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Department of Economics & Statistics
Government of Kerala

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FROM EDITORS DESK



Planning and Development, Implementation and Evaluation are major components of a circular system for which statistics takes a lead roll. Updation through continuous efforts is the only possibility to collect error free data. In this context, spade work have been started to launch next round of ongoing surveys such as EAKAS, National Sample Survey, Wage Structure Survey, Annual Survey of Industries etc. etc.

Environment, an emerging subject, is to be handled with much importance, in the present scenario. Environmental accounting has gained its strength globally and as a part of it officers from this department attended a national workshop at Kolkatta.

Editorial Board

A. Meera Sahib (Chief Editor)

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C.C. Cherian Kunju (Editor in Charge)

On the basis of the report of National Statistics Commission, a workshop held at New Delhi was attended by the Director. Another National Workshop "On the improvements of Agricultural Statistics" was also held at New Delhi in which state was represented.

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The ideas expressed in "views"
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A.Meera Sahib,
Director & Chief Editor

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EXPLORING GAPS IN STATISTICS – A PARTIAL AGENDA FOR ACTION

TARLOK SINGH

This paper has been prepared under the stimulus of a recent collection of papers brought and edited by the eminent statistician and economist, Professor B. S. MINHAS, under the title NATIONAL INCOME ACCOUNTS AND DATA SYSTEMS, with the REPORT OF THE NATIONAL STATISTICAL COMMISSION serving as a backdrop.

I

The collection of papers edited by Minhas came about as a result of the Commemorative International Conference jointly arranged in Delhi in November, 1998, by the International Association for Research in Income and Wealth, the Indian Association of Research in Income and Wealth and the Central Statistical Organisation. Participants included Indian scholars as well as several from abroad. The agenda of the Conference was set in broad terms -to review the development indices of the Indian economy since Independence. Writers were left to choose their own themes. It was left to the editor provide a semblance of unity.

The themes covered include a study by the late Professor P. N. Visaria under the title *Labour and Employment in India, 1961 -1994*, a critical examination of certain weakness observed in the existing *Agricultural and Industrial Statistics*, a Statistical exercise on *Counting the poor*, a study of *inflation in India* over a period of some 50 years, and a review of studies on *Productivity Growth in Indian Industry*. The volume also includes an account of recent work in the United States on developing the poverty line, and a case study for Canada of the practical application of the International System of National Accounts, 1993. A paper on the East Asian Crisis provides interesting insights, but falls outside the scope of the subject of the book. A paper by the editor and another by a specialist from the World Bank focus on the critical importance of developing statistical information for decentralised development at the local level.

II

Papers included in the volume could be considered from three different angles, *First*, where they draw attention to important divergences and inadequacies in statistics which call for further work. *Second*, whether they answer from the statistical angle question which are vital for public policy, and specially for economic policy. *Third*, whether they call

for new and serious for building up operational data systems essential to future planning and developing.

Three considerations need to be stressed. While it is for skilled statisticians to provide the data and evolve the underlying concepts, the data needed are largely determined by votaries of other disciplines such as planners, administrators, policy-makers, and those concerned with technical development in different fields. In other words, at each step, interdisciplinary cooperation is essential. Secondly, in building up data systems, the requirements of formulation, presentation, and monitoring and evaluation have to be met at the same time and at each level of the functioning economy. Thirdly, in all fields of statistical presentation, there are imperfections and inadequacies which will take time to remove or diminish. It is important that users of statistics, whether planners, policy-makers, media, or public representatives, should remain constantly aware of weaknesses inherent in the statistics in use. Statistics have the power both to inform and guide and, in the manner they are employed, to confuse and mislead.

The existing statistical systems in different areas have developed over long periods in response to problems as perceived at an earlier stage. While improving the quality of existing data, there is a growing number of new needs and challenges to be met. These will call for new categories of data for which the available building blocks may be inadequate in concept and content. The efforts called for will be multidisciplinary in nature. The data presently available must be continuously reviewed from the angle of the future in terms of concepts, mode of collection, and use for policy and action and for public information. The National Statistical Commission proposed in the Rangarajan Report should be closely concerned to evolve a continuously developing perspective plan not only for strengthening existing data systems, but also for creating and laying the foundations for data systems designed to meet the requirements of the future through periods of rapid structural and institutional change.

While, in the nature of things, we become more and more aware of existing weaknesses, both administrative and technical, in the area of statistics, it is important to take a fair measure of the progress which has in fact been made both at the Centres and in the States. The role of Professor P. C. Mahalanobis and the Indian Statistical Institute, with all the support given to them has been fundamental in the formative period. The state of statistical information available in 1941, strengthened to an extent by 1951, bears no

National Income

comparison to the statistical capacities now available both at the Centres and in the States, reaching further down to districts, in addition to statistical information developed by public agencies in major areas of development. It is not an accident that India has come to be such an impressive pool of statistical skill and innovation. Given the requisite leadership and resources, the potential goes much beyond present reckoning. It is in this context that the proposal to set up a National Commission on Statistics as an apex body merits early consideration. Such a body could come into being by a Resolution of the Government of India as did the Planning Commission itself in March 1950.

III

Comments on individual contributions in the volume edited by Minhas have to be necessarily brief and suggestive.

Pravin Visaria's contribution on Workforce and Employment in India 1961-94, based as it is on a lifetime of dedicated work on population, employment and manpower, makes a proposal which needs further consideration. He has observed that census-based estimates relating to the growth and composition of the work force have involved under estimation, particularly in respect of rural females. On other hand, NSS estimates made every five years have shown greater stability. Perhaps concepts and procedures employed in decennial censuses require further scrutiny. The census alone can provide data individually for all territorial entities. This is indispensable for many policy and planning objectives. The NSS can supplement and perhaps partially correct national and state data but can scarcely be expected to replace the census. This of course has not been suggested by Visaria, but the points he has made merit serious examination.

The contribution of *Counting the Poor* by Dubey and Gangopadhyaya has involved a prodigious amount of labour, but the tables constructed do not seem to suggest any working propositions relevant for policy and action. As a matter of general approach, data help best when they are presented as a means of answering specific question which bear on action.

Information provided by Garnier and short in Chapter 4 on the studies and methodologies being followed in the U.S. are of much interest by way of background for work in India. It is known that in the U.S. the problem of poverty - once described as the war on poverty - has been put on the backburner for several years. Interest has now revived, as witnessed by some recent publications from the U.S.² The point to emphasise is that poverty in U.S. is in nature and

structure different from poverty in India, specially in rural areas. Moreover, collection of data on poverty in the US is intended to serve as a basis of policy and legislation by the President and the Congress. Data have a practical social purpose. It would seem that in India thanks to the valuable data gathered by the NSS, the numerology of poverty has come to receive greater attention from planners and policy-makers than the sociology, economic and politics of action needed to diminish the range and depth of poverty. Much of the administrative efforts presently built around assisting those below the poverty line calls for fresh approaches.

The contribution by Barman and Nag on *Inflation in India. A multidimensional view through various Price Indices* has little to say about the nature, causes and impact of inflation on different sections of the population and consequently on further development. Inflation is not continuous, unbroken phenomenon which can be studied for several decades together. Each period of inflation has its distinct character, causation and consequences. The study of inflation calls for combined work by economists and statisticians. Attention has also to be given to different measures of inflation, the factors entering into each of the series currently under preparation. The trends, and implications have to be studied critically. Currently, public statements on the very low level of inflation now prevailing seem to be somewhat simplistic in nature, and the underlying factors are not examined with the attention they deserve.

The contribution by Golkar and Mitra on *Total Productivity Growth in Indian Industry* is essentially a review of studies which have been undertaken over several years. It seems difficult in one sweep to speak of Indian industry as a whole. Each segment of industry, both organised and unorganised calls for separate study. The various factors involved have to be isolated and studied by themselves and in relation to one another. Studies undertaken by the National Productivity Council and Management Institutes, focusing on specifics, would provide more relevant guidance for policies calculated to enhance the productivity of Indian industry in relation to the use of domestic capital, foreign, and labour inputs.

IV

In some ways, the issues raised by Minhas in Chapter 9 on *Decentralised Database for Local Government*, supplemented to an extent by Michael Ward's paper in Chapter 10 on *Decentralisation and Development. Defining the Data Requirements* have a political immediacy of their own. The stage at the policy level for rural areas has already been set by Part

IX A of the Constitution read with Schedule XI which lists the areas of responsibility assigned to Panchayats. In the manner in which effect has been given so far to this part of the Constitution as it now stands, there is room for much criticism. However, from the angle of statistical information, an effective beginning has still to be made. For local planning at each level we need what might be described as "horizontal" data continuously updated and used for planning, programming, and monitoring performance. Within the existing system, in each field, data are presented so as to serve the purpose of vertical aggregation from the village to block, the district, the state and eventually for the country as a whole. Presented thus, such statistical data are not of much use operationally for planning at levels closer to the community.

The task in building up of data base for decentralised development in every part of the country, with variations demanded by local conditions, is of enormous importance and urgency. Minhas has specially stressed that

"the problem of decentralizing the data system is evolutionary in nature with a strong institutional content. It might turn out to be costly mistake if its solution is sought mainly through investments in modern information technology (IT) at the local community levels. We suggest a path that should preserve the continuity of the existing data flows while the system evolves in harmony and friendship with modern information technology. The old and the new arrangements for collection and processing of data at the local level should be fused together to support and strengthen the process of democratic decentralization and local planning"

A few carefully prepared Type studies under realistic conditions could be helpful in preparing *Preliminary Guidelines* for building up data for local development and planning. These Guidelines could then be discussed and tested more widely, and further refined.

V

This paper has been given the subtitle '*A Partial Agenda for Action*'. This has been done to draw attention to two areas of statistical development which have considerable importance for India's economic progress.

Though the NSS have done much to obtain data on unemployment in categories defined originally by the Dantwala Committee, we really know too little about the *structure of employment and unemployment*. Data concerning skill and education profiles, earnings, periods of unemployment and underemployment for different categories of workers (male and female) in different branches of the national economy and in terms of regions and areas are exceedingly important action. Such data are essential to a comprehensive and effective policy for enlarging employment and raising productivity.³

The second area which calls for critical study is the actual application in India of the International System of National Accounts, 1993 and the practical and policy uses to which the information collected and published from year to year are being actually put. As the paper on Canada shows, even in that advanced country several adaptations have to be made. In India, several components of national accounts tables have a weak information base. These elements need to be identified closely and steps continuously taken to make the National Accounts more dependable for policy and planning. In fact, there are several areas in which adaptation and innovation are called for⁴

1. B.S. Minhas ed. *National Income Accounts and Data Systems* (Oxford University Press, 2002).
Report of the National Statistics Commission Vols. I and II, August 2001 (Chairman C. Rangarajan), Ministry of Statistics and Programme Implementation
2. *Contribution by Robert Horseman on Poverty and the Distribution of Well-being since the 1960's in George L. Perry and James Tobin in Economic Events, Ideas and Policies* (1998).
Daniel W. Weingberg: It takes a Nation. A New Agenda for fighting Poverty (1997).
Dale W. Jorgensen, Did we lose the war on Poverty? *Journal of Economic Perspectives*, 1998).
3. *Attention may be invited to an early paper published in the Indian Journal of Economics, Vol 22, No. 4, April-June 1976, pp 319-363. Tarlok Singh, Employment and Planning - Assessment and strategies in India.*
4. *All too frequently percentages of GDP are cited in public statements in several varied contexts. These in fact throw little light on the actual quantities and dimensions involved. Inter-country are also frequently made and used in doubtful ways*

Airport Performance

AIRPORT PERFORMANCE : APRIL- MARCH 2001-02

	Passenger traffic (*000)	Passenger traffic (% chg)	Share of dom. (%)	Share of int. (%)
Bombay	11471.4	-5.8	56.9	43.1
Delhi	8499.2	-4.9	56.3	43.7
Madras	3784.2	-6.9	54.0	46.0
Calcutta	2561.3	-4.7	76.9	23.1
Bangalore	2267.8	-7.2	91.1	8.9
Hyderabad	1677.2	4.2	80.2	19.8
Trivandrum	958.6	-5.1	23.3	76.7
Cochin	832.9	7.9	49.7	50.3
Goa	820.6	-6.4	75.6	24.4
Ahmedabad	768.1	-9.3	77.6	22.4
Calicut	522.0	7.5	36.9	63.1
Guwahati	433.6	-3.8	100.0	0.0
Pune	372.5	-10.3	100.0	0.0
Lucknow	296.3	-1.9	93.5	6.5
Srinagar	243.6	-3.8	100.0	0.0
Vadodara	238.8	12.8	100.0	0.0
Coimbatore	238.6	-9.4	98.4	1.6
Jaipur	227.1	-16.9	100.0	0.0
Mangalore	205.8	-3.9	100.0	0.0
Jammu	190.2	-17.3	100.0	0.0
Nagpur	187.2	-5.8	100.0	0.0
Varanasi	166.2	-24.5	81.9	18.1
Amritsar	129.4	-14.9	9.5	90.5
Tiruchchirappalli	69.1	-11.8	20.8	79.2
All airports	40003.1	-4.8	66.0	34.0

Source: CMIE July issue

IS INDIAN AGRICULTURE APPROACHING THE LIMITS TO GROWTH ?

P.D. Jeromi - (Continuation from previous issue)

Section II

Major Factors Affecting the Growth Potential

A number of factors are constraining the growth potential of the sector. Here, we identify four major factors responsible for limiting the growth potential of the sector. They are: (a) Lack of long-term policy perspective, (b) Decline of public sector capital formation, (c) inadequate research and development efforts, and more importantly (d) Inefficient management of natural resources like land and water.

(a) Lack of Long-term Policy Perspective

On the policy front, there was a lack of long-term strategy for agricultural development. One will be surprised to find that only recently the government has come out with a national agricultural policy. From the very beginning of the planning process in India, especially from the Second Five Year Plan onwards with the sectoral priorities of Mahalanobis model favouring industry, the emphasis has been placed on industry relative to agriculture (Bhide, et al, 1998). Broadly, the two basic objectives of agricultural policies have been (a) self-sufficiency in production, and (b) stability in price. As the objective of higher production and thereby achieving self-sufficiency in production (which required incentives through higher prices) is inherently inconsistent with the objective of achieving stability in prices, there was a policy dilemma. The policies followed for agricultural development suffer from a number of weakness. First, though there was no significant direct taxation of the sector, agricultural sector has suffered from a typical anti-agricultural bias due to the nature of policies followed in other sectors like industry, trade, exchange rate, etc. (Gulati, 1998). Agricultural policies provided little incentives for the farmers, as the agricultural prices were depressed (Indian farmers received lower price than international prices). As there were numerous controls and restrictions, the sector was unprotected vis-à-vis other sectors of the economy. The restrictions on agricultural exports were believed to be one of the prime reasons for the unprotection of the sector as compared to the Industrial sector (Gulati

and Pursell, 1990, Singh, 1995, *Economic Survey* 1996 -97, Parikh, 1999). Second, the nature of the policies was inward-looking as it was driven less by comparative advantage. In general, agricultural policies gave little emphasis on agricultural exports as a means of stimulating domestic production (Jeromi, 1997). Third, it has excessive price-based focus than non-price factors like water, infrastructure, research and development (R&D), extension services, etc., which are important determinants of agricultural production in India, a fact highlighted more than three decades ago by Dantwala (1967) and recently by Pulapare (2000) and Vaidhyanathan (2000). These weaknesses of agricultural policies *inter alia* affected the faster growth of the sector and in creating a sound infrastructure base for future growth

(b) Neglect of Capital Formation

Lack of long-term perspectives on the development of the sector is clearly reflected in the poor state of capital formation in the sector, which is likely to affect the future growth. In fact, one of the most disquieting developments in the agricultural sector during the last two decades has been the neglect of capital formation, particularly in the public sector. Gross capital Formation (GCF) in agriculture as per cent of total gross capital formation in the economy, after rising during the 70's declined during the eighties and nineties. In 1999-2000 it was just 5.8 per cent as against 16.3 per cent in 1980-81. Further, GCF in agriculture as per cent GDP in agriculture also declined during the last two decades from 10.9 per cent in 1980-81 to 7 per cent in 1999-2000. What is more disturbing is the fact that GCF in the agricultural sector by the public sector declined at annual average rate of 4 per cent during 1980's. The average annual growth was just 1 per cent during the 1990's. As a result, the share of public sector in total capital formation in the sector declined to around 23 per cent during the nineties as against 32 per cent during seventies. However, in the private sector, the decline was only marginal during the eighties (-0.1 per cent) and it picked up at a moderate rate of 6.7 per cent in the nineties (Table 3).

Table 3
Gross Capital Formation in Agriculture

Year	GCF in Agriculture			GCF as % of GDP in Agriculture	GCF as % of Total GCF in Economy*
	Public	Private	Total		
	At 1980-81 Prices				
1970-71	789	1996	2785	7.8	14.7
1980-81	1796	2840	4636	10.9	16.3
1990-91	1154	3440	4594	7.5	8.1
	At 1993-94 Prices				
1995-96	4848	10842	15690	6.8	5.9
1996-97	4668	11508	16176	6.4	6.7
1997-98	3979	11974	15953	6.5	5.9
1998-99**	3846	12538	16384	6.2	5.9
1999-00**	4668	13988	18656	7.0	5.8
	Annual Average Growth %				
1971-79	10.0	7.2	7.9		
1980-89	-4.0	-0.1	-1.5		
1990-99	1.0	6.7	5.0		

Note: * Gross Capital Formation adjusted for errors and omissions

** Provisional

During the Ninth Plan (1997-2002), investment requirement in the agricultural sector is estimated at 1,54,900 crore, of which around 82,200 crore or 42 per cent is expected to come from the public sector (centre and states). Given the current trends in the public sector capital formation, it is doubtful whether the target will be achieved at the end of the plan period (RAO AND Jeromi, 2000). There is lively debate in the literature on complementarity between public and private sector capital formation in agricultural sector. Here we take the view that public sector investment has crucial role to play in creating infrastructure in terms of irrigation, roads, markets, storage facilities, rural electrification and technology development. Private sector capital formation is hard to come in these areas. The experience shows that private sector capital formation is essentially taking place for short-term asset building and it is mainly in the areas of mechanization, ground levelling, private irrigation, etc. Therefore, public sector capital formation needed to be augmented with a definite content and targeted focus, especially in the case of rain-fed areas, which lack not only in irrigation facilities but also in other infrastructural facilities. Here it may be mentioned that public spending in agriculture is a common feature in both the developed and developing countries. In a World Bank study, Blarcom, et al, (1993) found that in the case 40 developing countries, the total central government

expenditure during 1972 to 1988 formed around 10 per cent of net value of agricultural production. In the case of the group of 15 developed countries. It formed around 20 per cent of their net value of agricultural production. The comparative figure for India is far too low.

There is a view among the agricultural economists that the lagged effect of decline of capital formation during the eighties has been one of the major reasons for the decelerated growth of the sector during the nineties (Mahendra Dev. 1998). Therefore, the subdued level of capital formation during the nineties can have an impact on agriculture production in the coming years.

(c) Lagging Research and Development Efforts

Another important factor limiting the growth potential of the sector is the lack of break-through in research and development after the Green Revolution. Perhaps, it may be one of the reasons for the decline of productivity in the nineties. India compares poorly with the productivity levels in major producing countries. Though India is one among the major producers of agricultural commodities in the world, the yield levels, here, for a number of commodities like paddy, wheat, groundnut, cotton, jute, etc., were far lower than the yield levels in major producing countries and in case of some crops it was even lower than the world average (Table 4).

Table 4
Yield of Important Crops in Major Producing Countries in 1997 (Kg./ha)

Paddy		Wheat		Groundnut	
Country	Yield	Country	Yield	Country	Yield
China	6331	China	4087	China	2574
Indonesia	4561	France	6530	Nigeria	1124
Pakistan	2827	USA	2673	USA	2828
Philippines	2933	Australia	1712	Indonesia	1519
Thailand	2143	Canada	2128	Sudan	762
India	2915	India	2654	India	988
World	3827	World	2686	World	1273
India % of World	76.2	India % of World	98.8	India % of World	77.6

Sugarcane		Cotton		Jute	
Country	Yield	Country	Yield	Country	Yield
Brazil	69021	China	943	Bangladesh	1577
China	75982	USA	769	China	2517
Thailand	55878	Pakistan	552	Thailand	3548
Mexico	72734	Turkey	1065	Myanmar	939
Australia	97337	Argentina	368	Brazil	1714
India	69737	India	321	India	1830
World	63324	World	584	World	1734
India % of World	110.1	India % of World	55.0	India % of World	105.5

India is considered as having the largest public agricultural research establishments in the world (Evenson, et, 1999). Indian Council of Agricultural Research (ICAR) and agricultural universities constitute the main parts of governmental agencies. However, agricultural research in India suffers from several weakness like (i) uneven progress of varietal improvement across crops and regions; (ii) neglect of crop system research; (iii) unimpressive results of local adaptive research; (iv) inadequacy of collaborative multi-disciplinary research; (v) weak interaction between researchers, extension workers and farmers; (vi) excessive centralization of planning and monitoring; (vii) lack of accountability for performance, etc. (Vaidyanathan, 2000). Compared to other countries. India's efforts in research and development, in terms of provision of resources, is insufficient. India is investing only around 0.3 per cent of GDP in agriculture for agricultural research as against 0.7 per cent in the developing countries and 2-3 per cent in the case of developed countries (Evenson, et al, 1999). Expenditure on agricultural research and education accelerated during the post-green revolution period of

the 1970's, but slowed down since the mid-80's and it hovered around 0.49 per cent of agricultural GDP in the early 1990s, which was lower than the requirement of 1 per cent projected by the ICAR. Further, the level of research expenditure was sub-optimal or significantly lower than desired in states like Bihar, Orissa, Madhya Pradesh, Uttar Pradesh and West Bengal where productivity is low. Crop-wise, research expenditure was low in the case of rice, certain coarse cereals, pulses and oilseeds (Pal, et al, 1997).

Since there is hardly any scope for further expansion of area under cultivation, the future production prospects depends largely on the improvements in yield levels. Here what we need is to break the yield barrier and bridge the gap between the potential and actual yield through research and development (R & D) efforts. ICAR studies reveal that there is vast unexplored technological potential for improvement in the yield of crops. In this context, Swaminathan (1999) noted that the "low yield phenomena" in India should be considered as a "yield reservoir" and it should be treated as an asset for future development of the sector. Exploiting the "yield

reservoir" inter alia, requires substantial investment, development and development of high yielding seed varieties. So far the emphasis has been use of HYV seeds, but it loses its vigour with time. Therefore, new varieties need to be developed periodically to expand production possibilities. However, agricultural research establishments could not come up with improved varieties of seeds. Which are suited to different regions of the country, especially in drought prone areas. Therefore, it is imperative for the country to build up a sound agricultural research system, which is responsive to the changing needs and circumstances. As the agricultural growth reduces rural poverty directly, and it fosters the conditions for pro-poor growth in the non-farm sectors. It is imperative to overcome the limits to growth by increase in productivity of the sector.

(d) Rising Soil Degradation and Over - Exploitation of Ground Water

Large -scale soil degradation and over-exploitation of ground water are other important factors putting limits on growth of the sector. Around 40 per cent of India's total geographical area is officially estimated as degraded (some other estimates put the figure at 50 per cent). Using the guidelines of the Global Assessment of Soil Degradation (GLASOD), Sehgal and Abrol (1994) estimated

The extent of soil degradation in India. Table 5 reveals that the total area under degradation is quite large and severity is high with significant loss of yield in case of around 68 per cent of the total area degraded.

Table 5
Extent of Soil Degradation Severity in India

Type of Degradation		Extent of Degradation				Total Area
		Low ¹	Medium ²	High ³	Very High ⁴	
1	Water Erosion	5.0	24.3	107.2	12.4	148.9
2	Loss of Top Soil		-	6.2	-	6.2
3	Loss of Top Soil or Terrain Deformation		-	4.6	-	4.6
4	Loss of Soil due to Terrain Deformation or due to over -blowing		-		2.7	2.7
5	Loss of Nutrients		-	3.7	-	3.7
6	Salinization	2.8	2.0	5.3	-	10.1
7	Water Logging	6.4	5.2	-	-	11.6
8	Total area	14.2	31.5	127.0	15.1	187.7

Note: 1. Negligible loss (upto 15 %) of yield, easily manageable
2. Moderate loss (15 to 33 percent) in yield, soil can be managed at the farm level
3. Significant loss (33 to 67 percent) of yield, affected area not economical to cultivate
4. Unmanageable loss of yield and uneconomical to use

The emergence of rice-wheat crops system in states like Punjab and Haryana, on account of continuous increase in procurement prices, has resulted over-exploitation of natural resource base. An ICAR (1998) study found that soil health is deteriorating in Punjab and Haryana, and this is a major cause of decline or stagnation in productivity of cereals, particularly of rice and wheat. The study revealed that the organic carbon content in the soils in Punjab and Haryana has declined to 0.2 per cent in 1995 from 0.5 per cent in the sixties. Soils with low phosphorous content have also increased to 73 per

cent from only 3.5 per cent in 1975 in Haryana. Similarly, soils with high potash category have scaled down from 91 per cent in 1975 to 62 per cent in 1995. Further, consequent to the decontrol of prices of phosphorous and potash, there was decline in the application of these fertilizers. These caused nutrient imbalance in the soils. Now farmers have to apply more fertilizers to get the same yield as they were getting with less fertilizer 20-30 years ago. In the case of ground water, the study found that the rapid increase in the number of tube-wells during last three decades in the region has resulted in over-exploitation

of ground water. This decline forces the farmers to lower the pumps further deeper in the wells, which results in the use of irrigation with saline water (a detailed discussion on the emerging crisis in the agricultural sector of Punjab can be found in Chand, 1999).

The irrigation potential in the country has been estimated at 85 million hectares, of which 76 million hectares have been already utilized by 1993-94. The average cost per hectare of irrigation potential created has risen sharply from Rs. 8,620 during the First Five Year Plan to Rs. 29,587 in the Seventh Five Year Plan at 1980-81 prices. This acts as a constraint to further argument the irrigation potential. Even after full utilization of the irrigation potential, nearly 45 per cent of the net cultivated area will have to depend on rainfall. As the present agricultural development strategy in India is centered mainly on the irrigated areas and the yield levels of crops in many irrigated area are plateauing, there is a growing realization that agricultural production cannot be increased beyond a point (Planning Commission, 1997b).

Section III

Concluding Observation

To conclude, the indications provided by the deceleration in growth of area, production and productivity, over-use of water resources, degradation of soil, decline of capital formation in the public sector, etc., tend to suggest that Indian agriculture is approaching the limits to growth in the near future. The estimation of potential output also suggests that the scope for higher growth is limited. To overcome the limits to growth and put the agricultural sector on an ambitious growth curve, there is a need to correct the policy bias against agriculture, make higher investments, develop new varieties of seeds, conserve natural resources like land and water, and provide incentives to the farmers to adopt modernization.

Source: Prajnan, Vol. XXX, No.3, 2001-02

Kerala Parched as rainfall 37% short of normal

The monsoon this year has had a quirky run in its first 40 days. Though the national average has been around 99% causing floods in some areas, elsewhere there have been dry runs.

There have been floods in Maharashtra and Assam, but others like Kerala and Lakshadweep which are traditional beneficiaries of the monsoon bounty have received rainfall way below average levels.

The situation in Kerala has been so abnormal that water tankers can be seen plying in the capital city in what should be a time when incessant rains bring the town to a standstill.

Meteorological Department Director M. D. Ramachandran told ET that Kerala had a shortage of as much as 37% until July 10, compared to its long-term average, while Lakshadweep recorded a dip of 31%.

Interestingly, the national monsoon rainfall in the first 40 days this year, beginning June 1, has been 99% of the average. Of the 36 meteorological sub divisions in the country, 24 received excess or normal rainfall, while 11 recorded below par rainfall. Of the latter, Kerala and Lakshadweep are the two that have recorded a significant drop.

In the period from June 1 to July 10, Kerala has received only 573 mm of rainfall, as against the normal rainfall of 917 mm, representing a 37% drop.

The situation has been grave enough for the state to seek more electricity from the Central pool because its hydel reservoirs are drying up.

Kerala relies heavily on hydel power, and the storage in reservoirs in the state is capable of generating power required for another 20 days only.

Of the state's annual average rainfall of 292 cm, as much as 203 cm is received during the monsoon period in a normal year.

Agriculture

AREA PRODUCTION AND YIELD OF RICE DURING 1999-2000 AND 2000-2001 In respect of major rice producing states along with coverage under irrigation

Area: Million Hectares, Production: Million Tones, Yield: Kg/Hectare

2000-2001

State	Area	% of Total Area	Production	% of Total Production	Cumulative % of Total Production	Yield
West Bengal	5.44	12.26	12.43	14.65	14.65	2287
Uttar Pradesh	5.84	13.17	11.54	13.60	28.24	1976
Andhra Pradesh	4.03	9.08	11.45	13.49	41.73	2842
Punjab	2.61	5.88	9.15	10.78	52.52	3506
Tamil Nadu	2.11	4.76	7.22	8.51	61.02	3415
Bihar	3.67	8.27	5.42	6.39	67.41	1475
Orissa	4.43	9.99	4.61	5.43	72.84	1041
Assam	2.67	6.02	4.00	4.71	77.55	1495
Karnataka	1.48	3.34	3.73	4.39	81.95	2520
Chhattisgarh	3.60	8.12	3.24	3.82	85.77	900
Haryana	1.05	2.37	2.68	3.16	88.92	2559
Maharashtra	1.51	3.40	1.95	2.30	91.22	1285
Jharkhand	1.48	3.34	1.64	1.93	93.15	1111
Gujarat	0.65	1.47	1.01	1.19	94.34	1553
Madhya Pradesh	1.67	3.76	0.96	1.13	95.48	574
Kerala	0.35	0.79	0.75	0.88	96.36	2162
Others	1.77	3.99	3.09	3.64	100.00	@
All India	44.36	100.00	84.87	100.00		1913

Area: Million Hectares, Production: Million Tones, Yield: Kg/Hectare

1999-2000

State	Area	% of Total Area	Production	% of Total Production	Cumulative % of Total Production	Yield	% Coverage Under Irrigation during 1998-99
West Bengal	6.15	13.62	13.76	15.34	15.34	2237	25.9
Uttar Pradesh	6.08	13.46	13.23	14.75	30.10	2176	66.2
Andhra Pradesh	4.01	8.88	10.64	11.86	41.96	2650	95.9
Punjab	2.60	5.76	8.72	9.72	51.68	3347	89.8
Tamil Nadu	2.16	4.78	7.53	8.40	60.08	3481	93.5
Bihar	5.00	11.07	7.25	8.08	68.16	1450	41.1
Orissa	4.60	10.19	5.19	5.79	73.95	1127	38.0
Assam	2.65	5.87	3.86	4.30	78.26	1459	21.7
Karnataka	1.45	3.21	3.72	4.15	82.40	2564	70.9
Chhattisgarh	*	*	*	*	*	*	*
Haryana	1.08	2.39	2.58	2.88	85.28	2385	99.8
Maharashtra	1.52	3.37	2.56	2.85	88.14	1684	28.7
Jharkhand	*	*	*	*	*	*	*
Gujarat	0.66	1.46	0.98	1.09	89.23	1482	70.6
Madhya Pradesh	5.35	11.85	6.38	7.11	96.34	1191	23.3
Kerala	0.35	0.78	0.77	0.86	97.20	2204	55.8
Others	1.50	3.32	2.51	2.80	100.00	@	
All India	45.16	100.00	39.68	100.00		1986	52.3

@: Since Area/Production is low, yield rate is not worked out

*: The relevant estimates are included in their respective parent states from where these states were carved out

Note: States have been arranged in descending order of percentage share of production during 2000-2001

Source: Agriculture Statistics, Dept. of Agriculture & Co-operation Ministry of Agriculture, Government of India.

AREA PRODUCTION AND YIELD OF COCONUT DURING 1999-2000 AND 2000-2001

In respect of major COCONUT producing states

Area: Million Hectares, Production: '00' Million Nuts, Yield: Nuts/Hectare

2000-2001

State	Area	% of Total Area	Production	% of Total Production	Cumulative % of Total Production	Yield
Kerala	0.94	51.09	54.96	43.63	43.63	5870
Tamil Nadu	0.32	17.39	31.58	25.07	68.70	9763
Karnataka	0.33	17.93	17.54	13.92	82.62	5255
Andhra Pradesh	0.10	5.43	10.93	8.68	91.30	10660
West Bengal	0.02	1.09	3.31	2.63	93.93	13490
Maharashtra	0.02	1.09	2.44	1.94	95.86	14548
Assam	0.02	1.09	1.36	1.08	96.94	6502
Goa	0.03	1.63	1.25	0.99	97.94	5004
Orissa	0.02	1.09	1.10	0.87	98.81	6209
Others	0.04	2.17	1.50	1.19	100.00	@
All India	1.84	100.00	125.97	100.00		6847

Area: Million Hectares, Production: '00' Million Nuts, Yield: Nuts/Hectare

1999-2000

State	Area	% of Total Area	Production	% of Total Production	Cumulative % of Total Production	Yield
Kerala	0.90	50.85	51.67	42.60	42.60	5747
Tamil Nadu	0.30	16.95	32.22	26.56	69.16	10599
Karnataka	0.32	18.08	16.72	13.79	82.95	5205
Andhra Pradesh	0.10	5.65	10.52	8.67	91.62	10342
West Bengal	0.02	1.13	3.24	2.67	94.29	13401
Maharashtra	0.02	1.13	2.18	1.80	96.09	13810
Assam	0.02	1.13	1.50	1.24	97.33	7426
Goa	0.03	1.69	1.22	1.01	98.33	4864
Orissa	0.02	1.13	0.51	0.42	98.76	2837
Others	0.04	2.26	1.51	1.24	100.00	@
All India	1.77	100.00	121.29	100.00		6860

@: Since Area/Production is low, yield rate is not worked out

Note: States have been arranged in descending order of percentage share of production during 2000-2001

Source: Agriculture Statistics, Dept. of Agriculture & Co-operation Ministry of Agriculture, Government of India

Agriculture

PRODUCTIVE AREA, PRODUCTION AND YIELD OF CASHEWNUT DURING 1998-99 AND 1999-2000 IN RESPECT OF MAJOR CASHEWNUT PRODUCING STATES

Area - In '000 Hectares

Production -In '000 Tonnes

Yield - Nuts/ Hectare

State	1999-2000					
	Productive Area	% of Total Area	Production	% of Total Production	Cumulative % of Total Production	Yield
1	2	3	4	5	6	7
Maharashtra	85	14.14	125	24.04	24.04	1470
Kerala	118	19.63	100	19.23	43.27	850
Andhra Pradesh	90	14.98	100	19.23	62.50	1100
Karnataka	86	14.31	60	11.54	74.04	700
Tamil Nadu	84	13.98	45	8.65	82.69	540
Orissa	65	10.82	40	7.69	90.38	670
Goa	49	8.15	30	5.77	96.15	610
West Bengal	9	1.50	8	1.54	97.69	900
Others	15	2.50	12	2.31	100.00	800
All India	601	100.00	520	100.00		865

State	1998-1999					
	Productive Area	% of Total Area	Production	% of Total Production	Cumulative % of Total Production	Yield
	8	9	10	11	12	13
Maharashtra	58	10.12	85	18.48	18.48	1500
Kerala	118	20.59	130	28.26	46.74	1100
Andhra Pradesh	100	17.45	80	17.39	64.13	800
Karnataka	83	14.49	40	8.70	72.83	500
Tamil Nadu	76	13.26	35	7.61	80.43	460
Orissa	67	11.69	50	10.87	91.30	750
Goa	48	8.38	20	4.35	95.65	420
West Bengal	9	1.57	8	1.74	97.39	890
Others	14	2.44	12	2.61	100.00	860
All India	573	100.00	460	100.00		803

Note : States have been arranged in descending order of percentage share of production during 2000-01.

Source: The Directorate of Cashewnut & Cocoa Development, Cochin, Kerala.

POVERTY

High poverty levels are synonymous with poor quality of life, deprivation, malnutrition, illiteracy and low human resource development. The eradication of poverty has been an integral component of the strategy for economic development in India. The Planning Commission has been estimating the incidence of poverty at the national and state level using the methodology contained in the report of the Expert Group on Estimation of Proportion and Number of poor (Lakdawala Committee) and applying it to consumption expenditure data from the large sample surveys on consumer expenditure conducted by the NSSO at an interval of approximately five years. On the basis, comparable estimates of poverty are available at national and state level from 1973-74 to 1999-2000.

According to the latest large sample survey data on consumer expenditure made available by the

National Sample Survey Organisation (NSSO) from its 55th Round Survey (July 1999- June 2000), the poverty ratio on a 30 day recall basis, is estimated at 27.09 percent in rural areas, 23.62 percent in urban areas and 26.10 percent for the country as a whole. The incidence of poverty expressed as a percentage of people living below the poverty line has witnessed a steady decline from 55 percent in 1973-74 to 36 percent in 1993-94 and 26 percent in 1999-2000.(Table 1). Though the poverty ratio declined, the number of poor remained stable at around 320 million for a fairly long period of two decades, (1973-1993), due to a countervailing growth in population. The latest estimates for 1999-2000 reveal a significantly reduced number of poor, at about 260 million out of a total population of 997 million.

TABLE 1
Estimates of Poverty

Year	All India Number (Million)	Poverty Ratio (percent)	Rural Number (Million)	Poverty Ratio (percent)	Urban Number (Million)	Poverty Ratio (percent)
1973-74	321	54.9	261	56.4	60	49.0
1977-78	329	51.3	264	53.1	65	45.2
1983	323	44.5	252	45.7	71	40.8
1987-88	307	38.9	232	39.1	75	38.2
1993-94	320	36.0	244	37.3	76	32.4
1999-2000	260	26.1	193	27.1	67	23.6

Source : Planning Commission

Poverty at the national level is estimated as the weighted average of state-wise poverty levels. The poverty ratio is estimated from the state-specific poverty lines and the distribution of persons by expenditure groups obtained from the NSS data on consumption expenditure. The state specific poverty ratios at the national and state levels are listed at Table 2. State-wise poverty ratios have witnessed a secular decline from 1973-74 to 1999-2000. Though poverty has declined at the macro level, rural-urban and inter-state disparities are visible. The rural poverty ratio is still relatively high in Orissa, Bihar and the North Eastern States. In Orissa, Madhya Pradesh, Bihar and Uttar Pradesh, the urban poverty ratios were in the range of 30.89 to 42.83 percent in 1999-2000. The combined rural and urban poor make up 47.15 percent of Orissa and 42.60 percent of Bihar. For the states of

Madhya Pradesh, Sikkim, Arunachal Pradesh and Assam the combined poverty ratios in 1999-2000 were in the range of 33.47 to 37.43 percent. There has been a significant reduction in poverty during the period in Kerala, Jammu & Kashmir, Goa, Lakshdweep, Delhi, Andhra Pradesh, Gujarat, Tamil Nadu, Karnataka, West Bengal and Andaman & Nicobar Islands. Thus, while some states such as Punjab and Haryana have succeeded in reducing poverty by following the path of high agricultural growth, others have focussed on particular areas of development e.g. Kerala has focussed on human resource development, West Bengal on vigorous implementation of land reform measures and empowerment of Panchayats, and Andhra Pradesh on direct public intervention in the form of public distribution of foodgrains.

Poverty

Table 2
Poverty Ratio at the State Level

(Percent)

Sl no	State	Rural			Urban			Combined		
		1973-74	1993-94	1999-00	1973-74	1993-94	1999-00	1973-74	1993-94	1999-00
1	Andhra Pradesh	48.41	15.92	11.05	50.61	38.33	26.63	48.86	22.19	15.77
2	Arunachal Pradesh	52.67	45.01	40.04	36.92	7.73	7.47	51.93	39.35	33.47
3	Assam	52.67	45.01	40.04	36.92	7.73	7.47	51.21	40.86	36.09
4	Bihar	62.99	58.21	44.30	52.96	34.50	32.91	61.91	54.96	42.60
5	Goa	46.85	5.34	1.35	37.69	27.03	7.52	44.26	14.92	4.40
6	Gujarat	46.35	22.18	13.17	52.57	27.89	15.59	48.15	24.21	14.07
7	Haryana	34.23	28.02	8.27	40.18	16.38	9.99	35.36	25.05	8.74
8	Himachal Pradesh	27.42	30.34	7.94	13.17	9.18	4.63	26.39	28.44	7.63
9	Jammu & Kashmir	45.51	30.34	3.97	21.32	9.18	1.98	40.83	25.17	3.48
10	Karnataka	55.14	29.88	17.38	52.53	40.14	25.25	54.47	33.16	20.04
11	Kerala	59.19	25.76	9.38	62.74	24.55	20.27	59.79	25.43	12.72
12	Madhya Pradesh	62.66	40.64	37.06	57.65	48.38	38.44	61.78	42.52	37.43
13	Maharashtra	57.71	37.93	23.72	43.87	35.15	26.81	53.24	36.86	25.02
14	Manipur	52.67	45.01	40.04	36.92	7.73	7.47	49.96	33.78	28.54
15	Meghalaya	52.67	45.01	40.04	36.92	7.73	7.47	50.20	37.92	33.87
16	Mizoram	52.67	45.01	40.04	36.92	7.73	7.47	50.32	25.66	19.47
17	Nagaland	52.67	45.01	40.04	36.92	7.73	7.47	50.81	37.92	32.67
18	Orissa	67.28	49.72	48.01	55.62	41.64	42.83	66.18	48.56	47.15
19	Punjab	28.21	11.95	6.35	27.96	11.35	5.75	28.15	11.77	6.16
20	Rajasthan	44.76	26.46	13.74	52.13	30.49	19.85	46.14	27.41	15.28
21	Sikkim	52.67	45.01	40.04	36.92	7.73	7.47	50.86	41.43	36.55
22	Tamil Nadu	57.43	32.48	20.55	49.40	39.77	22.11	54.94	35.03	21.12
23	Tripura	52.67	45.01	40.04	36.92	7.73	7.47	51.00	39.01	34.44
24	Uttar Pradesh	56.53	42.28	31.22	60.09	35.39	30.89	57.07	40.85	31.15
25	West Bengal	73.16	40.80	31.85	34.67	22.41	14.86	63.43	35.66	27.02
26	A & N Islands	57.43	32.48	20.55	49.40	39.77	22.11	55.56	34.47	20.99
27	Chandigarh	27.96	11.35	5.75	27.96	11.35	5.75	27.96	11.35	5.75
28	Dadra & Nagar	46.85	51.95	17.57	37.69	39.93	13.52	46.55	50.84	17.14
29	Daman & Diu	NA	5.34	1.35	NA	27.03	7.52	NA	15.80	4.44
30	Delhi	24.44	1.90	0.40	52.23	16.03	9.42	49.61	14.69	8.23
31	Lakshadweep	59.19	25.76	9.38	62.74	24.55	20.27	59.68	25.04	15.60
32	Pondicherry	57.43	32.48	20.55	49.40	39.77	22.11	53.82	37.40	21.67
	All India	56.44	37.27	27.09	49.01	32.36	23.62	54.88	35.97	26.10

N.A. Not Available

1. Poverty Ratio of Assam is used for Sikkim., Arunachal Pradesh, Meghalaya, Mizoram, Manipur, Nagaland and Tripura
2. Poverty Line of Maharashtra and expenditure distribution of Goa is used to estimate poverty ratio to Goa
3. Poverty Line of Himachal Pradesh and expenditure distribution of Jammu & Kashmir is used to estimate poverty ratio of Jammu & Kashmir.
4. Poverty Ratio of Tamil Nadu is used for Pondicherry and A & N Island
5. Urban Poverty Ratio of Punjab used for both rural and urban poverty of Chandigarh.
6. Poverty Line of Maharashtra and expenditure distribution of Dadra & Nagar Haveli is used to estimate poverty ratio of Dadra & Nagar Haveli.
7. Poverty Ratio of Goa is used for Daman & Diu.
8. Poverty Ratio of Kerala is used for Lakshadweep
9. Urban Poverty Ratio of Rajasthan may be treated as tentative.
10. Estimates on a 30-day recall basis for 1999-2000.

Source: Economic Survey 2001-2001, Government of India

STATE WISE POPULATION BELOW POVERTY LINE - 1999-2000
(Based on 30 days recall period)

Sl. No.	States/Uts	Rural		Urban		Combined	
		No. of	% of	No. of	% of	No. of	% of
1	Andhra Pradesh	58.13	11.05	60.88	26.63	119.01	15.77
2	Arunachal Pradesh	3.80	40.04	0.18	7.47	3.98	33.47
3	Assam	92.17	40.04	2.38	7.47	94.55	36.09
4	Bihar	376.51	44.30	49.13	32.91	425.64	42.60
5	Goa	0.11	1.35	0.59	7.52	0.70	4.40
6	Gujarat	39.80	13.17	28.09	15.59	67.89	14.07
7	Haryana	11.94	8.27	5.39	9.99	17.34	8.74
8	Himachal Pradesh	4.84	7.94	0.29	4.63	5.12	7.63
9	Jammu & Kashmir	2.97	3.97	0.49	1.98	3.46	3.48
10	Karnataka	59.91	17.38	44.49	25.25	104.40	20.04
11	Kerala	20.97	9.38	20.07	20.27	41.04	12.72
12	Madhya Pradesh	217.32	37.06	81.22	38.44	298.54	37.43
13	Maharashtra	125.12	23.72	102.87	26.81	227.99	25.02
14	Manipur	6.53	40.04	0.66	7.47	7.19	28.54
15	Meghalaya	7.89	40.04	0.34	7.47	8.23	33.87
16	Mizoram	1.40	40.04	0.45	7.47	1.85	19.47
17	Nagaland	5.21	40.04	0.28	7.47	5.49	32.67
18	Orissa	143.69	48.01	25.40	42.83	169.09	47.15
19	Punjab	10.20	6.35	4.29	5.75	14.49	6.16
20	Rajasthan	55.06	13.74	26.78	19.85	81.83	15.28
21	Sikkim	2.00	40.04	0.04	7.47	2.05	36.55
22	Tamilnadu	80.51	20.55	49.97	22.11	130.48	21.12
23	Tripura	12.53	40.04	0.49	7.47	13.02	34.44
24	Uttar Pradesh	412.01	31.22	117.88	30.89	529.89	31.15
25	West Bengal	180.11	31.85	33.38	14.86	213.49	27.02
26	A & N Islands	0.58	20.55	0.24	22.11	0.82	20.99
27	Chandigarh	0.06	5.75	0.45	5.75	0.51	5.75
28	Dadra & Nagar Haveli	0.30	17.57	0.03	13.52	0.33	17.14
29	Daman & Diu	0.01	1.35	0.05	7.52	0.06	4.44
30	Delhi	0.07	0.40	11.42	9.42	11.49	8.30
31	Lakshadweep	0.03	9.38	0.08	20.27	0.11	15.60
32	Pondicherry	0.64	20.55	1.77	22.11	2.41	21.67
	All India	1932.43	27.09	670.07	23.62	2602.50	26.10

N.A. Not Available

- Poverty Ratio of Assam is used for Sikkim., Arunachal Pradesh, Meghalaya, Mizoram, Manipur, Nagaland and Tripura
- Poverty Line of Maharashtra and expenditure distribution of Goa is used to estimate poverty ratio to Goa
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- Poverty Ratio of Goa is used for Daman & Diu.
- Poverty Ratio of Kerala is used for Lakshadweep
- Urban Poverty Ratio of Rajasthan may be treated as tentative.
- Estimates on a 30-day recall basis for 1999-2000.

Source: Agricultural Statistics at a Glance - Ministry of Agriculture Government of India

THE DOHA DECLARATION - CAP

The Doha Declaration –comprising of a main Declaration, a Declaration on TRIPS Agreement and Public Health and a decision on implementation related issues and concerns- launches the future work programme of the WTO and includes elaboration and timetables for the current negotiations in agriculture and services and negotiations/ possible negotiations in a range of other issues.

Implementation Issues : A number of implementation issues have been addressed in the Decision on implementation related issues and concerns including longer time frame (of six months) for compliance with new SPS and TBT measures, moratorium of two years on non-violation complaints under the TRIPS Agreement, need for special care for initiation of back to back antidumping investigations within a year and co-operation and assistance by members in investigations relating to declared values. The declaration agrees that negotiations on all other outstanding implementation issues shall be an integral part of the work programme. Where specific negotiations are mandated, relevant implementation issues shall be addressed under the mandate and other outstanding implementation issues shall be addressed as a matter of priority by the relevant WTO bodies, which shall report to the Trade Negotiating Committee by the end of 2002 for appropriate action.

Agriculture : The Declaration commits to comprehensive negotiations aimed at: substantial improvements in market access for developing countries, reduction of with a view of phasing out, all forms export subsidies, & substantial reduction in trade distorting domestic support being given by the developed countries. It also takes note of non-trade concerns of developing countries and their development needs including food security and rural development. Special and different treatment for developing countries would be an integral part of the negotiations.

Services : The Negotiating Guidelines and Procedure adopted by the Council for Trade in services would form the basis for continuing negotiations in services with a view to achieving the objectives of GATS. The declaration recognises the larger number of proposals submitted by the members on various sectors including on movement of natural persons.

Industrial tariffs : The negotiations under industrial tariffs would aim at reducing or as appropriate eliminating tariffs, including the reduction of tariff peaks, high tariffs and tariff escalations, as well as non tariff barriers, in particular on products of export interest to developing countries. Product coverage shall be comprehensive and without a priori exclusions with negotiations taking into account the needs and interests of the developing countries including through less than full reciprocity in reduction commitments.

TRIPS : The work programme mandates negotiations on establishment of a multilateral system of notification and registration of geographical indications for wines and spirits by the 5th session of the Ministerial Conference. The issues related to extension of the higher level of protection of geographical indications to products other than wines and spirits, examination of relationship between the TRIPS Agreement and the Convention on Biological Diversity (CBD), the protection of traditional knowledge and folklore and other relevant new developments would be addressed by the TRIPS Council as part of the Implementation issues. Further, the Declaration on **TRIPS and Public Health** is one of the most significance outcomes of the Doha Conference. It recognises that the TRIPS Agreement can should be interpreted and implemented in a manner supportive of WTO members right ot protect public health and to promote access to medicines for all.

WTO Rules : The Declaration mandates negotiations aimed at clarifying and improving disciplines under the Agreement on Implementation and Subsidies and Countervailing Measures while preserving the basic concepts, principles and effectiveness of these Agreements and taking into account the needs of developing countries. It also includes negotiations aimed at clarifying and improving disciplines and procedure under the existing WTO provisions applying to regional trade agreement (keeping into view the developmental aspects of these Agreements). Negotiations are further mandated on improvements and clarifications of the Dispute Settlement Understanding. Addressing outstanding implementation issues on these subjects would be an integral part of these negotiations.

Special and Differential Treatment (S & D) : The negotiations shall fully take into account the principle of special and differential treatment for developing countries. It has also been agreed to review all special and differential treatment provisions with a view to strengthening them & making them more precise, effective and operational.

Electronic Commerce : The Work Programme declares that Members will maintain their current practice of not imposing customs duties on electronic transmissions until the Fifth Ministerial Session.

Singapore issues : The issues relating to Trade and Investment, interaction between Trade and Competition, Transparency in Government Procurement and Trade Facilitation will continued to be pursued in the Working Group Study process. Negotiation on these subjects, according to the Work Programme, will take place after the Fifth session of the Ministerial Conference on the basis of a decision to be taken, by explicit consensus, at that session on modalities of negotiations.

Environment : Negotiations on limited aspects of trade and environment (relationship between existing WTO rules and specific trade obligations set out in Multilateral Environmental Agreements, procedures for regular information exchange between MEA and WTO and reduction/ elimination of tariff and non-tariff barriers to environmental goods and services) has been mandated, along with instructions to the committee on Trade and Environment to pursue its work on all items on its agenda, giving particular attention to the issues of market access, the relevant provisions of the TRIPS Agreement and labeling.

Labour : The Declaration recognises that ILO is the appropriate forum to address the issue of core labour standards.

Working Groups : The work Programme has also set up two Working Groups. One to examine the relationship between Trade, Debt and Finance for suggesting solutions, within the WTO mandate, to the problem of external indebtedness of developing countries and to strengthen the coherence of international trade and financial policies, with a view to safeguarding the multilateral trading system from the effects of financial and monetary instability. The other Working group will examine the relationship between Trade and transfer of Technology and to facilitate, within the WTO mandate, increased flow of technology to developing countries.

Negotiations under the Work Programme are to be concluded not later than 1 January 2005 (except negotiation on improving and clarifying the Dispute Settlement Understanding which is to be conducted by end of may 2003). The conduct, conclusion and entry into force of the outcome of negotiations will be treated as parts of a single undertaking (except for Dsu). The overall conduct of the negotiations is to be supervised by a Trade Negotiations Committee under the authority of the General Council.

Source: Economic Survey 2001-2001, Government of India

HABITATION STATUS AS ON 01.04.2001 AND 29.01.2002

Sl No	States/ Uts	Status as on 01.04.2001 (Provisional)				Status as on 29.01.2002			
		NC	PC	FC	Total	NC	PC	FC	Total
1	Andhra Pradesh	0	18583	51149	69732	0	16907	52825	69732
2	Arunachal Pradesh	403	995	2900	4298	402	993	2903	4298
3	Assam	801	22314	47554	70669	759	21890	48020	70669
4	Bihar	2	2	105336	105340	0	0	105340	105340
5	Chhattisgarh	402	817	49160	50379	0	10	50369	50379
6	Goa	11	46	339	396	11	46	339	396
7	Gujarat	190	2235	27844	30269	147	1990	28132	30269
8	Haryana	0	193	6552	6745	0	140	6605	6745
9	Himachal Pradesh	1593	11658	32116	45367	1307	10848	33212	45367
10	Jammu & Kashmir	2074	3688	5422	11184	2074	3688	5422	11184
11	Jharkhand	497	119	99480	100096	5	20617	36060	56682
12	Karnataka	10	21148	35524	56682	5	20617	36060	56682
13	Kerala	805	6956	2002	9763	796	6965	2002	9763
14	Madhya Pradesh	127	0	109362	109489	70	0	109419	109489
15	Maharashtra	2256	26120	57554	85930	2121	25321	58488	85930
16	Manipur	30	302	2459	2791	30	282	2479	2791
17	Meghalaya	549	920	7170	8639	495	912	7232	8639
18	Mizoram	0	525	386	911	0	524	387	911
19	Nagaland	393	596	536	1525	371	585	569	1525
20	Orissa	34	119	113946	114099	15	50	114034	114099
21	Punjab	1792	3123	8534	13449	1748	3123	8578	13449
22	Rajasthan	6908	19545	67493	93946	6491	13832	73623	93946
23	Sikkim	0	472	1207	1679	0	396	1283	1679
24	Tamil Nadu	0	4934	61697	66631	0	1895	64736	66631
25	Tripura	287	711	6414	7412	287	581	6544	7412
26	Uttar Pradesh	32	126	243475	243633	30	97	243506	243633
27	Uttaranchal	262	1188	29558	31008	181	1095	20732	31008
28	West Bengal	0	17809	61227	79036	0	14416	64620	79036
29	A & N Islands	0	141	363	504	0	136	368	504
30	Dadra Nagar Haveli	46	243	227	516	40	241	235	516
31	Daman & Diu	0	0	32	32	0	0	32	32
32	Delhi	0	0	219	219	0	0	219	219
33	Lakshadweep	0	10	0	10	0	8	2	10
34	Pondicherry	40	84	143	267	40	84	143	267
35	Chandigarh	0	0	18	18	0	0	18	18
	Total	19544	165722	1237398	1422664	17917	147791	1256956	1422664

NC : Not Covered

PC : Partially Covered

FC : Fully Covered

Source : Annual Report, Ministry of Rural Development.

REVIVAL IN PRODUCTION EXPECTED IN 2002-03 : CII

The confederation of Indian Industry (CII) has forecast a revival in production growth in the current fiscal as a result of higher domestic and export market demand in most sectors. It highlights signs of a global recovery led by the U.S. after the global slow down in 2001 as the primary reason for optimism on the export front. As for the domestic sector, it cites the steady growth in consumer durables and signs of a recovery in some basic goods sectors as factors for the brighter forecast.

According to the CII-Ascon survey for 2001-02 released today, there are many lessons from last year's industry performance for converting the optimistic outlook into a better growth scenario in 2002-03. The survey has found seven sectors recording excellent production growth rate while 20 registered high growth. Another 34 sectors have registered a negative growth and the number of sectors that achieved a moderate growth is 69. The survey covered 118 manufacturing sectors and 12 services sectors.

According to the survey, the down trend is mainly due to the slowdown in some items in the auto sectors as well as in basic goods such as crude oil and cold rolled steel along with some items in the electrical equipment industry, consumer durables, machine tools and textile machinery. In all 90 of the 118 segments have recorded a growth rate of less than 10 percent. This is a decline over the earlier situation where 95 of the 116 segments had shown a moderate growth.

Some sectors such as cement, lead and lead alloy, electric cables and wire, forging transformers, medium and heavy commercial vehicles, cars,

refrigerators and colour televisions moved from negative to positive growth in 2001-02. Others such as mopeds, textile machinery, machine tools, rubber footwear and malted food recorded negative as compared to positive growth in 2000-01.

While over 23 percent of sectors have reported a negative growth in 2001-02, more than 56 percent of the sectors have shown moderate growth rate of 0-10 percent as compared to 51 percent at the end of the last quarter in 2000-01. Many sectors, according to the survey, have suffered because of free imports due to the Indo-Nepal treaty, absence of a clear captive power policy thread of Chinese imports competition from unorganised sector, duplication of brands and manufacture of sales and spurious products at cheaper prices in the absence of harmonisation of specifications and standards.

The survey has underlined the need for the early implementation of VAT. To make products more competitive and export-oriented, the cascading effect of Central and State duties also needs to be reviewed. It has also suggested that the high excise duty on cement, automobiles and machine tools be removed, the agriculture sector be given a boost and the infrastructure status be accorded to the health care sector.

The slowdown in the global economy resulted in exports suffering a setback from the momentum of growth achieved in 2000-01. The main segments which moved into the negative growth list include ball and roller bearing, earth moving construction and mining equipment, textile machinery, medium and heavy commercial vehicles, refrigerators and black and white televisions.

Cars electric cables and wires, diesel engines and phosphate fertilizer are the four segments, which have recorded positive growth in exports as compared to negative growth in 2000-01. While electronic component exports achieved excellent growth rates

from high growth rate last year, the increase in the auto tyre exports is mainly due to excellent export growth in passenger car segment

IIP RISES 3.8% IN MAY WITH GAINS IN SELECT SECTORS

After failing to reflect other recovery signals in the last few months, growth in the index of Industrial production (IIP) has finally risen to 3.8% in May from the sub 3% levels earlier. As the revised data now indicates, growth was also fairly respectable at 3.9% in April 2002. However, the distribution of growth reveals that the recovery is still not on firm ground and gains have accrued to select sectors.

Industries comprising 35% of the index have registered negative growth in May, up quite sharply from only 15% in April. The proportion of industries showing positive growth with accelerating trend (over a nine-month period) has also fallen from 58% of the IIP in April to 51% in May. While there were 11 such segments in April, the number has fallen to nine in May, as non-metallic minerals, and wood and wood products fell out of this league.

Three out of 17 industry groups registered double-digit growth in May. These include the heavy weight category of basic chemicals and chemical products (12.4%), wool, silk and man made fibres (11.6%), and beverages and tobacco (13.5%). But growth was pulled down by some of other segments, like miscellaneous manufacturing industries (-10.2%), leather and leather products (-6.6%), and non-metallic minerals (-3.4%).

In terms of use-based classification, basic goods recorded growth of 4.7% (y-o-y), which is an

improvement over the growth of 3.8% in April. Though the capital goods segment has seen a reversal of the negative growth seen in April, the subdued investment activity is still reflected in the 0.6% growth in May 2002. The consumer goods segment continued on the positive note struck in April, growing by 8.4%. But the composition of growth within the consumer goods industries has changed.

While the growth in consumer goods in 2001-02 was largely pulled up by durables, the non-durables segment is leading growth this year. Consumer durables production declined by 1.2% in May – its first fall in 14 months. In January 2002, this category had recorded very strong growth of more than 14%. But from the next month onwards, growth has been largely below 7%, until the negative growth in May.

On the other hand, consumer non-durables presented a sunnier picture with the growth rate firming up in May to 12.3% over about 9% in April. Food products, which have a larger weight in non-durables, have declined, while beverages and tobacco have grown, but they have a smaller weight. Also, sales of branded FMCG goods have not done well in the first quarter, indicating that the non-branded category of the non-durables sector could have done well.

**Stock Exchange Indices
January to may - 2002**

Date	Bombay Stock Exchange	National Stock Exchange
02-01-02	3246.15	1552.87
08-01-02	3401.80	1632.11
16-01-02	3352.52	1604.66
22-01-02	3382.29	1613.50
30-01-02	3313.28	1581.83
09-02-02	3493.92	199.32
16-02-02	3602.02	1753.67
21-02-02	3358.21	1721.47
09-03-02	3656.77	1780.37
21-03-02	3581.32	1746.18
29-03-02	3469.35	1716.28
05-04-02	3512.55	1748.31
12-04-02	3497.67	1749.16
20-04-02	3364.40	1685.64
27-04-02	3371.70	1679.75
04-05-02	3380.61	1686.91
11-05-02	3431.32	1711.73
22-05-02	3186.53	-
30-05-02	3160.24	-

**Rupee against Dollar (R.B.I Rate) -
January to May - 2002.**

Date	Value (in Rs)
02-01-02	48.24
08-01-02	48.28
16-01-02	48.29
22-01-02	48.24
30-01-02	48.37
09-02-02	48.67
16-02-02	48.71
21-02-02	48.63
09-03-02	48.75
21-03-02	48.73
29-03-02	48.80
04-04-02	48.88
13-04-02	48.92
20-04-02	48.89
27-04-02	48.99
04-05-02	48.98
11-05-02	48.98
24-05-02	49.06
31-05-02	49.01

**Wholesale Price Index and Inflation Rate -
January to April - 2002.**

Date	Index	Inflation Rate %
05-01-02	161.5	1.96
12-01-02	161.3	1.57
19-01-02	160.7	1.32
26-01-02	160.6	1.26
02-02-02	160.6	1.13
09-02-02	160.5	1.13
16-03-02	161.5	1.44
23-03-02	161.6	1.44
30-03-02	161.4	1.38
06-04-02	161.7	1.25
13-04-02	162.0	1.25
20-04-02	162.4	1.44

Gold Price - January to may - 2002

Date	London (Dollar/OZ)	Mumbai (Rs/ 10 gm)	Alappuzha (Rs/ 10 gm)
02-01-02	279.20	4630.00	4270.00
08-01-02	280.30	4660.00	4270.00
16-01-02	284.50	4725.00	4370.00
22-01-02	283.00	4720.00	4370.00
30-01-02	278.30	4660.00	4330.00
02-02-02	282.50	4695.00	4350.00
09-02-02	304.75	4960.00	4540.00
16-02-02	301.10	4970.00	4540.00
21-02-02	294.20	4890.00	4540.00
09-03-02	289.50	4855.00	4510.00
21-03-02	292.85	4890.00	4510.00
29-03-02	304.30	5010.00	4550.00
04-04-02	305.40	5060.00	4690.00
10-04-02	300.10	5000.00	4640.00
20-04-02	304.00	5050.00	4690.00
27-04-02	307.75	5135.00	4730.00
04-05-02	310.00	5150.00	4820.00
11-05-02	310.65	5180.00	4820.00

Consumer Price Index for Industrial Workers

(Base 1982 = 100)

States	Centre	Consumer Price Index Number for the month of											
		Jul 01	Aug 01	Sep 01	Oct 01	Nov 01	Dec 01	Jan 02	Feb 02	Mar 02	Apr 02	May 02	Jun 02
Southern States													
Kerala	1. Aluva	466	457	458	465	464	469	471	468	461	463	471	479
	2. Mundakayam	453	453	447	449	455	460	456	454	454	454	457	464
	3. Kollam	456	452	457	456	460	469	464	463	466	495	459	496
	4. Thiruvananthapuram	504	506	505	509	507	516	523	529	528	532	530	546
	Average	470	467	467	470	472	479	479	479	477	486	479	496
Tamilnadu	1. Chennai	492	496	491	497	502	502	500	503	502	501	508	512
	2. Coimbatore	440	445	442	446	452	453	449	451	455	465	471	480
	3. Coonoor	454	451	448	453	458	464	458	458	460	466	469	474
	4. Madurai	440	442	436	446	461	458	454	451	443	445	454	458
	5. Salem	444	446	444	450	457	461	454	454	453	453	461	470
	6. Tiruchirappalli	501	500	500	511	515	515	515	512	512	515	507	522
	Average	462	463	460	467	474	476	472	472	471	474	478	486
Andra Pradesh	1. Gudur	452	460	446	446	455	447	447	438	431	430	440	453
	2. Gundur	442	447	451	456	459	460	466	465	451	453	463	468
	3. Hyderabad	441	442	443	446	447	455	460	459	462	462	466	469
	4. Visakhapatnam	444	447	446	454	458	456	460	456	460	462	466	468
	5. Warangal	472	473	468	479	486	483	496	489	486	487	496	496
	Average	450	454	451	456	461	460	466	461	458	459	466	471
Karnataka	1. Bangalore	442	441	440	443	448	448	448	445	445	445	445	450
	2. Belgaum	494	500	495	499	502	502	502	503	505	507	509	511
	3. Hubli Dhanwar	456	456	455	457	469	462	462	459	460	460	462	469
	4. Meccara	461	462	458	459	456	453	453	452	453	452	456	461
	Average	463	465	462	465	469	466	466	465	466	466	468	473
Pndicherry	1. Pndicherry	484	478	482	496	496	493	494	493	494	507	502	505

Contd.

Consumer Price Index for Industrial Workers (Contd.)

(Base 1982 = 100)

States	Centre	Consumer Price Index Number for the month of											
		Jul 01	Aug 01	Sep 01	Oct 01	Nov 01	Dec 01	Jan 02	Feb 02	Mar 02	Apr 02	May 02	Jun 02
Northern States													
Delhi	1. Delhi	536	536	534	540	541	533	530	529	537	539	545	555
Maharastra	1. Mumbai	535	534	534	536	539	536	543	550	553	554	555	558
	2. Nagpur	490	496	488	490	495	487	486	589	491	491	495	499
	3. Nasik	504	504	503	505	505	504	511	507	511	508	508	511
	4. Pune	522	525	518	520	526	522	514	517	520	521	530	531
	5. Solapur	483	487	480	479	484	482	481	479	476	477	485	484
	Average	507	509	505	506	510	506	507	528	510	510	515	517
Haryana	1. Faridabad	483	483	480	478	478	471	469	464	468	472	475	480
	2. Yamuna Nagar	432	437	433	433	438	430	431	427	428	434	434	441
	Average	458	460	457	456	458	451	450	446				
West Bengal	1. Asansol	429	453	453	458	460	456	449	443	449	452	451	452
	2. Darjeeling	395	396	396	404	410	402	394	387	388	387	388	390
	3. Durgapur	507	527	531	540	536	532	540	536	540	544	549	552
	4. Haldia	572	576	575	577	586	580	573	571	579	578	577	579
	5. Howrah	517	533	528	536	547	538	526	528	535	536	541	542
	6. Jalpaiguri	410	410	415	421	418	416	413	406	410	408	409	416
	7. Kolkata	502	516	518	531	540	526	517	514	522	523	528	528
	8. Raniganj	402	404	404	413	417	415	402	404	411	414	416	410
	Average	467	477	478	485	489	483	477	474	479	480	482	484
Chandigarh	1. Chandigarh	492	497	501	496	498	497	513	513	505	505	505	509
Uttar Pradesh	1. Agra	421	427	421	427	432	424	422	423	426	429	428	434
	2. Ghaziabad	471	474	473	470	472	465	463	459	464	466	473	478
	3. Kanpur	454	454	454	457	461	449	444	452	455	448	450	461
	4. Saharapur	426	432	431	431	430	426	428	432	434	434	433	434
	5. Varanasi	485	490	486	493	493	482	474	474	478	474	481	482
	Average	451	455	453	456	458	449	446	448	451	450	453	458
Madhya Pradesh	1. Balaghat	414	422	420	422	422	421	412	408	409	410	413	417
	2. Bhopal	502	506	503	506	510	507	507	501	503	503	504	512
	3. Indore	474	477	475	477	482	480	477	475	482	484	486	492
	4. Jabalpur	462	469	466	471	471	467	461	459	462	459	460	462
	Average	463	469	466	469	471	469	464	461	464	464	466	471
	All India	463	466	465	468	472	472	472	472	468	469	472	476

Consumer Price Index and % Variations of Index for Industrial Workers

State	Centre	CPI for the month of		% variation	CPI for the month of		% variation
		May-01	May-02		Jun-01	Jun-02	
Southern States							
1. Kerala	1. Aluva	456	471	3.29	462	479	3.68
	2. Mundakayam	449	457	1.78	456	464	1.75
	3. Kollam	445	459	3.15	460	496	7.83
	4. Thiruvananthapuram	496	530	6.85	498	546	9.64
	Average	462	479	3.85	469	496	5.81
2. Tamilnadu	1. Chennai	479	508	6.05	488	512	4.92
	2. Coimbatore	437	471	7.78	443	480	8.35
	3. Coonoor	441	469	6.35	455	474	4.18
	4. Madurai	449	454	1.11	448	458	2.23
	5. Salem	436	461	5.73	446	470	5.38
	6. Tiruchirappalli	464	507	9.27	480	522	8.75
	Average	451	478	6.06	460	486	5.65
3. Andra Pradesh	1. Gudur	435	440	1.15	447	453	1.34
	2. Gundur	425	463	8.94	438	468	6.85
	3. Hyderabad	437	466	6.64	441	469	6.35
	4. Visakhapatanam	437	466	6.64	442	468	5.88
	5. Warangal	456	496	8.77	465	496	6.67
	Average	438	466	6.44	447	471	5.42
4. Karnataka	1. Bangalore	432	445	3.01	436	450	3.21
	2. Belgaum	477	509	6.71	486	511	5.14
	3. Hubli Dhanwar	448	462	3.13	454	469	3.30
	4. Meccara	452	456	0.88	460	461	0.22
	Average	452	468	3.48	459	473	3.00
5. Pndicherry	1. Pndicherry	468	502	7.26	480	505	5.21

Contd..

Consumer Price Index and % Variations of Index for Industrial Workers (Contd.)

State	Centre	CPI for the month of		% variation	CPI for the month of		% variation
		May-01	May-02		Jun-01	Jun-02	
Northern States							
1. Delhi	1. Delhi	527	545	3.42	533	555	4.13
2. Maharashtra	1. Mumbai	524	555	5.92	530	558	5.28
	2. Nagpur	478	495	3.56	483	499	3.31
	3. Nasik	494	508	2.83	497	511	2.82
	4. Pune	514	530	3.11	518	531	2.51
	5. Solapur	461	485	5.21	470	484	2.98
	Average	494	515	4.13	500	517	3.40
3. Haryana	1. Faridabad	468	475	1.50	471	480	1.91
	2. Yamuna Nagar	425	434	2.12	427	441	3.28
	Average	447		-100.00	449		-100.00
4. West Bengal	1. Asansol	418	451	7.89	421	452	7.36
	2. Darjeeling	385	388	0.78	393	390	-0.76
	3. Durgapur	498	549	10.24	497	552	11.07
	4. Haldia	490	577	17.76	492	579	17.68
	5. Howrah	507	541	6.71	514	542	5.45
	6. Jalpaiguri	404	409	1.24	408	416	1.96
	7. Kolkata	465	528	13.55	472	528	11.86
	8. Raniganj	392	416	6.12	399	410	2.76
	Average	445	482	8.43	450	484	7.59
5. Chandigarh	1. Chandigarh	484	505	4.34	485	509	4.95
6. Uttar Pradesh	1. Agra	417	428	2.64	415	434	4.58
	2. Ghaziabad	468	473	1.07	469	478	1.92
	3. Kanpur	443	450	1.58	449	461	2.67
	4. Saharapur	416	433	4.09	422	434	2.84
	5. Varanasi	474	481	1.48	477	482	1.05
	Average	444	453	2.12	446	458	2.55
7. Madhya Pradesh	1. Balaghat	405	413	1.98	410	417	1.71
	2. Bhopal	475	504	6.11	482	512	6.22
	3. Indore	469	486	3.62	472	492	4.24
	4. Jabalpur	450	460	2.22	455	462	1.54
	Average	450	466	3.56	455	471	3.52
	All India	451	472	4.66	457	476	4.16

Indices

Consumer Price Index for Agricultural Labourers

Sl. No.	Centre	Base 1986-87 = 100]											
		Jul 01	Aug 01	Sept 01	Oct 01	Nov 01	Dec 01	Jan 02	Feb 02	Mar 02	Apr 02	May 02	Jun 02
Southern States													
1	Kerala	325	323	316	317	318	322	319	322	321	321	321	325
2	Tamilnadu	304	304	304	306	311	316	314	313	311	313	316	319
3	Andhrapradesh	320	326	327	332	331	327	324	325	326	329	331	334
4	Karnataka	304	307	307	308	311	312	308	308	309	309	314	314
Northern States													
5	Maharashtra	304	309	305	307	305	304	303	303	303	303	308	314
6	Haryana	320	322	324	324	325	323	320	321	320	320	322	323
7	West Bengal	302	305	306	311	311	307	301	299	301	299	297	299
8	Uttar Pradesh	312	313	314	316	315	311	309	312	312	308	309	315
9	Madhya Pradesh	313	316	315	313	312	310	304	304	305	307	311	314
10	Assam	321	318	319	322	323	324	319	317	319	319	320	322
11	Bihar	283	285	287	294	296	296	291	290	291	292	288	290
12	Gujarat	328	329	324	319	320	315	312	313	316	219	321	325
13	Himachalpradesh	295	303	299	297	299	296	297	299	296	295	300	301
14	Jammu & Kashmir	333	332	329	330	329	326	329	330	330	231	338	333
15	Manipur	311	312	308	305	304	307	300	299	302	299	297	298
16	Meghalaya	346	348	350	354	359	356	351	350	354	354	348	344
17	Orissa	308	313	312	310	307	303	294	286	287	290	293	295
18	Punjab	325	331	329	328	328	324	322	322	320	325	325	328
19	Rajastan	311	311	308	305	306	305	306	308	310	311	313	318
20	Tripura	317	323	324	328	334	315	313	315	319	327	321	323
	All India	309	312	311	313	313	312	308	308	309	309	311	314

Consumer Price Index for Industrial & Agricultural Workers - (Kerala State)

Centre	Base 1970=100						Base 1998-99=100					
	Jul 01	Aug 01	Sep 01	Oct 01	Nov 01	Dec 01	Jan 02	Feb 02	Mar 02	Apr 02	May 02	Jun 02
Thiruvananthapuram	1148	1150	1153	113	114	114	115	114	114	114	114	115
Kollam	1149	1152	1155	114	115	115	115	114	115	115	116	117
Pathanamthitta	-	-	-	112	113	113	113	112	112	112	113	113
Punalur	1096	1098	1101	113	114	114	114	113	112	112	113	113
Alappuzha	1153	1155	1157	112	114	114	114	113	113	112	113	113
Kottayam	1157	1161	1163	114	115	115	115	114	114	113	114	114
Mundakkayam	1113	1114	1116	112	113	113	113	112	111	111	111	112
Munnar	1121	1124	1127	114	115	115	115	114	114	114	114	115
Ernakulam	1107	1109	1112	114	115	115	115	114	114	113	114	114
Chalakkudy	1174	1177	1180	113	114	114	114	113	113	112	113	113
Thrissur	1128	1129	1132	114	115	115	115	114	114	113	114	114
Palakkad	1141	1142	1145	111	112	112	112	111	111	111	111	112
Malappuram	1126	1128	1131	112	113	113	114	113	112	112	112	113
Kozhikkode	1128	1130	1134	114	115	115	115	114	113	112	113	113
Meppady	1197	1199	1201	114	115	115	115	114	114	114	114	115
Kannur	1129	1132	1135	114	115	115	115	114	114	113	114	114
Kasargod	-	-	-	113	114	114	114	113	112	112	113	113
State	1138	1140	1143	113	114	114	114	113	113	113	113	114

Consumer Price Index and % Variations for Agricultural Labourers

Base 1986-87 = 100]

Sl. No.	Centre	Index for		% Variation	Index for		% Variation
		May-01	May-02		Jun-01	Jun-02	
Southern States							
1	Kerala	323	321	-0.62	326	325	-0.31
2	Tamilnadu	300	316	5.33	302	319	5.63
3	Anthrapradesh	312	331	6.09	318	334	5.03
4	Karnataka	299	314	5.02	302	314	3.97
Northern States							
5	Maharashtra	298	308	3.36	302	314	3.97
6	Haryana	318	322	1.26	319	323	1.25
7	West Bengal	296	297	0.34	295	299	1.36
8	Uttar Pradesh	303	309	1.98	307	315	2.61
9	Madhya Pradesh	309	311	0.65	313	314	0.32
10	Assam	323	320	-0.93	325	322	-0.92
11	Bihar	278	288	3.60	281	290	3.20
12	Gujarat	320	321	0.31	325	325	0.00
13	Himachalpradesh	289	300	3.81	289	301	4.15
14	Jammu & Kashmir	330	338	2.42	331	333	0.60
15	Manipur	312	297	-4.81	313	298	-4.79
16	Meghalaya	344	348	1.16	345	344	-0.29
17	Orissa	298	293	-1.68	300	295	-1.67
18	Punjab	318	325	2.20	319	328	2.82
19	Rajasthan	312	313	0.32	311	318	2.25
20	Tripura	315	321	1.90	315	323	2.54
	All India	303	311	2.64	306	314	2.61

Consumer Price Index Numbers of certain centres for urban non-manual employees

[Base 1984-85=100]

Sl.No	Centre	State	Index for the month of											
			Jul-01	Aug-01	Sep-01	Oct-01	Nov-01	Dec-02	Jan-02	Feb-02	Apr-02	May-02	Jun-02	
Southern Centres														
1	Trivandrum	Kerala	382	384	385	384	386	386	391	392	395	400	402	
2	Calicut	Kerala	375	371	370	371	374	374	375	376	375	376	378	
3	Chennai	Tamilnadu	453	454	454	458	462	466	471	472	475	478	482	
4	Coimbatore	Tamilnadu	451	456	454	452	455	462	460	460	462	463	466	
5	Madurai	Tamilnadu	438	439	438	439	448	448	447	448	449	452	455	
6	Salem	Tamilnadu	428	427	426	428	434	434	434	433	438	440	444	
7	Tiruchirapalli	Tamilnadu	409	410	407	411	418	421	426	429	431	432	434	
8	Hydrabad	Andrapradesh	412	413	410	414	413	411	412	411	417	420	425	
9	Kurnool	Andrapradesh	400	403	406	409	411	408	413	411	408	409	410	
10	Vijayawada	Andrapradesh	418	424	424	430	434	431	434	433	438	442	447	
11	Vishakapattanam	Andrapradesh	396	399	400	403	406	406	404	402	406	408	412	
12	Warangal	Andrapradesh	415	418	417	423	426	427	424	420	417	420	428	
13	Bangalore	Karnataka	413	414	413	413	416	415	415	416	416	419	421	
14	Gulbarga	Karnataka	376	380	379	382	385	386	386	389	387	389	392	
15	Hubli	Karnataka	394	398	400	399	402	403	400	400	402	404	407	
16	Mangalore	Karnataka	382	387	383	384	387	387	389	389	391	395	397	
Northern Centres														
1	Delhi	Delhi	399	402	401	402	405	402	399	399	399	401	405	
2	Mumbai	Maharashtra	396	396	394	396	397	396	397	396	402	405	406	
3	Aurangabad	Maharashtra	413	422	422	423	423	425	430	428	428	431	433	
4	Nagpur	Maharashtra	377	378	376	379	379	376	375	372	378	381	386	
5	Pune	Maharashtra	406	406	406	407	406	404	405	404	409	413	419	
6	Solapur	Maharashtra	367	370	369	371	374	373	371	370	373	377	379	
7	Chandigarh	Punjab	463	467	472	465	465	463	466	469	335	337	341	
8	Kolkatta	West Bengal	360	357	355	358	359	356	352	352	356	358	363	
9	Asansol	West Bengal	407	402	402	402	403	401	396	398	406	412	414	
10	Kharagpur	West Bengal	375	378	378	383	382	382	374	374	381	384	391	
11	Siliguri	West Bengal	416	417	418	420	424	420	421	418	422	424	425	
12	Lucknow	Uttarpradesh	368	368	367	369	373	366	365	362	370	373	374	
13	Agra	Uttarpradesh	384	393	388	389	389	384	385	382	387	393	395	
14	Allahabad	Uttarpradesh	414	415	413	415	415	410	411	414	416	414	418	
15	Kanpur	Uttarpradesh	358	360	359	363	365	360	357	358	360	364	372	
16	Meerut	Uttarpradesh	349	351	348	347	347	345	354	355	360	360	366	
	All India		391	393	392	393	395	394	393	392	396	398	402	

**Consumer Price Index Numbers and % Variations of certain centres
for Urban non-manual employees**

[Base 1984-85=100]

Sl. No	Centre	State State	Index for		% Increase	Index for		% Increase
			May-01	May-02		Jun-01	Jun-02	
Southern State								
1	Trivandrum	Kerala	374	400	6.95	377	402	6.63
2	Calicut	Kerala	371	376	1.35	374	378	1.07
3	Chennai	Tamilnadu	436	478	9.63	440	482	9.55
4	Coimbatore	Tamilnadu	447	463	3.58	447	466	4.25
5	Madurai	Tamilnadu	433	452	4.39	438	455	3.88
6	Salem	Tamilnadu	419	440	5.01	424	444	4.72
7	Tiruchirapalli	Tamilnadu	400	432	8.00	404	434	7.43
8	Hydrabad	Andrapradesh	404	420	3.96	405	425	4.94
9	Kurnool	Andrapradesh	390	409	4.87	396	410	3.54
10	Vijayawada	Andrapradesh	407	442	8.60	411	447	8.76
11	Vishakapattanam	Andrapradesh	388	408	5.15	390	412	5.64
12	Warangal	Andrapradesh	404	420	3.96	414	428	3.38
13	Bangalore	Karnataka	403	419	3.97	409	421	2.93
14	Gulbarga	Karnataka	367	389	5.99	369	392	6.23
15	Hubli	Karnataka	385	404	4.94	391	407	4.09
16	Mangalore	Karnataka	374	395	5.61	376	397	5.59
Northern State					#DIV/0!			#DIV/0!
1	Delhi	Delhi	388	401	3.35	394	405	2.79
2	Mumbai	Maharashtra	387	405	4.65	392	406	3.57
3	Aurangabad	Maharashtra	407	431	5.90	412	433	5.10
4	Nagpur	Maharashtra	373	381	2.14	375	386	2.93
5	Pune	Maharashtra	400	413	3.25	404	419	3.71
6	Solapur	Maharashtra	362	377	4.14	366	379	3.55
7	Chandigarh	Punjab	454	337	-25.77	459	341	-25.71
8	Kolkatta	West Bengal	352	358	1.70	359	363	1.11
9	Asansol	West Bengal	389	412	5.91	394	414	5.08
10	Kharagpur	West Bengal	365	384	5.21	371	391	5.39
11	Siliguri	West Bengal	414	424	2.42	413	425	2.91
12	Lucknow	Uttarpradesh	357	373	4.48	360	374	3.89
13	Agra	Uttarpradesh	371	393	5.93	371	395	6.47
14	Allahabad	Uttarpradesh	389	414	6.43	395	418	5.82
15	Kanpur	Uttarpradesh	347	364	4.90	353	372	5.38
16	Meerut	Uttarpradesh	335	360	7.46	335	366	9.25
All India			382	398	4.19	386	402	4.15

Prices

Monthly retail prices of certain essential commodities for the last one year

Sl. No	Name of Commodity	Unit	Jul 01	Aug 01	Sep 01	Oct 01	Nov 01	Dec 01	Jan 02	Feb 02	Mar 02	Apr 02	May 02	Jun 02
A. RICE - Open Market														
1	Red - Matta	Kg	12.43	12.25	12.16	12.25	12.16	12.20	12.20	12.23	11.96	11.91	11.89	11.91
2	Red - Chamba	Kg	11.96	12.15	12.27	12.27	12.13	12.30	12.25	12.15	12.29	12.36	12.36	11.81
3	White Andra Vella	Kg	12.04	12.08	12.17	12.27	12.05	12.15	12.29	12.34	11.70	11.91	11.82	11.93
B. PULSES														
4	Green gram	Kg	31.86	33.86	32.14	30.68	30.93	30.43	30.57	30.18	30.07	30.93	31.29	31.32
5	Black gram split w/o husk	Kg	39.82	39.93	39.07	37.43	36.46	35.00	34.71	34.04	32.75	32.68	34.25	34.96
6	Dhall(Tur)	Kg	29.15	30.04	29.92	30.04	30.15	29.69	29.12	28.81	28.88	28.92	29.69	30.00
C. OTHER FOOD ITEMS														
7	Sugar(O.M)	Kg.	15.55	14.94	15.39	15.43	15.25	15.18	15.26	15.25	15.30	15.24	15.07	14.74
8	Milk (Cow's)	Ltr.	12.93	12.93	12.93	12.93	12.96	12.96	13.04	13.04	13.04	13.07	13.18	13.00
9	Egg Hen's (White lagon)	Dozen	17.64	16.60	16.05	15.48	16.20	16.00	16.95	16.46	16.00	15.04	14.92	17.14
10	Mutton with bones	Kg	114.29	114.29	115.00	115.00	115.00	115.00	116.43	116.43	116.43	116.43	120.71	120.71
11	Tea (Kannan Devan)	1/2 kg	69.21	69.46	69.39	69.68	69.96	71.21	70.68	70.68	70.68	70.68	71.21	71.14
12	Coffee Powder (Brook Bond Gr.Label)	1/2 kg	69.38	69.38	69.32	69.21	69.30	69.20	69.25	69.25	69.25	69.25	69.13	69.13
D. OIL AND OIL SEEDS														
13	Coconut oil	Kg	36.00	37.89	36.61	35.93	36.54	48.61	43.61	41.79	40.04	44.64	43.86	45.79
14	Groundnut oil	Kg	49.78	50.48	50.28	50.48	49.87	50.31	50.87	50.42	49.87	51.50	52.50	51.48
15	Refined oil(Postman)	Kg.	60.85	60.31	60.22	60.22	60.18	60.33	60.33	59.55	59.40	61.50	62.10	62.74
16	Gingelly oil	Kg.	49.86	51.21	50.00	50.36	50.29	50.14	51.00	50.36	51.18	53.29	53.57	54.79
17	Coconut without husk	100 nos	368.21	376.43	372.50	366.43	386.07	474.64	461.07	442.86	429.64	443.93	440.71	452.50

Monthly retail prices of certain essential commodities for the last one year (Contd.)

Sl. No	Name of Commodity	Unit	Jul 01	Aug 01	Sep 01	Oct 01	Nov 01	Dec 01	Jan 02	Feb 02	Mar 02	Apr-02	May 02	Jun 02
E. SPICES AND CONDIMENTS														
18	Corriandar	Kg.	40.93	42.43	41.93	40.71	40.86	39.57	37.79	35.71	33.57	33.64	33.14	33.21
19	Chillies dry	Kg.	42.93	49.36	49.64	49.64	48.00	45.00	43.07	41.64	39.36	38.86	39.71	42.07
20	Onion small	Kg.	11.81	11.40	11.33	14.20	17.31	16.89	12.26	10.61	10.74	10.61	11.60	13.85
21	Tamarind without seeds loose	Kg.	23.50	23.07	23.29	23.43	24.50	24.71	24.57	24.07	23.21	22.07	22.71	22.36
F. TUBERS														
22	Chenai	Kg.	8.29	8.43	7.29	7.29	7.29	7.86	7.21	7.43	8.07	9.86	10.00	12.14
23	Tapioca Raw	Kg.	4.93	4.79	4.96	5.04	4.84	4.71	4.68	4.93	4.89	5.21	5.07	4.96
24	Potato	Kg.	11.73	12.09	9.00	8.82	12.29	13.27	11.77	9.21	8.63	9.64	10.44	11.57
25	Colocassia	Kg.	16.46	14.17	15.14	14.71	13.57	13.07	11.71	12.36	13.00	13.82	15.18	14.30
G. VEGETABLES														
26	Onion big	Kg.	7.13	9.44	8.38	8.62	11.49	9.94	7.39	6.69	5.90	5.51	5.36	6.19
27	Brinjal	Kg.	10.71	9.86	9.43	9.43	10.71	11.00	10.46	11.00	10.29	10.93	10.21	10.43
28	Cucumber	Kg.	7.07	7.21	6.50	6.50	7.21	8.36	8.36	7.86	6.14	6.21	5.93	7.93
29	Ladies Finger	Kg.	10.43	10.29	9.50	10.29	11.71	10.71	9.64	11.36	12.14	11.43	10.36	10.43
30	Cabbage	Kg.	10.86	11.57	9.86	9.00	8.71	9.07	8.43	9.21	8.71	8.36	9.14	8.71
31	Bittergourd	Kg.	17.57	15.14	12.00	15.71	12.29	12.79	11.29	11.21	11.86	13.50	12.79	14.46
32	Tomatto	Kg.	14.57	12.36	8.00	8.64	10.64	19.21	8.71	8.14	7.71	8.07	8.64	11.36
33	Chillies green	Kg.	18.21	15.07	13.07	14.79	13.14	16.57	13.00	12.21	14.00	14.29	12.86	17.43
34	Banana green	Kg.	11.32	12.21	13.64	13.54	13.04	11.14	10.18	10.32	10.11	11.61	12.00	11.18
35	Plantain green	Kg.	8.14	8.86	9.79	9.36	8.68	8.86	8.54	8.89	8.54	8.61	8.43	8.46
H. MISCELLANEOUS ITEMS														
36	Washing Soap (501 Half Bar)	1/2 Bar	7.70	7.68	7.71	7.73	7.73	7.73	7.70	7.70	7.71	7.73	7.73	7.71
37	Toilet Soap Lux	100 gm	10.96	11.00	11.00	11.00	11.00	11.00	10.96	10.96	11.07	11.32	11.32	11.29
38	Toothpaste Colgate	100 gm	28.89	28.68	27.54	27.79	27.50	28.93	28.75	29.11	29.07	29.79	29.79	29.64
39	Cement - Sankar (Ord. Paper Bag)	each	187.42	181.55	153.50	177.18	183.68	182.95	187.46	189.21	173.69	168.96	164.32	154.77

PRICE SITUATION

The annual rate of inflation, measured on the basis of point-to-point variations in the whole sale price index (WPI), fell from above 5.0 percent upto August 2001 to touch a low of 1.1 percent on February 2, 2002, before ending the financial year 2001-02 at 1.4 percent as compared with 4.9 percent at the end of the previous year (Chart 36). On an average basis, WPI inflation ebbed during the year and stood at 3.6 percent during 2001-02. At the retail level, the rate of inflation, as indicated by the consumer price index for industrial workers (CPI-IW), stood at 4.1 percent during February 2002, on an annual average basis, close to that of the previous year.

WHOLE SALE PRICE INFLATION

On April 6, 2002, the annual point-to-point inflation rate was 1.3 percent as compared with 5.1 percent during the corresponding period of the previous year. An analysis of disaggregated data for the financial year 2001-02 indicates that, on a point-to-point basis, the annual fuel group inflation fell to 3.8 percent in 2001-02 from 15.0 percent during the previous year while manufacturing inflation turned negative (-0.4 percent) as against an increase of 3.8 percent a year ago. The primary articles inflation accelerated to 3.8 percent from a decline of 0.4 percent during the same period (Chart 37).

Within the primary articles group, many commodities experienced moderation in inflation or

even declines in prices; 'fruits and vegetables' were a notable exception with inflation increasing to 14.7 percent in 2001-02 from a decline of 2.9 percent a year ago. Within the fuel group, mineral oils inflation fell to 1.1 percent from 17.0 percent during the previous year, while that of electricity fell to 9.2 percent from 11.5 percent over the same period.

In terms of analysis of commodity-wise inflation within the manufactures category, cement, electrical machinery, cotton textiles and man-made textiles witnessed negative inflation, on a point-to-point basis, of 4.3 percent, 1.1 percent, 6.6 percent and 6.5 percent, respectively, during 2001-02 as against price rises of 20.3 percent, 11.8 percent, 6.3 percent and 2.0 percent, respectively, during 2000-01. Sugar, khandsari and gur also recorded negative inflation of 3.2 percent during 2001-02 on the top of a negative inflation of 6.1 percent during 2000-01. Other items in the manufacturing group which experienced deceleration in inflation were fertilizers, chemical and chemical products, transport equipment and parts, non-electrical machinery and iron and steel. On the other hand, edible oils experienced increase in the inflation rate of 12.8 percent during 2001-02 from that of (-) 4.8 percent during the previous year (Table 12).

Inflation, measured on the basis of variation in the average wholesale price index - an indicator of underlying inflation conditions - persistently declined during 2001-02 (Chart 38).

Table 12 : Commodity-Wise WPI Inflation

(Point-to-point basis)

Commodity	Weight	Annual Variation						
		1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02 P
All Commodities	100.0	4.4	5.4	4.5	5.3	6.5	4.9	1.4
I) Primary Articles	22.0	3.1	9.2	4.6	7.6	4.00	-0.4	3.8
i) Cereals	4.4	5.2	15.9	-4.7	22.7	4.7	-5.5	0.8
ii) Pulses	0.6	18.3	-1.3	5.2	0.1	10.7	7.1	-1.6
iii) Fruits & Vegetables	2.9	18.5	9.1	5.8	2.6	-0.7	-2.9	14.7
iv) Milk	4.4	2.7	6.4	7.0	8.1	15.8	0.4	2.8
v) Eggs, Fish & Meat	2.2	4.2	23.2	3.6	4.1	10.1	-2.1	9.1
vi) Condiments & Spices	0.7	22.1	-1.7	28.8	6.2	1.0	-13.8	2.5
vii) Fibres	1.5	-16.6	-3.0	18.2	-6.3	-3.6	7.4	-17.6
ix) Oil seeds	2.7	-4.7	4.4	3.7	4.9	-8.0	2.8	7.3
II) Fuel, Power, Light & Lubricants	14.2	5.1	13.3	13.7	3.3	26.7	15.0	3.8
i) Mineral Oils	7.00	0.2	20.8	13.5	-1.1	41.6	17.0	1.1
ii) Electricity	5.5	12.5	4.5	13.7	9.6	15.1	11.5	9.2
iii) Coal Mining	1.8	0.5	17.4	14.6	0.0	8.8	18.1	-1.6
III) Manufactured Products	63.8	4.7	2.4	2.3	4.9	2.4	3.8	-0.4
i) Sugar, Khandsari & Gur	3.9	3.7	11.2	6.3	14.6	2.9	-6.1	-3.2
ii) Edible Oils	2.8	-6.0	1.0	6.9	12.7	-17.9	-4.8	12.8
iii) Food Products	11.5	3.8	10.6	5.8	9.2	0.4	-3.7	0.5
iv) Cotton Textiles	4.2	-5.1	-2.0	4.5	1.2	-1.9	6.3	-6.6
v) Man-made Textiles	4.7	-1.4	-18.6	-2.7	-7.8	6.6	2.0	-6.5
vi) Chemicals & Chemical products	11.9	6.6	4.9	0.7	11.0	5.5	4.0	1.3
vii) Fertilisers	3.7	7.1	4.9	0.0	4.0	8.7	3.4	1.8
viii) Urea-N-Content	2.2	0.0	10.3	0.0	9.0	12.8	1.8	1.3
ix) Cement	1.7	10.0	-6.9	-7.0	5.6	-0.7	20.3	-4.3
x) Iron & Steel	3.6	5.2	7.0	4.6	0.9	1.4	1.3	0.0
xi) Non-electrical Machinery	3.4	6.9	8.8	1.0	3.9	1.1	6.9	4.9
xii) Electrical Machinery	5.0	2.0	-1.4	-3.5	-1.3	-1.9	11.8	-1.1
xiii) Transport Equipment and Parts	4.3	8.0	5.0	3.1	2.3	4.7	5.8	1.3

P - Provisional

On an average basis, the WPI inflation rate was 3.6 percent during 2001-02 as against 7.2 percent during the previous year. The deceleration in the overall inflation was due to that of the fuel group and manufactured products groups which decelerated to 9.1 percent and 1.8 percent from 28.5 percent and 3.3 percent respectively, during the previous year. The primary articles inflation, on the other hand, increased to 3.6 percent from 2.9 percent during the previous year. The weighted contribution of the fuel group in overall inflation decreased to 48.0 percent from 63.1 percent during the previous year; on other hand, the contribution of the manufactured products groups increased marginally to 28.5 percent from 27.6 percent while that of the primary articles group increased to 23.2 percent from 9.7 percent in the previous year (Chart 39)

CONSUMER PRICE INFLATION

At the retail level, consumer price inflation as measured by the annual variation in the consumer price index for industrial workers (CCP-IW), on a point -to-point basis, increased to 5.2 per cent in February 2002 from 3.0 percent in February 2001. On an average basis, the annual CPI inflation rate at 4.1 per cent in February 2002 was almost the same as that of 4.0 percent in February 2001 (Chart 40)

The average CPI -W inflation at 4.1 percent during 2001-02 (up to February) closely tracked the movements in the average WPI (4.0 per cent up to February). This is in contrast to the second half of the 1990s when CPI and WPI inflation often displayed divergent trends. During the first half of the 1990s, the three indicators of inflation -WPI; CPI and GDP deflator indicated strong co-movement averaging 11.0 per cent, 10.5 per cent and 10.4 per cent, respectively. On the other hand, during the second half of the 1990s (1995-96 to 1999-2000), the WPI inflation fell significantly to an average of 5.3 per cent while the CPI inflation averaged 8.6 per cent, leading to a wedge between the two indicators. The inflation rate based on GDP deflator averaged 7.0 per cent during

1995-2000 ruling between inflation rates reflected by the CPI and WPI. During 2000-01, the pattern was reversed as WPI inflation exceeded the inflation rate based on the CPI as well as the GDP deflator (Chart 41).

CORE INFLATION

Headline measures of inflation are susceptible to exogenous influences like supply shocks/ energy price shocks and may not fully reflect the changing /shifting domestic demand conditions. Since formulation of forward-looking monetary policy requires a proper assessment of the future inflationary outlook, central banks in recent period have been focusing on various measurers of inflation excluding such exogenous shocks. These measures of inflation, called core inflation, can be constructed using alternative methodologies.

In India, a measure of core inflation can be obtained by excluding the impact of price changes of items vulnerable to exogenous shocks whose price are administered. Such administered items like fuel, mineral oils, electricity, coal mining and urea-N-content have a weightage of 16.4 percent in the overall WPI. The inflation rate excluding such administered items remained below the headline point-to point WPI inflation during the first half of 2001-02 on the account of the base effects of price revisions in the administered prices of petroleum products effected during September 2000. In the second half of 2001-02, core inflation converged to the headline. WPI inflation reflecting the correction in the base effect. The core inflation, as defined above, was 0.8 per cent during 2001-02, on a point - to point basis, as against the corresponding headline rate of 1.4 per cent (Chart 42). The loss of information content in the construction of such core inflation measures and the relatively greater public acceptability of headline measures make the former useful only as indicators of underlying inflationary process in the medium-term under normal output conditions rather than as policy targets.

1850

819

