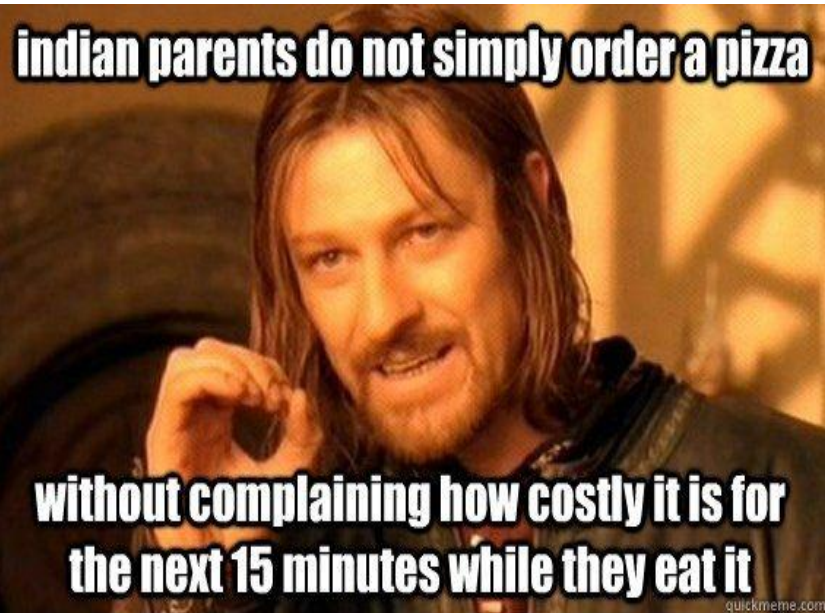


A large red square with a white border, centered on a white background. Inside the square, the text "HAMARE ZAMAANE MEIN..." is written in white, bold, uppercase letters.

**HAMARE
ZAMAANE
MEIN...**



Our parents and grandparents, when talking about their younger selves, convey to us the fact that they had seen a very different life and a very different India... What really changed in all these years? What catapulted us to where we are today? What lies ahead of us?

INDIA

has changed, evolved and grown over the years from an extremely weak and drained out nation post independence and successive wars to one of the fastest growing economies in the world today.

Then ...
& Now...



Gateway of India
(City of Mumbai in background)



Marina Beach, Chennai



MG Road, Bangalore



Indian Armed Forces

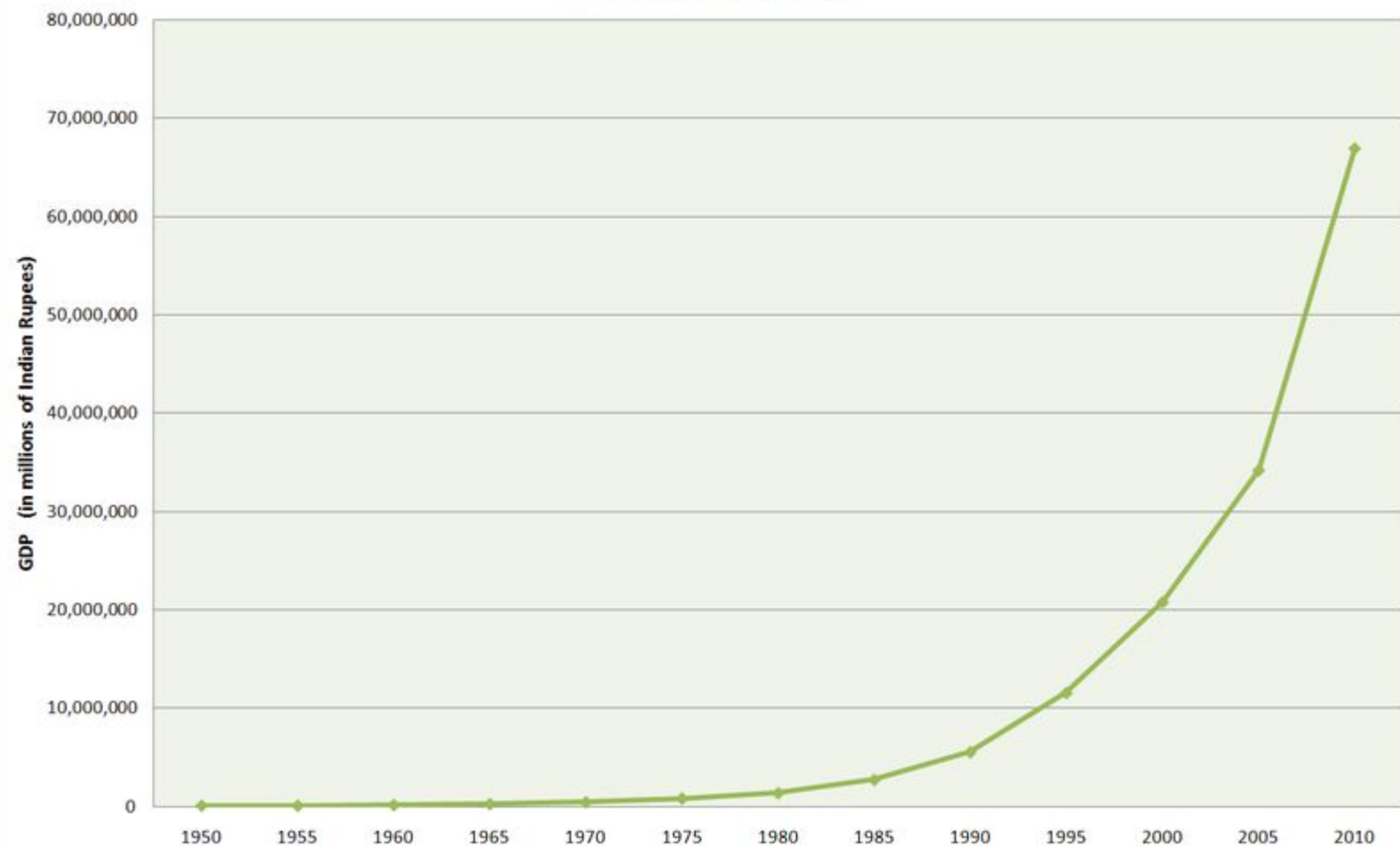


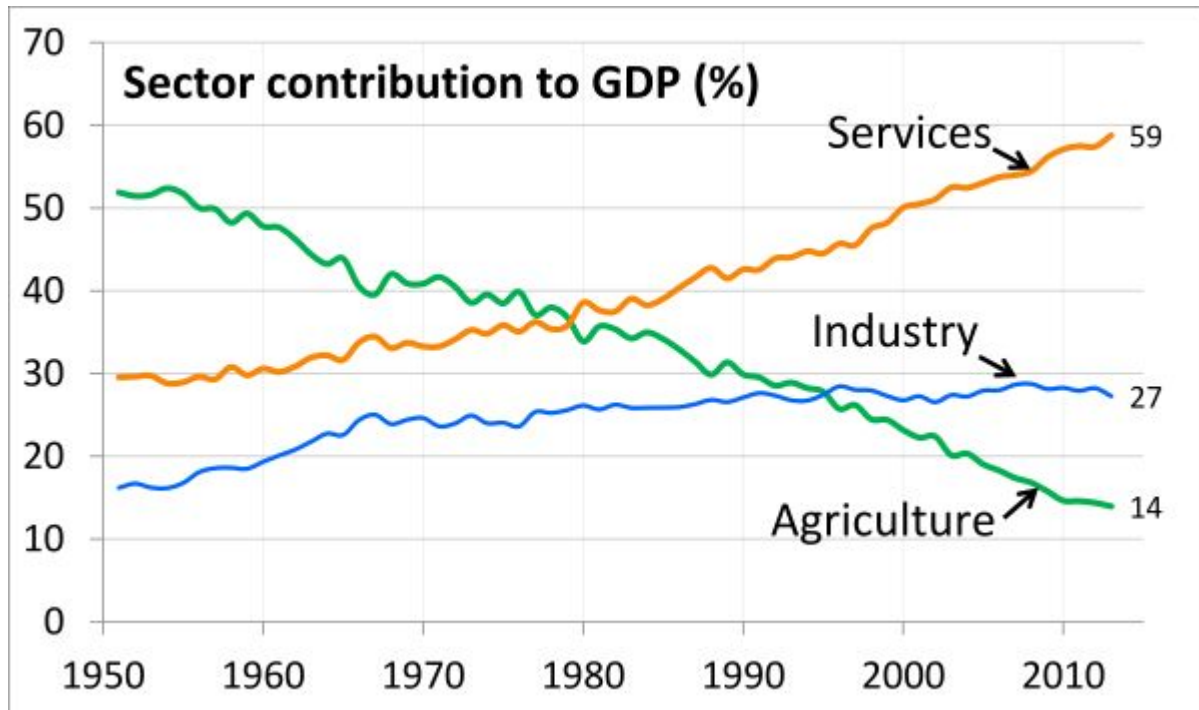


Development of ISRO From Aryabhata to Mangalyan

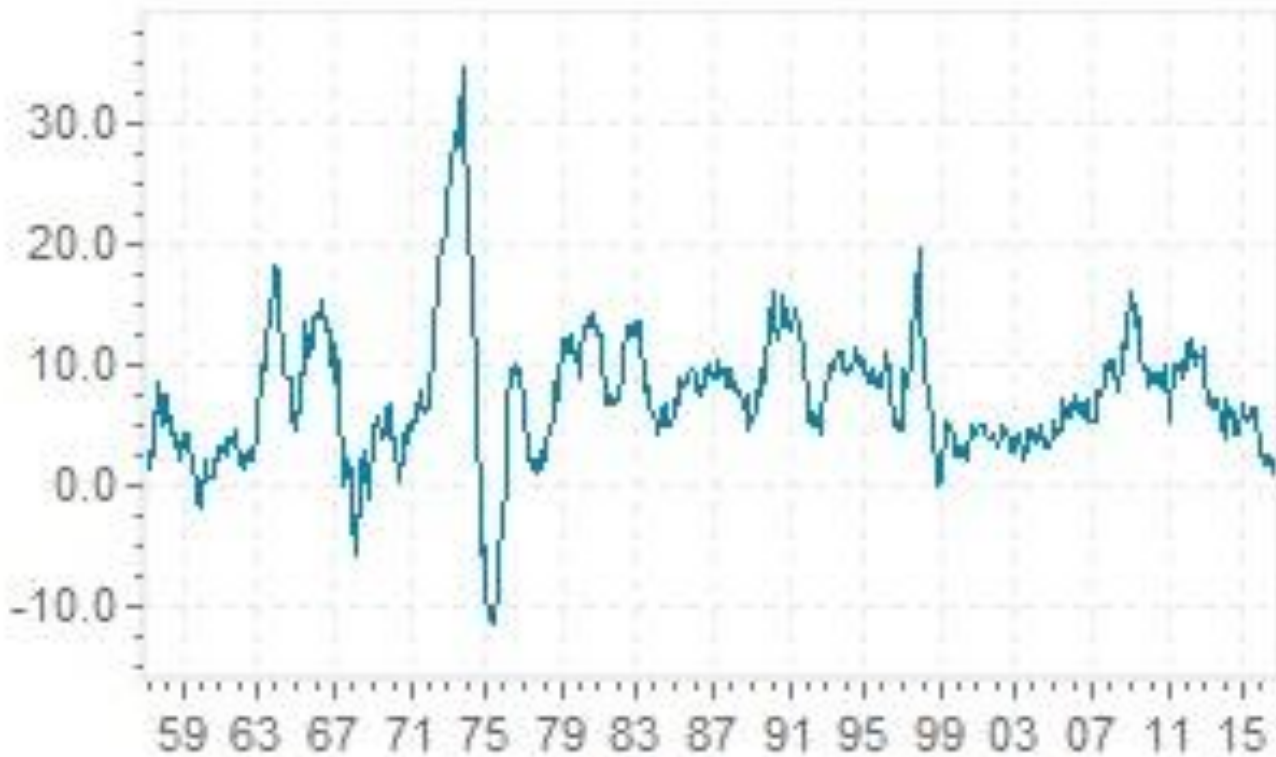
ANALYSING INDIAN ECONOMY OVER YEARS

India - Gross Domestic Product

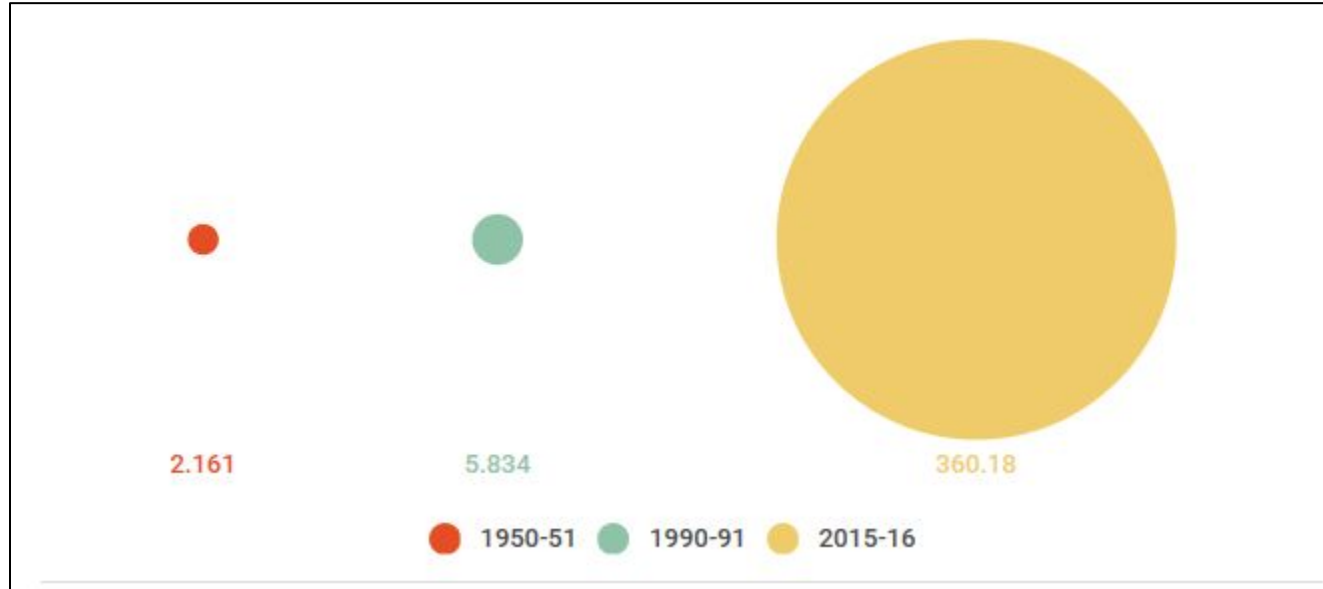




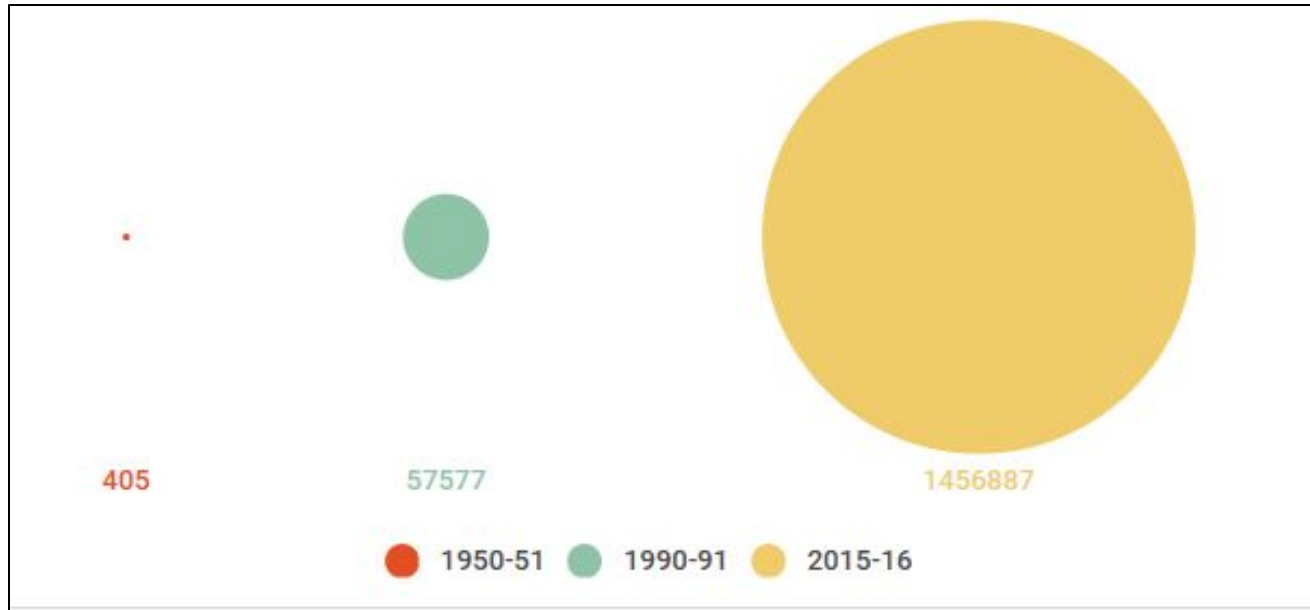
**How the composition of our economy
has changed over the years**



Inflation rate (CPI based)



Forex Reserve (in \$ billion)



Gross Central Taxes (Rs, crores)

Some facts and figures

	<u>50 years ago</u>	<u>Today</u>
<u>Population</u>	449,661,874	1,220,200,000
<u>GDP</u>	\$61.59 billion	\$2454 billion
<u>Value of Money</u> <u>(Price of 10g Gold)</u>	Rs. 184	Rs. 31,050
<u>Per Capita Income</u>	111.26 USD	5,350 USD
<u>Inflation rate</u>	5.01%	2.23%
<u>Life Expectancy</u>	40.42 years	68.3 years
<u>% Rural population</u>	81.1%	68.9%
<u>% BPL Population</u>	41%	29%

When we were your age... THE 1960s

- An experiment with Socialism
- Simplicity of life
- Poor economy + Scarcity economy
- Low inflation + Low incomes of people
- Poor demand + Supply constraints
- Industries were very less and most were in their nascent phase
- Government had a lot of control over everything
- Economic growth was slow and unsteady
- There was little to no innovation

THE 2010s... Spoilt for choices!

- An experiment with Capitalism
- Life is no longer simple
- Fastest growing major economy in the world
- Improving purchasing power + Abundant Supply
- Industries: Small scale , Large scale have seen a huge boost
- Liberalized market, much lesser regulation & control and thus inflow of products, commodities and services from all across the country.
- Innovation is at the forefront of every field

India in a global context

In the 1960's

- A weak India, rising up from the horrors of colonial rule, multiple wars and a non-existent economy was irrelevant to the outside world at large.
- An extremely poor and illiterate populace, along with negligible social, industrial & physical infrastructure lead to serious problems.

Now, however

- India has one of the largest economies in the world and the fastest growing one.
- India is predicted to become an economic superpower sometime in the current century

FACTORS PUSHING THESE CHANGES

$$Y = C + I + G + X - M$$

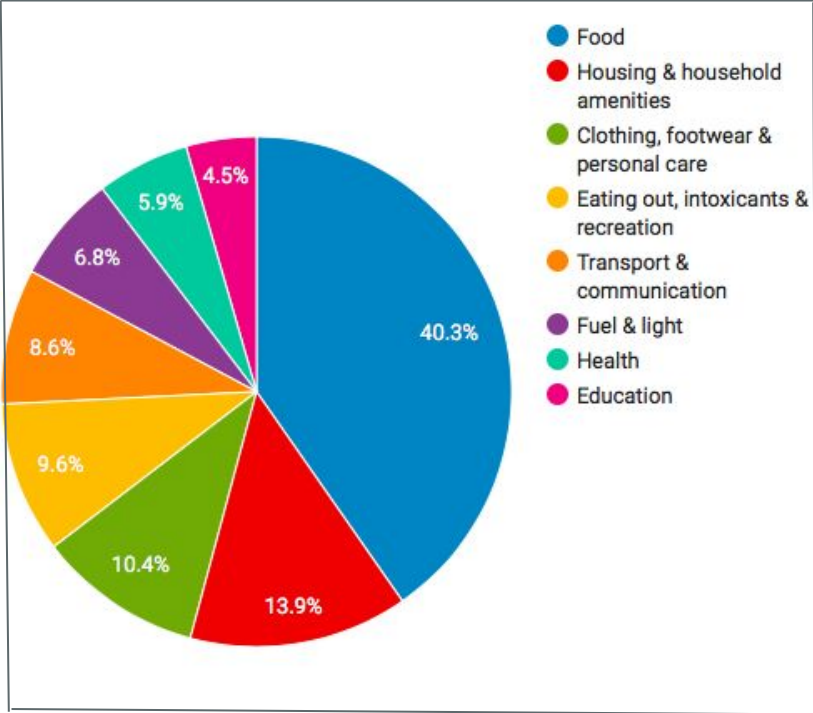
National Income (Private + Public)

Over the years, Y has seen a substantial change

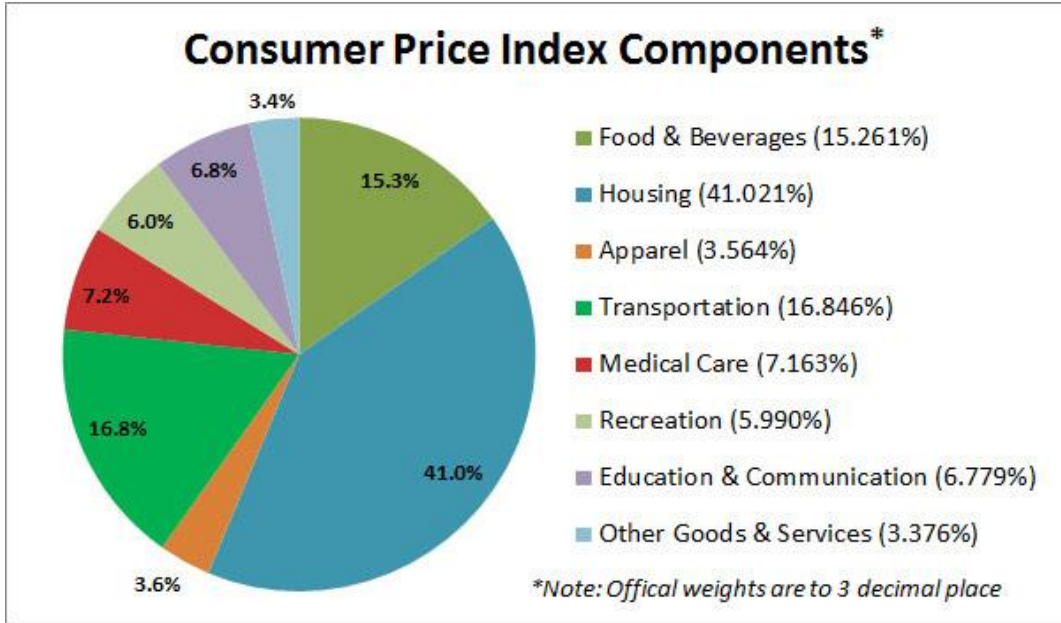
We delve deeper into factors that lead to the
making of INDIA as we know it



<u>1960s</u>	<u>2010s</u>
Salary of an IAS officer: Rs. 350 per month	Salary of an IAS officer: Rs. 35,000 per month
Spending: Cost of living, food, education, healthcare, entertainment and recreation, miscellaneous, savings	Spending: Cost of living, loans (car, house), food, conveyance, education, healthcare, entertainment and recreation, savings
Poor communication, transportation facilities. A number of technologies only available to upper class	Availability, scope and outreach of technology increased, though the rural areas are yet to catch up on that
Since the supply was poor, demand was poor, be it comforts or be it the necessities. Economy was heavily chained. Poor educational and health standards	With liberalisation, increased connectivity, technological advancement and the advent of multi nationals, supply and demand both have increased. Better opportunities of education from all across the world. Healthcare one of the leading innovation sectors and marked improvement in life expectancy.



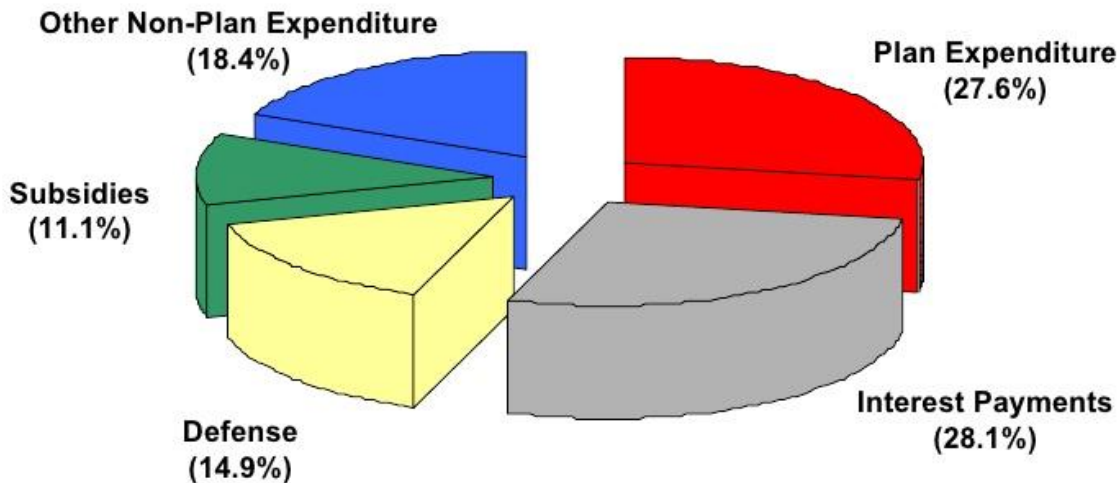
Consumption pattern in 1960s



Source: BLS; The most recent reweighting was in December 2012.

Consumption pattern in 2010s

Where the Rupee goes...

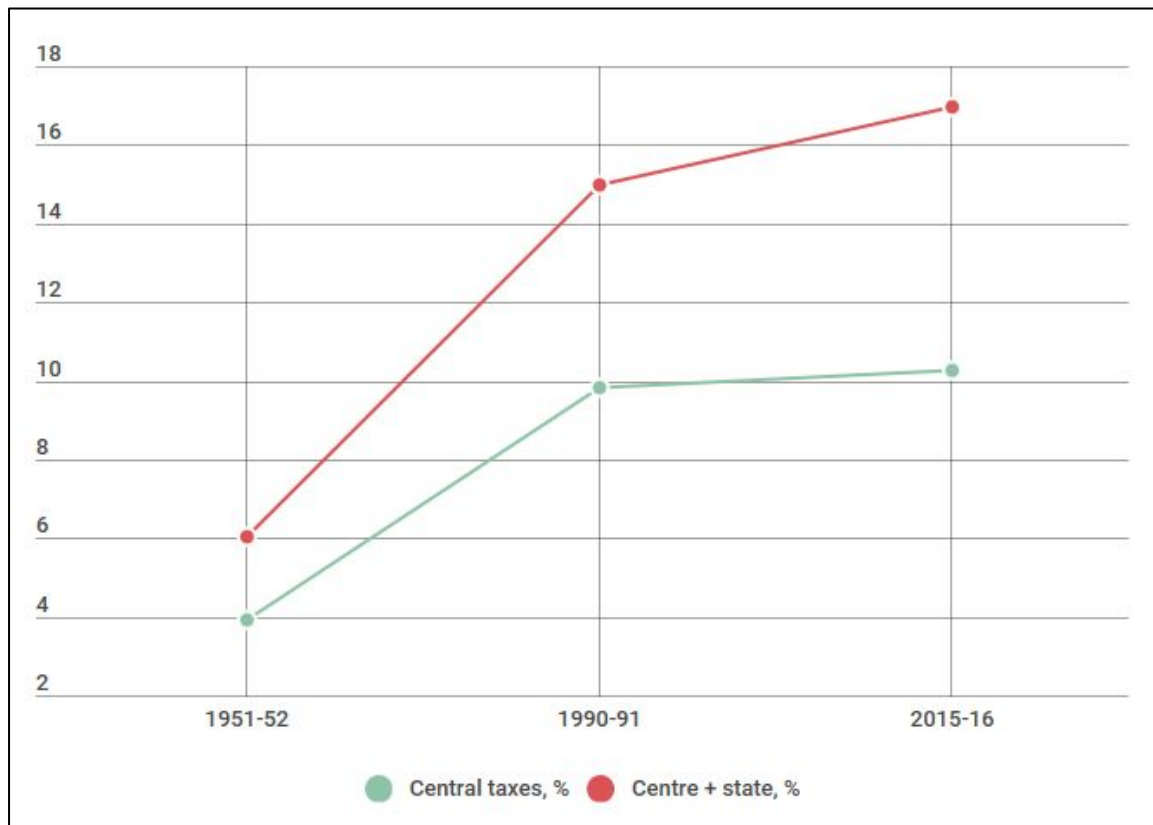


What this graph means?

Any government, like a company, has to spend towards various aspects to improve competitiveness. This graph indicates the areas of expenditure of the Indian government. The central government's expenditure can be broadly segregated into revenue and capital expenditure.

Our view...

The pie indicates that the government spends a big chunk of its total expenditure towards interest payments (unproductive). However, the plan expenditure, which includes spending towards infrastructure development, has a lower share. One of the major reasons for India's slow rate of growth.



Tax-GDP Ratio

Major shocks to government's role and expenditure in Indian economy:

1962 - India and China fight a brief border war.

September 1965 - India and Pakistan fight war over Kashmir, which ends after a U.N. call for ceasefire.

December 1971 - India and Pakistan fight another major war over East Pakistan which ends after 90,000 Pakistani troops surrender and leads to the creation of Bangladesh.

May 18, 1974 - India conducts underground nuclear test.

June 26, 1975 - Indira Gandhi declares a state of emergency, in which the press is censored and 100,000 people are jailed.

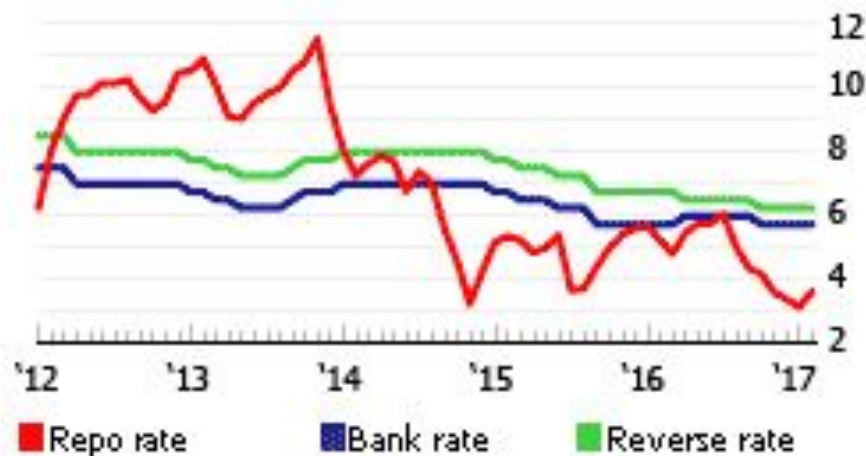
1991 - Congress party wins general elections and government launches sweeping economic reforms and dismantles decades of socialist control.

I

1. Interest rates: Lower interest rates means firms will borrow from banks to make large capital investments and even take risks
2. Business Confidence: If the firms are confident about returns, the future of economy and its growth, they will invest
3. Investment policies: Government incentives such as tax breaks, subsidies, low interest rate loans etc. increase investment activity
4. National Income: A greater national income and aggregate demand means companies will want to put their money in such an economy

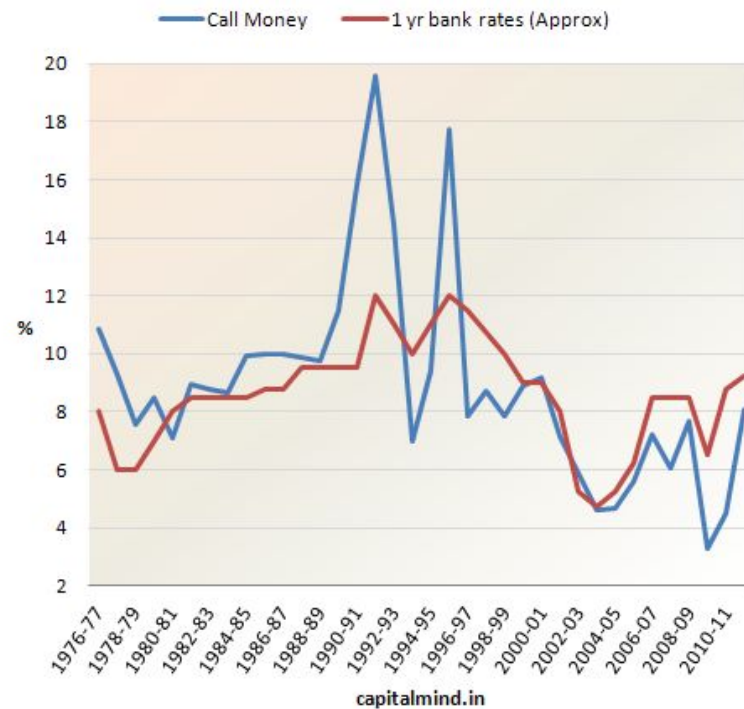
All these factors, affecting investment activity together spearheaded the increased investment activity over years.

Interest Rates & Inflation (%)



Source: Reserve Bank of India

25 years of Bank Interest Rates

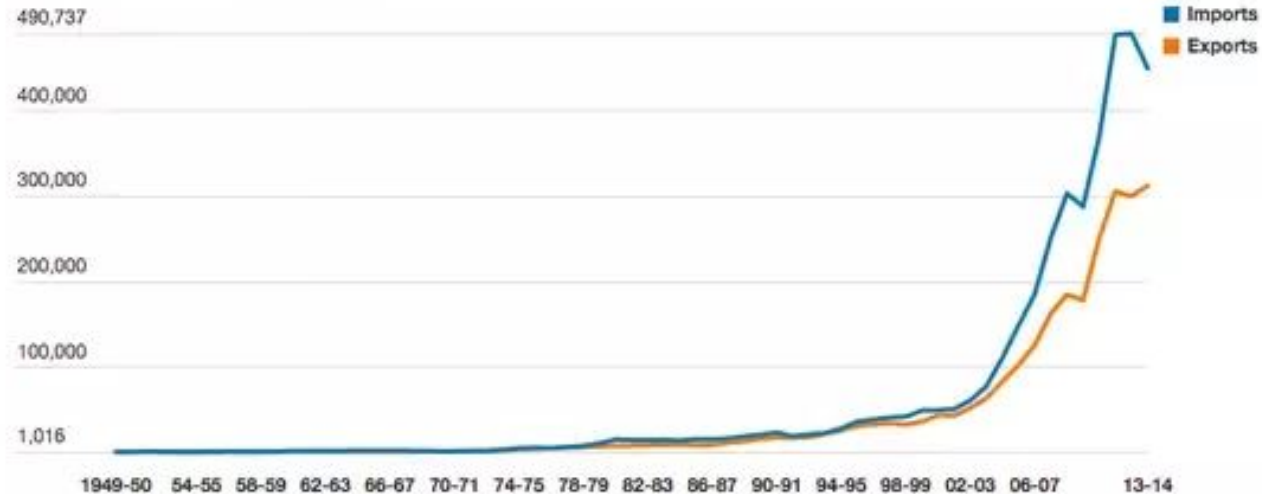


capitalmind.in

X - M

India's exports and imports

In US\$ million



Created with [Datawrapper](#)

Source: Economic Survey 2013-14, [Get the data](#)

The rise of imports and exports over years

1953-1971

- Negligible exports, majorly consisting of rice, sugar, wheat and silk.
- Not in a state to compete with other exporters even in these sectors.
- Focus on capacity building rather than export generation
- Thus large imports of goods and services

1972-1990

- Communism and socialistic influence meant that India took a stance reflecting its reluctance of imports and drive to export
- Economy aimed at self sufficiency
- Due to lack of resources at that point of time, influx of foreign currency very low and hence massive depletion of foreign currency reserves

1991-today

- Indian economy not so fragile and at a competitive platform in the global context
- 1991 ushered in the age of liberalisation, a milestone in Indian economy
- Custom duties on many products lowered and imports and foreign investments promoted
- Larger foreign currency reserves
- Trade much more easy and reach greater

MISCELLANEOUS

- > Sports
- > Gaming
- > Bollywood
- > Technology
- > Military advancement

THE FUTURE OF INDIAN ECONOMY

Since Indian independence, a great deal of economic progress has been made. By any measure – life expectancies, infant mortality rates, nutritional standards, literacy and educational attainments, or real per capita incomes - the Indian people are considerably better off than they were a half a century ago.

Yet there is a certain impatience and uneasiness: for all of the many achievements, there is a strong sense that more rapid improvements in these and other indicators of well being are quite possible. And, if they are possible through realignment of existing policies, per capita incomes for many Indians are still so low that more rapid growth is manifestly desirable.



Thank
you

SAUMYA GUPTA
AYUSH SRIVASTAVA
ARUNDHATI DIXIT

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