

# Contents

<b>Bird's Eye-view of Economy</b> .....	4
<b>The Macro Picture</b>	
<b>Economic Indicators</b>	
GDP .....	10
Price Indices .....	12
Index of Industrial Production .....	18
<b>External Sector</b>	
Forex .....	22
Foreign Trade .....	25
<b>Public Finance</b> .....	44
<b>Financial Sector</b>	
Capital Market .....	47
Mutual Fund .....	50
Interest Rates .....	51
Money Supply .....	53
<b>The Sectoral Picture</b>	
<b>Agri &amp; Allied</b>	
Agriculture .....	56
Edible Oils .....	59
Rubber .....	61
Sugar .....	63
Tea .....	65
<b>Energy</b>	
Coal .....	67
Crude-oil & Refineries .....	68
Power .....	70
<b>Infrastructure</b>	
Railways .....	72
Civil Aviation .....	73
Telecommunications .....	75
Shipping & Ports .....	77
<b>Manufacturing</b>	
Chemicals .....	79
Polymers .....	81
Fertilisers .....	83
Cement .....	85
Steel .....	87
Non-ferrous Metals .....	89
Capital Goods .....	91
Consumer Durables .....	93
Textiles .....	95
Man-made Fibres .....	97
Automobiles .....	99
<b>Service</b>	
Banking .....	105
<b>Economic Snapshot</b>	
Monthly .....	108
Annual .....	111
World .....	116



## Price Indices

### Inflation rate inches up

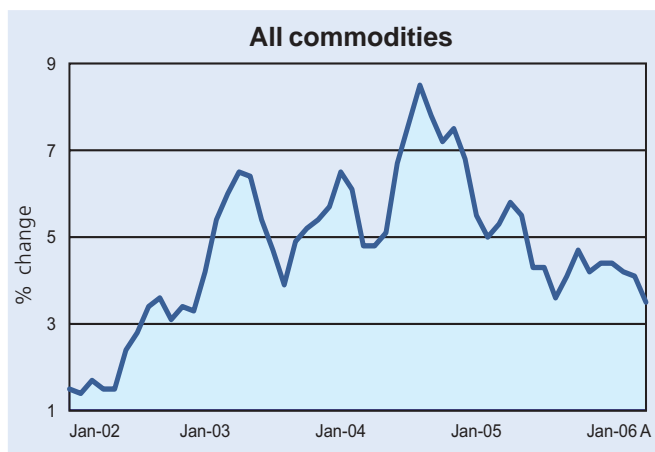
The Indian economy is marching ahead well on its course. It posted a growth of 8.4% in 2005-06 — higher than the projected 8.1% growth in the advance estimates announced in February 2006.

The major risk to growth was estimated from domestic inflation as crude oil prices were rising in the international markets. However, the average inflation at 4.5% in 2005-06 was within the estimated range of 5-5.5%. It was mainly on account of the incomplete passthrough of increase in oil prices in 2005-06, the Reserve Bank of India's intervention in the market to manage liquidity, and the sustained growth of the economy resulting in the absorptive capacity of the systems.

The current financial year started with a lower inflation rate of around 3.24%. But the overall inflation gradually moved up in the last eight weeks to touch 4.74% in the week ended 20 May 2006 due to rising prices of food articles in the primary articles group. While headline inflation was rising, the latest hike in retail prices of domestic petroleum products posed a further risk to domestic inflation.

### Inflation

The Wholesale Price Index (WPI) for all commodities increased 4.5% to 195.0 in 2005-06 compared with a 6.5% increase in 2004-05. Among the major groups of WPI, the fuels, power, light and lubricants group index registered the highest rise of 9.5% to 306.8, which was slightly lower than the growth of



10.1% in 2004-05. However, its relative contribution increased to 45.4%, from 32% in 2004-2005, as inflation was driven by higher petroleum product prices.

In the fuels, power, light and lubricants group, the price index for coal mining displayed a moderate growth of 3.7% compared with a growth of 15.4% in 2004-05. The increasing crude oil prices pushed up the price index for mineral oils by 14% on a higher base of a 15.1% growth in 2004-05.

The price index for manufactured products grew 3.2% compared with a 6.3% growth in 2004-05. The inflation rate hovered around 4.6% because of the lower growth in the

### Wholesale Price Index: Major groups

BASE YEAR 1993-94	ALL COMMODITIES		PRIMARY ARTICLES		FUEL POWER GROUP		MFD. GROUP	
	INDEX	% CHANGE	INDEX	% CHANGE	INDEX	% CHANGE	INDEX	% CHANGE
Apr-05	191.64	5.8	187.68	2.1	292.88	11.3	170.44	5.5
May-05	192.15	5.5	188.75	0.8	293.1	10.9	170.8	5.4
Jun-05	193.2	4.3	190.9	0.2	298.2	10.5	170.6	3.7
Jul-05	194.64	4.3	193.08	1.8	304.3	10.7	170.7	2.9
Aug-05	195.25	3.6	193.85	0.9	304.05	8.7	171.48	2.8
Sep-05	197.15	4.1	196.03	1.8	312.85	10.9	171.73	2.4
Oct-05	197.82	4.7	197.86	3.5	312.82	11.0	172.16	2.8
Nov-05	198.2	4.2	199.9	4.4	312.3	7.4	172.15	2.9
Dec-05	197.24	4.5	195.42	4.9	310.94	7.8	172.5	3.1
Jan-06	196.3	4.1	194.78	5.5	310.8	7.9	171.28	2.1
Feb-06	196.43	4.0	193.35	5.0	313.4	8.2	171.48	2.1
Mar-06	196.7	3.8	192.93	4.9	314.83	8.6	172.38	2.0
Apr-06	198.32	3.5	195.04	3.9	316.76	8.2	173	1.5
PROGRESSIVE	APR-MAR	APR-MAR	APR-MAR	APR-MAR	APR-MAR	APR-MAR	APR-MAR	APR-MAR
2005-06	195.56	4.4	193.71	3.0	306.71	9.5	171.48	3.1

price indices of manufactured products. Food products, beverages, tobacco and tobacco products, metal products, machinery and machine tools, transport equipment and parts recorded lower annual inflation rates in 2005-06 than in 2004-05. The price rise in the group was due to high inflation in wood and wood products, rubber and plastic products, non-metallic mineral products and other non-ferrous metals.

Among the group, textile prices registered a fall of 4.5% over the corresponding period of 2004-05. The price index for basic metal alloys and metal products continued to increase, rising 7.5% till end 2005-06 compared with 21.1% in 2004-05. The growth of the price index for the manufactured group eased in 2005-06, leading to a decline in its relative contribution, from 55.1% to 40.8%.

The primary articles index showed a rise of 2.9%, which was lower than the 3.7% growth in the corresponding period of 2004-05. The price index for primary articles, specially food articles, registered a higher increase in December, January and February of 2005-06 on firming up of prices of sugar, fruits and vegetables.

The current financial year started with a lower inflation rate. The inflation rate was 3.51% in the week ended 1 April 2006, which further eased to 3.24% in the week ended 8 April 2006. However, the inflation rate firmed up in later weeks. As per the

latest data available for the week ended 20 May 2006, WPI for all commodities was 201.1 — a growth of 4.7% compared with 5.4% in the corresponding week of 2005-06.

In the first eight weeks of 2006-07, the inflation rate was 3.8% — lower than 5.7% in the corresponding period of 2005-06. The decelerated growth was on account of lower growth in the price indices of manufactured products and the fuel, power and lubricant group.

In 2006-07 so far, the price index for manufactured products registered a growth of 1.8% compared with a growth of 5.4% in the corresponding period of 2005-06. The decelerated growth this year was due to the decline in the price index for basic metals alloys and metals products owing to higher base, and lower growth in the price indices for chemicals and chemical products, machinery and machine tools and transport equipment and parts. In addition, the incomplete passthrough of rising crude oil prices in India curtailed the growth of the price index for the fuel, power, light and lubricant group, which registered a rise of 8.5% as against 11.1% in the corresponding period of 2005-06.

On the other hand, primary articles have registered a higher inflation rate of 4.3% in the financial year 2006-07 so far, compared with 1.5% in the corresponding period in 2005-06. This high price growth was led by high inflation in food articles,

### Index Numbers of Wholesale Prices (Base 1993-94 = 100)

BASE YEAR 1993-94	Index		YOY VARIATION %		RELATIVE CONTRIBUTION %	
	APRIL-MARCH		APRIL-MARCH		APRIL-MARCH	
	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05
ALL COMMODITIES	195.6	187.3	4.4	6.5	100.0	100.0
I PRIMARY ARTICLE	193.6	188.2	2.9	3.7	14.3	12.9
II FUEL POWER LIGHT & LUBRICANTS	306.8	280.2	9.5	10.1	45.4	32.0
A. Coal Mining	231.6	223.3	3.7	15.4	1.7	4.6
B. Minerals Oils	359.8	315.8	13.9	15.1	36.9	25.4
C. Electricity	263.4	253.0	4.1	1.7	6.8	2.0
III MANUFACTURED PRODUCTS	171.4	166.3	3.1	6.3	40.2	55.1
(A) Food Products	176.9	174.9	1.2	4.9	2.8	8.3
(B) Beverages, Tobacco & Tobacco Products	226.8	216.2	4.9	5.2	1.7	1.2
(C) Textiles	129.5	135.7	-4.5	3.1	-7.2	3.5
(D) Wood & Wood Products	194.6	179.5	8.4	0.0	0.3	0.0
(E) Paper & Paper Products	178.4	174.6	2.2	0.8	0.9	0.2
(F) Leather & Leather Products	166.8	155.7	7.2	6.0	1.4	0.8
(G) Rubber & Plastic Products	139.2	134.5	3.4	-0.3	1.3	-0.1
(H) Chemicals & Chemical Products	188.2	181.7	3.6	2.6	9.2	4.8
(I) Non-Mettallic Mineral Products	170.0	157.7	7.8	6.4	3.7	2.1
(J) Basic Metals Alloys & Metals Products	218.5	203.2	7.5	21.1	15.2	25.9
(K) Machinery & Machine Tools	147.4	140.2	5.1	5.7	7.2	5.5
(L) Transport Equipment & Parts	147.4	140.2	5.1	5.7	3.7	2.8

which have the highest weight in primary articles. The price index for food articles rose 5% compared with a rise of 3% in the corresponding period of last year.

### Monthly scenario

The All-Commodities Price Index of 198.32 in April 2006 was higher than the price index of 196.7 in March 2006. But it showed a lower growth rate of 3.49% in April 2006 compared with 5.92% in April 2005. This decelerated growth was on account of the lower growth rate of the price index for the fuel group and for manufactured products.

In April 2006, prices of primary articles showed an increased growth rate of 3.92% compared with 2.12% in April 2005.

**Primary article index:** Prices of primary articles edged up in the first month of 2006-07 due to soaring wheat prices, increase in prices of pulses and eggs, fish and meat. In the group, prices of oilseeds eased due to improved crop prospects. On the whole, the group price index of primary articles was up by 3.92% in March 2006 compared with 1.7% in March 2005.

This growth was due to costlier food articles. Food articles registered a growth of 4.58% against a growth of 3.7% a year ago. This growth was due to costlier foodgrains (cereals and pulses) and eggs, meat and fish. Foodgrains registered a growth of 8.3% compared with a growth of 3.72% in April 2005,

whereas eggs, meat and fish grew 12.25% in April 2006.

Among food articles, eggs, meat and fish registered the highest rise in prices. The higher demand for fish, mutton and beef and buffalo meat on fear of bird flu drove prices up. Fruits and vegetables registered a decline of 4.26% in prices compared with a growth rate of 9.24% in April 2005.

In the primary articles group, prices of non-food articles dipped by 1.8% compared with a decline of 5.69% in April 2005 on falling prices of oilseeds. WPI of oil seeds declined 9.26% in April 2006 against a fall of 4.1% a year ago. The rest of the groups from the non-food articles category like fibres, minerals and other non-food articles registered an increase in their prices.

**Fuel, power, light & lubricant index:** As international crude oil prices were trading at a higher level, the growth in the price index for the fuel, power, light and lubricant group remained a cause of concern. It showed a rise of 8.15% in April 2006 compared with a growth of 11.26% in 2005. The relative contribution of this group to inflation was 50.2%, of which 40.9% was because of mineral oils.

The fuels and lubricants group is broadly divided into three categories: coal mining, mineral oils and electricity. Within these sub-groups, the highest rise was recorded by the index of mineral oil: 11.7% over the 17.5% growth in April 2005, followed by the electricity index: 4.5%. The coal mining price index remained unchanged at 231.6.

### Index of Wholesale Prices Base 1993-94 =100

BASE YEAR 1993-94	INDEX		YOY VARIATION %		RELATIVE CONTRIBUTION %	
	APRIL		APRIL		APRIL	
	2006	2005	2006	2005	2006	2005
ALL COMMODITIES	198.3	191.6	3.5	5.9	100.0	100.0
I PRIMARY ARTICLE	195.0	187.7	3.9	2.1	24.0	8.0
II FUEL POWER LIGHT & LUBRICANTS	316.8	292.9	8.2	11.3	50.2	39.1
A. Coal Mining	231.6	231.6	0.0	17.1	0.0	5.5
B. Minerals Oils	377.7	338.1	11.7	17.5	40.9	32.6
C. Electricity	266.3	254.8	4.5	0.8	9.3	1.0
III MANUFACTURED PRODUCTS	173.0	170.4	1.5	5.5	25.8	53.0
(A)Food Products	178.2	173.6	2.7	0.5	7.9	0.9
(B)Beverages, Tobacco & Tobacco Products	235.5	222.0	6.1	6.4	2.7	1.7
(C)Textiles	130.5	131.5	-0.8	-4.5	-1.5	-5.6
(D)Wood & Wood Products	207.9	180.0	15.5	0.2	0.7	0.0
(E)Paper & Paper Products	184.8	177.2	4.3	2.4	2.3	0.8
(F)Leather & Leather Products	158.8	163.8	-3.1	9.6	-0.8	1.4
(G)Rubber & Plastic Products	140.5	135.9	3.4	-0.1	1.6	0.0
(H)Chemicals & Chemical Products	190.3	186.1	2.2	4.7	7.3	9.3
(I)Non-Mettallic Mineral Products	187.8	168.9	11.2	9.5	7.1	3.4
(J)Basic Metals Alloys & Metals Products	214.3	221.4	-3.2	20.0	-8.9	28.6
(K)Machinery & Machine Tools	149.4	145.5	2.7	8.0	4.8	8.3
(L)Transport Equipment & Parts	149.4	145.5	2.7	8.0	2.5	4.3

The mineral oil group consists of liquefied petroleum gas (LPG), petrol, bitumen, kerosene, aviation turbine fuel, high-speed diesel oil, light diesel oil, naphtha, furnace oil and lubricants. Of these, kerosene and LPG were the only items for which prices remained unchanged as prices of kerosene are controlled by the government and have witnessed no increase since 2002. Others showed an upward trend in their price indices. In this group, the highest rise was by the furnace oil index, which rose 45.3% compared with a growth of 17.2% in April 2005. High-speed diesel oil, aviation turbine fuel, light diesel oil and bitumen registered a growth in their price indices in the range of 15%-43% in April 2006.

**Manufactured products index:** The manufactured products group index, at 170.44, rose marginally by 1.5% compared with 5.3% in April 2005 on costlier wood and wood products, rubber and plastic products and food products. The relative contribution of the manufactured group was 25.78% to inflation compared with 52.96% a year ago. In the manufacturing group, the maximum contribution of 7.85% came from food products, followed by chemicals and chemical products: 7.31%.

Within the manufacturing group, all other groups, except textiles, leather and leather products and basic metal alloys and metal products showed an increase in the price index. The price index for the textiles group dipped by 0.78% to 130.52 in April 2006 compared with a fall of 4.51% in April 2005. This group consists of cotton textiles, man-made textiles, woollen textiles, jute hemp and mesta textiles and other miscellaneous textiles.

The decline in the textiles index was mainly on account of the decline in the manmade textiles index. The price index for manmade textiles was down by 4.79% to 98.86 in this month compared with a rise of 0.81% in April 2005. The price index for cotton textile rose marginally 1.04% to 157.48 in April 2006 against a fall of 10.85% a year ago.

Leather and leather products index registered a decline of 3.05% to 158.8 in April 2006 compared with a growth rate of 9.64% in April 2005.

Another group that registered a decline in its prices was the group of basic metal alloys and basic metal products. The price index for basic metal alloys and metal products, which has a weight of 8.34% in WPI, was down by 3.24% to 214.26 in April 2006 compared with a growth of 20% in April 2005. With the negative growth in the price index, the relative contribution of this group to the overall inflation turned negative 8.86%, from a positive contribution of 28.55% in April 2005. In this group, the price index for basic metals and alloys registered a fall of 7.55% on account of the relatively lower steel prices in April 2006 compared with the prices in April 2005. Increasing international prices of non-ferrous metals like aluminium and copper translated into a 17.89% growth to 215.5 in the price index for non-ferrous metal in April 2006 compared with a 8.49% rise a year ago.

The chemicals and chemical products index, which has a

### Growth in CPI for Urban Non-Manual Employee



weight of 11.93% in the overall WPI, increased 2.22% to 190.28 points in April 2006 compared with 4.73% in April 2005. This rise was led by the growth in the prices of fertilisers and pesticides, paint varnishes and lacquers, drugs and medicines, perfumes, cosmetics and toiletries and matches, explosives and other chemicals. The prices of basic heavy organic chemicals, basic heavy inorganic chemicals, dyestuff and indigo and turpentine, synthetic resins, and plastic materials registered a decline.

The index for food products, which has a weight of 11.54% in the price index for all commodities, was up 2.65% to 178.18 points in April 2006 compared with a growth of 0.51% in April 2005. Inflation related to food products was due to the increasing prices of sugar and grain mills products. WPI for sugar, khandasari and gur displayed a growth of 6.29% against a growth of 17.88% in April 2005, whereas the price index for grain mills products increased 16.13% in April 2006 compared with a fall of 1.79% a year ago.

In the food group, a few items like edible oil, oil cake and tea and coffee processing registered a decline in their prices.

### Consumer Price Index

The All-India Consumer Price Index for Urban Non-Manual Employees, CPI (UNME) was 465 in April 2006, which was two points higher than the group index in March 2006. At the group level, the index for the food, beverages and tobacco group increased 1.14%, whereas the index for miscellaneous group increased 0.21% in April 2006 compared with March 2006.

CPI (UNME) was up 5.0% to 465 in April 2006 compared with 4.24% in April 2005. The index for 59 urban centers rose in the range of 1% to 11.5% in April 2006 compared with April 2005. The highest rise in the index was registered by Imphal: a growth of 11.5% to 457, followed by Surat: 8.42%, and Bhopal: 8.19%. Twenty-six centres had a lower annual percentage increase in the index compared with an all-India increase of 5%. One center's annual percentage increase

equalled the all-India level of 5%, and 32 centres had a higher percentage increase compared with the all-India average.

The all-India CPI for agricultural labourers and rural labourers increased two points in April 2006 compared with its index level in March 2006. CPI for agricultural labourers was 360, whereas CPI for rural labourers was 362 points in April 2006. On a point-to-point basis, CPI for agriculture labourers and rural labourers was up 5.6% to 360 and 5.2% to 362, respectively, in April 2006 compared with 3.02% and 2.99%, respectively, in April 2005. Uttar Pradesh experienced the sharpest decrease of four points in CPI for agricultural labourers as well as for rural labourers in April 2006. Madhya Pradesh and Manipur witnessed the highest increase of eight points in CPI for both agricultural and rural labourers.

Meghalaya and Punjab, with 389 points for agricultural labourers, and Punjab, with 392 points for rural labourers, remained at the top of the index table. Orissa, with 331 points for agricultural labourers and 332 points for rural labourers, remained at the bottom of the index.

The base year has been changed to 2000-01 for CPI for industrial workers. Since January 2006, the index had not witnessed any change. But CPI for industrial workers changed one point to 120 in April 2006.

There was the highest increase of four points in CPI for the Raniganj center. Centers like Darjeeling, Kanpur, Faridabad, Chandigarh and Monghyr- Jamalpur witnessed a decline of one point each in CPI in April 2006.

Oil prices, which are now above US\$ 70 per barrel, are expected to remain high and upwardly volatile with no signs

**Growth in CPI for Agriculture Labourers**



of easing in the conditions of tight supply, growing demand, geo-political concerns, and impairment to production and refining capacities caused by natural disasters and other incidents. The government and domestic oil companies cannot sustain the burden of rising oil prices. So, the Union government has increased prices of domestic petroleum products. Prices of petrol and diesel have gone up by Rs 4 per litre and Rs 2 per litre, respectively.

In addition, prices of primary articles, specially food articles, are going up due to shortage of food grains due to rising demand. This will drive CPI up as well. RBI has already estimated the inflation in the range of 5-5.5% in 2006-07 and indicated it will take action as and when necessary.

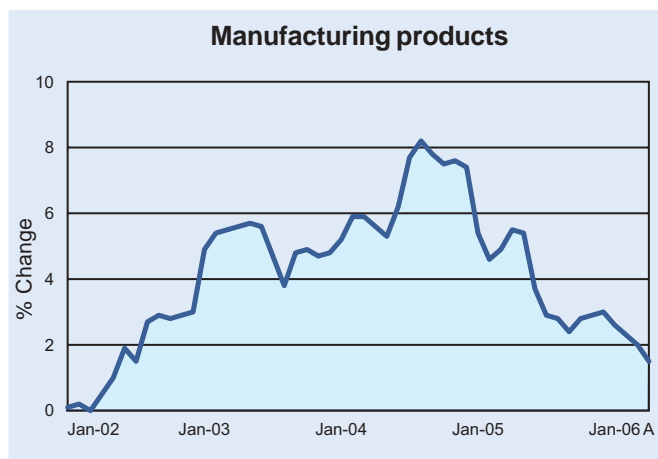
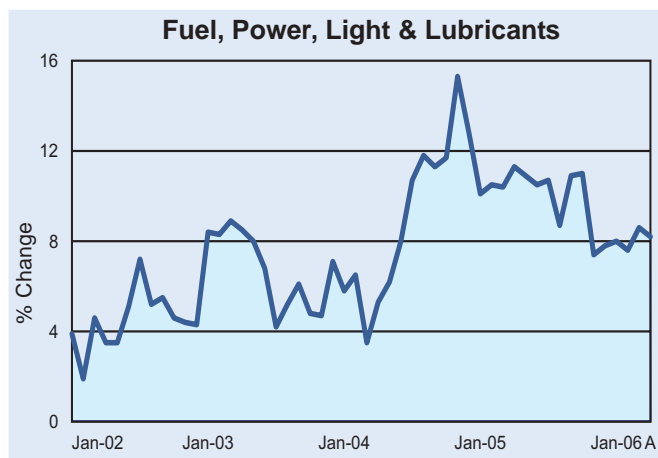
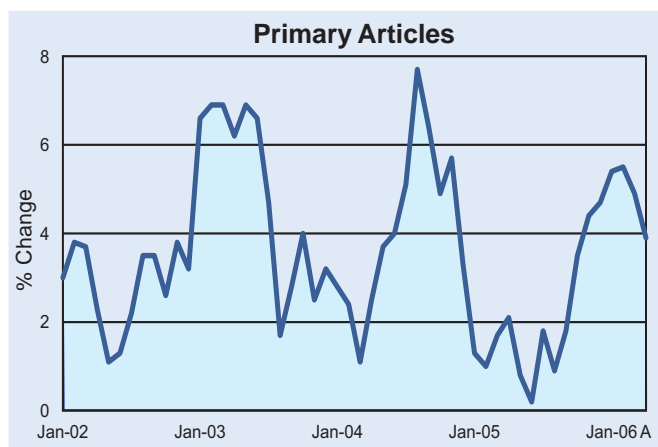
## Consumer Price Index

YEAR	INDUSTRIAL WORKERS BASE YEAR 1982		AGRICULTURAL LABOURERS BASE YEAR 1986-87		URBAN NON-MANUAL EMPLOYEES BASE YEAR 1984-85		RURAL LABOURERS BASE YEAR 1986-87	
	INDEX	% CHANGE	INDEX	% CHANGE	INDEX	% CHANGE	INDEX	% CHANGE
Apr-05	529	4.96	341	3.02	443	4.24	344	2.99
May-05	527	3.74	343	3.00	445	4.22	345	2.99
Jun-05	529	3.32	345	2.68	448	3.94	347	2.66
Jul-05	538	4.06	350	3.55	455	4.84	347	2.06
Aug-05	540	3.45	352	3.23	456	4.35	354	3.21
Sep-05	542	3.63	354	3.21	458	4.81	356	3.19
Oct-05	548	4.18	356	3.19	460	4.55	358	3.17
Nov-05	553	5.33	360	4.65	463	5.47	362	4.62
Dec-05	550	5.57	358	4.68	461	5.73	361	4.94
Jan-06	549	4.37	357	4.69	462	5.00	359	4.66
Feb-06*	119		357	5.00	461	4.77	359	4.66
Mar-06*	119		358	5.29	463	4.99	360	5.26
Apr-06*	120		360	5.57	465	4.97	362	5.23
PROGRESSIVE	APR-JAN	APR-JAN	APR-MAR	APR-MAR	APR-MAR	APR-MAR	APR-MAR	APR-MAR
2005-06	541	4.26	353	3.85	456	4.74	354	3.71

\* the base year has been changed to 2000-2001 for CPI of Industrial workers

### WPI week by week

WEEK	2006 -07		2005 -06	
	INDEX	% CHG	INDEX	% CHG
1	197.7	3.5	191.0	5.7
2	197.6	3.2	191.4	5.9
3	198.5	3.6	191.7	5.9
4	198.8	3.5	192.0	6.0
5	199.0	3.6	192.1	5.7
6	199.7	4.0	192.1	5.7
7	200.5	4.3	192.2	5.6
8	201.1	4.7	192.0	5.4
9		—	192.3	5.3
10		—	192.8	4.4
11		—	192.9	4.5
12		—	192.9	4.1
13		—	194.2	4.3
14		—	193.7	4.1
15		—	194.5	4.5
16		—	194.9	4.5
17		—	195.0	4.3
18		—	195.1	4.2
19		—	194.9	3.8
20		—	195.1	3.7
21		—	195.5	3.7
22		—	195.5	3.3
23		—	196.6	3.6
24		—	197.5	4.1
25		—	197.3	4.2
26		—	197.2	4.3
27		—	197.6	4.6
28		—	197.7	4.9
29		—	197.8	4.8
30		—	197.7	4.5
31		—	198.3	4.8
32		—	198.3	4.0
33		—	198.4	4.1
34		—	198.0	4.3
35		—	198.1	4.5
36		—	197.6	4.4
37		—	197.2	4.4
38		—	197.1	4.6
39		—	197.2	4.6
40		—	197.1	4.6
41		—	196.2	3.9
42		—	196.6	4.2
43		—	196.5	4.2
44		—	195.9	4.0
45		—	196.0	4.0
46		—	196.2	3.8
47		—	196.7	4.1
48		—	196.8	4.2
49		—	196.5	3.9
50		—	196.6	3.8
51		—	196.7	3.7
52		—	197.2	4.1





## IIP

## 'Other' manufacturing industries, metals register growth

India's economic growth was driven by the buoyant manufacturing and services sectors. The Indian economy was expected to attain an 8.1% growth in 2005-06, subject to a 9.4% projected growth for the manufacturing industry. However, the provisional estimates for the production index of the manufacturing industry showed a growth of 9% in 2005-2006 against a 9.2% growth in 2004-05.

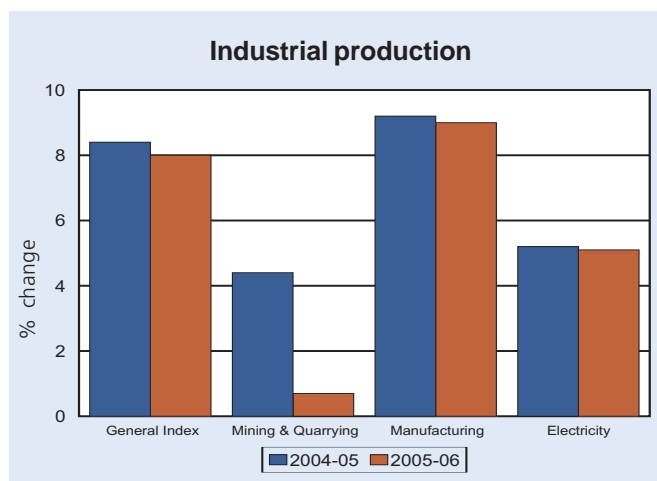
This expansion was due to the accelerated pace in the manufacturing industry in the first quarter of 2005-06, when it posted a growth of 9.2% in April, 11.2% in May and 13.2% in June 2005.

The manufacturing industry seemed to lose this pace of expansion in the second and third quarters of 2005-06 as it posted a growth of 6% in July 2005, 7% in November 2005 and 6.4% in December 2005. But it gained its momentum in the last quarter of 2005-06.

The manufacturing industry succeeded in attaining the growth of 9% in 2005-06, near to its projected level of 9.4%, but not on sustainable basis. These wide fluctuations in the growth of the manufacturing industry's production index in 2005-06 is a cause of concern as the industry is expected to accelerate its pace to 12-13% so that the overall economy is able to attain double-digit growth.

In the group of 17-two digit manufacturing industries, the number of industries registering a decline in production increased in the last few months. Till December 2005, the number of industries with declining production was in the range of 1-3. But this number increased to five in December 2005 and January 2006. In February 2006, four out of 17 industries posted a fall in their production. The number increased to seven in March 2006. Yet, the impact of increasing number of industries registering a fall in their production was not realised as these were the industries with a minimal weight in the production index of manufacturing industry. But, if the number remains at such a high level, then it may have an impact on the pace of the overall growth of the manufacturing industry.

**Monthly scenario:** The general index of IIP, at 249.2, showed a rise of 7.7% in March 2006 as compared with 9.8% in the previous year on account of the decelerated growth in the manufacturing sector. The growth in the production index of the manufacturing industry, with a share of 96.2% in the growth of the Index of Industrial Production (IIP), slowed down to 8.9% in March 2006 compared with a 10.9% growth a year ago. The production index for the mining sector also posted a marginal growth of 0.5% to 179.0 in March 2006 as the production of crude petroleum has not yet recovered from the devastating fire at ONGC's Mumbai offshore field in July 2005.



In March 2006, only the index for electricity production maintained its pace of growth at 3.2% to 202.5, which was the same as the 3.2% increase in the production in March 2005, contributing 3.5% to the growth of IIP.

The lower pace of growth was because seven of the 17 two-digit manufacturing industry groups registered a decline in their production in March 2006. In the group of 17 industries, only 10 showed a positive growth in March 2006 as against 14 registering a positive growth in March 2005. Among the ten industries, seven registered a double-digit growth.

In the manufacturing group, the highest growth of 34.7% was registered by the production index of 'other' manufacturing industries in March 2006 as compared with a growth of 20.33% a year ago. The basic metal and alloy industry was the second largest growing industry in the month, posting a growth of 23.5% as compared with 13.3% in March 2005, followed by beverages, tobacco and related products group, which posted a growth of 18.9% in its production index in March 2006. The production index for non-metallic mineral products, food products, transport equipment and parts and metal products and parts, except machinery and equipment, showed a growth within the range of 11-17%.

On the other side, the production of seven industries slipped in March 2006. The production of wood and wood products and furniture and fixtures again registered the highest decline of 20.7% against a fall of 13.1% in March 2005. It was followed by paper and paper products and printing, publishing and allied industries, and leather and leather and fur products, which recorded a 16.8% and a 9.9% decline in the production index, respectively, compared with an increase of 27.1% and 20.4%, respectively, a year ago.



All segments of the textile industry registered a decline in their production in March 2006. Cotton textiles, wool, silk and man made fibers, jute and other vegetable fiber textiles(except cotton), textile products (including wearing apparel) were the other industries to register a fall in their production.

**Industrial production / yearly scenario:** The general IIP was up 8% to 221.2 in 2005-06 compared with an 8.4% growth in 2005-06. The manufacturing industry grew by 9% in 2005-2006, which was nearly the same as 9.2% in 2004-05. The electricity production index grew 5.1%, which was the same as the 5.2% growth in 2004-05 on adequate availability of coal in the later half of the year and higher production of hydel power due to good monsoon in the year. The mining and quarrying sector showed a marginal growth in 2005-2006 as there was lower production of coal in the first few months and the production of crude petroleum declined due to the devastating fire at Mumbai's ONGC field in July 2005. Its production was marginally up by 0.7% in 2005-06 as against 4.4% in the previous year.

The relative contribution of the manufacturing industry, an engine of economic growth, increased from 90.4% to 93.4% in 2005-06. The growth in the production index of electricity contributed 5.8% to the growth of IIP, which was same as its contribution in 2004-05. The percentage share of mining and quarrying came down, from 4.3% in 2004-05 to 0.7% in 2005-06.

**Manufacturing sector:** The manufacturing sector registered a rise of 9% in 2005-06. The growth was on account of the double-digit growth in the seven industries among the group of 17 two-digit industries of the manufacturing sector. In the group, 13 of the 17 two-digit (industrial classification) industry groups showed a positive growth in 2005-06, lower than the 15 industry groups showing a positive growth in the corresponding period of 2004-05.

Of the 17 industries, six contributed more than 74% to the growth: machinery and equipment other than transport equipment: 18.49%, basic chemicals and chemical products (except products of petroleum and coal): 16.56%, and basic metal and alloy industries: 14%. Other manufacturing industries recorded the highest growth among the group, contributing 8.4% to the industrial growth. The metal products and parts, except machinery and equipment; paper and paper product and printing, publishing and allied industries; leather and leather and fur products sectors; and wood and wood products and furniture and fixtures contributed negatively: -0.03%, -0.4%, 0.59%, -0.84%, respectively.

Among the manufacturing industry groups, other manufacturing industries registered the highest growth rate of 24.46% in 2005-06 as compared with a rise of 18.5% in the corresponding period of 2004-05. The growth was on account of increased production of laboratory and scientific instruments; wrist watches and syringes all types. The group consists of nine items of which six showed an upward trend and the remaining three a downward trend. AC polyphase house service meters showed the highest increase of 257.2% in 2005-06, followed by laboratory and scientific instruments, whose production increased 133.7%. AC single-phase house service meters had the highest fall of 49.2%, followed by process control instruments, which witnessed a decline of 10.3% in production.

The other industries to record a double-digit growth were beverages, tobacco and related products (16.36%); basic metal and alloy industry (15.71%); transport equipment and parts (12.48%); and non-metallic mineral products (10.56%).

The textile products including wearing apparels group registered a growth of 16.39%, becoming the second largest growing industry, in 2005-06. However, it posted a decelerated growth on a higher growth of 19.15% in the production in the last three years due to the rush to expand capacities to

## Index of Industrial Production

DESCRIPTION (BASE: 1993-94=100)	WEIGHT	INDEX		CUMULATIVE INDEX		PERCENTAGE GROWTH				RELATIVE CONTRIBUTION (%)			
		MARCH		APRIL-MARCH		MARCH		APRIL-MARCH		MARCH		APRIL-MARCH	
		2006	2005	2005-06	2004-05	2006	2005	2005-06	2004-05	2006	2005	2005-06	2004-05
Mining & Quarrying	104.7	179.0	178.1	154.5	153.4	0.5	6.6	0.7	4.4	0.5	5.6	0.7	4.3
Manufacturing	793.6	264.5	242.9	233.9	214.6	8.9	10.9	9.0	9.1	95.9	91.4	93.5	90.0
Electricity	101.7	202.5	196.3	190.8	181.5	3.2	3.2	5.1	5.2	3.5	3.0	5.8	5.7
<b>Use based classification</b>													
Basic goods	355.7	211.8	196.4	189.6	177.9	7.8	7.2	6.6	5.5	26.4	22.6	25.5	20.9
Capital goods	92.6	376.2	341.9	265.1	229.6	10.0	23.0	15.5	13.9	23.6	28.4	20.0	16.4
Intermediate goods	265.1	225.7	223.7	215.9	211.1	0.9	6.3	2.3	6.1	10.4	16.8	7.8	20.2
Consumer goods	286.6	276.7	246.7	251.2	224.4	12.2	10.5	11.9	11.7	39.7	32.2	46.7	42.5
Consumer durables	53.7	396.5	332.0	347.9	303.5	19.4	10.8	14.6	14.4	13.5	8.3	14.5	12.9
Consumer non-durables	233.0	249.1	227.0	228.9	206.2	9.7	10.4	11.0	10.8	26.2	23.8	32.2	29.6
General Index	1000.0	249.3	231.5	221.2	204.8	7.7	9.8	8.0	8.4	100.0	100.0	100.0	100.0

tap the benefits of the post-quota regime. The production index of this group refers to the production of cotton hosiery cloth, which registered a growth of 16.4% in 2005-06 against a growth of 19.17% in 2004-05.

The production of four industries slipped in 2005-06. The wood and wood products group showed the highest decline of 6.82% compared with a decline of 8.45% in 2004-05, followed by leather and leather and fur products: 5.42%, paper and paper products and printing, publishing & allied industries: 1.08%, and metal products and parts: 0.12% in 2005-06.

**Infrastructure sectors:** The infrastructure industry continued to show a sluggish growth on account of declining production of crude petroleum and decelerated growth in refinery products, finished steel and electricity. The output of infrastructure industries rose 4.9% in 2005-06 compared with 5.8% in the corresponding period of 2004-05.

The production of crude petroleum declined 5.3% in 2005-06 compared with a growth of 1.8% in the corresponding period of the previous year. The lower growth in refinery throughput in the initial months of 2005-06 led to a growth of 2.1% in this period against a growth of 4.3% in 2004-05. Finished steel registered a growth of 6.5%, lower than the 8.4% growth in 2004-05.

Among these industries, the cement sector outperformed in 2005-06. The highest increase of 12.3% was recorded by cement due to the booming real estate sector and undertakings of infrastructure projects and higher exports.

It was followed by coal: 6.4%. The increase in the domestic demand and the massive shortage of coal for power generation led to higher extraction of coal.

The electricity sector, with the highest weight in infrastructure industries, grew 5.1%, which was the same as the growth of 5.2% in 2005-06. The adequate supply of coal improved power generation in the later months of 2005-06.

**Basic chemicals group:** The basic chemicals and chemicals products (except products of petroleum and coal) index, with the highest weight of 140 in the manufacturing index, showed a rise of 8.13% in 2005-06 compared with a growth of 14.49% in 2004-05. The decelerated growth in this group was on account of the declining production of vitamin A, ampicillin, polyester fibre and lower production in nitrogenous fertilisers, paints, enamels and varnishes. In addition, of the total 66 items, 23 showed a decline in production in 2005-06.

The production of penicillin registered the highest decline of 79% in 2005-06, followed by a fall of 59.8% in the production of high explosive nitroglycerin-based as there was no

### Growth in the index of major industry groups of the manufacturing sector

DESCRIPTION	WEIGHT	CUMULATIVE INDEX		% CHANGE		RELATIVE CONTRIBUTION (%)	
		APRIL-MARCH	APRIL-MARCH	MARCH	APRIL-MARCH	MARCH	APR-MARCH
(BASE: 1993-94 = 100)		2005-06	2004-05	2006	2005-06	2006	2005-06
<b>Acceleration</b>							
Other Manufacturing Industries	25.6	275.3	221.2	34.7	24.5	14.6	9.0
Beverages, Tobacco and Related Products	23.8	402.5	345.9	18.9	16.4	10.2	8.8
Basic Metal and Alloy Industries	74.5	226.9	196.1	23.5	15.7	22.4	15.0
Transport Equipment and Parts	39.8	319.1	283.7	11.9	12.5	9.2	9.2
Non-Metallic Mineral Products	44.0	270.1	244.3	16.6	10.6	11.5	7.4
Cotton Textiles	55.2	137.0	126.3	-0.7	8.5	-0.3	3.9
Rubber, Plastic, Petroleum and Coal Products	57.3	200.4	192.2	3.1	4.3	2.1	3.1
Food Products	90.8	170.7	167.3	15.8	2.0	15.6	2.0
<b>Deceleration</b>							
Textile Products (including Wearing Apparel)	25.4	255.6	219.6	-0.6	16.4	-0.2	6.0
Machinery & Equip other than Transport equip	95.7	311.1	279.4	8.0	11.3	16.2	19.8
Basic Chemi & Chem Prod. (expt prod Petro & Coal)	140.0	258.0	238.6	3.8	8.1	7.5	17.7
Jute & other vegetable fibre Textiles (except cotton)	5.9	107.7	107.2	-4.9	0.5	-0.2	0.0
Wool, Silk and man-made fibre textiles	22.6	249.4	249.0	-3.6	0.2	-1.3	0.1
<b>Negative</b>							
Metal Prod & Parts, except Machinery & Equipment	28.1	166.1	166.3	11.5	-0.1	3.4	-0.0
Paper & Paper Prod & Printing, Publishing & Allied Inds	26.5	228.2	230.7	-16.8	-1.1	-7.3	-0.4
Leather and Leather & Fur Products	11.4	148.4	156.9	-9.9	-5.4	-1.0	-0.6
Wood and Wood Products; Furniture and Fixtures	27.0	69.7	74.8	-20.7	-6.8	-2.4	-0.9

production since September 2005.

The highest rise of 119.6% in this group was recorded in the production of toothpaste, followed by hair oil/ayurvedic hair oil items: 105.1%, and sulpha drugs: 61.4%.

**Machinery and equipment group:** The machinery and equipment other than transport equipment index has a weight of 95.7 in the manufacturing index. It showed a rise of 11.35% to 311.1 in 2005-06 compared with a 19.76% increase in 2004-05. The lower growth was due to sluggish performance by the protection system/ switch board/ gear, computer system and its peripherals, TV receivers, ball and roller bearings and complete tractors.

The group consists of 67 items, of which 56 items showed an upward trend and the remaining 14 a downward trend. The highest rise was recorded by PVC/PICL cables, which grew by 80.7%

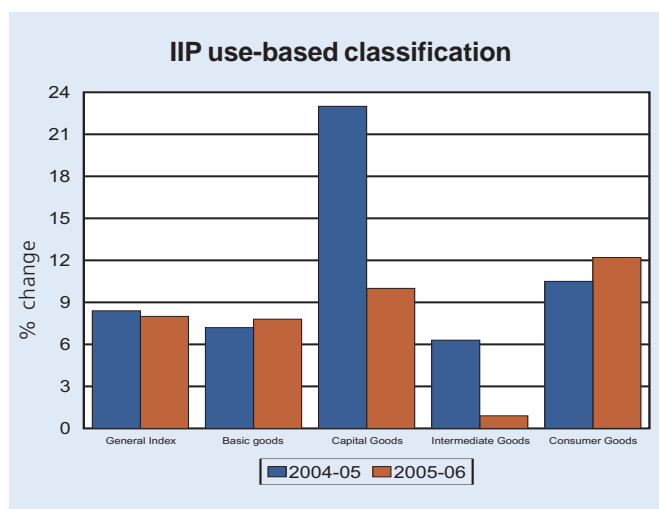
**Food products:** The growth in the production index for food products, which has a weight of 90.8 in the manufacturing group, expanded 2.03% to 170.7 in 2005-06 compared with a decline of 0.36% in 2004-05. This growth was on account of the strong growth in the last quarter of 2005-06.

The index for food products grew 9.8% in January 2006, 15.6% in February 2006 and 15.8% in March 2006. The growth was led by a surge in the production of sugar and tea owing to higher production of sugarcane and tea leaves. As the food products group carries a higher weight in the manufacturing index, the strong growth in this group raised the hopes of a higher growth in the manufacturing industry. However, The declining production of wheat flour/ maida due to inadequate availability and lower stocks of wheat had impacted the growth of production of food products.

The food products index consists of 21 items, of which 12 showed a downward trend and the remaining nine an upward trend in production in 2005-06. The highest rise in production was recorded by chocolate and sugar confectionary: 56%, followed by sunflower oil: 40.1% and sugar: 39.3%. Biscuits (IPP) and salt were the other two items in this group with two-digit growth of 13.6% and 11.5%, respectively.

**Basic metal and alloy industries group:** The basic metal and alloy industries index registered a rise of 15.71% to 226.9 in 2005-06 compared with a rise of 5.43% in 2004-05. The index has a weight of 74.53 in the manufacturing index. This group constitutes 32 items, of which 27 showed a northward trend and five a downward trend. The growth in production was due to the increasing production of carbon steel, aluminium ingots, structurals (light, medium and heavy) and pig iron. The highest rise in production was recorded by copper metal (cathode): 109.54%, followed by carbon steel: 69.01%, and HR sheet: 46.51%. The highest decline in production was shown by C.I. casting: 8.05%, followed by pig iron: 7.15%.

**Use-based classification:** As per use-based classification, production of capital goods registered the highest growth of 15.5% in 2005-06 as against a growth of 13.9% in the same



period in 2004-05. This was the fourth consecutive year for the capital goods industry to register a double-digit growth.

The growth in the production index of capital goods was particularly driven by the growth in the production of well/ off shore platforms, laboratory and scientific instruments, diesel engines, industrial machinery, ship building and repair and boilers.

Another remarkable feature of India's current economic growth was the robust increase in demand. This resulted in a double-digit growth in the production index of consumer goods. The production of consumer goods increased by 11.9% to 286.64 in 2005-06, which was nearly the same as 11.7% in 2004-05. In this group, consumer non-durables, with a higher weight of 232.99, recorded a growth of 11% compared with 10.8% in 2004-05. However, consumer durables registered a rise of 14.6% against a growth of 14.4% in the corresponding period of 2004-05.

Another industry to register accelerated growth was the basic goods industry. The production index of basic goods increased 6.6% in 2005-06, which was higher than 5.5% in 2004-05.

The only industry as per use-based classification to show a slowdown was intermediate goods. Its production increased 2.3% in 2005-06 compared with a rise of 6.1% in 2004-05. The intermediate goods sector witnessed a subdued performance largely on account of the negative growth of items such as yarn, finished leather, light diesel oil, LPG cylinders, tin metal containers, gelatine, spun pipes and TV picture tubes

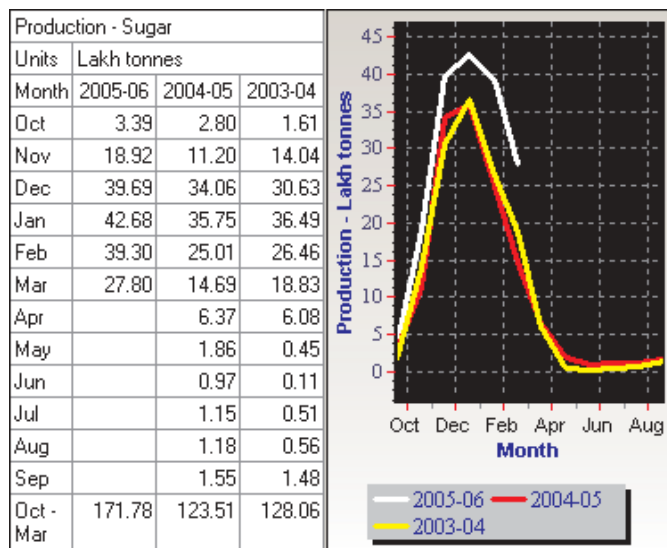
The Indian economy is expected to remain buoyant in 2006-2007 on account of sustained growth in the industrial and service sectors. The business confidence index is positive. The Reserve Bank of India (RBI) has estimated a growth in the range of 7.5-8% in 2006-07. However, there are certain factors that have to be closely watched. Rising metal prices, volatility in international crude oil prices, upward movement in interest rates, decelerated growth in infrastructure industries, depreciation of rupee, projection for below normal monsoon in 2006-07 have raised concerns about the growth in industrial activity.



## Sugar

Prices rule firm

### Production



Sugar production was 39% higher in the first six months of the current sugar year (SY) (October 2005 – September 2006). It can easily attain the estimated production of 191 lakh tonnes in SY 2006-07. But due to lower carryover stocks of sugar in the domestic market, prices ruled firm in the initial stages of the current sugar year. The likely exports of Indian sugar and the rising international sugar prices kept domestic sugar prices at higher levels.

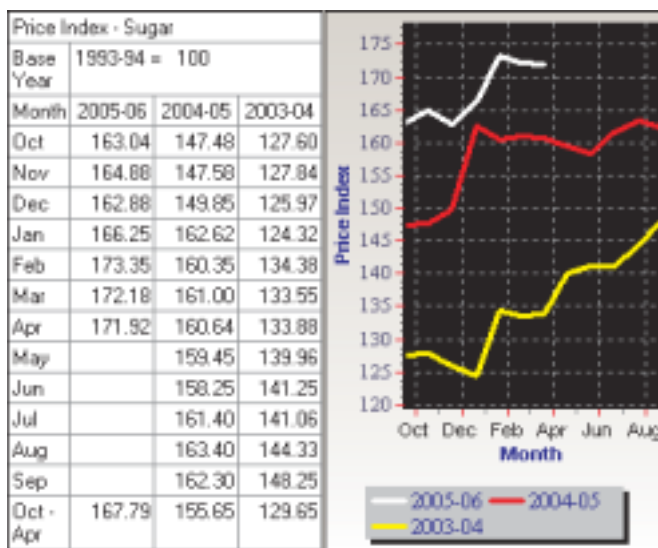
#### Production and dispatches

In the 2005-06 sugar season, production of sugar was estimated at 191 lakh tonnes. The Union government has revised upward its estimates for this year from the earlier estimates of 181.67 lakh tonnes. Uttar Pradesh was expected to be the highest producer among all the states with an output of 58.59 lakh tonnes. Maharashtra, with an estimated production at 51.92 lakh tonnes, could be the second largest state producing sugar, followed by Tamil Nadu at 19.32 lakh tonnes, and Karnataka at 19 lakh tonnes.

In the first six months of SY 2005-06, the output of sugar reached 171.78 lakh tonnes, registering a growth of 39.1%. The production was down 3.5% to 123.52 lakh tonnes in the corresponding period of SY 2004-05.

The Union government had released 46.51 lakh tonnes of sugar in free plus levy quota in the January-March 2006 quarter. It was higher than the proposed quota of 42.5 lakh tonnes. More sugar was released under free quota to ease the hardening prices in the domestic market. The government has decided

### Prices



to release 42 lakh tonnes of free sale sugar in April-June 2006. In the first two months (April and May 2006), 29 lakh tonnes of sugar was already released under free quota. It was 26.1% higher than the 23 lakh tonnes of free quota of sugar released in April and May 2005.

#### Prices

Despite higher production, prices of sugar continue to rise on advancing crude oil prices. The widespread belief is that higher energy prices will encourage demand for ethanol, an alternative fuel derived from sugarcane. The daily price of white sugar in the London market was US\$ 485 per tonne on 2 May 2006, rising to US\$ 499 a tonne on 12 May 2006.

Domestic prices, too, continued to rule firm in May 2006 despite releasing more quantity of sugar under free quota. The rising prices in the international market and the likely exports of Indian sugar supported the upward movement of sugar prices in the domestic market. The prices of medium-grade sugar were Rs 1990 per quintal on 1 May 2006, increasing to Rs 2011 per quintal on 11 May 2006. Prices softened marginally and ended the month at Rs 1975 per quintal. The average price level was Rs 1991 per quintal in May 2006, lower than the average price of Rs 1993 per quintal in April 2006.

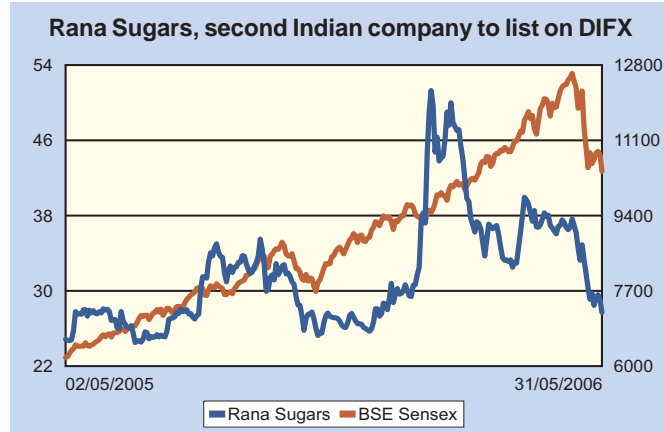
The Wholesale Price Index (WPI) of sugar rose 7.02% to 171.92 in April 2006 over the sharp rise of 19.99% in April 2005. WPI of sugar increased by 7.80% to 167.79 in SY till April 2006 compared with 20.05% in the corresponding period of 2004-05.

## Global scenario

The International Sugar Organisation has revised its estimates of world sugar production in 2005-06. It has projected a lower deficit situation in the international market. ISO forecast an increase of 0.22 million tonnes in sugar production to a record high at 149.19 million tonnes in 2005-06. Global consumption was estimated at 150.156 million tonnes, 1.93% up from the previous year. Global sugar deficit was expected to be 0.966 million tonnes, lower than the previous forecast of 2.225 million tonnes made in February 2006. The downward revision was on account of lower demand from China, where high prices of sugar resulted in increased use of sugar substitutes and starch sweeteners. World sugar stocks were estimated to fall to 59.725 million tonnes end September 2006.

The United State's Department of Agriculture (USDA) had estimated world sugar production to go up 4.6 million tonnes to 149.2 million tonnes (raw value) in SY 2006-07, from the revised estimates for 2005-06. The increase in the output was on account of rising production in Brazil, India, China and Thailand. Production in the European Union was estimated to decline due to compliance with WTO commitment in June 2006. As a result, its exports are also set to decline.

Exports at the global level were expected to be 47 million tonnes, down 1.8 million tonnes. Consumption was forecast



at 145.7 million tonnes — 1.9 million tonnes up from a year earlier. Ending stocks could be 30.9 million tonnes.

## Outlook

The domestic production of sugar is estimated to reach a record high of around 220 lakh tonnes in SY 2006-07. A normal monsoon in 2006-07 and an increase in the area coverage under sugarcane will result in higher output of sugarcane. Despite the growth in production, prices may rule firm as consumption is expected to rise.

## Market capitalisation of the sugar industry

COMPANY	LATEST MCAP AS ON 31 MAY 06 RS.CR	LATEST PRICE RS.	CHANGE IN MARKET CAPITALISATION (%) OVER			
			1 MONTH	3 MONTHS	6 MONTHS	12 MONTHS
Total	20233.96		-25.08	-3.31	70.21	201.84
Bajaj Hindustan	5911.93	418.10	-21.46	6.65	116.46	295.51
Balrampur Chini Mills	3338.29	134.50	-29.25	-12.83	62.73	152.88
EID Parry (India)	2528.45	283.30	-2.90	13.98	44.17	133.46
Shree Renuka Sugars *	2266.24	951.80	-34.97	-4.96	157.88	NA
Bannari Amman Sugars	1177.95	1234.75	-26.06	-6.70	40.69	155.78
Dhampur Sugar Mills	728.45	158.05	-32.28	-3.47	33.78	76.69
Sakthi Sugars	567.80	181.00	-28.03	4.66	98.36	164.24
Thiru Arooran Sugars	410.97	382.30	-36.37	4.18	154.87	247.54
Mawana Sugars	371.66	87.45	-28.06	-24.71	-11.89	29.65
Rajshree Sugars & Chemicals	330.59	145.70	-28.54	6.58	97.56	180.99
Oudh Sugar Mills	291.61	160.40	-41.42	-22.25	72.10	123.71
Ugar Sugar Works	273.60	30.40	-33.41	-35.11	57.92	1742.42
Dwarikesh Sugar Industries	250.13	160.75	-35.51	-33.01	7.62	47.95
Rana Sugars	206.14	27.70	12.20	17.62	56.31	48.72
Simbhaoli Sugar Mills	205.11	103.80	-31.55	-26.01	33.08	150.41
Upper Ganges Sugar & Industries	188.62	269.45	-38.21	-28.60	14.70	53.19
DCM Shriram Industries	163.10	106.60	-36.36	-36.55	-12.30	44.61
Dharani Sugars & Chemicals	114.76	45.20	-25.78	3.19	54.79	77.95
KM Sugar Mills **	101.38	55.10	-32.35	-7.63	-13.37	NA
Other	658.58		-16.71	0.87	41.09	82.89

\*\* The shares of the company were not traded before 11 Novemebr 2005



## Civil Aviation

Infrastructure development key growth driver

The Indian civil aviation industry is on the upswing with the growth in airport traffic. Modernisation of the metro as well as non-metro airports will contribute growth.

The airline industry has at the moment a strength of about 195 aircraft. As per the substantial orders placed by various airlines and the entry of new players, there will be an addition of about 300 aircraft. On the flip side, the aviation turbine fuel (ATF) prices are increasing in tandem with the rise in oil prices. The ATF prices rose by about 21% to Rs 40,750 kilo litre in May 2006 compared with May 2005. The casualties were the low-cost carriers.

All operational airports witnessed a 30.3% growth in aircraft movement (excluding defense and other non-commercial movement), and 38.8% in passenger traffic in March 2006. There was a rise of 13.2% in cargo handled by all airports.

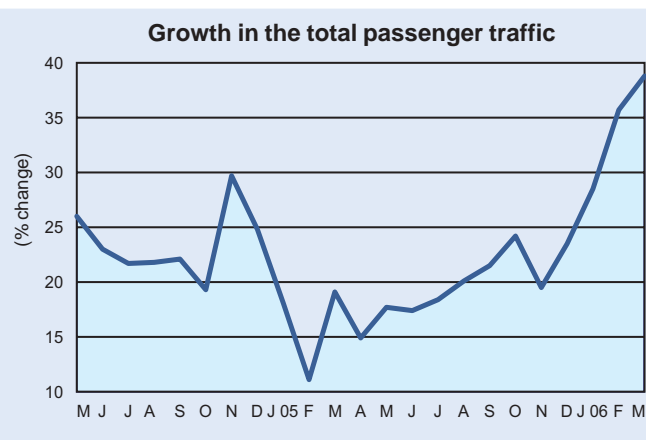
Passenger traffic increased 38.8% to 71.8 lakh in March 2006 compared with 19.1% in March 2005. This was the highest growth registered since October 2005, when passenger traffic expanded 24.2% in FY 2006. This growth in passenger traffic was due to the expansion in domestic passenger traffic. The domestic passenger traffic grew 51.4% to 51.6 lakh, whereas the international passenger traffic was up 14.4% to 20.2 lakh (the growth showed a marginal slow-down compared with March 2005, when it witnessed a rise of 15.4%).

The Port Blair airport recorded the highest growth of 273.6% in passenger traffic, followed by Nagpur 148.6%. The other airports recording major increases in passenger traffic were Pune (121.7%), Coimbatore (98.6%), Raipur (83%) and Mangalore (68.7%).

The higher increase in passenger traffic at these airports was because of the growth in most of the international airports. The introduction of low cost / no frills airlines also contributed to the higher growth in traffic.

International passenger traffic increased 14.4% in March 2006 compared with March 2005. The highest increase in international passenger traffic was recorded by the Guwahati, airport, which witnessed a rise of 90.3% in March 2006 compared with March 2005, followed by Coimbatore airport's 60%. The overall increase in traffic in March 2006 may be attributed to low international fares between India and different international destinations. Better international linkages of Indian traffic with world traffic also contributed to the higher growth in international passenger traffic.

Domestic passenger traffic grew 51.4% to 51.6 lakh passengers in March 2006 compared with a 21.2% growth in March 2005. The Port Blair airport recorded the highest



growth of 273.6% in passenger traffic, followed by Nagpur airport's 124.9%. The other airports recording major increases in passenger traffic were Ahmedabad (120.5%), Pune (108.6%) and Trichurapalli (101.3%).

Total aircraft movement (including domestic and international) was up 30.3% to 82.9 thousands in March 2006 compared with an 8.8% rise in March 2005. Domestic aircraft movement increased 35.2% in March 2006 compared with March 2005. The Raipur airport showed the highest increase of 128.1% in aircraft movement, followed by Pune airport's 111.9%. The other airports recording a strong growth in aircraft movements were Ahmedabad (91.8%), Trivandrum (89.2%), and Ranchi (83.7%).

However, domestic aircraft movement at some airports declined in March 2006. The Patna airport recorded the highest fall of 21.3% in the domestic aircraft movement.

International aircraft movement expanded 14.9% in March 2006 compared with 22.6% in March 2005. The Gaya airport witnessed the highest rise of 65.5% in aircraft movement. It was followed by Coimbatore airport's 36%.

Cargo traffic (international and domestic) rose 13.2% in March 2006. The Coimbatore airport recorded the highest growth in cargo traffic: 78%, followed by Trichurapalli: 65.8%. However, a few airports recorded a decline in cargo traffic. The highest fall was registered by the Jodhpur airport: 66.7%, followed by Lucknow: 49.5%.

International freight traffic registered an increase of 15.6% in March 2006 compared with March 2005. The Coimbatore airport recorded the highest rise of 96.7% in handling international cargo traffic, followed by Trichurapalli: 80%.

Domestic cargo traffic grew by 8.3% to 44.91 thousand tonnes in March 2006, from 41.46 thousand tonnes in March 2005.

In 2005-06, the total passenger traffic increased by 23.7% to 733.38 lakh compared with 592.84 lakh in the corresponding period of 2004-05. While the domestic air passenger traffic was up 27.9% to 509.76 lakh, international air passenger traffic rose 15.1% to 223.62 lakh.

The highest growth in international passenger traffic was recorded by Nagpur airport (941.3%), followed by Guwahati's 685.4% growth. The Amritsar airport registered the highest increase of 149.1% in domestic passenger traffic.

The total aircraft movement rose 16.8% to 838.31 lakh in 2005-06. The international aircraft movement increased 16.9%, and the domestic aircraft movement rose 16.8%. The highest growth of 958.3% in international aircraft movement was recorded by Nagpur airport, followed by Guwahati airport's 476%. The Amritsar airport recorded the highest growth of 238.7% in the domestic aircraft movement in 2005-06 compared with 2004-05.

### Other developments

The economy is growing at 8.1%. The service industry benefits the most from the increase in disposable income in the hands of consumers. The civil aviation industry will be the first in line to capture this growth.

The government is in the process of finalising the civil aviation policy, which will demolish all the roadblocks in the industry's growth, clear all doubts relating to mergers, transfer of assets as also foreign direct investment (FDI) in the industry.

The government has finally decided on allowing the Airport Authority of India (AAI) to bid for the modernisation of the Chennai and Kolkata airports as also the 35 non-metro airports. AAI's participation in the bidding process will also take care of the issue of an airport partner as AAI is the only airport operator in the country.

Air Deccan, the pioneer low-cost carrier in India, hit the primary capital market with a public offer of about Rs 400 crore to fund its plans to set up a hangar in Chennai as also an inhouse training center in Bangalore to overcome the shortage of airline staff.

Airbus is also planning to set up a maintenance repair and overhaul (MRO) facility in India to render better and on-time maintenance and repairs services.

However, in hindsight, the Union government is not taking any decisive steps on the request of the industry to treat ATF as declared goods, which will attract only 4% sales tax against the exorbitant 39% sales tax charged on ATF in some states.

### Airport Performance: All India

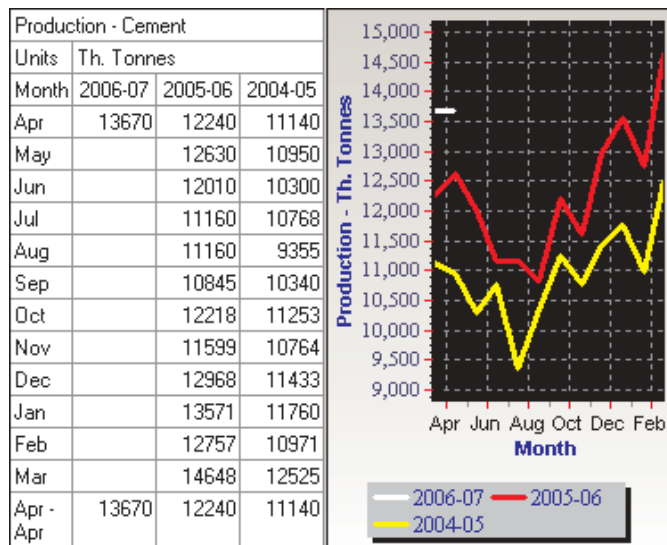
MONTH	DOMESTIC TRAFFIC				INTERNATIONAL TRAFFIC				TOTAL TRAFFIC			
	AIRCRAFT ('000)	% CHANGE	PASS (LAKH)	% CHANGE	AIRCRAFT ('000)	% CHANGE	PASS (LAKH)	% CHANGE	AIRCRAFT ('000)	% CHANGE	PASS (LAKH)	% CHANGE
Dec-04	48.5	8.2	39.5	27.1	15.6	28.3	19.1	20.4	64.1	12.5	58.6	24.8
Jan-05	48.1	7.8	36.8	20.3	16.0	23.9	19.4	14.1	64.1	11.4	56.2	18.1
Feb-05	43.6	-0.5	33.3	12.4	14.6	19.7	17.0	8.7	58.1	3.9	50.2	11.1
Mar-05	48.3	5.1	34.1	21.2	15.3	22.6	17.7	15.4	63.6	8.8	51.7	19.1
Apr-05	46.2	0.0	34.1	16.8	14.1	19.6	16.0	11.1	60.3	4.0	50.1	14.9
May-05	49.1	5.9	40.0	18.0	14.5	19.3	17.2	17.0	63.6	8.7	57.2	17.7
Jun-05	48.2	7.3	38.2	18.2	14.6	21.9	17.5	15.7	62.7	10.3	55.7	17.4
Jul-05	48.0	5.9	36.4	20.9	14.9	17.8	17.6	13.5	62.9	8.5	54.0	18.4
Aug-05	50.9	11.0	37.3	24.4	15.3	19.9	17.6	11.9	66.2	13.0	54.9	20.1
Sep-05	50.0	11.9	36.6	23.6	15.1	19.7	16.6	16.9	65.1	13.6	53.2	21.5
Oct-05	54.1	14.2	42.5	28.4	15.9	17.9	17.3	14.9	70.0	15.1	59.8	24.2
Nov-05	55.8	20.0	44.7	21.8	16.5	16.7	18.8	14.2	72.4	19.2	63.5	19.5
Dec-05	59.6	22.8	49.9	26.3	18.8	20.5	22.5	17.8	78.4	22.3	72.4	23.5
Jan-06	60.2	25.2	49.6	34.8	18.1	12.9	22.6	16.5	78.3	22.2	72.2	28.5
Feb-06	58.7	34.7	48.5	45.8	16.1	10.4	19.6	15.9	74.7	28.6	68.2	35.7
Mar-06	65.3	35.2	51.6	51.4	17.5	14.9	20.2	14.4	82.9	30.3	71.8	38.8
	APR-MAR	APR-MAR	APR-MAR	APR-MAR	APR-MAR	APR-MAR	APR-MAR	APR-MAR	APR-MAR	APR-MAR	APR-MAR	APR-MAR
2004-05	554.3	9.6	398.59	24.2	163.3	22.8	194.2	16.8	717.6	12.4	592.84	21.7
2005-06	647.4	16.8	509.76	27.9	190.88	16.9	223.62	15.1	838.31	16.8	733.38	23.7



# Cement

Sharp rise in prices

## Production



Production of cement registered a strong increase of 12.3% in 2005-2006 compared with 6.6% in the corresponding period of 2004-2005. The last quarter of 2005-2006 witnessed a continuous rise in production with the highest growth in March 2006 (15.60%). 2006-2007 also started with an impressive growth of 12.18% in production in April 2006 compared with 8.8% in April 2005.

This increase in production was on rising demand from the infrastructure and construction sectors and exports. The industry has worked on a high capacity utilisation rate of 97% in April 2006 as compared with 90% in April 2005, adding to the growth in production.

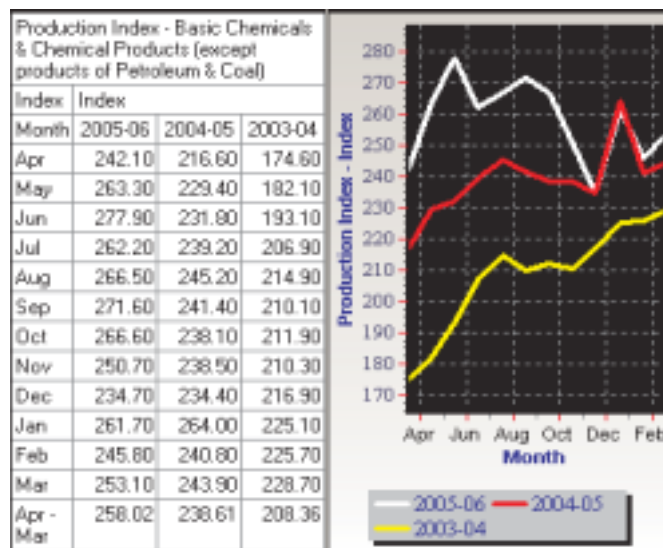
Consumption of cement grew by 13.35% to 12.44 million tonnes. The increased production was unable to meet the rising demand, resulting in an abnormal rise in prices. Prices suddenly accelerated in the last quarter of 2005-2006 on rising infrastructural activities and a ban on overloading of trucks, thereby pushing up freight cost. As a result, cement prices zoomed

### Clinker#

	APRIL		% CHANGE	
	2006	2005	2006-07	2005-06
Production	10.01	9.6	4.27	11.37
Export	0.22	0.39	-43.59	-20.41
Closing Stocks	4.75	4.39	8.20	-1.57

Figures are in million tonnes.# of large plant

## Prices



by 35.23% to Rs 238 per 50 kg bag in Mumbai in April 2006 compared with a fall of 0.56% in April 2005. Prices increased by Rs 55 per 50 kg bag in April 2006 compared with Rs 183 per 50 kg bag in January 2006.

## Production and dispatches

Production of cement of large plants rose 12.18% to 13.17 million tonnes in April 2006 compared with 11.74 million tonnes in April 2005. Dispatches of large plants expanded 10.18% to 12.99 million tonnes compared with 11.79 million tonnes in April 2005. Cement dispatches in south grew 21%, followed by western region's, growth of 18%.

## Consumption

Consumption of cement grew by 13.35% to 12.44 million tonnes in April 2006 compared with April 2005. The highest rise in

### Cement\*

	APRIL		% CHANGE	
	2006	2005	2006-07	2005-06
Production	13.17	11.74	12.18	10.34
Despatches	12.99	11.79	10.18	12.39
Export	0.54	0.48	12.50	20.00
Closing Stocks	0.97	0.99	-2.02	-11.61

Figures are in million tonnes.\* of large plant



consumption was recorded by the southern region, which grew by 26.9% to 3.52 million tonnes on strong demand from Andhra Pradesh, Tamil Nadu and Karnataka. It was followed by the northern region, which witnessed a rise of 15.38% in consumption. The eastern region recorded a fall of 4.27% in April 2006 compared with April 2005.

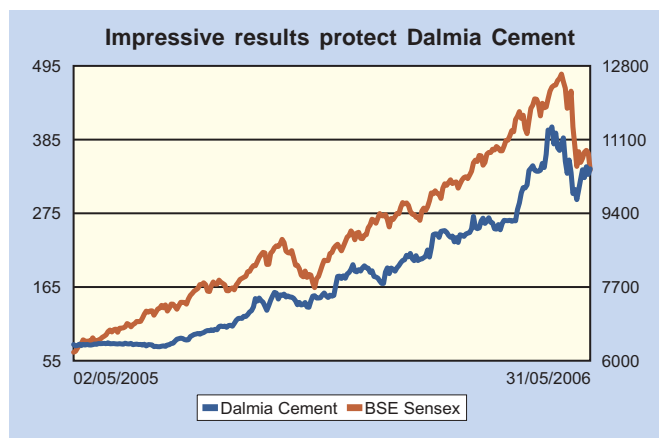
## Exports

Exports of cement rose by 12.5% in April 2006 to 0.54 million tonnes compared with 20% in April 2005. Clinker exports declined by 43.59% to 0.22 million tonnes in April 2006 compared with a fall of 20.4% in April 2005.

There has been a defocus on exports of clinker and an increased thrust on exports of cement, resulting in a rise in cement exports and a fall in clinker exports. With increase in oil prices and the ongoing infrastructure development in the Gulf region, demand for exports is expected to remain strong.

## WPI

Increased infrastructure activities and the ban on overloading of trucks have resulted in an increase in freight cost and cement prices. Cement prices saw a spurt across regions in the April 2006 quarter. The Wholesale Price Index (WPI) of cement was up 17.34% to 192.84 in April 2006 compared with a rise 7.31% of in April 2005. Cement companies have agreed to a 5% reduction in cement price for government projects after the Central government intervened. Even after that, cement prices are still ruling high compared with the previous year,



given the favourable demand-supply equation.

## Other Developments

Gujarat Ambuja Cements plans to amalgamate Ambuja Cement Eastern with itself, offering four equity shares of GACL of Rs 2 each for every five equity shares of ACEL of face value of Rs 10 each. This will result in Swiss major Holcim's stake in GACL increasing to almost 24%, from 14.8%. Based on the proposed terms of merger of Ambuja Cement Eastern (ACEL), GACL will issue about 15.4 crore-equity shares of Rs 2 each to ACEL shareholders. The merger will extend Gujarat Ambuja's reach in the country's eastern region of West Bengal and Chhattisgarh. This will result in GACL's cement capacity increasing to 16 million tonnes.

## Market capitalisation of the cement industry

COMPANY	LATEST MCAP AS ON 31 MAY 06 RSCR	LATEST PRICE RS	CHANGE IN MARKET CAPITALISATION (%) OVER			
			1 MONTH	3 MONTHS	6 MONTHS	12 MONTHS
Total	54410.09		-25.28	10.98	35.85	92.07
Ambuja Cement Eastern Ltd	1378.9	71.7	-23.78	20.22	18.5	3.01
Associated Cement Companies Ltd	14245.27	762.4	-24.74	13.83	43.61	110.22
Birla Corporation Ltd	1884.43	244.7	-38.73	-14.17	2.36	32.45
Chettinad Cement Corporation Ltd	1224.55	415.1	-36.37	38.09	96.64	215.78
Dalmia Cement (Bharat) Ltd	1580.91	341.5	-14.5	62.69	116.56	415.29
Gujarat Ambuja Cements Ltd	12616.28	92.9	-25.05	1.9	11.49	55.27
Gujarat Sidhee Cement Ltd	244.2	17.2	-21.69	15.88	29.63	46.94
India Cements Ltd	3323.64	160.9	-26.75	17.08	72.83	206.52
JK Lakshmi Cement Ltd*	585.68	117.7	NA	9.5	49.35	81.79
Madras Cements Ltd	2906.69	2406.2	-24.07	16.42	53.13	145.53
OCL India Ltd	582.55	152.5	-24.73	1.67	-7.99	71.41
Prism Cement Ltd	933.52	31.3	-31.06	23.72	42.92	60.92
Shree Cement Ltd	2908.97	835	-26.37	9.33	59.68	139.86
UltraTech Cement Ltd	7531.8	605.5	-29.57	5.27	35.04	87.85
Other	2462.7		-16.59	44.32	79.67	129.7

\* The shares of the company were not traded from 10 April 2006 to 9 May 2006



## Annual

Sailing on growth wave

	UNITS	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07 ADJUSTED EST.
<b>Population &amp; National Income</b>											
Population as on October 1	mln. nos.	964	983	1001	1019	1037	1055	1073	1090	1107	
GNP at factor cost (Constant Prices)*	Rs. bln.	10059	10708	11372	18478	19574	20338	22082	23767	25668	
GDP at factor cost ( Current Prices)*	Rs. bln.	13901	15981	17618	19302	20974	22556	25434	28439	32094	
GDP at Market Price ( Current Prices)*	Rs. bln.	15225	17410	19368	21077	22813	24497	27602	31214	35292	
GDP at Factor cost*	% change	4.8	6.5	6.1	4.4	5.8	3.8	8.5	7.5	8.4	
Per capita NNP at Factor cost*	Rs.	9007	17559	19195	20336	21891	23226				
Per capita NNP at Factor cost*	% change	2.1	4.4	4.4	2.1	4.2	2.2	7.2	6.1	5.9	
GDP at Market Prices*	Per capita	11569	12025	12650	12064	13343	13655	14582			
GDP at Market Prices*	% change	2.5	3.9	5.2	-4.6	10.6	2.3	6.8			
<b>Savings, Capital Formation &amp; Consumption (current prices)</b>											
Gross Domestic Saving	% of GDP	23.1	21.5	24.2	23.5	23.4	26.1	28.1			
Gross domestic Capital Formation	% of GDP	24.6	22.6	25.3	23.8	22.6	24.8	26.3			
Private Capital Formation	% of GDP	16.0	14.9	16.9	16.5	16.0	17.4	17.1			
Public sector capital Formation	% of GDP	6.7	6.6	7.0	6.3	6.2	5.4	5.5			
Consumption Expenditure	% of GDP	75.8	78.4	79.2	78.4	78.1	76.6	73.9			
Private final cons.exp	% of GDP	64.5	66.0	66.2	65.6	65.5	64.7	62.8			
Govt.final exp	% of GDP	11.3	12.4	13.1	12.8	12.5	11.9	11.1			
<b>Industry</b>											
Agriculture	% change	-2.4	6.2	0.3	-0.1	6.3	-7.0	9.6	1.1		
Industry ( incl. Construction)	% change	4.3	3.7	4.8	6.5	3.6	6.6	6.6	7.8		
Service	% change	9.8	8.4	10.1	5.5	6.8	7.9	9.1	8.9		
<b>Industry</b>											
Index of Industrial Production	% Change	6.7	4.1	6.7	5.0	2.7	5.7	7.0	8.2		
Mining & Quarrying	% Change	6.9	-0.8	1.0	2.8	1.2	5.8	5.2	4.4		
Electricity	% Change	6.6	6.5	7.3	4.0	3.1	3.2	5.1	5.2		
Manufacturing	% Change	6.7	4.4	7.1	5.3	2.9	6.0	7.4	9.0		
Fertiliser	% Change	18.7	2.1	1.9	3.4	-1.1	-1.1	-1.7	7.9		
Finished Steel	% Change	2.9	1.9	12.1	11.2	3.1	9.9	10.3	2.6		
Cement	% Change	7.7	7.2	14.1	-0.9	7.44	8.79	6.1	6.6		
Automobiles	% Change	-11.0	-8.5	28.4	-4.9	-2.4	22.2	37.3	16.8		
<b>Basic goods</b>											
Basic goods	% Change	6.9	1.6	5.5	3.7	2.6	4.9	5.4	5.5		

\* The base year for estimates till 1999-2000 was 1993-94. The base year shifted to 1999-2000 for 2000-2001 onwards

	UNITS	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06 ADVANCED EST.	2006-07
Capital goods	% Change	5.8	12.6	6.9	1.8	-3.4	10.5	13.6	13.3		
Intermediate goods	% Change	8.0	6.1	8.8	4.7	1.5	3.9	6.4	5.9		
Consumer goods	% Change	5.5	2.2	5.7	8.0	6.0	7.1	7.1	11.5		
Consumer durables	% Change	7.8	5.6	14.1	14.5	11.5	-6.3	11.6	14.3		
Consumer non-durables	% Change	4.8	1.2	3.2	5.8	4.1	12.0	5.8	10.6		
<b>Transport</b>											
Railways freight traffic	min.tns.	429.4	420.9	456.4	473.3	492.5	518.7	557.4	601.9		
Cargo handled at major ports	min.tns.	251.7	251.7	271.9	281.1	287.6	313.5	344.8	383.8		
<b>Energy</b>											
Coal production (excl. Lignite)	mIn.tns.	295.9	292.3	300.0	309.6	327.8	341.2	361.1	375		
Power capacity	Tho. MW	89.1	93.3	97.9	101.6	105.0	107.9	112.7			
Electricity generation (pub Ut.)	bln.KwH	421.7	448.5	480.7	499.5	517.4	531.6	558.3	587.4		
Thermal & nuclear	bln.KwH	347.1	365.6	400.1	425.0	443.9	467.7	484.5	502.9		
Hydel	bln.KwH	74.6	82.9	80.6	74.5	73.5	63.8	73.8	84.5		
Crude oil production	mIn.tns.	33.9	32.7	31.9	32.4	32.0	33.0	33.4	34		
Crude oil imports	mIn.tns.	34.5	39.8	57.8	74.1	78.7	82.0	90.8			
Petroleum products imports	mIn.tns.	24.0	23.8	16.6	9.3	7.0	6.7	7.6			
Natural gas gross production	bln cu. Mtrs	26.4	27.4	28.4	29.5	29.8	31.4				
Natural gas net production	bln cu. Mtrs	24.5	25.7	26.9	27.9	28.0	30.0				
<b>Agriculture</b>											
<b>Production</b>											
Foodgrains	mIn. Tns	192.3	203.6	209.8	196.8	212.85	174.3	213.5	210.4		
Rice	mIn. Tns	82.5	86.1	89.7	85.0	93.3	71.8	88.2	87.1		
Wheat	mIn. Tns	66.4	71.3	76.4	69.7	72.8	65.8	72.1	74.1		
Cereals	mIn. Tns	30.4	31.3	30.3	31.1	33.4	26.1	38.1	34.3		
Pulses	mIn. Tns	13.0	14.9	13.4	11.1	13.4	11.1	14.9	15.0		
Kharif foodgrains	mIn. Tns	101.6	102.9	105.5	102.1	112.1	87.2	116.9	104.1		
Rabi foodgrains	mIn. Tns	90.7	100.7	104.3	94.7	100.1	87.6	96.6	106.4		
Oilseeds (incl. All 9 oilseeds)	mIn. Tns	21.3	24.8	20.7	18.4	20.7	14.8	25.3	25.1		
Sugarcane (Cane)	mIn. Tns	279.5	288.7	299.3	296.0	297.2	287.4	237.3	234.7		
<b>Yield</b>											
Foodgrains	Kg/hectare	1552	1627	1704	1626	1739	1614				
Kharif foodgrains	Kg/hectare	1370	1391	1441	1357	1507	1309				
Rabi foodgrains	Kg/hectare	1825	1967	2091	2067	2079	1944				
Per capita availability of foodgrains	kg/ pa	163.2	170	165.9	151.9	179.3					

	UNITS	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06 REVISED EST.	2006-07 BUDGET EST.
VOP Agriculture	Rs.blm	3195.9	3703.7	3847.7	3787.1	4122.7	3978.7	4705.9			
VOP Livestock	Rs.blm	1072.1	1183.7	1299.5	1399.8	1497.5	1591.7	1645.1			
VOP Fishing	Rs.blm	200.3	212.4	232.5	264.6	289.4	316.9	316.7			
VOP Forestry	Rs.blm	180.5	198.2	217.3	249.1	251.3	271.1	296.9			
<b>Employment (Organised Sector)</b>											
Public Sector	mln.nos.	19.4	19.4	19.3	19.1	18.8	18.58				
Private Sector	mln.nos.	8.7	8.7	8.6	8.7	8.4	8.42				
Total	mln.nos.	28.2	28.1	28.0	27.8	27.2	27.00				
<b>Public Finance ( Centre,State &amp; UTs)</b>											
Government Receipts	Rs.blm	4930	5055	5887	6166	6154	7619	8568			
Government Expenditure	Rs.blm	4228	5043	5723	6157	6809	7707	8496			
Plan outlay	Rs.blm	1298	1516	1606	1857	1863	2337	2560			
<b>Finances of Central Govt.</b>											
Revenue Receipts	Rs.crore	133886	149485	181482	192605	201306	230834	263878	306013	348474	403465
Gross Tax Revenue	Rs.crore	139221	143797	171752	188603	187060	216266	254348	304950	370141	442153
Direct Tax	Rs.crore	48274	46600	57958	68306	69197	83085	105082	131878	177077	
	% of GDP	3.2	2.7	3.0	3.3	3.0	3.4	3.8	4.2		
Indirect Tax	Rs. Crore	90947	97197	113794	120297	117863	133181	149266	173102	192948	
	% of GDP	6.0	5.6	5.9	5.8	5.2	5.4	5.4	5.6		
Expenditure	Rs.crore	232053	279340	298053	325592	362310	413248	471203	497682	508705	563991
	% of GDP	15.2	16.0	15.4	15.5	15.9	16.8	17.1	16.0		
Plan expenditure	Rs.crore	59077	66818	76182	82669	101194	111470	122280	132276	143791	172728
	% of Total Expenditure	25.5	23.9	25.6	25.4	27.9	26.9	25.6	26.6	28.3	30.6
Non-plan expenditure	Rs.crore	172976	212522	221871	242923	261116	301778	348923	365406	364914	391263
	% of Total Expenditure	74.5	76.1	74.4	74.6	72.1	73.1	74.0	73.4	71.7	69.4
Subsidies	Rs.crore	18540	23593	24487	26838	31210	43533	44323	43653	46874	46213
	% of Total Expenditure	8.0	8.4	8.2	8.2	8.6	10.5	9.4	8.8	9.2	8.2
Defence	Rs.crore	35278	39897	47071	49622	54266	55662	60066	75856	81700	89000
	% of Total Expenditure	15.2	14.3	15.8	15.2	15.0	13.4	12.7	15.2	16.1	15.8
Interest	Rs.crore	65637	77882	90249	99314	107460	117804	124088	126934	130032	139823
	% of Total Expenditure	28.3	27.9	30.3	30.5	29.7	28.4	26.3	25.5	25.6	24.8
<b>Budget Deficit</b>											
Revenue Deficit	Rs. crore	46449	66976	67596	85234	100162	107880	98261	78338	91821	84727
	Revenue Deficit as % of GDP	3.1	3.8	3.5	4.1	4.4	4.4	3.6	2.5	2.6	2.1

	UNITS	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06 REVISED EST.	2006-07 BUDGET EST.
Primary Deficit	Rs. Crore	23300	35466	14468	19502	33495	27268	-815	-1732	16143	8863
Primary Deficit as % of GDP		1.5	0.7	0.7	0.9	1.5	1.1	0.0	-0.1	0.5	0.2
Gross Fiscal Deficit	Rs. Crore	88937	113348	104717	118816	140955	145072	123723	125202	146175	148686
GFD as% of GDP		5.8	5.1	5.3	5.6	6.2	5.9	4.5	4.0	4.1	3.8
<b>Money, Banking &amp; Interest Rates</b>											
Money supply (M3)	Rs. Crore	821332	980960	1124174	1313220	1498355	1717960	2003102	2269156		
% change		18.0	19.4	14.6	16.8	14.1	14.7	16.6	13.3		
Non-food credit	Rs. Crore	311594	352021	410267	471443	535745	679736	804824	1050970		
% change		15.1	13.0	16.5	14.9	13.6	26.9	18.4	30.6		
Bank Rate (March-end)	Percent	10.5	8	8	7	6.5	6.25	6	6		
Interest on Deposits (maximum)	Percent	12	11.5	10.5	10	8.5	6.25				
Prime Lending Rate (maximum)	Percent	14	13	12.5	12	12	11.5				
<b>Wholesale Price Index</b>											
All commodities		132.8	140.7	145.3	155.7	161.3	166.8	175.9	187.2		
% change		4.4	5.9	3.3	7.2	3.6	3.4	5.5	6.4		
Agricultural products		140.3	157.2	159.1	163.6	169.5	175.3	182.8			
% change		2.9	12.0	1.2	2.8	3.6	3.4	4.3			
Fuel, Power & Lubricant		143.8	148.4	161.8	207.9	226.8	239.4	254.5	280.0		
% change		13.8	3.2	9.0	28.5	9.1	5.5	6.4	10.0		
Manufactured product		128.0	133.6	137.2	141.7	144.3	148.1	156.5	166.2		
% change		2.9	4.4	2.7	3.3	1.8	2.6	5.7	6.2		
<b>Consumer Price Index</b>											
IW-General Index		366	414	428	444	463	482.0	500.0	520.0		
% change		7.0	13.1	3.4	3.7	4.3	4.1	3.9	3.8		
AI-General Index		264.0	293.0	306.0	305.0	309.0	319.0	331.0	340.0		
% change		3.1	11.0	4.4	-0.3	1.3	3.2	3.9	2.6		
UNME-General Index		302.0	337.0	352.0	371.0	390.0	405.0	420.0	436.0		
% change		6.7	11.6	4.5	5.4	5.1	3.8	3.7	3.6		
<b>External Transaction</b>											
Exports	\$ mln.	35006	33218	36822	44560	43827	52719	53774	64723	80831	
% change		4.6	-5.1	10.8	21.0	-1.6	20.3	2.00	20.36	24.89	
Imports	\$ mln.	41484	42389	49671	50536	51413	61412	64464	80177	118961	
% change		6.0	2.2	17.2	1.7	1.7	19.4	4.97	24.37	48.37	
Trade balance: DGCI&S	\$ mln.	-6478	-9171	-12849	-5976	-7586	-8693	-10690	-15454	-38130	

	UNITS	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05 REVISED	2006-07 PROVIS.
Gross invisible earnings	\$ mln.	21405	23244	25770	30312	32267	36737	41925	52982	77500
Net invisibles	\$ mln.	10196	10007	9208	13143	9794	14974	17035	26015	31699
Current account balance	\$ mln.	-4619	-5500	-4038	-4698	-2666	3400	6345	10561	-6431
Exports	% of GDP	8.7	8.5	8.3	8.4	9.9	9.4	10.4	10.6	11.5
Imports	% of GDP	10.2	10.1	11.5	12.4	12.7	11.8	12.1	13.0	13.5
Current account balance	% of GDP	-1.2	-1.4	-1.0	-1.0	-0.5	0.7	1.2	1.8	
Tourist arrivals	mln. Nos.	2.33	2.37	2.4	2.52	2.67	2.43	2.45	2.879	
External Commercial Borrowings (Net)	\$mln.	2848	3999	4362	313	3732	-1579	-1692	-1526	5947
NRI Deposits (net)	\$mln.	3350	1125	960	1540	2317	2754	2978	3642	-1067
FDI to India (net)	\$mln.	2841	3562	2480	2167	4031	6125	5036	4674	5526
Portfolio Investments	\$mln.	3312	1828	-68	3024	2760	2020	979	11377	8907
Debt Servicing	\$mln.	12657	11404	11204	11543	12821	10862	15094		
Repayments	\$mln.	8229	6901	6723	7059	8359	6776	11530		
Interest payment	\$mln.	4428	4503	4481	4484	4462	4087	3564		
Outstanding external debt	\$mln.	93470	93531	96886	98263	101132	98757	104958	111715	123310
Debt Service ratio	per cent	24.3	21.2	19.0	17.8	16.2	17.2	16.4	16.3	6.2
Foreign exchange reserves (excl. gold & SDRs)	\$mln.	22367	25975	29522	35058	39554	51049	71890	107448	135571
Rupee exchange rate	Rs/dollar	35.50	37.17	42.07	43.33	45.68	47.69	48.39	45.95	44.59