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Chapter 1

The State of the Economy

In 2014-15, the Indian economy is poised to overcome the sub-5 per cent growth of gross domestic product (GDP) witnessed over the last two years. The growth slowdown in the last two years was broad based, affecting in particular the industry sector. Inflation too declined during this period, but continued to be above the comfort zone, owing primarily to the elevated level of food inflation. Yet, the developments on the macro stabilization front, particularly the dramatic improvement in the external economic situation with the current account deficit (CAD) declining to manageable levels after two years of worryingly high levels was the redeeming feature of 2013-14. The fiscal deficit of the Centre as a proportion of GDP also declined for the second year in a row as per the announced medium term policy stance. Reflecting the above and the expectations of a change for the better, financial markets have surged. Moderation in inflation would help ease the monetary policy stance and revive the confidence of investors, and with the global economy expected to recover moderately, particularly on account of performance in some advanced economies, the economy can look forward to better growth prospects in 2014-15 and beyond.

1.2 After achieving unprecedented growth of over 9 per cent for three successive years between 2005-06 and 2007-08 and recovering swiftly from the global financial crisis of 2008-09, the Indian economy has been going through challenging times that culminated in lower than 5 per cent growth of GDP at factor cost at constant prices for two consecutive years, i.e. 2012-13 and 2013-14. Sub-5 per cent GDP growth for two years in succession was last witnessed a quarter of a century ago in 1986-87 and 1987-88 (Figure 1.1). Persistent uncertainty in the global outlook, caused by the

Economic growth has slowed due to domestic structural and external factors. Two successive years of sub-5 per cent growth is witnessed for the first time in 25 years.



Source: Central Statistics Office (CSO)

Figure 1.1 : Growth in Real GDP (per cent)

Table 0.1 : Key Indicators

Data categories	Unit	2009-10	2010-11	2011-12	2012-13	2013-14
1. GDP and Related Indicators						
GDP (current market prices)	₹ Crore	6477827	7784115	9009722 ^{2R}	10113281 ^{1R}	11355073 ^{PE}
Growth Rate	%	15.1	20.2	15.7	12.2	12.3
GDP (factor cost 2004-05 prices)	₹ Crore	4516071	4918533	5247530 ^{2R}	5482111 ^{1R}	5741791 ^{PE}
Growth Rate	%	8.6	8.9	6.7	4.5	4.7
Savings Rate	% of GDP	33.7	33.7	31.3	30.1	na
Capital Formation Rate	% of GDP	36.5	36.5	35.5	34.8	na
Per Capita Net National Income (factor cost at current prices)	₹	46249	54021	61855	67839	74380
2. Production						
Food grains	Million tonnes	218.1	244.5	259.3	257.1	264.4 ^a
Index of Industrial Production ^b (growth)	%	5.3	8.2	2.9	1.1	-0.1
Electricity Generation (growth)	%	6.1	5.5	8.2	4.0	6.1
3. Prices						
Inflation (WPI) (average)	%	3.8	9.6	8.9	7.4	6.0
Inflation CPI (IW) (average)	%	12.4	10.4	8.4	10.4	9.7
4. External Sector						
Export (in US\$ terms)	% change	-3.5	40.5	21.8	-1.8	4.1
Import (in US\$ terms)	% change	-5.0	28.2	32.3	0.3	-8.3
Current Account Balance (CAB/GDP)	%	-2.8	-2.8	-4.2	-4.7	-1.7
Foreign Exchange Reserves ^c	US\$ Billion	279.1	304.8	294.4	292.0	304.2
Average Exchange Rate ^d	₹/US\$	47.44	45.56	47.92	54.41	60.5
5. Money and Credit						
Broad Money (M ₃) (annual)	% change	16.9	16.1	13.2	13.6	13.3
Scheduled Commercial Bank Credit	% change	16.9	21.5	17	14.1	13.9
6. Fiscal Indicators (Centre)						
Gross Fiscal Deficit	% of GDP	6.5	4.8	5.7	4.9	4.5 ^e
Revenue Deficit	% of GDP	5.2	3.2	4.4	3.6	3.2 ^e
Primary Deficit	% of GDP	3.2	1.8	2.7	1.8	1.2 ^e
7. Population						
	Million	n.a.	1210 ^f	n.a.	n.a.	n.a.

Note: na: not available. 1R: 1st Revised Estimates, 2R: 2nd Revised Estimates, PE: Provisional Estimates.

^a Third advance estimates.

^b The Index of Industrial Production has been revised since 2005-06 on base (2004-05=100).

^c At end March.

^d Average exchange rate (RBI's reference rate).

^e Fiscal indicators for 2013-14 are based on the provisional actuals.

^f Census 2011.

crisis in the Euro area and general slowdown in the global economy, compounded by domestic structural constraints and inflationary pressures, resulted in a protracted slowdown. The slowdown is broadly in sync with trends in other emerging economies, but relatively deeper. India's growth declined from an average of 8.3 per cent per annum during 2004-05 to 2011-12 to an average of 4.6 per cent in 2012-13 and 2013-14. Average growth in the emerging markets and developing economies including China declined from 6.8 per cent to 4.9 per cent in this period (calendar-year basis). What is particularly worrisome is the slowdown in manufacturing growth that averaged 0.2 per cent per annum in 2012-13 and 2013-14.

1.3 In addition to the growth slowdown, inflation continued to pose significant challenges. Although average wholesale price index (WPI) inflation declined in 2013-14 to 6.0 per cent vis-à-vis 8.9 per cent in 2011-12 and 7.4 per cent in 2012-13, it is still above comfort levels. Moreover, WPI inflation in food articles that averaged 12.2 per cent annually in the five years ending 2013-14, was significantly higher than non-food inflation. Fortunately, the upward trend of inflation that played a part in slowdown in growth, savings, investment, and consumption, appears to have subsided.

1.4 The external sector witnessed a remarkable turnaround after the first quarter of 2013-14, and the year ended with a CAD of 1.7 per cent of GDP as against 4.7 per cent in 2012-13. After plummeting to ₹ 68.36 to a US dollar on 28 August 2013, triggered by the expected taper of quantitative easing in the United States, the rupee gradually strengthened and the year ended with the exchange rate averaging ₹ 61 per US dollar in March 2014, owing to measures taken by the government and the Reserve Bank of India (RBI). Foreign exchange reserves increased by nearly US\$ 40 billion from US\$ 275 billion in early September 2013 to US\$ 314.9 billion on 20 June 2014. These developments on external account have generated some optimism that the Indian economy is better prepared to confront the challenges of global policy reversals, including tapering of quantitative easing in the US. Improvement is also observed on the fiscal front, with the fiscal deficit declining from 5.7 per cent of GDP in 2011-12 to 4.9 per cent in 2012-13 and 4.5 per cent in 2013-14. Much of this improvement has been achieved by reduction in expenditure rather than from increased revenue. Nevertheless, the corrections in fiscal and current account deficits augur well for macroeconomic stabilization.

1.5 The improvements in the twin deficits would, no doubt, feed into a higher growth in 2014-15, but the pace of recovery may be gradual. After reaching a low of 4.4 per cent during the last two quarters (Q3 and Q4) of 2012-13, growth inched up to 4.7 per cent in Q1 of 2013-14 and further to 5.2 per cent in Q2 of 2013-14, only to decline to 4.6 per cent in the next two quarters. The fact that this happened despite a gradual recovery in the global economy indicates the importance of addressing the domestic structural constraints that have engendered an undulating and gradual recovery (Box 1.1).

Inflation has eased but is still above comfort levels.

Improvements are visible on the fiscal front and in the current account balance.

Sustenance of early signs of growth pick-up depends on amelioration of structural constraints.

Box 1.1 : What are structural constraints?

The impact of domestic structural factors on the current economic slowdown in India is often explained in terms of the irreconcilability of rate of fixed investment of around 30 per cent of GDP and sub-5 per cent growth, given India's demand conditions and long-term incremental capital-output ratio. Application of time series techniques that attempt to decompose the slowdown into structural and cyclical components, have acknowledged the presence of both, though the assignment of proportions differs (Chinoy and Aziz [2013]; IMF, WEO [2014]; Mishra [2013], among others). The accentuation of structural constraints has been one of the factors contributing to sub-5 per cent growth without a commensurate large decline in investment rate.

What are these structural factors? Salient among them as indicated by some studies are the following:

- Difficulties in taking quick decisions on project proposals have affected the ease of doing business. This has resulted in considerable project delays and insufficient complementary investments.
- Ill-targeted subsidies cramp the fiscal space for public investment and distort allocation of resources.
- Low manufacturing base, especially of capital goods, and low value addition in manufacturing. Manufacturing growth and exports could be facilitated with simplified procedures, easy credit, and reduced transaction cost.
- Presence of a large informal sector and inadequate labour absorption in the formal sector. Absence of required skills is considered an important reason.
- Sustaining high economic growth is difficult without robust agricultural growth. Low agricultural productivity is hampering this.
- Structural factors engendering continued high food inflation need to be tackled. Issues related to significant presence of intermediaries in the different tiers of marketing, shortage of storage and processing infrastructure, inter-state movement of agricultural produce, etc. need to be addressed.

References

1. Chinoy, Sajid Z. and Jahangir Aziz (2013), 'Why is India's growth at a 10-year low?', available at www.jpmorganmarkets.com.
2. Mishra, Prachi (2013), 'Has India's Growth Story Withered?', *Economic and Political Weekly*, vol. XLVIII (15).
3. International Monetary Fund (IMF) (2014), World Economic Outlook (WEO), April.

SECTORAL GROWTH TRENDS

1.6 Aided by a favourable monsoons, the agriculture and allied sectors achieved a growth of 4.7 per cent in 2013-14 (Table 1.1), compared to its long-run average of around 3 per cent (between 1999-2000 and 2012-13). However, in some other sectors, slowdown has been more pronounced and protracted. Mining and quarrying

Favourable monsoons helped agricultural growth and power generation. Slowdown in industry continued.

Sector	2007-08	2008-09	2009-10	2010-11	2011-12 (2R)	2012-13 (1R)	2013-14 (PE)
Agriculture, forestry, & fishing	5.8	0.1	0.8	8.6	5.0	1.4	4.7
Mining & quarrying	3.7	2.1	5.9	6.5	0.1	-2.2	-1.4
Manufacturing	10.3	4.3	11.3	8.9	7.4	1.1	-0.7
Electricity, gas, & water supply	8.3	4.6	6.2	5.3	8.4	2.3	5.9
Construction	10.8	5.3	6.7	5.7	10.8	1.1	1.6
Trade, hotels, transport, storage, & communication	10.9	7.5	10.4	12.2	4.3	5.1	3.0
Financing, insurance, real estate, & business services	12.0	12.0	9.7	10.0	11.3	10.9	12.9
Community, social, & personal services	6.9	12.5	11.7	4.2	4.9	5.3	5.6
GDP at factor cost	9.3	6.7	8.6	8.9	6.7	4.5	4.7

Table 1.1 : Growth in GDP at Factor Cost at Constant (2004-05) Prices (per cent)

Source: CSO.

Note: 2R: second revised, 1R: first revised, PE: provisional estimate.

activities have decelerated since 2011-12. Two prominent components of mining, coal and crude petroleum, have stagnated in the last three-four years. Subsequent to an average growth of 7.1 per cent in coal production during the four-year period 2006-07 to 2009-10, its growth declined to an average of 1.6 per cent during the next four years ending 2013-14. The slowdown in coal production partly owes to regulatory issues. The compound annual growth rate (CAGR) of crude petroleum was 1.2 per cent during 2004-05 to 2013-14. As coal and petroleum are universal intermediates, the slack in their production impacted the economy adversely.

1.7 The last two years were particularly disappointing for the manufacturing sector, with growth averaging 0.2 per cent per annum. The decline has been quite broad based, as per data from the index of industrial production (IIP). Decline in the growth rate for basic goods continued for the third year in succession in 2013-14. Output of capital goods declined for the third year in a row starting 2011-12. Contraction of 12.2 per cent in the consumer durables segment was observed in 2013-14. Only intermediate and non-durable consumer goods registered higher growth rate in 2013-14 vis-à-vis 2012-13. Following close to double-digit growth between

Box 1.2 : Trends in Employment

Slowdown in employment growth has been a serious concern in recent years. As per National Sample Survey Office data, the number of persons in the workforce (usual status) increased from 398 million in 1999-2000 to 458 million in 2004-05, an increase of nearly 60 million (nearly equally divided between the agriculture and non-agriculture sectors) or 15 per cent in five years. This increased further to 473 million in 2011-12, an increase of 15 million or 3.3 per cent over a span of seven years.

There was a decline in the workforce in the agriculture and allied sector by over 36 million between 2004-05 and 2011-12. On the other hand, the number of persons in the workforce in the non-agriculture sector increased by 51 million with industry and services contributing nearly 31 million and 20 million respectively. The table below gives the share of different sectors or the sectoral composition of the workforce (employed) by usual principal and subsidiary status (UPSS).

Share of Major Sectors in Total Employment (per cent)

	1999-2000	2004-05	2011-12
Agriculture & allied	59.9	58.5	48.9
Industry	16.4	18.2	24.3
Services	23.7	23.3	26.9

Source: Rangarajan, Seema, and Vibeesh (2014).

Decline in the share of employment in agriculture has been observed in most countries in their development process. Within industry, the bulk of the employment increase was accounted for by construction with an increase of nearly 25 million between 2004-05 and 2011-12. Employment increased by 6 million in the manufacturing sector. The around 20 million increase in employment in the services sector between 2004-05 and 2011-12 was more or less uniformly accounted for by an increase in the trade, hotels, and restaurants sector (4.7 million); transport, storage, and communications (5.4 million); financing, real estate, and business services (5.3 million); and community, social, and personal services (5 million) [Rangarajan, Seema, and Vibeesh (2014)].

In recent years there has also been a decline in the labour force and workforce participation rates of women. A large number of analysts have ascribed this to a rapid increase in female participation in education, both in the rural and urban areas.

Reference

Rangarajan, C., Seema, and E. M. Vibeesh (2014), 'Developments in the Workforce between 2009-10 and 2011-12', *Economic and Political Weekly*, vol. XLIX (23).

2004-05 and 2011-12, the construction sector (that was the major source of employment in this period, as can be seen from Box 1.2) lost momentum in the last two years. Taken together with the trends in capital goods, the slowdown in construction activity reflects subdued business sentiments.

1.8 The data on manufacturing growth during the last two years need to be interpreted with care, given the possibility of revisions by the CSO. The initial estimates of value added in manufacturing sector are based on the IIP, while the second and third revised estimates are based on more detailed data from the Annual Survey of Industries (ASI). For example, as per the National Accounts Statistics, the growth rate of manufacturing for 2011-12 was revised to 7.4 per cent in the second revised estimates (released in January 2014) from 2.7 per cent estimated earlier as ASI data for 2011-12 became available only in the second half of 2013.

1.9 The slowdown in services, in particular the internal trade, transport, and storage sectors, could be attributed to the loss of momentum in commodity-producing sectors. The moderate revival in the global economy may have helped the growth in business services. Bank credit grew by 14.3 per cent in 2013-14, indicating buoyant activity in financial services.

1.10 The disaggregated sectoral trends may be better understood in terms of movement in sectoral shares in GDP, as seen from Table 1.2. The share of the agriculture and allied sectors in GDP has been consistently declining. During the eight years between 1999-2000 and 2007-08, the share of agriculture and allied sectors in GDP declined by 6.4 percentage points, while that of industry and services increased by 1.9 and 4.4 percentage points respectively.

Sector	1999-2000	2007-08	2012-13	2013-14(P)
Agriculture & allied	23.2	16.8	13.9	13.9
Industry	26.8	28.7	27.3	26.1
Mining & quarrying	3.0	2.5	2.0	1.9
Manufacturing	15.0	16.1	15.8	14.9
Registered manufacturing	9.2	10.7	11.2	NA
Unregistered manufacturing	5.8	5.4	4.5	NA
Services	50.0	54.4	58.8	59.9
Trade, hotels, transport, and communication	21.2	25.9	26.9	26.4
Financing, insurance, real estate, and business services	14.5	16.1	19.1	20.6
Community, social, and personal services	14.4	12.4	12.8	12.9

Table 1.2 : Sectoral Share in GDP
(per cent)

Source: Calculated from National Accounts Statistics, CSO.

P: Provisional. NA: not available.

Note: Industry includes electricity, gas & water supply and construction sectors that are not indicated in the table.

1.11 The mining and quarrying sector witnessed continuous decline in GDP share for several years, indicating its inability to cater to requirements of high growth, in the absence of comprehensive reforms.

1.12 In the case of manufacturing, most of the gain in share occurred during 2004-05 to 2007-08, when the sector was growing

at an annual average rate exceeding 10 per cent, along with robust growth in corporate profits, savings, and investment. Activity was buoyant in registered manufacturing, while the share of unregistered manufacturing remained unchanged during the four years ending 2007-08. During 2008-09 to 2012-13, the share of manufacturing remained roughly constant despite an increase in share of the registered segment, as unregistered manufacturing recorded an average annual growth of only 3.4 per cent.

1.13 The share of services has been consistently rising; more so since 2004-05. However, the pace of expansion was not balanced. The biggest drivers of the service sector expansion since 2004-05 were communications and banking and insurance. Robust growth in these sectors primarily drove the expansion of the services sector even after 2010-11. Real estate and business services also gained share. The services that witnessed stagnation/decline in share after 2010-11 include domestic trade, hotels, and storage. The inability of some of these employment-intensive sectors to attain sustained momentum is one of the reasons for the less-than commensurate growth in employment in services.

1.14 In the absence of sufficiently high growth in agriculture and industry, services would be seriously constrained to sustain growth acceleration on auto-pilot mode since many of the services are dependent on buoyancy in the commodity-producing sectors, especially industry (Box 1.3).

Revival of growth in services depends on growth revival in commodity producing sectors. Industrial revival is central to sustained revival in overall growth.

Box 1.3 : Input flows in the economy

One of the ways to study inter-sectoral linkages is by examining the inter-industry input flow matrix. The table below has been constructed from the latest available input-output tables (2007-08) released by the CSO. The information, though slightly dated, could be indicative of the state of inter-sectoral linkages.

Inter-industry Input Flows in the Economy (in per cent)

	Agriculture and allied sector input	Industrial sector input	Service sector input
Agriculture & allied	55.3	7.7	7.5
Industry	21.4	68.2	45.1
Services	23.3	24.1	47.5

Contribution to Total Inputs in the Economy (in per cent)

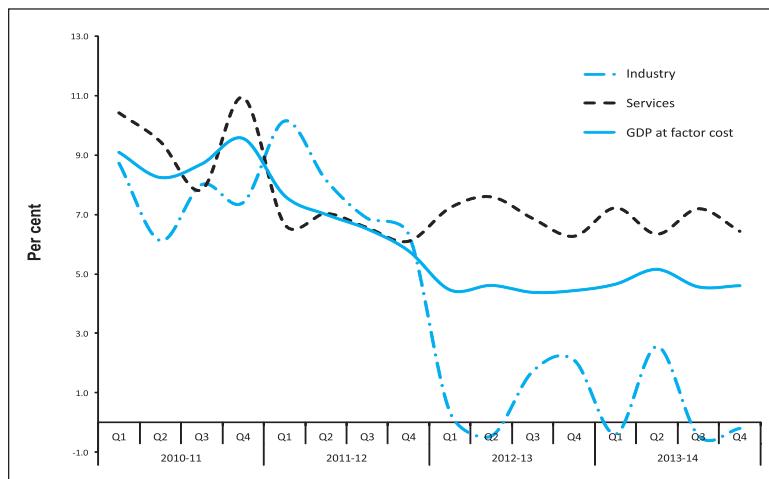
Agriculture & allied	11.8
Industry	59.6
Services	28.6

Source: Internal calculations based on the CSO's input-output tables.

The upper panel of the table implies that out of the total input requirement of the agriculture and allied sector, 55.3 per cent was contributed by the sector itself, while industry and services accounted for 21.4 per cent and 23.3 per cent respectively. More than two-thirds of the total inputs required by industry came from industry itself, while nearly one-fourth were from the services sector. Over half the inputs for the services sector came from the industrial and agricultural sectors. The table highlights the importance of the industrial sector in sustaining economic activity in the services sector. As is evident from the lower panel of the table, the agricultural sector accounted for 11.8 per cent of the total inputs employed in the economy, while the industrial and services sectors accounted for 59.6 per cent and 28.6 per cent respectively. Hence a sustained recovery in the industrial sector is at the heart of a sustained growth recovery.

QUARTERLY TRENDS

1.15 Quarterly GDP figures can be helpful in detecting inflection points within the year (Figure 1.2). The current episode of a rather protracted growth deceleration commenced in Q1 2011-12, while the growth slowdown in manufacturing started in Q2 2011-12. The slowdown in mining and quarrying became evident in Q4 2010-11 and this trend continues. Electricity, gas, and water supply witnessed somewhat higher growth in 2013-14 vis-à-vis 2012-13, owing mainly to higher electricity generation from hydel sources on account of improved water availability in reservoirs.



Source: CSO

Figure 1.2 : Quarter-wise Growth in GDP at Factor Cost (2004-05 prices)

AGGREGATE DEMAND

1.16 Aggregate demand of the economy comprises final consumption and investment along with net exports (exports minus imports) of merchandise and non-factor services. In national accounting identity, the current account balance maps the difference between domestic savings and domestic investment, which conveys the extent of this gap that needs to be bridged by foreign savings.

Aggregate demand recovered mildly in 2013-14.

1.17 Aggregate demand, measured in terms of GDP at constant (2004-05) market prices, registered a growth of 5.0 per cent in the year 2013-14 as against 4.7 per cent in the previous year. The growth in private final consumption, which averaged 7.8 per cent during 2003-04 to 2011-12, declined to 5.0 per cent in 2012-13 and further to 4.8 per cent in 2013-14. In real terms, fixed investment hardly increased between 2011-12 and 2013-14. In terms of share of GDP, the most striking change on the demand side during 2012-13 and 2013-14 was the precipitous decline in the gross fixed capital formation to GDP ratio by 2.1 percentage points. Thus, the increase in the growth rate of aggregate demand in 2013-14 mainly owes to higher level of net exports (reflected by a reduction in the gap between exports and imports as can be seen in Table 1.3). The major components of aggregate demand are analysed in the sections that follow.

Consumption

1.18 Final consumption expenditure is estimated separately for government and private entities. The share of final consumption

Item	2011-12	2012-13	2013-14
	(2R)	(1R)	(PE)
(i) TFCE	68.5	68.8	68.9
Private	57.1	57.1	57.1
Government	11.4	11.8	11.8
(ii) GCF	35.5	34.8	NA
FCF	31.8	30.4	28.3
Change in stocks	1.9	1.7	1.6
Valuables	2.7	2.6	1.5
(iii) Exports	23.9	24.0	24.8
(iv) Less imports	30.2	30.7	28.4

Source: CSO.

Note: TFCE: Total final consumption expenditure, GCF: Gross capital formation, FCF: Fixed capital formation, 2R: second revised, 1R: first revised, PE: provisional estimate.

Sum of (i) to (iv) may not be 100 on account of discrepancies and rounding off.

Table 1.3 : Components of GDP at Current Market Prices and Share in GDP (per cent)

in GDP has been declining consistently since the 1950s, reflecting mainly the decline in share of private final consumption expenditure (PFCE). This is not surprising, as higher income levels have led to higher savings by households and reduced the share of consumption. This was also inevitable as higher investment required for raising growth had to come from higher domestic savings given the export pessimism that prevailed till the early 1980s. Despite high oscillations in annual growth, government consumption expenditure as a proportion of GDP has exhibited remarkable consistency since the 1980s (Table 1.4).

1.19 The share of the food items, beverages, and tobacco group in total final consumption in real terms declined by 9.5 percentage points of the GDP in the nine years from 2004-05 to 2012-13. However, in nominal terms (Table 1.5), this decline was only about half of the decline in real terms, reflecting higher inflation for these products during this period.

1.20 Apart from the food, beverages and tobacco group, there was a decline in the share of gross rent, fuel, and power, medical care and health services, and transport and communications, while the largest increase was registered in, other miscellaneous services comprising banking charges, legal services, business services, and life insurance. There has been a progressive inclination towards the consumption of services and a move away from non-durable goods, especially food items.

Item	Ratio at current prices	
	2004-05	2012-13
Food, beverages, & tobacco	40.0	35.2
Clothing & footwear	6.6	7.2
Gross rent, fuel, & power	13.8	13.1
Furniture, furnishing, appliances, & services	3.4	3.9
Medical care & health services	5.0	3.6
Transport & communication	19.3	17.4
Recreation, education, & cultural services	3.0	2.5
Personal care & effects	2.7	3.8
Personal goods n.e.c.	1.6	1.8
Other miscellaneous services	4.7	11.5

Source: CSO

Investment

1.21 Investment comprises fixed capital formation, acquisition of valuables, and changes in stock and inventories, adjusted for errors and omissions. The investment rate (investment to GDP ratio) averaged 24.5 per cent over the period 1990-91 to 2003-04 (Table 1.6). The year 2004-05 marked a break, with the rate of investment exceeding 30 per cent for the first time. Between 2004-05 and 2012-13, the rate of investment averaged 35.4 per cent, reaching the peak of 38.1 per cent in 2007-08. It averaged 35.3 per cent during the higher growth phase of 2004-05 to 2007-08 and 35.5 per cent between 2008-09 and 2012-13. The investment rate of 34.8 per cent in 2012-13 is lower than these two sub-period averages.

1.22 The rate of gross fixed investment, which accounts for the bulk of total investment, increased significantly from 2004-05, peaked in 2007-08, and generally declined thereafter. As per the

Share of private consumption in GDP has declined in recent years.

Item	1980s	1990s	2000s	2010-11 to 2013-14
TFCE	85.8	77.5	71.6	68.4
PFCE	74.5	65.9	60.3	56.8
GFCE	11.3	11.6	11.3	11.6

Source: CSO.

Note: Data for 2013-14 is provisional. GFCE is government final consumption expenditure, PFCE is private final consumption expenditure and TFCE is total final consumption expenditure.

Table 1.4 : Share of Final Consumption in GDP at Current Market Prices (per cent)

Table 1.5 : Share of Different Categories of Goods and Services in PFCE in the Domestic Market (per cent of total)

Fixed investment rate declined steeply in 2013-14.

Item	1990-91 to 1999-2000	2000-01 to 2003-04	2004-05 to 2007-08	2008-09 to 2012-13	2012-13	2013-14
I. Gross fixed capital formation	23.1	24.0	30.8	31.4	30.4	28.3
Construction	12.1	14.2	16.9	17.7	17.5	NA
Machinery & equipment	11.0	9.8	13.9	13.8	12.9	NA
(i) Public sector	8.6	6.7	7.6	7.9	7.8	NA
Construction	4.7	4.3	5.0	5.3	5.4	NA
Machinery & equipment	3.9	2.4	2.6	2.7	2.4	NA
(ii) Private corporate sector	6.7	5.5	11.9	9.8	8.5	NA
Construction	1.0	1.3	3.5	2.5	2.4	NA
Machinery & equipment	5.6	4.3	8.4	7.2	6.0	NA
(iii) Household sector	7.9	11.8	11.3	13.7	14.1	NA
Construction	6.4	8.6	8.4	9.9	9.7	NA
Machinery & equipment	1.5	3.2	2.9	3.9	4.4	NA
II. Change in stocks	0.7	0.5	3.2	2.4	1.7	1.6
III. Valuables	—	0.7	1.2	2.1	2.6	1.5
IV. Total investment*	24.3	25.0	35.3	35.5	34.8	NA

Source: Calculated from information contained in National Accounts Statistics, CSO.

Note: * Total investment may not be equal to the sum of the three components because of errors and omissions.

Table 1.6 : Components of Investment as Ratios of GDP at Current Market Prices (per cent)

provisional estimates for 2013-14 released by the CSO, the ratio of fixed capital formation to GDP in 2013-14 was 2.1 percentage points lower than in 2012-13. The ratio of valuables to GDP generally increased, even in the period when fixed investment declined, thus keeping the overall rate of investment at around 35 per cent. Changes in stocks are generally subject to wide fluctuations.

1.23 Increase in investment by the private corporate sector explained the bulk of the increase in overall investment during the upswing phase between 2004-05 and 2007-08. The same sector contributed the most to the current decline in investment rate (Table 1.7). (Box 1.4 examines the proximate causes of decline in investment). The growth in investment by the private corporate sector was particularly sharp during 2004-05 to 2007-08, when it averaged 48.1 per cent annually at current prices. The rate of growth declined to 3.4 per cent during 2008-09 to 2012-13. Public-sector investment, which grew at an annual rate of 23.9 per cent in the former period, also slowed subsequently. Household investment growth, in contrast, increased from an annual average of 12.3 per cent during 2004-05 to 2007-08 to an average of 23.5 per cent in 2008-09 to 2012-2013. These patterns of investment by institutions are reflected in Table 1.7.

Reduced private corporate investment rate is the primary reason for decline in overall investment rate.

Sector	1990-91 to 1999-2000	2000-01 to 2003-04	2004-05 to 2007-08	2008-09 to 2012-13	2012-13
Public	8.8	6.8	8.1	8.6	8.1
Private Corporate	7.0	5.6	13.9	11.1	9.2
Household	8.0	12.1	11.9	14.1	14.8
Total investment*	24.3	25.0	35.3	35.5	34.8

Source: CSO.

Note: * Total investment will not be equal to the sum of the three components because of valuables and errors and omissions.

Table 1.7 : Investment by Type of Institution as a Ratio of GDP at Current Market Prices (per cent)

Box 1.4 : Investment Slowdown : Proximate Factors

Is it the nominal or real interest rate that explains the reduction in investment rate? A study entitled 'Real Interest Rate Impact on Investment and Growth- What the Empirical Evidence for India Suggests?', by the RBI, indicates that it is not so much the nominal but real interest rate that explains investment decisions. It is, however, argued by some that, in recent years, investment growth has weakened despite lower *real* interest rates. The study highlights that a lower real interest rate can stimulate investment and growth, provided it is not achieved via higher inflation. The study further suggests that nominal interest rate is, however, more important than real interest rate for investment planning at the firm level.

The RBI study also points to the role of leverage in explaining investment decisions: 'In a highly leveraged sector, such as infrastructure, the required rate of return on equity may remain high but the actual return on equity will be a function of interest costs and cash flows outlook. If interest costs rise and expected cash flow declines, arranging adequate equity capital flow could be difficult, which in turn may lead to shelving of some of planned investment projects.' The decline in cash flows of corporates could also be attributed to (a) sluggish demand conditions, (b) weak pricing power, (c) high input cost, and (d) delays in collection of receivables after delivery of orders.

Part of the slowdown in investment growth post 2007-08 can be attributed to policy uncertainty emanating from difficulties in land acquisition, delayed environmental clearances, infrastructure bottlenecks, problems in coal linkages, ban on mining in selected areas, etc. According to Tokuoka (2012), high and volatile inflation (partly caused by high fiscal deficit) along with heightened global uncertainty may have resulted in slowdown in corporate investment. Slowdown in investment could also be explained in terms of the subdued business environment and bleak business confidence.

Anand and Tulin (2014) suggest that while real interest rates explain aggregate investment activity better than nominal interest rates, they account for only one quarter of the explained investment downturn. They conclude that standard macro-financial variables do not fully explain the recent investment slump and increased uncertainty along with deteriorating business confidence have also played a key role. According to them, lowering nominal interest rates may provide short-term relief from interest burden but, in the medium term, lower rates with little slack in the economy will lead to further inflation, affecting investment adversely. Therefore structural reforms and resolving supply-side bottlenecks are the key to incentivizing investment.

References

1. RBI (2013), 'Real Interest Rate Impact on Investment and Growth—What the Empirical Evidence for India Suggests?' available at www.rbi.org.in.
2. Tokuoka, Kiichi (2012), 'Does the Business Environment Affect Corporate Investment in India?', IMF Working Paper, WP/12/70.
3. Anand, Rahul and V. Tulin (2014), 'Disentangling India's Investment Slowdown', IMF Working Paper, WP/14/47.

1.24 In the high growth phase between 2004-05 and 2007-08, the machinery and equipment segment of fixed investment of the private corporate sector as a ratio of GDP nearly doubled (Table 1.6). Similarly, the ratio of construction also registered a sharp increase.

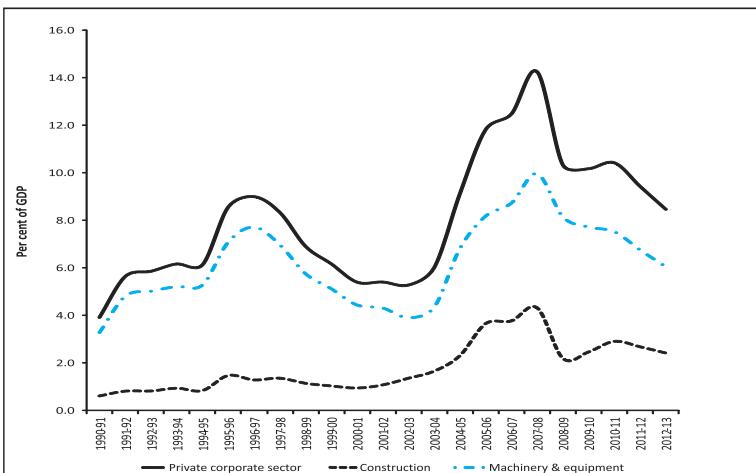


Figure 1.3 : Gross Fixed Investment in Private Corporate Sector and its Components as a Ratio of GDP

Source: CSO.

The decline in fixed investment rate in the last three-four years can be mainly attributed to decline in the share of the machinery and equipment segment of the private corporate sector (Figure 1.3).

1.25 The decline in the construction segment of fixed investment by the private corporate sector (as a ratio of GDP) has been relatively moderate, as against that in the machinery and equipment segment. This could be on account of the fact that the machinery and equipment segment of investment responds relatively more quickly to business sentiments than the construction segment. The long gestation period for construction implies that a project once started/shelved would take longer to stop/revive with change in business sentiments. Investing in machinery and equipment during slowdown may also lead to its underutilization, along with the usual wear and tear (obsolescence). Construction activity is less prone to these problems.

Valuables

1.26 Valuables include assets that are primarily held as store of value. Net acquisition of valuables covers precious articles, gems and stones, silver, gold, platinum, and gold and silver ornaments. Change in aggregate possession of valuables may not have any direct bearing on the productive capacity of the economy.

1.27 Acquisition of valuables has been subject to significant fluctuations in recent years. Their share in GDP increased from 1.2 per cent in 2006-07 to 2.6 per cent in 2012-13 and then declined to 1.5 per cent in 2013-14. The value of imports of gold and silver increased from US\$ 42.6 billion in 2010-11 to US\$ 55.8 billion in 2012-13. In order to restore stability in the foreign exchange market and reduce the CAD, several measures including hike in import duties on gold and silver were announced by the government in August 2013. These measures resulted in reduction in the combined value of import of gold and silver by about 40 per cent in US dollar terms, which is largely reflected in the decline in share of valuables in the GDP.

Net exports

1.28 Net exports in national accounts are defined as the difference between export of goods and non-factor services and import of goods and non-factor services. Although full-fledged recovery in the global economy is still distant, the early signs of global economic strengthening helped India achieve partial recovery in exports. On the other hand, measures taken by the government and the RBI to contain the CAD, primarily by disincentivizing the import of non-essential items, coupled with economic slowdown, helped in reducing imports. The share of exports in GDP increased from 24.0 per cent in 2012-13 to 24.8 per cent in 2013-14, while the share of imports declined from 30.7 per cent to 28.4 per cent, resulting in an improvement in net exports by 3.1 percentage points of GDP.

Moderate revival of exports, coupled with decline in imports, helped improve net exports.

PUBLIC FINANCE

1.29 In the aftermath of the adoption of the Fiscal Responsibility and Budget Management (FRBM) Act, the fiscal deficit of the centre was brought down to 2.5 per cent of GDP in 2007-08 that was below the threshold target of 3 per cent of GDP. Fiscal balances were

deliberately expanded in the aftermath of the global financial crisis in 2008-09 to shore up aggregate demand and raise the growth rate. The gradual fiscal consolidation process was resumed in 2010-11. The government unveiled a revised fiscal consolidation roadmap in October 2012. It targeted a fiscal deficit of 4.8 per cent of GDP for 2013-14 and through a correction of 0.6 percentage point each year thereafter, a fiscal deficit of 3.0 per cent of GDP by 2016-17.

1.30 The fiscal deficit of 4.5 per cent of GDP in 2013-14 as compared to the budgeted target of 4.8 per cent of GDP is indicative of continued focus on fiscal consolidation. With a shortfall in tax revenues and disinvestment receipts along with higher-than-budgeted subsidies and interest and pension payments, fiscal consolidation was mainly achieved through reduction in expenditure from the budgeted levels.

1.31 The outcome in terms of fiscal deficit of the Centre broadly indicates that despite the macroeconomic uncertainties and elevated global crude oil prices, fiscal targets were achieved. Raising the tax-GDP ratio above the currently prevailing levels is critical for sustaining the process of fiscal consolidation in the long run as compression of expenditure beyond a certain minimum can be counter-productive.

1.32 One of the major factors that has resulted in an increase in the Centre's fiscal deficit after 2008-09 has been the build-up in subsidies. As per the provisional actual figures of the Controller General of Accounts (CGA), major subsidies amounted to ₹ 2,47,596 crore in 2013-14. There has been a sharp increase in total subsidies from 1.42 per cent of GDP in 2007-08 to 2.56 per cent of GDP in 2012-13, and 2.26 per cent of GDP in 2013-14 (RE). Food subsidy has been increasing due to the widening gap between the economic cost of procurement by the Food Corporation of India and the central issue prices fixed for cereals under the public distribution system (PDS). While there has been partial decontrol of fertilizer subsidy, prices of urea are still sticky; similarly petrol prices have been decontrolled and diesel prices are subjected to monthly increases of ₹ 0.50 per litre. The cap set on the number of subsidized LPG cylinders per annum per family was increased from 9 to 12 from April 2014. In addition, leakages contribute substantially to the overall increase in subsidy burden. In the case of food subsidy, the Performance Evaluation Report of the Planning Commission on Targeted PDS (2005) states that for every kilogram of grains delivered to the poor, the GOI released 2.4 kg from the central pool. This has implications for the delivery cost of PDS foodgrains through the existing delivery mechanism.

1.33 Higher fiscal deficits usually lead to rising public debt. India's central government liabilities-GDP ratio declined from 61.6 per cent in 2002-03 to 49.4 per cent in 2013-14 (RE). The reduction in this ratio owes to higher nominal GDP growth rate vis-à-vis nominal interest rates. Of the total public debt, internal debt constitutes 95.5 per cent, whereas external debt (at book value) constitutes the remaining.

DOMESTIC SAVINGS

1.34 For estimation of gross domestic savings, the economy is classified into three broad institutional sectors, public, private

Fiscal consolidation was achieved with lower-than budgeted expenditure in 2013-14.

Raising the tax-GDP ratio and furtherance of subsidy reforms are essential for fiscal consolidation.

Table 1.8 : Gross Domestic Savings Rate and its Components as Percentage of GDP at Current Market Prices

Item	1990s	2000s	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	Historic high*
Gross domestic savings	23.0	30.6	36.8	32.0	33.7	33.7	31.3	30.1	36.8 (2007-08)
Household sector	17.7	23.1	22.4	23.6	25.2	23.1	22.8	21.9	25.2 (2009-10)
<i>Financial</i>	9.6	10.8	11.6	10.1	12.0	9.9	7.0	7.1	12.0 (2009-10)
<i>Physical</i>	8.0	12.3	10.8	13.5	13.2	13.2	15.8	14.8	15.8 (2011-12)
Private corporate sector	3.6	6.3	9.4	7.4	8.4	8.0	7.3	7.1	9.4 (2007-08)
Public sector	1.6	1.2	5.0	1.0	0.2	2.6	1.2	1.2	5.6 (1976-77)

Source: CSO.

Note: * The figure in brackets is the year in which the highest rate was recorded.

corporate, and households. The savings rate increased from 29.0 per cent in 2003-04, the highest achieved till then, to 36.8 per cent in 2007-08, which still remains the historic peak (Table 1.8).

1.35 From a high of 36.8 per cent, the gross savings rate fell by 6.7 percentage points of the GDP in 2012-13. The bulk of the decline can be attributed to the private corporate and public sectors. While the decline in the former owes mainly to lower growth in the industry sector and lower profit margins, lower public savings to GDP ratio can be attributed to reduced savings of non-departmental public enterprises and greater dis-savings of public authorities. The savings of the household sector are the sum of financial savings and savings in physical assets. The household savings rate had stabilized around an average of 23 per cent of the GDP between 2000-01 and 2006-07 and started fluctuating thereafter. It witnessed strong compositional shifts from financial to physical savings during the period 2007-08 to 2011-12. Net addition to the physical assets of households including investment in construction, machinery and equipment and change in stocks constitutes the saving of households in physical assets. With a significant reduction in the growth of construction activity in 2012-13, physical savings rates by households also declined. The failure of the construction sector to pick up strongly in 2013-14, coupled with sluggishness in machinery and equipment segment indicates that the increase in physical savings of household in the year may have been muted.

1.36 Retained profits of the private corporate sector adjusted for non-operating surplus/ deficit plus depreciation constitutes its gross savings, which increased sharply after 2002-03 to reach over 9 per cent of the GDP by 2007-08. It was the significant and consistent improvement in corporate profitability that took the private corporate sector savings rate to above 9 per cent in 2007-08 from less than 2 per cent during the 1980s. A study by the RBI on the Performance of Non-Governmental, Non-financial Companies showed that their profit margins deteriorated in 2012-13. This would possibly have affected the savings of the private corporate sector. With negative growth in manufacturing in 2013-14, the savings rate of the private corporate sector is unlikely to have revived.

1.37 The trends in macroeconomic variables discussed above have implications for other variables too, viz. inflation, balance of payments, etc. These are discussed below.

Savings rate has declined significantly since 2007-08.

In recent years, households tended to save more in physical than in financial assets.

PRICES AND MONETARY MANAGEMENT

Inflation

1.38 The average headline WPI inflation moderated to a four-year low of around 6 per cent in 2013-14 after averaging 8.6 per cent in the previous three years, with the contribution of the non-food segment moderating significantly on the back of the fall in global commodity prices. However the pressure from domestic food items remained elevated. WPI inflation remained below 5 per cent in the first quarter of 2013-14. However, higher inflation in vegetables and cereals led to a spike, with headline inflation reaching 6.6 per cent and 7.1 per cent respectively in the second and third quarters. With some moderation in cereals inflation and correction in vegetable prices, headline inflation declined to 5.4 per cent in the last quarter of 2013-14. Inflation in non-food manufactured products (core inflation) remained benign throughout the year and moderated to a four-year low of 2.9 per cent in 2013-14. This indicates that the underlying pressures of broad-based inflation may have somewhat eased.

1.39 Inflation in terms of the new series of consumer price index (CPI) (combined) remained fairly sticky at around 9-10 per cent owing to higher food inflation in the last couple of years. However, the headline CPI inflation started moderating after December 2013 and declined to a 25-month low of 8.0 per cent in February 2014, following moderation in inflation for vegetables and egg, meat, and fish. On the other hand, CPI inflation excluding food and fuel, remained sticky due to higher inflation in services-led components such as medical, education, household requisites, etc.

Major contributors to headline WPI inflation

1.40 The level of inflation and its movement across major sub-groups varied significantly over the eight quarters up to Q4 of 2013-14. In 2013-14 inflation was chiefly confined to food and fuel, which contributed nearly two-thirds of overall inflation. High inflation in the last few years, particularly food inflation, has been the result of structural and seasonal factors. While inflation in food articles remained persistent, its drivers have been changing over time. For example, cereals and protein items were the main

Food inflation has been much higher than non-food inflation.

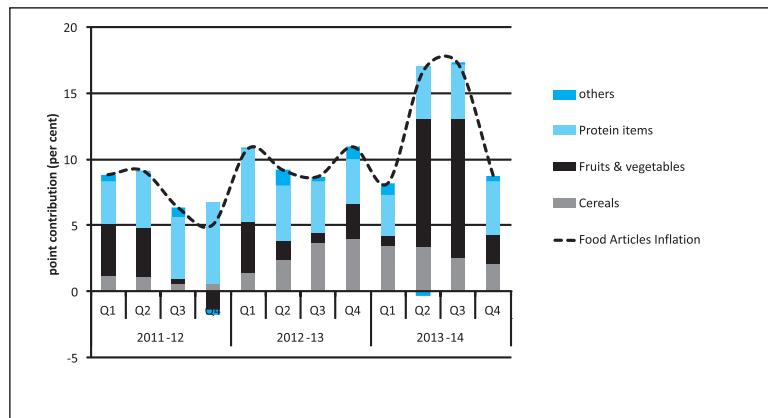


Figure 1.4 : Major Drivers of Food Articles Inflation

Source: Office of the Economic Adviser, DIPP.

contributors to food inflation in Q1 of 2013-14, while vegetables, especially onions, pushed up food inflation in Q2 and Q3 (Figure 1.4). Within the food group, the contribution of the commodity sub-groups, fruits and vegetables and egg, meat and fish has been high. Inflation in these protein-based items is on account of increase in share of consumption of these items arising from growing income levels.

1.41 Food inflation partly owes to large wastage of food articles in the supply chain owing to inefficiencies in distribution channels. The provisions of the State Agricultural Produce Marketing Committee (APMC) Acts have prevented creation of competitive conditions in the distribution of commodities and creation of a national market for agricultural commodities. Multiple layers of intermediation in the distribution of food articles have also pushed up prices for consumers. It is therefore necessary to focus on distribution channels and on reducing food wastage in the supply chain. Significant investment in marketing infrastructure, including modern warehouses, cold storages, reefer vans, scientific packaging, and handling would help strengthen distribution channels. State governments will have to play a vital role in removing restrictive provisions in the APMC Act and proactively promoting alternative trading options for farmers.

1.42 Fuel inflation remained in double digits in the last three quarters. A major reason for high inflation in fuel and power items was the rationalization of tariff for electricity in many states, in addition to the policy of allowing greater pass-through in diesel prices and depreciation of the Indian rupee against the US dollar.

Outlook for Inflation

1.43 Forecasts by the IMF expect international commodity prices to remain benign. This should help in moderation of WPI headline inflation. However, the major risk arises from sub-normal monsoons during 2014-15 on account of the El Nino effect and higher prices of oil due to the geo-political situation in the Middle East. The decisions of the government regarding subsidy on inputs for agriculture including fertilizer and increase in the minimum support prices (MSP) could also have an impact on food inflation.

Monetary Developments

1.44 Gradual monetary easing that had started alongside some moderation in inflationary pressures at the beginning of 2013-14 was disrupted by the need to stabilize the foreign exchange market. In May 2013, there were indications of tapering of quantitative easing by the US Federal Reserve. The surge in capital outflows that followed, resulted in sharp depreciation of the rupee. To restore stability in the foreign exchange market, the RBI hiked interest rates and compressed domestic money market liquidity.

1.45 Measures taken in mid-July 2013 included a 200 basis points (bps) hike in the marginal standing facility (MSF) rate to 10.25 per cent; cap on daily Liquidity Adjustment Fund (LAF) borrowing to 0.5 per cent of net demand and time liabilities (NDTL) of respective banks; and a hike in the minimum daily cash reserve ratio (CRR)

requirement to 99 per cent from 70 per cent. Weekly auctions of cash management bills were also conducted to drain out liquidity. These measures raised the call rate to the level of the MSF rate, making the latter the effective policy rate.

1.46 Following the ebbing of volatility in the foreign exchange market, the RBI initiated normalization of the exceptional measures in a calibrated manner since the mid-quarter review of 20 September 2013. The interest rate corridor was realigned to normal monetary policy operations with the MSF rate being reduced in three steps to 8.75 per cent between 20 September 2013 and 29 October 2013 even as the repo rate was increased in two steps of 25 bps each to 7.75 per cent to contain inflation and inflation expectations. Minimum daily CRR balance maintained by banks was reduced to 95 per cent of the requirement from 99 per cent to provide banks with the flexibility to better manage liquidity. As an additional liquidity-enhancing measure and for developing the term money market, the RBI introduced weekly variable-rate term repos of 7-day and 14-day tenors for an amount equivalent to 0.25 per cent of the NDTL of the banking system.

1.47 The RBI in the Third Quarter Review of Monetary Policy on 28 January 2014 hiked the repo rate by 25 bps to 8 per cent on account of upside risks to inflation. The move was intended to set the economy securely on a disinflationary path. In the second bimonthly Monetary Policy Statement 2014-15, on 3 June 2014, the RBI kept the Policy Repo rate unchanged at 8 per cent and reduced the statutory liquidity ratio by 50 bps from 23 per cent to 22.5 per cent. The RBI thus expects banks to reduce their government securities holdings, allowing them to lend more to the private sector.

1.48 Liquidity conditions remained tight during the first half of 2013-14, mainly reflecting policy intent to stabilize the foreign exchange market. Money markets remained in orderly condition during Q1 of 2013-14 with the call rate hovering within the corridor set by the reverse repo and MSF rates and remaining close to the policy (repo) rate. However the exceptional measures taken by the RBI during July and August 2013 to contain exchange rate volatility impacted the money market, and consequently the money market rates exceeded the corridor.

Tight monetary policy stance was followed by RBI for containing inflation and restoring stability in the foreign exchange market.

INTERNATIONAL TRADE, BALANCE OF PAYMENTS, AND EXTERNAL DEBT

International Trade

1.49 India's share in world exports and imports increased from 0.7 per cent and 0.8 per cent respectively in 2000 to 1.7 per cent and 2.5 per cent respectively in 2013. There has also been marked improvement in India's total merchandise trade to GDP ratio from 21.8 per cent in 2000-01 to 44.1 per cent in 2013-14.

1.50 India's merchandise exports reached US\$ 312.6 billion (on customs basis) in 2013-14, registering a growth of 4.1 per cent as compared to a contraction of 1.8 per cent during the previous year. In April-May 2014, exports registered a growth of 8.9 per cent over

the corresponding period of 2013. Exports of petroleum products, engineering goods, chemicals and related products accounted for more than half of total exports in 2013-14. The value of imports declined by 8.3 per cent in 2013-14 as compared to 2012-13, owing to a 12.8 per cent fall in non-oil imports. The value of imports of petroleum, oil, and lubricants (POL) increased by 0.7 per cent in 2013-14. Imports of gold declined from 1078 tonnes in 2011-12 to 1037 tonnes in 2012-13 and further to 664 tonnes in 2013-14, on account of several measures taken by the government. In value terms, gold and silver imports fell by 40.1 per cent to US\$ 33.4 billion in 2013-14. The sharp decline in imports and a moderate growth in exports in 2013-14 resulted in a decline in India's trade deficit to US\$ 137.5 billion from US\$ 190.3 billion during 2012-13, contributing to a lower CAD.

Services Trade

1.51 Services exports registered a growth of 4 per cent in 2013-14 as against 2.4 per cent in 2012-13. Surplus in services trade (net services) has been a major source of financing India's growing merchandise trade deficit in recent years. During 2006-07 to 2012-13, this surplus on an average financed around 38 per cent of merchandise trade deficit. While in 2012-13, net services financed 33.2 per cent of the merchandise trade deficit, during 2013-14, with moderate growth in services exports and fall in their imports, net services financed nearly half of merchandise trade deficit.

Balance of Payments

1.52 India's Balance of Payments (BoP) position improved significantly in 2013-14, particularly in the last three quarters. The stress on BoP observed during 2011-12 as a fallout of the crisis in the Euro area and inelastic domestic demand for certain key imports continued through 2012-13 and the first quarter of 2013-14. The CAD rose sharply to a high of US\$ 88.2 billion (4.7 per cent of GDP) in 2012-13, surpassing the 2011-12 level of US\$ 78.2 billion. After being at perilously unsustainable levels in 2011-12 and 2012-13, the improvement in BoP position in 2013-14 is a relief. However, the outcome in 2013-14 was mixed: high levels of CAD in the first quarter followed by gradual correction thereafter; broadly adequate financing through capital flows till May 2013; a sharp correction in June-August 2013 followed by a surge in September-November 2013. The correction in June-August 2013 was on account of market fears of an imminent tapering of asset purchases by the US Fed. The subsequent surge in flows owed to the special swap windows incentivized by the RBI for non-resident deposits and the overseas borrowing programme of banks.

Demand slowdown and restrictions on non-essential imports resulted in reduced trade deficit and lower CAD.

1.53 Widening of the CAD in 2012-13 could largely be attributed to rise in trade deficit arising from weaker exports and relatively stable imports. The latter owed to India's dependence on crude petroleum imports and elevated level of gold imports since the onset of the global financial crisis. While the financing of the high CAD was adequate and in line with the general trend prior to the 2008 crisis, the inadequacy during 2011-12 and since May 2013 indicated that beyond the threshold level of CAD, financing

could be a problem. This is because the post-2008 crisis period is characterized by excessive risk aversion, that has implications for capital flows and the exchange rate of the rupee.

1.54 The government moved swiftly to correct the situation through restrictions in non-essential imports like gold; custom duty hike in gold and silver to a peak of 10 per cent; and measures to augment capital flows through quasi-sovereign bonds and liberalization of external commercial borrowings. The RBI also put in place a special swap window for foreign currency non-resident deposit (banks) and banks' overseas borrowings, through which US\$ 34 billion was mobilized. These measures led to a turnaround in the BoP position in the latter three quarters and for the full fiscal 2013-14. With higher exports and lower imports, there was a reduction in trade deficit to 7.9 per cent of GDP in 2013-14 from 10.5 per cent in 2012-13.

1.55 Out of the total reduction of US\$ 48.0 billion in trade deficit on BoP basis in 2013-14, reduction in import of gold and silver contributed approximately 47 per cent, reduction of non-POL and non-gold imports constituted 40 per cent, and higher exports constituted 25 per cent. Higher POL and non-DGCI&S (Directorate General of Commercial Intelligence and Statistics) imports contributed negatively to the reduction to the extent of 12 per cent in 2013-14 over 2012-13.

1.56 Net invisibles' surplus remained stable at US\$ 28-29 billion per quarter resulting in overall net surplus of US\$ 115.2 billion for 2013-14. Software services improved modestly from US\$ 63.5 billion in 2012-13 to US\$ 67.0 billion in 2013-14. Non-factor services increased from US\$ 64.9 billion in 2012-13 to US\$ 73.0 billion. This was partly on account of business services turning positive with net inflows of US\$ 1.3 billion in 2013-14 as against an outflow of US\$ 1.9 billion in 2012-13. Thus the CAD moderated to US\$ 32.4 billion in 2013-14 as against US\$ 88.2 billion in 2012-13. The CAD at 1.7 per cent of GDP in 2013-14, compares favourably with the levels in the pre-2008 crisis years.

1.57 Capital flows (net) moderated sharply from US\$ 92.0 billion in 2012-13 to US\$ 47.9 billion in 2013-14. This decline essentially reflects slowdown in portfolio investment and net outflow in 'short-term credit' and 'other capital'. However, there were large variations within quarters partly due to domestic and partly to external factors. The move to augment capital inflows through special swap windows resulted in copious inflows of about US\$ 34 billion.

1.58 These inflows in tandem with the lower level of CAD led to reserve accretion in 2013-14. Foreign exchange reserves were placed at US\$ 304.2 billion at end March 2014 as against US\$ 292.0 billion at end March 2013. Thus foreign exchange reserves in nominal terms increased by US\$ 12.2 billion as against a reserve accretion of US\$ 15.5 billion on BoP basis at end March 2014. The difference owed to valuation loss in the non-US dollar assets held due to cross-currency movements and the decline in gold prices. On June 20, 2014, foreign exchange reserves stood at US\$ 314.9 billion.

1.59 In 2013-14, the rupee started to depreciate in May 2013. Depreciation was more pronounced in June and August 2013—in

Capital flows moderated, but foreign exchange reserves increased in 2013-14.

excess of 5 per cent on a month-on-month basis. The average exchange rate declined to a level of ₹ 63.75 per US dollar in September 2013. Thereafter, owing to the measures taken to reduce CAD and boost capital flows, the rupee rebounded to reach an average level of ₹ 61.62 per US dollar in October 2013. Subsequently, the rupee was range bound and stable in 2013-14. The exchange rate thus far in 2014-15 reflects similar pattern as in the latter half of 2013-14, with the surge in foreign institutional investment (FII) flows impacting the foreign exchange and equity markets favourably; but the rupee appreciation has been limited relative to the rise in equity indices.

External Debt

1.60 The one-off mobilization of deposits by the RBI had implications for India's external debt. India's external debt stock at end March 2013 stood at US\$ 404.9 billion as against US\$ 360.8 billion at end March 2012. This increased further to US\$ 426.0 billion at end December 2013. India's external debt consists predominantly of long-term borrowings and has remained within manageable limits owing to prudential restrictions on debt varieties of capital inflows given large interest differentials.

PRIORITIES FOR REVIVING GROWTH

1.61 With the twin deficits reasonably under check, the macroeconomic outcomes of slow growth and inflationary pressures require immediate attention. Short-term stabilization apart, the focus of policy should be on wide-ranging structural reforms to ease supply-side constraints and sector-specific incentives to boost demand. Some specific priorities, with the objective of restoring growth, are outlined.

- Revival of investment is crucial for raising the growth rate. This requires acceleration in project clearances and streamlining of implementation procedures, apart from sector-specific investment policies.
- Over the medium term, structural reforms that boost productivity are crucial for sustaining higher growth.
- Linked to efforts at investment revival are policies needed for rejuvenating growth in manufacturing, which has significant backward and forward linkages. Simplification of tax policy and administration, repeal of archaic laws that govern market access, expansion and entry/exit of firms, revamp of the dispute resolution mechanism for commercial disputes, etc. would lend greater predictability to policy. An environment of policy certainty, continuity, and transparency, will help boost business sentiments further.
- Strengthening macroeconomic stability, a non-negotiable instrument for stable and faster growth, is predicated on fiscal discipline, manageable current account balance, and price stability. Policy challenges include:
 - keeping fiscal deficit in check without compromising on capital expenditure;

Priorities for growth revival include: investment revival, strengthening of macro-economic stability, creation of non-agricultural jobs, strengthening of infrastructure, and boost to agricultural development.

- maintaining the CAD in the range of 2-2.5 per cent of GDP. This may turn out to be challenging if non-oil imports revive upon growth revival and oil prices harden. Therefore, policies that help in sustained export growth remain relevant.
- stepping up efforts to further reduce inflation not only to counter the direct macroeconomic consequences but to provide leeway to the RBI for monetary easing and to counter external challenges more effectively.
- To harness the demographic dividend, the non-agrarian sector must generate employment. With the agrarian sector still employing the bulk of the workforce, policy attention needs to be focused on the rural non-farm sector, manufacturing sector, and labour-intensive segments of services.
- Physical and social infrastructure, both urban and rural, that can accommodate and fuel robust growth, is central to regaining and sustaining economic momentum.
- Sustained and high overall economic growth is possible with the farming sector growing at around 4 per cent per annum. This requires a boost to investment and productivity in the sector, crop protection and insurance, and a fresh look at policies towards procurement, marketing, transport, storage, and processing.

OUTLOOK FOR 2014-15

1.62 The descent into the present phase of sub-5 per cent growth has been rather sharp. The interplay of structural constraints alongside delays in project implementation, subdued domestic sentiments, and an uncertain global milieu led to general growth slowdown while rendering macroeconomic stabilization particularly challenging. Inflation also remained at elevated levels. These factors triggered risk-aversion and injected considerable uncertainty in investment activity. The current macroeconomic situation precludes fiscal stimulus to kick-start activity. Similarly, the task of monetary policy calibration for growth revival has been made difficult by persistent inflation and further complicated by uncertainty in international financial conditions and, until recently, by rupee depreciation. Targeted measures by the government and RBI have improved the external economic situation significantly, even as India remains exposed to risk on/off sentiments of investors and to policy shifts in advanced economies. Regaining growth momentum requires restoration of domestic macroeconomic balance and enhancing efficiency. To this end, the emphasis of policy would have to remain on fiscal consolidation and removal of structural constraints. Though some measures have been initiated to this end, reversion to a growth rate of around 7-8 per cent can only occur beyond the ongoing and the next fiscal.

Despite some measures undertaken to address structural constraints, reversion to a growth rate of around 7-8 per cent can only occur beyond the ongoing and the next fiscal.

1.63 Global economic activity is expected to strengthen in 2014-15 on the back of some recovery in advanced economies. The Euro area is also expected to register a growth rate of above 1 per cent as against contraction witnessed in 2012 and 2013 (IMF, WEO,

April 2014). The European Central Bank's monetary policy measures, most significantly introduction of the negative deposit facility interest rate are expected to boost economic activity in Europe. In addition, the performance of the real sector in the US (that is likely affect the pace of taper) is a major factor that would impact the global economic situation in 2014-15. The growth outlook for emerging Asian economies is generally benign with some grappling with inflation, structural bottlenecks, and external imbalances. The slowdown in emerging economies comes at an inopportune juncture.

1.64 Downward movement along with heightened volatility, witnessed, for example, in fixed investment post 2008-09 in India, often tends to magnify the impact and transmission channels of shocks (e.g. below-normal monsoons and/or upshot in oil prices) and hampers build-up of positive expectations. Under such circumstances, the Indian economy can recover only gradually with the GDP at factor cost at constant prices expected to grow in the range of 5.4 – 5.9 per cent in 2014-15. This assumes the revival of growth in the industrial sector witnessed in April 2014 to continue for the rest of the year, the generally benign outlook on oil prices (notwithstanding the uncertainty on account of recent developments in the Middle East), and the absence of pronounced destabilizing shocks (including below-normal monsoons). Growth in the above range implies a pick-up, aided by an improved external economic situation characterized by a stable current account and steady capital inflows, improved fiscal situation and, on the supply side, robust electricity generation and some recovery in manufacturing and non-government services.

1.65 Growth in 2014-15 is expected to remain more on the lower side of the range given above, for the following reasons: (i) steps undertaken to restart the investment cycle (including project clearances and incentives given to industry) are perceived to be playing out only gradually; (ii) the benign growth outlook in some Asian economies, particularly China; (iii) still elevated levels of inflation that limit the scope of the RBI to reduce policy rates; and (iv) expectation of below-normal monsoons. Downside risk also emerges from prolonging of the geo-political tensions. On the upside, such factors as institutional reform to quicken implementation of large projects and a stronger-than-expected recovery in major advanced economies would help the Indian economy clock a higher rate of growth.

With expectation of better performance in manufacturing, improved balance of payments situation and modest global growth revival, the economy is expected to grow in the range of 5.4-5.9 per cent in 2014-15.

SECTORAL DEVELOPMENTS

1.66 In what follows, major sectoral issues and developments are outlined. These developments have fed into the macroeconomic scenario that has been presented in the previous sections.

Agriculture and Food Management

1.67 Substantial strides in agricultural production have been made in the last few years. There was an increase of around 40 lakh ha in overall area coverage under foodgrains in 2013-14 as compared to 2012-13. A record foodgrains production of 264.4 million tonnes is estimated in 2013-14, as per the third Advance Estimates, indicating

The year 2013-14 witnessed record foodgrains production.

an increase of more than 20 million tonnes over the average production during the previous five years. Horticulture production is estimated at 265 million tonnes in 2012-13 and for the first time has exceeded the production of foodgrains and oilseeds.

1.68 The robustness of the agriculture and allied sector can be attributed to the steady increase in gross capital formation (GCF) in this sector (both public and private) as a percentage of its GDP, from 14.9 per cent in 2006-07 to 21.2 per cent in 2012-13 (2004-05 prices). However, the share of public expenditure (comprising public investments and input subsidies) in total GCF of the agriculture and allied sector declined from 25 per cent in 2006-07 to 14.7 per cent in 2012-13. Private investment as a proportion of agri-allied GDP increased from 12.6 per cent in 2007-08 to 18.1 per cent in 2012-13.

1.69 In the monsoons for 2014-15, there are concerns about the likely occurrence of the El Niño, when surface temperatures in the Pacific Ocean continuously rise above average for several months which adversely affects weather in many regions. This is likely to have an impact on India's agriculture and consequently on food prices. With 60 per cent of the total foodgrains and oilseeds produced being grown in the kharif season, and with just about 35 per cent of arable area being irrigated, Indian agriculture is still largely dependent on rainfall. The south-west monsoon (from June to September) accounts for nearly 75 per cent of total annual rainfall in India. The forecast released in June 2014 by the IMD indicates that there is a 71 per cent probability of a sub-normal / deficient south-west monsoon with a 70 per cent probability of occurrence of El Niño. However, the extent of impact of El Niño depends on temporal and spatial distribution of rainfall. A comparison of the rainfall distribution across 36 meteorological subdivisions and districts upto 11 June in the last five years shows that rainfall distribution is the worst this year. However, storage position of water reservoirs is better than the last year and the average of the last ten years.

1.70 Expansion in area and increase in MSPs of select agricultural crops, inter alia, have resulted in higher foodgrains production. Owing to higher procurement, there are huge stocks of foodgrains in the central pool, which as on 1 June 2014, was 77.7 million tonnes. The per capita net availability of foodgrains increased to 186.5 kg per year in 2013 from 162.1 kg per year in 2009 and the net availability of edible oils from 12.7 kg per year to 15.8 kg per year.

1.71 While the production estimates highlight the continued robustness of Indian agriculture, some concerns remain. Productivity levels in Indian agriculture are still much lower than global standards. Productivity levels of rice and wheat have not risen significantly after the 1980s. While cotton yields have shown tremendous leap over the last decade, largely due to the adoption of Bt cotton; some increase is also seen in coarse cereals and pulses. Without new technology and quality inputs, desired productivity levels would be difficult to achieve. Soil degradation owing to declining efficiency of fertilizer use and alarming reduction in the water table, especially in Punjab and Haryana due to their cropping pattern, are other major concerns. There is a need to review the

Productivity levels of rice and wheat have not increased significantly after the 1980s.

nutrient based subsidy (NBS) policy, which does not have urea under its purview.

1.72 The pricing of subsidized fertilizers has resulted in their higher usage. The recommendation of the Task Force for Direct Transfer of Subsidy to shift to a system of direct transfer of fertilizer subsidy to farmers in a phased manner needs to be considered. The Crop Diversification Scheme has been introduced in the Punjab and Haryana region and is expected to promote technological innovations and encourage farmers to choose crop alternatives. The predominance of small and marginal farms in India's agriculture, with limited capital availability, hampers progress of farm mechanization.

1.73 Domestic and international marketing of agricultural commodities needs immediate attention. A plethora of government interventions for building marketing set up has in fact created barriers to trade. There is need to facilitate a National Common Market for agricultural commodities with uniform taxes in the domestic market, and to foster a long-term stable trade policy for agricultural products.

1.74 There is need to expand the adoption of the decentralized system of procurement for the PDS from 11 states and union territories (UT) at present to all states. This would help save transport costs, reduce transit losses and other leakages, increase food availability, reduce food prices in the open market and ultimately rein in food subsidy.

Industry and infrastructure

1.75 As per the latest GDP data, the industry sector registered a growth of 1.0 per cent in 2012-13 that slowed further to 0.4 per cent in 2013-14. The key reason for poor performance was contraction in mining and deceleration in manufacturing. Manufacturing- and mining-sector GDP declined by 0.7 per cent and 1.4 per cent respectively in 2013-14. The underlying cause for this has been the deceleration in investment particularly by the private corporate sector during 2011-12 and 2012-13.

Mining output contracted for the third successive year in 2013-14.

1.76 As per IIP data, mining output contracted for the third successive year in 2013-14, declining by 0.6 per cent. Natural gas production plummeted mainly owing to declining production from the KG-6 basin. Electricity generation increased by 6.1 per cent in 2013-14 as compared to 4.0 per cent in the previous year, mainly on account of significant capacity addition in recent years.

1.77 Slowdown in construction resulted in capacity under-utilization in the steel and cement sectors. Steel and cement consumption increased by 0.6 per cent and 3.0 per cent respectively in 2013-14. The capital goods segment has been among the weakest performers in the manufacturing sector. Its index declined by 6.0 per cent in 2012-13 and further by 3.6 per cent in 2013-14.

1.78 For eight 'core' industries—coal, fertilizer, electricity, crude oil, natural gas, refinery products, steel, and cement—the average growth rate declined from 6.5 per cent during 2012-13 to 2.7 per cent during in 2013-14. The moderation in growth occurred mainly on account of contraction in natural gas and crude oil, and subdued growth in coal, fertilizers, and refinery products.

1.79 Continuing slowdown has impacted the performance of the corporate sector. Growth of sales, particularly of the listed private manufacturing companies, declined from 24.9 per cent in Q1 2011-12 to 4.5 per cent in Q3 2013-14. Capacity utilization (CU) remained largely flat in Q3 of 2013-14. Thus, the finished goods inventory to sales ratio also declined in Q3 of 2013-14 over the previous quarter.

Slowdown in industry was reflected in lower sales growth in the corporate sector.

1.80 Of the total 239 central infrastructure projects costing ₹ 1000 crore and above, 99 are delayed with respect to the latest schedule and 11 have reported additional delays vis-à-vis the date of completion reported in the previous month (Flash Report for February 2014, Ministry of Statistics and Programme Implementation [MOSPI]). The additional delays are in the range of 1 to 26 months in projects relating to the petroleum, power, steel and coal sectors.

1.81 Among infrastructure services, growth in freight traffic by railways, cargo handled by major ports, and the civil aviation sector (except import cargo) has been comparatively higher during 2013-14. In the road sector, construction of national highways by the National Highways Authority of India (NHAI) posted negative growth of 33 per cent during 2013-14 vis-a-vis a growth of 26.5 per cent during 2012-13.

1.82 Gross bank credit flow to industry increased by 14.9 per cent in 2013-14 as against 17.8 per cent in 2012-13. Credit flow to mining remained nearly stagnant with 0.05 per cent growth during 2013-14. In keeping with the performance of the power sector during 2013-14, credit flow to the sector increased by 24.9 per cent. Petroleum, chemicals and chemical products, basic metals, transport, and all engineering sectors registered lower growth in gross bank credit flow during 2013-14 compared to the previous year. The rate of growth of bank credit to major infrastructure sectors moderated from an average of 44.8 per cent in 2011-12 to 17.7 per cent in 2013-14. The telecom sector witnessed consecutive decline in the last three years.

Growth of credit flow to industry was lower in 2013-14.

1.83 Total foreign direct investment (FDI) inflows into major infrastructure sectors registered a growth of 22.8 per cent in 2013-14 as compared to the contraction of 60.9 per cent during 2012-13. In recent years, services, construction, telecommunications, computer software and hardware, drugs and pharmaceuticals, automobile industry, power, metallurgical industries, and hotels and tourism sectors have attracted maximum FDI inflows.

Services Sector

1.84 The services sector has emerged as the fastest growing sector of the economy and the second fastest growing in the world, with a CAGR of 9 per cent, behind China with a CAGR of 10.9 per cent during the period from 2001 to 2012. Services have also contributed substantially to foreign investment flows, exports, and employment. The share of the services sector in employment increased from 19.7 per cent in 1993-94 to 26.9 per cent in 2011-12.

1.85 Like industry, services also slowed during the last two years. The deceleration in growth was particularly sharp in the combined category of trade, hotels & restaurants and transport, storage, and

communications. However, robust growth continued in financing, insurance, real estate, and business services.

Financial Intermediation

1.86 Financial reforms are critical to the emergence of India as a strong market economy. A well-functioning financial system will support growth, financial inclusion and stability. The passage of the Pension Fund Regulatory and Development Authority (PFRDA) Act, the shift of regulatory supervision of commodity futures trading to the Ministry of Finance, and the presentation of the Financial Sector Legislative Reforms Commission (FSLRC) report, are some of the major developments in 2013-14.

1.87 The Indian banking sector, which exhibited considerable resilience in the immediate aftermath of the global financial crisis, has been impacted by the global and domestic economic slowdown over the last two years. During 2012-13, the deteriorating asset quality of the banking sector emerged as a major concern, with gross non-performing assets (NPAs) of banks registering a sharp increase. Overall NPAs of the banking sector increased from 2.36 per cent of total credit advanced in March 2011 to 3.90 per cent of total credit advanced in March 2014 (provisional). As a consequence of the slowdown and high levels of leverage, some industry and infrastructure sectors, namely textiles, chemicals, iron and steel, food processing, construction, and telecommunications, are experiencing a rise in NPAs. The RBI in the Financial Stability Report (December 2013) identified five sectors—infrastructure, iron and steel, textiles, aviation and mining—as stressed sectors. Public sector banks (PSBs) have high exposures to the ‘industry’ sector in general and to such ‘stressed’ sectors in particular.

1.88 The New Pension System (NPS), now National Pension System, was introduced for the new recruits joining government service on or after January 2004. It represents a major reform of Indian pension arrangements, and lays the foundation for a sustainable solution to ageing in India by shifting to an individual account, defined-contribution system. Till 7 May 2014, a total of 67.41 lakh members have been enrolled under the NPS with a corpus of ₹ 51,147 crore. From 1st May 2009, the NPS was opened up for all citizens in India to join on a voluntary basis. The Swavalamban Scheme for workers in the unorganized sector launched in 2010, initially for three years for the beneficiaries who enrolled themselves in 2010-11, has now been extended to five years for the beneficiaries enrolled in 2010-11, 2011-12, and 2012-13 and thus the benefits of co-contribution under the Scheme would be available till 2016-17.

1.89 With a view to revamping financial-sector laws to bring them in tune with current requirements, the government set up the FSLRC on 24 March 2011. The Commission in its Report has given wide-ranging recommendations, both legislative and non-legislative, on the institutional, legal, and regulatory framework and operational changes in the Indian financial sector. The draft Indian Financial Code (IFC) that has been proposed by the FSLRC has provisions that aim at replacing a large number of existing financial laws. The FSLRC has designed a modified financial

regulatory architecture, which would increase accountability by achieving clarity of purpose for each organization and avoid conflicts of interest. The modified arrangements also facilitate achieving economies of scope and scale of related activities, for the private sector and for the government.

1.90 In the 8th meeting of the Financial Stability and Development Council (FSDC), held on 24 October 2013, the Council decided that Regulators would voluntarily adopt governance-enhancing recommendations that do not require legislative changes. This initiative has translated into a handbook on voluntary adoption of non-legislative governance-enhancing aspects of the draft Indian Financial Code, and a MIS statement which tracks compliance.

1.91 Implementing the IFC will also require establishing many new organisations. The FSDC decided to initiate institution-building for four new organizations: the Resolution Corporation (RC) which will detect and deal with distressed financial firms; the Public Debt Management Agency which will manage the domestic and overseas borrowing for the government; the Financial Sector Appellate Tribunal which will hear appeals against financial agencies; and the Financial Data Management Centre which will be a database within the FSDC. These are likely to enable a holistic view of the Indian financial system.

Human Development

1.92 India with a large and young population has a great demographic advantage. The proportion of working-age population is likely to increase from approximately 58 per cent in 2001 to more than 64 per cent by 2021. While this provides opportunities, it also poses challenges. Policymakers have to design and execute development strategies that target this large young population. Demographic advantage is unlikely to last indefinitely. Therefore timely action to make people healthy, educated, and adequately skilled is of paramount importance.

1.93 According to the United Nations Human Development Report (HDR) 2013, India with a human development index (HDI) of 0.554 in 2012 slipped down the global ranking to 136 from 134 as per HDR 2012. India is in the medium human development category with countries including China, Egypt, Indonesia, South Africa, and Vietnam having better overall HDI ranking within the same category. The existing gap in health and education indicators in India as compared to developed countries and many developing countries calls for much faster spread of basic health and education. Life expectancy at birth in India was 65.8 years in 2012, compared to 75.1 years in Sri Lanka and 73.7 years in China. The expenditure on social services by the government as a percentage of GDP has increased from 6.8 per cent in 2008-09 to 7.2 per cent in 2013-14 (BE) with expenditure on education increasing from 2.9 per cent to 3.3 per cent and on health from 1.3 per cent to 1.4 per cent.

1.94 The poverty ratio declined from 37.2 per cent in 2004-05 to 21.9 per cent in 2011-12. In absolute terms, the number of poor declined from 407.1 million in 2004-05 to 269.3 million in 2011-12. During 2004-05 to 2011-12, employment growth (CAGR) was only 0.5 per cent, compared to 2.8 per cent during 1999-2000 to 2004-05

Unless timely action is taken, the potential for reaping the demographic dividend is unlikely to last indefinitely.

as per usual status. However the unemployment rate continued to hover around 2 per cent under usual status (principal+subsidiary).

Sustainable Development and Climate Change

1.95 Sustainable development is an imperative for achieving inter-generational equity. The business-as-usual approach to development has entailed unsustainable consumption patterns, which is essentially attributable to the developed countries. Anthropogenic activities are the dominant cause for climate change. GHG emissions grew on an average by 2.2 per cent per year between 2000 and 2010, as compared to 1.3 per cent per year between 1970 and 2000. India's per capita carbon emissions were 1.7 metric tons in 2010, well below the world average of 4.9 metric tonnes.

1.96 Governments are currently working on two new agreements on climate change and sustainable development, both of which will be new global frameworks for action to be finalized next year. Following the Rio +20 mandate, the global community is working to develop a set of Sustainable Development Goals (SDGs), possibly to be integrated with Millennium Development Goals (MDGs) when they end in 2015. Work is already under way and a number of thematic focus areas for the SDGs have been identified.

1.97 How developed and developing countries will be treated in the new agreements is the most crucial aspect of the global pact. Any future agreement should fully take into account India's concerns and developmental requirements. There is need to ensure that the principles of equity and common but differentiated responsibilities remain firmly embedded in the new deals. Historical responsibility of developed countries and 'equity' in access to global atmospheric resources should define commitments under the international arrangements. The deals must ensure that developing countries are given the required 'carbon space' and 'development space'. The issue of the means of implementation is also important. Lack of adequate resources for SDGs and non-capitalization of the Green Climate Fund may threaten the credibility of global negotiations.

1.98 Sustainability has acquired prominent focus in India's Twelfth Five Year Plan. India reduced CO₂ emissions per unit of GDP by 20 per cent between 1990 and 2011. India's renewable power capacity reached 23 GW in January 2012, equivalent to nearly 12 per cent of total power capacity. Considerable progress has been made in implementing the National Action Plan on Climate Change and also on the State Action Plans on Climate Change (SAPCCs.) The SAPCCs of nine states have already been endorsed.

1.99 The cumulative costs of India's low carbon strategies have recently been estimated by an Expert Group at around US\$ 834 billion at 2011 prices, between 2010 and 2030. This could constrain India's efforts, as the magnitude of resources required is very large. Global negotiations provide an opportunity to ensure a fair division of the earth's resources, cooperation between rich and poor nations, curbing wasteful consumption, switching to cleaner technologies, and improving efficiency in resource use. At the heart of all of this lies a fair division of both global rights and responsibilities.

Significant reduction was noticed in the number and proportion of persons below the poverty line in 2011-12.

India's per capita carbon emissions were 1.7 metric tons in 2010, well below the world average of 4.9 metric tonnes.

New climate deals must ensure that developing countries are granted the required 'carbon space' and 'development space'.

Chapter 2

Issues and Priorities

Reviving investment, essential for growth of jobs and income, requires a three-pronged approach that works through improving India's long-term growth prospects. First, the government must ensure low inflation by putting in place a framework for monetary policy, fiscal consolidation, and food market reforms. Second, it must put public finances on a sustainable path through tax and expenditure reform. Tax reform requires a GST, DTC, and more predictable tax administration. Expenditure reforms must focus on public goods, new designs for subsidy programmes, and mechanisms for accountability. India requires the legal and regulatory frameworks for a market economy. This requires repealing the old legacy laws and creating state capacity to address market failures.

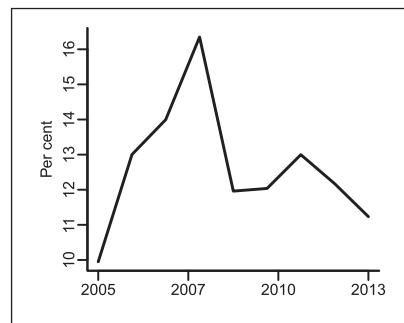
THE REFORM AGENDA

2.2 The defining challenge in India today is that of generating employment and growth. Jobs are created by firms when firms invest and grow. Hence it is important to create an environment that is conducive for firms to invest (Fig. 2.1). The recent business cycle downturn has seen a sharp decline in investment. Reviving investment, is therefore, on top of the government's priorities.

2.3 Investments are made on the basis of long-term growth prospects. The key to reviving investment in India lies in reviving the trend growth rate of the Indian economy. Reforms are needed on three fronts: creating a framework for sustained low and stable inflation, setting public finances on a sustainable path by tax and expenditure reform, and creating the legal and regulatory framework for a well-functioning market economy.

2.4 First, the government has to work towards a low and stable inflation rate through fiscal consolidation, moving towards establishing a monetary policy framework, and creating a conducive environment for a competitive national market for food. Initiation of reforms on these fronts will reduce inflation uncertainty and restore a stable business environment. Further, lower inflationary expectations would increase domestic household financial savings and make resources available for investment.

2.5 Second, public finances need to be put on a sustainable path. India needs a sharp fiscal correction, a new Fiscal Responsibility and Budget Management (FRBM) Act with teeth, better accounting practices, and improved budgetary management. Improvements on



Source: Central Statistics Office (CSO)

Figure 2.1 : Private Corporate Investment as per cent to GDP

Improving long term-growth prospects will help revive investment.

both tax and expenditure are needed to obtain high quality fiscal adjustment. The tax regime must be simple, predictable, and stable. This requires a single-rate goods and services tax (GST), a simple direct tax code (DTC), and a transformation of tax administration.

2.6 Government expenditure reform involves three elements: shifting subsidy programmes away from price distortions to income support, a change in the focus of government spending towards provision of public goods, and a systems of accountability through a focus on outcomes.

2.7 Fiscal responsibility and tax and expenditure reform is a medium-term agenda and likely to take two to three years to implement. The positive effects, however, are likely to become visible as soon as the government makes a commitment to some of these reforms. Improvements in credit ratings, lower inflation, lower cost of capital, and greater business confidence that would ensue will yield short-term benefits in response to long-term initiatives.

2.8 Third, the government faces the task of putting in place the legal foundations of a well-functioning market economy for India. This must be a carefully executed project as it involves legislative, regulatory, and administrative changes. It involves building state capacity to allow businesses to operate in a stable environment. It involves setting up regulators with clear objectives, powers, flexibility, and accountability.

2.9 Theoretically, there are fundamental differences between the legal and regulatory framework of a command-and-control economy and a market economy. In the former, economic activity is restricted to those activities that are permitted by the state. In a market economy, the economy thrives because the state interferes only when there is 'market failure', i.e. monopoly power, asymmetric information or externalities. As a consequence, laws permit all activities, unless the state specifically restricts them in the context of market failure. The restrictions need to be part of a known and predictable regulatory regime unlike now where a lot of restrictions—well intentioned as they are—are not part of a stable framework.

2.10 The global economic downturn and structural weaknesses in the domestic economy has had an adverse impact on investment. Issues such as getting permissions for land use, raw materials, power, water, and other inputs, and also issues such as obtaining long term finance, as the financial sector is still not deep and developed, need attentions. The inflexibility of labour markets have prevented high job creation. The interventions existing in food markets also contribute to higher food inflation.

2.11 The liberalisation of 1991 focused on the industrial sector. While industry was liberalised and allowed to buy from, and sell to, anyone in the world, Indian farmers in many states, are still required to buy and sell only in the government-designated Agricultural Produce and Marketing Committees (APMC) to licensed entities. Farmers are not allowed to sell their produce directly to the consumers. A national market for food is yet to develop.

Default setting for government intervention in the economy needs to change from 'prohibited unless permitted' to 'permitted unless prohibited'.

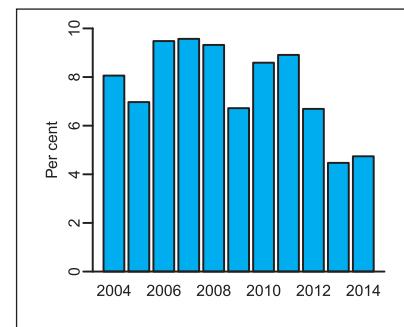
2.12 This reform agenda has three elements: short-term stroke-of-the-pen reforms, medium-term reforms that can be undertaken through executive decisions or the Finance Bill, and long-term reforms for institutional change. Long-term reforms involve the challenging task of building capacity and institutions that provide the foundations of a market economy. This, for example, includes changes in the legal and regulatory environment for factor markets, businesses, financial-sector regulation, capital flows, and food markets. A well-developed thought process for reform lies in the field of finance, where the Financial Sector Legislative Reforms Commission (FSLRC) has drafted the Indian Financial Code, which proposes to transform the regulatory framework of Indian financial markets by bringing in a modern legal and institutional framework. Similar reform projects are required in many areas. The path to sustainable job creation and income generation is to move on all of the above. Improving India's long-term growth prospects will also feed back into the present and raise investment in the short run.

BUSINESS CYCLE CONDITIONS

2.13 Post 2008, the economy witnessed a worsening of the economic outlook and a downswing in the investment cycle. Expansionary fiscal and monetary policies pulled up gross domestic product (GDP) growth in 2010-11 and 2011-12. However, the consequent increase in fiscal deficit and sustained high inflation led to a reversal of the expansionary stance of macroeconomic policy. In May 2013, the external environment worsened, leading to a sudden rupee depreciation and an interest rate hike in the first half of 2012-13.

Growth and Employment

2.14 In recent years, the Indian economy has suffered from a decline in business cycle conditions. The peak of the business cycle was 2006-07. GDP growth slowed down in 2013-14 to 4.7 per cent as per provisional estimates (Figure 2.2). In 2006-07, India witnessed growth of 22.51 per cent in exports, supported by strong economic conditions worldwide. In 2012-13, exports declined by 1.82 per cent. Export growth has picked up to 4.1 per cent in 2013-14 (Table 2.1).



Source: Central Statistics Office (CSO)

Figure 2.2 : Annual year-on-year growth rate of GDP at constant prices

Growth rate		2006-07	2012-13	2013-14
GDP growth	Real	9.57	4.47	4.74
GFCF	Real	13.82	0.78	-0.11
GFCF of private corporate sector	Real	17.94	-3.2	N.A.
Exports	Dollars	22.51	-1.82	4.31
Inflation	Change in CPI (IW)	6.70	10.44	9.7

Sources: Central Statistics Office (CSO), Directorate General of Commercial Intelligence and Statistics (DGCIS), and Labour Bureau.

Notes: GDP is gross domestic product; GFCF is gross fixed capital formation, CPI (IW) is consumer price index for industrial workers.

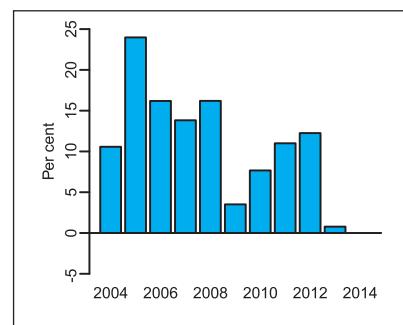
Table 2.1 : Business cycle indicators

Gross fixed capital formation

2.15 Gross fixed capital formation (GFCF) of the private corporate sector (at constant prices) declined sharply: from growth of 17.94 per cent in 2006-07 to a decline of 3.2 per cent in 2012-13. Difficulties in obtaining clearances and raw material supplies and of financing brought numerous investment projects to a halt. Demand conditions were also hampered by global conditions. GFCF (at constant prices) grew by 13.82 per cent in 2006-07 but only 0.78 per cent in 2012-13, and declined by 0.11 per cent in 2013-14 (Figure 2.3). An incipient recovery after 2008 stalled in 2013.

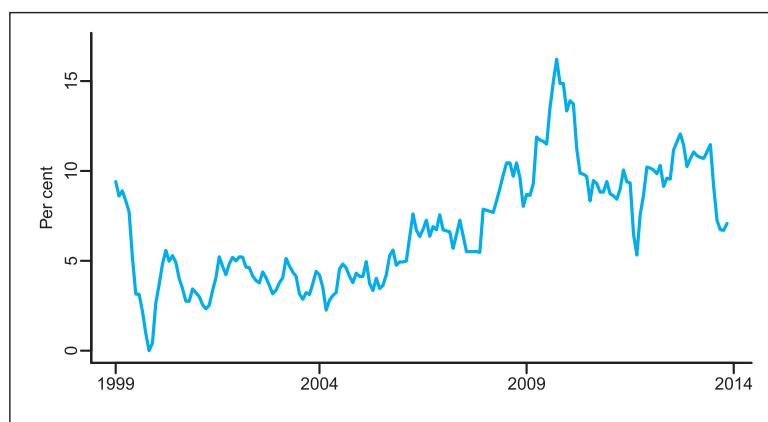
Inflation

2.16 Unlike other emerging markets (EMs) that also witnessed a slowdown in the post-crisis years, in India the slowdown in growth and investment was accompanied by elevated levels of consumer price inflation (Figure 2.4). The possibility of stagflation raises serious challenges for macroeconomic policy.



Source: CSO

Figure 2.3 : Growth Rate of Gross Fixed Capital Formation at Constant Prices



Source: Labour Bureau

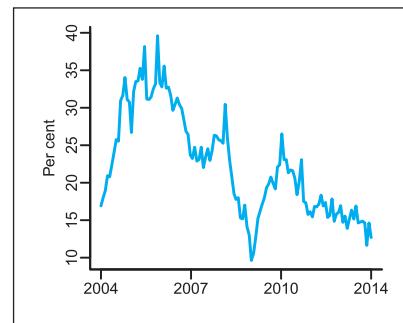
Figure 2.4 : Year-on-year CPI inflation

2.17 Inflation in India began rising after 2005-06 with rapid credit growth (Figure 2.5) arising from difficulties in sterilising foreign exchange intervention. Though policy interest rates were raised, liquidity continued to rise, and consequently the overall stance of monetary policy remained easy.

2.18 With the benefit of hindsight, it appears that the fiscal and monetary stimulus provided by the government in 2011-12 proved to be excessive and fostered high inflation. Post-crisis fiscal stimulus raised aggregate economic activities above their long-term trends since the first quarter of 2010 and led to higher inflation. This outweighed the negative effect on exports from declining global demand and real exchange rate appreciation. The net effect of the stimulus was high enough to sustain a positive output gap till the beginning of 2012.

Investment

2.19 During the high growth years of 2004-07, a large number of projects had been initiated, assisted by high credit growth. Investment activity started facing difficulties in the global crisis. These were exacerbated by domestic factors.



Source: Reserve Bank of India (RBI)

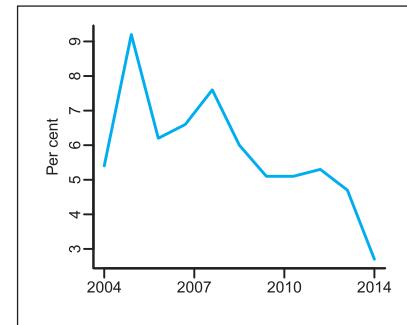
Figure 2.5 : Growth rate of bank credit

2.20 The crisis reduced export demand and increased uncertainty. The lack of price stability in India exacerbated uncertainty. Investment requires planning and it became more difficult to envision future values for growth, prices, and interest rates. As demand slowed down, some existing projects became unviable. Difficulties in contracting and providing clearances on time and the lack of a framework to shut down, sell off, or withdraw from projects created further difficulties.

2.21 Many large projects were unable to get timely clearances related to environment, forest, and land acquisition or raw materials required for completion. This resulted in a number of projects getting stalled (Figures 2.6 and 2.7). Many firms had over-leveraged themselves during the pre-crisis boom in bank credit. When conditions changed, they faced balance sheet distress. These firms were unable to close projects, settle claims, and repay loans. This led to cost escalations, further leading to difficulties in loan repayments for companies and bad assets for banks. These problems have to a certain extent been addressed by the Cabinet Committee on Investment (CCI) which was set up by the government in January, 2013 with the Prime Minister as Chairman.

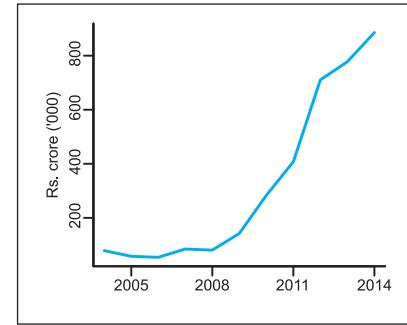
External environment

2.22 The cost of borrowing in domestic markets suffered a sudden increase after 15 July 2013. After the onset of the 'great recession' in the period after the global financial crisis, advanced economies introduced unconventional monetary policy tools. The US Federal Reserve, for example, announced asset purchases, popularly known as quantitative easing (QE), to ease monetary policy which had hit the zero lower bound. In May 2013, the US indicated that tapering of these unconventional methods would begin. This led to a sharp outflow of capital from emerging markets and a pressure on their exchange rates to depreciate. Like other EM currencies, the rupee also witnessed pressure to depreciate (Figure 2.8).



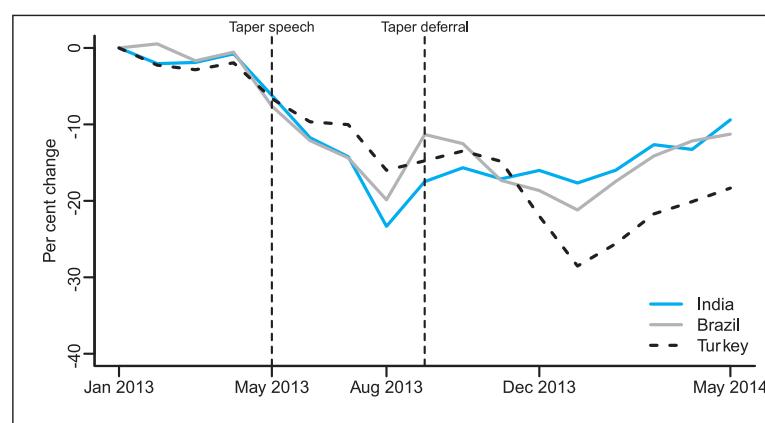
Source: CMIE Capex database.

Figure 2.6 : Infrastructure projects, rate of completion



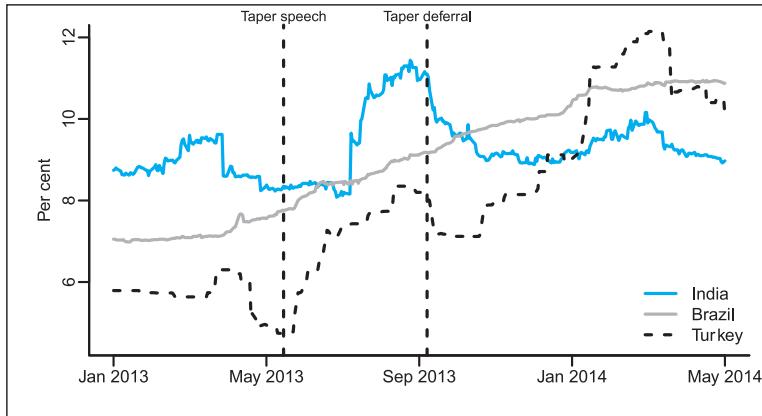
Source: CMIE Capex database.

Figure 2.7 : Value of implementation projects that are stalled



Source : Thomson Reuters Database

2.23 Some EMs including India, Brazil, and Turkey responded to this depreciation with an interest rate hike (Figure 2.9). The cost of capital remained high for most of the year as the uncertainty in global markets encouraged central banks to keep the stance of monetary policy tight.



Source: Thomson Reuters Database

Figure 2.9 : Emerging economy interest rates in 2013-14

THE INVESTMENT DOWNTURN

2.24 Adverse global conditions were undoubtedly one reason for the slowdown in business cycle conditions in India. However, it would be untrue to say that domestic factors such as inflation uncertainty, tight liquidity conditions and difficulties in contracting and financing infrastructure projects did not contribute to the macro-economic outcomes witnessed from 2006-07 to 2012-13.

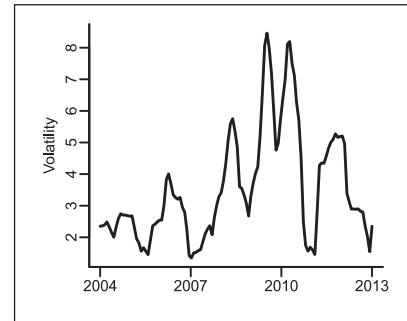
Inflation uncertainty

2.25 Under low and predictable inflation, households and firms can make plans about the future, face reduced risk, and undertake investments. The inflation uncertainty of recent years has been characterized by a surge in inflation and inflation volatility. High and unstable inflation has made it difficult to make projections about future profits from investment projects. In particular, it has an adverse effect on risk-taking by infrastructure firms, since these projects involve cash flows over multiple decades into the future. When consumer price index (CPI) inflation accelerated from February 2006 onwards, there was a corresponding increase in inflation volatility. This is depicted in Figure 2.10, which shows the rolling one-year volatility of year-on-year CPI inflation. This, in turn, made it harder to anticipate future inflation and make plans about the future.

2.26 Additionally, fiscal problems (Figure 2.11) exacerbated the cost of borrowing by the private sector. The large fiscal deficit (Figure 2.11) also spilled over to the current account. In June-August 2013, countries with high fiscal deficit and high current account deficit (CAD) faced the largest pressure on their exchange rates. The taper and the sudden depreciation added to the uncertain business environment.

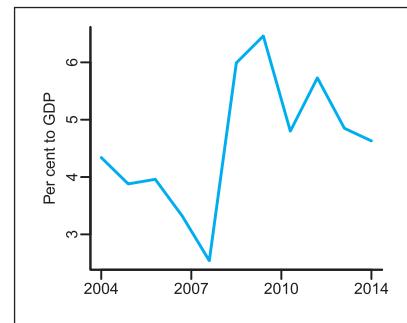
Fall in business confidence

2.27 There has been increasing concern about the difficulties faced by firms operating in India. In a purely economic sense it is easy to explain the actions of a government that restricts firms in certain ways in order to address market failures. However, the Indian landscape features numerous government interventions that are not connected to market failures. Therefore, there is immediate need to simplify processes including those relating to tax policy and administration.



Source: CSO

Figure 2.10 : Inflation Volatility



Source: CSO

Figure 2.11 : Central government fiscal deficit as per cent of GDP

	India	Brazil	South Korea	South Africa	Turkey
Ease of doing business	134	116	7	41	69
Starting a business	179	123	34	64	93
Dealing with construction permits	182	130	18	26	148
Getting electricity	111	14	2	150	49
Registering property	92	107	75	99	50
Getting credit	28	109	13	28	86
Protecting investors	34	80	52	10	34
Paying taxes	158	159	25	24	71
Trading across borders	132	124	3	106	86
Enforcing contracts	186	121	2	80	38
Resolving Insolvency	121	135	15	82	130

Table 2.2 : Rank in the world on 'Doing Business'

Source: World Bank, *Doing Business Report 2014*.

2.28 The *Doing Business Report 2014* prepared by the World Bank shows that India ranks 134 out of 189 countries in 2014 (Table 2.2). Global firms have a choice about where to invest, which is based on the ease of doing business there. In much the same way, many large Indian firms undertake foreign direct investment (FDI) outside the country and choose where they wish to invest. In an examination of 3102 large firms in India, 373 of these have done outbound FDI that is above 1 per cent of their total assets. The firms that have done outbound FDI account for 15.8 per cent of the total assets of the 3102 firms.

2.29 Although, India has raised concerns about the methodology used in the compilation of the World Bank's *Doing Business Report*, a sustained programme of reform is required on most aspects of the interface between firms and the state. The immediate objective must be to match the average value of EMs on the 'Doing Business' score.

Financial System

2.30 The investment downturn has been exacerbated by difficulties in the availability and cost of finance. Data shows that the first claim upon the savings of households is physical assets such as gold and real estate. The second claim upon the residual financial savings is resource pre-emption that is done to fund the fiscal deficit (Table 2.3). In recent years, with a decline in the savings rate and an enlarged fiscal deficit, the external capital from outside the firm, available to the private sector has declined.

2.31 During the credit boom, bank credit growth was over 30 per cent. The difficulties experienced in the infrastructure sectors and of natural resources have made it difficult for some of these firms to repay their loans. High credit expansion for infrastructure has resulted in asset-liability mismatches for banks. Table 2.4 shows the rising share of infrastructure credit in total bank credit. In recent times, banks are approaching exposure limits to borrowers and infrastructure sectors. Further, the asset quality of banks has deteriorated with the gross non-performing assets (NPA) to gross advances ratio rising.

	As per cent of GDPmp
Household financial savings	7.1
Government borrowing	7

Source: CSO.

Note: GDPmp is GDP at market prices.

Table 2.3 : Household Financial Savings and Total Government Borrowing as Per Cent of GDP

Year	Infrastructure credit as share of bank credit (%)
2004	4.43
2005	7.18
2006	7.49
2007	7.42
2008	8.68
2009	9.73
2010	11.71
2011	13.36
2012	13.42
2013	13.87

Source: RBI.

Table 2.4 : Infrastructure Credit as Share of Bank Credit

Infrastructure

2.32 The first wave of investment in infrastructure and natural resources, which began in 2002, has run into numerous problems, reflecting inter alia the complexities of PPP contracting and the limited capacity in the system.

2.33 Allegations of corruption, and interventions by investigating authorities and courts, have interrupted many projects and adversely affected firms. Problems of land acquisition and environmental regulation have led to stalled projects. The weakness in integrated planning has led to difficulties such as ports that lack railway lines or power plants that lack coal supplies.

2.34 Infrastructure projects are best financed through corporate bonds. However, other than issuance by large financial institutions, the corporate bond market in India has been largely missing. In the absence of a vibrant corporate bond market, infrastructure projects have resorted to borrowing from banks and in foreign currency. In the Indian experience, the leverage has often been mechanically set using rules such as 70:30 for debt: equity. In a sound financial system, the leverage of a project should be determined by financial firms based on an assessment of the risks faced by the project.

2.35 There is a distinction between developing new infrastructure assets, and operating them. Over the years, we may expect large-scale assets in the hands of operating companies, while infrastructure developers with small balance sheets pursue new projects each year. This maturation has not yet worked out. Operating companies, which are low-risk utilities, have not emerged in the required numbers. The modest balance sheets of developers have been loaded with ever larger assets.

2.36 Over-leveraged firms have made mistakes in bidding based on over-exuberant traffic projections and on the expectation of being able to renegotiate contracts should problems arise. The renegotiation process has sometimes faced allegations of misconduct and interventions by the courts.

2.37 These problems have come together to result in a large number of stalled projects, a balance sheet crisis for many infrastructure and natural resources firms, and difficulties for banks which have lent to them. Subsequently, the pace of investment in infrastructure and natural resources has declined. The first wave of infrastructure investment in India has been grounded in an array of design flaws that now need to be addressed.

HOW LONG-RUN ISSUES MATTER FOR THE SHORT TERM

2.38 In the conventional wisdom, there is a tension between the expedient pursuit of short-term objectives and the need to nurture the foundations of sustained long-term growth. With the emergence of a modern market-based economy, however, nurturing long-term growth influences the short term through four channels: expected GDP growth, valuation in the stock market, behaviour of households, and foreign capital flows.

2.39 The first channel runs through the expectations of GDP growth in the eyes of private firms, both foreign and domestic. When there is an expectation that India will have high GDP growth

The present model of infrastructure contracting and financing needs to be reexamined.

Greater policy stability, higher long-term growth and a legal and regulatory framework that strengthens a market economy will help revive investment.

in the long term, these firms increase their investment in India, which boosts short-term growth. Of particular importance here are long-term projections for sustained traffic growth, which influence the viability of infrastructure projects.

2.40 The second channel runs through the stock market. The stock market forms expectations about dividend growth in the coming decade and builds this into the present stock price. When there is an expectation of high GDP growth in the long term, stock prices go up. This increases the gap between market value and replacement cost, which fuels investment. This boosts short-term growth.

2.41 The third channel runs through the behaviour of households. When there is an expectation of high GDP growth in the long term, households become more confident about their income in the future, and respond by saving less, including through borrowing more. This fuels demand in the economy and boosts short-term growth. The rise of mechanisms through which the formal financial system is able to give loans to individuals has increased the magnitudes involved. In addition, confidence about low inflation will reduce the attraction of physical assets for households.

2.42 The fourth channel runs through the behaviour of foreign investors. The outstanding fact about international portfolio formation is 'home bias', where global investors place too little money in EMs like India. When there is an expectation that India will have high GDP growth in the long term, this creates incentives for global financial firms to build organisational capital in connection with India. Increased capital flows into India boost short-term growth.

2.43 These channels are stronger in India today when compared with India of the past and also when compared with many other countries. The share of private gross capital formation in GDP, which is a key parameter that changes in response to long-term considerations, is much larger when compared with past values and with many other countries. Household savings are much larger when compared with past values and with many other countries.

2.44 This encourages focus of policymakers upon the initiatives that will make a difference to long-term GDP growth in India. In addition, focus on making it easier to do business and providing a stable policy environment will make investment attractive. The market economy is likely to respond to these initiatives with enhanced investment, enhanced consumer demand, and enhanced capital flows, which can revive investment and yield high GDP growth in the short run.

INFLATION

2.45 For effectively containing inflation requires putting in place a monetary policy framework defining a nominal anchor, as well as deregulating food markets to curb food inflation.

Monetary policy

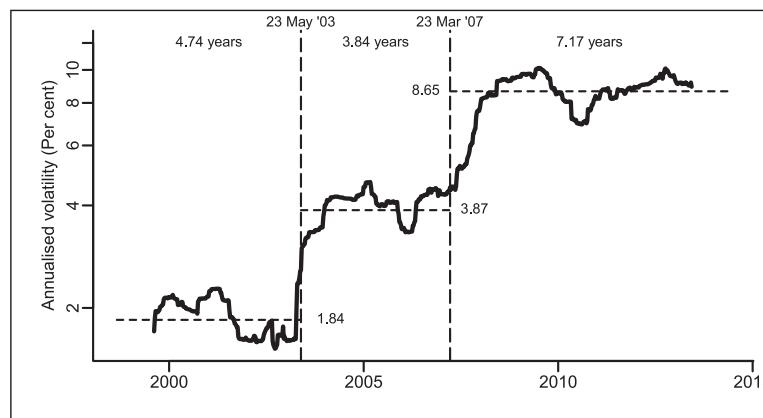
2.46 Data shows that inflation is becoming entrenched in the Indian economy. Inflationary expectations are high and sporadic increases in prices of food items spill over to non-food prices.

Despite a business cycle downswing and underutilised capacity, inflation has persisted. A three-pronged strategy is required to tackle this stagflation.

2.47 Monetary policy is central to inflation in the long run. Intuitively, if the amount of money in the economy were doubled, prices would roughly double. Natural shocks, changes in technology, and consumer preferences generate *relative* price changes, but do not explain *aggregate* inflation which is a macroeconomic phenomenon.

2.48 Since 2010, there has been an upsurge in food inflation which has spilled over to non-food and general inflation. The spillover reflects *inter alia* the lack of proper monetary policy arrangements. There is need for a formal monetary policy framework through which the Reserve Bank of India is given clarity of objective (a CPI inflation target) and operational autonomy in pursuit of that target. This strategy has been used by numerous advanced and emerging markets and has delivered results in terms of low and stable inflation. This, in turn, has created a favourable environment for investment and employment growth. A low and stable inflation rate helps maintain the value of the currency, both domestically and externally.

2.49 In some countries, the transition away from the exchange rate to inflation as a nominal anchor has been a difficult one. However, in India, this transition is likely to be easier. Figure 2.12 shows the history of rupee-dollar volatility. There have already been two structural breaks in this volatility, in May 2003 and in March 2007. Rupee-dollar volatility has gone up from 1.84 per cent to 3.87 per cent to 8.65 per cent.



Source : RBI and author's calculations.

2.50 The average volatility of the rupee-dollar exchange rate at 8.65 per cent is close to the volatility of market-determined exchange rates in EMs. Hence the economy has experienced the bulk of the adjustment to exchange rate flexibility and the stage is set for shifting focus away from the US dollar and anchoring the value of the rupee to the price of the household consumption basket.

Food inflation

2.51 There are many complex problems with food markets that need to be addressed. Cereal markets have resource misallocation due to government interference in every aspect of input and output

Spillovers from food to non-food inflation can be reduced by putting in place a formal monetary policy framework.

markets. Rising prosperity has created heightened demand for food, particularly superior goods such as fruits, vegetables, and proteins that are consumed by people when they become richer. At present the supply response to these shifts in demand is inadequate owing to rigid constraints and anti-competitive practices. As a consequence, a substantial change in prices is required to elicit a unit change in supply.

SUSTAINABLE PUBLIC FINANCE

2.52 Putting public finances on a sustainable path has three elements: better accounting practices and budgetary management and a new FRBM Act which has consequences if it is not met; rationalisation and simplification of direct and indirect taxes; and expenditure reform.

A new FRBM Act with teeth
is needed.

Fiscal responsibility

2.53 The fiscal situation of the central government is worse than it appears, given the acceleration of inflation from 2006 to 2014. These inflation shocks effectively reduced the value of outstanding debt. This has harmed the interests of households but has reduced the debt burden of the government. These inflation shocks are unlikely to recur in the future.

2.54 Fresh thinking on a responsible fiscal policy framework is required. This should feed into a new FRBM Act. The modified Act needs take into account business cycles and to have penalties that are strong enough so that it cannot be ignored.

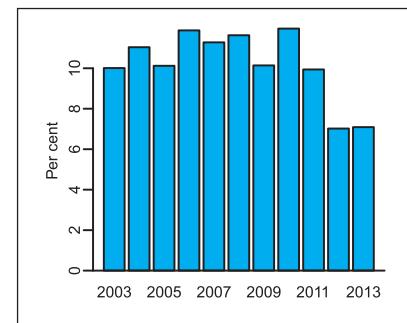
Financial repression

2.55 In recent years, the problems of financing private investment have become more acute. High inflation and low real interest rates have deterred financial savings. As Figure 2.13 shows, household financial savings fell from 9.9 per cent of GDP in 2010-11 to 7.09 per cent of GDP in 2012-13. Alongside this, the centre and states (put together) borrowed 7.1 per cent from the domestic market. This resource pre-emption has put constraints upon external financing for the private sector. Addressing this will require a three-pronged strategy: reducing the fiscal deficit, reducing financial repression (so as to reduce resource pre-emption and give households a fairer deal), and reducing inflation.

2.56 When it comes to public debt, India is forcing financial firms to lend to the government such as through the statutory liquidity ratio for banks and investment guidelines for other financial firms. This method of capturing resources is known as 'financial repression'. It leads to lower returns for households who are customers of financial firms. It generates incentives for households to avoid holding assets with Indian financial firms, thus encouraging purchases of gold, real estate, and overseas assets. The government must move away from financial repression and set up a professional Public Debt Management Agency (PDMA) that sells government bonds to voluntary bidders.

Tax reform

2.57 In a non-market economy, in addition to laws, taxes and subsidies are used for encouraging or discouraging activities that



Source: Economic Outlook Database CMIE

Figure 2.13 : Household financial savings
as a per cent to GDP

the central planner considers good for the economy. The result is multiple rates and exemptions. Industrial policy, where the government picks winners, has generally failed in most countries. Ultimately, distorted price signals cause resource misallocation and slow down productivity growth. Most market economies have moved away from complex tax systems towards simple and rational systems.

2.58 India's complex tax system suffers from problems in both structures and administration. The tax regime is used to do industrial policy where the state gives exemptions and rebates to certain economic activity. Uneven and high tax rates and uneven tax treatment of similar economic activities have induced distortions in the behaviour of firms and households. In addition, the manner of functioning of tax administration is imposing legal risk and substantial compliance costs upon households and firms.

2.59 Tax reform in India can improve the ease of doing business and promote efficiency and productivity growth. The tax/GDP ratio of the government must be obtained through a burden-sharing mechanism where low rates apply on a broad swathe of the population, through effective enforcement mechanisms. Taxes clarified as 'bad' in public finance theory like cesses, surcharges, transaction taxes, and taxes imposed for ease of collection such as the dividend distribution tax, need to eventually go. Reducing tax-related distortions can increase efficiency and fuel GDP growth.

GST

2.60 There is consensus that the GST will be a major milestone for indirect tax reform in India. Replacing all existing indirect taxes by the GST will create a national market, eliminate cascading taxes, and align taxation of imports and exports correctly. This will improve the competitiveness of production and export from India.

2.61 The implementation of a Central GST (CenGST) could be the first step towards the GST. Once the CenGST is implemented, and the information technology system for CenGST has worked, estimation risk will be lower and it will be easier for the centre and states to move to the GST.

DTC

2.62 Just as the GST is a transformation of indirect taxes, the DTC is required as a clean modern replacement for the existing income tax law. As with the GST, the key objective must be a simplification with a clean conceptual core, and the removal of a large number of special cesses and exemptions that favour special interest groups. The tax system must move away from industrial policy, with incentives for one activity or another, towards a simple framework.

2.63 As with the GST, the DTC will yield gains by removing distortions of individual and corporate decision making, reducing compliance cost and litigation, and improving tax collections.

Taxation of firms

2.64 Firms are ultimately owned by individual shareholders. When individuals are taxed, the taxation of firms acts as double taxation. From the viewpoint of shareholders, the post-tax returns on

A CenGST could be the first step towards a full GST.

Removing exemptions will help simplify the tax regime.

investment in a firm are shaped by two levels of taxation: the corporation tax rate and the dividend distribution tax.

2.65 A considerable body of work has demonstrated two problems with the taxation of firms. First, domestic and international firms are likely to invest in countries with lower tax rates. Second, high taxation of firms hinders the process of capital formation and ultimately results in reduced wages. The wages of workers reflect their productivity and deepening capital stock of firms increases the productivity of workers.

2.66 India stands out, among the EMs, with a high rate of total taxation of corporations. It would be desirable to track the median value for EMs. This would ensure that India is a competitive destination for investments of global and Indian firms.

Tax administration

2.67 The *Doing Business Report 2014* ranks India at 158 out of 189 countries under the head 'paying taxes'. Expert Committees have identified problems with the taxation system, including retrospective amendment of laws, frequent amendments, especially after the executive is unable to establish a tax claim in courts, and issues with arbitrary tax claims, especially in transfer pricing. This is coupled with long pendency of disputes and a taxation regime that is unfriendly to foreign investors.

Expenditure reform

2.68 Expenditure reform is required for government to achieve desired outcomes with minimum cost. This requires a change in the budgeting process and accounting practices, subsidy reform, a focus on public goods, and mechanisms for feedback and accountability.

Expenditure reform must create feedback loops for accountability.

Budgeting process

2.69 At present in India, a government department gets resources through two mechanisms: the budget process run by the Ministry of Finance and the budget process run by the Planning Commission. This leads to sub-optimal resource allocation as well as diffused accountability.

2.70 A more effective budget process would be conducted in the language of outcomes, targets, and the cost of achieving alternative targets. The focus of a sound budget process would be upon *outcomes* as seen by citizens and measured by independent bodies, and not the internal activities of departments of government. Budgetary allocations should be associated with concrete targets for outcomes and departments held accountable for achieving these targets.

2.71 The creation of feedback loops towards enhanced performance requires four elements. The first is the unification of budget making at the Ministry of Finance. The second is the design of a report card about the work of every ministry, and the preparation of the report card by independent organizations, based on technical knowledge. The third is a formal budget process that works with budget constraints, outcomes, and targets. The fourth is a set of consequences that arises when a department fails to achieve its

targets. This would provide feedback loops of pulling back resources and modified allocation for expenditure that fails to deliver results.

2.72 There has been much criticism of the Indian cash-based accounting process. Greater clarity, and better decisions, would be achieved by moving towards an appropriately modified accrual-based system, where the income and expenditure for the year is measured as that which is attributed to the activities of the year. As an example, if a fertiliser subsidy were operating in a year, the cost of that subsidy would be counted in that year – regardless of when the actual payment of the subsidy took place.

Subsidies

2.73 Not all the money put into subsidy schemes reaches the poor. Programmes such as food subsidy have huge overhead costs (Figure 2.14). In other cases, such as the fertiliser subsidy, the expenditures generate a distorted resource allocation that hampers productivity (Box 2.1).

2.74 Subsidy programmes are particularly problematic when they hamper changes in prices and the consequent shifts in resource allocation which must take place. When the price of diesel rises, in the medium term, the economy shifts away from diesel. But this adaptation is blocked if the price of diesel is not actually raised. When the purchase price for cereals is raised, cereal production becomes more attractive, even though consumers might want more non-cereals.

2.75 It is increasingly feasible to identify households below the poverty line and give them cash. The new technologies of biometric identification, and payments through mobile phones, have created a range of new possibilities for the design of programmes. These would lead to a reduction in poverty at a lower cost when compared with the present subsidy programmes.

Box 2.1 : Resource misallocation: Fertilizer subsidy

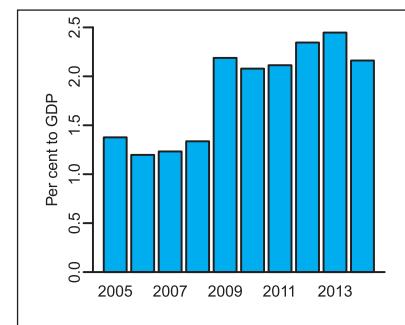
Urea is highly subsidised. Farmers pay approximately ₹ 5360 per tonne, and the government pays ₹ 11,760 per tonne. Subsidy for other fertilizers has been capped since 2010 under the Nutrient Based Subsidy (NBS) regime.

The correct proportions in which Nitrogen (N), Phosphorus (P), and Potassium (K) should be used are 4:2:1. These are the proportions in which these nutrients are used by plants. The skewed subsidy scheme has given farmers a distorted notion that urea, the main provider of N, is cheap while the other two elements are expensive. As a consequence, fertilizer use in India is taking place in the ratio 8.2:3.2:1.

For each unit of K, instead of 4 units of N which are required, 8.2 units of N are being put into the soil. The incremental output of the excessive 4.2 units of N is zero or somewhat negative.

This purchase of urea, beyond what is required, works out to roughly 50 lakh metric tonnes (MTs). Farmers and the government are wastefully spending Rs 2680 and Rs 5860 crore respectively for this. These costs are ultimately paid by the consumers as higher food prices and higher taxes, in return for a zero or negative impact upon agricultural output.

The distorted policy has also led to stagnation of private investment in the sector, especially in urea, and increased reliance on imports. The fertilizer subsidy hurts everyone: farmers, firms, taxpayers, and consumers.



Source: Various Budget Documents

Figure 2.14 : Food, fuel, and fertilizer Subsidies as a share of GDP

Cash transfers to poor households, instead of procurement and distribution of cereals, offer savings on the subsidy bill.

2.76 Rational analysis of subsidy programmes would be assisted if the accounting systems of government, and budget documents, classified all government expenditures into public goods and subsidies. This would make it possible to obtain a full picture of subsidies and enable a more rational budget process. Shifting from the plan/ non-plan distinction to the subsidy/ public-goods distinction would improve clarity of thought. This is consistent with the July 2011 report of the Planning Commission's High Level Expert Committee on Efficient Management of Public Expenditure.

Education

2.77 There has been remarkable expansion of expenditure on elementary education in recent years. Combining central and state spending, this has gone up from ₹ 62,063 crore in 2006-07 to ₹ 147,750 crore in 2011-12. As Figure 2.15 shows, this translates into a substantial expansion from ₹ 5202 per child in 2007-08 to ₹ 11,418 per child in 2011-12.

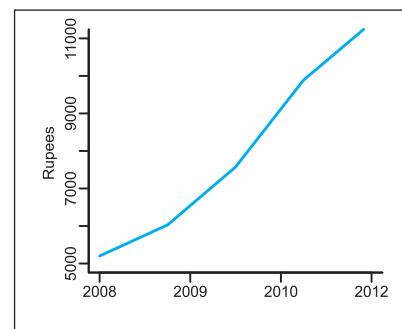
2.78 Parents face the choice of sending their children to public schools or to private schools. Public schools require no payments for tuition, uniform, midday meals, and books. In contrast, when a child is sent to a private school, these expenses are borne by the household.

2.79 The choices of parents are then a natural mechanism to obtain feedback about the performance of the government-run elementary education system. Figure 2.16 shows the fraction of children enrolled in public versus private schools in rural India. Public schools are free and the government spends more than ₹ 1000 per child per month to run them. However, between the period 2007-08 and 2011-12 where expenditure per child in public schools was increased by 119.5 per cent, a growing fraction of households chose to exit from public schools. This raises concerns about the effectiveness with which public spending on elementary education translates into learning outcomes of children.

2.80 Figure 2.17 compares the learning outcomes of public and private schools in rural India. Private schools in rural India work inefficiently: only 59 per cent of children in the IIIrd standard are able to read a 1st standard text. This may reflect the low resources per child available to private schools. Government schools fare worse. In 2006, this measure stood at a bit under 50 per cent. In recent years, while the spending per child in government schools has risen sharply, the learning outcome has declined to 32.4 per cent.

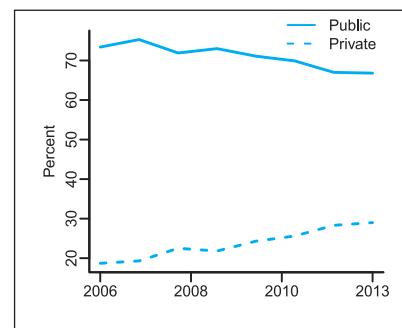
2.81 This evidence indicates that the design of government programmes in elementary education needs revisiting. Expenditure grew by 138 per cent between 2006-07 and 2011-12, but alongside this intensification of spending through the existing programme design.

2.82 This example of elementary education illustrates inadequate feedback loops: failures on outcomes did not feed back fully to resourcing, management changes, and fundamental redesign of public programmes.



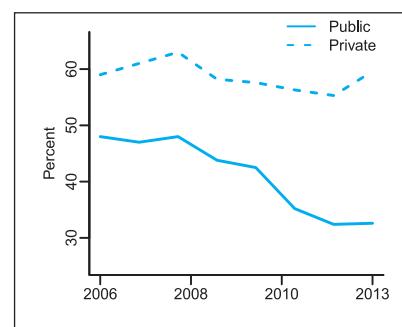
Source: Analysis of Budgeted Expenditure on Education, various reports & DISE, various reports

Figure 2.15 : Per child expenditure incurred by the government



Source: ASER, various reports.

Figure 2.16 : Rural children studying in different types of schools



Source: ASER, various reports.

Figure 2.17 : Rural children in Std III who can read Std I-level text

Health

2.83 India's health policy has focused on primary health centers and hospitals. The numbers of hospital beds, doctors, and nurses per 1000 persons have often been treated less as inputs and more as measures of success of the health policy. Health outcomes such as a reduction in cases of diarrhoea, malaria, child and infant mortality can be addressed far more effectively with the same budgetary resources by addressing the lack of public goods in health. There is a need to focus the limited budgetary resources on public goods.

2.84 The most powerful interventions for improved health may lie in the area of water and sanitation (Table 2.5). Epidemiological interventions such as vaccination programmes, and control of diseases, have the characteristics of public goods. Preventing stagnant water controls malaria. No one but the government has the incentive to undertake such expenditure. The government must focus first on these interventions. This calls for a fundamental and strategic shift in thinking about public spending on health.

Infrastructure

2.85 The role of government in infrastructure can be usefully divided into planning, contracting, and regulating.

Planning is the decision to build an element of infrastructure. This inevitably requires inter-relationships between multiple elements: e.g. where there is a port, there will be a requirement for railway lines and roads.

Contracting is the task of giving out the contract to a private producer for building an element of infrastructure.

Once an asset is working, the question of *regulating* arises, as there is the market failure arising from monopoly power.

2.86 We may envisage the planning function being performed in government, the contracting function being placed in a specialized organization like the National Highways Authority of India (NHAI), and the regulation function being placed in an independent regulator.

2.87 Transportation planning requires an integrated view of all aspects of transportation. Energy planning requires an integrated view of all aspects of energy. There is a legitimate role for political considerations in the planning process. As an example, political authorities may decide that it is important to build transportation infrastructure in backward states, or in states with greater law and order problems, even when their economic viability is lower.

2.88 Once a decision has been made to build a port or a highway, the contracting function involves the specialised skill of engaging with the complexities of PPP contracts. Many of the difficulties of the last decade in the field of infrastructure lie in inadequate state capacity for procuring and contracting complex PPP projects. Separation of this function would require establishing an independent organization with specialised expertise in contracting.

Category	2005	2012
Access to sanitation		
Rural	18.70	24.75
Urban	56.84	60.20
Access to water		
Rural	82.20	90.71
Urban	94.15	96.67

Source: World Development Indicators.

Table 2.5 : Per cent of population with access to water and sanitation facilities

The role of government in infrastructure can be usefully divided into planning, contracting, and regulating.

2.89 Once an asset is working, there is need for an arms-length independent regulator. Integral to a level playing field, in the eyes of the regulator, is the corporatization of government infrastructure assets, so that the regulator sees a landscape with multiple firms and can treat them in an ownership-neutral way.

2.90 Further, it may be useful to decompose the risks of an infrastructure project into the early stage and the steady state. The early stage risk is political risk, construction risk, regulatory risk, and the traffic risk of the first year of tolling. These are substantial risks.

2.91 Once an asset is working, and once the tolling revenues from the first year are known, the risks decline sharply. The risks faced from that point onwards consist of regulatory risk and traffic growth risk.

2.92 So far, India has emphasised large contracts that combine all these risks. It is expected that consortiums of developers and operators will come together to bid in these large contracts. However, the risk-bearing capacity of the private sector is limited, particularly when it comes to risks induced by the political system including political risk, construction risk, and regulatory risk.

2.93 An alternative strategy of contracting is required where PPPs are not successful. An asset could stay on the public balance sheet at first. The first contract given out would be an engineering contract to build the asset, where the construction company is protected from political and regulatory risk. The government and the construction company would work together to overcome construction risk. The payment for the asset would be made on budget.

2.94 The second contract given out would be to a private firm to toll the asset for one year and produce data about present levels of toll revenue.

2.95 This could set the stage for a long-term, say 20-year, contract combining tolling and maintenance. A new cadre of dedicated operating companies, i.e. utilities, would emerge who would perform this role. These projects would be able to absorb a high level of long-term bond-market financing, and thus yield low tolls. These firms would generate cash flows for the government which would offset the original expenditure for constructing the asset.

2.96 This approach could induce a separation between construction firms, who have an expertise in building new assets, and operations firms, who have an expertise in running existing assets.

Natural resources

2.97 In the field of natural resources where there is global trading, appropriate incentives for exploration and extraction in India are obtained when there is pricing parity with the world price excluding transport costs or taxes. If firms obtain a lower revenue per unit of mineral extracted in India, there will be under-investment in exploration and extraction.

2.98 Auction-based procurement or fixed-price procurement has run into many difficulties. These can be avoided by using a percentage revenue share for the government, through which the

The early stage of an infrastructure project has political risk, construction risk, regulatory risk and, traffic risk.

government becomes a partner in sharing the risks of exploration, extraction, and world price fluctuations, alongside the private firms.

2.99 There is a strong case for removing pricing distortions seen by consumers such as administered pricing for coal. These fixed prices are dulling the market response of reduced consumption in response to higher prices and reducing the flexibility of the market economy. Vouchers for the poor, through which a certain fixed rupee payment is made to the household and the household pays market price, are one way forward. One elegant scheme through which many of these problems can be solved at once is a payment out of the revenue share to state governments, who would use this money to run voucher programmes for the poor.

FOUNDATIONS OF A MARKET ECONOMY

2.100 India can increase its long-term trend growth by unleashing the entrepreneurial spirit of millions across the country by strengthening the economic freedom of the people. The biggest challenge today is improving state capacity suitable for a market-based economy. A long-term, careful and systematic effort is required for undertaking institutional change.

There is need to re-examine all laws that empower the government to interfere in markets.

Addressing market failures

2.101 Under central planning, all decisions about what to produce and how to produce were made by the government. In the 1960s and 1970s a series of laws were enacted that increased the role of the government in the functioning of both product and factor markets. From the late 1970s there has been some progress in reducing this. Today, the situation is one of an awkward juxtaposition of over-intervention in some respects and inadequate state participation in others.

2.102 The key insight on the role of the government in a market economy is the idea of a market failure, i.e. a situation in which the unrestricted actions of private persons result in a suboptimal outcome. There are three categories of market failures: monopoly power, externalities, and asymmetric information. The concept of a market failure gives a framework for guiding state intervention. Before a state intervention is initiated, it is important to demonstrate that there is a market failure. It should be shown that an intervention will solve the market failure. Further, the costs to society of government intervention should be outweighed by the benefits.

The challenge of State capacity

2.103 The first generation of reforms in India was focused on deregulation: to dismantle central planning and put an end to inappropriate interventions by the government. As an example, many financial regulators in India tend to get involved in the detailed working of products and processes of financial firms. This kind of state intervention is easy to dismantle using stroke-of-the-pen reforms such as repealing a regulation or repealing a law or closing down a government organisation.

2.104 While the agenda of removing inappropriate government interventions is far from complete, it is important to also focus on the second generation of reforms. This is the positive agenda of constructing state structures that address market failures. Only the state can ensure provision of public goods such as defence, police, and judiciary. Only the state can address monopolies, externalities, and asymmetric information. In an environment of technologically sophisticated and internationalised firms, it requires considerable sophistication on the part of government to precisely address market failures.

2.105 This requires state capacity. India needs greater expertise for establishing intelligent, efficient, cost-minimising government organisations that successfully address market failures while avoiding the perils of central planning. A body of knowledge is now needed in India on how to construct laws, agency architecture, organisation structure, process manuals, and human resources through which an effective state appropriate for the present can be obtained. The present ways, of constructing and running public systems, are not useful in thinking about the new requirements.

Objectives, powers, flexibility, accountability

2.106 In thinking about public administration every government organisation is the agent, and the people of India, represented by Parliament, are the principal. In every principal-agent relationship, in order to achieve performance, the objective of the agent must be well understood, outcomes must be measured, and measurement must have consequences. Vaguely posed objectives lead to loss of accountability. Once a clear objective has been defined, laws should give the agency the minimum possible coercive power through which the objective can be achieved. If expansive powers are given, there is greater risk of abuse of power.

Laws need to clearly define the objectives of regulation and give limited powers to regulators to meet those objectives.

2.107 The extent to which the stated objectives have been achieved needs to be statistically measured with an emphasis on *outcomes*. The awarding of the report card and the measurement of outcomes must be done by an independent body. As an example, the outcome in education is the knowledge of children. The Organisation for Economic Cooperation and Development (OECD) Programme for International Student Assessment (PISA) is an internationally comparable measure of the science and mathematics knowledge of 15-year old children of the country: this can provide a report card that shows the performance of the state apparatus leading up to 10th standard education.

2.108 This approach will generate accountability. The leadership of every government organization can work better when there is clarity of purpose, when minimum powers have been given, and when there is measurement of the outcome. When there are ample accountability mechanisms, there is a case for greater operational autonomy, through which the leadership of the organization can reshape the organization in favour of delivering results.

Ease of doing business

2.109 In recent years, firms operating in India have faced an array of problems in the interface between firms and the government. This includes health-safety-environment regulation, regulation of companies, the working of the legal system, and problems of tax policy and tax administration.

2.110 Long delays are costly. Senior management time allocated to managing the relationship with government is time that could have been allocated for productivity improvements. The cost of doing business in India has generated increased incentives for Indian and global firms to favour investment elsewhere in the world. It has made it difficult for small businesses to be set up and prosper without harassment from the state.

2.111 A comprehensive transformation of all aspects of the interface between firms and the state is now required. This involves focusing the state on addressing market failures and strong accountability mechanisms through which public bodies deliver world class efficiency.

Making it easier and less costly to do business must be a top priority.

Reforming factor markets

2.112 The removal of industrial and import licensing in 1991 was among the first steps towards reform of product markets in India. Markets for manufactured products (though not agricultural products) were liberalised, giving firms the ability to produce, buy, and sell inputs and outputs. Price controls, such as those on steel and cement, were removed.

2.113 Factor markets such as those for labour, land, and capital, however, remained largely unreformed. This has proved to be a constraint for growth and employment generation. India has the potential of becoming a global hub in labour-intensive manufacturing. However, labour laws have hindered the creation of large-scale manufacturing in India. Clear land titles, acquiring land, and changing land use face various difficulties. This needs reform at all levels of government. Similarly Mumbai has the potential of becoming an international financial centre matching London, New York, and Singapore. However, this possibility has been blocked by weaknesses in financial regulation in India. Factor market reform needs to be an immediate priority for the government.

The Financial System

The Draft Indian Financial Code

2.114 The Indian financial system is increasingly out of touch with the requirements of the economy today and the even greater requirements of the economy in the future. Most changes in the framework of financial regulation in India have been made in response to the need of the hour. This has meant piecemeal changes to the various laws that give powers to regulators to regulate finance.

The Draft Indian Financial Code puts consumer protection at the heart of all financial-sector regulation.

2.115 Over the last decade, a consensus has emerged about the direction of reforms through a series of expert committees, which have drawn on hundreds of independent experts and a body of

research on the failings of Indian finance. However, many of the changes proposed are incompatible with the basic structure of existing laws. The FSLRC was set up to review and redraft the laws so that Indian finance can be reformed to prepare India for growing into a modern economy, without having to constantly amend existing laws to incorporate each new step for the financial system.

2.116 The task for the Commission, which submitted its report in April 2013, was to question the fundamental arrangements between regulators, the government, the regulated, and the consumer for whose protection regulation is ultimately being done. The FSLRC proposed a new draft law: the Indian Financial Code. This law puts consumer protection at the heart of all financial regulation. In order to protect the consumer without putting a burden on the taxpayer, regulators do micro-prudential regulation and reduce the risk of failure of financial firms. They protect policy holders and prevent unsuitable products from being sold through regulations about consumer protection and through redressal forums. When financial firms fail, shareholders should bear the full brunt of the failure, but consequences for consumers and the economy should be blocked using a resolution corporation. Through systemic risk regulation, the regulators and the government prevent a large-scale disruption of financial services. This adds up to a rational approach to interventions by financial agencies in the financial system, as opposed to the existing approach of command and control.

2.117 A major theme of many of the recommendations of previous committee reports in India has been the impediments placed by financial agencies against progress. This issue has been addressed by the FSLRC by giving regulators clear objectives and enumerated powers. The regulator in this scenario needs to demonstrate that the regulation is required to meet the objectives assigned to him, and it lies within his powers, and that a cost-benefit analysis of the regulation shows that the additional cost, monetary or otherwise, of complying with this regulation is going to bring clear benefits to the economy.

2.118 The Indian Financial Code is on the legislative agenda. Existing financial regulators have committed themselves to complying with the *Handbook on adoption of governance enhancing and non-legislative elements of the draft Indian Financial Code*, through which some features of the draft Code are utilised for improving the working of existing agencies. This legislative and non-legislative work is now the centrepiece of financial reforms in India.

Capital controls

2.119 An integral feature of the maturation of the Indian economy has been the internationalisation of firms. Firms are much more connected into the world economy through exports, outbound FDI, imports of goods and services, foreign equity capital, foreign debt capital, and use of overseas derivatives markets.

2.120 Cross-border activities are regulated as per capital controls based on the Foreign Exchange Management Act (FEMA) 1999. All activities on the capital account fall under Section 6 of FEMA

Capital controls under FEMA do not support a rapidly globalizing economy.

in which they are prohibited unless explicitly permitted. This is in contrast to Section 5 that covers the current account which is the mirror image of this philosophy and allows all transactions unless explicitly prohibited. Over the last 15 years, thousands of pages of subordinate legislation have arisen surrounding capital flows. This large mass of law is characterised by complexity, bureaucratic overhead, violations of the rule of law, and legal risk. The ground realities of this area are far removed from the good governance that India aspires for. There is a need to drastically simplify cross-border activities as an element of reducing the cost of doing business in India. Numerous EMs are doing better than India on this.

2.121 For example, a single window for FDI can be effectively created if all rule making under FEMA rests within a department of the Government of India, and all transactions are permitted other than those in explicit negative list.

Food

2.122 One area which has been left behind in India's liberalisation and competition agenda is food. In the field of services and industry, Indian producers have achieved substantial freedom of action, and compete all over India and the world. In the field of food, Indian producers face substantial restrictions. The government does not permit a producer to sell freely to a neighbour or neighbouring district. A complex regulatory system is in place.

2.123 The most comprehensive central planning system is in the market for cereals. The state controls input prices such as those of fertilizer, water, and electricity, which distorts input choices. The state sets output prices and supplants private trade with an administrative machinery that undertakes procurement. It supplants the private sector in the field of storage through godowns of the FCI. It supplants the private trade in distribution, attempting to deliver cereals all across the country through the PDS. This central planning system harms the country in three ways. The visible cost is the direct cost of operations and delivery. In addition, there is the hidden cost of leakages, inefficiency, and illegality that flourish alongside the public system. The most important cost, however, is the inefficient utilisation of resources and structure of production that follows from the choices of the central planner. This was necessary for a long period of time because of inadequate development in the agriculture sector. The time has perhaps come to remove many of these inefficiencies by introducing a more competitive framework.

2.124 In recent decades, rising incomes in India generated a shift away from staples like wheat and rice towards superior goods like vegetables, fruits, eggs, milk, and meat. In a market economy, resources would get reallocated reflecting this shift in purchasing patterns. A modest shift in relative prices, e.g. the ratio of the price of spinach to the price of wheat, should generate a shift in the resource allocation away from wheat towards spinach. The rigidities of the command-and-control economy have impeded this process. As a consequence, a large shift in relative prices is required to generate the required supply response. This has resulted in high food inflation.

Central Planning permeates every aspect of the food economy.

The welfare of both consumers and farmers lies in freeing up agricultural markets in the same way that economic freedom was given to other producers.

Market-based economies often provide income support, food stamps, and cash transfers to farmers and producers for protecting them but without distorting market signals.

2.125 Other interventions by the government are also problematic. The first is the maze of restrictions on transactions and storage. This includes state-level APMC laws, the Essential Commodities Act, and the administrative measures at local and state levels that distort the decision to grow and the decision to store.

2.126 Another problem concerns international trade. In industry and services, Indian producers have thrived owing to international economic integration. Producers have benefited from vast enhancement of potential market size. Specialisation has come about: India imports capital-intensive computer hardware and exports labour-intensive computer software. The rolling back of autarkic policies has been the central source of India's growth acceleration from 1979 onwards.

2.127 India has a unique opportunity to achieve prosperity through agricultural production. The weather permits multiple crops around the year. While there are other locations in the world that excel at mechanised production of cereals on large tracts of land, large parts of high value agriculture are highly labour intensive. India can be a producer and exporter in all these areas. This can result in high incomes for all participants in the production process. A livelihood in agriculture does not have to be a promise of poverty.

Liberalising Agriculture

2.128 State APMC laws are a major hurdle to modernisation of the food economy. They have artificially created cartels of buyers who possess market power. The proposed Model APMC Act 2003 is an inadequate solution, as APMCs remain a non-level playing field. In addition, some state governments have introduced barriers to trade within the country through taxation and technical requirements. The Essential Commodities Act 1955, an enabling Act which gives powers of intervention to state governments is incompatible with an integrated competitive national market for food.

2.129 Parliament has the power to legislate a national market under the Constitution, which gives it the ability to legislate the freedom to buy and sell, for farmers and traders, across state lines. This law can override state APMC laws and restrictions that have been placed on the farmer's right to sell food within and outside the state. Under such a law, APMCs would become one among many trading venues in a competitive market. Further, under the Constitution, Parliament can legislate the creation of a Commission that monitors the country for anti-competitive practices. To create a national market the central government needs to use powers under the Union List and the Concurrent List of the Seventh Schedule of the Constitution to end the monopoly powers of the APMCs and replace other punitive and coercive state laws affecting the food market.

2.130 Alongside the removal of conventional interventions in the food economy, there is a need to place a priority upon the three national-level public goods in the field of food: production of knowledge, financial regulation of futures trading, and information interventions that address the market failure in warehousing.

The key to investment and productivity growth on the farm is liberalization of agriculture.

2.131 There are three groups of public goods in the field of food. The first consists of scientific research and extension. Knowledge is non-rival and non-excludable; the private sector has inadequate incentives to produce knowledge. Hence there is a role for intelligent public funding for multiple competing research programmes at universities globally and for public-sector extension programmes to communicate current research knowledge to producers across the country.

2.132 The second lies in the field of commodity futures trading. The standard market failures of organised financial trading are found in commodity futures trading. Commodity futures trading is essential for a modern food sector as it generates forecasts about future prices that shape sowing and storage decisions across the country.

2.133 The third lies in the field of warehousing. The market failure in the field of warehousing consists of asymmetric information between the producer and the user of warehousing services about the level of care that will be exercised in safe storage. Information-based initiatives can help reduce this asymmetric information. The Warehouse Development and Regulatory Authority (WDRA) has begun a work programme on creating public goods of information systems about the performance of warehouses across the country. This addresses the cause of the market failure in warehousing.

Institutionalizing institutional change

2.134 India's journey to prosperity is primarily about utilising labour and capital better, i.e. in improving productivity. While the productivity of firms is the consequence of decisions by managers of firms, these actions are strongly shaped by government policies, laws, and regulations. In the last 20 years, many major initiatives have induced productivity growth, including rationalisation of tax policy, removal of trade barriers, shrinking of the licence raj, floating of the exchange rate, and establishment of an equity market.

2.135 This chapter has sketched the agenda for change in numerous areas, with an emphasis on the problems of state capacity: the modifications to laws, agency architecture, organisation structures, process manuals, and human resources through which state effectiveness can be obtained.

2.136 In the past, reforms have taken place in a sporadic and episodic manner, reflecting crises and divergent responses of individuals to policy problems. A key objective for policy should be to institutionalise the process of institutional change, so that a continuous process of improvement of institutions takes place at all times – regardless of whether there is a short-term crisis and regardless of the persons making decisions.

2.137 Drawing on international experience, this process could be assisted by the establishment of a Productivity Commission, which would be an advisory expert body. This would establish metrics and contract out the production of report cards about areas where outcomes are desired. It would review laws, regulations, organisation structures, and process designs with the objective of improving

Farmers must have the same economic freedom, to buy and sell their produce, as do other producers.

A continuous process of improvement of institutions must be created.

productivity. This should be a statutory body, which is obliged to undertake these reviews and release findings into the public domain, while having no executive powers.

2.138 Many advanced economies have institutionalised the process of bringing about institutional change through these kinds of mechanisms. However, these are generally slow-growing countries that achieve one doubling every 20 to 25 years. In contrast, Indian GDP doubles every 10 years or less. As a consequence, an even greater pace of institutional change is required in India for government structures to keep up with the needs of the economy. The design of the Productivity Commission needs to be commensurately modified, reflecting the need for comprehensive redesign of the government every decade in India.

CONCLUSION

2.139 The ultimate goal of economic policy is to create a sustained renaissance of high growth in which hundreds of millions of good quality jobs are created. Good quality jobs are created by high productivity firms, so this agenda is critically about how firms are created, how firms grow, and how firms achieve high productivity.

2.140 Labour laws create strong incentives for firms to avoid hiring a large number of low skill workers. An array of problems holds back the entry and maturation of new firms. This protects existing businesses, even if inefficient, and limits entry and competition. It is imperative to use India's unique demographic moment wisely and unleash the second generation of reforms.

2.141 The pursuit of long-term initiatives will feed back into the economy in the short term, with a rise in consumption and investment. In India today, there is a coincidence between the priorities for the long term and the priorities for the short term. At the same time, the deeper impact of these policy initiatives will kick in with a lag. When there is an open array of opportunities for individuals and firms, it will take some time for economic agents to understand the new landscape and how they should optimally act in it. Firms will require time and commitment in order to build up organizational capital. Hence we may envision a five year period within which the reforms are put in place, followed by a period within which the economy has fully absorbed the new environment and achieved a higher trend growth rate.

Chapter 3

Public Finance

The fiscal outcome of the central government in 2013-14, which was in line with the fiscal consolidation targets set as per the Medium Term Fiscal Policy Statement (MTFPS), was achieved despite the macroeconomic challenges of growth slowdown, elevated levels of global crude oil prices, and slow growth of investment. The fiscal position of states has remained firmly in consolidation mode with states' fiscal deficit budgeted at 2.2 per cent of gross domestic product (GDP). Steadfast adherence to fiscal consolidation by the centre and states is key to achieving the desired macroeconomic outcomes. While the initial phase of fiscal consolidation during 2004-08 was made possible by higher growth and was thus revenue led, it will indeed be challenging to maintain the momentum in the current context of lower growth. In the last two years, the focus has been on rationalizing expenditure; this needs to continue, especially should revenues remain below par, but without diluting the quality of expenditure.

OVERVIEW

3.2 Post the Fiscal Responsibility and Budget Management (FRBM) Act 2003, the key fiscal indicator, namely fiscal deficit (FD), was gradually brought below the threshold target level (3.0 per cent of GDP) to 2.5 per cent of GDP in 2007-08. The expansionary fiscal policy stance during the global financial crisis was apposite then, given the slowdown in aggregate demand and the need to revive the economy through large stimuli. However, the continuance of the expansion well into 2010-11 had macroeconomic implications of higher inflation, which necessitated a tightening of monetary policy and gradually led to a slowdown in investments and GDP growth that resulted in a feedback loop to public finances through lower revenues. Thus the process of fiscal consolidation has become arduous and has to be effected through limits on expenditure, which are carried out at RE (revised estimates) stage and thus lead to suboptimal quality of fiscal adjustment.

3.3 The fiscal targets in 2012-13 were achieved by counterbalancing the decline in tax revenue, mainly on account of economic slowdown, with higher expenditure rationalization and compression. The Budget for 2013-14, which was presented against the backdrop of the lowest GDP growth rate for the Indian economy in a decade and persisting uncertainty in the global economic environment, sought to create economic space and find resources for achieving the objective of inclusive development within the

Proactive policy action helped government prevent the fiscal slide and remain in fiscal consolidation mode.

overarching framework of fiscal consolidation. Thus, against a level of ₹5,20,925 crore in 2012-13 (RE), which constituted 5.2 per cent of GDP, FD for 2013-14 was sought to be contained at ₹5,42,499 crore (4.8 per cent of GDP) in budget estimates (BE) 2013-14. Revenue deficit (RD) was placed at ₹3,91,244 crore in 2012-13 (RE), which was 3.9 per cent of GDP, and at ₹3,79,838 crore in 2013-14 (BE), equivalent to 3.3 per cent of GDP.

3.4 As FD is customarily monitored as a proportion of the GDP, declining FD may be an outcome of either an increase in nominal GDP or a decline in absolute FD or both. In the post-crisis period except for 2009-10 and 2011-12, nominal GDP growth was higher than the growth of FD which helped bring down the FD to 4.6 per cent of GDP in 2013-14 (RE) from 6.5 per cent in 2009-10 (Table 3.1 and Figure 3.1).

Year	Revenue deficit (RD)	Fiscal deficit (FD)	Primary deficit (PD)	RD as per cent of FD
	(As per cent of GDP)			
Enactment of FRBM				
2003-04	3.5	4.3	0.0	79.7
2004-05	2.4	3.9	0.0	62.3
2005-06	2.5	4.0	0.4	63.0
2006-07	1.9	3.3	-0.2	56.3
2007-08	1.1	2.5	-0.9	41.4
2008-09	4.5	6.0	2.6	75.2
2009-10	5.2	6.5	3.2	81.0
2010-11	3.2	4.8	1.8	67.5
2011-12	4.4	5.7	2.7	76.4
2012-13	3.6	4.9	1.8	74.6
2013-14(BE)	3.3	4.8	1.5	70.0
2013-14(BE)	3.3	4.8	1.5	70.0
2013-14(P)	3.2	4.5	1.2	70.9

Source: Union Budget documents.

Notes: BE-Budget Estimates P: Provisional Actuals (Unaudited)

RE: Revised Estimates

The ratios to GDP at current market prices are based on the Central Statistics Office's (CSO) National Accounts 2004-05 series.

Table 3.1 : Trends in Deficits of Central Government

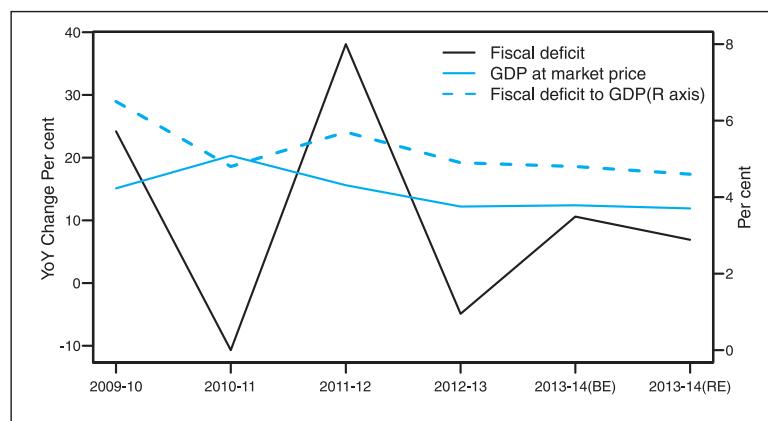


Figure 3.1 : Trends in FD and GDP growth

FISCAL POLICY FOR 2013-14

3.5 The fiscal policy for 2013-14 aimed at reviving growth through facilitating greater flow of the economy's resources for productive purposes and investment and ensuring that the resource allocation under priority flagship schemes was adequately provided for. The

fiscal policy for 2013-14 was thus calibrated with two-fold objectives: first, to aid growth revival; and second, to reach the FD level targeted for 2013-14. The Budget for 2013-14 followed the policy of revenue augmentation and expenditure rationalization to contain government spending within sustainable limits. Tax to GDP ratio was estimated at 10.9 per cent in BE 2013-14 as against 10.7 per cent in BE 2012-13 and 10.4 per cent in RE 2012-13. The envisaged growth for tax revenue was 19.1 per cent over RE 2012-13. Total expenditure was estimated to increase by 16.3 per cent in BE 2013-14 over RE 2012-13. Consequently, FD was projected to reduce to 4.8 per cent of GDP (Table 3.2).

Fiscal Policy 2013-14 had two-fold objectives; first to aid growth revival and second to reach the FD level targeted for 2013-14.

NON-DEBT RECEIPTS

3.6 As budgets are presented when complete information on public finances and the economy is not available, assumptions about the likely trends in receipts and expenditure are made so as to arrive at a deficit that is acceptable and conforms to the FRBM Act targets and the path of fiscal consolidation as per the MTFPS.

3.7 The Budget for 2013-14 envisaged a growth of 23.4 per cent in non-debt receipts (revenue receipts plus non-debt capital receipts) over 2012-13(RE). In 2012-13, net tax revenue (net of states' share in gross tax revenue) was ₹7,40,256 crore and non-tax revenue was ₹1,37,357 crore which together constituted revenue receipts of ₹8,77,613 crore. Revenue receipts were estimated at ₹10,56,330 crore in BE 2013-14, which comprised net tax revenue to centre of ₹8,84,078 crore and non-tax revenue of ₹1,72,252 crore. Together with non-debt capital receipts of ₹66,468 crore (inclusive of disinvestment), the non-debt receipts were estimated at ₹11,22,798 crore. The BE figure was revised downward to ₹10,29,251 in RE 2013-14 (Figure 3.2) mainly on account of lower-than-estimated growth in tax revenue and lower-than-budgeted realization in disinvestment owing to overall economic slowdown.

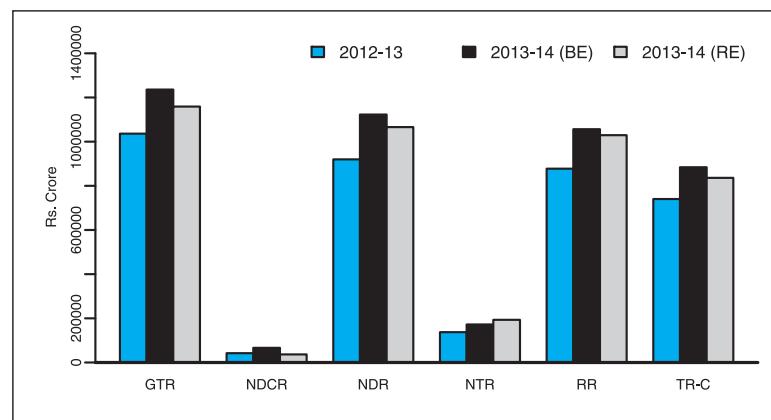


Figure 3.2 : Deviation in Non-debt Receipts in RE over BE 2013-14 (in ₹ crore)

RR: Revenue Receipts

TR-C: Tax Revenue (Net to Centre)
NDCR: Non-debt Capital Receipts

GTR: Gross Tax Revenue

NTR: Non-Tax Revenue
NDR: Non debt receipts

Direct taxes

3.8 The Budget for 2013-14 envisaged a growth of 18.1 per cent in direct taxes over RE 2012-13. The total direct tax collection for 2013-14 was estimated at ₹6,61,389 crore which was revised downwards to ₹6,30,821 crore in RE 2013-14 owing to a decline in

Table 3.2 : Receipts and Expenditure of the central government (as per cent of GDP)

Items	2009-10	2010-11	2011-12	2012-13	2013-14 (BE)	2013-14 (RE)	2013-14 (P)
1. Revenue receipts (a+b)	8.8	10.1	8.3	8.7	9.3	9.1	8.9
(a) Tax revenue (net of states' share)	7.0	7.3	7.0	7.3	7.8	7.4	7.2
(b) Non-tax revenue	1.8	2.8	1.4	1.4	1.5	1.7	1.8
2. Revenue expenditure <i>of which:</i>	14.1	13.4	12.7	12.3	12.6	12.4	12.1
(a) Interest payments	3.3	3.0	3.0	3.1	3.3	3.4	3.3
(b) Major subsidies	2.1	2.1	2.3	2.4	1.9	2.2	2.2
(c) Defence expenditure	1.4	1.2	1.1	1.1	1.0	1.1	1.1
3. Revenue deficit (2-1)	5.2	3.2	4.4	3.6	3.3	3.3	3.2
4. Capital receipts <i>of which:</i>	7.0	5.2	6.1	5.3	5.4	5.0	4.8
(a) Recovery of loans	0.1	0.2	0.2	0.2	0.1	0.1	0.1
(b) Other receipts (mainly CPSEs disinvestment)	0.4	0.3	0.2	0.3	0.5	0.2	0.2
(c) Borrowings and other liabilities \$	6.5	4.8	5.7	4.9	4.8	4.6	4.5
5. Capital expenditure	1.7	2.0	1.8	1.6	2.0	1.7	1.7
6. Non-debt receipts 1+4(a)+4(b)	9.4	10.6	8.8	9.1	9.9	9.4	9.3
7. Total expenditure [2+5=7(a)+7(b)] <i>of which:</i>	15.8	15.4	14.5	13.9	14.6	14.0	13.8
(a) Plan expenditure	4.7	4.9	4.6	4.1	4.9	4.2	4.0
(b) Non-plan expenditure	11.1	10.5	9.9	9.9	9.8	9.8	9.8
8. Fiscal deficit [7-6]	6.5	4.8	5.7	4.9	4.8	4.6	4.5
9. Primary deficit [8-2(a)]	3.2	1.8	2.7	1.8	1.5	1.3	1.2

Source: Union Budget documents and Controller General of Accounts (CGA).

Note: \$ Does not include receipts in respect of the Market Stabilization Scheme, which will remain in the cash balance of the central government and will not be used for expenditure.

both income tax and corporate tax revenues (Table 3.3). As a proportion of GDP, direct taxes accounted for 5.6 per cent in 2013-14 (RE) which was slightly higher than the 5.5 per cent in 2012-13.

3.9 The Budget for 2013-14 estimated higher direct tax revenues based on anticipated bottoming out in GDP growth in the beginning of fiscal year 2013-14 and the anticipated impact of measures listed in Box 3.1.

Box 3.1 : Major Measures Introduced in Budget 2013-14 for Direct Taxes

Personal Income Tax

Budget 2013-14 neither altered the existing tax slabs nor the rates of personal income tax. However, with a view to providing tax relief to individual taxpayers in the lower income bracket (income not exceeding ₹5 lakh), a rebate in form of tax credit equal to the amount of income tax payable or an amount of ₹2000, whichever was less, was provided. Further, to generate additional revenue from personal income taxes, Budget 2013-14 imposed a surcharge of 10 per cent in case of total income of a resident person exceeding rupees one crore.

Corporate Taxes

The rates of Corporate income tax were also left unchanged. However, like personal income tax, a revenue-augmenting measure was introduced by enhancing the surcharge from 5 per cent to 10 per cent if total income of a domestic company exceeded ₹10 crore and for others from 2 per cent to 5 per cent if the taxable income exceeded ₹10 crore. A new Chapter XII-DA has been inserted in the Income-tax Act to check malpractices of unlisted companies that buy back shares instead of paying dividends in order to avoid dividend distribution tax. Further a commodities transaction tax (CTT) was introduced at the rate of 0.01 per cent to be levied on sale of commodity derivatives in respect of commodities, other than agricultural commodities, traded in a recognized association.

Source : Department of Revenue, Ministry of Finance.

Table 3.3 : Sources of Tax Revenue

	2009-10	2010-11	2011-12	2012-13	2013-14 (BE)	2013-14 (RE)	2013-14 (P)
Direct (a)	367648	438477	488113	553705	661389	630821	633473
Personal income tax	122475	139069	164485	196512	240919	236194	237789
Corporation tax	244725	298688	322816	356326	419520	393677	394677
Indirect(b)	244737	344530	391738	473792	564254	518770	496231
Customs	83324	135813	149328	165346	187308	175056	172132
Excise	102991	137701	144901	175845	196805	178787	169469
Service tax	58422	71016	97509	132601	180141	164927	154630
Gross tax revenue #	624528	793072	889177	1036235	1235870	1158905	1133832
<i>Tax revenue as a percentage of gross tax revenue</i>							
Direct (a)	58.9	55.3	54.9	53.4	53.5	54.4	55.9
Personal income tax	19.6	17.5	18.5	19.0	19.5	20.4	21.0
Corporation tax	39.2	37.7	36.3	34.4	33.9	34.0	34.8
Indirect(b)	39.2	43.4	44.1	45.7	45.7	44.8	43.8
Customs	13.3	17.1	16.8	16.0	15.2	15.1	15.2
Excise	16.5	17.4	16.3	17.0	15.9	15.4	14.9
Service tax	9.4	9.0	11.0	12.8	14.6	14.2	13.6
<i>Tax revenue as a percentage of gross domestic product</i>							
Direct(a)	5.7	5.6	5.4	5.5	5.8	5.6	5.6
Personal income tax	1.9	1.8	1.8	1.9	2.1	2.1	2.1
Corporation tax	3.8	3.8	3.6	3.5	3.7	3.5	3.5
Indirect(b)	3.8	4.4	4.3	4.7	5.0	4.6	4.4
Customs	1.3	1.7	1.7	1.6	1.6	1.5	1.5
Excise	1.6	1.8	1.6	1.7	1.7	1.6	1.5
Service tax	0.9	0.9	1.1	1.3	1.6	1.5	1.4
Gross tax revenue #	9.6	10.2	9.9	10.2	10.9	10.2	10.0

Source: Union Budget documents and Controller General of Accounts.

Notes: BE-Budget Estimates P: Provisional Actuals (Unaudited)

includes taxes referred to in (a) and (b) and taxes of Union Territories and 'other' taxes.

1. Direct taxes also include taxes on expenditure, interest, wealth, gift and estate duty.

2. The ratios to GDP at current market prices are based on the CSO's National Accounts 2004-05 series.

Indirect Taxes

3.10 The Budget for 2013-14 envisaged a growth of 20.3 per cent in indirect taxes over RE 2012-13. The total indirect tax collection for 2013-14 was estimated at ₹5,64,254 crore which was revised downwards to ₹5,18,770 crore in RE 2013-14 (Table 3.3). As a proportion of GDP, indirect taxes accounted for 4.6 per cent in 2013-14 (RE), slightly lower than the 4.7 per cent in 2012-13. Of major concern is that the shortfall in growth was broad based, encompassing all indirect taxes, namely excise duty and customs and service taxes, when compared with their budgeted levels. The sector-specific measures in customs tax, union excise duty, and service tax are given in Box 3.2.

COLLECTION RATES

3.11 Collection rates are an indicator of overall incidence of customs tariffs including countervailing and special additional duties on imports. These are computed as the ratio of revenue collected from these duties to the aggregates value of imports in a year (or period) and thus represent trade-weighted tariffs. The trends in these ratios for important commodity groups as well as for all commodities taken together over the years are displayed in Table 3.4. Besides this, there are other exemptions in taxes and as such, as part of the FRBM Act 2003, the statement on duty foregone (tax expenditure) is being published.

Table 3.4 : Collection Rates for Selected Import Groups

S.N.	Commodity Group	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
1	Food products	19.3	4.2	2.5	3.1	2.9	3.2
2	POL	5.7	2.7	1.9	5.6	2.8	1.5
3	Chemicals	21.6	16.4	13.9	16.9	14.0	16.3
4	Manmade fibre	30.1	17.0	22.0	29.6	21.9	31.3
5	Paper and newsprint	10.3	8.4	7.7	7.9	7.0	7.3
6	Natural fibre	12.6	5.6	4.3	4.6	3.3	4.5
7	Metals	24.3	16.8	17.4	22.0	19.7	22.7
8	Capital goods	15.7	12.5	11.3	12.9	11.5	11.7
9	Others	6.1	4.0	3.8	3.9	3.7	4.7
10	Non POL	12.8	8.7	7.6	8.5	7.4	8.2
	Total	10.4	6.9	5.9	7.7	6.0	6.0

Source: Department of Revenue, Ministry of Finance.

Notes: Collection rate is defined as the ratio of revenue collection (basic customs duty+countervailing duty) to value of imports unadjusted for exemptions, expressed in percentage.

Sl. No. 1 includes cereals, pulses, tea, milk and cream, fruits, vegetables, animal fats, and sugar.

Sl. No. 3 includes chemical elements, compounds, pharmaceuticals, dyeing and coloring materials, plastic, and rubber.

Sl. No. 5 includes pulp and waste paper, newsprint paperboards and manufactures, and printed books.

Sl. No. 6 includes raw wool and silk.

Sl. No. 7 includes iron and steel and non ferrous metals.

Sl. No. 8 includes non-electronic machinery and project imports and electrical machinery.

Box 3.2 : Major Measures Introduced in Budget 2013-14 for Indirect Taxes

CUSTOMS

A. GENERAL

- 1) Duty-free allowance in respect of jewellery for an Indian passenger who has been residing abroad for over one year or a person who is transferring his residence to India raised from ₹10,000 to ₹50,000 in case of a gentleman passenger and from ₹20,000 to ₹1,00,000 in case of a lady passenger.
- 2) Duty-free allowance for crew member of vessel/aircraft raised from ₹600 to ₹1500.

B. SECTOR-SPECIFIC CHANGES:

I. AGRICULTURE/AGRO PROCESSING/PLANTATION SECTOR:

- 1) Basic customs duty on dehulled oat grain reduced from 30 per cent to 15 per cent and for hazel nuts from 30 per cent to 10 per cent.
- 2) Basic customs duty on import of raw and white/ refined sugar increased from 10 per cent to 15 per cent and concessional basic customs duty of 5 per cent provided on sugar beet seeds.
- 3) Basic customs duty on refined edible oils increased from 7.5 per cent to 10 per cent.

II. AUTOMOBILES:

Basic customs duty on new passenger cars and other motor vehicles (high-end cars) with CIF value more than US\$ 40,000 and/or engine capacity exceeding 3000cc for petrol-run vehicles and exceeding 2500 cc for diesel-run vehicles increased from 75 per cent to 100 per cent. Basic customs duty on motorcycles with engine capacity of 800cc or more increased from 60 per cent to 75 per cent.

III. METALS and POLYMERS:

- 1) Basic customs duty on stainless steel wire cloth stripe reduced from 10 per cent to 5 per cent and on wash coat, for use in the manufacture of catalytic converters and their parts from 7.5 per cent to 5 per cent. Full exemption from export duty provided to galvanized steel sheets falling under certain sub-headings, retrospectively w.e.f. 01.03.2011.
- 2) Basic customs duty on iron or steel scrap including stainless steel scrap (CTH 7204) and aluminium scrap (CTH 7602) increased from Nil to 2.5 per cent.
- 3) Export duty of 5 per cent imposed on iron ore pellets.

IV. PRECIOUS METALS:

- 1) Basic customs duty reduced from 10 per cent to 2 per cent on pre-forms of precious and semi-precious stones. Duty on gold increased from 8 per cent to 10 per cent and on silver from 6 per cent to 10 per cent. Additional duty of customs (CVD) on gold ores and concentrates and gold dore bar for use in the manufacture of standard gold increased from 6 per cent to 8 per cent.
- 2) Basic customs duty leviable on articles of jewellery and parts thereof, of precious metal or of metal clad with precious metal and articles of goldsmiths' or silversmiths' wares and parts thereof, of precious metal or of metal clad with precious metal increased from 10 per cent to 15 per cent.

(Contd...)

Box 3.2 : Major measures Introduced in Budget 2013-14 for Indirect Taxes (Contd...)

V. CAPITAL GOODS/INFRASTRUCTURE:

- 1) Basic customs duty on steam coal increased from Nil to 2 per cent and CVD from 1 per cent to 2 per cent and on bituminous coal reduced from 5 per cent to 2 per cent and CVD from 6 per cent to 2 per cent.
- 2) Basic customs duty reduced from 7.5 per cent to 5 per cent on 20 specified machinery for use in leather and footwear industry.
- 3) Liquefied natural gas (LNG) and natural gas (NG) imported for supply to a generating company for generation of electrical energy exempted from basic customs duty.

VI. AIRCRAFT and SHIPS:

- 1) Basic Customs Duty on yachts and motorboats increased from 10 per cent to 25 per cent and the time limit for consumption of imported goods by ship repair units extended from three months to one year.
- 2) Time period for consumption/installation of parts and testing equipments imported for maintenance, repair and overhaul (MRO) of aircraft by units engaged in such activities extended from 3 months to 1 year.

VII. ENVIRONMENT PROTECTION:

- 1) Full exemption from basic customs duty provided to lithium ion automotive battery for manufacture of lithium ion battery packs for supply to the manufacturers of hybrid and electric vehicles.
- 2) Time period of exemption (Nil BCD, CVD of 6 per cent, and Nil SAD) for the specified parts of electric and hybrid vehicles extended by two more years up to 31 March 2015.

VIII. TEXTILES:

Basic customs duty on raw silk (not thrown), of all grades increased from 5 per cent to 15 per cent whereas basic customs duty on textile machinery and parts reduced from 7.5 per cent to 5 per cent.

XI. HEALTH:

Full exemption from basic customs duty and additional customs duty provided to specified goods imported under the Revised National Tuberculosis Control Programme (RNTCP) funded by the Global Fund to Fight AIDS, TB and Malaria (GFATM)

CENTRAL EXCISE

I. AGRICULTURE/AGRO PROCESSING/PLANTATION SECTOR/ANIMAL HUSBANDRY:

- 1) Full exemption from excise duty provided on tapioca sago (sabudana) and tapioca starch manufactured and consumed captively in the manufacture of tapioca sago, on henna powder or paste, not mixed with any other ingredient and on di-calcium phosphate (DCP) of animal feed grade conforming to IS specification No.5470:2002.
- 2) Excise duty on jaggery powder reduced from 12 per cent to 2 per cent (without CENVAT) and 6 per cent (with CENVAT).

II. AUTOMOBILES:

Excise duty on SUVs increased from 27 per cent to 30 per cent whereas on truck chassis (8706 00 42) reduced from 14 per cent to 13 per cent.

III. METALS:

- 1) Excise duty of 4 per cent levied on silver manufactured from zinc/lead smelting.
- 2) Compounded levy on stainless steel "Patta Patti" increased from ₹30,000 per machine per month to ₹40,000 per machine per month.

IV. AIRCRAFTS and SHIPS:

- 1) Full exemption from excise duty provided on ships and other vessels. Consequently, there will be no CVD on these ships and vessels when imported.
- 2) Steel supplied to the Indian shipyards manufacturing ships and vessels [CETH 8901, 8902, 8904, 8905 (except sub heading 8905 20) or 8906] in accordance with the provisions of section 65 of Customs Act 1962 exempted from excise duty subject to certain conditions.

V. TEXTILES:

- 1) Full exemption from excise duty provided on handmade carpets and carpets and other textile floor coverings of coir or jute, whether or not handmade.
- 2) 'Zero excise duty route', as existed prior to Budget 2011-12, restored in respect of branded readymade garments and made ups. The 'zero excise duty route' is in addition to the CENVAT route presently available.

(Contd...)

Box 3.2 : Major measures Introduced in Budget 2013-14 for Indirect Taxes (Contd...)

VI. HEALTH:

- 1) Branded Ayurvedic medicaments and medicaments of Unani, Siddha, Homeopathic or Bio-chemic system brought under MRP-based assessment with abatement of 35 per cent from MRP.
- 2) Full exemption from excise duty provided to the scheduled formulations as defined under the Drugs Price Control Order (DPCO) 2013 which were subjected to reprinting, relabeling, repacking, or stickering, in a premises which was not registered under the Central Excise Act, in pursuance of the provisions contained in the said Drugs Price Control Order (DPCO).
- 3) Full exemption from excise duty provided to specified goods procured domestically under the Revised National Tuberculosis Control Programme (RNTCP) funded by the Global Fund to Fight AIDS, TB and Malaria (GFATM)

VII. ELECTRONICS/HARDWARE:

- 1) Excise duty on mobile phones of retail sale price exceeding ₹2000 increased from 1 per cent to 6 per cent.
- 2) Full exemption from excise duty provided to specified goods required for the manufacture of rotor blades and intermediates, parts and sub-parts of rotor blades, for wind-operated electricity generators.

VIII. PRECIOUS METALS:

Excise duty on gold bars, other than tola bars, manufactured from gold ore or concentrate or gold dore bar increased from 7 per cent to 9 per cent.

IX. CAPITAL GOODS/INFRASTRUCTURE:

- 1) Full exemption from excise duty provided to all items of machinery, apparatus, and appliances, etc. used within the power generating plant and to components or raw materials required for their manufacture, for setting up of the mega power project, viz. Kameng Hydra Electric Power Project (600 MW) of North Eastern Electric Power Corporation Ltd. (NEEPCO).
- 2) Full exemption from excise duty leviable on the value of rails, on which duty of excise was paid and no credit of duty paid on such rails was taken, used for manufacture of railway or tramway track construction material of iron and steel, .

X. MSME SECTOR:

- 1) Full exemption from excise duty provided to clay bricks (CETH 69010010) and roofing tiles (CETH 69051000), to ceramic building bricks, and to Particle/Fibre Board manufactured from agricultural crop residues.
- 2) Excise duty on flattened bamboo boards and bamboo flooring tiles reduced from 12 per cent to 2 per cent without CENVAT credit and 6 per cent with CENVAT credit.

SERVICE TAX

RETROSPECTIVE EXEMPTION: Retrospective exemption was extended to the Indian Railways on the service tax leviable on various taxable services provided by them during the period prior to 01.10.2012.

RATIONALIZATION OF ABATEMENT: Earlier value of taxable service was prescribed as 25 per cent of the gross amount charged for all construction services where the value of land was included in the amount so charged from the service recipient. The abatement was rationalized, so that in respect of high end constructions, service portion liable to tax will be 30 per cent of the gross amount.

REVIEW OF EXEMPTIONS: The following exemptions were rationalized:

- So far, the exemption limit prescribed for charitable organizations providing service towards any other object of general public utility was ₹25 lakh per annum. After 1 April 2013, they were to be covered by the threshold exemption of ₹10 lakh per annum.
- Exemption provided to restaurants other than those having (i) air-conditioning and (ii) license to serve liquor rationalized; condition regarding 'license to serve liquor' omitted. Therefore, with effect from 1 April 2013, service tax is leviable on taxable service provided in restaurants with air conditioning or central air heating in any part of the establishment at any time during the year.
- Some exemptions like services provided by an educational institution by way of renting of immovable property and services of vehicle parking to general public have been withdrawn.
- Some tax exemption like services by way of handling, storage, and warehousing of rice and services provided by cord blood bank by way of stemcells have been extended.

AMNESTY SCHEME: To encourage voluntary compliance to broaden the service tax base, VCES was launched. As part of the scheme, one time amnesty has been provided by way of (i) waiver of interest penalty; and (ii) immunity from prosecution, to the stop filers, non-filers or non-registrants or service providers who have not disclosed true liability in their returns filed during the period from October 2007 to December 2012, provided such persons pay the 'tax dues.'

Source : Department of Revenue, Ministry of Finance.

3.12 The decline in revenues from all indirect taxes was mainly on account of general economic slowdown, reduction in duty rates (both customs and excise), lower volume of imports of dutiable goods, and various exemptions. This urgently calls for revenue-augmentation measures like withdrawal/rationalization of tax exemptions; broadening of tax base; cautious approach while signing Free Trade Agreements; increasing compliance through deterrence; simplification of tax laws; liquidation of locked revenue and recovery of arrears; and speedy disposal of pending cases. One proxy indicator of the wedge caused by exemptions is the collection rate under customs. It is observed that there has been a significant decrease in the collection rate for select import groups between 2007-08 and 2012-13. This calls for a relook into the custom duty policy regime.

Tax Expenditure

3.13 The statutory rates of taxes as notified in the various schedules are divergent from the actual or effective rates of taxes, which is attributable to tax provisions that allow (i) deductions or exemptions from the taxpayers' taxable expenditure, income, or investment, (ii) deferral of tax liability, or (iii) preferential tax rates. A tax expenditure statement was laid before the Parliament for the first time in 2006-07 and it seeks to list the revenue impact of tax incentives or tax subsidies that are a part of the tax system of the central government. In the Receipts Budget for 2013-14, tax forgone on account of exemptions under corporate income tax for 2011-12 was estimated at ₹61,765.3 crore and for 2012-13 was projected at ₹68,007.6 crore [net of minimum alternative tax (MAT)]. In the case of corporate taxpayers, deduction on account of accelerated depreciation, deduction for export profits of export-oriented units located in special economic zones (SEZs) and profits of undertakings in the power and mineral oil and natural gas sectors were some of the major incentives. Tax forgone on account of exemptions under personal income tax was estimated at ₹32,230 crore and ₹36,857.5 crore in 2011-12 and 2012-13 respectively. The bulk of this was on account of exemptions given for certain investments and payments under section 80C of the Income-tax Act and higher exemption limits for senior and very senior citizens.

The magnitude of tax expenditure or revenue forgone from central taxes is showing an upward trend in recent years.

3.14 Similarly tax foregone on account of various exemptions in the excise duty regime was estimated at ₹195,590 and ₹206,188 crore in 2011-12 and 2012-13 respectively. Under the customs duty regime, tax revenue foregone in 2011-12 was estimated at ₹236,852 crore and in 2012-13 at ₹253,967 crore. While the magnitude of tax expenditures or revenue forgone from central taxes is showing an upward trend for both direct and indirect taxes, since these estimates are based on certain assumptions, they are to be interpreted with caution. To improve tax buoyancy there is, however, a need to review the exemptions and execute them, if required, with a sunset clause for each of them.

Non-Tax Revenue

3.15 Non-tax revenues of the centre mainly consist of interest and dividend receipts of the government, receipts from the services provided by central government like supply of central police force, issue of passport and visa, registration of companies, patents and licence fees, royalty from offshore oil fields, and various receipts from the telecom and other sectors. Budget 2013-14 estimated a growth of 32.8 per cent over 2012-13 (RE) in non-tax revenue which when actuals (2012-13) were available implied a year-on-year growth of 25.4 per cent over 2012-13, i.e. ₹172,252 crore. Budget 2013-14 estimated the non-tax revenue mainly on the basis of prospected returns from the telecom auction scheduled in March 2013, with the amount realized from it expected to be credited in the initial days of 2013-14. The figure was revised upward to ₹193,226 in RE 2013-14. As per the CGA, non-tax revenue in 2013-14 was ₹1,99,233 crore, showing a 45 per cent increase over 2012-13 mainly on account of higher dividends and profits, and interest receipts.

Non-debt Capital receipts

3.16 Non-debt capital receipts (NDCR) comprise recoveries of loans, disinvestment receipts, and miscellaneous receipts. As against ₹16,268 crore in 2012-13, Budget 2013-14 placed recoveries of loans at ₹10,654 crore. The revenue from recovery of loans has been declining mainly because of the Twelfth Finance Commission's recommendation against loan intermediation from the centre to states. As regards disinvestment proceeds, Budget 2013-14 estimated them at ₹55,814 crore but the figure was revised significantly downwards to ₹25,841 core in RE 2013-14 on account of subdued financial market conditions and overall economic slowdown. The NDCR had decreased from ₹42,158 crore in 2012-13 to ₹36,644 crore in RE 2013-14. The companies disinvested in 2013-14 and the receipts from them were: Hindustan Copper Limited (₹260 crore), ITDC (₹30 crore), MMTC (₹572 crore), NFL (₹101 crore), Neyveli Lignite Corporation (₹358 crore), STC (₹5 crore), PGCIL (₹1637 crore), EIL (₹497 crore), NHPC (₹2131 crore), BHEL (₹1887 crore), and IOC (₹5341 crore). The balance ₹3000 crore was realized from the Central Public Sector Exchange (CPSE) Exchange Traded Fund (CPSE-ETF).

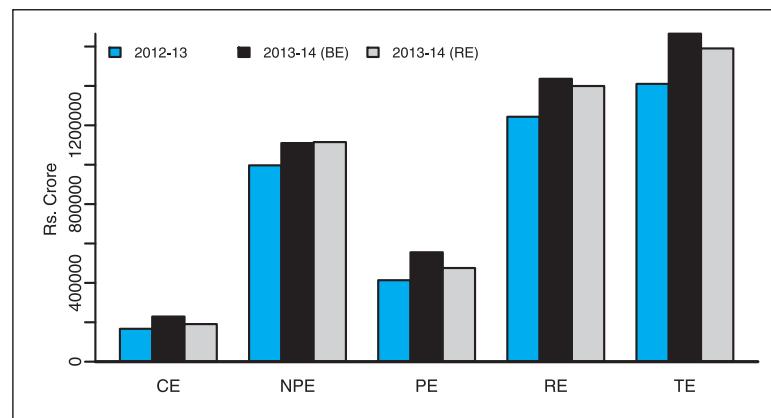
The disinvestment programme has had limited success owing to the subdued financial market conditions.

EXPENDITURE TRENDS

3.17 On the expenditure front, Budget 2013-14 estimated total expenditure at ₹16,65,297 crore which was 16.3 per cent and 18.1 per cent higher than 2012-13 (RE) and 2012-13(actual) respectively. The anticipated growth in total expenditure in 2013-14(BE) was mainly based on expected growth in capital expenditure (36.6 per cent over RE 2012-13), while revenue expenditure was anticipated to grow by 13.7 per cent over RE 2012-13.

3.18 The Budget for 2013-14 estimated plan expenditure at ₹5,55,322 crore which was 4.9 per cent of GDP and 29.6 per cent higher than RE 2012-13. Non-plan expenditure in BE 2013-14 at ₹11,09,975 crore—9.8 per cent of GDP—reflected a growth of 10.8 per cent over RE 2012-13. The higher total expenditure was expected to be compensated by much higher non-debt receipts. The total

expenditure in 2013-14(RE) was well below the budgeted levels as depicted in Figure 3.3.



TE: Total Expenditure

PE: Plan Expenditure

CE: Capital Expenditure

NPE: Non-Plan Expenditure

RE: Revenue Expenditure

Figure 3.3: Deviation in Total Expenditure in RE over BE 2013-14 (in ₹ crore)

3.19 With total revenues falling short of budgeted levels by 5.1 per cent, total expenditure was later revised downwards by about 4.5 per cent to ₹15,90,434 crore in RE 2013-14 with a significant cut in plan expenditure, especially capital expenditure, while the non-plan expenditure (NPE) was left untouched (Figure 3.3). Owing to continued economic slowdown, government spending needs to provide effective protection against inflation especially for poor. Thus as tax buoyancy (ratio of growth in tax revenues to growth in nominal GDP) continued to be weak on account of the economic slowdown, expenditure had to be rationalized and curtailed to consolidate the overall fiscal position in RE 2013-14 (Figures 3.4a and 3.4b).

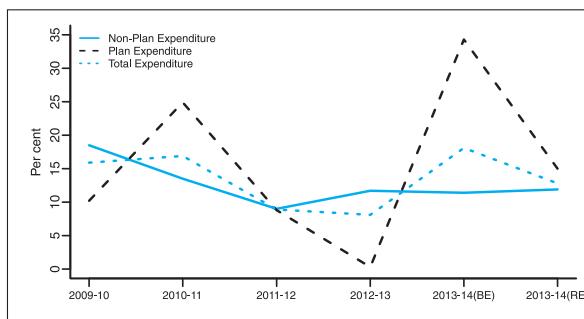


Figure 3.4a Annual Growth in Expenditure

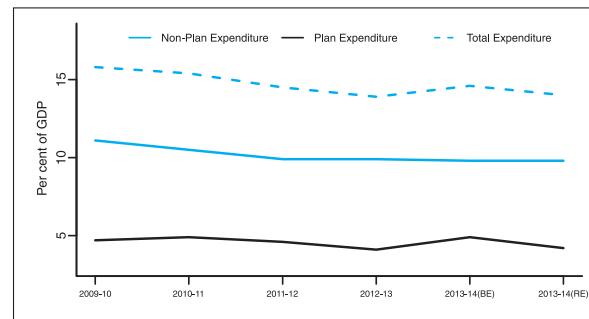


Figure 3.4b Expenditure as Per Cent of GDP

Subsidies

3.20 One of the major reasons for the increase in the centre's FD after 2008-09 has been the build-up in subsidies. As per the provisional actual figures of the CGA, the major subsidies in 2013-14 amounted to ₹2,47,596 crore, well above the RE figures. There has been a sharp increase in total subsidies from 1.42 per cent of GDP in 2007-08 to 2.26 per cent in 2013-14 (RE) (Table 3.5).

3.21 Food subsidy has been increasing owing to the widening gap between the economic cost of procurement by the Food Corporation of India (FCI) and the central issue prices fixed for cereals under the public distribution system (PDS). There has been partial decontrol of fertilizer subsidy, although prices of urea are

Subsidy heads	(in ₹ crores)				
	2009-10	2010-11	2011-12	2012-13	2013-14(RE)
Food	58443	63844	72822	85000	92000
Fertilizer	61264	62301	70013	65613	67971
Petroleum	14951	38371	68484	96880	85480
Major subsidy	134658	164516	211319	247493	245451
Total subsidies	141351	173420	217941	257079	255516
As % of GDP	2.18	2.22	2.42	2.56	2.26

Source : Union Budget Document.

still range bound; similarly petrol prices have been decontrolled and diesel prices are being subjected to monthly increases of ₹0.50 paise per litre. The under-recoveries of the oil marketing companies (OMCs) have been rising in tandem with international oil prices. The under-recoveries have increased from ₹77123 crore in 2007-08 to ₹1,39,869 crore in 2013-14. The cap set on the number of subsidized liquefied petroleum gas (LPG) cylinders per month per family has also been increased from 9 to 12 from April 2014. The single largest component of the wider levels of FD as well as the current account deficit (CAD) owes to the inability to pass through rise in global oil prices to the domestic market. In addition, leakages from the system also contribute substantially to the overall increase in subsidy. An International Monetary Fund (IMF) working paper The fiscal and welfare impacts of Reforming Fuel Subsidies in India (Anand et al, 2013) found fuel subsidies in India to be badly targeted, with the richest 10 per cent of households benefiting seven times more than the poorest 10 per cent. Similarly in the case of food, the Performance Evaluation Report of the Planning Commission on Targeted PDS (2005) states that for every kilogram of grains delivered to the poor, the GOI released 2.4 kg from the central pool. This has grave implications for the cost of delivery of subsidized items through the existing mechanism.

Interest payments

3.22 While typically the focus of fiscal policy is on the key indicator, FD expressed as a proportion of GDP, the absolute levels of FD are important as they feed into interest payments with a lag. The base for interest payments is the cumulative debt in the previous year plus the incremental assumption of debt in the current year. As a proportion of GDP, interest payments had been

	Outstanding internal liabilities	Interest on internal liabilities	Average cost of borrowing (per cent per annum)
	(₹ crore)		
2009-10	2874683	192567	7.5
2010-11	3212521	212707	7.4
2011-12	3765153	251634	7.8
2012-13	4295575	290278	7.7
2013-14(BE)	4856266	347888	8.1
2013-14(RE)	4782585	355438	8.3

Source: Union Budget documents.

- Notes: 1. Average cost of borrowing is the percentage of interest payment in year 't' to outstanding liabilities in year 't-1'.
 2. Outstanding internal liabilities exclude National Small Savings Fund (NSSF) loans to states, with no interest liability on the part of the centre.
 3. The figures for interest payments reported in the earlier issues may differ as these figures are net of interest payments on the NSSF paid by the government since 1999-2000, i.e. constitution of the NSSF.

Table 3.5: Trends in Major Subsidies

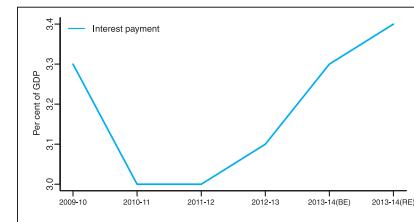


Figure 3.5 Interest payments as a Percentage of GDP

Table 3.6 : Interest on Outstanding Internal Liabilities of Central Government

falling in the post-FRBM period. However, owing to fiscal expansion undertaken by the government during the financial crisis along with the fiscal slippage during 2011-12, and a relatively tougher interest rate regime to contain inflation, interest payments as a percentage of GDP increased in the post-crisis period leading to a rise in accumulated stock of liabilities (Figure 3.5). The average cost of borrowing is placed at 8.3 per cent in 2013-14 (RE) from 7.7 per cent in 2012-13 (Table 3.6).

Pay allowances and Pensions

3.23 Pay and allowances and pensions constituted 1.2 per cent of GDP in 2007-08, rising to 2.3 per cent of GDP in 2009-10. This was mainly on account of the implementation of the Sixth Central Pay Commission award in 2008-09 and 2009-10. At 1.7 per cent of GDP in 2013-14 (RE), there has been some moderation. The rise in the pension component owes to the contributory scheme introduced for fresh entrants on or after 1 January 2004 to government service in addition to the outgo under the earlier pension scheme with undefined contribution and is likely to continue to grow gradually. The pensions component alone increased from ₹15905 crores in 2003-04 to ₹74606 core in 2013-14 (P).

The Seventh Central Pay Commission was appointed under the Chairmanship of Justice Ashok Kumar Mathur and has been mandated to give its recommendations in 18 months.

Central Plan Outlay

3.24 Gross budgetary support (GBS) for plan (central plan plus central assistance to states/union territories—UTs) and internal and extra-budgetary resources (IEBR) of the central public-sector enterprises (CPSEs) are the two major components of the central plan outlay. The GBS for 2013-14 (BE) was ₹5,55,322 crore of which ₹1,36,254 crore was for central assistance to state/UT plans and ₹4,19,068 crore was for central plan.

3.25 The following were broad sector-wise allocations of central plan outlay (budgetary support as a proportion of total outlay in BE 2013-14: energy (3.07 per cent); social service (45.48 per cent); transport (17.52 per cent); communication(1.42 per cent); rural development (10.21 per cent); agriculture and allied activities (4.44 per cent), and irrigation and flood control (0.29 per cent). Central assistance to state and UT plans is placed at ₹1,36,254 crore in BE 2013-14. Reprioritization of expenditure from non-Plan to Plan would be critical in meeting the Twelfth Plan outlay.

Supplementary Demand for Grants

3.26 Given the constitutional provision that no expenditure can be incurred without Parliamentary sanction, additionalities of expenditure over BE have to be made through supplementary demands for grants. A part of the additionalities is met through reappropriations from one budget head to another, which implies no net cash outgo, and through additional demands entailing cash outgo. The extent of the latter has implications for overall fiscal marksmanship.

3.27 In recent years, underprovisioning of petroleum and fertilizer subsidies has been an important reason for supplementary demands for grants with a cash outgo. In 2013-14, out of the three supplementary demands for grants that were presented totalling ₹74,321.26 crore, about ₹24,255 crore was on account of petroleum, fertilizer, and food subsidies.

ACTUAL OUTCOMES IN 2013-14 VIS-À-VIS BUDGET ESTIMATES

Revenue outcome

3.28 The estimated growth in non-debt receipts discussed in the earlier section in terms of various taxes, and disinvestment receipts did not materialize and the actual outcome in the current fiscal indicates the challenge to fiscal marksmanship with implications for the quality of fiscal adjustment. As per the provisional actual figures (P) made available by the CGA, gross tax revenue in 2013-14 (P) has grown year on year by 10 per cent to reach ₹11,33,832 crore. This level of growth is lower than was envisaged in the RE (at 10.2 per cent) and falls significantly short of the 10.9 per cent envisaged by BE 2013-14.

3.29 Gross tax revenue (GTR) was budgeted at ₹1235870 crore for 2013-14. As a proportion of BE, GTR in 2013-14 (P) was 92.1 per cent, lower than the last five years' average of 97.5 per cent. The shortfall is mainly on account of the poor performance of indirect taxes, namely excise duties (86.1 per cent of BE), customs (91.9 per cent of BE), and service tax (85.8 per cent of BE). In contrast, non-tax revenue during 2013-14 has shown significant increase of about 45 per cent (₹1,99,233 crore) compared to the previous year chiefly on account of dividends and profits and interest receipts. In non-debt capital receipts, there is significant shortfall in 2013-14(P) on account of disinvestment receipts, as only ₹27,555 crore of the budgeted amount of ₹55,814 crore has been realized. Thus the overall outcome in terms of total non-debt receipts was 94 per cent of the BE at ₹10,55,336 crore in 2013-14 (P), indicating a sub-optimal outcome in revenue generation vis-a-vis the ambitious target set.

A major concern in recent years has been a slow down in tax collection which is a combined effect of slowdown in industrial output and reduced corporate profits.

Expenditure outcome

3.30 Owing to the close monitoring of the fiscal outcome with a view to staying the course of the reduction in FD, there was some expenditure correction and as against year-on-year growth of 16.3 per cent envisaged by BE 2013-14 (over RE 2012-13), actual growth in total expenditure in 2013-14 was limited to 10.9 per cent as per provisional actual figures by the CGA (P). As a proportion of BE, non-plan revenue expenditure in 2013-14 (P) was at 100 per cent of BE. Plan expenditure was placed at 81.6 per cent of BE and remained well below the five-year average. Plan capital expenditure in 2013-14 also declined over RE levels by ₹3139 crore. However, major subsidies burgeoned to reach a figure of ₹2,47,596 crore (112 per cent of BE).

In 2013-14, there has been a significant reduction in plan expenditure over the budgeted levels.

Deficit outcome

3.31 As per the provisional actual figures made available by the CGA, FD is placed at 4.5 per cent of GDP indicating over-performance relative to RE. FD for the year 2013-14 (P) was ₹5,08,149 crore which constituted 96.9 per cent of the RE of ₹5,24,539 crore, significantly below the five-year average of 98.1 per cent. RD at the same time was placed at 97.3 per cent of RE, above the five-year moving average of 96.9 per cent. Effective RD in 2013-14 is estimated at 2 per cent of GDP, above the budgeted level of 1.5 per cent. The decline in fiscal deficit was achieved despite a shortfall in tax revenues and disinvestment receipts and higher-than-

Fiscal deficit was estimated at 4.5 per cent in 2013-14 (P) against the budgeted level of 4.8 per cent.

Table 3.7 : Central Government Finances

Sl. No.	Items	2012-13 Actuals	2013-14			Variations Prov. over RE 2013-14 as Absolute	Provisional 2013-14 per cent as of RE	Provisional 2013-14 per cent as of BE	Provisional 2013-14 per cent of GDP
			BE	RE	P				
1	2	3	4	5	6	7	8	8	10
1	Revenue receipts (2+3)	877613	1056330	1029251	1015279	-13972	98.6	96.1	8.9
	Gross tax revenue	1036235	1235870	1158905	113832	-20073	98.3	92.1	10
2	Tax (net to Centre)	740256	884078	836025	816046	-19979	97.6	92.3	7.2
3	Non-tax	137357	172252	193226	199233	6007	103.1	115.7	1.8
4	Non-Debt Capital Receipts(5+6)	42158	66468	36644	40057	3413	109.3	60.3	0.4
5	Recovery of loans	16268	10654	10803	12502	1699	115.7	117.3	0.1
6	Disinvestment proceeds	25890	55814	25841	27555	1714	106.6	49.4	0.2
7	Total Non-debt receipt (1+4)	919771	1122798	1065895	1055336	-10559	99	94	9.3
	Memo items								
	Corporation tax	356326	419520	393677	394677	1000	100.3	94.1	3.5
	Income tax	196512	240919	236194	237789	1595	100.7	98.7	2.1
	Union excise duty	175845	196805	178787	169469	-9318	94.8	86.1	1.5
	Customs	165346	187308	175056	172132	-2924	98.3	91.9	1.5
	Service tax	132601	180141	164927	154630	-10297	93.8	85.8	1.4
	Total (Memo items)	1026630	1224693	1148641	1128697	-19944	98.3	92.2	9.9
	Devolution to states	291547	346992	318230	318230	0	100	91.7	2.8
8	Non-Plan expenditure (a+b)	996742	1109975	1114902	110400	-4502	99.6	100	9.8
	(a) On revenue account of which:	914301	992908	1027688	1023047	-4641	99.5	103	9
	(1) Interest payments	313169	370684	380066	377502	-2564	99.3	101.8	3.3
	(2) Major subsidies	247493	220972	245451	247596	2145	100.9	112	2.2
	(3) Pensions	69478	70726	74076	74606	530	100.7	105.5	0.7
	(b) On capital account	82441	117067	87214	87353	139	100.2	74.6	0.8
9	Plan expenditure (12+13)	413625	555322	475532	453085	-22447	95.3	81.6	4
	(a) Revenue account	329208	443260	371851	352543	-19308	94.8	79.5	3.1
	(b) Capital account	84417	112062	103681	100542	-3139	97	89.7	0.9
10	Total expenditure (8+9)	1410367	1665297	1590434	1563485	-26949	98.3	93.9	13.8
11	Revenue expenditure (8a+9a)	1243509	1436168	1399539	1375590	-23949	98.3	95.8	12.1
12	Grants for capital assets	115513	174656	121283	129839	8556	107.1	74.3	1.1
13	Capital expenditure (8b+9b)	166858	229129	190895	187895	-3000	98.4	82	1.7
14	Revenue Deficit (1-11)	365896	379838	370288	360311	-9977	97.3	94.9	3.2
15	Effective Revenue Deficit (14-12)	250383	205182	249005	230472	-18533	92.6	112.3	2
16	Fiscal Deficit (7-10)	490596	542499	524539	508149	-16390	96.9	93.7	4.5
17	Primary Deficit (14-8(a)(1))	177427	171815	144473	130647	-13826	90.4	76	1.2

Source: Union Budget documents and Controller General of Accounts.

budgeted subsidies, interest and pension payments. The performance of the various indicators is depicted in Table 3.7.

3.32 Overall, the two phases of fiscal policy stance immediately prior to the 2008 global crisis and thereafter are discernible in a longer period analysis. The gap between non-debt receipts and total expenditure (as proportion of GDP) reflects the extent of FD and depicts the shift of fiscal policy from consolidation to expansion during the two phases, as shown in Figure 3.6.

ECONOMIC AND FUNCTIONAL CLASSIFICATION OF THE UNION BUDGET

3.33 The classification of transactions in the budget is designed to facilitate discussion and voting on demand for grants and is to be seen in the context of accountability to Parliament through institutional arrangements. While the conventional analysis of the movements in expenditure, revenue, and deficits is useful for understanding the trends in public finances, the transactions become amenable to larger macroeconomic analysis, such as the impact of the Budget on the various sectors of the economy, only through the economic and functional classification of the central

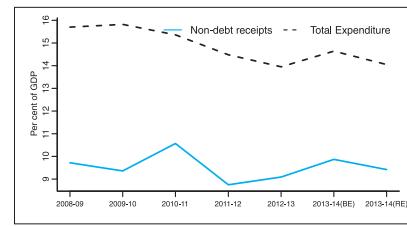


Figure 3.6 : Trend in Non-debt Receipts and Total Expenditure (as per cent of GDP)

government Budget. Such an analysis of the Budget indicates that out of the total expenditure of ₹13,98,274 crore in 2012-13 (RE), consumption expenditure was ₹2,69,339 crore and expenditure on gross capital formation ₹77,974 crore. Financial investments and loans to the rest of the economy were ₹48,261 crore. With transfer payments constituting the remaining expenditure, such financial transfers were 71.7 per cent of total expenditure. In BE 2013-14, out of a total estimated expenditure of ₹16,58,033 crore, consumption expenditure is placed at ₹3,15,318 crore and gross capital formation at ₹97,498 crore. Transfer payments to the rest of the economy at ₹11,42,858 crore constituted 68.9 per cent of total expenditure.

3.34 In terms of classification by functional heads, social and economic services (broadly covering total development outlays) at ₹6,96,260 crore constituted 42 per cent of the total expenditure in 2013-14 (BE) while expenditure on general services was estimated at ₹3,80,272 crore, constituting 22.9 per cent of the total. Items such as statutory grants-in-aid to states, non-Plan grants to UTs, food and other consumer subsidies, interest on public debt, pension, and aid to other nations constitute the unallocable category accounting for 35.1 per cent of total expenditure.

GOVERNMENT DEBT

3.35 The debt policy emphasizes maintaining stable, sustainable, prudent, and market-oriented active debt management. To adhere to the debt policy objectives, the government conducted buyback and switching of securities with the objective of improving liquidity in securities and reducing rollover risk as well as utilizing the cash surplus which resulted in reduction in market borrowing for 2013-14 by ₹15,000 crore to ₹4,68,902 crore. Further, to broaden the investor base and develop a competitive market, the government introduced inflation-indexed bonds.

3.36 The total outstanding liabilities of the central government were placed at ₹50,70,601 crore, equivalent to 50.1 per cent of GDP at end March 2013 (Table 3.8). The total liabilities for the Government of India include debt and liabilities accounted for in the Consolidated Fund of India (technically defined as Public Debt) as well as liabilities accounted for in the public account (called other liabilities). As at end March 2013, public debt was placed at ₹39,41,855 crore, equivalent of 39 per cent of GDP whereas other liabilities were placed at ₹11,28,747 crore, equivalent of 11.2 per cent of GDP. Of total public debt, internal debt constitutes 95.5 per cent and the remaining is external debt (at book value). The outstanding internal and external debt and other liabilities was estimated to amount to ₹55,87,149.33 crore in 2013-14 (RE). A greater dependence on domestic debt insulates the debt portfolio from volatility in international capital markets and also minimizes currency risk. As a proportion of GDP, outstanding liabilities of the centre and state governments together declined from 77.7 per cent in 2009-10 to 69.7 per cent in 2013-14(BE). This is mainly on account of the fact that the growth in incremental assumption of liabilities has been lower than that of nominal GDP. The global crisis led to a quantum jump in the levels of assuming of liabilities by the centre as FD shot up. After being less than ₹1,50,000 crore prior to the crisis, the FD shot up to reach ₹5,15,990 crore which

The salient feature is the estimated growth in capital formation at 30.8 per cent and growth in social services at 24.9 per cent in 2013-14 (BE) over 2012-13 (RE), indicating the thrust of the Budget on higher investment and an inclusive development agenda.

	End March				
	2009-10	2010-11	2011-12	2012-13 (Prov.)	2013-14 (RE)
(As per cent of GDP)					
1. Internal liabilities	52.4	48.5	47.9	48.4	47.7
a) Internal debt#	35.9	34.2	35.7	37.2	37.5
i) Market borrowings	27.0	26.6	27.9	29.5	30.4
ii) Others	9.0	7.6	7.7	7.7	7.1
b) Other internal liabilities	16.5	14.3	12.2	11.2	10.2
2 External debt (outstanding)*	2.1	2.0	1.9	1.8	1.6
3 Total outstanding liabilities	54.5	50.5	50.4	50.1	49.4

Sources: Union Budget documents, Controller, Aid, Accounts, and Audit and Reserve Bank of India.

Notes: # Internal debt includes net borrowing of ₹ 88,773 crore for 2008-09 and ₹ 2737 crore for 2009-10 under the Market Stabilization Scheme.

* External debt figures represent borrowings by central government from external sources and are based upon historical rates of exchange.

The ratios to GDP at current market prices are based on the CSO's National Accounts 2004-5 series.

added to the stock of liabilities. The rise in nominal GDP in 2010-11 suggests that the debt burden was mitigated significantly. However, despite the lower nominal GDP growth in 2012-13 and 2013-14, the proportion of debt to GDP in both the years has not increased but remained more or less sticky due to similar levels of deficit and significant fiscal consolidation during both these years.

Table 3.8 : Outstanding liabilities of the Central Government

A positive change in the debt profile of the country has been the reduction in the total outstanding liabilities of the central as well as state government, as a proportion of GDP.

PERFORMANCE OF DEPARTMENTAL ENTERPRISES OF THE CENTRAL GOVERNMENT

Department of Posts

3.37 The gross receipts of the Department of Posts in 2012-13 were placed at ₹9,366.50 crore. The gross and net working expenses during the year were ₹15,481.15 crore and ₹14,792.38 crore respectively, which yield a deficit of ₹5425.88 crore. In RE 2013-14, gross receipts are budgeted to go up to ₹9787.52 crore with gross and net working expenses estimated at ₹16,464.05 crore and ₹15,806.93 crore respectively. The deficit is projected to be ₹6019.41 crore. New initiatives undertaken by the Department of Posts include the IT Modernisation Project and Mobile Money Transfer Service.

Railways

3.38 Freight earnings at ₹85,263 crore during 2012-13 exceeded the revised target by ₹693 crore, registering growth of 22.6 per cent over 2011-12. Passenger earnings (including other coaching earnings) during 2012-13 were ₹34,377 crore, as against ₹30,963 crore in 2011-12, an increase of 11.0 per cent. The overall traffic revenue for 2012-13 at ₹1,23,901 crore, registered a growth of 19.0 per cent over 2011-12. Taking into account further accumulation of ₹168 crore to the traffic outstanding, the gross traffic receipts of the Railways for 2012-13 stood at ₹1,23,733 crore, as against ₹1,04,110 crore in 2011-12. The revised estimates of gross traffic receipts for 2013-14 were ₹140,500 crore.

3.39 Ordinary working expenses at ₹84,012 crore during 2012-13 show an increase of 12.7 per cent over 2011-12. The revised estimates of ordinary working expenses of 2013-14 stood at ₹97,060 crore

compared to ₹84,012 crore during 2012-13, while the total working expenses were ₹1,27,260 crore for 2013-14 (RE)

3.40 Taking into account the net variation of the miscellaneous receipts and miscellaneous expenditure, Railways' net revenues in 2012-13 were ₹13,615 crore. After fully discharging the dividend liability of ₹5349 crore for the fiscal, Railways during 2012-13 generated an excess of around ₹8266 crore. The revised estimates of dividend liability for 2013-14 stood at ₹7840 crore. There was a slight deterioration in the operating ratio of the Railways, from 90.2 per cent in 2012-13 to 90.8 per cent in 2013-14 (RE). The net revenue as a proportion of capital-at-charge and investment from Capital Fund, stood at 7.4 per cent in 2012-13, as against the RE of 7.6 per cent for 2013-14.

3.41 The plan outlay for 2012-13 stood at ₹60,100 crore. As against this, actual expenditure during 2012-13 was ₹50,383 crore, including internally generated resources of ₹9531 crore and market borrowings of ₹15,142 crore by the Indian Railway Finance Corporation (IRFC), which also includes borrowing of ₹108 crore for Rail Vikas Nigam Limited (RVNL). The annual plan outlay for 2013-14 was budgeted at ₹63,363 crore, which was the highest-ever annual plan investment, to be financed through GBS of ₹26,000 crore (41.0 per cent), internal resources of ₹14,260 crore (22.5 per cent), ₹2000 crore from the Railway Safety Fund (3.2 per cent), and extra-budgetary resources of ₹21,103 crore (33.3 per cent) including market borrowing of ₹15,103 crore from the IRFC. In line with the trend of earnings and expenditure during the year, the revised plan outlay for 2013-14 stood at ₹59,359 crore.

Broadcasting

3.42 The total expenditure of Prasar Bharati in 2013-14 was ₹3624.91 crore and total revenue earned was ₹1622.74 crore (provisional). The government had originally approved a total amount of ₹5583 crore for the Twelfth Five Year Plan, i.e. ₹86 crore as grant-in-aid-general and ₹5397 crore as grant for creation of capital assets in respect of Plan schemes being implemented through All India Radio and Doordarshan. These schemes can be broadly categorized into: (i) Broadcasting Infrastructure Network Development (₹3500 crore), (ii) Content Development and Dissemination (₹186 crore), and (iii) Special Projects (₹140 crore). The outlay originally approved has since been revised to ₹3826 crore.

FISCAL PERFORMANCE OF THE STATES

3.43 All the key deficit indicators of states at consolidated level were budgeted to improve in 2013-14, indicative of the states' intent to carry forward fiscal consolidation as envisaged by the Thirteenth Finance Commission (FC-XIII) (Table 3.9). While the consolidated revenue surplus is budgeted to increase to 0.4 per cent of GDP in 2013-14 from 0.2 per cent in 2012-13 (RE), gross fiscal deficit (GFD) and primary deficit (PD) as proportions to GDP are budgeted to decline to 2.2 per cent and 0.6 per cent respectively in 2013-14 from 2.3 per cent and 0.8 per cent respectively in 2012-13 (RE). The budgeted increase in capital expenditure as a proportion of GDP from 2.3 per cent in 2012-13 (RE) to 2.4 per cent in 2013-14 (BE), it can be inferred that quality of expenditure is not being

compromised to attain the deficit targets. At disaggregated level, the GFD-gross state domestic product ratio is budgeted to exceed the target set by FC-XIII for 2013-14 in only four states.

Item		2008-	2009-	2010-	2011-	2012-	2013-
		09	10	11	12	13(RE)	14(BE)
1	2	3	4	5	6	7	8
(As per cent of GDP)							
I. Total receipts (A+B)		15.8	15.6	15.1	15.2	16.2	16.5
A. Revenue receipts (i+2)		12.3	11.9	12.0	12.2	13.3	13.5
1. Tax receipts of which		8.6	8.2	8.7	9.0	9.5	9.8
States' own tax revenue		5.7	5.6	5.9	6.2	6.5	6.7
2. Non-tax receipts of which		3.8	3.7	3.3	3.2	3.8	3.7
Interest receipts		0.3	0.2	0.2	0.2	0.2	0.2
B. Capital receipts of which		3.5	3.7	3.1	3.0	2.9	3.0
Recovery of loans and advances		0.2	0.1	0.1	0.2	0.1	0.1
II. Total disbursements (a+b+c)		15.7	15.7	14.9	15.0	16.5	16.5
a) Revenue		12.1	12.4	12.0	11.9	13.1	13.1
b) Capital		3.3	3.1	2.7	2.6	3.1	3.1
c) Loans and advances		0.3	0.3	0.2	0.4	0.3	0.3
III. Revenue Deficit		-0.2	0.5	0.0	-0.3	-0.2	-0.4
IV. Gross Fiscal Deficit		2.4	2.9	2.1	1.9	2.3	2.2

The states have effected credible fiscal correction post the enactment of the FRBM Act.

Table 3.9 : Receipts and Disbursements of State Governments

Source: Reserve Bank of India.

RE: Revised Estimates BE : Budget Estimates

Notes: (i) Negative (-) sign indicates surplus in deficit indicators.

(2) The ratios to GDP at current market prices are based on the CSO's National Accounts 2004-05 series.

(3) Capital receipts include public accounts on a net basis.

(4) Capital disbursements are exclusive of public accounts.

Consolidated general government

3.44 As indicated earlier, FD of the centre was estimated at 4.8 per cent of GDP in BE 2013-14, which was revised to 4.6 per cent as per RE 2013-14. With the FD of states exhibiting a modest improvement to 2.2 per cent of GDP (Table 3.9), the fiscal outcome in terms of centre and states combined was placed at 6.9 per cent of GDP in 2013-14 as against 7.4 per cent in 2012-13 (Table 3.10).

3.45 The terms of reference of the Fourteenth Finance Commission, constituted in January 2013 under the Chairmanship of Dr Y.V.Reddy, was amended with the following addition:

The Commission shall also take into account the resources available to the successor or reorganized States on reorganization of the State of Andhra Pradesh in accordance with the Andhra Pradesh Reorganisation Act, 2014 (6 of 2014) and the Ministry of Home Affairs notification number S.O.655 (E) dated 4th March, 2014 and make recommendations, for successor or reorganized States, on the matters under reference in this notification.

OUTLOOK

3.46 The longer-term outlook has already been outlined in terms of the fiscal consolidation roadmap leading to a fiscal deficit of 3.0 per cent of GDP in 2016-17. Despite the global and domestic challenges, the economy achieved its targeted fiscal consolidation

Item						
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
				(RE)	(BE)	
1	2	3	4	5	6	7
I. Total receipts (A+B)	27.8	28.5	27.6	27.2	27.8	28.5
A. Revenue receipts (1+2)	19.8	18.7	20.3	18.8	20.2	20.9
1. Tax receipts	16.5	15.2	16.0	16.0	16.8	17.6
2. Non-tax receipts	3.4	3.5	4.2	2.8	3.4	3.3
Interest receipts	0.5	0.4	0.3	0.3	0.3	0.3
B. Capital receipts of which:	8.0	9.8	7.4	8.5	7.6	7.5
a) Disinvestment	0.0	0.4	0.3	0.2	0.2	0.5
b) Recovery of loans & advances	0.3	0.2	0.1	0.3	0.2	0.1
II. Total disbursements (A+B+C)	28.4	28.6	27.5	26.9	28.1	28.4
a) Revenue	24.1	24.4	23.5	22.9	23.9	23.9
b) Capital	3.9	3.8	3.4	3.2	3.5	4.2
c) Loans and advances	0.4	0.4	0.6	0.7	0.6	0.4
III. Revenue Deficit	4.3	5.7	3.2	4.1	3.7	2.9
IV. Gross Fiscal Deficit	8.3	9.3	6.9	7.6	7.4	6.9

BE: Budget Estimates. RE: Revised Estimates

Source: Budget documents of central and state governments.

- Notes :**
1. The ratios to GDP at current market prices are based on the CSO's National Accounts 2004-05 series.
 2. Total disbursements are net of repayments of the central and state governments and total receipts are net of variations in cash balances of the central and state governments as well as ways and means advances of state governments from the Reserve Bank.
 3. Disinvestment figures are inclusive of miscellaneous capital receipts of the states.
 4. Inter-governmental transactions are adjusted from the central government Budget documents.

in 2013-14. Nevertheless, this was achieved by cutting expenditure (majorly plan/capital expenditure) which is unsustainable for an economy.

3.47 Addressing the key fiscal risk of food, fertilizer, and petroleum subsidies is also critical for achieving better quality fiscal marksmanship. Apart from distorting production, subsidies do not penalize, and in fact encourage, wastage of scarce resources. Therefore in the case of all subsidies, there is need to prepare a comprehensive reform plan with clear long-term objectives and an analysis of the impact of reforms; identify the beneficiaries and in a phased manner credit the cash subsidies directly into their accounts; and increase prices over time to market level.

3.48 Another challenge lies in improving tax buoyancy. The lower-than-budgeted growth in revenues and the growth in taxes, more so in indirect taxes, has not been encouraging and the uphill task before the government is taking measures to augment resources. The overall shortfall in non-debt receipts could be contained with greater efforts at mobilization and reforms.

3.49 The introduction of the goods and services tax (GST) will have a significant bearing on the resource-raising potential of state governments, besides being an important tax reform measure for improving tax efficiency and reducing the cost cascading prevalent in the present indirect tax regime, thereby contributing to higher growth.

Table 3.10 : Receipts and Disbursements of Consolidated General Government (As per cent of GDP)

Fiscal consolidation remains imperative for the economy both in the current context and the years to come with an emphasis on maintaining the quality of adjustment.

Chapter 4

Prices and Monetary Management

In comparison with previous years, inflation showed signs of receding with average wholesale price index (WPI) inflation falling to a three-year low of 5.98 per cent during 2013-14. Consumer price inflation, though higher than the WPI, has also exhibited signs of moderation with CPI (new-series) inflation declining from 10.21 per cent during 2012-13 to about 9.49 per cent in 2013-14. Food inflation, however, remained stubbornly high during FY 2013-14. As inflation remained above the comfort level of the Reserve Bank of India (RBI), the tight monetary policy stance was maintained by the Central Bank. The depreciation of the rupee, following the taper indication by the Federal Open Market Committee (FOMC) in May 2013, also impacted the inflation situation. The rupee went into a free fall and touched a low of ₹68 to a dollar in August end. However, the government and the RBI were quick to respond and announced immediate measures to arrest volatility and quell speculation. The RBI has since stuck to its commitment to bringing down inflation levels and maintained high rates in Q4 2013-14. Going forward, both wholesale and consumer price inflation in India is expected to inch downwards, paving the way for monetary easing, although, there are risks to the outlook for inflation from a possible sub-normal monsoon during 2014-15 as predicted by the IMD on account of El-Nino effect, possible step up in the pass-through of international crude oil prices, and exchange rate volatility.

TREND IN INFLATION

4.2 Through 2013-14, inflation in India has remained high, and above the RBI's comfort zone, as reflected in the tight monetary policy stance. Table 4.1 shows a comparison of the different inflation indices.

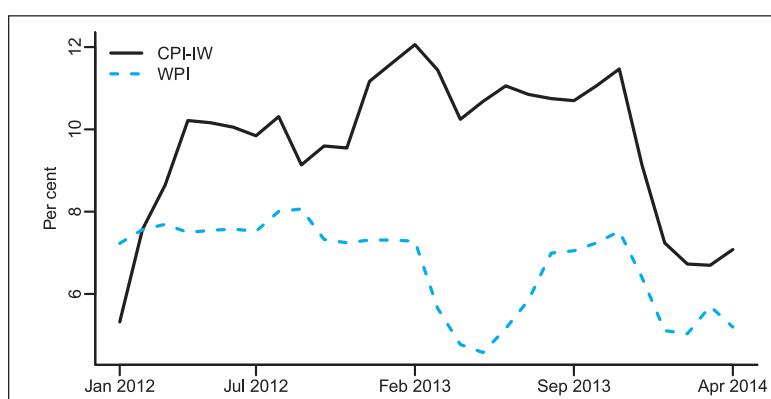
4.3 Headline WPI inflation, which reflects prices of tradeables, has moderated in 2013-14 to 5.98 per cent, falling from between

Year	WPI	CPI-IW	CPI-NS
2011-12	8.94	8.39	-
2012-13	7.35	10.44	10.21
2013-14	5.98	9.68	9.49

Source: Office of the Economic Adviser, Department of Industrial Policy and Promotion (DIPP), Labour Bureau, Central Statistics Office (CSO).

Notes: WPI is wholesale price index; CPI-IW is consumer price index-industrial workers; CPI-NS is CPI-new series.

Table 4.1 : Year-on-Year Inflation (per cent)



Source: Office of the Economic Adviser, DIPP and Labour Bureau.

Figure 4.1 : WPI and CPI-IW Inflation

7 and 9 per cent over the previous two years (Table 4.1). This is due to weak post-crisis global demand and lower international commodity prices, as well as a sharp seasonal correction in vegetable prices.

4.4 Retail inflation as reflected in consumer price index (CPI) inflation has remained persistently over 8 per cent since 2011, going up above 10 per cent in 2012-13. This trend is largely attributed to high and sustained food inflation, which has only moderated in Q4 2013-14 causing consumer inflation to fall marginally to between 9 and 10 per cent in late FY 2013-14. Figure 4.1 shows the gap between WPI and consumer price index-industrial workers (CPI-IW) series, and Figure 4.2 shows the inflation in consumer price index-new series (CPI-NS).

4.5 Food inflation has remained a major driver of inflation since 2011. Seasonal factors accentuated food inflation which rose to double digits in early 2013-14, before moderating to an average of 6.22 per cent (WPI) and 9.22 per cent (CPI-NS) in the last quarter, because of high growth in the agricultural sector and a normal and well-distributed monsoon. The divergence in WPI and CPI inflation is primarily on account of higher weightage given to food articles in the consumer price indices.

TREND IN WHOLESALE PRICE INFLATION

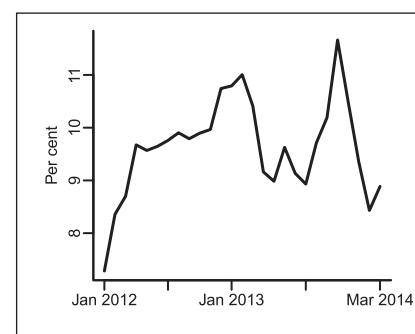
4.6 Table 4.2 shows the yearly and quarterly rates of inflation in the WPI and sub-indices. In 2013-14, the largest contribution to headline WPI inflation has been from food and fuel (Figure 4.3).

	All commodities	Food combined	NFM product (core)	Fuel & power
Weights	100	24.31	55.00	14.91
Yearly Inflation				
2011-12	8.94	7.24	7.28	13.96
Quarterly Inflation				
2012-13 Q1	7.54	9.12	5.15	11.90
2012-13 Q2	7.87	9.07	5.71	9.72
2012-13 Q3	7.29	8.89	4.70	10.62
2012-13 Q4	6.74	10.02	3.95	9.22
2013-14 Q1	4.84	7.71	2.58	7.70
2013-14 Q2	6.63	11.83	2.36	11.92
2013-14 Q3	7.05	11.95	3.08	10.83
2013-14 Q4	5.38	6.22	3.74	10.11

Source: Office of the Economic Adviser, DIPP.

Note: NFM—non-food manufactured.

Table 4.2 : Inflation in WPI and Sub-indices (per cent)



Source: CSO.

Figure 4.2 : CPI-NS (combined) inflation

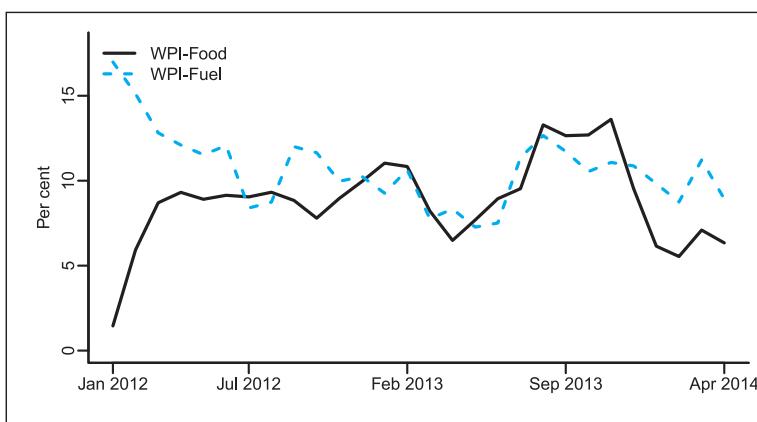


Figure 4.3 : WPI Food and Fuel Inflation

Source: Office of the Economic Adviser, DIPP.

4.7 WPI food inflation has remained persistently high during 2013-14, reaching a peak of 11.95 per cent in Q3. This was led by high inflation in cereals, vegetables, and eggs, fish and meat (EFM) (Table 4.3). Spike in prices of fruits and vegetables was mainly owing to seasonal factors.

4.8 Prices of EFM reflected higher rural and urban demand. Inflation in cereals was a product of rising rural wages and costs of cultivation. Of these, the sharpest correction took place in fruits and vegetable prices in Q4 of 2013-14, pulling overall food inflation down to 6.22 per cent in that quarter. However, the structural and policy-related factors causing inflation still need to be addressed (Box 4.1).

Cereals, vegetables and eggs, fish and meat were the major drivers behind persistent food inflation during 2013-14.

	Primary food					Manufactured food	
	Cereals	Pulses	Vegetables	Milk	EFM	Sugar	Edible oils
Weights	3.37	0.72	1.74	3.24	2.41	1.74	3.04
Yearly inflation							
2011-12	3.86	2.52	-1.95	10.31	12.73	5.10	12.55
Quarterly inflation							
2012-13 Q1	6.36	16.20	53.79	11.56	17.12	5.16	10.35
2012-13 Q2	11.06	30.68	8.34	7.05	14.63	15.40	10.82
2012-13 Q3	17.73	18.30	-0.15	6.23	13.33	14.67	9.44
2012-13 Q4	18.36	13.56	14.64	4.49	11.67	9.98	6.05
2013-14 Q1	16.45	5.92	4.70	4.19	11.45	7.56	0.99
2013-14 Q2	15.53	-11.94	72.08	4.93	15.15	-3.48	-2.60
2013-14 Q3	10.91	-9.33	79.18	6.51	13.73	-7.19	-0.31
2013-14 Q4	9.08	-5.08	7.36	8.49	10.79	-5.53	-1.14

Source: Office of the Economic Adviser, DIPP.

Table 4.3 : Y-o-Y inflation in sub-groups of WPI food (per cent)

Box 4.1 : Priorities before Government to Contain Inflation

The strategy to control inflation has to take into account the following factors:

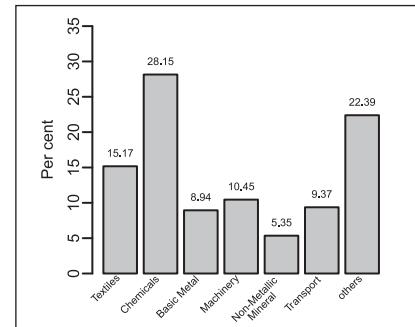
- Move to market prices:** It is important to be cognizant of the fact that deregulation of diesel prices, power-sector reforms, and generally the move from administered to market-determined prices will release suppressed inflation in the short run. Nevertheless, the consequent reduction in subsidy and fiscal deficit will have the salutary effect of reducing inflation.
- Improving efficiency of public programmes and breaking the wage-price spiral:** The projects selected for schemes like the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) do not improve the productivity of the agricultural sector commensurately. The increasing wages under such schemes have reportedly created shortage of labour in the agricultural sector as well as caused a wage-price spiral. The solution lies in selection of productivity-enhancing projects for ambitious public policy programmes like the MGNREGS.
- Rationalization of government support to farmers:** If the policy of supporting farmers through MSP and procurement is to continue, the MSP should be scrupulously linked to the cost of production. Procurement should not be open-ended, and the practice of some state governments of charging as high as 14-15 per cent mandi fee/tax and paying high bonuses over and above the MSP must be discouraged. Experience has shown that the Food Corporation of India (FCI) has not been able to release enough stocks in the market to soften cereal prices while recovering its economic cost. While farmers can be incentivized by gradually removing restrictions on exports, the FCI can learn to procure stocks from markets more efficiently and manage risks through the futures market.
- Role of APMC Acts:** The State Agricultural produce marketing committee (APMC) Acts have created monopolies and distributional inefficiencies. They constitute a major roadblock in the way of creating a national market for agricultural commodities. Apart from breaking the monopoly and dissuading state governments from treating the APMCs as liberal sources of revenue, substantive efforts have to be made to create alternative trading platforms in the private sector where it is possible to reduce the layers of intermediation. Since this may take time, fruits and vegetables should be taken out of the purview of the APMC Acts immediately. A processor should be able to buy directly from farmers without having to pay any mandi fee/tax to the APMC.
- Role of public deficits:** Fiscal deficit should be brought down by setting stringent time-bound targets under the Fiscal Responsibility and Budget Management (FRBM) Act.

FUEL INFLATION—IMPACT OF DEREGULATION AND DEPRECIATION OF RUPEE

4.9 Fuel inflation remained in double digits in the last three quarters, largely on account of movements in global crude prices, exchange rates, and revision in the administered prices. Oil marketing companies are allowed to revise retail prices of diesel upto 50 paise per month. Electricity tariffs were revised, and raised, in several states and pass-through of both global crude prices, as well as rupee depreciation particularly after the taper announcement by the US Federal Reserve in May 2013 increased domestic prices of several sub-components such as high-speed diesel.

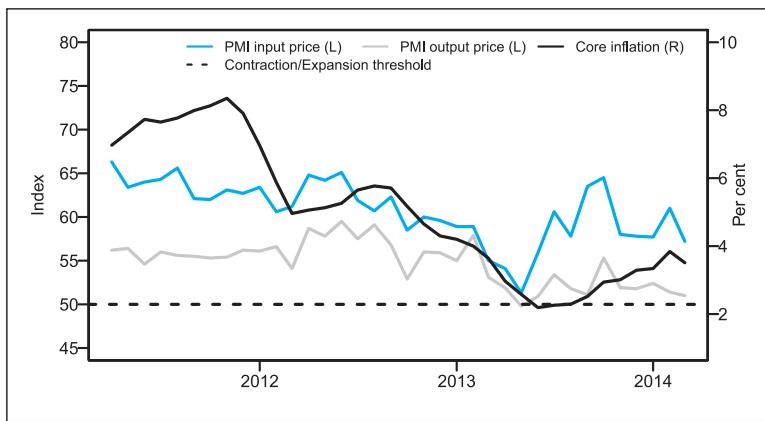
4.10 Inflation in non-food manufactured (NFM) commodities, i.e core inflation, remained benign at around 2.5-3.5 per cent throughout the year on account of lower international prices and growth slowdown. Unlike the inflation in food and fuel, inflation in NFM inched up partly on account of wearing off of base effect and inflationary pressure within the chemicals, machinery and textile groups (Figure 4.4).

4.11 The input price index, as measured by the HSBC, has shown a downward momentum after rising to a 16-month high of 64.5 in October 2013. The output price index of the purchasing managers index (PMI), which has a strong correlation with WPI core inflation, after showing moderation in the last couple of months has inched upward in May 2014, suggesting upward pressure in core inflation in coming months (Figure 4.5).



Source: Office of the Economic Adviser, DIPP.

Figure 4.4 : Contribution to WPI-core (2013-14)



Source: Office of the Economic Adviser, DIPP and HSBC.

TREND IN CONSUMER PRICE INFLATION

4.12 CPI inflation remained close to double digits during a large part of the year. The CPI-NS (combined) inflation, which reached a peak of 10.40 per cent in Q3 of 2013-14, moderated on account of a sharp correction in food prices to 8.37 per cent in Q4 (Figure 4.6). The RBI has decided to use the CPI-NS as the nominal anchor for a flexible inflation targeting framework (Box 4.2). Rural inflation has been higher than urban CPI-NS inflation since Q3 2013-14.

4.13 In general, approximately 50 per cent of CPI-NS (combined) inflation in the last three years has come from food. The drivers of CPI-NS food inflation were similar to those for the WPI, with vegetables, cereals and protein items together contributing more than 80 per cent.

Figure 4.5 : Input/output price indices and WPI-core

While headline CPI-NS moderated in Q4 of 2013-14, core inflation remained sticky and persistent owing to pressures from services-led components.

Box 4.2 : Urjit Patel Committee to Strengthen the Monetary Policy Framework

An expert committee headed by Urjit R. Patel, Deputy Governor of the RBI was appointed on 12 September 2013 to revise and strengthen the monetary policy framework. The main objective of the committee was to recommend what needs to be done to revise and strengthen the current monetary policy framework with a view to making it transparent and predictable. The group submitted its report in January, 2014 and inter-alia, made the following recommendations with regard to managing inflation in the country:

1. CPI (combined) should be used as the nominal anchor for a flexible inflation targeting (FIT) framework. The choice of CPI as nominal anchor was mainly on account of the fact that the CPI closely reflects cost of living and has larger influences on inflationary expectations than other anchors.
2. Target rate of inflation should be 4 per cent with a tolerance band of 2 per cent to be achieved in a two-year time frame.
3. The transition path to the target zone should be graduated to bring down inflation from the current level of around 10 per cent to 8 per cent over a period not exceeding 12 months and to 6 per cent over a period not exceeding the next 24 months.
4. Administered prices and interest rates should be eliminated as they act as impediments to monetary policy transmission and achievement of price stability.

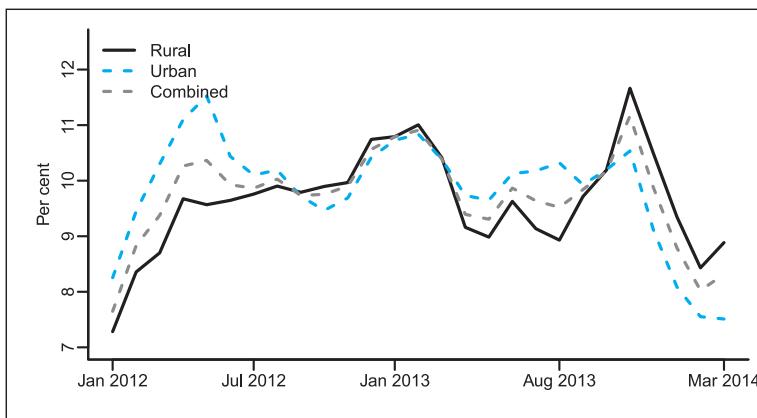


Figure 4.6 : Inflation in CPI-NS: Rural, urban, and combined

Source: CSO.

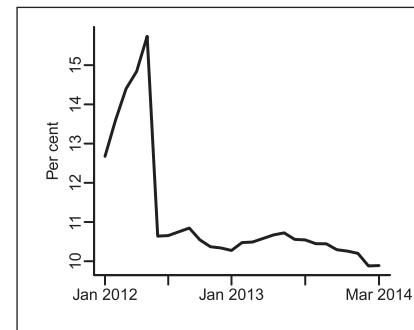
4.14 CPI-NS inflation excluding food and fuel, i.e. core, remained sticky and persistent owing to pressures from services-led components such as medical, education, household requisites, and 'others'. High inflation in respect of CPI services reflected the role of wage pressures and other second-round effects.

RESIDEX

4.15 Housing, which contributes almost 10 per cent to overall consumer inflation, has shown some moderation in recent months (Figure 4.7). The National Housing Bank (NHB) RESIDEX, which is a quarterly index of residential prices, shows a mixed trend.

INFLATION EXPECTATIONS

4.16 The quarterly Inflation Expectations Survey of Households conducted by the RBI captures the inflation expectations of households for 3-month ahead and 1-year ahead periods. This



Source: CSO.

Figure 4.7 : CPI-NS housing inflation

Category	3-months		1-year	
	Sep. 2013	Mar. 2014	Sep. 2013	Mar. 2014
	In per cent of respondents			
General	87.3	89.2	92.5	94.1
Food products	84.3	88.6	89.0	93.8
Non-food products	77.5	80.6	80.9	87.5
Household durables	73.6	70.5	80.1	81.5
Housing	81.9	85.5	87.3	91.6
Services	74.9	83.1	82.8	90.4

Source: RBI.

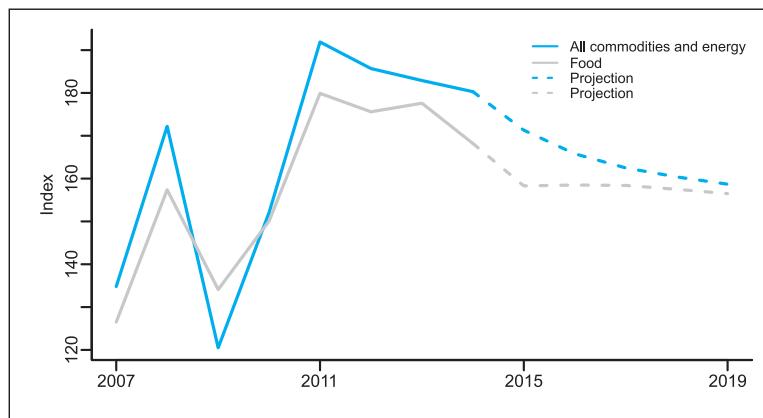
Table 4.4 : Inflation expectations

provides useful information on the direction of short-term inflationary pressures as it is based on individual consumption baskets. Table 4.4 shows that the percentage of respondents with expectations of price rise in 3 months and 1 year has increased moderately in the 6-month period between September 2013 and March 2014.

GLOBAL COMMODITY PRICES ARE EXPECTED TO REMAIN FLAT

4.17 The global recovery has continued during 2013-14 and it is likely to improve further during 2014-15. However, large output gaps and the fragile nature of recovery in many parts of the world has led to recent decline in global commodity prices. Futures markets show most commodity prices declining or remaining flat over the

As per the IMF's projection, most of the global commodity prices are expected to remain flat during 2014-15, which augurs well for inflation in emerging market and developing countries including India.



Source: IMF.

next 12 months (Figure 4.8), with the exception of wheat, coffee and corn. Similar observations are made in the Commodity Price Outlook and Risk released by the International Monetary Fund (IMF) in May 2014. There are prospects of a downward trend in fuel prices owing to ample supplies, while gold futures prices remain flat. Copper prices are expected to decline slightly over the next year amid concerns of slowing Chinese demand.

4.18 The World Economic Outlook (WEO) released by the IMF in April 2014 has projected consumer price inflation at 1.5 per cent and 1.6 per cent in advanced economies during 2014 and 2015 respectively (compared to 1.4 per cent in 2013) while inflation in emerging market and developing economies (EMDE) is expected to remain around 5.5 per cent and 5.2 per cent during 2014 and 2015 respectively (compared to 5.8 per cent in 2013). The easing of commodity prices including food and fuel is expected to augur well for inflation in emerging market and developing countries including India.

OUTLOOK FOR INFLATION

4.19 The RBI has targeted bringing down CPI inflation to around 8 per cent by January 2015 and 6 per cent by January 2016. As regards the WPI, though headline inflation has inched up to 6 per cent in May 2014 led by an increase in prices of some food articles and global commodity prices (crude oil, oilseeds), it is expected to moderate by the end of 2014.

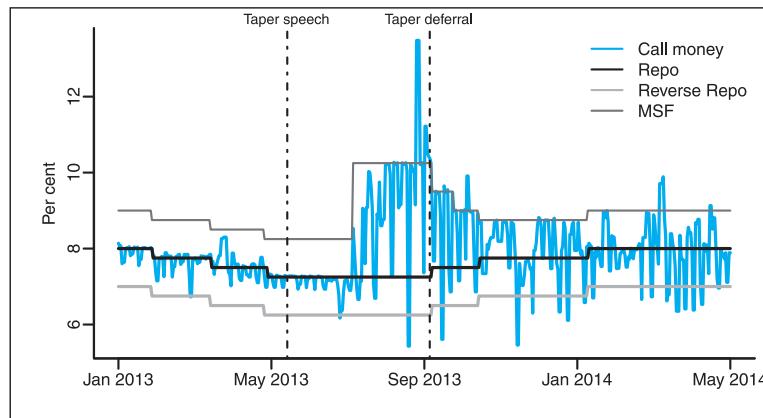
Figure 4.8 : IMF Commodity Forecasts

Headline WPI inflation is expected to moderate by the end of 2014. However, risks to the outlook stem from possible sub-normal monsoon and higher crude oil prices.

4.20 As inflation eases, it is expected that the RBI would adopt a more accommodative stance and undertake monetary easing. However, the most prominent risk to this outlook is the possibility of sub-normal monsoon during 2014-15 and impact on crude oil prices on account of the crisis in Iraq. The Meteorological Department has predicted below-normal rainfall at 93 per cent of the long period average with 70 per cent probability of an El Nino occurring.

MONETARY MANAGEMENT

4.21 The course of gradual monetary easing that had started alongside some moderation of inflationary pressures at the beginning of FY 2013-14 was disrupted by the overriding need to stabilize the exchange market. The RBI started FY 2013-14 with a 25 basis point (bps) cut in the policy repo rate. There was a sharp depreciation of the rupee due to the sudden surge in capital outflows in May 2013, following indications of possible tapering of the US Fed's quantitative easing (QE) programme. Consequently, the RBI hiked short-term interest rates in July and compressed domestic money market liquidity in order to restore stability to the foreign exchange market (Figure 4.9).



Source: RBI.

Figure 4.9 : Key Policy Rates at a Glance

4.22 The major measures taken in mid-July 2013 were as follows:

1. Marginal standing facility (MSF) rates were hiked by 200 bps to 10.25 per cent, increasing the width of the repo-MSF corridor to 300 bps.
2. Daily MSF borrowing was restricted to 0.5 per cent of the net demand and time liability (NDTL) of respective banks as against the earlier practice of unlimited access against excess statutory liquidity ratio (SLR) holdings.
3. Minimum daily cash reserve ratio (CRR) requirement for banks was hiked from 70 per cent to 90 per cent of the requirement.
4. Weekly auctions of cash management bills (CMB) were also conducted to drain out liquidity from money markets.

4.23 These measures moved up the call rate to MSF rate, making the latter the effective policy rate in line with policy intent. Following the ebbing of volatility in the foreign exchange market, the Reserve Bank initiated normalization of the exceptional

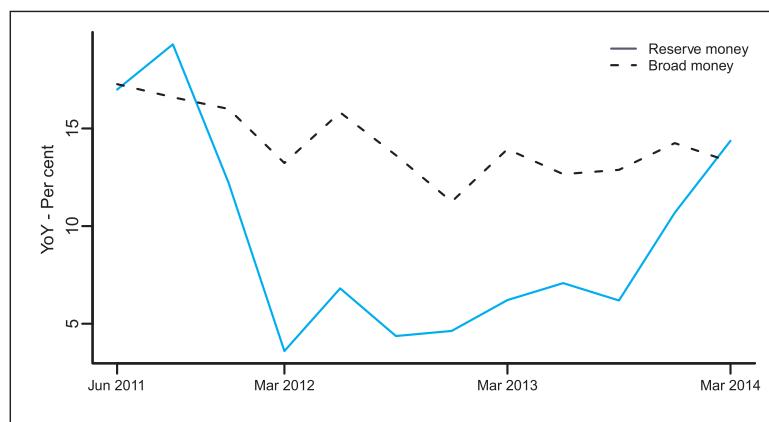
measures in a calibrated manner after the FOMC decided not to taper the QE programme as expected in September. The interest rate corridor was realigned to normal monetary policy operations with the MSF rate being reduced in three steps to 8.75 per cent between 20 September 2013 and 29 October 2013, even as the repo rate was increased in two steps of 25 bps each to 7.75 per cent with a view to containing inflation and inflation expectations.

4.24 The minimum daily CRR balance maintained by banks was reduced to 95 per cent of the requirement from 99 per cent to provide them with the flexibility to better manage their liquidity situation. As an additional liquidity-enhancing measure and for developing the term money market, the RBI introduced weekly variable rate term repos of 7-day and 14-day tenors in October 2013 for an amount equivalent to 0.25 per cent of the NDTL of the banking system. The CRR and SLR rates remained unchanged throughout the year (Table 4.5).

4.25 The RBI hiked the repo rate by 25 bps to 8 per cent on account of upside risks to inflation as part of its third quarterly review, to anchor inflation expectations and to contain second-round effects. The move was intended to set the economy securely on the disinflationary path.

TRENDS IN MONETARY AGGREGATES

4.26 During 2013-14, reflecting the policy-induced liquidity measures, net domestic assets registered a pick-up. In view of the swap facility extended to banks, the foreign currency non-resident (bank) (FCNR (B)) deposit mobilization increased, thereby boosting the aggregate deposit growth. As at end March 2014, reserve money (M_0) growth accelerated to 14.4 per cent, while broad money (M_3) increased by 13.3 per cent (Figure 4.10).



Source: RBI.

Figure 4.10 : Quarterly growth of M_0 and M_3

RESERVE MONEY (M_0)

4.27 M_0 grew by 14.4 per cent in 2013-14 as compared to 6.2 per cent in the previous year. The main driver of increase in reserve money during 2013-14 was net RBI credit to the centre. This expansion was mainly on account of increase in variable-rate term repos (which were introduced in October 2013), MSF and net purchases through open market operations (OMOs), partially offset

by a decrease in operations under the liquidity adjustment facility (LAF) following the cap on LAF borrowing and build-up in government balance with the Reserve Bank.

4.28 This expansion in net domestic assets (NDA) was also complemented by a pick-up in net foreign assets (NFA) on account of revaluation gain (Figure 4.11). This helped restore a more balanced NDA-NFA mix-led expansion in Mo. Adjusted for revaluation, the NFA increased by more than 3.5 times in 2013-14 as compared to 2012-13.

BROAD MONEY (M_3)

Indicator	Per cent change in 2013-14
M_3	13.3
Currency with the public	9.4
Demand deposits with banks	6.9
Time deposits with banks	14.7
'Other' deposits with the RBI	-41.2
Sources of change in M_3	
Net bank credit to government	12.6
Bank credit to commercial sector	13.9
Net foreign exchange assets of the banking sector	16.1
Government's currency liabilities to the public	11.9
Banking sector's net non-monetary liabilities	12.3
Memo items	
Velocity of money	1.2
Net domestic assets	12.6
Net domestic credit	13.4

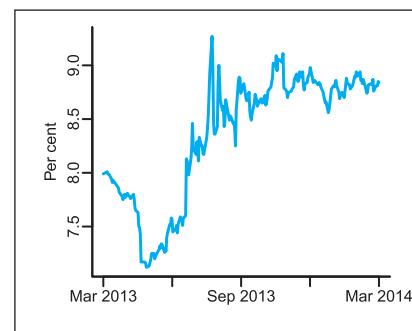
Source: RBI.

4.29 Growth rate in M_3 during 2013-14 at 13.3 per cent was largely in line with the indicative projection of 13.0 per cent growth in the Annual Policy Statement of the RBI for 2013-14. However, it was marginally lower than the 13.6 per cent growth registered during the previous year. The deceleration in growth of broad money compared to last year was primarily on account of lower growth in currency with public and time deposits on the components side.

4.30 During 2013-14, growth in currency with the public decelerated to 9.4 per cent as compared to 11.5 per cent during the previous year. The demand deposits with banks increased by 6.9 per cent during 2013-14 as against a growth of 6.0 per cent during the previous year whereas growth rate of time deposits decelerated marginally to 14.0 per cent compared to 14.0 per cent. On the sources side of M_3 , the growth in bank credit to the commercial sector during 2013-14 showed an improvement to 13.9 per cent from 13.5 per cent in the previous year (Table 4.6).

MONEY MULTIPLIER

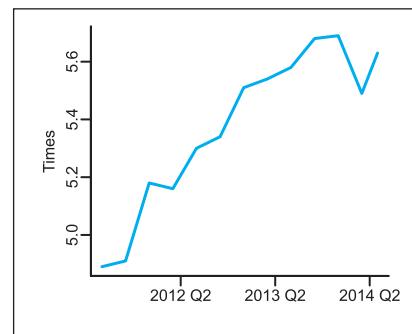
4.31 The money multiplier (ratio of M_3 to Mo) at end March 2014 (Figure 4.12) remained unchanged at 5.5 as compared to March 2013. There was an increase in monetary deepening as well, as measured by the ratio of M_3 to gross domestic product (GDP) which increased from 78.2 per cent in 2012-13 to 79.2 per cent in 2013-14 (Figure 4.13). This consistent improvement could be attributed to the spread of banking services in the country and development of the financial sector.



Source: RBI.

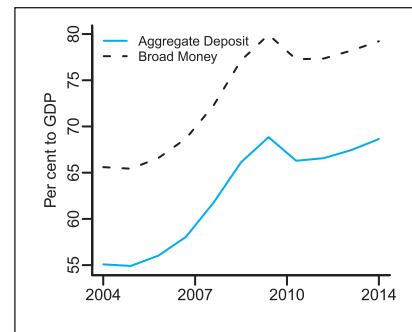
Figure 4.11: Growth in Net Foreign Assets

Table 4.6: Sources of M_3 Growth



Source: RBI.

Figure 4.12 : Money Multiplier



Source: RBI.

Figure 4.13 : Select Monetary Aggregates to GDP

LIQUIDITY CONDITIONS IN 2013-14

4.32 Liquidity conditions remained tight during the first half of 2013-14, mainly reflecting policy intent to stabilize the exchange market pressures. However, the elevated central government cash balances with the Reserve Bank, quarterly advance tax outflows, and festival induced increase in currency in circulation also contributed towards the tight liquidity phases in 2013-14. In order to prevent excessive worsening of liquidity conditions, which would have impacted financing conditions, the Reserve Bank undertook measures to inject liquidity through OMO purchase auctions, overnight repo, MSF and variable rate term repos.

4.33 As such, total access to funds from the Reserve Bank was augmented to 1.5 per cent of the NDTL comprising 0.5 per cent of NDTL under the overnight repo, 0.5 per cent of NDTL under term repo, and export credit refinance limits of about 0.5 per cent of NDTL. The banks could also meet any further liquidity deficit through the MSF in 2013-14. The buoyant capital inflows under the RBI's swap facilities for banks' overseas borrowings and non-resident deposit funds (operational till 30 November 2013), also significantly helped ease domestic liquidity. The narrowing of the wedge between credit and deposit growth also contributed to improving the liquidity situation (Figure 4.14).

LIQUIDITY MANAGEMENT

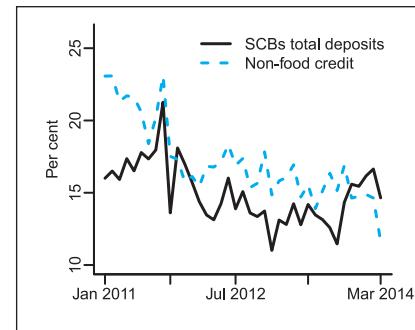
4.34 The RBI actively managed liquidity during 2013-14 consistent with the stance of the monetary policy. The management of liquidity was pursued carefully through appropriate use of the LAF, OMOs, and CRR. During 2013-14, net liquidity to the tune of about ₹ 52,000 crore was injected through outright OMOs, besides an average daily net liquidity injection of ₹ 91,800 crore through the LAF, MSF, and term repos (Table 4.7).

Outstanding on last Friday	Liquidity injection	Centre's surplus	Total
(in ₹ thousand crore)			
2013-14 Q1	-76.19	-1.47	-77.66
2013-14 Q2	-121.04	31.34	-89.70
2013-14 Q3	-117.19	100.83	-16.36
2013-14 Q4	-218.0	109.40	-108.59

Source: RBI.

4.35 The liquidity situation improved in Q1 of 2013-14 as compared to Q4 of 2012-13 on the back of a draw-down in government cash balances maintained with the RBI, especially in June 2013, and significant narrowing of the wedge between deposit and credit growth. During Q2 of 2013-14, the liquidity situation remained comfortable in the first half of July 2013 with the liquidity deficit staying within the Reserve Bank's comfort zone.

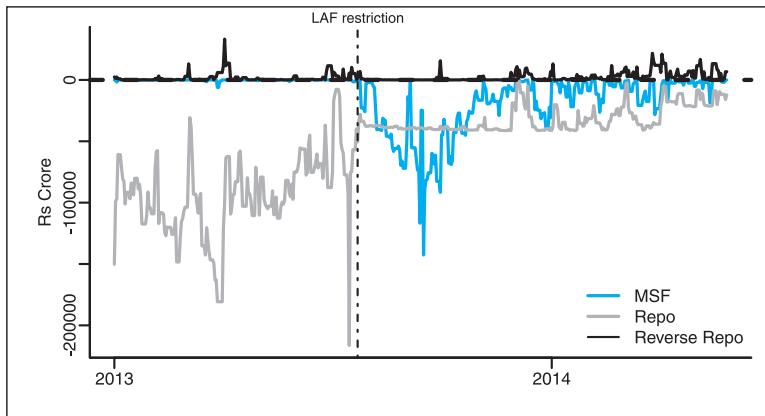
4.36 However, in the face of heightened volatility in the domestic forex market, which was, to an extent, facilitated by easy liquidity conditions in the market, the Reserve Bank announced certain liquidity tightening measures, such as a cap on borrowing under the LAF (Figure 4.15), hike in MSF rate, and hike in the minimum



Source: RBI.

Figure 4.14 : Non-food Credit and Scheduled Commercial Bank Deposit Growth

Table 4.7 : Summary of Liquidity Operations



Source: RBI.

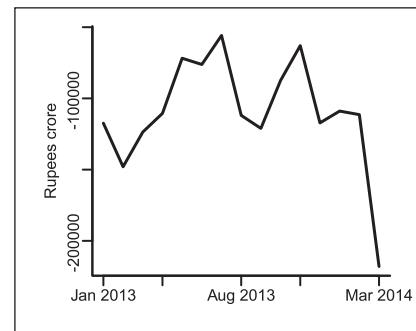
daily CRR requirement, that impacted inter-bank liquidity and led to hardening of money market rates and increased recourse by the banks to the MSF.

4.37 As a result of these measures, average daily liquidity injection under the LAF increased from July 2013 to September 2013 mainly on the back of banks' increased recourse to the MSF. The increase in government cash balances with the RBI and advance tax outflows also contributed towards the increase in liquidity stress in the system in September 2013. In order to manage liquidity pressure arising from advance tax outflows, the Reserve Bank offered two-day funds to banks through the MSF (Figure 4.16).

4.38 The policy-induced tight liquidity conditions during Q2 of 2013-14 eased considerably in October 2013 with the gradual normalization of exceptional monetary measures. Although the festival-induced increase in currency in circulation kept the liquidity situation generally tight in November 2013, capital inflows and slowing credit growth eased domestic liquidity significantly. The major pressures on liquidity in money markets after November were mostly seasonal. Advance tax inflows tightened liquidity conditions in December 2013 and March 2014, whereas excess government balances with the RBI tightened liquidity conditions in February 2014 (Figure 4.17).

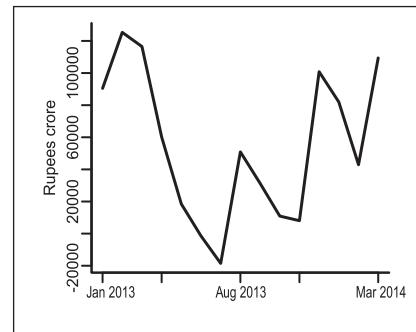
4.39 The RBI responded to the tight liquidity conditions by conducting term repo operations in February and March 2014. The RBI has shown intent to switch the operational procedure of

Figure 4.15 : Switch to MSF after Restriction on LAF



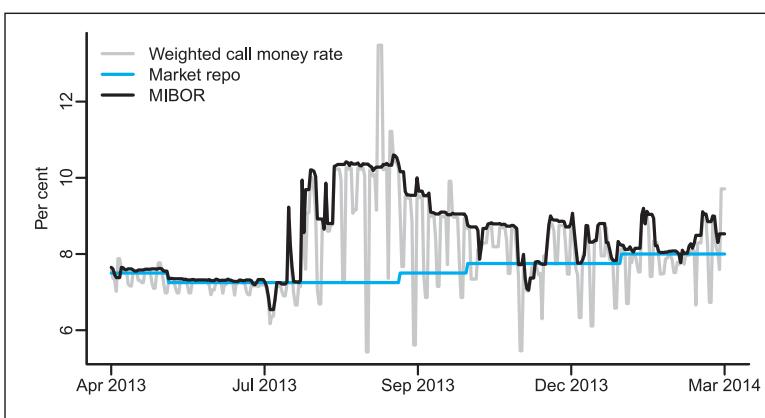
Source: RBI.

Figure 4.16 : Monthly Liquidity Injections through MSF



Source: RBI.

Figure 4.17 : Monthly Central Government Surplus with the RBI



Source: RBI.

Figure 4.18 : Money Market Rates

monetary policy from overnight repo operations to term repos. The Urjit Patel Committee report also recommends this change in operational procedure and this move should help banks plan their liquidity requirements and aid in building a robust term money market, further enhancing monetary policy transmission.

MONEY MARKET RATES

4.40 Money market rates (Figure 4.18) in India track the weighted average call money rate and are market-based proxies for the prevailing policy rates. Given this correlation, money market rates reflect the prevailing liquidity conditions with the rates being inversely related to the level of liquidity. Money market rates have softened during April 2014, reflecting easy liquidity conditions.

CENTRAL GOVERNMENT'S MARKET BORROWING

4.41 The gross market borrowings by the Government of India (GoI) through dated securities were budgeted at ₹ 5,79,009 crore against which ₹ 5,63,500 crore, 97.32 per cent of the budgeted borrowing programme, was raised. The RBI initiated the policy of active consolidation of dated securities during 2013-14. To ease out the redemption pressure in FY 2014-15, switch operations in government securities (G-Sec) were carried out with institutional investors for ₹ 31,672 crore.

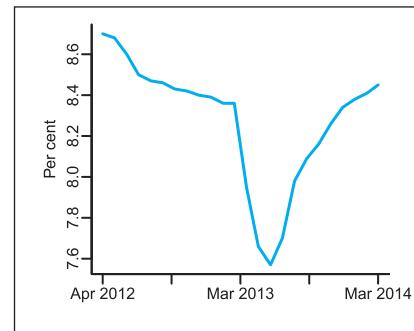
4.42 Two buyback auctions amounting to ₹ 15,590 crore were conducted in March 2014. The buybacks and switches are undertaken for the purpose of bringing down elevated redemption pressure in the near term and are expected to have salutary effect on the borrowing programme besides consolidation of debt. The weighted average yield of dated securities during 2013-14 stood at 8.45 per cent as compared to 8.36 per cent during 2012-13. The month-wise cumulative weighted average yield of primary issuances of GoI dated securities is given in Figure 4.19.

4.43 The weighted average maturity of the dated securities during 2013-14 increased to 15.05 years from 13.50 years during the previous year. During 2013-14, there was devolvement in 26 issuances of ₹ 17,451 crore as against devolvement in 3 issuances of ₹ 1,828 crore in 2012-13, indicating a volatile G-Sec market in 2013-14, particularly during July-September 2013.

TREASURY BILLS

4.44 The outstanding amounts of 91-day, 82-day and 364-day Treasury Bills stood at ₹ 1,25,761 crore, ₹ 76,417 crore and ₹ 1,36,956 crore respectively as in end March 2014. The net issuance (notified) of treasury bills during 2013-14 was ₹ 39,371 crore as compared to ₹ 32,771 crore in 2012-13.

4.45 The average of the implicit yield for 91-day, 182-day and 364-day treasury bills during 2013-14 increased by an average of 90 bps to the comparable period of the previous year as shown in Table 4.8. Cash Management Bills (CMBs) were issued for ₹ 107,195 crore during July-September 2013 on 13 occasions to curtail exchange rate volatility. The yield on CMBs ranged from 10.36 per cent to 12.28 per cent.



Source: RBI.

Figure 4.19 : Cumulative Weighted Average Yield of Primary Issuances

T-bill	2012-13	2013-14
In per cent		
91 day	8.19	8.86
182 day	8.01	8.86
364 day	7.79	8.89

Source: RBI.

Table 4.8 : Average Implicit Yields for Treasury Bills

Market Borrowing by State Governments

4.46 State governments raised an amount of ₹ 1,96,664 crore on a gross basis during 2013-14 as compared to ₹ 1,77,239 crore during the previous year. The net market borrowing stood at ₹ 1,64,585 crore in 2013-14 as against ₹ 1,46,451 crore in the previous year. The weighted average yield and weighted average spread for state borrowings increased marginally in 2013-14 (Table 4.9).

CASH MANAGEMENT

Central Government

4.47 The central government started the year 2013-14 with a surplus cash balance of ₹ 1,16,604 crore, but soon, by 12 June 2013, took recourse to ways and means advances (WMA) owing to its expenditure commitments. The cash balances remained positive from 7 December 2013 till 31 March 2014. During 2013-14, the GoI was in WMA for 42 days and availed of overdraft (OD) on 3 occasions for 9 days as compared to WMA for 40 days and no OD in the previous year. The GoI ended the fiscal year with cash balances at ₹ 128,442 crore.

State Government

4.48 The aggregate normal WMA limit for states was placed at ₹ 10,240 crore for 2013-14 as in the previous year. The normal WMA limit has been revised by 50 per cent of the existing limit to ₹ 15,360 crore from 11 November 2013. During 2013-14, 13 states resorted to WMA as against 8 in 2012-13, 12 states resorted to special ways and means advances (SWMA) as against 9 in 2012-13 and 8 resorted to OD as against 6 in 2012-13.

DEVELOPMENTS IN GOVERNMENT SECURITIES MARKET

4.49 The 10-year treasury bill reflects the long end of the yield curve. The 10-year rates also proxy credit risk of the sovereign. The benchmark 10-year yield (Figure 4.20) started hardening towards end May 2013 on concerns about high current account deficit as well as retail inflation.

4.50 The indication by the FOMC on 22 May 2013 regarding early tapering of the bond-buying programme resulted in some sell-off in G-Secs leading to hardening of yields. The 10-year yield touched a high of 9.27 per cent on 19 August 2013 and continued to remain at elevated levels, despite announcement of OMO purchase auction, on account of higher than expected WPI inflation for the months of July and August 2013. The yields hardened further on account of tightening of the repo rate in September 2013. The 10-year yield stood at 8.83 per cent at end September 2013 after which it has remained range bound between 8.5 and 9.0 per cent.

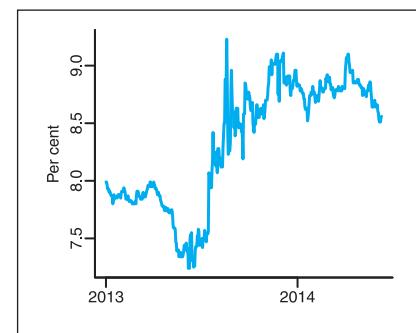
OUTLOOK FOR MONETARY MANAGEMENT

4.51 The RBI has followed a calibrated approach aimed at striking a balance between growth and management of inflation. Given the softening of global price pressures on tradeable commodities and reduction in exchange rate volatility, inflation is expected to moderate in the coming fiscal year. The monetary management challenge will also be helped by fiscal consolidation and the addressing of supply-side constraints that exacerbate food inflation. All these factors, in tandem, are expected to create room for monetary easing later this fiscal year.

	2012-13	2013-14
In per cent		
WA yield	8.84	9.18
WA spread	0.71	0.75

Source: RBI.

Table 4.9 : Weighted Average Yield and Spread for State Borrowings



Source: RBI.

Figure 4.20 : Yield on 10-year Treasury Bill

Chapter 5

Financial Intermediation

Financial markets form an important part of the Indian economy. Their performance in 2013-14 reflected the slowdown in the real economy with most intermediaries growing at a slower rate as compared to previous years. Moreover, there were growing concerns about asset quality in the banking sector. The Government of India along with relevant market regulators took cognizance of these growing challenges including financial inclusion and consumer protection and implemented a multitude of policy initiatives to reinvigorate financial markets. The passage of the PFRDA act and presentation of the FSLRC report in 2013-14 mark important milestones in moving towards the next generation of financial-sector reforms.

5.2 The financial system is an important growth fundamental for the Indian economy. At its heart is the working of organized financial trading. Governments and large firms raise resources directly from these markets. Some households invest directly in the markets. Financial intermediaries connect other households to the markets. Finance determines the allocative efficiency of how this investment is done. Measured steps have accordingly been taken for strengthening the financial system and adopting the best that the global financial system has to offer.

5.3 The speed of reforms in the financial sector has not kept pace with financial innovation.

5.4 In a fast changing world, financial policy has to catch up with the needs of future India that people are aspiring to build. The next wave of reforms will be through strengthening the institutional foundation—both laws and organizations—improving and polishing the financial processes; and by taking well-designed policy decisions that will enhance clarity, consistency, and transparency for a globalized India. This chapter highlights the recent developments in the Indian financial sector and the challenges and opportunities faced by the country in further building up a dynamic financial sector in sync with the global financial system.

	(per cent)	
	2012-13	2013-14
Bank credit	14.1	13.9
(a) Food credit	18.6	2.1
(b) Non-food credit	14.0	14.2
Aggregate deposits	14.2	14.1
(a) Demand deposits	5.9	7.8
(b) Time deposits	15.2	14.8
Investment	15.4	10.3
(a) Govt securities	15.5	10.4
(b) Other approved	-11.5	-33.6

Source: Reserve Bank of India (RBI).

Table 5.1 : Growth Rate of Credit, Deposits, and Investment

BANK CREDIT

Aggregate deposits, bank credit, and investments

5.5 Growth rate of aggregate deposits marginally moderated to 14.1 per cent in 2013-14 from 14.2 per cent in the previous year

(Table 5.1). The acceleration is mostly on account of large accretion to non-resident Indian (NRI) deposits. Growth in bank credit increased to 13.9 per cent in 2013-14, as compared to 14.1 per cent in 2012-13. Non-food credit growth increased to 14.2 per cent from 14.0 per cent. The higher expansion in deposits relative to credit has caused slight moderation in the credit-deposit ratio to 77.8 per cent at end March 2014 from 77.9 per cent a year ago (Figure 5.1).

5.6 During financial year 2013-14, public-sector banks and foreign banks registered acceleration in bank credit, while there was a deceleration for private-sector banks. Commercial banks' investment in government and other approved securities was low at 26.9 per cent at end March 2014 compared to 28.0 per cent a year ago. Consequently, the investment-deposit ratio declined from 29.7 per cent at end March 2013 to 28.7 per cent at end March 2014 (Figure 5.2).

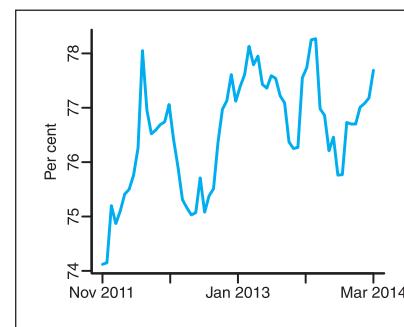
Interest rates of scheduled commercial banks

5.7 The Reserve Bank of India (RBI) continued with the policy of monetary easing during the first quarter of 2013-14 to support growth in the face of moderation of wholesale price index (WPI) inflation and reduced the repo rate by 25 basis points (bps) to 7.25 per cent on 3 May 2013. The RBI took exceptional monetary tightening measures during the second quarter of 2013-14, beginning with the measures announced on 15 July 2013 to deal with the excessively volatile forex market. Following stability in the foreign exchange market, the Reserve Bank initiated rollback of the exceptional measures in a calibrated manner since 20 September 2013. The process of realigning the interest rate corridor to normal monetary policy operations was completed with the marginal standing facility (MSF) rate reduced in three steps from 10.25 per cent to 8.75 per cent while contemporaneously, the repo rate was hiked in two steps of 25 bps each to 7.75 per cent with a view to containing inflation expectations. The policy rate was further increased by 25 bps to 8 per cent in January 2014, keeping in view the elevated level of inflation and inflation expectations.

Domestic term deposit and lending rates

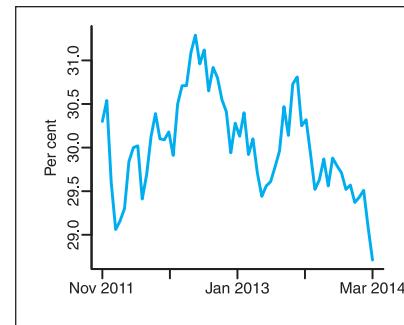
5.8 Scheduled commercial banks (SCBs) responded to the policy measures by adjusting their deposit and lending rates (Table 5.2). The transmission of monetary easing during 2012-13 and Q1 2013-14 enabled the weighted average lending rate (WALR) on the outstanding rupee loans extended by banks to decline by 37 bps during 2012-13 and further by 7 bps in Q1 2013-14 whereas the median term deposit rate increased by 32 bps (Table 5.3).

5.9 Following the exceptional measures taken by the RBI in Q2 2013-14, both deposit and lending rates firmed up by September 2013. On balance, lending rates were largely sticky during the year whereas the median deposit rate of SCBs rose by 35 bps over the same period. The transmission of policy rate to deposit and lending rates of banks is relatively less pronounced as compared to money market rates reflecting the presence of structural rigidities in the credit market. The factors impeding the pace of smooth monetary policy transmission to the credit market include rigidities in



Source: RBI.

Figure 5.1 : Credit-Deposit Ratio



Source: RBI.

Figure 5.2 : Investment-Deposit Ratio

	(per cent)	
	Mar'13	Mar'14
Median term deposit rate	7.42	7.74
Median base rate	10.20	10.25

Source: RBI.

Note: RRB is regional rural bank.

Table 5.2 : Deposit and Lending rates of SCBs (excl. RRBs)

	(per cent)	
	Mar '13	Mar '14
Outstanding Rupee loans	12.27	12.19
Fresh Rupee loan	11.53	11.64

Source: RBI.

Table 5.3 : Weighted Average Lending Rate (WALR)

repricing for fixed deposits, size of government borrowings, level of non-performing assets (NPAs), high inflation, and the significant presence of informal finance.

Interest rates on NRI deposits

5.10 There are two interest rate ceilings that are applicable for NRI accounts depending on the type of deposit. Interest rates on foreign currency non-resident (bank) (FCNR (B)) deposits are still regulated by the RBI. The rates for 1-3-year FCNR (B) deposits remained unchanged. The RBI increased interest rates on FCNR (B) deposits of 3-5-year maturity by 100 bps to 400 bps above the London Interbank Offered Rate (LIBOR) in August 2013 in light of prevailing exchange rate pressures. These moves were reversed in March 2014.

SECTORAL DEPLOYMENT OF CREDIT

5.11 Disaggregated data on sectoral deployment of gross bank credit from 47 banks accounting for about 95 per cent of bank credit and non-food credit available in 2013-14, showed that among the major sectors, credit to agriculture, services, and the priority sector recorded higher growth as compared to 2012-13, while that to industry marginally declined as compared to 2012-13 (Table 5.4).

	(per cent)	
	2012-13	2013-14
Gross bank credit	13.6	14.0
Food credit	15.9	-3.6
Non-food credit	13.5	14.3
Agriculture & allied activities	7.9	13.5
Industry (micro, small, medium & large)	15.1	13.1
Services	12.6	16.1
Personal loans	14.7	15.5
Priority sector	8.4	22.0

Source: RBI.

Priority-sector lending

5.12 The outstanding priority-sector advances of public-sector banks showed (Table 5.5) a growth of 13.4 per cent at end March 2013 over end March 2012. Similarly the outstanding priority-sector advances of private-sector banks showed a growth of 14.3 per cent and foreign banks of 5.3 per cent during the same period. Table 5.6 shows growth of priority-sector lending (PSL) by sector.

Agricultural credit

5.13 The agriculture sector was disbursed ₹ 6,07,375.62 crore in 2012-13. Commercial banks, regional rural banks (RRBs), and cooperative banks extended credit to 152.77 lakh new farmers, increasing the total number of agriculture loan accounts financed as of March 2013 to 7.04 crore. As per the provisional figures available, as against the farm credit target of ₹ 7,00,000 crore for the year 2013-14, an amount of ₹ 7,30,766 crore was disbursed during the year. The majority of the credit was disbursed by SCBs but RRBs and commercial banks increased their share in disbursement in 2013-14 (Table 5.7).

Table 5.4 : Growth of Sectoral Deployment of Gross Bank Credit

	(per cent)	
	2011-12	2012-13
Public-sector banks	10.62	13.47
Private-sector banks	14.98	14.30
Foreign banks	20.71	5.33

Source: RBI.

Table 5.5 : Growth of Priority-sector Advances

	(per cent)	
	2012-13	2013-14
Agriculture & allied activities	7.9	13.5
Micro & small enterprises	12.8	33.6
Other priority sector	3.1	18.1

Source: RBI.

Table 5.6 : Growth in Priority-sector Deployment of Credit by sector

FINANCIAL PERFORMANCE OF BANKS

5.14 The Indian banking sector, which exhibited considerable resilience in the immediate aftermath of the global financial crisis, has been impacted by the global and domestic economic slowdown over the last two years. During 2012-13 there was a decline in the growth of profits of SCBs as credit off-take slowed down and interest rates softened. Asset quality deteriorated, particularly for public-sector banks. However, capital positions of Indian banks, including public-sector banks, remained strong and above the stipulated minimum.

Items	(in ₹ crore)	
	2011-12	2012-13
Income	741628	861398
Interest Income	655284	763612
Other Income	86344	97787
Expenditure	659969	770233
Interest Expended	430356	513803
Intermediation Cost (Operating Expenses)	137572	156585
Provisions and Contingencies	92042	99845
Operating Profit	173700	191010
Net Profit	81658	91165
Net Interest Income (Spread)	224928	249809
Total Assets	8320890	9573334
Net Income	311272	347595

Source: RBI

5.15 During 2012-13 the overall growth in balance sheet of banks moderated further. The growth in the consolidated balance sheet of SCBs in 2012-13 was 15.1 per cent, lower than the 15.8 per cent in the previous year (Table 5.8). The major source of this moderation was bank credit. The moderation in credit growth was partly reflective of the slowdown in real economic activity coupled with increasing risk aversion by banks. Although there was a moderation in the balance sheet of the banking sector, deposits - the largest component on the liabilities side—maintained their growth in 2012-13, primarily with the help of a revival in the growth of current and savings accounts (CASA). Consequently, the share of CASA was maintained at around 33 per cent. The credit-deposit ratio for all SCBs, on an outstanding basis, remained broadly unchanged at about 79 per cent.

5.16 The year 2012-13 was marked by a slowdown in the growth of credit to all productive sectors—agriculture, industry, and services. It was the sharpest for agriculture and allied activities. There was also a slowdown in the growth of credit to the infrastructure sector within industry. Further, a slowdown in credit to non-banking financial companies (NBFCs) was an important reason behind an overall slowdown in the growth of services-sector credit. Retail loans was the only segment that maintained its growth in 2012-13.

5.17 The growth in investments of banks increased to 17.0 per cent in 2012-13 from 16.1 per cent in 2011-12. During 2012-13, deceleration was witnessed in banks' investments in government securities (G-Secs) compared to the previous year. As against this, banks' investments in non-approved securities witnessed an almost five-fold increase.

5.18 In 2012-13, interest earnings were adversely affected with credit growth slowing down. This was also a period when interest rates,

	(per cent)	
	2012-13	2013-14
Cooperative banks	18.31	16.21
RRBs	10.48	11.31
Commercial banks	71.21	72.48

Source: Indian Banks Association (IBA), RBI, and National Bank for Agriculture and Rural Development (NABARD).

Table 5.7 : Agency-wise Credit Disbursed to Agriculture Sector

Table 5.8 : Working results of SCBs

There was a slowdown in credit growth.

which had hardened during earlier years, started softening. Interest expended also grew at a slower pace during the year but its growth was higher than that of interest earned, thereby putting a downward pressure on the growth in both operating and net profits of banks.

5.19 The two main indicators of profitability, return on assets (RoA) and return on equity (RoE) declined marginally during 2011-12 reflecting deceleration in net profit of banks. During 2012-13, the RoA and RoE were placed at 1.03 and 13.84 per cent respectively (Table 5.9). Reflecting a subdued performance of the secondary market and lower credit off-take, banks raised only about ₹ 300 crore through public issues in 2012-13. However banks' resource mobilization through private placement more than doubled to ₹ 26200 crore in 2012-13 as compared to the previous year.

Capital adequacy ratio

5.20 The capital to risk weighted assets ratio (CRAR) (under Basel II) at the system-wide level declined to 13.88 per cent as at end March 2013, as compared to 14.24 per cent as at end March 2012. The decline in capital positions at aggregate level, however, was on account of deterioration in the capital positions of public-sector banks.

Non-performing assets of the banking sector

5.21 During 2012-13, the deteriorating asset quality of the banking sector emerged as a major concern, with gross NPAs of banks registering a sharp increase. The gross NPAs to gross advances ratio shot up to 3.6 per cent in 2012-13 from 3.1 per cent during the corresponding period of the previous year. The deterioration in asset quality was most perceptible for the State Bank of India (SBI) Group with its NPA ratio reaching a high of 5 per cent at end March 2013. With their gross non-performing assets (GNPA) ratio reaching about 3.6 per cent by end March 2013, the nationalized banks were positioned next to the SBI group.

Improving recovery in PSBs

5.22 Because of the slowdown and high levels of leverage, some industry and infrastructure sectors, namely textiles, chemicals, iron and steel, food processing, construction, and telecommunication are experiencing a rise in NPAs. Overall NPAs of the banking sector increased from 2.36 per cent of total credit advanced in March 2011 to 3.90 per cent of total credit advanced in March 2014 (provisional). While there has been an across-the-board increase in NPAs, the increase has been particularly sharp for the infrastructure sector, with NPAs as a percentage of credit advanced increasing from 3.23 per cent in March 2011 to 8.22 per cent as in March 2014 (provisional).

	(per cent)	
	2011-12	2012-13
Return on assets	1.08	1.03
Return on equity	14.60	13.84

Source: RBI.

Table 5.9 : Return on Assets and Equity for SCBs

Growth of NPAs is a cause for concern.

5.23 GNPs of public-sector banks (PSBs) have shown a rising trend, increasing by almost four times from March 2010 (₹ 59,972 crore) to March 2014 (₹ 2,04,249 crore) (provisional). As a percentage of credit advanced, NPAs were at 4.4 per cent in March 2014 (provisional) compared to 2.09 per cent in 2008-09.

Tackling NPAs

5.24 Asset quality in the banking system has deteriorated in the post-crisis years and among banks groups, PSBs had the highest

level of stress in terms of NPAs and restructured advances. The RBI in its Financial Stability Report, December 2013 has indentified five sectors—infrastructure, iron and steel, textiles, aviation, and mining—as the stressed sectors. PSBs have high exposures to the ‘industry’ sector in general and to such ‘stressed’ sectors in particular. Increase in NPAs of banks is mainly accounted for by switchover to system-based identification of NPAs by PSBs, slowdown of economic growth, and aggressive lending by banks in the past, especially during good times.

5.25 Some recent initiatives taken by the government to address the rising NPAs include:

- Appointment of nodal officers in banks for recovery at their head offices/zonal offices/for each Debts Recovery Tribunal (DRT).
- Thrust on recovery of loss assets by banks and designating asset reconstruction companies (ARC) resolution agents of banks.
- Directing the state-level bankers’ committees to be proactive in resolving issues with the state governments.
- Sanction of fresh loans on the basis of information sharing amongst banks.
- Conducting sector / activity-wise analysis of NPAs
- Close watch on NPAs by picking up early warning signals and ensuring timely corrective steps by banks including early detection of sign of distress, amendments in recovery laws, and strengthening of credit appraisal and post credit monitoring (Box 5.1).

Steps are being taken to improve asset quality.

Box 5.1 : Highlights of the RBI's Recent Guidelines on Early Warning System 30 January 2014

The RBI's recently released study 'Early Recognition of Financial Distress, Prompt Steps for Resolution and Fair Recovery for Lenders: Framework for Revitalizing Distressed Assets in the Economy' has suggested various steps for quicker recognition and resolution of stressed assets. Banks will now be required to classify Special Mention Accounts (SMA) into three sub-categories:

1. **SMA-0:** Principal or interest not overdue but showing incipient signs of stress
2. **SMA-1:** Principal or interest overdue by 31-60 days
3. **SMA-2:** Principal or interest overdue by 61-90 days

The other main proposals in the framework are:

1. Centralized reporting and dissemination of information on large credit.
2. Early formation of a lenders' committee with timelines to agree to a plan for resolution.
3. Incentives for lenders to agree collectively and quickly to a plan. There is better regulatory treatment of stressed assets if a resolution plan is under way, or accelerated provisioning if no agreement can be reached.
4. Improvement in current restructuring process: independent evaluation of large value restructurings is mandated, with a focus on viable plans and a fair sharing of losses (and future possible upside) between promoters and creditors.
5. More expensive future borrowing for borrowers who do not cooperate with lenders in resolution.
6. More liberal regulatory treatment of asset sales:
 - Lenders can spread loss on sale of loan assets over two years, provided the loss is fully disclosed
 - Lenders can take-out financing/refinancing over longer periods, which will not be construed as restructuring
 - Leveraged buy-outs will be allowed for specialized entities for acquisition of ‘stressed companies’
 - Steps to enable better functioning of ARCs mooted
 - Sector-specific companies and private equity (PE) firms will be encouraged to play an active role in the stressed assets market
 - Steps taken by the government and RBI so far have resulted in improvement in recoveries of NPA by PSBs. These have increased from ₹ 9726 crore as in March 2010 to ₹ 20,288 crore as in March 2013 and ₹ 27,623 crore as in March 2014 (provisional).

- Increased provision for restructured standard accounts to 2.75 per cent from 2.00 per cent
- Increased provision for new restructured standard accounts to 5 per cent up from 3.75 per cent w.e.f. 31 March 2015 spread over the four quarters of 2014-15

NON-BANKING FINANCIAL INSTITUTIONS

5.26 Non-banking financial institutions (NBFI) is a heterogeneous group of institutions that caters to a wide range of financial requirements and can broadly be divided into financial institutions (FIs) and Non Bank Financial Companies (NBFCs).

Financial institutions

5.27 There were four FIs under the regulation and supervision of the RBI: Export-Import Bank of India (EXIM), National Bank for Agriculture and Rural Development (NABARD), National Housing Board (NHB), and Small Industries Development Bank of India (SIDBI). The total resources raised by FIs during 2012-13 were lower than in the previous year (Table 5.10). Both short-term and long-term resources raised declined, while those raised through foreign currency resources recorded a sharp increase. The rise in foreign currency borrowings was mainly with respect to EXIM as it more than doubled its external borrowings during the year.

5.28 The funds raised by FIs from external sources increased by 73.4 per cent during 2012-13, while funds mobilized from internal sources decreased by 9.3 per cent. In case of deployment of funds, the growth of fresh deployments declined sharply to 13.6 per cent, whereas the funds used in other deployments surged significantly by 586.5 per cent (Table 5.11).

5.29 The financial performance of FIs improved during 2012-13 as both their operating and net profits increased. Increase in FIs' operating expenses during 2012-13 was mainly led by a higher wage bill. The RoA of all the FIs remained almost stable during 2012-13 with SIDBI and NHB having the highest RoAs. As compared to last year, net NPAs of FIs at aggregate level increased mainly on account of higher net NPAs in respect of EXIM, SIDBI, and NHB. NABARD had the fewest NPAs of the FIs and its NPA position improved further during the year. The CRAR of all the FIs was lower during 2012-13 than in the previous year. However, all the four FIs maintained a CRAR higher than the minimum stipulated norm of 9 per cent.

Non-banking financial companies

5.30 NBFCs as a whole accounted for 13.0 per cent of bank assets as on 31 March 2013. With the growing importance assigned to financial inclusion, NBFCs have been regarded as important financial intermediaries particularly for the small-scale and retail sectors. There are two broad categories of NBFCs based on whether they accept public deposits, namely deposit taking NBFCs (NBFC-D) and non-deposit taking NBFCs (NBFC-ND). The total number of NBFCs registered with the RBI declined from 12,385 as at the end of June 2012 to 12,225 as on 30 June 2013. The number of NBFC-Ds declined from 271 to 254 during the same period,

	(₹ crore)	
	2011-12	2012-13
Resources raised		
Long term	96100	47000
Short term	105200	65900
Foreign currency	10400	20100
Total	211700	133000
Total outstanding	201600	191300

Source: Respective FIs.

Table 5.10 : Resource Mobilization by FIs

	(per cent)
	2012-13
Sources of funds	27.1
Internal	-9.3
External	73.4
Others	225.4
Deployment of funds	27.1
Fresh deployment	-13.6
Repayment of past borrowing	17.6
Other deployments	586.5
Interest payments	26.2

Source: Respective FIs.

Table 5.11 : Variation in Pattern of Sources and Deployment of Funds of FIs

Box 5.2 : Committee on Comprehensive Financial Services for Small Businesses and Low-Income Households

The RBI set up the Committee on Comprehensive Financial Services for Small Businesses and Low-Income Households (CCFS) in September 2013 under the Chairmanship of Dr Nachiket Mor. The Committee's Report was released on 7 January 2014.

At its core, the Committee's recommendations are that in order to achieve the task of financial inclusion in a manner that enhances both financial inclusion and stability, there is need to move away from an exclusive focus on any one model to an approach where multiple models and partnerships are allowed to thrive, particularly between national full-service banks, regional banks of various types, NBFCs, and financial markets. The common theme of all the recommendations made by the Committee is that instead of focusing only on large generalist institutions, specialization and partnerships between specialists must be encouraged. Such an approach, in its view, would be far more effective at delivering high quality financial inclusion, without compromising financial stability or responsibility towards customers. Some of the key recommendations of the CCFS include:

1. **Universal Electronic Bank Account** for every resident to be made available at the time of issuing the Aadhaar number.
2. **Licensing**, with lowered entry barriers but otherwise equivalent treatment, more functionally focused banks, including payment banks, wholesale consumer banks, and wholesale investment banks.
3. **Developing risk-based supervision** processes for regional banks and strengthening existing ones before creating new regional banks.
4. **Reorienting the focus** of NABARD, SIDBI, and NHB to be market-makers and providers of risk-based credit enhancements.
5. **Consolidating NBFC definitions** into two categories: Core investment companies and other NBFCs. Restore permission of NBFCs-ND to act as business correspondents.
6. **On priority sector lending**, while the Committee acknowledged that the current focus of the policy, on small farmers, small businesses, and weaker sections, was well placed, it recommended an approach that incentivizes each provider to specialize in one or more sectors of the economy and regions of the country. Government subsidies to be channelled as direct benefit transfers (DBTs) rather than as subventions or waivers.
7. All financial firms regulated by the RBI be required to have an internal process to assess suitability of products prior to advising clients with regard to them.

Systemically important non-deposit taking NBFCs (NBFC-ND-SI) increased from 370 to 417 during the same period.

FINANCIAL INCLUSION

5.31 Financial inclusion is an important priority of the government. The objective of financial inclusion is to extend financial services to the large hitherto unserved population of the country to unlock its growth potential. To extend the reach of banking to those outside the formal banking system, various initiatives are undertaken by the Government of India (GoI) and RBI from time to time. PSBs opened 7840 branches in 2013-14 as compared to 4432 in 2012-13. They had a total of 96,853 automated teller machines (ATMs) by January 2014 as compared to 69,652 at the end of 2012-13. Boxes 5.2 and 5.3 highlight some of the key developments in this field.

Box 5.3 : New Banking Licenses in the Private Sector

The RBI released 'Guidelines for Licenses of New Banks in the Private Sector' on 22 February 2013, wherein applications for setting up new banks in the private sector were invited, for which 25 applications were received. A High Level Advisory Committee under the Chairmanship of Dr Bimal Jalan, former Governor RBI, was set up for screening these applications. The Committee submitted its Report along with its recommendations on 25 February 2014. Based on this, an internal scrutiny of the applications was done and the RBI, on 2 April 2014, granted 'in-principle' approval to two applicants, namely IDFC Limited and Bandhan Financial Services Private Limited, to set up banks under the Guidelines.

	(₹ crore)	
	2012-13	2013-14
Debt	16982	42383
Equity	15473	13269
IPOs	6528	1236
Number of IPOs	33	38
Mean IPO size	198	33
Private placement	361462	276054
Euro issues (ADR/GDR)	NA	NA
Total	393917	331728

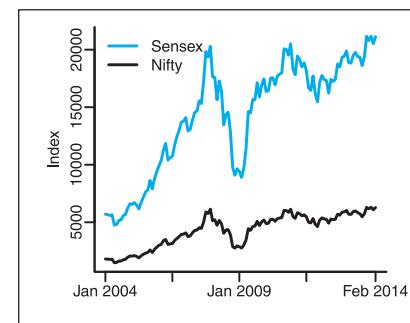
Source: Securities and Exchange Board of India (SEBI).

Table 5.12 : Resource Mobilization through Primary Market

	(₹ crore)	
Sector	2012-13	2013-14
UTI	4629	401
Public	6808	4543
Private	65102	48838
Total	76539	53783

Source: SEBI

Table 5.13 : Trends in Resource Mobilization by Mutual Funds



Source: NSE and BSE.

Figure 5.3 : Closing Values of NSE and BSE

Index	% change in '13 over '12
S&P BSE SENSEX	9.0
NSE CNX NIFTY	6.8
S&P 500	29.6
DAX	255
FTSE 100	14.4
NIKKEI 225	56.7
HANG SENG	2.9
Brazil Ibovespa	-155
Kospi	0.7
Dow Jones Indus. Avg.	265
Straits Times STI	0.0
Shanghai SE	-6.7
CAC 40	18.0

Source: Bloomberg.

Table 5.14 : Performance of Major Markets in the World (%)

	(₹ crore)	
	Cash	Equity
2012-13	3257086	38704572
2013-14	3341338	47575571

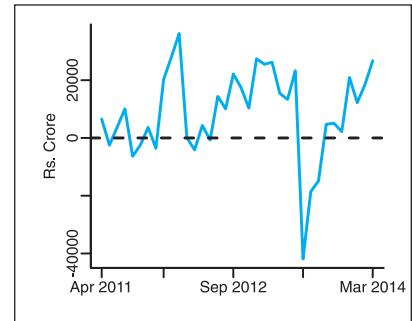
Source: BSE, NSE and MCX-SX.

Table 5.15 : Market turnover

Exchanges	No. of contracts	Trading value (₹ crore)	Average daily trading value (₹ crore)
NSE			
2012-13	959243448	5274465	21706
2013-14	660192530	4012513	16445
MCX-SX			
2012-13	597310766	3303179	13593
2013-14	398584890	2422410	9928
USE			
2012-13	23766846	132861	547
2013-14	47479296	301620	1236
BSE			
2012-13	NA	NA	NA
2013-14	39157195	244312	3016

Source: NSE, MCX-SX, USE and BSE.

Table 5.16 : Trends in Currency Derivatives



Source: SEBI

Figure 5.4 : Net FII Investment

Primary market initiatives

5.36 This subsection highlights the regulatory changes over the last financial year that seek to increase access to and efficiency of the financial system.

Steps to develop corporate bond market

5.37 Various policy reform measures were implemented in consultation with all market regulators and the Ministry of Corporate Affairs (MCA) to improve the regulatory regime and stimulate the growth of the corporate bond market:

- Strengthening of the legal framework for regulation of corporate debt by amendments in rules/regulations formulated by the MCA, Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFESI) Act, and Income Tax Act.
- Relaxation of investment guidelines for pension funds, provident funds, insurance funds, etc. to enable the inclusion of a long-term and stable class of investors.
- Introduction of new products or removal of legal or regulatory constraints for nascent products such as covered bonds, municipal bonds, credit default swaps, credit enhancements, and securitization receipts.
- Amendment in definition of deposit in Companies (Acceptance of Deposits) Rules 1975.
- Development of securitized debt market by ensuring clarity in taxation policy for securitized debt.
- Rationalization of withholding tax (WHT) on FIIs for G-Secs and corporate bonds.
- Relaxation of investment norms of insurance / pension funds to encourage such funds to increase their participation in corporate bonds.
- Encouragement of public issuance of corporate bonds for raising Tier II capital by banks, especially since banks are viewed as more reliable by public investors.
- Insurance companies allowed to participate in the repo market to increase liquidity. The RBI also reduced the

minimum haircut requirement in corporate debt repo. Repo in corporate debt shall also be permitted on commercial papers, certificates of deposit, and non-convertible debentures of less than one year of original maturity.

- Insurance companies and mutual funds allowed to participate as market makers in credit default swap (CDS) market to improve trading in this product.
- Setting up of central counter party (CCP) and creation of trade guarantee fund for trading in corporate bonds in stock exchanges.
- New trading platform and risk management system for corporate bonds including a centralized database on outstanding amount, settlement value, and traded volume to eliminate fragmentation of information.

The data on corporate bonds for private placement and public issuance is given in Table 5.17 and 5.18.

	2012-13	2013-14	2014-15*
Listed only on NSE			
No. of issues	1295	837	94
Amount (₹ crore)	206187.25	140713.04	9122.8
Listed only on BSE			
No. of issues	1094	997	194
Amount (₹ crore)	72473.84	78805.14	10651.75
Listed on NSE & BSE			
No. of issues	100	90	12
Amount (₹ crore)	82800.91	56536	3800
Total			
No. of issues	2489	1924	300
Amount (₹ crore)	361462	276054.18	23574.55

Source: NSE and BSE

*In April 2014

Increasing minimum public shareholding for listed companies

5.38 The Securities Contracts (Regulation) Rules (SCRR) 1957 provide for non-promoter, public shareholding for all listed companies to be 25 per cent (except for government-owned public-sector enterprises where the threshold is 10 per cent). SEBI has introduced the following methods for achieving the minimum public shareholding (MPS) requirement in terms of Rules 19(2) (b) and 19A of the SCRR.

- Issuance of shares to public through prospectus.
- Offer for sale (OFS) of shares held by promoters to public through prospectus and sale of shares held by promoters through the secondary market by OFS through the stock exchange. This is coupled with a new Institutional Placement Programme (IPP).
- Rights issues to public shareholders, with promoters/promoter group shareholders foregoing their rights entitlement. The same norms apply to bonus issues.

	Issues	Amt. Raised (₹ crore)
2010-11	10	9451.17
2011-12	20	35610
2012-13	20	16982
2013-14	35	42382.97
2014-15	1	264.7

Source: SEBI.

Table 5.18 : Particulars on Public Issues

Table 5.17 : Private Placement of Corporate Bonds

5.39 Orders were issued to non-compliant private companies and public-sector undertakings (PSU) and ₹ 18,799 crore was raised through companies meeting their MPS.

Secondary market initiatives

5.40 It was a busy year in the secondary markets as many market segments were liberalized and new products like interest rate futures were launched. Other schemes and reforms include:

Small and Medium Enterprise (SME) segment

5.41 A framework to permit small and medium enterprises, including start-up companies, to list on the SME exchange without being required to make an IPO, was announced in the Union Budget 2013-14. The issue however will be restricted to informed investors. This will be in addition to the existing SME platform on which listing can be done through an IPO and with wider investor participation. This move was made to increase SME access to capital markets.

Reduction and harmonization of securities transaction tax (STT)

5.42 The STT has been reduced for equity futures from 0.017 per cent to 0.01 per cent in 2013-14. At the same time the commodities transaction tax (CTT) rate on non-agricultural commodities futures contracts has been harmonized at the same rate as on equity futures.

External market initiatives

Foreign Portfolio Investor (FPI)

5.43 Following the K. M. Chandrasekhar Committee recommendations, SEBI has notified new FPI regulations on 7 January 2014 to put in place a framework for registration and procedures with regard to foreign investors who propose to make portfolio investment in India. The RBI followed up these recommendations with announcement of FPI norms with SEBI on 25 March 2014.

5.44 The portfolio investor registered in accordance with SEBI guidelines shall be called registered foreign portfolio investor (RFPI). The existing portfolio investor class, namely FII and qualified foreign investor (QFI) registered with SEBI shall be subsumed under RFPI. An RFPI may purchase and sell shares and convertible debentures of an Indian company through a registered broker on recognized stock exchanges in India as well as purchase shares and convertible debentures which are offered to public in terms of relevant SEBI guidelines/ regulations. An RFPI shall be eligible to invest in government securities and corporate debt and all exchange-traded derivative contracts on the stock exchanges subject to limits prescribed by the RBI and SEBI. This move is expected to streamline the foreign investment process in India for all FPIs.

Registered foreign portfolio investor regime will ease foreign portfolio investment.

Review of ADR/GDR scheme

5.45 A committee was set up to review the American Depository Receipt (ADR)/Global Depository Receipt (GDR) scheme of 1993

keeping in view the new company law and the recent legislations in the financial markets; the needs of the Indian companies and foreign investors; and the need for simplification and legal clarity of the Scheme. The Committee submitted its report on 27 November 2013. The government has accepted the report and the new scheme suggested by the Committee would be notified at a later stage after the necessary tax-related amendments are made.

IFC offshore bond programme

5.46 International Finance Corporation [IFC(W)], a member of the World Bank Group, launched a US\$1 billion offshore bond programme—the largest of its kind in the offshore rupee market—to strengthen India's capital markets. Under the programme, the IFC will issue rupee-linked bonds and use the proceeds to finance private-sector investment in the country. The IFC's offshore bond programme will help bring depth and diversity to the offshore rupee market and pave the way for an alternative source of funding for Indian companies.

Enhancement of FII debt limits

5.47 The GoI in consultation with the RBI has progressively enhanced the limits for FII investments in the domestic debt (G-Sec as well as corporate debt) market keeping in view India's evolving macroeconomic scenario. The FII debt limits have now been enhanced to US\$ 81 billion (corporate bond US\$ 51 billion and G-Secs US\$ 30 billion) from the earlier US\$ 66 billion.

FII limits were enhanced to US\$ 81 billion.

Financial Sector Legislative Reforms Commission

5.48 With a view to revamping financial-sector laws to bring them in tune with current requirements, the GoI set up the Financial Sector Legislative Reforms Commission (FSLRC) on 24 March 2011. The Commission submitted its Report on 22 March 2013. The FSLRC has given wide-ranging recommendations on the institutional, legal, and regulatory framework, and operational changes in the Indian financial sector. Broadly, the recommendations of the Commission can be divided into two parts, legislative and non-legislative aspects.

The FSLRC report marks an important milestone in financial reforms.

5.49 The legislative aspects of the recommendations relate to revamping the legislative framework of the financial-sector regulatory architecture through a non-sectoral, principle-based approach and by restructuring existing regulatory agencies and creating new agencies wherever needed. The Commission has recommended a seven-agency structure for the financial sector. The non-legislative aspects of the FSLRC recommendations are broadly in the nature of governance-enhancing principles for enhanced consumer protection, greater transparency in the functioning of financial-sector regulators in terms of their reporting system, greater clarity on their interface with the regulated entities, and greater transparency in the regulation making process by means of mandatory public consultations, incorporation of cost-benefit analysis, etc. The recommendations of the FSLRC were also discussed in fair detail in the Financial Stability and Development Council (FSDC) meetings. In the eighth FSDC meeting held on 24 October 2013, the Council decided

that Regulators would voluntarily adopt governance-enhancing recommendations that do not require legislative changes within a reasonably proximate timeframe. It was also decided to set up task forces with a project approach to lay the roadmap for the establishment of new agencies like the Resolution Corporation (RC), Public Debt Management Agency (PDMA), Financial Sector Appellate Tribunal (FSAT), and Financial Data Management Centre (FDMC).

5.50 With a view to facilitating the task of regulators and helping develop a uniform rationale-based understanding about the non-legislative governance-enhancing principles, a detailed ‘Guidance Handbook’ was prepared which essentially includes governance-enhancing provisions/recommendations, their rationale, suitable examples of global good governance practices, and guidance on implementation.

5.51 These recommendations encompass issues relating to consumer protection, consumer protection for retail customers, timeline for regulations on consumer protection, requirements for framing regulations, notices to regulated entities, transparency, transparency in Board meetings, reporting, approvals, investigation, adjudication, imposition of penalty, and capacity building. For ensuring coordination between the regulators so as to ensure cohesion at operational level, the non-legislative aspects of the FSLRC recommendations were also discussed in the Inter Regulatory Technical Group housed in the RBI.

5.52 Going forward, the government intends to concretize the institutional structures through task forces on RC, PDMA, FSAT, and FDMC and by examining legislative aspects of the FSLRC recommendations, fine-tuning the draft IFC managing technical programmes for capacity building and by strengthening the Management Information System (MIS).

The FSLRC report emphasizes financial consumer protection.

Financial Stability and Development Council Secretariat

5.53 With a view to strengthening and institutionalizing the mechanism for maintaining financial stability, enhancing inter-regulatory coordination, and promoting financial-sector development, the government has set up an apex-level Financial Stability and Development Council (FSDC) in December 2010. The Council is chaired by the Finance Minister and has heads of financial-sector regulatory authorities, the Finance Secretary and/or Secretary, Department of Economic Affairs, Secretary, Department of Financial Services, and the Chief Economic Adviser as members. The Council monitors macro-prudential supervision of the economy, including functioning of large financial conglomerates, and addresses inter-regulatory coordination and financial-sector development issues. It also focuses on financial literacy and financial inclusion.

The FSDC reviewed key financial stability issues.

5.54 The council met three times in 2013-14 and has already met twice in 2014-15. During these meetings, the Council reviewed the position of asset quality and capital adequacy of the banking system

Box 5.4: Financial Stability Board

The Financial Stability Board (FSB) was established in 2009 under the aegis of the G20 bringing together the national authorities, standard-setting bodies, and international financial institutions to address vulnerabilities and to develop and implement strong regulatory, supervisory, and other policies in the interest of financial stability. India is an active Member of the FSB. The FSDC Secretariat in the Department of Economic Affairs coordinates with the various financial-sector regulators and other relevant agencies to represent India's views with the FSB. As a member of the FSB, Basel Committee on Banking Supervision (BCBS), and International Monetary Fund (IMF), India actively participates in post-crisis reforms of the international regulatory and supervisory framework under the aegis of the G20. India remains committed to adoption of international standards and best practices, in a phased manner and calibrated to local conditions, wherever necessary.

in the country, National Strategy for Financial Education, recommendations of the FSLRC, impact of tapering off of the quantitative easing in the US and preventive measures to be taken, steps to be taken by regulators/government to facilitate the 'Corporate Distress Resolution Mechanism' as laid out in the Companies Act 2013, Assessment on External Sector Vulnerabilities, Issuance of Basel III Compliant Capital Instruments by Banks, etc. (see Box 5.4).

GLOBAL COMPETITION FOR KEY MARKETS

5.55 A major development in recent years has been a new era of international competition. The two biggest markets in India are the rupee and Nifty. In both these markets, active trading has developed at overseas venues. Foreign customers have the choice of sending an order to India or elsewhere; households and firms in India are gradually finding ways of harnessing overseas choices. India has lost competitiveness in key markets.

5.56 Table 5.19 shows the structure of the global market for the rupee. Daily activity in the rupee adds up to \$50.58 billion. The overseas market has developed into a significant competitor. Table 5.20 shows the structure of the global market for Nifty. More than half of the open position is now overseas.

5.57 Ten years ago, the global market was practically absent in both these fields. The rise in market share of the overseas market is a major external impulse upon the Indian financial system. Global competition generates pressure on private players to become more efficient, which is a positive development. However, the outlook for onshore trading is hampered by policy problems. The outcome of this global competition hinges on six factors:

1. There are capital control frictions against foreign investors;
2. Often there are technical mistakes in rules on position limits and margins;
3. There is adverse tax treatment of non-resident participants;
4. Markets in India are not open at all hours;
5. There are bureaucratic and procedural overheads; and
6. The domestic market is less well developed than some competing markets.

(Billion US\$ of open interest)		
	Exchange-traded	OTC
Onshore	10.6	20.9
Offshore	1.4	17.6

Source: Bank of International Settlements (BIS)

Table 5.19 : The Global Market for the Rupee

(Billion US\$ of open interest)		
	Exchange-traded	OTC
Onshore	22.1	6.9
Offshore	0.0	22.8

Source: NSE and SGX

Table 5.20 : The Global Market for Nifty

INSURANCE AND PENSIONS

Insurance

5.58 A healthy and developing insurance sector is of vital importance to every modern economy. It encourages the savings habit, provides a safety net to rural and urban enterprises and individuals, and generates long-term funds for infrastructure development. Development of insurance is therefore, necessary to support continued economic growth. Social security and pension reforms also benefit from a mature insurance industry. Since its opening up in 2000, the number of participants in the insurance industry has gone up from 7 insurers (including the Life Insurance Corporation of India [LIC]), 4 public-sector general insurers, 1 specialized insurer, and the General Insurance Corporation (GIC) as the national re-insurer in 2000 to 53 insurers as on 31 March 2014 operating in the life, non-life, and re-insurance segments.

Life insurance

5.59 During 2013-14 life insurers underwrote first-year premium of ₹ 1,19,641 crore as against ₹ 1,07,361 crore during 2012-13, registering a growth of 11.44 per cent. The premium underwritten by the private sector declined by 4.01 per cent, whereas that underwritten by the LIC registered a growth of 17.64 per cent.

Non-life insurance

5.60 During 2013-14, non-life insurers including standalone health insurers and specialized insurers (Export Credit Guarantee Scheme [ECGC] and Agriculture insurance company [AIC]) underwrote premium worth ₹ 77,583 crore as against ₹ 69,089 crore during 2012-13, registering a growth of 12.23 per cent. (Table 5.21)

Micro insurance

5.61 Micro insurance regulations issued by the Insurance Regulatory and Development Authority (IRDA) have provided the necessary impetus for promoting insurance to the needy sector. There were 17,052 micro insurance agents operating in the micro insurance sector as of end 2012-13, a 35 per cent increase as compared to 2011-12. In micro insurance-life, the individual new business premium in the year was ₹ 109.68 crore under 50.36 lakh policies, which is marginally lower than ₹ 115.68 crore raised under 46.20 lakh policies in 2011-12. The group business amounted to ₹ 218.03 crore premium under 139.81 lakh lives in 2012-13.

Insurance penetration and density

5.62 Insurance penetration is defined as the ratio of premium underwritten in a given year to the GDP. Likewise, insurance density is defined as the ratio of premium underwritten in a given year to the total population. Insurance penetration has grown from 2.3 per cent (life 1.8 per cent and non-life 0.7 per cent) in 2000 to 3.96 per cent (life 3.17 per cent and non-life 0.78 per cent) in 2012.

Pension sector

5.63 The New Pension System (NPS) now called National Pension System was introduced by replacing the existing defined benefit

	(per cent)	
	2012-13	2013-14
Private insurers	25.26	15.37
Public insurers	14.60	9.86

Source: Insurance Regulatory and Development Authority (IRDA).

Table 5.21 : Growth of Premium Underwritten by Public and Private Insurers

pension system for the new recruits joining government service on or after January 2004. Till 7 May 2014 a total of 67.41 lakh subscriptions have been enrolled under the NPS with a corpus of ₹ 51,147 crore. From May 2009, the NPS was opened up for all citizens in India to join on a voluntary basis. The Swavalamban Scheme for workers in the unorganized sector launched in 2010, initially for three years for the beneficiaries who enrolled themselves in 2010-11, has now been extended to five years for the beneficiaries enrolled in 2010-11, 2011-12, and 2012-13 and thus the benefits of co-contribution under the Scheme would be available till 2016-17. A customized version of the core NPS model, known as the NPS Corporate Sector Model was also introduced from December 2011 to enable organized-sector entities to move their existing and prospective employees to the NPS under its Corporate Model. All the public-sector banks, which also act as points of presence for the NPS, have been asked to provide a link on their websites to enable individual subscribers to open online NPS Accounts.

5.64 The Pension Fund Regulatory and Development Authority (PFRDA) Act 2013 has been made effective from 1 February 2014, after it was passed by Parliament in September 2013. The PFRDA Act 2013 seeks to vest the PFRDA with statutory status in order to allow it to perform its regulatory and developmental roles effectively and to extend the social security cover to hitherto uncovered working population through the NPS.

CHALLENGES AND OUTLOOK

- Financial markets continue to suffer from illiquidity;
- A major objective should be to develop the bond-currency derivative (BCD) nexus to equity market quality levels;
- There are concerns about balance sheet quality with banks and a subset of non-financial firms;
- Most households are as yet cut off from large parts of the financial system. Bank-centric notions of financial inclusion have limited value;
- The next wave of infrastructure financing will require a capable bond market; and
- The FSLRC has proposed the draft IFC which addresses the problems of Indian finance and sets the course for a modern financial system.

66 lakh subscribers have enrolled under the NPS.

Developing the BCD nexus is a priority.

The Road Ahead

Indian Financial Code (IFC)

5.65 The *Report of the Financial Sector Legislative Reforms Commission*, was submitted to the government on 22 March 2013. The report contained the FSLRC Draft Indian Financial Code. The Commission distilled the consensus of a decade of expert committee reports into a draft IFC, which replaces most existing Indian financial law. It sought to address present weaknesses of the Indian financial system, and meet the requirements of the Indian economy over the coming 30 years.

5.66 The IFC articulates clear objectives for financial regulation, where government intervention is required. These are: consumer protection, micro-prudential regulation, resolution, systemic risk reduction, market abuse in organized financial trading, consumer redress, debt management, capital controls, and monetary policy. In each area, precise objectives are stated and precise powers given to financial agencies.

5.67 The IFC lays great emphasis on the formal process through which the legislative, executive, and judicial functions take place in financial regulators. The principles of rule of law and accountability, are utilized to create a better environment of checks and balances around regulators.

5.68 The present financial regulatory architecture has come about through numerous episodes in the past decades, without a coherent design. The FSLRC has designed a modified financial regulatory architecture, which would increase accountability by achieving clarity of purpose for each organization and avoid conflicts of interest. The modified arrangements also facilitate achieving economies of scope and scale, of related activities, for the private sector and for the government.

5.69 The FSDC decided that while the draft IFC is a bill that requires Parliamentary action, a number of changes proposed by the FSLRC can be implemented voluntarily, without any legislative changes. To provide examples of best practices, and to guide regulators on compliance with the measures recommended by the FSLRC, the Ministry of Finance has published a *Handbook on adoption of governance enhancing and non-legislative elements of the draft Indian Financial Code*.

Chapter 6

Balance of Payments

The India's balance-of-payments (BoP) position improved dramatically in 2013-14, particularly in the last three quarters. This owed in large part to measures taken by the government and the Reserve Bank of India (RBI) and in some part to the overall macroeconomic slowdown that fed into the external sector. Current account deficit (CAD) declined sharply from a record high of US\$ 88.2 billion (4.7 per cent of gross domestic product [GDP]) in 2012-13 to US\$ 32.4 billion (1.7 per cent of GDP) in 2013-14. After staying at perilously unsustainable levels of well over 4.0 per cent of GDP in 2011-12 and 2012-13, the improvement in BoP position is a welcome relief, and there is need to sustain the position going forward. This is because even as CAD came down, net capital flows moderated sharply from US\$ 92.0 billion in 2012-13 to US\$ 47.9 billion in 2013-14, that too after a special swap window of the RBI under the non-resident Indian (NRI) scheme/overseas borrowings of banks alone yielded US\$ 34.0 billion. This led to some increase in the level of external debt, but it has remained at manageable levels. The large depreciation of the rupee during the course of the year, notwithstanding sizeable accretion to reserves in 2013-14, could partly be attributed to frictional forces and partly to the role of expectations in the forex market. The rupee has stabilized recently, reflecting an overall sense of confidence in the forex market as in other financial markets of a change for better economic prospects. There is a need to nurture and build upon this optimism through creation of an enabling environment for investment inflows so as to sustain the external position in an as yet uncertain global milieu.

GLOBAL ECONOMIC ENVIRONMENT

6.2 Global economic recovery appears to have strengthened in recent months and is expected to further improve. The recent uptick in global growth is mainly concentrated in advanced economies and some emerging market and developing economies. The easier financial market conditions and gradually improving consumer and business confidence have supported growth. Stronger external demand from advanced economies would help lift growth in emerging market economies (EME).

6.3 The International Monetary Fund's (IMF) *World Economic Outlook* (WEO) (April 2014) projects growth in the global economy to strengthen from 3.0 per cent in 2013 to 3.6 per cent in 2014 and further to 3.9 per cent in 2015. Advanced economies are expected to improve their growth significantly to 2.2 per cent in 2014, while emerging and developing economies are projected to grow at 4.9 per cent in 2014, which is marginally better than the outcome in 2013 (Table 6.1). In line with the expanding economic activity, world

Percentage change year-over-year

	Projections			
	2012	2013	2014	2015
World output*	3.2	3.0	3.6	3.9
Advanced economies	1.4	1.3	2.2	2.3
United States	2.8	1.9	2.8	3.0
Euro Area@	-0.7	-0.5	1.2	1.5
Japan	1.4	1.5	1.4	1.0
United Kingdom	0.3	1.8	2.9	2.5
Emerging and developing economies	5.0	4.7	4.9	5.3
China	7.7	7.7	7.5	7.3
India#	4.7	4.4	5.4	6.4
World trade volume (goods and services)	2.8	3.0	4.3	5.3

Source : IMF, *World Economic Outlook*, April 2014.

Notes : * The quarterly estimates and projections account for 90 percent of the world purchasing-power-parity weights.

@ Excludes Latvia.

For India, data and forecasts are presented on a fiscal year basis and output growth is based on GDP at market prices. Corresponding growth forecasts for GDP at factor cost are 4.6, 5.4, and 6.4 percent for 2013, 2014, and 2015, respectively.

Table 6.1 : Overview of the World Economic Outlook Projections

trade is also projected to gradually recover, albeit at a slower than pre-global financial crisis pace.

6.4 EMEs are adjusting to a more difficult external financial environment in which international investors are more sensitive to policy weakness and vulnerabilities given prospects for better growth and monetary policy normalization in some advanced economies. Growth in EMEs is expected to pick up modestly. Notwithstanding the boost from stronger external demand, prospects for some EMEs are somewhat uncertain, with continuance of domestic weakness. Financial market contagion is a clear risk. Volatile capital flows and higher interest rates remain key concerns and a persistent tightening of financial conditions could undercut investment and growth in some countries given the corporate vulnerabilities. According to the IMF (WEO, April 2014), global recovery is still fragile, despite improved prospects, and significant downside risks remain. These include geopolitical risks, risk of contagion, and renewed bouts of high risk aversion on the part of investors which could result in further financial turmoil. In the stressed euro area, growth is projected to remain weak and fragile as high debt and financial fragmentation hold back domestic demand.

6.5 The financial situation in developed countries is posing challenges in many EMEs. Bond markets are now more sensitive to changes in accommodative monetary policies in advanced economies because foreign investors have crowded into local markets and can withdraw at the slightest hint of adverse circumstances. Emerging market fundamentals have weakened after a protracted interval of credit expansion and rising corporate leverage. Managing the risks of transition to a more balanced and sustainable financial sector, while maintaining robust growth and financial stability, will be a key challenge confronting policymakers.

6.6 The Indian economy witnessed substantial improvement on the external sector front, which has become more resilient in

recent months. India's BoP situation witnessed a turnaround during 2013-14 as merchandise exports increased modestly amidst strong global recovery and a depreciating rupee, while imports declined primarily due to a sharp fall in gold imports owing to a series of measures taken by the government and RBI to limit gold imports and a significant fall in international gold prices. With a lower CAD and build-up of foreign exchange reserves, the downward pressure on the currency and the volatility in the Indian rupee began to subside.

6.7 India is getting increasingly integrated with the global economy as is evident from the size of its two-way external-sector transactions which reached about 113 per cent of the country's GDP in 2013-14. The volatilities in global financial markets could be transmitted through various channels such as trade, finance, and confidence. Thus any adverse/unexpected developments in advanced economies could strain the BoP.

BoP DEVELOPMENTS

Overview of India's BoP

6.8 A sharp improvement was seen in the outcome during 2013-14 with the CAD being contained at US\$ 32.4 billion as against US\$ 88.2 billion and US\$ 78.2 billion respectively in 2012-13 and 2011-12. The stress in India's BoP, which was observed during 2011-12 as a fallout of the euro zone crisis and inelastic domestic demand for certain key imports, continued through 2012-13 and the first quarter of 2013-14. Capital flows (net) to India, however, remained high and were sufficient to finance the elevated CAD in 2012-13, leading to a small accretion to reserves of US\$ 3.8 billion. A large part of the widening in the levels of the CAD in 2012-13 could be attributed to a rise in trade deficit arising from a weaker level of exports and a relatively stable level of imports. The rise in imports owed to India's dependence on crude petroleum oil imports and elevated levels of gold imports since the onset of the global financial crisis. The levels of non-petroleum oil lubricant (PoL) and non-gold and silver imports declined in 2012-13 and 2013-14.

6.9 Capital flows (net) moderated sharply from US\$ 65.3 billion in 2011-12 and US\$ 92.0 billion in 2012-13 to US\$ 47.9 billion in 2013-14 (Table 6.2). This moderation in levels essentially reflects a sharp slowdown in portfolio investment and net outflow in 'short-term credit' and 'other capital'. However, there were large variations within quarters in the last fiscal, which is explained partly by domestic and partly by external factors. In the latter half of May 2013, the communication by US Fed about rolling back its programme of asset purchases was construed by markets as a sign of imminent action and funds began to be withdrawn from debt markets worldwide, leading to a sharp depreciation in the currencies of EMEs. Those countries with large CADs saw larger volumes of outflows and their currencies depreciated sharply. As India had a large trade deficit in the first quarter, these negative market perceptions led to sharper outflows in the foreign institutional investors (FIIs) investment debt segment leading to 13.0 per cent depreciation of the rupee between May 2013 and August 2013.

Sl. No.	Item	2009-10	2010-11	2011-12 ^{PR}	2012-13 ^{PR}	2013-14 ^P
I	Current account					
1	Exports	182442	256159	309774	306581	318607
2	Imports	300644	383481	499533	502237	466216
3	Trade balance	-118202	-127322	-189759	-195656	-147609
4	Invisibles (Net)	80022	79269	111604	107493	115212
	A. Services	36016	44081	64098	64915	72965
	B. Transfer	52045	53140	63494	64034	65276
	C. Income	-8038	-17952	-15988	-21455	-23028
	Current account balance	-38180	-48053	-78155	-88163	-32397
II	Capital account					
i.	External assistance	2890	4941	2296	982	1032
ii.	External commercial borrowings	2000	12160	10344	8485	11777
iii.	Short-term debt	7558	12034	6668	21657	-5044
iv.	Banking capital of which	2083	4962	16226	16570	25449
	Non-resident deposits	2922	3238	11918	14842	38892
v.	Foreign investment	50362	42127	39231	46711	26386
	A. FDI	17966	11834	22061	19819	21564
	B. Portfolio investment	32396	30293	17170	26891	4822
vi.	Other flows	-13259	-12484	-7008	-5105	-10813
	Capital account balance	51634	63740	67755	89300	48787
	Capital account (including errors & omissions)	51622	61104	65323	91989	47905
III	Errors & omissions	-12	-2636	-2432	2689	-882
IV	Overall balance	13441	13050	-12831	3826	15508
V	Reserves change (-indicates increase, +indicates decrease)	-13441	-13050	12831	-3826	-15508

Table 6.2: BoP (US\$ million)

Source : Reserve Bank of India (RBI).

Notes : PR: partially revised; P: preliminary.

6.10 The government swiftly moved to correct the situation through restrictions in non-essential imports like gold, customs duty hike in gold and silver to a peak of 10 per cent, and measures to augment capital flows through quasi-sovereign bonds and liberalization of external commercial borrowings. The RBI also put in place a special swap window for foreign currency non-resident deposit (banks) [(FCNR (B)] and banks' overseas borrowings through which US\$ 34 billion was mobilized. Thus, excluding one-off receipts, moderation in net capital inflows was that much greater in 2013-14. The one-off flows arrested the negative market sentiments on the rupee and in tandem with improvements in the BoP position, led to a sharp correction in the exchange rate and a net accretion to reserves of US\$ 15.5 billion for 2013-14.

Current account developments in 2012-13

6.11 After registering strong growth in both imports and exports in 2011-12, merchandise trade (on BoP basis) evidenced a slowdown in 2012-13 consisting of a decline in the levels of exports from US\$ 309.8 billion in 2011-12 to US\$ 306.6 billion and a modest rise in the level of imports to reach US\$ 502.2 billion. This resulted in a rise in trade deficit from US\$ 189.8 billion in 2011-12 to US\$ 195.7 billion in 2012-13. The decline in exports owed largely to weak global demand arising from the slowdown in advanced

economies following the euro zone crisis, which could only be partly compensated by diversification of trade. Non-PoL imports declined only marginally whereas PoL imports held up resulting in relatively stronger imports. Net imports of PoL shot up to US\$ 99.0 billion in 2011-12 initially on account of a spurt in crude oil prices (Indian basket) and remained elevated at US\$ 103.1 billion and US\$ 102.4 billion in the next two years. Similarly, gold and silver imports rose to a peak of US\$ 61.6 billion in 2011-12 and moderated only somewhat in 2012-13. Hence the wider and record high trade deficit in 2012-13.

6.12 With relatively static levels of net inflow under services and transfers, which are the two major components (at about US\$ 64 billion each), it was the net outflow in income (mainly investment income), which explained the diminution in level of overall net invisibles balance. Net invisibles surplus was placed at US\$ 107.5 billion in 2012-13 as against US\$ 111.6 billion in 2011-12. Software services continue to dominate the non-factor services account and in 2012-13 grew by 4.2 per cent on net basis to yield US\$ 63.5 billion with other services broadly exhibiting no major shifts. In 2012-13, private transfers remained broadly at about the same level as in 2011-12. Investment income which comprises repatriation of profits/interest, etc., booked as outgo as per standard accounting practice, has been growing at a fast clip reflecting the large accumulation of external financing of the CAD since 2011-12. Investment income (net) outgo constituted 25.4 per cent of the CAD in 2012-13.

6.13 With trade deficit continuing to be elevated and widening somewhat and net invisibles balance going down, the CAD widened from US\$ 78.2 billion in 2011-12 to US\$ 88.2 billion in 2012-13. As a proportion of GDP, the CAD widened from 4.2 per cent in 2011-12 to a historic peak of 4.7 per cent in 2012-13. This rise also owes to the fact that nominal GDP expressed in US dollar terms remained at broadly the same level of US\$ 1.8 trillion in both the years due to depreciation in the exchange rate of the rupee.

Current account developments in 2013-14

6.14 In terms of the major indicators, the broad trend witnessed since 2011-12 continued through to the first quarter of 2013-14. With imports continuing to be at around US\$ 120-130 billion per quarter for nine quarters in a row and exports (except the last quarter of the two financial years) below US\$ 80 billion for most quarters, trade deficit remained elevated at around US\$ 45 billion or higher per quarter for nine quarters till April-June 2013. The widening of the trade deficit in the first quarter mainly owed to larger imports of gold and silver in the first two months of 2013-14. In tandem with developments in the globe of a market perception of imminence of tapering of asset purchases by the US Fed, the widening of the trade deficit led to a sharp bout of depreciation in the rupee. This essentially reflected concerns about the sustainability of the CAD in India. The government and RBI took a series of coordinated measures to promote exports, curb imports particularly those of gold and non-essential goods, and enhance capital flows. Consequently, there has been significant

improvement on the external front. (The Mid-Year Economic Analysis 2013-14 of the Ministry of Finance contains a detailed analysis of sustainability concerns and measures taken.)

6.15 The measures taken led to a dramatic turnaround in the BoP position in the latter three quarters and for the full fiscal 2013-14. There was significant pick-up in exports to about us\$ 80 billion per quarter and moderation in imports to us\$ 114 billion per quarter in the latter three quarters. This led to significant contraction in the trade deficit to us\$ 30-33 billion per quarter in these three quarters. Overall this resulted in an export performance of us\$ 318.6 billion in 2013-14 as against us\$ 306.6 billion in 2012-13; a reduction in imports to us\$ 466.2 billion from us\$ 502.2 billion in 2012-13; and a reduction in trade deficit to us\$ 147.6 billion, which was lower by us\$ 48 billion from the 2012-13 level. As a proportion of GDP, trade deficit on BoP basis was 7.9 per cent of GDP in 2013-14 as against 10.5 per cent in 2012-13.

6.16 A decomposition of the performance of trade deficit in 2013-14 vis-à-vis 2012-13 indicates that of the total reduction of us\$ 48.0 billion in trade deficit on BoP basis, reduction in imports of gold and silver contributed approximately 47 per cent, reduction in non-PoL and non-gold imports constituted 40 per cent, and change in exports constituted 25 per cent. Higher imports under PoL and non-DGCI&S (Directorate General of Commercial Intelligence and Statistics) imports contributed negatively to the process of reduction to the extent of 12 per cent in 2013-14 over 2012-13.

6.17 Net invisibles surplus remained stable at us\$ 28-29 billion per quarter resulting in overall net surplus of us\$ 115.2 for 2013-14. Software services improved modestly from us\$ 63.5 billion in 2012-13 to us\$ 67.0 billion in 2013-14. Non-factor services however went up from us\$ 64.9 billion in 2012-13 to us\$ 73.0 billion partly on account of business services turning positive in all quarters with net inflows of us\$ 1.3 billion in 2013-14 as against an outflow of us\$ 1.9 billion in 2012-13. Business services have earlier been positive in 2007-08 and 2008-09. Private transfers improved marginally to us\$ 65.5 billion in 2013-14 from us\$ 64.3 billion in 2012-13. However, investment income outgo was placed at us\$ 23.5 billion in 2013-14 as against us\$ 22.4 billion in 2012-13. There has been an elevation in the levels of gross outflow in recent quarters reflecting the large levels of net international investment position (IIP), which is an outcome of elevated levels of net financing requirements in 2011-12 and 2012-13.

6.18 As an outcome of the foregoing development in the trade and invisibles accounts of the BoP, the CAD moderated sharply in 2013-14 and was placed at us\$ 32.4 billion as against us\$ 88.2 billion in 2012-13. In terms of quarterly outcome, the CAD was us\$ 21.8 billion in April-June 2013 and moderated to around us\$ 5.2 billion in July-September 2013, us\$ 4.1 billion in October-December 2013, and further to us\$ 1.3 billion in January-March 2014. As a proportion of GDP, the CAD was 1.7 per cent in 2013-14, which when adjusted for exchange rate depreciation compares favourably with the levels achieved in the pre-2008 crisis years.

Capital/Finance Account in 2012-13

6.19 In terms of macroeconomic identity, the resource expenditure imbalance in one sector needs to be financed through recourse to borrowing from other sectors and the persistence of high CAD requires adequate net capital/financial flows into India. Any imbalance in demand and supply of foreign exchange, even if frictional or cyclical, would lead to a change in the exchange rate of the rupee. For analytical purposes, it would be useful to classify these flows in a 2×2 scheme in terms of short-term and long-term, and debt and non-debt flows. This scheme of classification can be analysed in terms of the nature of flows as stable or volatile.

6.20 In the hierarchy of preference for financing stable investment flows like foreign direct investment (FDI) and stable debt flows like external assistance, external commercial borrowings (ECBs), and NRI deposits which entail rupee expenditure that is locally withdrawn rank high. The most volatile flow is the FII variety of investment, followed by short-term debt and FCNR deposits. While FII on a net yearly basis has remained more or less positive since the 2008 crisis, it has large cyclical swings and entails large volumes in terms of gross flows to deliver one unit of net inflow. Given this, it can be seen that post-1990 and prior to the global financial crisis, broadly the CAD remained at moderate levels and was easily financed. In fact the focus of the RBI immediately prior to the crisis was on managing the exchange rate and mopping up excess capital flows. Post-2008 crisis, the CAD has remained elevated at many times the pre-2008 levels.

6.21 In 2012-13, net capital inflows were placed at us\$ 92.0 billion and were led by FII inflows (net) of us\$ 27.6 billion and short-term debt (net) of us\$ 21.7 billion. There were, besides, large overseas borrowings by banks together indicating the dependence on volatile sources of financing. On a yearly basis, FII (net) flows remained at high levels post-2008 crisis on account of the fact that foreign investors had put faith in the returns from emerging economies, which exhibited resilience to the global crisis in 2009. There was some diminution in net inflows in 2011-12 on account of the euro zone crisis. On an intra-year basis, there was significant change in FII flows due to perceptions of changing risks which had a knock-on effect on the exchange rate of the rupee given the large financing need.

6.22 While the declining trend in net flows under ECB since 2010-11 continued in 2012-13, growing dependence on trade credit for imports was reflected in a sharp rise in net trade credit availed to us\$ 21.7 billion in 2012-13 from us\$ 6.7 billion in 2011-12. In net terms, capital inflows increased significantly by 40.9 per cent to us\$ 92.0 billion (4.9 per cent of GDP) in 2012-13 as compared to us\$ 65.3 billion (3.5 per cent of GDP) during 2011-12. Capital inflows were adequate for financing the higher CAD and there was net accretion to foreign exchange reserves to the extent of us\$ 3.8 billion in 2012-13. However, intra-year in the first three quarters, though there were higher flows quarter-on-quarter, the

levels of net capital flows fell short or were barely adequate for financing the CAD but in the fourth quarter while the levels of net capital flows plummeted, the CAD moderated relatively more sharply leading to a reserve accretion of US\$ 2.7 billion.

Capital/Finance account in 2013-14

6.23 Outcomes in 2013-14 were a mixed bag. The higher CAD in the first quarter of 2013-14 was financed to a large extent by capital flows; but the moderation observed in the fourth quarter of 2012-13 continued through 2013-14. The communication by the US Fed in May 2013 about its intent to roll back its assets purchases and market reaction thereto led to a sizeable capital outflow from forex markets around the world. This was more pronounced in the debt segment of FII. In the event, even though there was a drastic fall in the CAD in July-September 2013, net capital inflows became negative leading to a large reserve drawdown of US\$ 10.4 billion in that quarter. FDI net inflows continued to be buoyant with steady inflows into India backed by low outgo of outward FDI in the first two quarters. In the third quarter, while there was turnaround in the flows of FIIs and copious inflows under NRI deposits in response to the special swap facility of the RBI and banks' overseas borrowing programme, there was some diminution in the levels of other flows. This led to a reserve accretion of US\$ 19.1 billion in the third quarter notwithstanding that the copious proceeds of the special swap windows of the RBI directly flowed to forex reserves of the RBI. In the fourth quarter, while FDI inflow slowed, higher outflow on account of overseas FDI together with outflow of short-term credit moderated the net capital inflows into India.

6.24 Thus for the year as a whole, net capital inflow was placed at US\$ 47.9 billion as against US\$ 92.0 billion in the previous year. While net FDI was placed at US\$ 21.6 billion, portfolio investment (mainly FII) at US\$ 4.8 billion, ECBs at US\$ 11.8 billion, and NRI deposits at US\$ 38.9 billion, there were significant outflows on account of short-term credit at US\$ 5.0 billion, banking capital assets at US\$ 6.6 billion, and other capital at US\$ 10.8 billion. The net capital inflows in tandem with the level of CAD led to a reserve accretion of US\$ 15.5 billion on BoP basis in 2013-14. The accretion to reserves on BoP basis helped in increasing the level of foreign exchange reserves above the US\$ 300 billion mark at end March 2014.

FOREIGN EXCHANGE RESERVES

6.25 Change in foreign exchange reserves can be decomposed into change in reserves on BoP basis and valuation changes in the assets held by the RBI, which are denominated in US dollars. As against a reserve accretion of US\$ 15.5 billion on BoP basis as at end March 2014, foreign exchange reserves in nominal terms increased by only US\$ 12.2 billion as there was a valuation loss in the non-US dollar assets held owing to cross-currency movements and the decline in gold prices. As at end May 2014, foreign exchange reserves stood at US\$ 312.2 billion (Table 6.3).

Sl No.	Year (at end March)	Foreign exchange reserves	Total increase(+) / decrease(-) in reserves over previous year	Increase(+) / decrease(-) in reserves on BoP basis	Increase(+) / decrease (-) in reserves due to valuation effect
1	2008-09	252.0	(-)57.7	(-)20.1	(-)37.6
2	2009-10	279.1	(+)27.1	(+)13.4	(+)13.7
3	2010-11	304.8	(+)25.7	(+)13.1	(+)12.6
4	2011-12	294.4	(-)10.4	(-)12.8	(+)2.4
5	2012-13	292.0	(-)2.4	(+)3.8	(-)6.2
6	2013-14	304.2	(+)12.2	(+)15.5	(-)3.3

Source : RBI.

6.26 Foreign exchange reserves were placed at US\$ 304.2 billion at end March 2014 as against a level of US\$ 292.0 billion at end March 2013. Foreign currency assets are the main component of foreign exchange reserves and were US\$ 276.4 billion at end March 2014. A second major component of the reserves was gold valued at US\$ 21.6 billion at end March 2014, lower than at end March 2013. Special drawing rights (SDRs) and the reserve tranche position in the IMF were at US\$ 4.5 billion and US\$ 1.8 billion respectively at end March 2014.

6.27 India continues to be one of the countries that have sizeable foreign exchange reserves particularly considering that some of the other major reserve holders are nations with large current account surpluses (Table 6.4). Intervention in the foreign exchange markets by the RBI so as to manage the exchange rate of the rupee and guard against volatility without targeting a specific rate is behind the accumulation of reserves generally; in the specific context of developments in 2013-14, the intervention was to provide a measure of comfort against the elevated levels of vulnerability indicators which are expressed as proportions of reserves.

EXCHANGE RATE

6.28 The vulnerability of the rupee as well as the currencies of other emerging market and developing economies came to the fore in May 2013 as a result of the announcement by US Fed about tapering of its asset purchases. While capital flows on a net basis continued to be broadly adequate at that time, the rupee depreciated sharply on the vulnerability concerns affecting expectations on the rupee emanating from the confluence of factors of elevated CAD and large withdrawal from the FII debt segment. However, the rupee became resilient when the US Fed taper actually happened subsequently.

6.29 In 2013-14, the rupee started to depreciate on a month-on-month basis starting May 2013. This process of depreciation was more pronounced in June 2013 and August 2013 when there were large depreciation in excess of 5 per cent on a month-on-month basis. The average exchange rate of the rupee reached a peak in September 2013 at ₹ 63.75 per US dollar. Thereafter, on the strength of the measures taken by the government to reduce the CAD and the RBI and government to boost capital flows, the rupee rebounded to reach an average level of ₹ 61.62 per US dollar in the month of October 2013. The rupee has subsequently been range bound and stable in 2013-14 (Table 6.5).

Table 6.3 : Summary of Changes in Foreign Exchange Reserves (US\$ billion)

Sl No.	Country	Foreign exchange reserves at end March 2014 (US\$ billion)
1	China	3950.0 [#]
2	Japan	1325.1
3	Switzerland	546.6
4	Russia	486.2
5	Brazil	363.9
6	Republic of Korea	354.4
7	China P R Hong Kong	331.6
8	India	304.2
9	Germany	207.8
10	France	173.4
11	Thailand (December 2013)	171.1
12	Italy	154.3

Source : IMF Except China and India.

Note : [#] www.pbc.gov.cn, Trading Economics.

Table 6.4 : Foreign Exchange Reserves of Some Major Countries

Year/month		Average exchange rates ^a		RBI net sale(-)/ purchase(+) (US\$ million)	
	US dollar	Pound sterling	Euro	Japanese yen*	
2012-13 (annual average)	54.41 (-11.9)	85.98 (-11.2)	70.07 (-6.0)	65.85 (-7.8)	-2601
2013-14 (annual average)	60.50 (-10.1)	96.30 (-10.7)	81.17 (-13.7)	60.40 (9.0)	8992
2013-14 (monthly average)					
April 2013	54.38 (0.04)	83.20 (-1.4)	70.77 (-0.2)	55.71 (3.1)	518
May 2013	55.01 (-1.1)	84.11 (-1.1)	71.38 (-0.9)	54.51 (2.2)	-107
June 2013	58.40 (-5.8)	90.47 (-7.0)	77.07 (-7.4)	59.99 (-9.1)	-2252
July 2013	59.78 (-2.3)	90.78 (-0.3)	78.20 (-1.4)	60.00 (-0.02)	-5976
August 2013	63.21 (-5.4)	97.87 (-7.2)	84.18 (-7.1)	64.57 (-7.1)	-2464
September 2013	63.75 (-0.8)	101.10 (-3.2)	85.12 (-1.1)	64.27 (0.5)	-3548
October 2013	61.62 (3.5)	99.20 (1.9)	84.10 (1.2)	63.00 (2.0)	3928
November 2013	62.63 (-1.6)	100.88 (-1.7)	84.53 (-0.5)	62.63 (0.6)	10087
December 2013	61.91 (1.2)	101.40 (-0.5)	84.82 (-0.3)	59.83 (4.7)	3483
January 2014	62.07 (-0.3)	102.27 (-0.9)	84.56 (0.3)	59.68 (0.3)	-1929
February 2014	62.25 (-0.3)	102.97 (-0.7)	84.97 (-0.5)	61.02 (-2.2)	-530
March 2014	61.01 (2.0)	101.41 (1.5)	84.36 (0.7)	59.65 (2.3)	7782

Table 6.5 : Exchange Rate of Rupee per Foreign Currency and RBI's Sale/
Purchase of US Dollar

Source : RBI.

^a FEDAI market indicative rates. Data from May 2012 onwards is the RBI's reference rates.

* Per 100 Yen.

Note : Figures in parentheses indicate appreciation (+) and depreciation (-) over the previous year/month in per cent.

6.30 The annual average exchange rate of the rupee went up from ₹ 45.56 per US dollar in 2010-11 to ₹ 47.92 per US dollar in 2011-12 and further to ₹ 54.41 per US dollar in 2012-13. It rose to reach an average of ₹ 60.50 per US dollar in 2013-14. The intra-year levels of depreciation have been sharper in some months; but exhibit two-way movements within the broad rising trend. While the depreciation could in part be explained by the levels of CAD and its financing by net capital flows, the movement in monthly average exchange rates in the latter half of 2013-14 also reflects the levels of intervention by the RBI to shore up its reserves, which had been rundown in the initial parts of the year. The exchange rate in 2014-15 reflects the same pattern as in the latter half of 2013-14 with a surge in FII flows impacting the foreign exchange and equity markets favourably; but the rupee appreciation has been limited relative to the rise in equity indices. The levels of the rupee exchange rate ought to reflect the fundamentals of the BoP as per the tenets of 'equilibrium exchange rate' and in this regard, real exchange rates are indicators that need to be looked at.

6.31 The real effective exchange rate (REER) is a measure of real exchange rate and is defined as a weighted average (geometric mean) of nominal exchange rates adjusted for relative price differential between India and its major trade partners. The REER

is an indicator of the competitiveness of the country. Earlier, as there was no single composite consumer price index (CPI) in the country, the RBI used the wholesale price index (WPI) as the measure in the price ratio to publish the REER. With the CPI new series of the Central Statistics Office (CSO) being made available, the RBI has used it to compute the REER indices of the Indian rupee.

6.32 The rupee is considered to be fairly valued if the REER is close to 100 or the base-year value. Other things remaining same, higher domestic inflation vis-à-vis its trade partners will reflect in appreciation of the REER and hence there is a view that the nominal exchange rate should depreciate to keep it at base-year levels. As evident from movements in the REER (base 2004-05 = 100) based on the CPI, there is overvaluation of the rupee even though there is a broad depreciating trend in the first half of the year (Table 6.6). The levels of overvaluation are much higher in terms of six-currency export-based weights. However, in terms of the REER with base year 2012-13, there is depreciation and consequently the rupee is undervalued. Therefore, the choice of base year and currencies used in the basket is important in the context of analysis of the REER. A recent article in *Business Standard* (OP-Ed dated 23.6.2014) by Martin Kessler and Arvind Subramanian applying the purchasing power parity (PPP) approach and using the latest PPP estimates of the World Bank finds that the rupee is persistently undervalued in excess of 30 per cent of its equilibrium value. As the net capital flows that were incentivized to shore up the exchange rate of the rupee were of the debt variety, this had implications for the level of external debt.

Base 2004-05 (April-March)=100

Month average	NEER	Appreciation (+)/ depreciation (-) in NEER over previous period/month (%)	REER	Appreciation (+)/ depreciation (-) in REER over previous period/month (%)
March 2012	81.60		118.88	
March 2013	76.01	-6.9	120.72	1.5
2013-14 (P)				
April 2013	75.97	-0.1	120.87	0.1
May 2013	75.29	-0.9	121.20	0.3
June 2013	70.51	-6.3	114.22	-5.8
July 2013	68.89	-2.3	112.99	-1.1
August 2013	64.61	-6.2	107.56	-4.8
September 2013	63.95	-1.0	107.64	0.1
October 2013	65.57	2.5	111.11	3.2
November 2013	64.78	-1.2	111.61	0.5
December 2013	65.27	0.8	111.34	-0.2
January 2014	65.14	-0.2	109.88	-1.3
February 2014	64.90	-0.4	109.41	-0.4
March 2014	66.27	2.1	112.29	2.6

Source : RBI.

Notes : Exchange rate is based on monthly average—new CPI; P: provisional.

Table 6.6 : Nominal Effective Exchange Rate (NEER) and Real Effective Exchange Rate (REER) Indices of the Indian Rupee (6-Currency Trade-based Weights)

EXTERNAL DEBT

6.33 India's external debt has remained within manageable limits due to the external debt management policy with prudential restrictions on debt varieties of capital inflows given the large interest differentials. India's external debt stock at end March 2013

stood at US\$ 404.9 billion (₹ 2,200,410 crore), recording an increase of US\$ 44.1 billion (12.2 per cent) over the end March 2012 level of US\$ 360.8 billion (₹ 1,844,167 crore). External debt (both at end March 2013 and end March 2012) is higher than reported earlier in various publications owing to the inclusion of securitized borrowings of banks as reported by the RBI in its external debt statistics. Component-wise, long-term debt increased by 9.1 per cent to US\$ 308.2 billion at end March 2013 from US\$ 282.6 billion at end March 2012, while short-term debt (refers to such debt in terms of original maturity unless otherwise stated) increased by 23.7 per cent to US\$ 96.7 billion from US\$ 78.2 billion at end March 2012, reflecting elevated levels of imports.

6.34 India's external debt stock went up by about US\$ 21.1 billion (5.2 per cent) over the end March 2013 levels to reach US\$ 426.0 billion at end December 2013. The rise in external debt is largely composed of long-term debt, particularly NRI deposits. A sharp increase in NRI deposits reflected the fresh FCNR (B) deposits mobilized under the swap scheme during September–November 2013 which has been detailed in earlier sections of this chapter.

6.35 India's external debt continues to preponderantly consist of long-term borrowings. Long-term external debt at US\$ 333.3 billion at end December 2013, accounted for 78.2 per cent of total external debt, the remaining 21.8 per cent being constituted of short-term debt. Long-term debt at end December 2013 increased by US\$ 25.1 billion (8.1 per cent) over the level at end March 2013, while short-term debt declined by US\$ 4.0 billion (4.1 per cent), reflecting the fall in the levels of imports.

6.36 ECBs, NRI deposits, and multilateral borrowings, which are the major components of long-term debt, accounted for 67.0 per cent of total external debt, while the other components (namely bilateral borrowings, export credit, and IMF and rupee debt) accounted for 11.2 per cent. Thus long-term debt, all its components taken together, accounted for 78.2 per cent of total external debt, while the remaining 21.8 per cent comprised short-term debt at end December 2013 (Table 6.7).

(per cent to total external debt)

Sl. Component No.	March 2012PR	March 2013PR	September 2013PR	December 2013QE
1 Multilateral	14.0	12.7	13.1	12.3
2 Bilateral	7.4	6.2	6.2	5.6
3 IMF	1.7	1.5	1.5	1.4
4 Export credit	5.3	4.4	4.1	3.9
5 Commercial borrowings	33.3	33.5	32.6	31.5
6 NRI deposits	16.2	17.5	18.7	23.2
7 Rupee debt	0.4	0.3	0.3	0.3
8 Long-term debt (1 to 7)	78.3	76.1	76.5	78.2
9 Short-term debt	21.7	23.9	23.5	21.8
10 Total external debt (8+9)	100.0	100.0	100.0	100.0

Table 6.7 : Composition of External Debt

Source: Ministry of Finance and RBI.

Notes : PR: partially revised; QE: quick estimates.

6.37 The dominance of US dollar-denominated debt in the currency composition of India's total external debt at end December 2013 continued with such debt at 63.6 per cent of the total, followed by debt denominated in Indian rupee (19.4 per cent), SDR

(7.1 per cent), Japanese Yen (5.0 per cent), and Euro (3.1 per cent). The currency composition of government (sovereign) external debt presents a different picture with predominance of SDR-denominated debt (39.3 per cent), which is attributed to borrowing from the International Development Association (IDA), the soft loan window of the World Bank under multilateral agencies and SDR allocations by the IMF, followed by government debt denominated in US dollar (27.9 per cent), Japanese yen (16.5 per cent), Indian rupee (12.4), and Euro (3.9). At end December 2013, government (sovereign) external debt was us\$ 76.4 billion, accounting for 17.9 per cent of India's total external debt, while non-government external debt was us\$ 349.5 billion, accounting for 82.1 per cent of the total.

6.38 Over the years, India's external debt stock has witnessed a structural change in composition. The share of concessional in total debt has declined on account of the shrinking share of official creditors and government debt and the surge in non-concessional private debt. The proportion of concessional debt in total debt declined from 42.9 per cent (average) during the period 1991-2000 to 28.1 per cent in 2001-10 and further to 10.6 per cent at end December 2013. The increasing importance of non-government debt is evident from the fact that such debt accounted for 65.6 per cent of total debt during the 2000s as against 45.3 per cent in the 1990s. Non-government debt accounted for over 70 per cent of total debt in the last five years and stood at 82.1 per cent as at end December 2013.

6.39 As there were renewed concerns about external vulnerabilities in the context of monetary policy action in systemically important economies, it would be useful to look at some key external debt indicators (Table 6.8), some of which are traditional indicators

Year	External debt (US\$ (billion)	Total external debt to GDP	Debt service ratio	Foreign exchange reserves to total external debt	Concessional debt to total external debt	Short-term external debt* to foreign exchange reserves	Short-term external debt* to total external debt
1990-91	83.8	28.7	35.3	7.0	45.9	146.5	10.2
1995-96	93.7	27.0	26.2	23.1	44.7	23.2	5.4
2000-01	101.3	22.5	16.6	41.7	35.4	8.6	3.6
2005-06	139.1	16.8	10.1#	109.0	28.4	12.9	14.0
2006-07	172.4	17.5	4.7	115.6	23.0	14.1	16.3
2007-08	224.4	18.0	4.8	138.0	19.7	14.8	20.4
2008-09	224.5	20.3	4.4	112.2	18.7	17.2	19.3
2009-10	260.9	18.2	5.8	106.9	16.8	18.8	20.1
2010-11	317.9	18.2	4.3	95.9	14.9	21.3	20.4
2011-12	360.8	20.5	6.0	81.6	13.3	26.6	21.7
2012-13 PR	404.9	21.8	5.9	72.1	11.2	33.1	23.9
2013-14 QE (End-Dec)	426.0	23.3	-	69.0	10.6	31.5	21.8

Table 6.8 : India's Key External Debt Indicators (per cent)

Source : Ministry of Finance and RBI.

Notes : PR: partially revised; QE: quick estimates.

* Short-term debt is based on original maturity.

Works out to 6.3 per cent, with the exclusion of India Millennium Deposits (IMDs) repayments of US\$ 7.1 billion and pre-payment of US\$ 23.5 million. Debt-service ratio is the proportion of gross debt service payments to external current receipts (net of official transfers).

- Not worked out for the broken period.

and only provide a sense of comfort. India's foreign exchange reserves provided a cover of 69.0 per cent to the total external debt stock at end December 2013 vis-à-vis 72.1 per cent at end March 2013. The ratio of short-term external debt to foreign exchange reserves was 31.5 per cent at end December 2013 as compared to 33.1 per cent at end March 2013. The ratio of concessional debt to total external debt declined steadily and was 10.6 per cent at end December 2013 against 11.2 per cent at end March 2013.

International Comparison

6.40 A cross-country comparison of total external debt of the 20 most indebted developing countries, based on the World Bank's International Debt Statistics 2014 which contains data on external debt for the year 2012, showed that India's position was *third* in terms of absolute external debt stock, after China and Brazil. The ratio of India's external debt stock to gross national income (GNI) at 20.8 per cent was the *fourth* lowest with China having the lowest ratio at 9.2 per cent (Table 6.9). In terms of the cover of external debt provided by foreign exchange reserves, India's position was *seventh* at 71.4 per cent.

Sl. No.	Country	Total external debt stocks(US\$ million)	Total debt to GNI(per cent)	Short-term debt to total external debt(per cent)	Foreign exchange reserves to total debt(per cent)
1	China	754009	9.2	67.6	441.8
2	Brazil	440478	19.9	7.4	83.9
3	India	379099	20.8	24.6	71.4
4	Mexico	354897	30.7	20.4	45.2
5	Turkey	337492	43.1	29.9	29.6
6	Indonesia	254899	29.9	17.6	42.7
7	Hungary	203757	173.4	11.2	21.8
8	South Africa	137501	36.6	20.3	32.0
9	Kazakhstan	137014	79.0	6.8	16.2
10	Ukraine	135067	77.9	25.7	16.8
11	Thailand	134223	38.2	42.4	129.1
12	Romania	131889	78.9	20.5	31.2
13	Argentina	121013	26.3	11.6	33.0
14	Malaysia	103950	35.5	45.2	132.5
15	Colombia	79051	22.4	13.5	46.1
16	Venezuela	72097	19.4	26.9	13.7
17	Pakistan	61867	25.5	4.2	16.6
18	Philippines	61390	24.6	13.8	119.7
19	Vietnam	59133	44.1	16.7	43.2
20	Peru	54148	29.4	15.8	115.1

Table 6.9 : International Comparison of Top 20 Developing Debtor Countries 2012

Source : World Bank's International Debt Statistics 2014.

Notes : Countries are arranged based on the magnitude of total external debt presented in the Table. India's position was fourth in external debt stock in absolute terms, after China, the Russian Federation, and Brazil in 2011. The Russian Federation is excluded from the regional analysis because it is now classified as a high-income country.

OUTLOOK

6.41 The improvement in the BoP position during the latter half of 2013-14 was indeed swift and owed to exceptional measures like restrictions on non-essential imports and limited period incentives for certain varieties of capital flows and the impact of overall economic slowdown on imports. Sustaining the robust outcome in

the medium term is a challenge as some of the restrictions need to be gradually withdrawn and there is need to adjust to not merely the asset purchase taper by the US Fed but also to the eventual exit from the accommodative monetary policy stance by the advanced economies. Given the as yet uncertain global environment and the frequent bouts of flight to safety of capital on aversion to all kinds of risks, there is need to put in place a mechanism for closely monitoring developments and assessing vulnerabilities so as to take measures to cope with the situation.

6.42 The elevated levels of the twin deficits owe to both external and domestic factors. The focus of policy attention should be on fuller pass-through of global oil prices to domestic markets and putting in place alternative instruments for incentivizing domestic savings and lessening thereby the appetite for gold bullion as investment option. One of the important lessons of the turmoil in BoP position in 2013-14 was that the levels of CAD (by implication trade deficit) are important and in the immediate term the need is to ensure that it is limited to sustainable levels that are easily financed by stable sources of capital flows.

6.43 While the pick-up in growth in the advanced economies offers some comfort for growth of exports, a pick-up in GDP growth in the domestic economy, less than adequate pass-through of global oil prices to domestic consumers, and a complete withdrawal of restrictions on non-essential imports could potentially strain the BoP position. With close monitoring and policies calibrated to emerging contexts upfront, it is likely that the CAD may be limited to around us\$ 45 billion (2.1 per cent of GDP) in 2014-15, which is likely to be fully financed by stable sources of capital/financial flows leading to a stable exchange rate environment without the need for any major intervention in this regard.

Chapter 7

International Trade

The 2008 global financial crisis and subsequent slowdown in the world economy has clearly demonstrated that tremors originating in one corner of the world can quickly reach other parts, among others via the trade channel. The 2008 crisis left world trade (both merchandise and services) shattered with a steep fall to a negative 19.8 per cent in 2009. For five years before the crisis (2003–2007) world trade value grew at a robust 16.6 per cent (compound annual growth rate—CAGR) and for five years after the crisis (2009–2013) it grew at a subdued 9.9 per cent. Mirroring the global trend, India's exports (merchandise and services) which also had robust growth of 30.1 per cent in the five pre-crisis years (2003–2007) decelerated to 16.0 per cent in the five post-crisis years (2009–2013). Though the outlook is now better, the situation is still fragile for both world and Indian trade with the deep scars left by the 2008 crisis still visible.

WORLD TRADE

7.2 World trade volume growth which decelerated in 2012 to 2.8 per cent after the recovery in 2011 to 6.1 per cent, has shown signs of recovery again, albeit slow, with a growth of 3.0 per cent. There seems to be a reversal of roles with the advanced economies that performed badly in the aftermath of the crisis on the trade front showing better signs of recovery than the emerging market and developing economies (EMDEs), many of which are also entangled in one domestic crisis or the other (Table 7.1).

INDIA'S MERCHANDISE TRADE

7.3 India's merchandise trade has been growing in importance over the years with the share in world exports and imports increasing, though gradually, from 0.7 per cent and 0.8 per cent respectively in 2000 to 1.7 per cent and 2.5 per cent respectively in 2013. India's ranking in the top merchandise exporters and importers in the world has also improved from 31st in 2000 to 19th in 2013 in exports and from 26th to 12th for imports in the same years, as per the World Trade Organization (WTO). There has also been marked improvement in India's total merchandise trade to GDP ratio from 21.8 per cent in 2000-01 to 44.1 per cent in 2013-14.

India's Export Growth

7.4 In the last five years, India's export growth has seen ups and downs, being in negative territory twice: in 2009-10 as an aftershock of the 2008 crisis and in 2012-13 as a result of the euro zone crisis

	(per cent change)				
	Actuals		Projections		
	2012	2013	2014	2015	
World trade volume (goods and services)	2.8	3.0	4.3	5.3	
Imports					
Advanced economies	1.1	1.4	3.5	4.5	
EMDEs	5.8	5.6	5.2	6.3	
Exports					
Advanced economies	2.1	2.3	4.2	4.8	
EMDEs	4.2	4.4	5.0	6.2	

Source: International Monetary Fund (IMF), World Economic Outlook, April 2014.

Table 7.1 : Trends in Growth in Trade Volumes

and global slowdown. India's exports were US\$ 312.6 billion against a target of US\$ 325 billion during 2013-14, though they grew by a positive 4.1 per cent as compared to the negative growth of 1.8 per cent during the previous year.

7.5 Monthly export growth rates have seen many ups and downs in 2013-14. After being in double digits continuously for four months from July to October 2013, they decelerated to single digit for three months from November 2013 to January 2014, remained in negative territory in the next two months, and ended with a positive but low growth of 4.1 per cent for the full year. In April 2014, export growth was slightly better at 5.3 per cent and with the 12.4 per cent growth in May 2014, double-digit growth is back after a gap of six months, though it is on a low base.

Trade Quantum and Unit Value

7.6 In 2012-13, while export growth in US dollar terms was negative, in rupee terms it decelerated from 28.3 per cent in 2011-12 to 11.5 per cent in 2012-13 mainly due to deceleration in the growth of unit value of exports by 14.2 percentage points (Table 7.2). The export quantum growth decelerated marginally by 1.0 percentage point. The deceleration in unit value growth of exports in turn was because of the fall in unit value growth of exports of chemicals and related products and deceleration in unit value growth of some items like mineral fuels, lubricants and related materials, and miscellaneous manufactured articles. The deceleration in quantum growth of exports was on account of the fall in growth of machinery and transport equipment and manufactured goods classified chiefly by materials.

7.7 Imports in rupee terms also decelerated in 2012-13 to 13.8 per cent from 39.3 per cent in the previous year due to the high deceleration in unit value of imports by 66.9 percentage points, despite the quantum index of imports improving from a negative 20.9 per cent in 2011-12 to a positive in 6.1 per cent in 2012-13. The high deceleration in unit value of imports was due to the deceleration in unit value of almost all items except beverages and tobacco and

There was a mild revival in export growth in 2013-14 after the decline to -1.8 per cent in 2012-13.

Contrary to general belief, there was no decline in import of capital goods in quantity terms in 2012-13.

Table 7.2 : Trade Performance: Quantum and Unit Value Indices

	Exports								Imports		Terms of trade	
	Rupee terms	US\$ terms	Quan- tum	Unit value	Rupee terms	US\$ terms	Quan- tum	Unit value	Net	In- come		
2001-02	2.7	-0.6	0.8	1.0	6.2	2.9	4.0	2.8	-2.1	-1.8		
2002-03	22.1	20.3	19.0	2.9	21.2	19.4	5.8	14.3	-9.8	7.4		
2003-04	15.0	21.1	7.3	7.5	20.8	27.3	17.4	3.1	3.6	11.2		
2004-05	27.9	30.8	11.2	14.9	39.5	42.7	17.2	18.9	-3.5	7.3		
2005-06	21.6	23.4	15.1	6.1	31.8	33.8	16.0	14.0	-6.0	8.2		
2006-07	25.3	22.6	10.2	13.7	27.3	24.5	9.8	15.1	-1.3	8.8		
2007-08	14.7	29.0	7.9	5.1	20.4	35.5	14.1	1.9	2.6	10.7		
2008-09	28.2	13.6	9.0	16.9	35.8	20.7	20.2	13.8	2.5	11.7		
2009-10	0.6	-3.5	-11	1.0	-0.8	-5.0	9.9	-10.0	12.3	11.1		
2010-11	35.2	40.5	15.2	13.8	23.4	28.2	8.0	13.0	1.1	16.1		
2011-12	28.3	21.8	8.9	20.2	39.3	32.3	-20.9	74.9	-31.5	-25.4		
2012-13	11.5	-1.8	7.9	6.0	13.8	0.3	6.1	8.0	-1.6	6.3		
2013-14	15.9	4.1	NA	NA	1.7	-8.3	NA	NA	NA	NA		

Source : Computed based on the data of the Directorate General of Commercial Intelligence and Statistics (DGCI&S).

Note : Quantum and unit value indices of exports and imports are with a new base (1999-2000=100).

NA : Not Available.

miscellaneous manufactured articles, while the slight improvement in quantum of imports was due to growth in quantum of chemicals and related products; machinery and transport equipment; and miscellaneous manufactured articles. Thus, contrary to general belief, there was no decline in import of capital goods in quantity terms. The fall in value of capital goods imports could therefore be either due to fall in import price of capital goods or shift to import of low unit valued capital goods.

7.8 The growth in net barter terms of trade in 2012-13, the ratio of the unit value index of exports to the unit value index of imports, though still negative at -1.6 per cent improved compared to the -31.5 per cent in 2011-12. This was due to high deceleration in unit value index of imports by 66.9 percentage points and relatively low deceleration in unit value index of exports by 14.2 percentage points. Income terms of trade reflecting the capacity to import improved with growth at 6.3 per cent owing to the improvement in net barter terms of trade and the 7.9 per cent growth in quantum of exports which decelerated by only one percentage point over 2011-12.

Net barter and income terms of trade improved in 2012-13 compared to 2011-12.

Export Performance of India and the EDEs

7.9 The share of the emerging and developing economies (EDEs) in world merchandise exports has increased from 25.4 per cent in 2000 to 42.3 per cent in 2012 (Table 7.3). Nearly 60 per cent of this increase is on account of the BRICS (Brazil, Russia, India, China, and South Africa) countries whose share increased from 7.6 per cent to 10.1 per cent. Within BRICS, the largest increase is in China's share, followed by Russia, India, and Brazil. The share of the four newly industrialized Asian economies (NIAEs) has fallen by 1 percentage point. This is mainly on account of the relatively higher CAGR of the EDEs at 13.9 per cent during 2000-10 compared to the NIAEs at 8.4 per cent. This is in sharp contrast to the 1990s when the export growth of the NIAEs was higher than that of the EDEs.

In sharp contrast to the 1990s, in the 2000s the export performance of the EDEs was better than that of the NIAEs.

Table 7.3 : Export Growth and Share in World Exports: India and Select Countries

	Value (US\$ billion) 2012	CAGR		Growth rate		Share in world exports (%)				Change in share 2012/ 2000
		1990-99	2000-12	2012	2013 (Jan- Sept.)	1990	2000	2012	2013 (Jan.- Sept.)	
EDEs of which	7660	7.2	13.8	3.3	2.0	19.9	25.4	42.3	42.9	17.0
China	2049	13.6	19.2	7.9	8.0	1.8	3.9	11.3	11.8	7.4
Russia	529	NA	14.4	1.4	-1.4	NA	1.7	2.9	2.8	1.3
Mexico	371	14.4	6.9	6.1	2.1	1.2	2.6	2.1	2.1	-0.6
India	297	7.9	17.6	-2.0	4.7	0.5	0.7	1.6	1.7	1.0
Malaysia	227	12.4	7.2	-0.3	-1.3	0.9	1.5	1.3	1.2	-0.3
Brazil	243	4.8	13.1	-5.3	-1.6	0.9	0.9	1.3	1.3	0.5
Thailand	228	10.9	10.5	0.8	-1.0	0.7	1.1	1.3	1.2	0.2
Indonesia	189	8.0	9.2	-6.0	-5.2	0.7	1.0	1.0	1.0	0.0
South Africa	87	1.4	9.3	-9.9	-5.0	0.7	0.5	0.5	0.5	0.0
NIAEs	1700	8.4	8.2	-0.1	NA	7.7	10.4	9.4	NA	-1.0
Korea Republic	548	9.2	10.1	-1.3	1.3	1.9	2.7	3.0	3.0	0.3
Hong Kong	443	8.7	6.8	3.3	3.3	2.4	3.2	2.4	2.5	-0.7
Singapore	408	9.0	9.5	-0.3	-0.6	1.5	2.2	2.3	2.2	0.1
Taiwan	301	6.8	6.1	-2.3	NA	1.9	2.3	1.7	NA	-0.7
World	18092	5.6	9.1	0.1	1.2	100.0	100.0	100.0	100.0	—

Source: Computed from IMF, International Financial Statistics, April 2014.

Note : NA: Not Available.

7.10 This tectonic shift in trade shares in the 2000s and early 2010s is mainly on account of China's trade which also witnessed the highest growth rate of 20.3 per cent and to a lesser extent the three BRICS countries - Russia, India, and Brazil. While in 2012 the growth rates of most of the EDEs and NIAEs except China and Mexico, were low or negative, in 2013 (January-September), only China with 8.0 per cent followed by India with near 5.0 per cent had good growth.

7.11 As per the WTO data, in the first quarter of 2014, except the EU and Singapore, export growth rates of all other major countries are negative as in the case of China (-3.8 per cent), Hong Kong (-1.8 per cent), Indonesia (-1.8 per cent), Japan (-3.9 per cent), Thailand (-1.0 per cent), South Africa (-4.2 per cent), and Russia (-1.8 per cent); or low as in the case of the US (2.5 per cent), Malaysia (3.6 per cent), and Australia (2.0 per cent).

7.12 The 2014 Q1 import growth rates also present a similar picture with negative growth in Indonesia (-6.3 per cent), Malaysia (-1.5 per cent), Thailand (-15.4 per cent), and Australia (-3.1 per cent) and low growth in the US (2.0 per cent), China (1.7 per cent), and Hong Kong (1.0 per cent). Only the EU (5.2 per cent), Japan (5.6 per cent), and Singapore (4.2 per cent) had relatively good growth.

Export Composition and Sectoral Performance

7.13 Noticeable compositional changes have taken place in India's export basket between 2000-01 and 2013-14 with the share of petroleum, crude, and products increasing by nearly five times to 20.1 per cent, catapulted by its 33.5 per cent growth (CAGR) (Table 7.4).

	Percentage share		CAGR 2000-01 to 2012-13	Growth rate ^a 2013-14
	2000-01	2013-14		
I Primary products	16.0	15.6	16.9	4.7
(a) Agri & allied products	14.0	13.8	17.0	5.1
(b) Ores and minerals	2.0	1.8	16.5	1.4
II Manufactured goods	78.8	63.7	15.1	4.6
(a) Textiles incl. RMG	23.6	9.7	8.0	14.6
(b) Gems & jewellery	16.6	13.1	15.9	-5.2
(c) Engineering goods	15.7	19.8	19.1	8.8
(d) Chemical & related products	10.4	13.2	19.5	5.9
(e) Leather & leather mnfrs	4.4	1.8	8.0	16.7
(f) Handicrafts including carpet handmade	2.8	0.4	-0.3	10.9
III Petroleum, crude & products	4.2	20.1	33.5	3.0
Total Exports	100.0	100.0	17.2	4.1

Table 7.4 : Commodity Composition of India's Exports

Source : Computed from DGCI&S data.

Note : ^aGrowth rate in US dollar terms

7.14 While there has been a small fall in share of primary products, there was a 15.1 percentage point fall in share of manufactured goods. Among the four major items under manufactured goods, the shares of gems and jewellery and textiles (including RMG) fell, with the fall in the latter to 9.7 per cent being more than half. Two major manufactured goods items, engineering goods and chemicals and

related products, gained in shares, due to their nearly 20 per cent CAGR. The fall in export shares of manufactured goods between 2000-01 and 2013-14, is mainly on account of the fall in export shares of these items to a major destination like the USA. Among these items, the shares of exports of textiles and gems and jewellery to the US fell while those of chemicals and related items and engineering goods increased. In the case of the EU, the shares of textiles, engineering goods, and chemicals and related products increased while those of gems and jewellery and leather declined. In the case of China, the shares of textiles and engineering goods increased and that of chemicals and related products decreased. Thus not only has there been a composition change, there has also been a directional change in India's exports.

7.15 The recent sectoral performance of exports (Table 7.5) shows that while many sectors were in the negative growth zone in 2012-13, in 2013-14, except gems and jewellery and electronic goods all other major sectors have moved to positive growth territory. In the first two months of 2014-15 (P), there was further improvement in the performance of engineering goods (21.7 per cent), petroleum products (14.0 per cent), marine products (40.1 per cent), and textiles (13.2 per cent).

7.16 One interesting feature of the sectoral performance of exports is that many labour-intensive export sectors have performed relatively well in 2013-14. Textile exports grew by 14.6 per cent in 2013-14. The EU and USA accounted for nearly half of India's total textile exports and growth of our textile exports to these markets was 13.5 per cent and 7.0 per cent respectively in 2013-14. Another development is India's growing textile exports to China with China's share increasing from around 2 per cent in 2010-11 to 5 per cent in 2012-13 and further to 7 per cent in 2013-14. Export growth of another labour-intensive sector, leather and leather manufactures, was high at 16.7 per cent. Nearly 72 per cent of total leather exports was to the EU and USA in 2013-14 with a growth of 15.4 per cent and 27.2 per cent respectively. Growth of exports of handicrafts including carpets was also in double digits at 10.9 per cent, though its share in total exports was only 0.4 per cent in 2013-14.

7.17 One development in India's export sector is the growing foreign value addition and declining domestic value addition. The process of fragmentation of the production process across countries and continents is increasingly becoming an important feature of economic globalization, especially for developing economies like India. Notably, more and more intermediate parts and components are produced in subsequent stages or processes across different countries and then exported to other countries for further production. This development needs to be taken note of while analysing trade performance and the contribution of trade to domestic employment and income generation (Box 7.1).

India's Import Growth

7.18 Import growth decelerated sharply from 32.3 per cent in 2011-12 to 0.3 per cent in 2012-13 and fell to a negative -8.3 per cent in 2013-14, owing to fall in non-oil imports by 12.8 per cent. Among the major items of import, the value of petroleum, oil, and lubricants (POL), which constituted 36.7 per cent of total imports in 2013-14,

Growth	2012-13	2013-14(P)
Positive	1. Petroleum products 2. Chemicals 3. Agri & allied prdts 4. Leather & mnfrs 5. Marine products	1. Petroleum products 2. Engineering goods 3. Chemicals 4. Agri & allied prdts 5. Textiles 6. Leather & manufacures 7. Marine products 8. Ores & minerals
Negative	1. Engineering goods 2. Gems & jewellery 3. Textiles 4. Electronic goods 5. Ores & minerals	1. Gems & jewellery 2. Electronic goods
Overall	-1.8	4.1

Source : Based on DGCIS data.

Note : P=Provisional

Table 7.5 : Sectoral Performance of Major Exports

Many labour-intensive export sectors performed relatively well in 2013-14.

Box 7.1 : Estimating Domestic Value Added and Foreign Content of India's Exports

The import content of India's exports increased steadily from 11 per cent to 22 per cent during 1995 to 2011. The rise in import content (or foreign value added) was relatively greater for merchandise exports, from 11 per cent to 26 per cent during the same period (Table 1). At individual commodity level, the largest increase in import content in exports took place in ships and boats (almost 60 percentage points) followed by petroleum products and fertilizer (more than 20 percentage points).

Table 1 : Domestic and Foreign Value Added Shares in Merchandise and Total Exports of India

	Share	1995	1998	2000	2003	2005	2007	2009	2011
Merchandise exports	Domestic value added	88.83	87.78	84.34	82.94	75.96	74.62	72.74	74.28
	Foreign value added	11.17	12.22	15.66	17.06	24.04	25.38	27.26	25.72
Total exports	Domestic value added	89.49	88.4	85.32	85.26	79.81	78.57	76.61	78.02
	Foreign value added	10.51	11.6	14.68	14.74	20.19	21.43	23.39	21.98

Source: Computation based on input-output tables taken from World input-output database (WIOD).

The share of foreign value added in India's exports at 24 per cent in 2008, however, was lower than the 33 per cent for China, 38 per cent for Malaysia and Thailand, 42 per cent for the Philippines, 43 per cent for Korea, 46 per cent for Vietnam, and 48 per cent for Taiwan. Thus, in terms of degree of integration in global value chains, India lags behind most of the important East Asian emerging economies though countries like South Africa, Indonesia, and Brazil are behind India. Although there was a rise in exports in gross terms during the period 1998 to 2007, a downward trend is observed in domestic value added share in gross exports in almost all disaggregated commodities. Traditional export-oriented sectors like textiles, leather and leather products, drugs and medicines, food processing, and automobile and ancillaries witnessed a fall in domestic value added shares over the years. The domestic value added share fell by 5 percentage points for cotton textiles, 4 percentage points for readymade garments, 13 percentage points for silk textiles, and 8 percentage points for drugs and medicine. During 1998 to 2011, domestic value added in total exports has declined substantially for China and India by 10 percentage points and marginally for Brazil by 4 percentage points. For Indonesia, a reverse trend is observed where domestic value added in exports has increased (by 6 percentage points).

Source: Based on study by Dr Deb Kusum Das et.al , ICRIER, 'Estimating Domestic Value Added and Foreign Content of India's Exports' , sponsored by the Department of Economic Affairs, Ministry of Finance, GoI.

grew marginally by 0.7 per cent. This marginal growth was on account of moderate quantity growth (Figure 7.1) of POL (2.6 per cent) despite the moderation in crude oil prices with the average price of crude oil (Indian basket) falling to US\$ 105.5/bbl in 2013-14 from US\$ 108.0/bbl in 2012-13.

7.19 The other major item of import is gold, the import of which declined from 1078 tonnes in 2011-12 to 1037 tonnes in 2012-13 and further to 664 tonnes in 2013-14, on the back of several measures taken by the government. In value terms, gold and silver imports fell by 40.1 per cent to US\$ 33.4 billion in 2013-14.

7.20 Capital goods is the other major import category. As in 2012-13, capital goods imports had negative growth in 2013-14 also of -14.7 per cent, which is a cause for concern (Table 7.6). Within capital goods, import growth of machinery except electrical and machine tools and transport equipment fell by more than 10 per cent in 2013-14. However, the quantum of capital goods imports has actually increased in 2012-13 as indicated earlier.

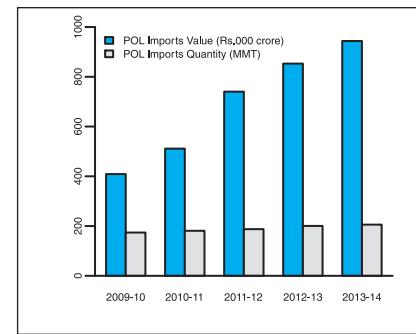


Figure 7.1 : POL Imports

Gold imports fell sharply in 2013-14 on the back of several measures taken by the government.

Commodity group	Percentage share		CAGR 2000-01 to 2012-13	Growth rate ^a 2013-14
	2000-01	2013-14		
I. Food and allied products of which	3.3	3.2	21.5	-15.9
1 Cereals	0.0	0.0	16.0	3.8
2 Pulses	0.2	0.4	29.1	-25.5
3 Edible Oils	2.6	2.1	19.6	-16.9
II. Fuel of which	33.5	40.4	21.9	0.4
4 POL	31.3	36.7	21.6	0.7
III. Fertilizers	1.3	1.4	24.0	-28.0
IV. Capital goods of which	10.5	11.9	23.0	-14.7
5 Machinery except elec. & machine tool	5.9	5.2	20.6	-14.5
6 Electrical machinery	1.0	1.0	20.4	-2.0
7 Transport equipment	1.4	3.3	30.6	-12.8
V. Others of which	52.5	38.4	18.5	-14.4
8 Chemicals	5.9	5.7	19.2	4.3
9 Pearls, precious semi- precious stones	9.7	5.3	13.7	5.7
10 Gold & silver	9.3	7.4	23.0	-40.1
11 Electronic goods	7.0	6.9	20.0	-1.5
Total imports	100.0	100.0	21.0	-8.3

Value of capital goods imports fell sharply in both 2012-13 and 2013-14.

Table 7.6 : Commodity Composition of India's Imports

Source : Computed from DGCI&S data.

Note : ^aGrowth rate in US\$ terms.

Trade Deficit

7.21 The sharp fall in imports and moderate export growth in 2013-14 resulted in a sharp fall in India's trade deficit by 27.8 per cent. In absolute terms, trade deficit fell to US\$ 137.5 billion from US\$ 190.3 billion during 2012-13. However, there was not much change in the POL deficit which was hovering at around US\$100 billion in the last two years. With the fall in imports of both gold and capital goods, non-POL deficit fell sharply to US\$ 35 billion in 2013-14 from US\$ 87.2 billion in 2012-13.

Direction of Trade

7.22 In 2013-14, there was good growth of exports to North America (9.1 per cent) and Africa (7.2 per cent), low growth to Europe (4 per cent) and Asia (1.7 per cent), and negative growth to Latin America (-20 per cent) and the CIS and Baltics (-4.7 per cent). While export growth to the US was 8.3 per cent, it was just 2.2 per cent to the EU 27 as a result of the slowdown in the EU. Exports to the UAE fell to a negative -16 per cent. Exports to Asia still constitute around 50 per cent of India's exports. While India's exports to ASEAN (Association of South East Asian Nations) grew by a small 0.5 per cent, exports to South Asia grew robustly with high growths to all the four major SAARC (South Asian Association for Regional Cooperation) countries, Sri Lanka, Bangladesh, Nepal and Pakistan, besides Bhutan. There was also good export growth to China and Japan at 9.5 per cent and 11.7 per cent respectively. Region-wise, imports from all five regions declined, with the highest decline of -19.3 per cent in imports from Europe.

India's export growth to South Asia was robust with high growth to the major SAARC countries.

7.23 The share of the top 15 trading partners of India in India's trade at 58 per cent in 2013-14 was more or less the same as in earlier years. The top three trading partners of India are China, the USA, and the UAE, with the top slot shifting between the three. Export-import ratios reflecting bilateral trade balance (Table 7.7) show that among its top 15 trading partners, India had bilateral trade surplus with four countries, namely the USA, UAE, Singapore, and Hong Kong, in 2013-14 with high increase in the export-import ratio with the USA. India's bilateral trade deficit with Switzerland declined sharply from US\$ 31.1 billion in 2012-13 to US\$ 17.6 billion in 2013-14 owing to a fall in gold imports. India has high and rising bilateral trade deficit with China, which however fell by 6.6 per cent in 2013-14. Given the growing importance of these two Asian giants, India needs to formulate a comprehensive trade strategy for China keeping in view India's export potential in China (Box 7.2).

Rank	Country	Share in total trade				Export/Import ratio ^a			
		2010-11	2011-12	2012-13	2013-14	2010-11 (P)	2011-12	2012-13	2013-14 (P)
1	China	9.50	9.15	8.32	8.63	0.36	0.33	0.26	0.29
2	USA	7.30	7.31	7.76	8.06	1.26	1.49	1.43	1.76
3	UAE	10.72	9.14	9.54	7.82	1.03	0.98	0.93	1.05
4	Saudi Arabia	4.04	4.75	5.53	6.39	0.23	0.18	0.29	0.33
5	Switzerland	4.11	4.57	4.21	2.78	0.03	0.03	0.03	0.09
6	Germany	3.00	2.95	2.73	2.66	0.57	0.51	0.51	0.59
7	Hong Kong	3.18	2.94	2.55	2.63	1.10	1.24	1.55	1.74
8	Indonesia	2.52	2.71	2.55	2.60	0.57	0.45	0.36	0.33
9	Iraq	1.56	2.48	2.59	2.55	0.08	0.04	0.07	0.05
10	Singapore	2.73	3.17	2.67	2.53	1.38	2.02	1.82	1.85
11	Kuwait	1.96	2.20	2.23	2.39	0.18	0.07	0.06	0.06
12	Belgium	2.32	2.20	1.97	2.24	0.67	0.69	0.55	0.59
13	Nigeria	2.08	2.20	1.87	2.23	0.19	0.18	0.23	0.19
14	Qatar	1.16	1.73	2.07	2.19	0.06	0.06	0.04	0.06
15	Korea	2.29	2.16	2.19	2.18	0.36	0.34	0.32	0.34
	Total of 15 countries	58.46	59.64	58.78	57.89	0.54	0.49	0.48	0.53
	Total	100.00	100.00	100.00	100.00	0.68	0.63	0.61	0.69

Source : Computed from DGCI&S data.

Note : ^aA coefficient of export and import ratio between 0 and 1 implies that India's imports are greater than exports and if the coefficient is greater than one, India exports more than it imports.

P: Provisional.

Table 7.7 : India's Trade Share and Export-Import Ratio with Major Trading Partners

Box 7.2 : Potential for India's Exports to China

India's trade to China has increased from US\$ 2.3 billion in 2000-01 to US\$ 68.9 billion in 2013-14. The share of China in India's total trade increased from 2.5 per cent in 2000-01 to 8.6 per cent in 2013-14 and India's share in China's total trade increased from 0.7 per cent in 2001 to only 1.6 per cent in 2013. India's imports from China grew at a CAGR of 31.2 per cent which is higher than 24.9 per cent CAGR of exports to China.

Though India's current exports to China constitute a small proportion of China's overall imports (around 1 per cent share), the total bilateral export potential of India was estimated at US\$ 28.4 billion in 2008 and expected to increase to US\$ 53.4 billion in 2012 (Table 1). Actual exports from India to China were US\$ 14.9 billion in 2013-14. The export potential of India was nearly three times the actual bilateral export to China in 2008 and increased further to three and a half times in 2012 owing to the decline in India's exports to China in 2012. China is one of the important market destinations where India's export potential has not been adequately realized. India's large trade potential is yet to be tapped in diversified sectors of the Chinese market ranging from primary and labour-intensive products to various levels of technology-intensive products.

Contd....

Box 7.2 : Potential for India's exports to China (Contd...)

Table 1 : Export Potential to China: Major Items during 2004-12

Sec	Description of items	Export potential in 2012 (US\$ million)	Share			CAGR 2008-12
			2004	2007	2012	
5	Mineral products	19520	7.6	9.7	36.6	14.9
16	Machinery & mechanical appliances	13828	43.2	55.9	25.9	-3.8
6	Products of chemicals	3952	9.1	5.8	7.4	11.1
17	Vehicles, aircraft and vessels	3391	5.4	4.3	6.4	16.7
7	Plastics & articles thereof	2647	7	5.4	5	9.7
18	Optical, photograph & cinematography	2385	6	4.5	4.5	12.3
15	Base metals & articles of base metal	2352	7.8	7	4.4	2.8
11	Textiles & textile articles	1493	4.9	2.3	2.8	18.6
Total exports		53357	100	100	100	6.9

Source: Author's estimation based on *Comtrade*, online accessed on 25 October 2013.

Note : Export potential is estimated based on 'modified trade creating effect', an extension of Viner's model. It is estimated at 6-digit HS, using bilateral trade flow.

The major potential items of exports to China other than mineral products are machinery and mechanical appliances and products of chemicals where around one-third of India's bilateral export potential lies. India's export potential is highly concentrated in certain sectors with nearly seven major sectors accounting for around 90.2 per cent in the medium term, with most of them being in the manufacturing sector. A comprehensive Indo-China trade strategy which also takes note of India's domestic concerns like dumping of cheap Chinese goods could be mutually beneficial.

Source: Based on study by Dr S.K.Mohanty (2013), 'Examining Diversification of India's Exports to Developing Countries in a Global Economy Partially Affected by Recession', sponsored by the DEA, MoF, GoI.

INDIA'S SERVICES TRADE

7.24 In commercial services trade, India was the sixth largest exporter with 3.4 per cent share of world exports and seventh largest importer with 3.0 per cent share of world imports in 2012. The 2008 global financial crisis gave a big jolt to India's service exports. In the five years prior to 2008 (i.e. 2003-04 to 2007-08) service export growth (CAGR) at 35.4 per cent was faster and way above the merchandise export growth at 25.8 per cent. In the five years post crisis (2008-09 to 2012-13), service export growth at 8.3 per cent was below the 12.8 per cent merchandise export growth. In 2012-13, service exports at US\$ 145.7 billion showed a lower growth of 2.4 per cent compared to the 14.2 per cent in the preceding year. They improved slightly in 2013-14 with a 4 per cent growth (Table 7.8), the same as

Commodity group	Percentage share		CAGR 2002-03 to 2013-14	Growth rate	
	2002-03	2013-14		2012-13	2013-14
Travel	16.0	11.8	16.6	-2.5	-0.4
Transportation	12.2	11.5	19.1	-5.0	0.3
Insurance	1.8	1.4	17.2	-15.4	-4.8
GNIE	1.4	0.3	4.8	20.1	-14.9
Miscellaneous	68.6	75.0	20.8	4.9	5.6
Software services	46.2	45.8	19.7	5.9	5.4
Non-software services of which:	22.4	29.1	22.7	3.4	5.9
Business services	3.9	18.8	38.3	9.8	0.1
Financial services	3.3	4.4	23.1	-17.1	34.4
Communication services	3.9	1.6	10.4	5.4	43.0
Total service exports	100.0	100.0	19.8	2.4	4.0

Table 7.8 : India's Service Exports

Source : Reserve Bank of India (RBI).

Note : GNIE stands for government not included elsewhere.

merchandise export growth. While export of software services with 45.8 per cent share and non-software with 29.1 per cent share grew by 5.4 per cent and 5.9 per cent respectively, all other major categories had negative or very low growth.

7.25 Service imports which grew by a small 3.2 per cent in 2012-13 fell to a negative -2.8 per cent in 2013-14 with all major categories registering negative growth. Net services has been a major source of financing India's growing trade deficit in recent years, financing around 38 per cent of merchandise trade deficit on an average during 2006-7 to 2012-13. While in 2012-13, net services financed 33.2 per cent of merchandise trade deficit, during 2013-14, with moderate growth in service exports and fall in service imports, net services financed 49.4 per cent of merchandise trade deficit.

TRADE CREDIT: INDIAN SCENARIO

7.26 Trade credit is a critical component of trade. A 1 per cent increase in trade credit of a country leads to a 0.4 per cent increase in real imports of that country according to a WTO study.

7.27 The gross inflow of short-term trade credit (up to one year) to India reached ₹ 6,02,400 crore during end March 2014, which represented a year-on-year decline of 9.7 per cent. Inflow of trade credit during 2013-14 at US\$ 100.2 billion was 18.4 per cent lower than in 2012-13, while growth in outflow of trade credit was at 4.0 per cent. As a result, there was a net outflow of US\$ 5 billion under trade credit in 2013-14 as compared to a net inflow of US\$ 21.7 billion in 2012-13.

7.28 After a low growth in 2012, export credit grew to 14.2 per cent in 2012-13. In 2013-14 it decelerated to 10.5 per cent. Export credit as a percentage of net bank credit, which has been declining continuously over the years, fell from more than 9 per cent as on 23 March 2001 to 3.8 per cent as on 21 March 2014 (Table 7.9). The government and the RBI have taken several measures to facilitate availability of trade credit to exporters (Box 7.3).

TRADE POLICY

Recent Trade Policy Measures

7.29 The government has taken many policy measures to boost exports in the Foreign Trade Policy announced on 18 April 2013, besides the one announced in the Union Budget 2013-14, as has the RBI in its monetary and credit policies (Box 7.3).

Box 7.3 : Some Select Recent Trade Policy Measures

Budget related

- Duty on specified machinery for manufacture of leather and leather goods including footwear reduced to 5 per cent from 7.5 per cent.
- Duty on pre-forms, precious and semi-precious stones reduced to 2 per cent from 10 per cent.
- Export duty on de-oiled rice bran oil cake withdrawn.
- Concessions to aircraft maintenance, repair, and overhaul (MRO) industry.

Contd...

Box 7.3 : Some select recent trade policy measures (*Contd....*)

- For readymade garments industry, zero excise duty at fibre stage for cotton and a duty of 12 per cent at the fibre stage for spun yarn made of manmade fibre. Handmade carpets and textile floor coverings of coir and jute totally exempted from excise duty.
- Ships and vessels exempted from excise duty. No countervailing duty (CVD) on imported ships and vessels.

Credit related

- All-in-cost ceiling which was revised from 200 basis points (bps) over six-month LIBOR to 350 bps over six-month LIBOR on 15 November 2011 to be applicable till 30 June 2014.
- For availing of trade credit, the period of trade credit should be linked to the operating cycle and trade transaction.
- The enhanced period for realization and repatriation to India of the full export value of goods or software exports was brought down from 12 months to nine months from the date of export. The units located in special economic zones (SEZ) should realize and repatriate full value of goods/software/services to India within a period of 12 months from the date of export.

Foreign Trade Policy Measures in 2013-14

- The Rupee Export Credit Interest Rate Subvention Scheme extended to 101 tariff lines of the engineering sector and six tariff lines of the textiles sector. The validity of the scheme was also extended to 31 March 2014. The rate of interest subvention also increased from 2 per cent to 3 per cent w.e.f. 01.08.2013.
- Around 130 new products added for duty credit @ 2 per cent or 5 per cent of f.o.b. value of exports which included engineering, electronics, chemicals, pharma, and textiles.
- Around 57 new products and two new countries have been added under the Market Linked Focus Product Scheme (MLFPS). The MLFPS extended till 31 March 2014 for export to the USA and EU in respect of items falling in Chapters 61 and 62 (textiles and clothing). It is further extended from 1.4.2014.
- Incremental Exports Incentivization Scheme has been extended for the year 2013-14 with 53 Latin American and African countries added to the list w.e.f. 1.4.2013.
- Scrips of the Focus Product Scheme (FPS), Focus Market Scheme (FMS), and Vishesh Krishi and Gram Udyog Yojana (VKGUY) can now be used for payment of service tax.
- Three new towns have been declared as towns of export excellence (TEE). These are Gurgaon (textiles), Morbi (ceramic tiles and sanitaryware), and Thoothukudi (Marine).
- Around 160 new products including 153 hi-tech products added for duty credit @ 2 per cent of f.o.b. value of exports on 10.07.2013 (effective from 15.08.2013).
- Thirteen products have been added under the MLFPS, allowing 2 per cent additional benefit.

Policy for Promoting State-wise Exports

7.30 State-wise performance of exports (Table 7.10) shows the domination of only two states with Gujarat at the top followed by Maharashtra. Tamil Nadu and Karnataka are a distant third and

	Value (US\$ million) 2013-14	Share			Growth rate 2013-14
		2011-12	2012-13	2013-14	
1 Gujarat	73498	21.3	20.4	23.5	19.7
2 Maharashtra	71661	22.4	22.1	22.9	7.9
3 Tamil Nadu	26937	9.1	9.0	8.6	-0.7
4 Karnataka	17821	5.1	5.8	5.7	1.7
5 Andhra Pradesh	15353	5.2	4.8	4.9	7.3
6 Uttar Pradesh	13309	3.5	3.6	4.3	21.6
7 Haryana	10657	3.0	3.2	3.4	9.2
8 West Bengal	10496	2.9	3.1	3.4	11.3
9 Delhi	9329	2.7	2.9	3.0	8.8
10 Punjab	7063	1.9	2.2	2.3	8.8
11 Rajasthan	5915	2.2	2.3	1.9	-15.2
12 Madhya Pradesh	4374	1.2	1.4	1.4	4.6
13 Kerala	4285	2.7	3.2	1.4	-55.1
14 Odisha	4005	1.1	1.1	1.3	25.4
Total Exports	312610	100.0	100.0	100.0	4.1

Table 7.10 : Export Performance of Top Indian States

Source : DGCI&S.

Note : Includes only those states with a share of at least 1 per cent in India's exports in 2013-14.

fourth. In 2013-14, with a high export growth rate of nearly 20 per cent, Gujarat relegated Maharashtra to second place. Among the other states, Uttar Pradesh, West Bengal, and Odisha had double-digit export growth. Kerala's export share fell by more than half owing to negative export growth of 55 per cent. This was mainly due to the fall in spice exports.

7.31 The state-wise exports given in Table 7.10 are only indicative as there are some weaknesses in the data. The figures are compiled as per the reporting from customs with no validation done at the DGCI&S end. Only one state of origin code can be given by the exporter in a single shipping bill. In case of shipping bills with multiple invoices containing items originating from more than one state, there is no provision for making different entries. In the customs daily trade returns (DTRs) the non-reporting of state of origin (STON) is considerable and exporters have a tendency to report the state to which they belong/ the state to which the port (through which the export has taken place) belongs/ the state from where they 'procured' the goods as the state of origin for those particular goods instead of the actual state of origin. The problem is acute in the case of non-manufacturing exporters, who only know the place of procurement and not the place of production of the goods. These weaknesses need to be rectified to improve the quality of data.

7.32 The central government also encourages states to export through the Assistance to States for Developing Export Infrastructure and Allied Activities (ASIDE) scheme which is based on export performance of states. The outlay for the ASIDE scheme has two components: state component (80 per cent of the total outlay) and central component (20 per cent of the total outlay). For the financial year 2013-14, ₹ 745.1 crore (RE) has been allocated under the ASIDE scheme.

SEZs

7.33 In a span of about eight years since the SEZ Act and Rules were notified in February 2006, formal approvals have been granted for setting up of 566 SEZs, of which 388 have been notified. A total of 184 SEZs are exporting at present. Of the total employment of 12,83,309 persons as on 31 March 2014 in SEZs as a whole, 11,48,605 persons is incremental employment generated after February 2006 when the SEZ Act came into force. This is apart from the employment generated by the developers for building infrastructure. Physical exports from the SEZs increased from ₹ 4,76,159 crore in 2012-13 to ₹ 4,94,077 crore in 2013-14, registering a growth of 4.0 per cent in rupee terms. The total investment in SEZs till 31 March 2014 is approximately ₹ 2,96,663 crore including ₹ 2,73,379 crore in the newly notified SEZs set up after the SEZ Act 2005. In SEZs, 100 per cent FDI is allowed through the automatic route.

Anti-dumping Measures

7.34 In 2013, 283 anti-dumping investigations were initiated by all countries with Brazil overtaking India, initiating more than double the investigations (Table 7.11). In 2013, both Brazil and the USA were ahead, relegating India to third place in initiating anti-dumping investigations.

		1995	2002	2004	2008	2011	2012	2013	1995-2013
1	Brazil	5	8	8	24	16	47	54	334
2	United States	14	35	26	16	15	11	39	508
3	India	6	81	21	55	19	21	29	702
4	Australia	5	16	9	6	18	12	20	267
5	Argentina	27	10	12	19	7	13	19	312
6	Canada	11	5	11	3	2	11	17	183
7	Indonesia	-	4	5	7	6	7	14	110
8	China	-	30	27	14	5	9	11	211
9	Colombia	4		2	6	4	2	11	67
10	South Africa	16	4	6	3	4	1	10	227
All countries		157	311	220	218	165	209	283	4519

Table 7.11 : Investigations Initiated by Top 10 Users of Anti-Dumping Measures 1995-2013

Source : WTO.

WTO NEGOTIATIONS AND INDIA

7.35 The Ninth Ministerial Conference of the WTO held in Bali, Indonesia, from 3 to 7 December 2013 strengthened the credibility of the WTO as an institution. The outcome ensured that the development dimension remains the central focus in the Doha Round. It reaffirmed India's leadership role amongst the developing countries and demonstrated its constructive approach in negotiations. India played a key role in arriving at a breakthrough and shaping the agreement. India ensured an outcome which secures its supreme national interests. It was made amply clear that while being fully prepared to engage, India will never compromise on fundamental issues pertaining to food security, livelihood security, and the welfare of its poor (Box 7.4).

Box 7.4 : India and the WTO Conference at Bali: Major Issues

Trade Facilitation (TF)

An important development in Bali was the countries entering into TF agreement. India's persistent efforts, along with those of other like-minded countries, eventually resulted in either elimination of unwarranted parts of the negotiating text or suitable modifications therein to resolve implementation difficulties. The Bali Ministerial Decision has established a preparatory committee to perform such functions as may be necessary to ensure the expeditious entry into force of the TF agreement. India has initiated inter-Ministerial consultations for drafting India's notifications on category of commitments required under the agreement.

Ministerial Decision Relating to Public Stockholding for Food Security Purposes

The G-33 (a group of 46 developing countries in the WTO including India) decided to bring the issue of procurement of foodgrains from subsistence farmers for public stockholding for food security into the agenda for the Bali Ministerial Conference. India's consistent position in the WTO has been that matters pertaining to livelihood, food security, and rural development are of vital importance. Special and differential treatment is a must for developing countries as provided under the provisions of the WTO. It is also in complete conformity with the commitment of member states in other multilateral fora like the United Nations (UN) and the Food and Agriculture Organization (FAO) where the fight against poverty and hunger is accorded highest priority. India emphasized that an interim solution cannot be a temporary solution nor can it be terminated until a negotiated permanent solution is in place. It was made clear that without a satisfactory decision on food security, India considered the Bali Package as lacking in horizontal balance and would, therefore, not be able to support it. The outcome on the food security proposal provides an opportunity to begin correcting some of the imbalances in the trade rules which are part of the historical legacy of imbalance in the WTO.

Duty Free Quota Free Market Access for Least Developed Countries (LDC)

One of the elements of the Hong Kong Ministerial Declaration of December 2005 was to extend duty free quota free (DFQF) access to the LDCs. The Ministerial decision taken at the Ministerial Conference in Bali in December 2013 on this issue states that countries that have not provided such access for at least 97 per cent of products 'shall seek to' improve the number of products covered. India became the first developing country to extend

Contd...

Box 7.4 : India and the WTO Conference at Bali: Major Issues (*Contd...*)

this facility to LDCs when it announced a Duty Free Tariff Preference (DFTP) Scheme for LDCs in 2008. The scheme was announced to give support to the LDCs in their trade initiatives and granted duty-free access on about 85 per cent of India's total tariff lines and preferential access (Positive List) on about 9 per cent of tariff lines. Only 6 per cent tariff lines were under the Exclusion List. Moreover, to fully meet the obligations under the Hong Kong Ministerial Mandate of 2005 as well as to meet the requests from some of the LDCs for additional product coverage under the duty-free list and simplification of the rules of origin procedures, the government has, of late, come out with an expanded version of the Scheme. Effective from 1 April 2014, the DFTP Scheme will provide duty-free market access on 96.4 per cent of India's tariff lines and 2 per cent of the lines would be enjoying preferential duties. Only 1.6 per cent of the tariff lines have been retained in the Exclusion List, with no duty concessions. The new expanded Scheme will also bring in several procedural simplifications with reference to the Rules of Origin. At present, 31 out of 48 LDCs have become beneficiaries of the scheme. Out of this, 21 LDCs beneficiaries are from Africa.

BILATERAL AND REGIONAL COOPERATION

7.36 So far, India has signed 10 free trade agreements (FTAs) and 5 preferential trade agreements (PTAs) and these FTAs/PTAs are already in force. At present, India is in the process of negotiating 18 FTAs (Box 7.5).

Box 7.5 : India's Regional Trading Arrangements: Recent Developments

India-EU Bilateral Trade and Investment Agreement (BTIA): Negotiations commenced in June 2007 in the areas of goods, services, investment, sanitary and phyto-sanitary measures, technical barriers to trade, trade facilitation and customs cooperation, competition, intellectual property rights (IPRs), and geographical indications (GIs). Fifteen rounds of negotiations and a number of inter-sessional and Chief Negotiator-level meetings have been held till date. A Ministerial review meeting was held on 15 April 2013 at Brussels.

India-ASEAN Comprehensive Economic Cooperation Agreement (CECA)-Services and Investment Agreement: Conclusion of negotiations on Agreement on Services and Investment was announced at the ASEAN-India Commemorative Summit on 20 December 2012. Cabinet approved and ratified the Agreements on 19 December 2013. The ASEAN Secretariat has been asked to inform the dates for formal signing of the Agreements.

India-Thailand CECA: Early Harvest Scheme on 82 items implemented. The 29th round of the Trade Negotiating Committee (TNC) was scheduled on 16-18 December 2013, but was cancelled by Thailand on account of internal disturbances. Date for the next round is yet to be fixed.

India-EFTA BTIA: The 13th and final round of this BTIA with the European Free Trade Association (EFTA) was held on 25-29 November 2013. The areas covered include trade in goods and services, investment, IPRs, sanitary and phyto-sanitary measures, rules of origin, trade facilitation, and customs cooperation.

India-New Zealand FTA/CECA: The ninth round of negotiations was held in Wellington, New Zealand, on 29-30 July 2013 followed by inter-sessional discussion on 9-10 December 2013 in New Delhi. The areas covered include, goods, services, investment and related issues.

India-Israel FTA: Eighth round of negotiations was held in Israel from 24-26 November 2013. The areas covered include trade in goods, rules of origin, customs procedure, and movement of natural persons.

India-Chile PTA: So far, five meetings of the Joint Administration Committee / rounds of negotiation have been held to discuss the expansion of the PTA. Official-level meeting was held between the two countries in February 2014 to discuss the issues of the India-Chile PTA. The areas covered include, trade in goods, rule of origin, SPS, and TBT.

India-Canada FTA: The eighth round was held in Ottawa, Canada, in June 2013. The next round will be held in New Delhi. The areas covered include, trade in goods, trade in services, rules of origin, SPS, and TBT.

India-Australia FTA/CECA: Five rounds of negotiations have so far been held. The fifth round was held in Canberra, Australia, in May 2013. The areas covered include trade in goods and services, investment, and IPR-related issues.

Regional Comprehensive Economic Partnership (RCEP) Agreement: The RCEP Agreement is between ASEAN + six FTA Partners (Australia, China, India, Japan, South Korea, and New Zealand): Based on the Declaration of the Leaders during the ASEAN Summit in November 2012, negotiations for a comprehensive economic partnership between the 10 ASEAN member states and its six FTA partners commenced in May 2013. The fourth round was held at Nanning, China, from 31 March-4 April 2014. The next round of negotiations is scheduled to be held in Singapore on 22-27th June 2014.

CHALLENGES AND OUTLOOK

Challenges

7.37 India's merchandise exports share in world exports increased from 0.5 per cent in 1990 (after which economic reforms were introduced in India) to only 1.7 per cent in 2013, whereas China's share increased from 1.8 per cent to 11.8 per cent during the same period. Thus there is a yawning gap between India and China in the share of world merchandise exports. The gap is narrower in service exports (Figure 7.2).

India's exports should grow consistently by around 30 per cent annually to reach a respectable ballpark figure of at least 4 per cent share in world exports in the next five years.

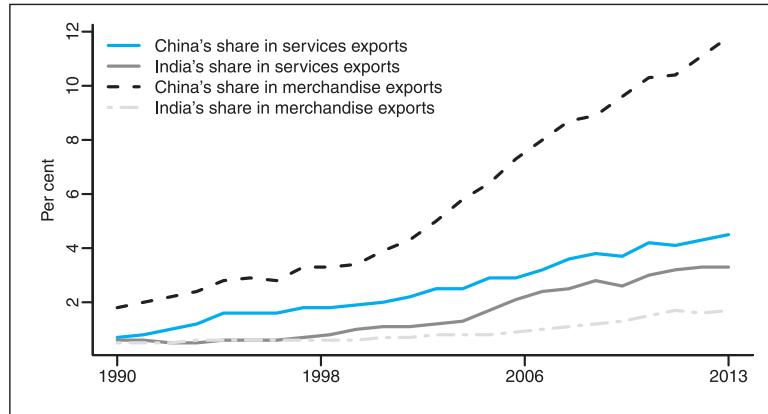


Figure 7.2 : Exports Share in World: China and India Comparison

7.38 India should aim to increase its share in world merchandise exports from 1.7 per cent in 2013 to a respectable ballpark figure of at least 4 per cent in the next five years for which exports should grow by a CAGR of around 30 per cent. This is not impossible as during 2003-04 to 2007-08, India's exports grew consistently by above 20 per cent annually with 29 and 31 per cent growth in two years. Achieving this in the medium term is the big challenge for which some basic steps need to be taken like product diversification, building export infrastructure, focusing on useful FTAs/regional trade agreements (RTAs)/CECAs, addressing the inverted duty structure, rationalizing export promotion schemes, and taking steps for trade facilitation (Box 7.6).

Box 7.6 : Some Major Issues in India's Merchandise Trade Sector

India's export sector is yet to take off in terms of share in world exports, though it has had bouts of high growth at different stretches of time. Some important issues in this sector are the following:

Product diversification: While there has been market diversification and compositional changes in India's export basket, not much of demand-based product diversification has taken place. In the top 100 imports of the world at four-digit HS level in 2013, India has only five items with a share of 5 per cent and above. Even in this, except for diamonds (21.0 per cent) and articles of jewellery (11.2 per cent), with double-digit shares, the other three items have only around 6-7 per cent share. Most of the items in the top 100 world imports include the three Es—electronic, electrical, and engineering items—and some textiles items. Though the gain in shares of engineering goods in recent years is a positive sign, India lags behind many other competing countries. Special attention needs to be given to the electronics hardware sector which virtually collapsed with the signing of the Information Technology Agreement (ITA)-1 by India at a time when India's semiconductor sector was at a nascent stage of development, while that of newly industrialized countries (NICs) and developed countries had already taken off. Till now our focus was on exporting what we can (or supply based), now we have to shift to items for which there is world demand and we also have basic competence. A demand-based export basket diversification approach with a perceptible shift to the three Es could lead to greater dividends for India.

Export infrastructure: Export infrastructure, particularly ports-related infrastructure, which affects trade, needs immediate attention. Even the best of our ports do not have state-of-the-art technology as in Singapore, Rotterdam,

Contd...

Box 7.6 : Some Major Issues in India's Merchandise Trade Sector (Contd...)

and Shanghai. Port infrastructure issues include poor road conditions and port connectivity, congestions, vessel berthing delays, poor cargo handling techniques and equipment, lack of access for containerized cargo, and frequent EDI server down or maintenance, resulting in multiple handlings, increased lead time, high transaction costs, and thus loss of market competitiveness. Export infrastructure should be built on a war footing. Just as drastic changes have been brought about in India's airports and metro rail, sea ports should be the immediate priority.

Focus on useful regional trading blocks: Some FTAs/RTAs/CECAs of India have led to an inverted duty structure-like situation with import duty on some finished goods being nil or lower than the duty on raw materials imported from other countries. Besides, the domestic sector involving livelihood concerns has also been affected by some of them. India's push towards regional and bilateral agreements should result in meaningful and result-oriented FTAs /RTAs/ CECAs. So a reality check of existing RTAs//FTAs/CECAs is needed by evaluating the performance of the items for which duty concessions have been given along with the impact on domestic production. India should also ready itself to face new threats like the Transatlantic Free Trade Agreement (TAFTA) between the US and EU which intends to create the world's largest free trade area, protect investment, and remove unnecessary regulatory barriers. Meanwhile there is also need to have some new useful RTAs/FTAs/ CECAs, for some of which negotiations have already started. More involvement of stakeholders could also help in ironing out differences.

Inverted duty structure: An inverted duty structure is making Indian manufactured goods uncompetitive against finished product imports in the domestic market as finished goods are taxed at lower rates than raw materials or intermediate products. This discourages domestic value addition. This inversion is not solely because of basic customs duty but also other additional duties. The regional/ bilateral FTAs with countries like Japan and South Korea and ASEAN, have added to a new inverted duty-like situation with some final goods of these partner countries having nil or low duty while materials for these items from other countries have higher duty. Inverted duties are found in different sectors. This needs to be avoided and there should be the right balance between different stakeholders.

Export promotion schemes: There are multiple and overlapping export promotion schemes with many focus markets and focus products with items and markets getting added each year in the foreign trade policy. One thing that is visible even from the short select list of trade policy measures (See Box 7.3) is the multiplicity of schemes and concessions that are also periodically extended. There is need to rationalize the export promotion schemes to a bare minimum which can also reduce transaction costs and trade litigations. Also many rates of concession should not be there. Even for duty drawback schemes, there should be limited rates instead of having different rates even for similar items. This will make things simpler and avoid discretionary decisions. Wherever tariffs are low or can be reduced, export incentives should be withdrawn as the transaction costs would be higher than the benefits owing to duty concessions.

SEZs: A clear signal needs to be given for Indian SEZs as fresh investments are slowing down in recent years and the greenfield SEZs have not really taken off full swing. While the new manufacturing zones (NMZ) are being planned, a lot of investment has already been made in SEZs waiting to be tapped to the full potential. There are also areas where SEZs are worse off than domestic tariff area (DTA) units as in the case of non-applicability of FTA concessions when SEZs sell in DTAs.

Trade facilitation: Greater trade facilitation by removing the delays and high costs on account of procedural and documentation factors, besides infrastructure bottlenecks is another major challenge. As per the World Bank and International Finance Corporation (IFC) publication *Doing Business 2014*, India ranks 134 in ease of doing business with Singapore at first place and China at 96. In trading across borders India ranks 132, Singapore 1, and China 74. India needs 9 export documents compared to 3 in Singapore and 8 in China. Time to export is 16 days in India and 6 in Singapore. The number of import documents needed is 20 for India and 4 for Singapore. Cost of exports per container is US\$ 1170 in India, US\$ 460 in Singapore, and US\$ 620 in China and cost of imports per container is US\$ 1250 in India, US\$ 440 in Singapore, and US\$ 615 in China. There are also inter-ministerial delays. The present move towards integration of related ministries is a step in the right direction, though a lot more needs to be done. Policy announcement and issue of notification should happen simultaneously.

Intertwining of domestic and external-sector policy: While a stable agri export policy is needed, any domestic shortage or excess affects exports. Similarly external shortages/ excesses affect the domestic sector. So a smooth intertwining of domestic and external-sector policies particularly for agriculture is needed. Advanced economic and market intelligence to avoid major mismatches is also necessary.

These issues, if addressed, could lead to exponential gains for India's exports.

Source: Based on Dr H.A.C. Prasad, Dr R. Sathish, and Salam Shyamsunder (forthcoming), Working Paper of Department of Economic Affairs, MoF on 'India's Merchandise Exports: Some important issues and policy suggestions'.

OUTLOOK

7.39 The IMF's World Economic Outlook of April 2014 has projected world trade volume to grow from the 3.0 per cent in 2013 to 4.3 per cent in 2014 and 5.3 per cent in 2015 with a marked improvement in export and import growth of advanced countries. However the picture on the ground is not so optimistic with the Baltic dry index (BDI), a good proxy of the robustness of world trade, being in the red. It is in one of the lowest phases since the 2008 global financial crisis with sub 1000 indices for most days since 14 April 2014, compared to the peak of 11,793 in May 2008 (Figure 7.3). The pick-up in India's exports in April-May 2014, after five months of low/negative growth, though a positive sign, is partly due to the low base.

7.40 The quarterly and monthly export and import growth performance of the world and major trading countries is also not very encouraging. The good world export and import growth in Q3 and Q4 of 2013 did not continue. In Q1 2014 it decelerated to 1.8 per cent and 1.9 per cent respectively from the 4.3 per cent and 2.1 per cent growth in the previous quarter. Except the EU and Singapore, the 2014 Q1 export growth of all other important countries is negative or low. In the case of import growth also which indicates the demand for exports of other countries including India, the situation is almost similar. Even the monthly import growth rates available for some countries for April and May 2014 show no improvement. Thus world trade and India's exports are still fragile, the recent good performances notwithstanding. There is also the downside risk of external shocks like the latest increase in oil prices owing to the Iraq crisis.

7.41 Services growth to a large extent depends on global growth and trade. The depressing performance of the Baltic dry index is likely to be reflected in shipping, transport, port, and insurance and related services. The prospects for IT services, however, seem bright with Gartner projecting a 3.1 per cent increase in IT spending worldwide in 2014 and NASSCOM also projecting a 13-15 per cent growth in India's IT-business process management (BPM) service exports in 2014. The robust growth in foreign tourist arrivals of 10.6 per cent coupled with the 11.4 per cent growth in foreign exchange earnings in the first two months of 2014-15 also augurs well for the Indian tourist sector. Thus the signals in India's service exports are mixed.

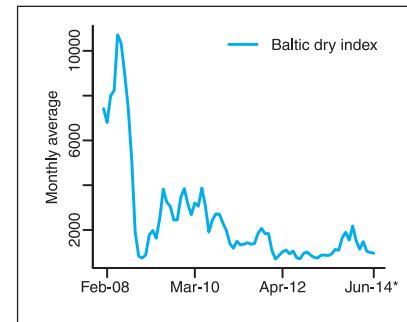


Figure 7.3 : Baltic Dry Index (Monthly Average)

While merchandise world trade and India's exports are still fragile the recent good performance notwithstanding, the signals in India's services exports are mixed.

Chapter 8

Agriculture and Food Management

With the shadow of the El Niño looming over the Indian monsoon, there are legitimate concerns about its likely impact on agricultural production and consequently prices of food products. What is significant is that over the last decade Indian agriculture has become more robust with record production of foodgrains and oilseeds. Increased procurement, consequently, has added huge stocks of foodgrains in the granaries. India is one of the world's top producers of rice, wheat, milk, fruits, and vegetables. However, given that India is still home to a quarter of all undernourished people in the world and since on an average almost half the total expenditure of about half the households is on food, increasing the efficiency of the farm-to-fork value chain is crucial for eliminating poverty and malnutrition.

OVERVIEW OF THE AGRI SECTOR

8.2 As a concomitant of growth, the share of agriculture and allied (hereinafter referred as agri) sector in gross domestic product (GDP) declined to 15.2 per cent during the Eleventh Plan and further to 13.9 per cent in 2013-14 (provisional estimates—PE). While it still accounts for about 54.6 per cent of total employment (Census 2011), there has been a decline in the absolute number of cultivators, which is unprecedented, from 127.3 million (Census 2001) to 118.7 million (Census 2011). This is indicative of a shift from farm to non-farm employment, causing real farm wages to rise by over 7 per cent annually in recent years.

8.3 The resilience of Indian agriculture is evident in that this sector last posted negative growth in 2002-03 and has registered a remarkable average growth rate of 4.1 per cent during the Eleventh Five Year Plan (2007-08 to 2011-12). As per the PE for 2013-14, growth rate of agri GDP was 1.4 per cent and 4.7 per cent respectively during the first two years of the Twelfth Plan period (Table 8.1).

8.4 In addition, a structural change in the composition of agriculture, showing diversification into horticulture, livestock, and fisheries, is noticeable. The horticulture sector contributed 30.4 per cent of agri GDP, while the livestock sector contributed over 4.1 per cent of the total GDP in 2012-13.

A resilient agriculture with increasing contribution from horticulture and livestock is evident.

Sl. No.	Item	2009-10	2010-11	2011-12	2012-13	2013-14
1	Growth in agri GDP	0.8	8.6	5	1.4	4.7*
	Share in total GDP	14.6	14.6	14.4	13.9	13.9*
	Of which, Agriculture	12.3	12.4	12.3	11.8	NA
2	Share in total GCF	7.3	6.3	7.0	7.1	NA
	Of which, Agriculture	6.7	5.8	6.5	6.5	
3	GCF as per cent of agri GDP	20.1	18.5	20.8	21.2	NA
	Of which, Private sector	16.7	15.7	18.0	18.1	
4	Agri exports (incl marine products) as per cent of total exports	8.2	8.0	10.1	11.8	11.9(P)

Table 8.1 : Agri sector: Key Indicators
(per cent at 2004-05 prices)

Source: Central Statistics Office (CSO) and Directorate General of Commercial Intelligence and Statistics (DGCI&S).

Notes: *Quarterly Estimates of GDP as of 30 May 2014; NA - Not Available; GCF-gross capital formation; P- provisional.

8.5 Agriculture being a state subject, the primary responsibility for increasing agricultural production and productivity, exploiting untapped potential, and enhancing incomes of the farming community, rests with state governments. Their efforts are supplemented by many centrally sponsored and central sector schemes.

Area, Production, and Productivity

8.6 Substantial progress in acreage and production are recorded for 2013-14. As per the 3rd Advance Estimates (3rd AE) the acreage under foodgrains has increased to about 126.2 million ha; and to 28.2 million ha under oilseeds. Record production of foodgrains at 264.4 million tonnes (mt) and oilseeds at 32.4 mt is estimated (Table 8.2).

Record production of Foodgrains and Oilseeds.

(Area: Million ha; Prod: Million tonnes; Yield: kg/ha)

Group/Commodity	Area	Production	Yield
Foodgrains^a	126.2 (4.47)	264.4 (2.88)	2095 (-1.55)
Rice	43.9 (2.57)	106.3 (1.05)	2419 (-1.75)
Wheat	31.3 (4.33)	95.8 (2.46)	3059 (-1.86)
Coarse cereals	25.5 (2.98)	42.7 (6.64)	1672 (2.83)
Maize	9.3 (6.90)	24.2 (8.52)	2602 (1.40)
Bajra	7.9 (8.22)	9.2 (5.75)	1161 (-3.09)
Pulses	25.4 (9.01)	19.6 (7.10)	770 (-2.41)
Gram	10.2 (20.00)	9.9 (12.50)	974 (-5.98)
Tur	3.9 (0.00)	3.4 (13.33)	857 (10.44)
Oilseeds	28.2 (6.42)	32.4 (4.85)	1149 (-1.63)
Groundnut	5.5 (17.02)	9.5 (102.10)	1723 (73.17)
Rapeseed and mustard	6.5 (1.56)	7.8 (-2.50)	1208 (-4.28)
Cotton ^b	11.7 (-2.50)	36.5 (6.73)	529 (8.85)
Sugarcane	5.0 (0.00)	348 (2.11)	70 (0.00)

Source: Directorate of Economics and Statistics, Department of Agriculture and Cooperation (DAC).

Notes: *3rd Advance Estimates; ^a - Includes cereals, coarse cereals and pulses;

^b - million bales of 170 kgs each; Figures in brackets indicate per cent change over 2012-13.

Table 8.2 : Area, Production and Yield of Major Crops in 2013-14*, with Per Cent Change over 2012-13

8.7 After achieving the goal of increasing foodgrains production by 20 million tonnes, new targets have been set under the National Food Security Mission (NFSM), to produce additional 25 million tonnes of foodgrains by 2016-17: 10 million tonnes of rice, 8 million tonnes of wheat, 4 million tonnes of pulses, and 3 million tonnes of coarse cereals. Focus is on cropping systems and on small and

A - Growth rate of area, P - Growth rate of production,
Y - Growth rate of Yield (% per annum)

Crop	(Base: TE 1981-82=100)			(Base: TE 1993-94=100)		
	1980-81 to 1989-90		1990-91 to 1999-2000	2000-01 to 2013-14*		
	A	P	Y	A	P	Y
Rice	0.41	3.62	3.19	0.68	2.02	1.34
Wheat	0.46	3.57	3.10	1.72	3.57	1.83
Coarse cereals	-1.34	0.40	1.62	-2.12	-0.02	1.82
Pulses	-0.09	1.52	1.61	-0.60	0.59	0.93
Sugarcane	1.44	2.70	1.24	-0.07	2.73	1.05
Nine oilseeds	1.51	5.20	2.43	0.86	1.63	1.15
Cotton	-1.25	2.80	4.10	2.71	2.29	-0.41
						3.22
						13.53
						9.99

Source: Department of Agriculture and Cooperation.

Note: * As per 2nd AE; Nine oilseeds include groundnut, castorseed, sesamum, rapeseed & mustard, linseed, nigerseed, safflower, sunflower, and soyabean.

TE : Triennium Ending

marginal farmers through development of farmer producer organizations (FPOs) and creating value chain and providing market linkages. Funding under Rashtriya Krishi Vikas Yojana (RKVY) during the Twelfth Plan will be through production growth (35 per cent), infrastructure and assets (35 per cent), sub-schemes (20 per cent), and 10 per cent flexi-fund. Bringing Green Revolution to Eastern India (BGREI), a major sub-scheme with an allocation of ₹ 1000 crore in 2013-14, increased paddy production in implementing states by 7 per cent in 2012-13 over 2011-12.

8.8 Given the limitations in expanding agricultural land, improvements in yield levels hold the key for long-term output growth. However, in the case of most of the major crops, higher production in 2013-14 has been achieved by expanding acreage, rather than productivity. Groundnut has shown the largest jump in yield; while productivity increases are significant in the case of cotton and tur, as they have been achieved against declining/stagnant acreage (Table 8.2). The compound growth rate of area, production, and productivity during 2000-01 to 2013-14 has been higher than in the previous two decades for coarse cereals, pulses, oilseeds, and cotton, while it has largely declined for rice and wheat (Table 8.3).

8.9 The Integrated Scheme of Oilseeds, Pulses, Oil Palm, and Maize (ISOPOM) has resulted in record production of pulses (19.6 mt), oilseeds (32.4 mt) and maize (24.2 mt) in 2013-14 (3rd AE), through area expansion and productivity increase. The Technology Mission on Oilseeds and Oil Palm (TMO & OP), introduced in the Twelfth Plan, aims to increase domestic production of edible oilseeds/oil, which is 50 per cent short of the domestic demand, through several focused and integrated interventions. The area, production, and yield figures for the last five years (Appendices 1.9 to 1.15) testify to the continued robustness of Indian agriculture.

CLIMATE CHANGE AND ITS IMPACT

8.10 With 60 per cent of total foodgrains and oilseeds produced being grown in the kharif season, and with just 35 per cent of total arable area being irrigated, Indian agriculture is still heavily dependent on rainfall. Significant warming of temperatures, lower mean rainfalls and higher rainfall variability have been recorded by the Indian Meteorological Department (IMD) over successive

Table 8.3 : Compound Growth Rates of Area, Production, and Yield of Principal Crops during 1980-81 to 1989-90, 1990-91 to 1999-2000 (Base : TE 1981-82=100), and for 2000-01 to 2013-14 (Base: TE 1993-94=100)

The incidence of higher temperatures and higher rainfall variability with lower mean rainfalls is increasing over the years.

Box 8.1 : Enigma of El Niño ('the little boy') and the Indian Monsoon

El Niño effect occurs when surface temperatures in the Pacific Ocean continuously rise above average for several months, which in turn adversely affects weather in many parts of the world. On an average it occurs every 3-5 years, often begins to form during June-August, and typically lasts 9-12 months. The event gains significance in India since its effect is felt around August, during the SW monsoon. While the majority of drought years in India coincide with the occurrence of the El Niño, the reverse link is not that strong. While in the previous ten El Niño years India suffered a rainfall deficit of 10 per cent or more only in six; in 1997, when the impact of El Niño was reported to be the worst, India had 2 per cent higher than normal rainfall.

In the past decade, the El Niño occurred in 2002, 2004, 2006, and 2009. While 2002-03 was the only year that India showed negative agri sector growth with average rainfall dropping 20 per cent below normal, 2009-10 experienced the most severe drought in nearly 40 years with total rainfall being 23 per cent below normal. A comparison of the changes in kharif and rabi production during the last four occurrences of El Niño reveals that the impact was more in the kharif season (Figure 1).

The Extended Range Forecast System (ERFS) provided by the IMD seasonal forecast for this monsoon season indicates the probability of lower rainfall in the rainfed regions of central, south, and north-west India, which may affect crops like rice, soybean, cotton, maize, jowar, groundnut, and sugarcane.

The fifth South Asian Climate Outlook Forum (SASCOF-5) session forecast monsoon deficit rainfall mainly in the southern peninsula and central India.

Source: IMD, Indian Council of Agricultural Research, Agricultural Statistics at a Glance, 2013

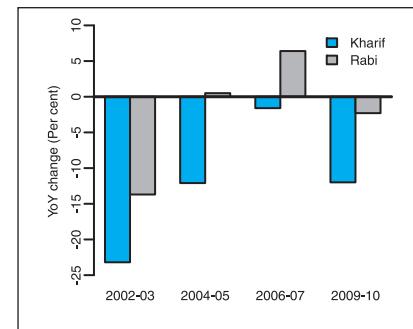


Figure 1 : Year-on-Year Change in Kharif and Rabi Production (Foodgrains and Oilseeds) in 2002-03, 2004-05, 2006-07, and 2009-10 (per cent)

plan periods. Three of the 5 years of the Eleventh Plan period had annual rainfall less than 95 per cent of the long period average (LPA), as compared to 5 in the previous 15 years (Twelfth Five Year Plan, Vol. II: 2-3). The LPA of the season rainfall over the country as a whole for the period 1951-2000 is 89 cm.

8.11 The south-west (SW) monsoon (from June to September) accounts for nearly 75 per cent of total annual rainfall in India and thus substantially affects agricultural performance. In 2013, the actual season rainfall over the country was 106 per cent of LPA. The second long-range forecast for the SW monsoon season released by the IMD on 9 June, indicates that the monsoon rainfall is likely to be 93 per cent of the LPA (model error \pm 4 per cent), with 71 per cent probability of sub-normal /deficient rainfall and 70 per cent occurrence of El Niño. Box 8.1 outlines the relationship between El Niño and the Indian monsoon.

8.12 Rainfall distribution data can aid in gauging the likelihood of an El Niño occurrence. Significantly, the number of divisions reporting deficient/scanty rainfall cumulative from 1 June is higher this year than in the previous five years with (-) 44 per cent rainfall departure. Further, 80 per cent of districts had deficient rainfall/no rain in this period (Table 8.4).

8.13 Reservoir capacities monitored by the Central Water Commission (CWC) reflect a better status of water availability. The total live storage in 85 important reservoirs across the country, with capacity at full reservoir level (FRL) of 154.88 billion cubic meters (BCM) and accounting for about 73 per cent of total reservoir capacity,

Category	11.6.2014	12.6.2013	13.6.2012	08.6.2011	09.6.2010	10.6.2009
Number of Subdivisions						
Excess/normal	8	30	23	3	11	2
Deficient/scanty	28	6	8	19	19	18
No rain	0	0	5	14	6	16
Rainfall departure from normal (%)	-44	23	-42	17	-6	-39
Per Cent Distribution of Districts						
Excess/normal	20	62	15	48	33	25
Deficient/scanty	50	32	63	34	39	47
No rain	30	6	22	18	28	28

Source: IMD, Weekly Report dated 11.06.2014.

Notes: Excess: +20% or more; Normal: +19% to -19%; Deficient: -20% to -59%; Scanty: -60% to -99%; No rain: -100%.

Table 8.4 : Category-wise Rainfall Distribution in Subdivisions and Districts and All India Rainfall Departure from Normal 2009-14 (cumulative rainfall since 1 June)

was 39,320 BCM (25 per cent of storage capacity at FRL) as on 12 June 2014. This is 20 per cent more than last year's storage position and 17 per cent more than the average of the last 10 years. Only two reservoirs have no live storage as against nine last year.

8.14 Occurrence of El Niño is associated with deficit rainfall in the states of Maharashtra, Gujarat, Rajasthan, Karnataka, Jharkhand, and Bihar. Against the backdrop of the IMD's forecast on El Niño, the delayed onset of the monsoon coupled with uneven distribution may affect crop growth, especially of kharif pulses and oilseeds, and the exact quantum of yield losses depends upon the duration and intensity of stress.

8.15 The government has in place contingency measures in about 500 districts. Further, the National Mission for Sustainable Agriculture (NMSA) is one of the eight missions of the National Action Plan on Climate Change, whose focus is on encouraging judicious utilization of common resources through a community-based approach. The Rain-fed Area Development Programme (RADP), which adopts a holistic approach to enhance farmers' incomes in rainfed areas, was implemented in 22 states in 2013-14 and will be substantially upscaled during the Twelfth Plan.

8.16 Other initiatives include the National Initiative on Climate Resilient Agriculture (NICRA) under the Indian Council of Agricultural Research (ICAR) to enhance resilience of Indian agriculture to climate change and vulnerability through strategic research and technology demonstration, capacity building, and sponsored/competitive grants. The Earth System Science Organization (ESSO) issues agro-meteorological advisories in 12 languages to 600 districts, which are currently subscribed to by over 4.8 million farmers, while Gramin Krishi Mausam Sewa has initiated these advisory services at block level.

Contingency measures are in place to tackle the deficient SW monsoon coupled with 70 per cent chance of an El Nino occurrence.

DRIVERS OF GROWTH

8.17 A singular characteristic of Indian agriculture is the predominance of small and marginal farms (1.16 ha in 2010-11). However, empirical studies indicate that small size of land holdings are not a deterrent to increasing productivity, which is determined by focused research and investments, access to modern inputs, appropriate technology, and innovative marketing systems to aggregate and market the output efficiently and effectively.

Gross Capital Formation

8.18 Robustness of the agri sector can be attributed to the steady increase in GCF (both public and private) from 16.1 per cent of its GDP in 2007-08 to 21.2 per cent in 2012-13 (2004-05 prices). However, public expenditure (comprising public investments and input subsidies) has been ceding its share in total GCF of the agri sector to the private sector and was 14.7 per cent in 2012-13. As a percentage of agri GDP also private investment has been rising and was 18.1 per cent in 2012-13 (Table 8.1). The quality of public GCF, which is largely directed towards subsidies, is also of concern. The largest increase in private GCF was in labour-saving machines such as irrigation and water-saving equipment (Twelfth Five Year Plan, Vol. II: 8), evidently a result of the declining rural workforce and rising real wages.

More than 85 per cent of investment in the agri sector is by the private sector.

Agricultural Research and Education

8.19 Maintaining sustainable growth in agriculture requires continual research in developing innovative technologies for conservation and management of limited natural resources. The ICAR has developed new crop varieties with specific traits that improve yield and nutritional quality along with tolerance/resistance to various biotic and abiotic stresses besides matching crop production and protection technologies for target agro-ecologies. For different agro-ecological niches, 104 varieties of various crops were released. To make quality seeds available to farmers, 11,835 tonnes of breeder seeds of recommended varieties of different field crops was produced. Adoption of improved varieties and crop management techniques has resulted in record production of cereals, pulses, and other crops in recent years.

Seeds

8.20 Seed quality accounts for 20-25 per cent of crop productivity. As hybrid seeds in cross-pollinated crops give higher yields, greater emphasis was placed on their production; thus, their availability has been higher than the requirement. Certified/quality seeds account for about 30 per cent of total seeds used, though there are significant variations across crops and states. Under the central-sector Development and Strengthening of Infrastructure Facilities for Production and Distribution of Quality Seeds (DPQS) Scheme the availability of certified seeds has increased to 328.58 lakh quintals while requirement was 315.18 lakh quintals in 2012-13.

Agricultural research has released new varieties of breeder seeds. Policy focus is on creating a seed bank.

8.21 Important policy initiatives under the amended New Policy on Seed Development (NPSD) include permitting 100 per cent foreign direct investment (FDI) under the automatic route and simplifying the procedure for inclusion of new varieties in the Organisation for Economic Cooperation and Development (OECD) Seeds Scheme. The thrust is also on creating a seed bank. A Seed Rolling Plan for the period up to 2016-17 is in place for all the states since 2013-14 for identification of good varieties for the seed chain, and agencies responsible for production of seeds at every level.

Fertilizers

8.22 Increased fertilizer usage has played a significant role in improving agricultural productivity. Urea, which is the main source

of nitrogen (N), constitutes around 50 per cent of total fertilizer consumption. India meets 80 per cent of urea requirement through indigenous production, but is largely import dependent for its potassic (K) and phosphatic (P) fertilizer requirements.

8.23 A modified New Pricing Scheme (NPS)-III for existing urea units, notified to address under-recoveries of existing urea units due to freezing of fixed cost at 2002-03 rates will be implemented for one year from 2 April 2014. It provides for the grant of minimum fixed cost of ₹ 2300 per metric tonne (MT) or actual fixed cost prevailing during 2012-13, whichever is lower. Further, there is provision for grant of special compensation of ₹ 150 per MT to protect efficient units that have converted to gas and are more than 30 years old.

8.24 Given the constraints in availability of gas, which is the preferred feedstock for production of nitrogenous fertilizers, and the dependence on imports for P and K fertilizers, Indian companies are being encouraged to establish joint ventures (JVs) abroad for production facilities with buyback arrangements and to enter into long-term agreement for supply of fertilizers and fertilizer inputs to India. Six JVs have been set up by Indian private/cooperative-sector entities.

8.25 The objective of shifting from a product-based subsidy (PBS) to nutrient-based subsidy (NBS) regime in 2010 was to address NPK nutrient imbalances and lack of secondary and micronutrients, through use of fertilizers on specific soil-moisture conditions and crop needs. A comparison of the production, imports, and consumption of NPK fertilizers between 2009-10 and 2012-13 (Table 8.5) shows that availability as well as consumption has been skewed towards N or urea since the roll out of the NBS in 2010 (Appendix 1.19).

	(thousand tonnes of nutrients)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Nitrogenous fertilizers (N)					
Availability	15347	16650	17499	16995	16258
Consumption	15580	16558	17300	16820	NA
Phosphatic fertilizers (P)					
Availability	7077	8025	8531	6338	5302
Consumption	7274	8050	7914	6653	NA
Potassic fertilizers (K)					
Imports	2945	4069	3335	1559	1926
Consumption	3632	3514	2576	2061	NA
All fertilizers (NPK)					
Availability	25369	28744	29365	24892	23526
Consumption	26486	28122	27790	25536	NA

Source: Department of Fertilizers.

Table 8.5 : Availability (Production and Imports) and Consumption of Fertilizers

8.26 The pricing of subsidized fertilizers is also probably responsible for higher usage of straight fertilizers and skewed usage of nutrients (Report of Working Group on Fertilizer Industry for the Twelfth Plan: 8). While NPK ratios were higher than the recommended national 4:2:1 NPK balance in 2009-10, the situation has drastically worsened (Table 8.6). Indiscriminate use of NPK has led to imbalanced use of soil nutrients, especially in Haryana and Punjab, leading to deterioration in soil quality and declining growth in land productivity in these states.

Pricing of subsidised fertilizers has skewed the usage of nutrients.

	2009-10	2010-11	2012-13
Bihar	5.3 : 1.5 : 1	5.8 : 1.9 : 1	12.3 : 3.6 : 1
Haryana	15.9 : 5.5 : 1	20.4 : 6 : 1	61.4 : 18.7 : 1
Punjab	18.4 : 5.9 : 1	19.1 : 5.4 : 1	61.9 : 19.3 : 1
All India	4.3 : 2 : 1	5.0 : 2.4 : 1	8.2 : 3.2 : 1

Source: Agricultural Statistics at a Glance, 2013; Report of Working Group on Fertilizer Industry for the Twelfth Plan, Planning Commission

Note: Calculated from state-wise fertilizer consumption data.

8.27 The NBS roll out was flawed since urea was kept out of its ambit (Twelfth Five Year Plan, Vol. II: 14), which has defeated the objective of balanced use of nutrients. While urea consumption has increased from 59 per cent to 66 per cent of total consumption in 2012-13 over 2010-11, per hectare consumption of fertilizer has declined from 140 kg to 128 kg over the same period. Current trends in agricultural output reveal that the marginal productivity of soil in relation to the application of fertilizers is declining.

8.28 Under the NBS, as of March 2014, farmers pay 61 to 75 per cent of the delivered cost of P and K fertilizers and the rest is subsidised by the centre. Fertilizer subsidy was ₹ 67,971 crore in 2013-14 (revised estimates—RE), an increase of 11 per cent over 2009-10. While the quantum of fertilizer subsidy is increasing, subsidy as a percentage of GDP has been declining since 2010 (Figure 8.1).

Table 8.6 : NPK Ratios: All India, Bihar, Punjab, and Haryana (2009-10 and 2012-13)

NBS needs to be reviewed to prevent wasteful and suboptimal use of resources.

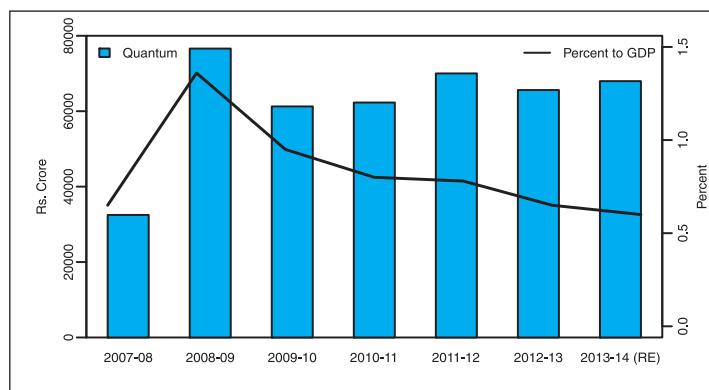


Figure 8.1 : Fertilizer Subsidy: Quantum and as Percentage of GDP (at current prices) 2007-08 to 2013-14 (RE)

Source: CSO

Mechanization and Technology

8.29 Mechanization is one of the main drivers of agricultural sector growth. Farm power availability and average foodgrain yield have a direct relationship. The per capita annual availability of electricity has increased from 112.7 KWH in 2008-09 to 142.4 KWH in 2011-12. Although India is one of the top countries in agricultural production, the current level of farm mechanization, which varies across states, averages around 25 per cent as against more than 90 per cent in developed countries. According to the ICAR, the economic benefit of adoption of improved implements is about ₹ 80,000 crore per annum, which is only a small fraction of the potential. It has resulted in generating employment to rural youth and artisans for the production, operation, and maintenance of machines. Due to significant and continuous reduction of agricultural workforce, higher levels of farm mechanization are necessary for sustaining productivity and profitability.

Despite being among the top countries in agricultural production, India's level of mechanization averages only 25 per cent as compared to more than 90 per cent in developed countries.

8.30 The main challenges for farm mechanization are, first, a highly diverse agriculture with different soil and climatic zones, requiring customized farm machinery and equipment and, second, largely small land holdings with limited resources. A dedicated Sub-Mission on Agricultural Mechanization has been initiated in the Twelfth Plan, with focus on spreading farm mechanization to small and marginal farmers and regions that have low farm power availability.

Irrigation

8.31 Water is the most critical input for agriculture. Currently 63 million ha, or 45 per cent of net cropped area, is irrigated. Under the Accelerated Irrigation Benefit Programme (AIBP), ₹ 64,228 crore of central loan assistance (CLA)/grant had been released up to 31 December 2013. An irrigation potential of 8054.61 thousand ha is estimated to have been created by states from major/medium/minor irrigation projects under the AIBP till March 2012.

8.32 The cropping pattern adopted in the Punjab - Haryana region, considered the 'rice bowl of India', has resulted in alarming reduction in the water table, which is not sustainable in the long run. Therefore, a Crop Diversification programme, targeted at promoting technological innovation and encouraging farmers to choose crop alternatives in the states of Punjab and Haryana and in western UP to counter the problems of stagnating yields and overexploitation of water resources, was budgeted with ₹ 500 crore in 2013-14.

Credit

8.33 Agricultural credit is an important input for improving agricultural production and productivity and mitigating farmer distress. For improving agricultural credit flow and bringing down the rate of interest on farm loans, (i) Agricultural credit flow target for 2013-14 was fixed at ₹ 7,00,000 crore and achievement was ₹ 7,30,765 crore, as against ₹ 6,07,375 crore in 2012-13; (ii) Farmers could avail of crop loans up to a principal amount of ₹ 3,00,000 at 7 per cent rate of interest. The effective rate of interest for farmers who promptly repay their loans was 4 per cent per annum during 2013-14; (iii) Farmers were granted post-harvest loans against negotiable warehouse receipts (NWRs) at commercial rates. To encourage storage of produce in warehouses against NWRs, the benefit of interest subvention was extended to small and marginal farmers with kisan credit cards (KCC) for a further period of up to six months post-harvest on the same rate as crop loan.

Overexploitation of water resources is leading to alarming reduction in the water table in the 'rice bowl of India'.

Enhanced agricultural credit flows are exceeding the targets.

Insurance

8.34 Various crop insurance schemes are implemented as part of risk management and risk mitigation in agriculture. The central-sector National Crop Insurance Programme (NCIP) that replaced the National Agricultural Insurance Scheme (NAIS) from 1 November 2013 has three components: Pilot Modified National Agricultural Insurance Scheme (MNAIS), Pilot Weather Based Crop Insurance Scheme (WBCIS), and Pilot Coconut Palm Insurance Scheme (CPIS). The NCIP is approved for full-fledged implementation from Rabi 2013-14, with modifications like making the insurance unit for major crops the village panchayat or

Modified insurance scheme is expected to have greater coverage.

equivalent unit and undertaking individual farm-level assessment of losses in case of localized calamities like hailstorm and landslide to benefit the farmer.

8.35 The Agriculture Insurance Company (AIC) implemented MNAIS and WBCIS in many districts (Table 8.7), and also developed crop insurance products for risk mitigation of various crops, namely coffee, rubber plantation, bio-fuel plants, grapes, mango, and potato; Rabi Weather Insurance and Varsha Bima/Rainfall Insurance.

Agricultural Extension

8.36 To ensure last-mile connectivity, extension services need to be geared to address emerging technological and knowledge needs. Therefore, the existing extension and IT schemes from the Eleventh Plan were strengthened, expanded, and scaled up appropriately and implemented as components of the Sub Mission on Agricultural Extension (SMAE) under the National Mission on Agricultural Extension and Technology (NMAET). Greater role has been envisaged for the states in implementation and monitoring. The schemes subsumed under the SMAE include: District-level Agriculture Technology Management Agencies (ATMAs) that have been set up in 639 rural districts of 28 states and 3 union territories (UT) across the country-these have benefited 28.5 million farmers, 25.6 per cent of whom were women; Mass Media and Kisan Call Centre schemes, Central-sector Establishment of Agri-Clinics and Agri-Business Centres (ACABC) Scheme; SMS portal for farmers.

8.37 To assess, refine, and demonstrate agricultural technologies/products the ICAR has created a mechanism for technology application at district level by establishing a network of Krishi Vigyan Kendras (KVK) under the Plan Scheme 'Continuation, Strengthening and Establishment of New KVKs'. So far, 637 KVKs have been sanctioned and during 2013-14, 102.41 lakh farmers and other stakeholders have benefited.

PRICE POLICY FOR AGRICULTURAL PRODUCE

8.38 Government's price policy for major agricultural commodities has twin objectives: ensure remunerative prices to growers for their produce to encourage higher investment and production, and safeguard the interests of consumers by ensuring supplies at reasonable prices. Towards these ends, the Commission for Agricultural Costs and Prices (CACP) recommends minimum support prices (MSP) based on certain economic criteria. Subsequently, the centre announces MSPs for 24 major agricultural commodities, including sugarcane, before each season, taking into account the views of state governments and the ministries/departments concerned. There have been substantial increases in the MSPs in the last few years, especially for pulses, oilseeds, and cotton (Figure 8.2).

8.39 The pricing of sugarcane, however, is governed by the statutory provisions of the Sugarcane (Control) Order 1966 issued under the Essential Commodities (EC) Act 1955. Fair and remunerative prices (FRP) are recommended, taking into account the cost of production of sugarcane, recovery rates, and pricing of sugar and its by-products, namely molasses, bagasse, and press mud. MSPs/FRP are uni-

	Kharif 2013		Rabi 2013-14	
	Districts	States	Districts	States
MNAIS	29	13	127	12
WBCIS	112	13	123	14

Source: Department of Financial Services

Table 8.7 : MNAIS and WBCIS implemented in districts/states during Kharif 2013 and Rabi 2013-14 (Number)

Outreach of strengthened extension schemes has benefited more than 28 million farmers, one-fourth of whom were women.

Substantial increases in MSPs and FRP are seen in the last few years.

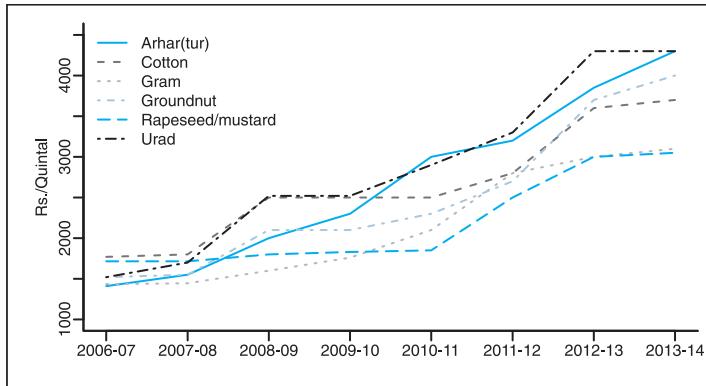


Figure 8.2 : Minimum Support Prices of Select Agricultural Crops 2007-08 to 2013-14 (₹ per quintal)

Source : DAC

directional upwards; at most, they have been kept constant in a few years. MSPs/FRP fixed for 2013-14 are higher than MSPs of 2009-10 by 27 per cent (wheat) to 90 per cent (groundnut) (Table 8.8).

Crops	2013-14	2009-10	Per cent Change
Paddy (common)	1310	1000	31
Wheat	1400	1100	27
Maize	1310	840	56
Jowar (hybrid)	1500	840	79
Arhar(tur)	4300	2300	87
Urad	4300	2520	71
Gram	3100	1760	76
Groundnut in shell	4000	2100	90
Rapeseed/mustard	3050	1830	67
Sunflower	3700	2215	67
Soyabean (black)	2500	1350	85
Cotton (medium staple)	3700	2500	48
Sugarcane (FRP)	210	129.84	62

Table 8.8 : MSP/FRP of Select Crops (₹ per quintal) in 2013-14 and 2009-10 and Per cent Change

Source : DAC

Note : Inclusive of bonus wherever applicable.

8.40 Arbitrary fixation of cane prices by state governments over and above the FRP fixed by the centre has been adversely affecting the sugar mills. The Rangarajan Committee recommendation to link sugarcane prices with sugar prices has not yet been accepted by all states concerned. Owing to excess opening stock and good production this year, sugar prices were subdued leading to huge cane price arrears. To facilitate clearance of arrears of previous sugar seasons and timely settlement of cane price for the current sugar season to sugarcane farmers, the centre notified a Scheme for Extending Financial assistance to Sugar Undertakings (SEFASU-2014) envisaging interest free bank loans worth ₹ 6600 crore as additional working capital to sugar mills on 3 January 2014. In addition, incentive of ₹ 3300 per ton for raw sugar production targeted for the export market was given for February and March 2014, which was reduced to ₹ 2277 per ton for April and May 2014 and restored to ₹ 3300 per ton for June and July 2014; sugar mills were to utilise it for making payments to farmers.

HORTICULTURE

8.41 Horticulture sector comprising a wide array of crops from fruits and vegetables to nuts, spices, medicinal plants, flowers, and plantation crops, provides many opportunities for income generation. Globally India is the second largest producer of fruits and vegetables; the largest producer of mango, banana, coconut, cashew, papaya, and pomegranate; and the largest producer and exporter of spices. Horticulture production, estimated at 265 million tonnes, exceeded the production of foodgrains and oilseeds in 2012-13 (Figure 8.3), owing to an 8.6 per cent increase in productivity of horticulture crops between 2008-09 and 2012-13.

For the first time in 2012-13, horticulture production exceeded the combined production of foodgrains and oilseeds.

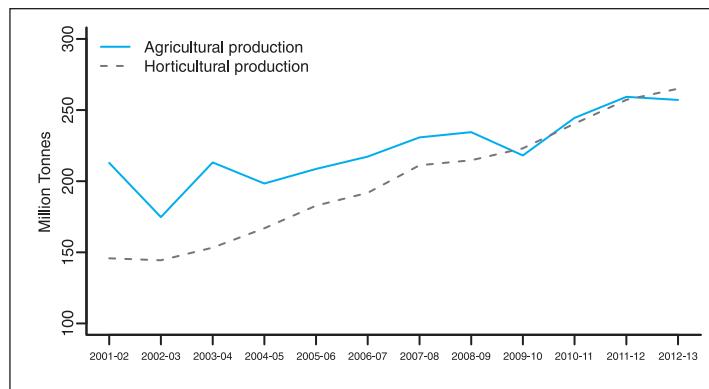


Figure 8.3 : Production of Agricultural (Foodgrains and Oilseeds) and Horticultural Crops 2001-02 to 2012-13

Source: DAC

8.42 All erstwhile schemes (National Horticulture Mission [NHM], Horticulture Mission for North East and Himalayas [HMNEH], National Horticulture Board [NHB], Coconut Development Board [CDB], Central Institute for Horticulture and National Bamboo Mission [NBM]) have been subsumed under the Mission for Integrated Development of Horticulture (MIDH) during the Twelfth Plan. Capacity building of farmers by organizing them into farmer producer organizations (FPO)/ farmer producer companies (FPC) is an added feature of the MIDH (Box 8.2).

ANIMAL HUSBANDRY, DAIRYING, AND FISHERIES

8.43 Indian agricultural system is a model of sustainable agriculture, as it is predominantly a mixed crop-livestock farming

Box 8.2 : 2014 : Year of Farmer Producer Organizations (FPOs)

All major centrally sponsored schemes of the Ministry of Agriculture have incorporated special provisions for promotion and development of FPOs, which are identified as one of the key strategies for achieving inclusive agricultural growth during the Twelfth Plan.

The Small Farmers' Agribusiness Consortium (SFAC) has been nominated as a central procurement agency for undertaking price support operations under MSP for pulses and oilseeds. The SFAC will operate only through FPOs at the farm gate. Member-based FPOs would act as aggregators and provide greater bargaining power to producers, especially smallholders, and enable their integration in the value chain, generating higher incomes and employment.

A National Policy and Process Guidelines for FPOs, issued in March 2013, laid the framework for mobilization of FPOs with a dedicated source of funding from the RKYV. The Equity Grant and Credit Guarantee Fund Scheme for FPCs was launched on 1 January 2014, enabling access up to ₹ 10 lakh grant to double member equity and also collateral-free loans up to ₹ 1 crore from banks, which in turn can seek 85 per cent cover from the Credit Guarantee Fund.

With 2014 being observed as the Year of FPOs, for which the SFAC is the nodal organization, conferences, seminars, and workshops are being organized to increase awareness about FPOs.

Source: SFAC

system, with the livestock segment supplementing farm incomes by providing employment, draught animals, and manure.

Dairy and Poultry

8.44 India ranks first in milk production, accounting for 17 per cent of world production. During 2012-13, milk production peaked at 132.43 mt, thus becoming an important secondary source of income for 70 million rural households engaged in dairying and for 70 per cent of the workforce that comprised women. The average year-on-year growth rate of milk at 4.04 per cent vis-à-vis the world average of 2.2 per cent shows sustained growth in availability of milk and milk products for the growing population.

8.45 A comprehensive new scheme National Programme on Bovine Breeding and Dairy Development was launched with the objective of enhancing milk production and productivity in a sustainable manner. The National Dairy Plan Phase-I, launched in March 2012 with the objectives of improving productivity of milch animals, strengthening and expanding village-level infrastructure for milk procurement, and providing producers greater access to the market in the dairy sector continues. The number of milch animals increased from 62 million in 2000 to 83.15 million in 2012, thus adding to the improved milch herd of the country.

8.46 Government's focus, besides framing conducive policies for commercial poultry production, is on strengthening the family poultry system, which addresses livelihood issues. Egg production was around 69.73 billion in 2013, while poultry meat production is estimated at 2.68 mt (Appendix 1.20).

Globally, India ranks first in milk production with an average y-o-y growth rate of over 4 per cent.

Fisheries

8.47 Fisheries is an important source of livelihood and fish, are an important source of protein. There are 14.4 million fishermen in the country. India ranks second in world fish production, contributing about 5.4 per cent of global fish production. It is also a major producer of fish through aquaculture. Total fish production during 2013-14 is estimated at 9.45 mt with 6.10 mt coming from the inland sector and 3.35 mt from the marine sector. The sector contributes about 1 per cent to overall GDP and represents 4.6 per cent of agri GDP.

Fisheries and the livestock sector are important secondary sources of income for rural households, contributing over 1 per cent and 4.1 per cent respectively to total GDP.

Livestock Health

8.48 To effectively tackle the issue of livestock health and strengthen efforts to manage animal diseases of a trans-boundary nature in a comprehensive manner, the centrally sponsored Livestock Health and Disease Control (LH&DC) Scheme was launched in the Twelfth Plan with modification of existing components and inclusion of new ones. The implementation of various animal disease control programmes has seen overall reduction in incidence of animal diseases in the country, which augurs well for public health. The National Livestock Mission (NLM) has been formulated encompassing seven centrally sponsored and seven central-sector schemes, with the objective of sustainable development of the livestock sector. The Mission is designed to cover all the activities required to ensure quantitative and qualitative improvements in livestock production systems and capacity building of all stakeholders.

DOMESTIC AGRICULTURAL MARKETING

8.49 Organized marketing of agricultural commodities has been promoted through a network of regulated markets, whose basic objective is to ensure reasonable prices to both farmers and consumers by creating a conducive market environment for fair play of supply and demand. The number of regulated markets has grown from 286 in 1950 to 7114 as on 31 March 2014; besides which there are 22,759 rural periodical markets. The average area served by a market is 114.45 sq. km while the average area served by a regulated market is 462.08 sq. km, varying from 118.78 sq. km in Punjab to 11,214 sq. km in Meghalaya. The National Commission on Agriculture (2004) recommended a norm of one market within a radius of 5 km (or 80 sq. km). The low market spread creates problems of market access.

8.50 The problem of intermittent surges in food prices has persisted in India despite various reform measures undertaken. The high costs of intermediation have a cascading effect on prices. The Committee on Agricultural Reforms (2013) recommended, inter alia, a barrier-free national market for the benefit of farmers and consumers. Box 8.3 underlines the urgency of agricultural marketing reforms.

Need for holistic reform of the 'farm-to-fork' supply chain to solve the persistent food inflation.

Box 8.3 : Need for Reforms in Agricultural Marketing

There has been limited success in establishing efficient agricultural marketing practices in India. The monopoly of government-regulated wholesale markets has prevented development of a competitive marketing system in the country. In the context of liberalization of trade in agricultural commodities and for the domestic farming community to reap the benefits of new global market access opportunities, there is a need to integrate and strengthen the internal agricultural marketing system.

Various committees and task forces of the government recommended that control over agricultural markets by the state be eased to facilitate greater participation of the private sector, particularly to stimulate massive investments required for the development of agricultural marketing. The model Agricultural Produce Marketing (Development and Regulation) [APM(DR)] Act of 2003 was circulated to all states for adoption. The reforms have largely focused on addressing some of the concerns within the existing framework of state Agricultural Produce Marketing Committees (APMC). They have however failed to address monopolistic and uncompetitive practices in inter-state trading of agricultural products. The Committee on Agricultural Reforms (2013) noted that, 'By and large, the APMCs have emerged as some sort of Government sponsored monopolies in supply of marketing services/ facilities, with all drawbacks and inefficiency associated with a monopoly'.

Thus, the APMC Act has not achieved the basic objective of setting up a network of physical markets. There are some successful initiatives in direct marketing, such as Apni Mandi in Punjab, Uzhavar Sandhai in Tamil Nadu, Shetkari Bazaar in Maharashtra, Hadaspur Vegetable Market in Pune, Rythu Bazar in Andhra Pradesh, Krushak Bazaar in Odisha, and Kisan Mandi in Rajasthan.

Some measures that would facilitate the creation of a barrier-free national market are:

- (i) Permit sale and purchase of all perishable commodities such as fruits and vegetables, milk and fish in any market. This could later be extended to all agricultural produce.
- (ii) Exempt market fee on fruits and vegetables and reduce the high incidence of commission charges on agricultural/ horticultural produce.
- (iii) Taking a cue from the success of direct marketing efforts of states, the APMC/other market infrastructure may be used to organize farmers markets. FPOs/self-help groups (SHGs) can be encouraged to organize farmers markets near urban centres, malls, etc. that have large open spaces. These could be organized every day or on weekends, depending on the concentration of footfalls.
- (iv) Include 'facilitating organization of farmers markets' under the permitted list of corporate social responsibility (CSR) activities under Companies Act 2013, to encourage companies engaged in agri-allied activities, food processing etc to take up this activity under CSR and also help in setting up supply chain infrastructure. This would be similar to the e-Choupal initiative of ITC Ltd., but under CSR.
- (v) All the above facilitators can also tie-up a link to the commodity exchanges' platform to disseminate spot and futures prices of agricultural commodities.

Commodity Futures Market

8.51 Opening up of the commodity futures market was an important initiative taken with the aim of improving domestic market efficiency. The commodity futures market facilitates the price discovery process and provides a platform for price risk management in commodities. The Forward Markets Commission (FMC), the regulator for the commodity futures market, was brought under the administrative control of the Ministry of Finance in September 2013. Currently, only 46 of the 113 commodities that are notified for futures trading are actively traded in 6 National Exchanges and 11 Commodity Specific Exchanges. Futures trading in agricultural commodities constituted 15.8 per cent of the total turnover in 2013-14, with food items (refined soya oil, soyabean, chana, rapeseed/mustard seed, and coriander) contributing 55.56 per cent, and non-food items (castor seed and cotton) 17.46 per cent. The total volume of trade declined by 39 per cent and that of agri trade by about 18 per cent in 2013-14 over 2012-13 (Figure 8.4).

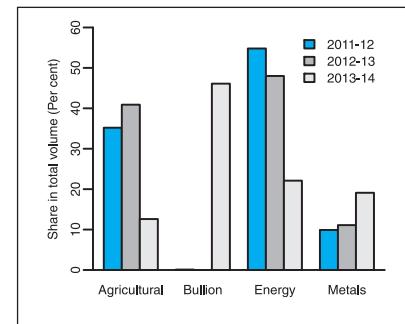
8.52 Information asymmetry is a major market barrier. In order to benefit all stakeholders in the agriculture supply chain, and especially to enable farmers to take rational and informed decisions about cropping pattern and marketing strategies, the FMC is implementing the Price Dissemination Scheme. Under this, the futures and spot prices of National Exchanges and the spot prices of AGMARKNET from around 1700 mandis are run on real-time basis on price tickers/boards installed in 267 APMCs, KVks, and other locations where farmer footfall is high. To increase awareness amongst farmers and other stakeholders and for them to benefit from the price discovery mechanism, there is need to install them in all markets, including farmers markets.

8.53 However, an on-off policy with respect to futures trading - of sudden ban imposition and lifting - has been followed that leads to non-transparency and uncertainty in the market and has hampered the development of this platform as a means of price discovery for the benefit of farmers and other stakeholders. Prices of successive months' futures contracts signal future price trends, thus facilitating the government to take pre-emptive action, whenever required. They help farmers take decision about cropping pattern and investment intensity of cultivation and improve their bargaining capacity. They also help manufacturers to hedge their requirement of raw materials as also their finished products. In fact, procurement agencies can use this platform to their benefit by hedging their future requirements on a regular basis, as per the provisions of the NFSA 2013. Importantly, being a leading producer and consumer of major agricultural commodities, India can be a global price setter, rather than a price taker. However, in the case of rice and wheat, where the MSP mechanism is effective, the traded volumes are low. Consequently, in contrast to global commodity markets, the domestic market is not enabled to be a price setter.

Warehousing Development and Regulatory Authority (WDRA)

8.54 Another important initiative aimed at not only helping farmers avail of better credit facilities and avoid distress sales but

Commodity futures market, as a messenger of future price trends, help governments take pre-emptive action whenever the situation warrants.



Source: FMC

Figure 8.4 : Group wise Share in Total Volume of Trade in Exchanges (%) - 2011-12 to 2013-14

Despite being a leading producer and consumer of major agricultural commodities, India has not taken on the role of a global price setter.

also at safeguarding financial institutions by mitigating risks inherent in credit extension to farmers, is the introduction of NWRs as a tradable receipt. The WDRA, as the authority for registering and accrediting warehouses intending to issue NWRs, has approved 40 agricultural commodities including cereals, pulses, oilseeds, and spices for issuing NWRs. So far, 302 warehouses have been accredited, of which 271 warehouses of the Central Warehousing Corporation, State Warehousing Corporations, and private organizations with 10.55 lakh MT storage capacity have been registered.

8.55 In order to improve the quality of warehousing and delivery aspects, the FMC directed all commodity exchanges to register with the WDRA. However, in the case of rice and wheat, farmers are reportedly not using NWRs as they find it more profitable and convenient to sell their produce at MSP to the guarantor, that is the procurement agencies. In addition, even in areas where procurement agencies have fewer operations, the NWRs are not gaining ground. An open competitive market is an essential condition for both these initiatives to operate successfully.

Food Processing

8.56 With the decline in farm employment, additional employment opportunities have to be created in the non-farm and manufacturing sectors, especially in agro-based rural industries. Incentivizing and developing downstream market linkages, in the form of agro industries, is crucial for growth of agriculture. During the last five years ending 2012-13, the sector has been growing faster than the agriculture sector, at an average annual growth rate of around 8.4 per cent. The role of the private sector is crucial as its large investments can bring in economies of scale in operations.

8.57 Even though India is the largest producer of several agricultural commodities, there are high levels of losses in the supply chain. A study conducted by the Central Institute of Post-Harvest Engineering and Technology (CIPHET) in 2010 put the losses in the range of 0.8 per cent to 18 per cent and attributed them to several factors including non-availability of facilities for aggregation, packaging, storage, transportation, and cold chain and low level of processing of agricultural produce. In an emerging country like India, where growth with equity is a primary policy thrust, the development of the food-processing sector will address several concerns such as disguised unemployment in agriculture, rural poverty, food security, food inflation, improved nutrition, and prevention of wastage of food. Towards this end, the government is supporting creation of modern enabling infrastructure and efficient processing facilities. These initiatives include setting up of (i) mega food parks, (ii) cold chain, value addition and preservation infrastructure, (iii) new and modernization of existing abattoirs.

Trade Policy

8.58 India, with a large and diverse agriculture, is among the world's leading producers of rice, wheat, milk, sugarcane, fruits, and vegetables. Therefore, changes in its balance sheets for key commodities will have a potentially large impact on world markets.

Both futures trading and NWRs would be successful only under competitive market conditions.

Large-scale private investments are essential for developing the agro-processing sector, which is the next growth vehicle.

Long-term stable trade policy is necessary for improving agricultural productivity.

However, India has largely been an autarkic nation and a hesitant participant in global trade.

8.59 The basic customs duty (BCD) in some agri products was reduced/removed to encourage domestic manufacture of value added products, to generate employment, and to make exports competitive. To combat undervaluation and protect the interests of domestic farmers and industry, the BCD of some agri products was raised (Box 8.4).

8.60 Generally an ad hoc trade policy has been followed for agricultural commodities, more often as a knee-jerk reaction to the domestic price situation, which puts the domestic as well as international market under great uncertainty, and the farmer, being at the bottom of the pyramid, is severely impacted. It also leads to erosion of confidence in India being a trustworthy supplier in the international market. A stable and long-term trade policy with respect to agricultural products is essential for increasing productivity. Significantly, some policy changes were made in recent years: exports of rice and wheat were permitted since 2011; and since February 2013 processed and/or value added agricultural products were exempted from export restrictions/bans even if their base produce is subject to an export ban. These will benefit farmers, incentivize the development of the agro-processing sector, and enhance farm productivity.

MEASURABLE OUTCOMES

8.61 All efforts at promoting agriculture through various schemes, subsidies, and programmes have resulted in record production of foodgrains this year. However, the levels of productivity, availability, and exports of agri products are more significant for the economy.

Productivity Levels

8.62 It is heartening that India ranks first in productivity of grapes, banana, cassava, peas, and papaya. Despite efforts, the productivity levels of Indian agriculture are still way below global standards (Table 8.9).

8.63 In the livestock sector also, despite India being the top producer of milk, bovine productivity is only 1538 kg per year as

Box 8.4 : Tax-related Measures in Agriculture/Agro-processing/Plantation Sectors 2013-14

BCD on de-hulled oat grain reduced from 30 per cent to 15 per cent; on hazel nuts reduced from 30 per cent to 10 per cent; on broken cashew kernels, whole cashew kernels and others fixed as under: broken cashew kernels [0801 32 10] at ₹ 60 per kg or 45 per cent, whichever is higher; whole cashew kernels [0801 32 20] and others [0801 32 90] at ₹ 75 per kg or 45 per cent, whichever is higher; on import of raw and white/ refined sugar increased from 10 per cent to 15 per cent; on refined edible oils increased from 7.5 per cent to 10 per cent.

Export duty of 10 per cent on de-oiled rice bran oil cake withdrawn.

Import of sugar beet seeds allowed at a concessional BCD of 5 per cent.

Non-ad valorem rate of BCD on natural rubber increased from ₹ 20 per kg to ₹ 30 per kg.

Source: Department of Revenue.

Technological innovation is a must for increasing agricultural productivity.

Crop/commodity	World average (TE 2011-12)	India (TE 2012)	Country with highest yield (TE 2012)
Cereals			
Paddy	4397	3514	6661 (China)
Wheat	3094	3000	7360 (UK)
Maize (corn)	5097	2321	8858 (USA)
Pulses			
Chickpeas (gram)	917	912	1663 (Ethiopia)
Pigeon peas (tur)	786	681	1320 (Myanmar)
Oilseeds			
Groundnut	1626	1212	4069 (USA)
Rapeseed/mustard	1855	1163	3588 (UK)
Cotton	769	517	1920 (Australia)
Sugarcane	70470	69227	125587 (Peru)

Sources: Agricultural Statistics at a Glance 2013; Kharif and Rabi Price Policy Reports, CACP.

Note: TE-Triennium ending.

Table 8.9 : India's Productivity vis-a-vis World Average and Country with Highest Yield for Major Crops (kg/ha)

compared to the world average of 2238 kg per year. This is mainly due to low genetic potential for milk production of nondescript bovines and poor levels of nutrition. Without new technology and quality inputs, growth acceleration will be difficult to achieve at these productivity levels.

Net availability and per capita availability

8.63 The net availability of foodgrains has increased in 2013 at 229.1 million tonnes showing a 15 per cent increase over last year. The per capita net availability of foodgrains spurted to 186.4 kg per year from 164.3 kg per year, and the net availability of edible oils also increased from 12.7 kg per year to 15.8 kg per year over the same period (Appendices 1.16 to 1.18). The per capita availability of milk at 295 g per day is higher than the world average, while that of eggs is around 55 eggs per year. The per capita availability of fruits rose from 114 grams per day in 2001-02 to 172 grams per day in 2011-12; while that of vegetables increased from 236 grams per day to 350 gram per day over the same period.

8.64 These performances gain significance as the agri sector is the source of livelihood and food security for a vast majority of low-income and vulnerable sections of the population. To improve nutritional status a pilot programme on nutri-farms for introducing new crop varieties rich in micro-nutrients such as iron-rich bajra, protein-rich maize, and zinc-rich wheat was implemented as a sub-scheme of the RKVY in 2013-14 in the 100 districts of nine states most affected by malnutrition, with an outlay of Rs 200 crore.

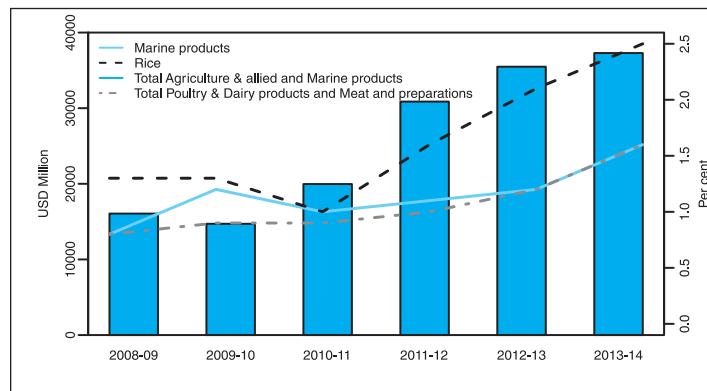
Agri exports

8.65 In recent years, products like rice and maize, cotton, meat, guar gum, and cotton have replaced traditional agri exports. Agri exports (including marine) grew by 5.1 per cent in 2013-14 over 2012-13 to US\$ 37,292 million, of which exports of marine products alone increased by 44.8 per cent over the same period.

8.66 Since the opening up of exports of rice in 2011, there has been a surge in its share in total exports from US\$ 2575 million in 2010-11 to US\$ 7742 million in 2013-14. Exports of total dairy, poultry, meat, and marine products have doubled their share in agri exports between 2008-09 and 2013-14 (Figure 8.5).

Substantial improvements in per capita availability levels are required to wipe out malnutrition.

Significant growth in agricultural exports, by 132 per cent in 2013-14 over 2008-09, is observed.



Source: DGCIS

Note: *includes agri and allied and marine products

Figure 8.5 : Total Agri Exports* and Exports of Rice, Total Poultry, and Dairy Pdts and Meat and Preparations as percentage of Agri Exports (2008-09 to 2013-14)

FOOD MANAGEMENT

8.67 The principal policy objective of food management is to ensure food security, particularly for the vulnerable, through timely and efficient procurement and distribution of foodgrains. This involves procurement of foodgrains from farmers at remunerative prices, building up and maintenance of buffer stocks, storage, movement, and distribution of foodgrains to consumers at affordable prices, and stability of foodgrains' prices. The price instruments used are MSP and central issue price (CIP).

Procurement

8.68 The nodal agency that undertakes open-ended procurement, distribution, and storage of foodgrains is the Food Corporation of India (FCI) with other central and state agencies. Coarse grains are procured by state governments and their agencies. The National Agricultural Cooperative Marketing Federation of India Limited (NAFED), National Cooperative Consumers' Federation of India Limited (NCCF), CWC, and SFAC are the central nodal agencies that undertake procurement of oilseeds and pulses under the Price Support Scheme (PSS) when the market rates of these commodities fall below MSP. However, procurement operations are found to be successful largely for rice and wheat and that too only in a few states like Punjab, Haryana, Andhra Pradesh, and Madhya Pradesh.

Procurement policy is effective only for rice and wheat and only in a few states.

8.69 To enhance efficiency in procurement and public distribution and to extend the benefits of MSP to local farmers, the Decentralized Procurement Scheme (DCP) is adopted by some state governments. For paddy it has been adopted by West Bengal, Madhya Pradesh, Chhattisgarh, Uttarakhand, Andaman and Nicobar Islands, Odisha, Tamil Nadu, Gujarat, Karnataka, Kerala, and Bihar; and by Andhra Pradesh in KMS 2013-14 in 10 districts. Gujarat, Madhya Pradesh, Uttarakhand and Bihar have DCP for wheat, and Rajasthan has adopted it only in Alwar district since RMS 2013-14.

Economic Cost of Foodgrains to the FCI

8.70 The economic cost of foodgrains that comprises MSP (and central bonus if applicable), procurement incidentals and the cost of distribution, has risen significantly in the last few years owing not only due to increases in MSPs, but also due to increased procurement and incidentals; thus indicating that the FCI suffers from diseconomies of scale (Figure 8.6).

FCI operations are suffering from diseconomies of scale.

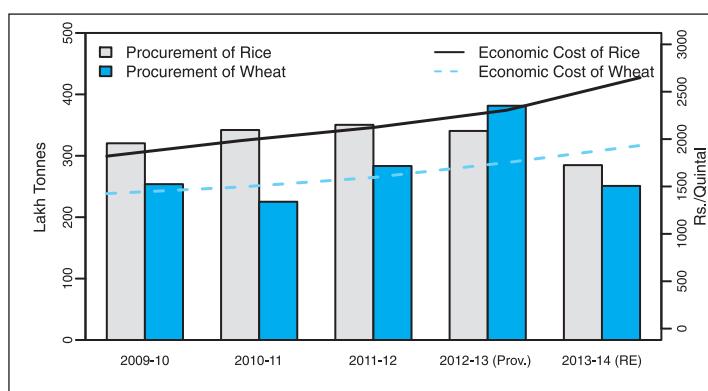


Figure 8.6 : Procurement and Economic Cost of Rice and Wheat 2009-10 to 2013-14

Source: Department of Food and Public Distribution (DFPD)

8.71 Higher procurement leads to stocks that exceed the buffer norm (Table 8.10), which the FCI is forced to carry over to the next year. This suboptimal management of stocks leads to wastage of economic resources. With the passing of the National Food Security Act 2013 (Box 8.5), the operations of the FCI need to be streamlined.

Suboptimal management of food stocks leads to wastage of economic resources.

Commodity	Stocks as on 1 June		Buffer norms	
	2013	2014#	As on 1 April	As on 1 July
Rice	33.31	20.65	14.20	11.80
Unmilled paddy in terms of rice		7.61		
Wheat	44.39	41.58	7.00	20.10
Total	77.70	69.84	21.20	31.90

Source: DFPD.

Note: # Since September, 2013, the FCI gives separate figures for rice and unmilled paddy lying with the FCI and state agencies in terms of rice

Table 8.10 : Stocks and Buffer Norms of Foodgrains (mt)

Storage Capacity

8.72 Storage capacity, both covered and cover and plinth (CAP), of state agencies for storage of central stocks of foodgrains, increased from 34.14 mt as on 31.12.2012 to 36.68 mt as on 31 December 2013. Total storage capacity of the FCI and state agencies is 74.35 mt. Construction of godowns with a total capacity of 20.4 mt was approved in 19 states under the Private Entrepreneurs Guarantee (PEG) Scheme. By end of 2013-14, 12.00 mt capacity had been created under this scheme, which will address the shortage of covered godown space to some extent.

Box 8.5 : The National Food Security Act

The NFSR was notified on 10 September 2013, with the objective of providing food and nutritional security, by ensuring access to adequate quantity of quality food at affordable prices. It provides for coverage of up to 75 per cent of the rural population and up to 50 per cent of the urban population. It stipulates an entitlement of 5 kg of foodgrains per person per month for priority households and 35 kg per household per month for Antyoday Anna Yojana (AYY) households at subsidized prices of ₹ 3 per kg of rice, ₹ 2 per kg of wheat, and ₹ 1 per kg of coarse grains. The states/UTs are to complete identification of eligible households under the NFSR by July 2014. So far 11 states, Rajasthan, Haryana, Himachal Pradesh, Bihar, Chhattisgarh, Karnataka, Madhya Pradesh, Maharashtra, Punjab, Chandigarh, and the NCT of Delhi, have implemented the NFSR and revised monthly TPDS allocations of foodgrains have been made to these states/UTs. The remaining states/UTs have been given allocation under the TPDS as per earlier norms.

The Act also has special focus on nutritional support to women and children. Pregnant women and lactating mothers during pregnancy and six months after the childbirth will also be entitled to maternity benefit of not less than ₹ 6000. Children up to 14 years of age will be entitled to nutritious meals or take-home rations as per prescribed nutritional standards. In case of non-supply of entitled foodgrains or meals, the beneficiaries will receive a food security allowance. The Act also contains provisions for setting up of grievance redressal mechanisms at district and state levels. Separate provisions have been made in the Act for ensuring transparency and accountability. The Act also contains measures for reforms in the TPDS, to be undertaken progressively by central and state governments. These reforms, inter alia, include doorstep delivery of foodgrains to TPDS outlets, application of information and communication technology tools, and diversification of commodities distributed under the PDS over a period of time. Based on the provisions of the Act, the foodgrain requirement for the TPDS and other schemes is estimated at 614.3 lakh tonnes. The average annual procurement of wheat and rice has been 617.8 lakh tonnes during 2008-09 to 2012-13, i.e. 33.2 per cent of average annual production. The estimated annual food subsidy for implementation of the Act at 2014-15 costs is about ₹ 1,31,066 crore.

Source: DFPD

Allocation and Offtake of Foodgrains

8.73 With the implementation of the NFSA, coverage under the Targeted Public Distribution System (TPDS) has increased from 36 per cent to about two-thirds of the population (Box 8.5). During 2013-14, while 44.5 mt of foodgrains were allocated under TPDS, 5.0 mt were allocated under other welfare schemes (OWS). Additional allocations were made to offload surplus foodgrains to states/UTs in order to control prices in the open market. All states/UTs were allocated 50 lakh tonnes of foodgrains in September 2013 for lifting by 31 March 2014 for distribution to additional BPL families at BPL issue price. Besides 14.58 lakh tonnes of foodgrains was allocated to states for festivals, calamity relief, etc.

Growing divergence between economic cost of procurement and the central issue price has led to leakages, fuelled inflationary pressures and added to food subsidy outgo.

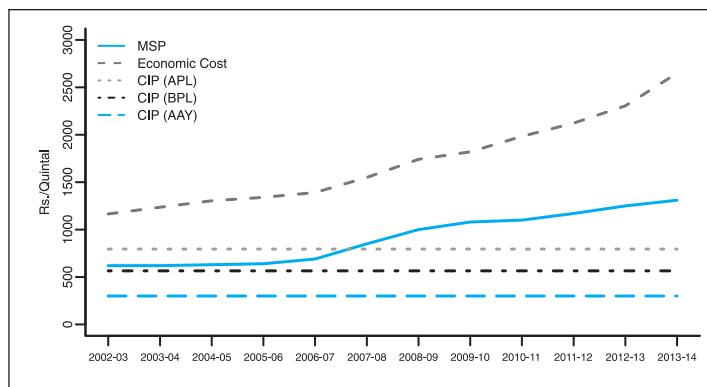


Figure 8.7(a) : MSP, Economic Cost, and Central Issue Prices for Rice from 2002-03 to 2013-14 (₹ per quintal)

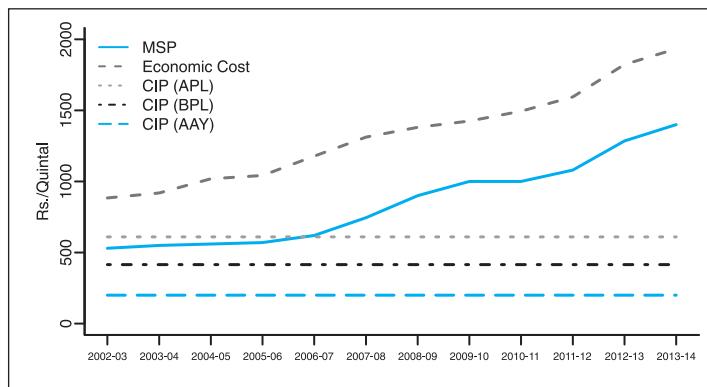


Figure 8.7(b) : MSP, Economic Cost, and Central Issue Prices for Wheat from 2002-03 to 2013-14 (₹ per quintal)

Source: DFPD

8.74 The core concern regarding the PDS is the fixing of CIPs. Historically, CIPs were aligned to market price. The CIPs have remained unchanged since 2000 for BPL and AAY households and July 2002 for APL families, although economic costs have increased by more than 127 per cent (for rice) and 119 per cent (for wheat) in 2013-14 over 2002-03 [Figures 8.7 (a) and (b)]. This divergence has led to leakages, added to the subsidy bill, and fuelled inflationary pressures.

Open Market Sale Scheme (Domestic)

8.75 The FCI on behalf of the centre undertakes sale of wheat and rice at predetermined prices/reserve prices from time to time to enhance market supply of foodgrains so as to moderate open market prices and offload surplus stocks. Under the Open Market Sale Scheme (Domestic) [OMSS (D)] during 2013-14, 95 lakh tonnes of wheat was allocated for tender sale to bulk consumers/small private traders and 5 lakh tonnes for retail sale through states/UTs/cooperatives at a reserve price of ₹ 1500 per quintal for Punjab and

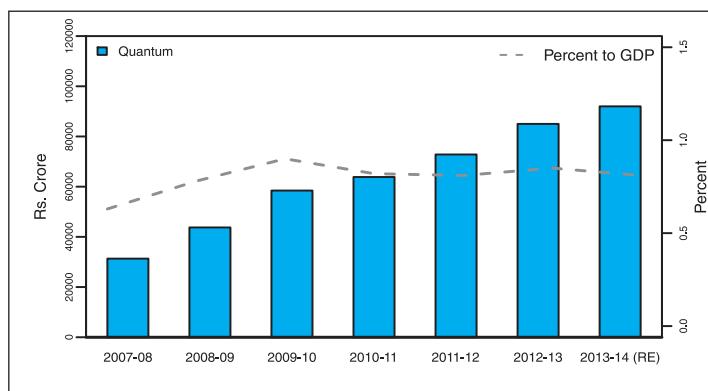
Haryana; and at reserve price plus freight from Ludhiana to other state capitals. Five lakh tonnes of rice was also allocated for retail sale through states/UTs. Against these allocations, 57.97 lakh tonnes of wheat was sold to bulk consumers/traders through tenders. There has generally been a muted response to the OMSS, because the prices are set higher than the MSP, which seems incongruent during periods of high food inflation.

FOOD SUBSIDY

8.76 In fulfilling its obligation towards provision of minimum nutritional support to the poor through subsidized foodgrains and ensuring price stability in different states, the government incurs food subsidy. The difference between the economic cost and CIP is the consumer subsidy, which is reimbursed to the FCI. The food subsidy has increased substantially in the past few years (Figure 8.8). Food subsidy was ₹ 92,000 crore in 2013-14 (RE).

8.77 While foodgrains are central to the issue of food security, the diversifying demand patterns from cereals to protein-rich items also need to be taken into account. As per the Key Indicators of Household Consumer Expenditure in India, 2011-12 (National Sample Survey Office, 2013), expenditure on cereals between 1993-94 and 2011-12 declined from 24.2 per cent of total consumption expenditure to 12 per cent in rural areas and from 14 per cent to 7.3 per cent in urban areas.

Food and Nutritional security concerns need to take account of changing consumption patterns.



Source: DFPD

OUTLOOK AND CHALLENGES

8.78 While the continued robustness of Indian agriculture is significant in the context of food security and climate change, some major concerns remain. Growth rates of productivity are far below global standards; productivity levels of rice and wheat have declined after the green revolution of the 1980s. Another issue is soil degradation due to declining fertilizer-use efficiency. While urea needs to be brought under the purview of the NBS policy, the recommendation of the Task Force for Direct Transfer of Subsidy under the chairmanship of Nandan Nilekani, for phased shifting to direct transfer of fertilizer subsidy to farmers, merits consideration on priority.

8.79 On domestic and international marketing, the plethora of government interventions that were used to build a marketing set up have actually served as barriers to trade. Removing market distortions will create greater competition in markets, promote efficiency and growth, and facilitate the creation of a national

Figure 8.8 : Food Subsidy: Quantum and as percentage of GDP (at current prices) 2007-08 to 2013-14 (RE)

agriculture market. Thus, while the agricultural market is by itself not fully malleable to becoming a perfectly competitive structure, it can asymptotically approach it. Since agriculture provides the backward linkage to agro-based industries and services, it has to be viewed holistically as a seamless farm-to-fork value chain, comprising farming, wholesaling, warehousing, logistics, processing, and retailing including exports. For establishing a national common market, some reforms are needed:

- (i) Examine the APMC Act, EC Act, Land Tenancy Act, and any such legally created structures whose provisions are restrictive and create barriers to free trade.
- (ii) Rigorously pursue alternate marketing initiatives, like direct marketing and contract farming.
- (iii) Examine inclusion of agri related taxes under the General Goods and Services Tax (GST).
- (iv) Establish stable trade policy based on tariff interventions instead of non-tariff trade barriers.
- (v) Develop and initiate competition in the agro-processing sector. Incentivize the private sector to scale up investments.

8.80 Strengthening the agri sector is crucial for poverty alleviation, ensuring food security, increasing employment opportunities, and enhancing rural incomes. Further, with 10.4 per cent of total households in rural areas being headed by a woman (Census 2011), it is essential to formulate policies, and package technologies and services keeping in view the productive role played by women in all facets of the agri sector. Experience from BRICS (Brazil, Russia, India, China, and South Africa) countries indicates that a 1 per cent growth in agriculture is at least two to three times more effective in reducing poverty than the same growth emanating from non-agriculture sectors.

8.81 Currently, India is in an anomalous situation of being largely self-sufficient with large stocks of foodgrains on the one hand and registering high food inflation on the other, which is largely due to the government becoming the single largest buyer. In this scenario of bumper production and stocks, a paradigm shift in the role of the government in all aspects of foodgrain production and distribution is necessary.

8.82 With the FCI suffering from diseconomies of scale, adoption of the DCP needs to be expanded to all states. This would save transport costs, transit losses, and other leakages and simultaneously increase food availability, reduce food prices in the open market, and ultimately reduce the food subsidy. The continued emphasis on procurement and distribution of rice and wheat is contrary to the ground reality that shows changing preference functions of consumers. A shift to a direct cash transfer system or food stamps would anchor our food policy to the requirements of the people and would additionally reduce the fiscal deficit.

8.83 On a positive note, there appears to be no cause for alarm on the El Niño front as India is well placed on foodgrains availability, with record domestic production and huge stocks in the central pool. The Food and Agriculture Organisation (FAO) in its 'Cereal Supply and Demand Brief' of June 2014, has also forecast a comfortable global scenario for 2014-15 with high stocks-to-use ratios of cereals and stable prices.

Major challenges include: low productivity levels; soil degradation due to declining fertilizer - use efficiency; market distortions that prevent the creation of a national common market; changing role of government in production and distribution in the current scenario of bumper production and stocks; phased shifting to direct transfer of fertilizer and food subsidies.

There appears to be no cause for alarm on the El Niño impact as India is well placed on foodgrains availability, with record domestic production and huge stocks in the central pool.

Chapter 9

Industrial Performance

Post 2008-09, the industrial sector, consisting of manufacturing, mining, electricity, and construction, showed remarkable recovery and steady growth for three years but lost momentum thereafter owing to a combination of supply-side and demand-side constraints. Industrial performance in 2013-14 remained lackluster for the second successive year. The latest gross domestic product (GDP) estimates show that industry grew by just 1.0 per cent in 2012-13 and slowed further in 2013-14, posting a modest increase of 0.4 per cent. While these figures may see upward revision once Annual Survey of Industries (ASI) data is available, there is no denying that industrial revival may take longer and needs stronger initiatives to emulate the peak growth achieved in the recent past. Further, it will be a daunting task to meet the projected Twelfth Plan targets of 10 per cent for the manufacturing sector and 5.7 per cent for the mining sector in the remaining three years.

9.2 Sector-wise analysis of industrial performance (see Figure 9.1) shows that the key reasons for poor performance have been contraction in mining activities and deceleration in manufacturing output. Manufacturing and mining sector GDP declined by 0.7 per cent and 1.4 per cent respectively in 2013-14. The underlying cause of the poor performance of these two sectors has been considerable deceleration in investment particularly by the private corporate sector during 2011-12 and 2012-13, a trend that appears to be continuing as the overall gross fixed capital formation (GFCF) has further declined during 2013-14. Registered manufacturing activities constitute about two-thirds of manufacturing and the remaining one-third consists of unregistered manufacturing activities. It has been observed that the share of

Key reasons for poor performance have been contraction in mining activities and deceleration in manufacturing output.

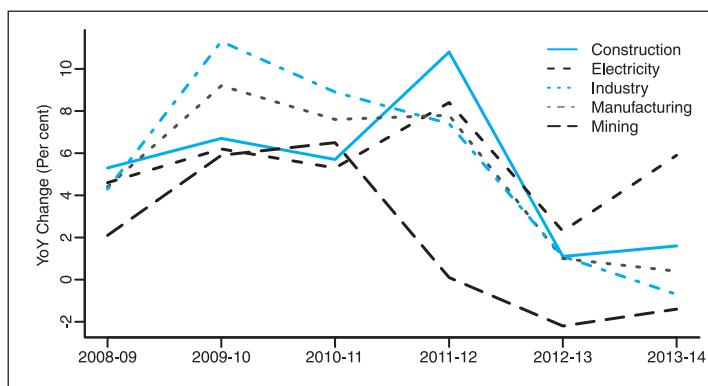


Figure 9.1 : Sector-wise Growth of Industry GDP (per cent)

unregistered manufacturing in GDP has been declining over time. While the share of registered manufacturing in GDP has increased from about 9.8 per cent in 2004-05 to 11.2 per cent in 2012-13, the share of unregistered manufacturing has declined from 5.4 per cent in 2004-05 to 4.5 per cent in 2012-13.

9.3 Further, slowdown in construction activities has resulted in capacity underutilization in the steel and cement sectors. Steel and cement consumption rose by just 0.6 per cent and 3.0 per cent respectively in 2013-14. Also, for the first time since 2001-02, diesel consumption contracted by 0.3 per cent during the year. Demand-side constraints, along with a combination of other factors, have resulted in contraction in output of the capital goods and consumer durables sectors. The two key manufacturing sub-sectors that had hitherto shown steady growth, namely the automotive and export-oriented gems and jewellery sectors, have posted negative growth rates during 2013-14. The positive highlights of 2013-14 were robust growth in textiles and electrical equipment as well as electricity generation notwithstanding capacity underutilization owing to fuel supply bottlenecks.

9.4 In the sections that follow, the performance of key industrial sectors and sub-sectors is examined, based on the latest index of industrial production (IIP) estimates. IIP-based estimates are meant to serve as quick estimates of industrial performance and are not seasonally adjusted, therefore the data tends to overlook fluctuations or calendar effects. These estimates are not strictly comparable to annual ASI-based estimates or monthly HSBC India Manufacturing Purchase Managers' Indices (PMI).

Demand-side constraints, along with a combination of other factors, have resulted in contraction in output of the capital goods and consumer durables sectors

IIP-BASED INDUSTRIAL PERFORMANCE

Mining and Power

9.5 Mining sector output contracted for the third successive year in 2013-14, declining by 0.6 per cent. Of the total value of mineral production (excluding atomic and minor minerals) in the country, the estimated contribution of coal and lignite, crude petroleum, iron ore, and natural gas (utilized) is about 92 per cent. Contraction in mineral index in the past three years has been mainly on account of lower or moderate production in all these major minerals. Coal contributes about 41 per cent of total mining sector output and its production growth has remained below-expectation due to structural issues discussed in detail in Chapter 11. Natural gas production has plummeted mainly due to declining production from the KG-6 basin. Output of iron ore declined in some parts following a court order. Iron ore mining has again been permitted but global prices of iron ore have declined significantly from the peak of 2011. Electricity generation increased by 6.1 per cent in 2013-14 as compared to 4.0 per cent growth registered in the previous year. Power generation has improved mainly on account of significant capacity addition made in recent years and robust increase in hydro-power generation during 2013-14.

Contraction in mineral index in the past three years has been mainly on account of lower or moderate production in coal and lignite, crude petroleum, iron ore, and natural gas.

Manufacturing

9.6 As mentioned in para 9.2, the drop in industrial growth had been mainly owing to deceleration in manufacturing as it constitutes about 60 per cent of industry GDP. In addition to a slowdown in fixed investment, several domestic and external factors such as higher interest, infrastructure bottlenecks, inflationary pressure leading to rising input costs, drop in domestic and external demand for some sectors have together contributed to low growth in the manufacturing sector. In contrast, world manufacturing gained strength in 2013-14. One possible reason for the contrasting performance of Indian and global manufacturing production is the upsurge in demand for consumer durables such as motor vehicles in the industrialized economies. The consumer durables segment index contracted by 12.2 per cent in 2013-14 as against a growth of 2.0 per cent during the previous year. The consumer durables segment, in particular the automotive sector, in India is constrained by a limited domestic market owing to low per capita income. Major items in the consumer durables basket of the IIP that declined during 2013-14 are gems and jewellery, passenger cars, colour TV sets, and telephone instruments. The gems and jewellery segment suffered partly due to restrictive gold imports. The consumer non-durables segment index increased by 5.0 per cent in 2013-14 in comparison with a 2.8 per cent rise registered in the previous year. The food products sub group index, consisting mainly of consumer non-durables, declined by 1.1 per cent on account of an 8.2 per cent decline in sugar production in 2013-14. The intermediate goods index has shown a 3.1 per cent increase in 2013-14 as compared to 1.6 per cent in the previous financial year. The performance of basic goods remained more or less the same as in the previous year.

Capital goods

9.7 The use-based industrial classification of IIP estimates identifies the capital goods segment as the weak performer in the manufacturing sector. The index of capital goods declined by 6.0 per cent in 2012-13 and further by 3.6 per cent in 2013-14 (Table 9.2). This segment has been hit by the steady deceleration in fixed investment in the past three years. The slow pace of mega projects implementation and a decline in the number of new projects has adversely impacted the capital goods segment. The fabricated metal products, machinery and equipment, and commercial vehicles segments are reeling under recession. During 2013-14, there was a decline of 16 per cent in commercial vehicles production. Only electrical machinery within the capital goods segment has registered 14.5 per cent growth in 2013-14 as compared to 0.6 per cent in 2012-13. As against the poor performance of the Indian capital goods sector, the global performance has been robust. Globally the five fastest growing manufacturing sectors in recent years have been (i) basic metal, (ii) radio, TV, and communications equipment, (iii) office accounting and computing machinery, (iv) electrical machinery and apparatus, and (v) transport. Another area of concern is the sudden dip in imports of capital goods during 2012-13 and 2013-14 due to economic slowdown and rupee

In addition to a slowdown in fixed investment, several domestic and external factors such as higher interest, infrastructure bottlenecks, inflationary pressure leading to rising input costs, drop in domestic and external demand for some sectors have together contributed to low growth in the manufacturing sector

Broad sectors	Weight	2012-13	2013-14
Mining	14.2	-2.3	-0.6
Manufacturing	75.5	1.3	-0.8
Electricity	10.3	4.0	6.1
Use-based classification			
Basic goods	45.7	2.4	2.1
Capital goods	8.8	-6.0	-3.6
Intermediate goods	15.7	1.6	3.1
Consumer durables	84.6	2.0	-12.2
Consumer non-durables	213.5	2.8	5.0
General index	100.0	1.1	-0.1

Source: Central Statistics Office (CSO).

Table 9.1 : IIP-based Growth Rates of Broad Sectors/Use-based Classification (per cent)

The use-based industrial classification of IIP estimates identifies the capital goods segment as the weak performer in the manufacturing sector

	(per cent)	
	2012-13	2013-14
Fabricated metal products	-4.7	-6.9
Machinery & equipment	-4.7	-4.7
Office, accounting, & comp.		
machinery	-13.9	-15.7
Electrical machinery	0.6	14.5
Motor vehicles, etc.	-5.3	-9.6
Other transport equipment	-0.1	5.9
Capital goods	-6.0	-3.6
Manufacturing	1.3	-0.8

Source: CSO.

Table 9.2 : IIP-based Growth Rate of the Capital Goods Sector and Its Constituents

depreciation. The imports of machinery, electrical machinery, transport goods and electronic goods have declined in the last two financial years. Capital goods imports declined by 3.4 per cent in 2012-13 and 14.7 per cent in 2013-14.

PERFORMANCE OF EIGHT CORE INDUSTRIES

9.8 From among the industries in the IIP basket, an indicative monthly index of eight industries—coal, fertilizer, electricity, crude oil, natural gas, refinery products, steel, and cement are ‘core’ in nature because of their likely impact on general economic activity as well as other industrial activity—is brought out, based on provisional production estimates for the month concerned.

9.9 The average growth rate of eight core industries was 5.0 per cent in 2011-12 and 6.5 per cent during 2012-13. The index of eight core industries grew by only 2.7 per cent during 2013-14. The moderation in growth occurred mainly on account of the negative growth witnessed in natural gas (-13.0 per cent) and crude oil (-0.2 per cent) and low growth in coal (0.7 per cent), fertilizers (1.5 per cent), and refinery products (1.7 per cent).

CORPORATE-SECTOR PERFORMANCE

9.10 Continuing slowdown has impacted the performance of the corporate sector. While corporate debt levels have risen, earnings and profitability remained under pressure, pushing up debt coverage ratios. This has partly impacted the banking sector, with a concomitant increase in non-performing assets. Sales growth of the corporate sector, particularly in respect of listed manufacturing companies for the private sector, declined considerably from 25.3 per cent in Q1 of 2011-12 to 5.0 per cent in Q4 of 2013-14 (Figure 9.2), the latest quarter for which comparable sets of data are available.

While corporate debt levels have risen, earnings and profitability remained under pressure, pushing up debt coverage ratios. This has partly impacted the banking sector, with a concomitant increase in non-performing assets.

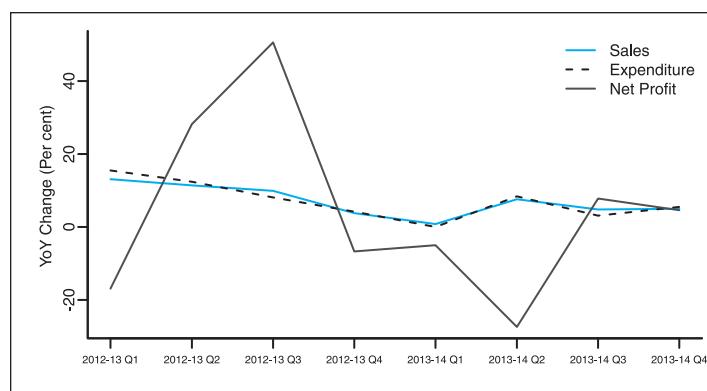


Figure 9.2 : Performance of Listed Manufacturing Companies in the Private Sector

9.11 Overall expenditure growth declined to 5.5 per cent in Q4 of 2013-14 as compared to 25.2 per cent in Q1 of 2011-12. This was primarily due to lower growth rates of raw material and staff costs. There was a significant decrease in the year-on-year growth of interest expenditure from 42.8 per cent in Q2 of 2011-12 to 10.5 per cent in Q4 of 2013-14. Pricing power, as measured by profit margins, has remained low since Q2 of 2011-12. The net profit to sales ratio has been in the range of 5-6 per cent for the last three years (i.e. 2011-12 to 2013-14). Net profit growth declined sharply in Q4 of 2012-13 owing to decline in sales growth. It showed improvement in Q3 and Q4 of 2013-14 after a sharp contraction in Q2 of 2013-14.

9.12 Capacity utilization (CU), as measured by the 24th round of the Order Books, Inventories and Capacity Utilization Survey (OBICUS) of the Reserve Bank of India (RBI) remained largely flat in Q3 of 2013-14. Although the current level of CU is lower than that in the corresponding period of the previous year, new orders witnessed substantial growth on both quarter-on-quarter as well as year-on-year basis. Finished goods inventory to sales ratio also declined in Q3 of 2013-14 over the previous quarter.

Box 9.1 : Progress in Implementation of the National Manufacturing Policy and Industrial Corridors

The Government of India had notified a National Manufacturing Policy (NMP) vide Press Note dated 4 November 2011 with the objective of enhancing the share of manufacturing in GDP to 25 per cent and creating 100 million jobs over a decade. The Policy specially focuses on industries that are employment intensive, produce capital goods, have strategic significance, and where India enjoys a competitive advantage besides small and medium enterprises and public-sector enterprises. The NMP provides for promotion of clusters and aggregation, especially through the creation of national investment and manufacturing zones (NIMZ). Till 2013-14, 16 NIMZs had been announced. Of these, eight are along the Delhi-Mumbai Industrial Corridor (DMIC). Eight other NIMZs have been given in-principle approval: (i) Nagpur in Maharashtra, (ii) Chittoor in Andhra Pradesh, (iii) Medak in Andhra Pradesh (now Telengana), (iv) Prakasam in Andhra Pradesh, (v) Tumkur in Karnataka, (vi) Kolar in Karnataka, (vii) Bidar in Karnataka, and (viii) Gulbarga in Karnataka.

DMIC

The DMIC project was launched in pursuance of a memorandum of understanding (MOU) signed between the Government of India and the Government of Japan in December 2006. The project, spanning the states of Uttar Pradesh, Haryana, Rajasthan, Madhya Pradesh, Gujarat, and Maharashtra along the Western Dedicated Freight Corridor (DFC) of the Railways, seeks to leverage the connectivity backbone provided by the DFC to create a strong economic base with a globally competitive environment and state-of-the-art infrastructure to activate local commerce, enhance investment, and attain sustainable development. The DMIC Development Corporation (DMICDC), incorporated in 2008, is the implementing agency for the project. The Japanese government has also announced financial support of US \$ 4.5 billion for the project in the first phase with Japanese participation involving cutting-edge technology. The Master plans for all the nodes except the Dadri-Noida-Ghaziabad Investment Region in Uttar Pradesh have been completed and approved by the state governments. Land acquisition for the new industrial regions/ areas as well as for the early bird projects identified for development as model initiatives is in different stages of progress in different states. The DMIC Trust has taken investment decisions on nine projects and action to implement them has already been initiated by the DMICDC.

(ii) Chennai-Bangalore Industrial Corridor (CBIC)

The Chennai-Bengaluru-Chitradurga industrial corridor (around 560 km) will benefit the states of Karnataka, Andhra Pradesh, and Tamil Nadu. The Japan International Cooperation Agency (JICA) Study Team undertook the Preliminary Study for Comprehensive Integrated Master Plan for Chennai-Bengaluru Industrial Corridor (CBIC) and identified a total of 25 priority projects across various sectors aimed at removing infrastructural bottlenecks. Progress on these projects is being regularly monitored.

(iii) Bengaluru-Mumbai Economic Corridor (BMEC)

India and the United Kingdom have signed an MOU for the development of a new Bengaluru-Mumbai Economic Corridor (BMEC). A feasibility study has been undertaken by the consultants (M/s Egis India Consulting Engineers Pvt. Ltd. in joint venture with IAU ile-de-France and CRISIL Risk and Infrastructure Solutions Limited) and is scheduled to be completed during 2014. A joint steering group will be set up for the project after the feasibility study.

(iv) East Coast Economic Corridor (ECEC) including Vizag-Chennai Industrial Corridor (VCIC)

A concept note has been prepared by the Asian Development Bank (ADB) on an East Coast Economic Corridor linking Kolkata-Chennai-Tuticorin and it has been decided to initiate a feasibility study with the help of the ADB. In view of the commitment made by the central government under the Andhra Pradesh Reorganisation Act 2014, in the first phase of the study the ADB will focus on the Vizag-Chennai Section so that a final view on the Chennai-Vizag Industrial Corridor may be taken within the timeline prescribed in the Act and further action taken accordingly.

(v) Amritsar-Kolkata Industrial Corridor (AKIC)

The government has, in January 2014, accorded 'in principle' approval for setting up of an Amritsar-Kolkata Industrial Corridor (AKIC) along a 150-200 km band on either side of the Eastern Dedicated Freight Corridor (EDFC) in a phased manner. The proposed Corridor comprises seven states: Punjab, Haryana, Uttarakhand, Uttar Pradesh, Bihar, Jharkhand, and West Bengal. The government has also approved 'in principle' formation of an Amritsar-Kolkata Industrial Corridor Development Corporation (AKICDC). It is proposed to set up the AKICDC during 2014-15 to kickstart work on the AKIC.

INDUSTRIAL GROWTH BY SECTORS

Micro, Small, and Medium Enterprises Sector

9.13 Manufacturing enterprises constitute 31.8 per cent of the micro, small, and medium enterprises (MSME) sector and service enterprises account for the remaining 68.2 per cent. About 55.3 per cent of these enterprises are located in rural areas. The MSME sector showed consistent growth of more than 11 per cent every year till 2010-11, whereas in 2011-12 the growth rate was 19 per cent and in 2012-13 about 14 per cent.

9.14 In the recent past the Prime Minister's Task Force on MSMEs and the Twelfth Plan Working Group on MSMEs have discussed issues related to the MSME sector. The Twelfth Five Year Plan policy framework is guided by the recommendations of these key committees. The Plan covers various aspects of the MSME sector and its key recommendations fall under six broad verticals: (i) finance and credit, (ii) technology, (iii) infrastructure, (iv) marketing and procurement, (v) skill development and training, and (vi) institutional structure. The Plan has a separate set of recommendations for the khadi and village industries and coir sectors.

9.15 In order to boost the MSME sector, several schemes are operational. Some of the major initiatives taken for the development of this sector are: (i) Technology Centre Systems Programme; (ii) India Inclusive Innovation Fund; (iii) Credit Linked Capital Subsidy; (iv) Credit Guarantee Scheme; (v) Prime Minister's Employment Generation Programme; (vi) MSE-Cluster Development Programme; and (vii) Scheme for Extension of non tax benefits to MSMEs for three years. The government has also notified the Public Procurement Policy for Micro & Small Enterprises (MSEs) order 2012. The policy mandates that every central ministry/department/public sector-undertaking shall set a minimum annual procurement goal of 20 per cent of total product and service purchases from MSEs from financial year 2012-13 onwards, in a period of three years. Further, the policy has also earmarked a sub-target of 4 per cent of this 20 per cent for MSEs owned by Scheduled caste (SC)/Scheduled tribe (ST)entrepreneurs.

9.16 In view of the dwindling share of the informal sector in overall manufacturing it is critical to strengthen the MSME sector. Rejuvenating small businesses both in the formal and informal sectors is crucial for generating employment opportunities for the teeming millions in the coming years. It is therefore imperative to focus on key drivers. During 2013-14, an inter-ministerial committee (IMC), headed by the Secretary MSME, for accelerating manufacturing gave several recommendations for rejuvenating and boosting the MSME sector. The Ministry of Finance in collaboration with the Ministry of MSME, state governments, and private-sector stakeholders had also organized a workshop on small businesses in June 2013 to discuss the problems facing small businesses. Based on deliberations during the workshop, some of the action points are summarized in Box 9.2 to guide policy formulation in the coming days.

The Twelfth Plan covers various aspects of the MSME sector and its key recommendations fall under six broad verticals: (i) finance and credit, (ii) technology, (iii) infrastructure, (iv) marketing and procurement, (v) skill development and training, and (vi) institutional structure.

Rejuvenating small businesses both in the formal and informal sectors is crucial for generating employment opportunities for the teeming millions in the coming years.

Box 9.2 : Improving Business Environment: Short, Medium, and Long-term Steps

Over the next few years, the government, both at the centre and in states, has to consider ways of improving the business environment for small businesses. While the longer-term solution is a wholesale revamping of the laws and regulations governing business, a number of steps can be taken in the short term, and a number of policy experiments could be initiated.

Steps in the Short Run

1. Create a website with all the rules and regulations applicable to businesses across states and the centre. This would be an extremely important portal for the centre, states, and entrepreneurs, given that regulation is scattered. Ebiz set up by the Department of Industrial Policy and Promotion (DIPP) has already done some work which can be built on. Over time, the website can also carry best practices from across states.
2. Review the existing regulatory landscape for outdated regulations which can safely be done away with. A more ambitious task would be to create a model regulatory structure from first principles that initially could apply just to SMEs.
3. Strengthen grievance redressal mechanisms against inspections. For example, in Karnataka firms can successfully appeal and obtain redressal within three to five days. To help make the redressal process effective, ensure that copies of all documents generated in the inspection and redressal process are provided to firms.
4. Minimize human interaction and shift reporting/data submission to an online-only mode whenever possible, e.g. for routine registration, repeated filing of information, and reporting of information. The committee could work with Ebiz on this.
5. Shift important decision making from the inspector to higher-level officers, who are generally more trusted by firms. The inspector's remit would be to observe and document violations, while significant penalties could be the remit of senior officials.
6. Create a system for self-certification and third-party certification. Allow this to stand in for a wide variety of inspections of regulations deemed lower priority or less critical for public good. Follow a risk-management approach where only high-risk decisions/larger companies/companies that do not have a record of compliance are subject to frequent inspection.
7. Allow firms a time period to remedy faults/lack of compliance rather than penalize them immediately. The focus of inspections should shift from penalizing defaulters to helping them gradually comply with regulations.
8. The existing separation of land into commercial and residential plots is detrimental to setting up MSMEs. One solution would be to designate land for mixed use and make it available to micro-enterprises when they start out. Another would be to create pre-approved blocks in new industrial zones, where permissions for a wide variety of activities has been obtained.
9. A lot of land is held by developmental authorities, PSUs, and large firms. These land banks stay unutilized. The government could institute a 'use it or lose it' policy to free up locked land, which can be used for industrial estates, common facilities, incubators, etc.
10. Flexible choices should be offered to employees and employers that reflect the evolution and wider availability of social security and health benefits from providers like the New Pension Scheme (NPS) and Rashtriya Swasthya Bima Yojna (RSBY).
11. A coupon system could be introduced for purchase by employers who recruit and pay casual workers (daily, weekly, and other short duration or seasonal employment), with the price of a coupon including a premium for social benefits, to replace the cumbersome system of contributions and reporting that currently exists. It should be easy to attach a coupon to the Aadhaar number of the worker, thus obviating the need to file many forms.
12. Apprenticeships are currently stifled under an outdated and burdensome 1961 Act. The Apprenticeship Act should be rewritten / amended.
13. Amend the MSME Act of 2006 to provide a mechanism for the orderly handling of financial distress by introducing a temporary stay, followed by orderly and speedy liquidation, revival, or sale options.

Medium-term Steps

1. Get states to share best practices on business regulations and see what can form the basis for tried and tested regulatory change.
2. Based on these inputs, create a state-approved model regulatory structure that is available for businesses opening up in NIMZs. The model should include details on entry regulation, land/site allotment and development, regulations including labour, taxes, and safety/environment compliance norms including self-certification, third-party certification, deemed certification, and risk-based inspections, as well as conditions for exit.
3. States would of course have the freedom to depart from the model structure. Departures can be monitored to see what works.
4. A more permanent entity (along the lines of the Australian Productivity Commission) can be set up as the knowledge base for work on the business environment and the champion for change.

Long-term Steps

1. Indian legislation governing business needs to be thoroughly revamped. A committee could be constituted, with the mandate to propose a more streamlined and modern set of laws, especially in the areas of taxation, labour, environment, and safety. Preliminary work can be started here, but in controversial areas, the focus has to be on building consensus for the time being.

Central Public-sector Enterprises

9.17 In pursuing development objectives, the state has historically played a key role in industrial development through public-sector enterprises. State ownership can be justified where there are natural monopolies unsuitable for private enterprises, for social or developmental goals, to achieve investment returns for supporting budgetary objectives, and for national economic security. The central public-sector enterprises (CPSEs) play a significant role in the growing Indian economy. There were altogether 277 CPSEs under the administrative control of various ministries/departments as on 31 March 2013. Of these, 229 were operational and 48 under construction. The financial investment (paid-up capital + long-term loans) in all the CPSEs stood at ₹ 8,50,599 crore as on 31 March 2013, showing an increase of 16.6 per cent over 2011-12.

9.18 The net profit of (149) profit-making CPSEs stood at ₹ 1,43,559 crore in 2012-13 while the net loss of loss-making (79) CPSEs stood at ₹ 28,260 crore. One CPSE made neither profit nor loss during 2012-13. The Oil and Natural Gas Corporation Ltd, National Thermal Power Corporation Ltd, Fertilizer Corporation of India Ltd, Coal India Ltd, and Bharat Heavy Electricals Ltd, were the top five profit-making CPSEs during 2012-13. Bharat Sanchar Nigam Ltd, Mahanagar Telephone Nigam Ltd, Air India Ltd, Chennai Petroleum Corporation Ltd, Hindustan Photo Films Manufacturing Co. Ltd, and Hindustan Photo Films Manufacturing Co. Ltd were among the top five loss-making CPSEs during 2012-13. There was a marginal increase in the total contribution of CPSEs to the central exchequer by way of dividend payment, interest on government loans, and payment of taxes and duties during the year, from ₹ 1,62,402 crore in 2011-12 to ₹ 1,62,761 crore in 2012-13. This was primarily owing to increase in contribution towards service tax and sales duty. There was, however, a decline in customs duty and excise duty.

Steel

9.19 India ranked as the fourth largest producer of crude steel in the world during 2013 after China, Japan, and the USA. India was also the largest producer of sponge iron in the world during 2013, accounting for 25 per cent of world production. During 2013-14 (provisional), India's crude steel production was 81.54 million tonnes (mt), an increase of 4 per cent over 2012-13 while crude steel capacity utilization stood at 82 per cent. In the last five years, domestic crude steel production grew at a compound annual growth rate (CAGR) of 7.9 per cent. Such an increase in production was driven by 9.8 per cent growth in crude steel capacity, high utilization rates, and a 7.0 per cent growth in domestic steel consumption. However, steel consumption increased by mere 0.6 per cent during 2013-14.

In the last five years, domestic crude steel production grew at a CAGR of 7.9 per cent. Such an increase in production was driven by 9.8 per cent growth in crude steel capacity, high utilization rates, and a 7.0 per cent growth in domestic steel consumption.

Textiles

9.20 India's textiles and clothing industry is one of the mainstays of the national economy. It is also one of the largest contributing sectors to India's exports, contributing nearly 11 per cent of the total exports basket. The textiles industry is labour intensive and employs about 45 million people. It has a major presence in the unorganized sector. The report of the Working Group constituted by the Planning Commission on boosting India's manufacturing exports during the Twelfth Five Year Plan (2012-17) puts India's

exports of textiles and clothing at US\$ 64.41 billion by the end of March 2017. In global clothing exports, India ranked ninth as per World Trade Organization (WTO) data 2012 (latest), with China, the EU, and Hong Kong occupying the first three slots. In global textile exports, India ranked third, trailing China and the EU. The import content of India's textile exports is very low, limited to certain specialty fibres and accessories.

9.21 The Indian textile industry is vertically integrated from raw material to finished products, i.e. fibre to retail. The government has been providing liberal assistance to the sector under the Technology Upgradation Fund Scheme (TUFS). Under TUFS, since inception till 31 March 2014 investment of more than ₹ 2,50,000 crore has been made in the sector and ₹ 18,579.40 crore has been released towards subsidy. The Scheme for Integrated Textile Parks (SITP) is a strategic initiative to help set up integrated parks equipped with world-class infrastructure facilities in industrial clusters/locations with high growth potential. The proposal for continuation of the SITP Scheme in the Twelfth Five Year Plan with an allocation of ₹ 1900 crore, which includes an additional grant for apparel-manufacturing units under the SITP, has been approved by the Cabinet Committee on Economic Affairs (CCEA). An allocation of ₹ 300 crore was made in 2013-14, later revised to ₹ 140 crore, of which ₹ 111 crore was disbursed.

INVESTMENT IN THE INDUSTRIAL SECTOR

Gross capital formation in industrial sector

9.22 As per provisional estimates of GDP at current market prices for the year 2013-14, the rate of GFCF has declined from 31.8 in 2011-12 to 28.3 in 2013-14. Even though detailed estimates of GFCF are not available for 2013-14, the overall decline in growth rates of fixed investment hints at further deceleration in investment in key segments of industry during the year. As per the latest data available on gross capital formation (GCF) by industry of use at constant (2004-05) prices, a sharp decline in the growth rates of fixed investment in mining, manufacturing, and the private corporate sector has been estimated. The decline is far steeper in unregistered manufacturing, pointing to paucity of funds available to informal-sector businesses. Sector-wise share in overall GCF shows that the share of unregistered manufacturing in overall GCF has declined from about 5.7 per cent in 2010-11 to 1.9 per cent in 2012-13. The share of registered manufacturing in total GCF has also declined from 29.6 per cent to 21.9 per cent during the same period (Table 9.3).

Even though detailed estimates of GFCF are not available for 2013-14, the overall decline in growth rates of fixed investment hints at further deceleration in investment in key segments of industry during the year.

	2009-10	2010-11	2011-12	2012-13
Rate of growth of GCF in industry (per cent)	24.2	20.2	-7.6	-8.5
Sector-wise share in overall GCF				
1. Mining	3.6	3.6	3.5	3.2
2. Manufacturing	32.9	35.3	27.4	23.7
a. Registered	27.8	29.6	23.5	21.9
b. Unregistered	5.1	5.7	3.9	1.9
3. Electricity	6.2	7	7.3	7.4
4. Construction	4.8	4.4	5.4	5.4

Source: CSO.

Table 9.3 : Gross Capital Formation by Industry of Use at Constant (2004-05) Prices

Foreign Direct Investment (FDI) Inflow

9.23 During 2013-14, total FDI inflows (including equity inflows, reinvested earnings, and other capital) were US\$ 36.4 billion. FDI equity inflows were US\$ 24.30 billion, showing an increase of 8 per cent as compared to the previous year. Cumulative FDI inflows from April 2000 to March 2014 stood at US\$ 323.9 billion. Net FDI inflows were US\$ 21.6 billion during 2013-14. In recent years, services, construction, telecommunications, computer software and hardware, drugs and pharmaceuticals, automobile industry, power, metallurgical industries, and hotels and tourism are sectors that have attracted maximum FDI inflows.

Credit Flow to the Industrial Sector

9.24 In the absence of detailed investment and savings data for 2013-14, the data on gross bank credit deployment so far provides some hint on the status of investment in key segments of the industrial sector. As per the latest gross bank credit deployment data released by the Reserve Bank of India (RBI), deployment of credit to industries moderated in 2013-14, even as credit to agriculture and allied activities, services, and personal loans picked up. Gross bank credit deployment to medium and large industries has been comparatively lower in 2013-14. The credit flow to micro and small enterprises has, however, shown robust growth. Deceleration in credit growth has been observed in the mining, infrastructure, cement, coal, metals, and gems and jewellery sectors while in sectors such as food processing, construction, leather, rubber, glass, and paper a pick-up has been witnessed.

9.25 Overall credit flow to industry increased by 14.9 per cent in 2013-14, lower in comparison with the 20.9 per cent growth achieved in 2011-12 and 17.8 per cent in 2012-13. Credit flow to mining remained near stagnant at 0.05 per cent during 2013-14. In keeping with the performance of the power sector during 2013-14, credit flow to the sector rose by 24.9 per cent over the previous year. Looking at the individual sector-level credit absorption, petroleum, chemicals and chemical products, basic metals, transport, and all engineering sectors showed lower growth in gross bank credit flow during 2013-14 as compared to the previous year mainly owing to the slowdown in these sectors. Table 9.4 shows sector-wise growth of credit to industry by scheduled commercial banks.

ENVIRONMENT-INDUSTRY LINKAGES

9.26 To a large extent, environmental degradation is the result of market failure, that is non-existent or poorly functioning markets for environmental goods and services. In this context, environmental degradation is a particular case of consumption or production externalities reflected by divergence between private and social costs (or benefits). Lack of well-defined property rights may be one of the reasons for such market failure. On the other hand, market distortions created by price controls and subsidies may aggravate the achievement of environmental objectives.

Sectors	2011-12	2012-13	2013-14	(per cent)
Industries	20.91	17.84	14.97	
Manufacturing	19.75	18.12	14.03	
Mining	39.29	18.06	0.05	
Manufacturing sub-sectors				
Food processing	14.06	24.06	30.24	
Textiles	15.19	12.78	13.99	
Petroleum & nuclear fuel	-12.47	10.75	1.86	
Cement & cement products	17.32	21.77	21.37	
Chemicals & products	23.66	18.63	17.84	
Basic metals & metal products	28.53	20.91	17.75	
All engineering	22.09	18.49	14.48	
Transport equipment	23.19	14.12	11.95	
Other industries	23.26	18.40	6.30	

Source: RBI.

Table 9.4 : Growth of Credit to Industry by Scheduled Commercial Banks

9.27 The level and pattern of economic development in India, notably a diversified industrial structure based on a combination of large and small-scale industries and growing urban and rural population, have produced pressures on the environment. The manufacturing technology adopted by many industries has placed a heavy load on the environment, especially through intensive resource and energy use, as is evident in natural resource depletion (fossil fuel, minerals, timber), water, air, coastal and marine, and land contamination, health hazards, degradation of natural ecosystems, and loss of biodiversity. High proportion fossil fuel serving as the main source of industrial energy and major air-polluting industries such as petroleum refining, iron and steel, other metallic and non-metallic minerals extraction, fertilizers, and cement have contributed to a relatively high share in air and water pollution. Large quantities of industrial and hazardous wastes resulting from expansion of chemical-based industry have compounded the waste management problem with serious environmental health implications. Small-scale industries, especially foundries, chemical manufacturing, and brick-making, are also significant polluters.

The level and pattern of economic development in India, notably a diversified industrial structure based on a combination of large and small-scale industries and growing urban and rural population, have produced pressures on the environment.

LABOUR RELATIONS

9.28 Owing to constant endeavour of the industrial relations machineries of both the centre and states, the industrial relations climate has by and large remained peaceful and cordial. While the number of incidences of strikes and lockouts reported during 2008 was 421, this figure stood at 181(provisional) up to December 2013, exhibiting a declining trend over the period. Similarly, the figures for man-days lost were 17.43 million in 2008 and 3.29 million (provisional) up to December 2013.

9.29 As regards spatial/industry-wise dispersion of strikes and lockouts, there exist widespread variations among different states/union territories (UTs). Wages and allowances, bonus, personnel, retrenchment, and indiscipline and violence are major reasons for these strikes and lockouts.

CHALLENGES

Reviving Business Sentiment to Boost Investment by the Private Corporate Sector

9.30 In view of the ongoing industrial slowdown, the policy focus needs to target key growth drivers in the short term. One of the crucial drivers can be the revival of private corporate-sector investment. Overall GFCF in the public, private corporate, and household sectors, that is investment in plant and machinery and construction, has slowed during 2012-13. Building a conducive investment climate and uplifting overall business sentiment require close coordination of industrial policy with fiscal, trade, FDI, and exchange rates policies. Allowing FDI in defence and some other sectors has huge potential for attracting large-scale investment and state-of-the-art technology. The existing special economic zones (SEZs) and newly set up and proposed NIMZs can multiply investment provided constraints are removed and a stable incentive structure is put in place. Promotion of industrial clusters for different sectors in different regions would also attract

Building a conducive investment climate and uplifting overall business sentiment require close coordination of industrial policy with fiscal, trade, FDI, and exchange rates policies.

investment as clusters have the advantage of lower logistics costs, better supply-chain linkages, and easy access to labour and technology.

Removal of Infrastructure Bottlenecks

9.31 The current industrial downturn presents an opportunity to push ahead with critical reforms and remove infrastructure bottlenecks. The reform momentum needs to be accelerated to create a favourable climate for stronger growth in the medium and long terms. From the infrastructure-sector perspective, augmenting coal production, permitting commercial coal mining, restructuring power distribution, upgrading road and rail networks, reducing delays in regulatory approvals, land acquisition and rehabilitation, and solving financing constraints are some of the issues that require urgent attention. Steps are needed to upscale projects under public-private partnership (PPP) mode in order to attract private-sector investment in infrastructure. All these issues have been discussed in detail in Chapter 11.

Facilitating Growth of Small Businesses

9.32 The informal/unregistered segments of manufacturing have been performing below potential due to lack of adequate and low cost financing, rising input costs, competition from imports, and an unfavourable business environment in general. As discussed in para 9.2, the share of unregistered manufacturing value added in overall GDP is on the decline. The informal sector lacks easy access to credit and technology. The productivity gap between the informal and formal industry sectors remains large. The role of small businesses and the informal sector is of utmost importance in meeting employment-generation targets. Industrial policy need to focus on labour-intensive and resource-based manufacturing in the informal sector. Growth of the informal sector and small businesses is constrained by a large number of laws, rules, and inspections. Operational compliances are required individually for almost all activities carried out by small businesses. Because of the regulatory and fiscal burden, small businesses tend to avoid becoming medium and formal.

9.33 State governments are formulating and implementing heterogeneous sets of regulations. Apart from inspections and compliances, insolvency provisions make it difficult to restructure and rehabilitate sick and dying businesses in the small and medium enterprises sector. Procedures to buy and acquire land are costly. Registration of land sale and purchase deeds, transfer of title, and acquiring of construction permits are complicated and time-consuming procedures. While some states have taken steps to promote ease of doing business in recent years, the majority of states are still far from having a friendly eco system for small businesses. India's 'Ease of Doing Business' ranking by the World Bank has gone down from 131 to 134 out of the 189 countries in 2014. There is need to build a consensus on best practices to be applicable to all states and to promote self-certification, e-filing, and e-returns.

The role of small businesses and the informal sector is of utmost importance in meeting employment-generation targets. Industrial policy need to focus on labour-intensive and resource-based manufacturing in the informal sector.

There is need to build a consensus on best practices to be applicable to all states and to promote self-certification, e-filing, and e-returns.

Need to Promote Structural Changes in Manufacturing in the Medium Term

9.34 Indian industry has immense potential for further strengthening the agro-processing, textiles and garments, and leather and footwear sectors with good prospects for sustained employment generation. But the medium-term challenge for Indian manufacturing is to move from lower to higher-tech sectors, from lower to higher value added sectors, and from lower to higher productivity sectors. Medium-tech industries are primarily capital intensive and resource processing and high-tech industries are mainly capital and technology intensive. In order to push the share of manufacturing in overall GDP to the projected 25 per cent, Indian manufacturing need to capture the global market in sectors showing a rising trend in demand. These sectors are largely high technology and capital intensive. Such high-tech industries may perform a less important role in sustaining employment but are critical for capital accumulation and skills development and for improving the knowledge base. To gain a firm footing in these sectors, the policy thrust should be on pushing up the level of public and private expenditure on technology upgradation, research and development, innovation, and skill development. Table 9.5 provides a comparative picture of the global competition India faces in manufacturing.

The medium-term challenge for Indian manufacturing is to move from lower to higher tech sectors, from lower to higher value added sectors, and from lower to higher productivity sectors.

Country	Share of manufacturing in GDP	Share of MHT in total manufacturing	MHT exports as total exports	Share of total exports in world exports
China	34.1	40.7	59.9	14.6
S. Korea	27.7	53.4	71.8	4.3
Thailand	36.6	46.1	58.0	1.5
Japan	20.5	53.7	79.0	6.0
Germany	19.2	56.7	72.0	10.4
India	14.9	32.2	27.0	2.0

Source: UNIDO & World Bank.

Note: MHT: Medium and high technology manufacturing.

Table 9.5 : Comparative Picture of Global Manufacturing Peers (2011)

OUTLOOK

9.35 The near-term industrial upturn is conditional on continued improvements in the policy environment and a quick return to peak investment rates. With the improvement in overall macroeconomic environment, industry is expected to revive and growth can accelerate gradually over the next two years.

9.36 The HSBC India Manufacturing Purchasing Managers' Index (PMI) increased marginally from 51.3 in April to 51.4 in May, 2014. It indicates some improvement in manufacturing activities and domestic and exports orders. Lead indicators for the first two months of the current financial year for power generation and production of cement, steel, fertilizers, and coal show improvement. Railways freight earnings and exports have also picked up raising hopes of increased industrial activity in the coming months. The index of eight core infrastructural supporting industries registered a growth of 4.2 per cent in April 2014 as compared to 3.7 per cent growth recorded in April 2013. Further IIP-based overall industrial growth was 3.4 per cent in April 2014 as compared to the 1.5 per cent growth recorded in April 2013.

With the improvement in overall macroeconomic environment, industry is expected to revive and growth can accelerate gradually over the next two years.

Chapter 10

Services Sector

India's services sector that remained resilient even during and immediately after the global financial crisis buckled under the pressure of continued global and domestic slowdown, resulting in sub-normal growth in the last two years. However, early shoots of revival are visible in 2014-15 with signs of improvement in world GDP growth and trade also reflected in pick-up in some key services like IT, aviation, transport logistics, and retail trading. Different indices and estimates also indicate an expansion in India's services business.

10.2 The services sector with an around 57 per cent contribution to the gross domestic product (GDP), has made rapid strides in the last few years and emerged as the largest and fastest-growing sector of the economy. Besides being the dominant sector in India's GDP, it has also contributed substantially to foreign investment flows, exports, and employment. India's services sector covers a wide variety of activities that have different features and dimensions. Some services like IT and telecommunications are very sophisticated, involving high technology and expertise, while some are simple like those of barbers and plumbers. Some services like transport have high linkages with the industrial sector and some like tourism have high employment linkages. Some services like railways and port fall under the definition of infrastructure, while some like construction fall under the definition of industry. Thus there are many borderline inclusions and exclusions. This chapter not only focuses on different aspects of services but also covers many important services.

SERVICES SECTOR : INTERNATIONAL COMPARISON

World Services GDP

10.3 There was a sudden pick-up in world services GDP in 2012 compared to 2011 with increase in growth from 2.7 per cent to 3.8 per cent (at constant prices) with a 65.9 per cent share in the US\$ 72.7 trillion world GDP (at current prices) in 2012. Like in overall GDP, the US ranks first in services GDP also, with Japan and China a distant second and third. Among the world's top 15 countries in terms of GDP (at current prices), India ranked 10th in terms of overall GDP and 12th in terms of services GDP in 2012. However, India has the second fastest growing services sector with

its CAGR (compound annual growth rate) at 9.0 per cent, just below China's 10.9 per cent, during the last 11-year period from 2001 to 2012. Russia at 5.4 per cent is a distant third. Though China at 8.1 per cent followed by India at 7.2 per cent had the highest growth rate in services in 2012 compared to 2011, there was a slight deceleration over 2011 for both. On the contrary, the US services sector grew by 6.5 per cent in 2012 which is more than three times higher than in 2011. There was also a pick-up in services growth in Japan and Russia. Among the top 15 countries in terms of services GDP, only China's share in its total GDP at 44.6 per cent in 2012 is less than 50 per cent (Table 10.1).

Table 10.1 : Performance in Services: International Comparison

Country	Rank	Services growth rate						Share of services			Share of services			Services export growth		
		Overall GDP	Services GDP	(per cent)			in GDP			to total		Y-o-Y	CAGR	Y-o-Y	CAGR	
				Y-o-Y	CAGR	2001-12	2001	2011	2012	2001	2012					
		2001	2011	2012			2001	2011	2012	2001	2012			2001	2012	2013
1 US	1	1	2.9	1.9	6.5	2.1	77.2	78.9	79.2	75.0	81.2	29.5	-3.6	5.4	5.0	7.7
2 China	2	3	10.3	9.5	8.1	10.9	40.5	43.4	44.6	27.7	35.7	8.6	9.1	8.4	8.7	16.6
3 Japan	3	2	1.8	0.5	2.4	0.6	69.9	72.7	72.3	63.9	69.7	16.8	-6.9	0.0	1.0	7.0
4 Germany	4	4	2.5	2.8	1.4	1.2	69.0	68.5	66.6	64.6	70.2	16.5	5.6	-1.1	8.0	10.8
5 France	5	5	1.8	2.4	0.5	1.4	75.0	79.2	79.2	69.9	74.9	28.7	-0.5	-8.1	8.3	9.4
6 UK	6	6	2.7	1.5	1.4	2.1	73.3	77.9	78.8	73.8	78.9	34.9	-0.8	-1.5	0.6	7.8
7 Brazil	7	8	1.8	2.7	1.7	3.6	67.1	67.0	68.5	59.4	62.7	13.4	-2.7	4.6	-1.7	12.9
8 Russia	8	10	3.3	3.3	4.8	5.4	55.7	58.9	60.1	58.6	62.3	11.1	17.3	6.8	12.7	15.9
9 Italy	9	7	2.6	0.9	-1.5	0.4	69.9	73.3	73.8	63.1	68.5	17.5	2.1	-2.2	5.6	5.6
10 India	10	12	7.5	8.2	7.2	9.0	51.3	55.7	56.9	24.0	28.1	32.8	4.8	5.4	4.8	20.2
11 Canada	11	9	3.5	2.4	1.8	2.6	65.8	71.2	71.1	74.7	76.5	14.5	-3.6	-0.9	0.3	6.2
12 Australia	12	11	3.9	3.3	2.9	3.2	69.6	69.4	69.5	74.2	75.5	17.1	-8.9	2.7	-0.1	9.4
13 Spain	13	13	3.6	1.2	-0.3	2.5	64.8	70.9	71.6	62.0	74.9	31.4	6.0	-3.8	5.5	8.3
14 Mexico	14	14	-0.2	4.6	4.5	3.0	63.3	60.3	60.1	56.1	61.9	4.9	-7.5	3.6	21.3	4.0
15 South Korea	15	15	4.3	2.6	2.5	3.4	58.5	57.5	57.7	62.6	76.4	16.6	-4.9	17.3	1.3	11.8
World		2.8	2.7	3.8	2.6	68.9	65.9	65.9	39.1	44.0	19.8	0.1	2.2	5.5	9.9	

Source : Computed from UN National Accounts Statistics for GDP, World Bank and ILO database for employment and WTO database for Services Trade (accessed on 1 June 2014.)

Notes : Rank and share are based on current prices (2012); Growth rates are based on constant prices (US\$); Construction sector is excluded in services GDP; For employment data in 2012: 2011 data for China, Brazil and Mexico, 2010 for US, Japan, South Korea, 2009 for Russia and Australia, and 2008 for Canada given; India's employment data for 2001 is of 2000. For 2001 data of world employment share is of 2000.

World Services Employment

10.4 Services share in world GDP was 65.9 per cent. But its share in employment was only 44.0 per cent in 2012. However, for the top 15 countries (in terms of services GDP), except India and China, the shares of both services GDP and services employment are high and close to each other. In China, the shares of both services income and services employment are low. In the Indian case the services sector had a high share in income at 56.9 per cent in 2012 with a lower share of 28.1 per cent in employment and the gap between the two widening from 27.3 percentage points in 2001 to 28.8 percentage points in 2012.

World Services Trade

10.5 After growing robustly in the last 12 years from 2001 to 2013 with a CAGR of 9.9 per cent, world services export growth has

been seeing a see-saw movement. It was at 0.1 per cent in 2001, reached a high of 21.5 per cent in 2004, fell steeply to a negative 9.4 per cent in 2009, rebounded quickly to 9.8 per cent in 2010 and 12.2 per cent in 2011, but decelerated to 2.2 per cent in 2012. It has again picked up to 5.5 per cent in 2013. Among the leading exporters of services, India with a CAGR of 20.2 per cent had the fastest growth followed by China at 16.6 per cent. In 2013, India's services export growth decelerated to 4.8 per cent from 5.4 per cent in 2012 while that of China improved slightly to 8.7 per cent from 8.4 per cent.

FDI in the World Services Sector

10.6 As per the United Nations Conference on Trade and Development (UNCTAD) World Investment Report 2014, the global foreign direct investment (FDI) flows in 2013 at US\$ 1.45 trillion grew by 9 per cent, showing an encouraging trend after a decline in 2012. Developing economies maintained their lead in 2013 receiving US\$ 778 billion, or 54 per cent of the total FDI flows. UNCTAD projects that total FDI flows could rise to US\$ 1.6 trillion in 2014, US\$ 1.7 trillion in 2015, and US\$ 1.8 trillion in 2016, with relatively larger increases in developed countries. Fragility in some emerging markets and risks related to policy uncertainty and regional instability may negatively affect the expected upturn in FDI.

10.7 Services continued to account for the largest shares of announced greenfield projects and mergers and acquisition (M&A) deals. In 2013, the value of FDI in greenfield projects in the services sector grew by 20 per cent to US\$ 385 billion as compared to a 9 per cent growth in total value of FDI in greenfield projects. However, in cross-border M&A, the services sector declined by 7 per cent to US\$ 155 billion in 2013 as compared to 5 per cent growth in total FDI value in M&A.

INDIA'S SERVICES SECTOR

10.8 Services in India are emerging as a prominent sector in terms of contribution to national and states' incomes, trade flows, FDI inflows, and employment.

Services GDP

10.9 Services constitute a major portion of India's GDP with a 57 per cent share in GDP at factor cost (at current prices) in 2013-14 — an increase of 6 percentage points over 2000-01. Including construction, the share is 64.8 per cent. The CAGR of services-sector GDP at 8.5 per cent for the period 2000-01 to 2013-14 has been higher than the 7.1 per cent CAGR of overall GDP during the same period.

10.10 In 2013-14 the growth rate of the services sector at 6.8 per cent is marginally lower than in 2012-13. This is due to deceleration in the growth rate of the combined category of trade, hotels, and restaurants and transport, storage, and communications to 3.0 per cent from 5.1 per cent in 2012-13, despite robust growth of financing, insurance, real estate, and business services at 12.9 per cent. Construction, a borderline services inclusion

The growth of services-sector GDP has been higher than that of overall GDP during 2000-01 to 2013-14. Despite deceleration, services GDP growth at 6.8 per cent was above the 4.7 per cent overall GDP growth in 2013-14.

which has not been performing well since 2012-13, grew by only 1.6 per cent in 2013-14.

10.11 Sub-sector-wise, banking and insurance (11.8 per cent) and real estate, ownership of dwelling, and business services (10.0 per cent) were the best performers in terms of growth rate in 2012-13 and the performance of railways (0.3 per cent) followed by hotels and restaurants (0.5 per cent) was the lowest (Table 10.2).

Table 10.2 : Share and Growth of India's Services Sector (at factor cost)

	2000-01	2011-12@	2012-13*	2013-14**
Trade, hotels, & restaurants	14.5 (5.2)	17.4 (1.2)	17.2 (4.5)	24.0 (3.0)*
Trade	13.2 (5.0)	15.9 (1.0)	15.8 (4.8)	—
Hotels & restaurants	1.3 (7.0)	1.5 (3.8)	1.4 (0.5)	—
Transport, storage, & communication	7.6 (9.2)	7.3 (9.4)	7.5 (6.0)	—
Railways	1.1 (4.1)	0.7 (7.5)	0.8 (0.3)	—
Transport by other means	5.0 (7.7)	5.4 (8.6)	5.6 (6.6)	—
Storage	0.1 (6.1)	0.1 (2.9)	0.1 (8.6)	—
Communication	1.5 (25.0)	1.1 (11.2)	1.1 (6.5)	—
Financing, insurance, real estate, & business services	14.1 (3.5)	16.5 (11.3)	17.2 (10.9)	18.5 (12.9)
Banking & insurance	5.4 (-2.4)	5.7 (12.9)	5.9 (11.8)	—
Real estate, ownership of dwellings, & business services	8.7 (7.5)	10.7 (9.9)	11.4 (10.0)	—
Community, social, & personal services	14.7 (4.6)	13.8 (4.9)	14.3 (5.3)	14.5 (5.6)
Public administration & defence	6.5 (1.9)	5.9 (4.2)	6.0 (3.4)	—
Other services	8.2 (7.0)	7.8 (5.4)	8.2 (6.8)	—
Construction	6.0 (6.1)	8.2 (10.8)	8.1 (1.1)	7.8 (1.6)
Total services	51.0 (5.1)	54.9 (6.6)	56.3 (7.0)	57.0 (6.8)
Total services (including construction)	57.0 (5.2)	63.1 (7.1)	64.4 (6.2)	64.8 (6.2)
Total GDP	100.0 (4.1)	100.0 (6.7)	100.0 (4.5)	100.0 (4.7)

Source: Central Statistics Office (CSO).

Notes : Shares are in current prices and growth in constant prices; Figures in parentheses indicate growth rate; * first revised estimates, @ second revised estimates, ** provisional estimate; # includes the combined share and growth of trade, hotels, & restaurants and transport, storage, & communication for 2013-14.

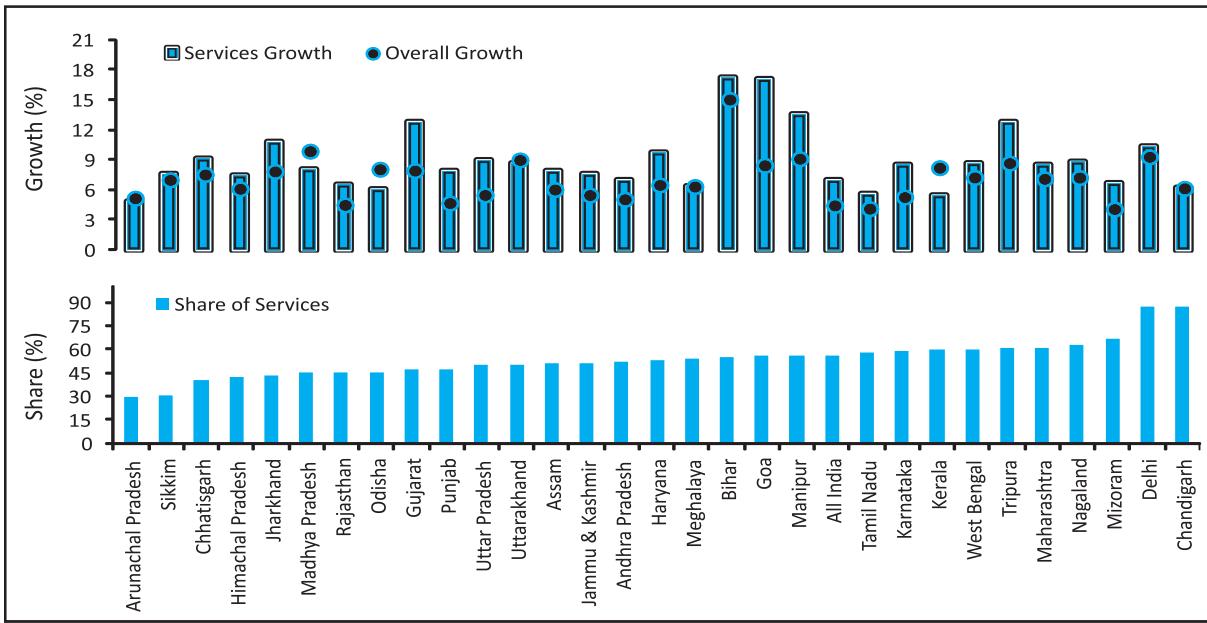
State-wise Comparison of Services

10.12 State-wise comparison of services share in the gross state domestic product (GSDP) of different states and union territories (UTs) in 2012-13 shows that the services sector is the dominant sector in most of the states of India (Figure 10.1). States and UTs such as Chandigarh, Delhi, Kerala, Mizoram, West Bengal, Tamil Nadu, Maharashtra, Nagaland, Tripura, and Karnataka have higher than all-India shares. Chandigarh and Delhi are at the top with an equal share of 86.9 per cent followed by Mizoram with 66.1 per cent. The share of services in the GSDP of all the states/ UTs for which data is available was more than 40 per cent except for Arunachal Pradesh at 29.9 per cent and Sikkim at 30.6 per cent. In 2012-13, Bihar had the highest services growth of 17.2 per cent followed by Goa at 17.1 per cent. Arunachal Pradesh on the other hand had the lowest services growth at 4.8 per cent followed by Kerala at 5.5 per cent. Some states like Goa and Tripura have been consistently showing double-digit growth in the services sector in the last five years. The former is on account of growth in tourism and the latter in banking and insurance.

FDI in the Indian Services Sector

10.13 The growth of the services sector is closely linked to FDI inflows into this sector and the role of transnational firms. In the

Figure 10.1 : Share and Growth of the Services Sector in 2012-13



Source : Computed from CSO data.

Notes : Shares at current prices, growth rate at constant (2004-05) prices.

context of FDI, the ambiguity in classifying the different activities under the services sector continues. However, the combined FDI share of financial and non-financial services, construction development, telecommunications, computer hardware and software, and hotels and tourism can be taken as a rough estimate of the FDI share of services, though it could include some non-service elements. This share is 45 per cent of the cumulative FDI equity inflows during the period April 2000-March 2014. If construction, the borderline inclusion, is excluded, then it falls to 34 per cent. The five services sectors are also the sectors attracting the highest cumulative FDI inflows to the economy with financial and non-financial services topping the list at US\$ 39.5 billion during the period April 2000-March 2014. This is followed by other service sectors like construction development (US\$ 23.3 billion), telecommunications (US\$ 14.2 billion), and computer software and hardware (US\$ 12.8 billion). If the shares of some other services or service-related sectors like trading (2.4 per cent), information and broadcasting (1.7 per cent), construction (infrastructure) activities (1.2), consultancy services (1.1 per cent), hospital and diagnostic centres (1.1 per cent), ports (0.8 per cent), agriculture services (0.8 per cent), education (0.4 per cent), air transport including air freight (0.2 per cent), and retail trading (0.1 per cent) are included then the total share of cumulative FDI inflows (2000-01 to 2013-14) to the services sector would increase to 54.7 per cent. In 2013-14, FDI inflows to the services sector (top five sectors including construction) declined sharply by 37.6 per cent to US\$ 6.4 billion compared to an overall growth in FDI inflows at 6.1 per cent. As a result the share of the top five services in total FDI fell to nearly one-sixth (Table 10.3).

Table 10.3 : Services Attracting Highest FDI Inflows

Ranks	Sector	Value (in US \$ million)			Cumulative inflows (Apr. 2000-Mar. 2014)	Percent age to total	Growth rate	
		2011-12	2012-13	2013-14			2012-13	2013-14
1	Services sector(financial & non-financial)	5216	4833	2225	39460	18	-7.3	-4.0
2	Construction development #	3141	1332	1226	23306	11	-57.6	-8.0
3	Telecommunications *	1997	304	1307	14163	7	-84.8	29.9
4	Computer software & hardware	796	486	1126	12817	6	-38.9	31.7
5	Hotels & tourism	993	3259	486	7118	3	228.2	-85.1
	Total top five services	12143	10214	6370	96864	45	-15.9	-37.6
	Total FDI inflows	46556	34298	36396	217581	100	-26.3	6.1

Source: Based on Department of Industrial Policy and Promotion (DIPP) data.

Notes : # indicates township, housing, built-up infrastructure and * indicates radio paging, cellular mobile, basic telephone services.

India's Services Exports

10.14 India's share in world services exports, which increased from 0.6 per cent in 1990 to 1.1 per cent in 2000 and further to 3.3 per cent in 2013, has been increasing faster than its share in world merchandise exports. While the growth rate of services exports of India has been higher than that of the world for all the years since 1996 (except 2009), in 2013 this has been reversed (Figure 10.2).

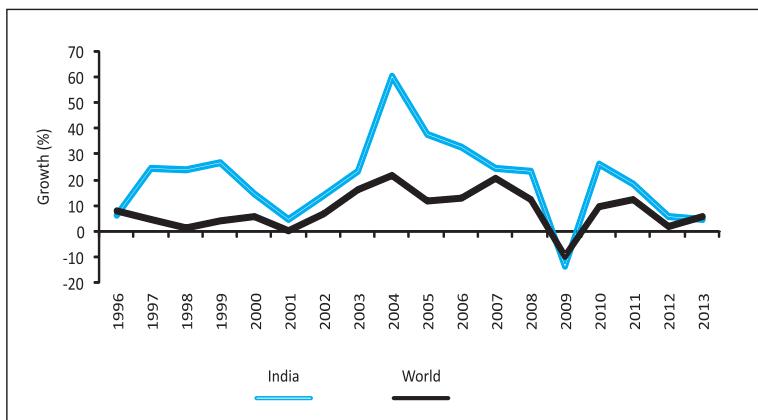


Figure 10.2 : Export Growth of Commercial Services: India and World

Source: Computed from WTO database accessed on 1 June 2014.

10.15 While exports of software services, accounting for 46 per cent of India's total services exports, decelerated to 5.4 per cent in 2013-14 from 5.9 per cent in 2012-13, travel, accounting for a nearly 12 per cent share, witnessed negative growth of 0.4 per cent. However, moving in tandem with global exports of financial services, India's exports of financial services registered a high growth of 34.4 per cent in 2013-14.

India's Services Employment

10.16 The pattern of the sectoral share of employment has changed over the last two decades (Figure 10.3) with the share of agriculture falling from 64.8 per cent in 1993-4 to 48.9 per cent in 2011-12 and of industry rising from 15.6 per cent to 24.3 per cent. The share of the services sector in employment has gone up in the same period from 19.7 per cent to 26.8 per cent.

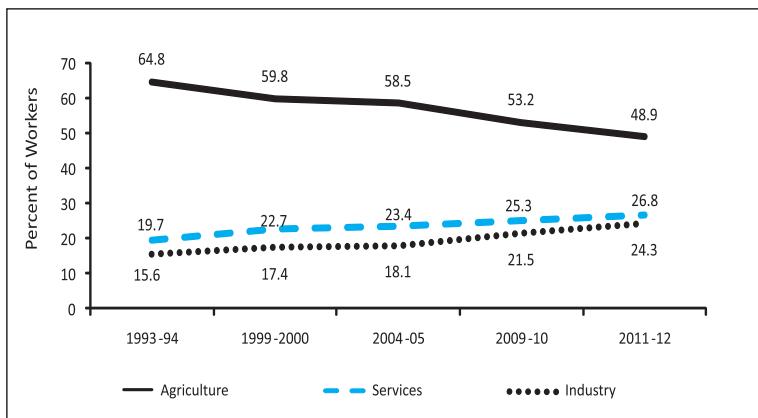


Figure 10.3 : Sectoral Share of Employment (UPSS)

Source: Based on Inputs of Ministry of Labour and Employment which uses National Sample Survey Office (NSSO) data from different rounds.

Note: UPSS- Usual Principal Subsidiary Status.

India's Services Inflation

10.17 Inflation in the services sector is not captured in the usual inflation indicators like the wholesale price index (WPI) and only partially covered in the consumer price index (CPI) where items like medical care, education, recreation and amusement, transport and communication, and housing are included. Recently some efforts were made to strengthen the collection of services data in India and services price indices (SPI) have been developed on experimental basis for railways, postal, telecom, and banking sectors. Railways SPIs include only freight and passenger services as they account for 99 per cent of the traffic revenue earnings with the ratio between freight and passenger earnings at 68.4: 31.6 in the base year. Banking SPIs include both direct services for which banks charge fees, commissions, brokerage, etc., and intermediation services. Postal SPIs are based on data of the Department of Posts and exclude courier services, making them less relevant. Telecom SPIs have been developed only for cellular services on the basis of the Performance Indicators Report of the Telecom Regulatory Authority of India (TRAI). Though these indices are at a preliminary stage, they indicate a fall in inflation in telecom and banking services from 2009-10 and 2010-11 onwards respectively; a

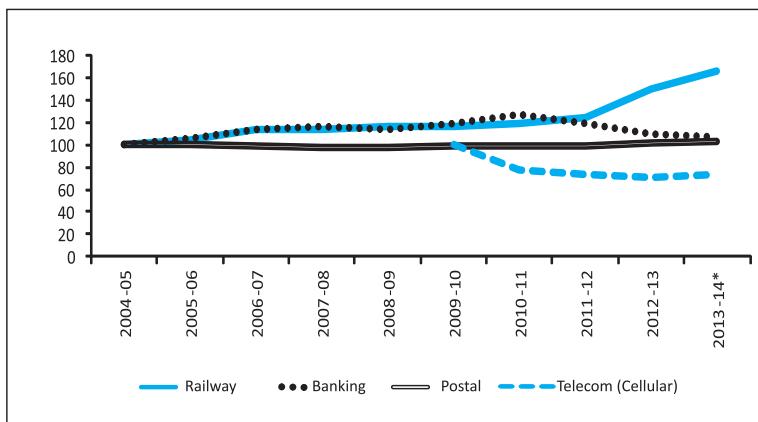


Figure 10.4 : Services Price Indices

Source: Based on Inputs from the DIPP.

Note: * Provisional; For 2013-14: Data for railways is up to January 2014, for postal up to June 2013, and telecom up to Dec. 2013.

steep rise in inflation for railway services from 2011-12; and a very mild inflation for postal services from 2008-09. (Figure 10.4)

MAJOR SERVICES : OVERALL PERFORMANCE

10.18 Some available indicators of the different services in India for 2013-14 show reasonably good performance of tourism; a pick-up in telecom and aviation after the fall in 2012-13; and poor performance of shipping and railways due to the slowdown in trade and industrial activity (Table 10.4). Estimates of the Centre for Monitoring Indian Economy (CMIE), derived from limited firm-level data, show subdued performance of sectors such as transport logistics, aviation, hotels, and telecom in 2012-13. Some sectors like transport logistics and retail trading are estimated to have performed well in 2013-14. In the coming year most of the sectors are projected to perform better. As per Markit-HSBC's Services PMI (Purchasing Managers Index), India's services sector expanded for the first time in nearly a year during May on a rebound in new business orders, with the index rising to 50.2 in May from 48.5 in April and pointing to the first expansion of output in 11 months. A reading above 50 shows that the sector is expanding, while a reading below 50 shows that output in the sector is contracting.

Table 10.4 : Performance of India's Services Sector : Some Indicators

Sector	Indicators	Unit	Period				
			2009-10	2010-11	2011-12	2012-13	2013-14
Aviation	Airline passengers (domestic and international) ^a	Million	77.4	88.9	99.6	97.7	103.3
Telecom	Telecom connections (wireline and wireless) ^b	lakh	6212.8	8463.3	9513.5	8980.2	9330.2
Tourism	Foreign tourist arrivals ^a	Million	5.17	5.78	6.31	6.58	6.97
	Foreign exchange earnings from tourist arrivals ^a	US \$ million	11136	14193	16564	17737	18133
Shipping	Gross tonnage of Indian shipping ^b	Million GT	9.69	10.45	11.06	10.45	10.49
	No. of ships ^b	Numbers	1003	1071	1122	1158	1213
Ports	Port traffic	Million tonnes	850.0	885.5	911.7	933.7	980.5
Railways	Freight traffic by railways ^c	Million tonnes	887.8	921.7	969.1	1008.1	1050.2
	Net tonne kilometres of railways ^c	Million	600548	625723	667607	691658	651869
Storage	Storage capacity	Lakh MT	106.0	103.5	100.3	102.3	105.6
	No. of warehouses	Numbers	487	479	468	469	471

Sources: TRAI, Ministry of Tourism, Ministry of Shipping, Ministry of Railways, Directorate General of Civil Aviation (DGCA), Central Warehousing Corporation.

Notes: ^acalendar years, for example 2009-10 for 2009; ^bAs on 31 March of ensuing financial year; ^cdata from 2009-10 to 2012-13 is on carried basis, while that for 2013-14 is on originating basis; * foreign airlines included for international passengers; GT—gross tonnage; MT—metric tonnes.

MAJOR SERVICES: SECTOR-WISE PERFORMANCE

10.19 Some of the important commercial services for India based on their significance in terms of GDP, employment, exports, and future prospects, have been dealt with in detail in this section. Some important services covered in other chapters have been excluded to avoid duplication.

Tourism, including Hotels and Restaurants

10.20 According to the World Travel and Tourism Council, the US\$ 6.6 trillion World Travel and Tourism sector contributed 9 per cent of global GDP in 2012 and generated over 260 million jobs (1 in 11 of the world's total jobs). There has been a revival in world

tourism growth with international tourist arrivals worldwide growing from 4.1 per cent in 2012 to 5.0 per cent in 2013 as per the United Nations World Tourism Organization (UNWTO) data.

10.21 According to World Travel and Tourism Council estimates, the tourism sector in India contributed around 6.6 per cent of India's GDP in 2012 and supported 39.5 million jobs, which is 7.7 per cent of its total employment. The sector is projected to grow at an annual average rate of 7.9 per cent from 2013 to 2023. India's share in world inbound tourist arrivals increased from 0.4 per cent in 1997 to 0.63 per cent in 2013, with a 6.9 per cent CAGR, which is much higher than the 3.9 per cent CAGR for the world during the same period. The size of domestic tourism has also already crossed an estimated 1.1 billion annual travel visits.

10.22 After a poor performance in 2009 owing to the 2008 global financial crisis, foreign tourist arrivals (FTA) to India and foreign exchange earnings (FEE) in dollar terms quickly rebounded in 2010. However, with the slowdown particularly in the EU, both FTAs and FEEs in dollar terms decelerated, though in 2013 there was a pick-up in growth in the former. While FEEs in rupee terms are a reflection of the exchange rate movements, what is cause for concern is the steep deceleration in FEEs in dollar terms, while the deceleration in FTAs was relatively less (Table 10.5). This indicates a relatively higher inflow of back-packers vis-à-vis high-spending tourists.

10.23 India has not tapped the full potential of its tourism sector. A World Economic Forum 2013 study of tourism competitiveness, rated India at a low of 65 among 140 countries. On its three pillars of competitiveness, India was ranked 21 on tourism natural resources, 67 on ease of business environment, but an abysmal 110 on its regulatory framework for tourism and travel, showing India's inability to convert its comparative natural and economic advantages into competitive advantages for the tourism industry.

Some Transport-related Services

Shipping

10.24 Shipping is an important indicator of both commodity and services trade of any country. It plays an important role in the Indian economy with around 95 per cent of its trade by volume and 68 per cent in terms of value being transported by sea. As on 31 March 2014, India had a fleet strength of 1213 ships with gross tonnage (GT) of 10.49 million, with the public-sector Shipping Corporation of India having the largest share of 31.30 per cent. Of this, 367 ships with 9.31 million GT cater to India's overseas trade and the rest to coastal trade. Despite having one of the largest merchant shipping fleets among developing countries, among the 35 flags of registration with the largest registered dead weight tonnage (DWT), India ranks 18th with a share of only 0.9 per cent in total world DWT as on 1 January 2014 according to the ISL Shipping Statistics and Market Review. Leaving aside flags of convenience, Hong Kong has the highest DWT, with a share of 8.6 per cent, while China's share is 4.4 per cent. In 2012 as per

India has not tapped the full potential of its tourism sector and has not been able to convert its comparative natural and economic advantages into competitive advantages.

Indicators	Growth rate (per cent) Y-o-Y				
	2009	2010	2011	2012	2013
FTAs (Numbers)	-2.2	11.8	9.2	4.3	5.9
FEEs (in US \$)	-5.9	27.5	16.7	7.1	2.2
FEEs (in Rs)	4.7	20.8	19.6	21.8	12.0

Source: Ministry of Tourism.

Table 10.5 : India's Tourism Performance

UNCTAD, India with 9.8 million twenty foot equivalent units of container (TEUs) and with a world share of 1.6 per cent was ranked eighth among developing countries in terms of container ship operations.

10.25 India continues to be a leading ship-breaking destination in the world. India topped the list of ship-recycling countries in 2013 with a world share of 27.9 per cent, scrapping 341 ships of 12.46 million DWT as per the ISL Shipping Statistics and Market Review. India is also a major supplier of seafarers. Ranked third with a 7.5 per cent share in 2010, it supplied 46,497 officers to the global shipping industry. While the shipping sector has been plagued by economic hardships since 2008, the year 2013 was even more of a challenge for Indian shipping companies which continued to face cash flow problems on account of very low charter hire and freight rates in all segments of shipping, as did their international peers. Cash flow problems emanating from the low of the shipping cycle were further compounded by the downturn in the Indian economy. With high domestic interest rates, purchase of new ships went on the back burner. The Baltic Dry Index, the barometer of merchandise trade as well as shipping services, which had peaked at 11,793 on 20 May 2008, has been in the red ever since, reaching a new low of 982 on 13 May 2014.

10.26 There has also been a sharp decline in the share of Indian ships in the carriage of India's overseas trade from about 40 per cent in the late 1980s to 9.1 per cent in 2012-13 with a 16.3 per cent share in India's oil imports. As per a National Council of Applied Economic Research (NCAER) study, a 5 per cent increase in the national shipping tonnage saves or earns an additional 17 per cent of the freight bill. With a total freight bill of around US\$ 79.2 billion in 2012-13 and given the fact that 90 per cent of India's import and export cargo is carried by foreign shipping companies, India as a nation is estimated to have paid a total freight bill of US\$ 71.3 billion which is a net forex outgo.

10.27 Even the existing Indian fleet is ageing, with the average age of the Indian fleet increasing from 15 years in 1999 to 18.1 years as on 31 March 2014 (43.85 per cent of the fleet is over 20 years and 10.66 per cent in the 16-20 age group). Therefore there is urgent need to increase India's shipping fleet to make it at least capable of carrying India's trade volumes.

Port Services

10.28 The performance of shipping services and merchandise trade is closely related to the efficiency of ports. The total capacity of Indian ports has reached approximately 1425 million tonnes as on 31 March 2014. During 2013-14 total traffic handled at all ports at 980.49 million tonnes grew by 5.02 per cent over the previous year. The cargo throughput of major ports grew at 1.78 per cent while the non-major ports registered a growth of 9.57 per cent.

10.29 The Government of India has taken policy initiatives to enhance private investment in ports. New tariff guidelines have been introduced with greater flexibility to public-private partnership

Given that the share of Indian ships in India's overseas trade has declined sharply from 40 per cent in the late 1980s to 9.1 per cent in 2012-13 and the existing fleet is also ageing, there is urgent need to increase India's shipping fleet.

(PPP) operators to fix tariff based on market conditions. The security clearance guidelines for PPP bidders have been streamlined and new guidelines for leasing port lands have been announced. These measures have resulted in substantial investment of around ₹ 20,709.93 crore in port projects during 2013-14. The three ports-related performance indicators showed considerable improvement in 2013-14. The average turnaround time fell to 2.25 days in 2013-14 from 2.58 days in 2012-13. Similarly, average pre-berthing detention time fell from 0.51 day in 2012-13 to 0.29 day in 2013-14. The average output per ship berth day improved by 6.13 per cent to 12,509 in 2013-14. The improvement in turnaround time and pre-berthing detention time could be owing partly to mechanization and systemic improvements in ports and partly to lower volume handled in some ports on account of global downturn. However, the improvement in average output per ship berth day in 2013-14 indicates that the performance parameters of Indian ports are also improving (Table 10.6).

Table 10.6 : Some Performance Indicators of Ports in India

Indicators	Value						Change in 2013-14 over 2012-13
	1990-91	2000-01	2010-11	2011-12	2012-13	2013-14	
Average turnaround time (days)	8.10	4.24	5.29	4.44	2.58	2.25	-0.33
Average pre-berthing detention time (days)	2.16	1.19	2.32	0.46	0.51	0.29	-0.22
Average output per ship berth day (in tonnes)	3372	6961	9140	13073	11786	12509	723.00

Source : Based on Ministry of Shipping data.

Storage Services

10.30 According to CSO estimates, storage services grew by 8.6 per cent in 2012-13 as compared to 2.9 per cent the previous year. Storage services are an integral part of both inbound and outbound logistics as the goods produced have to be stored in different geographical locations before shipping/ dispatch as per demand/ order inflows. In India, the most important component of warehousing is storage for agricultural inputs and produce such as foodgrains, oilseeds, pulses, cotton, fertilizers, and manure. Other components include industrial warehousing for industrial raw materials and finished goods, infrastructure for supporting import and export trade like inland container depots (ICD)/ container freight stations (CFS), cargo terminals of the integrated check posts (ICPs), and special warehouses for perishable goods (cold and temperature-controlled storage).

10.31 The Central Warehousing Corporation (CWC) has added 3.21 lakh MT additional storage capacity in 2013-14 as against 2.02 lakh MT during 2012-13. At state level, the 17 State Warehousing Corporations (SWC) meet the storage requirements and complement the work of the CWC. As on 30 April 2014 these SWCs were operating a network of 1687 warehouses with an aggregate storage capacity of 268.3 lakh MT.

10.32 Major policy initiatives taken recently by the government in this sector include construction of godowns under the 7-years/ 10-years guarantee scheme of the Government of India, most of them

being managed by the CWC or SWCs; up to 100 per cent FDI in the construction of warehousing infrastructure; and construction of warehouses under the Grameen Bhandaran Yojana of the National Bank for Agriculture and Rural Development (NABARD) and the Rastriya Krishi Vikas Yojana. In 2007-08, the government enacted the Warehousing (Development & Regulation) Act 2007 to make the warehouse receipt fully negotiable. Recently the government took another major initiative for construction of additional warehousing capacity in the country under its Private Entrepreneurs Guarantee (PEG) Scheme. For boosting the warehousing sector, tax benefit under Section 35 AD of the Income Tax Act 1961 is also being made available where the assessee is allowed a deduction of 150 per cent of the capital expenditure (except cost of land) for setting up and operation of cold chain facility or warehousing facility for storage of agricultural produce.

Some Business Services

10.33 Major business services include computer-related services, research and development (R&D), accounting services, legal services, and renting of machinery. The dynamic business services with a share of 5.6 per cent in India's GDP grew by 14.1 per cent in 2012-13.

IT and ITeS

10.34 The information technology-information technology-enabled services (IT-ITeS) industry has become one of the significant growth catalysts for India. India continues to maintain a leadership position in global sourcing, accounting for above 55 per cent of the total global sourcing market (excluding engineering services and R&D) in 2013 as compared to 52 per cent in 2012. The IT-business process management (BPM) sector (excluding hardware) is estimated to have grown by 10.3 per cent, reaching US\$ 105 billion in 2013-14. Of this, exports with a major share of 81.9 per cent grew by 13.0 per cent while domestic revenues fell by 1.0 per cent in dollar terms. Domestic revenue is estimated to have increased by 9.63 per cent in rupee terms. In 2014-15 higher growth is expected in both exports and domestic revenues (Table 10.7).

10.35 A gradual revival in consumer confidence leading to return of discretionary spending and increased demand from the US and Europe is helping drive exports. India continues to lead in cost competitiveness. Flat entry-level salaries, flattening employee pyramid, and fast career growth are helping India stay seven-eight

Table 10.7 : Overall Growth Performance of the IT-BPM Sector

	Value (in US\$ billion)					Growth rate (per cent)		
	2008-09	2010-11	2012-13	2013-14E	2014-15 P	2012-13	2013-14E	2014-15 P
IT-BPM service Revenues	59.9	76.3	95.2	105.0	118-123	8.6	10.3	12
Exports	47.1	59.0	76.1	86.0	97-100	10.6	13.0	13-15
Domestic	12.8	17.3	19.2	19.0	21-23	1.1	-1.0	9-12
Employment (in million)	2.2	2.5	3.0	3.1	—	6.9	5.6	—

Source : NASSCOM.

Note : E—Estimate, P—Projections (revenue is excluding hardware services).

times cheaper than source locations and 30 per cent cheaper than the next nearest low-cost country. However, challenges around protectionism, increased competition, currency volatility, wage inflation, and inconsistent levels of customer confidence have to be addressed.

10.36 This sector is also a big employment generator with direct employment in the IT services and business process outsourcing (BPO)/ITeS segment projected to grow by 5.6 per cent, reaching 3.1 million in 2013-14 with over 166,000 jobs being added during the year (of which 30 per cent are for women). Indirect job creation is projected at 10.0 million. The National Policy on Information Technology (NPIT) envisages revenues of the IT and ITeS industry expanding from US\$ 100 billion in 2011-12 to US\$ 300 billion by 2020 and exports from US\$ 69 billion in 2011-12 to US\$ 200 billion by 2020.

R & D Services

10.37 Among business services, R & D occupies second position in India's GDP. Its growth has been consistently high at near 20 per cent in the last few years; in 2012-13 growth has been at 20.8 per cent. The US\$ 1.6 trillion global gross expenditure on R&D (GERD) in PPP (purchasing power parity) terms for 2014 projected by Battelle and R&D magazine is a more than US\$ 50 billion increase over the previous year. In this enormous activity, India's share is around 3 per cent with GERD projected at US\$ 44 billion, which is around five times lower than that of China.

10.38 According to the Global Competitiveness Report 2013-14, India's capacity for innovation has been lower than that of other BRICS countries (Brazil, Russia, India, China, and South Africa) except Russia (Table 10.8). Though India scores better than China, Brazil, and Russia on quality of scientific research institutions, the research undertaken in such institutions is not percolating down for commercial usage. This is exhibited through its poor score on university-industry collaboration on R&D as compared to some other BRICS nations like China and South Africa. Though India scores better than all BRICS nations on availability of scientists and engineers, owing to its large population, the country has one

Table 10.8 : Global Competitiveness Index: R & D Innovation

Country	Capacity for innovation		Quality of scientific research institutions		Company spending on R&D		University-Industry collaboration on R&D		Availability of scientists and engineers		PCT patents granted/million population	
	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank
India	4.0	41	4.5	37	3.6	39	4.0	47	5.0	15	1.4	64
China	4.2	30	4.3	41	4.2	22	4.4	33	4.5	44	9.2	36
South Africa	4.1	33	4.8	35	3.5	43	4.5	29	3.5	108	6.2	42
Brazil	4.0	36	4.3	42	3.6	37	4.0	49	3.4	112	2.9	51
Russia	3.5	64	3.7	65	3.1	69	3.6	64	3.8	90	6.1	43
South Korea	4.5	22	4.9	24	4.6	20	4.7	26	4.6	33	183.4	9
UK	5.2	8	6.2	3	4.7	12	5.6	5	4.8	23	90.6	18
USA	5.6	5	6.0	5	5.4	5	5.7	3	5.3	6	141.1	12

Source: Global Competitiveness Report 2013-14, World Economic Forum.

Note: PCT—Patent Cooperation Treaty.

of the lowest ratios of scientists and engineers per million people. Part of this shortage is attributed to lack of quality higher education institutions. Even with a large population base, India is projected to have 25 per cent shortage of engineers in the country by 2025. In terms of patents granted per million population, India fares badly compared to other BRICS countries. In terms of company spending on R & D also India is far below China.

Legal Services

10.39 Legal services have been growing at a steady rate of 8.2 per cent in each of the years from 2005-06 to 2012-13. India is ranked 40, with a score of 4.7, in terms of judicial independence by the Global Competitiveness Report 2013-14, an improvement from 45th rank in 2012-13. As regards efficiency of the legal framework in settling disputes, India is ranked 62nd, with a score of 3.8, a decline of three positions from 59th rank a year before. India is ranked 48th when it comes to the efficiency of the legal framework in challenging regulations, with a score of 3.8, an improvement from 52nd position in the previous year.

10.40 The National Legal Services Authority (NALSA) constituted under the Legal Services Authorities Act 1987 monitors and evaluates implementation of legal aid programmes and lays down policies and principles for making legal services available under the Act. To familiarize law students of the country with the problems faced by the masses ignorant about their rights and remedies under the law, the Legal Services Clinic in University, Law Colleges and other Institutions scheme was started in 2013. During 2013-14 more than 22.23 lakh persons have benefited through legal aid services in the country. Out of them, about 29,000 persons belong to the scheduled castes, 24,844 to the scheduled tribes, more than 58,883 are women, and 8,134 are children. During this period, more than 1,13,838 Lok Adalats have been organized which settled more than 90.14 lakh cases including 1.17 lakh motor accident claim cases.

Real Estate Services and Housing

10.41 Real Estate and ownership of dwellings with a share of 5.9 per cent in India's GDP, grew by 5.6 per cent in 2012-13. Real estate in particular, grew by 26.1 per cent. Housing activities have both forward and backward linkages which not only contribute to capital formation, generation of employment, and income opportunities but also to economic growth. Estimates show that every rupee invested in housing and construction adds 78 paise to the GDP.

10.42 House prices have skyrocketed over the years in many cities and towns as per the National Housing Bank's RESIDEX index of residential prices in India across cities. As compared to 2007 (base year), the prices of residential properties during the period 2007-2013 have witnessed increases in 24 cities with the maximum increase in Chennai (230 per cent) followed by Pune (135 per cent), Bhopal (123 per cent), and Mumbai (122 per cent). Only two cities have witnessed decline in prices with the maximum decrease observed in Kochi (-15 per cent) followed by Hyderabad (-7 per cent). During 2013, out of 20 cities, 13 witnessed increase in prices

India's capacity for innovation has been lower than that of other BRICS countries except Russia.

over 2012 with the maximum increase observed in Jaipur (21 per cent) followed by Bhubaneswar (17 per cent), 7 saw decline in prices over the previous year, with the maximum fall witnessed in Ludhiana (-16 per cent) followed by Vijayawada (-13 per cent).

10.43 A major policy concern for India is the widening gap between demand and supply of housing units and inadequate housing finance solutions. Nearly 30 per cent of the country's population lives in cities and urban areas and this figure is projected to reach 50 per cent in 2030. The present urban housing shortage is 18.78 million units of which 95.6 per cent is in economically weaker sections (EWS) / low income group (LIG) segments and requires huge financial investment. A number of incentives/initiatives are being taken for promoting affordable housing such as allowing external commercial borrowing (ECB) for low cost affordable housing projects. In the Union Budget 2013-14, for housing loans up to ₹ 25 lakh taken for the first home in FY 2013-14, an additional deduction of interest of up to ₹ 1,00,000 was given for the assessment year 2014-15. An Urban Housing Fund with a corpus of ₹ 2000 crore was also announced. Accordingly, the National Housing Bank (NHB) has formulated a new refinance scheme for channelizing funds into the urban housing sector. The scheme seeks to augment resources and improve credit availability for meeting the housing needs of people in lower income segments residing in urban areas. Till 31 March 2014, the NHB had disbursed ₹ 441.15 crore under this scheme to various primary lending institutions (PLIs). In order to overcome the constraints faced during the pilot phase of implementation of the Interest Subsidy Scheme for Housing the Urban Poor (ISHUP), the government has designed a Revised Interest Subsidy Scheme, renamed the Rajiv RinnYojana (RRY), as an additional instrument for addressing the housing needs of EWS/LIG segments in urban areas. Under the RRY, the amount of loan has been revised upwards to ₹ 5.0 lakh for EWS and ₹ 8.0 lakh for LIG beneficiaries with an interest subsidy up to a maximum of ₹ 5.0 lakh for both categories.

10.44 Institutional credit for housing investment is an important factor. Though it is growing at a CAGR of about 18-20 per cent per annum with mortgages as a percentage of GDP rising from 3.4 per cent in 2001 to 9 per cent in 2012-13, it is well below countries like China, Thailand, and Malaysia. Procedural delays are another major constraint in this sector. According to the World Bank's Doing Business 2014, India ranked 182nd in terms of construction permits, requiring a total of 35 procedures to get permits as compared to an average of 16 in South Asia and 13 in OECD (Organisation for Economic Cooperation and Development) countries. These issues need to be addressed to make housing not only affordable but also easy to own.

TRADE

10.45 The trade sector includes wholesale and retail trade in all commodities whether produced domestically, imported, or exported. It covers activities of purchase and selling agents, brokers, and auctioneers. The ₹ 14, 79,787 crore trade sector with a share of 15.8 per cent in GDP, grew by 4.8 per cent in 2012-13. A study in 2008

by the International Council for Research on International Economic Relations (ICRIER) has estimated the employment in retail trade at 35.1 million, constituting 7.3 per cent of the workforce in the country. A large number of small and decentralized traders dominate the Indian retail market. One estimate puts their number at 1.3 crore.

10.46 As per the AT Kearney's Global Retail Development Index (GRDI), India slipped to 14th rank in 2013 from 5th rank in 2012. Its previous low ranking was sixth in the inaugural Index in 2002, and it was in first place as recently as 2009. Same-store sales volume growth slowed in 2012 across retail, particularly for lifestyle and value-based formats. High operating costs, low bargaining power with vendors, and heavy discounting to improve sales have affected profits and expansion plans. Real estate cost and space availability also remain important issues. Many players are actively looking to improve sales productivity, cut operating costs, and reduce store size. However, the long-term fundamentals remain strong, in particular with a large young and increasingly brand- and fashion-conscious population. Retail growth of 14 to 15 per cent per year is expected through 2015.

10.47 In 2012, the government allowed 100 per cent FDI in single-brand retail for the first time. Several single-brand retailers entered India in many sectors: apparel and beauty (e.g. Brooks Brothers, Kenneth Cole, Sephora, and Armani Junior), standalone boutiques (e.g. Roberto Cavalli and Christian Louboutin), and food (e.g. Starbucks and Dunkin' Donuts). In multi-brand retail, the government allowed 51 per cent FDI starting in early 2013 with preconditions about investment, sourcing, store locations, and state government approval. Online shopping is in the early stages, with e-commerce sales at less than 1 per cent of total retail sales, but growth is expected as more people access the Internet. Mobile phones, electronic appliances, apparel, movies, music, and books are the fastest-growing categories.

10.48 Both wholesale and retail trade within the country is governed by many controls, multiple organizations, and a plethora of orders. This has resulted in a fragmented market hindering the free flow of goods within the economy, higher transportation cost, and in general, a lower level of efficiency and productivity. Unfettered flow of goods and services is an essential pre-requisite for building a common national market that will promote growth and trade across regions and also enable specialization and higher levels of economic efficiency.

Media and Entertainment Services

10.49 The Indian media and entertainment industry comprises various segments that include television, print, films, radio, music, animation, gaming and visual effects, and digital advertising. The industry has recorded unprecedented growth over the last two decades, making it one of the fastest growing industries in India. According to a report by FICCI-KPMG, the Indian media and entertainment industry grew by 11.8 per cent to ₹ 918 billion in 2013 from ₹ 821 billion in 2012 and is projected to grow at a CAGR of 14.2 per cent to reach ₹ 1786 billion by 2018. Digital advertising

and gaming, which grew by 38.7 per cent and 25.5 per cent respectively in 2013, are projected to drive the growth of this sector in the coming years.

10.50 India has one of the largest broadcasting industries in the world with close to 161 million TV households. There are about 800 satellite television channels, 88 teleports, 245 FM radio channels, and 170 community radio stations operating in India. The Government of India has embarked on an ambitious exercise of digitizing its cable network in four phases leading to complete switch off of analog TV services by 31 December 2014. The first two phases of cable TV digitization have been successfully completed. In phase I, which was completed on 31 October 2012, out of four metro cities, three—Delhi, Mumbai, and Kolkata—have achieved full digitization. Chennai is yet to undergo full transition owing to pending court cases. Phase II was concluded on 31 March 2013 in 36 cities (having population more than 10 lakh) spanning 14 states and 1 UT. Three crore set top boxes (STBs) were installed in the first two phases. It is estimated that state governments and the Government of India stand to gain significantly, as transparency in the subscriber base through digitization would lead to manifold increase in the tax collection. Preliminary data from state governments shows that there is already two- to three-fold increase in entertainment tax collection. There is also good opportunity for local manufacturing of STBs, leading to employment generation. Phase III, covering other urban areas and Phase IV the rest of India, are slated for completion by 30 September 2014 and 31 December 2014 respectively. DTH (direct to home) in India is also growing at a fast pace and as per the FICCI-KPMG Report 2014 it is growing at a rate of about one million per year. HITS (headend in the sky) technology will play a key role in achieving the goal of 100 per cent digital distribution in India. At present 2 HITS operators have been permitted to operate by the Government of India.

10.51 The effect of digitization is being felt in the film sector as well. With about 95 per cent of India's cinema screens already digitized, the industry is poised for buoyant growth in the long run. Piracy remains a challenge to the Indian film industry. The Government of India has approved an anti-piracy plan to put an effective legal mechanism in place for combating piracy and creating public awareness among all the stakeholders through multimedia campaign in PPP mode. So far it has signed co-production agreements with nine countries, namely the UK, Italy, Brazil, Germany, France, New Zealand, Poland, Canada, and Spain. The government has accorded permission to shoot in India to 31 foreign production houses in 2013-14. In order to preserve the rich heritage of multifaceted Indian cinema, construction of the international standard National Museum of Indian Cinema in Mumbai, an ambitious plan of the Government of India, is under implementation. The construction of the first phase has been completed and it will be opened for the general public shortly.

Box 10.1 : Services Sector Reforms: Some Major Issues and Big Ticket Sectors

Many issues both general and sector specific including domestic regulations hinder the growth prospects of the services sector, which if addressed deftly could help the sector and lead to exponential gains for the economy.

General Issues:

Nodal agency and marketing: Despite having strong growth potential in various services sub-sectors, there is no single nodal department or agency for services. An inter-ministerial committee for services has been set up under the Department of Commerce. But services activities cover issues beyond trade and a more proactive approach and proper institutional mechanism is needed to weed out unwanted regulations and tap the opportunities in the services sector in a coordinated way. There is also need for promotional activities for service exports like setting up a portal for services, showcasing India's competence also in non-software services in trade exhibitions, and engaging dedicated brand ambassadors and experts.

Disinvestment: There is plenty of scope for disinvestment in services PSUs under both central and state governments. Speeding up disinvestment in some services-sector PSUs could not only provide revenue for the government but also speed up the growth of these services.

Credit related: The issues here include 'collateral free' soft loans to support the sector's cash needs and possibility of considering even export or business orders as collateral for credit-worthy service firms.

Tax and Trade Policy related: These include use of 'net' instead of 'gross' foreign exchange criteria for export benefit schemes, the issue of retrospective amendments of tax laws like amendment to the definition of royalty to include payment of any rights via any medium for use of computer software, tax administrative measures to tackle delay in refunds, introducing VAT (value added tax) refund for foreign tourists, and addressing the issue of bank guarantees based on past performance to avail of export promotion benefits in services.

Sector-wise issues:

Tourism and hospitality sector: India's share in world tourist inflows was only 0.64 per cent in 2012 (rank 41), while that of the USA was 6.47 per cent (rank 2) and China 5.57 per cent (rank 3). India's share in world tourism expenditure is relatively higher at 1.65 per cent (rank 16) implying that foreign tourists spend relatively more in India. Singapore, a small country, attracted 11.10 million tourists in 2012, while a large country like India attracted only 6.97 million foreign tourists during 2013. Some suggested measures include creating world class tourism infrastructure even by PPP; addressing multiple taxation issues; skill and etiquettes training to cater to the needs of tourists; special focus on cleanliness at tourist sites and safety of tourists; using the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) for creating permanent assets like tourism infrastructure and facilities; organizing mini India cultural shows on a daily basis at important tourist sites that will not only attract tourists but also generate employment for Indian artists; and implementing urgently visa on arrival and E visa facilities at 9 airports to 180 countries barring 8 'prior reference' countries, a decision on which has already been taken.

Port services: India does not have world class ports with the necessary draft. As a result, third-generation ships are not able to enter the harbour and goods have to be offloaded outside in smaller ships, adding to costs. India has made great strides in developing airport infrastructure and laying of metro lines. Its immediate focus should be on building world class ports providing world class services that will also help the trade sector by reducing costs and turnaround time in ports. There are also issues like the many port charges in India and the port charges in India being considerably higher than in many developed countries.

Shipping, shipbuilding, and ship repairs: Given that the share of Indian ships in the carriage of India's overseas cargo has fallen sharply and Indian ships are ageing, there is urgent need to replace our ageing ships with new ones. While the time is opportune for increasing our shipping fleet, with prices falling on account of global slowdown, a special financing mechanism needs to be developed. This also brings to focus the importance of India's shipbuilding industry which has the capacity and expertise but is functioning below capacity. Government-owned shipyards like Visakhapatnam are facing problems like declining orders. With the need to replace many of our old ships and a growing ship repairs business, special attention can be given to utilizing India's shipbuilding and repairs yards and further enhancing their capacity.

Railways: India's FDI policy restricts FDI in rail transport, except in mass rapid transit systems. FDI and privatization in the railways could be the next big ticket reforms. A proposal has been initiated by Indian Railways, for making suitable changes in the existing FDI policy in order to allow FDI in railways, to foster creation of world class rail infrastructure. The proposal envisages allowing FDI in all areas of the rail sector except railway operations. Even in railway operations, FDI is proposed in PPP projects, for suburban corridors, high speed train systems, and dedicated freight lines. While privatization of railways has been successful in some countries like Japan, it has failed in some others like the UK. So this proposal needs to be examined carefully and quickly to allow privatization/ FDI in areas where it is feasible.

Source : Based on Dr H.A.C. Prasad, Dr R. Sathish, and Salam Shyamsunder Singh (2014), working paper 1/2014-DEA on 'Emerging Global Economic Situation: Opportunities and Policy Issues for Services Sector' and updates from some ministries and institutions.

CHALLENGES AND OUTLOOK

Challenges

10.52 India's growth story with a services-led growth has been unique for a developing country. The immediate challenge in this sector is revival of growth. While this could be achieved through reforms and speeding up of the policy decision making, a targeted approach with focus on big ticket services as mentioned in Box 10.1 could lead to a rebounding of services-sector growth for India. Some services like software and telecom were big ticket items that gave India a brand image in services. While further focus on these services is needed to retain and further our lead, the time has come to focus on some other high potential big ticket items that have high manufacturing-sector and employment linkages (Box 10.1).

Some services like software and telecom were big ticket items that gave India a brand image in services. The time has come to focus on some other high potential big ticket items that have high manufacturing-sector and employment linkages.

OUTLOOK

10.53 India's services sector which was growing at a steady rate of over 10 per cent since 2005-06 has shown subdued performance in the last three years. The resilience of services growth witnessed even during and in the aftermath of the 2008 global recession has started waning, though services sector growth is still higher than that of other sectors. While the slowdown in the manufacturing and mining sectors directly affected some services like railways, shipping, ports, and other related services on account of the strong linkage effect, other services were affected by the income effect with slowdown in growth of both global and domestic incomes.

10.54 There was also lacklustre performance of community and social services, which had shown robust growth in 2008-09 and 2009-10 owing to the payment of arrears to government employees as per the sixth pay commission recommendations resulting in high growth in the public administration and defence category. However, the good performance by some important sectors like financing, insurance, real estate and other business services, and community social and personal services other than public administration and defence helped pull up services growth rate to modest levels of 7 or near 7 per cent in the last three years.

There are signs of services-sector revival in 2014-15. Some quick reforms and removal of barriers and obsolete regulations could further help this revival.

10.55 Going forward, the year 2014-15 seems to augur well for the services sector with expansion in business activity in India as also indicated by some indices. There are also signs of revival in growth of the aviation sector with the announcement of new players like Air Asia and Tata-SIA Airline after a turbulent period of withdrawals and losses by some airlines. Indications of revival in world GDP and trade growth in general and of developed countries in particular, could help in revival of the tourism and shipping sectors. With a stable government in place and growing optimism which could translate into investment and growth, some quick reforms and removal of some barriers and obsolete regulations in the services sector could help. The downside risk however is the fragile global situation.

Chapter 11

Energy, Infrastructure and Communications

As the growth of the economy in general and the manufacturing sector in particular is largely dependent on creation of suitable infrastructure, the policy focus in India has been on infrastructure investment. Such investment has increased manifold over time with increased private-sector participation in the country. The Twelfth Five Year Plan has also laid special emphasis on infrastructure development as quality infrastructure is important not only for sustaining high growth but also ensuring that the growth is inclusive. Large infrastructure investment during the last decade or so has helped India emerge as one of the fastest growing economies in the world. However, over the past few years, need has been felt to kick-start stalled infrastructure projects by stepping up infrastructure investment, improving the productivity and quality of infrastructure spending, removing procedural bottlenecks, and improving governance. In the current perspective, the real challenge is not only to identify a core set of projects that are crucial for accelerating overall economic growth but also to ensure channelization of investment for such viable infrastructure projects and expedite their implementation by addressing issues like delays in regulatory approvals, land acquisition and rehabilitation in fast-track mode.

OVERVIEW OF PERFORMANCE

11.2 Availability of quality infrastructure is key for the growth of industry and services. From the infrastructure development perspective, while important issues like delays in regulatory approvals, problems in land acquisition and rehabilitation, and environmental clearances need immediate attention, time overruns in the implementation of projects continue to be one of the main reasons for underachievement in many of the infrastructure sectors. According to the Ministry of Statistics and Programme Implementation (MOSPI) Flash Report for February 2014, of 239 central-sector infrastructure projects costing ₹ 1000 crore and above, 99 are delayed with respect to the latest schedule and 11 have reported additional delays with respect to the date of completion reported in the previous month. The additional delays in respect to projects relating to the petroleum, power, steel, and coal sectors are in the range of 1 to 26 months. The total original cost of implementation of these 239 projects was about ₹ 7,39,882 crore and their anticipated completion cost is likely to be ₹ 8,97,684 crore, implying an overall cost overrun of ₹ 1,57,802 crore (21.3 per cent of the original cost). The expenditure incurred on these projects till February 2014 was ₹ 4,10,684 crore, which is 45.7 per cent of the total anticipated cost.

Time overruns in the implementation of projects continue to be one of the main reasons for underachievement in many of the infrastructure sectors.

11.3 Major sector-wise performance of core industries and infrastructure services during 2013-14 shows a mixed trend. While the growth in production of power and fertilizers was comparatively higher than in 2012-13, coal, steel, cement, and refinery production posted comparatively lower growth. Crude oil and natural gas production declined during 2013-14. Among infrastructure services, growth in freight traffic by railways and cargo handled by major ports and the civil aviation sector (except import cargo) has been comparatively higher during 2013-14. In the road sector the National Highways Authority of India (NHAI) posted negative growth of 33 per cent during 2013-14 as compared to the 26.5 per cent growth during 2012-13.

ENERGY

11.4 According to the Twelfth Plan projections, total domestic energy production will reach 669.6 million tonne of oil equivalent (MTOE) by 2016-17 and 844 MTOE by 2021-22. This will meet around 71 per cent and 69 per cent of expected energy consumption, with the balance to be met from imports, projected to be about 267.8 MTOE by 2016-17 and 375.6 MTOE by 2021-22. Even though the domestic production of energy is projected to increase, import dependence will continue to be high, particularly for crude oil where nearly 78 per cent of the demand will have to be met from imports by the end of the Twelfth Plan. Import dependence for coal is also projected to increase from 18.8 per cent in 2011-12 to 22.4 per cent by the end of the Twelfth Plan. It is further estimated that import dependence for coal, liquefied natural gas (LNG), and crude oil taken together in the terminal year of the Twelfth Plan is likely to remain at the Eleventh Plan level of 36 per cent.

Even though the domestic production of energy is projected to increase, import dependence will continue to be high, particularly for crude oil where nearly 78 per cent of the demand will have to be met from imports by the end of the Twelfth Plan.

Reserves and Potential for Energy Generation

11.5 The potential for energy generation depends upon the country's natural resource endowments and the technology to harness them. India has both non-renewable reserves (coal, lignite, petroleum, and natural gas) and renewable energy sources (hydro, wind, solar, biomass, and cogeneration bagasse). As on 31 March 2012 India's estimated coal reserves were about 294 billion tonnes, lignite 42 billion tonnes, crude oil 760 million tonnes, and natural gas 1330 billion cubic metres (BCM). The total potential for renewable power generation as in March 2012 was 89,774 MW. The estimated reserves of non-renewable and potential from renewable energy resources change with the research and development (R&D) of new reserves and the pace of their exploration.

Energy Production and Consumption

11.6 In last four decades, i.e. from 1970-71 to 2011-12, the compound annual growth rate (CAGR) of production of the primary sources of conventional energy, namely coal, lignite, crude petroleum, natural gas, and electricity (hydro and nuclear) generation, was 4.9 per cent, 6.2 per cent, 4.2 per cent, 8.7 per cent, and 4.3 per cent respectively. In the same period, consumption of coal, lignite, crude oil in terms of refinery throughput, natural gas (off-take), and electricity (thermal, hydro, and nuclear) increased at a CAGR of 4.9 per cent, 6.2 per cent, 6.0 per cent, 10.7 per cent, and 7.1 per cent respectively.

Per capita energy consumption grew at a CAGR of 4.1 per cent during this period. The consumption pattern of energy by primary sources expressed in terms of peta joules shows that electricity generation accounted for about 57.6 per cent of the total consumption of all primary sources of energy during 2011-12, followed by coal and lignite (20 per cent) and crude petroleum (18.8 per cent).

POWER

Generation

11.7 Electricity generation by power utilities during 2013-14 was targeted to go up by 6.9 per cent to 975 billion units. The growth in power generation during 2013-14 (April-March) was 6.0 per cent, as compared to 4.0 per cent during April 2012 to March 2013 (Table 11.1).

Category	April-March			
	2011-12	2012-13	2013-14	Growth (per cent) (2012-13 to 2013-14)
Power generation	876.89	912.06	967.15	6.04
Hydroelectric#	130.51	113.72	134.85	18.58
Thermal	708.81	760.68	792.48	4.18
Nuclear	32.29	32.87	34.27	4.14
Bhutan import	5.29	4.80	5.60	16.75

Source: Ministry of Power.

Note: #Includes generation from hydro stations above 25 MW.

Table 11.1 : Power Generation by Utilities
(Billion KWh)

11.8 In the thermal category, growth in generation from coal, lignite, and gas-based stations was of the order of 8.3 per cent, -0.3 per cent, and -33.4 per cent respectively. The overall plant load factor (PLF), a measure of efficiency of thermal power stations, during April 2013 to March 2014 declined to 65.55 per cent as compared to a PLF of 70.13 per cent achieved during April 2012 to March 2013.

11.9 The sector-wise and region-wise break-ups of the PLF of thermal power stations from 2010-11 to 2013-14 show change over time as well as region. The PLF of state-sector utilities remained lower than that of private-sector and central-sector utilities. The energy deficit declined from 8.5 per cent in the terminal year of the Eleventh Plan (2011-12) to 4.2 per cent during 2013-14 and peak deficit from 10.6 per cent to 4.5 per cent.

Capacity Addition

11.10 The capacity-addition target for the Twelfth Plan period is estimated at 88,537 MW, comprising 26,182 MW in the central sector, 15,530 MW in the state sector, and 46,825 MW in the private sector respectively. The capacity-addition target for the year 2012-13 was 17,956.3 MW, against which a record capacity addition of 20,622.8 MW (20,121.8 MW thermal and 501 MW hydro) was achieved—the highest-ever annual capacity addition. The capacity-addition target for the year 2013-14 was 18,432.3 MW against which a capacity addition of 17,825.1 MW has been achieved.

Ultra Mega Power Project Initiatives

11.11 The Ministry of Power launched an initiative for development of coal-based supercritical Ultra Mega Power Projects (UMPP) of

about 4000 MW capacity each. Four UMPPs, namely Sasan in Madhya Pradesh, Mundra in Gujarat, Krishnapatnam in Andhra Pradesh, and Tilaiya in Jharkhand, have already been transferred to the identified developers and are at different stages of implementation. The Mundra UMPP (5x800 MW) is fully commissioned and is generating electricity. Three units of the Sasan UMPP (3x660 MW) have been commissioned so far. The remaining units of Sasan and other awarded UMPPs are expected to come up in the Twelfth Plan (except the last unit of the Tilaiya UMPP, which is likely to come up in the Thirteenth Plan).

Changes in Mega Power Policy

11.12 In February 2014 the Government of India approved changes in mega power policy for provisional mega power certified projects. For availing the benefit of a mega certificate, the developers of provisional mega projects must tie up at least 65 per cent of installed capacity/net capacity through competitive bidding and up to 35 per cent of installed capacity/net capacity under regulated tariff as per specific host state policy, as the case may be and approved by the respective regulators under long-term power purchase agreements (PPA) with Discoms/state-designated agency. This dispensation would be one time and limited to the 15 projects (19,000 MW) that are located in the states having mandatory host state power to tie up policy of PPAs under regulated tariff. Further the maximum time period has been extended to 60 months from 36 months from completion of the date of import of provisional mega projects (25 projects of 32,000 MW) for the purpose of furnishing the final mega certificates to the tax authorities. Some of the recent initiatives to augment power generation in the country are provided in Box 11.1.

PETROLEUM

11.13 In order to meet the ever-growing demand for petroleum products, the government has consistently endeavoured to enhance exploration and exploitation of petroleum resources, along with developing a concrete and structured distribution and marketing system. Despite this, crude oil production for 2013-14 remained stagnant at around 37.8 million metric tonnes (MMT) as against 37.9 MMT in 2012-13, showing a marginal decrease of about 0.20 per cent. The bulk of crude oil production is from ageing fields, with the exception of the Krishna Godavari (KG) deep-water and Rajasthan blocks. Production of crude oil was also affected by environmental issues, bandhs/blockades, lower base potential, and delay in production from wells in some states. The average natural gas production for 2013-14 was about 35.4 BCM as against 40.7 BCM for 2012-13, showing a decline of about 13 per cent.

In order to meet the ever-growing demand for petroleum products, the government has consistently endeavoured to enhance exploration and exploitation of petroleum resources, along with developing a concrete and structured distribution and marketing system.

Exploration of Domestic Oil and Gas

11.14 India has an estimated sedimentary area of 3.14 million sq. km, comprising 26 sedimentary basins. A total of 254 production-sharing contracts (PSCs) have so far been signed under nine rounds of New Exploration Licensing Policy (NELP) bidding, of which 148 blocks are currently operational and the remaining 106 have been relinquished by the contractors. An area of 1.5 million sq. km

Box 11.1 : Recent Initiatives for Augmenting Power Generation in India

Automatic approval for foreign direct investment

- Automatic approval (Reserve Bank of India [RBI] route) for 100 per cent foreign equity is permitted in generation, transmission and distribution, and trading in the power sector without any upper ceiling on the quantum of investment. The government on 22.08.2013 notified its revised position on foreign direct investment (FDI) cap for power exchanges registered under Central Electricity Regulatory Commission (CERC) Regulations 2010 as 49 per cent (26 per cent FDI+23 per cent foreign institutional investment [FII]) through automatic route.
- **Signing of fuel supply agreements** The Cabinet Committee on Economic Affairs (CCEA) in a meeting held on 21 June 2013 issued a directive to the Ministry of Coal/Coal India Limited to sign fuel supply agreements (FSAs) for a total capacity of 78,000 MW, including tapering linkage, which are likely to be commissioned by March 2015. With concerted efforts made in this regard, FSAs have been signed for 160 units totalling capacity around 74,000 MW.

Allocation of new coal blocks to the NTPC

- The National Thermal Power Corporation (NTPC) has been allocated four coal blocks (Banai, Bhalumuda, Chandrabila, and Kudanali-Laburi) in August 2013 for power projects of 8460 MW.

Pass-through mechanism

- Pass-through mechanism for the concluded PPAs has been approved by the CCEA (14,000 MW-Case I and Case II post 2009 plants) in June 2013.
- The CERC/State Electricity Regulatory Commissions (SERC) have been advised to consider the request of individual power producers in this regard as per due process on a case-by-case basis in public interest. The appropriate commission has been requested to take immediate steps for the implementation of this decision of the government.

Incorporation of PPA condition for coal block allocation

- The Ministry of Coal has issued letters to independent power producers (IPP) and state governments for incorporating the PPA condition at the time of executing mining lease with IPPs for coal block allocation so that the benefits of low cost coal can be passed on to the consumers.

Independent Coal Regulatory Bill

- The Independent Coal Regulatory Bill has been approved by the Cabinet on 27 June 2013. The Ministry of Coal introduced the Bill in Parliament in December 2013. An executive order for setting of coal regulation has been issued by the Ministry of Coal.

Third-party sampling and quality control mechanism

- The Ministry of Coal/ Coal India Limited agreed to third-party sampling at loading points to address the issue of coal quality in October 2013. A Coal India Limited (CIL)-appointed agency for third-party sampling has been operational w.e.f. 1.10.2013.

has so far been awarded under the NELP, which works out to almost 48 per cent of the total sedimentary area in the country. Current average oil production from the NELP blocks is about 6938 barrels per day and gas production 14.13 million cubic metres (MCMs) per day. Activities related to the tenth round of NELP bidding (NELP-X) have been initiated. A total of 86 blocks (30 deep water, 23 shallow water and 33 on land) have been tentatively proposed. Inter-ministerial clearances are under way.

Domestic Exploration of Other Gaseous Fuel

Coal Bed Methane

11.15 India has the fourth largest proven coal reserves in the world and holds significant prospects for exploration and exploitation of coal bed methane (CBM). Under the CBM policy, 33 exploration blocks have been awarded in Andhra Pradesh, Assam, Chhattisgarh, Gujarat, Jharkhand, Madhya Pradesh, Maharashtra, Orissa, Rajasthan, Tamil Nadu, and West Bengal. Of the total available coal-bearing area of 26,000 sq. km for CBM exploration in the country, exploration has been initiated in about 17,000 sq. km. The estimated

CBM reserves in the country are about 92 trillion cubic feet (TCF), of which only 9.9 TCF has so far been established. Commercial production of CBM in India has now become a reality with current production at about 0.45 million metric standard cubic metre per day (MMSCMD).

Shale Gas

11.16 Shale gas can emerge as an important new source of energy. India has several shale formations which seem to hold shale gas. The shale gas formations are spread over several sedimentary basins such as Cambay, Gondwana, Krishna-Godawari onland, and Cauvery. The Director General of Hydrocarbons (DGH) has initiated steps to identify prospective areas for shale gas exploration. A multi-organizational team (MOT) of the DGH, Oil and Natural Gas Corporation (ONGC), Oil India Limited (OIL), and Gas Authority of India Limited (GAIL) has been formed by the government to examine the existing data set and suggest a methodology for shale gas development in India. Further, a memorandum of agreement (MoU) between the Department of State, USA, and Ministry of Petroleum and Natural Gas has been signed for assessment of shale gas resources in India, imparting training to Indian geo-scientists and engineers, and assistance in the formulation of regulatory frameworks. Under the MOU signed with the USA, the US Geological Survey (USGS) has estimated the technically recoverable shale gas resource for three basins as 6.1 TCF. Further studies by the USGS are in progress.

Shale gas can emerge as an important new source of energy. India has several shale formations which seem to hold shale gas.

Equity Oil and Gas from Abroad

11.17 In view of the unfavourable hydrocarbon demand-and-supply balance in the country, acquiring equity oil and gas assets overseas is important for enhancing energy security. The government is encouraging national oil companies to aggressively pursue equity oil and gas opportunities overseas. Oil and Natural Gas Corporation Videsh Limited (OVL) has produced about 8.357 MMT of oil and equivalent gas during 2013-14 from its assets in Sudan, Vietnam, Venezuela, Russia, Syria, Brazil, South Sudan, and Colombia. The estimated oil and equivalent gas production target for 2014-15 is about 8.155 MMT. The reasons for lower overseas production are geopolitical problems in south Sudan and Syria. Oil public-sector units (PSU), namely OVL, Indian Oil Corporation (IOC), OIL, Bharat Petroleum Corporation Limited (BPCL), Hindustan Petroleum Corporation Limited (HPCL), and GAIL have acquired exploration and production (E&P) assets in more than 20 countries.

In view of the unfavourable hydrocarbon demand-and-supply balance in the country, acquiring equity oil and gas assets overseas is important for enhancing energy security.

Refining Capacity

11.18 The Indian refining industry has done exceedingly well in establishing itself as a major player globally. India is emerging as a refinery hub and refining capacity exceeds demand. The last decade has seen tremendous growth in the sector. The country's refining capacity has increased from a modest 62 million metric tonne per annum (MMTPA) in 1998 to 215.07 MMTPA as on 1 April 2014, and comprises 22 refineries, with 17 under the public sector, 3 under the private sector, and 2 in joint venture (JV). By the end of the Twelfth Five Year Plan, refinery capacity is expected to reach

307.37 MMTPA. Refinery crude throughput (crude oil processed) for 2013-14 was about 222.70 MMT as against 219.21 MMT for 2012-13, showing a marginal increase of about 1.59 per cent. During 2013-14, a total of 68.4 MMT of petroleum products, valued at ₹ 3,71,143 crore, was exported against 63.4 MMT, valued at ₹ 3,20,090 crore, during 2012-13. Exports of petroleum products during 2013-14 were higher by 7.9 per cent and 16.0 per cent in terms of quantity and value respectively, as compared to the previous year.

NON-CONVENTIONAL ENERGY

Ethanol-blended Petrol

11.19 The government started the Ethanol Blended Petrol (EBP) Programme in 2003. In 2006 it was extended to the entire country, except the north-eastern states, Jammu and Kashmir, Andaman and Nicobar Islands, and Lakshadweep. To boost the EBP Programme, the government decided on 22 November 2012 that 5 per cent mandatory ethanol blending with petrol should be implemented across the country. Procurement price of ethanol was henceforth to be decided between oil marketing companies (OMCs) and suppliers of ethanol. The OMCs are implementing the Programme in the notified 20 states and 4 union territories (UT) as per the availability of ethanol.

New and Renewable Energy

11.20 The Planning Commission has indicated that the Twelfth Plan envisages development of renewable and non-conventional energy sources to the tune of 5 MTOE by oil PSUs. Accordingly, oil PSUs have taken various initiatives for renewable energy by way of solar and wind energy projects and for non-conventional energy by way of CBM, basin-centred gas (BCG), and underground coal gasification (UGC) projects during 2010-11 to 2013-14. MOUs for setting up of special purpose vehicles (SPVs) on renewable energy installations and off-grid applications have accordingly been signed between the Ministry of Petroleum and Natural Gas (MOPNG) and Ministry of New and Renewable Energy (MNRE) on 25 February 2014.

COAL

11.21 The gap between demand and supply has consistently been increasing. At the end of the Eleventh Five Year Plan, the gap was about 100 MT and it has now increased to 145 to 150 MT. The report of the Working Group of Coal and Lignite for the Twelfth Five Year Plan projected the coal demand in India to grow at a CAGR of 7.1 per cent till 2016-17 and reach 980.5 MT annually under realistic demand. With a projected growth rate of 7.0 per cent, demand is expected to reach 1373 MT by 2021-22. The overall long-term demand for coal is closely linked to the performance of the end-use sectors. In India, the main end-use sectors of coal are thermal power generation (60 per cent), iron and steel (7 per cent), and cement (5 per cent), apart from irregular demand from the unorganized small-scale sector comprising primarily the brick and ceramics industry. Sharp deceleration in the production of natural gas in the past two-three years has further increased the energy sector's dependence on coal.

The overall long - term demand for coal is closely linked to the performance of the main end-use sectors, i.e. thermal power, iron and steel, and cement.

11.22 The performance of the coal sector in the first two years of the Twelfth Plan has been subdued with domestic production at 556 MT in 2012-13 and 566 MT in 2013-14. Overall domestic demand for coal during these two years was in the range of 715-720 MT. Demand was mainly driven by the power generation sector, whereas demand in the iron and steel and cement sectors had moderate growth rates. To fill the gap between domestic demand and supply, the country imported about 146 MT of coal at a cost of ₹ 92,538 crore during 2012-13 and about 169 MT at a cost of ₹ 95,175 crore during 2013-14 (provisional). The cost of imports would have been much higher had there not been a slide in coal prices in the international markets in the last two years. With the stagnant domestic coal production, coal imports are likely to surge in the remaining three years of the Twelfth Plan. In terms of value, coal remains the third highest imported item after petroleum, oil, and lubricants (POL) and gold and its rising trend will keep putting pressure on India's current account balance. Table 11.2 gives figures for production, supply, and import of coal.

Year	All India coal		CIL		Import		Total import
	Production	Off-take/ supply	Production	Off-take/ supply	Coking	Non-coking	
2008-09	492.76	489.17	403.73	400.72	21.08	37.92	59.00
2009-10	532.04	513.80	431.26	415.22	24.69	48.57	73.26
2010-11	532.70	523.47	431.32	423.78	19.48	49.43	68.92
2011-12	539.95	535.30	435.84	432.62	31.80	71.05	102.85
2012-13	556.40	569.76	452.21	464.77	35.56	110.22	145.78
2013-14*	565.64	571.04	462.53	471.50	—	—	168.50

Source: Ministry of Coal.

Notes: *Provisional;

Sharp deceleration in the production of natural gas in the past two-three years has further increased the energy sector's dependence on coal.

With stagnant domestic coal production, coal imports are likely to surge in the remaining three years of the Twelfth Plan.

Table 11.2 : Production, Off-take, and Import of Coal from 2008-09 to 2013-14 (million tonne)

RAILWAYS

11.23 The demands of a growing economy require Indian Railways (IR) to expand its freight network, increase its ability to carry higher freight per wagon, and the efficiency of the rail system for faster delivery, and improve the reach and quality of its passenger services. In order to meet these challenges, and also keeping in view the overall thrust of the Twelfth Five Year Plan (2012-17), the policies of IR currently focus on creation of additional capacity, modernization of the existing network, improvement in asset utilization and productivity, and modernization of rolling stock and maintenance practices to bring about overall improvement in the quality of railway services, while augmenting profitability and internal resource generation. The broad objective of IR is to develop a strategy to be a part of an effective multi-modal transport system and to ensure an environment-friendly and economically efficient transport movement.

The broad objective of Indian Railways is to develop a strategy to be a part of an effective multi-modal transport system and to ensure an environment-friendly and economically efficient transport movement.

Freight Performance of IR

11.24 Freight loading (excluding loading by Konkan Railways) by IR during 2012-13 was placed at 1008.09 million tonnes, as against 969.05 million tonnes in 2011-12, registering an increase of 4.03 per cent, with incremental loading of 39.04 million tonnes

over 2011-12 levels. During 2013-14, IR carried 1050.18 million tonne of revenue-earning freight traffic, as against a revised target of 1052 million tonnes. The freight carried shows an increase of 42.09 million tonnes over the freight traffic of 2012-13, translating into an increase of 4.18 per cent. Box 11.2 provides details of progress made on the Eastern and Western Dedicated Freight Corridors.

High Speed Trains

11.25 The Ministry of Railways, in consultation with state governments, has selected seven corridors for carrying out pre-feasibility studies for introduction of high speed passenger trains. High speed train projects are highly capital intensive in nature, requiring high passenger volumes and high tariff to justify investment. A business development study for the Mumbai-Ahmedabad high speed corridor has been undertaken by French Railways. The study is likely to be completed in 2014. A joint feasibility study for the Mumbai-Ahmedabad high speed corridor, co-financed by IR and JICA was also initiated in December 2013 and is likely to be completed in about 18 months. Box 11.3 provides other initiatives taken by IR in 2013-14.

ROADS

11.26 India has one of the largest road networks in the world, spread over 48.65 lakh km. It comprises national highways, expressways, state highways, major district roads, other district roads, and village roads with following length distribution (Table 11.3).

National Highway Development Project

11.27 The National Highways (NHs) with a total length of 92,851 km, serve as the arterial network of the country. The development of NHs is the responsibility of the Government of India, which has been mandated to upgrade and strengthen a total of 54,478 km of NHs, through various phases of the National Highways Development Project (NHDP). A total length of 21,787 km has been completed till March 2014 under various phases of the NHDP. The National Highways Authority of India (NHAI) awarded 5083 km and 6491 km of road in 2010-11 and 2011-12 respectively for development. However, the pace of awarding, which slowed down due to various reasons in 2012-13 continued even during 2013-14. While in 2012-13, a total of 1116 km was awarded, 17 projects for a length of 1436 km with a total project cost of ₹ 7256 crore have been awarded in 2013-14. Also a length of 1172 km of NHs was awarded under NHDP-IV in the Ministry in 2013-14. In spite of several constraints due to the economic downturn, the NHAI constructed 2844 km length in 2012-13, its highest-ever annual achievement. During 2013-14 a total of 1901 km of road construction was completed. Box 11.4 outlines some of the initiatives taken by the government to expedite NHDP projects.

Financing of the NHDP

11.28 A part of the fuelcess imposed on petrol and diesel is allocated to the NHAI for funding the NHDP. The NHAI leverages this to borrow additional funds from the debt market. Till date, such borrowings have been limited to funds raised through 54 EC (capital gains tax exemption) bonds and tax-free bonds. The

Box 11.2 : Dedicated Freight Corridor Project: Progress So Far

The Eastern and Western Dedicated Freight Corridors (DFC) are a mega rail transport project being undertaken by the Ministry of Railways to increase transportation capacity, reduce unit costs of transportation, and improve service quality. Of the 1839 km of the Eastern DFC, which extends from Dankuni near Kolkata to Ludhiana in Punjab, the World Bank is funding 1183 km from Ludhiana to Mughalsarai, in three phases. The loan agreement and civil construction contracts for Phase-1, namely the Khurja-Kanpur section, are already in position and work is in progress. For implementing Phase-2, namely the Kanpur-Mughalsarai section, a loan of US \$100 million has been sanctioned.

For the last phase, i.e. the Ludhiana-Khurja-Dadri section, advance procurement action has been initiated. For the 1499 km Western DFC, which extends from Jawaharlal Nehru Port in Mumbai to Dadri near Delhi, complete funding from the Japan International Cooperation Agency (JICA) has been tied up, and construction is in progress on the 625 km Rewari-Iqbalgarh section and for 54 major and important bridges between Vaitarna and Bharuch. Construction contracts for over 600 km are at an advanced stage of award.

Approximately 96 per cent of the land required for the project, excluding the Sonnagar-Dankuni section to be implemented under public-private partnership (PPP), has been acquired, and land compensation award of ₹ 610 crore, has been declared as per provisions of the Railway Amendment Act 2008.

National Highways/

Expressway	92,851 km
State Highways	1,42,687 km
Other Roads	46,29,462 km

Source: Ministry of Road, Transport; and Highways.

Note: *Status as in May 2014.

Table 11.3 : Road Networks in India

Box 11.3 : New Initiatives by Indian Railways during 2013-14

- **Linking Kashmir Valley with the Jammu region:** The Pir Panjal tunnel, the longest tunnel in India, was opened successfully, establishing a railway link between Kashmir valley and the Jammu region, in June 2013.
- **IR enters the one billion tonne select club:** By achieving an originating freight loading of 1008.09 million tonnes (i.e. one billion plus) in 2012-13, IR entered the one billion tonne select club, joining the Chinese, Russian, and United States railways. Under the freight-loading strategy adopted by IR, special focus has been given to enhancing evacuation of coal from CIL sources.
- **High Speed Rail Corporation of India Limited set up:** The High Speed Rail Corporation of India (HSRC) has been launched as a subsidiary of Rail Vikas Nigam Limited. The HSRC has been set up to develop the high speed rail corridors in India in order to run passenger trains at speeds up to 350 km per hour. It will undertake project activities such as preparation of project-related studies and preparation of technical standards for the Mumbai-Ahmedabad corridor and any other corridor decided by the government. It will provide support to the government in finalizing the financial and implementation models.
- **Facilitating the visually impaired:** As a part of its social commitment to make IR more passenger-friendly for differently abled passengers, IR has decided to provide Braille stickers in coaches to facilitate visually impaired passengers. It is planned to use stickers with metallic base, with printed characters embedded on to the base. The Integral Coach Factory, a production unit of IR, has developed the specification for integrated Braille signages in coaches, in consultation with various blind associations, and inputs received from the Research Design and Standards Organisation (RDSO).
- **Safety for women:** In order to enhance the safety and security of women under the Nirbhaya Fund Scheme set up by the Ministry of Finance, the Ministry of Railways has proposed a pilot scheme for setting up an alert system in trains in select zones. The work was awarded to the Centre for Railway Information Systems (CRIS) in October 2013, with a completion period of 13 months, for conducting pilot projects in Central and Western Railways.
- **World's First Ever 5500 HP Locomotive as a Pilot Project:** IR has produced the world's first prototype 5500 HP diesel locomotive (WDG5), developed by Diesel Locomotive Works, Varanasi, a production unit of IR. The locomotive will be able to achieve 100 kmph speed on level track, with higher axle load. The 5500 HP WDG5 is primarily aimed at improving the throughput with higher balancing speeds, and is already running as a pilot project in North Central Railways.
- **Green Initiatives:** (i) The Ministry of Railways and Rail India Technical and Economic Service (RITES) Limited have formed the Railway Energy Management Company (REMC), a JV with a shareholding pattern of 49 and 51 per cent respectively, for undertaking IR projects related to harnessing green energy like solar and windmill power plants, power-trading activities, transmission lines and power evacuation planning, energy conservation initiatives, efficient coordination in power generation through captive power plant, and energy audits. The REMC will also facilitate faster execution of renewable energy and energy conservation works, with the aim of generating green power and reducing the energy bill of IR. The REMC has become functional and is working on setting up windmill and solar power plants, with about 40 per cent subsidy from the MNRE. To begin with, 200 railway stations, rooftops of 26 buildings, and 2000 level crossing gates will be covered.

government has also taken loans for financing projects under the NHDP from the World Bank (US\$ 1965 million), Asian Development Bank (ADB) (US\$ 1605 million), and Japan Bank for International Cooperation (32,060 million yen) which are passed on to the NHAI partly in the form of grants and partly as loan. The NHAI has also taken a direct loan of US\$ 149.73 million from the ADB for the Manohar Expressway Project.

Development of Roads in Left Wing Extremism-affected Areas

11.29 The government on 26 February 2009 approved the Road Requirement Plan (RRP) for upgrading of 1202 km of NHs and 4363 km of state roads (total 5565 km) to two-lane at a cost of ₹ 7300 crore in 34 left wing extremism (LWE)-affected districts in Andhra Pradesh, Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Maharashtra, Odisha, and Uttar Pradesh for inclusive growth of these areas. Under the RRP, development of 2929 km length had been completed till 2013-14 with cumulative expenditure of ₹ 3878 crore. The development of roads under the programme is scheduled to be completed by March 2015.

Prime Minister's Reconstruction Plan for J&K

11.30 The Prime Minister announced a Reconstruction Plan for Jammu and Kashmir during his visit to the state in November 2004. Construction of the Mughal Road, widening of the Domel-Katra road (NH-1C), double-laning of the Botote-Kishtawar-Sinhanpass-Anantnag Road (NH-1B), upgrading of the Srinagar-Uri Road (NH-1A), construction of the Khanabal-Pahalgam Road, construction of the Narbal-Aangmarg Road, and double-laning of the Srinagar-Kargil-Leh Road (NH-1D) are the seven works under this project amounting to ₹ 3300 crore. An expenditure of around ₹ 2,996 crore has already been incurred as on March 2014.

CIVIL AVIATION

Air Passenger and Cargo Traffic

11.31 Domestic passenger traffic handled at Indian airports reached 122.43 million during April to March 2013-14. This is an increase of 5.2 per cent over the domestic passenger traffic throughput of 116.37 million for the same period during 2012-13. International passenger traffic handled at Indian airports was placed at 46.62 million during 2013-14 as against 43.03 million during the corresponding period of the previous year, thereby recording a growth rate of 8.34 per cent. International cargo throughput at Indian airports during 2013-14 was 1.44 MMT as compared to 1.41 MMT during the previous year. During the reference period, domestic cargo throughput stood at 0.84 MMT as against 0.78 MMT, thereby recording an increase of 7.7 per cent.

Airport Infrastructure

11.32 The Airports Authority of India (AAI) is a major airport operator managing 125 airports across the country including 26 civil enclaves at defence airports and is also entrusted with the sovereign function of providing air traffic services in India. To enhance airport infrastructure in India, modernization of existing airport infrastructure in metro and non-metro cities and construction of greenfield airports were contemplated.

11.33 Modernization of Kolkata Airport has been taken up whereby construction of a terminal building with a 20 million passenger capacity has been commissioned and completed. In order to increase airside capacity, the secondary runway has been extended by 431 m. Under modernization of Chennai Airport, new domestic and international terminal buildings with an annual capacity of 10 million and 4 million passengers respectively were commissioned and constructed. To augment airside capacity, extension of the secondary runway by 1032 m has also been undertaken. Modernization of Delhi and Mumbai Airports has been undertaken by JV companies and state-of-the-art facilities have been provided. Development of 35 non-metro airports which have been identified based on regional connectivity, development of regional hubs, etc., has been undertaken by the AAI. Out of 35 airports, work has been completed at 33. Development work for Vadodra and Khajuraho Airports is in progress.

Box 11.4 : Initiatives Taken by the Government to Expedite Projects under the NHDP

Project Preparation

- The NHAI has decided not to award projects till all pre-construction approvals are in place to avoid post-bid delays and litigations.

Streamlining of Land acquisition

- The process of land acquisition (LA) and collection of data on this acquisition has been streamlined by standardizing formats and collecting periodic data for effective monitoring of the LA process.
- Guidelines have been issued for streamlining the LA process, including those for continuation of the process in case of projects that are foreclosed, thereby removing any ambiguity and ensuring timely execution of pre-construction activities.

Streamlining of Environment Clearances

- The NHAI has taken several proactive measures and ensured that for existing and future projects the process of obtaining environment and forest clearances has been relaxed significantly.

Dispute Resolution

- Mechanisms for speedy resolution of long pending disputes in engineering procurement and construction (EPC) and built operate and transfer (BOT) projects have been established.
- Several contractors and concessionaires have opted for the same and successfully settled claims with the NHAI.

Exit for Equity Investors

- The NHAI has allowed complete exit to equity investors for all concessions post-completion of projects. This move is expected to unlock growth capital for utilization in future projects and infuse fresh capital into the sector.

Coordination with other ministries

- Several mechanisms have been established to ensure better coordination with other ministries, namely Railways, utilities-owning departments / ministries, etc. to ensure smooth execution of projects.

Investment by Foreign Airlines

11.34 Subsequent to Government of India's decision to permit 'foreign airlines' to invest in Indian scheduled air transport service operators, up to a limit of 49 per cent of their paid-up capital, proposals of M/s Air-Asia and Tata-Singapore Airlines for initial no objection certificates (NoC) have been approved. The validity of 'in principle' approval for import of aircraft by scheduled operators has been revised from 5 years to 10 years on account of longer delivery schedule of aircraft by manufacturers.

PORTS

Cargo Traffic at Indian Ports

11.35 During 2013-14 (April to March) major and non-major ports in India accomplished a total cargo throughput of around 980.49 million tonnes reflecting an increase of 5.0 per cent over 2012-13. This can mainly be attributed to an increase of 1.8 per cent in the cargo handled at major ports. In contrast, traffic at non-major ports grew at around 9.6 per cent during 2013-14 as compared to 9.8 per cent in 2012-13 (Table 11.4). During 2013-14, Ennore Port recorded the highest growth in traffic (52.9 per cent) followed by Paradip (20.3 per cent), Kolkata Dock System (8.7 per cent), New Mangalore Port Trust (6.3 per cent), Cochin Port (5.3 per cent), Mumbai Port (2.0 per cent), Haldia Dock Complex (1.5 per cent), and V.O.Chidambarnar (1.4 per cent). Negative traffic growth was reported by Visakhapatnam (-0.9 per cent), Jawaharlal Nehru Port Trust (JNPT) (-3.3 per cent), Chennai Port (-4.3 per cent), Kandla (-7.0 per cent), and Mormugao(-33.7 per cent).

	Traffic handled		Growth over previous year/period	
	2012-13	2013-14	2012-13	2013-14
Major ports	545790 (58.5)	555488 (56.7)	-2.6	1.8
Non-major ports	387867 (41.5)	425000 (43.3)	9.8	9.6
All ports	933657 (100)	980488 (100)	2.2	5.0

Table 11.4 : Traffic Handled at Indian Ports (ooo' tonnes)

Source: Indian Ports Association

Commodity-wise Cargo Traffic at Major Ports

11.36 At a broad commodity level, during 2013-14, coal, POL, and other cargo traffic posted growth of 20.6 per cent, 0.6 per cent, and 0.5 per cent respectively. The traffic in iron ore recorded negative growth of 13.0 per cent primarily owing to a ban on mining of iron ore. Fertilizer traffic also declined during 2013-14 by 7.0 per cent over the previous year. In terms of composition of cargo traffic handled at major ports during 2013-14, the largest commodity group (by percentage share in total cargo handled) was POL (34 per cent) followed by other traffic (22 per cent), container (21 per cent), coal (19 per cent), and iron ore (4 per cent).

Total container traffic at major ports decreased both in terms of tonne and twenty foot equivalent units (TEUs) by 4.3 per cent and 3.2 per cent respectively during April 2013 to March 2014. During this period JNPT emerged as the leading container-handling port with a 48.2 per cent share in terms of tonnage and 55.8 per cent in terms of TEUs.

TELECOMMUNICATIONS

11.37 The Indian telecom sector has registered phenomenal growth during the past few years and has become the second largest telephone network in the world, next only to China. A series of reform measures by the government, innovations in wireless technology, and active participation by the private sector played an important role in the growth of the telecom sector in the country. The details of the number of telephones, teledensity, and other key indicators of the telecommunications sector are given in Table 11.5.

	2012	2013	2014
1 Total telephones (million)	951.35	898.02	933.02
2 Rural teledensity (per cent)	39.26	41.05	44.01
3 Urban teledensity (per cent)	169.17	146.64	145.46
4 Overall teledensity (per cent)	78.66	73.32	75.23
5 Growth in total telephones (over previous year) (per cent)	12.41	-5.61	3.9

Source: Department of Telecommunications.

A series of reform measures by the government, innovations in wireless technology, and active participation by the private sector played an important role in the growth of the telecom sector in the country.

Table 11.5: Telephone Connections and Teledensity (at end March)

Spectrum Auction

11.38 The government announced the National Telecom Policy (NTP) in 2012. This is an initiative for creating a conducive policy framework for growth of the sector and for triggering an ecosystem for inclusive growth. NTP-2012 envisages adequate availability of spectrum and its allocation in a transparent manner through a market-related process. The auction of spectrum in the 800 MHz, 900 MHz, and 1800 MHz bands was conducted in March 2013. During this auction, there was one successful bidder in the 800 MHz band, who won 3.75 MHz of spectrum in each of eight service areas, namely Delhi, Kolkata, Gujarat, Karnataka, Tamil Nadu, Kerala, West Bengal, and Uttar Pradesh (West). However, no interest was expressed in bidding for spectrum in the 900 MHz and 1800 MHz bands. As a result, spectrum auction in the 900 MHz and 1800 MHz bands was conducted during February 2014. In the 1800 MHz category, 307.2 MHz out of 385.2 was sold. In the 900 MHz band, 46 MHz was put up for auction in the Delhi, Mumbai, and Kolkata service areas and all was sold out. The total amount of ₹ 61,162 crore obtained through auction of spectrum was 27.6 per cent more than the value of the spectrum on offer at reserve price.

NTP-2012 envisages adequate availability of spectrum and its allocation in a transparent manner through a market-related process.

Unified Licence

11.39 With a view to achieving the NTP-2012 objective of creating one nation-one licence across services and service areas, the Department of Telecom has finalized guidelines on unified licence.

As per these guidelines, the allocation of spectrum is delinked from the licence and has to be obtained separately as per prescribed procedure, i.e. bidding process. Only one unified licence is required for all telecom services in the entire country. Authorization for various services (like access services, National Long Distance services, international long distance services, internet service provider [ISP] services) will be required separately. A single authorization for the unified licence (all services) category will cover all telecom services except ISP (B) and ISP(C) services. The tenure of such authorization will run concurrently with the unified licence. Besides the entry fee for various telecom services has been reduced substantially.

Mobile Communication Services in LWE-affected Areas

11.40 In June 2013 the government approved a proposal to install mobile towers at 2199 identified locations in nine LWE-affected states (Andhra Pradesh, Bihar, Chhattisgarh, Jharkhand, Maharashtra, Madhya Pradesh, Odisha, Uttar Pradesh, and West Bengal) at a cost of ₹ 3046 crore. The work has been awarded to Bharat Sanchar Nigam Limited (BSNL) and funding for the project will be met out of the Universal Service Obligation Fund (USOF) for five years.

Rural Wireline Broadband Scheme

11.41 For providing wireline broadband connectivity up to village level in rural and remote areas, the USOF signed an agreement with BSNL under the Rural Wireline Broadband Scheme to provide wireline broadband connectivity to rural and remote areas by leveraging the existing rural exchanges infrastructure and copper wireline network. The speed of each of the broadband connections shall be at least 512 Kbps. Under this scheme, BSNL is to provide 8,88,832 wireline broadband connections to individual users and government institutions and set up 28,672 kiosks over a period of six years, i.e. by 2015. The estimated subsidy outflow is ₹ 1500 crore. As on 31 March 2014, a total of 5,89,783 broadband connections had been provided and 14,186 kiosks set up in rural and remote areas. The subsidy disbursed till 31 March 2014 under scheme was ₹ 329.55 crore.

URBAN INFRASTRUCTURE

Urban Infrastructure and Governance

11.42 The Jawaharlal Nehru National Urban Renewal Mission (JnNURM) was launched by the Ministry of Urban Development for a seven-year period (i.e. up to March 2012) for encouraging cities to initiate steps for bringing about improvements in their civic service levels in a phased manner. The government extended the tenure of the Mission for two years, i.e. from 1 April 2012 to 31 March 2014. Besides this, in January 2013, the government also approved a transition phase for launching of new projects under the JnNURM. The components under Urban Infrastructure and Governance (UIG), sub-mission of the JnNURM, are urban renewal, water supply (including desalination plants), sanitation, sewerage and solid waste management, urban transport, development of

heritage areas, and preservation of water bodies. Revised allocation for the UIG sub-mission for the Mission period is ₹ 31,500 crore. A sum of ₹ 5500 crore (budget estimates-BE) had been provided for the year 2013-14. As on 31 March 2014— under the first phase of the JnNURM, 538 projects at a total cost of ₹ 60,201 crore had been sanctioned under the UIG sub-mission with additional central assistance (ACA) of ₹ 27,655 crore, of which ₹ 21,119 crore was released to the 65 mission cities across 31 states/UTs.

Urban Infrastructure Development Scheme for Small and Medium Towns

11.43 The Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT) is a sub-component of the JnNURM for development of infrastructure facilities in all towns and cities other than the 65 Mission cities covered under its UIG sub-mission. For obtaining assistance under the UIDSSMT, states and urban local bodies (ULB) ULBs need to sign memorandums of agreement committing to the implementation of the reforms. Revised allocation for the UIDSSMT for the Mission period was ₹ 11,400 crore. From its inception in December 2005 till March 2014 a total of 801 projects across 668 towns and cities at a cost of ₹ 13,866 crore with ACA commitment of ₹ 11,197 crore had been sanctioned. A sum of ₹ 4488 crore (BE) was provided for the year 2013-14. Out of the committed ACA of ₹ 11,197 crore, ₹ 9996 crore had been released till 31 March 2014. During April 2013 to March 2014 ₹ 2919 crore was released as ACA under the UIDSSMT.

STREAMLINING ENVIRONMENTAL CLEARANCES

Institutional Factors

11.44 There is need for better and more effective coordination amongst various central ministries/ institutions regarding integration of environmental concerns at the inception/ planning stage of a project. Any fragmentation of current policies across several government agencies with differing policy mandates may also need to be addressed. Lack of trained personnel and a comprehensive database also leads to delay in many projects. Most of the state government institutions are relatively small and suffer from inadequacy of technical staff and resources. Although the overall quality of environmental impact assessment (EIA) studies and implementation of the EIA process have improved over the years, institutional strengthening measures such as training of key professionals and staffing with proper technical persons are needed to make the EIA procedure a more effective instrument for environment protection and sustainable development. The Ministry of Environment and Forests (MoEF) has recently taken a number of initiatives for streamlining environment clearance (EC) processes (Box 11.5) so as to enhance capacity for environmental governance.

There is need for better and more effective coordination amongst various central ministries / institutions regarding integration of environmental concerns at the inception/planning stage of a project.

11.45 A Committee under the Director National Environmental Engineering Research Institute (NEERI) has examined further simplification of procedures including doing away with the existing categorization of projects into categories A and B; relaxing general conditions relating to distance of project from state boundaries,

Box 11.5 : Initiatives for Streamlining Environment Clearance

- For linear projects, the requirement of obtaining Stage-I Forest Clearance (FC) before issuing EC has been dispensed with.
- Linear projects involving forest land have been exempted from Forest Rights Act (FRA) clearance subject to certain stipulations.
- For mining projects that have already obtained EC under EIA Notification 2006, the requirement of obtaining EC at the time of mine renewal has been dispensed with.
- For mining projects involving forest land, all state governments have been requested on 1 February 2013 to obtain approval under the Forest (Conservation) Act 1980 for diversion of entire forest land in the mining lease within a period of two years. For such existing mining leases, the project proponents have been asked to obtain the necessary approval within a period of two years, failing which the mine lease area would be considered as the area containing non-forest land and the forest land for which FC is available.
- For highway expansion projects, the requirement of obtaining terms of reference (TOR) has been dispensed with. Further, the conditions for obtaining EC for national highway expansion projects have been relaxed. Now only those expansion projects will require EC where the expansion is greater than 100 km involving right of way or land acquisition greater than 40 m on existing alignments and 60 m on realignments or bypasses.
- Guidelines have been issued for categorization of category B projects into B1 and B2. B2 projects do not require public hearing and preparation of EIA reports and therefore taking decisions on EC of such projects is quicker. All category B projects are decided at state level.
- For UMPPs, the EC could now be considered without linking it with the requirement of obtaining EC and Stage-I FC of linked coal mine.
- For one-time expansion in existing coal mine projects, exemption from public hearing was earlier allowed for capacity expansion up to 25 per cent. Recently it has been further relaxed. For projects with capacity of up to 8 million tons per annum, the limit has now been increased to 50 per cent or incremental production of up to 1 MTPA, whichever is more.
- Forests (Conservation) Amendment Rules 2014 have been issued stipulating timelines for processing of FC applications at each level in the central and state governments. Simplified format for submission of application for obtaining FC for prospecting activities in forest areas has been prescribed.

critically polluted areas, etc.; and guidelines to expert appraisal committees (EACs)/state-level expert appraisal committees (SEACs) for exempting from EIA and public hearing in respect of expansion projects. The Committee has since submitted its report which is under examination in the Ministry.

INFRASTRUCTURE DEVELOPMENT IN INDIA: A MACRO PERSPECTIVE

11.46 The need for infrastructure development for economic prosperity and global integration cannot be overemphasized. Lack of infrastructure not only results in reduced economic output, it also translates into additional costs in terms of time, effort, and money for accessing essential services such as health care and education. Rapid economic growth in recent years has put enormous pressure on existing infrastructure, particularly in transport, energy, and communications. Unless it is significantly improved, infrastructure will continue to be a bottleneck for growth and an obstacle to poverty reduction. In other words, the challenge is to ensure strong, sustainable, and balanced development through integration of economies with environmentally sustainable development of infrastructure. In order to ensure accelerated growth in the infrastructure sector, the government has taken several initiatives in the recent past (Box 11.6).

The challenge is to ensure strong, sustainable, and balanced development through integration of economies with environmentally sustainable development of infrastructure.

Box. 11.6 : Recent Initiatives for Development of the Infrastructure Sector in India

The following initiatives have been taken in the recent past in order to ensure accelerated growth in the infrastructure sector:

(a) Harmonized Master List of Infrastructure Sub-sectors: To resolve the issue of uniform definition of infrastructure, a Harmonized Master list of Infrastructure Sub-sectors has been drawn up and published in the Gazette of India dated 7 October 2013. An institutional mechanism has been set up under the chairmanship of the Secretary, Department of Economic Affairs, with representation from the Planning Commission, Department of Revenue, Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), Insurance Regulatory and Development Authority (IRDA), Pension Fund Regulatory and Development Authority (PFRDA), and concerned ministry for updating the master list and revisiting the sub-sectors outside the master list on the basis of well-defined principles.

(b) Infrastructure Financing

(i) **The Cabinet Committee on Investment (CCI)** set up under the chairmanship of the Prime Minister on 2 January 2013 to expedite clearances and decisions on large infrastructure projects, cleared 303 projects with aggregate investment of ₹ 6,95,437 crore up to end February 2014.

(ii) **Infrastructure Debt Fund:** The government has conceptualised infrastructure debt funds (IDF) for sourcing long-term debt for infrastructure projects. Potential investors under IDFs may include off-shore institutional investors, off-shore high networth individuals (HNIs), and other institutional investors (insurance funds, pension funds, sovereign wealth funds, etc.). An IDF can be set up either as a trust or as a non-banking financial company (NBFC). The income of IDFs has been exempted from income tax. So far, two IDF-NBFCs and five IDF-mutual funds (MFs) have been operationalized.

(iii) **Tax-free Bonds:** The government has attempted to broaden the corporate bond market by accordin tax-free status to infrastructure bonds for addressing the specific needs of infrastructure deficit, especially in sectors such as roads, ports, airports, and power, which are essential for economic growth in any country. During financial year 2013-14, the government has allowed issue of tax-free bonds amounting to ₹ 50,000 crore, to central public sector undertakings (CPSUs), for a period of 10, 15, and 20 years.

(iv) **Municipal Borrowing:** With a view to deepening the bond markets for infrastructure finance, draft guidelines/ framework has been prepared for issuance of municipal bonds in India.

(c) Public-Private Partnership Initiatives in India

The Government of India is promoting public-private partnerships (PPP) as an effective tool for bringing private-sector efficiencies in creation of economic and social infrastructure assets and for delivery of quality public services. By end March 2014 there were over 1300 projects in the infrastructure sector with a total project cost (TPC) of ₹ 6,94,040 crore. These projects are at different stages of implementation, i.e. bidding, construction, and operational.

(i) **Viability Gap Funding for PPP Projects :** Under the scheme for financial support to PPPs in infrastructure (Viability Gap Funding [VGF] Scheme), 178 projects have been granted approval with a TPC of ₹ 88,697 crore and VGF support of ₹ 16,894 crore, of which ₹ 1455 crore has been disbursed.

(ii) **Support for Project Development of PPP Projects:** The India Infrastructure Project Development Fund (IIPDF) was launched in December 2007 to facilitate quality project development for PPP projects and ensure transparency in procurement of consultants and projects. So far 53 projects have been approved with IIPDF assistance.

(iii) **National PPP Capacity Building Programme:** The National PPP Capacity Building Programme was launched in December 2010, and has been rolled out in 16 states and two central training institutes, i.e. the Indian Maritime University and Lal Bahadur Shastri National Academy of Administration. The roll-out in the respective institutes commenced in 2011-12. So far, 160 training programmes have been conducted to train over 5000 public functionaries who deal with PPPs in their domain.

(iv) **Online toolkits for PPP projects** for five sectors are available on the Department of Economic Affairs, Ministry of Finance, website on PPPs, i.e. www.pppinindia.com. The PPP toolkit is a web-based resource that has been designed to help improve decision making for infrastructure PPPs in India and to improve the quality of infrastructure PPPs that are implemented in India.

FINANCING INFRASTRUCTURE

Recent Trends in Credit Flow to the Infrastructure Sector

11.47 The India Infrastructure Finance Company Limited (IIFCL) was set up in 2006 for providing long-term financing for infrastructure projects that typically involve long gestation periods. The IIFCL funds viable infrastructure projects through long-term debt as well as refinance to banks and financial institutions for loans approved by them. During 2013-14, the IIFCL mobilized long-term resources primarily from multilateral and bilateral

institutions like the ADB, World Bank, and KfW aggregating ₹ 1605 crore as compared to ₹ 1080 crore raised during 2012-13. During 2013-14, the IIFCL:

- i) successfully mobilized ₹ 9840.74 crore through tax-free bonds issue as against ₹ 10,000 crore allocated to the IIFCL.
- ii) signed an agreement with the ADB for another line of credit for US\$ 700 million and also executed a Finance Contract Agreement with the European Investment Bank (EIB) for a line of credit of Euro 200 million.
- iii) sanctioned two more pilot transactions for proposed bond issuance of around ₹ 1417 crore taking cumulative sanctions for four transactions amounting to around ₹ 2200 crore under its Credit Enhancement Scheme (pilot basis).
- iv) further disbursed ₹ 1058 crore under the Take-out Finance Scheme taking cumulative disbursements from 27 banks/ financial institutions to ₹ 3819 crore.
- v) was allowed to offer financial assistance to PPP projects with tenors longer than other consortium lenders and remain as sole lender, if necessary, after other lenders are paid. This will enable spreading the debt repayments over a longer period which will benefit PPP infrastructure projects with improved liquidity, better viability, and reduced restructuring risk.

Deployment of Gross Bank Credit

11.48 The latest available data on gross deployment of bank credit to major infrastructure sectors shows that the rate of growth of bank credit moderated from an average of 44.8 per cent in 2011-12 to 17.7 per cent in 2013-14 (Figure 11.1). Power had an over 50 per cent share in total credit flow to infrastructure. However, the rate of growth of credit to this sector also moderated from an average of 48.6 in 2010-11 to 25.0 per cent 2013-14. Both in terms of share in total credit to infrastructure and rate of growth, the telecom sector witnessed consecutive decline in the last three years (Table 11.6 and Figure 11.1).

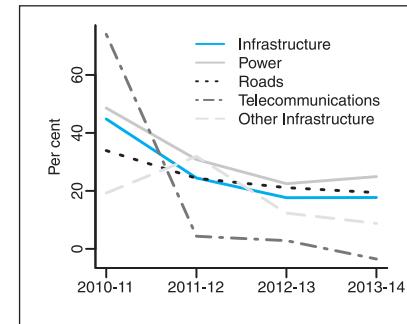


Figure 11.1 : Growth Rate (Avg. of 12 monthly y-o-y) of Credit to Infrastructure Sector

	(₹ crore)			
	2010-11	2011-12	2012-13	2013-14
Infrastructure total of which	463658	574794	676264	794991
(i) Power	231467	301327	369596	460087
(ii) Telecommunications	88432	89930	92450	89098
(iii) Roads	81556	101362	122778	146486
(iv) Other Infrastructure	62203	82175	91440	99319
Share in total infrastructure (per cent)				
(i) Power	49.92	52.42	54.65	57.87
(ii) Telecommunications	19.07	15.65	13.67	11.21
(iii) Roads	17.59	17.63	18.16	18.43
(iv) Other Infrastructure	13.42	14.30	13.52	12.49

Table 11.6: Sectoral Share of Credit: Infrastructure

Source: RBI, Absolute figures pertain to average of monthly outstanding.

Foreign Direct Investment into Major Infrastructure

11.49 The government has put in place a liberal foreign direct investment (FDI) policy, under which FDI up to 100 per cent is permitted under the automatic route in most sectors/activities. Further, the FDI policy is reviewed on an ongoing basis, with a view to making it more investor-friendly. Significant changes have been made in the FDI policy regime in recent times to ensure that India remains an increasingly attractive investment destination. As a result, total FDI inflows into major infrastructure sectors registered a growth of 22.8 per cent in 2013-14 as compared to a contraction of 60.9 per cent during 2012-13. Sectors recording positive growth included railway-related components, telecommunications, air transport (including air freight), and power (Table 11.7).

Significant changes have been made in the FDI policy regime in recent times to ensure that India remains an increasingly attractive investment destination.

Sector	2009-10	2010-11	2011-12	2012-13	2013-14
Power	1271.79	1271.77	1652.38	535.68	1066.08
Non-conventional energy	622.52	214.40	452.17	1106.52	414.25
Petroleum & natural gas	265.53	556.43	2029.98	214.80	112.23
Telecommunications	2539.26	1664.50	1997.24	303.87	1306.95
Air transport (including air freight)	23.71	136.60	31.22	15.89	45.95
Sea transport	284.85	300.51	129.36	64.62	20.49
Ports	65.41	10.92	0.00	0.00	0.31
Railway-related components	34.43	70.66	42.27	29.85	236.93
Grand Total	10578.92	6192.73	9690.06	3793.14	4657.2

Source: DIPP, Ministry of Commerce and Industry.

Note: 1. Amount includes the inflows received through SIA/FIPB route, acquisition of existing shares, and RBI's automatic route only.
2. Variation in data due to reclassification of some sectors.

Table 11.7 : Financial Year-wise FDI Flows to Infrastructure (US\$ million)

CHALLENGES AND OUTLOOK

11.50 The Twelfth Five Year Plan lays special emphasis on development of the infrastructure sector including energy as an imperative for sustaining high growth and also ensuring that the growth is inclusive. According to the Twelfth Plan projections, during the Plan period, i.e. 2012-17, an investment of US\$ 1 trillion is required in the infrastructure sector in India. About half of this is expected to come from the private sector. While large infrastructure investment during the last decade or so has placed India in the global league of fast growing economies, concerns have been raised over the past few years about stalled infrastructure projects. Stepping up infrastructure investment, improving productivity and quality of infrastructure spending, removing procedural bottlenecks, improving governance, and above all maintaining consistency in government's infrastructure policies are some issues that need to be urgently addressed in this context. Some sector-specific issues that need consideration are now discussed.

Power

11.51 The capacity-addition target for the Twelfth Plan period is estimated at 88,537 MW. Against this target, 38,583 MW capacity has been added till April 2014, which constitutes 43.6 per cent of the target envisaged in the Twelfth Plan. The individual targets achieved by the centre, states, and private sector during this period

While large infrastructure investment during the last decade or so has placed India in the global league of fast growing economies, concerns have been raised over the past few years about stalled infrastructure projects.

Power generation from additional capacity generated during the Twelfth Plan critically depends on ensuring fuel supply (coal as well as gas), improving the financial health of the state electricity boards (SEBs), and making PPAs of IPPs economically viable.

are 30.5 per cent, 47.2 per cent, and 49.7 per cent respectively. However, power generation from this additional capacity critically depends on ensuring fuel supply (coal as well as gas), improving the financial health of the state electricity boards (SEBs), and making PPAs of IPPs economically viable. All these factors also affect the capital expenditure programme in the power sector.

11.52 Private developers may not be able to finance projects if coal linkage issues are not resolved and there are delays in finalization of fuel supply agreements (FSA). While some decisions have been taken for restructuring Discoms' finances, these may need to be monitored and implemented in spirit. There is also a need to initiate sustained and meaningful SEB reforms by focusing on areas like tariff rationalization, minimizing AT & C losses, and linking incremental funding to SEBs with the reforms process undertaken by them. The power sector cannot deliver on its social commitments unless it is commercially and financially viable. To improve the financial health of the distribution utilities, measures are required for strengthening governance standards of Discoms, rationalizing the tariff structure, and optimizing procurement cost of power.

Coal

11.53 Based on the sectoral analysis carried out by various committees and institutions in the recent past (including the report of the Working group for the Twelfth Plan on Coal and Lignite), the demand and supply projections of the coal sector, and the current status of the coal mining, the following initiatives need to be expedited on priority basis:

➤ **Action points to accelerate coal production in the short term:**

- ❖ **Building critical feeder routes for coal:** The implementation of key infrastructure projects for evacuation and movement of coal will be of critical importance for enabling a step up in coal production. In order to transport coal from the pithead, three critical railway lines have been identified which include Tori-Shirvpur-Kathutia (90.7 km) in North Karanpura in Jharkhand, Jharsuguda-Barpalli-Sardegna (53 km) in Ib valley, Odisha, and Bhudevpur-Korichapar-Dharmjaigarh (180 km) in the Mand-Raigarh coal fields in Chattisgarh. Work on these critical routes needs to be expedited.
- ❖ **Clearing pending environment and forest clearances as well as rehabilitation issues** that have stalled coal production by private captive blocks and CIL subsidiaries on priority basis.

➤ **Permit commercial coal mining by the private sector:** A Bill to amend the Coal Mines (Nationalization) has been pending in the Rajya Sabha since 2000 and its passage needs to be expedited to permit private-sector entry into coal mining. In view of the deceleration in the coal prices in the global market, the government needs to have a stable long-term coal-mining policy to attract private-sector mining once the Act is amended. Since mining involves huge sunk cost, the government should allow only limited number of large domestic companies with proven

Challenges in the Coal Sector:

1. Building critical feeder routes for coal.
 2. Clearing pending environment and forest clearances and rehabilitation issues.
 3. Permitting commercial coal mining by the private sector.
 4. Restructuring of CIL.
-

track record to compete with CIL and also to bring in the latest technology and skills.

- **Restructure CIL:** CIL is a holding company with seven wholly owned coal-producing subsidiary companies and one mine planning and consultancy company, namely Central Mine Planning and Design Institute Limited (CMPDIL). It encompasses the whole gamut of identification of coal reserves and detailed exploration followed by design and implementation and optimizing operations for coal extraction in its mines. The T. L. Shankar Committee on Road Map for Coal Sector Reforms had recommended restructuring of CIL during the Twelfth Plan. The process needs to be pushed through swiftly.

Roads

11.54 Of late, financing of road projects has also run into difficulty as leveraged companies implementing road projects are unable to raise more debt in the absence of fresh equity. In current market conditions these firms are unable to raise new equity. Exit conditions, therefore, need to be eased in such a manner that promoters can sell equity positions after construction, passing on all benefits and responsibilities to entities that step in to take over the project. Promoters can then use the equity thus released for new projects. Further, the toll should have correlation with users' capacity to pay as well as reasonable payback for the financing entities. From the lending institutions' perspective, keeping in view of the asset-liability mismatch issue, there is a need to design new financing products so as to avoid undue burden on the developer. Going by international practice, concepts like 'traffic trigger' and 're-equilibrium discount' could be examined to see whether they can be applied to address some of the problems of the Indian road sector. A 'traffic trigger' clause in the contract implies that if a certain volume of identified traffic is reached, the concessionaire is obligated to increase roadways capacity in order to maintain a minimum level of service to users. The 're-equilibrium discount' is used to reduce tariff when performance parameters are not being met. A table of discounts is pre-defined in the contract. The discounts represent the resources that are not invested as a result of a failure to meet performance parameters.

Exit conditions therefore needs to be eased in such a manner that promoters can sell equity positions after construction, passing on all benefits and responsibilities to entities that step in to take over the project.

Telecommunications

11.55 Keeping in view the role of a robust telecom network in e-governance and delivery of public services, provisions for state-of-the art IT facilities in urban areas and creation of a digital highway and an action plan covering areas like policy change, regulations, physical infrastructure, and tax/fiscal need to be put in place in due course of time. To start with, policy for better spectrum management through trading and sharing of spectrum needs to be looked into so as to bring down the cost of spectrum. This may also pave the way for a liberal merger and acquisition policy as has been demanded by stakeholders from time to time. With a view to lowering the entry/exit barrier, there is also a need to look into separation of telecom networking from services. Further, local manufacturing, research, and entrepreneurship needs to be promoted with government assistance. Other issues requiring attention include strengthening a

Policy for better spectrum management through trading and sharing of spectrum needs to be looked into so as to bring down the cost of spectrum.

national fibre optic network, nationwide mobile number portability and rural telephony.

PPP

11.56 As highlighted in Economic Survey 2012-13, global experience indicates that PPPs work well when they combine the efficiency and risk assessment of the private sector with the public purpose of the government sector. They work poorly when they rely on the efficiency and risk assessment of the government sector and the public purpose of the private sector. India should be careful not to undertake PPPs that do not apportion risks and responsibilities sensibly. Moreover flexibility needs to be built into arrangements so that the contract can be withdrawn and put up for rebid when the private party underperforms. The early success of PPP projects in India was mainly due to the meeting of obligations by the stakeholder(s) in a timely manner as well as implementation of projects over reasonable timelines. However with economic slowdown, lower-than-expected demand for services and a sharp rise in input costs has started resulting in failure of contracting parties to meet their obligations as stipulated in the PPP agreements. As a result, the infrastructure gap has widened over the last few years. A model that depends on private capital may be difficult to implement if the companies executing infrastructure projects are financially stressed and not in a position to raise more funds in the absence of radical restructuring. Further, the execution, operation, and maintenance capacities of implementing agencies also need to be assessed and strengthened. The role of banks and financial institutions also needs a relook from the due diligence and appraisal perspective. Last but not the least, the ability of PPPs to become an efficient means of delivering public services will also crucially depend on the intention and spirit of all contractual parties to honour their respective commitments.

With economic slowdown, lower-than-expected demand for services and a sharp rise in input costs has started resulting in failure of contracting parties to meet their obligations as stipulated in the PPP agreements.

Infra Financing

11.57 Long-term finance for infrastructure projects is one of the issues that need to be addressed in the context of the limitation of banks to finance such projects. Infrastructure projects, given their long pay-back period, require long-term financing in order to be sustainable and cost effective. However, banks which have been the main source of funding for such projects are unable to provide long-term funding, given their asset-liability mismatch and the ceiling on their exposure limits. To address the problem of asset-liability mismatch, banks have a tendency to lend on floating rate basis which more often than not results in escalation of project cost because of interest rate fluctuations. Further, non-availability of products for hedging foreign exchange risks, especially long tenor loans as well as high cost of such hedging could be deterrent factor(s) in meeting the financing need of the infrastructure sector in the country. Absence of a well-developed corporate bond market has put additional burden on banks to meet the funding requirements of the corporate sector. A robust and transparent issuance and trading process, uniform stamp duty across states, a well-devised credit enhancement mechanism, an integrated trading and settlement mechanism, an integrated trading and settlement mechanism are some of the issues which need to be suitably addressed for the development of the corporate bond market in India.

Long-term finance for infrastructure projects is one of the issues that need to be addressed in the context of the limitation of banks to finance such projects.

A robust and transparent issuance and trading process, uniform stamp duty across states, a well-devised credit enhancement mechanism, an integrated trading and settlement mechanism are some of the issues which need to be suitably addressed for the development of the corporate bond market in India.

mechanism are some of the issues which need to be suitably addressed for the development of the corporate bond market in India.

11.58 Recognizing the constraint of incremental financing, banks have been permitted take out financing through the IDF route. IDFs have been put in place to channelize long-term debt from other sources, including domestic and foreign investors. Through innovative means of credit enhancement, policy interventions, and tax incentives, IDFs are expected to provide long-term low-cost debt for infrastructure projects by tapping into sources of savings like insurance and pension funds that have hitherto played a comparatively limited role in financing infrastructure. By refinancing bank loans of existing projects, IDFs are also expected to take over a fairly large volume of the existing bank debt that will release an equivalent volume for fresh lending to infrastructure projects. Besides augmenting debt resources for financing infrastructure, IDFs could also refinance PPP projects after their construction is completed and operations have stabilized. It may, however, be argued that after assuming risk till the long gestation projects come on stream and start generating revenues, banks may not be willing to trade good credit-risk projects for greenfield projects with much higher risk as envisaged under IDFs.

11.59 In the current global context, post the withdrawal of the stimulus package in the USA and other advanced economies, a major challenge for emerging market economies (EMEs) including India is to better equip themselves to face tight global financial and monetary conditions. However, in the background of unconventional monetary policies being adopted by developed countries and volatile capital flows, another challenge for EMEs is to devise unconventional development financing products with active support from multilateral development banks as well as international financial institutions for meeting the funding requirements of their infrastructure sector. The objective should be to devise mechanisms that can ensure flow of funds, especially if investments from conventional sources are not adequate for meeting the requirements of the infrastructure sector.

Chapter 12

Sustainable Development and Climate Change

Human-induced greenhouse gas (GHG) emissions are growing and are chiefly responsible for climate change. Being a global public good, greater effort at collective action to limit the increase in global average temperature to below 2°C above pre-industrial levels is required. Emerging and developing countries in South Asia and Africa, where there are greater needs for adaptation, particularly in view of the nature of livelihoods, are most vulnerable to the adverse impacts of climate change. The sustainable development path has economic implications. There is immense pressure on governments to act through two new agreements on climate change and sustainable development, both of which will be new global frameworks for action to be finalized next year. India has accommodated sustainability concerns in its development path but is constrained in its efforts as many needs are competing for a small amount of resources. The UNFCCC process must gather momentum for securing the global public good.

INTRODUCTION

12.2 Sustainable development is an imperative for achieving inter-generational equity and as a public good has a large global dimension. There has been significant progress on the development front with 116 countries so far meeting the millennium development goal (MDG) target for drinking water, and 77 meeting the sanitation target (Progress on Sanitation and Drinking Water- 2014 Update, WHO and UNICEF 2014). Energy intensity has declined worldwide including in many developing countries owing to technology changes and efficiency improvements. About 700 million fewer people lived in conditions of extreme poverty in 2010 as compared to 1990. The global goal of halving poverty was achieved in 2010. Remarkable gains in access to improved sources of water, the fight against malaria and tuberculosis, improved conditions for slum dwellers in cities, enrolment in primary education, and the advancement of women have been achieved. India too has made significant progress, which is detailed in Chapter 13.

12.3 The progress, however, is uneven, insufficient, and threatened by prospective future losses. Weather chronicles show each passing year being marked by some disasters or catastrophic events and increasing weather variability. A warming climatic system is expected to impact the availability of basic necessities like freshwater, food, and energy. This year, according to various

forecasts, the odds of an El Niño occurring are very high. A stronger-than-usual El Niño could trigger floods and droughts in different parts of the world, threaten food supplies, and create price volatility. This is particularly likely in South Asian countries with greater adaptation needs in view of the large population, vast coastline, and dependence of livelihoods on agriculture.

12.4 Emissions continue to rise and currently are crossing historic thresholds. GHG emissions grew on average 2.2 per cent per year between 2000 and 2010, compared to 1.3 per cent per year between 1970 and 2000 (IPCC WG III 2014). Clearly, the world is not on track for limiting increase in global average temperature to below 2°C above pre-industrial levels. Science in fact is repeatedly warning that the world is on a 4-6° C warming pathway. Mitigation is getting its fair share of attention in global efforts, but more urgent adaptation issues remain neglected for poor vulnerable countries to tackle as they are the ones most affected.

12.5 In the backdrop of non-achievement of MDG 7 (to ensure environmental sustainability) and growing GHG emissions, global sustainable development and climate change agendas are snowballing, hopefully towards a path-breaking climax in the agreements in 2015. Following the Rio+20 mandate, the global community is working to develop a set of sustainable development goals (SDGs) possibly to be integrated with the unfinished MDGs when they end in 2015. Simultaneously the global climate community faces a deadline for reaching an agreement in 2015, bringing in more than 190 countries to pledge emission cuts for the post 2020 period. This will be a first-ever global pact of its kind. While 2015 will be a landmark year for sustainable development and climate change policy, 2014 is the last chance for all stakeholders to introspect to be able to wisely choose the world they want post 2015.

12.6 While the debate goes on, India like many developing nations has not even utilized its fair share of the earth's carbon space, nor has it achieved basic minimum standards of living for its entire population. Per capita energy use in developing countries is only about 25 per cent that in developed economies on average (IPCC, WG III 2014). Besides, there is the issue of access to clean fuels for a sizeable proportion of the rural population. About 400 million Indians still do not have electricity in their homes and about 800 million use some form of biomass as their primary or only energy source for cooking, which is worrisome (Ministry of Statistics and Programme Implementation [MOSPI], Energy Statistics 2013 and World Bank).

12.7 The essence of sustainable development is meeting the needs of the present without jeopardizing the ability of future generations to meet their needs. The goals of economic and social development must be defined in terms of sustainability in all countries and the present and future consumption balance within nations has to be seen in relation to historical patterns of consumption. The key question, therefore, is whether countries like India are prepared to accommodate more global targets, given their domestic obligations of basic development including minimum necessary needs of the poor. The bottom half of the world can do its bit but it cannot be

The world is not on track for limiting increase in global average temperature to below 2°C. GHG emissions grew on average 2.2 per cent per year between 2000 and 2010, compared to 1.3 per cent per year between 1970 and 2000.

Two new global deals on climate change and sustainable development to be finalized in 2015 are being negotiated.

expected to shoulder the bulk of the world's development, sustainability, and climate crisis burden. It would therefore be instructive to look at sustainable development in the context of historical, spatial, and other dimensions.

SUSTAINABLE DEVELOPMENT

12.8 Environmental issues have for long been an integral part of Indian thought and social processes. India, a large and diverse country with only 2.4 per cent of the world's land area, accounts for 7.8 per cent of the recorded plant and animal species of the world. It is estimated that India is home to about one-sixth of the entire plant species of the world and of the 12 biodiversity hotspots of the world, 2 are in India (Compendium of Environmental Statistics in India, CSO 2013). Compared to 2009, there has been a net increase of 23.34 sq. km in India's mangrove cover (Brief Statement on Activities and Achievements, Ministry of Environment and Forests [MOEF] 2013). The country has enacted a number of legislations on conservation of forests and ecosystems, waste management, and pollution control. Recently President of India as well as the Prime Minister emphasized the need for sustainability and announced the launch of a "Swachh Bharat Mission" for ensuring hygiene, waste management and sanitation across the nation. While addressing Parliament after the formation of the new government, the President emphasized that the government strongly believes that environmental conservation can go hand in hand with development and assured that while putting the country on a high growth path, the government will keep sustainability at the core of India's planning process. The Twelfth Five Year Plan (2012-17) along with other national policies aims at addressing many such concerns. The government (centre and states) expenditure on social services as a proportion of GDP increased from 5.49 per cent in 2005-06 to 7.09 per cent in 2012-13 (budget estimates) (SAARC Development Goals: India Country Report 2013). While extensive efforts are being made by the government at home, India is equally engaged with the global community in drawing up an inclusive roadmap for sustainable development.

The President and the Prime Minister announced the launch of a 'Swachh Bharat Mission' for ensuring hygiene, waste management, and sanitation across India.

Thematic Areas for SDGs

12.9 India's progress in meeting the various targets under the MDGs in 2014, the penultimate year, is assessed in Box 12.1 (Chapter 13 contains details of the key individual indicators). With the MDGs due to end in 2015, international deliberations on a post 2015 development framework have commenced. There is also urgency to turn the vision for sustainable development into a set of goals and integrate the unfinished MDGs into the post 2015 development agenda. With the formulation of SDGs currently underway, a number of thematic focus areas for SDGs have been identified by the Open Working Group (OWG), which is a 30 member group tasked with the mandate of preparing a proposal on SDGs for consideration by the United Nations General Assembly. The major focus areas identified so far are: poverty eradication; food security and nutrition; health and population dynamics; education; gender equality and women empowerment; water and sanitation; energy; employment; sustainable cities and human settlements; sustainable production and consumption; and the means of implementation.

Box 12.1 : MDGs and Targets : Summary of Progress Achieved by India

Indicators	MDG Target 2015	Likely Achievement 2015
MDG 1: Eradicate Extreme Poverty and Hunger		
Target 1: Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day		
Proportion of population below poverty line (per cent)	23.9	20.74
MDG 2: Achieve Universal Education		
Target 3: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling		
Net enrolment ratio in primary grade (per cent)	100	100
Literacy rate (15-24 years)	100	100
MDG 3: Promote Gender Equality and Empower Women		
Target 4 : Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015		
Gender parity index (Ratio of boys to girls in primary education)	1	1
Share of women in wage employment in the non-agricultural sector (per cent)	50	23.1
MDG 4: Reduce Child Mortality		
Target 5: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate		
Under five mortality rate (per 1000 live births)	42	50
Infant mortality rate (per 1000 live births)	27	41
MDG 5: Improve Maternal Health		
Target 6: Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio		
Maternal mortality ratio (per 100,000 live births)	109	139
Proportion of births attended by skilled personnel (per cent)	100	62
MDG 7: Ensure Environment Sustainability		
Target 10: Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation		
Households with sustainable access to an improved water source (per cent)	Urban Rural	93.56 79.47
Households without access to sanitation (per cent)	Urban Rural	15.84 46.64
Source: Millennium Development Goals, India Country Report 2014, MOSPI.		
Note: Some of the major indicators have been included for this analysis for which data was available under targets with base year 1990.		
India's achievement with respect to MDGs is a mixed bag. For some indicators, India has already achieved or surpassed the target well ahead of the deadline, for example halving the percentage of population below the poverty line, well beyond the MDG target of 23.9 per cent, and is likely to achieve the target of 20.74 per cent people below the poverty line in 2015; in terms of Target 10, i.e. to halve the proportion of people with sustainable access to an improved water source, urban and rural outcomes have already surpassed the target levels of 93.56 per cent and 79.47 per cent respectively in 2012. MDG 2, of achieving universal primary education, is well on track. With respect to some targets, like the gender parity index and under five mortality rate, goals are likely to be reached by 2015. India is unlikely to reach the targeted level of maternal mortality rate of 109 per 100,000 live births by 2015. The other areas of concern relate to the share of women in wage employment in the non-agricultural sector, proportion of births attended by skilled personnel, and proportion of population with access to improved sanitation, where India is lagging by a huge margin.		

Sustainable Development Financing

12.10 Sustainable development implies higher input cost per unit of outcome or output at least in the short run (as compared to the business-as-usual path). Additional investment needs of developing countries for sustainable development are at about US\$ 1 trillion per year in the coming decades (World Economic and Social Survey, United Nations 2012). In recognition of the need for mobilizing these large resources in order to follow a sustainable development growth trajectory, member states at Rio+20 established an Intergovernmental Committee of 30 experts on Sustainable Development Financing for assessing financing needs and evaluating additional initiatives for an effective sustainable development financing strategy.

12.11 The developing countries including India have been stressing that Common but Differentiated Responsibilities (CBDR) and equity must continue to be the bedrock of ongoing and future sustainable development financing. Subsequently, the financial flows and the means of implementation thus strategized for pursuing a sustainable development trajectory must ensure that the provisions with regard to new and additional resources are both adequate and predictable. Some of the widely debated economic instruments/sources are very critical to India's development path and are discussed in the following sections.

CBDR and equity must continue to be the bedrock of ongoing and future sustainable development financing.

12.12 **Official Development Assistance (ODA):** ODA has shown volatile growth over the years, and has not kept pace with the economic growth of the donor countries. The Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC) donors' ODA represented 0.29 per cent of their gross national income in 2012, well short of the UN target of 0.7 per cent. By one estimate, shortfall of the past 30 years adds up to US\$ 3.1 trillion at 2005 prices (International Development Cooperation Today, Emerging Trends and Debates 2008). Clearly the shortfalls in delivering ODA commitments over the past decade are lost resources and opportunities that could have significantly contributed to development work.

12.13 **Non-ODA sources:** It is widely acknowledged that no single source will be sufficient for meeting the financing needs of sustainable development, given the enormity of resources required. Therefore, apart from ODA, various other sources are being assessed for their potential for contributing to sustainable development. In this context, a lot of emphasis is being placed on sources such as domestic resource mobilization (DRM), innovative international sources of financing, South-South cooperation, and private finance. There is a lot of pressure on countries to raise resources internally; however, DRM depends upon factors such as fiscal performance of the country, natural resource base, and size of tax base. While mobilization of domestic resources in developing countries has increased as a result of subdued consumption and a culture of high savings, the needs for even basic development far exceed available domestic finance, capacity, capability, and technology. The caution with regard to innovative financing sources is that, in identifying

new and innovative sources, it should be ensured that any new measure to raise revenues should not have any net incidence on developing countries. Also many of these innovative sources are technically and politically complex and need a coordinated process of further deliberation. South-South cooperation—a partnership among equals and an effort of the countries of the South to deal with their common problems voluntarily—has also emerged as an oft-cited solution. However, South-South cooperation can supplement not supplant North-South flows. For the South to do more, it is important that it grows within its own space. The private sector can also play only a supplementary role. Private-sector funding would demand a well-defined risk/reward profile for its investments. The extent to which private capital can be mobilized would itself depend on the amount of public sources available for playing the required catalytic role in attracting and leveraging private capital.

12.14 All options being debated have costs and have to be seen in the context of the size of the developing economies in comparison to the need for achieving a threshold level of development and simultaneously making development sustainable. More importantly, reforming the financial architecture, which could incorporate design criteria and principles such as accountability, transparency, country ownership, effective stakeholders' engagement, scalability, and flexibility, is critical to delivering the global sustainable development agenda. The extant global institutional architecture needs urgent reforms in the decision-making structure with respect to greater voice and participation of developing countries. Once the world recognizes that sustainable development is a common but differentiated responsibility and translates this responsibility into specific obligations along several fronts of sustainable development, a more evenly balanced architecture wherein each affected party is an equal stakeholder could emerge to deliver the commitments and monitor and track progress along the desired path.

No single source will be sufficient for meeting the global financing needs of sustainable development, given the enormity of resources required. All options being debated have costs and have to be seen in the context of their impacts on the developing economies.

CLIMATE CHANGE

Global Greenhouse Gas Emissions

12.15 Emissions have grown despite the efforts of a wide array of multilateral institutions as well as national policies aimed at their mitigation. The use of energy is by far the largest driver of emissions. The energy and industry sector in upper middle income countries accounted for 60 per cent of the rise in global GHG emissions between 2000 and 2010 (IPCC WGIII, 2014). Apart from sectors, countries too have made differential contributions to emissions. The developing countries particularly have contributed least to the problem but are the most exposed to the impacts. Though India's per capita CO₂ emissions increased from 0.8 to 1.7 metric tons from 1990 to 2010, it was well below that of the major economies of the world like the USA (17.6), Canada (14.7), China (6.2), and Brazil (2.2) and even substantially below the world average of 4.9 in 2010 (World Bank Database).

India's per capita CO₂ emissions increased from 0.8 to 1.7 metric tons from 1990 to 2010, however was well below the world average of 4.9 metric tons in 2010.

12.16 Even in terms of absolute contributions to historic stock of emissions, the Annex I countries (industrialized countries and economies in transition) by far lead the Non-Annex I (mostly low income and developing countries) ones. India's contribution to global emissions since 1850 to 2010 was only 2.7 per cent, while that of the USA was 27 per cent. Annex I countries account for nearly 70 per cent and Non-Annex I countries around 28.5 per cent of cumulative global emissions (The Final Report of the Expert Group on Low Carbon Strategies for Inclusive Growth, Planning Commission 2014). However, if recent growth rates in emissions are looked at, particularly after 1990, then emission growth in Non-Annex I countries has been faster as opposed to slow or declining growth in Annex I countries. Per capita emissions, even though high in absolute value, are steady or declining slowly in Annex I countries and in its sub-groups like the OECD countries and economies in transition (EIT), while steadily rising in non-Annex I countries, particularly Asia and many other economies, owing to rising income and population growth. Yet, according to projections, even two decades from now India's per capita GHG emissions will be well below the global average of 25 years earlier. Its per capita GHG emissions are estimated to be 2.1 tonnes of CO₂eq. (carbon dioxide equivalent) in 2020 and 3.5 tonnes of CO₂eq. in 2030. These figures compare favourably with the 2005 global average per capita GHG emissions of 4.22 tonnes of CO₂eq. (India's GHG Emission Profile, MOEF 2009). In fact, India has already committed that its per capita emissions will not exceed those of the developed countries under any circumstances.

India's per capita GHG emissions are estimated to be 3.5 tonnes of CO₂eq. in 2030, which compares favourably with the global average per capita GHG emissions of 4.22 tonnes of CO₂eq. in 2005.

India has already committed that its per capita emissions will not exceed those of the developed countries under any circumstances.

Analysis and Stocktaking of Domestic Plans

12.17 As a responsible country, India has taken several measures on the environment front to the extent its capacity permits. India has continually improved the efficiency of its economy and reduced CO₂ emissions per unit of GDP by 20 per cent between 1990 and 2011. India's renewable power capacity continued its strong growth, reaching 23 GW in January 2012, nearly 12 per cent of total power capacity (CO₂ Emissions from Fuel Combustion Highlights, IEA 2013). India's core plans for addressing climate change are outlined in the following sections.

Status/Progress on National Action Plan on Climate Change

12.18 The salient features of the national missions under the National Action Plan on Climate Change (NAPCC) have been discussed in previous Economic Surveys. This Survey looks at revised cost estimates, status of implementation, and progress so far.

12.19 **National Solar Mission:** Financial outlay allocated for the Twelfth Plan Period is ₹ 8795 crore. Table 12.1 reports targets and progress achieved so far.

12.20 **National Mission on Enhanced Energy Efficiency:** The total fund requirement assessed for the Mission for the Twelfth Plan Period is ₹ 190 crore. Notable progress achieved includes:

- Commencement of the first commitment period of PAT (Perform Achieve and Trade).

India is making progress in implementing national plans on climate change. It has reduced its CO₂ emissions per unit of GDP by 20 per cent between 1990 and 2011.

Mission deliverables	Target for 2013-17	Target for 2013-14	Achievement in 2013-14
Grid-connected solar power projects	9000 MW (3000 MW with central support and 6000 MW under state initiative)	1100 MW	522 MW
Off-grid solar power projects	800 MW	40 MW	22.7 MW
Solar heating – 70 lakh sq. m of collector area	70	5	5

Table 12.1 : National Solar Mission

- Expansion of the energy efficiency financing platform through memorandums of understanding (MoU) with public-sector banks.
- Implementation of the Compact Fluorescent Lamp Programme.
- Operationalization of the Partial Risk Guarantee Fund / Venture Capital Fund for Energy Efficiency.

12.21 National Mission on Sustainable Habitat (NMSH): The total fund requirement assessed for the Twelfth Plan Period for implementing the activities for the Mission is ₹ 950 crore, which is to be met from the existing budget of the Jawaharlal Nehru National Urban Renewable Mission. Notable progress achieved under the mission includes:

- NMSH standards developed for six sub-sectors, namely (a) solid waste management, (b) water and sanitation, (c) storm water drainage, (d) urban planning, (e) energy efficiency, and (f) urban transport for integration in developmental activities in the state.
- Energy Conservation Building Code 2007 made mandatory for new as well as old buildings and incorporated in the Central Public Works Department (CPWD) general specifications for electrical works in 2013.
- Green Building norms made mandatory for the CPWD since 2009 and incorporated in the CPWD Works Manual 2012.

12.22 National Water Mission: The total fund requirement assessed for the Mission for the Twelfth Plan Period is ₹ 89,101 crore. Proposals for ₹ 196 crore only have been approved. The status of implementation so far is as follows:

- Preparation of state-specific action plans on climate change underway.
- A pilot study of basin-wise water done for two basins, viz. Godavari and Brahmani-Baitarani. The studies are being extended to all the basins.
- An MoU signed between the Ministry of Water Resources and Asian Development Bank for technical assistance with the objective of undertaking operationally relevant research for identifying and testing integrated flood mitigation and flood plain management strategies.

12.23 National Mission for Sustaining the Himalayan Ecosystem:

The total fund requirement assessed for the Mission for the Twelfth Plan Period is ₹ 1,500 crore. Proposals for ₹ 500 crore have been approved. Some of the important deliverables and targets for the Twelfth Five Year Plan are given in Table 12.2:

Mission deliverables (in numbers)	Target for for 2013-17	Target for 2013-14	Achievement in 2013-14
Networking and strengthening of knowledge institutions	12	4	4
Start of new centres relevant to climate change in existing institutions in Himalayan states	10	3	4
Development of observational network for monitoring the health of Himalayan ecosystem	1	1	1
Regional cooperation with neighbouring countries in glaciology	All neighbours	1	1

Table 12.2 : National Mission for Sustaining the Himalayan Ecosystem

12.24 National Mission for a Green India: The total fund requirement assessed for the Mission for the Twelfth Plan Period is ₹ 45,800 crore. An amount of ₹ 13,000 crore has been approved for implementation of various activities under the Mission. About 10 states have already submitted their perspective plans to be taken up in 33 landscapes over a working area of around 0.85 lakh ha.

12.25 National Mission for Sustainable Agriculture: The total fund requirement assessed for the Mission for the Twelfth Plan Period is ₹ 1,08,000 crore and proposals for ₹ 13,034 crore have so far been approved. Given the availability of funds, 15 deliverables are proposed for implementation under the Mission. Some of the important deliverables and targets are given in Table 12.3.

Table 12.3 : National Mission for Sustainable Agriculture: Activities in which major progress has been made

Mission deliverables	Mission activities	Target for 2013-17	Target for 2013-14	Achievement in 2013-14	Achievement in percentage 2013-14
Horticulture	Horticulture area expansion (lakh ha)	11	1.2	1.04	86
Seed	Seed processing (lakh qt)	10	2	3.64	182
Agriculture supply chain management	Agri market creation of storage (lakh mt.)	230	45	42.93	95
Livestock & fisheries	Increase in fish production (fingerling production) mt	220350	37818	37132	99

12.26 National Mission on Strategic Knowledge for Climate Change:

The total fund requirement assessed for the Mission for the Twelfth Plan Period is ₹ 2,500 crore. However, the expenditure to undertake these activities will be met out of the budget allocation of the existing scheme of the Department of Science and Technology. The deliverables and targets for the Twelfth Five Year Plan Period are given in Table 12.4.

Mission deliverables (in numbers)	Target for 2013-17	Target for 2013-14	Achievement in 2013-14
Thematic knowledge networks	10	2	2
Regional climate models	4 to 6	2	3
Specially trained high quality CC professionals	200	50	25
Technology watch groups	11	5	2

Table 12.4 : National Mission on Strategic Knowledge for Climate Change: Activities in which major progress has been made

State Action Plans on Climate Change and Current Progress

12.27 As a follow up to the NAPCC, State Action Plans on Climate Change (SAPCC) were introduced, to identify state-specific priorities and strategies to combat climate change at sub-national levels. As of April 2014, 26 States/Union Territories have prepared their SAPCCs. Of these, SAPCCs of nine states, Arunachal Pradesh, Rajasthan, Madhya Pradesh, Sikkim, Tripura, Manipur, Mizoram, West Bengal, and Andhra Pradesh, have been endorsed by the National Steering Committee on Climate Change.

12.28 A new central-sector scheme titled Climate Change Action Programme has been approved during the Twelfth Five Year Plan. The objective of the scheme is to build and support capacity at central and the state levels for assessing climate change impacts and formulating and implementing adequate response measures. Implementation of the SAPCCs is one of the eight approved components of the scheme, which has been allocated ₹ 90 crore by the Planning Commission.

Low Carbon Strategies and their Financial Implications

12.29 India has voluntarily committed to an endeavour to reduce the emissions intensity of its GDP by 20-25 per cent, in comparison with 2005 levels, by 2020. A lower emissions pathway entails deployment of energy-efficient technologies, increased use of renewable alternatives for power production, sustainable waste management, and conservation of forests. An Expert Group was set up by the Planning Commission for evolving Low Carbon Strategies for Inclusive Growth and it has recently submitted its final report (Box 12.2).

International Negotiations: Conference of Parties 19

12.30 Mainstreaming climate change in the development process as a global public good has costs especially for developing economies with unmet basic needs. Such a process has to be anchored under the principle of CBDR, which requires international cooperation through negotiations. The 19th Conference of Parties (COP) to the UNFCCC and 9th Meeting of Parties to the Kyoto Protocol took place in Warsaw, Poland, in November 2013. COP 19 did not result in any path-breaking outcomes. (Box 12.3 outlines some of the important ones). A critical deliverable from Warsaw related to the work of the Durban Platform, which is a negotiating process for finalizing agreements on emission cuts for the pre- and post 2020 periods. Another issue high on priority for many countries was capitalization of the Green Climate Fund (GCF). To arrive at

Box 12.2 : Findings : The Report of the Expert Group on Low Carbon Strategies for Inclusive Growth

- According to projections of the model used in the report, pursuit of low carbon strategies will bring down the average GDP growth rate by 0.15 percentage point, while per capita CO₂ emissions (in 2030) will fall from 3.6 tonnes per person in the BIG (baseline, inclusive growth) scenario to 2.6 tonnes per person in the LCIG (low carbon, inclusive growth) scenario. However, in both scenarios, total carbon emissions will continue to rise up to the year 2030.
- The cumulative costs of low carbon strategies between 2010 and 2030 have been estimated at around US\$ 834 billion at 2011 prices.
- This will divert resources from other needs and may not be possible to sustain if growth is not fast enough. The total GDP loss caused by the additional energy investment in the LCIG scenario has been quantified at US\$ 1344 billion at 2011 prices. International support, in both finance and technology, would therefore be critical.

Source: The Final Report of the Expert Group on Low Carbon Strategies for Inclusive Growth, Planning Commission 2014.

Box 12.3 : Key Warsaw Outcomes

- Governments decided to either initiate or intensify domestic preparations for their nationally determined contributions towards the 2015 agreement.
- A loss and damage mechanism to help vulnerable developing countries cope with severe climate impacts has been established, but without a clear mandate of adequate financing.
- With respect to the US\$ 100 billion commitments, clarity from developed countries was sought by asking them to prepare biennial submissions on their updated strategies and approaches for scaling up climate finance from 2014 to 2020.
- The GCF Board has been urged to finalize the essential requirements for receiving, managing, and disbursing financial resources after the completion of which the capitalization process will start.
- Developed countries met the target capitalization of US\$ 100 million for the Adaptation Fund which can now continue funding priority projects.
- The Warsaw Framework for REDD+ (Reduction in Emission from Deforestation and Degradation) was backed by pledges of US\$ 280 million dollars funding from the US, Norway, and the UK.

decisions in these areas was challenging and progress on any one issue invariably depended on progress in another.

12.31 As with all international negotiations, in the run-up to the global climate agreement to be finalized in 2015 in Paris, COP 19 saw intense exchange of views between Parties. Finally it was agreed that countries will intensify domestic preparation to determine their ‘intended nationally determined contributions’. This is an essential pre-requisite for Paris next year where a new global pact for reducing emissions, bringing in all countries, will be negotiated. This will be the first-ever such agreement in the history of the UNFCCC, bringing in all countries under one framework, which means that 2014-15 will be crucial. All Parties are required to plan by the first quarter of 2015 the amount of emission cuts they will pledge. Thus India needs to make an assessment of its ‘intended nationally determined contributions’ by this time.

All countries including India needs to make an assessment of their ‘intended nationally determined contributions’ by the first quarter of 2015 for the 2015 agreement.

Climate Change Finance

Global Climate Finance Landscape

12.32 Ever since the developed countries committed to providing US\$ 100 billion per year to developing countries by 2020, there are unanswered questions and uncertainties centering on this goal. The answers to key questions regarding flows and sources that would constitute the US\$ 100 billion; the eligible instruments; and the division of responsibilities amongst Annex II countries remain elusive.

12.33 The global climate finance landscape continues to be ambiguous and complex, operating through a patchwork of multilateral/bilateral channels, development banks, and national institutions lying both within and outside the ambit of the UNFCCC. The multitude of channels adds to the complexity and fragments a small amount of finance across more institutions than the number of countries they serve. The United Nations Development Programme (UNDP) estimates that there are already more than 50 international public funds, 45 carbon markets, and 6000 private equity funds providing climate change finance (Human

Development in a Changing Climate: A Framework for Climate Finance, UNDP 2011). Further each institution is different in its governance structure and objectives. Bilateral institutions that currently channel the majority of climate finance often operate with limited transparency, impeding country ownership and priorities. In the struggle to align ownership with national priorities, a new trend of countries setting up their own national climate funds is also emerging.

12.34 There is no comprehensive system for tracking climate finance. Different studies compile estimates from disparate sources, using different assumptions and methodologies, and are replete with gaps and occasional duplication. The amount reported is quite likely to be the amount committed and not the actual amount disbursed. According to the OECD, North-South flows were in the range of US\$ 70-120 billion annually in 2009-10. Other estimates put the figure differently (Tracking Climate Finance: What and How, OECD 2012).

12.35 Most of the studies estimating climate finance flows do not capture climate finance arrangements as reflected in the Articles of the Convention, which direct developed countries to provide new and additional financial resources, including for the transfer of technology, to meet the agreed full incremental costs of climate change measures to be implemented by developing countries. If one was to go by these Articles for defining and setting the boundary of climate finance, then the global climate change finance flows as claimed by many studies would be slashed manifold, and only a meagre amount (new and additional grant equivalent of public flows from developed countries) would actually qualify as climate finance. Of the climate finance flows of US\$ 359 billion in 2012, estimated by Climate Policy Initiative, the share of grants was only about 3 per cent (Global Landscape of Climate Finance, 2013). According to the reports submitted to the UNFCCC, Annex II countries (OECD members of Annex I excluding EIT countries) provided around US\$ 15 billion each year in 2011 and 2012. Over 80 per cent of the finance was provided bilaterally and the balance through multilateral channels. It is not encouraging to see that bilateral and multilateral channels remain the preferred choice for contributions over the dedicated funds under the UNFCCC. If these figures are any indication of developed countries' efforts at scaling up to the US\$ 100 billion annual goal by 2020, then certainly climate negotiations will be extremely challenging, going forward.

12.36 While different studies provide varying figures for current climate finance flows they are unanimous about the enormity of funds required to deal with climate change. According to the International Energy Agency (IEA), US\$ 44 trillion additional investment is needed to decarbonize the energy system in line with the 2°C goal by 2050 (Energy Technology Perspectives-Harnessing Electricity Potential, IEA 2014). In 2012 the IEA estimated it at US\$ 36 trillion. The longer we wait to take action on climate change, the more it will cost.

12.37 Climate finance continues to be beset by gaps in terms of actual money needed vis-à-vis availability, lack of transparency in

Annex II countries provided around US\$ 15 billion each year in 2011 and 2012 to developing countries as climate finance, well below the target US\$ 100 billion annual goal by 2020 committed by them.

According to the IEA, US\$ 44 trillion additional investment is needed to decarbonize the energy system in line with the 2°C goal by 2050.

flows, proliferation of funds, and lack of coordination. This makes understanding the true volume and nature of financing available challenging. Monitoring, accounting, and transparency of climate finance need to be more firmly institutionalized under the UNFCCC. For this, efforts are underway in the Standing Committee on Finance under the UNFCCC.

The GCF and Country Preparedness for Accessing GCF Resources

12.38 The GCF is expected to channel a significant share of the US\$ 100 billion of annual climate finance. For this, efforts are underway by the GCF Board to urgently finalize pending decisions. The Fund is likely to be operational by 2015. This means that developing countries have an equally tight window for building the institutional infrastructure to access the GCF resources.

12.39 In this context, the GCF Board has made progress in many areas. Some of the breakthrough decisions adopted by the Board include the aim for a 50:50 allocation for mitigation and adaptation over time. It has also reserved a minimum half of all its adaptation spending for vulnerable countries like small island developing states and least developed countries. The Board members have also agreed to country ownership as the core principle for the GCF. National governments or their nominated institutions called National Implementing Entities (NIEs), will receive international climate funds and disburse them to relevant projects. The Board has already invited countries to appoint a National Designated Authority (NDA) which will review proposals of the NIEs, to ensure that such proposals are consistent with national plans and priorities.

12.40 Ultimately, the success of the GCF lies in developing countries' readiness and preparedness for undertaking a complete devolution of GCF activities. This gives rise to the question of adequate and enabled domestic capacity for utilizing the resources disbursed through the GCF. A consultation process engaging relevant stakeholders on key issues has already been initiated by the Government of India.

Fund Flows from the Global Environment Facility

12.41 Till date, India has accessed US\$ 477.3 million of Global Environment Facility (GEF) grant of which US\$ 284.2 million is for mitigation projects and US\$ 10 million for adaptation projects. Recently, 30 donor countries pledged US\$ 4.43 billion to the GEF for its sixth cycle (July 2014 – June 2018). As compared to some of the developed countries that have expressed their inability to contribute more to GEF-6 on the grounds of dismal economic conditions, developing countries have made a higher percentage increase in their pledges. India pledged a contribution of US\$ 12 million, which is a 33 per cent increase over its contribution to GEF-5.

National Clean Energy Fund

12.42 The National Clean Energy Fund (NCEF) was created from a coal cess of ₹ 50 per ton. As on 31 May 2014, around 44 projects worth ₹ 16,035 crore have been recommended for funding through

Government of India has initiated a consultation process to discuss the institutional infrastructure needed to access GCF resources.

As on 31 May 2014, around 44 projects worth ₹ 16,035 crore have been recommended for funding through the NCEF.

the NCEF. The amount budgeted through the NCEF has been almost fully utilized. The amount budgeted for 2013-14 is around ₹ 1,313 crore and for 2014-15 it is ₹ 1,078 crore. The NCEF funds eligible projects including innovative schemes like the Jawaharlal Nehru National Solar Mission's installation of solar photovoltaic (SPV) lights and small capacity lights, installation of SPV water pumping systems, SPV power plants, grid connected rooftop SPV power plants, pilot project to assess wind power potential, and generation-based incentive schemes for grid interactive wind power projects.

Carbon Markets, Trends, and Instruments

12.43 India has been proactive in its approach to the carbon market and it represents a significant component of the global CDM (Clean Development Mechanism) market. As of 31 March 2014, 1493 out of a total of 7472 projects registered by the CDM Executive Board were from India, which so far is the second highest by any country in the world. In the second commitment period that commenced in 2013, the number of CDM projects has come down drastically at global level. In 2013, India has registered 115 projects which are the highest by any country. The low emissions reduction targets in developed countries and the unilateral action taken by some developed countries to shut out countries like India and China from their domestic carbon market has dampened the prospects of CDM in recent years. Currently, proposals to augment the demand for carbon credits to help stabilize markets at a reasonable price level are being negotiated.

In 2013, India has registered 115 CDM projects, the highest by any country.

CHALLENGES AND OUTLOOK

12.44 The world has to prepare itself for committing to two pivotal global agreements shortly. The issue of how developed and developing countries will be treated under the new architecture is probably most crucial. Prior to this, the Kyoto Protocol brought only the historically responsible polluters (the developed countries) to pay; in contrast the MDGs were framed only for the developing countries. However, the new deals will now apply to all. It is important that any future agreement should fully take into account India's development concerns and requirements. Developing countries should have the discretion to fulfill their domestic goals in accordance with their national circumstances through a legally appropriate regime having binding force at national level. There is a need to ensure that the principles of equity and CBDR remain firmly embedded in the new deals. 'Applicability to all' or universality of application as envisaged should not amount to uniformity of application. Historical responsibility of developed countries and 'equity' in access to global atmospheric resources should continue to be the basis of defining the nature and level of commitments under the international arrangements. The deals must ensure that developing countries be given their fair share of 'carbon' and 'development space'.

The issue of how developed and developing countries will be treated under the new global agreements is probably most crucial.

12.45 The next big issue is means of implementation. Raising additional resources for SDGs and non-capitalization of the GCF are matters of serious concern and may threaten the credibility of

The deals must ensure that developing countries be given their fair share of 'carbon' and 'development space'

the global negotiation process. Developing countries lack the resources to effectively respond to sustainability and climate challenges. The challenges of checking the pace of environmental degradation in India are formidable owing to the necessity of maintaining high economic growth for a large population and its unmet and growing basic needs emanating from urbanization and industrialization. At the same time, the progress made in mitigation and adaptation as part of the sustainable development plan process must continue.

12.46 The global community must stop taking solace in limited progress and move to decisive action. Sustainable development and low carbon trajectories and pathways, although challenging are still feasible and a fast-closing window of opportunities for reversing unsustainability is still open. While in India climate change and sustainability are being mainstreamed in the development process, global cooperation and substantial additional funding are required. If resources of this magnitude are not made available, outcomes in terms of growth, sustainability, and inclusive development are likely to be suboptimal.

Chapter 13

Human Development

Economic policy has often to strike a delicate balance between the two goals of economic growth and human welfare which need not necessarily be contradictory. Despite global shocks, India has not compromised on welfare expenditures especially for the needy and marginalized, though growth has lagged behind. A new impetus to growth along with targeted policies aimed at both social and financial inclusion can help convert outlays into outcomes.

13.2 India with a large and young population has a great demographic advantage. The average age of the 125 billion-strong Indian population will be 29 years in 2020, even younger than the 37 years of China and the US. The proportion of working-age population is likely to increase from approximately 58 per cent in 2001 to more than 64 per cent by 2021, adding about 63.5 million new entrants between 2011 and 2016 with a large number of young persons in the 20-35 years age group. This is a great opportunity for India. Taking advantage of such an opportunity is contingent upon progress on the human development front.

HUMAN DEVELOPMENT: INTERNATIONAL COMPARISON

13.3 The Human Development Report (HDR) published by the United Nations Development Programme (UNDP) estimates the human development index (HDI) in terms of three basic parameters: to live a long and healthy life, to be educated and knowledgeable, and to enjoy a decent economic standard of living. According to HDR 2013, India with an HDI of 0.554 in 2012 has slipped down a few notches with its overall global ranking at 136 (out of the 186 countries) as against 134 (out of 187 countries) as per HDR 2012 (Table 13.1).

13.4 India has a long way to go as it is still in the medium human development category with countries like China, Egypt, Indonesia, South Africa, and even Vietnam having better overall HDI ranking within the same category and Sri Lanka moving to the high human development category from medium in the 2012 HDI ranking despite years of internal conflicts. The existing gap in health and education indicators in India as compared to developed countries and also many of the developing countries highlights the need for

Demographic dividend will benefit India if its population is educated, healthy, and adequately skilled.

Table 13.1 : India's Position and Trends in the Global HDI 2012

Country	HDI 2011	HDI 2012		GNI per capita 2012\$	Life expectancy at birth (years)	Mean years of schooling 2012	Expected years of schooling 2011 ^b	Average annual HDI growth rate (per cent)		
	Value	Value	Rank		(years)	(years) 2010 ^a	(years) 2011 ^b	1980- 1990	1990- 2000	2000- 2012
								1980- 1990	1990- 2000	2000- 2012
Norway	0.953	0.955	1	48688	81.3	12.6	17.5	0.59	0.79	0.29
United States	0.936	0.937	3	43480	78.7	13.3	16.8	0.40	0.33	0.27
Germany	0.919	0.920	5	35431	80.6	12.2	16.4	0.85	0.81	0.47
United Kingdom	0.875	0.875	26	32538	80.3	9.4	16.4	0.47	0.70	0.33
Russian Federation	0.784	0.788	55	14461	69.1	11.7	14.3	-0.23	0.84
Malaysia	0.766	0.769	64	13676	74.5	9.5	12.6	1.21	1.15	0.64
Brazil	0.728	0.730	85	10152	73.8	7.2	14.2	1.23	1.26	0.73
Sri Lanka	0.711	0.715	92	5170	75.1	9.3	12.7	0.88	0.72	0.76
China	0.695	0.699	101	7945	73.7	7.5	11.7	1.96	1.78	1.42
Egypt	0.661	0.662	112	5401	73.5	6.4	12.1	2.12	1.68	0.92
Indonesia	0.624	0.629	121	4154	69.8	5.8	12.9	1.26	1.21	1.28
South Africa	0.625	0.629	121	9594	53.4	8.5	13.1	0.87	0.01	0.11
Vietnam	0.614	0.617	127	2970	75.4	5.5	11.9	1.98	1.22
India	0.551	0.554	136	3285	65.8	4.4	10.7	1.75	1.23	1.50
Bangladesh	0.511	0.515	146	1785	69.2	4.8	8.1	1.49	1.83	1.46
Pakistan	0.513	0.515	146	2566	65.7	4.9	7.3	1.29	0.89	1.74
World	0.692	0.694		10184	70.1	7.5	11.6	0.68	0.64	0.68

Source : HDR 2013.

Note : a & b - Data refers to 2010 & 2011 respectively or the most recent year available; \$: gross national income (GNI) per capita is based on 2005 dollar purchasing power parity (PPP).

much faster and wider spread of basic health and education. Life expectancy at birth in India was 65.8 years in 2012, compared to 81.3 years in Norway, 78.7 years in the United States, 73.8 years in Brazil, 75.1 years in Sri Lanka, 73.7 years in China, and the global average of 70.1 years. However the Indian life expectancy figure is significantly higher than that of South Africa (53.4 years) which has higher HDI rank and even higher per capita income within the same category. The Indian performance in mean years of schooling (4.4 years) is not only much below that of countries like China, Brazil, Sri Lanka, and Egypt which have higher per capita incomes but also below that of Bangladesh and Pakistan which have lower per capita incomes. It is also much lower than the global average of 7.5 years. Though lower in HDI ranking, in terms of average annual HDI growth rate for 2000-12, India is well ahead of many countries with high and very high human development. With 1.50 per cent average annual HDI growth it is ahead of China (1.42), Brazil (0.73), Egypt (0.92), and Bangladesh (1.46), though it is behind Pakistan (1.74). While China and Egypt performed very well in terms of HDI growth in the 1980s and 1990s, there was a deceleration in the 2000s. On the other hand, India, which seems to have faltered in the 1990s, has picked up again during 2000-12 (Table 13.1).

TRENDS IN INDIA'S SOCIAL-SECTOR EXPENDITURE

13.5 Central support for social programmes has continued over the years although most social-sector subjects fall within the purview of the states. Though there has been a consistent rise in

social sector expenditure by the government, the adverse fiscal circumstances in the country arising from the impact of the global financial crisis of 2008-09 and the euro area crisis of 2010-12 resulted in a fall in government spending on the social sector in recent years. It has however picked up again in 2013-14. While central government expenditure on social services as a percentage of total expenditure fell from 12.61 per cent in 2010-11 to 11.43 per cent and 11.93 per cent in 2011-12 and 2012-13 (revised estimates—RE), it picked up to 12.83 per cent in 2013-14 (budget estimates—BE). Total central government expenditure on social services including rural development (Plan and non-Plan) and the Pradhan Mantri Gram Sadak Yojana (PMGSY) fell from 18.00 per cent in 2010-11 to 15.79 per cent in 2011-12 and 15.12 per cent in 2012-13 (RE). It picked up to 16.70 per cent in 2013-14 (BE) (Table 13.2).

Table 13.2 : Central Government Expenditure (Plan and non-Plan) on Social Services and Development (as per cent of total expenditure)

Item	2008-09	2009-10	2010-11	2011-12	2012-13 RE	2013-14 BE
1. Social service						
a. Education,sports,youth affairs	4.27	4.15	4.56	4.73	4.38	4.38
b. Health & family welfare	2.09	2.00	1.98	2.02	1.81	1.99
c. Water supply, housing, etc.	2.54	2.39	2.35	2.11	1.88	2.20
d. Information & broadcasting	0.23	0.20	0.21	0.19	0.18	0.17
e. Welfare of SCs/STs and OBCs	0.41	0.43	0.58	0.64	0.54	0.62
f. Labour & employment	0.28	0.22	0.24	0.26	0.26	0.29
g. Social welfare & nutrition	1.15	0.87	1.01	1.28	1.13	1.21
h. North-eastern areas	0.00	0.02	0.02	0.01	1.56	1.80
i. Other social services	1.55	1.67	1.66	0.20	0.19	0.16
Total	12.52	11.94	12.61	11.43	11.93	12.83
2. Rural development	4.56	3.77	3.51	2.88	2.49	2.57
3. PMGSY	0.88	1.11	1.87	1.48	0.70	1.30
4. Social services, rural development, and PMGSY	17.95	16.82	18.00	15.79	15.12	16.70

Source : Based on Budget Documents.

Table 13.3 : Trends in Social Services Expenditure by General Government

Items	2008-09	2009-10	2010-11	2011-12	2012-13 RE	2013-14 BE	(₹ crore)
Total expenditure	1599677	1852119	2145145	2421768	2839927	3219783	
Expenditure on social services	380628	446382	529398	580868	710410	812139	
of which:							
i) Education	162008	197070	244156	277053	334480	375427	
ii) Health	74273	88054	100576	110228	132134	155633	
iii) Others	144347	161258	184666	193587	243796	281079	
As percentage to GDP							
Total expenditure	28.4	28.6	27.5	26.9	28.1	28.4	
Expenditure on social services	6.8	6.9	6.8	6.4	7.0	7.2	
of which:							
i) Education	2.9	3.0	3.1	3.1	3.3	3.3	
ii) Health	1.3	1.4	1.3	1.2	1.3	1.4	
iii) Others	2.6	2.5	2.4	2.1	2.4	2.5	
As percentage to total expenditure							
Expenditure on social services	23.8	24.1	24.7	24.0	25.0	25.2	
of which:							
i) Education	10.1	10.6	11.4	11.4	11.8	11.7	
ii) Health	4.6	4.8	4.7	4.6	4.7	4.8	
iii) Others	9.0	8.7	8.6	8.0	8.6	8.7	
As percentage to social services expenditure							
i) Education	42.6	44.1	46.1	47.7	47.1	46.2	
ii) Health	19.5	19.7	19.0	19.0	18.6	19.2	
iii) Others	37.9	36.1	34.9	33.3	34.3	34.6	

Source : Reserve Bank of India (RBI) as obtained from Budget Documents of union and state governments.

13.6 On the other hand, expenditure on social services by the general government (centre and states) as a proportion of total expenditure increased almost continuously over the years (except 2011-12) from 23.8 per cent in 2008-09 to 25.2 per cent in 2013-14 (BE). As a percentage of the gross domestic product (GDP), expenditure on social services increased from 6.8 per cent in 2008-09 to 7.2 per cent in 2013-14 (BE), with expenditure on education increasing from 2.9 per cent to 3.3 per cent and on health from 1.3 per cent to 1.4 per cent (Table 13.3).

POVERTY

13.7 The Planning Commission has updated the poverty lines and poverty ratios for 2011-12 based on the recommendations of the Tendulkar Committee using Household Consumer Expenditure Survey 2011-12 data of the National Sample Survey (NSS) 68th round. Accordingly, with the poverty line at all India level at monthly per capita expenditure (MPCE) of ₹ 816 for rural areas and ₹ 1000 for urban areas in 2011-12, the poverty ratio in the country has declined from 37.2 per cent in 2004-05 to 21.9 per cent in 2011-12. In absolute terms, the number of poor declined from 407.1 million in 2004-05 to 269.3 million in 2011-12 with an average annual decline of 2.2 percentage points during 2004-05 to 2011-12 (Table 13.4). The Planning Commission constituted an Expert Group under the Chairmanship of Dr. C. Rangarajan in June 2012 to 'Review the Methodology for Measurement of Poverty'. The term of the Expert Group has been extended up to 30 June 2014.

INEQUALITY

13.8 The HDR measures inequality in terms of two indicators. The first is the income Gini coefficient which measures the deviation of distribution of income (or consumption) from a perfectly equal distribution among individuals within a country. For India, the income Gini coefficient was 33.4 during 2011-12. In this respect, inequality in India is lower than in many other developing countries like South Africa (63.1), Brazil (54.7), Malaysia (46.2), China (42.5), Sri Lanka (40.3), the Russian Federation (40.1), Thailand (40.0), Turkey (39.0), and Vietnam (35.6), as well as countries like the USA (40.8), Poland (34.1), and Switzerland (33.7) that have otherwise very high HDI ranking. Not only is inequality lower in India than many other countries, it has also decreased as reflected in a 9.2 per cent fall in its Gini coefficient from 36.8 during 2010-11 to 33.4 during 2011-12. The second indicator is the quintile income ratio, which is a ratio of the average income of the richest 20 per cent of the population to that of poorest 20 per cent. The quintile income ratio for India was 4.9 in 2011-12. Countries like the United States (8.4), Switzerland (5.5), Turkey (7.9), Poland (5.5), the Russian Federation (7.3), Brazil (20.6), China (9.6), Malaysia (11.3), South Africa (25.3), Philippines (8.3), and Thailand (7.1) had higher ratios. This implies that the inequality between the top and bottom quintiles in India was lower than in a large number of countries.

13.9 A related issue is the rural-urban disparity. One of the parameters used to estimate the rural-urban gap is the monthly

Year	Rural	Urban	Total
Poverty ratio (per cent)			
2004-05	41.8	25.7	37.2
2011-12	25.7	13.7	21.9
Number of poor (million)			
2004-05	326.3	80.8	407.1
2011-12	216.5	52.8	269.3
Annual average decline 2004-05 to 2011-12 (percentage points per annum)			
	2.32	1.69	2.18

Source : Planning Commission (Estimated by Tendulkar Method).

Table 13.4 : Number and Percentage of Poor

per capita expenditure (MPCE), which is defined as a value assigned to each household for measuring the level of living. The uniform reference period (URP) estimates of MPCE are used to study long-term trends in consumer expenditure because these are available from earlier and recent NSS surveys. According to the findings of the NSS 68th round (2011-12), the average MPCE based on URP estimates at current prices is ₹ 1278.94 and ₹ 2399.24 respectively for rural and urban India indicating rural-urban disparities (Table 13.5). However, at constant prices (2004-05), it is ₹ 703.42 and ₹ 1353.82. The real MPCE at constant prices has grown over seven years (2004-05 to 2011-12) by 25.9 per cent in rural India and by a higher 28.6 per cent in urban India. The share of food in the MPCE in 2011-12 (at current prices) is 48.6 per cent and 38.5 per cent for rural and urban India, a fall from the 55.0 per cent and 42.5 per cent shares in 2004-05 respectively. This indicates a shift away from food, with the share of rural India declining at a relatively higher rate than that of urban India. This shift from spending on food is broadly in conformity with the Engel's law which states that the income spent on food, as a percentage of overall income, decreases as income rises.

EMPLOYMENT AND UNEMPLOYMENT

13.10 During 1999-2000 to 2004-05, employment (usual status) increased by 59.9 million persons from 398.0 million to 457.9 million. But the progress was slow during the 2004-05 to 2009-10 period, showing a small increase by 1.1 million persons. It picked up again during 2009-10 to 2011-12, adding 13.9 million persons to the workforce (Table 13.6). During 2004-05 to 2011-12, employment growth (compound annual growth rate [CAGR]) was only 0.5 per cent, compared to 2.8 per cent during 1999-2000 to 2004-05 as per usual status. Based on current daily status (CDS), CAGR was 1.2 per cent and 2.6 per cent respectively for the same periods.

Method	1999-2000	2004-05	2009-10	2011-12
Persons and persondays employed (in millions)				
PS+SS	398.0	457.9	459.0	472.9
CDS	336.9	382.8	400.8	415.7
Persons and persondays unemployed (in millions)				
PS+SS	9.2	11.3	9.8	10.8
CDS	26.6	34.3	28.0	24.7
Job creation over previous period (in millions)				
PS+SS	-	59.9	1.1	13.9
CDS	-	45.9	18.0	14.9
Unemployment rate (in per cent)				
PS+SS	2.2	2.3	2.0	2.2
CDS	7.3	8.2	6.6	5.6

Source : Various survey rounds of the NSSO on employment and unemployment in India.

Note : PS+SS: usual status (principal + subsidiary) measures employment in persons, CDS: current daily status measures employment in persondays.

13.11 While employment growth has been lower in 2009-10 and 2011-12, unemployment rate in India continued to hover around 2 per cent under usual status (ps+ss) and fell under CDS. Although

Year	Round	Rural	Urban
MPCE (₹) at constant prices			
2011-12	68 th	703.42	1353.82
2009-10	66 th	599.06	1200.01
2004-05	61 st	558.78	1052.36
MPCE (₹) at current prices			
2011-12	68 th	1278.94	2399.24
2009-10	66 th	927.70	1785.81
2004-05	61 st	558.78	1052.36

Source : Various survey rounds of the National Sample Survey Office (NSSO) on Household Consumer Expenditure in India.

Table 13.5 : All-India Average MPCE (URP)

Table 13.6 : Employment and Unemployment Scenario in India

the unemployment rate may be lower than what is prevailing now in developed economies, the number of unemployed is significant in absolute terms. During 2004-05, the number of unemployed people was 11.3 million, which declined to 9.8 million in 2009-10 but again increased to 10.8 million in 2011-12 under usual status (ps+ss). However, based on the CDS the number of unemployed persondays declined from 34.3 million in 2004-05 to 28.0 million in 2009-10 and further to 24.7 million in 2011-12. Thus there is steep reduction in unemployment rate under CDS from 8.2 per cent in 2004-05 to 5.6 per cent in 2011-12 (Table 13.6). The fall in unemployment despite marginal growth in employment in 2009-10 and 2011-12 could also be on account of the demographic dividend, as an increasing proportion of the young population opts for education rather than participating in the labour market. This is reflected in the rise in growth in enrolment of students in higher education from 4.9 million in 1990-91 to 28.5 million in 2011-12. Similarly gross enrolment ratio (GER) in Classes I-VIII has also risen from 81.0 in 1999-2000 to 103.9 in 2010-11. The government has been conducting quarterly surveys on employment for some selected sectors since October 2008. The results of the latest quarterly report indicate an increase in employment since the first survey (Box 13.1).

SOCIO-ECONOMIC PROFILE OF STATES AND INTER-STATE COMPARISONS

13.12 Inter-state comparisons of socio-economic development of select states based on available indicators from different sources show some interesting results (Table 13.7):

Population

- Kerala is the best performing state in terms of the two indicators- Decadal growth of population (4.9 per cent) and sex ratio (1084) and is well ahead of other states. Andhra Pradesh is a distant second in terms of population growth and third in terms of sex ratio with Tamil Nadu in second place in terms of sex ratio. Bihar has the highest decadal growth of population (25.4) and Haryana the lowest sex ratio (879).

Growth

- Bihar is the best performing state in terms of growth rate of both gross state domestic product (GSDP) 2012-13 (15.1 per cent) and average GSDP 2005-06 to 2012-13 (9.9 per cent) and also per capita income growth 2012-13 (13.9 per cent). Madhya Pradesh is another state that has performed well along all three indicators. Gujarat and Kerala are the other two states that have performed well in terms of all these indicators and well above the all India average. However, in terms of absolute values of GSDP and per capita income, Maharashtra and Haryana respectively are at the top. There is no single worst performer in terms of all these indicators. While Tamil Nadu has the lowest growth in GSDP 2012-13 and Assam the lowest average GSDP growth, Rajasthan has the lowest per capita income growth in 2012-13.

Box 13.1 : Quarterly Survey Report on Employment in India October to December 2013

The survey results for selected sectors, i.e. textiles including apparel, leather, metals, automobiles, gems and jewellery, transport, information technology (IT) / business process outsourcing (BPO) and handloom/powerloom are as follows:

- Overall employment in December 2013 over December 2012 increased by 4.19 lakh, with the highest increase recorded in textiles including the apparels sector (2.86 lakh) followed by IT/BPO (1.09 lakh), leather (0.44 lakh), automobiles (0.16 lakh), and gems and jewellery (0.09 lakh). On the other hand, employment in the metals, transport and handloom/powerloom sectors registered negative growth during this period.
- During the quarter September 2013 to December 2013 overall employment increased by 0.83 lakh, with the highest increase in textiles (0.92) followed by IT/BPO (0.17 lakh) and leather (0.13 lakh). The overall increment in employment in this period was affected significantly by the fall in employment in the metals sector (0.20 lakh) followed by automobiles (0.11 lakh), gems and jewellery (0.06 lakh), transport (0.02 lakh) and there was no growth in employment in the handloom/powerloom sector.
- The results of the 20th quarterly survey reveal that there has been a sustained increase in overall employment in these sectors with a total addition of 33.25 lakh starting from the first survey (October 2008 to December 2013).

Source: Labour Bureau, Ministry of Labour and Employment.

Table 13.7 : Socio-economic Profiles and Inter-State Comparison of Some Major States of India

Socio-economic Indicators / Items	Andhra Pradesh	Assam	Bihar	Gujarat	Haryana	Himachal Pradesh
Population related*						
Decadal growth of population (2001- 2011) (%)	11.0	17.1	25.4	19.3	19.9	12.9
Sex-ratio (Females per 1000 males)	993	958	918	919	879	972
GSDP growth and per capita income #						
Absolute GSDP 2012-13 (₹ crore)	754409	141621	313995	670016	345238	73710
GSDP growth 2012-13 over previous year (%)	5.1	6.1	15.1	8.0	6.5	6.1
Average GSDP growth 2005-06 to 2012-13 (%)	8.6	5.8	9.9	9.7	8.8	8.0
Absolute per capita income 2012-13 (₹)	78958	40475	28774	96976	120352	83899
Per capita income growth 2012-13 (%)	4.5	4.6	13.9	6.6	5.0	5.1
Poverty headcount ratio**						
2011-12 (2004-05) Rural	11.0(32.3)	33.9(36.4)	34.1(55.7)	21.5(39.1)	11.6(24.8)	8.5(25.0)
2011-12 (2004-05) Urban	5.8(23.4)	20.5(21.8)	31.2(43.7)	10.1(20.1)	10.3(22.4)	4.3(4.6)
2011-12 (2004-05) Total	9.2(29.6)	32.0(34.4)	33.7(54.4)	16.6(31.6)	11.2(24.1)	8.1(22.9)
Rural-Urban disparity 2011-12##						
Rural average MPCE (MMRP) (₹)	1754	1219	1127	1536	2176	2034
Rural share of food expenditure (%)	51.4	61.3	59.3	54.9	52.1	47.3
Urban average MPCE (MMRP) (₹)	2685	2189	1507	2581	3817	3259
Urban share of food expenditure (%)	42.3	47.7	50.5	45.2	39.2	42.4
Unemployment rates (per 1000) under usual status (adjusted)##						
Rural persons 2011-12 (2004-05)	12 (7)	45 (26)	32 (15)	3 (5)	24 (22)	10 (18)
Urban persons 2011-12 (2004-05)	43 (36)	56 (72)	56 (64)	8 (24)	42 (40)	40 (38)
Health related*						
Infant mortality rates (per 1000 live births) 2012	41	55	43	38	42	36
Birth rate (per 1000) 2012	17.5	22.5	27.7	21.1	21.6	16.2
Death rate (per 1000) 2012	7.4	7.9	6.6	6.6	6.4	6.7
Education related \$						
GER (6-10 years) (2010-11)	99.5	94.3	127.7	120.3	94.9	109.2
GER (11-13 years) (2010-11)	80.1	67.9	64.6	85.7	83.5	113.8
PTR Primary/Jr.basic school (2010-11)	31	28	76	NA	51	15
PTR Middle/Sr. basic school (2010-11)	25	17	51	35	38	14
PTR High/Post basic school (2010-11)	26	26	68	33	26	24
Financial inclusion @						
All Offices of commercial banks 2012 (Nos)	8932	1711	4913	5896	3262	1237
All Offices of commercial banks 2013 (Nos)	9573	1841	5301	6525	3772	1338
Key social-sector programmes						
Progress under NRHM 24x7 (primary and other health centres as on 30.09.2013)\$\$	1183	575	611	451	398	156
Average persondays per household under Mahatma Gandhi NREGA 2013-14@@	50	24	42	40	36	52
Women's share in employment during 2013-14 under Mahatma Gandhi NREGA (%) @@	58.7	24.8	34.9	44.0	41.7	62.6
Houses constructed under Indira Awas Yojana (IAY) during 2013-14 (Nos.) @@	172621	49978	260532	27780	3589	1206
Achievement of IAY against target (%)	83.3	36.0	43.0	25.8	20.0	17.1

Sources *: Office of Registrar General of India (RGI).

#: CSO (Absolute GSDP and Per capita income are at current prices, and growth rate in GSDP and per capita income are at constant prices).

**: Planning Commission.

##: NSSO.

\$: M/o Human Resource Development (GER: Gross enrolment ratio; PTR: Pupil teacher ratio).

@: D/o Statistics and Information Management, RBI, Master Office File System.

\$\$: M/o Health and Family Welfare.

@@: M/o Rural Development.

NA: Not available.

Karna-taka	Kerala	Madhya Pradesh	Mahara-shtra	Odisha	Punjab	Rajas-than	Tamil Nadu	Uttar Pradesh	West Bengal	All India
15.6 973	4.9 1084	20.3 931	16.0 929	14.0 979	13.9 895	21.3 928	15.6 996	20.2 912	13.8 950	17.7 943
524502	349338	372171	1372644	255459	286809	459215	744474	768930	620160	9388876
5.3	8.2	9.9	7.1	8.1	4.7	4.5	4.1	5.5	7.3	4.5
7.5	8.1	8.4	9.3	7.7	6.8	7.9	9.5	6.9	6.7	8.0
77309	88527	44989	107670	49241	86106	59097	98550	33137	62509	67839
4.2	7.7	8.6	5.8	5.2	3.9	2.9	3.5	3.6	6.4	2.1
24.5(37.5) 15.3(25.9) 20.9(33.3)	9.1(20.2) 5.0(18.4) 7.1(19.6)	35.7(53.6) 21.0(35.1) 31.6(48.6)	24.2(47.9) 9.1(25.6) 17.4(38.2)	35.7(60.8) 17.3(37.6) 32.6(57.2)	7.7(22.1) 9.2(18.7) 8.3(20.9)	16.1(35.8) 10.7(29.7) 14.7(34.4)	15.8(37.5) 6.5(19.7) 11.3(29.4)	30.4(42.7) 26.1(34.1) 29.4(40.9)	22.5(38.2) 14.7(24.4) 20.0(34.2)	25.7(41.8) 13.7(25.7) 21.9(37.2)
1561	2669	1152	1619	1003	2345	1598	1693	1156	1291	1430
51.4	43.0	52.9	52.4	57.2	44.1	50.5	51.5	53.0	58.2	52.9
3026	3408	2058	3189	1941	2794	2442	2622	2051	2591	2630
40.1	37.0	42.2	41.6	45.4	41.0	44.8	42.7	44.0	44.2	42.6
9 (7) 29 (28)	68 (107) 61 (156)	4 (5) 26 (28)	7 (10) 23 (36)	22 (50) 35 (134)	19 (38) 28 (50)	7 (7) 31 (29)	20 (12) 27 (35)	9 (6) 41 (33)	27 (25) 48 (62)	17 (17) 34 (45)
32	12	56	25	53	28	49	21	53	32	42
18.5	14.9	26.6	16.6	19.9	15.9	25.9	15.7	27.4	16.1	21.6
7.1	6.9	8.1	6.3	8.5	6.8	6.6	7.4	7.7	6.3	7.0
104.7	91.4	135.2	104.7	119.4	84.3	109.9	111.8	126.9	92.7	115.5
90.7	103.9	101.4	92.4	82.0	80.8	82.4	112.3	79.9	86.3	85.2
17	23	38	29	33	26	46	27	79	45	43
27	25	39	32	26	15	26	32	69	49	33
21	25	39	32	23	23	22	35	69	46	30
7605 8400	5303 5675	4983 5398	10118 10899	3481 3782	4742 5325	5235 5664	8048 8774	12771 14014	6335 6741	106903 116448
2328	660	685	994	487	426	1661	1848	1214	596	15835
50	57	42	45	42	33	51	59	35	37	46
46.6	93.4	42.6	43.7	33.6	52.8	67.8	84.1	22.2	35.4	52.9
72496 82.6	44679 97.7	29432 26.1	45848 33.4	53163 41.5	2063 10.6	63761 74.6	23033 26.0	79385 26.7	96702 52.1	1093157 44.1

Poverty

- Poverty estimates indicate that Bihar which had the second highest poverty headcount ratio (HCR) in 2004-05 moved to first place in 2011-12 with the HCR at 33.7 per cent relegating Odisha to second place. While the all India poverty HCR was 21.9 per cent, states like Madhya Pradesh, Assam, and Uttar Pradesh, besides Bihar and Odisha had above all India poverty levels in 2011-12. However, in terms of rural poverty, both Odisha and Madhya Pradesh were at the top followed by Bihar and Assam. Kerala had the lowest poverty (7.1 per cent) followed by Himachal Pradesh (8.1 per cent) and Punjab (8.3 per cent).

Rural-Urban Disparity

- Odisha followed by Bihar, Madhya Pradesh, and Uttar Pradesh had the lowest MPCE in rural areas and Bihar followed by Odisha, Uttar Pradesh, and Madhya Pradesh the lowest MPCE in urban areas in 2011-12. The highest MPCE could be seen in Kerala and Haryana in rural and urban areas respectively with least expenditure on food share in Kerala compared to other states.

Unemployment

- Rural unemployment rate as per the usual status (adjusted) was lowest in Gujarat followed by Madhya Pradesh and Rajasthan in both 2011-12 and 2004-05. The rural unemployment rate of 3 per thousand in 2011-12 in Gujarat was much below the 17 per thousand all India average. In the case of urban unemployment also Gujarat had the lowest rate. Urban unemployment at 8 per thousand in 2011-12 in Gujarat was way below the all India level of 34 per thousand. Maharashtra with 23 per thousand was a distant second. While Kerala's unemployment rate (both urban and rural) has fallen in 2011-12, it is still the highest. This could be due to unemployment of educated particularly women who are in search of the right job. This is also indicated in the lower labour force participation rate (LFPR) of females in the age group 15-59 years, with the LFPR of rural females being lower than the all India average. After Kerala, Assam followed by Bihar, West Bengal, Haryana and Odisha had high rural unemployment and Bihar followed by West Bengal, Andhra Pradesh and Haryana had high urban unemployment.

Health

- Infant mortality rate (IMR) in 2012 was the lowest in Kerala (12) and highest in Madhya Pradesh (56) followed by Assam (55), Odisha, and Uttar Pradesh (53 each) against a national IMR of 42. Birth rate was also lowest in Kerala (14.9) and highest in Bihar (27.7) against a national average of 21.6. Death rate was lowest in Maharashtra and West Bengal (6.3) and highest in Odisha (8.5) against a national average of 7.0.

Education

- Madhya Pradesh (135.2) followed by Bihar (127.7) had the highest GER in the age group 6-10 years during 2010-11 while Punjab (84.3) had the lowest. GER in the age group 11-13 years was highest in Himachal Pradesh (113.8) followed by Tamil Nadu (112.3) and lowest in Bihar (64.6) followed by Assam (67.9). The relatively lower 11-13 years GER compared to 6-10 years GER indicates that the transition of students from primary to upper primary classes is relatively lower than the entry to primary classes. Pupil-teacher ratios at all India levels of education-primary, middle, and high schools-are very high in states like Uttar Pradesh and Bihar affecting the quality of education.

Financial Inclusion

- The coverage of all types of commercial banks has been expanded in all the states, with a total number of 1,16,448 branches at all India level in 2013. Uttar Pradesh (14,014) has highest number of bank branches followed by Maharashtra and Andhra Pradesh in 2013.

Key Social-sector Programmes

While there are state-wise indicators for some social-sector programmes, it is not possible to evaluate the performance of states based just on numbers.

- Progress in terms of 24x7 primary and other health centre facilities under the National Rural Health Mission (NRHM) is highest in Karnataka (2328) followed by Tamil Nadu and Rajasthan, and lowest in Himachal Pradesh (156) and Haryana (398).
- The average persondays per household under the Mahatma Gandhi NREGA during 2013-14 is the highest in Tamil Nadu (59 persondays) followed by Kerala (57 persondays) and lowest in Assam (24 persondays) followed by Punjab (33 persondays) against the national average of 46 persondays. While the share of women employed under Mahatma Gandhi NREGA is the highest in Kerala (93.4 per cent) followed by Tamil Nadu (84.1 per cent), it is lowest in Uttar Pradesh (22.2 per cent) followed by Assam (24.8 per cent).
- The overall target achievement for the Indira Awas Yojana (IAY) in 2013-14 was 44 per cent during 2013-14 and Kerala (97.7 per cent) followed by Andhra Pradesh (83.3 per cent) and Karnataka (82.6 per cent) had the highest target achievements and Punjab (10.6 per cent) followed by Himachal Pradesh (17.1 per cent) the lowest.

13.13 The inter-state comparisons of performance of states based on different available indicators furnish some clear policy pointers. While some states have done very well in terms of growth indicators, they are poor performers in terms of other human development indicators. So the human development dimension needs to be taken into account while formulating and implementing social-sector programmes and arriving at criteria for devolution of funds to states.

The human development dimension needs to be taken into account during formulation and implementation of social-sector programmes and in devolution of funds to states.

INCLUSIVE DEVELOPMENT AND SOCIAL-SECTOR PROGRAMMES

13.14 Inclusive development incorporates social and financial inclusion and in most cases the socially excluded are also financially excluded. Many segments of the population like landless agricultural labourers, marginal farmers, scheduled castes (SCs), scheduled tribes (STs), and other backward classes (OBCs) continue to suffer social and financial exclusion. The government's policies are directed towards bringing these marginalized sections into the mainstream. Towards this end, the central government has been implementing many social-sector programmes. They can be classified under the following broad heads viz. poverty alleviation and employment generation, social protection, rural infrastructure and development, urban infrastructure, education and skill development, health, women and child development, and welfare and development of weaker sections.

Poverty Alleviation and Employment Generation Programmes

13.15 Some of the major poverty alleviation and employment generation programmes are the following:

Mahatma Gandhi NREGA: Mahatma Gandhi NREGA aims at providing not less than 100 days of guaranteed wage employment in a financial year to every rural household, with a stipulation of one-third participation of women, through creation of assets that address causes of chronic poverty like drought, deforestation, and soil erosion, thus encouraging sustainable development. With an outlay of ₹ 33,000 crore in 2013-14, the scheme provided 219.72 crore persondays of employment to 4.78 crore households with an average wage employment of 46 persondays. The share of women, SC, and ST persondays in this period was 53 per cent, 23 per cent and 17 per cent respectively. With wages indexed to the consumer price index for agricultural labour (CPI-AL), the average wage under the scheme has increased from ₹ 65 in FY 2006-07 to ₹ 132 in FY 2013-14, resulting in improvement in the bargaining power of agriculture labour. It has also led to improved economic outcomes, especially in watershed activities, and reduction in distress migration. Box 13.2 lists some recent initiatives.

National Rural Livelihoods Mission (NRLM) - Aajeevika: The NRLM aims at organizing all rural poor households and continuously nurturing and supporting them till they emerge out of abject poverty, by organizing one woman member from each household into affinity-based women self-help groups (SHGs) and their federations at village and higher levels by 2024-25. The objective is to ensure that each family, once it is in the SHG network for a period of 6-8 years is able to achieve household food security and have 3-4 stabilized livelihoods through a strong convergence with panchayati raj institutions (PRIs). The mission has covered 97,391 villages and mobilized around 20 lakh SHGs, of which 3.8 lakh are new. During 2013-14, ₹ 22121.18 crore of SHG bank credit has been disbursed. For 2014-15, ₹ 3560 crore has been allocated to NRLM.

Swarna Jayanti Shahari Rozgar Yojana (SJSRY)/ National Urban Livelihoods Mission (NULM): SJSRY, replaced by the

Box 13.2 : Some Recent Initiatives under the Mahatma Gandhi NREGA

- Inter-departmental convergence and collaboration activities like construction of individual household latrines under the Nirmal Bharat Abhiyan (NBA), construction of anganwadi centres under the Integrated Child Development Services (ICDS) Scheme, construction of village playfields under the Panchayat Yuva Krida aur Khel Abhiyan, and convergence with watershed management programmes.
- Steps to open individual bank/post office accounts for all women workers.
- Identifying and providing job cards to widowed, deserted, and destitute women.
- Initiatives for the disabled and other vulnerable persons by fixing schedule of rates (SoR) based on work and time motion study at state level.
- Adding new works to the existing list of permissible works specifically focused on rural livelihood and agricultural activities.

Source: Ministry of Rural Development

NULM in September 2013, aims to provide gainful employment to the urban unemployed and underemployed. The NULM will focus on organizing urban poor in SHGs, creating opportunities for skill development leading to market-based employment, and helping them set up self-employment ventures by ensuring easy access to credit. The mission aims at providing shelter with basic amenities to urban homeless. It also plans to address livelihood concerns of urban street vendors. During 2013-14, ₹ 720.43 crore was released and the number of persons skill trained and assisted for self-employment was 6,83,452 and 1,06,250 respectively.

Social Protection Programmes

13.16 Some important social protection programmes are the following:

Aam Aadmi Bima Yojana (AABY): The AABY extends life and disability cover to persons between the ages of 18 and 59 years, living below and marginally above the poverty line in 47 vocational/occupational groups, including rural landless households. The scheme is also available to all Rashtriya Swasthya Bima Yojana (RSBY) beneficiaries satisfying eligibility conditions. The AABY provides insurance cover for a sum of ₹ 30,000 on natural death, ₹ 75,000 on death due to accident, ₹ 37,500 on partial permanent disability due to accident, and ₹ 75,000 on death or total permanent disability due to accident. It also provides an add-on benefit of scholarship of ₹ 100 per month per child to a maximum of two children. The total annual premium is ₹ 200 per beneficiary of which 50 per cent comes from the social security fund and the remaining 50 per cent is contributed by the state government/nodal agency/beneficiary. A total of 4.61 crore lives are covered under the AABY as on 30 April 2014.

Rashtriya Swasthya Bima Yojana (RSBY): The RSBY, a smart card-based cashless health insurance scheme, including maternity benefit, provides cover of ₹ 30,000 per family per annum on a family floater basis to BPL families in the unorganized sector. As of now there are about 6.85 crore targeted BPL families and 70.98 lakh reported hospitalization cases. As on 31 March 2014, more than 3.69 crore families were covered under the RSBY. During 2013-14, ₹ 885.91 crore was released. The benefits of RSBY are being extended to all unorganized workers in a phased manner.

The Unorganized Workers Social Security Act 2008 and National Social Security Fund: The Act provides for constitution of a National Social Security Board and State Social Security Boards that will recommend social security schemes for unorganized workers. A National Social Security Fund with initial allocation of ₹ 1000 crore to support social security schemes for weavers, toddy tappers, rickshaw pullers, beedi workers, etc. has also been set up. Further, ₹ 500 crore has been added to the fund.

Rural Infrastructure and Development Programmes

13.17 Rural infrastructure and development programmes have been designed to achieve a higher degree of rural-urban integration and an even pattern of growth and opportunities for the poor and disadvantaged sections of society. Some such programmes are the following:

Rural Housing — Indira Awaas Yojana (IAY): The IAY aims at providing dwelling units to houseless below poverty line (BPL) households identified by the gram sabhas and those living in dilapidated and kutch houses, with a component for providing house sites to the landless poor as well. Under the IAY, a shelterless BPL family is given assistance of ₹ 70,000 in plains areas and ₹ 75,000 in hilly/difficult areas/Integrated Action Plan (IAP) districts for construction of a new house. For upgradation of kutch or dilapidated houses, ₹ 15,000 is provided. For purchase of house sites, ₹ 20,000 is provided. The physical target for construction during 2013-14 is 24.81 lakh houses, of which 10.93 lakh have been constructed and 23.76 lakh are under construction. During 2013-14, a total of ₹ 13,894.90 crore was allocated for construction of 24.81 lakh houses and ₹ 12,970 crore was released.

Pradhan Mantri Gram Sadak Yojana (PMGSY): The PMGSY is a fully funded centrally sponsored scheme with the objective of providing all-weather road connectivity to all eligible unconnected habitations in rural areas of the country having population of 500 persons and above in plains areas and 250 persons and above (as per the 2001 census) in special category states, selected tribal and desert areas. It also permits upgradation of existing rural roads. Since inception, projects for providing new connectivity to 1,44,717 habitations with a road length of 5,44,462 km have been cleared at an estimated cost of ₹ 1,82,560 crore including upgradation. A total of 3,99,979 km road length has been completed and new connectivity has been provided to over 97,838 habitations up to March 2014. During 2013-14, 25,316 km of all-weather road including new connectivity to 6560 habitations has been completed at an expenditure of ₹ 13,095 crore. Upgradation of selected existing roads has also been taken up.

Rural Drinking Water — National Rural Drinking Water Programme (NRDWP): Under the NRDWP, the goal is to ensure that every rural person in the country has access to 70 l of water per capita per day (lpcd) within their household premises or at a distance of not more than 50 m by 2022. The coverage under the programme is 68 per cent. However, slippages happen owing to depleting groundwater levels, increase in population, demand for increased levels of service, and low involvement of gram panchayats and communities in the planning, implementation and monitoring. Increasing contamination of drinking water sources for a variety of reasons is another problem. As on March 2014, about 73.8 per cent of rural habitations are fully covered with the provision of at least 40 lpcd of safe drinking water. The rest are either partially covered or have chemical contamination in drinking water sources. During 2013-14, a target to cover 1,41,838 habitations was fixed against which coverage of 1,52,423 habitations has been reported. The outlay for rural drinking water supply has been increased from ₹ 4098 crore in 2005-06 to ₹ 9700 crore in 2013-14. According to the NSS 69th round (Key Indicators on Drinking Water, July 2012 to December 2012) there were 88.5 per cent estimated rural households in India with access to drinking water from improved sources and 11.5 per cent with access to drinking water from unimproved sources. However, Census 2011 reported that 84.2 per

cent of rural households have access to improved drinking water sources from taps, hand pumps, and covered wells.

Rural Sanitation — Nirmal Bharat Abhiyan (NBA): According to Census 2011, only 32.7 per cent of rural households have latrine facilities. The NBA, started in 2012, aims at achieving 100 per cent access to sanitation for all households by 2022. As of today, NBA projects have been sanctioned in 607 districts with a total outlay of ₹ 22,672 crore, of which the central share is ₹ 14,888 crore. Allocation for the NBA has increased from ₹ 1500 crore in 2011-12 (RE) to ₹ 2300 crore in 2013-14 (RE). The provision of incentives for individual household latrine units has been widened to cover above poverty line (APL) households belonging to SCs, STs, and other vulnerable sections along with all BPL households. The number of households being provided toilets annually has increased from 6.21 lakh in 2002-03 to 45 lakh in 2012-13. During 2013-14 (up to March 2014), over 49 lakh toilets were provided to households.

Backward Regions Grant Fund (BRGF): The BRGF programme launched in 2007 is now applicable in 272 identified backward districts of 27 states, except Goa. The untied funds under the BRGF provide financial resources for supplementing and converging existing development inflows and bridging the critical gaps in local infrastructure and other development requirements that are not being adequately met through other sources of funding. The planning is participatory in nature by PRIs with a bottom-up approach. The entire budgetary allocation of ₹ 2800 crore (RE) has been released during 2013-14.

Urban Infrastructure Programmes

13.18 The following are major initiatives for providing better urban infrastructure, housing, and sanitation facilities:

Jawaharlal Nehru National Urban Renewal Mission (JNNURM): The JNNURM launched in December 2005 is being implemented in cities with focus on upgradation of urban infrastructure, creation of housing stock, and provision of basic services to the poor through community participation and accountability of urban local bodies. The mission is implemented through a) the Basic Services to the Urban Poor (BSUP) programme and b) the Integrated Housing and Slum Development Programme (IHSDP). The BSUP is applicable to 65 select cities in the country and the remaining cities are covered under the IHSDP. Under the BSUP, 519 projects at a total cost of ₹ 28,569.9 crore for the construction of 9,68,486 dwelling units (DUs) have been approved. Under the IHSDP, 1070 projects for construction of 5,52,288 DUs in 910 cities have been approved at a total cost of ₹ 11,681.51 crore. As on 31 March 2014, 8,03,453 houses have been constructed and 5,80,030 houses occupied by beneficiaries. Out of ₹ 21,594.83 crore additional central assistance for these projects, ₹ 17,117.99 crore has been disbursed to states.

Rajiv Awaas Yojana (RAY): The RAY, which envisages a slum-free India, was launched in 2011 and 54 pilot projects and 228 cities have been included under the preparatory phase of programme with total project cost of ₹ 2468.51 crore of which the central share is

₹ 1361.84 crore. In the implementation phase, 112 projects for construction/upgradation of 78,664 DUs, at a total project cost of ₹ 4003.55 crore of which the central share is ₹ 2169.35 crore, have been sanctioned.

Education and Skill Development Programmes

13.19 India has to provide quality education and develop the skills of its large young population to fully reap the benefits of the demographic dividend. Currently, many programmes are being implemented both in elementary and secondary education and higher and technical education.

Elementary and Secondary Education

Sarva Shiksha Abhiyan (SSA): Right to Education (RTE) Act 2009 was enacted in April 2010 with the objective of making free and compulsory elementary education a right for children. The SSA aims at universalizing access to education at primary and upper primary levels through new schools, additional classrooms, teachers, special training for out-of-school children, provisions for textbooks, uniforms, residential facilities, transportation, training, etc. The achievements of the SSA till 2013-14 include opening of 3,57,611 new primary and upper primary schools, construction of 2,77,093 school buildings, construction of 15,87,836 additional classrooms, provision of 2,23,939 drinking water facilities, construction of 7,83,349 toilets, appointment of 15.06 lakh teachers, in-service training for 53.33 lakh teachers at block and cluster resource centres, and a significant reduction in the number of school dropouts.

Mid-Day Meal (MDM) Scheme: The MDM Scheme aims at providing hot cooked mid-day meals to all children attending elementary classes in government, local body, government-aided and national child labour project schools, as well as centres under the Education Guarantee Scheme (EGS) and alternate and innovative education centres, including madrasas / maqtabs. During 2013-14, against the budget allocation of ₹ 13215 crore an expenditure of ₹ 10927 crore was incurred, benefiting about 10.80 crore children. Social audit has been introduced to monitor the scheme, including testing of food samples by NABL/CSIR/FSSAI-accredited labs. The scheme is being monitored by the MDM-MIS web portal which has scope for integrating with the interactive voice response system (IVRS) for real-time monitoring through community participation.

As a percentage of GDP, expenditure on education has gone up from 2.9 per cent in 2008-09 to 3.3 per cent in 2013-14(BE). There is need not only to increase it further, but also address quality issues.

Rashtriya Madhyamik Shiksha Abhiyan (RMSA): The RMSA aims at enhancing access to secondary education and improving its quality to ensure GER more than 90 per cent by 2017 and universal retention by 2020. During 2013-14, ₹ 3045.87 crore has been released to states under the RMSA. To ensure efficient utilization of funds and greater coordination, other centrally sponsored schemes for secondary education, i.e. Information and Communication Technology at School, Inclusive Education for the Disabled at secondary stage, Vocational Education Scheme, and Girls Hostel Scheme, have been subsumed under the RMSA.

Model School Scheme (MSS): The MSS aims at building capacity in secondary schools to absorb the pass outs from expanded primary enrolments. The scheme is being implemented in two

modes (i) 3500 model schools are to be set up in educationally backward blocks (EBB) through state/UT governments; and (ii) the remaining 2500 model schools are to be set up under PPP mode in blocks which are not EBBs. Up to May 2014 under the first component, financial sanction has been accorded for setting up of 2166 schools in 22 states with release of central share amounting to ₹ 3184.64 crore. Further, 1184 model schools have been made functional in 12 states since 2010-11. The second component under PPP was initiated during 2012-13 and 500 schools are proposed to be awarded, in as many blocks, under it.

Saakshar Bharat (SB)/ Adult Education: The focus of SB is female literacy. While only 73 per cent literacy has been achieved as per Census 2011, there is marked improvement in female literacy. Male literacy at 80.89 per cent is still higher than female literacy at 64.64 per cent but the latter increased by 10.9 percentage points compared to the 5.6 percentage points for the former. By the end of March 2013, the programme was sanctioned in 1.61 lakh gram panchayats of 383 low female literacy districts in 25 states and 1 UT. Over 1.52 lakh adult education centres have been set up, manned by 2.42 lakh village coordinators. Up to August 2013 about 24.37 million learners, of which around three-fourths are women, have successfully passed the assessment tests for basic literacy conducted by the National Institute of Open Schooling. Nearly 2 million adults have been skilled in various vocational trades by jan shikshan sansthanas. In recognition and appreciation of the programme's endeavour to establish a fully literate society, SB has been awarded the King Sejong Literacy Prize 2013 by the United Nations Educational, Scientific and Cultural Organization (UNESCO). While the SSA has helped in universalization of primary education, a lot more needs to be done to provide quality education. The Annual Status of Education Report (ASER) 2013 by Pratham, an NGO, in its annual survey of rural children conducted in 550 districts, highlights many positives and negatives (Box 13.3). While declining levels of educational achievement are a cause for concern, it is unclear how much of the decline is because of lower levels of learning, and how much is because schools are reaching out to enrol students with lower preparation than they did earlier.

Higher and Technical Education

13.20 In quantity terms, with the number of universities and colleges increasing from 20 and 500 respectively at the time of independence to 723 universities and university-level institutions with 37,204 colleges and 11,356 diploma-level institutions in 2012-13, India has one of the largest numbers of higher education institutions. The GER in higher education has nearly doubled from around 10 per cent in 2004-05 to 20.4 per cent in 2011-12 with the enrolment of 28.5 million students. While India has some of the best institutions the world, in terms of quality of education, a lot more needs to be done. Some recent initiatives in the area of higher and vocational education are the following:

- A new mission mode scheme called Rashtriya Uchchatar Shiksha Abhiyan (RUSA), which will focus on access, equity, quality, and innovation through creation, expansion and

Box 13.3 : ASER 2013: Main Findings

Some Positives

- **Rising enrolment:** In 2013, 96.8 per cent of all 6-14 year old children in rural India are enrolled in schools with the proportion not enrolled falling marginally, from 3.5 per cent in 2012 to 3.3 per cent in 2013. The proportion of girls in the age group 11 to 14 not enrolled in school dropped from 6 per cent in 2012 to 5.5 per cent in 2013. Private school enrolment of 6-14 year olds has risen steadily from 18.7 per cent in 2006 to 29.0 per cent in 2013.
- **Better provision of girls' toilets:** The proportion of schools without toilets (girls + boys) has fallen from 8.4 per cent in 2012 to 7.2 per cent in 2013. The proportion of schools with separate toilets for girls has improved from 32.9 per cent in 2010 to 53.3 per cent in 2013.
- **More libraries in schools:** The proportion of schools without libraries has declined from 28.7 per cent in 2011 to 22.9 per cent in 2013.
- **Compliance on pupil-teacher ratio:** There has been a consistent rise in the proportion of schools complying with RTE norms on pupil-teacher ratio, from 38.9 per cent in 2010 to 45.3 per cent in 2013.
- **Improvement in drinking water facility:** The proportion of schools with no provision for drinking water has declined from 17.0 per cent in 2010 to 15.2 per cent in 2013 with useable drinking water facility slightly improving from 73.0 per cent in 2012 to 73.8 per cent in 2013.

Some Negatives

- **Teacher — Classroom ratio is declining:** There has been a decline in the proportion of schools with at least one classroom per teacher, from 76.2 per cent in 2010 to 73.8 per cent in 2013, exceptions being Andhra Pradesh, Bihar, Gujarat, Haryana, Jammu & Kashmir, Jharkhand, Karnataka, Maharashtra, and Mizoram.

Contd...

consolidation of institutions, research, and innovation and will have norm-based funding, has been launched for strengthening and reforming higher education. During the Twelfth Plan, RUSA will create 80 new universities by converting autonomous colleges/colleges in a cluster to state universities, besides creating other related infrastructure.

- Technical Education Quality Improvement Programme (TEQIP) Phase II, a four-year programme, is currently being implemented with the assistance of the World Bank, covering about 200 institutions based on competitive funding. A total of 187 institutions has been selected under TEQIP.
- Under a scheme for interest subsidy on educational loans introduced in 2009-10, full interest subsidy is provided during the period of moratorium on educational loans from banks availed of by all economically weaker section (EWS) students under the educational loan scheme of the Indian Banks Association (IBA). For the period 2009-12, ₹ 2231.23 crore was released as interest subsidy on educational loans, benefiting about 25 lakh students.
- The National Vocational Education Qualification Framework (NVEQF) has been aligned to the National Skill Qualification Framework (NSQF) to standardize skill learning outcomes and provide mobility. As of now, 287 new polytechnics have been established under its sub-mission on polytechnics and 457 existing polytechnics have been provided financial assistance. In 2012-13, 2.07 lakh persons have been trained through polytechnics and 3.5 lakh persons have been trained in four regional boards of apprenticeship during the last five years.

Skill Development

13.21 Skill development is vital not only for reaping the benefits of demographic dividend, but also for greater inclusive growth. To bridge the demand-supply mismatch of skilled persons, the National Skill Development Corporation (NSDC) has approved 158 proposals till March 2014. The overall commitment to 129 training proposals and 29 sector skill councils stands at ₹ 2215.89 crore. A total of 19,54,300 persons have received job-oriented skills training through NSDC skilling partners since 2010, of which 60 per cent have been placed in different sectors. During 2013-14, NSDC partners trained 10,05,074 people across a wide array of sectors ranging from healthcare, manufacturing, electronics and hardware, tourism, hospitality and travel to banking, financial services, retail, information technology, and textiles in 366 districts. The National Skill Certification and Monetary Rewards Scheme, popularly known as STAR with a budget outlay of ₹ 1000 crore provides monetary reward to those who wish to acquire a new skill or upgrade existing skills. The scheme became operational on 16 September 2013 and has enrolled more than 4 lakh trainees in 206 courses. As on 31 March 2014, 3,44,545 trainees have completed their training with 559 partners in 6402 centres across the country. Under the special skills training initiatives called Udaan, a private sector-led skills training programme for diploma holders, graduates, and post-

Box 13.3 : ASER 2013: Main Findings (Contd...)

- **Declining basic reading levels:** The percentage of children in standard V able to read a standard II level text declined from 53.7 per cent in 2010 to 47.0 per cent in 2013.
- **Decline in Arithmetic levels:** The percentage of standard III children able to solve simple two-digit subtraction problems fell from 39.1 per cent in 2009 to 26.1 per cent in 2013. However states like Haryana, Himachal Pradesh, Jammu & Kashmir, Odisha, Punjab, Rajasthan and Uttar Pradesh are exceptions where arithmetic levels have risen for the classes III-V.
- **Children's attendance has declined:** Children's attendance (for standards I-V) shows a decline from 72.9 per cent in 2010 to 70.7 per cent in 2013 in rural primary schools with exceptions being Bihar, Karnataka, Odisha, and Tamilnadu.
- **Same classroom for different classes:** More than half of standard 2 and standard 4 classes sit together in rural government primary schools.

Source : Based on ASER 2013, Press Release dated 15 January 2014.

Skill development is vital not only for taking advantage of the demographic dividend, but also for more inclusive growth.

graduates of Jammu & Kashmir, 61,893 people from 47 corporates across the country have been trained. By 31 March 2014, 4318 people had joined training from 36 corporates, of whom 1451 have completed their training. The target for the next year is to enrol 8000 people from Jammu & Kashmir.

Health Programmes

13.22 Providing quality and affordable healthcare to the large Indian population, particularly the poor and underprivileged, is a formidable task. The allocations for the health sector have increased over the years. In 2013-14, there was an increase in outlay for the health sector by 7.44 per cent over the previous year to ₹ 32,745 crore. The combined revenue and capital expenditure of the centre and states on medical and public health, family welfare, and water supply and sanitation has increased from ₹ 53,557 crore in 2006-07 to ₹ 1,36,296 crore in 2012-13 (BE). The central government outlay for the health sector in the Twelfth Plan has been increased by about 200 per cent to ₹ 3,00,018 crore over the actual outlay of ₹ 99,491 crore in the Eleventh Plan. The process of rolling out universal health coverage has also been set in motion. Though the progress in the health sector as reflected in selected health indicators (Table 13.8) is impressive, with just a 1.4 per cent share in India's GDP, a lot more needs to be done to provide quality and affordable healthcare for the large Indian population.

Expenditure on health is just 1.4 per cent of India's GDP. A lot more needs to be done to provide quality and affordable healthcare for the large Indian population.

Sl. No	Parameter	1981	1991	2001	Current level
1.	Crude birth rate (CBR) (per 1000 population)	33.9	29.5	25.4	21.6 (2012*)
2.	Crude death rate (CDR) (per 1000 population)	12.5	9.8	8.4	7.0 (2012*)
3.	Total fertility rate (TFR)	4.5	3.6	3.1	2.4 (2012*)
4.	Maternal mortality ratio (MMR) (per 1,00,000 live births)	NA	NA	301 (2001-03)	178 (2010-12*)
5.	Infant mortality rate(IMR) (per 1000 live births)	no	80	66	42 (2012*)
	Rural	NA	NA	NA	46
	Urban	NA	NA	NA	28
6.	Child (0-4 years) mortality rate (per 1000 children)	41.2	26.5	19.3	11 (2012*)
7.	Life expectancy at birth	(1981-85)	(1989-93)	(1999-03)	(2006-10)**
	Total	55.4	59.4	63.4	66.1
	Male	55.4	59.0	62.3	64.6
	Female	55.7	59.7	64.6	67.7

Table 13.8 : India : Select Health Indicators

Sources: Ministry of Health and Family Welfare; *Sample Registration Survey (SRS), **Abridged Life tables, 1999-03, 2003-07 to 2006-10, Registrar General of India.

13.23 Many programmes are being implemented in the health sector. Some important ones are the following:

National Health Mission (NHM): The national health mission (NHM) was launched in 2013 to enable universal access to equitable, affordable, and quality health care services. The NHM subsumes the NRHM and National Urban Health Mission (NUHM)

as sub-missions, initiated in 2013 to expand the primary healthcare service coverage in the country. The NUHM covers slum dwellers and other marginalized groups of all cities/ towns with a population of more than 50,000, as towns below 50,000 population are already covered under the NRHM. Since 2005, the NRHM has led to improvement in healthcare delivery service through better infrastructure, drugs, and equipment and availability of human resources in health facilities at different levels in rural areas (Table 13.9). The total plan outlay under the NNM for 2013-14 was ₹ 18,775.35 crore.

Reproductive and Child Health (RCH): Two RCH programmes, i.e. Janani Suraksha Yojna (JSY) and Janani Shishu Suraksha Karyakram (JSSK), aim to bring about a change in three critical health indicators, maternal mortality rate (MMR), infant mortality rate (IMR), and total fertility rate (TFR). In order to meet the increased demand for delivery care services, the initiative to introduce 100-bedded maternal and child health (MCH) wings in 158 district hospitals and medical colleges has been taken up. Mother and child tracking system (MCTS) has been introduced to track every pregnant woman for timely pre-natal care, institutional delivery, and post-natal care, with immunization of the children. The registration of pregnant women and children has reached about 2.08 crore and 1.67 crore respectively during 2013-14. Under the JSY, institutional deliveries conducted by skilled birth attendants have increased from 7.38 lakh in 2005-06 to more than 1.06 crore in 2012-13. The number of institutional deliveries during 2013-14 (up to September 2013) was 80.94 lakh. Under the JSSK, all pregnant women delivering in public health institutions are entitled to absolutely no expense deliveries including caesarean, free drugs, diagnostics, blood and diet, and free transport from home to institution, including during referrals.

Pradhan Mantri Swasthya Suraksha Yojana (PMSSY): Under the PMSSY, six All India Institute for Medical Sciences (AIIMS)-like institutions in the first phase at Bhopal, Bhubaneswar, Jodhpur, Patna, Raipur, and Rishikesh have become functional. Two batches of students totalling 210 at each of these six institutions are receiving education. Besides upgradation of 13 medical colleges in the first phase, 6 in the second phase, and 39 in the third phase are envisaged.

AYUSH: The Indian system of medicine is also being developed and promoted by involvement / integration of the AYUSH system in national healthcare delivery through an allocation of ₹ 1069 crore in 2013-14. But the recent NSSO survey highlights the huge gap in outreach of public healthcare delivery of AYUSH system as compared to its demand. Only 4.7 per cent of patients could avail of medicines from government hospitals/dispensaries, with the remaining 95.3 per cent population using private and other sources.

Human Resources, Infrastructure Development/Upgradation in Tertiary Health Care: To strengthen government medical colleges, land requirement norms and infrastructural requirements for opening new medical colleges have been revised. To further increase availability of doctors, new medical colleges

Sl. No.	Facilities	Numbers
1.	SC/PHC/CHC (2012)*	177248
2.	Government hospitals (rural & urban areas, including CHCs) **	35416
3.	AYUSH hospitals & dispensaries (as on 01.04.12)**	27586
4.	Nursing personnel (as on 01.01.12)**	2124667
5.	Doctors (modern system) (2012)**	883812

Sources : *RHS: Rural Health Statistics in India 2012 and ** National Health Profile 2012.

Notes: SC is sub-centre; PHC is primary health centre; CHC is community health centre; AYUSH is Ayurveda, Yoga, Unani, Siddha and Homeopathy.

Table 13.9 : Health Care Infrastructure

attached to district hospitals are also being set up which will add 16,000 MBBS seats during the Twelfth Plan. To meet the shortage of faculty in pre- and para-clinical disciplines in state government medical colleges, ₹ 686.02 crore has been released as on 15 October 2013 to 72 government medical colleges in 20 states for creation of about 4000 postgraduate seats.

Women and Child Development Programmes

13.24 Women and children constituting about 70 per cent of the total population of the country are vulnerable and lagging in terms of many economic and social parameters. So there is a need for focused planning with affirmative action for their inclusion in the growth and development process with greater share in the decision-making process. Recognizing this fact, gender budgeting (GB), as a tool for achieving gender mainstreaming, has been adopted in 2005. The share of the gender budget has increased from 2.79 per cent in 2005-06 to 5.83 per cent (₹ 97,133.70 crore) of the gross budgetary support in 2013-14. Of the many schemes being implemented for the welfare of women and children, the Integrated Child Development Services (ICDS) Scheme, which aims at holistic development of children below 6 years of age and proper nutrition and health education of pregnant and lactating mothers, is an important one. This has now been universalized with cumulative approval of 7076 projects and 14 lakh anganwadi centres (AWCs), including 20,000 anganwadis 'on demand'. They are currently providing services to 1026 lakh beneficiaries.

Policies to address violence against children and women: A new National Policy for Children (NPC) 2013 for the realization of the rights of all children has been adopted. It recognizes every person below 18 years as a child for the harmonious development and protection of whom a long-term, sustainable, multi-sectoral, integrated, and inclusive approach is necessary. Besides, a special law, the Protection of Children from Sexual Offences (POSCO) Act 2012 to deal with child abuse cases below the age of 18 years, came into force from 14 November 2012. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013 enacted on 9 December 2013 covers all women against sexual harassment at the workplace in both the public and private sectors. Similarly, in order to prevent violence against women, comprehensive amendments were introduced in the Indian penal code through the Criminal Law (Amendment) Act 2013 that makes provisions more stringent. A high-level committee on the status of women was also set up on 24 May 2013 to prepare a report on the current socio-economic, political, health, and legal status of women in India and recommend measures for empowerment of women. The committee is mandated to present its report within two years.

Greater inclusion of women involves not just a greater share for the gender budget but also greater share of women in the decision-making process.

Welfare and Development Programmes for Weaker Sections

13.25 Economic and social empowerment along with educational upliftment of socially disadvantaged groups and marginalized sections of society can help in achieving faster and more inclusive

development. An amount of ₹ 5084.56 crore has been released for social justice and empowerment during 2013-14. Some schemes targeted at the different weaker sections are as follows:

SCs

- **Special Central Assistance (SCA) to the Schedule Castes Sub Plan (SCSP):** This aims at uplifting the SCs above the poverty line through self-employment or skill development for which subsidy is provided. During 2013-14, ₹ 790.25 crore has been released to the states for an estimated 6.08 lakh beneficiaries. Several legislations have been enacted for securing the civil rights of SCs and STs. For providing support to SCs, ₹ 3990.14 crore has been released during 2013-14.
- **Scholarship schemes:** Pre-matric scholarships have been introduced in 2012, for classes IX and X for SC children so as to minimize the incidence of drop-out, especially in the transition from elementary to secondary stage. An amount of ₹ 547.17 crore was released to the states during 2013-14 for an estimated 19.10 lakh beneficiaries for the purpose. Under the Post-matric Scholarship Scheme for SCs, central assistance of ₹ 2153 crore was released to the states during 2013-14 for 52.78 lakh beneficiaries.
- **Other schemes:** There are other schemes for SC students like the Rajiv Gandhi National Fellowship Scheme which aims at providing financial assistance to SC students pursuing M Phil and Ph D courses, National Overseas Scholarship Scheme which provides financial support to students pursuing Master's level and PhD/post-doctoral courses abroad, and the Top Class Education Scheme which provides full financial support to eligible students who secure admission in notified premier institutions like the Indian Institutes of Technology (IIT), Indian Institutes of Management (IIM), and National Institutes of Technology (NIT).

STs

13.26 Various policies and programmatic and legislative interventions have been made for the socio-economic development and empowerment of the STs. As per Planning Commission (2009-10), 47.4 per cent of STs in rural areas and 30.4 per cent in urban areas were below the poverty line. Major schemes targeted at their welfare are as follows:

- **Tribal Sub Plan and Special Area Programmes:** The Tribal Sub-Plan (TSP) is an instrument for accelerating socio-economic development by bridging the developmental gaps between STs and the general population. During 2013-14, ₹ 3879 crore (RE) was allocated for the welfare and development of STs. Major expenditure was incurred on central assistance to state governments under two special area programmes, (i) grants to states to supplement their TSP (SCA to TSP) for income generating schemes, creation of incidental infrastructure, community based activities and development of forest villages, and (ii) grants under article 275(I) of the constitution for development and up-gradation of

Faster and more inclusive development also depends on economic and social empowerment along with educational upliftment of socially disadvantaged.

administration in tribal areas. The latter is also used for setting up of Eklavya Model Residential Schools (EMRS) in states for providing quality education in remote areas. The revised allocation under these two programmes was ₹ 2147.14 crore during 2013-14, which has been released to the states.

- **Economic Empowerment Programmes:** For economic empowerment of STs, financial support is extended through the National Scheduled Tribes Finance and Development Corporation (NSTFDC) in the form of loans and micro-credit at concessional rates of interest for income-generating activities. During 2013-14, the corporation disbursed ₹ 141.35 crore for various income-generation activities of STs. Forward linkage is provided by the Tribal Cooperative Marketing Development Federation of India (TRIFED). A new scheme was launched in 2013-14 as a mechanism for marketing of minor forest produce through minimum support price and development of value chain, for which ₹ 112.49 crore was released to state implementing agencies.
- **Educational Development Programmes:** Despite continued support by the government, low educational levels among STs remain an area of concern. To address this issue, a Pre-matric Scholarship scheme launched in July 2012 provides 100 per cent financial assistance. The Post-matric Scholarship scheme also provides 100 per cent financial assistance. The Top Class Education Scheme provides financial assistance for quality education to 625 students per annum for pursuing Master's and doctoral and post-doctoral studies in identified institutes. Under the pre-matric scheme and post-matric scheme ₹ 219.43 crore and ₹ 748.45 crore respectively have been released in 2013-14.

Minorities

13.27 For the development of minorities, the plan outlay was raised from ₹ 3135 crore in 2012-13 to ₹ 3511 crore in 2013-14. Three scholarships schemes, namely Pre-matric, Post-matric and Merit-cum-Means based, were implemented exclusively for the notified minorities with a total provision of ₹ 1770 crore in 2013-14. The Multi-sectoral Development Programme, is a special area development initiative to address the 'development deficits' especially in education, skill development, employment, health and sanitation, housing, and drinking water in 196 minority concentration districts under which projects worth ₹ 1466.98 crore were approved during 2013-14. The corpus of the Maulana Azad Education Foundation has been enhanced from ₹ 100 crore in 2005-06 to ₹ 910 crore up to March 2014 and will be further enhanced by ₹ 113 crore during 2014-15 for expanding its activities.

13.28 There are also special programmes to benefit OBCs and persons with disabilities.

OUTLOOK AND CHALLENGES

13.29 The outlook for India on the human development front could be positive given the large demographic dividend waiting to be

tapped. The benefits of this unique opportunity can be reaped only if this young population is educated, healthy, and adequately skilled which, however, India's human development performance does not reflect. Though some pick-up is seen in these indicators during 2000-12, India's performance continues to be below global average in most of the HDI indicators like life expectancy at birth, mean years of schooling, expected years of schooling, and even per capita income. Notwithstanding growth in these indicators, India has slipped in its HDI rank.

13.30 Unleashing the potential of the demographic dividend is the biggest challenge India has to face, particularly now, as it is a time-bound advantage. Already the average age in some states like Kerala (33), Goa (32.3), Tamil Nadu (31.3), Himachal Pradesh (30.4), Andhra Pradesh (29.3), Punjab (29.9), and West Bengal (29.1) has surpassed the average age of 2020. So timely action for equipping the young population with high expectations with health, education, adequate skills and security is of paramount importance. For this, massive efforts are needed in the form of investment in social infrastructure, skill development, and empowerment of women.

13.31 Providing jobs for all and a decent standard of living are other challenges. While higher growth will have its trickle-down effect, the quality of growth is equally important. The present focus on development of infrastructure facilities and the employment-generating tourism sector are steps in the right direction. This along with targeted and redesigned employment and poverty-alleviation programmes can have the desired effect.

13.32 Another challenge is of dealing with multiple and sometimes overlapping programmes. While India has not compromised on expenditures on welfare activities despite the global shocks as reflected in the rise in social expenditure as a percentage of GDP, the outlays have not fully translated into outcomes. A mere mark up each year in the Budget for existing programmes or starting some new programmes will not suffice. What is needed is a 'zero budgeting' approach with a revamp, reorganisation and convergence of social-sector schemes with a minimum size prescribed for the schemes (Box 13.4).

13.33 The final challenge is the delivery mechanism. The outlays for the different schemes have not often translated fully into outcomes owing to the poor delivery mechanism. Leveraging modern technology for efficient delivery of programmes, removing the multiple layers of governance, simplifying procedures, and greater participatory role by the beneficiaries can help in creating a better delivery mechanism. India has made great strides in IT technology. This along with bigger private-sector participation can come in handy in the delivery of social-sector programmes. While this can help in quick delivery for beneficiaries, it can also help in detecting 'ghost' beneficiaries and overlapping of beneficiaries. The Direct Benefit Transfer (DBT) to Bank Account is one such example. The payment through e-musters under the Mahatma Gandhi NREGA is another. But a lot more can be done with the help of the private sector which has shown itself a little reluctant

Massive investment in social infrastructure, skill development, and empowerment of women is needed to reap the benefits of the time-bound demographic dividend.

A mere mark up each year in the Budget for existing programmes or starting some new ones will not suffice. What is needed is a 'zero budgeting' approach with a revamp, reorganization, and convergence of schemes.

Box 13.4 : Need for Revamp/ Reorganization of Some Social-sector Schemes

The government has been implementing many social-sector programmes. The performance of the different schemes is varied. A major revamp/reorganization of the myriad schemes and convergence of some is needed along with a zero budgeting approach for maximum efficiency gains.

Mahatma Gandhi NREGA

- Though the act is panchayat-centric and demand based, on the ground there is lack of principal role in planning, execution and monitoring by the PRIs especially the gram sabha.
- The awareness level in the gram sabha/PRIs is very low also resulting in lack of ownership, ill-conceived planning and shelf of projects, and weak or even no social audit.
- The need for community projects is becoming less important as probably such works have already been completed or are on the brink of saturation or on account of lack of common interest in public works. Individual activities on farms are preferred by beneficiaries.
- Delayed measurement of works leads to delayed wage payment. This is also owing to lack of technical staff.
- In some places only female workers are interested in availing of work as market wage for males is much higher, resulting in only small works of lesser utility being undertaken instead of big and tangible projects.
- Need to avoid projects with single or small number of beneficiaries and the use of Mahatma Gandhi NREGA funds in a supply-driven mode.

So there is an urgent need to revamp the Mahatma Gandhi NREGA to prevent its misuse and make it a development-oriented programme creating tangible and meaningful assets and infrastructure including tourism-related infrastructure or some large agriculture-related activities.

NRLM

- The SGSY/NRLM has been working satisfactorily in activities like tailoring, home-made products like agarbattis, locally consumable items, pottery, and hospitality services. However, careful assessment of demand and supply of the end-product through meticulous planning and putting in place the backward and forward linkages is necessary. For this proper time-bound identification and development of growth centres at block level are needed.
- The mismatch in the scope of activities and large amount of investment made in infrastructure like buildings and equipment needs to be looked into.

NRHM

- Though the NRHM has been successful in reaching affordable healthcare services to the rural population, there are problems like underutilization of the well-built infrastructure, either due to bad location of the centre or due to lack of transport/residential facilities for doctors and other staff, safety of women, and shortage of qualified doctors and nurses.
- There is also a need to consider PPP in this sector with careful regulatory oversight.

SSA

- The mandate of the RTE Act to have a school within 1 km of radius of every habitation was to ensure that every child gets the facility of a nearby school. However, this provision needs to be revisited as the number of students in some places does not warrant separate classrooms and it has led to mushrooming of schools, with the infrastructure in the form of buildings wasted. A single and bigger school for nearby places could serve the purpose better with optimization of resources.
- Need for regularization of temporary teachers and outcome-based assessment of teachers.
- The absence of basic amenities like toilet facilities, safe drinking water, shortages of staff at all levels including safai karamcharies in the schools need to be addressed.

MDM

- The scheme needs a facelift as there are concerns about the safety of children owing to poor quality of food. Some suggestions include provision of dining rooms in each school as there is no cover from rains and other exigencies. There is a need to ensure hot cooked meals.
- Using the teaching staff only for supervision of the scheme instead of involving them directly in this activity, as the primary activity of teaching suffers.

NBA

This scheme has done well since inception, though there is still a long way to go. Some issues that need to be addressed are:

- Rural sanitation being a state subject, it is necessary for the state governments to accord high priority to the programme. Though most states have included the TSC in their programmes, financial allocations for sanitation are often not adequate on account of lack of priority attached to the programme which often takes a backseat to water which is a more politically important issue.
- There has been less emphasis on capacity building and IEC (information, education and communication) activities which is needed at the cutting-edge level for implementing a demand-driven project. The implementation machinery at field level, which is quite familiar with the working of supply-driven target-oriented schemes needs to be further sensitized to the challenges of this demand-driven approach.
- Some other challenges are provision of low-cost and region-specific technological options, quality of construction, and convergence with various other departments at national, state, district, and grassroots levels.

Source: Dr H.A.C. Prasad, Dr N.K. Sinha, and Riyaz A. Khan, Working paper No 3/2013-DEA (November 2013), Department of Economic Affairs, GoI and various other studies.

to participate in the government's social-sector programmes on account of payment and procedural delays. To avoid such delays, multiple layers of governance have to be reduced and intermediaries avoided. The success of programmes and policies of the government lies in the institutional arrangement and attitudinal mindset in the public delivery system. There is a need for greater degree of accessibility to information for the public, especially about the role, rights, and entitlements of the PRIs. Demanding accountability from the public delivery system by the general public will also make the authorities more responsive. Greater awareness and capacity-building activities at gram sabha level and devolution of powers in real terms, i.e. funds, function, and functionaries to the PRIs that are overdue since the 73rd Constitutional Amendment can help in effective planning, execution, monitoring and social audit of panchayat-centric programmes.

Focused attention on raising the awareness levels of the PRIs, especially Gram Sabhas, will lead to better and more effective planning, execution, monitoring, and social audit of panchayat-centric programmes.

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ECONOMIC SURVEY 2013-14

STATISTICAL APPENDIX

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Table 1.1 : Gross National Income and Net National Income

Year	Gross national income at factor cost (₹ crore)		Net national income at factor cost (₹ crore)		Per capita net national income (₹)		Index numbers (1950-51=100)			
	At current prices	At 2004-05 prices	At current prices	At 2004-05 prices	At current prices	At 2004-05 prices	At current prices	At 2004-05 prices	At current prices	At 2004-05 prices
1	2	3	4	5	6	7	8	9	10	11
(2004-05 series)										
1950-51	9995	278677	9464	255405	264	714	100.0	100.0	100.0	100.0
1951-52	10561	285558	9985	262804	274	7200	105.5	102.9	103.8	101.2
1952-53	10424	293791	9840	271541	265	7299	104.0	106.3	100.3	102.6
1953-54	11359	311784	10803	289931	285	7650	114.1	113.5	108.1	107.5
1954-55	10660	324830	10154	305985	263	7927	107.3	119.8	99.8	111.4
1955-56	10851	333543	10309	314238	262	7996	108.9	123.0	99.5	112.4
1956-57	12948	352418	12362	332192	308	8284	130.6	130.1	116.9	116.4
1957-58	13235	347970	12581	326993	308	7995	132.9	128.0	116.7	112.4
1958-59	14792	374219	14078	352055	337	8422	148.8	137.8	127.8	118.4
1959-60	15517	381865	14754	358913	346	8425	155.9	140.5	131.4	118.4
1960-61	16977	408739	16169	385761	373	8889	170.9	151.0	141.3	124.9
1961-62	17894	420953	16998	396844	383	8938	179.6	155.4	145.2	125.6
1962-63	19130	429594	18159	404119	400	8901	191.9	158.2	151.7	125.1
1963-64	21874	451447	20790	424528	448	9149	219.7	166.2	170.0	128.6
1964-65	25541	485194	24301	456327	513	9627	256.8	178.7	194.5	135.3
1965-66	26731	467155	25338	436650	522	9003	267.7	171.0	198.2	126.5
1966-67	30383	472024	28750	439345	581	8876	303.8	172.0	220.3	124.8
1967-68	35718	509966	33851	475052	669	9388	357.7	186.0	253.8	132.0
1968-69	37683	523558	35685	486775	689	9397	377.1	190.6	261.3	132.1
1969-70	41451	557652	39152	518434	740	9800	413.7	203.0	280.8	137.8
1970-71	44098	585672	41294	541867	763	10016	436.3	212.2	289.6	140.8
1971-72	46930	591703	43852	545976	792	9855	463.4	213.8	300.3	138.5
1972-73	51641	590138	48216	542686	850	9571	509.5	212.5	322.6	134.5
1973-74	63333	617498	59221	567938	1021	9792	625.8	222.4	387.3	137.6
1974-75	74639	625437	69342	572741	1169	9658	732.7	224.2	443.6	135.8
1975-76	79327	682356	73064	626779	1204	10326	772.1	245.4	456.6	145.1
1976-77	85312	691096	78505	631897	1266	10192	829.5	247.4	480.3	143.3
1977-78	97400	743223	90072	681443	1421	10748	951.8	266.8	538.9	151.1
1978-79	104774	784298	96663	719996	1492	11111	1021.4	281.9	565.9	156.2
1979-80	114653	744772	104766	677341	1578	10201	1107.0	265.2	598.5	143.4
1980-81	137183	798504	125761	727360	1852	10712	1328.9	284.8	702.6	150.6
1981-82	160254	842324	146333	767481	2115	11091	1546.3	300.5	802.2	155.9
1982-83	178351	864289	162236	785134	2291	11089	1714.3	307.4	869.3	155.9
1983-84	208412	932052	190443	848951	2634	11742	2012.4	332.4	999.2	165.0
1984-85	233689	967486	212713	878609	2878	11889	2247.7	344.0	1091.9	167.1
1985-86	261288	1007999	236151	913144	3128	12095	2495.3	357.5	1186.5	170.0
1986-87	291119	1051071	262781	950458	3408	12328	2776.7	372.1	1292.9	173.3

Contd....

Table 1.1 : Gross National Income and Net National Income (Contd...)

Year	Gross national income at factor cost (` crore)		Net national income at factor cost (` crore)		Per capita net national income (`)		Index numbers (1950-51=100)			
	At current prices	At 2004-05 prices	At current prices	At 2004-05 prices	At current prices	At 2004-05 prices	At current prices	At 2004-05 prices	At current prices	At 2004-05 prices
1	2	3	4	5	6	7	8	9	10	11
(2004-05 series)										
1987-88	329449	1086210	296257	978465	3760	12417	3130.5	383.1	1426.2	174.5
1988-89	391799	1193697	352948	1080137	4384	13418	3729.5	422.9	1663.2	188.6
1989-90	450809	1266767	405561	1146446	4934	13947	4285.5	448.9	1871.6	196.0
1990-91	524269	1331040	471619	1202305	5621	14330	4983.5	470.7	2132.4	201.4
1991-92	603451	1349541	538824	1211878	6295	14157	5693.6	474.5	2387.9	199.0
1992-93	692078	1422692	617940	1276845	7086	14643	6529.6	499.9	2688.2	205.8
1993-94	805881	1506139	723025	1354116	806	15181	7640.0	530.2	3074.9	213.4
1994-95	942393	1603265	845554	1440973	9292	15835	8934.8	564.2	3524.8	222.6
1995-96	1105102	1720069	992517	1547481	10695	16675	10487.7	605.9	4057.2	234.4
1996-97	1288706	1859370	1158858	1675760	12250	17714	12245.4	656.1	4647.0	249.0
1997-98	1434408	1943208	1287141	1745161	13352	18103	13600.9	683.3	5065.1	254.5
1998-99	1653771	2073141	1490030	1861253	15158	18934	15744.8	728.7	5750.1	266.1
1999-00	1842774	2238567	1656302	2009916	16546	20079	17501.7	787.0	6276.8	282.2
2000-01	1978010	2324681	1771118	2080565	17381	20418	18715.0	814.6	6593.4	287.0
2001-02	2155192	2453591	1926343	2193647	18523	21093	20355.2	858.9	7026.5	296.5
2002-03	2327174	2551975	2080993	2278608	19706	21578	21989.3	892.2	7475.5	303.3
2003-04	2605111	2755056	2332956	2464029	21763	22985	24651.8	964.8	8255.6	323.1
2004-05	2949089	2949089	2629198	2629198	24143	24143	27782.1	1029.4	9158.7	339.4
2005-06	3364387	3228177	3000666	2877284	27131	26015	31707.3	1126.6	10292.0	365.7
2006-07	3920042	3534849	3501313	3149149	31206	28067	36997.5	1233.0	11837.9	394.5
2007-08	4561574	3879457	4076878	3451829	35825	30332	43079.4	1351.5	13590.1	426.4
2008-09	5270644	4133292	4705447	3664388	40775	31754	49721.3	1434.7	15467.9	446.3
2009-10	6070903	4488314	541104	3966407	46249	33901	57177.8	1553.0	17544.3	476.5
2010-11(3R)	7167053	4863886	6406834	4293585	54021	36202	67699.5	1681.1	20492.5	508.9
2011-12(2R)	8314861	5201163	7434965	4573328	61855	38048	78563.5	1790.6	23464.5	534.8
2012-13(1R)	9272110	5416659	8255978	4728776	67839	38856	87238.9	1851.5	25734.4	546.2
2013-14(PE)	10344507	5673857	917045	4920183	74380	39904	96908.2	1926.4	28215.8	560.9

Source : Central Statistics Office.

1R: First Revised Estimates.

2R: Second Revised Estimates

3R: Third Revised Estimates

PE: Provisional Estimates

Table 1.2 : Annual Growth Rate of Gross National Income and Net National Income

Year	Gross national income						Net national income			Per capita net national income			(Percent)	
	At current prices		At 2004-05 prices		At current prices		At 2004-05 prices		At current prices		At 2004-05 prices			
	1	2	3	4	5	6	7	7	7	7	7	7		
1951-52		5.7	2.5	5.5	2.9	3.8	1.2							
1952-53		-1.3	2.9	-1.4	3.3	-3.3	1.4							
1953-54		9.0	6.1	9.8	6.8	7.8	4.8							
1954-55		-6.2	4.2	-6.0	5.5	-7.7	3.6							
1955-56		1.8	2.7	1.5	2.7	-0.3	0.9							
1956-57	19.3	5.7	19.9	5.7	5.7	17.5	3.6							
1957-58		2.2	-1.3	1.8	-1.6	-0.2	-3.5							
1958-59		11.8	7.5	11.9	7.7	9.5	5.3							
1959-60		4.9	2.0	4.8	1.9	2.8	0.0							
1960-61		9.4	7.0	9.6	7.5	7.6	5.5							
1961-62		5.4	3.0	5.1	2.9	2.8	0.6							
1962-63		6.9	2.1	6.8	1.8	4.5	-0.4							
1963-64		14.3	5.1	14.5	5.1	12.0	2.8							
1964-65		16.8	7.5	16.9	7.5	14.4	5.2							
1965-66		4.7	-3.7	4.3	-4.3	1.9	-6.5							
1966-67		13.7	1.0	13.5	0.6	11.2	-1.4							
1967-68		17.6	8.0	17.7	8.1	15.2	5.8							
1968-69		5.5	2.7	5.4	2.5	3.0	0.1							
1969-70		10.0	6.5	9.7	6.5	7.4	4.3							
1970-71		6.4	5.0	5.5	4.5	3.1	2.2							
1971-72		6.4	1.0	6.2	0.8	3.7	-1.6							
1972-73		10.0	-0.3	10.0	-0.6	7.4	-2.9							
1973-74		22.6	4.6	22.8	4.7	20.1	2.3							
1974-75		17.9	1.3	17.1	0.8	14.5	-1.4							
1975-76		6.3	9.1	5.4	9.4	2.9	6.9							
1976-77		7.5	1.3	7.4	0.8	5.2	-1.3							
1977-78		14.2	7.5	14.7	7.8	12.2	5.5							
1978-79		7.6	5.5	7.3	5.7	5.0	3.4							
1979-80		9.4	-5.0	8.4	-5.9	5.8	-8.2							
1980-81		19.7	7.2	20.0	7.4	17.4	5.0							
1981-82		16.8	5.5	16.4	5.5	14.2	3.5							
1982-83		11.3	2.6	10.9	2.3	8.4	0.0							
1983-84		16.9	7.8	17.4	8.1	15.0	5.9							
1984-85		12.1	3.8	11.7	3.5	9.3	1.3							
1985-86		11.8	4.2	11.0	3.9	8.7	1.7							
1986-87		11.4	4.3	11.3	4.1	9.0	1.9							
1987-88		13.2	3.3	12.7	2.9	10.3	0.7							
1988-89		18.9	9.9	19.1	10.4	16.6	8.1							
1989-90		15.1	6.1	14.9	6.1	12.5	3.9							
1990-91		16.3	5.1	16.3	4.9	13.9	2.7							
1991-92		15.1	1.4	14.2	0.8	12.0	-1.2							
1992-93		14.7	5.4	14.7	5.4	12.6	3.4							
1993-94		16.4	5.9	17.0	6.1	14.4	3.7							
1994-95		16.9	6.4	16.9	6.4	14.6	4.3							
1995-96		17.3	7.3	17.4	7.4	15.1	5.3							
1996-97		16.6	8.1	16.8	8.3	14.5	6.2							
1997-98		11.3	4.5	11.1	4.1	9.0	2.2							
1998-99		15.3	6.7	15.8	6.7	13.5	4.6							
1999-00		11.4	8.0	11.2	8.0	9.2	6.0							
2000-01		7.3	3.8	6.9	3.5	5.0	1.7							
2001-02		9.0	5.5	8.8	5.4	6.6	3.3							
2002-03		8.0	4.0	8.0	3.9	6.4	2.3							
2003-04		11.9	8.0	12.1	8.1	10.4	6.5							
2004-05		13.2	7.0	12.7	6.7	10.9	5.0							
2005-06		14.1	9.5	14.1	9.4	12.4	7.8							
2006-07		16.5	9.5	16.7	9.4	15.0	7.9							
2007-08		16.4	9.7	16.4	9.6	14.8	8.1							
2008-09		15.5	6.5	15.4	6.2	13.8	4.7							
2009-10		15.2	8.6	15.0	8.2	13.4	6.8							
2010-11(R)		18.1	8.4	18.4	8.2	16.8	6.8							
2011-12(R)		16.0	6.9	16.0	6.5	14.5	5.1							
2012-13(R)		11.5	4.1	11.0	3.4	9.7	2.1							
2013-14(PE)		11.6	4.7	11.1	4.0	9.6	2.7							

Contd....

Table 13A : Gross Domestic Product at Factor Cost by Industry of Origin

Year	At constant (2004-05) prices						(₹ crore)
	Agriculture, forestry & fishing, mining and quarrying	Manufacturing, construction, electricity, gas and water supply	Trade, hotels, transport & communication	Financing, insurance and business	Community and personal services	Gross domestic product at factor cost (2 to 6)	
1	2	3	4	5	6	7	
New series at 2004-05 prices							
1950-51	150191	40138	30792	23325	28474	279618	
1951-52	152987	41996	31608	23805	29329	286147	
1952-53	157764	41834	32641	24865	29934	294267	
1953-54	169547	44410	33861	25219	30860	312177	
1954-55	174611	48325	36065	26140	31967	32531	
1955-56	172255	53992	38700	27190	32925	333766	
1956-57	181651	58809	41537	27635	34219	352766	
1957-58	175180	57737	42831	28679	35705	348500	
1958-59	19337	62009	44965	29492	37233	374948	
1959-60	199851	66378	47779	30619	38834	383153	
1960-61	204340	73555	51879	31252	40741	410279	
1961-62	205014	78638	55259	32596	42656	423011	
1962-63	202334	85517	58503	33693	45686	431960	
1963-64	207030	92432	62650	34725	48884	453829	
1964-65	225287	99250	66890	35688	51894	488247	
1965-66	202906	102475	68079	36766	53950	470402	
1966-67	200481	106304	69862	37412	56438	475940	
1967-68	228813	109856	72832	38431	58059	513860	
1968-69	228836	115422	76055	40305	61272	527270	
1969-70	243347	124372	80275	41980	64655	561630	
1970-71	258665	1263556	84205	43735	68218	589787	
1971-72	274522	129506	86121	45980	71264	597541	
1972-73	254395	133917	87991	47767	73594	593843	
1973-74	259751	134649	91686	48926	75541	620872	
1974-75	250719	136045	9776	48779	79120	628079	
1975-76	289695	144928	105980	52142	81914	682079	
1976-77	197519	106697	106697	52677	84190	6939191	
1977-78	300873	170123	118084	59032	86450	744972	
1978-79	307874	182590	127772	65203	90186	785965	
1979-80	271006	170355	126751	63818	96779	745083	
1980-81	305906	183970	133906	65041	101666	798506	
1981-82	321876	197519	142057	70326	103842	843426	
1982-83	333862	197833	149903	77029	11849	866902	
1983-84	354720	214737	157545	84585	116027	9562970	
1984-85	360220	224284	165037	90907	124065	97357	
1985-86	363783	233818	178195	99783	131084	103866	
1986-87	364999	245395	188888	110295	141043	1057012	
1987-88	360949	259561	198578	118383	151240	1094910	
1988-89	417581	280803	210405	129934	160385	12009243	
1989-90	425075	304461	226074	146088	173022	1280228	
1990-91	444880	325450	237736	155105	180564	1347889	
1991-92	438685	32550	243178	171956	185232	1367171	
1992-93	465084	336716	256897	181320	196332	1440504	
1993-94	479592	357237	274682	201568	205101	1522344	
1994-95	504477	389993	301997	209401	2097412	1619694	
1995-96	504527	436863	342536	226348	225577	1737741	
1996-97	549202	468146	370200	240354	243388	1876319	
1997-98	542313	483585	39809	268495	263486	1957032	
1998-99	574374	504485	428613	289440	289985	2087828	
1999-00	590696	55737	477605	327111	32380	2254942	
2000-01	592227	570571	508299	338661	33280	2348481	
2001-02	624923	585971	552118	359684	338723	2474962	
2002-03	594280	627374	597896	385661	352267		
2003-04	643183	676833	664637	406008	365724	2570935	
2004-05	650454	747575	727720	437174	384998	2757949	
2005-06	680628	84272	815407	492340	411361	2971464	
2006-07	71768	928636	910684	561063	440426	3353073	
2007-08	751077	1033998	1009520	628124	452833	3561364	
2008-09	73744	1071681	1085125	703629	483917	389636	
2009-10	764817	1173089	1197891	771905	544497	418676	
2010-11(GR)	828431	1262722	1262722	849989	608369	4516671	
2010-11(R)	86357	1369932	1402201	945534	634167	491833	
2011-12(R)	872838	138653	147353	1048748	665446	5247330	
2012-13(GR)	87386	1393387	157826	118374	700579	5482130	
2013-14(PE)					739477	5741791	

Source: Central Statistics Office.

1R : First Revised Estimates.

PE: Provisional Estimates

Note: For the years prior to 1999-2000 totals under col 7 may not add up to totals of individual item under col. 2 to col. 6 due to splicing technique applied independently at the level of each industry and at the total level.

Table 13B : Gross Domestic Product at Factor Cost by Industry of Origin

Year	At current prices ₹(crore)					
	Agriculture, forestry & fishing, mining and quarrying	Manufacturing, construction, electricity, gas and water supply	Trade, hotels, transport & communication	Financing, insurance, real estate and business services	Community & Personal services	Gross domestic product at factor cost (2 to 6)
1	2	3	4	5	6	7
1950-51	5274	1346	968	1254	115	10036
1951-52	5453	1505	1048	1349	1162	10596
1952-53	5316	1416	1055	1425	1201	10449
1953-54	5850	1559	1121	1537	1250	11378
1954-55	4993	1640	1151	1647	1283	10689
1955-56	4847	1760	1192	1768	1361	10681
1956-57	6152	2071	1378	1917	1430	12955
1957-58	6045	2148	1525	2054	1503	14827
1958-59	7002	2334	1667	2203	1597	12355
1959-60	7043	2616	1801	2364	1760	12986
1960-61	7434	313	1985	2547	1980	17049
1961-62	7704	3398	2145	2602	2154	17992
1962-63	7899	3740	2348	2987	2343	19238
1963-64	9274	4274	2628	3331	2599	21986
1964-65	11291	4788	3084	352	2945	25686
1965-66	11301	5199	3345	3796	3276	26895
1966-67	1323	5819	3890	4065	3665	3063
1967-68	16393	6380	4445	4458	4105	35976
1968-69	16912	6940	4732	4772	4422	37938
1969-70	18505	7944	5107	520	482	4722
1970-71	19086	8622	5027	5579	5315	4382
1971-72	19510	9538	6102	617	5991	47221
1972-73	21448	10534	6730	6694	6456	51943
1973-74	28171	12230	8057	7465	726	65658
1974-75	31062	15232	10642	8390	9142	74930
1975-76	31028	16571	12067	9511	10290	79582
1976-77	31833	18811	13066	10579	1311	85545
1977-78	37592	21270	14702	11540	12266	97633
1978-79	38177	23951	16119	12448	13529	104930
1979-80	40373	26774	18604	13576	15449	114500
1980-81	49160	30900	21968	1520	17537	136838
1981-82	5845	36090	26046	17835	19927	160214
1982-83	63985	39953	30749	20453	2334	232068
1983-84	75982	47053	35716	23388	26345	209356
1984-85	83204	53656	4125	26907	30311	235113
1985-86	88083	60593	48022	30819	34284	262717
1986-87	95182	67754	54272	35337	39428	292924
1987-88	103558	77650	61663	40387	45700	32068
1988-89	130731	91613	7359	46926	52994	369295
1989-90	144461	108908	85930	55297	60741	46540
1990-91	168166	127079	100318	64598	7009	531814
1991-92	195454	140700	115570	78904	8166	613528
1992-93	219680	163887	136550	87495	94507	703723
1993-94	254876	188251	1606990	105686	106090	87961
1994-95	293913	229365	192142	119442	118663	953386
1995-96	319243	280971	23175	143791	140190	118586
1996-97	38142	318260	27335	158637	166469	130788
1997-98	408521	348543	313093	180642	193188	144703
1998-99	466446	393491	358338	210593	23613	166873
1999-00	479027	426993	400650	260522	273013	185830
2000-01	506476	474323	443169	282316	273013	200705
2001-02	546674	497578	491952	321543	294475	200743
2002-03	548062	550421	543691	360194	341496	234386
2003-04	608788	618840	624394	402510	37288	262589
2004-05	650454	744755	727720	43774	411361	2971464
2005-06	732334	859410	846606	493102	45951	3399503
2006-07	829771	1033410	989379	586595	50521	395276
2007-08	961330	1205458	1150044	691464	573790	458386
2008-09	1083032	1360426	1310845	845369	703805	530567
2009-10	1242818	1536492	1481623	964937	883033	6108903
2010-11(GR)	1524552	176384	1779630	1165243	1015850	7248860
2011-12(GR)	172184	206152	207225	1381524	1154431	8391691
2012-13(GR)	1867342	2328029	2324695	1617076	134734	938876
2013-14(PE)	2129000	237520	2509907	1939482	1522898	10472807

Source : Central Statistics Office.

1R : First Revised Estimates.

PE: Provisional Estimates

Note : For the years prior to 1999-2000 totals under col. 7 may not add up to totals of individual item under col. 2 to col. 6 due to splicing technique applied independently at the level of each industry and at the total level.

Table 1.4 : Annual Growth Rate of Real Gross Domestic Product at Factor Cost by Industry of Origin (Per Cent)

Year	Agriculture, forestry & fishing, mining and quarrying	Manufacturing, construction, gas and water supply	Trade, hotels, transport & communication	Financing, insurance, real estate and business services	Community, Social & Personal services	Gross domestic product at factor cost	
	1	2	3	4	5	6	7
New series at 2004-05 prices							
1951-52	1.9	4.6	2.6	2.3	3.0	2.3	
1952-53	3.1	-0.4	3.3	4.2	2.1	2.8	
1953-54	7.5	6.2	3.7	1.4	3.1	6.1	
1954-55	3.0	8.8	6.5	3.7	3.6	4.2	
1955-56	-0.8	11.7	7.3	4.0	3.1	2.6	
1956-57	5.4	9.0	7.3	1.6	3.8	5.7	
1957-58	-4.1	-1.8	3.1	3.8	4.5	-1.2	
1958-59	9.8	7.4	5.0	2.8	4.1	7.6	
1959-60	-0.8	7.0	6.3	3.8	4.3	2.2	
1960-61	1.1	10.8	8.6	2.1	4.9	7.1	
1961-62	0.3	6.9	6.5	4.3	4.7	3.1	
1962-63	-1.4	6.2	5.9	3.4	7.1	2.1	
1963-64	2.4	10.7	7.1	3.1	6.6	5.1	
1964-65	8.8	7.4	6.8	2.7	6.6	7.6	
1965-66	9.9	3.2	1.8	3.0	4.0	-3.7	
1966-67	-1.2	3.7	2.6	1.8	4.6	1.0	
1967-68	14.1	3.3	4.3	2.7	3.9	8.1	
1968-69	0.0	5.1	4.5	4.9	4.5	2.6	
1969-70	6.3	7.8	5.4	4.2	5.5	6.5	
1970-71	6.3	1.6	4.9	4.2	5.5	5.0	
1971-72	-1.7	2.5	2.3	5.2	4.5	1.0	
1972-73	-4.4	3.4	2.2	3.9	3.3	-0.3	
1973-74	6.9	0.5	4.2	2.4	2.6	4.6	
1974-75	-1.2	1.0	6.0	-0.3	4.7	1.2	
1975-76	12.8	6.5	9.1	6.9	3.5	9.0	
1976-77	5.2	9.3	4.5	7.9	2.8	1.2	
1977-78	9.6	7.4	6.7	4.9	2.7	7.5	
1978-79	2.3	7.3	8.2	7.1	4.3	5.5	
1979-80	-11.9	-3.6	-0.8	1.0	7.3	-5.2	
1980-81	12.8	4.5	5.6	1.9	5.0	7.2	
1981-82	5.2	7.4	6.1	8.1	2.1	5.6	
1982-83	0.6	0.2	5.5	9.5	7.7	2.9	
1983-84	9.5	8.5	5.1	9.8	3.7	7.9	
1984-85	1.6	4.4	4.8	7.5	6.9	4.0	
1985-86	0.7	4.3	8.0	9.8	5.7	4.2	
1986-87	0.6	4.9	6.0	10.5	7.5	4.3	
1987-88	-1.1	5.8	5.1	7.3	7.2	3.5	
1988-89	15.7	8.2	6.0	9.8	6.0	10.2	
1989-90	1.8	8.4	7.4	12.4	7.9	6.1	
1990-91	4.7	6.9	5.2	6.2	4.4	5.3	
1991-92	-1.4	-0.1	2.3	10.8	2.6	1.4	
1992-93	6.0	3.6	5.6	5.4	6.0	5.4	
1993-94	3.1	6.1	6.9	11.2	4.5	5.7	
1994-95	5.2	9.1	9.9	3.9	2.3	6.4	
1995-96	0.0	12.0	13.4	8.1	7.3	7.3	
1996-97	8.9	7.2	8.1	6.2	8.1	8.0	
1997-98	-1.3	3.3	7.5	11.7	8.3	4.3	
1998-99	5.9	4.3	7.7	7.8	9.7	6.7	
1999-2000	2.8	6.2	11.4	13.0	12.0	8.0	
2000-01	0.3	6.5	6.4	3.5	4.6	4.1	
2001-02	5.5	2.7	8.6	6.2	4.0	5.4	
2002-03	4.9	7.1	8.3	7.2	3.8	3.9	
2003-04	8.2	7.9	11.2	5.3	8.0	6.7	
2004-05	1.1	10.0	9.5	7.7	6.8	7.1	
2005-06	4.6	10.7	12.0	12.6	7.1	9.5	
2006-07	4.6	12.7	11.6	14.0	2.8	9.6	
2007-08	5.5	10.3	10.9	12.0	6.9	9.3	
2008-09	0.4	4.7	7.5	12.0	12.5	6.7	
2009-10	1.5	9.5	10.4	9.7	11.7	8.6	
2010-11(3R)	8.3	7.6	12.2	10.0	4.2	8.9	
2011-12(2R)	4.4	8.5	4.3	11.3	4.9	6.7	
2012-13(1R)	1.0	1.2	5.1	10.9	5.3	4.5	
2013-14(PE)	4.0	0.5	3.0	12.9	5.6	4.7	

Source : Central Statistics Office.

1R: First Revised Estimates.

2R: Second Revised Estimates

3R: Third Revised Estimates

Table 1.5 : Gross Domestic Savings and Gross Capital Formation
(At current prices)

(₹ crore)

Year	Gross domestic savings				Gross fixed capital formation				Change in stocks			Gross capital formation					Gross domestic product	
	Household sector	Private corporate sector	Public sector	Total (2+3+4)	Public sector	Private sector	Total (6+7)	Public sector	Private sector	Total (9+10)	Public sector	Private sector	Valuables	Total (12+13+14)	Errors & omissions	Adjusted total (15+16)	at market prices	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	
(2004-05 series)																		
1950-51	681	93	215	989	264	704	968	26	140	165	290	844	na	1133	-165	968	10401	
1951-52	634	136	309	1079	304	741	1045	30	143	173	334	884	na	1218	44	1262	11054	
1952-53	695	64	195	954	324	650	974	-18	59	40	306	709	na	1014	-95	920	10850	
1953-54	672	90	181	943	381	587	968	-26	-42	-67	355	545	na	901	29	930	11810	
1954-55	774	118	213	1105	453	659	1112	45	-9	36	498	650	na	1148	-28	1121	11170	
1955-56	1041	134	247	1422	619	765	1384	-25	77	53	594	842	na	1437	24	1461	11371	
1956-57	1222	155	318	1696	721	1050	1771	37	198	235	758	1248	na	2006	49	2056	13547	
1957-58	1028	121	336	1485	752	1051	1803	139	103	242	891	1154	na	2045	-87	1958	13951	
1958-59	986	140	325	1450	817	965	1782	83	-81	2	900	884	na	1784	42	1826	15551	
1959-60	1267	185	351	1803	1045	958	2003	12	198	209	1057	1156	na	2212	-178	2034	16384	
1960-61	1226	281	572	2079	1215	1075	2290	63	265	328	1278	1340	na	2618	-58	2560	17942	
1961-62	1237	320	654	2211	1269	1285	2554	29	247	276	1298	1532	na	2830	-274	2556	19010	
1962-63	1519	344	750	2613	1510	1332	2842	97	260	357	1607	1592	na	3199	-146	3053	20429	
1963-64	1589	394	929	2912	1794	1580	3374	87	188	275	1881	1768	na	3649	-297	3352	23462	
1964-65	1897	389	1072	3358	2106	1866	3972	90	272	363	2196	2138	na	4335	-377	3958	27367	
1965-66	2596	405	1085	4086	2348	2072	4420	124	192	316	2472	2264	na	4736	-51	4685	28857	
1966-67	3161	424	941	4526	2360	2506	4866	64	450	514	2424	2956	na	5380	69	5449	32669	
1967-68	3275	410	944	4629	2320	3075	5395	233	199	432	2553	3274	na	5827	-361	5466	38261	
1968-69	3277	439	1165	4881	2431	3241	5672	41	55	96	2472	3296	na	5768	-471	5297	40512	
1969-70	4375	549	1361	6285	2525	3667	6192	50	504	554	2575	4171	na	6746	-220	6526	44605	
1970-71	4531	672	1618	6821	2742	3746	6488	302	507	809	3044	4253	na	7297	-82	7215	47638	
1971-72	5229	769	1689	7687	3245	4234	7479	356	710	1066	3601	4944	na	8545	-380	8165	50999	
1972-73	5330	806	1816	7952	4185	4295	8480	88	322	411	4273	4617	na	8891	-641	8249	56214	
1973-74	8020	1083	2363	11466	4631	5044	9675	541	1097	1639	5172	6141	na	11314	545	11858	68420	
1974-75	8677	1465	3340	13482	4948	7132	12080	938	1992	2929	5886	9124	na	15009	-874	14135	80770	
1975-76	9790	1083	4192	15066	6401	7494	13895	1447	676	2123	7848	8170	na	16018	-1070	14949	86707	
1976-77	11206	181	5195	17582	8051	7495	15546	1121	272	1393	9172	7767	na	16939	-666	16273	93422	
1977-78	13679	1413	5253	20345	8792	9043	17835	109	1278	1387	8901	10321	na	19222	-341	18880	105848	
1978-79	16482	1652	5976	24110	9638	10081	19719	1100	2118	3218	10738	12199	na	22937	1301	24238	114647	
1979-80	16338	2398	6331	25068	11532	11032	22564	1346	2445	3791	12878	13477	na	26355	-707	25648	125729	
1980-81	18116	2339	6135	26590	13656	13159	26815	71	116	188	13727	13275	na	27003	1682	28684	149642	
1981-82	19013	2560	9120	30692	17376	15274	32650	2006	3747	5753	19382	19021	na	38403	-5100	33303	175805	
1982-83	21972	2980	10004	34956	22276	16629	38905	1136	3315	4451	23412	19944	na	43356	-5833	37522	196644	
1983-84	26955	3254	9030	39239	24225	19780	44005	337	1450	1787	24562	21230	na	45792	-4037	41756	229021	
1984-85	32796	4040	8950	45786	27823	22626	50449	1676	3144	4820	29499	25770	na	55269	-6191	49078	256611	

Contd...

Table 1.5 : Gross Domestic Savings and Gross Capital Formation (Contd...)
 (At current prices)

Year	Gross domestic savings				Gross fixed capital formation			Change in stocks			Gross capital formation					Gross domestic product	
	House-hold sector	Private corporate sector	Public sector	Total (2+3+4)	Public sector	Private sector	Total (6+7)	Public sector	Private sector	Total (9+10)	Public sector	Private sector	Valuables (12+13+14)	Total (12+13+14) omissions	Errors & Adjusted total (15+16)	Adjusted total at market prices (17)	Domestic product prices (18)
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
(2004-05 series)																	
1985-86	36666	5426	11322	53414	32590	27050	59640	1932	6383	8314	34522	33433	na	67954	-8306	59648	289524
1986-87	42111	5336	11246	58693	39723	29753	69476	896	5636	6532	40619	35389	na	76008	-10960	65048	323949
1987-88	57304	5932	10471	73707	41211	39993	81204	-1515	3534	2019	39696	43527	na	83223	-2691	80532	368211
1988-89	67063	8486	11943	87492	47566	48051	95617	-493	9036	8543	47073	57087	na	104160	-4364	99796	436893
1989-90	82985	1845	11900	106730	52517	61476	113993	1690	4324	6014	54207	65800	na	120007	-998	119009	501928
1990-91	108603	15164	10641	134408	60013	79650	139663	1987	4368	6355	62000	84018	na	146018	6586	152604	586212
1991-92	105632	20304	17594	143530	70701	81765	152466	-2207	1304	-903	68494	83069	na	151563	-4656	146907	673875
1992-93	127943	19968	16709	164621	71197	106732	177929	2657	7182	9839	73854	113914	na	187768	-9331	178437	774545
1993-94	151454	29866	11674	192994	79309	112147	191456	1974	-3693	-1719	81283	108454	na	189737	8048	197785	891355
1994-95	187142	35260	24266	246668	102134	126308	228442	-604	14676	14072	101530	140984	na	242514	16047	258561	1045590
1995-96	198585	59153	31527	289265	105704	189342	295046	-613	25170	24557	105091	214512	na	319603	-9558	310045	1226725
1996-97	224653	62540	31194	318387	108750	219296	328046	1883	-16873	-14991	110633	202423	na	313055	23069	336125	1419277
1997-98	284127	66080	29583	379790	112814	259587	372401	3553	9491	13044	116367	269078	na	385445	16647	402092	1572394
1998-99	352114	69191	-3146	418159	128621	298448	427069	2277	-5300	-3023	130898	293148	na	424046	12475	436521	1803378
1999-00	438851	87234	-9238	516847	138611	346055	484666	15553	26944	42497	154164	372999	15519	542682	-3848	538834	2023130
2000-01	463750	81062	-29266	515545	145973	349223	495196	9326	5831	15158	155299	355054	14724	525078	3222	528299	2177413
2001-02	545288	76906	-36820	585374	160190	430050	590240	9079	-11050	-1971	169269	419000	14187	602456	-31310	571146	2355845
2002-03	564161	99217	-7148	656230	168143	432977	601120	-4740	22940	18200	163403	455917	13957	633277	-5534	627743	2536327
2003-04	657587	129816	36372	823775	190806	506672	697478	-3076	23743	20667	187730	530415	24572	742717	19699	762416	2841503
2004-05	763685	212519	74499	1050703	224108	706920	931028	16472	63678	80150	240580	770598	41054	1052231	11809	1064041	3242209
2005-06	868988	277208	88955	1235151	271342	848950	1120292	22008	82381	104389	293350	931331	41392	1266073	13681	1279754	3693369
2006-07	994396	338584	152929	1485909	339617	1004157	1343774	16939	130162	147101	356556	1134319	49709	1540583	-9151	1531433	4294706
2007-08	1118347	469023	248962	1836332	401326	1240347	1641673	40597	160937	201534	441923	1401284	53592	1896799	3963	1900762	4987090
2008-09	1330873	417467	54280	1802620	480698	1340401	1821099	51032	55759	106791	531730	1396160	72213	2000103	-68723	1931380	5630063
2009-10	1630799	540955	10585	2182338	543883	1511889	2055772	48905	130266	179171	592788	1642155	116312	2351255	11878	2363132	6477827
2010-11(3R)	1800174	620300	201268	2621742	609189	1797881	2407069	47259	226250	273509	656448	2024131	162836	2843415	-1957	2841457	7784115
2011-12(2R)	2054737	658428	111295	2824459	639157	2221905	2861062	56678	113918	170596	695835	2335823	246673	3278331	-77698	3200633	9009722
2012-13(1R)	2212414	713141	117919	3043474	789108	2282434	3071543	32854	138330	171184	821962	2420764	266482	3509208	12191	3521399	10113281

Source : Central Statistics Office.

1R : First Revised Estimates.

2R: Second Revised Estimates

3R: Third Revised Estimates

Table 1.6 : Gross Domestic Savings and Gross Capital Formation

(As per cent of GDP at current market prices)

Year	Gross domestic savings				Gross fixed capital formation			Change in stocks			Gross capital formation					
	Household sector	Private corporate sector	Public sector	Total (2+3+4)	Public sector	Private sector	Total (6+7)	Public sector	Private sector	Total (9+10)	Public sector	Private sector	Valuables	Total (12+13+14)	Errors & omissions	Adjusted total (15+16)
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
(2004-05 series)																
1950-51	6.5	0.9	2.1	9.5	2.5	6.8	9.3	0.2	1.3	1.6	2.8	8.1	na	10.9	-1.6	9.3
1951-52	5.7	1.2	2.8	9.8	2.8	6.7	9.5	0.3	1.3	1.6	3.0	8.0	na	11.0	0.4	11.4
1952-53	6.4	0.6	1.8	8.8	3.0	6.0	9.0	-0.2	0.5	0.4	2.8	6.5	na	9.3	-0.9	8.5
1953-54	5.7	0.8	1.5	8.0	3.2	5.0	8.2	-0.2	-0.4	-0.6	3.0	4.6	na	7.6	0.2	7.9
1954-55	6.9	1.1	1.9	9.9	4.1	5.9	10.0	0.4	-0.1	0.3	4.5	5.8	na	10.3	-0.2	10.0
1955-56	9.2	1.2	2.2	12.5	5.4	6.7	12.2	-0.2	0.7	0.5	5.2	7.4	na	12.6	0.2	12.8
1956-57	9.0	1.1	2.4	12.5	5.3	7.8	13.1	0.3	1.5	1.7	5.6	9.2	na	14.8	0.4	15.2
1957-58	7.4	0.9	2.4	10.6	5.4	7.5	12.9	1.0	0.7	1.7	6.4	8.3	na	14.7	-0.6	14.0
1958-59	6.3	0.9	2.1	9.3	5.3	6.2	11.5	0.5	-0.5	0.0	5.8	5.7	na	11.5	0.3	11.7
1959-60	7.7	1.1	2.1	11.0	6.4	5.8	12.2	0.1	1.2	1.3	6.4	7.1	na	13.5	-1.1	12.4
1960-61	6.8	1.6	3.2	11.6	6.8	6.0	12.8	0.4	1.5	1.8	7.1	7.5	na	14.6	-0.3	14.3
1961-62	6.5	1.7	3.4	11.6	6.7	6.8	13.4	0.2	1.3	1.5	6.8	8.1	na	14.9	-1.4	13.4
1962-63	7.4	1.7	3.7	12.8	7.4	6.5	13.9	0.5	1.3	1.7	7.9	7.8	na	15.7	-0.7	14.9
1963-64	6.8	1.7	4.0	12.4	7.6	6.7	14.4	0.4	0.8	1.2	8.0	7.5	na	15.6	-1.3	14.3
1964-65	6.9	1.4	3.9	12.3	7.7	6.8	14.5	0.3	1.0	1.3	8.0	7.8	na	15.8	-1.4	14.5
1965-66	9.0	1.4	3.8	14.2	8.1	7.2	15.3	0.4	0.7	1.1	8.6	7.8	na	16.4	-0.2	16.2
1966-67	9.7	1.3	2.9	13.9	7.2	7.7	14.9	0.2	1.4	1.6	7.4	9.0	na	16.5	0.2	16.7
1967-68	8.6	1.1	2.5	12.1	6.1	8.0	14.1	0.6	0.5	1.1	6.7	8.6	na	15.2	-0.9	14.3
1968-69	8.1	1.1	2.9	12.0	6.0	8.0	14.0	0.1	0.1	0.2	6.1	8.1	na	14.2	-1.2	13.1
1969-70	9.8	1.2	3.1	14.1	5.7	8.2	13.9	0.1	1.1	1.2	5.8	9.4	na	15.1	-0.5	14.6
1970-71	9.5	1.4	3.4	14.3	5.8	7.9	13.6	0.6	1.1	1.7	6.4	8.9	na	15.3	-0.2	15.1
1971-72	10.3	1.5	3.3	15.1	6.4	8.3	14.7	0.7	1.4	2.1	7.1	9.7	na	16.8	-0.7	16.0
1972-73	9.5	1.4	3.2	14.1	7.4	7.6	15.1	0.2	0.6	0.7	7.6	8.2	na	15.8	-1.1	14.7
1973-74	11.7	1.6	3.5	16.8	6.8	7.4	14.1	0.8	1.6	2.4	7.6	9.0	na	16.5	0.8	17.3
1974-75	10.7	1.8	4.1	16.7	6.1	8.8	15.0	1.2	2.5	3.6	7.3	11.3	na	18.6	-1.1	17.5
1975-76	11.3	1.2	4.8	17.4	7.4	8.6	16.0	1.7	0.8	2.4	9.1	9.4	na	18.5	-1.2	17.2
1976-77	12.0	1.3	5.6	18.8	8.6	8.0	16.6	1.2	0.3	1.5	9.8	8.3	na	18.1	-0.7	17.4
1977-78	12.9	1.3	5.0	19.2	8.3	8.5	16.8	0.1	1.2	1.3	8.4	9.8	na	18.2	-0.3	17.8
1978-79	14.4	1.4	5.2	21.0	8.4	8.8	17.2	1.0	1.8	2.8	9.4	10.6	na	20.0	1.1	21.1
1979-80	13.0	1.9	5.0	19.9	9.2	8.8	17.9	1.1	1.9	3.0	10.2	10.7	na	21.0	-0.6	20.4
1980-81	12.1	1.6	4.1	17.8	9.1	8.8	17.9	0.0	0.1	0.1	9.2	8.9	na	18.0	1.1	19.2
1981-82	10.8	1.5	5.2	17.5	9.9	8.7	18.6	1.1	2.1	3.3	11.0	10.8	na	21.8	-2.9	18.9
1982-83	11.2	1.5	5.1	17.8	11.3	8.5	19.8	0.6	1.7	2.3	11.9	10.1	na	22.0	-3.0	19.1
1983-84	11.8	1.4	3.9	17.1	10.6	8.6	19.2	0.1	0.6	0.8	10.7	9.3	na	20.0	-1.8	18.2
1984-85	12.8	1.6	3.5	17.8	10.8	8.8	19.7	0.7	1.2	1.9	11.5	10.0	na	21.5	-2.4	19.1

Contd...

Table 1.6 : Gross Domestic Savings and Gross Capital Formation (Contd.)

(As per cent of GDP at current market prices)

Year	Gross domestic savings				Gross fixed capital formation			Change in stocks			Gross capital formation					
	House-hold sector	Private corporate sector	Public sector	Total (2+3+4)	Public sector	Private sector	Total (6+7)	Public sector	Private sector	Total (9+10)	Public sector	Private sector	Valuables	Total (12+13+14)	Errors & omissions	Adjusted total (15+16)
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
(2004-05 series)																
1985-86	12.7	1.9	3.9	18.4	11.3	9.3	20.6	0.7	2.2	2.9	11.9	11.5	na	23.5	-2.9	20.6
1986-87	13.0	1.6	3.5	18.1	12.3	9.2	21.4	0.3	1.7	2.0	12.5	10.9	na	23.5	-3.4	20.1
1987-88	15.6	1.6	2.8	20.0	11.2	10.9	22.1	-0.4	1.0	0.5	10.8	11.8	na	22.6	-0.7	21.9
1988-89	15.3	1.9	2.7	20.0	10.9	11.0	21.9	-0.1	2.1	2.0	10.8	13.1	na	23.8	-1.0	22.8
1989-90	16.5	2.4	2.4	21.3	10.5	12.2	22.7	0.3	0.9	1.2	10.8	13.1	na	23.9	-0.2	23.7
1990-91	18.5	2.6	1.8	22.9	10.2	13.6	23.8	0.3	0.7	1.1	10.6	14.3	na	24.9	1.1	26.0
1991-92	15.7	3.0	2.6	21.3	10.5	12.1	22.6	-0.3	0.2	-0.1	10.2	12.3	na	22.5	-0.7	21.8
1992-93	16.5	2.6	2.2	21.3	9.2	13.8	23.0	0.3	0.9	1.3	9.5	14.7	na	24.2	-1.2	23.0
1993-94	17.0	3.4	1.3	21.7	8.9	12.6	21.5	0.2	-0.4	-0.2	9.1	12.2	na	21.3	0.9	22.2
1994-95	17.9	3.4	2.3	23.6	9.8	12.1	21.8	-0.1	1.4	1.3	9.7	13.5	na	23.2	1.5	24.7
1995-96	16.2	4.8	2.6	23.6	8.6	15.4	24.1	-0.1	2.1	2.0	8.6	17.5	na	26.1	-0.8	25.3
1996-97	15.8	4.4	2.2	22.4	7.7	15.5	23.1	0.1	-1.2	-1.1	7.8	14.3	na	22.1	1.6	23.7
1997-98	18.1	4.2	1.9	24.2	7.2	16.5	23.7	0.2	0.6	0.8	7.4	17.1	na	24.5	1.1	25.6
1998-99	19.5	3.8	-0.2	23.2	7.1	16.5	23.7	0.1	-0.3	-0.2	7.3	16.3	na	23.5	0.7	24.2
1999-00	21.7	4.3	-0.5	25.5	6.9	17.1	24.0	0.8	1.3	2.1	7.6	18.4	0.8	26.8	-0.2	26.6
2000-01	21.3	3.7	-1.3	23.7	6.7	16.0	22.7	0.4	0.3	0.7	7.1	16.3	0.7	24.1	0.1	24.3
2001-02	23.1	3.3	-1.6	24.8	6.8	18.3	25.1	0.4	-0.5	-0.1	7.2	17.8	0.6	25.6	-1.3	24.2
2002-03	22.2	3.9	-0.3	25.9	6.6	17.1	23.7	-0.2	0.9	0.7	6.4	18.0	0.6	25.0	-0.2	24.8
2003-04	23.1	4.6	1.3	29.0	6.7	17.8	24.5	-0.1	0.8	0.7	6.6	18.7	0.9	26.1	0.7	26.8
2004-05	23.6	6.6	2.3	32.4	6.9	21.8	28.7	0.5	2.0	2.5	7.4	23.8	1.3	32.5	0.4	32.8
2005-06	23.5	7.5	2.4	33.4	7.3	23.0	30.3	0.6	2.2	2.8	7.9	25.2	1.1	34.3	0.4	34.7
2006-07	23.2	7.9	3.6	34.6	7.9	23.4	31.3	0.4	3.0	3.4	8.3	26.4	1.2	35.9	-0.2	35.7
2007-08	22.4	9.4	5.0	36.8	8.0	24.9	32.9	0.8	3.2	4.0	8.9	28.1	1.1	38.0	0.1	38.1
2008-09	23.6	7.4	1.0	32.0	8.5	23.8	32.3	0.9	1.0	1.9	9.4	24.8	1.3	35.5	-1.2	34.3
2009-10	25.2	8.4	0.2	33.7	8.4	23.3	31.7	0.8	2.0	2.8	9.2	25.4	1.8	36.3	0.2	36.5
2010-11(3R)	23.1	8.0	2.6	33.7	7.8	23.1	30.9	0.6	2.9	3.5	8.4	26.0	2.1	36.5	0.0	36.5
2011-12(2R)	22.8	7.3	1.2	31.3	7.1	24.7	31.8	0.6	1.3	1.9	7.7	25.9	2.7	36.4	-0.9	35.5
2012-13(1R)	21.9	7.1	1.2	30.1	7.8	22.6	30.4	0.3	1.4	1.7	8.1	23.9	2.6	34.7	0.1	34.8

Source : Central Statistics Office.

1R: First Revised Estimates.

2R: Second Revised Estimates

3R: Third Revised Estimates

Table 1.7 : Net State Domestic Product at Current Prices

As on 01.03.2014

Sl. No.	State\UT	(₹ Crore)										(% Growth over previous year)									
		2004- 05	2005- 06	2006- 07	2007- 08	2008- 09	2009-10	2010-11	2011-12	2012-13	2013-14	2005- 06	2006- 07	2007- 08	2008- 09	2009-10	2010-11	2011-12	2012-13	2013-14	
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
1	Andhra Pradesh	201303	229367	269120	325955	384005	427560	524695	594117	678524	773159	13.94	17.33	21.12	17.81	11.34	22.72	13.23	14.21	13.95	
2	Arunachal Pradesh	3188	3439	3765	4407	5199	6840	8347	9841	11218	12412	7.87	9.48	17.05	17.97	31.56	22.03	17.90	13.99	10.64	
3	Assam	47181	52440	57033	62342	71478	85253	100627	112126	126149	146199	11.15	8.76	9.31	14.65	19.27	18.03	11.43	12.51	15.89	
4	Bihar	70167	74144	91331	102853	129690	148152	186479	225704	287129	338056	5.67	23.18	12.62	26.09	14.24	25.87	21.03	27.21	17.74	
5	Chhattisgarh	41387	45664	57536	69348	82809	84196	102912	113487	131796	151023	10.33	26.00	20.53	19.41	1.67	22.23	10.28	16.13	14.59	
6	Goa	10999	12488	14394	17045	22149	25224	29387	31419	29888	NA	13.54	15.26	18.42	29.94	13.88	16.50	6.91	-4.87	NA	
7	Gujarat	172265	206440	240733	281579	314485	371187	454853	518560	584367	NA	19.84	16.61	16.97	11.69	18.03	22.54	14.01	12.69	NA	
8	Haryana	86222	97903	116104	136584	164636	203855	237103	274970	314107	357904	13.55	18.59	17.64	20.54	23.82	16.34	15.94	14.23	13.94	
9	Himachal Pradesh	21189	23743	26247	28873	33115	39141	46216	51885	58489	64995	12.05	10.55	10.00	14.69	18.20	18.08	12.27	12.73	11.12	
10	Jammu & Kashmir	23292	25278	27652	30720	34290	38718	46740	53361	61544	70874	8.53	9.39	11.10	11.62	12.91	20.72	14.17	15.34	15.16	
11	Jharkhand	53056	53358	58512	74388	76234	87112	108652	122975	141644	163346	0.57	9.66	27.13	2.48	14.27	24.73	13.18	15.18	15.32	
12	Karnataka	148729	174911	203819	243028	278534	300747	368338	407861	466810	529191	17.60	16.53	19.24	14.61	7.97	22.47	10.73	14.45	13.36	
13	Kerala	104776	120269	135104	153981	180134	206070	233177	272065	309332	NA	14.79	12.33	13.97	16.98	14.40	13.15	16.68	13.70	NA	
14	Madhya Pradesh	99940	109612	127663	142917	175503	202225	232794	276789	333010	406055	9.68	16.47	11.95	22.80	15.23	15.12	18.90	20.31	21.93	
15	Maharashtra	370023	437103	526910	619884	677781	770794	934376	1082751	1239104	NA	18.13	20.55	17.65	9.34	13.72	21.22	15.88	14.44	NA	
16	Manipur	4603	5138	5503	6049	6614	7372	8020	9216	10489	NA	11.62	7.10	9.92	9.34	11.46	8.79	14.91	13.81	NA	
17	Meghalaya	5846	6461	7701	8619	10341	11122	12852	14422	15884	18229	10.52	19.19	11.92	19.98	7.55	15.55	12.22	10.14	14.76	
18	Mizoram	2400	2664	2944	3411	4154	4717	5772	6492	7249	NA	11.00	10.51	15.86	21.78	13.55	22.37	12.47	11.66	NA	
19	Nagaland	5421	6116	6728	7477	8784	9711	10850	12188	13682	NA	12.82	10.01	11.13	17.48	10.55	11.73	12.33	12.26	NA	
20	Odisha	67987	73550	87921	11109	127516	135837	164760	176822	210683	235166	8.18	19.54	26.37	14.77	6.53	21.29	7.32	19.15	11.62	
21	Punjab	86108	95902	113013	135706	154827	176187	202025	228976	256563	286875	11.37	17.84	20.08	14.09	13.80	14.67	13.34	12.05	11.81	
22	Rajasthan	112636	125333	151428	172250	203939	233767	300907	361067	410834	459322	11.27	20.82	13.75	18.40	14.63	28.72	19.99	13.78	11.80	
23	Sikkim	1511	1733	1871	2139	2796	5463	6636	7700	8886	NA	14.69	7.96	14.32	30.72	95.39	21.47	16.03	15.40	NA	
24	Tamil Nadu	193645	228846	276711	313812	359391	430013	527912	600461	671192	769476	18.18	20.92	13.41	14.52	19.65	22.77	13.74	11.78	14.64	
25	Tripura	8170	9040	9981	10808	12509	14162	16573	19690	22453	NA	10.65	10.41	8.29	15.74	13.21	17.02	18.81	14.03	NA	
26	Uttar Pradesh	231029	258643	296767	335810	392771	463583	532096	604135	683651	788421	11.95	14.74	13.16	16.96	18.03	14.78	13.54	13.16	15.33	
27	Uttarakhand	22288	26968	32670	40279	48616	61138	72970	84953	99157	115868	21.00	21.14	23.29	20.70	25.76	19.35	16.42	16.72	16.85	
28	West Bengal	190029	209726	238629	273557	310530	362517	421231	492356	567594	646794	10.37	13.78	14.64	13.52	16.74	16.20	16.89	15.28	13.95	
29	Andaman & Nicobar Islands	1633	1848	2296	2715	3168	3742	3941	4309	4597	4852	13.17	24.24	18.25	16.69	18.12	5.32	9.34	6.68	5.55	
30	Chandigarh	7610	9179	11074	12327	13745	15739	17886	20846	23613	NA	20.62	20.64	11.31	11.50	14.51	13.64	16.55	13.27	NA	
31	Delhi	94717	109127	128276	149519	178822	205376	241234	282717	332521	387097	15.21	17.55	16.56	19.60	14.85	17.46	17.20	17.62	16.41	
32	Puducherry	5033	7135	7429	8179	8908	11085	11786	13327	15887	20193	41.76	4.12	10.10	8.91	24.44	6.32	13.07	19.21	27.10	
All-India NDP (2004-05 base)		2651573	3026782	35345474	4097390	4738369	5449104	6488641	7511795	8372744	9366143	14.15	16.78	15.92	15.64	15.00	19.08	15.77	11.46	11.86	

Source : For Sl. No. 1-32 — Directorate of Economics & Statistics of respective State Governments, and for All-India — Central Statistics Office

NA: Not released as on March 1, 2014

Table 1.8 : Per Capita Net State Domestic Product at Current Prices

As on 01.03.2014

Sl. No.	State\UT	(₹)												(% Growth over previous year)														
		2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2004-05	2005-06	2006-07	2007-08	2008-09			
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25		
1	Andhra Pradesh	25321	28539	33135	39727	46345	51114	62148	69742	78958	89214	12.71	16.10	19.89	16.66	10.29	21.59	12.22	13.21	12.99	12.99	12.99	12.99	12.99	12.99	12.99		
2	Arunachal Pradesh	26721	28171	30132	34466	39726	51068	60896	70159	78145	84484	5.42	6.96	14.38	15.26	28.55	19.25	15.21	11.38	8.11	8.11	8.11	8.11	8.11	8.11	8.11	8.11	
3	Assam	16782	18396	19737	21290	24099	28383	33087	36415	40475	46354	9.62	7.29	7.87	13.19	17.78	16.57	10.06	11.15	14.53	14.53	14.53	14.53	14.53	14.53	14.53	14.53	
4	Bihar	7914	8223	9967	11051	13728	15457	19187	22913	28774	33459	3.90	21.21	10.88	24.22	12.59	24.13	19.42	25.58	16.28	16.28	16.28	16.28	16.28	16.28	16.28	16.28	
5	Chhattisgarh	18559	20117	24800	29385	34360	34366	41165	44505	50691	56990	8.39	23.28	18.49	16.93	0.02	19.78	8.11	13.90	12.43	12.43	12.43	12.43	12.43	12.43	12.43	12.43	
6	Goa	76968	84721	94882	108708	135966	149164	168024	174645	161822	NA	10.07	11.99	14.57	25.07	9.71	12.64	3.94	-7.34	NA	NA	NA	NA	NA	NA	NA	NA	
7	Gujarat	32021	37780	43395	50016	55068	64097	77485	87175	96976	NA	17.99	14.86	15.26	10.10	16.40	20.89	12.51	11.24	NA	NA	NA	NA	NA	NA	NA	NA	
8	Haryana	37972	42309	49261	56917	67405	82037	93852	107051	120352	135007	11.42	16.43	15.54	18.43	21.71	14.40	14.06	12.43	12.18	12.18	12.18	12.18	12.18	12.18	12.18	12.18	
9	Himachal Pradesh	33348	36949	40393	43966	49903	58402	68297	75185	83899	92300	10.80	9.32	8.85	13.50	17.03	16.94	10.09	11.59	10.01	10.01	10.01	10.01	10.01	10.01	10.01	10.01	
10	Jammu & Kashmir	21734	23240	25059	27448	30212	33650	40089	45198	51493	58593	6.93	7.83	9.53	10.07	11.38	19.14	12.74	13.93	13.79	13.79	13.79	13.79	13.79	13.79	13.79	13.79	
11	Jharkhand	18510	18326	19789	24789	25046	28223	34721	38760	44045	50125	-0.99	7.98	25.27	1.04	12.68	23.02	11.63	13.64	13.80	13.80	13.80	13.80	13.80	13.80	13.80	13.80	
12	Karnataka	26882	31239	35981	42419	48084	51364	62251	68227	77309	86788	16.21	15.18	17.89	13.35	6.82	21.20	9.60	13.31	12.26	12.26	12.26	12.26	12.26	12.26	12.26	12.26	
13	Kerala	31871	36276	40419	45700	53046	60226	67652	78387	88527	NA	13.82	11.42	13.07	16.07	13.54	12.33	15.87	12.94	NA	NA	NA	NA	NA	NA	NA	NA	
14	Madhya Pradesh	15442	16631	19028	20935	25278	28651	32453	37979	44989	54030	7.70	14.41	10.03	20.75	13.34	13.27	17.03	18.46	20.10	20.10	20.10	20.10	20.10	20.10	20.10	20.10	
15	Maharashtra	36077	41965	49831	57760	62234	69765	83395	95339	107670	NA	16.32	18.74	15.91	7.75	12.10	19.54	14.32	12.93	NA	NA	NA	NA	NA	NA	NA	NA	
16	Manipur	18640	20395	21419	23093	24773	27095	28931	32641	36474	NA	9.42	5.02	7.82	7.27	9.37	6.78	12.82	11.74	NA	NA	NA	NA	NA	NA	NA	NA	
17	Meghalaya	24086	26284	30952	34229	40583	43142	49261	54648	59513	67515	9.13	17.76	10.59	18.56	6.31	14.18	10.94	8.90	13.45	13.45	13.45	13.45	13.45	13.45	13.45	13.45	
18	Mizoram	24662	26698	28764	32488	38582	42715	50956	55886	60836	NA	8.26	7.74	12.95	18.76	10.71	19.29	9.68	8.86	NA	NA	NA	NA	NA	NA	NA	NA	
19	Nagaland	30441	33792	36568	39985	46207	50263	55582	60578	65908	NA	11.01	8.21	9.35	15.56	8.78	10.58	8.99	8.80	NA	NA	NA	NA	NA	NA	NA	NA	
20	Odisha	17650	18846	22237	27735	31416	33029	39537	41876	49241	54241	6.78	17.99	24.73	13.27	5.13	19.71	5.92	17.59	10.15	10.15	10.15	10.15	10.15	10.15	10.15	10.15	
21	Punjab	33103	36199	41883	49380	55315	61805	69582	77433	86106	94532	9.35	15.70	17.90	12.02	11.73	12.58	11.28	11.20	9.79	9.79	9.79	9.79	9.79	9.79	9.79	9.79	
22	Rajasthan	18565	20275	24055	26882	31279	35254	44644	52735	59097	65098	9.21	18.65	11.75	16.36	12.71	26.64	18.12	12.06	10.15	10.15	10.15	10.15	10.15	10.15	10.15	10.15	
23	Sikkim	26690	30252	32199	36448	46983	90749	108972	124791	142625	NA	13.35	6.43	13.20	28.91	93.15	20.08	14.52	14.29	NA	NA	NA	NA	NA	NA	NA	NA	
24	Tamil Nadu	30062	35243	42288	47606	54137	64338	78473	88697	98550	112331	17.24	19.99	12.58	13.72	18.84	21.97	13.03	11.11	13.98	13.98	13.98	13.98	13.98	13.98	13.98	13.98	
25	Tripura	24394	26668	29081	31111	35587	39815	46050	54077	60963	NA	9.32	9.05	6.98	14.39	11.88	15.66	17.43	12.73	NA	NA	NA	NA	NA	NA	NA	NA	
26	Uttar Pradesh	12950	14221	16013	17785	20422	23671	26692	29785	33137	37579	9.82	12.60	11.07	14.83	15.91	12.76	11.59	11.25	13.41	13.41	13.41	13.41	13.41	13.41	13.41	13.41	
27	Uttarakhand	24726	29441	35111	42619	50657	62757	73819	84724	97528	112428	19.07	19.26	21.38	18.86	23.89	17.63	14.77	15.11	15.28	15.28	15.28	15.28	15.28	15.28	15.28	15.28	
28	West Bengal	22649	24720	27823	31567	35487	41039	47245	54714	62509	70615	9.14	12.55	13.46	12.42	15.65	15.12	15.81	14.25	12.97	12.97	12.97	12.97	12.97	12.97	12.97	12.97	
29	Andaman & Nicobar Islands	40921	44754	53778	61430	69177	78936	80588	85845	89259	91899	9.37	20.16	14.23	12.61	14.11	2.09	6.52	3.98	2.96	2.96	2.96	2.96	2.96	2.96	2.96	2.96	
30	Chandigarh	74173	84993	97568	102980	108486	117371	126674	140852	152344	NA	14.59	14.80	5.55	5.35	8.19	7.93	11.19	8.16	NA	NA	NA	NA	NA	NA	NA	NA	
31	Delhi	63877	72208	83275	95241	111756	125936	145129	166883	192587	219979	13.04	15.33	14.37	17.34	12.69	15.24	14.99	15.40	14.22	14.22	14.22	14.22	14.22	14.22	14.22	14.22	
32	Puducherry	48302	67205	68673	74201	79306	96860	101072	105472	122654	152090	39.14	2.18	8.05	6.88	22.13	4.35	4.35	16.29	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	
All-India Per Capita NNI(2004-05 base)		24143	27131	31206	35825	40775	46249	54021	61855	67839	74920	12.38	15.02	14.80	13.82	13.42	16.80	14.50	9.67	10.44								

Source : For Sl. No. 1-32 — Directorate of Economics & Statistics of respective State Governments, and for All-India — Central Statistics Office

NA: Not released as on March 1, 2014

Table 1.9 : Index Numbers of Agricultural Production

(Base : Triennium ending 2007-08= 100)

	Weight	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14*
1	2	3	4	5	6	7	8	9
A. Foodgrains	50.7	105.4	106.5	100.6	114.3	118.8	119.4	122.9
(a) Cereals	41.7	105.5	107.4	100.2	111.1	118.1	117.3	119.7
Rice	16.9	102.9	105.6	94.8	102.2	112.1	112.0	113.0
Wheat	18.0	105.4	108.2	108.3	116.5	127.2	125.4	128.2
(b) Coarse Cereals ^a	6.9	112.1	110.0	92.3	118.9	114.8	109.2	113.6
Maize	2.9	116.6	121.4	102.9	133.7	133.9	136.9	143.3
(c) Pulses ^b	8.9	105.1	102.0	102.3	129.3	121.3	129.2	138.3
Gram	3.5	97.5	119.8	126.8	139.5	130.7	149.9	166.0
Tur	1.7	113.5	83.6	91.0	105.6	98.0	111.6	123.2
B. Non-foodgrains	49.3	108.6	107.5	104.9	128.0	131.2	129.1	135.0
(a) Oilseeds Total ^c	13.2	108.6	100.8	88.9	116.8	106.5	107.4	119.0
Groundnut	4.1	125.0	97.6	73.9	112.5	94.8	63.9	124.4
Rapeseed and Mustard	3.6	81.8	100.9	92.6	114.6	92.6	112.5	115.7
(b) Fibres								
Cotton	4.4	115.9	99.7	107.5	147.7	157.6	153.2	159.4
Jute	0.7	100.5	94.7	110.4	98.4	105.6	101.7	105.4
Mesta	0.0	105.5	77.9	62.5	65.1	70.6	62.8	62.1
(c) Plantation Crops								
Tea	0.3	95.9	98.8	100.7	98.2	99.2	99.2	99.2
Coffee	0.6	95.4	95.5	105.4	110.0	114.3	115.8	115.8
Rubber	1.9	99.8	104.5	100.5	104.2	109.3	110.5	110.5
(d) Others								
Sugarcane	9.9	106.1	86.8	89.0	104.3	110.0	103.9	105.4
Tobacco	0.4	93.0	115.1	141.6	170.6	160.0	139.8	139.8
Potato	3.6	114.6	138.4	147.2	170.4	166.9	182.5	186.9
C. All Commodities	100.0	107.0	107.0	102.7	121.0	125.2	124.2	128.9

Source : Directorate of Economics & Statistics, Department of Agriculture & Cooperation.

* 2nd Advance Estimates^a Includes maize, jowar, ragi, bajra, small millets and barley^b Includes tur, urad, moong, gram, lentils and other pulses^c Includes groundnut, rapeseed & mustard, sesamum, linseed, castorseed, nigerseed, safflower, sunflower and soyabean.

Table 1.10 : Index Numbers of Area Under Principal Crops

(Base : Triennium ending 2007-08= 100)

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14*
1	2	3	4	5	6	7	8
A. Foodgrains	101.2	100.9	100.0	104.4	104.0	102.0	105.4
(a) Cereals	100.9	101.6	99.5	101.8	103.3	101.7	104.2
Rice	100.3	104.0	95.7	97.9	100.5	97.6	100.4
Wheat	101.9	100.9	103.5	105.7	108.6	109.1	111.3
(b) Coarse Cereals ^a	99.9	97.9	98.5	101.2	96.4	92.1	94.9
Maize	103.2	103.9	105.0	108.7	111.6	110.2	115.5
(c) Pulses ^b	102.3	97.3	102.2	116.4	107.5	103.8	111.1
Gram	103.0	107.8	111.6	125.5	113.4	116.4	131.9
Tur							
B. Non-foodgrains	103.2	106.1	104.3	114.0	116.5	116.2	118.4
(a) Oilseeds Total ^c	98.5	101.8	94.8	101.0	97.5	97.5	105.0
Groundnut	101.2	99.2	88.1	94.2	84.7	76.0	89.6
Rapeseed and Mustard	87.9	95.0	84.3	104.1	88.9	96.0	100.0
(b) Fibres							
Cotton	103.7	103.6	111.6	123.8	134.1	131.9	127.9
Jute	103.2	99.6	102.8	98.1	102.5	98.4	97.0
Mesta	102.9	81.1	66.3	69.4	67.3	60.4	57.1
(c) Plantation Crops							
Tea	98.2	98.2	98.2	98.2	98.2	98.2	98.2
Coffee	113.2	115.0	116.5	118.0	119.5	121.1	121.1
Rubber	103.1	107.5	111.4	115.5	119.3	123.0	123.0
(d) Others							
Sugarcane	105.3	91.9	86.9	101.7	104.9	104.1	104.8
Tobacco	95.9	107.6	122.0	135.3	128.3	117.3	117.3
Potato	105.0	123.6	124.0	125.9	128.9	134.6	137.3
C. All Commodities	102.2	103.5	102.1	109.1	110.2	109.0	111.8

Source : Directorate of Economics & Statistics, Department of Agriculture & Cooperation.

* 2nd Advance Estimates^a Includes maize, jowar, ragi, bajra, small millets and barley^b Includes tur, urad, moong, gram, lentils and other pulses^c Includes groundnut, rapeseed & mustard, sesamum, linseed, castorseed, nigerseed, safflower, sunflower and soyabean.

Table 1.11 : Index Numbers of Yield of Principal Crops

(Base : Triennium ending 2007-08= 100)

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14*
1	2	3	4	5	6	7	8
A. Foodgrains	104.2	105.5	100.6	109.5	114.8	117.0	116.7
(a) Cereals	104.5	105.7	100.7	109.1	115.3	115.4	114.9
Rice	102.6	101.5	99.1	104.4	111.5	114.7	112.6
Wheat	103.4	107.2	104.7	110.2	117.2	114.9	115.2
(b) Coarse Cereals ^a	112.3	112.4	93.8	117.5	119.3	118.6	119.7
Maize	113.0	116.8	97.9	122.9	119.9	124.2	124.0
(c) Pulses ^b	102.7	104.9	100.1	111.1	112.8	124.5	124.6
Gram	94.7	111.1	113.7	111.2	115.3	128.7	125.9
Tur	110.4	89.7	95.1	87.6	88.6	103.8	114.8
B. Non-foodgrains	105.2	101.4	100.6	112.2	112.6	111.1	114.0
(a) Oilseeds Total ^c	110.3	99.0	93.8	115.7	109.3	110.1	113.4
Groundnut	123.5	98.4	83.8	119.4	111.9	84.1	138.9
Rapeseed and Mustard	93.1	106.3	109.9	110.2	104.1	117.3	115.7
(b) Fibres							
Cotton	111.7	96.2	96.4	119.4	117.5	116.1	124.6
Jute	97.4	95.1	107.4	100.4	103.0	103.3	108.7
Mesta	102.5	96.0	94.3	93.8	104.9	104.0	108.8
(c) Plantation Crops							
Tea	97.7	100.6	102.5	100.0	101.1	101.1	101.1
Coffee	84.3	83.1	90.5	93.2	95.7	95.7	95.7
Rubber	96.8	97.3	90.2	90.2	91.6	89.9	89.9
(d) Others							
Sugarcane	100.8	94.4	102.4	102.5	104.8	99.8	100.6
Tobacco	97.0	107.0	116.1	126.1	124.6	119.2	119.2
Potato	109.1	112.0	118.7	135.3	129.5	135.5	136.1
C. All Commodities	104.7	103.4	100.6	110.9	113.6	113.9	115.3

Source : Directorate of Economics & Statistics, Department of Agriculture & Cooperation.

* 2nd Advance Estimates^a Includes maize, jowar, ragi, bajra, small millets and barley^b Includes tur, urad, moong, gram, lentils and other pulses^c Includes groundnut, rapeseed & mustard, sesamum, linseed, castorseed, nigerseed, safflower, sunflower and soyabean.

Table 1.12 : Production of Major Crops

Group/Commodity	Unit	(Tonnes)									
		1970-71	1980-81	1990-91	2000-01	2009-10	2010-11	2011-12	2012-13	2013-14*	
1	2	3	4	5	6	7	8	9	10	11	
Foodgrains ^a	Million	108.4	129.6	176.4	196.8	218.1	244.5	259.3	257.0	264.4	
Kharif	Million	68.9	77.7	99.4	102.1	104.0	120.9	131.3	128.1	129.4	
Rabi	Million	39.5	51.9	77.0	94.7	114.1	123.6	128.0	129.1	135.0	
Cereals ^b	Million	96.6	119.0	162.1	185.7	203.4	226.3	240.8	238.8	244.8	
Kharif	Million	65.0	73.9	94.0	97.6	99.7	113.8	125.2	122.2	123.2	
Rabi	Million	31.6	45.1	68.1	88.1	103.7	112.5	115.6	116.6	121.6	
Coarse Cereals ^c	Million	30.5	29.0	32.7	31.1	33.6	43.4	42.0	40.04	42.7	
Kharif	Million	25.5	23.8	27.7	24.9	23.8	33.1	32.4	29.79	31.2	
Rabi	Million	5.1	5.2	5.0	6.2	9.7	10.3	9.6	10.25	11.4	
Pulses ^d	Million	11.8	10.6	14.3	11.0	14.7	18.2	17.1	18.3	19.6	
Kharif	Million	3.9	3.8	5.4	4.4	4.2	7.1	6.1	5.9	6.1	
Rabi	Million	7.9	6.8	8.9	6.6	10.5	11.1	11.0	12.4	13.5	
Rice	Million	42.2	53.6	74.3	85.0	89.1	96.0	105.3	105.2	106.3	
Kharif	Million	39.5	50.1	66.3	72.8	75.9	80.7	92.8	92.4	92.0	
Rabi	Million	2.7	3.5	8.0	12.2	13.2	15.3	12.5	12.9	14.3	
Wheat	Million	23.8	36.3	55.1	69.7	80.8	86.9	93.5	93.5	95.8	
Jowar	Million	8.1	10.4	11.7	7.5	6.7	7.0	6.0	5.3	5.3	
Kharif	Million	5.8	7.5	8.3	4.5	2.8	3.4	3.3	2.8	2.2	
Rabi	Million	2.3	2.9	3.4	3.0	3.9	3.6	2.7	2.4	3.0	
Maize	Million	7.5	7.0	9.0	12.0	16.7	21.7	21.8	22.3	24.2	
Bajra	Million	8.0	5.3	6.9	6.8	6.5	10.4	10.3	8.7	9.2	
Gram	Million	5.2	4.3	5.4	3.9	7.5	8.2	7.7	8.8	9.9	
Tur	Million	1.9	2.0	2.4	2.2	2.5	2.9	2.7	3.0	3.4	
Oilseeds ^e	Million	9.6	9.4	18.6	18.4	24.9	32.5	29.8	30.9	32.4	
Kharif	Million	7.0	5.0	9.8	11.9	15.7	21.9	20.7	20.8	22.1	
Rabi	Million	2.6	4.4	8.8	6.5	9.2	10.6	9.1	10.2	10.3	
Groundnut	Million	6.1	5.0	7.5	6.4	5.4	8.3	7.0	4.7	9.5	
Kharif	Million	na	3.7	5.1	4.9	3.8	6.6	5.1	3.2	7.7	
Rabi	Million	na	1.3	2.4	1.5	1.6	1.6	1.8	1.5	1.8	
Rapeseed and Mustard	Million	2.0	2.3	5.2	4.2	6.6	8.2	6.6	8.0	7.8	
Sugarcane	Million	126.4	154.2	241.0	296.0	292.3	342.4	361.0	341.2	348.4	
Cotton ^f	Million	4.8	7.0	9.8	9.5	24.0	33.0	35.2	34.2	36.5	
Jute and Mesta ^g	Million	6.2	8.2	9.2	10.5	11.8	10.6	11.4	10.9	11.4	
Jute	Million	4.9	6.5	7.9	9.3	11.2	10.0	10.7	10.3	10.8	
Mesta	Million	1.3	1.7	1.3	1.2	0.6	0.6	0.7	0.6	0.6	
Plantation Crops [#]											
Tea	Million	0.4	0.6	0.7	0.8	1.0	1.0	1.0	1.0	1.0	
Coffee	Million	0.1	0.1	0.2	0.3	0.3	0.3	0.3	0.3	0.3	
Rubber	Million	0.1	0.2	0.3	0.6	0.8	0.8	0.8	0.9	0.9	
Potato	Million	4.8	9.7	15.2	22.5	36.6	42.3	46.6	45.3	46.4	

Source : Directorate of Economics & Statistics, Department of Agriculture & Cooperation.

na : not available

* 3rd Advance Estimates

2nd Advance Estimates for 2013-14

^a Includes cereals, coarse cereals and pulses

^b Includes rice and wheat

^c Includes maize, jowar, ragi, bajra, small millets and barley

^d Includes tur, urad, moong, gram, lentils and other pulses

^e Includes groundnut, rapeseed & mustard, sesamum, linseed, castorseed, nigerseed, safflower, sunflower and soyabean.

^f Bales of 170 Kgs.

^g Bales of 180 Kgs.

Table 1.13 : Gross Area under Major Crops

Group/Commodity	(Million hectares)								
	1970-71	1980-81	1990-91	2000-01	2009-10	2010-11	2011-12	2012-13	2013-14*
1	2	3	4	5	6	7	8	9	10
Foodgrains ^a	124.3	126.7	127.8	121.0	121.3	126.7	124.8	120.8	126.2
Kharif	82.3	83.2	80.8	75.2	69.5	72.4	72.1	67.7	69.4
Rabi	42.0	43.5	47.0	45.8	51.8	54.3	52.7	53.1	56.8
Cereals ^b	101.8	104.2	103.2	100.7	98.0	100.3	100.3	97.5	100.8
Kharif	72.9	72.8	69.3	64.6	58.9	60.1	60.9	57.7	59.2
Rabi	28.9	31.4	33.9	36.1	39.1	40.2	39.4	39.8	41.6
Coarse Cereals ^c	45.9	41.8	36.3	30.3	27.7	28.3	26.4	24.8	25.5
Kharif	36.9	34.3	29.6	23.9	21.3	22.1	20.8	18.8	19.7
Rabi	9.0	7.4	6.7	6.4	6.4	6.3	5.7	5.9	5.8
Pulses ^d	22.6	22.5	24.7	20.3	23.3	26.4	24.5	23.3	25.4
Kharif	9.5	10.4	11.5	10.6	10.6	12.3	11.2	10.0	10.2
Rabi	13.1	12.1	13.2	9.7	12.7	14.1	13.3	13.3	15.2
Rice	37.6	40.1	42.7	44.7	41.9	42.9	44.0	42.8	43.9
Kharif	36.0	38.4	39.7	40.7	37.6	38.0	40.1	38.9	39.6
Rabi	1.6	1.7	3.0	4.0	4.3	4.8	3.9	3.8	4.4
Wheat	18.2	22.3	24.2	25.7	28.5	29.1	29.9	30.0	31.3
Jowar	17.4	15.8	14.4	9.9	7.7	7.4	7.4	6.2	5.8
Kharif	10.9	10.2	8.6	4.9	3.2	3.1	3.1	2.4	2.2
Rabi	6.5	5.6	5.8	5.0	4.5	4.3	4.3	3.8	3.6
Maize	5.8	6.0	5.9	6.6	8.3	8.6	8.8	8.7	9.3
Bajra	12.9	11.7	10.5	9.8	8.9	9.6	8.8	7.3	7.9
Gram	7.8	6.6	7.5	5.2	8.2	9.2	8.3	8.5	10.2
Tur	2.7	2.8	3.6	3.6	3.5	4.4	4.0	3.9	3.9
Oilseeds ^e	16.6	17.6	24.1	22.8	26.0	27.2	26.3	26.5	28.2
Kharif	10.8	10.2	14.0	15.8	18.0	18.2	18.4	18.3	19.8
Rabi	5.8	7.4	10.1	7.0	8.0	9.0	7.9	8.2	8.4
Groundnut	7.3	6.8	8.3	6.6	5.5	5.9	5.3	4.7	5.5
Kharif	na	5.9	6.8	5.7	4.6	5.0	4.3	3.9	4.5
Rabi	na	0.9	1.5	0.9	0.9	0.9	0.9	0.8	1.0
Rapeseed and Mustard	3.3	4.1	5.8	4.5	5.6	6.9	5.9	6.4	6.5
Sugarcane	2.6	2.7	3.7	4.3	4.2	4.9	5.0	5.0	5.0
Cotton	7.6	7.8	7.4	8.6	10.1	11.2	12.2	12.0	11.7
Jute and Mesta	1.1	1.3	1.0	1.0	0.9	0.9	0.9	0.9	0.9
Jute	0.8	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Mesta	0.3	0.4	0.2	0.2	0.1	0.1	0.1	0.1	0.1
Plantation crops [#]									
Tea	0.4	0.4	0.4	0.5	0.6	0.6	0.6	0.6	0.6
Coffee (Plucked area)	0.1	0.2	0.3	0.3	0.4	0.4	0.4	0.4	0.4
Rubber (Tapped area)	0.2	0.3	0.5	0.6	0.7	0.7	0.7	0.7	0.7
Potato	0.5	0.7	0.9	1.2	1.8	1.9	1.9	1.9	2.0

Source : Directorate of Economics & Statistics, Department of Agriculture & Cooperation.

2nd Advance Estimates for 2013-14

* 3rd Advance Estimates

^a Includes cereals, coarse cereals and pulses

^b Includes rice, wheat and coarse cereals

^c Includes maize, jowar, ragi, bajra, small millets and barley

^d Includes tur, urad, moong, gram, lentils and other pulses

^e Includes groundnut, rapeseed & mustard, sesamum, linseed, castorseed, nigerseed, safflower, sunflower and soyabean.

Table 1.14 : Yield per hectare of Major Crops

Group/Commodity	1970-71	1980-81	1990-91	2000-01	2008-09	2009-10	2010-11	2011-12	2012-13	(Kg. / hectare)	
										10	11
Foodgrains ^a	872	1023	1380	1626	1909	1798	1930	2078	2128	2095	
Kharif	837	933	1231	1357	1654	1496	1669	1822	1892	1864	
Rabi	942	1195	1635	2067	2263	2202	2278	2430	2431	2378	
Cereals ^b	949	1142	1571	1844	2183	2075	2256	2401	2449	2429	
Kharif	892	1015	1357	1512	1841	1693	1893	2057	2116	2081	
Rabi	1093	1434	2010	2438	2721	2649	2800	2933	2932	2925	
Coarse Cereals ^c	665	695	900	1027	1459	1212	1531	1590	1626	1672	
Kharif	690	693	937	5298	1371	1119	1500	1563	1583	1588	
Rabi	563	702	741	973	1735	1525	1641	1689	1725	1954	
Pulses ^d	524	473	578	544	659	630	691	699	789	770	
Kharif	410	361	471	417	478	397	578	541	594	600	
Rabi	607	571	672	604	804	823	790	831	934	884	
Rice	1123	1336	1740	1901	2178	2125	2239	2393	2462	2419	
Kharif	1100	1303	1670	1788	2081	2019	2121	2312	2374	2326	
Rabi	1625	2071	2671	3042	3009	3053	3176	3224	3353	3263	
Wheat	1307	1630	2281	2708	2907	2839	2989	3131	3117	3059	
Jowar	466	660	814	764	962	860	949	810	850	912	
Kharif	533	737	969	938	1055	853	1119	1072	1171	1033	
Rabi	354	520	582	594	904	865	827	623	644	840	
Maize	1279	1159	1518	1822	2414	2024	2540	2478	2566	2602	
Bajra	622	458	658	688	1015	731	1079	1171	1198	1161	
Gram	663	657	712	744	895	915	895	928	1036	974	
Tur	709	689	673	618	671	711	655	662	776	857	
Oilseeds ^e	579	532	771	810	1007	958	1193	1133	1168	1149	
Kharif	649	492	698	757	961	875	1203	1123	1135	1119	
Rabi	449	588	872	929	1097	1146	1174	1155	1244	1220	
Groundnut	834	736	904	977	1163	991	1411	1323	995	1723	
Kharif	na	629	751	861	1063	835	1335	1188	811	1715	
Rabi	na	1444	1611	1756	1764	1830	1846	1938	1910	1755	
Rapeseed and Mustard	594	560	904	935	1143	1183	1185	1121	1262	1208	
Sugarcane (tonnes/hect.)	48	58	65	69	65	70	70	70	70	70	
Cotton	106	152	225	190	403	403	499	491	486	529	
Jute and mesta	1032	1130	1634	1867	2071	2349	2192	2268	2281	2386	
Jute	1186	1245	1833	2026	2207	2492	2329	2389	2396	2504	
Mesta	684	828	988	1078	1141	1121	1115	1248	1237	1265	
Plantation Crops [#]											
Tea	1182	1491	1794	1673	1695	1695	1695	1695	1730	1730	
Coffee	814	624	759	959	748.0	815	838	838	766	766	
Rubber	653	788	1076	1576	1306	1211	1211	1211	1206	1206	
Potato (tonnes/hect.)	10	13	16	18	19	20	23	25	22	22	

Source : Directorate of Economics & Statistics, Department of Agriculture & Cooperation.

na : not available # 2nd Advance Estimates for 2013-14

* 3rd Advance Estimates

^a Includes cereals, coarse cereals and pulses

^b Includes rice, wheat and coarse cereals

^c Includes maize, jowar, ragi, bajra, small millets and barley

^d Includes tur, urad, moong, gram, lentils and other pulses

^e Includes groundnut, rapeseed & mustard, sesamum, linseed, castorseed, nigerseed, safflower, sunflower and soyabean.

Table 1.15 : Production of Important Crops in Three Largest Producing States in 2013-14*

Crops/Groups of Crops		States	Production	Per cent Share of Production to All India	(Production Million Tonnes)
1	2	3	4	5	
I.	Foodgrains				
Rice	West Bengal	15.20	14.32	14.32	
	Uttar Pradesh	14.71	13.85	28.17	
	Andhra Pradesh	13.48	12.69	40.86	
Wheat	Uttar Pradesh	29.5	30.85	30.85	
	Punjab	16.01	16.74	47.59	
	Haryana	11.73	12.27	59.86	
Maize	Karnataka	4.66	20.02	20.02	
	Andhra Pradesh	4.00	17.19	37.21	
	Maharashtra	3.10	13.32	50.53	
Total Coarse Cereals	Rajasthan	6.69	16.06	16.06	
	Karnataka	6.55	15.73	31.79	
	Maharashtra	5.84	14.02	45.81	
Gram	Madhya Pradesh	40.00	40.87	40.87	
	Rajasthan	14.35	14.66	55.53	
	Maharashtra	14.17	14.48	70.02	
Tur	Maharashtra	10.36	31.05	31.05	
	Karnataka	6.10	18.28	49.33	
	Madhya Pradesh	4.18	12.52	61.84	
Total Pulses	Madhya Pradesh	5.28	26.71	26.71	
	Uttar Pradesh	2.99	15.10	41.82	
	Rajasthan	2.46	12.42	54.23	
Total Foodgrains	Uttar Pradesh	50.26	19.09	19.09	
	Punjab	27.62	10.49	29.59	
	Madhya Pradesh	24.18	9.19	38.78	
II.	Oilseeds				
Groundnut	Gujarat	4.76	52.08	52.08	
	Tamil Nadu	1.17	12.79	64.87	
	Andhra Pradesh	0.99	10.83	75.70	
Rapeseed & Mustard	Rajasthan	3.86	46.81	46.81	
	Madhya Pradesh	0.99	11.95	58.76	
	Haryana	0.93	11.25	70.01	
Soyabean	Madhya Pradesh	5.49	44.10	44.10	
	Maharashtra	4.87	39.15	83.24	
	Rajasthan	1.19	9.53	92.78	
Sunflower	Karnataka	0.21	44.67	44.67	
	Andhra Pradesh	0.09	18.72	63.39	
	Maharashtra	0.05	10.27	73.67	
Total Oilseeds	Madhya Pradesh	6.77	20.54	20.54	
	Rajasthan	6.67	20.22	40.75	
	Gujarat	6.20	18.81	59.56	
III.	Other Cash Crops				
Sugarcane	Uttar Pradesh	133.39	38.56	38.56	
	Maharashtra	75.38	21.79	60.35	
	Tamil Nadu	37.55	10.85	71.21	
Cotton ^a	Gujarat	10.85	30.48	30.48	
	Maharashtra	8.45	23.73	54.21	
	Andhra Pradesh	7.14	20.06	74.27	
Jute & Mesta ^b	West Bengal	8.39	74.19	74.19	
	Bihar	2.02	17.89	92.08	
	Assam	0.63	5.54	97.62	

Source : Directorate of Economics & Statistics, Department of Agriculture & Cooperation.

* 2nd Advance Estimates

^a Production in million bales of 170 kgs.^b Production in million bales of 180 kgs.

Table 1.16 : Net Availability of Cereals and Pulses

Year	Population (million)	Cereals			Net availability (Col. 3+4+5) (million tonnes)	Pulses	Per capita net availability per day (grams)		
		Net production (million tonnes)	Net imports (million tonnes)	Change in Government stocks (million tonnes)			Cereals	Pulses	Total
1	2	3	4	5	6	7	8	9	10
1971	551.3	84.5	2.0	(+)2.6	84.0	10.3	417.6	51.2	468.8
1972	563.9	82.3	(-)0.5	(-)4.7	86.5	9.7	419.1	47.0	466.1
1973	576.8	76.2	3.6	(-)0.3	80.1	8.7	350.5	41.1	421.6
1974	590.0	82.8	5.2	(-)0.4	88.4	8.8	410.4	40.8	451.2
1975	603.5	78.6	7.5	(+)5.6	80.6	8.8	365.8	39.7	405.5
1976	617.2	94.5	0.7	(+)10.7	84.4	11.4	373.8	50.5	424.3
1977	631.3	87.3	0.1	(-)1.6	89.0	10.0	386.3	43.3	429.6
1978	645.7	100.1	(-)0.8	(-)0.3	99.6	10.7	422.5	45.5	468.0
1979	660.3	104.8	(-)0.3	(+)0.4	104.1	10.8	431.8	44.7	476.5
1980	675.2	88.5	(-)0.5	(-)5.8	93.8	7.6	379.5	30.9	410.4
1981	688.5	104.1	0.5	(-)0.2	104.8	9.4	417.3	37.5	454.8
1982	703.8	106.6	1.6	(+)1.3	106.8	10.1	415.6	39.2	454.8
1983	718.9	103.0	4.1	(+)2.7	104.4	10.4	397.8	39.5	437.3
1984	734.5	122.0	2.4	(+)7.1	117.4	11.3	437.8	41.9	479.7
1985	750.4	116.9	(-)0.3	(+)2.7	113.9	10.5	415.6	38.4	454.0
1986	766.5	119.9	(-)0.1	(-)1.6	121.5	12.3	434.2	43.9	478.1
1987	782.7	115.2	(-)0.4	(-)9.5	124.4	10.4	435.4	36.4	471.8
1988	799.2	113.2	2.3	(-)4.6	120.1	10.7	411.8	36.7	448.5
1989	815.8	136.6	0.8	(+)2.6	134.7	12.5	452.6	41.9	494.5
1990	832.6	138.4	...	(+)6.2	132.3	12.5	435.3	41.1	476.4
1991	851.7	141.9	(-)0.6	(-)4.4	145.7	12.9	468.5	41.6	510.1
1992	867.8	136.8	(-)0.7	(-)1.6	137.7	10.9	434.5	34.3	468.8
1993	883.9	145.8	2.6	(+)10.3	138.1	11.7	427.9	36.2	464.1
1994	899.9	149.6	0.5	(+)7.5	142.6	12.2	434.0	37.2	471.2
1995	922.0	155.3	(-)3.0	(-)1.7	154.0	12.7	457.6	37.8	495.4
1996	941.6	147.1	(-)3.5	(-)8.5	152.1	11.3	442.5	32.7	475.2
1997	959.8	162.0	(-)0.6	(-)1.8	163.2	13.0	466.0	37.1	503.1
1998	978.1	156.9	(-)2.9	(+)6.1	147.9	11.7	414.2	32.8	447.0
1999	996.4	165.1	(-)1.5	(+)7.5	156.1	13.3	429.2	36.5	465.7
2000	1014.8	171.8	(-)1.4	(+)13.9	156.6	11.7	422.7	31.8	454.4
2001	1033.2	162.5	(-)4.5	(+)12.3	145.6	11.3	386.2	30.0	416.2
2002	1050.6	174.5	(-)8.5	(-)9.9	175.9	13.6	458.7	35.4	494.1
2003	1068.2	143.2	(-)7.1	(-)23.2	159.3	11.3	408.5	29.1	437.6
2004	1085.6	173.5	(-)7.7	(-)3.3	169.1	14.2	426.9	35.8	462.7
2005	1102.8	162.1	(-)7.2	(-)2.4	157.3	12.7	390.9	31.5	422.4
2006	1119.8	170.8	(-)3.8	(-)1.8	168.8	13.3	412.8	32.5	445.3
2007	1136.6	177.7	(-)7.0	(+)1.7	169.0	14.7	407.4	35.5	442.8
2008	1153.1	197.3	(-)14.4	(+)17.0	165.9	17.6	394.2	41.8	436.0
2009	1169.4	192.4	(-)7.2	(+)11.5	173.7	15.8	407.0	37.0	444.0
2010	1185.8	178.0	(-)4.7	(-)0.5	173.8	15.3	401.7	35.4	437.1
2011	1201.9	198.0	(-)9.6	(+)8.3	180.1	18.9	410.6	43.0	453.6
2012	1213.4	211.9	(-)19.8	(+)11.2	181.0	18.4	408.6	41.7	450.3
2013(p)	1228.8	208.9	(-)22.2	(-)23.6	210.3	18.8	468.9	41.9	510.8

Source : Directorate of Economics & Statistics, Ministry of Agriculture.

... Negligible. p - provisional

Notes: 1. Population figure relates to mid year.

2. Production figures relate to the agricultural year July-June: 1961 figures correspond to the production of 1960-61 and so on for subsequent years.
3. The net availability of foodgrains is estimated to be gross production [-] seed, feed and wastage ,[-] exports[+] imports,[+/-] change in stocks.
4. The net availability of foodgrains divided by the population estimates for a particular year indicate per capita availability of foodgrains in terms of kg/year. net availability, thus worked out further divided by the number of days in a year i.e., 365 days gives us net availability of foodgrains in terms of grams/day.
5. Figures in respect of per capita net availability given above are not strictly representative of actual level of consumption in the country especially as they do not take in to account any change in stocks in possession of trader, producers and consumers.
6. For calculation of per capita net availability, the figure of net imports from 1981 to 1994 are based on imports and exports on Government of India account only. Net import from 1995 are, however, based on the total exports and imports (both Government as well as Private accounts)

Table 1.17 : Net Availability, Procurement and Public Distribution of Foodgrains

(Million tonnes)

Year	Net production of foodgrains	Net imports	Net availability of foodgrains ^a	Procurement	Public distribution ^b	Col. 3 as per cent of Col. 4	Col. 5 as per cent of Col. 2	Col. 6 as per cent of Col. 4
1	2	3	4	5	6	7	8	9
1951	48.1	4.8	52.4	3.8	8.0	9.2	7.9	15.3
1955	61.9	0.5	63.2	...	1.6	0.8	2.1	2.5
1960	67.5	5.1	71.2	1.3	4.9	7.2	1.9	6.9
1965	78.2	7.4	84.6	4.0	10.1	8.8	5.2	11.9
1970	87.1	3.6	89.5	6.7	8.8	4.0	7.7	9.9
1971	94.9	2.0	94.3	8.9	7.8	2.1	9.3	8.3
1972	92.0	(-)0.5	96.2	7.7	10.5	(-)0.5	8.3	10.9
1973	84.9	3.6	88.8	8.4	11.4	4.0	9.9	12.8
1974	91.6	5.2	97.1	5.6	10.8	5.3	6.2	11.1
1975	87.4	7.5	89.3	9.6	11.3	8.4	10.9	12.6
1976	105.9	0.7	95.8	12.8	9.2	0.7	12.1	9.6
1977	97.3	0.1	99.0	9.9	11.7	0.1	10.1	11.8
1978	110.6	(-)0.6	110.2	11.1	10.2	(-)0.5	10.0	9.2
1979	115.4	(-)0.2	114.9	13.8	11.7	(-)0.2	12.0	10.2
1980	96.0	(-)0.3	101.4	11.2	15.0	(-)0.3	11.6	14.8
1981	113.4	0.7	114.3	13.0	13.0	0.6	11.4	11.4
1982	116.6	1.6	116.9	15.4	14.8	1.4	13.2	12.6
1983	113.3	4.1	114.7	15.6	16.2	3.5	13.7	14.1
1984	133.3	2.4	128.6	18.7	13.3	1.8	14.0	10.4
1985	127.4	(-)0.4	124.3	20.1	15.8	(-)0.3	15.8	12.7
1986	131.6	0.5	133.8	19.7	17.3	0.4	15.0	12.9
1987	125.5	(-)0.2	134.8	15.7	18.7	(-)0.1	12.5	13.8
1988	122.8	3.8	130.8	14.1	18.6	2.9	11.5	14.2
1989	148.7	1.2	147.2	18.9	16.4	0.8	12.7	11.1
1990	149.7	1.3	144.8	24.0	16.0	0.9	16.0	11.0
1991	154.3	(-)0.1	158.6	19.6	20.8	...	12.7	13.1
1992	147.3	(-)0.4	148.5	17.9	18.8	(-)0.3	12.2	12.7
1993	157.5	3.1	149.8	28.1	16.4	2.1	17.9	10.9
1994	161.2	1.1	154.8	26.0	14.0	0.7	16.1	9.1
1995	167.6	(-)2.6	166.7	22.6	15.3	(-)1.6	13.5	9.0
1996	157.9	(-)3.1	163.3	19.8	18.3	(-)1.9	12.5	11.2
1997	174.5	(-)0.1	176.2	23.6	17.8	...	13.5	10.1
1998	168.2	(-)2.5	159.6	26.3	18.6	(-)1.6	15.6	11.1
1999	178.2	(-)1.3	169.4	30.8	17.7	(-)0.8	17.3	9.9
2000	183.6	(-)1.4	168.3	35.6	13.0	(-)0.8	19.4	7.7
2001	172.2	(-)2.9	156.9	42.6	13.2	(-)1.8	24.7	8.4
2002	186.2	(-)6.7	189.5	40.3	18.2	(-)3.5	21.7	9.6
2003	152.9	(-)5.5	170.6	34.5	23.2	(-)2.8	22.6	13.2
2004	186.5	(-)6.5	183.3	41.1	28.3	(-) 3.5	22.0	15.5
2005	173.6	(-)6.0	170.0	41.5	31.0	(-) 3.5	23.9	18.2
2006	182.5	(-)2.3	181.9	37.0	31.8	(-) 1.3	20.3	17.5
2007	190.1	(-)4.7	183.7	35.8	32.8	(-) 2.6	18.8	17.8
2008	210.2	(-) 9.7	183.5	54.2	34.7	(-) 5.3	25.8	18.9
2009	205.2	(-) 4.1	189.5	60.5	41.3	(-) 2.2	29.5	21.8
2010	190.8	(-) 2.2	189.2
2011(p)	214.2	(-) 2.9	203.1	64.5	47.9
2012	73.4	44.9
2013	58.9	44.5

Sources : 1. Department of Food and Public Distribution.

2. Directorate of Economics & Statistics, Department of Agriculture & Cooperation

... Negligible. P Provisional

^a Net availability =Net production +Net Imports - changes in Government stocks.^b Includes quantities released under the Food for Work Programme during the year 1978 to 1990.

Notes : 1. Production figures relate to agricultural year: 1951 figures correspond to 1950-51 and so on.

Figures for procurement and public distribution relate to calender years.

2. Net Imports from 1981 to 1994 are only on Government account and from 1995 onwards the Net Imports are total Imports and Exports of the Country.

Table 1.18 : Per Capita Availability of Certain Important Articles of Consumption

Year	Edible oil ^a (Kg.)	Vanaspati ^b (Kg.)	Sugar (Nov.-Oct.) (Kg.) ^c	Cloth ^d			Tea (Gram.)	Coffee ^f (Gram.)	Electricity Domestic (KWH)
				Cotton ^e (metres)	Man-made (metres)	Total (metres)			
1	2	3	4	5	6	7	8	9	10
1955-56	2.5	0.7	5.0	14.4	na	na	362.0	67.0	2.4
1960-61	3.2	0.8	4.8	13.8	1.2	15.0	296.0	80.0	3.4
1965-66	2.7	0.8	5.7	14.7	1.7	16.4	346.0	72.0	4.8
1970-71	3.5	1.0	7.4	13.6	2.0	15.6	401.0	65.0	7.0
1975-76	3.5	0.8	6.1	12.6	2.0	14.6	446.0	62.0	9.7
1976-77	3.2	0.9	6.0	11.4	2.4	13.8	450.0	71.0	10.4
1977-78	3.8	0.9	7.2	9.5	4.0	13.5	516.0	73.0	10.9
1978-79	3.8	1.0	9.6	10.2	4.8	15.0	599.0	77.0	11.9
1979-80	3.7	1.0	7.8	10.1	4.6	14.7	521.0	73.0	12.1
1980-81	3.8	1.2	7.3	12.9	4.4	17.3	511.0	79.0	13.5
1981-82	5.1	1.3	8.2	12.2	4.9	17.1	466.0	79.0	15.1
1982-83	4.5	1.3	9.0	11.8	4.3	16.1	525.0	82.0	17.0
1983-84	5.8	1.2	10.5	12.6	4.7	17.3	519.0	78.0	18.3
1984-85	5.5	1.3	10.7	12.6	4.6	17.2	576.0	72.0	21.0
1985-86	5.0	1.3	11.1	15.4	6.1	21.5	589.0	71.0	22.9
1986-87	5.0	1.2	11.4	15.2	6.6	21.8	545.0	76.0	25.1
1987-88	5.8	1.2	11.7	14.0	7.0	21.0	592.0	72.0	28.2
1988-89	5.3	1.2	12.1	15.0	8.0	23.0	612.0	79.0	30.9
1989-90	5.3	1.1	12.3	14.6	8.1	22.7	571.0	65.0	36.1
1990-91	5.5	1.0	12.7	15.1	9.0	24.1	612.0	59.0	38.2
1991-92	5.4	1.0	13.0	13.7	9.2	22.9	655.0	64.0	41.9
1992-93	5.8	1.0	13.7	15.6	8.9	24.5	649.0	60.0	45.6
1993-94	6.1	1.0	12.5	15.9	10.3	26.2	667.0	56.0	48.8
1994-95	6.3	1.0	13.2	15.2	10.8	26.0	664.0	55.0	53.0
1995-96	7.0	1.0	14.1	16.3	11.7	28.0	646.0	55.0	56.2
1996-97	8.0	1.0	14.6	16.2	13.1	29.3	657.0	58.0	58.6
1997-98	6.2	1.0	14.5	15.9	15.0	30.9	635.0	58.0	62.9
1998-99	8.5	1.3	14.9	13.1	15.1	28.2	684.0	65.0	66.7
1999-00	9.0	1.4	15.6	14.2	16.4	30.6	642.0	55.0	71.2
2000-01	8.2	1.3	15.8	14.2	16.5	30.7	631.0	58.0	75.2
2001-02	8.8	1.4	16.0	14.8	17.2	32.0	650.0	67.0	76.8
2002-03	7.2	1.4	16.3	14.4	17.0	31.4	623.0	67.0	79.0
2003-04	9.9	1.2	16.1	13.4	17.6	31.0	662.0	70.0	83.6
2004-05	10.2	1.1	15.5	14.1	19.4	33.5	663.0	72.0	87.8
2005-06	10.6	1.1	16.3	16.4	19.7	36.1	687.0	75.0	90.4
2006-07	11.1	1.2	16.8	18.0	21.6	39.6	687.0	77.0	98.8
2007-08	11.4	1.3	17.8	19.0	22.8	41.9	701.0	80.0	106.0
2008-09	12.7	1.2	18.8	17.9	21.1	39.0	704.0	82.0	112.7
2009-10	13.1	1.1	18.6	19.7	23.4	43.1	709.0	86.0	121.2
2010-11	13.0	1.0	17.0	21.4	22.6	44.0	715.0	90.0	130.9
2011-12	13.8	1.0	18.7	19.8	20.7	40.5	728.0	95.0	142.4
2012-13(P)	15.8	0.7	18.7	19.9	18.6	38.5	na	na	na

Sources : 1. Directorate of Vanaspati, Vegetable Oils & Fats, Ministry of Consumer Affairs, Food & Public Distribution.
 2. Department of Sugar & Edible Oils.
 3. Ministry of Textiles.

4. Tea Board.
 5. Coffee Board.
 6. Central Electricity Authority, Ministry of Power.

na : Not Available

P : Provisional

- Notes: a Includes groundnut oil, rapeseed and mustard oil, sesamum oil, nigerseed oil, soyabean oil and sunflower oil but excludes oil for manufacture of vanaspati.
 b Relates to calendar year.
 c Relates to actual releases for domestic consumption.
 d The data of cloth; prior to 1980-81 is calendar year wise; in meters upto 1984-85; in square meter from 1985-86 onwards
 e Figures for blended/mixed fabrics were not separately available prior to 1969. These have been included under man-made fibre fabrics after 1969
 f Figures up to 1970-71 relate to coffee season and are thereafter on calendar year basis. The figures for 1975-76 correspond to 1976 and so on.

Table 1.19 : Production, Imports and Consumption of Fertilizers

	1970-71	1980-81	1990-91	2000-01	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
1	2	3	4	5	6	7	8	9	10	11	12
A. Nitrogenous fertilizers											
Production	830	2164	6993	11004	10900	10870	11900	12157	12259	12194	12338
Imports	477	1510	414	154	3677	3844	3447	4493	5240	4801	3920
Consumption	1487	3678	7997	10920	14419	15090	15580	16558	17300	16820	NA
B. Phosphatic fertilizers											
Production	229	842	2052	3748	3807	3464	4321	4223	4104	3541	3774
Imports	32	452	1311	396	1391	2927	2756	3802	4427	2797	1588
Consumption	462	1214	3221	4215	5155	6506	7274	8050	7914	6653	NA
C. Potassic fertilizers											
Imports	120	797	1328	1541	2653	3380	2945	4069	3335	1559	1926
Consumption	228	624	1328	1567	2636	3313	3632	3514	2576	2061	NA
D. All fertilizers (NPK)											
Production	1059	3006	9045	14752	14707	14334	16221	16380	16363	15735	16092
Imports	629	2759	2758	2090	7721	10151	9148	12364	13002	9157	7434
Consumption	2177	5516	12546	19702	22570	24909	26486	28122	27790	25336	NA

Source : Department of Fertilizers , Ministry of Chemicals & Fertilizers.

NA : Not Available

Table 1.20 : Production of Major Livestock Products and Fish

Year	Milk (Million tonnes)	Eggs (Million Nos.)	Fish (Thousand tonnes)
1	2	3	4
1950-51	17.0	1832	752
1960-61	20.0	2881	1160
1970-71	22.0	6172	1756
1980-81	31.6	10060	2442
1990-91	53.9	21101	3836
2000-01	80.6	36632	5656
2006-07	102.6	50653	6869
2007-08	107.9	53583	7127
2008-09	112.2	55562	7620
2009-10	116.4	60267	7914
2010-11	121.8	63024	8400
2011-12	127.9	66450	8700
2012-13	132.4	69730	9040

Source : Department of Animal Husbandry , Dairying & Fisheries

Table 1.21 : Production of Coal and Lignite

Year	Coal				Total	(Million tonnes)		
	Coking		Non-coking					
	Metallurgical	Non-Metallurgical						
1	2	3	4	5	6	7		
1950-51	na	na	na	32.30	na	na		
1960-61	16.99	na	38.24	na	na	na		
1970-71	17.82	na	55.13	na	3.39	na		
1980-81	24.59	8.03	81.29	113.91	5.11	119.02		
1981-82	26.89	9.23	88.11	124.23	6.31	130.54		
1982-83	30.10	7.47	92.93	130.50	6.93	137.43		
1983-84	30.11	6.24	101.87	138.22	7.30	145.52		
1984-85	30.57	6.04	110.80	147.41	7.80	155.21		
1985-86	29.07	6.57	118.56	154.20	8.05	162.25		
1986-87	27.91	11.63	126.23	165.77	9.43	175.20		
1987-88	26.28	14.73	138.71	179.72	11.16	190.88		
1988-89	25.16	17.56	151.88	194.60	12.40	207.00		
1989-90	24.50	19.93	156.46	200.89	12.80	213.69		
1990-91	24.10	21.20	166.43	211.73	13.77	225.50		
1991-92	26.33	19.95	183.00	229.28	14.55	243.83		
1992-93	25.72	19.64	192.90	238.26	16.62	254.88		
1993-94	25.99	19.07	200.98	246.04	18.10	264.14		
1994-95	24.54	19.71	209.55	253.80	19.34	273.14		
1995-96	23.53	16.57	230.03	270.13	22.14	292.27		
1996-97	22.64	17.90	245.12	285.66	22.54	308.20		
1997-98	24.16	19.34	252.43	295.93	23.05	318.98		
1998-99	23.82	15.36	253.09	292.27	23.42	315.69		
1999-2000	21.23	12.02	266.72	299.97	22.12	322.09		
2000-01	19.31	11.77	278.55	309.63	22.95	332.58		
2001-02 ^a	17.96	10.71	299.12	327.79	24.81	352.60		
2002-03 ^a	18.35	11.84	311.08	341.29	26.02	367.29		
2003-2004	18.27	11.13	331.85	361.25	27.96	389.25		
2004-2005	18.19	12.03	352.39	382.61	30.34	412.95		
2005-2006	16.97	14.54	375.53	407.04	30.06	437.11		
2006-2007	17.23	14.87	398.74	430.83	31.29	462.12		
2007-08	18.07	16.39	422.63	457.08	33.98	491.01		
2008-09	17.30	17.51	457.95	492.76	32.42	525.18		
2009-10	17.73	26.68	487.63	532.04	34.07	566.11		
2010-11	17.70	31.85	483.15	532.70	37.73	570.43		
2011-12	16.24	35.42	488.29	539.95	42.33	582.28		
2012-13	14.55	37.03	504.82	556.40	46.45	602.85		
2013-14	—	—	507.42	565.64*	44.18	609.82		

Source : Ministry of Coal

na : Not available.

^a Including Meghalaya Coal.^p Figures are provisional.

* Includes 58.22 MT of coking coal.

Table 1.22A : Progress of Electricity Supply (Utilities and non-utilities) installed plant capacity

Year	Hydro	Thermal+Res*	Utilities Nuclear	Total	Non-Utilities		Total [5]+[6]	(Thousands MW)
					5	6		
1	2	3	4	5	6	7		
1950-51 ^a	0.6	1.1	0	1.7	0.6	2.3		
1960-61	1.9	2.7	0	4.6	1.0	5.6		
1970-71	6.4	7.9	0.4	14.7	1.6	16.3		
1980-81	11.8	17.6	0.9	30.3	3.1	33.4		
1981-82	12.2	19.3	0.9	32.4	3.4	35.8		
1982-83	13.1	21.4	0.9	35.4	3.9	39.3		
1983-84	13.9	24.4	1.1	39.4	4.4	43.8		
1984-85	14.5	27.0	1.1	42.6	5.1	47.7		
1985-86	15.5	30.0	1.3	46.8	5.5	52.3		
1986-87	16.2	31.8	1.3	49.3	5.7	55.0		
1987-88	17.3	35.6	1.3	54.2	6.3	60.5		
1988-89	17.8	39.7	1.5	59.0	7.5	66.5		
1989-90	18.3	43.8	1.5	63.6	8.2	71.8		
1990-91	18.8	45.8	1.5	66.1	8.6	74.7		
1991-92	19.2	48.1	1.8	69.1	9.3	78.4		
1992-93	19.6	50.7	2.0	72.3	10.1	82.4		
1993-94	20.4	54.4	2.0	76.8	10.7	87.5		
1994-95	20.8	58.1	2.2	81.1	11.2	92.3		
1995-96	21.0	60.1	2.2	83.3	11.8	95.1		
1996-97	21.7	61.9	2.2	85.8	12.1	97.9		
1997-98	21.9	65.0	2.2	89.1	13.2	102.3		
1998-99	22.4	68.7	2.2	93.3	14.1	107.4		
1999-00	23.9	71.3	2.7	97.9	14.7	112.6		
2000-01	25.1	73.6	2.9	102.0	16.2	117.8		
2001-02	26.3	76.0	2.7	105.0	17.1	122.1		
2002-03	26.8	78.4	2.7	108.0	18.3	126.2		
2003-04	29.5	80.5	2.7	113.0	18.7	131.4		
2004-05	30.9	84.7	2.8	118.4	19.1	137.5		
2005-06	32.3	88.6	3.4	124.3	21.3	145.6		
2006-07	34.7	93.7	3.9	132.3	22.3	154.6		
2007-08	35.9	103.0	4.1	143.0	25.0	168.0		
2008-09	36.9	107.0	4.1	148.0	27.0	175.0		
2009-10	36.9	118.0	4.6	159.4	31.5	190.9		
2010-11	37.6	131.3	4.8	173.7	34.4	208.1		
2011-12	39.0	156.1	4.8	199.9	36.5	236.4		
2012-13	39.6	179.2	4.8	223.6	na	223.6		
2013-14	40.5	197.7	4.8	243.0	na	243.0		

Source : Ministry of Power.

*Res : Renewable Energy Sources includes Small Hydro Projects, Wind Power, Biomass Power, Biomass Gasifier, Urban & Industrial Waste & Solar Power.

^aCalendar year na : Not Available

Table 1.22B : Energy Generated (Gross)

Year	Hydro	Thermal+Res*	Utilities Nuclear	Total	Non-Utilities	(Billion KWH) Total [5]+[6]
					6	
1	2	3	4	5		
1950-51 ^a	2.5	2.6	5.1	1.5	6.6
1960-61	7.8	9.1	16.9	3.2	20.1
1970-71	25.2	28.2	2.4	55.8	5.4	61.2
1975-76	33.3	43.3	2.6	79.2	6.7	85.9
1977-78	38.0	51.1	2.3	91.4	7.6	99.0
1978-79	47.1	52.6	2.8	103	7.6	110.1
1979-80	45.5	56.3	2.9	105	8.2	112.9
1980-81	56.5	61.3	3.0	121	8.4	129.2
1981-82	49.6	69.5	3.0	122	9.0	131.1
1982-83	48.4	79.9	2.0	130	10.0	140.3
1983-84	50.0	86.7	3.5	140	10.8	151.0
1984-85	53.9	98.8	4.1	157	12.3	169.1
1985-86	51.0	114.4	5.0	170	13.0	183.4
1986-87	53.8	128.9	5.0	188	13.6	201.3
1987-88	47.5	149.6	5.0	202	16.9	219.0
1988-89	57.9	157.7	5.8	221	19.9	241.3
1989-90	62.1	178.7	4.6	245	23.0	268.4
1990-91	71.7	186.5	6.1	264	25.1	289.4
1991-92	72.8	208.7	5.5	287	28.6	315.6
1992-93	69.9	224.8	6.7	301	31.3	332.7
1993-94	70.4	248.2	5.4	324	32.3	356.3
1994-95	82.7	262.1	5.6	350	35.1	385.5
1995-96	72.6	299.3	8.0	380	38.2	418.1
1996-97	68.9	317.9	9.1	396	40.8	436.7
1997-98	74.6	337.0	10.1	422	44.1	465.8
1998-99	82.9	353.7	11.9	449	48.4	496.9
1999-00	80.6	386.8	13.3	481	51.5	532.2
2000-01	74.5	408.1	16.9	500	55.0	554.5
2001-02	73.5	424.4	19.5	517	61.7	579.1
2002-03	64.0	449.3	19.4	533	63.8	596.5
2003-04	75.2	472.1	17.8	565	68.2	633.3
2004-05	84.6	492.8	17.0	594	71.4	665.8
2005-06	101.5	506.0	17.3	624	73.6	697.4
2006-07	113.5	538.4	18.8	671	81.8	752.5
2007-08	120.4	585.3	16.9	723	90.5	813.1
2008-09a	110.1	616.2	14.9	741	99.7	840.9
2009-10	104.1	677.1	18.6	800	106.1	906.0
2010-11	114.4	704.3	26.3	845	120.9	965.7
2011-12	130.5	759.4	33.3	923	128.2	1051.4
2012-13	113.7	760.7	32.9	907	na	907.3
2013-14	134.8	792.5	34.2	962	na	961.5

Source : Ministry of Power.

*Res : Renewable Energy Sources includes Small Hydro Projects, Wind Power, Biomass Power, Biomass Gasifier, Urban & Industrial Waste & Solar Power.

^a Calendar year na : Not Available

Table 1.23 : Operations of Indian Railways

	1950-51	1960-61	1970-71	1980-81	1990-91	2000-01	2008-09	2009-10	2010-11	2011-12*	2012-13 ^p
1	2	3	4	5	6	7	8	9	10	11	12
1. Route Kilometres (ooo's)											
Electrified	0.4	0.8	3.7	5.4	10.0	14.9	18.6	18.9	19.6	20.3 ^b	20.9 ^b
Total	53.6	56.2	59.8	61.2	62.4	63.0	64.0	64.0	64.4	64.6 ^b	65.4 ^b
2. Originating traffic (million tonnes)											
Revenue Earning	73.2	119.8	167.9	195.9	318.4	473.5	833.4 ^a	887.8 ^a	921.7 ^a	969.1 ^a	1008.1 ^a
Total Traffic	93.0	156.2	196.5	220.0	341.4	504.2	836.6 ^a	892.2 ^a	926.4 ^a	975.2 ^a	1014.2 ^a
3. Goods carried (billion tonne km.)											
Revenue Earning	37.6	72.3	110.7	147.7	235.8	312.4	551.4	600.6	625.7	667.6	691.7 ^a
Total Traffic	44.1	87.7	127.4	158.5	242.7	315.5	552.0	601.3	626.5	668.6	692.6 ^a
4. Earnings from goods carried (₹ Crores)	139.3	280.5	600.7	1550.9	8247.0	23045.4	51749.3	56937.3	60687.1	67761.4	83478.8 ^a
5. Average Lead: all goods traffic (Km)	470	561	648	720	711	626	660	674	676	686	683
6. Average rate/ tonne km. (paise)	3.2	3.9	5.4	10.5	35.0	73.8	93.84	94.81	96.99	101.5	120.7
7. Passengers Originating (million)	1284	1594	2431	3613	3858	4833	6920.37	7245.8	7651.1	8224.4 ^b	8420.7 ^b
8. Passengers kilometres (billion)	66.5	77.7	118.1	208.6	295.6	457	838	903.5	978.5	1046.5 ^b	1098.1 ^b
9. Passengers Earnings (₹ Crore)	98.2	131.6	295.5	827.5	3145.0	10515.1 ^b	21931.32 ^b	23488.2 ^b	25792.6 ^b	28246.4 ^b	31322.8 ^b
10. Average lead : passenger traffic (km)	51.8	48.7	48.6	57.7	76.6	94.6	121.1	124.7	127.9	127.2 ^b	130.4 ^b
11. Average rate per passenger - kilometre (paise)	1.5	1.7	2.5	4.0	10.6	22.9	26.1	25.9	26.3	27.0 ^b	28.5 ^b

Source : Ministry of Railways

P- Provisional

a- Excluding Konkan Railways Corporation Limited Loading.

*Revised

b - Includes Metro Railway, Kolkata

Table 1.24 : Revenue Earning Goods Traffic On Indian Railways

A : Traffic Originating

Commodity	1950-51	1960-61	1970-71	1980-81	1990-91	2000-01	2008-09a	2009-10a	2010-11a	2011-12*a	2012-13 Pa
1	2	3	4	5	6	7	8	9	10	11	12
1. Coal	20.2	30.9	47.9	64.1	135.1	223.7	369.6	396.2	420.4	455.8	496.4
2. Raw materials for Steel Plant except iron ore	N.A.	10.5	16.1	20.2	25.9	38.7	10.9	11.6	13.3	14.5	15.6
3. Pig iron & finished steel											
i) steel plants	N.A.	3.8	6.2	7.5	10.0	11.8	22.0	24.2	24.1	25.7	26.0
ii) from other points	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	6.6	7.7	8.8	9.5	9.4
iii) Total	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	28.6	31.9	32.8	35.2	35.3
4. Iron ore											
i) for export	N.A.	2.6	9.8	11.1	13.1	14.6	45.8	43.6	25.7	8.4	5.5
ii) for steel plants	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	42.9	44.3	44.7	54.7	61.6
iii) for other domestic users	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	41.9	44.8	48.1	40.3	44.4
iv) Total	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	130.6	132.7	118.5	103.4	111.4
5. Cement	2.5	6.5	11.0	9.6	28.9	42.9	86.2	93.2	99.1	107.7	105.9
6. Foodgrains	7.8	12.7	15.1	18.3	25.4	26.7	35.5	38.7	43.5	46.3	49.0
7. Fertilizers	N.A.	1.4	4.7	8.1	18.4	27.1	41.4	43.7	48.2	52.7	46.2
8. POL	2.7	4.7	8.9	15.0	25.0	36.3	38.1	38.9	39.3	39.8	40.6
9. Container Service -											
i) Domestic container	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	7.1	9.6	11.0	9.5	9.4
ii) EXIM containers	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	23.3	25.3	26.6	28.5	31.7
iii) Total	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	30.3	35.0	37.6	38.0	41.0
10. Balance (other goods)	40.0	46.7	48.2	42.1	36.6	51.8	62.2	66.1	69.2	75.7	66.6
ii. Total revenue earning freight traffic	73.2	119.8	167.9	195.9	318.4	473.5	833.4	887.8	921.7	969.1	1008.1

B : Goods Carried

Commodity	1950-51	1960-61	1970-71	1980-81	1990-91	2000-01	2008-09a	2009-10a	2010-11a	2011-12*a	2012-13 Pa
1	2	3	4	5	6	7	8	9	10	11	12
1. Coal	11.3	20.5	27.8	36.4	85.9	133.4	230.1	247.0	268.3	291.5	303.4
2. Raw materials for Steel Plant except iron ore	N.A.	2.0	2.7	4.3	7.5	13.5	7.5	8.9	9.8	10.3	10.2
3. Pig iron & finished steel											
i) steel plants	N.A.	3.3	6.2	8.6	11.6	12.1	22.2	25.4	24.9	26.3	27.2
ii) from other points	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	4.7	6.1	7.4	7.6	6.9
iii) Total	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	27.0	31.5	32.2	33.9	34.1
4. Iron ore											
i) for export	N.A.	N.A.	5.5	7.3	7.5	7.9	21.9	25.0	15.5	2.0	3.1
ii) for steel plants	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	10.1	10.0	9.6	14.3	15.4
iii) for other domestic users	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	18.8	19.0	21.2	19.7	19.6
iv) Total	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	50.8	54.0	46.4	36.0	38.1
5. Cement	N.A.	2.5	7.0	7.2	18.9	24.9	46.5	53.8	57.0	62.0	62.7
6. Foodgrains	4.0	9.6	14.5	24.3	35.6	33.1	45.6	50.3	52.0	57.9	71.3
7. Fertilizers	N.A.	N.A.	3.8	8.9	17.3	23.0	33.1	36.6	40.7	43.9	39.0
8. POL	N.A.	2.6	5.3	11.7	15.1	19.9	24.0	24.9	26.1	26.1	28.5
9. Container Service -											
i) Domestic container	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	9.7	12.7	13.8	13.6	13.8
ii) EXIM containers	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	28.4	31.6	27.2	31.6	36.2
iii) Total	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	38.1	44.3	41.0	45.2	50.0
10. Balance (other goods)	22.3	31.9	37.9	39.1	36.4	44.5	48.8	49.5	52.3	60.8	54.4
ii. Total revenue earning freight traffic	37.6	72.3	110.7	147.6	235.8	312.4	551.5	600.6	625.7	667.6	691.7

Source : Ministry of Railways

P - Provisional

a - Excluding Konkan Railways

N.A. - Not available

POL - Petroleum, Oil & Lubricants

* Revised

Table 1.25 : Operations of Road Transport

	Unit	1950-51	1960-61	1970-71	1980-81	1990-91	2000-01	2008-09	2009-10	2010-11	2011-12
1	2	3	4	5	6	7	8	9	10	11	12
1. Length of roads (Thousand km)											
Total ^a		399.9	524.5	914.9	1485.4	2327.4	3373.5	4471.5	4582.4	4690.3	4865.4
Surfaced		157.0	263.0	398.0	684.0	1091.0	1601.7	2324.5	2432.8	2524.7	2698.6
2. Length of national highways (Thousand km)											
Total		19.8	23.8	23.8	31.7	33.7	57.7	70.5	70.9	70.9	76.8
Surfaced		NA	21.0	23.3	31.5	33.4	57.7	70.5	70.9	70.9	76.8
3. Length of state highways (Thousand km)											
Total		NA	na	56.8	94.4	127.3	132.1	158.5	160.2	163.9	164.4
Surfaced		NA	na	51.7	90.3	124.8	129.9	156.7	158.2	161.9	163.0
4. Number of registered vehicles (Thousand)											
All vehicles		306.0	665.0	1865.0	5391.0	21374.0	54991.0	114951	127746	141866	159491
Goods vehicles		82.0	168.0	343.0	554.0	1356.0	2948.0	6041	6432	7064	7658
Buses		34.0	57.0	94.0	162.0	331.0	634.0	1486	1527	1604	1677
5. Revenue from road transport (₹ crore)											
Central		34.8	111.7	451.8	930.9	4596.0	23861.0	53098	48386.9	75453.2	75572.5
States		12.6	55.2	231.4	750.4	3259.6	12901.7	34241	39512.6	45992.4	53577.3

Source : Ministry of Road Transport & Highways.

a Includes rural roads constructed under the Jawahar Rozgar Yojana as on 31st March 1996.

NA: – Not Available.

Sources : National Highways - Roads Wing, Ministry of Road Transport & Highways

: State Highways – State Public Works Departments

: Registered Vehicles – Office of the State Transport Commissioners

: Revenue from Road Transport (Central) – Directorate of Data Management, Central Excise and Customs.

: Revenue from Road Transport (States) – State Finances- A Study of Budgets 2011-12 by RBI and its earlier issues.

Table 1.26 : Growth of Civil Aviation

	Unit	1960-61	1970-71	1980-81	1990-91	1999-00	2004-05	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1. Total fleet strength													
(i) Air India		13	10	17	24	26	36						
(ii) Indian Airlines		88	73	49	56	53	61						
(iii) Air India Ltd. (Erstwhile National Aviation Company of India Limited)								108	113	98	91	95	99*
2. Revenue tonne-Kilometers (₹ crore)													
(i) Air India		7.56	27.52	98.01	138.10	145.65	221.80						
(ii) Indian Airlines		10.0	20.00	40.03	69.92	74.03	101.73						
(iii) Air India Ltd. (Erstwhile National Aviation Company of India Limited)								328.40	353.30	367.70	360.30	3346	3910.00
3. Number of passengers carried (Lakh)													
(i) Air India		1.25	4.87	14.18	21.61	33.50	44.40						
(ii) Indian Airlines		7.90	21.30	54.29	78.66	59.30	71.32						
(iii) Air India Ltd. (Erstwhile National Aviation Company of India Limited)								117.80	117.50	127.80	134.30	141.83	154.06
4. Passengers handled at (Lakh)													
AAI Airports	N.A.	N.A.	107.38	177.23	390.35	592.84	442.54	508.71	596.43	684.00	683.87	717.8	
Joint Venture Int'l Airports							646.16	728.84	837.87	939.00	910.14	972.68	
Total at Indian Airports							1088.70	1237.6	1434.3	1623.10	1594	1690.48	
5. Cargo handled at AAI Airports (Thousand tonnes)													
AAI Airports	N.A.	N.A.	178.70	377.33	797.41	1278.47	561.42	592.95	726.52	703.43	650.41	636.48	
Joint Venture Int'l Airports							1140.57	1366.76	1621.92	1576.56	1540.14	1641.43	
Total at Indian Airports							1701.99	1959.71	2348.44	2279.99	2190.55	2277.91	

Source: Ministry of Civil Aviation

a Updated up to March, 2014

N.A: Not Available

b: * Anticipated

Table 1.27 : Commodity Balance of Petroleum and Petroleum Products

(Million Tonnes)

Item	1950-51a	1960-61a	1970-71a	1980-81	1990-91	2000-01	2008-09	2009-10	2010-11	2011-12	2012-13*	2013-14*
1	2	3	4	5	6	7	8	9	10	11	12	13
I. Crude Oil												
1. Refinery throughput	0.3	6.6	18.4	25.8	51.8	103.4	160.77	192.77	196.99	204.12	219.21	222.70
2. Domestic production	0.3	0.5	6.8	10.5	32.2	32.4	33.51	33.69	37.68	38.09	37.86	37.78
(a) On-shore	0.3	0.5	6.8	5.5	11.8	11.8	11.28	11.82	16.43	18.03	19.44	19.59
(b) Off-shore	5.0	20.4	20.6	22.23	21.87	21.26	20.06	18.42	18.19
3. Imports	na	6.0	11.7	16.2	20.7	74.1	132.78	159.26	163.60	171.73	184.80	189.64
II. Petroleum Products												
1. Domestic consumption ^b of which	3.3	7.7	17.9	30.9	55.0	100.1	133.60	137.81	141.04	148.13	157.06	158.20
(a) Naphtha	0.9	2.3	3.4	11.7	13.91	10.13	10.68	11.22	12.29	11.45
(b) Kerosene	0.9	2.0	3.3	4.2	8.4	11.3	9.30	9.30	8.93	8.23	7.50	7.17
(c) High speed diesel oil	0.2	1.2	3.8	10.3	21.1	37.9	51.71	56.24	60.07	64.75	69.08	68.37
(d) Fuel oils	0.9	1.7	4.7	7.5	9.0	12.7	12.59	11.63	10.79	9.31	7.66	6.19
2. Domestic production ^c of which	0.2	5.7	17.1	24.1	48.6	95.6	155.15	184.61	194.82	203.20	217.74	220.62
(a) Naphtha	na	...	1.2	2.1	4.9	9.9	16.45	18.79	19.20	18.80	19.02	18.41
(b) Kerosene	na	0.9	2.9	2.4	5.5	8.7	8.39	8.70	7.81	7.86	7.97	7.42
(c) High speed diesel oil	na	1.1	3.8	7.4	17.2	39.1	62.91	73.30	78.06	82.88	91.10	93.72
(d) Fuel oils	na	1.6	4.1	6.1	9.4	11.4	17.68	18.35	20.52	18.43	15.05	13.25
3. Imports ^a	3.1	2.5	1.1	7.3	8.7	9.3	18.59	14.67	17.38	15.85	15.77	16.09
4. Exports	na	na	0.3	...	2.7	8.4	38.94	51.16	59.08	60.84	63.41	68.42
5. Net Imports (3-4)	na	na	0.8	7.3	6.0	0.9	-20.35	-36.50	-41.70	-44.99	-47.63	-52.33

Source : Ministry of Petroleum and Natural Gas.

* Provisional

a Excluding import of LNG

b Excluding refinery fuel consumption including import by private parties.

c Excludes LPG production from fractionators

Note : Excludes other inputs from refineries crude throughput during 2010-11 to 2013-14

Table 1.28 : Index of Industrial Production

Industry Group	Industry	Weight	(Base 2004-05=100)					
			2005-06	2009-10	2010-11	2011-12	2012-13	2013-14
1	2	3	4	5	6	7	8	9
	General Index	100.00	108.6	152.9	165.5	170.3	172.2	172.1
10	Mining	14.16	102.3	124.5	131.0	128.5	125.5	124.7
15-36	Manufacturing	75.53	110.3	161.3	175.7	181.0	183.3	181.9
15	Food products and beverages	7.28	113.2	133.5	142.9	164.8	169.5	167.6
16	Tobacco products	1.57	101.0	102.0	104.1	109.7	109.2	110.3
17	Textiles	6.16	108.3	127.4	135.9	134.0	142.0	148.2
18	Wearing apparel; dressing and dyeing of fur	2.78	114.1	137.1	142.2	130.1	143.6	173.3
19	Luggage, handbags, saddlery, harness & footwear; tanning and dressing of leather products	0.58	90.9	105.8	114.3	118.5	127.1	133.7
20	Wood and products of wood & cork except furniture; articles of straw & plating materials	1.05	106.8	160.1	156.5	159.2	147.9	144.5
21	Paper and paper products	1.00	106.3	121.1	131.4	138.0	138.7	138.7
22	Publishing, printing & reproduction of recorded media	1.08	113.7	133.8	148.8	192.8	183.0	183.5
23	Coke, refined petroleum products & nuclear fuel	6.72	100.6	121.8	121.5	125.8	136.4	143.5
24	Chemicals and chemical products	10.06	101.0	120.7	123.1	122.7	127.3	138.7
25	Rubber and plastics products	2.02	112.3	167.4	185.2	184.6	185.0	181.1
26	Other non-metallic mineral products	4.31	107.8	145.4	151.4	158.6	161.6	163.3
27	Basic metals	11.34	115.5	162.4	176.7	192.1	195.8	196.4
28	Fabricated metal products, except machinery & equipment	3.08	111.1	158.6	182.8	203.3	193.8	180.5
29	Machinery and equipment n.e.c.	3.76	126.1	198.0	256.3	241.3	230.0	219.2
30	Office, accounting & computing machinery	0.31	145.3	154.4	146.3	148.7	128.1	108.0
31	Electrical machinery & apparatus n.e.c.	1.98	116.8	459.2	472.1	367.1	369.2	422.6
32	Radio, TV and communication equipment & apparatus	0.99	122.7	809.1	911.5	950.5	1003.7	730.1
33	Medical, precision & optical instruments, watches and clocks	0.57	95.4	100.9	107.8	119.5	117.1	111.3
34	Motor vehicles, trailers & semi-trailers	4.06	110.1	179.1	233.3	258.6	244.8	221.3
35	Other transport equipment	1.82	115.3	171.1	210.7	235.8	235.7	249.5
36	Furniture; manufacturing n.e.c.	3.00	116.2	152.7	141.2	138.6	131.5	113.3
40	Electricity	10.32	105.2	130.8	138.0	149.3	155.2	164.7

Source : Central Statistics Office

n.e.c. : not elsewhere classified

Table 2.1 : Budgetary Transactions of the Central and State Governments and Union Territories

(Including internal and extra-budgetary resources of public sector undertakings for their plans)

	1980-81	1990-91	2000-01	2009-10	2010-11	2011-12	2012-13 (BE)	2012-13 (RE)	2013-14 (BE)	(₹ crore)
1	2	3	4	5	6	7	8	9	10	
I. Total Outlay	36845	176548	615658	2070959	2396419	2725009	3250674	3117262	3655506	
A. Development ¹	24426	105922	317464	1170691	1385265	1605787	1879870	1836051	2108656	
B. Non-development	12419	70626	298194	900268	1011154	1119222	1370804	1281211	1546850	
1. Defence (net)	3600	15427	49622	141781	154117	170913	193407	178504	203672	
2. Interest payments	2957	25006	122792	317287	351145	403235	469592	465129	539034	
3. Tax collection charges	504	1973	6570	18490	20205	22971	26724	27699	30545	
4. Police	1163	5657	21343	67830	77103	89815	102977	105166	117959	
5. Others ²	4195	22563	97867	354881	408584	432288	578104	504713	655640	
II. Current Revenue	24563	110607	393284	1321414	1720242	1842477	2234987	2074017	2537333	
A. Tax Revenue	19844	87723	305320	1000844	1271665	1467890	1751124	1726549	2032489	
1. Income and corporation tax	2817	10712	67460	367142	437790	487341	563096	558807	660442	
2. Customs	3409	20644	47542	83324	135813	149328	186694	164853	187308	
3. Union excise duties	6500	24514	68526	102991	137701	144901	193729	171315	196805	
4. Sales tax	4018	18228	72874	231461	293256	361332	423263	429977	503653	
5. Others	3100	13625	48918	215926	267105	324988	384342	401597	484281	
B. Non-tax Revenue ³	4719	22884	87964	320570	448577	374587	483863	347468	504844	
(Internal resources of public sector under-takings for the Plan)	(1374)	(11183)	(39415)	(160538)	(184323)	(202717)	(259859)	(196770)	(265910)	
III. GAP (I-II)	12282	65941	222374	749546	676177	882533	1015687	1043245	1118173	
Financed By:										
IV Net Capital Receipts										
(A+B)	8831	54455	223283	751949	684695	785377	1003285	968271	1099044	
A. Internal (net)	7161	50192	214965	737770	658466	769967	990250	963294	1087030	
1. Net market loans ⁴	3163	11308	85341	531493	445433	603608	678735	673848	735226	
2. Net small savings	1121	8309	8192	26030	3950	19078	7440	2021	7092	
3. Net State and public provident funds	558	3887	23661	44413	26131	17894	25713	23926	38501	
4. Special deposits of non-Government provident funds	604	6721	7177	0	0	0	0	0	0	
5. Special borrowings from RBI against compulsory deposits	-70	-105	na	na	na	na	na	na	na	
6. Net misc. capital receipts ⁵	1785	20072	90594	135834	182952	129387	278362	263499	306211	
B. External ⁶	1670	4263	8318	14179	26229	15410	13035	4977	12014	
1. Net loans	749	3181	7505	11038	23556	12448	10148	2215	10558	
(i) Gross	1141	5339	17328	22177	35330	26034	26048	18491	27646	
(ii) Less repayments	392	2158	9823	11140	11774	13586	15900	16276	17088	
2. Grants	436	586	813	3141	2673	2962	2887	2762	1456	
3. Net special credit	-53	-76	0							
V. Overall Budgetary Deficit	3451	11486	-909	-2404	-8517	97153	12401	74975	19128	

Source : Economic Division, Department of Economic Affairs, Ministry of Finance.

na Not available

RE: Revised Estimates

BE: Budget Estimates

Notes:

1. Includes plan expenditure of Railways, Communications and non-departmental commercial undertakings financed out of their internal and extra budgetary resources, including market borrowings and term loans from financial institutions to State Government public enterprises. Also includes developmental loans given by the Central and State Governments to non-departmental undertakings, local bodies and other parties. However, it excludes a notional amount of ₹45 crore in 1980-81 on account of conversion of loan capital given to non-departmental commercial undertakings into equity capital.
2. Includes general administration, pensions and ex-gratia payments to famine relief (only non-plan portion), subsidies on food and controlled cloth, grants and loans to foreign countries and loans for non-developmental purpose to other parties, but excludes Contingency Fund transactions. It also excludes notional transactions in respect of subscriptions to International Monetary Fund of ₹559 crore in 1980-81, ₹550 crore in 1990-91, ₹629 crore in 2000-2001, nil in 2007-08, ₹1444 crore in 2008-09, ₹3654 crore in 2009-10, ₹9051 in 2010-11, ₹1613 crore in 2011-12, ₹4149 in 2012-13(Re)and ₹42149 in 2013-14(Be).
3. Includes internal resources of Railways, Communications and non-departmental commercial undertakings for the plan.
4. Includes market borrowings of State Government public enterprises.
5. Excludes the notional receipts on account of repayments of loans by non-departmental commercial undertakings due to their conversion into equity capital. It also excludes notional transactions in respect of International Monetary Fund and Contingency Fund transactions.
6. ₹538 crore for loans from IMF Trust Fund are included in 1980-81 under external loans and an amount of ₹572 crores for revolving fund is included in External loans for 1990-91.

Table 2.2 : Total Expenditure of the Central Government

	(₹ crore)								
	Final outlays			Transfer payments to the rest of the economy			Financial investments & loans to the rest of the economy (gross)		Total expenditure (4+7+8)
	Government consumption expenditure	Gross capital formation	Total (2+3)	Current	Capital	Total (5+6)			
1	2	3	4	5	6	7	8	9	
First Plan (1951-52 to 1955-56)	1241	612	1854	809	123	932	966	3751	
Second Plan (1956-57 to 1960-61)	1962	1445	3406	1567	249	1816	2600	7823	
Third Plan (1960-61 to 1965-66)	4256	2445	6701	2983	501	3484	5076	15261	
Annual Plan (1966-67 to 1968-69)	3878	1243	5121	3214	407	3621	4740	13481	
Fourth Plan (1969-70 to 1973-74)	9775	2969	12745	8036	1454	9490	10760	32994	
Fifth Plan (1974-75 to 1978-79)	17576	5951	23527	19773	3230	23003	21145	67674	
Sixth Plan (1980-81 to 1984-85)	35885	14823	50708	50604	9910	60514	47034	158256	
Seventh Plan (1985-86 to 1989-90)	81974	31616	113590	134246	26292	160538	89764	363892	
Eighth Plan (1992-93 to 1996-97)	179676	73599	253275	387746	66433	454179	127752	835206	
Ninth Plan (1997-98 to 2001-02)	331143	100568	431711	795621	106925	902546	150754	1485011	
Tenth Plan (2002-03 to 2006-07)	516165	144027	660192	1390293	185704	1575997	123921	2360109	
Eleventh Plan (2007-08 to 2011-12)	1002126	284215	1286341	2946106	529055	3475161	212323	4973825	
1970-71	1669	519	2189	1239	193	1432	1956	5577	
1975-76	3449	1204	4654	3018	536	3553	3830	12037	
1976-77	3606	1112	4718	3945	502	4447	3986	13150	
1977-78	3678	1107	4785	4678	755	5433	4768	14986	
1978-79	3975	1301	5277	5683	1063	6745	5696	17717	
1979-80	4502	1528	6030	6064	1220	7283	5191	18504	
1980-81	5174	1908	7082	6912	1302	8214	7200	22495	
1981-82	6096	2552	8648	7728	1525	9253	7500	25401	
1982-83	7057	2884	9941	9590	1788	11378	9175	30494	
1983-84	8130	3356	11486	11436	2337	13773	10729	35988	
1984-85	9428	4123	13552	14938	2958	17896	12432	43879	
1985-86	11210	4558	15768	18347	3825	22173	15172	53112	
1986-87	14665	5905	20570	21243	4408	25651	17803	64023	
1987-88	16551	5961	22512	25380	5474	30854	16938	70305	
1988-89	18764	7056	25820	31399	5750	37148	18434	81402	
1989-90	20784	8137	28920	37877	6835	44712	21417	95049	
1990-91	22359	8602	30961	45134	717	52251	21760	104973	
1991-92	24466	9259	33725	51378	8449	59827	19179	112731	
1992-93 ^b	26865	11875	38739	58518	9092	67610	19578	125927	
1993-94 ^b	31815	12765	44580	66750	11811	78560	22648	145788	
1994-95	34878	14328	49206	76368	13974	90342	27450	166998	
1995-96	41881	16685	58566	85304	15263	100566	26101	185233	
1996-97	44238	17946	62184	100807	16294	117101	31975	211260	
1997-98 ^c	53090	18955	72046	111577	17360	128937	23884	224866	
1998-99	59920	20647	80567	137611	18671	156282	26907	263755	
1999-2000	68831	26075	94906	161549	20482	182031	30572	307509	
2000-01	71977	22258	94235	183696	22404	206100	27929	328265	
2001-02	77324	12634	89958	201188	28009	229197	41462	360616	
2002-03	85389	21697	107086	228501	29406	257907	33886	398879	
2003-04	87170	23997	111167	248436	32038	280474	34491	426132	
2004-05	105692	27396	133088	259529	36822	296351	34393	463831	
2005-06	116305	34450	150755	297267	41681	338948	11380	501083	
2006-07	121609	36487	158095	356560	45758	402318	9771	570185	
2007-08	131396	43652	175048	408676	53758	462434	51427	688909	
2008-09	174345	51464	225809	543347	70287	613634	25087	864530	
2009-10	210625	58999	269624	580898	113345	694243	28975	992442	
2010-11	230262	65059	295321	656300	150312	806612	62795	1164728	
2011-12	255498	65041	320539	756885	141353	898238	44439	1263216	
2012-13(RE)	269339	77974	347312	862641	140059	1002700	48261	1398273	
2013-14(BE)	315318	97498	412816	952913	189945	1142858	102359	1658033	

Source : Ministry of Finance, Economic & Functional Classification of the Central Government Budget-various issues.

RE : Revised Estimates

BE : Budget Estimates

^a For 1965-66, includes ₹ 53 crore as additional payments to IMF, IBRD, IDA & ADB following the change in the par value of the rupee. This is a nominal outlay as it is met by the issue of non-negotiable Government of India securities.^b From 1993-94 onwards, Delhi is not included.^c From 1997-98 onwards loans to States/UTs are exclusive of loans against States/UTs shares in small saving collections.

Table 2.3 : Eleventh Plan (2007-2012) outlay by Heads of Development : Centre, States and Union territories

S.No.	Head of development	Amount (₹ crore)												Percentage distribution											
		Eleventh Plan (2007-12)		Annual Plan 2007-08		Annual Plan 2008-09		Annual Plan 2009-10		Annual Plan 2010-11		Annual Plan 2011-12		Eleventh Plan (2007-12)		Annual Plan 2007-08		Annual Plan 2008-09		Annual Plan 2009-10		Annual Plan 2010-11		Annual Plan 2011-12	
		Projected (At 2006-07 prices)	Projected (Actual)	Annual Plan (Actual)	Projected (At current prices)	Realiza- tion(At 2006-07 prices)																			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24		
1	Agriculture & allied activities	136381	20083	27117	29498	40370	45781	162849	37	4.2	4.3	4.1	4.9	4.9	4.5	4.5	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	
2	Rural development	301069	34309	59080	58615	67008	65996	285008	8.3	7.2	9.4	8.2	8.1	8.1	7.0	7.0	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	
3	Special area programmes	26329	6607	6999	7875	10093	12563	44138	0.7	1.4	1.1	1.1	1.1	1.1	1.3	1.3	5.3	5.3	5.3	5.3	5.3	5.3	5.3	5.3	
4	Irrigation & flood control	210326	38275	41164	42853	46049	49221	217563	5.8	8.1	6.6	6.0	6.0	6.0	6.1	6.1	17.4	17.4	17.4	17.4	17.4	17.4	17.4	17.4	
5	Energy	854123	84677	106212	148372	150251	162661	652173	23.4	17.8	16.9	20.7	20.7	20.7	18.2	18.2	18.2	18.2	18.2	18.2	18.2	18.2	18.2	18.2	
6	Industry & Minerals	153600	19501	30260	39041	45056	46084	179943	4.2	4.1	4.8	5.4	5.4	5.4	5.0	5.0	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	
7	Transport	572443	83743	105064	127356	139541	156353	612058	15.7	17.6	16.7	17.8	17.8	17.8	16.7	16.7	17.1	17.1	17.1	17.1	17.1	17.1	17.1	17.1	
8	Communications	95380	8348	13090	14748	19336	6586	53108	2.6	1.8	2.1	2.1	2.1	2.1	0.7	0.7	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	
9	Science, Technology & Environment	87933	9909	11860	13267	15948	16157	67141	2.4	2.1	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	
10	General economic services	62523	10183	1108	11482	20496	31218	84487	1.7	2.1	1.8	1.6	1.6	1.6	2.5	2.5	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	
11	Social services	1102327	153133	209206	215955	272031	322215	1172540	30.2	32.2	33.3	30.1	30.1	30.1	32.9	32.9	34.4	34.4	34.4	34.4	34.4	34.4	34.4	34.4	
12	General services	42283	6243	6999	7972	9088	21457	5759	1.2	1.3	1.1	1.1	1.1	1.1	2.3	2.3	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	
13	Total (1 to 12)	3644718	475012	62861	717035	82668	936292	358767	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0		

Source : Planning Commission.

Table 2.4 : Twelfth Plan (2012-17) Outlay by Heads of Development : Centre, States and Union Territories

S.No.	Head of development	Amount (₹ crore)			Percentage distribution		
		Twelfth Plan (2012-17) Projected (At current prices)	Annual Plan 2012-13 (RE)	Annual Plan 2013-14 (BE)	Twelfth Plan (2012-17) Projected (At current prices)	Annual Plan 2012-13 (RE)	Annual Plan 2013-14 (BE)
1	2	3	4	5	6	7	8
1	Agriculture & allied activities	363273	54618	64098	4.7	4.9	4.7
2	Rural development	457464	67034	77307	6.0	6.0	5.6
3	Special area programmes	80370	14264	18392	1.0	1.3	1.3
4	Irrigation & flood control	422012	65427	78211	5.5	5.9	5.7
5	Energy	1438466	199690	221095	18.8	18.0	16.1
6	Industry & Minerals	377302	51957	64602	4.9	4.7	4.7
7	Transport	1204172	161083	196628	15.7	14.5	14.3
8	Communications	80984	8257	12380	1.1	0.7	0.9
9	Science, Technology & Environment	167350	19449	26874	2.2	1.8	2.0
10	General economic services	305612	39923	63022	4.0	3.6	4.6
11	Social services	2664843	395054	476980	34.7	35.6	34.8
12	General services	107959	32936	71347	1.4	3.0	5.2
13	Total (1 to 12)	7669807	1109692	1370936	100.0	100.0	100.0

Source : Planning Commission.

RE : Revised Estimates

BE : Budget Estimates

Table 2.5 : Financing for Central and State Annual Plans 2012-13 (RE/LE) and 2013-14 (BE/AP)

(₹ in crore)

Items	States and Uts (LE)	2012-13			2013-14		
		Centre (RE)	Total (2+3)	States and Uts (AP)	Centre (BE)	Total (5+6)	
1	2	3	4	5	6	7	
I Domestic non-debt resources							
a BCR	155326	-61798	93528	198243	43509	241752	
b MCR (excluding deductions for repayment of loans)	128015	-120212	7803	186632	-24774	161858	
c Plan grants from GOI (TFC)	-6053	58414	52361	-12376	68283	55907	
d ARM	13586	0	13586	14149	0	14149	
e Adjustment of opening balance	1075	0	1075	4512	0	4512	
II Domestic Debt Resources Net Borrowings (i-ii)	203868	486010	689878	255137	499798	754935	
(i) Gross Borrowings (a to f)	321521	486010	807531	384595	499798	884393	
a State Provident Fund (Net)	65217	10000	75217	70751	10000	80751	
b Small Savings (Net)	13421	8626	22047	15599	5798	21397	
c Negotiated Loans	21182	0	21182	26741	0	26741	
d Government of India Loans(EAPS)	15237	0	15237	20278	0	20278	
e Market Borrowings (Net)	206464	467384	673848	251226	484000	735226	
f Bonds/Debentures	0	0	0	0	0	0	
(ii) Repayments	117653	0	117653	129458	0	129458	
Own Resources (incl. Borrowings) I+II	359194	424211	783405	453380	543307	996686	
III Central Assistance(Grants) (1+2+3)	104526	-112002	-7476	125572	-136254	-10682	
1 Normal Central Assistance*	24948	-24089	859	28533	-27636	897	
2 ACA for EAPs**	5620	-13500	-7880	6630	-13500	-6870	
3 Others	73959	-74413	-455	90408	-95118	-4710	
A Government Resources (I+II+III)	463721	312209	775929	578952	407053	986004	
B Contribution of Public Sector Enterprises (PSE)	52959	238992	291951	94101	261055	355156	
C Local Bodies	15132	0	15132	13318	0	13318	
D Net Inflow from Abroad	0	4976	4976	0	12016	12016	
Aggregate Plan Resources (A+B+C+D)	531812	556177	1087988	686371	680124	1366495	

* NCA (Grants) and Other (Grants) under Central Assistance in the States and Uts columns include the allocation for Delhi & Puducherry in both the year 2012-13 LE and 2013-14 AP.

** ACA for EAPs (Grants) includes Rs.11,000 crore loan amount in Centre's columns for 2012-13 (RE) and Rs.11,000 crore for 2013-14 (BE).

LE: Latest Estimates, AP: Annual Plan, RE: Revised Estimates, BE: Budget Estimates, BCR: Balance from Current Revenues, MCR: Miscellaneous Capital Receipts, ARM: Additional Resource Mobilization, ACA: Additional Central Assistance, EAPs: Externally Aided

Note: UT.s includes only UT.s with legislature, namely, Delhi & Puducherry

Table 2.6 : Overall Financing Pattern of the Public Sector Plan outlay during the Twelfth Plan : 2012-17

(₹ crore at current prices)

Resources	Centre	States and UTs	Total
	1	2	3
1 Balance from current revenues (BCR)	1387371	959979	2347350
2 Borrowings(including net MCR)	2181255	1518301	3699556
3 Net inflow from abroad
4 Centre's GBS (1+2+3)	3568626	...	3568626
5 Resources of Public Sector Enterprises	1622899	380319	2003218
6 State's Own Resources (1+2+5)	...	2858599	2858599
7 Central Assistance States & UTs	-857786	857786	...
8 Resources of the Public Sector Plan (1+2+3+5+7)	4333739	3716385	8050123

Source : Draft Twelfth Plan Document, Planning Commission.

Table 2.7 : Financial Performance of Indian Railways

(₹ crore)

	1980-81	1990-91	2001-02	2010-11	2011-12	2012-13	2013-14 (RE)
1	2	3	4	5	6	7	8
1. Gross traffic receipts	2624	12096	37837	94536	104110	123733	140500
(i) Passenger coaching	827	3147	11197	25793	28246	31323	37500
(ii) Other coaching	116	336	872	2470	2717	3054	3665
(iii) Goods	1618	8408	24845	62845	69548	85263	94000
(iv) Other earnings	82	242	944	3418	3643	4261	5285
(v) Suspense account	-19	-37	-21	10	-43	-168	50
2. Working expenses	2537	11154	36293	89474	98667	111572	127260
(i) Ordinary working expenses	2233	8234	28703	68139	74537	84012	97060
(ii) Appropriations to depreciation reserve fund	220	1950	2000	5515	6520	6850	6500
(iii) Appropriation to pension fund	84	970	5590	15820	17610	20710	23700
3. Net traffic receipts (1-2)	87	942	1544	5062	5443	12161	13240
4. Net miscellaneous receipts	40	171	793	1285	1339	1454	2543
5. Net revenues (3+4)	127	1113	2337	6347	6782	13615	15783
6. Dividend							
(i) Payable to general revenues	325	938	2337	4941	5656	5349	7840
(ii) Payment of Deferred Dividend							
(iii) Deferred dividend	0	0	1000				
(iv) Net dividend payable	325	938	1337	4941	5656	5349	7840
7. Surplus (+) or deficit (-)	-198	175	1000	1406	1126	8266	7943
8. (i) Capital at charge	6096	16126	37757	130540	122772	144812	170064
(ii) Investment from capital fund	0	0	10390	38676	38676	38676	38676
(iii) Total[(i)+(ii)]	6096	16126	48147	169216	161448	183488	208740
9. Item 5 as % of item 8(iii)	2.1	6.9	4.9	3.8	4.2	7.4	7.6
10. Item 7 as % of item 8(iii)	-3.2	1.1	2.1	0.8	0.7	4.5	3.8

Source : Ministry of Railways.

RE : Revised Estimates

Table 2.8 : Financial Performance of the Department of Posts

	1980-81	1990-91	2000-01	2008-09	2009-10	2010-11	2011-12	2012-13	(₹ crore) 2013-14 (RE)
1	2	3	4	5	6	7	8	9	10
1. Gross receipts	278	840	3298	5862	6267	6962	7518	9367	9788
2. Net working expenses	346	1033	4848	9455	12908	13308	12827	14792	15807
3. Net receipts (1-2)	-68	-193	-1550	-3593	-6641	-6346	-5309	-5425	-6019
4. Dividend to general revenues	4	0	0	0	0	0	0	0	0
5. Surplus(+)/deficit (-) (3-4)	-72	-193	-1550	-3593	-6641	-6346	-5309	-5425	-6019

Source : Department of Posts, Ministry of Communications.

RE Revised Estimates

Table 2.9 : Receipts and expenditure of the Central Government

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14 (B.E.)	2013-14 (R.E.)	(₹ crore) 2013-14 (P)
1. Revenue receipts (a+b)	541864	540259	572811	788471	751437	877613	1056330	1029251	1015279
(a) Tax revenue (net of States' share)	439547	443319	456536	569869	629765	740256	884078	836025	816046
(b) Non-tax revenue	102317	96940	116275	218602	121672	137357	172252	193226	199233
2. Revenue expenditure of which:	594433	793798	911809	1040723	1145786	1243509	1436168	1399539	1375590
(a) Interest payments	171030	192204	213093	234022	273150	313169	370684	380066	377502
(b) Major subsidies	66638	123206	134658	164516	211319	247493	220972	245451	247596
(c) Defence expenditure	54219	73305	90669	92061	103011	111277	116931	124800	123449
3. Revenue deficit (2-1)	52569	253539	338998	252252	394349	365896	379838	370288	360311
4. Capital receipts of which:	170807	343697	451676	408857	552928	532754	608967	561183	548206
(a) Recovery of loans	5100	6139	8613	12420	18850	16268	10654	10803	12502
(b) Other receipt (mainly PSU disinvestment)	38795	566	24581	22846	18088	25890	55814	25841	27555
(c) Borrowings and other liabilities \$	126912	336992	418482	373591	515990	490596	542499	524539	508149
5. Capital expenditure	118238	90158	112678	156604	158579	166858	229129	190895	187895
6. Total expenditure [2+5=6(a)+6(b)]	712671	883956	1024487	1197327	1304365	1410367	1665297	1590434	1563485
of which:									
(a) Plan expenditure	205082	275235	303391	379029	412375	413625	555322	475532	453085
(b) Non-plan expenditure	507589	608721	721096	818298	891990	996742	1109975	1114902	1110400
7. Fiscal deficit [6-1-4(a)-4(b)]	126912	336992	418482	373590	515990	490596	542499	524539	508149
8. Primary deficit [7-2(a)]	-44118	144788	205389	139568	242840	177427	171815	144473	130647
Memorandum items									
(a) Interest receipts	21060	20717	21784	19734	20252	20763	17764	21018	22407
(b) Non-plan revenue expenditure	420861	559024	657925	726491	812049	914301	992908	1027688	1023047

Source : Union Budget documents and Controller General of Accounts.

RE : Revised Estimates

BE : Budget Estimates

P: Provisional Actuals (Unaudited)

\$ Does not include receipts in respect of Market Stabilization Scheme, which will remain in the cash balance of the Central Government and will not be used for expenditure.

Table 2.10 : Outstanding liabilities of the Central Government

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	(₹ crore) (End March) 2013-14 (RE)
1. Internal liabilities ^a	2725394	3036132	3395877	3781135	4347164	4893313	5404721
a) Internal debt	1799651	2019841	2328339	2667115	3230622	3764566	4250297
i) Market borrowings	1104564	1338194	1746619	2072033	2516953	2984309	3442210
ii) Others	695087	681647	581720	595082	713669	780257	808087
b) Other Internal liabilities	925743	1016291	1067538	1114020	1116542	1128747	1154424
2. External debt(outstanding) ^b	112031	123046	134083	157639	177289	177289	182729
3. Total outstanding liabilities (1+2)	2837425	3159178	3529960	3938774	4524453	5070602	5587450
4. Amount due from Pakistan on account of share of pre-partition debt	300	300	300	300	300	300	300
5. Net liabilities (3-4)	2837125	3158878	3529660	3938474	4524153	5070302	5587150
Memorandum items							
(a) External debt ^c	210083	264076	249311	278448	322893	332005	374494
(b) Total outstanding liabilities(adjusted)	2935477	3300208	3645188	4059583	4670057	5225318	5779215
(c) Internal liabilities(Non-RBI) ^d	2492205	2707846	3087360	3464858	3904022	4396821	4889550
(d) Outstanding liabilities (Non-RBI) ^d	2702291	2971905	3336666	3743735	4226919	4728825	5232114
(e) Contingent liabilities of Central Government	104872	113335	137460	151292	190519	233769	n.a.
(f) Total assets	1569546	1569043	1607544	1794504	1927143	2080649	2224453

Source : Union Budget documents, Controller of Aid Accounts and Audit and Reserve Bank of India.

n.a. : not available

^a Internal debt includes net borrowing of ₹ 2,737 crore for 2009-10 under Market Stabilisation Scheme.

^b External debt figures represent borrowings by Central Government from external sources and are based upon historical rates of exchange.

^c Converted at year end exchange rates. For 2007-08, the rates prevailing at the end of March, 2008 and so on.

^d This includes marketable dated securities held by the RBI.

Table 2.11 : Total expenditure and capital formation by the Central Government and its financing

(As per economic and functional classification of the Central Government budget)

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13 (RE)	2013-14 (BE)
I. Total expenditure	688908	864530	992440	1164727	1263216	1398274	1658033
II. Gross capital formation out of budgetary resources of Central Government	143892	136935	184501	256368	234969	243776	318892
(i) Gross capital formation by the Central Government	43652	51464	58999	65059	65041	77974	97498
(ii) Financial assistance for capital formation in the rest of the economy	100240	85471	125502	191309	169928	165802	221394
III. Gross saving of the Central Government	13674	-176082	-232452	-103270	-267428	-254765	-203591
IV. Gap(II-III) Financed by	130218	313017	416953	359638	502397	498541	522483
a. Draft on other sectors of domestic economy	118180	299208	402774	333409	486987	493564	510467
(i) Domestic capital receipts	145351	246612	404160	326979	502977	498714	510467
(ii) Budgetary deficit/draw down of cash balance	-27171	52596	-1386	6430	-15990	-5150	0
b. Draft on foreign savings	12038	13809	14179	26229	15410	4977	12016
							(increase over previous year)
II. Gross capital formation out of budgetary resources of Central Government	63.7	-4.8	34.7	39.0	-8.3	3.7	30.8
Memorandum items							
1 Total expenditure	688908	864530	992440	1164727	1263216	1398274	1658033
2 Gross capital formation out of budgetary resources of Central Government	143891	136935	184501	256368	234969	243775	318892
3 Consumption expenditure	131396	174345	210625	230262	255498	269339	315318
4 Current transfers	408676	543347	580898	656300	756885	862641	952913
5 Others	4945	9903	16417	21798	15864	22519	70910
							(Growth rate)
1 Total expenditure	20.8	25.5	14.8	17.4	8.5	10.7	18.6
2 Gross capital formation out of budgetary resources of Central Government	63.7	-4.8	34.7	39.0	-8.3	3.7	30.8
3 Consumption expenditure	8.0	32.7	20.8	9.3	11.0	5.4	17.1
4 Current transfers	14.6	33.0	6.9	13.0	15.3	14.0	10.5
5 Others	19.7	100.3	65.8	32.8	-27.2	42.0	214.9
							(Point contribution)
1 Total expenditure	20.8	25.5	14.8	17.4	8.5	10.7	18.6
2 Gross capital formation out of budgetary resources of Central Government	9.8	-1.0	5.5	7.2	-1.8	0.7	5.4
3 Consumption expenditure	1.7	6.2	4.2	2.0	2.2	1.1	3.3
4 Current transfers	9.1	19.5	4.3	7.6	8.6	8.4	6.5
5 Others	0.1	0.7	0.8	0.5	-0.5	0.5	3.5

Source : Ministry of Finance, An Economic and Functional classification of the Central Government Budget-various issues.

- Notes:
1. Gross capital formation in this table includes loans given for capital formation on a gross basis. Consequently domestic capital receipts include loan repayments to the Central Government.
 2. Consumption expenditure is the expenditure on wages and salaries and commodities and services for current use.
 3. Interest payments, subsidies, pension etc. are treated as current transfers.
 4. Gross capital formation & total expenditure are exclusive of loans to States'/UTs' against States'/UTs' share in the small savings collection.
 5. The figures of total expenditure of the Central Government as per economic and functional classification do not tally with figures given in the Budget documents. In the economic and functional classification, interest transferred to DCUs, loans written off etc, are excluded from the current account. In the capital account, expenditure financed out of Railways, Posts &Telecommunications' own funds etc, are included.
 6. Point contribution refers to contribution of individual component to total growth.

Table 2.12 : Receipts and disbursements of State and consolidated General Government

Item	2009-10	2010-11	2011-12	(₹ Crore)	
				2012-13 (RE)	2013-14 (BE)
1	2	3	4	5	6
State Governments					
I. Total Receipts (A+B)	10,07,633	11,73,575	13,67,917	16,37,149	18,64,659
A. Revenue Receipts (1+2)	7,68,136	9,35,347	10,98,531	13,42,138	15,26,013
1. Tax Receipts of which States' Own Tax Revenue	5,28,075	6,80,198	8,12,987	9,57,613	11,07916
2. Non-tax Receipts of which Interest Receipts	2,40,062	2,55,149	2,85,544	3,84,525	4,18,097
B. Capital Receipts of which Recovery of Loans and Advances	2,39,497	2,38,227	2,69,385	2,95,011	3,38,646
II. Total Disbursements (a+b+c)	10,15,330	11,58,730	13,51,612	16,66,255	18,63,762
a) Revenue	7,99,154	9,32,297	10,74,571	13,22,503	14,78,283
b) Capital	1,98,689	2,07,617	2,38,150	3,10,654	3,56,590
c) Loans and Advances	17,487	18,816	38,891	33,098	28,890
III. Revenue Deficit	31,017	-3,051	-23,960	-19,635	-47,730
IV. Gross Fiscal Deficit	1,88,819	1,61,461	1,68,353	2,33,410	2,45,046
General Government					
I. Total Receipts (A+B)	18,45,808	21,53,561	24,54,062	28,15,972	32,20,679
A. Revenue Receipts (1+2)	12,10,559	15,78,820	16,92,679	20,46,860	23,69,848
1. Tax Receipts	9,84,611	12,50,067	14,42,752	16,99,728	19,91,994
2. Non-tax receipts of which: Interest receipts	2,25,948	3,28,753	2,49,927	3,47,132	3,77,854
B. Capital Receipts of which: a) Disinvestment proceeds	6,35,249	5,74,742	7,61,383	7,69,112	8,50,831
b) Recovery of loans & advances	25,393	24,087	18,753	24,141	56,057
II. Total Disbursements (a+b+c)	18,52,119	21,45,145	24,21,768	28,39,927	32,19,783
a) Revenue	15,80,574	18,28,020	20,63,068	24,18,469	27,01,956
b) Capital	2,46,246	2,68,328	2,91,818	3,56,737	4,69,875
c) Loans and Advances	25,299	48,797	66,883	64,722	47,951
III. Revenue Deficit	3,70,015	2,49,200	3,70,388	3,71,609	3,32,108
IV. Gross Fiscal Deficit	6,04,668	5,34,032	6,84,966	7,51,602	7,84,944

Source : Reserve Bank of India.

BE : Budget Estimates. RE: Revised Estimates

Note : (1) Disinvestment proceeds are inclusive of miscellaneous capital receipts of the states .

(2) Negative (-) sign indicates surplus in deficit indicators.

(3) Capital receipts include public accounts on a net basis.

(4) Capital disbursements are exclusive of public accounts.

(5) General Government consists of Central Government & State Government combined.

(6) Total disbursement are net of repayments of the Central and State Governments and total receipts are net of variation in cash balances of the Central and State Governments as well as ways and means advances of the State Governments from the Reserve Bank.

Table 3.1 : Employment in Organised Sectors—Public and Private

(Lakh persons as on March 31, 2012)

	2008	2009	2010	2011	2012P
1	2	3	4	5	6
Public Sector					
A. By branch					
1 Central Government	27.39	26.60	25.52	24.63	25.20
2 State Governments	71.71	72.38	73.53	72.18	71.84
3 Quasi-Governments	57.96	58.44	58.68	58.14	57.98
4 Local bodies	19.68	20.73	20.89	20.53	21.07
Total	176.74	177.95	178.62	175.48	176.09
B. By industry					
1 Agriculture, hunting etc.	4.71	4.77	4.78	4.77	4.73
2 Mining and quarrying	11.21	11.12	11.03	10.90	10.75
3 Manufacturing	10.44	10.60	10.66	10.16	10.71
4 Electricity, gas and water	7.96	8.39	8.35	8.31	8.19
5 Construction	8.52	8.45	8.59	8.47	8.32
6 Wholesale and retail trade	1.65	1.74	1.71	1.70	1.71
7 Transport, storage & communications	26.34	26.01	25.29	23.84	24.93
8 Finance, insurance, real estate etc.	13.47	13.56	14.13	13.61	13.62
9 Community, Social & personal services	88.54	90.11	90.51	90.95	90.36
Total	172.84	174.75	175.05	172.71	173.32
Private Sector					
1 Agriculture, hunting etc.	9.92	8.96	9.23	9.18	9.24
2 Mining and quarrying	1.11	1.15	1.61	1.32	1.38
3 Manufacturing	49.7	51.98	51.84	53.97	55.26
4 Electricity, gas and water	0.51	0.64	0.64	0.70	0.62
5 Construction	0.69	0.80	0.91	1.02	1.18
6 Wholesale and retail trade	2.72	4.72	5.06	5.46	5.99
7 Transport, storage & communications	1.04	1.32	1.66	1.89	2.14
8 Finance, insurance, real estate etc.	10.96	13.11	15.52	17.18	19.14
9 Community, Social & personal services	21.73	20.23	21.40	23.50	24.46
Total	98.38	102.91	107.87	114.22	119.40
By Sex					
Public Sector					
Male	146.34	147.04	146.66	143.77	144.57
Female	30.4	30.91	31.96	31.71	31.52
Total	176.74	177.95	178.62	175.48	176.09
Private Sector					
Male	74.03	78.88	81.83	86.69	90.67
Female	24.72	24.98	26.63	27.83	29.03
Total	98.75	103.77	108.46	114.52	119.70
Public And Private Sector					
Male	220.37	225.92	228.49	230.45	235.25
Female	55.12	55.80	58.59	59.54	60.54
Total	275.49	281.72	287.08	289.99	295.79

Source : Director General of Employment and Training, Ministry of Labour & Employment.

Note: 1. Excludes Sikkim, Arunachal Pradesh, Dadra & Nagar Haveli and Lakshadweep as these are not yet covered under the programme.

2. Industry-wise break-up not tally with public sector, private sector and grand total due to non-inclusion of data as per NIC 1998, information in respect of J&K , Manipur and Daman & Diu not included in 2011.

P: Provisional

Table 3.2 : Per Capita Emoluments of Public Sector Enterprises Employees in relation to increase in Average All-India Consumer Price Index (1960=100)

Year	Employee (in lakh) (Excl. casual & Daily rated workers)	Emoluments (₹ crore)	Per Capita Emoluments (₹)	increase over 1971-72 in per capita(per cent)	Average Index	increase over 1971-72 (per cent)
1	2	3	4	5	6	7
1971-72	7.01	415	5920	-	192	-
1972-73	9.32	541	5805	1.94	207	7.81
1973-74	13.44	749	5573	5.86	250	30.21
1974-75	14.32	1060	7402	25.03	317	65.10
1975-76	15.04	1352	8983	51.74	313	63.02
1976-77	15.75	1408	8940	51.01	301	56.77
1977-78	16.38	1646	10048	69.73	324	68.75
1978-79	17.03	1908	11210	89.36	331	72.40
1979-80	17.75	2213	12468	110.61	360	87.50
1980-81	18.39	2619	14239	140.52	401	108.85
1981-82	19.39	3133	16158	172.94	451	134.90
1982-83	20.24	3649	18029	204.54	486	153.13
1983-84	20.72	4485	21549	264.00	547	184.92
1984-85	21.07	5126	24328	310.95	582	203.13
1985-86	21.54	5576	25887	337.28	620	222.92
1986-87	22.11	6371	28820	386.82	674	251.04
1987-88	22.14	7193	32537	449.61	736	283.23
1988-89	22.09	8683	39415	565.79	803	318.23
1989-90	22.36	9742	43665	637.58	855	345.31
1990-91	22.19	10912	49179	730.73	951	395.31
1991-92	21.79	12311	56508	854.52	1079	461.98
1992-93	21.52	13983	64983	997.69	1185	517.10
1993-94	20.70	14913	72043	1116.94	1272	562.50
1994-95	20.62	17015	82517	1293.87	1402	630.21
1995-96	20.52	21931	106876	1705.34	1542	703.13
1996-97	20.08	22219	110662	1769.29	1687	778.65
1997-98	19.52	25385	129582	2088.89	1803	839.06
1998-99	19.00	26254	138179	2234.10	2039	961.98
1999-00	18.06	30402	168339	2743.56	2109	998.44
2000-01	17.40	38223	219672	3610.67	2190	1440.62
2001-02	19.92	38556	193554	3169.49	2284	1089.58
2002-03	18.66	42169	225986	3717.33	2375	1136.98
2003-04	17.62	43919	248481	4097.31	2467	1184.89
2004-05	17.00	48629	286053	4731.97	2561	1236.98
2005-06	16.49	46841	284057	4698.26	2674	1292.71
2006-07	16.14	52586	325869	5404.54	2853	1385.94
2007-08	15.65	64306	410898	6840.84	3030	1478.12
2008-09	15.33	83045	541716	9050.61	3306	1621.88
2009-10	14.90	90869	589210	9852.87	3715	1834.90
2010-11	14.40	98402	683350	11443.07	4103	2036.98
2011-12	14.50	105648	728420	12204.39	4447	2216.15
2012-13	14.04	116375	828612	13896.82	4911	2457.81

Source : Department of Public Enterprises

Table 4.1 : Scheduled Commercial Banks : Seasonal Flow of Funds

Items	(₹ crore)												
	2008-09		2009-10		2010-11		2011-12		2012-13		2013-14		
	H ₁	H ₂											
1	2	3	4	5	6	7	8	9	10	11	12	13	14
SOURCES													
1. Increase in aggregate deposits	242388	394783	284493	374223	218449	496694	326878	374233	383092	458282	399896	589037	7931104
2. Increase in borrowings from RBI	2094	5634	-11728	42	2274	2715	-2333	6052	7718	5120	20640	-615	37188
3. Increase in other borrowings a	5900	1532	-19494	9836	15677	11386	40853	34256	-5380	20594	32942	-33572	218698
4. Increase in other demand and time liabilities	-1886	11051	11636	10264	1068	11317	18100	13485	1705	36539	-2597	31333	455454
5. Residual (Net)	20076	-89932	31892	44909	47276	49847	6659	97646	-25631	-1757	36734	-65798	87886
TOTAL	268572	323068	296799	439274	284744	571959	390157	525672	361504	518777	487615	520385	8730330
USES													
1. Increase in bank credit	189112	224523	99121	370118	180440	516855	152742	517025	151890	496719	341562	411064	6086879
2. Increase in investments	12843	181852	205675	12667	89454	27413	200747	35424	209964	58351	105416	110128	2271565
3. Increase in cash in hand	5438	-3201	4517	780	4475	293	5665	119	4660	-299	2256	3497	45288
4. Increase in balances with RBI	61179	-80106	-12514	55709	10375	27398	31003	-26896	-5009	-35993	38381	-4304	326598
TOTAL	268572	323068	296799	439274	284744	571959	390157	525672	361504	518777	487615	520385	8730330

Source : Reserve Bank of India.

(P): Provisional.

^a Excludes borrowings from RBI, IDBI, EXIM Bank and NABARD.

H1 - April to September

H2 - October to March

Notes : 1. Data on aggregate deposits also reflect redemption of Resurgent India Bonds (RIBs) of ₹ 22693 crore, since October 1, 2003.

2. Residual (net) is the balance of Uses of Funds over Sources of Funds and includes borrowings from RBI, IDBI, EXIM Bank and NABARD.

3. The data relate to last reporting Fridays.

4. Figures may not add up to totals due to rounding off.

Table 4.2 : Scheduled Commercial Banks' Variations In Selected Items

Items	(₹ crore)									
	Outstanding as on March 28, 2008	2008-09 Mar 28 to 2008	2009-10 Mar 27 to Mar 27	2010-11 Mar 26 to Mar 26	2011-12 Mar 25 to Mar 25	2012-13 Mar 23 to Mar 23	2013-14 Mar 22 (P) to Mar 21 (P)	2014-15 Mar 22 (P) to April 4 (P)	Out- standing as on Mar 21 (P) to April 4 (P)	
1	2	3	4	5	6	7	8	9	10	
1. Demand deposits	524310	-1225	122525	-3904	-16376	369669	58501	46895	767695	
2. Time deposits a b	2672630	638395	536191	719048	717488	804402	930430	144824	7163409	
3. Aggregate deposits b	3196939	637170	658716	715143	70113	841371	988631	191719	793104	
4. Borrowings from RBI	4000	7728	-11686	4989	3723	12833	20025	-4425	37188	
5. Cash in hand & balances										
6. Investments in Govt. securities	275166	-16690	48492	42541	9891	-36442	39830	9298	371886	
7. Bank credit	958661	197124	222609	118753	237870	268636	216109	49862	2269624	
Total	2361914	413636	469239	697295	669769	648607	752626	73794	6086879	

Source: Reserve Bank of India.

(P) : Provisional

a : Revised in line with the new accounting standards and are consistent with the methodology suggested by the Working

Group on Money Supply : Analytics and Methodology of Compilation (June 1998) from 1998-99 onwards.

The revision is in respect of pension and provident funds with commercial banks which are classified as other demand and time liabilities and includes those banks which have reported such changes so far.

b : Data also reflect redemption of Resurgent India Bonds of ₹ 22693 crore, since October 2003.

Table 4.3 : Scheduled Commercial Banks' Outstanding Advances against Sensitive Commodities

Commodities	March 2008	March 2009	March 2010	March 2011	March 2012	March 2013	March 2014	Variations during March 2014 over March 2013		
								1	2	3
1 Paddy and rice	10213	1183	1099	14324	18314	23218	25911	2693		
2 Wheat	1518	1530	2370	287	3000	4016	4146	130		
3 Pulses	1730	1127	1443	1594	3594	4031	3368	-663		
4 Other food grains	1247	1068	1318	1563	2303	2696	3395	699		
5 Sugar	8468	9251	9219	10123	15718	15451	15940	489		
6 Khandzari	87	175	163	167	330	446	402	-44		
7 Gur	199	193	299	108	212	361	410	49		
8 Groundnut	401	480	437	527	478	558	658	100		
9 Rapeseed/Mustardseed	437	257	514	328	528	478	790	312		
10 Linseed	9	9	10	25	16	15	18	3		
11 Castorseed	75	42	118	118	163	298	651	353		
12 Cottonseed	213	196	205	242	259	407	375	-32		
13 Soyabean	1324	761	736	115	1359	1200	1778	578		
14 Other oilseeds	127	215	325	317	775	880	903	23		
15 Groundnut oil	117	131	141	314	810	861	834	-27		
16 Rapeseed/Mustard	276	280	242	312	386	631	383	-248		
17 Castor oil	335	145	328	322	10	447	492	45		
18 Linseed oil	16	7	5	9	456	41	61	20		
19 Cottonseed oil	105	150	218	300	639	423	731	308		
20 Soyabean oil	635	570	788	839	1321	1959	1504	-455		
21 Other Veg oil	948	1370	987	1083	1587	2012	1569	-443		
22 Vanaspati	886	223	178	418	484	338	537	199		
23 Cotton & Kapas	5487	6061	6655	8636	15559	15903	16602	699		
24 Raw Jute	373	352	1380	426	639	521	551	30		
Total	35226	35776	3978	47418	68940	7791	82009	4818		

Source : Reserve Bank of India.

Note : Effective from October 10, 2000 all commodities except unreleased stocks of levy sugar stand exempted from selective credit controls.

Figures may not add up to total due to rounding.

Table 4.4 : Branch Expansion of Public Sector Banks and Other Commercial Banks

	All Branches as on June 30								Rural Branches as on December 31, 2013	% of Rural Branches as on December 31, 2013	
	2006	2007	2008	2009	2010	2011	2012	2013			
A. SBI and Its Associates	13920	14157	15401	16358	17444	18207	19147	20217	20685	7277	35.2
B. Nationalised Banks (including IDBI Ltd.)	34764	36623	38162	39951	42357	45216	49012	52925	55919	18596	33.3
(i) Nationalised Banks	34583	36189	37662	39387	41642	44346	48048	51832	54741	18426	33.7
(ii) Other Public Sector Banks	181	434	500	564	715	870	964	1093	1178	170	14.4
C. Regional Rural Banks	14532	14574	14876	15258	15564	16009	16798	17446	17640	13176	74.7
Total of Public Sector Banks (including RRBs)	63216	65354	68439	71567	75365	79432	84957	90588	94244	39049	41.4
D. Other Scheduled Commercial Banks (a) + (b)	6672	7241	8338	9016	10517	11899	13702	16062	17081	3248	19.0
(a) Old Private Sector Banks	4671	4416	4543	4738	5071	4868	5478	6066	6297	1200	19.1
(b) New Private Sector Banks	2001	2825	3795	4278	5446	7031	8224	9996	10784	2048	19.0
E. Foreign Banks	261	271	279	295	310	317	323	335	336	8	2.4
All Scheduled Commercial Banks (A to E)	70149	72866	77056	80878	86192	91648	98982	106985	111661	42305	37.9
Non-Scheduled Commercial Bank	40	46	46	46	47	55	55	60	62	17	27.4
Local Area Banks	40	46	46	46	47	55	55	60	62	17	27.4
All Commercial Banks	70189	72912	77102	80924	86239	91703	99037	107045	111723	42322	37.9

Source : Reserve Bank of India.

1. Nationalised Banks includes IDBI Bank Ltd.
2. Population groups are defined as follows: 'Rural' includes centres with population of less than 10,000, 'Semi-Urban' includes centres with population of 10,000 and above but less than one lakh, 'Urban' includes centres with population of one lakh and above but less than ten lakhs, and 'Metropolitan' includes centres with population of 10 lakhs and above. All population figures are as per census 2001.
3. Data are provisional
4. Data on number of branches exclude 'Administrative Offices'.

Table 4.5 : Advances to Agriculture and Other Priority Sectors by Public Sector Banks

Sectors	Number Of Accounts (in thousand)				Amount Outstanding (₹ crore)			
	March 2010	March 2011	March 2012	March 2013	March 2010	March 2011	March 2012	March 2013
1. Agriculture	3166	33910	38461	43947	372463	414973	479400	531701
(a) Direct Finance ^a	31015	33214	37586	43167	265826	300190	367052	447094
(b) Indirect Finance ^a	600	696	875	780	106637	114783	12348	84607
2. Small Scale Industries ^b								
3. Micro & Small Enterprises	7217	7398	7129	7478	276319	369430	396993	478361
4. Setting up of Industrial Estates								
5. Small road & water transport Operators								
6. Retail Trade								
7. Small Business								
8. Professional & self employed persons								
9. Micro Credit	1354	864	1222	5916	7243	6631		
10. Education	1911	2211	2373	2479	33855	41341	46727	50927
11. Consumption								
12. State sponsored Corps/Organisations for on lending to Other Priority Sector								
13. State sponsored organisation for SC/ST Purchase & supply of inputs & marketing of outputs	14	9	25	41	36	114		
14. Housing Loans	3671	3945	3973	3929	173184	188472	194283	213802
15. Funds provided to RRBs								
16. Advances to Self Help Groups								
17. Advances to Software Industries								
18. Advances to Food & Agro Processing Sector								
19. Investment in Venture Capital								
20. Total Priority Sector Advances ^c	45783	48339	53183	58804	863778	1021495	1124148	1283411
21. ANBC ^d					2078397	2493499	3018476	3530808
Percentage to ANBC								
1. Agriculture					17.92	16.64	15.88	15.06
(a) Direct Finance ^a					12.78	12.03	12.16	12.66
(b) Indirect Finance ^a					5.13	4.6	3.72	2.40
2. Small Scale Industries ^b								
3. Micro & Small Enterprises					13.29	14.81	13.15	13.55
4. Setting up of Industrial Estates								
5. Small road & water transport Operators								
6. Retail Trade								
7. Small Business								
8. Professional & self employed persons								
9. Micro Credit					0.28	0.29	0.22	
10. Education					1.72	1.65	1.55	1.44
11. Consumption								
12. State sponsored corps/Organisations for on lending to Other Priority Sector								
13. State sponsored organisation for SC/ST Purchase & supply of inputs & marketing of outputs								
14. Housing Loans					8.33	7.55	6.44	6.06
15. Funds provided to RRBs								
16. Advances to Self Help Groups								
17. Advances to Software Industries								
18. Advances to Food & Agro Processing Sector								
19. Investment in Venture Capital								
20. Total Priority Sector Advances					41.55	40.96	37.24	36.35

Source : Reserve Bank of India.

^a Excludes advances to plantations other than development finance^b Includes small business^c Total priority sector advances is the total of items 1 to 12 & 14 to 17 and half of item 13^d ANBC stands for Adjusted Net Bank Credit

Table 4.6 : State-wise distribution of Bank-offices, Aggregate Deposits and Gross Bank Credit of Public Sector Banks and Percentage Share of Advances to Priority Sectors

Sl. No.	State/ Union Territory	Number of Offices		Deposits (₹ crore)		Credit (₹ crore)		Share of priority sectors in total bank credit (per cent)	
		March 31, 2013	September 27, 2013	March 31, 2013	September 27, 2013	March 31, 2013	September 27, 2013	March 31, 2013	September 27, 2013
1	Andaman & Nicobar Island	48	48	2174	2321	891	924	60	NA
2	Andhra Pradesh	6127	6270	311341	314862	348044	362016	44	NA
3	Arunachal Pradesh	74	82	6790	6650	1471	1501	33	NA
4	Assam	1138	1186	66960	64779	22504	23021	54	NA
5	Bihar	3109	3229	141916	150126	40044	40349	67	NA
6	Chandigarh	259	266	36240	38952	50681	53060	15	NA
7	Chhattisgarh	1101	1181	72420	70571	37621	37891	41	NA
8	Dadra & Nagar Haveli	28	28	1582	1850	451	477	56	NA
9	Daman & Diu	27	27	2086	2351	448	425	61	NA
10	Goa	412	429	32992	34320	9371	9647	43	NA
11	Gujarat	4449	4578	293554	306953	203210	208227	35	NA
12	Haryana	2291	2419	114540	120665	103732	107707	44	NA
13	Himachal Pradesh	982	1005	41157	43587	14614	14745	68	NA
14	Jammu & Kashmir	386	406	16225	17389	4493	4586	61	NA
15	Jharkhand	1724	1796	94805	99222	28675	28346	53	NA
16	Karnataka	4853	5063	317518	332355	232833	244726	39	NA
17	Kerala	2944	3019	141536	153377	114146	115569	58	NA
18	Lakshadweep	12	12	620	664	61	61	48	NA
19	Madhya Pradesh	3432	3559	173702	188514	94733	95474	56	NA
20	Maharashtra	7256	7512	1211624	1200284	1074630	1094946	16	NA
21	Manipur	65	80	4607	3622	1398	1467	63	NA
22	Meghalaya	170	179	11971	11408	2802	2820	38	NA
23	Mizoram	46	53	2781	2776	972	980	72	NA
24	Nagaland	91	101	5373	4882	1711	1731	44	NA
25	NCT of Delhi	2114	2180	552244	564490	531505	520188	9	NA
26	Odisha	2301	2384	116593	124385	54676	55834	46	NA
27	Puducherry	118	124	6415	6844	4619	4827	63	NA
28	Punjab	3635	3761	171341	178784	142142	138171	48	NA
29	Rajasthan	3345	3471	136609	143937	132471	136705	44	NA
30	Sikkim	85	87	4303	3983	1212	1202	57	NA
31	Tamil Nadu	5428	5633	306267	306414	372442	380238	40	NA
32	Tripura	159	170	8534	8558	2288	2305	71	NA
33	Uttar Pradesh	8499	8940	425858	447524	183310	189223	53	NA
34	Uttarakhand	1175	1226	58977	62652	19528	19022	87	NA
35	West Bengal	4688	4831	355303	373259	220314	221214	29	NA
	All-India	72571	75335	5246957	5393310	4054041	4119685	32	NA

Source : Reserve Bank of India

NA : Not available.

1. Public Sector banks include State Bank of India and its Associates, Nationalised Banks, and IDBI Bank Limited.
2. Aggregate Deposits represent the demand and time liabilities of a bank (excluding inter-bank deposits). The Gross Bank Credit represents bank credit (excluding inter bank advances) as per form 'A' return under section 42(2) of RBI Act, 1934 together with outstanding amount of bills rediscounted with RBI/financial institutions.
3. Figures may not add up to totals because of rounding.
4. Data are based on 'Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks'.
5. Share of Priority sector advances based on the Annual returns received from All Scheduled Commercial Banks

Table 5.1 : Index Numbers of Wholesale Prices

(Base: 2004-05=100)

Total	Primary articles			Fuel & power	Total	Manufactured products					All com-	
	Food articles		Non-Food articles			Food pro-	Tex-	Chem-	Basic	Mach-	modi-	ties
	Total	Food grains	arti-	als		ducts	tiles	cals &	metals,	inery &	modi-	ties
Weight-Base (1993-94)=100	22.03	15.40	5.01	6.14	0.49	14.23	63.75	11.54	9.80	11.93	8.34	8.36 100.00
Weight-Base (2004-05)=100	20.12	14.34	4.09	4.26	1.52	14.91	64.97	9.97	7.33	12.02	10.75	8.93 100.00
1	2	3	4	5	6	7	8	9	10	11	12	13 14
Last week of (1993-94 = 100)												
1994-95	121	115	119	137	104	109	117	113	128	121	116	109 116.9
1995-96	125	124	127	129	93	115	123	118	126	130	123	113 122.2
1996-97	136	138	144	133	109	130	126	130	115	136	128	117 128.8
1997-98	142	144	139	142	100	148	129	137	117	137	132	115 134.6
1998-99	153	157	167	146	118	153	135	150	114	152	133	116 141.7
1999-00	159	168	176	141	104	193	139	150	116	160	137	116 150.9
2000-01	162	168	170	149	118	223	144	145	122	167	142	127 159.2
2001-02	168	177	170	150	120	231	144	145	116	171	140	130 161.8
2002-03	178	178	176	183	118	256	152	158	128	178	150	130 172.3
2003-04	181	178	175	191	148	263	162	174	139	179	183	134 180.3
2004-05	183	184	179	177	249	290	169	174	131	186	214	144 189.5
Last month of (2004-05 = 100)												
2005-06	104	105	113	97	119	117	104	102	100	105	103	105 105.7
2006-07	118	119	126	107	135	119	110	107	101	110	116	112 112.8
2007-08	129	126	137	124	173	127	118	116	101	116	138	115 121.5
2008-09	136	136	152	125	168	123	120	123	103	116	130	118 123.5
2009-10	166	164	172	150	232	140	126	142	112	120	133	120 136.3
2010-11	188	179	176	191	267	158	136	145	132	129	148	123 149.5
2011-12	208	197	186	190	359	178	143	154	128	139	163	126 161.0
2012-13	223	214	216	208	352	192	149	166	133	146	165	129 170.1
2013-14 ^P	240	235	231	217	351	213	154	169	141	151	168	133 179.8
Average of weeks (1993-94 = 100)												
1994-95	116	113	115	124	105	109	112	114	118	117	108	106 112.6
1995-96	125	122	122	135	95	115	122	118	129	127	120	112 121.6
1996-97	136	137	138	134	107	126	124	125	119	131	126	116 127.2
1997-98	139	141	139	138	100	144	128	135	115	137	131	115 132.8
1998-99	156	159	152	152	111	148	134	150	114	146	133	116 140.7
1999-00	158	165	176	143	110	162	137	151	115	155	135	116 145.3
2000-01	163	170	174	147	113	208	142	146	120	164	140	123 155.7
2001-02	168	176	172	153	119	227	144	146	119	169	141	129 161.3
2002-03	174	179	174	165	119	239	148	153	122	174	145	130 166.8
2003-04	181	181	176	186	122	255	156	167	132	177	168	133 175.9
2004-05	188	186	177	188	255	280	166	175	136	182	203	140 187.2
Average of months (2004-05 = 100)												
2005-06	104	105	107	97	115	114	102	101	99	104	102	104 104.5
2006-07	114	116	122	102	137	121	108	107	101	109	112	110 111.4
2007-08	124	124	131	114	153	121	113	110	102	113	123	114 116.6
2008-09	138	135	145	129	187	135	120	120	103	118	138	117 126.0
2009-10	155	155	166	136	203	132	123	136	107	118	130	118 130.8
2010-11	182	180	174	167	253	148	130	141	120	124	141	121 143.3
2011-12	200	193	181	183	321	169	140	151	129	135	156	125 156.1
2012-13	220	212	207	202	347	186	147	163	131	144	166	128 167.6
2013-14 ^P	242	239	226	213	347	205	151	169	139	149	165	132 177.6

Contd...

Table 5.1 : Index Numbers of Wholesale Price (Contd...)

(Base: 2004-05=100)

Total	Primary articles			Fuel & power	Total	Manufactured products					All com-modities	
	Food articles		Non-Food articles			Food pro- ducts	Tex- tiles	Chem- icals & chemical products	Basic metals, alloys & metal products	Mach- inery & machine tools		
	Total	Food grains										
Weight-Base (1993-94)=100	22.03	15.40	5.01	6.14	0.49	14.23	63.75	11.54	9.80	11.93	8.34	8.36 100.00
Weight-Base (2004-05)=100	20.12	14.34	4.09	4.26	1.52	14.91	64.97	9.97	7.33	12.02	10.75	8.93 100.00
1	2	3	4	5	6	7	8	9	10	11	12	13 14
2012-13												
April	216	207	189	195	352	179	144	156	129	140	166	126 163.5
May	215	206	190	199	344	179	145	157	130	141	166	127 163.9
June	215	209	193	194	327	181	145	158	130	142	167	128 164.7
July	219	212	200	200	337	180	146	161	130	143	167	128 165.8
August	222	212	208	207	357	182	147	165	131	143	167	128 167.3
September	222	213	212	203	352	189	148	167	132	144	167	128 168.8
October	219	213	214	199	340	190	148	167	132	144	167	129 168.5
November	221	214	215	201	345	189	148	167	132	144	167	129 168.8
December	220	211	216	204	347	190	148	167	133	145	165	129 168.8
January	224	215	216	207	354	193	149	167	132	146	165	129 170.3
February	224	215	216	207	358	196	149	167	133	146	165	129 170.9
March	223	214	216	208	352	192	149	166	133	146	165	129 170.1
2013-14												
April	227	220	217	210	336	194	149	167	134	146	164	130 171.3
May	227	223	217	209	320	192	149	167	136	146	163	131 171.4
June	234	231	221	209	331	195	150	168	136	146	163	131 173.2
July	240	239	224	211	338	200	150	168	137	147	162	131 175.5
August	252	252	226	210	364	205	151	169	138	148	163	131 179.0
September	253	253	228	213	360	211	152	170	140	149	164	131 180.7
October	251	252	228	213	355	210	152	171	140	149	165	132 180.7
November	255	256	230	216	353	210	152	171	140	149	165	132 181.5
December	244	240	230	216	355	211	153	170	140	150	165	133 179.6
January	239	234	229	216	349	212	153	169	141	151	166	132 179.0
February	239	233	230	218	352	213	154	169	142	152	167	133 179.5
March P	240	235	231	217	351	213	154	169	141	151	168	133 179.8
2014-15												
April P	243	239	231	216	351	211	154	170	143	152	165	133 180.2

Source : Office of the Economic Adviser, Ministry of Commerce & Industry.

P Provisional

Table 5.2 : Index Numbers of Wholesale Prices – Selected Commodities and Commodity Groups

(Base: 2004-05=100)														
Rice	Wheat	Pulses	Tea	Raw cotton	Ground-nut seed	Coal mining	Mineral oils	Sugar, khandsari & gur	Edible oils	Cotton yarn	Cotton cloth (Mills)	Jute,hemp & mesta textiles	Cement	Iron,steel & ferro alloys
Weight-Base: (1993-94=100)	2.45	1.38	0.6	0.16	1.36	0.11	1.03	1.75	6.99	3.93	2.76	3.31	0.9	127
Weight-Base: (2004-05=100)	1.79	1.12	0.72	0.11	0.70	0.06	0.40	2.09	9.36	2.09	3.04	1.38	0.38	119
1	2	3	4	5	6	7	8	9	10	11	12	13	14	18
<u>Last week of (Base:1993-94=100)</u>													3.72	
1994-95	112	113	124	76	173	140	136	106	110	118	152	134	121	112
1995-96	120	119	147	93	131	261	130	107	106	114	141	141	130	119
1996-97	130	156	145	113	136	na	130	125	129	126	112	148	150	126
1997-98	135	137	152	162	166	117	138	144	146	134	120	143	152	133
1998-99	161	152	123	155	168	148	144	144	144	154	135	143	142	134
1999-00	166	180	169	104	145	156	139	156	204	158	111	140	155	136
2000-01	165	172	182	116	156	171	140	185	240	149	105	153	157	137
2001-02	162	177	176	91	123	187	145	181	243	145	119	139	161	146
2002-03	168	178	177	104	165	131	199	181	287	129	151	153	162	137
2003-04	165	188	172	101	185	141	180	198	287	148	161	183	168	150
2004-05	170	186	168	114	141	191	167	232	333	174	147	153	175	149
<u>Last month of (Base:2004-05=100)</u>													2.01	
2005-06	105	117	126	92	91	159	94	118	122	93	98	98	114	97
2006-07	115	129	147	97	99	118	132	118	123	97	107	98	120	105
2007-08	131	140	148	110	122	130	147	136	133	93	127	100	110	107
2008-09	151	151	159	156	124	142	141	151	124	126	114	102	105	125
2009-10	163	173	199	129	149	173	153	163	147	178	114	123	109	157
2010-11	167	173	191	138	303	240	171	185	168	164	129	179	128	121
2011-12	175	172	210	145	196	227	231	210	193	169	142	150	131	171
2012-13	206	205	233	212	214	273	266	190	214	184	147	164	134	152
2013-14 P	232	218	230	174	234	270	197	190	237	178	147	178	141	186
<u>Average of weeks (Base:1993-94=100)</u>													165	
1994-95	III	109	122	82	154	120	123	105	106	119	III	136	120	116
1995-96	II	112	135	103	159	189	135	106	106	113	II	147	139	129
1996-97	129	137	151	105	133	189	135	118	123	119	115	137	146	138
1997-98	134	138	146	160	155	102	134	140	139	134	114	141	149	124
1998-99	146	152	160	150	167	108	15	144	143	154	139	142	156	130
1999-00	171	175	166	152	147	113	140	149	160	156	122	141	155	131
2000-01	168	177	180	128	157	150	140	161	226	153	103	150	156	134
2001-02	167	175	190	117	149	182	144	182	240	146	113	148	159	137
2002-03	166	176	181	118	142	154	169	161	255	135	138	145	162	143
2003-04	169	181	177	109	181	137	18	194	274	139	158	166	160	145
2004-05	168	184	174	131	166	160	182	223	315	163	156	167	181	147
													171	153

Contd...

Table 5.2 : Index Numbers of Wholesale Prices – Selected Commodities and Commodity Groups (Contd...)

	Rice	Wheat	Pulses	Tea	Raw cotton	Ground-nut seed	Coal mining	Mineral oils	Sugar, khandasari & gur	Edible oils	Cotton yarn	Cotton cloth (Mills)	Jute, hemp & mesta textiles	Fertilizers	Cement	Iron, steel & ferro alloys ^a
Weight-Base: (1993-94=100)	2.45	1.38	0.6	0.16	1.36	0.11	1.03	1.75	6.99	3.93	2.76	3.31	0.9	0.38	3.69	1.73
Weight-Base: (2004-05=100)	1.79	1.12	0.72	0.11	0.70	0.06	0.40	2.09	9.36	2.09	3.04	1.38	1.23	0.26	2.66	1.39
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Average of months (Base:2004-05=100)																
2005-06	105	105	113	89	90	135	97	118	117	109	94	95	99	112	102	102
2006-07	110	125	149	104	97	136	110	118	127	107	102	98	97	115	104	119
2007-08	122	134	145	104	112	122	140	122	126	91	116	101	99	111	106	138
2008-09	141	148	156	153	141	138	144	151	142	107	122	103	103	117	107	139
2009-10	158	166	191	174	139	160	148	156	136	162	114	111	107	146	108	137
2010-11	167	171	197	148	199	211	165	165	157	161	121	142	115	165	117	124
2011-12	172	168	202	151	225	223	200	191	184	168	136	155	132	176	133	157
2012-13	194	194	241	199	206	242	247	209	202	186	148	157	134	178	149	169
2013-14 P	226	212	228	196	237	262	219	191	226	183	147	174	139	184	152	167
2012-13																158
April	177	179	211	182	199	222	231	210	195	171	144	152	132	174	142	165
May	178	179	219	203	205	216	235	210	195	173	146	154	133	175	142	165
June	182	180	226	205	199	227	233	210	193	174	146	156	133	175	144	168
July	187	182	245	192	217	246	230	210	190	181	148	156	133	175	148	170
August	191	191	260	198	222	252	239	210	194	193	150	157	135	176	149	172
September	195	198	261	198	212	255	243	210	204	198	151	159	135	178	151	171
October	203	198	257	200	201	242	241	210	206	197	148	158	134	180	151	170
November	202	203	256	195	203	235	253	210	205	195	149	158	135	179	151	168
December	203	204	248	205	201	239	254	210	207	190	150	156	135	180	152	165
January	203	206	244	196	199	247	273	210	212	187	150	157	134	180	153	168
February	204	207	238	196	202	254	266	210	216	187	149	159	135	180	153	169
March	206	205	233	212	214	273	266	190	214	184	147	164	134	182	152	158

Contd...

Table 5.2 : Index Numbers of Wholesale Prices – Selected Commodities and Commodity Groups (Contd...)

	Rice	Wheat	Pulses	Tea	Raw cotton	Ground-nut seed	Coal mining	Mineral oils	Sugar khangsari & gur	Edible oils	Cotton yarn	Cotton cloth (Mills)	Jute, hemp & mesta textiles	Fertilizers	Cement	Iron, steel & ferro alloys
Weight-Base: (1993-94=100)	2.45	1.38	0.6	0.16	1.36	0.11	1.03	1.75	6.99	3.93	2.76	3.31	0.9	0.38	3.69	1.73
Weight-Base: (2004-05=100)	1.79	1.12	0.72	0.11	0.70	0.06	0.40	2.09	9.36	2.09	3.04	1.38	1.23	0.26	2.66	1.39
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
2013-14																
April	208	204	233	223	213	272	270	190	211	185	147	166	136	183	152	171
May	211	201	232	210	213	268	260	190	208	185	147	168	137	184	152	171
June	219	205	230	211	225	258	243	192	212	185	146	169	138	183	151	171
July	226	207	210	210	204	254	229	192	220	185	145	171	138	183	152	172
August	232	209	222	204	251	244	218	192	224	185	146	174	138	182	152	168
September	231	213	226	206	205	245	210	192	233	186	147	177	139	181	152	165
October	232	214	229	197	250	260	215	192	231	185	148	178	140	183	153	164
November	233	217	230	187	241	254	204	192	231	184	149	176	141	184	153	164
December	230	220	229	180	229	272	194	192	233	182	148	175	141	185	153	165
January	230	220	227	181	242	274	194	190	235	179	147	176	141	186	153	164
February	232	221	224	177	244	273	196	190	236	177	147	180	141	188	153	165
March P	232	218	230	174	234	270	197	190	237	178	147	178	141	186	153	160
2014-15																
April P	234	213	231	194	229	277	200	190	233	183	146	185	141	189	153	166

Source : Office of the Economic Adviser, Ministry of Commerce & Industry.

na Not available

P Provisional

a composite index of Iron & Steel and Ferro Alloy for base 1993-94 and Iron & semis, steel long, steel flat, stainless steel & alloys and ferro alloys for base 2004-05.

Table 5.3 : All India Consumer Price Index Numbers

Base Description	Industrial Workers (CPI-IW)			New Series (CPI-NS)			Agricultural Labourers (CPI-AL) (1986-87=100) General	Rural Labourers (CPI-RL) (1986-87=100) General
	Food	(1982=100 & 2001=100) Non-Food	General	Rural	Urban	All-India		
1	2	3	4	5	6	7	8	9
Average of Months								
1995-96	337	280	313	237	238 ^b
1996-97	369	307	342	256	256
1997-98	388	336	366	264	266
1998-99	445	372	414	293	294
1999-00	446	404	428	306	307
2000-01	453	433	444	305	307
2001-02	466	460	463	309	311
2002-03	477	488	482	319	321
2003-04	495	507	500	331	333
2004-05	506	538	520	340	342
2005-06	527 ^a	563 ^a	542 ^a	353	355
2006-07	126	124	125	380	382
2007-08	136	130	133	409	409
2008-09	153	138	145	450	451
2009-10	176	151	163	513	513
2010-11	194	168	180	564	564
2011-12	206	185	195	113.1	110.4	111.9	611	611
2012-13	230	202	215	124.5	121.8	123.3	672	673
2013-14	259	216	236	136.4	133.3	135.0	750	751
Last Month of								
1995-96	339	292	319	237	238
1996-97	373	322	351	262	262
1997-98	401	352	380	272	273
1998-99	431	391	414	296	296
1999-00	446	418	434	306	307
2000-01	446	444	445	300	302
2001-02	462	476	468	309	311
2002-03	479	498	487	324	326
2003-04	494	517	504	332	334
2004-05	502	555	525	340	342
2005-06	115 ^a	122 ^a	119 ^a	358	360
2006-07	129	125	127	392	393
2007-08	141	134	137	423	423
2008-09	156	141	148	463	464
2009-10	181	161	170	536	536
2010-11	196	176	185	106.9	103.9	105.6	585	584
2011-12	212	192	201	116.2	114.6	115.5	625	626
2012-13	240	210	224	128.3	126.5	127.5	704	705
2013-14	258	223	239	139.7	136.0	138.1	763	765
2012-13								
April	218	194	205	117.9	116.1	117.1	633	634
May	219	195	206	119.1	117.1	118.2	638	640
June	222	196	208	120.5	118.5	119.6	646	648
July	227	199	212	122.6	119.9	121.4	656	658
August	230	200	214	124.3	121.1	122.9	666	667
September	232	200	215	125.6	121.9	124.0	673	675
October	233	203	217	126.6	122.6	124.9	680	681
November	235	203	218	126.9	123.4	125.4	685	686
December	235	205	219	126.8	124.0	125.6	688	689
January	235	209	221	127.3	124.9	126.3	694	695
February	238	210	223	128.1	125.8	127.1	700	701
March	240	210	224	128.3	126.5	127.5	704	705

Contd...

Table 5.3 : All India Consumer Price Index Numbers (Contd...)

Base Description	Industrial Workers (CPI-IW)			New Series (CPI-NS)			Agricultural Labourers (CPI-AL) (1986-87=100) General	Rural Labourers (CPI-RL) (1986-87=100) General
	Food 1	Non-Food 2	General 3	Rural 4	Urban 5	All-India 6		
2013-14								
April	245	210	226	128.7	127.4	128.1	711	711
May	248	211	228	129.8	128.4	129.2	719	720
June	255	210	231	132.1	130.5	131.4	729	730
July	259	214	235	133.8	132.1	133.1	740	741
August	262	216	237	135.4	133.6	134.6	754	753
September	263	217	238	137.8	134.0	136.2	759	759
October	268	218	241	139.5	135.1	137.6	766	766
November	273	217	243	141.7	136.4	139.4	777	777
December	262	219	239	140.1	135.3	138.0	765	766
January	256	221	237	139.2	135.0	137.4	757	759
February	256	223	238	138.9	135.3	137.3	757	759
March	258	223	239	139.7	136.0	138.1	763	765
2014-15								
April	264	223	242	140.5	137.2	139.1	771	773

Source : 1. Labour Bureau, Shimla for consumer price indices for Industrial Workers (IW), Agricultural Labourers (AL) and Rural Labourers (RL),

2. C.S.O. for consumer price indices for new series (CPI-NS).

a The current series of CPI for Industrial Workers with 2001 base was introduced w.e.f. January, 2006 and the figures from 2005-06 (last month) are based on new base. The earlier series on base 1982=100 was simultaneously discontinued. The conversion factor from the current to the old series is 4.63 in case of the General Index, and 4.58 for Food Index.

b Average index from November, 1995 to March 1996.

Note 1. Weights of CPI-IW for food & non-food with base 1982=100 are 57% & 43% respectively and with base 2001=100 are 46.20% & 53.80% respectively.
 2. CPI- New Series (Rural, Urban & All-India) was introduced w.e.f. January 2011. The CPI-UNME has since been totally discontinued.

Table 5.4 : Index Numbers of Wholesale Prices – Relative Prices of Manufactured and Agricultural Products

Year/Months	General Index of wholesale Price	Price Index of Manufactured Products	Price Index of Agricultural Products ^a	Manufactured price Index as percent of Agricultural Price Index
Weight (Base: 1993-94)	100.00	63.75	21.54	Col.3/ col.4*100
Weight (Base: 2004-05)	100.00	64.97	18.59	
1	2	3	4	5
(Base : 1993-94 = 100)				
1994-95	112.6	112.3	116.0	96.8
1995-96	121.6	121.9	126.0	96.8
1996-97	127.2	124.4	136.4	91.2
1997-98	132.8	128.0	140.3	91.2
1998-99	140.7	133.6	157.2	85.0
1999-00	145.3	137.2	159.1	86.2
2000-01	155.7	141.7	163.7	86.6
2001-02	161.3	144.3	169.5	85.1
2002-03	166.8	148.1	175.3	84.5
2003-04	175.9	156.5	182.9	85.6
2004-05	187.3	166.3	186.7	89.1
(Base : 2004-05 = 100)				
2005-06	104.5	102.4	103.4	99.1
2006-07	111.4	108.2	112.5	96.3
2007-08	116.6	113.4	121.5	93.4
2008-09	126.0	120.4	133.5	90.2
2009-10	130.8	123.1	151.0	81.7
2010-11	143.3	130.1	176.6	73.7
2011-12	156.1	139.5	190.4	73.3
2012-13	167.6	147.1	209.6	70.2
2013-14 ^P	177.6	151.4	233.0	65.0
2012-13				
April	163.5	143.8	204.4	70.4
May	163.9	144.6	204.4	70.7
June	164.7	145.3	205.9	70.6
July	165.8	146.1	209.5	69.7
August	167.3	147.2	210.8	69.8
September	168.8	148.0	210.8	70.2
October	168.5	147.9	209.5	70.6
November	168.8	148.0	211.0	70.2
December	168.8	148.0	209.4	70.7
January	170.3	148.5	212.9	69.7
February	170.9	148.6	213.4	69.6
March	170.1	148.7	212.6	69.9
2013-14				
April	171.3	149.1	217.5	68.6
May	171.4	149.3	219.8	67.9
June	173.2	149.5	225.9	66.2
July	175.5	149.9	232.2	64.5
August	179.0	150.6	242.7	62.1
September	180.7	151.5	243.8	62.1
October	180.7	152.1	242.8	62.6
November	181.5	152.3	246.9	61.7
December	179.6	152.5	234.6	65.0
January	179.0	152.9	229.7	66.6
February	179.5	153.6	229.2	67.0
March ^P	179.8	153.5	231.2	66.4
2014-15				
April ^P	180.2	153.8	233.6	65.8

Source: Office of the Economic Adviser, Ministry of Commerce & Industry.

^P Provisional^a Composite Index of the sub-groups - (Food Articles and Non-food Articles).

Table 5.5 : Minimum Support Price/Procurement Price for Crops

(CROP YEAR BASIS)

(₹/quintal)

Commodities	1990- 91	1999- 00	2002- 03 ^b	2004- 05	2005- 06	2006- 07	2007- 08	2008- 09	2009- 10	2010- 11	2011- 12	2012- 13	2013- 14
1	2	3	4	5	6	7	8	9	10	11	12	13	14
Paddy (Common)	205	490	550	560	570	580 ^c	645 ^h	850 ^k	950 ^k	1000	1080	1250	1310
Paddy (Fine)	215
Paddy (Super fine)	225
Paddy (Grade 'A')	...	520	580	590	600	610 ^c	675 ^h	880 ^k	980 ^k	1030	1110	1280	1345
Wheat	225	580	630	640	650 ^g	750 ^h	1000	1080	1100	1120	1285	1350	1400
Jowar (Hybrid)	180	415	490	515	525	540	600	840	840	880	980	1500	1500
Jowar (Maldandi)	555	620	860	860	900	1000	1520	1520
Bajra	180	415	495	515	525	540	600	840	840	880	980	1175	1250
Ragi	180	415	490	515	525	540	600	915	915	965	1050	1500	1500
Maize	180	415	490	525	540	540	620	840	840	880	980	1175	1310
Barley	200	430	505	540	550	565	650	680	750	780	980	980	1100
Gram	450	1015	1225	1425	1435	1445	1600	1730	1760	2100	2800	3000	3100
Masur	1525	1535	1545	1700	1870	1870	2250	2800	2900	2950
Arhar	480	1105	1325	1390	1400	1410	1550 ^d	2000	2300	3000 ^l	3200 ^l	3850	4300
Moong	480	1105	1335	1410	1520	1520	1700 ^d	2520	2760	3170 ^l	3500 ^l	4400	4500
Urad	480	1105	1335	1410	1520	1520	1700 ^d	2520	2520	2900 ^l	3300 ^l	4300	4300
Sugarcane ^a	23.00	56.10	69.50	74.50	79.50	80.25	81.18	81.18	129.84	139.12	145.00 ^m	170.00	210.00
Cotton F-414/H-777	620	1575	1695	1760	1760	1770 ^e	1800 ^e	2500 ⁱ	2500 ⁱ	2500 ⁱ	2800 ⁱ	3600	3700
Cotton H-4 750	750	1775	1895	1960	1980	1990 ^f	2030 ^f	3000 ^j	3000 ^j	3000 ^j	3300 ^j	3900	4000
Groundnut	580	1155	1375	1500	1520	1520	1550	2100	2100	2300	2700	3700	4000
Jute(TD-5)	320	750	850	890	910	1000	1055	1250	1375	1575	1675	2200	2300
Rapeseed/ mustard	600	1100	1340	1700	1715	1715	1800	1830	1830	1850	2500	3000	3050
Sunflower	600	1155	1210	1340	1500	1500	1510	2215	2215	2350	2800	3700	3700
Soyabean (Black)	350	755	805	900	900	900	910	1350	1350	1400	1650	2200	2500
Soyabean (Yellow)	400	845	895	1000	1010	1020	1050	1390	1390	1440	1690	2240	2560
Safflower	575	1100	1305	1550	1565	1565	1650	1650	1680	1800	2500	2800	3000
Toria	570	1065	1305	1665	1680	1680	1735	1735	1735	1780	2425	2970	3020
Copra (milling)	1600	3100	3300	3500	3570	3590	3620	3660	4450	4450	4525	5100	5250
Copra balls	...	3325	3550	3750	3820	3840	3870	3910	4700	4700	4775	5350	5500
Sesamum	...	1205	1455	1500	1550	1560	1580	2750	2850	2900	3400	4200	4500
Niger seed	...	915	1120	1180	1200	1220	1240	2405	2405	2450	2900	3500	3500

^a Statutory Minimum Price (SMP) upto 2008-09. Fair and Remunerative Price (FRP) from 2009-10 onwards.^b Including Special onetime drought relief (SDR) price announced for 2002-03.^c An additional incentive bonus of Rs. 40 per quintal was payable on procurement between January 10, 2006 to March 31, 2007.^d A bonus of Rs. 40 per quintal was payable over and above the MSP.^e Medium staple.^f Long staple.^g An incentive bonus of Rs. 50 per quintal is payable on wheat over the Minimum Support Price (MSP).^h An additional incentive bonus of Rs. 100 per quintal was payable over the Minimum Support Price (MSP).ⁱ Staple length (mm) of 24.5-25.5 and micronaire value of 4.3-5.1^j Staple length (mm) of 29.5-30.5 and micronaire value of 3.5-4.3^k An additional incentive bonus of Rs. 50 per quintal was payable over the MSP.^l Additional incentive at the rate of Rs. 500 per quintal of tur, urad and moong sold to procurement agencies .^m At 9.5 percent recovery, subject to a premium of Rs.1.53 for every 0.1 percent increase in the recovery above 9.5 percent.

Table 6.1(A) : Foreign Exchange Reserves

End of Fiscal	Reserves								Transactions with IMF		
	Gold		RTP		SDRs		Foreign Currency Assets	Total	Drawals	Repur- chases ^e	Outstanding repurchase obligations
	Tonnes	₹ crore	₹ crore	In Millions of SDRs	₹ crore	₹ crore	₹ crore (3+4+6+7)				
1	2	3	4	5	6	7	8	9	10	11	
1950-51	220	118	911	1029	48
1951-52	220	118	747	865	48
1952-53	220	118	763	881	48
1953-54	220	118	792	910	...	17	17	30
1954-55	220	118	774	892	...	17	17	13
1955-56	220	118	785	903	...	7	7	6
1956-57	220	118	563	681	61	6	6	61
1957-58	220	118	303	421	35	95
1958-59	220	118	261	379	95
1959-60	220	118	245	363	...	24	24	71
1960-61	220	118	186	304	...	11	11	61
1961-62	220	118	180	298	119	61	61	119
1962-63	220	118	177	295	12	131
1963-64	220	118	188	306	...	24	24	107
1964-65	250	134	116	250	48	48	48	107
1965-66	216	116	182	298	65	36	36	137
1966-67	216	183	296	479	89	43	43	313
1967-68	216	183	356	539	68	43	43	338
1968-69	216	183	391	574	...	59	59	279
1969-70	217	183	...	123	92	546	821	...	125	125	154
1970-71	216	183	...	149	112	438	733	...	154	154	...
1971-72	216	183	...	248	194	480	857
1972-73	216	183	...	247	226	479	888
1973-74	216	183	...	245	230	581	994	62	59
1974-75	216	183	...	235	229	611	1023	485	557
1975-76	216	183	...	203	211	1492	1886	207	804
1976-77	223	188	...	187	192	2863	3243	...	303	303	492
1977-78	229	193	...	162	170	4500	4863	...	249	249	210
1978-79	260	220	...	365	381	5220	5821	...	207	207	...
1979-80	266	225	...	529	545	5164	5934	...	55	55	...
1980-81	267	226	...	491	497	4822	5545	274 ^a	5 ^g	5 ^g	268
1981-82	267	226	...	425	444	3355	4025	637 ^b	901
1982-83	267	226	...	270	291	4265	4782	1893 ^b	2867
1983-84	267	226	...	216	248	5498	5972	1414 ^b	72 ^h	72 ^h	4444
1984-85	291	246	...	147	181	6817	7244	219 ^b	156 ⁱ	156 ⁱ	4888
1985-86	325	274	...	115	161	7384	7819	...	253 ^j	253 ^j	5285
1986-87	325	274	...	139	232	7645	8151	...	672 ^k	672 ^k	5548
1987-88	325	274	...	70	125	7287	7686	...	1209 ^l	1209 ^l	4732
1988-89	325	274	...	80	161	6605	7040	...	1547 ^m	1547 ^m	3696
1989-90	333	281	...	82	184	5787	6252	3334 ^c	1460 ⁿ	1460 ⁿ	2572
1990-91	333	6828	...	76	200	4388	11416	3205 ^d	1156 ^o	1156 ^o	5132
1991-92	351	9039	...	66	233	14578	23850	4231	1127 ^p	1127 ^p	8934
1992-93	354	10549	...	13	55	20140	30744	1007	868 ^q	868 ^q	14986
1993-94	367	12794	...	77	339	47287	60420	...	420 ^r	420 ^r	15812
1994-95	396	13752	...	5	23	66006	79781	...	3585 ^s	3585 ^s	13545
1995-96	398	15658	...	56	280	58446	74384	...	5749 ^t	5749 ^t	8152
1996-97	398	14557	...	1	7	80368	94932	...	3461 ^u	3461 ^u	4714
1997-98	396	13394	...	1	4	102507	115905	...	2286 ^v	2286 ^v	2624
1998-99	357	12559	...	6	34	125412	138005	...	1652 ^w	1652 ^w	1220
1999-2000	358	12973	...	3	16	152924	165913
2000-01	358	12711	...	2	11	184482	197204
2001-02	358	14868	...	8	50	249118	264036
2002-03	358	16785	3190	3	19	341476	361470
2003-04	358	18216	5688	2	10	466215	490129	...	2598.2	2598.2	...
2004-05	358	19686	6289	3	20	593121	619116	...	414.9	414.9	...
2005-06	358	25674	3374	2	12	647327	676387	3024.6	220.5	220.5	...
2006-07	358	29573	2044	1	8	836597	868222	1360.3

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Table 6.1(A) : Foreign Exchange Reserves (Concl.)

End of Fiscal	Reserves								Transactions with IMF		
	Gold		RTP	SDRs		Foreign Currency Assets	Total	Drawals	Repur- chases ^e	Outstanding repurchase obligations	
	Tonnes	₹ crore	₹ crore	In Millions of SDRs	₹ crore	₹ crore	₹ crore (3+4+6+7)				
1	2	3	4	5	6	7	8	9	10	11	
2007-08	358	40124	1744	11	74	1196023	1237965	301.5	
2008-09	358	48793	5000	1	6	1230066	1283865	371.1	2940.1	...	
2009-10	558	81188	6231	3297	22596	1149650	1259665	...	10090.4	...	
2010-11	558	102572	13158	2882	20401	1224883	1361013	161.3	1594.0	...	
2011-12	558	138250	14511	2885	22866	1330511	1506139	...	1392.1	...	
2012-13	558	139737	12513	2887	23538	1412631	1588418	
2013-14	558	129616	11019	2888	26826	1660914	1828375	

Source : Reserve Bank of India. SDRs: Special Drawing Rights, RTP: Reserve Tranche Position in IMF,

... : Nil or Negligible

^a Excludes ₹ 544.53 crore drawn under Trust Fund.

^b Drawals under Extended Fund Facility (EFF).

^c Drawals of ₹ 1883.6 crore under Compensatory and Contingency Financing Facility and ₹ 1450.2 crore under First Credit Tranche of Stand-by Arrangement.

^d Drawals of ₹ 2217.2 crore under Compensatory and Contingency Financing Facility and ₹ 987.5 crore under First Credit Tranche of Stand-by Arrangement.

^e Additionally, SDR 59.9 million in May 1979, SDR 7.3 million in July 1980 and 34.5 million in March 1982 were used for voluntary repurchases of Rupees.

^f Includes voluntary repurchases of Rupees (₹ 199 crore) and sales of Rupees (₹ 35.2 crore) by the IMF under its General Resources Account.

^g Sales of Rupees by the IMF.

^h SDR 66.50 million were used for repurchases of drawals under Compensatory Financing Facility.

ⁱ SDR 33.25 million and ₹ 117.85 crore in foreign currencies were used for repurchases of drawals under CFF.

^j SDR 66.5 million and SD ₹ 131.25 million were used for repurchases of drawals under CFF and EFF, respectively.

^k SDR 431.25 million were used for repurchases of drawals under EFF.

^l SDR 704.17 million were used for repurchases of drawals under EFF.

^m SDR 804.18 million were used for repurchases of drawals under EFF.

ⁿ SDR 681.25 million were used for repurchases of drawals under EFF.

^o SDR 468.75 million were used for repurchases of drawals under EFF.

^p SDR 337.49 million were used for repurchases of drawals under EFF.

^q SDR 237.49 million were used for repurchases of drawals under EFF.

^r SDR 95.84 million were used for repurchases of drawals under EFF.

^s SDR 812.77 million were used for repurchases of drawals under EFF.

^t SDR 1130.48 million were used for repurchases of drawals under EFF.

^u SDR 678.38 million were used for repurchases of drawals under EFF.

^v SDR 449.29 million were used for repurchases of drawals under EFF.

^w SDR 212.46 million were used for repurchases of drawals under EFF.

- Notes :
- Figures after 1965-66 are not comparable with those of the earlier years owing to devaluation of the Rupee in June 1966.
 - Also figures for July 1991 onwards are not comparable with those of earlier periods due to the downward adjustment of the Rupee effected on July 1, 1991 and July 3, 1991.
 - Drawals, Repurchase and outstanding repurchase obligations are calculated at the ruling rates of exchange.
 - Gold is valued at ₹ 53.58 per 10 grams up to May 1966 and at ₹ 84.39 per 10 grams up to September 1990 and closer to international market price w.e.f. October 17, 1990.
 - Foreign exchange includes (a) foreign assets of the Reserve Bank of India and (b) Government balances held abroad up to 1955-56.
 - While reserves pertain to end period, repurchases are for the relevant periods.
 - Foreign Currency Assets exclude US \$ 250.00 million invested in foreign currency denominated bonds issued by IIFC (UK) since March 20, 2009, exclude US \$ 380.00 million since September 16, 2011, exclude US \$ 550 million since February 27, 2012, exclude US \$ 673 million since March 30, 2012 and US \$ 790 million since July 5, 2012 (as also its equivalent value in Indian rupee in respective months).
 - Includes ₹ 31,463 crore reflecting the purchase of 200 metric tonnes of gold from IMF on November 3, 2009.
 - Includes SDRs 3,082.5 million allocated under general allocation and SDRs 214.6 million allocated under special allocation by the IMF done on August 28, 2009 and September 9, 2009, respectively.
 - Totals may not tally due to rounding off.

Table 6.1(B) : Foreign Exchange Reserves

(US\$ million)

End of Fiscal	Reserves					Transactions with IMF		
	Gold	RTP	SDRs	Foreign Currency Assets	Total (2+3+4+5)	Drawals	Repur- chases	Outstanding repurchase obligations
1	2	3	4	5	6	7	8	9
1950-51	247	1914	2161	100
1951-52	247	1568	1815	100
1952-53	247	1603	1850	100
1953-54	247	1664	1911	...	36	64
1954-55	247	1626	1873	...	36	28
1955-56	247	1648	1895	...	15	13
1956-57	247	1184	1431	126	12	128
1957-58	247	637	884	72	...	200
1958-59	247	548	795	200
1959-60	247	515	762	...	50	150
1960-61	247	390	637	...	23	128
1961-62	247	377	624	249	127	250
1962-63	247	372	619	25	...	275
1963-64	247	395	642	...	50	225
1964-65	281	243	524	99	100	225
1965-66	243	383	626	137	75	288
1966-67	243	395	638	126	57	418
1967-68	243	475	718	89	58	450
1968-69	243	526	769	...	78	372
1969-70	243	...	123	728	1094	...	167	205
1970-71	243	...	148	584	975	...	205	...
1971-72	264	...	269	661	1194
1972-73	293	...	297	629	1219
1973-74	293	...	296	736	1325	79	...	75
1974-75	304	...	293	782	1379	608	...	715
1975-76	281	...	234	1657	2172	239	...	896
1976-77	290	...	217	3240	3747	...	336	559
1977-78	319	...	200	5305	5824	...	333	249
1978-79	377	...	470	6421	7268	...	256	...
1979-80	375	...	662	6324	7361	...	145	...
1980-81	370	...	603	5850	6823	342	16	327
1981-82	335	...	473	3582	4390	692	40	964
1982-83	324	...	291	4281	4896	1968	...	2876
1983-84	320	...	230	5099	5649	1376	70	4150
1984-85	325	...	145	5482	5952	201	134	3932
1985-86	417	...	131	5972	6520	...	209	4290
1986-87	471	...	179	5924	6574	...	521	4291
1987-88	508	...	97	5618	6223	...	930	3653
1988-89	473	...	103	4226	4802	...	1070	2365
1989-90	487	...	107	3368	3962	...	873	1493
1990-91	3496	...	102	2236	5834	1858	644	2623
1991-92	3499	...	90	5631	9220	1240	460	3451
1992-93	3380	...	18	6434	9832	1623	335	4799
1993-94	4078	...	108	15068	19254	325	134	5040
1994-95	4370	...	7	20809	25186	...	1146	4300
1995-96	4561	...	82	17044	21687	...	1710	2374
1996-97	4054	...	2	22367	26423	...	977	1313
1997-98	3391	...	1	25975	29367	...	615	664
1998-99	2960	...	8	29522	32490	...	102	287
1999-2000	2974	...	4	35058	38036
2000-01	2725	...	2	39554	42281
2001-02	3047	...	10	51049	54106
2002-03	3534	672	4	71890	76100
2003-04	4198	1311	2	107448	112959	...	561.3	...
2004-05	4500	1438	5	135571	141514	...	93.5	...
2005-06	5755	756	3	145108	151622	670.0	50.7	...
2006-07	6784	469	2	191924	199179	302.7
2007-08	10039	436	18	299230	309723	74.2
2008-09	9577	981	1	241426	251986	86.3	611.9	...

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Table 6.1(B) : Foreign Exchange Reserves (Concl.)

(US\$ million)

End of Fiscal	Reserves					Transactions with IMF		
	Gold	RTP	SDRs	Foreign Currency Assets	Total (2+3+4+5)	Drawals	Repur- chases	Outstanding repurchase obligations
1	2	3	4	5	6	7	8	9
2009-10	17986	1380	5006	254685	279057	...	461.3	...
2010-11	22972	2947	4569	274330	304818	36.2	353.2	...
2011-12	27023	2836	4469	260069	294397	...	275.1	...
2012-13	25692	2301	4328	259726	292047
2013-14	21567	1834	4464	276359	304224

Source : Reserve Bank of India. SDRs: Special Drawing Rights, RTP: Reserve Tranche Position in IMF,

... : Nil or Negligible

- Notes :
1. For compiling figures in US dollars, gold is valued at SDR 35 per troy ounce as in the International Financial Statistics of the IMF upto October 16, 1990. Thereafter gold has been valued close to international market price.
 2. Conversion of foreign currency assets and SDR in US dollars is done at exchange rates supplied by the IMF.
 3. Transactions with IMF are converted at respective SDR/\$ rate.
 4. While reserves pertain to end period, repurchase are for the relevant periods.
 5. Foreign Currency Assets exclude US \$ 250.00 million invested in foreign currency denominated bonds issued by IIFC (UK) since March 20, 2009, exclude US \$ 380.00 million since September 16, 2011, exclude US\$ 550 million since February 27, 2012, exclude US \$ 673 million since March 30 2012 and US \$ 790 million since July 5, 2012 (as also its equivalent value in Indian rupee in respective months).
 6. Includes US\$ 6,699 million reflecting the purchase of 200 metric tonnes of gold from IMF on November 3, 2009.
 7. Includes SDRs 3,082.5 million allocated under general allocation and SDRs 214.6 million allocated under special allocation by the IMF done on August 28, 2009 and September 9, 2009, respectively.
 8. Totals may not tally due to rounding off.

Table 6.2 : Balance of Payments as per IMF Balance of Payments Manual 5

Items	2000-01		2008-09		2009-10	
	₹ crore	US\$ million	₹ crore	US\$ million	₹ crore	US\$ million
1	2	3	4	5	6	7
1 Imports (c.i.f.)	264589	57912	1405400	308520	1423200	300644
2 Exports (f.o.b.)	207852	45452	858000	189001	863300	182442
3 Trade Balance (2-1)	-56737	-12460	-547400	-119519	-559900	-118202
4 Invisibles						
a) Receipts	147778	32267	770400	167819	774600	163430
b) Payments	102639	22473	350600	76214	394400	83408
(of which: Interest & Service Payments on Loans and Credits)	21948	4801	29992	6521	27169	5719
c) Net	45139	9794	419800	91605	380200	80022
5 Current Account Balance	-11598	-2666	-127600	-27914	-179700	-38180
6 Capital Account						
I Foreign Investment (Net)	26744	5862	35000	8342	240000	50362
i) Foreign Direct Investment (FDI)						
a) Inward FDI	18404	4031	190600	41737	157800	33109
b) Outward FDI	-3480	-759	-90500	-19365	-71800	-15143
c) Net	14924	3272	100100	22372	86000	17966
ii) Portfolio Investment (Net)	11820	2590	-65100	-14031	154000	32396
II Loans (Net)	24459	5264	34800	8314	57900	12447
i) External Assistance						
a) Inflow	13521	2941	24400	5230	27900	74163
b) Out flow	11519	2531	12900	2792	14300	61716
c) Net	2002	410	11500	2438	13600	12447
ii) Commercial Borrowings ^a						
a) Inflow	95750	20865	260900	56987	322100	68267
b) Out flow	73293	16011	237700	51111	277700	58709
c) Net	22457	4854	23200	5876	44400	9558
III Banking						
a) Receipts	44448	9744	295400	65207	292100	61499
b) Payments	53592	11705	314600	68453	282300	59416
c) Net	-9144	-1961	-19200	-3246	9800	2083
IV Rupee Debt Service (Net)	-2760	-617	-500	-100	-500	-97
V Other Capital						
a) Receipts	12948	2856	76100	16685	54600	11451
b) Payments	11637	2564	97300	22602	117800	24613
c) Net	1311	292	-21200	-5917	-63200	-13162
VI Errors & omissions (Net)	-1369	-305	1500	440	-100	-12
7 Total Capital (I to VI of 6)	39241	8535	30500	7835	243900	51622
8 Overall Balance (5 + 7)	27643	5868	-97100	-20080	64200	13441
9 Monetary Movement						
a) IMF Transactions						
i) Purchases
ii) Repurchases	115	26
iii) Net	-115	-26
b) Increase (-)/decrease (+) in Reserves	-27528	-5868	97100	20080	-64200	-13441
10 Total Reserve movement (9a(iii)+9b)	-27643	-5842	97100	20080	-64200	-13441
	[(-) Increase/ (+) decrease]					

Source : Reserve Bank of India.

... : Nil or Negligible

^a Commercial borrowings include short term credit.

Notes : Totals may not tally due to rounding off .

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Table 6.2 : Balance of Payments as per IMF Balance of Payments Manual 5 (Concl.)

Items	2010-11		2011-12 PR		2012-13 P		2013-14 P	
	₹ crore	US\$ million	₹ crore	US\$ million	₹ crore	US\$ million	₹ crore	US\$ million
1	8	9	10	11	12	13	14	15
1 Imports (c.i.f.)	1746100	383481	2394600	499533	2732146	502237	2815918	466216
2 Exports (f.o.b.)	1165700	256159	1482500	309774	1667690	306581	1931074	318607
3 Trade Balance (2-1)	-580500	-127322	-912100	-189759	-1064456	-195656	-884845	-147609
4 Invisibles								
a) Receipts	867200	190488	1053500	219229	1218893	224044	1411773	233231
b) Payments	506400	111218	517300	107625	634047	116551	714679	118019
(of which: Interest & Service Payments on Loans and Credits)	27660	6073	41046	8527	59546	10944	67745	11176
c) Net	360800	79269	536200	111604	584846	107493	697095	115212
5 Current Account Balance	-219700	-48053	-376000	-78155	-479610	-88163	-187750	-32397
6 Capital Account								
I Foreign Investment (Net)	193500	42127	188700	39231	254653	46711	159650	26386
i) Foreign Direct Investment (FDI)								
a) Inward FDI	132400	29029	155000	32952	146954	26953	186830	30763
b) Outward FDI	-78300	-17195	-51800	-10892	-38768	-7134	-56860	-9199
c) Net	54100	11834	103200	22061	108186	19819	129969	21564
ii) Portfolio Investment (Net)	139400	30293	85600	17170	146467	26891	29680	4822
II Loans (Net)	132700	29135	89700	19307	169073	31124	45901	7765
i) External Assistance								
a) Inflow	35900	7882	27400	5646	25747	4735	28239	4659
b) Out flow	13400	2941	16100	3350	20421	3752	22043	3627
c) Net	22500	4941	11300	2296	5326	982	6197	1032
ii) Commercial Borrowings ^a								
a) Inflow	459500	100899	649100	135344	817600	150351	7852	130177
b) Out flow	349300	76705	570700	118334	653900	120209	7455	123444
c) Net	110200	24194	78400	17010	163700	30142	397	6733
III Banking								
a) Receipts	419300	92323	427800	89904	455407	83727	654482	108049
b) Payments	397300	87361	356800	73678	365140	67157	502818	82601
c) Net	22000	4962	71000	16226	90268	16570	151664	25449
IV Rupee Debt Service (Net)	-300	-68	-400	-79	-313	-58	-304	-52
V Other Capital								
a) Receipts	45200	9995	64100	13296	97073	17861	133801	22171
b) Payments	101900	22411	94200	20224	125020	22908	200903	32932
c) Net	-56700	-12416	-30100	-6929	-27946	-5047	-67102	-10761
VI Errors & Omissions (Net)	-12100	-2636	-11600	-2432	14578	2689	-6004	-882
7 Total Capital (I to VI of 6)	279100	61104	307400	65323	500313	91989	283804	47905
8 Overall Balance (5 + 7)	59500	13050	-68500	-12831	20702	3826	96054	15508
9 Monetary Movement								
a) IMF Transactions								
i) Purchases
ii) Repurchases
iii) Net
b) Increase (-)/decrease (+) in Reserves	-59500	-13050	68500	12831	-20702	-3826	-96054	-15508
10 Total Reserve movement (9a(iii)+9b) [(-) Increase/ (+) decrease]	-59500	-13050	68500	12831	-20702	-3826	-96054	-15508

Source : Reserve Bank of India. ——: Nil or Negligible, ^a: Commercial borrowings include short term credit

P: Preliminary, PR : Partially Revised.

Notes : 1. Grants received are covered under item 4(a).

2. Estimated interest accrued and credited to NRI deposits during the year has been treated as notional outflow under invisible payments and added as reinvestment in NRI deposits under banking capital.
3. In accordance with the provision of IMF's Balance of Payments Manual (5th Edition), gold purchased from the Government of India by the RBI has been excluded from the BoP statistics. Data for the earlier years has, therefore, been amended by making suitable adjustments in "Other Capital-Receipts and Foreign Exchange Reserves". Similarly, item "SDR Allocation" has been deleted from the table.
4. With effect from 1996-97, private transfer receipts include redemption in rupees of both principal and interest under Non-Resident External (Rupee) Account [NRE(R)A] and Non-Resident Non-Repatriable Rupee Deposit [NR(NR)RD] schemes. This marks an improvement in data reporting.
5. The presentation of balance of payments statistics in the above table differs from the adjusted balance of payments statistics published in the previous issues of the Economic Survey.
6. Totals may not tally due to rounding off.

Table 6.3(A) : Balance of Payments as per IMF Balance of Payments Manual 6

Items	2010-11						2011-12 PR						2012-13 P						2013-14 P					
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net			
1 Current Account (1A+1B+1C)	2030700	2249700	-219000	2526500	2902700	-376200	2884400	3362300	-477900	3340000	3527500	-187500												
1.A Goods and Services (i.A.a+i.A.b)	1733700	2112900	-379200	2160500	2704700	-604200	2460200	3171400	-711200	2848300	3290800	-442600												
1.A.a Goods	1166400	1746100	-579800	1482800	2394600	-919000	1667700	2732100	-1064500	1931100	2815900	-884800												
1.A.b Services (1.A.b.1 to 1.A.b.13)	567300	366700	200600	677700	370100	307600	792500	439300	353200	917200	474900	442300												
1.A.b.1 Mfg. services on physical inputs owned by others	-	-	-	-	-	-	-	-	-	-	-	-												
1.A.b.2 Maintenance and repair services n.i.e.	-	-	-	-	-	-	-	-	-	-	-	-												
1.A.b.3 Transport	65100	63500	1600	87600	79100	8500	94300	80600	13700	105300	89500	15800												
1.A.b.4 Travel	71900	50200	21600	89200	65900	23300	97900	64300	33500	108800	71400	37400												
1.A.b.5 Construction	3100	5300	-2200	3900	4800	-1000	5500	6600	-1200	8100	7500	600												
1.A.b.6 Insurance and pension services	8900	6400	2500	12700	7200	5500	12100	7700	4500	12800	6800	6100												
1.A.b.7 Financial services	29700	34100	-4400	28700	38300	-9700	26900	25200	1700	40200	34600	5600												
1.A.b.8 Charges for the use of intellectual property n.i.e.	900	11000	-10200	1400	15500	-14200	1600	22600	-21000	3600	24000	-20500												
1.A.b.9 Telecommunications, computer, and information services	2513000	17100	234300	307700	15600	292100	368800	19100	349700	436200	23800	412300												
1.A.b.10 Other business services	1039000	121200	-173000	118300	122600	-4300	154800	165000	-10300	172200	164600	7700												
1.A.b.11 Personal, cultural, and recreational services	1000	2500	-1400	1900	1300	600	5000	3400	1600	8000	5100	2900												
1.A.b.12 Government goods and services n.i.e.	2400	3700	-1300	2300	3700	-1500	3100	4400	-1300	2900	5900	-2900												
1.A.b.13 Others n.i.e.	29200	51700	-22600	24200	15900	8300	21500	38000	-16500	16900	40000	-23100												
1.B Primary Income	43700	125500	-81800	48400	125200	-76800	55900	172700	-116800	68900	208800	-139900												
1.C Secondary Income	253300	11300	242000	317600	12700	304900	368300	18200	350100	422900	27900	395000												
2 Capital Account (2.1+2.2)	3100	2900	200	4400	4600	-300	8500	10100	-1600	10000	6400	3600												
2.1 Gross acquisitions (DR)/disposals (CR) of non-produced nonfinancial assets	200	100	100	1300	1700	-500	400	800	-400	600	600	-												
2.2 Capital transfers	2900	2900	100	3100	2900	200	8100	9300	-1200	9400	5800	3600												
3 Financial Account (3.1 to 3.5)	2290300	2059400	230900	2382500	1994500	388000	2567200	2102300	464900	3152900	2963000	189900												
3.1 Direct Investment (3.1A+3.1B)	175900	121800	54100	232000	128900	103200	216700	108600	108200	263900	133900	130000												
3.1.A Direct Investment in India	104300	31900	132400	220000	65000	155000	186900	39900	147000	218600	31800	186800												
3.1.B Direct Investment by India	11600	89900	-78300	12000	63800	-51800	29900	68600	-38800	45300	102200	-56900												
3.2 Portfolio Investment	1144900	1014900	130000	886400	803600	82800	952100	806600	145400	1226700	1197100	29600												
3.2.A Portfolio Investment in India	114400	1006100	135300	882300	798300	84000	944000	793800	150200	1221700	1190700	31000												
3.2.B Portfolio Investment by India	3500	8800	-5300	4100	5300	-1200	8100	12900	-4800	5000	6400	-1400												
3.2.C Financial derivatives (other than reserves) and employee stock options	-	-	-	-	-	-	-	-	-	17700	30300	-12600	58400	45800	12700									
3.4 Other investment	969500	863300	106200	1169900	1036400	133500	1379600	1134500	245100	1537500	1423800	113800												
3.4.1 Other equity (ADRs/GDRs)	9400	-	9400	2800	-	2800	1000	-	1000	100	-	100												
3.4.2 Currency and deposits	232000	214800	17100	212500	253500	59000	358700	275500	83300	536200	295200	241000												
3.4.3 Loans (External Assistance, ECBs and Banking Capital)	333000	250300	82700	298900	227700	7200	272600	214200	58400	329300	340000	-10700												
3.4.4 Insurance, pension, and standardized guarantee schemes	-	-	-	-	-	-	-	200	800	-600	3600	4000	-400											
3.4.5 Trade credit and advances	349700	294900	54900	492900	462400	30600	667400	549800	117700	602400	635200	-32700												
3.4.6 Other accounts receivable/payable—other	45500	103300	-57900	62900	92900	-30000	79800	95000	-15200	65900	149500	-83500												
3.4.7 Special drawing rights	-	-	-	-	-	-	-	-	-	-	-	-												
3.5 Reserve assets	-	59500	-59500	94100	25600	68500	900	21600	-20700	66400	162400	-96100												
4 Total assets/liabilities	2290300	2059400	230900	2382500	1994500	388000	2567200	2102300	464900	3152900	2963000	189900												
5 Net errors and omissions	-	12100	-12100	-	-	11600	-11600	14600	-14600	5000	10000	-6000												

Source : Reserve Bank of India

P: Preliminary, PR: Partially Revised

Note : Totals may not tally due to rounding off.

Table 6.3(B) : Balance of Payments as per IMF Balance of Payments Manual 6

Items	2010-11						2011-12 PR						2012-13 P						2013-14 P					
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net			
1 Current Account (1.A+1.B+1.C)																								
1.A Goods and Services (1.A.a+1.A.b)	446,158	494,067	-47,909	527,050	605,229	-78,179	530,230	618,074	-87,843	551,382	583,739	-32,358												
1.A.a Goods	380,953	464,036	-83,084	450,777	576,439	-125,661	452,259	583,000	-30,741	47,083	544,727	-74,644												
1.A.b Services (1.A.b.1 to 1.A.b.13)	256,318	383,481	-127,164	309,843	499,533	-189,690	306,581	502,337	-195,656	318,067	466,216	-147,609												
1.A.b.1 Mfg. services on physical inputs owned by others	124,635	80,555	44,080	140,935	76,906	64,029	145,677	80,763	64,915	151,475	78,510	72,969												
1.A.b.2 Maintenance and repair services n.i.e.	-	-	-	-	-	-	-	-	69	41	28	154	28											
1.A.b.3 Transport	14,298	13,947	350	18,257	16,454	1,802	17,334	14,806	2,528	17,380	14,792	2,588												
1.A.b.4 Travel	15,793	11,026	4,768	18,462	13,762	4,699	17,999	11,823	6,176	17,922	11,810	6,112												
1.A.b.5 Construction	677	1,157	-481	804	1,006	-202	1,004	1,220	-216	1,339	1,236	103												
1.A.b.6 Insurance and pension services	1,945	1,400	545	2,632	1,497	1,134	2,227	1,409	818	2121	116	1005												
1.A.b.7 Financial services	6,508	7,483	-975	5,967	7,984	-2,018	4,949	4,633	316	6,650	5,814	835												
1.A.b.8 Charges for the use of intellectual property n.i.e.	193	2,424	-2,231	281	3,207	-2,927	302	4,159	-3,857	585	3980	-3395												
1.A.b.9 Telecommunications, computer, and information services	55,217	37,748	51,469	63,972	3,258	60,714	67,785	3,511	64,274	72,010	3928	68,082												
1.A.b.10 Other business services	22,823	26,626	-3,803	24,557	25,467	-910	28,447	30,349	-1,902	28,482	27,189	1293												
1.A.b.11 Personal, cultural, and recreational services	227	543	316	393	275	18	911	616	295	1323	831	493												
1.A.b.12 Government goods and services n.i.e.	531	820	-288	478	780	-302	574	833	-238	488	979	-490												
1.A.b.13 Others n.i.e.	6,424	11,382	-4,959	5,133	3,214	1,919	3,962	7,011	-3,049	2,809	6,525	-3716												
1.B Primary Income	9,587	27,537	-17,951	10,144	26,130	-15,987	10,276	31,731	-21,455	1352	34380	-23028												
1.C Secondary Income	55,618	2,494	53,125	66,129	2,660	63,469	67,696	3,343	64,353	69,948	4633	65315												
2 Capital Account (2.1+2.2)	685	645	40	907	968	-61	1,561	1,855	-294	178	1060	659												
2.1 Gross acquisitions (DR./) disposals (CR.) of non-produced nonfinancial assets	38	14	25	275	361	-86	76	147	-71	99	93	6												
2.2 Capital transfers	647	631	16	632	607	25	1,485	1,708	-223	1619	967	652												
3 Financial Account (3.1 to 3.5)	503,724	453,219	50,505	497,083	416,410	80,673	471,971	386,523	85,449	521,478	488,897	3,581												
3.1 Direct Investment (3.1A+3.1B)	38,609	26,775	11,834	49,007	22,947	22,061	39,786	19,967	19,819	43582	22,018	21,564												
3.1.A Direct Investment in India	36,947	7,018	29,029	46,552	13,599	32,952	34,298	7,345	26,953	36047	5284	30,763												
3.1.B Direct Investment by India	2,562	19,757	-17,195	2,456	13,348	-10,892	5,488	12,622	-7,134	7535	16,734	-9199												
3.2 Portfolio Investment	251,903	223,660	28,243	185,013	168,440	16,573	175,053	148,349	26,704	203164	19,8362	4,802												
3.2A Portfolio Investment in India	251,125	221,794	29,422	184,510	167,338	16,812	173,575	145,992	27,582	20,2312	19,7394	5,099												
3.2.B Portfolio Investment by India	777	1,956	-1,179	863	1,102	-239	1,479	2,357	-878	851	1058	-207												
3.3 Financial derivatives (other than reserves) and employee stock options	-	-	-	-	-	-	3,257	5,571	-2,315	9,607	7,601	2,006												
3.4 Other investment	213,212	189,734	23,478	244,512	215,304	29,208	253,686	208,513	45,173	254,424	234,707	19,717												
3.4.1 Other equity (ADRs/GDRs)	2,049	-	2,049	597	-	597	1,87	-	187	20	-	20												
3.4.2 Currency and deposits	50,954	47,186	3,768	64,714	52,619	12,095	65,950	50,638	15,312	88,244	48858	3,9386												
3.4.3 Loans (External Assistance, ECBs and Banking Capital)	73,374	55,079	18,295	63,427	46,656	16,770	50,128	39,403	10,726	54524	55,653	-1129												
3.4.4 Insurance, pension, and standardized guarantee schemes	-	-	-	-	-	-	-	31	138	-107	575	648	-74											
3.4.5 Trade credit and advances	76,776	64,742	12,034	102,754	96,087	6,668	122,734	101,977	21,657	100,17	105,161	-5044												
3.4.6 Other accounts receivable/payable—other	10,059	22,727	-12,668	13,021	19,943	-6,922	14,686	17,395	-2,708	10,944	24,387	-13394												
3.4.7 Special drawing rights	-	-	-	-	-	-	-	-	-	-	-	-												
3.5 Reserve assets	-	13,050	-13,050	18,550	5,719	12,831	158	3,984	-3,826	10701	26,209	-15508												
4 Total assets/liabilities	503,724	453,219	50,505	497,083	416,410	80,673	471,971	386,523	85,449	521,478	488,897	3,581												
5 Net errors and omissions	-	2,636	-2,636	-	2,432	-2,432	2,688	-2,688	-	887	1709	-882												

Note : Totals may not tally due to rounding off.

Table 6.4 : Exchange Rate of Rupee vis-a-vis Selected Currencies of the World

Year /Month	US dollar	Pound sterling	Euro ^a	Japanese yen	Canadian dollar	Turkish lira	Indonesian rupiah	Brazilian real	Mexican pesos	Korean won	Pakistan rupee	Thailand baht	SDR	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
2009-10	47.417	75.886	67.084	0.511	43.488	31.36	0.00	25.46	3.62	0.04	0.57	1.41	73.733	
1991-92	24.474	42.515	0.185	21.267	0.005	0.05	0.008	0.033	1.021	0.977	33.433			
March -1992	25.89	44.677	0.194	21.709	0.004	0.013	0.015	0.009	0.034	1.05	1.015	35.347		
1992-93														
April	25.89	45.461	0.194	21.8	0.004	0.012	0.013	0.009	0.033	1.049	1.021	354.85		
May	25.89	46.838	0.198	21.586	0.004	0.01	0.009	0.033	1.056	1.014	35.931			
June	25.89	47.788	0.204	21.651	0.004	0.013	0.008	0.009	0.033	1.085	1.02	36.551		
July	25.89	49.721	0.206	21.764	0.004	0.013	0.007	0.009	0.033	1.119	1.025	37.385		
August	25.89	50.384	0.205	21.734	0.004	0.013	0.006	0.009	0.033	1.033	1.027	37.709		
September	25.89	47.567	0.211	21.161	0.004	0.013	0.005	0.009	0.034	1.035	1.028	37.695		
October	25.89	42.862	0.214	20.805	0.003	0.013	0.004	0.009	0.033	1.054	1.026	37.162		
November	25.89	39.535	0.209	20.413	0.003	0.013	0.003	0.008	0.033	1.021	1.019	35.91		
December	26.154	40.578	0.211	20.574	0.003	0.013	0.002	0.008	0.033	1.028	1.026	36.329		
January	26.199	40.141	0.21	20.500	0.003	0.013	0.002	8.435 ^b	0.033	1.025	1.028	36.082		
February	26.199	37.704	0.217	20.788	0.003	0.013	0.002	8.46	0.033	1.01	1.029	35.939		
March -1992	29.455	51.959	0.227	24.698	0.005	0.015	0.017	0.01	0.383	1.195	1.155	35.347		
1992-93	30.649	51.686	0.246	24.927	0.004	0.015	0.01	2.565	0.039	1.229	1.208	37.142		
2000-01	45.684	67.552	41.483	0.414	30.383	0.007 ^d	0.005	24.153	4.788	0.039	0.82	1.1	59.546	
2001-02	47.692	68.319	42.181	0.382	30.473	0.004 ^d	0.005	19.549	5.183	0.037	0.772	1.069	60.215	
2002-03	48.395	74.819	48.090	0.397	31.253	0.003 ^d	0.005	15.489	4.806	0.04	0.819	1.132	64.126	
2003-04	45.952	77.739	53.990	0.407	33.991	0.003 ^d	0.005	15.713	4.248	0.039	0.798	1.132	65.684	
2004-05	44.932	82.864	56.512	0.418	35.205	8.269 ^e	0.005	15.707	3.964	0.041	0.763	1.121	66.928	
2005-06	44.273	79.047	53.912	0.391	37.137	32.843	0.045	19.17	4.122	0.044	0.741	1.096	64.49	
2006-07	45.285	85.643	58.111	0.388	39.765	31.156	0.095	21.044	4.113	0.048	0.748	1.236	67.254	
2007-08	40.261	80.841	56.991	0.353	39.042	32.155	0.004	21.762	3.703	0.043	0.658	1.194	62.651	
2008-09	45.993	78.316	65.135	0.462	40.875	32.80	0.00	23.61	3.87	0.04	0.61	1.35	71.277	
2009-10	47.417	75.886	67.084	0.511	43.488	31.36	0.00	25.46	3.62	0.04	0.57	1.41	73.733	
2010-11	45.577	70.885	60.218	0.533	44.840	30.24	0.01	26.43	3.66	0.04	0.53	1.47	69.723	
2011-12	47.92	76.38	65.89	0.61	48.31	27.68	0.01	28.22	3.79	0.04	0.55	1.56	75.31	
2012-13	54.41	85.98	70.97	0.66	54.35	30.27	0.01	27.08	4.17	0.05	0.57	1.77	83.03	
2013-14	60.50	96.30	81.17	0.60	57.35	30.93	0.01	26.86	4.68	0.06	0.59	1.92	92.16	

Source : Reserve Bank of India.

a: The Euro came into existence on Jan/01/1999.

b: Peso revalued in January 1993 1000 old Peso = 1 New Peso.

c: Indicative rates announced by Foreign Exchange Dealers Association of India (FEDAI).

d: 100 Turkish Lira.

e: Turkish Lira has been replaced by New Lira w.e.f. 1.1.2005

Notes : 1. Annual/monthly averages. During March 1992 to February 1993, a dual exchange rate system was prevalent, in which the official rate was fixed by the RBI and the market rate was determined in the Inter-Bank market for the US dollar.

2. The data for 2001-02 in respect of Deutsche Mark, French Franc and Italian Lira pertain to 11 months only as Germany, France and Italy accepted the Euro as their national currency w.e.f. March 1, 2002.

3. Figures of US dollar, Pound sterling, Euro and Japanese yen from May 2012 onwards are RBI's reference rates.

Table 6.5 : Trends in Nominal and Real Effective Exchange Rate of Rupee
 (Trade Based Weights)

Year/month (Average)	Nominal effective exchange rate (NEER) 6-currency index	Real effective exchange rate (REER) 6-currency index	Nominal effective exchange rate (NEER) 36-currency index	Real effective exchange rate (REER) 36-currency index
1	2	3	4	5
(Base: 1993-94=100)				
1994-95	96.96	105.82	98.91	104.32
1995-96	88.56	101.27	91.54	98.19
1996-97	86.85	101.11	89.27	96.83
1997-98	87.94	104.41	92.04	100.77
1998-99	77.49	96.14	89.05	93.04
1999-00	77.16	97.69	91.02	95.99
2000-01	77.43	102.82	92.12	100.09
2001-02	76.04	102.71	91.58	100.86
2002-03	71.27	97.68	89.12	98.18
2003-04	69.97	99.17	87.14	99.56
2004-05	69.58	101.78	87.31	100.09
(Base: 2004-05=100)				
2005-06	103.04	104.40	102.24	102.38
2006-07	98.09	103.80	97.63	100.76
2007-08	104.62	113.40	104.75	109.20
2008-09	90.42	103.90	93.34	99.65
2009-10	87.07	110.70	90.94	103.88
2010-11	91.83	124.50	93.54	112.68
2011-12	84.44	121.20	87.38	110.27
2012-13	75.54	117.08	78.32	105.57
2013-14 (P)	67.72	112.70	72.32	103.27
2013-14 (P)				
April	75.97	120.87	78.64	108.03
May	75.29	121.20	78.05	107.99
June	70.51	114.22	73.71	103.26
July	68.89	112.99	73.53	104.02
August	64.61	107.56	69.60	99.47
September	63.95	107.64	68.93	99.32
October	65.57	111.11	70.77	102.62
November	64.78	111.61	69.98	102.96
December	65.27	111.34	70.87	102.99
January	65.14	109.88	71.08	102.75
February	64.90	109.41	70.82	101.97
March	66.27	112.29	71.90	103.82

Source : Reserve Bank of India.

P: Provisional

Table 7.1(A) : Exports, Imports and Trade Balance

Year	Exports (including re-exports)	Imports	Trade Balance	Rate of Change	
				Export	Import (per cent)
1	2	3	4	5	6
1949-50	485	617	-132	na	na
1950-51	606	608	-2	24.9	-1.5
1951-52	716	890	-174	18.2	46.4
1952-53	578	702	-124	-19.3	-21.1
1953-54	531	610	-79	-8.1	-13.1
1954-55	593	700	-107	11.7	14.8
1955-56	609	774	-165	2.7	10.6
1956-57	605	841	-236	-0.7	8.7
1957-58	561	1035	-474	-7.3	23.1
1958-59	581	906	-325	3.6	-12.5
1959-60	640	961	-321	10.2	6.1
1960-61	642	1122	-480	0.3	16.8
1961-62	660	1090	-430	2.8	-2.9
1962-63	685	1131	-446	3.8	3.8
1963-64	793	1223	-430	15.8	8.1
1964-65	816	1349	-533	2.9	10.3
1965-66	810	1409	-599	-0.7	4.4
1966-67	1157	2078	-921	42.8	47.5
1967-68	1199	2008	-809	3.6	-3.4
1968-69	1358	1909	-551	13.3	-4.9
1969-70	1413	1582	-169	4.1	-17.1
1970-71	1535	1634	-99	8.6	3.3
1971-72	1608	1825	-217	4.8	11.7
1972-73	1971	1867	104	22.6	2.3
1973-74	2523	2955	-432	28.0	58.3
1974-75	3329	4519	-1190	31.9	52.9
1975-76	4036	5265	-1229	21.2	16.5
1976-77	5142	5074	68	27.4	-3.6
1977-78	5408	6020	-612	5.2	18.6
1978-79	5726	6811	-1085	5.9	13.1
1979-80	6418	9143	-2725	12.1	34.2
1980-81	6711	12549	-5838	4.6	37.3
1981-82	7806	13608	-5802	16.3	8.4
1982-83	8803	14293	-5490	12.8	5.0
1983-84	9771	15831	-6060	11.0	10.8
1984-85	11744	17134	-5390	20.2	8.2
1985-86	10895	19658	-8763	-7.2	14.7
1986-87	12452	20096	-7644	14.3	2.2
1987-88	15674	22244	-6570	25.9	10.7
1988-89	20232	28235	-8003	29.1	26.9
1989-90	27658	35328	-7670	36.7	25.1
1990-91	32553	43198	-10645	17.7	22.3
1991-92	44041	47851	-3810	35.3	10.8
1992-93	53688	63375	-9687	21.9	32.4
1993-94	69751	73101	-3350	29.9	15.3
1994-95	82674	89971	-7297	18.5	23.1
1995-96	106353	122678	-16325	28.6	36.4
1996-97	118817	138920	-20103	11.7	13.2
1997-98	130100	154176	-24076	9.5	11.0
1998-99	139752	178332	-38580	7.4	15.7
1999-00	159095	215529	-56433	13.8	20.9
2000-01	203571	230873	-27302	26.6	5.9
2001-02	209018	245200	-36182	2.7	6.2
2002-03	255137	297206	-42069	22.1	21.2
2003-04	293367	359108	-65741	15.0	20.8
2004-05	375340	501065	-125725	27.9	39.5
2005-06	456418	660409	-203991	21.6	31.8
2006-07	571779	840506	-268727	25.3	27.3
2007-08	655864	1012312	-356448	14.7	20.4
2008-09	840755	1374436	-533680	28.2	35.8
2009-10	845534	1363736	-518202	0.6	-0.8
2010-11	1142922	1683467	-540545	35.2	23.4
2011-12	1465959	2345463	-879504	28.3	39.3
2012-13	1634319	2669162	-1034843	11.5	13.8
2013-14 (P) ^a	1894182	2714182	-82000	15.9	1.7

Source : Directorate General of Commercial Intelligence & Statistics (DGCI&S), Kolkata P : Provisional

^a Growth rate on provisional over revised basis and based on Department of Commerce methodology.

Note: For the years 1956-57, 1957-58, 1958-59 and 1959-60, the data are as per the Fourteenth Report of the Estimates Committee(1971-72) of the erstwhile Ministry of Foreign Trade.

Table 7.1(B) : Exports, Imports and Trade Balance

(US \$ Million)

Year	Exports (including re-exports)	Imports	Trade Balance	Rate of Change	
				Export	Import (per cent)
1	2	3	4	5	6
1949-50	1016	1292	-276	na	na
1950-51	1269	1273	-4	24.9	-1.5
1951-52	1490	1852	-362	17.4	45.5
1952-53	1212	1472	-260	-18.7	-20.5
1953-54	1114	1279	-165	-8.1	-13.1
1954-55	1233	1456	-223	10.7	13.8
1955-56	1275	1620	-345	3.4	11.3
1956-57	1259	1750	-491	-1.3	8.0
1957-58	1171	2160	-989	-7.0	23.4
1958-59	1219	1901	-682	4.1	-12.0
1959-60	1343	2016	-673	10.2	6.0
1960-61	1346	2353	-1007	0.2	16.7
1961-62	1381	2281	-900	2.6	-3.1
1962-63	1437	2372	-935	4.1	4.0
1963-64	1659	2558	-899	15.4	7.8
1964-65	1701	2813	-1112	2.5	10.0
1965-66	1693	2944	-1251	-0.5	4.7
1966-67	1628	2923	-1295	-3.8	-0.7
1967-68	1586	2656	-1070	-2.6	-9.1
1968-69	1788	2513	-725	12.7	-5.4
1969-70	1866	2089	-223	4.4	-16.9
1970-71	2031	2162	-131	8.8	3.5
1971-72	2153	2443	-290	6.0	13.0
1972-73	2550	2415	135	18.4	-1.1
1973-74	3209	3759	-550	25.8	55.7
1974-75	4174	5666	-1492	30.1	50.7
1975-76	4665	6084	-419	11.8	7.4
1976-77	5753	5677	76	23.3	-6.7
1977-78	6316	7031	-715	9.8	23.9
1978-79	6978	8300	-1322	10.5	18.0
1979-80	7947	11321	-3374	13.9	36.4
1980-81	8486	15869	-7383	6.8	40.2
1981-82	8704	15174	-6470	2.6	-4.4
1982-83	9107	14787	-5680	4.6	-2.6
1983-84	9449	15311	-5862	3.8	3.5
1984-85	9878	14412	-4534	4.5	-5.9
1985-86	8904	16067	-7163	-9.9	11.5
1986-87	9745	15727	-5982	9.4	-2.1
1987-88	12089	17156	-5067	24.1	9.1
1988-89	13970	19497	-5527	15.6	13.6
1989-90	16612	21219	-4607	18.9	8.8
1990-91	18143	24075	-5932	9.2	13.5
1991-92	17865	19411	-1546	-1.5	-19.4
1992-93	18537	21882	-3345	3.8	12.7
1993-94	22238	23306	-1068	20.0	6.5
1994-95	26330	28654	-2324	18.4	22.9
1995-96	31797	36678	-4881	20.8	28.0
1996-97	33470	39133	-5663	5.3	6.7
1997-98	35006	41484	-6478	4.6	6.0
1998-99	33218	42389	-9171	-5.1	2.2
1999-00	36715	49738	-13023	10.5	17.3
2000-01	44076	49975	-5899	20.0	0.5
2001-02	43827	51413	-7587	-0.6	2.9
2002-03	52719	61412	-8693	20.3	19.4
2003-04	63843	78149	-14307	21.1	27.3
2004-05	83536	111517	-27981	30.8	42.7
2005-06	103091	149166	-46075	23.4	33.8
2006-07	126414	185735	-59321	22.6	24.5
2007-08	163132	251654	-88522	29.0	35.5
2008-09	185295	303696	-118401	13.6	20.7
2009-10	178751	288373	-109621	-3.5	-5.0
2010-11	251136	369769	-118633	40.5	28.2
2011-12	305964	489319	-183356	21.8	32.3
2012-13	300401	490737	-190336	-1.8	0.3
2013-14 (P) ^a	312610	450068	-137458	4.1	-8.3

Source : DGCI&S, Kolkata P : Provisional

^a Growth rate on provisional over revised basis and based on Department of Commerce methodology.

Note : For the years 1956-57, 1957-58, 1958-59 and 1959-60, the data are as per the Fourteenth Report of the Estimates Committee(1971-72) of the erstwhile Ministry of Foreign Trade.

Table 7.2(A) : Principal Imports

		1960-61			1970-71			1980-81		
1	2	Qty.	₹ cr	\$ million	Qty.	₹ cr	\$ million	Qty.	₹ cr	\$ million
		3	4	5	6	7	8	9	10	11
I.	Food and live animals chiefly for food (excl. cashew raw) of which:	...	214	449	...	242	321	...	380	481
I.1	Cereals and cereal preparations	3747.7	181	380	3343.2	213	282	400.8	100	127
II.	Raw materials and intermediate manufactures	...	527	1105	...	889	1176	...	9760	12341
II.1	Cashewnuts (unprocessed)	na	169.4	29	39	25	9	11
II.2	Crude rubber (including synthetic and reclaimed)	36.2	11	23	7.8	4	5	26.2	32	40
II.3	Fibres of which:	...	101	212	...	127	168	...	164	208
II.3.1	Synthetic and regenerated fibres (man-made fibres)	0.2	15.8	9	12	68.8	97	122
II.3.2	Raw wool	1.9	1	2	19	15	20	18.8	43	55
II.3.3	Raw cotton	237.1	82	172	139.1	99	131	na
II.3.4	Raw jute	100.4	8	17	0.7	...	0	8	1	1
II.4	Petroleum, oil and lubricants	800	69	145	12767	136	180	23537	5264	6656
II.5	Animal and vegetable oils and fats of which:	...	5	10	...	39	51	...	709	896
II.5.1	Edible oils	31.1	4	8	84.7	23	31	1633.3	677	857
II.6	Fertilizers and chemical products of which:	...	88	185	...	217	286	...	1490	1884
II.6.1	Fertilizers and fertilizer mfg	307	13	27	2392.7	86	113	5560.2	818	1034
II.6.2	Chemical elements and compounds	...	39	82	...	68	90	...	358	453
II.6.3	Dyeing, tanning and colouring material	...	1	2	...	9	12	...	21	26
II.6.4	Medicinal and pharmaceutical products	...	10	21	...	24	32	...	85	107
II.6.5	Plastic material, regenerated cellulose and artificial resins	...	9	19	...	8	11	...	121	154
II.7	Pulp and waste paper	80.3	7	15	71.7	12	16	36.9	18	23
II.8	Paper, paper board and manufactures thereof	55.6	12	25	159	25	33	371.4	187	236
II.9	Non-metallic mineral manufactures of which:	...	6	13	...	33	44	...	555	702
II.9.1	Pearls, precious and semiprecious stones, unworked or worked	...	1	2	...	25	33	...	417	527
II.10	Iron and steel	1325.2	123	258	683.4	147	194	2031.1	852	1078
II.11	Non-ferrous metals	...	47	99	...	119	158	...	477	604
III.	Capital goods ^a	...	356	747	...	404	534	...	1910	2416
III.1	Manufactures of metals	...	23	48	...	9	12	...	90	113
III.2	Non-electrical machinery apparatus and appliances including machine tools ^b	...	203	426	...	258	341	...	1089	1377
III.3	Electrical machinery, apparatus and appliances ^b	...	57	120	...	70	93	...	260	328
III.4	Transport equipment	...	72	151	...	67	88	...	472	597
Total Imports		...	1122	2353	...	1634	2162	...	12549	15869

Contd...

Table 7.2 (A) : Principal Imports (Contd.)

1	2	Quantity : Thousand tonnes Value : ₹ crore & US\$ million									
		1990-91			2000-01			2010-11			
		Qty.	₹ cr	\$ million	Qty.	₹ cr	\$ million	Qty.	₹ cr	\$ million	
12	13	14	15	16	17	18	19	20			
I.	Food and live animals chiefly for food (excl. cashew raw) of which:
I.1	Cereals and cereal preparations	308.3	182	102	69.9	90	20	251.5	545	119	
II.	Raw materials and intermediate manufactures	
II.1	Cashewnuts (unprocessed)	82.6	134	75	249.7	962	211	501.0	2650	578	
II.2	Crude rubber (including synthetic and reclaimed)	105.1	226	126	119.1	695	152	587.7	8074	1771	
II.3	Fibres of which:	
II.3.1	Synthetic and regenerated fibres (man-made fibres)	21.2	56	31	42.6	275	60	81.5	957	210	
II.3.2	Raw wool	29.4	182	102	53.7	458	100	94.4	1435	315	
II.3.3	Raw cotton	0.2	1	0	212.3	1185	259	56.5	624	137	
II.3.4	Raw jute	32.1	20	11	67.3	84	18	83.1	302	67	
II.4	Petroleum, oil and lubricants	29359	10816	6028	...	71497	15650	...	482282	105964	
II.5	Animal and vegetable oils and fats of which:	
II.5.1	Edible oils	525.8	326	182	4267.9	6093	1334	6677.6	29860	6551	
II.6	Fertilizers and chemical products of which:	
II.6.1	Fertilizers and fertilizer mfg	7560.3	1766	984	7423.4	3034	664	20658.9	31533	6885	
II.6.2	Chemical elements and compounds	...	2289	1276	...	1542	338	...	13278	2914	
II.6.3	Dyeing, tanning and colouring material	...	168	94	...	874	191	...	5368	1178	
II.6.4	Medicinal and pharmaceutical products	...	468	261	...	1723	377	...	11114	2436	
II.6.5	Plastic material, regenerated cellulose and artificial resins	...	1095	610	...	2551	558	...	31304	6874	
II.7	Pulp and waste paper	678.2	458	255	1050.9	1290	282	2634.5	5208	1145	
II.8	Paper, paper board and manufactures thereof	286.4	456	254	585.6	2005	439	2145.0	9614	2111	
II.9	Non-metallic mineral manufactures of which:	797	174	
II.9.1	Pearls, precious and semiprecious stones, unworked or worked	...	3738	2083	...	22101	4838	...	157596	34620	
II.10	Iron and steel	1920.5	2113	1178	1613.6	3569	781	9843.9	47275	10376	
II.11	Non-ferrous metals	...	1102	614	...	2462	539	...	212153	46677	
III.	Capital goods ^a	...	10466	5833	...	25281	5534	...	231712	50907	
III.1	Manufactures of metals	...	302	168	...	1786	391	...	15167	3332	
III.2	Non-electrical machinery ^b apparatus and appliances including machine tools	...	4240	2363	...	16915	3703	...	118928	26111	
III.3	Electrical machinery, apparatus and appliances ^b	...	1702	949	...	2227	487	...	17510	3845	
III.4	Transport equipment	...	1670	931	...	4353	953	...	52112	11467	
	Total Imports	...	43198	24075	...	230873	49975	...	1683467	369769	

Contd...

Table 7.2(A) : Principal Imports (Contd.)

		Quantity : Thousand tonnes Value : ₹ crore & US \$ Million								
1	2	2011-12			2012-13			2013-14 (P)		
		Qty.	₹ Cr	\$ million	Qty.	₹ Cr	\$ million	Qty.	₹ Cr	\$ million
21	22	23	24	25	26	27	28	29		
I.	Food and live animals chiefly for food (excl. cashew raw) of which:
I.1	Cereals and cereal preparations	64.5	352	74	100.8	467	86	92.3	539	89
II.	Raw materials and intermediate manufactures
II.1	Cashewnuts (unprocessed)	809.8	5339	1136	892.4	5332	980	771.4	4564	757
II.2	Crude rubber (including synthetic and reclaimed)	665.3	11990	2509	709.9	12163	2236	862.3	12885	2137
II.3	Fibres of which:
II.3.1	Synthetic and regenerated fibres (man-made fibres)	107.8	1383	291	95.8	1461	269	119.3	1889	313
II.3.2	Raw wool	76.3	1877	395	77.2	1802	331	89.6	1962	325
II.3.3	Raw cotton	77.4	1059	223	232.6	2467	454	177.7	2371	393
II.3.4	Raw jute	181.3	449	96	148.7	371	68	52.7	146	24
II.4	Petroleum, oil and lubricants	...	743075	154968	...	891871	163974	...	1000064	165837
II.5	Animal and vegetable oils and fats of which:
II.5.1	Edible oils	8445.0	46255	9668	11013.7	61107	11235	10434.2	56489	9367
II.6	Fertilizers and chemical products of which:
II.6.1	Fertilizers and fertilizer mfg	27840.1	53311	10936	24117.3	47722	8774	22154.2	38231	6340
II.6.2	Chemical elements and compounds	...	16595	3482	...	19754	3632	...	22498	3731
II.6.3	Dyeing, tanning and colouring material	...	7003	1462	...	7894	1451	...	9097	1508
II.6.4	Medicinal and pharmaceutical products	...	14288	2970	...	16982	3122	...	17944	2976
II.6.5	Plastic material, regenerated cellulose and artificial resins	...	36134	7516	...	47013	8643	...	55015	9123
II.7	Pulp and waste paper	3215.9	6524	1367	3294.7	6991	1285	3648.8	8378	1389
II.8	Paper, paper board and manufactures thereof	2586.0	12305	2571	2593.7	12947	2380	2761.3	15067	2498
II.9	Non-metallic mineral manufactures of which:
II.9.1	Pearls, precious and semiprecious stones, unworked or worked	...	134266	28200	...	123043	22622	...	144557	23971
II.10	Iron and steel	10601.9	57552	11959	10974.6	59582	10954	7406.3	47912	7945
II.11	Non-ferrous metals	...	317683	66531	...	330725	60805	...	227254	37685
III.	Capital goods ^a	...	311627	64748	...	341977	62874	...	324261	53771
III.1	Manufactures of metals	...	20423	4235	...	23263	4277	...	24579	4076
III.2	Non-electrical machinery ^b apparatus and appliances including machine tools	...	158611	33077	...	165158	30365	...	155167	25731
III.3	Electrical machinery, apparatus and appliances ^b	...	22899	4773	...	24174	4445	...	26350	4369
III.4	Transport equipment	...	67474	13899	...	93722	17231	...	90915	15076
	Total Imports	...	2345463	489319	...	2669162	490737	...	2714182	450068

Source : DGCI&S, Kolkata.

... : Not Available.

P : Provisional

^a From the year 1987-88 onwards, Capital goods include Project goods.^b From the year 1991-92 onwards, Items III.2 & III.3 exclude electronic goods.

Table 7.2(B) : Share and Percentage Growth/Change of Major Imports

Commodity Group	Percentage share				Percentage change ^a			
	2010-11	2011-12	2012-13	2013-14(P)	2010-11	2011-12	2012-13	2013-14(P)
I. Food and allied products ^b of which	2.9	3.0	3.4	3.2	0.8	34.8	17.0	-15.9
1. Cereals ^c	0.0	0.0	0.0	0.0	14.3	-38.5	16.7	3.7
2. Pulses	0.4	0.4	0.5	0.4	-24.1	18.8	25.6	-25.5
3. Cashew Nuts	0.2	0.2	0.2	0.2	-9.5	91.6	-12.0	-23.0
4. Edible Oils	1.8	2.0	2.3	2.1	17.4	47.3	16.3	-16.9
II. Fuel	31.3	35.3	36.9	40.4	20.8	49.2	4.9	0.4
5. Coal ^d	2.7	3.6	3.5	3.6	9.4	77.9	-2.5	-3.5
6. POL	28.7	31.7	33.4	36.7	21.6	46.2	5.9	0.7
III. Fertilizers ^e	1.9	2.3	1.8	1.4	3.4	60.7	-21.2	-28.0
IV. Paper board manufactures & newsprint	0.6	0.5	0.5	0.6	40.3	21.7	-7.3	4.7
V. Capital goods ^f of which	13.8	13.3	12.8	11.9	17.6	27.9	-3.4	-14.7
7. Machinery except elec & machine tool	6.4	6.2	5.6	5.2	11.7	26.3	-8.3	-14.5
8. Electrical machinery	1.0	1.0	0.9	1.0	23.4	24.3	-7.0	-2.0
9. Transport equipment	3.1	2.9	3.5	3.3	-2.2	23.1	22.3	-12.8
10. Project goods	1.7	1.8	1.3	1.0	31.2	43.4	-25.6	-31.3
VI. Others, of which	49.6	45.7	44.6	42.3	41.3	22.1	-2.3	-13.0
ii. Chemicals ^g	5.2	4.9	5.0	5.7	27.9	23.1	2.7	4.3
12. Pearls precious semi precious stones	9.4	5.7	4.6	5.3	114.0	-19.0	-19.3	5.7
13. Iron & steel ^h	2.8	2.5	2.2	1.8	25.9	15.7	-8.8	-27.7
14. Non-ferrous metals ⁱ	1.1	1.0	1.0	1.2	35.7	19.8	4.4	6.8
15. Gold & Silver	11.5	12.6	11.4	7.4	43.0	44.7	-9.5	-40.1
16. Professional instruments, optical goods, etc.	1.1	1.1	1.1	1.2	16.5	24.5	2.0	-3.2
17. Electronic Goods	7.2	6.7	6.4	6.9	26.7	23.0	-3.8	-1.5
Total Imports	100.0	100.0	100.0	100.0	28.2	32.3	0.3	-8.3

Source : DGCI&S, Kolkata.

P : Provisional

^a In term of US dollar^b Including Tea, Sugar, Milk and Cream, Spices, Fruits & Nuts.^c Including wheat, rice and cereals preparations.^d Including coke and briquettes.^e Including fertilizers crude and fertilizers manufactured.^f Including manufactures of metals.^g Including organic chemical, inorganic chemical, chemical materials & products and dyeing, tanning & colouring material.^h Including primary steel and pig iron based items.ⁱ Excluding gold and silver

Table 7.3 (A) : Principal Exports

		Quantity : Thousand tonnes Value : ₹ crore & US\$ million									
1	2	1960-61			1970-71			1980-81			
		Qty.	₹ cr	\$ million	Qty.	₹ cr	\$ million	Qty.	₹ cr	\$ million	
3	4	5	6	7	8	9	10	11			
I.	Agricultural and allied products: of which	...	284	596	...	487	644	...	2057	2601	
I.1	Coffee	19.7	7	15	32.2	25	33	87.3	214	271	
I.2	Tea and mate	199.2	124	260	199.1	148	196	229.2	426	538	
I.3	Oil cakes	433.8	14	29	878.5	55	73	886.0	125	158	
I.4	Tobacco	47.5	16	34	49.8	33	43	91.3	141	178	
I.5	Cashew kernels	43.6	19	40	60.6	57	76	32.3	140	177	
I.6	Spices	47.2	17	36	46.9	39	51	84.2	11	14	
I.7	Sugar and molasses	99.6	30	60	473.0	29	39	97.0	40	50	
I.8	Raw cotton	32.6	12	25	32.1	14	19	131.6	165	209	
I.9	Rice	32.8	5	7	726.7	224	283	
I.10	Fish and fish preparations	19.9	5	10	32.6	31	40	69.4	217	274	
I.11	Meat and meat preparations	...	1	2	...	3	4	...	56	70	
I.12	Fruits, vegetables and pulses (excl. cashew kernels, processed fruits & juices)	...	6	13	...	12	16	...	80	101	
I.13	Miscellaneous processed foods (incl. processed fruits and juices)	...	1	2	...	4	6	...	36	45	
II.	Ores and minerals (excl. coal) of which	...	52	109	...	164	217	...	414	523	
II.1	Mica	28.4	26.7	16	21	16.7	18	22	
II.2	Iron ore (million tonne)	3.2	17	36	21.2	117	155	22.4	303	384	
III.	Manufactured goods of which	...	291	610	...	772	1021	...	3747	4738	
III.1	Textile fabrics & manufactures (excl. carpets hand-made) of which	...	73	153	...	145	192	...	933	1179	
III.1.1	Cotton yarn,fabrics, made-ups etc.	...	65	136	...	142	188	...	408	516	
III.1.2	Readymade garments of all textile materials	...	1	2	...	29	39	...	550	696	
III.2	Coir yarn and manufactures	...	6	13	...	13	17	...	17	22	
III.3	Jute manufactures incl.twist & yarn	790.0	135	283	560.0	190	252	660.0	330	417	
III.4	Leather & leather manufactures incl. leather footwear,leather travel goods & leather garments	...	28	59	...	80	106	...	390	493	
III.5	Handicrafts (incl. carpets hand-made) ^c of which:	...	11	23	...	73	96	...	952	1204	
III.5.1	Gems and jewellery	...	1	2	...	45	59	...	618	782	
III.6	Chemicals and allied products ^a	...	7	15	...	29	39	...	225	284	
III.7	Machinery, transport & metal manufactures including iron and steel ^b	...	22	46	...	198	261	...	827	1045	
IV.	Mineral fuels and lubricants (incl.coal) ^d	...	7	15	...	13	17	...	28	35	
Total Exports		...	642	1346	...	1535	2031	...	6711	8486	

Contd...

Table 7.3 (A) : Principal Exports (Contd.)

1	2	Quantity : Thousand tonnes Value : ₹ crore & US \$ Million									
		1990-91			2000-01			2010-11			
		Qty.	₹ cr	\$ million	Qty.	₹ cr	\$ million	Qty.	₹ cr	\$ million	
12	13	14	15	16	17	18	19	20			
I.	Agricultural and allied products: of which	...	6317	3521	...	28582	6256	...	111393	24448	
I. 1	Coffee	86.5	252	141	184.9	1185	259	232.6	3010	662	
I. 2	Tea and mate	199.1	1070	596	202.4	1976	433	238.3	3354	736	
I. 3	Oil cakes	2447.8	609	339	2417.8	2045	448	6936.9	11070	2438	
I. 4	Tobacco	87.1	263	147	108.3	871	191	215.9	3985	875	
I. 5	Cashew kernels	55.5	447	249	83.8	1883	412	12156.5	2853	627	
I. 6	Spices	103.3	239	133	244.9	1619	354	762.7	8043	1768	
I. 7	Sugar and molasses	191.0	38	21	769.0	511	112	2086.3	5633	1246	
I. 8	Raw cotton	374.4	846	471	30.2	224	49	1885.8	13160	2910	
I. 9	Rice	505.0	462	257	1534.4	2943	644	2471.4	11586	2545	
I. 10	Fish and fish preparations	158.9	960	535	502.6	6367	1394	825.3	11917	2623	
I. 11	Meat and meat preparations	...	140	78	...	1470	322	...	8960	1971	
I. 12	Fruits, vegetables and pulses (excl.cashew kernels, processed fruits & juices)	...	216	120	...	1609	352	...	6350	1397	
I. 13	Miscellaneous processed foods (incl. processed fruits and juices)	...	213	119	...	1094	239	...	3669	806	
II.	Ores and minerals (excl. coal) of which	...	1497	834	...	4139	906	...	39098	8581	
II.1	Mica	42.0	35	19	63.2	64	14	125.8	189	42	
II.2	Iron ore (million tonne)	32.5	1049	585	20161.4	1634	358	46.9	21416	4715	
III.	Manufactured goods of which	...	23736	13229	...	160723	35181	...	789433	173263	
III. 1	Textile fabrics & manufactures (excl. carpets hand-made) of which	...	6832	3807			
III.1.1	Cotton yarn,fabrics, made-ups etc.	...	2100	1170	...	16030	3509	...	13160	2910	
III.1.2	Readymade garments of all textile materials	...	4012	2236	...	25478	5577	...	52861	11614	
III. 2	Coir yarn and manufactures	...	48	27	...	221	48	...	726	159	
III. 3	Jute manufactures incl.twist & yarn	220.0	298	166	...	932	204	...	2092	459	
III. 4	Leather & leather manufactures incl. leather footwear,leather travel goods & leather garments	...	2600	1449	...	8914	1951	...	17818	3909	
III. 5	Handicrafts (incl. carpets hand-made) ^c of which	...	6167	3437	...	5097	116	...	5877	1293	
III. 5.1	Gems and jewellery	...	5247	2924	...	33734	7384	...	184420	40509	
III. 6	Chemicals and allied products ^a	...	2111	1176	...	22851	5002	...	131544	28905	
III. 7	Machinery, transport & metal manufactures including iron and steel ^b	...	3872	2158	...	31870	6976	...	226805	49815	
IV.	Mineral fuels and lubricants (incl.coal) ^d	...	948	528	...	8822	1931	...	192639	42280	
	Total Exports	...	32553	18143	...	203571	44076	...	1142922	251136	

Contd...

Table 7.3(A) : Principal Exports (Contd.)

		Quantity : Thousand tonnes Value : ₹ crore & US \$ Million								
1	2	2011-12			2012-13			2013-14 (P)		
		Qty.	₹ Cr	\$ million	Qty.	₹ Cr	\$ million	Qty.	₹ Cr	\$ million
21	22	23	24	25	26	27	28	29		
I.	Agricultural and allied products: of which	...	180279	37618	...	223170	41017	...	260906	43128
I. 1	Coffee	278.9	4535	953	254.0	4711	866	253.9	4797	793
I. 2	Tea and mate	292.4	4079	848	268.8	4719	867	247.6	4832	799
I. 3	Oil cakes	7406.4	11796	2420	6578.2	16520	3036	6564.1	17034	2816
I. 4	Tobacco	197.2	4006	836	230.4	5030	924	237.1	6134	1014
I. 5	Cashew kernels	14763.2	4450	928	113.0	4097	753	129.0	5135	849
I. 6	Spices	935.9	13220	2750	1008.9	15365	2824	1029.3	15981	2642
I. 7	Sugar and molasses	3125.5	8971	1881	3137.0	8800	1617	2671.0	7273	1202
I. 8	Raw cotton	2003.6	21624	4328	2056.7	20277	3727	1940.7	22248	3678
I. 9	Rice	7176.0	24109	4940	10147.0	33858	622310776.0	46793	7735	
I. 10	Fish and fish preparations	972.2	16585	3444	965.1	18841	3463	999.2	30617	5061
I. 11	Meat and meat preparations	...	14111	2921	...	17903	3290	...	27247	4504
I. 12	Fruits, vegetables and pulses (excl.cashew kernels, processed fruits & juices)	...	7587	1579	...	8983	1651	...	12535	2072
I. 13	Miscellaneous processed foods (incl. processed fruits and juices)	...	5491	1139	...	6931	1274	...	9438	1560
II.	Ores and minerals (excl. coal) of which	...	40953	8546	...	30892	5678	...	34827	5757
II. 1	Mica	131.1	238	50	126.8	276	51	126.4	304	50
II. 2	Iron ore (million tonne)	47.2	22184	4597	18.1	8985	1651	16.5	9562	1581
III.	Manufactured goods of which	...	964388	201237	...	1035058	190237	...	1204072	199033
III. 1	Textile fabrics & manufactures (excl. carpets hand-made) of which	...	21624	4328	...	40947	7526	...	53914	8912
III. 1.1	Cotton yarn,fabrics, made-ups etc.	...	65613	13711	...	70343	12929	...	90402	14943
III. 1.2	Readymade garments of all textile materials	...	1018	212	...	1069	196	...	1395	231
III. 2	Coir yarn and manufactures	...	2226	465	...	2124	390	...	2296	380
III. 3	Jute manufactures incl.twist & yarn	...	22973	4803	...	26596	4888	...	34517	5706
III. 4	Leather & leather manufactures incl. leather footwear,leather travel goods & leather garments	...	5383	1123	...	6463	1188	...	7969	1317
III. 5	Handicrafts (incl. carpets hand-made) ^c of which	...	214889	44888	...	236162	43405	...	248465	41071
III. 6	Chemicals and allied products ^a	...	177872	37032	...	250325	46008	...	250325	41379
III. 7	Machinery, transport & metal manufactures including iron and steel ^b	...	279702	58555	...	339940	62479	...	418423	69165
IV.	Mineral fuels and lubricants (incl.coal) ^d	...	273231	57015	...	337566	62042	...	391281	64679
	Total Exports	...	1465959	305964	...	1634319	300401	...	1894182	312610

Source : DGCI&S, Kolkata.

... : Not Available.

P : Provisional

^a Chemicals and allied products figures relates to "Basic Chemicals" and "Plastic Linoleum products".^b Also includes electronic goods and computer software.^c Gems and Jewellery excluded from Handicrafts and reported as individual item since 1997-98.^d During 1990-91 and 2000-01 crude oil exports amount to Nil.

Table 7.3(B) : Share and Percentage Growth/Change of Major Exports

Commodity Group	Percentage share				Percentage change ^a			
	2010-11	2011-12	2012-13	2013-14(P)	2010-11	2011-12	2012-13	2013-14(P)
I. Agriculture & allied of which	9.7	12.3	13.7	13.8	36.1	53.9	9.0	5.1
1 Tea	0.3	0.3	0.3	0.3	18.7	15.6	1.9	-7.9
2 Coffee	0.3	0.3	0.3	0.3	54.2	43.2	-8.5	-8.4
3 Cereals	1.3	2.1	3.2	3.3	11.5	91.1	51.2	8.1
4 Unmfg. Tobacco	0.3	0.2	0.2	0.3	-9.4	-12.5	15.9	12.7
5 Spices	0.7	0.9	0.9	0.8	36.0	56.3	2.4	-6.5
6 Cashewnuts	0.2	0.3	0.3	0.3	5.0	48.3	-18.9	12.7
7 Oil Meals	1.0	0.8	1.0	0.9	47.2	1.3	23.3	-7.3
8 Fruits & Vegetables & Pulses	0.6	0.5	0.5	0.7	3.8	13.6	4.3	25.5
9 Marine Products	1.0	1.1	1.2	1.6	25.3	32.3	0.1	46.1
10 Raw Cotton	1.2	1.5	1.2	1.2	43.7	56.2	-17.4	-1.3
II. Ores and Minerals of which	3.4	2.8	1.9	1.8	-1.3	-0.4	-33.6	1.4
11 Iron Ore	1.9	1.5	0.5	0.5	-21.4	-1.5	-64.3	-4.3
12 Processed minerals	0.9	0.6	0.7	0.7	76.8	-16.3	13.3	1.7
13 Other ores & minerals	0.6	0.6	0.6	0.5	11.0	25.9	-8.0	1.0
III. Manufactured goods of which	69.0	65.8	63.3	63.7	44.2	16.2	-5.5	4.6
14 Leather & Manufactures	1.0	1.0	1.1	1.2	15.8	26.1	3.8	15.6
15 Leather footwear	0.6	0.6	0.6	0.6	17.2	16.8	-1.4	18.7
16 Gems & Jewellery	16.1	14.7	14.4	13.1	39.3	10.8	-3.4	-5.2
17 Drugs, Pharmaceuticals & fine chemicals	4.3	4.3	4.9	4.8	19.7	23.8	10.6	2.6
18 Dyes/intmdts. & Coal tar chemicals	1.2	1.3	1.4	1.5	29.1	28.6	6.7	10.0
19 Manufactures of metals	3.4	3.1	3.3	3.1	53.1	13.3	4.9	-3.5
20 Machinery & instruments	4.7	4.7	5.1	5.2	24.1	20.9	6.9	6.0
21 Transport equipments	6.4	6.9	6.1	6.9	63.3	31.7	-13.2	16.8
22 Primary & semi-finished Iron & Steel	1.6	1.7	1.7	2.0	38.6	29.1	-1.4	24.6
23 Electronic Goods	3.3	3.1	2.8	2.5	46.7	13.4	-10.0	-8.8
24 Cotton yarn,fabs,made-ups etc.	2.3	2.2	2.5	2.9	57.0	17.6	10.6	18.4
25 Readymade Garments	4.6	4.5	4.3	4.8	8.4	18.0	-5.6	15.6
26 Handicrafts	0.1	0.1	0.1	0.1	14.3	8.2	-26.6	38.8
IV Crude & Petroleum Products(incl. Coal)	16.8	18.6	20.7	20.7	46.8	34.9	8.8	4.2
V Other & unclassified items	0.9	0.5	0.5	0.4	-12.9	-34.8	-5.4	-2.7
Total Exports	100.0	100.0	100.0	100.0	40.5	21.8	-1.8	4.1

Source : DGCI&S, Kolkata.

P : Provisional

^a In terms of US dollar

Table 7.4(A) : Direction of Imports: Imports by Regions and Countries

REGIONS/COUNTRIES	2010-2011				2011-2012				Change (4) over (2) (Per cent)	Share (Per cent)	2012-13		2013-14(P)		Change (no) over (8) (Per cent)	
	(\$ million)		(\$ million)		(\$ million)		(\$ million)				(₹ crore)	(₹ crore)	(₹ million)	(₹ crore)		
	1	2	3	4	5	6	7	8			9	10	11	12	13	
1 Europe	71,181	333,857	94,056	450,557	32.1	19.2	87,528	475,626	70,670	422,108	-19.3	15.7	11.0	2.8		
(a) EU Countries (27)	44,540	202,779	56,530	270,915	26.9	11.6	52,275	284,327	49,505	298,507	-5.3	-10.9	-10.9	2.4		
1) GERMANY	11,891	54,136	15,499	74,362	30.3	3.2	14,326	77,934	12,771	77,213	-64.676	7.0	1.3	0.9		
2) BELGIUM	8,610	39,479	10,374	49,633	20.5	2.1	10,047	54,537	10,753	34,231	6,050	36,072	-3.9	0.8		
3) UK	5,397	24,562	7,130	34,065	32.1	1.5	6,293	4,711	25,652	4,160	25,158	-11.7	0.9	0.9		
4) ITALY	4,256	19,395	5,045	24,158	18.5	1.0	4,652	25,351	3,565	21,529	-23.4	-23.4	-23.4	0.8		
5) FRANCE	3,795	16,867	4,300	20,671	16.1	0.9	2,379	12,948	2,937	17,702	23.5	0.7	0.7	0.7		
6) NETHERLAND	1,853	8,422	2,605	12,643	40.6	0.5	1,107	6,005	1,041	6,343	-5.9	0.2	0.2	0.2		
7) FINLAND	1,653	7,528	2,113	10,136	27.8	0.4	1,681	9,156	1,680	10,159	-0.1	0.4	0.4	0.4		
8) SWEDEN	1,619	7,368	1,911	9,078	18.0	0.4	1,816	9,894	1,844	11,173	1.5	0.4	0.4	0.4		
9) SPAIN	1,488	6,776	1,818	8,692	22.2	0.4	2,379	12,948	2,937	17,702	23.5	0.7	0.7	0.7		
10) AUSTRIA	817	3,718	1,065	5,122	30.3	0.2	929	5,934	829	5,019	-10.8	0.2	0.2	0.2		
11) CZECH REPUBLIC	677	3,079	727	3,464	7.4	0.1	644	3,502	519	3,145	-19.5	0.1	0.1	0.1		
12) POLAND	386	1,765	578	2,779	49.7	0.1	863	4,695	624	3,786	-27.8	0.1	0.1	0.1		
13) DENMARK	473	2,154	610	2,915	29.1	0.1	542	2,950	445	2,693	-17.8	0.1	0.1	0.1		
14) HUNGARY	343	1,566	428	2,026	24.9	0.1	263	1,432	220	1,334	-16.1	0.0	0.0	0.0		
15) ROMANIA	237	1,081	459	2,193	93.5	0.1	311	1,693	376	2,268	20.7	0.1	0.1	0.1		
16) IRELAND	259	1,181	409	1,967	57.9	0.1	497	2,707	603	3,634	21.3	0.1	0.1	0.1		
17) PORTUGAL	85	389	297	1,426	247.6	0.1	378	2,061	340	2,076	-10.1	0.1	0.1	0.1		
18) ESTONIA	45	203	231	1,150	415.5	0.0	220	1,201	115	710	-47.6	0.0	0.0	0.0		
19) LITHUANIA	125	580	203	983	61.9	0.0	46	249	54	323	17.0	0.0	0.0	0.0		
20) LATVIA	196	900	144	671	-26.8	0.0	74	403	104	622	41.1	0.0	0.0	0.0		
21) SLOVENIA	92	420	157	756	70.5	0.0	118	639	118	74	0.5	0.0	0.0	0.0		
22) GREECE	93	424	112	531	19.7	0.0	112	610	109	659	-2.2	0.0	0.0	0.0		
23) BULGARIA	58	263	102	473	76.5	0.0	90	491	94	568	4.0	0.0	0.0	0.0		
24) SLOVAK REP	88	400	86	416	-1.8	0.0	63	344	53	322	-16.2	0.0	0.0	0.0		
25) LUXEMBOURG	37	167	57	271	55.0	0.0	48	263	46	277	-4.0	0.0	0.0	0.0		
26) MALTA	36	164	42	201	17.6	0.0	43	231	34	210	-19.1	0.0	0.0	0.0		
27) CYPRUS	20	93	28	133	38.7	0.0	21	116	20	122	-4.5	0.0	0.0	0.0		
(b) Other WE Countries	26,589	120,843	37,325	178,721	40.4	7.6	35,149	190,730	20,928	122,121	-40.5	4.6	4.6	4.6		
1) SWITZERLAND	24,802	112,740	35,242	168,569	42.1	7.2	32,167	174,512	19,413	112,930	-39.6	4.3	4.3	4.3		
2) NORWAY	961	4,339	856	4,211	-11.0	0.2	945	5,140	747	4,552	-20.9	0.2	0.2	0.2		
3) TURKEY	821	3,742	1,223	5,915	48.9	0.2	2,034	11,061	761	4,596	-62.6	0.2	0.2	0.2		
4) ICELAND	5	21	5	22	0.9	0.0	2	12	7	41	200.0	0.0	0.0	0.0		
5) LIECHTENSTEIN	0	1	1	4	245.5	0.0	1	5	0	3	-44.7	0.0	0.0	0.0		
(c) East Europe	51	235	201	921	290.5	0.0	105	569	238	1,479	126.5	0.1	0.1	0.1		
1) ALBANIA	0	1	141	635	117,491.7	0.0	31	167	199	1,244	540.5	0.0	0.0	0.0		
2) CROATIA	28	130	24	114	-14.6	0.0	18	99	10	58	-46.1	0.0	0.0	0.0		

Contd...

Table 7.4(A) : Direction of Imports: Imports by Regions and Countries (Contd.)

REGIONS/COUNTRIES	2010-2011				2011-2012				Change (4) over (2) (Per cent)				Share (Per cent)				2013-14(P)			
	(US\$ million)		(` crore)		(US\$ million)		(` crore)		(US\$ million)		(` crore)		(US\$ million)		(` crore)		(US\$ million)		(` crore)	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	
II Africa	3) BOSNIA-HRZGOVIN	19	86	18	86	-3.6	0.0	20	106	2	10	-91.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
	4) MACEDONIA	1	5	15	74	1,348.0	0.0	23	125	20	121	-13.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
	5) UNION OF SERBIA & MONTENEGRO	3	14	2	12	-24.7	0.0	13	72	8	46	-40.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
	(a) Southern Africa	31,956	145,456	44,104	210,806	38.0	9.0	41,111	223,578	36,843	222,594	-10.4	8.2	8.2	8.2	8.2	8.2	8.2	8.2	
	1) SOUTH AFRICA	12,574	57,265	18,250	87,445	45.1	3.7	16,838	91,583	13,132	78,936	-22.0	2.9	2.9	2.9	2.9	2.9	2.9	2.9	
	2) BOTSWANA	7,141	32,525	11,238	53,691	57.4	2.3	8,888	48,320	6,079	35,885	-31.6	1.4	1.4	1.4	1.4	1.4	1.4	1.4	
	3) SWAZILAND	109	504	46	229	-57.8	0.0	71	386	125	771	76.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
	4) NAMIBIA	37	170	10	48	-72.2	0.0	9	50	13	78	41.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
	5) LESOTHO	1	5	3	14	169.0	0.0	4	24	3	14	-42.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
	6) ANGOLA	5,112	23,273	6,625	31,867	29.6	1.4	7,158	38,946	5,981	36,518	-16.4	1.3	1.3	1.3	1.3	1.3	1.3	1.3	
(b) West Africa	7) ZAMBIA	32	145	169	832	425.8	0.0	325	1,769	243	1,454	-25.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
	8) MOZAMBIQUE	103	468	104	496	0.9	0.0	291	1,589	293	1,781	0.5	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
	9) ZIMBABWE	12	53	3	14	-74.4	0.0	35	187	13	76	-63.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
	1) NIGERIA	12,863	58,505	17,765	84,527	38.1	3.6	16,264	88,481	17,446	105,865	7.3	3.9	3.9	3.9	3.9	3.9	3.9	3.9	
	2) COTE D'IVOIRE	251	1,152	467	2,261	86.1	0.1	384	2,105	298	1,791	-22.3	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
	3) CAMEROON	138	628	524	2,463	279.1	0.1	443	2,414	268	1,623	-39.5	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
	4) SENEGAL	206	940	20	93	-90.5	0.0	0	2	154	954	39,284.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
	5) GHANA	160	729	331	1,547	107.3	0.1	278	1,516	371	2,250	33.5	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
	6) GUINEA BISSAU	59	276	236	1,120	296.4	0.0	140	768	110	678	-21.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
	7) BENIN	153	700	255	1,171	66.0	0.1	246	1,350	168	1,001	-31.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
(c) Central Africa	8) CONGO P REP	543	2,480	255	1,263	-53.1	0.1	455	2,501	90	542	-80.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
	9) GUINEA	103	478	262	1,261	154.0	0.1	528	2,871	199	1,144	-62.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
	10) GABON	308	1,412	146	720	-52.5	0.0	817	4,480	869	5,077	6.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	
	11) TOGO	92	421	150	2,06	1,045	171,658.3	0.0	525	2,866	302	1,869	-42.5	0.1	0.1	0.1	0.1	0.1	0.1	0.1
	12) EQUATORIAL GUINEA	0	1	9	74	371	603.7	0.0	69	387	1	3	-99.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	13) NIGER	10	49	40	186	171.7	0.0	30	167	29	182	-3.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
	14) GAMBIA	15	68	40	186	171.7	0.0	30	167	29	182	-3.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
	15) BURKINA FASO	4	19	16	78	299.3	0.0	15	80	17	101	12.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
	16) LIBERIA	18	81	9	42	-49.4	0.0	21	114	15	88	-31.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
	17) MALI	3	15	6	30	86.4	0.0	30	161	71	426	140.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
	18) SIERRA LEONE	7	30	6	27	-17.1	0.0	6	32	6	34	-4.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
	19) MAURITANIA	2	9	4	22	127.7	0.0	11	61	7	44	-34.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
	20) CAPE VERDE IS	2	10	3	16	55.3	0.0	3	19	3	19	-7.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
	21) ST HELENA	0	1	0	0	-61.1	0.0	0	1	0	1	-10.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
	22) SAO TOME	0	1	0	0	-81.8	0.0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
	(c) Central Africa	46	207	91	438	98.1	0.0	230	1,242	107	640	-53.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	

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Table 7.4(A) : Direction of Imports: Imports by Regions and Countries (Contd.)

REGIONS/COUNTRIES	2010-2011				2011-2012				Change (4) over (2) (Per cent)				Share (Per cent)				2013-14(P)				Share (Per cent)	
	(\$US\$ million)		(\$ crore)		(\$US\$ million)		(\$ crore)		(\$US\$ million)		(\$ crore)		(\$US\$ million)		(\$ crore)		(\$US\$ million)		(\$ crore)			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20		
1) MALAWI	20	90	24	113	19.1	0.0	43	234	15	94	-64.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
2) UGANDA	14	62	18	88	33.7	0.0	27	150	33	200	20.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
3) CONGO D. REP.	10	45	0	0	-99.8	0.0	0	0	0	27	167	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
4) CAFRI REP	2	7	2	10	30.3	0.0	2	11	1	1	5	-54.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
5) BURUNDI	0	1	1	3	116.7	0.0	0	1	0	1	1	-21.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
6) RWANDA	0	0	0	1	400.0	0.0	0	1	0	0	2	4.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
7) CHAD	1	3	46	224	7,966.7	0.0	157	845	30	171	-80.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
(d) East Africa	580	2,635	543	2,629	-6.3	0.1	1,055	5,736	1,034	6,162	-1.9	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2		
1) TANZANIA REP	327	1,481	241	1,181	-26.3	0.0	753	4,096	725	4,301	-3.7	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2		
2) KENYA	124	566	13	541	-8.6	0.0	106	577	127	763	19.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
3) MADAGASCAR	32	146	82	399	156.9	0.0	73	394	53	317	-27.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
4) MAURITIUS	17	75	38	181	132.5	0.0	28	155	21	125	-26.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
5) REUNION	18	84	28	132	50.3	0.0	28	151	23	137	-17.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
6) ETHIOPIA	33	149	29	139	-10.2	0.0	39	209	28	170	-26.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
7) SOMALIA	9	42	3	16	-63.2	0.0	13	68	46	279	269.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
8) COMOROS	9	38	3	16	-61.9	0.0	8	44	7	41	-17.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
9) SEYCHELLES	9	42	3	13	-72.1	0.0	2	13	1	6	-58.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
10) DJIBOUTI	2	11	2	10	-10.4	0.0	5	28	4	24	-19.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
III America	36,287	165,178	45,024	215,940	24.1	9.2	59,540	324,089	58,123	351,455	-2.4	12.9	12.9	12.9	12.9	12.9	12.9	12.9	12.9	12.9		
(a) North America	23,244	105,871	28,845	138,378	24.1	5.9	32,043	174,389	29,258	176,568	-8.7	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5		
1) USA	20,051	91,359	23,381	112,026	16.6	4.8	25,205	137,239	22,314	134,428	-11.5	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0		
2) CANADA	2,030	9,243	2,898	14,003	42.7	0.6	2,800	15,277	3,271	19,783	16.8	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7		
3) MEXICO	1,103	5,269	2,567	12,350	120.6	0.5	4,038	21,873	3,673	22,358	-9.0	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8		
(b) Latin America	13,043	59,397	16,179	77,562	24.0	3.3	27,497	149,700	28,865	174,887	5.0	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4		
1) VENEZUELA	5,210	23,748	6,667	32,129	28.0	1.4	14,118	76,835	13,940	84,384	-1.3	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1		
2) BRAZIL	3,549	16,064	4,271	20,419	20.4	0.9	4,826	26,439	3,868	23,067	-21.1	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8		
3) CHILE	1,550	7,056	2,194	10,563	41.5	0.4	2,992	16,214	3,021	18,360	1.0	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7		
4) ARGENTINA	1,023	4,690	1,106	5,216	8.1	0.2	1,109	6,504	1,395	8,502	16.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3		
7) COLOMBIA	856	560	3,866	2,725	-34.6	0.1	2,353	12,813	4,971	29,996	11.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
8) PERU	187	853	556	2,624	196.8	0.1	561	3,051	605	3,658	7.8	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1		
9) COSTA RICA	95	436	178	857	87.1	0.0	220	1,197	204	1,236	-7.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
10) TRINIDAD	80	367	204	948	154.1	0.0	9	48	5	33	-39.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
11) PANAMA REPUBLIC	188	863	159	726	-15.6	0.0	10	597	42	251	-62.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
12) FR GUIANA	0	1	106	507	50,595.2	0.0	1	7	2	15	79.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
13) ECUADOR	169	755	44	216	-73.9	0.0	873	4,708	255	1,588	-70.7	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1		
14) NETHERLAND ANTIL	3	16	28	135	713.8	0.0	16	87	4	26	-72.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
15) URUGUAY	17	79	28	130	59.5	0.0	24	133	20	124	-16.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		

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Table 7.4(A) : Direction of Imports: Imports by Regions and Countries (Contd.)

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Table 7.4(A) : Direction of Imports: Imports by Regions and Countries (Contd.)

REGIONS/COUNTRIES	2010-2011				2011-2012				Change (4) over (2) (Per cent)	Share (Per cent)	2012-13		2013-14(P)		Change (10) over (8) (Per cent)
	(US\$ million)		(` crore)		(US\$ million)		(` crore)				(` crore)	(` crore)	(` crore)	(` crore)	
	1	2	3	4	5	6	7	8	9	10	11	12	13		
6) NAURU RP	4	19	15	72	274.8	0.0	21	116	5	30	-77.4	0.0			
7) FIJI IS	3	14	3	12	-16.1	0.0	1	8	2	11	44.9	0.0			
8) SAMOA	0	1	0	1	33.3	0.0	0	1	0	0	-88.9	0.0			
9) TUVALU	0	1	0	0	-95.5	0.0	0	0	0	0	0	0.0			
10) VANUATU REP	0	0	0	0	0	0.0	0	5	29	0	0	0.0			
11) TONGA	0	0	0	0	0	0.0	0	0	0	0	0	-71.4	0.0		
12) KIRIBATI REP	0	2	0	0	0	0.0	0	0	0	0	0	0.0			
(b) ASEAN	30,608	139,439	42,174	201,390	37.8	8.6	42,866	233,316	41,499	250,915	-3.2	9.2			
1) INDONESIA	9,919	45,136	14,839	70,756	49.6	3.0	14,879	80,966	14,910	90,000	0.2	3.3			
2) MALAYSIA	6,524	29,746	9,474	45,383	45.2	1.9	9,951	54,199	9,211	55,785	-7.4	2.0			
3) SINGAPORE	7,139	32,546	8,339	39,491	16.8	1.7	7,486	40,764	6,774	41,129	-9.5	1.5			
4) THAILAND	4,272	19,460	5,279	25,298	23.6	1.1	5,353	29,113	5,359	32,498	0.1	1.2			
5) VIETNAM SOC REP	1,065	4,848	1,717	8,301	61.3	0.4	2,315	12,594	2,594	15,569	12.1	0.6			
6) MYANMAR	1,018	4,651	1,386	6,636	36.2	0.3	1,443	7,701	1,392	8,370	-1.5	0.3			
7) BRUNEI	234	1,065	605	2,853	158.3	0.1	815	4,406	764	4,575	-6.3	0.2			
8) PHILIPPINES	429	1,950	437	2,107	1.9	0.1	504	2,744	392	2,373	-22.3	0.1			
9) LAO PD RP	0	1	89	440	40,418.2	0.0	139	765	91	539	-34.2	0.0			
10) CAMBODIA	8	36	7	35	-9.1	0.0	12	65	13	77	6.9	0.0			
(c) WANAS	105,616	480,859	147,792	709,429	39.9	30.2	150,025	815,623	139,849	844,185	-6.8	31.1			
1) U ARAB EMITS	32,753	149,123	36,678	175,730	12.3	7.5	39,138	212,923	29,110	174,620	-25.6	6.5			
2) SAUDI ARAB	20,385	92,855	32,108	154,423	57.5	6.6	33,998	184,685	36,556	221,231	7.5	8.1			
3) KUWAIT	10,314	46,976	16,334	78,975	58.4	3.3	16,588	90,184	17,154	103,362	3.4	3.8			
4) QATAR	6,820	31,036	12,927	61,913	89.6	2.6	15,693	85,458	15,729	95,117	0.2	3.5			
5) OMAN	4,002	18,184	3,347	15,813	-16.4	0.7	2,010	10,931	2,954	17,846	47.0	0.7			
6) BAHARAIN IS	641	2,920	910	4,344	41.9	0.2	665	3,597	565	3,459	-15.0	0.1			
7) EGYPT A RP	1,355	6,158	3,004	14,360	121.8	0.6	2,553	13,854	2,389	14,389	-6.5	0.5			
8) ALGERIA	1,816	8,273	2,161	10,411	19.0	0.4	684	3,715	861	5,232	25.9	0.2			
9) MOROCCO	840	3,842	1,658	8,003	97.5	0.3	1,509	7,127	895	5,472	-31.7	0.2			
10) SUDAN	614	2,793	430	2,005	-30.0	0.1	127	693	436	2,696	243.1	0.1			
11) TUNISIA	301	1,376	164	792	-45.5	0.0	215	1,166	92	557	-57.5	0.0			
12) LIBYA	969	4,402	38	196	-96.0	0.0	1,835	9,980	452	2,645	-75.4	0.1			
13) IRAQ	9,008	40,977	18,919	90,536	110.0	3.9	19,247	104,596	18,519	111,628	-3.8	4.1			
14) IRAN	10,928	49,725	13,721	66,241	25.6	2.8	11,594	63,026	10,332	62,936	-10.9	2.3			
15) ISRAEL	2,254	10,263	2,647	12,740	17.5	0.5	2,357	12,814	2,312	13,891	-1.9	0.5			
16) JORDAN	819	3,744	1,483	7,147	81.1	0.3	942	5,112	618	3,679	-34.4	0.1			
17) YEMEN REPUBLIC	1,744	7,966	971	4,807	-44.3	0.2	959	5,153	782	4,727	-18.4	0.2			
18) SYRIA	36	162	179	891	401.7	0.0	80	445	77	474	-4.7	0.0			
19) LEBANON	18	84	21	103	17.2	0.0	30	163	37	224	24.1	0.0			

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Table 7.4(A) : Direction of Imports: Imports by Regions and Countries (Contd.)

REGIONS/COUNTRIES	2010-2011				2011-2012				Change (4) over (2) (Per cent)				Share (Per cent)				2012-13 (₹ crore)				2013-14(P) (₹ million)			
	(US\$ million)		(₹ crore)		(US\$ million)		(₹ crore)		(₹ million)		(₹ crore)		(₹ million)		(₹ crore)		(₹ million)		(₹ crore)		(₹ million)		Change (10) over (8) (Per cent)	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	
(d) NE Asia																								
1) CHINA P RP	76,110	346,632	94,883	455,147	24.7	19.4	89,907	489,352	84,302	509,917	-6.2	18.7												
2) KOREA RP	43,480	198,079	54,688	262,592	25.8	11.2	52,248	284,385	50,991	308,977	-2.4	11.3												
3) JAPAN	10,475	47,712	12,793	61,488	22.1	2.6	13,105	71,337	12,431	75,037	-5.1	2.8												
4) HONG KONG	8,632	39,309	11,965	57,516	38.6	2.4	12,412	67,547	9,480	57,205	-23.6	2.1												
5) TAIWAN	9,415	42,825	10,417	49,604	10.6	2.1	7,907	43,030	7,333	44,169	-7.3	1.6												
3,961	18,037	4,805	22,915	21.3	1.0	3,963	24,576	4,043	24,394	2.0	0.9													
6) MONGOLIA	2	9	15	75	670.1	0.0	10	53	9	51	-14.0	0.0												
7) KOREA DP RP	144	659	198	953	37.3	0.0	259	1,415	12	68	-95.2	0.0												
8) MACAO	0	1	1	4	315.0	0.0	2	8	3	16	76.7	0.0												
(e) South Asia																								
1) SRI LANKA DSR	2,173	9,888	2,430	11,650	11.8	0.5	2,680	14,562	2,457	14,923	-8.3	0.5												
2) BANGLADESH PR	502	2,279	578	2,769	15.2	0.1	626	3,404	677	4,130	8.2	0.2												
3) PAKISTAN IR	447	2,031	586	2,796	31.1	0.1	639	3,4168	461	2,763	-27.9	0.1												
4) NEPAL	333	1,514	362	1,740	8.8	0.1	542	2,944	427	2,607	-21.2	0.1												
5) BHUTAN	53	2,339	550	2,639	7.1	0.1	543	2,958	528	3,200	-2.7	0.1												
6) AFGHANISTAN TIS	202	917	293	974	0.5	0.0	164	892	151	913	-7.9	0.0												
146	662	133	645	845	-8.9	0.0	160	861	209	1,288	30.8	0.0												
7) MALDIVES	31	145	19	88	-39.7	0.0	6	34	4	24	-36.9	0.0												
V CIS & Baltics																								
5,664	25,811	8,274	40,049	46.1	1.7	7,880	42,891	7,749	46,835	-1.7	1.7													
(a) CARs Countries																								
1) KAZAKHSTAN	193	879	255	1,237	32.3	0.1	195	4,063	703	4,267	260.5	0.2												
138	630	196	948	41.4	0.0	140	763	656	656	3,978	368.8	0.1												
2) UZBEKISTAN	21	94	30	148	46.6	0.0	32	173	32	192	-1.1	0.0												
3) TURKMENISTAN	10	45	20	93	102.6	0.0	8	45	14	87	69.3	0.0												
4) TAJIKISTAN	23	105	9	44	-61.5	0.0	13	70	1	5	-93.3	0.0												
5) KYRGYZSTAN	1	5	1	4	-22.5	0.0	2	11	1	1	-69.4	0.0												
(b) Other CIS Countries																								
5,471	24,932	8,018	38,812	46.6	1.6	7,685	41,828	7,045	42,568	-8.3	1.6													
3,600	16,417	4,787	23,180	33.0	1.0	4,232	23,021	3,895	23,571	-8.0	0.9													
1,418	6,459	2,493	12,065	75.7	0.5	2,657	14,471	1,830	11,036	-31.1	0.4													
203	911	494	2,356	142.9	0.1	521	2,848	1,137	6,857	118.0	0.3													
204	940	179	900	-12.6	0.0	215	1,162	158	947	-26.5	0.0													
5) GEORGIA	38	172	59	279	55.8	0.0	58	314	24	144	-58.6	0.0												
6) ARMENIA	7	32	6	29	-12.9	0.0	1	8	2	10	14.9	0.0												
7) MOLDOVA	0	1	0	2	275.0	0.0	1	4	1	3	-24.6	0.0												
V1 Unspecified Region	4,427	20,120	1,167	5,534	-73.6	0.2	1,992	10,837	2,749	16,502	38.0	0.6												
Total Imports	36,9769	1,683,467	4,9319	2,345,463	32.3	100.0	49,0737	2,669,162	4,500,688	2,714,182	-8.3	100.0												

Source : Department of Commerce based on DGCS data.

P : Provisional

Table 7.4(B) : Direction of Exports: Exports by Regions and Countries

REGIONS/COUNTRIES	2010-2011		2011-2012		Change (4) over (2) (Per cent)		Share (Per cent)	(US\$ million)	(₹ crore)	2012-13 (₹ crore)		2013-14(P) (₹ million)		Change (10) over (8) (Per cent)	Share (Per cent)
	(US\$ million)	(₹ crore)	(US\$ million)	(₹ crore)	(₹ crore)	(₹ crore)				(₹ crore)	(₹ crore)	(₹ crore)	(₹ crore)		
1	2	3	4	5	6	7	8	9	10	11	12	13			
1 Europe	49,926	227,218	57,798	276,732	15.8	18.9	56,050	304,743	58,304	353,569	4.0	18.7			
(a) EU Countries (27)	46,078	209,708	52,603	251,951	14.2	17.2	50,469	274,419	51,595	312,891	2.2	16.5			
1) NETHERLAND	7,681	34,967	9,153	43,914	19.2	3.0	10,566	57,380	7,992	48,722	-24.4	2.6			
2) UK	7,312	33,296	8,628	41,324	18.0	2.8	8,649	47,078	9,822	59,483	13.6	3.1			
3) GERMANY	6,754	30,733	7,946	37,982	17.6	2.6	7,253	39,447	7,508	45,471	3.5	2.4			
4) BELGIUM	5,784	26,347	7,161	34,208	23.8	2.3	5,507	29,927	6,354	38,537	15.4	2.0			
5) ITALY	4,554	20,702	4,885	23,283	7.3	1.6	4,373	23,783	5,267	31,852	20.4	1.7			
6) FRANCE	5,210	23,688	4,558	22,022	-12.5	1.5	4,987	27,109	5,116	31,001	2.6	1.6			
7) SPAIN	2,566	11,687	3,000	14,369	16.9	1.0	2,866	15,593	2,884	17,486	0.6	0.9			
8) MALTA	747	3,413	849	4,092	13.7	0.3	398	2,162	168	1,028	-57.8	0.1			
9) SWEDEN	628	2,858	825	3,953	31.4	0.3	686	3,735	732	4,438	6.7	0.2			
10) GREECE	365	1,657	790	3,772	16.5	0.3	300	1,632	335	2,025	11.6	0.1			
11) POLAND	666	3,030	787	3,769	18.1	0.3	811	4,413	993	6,024	22.4	0.3			
12) DENMARK	691	3,142	758	3,616	9.7	0.2	707	3,850	762	4,610	7.7	0.2			
13) PORTUGAL	527	2,395	525	2,502	-0.3	0.2	528	2,874	627	3,807	18.6	0.2			
14) IRELAND	271	1,230	381	1,838	40.7	0.1	387	2,105	414	2,509	7.0	0.1			
15) AUSTRIA	594	2,693	342	1,631	-42.4	0.1	329	1,789	342	2,069	4.1	0.1			
16) HUNGARY	213	968	316	1,516	48.5	0.1	324	1,762	345	2,087	6.5	0.1			
17) FINLAND	255	1,160	314	1,513	23.4	0.1	317	1,726	416	2,531	31.0	0.1			
18) CZECH REPUBLIC	216	982	272	1,307	26.0	0.1	251	1,368	388	2,375	54.2	0.1			
19) ROMANIA	426	1,942	270	1,285	-36.7	0.1	283	1,542	286	1,729	1.0	0.1			
20) SLOVENIA	187	852	227	1,086	21.1	0.1	274	1,495	212	1,275	-22.6	0.1			
21) LITHUANIA	83	379	135	657	61.9	0.0	147	803	105	635	-28.9	0.0			
22) ESTONIA	53	241	116	562	120.1	0.0	92	500	79	479	-13.9	0.0			
23) BULGARIA	70	317	109	521	56.0	0.0	157	854	169	1,025	7.8	0.1			
24) LATVIA	103	471	96	460	-6.8	0.0	104	567	102	617	-1.9	0.0			
25) SLOVAK REP	59	271	94	453	58.7	0.0	107	582	104	631	-2.4	0.0			
26) CYPRUS	43	197	57	273	30.7	0.0	55	300	62	375	12.0	0.0			
27) LUXEMBOURG	19	86	9	43	-51.5	0.0	8	45	12	70	43.2	0.0			
(b) Other WE Countries	3,704	16,854	5,011	23,902	35.3	1.6	5,343	29,028	6,499	39,405	21.6	2.1			
1) TURKEY	2,749	12,510	3,547	16,894	29.0	1.2	3,964	21,524	4,432	27,031	11.8	1.4			
2) SWITZERLAND	691	3,141	1,096	5,281	58.7	0.4	1,118	6,084	1,818	10,863	62.6	0.6			
3) NORWAY	179	816	334	1,566	86.4	0.1	235	1,277	229	1,389	-2.4	0.1			
4) ICELAND	84	386	34	160	-59.7	0.0	26	141	20	120	-23.3	0.0			
5) LIECHTENSTEIN	0	1	0	1	-12.5	0.0	0	1	0	2	18.5	0.0			
(c) East Europe	144	657	184	879	27.3	0.1	238	1,296	210	1,273	-11.8	0.1			
1) CROATIA	98	445	115	550	17.5	0.0	134	727	139	841	3.8	0.0			

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Table 7.4(B) : Direction of Exports: Exports by Regions and Countries

REGIONS/COUNTRIES	2010-2011			2011-2012			Change (4) over (2) (Per cent)			Share (Per cent)			2012-13			2013-14(P)			Change (10) over (8) (Per cent)		
	(US\$ million)	(₹ crore)	(US\$ million)	(₹ crore)	(US\$ million)	(₹ crore)	(US\$ million)	(₹ million)	(US\$ million)	(₹ million)	(US\$ million)	(₹ million)	(US\$ million)	(₹ million)	(US\$ million)	(₹ million)	(US\$ million)	(₹ million)			
1	2	3	4	5	6	7	8	9	10	11	12	13	11	12	11	12	11	12	13		
II Africa	2) UNION OF SERBIA & MONTENEGRO	24	107	42	198	77.0	0.0	7	387	30	182	-57.5	0.0	0.0	182	30	19	185	7.2	0.0	
	3) ALBANIA	12	52	33	61	9.8	0.0	17	95	19	19	18.3	0.0	0.0	19	19	19	19	18.3	0.0	
	4) MACEDONIA	8	38	9	43	6.2	0.0	9	50	11	65	67.4	0.0	0.0	65	11	11	65	18.3	0.0	
	5) BOSNIA-HRZGOVIN	3	15	6	28	80.9	0.0	7	38	12	70	189.808	7.2	10.0	70	12	12	70	189.808	7.2	
	(a) Southern Africa	19,733	89,745	24,674	118,737	25.2	8.1	29,143	158,605	31,230	46,945	7.8	2.5	31,230	39,013	7,724	31,230	39,013	7,724	-0.6	
(b) South Africa	1) SOUTH AFRICA	3,912	17,885	4,731	22,730	20.9	1.5	5,107	27,803	5,076	30,784	30,784	1.6	1.6	30,784	5,076	5,076	30,784	30,784	-0.6	
	2) NAMIBIA	55	232	64	308	16.1	0.0	57	309	212	1,329	273.7	0.1	0.1	212	1,329	12	212	1,329	273.7	0.1
	3) BOTSWANA	34	153	50	242	50.2	0.0	51	280	54	332	5.7	0.0	0.0	54	332	23	23	136	-52.1	0.0
	4) SWAZILAND	87	392	23	112	-73.6	0.0	47	261	23	136	-52.1	0.0	0.0	23	136	189	189	69.9	0.0	
	5) LESOTHO	19	84	21	101	13.7	0.0	18	100	31	189	69.9	0.0	0.0	31	189	189	189	69.9	0.0	
	6) MOZAMBIQUE	605	2,759	533	2,547	-11.9	0.2	1,001	5,445	1,257	7,679	25.6	0.4	0.4	1,257	7,679	5,445	5,445	7,679	25.6	0.4
	7) ANGOLA	675	3,061	454	2,205	-32.7	0.1	489	2,660	536	3,266	9.6	0.2	0.2	536	3,266	2,660	2,660	3,266	9.6	0.2
	8) ZAMBIA	18	539	211	1,016	78.1	0.1	243	1,322	376	2,275	54.6	0.1	0.1	376	1,322	1,322	1,322	2,275	54.6	0.1
	9) ZIMBABWE	13	514	129	619	14.3	0.0	153	834	158	957	3.1	0.1	0.1	158	957	834	834	957	3.1	0.1
	10) West Africa	4,297	19,538	6,460	31,110	50.4	2.1	6,523	35,502	6,993	42,437	7.2	2.2	2.2	6,993	35,502	6,523	6,523	42,437	7.2	2.2
11) Central Africa	1) NIGERIA	2,099	9,542	2,702	13,051	28.7	0.9	2,740	14,917	2,666	16,171	-2.7	0.9	0.9	2,666	16,171	2,740	2,740	16,171	-2.7	0.9
	2) GHANA	580	2,637	800	3,843	38.0	0.3	744	4,050	831	5,041	11.6	0.3	0.3	831	5,041	4,050	4,050	5,041	11.6	0.3
	3) BENIN	264	1,199	655	3,083	148.3	0.2	479	2,605	764	4,636	59.4	0.2	0.2	764	4,636	2,605	2,605	4,636	59.4	0.2
	4) SENEGAL	210	957	365	1,782	73.7	0.1	490	2,673	426	2,580	-13.0	0.1	0.1	426	2,580	2,673	2,673	2,580	-13.0	0.1
	5) TOGO	205	932	355	1,725	73.3	0.1	300	1,628	444	444	47.9	0.1	0.1	444	47.9	1,628	1,628	47.9	0.1	
	6) CONGO P REP	242	1,100	347	1,637	43.6	0.1	199	4,083	211	1,277	5.7	0.1	0.1	211	1,277	4,083	4,083	1,277	5.7	0.1
	7) COTE D'IVOIRE	94	429	283	1,398	200.1	0.1	396	2,154	299	1,814	-24.5	0.1	0.1	299	1,814	2,154	2,154	1,814	-24.5	0.1
	8) CAMEROON	121	552	196	951	62.1	0.1	251	1,376	260	1,570	3.4	0.1	0.1	260	1,570	1,376	1,376	1,570	3.4	0.1
	9) GUINEA	96	439	132	626	36.9	0.0	206	1,120	206	1,253	-0.1	0.1	0.1	206	1,253	1,120	1,120	1,253	-0.1	0.1
	10) MALI	65	296	98	475	50.3	0.0	79	428	109	659	38.3	0.0	0.0	109	38.3	428	428	659	38.3	0.0
	11) NIGER	54	247	86	416	58.8	0.0	56	305	86	525	53.6	0.0	0.0	86	525	305	305	525	53.6	0.0
	12) SIERRA LEONE	47	214	88	415	87.1	0.0	184	4,003	101	600	-45.3	0.0	0.0	101	600	4,003	4,003	600	-45.3	0.0
	13) BURKINA FASO	46	208	85	406	85.5	0.0	86	468	103	624	19.7	0.0	0.0	103	624	468	468	624	19.7	0.0
	14) LIBERIA	44	200	79	380	79.2	0.0	127	693	253	1,544	99.5	0.1	0.1	253	1,544	693	693	1,544	99.5	0.1
	15) GAMBIA	42	189	64	309	54.0	0.0	56	302	85	516	53.2	0.0	0.0	85	516	302	302	516	53.2	0.0
	16) GABON	38	171	47	227	25.2	0.0	54	295	53	321	-3.0	0.0	0.0	53	321	295	295	321	-3.0	0.0
	17) MAURITANIA	34	153	47	224	38.9	0.0	42	228	58	351	38.7	0.0	0.0	58	351	228	228	351	38.7	0.0
	18) EQUATORIAL GUINEA	11	52	17	82	50.2	0.0	21	116	17	105	-19.1	0.0	0.0	17	105	116	116	105	-19.1	0.0
	19) GUINEA BISSAU	3	14	12	62	304.6	0.0	11	59	19	117	74.8	0.0	0.0	19	117	59	59	117	74.8	0.0
	20) SAO TOME	1	5	1	4	-26.7	0.0	1	5	1	6	1.1	0.0	0.0	1	6	5	5	6	1.1	0.0
	21) CAPE VERDE IS	1	2	0	2	-6.0	0.0	1	5	1	9	50.5	0.0	0.0	1	9	5	5	9	50.5	0.0
	22) ST HELENA	0	1	0	0	-78.9	0.0	0	0	0	0	0.0	0.0	0.0	0	0	0	0	0	0.0	0.0

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Table 7.4(B) : Direction of Exports: Exports by Regions and Countries

REGIONS/COUNTRIES	2010-2011		2011-2012		Change (4) over (2) (Per cent)		Share (Per cent)	2012-13		2013-14(P)		Change (10) over (8) (Per cent)	Share (Per cent)
	(US\$ million)	(₹ crore)	(US\$ million)	(₹ crore)	(₹ crore)	(₹ crore)		(US\$ million)	(₹ crore)	(US\$ million)	(₹ crore)		
1	2	3	4	5	6	7	8	9	10	11	12	13	
(c) Central Africa	465	2,116	708	3,405	52.2	0.2	931	5,068	1,095	6,644	17.7	0.4	
1) UGANDA	293	1,332	435	2,095	48.6	0.1	465	2,532	534	3,239	14.9	0.2	
2) MALAWI	101	463	148	708	46.1	0.0	153	834	221	1,343	44.2	0.1	
3) RWANDA	32	147	48	232	48.7	0.0	78	42.4	88	531	12.4	0.0	
4) CHAD	12	54	39	188	224.3	0.0	46	252	33	201	-29.1	0.0	
5) BURUNDI	16	73	24	117	49.6	0.0	33	177	31	185	-6.0	0.0	
6) CONGO D. REP.	7	31	7	35	3.0	0.0	147	804	181	1,099	23.2	0.1	
7) CAFRI REP	4	16	6	31	78.4	0.0	8	46	8	46	-8.5	0.0	
(d) East Africa	5,347	24,311	6,594	31,748	23.3	2.2	8,839	48,135	9,977	60,834	12.9	3.2	
1) KENYA	2,182	9,948	2,277	10,987	4.4	0.7	3,770	20,526	3,893	23,660	3.2	1.2	
2) TANZANIA REP	1,475	6,701	1,615	7,697	9.5	0.5	2,152	11,733	3,401	20,911	58.0	1.1	
3) MAURITIUS	854	3,861	1,401	6,769	64.0	0.5	1,311	7,137	1,000	6,977	-23.7	0.3	
4) DJIBOUTI	320	1,453	475	2,295	48.6	0.2	412	2,238	300	1,805	-27.0	0.1	
5) ETHIOPIA	274	1,245	464	2,242	69.6	0.2	749	4,082	818	4,958	9.3	0.3	
6) SOMALIA	89	406	145	711	61.8	0.0	182	992	207	1,260	13.3	0.1	
7) MADAGASCAR	79	360	124	598	55.8	0.0	154	839	239	1,456	54.6	0.1	
8) REUNION	38	174	48	230	25.7	0.0	49	266	52	318	7.0	0.0	
9) SEYCHELLES	27	123	35	167	28.5	0.0	39	211	53	308	35.5	0.0	
10) COMOROS	9	39	11	53	27.5	0.0	21	113	14	82	-34.4	0.0	
III America	36,882	168,015	50,444	241,633	36.8	16.5	53,344	290,225	54,249	328,376	1.7	17.4	
	27,558	125,509	38,167	182,981	38.5	12.5	39,826	216,716	43,432	262,052	9.1	13.9	
	25,296	115,212	34,746	166,474	37.4	11.4	36,161	196,771	39,169	236,751	8.3	12.5	
	1,349	6,140	2,054	9,924	52.2	0.7	2,037	11,082	2,040	12,360	0.1	0.7	
	913	4,157	1,368	6,582	49.8	0.4	1,628	8,862	2,223	13,541	36.5	0.7	
	9,324	42,506	12,277	58,652	31.7	4.0	13,518	73,509	10,818	65,724	-20.0	3.5	
	4,024	18,336	5,770	27,577	43.4	1.9	6,049	32,872	5,547	33,834	-8.3	1.8	
	2,173	9,930	2,244	10,561	3.2	0.7	2,670	14,500	233	1,335	-91.3	0.1	
	561	2,555	892	4,294	59.0	0.3	912	4,966	1,007	6,115	10.4	0.3	
	418	1,900	564	2,720	35.1	0.2	638	3,472	620	3,764	-2.8	0.2	
	508	2,333	522	2,514	2.9	0.2	690	3,759	664	4,027	-3.8	0.2	
	404	1,843	474	2,277	17.1	0.2	540	2,941	611	3,707	13.2	0.2	
	176	799	250	1,204	41.9	0.1	234	1,277	197	1,195	-15.9	0.1	
	121	553	232	1,124	90.6	0.1	1,434	264	290	1,761	10.2	0.1	
	124	565	232	1,115	87.0	0.1	226	1,233	211	1,285	-6.7	0.1	
	113	514	191	921	69.8	0.1	225	1,222	212	1,289	-5.5	0.1	
	85	388	141	676	64.8	0.0	143	781	161	975	12.4	0.1	
	83	377	103	491	25.0	0.0	109	593	126	765	15.5	0.0	
	63	288	92	442	45.3	0.0	110	600	108	655	-2.0	0.0	

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Table 7.4(B) : Direction of Exports: Exports by Regions and Countries

REGIONS/COUNTRIES	2010-2011			2011-2012			Change (4) over (2) (Per cent)			Share (Per cent)			Change (10) over (8) (Per cent)			Share (Per cent)
	(US\$ million)	(₹ crore)	(US\$ million)	(₹ crore)	(US\$ million)	(₹ crore)	(US\$ million)	(₹ crore)	(US\$ million)	(₹ crore)	(US\$ million)	(₹ crore)	(US\$ million)	(₹ crore)		
1	2	3	4	5	6	7	8	9	10	11	12	13				
14) TRINIDAD	63	287	82	395	31.0	0.0	82	444	97	585	18.4	0.0				
15) PARAGUAY	42	189	67	323	61.2	0.0	83	451	89	539	7.2	0.0				
16) COSTA RICA	61	279	66	316	6.6	0.0	74	405	81	492	9.1	0.0				
17) HAITI	61	275	48	231	-20.2	0.0	64	347	59	358	-7.0	0.0				
18) NICARAGUA	30	136	46	219	52.3	0.0	59	323	59	361	-0.1	0.0				
19) NETHERLAND ANTIL	52	240	39	185	-24.9	0.0	60	327	69	416	14.4	0.0				
20) EL SALVADOR	24	109	38	181	55.9	0.0	56	305	65	394	16.1	0.0				
21) CUBA	26	116	37	174	43.7	0.0	36	195	35	35	214	-1.1	0.0			
22) JAMAICA	22	102	27	128	19.3	0.0	30	162	36	219	22.0	0.0				
23) BELIZE	14	65	26	125	82.5	0.0	24	128	22	134	-4.7	0.0				
24) BOLIVIA	16	71	25	121	58.1	0.0	57	312	53	320	-7.3	0.0				
25) GUYANA	16	73	22	102	34.2	0.0	22	119	24	147	10.3	0.0				
26) SURINAME	12	55	10	51	-13.5	0.0	30	165	24	146	-20.3	0.0				
27) BARBADOS	5	25	8	36	38.8	0.0	6	32	6	39	9.7	0.0				
28) GUADELOUPE	6	28	7	34	14.2	0.0	7	36	7	39	-0.8	0.0				
29) MARTINIQUE	5	22	6	30	32.6	0.0	6	32	8	47	30.6	0.0				
30) VIRGIN IS US	1	6	4	19	179.7	0.0	1	8	4	24	172.7	0.0				
31) DOMINICA	2	11	3	14	14.2	0.0	2	13	2	15	0.4	0.0				
32) FR GUIANA	4	16	2	8	-55.0	0.0	3	18	73	432	216.7	0.0				
33) FALKLAND IS	0	0	1	7	3375.0	0.0	0	0	0	0	0	0				
34) ST LUCIA	3	12	1	6	-48.4	0.0	1	6	2	14	121.4	0.0				
35) GRENADA	1	5	1	5	2.0	0.0	1	5	1	9	71.8	0.0				
36) BERMUDA	1	4	1	5	13.3	0.0	1	7	3	16	91.9	0.0				
37) BR VIRGIN IS	0	2	1	5	147.6	0.0	1	3	0	2	-29.1	0.0				
38) CAYMAN IS	0	1	1	4	237.9	0.0	0	2	3	19	702.6	0.0				
39) ANTIGUA	1	4	1	4	-7.4	0.0	1	7	2	13	61.0	0.0				
40) ST KITT N A	1	3	1	3	-10.8	0.0	1	3	1	7	93.7	0.0				
41) ST VINCENT	0	2	1	3	69.4	0.0	0	2	2	11	425.7	0.0				
42) MONTSERRAT	1	2	0	1	-47.2	0.0	0	0	0	0	0	0				
43) TURKS C IS	0	0	0	1	240.0	0.0	0	2	0	2	15.6	0.0				
IV (a) Asia	127,346	579,221	153,105	735,061	152,699	830,914	155,277	941,973	1,7	49.7						
1) East Asia	2,506	11,387	2,817	13,621	12.4	0.9	2,733	14,887	2,691	16,332	-1.5	0.9				
2) AUSTRALIA	1,713	7,803	2,477	11,990	44.6	0.8	2,349	12,794	2,298	13,945	-2.1	0.7				
3) NEW ZEALAND	191	868	252	1,209	32.0	0.1	302	1,647	282	1,709	-6.7	0.1				
4) FIJI IS	28	130	37	175	29.2	0.0	41	223	49	297	19.6	0.0				
5) PAPUA NGNA	22	100	36	170	63.6	0.0	30	162	44	268	47.7	0.0				
5) TIMOR LESTE	546	2,458	7	37	-98.6	0.0	2	12	2	13	1.9	0.0				

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Table 7.4(B) : Direction of Exports: Exports by Regions and Countries

REGIONS/COUNTRIES	2010-2011		2011-2012		Change (₹ over (₹) (Per cent)	Share (Per cent)	2012-13		2013-14(P)		Change (₹ (Per cent)	Share (Per cent)
	(US\$ million)	(₹ crore)	(US\$ million)	(₹ crore)			(US\$ million)	(₹ crore)	(US\$ million)	(₹ crore)		
1	2	3	4	5	6	7	8	9	10	11	12	13
6) VANUATU REP	2	11	3	13	7.2	0.0	3	19	3	17	-19.0	0.0
7) SAMOA	2	7	2	10	43.8	0.0	2	11	4	26	113.9	0.0
8) KIRIBATI REP	0	1	1	6	830.8	0.0	0	2	1	6	154.1	0.0
9) SOLOMON IS	1	5	1	6	3.5	0.0	2	8	7	42	343.4	0.0
10) TONGA	1	3	1	4	6.9	0.0	2	9	1	6	-38.1	0.0
11) NAURU RP	0	1	0	1	90.9	0.0	0	0	0	1	0.0	0.0
12) TUVALU	0	1	0	0	-91.7	0.0	0	0	0	0	500.0	0.0
(b) ASEAN	25,628	116,658	36,744	175,927	43.4	12.0	33,008	179,420	33,182	200,416	0.5	10.6
1) SINGAPORE	9,825	44,732	16,858	80,363	71.6	5.5	13,619	73,995	12,510	74,912	-8.1	4.0
2) INDONESIA	5,701	25,925	6,678	32,101	17.1	2.2	5,331	28,996	4,906	29,672	-8.0	1.6
3) MALAYSIA	3,871	17,677	3,980	19,103	2.8	1.3	4,444	24,144	4,196	25,404	-5.6	1.3
4) VIETNAM SOC REP	2,651	12,045	3,779	18,085	40.3	1.2	3,967	21,563	5,440	33,241	37.1	1.7
5) THAILAND	2,274	10,346	2,961	14,254	30.2	1.0	3,733	20,310	3,793	22,431	-0.8	1.2
6) PHILIPPINES	881	4,005	993	4,763	12.7	0.3	1,187	6,465	1,418	8,604	19.4	0.5
7) BRUNEI	23	105	895	3,781.6	0.3	4.0	218	33	199	-17.7	0.0	
8) MYANMAR	321	1,459	545	2,645	70.1	0.2	545	2,961	785	4,791	44.0	0.3
9) CAMBODIA	67	305	99	478	48.6	0.0	n2	610	141	858	25.8	0.0
10) LAO PD RP	13	59	15	73	14.2	0.0	29	157	50	305	72.6	0.0
(c) WANA	54,222	246,627	59,591	285,941	9.9	19.5	68,092	370,711	66,702	403,930	-2.0	21.3
1) U ARAB EMITS	33,822	153,866	35,926	172,268	6.2	11.7	36,317	197,832	30,515	184,743	-16.0	9.8
2) SAUDI ARAB	4,684	21,296	5,683	27,208	21.3	1.9	9,786	53,245	12,214	73,836	24.8	3.9
3) OMAN	1,086	4,942	1,322	6,414	21.7	0.4	2,599	14,115	2,819	17,198	8.5	0.9
4) KUWAIT	1,856	8,447	1,181	5,665	-36.3	0.4	1,061	5,778	1,063	6,449	0.2	0.3
5) QATAR	375	1,709	808	3,949	115.2	0.3	687	3,746	988	6,029	43.8	0.3
6) BAHRAIN IS	652	2,933	440	2,118	-32.5	0.1	603	3,284	642	3,780	6.4	0.2
7) EGYPT A RP	1,982	9,026	2,422	11,736	22.2	0.8	2,897	15,714	2,564	15,571	-11.5	0.8
8) ALGERIA	782	3,558	836	3,992	6.9	0.3	1,089	5,935	1,069	6,446	-1.8	0.3
9) SUDAN	488	2,224	717	3,406	46.9	0.2	755	4,116	862	5,208	14.2	0.3
10) MOROCCO	319	1,449	372	1,789	16.8	0.1	427	2,321	386	2,329	-9.6	0.1
11) TUNISIA	282	1,282	286	1,369	1.2	0.1	299	1,630	274	1,658	-8.4	0.1
12) LIBYA	132	601	61	302	-53.8	0.0	215	1,171	288	1,737	33.6	0.1
13) CANARY IS	0	1	0	0	-92.9	0.0	0	0	0	0	0.0	
14) ISRAEL	2,920	13,284	4,042	19,333	38.4	1.3	3,740	20,349	3,747	22,758	0.2	1.2
15) IRAN	2,493	11,337	2,411	11,512	-3.3	0.8	3,351	18,256	4,925	29,778	47.0	1.6
16) JORDAN	485	2,202	821	3,977	69.2	0.3	1,001	5,453	1,596	9,825	59.5	0.5
17) IRAQ	678	3,075	764	3,799	12.7	0.2	1,278	6,973	916	5,533	-28.3	0.3
18) YEMEN REPUBLIC	514	2,352	731	3,504	42.1	0.2	1,477	8,024	1,307	7,885	-11.5	0.4

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Table 7.4(B) : Direction of Exports: Exports by Regions and Countries

REGIONS/COUNTRIES	2010-2011			2011-2012			Change (4) over (2) (Per cent)			Share (Per cent)			2012-13			2013-14(P)			Change (10) over (8) (Per cent)		
	(US\$ million)	(₹ crore)	(US\$ million)	(₹ crore)	(US\$ million)	(₹ crore)	(US\$ million)	(₹ million)	(US\$ million)	(₹ million)	(US\$ million)	(₹ million)	(US\$ million)	(₹ million)	(US\$ million)	(₹ million)	(US\$ million)	(₹ million)	(US\$ million)	(₹ million)	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	
19) SYRIA	493	2,239	536	2,568	8.8	0.2	259	1,406	235	1,413	-9.3	0.1									
20) LEBANON	176	803	232	1,120	31.7	0.1	251	1,365	293	1,775	17.1	0.1									
(d) NE Asia	37,316	169,671	45,350	218,118	21.5	14.8	39,437	214,571	40,811	248,063	3.5	13.1									
1) CHINA P RP	15,521	70,414	18,118	87,669	16.7	5.9	13,580	73,773	14,865	90,809	9.5	4.8									
2) HONG KONG	19,320	47,038	12,932	61,877	25.3	4.2	12,279	66,898	12,733	77,251	3.7	4.1									
3) JAPAN	5,092	23,183	6,330	30,520	24.3	2.1	6,101	33,221	6,814	41,254	11.7	2.2									
4) KOREA RP	3,730	16,965	4,355	20,781	16.8	1.4	4,206	22,889	4,205	25,449	0.9	1.3									
5) TAIWAN	2,302	10,479	3,348	15,986	45.5	1.1	3,044	16,555	1,989	12,056	-34.7	0.6									
6) KOREA DP RP	329	1,491	229	1,107	-30.4	0.1	203	1,100	187	1,143	-7.9	0.1									
7) MONGOLIA	21	94	35	170	68.4	0.0	24	130	16	90	-34.4	0.0									
8) MACAO	1	7	1	7	2.8	0.0	1	5	2	10	68.8	0.0									
(e) South Asia																					
1) SRI LANKA DSR	3,510	15,962	4,379	20,951	24.7	1.4	3,984	21,688	4,549	27,735	14.2	1.5									
2) BANGLADESH PR	3,243	14,753	3,789	18,387	16.8	1.2	5,145	27,983	6,051	36,701	17.6	1.9									
3) NEPAL	2,168	9,871	2,722	13,130	25.5	0.9	3,089	16,806	3,575	21,666	15.8	1.1									
4) PAKISTAN IJR	2,040	9,255	1,542	7,448	-24.4	0.5	2,065	11,233	2,275	13,823	10.2	0.7									
5) AFGHANISTAN TIS	422	1,921	511	2,429	20.9	0.2	473	2,569	474	2,878	0.3	0.2									
6) BHUTAN	176	802	230	1,104	30.6	0.1	233	1,267	300	1,823	28.8	0.1									
7) MALDIVES	100	456	125	598	24.4	0.0	122	666	108	653	-12.0	0.0									
V CIS & Baltics																					
(a) CARs Countries	2,682	12,215	3,060	14,729	14.1	1.0	3,683	20,046	3,509	21,254	-4.7	1.1									
1) KAZAKHSTAN	303	1,378	430	2,062	41.8	0.1	551	3,001	533	3,224	-3.3	0.2									
2) UZBEKISTAN	172	784	244	1,171	42.0	0.1	286	1,559	256	1,548	-10.4	0.1									
3) TURKMENISTAN	60	275	89	430	47.9	0.0	125	680	114	692	-8.7	0.0									
4) KYRGYZSTAN	26	119	44	212	68.0	0.0	122	70	380	74	448	5.3	0.0								
5) TAJIKISTAN	18	83	21	102	16.2	0.0	35	191	54	54	-3.3	0.2									
6) Other CIS Countries	2,379	10,836	2,630	12,667	10.6	0.9	3,132	17,046	2,976	18,030	-5.0	1.0									
1) RUSSIA	1,690	7,706	1,778	8,547	5.3	0.6	2,296	12,493	2,147	12,989	-6.5	0.7									
2) UKRAINE	514	2,334	491	2,363	-4.5	0.2	520	2,833	479	2,920	-7.8	0.2									
3) BELARUS	36	165	122	597	235.2	0.0	55	301	53	325	-3.5	0.0									
4) GEORGIA	73	332	122	590	67.1	0.0	124	675	91	553	-26.7	0.0									
5) AZERBAIJAN	39	175	72	350	85.3	0.0	87	475	122	737	40.2	0.0									
6) ARMENIA	20	90	38	184	93.1	0.0	40	220	72	442	79.0	0.0									
7) MOLDOVA	8	34	8	36	-0.5	0.0	9	49	10	64	17.1	0.0									
6) Unspecified Region	14,587	66,597	16,883	79,068	15.7	5.5	5,482	29,785	9,979	59,726	82.0	3.2									
Total Exports	251,136	1,142,922	305,964	1,465,959	21.8	100.0	300,401	1,634,319	312,610	1,894,182	4.1	100.0									

Source : Department of Commerce based on DGCS data.
P: Provisional.

Table 7.5 : India's Share in World Exports by Commodity Divisions and Groups

(US \$ million)

Div. Sl. No.	Code Group	Commodity Division/Group	1970			1975		
			World	India	India's share (%)	World	India	India's share (%)
			4	5	6	7	8	9
01		Meat and meat preparations	3584	4	0.1	7378	9	0.1
03		Fish, crustaceans and molluscs & preparations
04		Cereals and cereal preparations	6775	9	0.1	25133	16	0.1
	042	Rice	925	6	0.6	1984	12	0.6
05		Vegetables and fruits	1471	17	1.2	10104	154	1.5
06		Sugar, sugar preparations and honey	2700	26	1.0	11663	554	4.8
07		Coffee, tea, cocoa, spices and manufactures	5437	280	5.1	9133	438	4.8
	071	Coffee and coffee substitutes	3205	31	1.0	4580	73	1.6
	074	Tea and mate	587	196	33.4	933	292	31.3
	075	Spices	255	52	20.5	548	73	13.3
08		Feeding stuff for animals
12		Tobacco and tobacco manufactures	1713	43	2.5	3827	124	3.2
	121	Unmanufactured tobacco and refuse	1058	42	4.0	2357	119	5.0
	122	Manufactured tobacco	655	1	0.2	1470	5	0.4
22		Oilseeds and oleaginous fruit
28		Metalliferous ores and metal scrap	7357	193	2.6	13446	253	1.9
	281	Iron ore and concentrates	2373	158	6.7	4601	247	5.4
51		Organic chemicals	6648	9	0.1	20219	22	0.1
52		Inorganic chemicals
53		Dyeing, tanning and colouring materials	1615	8	0.5	3642	23	0.6
54	541	Medicinal and pharmaceutical products	2687	11	0.4	6503	29	0.4
55		Essential oils and perfume materials soap, cleansing etc.	916	10	1.1	3059	18	0.6
58		Artificial resins, plastic materials, cellulose esters & ethers
59		Chemical materials and products n.e.s.
61		Leather, leather manufactures & dressed fur skins	1047	95	9.1	2380	200	8.4
	611	Leather	701	94	13.4	1540	189	12.3
	612	Manufactures of leather or of composition leather	132	1	0.6	355	4	1.0
	613	Fur skins, tanned or dressed etc.	214	486	8	1.6
65		Textile yarn, fabrics, made-up articles	11371	461	4.1	23798	599	2.5
	652	Woven cotton fabrics	1436	98	6.8	3149	161	5.1
	653	Woven fabrics of man made fibres	3967	189	4.8	8038	191	2.4
	654	Woven fabrics other than of cotton or man-made fibres	270	2	0.8	547	5	0.9
66	667	Pearls, precious and semi-precious stones	2431	53	2.2	5707	128	2.2
67		Iron and steel	14540	132	0.9	40789	116	0.3
69		Manufactures of metals n.e.s.	4328	27	0.6	12053	74	0.6
71		Power-generating machinery & equipment	20884	25	0.1	54327	97	0.2
72		Machinery specialized for particular industries	10670	17	0.2	67016	102	0.2
73		Metal-working machinery
74		General industrial machinery & equipment & machine parts thereof
75		Office machinery and ADP equipment
76		Telecommunication and sound recording and reproducing apparatus and equipment
77		Electrical machinery, apparatus and appliances
78		Road vehicles (including air cushion vehicles)
79		Other transport equipment
84		Articles of apparel and clothing accessories	109	308
Total Exports			313804	2031	0.6	876094	4665	0.5

Contd...

Table 7.5 : India's Share in World Exports by Commodity Divisions and Groups (Contd.)

Div. Sl. No.	Code Group	Commodity Division/Group	(US \$ million)					
			1980			1985		
			World	India	India's share (%)	World	India	India's share (%)
1	2	3	10	11	12	13	14	15
01		Meat and meat preparations	17832	67	0.4	15755	61	0.4
03		Fish, crustaceans and molluscs & preparations	12258	242	2.0	14335	337	2.4
04		Cereals and cereal preparations	41989	201	0.5	32643	211	0.6
	042	Rice	4355	160	3.7	2916	162	5.6
05		Vegetables and fruits	24018	259	1.1	23606	332	1.4
06		Sugar, sugar preparations and honey	16183	46	0.3	10113
07		Coffee, tea, cocoa, spices and manufactures	22121	879	4.0	20779	971	4.7
	071	Coffee and coffee substitutes	12979	271	2.1	11676	226	1.9
	074	Tea and mate	1631	452	27.7	1973	517	26.2
	075	Spices	1072	156	14.5	1188	229	19.3
08		Feeding stuff for animals	10322	164	1.6	8515	127	1.5
12		Tobacco and tobacco manufactures	3423	151	4.4	7822	140	1.8
	121	Unmanufactured tobacco and refuse	3423	151	4.4	3798	113	3.0
	122	Manufactured tobacco	4024	27	0.7
22		Oilseeds and oleaginous fruit	9487	30	0.3	7896	20	0.3
28		Metalliferous ores and metal scrap	30239	465	1.5	23137	557	2.4
	281	Iron ore and concentrates	6515	411	6.3	6154	478	7.8
51		Organic chemicals	31841	17	0.1	36923	25	0.1
52		Inorganic chemicals	15491	26	0.2	16318	22	0.1
53		Dyeing, tanning and colouring materials	7986	65	0.8	8024	62	0.8
54	541	Medicinal and pharmaceutical products	13918	109	0.8	15920	130	0.8
55		Essential oils and perfume materials Soap, cleansing etc.	7647	86	1.1	8136	56	0.7
58		Artificial resins, plastic materials, cellulose esters & ethers	27223	3	...	28456	5	...
59		Chemical materials and products n.e.s.	15960	8	...	16613	28	0.2
61		Leather, leather manufactures & dressed fur skins	5967	405	6.8	6444	534	8.3
	611	Leather	3415	342	10.0	4185	331	7.9
	612	Manufactures of leather or of composition leather	975	62	6.3	1233	202	16.4
	613	Fur skins, tanned or dressed etc.	1577	1	0.1	1026
65		Textile yarn, fabrics, made-up articles	48884	1145	2.3	48218	1037	2.1
	652	Woven cotton fabrics	6632	351	5.3	6804	327	4.8
	653	Woven fabrics of man made fibres	9325	44	0.5	9735	20	0.2
	654	Woven fabrics other than of cotton or man-made fibres	3188	204	6.4	3462	167	4.8
66	667	Pearls, precious and semi-precious stones	18563	579	3.1	12073	1165	9.6
67		Iron and steel	68231	87	0.1	61891	46	0.1
69		Manufactures of metals n.e.s.	36840	221	0.6	32884	125	0.4
71		Power-generating machinery & equipment	35722	88	0.2	38433	59	0.2
72		Machinery specialized for particular industries	58495	65	0.1	54707	97	0.2
73		Metal-working machinery	15671	32	0.2	12696	55	0.4
74		General industrial machinery & equipment & machine parts thereof	59443	67	0.1	53954	60	0.1
75		Office machinery and ADP equipment	24750	2	...	53604	30	0.1
76		Telecommunication and sound recording and reproducing apparatus and equipment	26799	11	...	47318	4	...
77		Electrical machinery, apparatus and appliances	60947	114	0.2	75739	121	0.2
78		Road vehicles (including air cushion vehicles)	127347	208	0.2	157446	126	0.1
79		Other transport equipment	41291	32	0.1	50709	27	0.1
84		Articles of apparel and clothing accessories	32365	590	1.8	38718	887	2.3
		Total Exports	1997686	8486	0.4	1930849	8904	0.5

Contd...

Table 7.5 : India's Share in World Exports by Commodity Divisions and Groups (Contd.)

Div. Sl. No.	Code Group	Commodity Division/Group	(US \$ million)					
			1990			2000		
			World	India	India's share (%)	World	India	India's share (%)
1	2	3	16	17	18	19	20	21
01		Meat and meat preparations	34118	77	0.2	44690	324	0.7
03		Fish, crustaceans and molluscs & preparations	32847	521	1.6	50875	1391	2.7
04		Cereals and cereal preparations	45314	285	0.6	53575	783	1.5
	042	Rice	3995	254	6.4	6411	654	10.2
05		Vegetables and fruits	50225	400	0.8	68355	856	1.3
06		Sugar, sugar preparations and honey	14236	21	0.1	13866	118	0.9
07		Coffee, tea, cocoa, spices and manufactures	21131	842	4.0	27953	956	3.4
	071	Coffee and coffee substitutes	8659	148	1.7	11559	264	2.3
	074	Tea and mate	2650	585	22.1	3087	431	14.0
	075	Spices	1415	109	7.7	2541	261	10.3
08		Feeding stuff for animals	15603	336	2.2	20295	469	2.3
12		Tobacco and tobacco manufactures	17860	145	0.8	21628	147	0.7
	121	Unmanufactured tobacco and refuse	5187	107	2.1	5525	147	2.7
	122	Manufactured tobacco	12674	39	0.3	16103
22		Oilseeds and oleaginous fruit	10477	83	0.8	14388	244	1.7
28		Metalliferous ores and metal scrap	35734	753	2.1	49515	510	1.0
	281	Iron ore and concentrates	7653	578	7.6	9229	363	3.9
51		Organic chemicals	70721	232	0.3	134109	1491	1.1
52		Inorganic chemicals	26079	59	0.2	33117	99	0.3
53		Dyeing, tanning and colouring materials	19952	233	1.2	34105	481	1.4
54	541	Medicinal and pharmaceutical products	37753	453	1.2	107482	1255	1.2
55		Essential oils and perfume materials	21027	240	1.1	44279	216	0.5
		Soap, cleansing etc.						
58		Artificial resins, plastic materials, cellulose esters & ethers	65712	29	...	123353	174	0.1
59		Chemical materials and products n.e.s.	33418	76	0.2	63411	437	0.7
61		Leather, leather manufactures & dressed fur skins	13226	832	6.3	24440	808	3.3
	611	Leather	9295	447	4.8	16551	388	2.3
	612	Manufactures of leather or of composition leather	2868	385	13.4	6831	421	6.2
	613	Fur skins, tanned or dressed etc.	1063	1058
65		Textile yarn, fabrics, made-up articles	105147	2180	2.1	167528	6000	3.6
	652	Woven cotton fabrics	15559	571	3.7	22387	1103	4.9
	653	Woven fabrics of man made fibres	22021	156	0.7	32151	506	1.6
	654	Woven fabrics other than of cotton or man-made fibres	8466	195	2.3	9432	370	3.9
66	667	Pearls, precious and semi-precious stones	27577	2710	9.8	54105	6477	12.0
67		Iron and steel	106342	283	0.3	146147	1481	1.0
69		Manufactures of metals n.e.s.	66088	341	0.5	125259	1167	0.9
71		Power-generating machinery & equipment	81675	126	0.2	158329	218	0.1
72		Machinery specialized for particular industries	118617	236	0.2	167582	346	0.2
73		Metal-working machinery	31051	58	0.2	41413	117	0.3
74		General industrial machinery & equipment & machine parts thereof	130836	132	0.1	225981	78	...
75		Office machinery and ADP equipment	126743	112	0.1	378980
76		Telecommunication and sound recording and reproducing apparatus and equipment	100965	31	...	299356
77		Electrical machinery, apparatus and appliances	185364	241	0.1	640575	92	...
78		Road vehicles (including air cushion vehicles)	312550	344	0.1	549596	370	0.1
79		Other transport equipment	96250	15	...	157654	53	...
84		Articles of apparel and clothing accessories	94577	2211	2.3	201379	7093	3.5
		Total Exports	3303563	18143	0.5	6254511	41543	0.7

Contd...

Table 7.5 : India's Share in World Exports by Commodity Divisions and Groups (Contd.)

Div. Sl. No.	Code Group	Commodity Division/Group	(US \$ million)					
			2011			2012		
			World 22	India 23	India's share (%) 24	World 25	India 26	India's share (%) 27
1	2	3	22	23	24	25	26	27
01		Meat and meat preparations	134400	2722	2.0	135408	3153	2.3
03		Fish, crustaceans and molluscs & preparations	120200	3345	2.8	120498	3362	2.8
04		Cereals and cereal preparations	120900	5704	4.7	124121	9132	7.4
	042	Rice	24400	4073	16.7	24403	6128	25.1
05		Vegetables and fruits	207900	2838	1.4	208641	2670	1.3
06		Sugar, sugar preparations and honey	55500	2152	3.9	55178	2248	4.1
07		Coffee, tea, cocoa, spices and manufactures	102100	3276	3.2	98678	3074	3.1
	071	Coffee and coffee substitutes	42600	921	2.2	39224	902	2.3
	074	Tea and mate	8100	900	11.1	8173	722	8.8
	075	Spices	8100	1426	17.6	7724	1396	18.1
08		Feeding stuff for animals	67200	2754	4.1	75172	2639	3.5
12		Tobacco and tobacco manufactures	40400	798	2.0	40625	923	2.3
	121	Unmanufactured tobacco and refuse	11300	571	5.1	12073	700	5.8
	122	Manufactured tobacco	29100	227	0.8	28552	224	0.8
22		Oilseeds and oleaginous fruit	68200	1629	2.4	78999	1528	1.9
28		Metalliferous ores and metal scrap	382200	5637	1.5	343657	3820	1.1
	281	Iron ore and concentrates	149800	4159	2.8	126667	2425	1.9
51		Organic chemicals	407700	10154	2.5	400825	11564	2.9
52		Inorganic chemicals	116400	1106	1.0	104467	1398	1.3
53		Dyeing, tanning and colouring materials	78700	1909	2.4	76118	2020	2.7
54	541	Medicinal and pharmaceutical products	153200	1829	1.2	161864	1871	1.2
55		Essential oils and perfume materials	142000	1605	1.1	142697	2091	1.5
		soap, cleansing etc.						
58		Artificial resins, plastic materials, cellulose esters & ethers	126800	1403	1.1	124200	1221	1.0
59		Chemical materials and products n.e.s.	207300	2527	1.2	201500	2824	1.4
61		Leather, leather manufactures & dressed fur skins	29700	1178	4.0	29740	1228	4.1
	611	Leather	24100	1010	4.2	23719	1072	4.5
	612	Manufactures of leather or of composition leather	3600	168	4.7	3768	156	4.1
	613	Fur skins,tanned or dressed etc.	2000	0	0.0	2253	0	0.0
65		Textile yarn, fabrics, made-up articles	302000	15340	5.1	290760	15274	5.3
	652	Woven cotton fabrics	33500	1526	4.6	31088	1626	5.2
	653	Woven fabrics of man made fibres	44400	2264	5.1	42879	1829	4.3
	654	Woven fabrics other than of cotton or man-made fibres	11200	478	4.3	10574	337	3.2
66	667	Pearls, precious and semi-precious stones	170800	32592	19.1	154827	22748	14.7
67		Iron and steel	517000	10471	2.0	477186	10885	2.3
69		Manufactures of metals n.e.s.	360900	6063	1.7	363993	6777	1.9
71		Power-generating machinery & equipment	388500	2855	0.7	390221	2816	0.7
72		Machinery specialized for particular industries	447800	3342	0.7	430206	3465	0.8
73		Metal-working machinery	90700	475	0.5	93337	508	0.5
74		General industrial machinery & equipment & machine parts thereof	629900	4856	0.8	633719	5171	0.8
75		Office machinery and ADP equipment	566700	721	0.1	597698	713	0.1
76		Telecommunication and sound recording and reproducing apparatus and equipment	684000	5137	0.8	684414	4294	0.6
77		Electrical machinery, apparatus and appliances	1346800	5576	0.4	1348737	5330	0.4
78		Road vehicles (including air cushion vehicles)	1254200	9501	0.8	1273937	11420	0.9
79		Other transport equipment	374000	9457	2.5	363216	6012	1.7
84		Articles of apparel and clothing accessories	433500	14672	3.4	431192	13833	3.2
		Total Exports	18013288	302892	1.7	18013778	296834	1.6

Source : Various issues of United Nations' International Trade Statistics Year Book, and for the year 2011 & 2012 data accessed on 26th May, 2014 from <http://comtrade.un.org/>

Note : A zero in India's share means negligible or no share at all.

Table 7.6 : Index Numbers of Foreign Trade

(Base : 1999-2000=100)

Year	Unit Value Index		Volume Index		Terms of trade		
	Exports	Imports	Exports	Imports	Gross	Net	Income
1	2	3	4	5	6	7	8
2000-01	102	109	125	99	79	94	118
2001-02	103	112	126	103	82	92	116
2002-03	106	128	150	109	73	83	125
2003-04	114	132	161	128	80	86	138
2004-05	131	157	179	150	84	83	149
2005-06	139	179	206	174	84	78	161
2006-07	158	206	227	191	84	77	175
2007-08	166	210	245	218	89	79	194
2008-09	194	239	267	262	98	81	216
2009-10	196	215	264	288	109	91	240
2010-11	223	243	304	311	102	92	279
2011-12	268	425	331	246	74	63	208
2012-13	284	459	357	261	73	62	221

Source : DGCI&S, Kolkata.

Note : (i) Net terms of trade (NTT), i.e., the ratio of overall export unit value index to similar Import index .

(ii) Gross terms of trade, i.e., the ratio of overall import quantum Index to similar export index.

(iii) Income terms of trade = (NTT x QIE)/100

(iv) QIE=Quantum Index of Exports.

Table 8.1(A) : Overall External Assistance

Year 1	Loans 2	Grants 3	(₹ crore) Total (2+3) 4
A. AUTHORIZATION			
1984-85	4409.3	470.7	4880.0
1985-86	5337.0	313.4	5650.4
1986-87	5730.0	429.5	6159.5
1987-88	8203.1	1062.2	9265.3
1988-89	12855.6	214.2	13069.8
1989-90	10105.8	720.2	10826.0
1990-91	7601.3	522.1	8123.4
1991-92	11805.8	901.8	12707.6
1992-93	13082.1	1011.7	14093.8
1993-94	11618.8	2415.1	14033.9
1994-95	12384.3	1075.8	13460.1
1995-96	10833.2	1330.0	12163.2
1996-97	14208.8	2932.6	17141.4
1997-98	14865.0	2101.0	16966.0
1998-99	8320.8	209.8	8530.6
1999-2000	17703.7	2615.3	20319.0
2000-01	17184.1	940.6	18124.7
2001-02	21630.0	3465.0	25095.0
2002-03	19875.7	1296.1	21171.8
2003-04	14754.4	2350.7	17105.1
2004-05	22746.1	3071.1	25817.2
2005-06	17309.1	1628.8	18937.9
2006-07	28271.0	3518.9	31789.9
2007-08	28988.4	4294.4	33282.8
2008-09	28283.4	1242.5	29525.9
2009-10	48968.8	957.6	49926.4
2010-11	35895.1	1536.5	37431.6
2011-12	59035.3	1095.5	60130.8
2012-13 P	44059.4	1889.1	45948.4
2013-14 P	52257.4	121.6	52378.9
B. UTILIZATION			
1984-85	1962.2	397.2	2359.4
1985-86	2493.1	442.9	2936.0
1986-87	3175.7	429.3	3605.0
1987-88	4574.4	477.5	5051.9
1988-89	4738.6	565.8	5304.4
1989-90	5137.8	664.7	5802.5
1990-91	6170.0	534.3	6704.3
1991-92	10695.9	919.1	11615.0
1992-93	10102.2	879.6	10981.8
1993-94	10895.4	885.6	11781.0
1994-95	9964.5	916.0	10880.5
1995-96	9958.6	1063.6	11022.2
1996-97	10892.9	1085.6	11978.5
1997-98	10823.4	921.3	11744.7
1998-99	12343.4	895.5	13238.9
1999-2000	13330.7	1073.9	14404.6
2000-01	13527.1	727.2	14254.3
2001-02	16111.7	1447.6	17559.3
2002-03	13898.3	1835.8	15734.1
2003-04	15271.0	2073.4	17344.4
2004-05	14660.9	2490.7	17151.6
2005-06	16097.8	2790.6	18888.4
2006-07	16890.6	2528.4	19419.0
2007-08	17177.7	2673.7	19851.4
2008-09	24089.9	2803.8	26893.7
2009-10	27617.8	3121.2	30739.0
2010-11	35116.1	2789.5	37905.6
2011-12	29349.4	2926.2	32275.6
2012-13	25494.1	2373.6	27867.7
2013-14 P	31775.1	3410.9	35186.0

Source : Aid Accounts and Audit Division, Department of Economic Affairs, Ministry of Finance.

P : Provisional (Up to 31.03.2014)

Notes : 1. Figures of authorization have been arrived at by applying the average exchange rate of the rupee with individual donor currencies.

2. Figures of utilization are at current rates applicable on the date of transaction.

3. Figures of authorization and utilization include loans and grants on both Government and Non-Government accounts.

4. Totals may not tally due to rounding off.

Table 8.1(B) : Overall External Assistance

Year	Loans	Grants	(US\$ million)
			Total (2+3)
1	2	3	4
A. AUTHORIZATION			
1984-85	3708.7	395.9	4104.6
1985-86	4362.1	256.2	4618.3
1986-87	4484.2	336.1	4820.3
1987-88	6326.7	819.2	7145.9
1988-89	8877.0	147.9	9024.9
1989-90	6069.9	432.6	6502.5
1990-91	4236.4	291.0	4527.4
1991-92	4766.0	364.1	5130.1
1992-93	4275.7	330.7	4606.4
1993-94	3717.5	772.7	4490.2
1994-95	3958.2	343.8	4302.0
1995-96	3249.8	399.0	3648.8
1996-97	4000.4	825.6	4826.0
1997-98	4006.8	566.3	4573.1
1998-99	1979.2	49.9	2029.1
1999-2000	4091.4	604.4	4695.8
2000-01	3769.3	206.3	3975.6
2001-02	4438.7	711.1	5149.8
2002-03	4183.5	244.4	4427.9
2003-04	3300.8	525.9	3826.7
2004-05	5212.2	703.7	5915.9
2005-06	3912.2	368.1	4280.4
2006-07	6209.8	773.0	6982.8
2007-08	7182.2	1064.0	8246.1
2008-09	6183.2	271.6	6454.9
2009-10	10318.0	201.8	10519.8
2010-11	7881.0	337.4	8218.3
2011-12	12343.4	229.1	12572.5
2012-13	8102.2	347.4	8449.6
2013-14 P	8653.5	20.1	8673.6
B. UTILIZATION			
1984-85	1650.4	334.1	1984.5
1985-86	2037.7	362.0	2399.7
1986-87	2485.3	336.0	2821.3
1987-88	3528.0	368.2	3896.2
1988-89	3272.1	390.7	3662.8
1989-90	3086.0	399.2	3485.2
1990-91	3438.7	297.8	3736.5
1991-92	4317.9	371.0	4688.9
1992-93	3301.8	287.5	3589.3
1993-94	3486.0	283.4	3769.4
1994-95	3184.8	292.7	3477.5
1995-96	2987.4	319.1	3306.4
1996-97	3066.8	305.6	3372.4
1997-98	2917.4	248.3	3165.7
1998-99	2936.0	213.0	3149.0
1999-00	3080.8	248.2	3329.0
2000-01	2967.2	159.5	3126.7
2001-02	3306.3	297.1	3603.4
2002-03	2946.6	386.6	3333.2
2003-04	3416.3	463.8	3880.1
2004-05	3359.5	570.7	3930.2
2005-06	3607.0	625.3	4232.3
2006-07	3918.0	586.5	4265.5
2007-08	4280.5	666.3	4946.8
2008-09	4769.3	555.1	5324.4
2009-10	6130.5	692.8	6823.3
2010-11	7866.5	624.9	8491.4
2011-12	6060.2	590.1	6650.3
2012-13	4688.5	437.3	5125.8
2013-14 P	5235.5	560.1	5795.6

Source : Aid Accounts and Audit Division, Department of Economic Affairs, Ministry of Finance.

P : Provisional (Up to 31.03.2014)

Note : 1. Figures in this table are converted from the preceding Table 8.1(A) based on the respective Rupee-US dollar rate.
2. Totals may not tally due to rounding off.

Table 8.2(A) : Authorization of External Assistance by Source

Source and type of assistance	(₹ crore)							
	2000-01 1	2007-08 2	2008-09 3	2009-10 4	2010-11 5	2011-12 6	2012-13 7	2013-14 P 8
I. Consortium Members	(a)							
(a) Loans	11918.5	22206.9	19953.6	43501.0	28729.8	46401.4	37054.0	33818.5
(b) Grants	923.0	3928.2	6.2	868.8	1185.1	230.2	813.0	118.5
Total	12841.5	26135.1	19959.8	44369.8	29914.8	46631.7	37867.0	33937.0
Country-wise Distribution								
(i) Austria	Loans
(ii) Belgium	(a) Loans
	(b) Grants
	Total
(iii) Canada	(a) Loans
	(b) Grants	20.6
	Total	20.6
(iv) Denmark	Grants	15.6
(v) France	Loans	823.1	769.8
(vi) Germany	(a) Loans	187.7	1034.8	762.3	2069.2	1504.0	2960.7	3240.2
	(b) Grants	5.5	60.4	12.0	...	38.5
	Total	193.2	1034.8	762.3	2129.6	1516.0	2960.7	3278.7
(vii) Italy	Loans
(viii) Japan	(a) Loans	784.1	8247.3	10445.3	11151.4	2557.4	16186.2	23049.8
	(b) Grants	2.2	7.5	41.9
	Total	786.3	8247.3	10445.3	11158.9	2599.3	16186.2	23049.8
(ix) Netherlands	(a) Loans
	(b) Grants	6.5
	Total	6.5
(x) Sweden	Grants
(xi) U.K.	Grants	474.7	3895.8	...	379.2	905.3	160.2	764.2
(xii) U.S.A.	(a) Loans
	(b) Grants	0.8	156.6
	Total	0.8	156.6
(xiii) I.B.R.D.	(a) Loans	6816.8	7777.9	3247.7	27684.3	8237.1	15250.5	2619.5
	(b) Grants	391.7	9.5	3.6	421.7	60.6	70.1	10.3
	Total	7208.5	7787.4	3251.3	28106.0	8297.7	15320.6	2629.8
(xiv) I.D.A.	(a) Loans	4129.9	5146.8	5498.4	2596.2	16431.2	11180.9	7374.7
	(b) Grants	5.4	22.9	2.6	...	8.7
	Total	4135.3	5169.7	5500.9	2596.2	16439.9	11180.9	7374.7
II. Russia Fed. & East European Countries	Loans
Country-wise Distribution								
(i) Russia Fed.	Loans

Contd...

Table 8.2(A) : Authorization of External Assistance by Source (Contd...)

(₹ crore)

Source and type of assistance	2000-01	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14 P
	1	2	3	4	5	6	7	8
III. Others								
(a) Loans	5265.6	6781.5	8329.8	5467.8	7165.3	12633.9	7005.4	18438.9
(b) Grants	17.6	366.2	1236.3	88.8	351.5	865.2	1076.0	3.1
Total	5283.2	7147.7	9566.1	5556.6	7516.8	13499.1	8081.4	18442.0
(i) Switzerland								
Grants
(ii) European Economic Community								
Grants	1147.5	...	4.3	...	559.9	...
(iii) O.P.E.C. Fund								
Loans	137.2
(iv) Saudi Arab Fund for Development								
Loans
(v) Kuwait Fund for Arabic Economic Development								
Grants
(vi) IFAD (International Fund for Agricultural Development								
(a) Loans	...	65.2	276.9	197.9	87.9	426.5	...	308.9
(b) Grants	...	0.4	2.6	4.9
Total	...	65.6	279.5	202.8	87.9	426.5	...	308.9
(vii) IMF Trust Fund								
Loans
(viii) International Sugar Org.								
Loans
(ix) ADB								
(a) Loans	5265.6	6716.3	7945.7	5269.9	7077.5	12207.4	7005.4	18130.0
(b) Grants
Total	5265.6	6716.3	7945.7	5269.9	7077.5	12207.4	7005.4	18130.0
(x) Spain								
(a) Loans
(b) Grants
Total
(xi) Norway								
(a) Loans
(b) Grants
Total
(xii) Australia								
(a) Loans
(b) Grants
Total
(xiii) Other International Institutions^a								
Grants	...	365.8	86.1	83.8	347.2	865.2	516.2	3.1
Grand Total	18124.7	33282.8	29525.9	49926.3	37431.6	60130.8	45948.4	52378.9
(a) Loans	17184.1	28988.4	28283.4	48968.8	35895.1	59035.3	44059.4	52257.4
(b) Grants	940.6	4294.4	1242.5	957.5	1536.5	1095.5	1889.0	121.6

Source: Aid Accounts and Audit Division, Department of Economic Affairs, Ministry of Finance.

— Nil or Negligible P : Provisional (Upto 31.03.2014)

a Other International Institutions include UNDP, UNFPA, Global Fund, IDF(WB), UN-FAO and UPU (Universal Postal Union).

Note: 1. Figures of authorization of external assistance include agreements signed on Government and Non-Government accounts.

2. Totals may not tally due to rounding off.

Table 8.2(B) : Authorization of External Assistance by Source

Source and type of assistance	(US\$ million)								
	2000-01 1	2007-08 2	2008-09 3	2009-10 4	2010-11 5	2011-12 6	2012-13 7	2013-14 8	P 9
I. Consortium Members									
(a) Loans	2614.3	5502.0	4362.2	9165.9	6307.8	9701.8	6814.0	5600.1	
(b) Grants	202.5	973.2	1.4	183.1	260.2	48.1	149.5	19.6	
Total	2816.8	6475.2	4363.6	9349.0	6568.0	9749.9	6963.5	5619.7	
Country-wise Distribution									
(i) Austria									
Loans
(ii) Belgium									
(a) Loans
(b) Grants
Total
(iii) Canada									
(a) Loans
(b) Grants	20.6
Total	20.6
(iv) Denmark									
Grants	15.6
(v) France									
Loans	172.1	141.6	272.4
(vi) Germany									
(a) Loans	187.7	256.4	166.7	436.0	330.2	619.0	595.9	134.2	
(b) Grants	5.5	12.7	2.6	...	7.1	...	
Total	193.2	256.4	166.7	448.7	332.8	619.0	602.9	134.2	
(vii) Italy									
Loans
(viii) Japan									
(a) Loans	784.1	2043.4	2283.5	2349.7	561.5	3384.3	4238.7	2848.2	
(b) Grants	2.2	1.6	9.2	
Total	786.3	2043.4	2283.5	2351.2	570.7	3384.3	4238.7	2848.2	
(ix) Netherlands									
(a) Loans	1.6
(b) Grants	6.5
Total	6.5	1.6
(x) Sweden									
Grants
(xi) U.K.									
Grants	474.7	965.2	...	79.9	198.8	33.5	140.5	19.1	
(xii) U.S.A.									
(a) Loans
(b) Grants	0.2	34.4
Total	0.2	34.4
(xiii) I.B.R.D.									
(a) Loans	1495.3	1927.1	710.0	5833.2	1808.5	3188.7	481.7	391.0	
(b) Grants	85.9	2.4	0.8	88.9	13.3	14.7	1.9	0.5	
Total	1581.2	1929.4	710.8	5922.1	1821.8	3203.3	483.6	391.5	
(xiv) I.D.A.									
(a) Loans	905.9	1275.2	1202.0	547.0	3607.6	2337.7	1356.2	1954.3	
(b) Grants	1.2	5.7	0.6	...	1.9	
Total	907.1	1280.9	1202.6	547.0	3609.5	2337.7	1356.2	1954.3	
II. Russia Fed. & East European Countries									
Loans
Country-wise Distribution									
(i) Russia Fed.									
Loans

Contd...

Table 8.2(B) : Authorization of External Assistance by Source (Contd...)

Source and type of assistance	(US\$ million)								
	2000-01 1	2007-08 2	2008-09 3	2009-10 4	2010-11 5	2011-12 6	2012-13 7	2013-14 8	P 9
III. Others									
(a) Loans	1155.0	1680.2	1821.0	1152.1	1573.2	2641.6	1288.2	3053.4	
(b) Grants	3.9	90.7	270.3	18.7	77.2	180.9	197.9	0.5	
Total	1158.9	1770.9	2091.3	1170.8	1650.4	2822.5	1486.1	3053.9	
(i) Switzerland									
Grants
(ii) European Economic Community									
Grants	250.9	...	0.9	...	103.0	...	
(iii) O.P.E.C. Fund									
Loans	30.0
(iv) Saudi Arab Fund for Development									
Loans
(v) Kuwait Fund for Arabic Economic Development									
Grants
(vi) IFAD (International Fund for Agricultural Development									
(a) Loans	...	16.2	60.5	41.7	19.3	89.2	...	51.2	
(b) Grants	...	0.1	0.6	1.0	
Total	...	16.3	61.1	42.7	19.3	89.2	...	51.2	
(vii) IMF Trust Fund									
Loans
(viii) International Sugar Org.									
Loans
(ix) ADB									
(a) Loans	1155.0	1664.0	1730.5	1110.4	1553.9	2552.4	1288.2	3002.2	
(b) Grants	
Total	1155.0	1664.0	1730.5	1110.4	1553.9	2552.4	1288.2	3002.2	
(x) Spain									
(a) Loans
(b) Grants	
Total
(xi) Norway									
(a) Loans
(b) Grants	
Total
(xii) Australia									
(a) Loans
(b) Grants	
Total
(xiii) Other International Institutions^a									
Grants	...	90.6	18.8	17.7	76.2	180.9	94.9	0.5	
Grand Total	3975.6	8246.2	6454.8	10519.8	8218.4	12572.4	8449.6	8673.6	
(a) Loans	3769.3	7182.2	6183.2	10318.0	7881.0	12343.4	8102.2	8653.5	
(b) Grants	206.3	1064.0	271.6	201.8	337.4	229.1	347.4	20.1	

Source : Aid Accounts and Audit Division, Department of Economic Affairs, Ministry of Finance.

— Nil or Negligible P : Provisional (Upto 31.03.2014)

^a Other International Institutions include UNDP, UNFPA, Global Fund, IDF (WB), UN-FAO and UPU (Universal Postal Union).

Note : 1. Figures in this table are converted from the preceding Table 8.2 (A) based on the respective Rupee-US dollar rates.
2. Totals may not tally due to rounding off.

Table 8.3(A) : Utilization of External Assistance by Source

Source and type of assistance	(₹ crore)								
	2000-01 1	2007-08 2	2008-09 3	2009-10 4	2010-11 5	2011-12 6	2012-13 7	2013-14 8	P 9
I. Consortium Members									
(a) Loans	1168.6	12256.6	16845.3	21001.5	27286.3	22821.8	18417.1	25175.6	
(b) Grants	634.0	1797.7	1883.8	1819.5	2018.5	1916.7	1560.1	1043.4	
Total	11802.6	14054.2	18729.1	22821.0	29304.8	24738.5	19977.3	26219.0	
Country-wise Distribution									
(i) Austria									
(a) Loans
(b) Grants
Total
(ii) Belgium									
Loans
(iii) Canada									
(a) Loans
(b) Grants	2.9
Total	2.9
(iv) Denmark									
(a) Loans
(b) Grants	49.5	-2.0
Total	49.5	-2.0
(v) France									
(a) Loans	65.2	0.1	22.8	16.0	921.7	
(b) Grants	
Total	65.2	0.1	22.8	16.0	921.7	
(vi) Germany									
(a) Loans	318.9	146.2	844.5	486.4	1076.9	2043.1	1379.9	3122.0	
(b) Grants	67.8	99.0	98.6	78.0	276.2	99.4	62.1	65.6	
Total	386.7	245.2	943.1	564.4	1353.1	2142.5	1442.0	3187.6	
(vii) Italy									
Loans	1.9
(viii) Japan									
(a) Loans	2714.0	3471.4	5861.5	6553.4	6582.2	8474.8	7260.0	8750.5	
(b) Grants	15.8	6.6	...	2.6	1.5	43.5	...	4.4	
Total	2729.8	3478.0	5861.5	6556.0	6583.7	8518.3	7260.0	8754.9	
(ix) Netherlands									
(a) Loans	49.5
(b) Grants	70.3	-1.2
Total	70.3	-1.2
(x) Sweden									
(a) Loans
(b) Grants
Total
(xi) U.K.									
(a) Loans
(b) Grants	307.3	1599.3	1710.0	1707.4	1682.2	1689.4	1293.4	855.0	
Total	307.3	1599.3	1710.0	1707.4	1682.2	1689.4	1293.4	855.0	
(xii) U.S.A.									
(a) Loans
(b) Grants	81.1	64.1	57.2	14.2	30.6	55.1	23.6	43.4	
Total	81.1	64.1	57.2	14.2	30.6	55.1	23.6	43.4	
(xiii) I.B.R.D.									
(a) Loans	3222.4	4391.0	4076.0	7472.1	14533.4	4861.9	4894.8	5630.9	
(b) Grants	24.5	23.1	5.7	11.8	24.1	27.2	180.6	73.8	
Total	3246.9	4414.1	4081.7	7483.8	14557.5	4889.0	5075.4	5704.7	
(xiv) I.D.A.									
(a) Loans	4848.1	3263.1	5164.1	5566.6	4873.3	7406.1	4840.1	6742.3	
(b) Grants	14.8	8.7	12.3	5.6	3.9	2.2	0.5	1.2	
Total	4862.9	3271.8	5176.4	5572.2	4877.2	7408.2	4840.6	6743.5	
(xv) IFAD (International Fund for Agricultural Development)									
(a) Loans	40.1	68.3	38.5	64.4	99.1	142.6	140.7	210.3	
(b) Grants	...	29.9	10.6	14.1	0.3	5.5	-0.8	3.5	
Total	40.1	98.2	49.0	78.5	99.4	148.1	140.0	213.8	
(xvi) IMF Trust Fund									

Contd...

Table 8.3(A) : Utilization of External Assistance by Source (Contd...)

(₹ crore)

Source and type of assistance	2000-01	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14 P
	1	2	3	4	5	6	7	8
II. Russia Fed.& East European Countries								
Loans	130.1	984.9	874.5	923.0	220.5	35.9	26.4	8.2
Country-wise Distribution								
(i) Russia Federation.								
Loans	130.1	984.9	874.5	923.0	220.5	35.9	26.4	8.2
(ii) Reps. of Czech & Slovak								
Loans
III. Others								
(a) Loans	2228.5	4921.2	7244.5	6616.2	7829.8	6527.6	7076.9	6599.4
(b) Grants	93.2	876.0	920.1	1301.7	771.0	1009.5	813.5	2367.5
Total	2321.7	5797.2	8164.6	7918.0	8600.8	7537.1	7890.5	8967.0
Country-wise Distribution								
(i) Abu Dhabi Fund								
Loans
(ii) Switzerland								
(a) Loans
(b) Grants	-0.5
Total	-0.5
(iii) Other International Institutions^a								
Grants	50.0	557.11	583.0	889.7	501.7	795.9	710.2	1741.7
(iv) European Economic Community								
Grants	36.3	131.76	239.6	316.0	269.0	208.1	104.0	622.4
(v) Oil Producing & Exporting Countries								
Loans	41.5	...	13.3	17.6	1.0	15.5	20.8	7.9
(vi) Saudi Arab Fund for Development								
Loans
(vii) Norway								
(a) Loans
(b) Grants	6.9
Total	6.9
(viii) Spain								
Loans
(ix) Kuwait Fund for Arabic Economic Development								
(a) Loans
(b) Grants
Total
(x) ADB								
(a) Loans	2146.9	4836.0	7192.8	6534.3	7729.8	6369.5	6915.4	6381.2
(b) Grants	...	157.1	87.4	81.9
Total	2146.9	4993.1	7280.2	6616.2	7729.8	6369.5	6915.4	6381.2
(xi) Australia								
Loans
Grand Total	14254.3	19851.4	26893.7	30739.0	37905.6	32275.6	27867.7	35186.0
(a) Loans	13527.1	17177.7	24089.9	27617.8	35116.1	29349.4	25494.1	31775.1
(b) Grants	727.2	2673.7	2803.8	3121.2	2789.5	2926.2	2373.7	3410.9

Source : Aid Accounts and Audit Division, Department of Economic Affairs, Ministry of Finance.

— Nil or Negligible P: Provisional (Upto 31.03.2014)

^a Other International Institutions include UNICEF, UNDP, ILO, WHO, UNFPA, UNESCO, UPU, WFP, Global Fund, IDF (WB), UN-FAO and Ford Foundation.

Note : 1. Utilization figures are exclusive of suppliers' credit and commercial borrowings.

2. Utilization of assistance is on Government and Non-Govt. accounts.

3. Authorization figures include agreement signed on Govt. and non-govt. accounts.

4. Totals may not tally due to rounding off.

Table 8.3(B) : Utilization of External Assistance by Source

(US\$ million)

Source and type of assistance	2000-01	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14 P
	1	2	3	4	5	6	7	8
I. Consortium Members								
(a) Loans	2449.8	3054.2	3335.1	4661.8	6112.5	4689.6	3383.9	4150.0
(b) Grants	139.1	448.0	373.0	403.9	452.2	383.6	286.8	170.3
Total	2588.9	3502.2	3708.0	5065.7	6564.7	5073.2	3670.6	4320.2
Country-wise Distribution								
(i) Austria
(a) Loans
(b) Grants
Total
(ii) Belgium
Loans
(iii) Canada
(a) Loans
(b) Grants	0.6
Total	0.6
(iv) Denmark
(a) Loans
(b) Grants	10.9	-0.5
Total	10.9	-0.5
(v) France
(a) Loans	14.3	...	4.5	3.0	154.5
(b) Grants
Total	14.3	...	4.5	3.0	154.5
(vi) Germany
(a) Loans	70.0	36.4	167.2	108.0	241.2	411.0	259.8	513.3
(b) Grants	14.9	24.7	19.5	17.3	61.9	21.2	11.4	10.7
Total	84.9	61.1	186.7	125.3	303.1	432.2	271.2	524.1
(vii) Italy
Loans	0.4
(viii) Japan
(a) Loans	595.3	865.0	1160.5	1454.7	1474.5	1744.9	1332.3	1435.9
(b) Grants	3.5	1.7	...	0.6	0.3	8.8	...	0.7
Total	598.8	866.7	1160.5	1455.3	1474.8	1753.7	1332.3	1436.6
(ix) Netherlands
(a) Loans
(b) Grants	15.4	-0.3
Total	15.4	-0.3
(x) Sweden
(a) Loans
(b) Grants
Total
(xi) U.K.
(a) Loans
(b) Grants	67.4	398.5	338.5	379.0	376.8	335.1	238.1	138.5
Total	67.4	398.5	338.5	379.0	376.8	335.1	238.1	138.5
(xii) U.S.A.
(a) Loans
(b) Grants	17.8	16.0	11.3	3.1	6.8	12.3	4.4	7.8
Total	17.8	16.0	11.3	3.1	6.8	12.3	4.4	7.8
(xiii) I.B.R.D.
(a) Loans	706.8	1094.2	807.0	1658.6	3255.7	991.6	900.2	932.3
(b) Grants	5.4	5.8	1.1	2.6	5.4	5.7	32.8	12.4
Total	712.2	1100.0	808.1	1661.2	3261.1	997.3	933.0	944.7
(xiv) I.D.A.
(a) Loans	1063.4	813.1	1022.4	1235.6	1091.7	1534.7	883.8	1112.5
(b) Grants	3.2	2.2	2.4	1.3	0.9	0.5	0.1	0.2
Total	1065.6	815.3	1024.8	1236.9	1092.6	1535.1	883.9	1112.7
(xv) IFAD (International Fund for Agricultural Development)
(a) Loans	8.8	17.0	7.6	14.3	22.2	30.6	26.0	35.2
(b) Grants	...	7.5	2.1	3.1	0.1	1.2	-0.1	0.5
Total	8.8	24.5	9.7	17.4	22.3	31.8	25.8	35.7
(xvi) IMF Trust Fund

Contd...

Table 8.3(B) : Utilization of External Assistance by Source (Contd...)

(US\$ million)

Source and type of assistance	2000-01	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	P
	1	2	3	4	5	6	7	8	9
II. Russia Fed.& East European Countries									
Loans	28.5	245.4	173.1	204.9	49.4	7.4	4.8	1.4	
Country-wise Distribution									
(i) Russia Federation.									
Loans	28.5	245.4	173.1	204.9	49.4	7.4	4.8	1.4	
(ii) Reps. of Czech & Slovak									
Loans	
III. Others									
(a) Loans	488.8	1226.3	1434.3	1468.6	1754.0	1370.7	1304.7	1085.6	
(b) Grants	20.4	218.3	182.2	289.0	172.7	206.5	150.5	389.9	
Total	509.2	1444.6	1616.4	1757.6	1926.7	1577.2	1455.2	1475.4	
Country-wise Distribution									
(i) Abu Dhabi Fund									
Loans	
(ii) Switzerland									
(a) Loans	
(b) Grants	-0.1	
Total	-0.1	
(iii) Other International Institutions^a									
Grants	11.0	138.8	115.4	197.5	112.4	157.9	131.4	285.3	
(iv) European Economic Community									
Grants	8.0	32.8	47.4	70.1	60.3	47.5	19.3	104.0	
(v) Oil Producing & Exporting Countries									
Loans	9.1	...	2.6	3.9	0.2	3.3	3.8	1.4	
(vi) Saudi Arab Fund for Development									
Loans	
(vii) Norway									
(a) Loans	
(b) Grants	1.5	
Total	1.5	
(viii) Spain									
Loans	
(ix) Kuwait Fund for Arabic Economic Development									
(a) Loans	
(b) Grants	
Total	
(x) ADB									
(a) Loans	470.9	1205.1	1424.0	1450.4	1731.6	1336.8	1274.9	1049.0	
(b) Grants	...	39.2	17.3	18.2	
Total	470.9	1244.2	1441.3	1468.6	1731.6	1336.8	1274.9	1049.0	
(xi) Australia									
Loans	
Grand Total	3126.7	4946.8	5324.4	6823.3	8491.4	6650.3	5125.8	5795.6	
(a) Loans	2967.2	4280.5	4769.3	6130.5	7866.5	6060.2	4688.5	5235.5	
(b) Grants	159.5	666.3	555.1	692.8	624.9	590.1	437.3	560.1	

Source : Aid Accounts and Audit Division, Department of Economic Affairs, Ministry of Finance.

— Nil or Negligible P: Provisional (Upto 31.03.2014)

^a Other International Institutions include UNICEF, UNDP, ILO, WHO, UNFPA, UNESCO, UPU, WFP, Global Fund, IDF (WB), UN-FAO and Ford Foundation.Note: 1. Figures in this table are converted from the preceding Table 8.3(A) based on the respective Rupee- US dollar rates.
2. Totals may not tally due to rounding off.

Table 8.4(A) : India's External Debt Outstanding

Sl.No.	Components of External Debt	At End-March (₹ crore)											End-Dec 2013 QE
		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013 PR		
1	2	3	4	5	6	7	8	9	10	11	12	13	
I. MULTILATERAL													
A. Government Borrowing		131,105	138,897	145,503	154,053	157,901	201,425	193,436	216,672	257,089	279,284	326,035	
(i) Concessional		120,073	127,782	133,800	141,746	144,627	181,997	170,722	190,326	222,579	235,670	273,872	
a) IDA		101,490	105,114	105,852	108,448	107,395	127,771	116,046	120,653	138,691	143,130	166,209	
b) Others		10,065	10,367	10,4,457	10,7,019	10,5,947	12,6,127	114,552	119,068	136,816	141,119	163,748	
(ii) Non-concessional		18,583	22,668	27,948	33,298	37,332	54,226	54,676	69,673	83,888	92,540	107,663	
a) IBRD		14,974	16,500	19,626	21,864	22,631	29,948	28,874	39,218	45,328	48,239	55,162	
b) Others		4,509	6,168	8,322	11,434	14,601	24,278	25,802	30,455	38,560	44,301	52,501	
B. Non-Government Borrowing													
(i) Concessional		11,032	0	0	0	0	0	0	0	0	0	0	2,461
(ii) Non-concessional		11,032	11,115	11,793	12,307	13,274	19,428	22,714	26,346	34,510	43,614	52,163	
a) Public Sector		7,916	8,000	8,510	9,315	10,352	14,298	14,919	15,802	19,407	23,416	27,811	
i) IBRD		4,402	4,462	4,594	4,550	4,690	7,105	8,544	9,193	11,092	12,749	14,387	
ii) Others		3,514	3,538	3,916	4,765	5,662	7,193	6,375	6,609	8,315	10,667	13,424	
b) Financial Institutions		2,902	2,789	2,628	2,414	2,350	3,721	5,385	7,511	10,290	14,341	18,006	
i) IBRD		381	252	630	655	593	744	1,343	1,899	2,707	2,973	3,601	
ii) Others		2,521	2,527	1,998	1,759	1,757	2,977	4,042	5,612	7,583	11,368	14,405	
c) Private Sector		214	326	565	578	572	1,409	2,410	3,033	4,813	5,857	6,346	
i) IBRD		0	0	0	0	0	0	0	0	0	0	0	
ii) Others		214	326	565	578	572	1,409	2,410	3,033	4,813	5,857	6,346	
II. BILATERAL													
A. Government borrowing		77,084	74,530	70,392	70,934	78,802	104,997	101,976	114,904	137,086	136,412	148,802	
(i) Concessional		58,121	57,458	54,593	53,810	59,391	74,662	71,584	80,406	91,641	88,007	95,602	
(ii) Non-concessional		57,742	57,207	54,468	53,810	59,391	74,662	71,584	80,406	91,641	88,007	95,602	
B. Non-Government borrowing													
(i) Concessional		18,963	17,072	15,709	16,224	19,411	30,335	30,392	34,498	45,445	48,405	53,200	
a) Public Sector		8,876	7,471	6,949	1,727	1,727	3,262	3,169	4,101	7,648	8,436	9,966	
b) Financial Institutions		5,653	5,285	1,241	1,226	1,241	1,556	1,121	1,621	4,963	5,916	7,379	
c) Private Sector		3,117	1,818	1,664	486	511	2,106	2,048	2,480	2,685	2,520	2,587	
(ii) Non-concessional		0	0	0	0	0	0	0	0	0	0	0	
a) Public Sector		10,087	9,601	8,760	14,497	17,674	27,073	27,223	30,397	37,797	39,969	43,234	
b) Financial Institutions		4,851	4,353	3,628	7,420	10,097	15,076	13,845	13,789	14,200	13,010	13,871	
c) Private Sector		3,119	2,847	2,386	3,828	3,735	4,311	3,436	3,754	3,886	4,207	4,447	
III. IMF^a													
IV. EXPORT CREDIT													
a) Buyers' credit		29,553	21,976	24,175	31,237	41,296	73,772	76,011	83,112	97,117	96,553	101,210	
b) Suppliers' credit		11,061	13,040	16,088	23,617	33,134	64,046	66,849	73,273	85,896	84,664	87,913	
c) Export credit component of bilateral credit		4,471	3,961	3,351	2,941	2,998	3,234	2,937	2,847	3,252	4,236	4,984	
		5,021	4,975	4,736	4,679	5,164	6,492	6,225	6,992	7,653	8,313		

Contd...

Table 8.4(A) : India's External Debt Outstanding (Contd...)

Sl.No.	Components of External Debt	At End-March (₹ crore)										End-Dec 2013 QE
		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013 PR	
1	2	3	4	5	6	7	8	9	10	11	12	13
V.	COMMERCIAL BORROWINGS											
a)	Commercial bank loans ^b	95,611	115,533	117,991	180,669	249,243	318,209	319,221	448,448	614,623	737,750	831,063
b)	Securitized borrowings ^c	50,346	62,896	73,508	107,145	160,577	219,925	202,350	261,678	373,194	454,431	560,508
c)	Loans/securitizations etc., with multilateral/bilateral guarantee + IFC(W)	41,567	48,992	41,112	68,020	82,641	91,286	113,177	183,504	238,849	281,575	268,723
		3,698	3,645	3,371	5,504	6,025	6,998	3,694	3,266	2,580	1,744	1,832
VI.	NRI DEPOSITS^d (Above one year maturity)	135,618	143,267	161,834	179,786	174,623	210,118	217,062	230,812	299,840	385,202	612,151
VII.	RUPEE DEBT^e	11,856	10,971	9,184	8,508	8,065	7,760	7,480	7,147	6,922	6,839	8,785
a)	Defence	10,539	8,887	8,112	7,533	7,172	6,935	6,709	6,416	6,220	6,164	8,138
b)	Civilian	1,317	1,184	1,072	975	893	825	771	731	702	675	647
VIII.	TOTAL LONG TERM DEBT (I TO VII)	476,208	508,777	533,367	628,771	714,409	921,469	942,450	1,129,258	1,444,205	1,674,479	2,066,032
IX.	SHORT-TERM DEBT	19,251	77,528	87,155	122,631	182,881	220,656	236,188	290,149	399,962	525,931	573,824
	a) NRI deposits (up to one year maturity) ^d	1,321	0	0	0	0	0	0	0	0	0	0
	b) Trade-Related Credits	17,930	71,173	86,531	113,256	167,540	203,345	214,267	261,006	333,202	472,026	533,655
	1) Above 6 Months	17,930	32,922	38,788	52,188	91,502	118,936	126,391	157,806	200,454	321,010	365,928
	2) Upto 6 Months	0	38,251	47,743	61,068	76,038	84,409	87,876	103,200	132,748	151,016	167,727
c)	FII Investment in Govt. Treasury Bills and other instruments	0	6,355	624	1,732	2,603	10,522	15,153	24,214	48,066	29,671	8,669
	d) Investment in Treasury Bills by foreign central banks and other international institutions etc.	0	0	0	0	712	620	534	467	225	326	447
	e) External Debt Liabilities of:	0	0	0	0	6,931	12,118	6,255	6,301	4,704	18,368	582
	1) Central Bank	0	0	0	0	2,85	4,458	3,892	3,139	693	871	30,918
	2) Commercial banks	0	0	0	0	4,746	7,660	3,263	3,162	4,011	17,497	823
X.	GRAND TOTAL (VIII+IX)	495,459	586,305	620,522	751,492	897,290	1,142,125	1,178,638	1,419,407	1,844,167	2,200,410	2,630,856

Source : Ministry of Finance (Department of Economic Affairs), Ministry of Defence, Reserve Bank of India and Securities & Exchange Board of India (SEBI).

PR: Partially Revised; QE : Quick Estimates.

IFC(W): International Finance Corporation, Washington D.C.

FII: Foreign Institutional Investors

a Relates to SDR allocations from March 2004 onwards.

b Includes Financial Lease since 1996.

c Also includes India Development Bonds (IDBs), Resurgent India Bonds (RIBs), India Millennium Deposits (IMDs), also includes Foreign Currency Convertible Bonds (FCCBs) and net investment by 100% FII debt funds and securitized borrowings of commercial banks FCCB debt has been adjusted since end-March, 1998 after netting out conversion into equity and redemptions.

d Figures include accrued interest.

e Rupee denominated debt owed to Russia and payable through exports.

Note: NRO Deposits are included under NRI Deposits from the quarter ended June 2005. Supplier's Credits upto 180 days and FII investment in short-term debt instruments are included under short-term debt from the quarter ended March 2005. Vostro balances / Nostro overdrafts of commercial banks, balances of foreign central banks/international institutions with RBI and investment in T-bills/securities by foreign central banks/ international institutions have been included in external debt from the quarter ended March 2007.

Table 8.4(B) : India's External Debt Outstanding

Sl.No.	Components of External Debt	(US\$ million)										
		2004	2005	2006	2007	2008	At End-March	2010	2011	2012	2013 PR	End-Dec 2013 QE
1	2	3	4	5	6	7	8	9	10	11	12	13
I. MULTILATERAL												
A. Government Borrowing		29,297	31,744	32,620	35,337	39,490	39,538	42,857	48,475	50,452	51,584	52,519
(i) Concessional		26,826	29,204	29,996	32,514	36,171	35,724	37,825	42,579	43,686	43,539	44,109
a) IDA		22,674	24,023	23,731	24,876	26,859	25,080	25,711	26,992	27,221	26,443	26,769
b) Others		22,356	23,693	23,418	24,548	26,497	24,757	25,380	26,637	26,853	26,071	26,373
(ii) Non-concessional		4,152	5,181	6,265	7,638	9,312	10,644	12,114	15,587	16,465	17,096	17,340
a) IBRD		3,144	3,771	4,400	5,015	5,660	5,878	6,397	8,774	8,897	8,912	8,884
b) Others		1,008	1,410	1,865	2,623	3,652	4,766	5,717	6,813	7,568	8,184	8,456
B. Non-Government Borrowing		2,471	2,540	2,624	2,823	3,319	3,814	5,032	5,966	6,766	8,045	8,410
(i) Concessional	0	0	0	0	0	0	0	0	0	0	0	0
(ii) Non-concessional	2,471	2,540	2,624	2,823	3,319	3,814	5,032	5,966	6,766	8,045	8,410	8,410
a) Public Sector	1,770	1,828	1,908	2,136	2,589	2,807	3,305	3,536	3,808	4,324	4,480	4,480
i) IBRD	984	1,020	1,030	1,043	1,173	1,395	1,893	2,057	2,177	2,355	2,317	2,163
ii) Others	786	808	878	1,093	1,416	1,412	1,412	1,479	1,631	1,969	2,095	2,095
b) Financial Institutions	651	637	589	554	587	730	1,193	1,681	2,017	2,644	549	580
i) IBRD	85	58	141	150	148	146	298	425	531	1,486	2,095	2,325
ii) Others	566	579	448	404	439	584	895	1,256	1,486	1,941	1,977	1,025
c) Private Sector	50	75	127	133	143	277	534	679	0	0	0	0
i) IBRD	0	0	0	0	0	0	0	0	0	0	0	0
ii) Others	50	75	127	133	143	277	534	679	941	1,077	1,025	1,025
II. BILATERAL												
A. Government borrowing	17,277	17,034	15,761	16,065	19,708	20,610	22,593	25,712	26,884	25,173	23,983	23,983
(i) Concessional	12,987	13,132	12,239	12,344	14,853	14,655	15,860	17,988	17,987	16,259	15,398	15,398
(ii) Non-concessional	12,900	13,074	12,211	12,344	14,853	14,655	15,860	17,988	17,987	16,259	15,398	15,398
B. Non-Government borrowing	87	58	28	0	0	0	0	0	0	0	0	0
(i) Concessional	4,290	3,902	3,522	3,721	4,855	5,955	6,733	7,724	8,897	9,914	8,914	8,585
a) Public Sector	1,983	1,708	1,558	396	435	641	702	918	1,501	1,558	1,558	1,605
b) Financial Institutions	1,287	1,292	1,185	285	307	227	248	363	974	974	1,093	1,188
c) Private Sector	696	416	373	III	128	414	454	555	527	465	417	417
(ii) Non-concessional	0	0	0	0	0	0	0	0	0	0	0	0
a) Public Sector	2,307	2,194	1,964	3,325	4,420	5,34	6,031	6,806	7,396	7,396	6,980	6,980
b) Financial Institutions	1,110	995	813	1,702	2,525	2,959	3,072	3,087	2,781	2,781	2,238	2,238
c) Private Sector	710	650	535	878	934	846	761	840	762	776	717	717
III. IMF^a												
IV. EXPORT CREDIT												
a) Buyers' credit	4,697	5,420	7,165	10,328	14,481	16,841	18,647	18,990	17,759	17,759	16,347	16,347
b) Suppliers' credit	2,546	2,980	3,607	5,417	8,287	12,572	14,811	16,437	16,790	15,566	14,203	14,203
c) Export credit component of bilateral credit	1,029	981	1,020	1,120	1,018	6,041	6,308	6,163	5,964	5,964	5,964	5,964
V. COMMERCIAL BORROWINGS												
a) Commercial bank loans ^b	22,097	26,452	41,443	62,334	62,461	70,726	100,476	120,136	135,643	134,229	133,39	133,39
b) Securitized borrowings ^c	11,588	14,375	24,577	40,159	43,169	44,832	58,643	72,946	83,552	90,555	51,770	51,770
c) Loans/securitized borrowings etc., with multilateral/bilateral guarantee + IFC(W)	9,568	11,197	15,603	20,668	17,918	25,075	41,100	46,686	51,566	51,566	43,378	43,378
	851	833	756	1,263	1,507	1,374	819	733	504	321	805	805

Contd...

Table 8.4(B) : India's External Debt Outstanding (Contd..)

Sl.No.	Components of External Debt	(US\$ million)										
		2004	2005	2006	2007	2008	At End-March	2010	2011	2012	2013 PR	End-Dec 2013 QE
1	2	3	4	5	6	7	8	9	10	11	12	13
VI.	NRI DEPOSITS^d (Above one year maturity)	31,216	32,743	36,282	41,240	43,672	41,554	47,890	51,682	58,608	70,822	98,639
VII.	RUPEE DEBT^e	2,720	2,302	2,059	1,951	2,017	1,523	1,658	1,601	1,354	1,258	1,419
a)	Defence	2,426	2,031	1,819	1,728	1,794	1,361	1,487	1,437	1,216	1,153	1,315
b)	Civilian	294	271	240	223	223	162	177	164	138	125	104
VIII.	TOTAL LONG TERM DEBT (I TO VII)	108,222	116,279	119,575	144,230	178,669	181,185	208,606	252,901	282,587	308,203	333,263
IX.	SHORT-TERM DEBT	4,431	17,723	19,539	28,130	45,738	43,313	52,329	64,990	78,179	96,697	92,707
a)	NRI deposits (up to one year maturity) ^d	304	0	0	0	0	0	0	0	0	0	0
b)	Trade-Related Credits	4,127	16,271	19,399	25,979	41,901	39,915	47,473	58,463	65,130	86,787	86,217
1)	Above 6 Months	4,127	7,529	8,696	11,971	22,884	23,346	28,003	35,347	39,182	59,021	59,119
2)	Upto 6 Months	0	8,742	10,703	14,008	19,017	16,569	19,470	23,116	25,948	27,766	27,098
c)	FII Investment in Govt. Treasury Bills and other instruments	0	1,452	140	397	651	2,065	3,357	5,424	9,395	5,455	1,401
d)	Investment in Treasury Bills by foreign central banks and other international institutions etc.											
e)	External Debt Liabilities of:											
1)	Central Bank	0	0	0	0	1,590	3,031	1,228	1,396	1,053	3,590	4,373
2)	Commercial banks	0	0	0	0	1,089	1,115	764	695	155	170	181
X.	GRAND TOTAL (VIII+IX)	12,653	134,002	139,114	172,360	224,407	224,498	260,935	317,891	360,766	404,900	425,970
Memo Items:												
	Concessional Debt ^f											
	Concessional Debt to total external debt (per cent)	40,277	41,107	39,559	39,567	44,164	41,899	43,931	47,499	48,063	45,518	45,191
	Short-term debt to total external debt (per cent)	35.8	30.7	28.4	23.0	19.7	18.7	16.8	14.9	13.3	11.2	10.6
	Short-term debt to total external debt (per cent)	4,431	17,723	19,539	28,130	45,738	43,313	52,329	64,990	78,179	96,697	92,707

Source: Ministry of Finance (Department of Economic Affairs), Ministry of Defence, Reserve Bank of India and Securities & Exchange Board of India (SEBI). PR: Partially Revised; QE : Quick Estimates. IFC(W): International Finance Corporation, Washington D.C. FII: Foreign Institutional Investors

a Relates to SDR allocations from March 2004 onwards.

b Includes Financial Lease since 1996.

c Also includes India Development Bonds (IDBs), Resurgent India Bonds (RIBs), India Millennium Deposits (IMDs), also includes Foreign Currency Convertible Bonds (FCCBs) and net investment by 100% FII debt funds and securitized borrowings of commercial banks FCCB debt has been adjusted since end-March, 1998 after netting out conversion into equity and redemptions.

d Figures include accrued interest.

e Rupee denominated debt owed to Russia and payable through exports.

f The definition of concessional debt here includes 'concessional' categories under multilateral and bilateral debt and rupee debt under item VII. NRO Deposits are included under NRI Deposits from the quarter ended June 2005. Supplier's Credits upto 180 days and FII investment in short-term debt instruments are included under short-term debt from the quarter ended March 2005. Vostro balances / Nostro overdrafts of commercial banks, balances of foreign central banks/international institutions with RBI and investment in T-bills/securities by foreign central banks/ international institutions have been included in external debt from the quarter ended March 2007.

Table 9.1 : Selected indicators of Human Development for Major States

Sl. No.	State	Life expectancy at birth (2006-10)			Infant mortality rate 2012 (per 1000 live births)			Birth rate 2012 (per 1000)	Death rate 2012 (per 1000)
		Male	Female	Total	Male	Female	Total		
1	2	3	4	5	6	7	8	9	10
1	Andhra Pradesh	63.5	68.2	65.8	40	43	41	17.5	7.4
2	Assam	61.0	63.2	61.9	54	57	55	22.5	7.9
3	Bihar	65.5	66.2	65.8	42	45	43	27.7	6.6
4	Gujarat	64.9	69.0	66.8	36	39	38	21.1	6.6
5	Haryana	67.0	69.5	67.0	41	44	42	21.6	6.4
6	Himachal Pradesh	67.7	72.4	70.0	35	38	36	16.2	6.7
7	Jammu & Kashmir	69.2	71.1	70.1	38	40	39	17.6	5.4
8	Karnataka	64.9	69.7	67.2	30	34	32	18.5	7.1
9	Kerala	71.5	76.9	74.2	10	13	12	14.9	6.9
10	Madhya Pradesh	61.1	63.8	62.4	54	59	56	26.6	8.1
11	Maharashtra	67.9	71.9	69.9	24	26	25	16.6	6.3
12	Odisha	62.2	63.9	63.0	52	54	53	19.9	8.5
13	Punjab	67.4	71.6	69.3	27	29	28	15.9	6.8
14	Rajasthan	64.7	68.3	66.5	47	51	49	25.9	6.6
15	Tamil Nadu	67.1	70.9	68.9	21	22	21	15.7	7.4
16	Uttar Pradesh	61.8	63.7	62.7	52	55	53	27.4	7.7
17	West Bengal	67.4	71.0	69.0	31	33	32	16.1	6.3
	India	64.6	67.7	66.1	41	44	42	21.6	7.0

Source : Sample Registration System, Office of the Registrar General of India, Ministry of Home Affairs.

Table 9.2 : Gross Enrolment Ratio in Classes I-V, VI-VIII and I-VIII

A. All Categories of Students

Sl. No.	State/Union Territories	Classes I-V (6-10 years)			Classes VI-VIII (11-13 years)			Classes I-VIII (6-13 years)		
		Boys	Girls	Total	Boys	Girls	Total	Boys	Girls	Total
		1	2	3	4	5	6	7	8	9
1	Andhra Pradesh	99.7	99.4	99.5	80.3	79.9	80.1	92.2	91.8	92.0
2	Arunachal Pradesh	184.5	176.9	180.8	108.5	102.6	105.5	155.7	148.2	152.0
3	Assam	93.1	95.6	94.3	67.2	68.7	67.9	83.0	85.1	84.0
4	Bihar	131.3	123.6	127.7	68.4	60.4	64.6	106.9	98.5	102.9
5	Chhattisgarh	125.6	120.0	122.8	90.2	84.7	87.5	112.2	106.6	109.4
6	Goa	106.9	101.5	104.3	99.2	92.2	95.8	104.0	98.0	101.0
7	Gujarat	119.4	121.4	120.3	89.5	81.5	85.7	108.2	106.1	107.2
8	Haryana	90.6	100.2	94.9	82.3	84.8	83.5	87.5	94.2	90.5
9	Himachal Pradesh	109.1	109.4	109.2	116.0	111.4	113.8	111.7	110.1	111.0
10	Jammu & Kashmir	108.3	111.7	109.9	96.6	92.6	94.7	103.9	104.5	104.2
11	Jharkhand	145.9	148.5	147.1	81.7	81.0	81.3	120.6	121.5	121.0
12	Karnataka	105.2	104.1	104.7	92.2	89.1	90.7	100.2	98.3	99.3
13	Kerala	91.4	91.5	91.4	106.5	101.3	103.9	97.1	95.2	96.2
14	Madhya Pradesh	131.2	139.7	135.2	100.2	102.6	101.4	119.8	125.6	122.6
15	Maharashtra	105.5	103.7	104.7	95.1	89.6	92.4	101.5	98.3	100.0
16	Manipur	195.7	188.4	192.1	108.5	100.8	104.6	158.7	151.1	155.0
17	Meghalaya	193.7	196.3	195.0	85.9	96.2	91.0	150.8	156.3	153.6
18	Mizoram	191.7	180.0	186.0	108.2	101.3	104.8	155.6	145.8	150.7
19	Nagaland	103.7	102.8	103.3	59.4	60.7	60.0	85.4	85.4	85.4
20	Odisha	118.7	120.1	119.4	83.3	80.7	82.0	105.0	104.6	104.8
21	Punjab	83.3	85.5	84.3	82.0	79.4	80.8	82.8	83.1	83.0
22	Rajasthan	110.3	109.5	109.9	91.0	73.0	82.4	103.0	95.2	99.3
23	Sikkim	176.4	172.6	174.5	77.4	94.3	85.8	131.0	137.1	134.1
24	Tamil Nadu	111.0	112.6	111.8	113.0	111.5	112.3	111.8	112.2	112.0
25	Tripura	134.9	133.3	134.1	92.2	91.5	91.9	116.0	114.7	115.4
26	Uttar Pradesh	123.8	130.4	126.9	84.1	75.5	79.9	109.3	109.6	109.5
27	Uttarakhand	107.9	110.2	109.0	102.6	109.2	105.8	105.9	109.8	107.8
28	West Bengal	91.5	93.9	92.7	84.6	88.0	86.3	88.7	91.5	90.1
29	A&N Islands	87.5	84.9	86.2	89.4	86.4	87.9	88.3	85.5	86.9
30	Chandigarh	78.6	78.1	78.4	84.5	77.1	81.0	80.7	77.7	79.3
31	D&N Haveli	104.3	107.0	105.6	100.7	100.5	100.6	103.1	104.9	103.9
32	Daman & Diu	76.5	82.6	79.3	72.4	81.3	76.4	75.1	82.2	78.2
33	Delhi	126.0	129.6	127.7	110.9	106.4	108.8	120.0	120.2	120.1
34	Lakshadweep	81.4	80.8	81.1	74.0	93.0	83.0	78.4	85.6	81.9
35	Puducherry	104.8	102.3	103.6	106.8	99.7	103.2	105.6	101.2	103.4
	India	114.9	116.3	115.5	87.5	82.9	85.2	104.5	103.3	103.9

Source : Statistics of School Education 2010-11, Ministry of Human Resource Development

Table 9.3 : Number of Recognised Educational Institutions in India

Sl. No.	States/No. Union Territories	2010-11				2011-12 (Provisional)		2010-11 (Diploma Level Institutions)				
		Intermediate/ Sr. Sec. Schools	High/ Secondary Schools	Upper Primary Schools	Primary Schools	Universities/ University level Institutes	Colleges	Technical Education	PGDM	Nursing	Teacher Training	
1	2	3	4	5	6	7	8	9	10	11	12	
1	Andhra Pradesh	5143	18776	15421	66834	47	4814	183	41	246	129	
2	Arunachal Pradesh	118	191	920	1941	3	26	3	0	2	6	
3	Assam	1081	5482	14133	31202	9	485	20	3	17	22	
4	Bihar	2217	2286	25587	42573	20	649	19	3	11	35	
5	Chhattisgarh	2799	2029	15488	35274	17	530	25	12	12	47	
6	Goa	82	378	438	1254	2	49	6	1	2	1	
7	Gujarat	3575	6269	42145	0	37	1805	73	18	45	357	
8	Haryana	3436	3542	3483	13987	22	1055	197	24	42	59	
9	Himachal Pradesh	1727	1466	5084	11376	18	296	34	0	24	17	
10	Jammu & Kashmir	889	2216	8877	15446	11	307	17	0	6	23	
11	Jharkhand	118	4225	14863	26731	12	234	25	8	18	5	
12	Karnataka	3644	13447	33126	26302	43	3281	281	30	520	1091	
13	Kerala	2223	1602	3059	6790	17	962	74	14	230	272	
14	Madhya Pradesh	5463	6658	96797	43662	33	2061	99	24	91	170	
15	Maharashtra	5019	16455	27654	49095	44	4603	1160	82	116	1282	
16	Manipur	123	761	732	2435	3	79	3	0	6	8	
17	Meghalaya	125	676	2259	6627	10	61	2	1	7	10	
18	Mizoram	98	538	1353	1821	3	29	2	0	4	3	
19	Nagaland	69	337	465	1662	4	57	4	0	1	4	
20	Odisha	1293	7974	22649	54150	19	1089	122	8	40	85	
21	Punjab	2733	2924	3792	13950	19	973	104	4	153	29	
22	Rajasthan	7616	14945	36788	47818	45	2652	175	21	157	199	
23	Sikkim	59	126	244	749	6	11	2	0	1	2	
24	Tamil Nadu	3660	3112	9810	28218	59	2309	451	16	170	823	
25	Tripura	336	504	1246	2307	3	39	3	0	3	4	
26	Uttar Pradesh	9751	7893	53281	147376	58	4849	291	122	130	75	
27	Uttarakhand	1633	1143	4365	15660	20	395	68	5	9	17	
28	West Bengal	4341	4454	2623	49908	26	899	85	20	52	79	
29	A&N Islands	53	46	67	212	NA	6	2	0	1	1	
30	Chandigarh	68	65	23	24	3	27	1	1	0	3	
31	D&N Haveli	13	19	85	210	NA	4	1	0	1	0	
32	Daman & Diu	16	13	37	66	NA	5	2	0	0	2	
33	Delhi	1392	480	588	2563	25	184	42	38	15	18	
34	Lakshadweep	12	3	10	23	NA	0	0	0	0	0	
35	Puducherry	121	180	108	301	4	83	10	0	1	46	
	India	72046	131215	447600	748547	642	34908	3586	496	2133	4924	

Source : 1. Statistics of School Education 2010-11.

2. Report on AISHE 2010-11 and 2011-12, Ministry of Human Resource Development.

Table 9.4 : State-wise Literacy Rates (1951-2011)

Sl. No.	States/Union Territories	1951	1961	1971	1981	1991	2001	(in per cent)	
								1	2
1	Jammu & Kashmir	na	12.9	21.7	30.6	na	55.5	67.2	
2	Himachal Pradesh	na	na	na	na	63.9	76.5	82.8	
3	Punjab	na	na	34.1	43.4	58.5	69.7	75.8	
4	Chandigarh	na	na	70.4	74.8	77.8	81.9	86.0	
5	Uttarakhand	18.9	18.1	33.3	46.1	57.8	71.6	78.8	
6	Haryana	na	na	25.7	37.1	55.9	67.9	75.6	
7	Delhi	na	61.9	65.1	71.9	75.3	81.7	86.2	
8	Rajasthan	8.5	18.1	22.6	30.1	38.6	60.4	66.1	
9	Uttar Pradesh	12.0	20.9	24.0	32.7	40.7	56.3	67.7	
10	Bihar	13.5	21.9	23.2	32.3	37.5	47.0	61.8	
11	Sikkim	na	na	17.7	34.1	56.9	68.8	81.4	
12	Arunachal Pradesh	na	7.1	11.3	25.6	41.6	54.3	65.4	
13	Nagaland	10.5	22.0	33.8	50.3	61.7	66.6	79.6	
14	Manipur ^a	12.6	36.0	38.5	49.7	59.9	70.5	76.9	
15	Mizoram	31.1	44.0	53.8	59.9	82.3	88.8	91.3	
16	Tripura	na	20.2	31.0	50.1	60.4	73.2	87.2	
17	Meghalaya	na	26.9	29.5	42.1	49.1	62.6	74.4	
18	Assam	18.5	32.9	33.9	na	52.9	63.3	72.2	
19	West Bengal	24.6	34.5	38.9	48.7	57.7	68.6	76.3	
20	Jharkhand	12.9	21.1	23.9	35.0	41.4	53.6	66.4	
21	Odisha	15.8	21.7	26.2	33.6	49.1	63.1	72.9	
22	Chhattisgarh	9.4	18.1	24.1	32.6	42.9	64.7	70.3	
23	Madhya Pradesh	13.2	21.4	27.3	38.6	44.7	63.7	69.3	
24	Gujarat	21.8	31.5	37.0	44.9	61.3	69.1	78.0	
25	Daman & Diu	na	na	na	na	71.2	78.2	87.1	
26	Dadra & Nagar Haveli	na	na	18.1	32.9	40.7	57.6	76.2	
27	Maharashtra	27.9	35.1	45.8	57.2	64.9	76.9	82.3	
28	Andhra Pradesh	na	21.2	24.6	35.7	44.1	60.5	67.0	
29	Karnataka	na	29.8	36.8	46.2	56.0	66.6	75.4	
30	Goa	23.5	35.4	52.0	65.7	75.5	82.0	88.7	
31	Lakshadweep	15.2	27.2	51.8	68.4	81.8	86.7	91.8	
32	Kerala	47.2	55.1	69.8	78.9	89.8	90.9	94.0	
33	Tamil Nadu	na	36.4	45.4	54.4	62.7	73.5	80.1	
33	Puducherry	na	43.7	53.4	65.1	74.7	81.2	85.8	
35	Andaman & Nicobar Islands	30.3	40.1	51.2	63.2	73.0	81.3	86.6	
	All India ^a	18.3	28.3	34.5	43.6	52.2	64.8	73.0	

Source : Office of the Registrar General of India, Ministry of Home Affairs.

^a: India and Manipur figures exclude those of the three sub-divisions viz. Mao Maram, Paomata and Purul of Senapati district of Manipur as census results of 2001 in these three sub-divisions were cancelled due to technical and administrative reasons.

Note : 1. Literacy rates for 1951, 1961 and 1971 Censuses relate to population aged five years and above and from 1981 onwards Literacy rates relate to the population aged seven years and above. The literacy rate for 1951 in case of West Bengal relates to total population including 0-4 age group. Literacy rate for 1951 in respect of Chhattisgarh, Madhya Pradesh and Manipur are based on sample population
2. na - Not available

Table 9.5 : State-wise Infant Mortality Rate

Sl. No.	States/ Union Territories	2010			2011			2012		
		Male	Female	Person	Male	Female	Person	Male	Female	Person
1	2	3	4	5	6	7	8	9	10	11
1	Andhra Pradesh	44	47	46	40	46	43	40	43	41
2	Arunachal Pradesh	31	32	31	33	31	32	32	35	33
3	Assam	56	60	58	55	56	55	54	57	55
4	Bihar	46	50	48	44	45	44	42	45	43
5	Chhattisgarh	48	54	51	47	50	48	46	47	47
6	Gujarat	41	47	44	39	42	41	36	39	38
7	Haryana	46	49	48	41	48	44	41	44	42
8	Himachal Pradesh	35	47	40	36	39	38	35	38	36
9	Jammu & Kashmir	41	45	43	40	41	41	38	40	39
10	Jharkhand	41	44	42	36	43	39	36	39	38
11	Karnataka	37	39	38	34	35	35	30	34	32
12	Kerala	13	14	13	11	13	12	10	13	12
13	Madhya Pradesh	62	63	62	57	62	59	54	59	56
14	Maharashtra	27	29	28	24	25	25	24	26	25
15	Manipur	11	16	14	8	15	11	10	11	10
16	Meghalaya	55	56	55	52	52	52	48	50	49
17	Mizoram	36	39	37	31	37	34	33	37	35
18	Nagaland	19	28	23	15	26	21	15	22	18
19	Odisha	60	61	61	55	58	57	52	54	53
20	Punjab	33	35	34	28	33	30	27	29	28
21	Rajasthan	52	57	55	50	53	52	47	51	49
22	Sikkim	28	32	30	23	30	26	22	27	24
23	Tamil Nadu	23	24	24	21	23	22	21	22	21
24	Tripura	25	29	27	29	29	29	26	29	28
25	Uttar Pradesh	58	63	61	55	59	57	52	55	53
26	Uttarakhand	37	39	38	34	38	36	33	35	34
27	West Bengal	29	32	31	30	34	32	31	33	32
28	Andaman & Nicobar Islands	24	27	25	19	27	23	18	31	24
29	Chandigarh	20	25	22	21	19	20	19	22	20
30	Dadra & Nagar Haveli	36	40	38	35	36	35	31	35	33
31	Daman & Diu	22	23	23	17	27	22	20	25	22
32	Delhi	29	31	30	25	31	28	24	26	25
33	Goa	6	15	10	7	14	11	8	12	10
34	Lakshadweep	21	29	25	27	20	24	23	25	24
35	Puducherry	22	22	22	17	20	19	15	18	17
	All India	46	49	47	43	46	44	41	44	42

Source : Sample Registration System, Office of the Registrar General of India, Ministry of Home Affairs.

Note : Infant mortality rates for 2010, 2011 & 2012 are based upon the three year period 2008-10, 2009-2011 and 2010-12.

Table 9.6 : Access to Safe Drinking Water in Households in India

(in per cent)

Sl. No.	States/ Union Territories	1991			2001			2011		
		Total	Rural	Urban	Total	Rural	Urban	Total	Rural	Urban
1	2	3	4	5	6	7	8	9	10	11
1	Jammu & Kashmir	na	na	na	65.2	54.9	95.7	76.8	70.1	96.1
2	Himachal Pradesh	77.3	75.5	91.9	88.6	87.5	97.0	93.7	93.2	97.8
3	Punjab	92.7	92.1	94.2	97.6	96.9	98.9	97.6	96.7	98.9
4	Chandigarh	97.7	98.1	97.7	99.8	99.9	99.8	99.3	98.7	99.4
5	Uttarakhand	a	a	a	86.7	83.0	97.8	92.2	89.5	98.7
6	Haryana	74.3	67.1	93.2	86.1	81.1	97.3	93.8	92.0	96.7
7	Delhi	95.8	91.0	96.2	97.2	90.1	97.7	95.0	87.9	95.2
8	Rajasthan	59.0	50.6	86.5	68.2	60.4	93.5	78.1	72.8	94.3
9	Uttar Pradesh	62.2	56.6	85.8	87.8	85.5	97.2	95.1	94.3	97.9
10	Bihar	58.8	56.5	73.4	86.6	86.1	91.2	94.0	93.9	94.7
11	Sikkim	73.1	70.8	92.8	70.7	67.0	97.1	85.3	82.7	92.2
12	Arunachal Pradesh	70.0	66.9	88.2	77.5	73.7	90.7	78.6	74.3	91.3
13	Nagaland	53.4	55.6	45.5	46.5	47.5	42.3	53.8	54.6	51.8
14	Manipur	38.7	33.7	52.1	37.0	29.3	59.4	45.4	37.5	60.8
15	Mizoram	16.2	12.9	19.9	36.0	23.8	47.8	60.4	43.4	75.8
16	Tripura	37.2	30.6	71.1	52.5	45.0	85.8	67.5	58.1	91.9
17	Meghalaya	36.2	26.8	75.4	39.0	29.5	73.5	44.7	35.1	79.5
18	Assam	45.9	43.3	64.1	58.8	56.8	70.4	69.9	68.3	78.2
19	West Bengal	82.0	80.3	86.2	88.5	87.0	92.3	92.2	91.4	93.9
20	Jharkhand	a	a	a	42.6	35.5	68.2	60.1	54.3	78.4
21	Odisha	39.1	35.3	62.8	64.2	62.9	72.3	75.3	74.4	79.8
22	Chhattisgarh	a	a	a	70.5	66.2	88.8	86.3	84.1	93.9
23	Madhya Pradesh	53.4	45.6	79.4	68.4	61.5	88.6	78.0	73.1	92.1
24	Gujarat	69.8	60.0	87.2	84.1	76.9	95.4	90.3	84.9	97.0
25	Daman & Diu	71.4	56.9	86.8	96.3	94.9	98.9	98.7	97.8	99.0
26	Dadra & Nagar Haveli	45.6	41.2	91.0	77.0	70.5	96.1	91.6	84.3	98.4
27	Maharashtra	68.5	54.0	90.5	79.8	68.4	95.4	83.4	73.2	95.7
28	Andhra Pradesh	55.1	49.0	73.8	80.1	76.9	90.2	90.5	88.6	94.5
29	Karnataka	71.7	67.3	81.4	84.6	80.5	92.1	87.5	84.4	92.3
30	Goa	43.4	30.5	61.7	70.1	58.3	82.1	85.7	78.4	90.4
31	Lakshadweep	11.9	3.4	18.8	4.6	4.6	4.6	22.8	31.2	20.2
32	Kerala	18.9	12.2	38.7	23.4	16.9	42.8	33.5	28.3	39.4
33	Tamil Nadu	67.4	64.3	74.2	85.6	85.3	85.9	92.5	92.2	92.9
34	Puducherry	88.8	92.9	86.1	95.9	96.6	95.5	97.8	99.6	97.0
35	Andaman & Nicobar Islands	67.9	59.4	90.9	76.7	66.8	97.8	85.5	78.2	98.1
	All India	62.3	55.5	81.4	77.9	73.2	90.0	85.5	82.7	91.4

Source: Office of the Registrar General of India, Ministry of Home Affairs.

a : Created in 2001. Uttarakhand, Jharkhand and Chhattisgarh for 1991 are included under Uttar Pradesh, Bihar and Madhya Pradesh respectively.

na: Not available as no census was carried out in Jammu & Kashmir during 1991.

Table 9.7 : Population of India (1951-2011)

(in thousand)

Sl. No.	States /Union Territories	1951	1961	1971	1981	1991	2001	2011
1	2	3	4	5	6	7	8	9
1	Uttar Pradesh	60274	70144	83849	105137	132062	166198	199812
2	Maharashtra	32003	39554	50412	62783	78937	96879	112374
3	Bihar	29085	34841	42126	52303	64531	82999	104099
4	West Bengal	26300	34926	44312	54581	68078	80176	91276
5	Andhra Pradesh	31115	35983	43503	53551	66508	76210	84581
6	Tamil Nadu	30119	33687	41199	48408	55859	62406	72147
7	Madhya Pradesh	18615	23218	30017	38169	48566	60348	72627
8	Rajasthan	15971	20156	25766	34262	44006	56507	68548
9	Karnataka	19402	23587	29299	37136	44977	52851	61095
10	Gujarat	16263	20633	26697	34086	41310	50671	60440
11	Odisha	14646	17549	21945	26370	31660	36805	41974
12	Kerala	13549	16904	21347	25454	29099	31841	33406
13	Jharkhand	9697	11606	14227	17612	21844	26946	32988
14	Assam ^a	8029	10837	14625	18041	22414	26656	31206
15	Punjab	9161	1135	13551	16789	20282	24359	27743
16	Haryana	5674	7591	10036	12922	16464	21145	25351
17	Chhattisgarh	7457	9154	11637	14010	17615	20834	25545
18	Delhi	1744	2659	4066	6220	9421	13851	16788
19	Jammu & Kashmir ^b	3254	3561	4617	5987	7837	10144	12541
20	Uttarakhand	2946	3611	4493	5726	7051	8489	10086
21	Himachal Pradesh	2386	2812	3460	4281	5171	6078	6865
22	Tripura	639	1142	1556	2053	2757	3199	3674
23	Meghalaya	606	769	1012	1336	1775	2319	2967
24	Manipur ^c	578	780	1073	1421	1837	2294	2856
25	Nagaland	213	369	516	775	1210	1990	1979
26	Goa	547	590	795	1008	1170	1348	1459
27	Arunachal Pradesh ^d	na	337	468	632	865	1098	1384
28	Puducherry	317	369	472	604	808	974	1248
29	Chandigarh	24	120	257	452	642	901	1055
30	Mizoram	196	266	332	494	690	889	1097
31	Sikkim	138	162	210	316	406	541	611
32	Andaman & Nicobar Islands	31	64	115	189	281	356	381
33	Dadra & Nagar Haveli	42	58	74	104	138	220	344
34	Daman & Diu	49	37	63	79	102	158	243
35	Lakshadweep	21	24	32	40	52	61	64
	All India ^c	361088	439235	548160	683329	846421	1028737	1210855

Source : Office of the Registrar General of India, Ministry of Home Affairs.

^a The 1981 Census could not be held in Assam. Total population for 1981 has been worked out by Interpolation.^b The 1991 Census could not be held in Jammu & Kashmir. Total population for 1991 has been worked out by Interpolation.^c India and Manipur figures include estimated population for those of the three sub-divisions viz. Mao Maram, Paomata and Purul Senapati district of Manipur as census results of 2001 in these three sub-divisions were cancelled due to technical and administrative reasons.^d Census conducted for the first time in 1961.