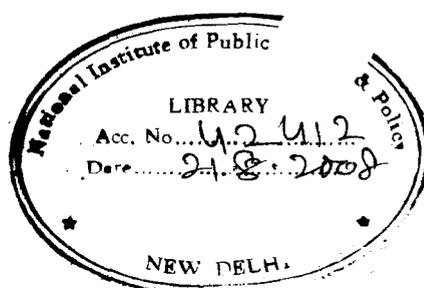


# REVIEW OF ECONOMIC AND SOCIAL DEVELOPMENTS IN INDIA:1987-88

V B TULASIDHAR

OCTOBER 1988



NATIONAL INSTITUTE OF PUBLIC FINANCE AND POLICY  
NEW DELHI

NIPFP Library



42412

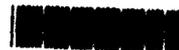
330.954 T82R M8

**REVIEW OF ECONOMIC AND SOCIAL  
DEVELOPMENTS IN INDIA:1987-88**

**V B TULASIDHAR**

**OCTOBER 1988**

**NIPFP Library**



**42412**

**330.954 T82R M8**

**NATIONAL INSTITUTE OF PUBLIC FINANCE AND POLICY  
NEW DELHI**

I am thankful to Dr. M. Govinda Rao for  
sparing his time to go through the draft

## CONTENTS

	<u>Page</u>
<b>I Overview</b>	
Prospects for 1988-89	3
<b>II Macroeconomic Performance</b>	
2.1 GNP Growth Changes in its Structure	5
2.2 Consumption, Saving and Capital Formation	6
2.3 Price Situation	8
2.4 Sectoral Performance	
2.4.1 Agriculture	8
2.4.2 Industry	11
2.4.3 Energy	14
<b>III International Trade</b>	
3.1 Merchandise Trade	15
3.2 Invisibles and Capital Flow	16
<b>IV Monetary, Fiscal and Financial Developments</b>	
4.1 Monetary Developments	19
4.2 Fiscal Policy	20
<b>V Social Developments</b>	
5.1 Poverty	23
5.2 Employment	23
5.3 Health	25
<b>NOTES</b>	27
<b>TABLES</b>	

## List of Tables

### Table No.

1. India's GNP and Per Capita Income (New Series)
2. Distribution of Gross Domestic Product at Factor Cost (at Constant Prices) by Industry of Origin
3. GDP: Consumption Savings and Capital Formation
4. Net Domestic Savings
5. Price Situation in India
6. Monsoon Rainfall
7. Production of Various Crops, Live stock and Fish
8. Use of Agricultural Inputs: Fertilizer, HYV Seeds and Institutional Credit and Area Under HYV
9. Yield Per Hectare of Major Crops
10. Crop Insurance Scheme
11. Index of Industrial Production
12. Index of Industrial Production - Sectorwise
13. Production of Selected Industries/Infrastructure
14. Production and Consumption of Energy
15. Trends in Exports and Imports
16. Principal Exports of India
17. Principal Imports of India
18. Direction of Trade
19. India's Terms of Trade
20. India's Overall Balance of Payments
21. India's Foreign Exchange Reserves
22. External Assistance and Debt Servicing
23. Variation in Money Stock ( $M_3$ )
24. Variation in Reserve Money
25. Structure of Interest Rates

### **List of Tables (Contd.)**

Table No.

26. Combined Receipts and Disbursements of the Central and State Governments
27. Share of Direct and Indirect Tax in Total Tax Revenue
28. Overall Surplus/Deficit of the Central and State Governments
29. Age Structure of India's Population
30. Labour Force Projections by Age and Sex
31. Employment and Unemployment - Survey Results
32. Employment in the Public Sector and Private Organised Sector
33. Number of Job Seekers on the Live Registers of the Employment Exchanges
34. Population Growth, Achievements and Targets
35. Progress of Family Planning Programme
36. Demographic Characteristics of Indian States
37. Health Infrastructure in India
38. Rural Water Supply Programme
39. Per Capita Availability of Some Important Food Items

## I. Overview

Acute drought conditions in most parts of the country and floods in the eastern region have adversely affected the overall performance of Indian Economy during 1987-88. The GNP in real terms is expected to register a growth rate of only around 2 percent<sup>1</sup>, which is well below the Seventh Plan target of 5 percent. With this, the average rate of growth of GNP in the first three years of the plan works out to a modest 3.5 percent.<sup>2</sup> Although this rate of growth compares favourably with what was achieved during the last two decades, its implications in the present context are different. Unlike in the past, slow growth of the economy during the first three years of the plan has been due to poor performance of Agricultural sector, which has registered an average annual rate of decline of 1.5 percent as against the targeted annual growth rate of 4 percent. This will have serious repercussions on the employment and poverty situations particularly in rural areas. While the adverse weather conditions, particularly during 1987-88, are to a large extent responsible for the sluggish performance of Agriculture, considerable slippages in the achievements of spread of area under High Yielding Varieties, creation of irrigation potential and consumption of fertilizers have accentuated the problem to some extent.<sup>3</sup>

In spite of severe drought conditions and serious set back to agriculture, industrial production in 1987-88 recorded 7.7 percent increase over the previous year. Interestingly, decline in agricultural production did not impair the industrial growth even during the previous two years. Although the rate of growth in industrial production in 1987-88 was less as compared to 9.1 percent achieved in the preceding year,

the average for the first three years of the Seventh Plan exceeds the target of 8 percent by 0.5 percentage point. This is a notable outcome. It signifies the, due to structural changes that have taken place within the industrial sector, the backward and the forward linkages between agriculture and industry have weakened over the years. Consequently, the industrial production is less susceptible to fluctuations in agricultural output. The infrastructure industries recorded a lower growth rate of 6.1 percent in 1987-88 as against 7.5 percent the previous year.

India's performance on the foreign trade front has been satisfactory for the second year in succession. Exports during 1987-88 exceeded the target of Rs 138 billion by Rs 19 billion and achieved an impressive growth of over 25 percent (over 23 percent in US dollar terms). Exports grew only by just over 15 percent during the previous year. Although the growth in imports too accelerated from about 3 percent in 1986-87 to about 10 percent, rapid increase in exports narrowed down the trade deficit by about Rs 10 billion in 1987-88. Rapid growth in imports was mainly due to 52 percent rise in petroleum oil imports caused mainly by higher import prices. In fact, non-petroleum imports grew only by 5 percent in 1987-88 as against 29 percent in the previous year. Trade deficit as a percentage of GNP fell further to 2.51 percent in 1987-88 from 2.94 percent in the previous year. The deficit on current account was however, expected to deteriorate in 1987-88. Foreign exchange reserves fell during 1987-88 by about 5.7 percent in rupee terms (12.3 percent in SDR terms).

### Prospects for 1988-89.

With all the 35 meteorological divisions receiving normal/excess rainfall during June-August 1988, prospects for substantial increase in agricultural production are bright. A target of 166 million tonnes has been set for foodgrains production. Although the target looks formidable when compared to the achievements in recent past, it is only 9 percent more than the peak output of 153.2 million tonnes achieved in 1983-84. Given the fact that since 1983-84 agricultural infrastructure has further expanded, albeit slowly, achieving the target may not be difficult.

With the recovery of agriculture, better performance of infrastructure, and the liberalisation of industrial policies initiated recently, it is expected that the manufacturing sector will grow at a higher rate in 1988-89. Removal of licensing for a large number of industries certainly lifted barriers to entry, but the new policy framework still does not permit exit. Unless policies are designed to enable easy exit, the problems of transitions from protected environment to competition will increase the problem of industrial sickness and adversely effect the overall efficiency of the economy.

Balance of payments situation will be very unfavourable, and the debt service ratio may further increase from the already high level of 23-24 percent reached in 1987-88 as the repayments to IMF will reach a peak during 1988-89<sup>19</sup>. While the 1988-91 Import-Export policy may help improve export performance even further, acceleration in the growth rate of the

economy and the emphasis on modernisation of industries may increase the import requirements of capital goods and raw materials in 1988-89. Stagnation in domestic production of crude oil and sustained increase in the consumption of petroleum products is likely to enhance the oil import bill. Expected increase in agricultural production is likely to reduce bulk import of agricultural commodities.

On the whole, the economy is expected to recover sharply and attain a growth rate of around 9 percent during 1988-89.

## II. Macroeconomic Performance

### 2.1 GNP Growth Changes in its Structure

After achieving an impressive growth rate of over 5 percent during the Sixth Plan (1980-85), Indian Economy has suffered a serious set back during the first three years of the Seventh Plan (1985-88). Floods in the Eastern region and severe drought conditions in rest of the country have adversely affected the economic performance in 1987-88. The GNP in real terms is expected to increase only by about 2 percent<sup>5</sup> (Table 1). With population growing at 1.99 percent this would imply near stagnation of per capita income. Sudden deceleration in the growth of GNP in the third year (1987-88) of the Plan will bring down the average growth in the first three year period to 3.5 percent as against the target of 5 percent.

Slowdown in economic progress was mainly due to abysmal performance of agricultural production, which has declined at an annual average rate of 1.5 percent during the past three years of the Plan. In contrast, the manufacturing sector grew faster than what was targeted in the Seventh Plan. Due to this lopsided performance of the economy, the share of primary sector fell sharply from 37.3 percent to 33.8 percent and that of manufacturing increased rapidly from 25.8 to 27.7 percent in a short period of 3 years spanning 1984-85 and 1986-87 (Table 2). While, in the normal circumstances, rapid growth in the share of manufacturing sector is viewed as a positive development, in the present case one cannot take such a view as the structural shift has come about due to absolute decline in

agricultural production. In fact, what has happened was structural dislocation of the economy. Given the fact that substantial proportion of the labour force still depends on agriculture (Table 31), any structural dislocation of this type would have had serious implications on unemployment and poverty situations in rural areas.

Contrary to what was indicated in the old series of National Accounts (base 1970-71), the new series show a lower share as well as substantially lower growth in tertiary sector; particularly the public administration. Downward revision in the size of public administration was mainly on account of methodological improvements in deflating the wage bill of public servants<sup>7</sup>. In the new series tertiary sector shows a marginally lower growth rate than the manufacturing sector which is a welcome feature.

## **2.2 Consumption, Savings and Capital Formation**

New series of National Accounts substantially revised the estimates of consumption, saving, and capital formation. Rates of net savings and capital formation have been revised downwards due to availability of further data, change in methodology (particularly the treatment of depreciation) and revision in the estimates of national income.

The overall trends in the 80's show a gradual increase in the share, in GDP, of government consumption expenditure and decline in private final consumption expenditure (Table 3). Gross fixed capital formation, on

the other hand, fluctuated around 19 to 21 percent of GDP. The estimates of net savings and net capital formation presented in Table 4 also show no clear trend during the 80's. The rate of net capital formation declined from 15 percent in 1980-81 to 12.5 percent in 1984-85 and suddenly jumped to 15.9 percent in 1985-86 the first year of the Seventh Plan. But, it declined thereafter to reach 14 percent in 1987-88. Net domestic savings too broadly followed this trend. The welcome, feature however is the gradual increase in the rate of savings in the private sector, mainly on account of gradual growth in household savings. But, once again due to drought, the private savings, particularly the household savings registered a marginal decline in 1987-88. Corporate savings too showed considerable amount of fluctuation over time. Within household sector savings, the proportion of financial savings has been increasing.

Most disturbing aspect in the saving front has been the gradual increase in the rate of dissaving in the public sector. Public sector savings rate which turned negative (-0.61 percent of NDP) in 1984-85. Worsened over time to reach -1.22 percent in 1986-87. Public sector dissaving is expected to increase sharply during 1987-88 to reach -2.1. Within the public sector, the savings performance of enterprises improved marginally. It is the deficit current on account of government administration which is primarily responsible for this unhappy situation. Dependence on foreign resources is expected to increase from the level of 1.9 percent NNP in 1986-88 to 2.2 percent in 1987-88.

### **2.3 Price Situation**

Despite a marginal slowdown in the growth of money supply ( $M_3$ ) and lower anticipated overall budgetary deficit, the rate of inflation in wholesale prices, measured on a point to point basis, doubled from 5.3 percent in 1986-87 to 10.6 percent in 1987-88 (Table 5). Considerable imbalance in the supply and demand caused by drought was largely responsible for the acceleration in the rate of inflation. But the acceleration in the rate of inflation, measured on a monthly average basis, in consumer prices was only marginal. The increase in consumer prices was 9.2 percent in 1987-88 as against 8.7 percent in 1986-87. Data for the first quarter of 1988-89 indicate deceleration in the rate of inflation both in wholesale and consumer prices. The deceleration was particularly sharp in the case of wholesale prices which rose by only 2.1 percent, lowest ever in the eighties.<sup>4</sup>

### **2.4. Sectoral Performance**

#### **2.4.1 Agriculture**

After achieving an impressive growth of over 3 percent per annum during the Sixth Plan, agricultural production declined at an annual rate of 1.5 percent during the first three years of the Seventh Plan. In the first year of the Seventh Plan (1985-86) agricultural production registered an increase of 4.6 percent against the target of 4 percent (Table 7). But in the subsequent two years it declined by 5.6 percent

(1986-87) and 4.6 percent (1987-88) respectively. While progressive deterioration in monsoon (Table 6) activity since 1985 was, to a large extent, responsible for the decline in agricultural production, slippages in the creation of agricultural infrastructure/provision of inputs have accentuated the problem. Table 8 clearly shows the extent of shortfall in achieving the targets set for the provision of agricultural inputs and creation of infrastructure. Actual or likely achievements during 1987-88 of fertilizer consumption, provision of quality seeds, availability institutional credit, spread of area under high yielding varieties and most important, creation of irrigation potential were far below the Seventh Plan targets. Achievement of the targeted growth in agricultural production hinges mainly on fulfillment of the targets set for the creation of agricultural infrastructure and provision of inputs.

According to the latest estimates<sup>8</sup> foodgrains production in 1987-88 would be 137 million tonnes; 4.9 percent lower than the previous year's production (Table 7). Among other major crops, only pulses and cotton are expected to record an increase, albeit marginal, in production. The production of livestock products and fish are also expected to increase marginally during 1987-88.

In view of the poor performance of agriculture in the first three years of the Plan and slippages in achieving the targets set for the provision of inputs and infrastructure, the Seventh Plan agro-production targets for the terminal year of almost all crops have been marginally revised downwards. For instance, the revised target for foodgrains

production in the terminal year is put at 174-175 million tonnes instead of 178 to 183 million tonnes as was originally envisaged<sup>9</sup>. In order to ensure the achievement of the revised targets, the Planning Commission has set out the following mid-course correctives<sup>10</sup>; (a) provision of additional resources for the speedy implementation of irrigation projects (b) More vigorous promotion of fertilizer use and high yielding seeds and (c) special programmes to improve rice cultivation in the eastern region, increase in oil seeds production and to develop dry land farmers "on a scale and vigor that characterised the green revolution in wheat".

Crop insurance scheme, which was introduced in 1985 on a modest scale has been extended to all the farmers availing crop loan from cooperatives and nationalised banks. To benefit small and marginal farmers a part of the premium payable is subsidized by the State and Central governments. The scheme has been progressing satisfactorily both in terms of sum assured and number of farmers covered (Table 10). The scheme covers 150 percent of the crop loan taken from institutional sources. Thus it insulates farmers, to some extent, from financial losses in the event of crop failure and also ensures recovery of loans even when crops fail.

With almost the entire country receiving normal monsoon (Table 6), prospects for a sharp increase in agricultural production are bright during 1988-89. The government has drawn up a contingency plan, to be implemented in "thrust districts" selected from 14 States, in order to achieve 166 million tonnes of foodgrains production in 1988-89.

### 2.4.2 Industry

Industrial production recorded an increase of 7.7 percent during 1987-88 as against 9.1 achieved in the previous year. (Table 11). Although drought was responsible for fall in industrial growth rate its effect was felt with a lag in the second half of the financial year 1987-88, and the production, in fact, grew at a much faster rate during the first two quarters as compared to the corresponding quarters of the preceding year<sup>12</sup>. But, unlike in previous drought years, its adverse impact on the industrial growth via lower agro-production was less intense. For that matter, decline in agricultural production during the first three years of the plan did not impair industrial progress. On the contrary, industrial output grew at 8.5 percent per annum during this period as against the Seventh Plan target of 8 percent. It signifies that the linkages between agriculture and industry have weakened over the years due to structural changes that have taken place within the industrial sector. Agro-based industries have a lower weight, in the index of industrial production, now than in previous drought years. Within agro-based industries, some industries like textiles are shifting towards produced inputs (synthetic fiber) from the traditional agro-based inputs (cotton yarn). On the demand side too, fall in agricultural incomes are likely to have more subdued influence on industrial output now, as its size in GNP has come down gradually over the years. Besides this, robust performance of infrastructure industries, liberalisation of industrial policies and better availability of imported inputs have also contributed

substantially to the buoyancy in industrial production. The tempo of investment in the manufacturing sector appears to have been maintained in 1987-88 as the all India financial institutions disbursement showed an increase of about 18 percent over the previous year<sup>14</sup>.

Sectoral break up of industrial production index showed that deceleration in the manufacturing output during 1987-88, which has 77 percent weight, was only marginal (-0.7 percent) as compared to Electricity (-2.8 percent) and Mining and Quarrying (-2.6 percent). Rate of growth in electricity decelerated mainly on account of substantial fall in hydroelectric generation. Thermal units performed satisfactorily with the plant load factor increasing from 53.2 percent in 1986-87 to over 55 percent in 1987-88<sup>13</sup>. Reasonable level of overall growth rate was maintained mainly on account of robust performance of manufacturing.

Within the manufacturing sector, the available information for eleven months of 1987-88, indicate that only six out of seventeen major industrial groups recorded negative growth rates (Table 12). Production of Electrical machinery, which includes electronics, accelerated from 24.9 percent in 1986-87 to over 32 percent in 1987-88. Chemical industry, which has the highest weight, also accelerated from 12.1 percent to 14.6 percent. Among agro-based industries, only textiles showed acceleration, others recorded either negative growth rates or deceleration in growth.

Composite index of infrastructure industries which has a weight of 28.8 percent in the index of industrial production recorded a lower growth

rate of 6.1 percent in 1987-88 as against 7.5 achieved in the preceding year. Within infrastructure, except for coal, all others output decelerated during 1987-88 (Table 13). Preliminary trends observed in the first four months of 1988-89 indicate improvement in the output of almost all items of infrastructure.

The process of liberalisation and rationalisation of industrial policies set in motion of 1984 seem to be showing possible results. Growth of industrial output accelerated to 8.5 percent during 1984-88 from an average of 6.4 observed during the preceding three years. Acceleration was even more remarkable in the case of manufacturing; it has attained a growth rate of 8.9 percent during 1984-88 as compared to 5 percent achieved during the preceding three years.

Industrial reforms aiming at removing barriers to entry (relaxation of licensing), growth (endorsement of capacity), flexibility (broad banding of production) and efficiency (prescription minimum scale of production in some industries) have been taken even further during 1987-88. The Union government has recently announced a package of measures under which the exemption limit for licensing of industries set up in backward areas has been raised from Rs 50 million to Rs 500 million. This benefit is, however, not applicable to monopoly and foreign companies. Other rationalisation measures have been extended to new industries. Measures have also been taken to reduce the procedural impediments by way of delegation of powers to the administrative Ministries. These measures are expected to strengthen the performance of manufacturing sector even

further.

Increase in industrial sickness continues to be a matter concern<sup>14</sup>. the number of sick units increased sharply from 120 thousand in 1985 to 148 thousand in 1986 involving institutional credit of about Rs 49 billion. Out of this 128 thousand or 86 percent of the units involving Rs 24 billion institutional credit were found to be non-viable. To deal with the problem of industrial sickness the Government of India have set up the Board for Industrial and Financial Reconstruction (BIFR) with wide-ranging powers to take preventive and corrective measures to control industrial sickness. The BIR has become operative since May 1987.

### **2.4.3 Energy**

With the acceleration in industrial production, consumption of all forms of energy has risen during the 80's (Table 14). However, the rate of acceleration was less in the case of petroleum products as compared to coal and electricity. Notable development in the recent past is the rapid increase (26 percent per annum during the 80's) in the production of natural gas, much of which is 'associated gas'. Consumption of natural gas too has increased at a rapid phase, particularly since 1985-86, but the increase was not adequate to fully utilise the entire production. In 1987-88, 35 percent of the gas produced equivalent to 14.7 million tonnes of coal has been flared up. This situation is expected to improve with the completion of HBJ gas pipe line, which is designed to supply natural gas to a number of fertilizer and petrochemical units.

### III International Trade

#### 3.1 Merchandise Trade

Belying the fears expressed by policy makers about the likely adverse impact of drought on India's merchandise trade, the trade deficit narrowed down for the second year in succession in 1987-88 by about Rs 10 billion (Table 15). Exports recorded an impressive 25 percent growth during 1987-88, exceeding the target of Rs 138 billion set for the year by a margin of around 14 percent. The expansion in exports in US dollar terms was 23 percent, a commendable performance. Growth of imports also increased sharply to 10.6 percent in 1987-88 as against 2.8 percent in the previous year.

Available data for the first half of 1987-88 (April-September) show significant increases in the exports of a few items (Table 16): Cotton fabric (78 percent), chemicals (62 percent), leather products (53 percent), Engineering goods (41 percent) and precious stones (27 percent). Recent policy initiatives to promote exports and liberalisation of imports to improve the competitiveness of Indian manufactures are to a large extent responsible for the improved buoyancy in exports.

Growth in imports on the other hand, was mainly due to marked (52 percent) increase in petroleum oil imports (Table 17 shows commodity-wise imports). The non-petroleum oil imports have decelerated from over 29 percent in 1986-87 to about 5 percent in 1987-88.<sup>16</sup> However, among non-

petroleum oil goods, imports of precious stones, edible oil and non-ferrous metals have accelerated during 1987-88.

India's trade with OECD countries improved substantially between 1985-87, and the trade with Eastern block witnessed a decline (Table 18). The share of OECD countries in India's exports improved by about 6 percentage points and the share of these countries in India's imports also increased by 11 percentage point during the above period. On the other hand, the share of Eastern block countries in India's exports as well as imports declined by 3.5 percent. Japan is emerging, albeit slowly, as one of India's major trading partners.

### **3.2 Invisible and Capital Flows**

Despite improvements in the trade balance, India's balance of payment position is expected to deteriorate in 1987-88 on account of repayment to IMF and increase in net investment income outflow due to increased interest payments. The current account deficit to GDP ratio, which has declined from 2.4 percent in 1985-86 to 1.9 percent in 1986-87 is expected to rise in 1987-88<sup>17</sup>. Complete information on balance of payments is not yet available for the year 1987-88. The available information indicates decline in foreign exchange reserves by about Rs 4.65 billion. Trends upto 1986-87, given in Table 20, show that the net inflow of invisibles remained more or less stagnant at Rs 36 to 38 billion. Due to progressive erosion of the rupee inflow of invisibles in US dollar terms has certainly declined. Within invisibles account net

outflow of investment income has been increasing rapidly mainly on account of increased interest payments. Receipts from travel and transfer payments have increased marginally in 1986-87. These broad trends are expected to remain unchanged during 1987-88. India's foreign exchange reserves declined by 12.3 percent in SDR terms during 1987-88 (Table 21). It is interesting to note that, even on month to month basis, the reserves in Rupee terms fell below 60 billion mark for the first time since 1985 in June 1988.

Gross inflow of external assistance<sup>18</sup> in the form of loans and grants has increased from Rs 35.96 billion in 1986-87 to 44.9 billion in 1987-88 (Table 22). Over 90 percent of external assistance continue to come from the consortium members and about 50 percent from the World Bank Group. Net inflow of external assistance is also likely to improve by over Rs 8 billion. While the net inflow of assistance from IBRD has increased during 1987-88, the terms of overall lending marginally hardened as a result of the fall in the share of IDA credit. Due to inadequacy in the flow of assistance from, multilateral sources in relation to its needs. India had to resort to commercial borrowing in a big way in the recent past.

Details on the utilisation of commercial borrowings are not available. Data on authorisation, given in Table 22, show that commercial borrowing during 1987-88 are likely to be higher as compared to the preceding year. Resort to commercial borrowings in a big way was made in 1981-82 with authorisation amounts to Rs 12 billion, thereafter the

authorisation sharply increased to Rs 20 billion in 1982-83 and then gradually fell to Rs 13.9 billion by 1985-86. During the first three quarters of 1987-88 authorisation to the tune of Rs 13.5 billion was given as compared to Rs 8.1 billion in the corresponding period of the preceding year. Due to substantial stepping up of commercial borrowings, overall debt serving ratio increase steeply from 10 percent in 1982-83 to 22 percent in 1986-87. During 1987-88 it is expected to reach 23 to 24 percent on account of the increased repayments to IMF.

## IV MONETARY, FISCAL AND FINANCIAL DEVELOPMENTS

### 4.1 Monetary Developments

The anticipated slowdown in the growth of the economy and the emerging inflationary pressure, prompted the Reserve Bank to follow a restrictive monetary policy in order to contain the growth of overall liquidity. Monetary expansion in terms of the broader definition of money ( $M_3$ ) was thus lower at 15.6 percent during 1987-88 than 18.8 percent recorded in 1986-87. While the growth of 'money supply with the public' ( $M_1$ ) too witnessed a sharp decline, there has been an increase in 'currency with the public' (Table 23). All the major sources of money stock ( $M_3$ ) have shown a decelerating trend at varying degrees. Notable among them were: bank credit to government and the foreign exchange assets of the banking sector. The decline in bank credit to commercial sector was mainly due to substantial fall in the requirement for food credit which had provided room to expand non-food credit without increasing the overall liquidity. Substantial withdrawal of food stocks had reversed the flow of food credit and had resulted in excess liquidity in the banking sector inspite of the fact that the growth in bank deposits during the year slackened.

Reserve money, which is the base for monetary expansion recorded a marginally higher growth rate of 18.9 percent during 1987-88 as against 18.4 in the previous year (Table 24). An important contributory factor for the rise in reserve money was RBI claims on the banking sector. Net

reserve bank credit to government sector, which is the biggest source of reserve money, decelerated this year indicating a reduction in the size of uncovered budgetary deficits of the Central and the State governments.

To contain the rapid growth in liquidity generated by reverse flow of food credit and increase in reserve money, the cash reserve ratio (CRR) was raised first from 9.5 to 10 percent in October 87 and then to 10.5 percent in July 88. The statutory liquidity ratio (SLR) was also raised from 37.5 percent to 38 percent of net demand and time liabilities in January 85. There has been no change in the administered interest rates (Table 25). However, interest rates on short term agricultural loans of less than Rs 15 thousand, have been reduced by one to two percentage points mainly to benefit small and marginal farmers.

Data for the first quarter of 1988-89 show a mild increase (0.3 percent) in the overall liquidity as compared to the corresponding period in the preceding year (Table 23). Source of this increase was expansion of credit to both government and commercial sectors.

#### **4.2 Fiscal Policy**

The position of government finances remained critical during 1987-88 even though there was a decline in overall budgetary deficit (Tables 26 and 28). Budget deficit in 1987-88, according to the revised estimates, was Rs 15.1 billion less than the all time high of Rs 91.5 billion reached

in 1986-87. But this does not imply any improvement in the basic structural imbalance of deficit on current account, which has been persisting since 1982-83. In fact the deficit on current account rose by Rs 11.1 billion in 1987-88 from the previous year figure of Rs 108.3 billion and the improvement in the overall deficit was largely due to the Rs 26.2 billion additional surplus on the capital account. In other words, reliance on borrowings to finance current account deficit has increased during the year. However, there was a marginal fall in the ratio of deficits, both current and overall, to GNP. Further increases in the absolute sizes of current and overall deficits have been budgeted for the year 1988-89.

Compared to 1986-87, aggregate expenditure growth was less, by over 9 percentage points in 1987-88. Slowdown was more steep in development expenditure as compared to non-development expenditure, which consists mainly of defense, interest payments and subsidies. Among these, the growth of interest payments was alarming. In the Union budget alone, interest payments rose from Rs 26 billion in 1980-81 to Rs 114.5 billion (revised estimates) in 1987-88. Rapid increase in interest payments in the recent past was mainly due to phenomenal increase in the total public debt from Rs 422 billion in 1980-81 to Rs 1220 billion (revised estimates) in 1987-88. Chronic imbalance in the current account has been responsible for this situation.

Slowdown in growth of expenditures was not enough to reduce the deficit on current account as the ~~growth in~~ total receipts stagnated

around 13 percent in the past two years. Stagnation in total receipts was mainly due to deceleration in the growth of non-tax revenues as the growth of tax revenue at 14.9 percent in 1987-88 was higher by 1.4 percentage points compared to the preceding year. Deterioration in the performance of public enterprises was the primary reason behind the low growth of non-tax revenues. In fact the mid-term review of the Seventh Plan points out that public enterprises, both in the Centre and in the States have lagged behind in generating internal resources<sup>18</sup>.

Reintroduction of investment allowance is the most important fiscal policy measure introduced this year. Besides this, 1988-89 budget introduced several other changes to promote savings and to encourage exports. On the direct taxes side, existing tax concession to exports has been enhanced to cover 100 percent of export profits. Export profits are also exempted from payment of minimum tax on book profits. In order to encourage savings and boost the capital markets several changes in the income tax act have been effected. In the sphere of indirect taxes, custom duties on selected raw materials have been reduced to 55 percent from the present level of 100-180 percent in order to encourage capital goods sector. Similarly, exports of garments, leather goods, gems and jewellery, bicycles, silk woolen goods etc. can import machinery after paying a concessional duty of 35 percent. On the expenditure side, 1988-89 budget did not propose any measures to contain galloping non-development expenditure, which is the prerequisite to correct the present imbalance in the current account.

## **V. Social Development: Issues and Policies**

### **5.1 Poverty**

Poverty and employment are two inter-related aspects. In the normal course, it is mainly through generation of employment, the benefits of economic growth percolate down to the poor to alleviate poverty. The percentage of population below poverty line at the beginning of the Seventh Plan (1984-85) was 36.9. Aim of the Seventh Plan is to reduce it to 25.8 percent by 1989-90<sup>21</sup>. In absolute terms, this means reduction of absolute number of poor from 272 million in 1984-85 to 210 million by 1989-90. Improvement of this magnitude cannot possibly be achieved only through the percolation effect. Recognising this, an allocation of about Rs 139 billion was made<sup>22</sup> in the Plan on various poverty alleviation programmes. These are expected to develop resources of the poor (Integrated Rural Development Programme) and also provide them supplementary employment (National Rural Employment Programme and the Rural Landless Employment Guarantee Programme). Impact of these programmes on poverty alleviation is not yet known.

### **5.2 Employment**

Deceleration in the growth of population is expected to change the age composition of population in favour of those in the age group of 15-59

years (Table 29). This is expected to increase the labour force at a much faster rate than population (Table 30).

Data on the growth of employment in the unorganised sector are not available. Latest available information furnished by National Sample Survey Organisation show that the rate of unemployment (current weekly status) has increased in both rural and urban areas (Table 31). In rural areas unemployment rate among male workers increased from 2.22 percent in 1972-73 to 2.61 percent in 1983, while in urban areas the increase was from 3.53 percent to 4.04 percent during the period. Rate of unemployment among female workers fell in both rural and urban areas.

There has also been a significant shift in the structure of employment (in rural areas) both in terms of type and sectors. There has been a significant increase in the proportion of casual labour (both female and male) in the work-force. Correspondingly, the share of self-employed and regular wage workers declined in the recent past. There has also been a sectoral shift in rural employment. The share of workers engaged in agriculture fell from 83.2 percent in 1972-73 to 76.8 percent in 1983 (Table 31).

In the organised sector, there has been a significant deceleration in the growth of employment in the 80's (Table 32). Employment in the private organised sector, in fact, registered a near zero growth rate of -0.07 percent in the 80's as compared to 0.94 percent in the 70's. Growth of employment decelerated even in the public sector. Growth in

unemployment among educated labour force has also increased considerably during the eighties. Registration in employment exchange have however stagnated in the past two years. Number of placements and vacancies notified have been declining over time (Table 33).

### 5.3 Health

The national health policy approved by Parliament in 1983 envisages achievement of net production rate<sup>23</sup> of unity by 2000 AD. In order to achieve this overall objective, specific targets were set for all the important health quality indicators which have a direct bearing on population growth (Table 34 and 35). It also envisages health for all by the year 2000 AD. Establishment of a net work of primary health care centers in the rural areas, which would provide both health and family planning services is a necessary prerequisite to achieve these objectives. The achievements in terms of creating infrastructure, particularly in rural areas, were quite impressive in the recent past. There has been a rapid expansion of primary health centers (Table 37). With rapid expansion of primary health centers, population covered by each centre came down drastically from over 16 thousand in 1971 to less than 8000 in 1986. Similarly there was a significant fall in population per doctor / para-medical personnel.

These achievements, notwithstanding, there were significant slippages in the achievement of family planning targets, both in the number of sterilisations performed and in couples effectively protected by

all methods of family planning (Table 35). The mid-term review of the Seventh Plan also points out considerable shortfall in achieving the targets set under national immunisation programme.<sup>24</sup> Success of this programme is a prerequisite for achieving the targets set for lowering the infant mortality rate.

NOTES

1. Government of India, Economic Survey 1987-88 which was released in February 1988, anticipated 1 to 2 percent growth in real GNP based on a fairly incomplete information. Reserve Bank of India, Annual Report 1987-88, released in late August, however, anticipates 2 to 2.5 percent growth in "real national income" using more recent information.
2. Government of India, National Accounts Statistics - New Series Base Year 1980-81 released in May 1988 has marginally revised the GNP growth rates downwards. Due to this the GNP growth registered during the first two years of the Seventh Plan would be 4.4 percent instead of 5 percent indicated in the old series.
3. Government of India, Seventh Five Year Plan 1985-90 Mid-Term Appraisal, New Delhi: Planning Commission, 1988, p.6.
4. Reserve Bank of India, Annual Report 1987-88, p.38.
5. See note 1 above.
6. See note 2 above.
7. Choudhury, Uma Datta R., New Series on National Accounts Statistics: Some Comments, Working Paper 4/88, New Delhi: National Institute of Public Finance and Policy, September 1988, p.17.
8. Reserve Bank of India, Annual Report 1987-88, p.3
9. Government of India, Seventh Five Year Plan, op cit, p.6.
10. Ibid, p. 93.
11. Reserve Bank of India, op cit, p.66
12. Ibid, p.9
13. Government of India, Economic Survey 1987-88, p.22
14. Ibid, p.40.
15. Reserve Bank of India, Annual Report 1987-88, p.61.
16. Ibid, p.61.
17. Ibid, p.59.
18. Government of India, Seventh Five Year Plan, Op cit, p.13
19. Government of India, Report of the Comptroller and Auditor General of India (Report 10 of 88), New Delhi: Controller of Publication,

May 1988, p.

20. Ibid, p. 75.
21. Government of India, Seventh Five Year Plan, Op cit, p.28.
22. Includes, Rural Development Rs 89 billion, Nutrition Rs. 17 billion, Programmes for Scheduled castes and Tribes Rs 25 billion and Labour and Employment Rs 9 billion.
23. Net rate of reproduction is the average number of daughters that would be borne to a women if she passed through her life time from birth, confirming to the age specific fertility and mortality rates of a given year.
24. Government of India, Seventh Five Year Plan, op cit, p. 198.

Table 1

India's GNP and Per capita Income  
( New Series )

Year	Gross National Product at factor cost			Per capita Net National Product			Population (million)
	At current prices (Rupees billion)	At 1980-81 prices (Rupees billion)	Change over the preceding year @	At current prices (Rupees)	At 1980-81 prices (Rupees)	Change over the preceding year @	
1981-82	1429	1298	5.87	2059	1871	3.66	694
1982-83	1582	1332	2.62	2232	1879	0.43	709
1983-84	1855	1434	7.66	2562	1981	5.43	724
1984-85	2054	1478	3.07	2778	2000	0.96	739
1985-86	2319	1550	4.87	3071	2053	2.65	754
1986-87	2592	1613	4.06	3366	2095	2.05	769 **
1987-88			Around 2.0*			0.0 to 0.5*	784 **

Notes: @ Percentage change over the preceding year relates to real GNP and real per-capata income

\* Anticipated growth rates.

\*\* Estimated using a population growth rate of 1.99 per cent given by the expert committee on population projections (See Annual Report of the Ministry of Health and Family Welfare. p.123).

- Source: 1. Government of India. ECONOMIC SURVEY 1987-88. New Delhi: Ministry of Finance, February 1988, p.1.  
 2. Reserve Bank of India. ANNUAL REPORT 1987-88. Bombay: The Author, August 1988, p.1.  
 3. Government of India. NATIONAL ACCOUNTS STATISTICS: NEW SERIES- BASE YEAR 1980-81. New Delhi: Central Statistical Organisation, May 1988, pp. 2-5.

Table 2

Distribution of Gross Domestic Product at Factor cost  
(at constant prices) by Industry of Origin

(Percentage)

	Old Series Base 1970-71				New Series Base 1980-81					
	1950-51	1960-61	1970-71	1980-81	1980-81	1982-83	1983-84	1984-85	1985-86	1986-87
1 Agriculture, forestry and logging, fishing, mining and quarrying.	59.6	55.1	46.5	41.4	39.6	37.9	39.0	37.3	35.8	33.8
2 Manufacturing, construction electricity, gas and water supply	14.5	17.3	20.7	21.8	24.3	24.9	25.0	25.8	26.5	27.6
3 Transport, communication and trade	11.9	13.6	16.1	18.9	16.7	17.3	16.9	17.2	17.4	17.8
4 Banking and insurance, real estate & business services	5.2	5.1	5.7	6.4	8.9	9.1	6.9	9.2	9.4	9.5
5 Public administration and defence, and other services	8.8	8.7	9.0	11.5	10.5	10.7	10.3	10.7	11.0	11.4
	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: 1. Government of India. NATIONAL ACCOUNTS STATISTICS (various issues).  
New Delhi: Central Statistical Organisation.

2. Government of India. QUICK ESTIMATES OF NATIONAL INCOME AND CONSUMPTION EXPENDITURE, SAVINGS AND CAPITAL FORMATION.  
New Delhi: Central Statistical Organisation, February 1986

Notes: \* Denotes quick estimates

Table 3

GDP: Consumption, Savings and Capital Formation  
( New Series )

(Rs. billion)

	Private final consump- -tion	Govern- -ment final consump- -tion	Gross fixed capital forma- -tion	Change in stock	Exports minus imports	Discrio- -encies	Total
1981-82	1125 70.58%	153 9.60%	314 19.70%	101 6.34%	-45 -2.82%	-54 -3.39%	1594 100.00%
1982-83	1244 70.05%	182 10.25%	358 20.16%	58 3.27%	-42 -2.36%	-24 -1.35%	1776 100.00%
1983-84	1446 69.75%	211 10.18%	399 19.25%	83 4.00%	-45 -2.17%	-21 -1.01%	2073 100.00%
1984-85	1597 69.59%	243 10.59%	448 19.52%	94 4.10%	-35 -1.53%	-52 -2.27%	2295 100.00%
1985-86	1735 66.30%	293 11.20%	545 20.83%	136 5.20%	-69 -2.64%	-24 -0.92%	2617 100.00%
1986-87	1986 67.83%	349 11.92%	634 21.65%	85 2.90%			2928 100.00%

Source: 1. Government of India. NATIONAL ACCOUNTS STATISTICS: NEW SERIES-  
BASE YEAR 1980-81. New Delhi: Central Statistical Organisation, pp.14-15

2. Government of India. QUICK ESTIMATES OF NATIONAL INCOME AND  
CONSUMPTION EXPENDITURE, SAVINGS AND CAPITAL FORMATION  
New Delhi: Central Statistical Organisation, February 1988

Table 4

Net Domestic Savings and Net Domestic Capital Formation  
(Percent of NDF)

	1981- 82	1982- 83	1983- 84	1984- 85	1985- 86	1986- 87 <sup>(p)</sup>	1987- 88 <sup>(e)</sup>
Net domestic savings (Total)	13.25	11.07	11.55	10.89	13.26	12.67	11.80
I Private sector (a+b)	12.29	10.54	12.22	12.25	14.62	14.74	
(a) Household savings	11.95	10.19	12.00	11.85	14.07	14.41	13.70
of which:							
Financial savings	6.76	7.96	7.07	6.70	8.13	8.90	8.20
(b) Private corporate sector	0.34	0.35	0.22	0.40	0.55	0.34	0.20
II Public sector (c+d)	0.96	0.67	0.45	-0.61	-1.19	-1.22	-2.10
(c) Government administration	1.24	0.34	-0.86	-1.66	-1.56	-2.35	NA
(d) Public enterprise sector	-0.27	0.18	0.19	0.31	0.20	0.28	NA
(II-(c))							
III Inflow of foreign resources	1.00	1.60	1.34	1.59	2.65	1.94	2.20
IV Net capital formation (adjusted for errors)	15.05	12.66	12.89	12.48	15.91	14.61	14.00

Notes: (p) Provisional

(e) Quick estimates of Reserve Bank of India

Sources: Government of India, NATIONAL INCOME, CONSUMPTION EXPENDITURE, SAVINGS AND CAPITAL FORMATION (Quick Estimates). New Delhi: C.S.G. February 1988, Tables 16 & 19.

Reserve Bank of India, ANNUAL REPORT 1987-88. Bombay: August 1988, p.14

Table 5  
Price Situation in India

Index		1982-	1983-	1984-	1985-	1986-	1987-	1987-	1988-
		83	84	85	86	87	88	End of June	End of June
1. Wholesale Price Index (WSPi) (Base 1970-71)	Monthly average	288.7 (2.6)	316.8 (9.5)	338.4 (7.1)	357.8 (5.7)	376.8 (5.4)	405.1 (7.5)		
	April to March	295.3 (6.56)	321.3 (8.80)	346.3 (7.78)	359.3 (3.75)	376.2 (5.26)	418.4 (10.6)	396.2 (4.8)	427.2 (2.1)
	-----								
Contribution to (WSPi) (Percent)									
Primary sector		50.1	41.8	22.9	29.0	35.9	47.6		
Fuels		12.2	7.9	17.5	32.4	7.6	8.4		
Manufactured goods		37.7	50.3	59.6	38.6	56.5	44.0		
		-----							
2. Consumer Price Index of Industrial Workers (Base 1960-61)	Monthly average	486.8 (7.8)	547.0 (12.6)	582.0 (6.4)	620.0 (6.5)	674.0 (8.7)	736.0 (9.2)	667.5 (4.2)	752.5 (3.9)

Notes: Figure in parentheses indicate percentage change over the preceding period/year.

Source: 1. RESERVE BANK OF INDIA BULLETIN, April 1968, p. s361.  
 2. Ministry of Industry, INDEX NUMBER OF WHOLESALE PRICES IN INDIA, (Various issues).  
 3. Reserve Bank of India, ANNUAL REPORT 1987-88, p. 36.

Table 6  
Monsoon Rainfall (June-September)

	1981	1982	1983	1984	1985	1986	1987	1988*
Excess/Normal	28	23	32	27	26	21	14	35
Deficient/Scanty	7	11	3	8	9	14	21	0
No Data	0	1	0	0	0	0	0	0
Number of meteorological sub-divisions	35	35	35	35	35	35	35	35

Notes: \* Relates to South West monsoon from 1st June to 17th August.

Source: 1. Government of India. ECONOMIC SURVEY 1987-88. p. 6.  
2. Ministry of Finance. Department of Economic Affairs. for the latest data.

Table 7

## Production of Various Crops, Livestock Products and Fish

Product	Units	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88 #	1987-88 Targets	1989-90 Targets@
<b>I. CROPS</b>									
A. Food Grains (of which)	MT	129.5	152.4	145.5	150.5	144.1	137.0	160.0	173.2-175.2
1. Rice	MT	47.1	60.1	58.3	63.8	60.4	50.5-52	64.0	71.7-72.7
2. Wheat	MT	42.8	45.5	44.1	47.1	45.6	47.0	50.0	54.1-55.1
3. Total Cereals	MT	117.7	139.5	133.6	137.1	132.3	118-122	145.0	
4. Pulses	MT	11.8	12.9	11.9	13.4	11.7	12.0	14.0	14.5-14.6
B. Sugar Cane	MT	189.5	174.1	170.3	170.6	182.5	180.0	180.0	206
C. Oil Seeds	MT	10.0	12.7	13.0	10.8	11.5	9.4-9.6	14.0	16.0-18.0
D. Cotton (lint)	MB	7.5	6.4	6.5	8.7	7.0	8.5	8.6	9.5
<b>II. LIVESTOCK PRODUCTS</b>									
A. Milk	MT	35.8	38.8	41.5	42.3*	44.4*	46.1*	45.9*	
B. Eggs	BN	11.5	12.8	14.3	15.6*	16.5*	17.0*	17.1*	
C. Wool	MK	34.5	36.1	38.0	40.0*	42.3*	43.7*	41.6*	
<b>III. FISH PRODUCTION</b>									
	MT	23.7	25.1	26.0	26.6	29.4*	30.3	30.4	
<b>IV. INDEX OF AGRICULTURAL PRODUCTION</b>									
	(1969-70 = 100)	137.5	156.4	154.6	161.7	152.6	145.6		
			13.75%	-1.15%	4.59%	-5.63%	-4.59%		

Notes: # Anticipated achievement

\* Provisional

@ Revised

MT Million tonnes

MB Million bales

BN Billion (numbers)

MK Million Kgs.

% Percentage over the preceding year

Source: Government of India, ANNUAL REPORT 1987-88.

Department of Agriculture and Co-operation.

Annexure IV.

Government of India, SEVENTH FIVE YEAR PLAN 1985-90 :

MID-TERM APPRAISAL, New Delhi: Planning Commission, 1988.

pp. 78 &amp; 95.

Reserve Bank of India, ANNUAL REPORT 1987-88, p.3.

For the latest estimate of foodgrains production.

Table 6

## Use of Agricultural Inputs: Fertilizer, HYV\* Seeds, and Institutional Credit and Area Under HYV

	Fertilizer* Consumption (million tonnes)	Quality Seeds (million quintals)	Institutional Credit to Agriculture (Rs.billion)	Area Under HYV (million hectares)	Irrigated Area (million hectares)	
					Potential	Utilisation
1981-82	6.1	3.0	39.8	46.5	61.0	56.0
1982-83	6.4	4.1	53.8	47.5	63.0	58.1
1983-84	7.7	4.5	58.7	53.7	65.0	58.6
1984-85	8.2	4.9	55.6	54.1	67.5	60.9
1985-86	8.7 F	5.5	68.9	55.4	69.6	62.3
1986-87	8.7	5.6	72.0	54.0 L	71.9 L	64.2 L
1987-88(L)	9.1	5.6	72.0	55.0		
1987-88(T)	10.3	7.3	96.5	62.4	74.3	66.2

Notes: \* Total Nitrogenous, Phosphatic and Potassic fertilizer Consumption

\* Denotes High Yielding Variety

(L) Likely achievement

(F) Provisional

(T) Seventh Plan Target

Source: Government of India, ANNUAL REPORT 1987-88, Department of Agriculture, Annexure VI.

Government of India, ECONOMIC SURVEY 1987-88, pp. 17&18.

Table 9  
Yield per Hectare of Major Crops  
(kgs./Hectare)

Year	Rice	Wheat	Pulses	Oil seeds	Sugarcane
1970-71	1123	1307	524	579	48000
1980-81	1336	1630	473	532	58000
1983-84	1457	1843	548	679	56000
1984-85	1417	1870	526	684	58000
1985-86	1552	2046	547	570	60000
1986-87*	1482	1998	508	613	60000

Notes: \* Final estimates.

Source: Government of India, ECONOMIC SURVEY 1987-88, p.17.

Table 10

## Crop Insurance Scheme

	Units	1985-86		1986-87		1987-88	
		Khariif	Rabi	Khariif	Rabi	Khariif	Rabi
		crop	crop	crop	crop	crop@	crop
1 Area covered	MM	5.37	2.24	7.67	1.7	7.52	
2 Number of farmers covered	Million No.s	2.6	1.4	3.93	10	4.4	
3 Sum insured	Rs. billion	5.42	2.46	8.63	1.97	10.8	
4 Premium collected	Rs. billion	0.09	0.04	0.14	0.04	0.18	
5 Claims paid/ payable	Rs. billion	0.83	0.03	0.67#	NA	NA	

Notes: # total claims payable Rs.1.59 billion.

@ Provisional

Source: Government of India, ECONOMIC SURVEY 1987-88, p.20.

Table 11  
Index of Industrial Production (New Series)  
1982-83 to 1987-88

		Index 1980-81 = 100					
Weight		1982-83	1983-84	1984-85	1985-86	1986-87	1987-88
A. Mining and quarrying	11.5	132.3 12.4%	147.8 11.7%	160.8 8.8%	167.6 4.2%	177.9 6.1%	184.2 3.5%
B. Manufacturing	77.1	109.4 1.4%	115.6 5.7%	124.8 8.0%	136.9 9.7%	149.7 9.3%	162.5 8.6%
C. Electricity	11.4	116.5 5.7%	125.3 7.6%	140.3 12.0%	152.2 8.5%	168.1 10.4%	180.8 7.6%
D. General Index	100.0	112.8 5.2%	120.4 6.7%	130.7 8.6%	142.1 8.7%	155.1 9.1%	167.0 7.7%

Notes: % percentage change over the preceding year.

Source: Reserve Bank of India, ANNUAL REPORT 1987-88, p.8.

Table 12  
Index of Industrial Production  
(Sectoral)

Manufacturing Sectors	Weight	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	(April-February)		Percentage change	
								1986-87	1987-88	1987-88 over 1986-87	1988-89 over 1985-86
1. Chemicals excluding Coal & petro. Products	12.51	121.2	131.0	142.8	154.3	175.5	173.2	198.5	14.6	13.1	
2. Textiles	12.31	89.4	100.2	102.2	110.4	112.5	111.0	118.2	6.5	0.4	
3. Basic Metals	9.00	104.2	95.1	107.3	117.0	126.8	123.4	133.3	6.0	7.6	
4. Transport Equipment	6.39	111.3	123.4	131.6	135.8	144.9	140.7	147.9	5.1	6.4	
5. Non-electrical machinery & Machine tools	6.24	112.0	119.6	127.6	130.2	141.8	139.1	137.4	-1.2	6.2	
6. Electrical machinery & Appliances	5.76	115.9	145.1	146.8	200.6	254.7	242.3	320.2	32.2	24.9	
7. Food products	5.33	129.5	121.1	120.0	125.6	133.2	126.0	133.0	3.9	5.2	
8. Rubber, Plastic & Petroleum products	4.00	119.0	136.1	147.2	153.0	149.6	146.7	153.9	3.5	-2.5	
9. Paper and Paper products	3.23	105.5	109.3	131.9	146.5	163.2	163.4	165.9	1.5	10.4	
10. Non-metallic mineral Products	3.00	103.7	122.5	136.4	157.3	160.3	159.2	156.2	-1.9	2.1	
11. Metal products excl. Machinery & Transport equip.	2.29	89.9	86.1	105.0	114.7	124.4	124.0	126.5	3.6	6.3	
12. Jute & Jute products	2.00	92.9	76.2	99.4	97.2	101.1	100.6	90.5	-9.8	4.6	
13. Beverages & tobacco	1.57	107.6	104.5	111.7	112.5	98.5	96.7	64.6	-14.3	-10.6	
14. Textile products	0.62	99.3	92.1	95.6	112.8	87.1	90.0	89.4	-0.7	-20.5	
15. Leather products	0.49	100.1	116.3	139.7	169.7	176.7	177.4	184.6	4.1	5.0	
16. Wood products	0.45	153.0	167.5	216.5	223.2	246.1	250.2	260.9	-35.7	11.4	
17. Other industries	0.90	155.0	104.6	122.6	152.7	235.4	228.7	266.8	17.5	46.1	

Sources: 1. Government of India, ECONOMIC SURVEY 1987-88, p. 533.

2. Reserve Bank of India, ANNUAL REPORT 1987-88, p.11.

Table 13

## Production of Selected Industries / Infrastructure

Industry/ Infrastructure	Units	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1987-88	1988-89
								(April- July)	(April- July)
1. Coal	Million tonnes	130.5 5.1%	138.2 5.9%	147.4 6.7%	154.2 4.6%	165.9 7.6%	179.8 8.4%	51.6 11.6%	54.3 5.3%
2. Crude Petroleum	-do-	21.1 21.1%	26.0 23.2%	29.0 11.5%	30.2 4.1%	30.5 1.0%	30.4 -0.3%	10.1 -1.3%	10.5 4.0%
3. Petroleum produc- ts (through put)	-do-	33.2 10.2%	35.3 6.3%	35.6 0.8%	42.9 20.5%	45.7 6.5%	47.2 3.3%	15.2 9.1%	15.5 2.0%
4. Fertilizers	-do-	4.40 7.3%	4.50 2.3%	5.20 15.6%	5.80 11.5%	7.10 22.4%	7.10 0.0%	2.10 15.3%	2.70 25.0%
5. Cement	-do-	23.3 11.5%	26.7 14.6%	29.5 10.5%	33.1 12.2%	36.4 10.0%	39.3 8.0%	12.2 8.7%	14.0 14.6%
6. Salable Steel	-do-				7.8	8.2 5.1%	8.6 4.9%	2.4	2.8 16.7%
7. Electricity generated	Billion kwh	130.3 6.7%	140.2 7.6%	156.4 11.6%	170.0 8.7%	187.6 10.4%	201.9 7.6%	65.2	70.1 7.5%
8. Revenue earning goods traffic on railways	Million tonnes	228.8 3.4%	230.1 0.6%	236.4 2.7%	258.6 9.4%	276.3 6.8%	289.1 4.6%	68.80	71.80 4.4%
9. Cargo handled at major ports	-do-	98.1 11.5%	100.5 2.4%	106.7 6.2%	120.0 12.5%	124.2 3.5%	108.7 7.6%		

- Notes: 1. Figures in parentheses indicate percentage change over the preceding year/period.  
2. † Pertains to first ten months (April-January) of 1987-88. The figure for the corresponding period of 1986-87 was 101.0 million tonnes.  
3. @ Relates to April-June.  
4. % Denotes percentage change over the previous year/period.

Source: 1. Government of India, ECONOMIC SURVEY 1987-88, p. 87-88.  
2. Government of India, ANNUAL REPORT 1987-88, Ministry of Surface Transport, p.80  
3. Government of India, Department of Economic Affairs, Ministry of Finance for the latest data.

Table 14

## Production and Consumption of Energy: Conventional Sources

	Units	1970-71	1980-81	1983-84	1984-85	1985-86	1986-87	1987-88	Growth rates	
									(A) 1970-71 to 1980-81	1980-81 to 1986-87
<b>PRODUCTION</b>										
1. Coal & Lignite	MT	76.3	119.0	145.5	155.2	162.3	173.0	191.0	4.5	7.0
2. Hydro-carbons										
a. Natural gas	MM	1445.0	2358.0	5961.0	7241.0	8134.0	9853.0	11920.0	5.0	26.0
b. Crude oil	MT	6.9	10.5	26.0	29.0	30.2	30.5	30.4	4.3	16.4
3. Electricity	BKWH	55.8	110.8	139.9	156.6	170.0	187.6	201.8	7.1	8.9
<b>CONSUMPTION</b>										
1. Coal & Lignite	MT	76.3	119.0	145.5	155.2	162.3	173.0	191.0	4.5	7.0
2. Hydro-carbons										
a. Natural gas	MM	647.0	1522.0	3399.0	4141.0	4950.0	7058.0	7844.0	8.9	26.6
b. Refinery products	MT	17.9	30.9	35.8	38.5	40.0				
c. Refinery fuel	MT	1.2	1.4	1.9	2.0	2.4				
d. Petro prod.(b+c)	MT	19.1	32.3	37.7	40.5	42.4	45.7	47.2	5.4	5.6
3. Electricity (incl. thermal)	BKWH	55.8	110.8	139.9	156.6	170.0	187.6	201.8	7.1	8.9
CONSUMPTION IN MTCR*	MTCR	217.2	374.6	452.4	491.9	516.3	542.0(A)	582.0(A)	5.6	6.5
Natural gas flared up	MM	2.9	3.0	9.2	11.2	11.5	10.1	14.7		

Notes: Units: MT Million tonnes; MM Million cubic meters; BKWH Billion Kwhs.; and  
MTCR Million tonnes of coal replacement.

(A) CMIE Estimates.

\* Consumption in million tonnes of coal replacement (MTCR) has been estimated using the  
conversion factors given below. Thermal power has been excluded.

Conversion factors:-

Coal 1MT = 1MTCR

Lignite 1MT = 0.4 MTCR

Electricity 1BKWH = 1MTCR

Hydro-carbons:

Natural gas 1MM = 0.0036MTCR

Kerosene & LPG and Residual middle distillates 1MT = 8MTCR

Motor spirit & Jet fuel and Residual light distillates 1MT = 7.5MTCR

HSD & LDO 1MT = 9MTCR

Heavy ends 1MT = 2MTCR

Source: 1. Conversion factors and information on Hydro-carbons: Government of India,  
INDIAN PETROLEUM AND NATURAL GAS STATISTICS 1987.

2. CMIE, CURRENT ENERGY SCENE IN INDIA, Bombay: Centre for Monetizing Indian economy,  
May 1988, p. 1.1.

Table 15

## Trends in Exports and Imports

	Exports		Imports		Balance of trade (Rs.bi- llion)	As percent of GNP		
	(Rs.bi- llion)	% change @	(Rs.bi- llion)	% change @		Exports	Imports	Trade deficit
1981-82	78.06	16.3	136.08	8.4	-58.02	5.46	9.52	-4.06
1982-83	88.03	12.8	142.93	5.0	-54.90	5.56	9.03	-3.47
1983-84	97.71	11.0	158.31	10.8	-60.60	5.27	8.53	-3.27
1984-85	117.44	20.2	171.34	8.2	-53.90	5.72	8.34	-2.62
1985-86	108.95	-7.2	196.58	14.7	-87.63	4.70	8.48	-3.78
1986-87 <sup>^</sup>	125.69	15.4	202.01	2.8	-76.32	4.85	7.79	-2.94
1987-88*	157.19	25.1	223.43	10.6	-66.24	5.94#	8.45#	-2.51#
1988-89* (April- June)	29.39	19.6	42.74	29.3	-13.35			

Notes: @ Percentage change over the preceding period/year

\* Provisional.

<sup>^</sup> Partially revised

# Estimated using the anticipated growth rates.

Source: 1. RESERVE BANK OF INDIA BULLETIN, April 1988, p. s370  
 2. Government of India, Department of Economic Affairs,  
 Ministry of Finance, for the latest data.

Table 16

## Principal Exports of India

(Rs. billion)

	1970-71		1980-81		1984-85		1985-86(pr)		1986-87(pr)		1986-87(p)		1987-88(p)	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
											April-Sept.		April-Sept.	
A. Agricultural and Allied Products	4.87	31.73	20.57	30.65	29.96	25.51	30.18	27.70	NA	NA	NA	NA	NA	NA
1. Coffee	0.25	1.63	2.14	3.19	2.10	1.79	2.65	2.43	3.06	2.43	2.67	2.97	2.28	2.04
2. Tea and mate	1.40	9.64	4.25	6.33	7.67	6.53	6.26	5.75	5.49	4.37	4.21	4.69	4.89	4.37
3. Marine products	0.31	2.02	2.17	3.23	3.81	3.24	4.09	3.75	4.79	3.81	3.40	3.79	4.00	3.57
B. Ores and Minerals	1.64	10.68	4.14	6.17	6.38	5.43	7.85	7.21	6.74	5.36	3.64	4.05	3.68	3.29
1. Iron ore	1.17	7.62	3.03	4.51	4.59	3.91	5.55	5.09	NA	NA	NA	NA	NA	NA
C. Manufactured Goods	7.72	50.29	37.47	55.83	62.10	52.88	63.74	58.50	NA	NA	NA	NA	NA	NA
1. Cotton fabrics	1.42	9.25	4.08	6.08	6.20	5.28	5.73	5.26	5.62	4.47	4.04	4.50	7.21	6.44
2. Readymade garments	1.29	8.40	5.50	8.20	9.53	8.11	10.67	9.79	12.18	9.69	7.62	8.49	11.62	10.38
3. Jute manufactures	1.90	12.38	3.30	4.92	3.41	2.90	2.61	2.40	2.65	2.11	2.16	2.41	1.79	1.60
4. Leather and leather manufactures	0.84	5.47	3.89	5.80	7.24	6.16	7.69	7.06	7.87	6.26	5.19	5.78	7.96	7.11
5. Pearls & precious stones	0.45	2.93	6.18	9.21	12.37	10.53	15.02	13.79	20.69	16.46	14.15	15.76	18.06	16.13
6. Chemicals & allied products	0.29	1.89	2.25	3.35	4.83	4.11	4.97	4.56	4.74	3.77	3.38	3.76	5.49	4.90
7. Engineering goods	1.30	8.47	8.15	12.14	8.80	7.49	8.97	8.23	8.87	7.06	7.10	7.91	10.08	9.00
D. Minerals, Fuels & Lubricants	0.12	0.78	0.27	0.40	18.23	15.52	6.53	5.99	4.16	3.31	NA	NA	NA	NA
E. Others	1.00	6.51	4.66	6.94	0.77	0.66	0.52	0.57	NA	NA	NA	NA	NA	NA
TOTAL EXPORTS	15.35		67.11		117.44		108.95		125.67		89.78		111.97	

Notes: (p) Provisional.

(pr) Partially revised.

Sources: 1. Government of India, ECONOMIC SURVEY 1987-88, p.574-75

2. Government of India, ANNUAL REPORT 1987-88, New Delhi: Ministry of Commerce.

Table 17

## Principal Imports of India

(Rs.billion)

	1970-71		1980-81		1984-85		1985-86(pr)		1986-87(pr)		1986-87(o)		1987-88(o)	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	April-Sept.		April-Sept.	
											Amount	%	Amount	%
A. Food and live animals chiefly for food (excluding raw cashew)	2.42	14.8	3.80	3.0	6.95	4.1	8.83	4.5	NA	NA	NA	NA	NA	NA
i. Cereals and its preparations	2.13	13.0	1.00	0.8	2.42	1.4	1.10	0.6	0.47	0.2	0.17	0.2	0.11	0.1
B. Raw materials and intermediate goods	8.89	54.4	97.60	77.8	128.96	75.3	139.66	71.0	NA	NA	NA	NA	NA	NA
i. Veg. oils including edible oils	0.23	1.4	6.83	5.4	9.21	5.4	7.34	3.7	6.12	3.0	3.24	3.5	3.33	3.2
ii. Petroleum oil and lubricants	1.37	8.4	52.67	42.0	54.89	31.6	49.90	25.4	26.79	13.3	10.98	11.9	18.73	18.0
iii. Fertilizers	1.00	6.1	8.18	6.5	13.46	7.9	14.35	7.3	7.74	3.8	3.19	3.5	1.20	1.2
iv. Precious & semi-precious stones	0.25	1.5	4.16	3.3	10.32	6.0	10.99	5.6	14.96	7.4	6.79	7.3	9.49	9.1
v. Iron & steel	1.47	9.0	8.52	6.8	9.41	5.5	13.97	7.1	NA	NA	NA	NA	NA	NA
C. Capital Goods	4.04	24.7	19.10	15.2	31.68	18.5	42.85	21.0	14.50	7.2	7.34	7.9	5.60	5.4
i. Non-electrical machinery, apparatus & appliances	2.57	15.7	10.89	8.7	19.27	11.2	25.93	13.2	54.67	27.1	23.71	25.7	28.78	27.7
ii. Electrical machinery apparatus & appliances	0.70	4.3	2.59	2.1	7.30	4.3	9.22	4.7	37.13	18.4	NA	NA	19.02	18.3
iii. Transport equipment	0.67	4.1	4.72	3.8	3.69	2.2	5.69	2.9	8.77	4.3	NA	NA	5.89	4.9
D. Others (unclassified)	0.99	6.1	4.99	4.0	3.75	2.2	5.52	2.8	NA	NA	NA	NA	3.93	3.8
TOTAL IMPORTS	16.34		125.49		171.34		196.57		202.01		92.39		103.99	

Notes: (p) Provisional.

(pr) Partially revised.

Sources: 1. Government of India, ECONOMIC SURVEY 1987-88, p.86 &amp; s72-75.

2. Government of India, ANNUAL REPORT 1987-88.

Ministry of commerce.

Table 16  
Direction of Trade

(Rs. billion)

Countries	1970-71			1980-81			1985-86			1986-87(F)		
	Exports	Imports	Balance of trade	Exports	Imports	Balance of trade	Exports	Imports	Balance of trade	Exports	Imports	Balance of trade
1. O E C D	7.69 50.1%	10.42 63.8%	-2.73	31.26 46.6%	57.39 45.7%	-26.13	55.32 50.8%	105.27 53.6%	-49.95	71.26 56.7%	129.49 64.5%	-58.23
a. E E C	2.82 18.4%	3.2 19.6%	-0.38	14.47 21.6%	26.39 21.0%	-11.92	19.28 17.7%	52.33 26.6%	-33.05	26.03 22.3%	65.42 32.6%	-37.39
i. Fed. Rep. Germany	0.32 2.1%	1.07 6.5%	-0.75	3.05 5.7%	6.94 5.5%	-3.89	5.13 4.7%	15.44 7.9%	-10.31	7.4 5.9%	19.37 9.6%	-11.97
ii. United Kingdom	1.7 11.1%	1.27 7.8%	0.43	3.95 5.9%	7.31 5.8%	-3.36	5.24 4.8%	12.51 6.4%	-7.27	7.37 5.9%	16.23 8.1%	-8.86
b. North America	2.35 15.3%	5.7 34.9%	-3.35	8.06 12.0%	16.51 14.8%	-8.45	21.05 19.3%	25.14 12.8%	-4.09	25.06 20.0%	23.44 11.7%	1.64
i. U S A	2.07 13.5%	4.52 27.7%	-2.45	7.43 11.1%	15.19 12.1%	-7.76	19.73 18.1%	20.63 10.5%	-0.9	23.59 18.8%	19.63 9.8%	3.96
c. Asia and Oceania	2.34 15.2%	1.22 7.5%	1.12	7.06 10.5%	9.32 7.4%	-2.24	13.04 12.0%	22.57 11.5%	-9.53	15.11 12.0%	30.33 15.1%	-15.22
i. Japan	2.03 13.2%	0.83 5.1%	1.2	5.96 8.9%	7.49 6.0%	-1.51	11.64 10.7%	17.74 9.0%	-6.1	13.44 10.7%	25.56 12.7%	-12.14
2. O P E C	0.98 6.4%	1.25 7.6%	-0.27	7.45 11.1%	34.08 27.0%	-27.43	8.35 7.7%	34.2 17.4%	-25.85	7.77 6.2%	17.6 8.8%	-9.83
3. Eastern Europe	3.23 21.0%	2.2 13.5%	1.03	14.06 22.1%	12.96 10.3%	1.9	22.93 21.0%	21.69 11.0%	1.24	23.19 18.5%	15.07 7.5%	8.12
i. U S S R	2.1 13.7%	1.06 6.5%	1.04	12.26 18.3%	10.14 8.1%	2.12	20.06 18.4%	16.77 8.5%	3.29	18.72 14.9%	10.72 5.3%	8
4. Developing Countries†	3.05 19.9%	2.39 14.6%	0.66	12.86 19.2%	19.66 15.7%	-6.8	14.63 13.4%	34.66 17.6%	-20.03	19.26 15.3%	37.63 16.7%	-18.37
a. Africa	1.29 8.4%	1.67 10.2%	-0.38	3.5 5.2%	2.05 1.6%	1.45	2.89 2.7%	5.93 3.0%	-3.04	2.71 2.2%	0.54 4.3%	-5.83
b. Asia	1.66 10.8%	0.53 3.2%	1.13	9.0 13.4%	14.31 11.4%	-5.31	11.56 10.6%	23.43 11.9%	-11.87	16.23 12.9%	25.05 12.5%	-8.82
5. Others	0.39 2.5%	0.09 0.5%	0.31	0.66 1.0%	0.59 0.5%	0.09	7.71 7.1%	0.75 0.4%	6.96	4.16 3.3%	1.03 0.5%	3.15
<b>Total:</b>	<b>15.35</b>	<b>16.34</b>	<b>-0.99</b>	<b>67.11</b>	<b>125.49</b>	<b>-58.38</b>	<b>100.95</b>	<b>196.56</b>	<b>-95.61</b>	<b>125.67</b>	<b>200.84</b>	

Notes: i. (F) Provisional

2. Constituents items are not added to totals

Source: Government of India, ECONOMIC SURVEY 1987-88, pp. 6-7 & 77.

Table 19

## India's Terms of Trade

	1978- 79	1980- 81	1981- 82	1982- 83	1983- 84	1984- 85
Exports U.V.I	100	108.5	124.1	132.1	151.0	169.2
Q.I	100	108.1	110.1	116.7	113.0	121.2
Imports U.V.I	100	134.1	133.1	136.3	128.8	161.7
Q.I	100	137.9	150.6	154.6	185.4	156.1
Income terms of trade.	100	87.3	102.6	113.0	135.6	126.8

Notes: U.V.I : Unit value index

    Q.I : Quantity index

Source: Government of India, ECONOMIC SURVEY 1987-88, p. 571

Table 20

India's Overall Balance of Payments  
(Rs.billion)

	1982- 83	1983- 84	1984- 85	1985- 86	1986- 87
A. Current Account					
I. Merchandise net (Exports FOB minus Imports)	-57.76	-58.71	-67.21	-95.86	-93.54
II. Invisibles net (of which)	34.80	36.08	38.69	36.30	38.40
1. Travel	9.46	8.34	4.89	7.78	12.40
2. Transportation	-2.91	-2.76	-2.74	-2.12	-0.60
3. Investment income	-2.82	-5.44	-9.96	-9.50	-12.50
4. Transfer payments	27.97	30.30	35.41	31.38	35.23
Total Current Account	-22.96	-22.62	-28.52	-59.27	-55.12
B. Capital Account					
1. Private	2.17	6.97	10.94	20.91	22.67
2. Official	5.39	7.08	24.92	26.16	37.02
3. Banking	0.68	1.82	-1.93	1.86	-0.71
Total Capital Account	8.25	21.87	33.90	48.94	58.99
C. I.M.F.	18.93	13.38	0.64	-2.53	-6.72
D. SDR Allocation	-				
E. Capital account+IMF+SDR (B+C+D)	27.18	35.25	34.55	46.41	52.27
F. Total of Current & Capital Accounts (A+E)	4.21	12.63	6.02	-12.87	-2.86
G. Errors and Omissions	2.03	-4.90	3.24	5.80	-4.46
H. Reserves and Monetary Gold	-6.25	-7.73	-9.26	7.07	7.32

Source: 1. Reserve Bank of India, REPORT ON CURRENCY AND FINANCE 1986-87.  
2. RESERVE BANK OF INDIA BULLETIN, April 1988, p. s372-75.

Table 21

India's Foreign Exchange Reserves and  
Exchange Rate

End of March	Foreign Exchange Reserves		Variation over previous year/ period# %	RBI's exchange rate Middle rate@ (Rupees per)	
	-----			-----	
	in Rs.billion	in SDR million		U.K.	U.S.\$
1982	33.54		-14.68	17.11	8.97
1983	42.65		9.1	16.14	9.67
1984	54.98		12.33	15.42	10.34
1985	68.17		13.19	14.87	11.89
1986	73.80	5728	8.32	16.85	12.23
1987	76.45	5113	3.53	18.91	12.75^
1988	72.87	4486	-4.68	22.14	12.99^
1988*	58.19	3598	-20.15	24.34\$	12.92\$

Notes: @ Annual averages.

\* As on 30th June.

# Refers to reserves in Rupee terms.

\$ Average middle rate in April 1988

^ Average buying rate only

Source: 1. Reserve Bank of India. REPORT ON CURRENCY  
AND FINANCE. (Various issues).  
2. RESERVE BANK OF INDIA BULLETIN.  
April, 1988. p. s344

Table 22

## External Assistance and Debt Servicing

(Rs. billion)

	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88 \$
I. External Assistance†							
a. Authorisations (grants+loans)	26.40	29.49	20.79	46.92	53.99	58.04	24.06(G)
(of which)							
Consortium members:	27.02	28.36	16.87	45.24	41.80	34.95	23.47(G)
b. Utilisations (gross disbursements)	18.70	22.50	22.68	23.54	29.38	35.96	44.89(A)
i. Loans	15.19	19.10	19.64	19.63	24.95	31.76	
ii. Grants	3.51	3.40	3.34	3.91	4.43	4.20	
c. Debt servicing‡							
i. Interest payments	3.11	3.60	4.17	5.28	5.91	8.53	7.94
ii. Amortisation	5.38	5.87	6.16	6.47	7.76	11.75	12.90
iii. Total	8.49	9.48	10.33	11.76	13.67	20.29	20.85
d. Net inflow of assistance	10.21	13.02	12.35	11.78	16.71	15.67	24.04
e. Debt servicing as percent- age of current account receipts							
i. Total	6.25	6.22	6.05	5.82	7.01		
ii. Interest payments	2.29	2.36	2.44	2.61	3.03		
II. External Commercial Borrowings ( Authorisations )	12.04	20.36	10.84	19.05	17.00	13.96	13.54(F)
III. Overall debt servicing ‡ as percentage of current account receipts	NA	10.00	11.60	13.60	17.00	22.00	23.0 to 24.0(A)
(of which)							
Interest payments ‡ as percentage of current account receipts:	2.65	4.16	4.92	6.50			

Notes: † Relates to Government and Non-government loans only, suppliers credit and commercial borrowings are excluded.

‡ Covers Government and Non-government loans, suppliers credit, and commercial borrowings

§ Estimated

G On Government account only for April-September 1987.

A Anticipated.

F Relates to April-December 1987, figure for the corresponding period of 1986 was Rs. 8.14 billion.

Source: 1. Government of India, ECONOMIC SURVEY 1987-88, pp. 580-85 & 97-98.  
2. Reserve Bank of India, ANNUAL REPORT 1987-88, pp. 62.

Table 23

## Variation# in Money Stock (M-3)

(Absolute amounts in Rs. billion)

	1985-86		1986-87		1987-88		1987-88(P) (April-June)		1988-89 (April-June)	
	Abso- lute	Percen- tage change	Abso- lute	Percen- tage change	Abso- lute	Percen- tage change	Abso- lute	Percen- tage change	Abso- lute	Percen- tage change
I. M-3 (a+b+c)	160.30	15.70	222.95	18.80	215.72	15.60	77.33	5.50	93.51	5.80
a. Currency with public	24.52	10.00	34.17	13.60	50.59	17.70	18.78	6.60	19.34	5.70
b. Aggregate deposits with banks (i+ii)	138.96	17.70	187.77	20.20	165.68	14.80	58.80	5.30	72.39	5.60
i. Demand deposits	17.20	10.50	40.60	22.30	14.75	6.60	3.90	1.80	11.03	4.70
ii. Time deposits	121.76	19.50	147.17	19.70	150.93	16.90	54.90	6.10	61.36	5.90
c. Other deposits with RBI	-3.45	-57.20	1.01	40.20	0.55	-15.60	-0.25	-7.10	1.78	59.90
II. M-1 (a+b(i)+c)	38.27	9.70	75.78	17.40	64.79	12.70	22.43	4.40	32.15	5.60
III. Sources of money stock (M-3) (1+2+3+4-5)										
1. Net bank credit to government (A+B)	95.31	19.50	127.26	21.80	128.12	16.00	62.12	8.70	78.19	9.30
A. RBI's net credit to government	91.27	30.70	68.67	17.70	70.25	15.30	48.74	10.60	57.40	10.90
B. Other bank credit to government	4.04	2.10	59.09	30.10	57.87	22.70	13.38	5.20	20.79	6.60
2. Bank credit to commercial sector	105.90	14.80	112.94	13.00	116.10	12.50	15.35	1.60	24.44	2.30
3. Net foreign exchange assets of the banking sector (of which)	2.99	10.00	13.14	37.80	6.73	14.10	-2.23	-4.70	-9.28	-17.60
RBI's net foreign exchange assets	2.99	9.80	12.51	37.40	6.73	14.60	-2.23	-4.90	-9.28	-17.60
4. Governments's currency liabilities to the public	0.99	12.70	2.52	26.80	1.58	13.30	0.69	5.80	-	-
5. Banking sectors net non-monetary liabilities other than time deposits	44.35	20.60	33.41	12.60	36.81	12.40	-1.40	-0.50	-0.16	-

Notes: # Based on last Friday of March/June data.

(P) Provisional

Constituent items may not add up to  
totals due to rounding off.

Source: 1. Reserve Bank of India. ANNUAL REPORT.

(Various issues)

2. Reserve Bank of India. ANNUAL REPORT 1987-88, p.23

Table 24

Variations<sup>§</sup> in Reserve Money - Components and Sources

	1984-85	1985-86	1986-87	1987-88(p)
RESERVE MONEY (1+2+3+4)	26.53 (9.2)	63.81 (20.1)	69.55 (18.4)	84.53 (18.9)
1. Currency with the public	31.11 (15.9)	24.52 (10.8)	34.17 (13.6)	50.59 (17.7)
2. Other deposits with RBI	2.85 (89.6)	-3.45 (-57.2)	1.01 (40.2)	-0.55 (-15.6)
3. Bankers deposits with RBI	-8.91 (-11.3)	41.40 (59.1)	33.59 (30.13)	33.01 (22.8)
4. Cash with banks	1.48 (14.0)	0.89 (6.3)	0.78 (6.0)	1.48 (10.8)
SOURCES OF RESERVE MONEY (A+B+C+D+E-F)				
A. Net RBI credit to government	31.49 (11.8)	91.27 (30.7)	68.67 (17.65)	70.25 (15.3)
B. RBI claims on commercial and co-operative banks @	2.18 (8.4)	-5.19 (-16.5)	4.14 (17.7)	12.40 (46.1)
C. RBI credit commercial sector	3.89 (16.4)	3.01 (10.9)	3.63 (11.8)	3.77 (11.0)
D. Net foreign exchange assets with RBI	14.20 (87.4)	2.99 (9.8)	12.51 (37.4)	6.73 (14.6)
E. Government currency liabilities to public	0.57 (7.9)	0.99 (12.7)	2.52 (26.8)	1.58 (13.3)
F. Net non-monetary Liabilities of RBI	25.81 (50.6)	29.84 (38.8)	21.83 (20.9)	10.19 (7.9)

Notes: § Based on last Friday of March data

(p) Provisional

@ Including NABARD

1. Constituent items may not add up to totals due to rounding off.

2. Figures in parentheses denote percentage change over the preceding year

Source: 1. RESERVE BANK OF INDIA BULLETIN, (Various issues).

2. Reserve Bank of India, ANNUAL REPORT 1987-88, p.26.

Table 25  
Structure of Interest Rates

	Maximum rate on bank de- posits	Maximum lending rate of banks	Maximum coupon rate on government securities
1981-82	10.0	19.5	8.0
1982-83	11.0	19.5	9.0
1983-84	11.0	18.0	10.0
1984-85	11.0	18.0	10.5
1985-86	11.0	17.5	11.5
1986-87	11.0	16.5	11.5
1988 (April)	11.0	16.5	11.5

Source: 1. Dja.P.D., "Issues in Monetary and Credit Policy," RESERVE BANK OF INDIA BULLETIN. March 1987. p.97.  
2. RESERVE BANK OF INDIA BULLETIN. April 1988.

Table 26

## Combined Receipts and Disbursements of the Central and State Governments

	1982- 83	1983- 84	1984- 85	1985- 86	1986- 87	Percentage variation of '86-87		Percentage variation of '87-88		Percentage variation of '88-89	
						over '85-86	1987- 88(re)	over '86-87	1988- 89(be)	over '87-88	
1. TOTAL OUTLAY (A+B+C)	520.6	593.7	716.6	844.7	1012.9	19.9	1119.5	10.5	1225.0	9.4	
(A) Developmental	336.4	379.2	462.7	550.3	642.1	16.7	700.9	9.2	737.0	5.2	
(B) Non-developmental	164.7	197.9	233.9	273.3	336.3	23.0	396.1	17.8	469.0	18.4	
(C) Others	19.4	16.6	20.0	21.1	34.5	64.0	22.5	-34.7	19.0	-15.7	
2. TOTAL RECEIPTS (D+E)	495.8	574.0	664.7	812.2	921.4	13.4	1043.1	13.2	1142.0	9.5	
(D) Current receipts	347.5	387.2	453.0	541.0	626.3	15.8	712.4	13.8	792.0	11.2	
of which:											
Tax receipts	271.8	311.2	358.1	429.9	487.2	13.3	560.0	14.9	631.0	12.7	
(E) Capital receipts	148.3	186.7	211.8	271.2	295.1	8.8	330.7	12.1	352.0	6.4	
of which											
Net market (internal) borrowings	42.0	45.9	48.7	60.7	64.6	6.4	85.1	31.7	NA		
External loans	13.5	14.4	15.2	15.2	21.5	41.6	22.2	3.4	30.2	36.2	
3. GAP (items 2-1)	-24.8	-19.7	-51.9	-32.5	-91.5	181.6	-76.4	-16.5	-83.0	8.6	
Gap as a percentage of total outlay	-4.8	-3.3	-7.2	-3.8	-9.1	137.0	-5.8	-35.9	-6.8	16.2	

Notes: (re) Revised estimated  
(be) Budget estimates

Source: Reserve Bank of India, ANNUAL REPORTS. (various issues)  
Reserve Bank of India, REPORT ON CURRENCY AND FINANCE. (various issues)

Table 27

Share of Direct and Indirect Taxes in Total Tax Revenue  
of the Centre, State and Union Territories  
(Rs. billion)

	Total Tax Revenue	Direct Taxes (of which)			Indirect Taxes (of which)			
		Total	Corpora- tion in- come Tax	Taxes on Incomes	Total	Central Excise Duty	Customs Duty	Sales Tax
1970-71	47.5	10.1	3.7	4.7	37.4	17.9	5.2	7.9
1980-81	198.4	32.7	13.1	15.1	165.8	65.0	34.1	40.2
1983-84	315.3	49.1	24.9	17.0	266.2	102.2	55.9	65.1
1984-85	358.1	53.3	25.6	19.3	304.6	111.5	70.4	73.3
1985-86	432.7	62.5	28.7	25.1	370.1	121.6	95.3	87.4
1986-87 (RE)	495.8	69.1	33.3	27.6	426.1	143.5	115.0	100.4
1987-88 (BE)	565.7	73.0	35.4	28.5	492.7	168.8	128.7	119.1
Growth rate: (1980-81) to (1987-88)	16.15	12.16	15.26	9.50	16.77	14.61	20.89	16.78

Note: (RE): Revised estimates  
(BE): Budget estimate

Source: Government of India,  
INDIAN ECONOMIC STATISTICS:  
PUBLIC FINANCE, New Delhi:  
Ministry of Finance,  
(various issues)

Table 26

## Overall Surplus/Deficit of the Central and State Governments

	Current account			Capital account			Surplus/Deficit		
	Recei- pts	Expen- diture	Surplus/ Deficit (-)	Recei- pts	Expen- diture	Surplus/ Deficit (-)	Overall Surplus/ Deficit (-)	as percent of GNP*	
								Current account	Overall
1970-71	58.1	56.7	1.4	26.1	31.6	-5.7	-4.3	0.4	1.1
1980-81	255.9	248.6	7.1	101.0	142.6	-41.8	-34.7	0.6	-2.6
1981-84	391.0	412.9	-21.9	186.2	187.0	2.2	-19.7	-1.2	-1.1
1984-85	453.0	497.2	-44.2	211.8	219.4	-7.6	-51.8	-2.2	-2.5
1985-86	541.0	586.1	-45.1	271.2	258.7	12.6	-32.5	-1.9	-1.4
1986-87	626.3	734.6	-108.3	295.1	278.3	16.8	-91.5	-4.2	-3.5
1987-88#	712.4	831.8	-119.4	330.7	287.7	43.0	-76.5	-4.1@	-2.6@
1988-89*	790.7	913.8	-123.1	351.6	311.7	39.9	-83.2		

Note: #: Revised estimates

\*: Budget estimate

#: From 1980-81 onwards new series

@: GNP estimates are tentative

(see table 1)

Source: Reserve Bank of India. REPORT ON CURRENCY AND FINANCE. (Various issues).  
Reserve Bank of India. ANNUAL REPORT 1987-88. p.48.

Table 29  
Age Structure of India's Population

Year	Age groups (percent of total population)			
	0 - 1	5 - 14	15 - 59	60 plus
1980	14.18	25.54	54.07	6.21
1985	13.91	24.34	55.51	6.24
1990	12.85	23.15	57.50	6.50
2000	10.67	20.96	60.79	7.58

Source: Government of India. SEVENTH FIVE YEAR PLAN (1985-90). Vol I.

Table 30

Labour Force Projections by Age and Sex  
(millions)

	Age 15 plus			Age 15 - 59		
	Male	Female	Total	Male	Female	Total
1980	184	70	254	170	67	237
1985	208	80	288	194	76	270
1990	236	90	326	220	86	306
2000	297	111	408	274	106	380
GROWTH RATES (Annual average)						
1980-1990	2.52	2.54	2.53	2.61	2.53	2.59
1990-2000	2.33	2.11	2.27	2.22	2.11	2.19

Source: Government of India, SEVENTH FIVE YEAR PLAN (1985-90),  
Vol. I.

Table 31

## Employment and Unemployment Survey Results

(Percent)

	1972-73	Male 1977-78	1983	1972-73	Female 1977-78	1983
<b>Employment (rural)</b>						
-----						
1. Status:						
Self employed	65.90	62.77	60.40	64.48	62.10	62.21
Salary/wage worker	12.06	10.57	10.77	4.08	2.84	3.10
Casual labour	22.04	26.66	28.83	31.44	35.06	34.69
2. Sectors:						
Agriculture	83.23	80.60	76.80	89.67	88.10	86.73
Non-agriculture	16.77	19.40	23.20	10.30	11.90	13.70
<b>Unemployment rate#</b>						
(Current week status)						
-----						
Rural	2.22	2.34	2.61	2.26	1.40	1.55
Urban	3.53	4.06	4.04	1.53	1.68	1.33

Notes: # As percent of population above 5 years.

Source: SARVEKSHANA, Vol. IX(4), April 1986, pp. s-112 & s-118.  
New Delhi: Central Statistical Organisation.

Table 32

Employment in the Public Sector and Private Organised Sector  
by Industry (as at the end of March)

(Employment in thousands)

	year	Agricul- ture, fishing, etc.	Mining	Manufac- turing	Electricity, gas & water	Construc- tion	Trade, Transport & commu- nication	Financial & Social Services	Total employ- ment
Public Sector	1971	281	254	862	455	895	2606	5746	11099
Private Sector		824	340	3940	46	163	388	1032	6734
Total employment		1105	594	3802	501	1058	2994	6778	17833
		6.2%	3.3%	26.9%	2.8%	5.9%	16.8%	38%	100.0
Public Sector	1981	463	818	1502	683	1089	2823	8103	15484
Private Sector		858	130	4545	35	72	337	1418	7395
Total employment		1321	948	6047	718	1161	3160	9521	22879
		5.8%	4.3%	26.4%	3.1%	5.1%	13.8%	41.6%	100.0
Public Sector	1983	476	884	1634	721	1120	2944	8678	16456
Private Sector		819	113	4473	39	66	333	1503	7354
Total employment		1295	997	6107	760	1186	3277	10181	23801
		5.4%	4.2%	25.7%	3.2%	5%	13.8%	42.8%	100.0
Public Sector	1987	558	942	1864	791	1185	3105	9554	17999
Private Sector (P)		845	91	4420	40	58	328	1681	7463
Total employment		1403	1033	6284	831	1243	3433	11235	25462
		5.5%	4.1%	24.7%	3.3%	4.9%	13.5%	44.1%	100.0
Growth rates (1971-81)									
Public Sector		5.12	12.41	5.71	4.15	1.98	0.80	3.50	3.39
Private Sector		0.41	-9.17	1.44	-2.70	-7.85	-1.40	3.44	0.94
Total employment		1.80	4.79	4.75	3.66	0.92	0.54	3.46	2.52
Growth rates (1981-87)									
Public Sector		3.16	2.38	3.66	2.48	1.42	1.60	2.76	2.54
Private Sector		-0.25	-5.77	-0.46	2.25	-3.54	-0.45	2.68	-0.07
Total employment		1.01	1.44	0.48	2.39	1.14	1.39	2.80	1.80

Notes: † Covers all private sector organisations employing 10 workers or more.

(P) Provisional

% Denotes percentage of total employment.

Source: Government of India, MONTHLY ABSTRACT OF STATISTICS, July 1988 and various back issues.  
New Delhi: Central Statistical Organisation.

Table 33  
 Number of Job Seekers on the Live  
 Registers of the Employment  
 Exchanges  
 ( No.s thousands)

Last day of the Year/ Month	Live Registra- tions	% change over the preceding year/ period	Vacancies Notified	Place- ments made
1981	17838	10.1	897	504
1982	19753	10.7	820	473
1983	21953	11.1	826	486
1984	23547	7.3	708	407
1985	26270	11.6	675	389
1986	30131	14.7	632	351
1987	30247	0.4	601	334
1988 (up to May)	29296		111*	59*

Notes: \* Figures for the corresponding period of the preceding year were 110.5 and 61.3 respectively.

Source: 1. Government of India. ANNUAL REPORT 1987-88. Ministry of Labour, p.8.  
 2. Government of India. Ministry of Finance, Department of Economic Affairs, for the latest (1988) data.

Table 34

Population Growth, Achievements and Targets of  
Family Welfare Programme

Year/ Period	Popula- tion (million)	Birth rate (per tho- usand)	Death rate (per tho- usand)	Popiath. growth rate (per tho- usand)	Infant mortality rate (per tho- usand)	Expectancy of life at birth (years)	
						Male	Female
1971	548	36.9	14.9	22.0	129	46.4	44.5
1981	685	33.9	12.5	24.0	110	50.9*	50.0*
1984	736	33.8	12.5				
1985	751	32.9	11.8		97		
1986	766	32.4	11.1	19.9	96(P)	55.6@	56.4@
Projections/Targets							
1991	837	29.7	10.7	19.0	90	58.1	59.1
1996	913	26.7	9.3	17.4		60.6	61.7
2001	986	23.7	8.4	15.3	60	62.8	64.2

Notes: \* Relates to 1971-80

@ Relates to 1981-86

(P) Provisional

Source: 1. Government of India. ANNUAL REPORT 1987-88. Ministry of Health and Family Welfare. New Delhi 1988. p.158.  
 2. Government of India. SEVENTH FIVE YEAR PLAN (1985-90). Vol.1. New Delhi: Planning Commission.  
 3. Government of India. HEALTH INFORMATION OF INDIA. New Delhi: Central bureau of Health Intelligence.  
 4. Government of India. MONTHLY ABSTRACT OF STATISTICS. New Delhi: Central Statistical Organisation. July 1985.

Table 35  
Progress of Family Planning Programme:  
Sterilisations  
(thousands)

	Vasectomy	Tubectomy	Total	Couples protected by all methods of birth control
1970-71	879	451	1330	10.6
1975-76	1438	1230	2668	17.0
1980-81	439	1614	2053	22.7
1982-83	585	3398	3983	25.9
1983-84	661	3871	4532	29.2
1984-85	549	3535	4084	31.6
1985-86	639	4261	4899	34.9
1986-87*	810	4220	5030#	37.5@

Notes: \* Provisional

# Plan target for the year was 6000 Sterilisations.

@ Seventh Plan envisages 42% protection by 1989-90.

Source: 1. Government of India. ANNUAL REPORT 1987-88. Ministry of Health and Welfare. pp.242-45.

Table 36

## Demographic Characteristics of Indian States - 1985

states	Population in 1981 (million)	Birth rate# (per thousand)	Death rate# (per thousand)	Net Growth rate# (percent)	Infant Mortality rate# (per thousand)
HIGH INCOME STATES					
Gujarat	34.09	32.70	10.70	2.20	98
Haryana	12.92	35.50	9.10	2.64	85
Maharashtra	62.78	28.90	8.40	2.05	68
Punjab	16.78	28.70	9.00	1.97	71
West Bengal	54.58	28.60	9.10	1.95	77
MIDDLE INCOME STATES					
Andhra Pradesh	53.55	29.30	10.10	1.92	83
Karnataka	37.14	29.00	8.60	2.04	71
Kerala	25.45	22.90	6.40	1.65	32
Tamil Nadu	48.41	24.80	9.50	1.53	80
LOW INCOME STATES					
Assam	19.9*	34.30	13.10	2.12	111
Bihar	69.91	37.60	14.90	2.27	105
Madhya Pradesh	52.81	38.80	13.90	2.49	122
Orissa	26.57	30.30	13.90	1.64	130
Rajasthan	34.26	39.20	12.90	2.63	108
Uttar Pradesh	110.86	37.60	15.80	2.18	140
HILL STATES					
Himachal Pradesh	4.28	30.20	10.50	1.97	84
Jammu & Kashmir	5.99	32.90	9.60	2.33	86
Manipur	1.42	27.50	7.40	2.01	N.A
Meghalaya	1.34	39.10	12.70	2.64	N.A
Nagaland	0.77	24.80	6.00	1.88	N.A
Tripura	2.05	27.10	9.80	1.73	N.A

Notes: # Relates to 1985.

\* Projected value.

Source: 1. Government of India. ANNUAL REPORT 1986-87.  
Ministry of Health and Family Welfare. p. 124.

Table 37

## Health Infrastructure in India

Primary health centres & sub centres (as on 31st March)	Hospital beds (as on 1st January)	Number of Doctors* (as on 31st December)	Number of para medical personnel* (as on 31st December)	Population covered@ by:				Government expenditure on health care:\$				
				Primary health centres & sub centres (No.s)	Hospital beds (No.s)	Number of Doctors (No.s)	Number of para medical personnel (No.s)	Amount Rs. billion	% of total government expenditure	Health & Family sanitation (planning)	Health & Family welfare (planning)	
1971	33060	348665	132650	186633	16360	1550	4080	2930				
1981	56716	466677	262656	368916	11970	1460	2590	1840	16.17	1.46	4.57	0.41
1982	65250	476226	277368	377866	10640	1460	2500	1840	19.28	1.92	4.75	0.47
1983	71598	486805	280254	410669	9900	1460	2530	1730	22.44	2.94	4.67	0.61
1984	81517	500628	293066	425399	8802	1450	2470	1700	27.01	3.92	4.85	0.70
1985	90258	514989	306153	440780	6190	1430	2410	1680	30.28	4.28	4.54	0.64
1986	97446	535735			7892	1420						
1987	108039				7257							
1988												
Growth rates												
1971-81	5.40	2.92	6.83	6.81	-3.12	-0.60	-4.54	-4.65				
1981-86/87	10.74	2.76	3.83	4.45	-0.34	-0.56	-1.80	-2.27				

Notes: @ Population for the financial year ending 31st March of the respective years has been used for computing the coverage.

\* Includes: (i) Doctors registered with state medical councils, (ii) Dentists registered with the Dental Council of India (in 1985 their number was 9555).

# Includes nurses, auxiliary nurses and health visitors.

\$ Relates to financial year.

Source: Government of India. HEALTH STATISTICS OF INDIA. (in 1986 it was renamed as HEALTH INFORMATION OF INDIA.)  
New Delhi: Central Bureau of Health Intelligence (various issues).

Table 38

## Rural Water Supply Programme

Number of problem villages identified in 1980	Number of villages covered under the programme					
	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87
Category I	157895					
Category II	46662					
Category III	26227					
Total	230784	29837	45844	50239	40126	45248

Notes: Category I : Villages which do not have the source of drinking water within a distance of 1.6 km. or within a depth of 15 meters.

Category II : Villages where the existing drinking water source contained excess of salinity/iron/flourin or other toxic elements.

Category III: Villages where the existing sources are highly contaminated with disease causing germs.

Source: 1. Government of India, ANNUAL REPORT 1986-87, Department of Rural development.

2. Government of India, SEVENTH FIVE YEAR PLAN 1985-90: MID-TERM APPRAISAL, Chapter 3.

Table 39

Per capita Availability of Some  
Important Food Items@

Period#	Cereals gms./day	Pulses gms./day	Edible oil etc. kgs./year	Sugar* kgs./year
1961-63	394.2	63.4	3.9	5.3
1971-73	405.7	46.4	3.9	6.3
1981-83	409.3	38.7	6.1	9.1
1985-87 (P)	426.4	38.7	6.7	10.9

Notes: (P) Provisional

\* Relates to actual releases for domestic consumption.

# Consumption of edible oil and relate to financial year.

@ Average for three years.

Source: Government of India, ECONOMIC SURVEY  
1987-88, pp. s23 & s25.