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India and the sub-continent

India: Economic System Survey



The concept of 'economic system'

Economy is closer to 'system' (organic, vital, evolving, not totally controllable...) rather than to 'order' (construct, structured, controlled...).

An economic system contains a complex set of interactions among some key-components:

Factors are the given material and geographical conditions (resources, limits, environment, population, neighbourhood, geopolitics...). They have a strong influence on society's adaptive response and thus to the economic policies and performance.

Actors are the human subjects who make choices and take decisions that affects economy; they are producers, consumers, regulators, traders, savers, investors etc.

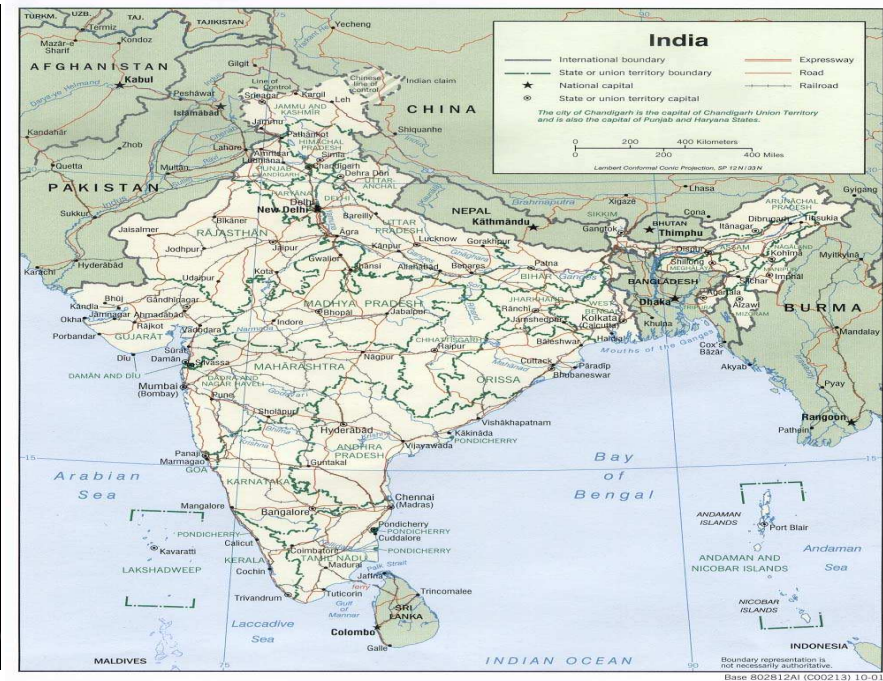
Values are the non-material conditions (memory, identity, weltanschauung, beliefs, customs, taste...) constitute the basis of social consensus and the blueprint for behaviour, therefore they exert strong influence on policy and decision-making processes.

Institutions and policies are the conscious and voluntary arrangements that reflect the adaptive response of a society *vis-à-vis* factors and values.

Rapid discontinuous changes are the unforeseen happenings that affect people's lives, and are usually beyond human control (e.g. epidemics, accidents, disasters...). They defy forecast and preparation based upon knowledge and judgements of the past and present.

Any economic system is the ever-changing outcome of the interplay among these key-components, therefore an economic system manifests itself as a complex magma containing many unintended consequences.

India (Indian Union, Federal Republic of India)



7th largest country in the world (circa 2% of earth's land surface).

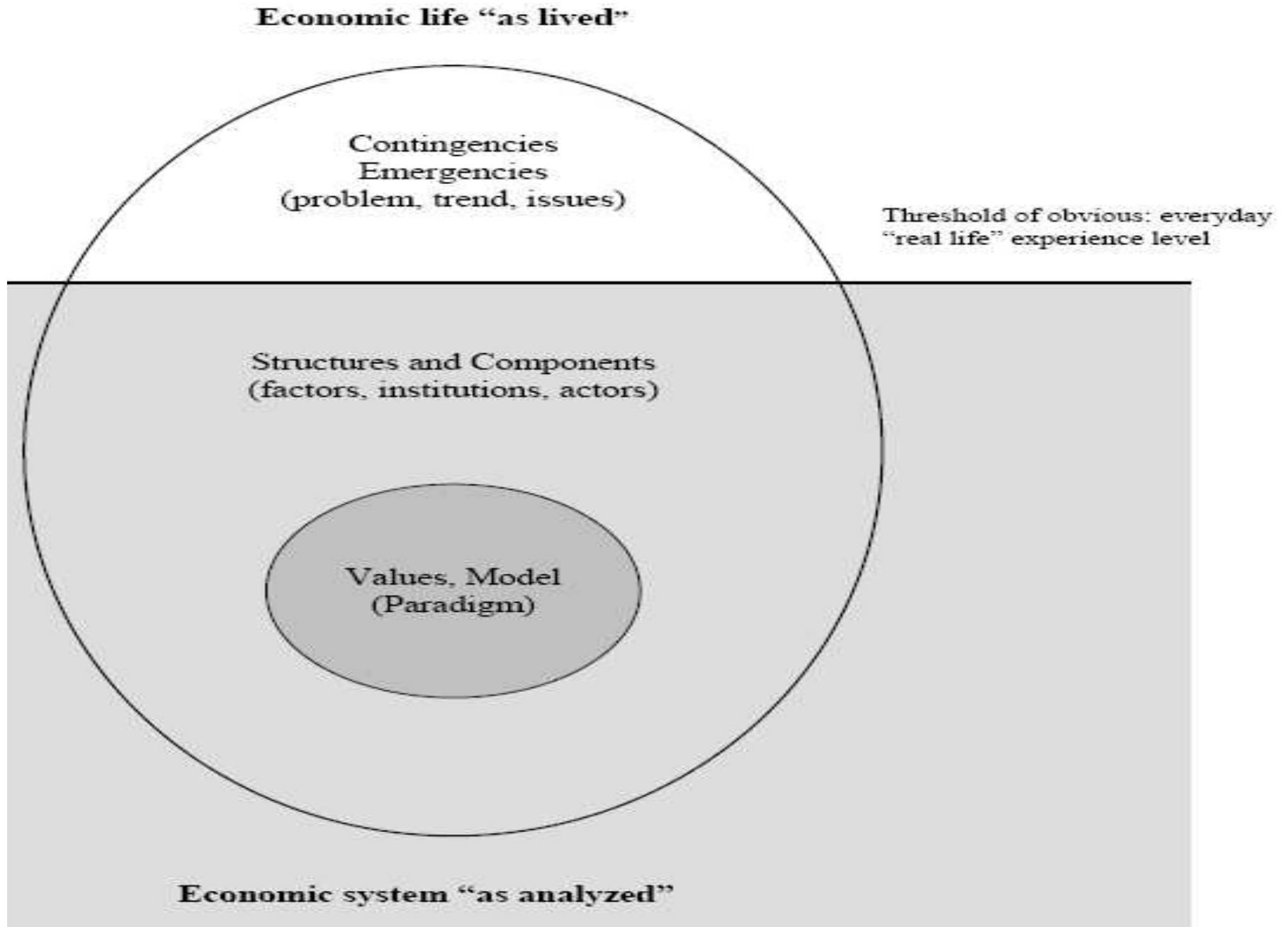
World's 2nd largest population (circa 16% of the humanity); ethnolinguistically the most heterogeneous.

Almost all of earth's eco-systems (except the Polar icy waters and Arctic tundra).

One of the oldest human civilizations (along with China); the only oldest uninterrupted cultural tradition.

The most successful democratic institutional framework outside the Western world.

Selected system survey (method and approach)



Indian Subcontinent

- Habitat (context, factors)
- Business (activities and actors)
- Comunitas (society, institutions)
- Ethos (culture and values)

Watersheds in the history of India civilization

(gli spartiacque nella storia della civiltà Indiana)

After Neolithic till 3rd Millenium B.C.: tribal substratum and the Indus Valley Civilization

3rd-1st Mill. B.C.: Veda, *Aryavarta* and the Gangetic civilization.

1st Mill.BC – 1st Mill. A.D.: Buddhism, Jainism, rise and fall of the Indian empires.

12th Century A.D. – 17th Cen. A.D.: Islam's "arrival", Buddhism's "departure", new religious movements and sects.

18th - mid 20th Cent. A.D.: Western encroachment, Indian nationalism, revival and reforms.

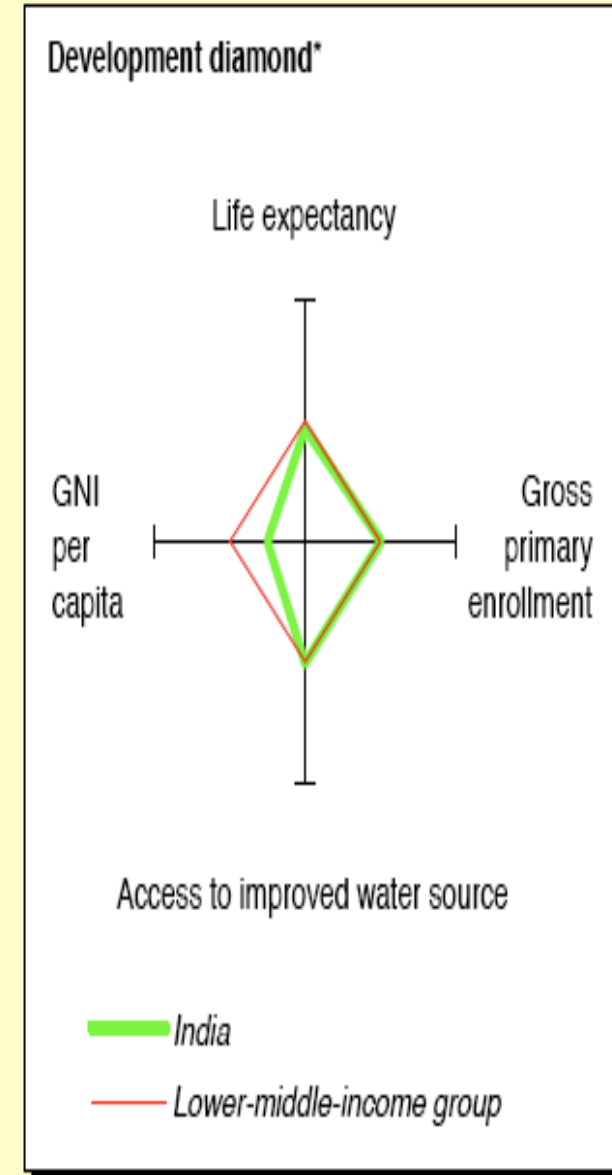
Mid 20th-early 21st Cent. A.D.: Indian Union (Federal Republic of India).

India in the 21st Century ???

India's Economy

(World Bank, 2009)

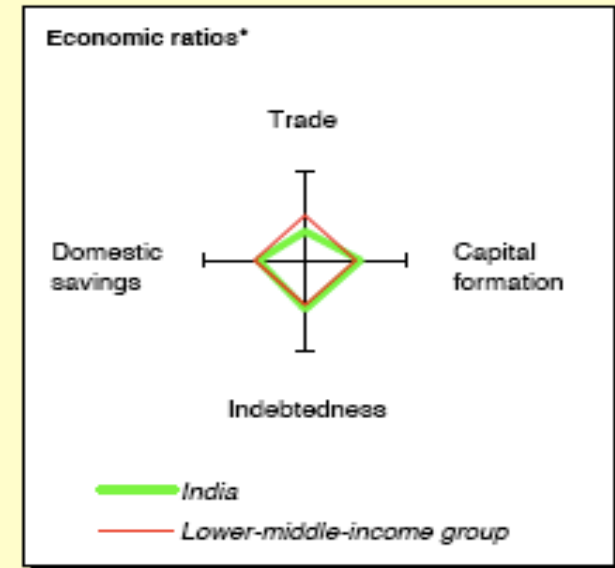
POVERTY and SOCIAL	India	South Asia	Lower-middle-income
2007			
Population, mid-year (millions)	1,123.3	1,520	3,437
GNI per capita (Atlas method, US\$)	950	880	1,887
GNI (Atlas method, US\$ billions)	1,069.4	1,339	6,485
Average annual growth, 2001-07			
Population (%)	1.4	1.6	1.1
Labor force (%)	1.8	2.1	1.5
Most recent estimate (latest year available, 2001-07)			
Poverty (% of population below national poverty line)	..	..	..
Urban population (% of total population)	29	29	42
Life expectancy at birth (years)	64	64	69
Infant mortality (per 1,000 live births)	57	62	41
Child malnutrition (% of children under 5)	44	41	25
Access to an improved water source (% of population)	89	87	88
Literacy (% of population age 15+)	61	58	89
Gross primary enrollment (% of school-age population)	112	108	111
Male	114	111	112
Female	109	104	109



India's Economy

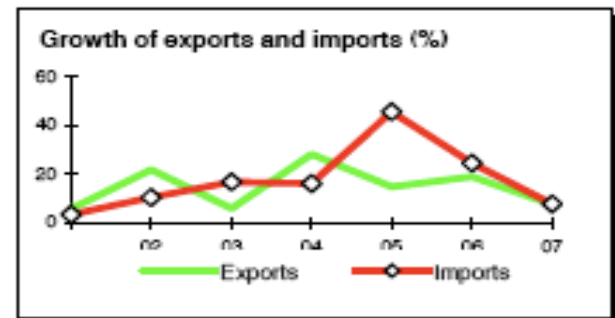
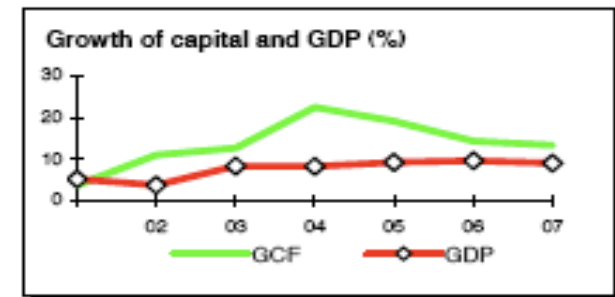
KEY ECONOMIC RATIOS and LONG-TERM TRENDS

	1987	1997	2006	2007	
GDP (US\$ billions)	276.0	410.9	916.3	1,171.0	
Gross capital formation/GDP	22.0	23.9	36.0	38.2	
Exports of goods and services/GDP	5.7	10.8	22.1	21.3	
Gross domestic savings/GDP	20.6	22.6	33.0	35.1	
Gross national savings/GDP	20.9	24.7	35.3	37.2	
Current account balance/GDP	-1.9	-1.4	-1.1	-2.1	
Interest payments/GDP	0.7	1.1	0.7	..	
Total debt/GDP	20.1	23.0	16.7	..	
Total debt service/exports	29.7	21.6	7.5	..	
Present value of debt/GDP	..	..	12.7	..
Present value of debt/exports	..	..	48.5	..
	1987-97	1997-07	2006	2007	2007-11
(average annual growth)					
GDP	5.5	6.9	9.7	9.0	8.5
GDP per capita	3.5	5.3	8.2	7.7	7.2
Exports of goods and services	11.5	15.4	18.9	7.5	13.8



STRUCTURE of the ECONOMY

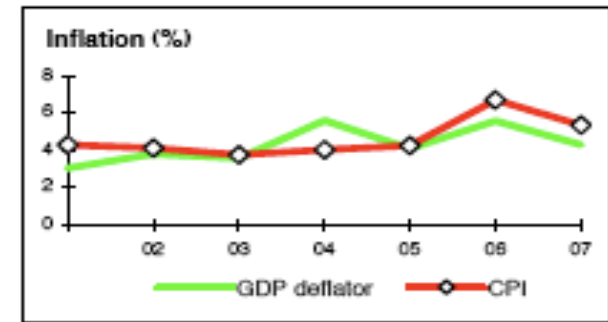
	1987	1997	2006	2007
(% of GDP)				
Agriculture	29.4	26.1	18.3	17.8
Industry	26.3	26.8	29.3	29.4
Manufacturing	16.4	16.4	16.3	16.4
Services	44.3	47.1	52.4	52.8
Household final consumption expenditure	67.1	66.0	56.7	54.8
General gov't final consumption expenditure	12.3	11.4	10.3	10.1
Imports of goods and services	7.1	12.1	25.1	24.4
	1987-97	1997-07	2006	2007
(average annual growth)				
Agriculture	3.5	2.7	3.8	4.5
Industry	6.3	7.2	11.0	8.5
Manufacturing	6.6	6.8	12.0	8.8
Services	6.8	8.5	11.1	10.8
Household final consumption expenditure	5.5	5.8	10.3	7.3
General gov't final consumption expenditure	4.2	3.9	6.2	5.5
Gross capital formation	6.8	11.0	14.3	13.3
Imports of goods and services	12.3	14.8	24.5	7.7



India's Economy

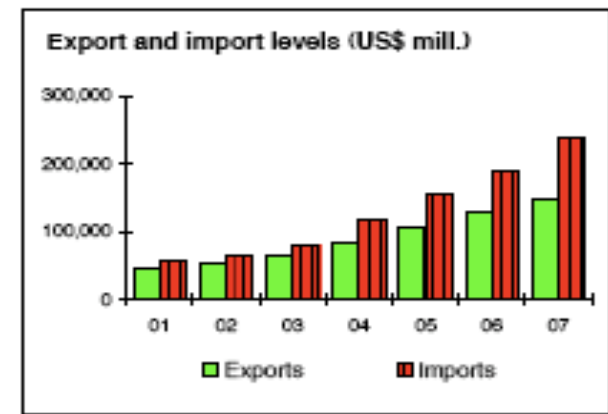
PRICES and GOVERNMENT FINANCE

	1987	1997	2006	2007
Domestic prices (% change)				
Consumer prices	7.8	7.0	6.7	5.3
Implicit GDP deflator	9.3	6.5	5.6	4.3
Government finance (% of GDP, includes current grants)				
Current revenue	19.4	17.4	20.6	22.4
Current budget balance	-2.7	-3.5	-4.4	-1.6
Overall surplus/deficit	-9.2	-8.3	-6.5	-5.6



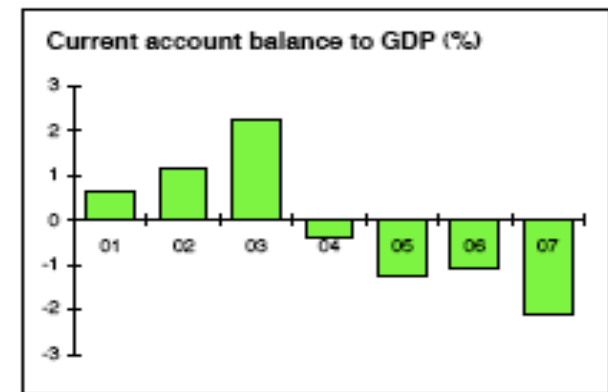
TRADE

	1987	1997	2006	2007
<i>(US\$ millions)</i>				
Total exports (fob)	12,644	35,680	128,083	146,632
Marine products	411	1,207	1,744	..
Ore and minerals	600	1,061	7,033	..
Manufactures	8,195	28,547	82,818	91,657
Total imports (cif)	19,812	51,187	191,254	238,296
Food	1,141	1,483	3,291	..
Fuel and energy	3,118	8,184	57,074	..
Capital goods	5,064	9,796	52,944	71,311
Export price index (2000=100)	113	116	..	..
Import price index (2000=100)	116	110	..	..
Terms of trade (2000=100)	97	106	..	..

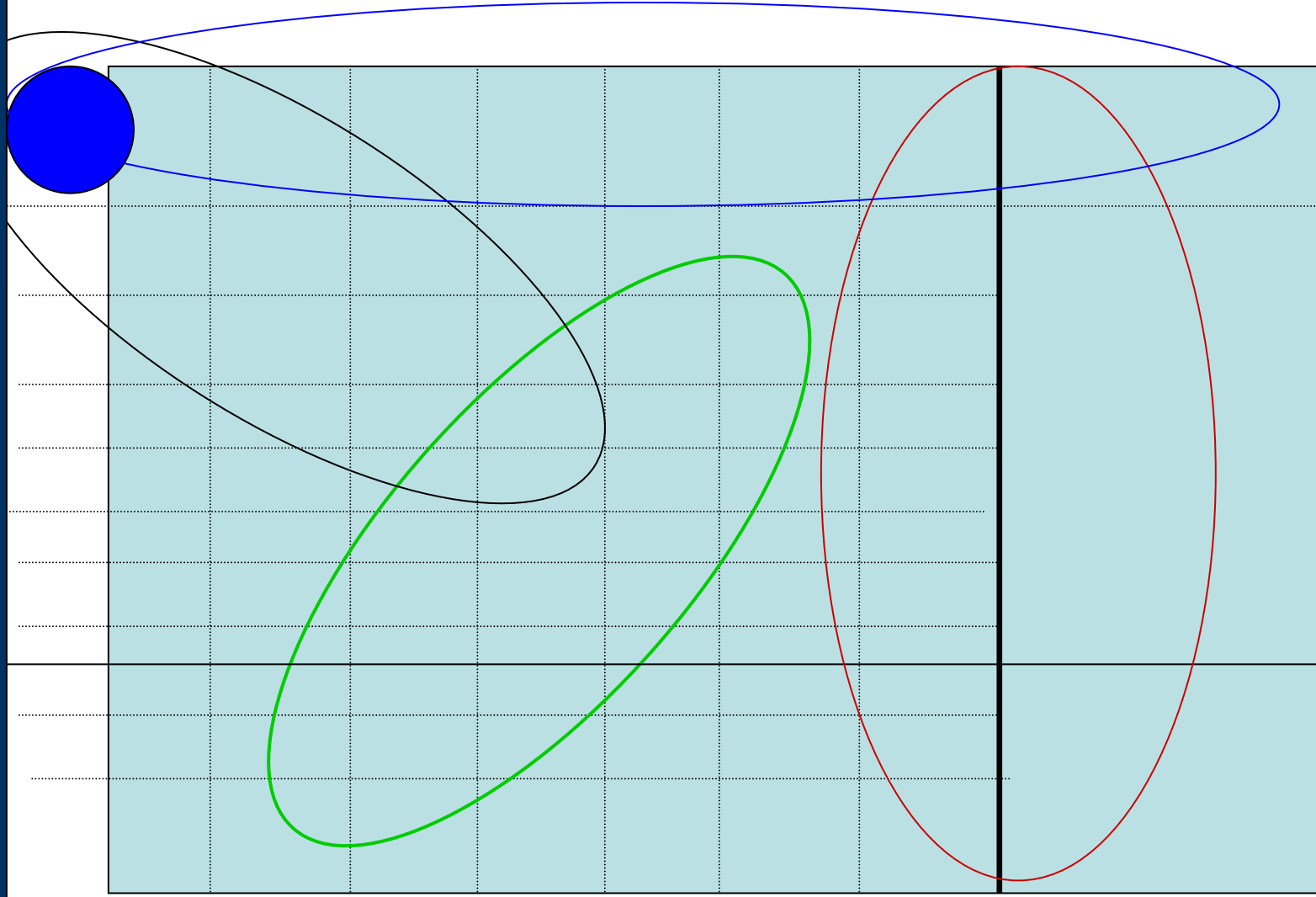


BALANCE of PAYMENTS

	1987	1997	2006	2007
<i>(US\$ millions)</i>				
Exports of goods and services	16,216	45,109	204,264	246,071
Imports of goods and services	22,839	59,297	235,625	297,009
Resource balance	-6,623	-14,188	-31,361	30,176
Net income	-1,337	-3,521	-6,573	..
Net current transfers	2,698	11,830	27,941	30,176
Current account balance	-5,262	-5,879	-9,993	-24,408
Financing items (net)	4,526	9,772	46,599	44,282
Changes in net reserves	736	-3,893	-36,606	-19,874
Memo:				
Reserves including gold (US\$ millions)	6,223	29,367	198,710	218,582
Conversion rate (DEC, local/US\$)	13.0	37.2	45.2	40.3



The social dimension: ethnicity, caste, class and networks (la dimensione sociale: etnie, caste, classi, reti di appartenenza)



Patterns of communication and mass media

Print media has always been free in India. Broadcasting in India has flourished since state TV's monopoly was broken in 1992. The array of channels is still growing.

Billion-dollar film industry produces hundreds of movies each year (largest cinema industry in the world).

Privately-owned cable and satellite stations command large audiences. India's cable TV market is one of the world's largest, with more than 60 million subscribers.

Private radio is a relative newcomer. Since they were sanctioned in 2000, music-based FM stations have proliferated in the cities and hundreds more licences are up for grabs. But only public All India Radio (AIR) can broadcast news.

Established newspapers are slugging it out with new rivals. India's press is lively. Driven by a growing middle class, newspaper circulation has risen and new titles compete with established dailies.

Internet use has soared; around 42 million Indians were online by 2007 (Internetworldstats.com).

Selected system survey (China and India)

Similarities			Differences		
	China	India		China	India
GDP (average annual growth, 2006)	10.6	9.2	Agriculture (% of GDP, 2006)	11.7	17.5
GDP per capita (average annual growth, 2006)	9.9	7.7	Industry (% of GDP, 2006)	48.4	27.9
Exports of goods and services (average annual growth, 2006)	23.3	19.3	Services (% of GDP, 2006)	39.9	54.6
Industry (average annual growth, 2006)	12.5	10.6	Agriculture (average annual growth, 2005)	5.0	2.7
Imports of goods and services (average annual growth, 2006)	14.3	11.4	Overall surplus/deficit (% of GDP, 2006)	-0.7	-6.5
GDP per capita (PPP US\$; World Bank estimates, 2006)	6,760	3,827	Total exports (US\$ million, 2006)	969,073	127,090
			Total imports (US\$ million, 2006)	791,614	191,995

Global Competitiveness Index 2009

Country/Economy	Rank	Score
Switzerland	1	5,60
United States	2	5,59
Singapore	3	5,55
Sweden	4	5,51
Denmark	5	5,46
Germany	7	5,37
Japan	8	5,37
Canada	9	5,33
United Kingdom	13	5,19
Australia	15	5,15
France	16	5,13
South Korea	19	5,00
Saudi Arabia	28	4,75
China	29	4,74
South Africa	45	4,34
Italy	48	4,31
India	49	4,30
Indonesia	54	4,26
Brazil	56	4,23
Mexico	60	4,19
Turkey	61	4,16
Russian Federation	63	4,15
Argentina	85	3,91
Mozambique	129	3,22
Mali	130	3,22
Chad	131	2,87
Zimbabwe	132	2,77
Burundi	133	2,58

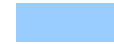


G 20 Members

Source: World Economic Forum, 2009

Environmental Performance Index 2008

Country/Economy	Rank	Score
Switzerland	1	95,50
Norway	2	93,10
Sweden	3	93,10
Finland	4	91,40
Costa Rica	5	90,50
France	10	87,80
Canada	12	86,80
Germany	13	86,30
United Kingdom	14	86,30
Japan	21	84,50
Italy	24	84,20
Russia	28	83,90
Brazil	34	82,70
Argentina	38	81,80
United States	39	81,00
Australia	46	79,80
Mexico	47	79,80
South Korea	51	79,40
Turkey	72	75,90
Saudi Arabia	78	72,80
South Africa	97	69,00
Indonesia	102	66,20
China	105	65,10
India	120	60,30
Mali	145	44,30
Mauritania	146	44,20
Sierra Leone	147	40,00
Angola	148	39,50
Niger	149	39,10



G 20 Members

Source: Yale CIESIN, 2009

Human Development Index 2007

Country/Economy	Rank	Score
Norway	1	0.971
Australia	2	0.970
Iceland	3	0.969
Canada	4	0.966
Ireland	5	0.965
France	8	0.961
Japan	10	0.960
United States	13	0.956
Italy	18	0.951
United Kingdom	21	0.947
Germany	22	0.947
South Korea	26	0.937
Argentina	49	0.866
Mexico	53	0.854
Saudi Arabia	59	0.843
Russian Federation	71	0.817
Brazil	75	0.813
Turkey	79	0.806
China	92	0.772
Indonesia	111	0.734
South Africa	129	0.683
India	134	0.612
Mali	178	0.371
Central African Republic	179	0.369
Sierra Leone	180	0.365
Afghanistan	181	0.352
Niger	182	0.340


 G 20 Members

Source: UNDP, 2009

Politics, major trends and emerging scenarios (la politica, le tendenze e gli scenari emergenti)

Factors: constrains of demography and natural resources, geopolitical imperatives

Actors:

Political forces (ethno-territorial, regional, national) and dissidence (pacific anarchists, armed outfits, Islamic militants and ethno-territorial separatists), NGOs, mass media...

Economic players: government, big business houses, *Biradari*, barefoot entrepreneurs, Indian diaspora...

Values: simple living, high thinking

Scenarios:

- Peaceful rise of a silent superpower in a multipolar world.
- Conflict management and global economic prowess.
- Economic slowdown, cultural retrenchment.
- Further splits, decomposition.