



**Government of India
Ministry of Finance
Department of Economic Affairs
Economic Division
8(2)/Ec Dn/ 2000**

MONTHLY ECONOMIC REPORT

SEPTEMBER, 2000

HIGHLIGHTS

- The monsoon rainfall upto 13 September 2000 was normal/excess in 71 per cent of meteorological sub-divisions.
- Foodgrains stocks 41.25 million tonnes as on August 1, 2000.
- Overall industrial growth 5.4 per cent in April-July, 2000.
- Core infrastructure sectors achieved an average growth rate of 7.4 per cent in April-June, 2000 compared with 5.3 per cent in April-June, 1999.
- Money Supply (M3) growth was 5.4 per cent during March 31, 2000 to August 25, 2000, whereas annual growth rate for fortnight ended August 25, 2000 was 14.1 per cent. Net RBI Credit to Government increased by 1.7 per cent during March 31, 2000 to August 25, 2000.
- The annual inflation rate in terms of WPI (Base 1993-94) was 5.7 per cent for week ended September 9, 2000 compared to 3.1 per cent a year ago.
- Exports increased by 25.4 per cent in dollar terms in April-July, 2000 compared to an increase of 4.0 per cent in April-July, 1999. Imports increased by 24.8 per cent.
- Rupee appreciated against Deutsche Mark, French Franc and Euro and depreciated against US Dollar, Pound Sterling and Japanese Yen in August, 2000.
- Forex reserves (excluding Gold & SDRs) stood at \$32.79 billion at the end of August, 2000.

(Manoranjan Kumar)
Deputy Economic Adviser

AGRICULTURE

MONSOON RAINFALL*

	Number of Meteorological Sub-divisions						
	1995	1996	1997	1998	1999	1995-99+	2000
Excess/Normal	32	32	31	32	29	31	25
Deficient/Scanty/Nil	3	3	4	3	6	4	10
Total	35	35	35	35	35	35	35
+ Annual average	* (June-Sept.)						

The monsoon rainfall from June 1, 2000 to September 13, 2000 was normal/excess in 25 (71 per cent) meteorological sub-divisions and deficient/scanty in the remaining 10 (29 per cent). The annual average for 1995-99 was normal/excess in 31 (89 per cent) meteorological sub-divisions and deficient/scanty in the remaining 4 (11 per cent).

PROCUREMENT*

(Million Tonnes)

(1)	Full Marketing Year			Up to September 11		
	1997-98 (2)	1998-99 (3)	1999-2000 (4)	1999(P) (5)	2000(P) (6)	% change Col. (6)/(5)
Rice (Oct-Sep)	14.33	11.79	-	11.75	17.24	46.8
Wheat (Apr-Mar)	9.30	12.65	14.14	14.14	17.91	26.6
* Central pool						

Wheat procurement up to September 11, 2000 in the current marketing year, (i. e., 2000-2001) was higher by 26.6 per cent at 17.91 million tonnes compared to 14.14 million tonnes in the corresponding period in 1999-2000. Procurement of rice during the marketing year 1999-2000 (up to September 11, 2000) at 17.24 million tonnes was higher by 46.8 per cent than the level of 11.75 million tonnes during the corresponding period of 1998-99.

OFF-TAKE

(Million Tonnes)

	April-July			
	1998-99	1999-2000	1999-2000	2000-01(P)
Rice	11.83	12.06	3.77	3.16
Wheat	8.90	9.86	1.80	1.38
Total	20.73	21.92	5.57	4.54

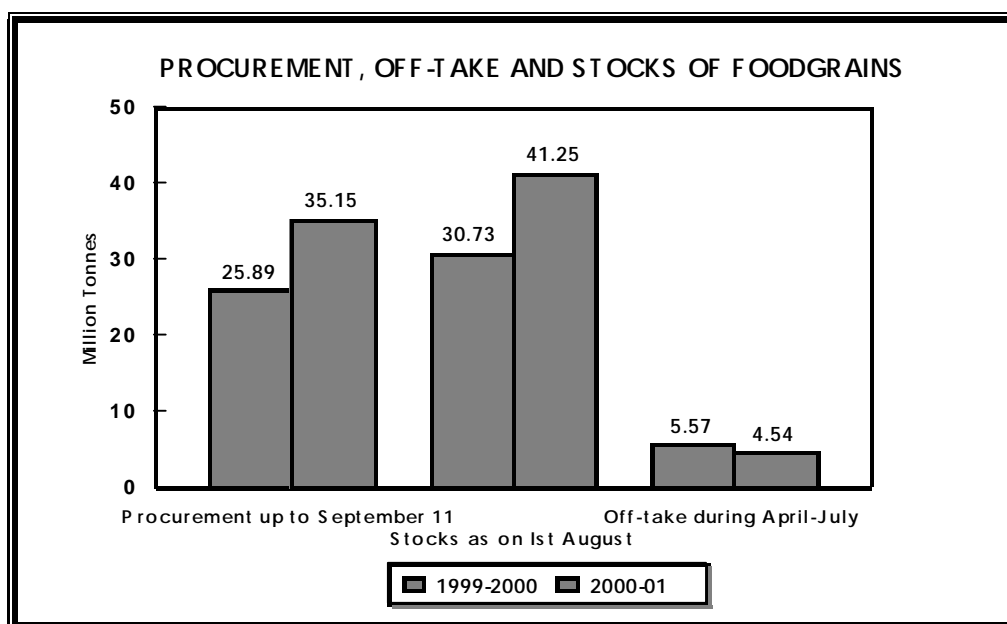
Off-take from the public distribution system central pool during April-July, 2000-01 was 4.54 million tonnes which was lower by 18.5 per cent than the off-take of 5.57 million tonnes during corresponding period of last year.

STOCKS

(Million Tonnes)

	As on 1st July		As on 1st August	
	1999	2000	1999	2000
Rice	10.74	14.49	9.67	13.66
Wheat	21.63	27.76	21.06	27.59
Total	32.37	42.25	30.73	41.25

Stocks of foodgrains as on 1st August, 2000 at 41.25 million tonnes was higher by 34.2 per cent than the level at 30.73 million tonnes as on 1st August, 1999.

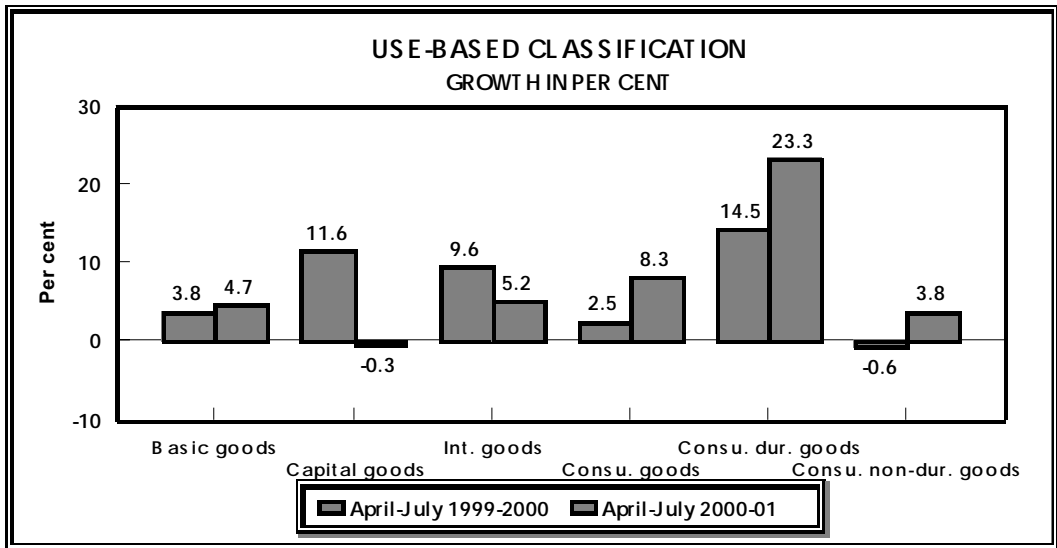
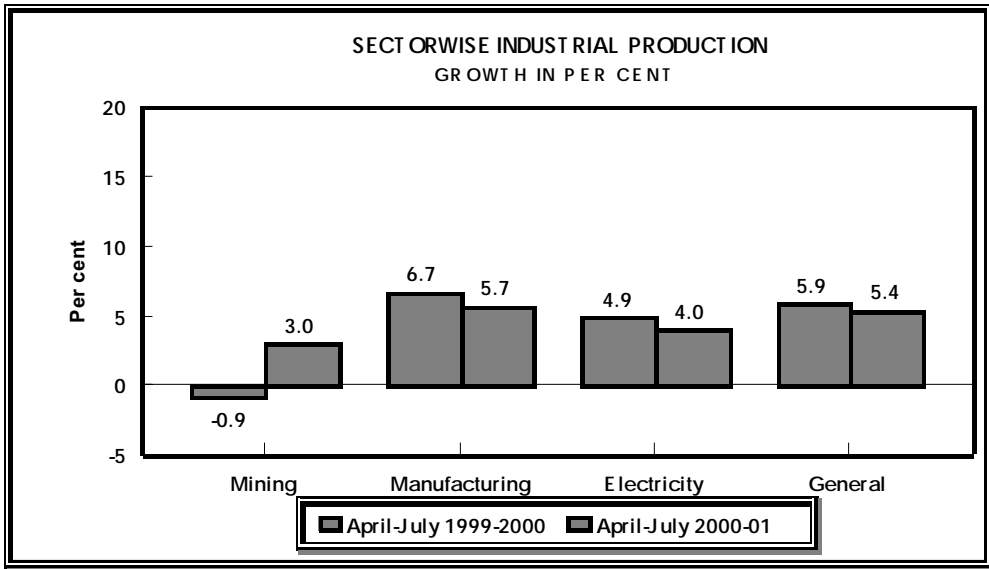


INDUSTRIAL PRODUCTION

SECTORWISE INDUSTRIAL PRODUCTION (Base = 1993-94 = 100)	<i>(Percentage change)</i>					
	1998-99/ 1997-98	1999-00/ 1998-99	July '99/ July '98	July '00/ July '99	<u>April-July</u> 1999-00 2000-01	
<u>General</u>	3.8	8.1	6.2	4.3	5.9	5.4
Mining & Quarrying	-1.7	0.8	0.1	0.7	-0.9	3.0
Manufacturing	4.1	9.2	6.8	5.1	6.7	5.7
Electricity	6.5	6.1	6.2	1.0	4.9	4.0
<u>Use-Based Classification</u>						
Basic goods	1.4	5.1	5.3	2.9	3.8	4.7
Capital goods	11.5	5.4	14.6	-1.0	11.6	-0.3
Intermediate goods	5.9	15.4	6.9	5.8	9.6	5.2
Consumer goods	1.8	5.4	3.6	6.5	2.5	8.3
<u>Of which</u>						
Consumer Durables	4.5	13.3	18.9	23.0	14.5	23.3
Consumer non-Durables	1.2	3.2	-0.5	1.3	-0.6	3.8

The overall growth rate of Industrial production in **April-July, 2000** was 5.4 per cent as compared to 5.9 per cent in April-July, 1999. The production growth in manufacturing sector, electricity generation and mining & quarrying during April-July, 2000 was 5.7%, 4.0% and 3.0% as against 6.7%, 4.9% and (-) 0.9% respectively.

As per use-based classification, production in basic goods, consumer goods (both durables and non-durables) during April-July, 2000 registered higher increase while in capital goods and intermediate goods recorded negative and lower increase respectively over the corresponding period of last year.

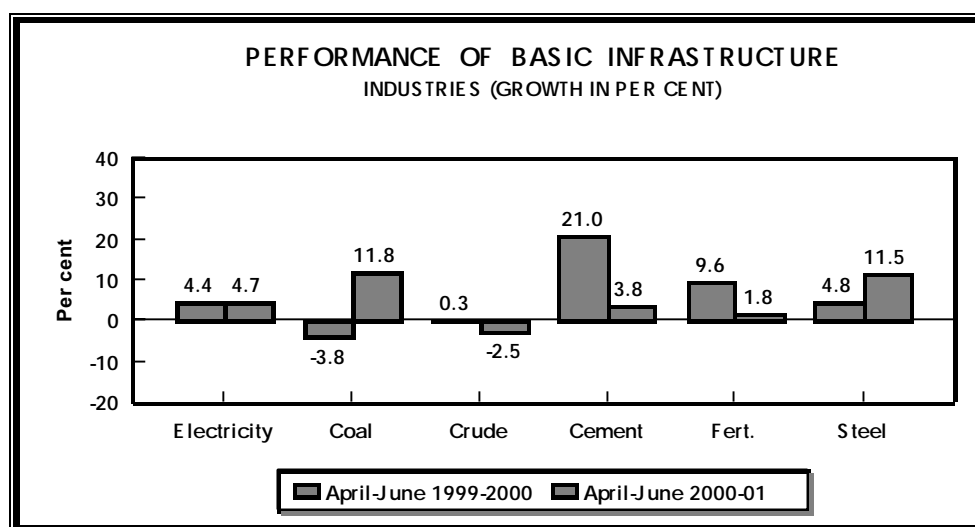


INFRASTRUCTURE INDUSTRIES

PRODUCTION IN INFRASTRUCTURE INDUSTRIES									
Industry/Infrastructure	Unit	June		Full Year		April-June		Percentage change April-June	
		1999	2000	1999-00	1999-00	2000-01	1999-00/ 1998-99	2000-01/ 1999-00	
Coal	Mn. Ton	18.99	20.60	298.98	55.32	61.62	-3.8	11.8	
Electricity Generation	Mn. Kwh	37885	39682	480011	116815	122350	4.4	4.7	
Hydel	Mn. kw	6225	6020	80533	17319	18702	-14.1	8.0	
Thermal (including nuclear)	Mn. kw	31660	33662	399478	99496	100648	8.5	4.2	
Plant Load Factor	Per cent	65.9	68.0	67.3	68.4	69.1	-	-	
Crude petroleum	000 tons	2665	2679	32005	8197	7994	0.3	-2.5	
Petroleum Products	000 tons	5901	8162	85894	18191	24459	15.9	34.5	
Finished steel	000 tons	2201.1	2434.9	27820.8	6612.2	7372.5	4.8	11.5	
Cement	000 tons	8730	9360	100240	26040	27030	21.0	3.8	
Fertilizers	000 tons	1178.3	1230.0	14273.9	3235.1	3294.9	9.6	1.8	
Average growth rate*	(%)	5.0	8.1	7.8	-	-	5.3	7.4	
Cargo handled at major ports	Mn. Ton	21.29	23.21	271.87	64.17	70.19	9.6	9.4	
Telecommunications									
a) Net switching capacity	000 lines	178.89	313.44	6717.32	246.20	597.91	7.8	142.9	
b) Net Tele. connections	000 nos	168.87	257.17	4917.66	393.09	605.86	3.0	54.1	
Revenue earning goods traffic on railways	Mn. Ton	36.51	39.49	456.31	107.96	116.57	8.7	8.0	

* Weights in IIP (Base: 1993-94) are indicated in the brackets, Electricity generation (10.2), Coal (3.2), Finished steel (5.1), Crude oil (4.2), Refinery throughput (2.0), Cement (2.0) and Fertilisers (2.1).

The overall performance of the core infrastructure sectors to be satisfactory in **April-June, 2000** as compared to the corresponding period of the last year. In this period average growth rate was 7.4 per cent as against 5.3 per cent in the same period last year.



REVENUE EARNING GOODS TRAFFIC ON RAILWAYS

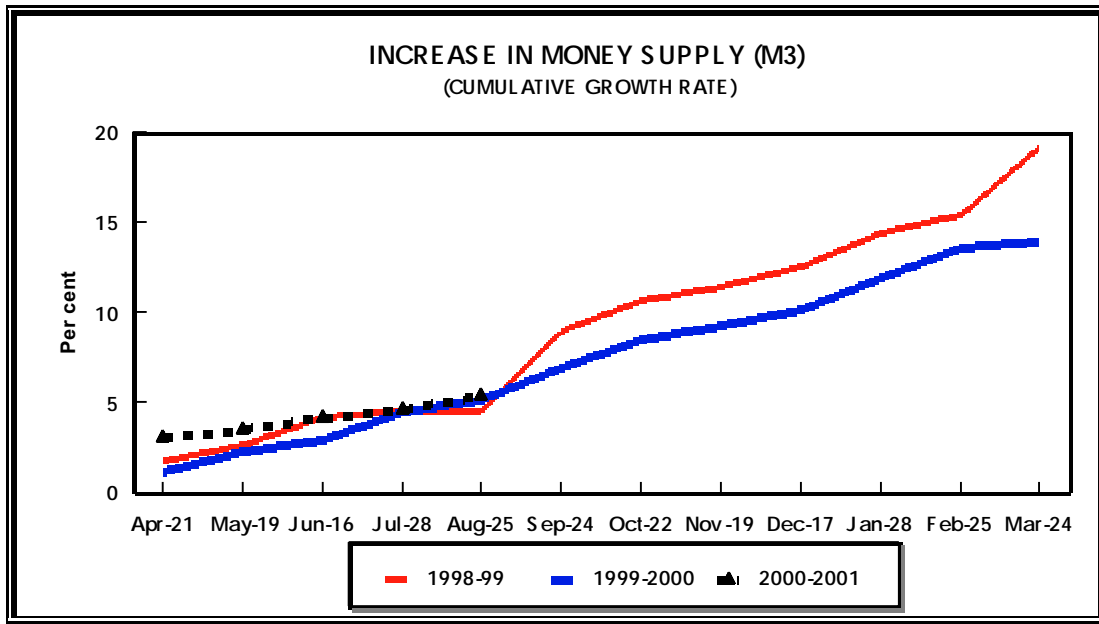
REVENUE EARNING GOODS TRAFFIC ON RAILWAYS							
Commodities	Million Tonnes					Percentage Change	
	June 1999	June 2000	Full Year 1999-00	April-June 1999-00	April-June 2000-01	June 2000/1999	April-June 2000-01/1999-00
Coal	17.40	18.50	209.93	51.32	55.61	6.3	8.4
Raw material for Steel Plants	2.78	3.08	37.48	8.43	9.20	10.8	9.1
Pig Iron & Finished Steel From Steel Plants	0.94	0.94	11.76	2.71	2.88	0.0	6.3
Iron Ore for Exports	0.82	1.21	12.32	2.44	3.28	47.6	34.4
Cement	3.60	4.14	43.57	11.15	11.88	15.0	6.5
Foodgrains	2.27	2.20	31.04	6.72	7.10	-3.1	5.7
Fertilizers	2.60	2.11	31.04	6.78	5.89	-18.8	-13.1
POL	2.88	3.11	34.39	8.45	8.81	8.0	4.3
Balance other goods	3.22	4.20	44.78	9.96	11.92	30.4	19.7
Total	36.51	39.49	456.31	107.96	116.57	8.2	8.0

The revenue earning goods traffic handled by the Railways increased by 8.0 per cent during **April-June, 2000** as compared to 8.7 per cent in the corresponding period of last year. The increase was on account of rail traffic for iron ore for exports, cement, coal, foodgrains, raw material for steel plants, pig iron & finished steel from steel plants and balance other goods.

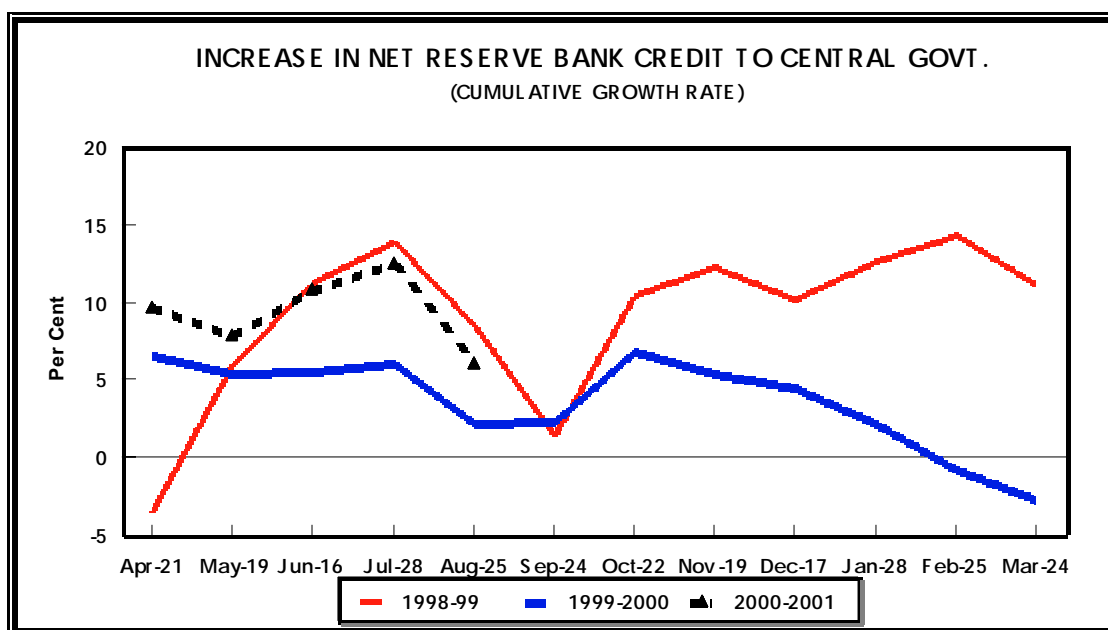
MONEY AND BANKING

VARIATIONS IN MONEY STOCK						
	Full Year Mar 31 '99 to Mar 31 '00	Mar 31 '00 to Aug 25 '00 (PR)	Full Year Mar 31 '99 to Mar 31 '00	Mar 31 '99 to Aug 27 '99 (P)	Mar 31 '00 to Aug 25 '00 (PR)	Aug 27 '99 to Aug 25 '00 (P)
	<i>(Rs crore)</i>			<i>(per cent)</i>		
M1 (I+II+IV)	31492	1067	10.2	-0.4	0.3	10.9
M3(M1+ III)	136182	60563	13.9	5.2	5.4	14.1
I. Currency with the public	19761	6310	11.7	4.9	3.3	10.1
II. Demand deposits with banks	12418	-6356	9.1	-7.2	-4.3	12.6
III. Time deposits with banks	104689	59497	15.6	7.8	7.7	15.4
IV. Other deposits with RBI	-687	1113	-18.1	13.7	35.8	-2.2
Sources of change in M3 (1+2+3+4-5)						
1. Net bank credit to Govt (A+B)	55077	28304	14.2	8.8	6.4	11.8
A. RBI's net credit to Govt ^a	-4275	2520	-2.8	-1.2	1.7	0.1
To Central Govt	-5587	8481	-3.8	2.2	6.1	-0.2
To State Govts	1312	-5961	18.4	-70.4	-70.7	17.5
B. Other bank credit to Govt	59352	25784	25.3	15.3	8.8	18.3
2. Bank credit to commercial sector	82548	27971	16.6	1.1	4.8	21.0
3. Net foreign exchange assets of banking sector ^b	27795	-2794	15.6	3.7	-1.4	10.0
4. Govt's currency liabilities to the public	416	7	10.8	7.4	0.2	3.3
5. Banking sector's net non-monetary liabilities other than time deposits	29654	-7075	35.6	-6.3	-6.3	35.7
P	Provisional					
PR	Partially revised					
a.	Includes special securities					
b.	Inclusive of appreciation in the value of gold following its re-valuation close to international market price effective October 17, 1990. Such appreciation has a corresponding effect on RBI's net non-monetary liabilities.					

During the current financial year so far (i.e., March 31, 2000 to August 25, 2000) money supply (M3) increased by 5.4 per cent as against an increase of 5.2 per cent in the corresponding period of 1999-2000. Among its components, currency with the public showed a growth of 3.3 per cent as against 4.9 per cent in the corresponding period of last year. Demand deposits with banks declined by 4.3 per cent than that of 7.2 per cent in the corresponding period of last financial year. Time deposits with banks has gone up by 7.7 per cent as against an increase of 7.8 per cent in the corresponding period of last year. The annual growth of M3 as on August 25, 2000 stood at 14.1 per cent.



On the sources side, the Net Bank Credit to Government showed a growth of 6.4 per cent during the current financial year (i.e. March 31, 2000 to August 25, 2000) which is lower than that of 8.8 per cent increase in the same period of 1999-2000. RBI's Net Credit to Central Government increased by 6.1 per cent as against an increase of 2.2 per cent in 1999-2000. Bank credit to the commercial sector increased by 4.8 per cent as against an increase of 1.1 per cent in the same period of last year. Net foreign exchange assets of banking sector declined by 1.4 per cent as against an increase of 3.7 per cent in the corresponding period of 1999-2000.



SCHEDULED COMMERCIAL BANKS

SCHEDULED COMMERCIAL BANKS: VARIATION IN ASSETS AND LIABILITIES						
	Full Year Mar 26,'99 to Mar 24,'00	Mar 24,'00 to Aug 25,'00 (PR)	Full Year Mar 26,'99 to Mar 24,'00	Mar 26,'99 to Aug 27,'99	Mar 24,'00 to Aug 25,'00 (P)	Aug 27,'99 to Aug 25,'00 (P)
	<i>(Rs crore)</i>		<i>(per cent)</i>			
1. Bank credit	67121	25811	18.2	1.6	5.9	23.2
Food credit	8875	6945	52.8	29.0	27.0	50.5
Non-food credit	58246	18867	16.5	0.3	4.6	21.5
2. Aggregate deposits	99320	47638	13.9	5.3	5.9	14.5
Demand deposits	9943	-4922	8.5	-7.6	-3.9	12.9
Time deposits	89376	52561	15.0	7.9	7.7	14.8
3. Borrowings from RBI	3597	-240	124.3	-4.3	-3.7	125.6
4. Cash reserves	-5161	5022	-7.6	1.3	8.0	-1.4
Cash in hand	968	-127	22.2	-1.9	-2.4	21.7
Balances with RBI	-6129	5149	-9.6	1.5	9.0	-3.0
5. Investments in Govt. and other approved securities	54326	23600	21.3	13.0	7.6	15.6
P = Provisional						

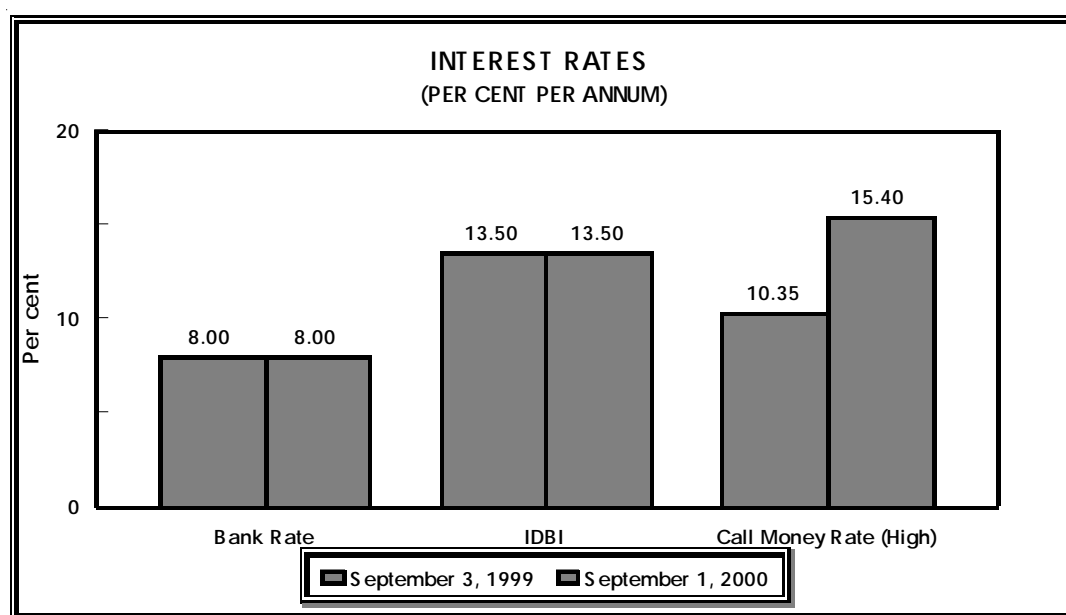
Bank credit by the scheduled commercial banks during the current financial year so far (i.e. March 24, 2000 to August 25, 2000) showed a growth of 5.9 per cent as compared with an increase of 1.6 per cent in the corresponding period of last financial year. Food credit increased by 27.0 per cent while non-food credit increased by 4.6 per cent during this period.

INTEREST RATES (PER CENT PER ANNUM)

<i>Item/ Week ended</i>	<i>1999</i>	<i>2000</i>
1	<i>Sep. 3</i>	<i>Sep. 1</i>
	2	3
Bank rate	8.00	8.00
I.D.B.I. ¹	13.50	13.50
Prime Lending Rate ²	12.00-12.50	12.00-12.50
Deposit Rate ³	8.00-10.50	8.50-10.00
Call Money Rate ⁴ (Low/High)		
-Borrowings	7.80/10.35	9.50/15.40
-Lendings		9.50/15.50

1. Medium Term Lending Rate (MTLR).
2. Prime Lending Rate relates to five major Banks.
3. Deposit Rate relates to five major banks for term deposits of more than one year maturity.
4. Inter-Bank Call Money Rates as reported by DFHI.

As on September 1, 2000, Prime Lending Rate was 12.00 to 12.50 per cent same as on September 3, 1999. Deposit Rate ranged from 8.50 to 10.00 per cent against 8.00 to 10.50 per cent in the same period of last year.

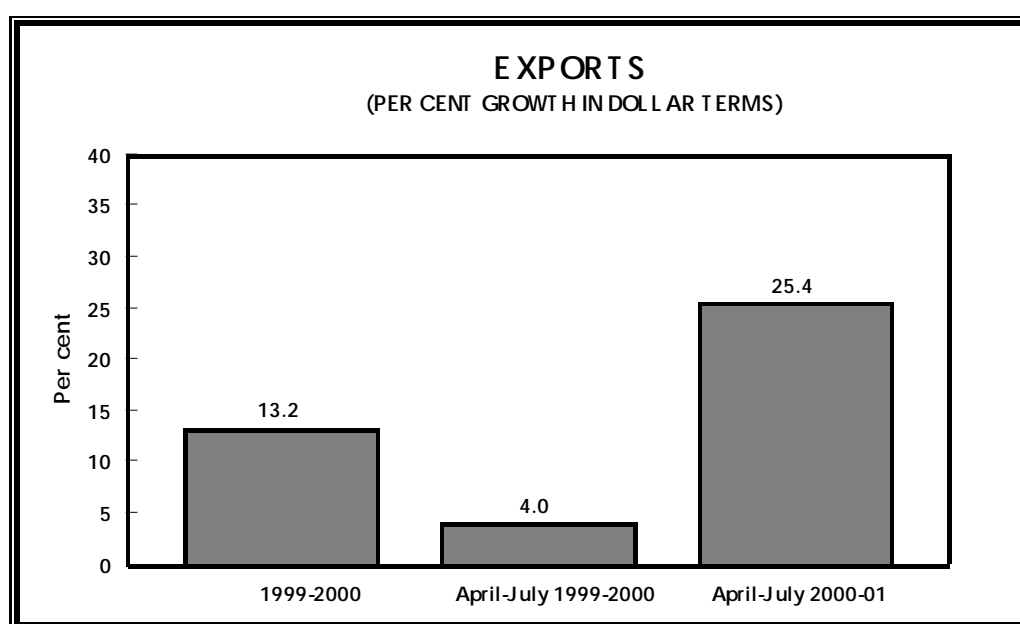


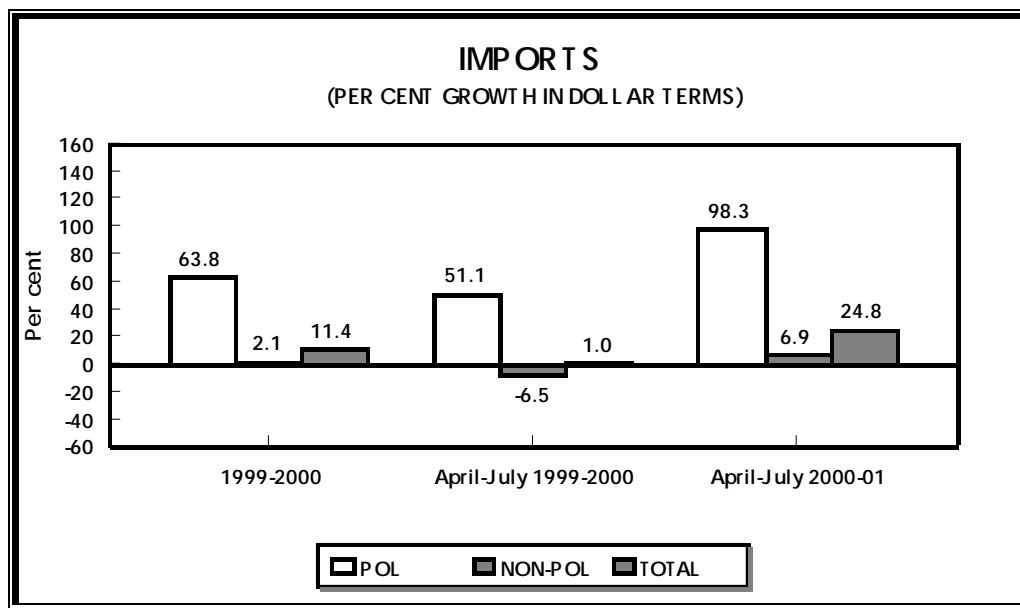
EXTERNAL SECTOR

FOREIGN TRADE

FOREIGN TRADE*						
Item	1998-99(R)	1999-00(P)	April-July		April-July	
			1999-00	2000-01	1999-00	2000-01
<i>Rs. Crore</i>			<i>% change</i>			
Exports	139752	162925	47467	61323	8.5	29.2
Imports	178332	204583	60488	77731	5.4	28.5
POL	26919	45421	11839	24177	57.5	104.2
Non-POL	151413	159161	48649	53554	-2.5	10.1
Trade Balance	-38580	-41658	-13021	-16408	-	-
<i>Million Dollar</i>			<i>% change</i>			
Exports	33218	37599	11042	13850	4.0	25.4
Imports	42389	47212	14072	17565	1.0	24.8
POL	6399	10482	2755	5461	51.1	98.3
Non-POL	35990	36730	11317	12104	-6.5	6.9
Trade Balance	-9171	-9613	-3030	-3715	-	-
* Figures are provisional						

Exports in dollar terms during **April-July, 2000-01** increased by 25.4 per cent as compared to an increase of 4.0 per cent during April-July, 1999-2000. Imports increased by 24.8 per cent as against an increase of 1.0 per cent in corresponding period last year. Imports of POL increased by 98.3 per cent as against an increase of 51.1 per cent in last year.



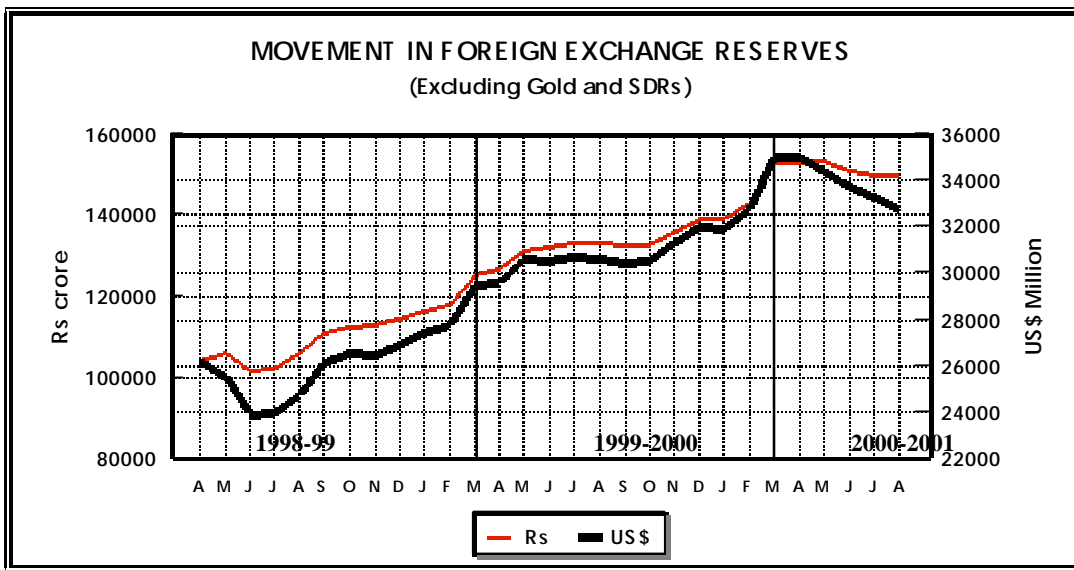


FOREIGN EXCHANGE RESERVES

FOREIGN EXCHANGE RESERVES (EXCLUDING GOLD AND SDRs)				
At the end of	Amount		Variation	
	Rs Crore	\$ Million	Rs Crore	\$ Million
			(Over last Year)	
March, 1993	20140	6434	5562	803
March, 1994	47287	15068	27147	8634
March, 1995	66006	20809	18719	5741
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
2000-2001			(Over last Month)	
April	152779	34993	-145	-65
May	153322	34392	543	-601
June	150901	33774	-2421	-618
July	149811	33299	-1090	-475
August*	150163	32787	352	-512

* Provisional

Foreign Exchange Reserves (excluding Gold & SDRs), were \$ 35058 million at the end of 1999-2000. These reserves have decreased by \$2271 million and stood at \$32787 million at the end of August, 2000.

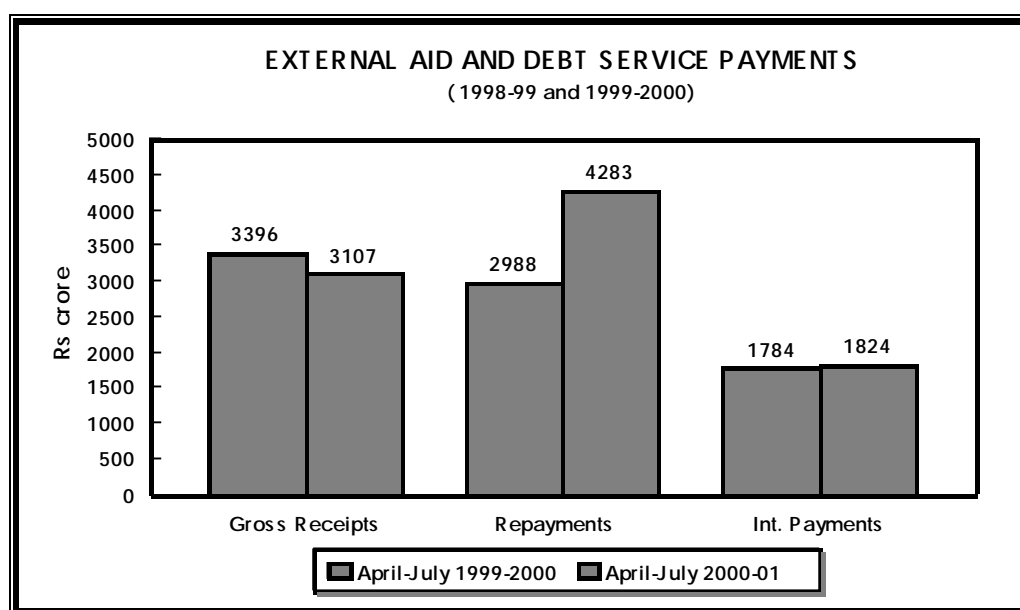


EXTERNAL AID RECEIPTS AND DEBT SERVICE PAYMENTS*

(Rs Crore)

	Receipts		Repayment of Principal		Payment of Interest	
	1999-00	2000-01	1999-00	2000-01	1999-00	2000-01
Loans- Govt. A/C	2341	2648	2733	3971	1394	1380
Grants- Govt. A/C	101	111	-	-	-	-
Total	2442	2759	2733	3971	1394	1380
Non-Govt. loans	954	348	255	312	390	444
Grand Total	3396	3107	2988	4283	1784	1824
	(790)	(702)				
Net Flows (net of repayment)	408	-1176	-	-	-	-
Net Transfers (net of repayment and interest payments)	-1376	-3000	-	-	-	-
* April-July						
Note: Figures in brackets are in terms of million US \$						

Gross external aid in **April-July, 2000** at Rs 3107 crore was 8.5 per cent lower than that of Rs 3396 crore in April-July, 1999. Net aid flows (net of repayments) amounted to Rs (-) 1176 crore as against Rs 408 crore. Net aid transfers (net of repayments and interest payments) was Rs (-) 3000 crore as against Rs (-) 1376 crore in the corresponding period of last year.



EXCHANGE RATES

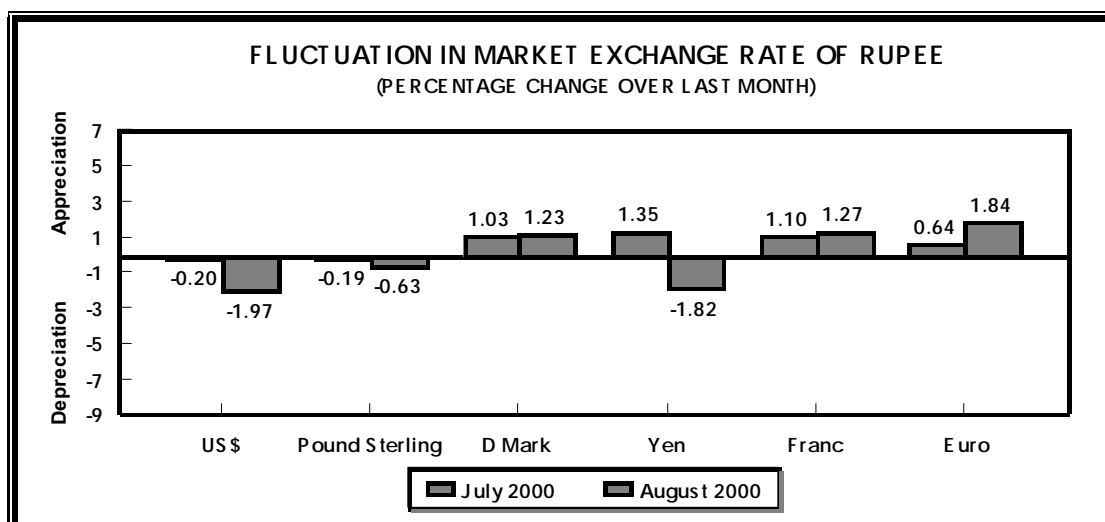
Rupees Per Unit of Foreign Currency

(Market Rate^a)

Month	US Dollar	Pound Sterling	Deutsche Mark*	Japanese Yen	French Franc*	Euro@	5 Country NEER Base 1995=100	5 Country REER Base 1995=100
March 1997	35.87	57.69	21.15	0.2923	6.29	-	97.74	104.88
March 1998	39.50	65.62	21.64	0.3067	6.45	-	90.42	103.19
March 1999	42.45	68.77	23.58	0.3548	7.03	46.24	83.14	101.17
March 2000	43.59	68.93	21.54	0.4208	6.42	42.08	81.75	99.39
2000-2001								
April	43.64	69.05	21.00	0.4142	6.26	41.30	81.79	100.84
May	43.98	66.40	20.34	0.4069	6.06	39.87	82.91	101.98
June	44.69	67.46	21.66	0.4209	6.46	42.41	80.52	98.80
July	44.78	67.59	21.44	0.4153	6.39	42.14	80.72	98.55
August	45.68	68.02	21.18	0.4230	6.31	41.38	79.95	97.12

a. FEDAI Rates
 @ Came into operation w.e.f. 1.1.1999
 * The rates for these foreign currencies are the average of week end rates reported in the Financial Times, London since exchange rates for the currencies are not quoted in India from Jan. 1,1999.

The average market exchange rate of the Rupee during August, 2000 appreciated against Deutsche Mark, French Franc and Euro and depreciated against US Dollar, Pound Sterling and Japanese Yen compared to average market rate during July, 2000. Both NEER and REER moved down in August, 2000 as compared with the last month.



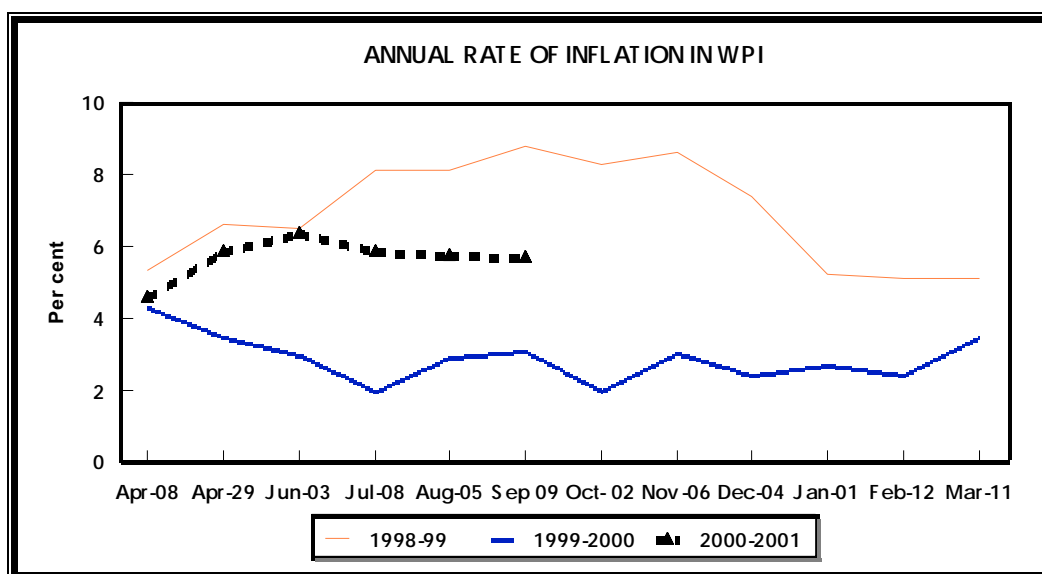
INFLATION

WHOLESALE PRICE INDEX

WHOLESALE PRICES (Base 1993-94)					
Items/Groups	Weight (%)	Per cent Variation During			
		MONTH		YEAR (point to point)	
		(ending 9.9.2000)		(ending 9.9.2000) ^(P)	
		Last Year	Current Year	Last Year	Current Year
All Commodities	100.00	0.7	0.4	3.1	5.7
<u>Food Items</u>	26.94	0.3	-0.2	2.7	-0.6
Food Articles (primary)	15.40	-0.8	-0.6	3.7	1.7
Foodgrains	5.01	1.9	-0.6	22.6	-4.3
Food Products	11.54	1.9	0.3	1.3	-4.0
<u>Non Food Items</u>	73.06	0.9	0.7	3.3	8.4
Raw materials*	6.62	2.2	-1.4	-4.5	0.3
Fuel, Power, Light and Lubricants	14.23	2.5	1.9	6.8	25.9
Manufactured Products	52.21	0.2	0.5	3.3	3.9

* Comprises primary non-food articles and minerals. P = Provisional

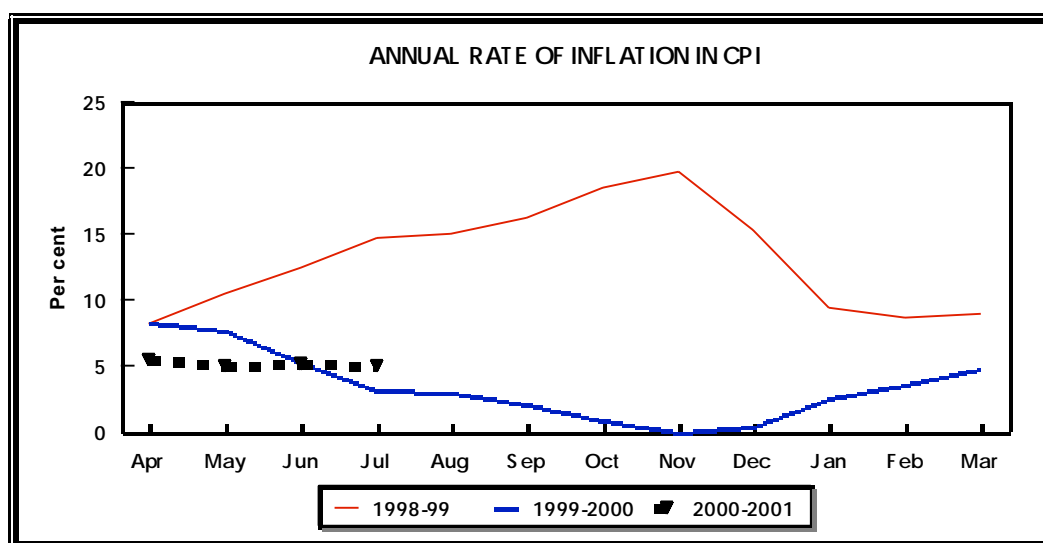
The annual rate of inflation based on **Wholesale Price Index (WPI)** stood at 5.7 per cent for week ended September 9, 2000 compared to 3.1 per cent a year ago. This rate was contributed by a decline of 0.6 per cent in Food Items, 25.9 per cent increase in Fuel, Power and Lubricants and 3.9 per cent increase in Manufactured Products as against an increase of 2.7 per cent, 6.8 per cent and 3.3 per cent respectively, on the corresponding date of last year.



CONSUMER PRICE INDEX

CONSUMER PRICE INDEX AND INFLATION RATE		
	1999-2000 (Up to July, 1999)	2000-2001 (Up to July, 2000)
	<i>Per cent</i>	
Annual Inflation	3.2	5.0
Financial Year Inflation (%)	2.4	2.5
Last Month (% change)	1.0	0.9
Level of Index	424	445
Average of Index for 12 months ending July	421.67	435.08

The All India **Consumer Price Index for Industrial Workers (CPI-IW)** for July, 2000 which stood at 445 has increased by 0.9 per cent over the previous month's level and increased by 5.0 per cent over July, 1999.



EMPLOYMENT EXCHANGE STATISTICS

(Lakhs)

EMPLOYMENT EXCHANGE STATISTICS				
	May		April-May	
	1999	2000*	1999-00	2000-01*
1. No. of applicants on Live Register at the end of the month	402.04	402.64	402.04	402.64
2. No. of registrations/re-registrations	3.71	3.91	7.40	6.71
3. Placements effected	0.15	0.12	0.34	0.22
		<i>(per cent)</i>		
4. Placements (3) as percentage of the registrations (2)	4.04	3.07	4.59	3.28
* Provisional				

The number of applicants on the Live Register of Employment Exchanges at the end of **May**, 2000 was 403 lakh, higher by 0.2 per cent as compared to the corresponding period of the previous year. The number of registrations during **May**, 2000 was higher by 5.4 per cent than that in **May**, 1999. The Placements as percentage of registrations during **May**, 2000 was 3.07 as against 4.04 in **May**, 1999. The total placements effected during 2000-01 (April-May) was 0.22 lakh as compared to 0.34 lakh in the corresponding period of 1999-2000.