

ECONOMIC INDICATORS OF INDIA

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Abstract

India's economic growth is expected to improve to 6.3 per cent in 2016 with the country leading economic recovery in South Asia, The global economy is expected to grow 3.1 per cent in 2015 and 3.3 per cent in 2016, compared with an estimated growth of 2.6 per cent for 2014, when the pace of expansion has been moderate and uneven. It said India, which is estimated to record a 5.4 per cent economic growth in 2014, will see GDP growth improving to 5.9 per cent next year and 6.3 per cent in 2016, according to a United Nations report. Hence this research paper is going to explain the major economic indicators of the India. The entire data for the study is collected from the official websites of the RBI, CSO and trade economics. Appropriate statistical tools used to analyze the data such as Compound Annual Growth Rate, Correlation and Simple Percentage.

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INTRODUCTION

Liberalizing foreign direct investment was another important part of India's reforms, driven by the belief that this would increase the total volume of investment in the economy, improve production technology, and increase access to world markets. The policy now allows 100 percent foreign ownership in a large number of industries and majority ownership in all except banks, insurance companies, telecommunications and airlines. Procedures for obtaining permission were greatly simplified by listing industries that are eligible for automatic approval up to specified levels of foreign equity (100 percent, 74 percent and 51 percent). Potential foreign investors investing within these limits only need to register with the Reserve Bank of India (Montek S. Ahluwalia).

In a major boost to the Narendra Modi government, the International Monetary Fund (IMF) has revised India's 2014 GDP growth projection marginally upwards to 5.6% from its July forecast of 5.4%. It said the post-election recovery of confidence in India provides the country an opportunity to embark on "much-needed structural reforms". Particular emphasis is given to the developments over the last twenty-eight, a period during which the GDP growth rate has averaged 6.2 percent per annum, a full 2.6 percentage points above the average growth during the previous 30 years.

Growth during the first period was much slower than the global average, while parts of the second period growth (2003/4 to 2007/8) have the hallmarks of a "miracle" (By Surjit S. Bhalla). The new Congress government of June 1991, with Manmohan Singh as finance minister, undertook emergency measures to restore external and domestic confidence in the economy and its management. The rupee was devalued, the fiscal deficit was cut and special balance of payments financing mobilized from the IMF and the World Bank.

Even more importantly, the government seized the opportunity offered by the crisis to launch an array of long overdue and wide-ranging economic reforms. They encompassed external sector liberalization, deregulation of industry, reforms of taxation and the financial sector and a more commercial approach to the public sector. (Shankar Acharya). Indian economy is likely to grow in the range of 5.4 to 5.9 per cent in 2014-15 overcoming the sub-5 per cent GDP growth of past

two years, even as poor monsoon and disturbed external environment remain a cause for concern, says the Economic Survey.

Industry GDP growth and Agriculture growth from last two decades are not satisfactory and very much fluctuating. Agricultural Marketing being the State subject the Directorate has only an advisory role so far as improvement/development of marketing system is concerned. In the field of grading and quality assurance also, Directorate endeavors to involve State authorities more and more to make it consumer/public oriented. Being a central coordinating organization, Directorate is actively associated with the development in agricultural marketing in both State and National level by introducing various reform initiatives of Government of India. Since Inception of the scheme up to 31-12-2012, a total number of 8087 marketing Infrastructure projects have been sanctioned and subsidy of Rs 782.14 crores has been released.

Objectives

1. To analyze the GDP of India.
2. To evaluate the growth value added by sectors.
3. To evaluate the Foreign Trade of India.

Research Methodology

This paper is descriptive in nature and depends on secondary data. Secondary data is collected from various journals, magazines, and Government of India official websites. Appropriate statistical tools are used to analyze the data.

Table 1 Gross Domestic Product of India since 2001-02 to 2013-14 (in US billion Dollars)

Year	GDP	% of Growth
2001-02	474.7	-----
2002-03	492.4	3.6
2003-04	522.8	6.26
2004-05	617.6	18.13
2005-06	721.6	20.07
2006-07	834.2	15.6
2007-08	949.1	13.77

2008-09	1238.7	30.5
2009-10	1224.1	-1.18
2010-11	1365.4	11.54
2011-12	1710.9	25.3
2012-13	1880.1	9.88
2013-14	1858.7	-1.13

Source: Trade Economics

Table 1 reveals that from 2001-02 Growth rate of GDP is fluctuating from year to year till 2013-14. In 2009-10 (-1.18%) and 2013-14 (-1.13) growth rate of GDP shows negative impact. Mean for the % of Growth of GDP is 12.695, there is inconsistent in the accuracy of GDP growth rate, so Standard Error is 2.868, and Median is 12.655. Standard Deviation is 9.938, i.e each and every year growth rate of GDP differs from the mean value

Compound Annual Growth Rate for GDP is 10.91% and % of Growth rate of GDP from 2001-02 to 2013-14 is 12.046.

Table 2 Trend in Growth Indicators

Indicators	2012-13	2013-14	2014-15
GDP	5.1	6.9	7.4
Per Capita GDP	3.8	5.5	6.1
GVA at basic prices	4.9	6.6	7.5
GVA at factor cost	5.0	6.6	7.5
GDP Deflator	7.6	6.3	3.8

Source: CSO

Gross value added at basic prices is output valued at basic prices less intermediate consumption valued at purchasers' prices.

Gross value added at factor cost (formerly GDP at factor cost) is derived as the sum of the value added in the agriculture, industry and services sectors.

The GDP deflator is a measure of price inflation. It is calculated by dividing nominal GDP by real GDP and then multiplying by 100. Nominal GDP is the market value of goods and services produced in an economy, unadjusted for inflation. Real GDP is nominal GDP, adjusted for inflation to reflect changes in real output.

Table 2 reveals that GDP has been gradually increasing from the year 2012-13 to 2013-14(**27%**), and 2013-14 to 2014-15 (**9%**).Per Capita GDP consistently increasing from the year 2012-13, 2013-14(**31%**) and 2014-15(**10%**).Gross Value Added at basic prices has been supported by the GDP by increasing continuously from two years i.e, 2012-13 to 2013-14 is **26%** and 2013-14 to

2014-15 is **12%**. Over the last two years GDP Deflator is consistently decreasing, so the price inflation has impacted on the Indian Economy.

Table 3 Gross Value Added by Sectors at 2011-12 Prices

S no	Sectors	2011-12 Share in GVA	2012-13		2013-14		2014-15	
			Growth	Share in GVA	Growth	Share in GVA	Growth	Share in GVA
1	Agriculture	18.3	1.6	17.7	3.7	17.2	1.1	16.2
2	Industry	33.3	1.5	32.3	4.5	31.7	5.9	31.2
	Mining and Quarrying	3.3	-2.9	3.0	5.4	3.0	2.3	2.9
	Manufacturing	18.1	6.4	18.3	5.3	18.1	6.8	18.0
	Electricity, Gas, Water Supply and others	2.4	1.1	2.4	4.8	2.3	9.6	2.4
	Construction	9.5	-5.1	8.6	2.5	8.3	4.5	8.0
3	Service	48.4	8.5	50	9.1	51.1	10.6	52.6
	Trade, Hotels Etc	17.2	9.8	18	11.1	18.8	8.4	18.9
	Financial, Real Estate etc.	18.8	8.8	19.5	7.9	19.7	13.7	20.9
	Public Administration etc	12.3	6.2	12.5	7.9	12.6	9.0	12.8
	GVA aggregate.	100	5.0	100	6.6	100	7.5	100

Source: CSO

Table 3 reveals that Service sector is having more impact than the other two sectors because of the growth momentum i.e Agriculture and Industry. Agriculture growth is very less in 2014-15 at **1.1 %** compared to 2013-14 i.e 3.7% due to subdued crop production. (J Dennis Rajkumar and Anita B Shetty) Growth of Industry is quite satisfactory from last three years 2012-13 is **1.8%**, 2013-14 is **4.5%** and 2014-15 is **5.9%**. Service sector also increasing from last three years 2012-13 is **8.5%**, 2013-14 is **9.1 %** and 2014-15 is **10.6%**.

Table 4 India's Foreign Trade from 1975-76 to 2013-2014 (US \$ Millions)

Year	EXPORTS			IMPORTS			BALANCE OF TRADE		
	Oil	Non-Oil	Total	Oil	Non-Oil	Total	Oil	Non-Oil	Total
1975-76	21.7	4627.0	4648.7	1411.7	4652.0	6063.7	-1390.0	-25.0	-1415.0
1977-78	18.3	6280.3	6298.6	1806.4	5205.4	7011.8	-1788.1	1074.9	-713.2
1978-79	17.2	6943.1	6960.3	2038.2	6240.5	8278.7	-2021.0	702.6	-1318.4
1979-80	23.3	7903.1	7926.4	4034.7	7255.9	11290.6	-4011.4	647.2	-3364.2
1980-81	31.5	8453.2	8484.7	6654.9	9211.6	15866.5	-6623.4	-758.4	-7381.8
1981-82	246.3	8457.6	8703.9	5786.2	9386.7	15172.9	-5539.9	-929.1	-6469.0
1982-83	1278.0	7829.6	9107.6	5816.2	8970.4	14786.6	-4538.2	-1140.8	-5679.0

1983-84	1535.8	7913.6	9449.4	4673.1	10637.8	15310.9	-3137.3	-2724.2	-5861.5
1984-85	1529.4	8348.7	9878.1	4549.8	9862.5	14412.3	-3020.4	-1513.8	-4534.2
1985-86	527.0	8377.5	8904.5	4078.0	11988.9	16066.9	-3551.0	-3611.4	-7162.4
1986-87	321.8	9422.9	9744.7	2199.5	13527.2	15726.7	-1877.7	-4104.3	-5982.0
1987-88	500.4	11588.1	12088.5	3118.1	14037.6	17155.7	-2617.7	-2449.5	-5067.2
1988-89	348.7	13621.7	13970.4	3009.0	16488.2	19497.2	-2660.3	-2866.5	-5526.8
1989-90	418.4	16194.1	16612.5	3767.5	17451.7	21219.2	-3349.1	-1257.6	-4606.7
1990-91	522.7	17622.5	18145.2	6028.1	18044.4	24072.5	-5505.4	-421.9	-5927.3
1991-92	414.7	17450.7	17865.4	5324.8	14085.7	19410.5	-4910.1	3365.0	-1545.1
1992-93	476.2	18061.0	18537.2	6100.0	15781.6	21881.6	-5623.8	2279.4	-3344.4
1993-94	397.8	21840.5	22238.3	5753.5	17552.7	23306.2	-5355.7	4287.8	-1067.9
1994-95	416.9	25913.6	26330.5	5927.8	22726.5	28654.4	-5510.9	3187.1	-2323.8
1995-96	453.7	31341.2	31794.9	7525.8	29149.5	36675.3	-7072.0	2191.7	-4880.4
1996-97	481.8	32987.9	33469.7	10036.2	29096.2	39132.4	-9554.4	3891.7	-5662.7
1997-98	352.8	34653.7	35006.4	8164.0	33320.5	41484.5	-7811.2	1333.1	-6478.1
1998-99	89.4	33129.3	33218.7	6398.6	35990.1	42388.7	-6309.2	-2860.8	-9170.0
1999-00	38.9	36783.5	36822.4	12611.4	37059.3	49670.7	-12572.5	-275.8	-12848.3
2000-01	1869.7	42690.6	44560.3	15650.1	34886.4	50536.5	-13780.4	7804.2	-5976.2
2001-02	2119.1	41707.6	43826.7	14000.3	37413.0	51413.3	-11881.2	4294.6	-7586.6
2002-03	2576.5	50142.9	52719.4	17639.5	43772.6	61412.1	-15063.0	6370.3	-8692.7
2003-04	3568.4	60274.1	63842.6	20569.5	57579.6	78149.1	-17001.1	2694.5	-14306.5
2004-05	6989.3	76546.6	83535.9	29844.1	81673.3	111517.4	-22854.8	-5126.7	-27981.5
2005-06	11639.6	91450.9	103090.5	43963.1	105202.6	149165.7	-32323.5	-13751.7	-46075.2
2006-07	18634.6	107779.5	126414.1	56945.3	128790.0	185735.2	-38310.7	-21010.5	-59321.2
2007-08	28363.1	134541.1	162904.2	79644.5	171794.7	251439.2	-51281.4	-37253.6	-88535.0
2008-09	27547.0	157748.0	185295.0	93671.7	210024.6	303696.3	-66124.8	-52276.6	-118401.3
2009-10	28192.0	150559.5	178751.4	87135.9	201237.0	288372.9	-58943.9	-50677.5	-109621.4
2010-11	41480.0	209656.2	251136.2	105964.4	263804.7	369769.1	-64484.4	-54148.5	-118632.9
2011-12	56038.5	249925.3	305963.9	154967.6	334352.0	489319.5	-98929.0	-84426.6	-183355.7
2012-13	60859.8	239540.9	300400.7	164040.6	326696.1	490736.7	-103180.8	-87155.2	-190336.0
2013-14	62687.2	249933.5	312620.7	165153.7	284928.5	450082.2	-102466.6	-34994.9	-137461.5

Note: Data for 2012-13 are revised and for 2013-14 are provisional.

Source: Directorate General of Commercial Intelligence and Statistics.

Table 4 reveals that, a high degree of positive correlation between Exports and Imports, i.e 0.99, R square is 0.9938; Adjusted R Square 0.993, t-stat is -2.80774, P-Value is 0.0080,

$$CAGR = \left(\frac{\text{Ending Value}}{\text{Beginning Value}} \right)^{\left(\frac{1}{\# \text{ of years}} \right)} - 1$$

- CAGR for Exports 1975-76 to 1985-86 is **6.6%**, 1986-87 to 1995-96 is **12.55%**, 1996-97 to 2005-06 is **11.90%**, and 2006-07 to 2013-14 is **11.97%**.
- CAGR for Imports 1975-76 to 1985-86 is **10.23%**, 1986-87 to 1995-96 is **8.83%**, 1996-97 to 2005-06 is **14.31%**, and 2006-07 to 2013-14 is **11.69%**.
- CAGR for Balance of Trade 1975-76 to 1985-86 is **17.60%**, 1986-87 to 1995-96 is **-2.01%**, 1996-97 to 2005-06 is **23.30%**, and 2006-07 to 2013-14 is **11.07%**.

Findings

1. In 2009-10 (-1.18%) and 2013-14 (-1.13) growth rate of GDP shows negative impact. Mean for the % of Growth of GDP is 12.695, there is inconsistent in the accuracy of GDP growth rate.
2. Compound Annual Growth Rate for GDP is 10.91% and % of Growth rate of GDP from 2001-02 to 2013-14 is 12.046.
3. GDP has been gradually increasing from the year 2012-13 to 2013-14 (**27%**), and 2013-14 to 2014-15 (**9%**). Per Capita GDP consistently increasing from the year 2012-13, 2013-14 (**31%**) and 2014-15 (**10%**). Gross Value Added at basic prices has been supported by the GDP by increasing continuously from two years i.e, 2012-13 to 2013-14 is **26%** and 2013-14 to 2014-15 is **12%**.
4. Over the last two years GDP Deflator is consistently decreasing, so the price inflation has impacted on the Indian Economy.
5. Service sector is having more impact than the other two sectors because of the growth momentum i.e Agriculture and Industry. Agriculture growth is very less in 2014-15 at **1.1%** compared to 2013-14 i.e 3.7% due to subdued crop production.
6. Growth of Industry is quite satisfactory from last three years 2012-13 is **1.8%**, 2013-14 is **4.5%** and 2014-15 is **5.9%**. Service sector also increasing from last three years 2012-13 is **8.5%**, 2013-14 is **9.1%** and 2014-15 is **10.6%**.
7. Exports from 1975-76 to 1985-86 is **6.6%**, Imports 1975-76 to 1985-86 is **10.23%** so Balance of Trade is more i.e **17.60%**.
8. Exports from 1986-87 to 1995-96 is **12.55%**, Imports 1986-87 to 1995-96 is **8.83%**, between these years exports has a upper hand so Balance of Trade is **-2.01%**.

9. Exports from 1996-97 to 2005-06 is **11.90%**, Imports 1996-97 to 2005-06 is **14.31%**, and Balance of trade from 1996-97 to 2005-06 is **23.30%**.
10. Exports 2006-07 to 2013-14 is **11.97%**. Imports 2006-07 to 2013-14 is **11.69%**. Balance of Trade 2006-07 to 2013-14 is **11.07%**.

Suggestions

1. Government should take appropriate measures to increase the growth rate of GDP
2. Agriculture and Industries should concentrate on occupying the market and spread like a service sector.
3. RBI should consider the GDP deflator as price inflation for dynamic pricing system for regular consumption of goods.
4. To be more consistencies in increasing Exports, decreasing Imports and have positive Balance of Trade should follow the strategy of early 1991-00.

Conclusion

The 1991 liberalization, Privatization and Globalization followed a balance of payment crisis resulted in an essential re-orientation of Indian policy unlike what had usually happened in previous crises. Policy adjustment had been made after previous crises but the broad strategy had remained the same. Gradually, macroeconomic indicators are really exhibiting the needs for the change in the structure of Indian Economy. The adjustment to the new market environment usually takes various forms, such as cost cutting, product quality improvement, product or design change, organizational change etc. The Indian taxation system is known to be complex and to differ regionally. While income and corporation taxes, as well as the value-added tax (replacing the excise tax), are administered by the Central Government, the states and municipalities levy their own taxes and provide discretionary exemptions to attract investment (KPMG, 2005).

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