



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

MONTHLY ECONOMIC REPORT

MAY, 2003

HIGHLIGHTS

- The Pre-monsoon season rainfall upto May 21, 2003 was normal/excess in 44 per cent of meteorological sub-divisions.
- Foodgrain stocks were at 32.80 million tonnes as on April 1, 2003.
- Overall industrial growth was 5.8 per cent in 2002-03 as compared with 2.7 per cent in 2001-02.
- Core infrastructure sectors achieved an average growth rate of 5.2 per cent in 2002-03 as compared with 3.5 per cent in 2001-02.
- Money Supply (M3) growth was 3.1 per cent during March 31, 2003 to April 18, 2003, whereas annual growth rate for fortnight ended April 18, 2003 was 15.3 per cent.
- The annual inflation rate in terms of WPI (Base 1993-94) was 6.03 per cent for week ended May 3, 2003 compared with 1.56 per cent a year ago.
- Exports higher by 18.1 per cent in dollar terms in 2002-03 compared to a decline of 1.7 per cent in 2001-02. Imports increased by 17.0 per cent in 2002-03 as compared with an increase of 0.4 per cent in 2001-02.
- Rupee appreciated against US Dollar, Pound Sterling and Japanese Yen and stable against Euro in April, 2003.
- Forex reserves (excluding Gold & SDRs) stood at \$74.25 billion at the end of April, 2003.
- Tax revenue (net to Centre) during April-February 2003, higher by 19.1 per cent over the corresponding period of last year.
- Fiscal deficit during April-February 2003 is 1.0 per cent lower over the corresponding period last year.

(G. R. Reddy)
Adviser

AGRICULTURE

PRE-MONSOON SEASON RAINFALL*

Number of Meteorological Sub-divisions							
	1998	1999	2000	2001	2002	1998-02+	2003
Excess/Normal	28	12	26	27	16	22	16
Deficient/Scanty/Nil	8	24	10	9	20	14	20
Total	36	36	36	36	36	36	36
+ Annual average		* (March-May)					

The Pre-monsoon season rainfall from March 1, 2003 to May 21, 2003 was normal/excess in 16 (44 per cent) meteorological sub-divisions and deficient/scanty in the remaining 20 (56 per cent). The annual average for 1998-2002 was normal/excess in 22 (61 per cent) meteorological sub-divisions and deficient/scanty in the remaining 14 (39 per cent).

PROCUREMENT

(Million Tonnes)

	Full Marketing Year			Up to May 23		
	2000-01 (2)	2001-02 (3)	2002-03 (4)	2002(P) (5)	2003(P) (6)	% change Col. (6)/(5)
Rice (Oct-Sep)	19.59	21.28	-	18.26	15.20	-16.8
Wheat (Apr-Mar)	16.36	20.63	19.02	17.87	15.26	-14.6
Total	35.95	41.91	19.02	36.13	30.46	-15.7

Wheat procurement up to May 23, 2003 in the current marketing year, (i.e., 2003-2004) was lower by 14.6 per cent at 15.26 million tonnes compared with 17.87 million tonnes in the corresponding period in 2002-03. Procurement of rice during the marketing year 2002-03 (up to May 23, 2003) at 15.20 million tonnes was lower by 16.8 per cent than the level of 18.26 million tonnes during the corresponding period of 2001-02.

OFF-TAKE

(Million Tonnes)

	1999-00(P)	2000-01(P)	2001-02(P)	2002-03(P)
Rice	12.42	10.42	15.32	24.32
Wheat	10.63	7.79	15.98	24.01
Total	23.05	18.21	31.30	48.33

P- Provisional

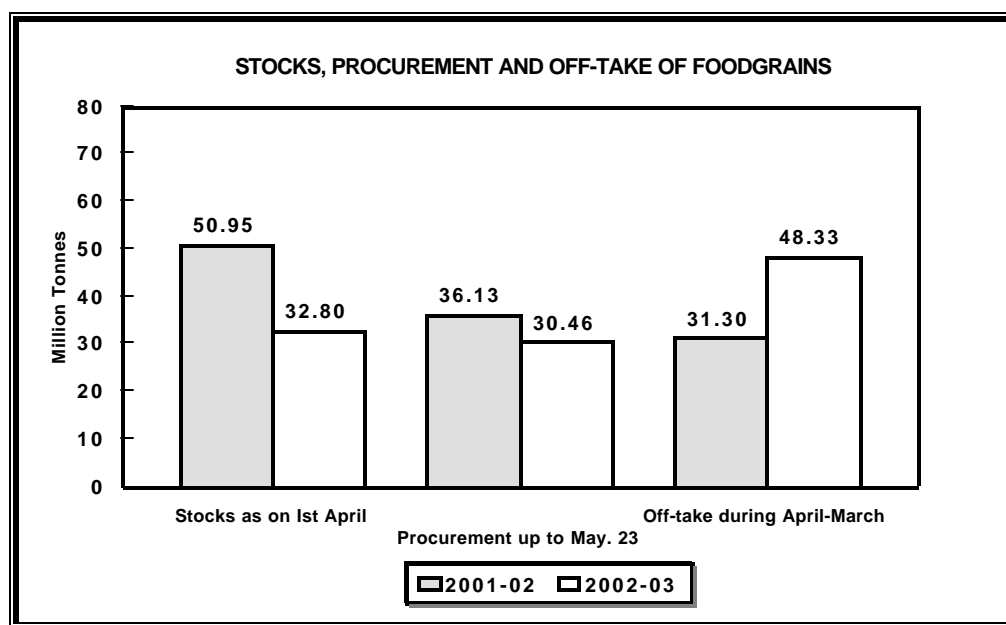
Off-take from the Public Distribution System during 2002-03 was 48.33 million tonnes, which was higher by 54.4 per cent than the off-take of 31.30 million tonnes during 2001-02.

STOCKS

(Million Tonnes)

	As on 1st Mar.		As on 1st Apr.	
	2002	2003	2002	2003
Rice	25.97	17.61	24.91	17.16
Wheat	28.46	18.58	26.04	15.64
Total	54.43	36.19	50.95	32.80

Stocks of foodgrains as on 1st April, 2003 stood at 32.80 million tonnes which was lower by 35.6 per cent than the level at 50.95 million tonnes as on 1st April, 2002.

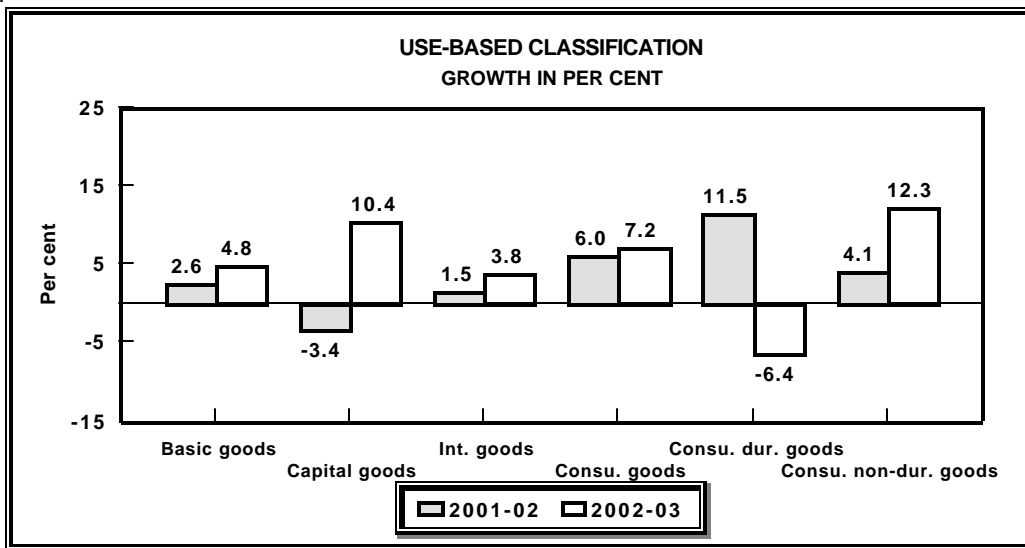
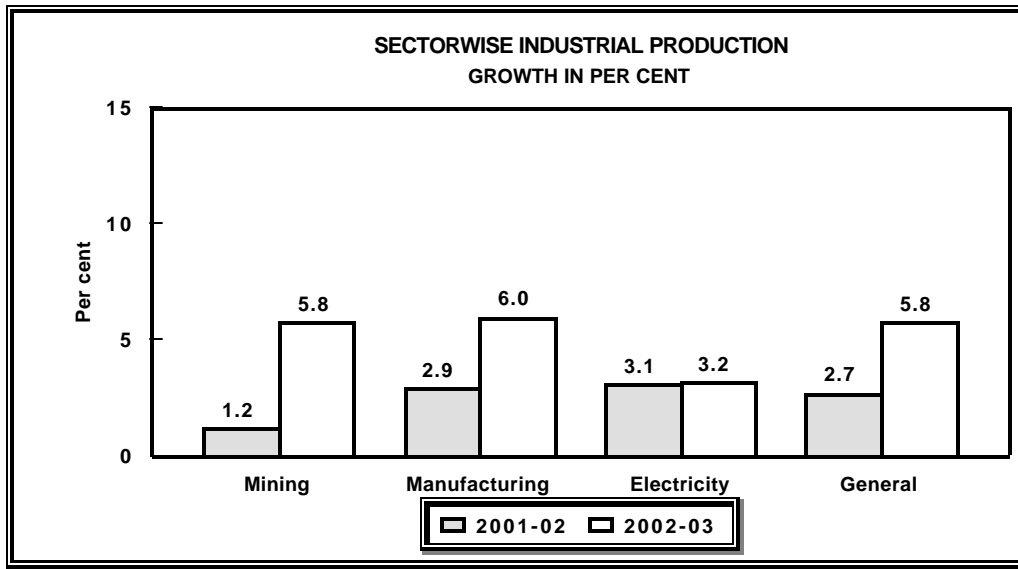


INDEX OF INDUSTRIAL PRODUCTION

SECTORWISE INDEX OF INDUSTRIAL PRODUCTION		<i>(Percentage change)</i>		
(Base = 1993-94 = 100)				
	2001-02/ 2000-01	2002-03/ 2001-02	Mar '02/ Mar '01	Mar '03/ Mar '02
<u>General</u>	2.7	5.8	3.2	6.0
Mining & Quarrying	1.2	5.8	3.2	6.6
Manufacturing	2.9	6.0	3.0	6.8
Electricity	3.1	3.2	5.2	-1.0
<u>Use-Based Classification</u>				
Basic goods	2.6	4.8	3.8	4.1
Capital goods	-3.4	10.4	4.7	8.2
Intermediate goods	1.5	3.8	-2.9	7.6
Consumer goods	6.0	7.2	7.8	6.1
<u>Of which</u>				
Consumer Durables	11.5	-6.4	7.6	-12.7
Consumer non-Durables	4.1	12.3	8.0	12.5

The overall growth rate of Industrial production during **2002-03** was 5.8 per cent as compared to 2.7 per cent in 2001-02. The growth in mining & quarrying, manufacturing sector and electricity generation during 2002-03 was 5.8%, 6.0% and 3.2% respectively as against 1.2%, 2.9% and 3.1% in 2001-02.

As per the use-based classification, production in basic goods, capital goods, intermediate goods and consumer goods registered higher increase during 2002-03 compared with 2001-02.

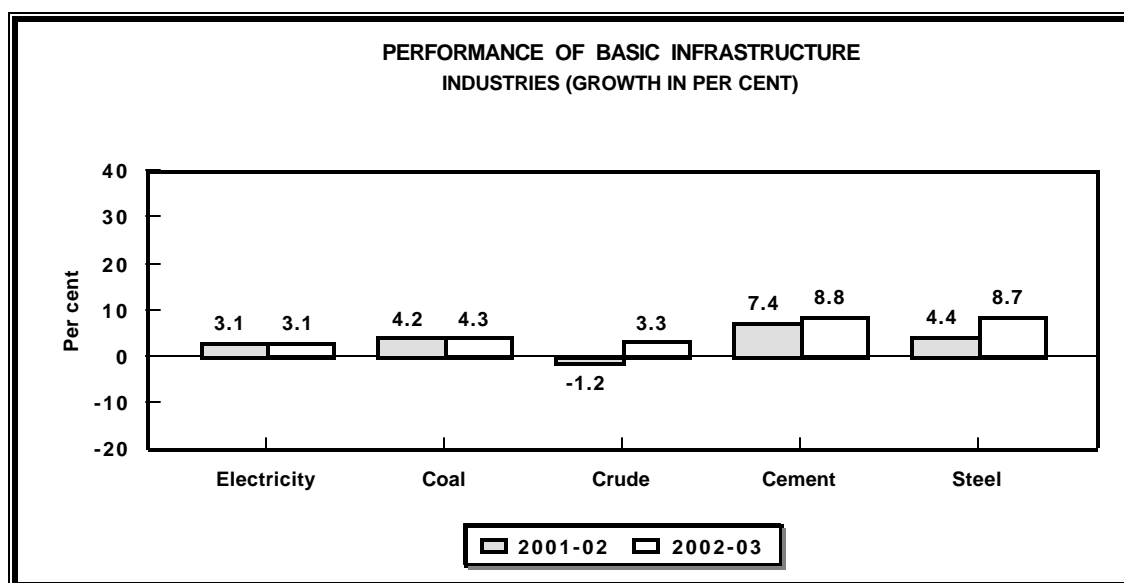


INFRASTRUCTURE INDUSTRIES

PRODUCTION IN INFRASTRUCTURE INDUSTRIES								
Industry/Infrastructure	Unit	March				<u>Percentage change</u>		
		2002	2003	2001-02	2002-03	2001-02/ 2000-01	2002-03/ 2001-02	
Coal	Mn tons	32.7	35.0	322.7	336.7	4.2	4.3	
Electricity Generation	Mn kw	46652	46170	515247	531430	3.1	3.1	
Hydel	Mn kw	6350	4446	73940	63773	-0.7	-12.8	
Thermal (including nuclear)	Mn kw	40302	40724	441307	467657	2.8	6.0	
Crude petroleum	000 tons	2809	2835	32032	33074	-1.2	3.3	
Petroleum Products	000 tons	8539	9412	99765	104683	3.7	4.9	
Finished steel	000 tons	2956	3111	31625	34377	4.4	8.7	
Cement	000 tons	10725	11294	106900	116348	7.4	8.8	
Average growth rate*	(%)	6.0	3.1	3.5	5.2	3.5	5.2	
		<u>February</u>		<u>Full Year</u>		<u>April-Feb.</u>	<u>April-Feb.</u>	
Cargo handled at major ports	Mn tons	23.34	26.31	287.71	260.70	284.75	1.5	9.2
Telecommunications								
a) Net switching capacity	000 lines	851.31	383.95	6956.77	4691.76	3263.49	-1.0	-30.4
b) Net Tele. connections	000 nos	828.52	335.55	5334.84	3949.41	2492.22	-7.7	-36.9
Revenue earning goods traffic on railways	Mn tons	42.09	42.84	492.31	444.36	469.21	3.8	5.6

* 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 **2002-03** as compared to 2001-02. During 2002-03 average growth rate was 5.2 per cent as compared to an increase of 3.5 per cent in 2001-02.



REVENUE EARNING GOODS TRAFFIC ON RAILWAYS

(Million Tonnes)

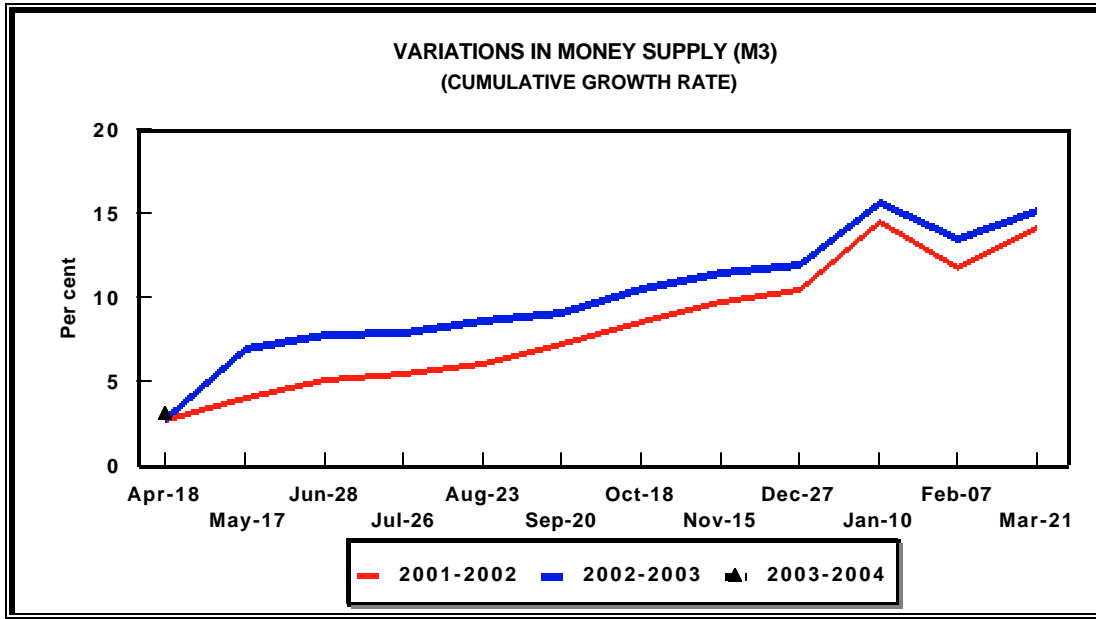
REVENUE EARNING GOODS TRAFFIC ON RAILWAYS							
Commodities	February		Full Year 2001-02	April-Feb.		Percentage Change	
	2002	2003		2001-02	2002-03	Feb. 2003/2002	April-Feb. 2002-03/ 2001-02
Coal	19.97	19.70	229.79	207.67	213.28	-1.4	2.7
Raw material for Steel Plants	3.12	3.40	39.38	35.87	37.22	9.0	3.8
Pig Iron & Finished Steel From Steel Plants	1.05	1.18	12.00	10.72	11.75	12.4	9.6
Iron Ore for Exports	1.07	1.51	15.72	14.47	14.53	41.1	0.4
Cement	3.75	3.79	44.00	39.60	41.61	1.1	5.1
Foodgrains	3.47	3.63	32.81	28.98	41.36	4.6	42.7
Fertilizers	2.04	1.87	27.09	25.13	24.64	8.3	-1.9
POL	2.67	2.56	35.62	32.40	31.29	-4.1	-3.4
Balance other goods	4.95	5.20	55.90	49.52	53.33	5.1	8.1
Total	42.09	42.84	492.31	444.36	469.21	1.8	5.6

The revenue earning goods traffic handled by the Railways increased by 5.6 per cent during **April-February, 2002-03** as compared to 3.8 per cent in April-February, 2001-02.

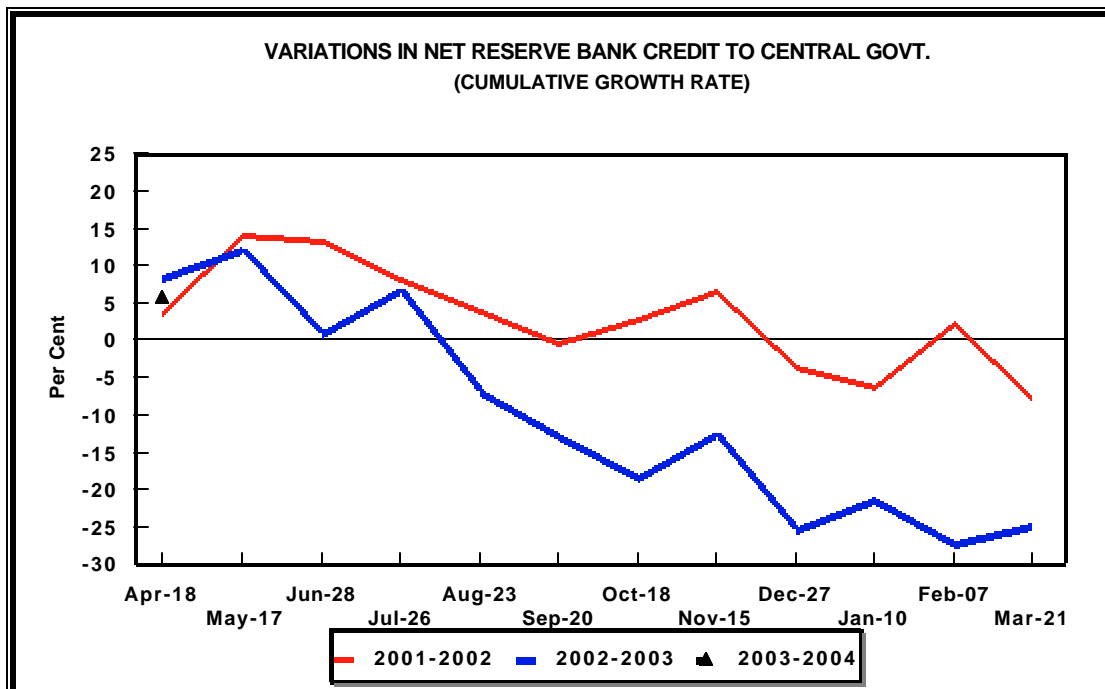
MONEY AND BANKING

VARIATIONS IN MONEY STOCK						
	Full Year Mar 31 '02 to Mar 31 '03	Mar 31 '03 to Apr 18 '03 (P)	Full Year Mar 31 '02 to Mar 31 '03	Mar 31 '02 to Apr 19 '02 (P)	Mar 31 '03 to Apr 18 '03 (P)	Apr 19 '02 to Apr 18 '03 (P)
	<i>(Rs crore)</i>		<i>(per cent)</i>			
M1 (I+II+IV)	48876	24703	11.6	2.7	5.2	14.3
M3(M1+ III)	224576	52892	15.0	2.8	3.1	15.3
I. Currency with the public	30263	12373	12.5	4.4	4.6	12.7
II. Demand deposits with banks	18189	12512	10.2	0.7	6.4	16.4
III. Time deposits with banks	175700	28189	16.3	2.8	2.2	15.6
IV. Other deposits with RBI	424	-182	14.9	-17.2	-5.6	31.0
Sources of change in M3						
<i>(1+2+3+4+5)</i>						
1. Net Bank Credit to Govt (A+B)	87886	31416	15.0	3.2	4.7	16.7
A. RBI's net credit to Govt	-32076	7157	-21.1	5.2	6.0	-20.5
To Central Govt	-25369	6676	-17.9	8.5	5.8	-20.0
To State Govts	-6707	481	-62.1	-37.5	11.8	-32.2
B. Other bank credit to Govt	119962	24259	27.6	2.4	4.4	30.0
2. Bank credit to commercial sector	148224	10433	19.6	1.3	1.2	19.4
3. Net foreign exchange assets of banking sector	84502	2139	26.8	0.5	0.5	26.9
4. Govt's currency liabilities to the public	543	0	8.5	0.3	0.0	8.2
5. Banking sector's net non-monetary liabilities other than time deposits	96579	-8904	59.0	-7.6	-3.4	66.1
P : Provisional						
Data since April 1999 are provisional.						
Revised in line with the new accounting standards and consistent with the methodology suggested by the Working Group on Money Supply: Analytics and Methodology of Compilation (June 1998). The revision is in respect of pension and provident funds with commercial banks which are classified as other demand and time liabilities and includes those banks which have reported such changes so far.						
Government balances as on March 31, 2002 are after closure of accounts.						
Monetary aggregates include the liabilities and assets of the ICICI with effect from May 3, 2002 following its merger with the ICICI Bank.						

During the current financial year (i.e., March 31, 2003 to April 18, 2003) money supply (M3) increased by 3.1 per cent which is higher than 2.8 per cent recorded in the corresponding period of 2002-03. Among its components, currency with the public showed a growth of 4.6 per cent as against 4.4 per cent in the corresponding period of last year. Demand deposits with banks showed an increase of 6.4 per cent as against an increase of 0.7 per cent in the corresponding period of last financial year. Time deposits with banks increased by 2.2 per cent as against 2.8 per cent in the corresponding period of last financial year. The annual growth of M3 as on April 18, 2003 stood at 15.3 per cent as compared with 14.2 per cent on the corresponding date of last year.



On the sources side, Net Bank Credit to Government recorded a growth of 4.7 per cent during the current financial year (i.e. March 31, 2003 to April 18, 2003) as against 3.2 per cent in the corresponding period of 2002-03. RBI's Net Credit to Central Government increased by 5.8 per cent as against an increase of 8.5 per cent in 2002-03. Bank credit to the commercial sector increased by 1.2 per cent as against an increase of 1.3 per cent in the corresponding period of last year. Net foreign exchange assets of banking sector increased by 0.5 per cent same as in the corresponding period of 2002-03.



SCHEDULED COMMERCIAL BANKS

SCHEDULED COMMERCIAL BANKS: VARIATION IN ASSETS AND LIABILITIES						
	Mar 22,'02 to Mar 21,'03	Mar 21,'03 to Apr 18,'03 (P)	Mar 22,'02 to Mar 21,'03	Mar 22,'02 to Apr 19,'02 (P)	Mar 21,'03 to Apr 18,'03 (P)	Apr 19,'02 to Apr 18,'03 (P)
	(Rs crore)		(per cent)			
1. Bank credit	135645	7504	23.0	1.0	1.0	23.0
Food credit	-4499	-4890	-8.3	-2.8	-9.9	-15.0
Non-food credit	140144	12394	26.2	1.4	1.8	26.7
2. Aggregate deposits	177216	40282	16.1	2.8	3.1	16.5
Demand deposits	15792	12603	10.3	0.9	7.5	17.5
Time deposits	161424	27679	17.0	3.1	2.5	16.3
3. Borrowings from RBI	-3537	-76	-97.8	-2.6	-95.5	-99.9
4. <i>Cash reserves</i>						
Cash in hand	760	985	12.2	4.3	14.1	22.7
Balances with RBI	-4068	17907	-6.5	20.8	30.7	1.1
5. Investments in Govt. and other approved securities	110048	19434	25.1	1.3	3.5	27.9
<p>P : Provisional Data since April 1999 are provisional. Revised in line with the new accounting standards and consistent with the methodology suggested by the Working Group on Money Supply: Analytics and Methodology of Compilation (June 1998). The revision is in respect of pension and provident funds with commercial banks which are classified as other demand and time liabilities and includes those banks which have reported such changes so far.</p>						

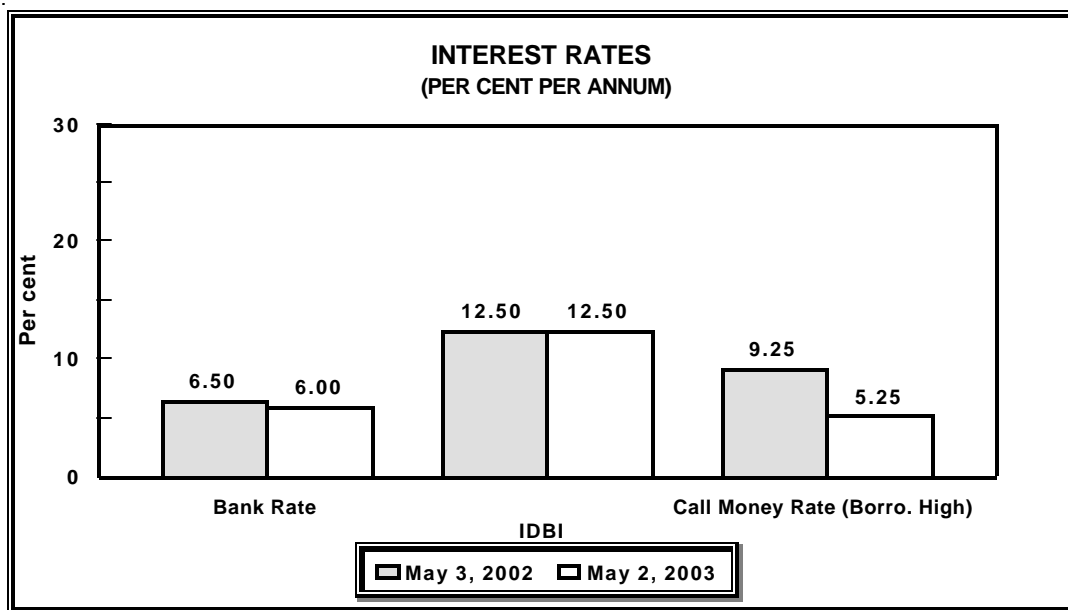
Bank credit by the scheduled commercial banks during the current financial year (i.e. March 21, 2003 to April 18, 2003) showed a growth of 1.0 per cent same as in the corresponding period of last financial year. Food credit decreased by 9.9 per cent while non-food credit increased by 1.8 per cent during this period.

INTEREST RATES (PER CENT PER ANNUM)

<i>Item/ Week ended</i>	<i>2002</i>	<i>2003</i>
	<i>May 3</i>	<i>May 2</i>
1	2	3
Bank Rate	6.50	6.00
I.D.B.I. ¹	12.50	12.50
Prime Lending Rate ²	11.00-12.00	10.75-11.50
Deposit Rate ³	7.00-8.50	5.25-6.25
Call Money Rate ⁴ (Low/High)		
-Borrowings	3.54/9.25	2.00/5.25
-Lendings	3.54/10.00	1.50/5.30

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 2, 2003, Prime Lending Rate ranged from 10.75 to 11.50 per cent as against 11.00 to 12.00 per cent on May 3, 2002. Deposit Rate ranged from 5.25 to 6.25 per cent as against 7.00 to 8.50 per cent on the corresponding day of last year.

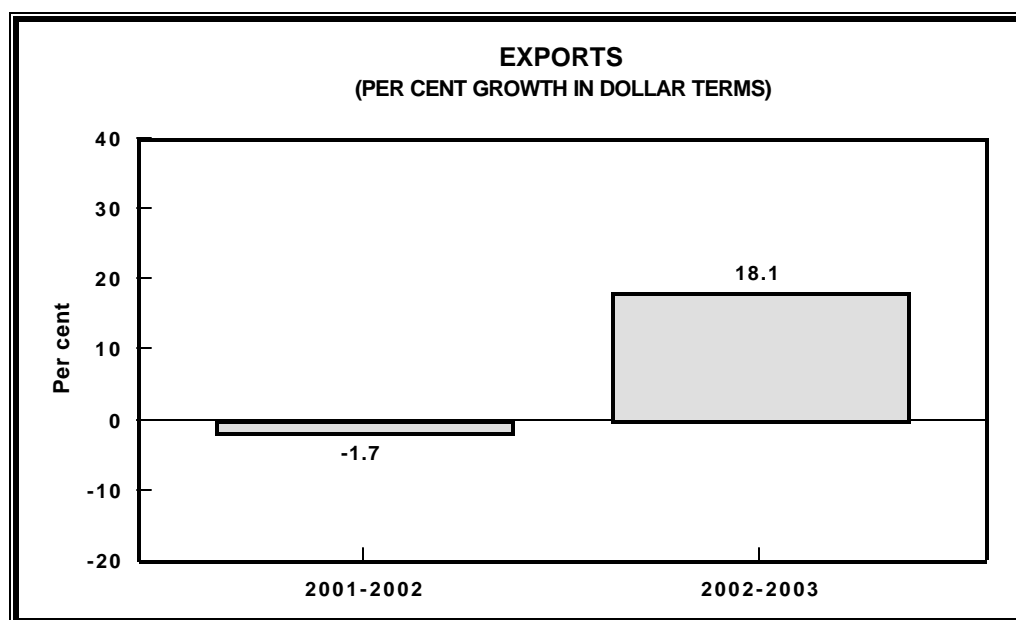


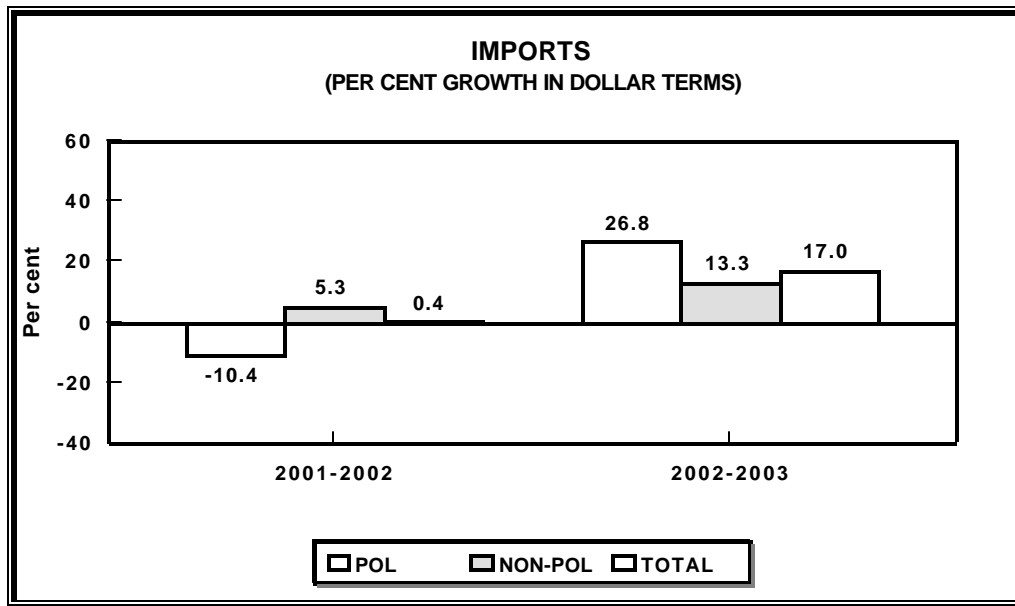
EXTERNAL SECTOR

FOREIGN TRADE

FOREIGN TRADE*				
Item	2001-02(P)	2002-03(PR)	2001-02	2002-03
<i>Rs. Crore</i>			<i>% change</i>	
Exports	209018	250130	2.7	19.7
Imports	241929	287304	4.8	18.8
POL	66847	85993	-6.5	28.6
Non-POL	175082	201311	9.8	15.0
Trade Balance	-32911	-37174	-	-
<i>Million Dollar</i>			<i>% change</i>	
Exports	43796	51702	-1.7	18.1
Imports	50746	59387	0.4	17.0
POL	14016	17769	-10.4	26.8
Non-POL	36729	41618	5.3	13.3
Trade Balance	-6950	-7682	-	-
P = Provisional, PR = Partially Revised				

Exports in dollar terms in **2002-03** increased by 18.1 per cent as compared to a negative growth of 1.7 per cent in 2001-02. Imports increased by 17.0 per cent as against an increase of 0.4 per cent last year. Imports of POL increased by 26.8 per cent in 2002-03 as against a decline of 10.4 per cent in corresponding period last year.



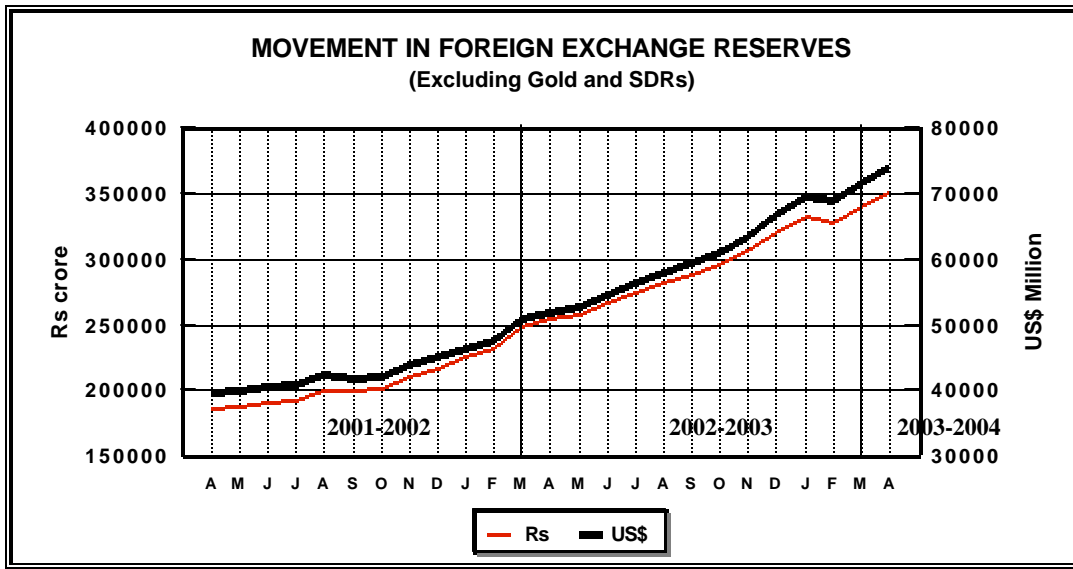


FOREIGN EXCHANGE RESERVES

FOREIGN EXCHANGE RESERVES (EXCLUDING GOLD AND SDRs)				
At the end of	Amount		Variation	
	Rs Crore	\$ Million	Rs Crore	\$ Million (Over last Year)
March, 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
2003-2004			<i>(Over last Month)</i>	
April	351589	74253	10113	2363

* Provisional

Foreign Exchange Reserves (excluding Gold & SDRs), were \$71890 million at the end of 2002-2003. These reserves have increased by \$2363 million and stood at \$74253 million at the end of April, 2003.



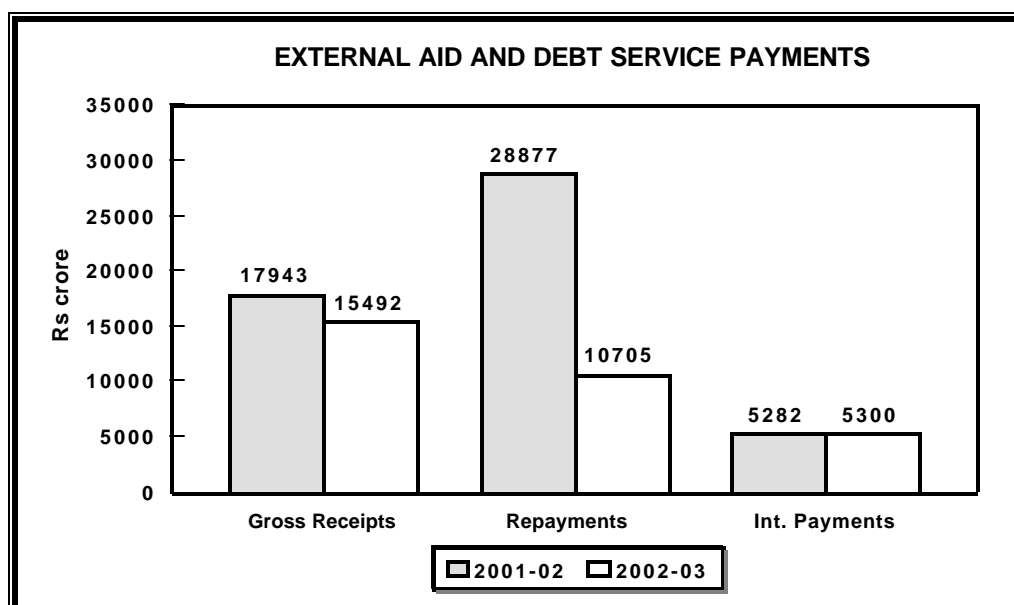
EXTERNAL AID RECEIPTS AND DEBT SERVICE PAYMENTS*

(Rs Crore)

	Receipts		Repayment of Principal		Payment of Interest	
	2001-02	2002-03	2001-02	2002-03	2001-02	2002-03
Loans- Govt. A/C	13600	11704	24286	9189	4285	4533
Grants- Govt. A/C	1679	1715	-	-	-	-
Total	15279	13419	24286	9189	4285	4533
Non-Govt. loans	2531	1972	4591	1516	997	767
Grants-Non-Govt.	133	101	-	-	-	-
Grand Total	17943	15492	28877	10705	5282	5300
	(3762)	(3201)	(5967)	(2245)	(1002)	(1095)
Net Flows (net of repayment)	7238	-13385	-	-	-	-
Net Transfers (net of repayment and interest payments)	1956	-18685	-	-	-	-

* April-March
 Note: Figures in brackets are in terms of million US \$

Gross external aid in **2002-03** at Rs 15492 crore was 13.7 per cent lower than that of Rs 17943 crore in 2001-02. Net aid flows (net of repayments) amounted to Rs (-) 13385 crore as against Rs 7238 crore in the corresponding period of the last year. Net aid transfers (net of repayments and interest payments) was Rs (-) 18685 crore as against Rs 1956 crore in the corresponding period of last year.



EXCHANGE RATES

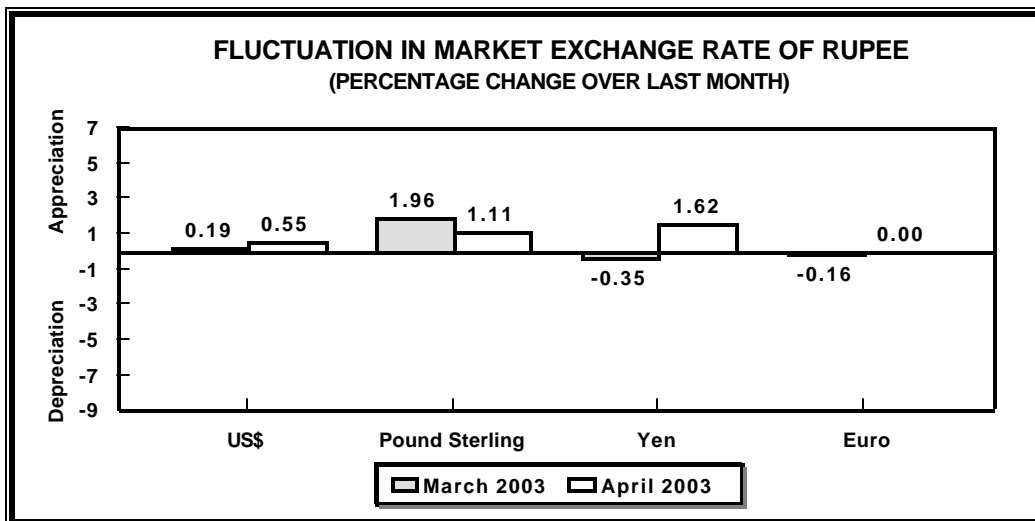
Rupees Per Unit of Foreign Currency

(Market Rate^a)

Month	US Dollar	Pound Sterling	Japanese Yen	Euro	5 Country NEER Base 1995=100	5 Country REER
March 2001	46.62	67.39	0.3846	42.44	82.00	102.89
March 2002	48.74	69.37	0.3723	42.75	80.60	104.98
March 2003	47.64	75.44	0.4015	51.52	75.27	100.01
2003-2004						
April	47.38	74.61	0.3951	51.52	--	--

a. FEDAI Rates

The average market exchange rate of the Rupee during April, 2003 appreciated against US Dollar, Pound Sterling and Japanese Yen and remained stable against Euro compared to average market rate during March, 2003.



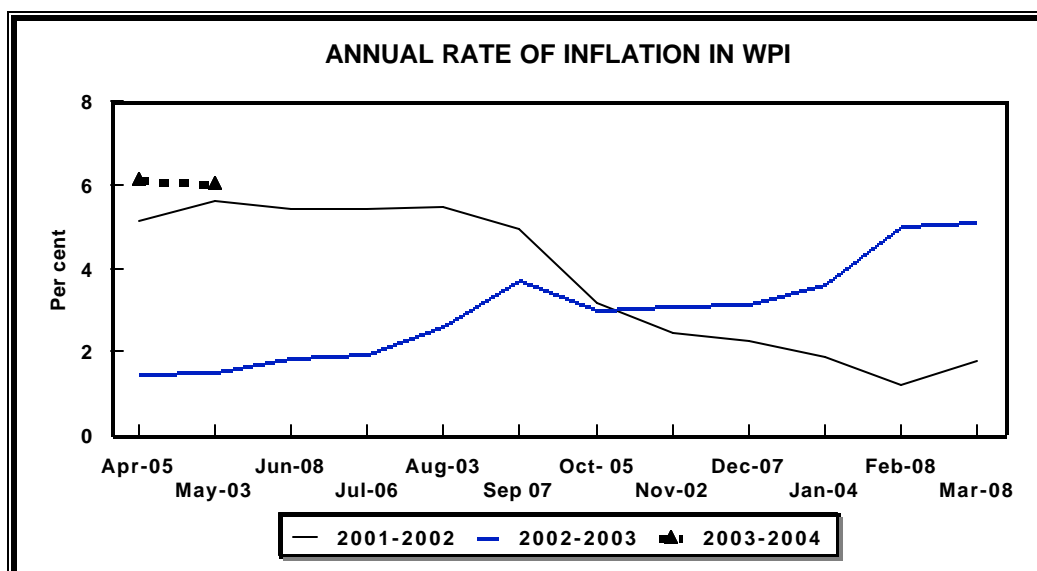
INFLATION

WHOLESALE PRICE INDEX

WHOLESALE PRICES (Base 1993-94)					
Items/Groups	Weight (%)	Per cent Variation During			
		MONTH		YEAR (point to point)	
		Last Year	Current Year	(ending 3.5.2003) ^(P)	
				Last Year	Current Year
All Commodities	100.00	0.31	0.17	1.56	6.03
I Primary articles	22.03	-0.12	0.22	1.57	6.64
II Fuel, Power, Light and Lubricants	14.23	0.00	-2.00	3.46	8.20
III Manufactured Products	63.75	0.62	0.93	0.90	4.95

P = Provisional

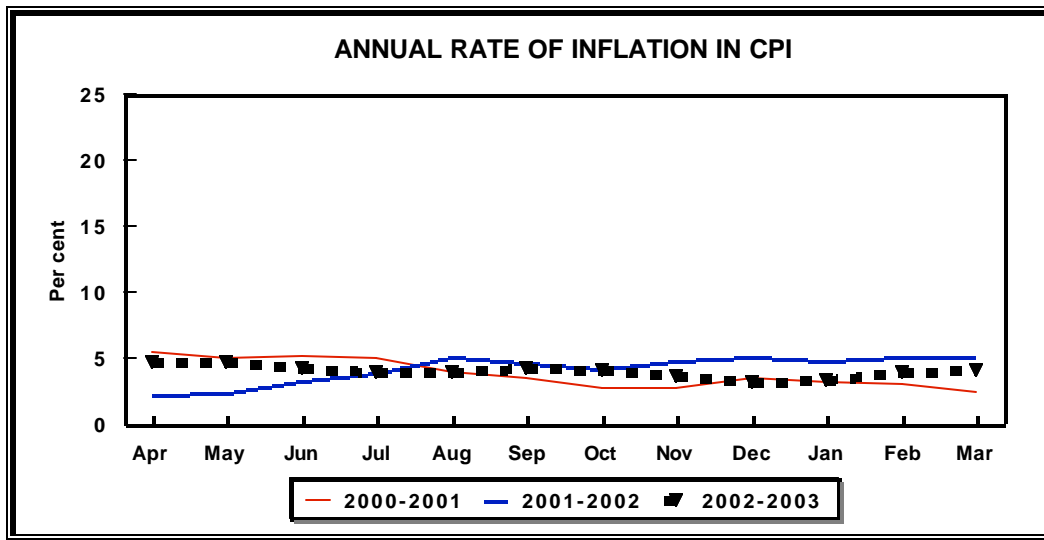
The annual rate of inflation based on **Wholesale Price Index (WPI)** stood at 6.03 per cent for week ended May 3, 2003 compared to 1.56 per cent a year ago. This rate was contributed by an increase of 6.64 per cent in Primary articles, 8.20 per cent increase in Fuel, Power and Lubricants and 4.95 per cent increase in Manufactured Products as against an increase of 1.57 per cent, 3.46 per cent and 0.90 per cent respectively, on the corresponding date of last year.



CONSUMER PRICE INDEX

CONSUMER PRICE INDEX AND INFLATION RATE		
	2001-2002 (Up to Mar., 2002)	2002-2003 (Up to Mar., 2003)
	<i>Per cent</i>	
Annual Inflation	5.2	4.1
Financial Year Inflation (%)	5.2	4.1
% change over Last Month	0.4	0.6
Level of Index	468	487
Average of Index for 12 months ending March	463.33	481.75

The All India **Consumer Price Index for Industrial Workers (CPI-IW)** for March, 2003 which stood at 487 increased by 0.6 per cent over the previous month's level and increased by 4.1 per cent over March, 2002.



PUBLIC FINANCE

UNION GOVERNMENT ACCOUNTS AT A GLANCE

Items	Budget	April-February		Col 4 as	% change over	
	Estimates 2002-03	2001-02	2002-03	% of BE 02-03	2000-01	2001-02 (Col 4/3)
		(RS Crore)				
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1. Revenue Receipts	245105	163456	184847	75.4	4.0	13.1
Tax (net to Centre)	172965	104676	124690	72.1	-3.7	19.1
Non Tax	72140	58780	60157	83.4	21.3	2.3
2. Capital Receipts	165204	132630	142752	86.4	25.1	7.6
of which:						
Recovery of loans	17680	13409	24631	139.3	40.5	83.7
Other Receipts	12000	3046	3128	26.1	--	--
Borrowings and other liabilities	135524	116175	114993	84.9	20.7	-1.0
3. Total Receipts (1+2)	410309	296086	327599	79.8	12.5	10.6
4. Non-Plan Expenditure (a+b)	296809	217459	239532	80.7	8.7	10.2
(a) Revenue Account	270169	203803	226306	83.8	8.1	11.0
(b) Capital Account	26640	13656	13226	49.6	19.2	-3.1
5. Plan Expenditure (i)+(ii)	113500	78627	88067	77.6	24.6	12.0
(i) Revenue Account	70313	49809	53734	76.4	32.4	7.9
(ii) Capital Account	43187	28818	34333	79.5	13.1	19.1
6. Total Expenditure (4)+(5)=(a)+(b)	410309	296086	327599	79.8	12.5	10.6
(a) Revenue Expenditure	340482	253612	280040	82.2	12.1	10.4
(b) Capital Expenditure	69827	42474	47559	68.1	15.0	12.0
7. Revenue Deficit	95377	90156	95193	99.8	30.4	5.6
8. Fiscal Deficit	135524	116175	114993	84.9	20.7	-1.0
9. Primary Deficit	18134	22253	12554	69.2	--	-43.6

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

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

(ii) Un-audited.

The trends indicate that there is an improvement in revenue receipts during the period April-February, 2003 as compared to April-February, 2002. There is a decline of 1.0 per cent in fiscal deficit during April-February, 2003 over the level recorded in the corresponding period last year.