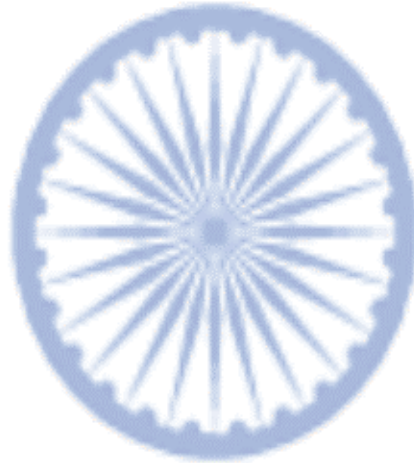


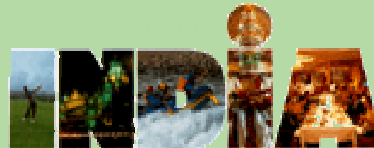
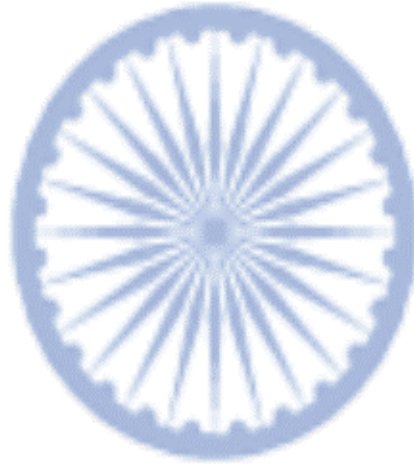
Economic Transition in India: A Synoptic View



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Country Profile

Population:	More than 1 billion
Area:	3.3 million square k.m.
Coastline:	7600 k.m.
Languages:	24 major, 844 dialects
Religions:	Hinduism, Islam, Sikhism, Christianity, Buddhism, Jainism
Currency:	Rupee (INR) 1 Rupee=100 paise



Political Profile

The Indian Union: 28 states
7 union territories

Government: Parliamentary, based on adult franchise

Legislature: Rajya Sabha (Council of States)
Lok Sabha (People's House)

National Parties: 9

State parties: 20

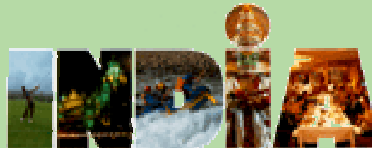
Executive: President,
Vice President, Prime Minister

Judiciary: Independent of executive



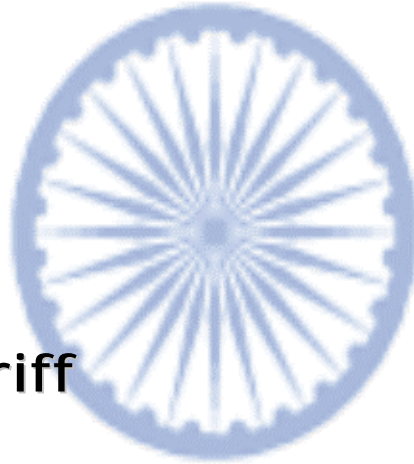
Economic Profile: 2000 estimates

GDP: (PPP)	\$ 2.2 trillion
GDP real growth rate	6.5 %
Savings rate:	25% of GDP
GDP per capita (PPP)	\$ 2200
GDP composition by sector:	Agriculture(25%), industry (24%) and services (51%)
Population below poverty:	35% (1994 estimate)
Rate of Inflation:	5.4%
Industrial growth:	7.5%
Agriculture growth:	2.5%
Service sector growth:	9.5%
Exports:	\$ 43.1 billion
Imports:	\$ 60.8 billion
External debt:	\$ 99.6 billion
Foreign exchange reserves:	\$ 45.1 billion

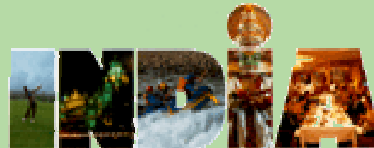


Pre Transition

- Highly autarkic economy
- Centralized planning
- Protectionist trade policies
- High tariffs & non-tariff barriers
- Capital controls

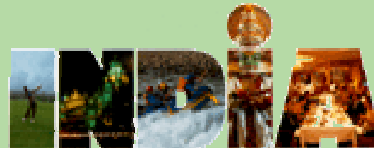
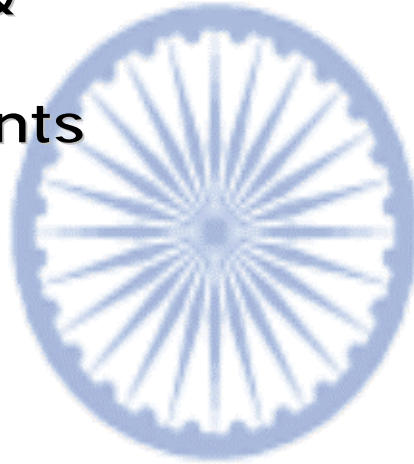


- Import substitution
- State owned public sector industries
- State controlled financial sector
- Reservation policies
- Administrative prices
- Regulated markets



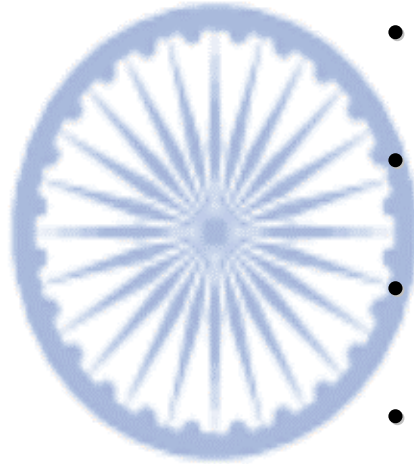
Post Transition

- Deregulation & liberalization
- Lowering of tariffs & easing of import licensing requirements
- Export incentives
- Special economic zones :EPZ's
- Single window licensing policy
- Declining incidence of poverty
- Divestment of public sector units
- Liberalization of the banking & financial sectors
- Promotion of FDI
- Tax incentives for capital investments- Domestic & Foreign
- Managed exchange rate
- Portfolio investments

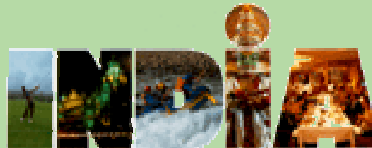


Impediments

- Low productivity levels
- Infrastructure deficiencies
- Rising public sector debts (83% of GDP)
- High subsidies fostering inefficiency
- Low literacy levels
- Demographic deficiencies



- Rigid labor laws
- Tardy functioning of the judicial system
- Campaigns against “cultural consumerism”
- Growing economic nationalism
- Excessive bureaucratic controls
- Corruption



Growth Potentials

- Large potential markets:
Urban & Rural
- Booming IT & Bio-
technology sectors
- Highly professional &
scientific manpower
- Trend towards
political
decentralization
- Dominant player in
south Asian region
- Competitive
Environment

