

## **Abstract**

The paper reviews India's macroeconomic performance and policies since 2000. The first section briefly summarizes key macroeconomic developments regarding economic growth, inflation, external balance, the fiscal situation and aggregate savings and investment. The second section considers some of the challenges posed to macroeconomic management in this period and the efficacy of the policy responses adopted. In particular, it analyses the progress in fiscal consolidation and the policies adopted to deal with the challenge of the unprecedented surge in external capital inflows into India. The final section outlines some of the major macro policy issues that need to be addressed in the years ahead, including: the resurgence of high fiscal deficits; the issues relating to external convertibility and exchange rate management; the role of the Reserve Bank of India in macroeconomic policy and coping with a weak international economic environment.

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