7 (-1.0)	11.3	1.0 (-0.7)
A. RBI's net credit to Govt.	44907	-16077	-69.8	-135.8	-69.6	-144.1
B. Other bank credit to Govt.	700591	766582	27.2	9.4	28.9	8.4
2. Bank credit to commercial sector	1017902	1254224	10.6	23.2	13.6	26.1
		(1221542)		(20.0)		(22.8)
3. Net foreign exchange assets of banking sector	526586	632787	33.4	20.2	33.8	20.5
4. Government's currency liabilities to the public	7296	7374	3.1	1.1	3.6	1.1
5. Banking sector's net non-monetary liabilities other than time deposits	294181	406868	11.0	38.3	26.5	41.9

Note :- Figures within brackets are exclusive of conversion of non-banking entity into banking entity with effect from October 11, 2004.

Scheduled Commercial Banks (SCBs) : Business in India

During the current financial year (up to March 4, 2005) incremental gross bank credit increased by 27.2 per cent (exclusive of conversion, 23.3 per cent) as compared with a growth of 12.8 per cent in the same period of the previous year. The year-on-year growth of gross bank credit as on March 4, 2005 was 30.0 per cent (exclusive of conversion, 26.0 per cent) as against 14.9 per cent on the corresponding date of last year.

Non-Food credit during the financial year so far, registered a growth of 27.8 per cent (exclusive of conversion, 23.7 per cent) as compared with 15.8 per cent during the same period of the last year. The annual growth rate was 30.7 per cent (exclusive of

conversion, 26.5 per cent) as compared with 18.1 per cent on the corresponding date of last year.

The year-on-year growth of time deposits with SCBs as on March 4, 2005 was 13.2 per cent (exclusive of conversion, 12.9 per cent) as compared with 14.8 per cent on the corresponding date of last year.

Items	Outstanding as on (Rs. crore)		% Variations			
			Financial year so far		Year-on-year	
	March 19, 2004	Mar. 4, 2005	2003- 04	2004-05	2004	2005
1. Bank credit	840785	1069673	12.8	27.2	14.9	30.0
		(1036991)		(23.3)		(26.0)
Food credit	35961	41440	-27.5	15.2	-27.9	15.6
Non-Food credit	804824	1028233	15.8	27.8	18.1	30.7
		(995551)		(23.7)		(26.5)
2. Aggregate deposit	1504416	1699443	16.1	13.0	16.2	14.3
		(1695874)		(12.7)		(14.1)
Demand deposit	225022	250566	21.3	11.4	25.5	21.3
Time deposits	1279394	1448877	15.3	13.2	14.8	13.2
		(1445308)		(13.0)		(12.9)
3. Investments in Govt. and other approved securities	677587	739135	25.2	9.1	26.4	7.9
		(726942)		(7.3)		(6.1)
Government securities	654757	713777	26.6	9.0	27.8	7.8
		(701584)		(7.2)		(5.9)
Other approved securities	22830	25358	-5.2	11.1	-4.0	10.8

Note :- Figures within brackets are exclusive of conversion of non-banking entity into banking entity with effect from October 11, 2004.

INTEREST RATES (PER CENT PER ANNUM)

As on March 4, 2005 Bank Rate was 6.00 per cent same as on the corresponding date of last year. Call money rates (borrowing) were in the range of 3.00/5.25 as compared with 2.50/4.60 per cent on the corresponding date of last year.

Item/week ended	2004	2005
	Mar. 5	Mar. 4
1	2	3
Bank Rate	6.00	6.00
IDBI ¹	10.25	10.25
Prime Lending Rate ²	10.25-11.00	10.25-10.75
Deposit Rate ³	5.00-5.50	5.25-6.25
Call Money Rate ⁴ (Low/High)		
Borrowings	2.50/4.60	3.00/5.25
Lending	3.00/4.60	3.00/5.25

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.

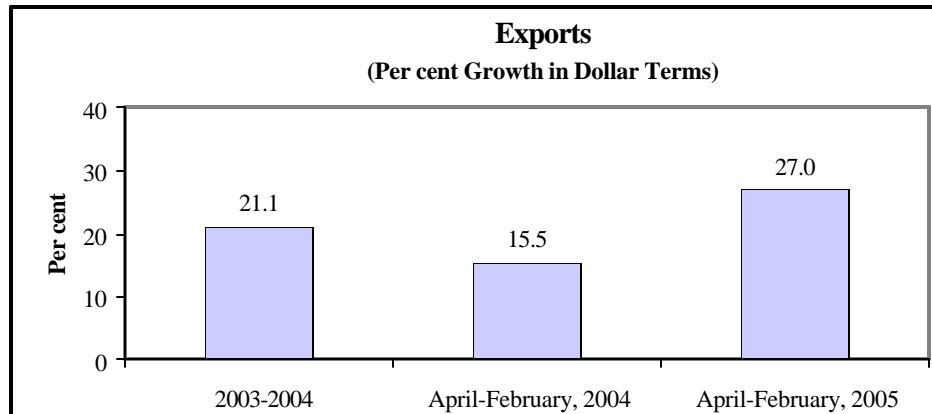
4. Call money rates are based on data covering 90-95 per cent of total transactions reported by major participants.

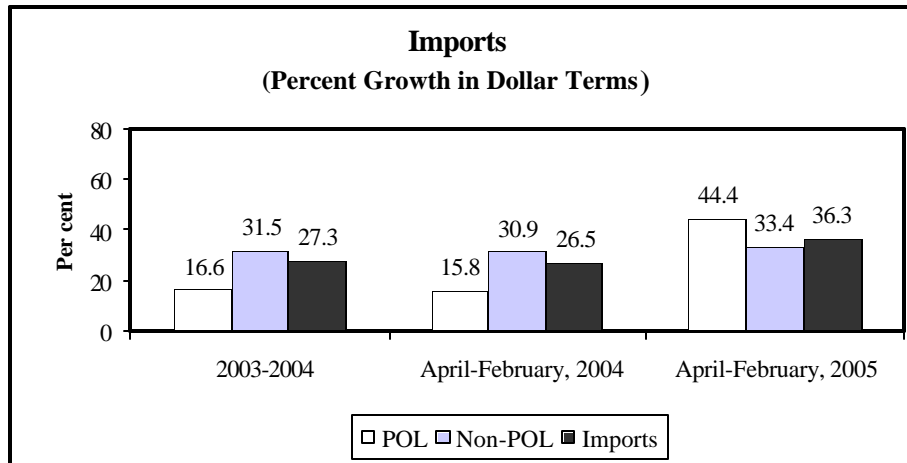
FOREIGN TRADE

Exports in dollar terms during April-February, 2005 increased by 27.0 percent as compared to an increase of 15.5 percent during April-February, 2004. Imports increased by 36.3 percent during April-February, 2005 as against an increase of 26.5 percent last year.

Item			April-February		% Change	
	2002-03 (R)	2003-04(PR)	2003-04	2004-05	2003-04	2004-05
Rs. Crore						
Exports	255137	293367	252554	314185	9.5	24.4
Imports	297206	359108	315829	421376	20.1	33.4
POL	85367	94520	84941	120050	10.0	41.3
Non-POL	211839	264588	230888	301326	24.2	30.5
Trade Balance	-42069	-65741	-63275	-107191	-	-
Million Dollars						
Exports	52719	63843	54946	69798	15.5	27.0
Imports	61412	78149	68676	93629	26.5	36.3
POL	17640	20569	18451	26652	15.8	44.4
Non-POL	43773	57580	50225	66977	30.9	33.4
Trade Balance	-8693	-14306	-13729	-23831	-	-

(R) : Revised (PR) : Partially Revised





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, 2999	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	524865	114151	5018	49
July	524732	112967	-133	-1184
August	522333	112717	-2399	-250
September	522515	113788	182	1071
October	525632	115651	3117	1863
November	547377	122319	21745	6668
December	545466	125164	-1911	2845
January	540246	123654	-5220	-1510
February*	567725	130093	27479	6439
March				

* Provisional

EXTERNAL ASSISTANCE AND DEBT SERVICE PAYMENTS

Gross external aid during April-February, 2005 at Rs 12849.71 crore was 7.6 percent lower than that of Rs 13899.56 crore in the same period of last year. Net Aid flows were Rs. 5332.63 crore as compared with Rs. (-) 12915.65 crore during the same period of last year. Net Aid Transfers were Rs. 2398.66 crore as compared with Rs. (-) 16439.15 crore during the same period of last year.

EXTERNAL ASSISTANCE 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
External Assistance - Govt A/C	11294.25	10151.87	24969.95	6588.30	2987.78	2493.34
External Assistance – Non-Govt A/C	1285.20	1016.27	1845.26	928.78	535.72	440.63
Govt. Grant	1233.25	1630.63	-	-	-	-
Non-Govt Grant	86.86	50.94	-	-	-	-
Grand Total	13899.56	12849.71	26815.21	7517.08	3523.50	2933.97
Net Disbursement	-12915.65	5332.63	-	-	-	-
Net Transfers	-16439.15	2398.66				
* April -February						

Rupees Per Unit of foreign Currency

The average market exchange rate of the Rupee during February, 2005 appreciated against US Dollar, Japanese Yen and Euro and depreciated against Pound Sterling as compared with average market exchange rate of the Rupee during January, 2005.

	(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	45.51	83.21	0.4159	55.25
July	46.04	84.86	0.4212	56.51
August	46.34	84.33	0.4196	56.43
September	46.10	82.61	0.4190	56.27
October	45.78	82.72	0.4202	57.19
November	45.13	83.76	0.4302	58.51
December	43.98	84.84	0.4238	58.95
January	43.75	82.28	0.4234	57.52
February	43.68	82.40	0.4162	56.87
March				
@ FEDAI Rates				

INFLATION

The annual rate of inflation based on Wholesale Price Index (WPI) stood at 5.23 per cent for week ended March 12, 2005 compared with 4.78 per cent a year ago. This rate was contributed by an increase of 2.38 per cent in Primary Articles, 10.14 per cent increase in Fuel, Power, Lights and Lubricants and 4.60 per cent increase in Manufactured Products as against an increase of 1.40 per cent, 3.84 per cent and 6.49 per cent respectively on the corresponding date of last year.

WHOLESALE PRICE INDEX

WHOLESALE PRICE (Base: 1993-94)					
Items/Groups	Weight(%)	Percent variation during			
		Month		Year (Point to Point)	
		Last year	Current year	Last year (ending 12-3-2005)	Current year
All Commodities	100.00	-0.06	0.16	4.78	5.23
1.Primary articles	22.03	-0.82	-0.11	1.40	2.38
2. Fuel, Power, Light and Lubricants	14.23	-0.11	0.03	3.84	10.14
3. Manufactured Products	63.75	0.25	0.36	6.49	4.60

CONSUMER PRICE INDEX

All India Consumer Price Index for Industrial Workers (CPI-IW) for January, 2005 which stood at 526, increased by 1.0 per cent over previous month's level and increased by 4.4 per cent over January, 2004.

CONSUMER PRICE INDEX AND INFLATION RATE (%)		
	2003-04 (Up to Jan., 2004)	2004-05 (Up to Jan., 2005)
Annual Inflation	4.4	4.4
Financial Year Inflation	3.5	4.4
% Change over last month	0.4	1.0
Level of Index	504	526
Average of Index for 12 months ending January	497.25	516.00

PUBLIC FINANCE

Trends in Central Government Finances : April-January 2005

	Budget Estimates 2004-05	April-January		Col.3 as % of 2003-04 BE	Col. 4 as % of 2004-05 BE	% Change over proceeding year	
		2003-04	2004-05			2003-04	2004-05 (4/3)
(Rs. Crore)							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1. Revenue Receipts	309322	188996	210267	74.4	68.0	14.1	11.3
Gross tax revenue	317733	180946	213428	71.9	67.2	13.2	18.0
Tax (net to Centre)	233906	131261	154663	71.3	66.1	15.6	17.8
Non Tax	75416	57735	55604	82.8	73.7	10.7	-3.7
2. Capital Receipts	168507	163669	158073	88.5	93.8	22.5	-3.4
of which:							
Recovery of loans	27100	60040	51366	333.1	189.5	239.2	-14.4
Other Receipts	4000	1587	2906	12.0	72.7	--	83.1
Borrowings and other liabilities	137407	102042	103801	66.4	75.5	-9.5	1.7
3. Total Receipts (1+2)	477829	352665	368340	80.4	77.1	17.8	4.4
4.Non-Plan Expenditure (a)+(b)	332239	265727	279193	83.6	84.0	20.0	5.1
(a) Revenue Account	293650	219527	231768	75.9	78.9	4.9	5.6
<i>Of which:</i>							
Interest payments	129500	93857	99588	76.2	76.9	1.5	6.1
Major Subsidies	42021	38672	37114	79.5	88.3	16.1	-4.0
Pensions	15928	12120	14067	78.4	88.3	12.0	16.1
(b) Capital Account	38589	46200	47425	162.5	122.9	279.1	2.7
5.Plan Expenditure (i)+(ii)	145590	86938	89147	71.9	61.2	11.6	2.5
(i) Revenue Account	91843	55952	58121	72.8	63.3	21.0	3.9
(ii) Capital Account	53747	30986	31026	70.2	57.7	-2.0	0.1
6.Total Expenditure (4)+(5)=(a)+(b)	477829	352665	368340	80.4	77.1	17.8	4.4
(a)Revenue Expenditure	385493	275479	289889	75.2	75.2	7.8	5.2
(b)Capital Expenditure	92336	77186	78451	106.4	85.0	76.2	1.6
7. Revenue Deficit	76171	86483	79622	77.0	104.5	-3.7	-7.9
8. Fiscal Deficit	137407	102042	103801	66.4	75.5	-9.5	1.7
9. Primary Deficit	7907	8185	4213	26.9	53.3	-59.7	-48.5

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

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

(ii) Un-audited.

