(For limited circulation only)

INDIAN ECONOMY

SELECT SLIDES OF CLASS 2

ECO (SV) – (5 slides)

(Slides to be read along with class notes)

Clarifications be sent to sanjiv.verma@ymail.com

BROADER COVERAGE UNDER NEW MEASUREMENT OF GDP

CONSUMPTION

Financial sector including Stock Broking, Insurance, Pension, Administration

Factories to Enterprise data under MCA.

Final Goods and Services to Gross Value added

PRODUCTION

Production Taxes/Subsidies

(Not linked to units of production)

- *Land Revenue*
- *Stamp Duty*
- *Registration Fee*
- *Professional Taxes*

- *Input subsidies to farmers/ village/small industries/Cooperatives*

Product Taxes/Subsidies

(linked to units of production)

- Excise Duty
- State VAT
- Customs/Imports Duty

- Subsidies on Food/Fertilizers/Petro goods/Interests

NEW COMPUTATION OF GDP

GVA /GDP (FACTOR COST)

CE + OS + MI	+ CFC

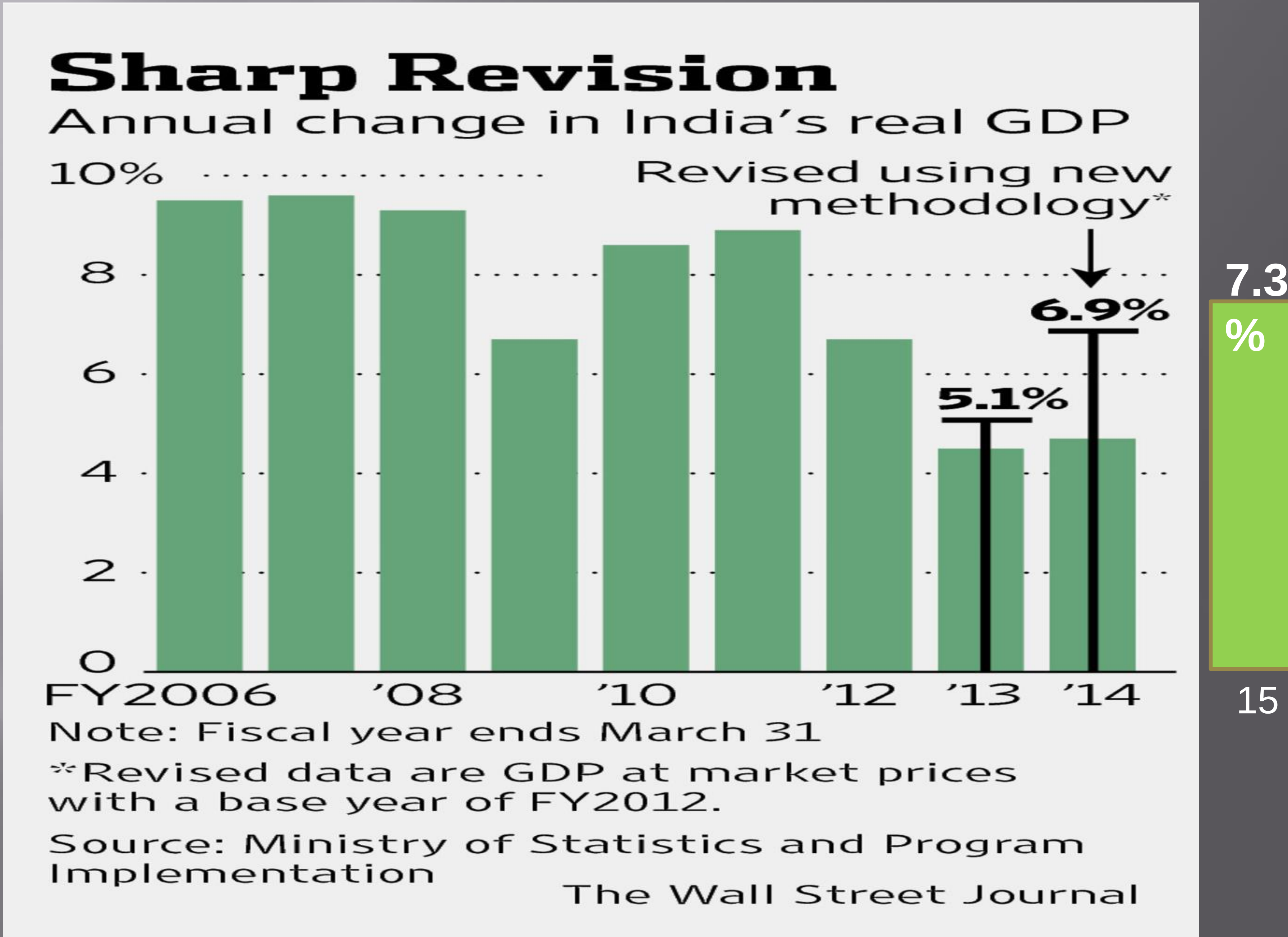
(Constant Prices) (Base Year 2011-12)

GVA (BASIC PRICES)

(+)Production Taxes	(-)Production Subsidies

GVA (MARKET PRICES) = GDP

(+)Product Indirect Taxes	(-)Product Subsidies

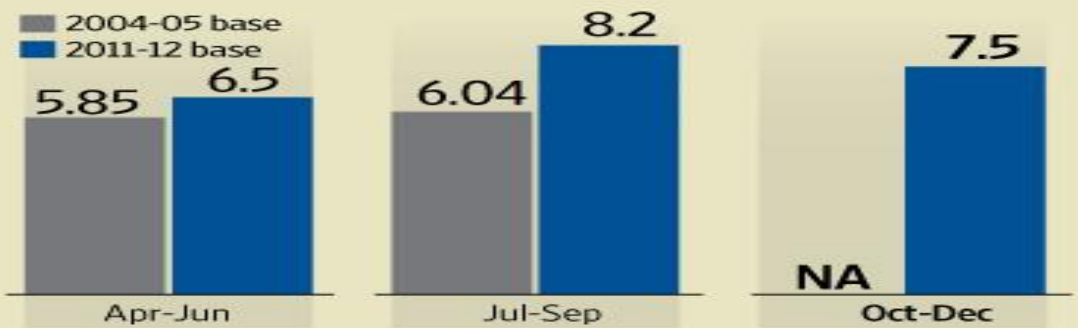

Sharp Revision
Annual change in India's real GDP
10%
8
6
4
2
0
Revised using new methodology*
6.9%
5.1%
FY2006
'08
'10
'12
'13
'14
Note: Fiscal year ends March 31
*Revised data are GDP at market prices with a base year of FY2012.
Source: Ministry of Statistics and Program Implementation
The Wall Street Journal
7.3 %
15

ECONOMIC CALCULATIONS

With the first three quarters' economic growth numbers at 6.5%, 8.2% and 7.5% respectively, the data assumes that in the fourth quarter (January-March), GDP will grow at 7.5%. The new growth numbers have been arrived at after a revision of the way GDP is calculated in India.

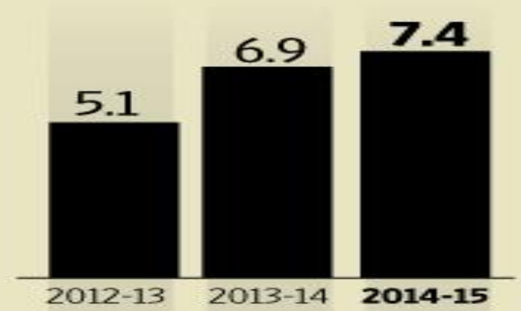
Quarterly revisions in GDP growth

(at market prices) for 2014-15
(in %)

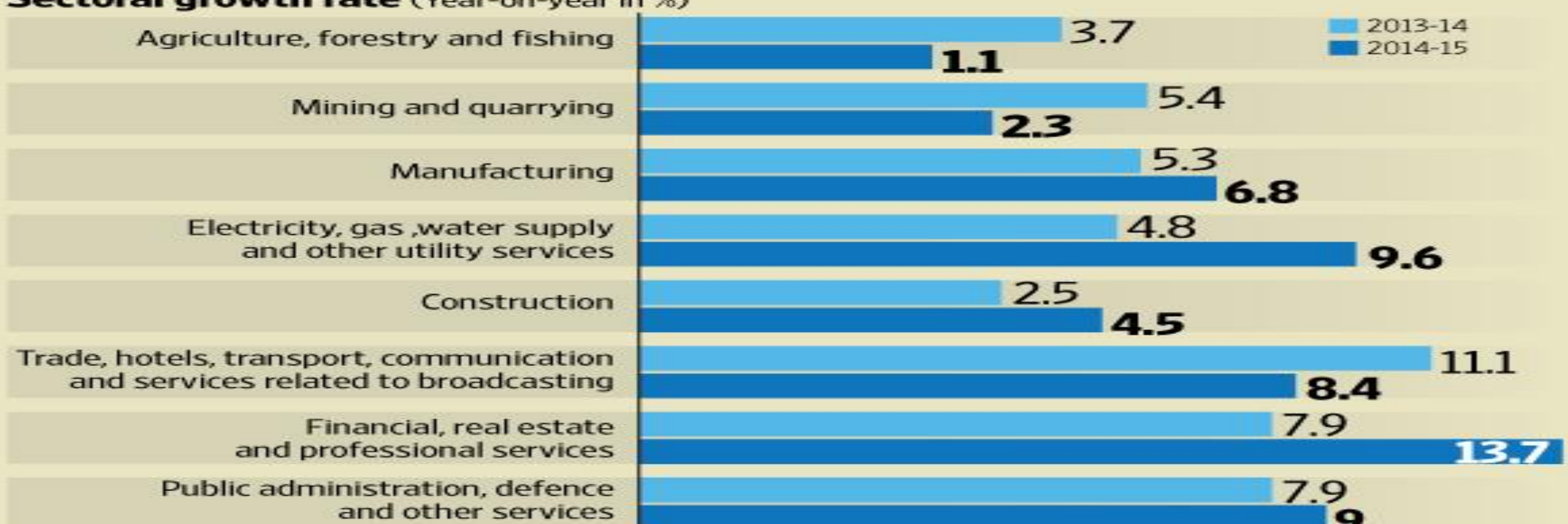


GDP at market prices growth

(in %)



Sectoral growth rate (Year-on-year in %)



Sectoral data is calculated based on gross value added at basic prices.

Source: Central Statistics Office, Mint research