

About Indian Economy

Introduction

India, a South Asian nation, is the seventh-largest country by area, the second-most populous country with over 1.38 billion people, and the most populous democracy in the world. India boasts of an immensely rich cultural heritage including numerous languages, traditions, and people. The country holds its uniqueness in its diversity, and hence has adapted itself to international changes with poise and comfort. While the economy has welcomed international companies to invest in it with open arms since liberalisation in the 1990s, Indians have been prudent and pro-active in adopting global approach and skills. Indian villagers have proudly taken up farming, advanced agriculture and unique handicrafts as their profession on one hand, while modern industries and professional services sectors are coming up in a big way on the other.

Thus, the country is attracting many global majors for strategic investments owing to the presence of vast range of industries, investment avenues and a supportive Government. Huge population, mostly comprising the youth, is a strong driver for demand and an ample source of manpower.

Geographical Characteristics

Location: India lies to the north of the equator in Southern Asia

Latitude: 8° 4' to 37° 6' north

Longitude: 68° 7' to 97° 25' east

Neighbouring Countries: Pakistan and Afghanistan share political borders with India on the west while Bangladesh and Myanmar stand adjacent on the eastern borders. The northern boundary comprises the Sinkiang province of China, Tibet, Nepal, Bhutan and Sri Lanka from the southern region.

Capital: New Delhi

Coastline: 7,517 kms, including mainland, coastlines of Andaman and Nicobar Islands in the Bay of Bengal and Lakshadweep Islands in the Arabian Sea.

Climate: Southern India majorly enjoys tropical climate but northern India experiences temperatures from sub-zero degrees to 50 degrees Celsius. Winters embrace northern India during December to February while spring blossoms in March and April. Monsoon arrives in June and stays till September, followed by autumn in October and November.

Area: India measures 3,214 kms from north to south and 2,933 kms from east to west with a total area of 3,287,263 sq. kms.

Natural Resources: Coal (fourth-largest reserve in the world), iron ore, manganese, mica, bauxite, rare earth elements, titanium ore, chromite, natural gas, diamonds, petroleum, limestone, arable land.

Land: 2,973,190 sq. kms

Water: 314,070 sq. kms

Political Profile

Political System and Government: The world's largest democracy implemented its Constitution in 1950 that provided for a parliamentary system of Government with a bicameral parliament and three independent branches: the executive, the legislature and the judiciary. The country has a federal structure with elected Governments in States.

Administrative Divisions: 28 States and 8 Union Territories.

Constitution: The Constitution of India came into force on January 26, 1950.

Executive Branch: The President of India is the Head of the State, while the Prime Minister is the Head of the Government and runs office with the support of the Council of Ministers who forms the Cabinet.

Legislative Branch: The Federal Legislature comprises of the Lok Sabha (House of the People) and the Rajya Sabha (Council of States), forming both the Houses of the Parliament.

Judicial Branch: The Supreme Court of India is the apex body of the Indian legal system, followed by other High Courts and subordinate Courts.

Chief of State: President, Mr. Ram Nath Kovind (since July 25, 2017)

Head of Government: Prime Minister, Mr. Narendra Modi (since May 26, 2014)

Demographic profile

Population: 1,380,004,385

Population Growth Rate: 0.99% (2020)

Religions: Hinduism, Islam, Christianity, Sikhism, Buddhism, Jainism

Languages: Hindi, English and at least 16 other official languages

Literacy: Total population: 77.7%

Literacy Male: 84.7%

Literacy Female: 70.3%

Suffrage: 18 years of age; universal

Life expectancy: 67.4 years (men), 70.2 years (women) (2012--16, National Health Profile-2019)

Economic Profile

Indian Economy: India's gross domestic product (GDP) at current prices stood at Rs. 51.23 lakh crore (US\$ 694.93 billion) in the first quarter of FY22, as per the provisional estimates of gross domestic product for the first quarter of 2021-22. Gross value added (GVA) quarterly estimates at basic prices in the first quarter of 2020-21 at constant 2011-12 prices are as follow:

Gross Domestic Product (GDP) Composition by Sector (FY 2021)

- **Services:** 54%
- **Industry:** 26%
- **Agriculture:** 20%
- **Forex Reserves:** US\$ 642.4 billion, as of September 27, 2021.
- **Value of Export:** India's overall exports between April 2021 and September 2021 were estimated at US\$ 312.47 billion
- **Value of Import:** India's overall Imports between April 2021 and September 2021 were estimated at US\$ 341.10 billion
- **Major Export Partners:** US, Germany, UAE, China, Japan, Thailand, Indonesia and European Union. India is also tapping newer markets in Africa and Latin America.
- **Currency (code):** Indian rupee (Rs).
- **Exchange Rates:** Indian rupee per US\$: US\$ 1 = Rs. 73.81 as of September 30, 2021.
- **Fiscal Year:** April 01 - March 31.
- **Cumulative FDI Equity Inflow:** US\$ 547.2 billion (from April 2000 to June 2021).
- **Share of the Top Investing Countries in FDI Equity Inflow:** Mauritius (28%), Singapore (22%), the US (8%), the Netherlands (7%), Japan (7%),

the UK (6%), Germany (2%), Cayman Islands (2%), the UAE (2%) and Cyprus (2%) from April 2000 to June 2021.

- **Key Sectors Attracting the Highest FDI Equity Inflow:** Services Sector (16%), Computer Software & Hardware (14%), Telecommunications (7%), Trading (6%), Automobile (6%), Construction Development (5%), Construction Activities (5%), Chemicals (3%), Drugs and Pharmaceuticals (3%) and Metallurgical Industries (3%) from April 2000 to June 2021.