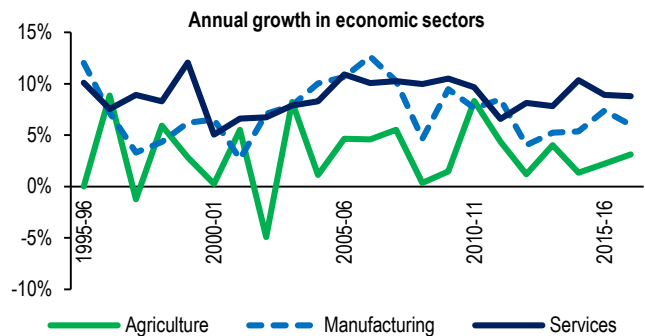
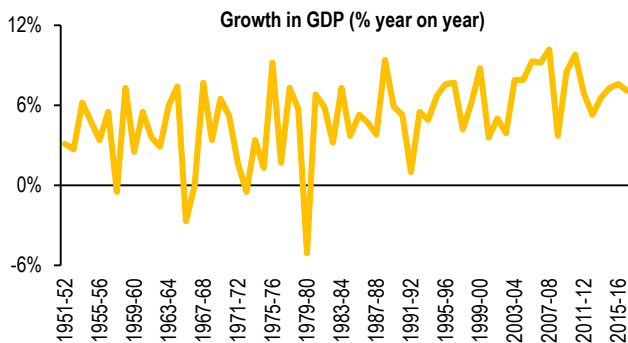


Vital Stats

State of the Economy 2016-17

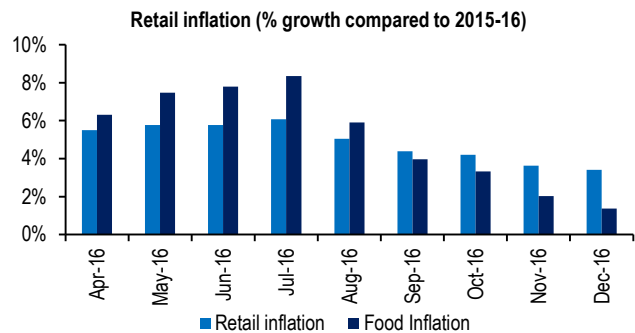
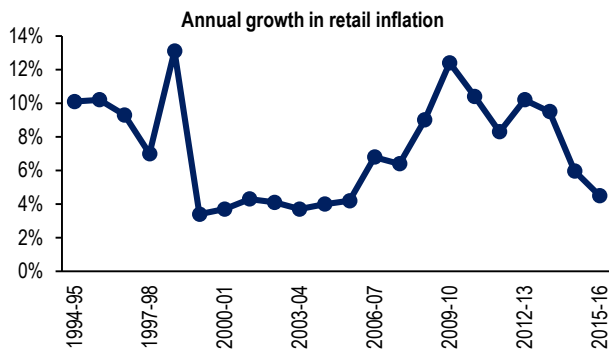
The Union Budget for 2017-18 will be presented on February 1, 2017. In this context, we present data regarding the state of the Indian economy in 2016-17, across indicators such as gross domestic product, inflation, and current account deficit.

CSO estimates GDP to grow at 7.1% in 2016-17 (not accounting for the effect of demonetisation)



- The gross domestic product (GDP) growth estimate of 7.1% in 2016-17 is lower than the 7.6% growth in 2015-16. Note that this does not account for the impact of demonetisation. The fall in growth rate may be attributed to a slower growth in the manufacturing and construction sectors. However, GDP has been growing over the past few years, from 5.3% in 2012-13 to 7.3% in 2014-15.
- On the other hand, the agriculture sector which has been witnessing low growth over the past few years, is estimated to grow at 4.1% in 2016-17. Growth in the manufacturing sector is estimated at 7.4%, and in the services sector, at 8.8%.

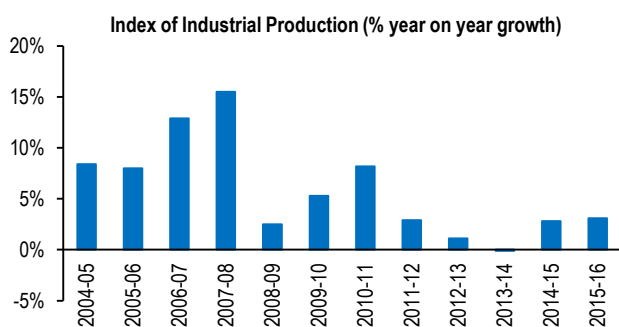
Retail inflation lowest in 10 years, at 3.4% in December 2016; food inflation at 1.4%



Note: Retail inflation is calculated as change in consumer price index.

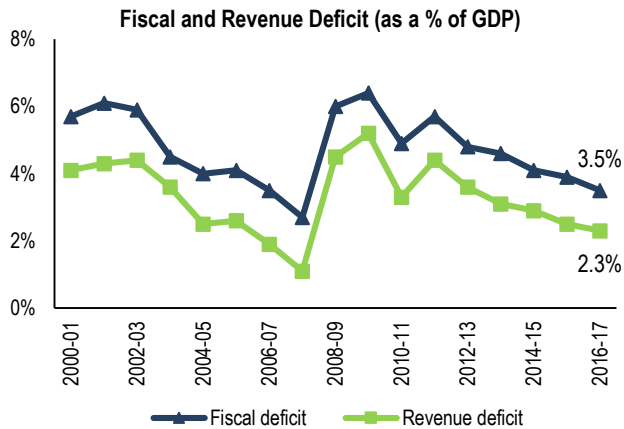
- Retail inflation has been declining over the past few years. It has dropped from 8.3% in 2012-13 to 4.9% in 2015-16, owing to a fall in the prices of food and oil.
- Over the past few months, retail inflation fell from 5.5% in April 2016 to 3.4% in December 2016. Food inflation, which accounts for 54% of the retail inflation basket, fell from 6.3% to 1.4% during the same period. This is mainly owing to a fall in the prices of vegetables and pulses, which decreased by 19.6% and 35.8% respectively.

Industrial production (IIP) grew at 3.1% in 2015-16; average IIP growth in 2016-17 (Apr–Nov) was 0.4%



- Index of Industrial Production (IIP) measures the level of production of sectors such as manufacturing, electricity and mining. IIP has increased over the past few years, from 1.1% in 2012-13 to 3.1% in 2015-16.
- Recently, IIP increased from -0.8% in April 2016 to 5.7% in November 2016, with a low of -2.5% in July 2016.
- While electricity production decreased from 14.6% in April 2016 to 8.9% in November 2016, that of the manufacturing and mining sectors saw an increase over this period, from -3.1% to 5.5% and from 1.4% to 3.9% respectively.

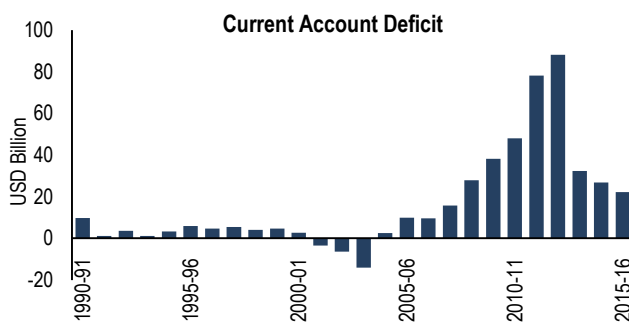
Fiscal deficit estimated at 3.5% of GDP in 2016-17; Revenue deficit at 2.3%



Note: Figures for 2015-16 and 2016-17 are revised and budget estimates, respectively.

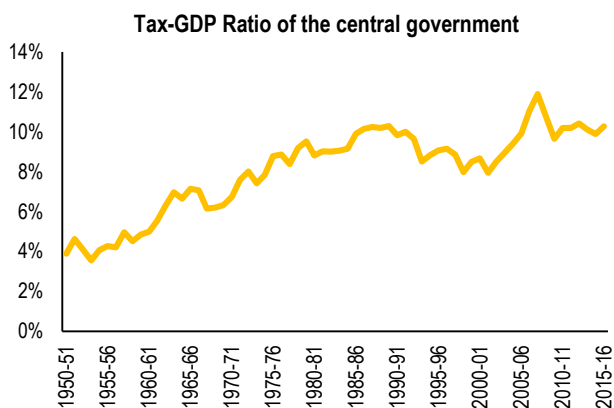
- The Fiscal Responsibility and Budget Management Act, 2003 (FRBM) requires the government to reduce its fiscal deficit to 3% of GDP and eliminate revenue deficit by March 2018. A higher deficit implies a higher borrowing requirement and future debt repayment obligation for the government.
- Fiscal deficit indicates the borrowings of the government used to finance its expenditure. It reduced from 6.4% of GDP in 2009-10 to an estimated 3.5% in 2016-17.
- Revenue deficit indicates the excess of revenue expenditure over revenue receipts, and is used to fund the government's expenditure that does not provide returns. This deficit has reduced from a peak of 5.2% of GDP in 2009-10 to an estimated 2.3% in 2016-17.

Current Account Deficit on a decline, from USD 88 billion in 2012-13 to USD 22 billion in 2015-16



- Current account indicates the foreign transactions of a country. A deficit in the current account implies that imports of a country exceed its exports.
- India's current account deficit for 2015-16 was USD 22 billion. The decline in the current account deficit has been mainly owing to a lower trade deficit on account of higher exports.
- Trade deficit in the first half of 2016-17 (April–September) was USD 49.5 billion, compared to USD 71.3 billion in the first half of 2015-16.

Tax to GDP ratio of the central government at 10.3%; 5.6% from direct taxes and 4.7% from indirect taxes



- The tax to GDP ratio of a country reflects the proportion of economic activity translating into tax collections for the government. It depends on various factors such as tax rates, number of taxpayers and tax exemptions.
- The tax to GDP ratio more than doubled from 4% in 1951 to 10% in 1991. In the last five years, it has stayed close to 10%.
- In 2015-16, the tax to GDP ratio was 10.3% for the central government and 17.2% for the centre and states combined. In comparison, the combined tax to GDP ratio in other BRICS countries was higher - Brazil (35.6%), South Africa (28.8%), Russia (23%), and China (19.4%).

Sources: All data compiled from Ministry of Statistics and Programme Implementation, Reserve Bank of India, Economic Survey 2015-16, and Ministry of Finance: Indian Public Finance Statistics 2015-16.

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