The tiger awakens: Growth of the Indian economy

Table of Contents

Introduction 2
The Indian economic crisis of 1990-91 3
Reforms: The New Economic Policy (NEP) of 1991 4
The Immediate Impact of the NEP 6
Impact of the Global Financial Crisis on the Indian economy 7
A look at India's economic performance 9
Appendices 15
Sources 23

Introduction

"…I do not minimise the difficulties that lie ahead on the long and arduous journey on which we have embarked. But as Victor Hugo once said, 'no power on earth can stop an idea whose time has come.' I suggest to this august House that the emergence of India as a major economic power in the world happens to be one such idea. Let the whole world hear it loud and clear. India is now wide awake. We shall prevail. We shall overcome."

It was with these emphatic words, used at the end of a two-hour, defining budget speech before the Lower House of Parliament on the 24th of July, 1991, that Dr. Manmohan Singh, the Finance Minister of India, ushered in an era of growth and modernization for the Indian economy.

There was a term used in India for the snail-paced rate of economic growth. That term was 'Hindu rate of growth' and it was coined by an economist, Raj Krishna, to reflect the slow growth that plagued the Indian economy until the early 1980s. This term, though often used in a humorous context now, had extremely negative and even derogatory connotations, because it alluded to a sense of Indian (albeit Hindu) fatalism and used it to present one hypothesis as to why the government of the time was content with letting the economy merely crawl along. Thus, there were those in India who firmly believed that the country as a whole had resigned itself to a low growth rate, while other economies in the South-East Asian region were roaring all around it. For a long phase after India won her independence, from the early 1950s to the early 1980s, it seemed that the Indian tiger had been transformed into a slumbering and docile pussycat.

The change that India needed, if it was one that it did not anticipate, was first introduced in 1985 by the government of the time, when the first liberalized economic policy was launched, along with a move toward freer markets. However, the real catalyst for India's economic growth arrived in 1991-92 when, faced with a Balance of Payments crisis, the new government under Prime Minister P V Narasimha Rao and Finance Minister Dr. Manmohan Singh introduced a New Economic Policy (NEP) and moved to devalue the Rupee, thus bringing about a free market reform that had been hitherto deemed socially and politically unacceptable. Until then, the government in India had stuck to an excessively regulated economic policy, with an emphasis on industrial controls and a 'Soviet model' of social welfare, rather than encouraging freer markets and entrepreneurship. The reforms under the NEP were based on the recognition of the need to integrate with the global economy through trade, investment and technology flows, and to create conditions for Indian entrepreneurs which would give them an environment comparable to the other developing economies, within a span of four to five years.

(Singh, 1991; Ahluwalia, 1994)

The Indian economic crisis of 1990-91

The Indian economy tottered on the edge of a precipice from the end of 1990, and its position became increasingly precarious in April 1991. A combination of unfavorable external factors and a domestic economy that had ground to a halt due to policy paralysis and a protectionist industrial environment caused inflationary pressures to rise substantially in early 1991. The problems that faced India were chronic in nature and deeply systemic: unsustainable increases in government expenditure, questionable budgetary subsidies, loopholes in the tax system, inefficient management of the public sector, and excessive and indiscriminate protection provided to domestic industry. An increasing gap between the income and expenditure of the economy led to a serious rise in the current account deficit and led to a precarious balance of payments situation for India.

The fiscal deficit of the Central Government (revenue receipts minus total expenditure) was estimated at more than 8% of the GDP, as compared to 6% in the early 1980s and 4% in the 1970s. To meet this gap, the government increased its internal public debt to about 55% of the GDP, which, in turn, led to a rise in interest payments to 4% of GDP (and around 20% of the total expenditure). The mismanagement of the balance of payments led to a current account deficit of 2% for several years preceding the crisis; the figure jumped to 2.5% in 1990-91. These deficits led to a continuous increase in external debt, which was estimated at 23% of GDP at the end of 1990-91. Thus, the debt servicing costs reached a high of 23% of GDP. These imbalances were drawn to a breaking point by the Gulf crisis, leading to India's forex reserves falling to Rs.25 billion, which was sufficient to support imports for a mere fortnight. At the same time, inflation reared its ugly head, with the Wholesale Price Index increasing by 12.1% in the year ended March 31, 1991, and the Consumer Price Index rising by 13.6%.

(Refer to Indicative Data and Series (year-end) in Appendices: Table 1) *(Singh, 1991)*

Reforms: The New Economic Policy (NEP) of 1991

Fiscal improvements:

Systemic improvements to improve the state of India's fiscal deficit were introduced, including an abolition of export subsidies, a partial restructuring of fertilizer subsidies, a phasing out of budgetary support to loss-making public-sector enterprises, and restricting unnecessary development expenditure. This was followed in 1994-95 by a cap on the borrowing by the Government from the RBI to finance the deficit.

Deregulation and Liberalization:

- Significant changes in the Industrial Policy to deregulate the domestic sector were implemented, increasing the degree of competition between domestic enterprises and thus raising productivity, improving efficiency and reducing overall costs.
- The system of pervasive industrial licensing, which required permission from the Central Government for virtually every step of industrial activity – from new investments to expansion of existing industrial capacity – was almost entirely abolished, and licensing was restricted to a small list of industries (for environmental considerations and in sectors reserved for small-scale industries).
- The Monopolies and Restrictive Trade Practices Act (MRTP), which imposed parallel restrictions on business activity and expansion, was also eliminated.

Trade and Globalization:

- Substantial changes were made to the Import-Export Policy, aimed at reducing licensing requirements and simplifying cross-border trade. To facilitate the new thrust toward exports and under the recommendation of the IMF, two exchange rate adjustments were carried out in 1991, the first of which devalued the Rupee by a massive 24%, thus marking the beginning of a shift from a regime of quantitative restrictions to a more open-market-friendly price-based mechanism.
- Foreign Direct Investment (FDI) norms were greatly eased through the following measures: 1) FDI in specified high-priority industries (totaling 34) would be given automatic approval, up to a limit of 51% of the total equity, 2) FDI up to a limit of 51% of total equity was now allowed for trading companies engaged in export activities, and 3) a special board (the Foreign Investment Promotion Board, FIPB) was set up to negotiate with large international firms and to approve FDI in selected areas.
- Of all of the changes, however, perhaps the most high-profile one was that which was instituted in the export of technological capital: the exports of software were granted a blanket tax exemption, a move that was directly responsible for the boom of the Indian software industry and which heralded its arrival on the global stage.
- The first steps for rationalizing the Customs duties structure in India, which had historically been as high as 200%, were also taken in the NEP, with the peak rate of duties reduced to 64% and a roadmap established for bringing them in line with other developing economies.

Privatization:

The role and the monopoly of the public sector was reduced while opening a substantial number of industries to the private sector. The stake of the government in a number of public sector companies was reduced to 51%, with two objectives in mind: 1) To provide resources to the government without adding to the fiscal deficit, and 2) to make public sector managements more sensitive to profitability by introducing private stakeholders and through the trading of their securities on the stock exchanges. The primary among these were the power generation industry, the hydrocarbon sector, the air transport sector and the telecommunication sector. Up to 20% of the government's equity in selected public sector enterprises was offered to the public through mutual funds and investment institutions, thus paving the way forward for a divestment agenda.

Financial Sector Reforms:

- A significant albeit staggered reduction was sought in nominal and real interest rates. To this end, the degree of interest rate intervention by the Reserve Bank of India (RBI) was relaxed, and a greater flexibility was hitherto allowed for interest rates in general. Commercial banks were now free to charge interest rates above a stipulated floor-level by the RBI and the same freedom was extended to term-lending institutions. Additionally, prudential norms relating to income recognition, provisioning and capital adequacy were brought in line with the Basel Committee standards, with a target to fully implement them by March 1996.
- To inject fresh capital into the large, nationalized banks, the stronger banks were allowed to inject fresh capital through private mobilization, with the government's stake reduced to a minimum of 51%. The banking system was opened up to the private and foreign sectors, with several new licenses issued to domestic private banks and with foreign banks granted a greater branch network.
- The onus and responsibilities of monitoring the securities market in India were transferred to the Securities and Exchange Board of India (SEBI), which was established as an independent statutory authority for regulating the stock exchanges and for supervising the major players (including brokers, underwriters, merchant bankers and mutual funds). Indian companies were now allowed to access foreign capital markets through the mechanism of Global Depository Receipts (GDRs). The first steps toward building a national clearing and settlement house, and toward setting up a central share depository were also undertaken.
- Prior to this budget, mutual funds in India had been the sole domain of government institutions. In 1991, the government removed all such controls and opened the mutual fund market to both private sector and joint-sector mutual funds – arguably the most important catalyst for the subsequent development of the Indian stock markets.
- Restrictions on the interest rates for debentures floated in the capital markets were removed.

Tax Reforms

The following changes were implemented in both the direct and indirect tax structures:

- The maximum marginal rate of personal income tax was reduced from 56% to 40%.
- The Wealth Tax, previously applicable to all personal assets, was abolished for all productive assets (including financial assets).
- The rates of corporate income tax, which were 51.75% for a publicly listed company and 57.5% for a privately held company, were unified and reduced to 46%.
- Customs duties were reduced as stated earlier.
- Prior to 1994, Excise duties on domestically manufactured goods were charged at varying rates on different commodities, with most duties being specific rather than ad valorem. Though the rationalization in the Excise duty structure was not implemented in the NEP, the Budget of 1994 greatly simplified the system, with the bulk of taxes shifted to an ad valorem structure, and with the number of rates reduced to 10 from 21 earlier.

(Singh, 1991; Ahluwalia, 1994)

The Immediate Impact of the NEP

- The first year of reforms itself saw a reduction in the fiscal deficit from over 8% in 1990-91 to 5.9% in 1991-92 and further to 5.7% in 1992-93.
- The total volume of foreign equity approved in the first 24 months after the NEP was announced touched $3 billion, as compared to annual approvals of $150 million in the years preceding it.
- Inflation was reduced from a peak of 17% in August 1991 (WPI) to about 8.5% within two years.
- Foreign exchange reserves increased from a low of $1.2 billion in June 1991 to over $15 billion in March 1994.
- Exports grew by around 21% in the first ten months of 1993-94.

(Refer to Indicative Data and Series (year-end) in Appendices: Table 1) *(Ahluwalia, 1994)*

Impact of the Global Financial Crisis on the Indian economy

After a stellar performance in the early and mid-1990s, and after almost a decade of consistent and high growth in the first decade of the new millennium, the Indian economy slowed down considerably, impacted adversely by the financial crisis, and by policy and reform delays. This was despite a rapid reaction to the crisis through prompt infusion of liquidity into the economy, largely due to the interplay of a variety of factors:

The components of the fiscal stimulus package

India has historically suffered from high rates of inflation, caused primarily by supply-side constraints and bottlenecks in economic policy (pre-NEP). The required increased liquidity in the system post the financial crisis of 2008-09 caused inflationary pressures which, in turn, forced the RBI to institute monetary tightening by raising interest rates for a relatively longer period. This led to a reduction in much-required investment and capital expenditure in the economy.

Although Indian financial institutions were more-or-less isolated from the global meltdown, the financial system was faced with heightened volatility in the wake of the crisis. In an attempt to smoothen this volatility, the RBI sharply reduced the effective policy rate from 9% in September 2008 to 5% in December, and to a low of 3.25% in June 2009. The increased liquidity in the system, coupled with the supply-side deficit India historically faces, caused the CPI (Consumer Price Index) inflation to shoot-up, to a high of 12.4% in 2009-10. To correct this, the RBI tightened the monetary supply considerably, bringing the policy rate up to 8.5% in 2011. Although this did initially dampen the runaway inflation, which dropped down to 6% in 2011-12 (under a revised CPI computation), the CPI figure once again crept up to 9.5% in 2013-14. ***(Refer to Appendices: Table 4)***

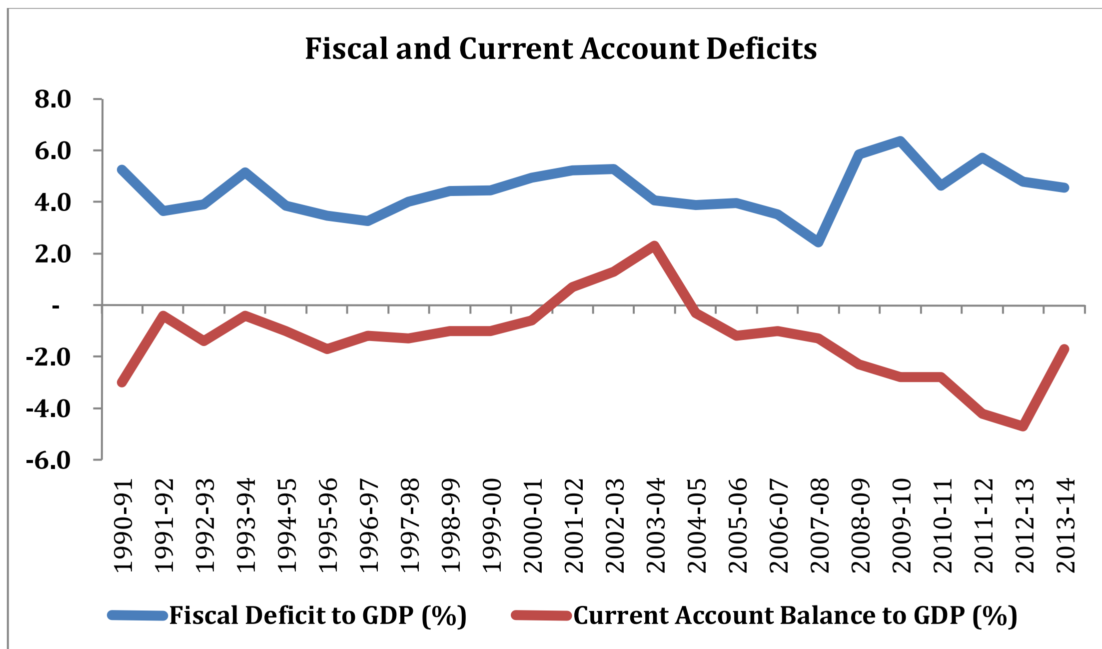
Additionally, a huge part of the fiscal stimulus package, apart from interest rate tinkering, was in the form of tax cuts and increased revenue expenditure (mainly subsidies), which inadvertently led to a stagnation in capital and investment expenditure.

A dangerous and unwanted rise in Current Account Deficit levels…

Another poorly-anticipated effect of the enhanced global liquidity following the crisis was that India's CAD widened considerably, outside the government and RBI's stated comfort levels. This was due to a combination of factors: 1) increased gold imports, 2) a higher real expense on fuel due to an incomplete pass-through of international crude oil prices to domestic consumers, and 3) an appreciation in the real exchange rate due to increased capital flows into the economy. The CAD, which was at about 1% in the three years preceding the crisis, increased dramatically from 2008-09 to 2012-13, when it hit a high of 4.7% in 2012-13. It has been brought down since then by the concerted effects of the RBI to 2.3% of GDP, mainly through the imposition of an import duty on gold and by allowing the Rupee to depreciate. ***(Refer to Appendices: Table 1)***

…Accompanied by a twin increase in Fiscal Deficit levels

The years from 2003-08 saw a considerable and sustained improvement in India's fiscal position, with the Net Fiscal Deficit decreasing from over 5% in 2002-03 to around 4% in the following year, all the way down to 2.4% in 2007-08. With the advent of the 2008 crisis, however, this fiscal consolidation process suffered a serious setback, with the Fiscal Deficit rising steeply to 5.8% in 2008-09 and hitting a high of 6.4% in 2009-10. From 2012-13 onwards, the government has attempted correcting this scenario with moderate success and the level stands reduced at 4% in 2014-15 – still considerably above the pre-crisis level. ***(Refer to Appendices: Table 1)***



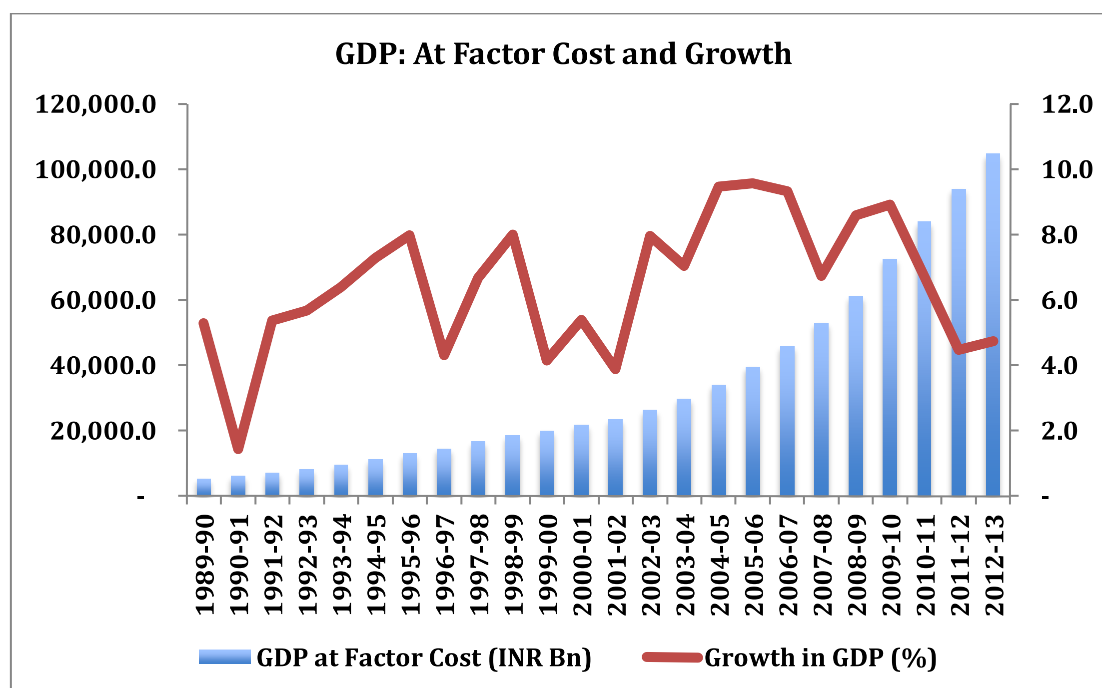
(Source: RBI Handbook of Statistics on the Indian economy)

A steep decline in industrial activity

Manufacturing growth in the Indian economy came to a standstill during 2012-14, with the IIP registering a near-zero increase during the period. This, though unwanted, was not completely unanticipated. An almost complete freeze on government capital formation during this period, coupled with policy bottlenecks and a systemic failure to implement much-required infrastructure and land-related reforms, led to a drastic reduction in new industrial activity and ground manufacturing to a halt. ***(Refer to Appendices: Table 3)***

A look at India's economic performance

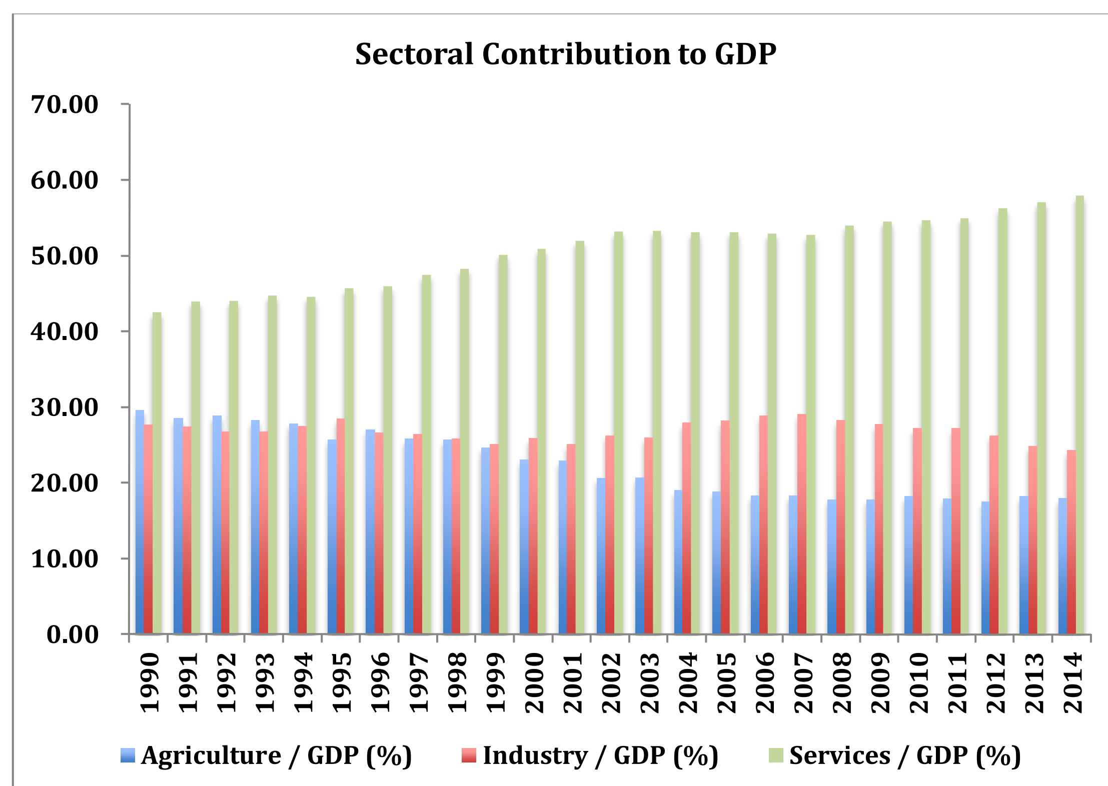
India's real GDP has grown consistently, albeit in a rather volatile manner, in the decades preceding the New Economic Policy (NEP, 1991) and the subsequent economic reforms. The first decade under consideration, 1971-80, saw a GDP CAGR of 2.36%; the subsequent decades have seen a steady gain: 4.83% in 1981-90, 5.28% in 1991-2000 and 6.76% in 2001-10. However, the Indian economy, along with the other emerging markets, has suffered considerably from the after-effects of the global economic crisis, with the GDP CAGR slowing down to 3.94% in the period of 2011-14. To put this in more recent perspective, India's real GDP growth averaged 8.7% in the five-year period from 2003-04 to 2007-08; this figure dropped to 6.7% in 2008-09 as the first effects from the global financial crisis first impacted economies. Although the economy rebounded strongly in the two years that followed, registering a growth of 8.6% and 8.9%, this was to prove a near-term effect of the huge monetary and fiscal stimulus provided not only by the Indian government but also by global economies, and the Indian economy has since slowed down to around a 5% growth during 2012-14.



(Source: RBI Handbook of Statistics on the Indian economy)

The changing contribution of sectors in India's economic output

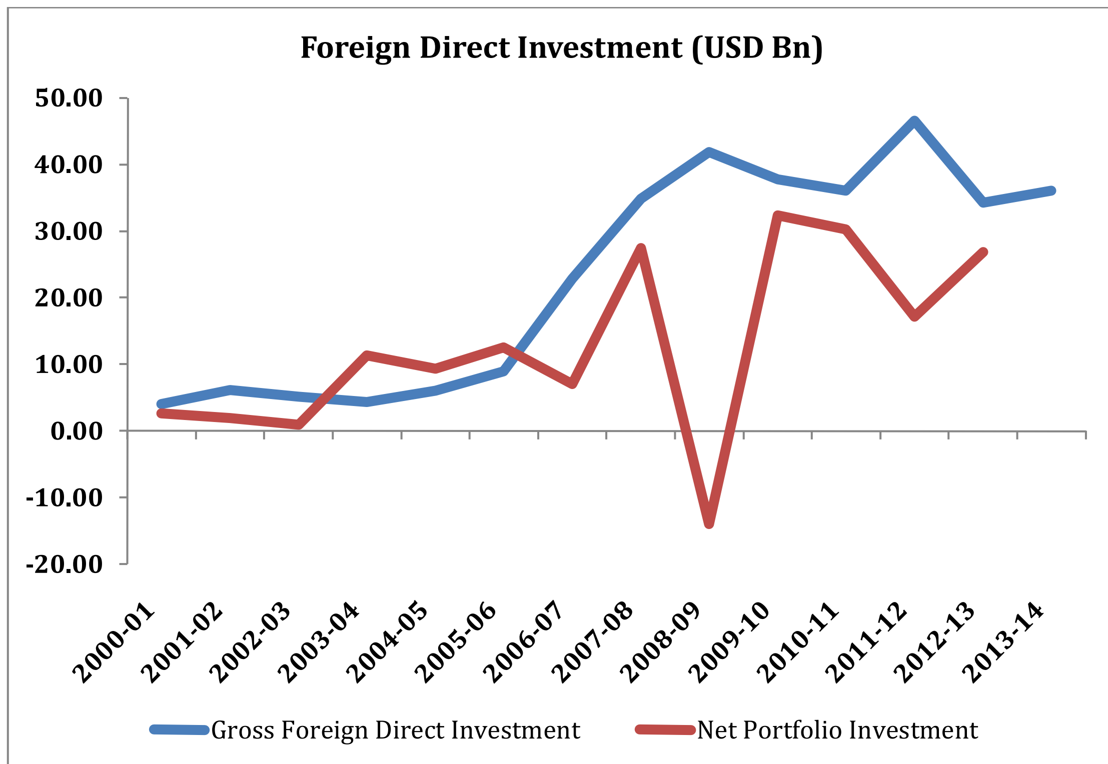
As a country develops economically, the sectoral mix traditionally changes from an agricultural orientation to a higher contribution from industry and services. Over the past three decades, the Indian economy has seen a major realignment in the proportion of the three primary sectors to overall GDP – the share of agriculture has come down from over 35% in the early 1980s to around 18% currently; concurrently, the share of services to overall GDP has increased from around 37% in the early 1980s to nearly 58% currently, while the share of industry has remained more or less constant at around 25% of overall GDP. ***(Refer to Appendices: Table 5)***



(Source: RBI Handbook of Statistics on the Indian economy; EIU Country Data)

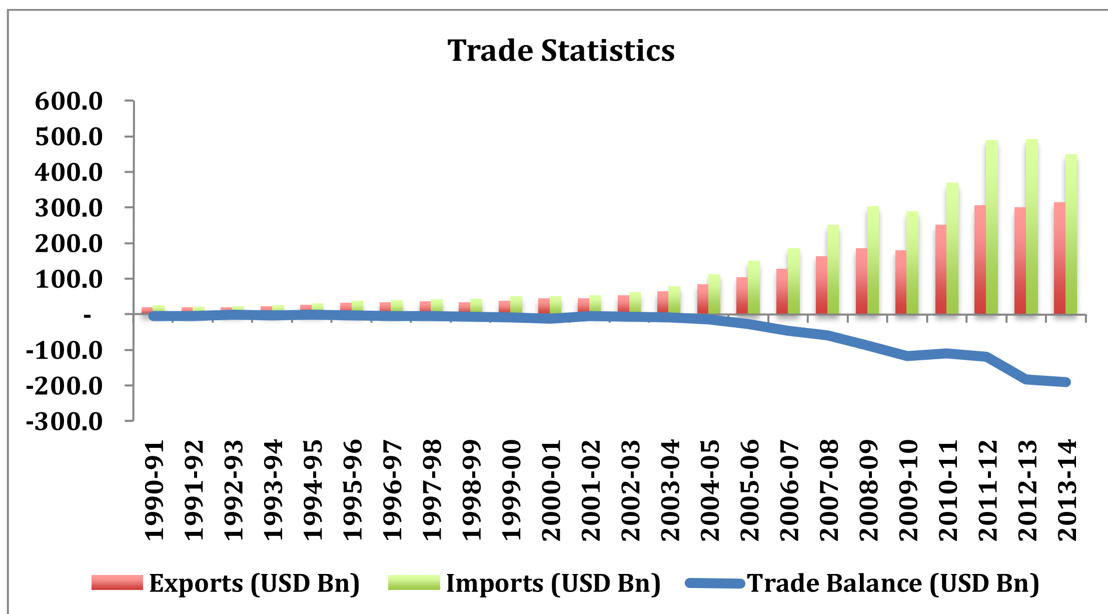
Foreign Investment and Trade

After three decades of protectionist economic policies, the Indian economy was liberalized in 1991 through the NEP; since then, more and more sectors and industries have been opened up to foreign investment. As a result, the FDI inflows into India have increased consistently, from $4 Billion in 2000-01 to a little over $36 Billion in 2013-14. The net portfolio investments into India (primarily through Foreign Institutional Investors, FIIs) have also increased significantly, from around $2.5 Billion in 2000-01 to almost $27 Billion in 2013-14.



(Source: RBI Handbook of Statistics on the Indian economy; EIU Country Data)

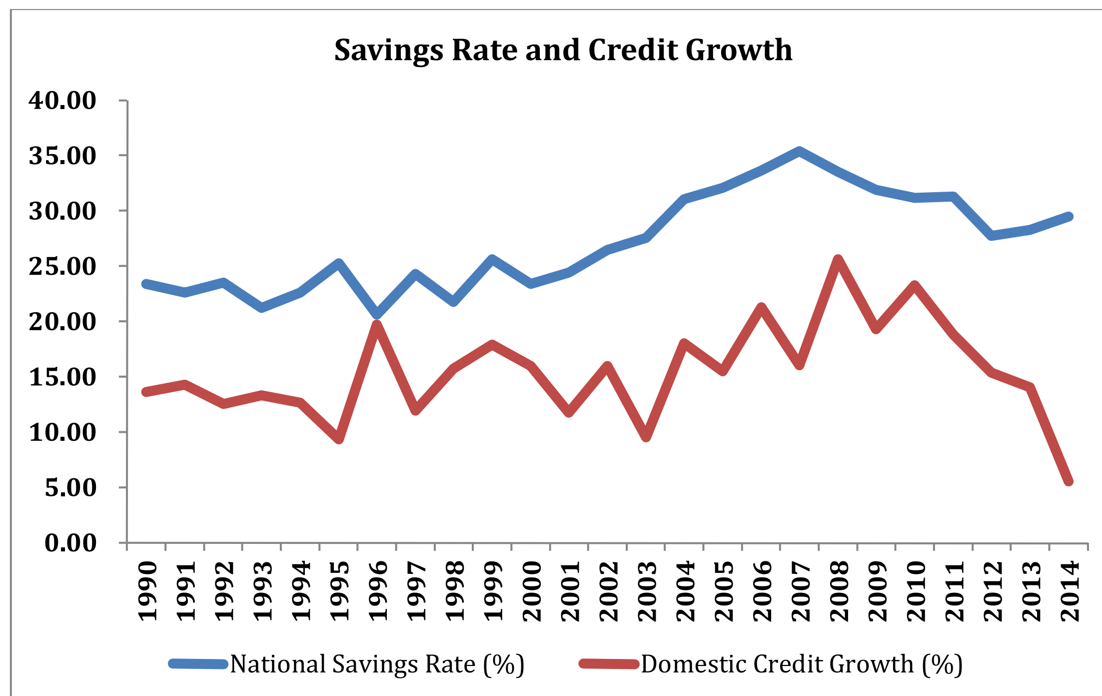
The NEP also provided a tremendous fillip to trade, with exports growing from $18 billion in 1990-91 to $314 billion in 2013-14. However, India's imports grew at an even larger pace, from $24 billion in 1990-91 to $491 billion in 2012-13, mainly due to a heavy reliance on crude oil imports and rapidly increasing gold imports. The RBI imposed a 10% import tariff on all gold imports in 2013, which brought down the overall import bill to $450 billion in 2013-14. ***(Refer to Appendices: Tables 1 and 2)***



(Source: RBI Handbook of Statistics on the Indian economy)

Savings Rate and Credit Growth

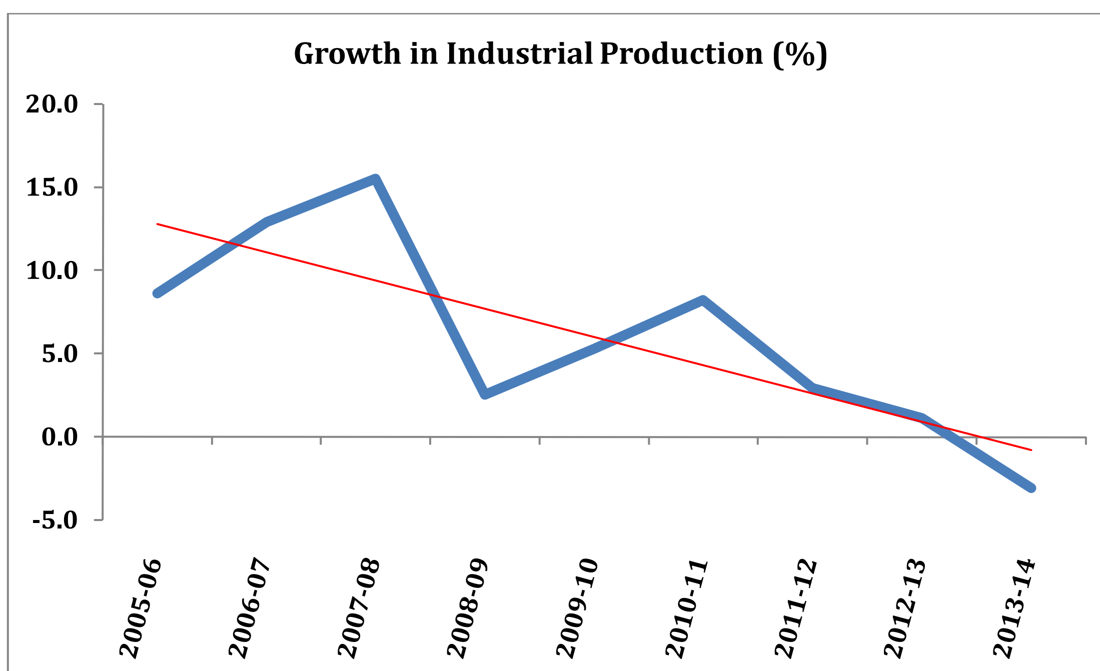
India has historically been a country of ‘savers’, with the national savings rate increasing from around 23% in 1990 to almost 30% currently. Domestic credit, though growing strongly from 2007 to 2012, has slowed considerably over the last year, with an estimated growth of around 5% in 2014.



(Source: RBI Handbook of Statistics on the Indian economy; EIU Country Data)

Slowdown in Industrial Activity

As noted earlier, the industrial sector in India has suffered considerably over the last few years, both by the global financial crisis and due to a drop in government capital expenditure and policy paralysis. As a result, the Index of Industrial Production (IIP) has dropped from a growth rate of 15.5% in 2007-08 to a negative rate of 3.1% in 2013-14.



(Source: RBI Handbook of Statistics on the Indian economy)

Inflationary pressures persist

The double-whammy of increased liquidity in the system and supply-side deficiencies have caused the Consumer Price Index (CPI) Inflation in India to jump from 5% in 2006-07 to 9.5% currently. This has eased in recent months, to a low of 5.17% in March, 2015. The RBI is actively targeting an inflation rate of 6% by January 2016 and 4% for 2017-18.

Consumer Price Index (CPI): Annual Variation (%)			
Base : 2001 = 100			
Year	**Old CPI (IW)**	**Old CPI (IW - Food)**	
2006-07	5.0	8.9	
2007-08	6.2	8.4	
2008-09	9.1	12.3	
2009-10	12.4	15.2	
2010-11	10.4	9.9	
2011-12	8.4	6.3	
2012-13	10.4	11.9	
2013-14	9.7	12.3	
Base : 2010-11 = 100			
Year	**New CPI - Rural**	**New CPI - Urban**	**New CPI - Combined**
2011-12	5.9	6.2	6.0
2012-13	10.1	10.4	10.2
2013-14	9.6	9.4	9.5

(Source: RBI Handbook of Statistics on the Indian economy)

Socio-developmental indicators

Benefits of an optimal median age

One of the main advantages that India holds on a socio-developmental level is the age composition of its population, or its median age. With over 50% of its population below the age of 25 and around 65% below 35, the median age of India currently stands at approximately 27 years. Over the next decade, the dependency ratio in India is expected remain almost constant at 0.4. Additionally, the rate of growth of the overall population has reduced from 1.65% in 2001 to 1.25% currently. This effectively translates into a massive working population, which, in turn, leads to a boost to the domestic savings rate, since a larger (and younger) labour force almost automatically translates into higher effective savings.

Increasing prevalence of internet users

The number of internet users per 1,000 people in India has increased rapidly over the last decade or so, from 0.53 in 2000 to 12.58 in 2012. ***(Refer to Appendices: Table 6)***

Falling rate of unemployment

The benefits of India's economic development, though uneven in rural and urban settings, has spread across its geography, with the unemployment rate dropping from 4.3% in 2000 to 3.6% in 2012. ***(Refer to Appendices: Table 6)***

Appendices

Table 1: Primary Macro-economic Indicators (RBI) (1970-71 to 1984-85)

Year	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85
GDP at Factor Cost (INR Bn)	443.8	472.2	519.4	636.6	749.3	795.8	855.5	976.3	1,049.3	1,145.0	1,368.4	1,602.1	1,789.9	2,093.6	2,351.1
Growth in GDP (%)	5.0	1.0	-0.3	4.6	1.2	9.0	1.2	7.5	5.5	-5.2	7.2	5.6	2.9	7.9	4.0
Fiscal Deficit as % of GDP	1.6	2.4	1.8	1.1	1.1	1.6	1.7	1.7	1.9	2.5	3.4	2.6	3.0	3.4	4.3
Forex Reserves (Incl. Gold, SDRs, Foreign Currency Assets) (USD Bn)	1.0	1.2	1.2	1.3	1.4	2.2	3.7	5.8	7.3	7.4	6.8	4.4	4.9	5.6	6.0
Exports (USD Bn)	2.0	2.2	2.6	3.2	4.2	4.6	5.7	6.3	7.0	7.9	8.5	8.7	9.1	9.4	9.9
Exports as % of GDP	3.1	3.2	3.7	3.5	4.1	5.0	5.7	5.3	5.0	5.2	4.6	4.5	4.8	4.6	4.8
Imports (USD Bn)	2.2	2.4	2.4	3.8	5.7	6.1	5.7	7.0	8.3	11.3	15.9	15.2	14.8	15.3	14.4
Imports as % of GDP	3.9	4.1	4.0	4.3	5.7	6.4	6.0	5.9	7.0	8.0	8.9	8.3	8.3	7.7	7.5
Trade Balance (USD Bn)	-0.1	-0.3	0.1	-0.6	-1.5	-1.4	0.1	-0.7	-1.3	-3.4	-7.4	-6.5	-5.7	-5.9	-4.5
Current Account Balance to GDP	-1.0	-1.0	-0.6	1.7	-1.2	-0.2	1.0	1.1	-0.2	-0.5	-1.5	-1.7	-1.7	-1.5	-1.2
Foreign Investment as % of GDP	0.1	0.1	0.1	0.1	0.1	-	-	-	-	0.1	-	-	-	-	-
Net Resources Mobilized by MFs (INR Bn)	0.2	0.2	0.2	0.3	0.2	0.3	0.4	0.7	1.0	0.6	0.5	1.6	1.7	3.3	7.6

Table 1 (Continued): Primary Macro-economic Indicators (RBI) (1985-86 to 1999-2000)

Year	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00
GDP at Factor Cost (INR Bn)	2,627.2	2,929.2	3,320.7	3,963.0	4,565.4	5,318.1	6,135.3	7,037.2	8,179.6	9,553.9	11,185.9	13,017.9	14,476.1	16,687.4	18,582.1
Growth in GDP (%)	4.2	4.3	3.5	10.2	6.1	5.3	1.4	5.4	5.7	6.4	7.3	8.0	4.3	6.7	8.0
Fiscal Deficit as % of GDP	4.7	5.3	5.0	4.8	4.7	5.2	3.7	3.9	5.2	3.9	3.5	3.3	4.0	4.4	4.4
Forex Reserves (Incl. Gold, SDRs, Foreign Currency Assets) (USD Bn)	6.5	6.6	6.2	4.8	4.0	5.8	9.2	9.8	19.3	25.2	21.7	26.4	29.4	32.5	38.0
Exports (USD Bn)	8.9	9.7	12.1	14.0	16.6	18.1	17.9	18.5	22.2	26.3	31.8	33.5	35.0	33.2	36.8
Exports as % of GDP	4.1	4.2	4.6	4.9	5.8	5.8	6.8	7.7	8.2	8.3	9.1	8.8	8.7	8.2	8.3
Imports (USD Bn)	16.1	15.7	17.2	19.5	21.2	24.1	19.4	21.9	23.3	28.7	36.7	39.1	41.5	42.4	49.7
Imports as % of GDP	7.5	7.2	7.2	8.1	8.3	8.8	7.9	9.9	9.7	11.1	12.3	12.6	12.5	11.4	12.3
Trade Balance (USD Bn)	-7.2	-6.0	-5.1	-5.5	-4.6	-5.9	-1.5	-3.3	-1.1	-2.3	-4.9	-5.7	-6.5	-9.2	-12.8
Current Account Balance to GDP	-2.1	-1.9	-1.8	-2.7	-2.3	-3.0	-0.4	-1.4	-0.4	-1.0	-1.7	-1.2	-1.3	-1.0	-1.0
Foreign Investment as % of GDP	-	0.1	0.2	0.1	0.1	-	-	0.2	1.5	1.5	1.3	1.6	1.3	0.6	1.2
Net Resources Mobilized by MFs (INR Bn)	8.9	12.6	23.1	41.8	67.9	75.1	112.5	130.2	112.4	112.8	-58.3	-20.4	40.7	27.0	221.2

Table 1 (Continued): Macro Indicators (RBI) (2000-01 to 2013-14)

Year	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
GDP at Factor Cost (INR Bn)	20,007.4	21,752.6	23,438.6	26,258.2	29,714.6	33,905.0	39,532.8	45,820.9	53,035.7	61,089.0	72,488.6	83,916.9	93,888.8	104,728.1
Growth in GDP (%)	4.1	5.4	3.9	8.0	7.1	9.5	9.6	9.3	6.7	8.6	8.9	6.7	4.5	4.7
Fiscal Deficit as % of GDP	5.0	5.2	5.3	4.1	3.9	4.0	3.5	2.4	5.8	6.4	4.6	5.7	4.8	4.5
Forex Reserves (Incl. Gold, SDRs, Foreign Currency Assets) (USD Bn)	42.3	54.1	76.1	113.0	141.5	151.6	199.2	309.7	252.0	279.1	304.8	294.4	292.0	304.2
Exports (USD Bn)	44.6	43.8	52.7	63.8	83.5	103.1	126.4	162.9	185.3	178.8	251.1	306.0	300.4	314.4
Exports as % of GDP	9.9	9.4	10.6	11.1	11.8	12.6	13.6	13.4	15.4	13.4	15.0	16.5	16.5	17.0
Imports (USD Bn)	50.5	51.4	61.4	78.1	111.5	149.2	185.7	251.4	303.7	288.4	369.8	489.3	490.7	450.2
Imports as % of GDP	12.6	11.8	12.7	13.3	16.5	18.8	20.1	20.8	25.2	22.0	22.4	26.6	27.0	24.8
Trade Balance (USD Bn)	-6.0	-7.6	-8.7	-14.3	-28.0	-46.1	-59.3	-88.5	-118.4	-109.6	-118.6	-183.4	-190.3	-135.8
Current Account Balance to GDP	-0.6	0.7	1.3	2.3	-0.3	-1.2	-1.0	-1.3	-2.3	-2.8	-2.8	-4.2	-4.7	-1.7
Foreign Investment as % of GDP	1.5	1.7	1.2	2.6	2.1	2.6	3.1	5.0	2.3	4.8	3.5	2.7	2.9	1.9
Net Resources Mobilized by MFs (INR Bn)	111.4	101.2	45.8	478.7	27.9	524.8	940.6	1,586.8	-242.1	783.5	-486.0	-454.1	749.4	546.1

(Source: RBI Handbook of Statistics on the Indian Economy)

Table 2: Foreign Investment Inflows (USD Bn)

Year	Net Foreign Direct Investment	Net Portfolio Investment	Total
2000-01	3.27	2.59	5.86
2001-02	4.73	1.95	6.69
2002-03	3.22	0.94	4.16
2003-04	2.39	11.36	13.74
2004-05	3.71	9.29	13.00
2005-06	3.03	12.49	15.53
2006-07	7.69	7.06	14.75
2007-08	15.89	27.43	43.33
2008-09	22.37	-14.03	8.34
2009-10	17.97	32.40	50.36
2010-11	11.83	30.29	42.13
2011-12	22.06	17.17	39.23
2012-13	19.82	26.89	46.71
2013-14	21.56	4.82	26.39

(Source: RBI Handbook of Statistics on the Indian Economy)

Table 3: Index of Industrial Production (IIP): Growth Rates (%)

		(Base : 2004-05 = 100)		
Year	**Mining and Quarrying**	**Manufacturing**	**Electricity**	**General**
Weight	*14.2*	*75.5*	*10.3*	*100.0*
2005-06	2.3	10.3	5.2	8.6
2006-07	5.2	15.0	7.3	12.9
2007-08	4.6	18.4	6.4	15.5
2008-09	2.6	2.5	2.8	2.5
2009-10	7.9	4.8	6.1	5.3
2010-11	5.2	9.0	5.6	8.2
2011-12	-2.0	3.0	8.2	2.9
2012-13	-2.3	1.3	4.0	1.1
2013-14	-5.6	-3.7	5.2	-3.1

(Source: RBI Handbook of Statistics on the Indian Economy)

Table 4: Consumer Price Index (CPI): Annual Variation (%)

Base : 2001 = 100			
Year	**Industrial Workers**	**Industrial Workers - Food**	
2006-07	5.0	8.9	
2007-08	6.2	8.4	
2008-09	9.1	12.3	
2009-10	12.4	15.2	
2010-11	10.4	9.9	
2011-12	8.4	6.3	
2012-13	10.4	11.9	
2013-14	9.7	12.3	
Base : 2010-11 = 100			
Year	**New CPI - Rural**	**New CPI - Urban**	**New CPI - Combined**
2011-12	5.9	6.2	6.0
2012-13	10.1	10.4	10.2
2013-14	9.6	9.4	9.5

(Source: RBI Handbook of Statistics on the Indian Economy)

Table 5: Select Macro-economic Indicators (EIU) (1980-1994)

Year	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Sectoral Contribution to GDP															
Agriculture / GDP (%)		35.35	34.25	34.97	34.17	32.91	31.42	29.86	31.35	29.89	29.53	28.54	28.89	28.25	27.80
Industry / GDP (%)		26.23	25.85	25.86	25.88	25.94	26.30	26.81	26.56	27.10	27.63	27.33	26.77	26.73	27.42
Services / GDP (%)		37.49	39.03	38.25	39.04	40.36	41.63	42.76	41.51	42.59	42.55	43.91	44.05	44.76	44.52
Fiscal Indicators															
National Savings Rate (%)	16.84	21.01	20.88	19.12	21.33	21.44	21.95	20.76	22.40	22.25	23.38	22.59	23.49	21.24	22.63
Public Debt to GDP (%)	41.39	41.77	46.48	45.47	48.11	52.38	56.44	59.53	59.08	60.94	59.59	63.42	62.05	62.65	60.27
Monetary Indicators															
Domestic Credit Growth (%)		21.91	21.42	16.16	20.73	17.50	18.61	15.03	17.98	18.52	13.63	14.27	12.52	13.33	12.64
Lending Interest Rate	16.50	16.50	16.50	16.50	16.50	16.50	16.50	16.50	16.50	16.50	16.50	17.88	18.92	16.25	14.75
Deposit Interest Rate															
External Trade Indicators															
Total foreign debt (USD Bn)	21.09	23.19	27.81	31.90	33.99	40.63	47.08	56.18	61.66	75.94	85.66	86.86	89.66	93.06	99.61

Table 5 (Continued): Select Macro-economic Indicators (EIU) (1995-2010)

Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Sectoral Contribution to GDP																
Agriculture / GDP (%)	25.73	27.01	25.78	25.68	24.67	23.05	22.90	20.60	20.70	19.03	18.81	18.29	18.26	17.78	17.74	18.21
Industry / GDP (%)	28.44	26.62	26.44	25.76	25.05	25.90	25.06	26.18	25.97	27.93	28.13	28.84	29.03	28.29	27.76	27.16
Services / GDP (%)	45.69	45.98	47.48	48.28	50.10	50.87	51.91	53.13	53.26	53.05	53.06	52.87	52.71	53.93	54.50	54.64
Fiscal Indicators																
National Savings Rate (%)	25.28	20.64	24.30	21.73	25.59	23.39	24.42	26.49	27.56	31.02	32.05	33.67	35.40	33.50	31.90	31.18
Public Debt to GDP (%)	57.34	54.35	56.26	56.13	57.14	59.62	63.63	67.01	66.11	65.63	64.01	61.50	58.96	58.61	56.44	52.22
Monetary Indicators																
Domestic Credit Growth (%)	9.34	19.72	11.92	15.71	17.91	15.97	11.75	15.99	9.52	18.00	15.45	21.29	16.00	25.64	19.27	23.24
Lending Interest Rate	15.46	15.96	13.83	13.54	12.54	12.31	12.08	11.92	11.46	10.93	10.80	11.22	13.06	13.34	12.20	10.17
Deposit Interest Rate						9.97	9.42	7.89	6.08	5.59	6.25	7.32	9.12	9.52	8.18	7.71
External Trade Indicators																
Total foreign debt (USD Bn)	95.17	94.91	94.70	98.77	100.06	101.13	99.50	105.74	118.89	123.65	121.20	159.53	204.06	227.11	256.31	291.65

Table 5 (Continued): Select Macro-economic Indicators (EIU) (2011-2014)

Year	2011	2012	2013	2014
Sectoral Contribution to GDP				
Agriculture / GDP (%)	17.86	17.52	18.20	17.90
Industry / GDP (%)	27.22	26.21	24.77	24.30
Services / GDP (%)	54.91	56.27	57.03	57.90
Fiscal Indicators				
National Savings Rate (%)	31.28	27.74	28.30	29.50
Public Debt to GDP (%)	51.10	51.51	51.40	51.00
Monetary Indicators				
Domestic Credit Growth (%)	18.79	15.37	14.05	5.50
Lending Interest Rate	10.19	10.63	10.33	10.30
Deposit Interest Rate	9.28	9.19	9.01	9.09
External Trade Indicators				
Total foreign debt (USD Bn)	336.85	395.07	427.56	452.95

Legend:
Black: Indicates Actuals
Blue: Indicates Estimates

(Source: Economist Intelligence Unit Country Data)

Table 6: Important Socio-Developmental Indicators (Worldbank) (2000-2013)

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Internet Users (Per 1,000 People)	0.53	0.66	1.54	1.69	1.98	2.39	2.81	3.95	4.38	5.12	7.50	10.07	12.58	..
Adult Literacy Rate (15-Years and older) (%)	..	61.01	..	..	..	..	62.75	..	..	..	..	..	..	..
Unemployment Rate (%)	4.30	4.00	4.30	3.90	3.90	4.40	4.30	3.70	4.10	3.90	3.50	3.50	3.60	..
Population (Bn)	1.04	1.06	1.08	1.09	1.11	1.13	1.14	1.16	1.17	1.19	1.21	1.22	1.24	1.25

(Source: Worldbank Data)

Sources (Refer to sub-folder: Primary References)

The RBI Handbook of Statistics on the Indian Economy (2013-14)

The Economist Intelligence Unit – Country Data – India

World Development Indicators – India – Worldbank

Budget 1991-92 Speech of Dr. Manmohan Singh, 24th July, 1991

India's Economic Reforms, Montek Ahluwalia, June 1993

IMF Working Paper – Pressing the Indian growth accelerator: Policy Imperative, Rakesh Mohan and Muneesh Kapur, March 2015