

The Indian Economy:

The Good, the Doubtful and the Ugly

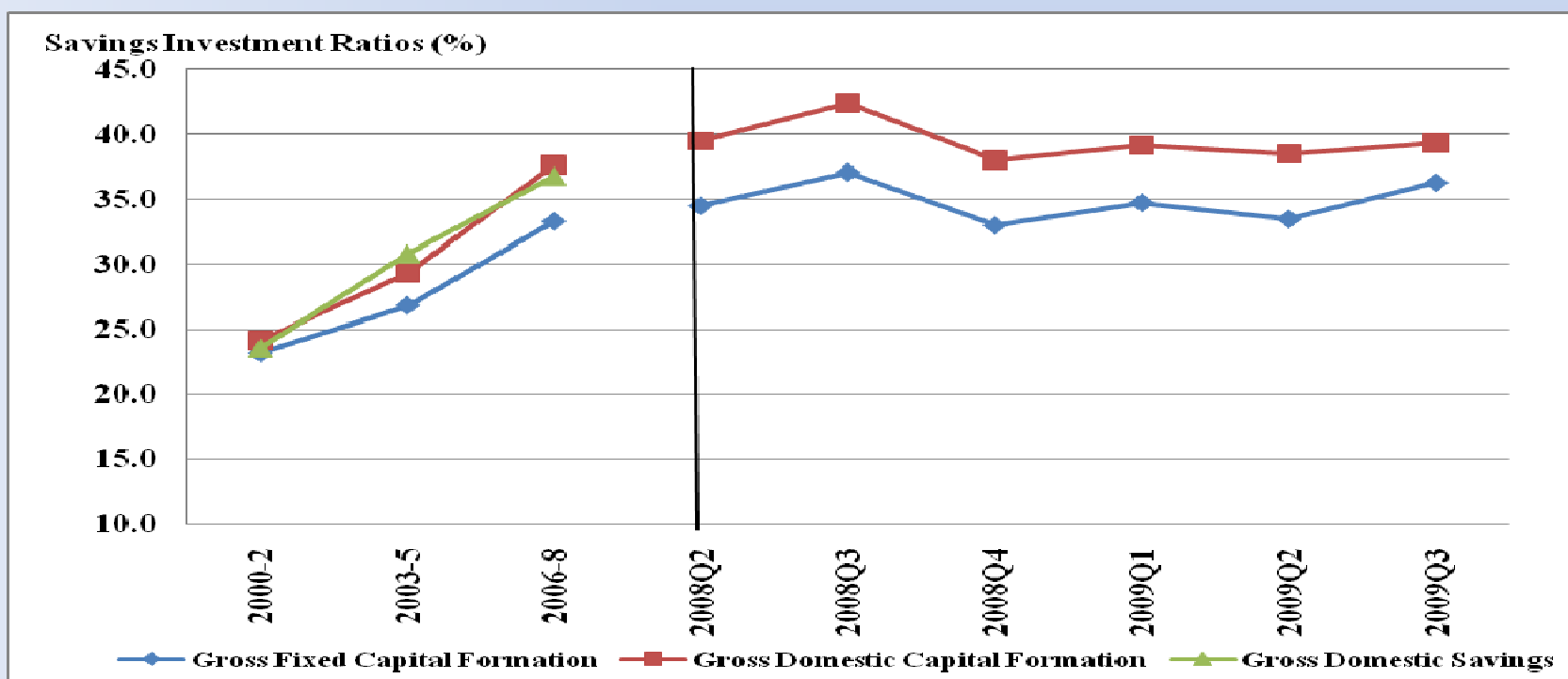
by

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**Eleventh Neemrana Conference
(January 16-19)**

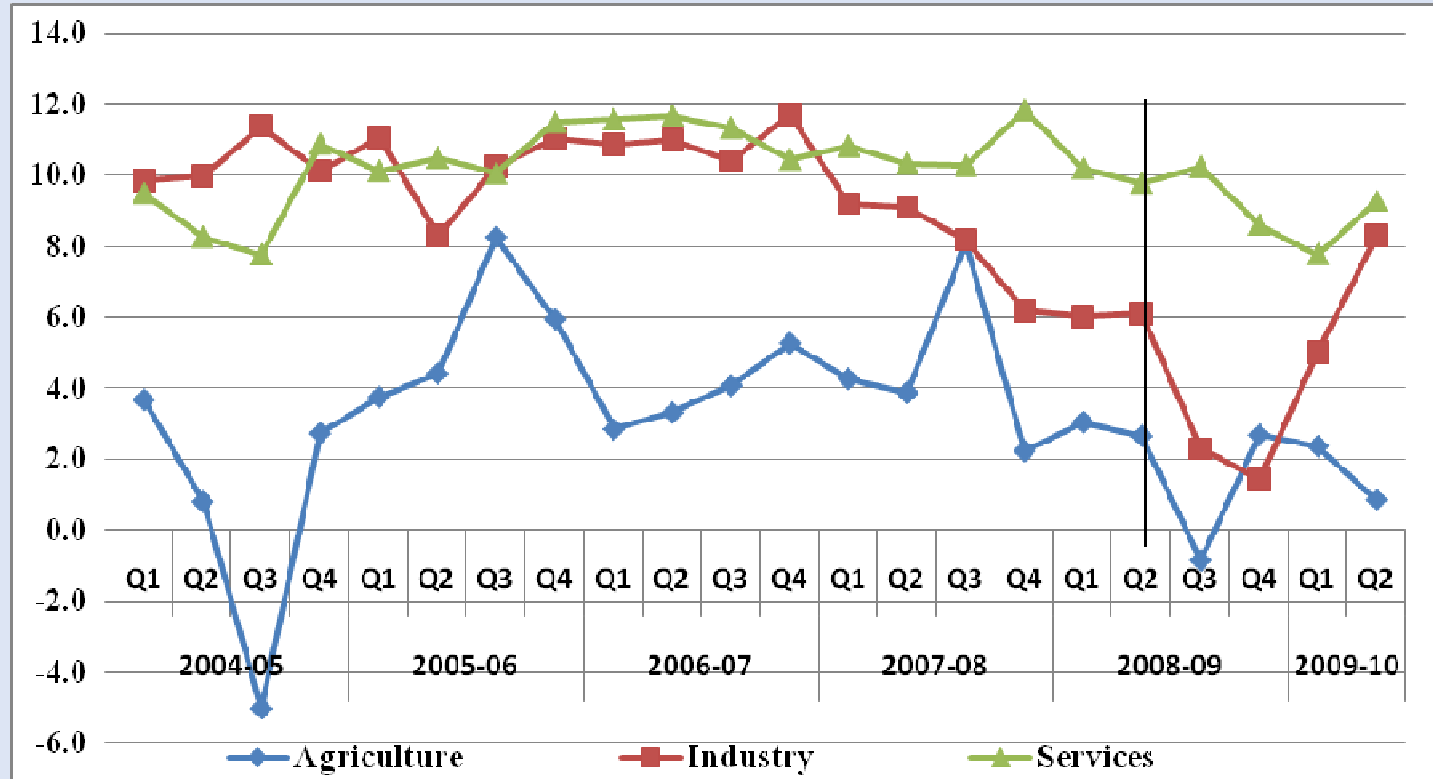
Investment ratios (% of GDP)

	2000-2	2003-5	2006-8	2008 Q2	2008 Q3	2008 Q4	2009 Q1	2009 Q2	2009 Q3
Gross Fixed Capital Formation	23.2	26.8	33.3	34.5	37.1	33.0	34.8	33.5	36.3
Gross Domestic Capital Formation	24.2	29.4	37.6	39.4	42.4	38.0	39.1	38.4	39.3
Gross Domestic Savings	23.6	30.8	36.8						



Source: CSO website

Growth rates (y.o.y)



	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10 (H1)
GDP growth rate (%)	7.5	9.5	9.7	9.0	6.7	7.0

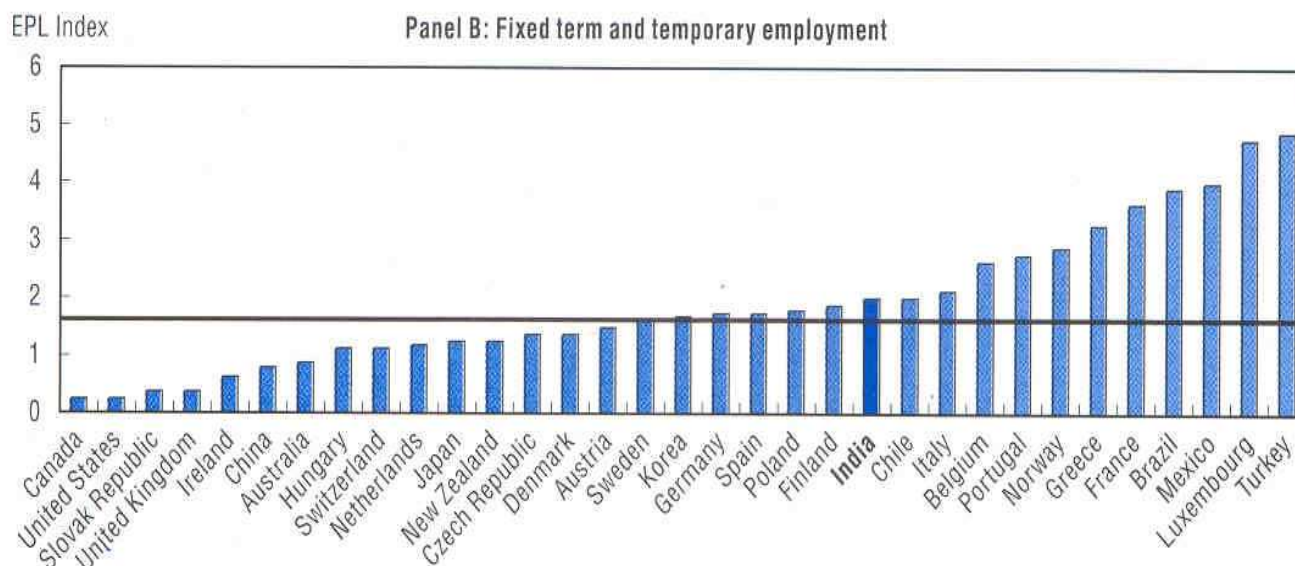
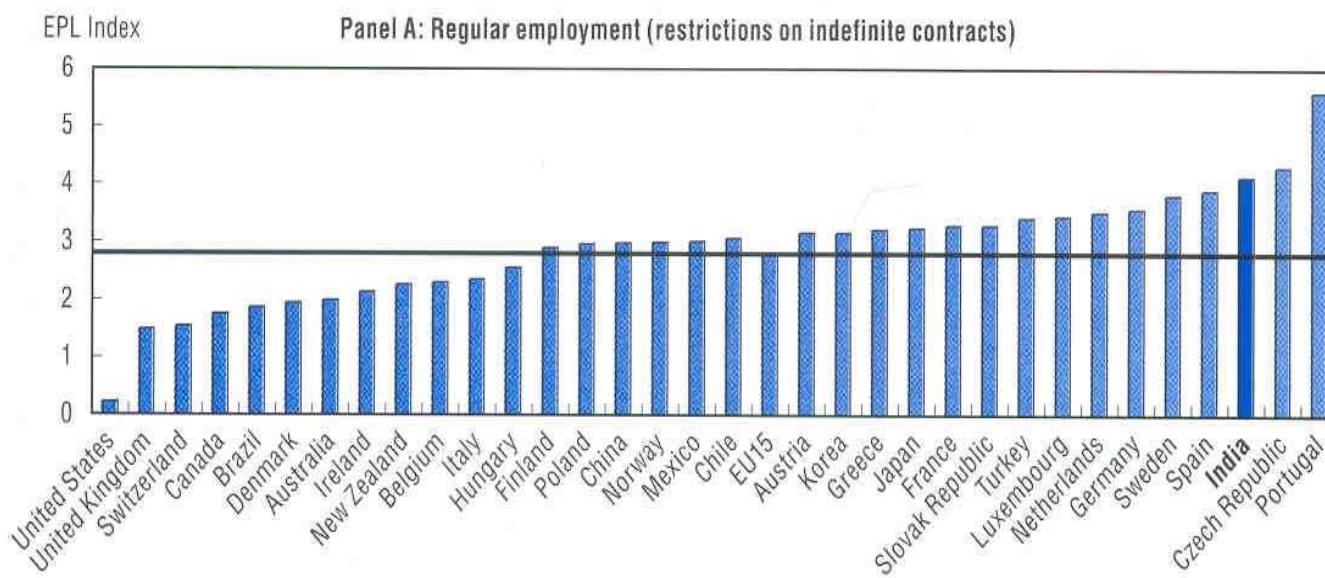
Source: CSO website

What is happening to Employment?

- No decent data after 2004/5 NSS Survey.
- Between 1999/2000 and 2004/5 total employment grew by 2.9% a year (**nearly all in unorganized /informal sector**).
- “Casualization”: Though industrial employment increased by 6% per year, the share of the organized sector in industrial employment fell from 18% to 10%.
- **Anecdote 1:** In April 2008 there were 11,000 applicants for 3 (three) posts of peons advertised by the Haryana Electricity Regulatory Commission.
- **Anecdote 2:** In November 2009 there were **3.4 million** applicants for 11,000 clerical posts advertised by State Bank of India, paying Rs.8,000 (\$ 180) per month. Majority of applicants had engineering or MBA degrees.

International comparison of employment protection legislation in 2006

The indicator score runs from 0-6, representing the least to most restrictive



Source: OECD computation for India, estimate for China; OECD (2005), *Going for Growth*; OECD (2007), *Economic Survey of Brazil*.

Thank You