

Mid Year Review of the Indian Economy 2003-04

The India International Centre's annual Mid-Year Review of the Indian Economy is strategically timed to permit analysis of trends in the current fiscal year before budget preparations for the next year get underway. This year's Review comes at a time when both the Indian and the world economic scenario look distinctly more upbeat than a year ago.

The Indian economy is among the few large economies witnessing reasonable growth. As the Review shows, the GDP, after recording a growth of 4.3 per cent in 2002-03, grew at 5.7 per cent in the first quarter of 2003-04. The Manufacturing component of GDP grew at 6.4 per cent and the Services component at 7.4 per cent. With uniform and good rainfall, and with Agriculture and Services being the major drivers of growth, the GDP is expected to grow at 7.13 per cent in 2003-04.

Although it is clear that economic recovery is underway, the important questions are how durable the recovery is likely to be and what policy action can be taken in order to increase its longevity. The analysis presented in this Review suggests that the recovery reflects primarily domestic rather than international factors, although the international financial environment may have been crucial in facilitating economic reactivation.