

Ministry of Finance
Department of Economic Affairs
Economic Division
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MONTHLY ECONOMIC REPORT

NOVEMBER 2011

HIGHLIGHTS

- The overall growth of GDP at factor cost at constant prices, as per Revised Estimates, was 8.5 per cent in 2010-11 representing an increase from the revised growth of 8.0 per cent during 2009-10. The growth in real GDP is placed at 6.9 per cent in the second quarter of 2011-12. It is estimated to be 7.3 per cent for the first half of the current year.
- The cumulative rainfall received for the country as a whole, during the post monsoon season, 2011 (October–December), has been 48 per cent below the normal as on 14.12.2011.
- Food grains (rice and wheat) stocks held by FCI and State agencies were 51.79 million tonnes as on October 1, 2011.
- Overall growth in the Index of Industrial Production (IIP) was (-) 5.1 per cent during October 2011 as compared to 11.3 per cent in October 2010. During April-October 2011-12, IIP growth was 3.5 per cent as compared to 8.7 per cent during 2010-11.
- Eight core Infrastructure industries grew by 0.1 per cent in October 2011 as compared to the growth of 7.2 per cent in October 2010. During April-October 2011-12, these sectors grew by 4.3 per cent as compared to 5.9 per cent during April-October 2010-11.
- Broad money (M₃) (up to December 2, 2011) in the current year increased by 8.8 per cent as compared to 8.5 per cent during the corresponding period of the last year. The year-on-year growth, as on December 2, 2011 was 16.3 per cent as compared to 15.7 per cent last year.
- Exports, in US dollar terms increased by 10.8 per cent and imports increased by 21.7 per cent, during October 2011 over October 2010.
- Foreign Currency Assets stood at US\$ 273.2 billion at end November, 2011 as compared to US\$ 263.5 billion at end November, 2010.
- Rupee depreciated against US dollar, Pound Sterling, Japanese Yen and Euro in the month of November, 2011 over October, 2011.
- Year-on-year inflation in terms of Wholesale Price Index was 9.11 per cent for the month of November 2011 as compared to 9.73 per cent in October 2011.
- Gross tax revenue is at 46 per cent of BE and have increased by 13 per cent in comparison to the corresponding period in the previous year; with custom duties, service tax and taxes on income being the main contributors to the growth of tax revenue.
- As proportion of Budget Estimates, fiscal deficit is at 74.4 per cent and revenue deficit is at 79.1 percent respectively in April-October 2011.

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ECONOMIC GROWTH

The growth in real Gross Domestic Product (GDP) is placed at 6.9 per cent in the second quarter of 2011-12; agriculture grew by 3.2 per cent; industry by 3.2 per cent and services by 9.3 per cent. As per the Revised Estimates (RE) of Central Statistics Office (CSO), the growth in GDP at factor cost at constant (2004-05) prices was estimated at 8.5 per cent in 2010-11 as compared to 8.0 per cent in 2009-10 (Quick Estimate). At disaggregated level, this (RE 2010-11) comprises growth of 6.6 per cent in agriculture and allied activities, 7.9 per cent in industry and 9.4 per cent in services as compared to a growth of 0.4 per cent, 8.0 per cent and 10.1 per cent respectively during 2009-10.

| Industry | Growth | | | Percentage share in GDP | | |
|---|-------------|--------------|--------------|-------------------------|--------------|--------------|
| | 2008-09 | 2009-10 (QE) | 2010-11 (RE) | 2008-09 | 2009-10 (QE) | 2010-11 (RE) |
| 1 Agriculture, forestry & fishing | -0.1 | 0.4 | 6.6 | 15.7 | 14.6 | 14.4 |
| 2 Industry | 4.4 | 8.0 | 7.9 | 28.1 | 28.1 | 27.9 |
| a Mining & quarrying | 1.3 | 6.9 | 5.8 | 2.3 | 2.3 | 2.3 |
| b Manufacturing | 4.2 | 8.8 | 8.3 | 15.8 | 15.9 | 15.8 |
| c Electricity, gas & water supply | 4.9 | 6.4 | 5.7 | 2.0 | 2.0 | 1.9 |
| d Construction | 5.4 | 7.0 | 8.1 | 8.0 | 7.9 | 7.9 |
| 3 Services | 10.1 | 10.1 | 9.4 | 56.2 | 57.3 | 57.7 |
| a Trade, hotels, transport & communication | 7.6 | 9.7 | 10.3 | 26.1 | 26.6 | 27.0 |
| b Financing, insurance, real estate & business services | 12.5 | 9.2 | 9.9 | 17.0 | 17.2 | 17.4 |
| c Community, social & personal services | 12.7 | 11.8 | 7.0 | 13.1 | 13.6 | 13.4 |
| 4 GDP at factor cost | 6.8 | 8.0 | 8.5 | 100.0 | 100.0 | 100.0 |

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

| Items | 2009-10 | | | | 2010-11 | | | | 2011-12 | |
|---|------------|-------------|-------------|-------------|-------------|------------|------------|------------|-------------|------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 |
| 1. Agriculture, forestry & fishing | 1.8 | 1.2 | -1.6 | 1.1 | 2.4 | 5.4 | 9.9 | 7.5 | 3.9 | 3.2 |
| Industry | 5.0 | 6.7 | 9.5 | 12.4 | 9.1 | 7.1 | 7.1 | 6.1 | 5.1 | 3.2 |
| 2. Mining & quarrying | 7.2 | 6.8 | 5.2 | 8.9 | 7.4 | 8.0 | 6.9 | 1.7 | 1.8 | -2.9 |
| 3. Manufacturing | 4.3 | 7.4 | 11.4 | 15.2 | 10.6 | 7.8 | 6.0 | 5.5 | 7.2 | 2.7 |
| 4. Electricity, gas & water supply | 6.3 | 7.5 | 4.5 | 7.3 | 5.5 | 2.8 | 6.4 | 7.8 | 7.9 | 9.8 |
| 5. Construction | 5.4 | 5.1 | 8.3 | 9.2 | 7.7 | 6.7 | 9.7 | 8.2 | 1.2 | 4.3 |
| Services | 8.2 | 11.4 | 9.4 | 10.2 | 10.4 | 9.6 | 8.4 | 8.7 | 10.0 | 9.3 |
| 6. Trade, hotels, transport & communication | 3.7 | 7.8 | 10.8 | 13.7 | 12.1 | 10.2 | 8.6 | 9.3 | 12.8 | 9.9 |
| 7. Financing, insurance, real estate & bus. | 11.5 | 10.9 | 8.5 | 6.3 | 9.8 | 10.0 | 10.8 | 9.0 | 9.1 | 10.5 |
| 8. Community, social & personal services | 13.0 | 19.4 | 7.6 | 8.3 | 8.2 | 7.9 | 5.1 | 7.0 | 5.6 | 6.6 |
| 9. GDP at factor cost (total 1 to 8) | 6.3 | 8.7 | 7.3 | 9.4 | 8.8 | 8.4 | 8.3 | 7.8 | 7.7 | 6.9 |

AGRICULTURE

Rainfall: With respect to rainfall situation in India, the year 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. During the South West monsoon 2011, rainfall received by the country as a whole was 1 per cent above the normal. The cumulative rainfall received for the country as a whole, during the post monsoon season (October -December), has been 48 per cent below the normal as on 14.12.2011.

All India production of food grains: As per the first advance estimates released by Ministry of Agriculture on 13.10.2011, production of food grains (kharif only) during 2011-12 is estimated at 123.95 million tonnes compared to 120.20 million tonnes in 2010-11 (Fourth advance estimates).

Procurement: Procurement of rice as on 1st October, 2011 (Kharif Marketing Season 2011-12) at 0.94 million tonnes represents a decrease of (-) 38.6 per cent compared to the corresponding date last year. Wheat procurement during Rabi Marketing Season 2011-12 is 28.14 million tonnes as compared to 22.46 million tonnes during the corresponding period last year.

| | Table 3: Procurement in Million Tonnes | | | | |
|----------------|---|---------|---------|---------|---------|
| | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 |
| Rice(Oct-Sept) | 28.74 | 34.10 | 32.03 | 34.18 | 9.79* |
| Wheat(Apr-Mar) | 11.13 | 22.69 | 25.38 | 22.51 | 28.15** |
| Total | 39.87 | 56.79 | 57.41 | 56.69 | 37.94 |

* Position as on 14.11.2011. ** Position as on 01.08.2011

Off-take: Off-take of rice during the month of September, 2011 was 29.81 lakh tonnes. This comprises 19.65 lakh tonnes under TPDS and 10.16 lakh tonnes under other schemes. In respect of wheat, the total off take was 22.98 lakh tonnes comprising of 15.93 lakh tonnes under TPDS and 7.05 lakh tonnes under other schemes.

Stocks: Stock of food-grains (rice and wheat) held by FCI as on October 1, 2011 were 51.79 million tonnes, which is higher by 12.05 per cent over the level of 46.22 million tonnes as on October 1, 2010.

| Table 4: Off-take and stocks of food-grains (Million Tonnes) | | | | | |
|---|-----------------|---------|--------------------------|---------------|-------------|
| | Off-take | | | Stocks | |
| | 2009-10 | 2010-11 | 2011-12 (Up to Sep 2011) | Oct 1, 2010 | Oct 1, 2011 |
| Rice | 27.37 | 29.93 | 16.32 | 18.44 | 20.36 |
| Wheat | 22.35 | 23.07 | 12.20 | 27.78 | 31.43 |
| Total | 49.72 | 53.00 | 28.52 | 46.22 | 51.79 |

INDUSTRIAL PRODUCTION

Table 5: Percentage change in Index of Industrial Production

| Industry Group | 2009-10 | 2010-11(Apr-Oct.) | 2011-12(Apr-Oct.) | Oct. 2010 | Oct. 2011 |
|-----------------------------|---------|-------------------|-------------------|-----------|-----------|
| General index | 5.3 | 8.7 | 3.5 | 11.3 | -5.1 |
| Mining | 7.9 | 6.9 | -2.2 | 6.1 | -7.2 |
| Manufacturing | 4.9 | 9.4 | 3.7 | 12.3 | -6.0 |
| Electricity | 6.1 | 4.5 | 8.9 | 8.8 | 5.6 |
| Use-based industrial groups | | | | | |
| Basic goods | 4.7 | 5.5 | 5.8 | 9.8 | -0.1 |
| Capital goods | 1.0 | 17.1 | -0.3 | 21.1 | -25.5 |
| Intermediate goods | 6.0 | 8.6 | 0.6 | 9.7 | -4.7 |
| Consumer goods | 7.7 | 9.1 | 3.7 | 9.3 | -0.8 |
| Durables | 17.0 | 15.7 | 4.5 | 14.2 | -0.3 |
| Non-durables | 1.4 | 3.9 | 2.9 | 5.0 | -1.3 |

During October 2011, the IIP growth was(-) 5.1 per cent as compared to 11.3 per cent growth during the corresponding period of previous year. In mining and manufacturing sectors, the growth rates in October 2011 were negative, and in electricity sector the growth rate was 5.6 per cent. In October 2011, under use-based category, the growth rate in basic goods, capital goods, intermediate goods and consumer goods both consumer durables and non-durables were negative.

Table 6: Production growth (per cent) in core infrastructure-supportive industries

| Industry | October 2010 | October 2011 | 2010-11 (Apr-Oct) | 2011-12 (Apr-Oct) |
|-----------------------|--------------|--------------|-------------------|-------------------|
| Coal | 0.7 | -9.0 | 0.3 | -5.5 |
| Crude oil | 13.7 | -0.9 | 10.7 | 4.4 |
| Natural Gas | 6.5 | -7.4 | 22.2 | -8.3 |
| Refinery Products | -4.8 | -2.8 | 1.4 | 3.6 |
| Fertilizers | -0.2 | -2.1 | -2.0 | 0.2 |
| Steel | 13.4 | 3.8 | 8.3 | 8.7 |
| Cement | 18.5 | 0.0 | 6.6 | 2.8 |
| Electricity | 8.5 | 4.9 | 4.8 | 8.6 |
| Overall growth | 7.2 | 0.1 | 5.9 | 4.3 |

Eight core industries: The index for eight core industries (comprising crude oil, petroleum refinery products, coal, electricity, cement, steel, natural gas and fertilizers) with a weight of 37.9 per cent in the IIP grew by 4.3 per cent during April-October 2011-12, as compared to growth rate of 5.9 per cent achieved during the corresponding period in 2010-11. During the month of October 2011, the overall growth of the

core sector industries was 0.1 per cent as compared to the growth of 7.2 per cent during October 2010. During October 2011, the growth in electricity was 4.9 per cent followed by steel 3.8 per cent. The five sectors i.e, coal, crude oil, natural gas, refinery products and fertilizers registered negative growth during October 2011. Cement sector showed no growth during October 2011.

MONEY AND BANKING

Mid-Third Quarter Review of Monetary Policy for 2011-12

RBI released its Mid-Third Quarter Review of Monetary Policy for 2011-12 on 16th December, 2011. On the basis of the current macroeconomic assessment, RBI decided

- to keep the cash reserve ratio (CRR) unchanged at 6 per cent; and policy repo rate under the liquidity adjustment facility (LAF) unchanged at 8.5 per cent.
- Consequently, the reverse repo rate under the LAF will remain unchanged at 7.5 per cent and the marginal standing facility (MSF) rate at 9.5 per cent.
- Broad money (M₃) (up to December 2, 2011) increased by 8.8 per cent as compared to 8.5 per cent during the corresponding period of the last year. The year-on-year growth, as on December 2, 2011 was 16.3 per cent as compared to 15.7 per cent last year.

| 7. Money Stock: Components and Sources | | (₹ crore) | | | | |
|---|-------------------|-----------|-----------------------|---------|--------------|-------|
| Item | Outstanding as on | | Variation over | | | |
| | 2011 | | Financial Year so far | | Year-on-Year | |
| | Mar. 31 | Dec. 2 | 2010-11 | 2011-12 | 2010 | 2011 |
| M ₃ | 64,99,548 | 70,73,261 | 8.5 | 8.8 | 15.7 | 16.3 |
| Components (i+ii+iii+iv) | | | | | | |
| (i) Currency with the Public | 9,14,197 | 9,72,459 | 13.0 | 6.4 | 18.8 | 12.1 |
| (ii) Demand Deposits with Banks | 7,17,660 | 6,51,520 | -5.7 | -9.2 | 14.9 | -3.7 |
| (iii) Time Deposits with Banks | 48,63,979 | 54,46,670 | 10.2 | 12.0 | 15.2 | 20.2 |
| (iv) 'Other' Deposits with Reserve Bank | 3,713 | 2,612 | 11.6 | -29.6 | 16.0 | -39.0 |
| Sources (i+ii+iii+iv+v) | | | | | | |
| (i) Net Bank Credit to Government (a+b) | 19,82,771 | 22,31,635 | 9.3 | 12.6 | 19.7 | 22.3 |
| (a) Reserve Bank | 3,96,555 | 4,07,242 | | | | |
| (b) Other Banks | 15,86,216 | 18,24,392 | 7.6 | 15.0 | 8.0 | 16.3 |
| (ii) Bank Credit to Commercial Sector (a+b) | 42,35,406 | 45,33,989 | 11.0 | 7.0 | 22.6 | 17.0 |
| (a) Reserve Bank | 2,164 | 1,737 | — | — | — | — |
| (b) Other Banks | 42,33,242 | 45,32,252 | 11.0 | 7.1 | 22.8 | 17.0 |
| (iii) Net Foreign Exchange Assets of Banking Sector* | 13,93,327 | 15,84,776 | 7.0 | 13.7 | 1.7 | 15.6 |
| (iv) Government's Currency Liabilities to the Public | 12,724 | 13,312 | 8.7 | 4.6 | 13.2 | 8.6 |
| (v) Banking Sector's Net Non-monetary Liabilities | 11,24,680 | 12,90,450 | 18.1 | 14.7 | 27.4 | 28.5 |
| of which: | | | | | | |
| Net Non-monetary Liabilities of RBI | 3,68,274 | 5,81,505 | 16.7 | 57.9 | -7.8 | 65.1 |
| * Includes investments in foreign currency denominated bonds issued by IIFC(UK) since March 20, 2009. | | | | | | |
| Note: Government balances as on March 31, 2011 are after closure of accounts. | | | | | | |

Reserve money (M₀) during the financial year 2011-12 (up to December 9, 2011) showed improvement of 3 per cent as compared to improvement of 8.5 per cent in the corresponding period of the previous year. The year-on-year variation revealed an increase of 13.1 per cent as on December 9, 2011, compared to 24.9 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 17.9 per cent (during the financial year) as on December 9, 2011 as compared to increase of 6.1 per cent in the same period last year. The y-o-y growth

rate of NFA, was 19.9 per cent as compared to improvement of 0.6 per cent on the corresponding date of the last year.

Scheduled Commercial Banks (SCBs): business in India

During the current financial year i.e. 2011-12 (upto December 2, 2011), Bank credit showed improvement of 7.4 per cent as compared to improvement of 10.9 per cent during the corresponding period of last year. The Non-Food credit during this period recorded increase of 7.2 per cent as compared to increase of 10.7 per cent during the corresponding period of last year.

The aggregate deposits with Scheduled Commercial Banks recorded an increase of 9.6 per cent (as on December 2, 2011) as against an increase of 7.8 per cent in the corresponding period of last year.

| Items | 2011-12 Outstanding as on (Rs. in crore) | | Percentage Variation | | | |
|--|--|---------------------|-----------------------|---------|--------------|------|
| | | | Financial year so far | | Year-on-year | |
| | March 25, 2011 | December 2, 2011 | 2010-11 | 2011-12 | 2010 | 2011 |
| Bank Credit | 3938659 | 4235421 | 10.9 | 7.4 | 23.1 | 17.7 |
| Non-Food credit | 3874376 | 4153577 | 10.7 | 7.2 | 23.5 | 17.6 |
| Aggregate deposits | 5204703 | 5710061 | 7.8 | 9.6 | 15.1 | 17.9 |
| Investments in Government. And other approved securities | 1500039 | 1743713 | 7.1 | 16.1 | 7.0 | 17.5 |

| Item / Week Ended | 2010 | 2011 |
|--|-------------|-------------|
| | December 3 | December 2 |
| Cash Reserve Ratio (per cent) ⁽¹⁾ | 6.00 | 6.00 |
| Bank Rate | 6.00 | 6.00 |
| Repo Rate | 6.25 | 8.50 |
| Reverse Repo Rate | 5.25 | 7.50 |
| Prime Lending Rate ⁽²⁾ | 7.60 / 8.50 | 10.00-10.75 |
| Deposit Rate ⁽³⁾ | 7.00/8.00 | 8.50 - 9.25 |
| Call Money Rate (Low / High) ⁽⁴⁾ | | |
| - Borrowings | 6.45 | 8.54 |
| - Lendings | 6.45 | 8.54 |

⁽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 December 2, 2011, Bank Rate was 6.00 per cent. Call money rates (borrowing & lending) were 8.54 per cent as compared with 6.45 per cent on the corresponding date of last year.

EXTERNAL SECTOR

Foreign trade: Exports, in US dollar terms and customs basis, during October 2011 increased by 10.8 per cent and imports increased by 21.7 per cent over October 2010. Oil imports increased by 20.7 per cent and non-oil imports increased by 22.1 per cent during October 2011 over October 2010.

| Item | 2009-10 (Apr-Mar) | 2010-11 (Apr-Mar) | October 2010 | October 2011 | % Change in Oct. 2011 |
|-----------------|----------------------|----------------------|-----------------|-----------------|--------------------------|
| Exports | 178751 | 252275 | 17930 | 19870 | 10.8 |
| Imports | 288373 | 346857 | 32462 | 39514 | 21.7 |
| Oil imports | 87136 | 105282 | 8346 | 10077 | 20.7 |
| Non-Oil imports | 201237 | 241574 | 24115 | 29437 | 22.1 |
| Trade balance | -109621 | -94581 | -14532 | -19644 | .. |

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

Foreign Currency Assets

| | Amount | | Variation | |
|----------------------|---------|--------------|--------------------------|--------------|
| | ₹crore | US\$ million | ₹crore | US\$ million |
| At the end of | | | (over last year) | |
| March, 2008 | 1196023 | 299230 | 359426 | 107306 |
| March, 2009 | 1231340 | 241676 | 35317 | -57554 |
| March, 2010 | 1150778 | 254935 | -80562 | 13259 |
| March, 2011 | 1225999 | 274580 | 75221 | 19645 |
| 2011-12 | | | (over last month) | |
| April 2011 | 1252790 | 282287 | 26791 | 7707 |
| May 2011 | 1259881 | 279787 | 7091 | -2500 |
| June 2011 | 1268744 | 283708 | 8863 | 3921 |
| July 2011 | 1264787 | 286410 | -3957 | 2702 |
| August 2011 | 1317478 | 286284 | 52691 | -126 |
| Sept. 2011 | 1350855 | 276079 | 33377 | -10205 |
| Oct. 2011 | 1380417 | 282467 | 29562 | 6388 |
| Nov. 2011 | 1425029 | 273151 | 44612 | -9316 |

Source: RBI.

Exchange rate: The rupee depreciated by 3.1 per cent against US dollar, 3.4 per cent against Pound Sterling, 2.3 per cent against Japanese Yen and 2.1 per cent against Euro in the month of November, 2011 over October, 2011.

| 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 |
| March 2011 | 44.9684 | 72.7070 | 0.5498 | 62.9660 |
| 2011-12 | | | | |
| April 2011 | 44.3700 | 72.7237 | 0.5331 | 64.2505 |
| May 2011 | 44.9045 | 73.4103 | 0.5532 | 64.4833 |
| June 2011 | 44.8295 | 72.7881 | 0.5565 | 64.5157 |
| July 2011 | 44.4174 | 71.6485 | 0.5591 | 63.4602 |
| August 2011 | 45.2538 | 74.1083 | 0.5868 | 64.9380 |
| Sept. 2011 | 47.6335 | 75.1168 | 0.6203 | 65.4744 |
| Oct. 2011 | 49.2579 | 77.4901 | 0.6411 | 67.4458 |
| Nov. 2011 | 50.8564 | 80.2523 | 0.6560 | 68.9058 |
| * FEDAI Indicative Market Rates (on Monthly average basis). | | | | |

External assistance and debt service payments: Gross external aid in April-November 2011-12 is ₹ 19334 crore as compared to ₹ 26384 crore during the corresponding period of 2010-11. Net disbursement was ₹ 10641 crore in 2011-12 compared to ₹ 18667 crore in 2010-11. Net transfers were ₹ 8511 crore in 2011-12 compared to ₹ 16676 crore in 2010-11.

| Table 13 : External Assistance and Debt Service Payments | | | | |
|---|---------------|---|---------------|--|
| | | | | (₹ crore) |
| | November 2011 | During the Financial year 2011-12 (Apr-Nov) | November 2010 | During the Financial year 2010-11(Apr-Nov) |
| External Assistance (Government Account) | | | | |
| 1) Gross Disbursement | 1,716.02 | 14,296.96 | 2,182.43 | 22,222.40 |
| 2) Repayments | 1,085.76 | 7,849.95 | 848.47 | 7,041.83 |
| 3) Interest Payments | 159.51 | 1,927.00 | 122.87 | 1,722.61 |
| 4) Net Disbursement (1-2) | 630.26 | 6,447.01 | 1,333.96 | 15,180.57 |
| 5) Net Transfers (4-3) | 470.75 | 4,520.01 | 1,211.09 | 13,457.96 |
| External Assistance (Non-Government Account) | | | | |
| 1) Gross Disbursement | 650.8 | 3,576.58 | 242.47 | 3,076.73 |
| 2) Repayments | 2.11 | 843.69 | 69.13 | 675.17 |
| 3) Interest Payments | 6.21 | 202.38 | 16.87 | 268.84 |
| 4) Net Disbursement (1-2) | 648.69 | 2,732.89 | 173.34 | 2,401.56 |
| 5) Net Transfers (4-3) | 642.48 | 2,530.51 | 156.47 | 2,132.72 |
| Government Grants | | | | |
| 1) Gross Disbursement | 30.69 | 1,405.43 | 112.45 | 985.54 |
| 2) Repayments | 0 | 0 | 0 | 0 |
| 3) Interest Payments | 0 | 0 | 0 | 0 |
| 4) Net Disbursement (1-2) | 30.69 | 1,405.43 | 112.45 | 985.54 |
| 5) Net Transfers (4-3) | 30.69 | 1,405.43 | 112.45 | 985.54 |
| Non-Government Grants | | | | |
| 1) Gross Disbursement | 0 | 55.37 | 4.92 | 99.37 |
| 2) Repayments | 0 | 0 | 0 | 0 |
| 3) Interest Payments | 0 | 0 | 0 | 0 |
| 4) Net Disbursement (1-2) | 0 | 55.37 | 4.92 | 99.37 |
| 5) Net Transfers (4-3) | 0 | 55.37 | 4.92 | 99.37 |
| Grand Total | | | | |
| 1) Gross Disbursements | 2,397.51 | 19,334.34 | 2,542.27 | 26,384.04 |
| 2) Repayments | 1,087.87 | 8,693.64 | 917.6 | 7,717.00 |
| 3) Interest Payments | 165.72 | 2,129.38 | 139.74 | 1,991.45 |
| 4) Net Disbursement (1-2) | 1,309.64 | 10,640.70 | 1,624.67 | 18,667.04 |
| 5) Net Transfers (4-3) | 1,143.92 | 8,511.32 | 1,484.93 | 16,675.59 |

INFLATION

Wholesale Price Index (WPI 2004-05=100): The WPI inflation for the month of November 2011 is reported at 9.11 per cent as against 9.73 per cent last month and 8.20 per cent in November 2010. The revised WPI inflation for September 2011 is 10.00 per cent as against 9.78 per cent reported earlier. Inflation in Primary Articles has declined in the current month. Inflation for Food Articles (Wt 14.34 %) for the month of November 2011 has declined to 8.53 per cent from 11.06 per cent in the last month. This is mainly on account of cereals (rice, wheat), moong, masur, vegetables & fruits, fish and condiment & spices. The average WPI inflation rate for last 12 months (Dec 2010 to Nov 2011) was 9.58 per cent as compared to 9.37 per cent during corresponding period in 2010-11. The build-up of inflation since March to November 2011 stood at 4.95 per cent as against 5.50 per cent in the corresponding period last year. WPI inflation rates for major subgroups are indicated in Table 14 below.

| Major groups | Weight (%) | Cumulative change (%) Since March | | Inflation (%) | | Inflation (%) (Average of 12 months) | |
|------------------------|---------------|-----------------------------------|---------|---------------|---------|--------------------------------------|---------|
| | | 2011-12 | 2010-11 | 2011-12 | 2010-11 | 2011-12 | 2010-11 |
| ALL COMMODITIES | 100.00 | 4.95 | 5.50 | 9.11 | 8.20 | 9.58 | 9.37 |
| PRIMARY ARTICLES | 20.12 | 6.85 | 11.69 | 8.53 | 14.67 | 13.35 | 19.07 |
| <i>Food articles</i> | 14.34 | 10.00 | 10.88 | 8.54 | 10.14 | 11.31 | 19.80 |
| FUEL AND POWER | 14.91 | 8.88 | 6.07 | 15.48 | 10.32 | 12.95 | 11.26 |
| MANUFACTURED PDT. | 64.97 | 3.10 | 2.85 | 7.70 | 5.02 | 7.14 | 5.32 |

Inflation based on Consumer Price Index: Inflation in Consumer Price Index for Industrial Workers (CPI-IW) stood at 9.39 per cent in October 2011 as compared to 8.33 per cent in the corresponding month last year. CPI-IW food inflation (weight 46.20%) has increased to 8.72 per cent in October 2011 from 8.29 per cent in the last month. CPI-RL food inflation (weight 66.77%) has declined to 5.87 per cent in November 2011 from 6.78 per cent in October 2011.

| | WPI | CPI-IW | CPI-UNME | CPI-AL | CPI-RL |
|---------------|---------|--------|----------|---------|---------|
| Base | 2004-05 | 2001 | 1984-85 | 1986-87 | 1986-87 |
| Apr-10 | 10.88 | 13.33 | 14.41 | 14.96 | 14.96 |
| May-10 | 10.48 | 13.91 | 14.09 | 13.68 | 13.68 |
| June-10 | 10.25 | 13.73 | 14.12 | 13.02 | 13.02 |
| July-10 | 9.98 | 11.25 | 11.54 | 11.02 | 11.24 |
| Aug-10 | 8.87 | 9.88 | 10.30 | 9.65 | 9.66 |
| Sep-10 | 8.98 | 9.82 | 10.39 | 9.13 | 9.34 |
| Oct-10 | 9.08 | 9.70 | 9.64 | 8.43 | 8.45 |
| Nov-10 | 8.20 | 8.33 | 8.40 | 7.14 | 6.95 |
| Dec-10 | 9.45 | 9.47 | 9.44 | 7.99 | 8.01 |
| Jan-11 | 9.47 | 9.30 | | 8.67 | 8.69 |
| Feb-11 | 9.54 | 8.82 | | 8.55 | 8.55 |
| Mar-11 | 9.68 | 8.82 | | 9.14 | 8.96 |
| April-11 | 9.74 | 9.41 | | 9.11 | 9.11 |
| May-11 | 9.56 | 8.72 | | 9.63 | 9.63 |
| June-11 | 9.51 | 8.62 | | 9.32 | 9.14 |
| July-11 | 9.36 | 8.43 | | 9.03 | 9.03 |
| Aug-11 | 9.78 | 8.99 | | 9.52 | 9.71 |
| Sep-11 | 10.00 | 10.06 | | 9.43 | 9.25 |
| Oct-11 | 9.73 | 9.39 | | 9.36 | 9.73 |
| Nov-11 | 9.11 | - | | 8.95 | 9.14 |

Note: WPI-inflation: Sep and Oct-2011 are provisional and CPI-UNME is linked index from April, 2008 onward.

Table 16: World Commodity Price Data

| Commodity | Unit | Annual averages | | | Monthly averages | | |
|----------------------------|-------------|-----------------|---------|---------|------------------|--------|--------|
| | | Jan-Dec | Jan-Dec | Jan-Nov | Sep | Oct | Nov |
| | | 2009 | 2010 | 2011 | 2011 | 2011 | 2011 |
| Energy | | | | | | | |
| Coal, Australia | a/ \$/mt | 71.84 | 98.97 | 121.96 | 122.55 | 118.99 | 113.80 |
| Crude oil, average | a/ \$/bbl | 61.76 | 79.04 | 103.99 | 100.82 | 99.85 | 105.41 |
| Crude oil, Brent | a/ \$/bbl | 61.86 | 79.64 | 111.22 | 110.88 | 109.47 | 110.50 |
| Crude oil, Dubai | a/ \$/bbl | 61.75 | 78.06 | 106.02 | 106.00 | 103.67 | 108.59 |
| Crude oil, West Texas Int. | a/ \$/bbl | 61.65 | 79.43 | 94.74 | 85.58 | 86.41 | 97.12 |
| Natural gas, Europe | a/ \$/mmbtu | 8.71 | 8.29 | 10.42 | 10.85 | 11.42 | 11.32 |
| Agriculture | | | | | | | |
| Beverages | | | | | | | |
| Coffee, arabica | b/ ¢/kg | 317.1 | 432.0 | 604.5 | 606.0 | 546.3 | 540.3 |
| Tea, auctions (3) average | b/ ¢/kg | 272.4 | 288.5 | 294.1 | 288.7 | 291.1 | 278.8 |
| Food | | | | | | | |
| Coconut oil | b/ \$/mt | 725 | 1,124 | 1,756 | 1,310 | 1,209 | 1,479 |
| Copra | \$/mt | 480 | 750 | 1,175 | 867 | 804 | 980 |
| Groundnut oil | b/ \$/mt | 1,184 | 1,404 | 1,959 | 2,110 | n.a | 2,225 |
| Palm oil | b/ \$/mt | 683 | 901 | 1,134 | 1,068 | 995 | 1,053 |
| Palmkernel oil | \$/mt | 700 | 1,184 | 1,674 | 1,275 | 1,085 | 1,298 |
| Soybean meal | b/ \$/mt | 408 | 378 | 403 | 401 | 374 | 354 |
| Soybean oil | b/ \$/mt | 849 | 1,005 | 1,308 | 1,309 | 1,216 | 1,217 |
| Soybeans | b/ \$/mt | 437 | 450 | 547 | 266.8 | 502 | 486 |
| Grains | | | | | | | |
| Barley | b/ \$/mt | 128.3 | 158.4 | 206.7 | 209.6 | 208.8 | 211.5 |
| Maize | b/ \$/mt | 165.5 | 185.9 | 294.7 | 295.3 | 274.8 | 274.4 |
| Rice, Thailand, 25% | \$/mt | 458.1 | 441.5 | 500.7 | 555.5 | 559.6 | 584.7 |
| Wheat, Canada | \$/mt | 300.5 | 312.4 | 443.8 | 408.7 | 414.1 | 407.7 |
| Sugar, world | b/ ¢/kg | 40.00 | 46.93 | 57.91 | 58.78 | 56.11 | 52.95 |
| Raw Materials | | | | | | | |
| Logs, Malaysia | b/ \$/cum | 287.2 | 278.2 | 390.8 | 453.6 | 435.9 | 403.3 |
| Plywood | ¢/sheets | 564.6 | 569.1 | 606.9 | 631.1 | 621.2 | 617.5 |
| Cotton A Index | b/ ¢/kg | 138.2 | 228.3 | 344.0 | 258.1 | 242.3 | 230.8 |
| Rubber RSS3 | b/ ¢/kg | 192.1 | 365.4 | 495.4 | 455.2 | 406.1 | 337.2 |
| Metals and Minerals | | | | | | | |
| Aluminum | b/ \$/mt | 1,665 | 2,173 | 2,436 | 2,293 | 2,181 | 2,080 |
| Copper | b/ \$/mt | 5,150 | 7,535 | 8,943 | 8,300 | 7,394 | 7,581 |
| Gold | \$/toz | 973 | 1,225 | 1,562 | 1,771 | 1,665 | 1,738 |
| Iron ore, spot, cfr China | \$/dmt | 80.0 | 145.9 | 170.6 | 177.2 | 150.4 | 135.5 |
| Steel cr coilsheet | c/ \$/mt | 783 | 816 | 891 | 900 | 900 | 900 |

Source: World Bank - The Pink Sheet

Public Finance

- Gross tax revenue has increased by 13 per cent compared to the corresponding period last year with the main contributors being custom duties, taxes on income and service tax which have registered growth of 23 per cent, 16 per cent and 38 per cent respectively.
- As proportions of Budget Estimates, fiscal deficit and revenue deficit were at 74.4 per cent and 79.1 percent respectively in April-October 2011.

Table 17: Trends in Central Government Finances during April-October 2011

| | Budget | April-October | | Col.3 as | Col. 4 as | Per cent Change | |
|--|------------------|-----------------|----------------|-------------|--------------|-----------------|--------------|
| | Estimates | | | per cent | per cent of | of over | preceding |
| | 2011-12 | 2010-11 | 2011-12 | of | 2011-12 | year | 2011-12 |
| | | | | 2010-11 | BE | 2010-11 | (4/3) |
| | (Crore) | | | | | | |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1. Revenue Receipts | 7,89,892 | 447,625 | 359,712 | 65.6 | 45.5 | 57.3 | -19.6 |
| Gross tax revenue | 9,32,440 | 377,858 | 425,147 | 50.6 | 45.6 | 26.4 | 12.5 |
| Tax (net to Centre) | 6,64,457 | 271,693 | 291,501 | 50.9 | 43.9 | 27.0 | 7.3 |
| Non Tax | 1,25,435 | 1,75,932 | 68,211 | 118.8 | 54.4 | 149.3 | -61.2 |
| 2. Capital Receipts | 4,67,837 | 1,69,810 | 320,662 | 39.8 | 68.5 | -32.7 | 88.8 |
| of which: | | | | | | | |
| Recovery of loans | 15,020 | 5214 | 10,922 | 101.7 | 72.7 | 73.7 | 109.5 |
| Other Receipts | 40,000 | 2,260 | 2,731 | 5.7 | 6.8 | -47.5 | 20.8 |
| Borrowings and other liabilities | 4,12,817 | 162,336 | 307,009 | 42.6 | 74.4 | -33.8 | 89.1 |
| 3. Total Receipts (1+2) | 12,57,729 | 617,435 | 680,374 | 55.7 | 54.1 | 15.0 | 10.2 |
| 4. Non-Plan Expenditure | 8,16,182 | 424,893 | 479,181 | 57.8 | 58.7 | 9.3 | 12.8 |
| (a)+(b) | | | | | | | |
| (a) Revenue Account | 7,33,558 | 379,040 | 431,709 | 58.9 | 58.9 | 3.7 | 13.9 |
| of which: | | | | | | | |
| Interest payments | 2,67,986 | 115,364 | 144,521 | 46.4 | 53.9 | 14.1 | 25.3 |
| Major Subsidies | 1,34,211 | 76,846 | 82,985 | 70.7 | 61.8 | -7.5 | 8.0 |
| Pensions | 54,521 | 29,860 | 33,922 | 69.7 | 62.2 | 17.5 | 13.6 |
| (b) Capital Account | 82,624 | 45,853 | 47,472 | 49.8 | 57.5 | 96.8 | 3.5 |
| 5. Plan Expenditure (i)+(ii) | 4,41,547 | 192,542 | 201,193 | 51.6 | 45.6 | 30.1 | 4.5 |
| (i) Revenue Account | 3,63,604 | 163,415 | 171,015 | 51.9 | 47.0 | 30.0 | 4.7 |
| (ii) Capital Account | 77,943 | 29,127 | 30,178 | 50.2 | 38.7 | 30.7 | 3.6 |
| 6. Total Expenditure | 12,57,729 | 617,435 | 680,374 | 55.7 | 54.1 | 15.0 | 10.2 |
| (4)+(5)=(a)+(b) | | | | | | | |
| (a) Revenue Expenditure | 10,97,162 | 542,455 | 602,724 | 56.6 | 54.9 | 10.4 | 11.1 |
| (b) Of which Grants for creation of Capital Assets | 1,46,853 | 21,304 | 56,904 | 68.0 | 38.7 | - | 167.1 |
| (c) Capital Expenditure | 160,567 | 74,980 | 77,650 | 50.0 | 48.4 | 64.5 | 3.6 |
| 7. Revenue Deficit | 307,270 | 94,830 | 243,012 | 34.3 | 79.1 | -54.1 | 156.3 |
| 8. Effective Revenue Deficit(7-6(b)) | 1,60,417 | 73,526 | 186,108 | 30.0 | 116.0 | - | 153.1 |
| 9. Fiscal Deficit | 4,12,817 | 162,336 | 307,009 | 42.6 | 74.4 | -33.8 | 89.1 |
| 10. Primary Deficit | 1,44,831 | 46,972 | 162,488 | 35.4 | 112.2 | -67.4 | 245.9 |

Source: Review of Union Government Accounts, October 2011, Ministry of Finance.