

India's macroeconomics indicators assignment

[Economics](#)



Exhibit 3. 1 20000211DL-ZXL350_8(ECO-PERF) OUTPUT GROWTH IN SELECTED COUNTRIES Country GDP per capita growth (CAGR) GDP per capita at starting point (% of US) China (1990-97) 10. 0 5 Korea (1970-85) 8. 2 6 Thailand (1985-95) 7. 8 10 Indonesia (1988-97) 5. 9 6 India (1993-99) 4. 2 4 Source: World Development Indicators; The Economist (2000) Exhibit 3. 2 20000211DL-ZXL350_8(ECO-PERF) Indexed to US in 1996 = 100, 1990-99 BREAK-UP OF INDIAN GDP PER CAPITA Labour productivity 100 36 29 GDP per capita 22 8 100 49 25 23 US Korea Poland Brazil India 1996 1996 1998 1996 1999 Employment per capita 6 100 139 103 86 81

US Korea Poland Brazil India 1996 1996 1998 1996 1999 US Korea Poland Brazil India 1996 1996 1998 1996 1999 Source: CMIE (Monthly Review of the Indian Economy, November 1999); Manpower (Profile India Yearbook 1999); The Source: CMIE (monthly revenue of the Indian Economy, November 1999); manpower (profile India Yearbook 1989); The Economist, 1996 Economist (1996); MGI Exhibit 3. 3 20000211DL-ZXL350_8(ECO-PERF) WORLD DISTRIBUTION OF PER CAPITA GDP BY COUNTRY US\$, PPP adjusted 35, 000 30, 000 GDP per capita (1998) 25, 000 20, 000 15, 000 10, 000 5, 000 0 0 India China US 1, 000 2, 000 3, 000 4, 000 5, 000 6, 000 Population (Millions)

Source: Economic Intelligence Unit; OECD; MGI Exhibit 3. 4 20000211DL-ZXL350_8(ECO-PERF) ERA ANALYSIS OF INDIA'S ECONOMIC GROWTH, 1970-99 Per cent GDP per capita growth 4. 2 2. 6 1. 6 1970-80 Phase 1 1986-92 Phase 2 1993-97 Phase 3 Source: MGI; Team analysis Exhibit 3. 5

20000211DL-ZXL350_8(ECO-PERF) GDP AT FACTOR COST BY SECTOR, 1980-96 Per cent 100%* = Rs billion Other services 1, 224 1, 565 2, 212 8358**

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9643** 10818** 19. 3 20. 2 21. 3 23 23 24. 8 Trade*** Construction
 Electricity, gas and water Manufacturing (including mining and quarrying) 16.
 7 5. 0 1. 7 19. 2 17. 6 4. 6 2. 0 21. 0 17. 8 4. 6 2. 3 23. 1 19. 8 5. 1 2. 5 19. 2
 20. 9 4. 2. 4 20. 3 21. 4 5. 0 2. 5 19. 5 Agriculture 38. 1 34. 6 30. 9 30. 4 28.
 6 26. 8 1980 1985 1990 1994 1996 1998 * At factor cost at constant prices
 ** GDP figures for 1994, '96, and '98 are as per new series started from 1993
 *** Includes trade, hotels and restaurants, transport, storage, and
 communication Source: CMIE (National Income Statistics, November 1998)

Exhibit 3. 6 20000211DL-ZXL350_8(ECO-PERF) INDIAN GDP PER CAPITA
 GROWTH CAGR (1993-99) Labor productivity 4. 9 GDP per capita 4. 2
 Employment per capita Despite creating 20 million new jobs -0. 7 Source:
 CMIE (Monthly Review of the Indian Economy, November 1999); NSS Report
 No. 55, Employment and Source: CMIE (monthly revenue of the Indian
 Economy, November 1999); manpower (profile2001; McKinsey Analysis
 Unemployment in India, 1999-2000 ??? Key Results; Census of India India
 Yearbook 1989); The Economist, 1996 Exhibit 3. 7 20000211DL-
 ZXL350_8(ECO-PERF) PRODUCTIVITY AND GDP PER CAPITA ACROSS
 COUNTRIES Indexed to the US = 100 in 1996 110 100 90 80 US (1990-1999)
 Germany (1996) Japan (2000) UK (1998) Korea (1997) France (1996)
 GDP/capita 70 60 50 40 30 20 10 0 0 10 Poland (1999) Brazil (1997) Russia
 (1999) India (2000) 20 30 40 50 60 70 80 90 100 110 Labour productivity
 Source: Economic Intelligence Unit; OECD; MGI Exhibit 3. 8 20000211DL-
 ZXL350_8(ECO-PERF) EMPLOYMENT BREAK-UP BY SECTOR, 1983-98 Per cent,
 million 100% = Other services Trade* Construction Electricity, gas, and
 water Manufacturing (including mining and quarrying) 2 303 9 9 0. 3 11 322

10 10 4 12 0. 4 379 11 10 4 11 0. 4 4 404 9 13 0. 3 11 Agriculture 68 64 64
62 1983 1987 1994 1998 * Includes trade, hotels and restaurants, transport,
storage, and communication Source: Manpower (Profile of India); NSSO
quinquennial surveys; Census of India, 1991 and 2001 Exhibit 3. 9
20000211DL-ZXL350_8(ECO-PERF)

EXTENT OF UNDER-EMPLOYMENT IN AGRICULTURE Full Time Equivalents
(FTEs) millions 230 100 130 Employed in agriculture Estimated real
employment in agriculture Idle hours in agriculture Source: National Income
Statistics, 1998; Team analysis Exhibit 3. 10 20000211DL-ZXL350_8(ECO-
PERF) SECTOR BREAK -UP OF ORGANISED EMPLOYMENT*, 1995 Per cent
Share of total employment (%) Electricity, gas, and water Mining and
quarrying Other services Transport, storage and communications
Manufacturing Construction Trade, hotels and restaurants Agriculture Total *
Employment in registered companies Source: Manpower (Profile India
Yearbook), 1999

Share of employment in organised sector 66 65 27 28 28 8 2 1 8 0. 7 0. 4 9.
8 2. 7 11. 0 3. 2 7. 9 64. 3 100 Exhibit 3. 11 20000211DL-ZXL350_8(ECO-
PERF) EVOLUTION OF WORKING-AGE POPULATION Per cent, million 100%=
60+ years 548 6. 0 683 6. 5 846 6. 6 997 6. 8 1, 180 7. 3 15-59 years 52 54
57 58 62 CAGR* = 0. 44% 0-14 years 42 40 36 35 31 1971 1981 1991 2000*
2010** * Compounded annual growth rate ** Projections Source: Overview of
demographic transition in India, K. Srinivasan, Population Foundation of
India; Population projections for India; Census of India 1991 Exhibit 3. 12
0000211DL-ZXL350_8(ECO-PERF) GROWTH IN CAPITAL STOCK IN INDIA*,
1991-99 Rs billion; constant 1980-81 prices 7, 150 6, 700 5, 510 6, 020 7560
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7960 8390 CAGR 1991-98 5. 4% 3, 380 1981 1991 1993 1995 1996 1997
 1998 1999 * Net capital stock Source: Statistical Outline of India, 1998-99
 Exhibit 3. 13 20000211DL-ZXL350_8(ECO-PERF) INTERNATIONAL
 BENCHMARKS FOR INVESTMENT RATES Average total investment (Per cent of
 GDP) Per cent of GDP at starting total investment per GDP (%) growth point
 (%) (US= 110 in 1998) 4. 9 4. 2 Country GDP growth (CAGR) India (1990-99)
 5. 8 24. 5 Thailand (1972-82) . 1 24. 9 5. 7 3. 5 Indonesia (1989-97) 7. 6 7. 6
 27. 5 5. 3 3. 6 Korea (1970-80) 27. 2 6. 0 3. 6 Malaysia (1970-80) 7. 8 24. 8
 8. 6 3. 2 China (1988-98)* 10. 8 32. 9 6. 0 3. 0 * According to Chinese official
 statistics Source: World Development Indicators; McKinsey analysis Exhibit 3.
 14 20000211DL-ZXL350_8(ECO-PERF) MAIN INDIAN SOCIO-ECONOMIC
 INDICATORS 1980-81 1990-91 38. 9 (1987) 58. 7 1. 9 1999-2000 26 63** 1.
 64 5. 5 ??? Poverty (%)* ??? Life expectancy (years) ??? Population growth
 rate (%) ??? Household size (#) ??? Literacy (%) 44. 5 (1983) 50. 4 1. 9 30
 39. 3 54 Defined as the share of population below the poverty line defined by
 around 2, 500 calories of food intake per capit a per day ** For 1995 Source:
 Economic Survey, 1995 -96, Statistical Outline of India, India Human
 Development Report Exhibit 3. 15 20000211DL-ZXL350_8(ECO-PERF) REAL
 INTEREST RATES AND INFLATION IN INDIA, 1991-99 Per cent 15 10 Real
 interest rate (prime) 5 0 1980-82 1983-85 1986-88 1989-91 1992-94 1995-
 97 1998-99 1999-2000 Source: CMIE (Monthly Review of the Indian
 Economy, November 1999); Reserve Bank of India (Annual Report 1998/99)
 Exhibit 3. 16 20000211DL-ZXL350_8(ECO-PERF)

EVOLUTION OF CONSOLIDATED* INDIAN FISCAL DEFICIT Per cent of GDP 40
 30 30 25 20 20 10 15 0 10 -10 -8. 2 -7. 5 -7. 4 -8. 5 5 -10. 1 -11. 6** 0 -20

1994 1995 1996 1997 1998 1999 * For both centre and state governments

** Including the power sector losses Source: Reserve Bank of India (Annual Report 1998 - 99); CMIE (Monthly Review of the Indian Economy, November 99); IMF Source: CSO; Government of India Budget documents; CMIE Exhibit

3. 17 20000211DL-ZXL350_8(ECO-PERF) CURRENT ACCOUNT BALANCE, CAPITAL INFLOWS*, AND FOREIGN EXCHANGE RESERVES, 1990-98 US\$

million 15, 000 Current account deficit 12, 006. 0 10, 000 9, 156. 8, 565. 0 7, 188. 0 5, 000 2, 966. 0 5787. 0 7665. 0 4527. 0 Net capital inflows Change in reserves 0 -560. 0 -2492. 0 -5, 000 -3526. 0 -3369. 0 -4341. 0 -4038. 0 -10, 000 -9680. 0 -15, 000 1990-91 1992-93 1994-95 1996-97 1998-99 * Also

includes changes in IMF deposits and an adjustment for errors Source: RBI Annual Report Exhibit 3. 18 20000211DL-ZXL350_8(ECO-PERF)

INTERNATIONAL COMPARISONS OF BANKING OPERATING COSTS, 1997 Per cent of total banking assets 9. 9 7. 7 2. 9 3. 2 Korea US Brazil India Source: CMIE; Team analysis Exhibit 3. 19 20000211DL-ZXL350_8(ECO-PERF)

PERFORMANCE OF INDIAN BANKS, MARCH 1998

Per cent of assets Performance criteria 100% = US\$260 bn Number of players 15 " Healthy" ??? Profitable for last 3 years ??? Non-performing assets 12% ??? ROA ; 1. 5% ??? Non-performing assets 5 -9% ??? CAR ; 10% ??? ROA ; 1% ??? 5 banks ??? 1 financial institution ??? 75% of foreign banks 36 " In danger" ??? 20 banks ??? 4 financial institutions ??? 25% of foreign banks ??? 11 banks ??? 2 financial institutions ??? 50% of state co-op banks ??? 50% of state-level banks ??? 30% of NBFCs ??? 8 banks ??? 1 financial institution ??? 50% of state co-op banks ??? 50% of state-level banks ??? 40% of NBFCs 31 " Sick" ??? Non-performing assets ; 9% ??? CAR