

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

**SEPTEMBER 2012**

**HIGHLIGHTS**

- The overall growth of GDP at factor cost at constant prices, as per Revised Estimates, is estimated at 6.5 per cent in 2011-12 as compared to the growth of 8.4 per cent during 2010-11. The growth in real GDP is placed at 5.5 per cent in the first quarter of 2012-13.
- The cumulative rainfall received for the country as a whole, during the period 1<sup>st</sup> June – 30 September 2012, has been 8% below normal.
- Food grains (rice and wheat) stocks held by FCI and State agencies were 76.3 million tonnes as on August 1, 2012.
- Overall growth in the Index of Industrial Production (IIP) was 2.7 per cent during August 2012 as compared to 3.4 per cent in August 2011. During April-August 2012-13, IIP growth was 0.4 per cent as compared to 5.6 per cent in April-August 2011-12.
- Eight core Infrastructure industries registered a growth of 2.1 per cent in August 2012 as compared to growth of 3.8 per cent in August 2011. During April-August 2012-13, these sectors grew by 2.8 per cent as compared to 5.5 per cent during April-August 2011-12.
- Broad money (M<sub>3</sub>) for 2012-13 (up to September 21, 2012) increased by 6.0 per cent as compared to 5.8 per cent during the corresponding period of the last year. The year-on-year growth, as on September 21, 2012 was 13.4 per cent as compared to 16.6 per cent last year.
- Exports, in US dollar terms decreased by 9.7 per cent and imports decreased by 5.1 per cent, during August 2012 over August 2011. The cumulative growth for exports and imports during April- August 2012 was negative at 6.0 per cent and 6.2 per cent respectively.
- Foreign Currency Assets stood at US\$ 260.7 billion in end September 2012 as compared to US\$ 276.1 billion in end September 2011.
- Rupee appreciated against US dollar and Japanese yen and depreciated against Pound sterling and Euro in the month of September 2012 over August 2012.
- The WPI inflation for all commodities for the month of September 2012 increased to 7.81 per cent as compared to 7.55 per cent in the previous month.
- Gross tax revenue at Rs. 284,224 crore during April-August 2012 registered a growth of 18.2 per cent compared to the corresponding period in the previous year.
- Tax revenue (net to Centre) at Rs.175,061 crore during April- August 2012 registered a growth of 20.8 per cent.
- As a proportion of budget estimate, fiscal deficit during April–August 2012 was 65.7 per cent and revenue deficit was 79.2 per cent.

(RANGEET GHOSH)  
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## ECONOMIC GROWTH

As per the latest estimates of the Central Statistics Office (CSO), the growth in real Gross Domestic Product (GDP) is placed at 5.5 per cent in the first quarter of 2012-13 with agriculture, industry and services registering growth rates of 2.9 per cent, 3.6 per cent and 6.9 per cent respectively. As per the Revised Estimates (RE), the growth in GDP at factor cost at constant (2004-05) prices was estimated at 6.5 per cent in 2011-12 as compared to 8.4 per cent in 2010-11 (Quick Estimate). At disaggregated level, this (RE 2011-12) comprises growth of 2.8 per cent in agriculture and allied activities, 3.4 per cent in industry and 8.9 per cent in services as compared to a growth of 7.0 per cent, 7.2 per cent and 9.3 per cent respectively during 2010-11.

Industry		Growth			Percentage share in GDP		
		2009-10	2010-11 <sup>QE</sup>	2011-12 <sup>RE</sup>	2009-10	2010-11 <sup>QE</sup>	2011-12 <sup>RE</sup>
<b>1</b>	<b>Agriculture, forestry &amp; fishing</b>	<b>1.0</b>	<b>7.0</b>	<b>2.8</b>	<b>14.7</b>	<b>14.5</b>	<b>14.0</b>
<b>2</b>	<b>Industry</b>	<b>8.4</b>	<b>7.2</b>	<b>3.4</b>	<b>28.1</b>	<b>27.8</b>	<b>27.0</b>
a	Mining & quarrying	6.3	5.0	-0.9	2.3	2.2	2.1
b	Manufacturing	9.7	7.6	2.5	16.0	15.8	15.3
c	Electricity, gas & water supply	6.3	3.0	7.9	2.0	1.9	1.9
d	Construction	7.0	8.0	5.3	7.9	7.9	7.8
<b>3</b>	<b>Services</b>	<b>10.5</b>	<b>9.3</b>	<b>8.9</b>	<b>57.2</b>	<b>57.7</b>	<b>59.0</b>
a	Trade, hotels, transport & communication	10.3	11.1	9.9	26.6	27.2	28.1
b	Financing, insurance, real estate & business services	9.4	10.4	9.6	17.1	17.4	17.9
c	Community, social & personal services	12.0	4.5	5.8	13.5	13.1	13.0
<b>4</b>	<b>GDP at factor cost</b>	<b>8.4</b>	<b>8.4</b>	<b>6.5</b>	<b>100</b>	<b>100</b>	<b>100</b>

<sup>QE</sup>: Quick Estimates; <sup>RE</sup>: Revised Estimates

Industry	2010-11				2011-12				2012-13
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
<b>1. Agriculture, forestry &amp; fishing</b>	<b>3.1</b>	<b>4.9</b>	<b>11.0</b>	<b>7.5</b>	<b>3.7</b>	<b>3.1</b>	<b>2.8</b>	<b>1.7</b>	<b>2.9</b>
<b>Industry</b>	<b>8.3</b>	<b>5.7</b>	<b>7.6</b>	<b>7.0</b>	<b>5.6</b>	<b>3.7</b>	<b>2.5</b>	<b>1.9</b>	<b>3.6</b>
2. Mining & quarrying	6.9	7.3	6.1	0.6	-0.2	-5.4	-2.8	4.3	0.1
3. Manufacturing	9.1	6.1	7.8	7.3	7.3	2.9	0.6	-0.3	0.2
4. Electricity, gas & water supply	2.9	0.3	3.8	5.1	8.0	9.8	9.0	4.9	6.3
5. Construction	8.4	6.0	8.7	8.9	3.5	6.3	6.6	4.8	10.9
<b>Services</b>	<b>10.0</b>	<b>9.1</b>	<b>7.7</b>	<b>10.6</b>	<b>10.2</b>	<b>8.8</b>	<b>8.9</b>	<b>7.9</b>	<b>6.9</b>
6. Trade, hotels, transport & communication	12.6	10.6	9.7	11.6	13.8	9.5	10.0	7.0	4.0
7. Financing, insurance, real estate & bus. Services	10.0	10.4	11.2	10.0	9.4	9.9	9.1	10.0	10.8
8. Community, social & personal services	4.4	4.5	-0.8	9.5	3.2	6.1	6.4	7.1	7.9
<b>9. GDP at factor cost (total 1 to 8)</b>	<b>8.5</b>	<b>7.6</b>	<b>8.2</b>	<b>9.2</b>	<b>8.0</b>	<b>6.7</b>	<b>6.1</b>	<b>5.3</b>	<b>5.5</b>

Source: CSO

## AGRICULTURE

**Rainfall:** With respect to the 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. The actual rainfall received during the south west monsoon season 2012, as on 30.09.2012 has been 819.5 mm as against the normal at 886.9 mm.

**All India production of food grains :** As per the 1st advance estimates (kharif only) released by Ministry of Agriculture on 24.09.2012, production of food grains during 2012-13 is estimated at 117.18 million tonnes compared to 123.95 million tonnes (1<sup>st</sup> advance estimates) in 2011-12.

**Procurement:** Procurement of rice as on 1<sup>st</sup> August, 2012 (Kharif Marketing Season 2011-12) at 34.68 million tonnes represents an increase of 6.61 per cent compared to the corresponding date last year. Wheat procurement during Rabi Marketing Season 2012-13 is 38.15 million tonnes as compared to 28.15 million tonnes during the corresponding period last year.

<b>Table 3: Procurement in Million Tonnes</b>				
	2009-10	2010-11	2011-12	2012-13
Rice(Oct-Sept)	32.03	34.20	34.86*	
Wheat(Apr-Mar)	25.38	22.51	28.34	38.15**
<b>Total</b>	<b>57.41</b>	<b>56.71</b>	<b>63.20</b>	<b>38.15</b>
* Position as on 10.09.2012 ** Position as on 02.08.2012				

**Off-take:** Off-take of rice during the month of July, 2012 was 25.90 lakh tonnes. This comprises 21.67 lakh tonnes under TPDS and 4.23 lakh tonnes under other schemes. In respect of wheat, the total off take was 31.08 lakh tonnes comprising of 20.74 lakh tonnes under TPDS and 10.34 lakh tonnes under other schemes.

**Stocks:** Stocks of food-grains (rice and wheat) held by FCI as on August 1, 2012 were 76.03 million tonnes, which is higher by 24.33 per cent over the level of 61.15 million tonnes as on August 1, 2011.

<b>Table 4: Off-take and stocks of food grains (Million Tonnes)</b>					
	Off-take			Stocks	
	2010-11	2011-12	2012-13(P)	Aug.1, 2011	Aug.1, 2012
<b>Rice</b>	29.93	32.12	10.10	25.27	28.50
<b>Wheat</b>	23.07	24.26	9.05	35.88	47.53
<b>Total</b>	<b>53.00</b>	<b>56.38</b>	<b>19.15</b>	<b>61.15</b>	<b>76.03</b>

P = Provisional figures up to July, 2012.

## INDUSTRIAL PRODUCTION

<b>Table 5: Percentage Change in Index of Industrial Production</b>				
<b>Industry Group</b>	<b>April-August 2011-12</b>	<b>April-August 2012-13</b>	<b>August 2011</b>	<b>August 2012</b>
General index	5.6	0.4	3.4	2.7
Mining	-0.5	-0.6	-5.5	2.0
Manufacturing	6.0	0.0	3.9	2.9
Electricity	9.5	4.8	9.5	1.9
Basic goods	7.6	2.8	5.8	2.8
Capital goods	7.3	-13.8	4.0	-1.7
Intermediate goods	0.8	0.6	-1.0	1.9
Consumer goods	4.4	3.5	2.1	5.0
Durables	4.5	5.7	5.5	4.0
Non-durables	4.3	1.6	-0.7	5.8

During August 2012, the IIP growth was 2.7 per cent as compared to 3.4 per cent growth during the corresponding period of previous year. In mining sector, the growth rate in August 2012 was 2.0 per cent and in manufacturing and electricity sectors, the growth was 2.9 per cent and 1.9 per cent respectively. Under use-based category, the growth rate in basic goods was 2.8 per cent, consumer goods 5.0 per cent (in consumer durables 4.0 per cent and in consumer non-

durables 5.8 per cent) and in intermediate goods sector 1.9 per cent during August 2012. The capital goods sector has registered negative growth during August 2012.

<b>Table 6: Production growth (per cent) in core infrastructure-supportive industries</b>				
<b>Industry</b>	<b>April-August 2011-12</b>	<b>April-August 2012-13</b>	<b>August 2011</b>	<b>August 2012</b>
Coal	-2.3	6.3	-15.2	11.0
Crude oil	6.1	-0.6	1.6	-0.6
Natural Gas	-8.9	-12.1	-5.3	-13.5
Refinery Products	4.7	4.3	3.8	8.4
Fertilizers	1.2	-7.9	4.3	-2.1
Steel	9.9	2.7	7.9	1.8
Cement	4.1	5.4	8.4	-2.4
Electricity	9.4	4.9	9.4	1.7
<b>Overall growth</b>	<b>5.5</b>	<b>2.8</b>	<b>3.8</b>	<b>2.1</b>

### **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 2.8 per cent during April-August 2012-13, as compared to growth rate of 5.5 per cent achieved during the corresponding period in 2011-12. During the

month of August 2012, the overall growth of the core sector industries was 2.1 per cent as compared to the growth of 3.8 per cent during August 2011. During August 2012, the growth in coal was 11.0 per cent followed by refinery products 8.4 per cent, steel 1.8 per cent and electricity 1.7 per cent. The crude oil, natural gas, fertilizers and cement sectors have registered negative growth during August 2012.

## MONEY AND BANKING

The Reserve Bank of India Mid –Second Quarter Review of Monetary Policy for 2012-13 on September 17, 2012. The highlights of the announcements made by RBI are:

- Reduced the cash reserve ratio (CRR) of scheduled banks by 25 basis points from 4.75 per cent to 4.50 per cent of their net demand and time liabilities (NDTL) effective the fortnight beginning September 22, 2012. Consequently, around ₹170 billion of primary liquidity will be injected into the banking system; and
- Kept the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 8.0 per cent. Consequently, the reverse repo rate under the LAF will remain unchanged at 7.0 per cent, and the marginal standing facility (MSF) rate and the Bank Rate at 9.0 per cent

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- Broad money (M<sub>3</sub>) (up to September 21, 2012) increased by 6.0 per cent as compared to 5.8 per cent during the corresponding period of the last year. The year-on-year growth, as on September 21, 2012 was 13.4 per cent as compared to 16.6 per cent last year.

<b>Table 7: Money Stock: Components and Sources (₹ Billion)</b>						
Item	Outstanding as on		Variation over			
	2012		Financial Year so far		Year-on-Year	
	Mar.31	Sep.21	2011-2012	2012-2013	2011	2012
<b>M<sub>3</sub></b>	73,592.0	77,993.8	5.8	6.0	16.6	13.4
<b>Components (i+ii+iii+iv)</b>						
(i) Currency with the Public	10,265.0	10,638.4	3.3	3.6	14.0	12.9
(ii) Demand Deposits with Banks	7,049.1	6,799.3	-11.6	-3.5	-7.3	6.4
(iii) Time Deposits with Banks	56,249.7	60,538.7	8.8	7.6	20.9	14.3
(iv) 'Other' Deposits with Reserve Bank	28.2	17.4	-36.6	-38.4	-42.6	-24.9
<b>Sources (i+ii+iii+iv-v)</b>						
(i) Net Bank Credit to Government (a+b)	23,695.5	25,844.1	8.5	9.1	22.0	20.1
(a) Reserve Bank	5,357.4	5,362.0				
(b) Other Banks	18,338.1	20,482.0	13.1	11.7	15.3	14.1
(ii) Bank Credit to Commercial Sector (a+b)	49,594.3	51,271.3	4.2	3.4	19.5	16.1
(a) Reserve Bank	39.6	36.2	—	—	—	—
(b) Other Banks	49,554.7	51,235.2	4.3	3.4	19.5	16.1
(iii) Net Foreign Exchange Assets of Banking Sector *	15,437.8	16,084.7	11.5	4.2	14.0	3.5
(iv) Government's Currency Liabilities to the Public	142.7	150.5	4.6	5.4	10.9	13.0
(v) Banking Sector's Net Non-Monetary Liabilities	15,278.3	15,356.7	11.9	0.5	34.1	22.2
of which:						
Net Non-Monetary Liabilities of RBI	6,038.4	6,801.0	43.0	12.6	51.4	29.1
*Includes investments in foreign currency denominated bonds issued by IIFC(UK) since March 20, 2009.						
Note: Government balances as on March 31, 2012 are after closure of accounts. Source : RBI						

Reserve money (M<sub>0</sub>) during the financial year 2012-13 (up to September 28, 2012) showed increase of 2.5 per cent as compared to increase of 1.8 per cent in the corresponding period of the previous year. The year-on-year variation revealed an increase of 4.4 per cent as on September 28, 2012, compared to 16.9 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 3.4 per cent (during the financial year) as on September 28, 2012 as compared to increase of 12.2 per cent in the same period last year. The y-o-y growth rate of NFA, showed increase of 2.1 per cent as compared to increase of 16.1 per cent on the corresponding date of the last year.

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

During the current financial year i.e. 2012-13 (up to September 28, 2012), Bank credit showed increase of 5.9 per cent as compared to increase of 7.0 per cent during the corresponding period of last year. The y-o-y growth variation revealed an increase of 15.8 per cent as compared to 23.2 per cent on the corresponding date of the previous year.

The Non-Food credit during this period increased by 5.8 per cent (September 28, 2012 over March 23, 2012) compared to increase of 7.0 per cent in the previous year. The y-o-y growth variation revealed an increase of 15.5 per cent as compared to 23.0 per cent on the corresponding date of the previous year.

The aggregate deposits with Scheduled Commercial Banks (SCBs) recorded an increase of 10.1 per cent (as on September 28, 2012) as compared to increase of 9.6 per cent during the corresponding period of last year. The y-o-y growth variation revealed an increase of 13.9 per cent as compared to 21.3 per cent on the corresponding date of the previous year.

Table 8 : Scheduled Commercial Banks - Business in India						
Items					Percentage Variation	
	2012-13		Financial year so far		Year-on-year	
	Outstanding as on (₹ in crore)		2011-12	2012-13	2011	2012
	March 23, 2012	September 28, 2012				
Bank Credit	4611850	4885250	7.0	5.9	23.2	15.8
Non-Food credit	4530550	4792020	7.0	5.8	23.0	15.5
Aggregate deposits	5903659	6501150	9.6	10.1	21.3	13.9
Investments in Government. And other approved securities	1736638	1946600	11.9	12.1	14.1	15.8

Source: RBI

<b>Table 9 : Policy Rates/Interest Rates</b> (per cent per annum)		
Item / Week Ended	2011	2012
	September 30	September 28
Cash Reserve Ratio (per cent) <sup>(1)</sup>	6.00	4.50
Bank Rate	6.00	9.00
Repo Rate	8.00	8.00
Reverse Repo Rate	7.00	7.00
Prime Lending Rate <sup>(2)</sup>	10.00 / 10.75	9.75 / 10.50
Deposit Rate <sup>(3)</sup>	8.50 / 9.25	8.50 / 9.25
Call Money Rate (Low / High) <sup>(4)</sup>		
- Borrowings	8.27	8.02
- Lendings	8.27	8.02
<p>(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. Source; RBI</p>		

**Interest rates (per cent per annum)** As on September 28, 2012, Bank Rate was 9.00 per cent. Call money rates (borrowing & lending) were 8.02 per cent as compared with 8.27 per cent on the approximately corresponding date of last year.

## EXTERNAL SECTOR

**Foreign trade:** Exports, in US dollar terms during August 2012 decreased by 9.7 per cent and imports decreased by 5.1 per cent over August 2011. Oil imports increased by 3.0 per cent while non-oil imports decreased by 8.7 per cent during August 2012 over August 2011.

<b>Table 10 : Exports and imports (in US dollar million)</b>					
Item	2010-11 (Apr-Mar)	2011-12 (Apr-Mar)	August		% Change in August 2012
			2011	2012	
Exports	251136	304623	24739.4	22330.4	-9.7
Imports	369769	489181	39984.7	37952.9	-5.1
Oil imports	105964	154906	12505.7	12876.1	3.0
Non-Oil imports	263805	334276	27479.0	25076.8	-8.7
Trade balance	-118633	-184558	-15245.3	-15622.4	--
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	
	₹ 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
March, 2012	1333954	260742	107955	-13838
<b>2012-13</b>			<b>(over last month)</b>	
April 2012	1373463	261512	39509	770
May 2012	1432560	253910	59097	-7602
June 2012	1449281	257376	16721	3466
July 2012	1436343	257363	-12938	-13
August 2012	1439861	258410	3518	1047
September 2012	1374066	260748	-65795	2338

Source: RBI.

**Exchange rate:** The rupee appreciated by 1.7 per cent against US dollar and 1.1 per cent against Japanese yen and depreciated by 0.6 per cent against Pound sterling and 1.8 per cent against Euro in the month of September 2012 over August 2012.

**Table 12 : Rupee per unit of foreign currency\***

	US dollar	Pound Sterling	Japanese Yen	Euro
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
March, 2012	50.3213	79.6549	0.6103	66.4807
<b>2012-13</b>				
April 2012	51.8121	82.9120	0.6379	68.1872
May 2012**	54.4736	86.7323	0.6833	69.6991
June 2012	56.0302	87.1349	0.7067	70.3087
July 2012	55.4948	86.5173	0.7028	68.2520
August 2012	55.5594	87.3444	0.7068	68.8750
September 2012	54.6055	87.8663	0.6991	70.1263

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

\*\* Data from May, 2012 onwards are based on RBI's reference rate.



**External assistance and debt service payments:** Gross external aid in April-September 2012 is ₹ 9568.2 crore as compared to ₹ 11086.5 crore during the corresponding period of the previous year. Net disbursement stood at ₹ 456.9 crore in April-September 2012 as compared to ₹ 3841.3 crore in April-September 2011 while net transfers were (-) ₹1674.2 crore in April-September 2012 as compared to ₹2126.7 crore in April-September 2011.

<b>Table 13: External Assistance and Debt Service Payments</b>				
<b>(Rs. In Crores)</b>				
	<b>SEPTEMBER 2012</b>	<b>During the Financial year 2012-2013 up to September, 2012</b>	<b>SEPTEMBER 2011</b>	<b>During the Financial year 2011-2012 up to September, 2011</b>
<b>External Assistance (Government Account)</b>				
1) Gross Disbursement	1,079.80	7,273.16	1,408.81	8,567.96
2) Repayments	1,325.85	8,126.09	1,148.49	6,368.19
3) Interest Payments	356.65	1,934.25	264.80	1,514.72
4) Net Disbursement (1-2)	-246.05	-852.93	260.32	2,199.77
5) Net Transfers (4-3)	-602.70	-2,787.18	-4.48	685.05
<b>External Assistance (Non-Government Account)</b>				
1) Gross Disbursement	0.00	1,908.06	422.90	1,731.30
2) Repayments	95.25	985.20	138.46	876.97
3) Interest Payments	14.72	196.85	22.70	199.93
4) Net Disbursement (1-2)	-95.25	922.86	284.44	854.33
5) Net Transfers (4-3)	-109.97	726.01	261.74	654.40
<b>Government Grants</b>				
1) Gross Disbursement	74.83	214.78	166.92	737.46
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)	74.83	214.78	166.92	737.46
5) Net Transfers (4-3)	74.83	214.78	166.92	737.46
<b>Non Government Grants</b>				
1) Gross Disbursement	0.00	172.21	0.00	49.78
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)	0.00	172.21	0.00	49.78
5) Net Transfers (4-3)	0.00	172.21	0.00	49.78
<b>Grand Total</b>				
1) Gross Disbursements	1,154.63	9,568.21	1,998.63	11,086.50
2) Repayments	1,421.10	9,111.29	1,286.95	7,245.16
3) Interest Payments	371.37	2,131.10	287.50	1,714.65
4) Net Disbursement (1-2)	-266.47	456.92	711.68	3,841.34
5) Net Transfers (4-3)	-637.84	-1,674.18	424.18	2,126.69

## INFLATION

**Wholesale Price Index (WPI 2004-05=100):** The WPI inflation for the month of September 2012 is reported at 7.81 per cent, as against 7.55 per cent in last month and 10.0 per cent in the corresponding month last year. The inflation has gone up mainly on account of recent hike in diesel prices, higher inflation in cereals, sugar and some non administered mineral oils. Inflation has moderated for pulses, vegetables, fish inland, poultry chicken which has pulled Primary Food Articles (Wt 14.34 %) inflation down to 7.86 per cent from 9.14 per cent in the last month. The average WPI inflation rate for last 12 months (Oct 2011 to Sep 2012) was 7.91 per cent as compared to 9.46 per cent during corresponding period in 2011-12. The build-up of inflation since March to Sep 2012 stood at 4.60 per cent as against 4.48 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)	
		2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
		<b>ALL COMMODITIES</b>	<b>100.00</b>	4.60	4.48	7.81	10.00
PRIMARY ARTICLES	20.12	6.21	7.81	8.77	12.22	8.56	14.44
<i>Food articles</i>	<i>14.34</i>	7.91	10.17	7.86	9.62	7.84	10.83
FUEL AND POWER	14.91	5.91	6.79	11.88	14.02	12.77	12.20
MANUFACTURED PDT.	64.97	3.58	2.51	6.26	8.00	6.29	6.71

**Inflation based on Consumer Price Indices (CPIs):** The all India CPI inflation (combined) has moderated to 9.73 per cent in September 2012 from 10.03 per cent in the last months due to some moderation in fruits and vegetable prices. The inflation remains elevated for cereals, pulses, oils & fats, egg, meat and fish and sugar in the current month. Inflation based on CPI-IW has touched double digit to 10.31 per cent in August 2012 from 9.84 per cent in last month. Food inflation remained elevated for all CPIs and stood at 12.20 per cent, 8.28 per cent and 8.43 per cent for CPI-IW, CPI-AL and CPI-RL respectively in August 2012 as against 11.27 per cent, 7.35 per cent and 7.50 per cent in last month.

	WPI	CPI-IW	CPI-AL	CPI-RL	CPI(NS)
<b>Base :-&gt;</b>	2004-05	2001	1986-87	1986-87	2010
Aug-11	9.78	8.99	9.52	9.71	NA
Sep-11	10.00	10.06	9.43	9.25	NA
Oct-11	9.87	9.39	9.36	9.73	NA
Nov-11	9.46	9.34	8.95	9.14	NA
Dec-11	7.74	6.49	6.37	6.72	NA
Jan-12	7.23	5.32	4.92	5.27	7.65
Feb-12	7.56	7.57	6.34	6.68	8.83
Mar-12	7.69	8.65	6.84	7.19	9.38
Apr-12	7.50	10.22	7.84	8.01	10.26
May-12	7.55	10.16	7.77	8.11	10.36
Jun-12	7.58	10.05	8.03	8.54	9.93
Jul-12	7.52	9.84	8.61	8.94	9.86
Aug-12	<b>7.55</b>	10.31	9.18	9.34	10.03
Sep-12	<b>7.81</b>	-	-	-	9.73

Note: WPI inflation for Aug and Sep 2012, CPI (New Series) inflation for Sep 2012 is provisional.  
NA: Not Available- Release of Inflation of CPI (NS) began from January 2012.

**Table 16: World Commodity Price Data**

Commodity	Unit	Annual averages			Monthly averages		
		Jan-Dec 2010	Jan-Dec 2011	Jan- Sep 2012	July 2012	Aug 2012	Sep 2012
Coal, Australia	\$/mt	99.0	120.9	99.64	84.4	87.21	90.00
Crude oil, average	\$/bbl	79.0	104.0	106.04	96.7	105.27	106.28
Natural gas, US	\$/mmbtu	4.4	4.0	2.54	2.9	2.84	2.84
Cocoa	¢/kg	313.3	298.0	237.2	235.0	251.2	262.0
Coffee, Robusta	¢/kg	173.6	240.8	229.1	236.0	234.8	231.4
Tea, auctions	¢/kg	288.5	292.1	285.5	302.6	307.4	313.1
Coconut oil	\$/mt	1124	1730	1,200	1070	1,000	969
Groundnut oil	\$/mt	1404	1985	na	2468	2,553	2,408
Palm oil	\$/mt	901	1125	1,063	1015	995	973
Palm kernel oil	\$/mt	1184	1648	1,210	1067	1,007	987
Soybean meal	\$/mt	378	398	504	585	643	649
Soybean oil	\$/mt	1005	1299	1,299	1239	1,249	1,288
Soybeans	\$/mt	450	541	587	662	683	673
Maize	\$/mt	185.9	291.7	292.2	333.1	332.0	320.8
Rice, Thailand, 5%	\$/mt	488.9	543.0	564.6	573.5	565.3	563.8
Wheat, US, HRW	\$/mt	223.6	316.3	299.1	345.7	349.4	353.4
Bananas, US	\$/mt	868	968	997	965	951	965
Oranges	\$/mt	1033	891	870	1015	970	1,001
Fishmeal	\$/mt	1688	1537	1,486	1658	1,696	1,677
Meat, chicken	¢/kg	189.2	192.6	206.1	208.8	209.5	210.9
Meat, beef	¢/kg	335.1	404.2	412.6	398.8	404.1	397.4
Sugar, world	¢/kg	46.9	57.3	48.88	50.4	46.03	44.07
Plywood	¢/sheets	569.1	607.5	610.0	608.1	608.1	608.1
Cotton A Index	¢/kg	228.3	332.9	202.0	185.1	186.2	185.5
Rubber, TSR20	¢/kg	338.1	451.9	324.7	289.3	259.5	276.3
DAP	\$/mt	500.7	618.9	542.3	563.1	559.0	573.0
Urea	\$/mt	288.6	421.0	412.0	384.5	374.9	387.5
Copper	\$/mt	7535	8828	7,979	7584	7,516	8,088
Lead	¢/kg	214.8	240.1	201.9	188.1	190.1	217.6
Tin	¢/kg	2041	2605	2,096	1855	1,877	2,077
Nickel	\$/mt	21809	22910	17,735	16128	15,735	17,288
Zinc	¢/kg	216.1	219.4	195.0	184.8	181.8	201.0
Gold	\$/toz	1225	1569	1,653	1590	1,630	1,745
Silver	¢/toz	2015	3522	3,065	2744	2,877	3,361
Iron ore	\$/dmt	145.9	167.8	131.0	127.9	107.5	99.5

Source: World Bank – The Pink Sheet

## Public Finance

As a proportion of budget estimate, fiscal deficit during April–August 2012 was 65.7 per cent and revenue deficit was 79.2 per cent.

**Table: 17 Trends in Central Government Finances during 2012-13 (April-August)**

	Budget Estimates	April -August		Col.3 as per cent of	Col.4 as per cent of	Per cent change over preceding year	
	2012-13	2011-12	2012-13	2011-12 BE	2012-13 BE	2011-12	2012-13 (4/3)
( `Crore)							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>1. Revenue Receipts</b>	<b>935,685</b>	<b>188,550</b>	<b>222,731</b>	<b>23.9</b>	<b>23.8</b>	<b>-35.2</b>	<b>18.1</b>
Gross Tax Revenue*	1,077,612	240,376	284,224	25.8	26.4	12.2	18.2
Tax (net to Centre)	771,071	144,895	175,061	21.8	22.7	4.6	20.8
Non Tax	164,614	43,655	47,670	34.8	29.0	-71.3	9.2
<b>2. Capital Receipts of which</b>	<b>555,241</b>	<b>283,667</b>	<b>342,621</b>	<b>60.6</b>	<b>61.7</b>	<b>80.8</b>	<b>20.8</b>
Recovery of loans	11,650	8,999	3,731	59.9	32.0	167.7	-58.5
Other Receipts	30,000	1,145	1,352	2.9	4.5	-45.9	18.1
Borrowings and other liabilities	513,590	273,523	337,538	66.3	65.7	80.6	23.4
<b>3. Total Receipts (1+2)</b>	<b>1,490,925</b>	<b>472,217</b>	<b>565,352</b>	<b>37.5</b>	<b>37.9</b>	<b>5.5</b>	<b>19.7</b>
<b>4. Non-Plan Expenditure (a)+(b)</b>	<b>969,900</b>	<b>340,215</b>	<b>417,404</b>	<b>41.7</b>	<b>43.0</b>	<b>9.3</b>	<b>22.7</b>
(a) Revenue Account	865,596	305,832	379,845	41.7	43.9	11.8	24.2
of which:							
Interest payments	319,759	100,243	113,765	37.4	35.6	17.1	13.5
Major Subsidies	179,554	55,558	122,418	41.4	68.2	1.5	120.3
Pensions	63,183	24,967	23,748	45.8	37.6	25.3	-4.9
(b) Capital Account	104,304	34,383	37,559	41.6	36.0	-8.6	9.2
<b>5. Plan Expenditure (i)+(ii)</b>	<b>521,025</b>	<b>132,002</b>	<b>147,948</b>	<b>29.9</b>	<b>28.4</b>	<b>-3.3</b>	<b>12.1</b>
(i) Revenue Account	420,513	112,718	120,321	31.0	28.6	-4.1	6.7
(ii) Capital Account	100,512	19,284	27,627	24.7	27.5	1.9	43.3
<b>6. Total Expenditure (4)+(5)=(a)+(b)</b>	<b>1,490,925</b>	<b>472,217</b>	<b>565,352</b>	<b>37.5</b>	<b>37.9</b>	<b>5.5</b>	<b>19.7</b>
(a) Revenue Expenditure	1,286,109	418,550	500,166	38.1	38.9	7.0	19.5
(b) Of which Grants for creation of Capital Assets	164,672	34,957	38,574	23.8	23.4	168.5	10.3
(c) Capital Expenditure	204,816	53,667	65,186	33.4	31.8	-5.1	21.5
<b>7. Revenue Deficit</b>	<b>350,424</b>	<b>230,000</b>	<b>277,435</b>	<b>74.9</b>	<b>79.2</b>	<b>129.2</b>	<b>20.6</b>
<b>8. Effective Revenue Deficit(7-6(b))</b>	<b>185,752</b>	<b>195,043</b>	<b>238,861</b>	<b>121.6</b>	<b>128.6</b>	<b>123.3</b>	<b>22.5</b>
<b>9. Fiscal Deficit</b>	<b>513,590</b>	<b>273,523</b>	<b>337,538</b>	<b>66.3</b>	<b>65.7</b>	<b>80.6</b>	<b>23.4</b>
<b>10. Primary Deficit</b>	<b>193,831</b>	<b>173,280</b>	<b>223,773</b>	<b>119.6</b>	<b>115.4</b>	<b>163.0</b>	<b>29.1</b>

Source: Review of Union Government Accounts, July 2012. \* Gross Tax Revenue is prior to devolution to the States.