

**Ministry of Finance  
Department of Economic Affairs  
Economic Division  
4(5)/Ec. Dn. /2010**

**MONTHLY ECONOMIC REPORT  
NOVEMBER 2010**

**HIGHLIGHTS**

- The overall growth of Gross Domestic Product (GDP) at factor cost at constant prices, as per the Revised Estimates of CSO was 7.4 per cent in 2009-10. The growth in real GDP is placed at 8.9 per cent in the second quarter of 2010-11.
- The cumulative rainfall received for the country as a whole upto December 15, during the Post Monsoon season (October-December), has been 23 per cent above the normal.
- Food grains (rice and wheat) stocks held by FCI and State agencies were 46.22 million tonnes as on October 1, 2010.
- Overall growth in the Index of Industrial Production (IIP) was 10.8 per cent during October 2010 as compared to 10.1 per cent in October 2009. During April-October 2010-11, IIP growth was 10.3 per cent as compared to 6.9 per cent during April-October 2009-10.
- Core infrastructure-supportive sectors grew by 7.0 per cent in October 2010 as compared to the growth of 3.9 per cent in October 2009. During April-October 2010-11, these sectors grew by 4.5 per cent as compared to 4.8 per cent during April-October 2009-10.
- Broad money (M<sub>3</sub>) (up to November 19, 2010) increased by 8.5 per cent as compared to 9.1 per cent during the corresponding period of the last year. The year-on-year growth, as on November 19, 2010 was 16.2 per cent as compared to 19.2 per cent last year.
- Exports, in US dollar terms increased by 21.3 per cent and imports increased by 6.8 per cent, during October 2010.
- Foreign Currency Assets stood at US \$ 263.5 billion at end November 2010 compared to US \$ 263.4 billion at end November 2009.
- Rupee appreciated against Euro and depreciated against US Dollar, Pound Sterling and Japanese Yen in the month of November 2010 over October 2010.
- Year-on-year inflation in terms of Wholesale Price Index was 7.48 per cent for the month of November, 2010 as compared to 4.50 per cent in November, 2009.
- Tax revenue (net to Centre) during April-October, 2010-11 recorded a growth of 27.0 per cent compared with corresponding period of 2009-10. Non-tax revenue grew by 149.3 per cent in April-October 2010-11 on account of one-off nature of receipts of proceeds from Spectrum auction.
- As a proportion of budget estimate, fiscal deficit during April-October 2010-11 was 42.6 per cent and revenue deficit was 34.3 per cent.

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## ECONOMIC GROWTH

The growth in real Gross Domestic Product (GDP) is placed at 8.9 per cent in the second quarter of 2010-11; agriculture grew by 4.4 per cent; industry by 8.9 per cent and services by 9.8 per cent. As per the Revised Estimates (RE) of Central Statistical Organization (CSO), the growth in gross domestic product at factor cost at constant (2004-05) prices was estimated at 7.4 per cent in 2009-10 as compared to a level of 6.7 per cent in 2008-09 (Quick Estimate). At disaggregated level, this (RE 2009-10) level of growth comprises of 0.2 per cent in agriculture and allied activities, 9.3 per cent in industry and 8.5 per cent in services as compared to growth rates of 1.6 per cent, 3.9 per cent and 9.8 per cent respectively during 2008-09.

Industry	Growth			Percentage share in GDP		
	2007-08	2008-09 (QE)	2009-10 (RE)	2007-08	2008-09 (QE)	2009-10 (RE)
<b>1 Agriculture, forestry &amp; fishing</b>	<b>4.7</b>	<b>1.6</b>	<b>0.2</b>	<b>16.4</b>	<b>15.7</b>	<b>14.6</b>
<b>2 Industry</b>	<b>9.5</b>	<b>3.9</b>	<b>9.3</b>	<b>28.8</b>	<b>28.0</b>	<b>28.5</b>
a Mining & quarrying	3.9	1.6	10.6	2.5	2.4	2.4
b Manufacturing	10.3	3.2	10.8	16.2	15.6	16.1
c Electricity, gas & water supply	8.5	3.9	6.5	2.0	2.0	2.0
d Construction	10.0	5.9	6.5	8.1	8.0	7.9
<b>3 Services</b>	<b>10.5</b>	<b>9.8</b>	<b>8.5</b>	<b>54.8</b>	<b>56.4</b>	<b>56.9</b>
a Trade, hotels, transport & communication	10.7	7.6	9.3	25.9	26.1	26.5
b Financing, insurance, real estate & business services	13.2	10.1	9.7	16.4	16.9	17.2
c Community, social & personal services	6.7	13.9	5.6	12.5	13.4	13.1
<b>4 GDP at factor cost</b>	<b>9.2</b>	<b>6.7</b>	<b>7.4</b>	<b>100</b>	<b>100</b>	<b>100</b>

(QE): Quick Estimate; (RE): Revised Estimate

Items	2008-09				2009-10				2010-11	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
<b>1. Agriculture, forestry &amp; fishing</b>	<b>3.2</b>	<b>2.4</b>	<b>-1.4</b>	<b>3.3</b>	<b>1.9</b>	<b>0.9</b>	<b>-1.8</b>	<b>0.7</b>	<b>2.5</b>	<b>4.4</b>
<b>Industry</b>	<b>5.4</b>	<b>4.6</b>	<b>1.6</b>	<b>2.1</b>	<b>5.7</b>	<b>8.4</b>	<b>11.1</b>	<b>13.3</b>	<b>11.3</b>	<b>8.9</b>
2. Mining & quarrying	2.6	1.6	2.7	-0.3	8.2	10.1	9.6	14.0	8.4	8.0
3. Manufacturing	5.4	5.3	1.3	0.6	3.8	8.4	13.8	16.3	13.0	9.8
4. Electricity, gas & water supply	3.3	4.3	4.0	4.1	6.4	7.7	4.7	7.1	6.2	3.4
5. Construction	6.7	4.3	1.1	5.7	8.4	8.3	8.1	8.7	10.3	8.8
<b>Services</b>	<b>9.6</b>	<b>9.7</b>	<b>11.4</b>	<b>8.3</b>	<b>7.9</b>	<b>10.5</b>	<b>7.2</b>	<b>8.4</b>	<b>9.3</b>	<b>9.8</b>
6. Trade, hotels, transport & communication	10.3	9.8	4.4	5.7	5.6	8.2	10.2	12.4	10.9	12.1
7. Financing, insurance, real estate & bus. Services	9.2	8.9	10.2	12.3	11.7	11.3	7.9	7.9	7.9	8.3
8. Community, social & personal services	8.7	10.4	28.7	8.8	7.6	14.0	0.8	1.6	7.9	7.3
<b>9. GDP at factor cost (total 1 to 8)</b>	<b>7.3</b>	<b>7.2</b>	<b>6.1</b>	<b>5.8</b>	<b>6.3</b>	<b>8.7</b>	<b>6.5</b>	<b>8.6</b>	<b>8.9</b>	<b>8.9</b>

## AGRICULTURE

**Rainfall:** The rainfall situation in India is categorized into four seasons: winter season (January-February); pre monsoon (March-May); south west monsoon (June-September) and post monsoon (October-December). South west monsoon accounts for more than 75 per cent of annual rainfall.

In the current year, during the south west-monsoon period (June 1 to September 30), the cumulative rainfall received for the country as a whole, was 912.8 mm, which is 2 per cent above the normal. During this period, out of 36 meteorological subdivisions in the country, 31 received excess/normal rainfall and 5 received deficient rainfall.

The cumulative rainfall received for the country as a whole upto December 15, during the Post Monsoon season (October-December), has been 23 per cent above the normal.

**All India production of food grains:** According to the First Advance Estimates released on September 23, 2010, the production of food grains (kharif) is estimated at 114.63 million tonnes during 2010-11 compared to 103.84 million tonnes (fourth advance estimates) in 2009-10.

**Procurement:** Procurement of rice as on October 1, 2010 (Kharif Marketing Season

	Full Marketing Year			As on 1 <sup>st</sup> October	
	2007-08	2008-09	2009-10	2009	2010
Rice(Oct-Sept)	28.74	33.68	31.46	0.01	0.006
Wheat(Apr-Mar)	11.13	22.69	25.38	25.17*	22.52*
Total	39.87	56.37	56.84	25.18	22.53
*As on 30.07.2010					

2010-11) at 0.006 million tonnes represents a decline of 40 per cent compared to the corresponding date last year. Wheat procurement as on July 30, 2010 (Rabi

Marketing Season 2010-11) was 22.52 million tonnes as compared to 25.17 million tonnes during the corresponding date last year.

**Off-take:** Off-take of rice during the month of October, 2010 was 26.33 lakh tonnes. This comprises 22.02 lakh tonnes under TPDS and 4.31 lakh tonnes under other schemes. In respect of wheat, the total offtake was 20.59 lakh tonnes comprising 16.57 lakh tonnes under TPDS and 4.02 lakh tonnes under other schemes.

Stocks of food-grains (rice and wheat) held by FCI as on October 1, 2010 were 46.22 million tonnes, which was higher by 5.50 per cent over the level of 43.81 million tonnes as on October 1, 2009.

	Off-take			Stocks	
	2007-08	2008-09	2009-10	October 1, 2009	October 1, 2010
Rice	25.23	24.62	27.37	15.35	18.44
Wheat	12.20	14.88	22.35	28.46	27.78
Total	37.43	39.50	49.72	43.81	46.22

## INDUSTRIAL PRODUCTION

Industry Group	2009-10	2009-10(April-October)	2010-11(April-October)	October 2009	October 2010
General index	10.5	6.9	10.3	10.1	10.8
Mining	9.9	8.1	8.3	9.1	6.5
Manufacturing	11.0	6.8	11.0	10.8	11.3
Electricity	6.0	6.3	4.6	4.0	8.8
Use-based industrial groups					
Basic goods	7.2	5.8	5.8	4.0	7.7
Capital goods	20.9	6.0	24.0	10.9	22.0
Intermediate goods	13.6	10.1	10.4	15.4	9.5
Consumer goods	6.2	5.5	8.2	11.4	9.6
Durables	24.6	18.6	24.4	18.3	31
Non-durables	0.4	1.0	1.7	8.6	0.1

During October 2010, the IIP growth was 10.8 per cent as compared to 10.1 per cent growth during the corresponding period of previous year. In mining, manufacturing and electricity sectors, the growth rates in October 2010 were 6.5, 11.3 and 8.8 per cent respectively. In the use-based industrial groups, the growth rate has increased in capital goods and consumer durables goods. Consumer non-durable goods sector, which has a weight of 23.3 percent in IIP, has not shown any improvement and the production level is stagnant with merely 0.1 per cent rise in October 2010 as compared to October 2009.

Industry	October 2009	October 2010	2009-10 (April-October)	2010-11 (April-October)
Coal	6.8	0.8	11.4	-0.1
Electricity generation <sup>1</sup>	4.4	8.4	6.1	4.7
Crude oil	-2.5	13.7	-1.3	10.7
Petroleum products	7.2	-4.8	-2.0	1.4
Finished steel	2.5	6.2	1.8	4.2
Cement	5.3	16.8	11.3	6.3
<b>Overall growth</b>	<b>3.9</b>	<b>7.0</b>	<b>4.5</b>	<b>4.5</b>
(1): This will not necessarily match the growth in electricity given in the Index of Industrial Production				

**Six core industries:** The index for 6 core industries (comprising crude oil, petroleum refinery products, coal, electricity, cement and finished carbon steel) with a weight of 26.68 per cent in the IIP grew by 4.5 per cent during April-October 2010-11, at par with the growth rate achieved during the corresponding months in 2009-10. During the month of October 2010, the overall growth of the core sector industries was 7.0 per cent as compared to the growth of 3.9 per cent during October 2009.

During October 2010, the growth rate has increased in electricity, crude oil, and cement and finished steel sectors whereas in petro refinery products, it is negative and in coal sector it is negligible as compared to October 2009.

## MONEY AND BANKING

RBI announced its mid-quarter review of Monetary Policy for 2010-11 on December 16, 2010. The important decisions taken are:

- retain the repo rate at 6.25 per cent and the reverse repo rate at 5.25 per cent under the Reserve Bank's liquidity adjustment facility (LAF);
- retain the cash reserve ratio (CRR) at 6.0 per cent of net demand and time liabilities (NDTL) of scheduled banks.

### Liquidity Measures

RBI decided to:

- first, reduce the statutory liquidity ratio (SLR) of scheduled commercial banks (SCBs) from 25 per cent of their NDTL to 24 per cent with effect from December 18, 2010;
- second, conduct open market operation (OMO) auctions for purchase of government securities for an aggregate amount of 48,000 crore in the next one month as per a schedule to this effect.

The above two measures are expected to inject liquidity on an enduring basis of the order of 48,000 crore.

Given the permanent reduction in the SLR by one per cent of NDTL, the additional liquidity support under the LAF announced by the Reserve Bank on November 29, 2010 will now be available up to the extent of 1.0 per cent (instead of 2.0 per cent) of the NDTL of SCBs from December 18, 2010 to January 28, 2011.

### Expected Outcomes

The policy actions in this Review are expected to:

- release sizable primary liquidity into the system;
- bring down the liquidity deficit in the system close to the comfort zone of the Reserve Bank; and
- stabilise interest rates in the overnight inter-bank market closer to the operative policy rate of the Reserve Bank.

Broad money ( $M_3$ ) (up to November 19, 2010) increased by 8.5 per cent as compared to 9.1 per cent during the corresponding period of the last year. The year-on-year growth, as on November 19, 2010 was 16.2 per cent as compared to 19.2 per cent last year.

<b>Table 7 : Money Stock - Components and Sources (Rs. crore)</b>						
Item	Outstanding as on		Variation over (in per cent)			
	2010		Financial year so far		Year- on-Year	
	Mar. 31	Nov. 19	2009-10	2010-11	2009	2010
<b>M<sub>3</sub></b>	55,99,762	60,75,813	9.1	8.5	19.2	16.2
<b>Components (i+ii+iii+iv)</b>						
(i) Currency with the Public	7,68,033	8,71,897	8.7	13.5	16.9	20.5
(ii) Demand Deposits with Banks	7,22,739	7,05,245	-1.3	-2.4	17.5	21.4
(iii) Time Deposits with Banks	41,05,151	44,95,206	10.9	9.5	19.9	14.6
(iv) "Other" Deposits with Reserve Bank	3,839	3,465	-14.2	-9.7	-3.2	-27.5
<b>Sources (i+ii+iii+iv-v)</b>						
(i) Net Bank Credit to Government (a+b)	16,67,096	18,08,050	17.5	8.5	43.1	20.4
(a) Reserve Bank	2,11,586	2,59,513				
(b) Other Banks	14,55,511	15,48,537	17.5	6.4	28.6	8.4
(ii) Bank Credit to Commercial Sector (a+b)	34,92,781	38,15,280	4.1	9.2	10.2	21.6
(a) Reserve Bank	1,328	1,572	—	—	—	—
(b) Other Banks	34,91,453	38,13,708	4.4	9.2	10.0	21.8
(iii) Net Foreign Exchange Assets of Banking Sector*	12,81,469	13,57,782	—	6.0	8.5	0.4
(iv) Government's Currency Liabilities to the Public	11,270	11,761	6.7	4.4	9.6	9.6
(v) Banking Sector's Net Non-Monetary Liabilities	8,52,854	9,17,060	-10.3	7.5	0.9	19.0
of which :						
Net Non-Monetary Liabilities of RBI	3,01,615	3,61,957	0.2	20.0	19.6	-6.8
* : Includes investments in foreign currency denominated bonds issued by IIFC(UK) since March 20, 2009.						
Note : Government Balances as on March 31, 2010 are before closure of accounts.						

Reserve money (M<sub>0</sub>) during the financial year 2010-11 (up to December 3, 2010) showed an increase of 6.3 per cent as compared to increase of 1.7 per cent in the corresponding period of the previous year. The year-on-year variation revealed an increase of 22.2 per cent as on December 3, 2010, compared to 15.3 per cent on the corresponding date of the previous year.

An important source of reserve money, namely, net foreign exchange assets (NFA) of the RBI increased by 6.2 per cent (during the financial year) as on December 3, 2010 as compared to an increase of 1.5 per cent in the same period last year. The y-o-y growth rate of NFA, as on December 3, 2010 was (-) 0.7 per cent as compared to increase of 6.7 per cent on the corresponding date of the last year.

#### **Scheduled Commercial Banks (SCBs): business in India**

During the current financial year (November 26, 2010), Bank credit increased by 9.9 per cent as compared to increase of 4.8 per cent during the corresponding period of last year.

The Non-Food credit during this period recorded an increase of 8.8 per cent as compared to an increase of 5.0 per cent during the corresponding period of last

year. The aggregate deposits with Scheduled Commercial Banks recorded an increase of 10.3 per cent (as on October 29, 2010) as against an increase of 9.1 per cent in the corresponding period of last year.

Items	Outstanding as on (Rs. crore)		Percentage Variation			
			Financial year so far		Year-on-Year	
	March 26, 2010	November 26, 2010	2009-10	2010-11	2009	2010
1. Bank credit	3240399	3567111	4.8	9.9	10.1	22.6
Non-Food credit	3191909	3507987	5.18	9.90	7.25	22.45
2. Aggregate deposits	4486574	4788359	9.6	6.6	18.6	14.0
3. Investments in Govt. and other approved securities	1166410	1465420	18.5	5.8	30.4	6.0

Item / Week Ended	2009	2010
	November 27	November 26
Cash Reserve Ratio (per cent) <sup>(1)</sup>	5.00	6.00
Bank Rate	6.00	6.00
Repo Rate	4.75	6.25
Reverse Repo Rate	3.25	5.25
Prime Lending Rate <sup>(2)</sup>	11.00-12.00	7.50-8.50
Deposit Rate <sup>(3)</sup>	6.00-7.50	7.00-8.00
Call Money Rate (Low / High) <sup>(4)</sup>		
- Borrowings	2.10 / 3.35	3.30/7.05
- Lendings	2.10 / 3.35	3.30/7.05

(1) Cash Reserve Ratio relates to Scheduled Commercial Banks (excluding Regional Rural Banks). (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) Data cover 90-95 per cent of total transactions reported by participants.

**Interest rates (per cent per annum):** As on November 26, 2010, Bank Rate was 6.00 per cent. Call money rates (borrowing & lending) were in the range of 3.30/7.05 per cent as compared with 2.10/3.35 per cent on the corresponding date of last year.

## EXTERNAL SECTOR

**Foreign trade:** Exports, in US dollar terms and customs basis, during October 2010 increased by 21.3 per cent and imports increased by 6.8 per cent over September 2009. Oil imports increased by 0.3 per cent and non-oil imports increased by 9.9 per cent during October 2010 over October 2009.

Item	2008-09 (Apr.- Mar)	2009-10 (Apr.-Mar)	October -09	October -10	% Change in October 2010
Exports	185295	178751	14806	17960	21.3
Imports	303696	288373	25936	27689	6.8
Oil imports	93667	87136	8389	8410	0.3
Non-Oil	210029	201237	17547	19279	9.9
Trade balance	-118401	-109621	-11130	-9729	-

Source: Provisional data as per the Press Note of the Ministry of Commerce and Industry

## Foreign Currency Assets

Table 11: Foreign Currency Assets				
	Amount		Variation	
	Rs. crore	US\$ Million	Rs. crore	US\$ Million
At the end of			(over last year)	
March, 2007	836597	191924	189270	46816
March, 2008	1196023	299230	359426	107306
March, 2009	1231340	241676	35317	-57554
March, 2010	1150778	254935	-80562	13259
2010-11			(over last month)	
April 2010	1133322	255023	-17456	88
May 2010	1152893	248201	19571	-6822
June 2010	1164431	249878	11538	1677
July 2010	1202388	258801	37957	8923
August 2010	1207494	256477	5106	-2324
September	1192541	265481	-14953	9004
October 2010	1199656	269343	7115	3862
November	1213296	263531	13640	-5812

Source: RBI.

**Exchange rate:** The rupee appreciated by 0.4 per cent against Euro and depreciated by 1.2 per cent against US dollar, 2.1 per cent against Pound Sterling and 0.5 per cent against Japanese Yen in the month of November 2010 over October 2010.

Table 12: Rupees per unit of foreign currency*				
	US Dollar	Pound Sterling	Japanese Yen	Euro
March, 2008	40.3561	80.8054	0.4009	62.6272
March, 2009	51.2287	72.9041	0.5251	66.9207
March, 2010	45.4965	68.4360	0.5018	61.7653
2010-11				
April 2010	44.4995	68.2384	0.4763	59.6648
May 2010	45.7865	67.1747	0.4969	57.6553
June 2010	46.5443	68.6952	0.5122	56.9016
July 2010	46.8373	71.5150	0.5343	59.7636
August 2010	46.5679	72.9736	0.5465	59.9700
September 2010	46.0616	71.6578	0.5454	60.0592
October 2010	44.4583	70.3381	0.5428	61.7153
November 2010	45.0183	71.8498	0.5457	61.4981

\* FEDAI Indicative Market Rates (on Yearly/Monthly average basis)



**External assistance and debt service payments:** Gross external aid in April-November 2010 at Rs. 25296.22 crore shows an increase of 38.83 per cent, compared to Rs. 18220.74 crore in April-November 2009. Net disbursement was Rs. 17602.76 crore in April-November 2010 compared to Rs. 10830.34 crore in April-November 2009. Net transfers were Rs. 15611.18 crore in April-November 2010 compared to Rs. 8310.92 crore in April-November 2009.

<b>Table 13: External Assistance and Debt Service Payments</b>				
				<b>(Rs. in crore)</b>
	<b>November 2010</b>	<b>During the Financial year 2010-11</b>	<b>November 2009</b>	<b>During the Financial year 2009-10</b>
<b>External Assistance (Government Account)</b>				
1) Gross Disbursement	1,600.72	21,629.60	2,980.13	13,164.80
2) Repayments	848.47	7,041.83	713.51	6,684.47
3) Interest Payments	122.87	1,722.54	176.96	2,172.89
4) Net Disbursement (1-2)	752.25	14,587.77	2,266.62	6,480.33
5) Net Transfers (4-3)	629.38	12,865.23	2,089.66	4,307.44
<b>External Assistance (Non-Government Account)</b>				
1) Gross Disbursement	24.53	2,629.41	71.73	3,446.32
2) Repayments	69.13	651.63	40.10	705.43
3) Interest Payments	16.87	268.84	13.38	347.03
4) Net Disbursement (1-2)	-44.60	1,977.78	31.63	2,740.89
5) Net Transfers (4-3)	-61.47	1,708.94	18.25	2,393.86
<b>Government Grants</b>				
1) Gross Disbursement	108.95	969.73	44.74	1,566.52
2) Repayments	0.00	0.00	0.00	0.00
3) Interest Payments	0.00	0.00	0.00	0.00
4) Net Disbursement (1-2)	108.95	969.73	44.74	1,566.52
5) Net Transfers (4-3)	108.95	969.73	44.74	1,566.52
<b>Non-Government Grants</b>				
1) Gross Disbursement	3.74	67.48	0.00	43.10
2) Repayments	0.00	0.00	0.00	0.00
3) Interest Payments	0.00	0.00	0.00	0.00
4) Net Disbursement (1-2)	3.74	67.48	0.00	43.10
5) Net Transfers (4-3)	3.74	67.48	0.00	43.10
<b>Grand Total</b>				
1) Gross Disbursements	1,737.94	25,296.22	3,096.60	18,220.74
2) Repayments	917.60	7,693.46	753.61	7,389.90
3) Interest Payments	139.74	1,991.38	190.34	2,519.92
4) Net Disbursement (1-2)	820.34	17,602.76	2,342.99	10,830.84
5) Net Transfers (4-3)	680.60	15,611.38	2,152.65	8,310.92

## INFLATION

**Wholesale Price Index (WPI 2004-05=100):** Year-on-year inflation measured in terms of WPI for November, 2010 was at 7.48 per cent. This reflects a decline of 110 basis points compared to WPI inflation in October, 2010. (Inflation was 4.50 per cent in November, 2009 and 8.57 per cent in November, 2008). In the new series of WPI, inflation had remained in the negative zone in June 2009 and July 2009 and turned positive in August 2009 and thereafter it reached double digits in March, 2010. The average inflation rate for last 12 months (December, 2009 to November, 2010) was 9.24 per cent as compared to 2.07 per cent during corresponding period in 2009-10. The financial year build up in the current year is 4.79 per cent in November, 2010, as against 7.47 per cent in the corresponding period last year. Major breakup of WPI inflation rates is indicated in Table 14 below.

Major groups	Weight (%)	Cumulative change (%) Since March		Inflation (%)		Inflation (%) (Average of 12 months)	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
<b>ALL COMMODITIES</b>	<b>100.00</b>	4.79	7.47	7.48	4.50	9.24	2.07
PRIMARY ARTICLES	20.12	10.07	19.00	13.00	14.29	18.79	8.99
<i>Food articles</i>	<i>14.34</i>	<i>10.15</i>	<i>21.46</i>	<i>9.41</i>	<i>16.73</i>	<i>19.68</i>	<i>13.13</i>
FUEL AND POWER	14.91	6.07	9.42	10.32	-1.10	11.26	-4.42
MANUFACTURED PDT.	64.97	2.23	2.85	4.56	2.33	5.15	1.33

**Inflation based on Consumer Price Index:** Inflation in Consumer Price Index for Industrial Workers (CPI-IW) has declined to 9.70 per cent in October, 2010 from its peak of 16.22 per cent in January 2010. CPI-IW food inflation (weight 46.20%) has also declined to 7.73 per cent in October, 2010 from its peak of 21.29 per cent in December 2009. Overall inflation in Consumer Price Index for Rural Labor (CPI-RL) has declined to 8.45 per cent in October, 2010 from its peak of 17.35 per cent in January 2010. CPI-RL food inflation (weight 66.77%) has also declined to 7.68 per cent from its peak of 20.78 per cent in January, 2010 (Table 15).

	WPI	CPI-IW	CPI-UNME	CPI-AL	CPI-RL
Base	2004-05	2001	1984-85	1986-87	1986-87
Aug-09	0.31	11.72	12.88	12.89	12.67
Sep-09	1.09	11.64	12.39	13.19	12.97
Oct-09	1.48	11.49	12.02	13.73	13.51
Nov-09	4.50	13.51	13.91	15.65	15.65
Dec-09	6.92	14.97	15.47	17.21	16.99
Jan-10	8.53	16.22	16.90	17.57	17.35
Feb-10	9.68	14.86	15.83	16.45	16.45
Mar-10	10.23	14.86	14.90	15.77	15.52
Apr-10	11.00	13.33	14.41	14.96	14.96
May-10	10.60	13.91	14.09	13.68	13.68
June-10	10.28	13.73	14.12	13.02	13.02
July-10	10.02	11.25	11.54	11.02	11.24
Aug-10	8.82	9.88	10.30	9.65	9.66
<b>Sep-10</b>	<b>8.93</b>	<b>9.82</b>	<b>10.39</b>	<b>9.13</b>	<b>9.34</b>
<b>Oct-10</b>	<b>8.58</b>	<b>9.70</b>	-	<b>8.43</b>	<b>8.45</b>
<b>Nov-10</b>	<b>7.48</b>	-	-	-	-

Note: WPI-inflation: October and November, 2010 are provisional and CPI\_UNME is linked index from April, 2008 onward.

**TABLE 16: WORLD COMMODITY PRICE DATA**

Commodity	Unit	Annual Averages			Monthly Averages				Y-o-Y variation in prices (%)		
		Jan-Dec	Jan-Dec	Jan-Dec	Mar -10	Sep -10	Oct -10	Nov -10	Sep -10	Oct -10	Nov -10
<b>Energy</b>		<b>2004</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2010</b>	<b>2010</b>	<b>2010</b>	<b>Sep -10</b>	<b>Oct -10</b>	<b>Nov -10</b>
Coal, Australia	\$/mt	53	128	72	94	95	97	103	40.3	37.1	30.4
Crude oil, avg, spot	\$/bbl	38	97	62	79	76	82	85	11.4	10.3	9.0
Crude oil, Brent	\$/bbl	38	98	62	79	78	83	86	14.9	13.3	11.2
Crude oil, Dubai	\$/bbl	33	94	62	77	75	80	84	10.8	9.6	7.8
Natural gas, US	\$/mmbtu	6	9	4	4	4	3	4	31.8	-14.7	1.0
<b>Agriculture</b>											
Coffee, Robusta	c/kg	79	232	164	148	179	188	203	10.1	16.0	32.5
Tea, auctions (3), average	c/kg	169	242	272	262	300	303	303	-5.1	0.3	-0.9
Coconut oil	\$/mt	661	1224	725	921	1275	1412	1521	81.9	100.0	108.7
Groundnut oil	\$/mt	1161	2131	1184	1380	1270	1331	1728	13.4	15.9	54.8
Palm oil	\$/mt	471	948	683	832	912	987	1120	35.3	45.1	54.5
Palm kernel oil	\$/mt	648	1129	700	995	1260	1412	1645	79.0	94.1	126.6
Soybean meal	\$/mt	241	428	408	329	396	409	430	-6.8	-0.8	2.0
Soybean oil	\$/mt	616	1257	849	915	1042	1157	1250	23.2	29.0	34.3
Maize	\$/mt	112	223	166	159	206	236	238	36.9	40.9	38.8
Rice, Thailand, 5%	\$/mt	225	647	555	502	477	486	515	-8.1	-1.4	-5.2
Wheat, US, HRW	\$/mt	157	326	224	191	272	270	274	42.2	35.9	29.9
Wheat US SRW	\$/mt	144	275	186	190	276	267	279	74.5	52.3	36.1
Oranges	\$/mt	858	1108	909	955	1047	1086	907	1.5	-5.8	-21.4
Sugar, world	c/kg	16	28	40	41	50	54	58	-2.4	8.7	18.4
<b>Raw Materials</b>											
Logs, Malaysia	\$/cum	197	292	287	250	311	316	313	10.7	14.4	15.2
Plywood	c/sheets	465	648	565	557	575	578	581	2.6	3.4	4.0
Wood pulp	\$/mt	641	821	614	814	907	915	910	37.9	32.0	26.0
Cotton A Index	c/kg	137	158	138	189	231	279	341	63.5	89.4	115.4
Rubber, US	c/kg	148	284	215	357	376	423	464	51.2	59.7	66.2
Rubber, Singapore	c/kg	130	261	192	334	353	392	431	62.7	66.9	69.4
<b>Fertilizers</b>											
DAP	\$/mt	221	967	323	476	525	575	588	65.7	91.6	102.6
Phosphate rock	\$/mt	41	346	122	105	125	140	140	38.9	55.6	55.6
Potassium chloride	\$/mt	125	570	630	313	338	335	341	-21.3	-23.0	-21.7
Urea, E. Europe, bulk	\$/mt	175	493	250	279	315	329	366	34.7	37.8	49.7
<b>Metals and Minerals</b>											
Aluminium	\$/mt	1716	2573	1665	2206	2162	2347	2333	17.9	24.9	19.7
Copper	\$/mt	2866	6956	5150	7463	7709	8292	8470	24.4	31.9	26.9
Gold	\$/toz	409	872	973	1113	1271	1342	1370	27.5	28.6	21.5
Iron ore	c/dmtu	38	136	117	101	212	182	182	110.0	80.3	80.3
Lead	c/kg	89	209	172	217	218	238	238	-0.9	6.2	2.9
Nickel	\$/mt	13823	21111	14655	22461	22643	23807	22909	29.6	28.5	34.8
Silver	c/toz	669	1500	1469	1715	2061	2347	2657	25.0	35.9	48.6
Steel cr coil sheet	\$/mt	607	966	783	775	850	850	850	21.4	21.4	21.4
Steel hr coil sheet	\$/mt	503	883	683	675	750	750	750	25.0	25.0	25.0
Tin	c/kg	851	1851	1357	1755	2270	2634	2552	52.7	75.5	70.8
Zinc	c/kg	105	187	166	228	215	237	229	14.2	14.5	4.5

Source: World Bank - The Pink Sheet

## FISCAL SITUATION

- As a proportion of budget estimate, fiscal deficit during April-October 2010-11 was 42.6 per cent and revenue deficit was 34.3 per cent. The lower levels reflect one-off nature of growth in non-tax revenue (from auction of telecom spectrum).

**Table 17: Trends in Central Government Finances April-October 2010**

	Budget	April-October		Col.3 as	Col. 4 as	% Change over	
	Estimates	2009-10	2010-11	% of	% of	proceeding year	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11
	(Rs. Crore)						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>1. Revenue Receipts</b>	<b>682,212</b>	<b>2,84,479</b>	<b>447,625</b>	<b>46.3</b>	<b>65.6</b>	<b>-1.7</b>	<b>57.3</b>
<b>Gross tax revenue</b>	<b>746,651</b>	<b>2,98,860</b>	<b>377,858</b>	<b>46.6</b>	<b>50.6</b>	<b>-7.5</b>	<b>26.4</b>
Tax (net to Centre)	5,34,094	2,13,896	271,693	45.1	50.9	-8.0	27.0
Non Tax	148,118	70,583	175,932	50.3	118.8	23.8	149.3
<b>2. Capital Receipts</b>	<b>426,537</b>	<b>2,52,382</b>	<b>169,810</b>	<b>62.1</b>	<b>39.8</b>	<b>112.1</b>	<b>-32.7</b>
<b>of which:</b>							
Recovery of loans	5,129	3,002	5,214	71.1	101.7	59.5	73.7
Other Receipts	40,000	4,305	2,260	384.4	5.7		-47.5
Borrowings and other liabilities	381,408	2,45,075	162,336	61.1	42.6	109.3	-33.8
<b>3. Total Receipts (1+2)</b>	<b>1,108,749</b>	<b>5,36,861</b>	<b>617,435</b>	<b>52.6</b>	<b>55.7</b>	<b>31.5</b>	<b>15.0</b>
<b>4. Non-Plan Expenditure (a)+(b)</b>	<b>735,657</b>	<b>3,88,837</b>	<b>424,893</b>	<b>55.9</b>	<b>57.8</b>	<b>34.7</b>	<b>9.3</b>
(a) Revenue Account	643,599	3,65,535	379,040	59.1	58.9	33.8	3.7
<b>of which:</b>							
Interest payments	248,664	1,01,093	115,364	44.8	46.4	0.2	14.1
Major Subsidies	108,667	83,114	76,846	78.7	70.7	32.6	-7.5
Pensions	42,840	25,402	29,860	72.6	69.7	67.7	17.5
(b) Capital Account	92,058	23,302	45,853	30.3	49.8	50.8	96.8
<b>5. Plan Expenditure (i)+(ii)</b>	<b>373,092</b>	<b>1,48,024</b>	<b>192,542</b>	<b>45.5</b>	<b>51.6</b>	<b>23.6</b>	<b>30.1</b>
(i) Revenue Account	315,125	1,25,738	163,415	45.2	51.9	21.8	30.0
(ii) Capital Account	57,967	22,286	29,127	47.7	50.2	34.9	30.7
<b>6. Total Expenditure (4)+(5)=(a)+(b)</b>	<b>1,108,749</b>	<b>5,36,861</b>	<b>617,435</b>	<b>52.6</b>	<b>55.7</b>	<b>31.5</b>	<b>15.0</b>
(a) Revenue Expenditure	958,724	4,91,273	542,455	54.8	56.6	30.5	10.4
(b) Capital Expenditure	150,025	45,588	74,980	36.9	50.0	42.6	64.5
<b>7. Revenue Deficit</b>	<b>276,512</b>	<b>2,06,794</b>	<b>94,830</b>	<b>73.1</b>	<b>34.3</b>	<b>137.6</b>	<b>-54.1</b>
<b>8. Fiscal Deficit</b>	<b>381,408</b>	<b>2,45,075</b>	<b>162,336</b>	<b>61.1</b>	<b>42.6</b>	<b>109.3</b>	<b>-33.8</b>
<b>9. Primary Deficit</b>	<b>132,744</b>	<b>1,43,982</b>	<b>46,972</b>	<b>82.0</b>	<b>35.4</b>	<b>787.6</b>	<b>-67.4</b>

Source: Review of Union Government Accounts, April- October 2010-11, Ministry of Finance.